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PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES—*Thursday, March 12, 1981*

The House met at 11 a.m. and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
March 11, 1981.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Thursday, March 12.

THOMAS P. O'NEILL, Jr.,
Speaker of the
House of Representatives.

PRAYER

The Reverend Grant R. Sherk, Jr., St. Dunstan's Church, McLean, Va., offered the following prayer:

Almighty God, our heavenly Father, we beseech You to guide all those to whom You have committed the Government of this Nation. More especially, we pray for those who represent our people in this House. Grant to them, in these difficult times, special gifts of knowledge and understanding, of wisdom and counsel, and the strength to uphold what is right and to follow what is true, so that they may obey Your holy will and help to fulfill Your divine purpose for our people and our country; through Jesus Christ our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

THE PRESIDENT'S BUDGET

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, I rise today to note receipt of the President's budget and to call for a spirit of careful cooperation as we contemplate the radical surgery that is being suggested. Before we act on anything with such potentially painful consequences and lasting side effects, I think it would be well to take time to get a second opinion on whether all these cuts are necessary.

I think we should cooperate with the President because everyone of us knows that there is substantial waste in Government spending. Each of us has been hearing from constituents demanding that frivolous programs be eliminated. We have heard the stories of people collecting benefits by bending or even ignoring the rules. Clearly something should be done about these situations. The President is right on that score.

But the changes recommended also deserve careful scrutiny. It would be inappropriate to ignore the requirements of the needy merely to punish the greedy. It would be extremely wasteful to dismantle programs now and then re-create them 1 year or 2 years hence when we came to realize that they were truly essential to our society.

Momentum is an important political force. Striking while the iron is hot is a valid strategy. But legislating in haste and subsequently having to repent and revise at length would be a disservice to all Americans.

FTC ANTITRUST ENFORCEMENT

(Mr. TAUKE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAUKE. Mr. Speaker, I applaud the administration's apparent decision not to eliminate the antitrust authority of the Federal Trade Commission.

While cuts in the FTC budget are unquestionably in order, eliminating the antitrust function would have been a severe blow to the small business community in the United States. The Office of Competition, the antitrust division at the FTC, has made a significant contribution toward encouraging competition and regulating merger activity in this country.

The trends toward economic concentration are alarming. FTC statistics show that larger companies increased their share of after-tax profits during the 1960–76 period from 59 percent to 73 percent, all at the expense of small- and medium-sized businesses, which have seen their share of the profits decline from 41 to 27 percent.

Moreover, during the same period, almost 38,000 mergers and acquisitions took place in industries over which the FTC has jurisdiction. That figure excludes the communications, transportation, and banking sectors of the economy.

Only by reducing the negative effects of economic concentration can we provide incentives for greater economic growth and insure the excellence that comes from keen competition in the marketplace.

The FTC Office of Competition will help us achieve that end.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will announce that it is the purpose of the Chair at this time to recognize the gentleman from Michigan (Mr. FORD) for a unanimous-consent request, following which business the Chair will return then to the 1-minute speeches.

The Chair recognizes the gentleman from Michigan (Mr. FORD).

EXPRESSING SENSE OF THE HOUSE WITH RESPECT TO PAY RECOMMENDATIONS OF THE PRESIDENT

Mr. FORD of Michigan. Mr. Speaker, I offer a resolution (H. Res. 109) expressing the sense of the House with respect to the pay recommendations of the President, and ask unanimous consent for its immediate consideration.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 109

Resolved, That, with respect to the recommendations which were transmitted to the Congress with the President's budget for fiscal year 1982 pursuant to section 225(h) of the Federal Salary Act of 1967 (2 U.S.C. 358), and in view of President Reagan's statements contained in his Fiscal Year 1982 Budget Revisions that:

"The President has concluded that the increases in Federal executive salaries proposed in the January budget should be deferred because current economic conditions require that substantial budget reductions be achieved. However, the President is deeply concerned about the diminishing ability of the Federal Government to attract and retain high caliber executives. The Administration will, therefore, work with the Congress in developing other ways to address this issue before the next report of the quadrennial Commission on Executive, Legislative, and Judicial Salaries, which is due in 1984.";

it is the sense of the House of Representatives that the approval of such recommendations would be inappropriate at this time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

Mr. MICHEL. Reserving the right to object, Mr. Speaker, I do so, first, to inquire of the gentleman from Michigan whether or not he has had any consultation with the gentleman from Illinois (Mr. DERWINSKI), the minority member who would have to do with this subject matter.

Mr. FORD of Michigan. If the gentleman will yield, yes; I discussed it with him last evening, after I found out about it.

Mr. MICHEL. Did the gentleman advise him that this would be the first order of business today, so that he might be present and say whatever appropriate remarks he might want to make at this time?

Mr. FORD of Michigan. No; I did not tell him when it would come up today, just that it would be today, and I just left him a few moments ago in the committee where the Postmaster General is testifying. If the gentleman would like, I could withhold for a few minutes while he checks with him there.

The SPEAKER pro tempore. The Chair would like to give assurances to the distinguished minority leader that, upon granting of the unanimous-consent request, it would be in order to recognize the gentleman from Michigan (Mr. FORD) for 1 hour. The Chair knows that the gentleman from Michigan would share equally with the minority of such time as may be desired, and ample time would be provided for the gentleman from Illinois to be summoned, or any other Members who desire to express themselves.

Mr. MICHEL. Mr. Speaker, I withdraw my reservation of objection.

Mr. PEYSER. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Michigan this question: Does this resolution preclude the consideration within the next month or 2 months of the recommendations that have been made by the Presidential Commission dealing on pay raises? I would appreciate an explanation.

Mr. FORD of Michigan. If the gentleman will yield, it is my opinion that this disposes of the pending recommendations, as far as the House is concerned.

Mr. PEYSER. Mr. Speaker, further reserving the right to object, in other words, this would be considered the final action of the House dealing on the entire pay raise issue?

The SPEAKER pro tempore. May the Chair respond?

By the terms of the resolution, it would express the sense of the House, which ought to be sufficient, as a practical matter, for the present disposition of any such recommendation.

However, there is nothing in the resolution which arbitrarily binds the House now or deprives it for the next 4 years from any consideration that it might wish to give.

Mr. PEYSER. I thank the Chair for that explanation, because it would be my hope that the House will have an opportunity in this year of discussing on the floor of the House the whole issue of pay raises, not only for Members of Congress, but for others at the top executive levels who President Reagan was most anxious to support in getting pay raises just 2 months ago. I felt the President had a very good point at that time. As a matter of fact, I spoke to his adviser, who was urging that the House take all actions possible to see that the pay raise went through. And this was in December 1980.

So I would hope that the issue is not a dead issue. The President obviously needs a pay raise to help get people in the Federal Government, and the Members of Congress also need the help.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. FORD) is recognized for 1 hour to use such time as he may use and to yield such time as he may yield.

Mr. FORD of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have a resolution at the desk and ask unanimous consent for its consideration.

Mr. Speaker, this resolution relates to the rates of pay for the executive, legislative, and judicial branches of Government, recommended by former President Carter, and originally endorsed by President Reagan, pursuant to the Federal Salary Act of 1967.

The 1967 act provides for the appointment of a nine-member Commission every 4 years. The members are private citizens, and they are charged with studying the salaries of top officials of all three branches of the Government, and recommending to the President the salary adjustments the Commission considers necessary.

Last year the Commission, upon completion of its study, recommended salary increases averaging roughly 40 percent. The Commission presented some alarming facts in support of its recommendation:

Since 1969, the CPI and the private sector hourly earnings index have risen by more than 130 percent, while top officials' salaries have increased by only 43 percent;

The retirement rate for "capped" employees ages 55 to 59 has increased fivefold to 74.6 percent;

Currently 33,000 employees in six layers of management are making the same "capped" rate and if no adjustment is made until the next Commission recommendations are received (1984) everyone GS-13 and above—140,000 employees—will be making the same rate of pay.

The Commission concluded that the country was facing a "quiet crisis" with respect to recruitment and retention of executives, and 5 days of hearings by our committee strongly confirm this.

Former President Carter modified the Commission's recommendations and submitted them with his January budget. In submitting that budget message, President Carter said, "President-elect Reagan has authorized me to say that he fully supports these recommendations."

Since then my committee has, through a special task force, held 5 days of hearings on the Quadrennial Commission pay recommendations. During the course of those hearings we were advised, by letter, by OMB Director David Stockman, that the administration did not feel that the full Commission recommendations were presently appropriate.

In my mind the record is clear: A pay raise now is justified and the minor cost involved—less than fourtenths of 1 percent of payroll—would be returned to the taxpayer many times over in terms of better management and more effective and efficient Government. But I am a practical person, and I recognize that the votes are not here to approve the Commission's or any other increases, particularly in view of President Reagan's reversal of his position in his budget revisions which we received 2 days ago.

Those revisions included the following statement:

The President has concluded that the increases in federal executive salaries proposed in the January budget should be deferred because current economic conditions require that substantial budget reductions be achieved. However, the President is deeply concerned about the diminishing ability of the Federal Government to attract and retain high caliber executives. The administration will, therefore, work with the Congress in developing other ways to address this issue before the next report of the Quadrennial Commission on executive, legislative, and judicial salaries, which is due in 1984.

Accordingly, the resolution now before the House provides that any adjustment now would be inappropriate. I assure Members that the committee will continue to study the overall problem, and work with the administration as suggested by President Reagan, with specific emphasis on the unusual procedures currently in the law relating to these pay adjustments.

The letter from Mr. Stockman is as follows:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C.

Hon. WILLIAM D. FORD,
House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR BILL: While the Administration understands and sympathizes with the extent of the problem of inadequate and compressed executive salaries, it is inappropriate, with other planned budget initiatives, to endorse the full recommendations of the Quadrennial Commission. Those would call for increases of around 40 percent.

President Carter's 1981 budget proposals on Federal executive, legislative, and judicial pay called for an increase of 16.8 percent over the 1977 pay cap. That proposal would simply bring payable salaries for Federal executives in line with their legal salary rates as established under Public Law 94-82.

The status of the economy requires that we concentrate our resources on achieving substantial budget reductions. Federal executives, the Congress and the Judiciary should forego salary increases at this time. Thus, the President has determined that we should not now seek an increase in Federal Executive salaries.

The President has expressed a deep concern with the diminishing ability of the Federal Government to attract and retain high caliber executives; therefore, we should develop other ways to address this issue before the next Quadrennial Commission Report due in 1984. We will be glad to work with the Congress in this endeavor.

Sincerely,

DAVID A. STOCKMAN,
Director.

□ 1115

Mr. PEYSER. Mr. Speaker, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from New York.

Mr. PEYSER. I thank the gentleman for yielding.

I want to congratulate him for facing the situation realistically as it exists today and also for his statement of the continuing effort on the part of his committee to not set aside what is a genuine problem today in Government; and it is a problem that has been recognized by the leadership on both sides of this House who, in the past, have actively supported the proposals dealing with increasing pay of Federal officials at the top level, Members of Congress, and the judiciary in this country in the Federal courts about whom I wanted to ask the gentleman. I take it they are impacted just the same as anybody else under this. There is no separate agreement, or is there any, that affects the Federal courts in this country?

Mr. FORD of Michigan. I would be pleased to place in the RECORD at this point the communication from the Chief Justice. I am paraphrasing now, because I do not have the letter before me: He suggests that our failure to act at this time may permanently scar the governmental system of this country.

SUPREME COURT OF THE UNITED STATES,
Washington, D.C., February 18, 1981.

Hon. WILLIAM D. FORD,
Chairman, Post Office and Civil Service Committee, House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN FORD: I am very pleased to learn that the Post Office and Civil Service Committee is conducting hearings on the recommendations of the Quadrennial Salary Commission for increased salaries for high level government officials in all three branches of government.

Upward adjustments are sorely required by each of these groups since their purchasing power has been substantially cut as a result of previous freezes. The need to increase judicial salaries is a matter of particular importance in order to reflect cost of living increases which have been granted to other federal employees. The stark inequity resulting from the existing salary situation led me, over a year ago, to describe it as the judiciary's "most pressing problem", and it continues to be critical.

As you may know, twenty-seven Federal judges resigned in the 1970's, up from eight in the 1960's. In 1980, three judges left the bench. Two of our best judges have left since this Congress convened in January. I now have on my desk letters from two additional Federal judges advising me of their intent to resign in order to return to private law practice. I have asked them to talk to me first to see if I can talk them out of resigning. The rate of resignations is alarming. Not many years ago it was virtually unheard of for a Federal judge to leave the bench because of inadequate pay.

Those of us on the bench can only speculate on the effect inadequate compensation will have on the quality of new appointments. However, the Attorney General in the recent administration was quoted as saying that declinations were being received from many lawyers of the quality sought for Judicial appointment.

When judges appointed for life find it necessary to leave for financial reasons, the nation loses. When many of the best lawyers decline appointments, again, the nation loses.

If the public confidence merited and enjoyed by the members of the federal bench for so long is allowed to erode, the entire nation will suffer a grave and perhaps irreparable wound. It is important for Congress, whenever it is feasible to do so, to return to the unanimous salary recommendations of the 1980 Commission.

Also vitally important is the matter of amending the Quadrennial statute to provide for a review of compensation every two years as recommended in the Commission report. I hope the Committee will give serious consideration to this suggestion.

Cordially,

WARREN E. BURGER,
Chief Justice.

Mr. PEYSER. I thank the gentleman for that comment.

I would also simply like to say that this is a problem that realistically must be faced. When I hear nothing for 4 years, that would disturb me greatly, but with the assurances obviously of the gentleman that we are going to consider this program, and it may just be as a suggestion which I really am reluctant to make, that this Congress should act on this whole pay raise issue to affect the 98th Congress so that nobody here would be struck with the tag of having to vote for their own pay raises, to vote it for a new Congress. Because, having struggled through this issue for the last 10 years, it seems that that may be the only route we can go.

I appreciate the gentleman's willingness to consider this actively in his committee and for the good of our Federal Government today, I am hopeful something positive will come out of it.

I thank the gentleman.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Illinois, for the purpose of debate only.

Mr. MICHEL. I thank the gentleman for yielding.

I would first want to make the observation that Members are all aware that the whip notice for the action for this week did not include this particular resolution. Since there was practically nothing scheduled for this week, Members were on notice if they were not serving on one of the appropriate committees in the Congress, whether the Committee on the Budget, the Committee on Appropriations, or the Committee on Ways and Means, that there was very little for which they would need to be here on the floor.

I would hope that the disposition of this resolution therefore would be accomplished without a rollcall vote in deference to those Members who frankly were fully apprised that there was to be nothing practically scheduled for this week. I do not like the idea of blind-siding Members when we have given them assurance that the schedule was going to be such and such.

Now, I guess, first, I would have to make the observation that, so far as I know, there would not need to be any

kind of action taken by either this body or the other body to negate what the Quadrennial Commission had recommended. It is my understanding that we have to take an affirmative action to adopt any or all of those recommendations.

So, we are really kind of going through the motions here today, and for that reason, as I said, I would hope that we could move the resolution without putting some Members in an embarrassing position of not being here to vote on one on which they may very well have some strong feelings.

Having said that, may I also join in some measure piggybacking on the statement of the gentleman from New York, that the tenure of this resolution says that it should be deferred because current economic conditions require the substantial budget reductions to be achieved.

I have some feelings, too, that I would not be perfectly consistent with those of the gentleman from New York, but maybe not all at odds with him either.

The west front of this Capitol is deferred for the time being, but sometime we have to face up to the obligation of doing something with that crumbling west front.

I would agree with the gentleman, too, that with respect to pay raises for the executive branch people who are all caught in the squeeze with three and four levels bunched up at the same pay, that this is not an appropriate way of having good management in any kind of program. And I volunteer the observation that whether it is judiciary or Members of Congress, from time to time, the Constitution prescribes that we look at the subject and at least deal with it openly and above board and if it is justified, say so, and if not, say so at that given time.

I appreciate the gentleman yielding to the gentleman from Illinois for those observations.

Mr. LOTT. Mr. Speaker, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Mississippi for purposes of debate only.

Mr. LOTT. I thank the gentleman for yielding.

I must say that I recognize that this action should be taken. I support what the gentleman from Michigan is asking for here today and certainly have no intention of objecting to it.

I must, though, express my concern about the way this has been brought up. As our distinguished leader was just saying, it was not on the agenda for this week. That is a matter that a lot of Members feel very strongly about. Some are for this pay raise and obviously others are very much opposed to it. But a lot of them who would like to maybe at least comment are not even here today, being unaware that this was going to come up. It was not on the agenda. I do not believe that the leadership on our side of the aisle even knew this matter was going to be brought up until yesterday.

While I support what the gentleman is doing, again I do not understand what all of a sudden was the haste to bring this up here today without any notice at all. So I raise that reservation and I certainly at this point, while I think probably we should have a vote on something like this, now, with many Members out across the country or in a position where they maybe could not get here, I would hate for us to have a recorded vote on something like this and the Members not even having been notified and with no opportunity to comment on it.

Mr. LUNGREN. Mr. Speaker, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from California.

Mr. LUNGREN. I thank the gentleman for yielding.

I would like to pick up on one thing that was said by the gentleman from New York. It seems to me we come up with this issue—I have been here a little over 2 years—and we come up with it about every 6 months and we are not ever able to handle the issue. I think we ought to perhaps seriously look at the possibility of restructuring the manner in which we do it and that is facing the issue of voting for increases when we think they are necessary, but not have them go into effect until the people have had an opportunity to vote on whether we should return here. That way I think we can legitimately say we are voting to raise the salary for whoever comes.

Our opponent who wishes to use it in a campaign can use it and he will benefit by it if we go for a raise and we at least will be forced to go before the electorate and say we did not increase our salaries during the last 2-year contract.

We are coming before you for a renewal of that 2-year contract, you knowing full well that we have increased our stipend, and will you return us?

I know that in the past some people will think that seems to be finessing the issue. I think that is really the manner in which you face up to the issue and a manner in which a lot of Members would feel a lot more comfortable in recognizing that perhaps when that day comes when we have to vote for an increase, at least we give the people of our constituencies an opportunity to reflect their judgment on our opinion.

I hope the gentleman, in keeping with this resolution, will in fact look to that and perhaps we can have some sort of legislation on the floor. I know those bills abound in this Congress and have for some period of time.

The gentlewoman from New Jersey has had a bill. I cosponsored that. Members on both sides of the aisle have cosponsored it. I hope we seriously look at that so we can deal with this situation on a regular basis, rather than an ad hoc basis and in a way I think you will find more affirmative responses from Members of this institution.

Mr. FORD of Michigan. I thank the gentleman for his comments. I like the gentleman's spirit. I like the direction the gentleman is coming from.

I would simply observe that there is a Republican vacancy on my committee. The committee is the place where one cannot excape discussing these issues and being a target of every person in the media who wants to take a shot at us. I know that it is not, for that reason, a particularly desirable committee at this particular time, but we could use somebody with the gentleman's courage on the committee to help the gentleman from Illinois (Mr. DERWINSKI) and others cooperate with the President in addressing this issue at the earliest possible date.

I would welcome the gentleman with open arms as a member of our committee.

Mr. LUNGREN. I appreciate the gentleman's comments. It is the first time I have been invited to a committee by a Member on the other side of the aisle. I appreciate that.

Mr. FORD of Michigan. I hope that will not discourage the gentleman.

Mr. LUNGREN. I thank the gentleman.

Mr. FORD of Michigan. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. BARNES).

Mr. BARNES. I thank the gentleman for yielding.

First of all, I want to salute the chairman and the members of his committee for their leadership on these issues over a period of years because this is constantly a difficult and controversial question.

The chairman and his colleagues have provided important leadership and brought a sense of reality to a discussion that is more often than not, unfortunately, couched more in political rhetoric than in sensible discussion of what are important questions for our Nation.

I am constrained to rise to oppose the resolution, setting aside the issue of our pay, which I think can reasonably be set aside right now. The issue of what we are doing to the Federal Government by continuing to unreasonably hold down the salaries of the people we seek to have managed the programs that are initiated by the Congress is slowly—and maybe not as slowly as we would like to think—de-

stroying the efficiency of the Federal Government itself.

□ 1130

I represent, and it is no secret to my colleagues, an area where a large number of Federal managers live, so I am in close contact with the individuals who are subject to this resolution. When I go out to my town meetings or with my mobile office to shopping centers, it is inevitable that several high-ranking civil servants, public servants of this country, will come up to me and say, "MIKE, I have had it. I have not had a raise in 4 years, and with the inflation rate what it is, I have suffered a very substantial pay cut over that period. And, MIKE, I am quitting."

What we are doing is tragic really, because what we are doing is maximizing the inefficiency of Government. What we are doing is driving out the best people, because those are the people who can have the opportunities outside of Government; they are the ones who are being recruited by private industry. We are destroying the very Government we hope will be providing efficient and inexpensive services to the people of the United States.

I understand that the Chief Justice of the United States has indicated his judgment that we are destroying the judiciary of the United States because we continue to unreasonably restrain the salaries of top level members of our judiciary, the judges of the United States.

I just think it is terribly unfortunate that we find ourselves in a position in which, once again this year, those people who seek to serve the people of the United States are being called upon to make the most direct and immediate sacrifices, because they want to serve the public. But they want to do so in a way that permits dignity.

I was interested to see the report of the Quadrennial Commission which, as I recall—this is from my memory, but I think it is right—took the 450 top law firms of the United States, the largest law firms, and they found the average salary of a partner in the 450 largest law firms of the United States, if my memory is correct, is $86,000. That is the average salary. So that would even include somebody who was made a partner last week. To repeat, the average is $86,000 a year.

There are many Government lawyers who would walk out of Government service tomorrow and become partners in one of those law firms and increase their salary capacity dramatically, as could obviously all the judges, and as could obviously many others in Government.

I am told that in Canada top-level civil servants now are making about $100,000 a year, in a nation where they prize public servants and where they treat public servants with some degree of dignity.

I just think it is terribly unfortunate that we are doing what we are doing. We are going to make the statements we hear about democracy true. We hear today so often political statements about bureaucracy, that it is inefficient and inept and not able to provide the kind of services the American people demand, and we are going to make those statements true.

If there is any element of truth in them today, it is going to be very true 5 years from now when we have driven out of Government service all the most able people.

So I am forced, Mr. Speaker, to rise in opposition to the resolution. I think what we are doing today is once again a mistake. It is not in the best interests of the taxpayers, in fact just to the contrary; it is directly against the interests of the taxpayers.

Mr. FORD of Michigan. Mr. Speaker, I yield 5 minutes to the distinguished majority leader, the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I rise in support of the resolution. I think it is timely. I think it is appropriate. I think it comes as a decent gesture on the part of the House to set an example at this particular moment when we are calling upon all of the agencies of Government for strict austerity.

At this particular moment when people are being asked to forgo privileges and benefits to which they feel themselves entitled in the name of governmental economy, surely it behooves us as Members of the U.S. House of Representatives to set an example.

I am convinced that a very good case can be made to the effect that Members of Congress, members of the judiciary, and the high-ranking members of administrative government deserve an equitable upward adjustment in their pay scales.

Somewhere in the Scriptures there is a verse which says, "A laborer is worthy of his hire." Certainly it is true that in the past decade the cost of living has sped ahead at a pace which is some 60 percent beyond the salary and pay levels of these highest grade administrative and legislative officials of our country. Surely the case can be made that compensation for all the professions and commensurate levels of work have gained at a pace much more rapidly than have these levels of governmental work, and certainly I would not be one to denigrate the value or the worth of governmental work and public service.

I do not think there is a single profession in which a Member devotes so much of his time, his interests, his heart, his soul as he does to public service. That is particularly true of Members of Congress. I do not believe that there are many Members of this House who, if they were to devote the same amount of intelligently directed time and effort and energy to any soundly conceived business or professional enterprise, could not make a great deal more money than they are making as Members of Congress.

And yet the other side of the coin—let us be honest about it, my colleagues—is that we would not work that hard nor give that much time and heart to any other enterprise. And is it not true, after all, that we did not get into this business for the purpose of getting rich in the first place?

Webster defines politics as "the science and art of government." It is an exalted undertaking.

I happen to agree with the statement that was made by Andrew Oliver in Boston perhaps 180 years ago when he said, "Politics is the noblest of all professions."

"There is not another," he said, "in which one may do such widespread good for his fellow creatures, nor is there another in which by a mere loss of nerve he might do such widespread harm. Nor," he continued, "is there another in which a positive and strict veracity is so difficult, nor yet another in which one might so easily lose his soul.

"But," he concluded, "with all the temptations and degradations that beset it, politics is still the noblest career that any man can choose."

I believe that. If I did not believe that, I would be in some other career.

But now let me ask the Members quite honestly, do you not believe that this resolution, expressing our willingness to forgo any salary increase, is the right thing for us to do at this particular moment? When we are calling upon all of the other agencies of Government for a strict accounting, for a belt tightening, for severe austerity, is it not right and proper for us to set the example?

I do not believe there is a person here in the House who, at a moment when food stamps are likely to be reduced, wants to vote to increase his own salary.

I do not think there is one of us, at a moment when an administrative recommendation is before the Congress to eliminate or severely reduce the Meals on Wheels programs for our elderly citizens, who would want at the same time to vote to increase his own salary. Let us face it, my colleagues, we are not starving.

I do not believe there is a Member here, at a moment when the President is asking that the student loan program be reduced to the point where students must begin to pay interest on those loans for the whole 4 years of their college education before they are ever even able to begin to pay them back—a measure which might reduce the number of students who could

attend college by an estimated 500,000—who would want at that moment to vote for a pay increase for ourselves.

When we are being asked to reduce the school milk program, the drug abuse program, and aid for dependent children, it clearly is not a time to accept an increase in our own salaries.

The SPEAKER pro tempore (Mr. BLANCHARD). The time of the gentleman from Texas (Mr. WRIGHT) has expired.

Mr. FORD of Michigan. Mr. Speaker, I yield 3 additional minutes to the distinguished majority leader.

Mr. WRIGHT. Mr. Speaker, I really do not think that there are any of us who would, under these severe circumstances, want to ask for a pay increase for ourselves.

And so, therefore, since we are attempting to do those things that will halt the inflation that rages through this country and since we are not, quite frankly, the most severely afflicted in society by that inflation, and inasmuch as we are suggesting that there be a social compact between labor and management which recognizes a relationship between wage increase and increases in productivity, does it not then behoove us to set a decent example? Is it not right to say that so long as we are asking others to forego benefits, and in some cases deserved increases, then we of all people should forego them?

For if the salt has lost its flavor, wherewith shall it be salted? And if the trumpet gives forth an uncertain sound, then who would come to battle?

Mr. FORD of Michigan. Mr. Speaker, may I inquire, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from Michigan (Mr. FORD) has 30 minutes remaining.

Mr. FORD of Michigan. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana (Mr. JACOBS), for purposes of debate only.

Mr. JACOBS. Mr. Speaker, I thank the gentleman for yielding this time to me, and I take this time to support the resolution in opposition to the pay raises.

I think that the record ought to reflect some facts which, to my knowledge, have not yet been spread before us. I hear it said that the average income of a law partner in the United States is $86,000. Let it also be heard and said that the average income of all Americans, laborers, office workers, and those in all other pursuits, is $13,800 a year.

It was once said of a great revolutionary general much admired by the populous, "They say he eats the same rations as his men."

It was Montaigne who said, "Sit ye never so high upon the stool yet sit ye but upon your own tail." We are all individual human beings with the same dreams, the same desires, and the same appetite for material things of this life. And some of us are privileged to sit in the "councils of the mighty," in the words of the Scriptures. And yet sit we but upon our own tails, with the same human needs.

Let us see how those human needs were met, for Representatives, Mr. Speaker, back in 1947. In 1947 the pay for a Member of this body was set at $15,000. If we were to index for inflation precisely from 1947 to date, the congressional salary today would be $58,410. That would be an honest indexing from 1947 until now.

That means the congressional salary now overstates inflation since 1947 by $2,290.

Now, why do some argue that the cost of living has outstripped the current pay? Simple.

If you use an inflated base, then you are halfway home in demanding a higher salary now. The inflated base in this case is October 1969, a date which followed three pay increases which each exceeded cost-of-living increases. In March 1969, for example, there was a 41.6-percent pay increase against an increase in the cost of living of 16.2 percent.

Those are the facts with respect to this matter, and it seems to me that I should also say that not only is the bureaucracy spoken of by the populous as inefficient, not only is the bureaucracy spoken of by the populous as overmeddling, but it is also spoken of as living high on the hog.

□ 1145

So I would hope that the record would reflect this, that we all would reflect upon this, that we all would bear in mind that the better part of statecraft is modesty in public service, that we are the servants and the constituents are the employers, and a salary of $58,000, let alone $60,000, is in the highest 1 percent of income for any individual in the United States. This means that the servants in this House are earning more than 99 percent of their masters today.

So I would counsel my colleagues, without rancor and without undue emotion, to be modest.

I yield back the remainder of my time.

Mr. FORD of Michigan. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. PEYSER) for debate only.

Mr. PEYSER. Mr. Speaker, in the five terms that I have been privileged to serve in this Congress, I have continually taken the position that Members of Congress are entitled to a fair raise, as are other members in the executive branch and in the top levels of Government in Washington. I am going to agree with and I am going to vote today in support of this resolution as a temporary postponement of the consideration of this issue. Incidentally, this will be the first time I have ever voted this way. I have voted continually and very publicly for occasional and fair pay raises since I have been in the Congress, but I am going to support my chairman at this time for this particular delay until we can get a better look at the situation and the economics in this country.

However, I cannot let the opportunity pass without some observations. My good majority leader, who made I think a very telling point in his talk when he did state that no one came to this Congress to get rich, and I totally agree with this. Nor do I think anybody comes to this Congress to go broke, and yet that is what is happening to a tremendous number of Members in this Congress today who also have children in college and who maintain their residences.

My friend, the gentleman from Indiana (Mr. JACOBS) spoke here a few minutes ago in some confused way of stating that we should be getting $58,000 instead of $60,000 on an indexing system. I find it absolutely impossible to really believe that he is serious in thinking that the Congress is not entitled to a minimal pay raise. I believe that we must face the issue.

The way we have to face the issue is the way I said before, and that is addressing it to the next Congress, only voting it this year in 1981 and not in 1982 when again the Members will begin to feel the pressures. So I think that may be a solution which I will support.

I also think it is important to recognize that in this administration today we are talking about cutting aid to students, cutting basic programs that this Congress has been committed to, all of which will make it even more difficult for Members of Congress and others in the Federal Government who have been able to participate at least in these programs, which will now be eliminated from participation if the Reagan administration proposals were to go through—which I certainly hope is not going to be the case.

Mr. JACOBS. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I will be glad to yield.

The SPEAKER pro tempore (Mr. WRIGHT). The time of the gentleman has expired.

Mr. JACOBS. I ask the gentleman from Michigan to give 2 additional minutes to the gentleman from New York.

Mr. FORD of Michigan. I yield 2 additional minutes for debate only to the gentleman from Indiana.

Mr. JACOBS. I thank the gentleman.

I am sorry that the gentleman is having difficulty believing that I meant what I said. I did. And when I said that the $58,000 figure was an

index from the 1947 pay, the setting of the pay at $15,000 it should not be difficult to believe that. It is a matter of statistical record. The Library of Congress will give the gentleman the numbers. I think the numbers are something like a 290- or 286-percent increase in the cost of living and 310 percent or so in the payment to Members of Congress for their salaries. It is just as simple as that.

If the gentleman refers to these pay grabs that exceed the cost of living, once you get that under your belt and you go from there, then you are home free.

Mr. PEYSER. I will take back my time. I think we are dealing, and I am trying to deal, in a real world here and not in a statistical date game. The real world is that Members of Congress, like anybody else and top level members in this administration, are in financial binds. All right, we are facing an economic crisis today. The resolution before us says let us postpone this issue because of the problem facing us. As I say, I will vote for it today, but I think it is for today and not in the very near future that we have to look with realism on what we are facing. I know the leadership on both sides of the House have supported that and I am sure I will continue to support that.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I will be glad to yield to my friend, the gentleman from Illinois.

Mr. MICHEL. I thank the gentleman for yielding. I just want to make the further point that the gentleman's basis on which he makes some of his projections on whether or not the Members of Congress are exceeding what they normally ought to be paid today does not take into consideration that in those days there were no limitations on outside income. One came down here to be a citizen-Member of Congress, and could practice law on weekends. He could come down here between Tuesday and Thursday, and he did that. But we have in recent years done an awful lot of things to ourselves to inhibit our being citizen-legislators and devoting full time here. It is a completely different situation that existed in those first years when I came to Washington and which the gentleman uses as a benchmark for today's figures.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FORD of Michigan. I yield 1 additional minute to the gentleman from New York.

Mr. PEYSER. I thank the gentleman. I agree completely with my friend, the gentleman from Illinois (Mr. MICHEL), who just spoke. I want to ask him, going back into 1947 and that period there, was it not possible for Members of Congress to have members of families on payrolls and on staff?

Mr. MICHEL. There is no question about that and, of course, many Members did have. I am not suggesting that is right.

Mr. PEYSER. No, I am not either. In fact, I think it is a reform that was very important to eliminate the fact that no member of one's family or relative could serve on a congressional staff, on one's congressional staff, and I think that is correct. I think we have made a lot of limitations. But the problem is we have locked ourselves into a situation which is hurting all of us and the country, and I hope that we can combine our forces and reach a solution this year.

I thank the chairman for the indulgence he has had in yielding to me so often. I thank the gentleman.

Mr. FORD of Michigan. Mr. Speaker, I have no further requests for time.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Illinois.

Mr. MICHEL. I thank the gentleman for yielding. I ask for the time only to renew my request that in view of the fact that we have not scheduled this resolution for this week and this resolution was not scheduled in a whip notice to that effect, and Members who did have a committee assignment and a committee meeting, for example, on Budget or Appropriations or Ways and Means, that it would be rather unfair on a matter of this consequence to put the issue to a rollcall vote when so many Members did not otherwise plan on having to face the issue today. Whether it be on the gentleman's side of the aisle or ours, I think it incumbent on us to do our best to protect those Members. This is just a warning down the road through the balance of the session that if we are going to do business, the Members ought to be alerted to the fact that we are going to live up to the kind of schedule we lay out.

The SPEAKER pro tempore (Mr. WRIGHT). Let the Chair observe in response to the timely suggestion of the distinguished minority leader that the Chair does not consider the recognition of the gentleman from Michigan (Mr. FORD) for this unanimous-consent request today to constitute a breach of good faith. Let it be also observed that the Chair, or the present occupant of the Chair, most certainly the Speaker, and all Members of the leadership, will attempt to advise Members as best we can at the conclusion of each week—as we have in the past—what we anticipate to be the business of the coming week. But let it also be noted that on Tuesdays, Wednesdays, and Thurdays, there may be occasions when some legislation might be timely for consideration, and there is no immunity on those days, unless expressly stated, from legislation, legislation being our primary business.

The Chair merely wanted to make that observation.

The Chair recognizes the gentleman from Michigan (Mr. FORD).

Mr. FORD of Michigan. I yield such time as he may consume to the distinguished whip.

Mr. FOLEY. The distinguished chairman and Speaker pro tempore and majority leader have stated very clearly that we are going to attempt to work in cooperation with the gentleman on the schedule. I know that his intention along with that of the Republican leadership is to work as hard as possible to insure that the Members are informed. Obviously, we cannot at all times guarantee that the schedule will not be changed when necessary.

I think the issue before the House today which the distinguished gentleman from Michigan (Mr. FORD) has presented is a matter on which there is a very substantial consensus in the House. It was not our intention to request, or the intention of the gentleman from Michigan to request the yeas and nays.

Mr. MICHEL. Will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. MICHEL. I thank the gentleman for yielding. I want to say that I take the admonishment of the Speaker pro tempore in good grace, because far be it for this Member to not always alert Members that this is a full-time job these days and they have got to expect from time to time that there will be those issues that will come up on the spur of the moment.

But, as I indicated, this might very well have been foreseen on such an important vote. A word to the wise, I think, is sufficient.

Mr. FOLEY. If the gentleman from Michigan would yield further, I think the record will show—and I think the distinguished minority leader along with my colleague from Mississippi, the Republican whip would agree with this—that we have had good cooperation between the leadership of both of the parties on scheduling so far this year. No doubt, there are going to be differences on substance, but so far I think no Congress in which I have participated has had stronger or better cooperation on scheduling matters than has existed so far. I hope we can continue that throughout the rest of the year.

Mr. MICHEL. I agree with the gentleman.

GENERAL LEAVE

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD of Michigan. Mr. Speaker, I have no further requests for time. I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

NATURAL GAS PRICING: LEAVE WELL ENOUGH ALONE

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, the President is talking about immediately deregulating domestic natural gas prices. Speaking as a strong advocate of the phased deregulation policy embodied in the Natural Gas Policy Act and as a supporter of oil price decontrol, I trust the Congress will not go along with immediate deregulation. Our economy just cannot handle it right now.

To take natural gas price controls off all at once would result in an incredible short-term inflationary shock to our economy. At a time when we are making a concerted effort to cut Government spending and interest rates with the hope of bringing inflation under control, it just makes no sense at all to proceed with an action which we all know would have such a short-term significant inflationary impact.

The effect of such action would be to ratchet up costs everywhere in our economy, and would particularly hit our farmers very hard. Those increased costs of natural gas would undoubtedly lead to higher labor costs causing yet further inflation, because so many wage contracts have cost-of-living clauses which would be affected dramatically by immediate deregulation. And, as far as our efforts to cut back Government spending, we need to remember that we would see the various programs which are indexed to inflation—like social security—costing more. We would end up with an increase in the deficit we are trying to eliminate.

Based on classic economic theory, it can be argued that the controls on natural gas do result in that commodity being overused and underdeveloped as compared to decontrolled crude oil. I do not argue with the theory, but given the fact that we are now trying to bring inflation under control as our No. 1 priority, I am convinced that we should stick with the process of systematic, orderly deregulation that is now in place.

We also should impress upon the President that the natural gas pricing policy under which we are now operating is the result of extensive deliberation and compromise. The formula is working. We should leave well enough alone.

□ 1200

PRESIDENT REAGAN'S BUDGET

(Mr. ECKART asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ECKART. Mr. Speaker, with the delivery of President Reagan's budget to the House, the word now is that the budgetary ball is in our court, and public sentiment, accordingly, is being mobilized, with the placement of large, expensive, full-page ads by some of the most profitable corporations in America, urging our unqualified support for the President's tax package. What they are trying to tell the middle-income taxpayers in my district, that group which inflation has gripped so severely, is that a $600 tax cut for someone earning $20,000 a year is the same as a $12,000 tax cut for someone earning $200,000 a year.

Now, I am sure the middle-income taxpayers in my district would like to respond; however, they find it somewhat difficult to raise $17,382 to buy a full-page ad in the Washington Post to respond. I hope that the Congress will not be persuaded by this blatant use of corporate profits, enough money to give a $600 tax break to nearly 30 middle-income taxpayers.

This administration wants us to get going, and we will get going as soon as we have all of the elements of the package before us. This Congress stands ready to act upon the President's package as soon as it is clear what all of the elements of that package will be.

There already have been substantial changes between what the President proposed on February 18 and what he delivered on March 10.

Waterway user charges, urban development action grants, housing subsidies, all these have been changed in the last few days and we are told more are on the way.

Yet some of these proposals will require expert testimony from administration officials, some of whom are yet to be appointed, let alone confirmed. Even the Republicans on the Small Business Committee of which I am a member this very day asked us to delay any votes on the SBA budget because the new Administrator is not yet in place.

We are considering the most fundamental changes in the budgetary process of this country at this time, and, yes, the ball is now in the congressional court. We will not fumble and we will not stall. As long as we are given the opportunity to work with and to cooperate with this administration, this country can be sure that the ultimate goal will be reached.

LEGISLATION INTRODUCED TO END ABUSE OF ADMINISTRATIVE AUTHORITY

(Mr. WOLPE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLPE. Mr. Speaker, for the past 10 years, the Federal Trade Commission has been trying a case against the three major ready-to-eat cereal companies. The central argument of the FTC's case is that simply through the industry's structure alone, these three companies share a monopoly. The FTC's action, in my opinion, is a classic example of a bureaucracy attempting through the administrative law process to write new law that far exceeds congressional intent. Whether or not an industry's structure alone means that a given company is engaging in illegal or unlawful monopolistic practices is a very basic public policy question, and is a concept that represents a tremendous expansion of traditional antitrust law. It is an issue that should be resolved only by the U.S. Congress.

The ramifications of this case could indeed be great. One FTC economist has, in fact, stated that under the shared monopoly principle, up to one-third of the entire U.S. economy could be declared illegal.

Mr. Speaker, I am today introducing legislation with 46 of my House colleagues which seeks to bring an end to this abuse of administrative authority. The legislation would place a moratorium on decisions in any shared monopoly case being pursued by the FTC until such time as the Congress has determined what, in fact, constitutes a shared monopoly and whether or not it is illegal. I feel this legislation represents a sound and modest approach to a serious problem and I would urge my colleagues to support the bill.

TRADE ADJUSTMENT ASSISTANCE PROGRAM

(Mr. BLANCHARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLANCHARD. Mr. Speaker, I am intrigued and curious about the White House recommendation that the trade adjustment assistance program be reformed. Intrigued because American workers are having a harder time than ever because of a flood of imported products. Curious because we have no specific recommendations on what is to be done.

The trade adjustment assistance program was created to deal with domestic labor dislocations caused by im-

ports in a way that did not sabotage our basic commitment to international trade. It was designed to give workers in impacted industries a chance to get back on their feet if they were put out of work by the popularity of an imported product.

Over the years we have heard reports of abuses in this program. We are told that it can be more generous than the unemployment compensation program. We have heard that the workers who need the aid often do not get it until they are placed on another job and their period of acute need has passed. Both these questions merit our attention.

Trade adjustment assistance is a complicated program that merits a comprehensive examination. If it is not working, we should fix it.

But a simple reduction in funding that does not speak to the program's particular problems would not serve anyone well. Making a commitment to accept the President's recommendations without seeing the specifics is the best way to insure that trade adjustment assistance will become a perennial problem.

LAW OF THE SEA NEGOTIATIONS

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, I was in New York on Tuesday at the United Nations, where the Law of the Sea negotiations are taking place at this time. I thought it proper that I should notify my colleagues as to what I found taking place there.

National delegations from all over the world have come to New York in order to conclude negotiations on the Law of the Sea Treaty, which has been going on for some 7 years. These people arrived to find that the U.S. delegation had been advised that they were not to negotiate at this session, advice which was purposefully made public.

I hope the Members can imagine the consternation which they felt as they found this to be the case. It is clearly understandable that the new administration would want to review these negotiations, but I submit that if we are going to have world order and if we are going to have a nation that is respected by other nations of the world, then we have to realize that commitments are commitments, and that with every change of administration we simply cannot throw everything out of the window and start all over again.

I detect that the damage we have done, not just to those people of the developing world, but to our friends as well, has been substantial, and I hope that the administration will seriously review its position.

STUDENT AID

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous material.)

Mr. PEYSER. Mr. Speaker, today, on the question of student aid, I would like to bring forth a letter from Morehead State University in Kentucky, in Congressman PERKINS' district, that indicates, based on the figures released by the administration yesterday, nearly 650 students, 25 percent of that institution's student body, will have to leave college this next year if we allow these cuts to go through.

I am introducing for the RECORD today, Mr. Speaker, that letter, and also a letter from Gallaudet College in Washington, D.C., in Congressman FAUNTROY's district, a letter from the Northeast Louisiana University, in Congressman HUCKABY's district, and a letter from the Kemper Military School and College in Congressman SKELTON's district in Missouri.

Mr. Speaker, we continue to be deluged with letters from all over the country that are indicating very plainly the implications and the impact, the disastrous impact, of the administration's recommendations on young men and women who are in college today.

The letters are as follows:

MOREHEAD STATE UNIVERSITY,
Morehead, Ky., March 9, 1981.

Hon. PETER A. PEYSER,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PEYSER: We are of the opinion that if the changes in the B.E.O.G., N.D.S.L., G.S.L., and Social Security Programs that are proposed by the Reagan Administration are accepted, several hundred of Morehead State University students will face immediate difficulty in financing their college education.

A survey of recipients and the aid dollars awarded to students attending Morehead State University during 1980-81 has been completed. Also, we have made a projection of the number of students who will likely apply and qualify for aid during the 1981-82 award year. Below is an itemization of our findings.

Program	1980-81		1981-82 projections	
	Expenditures	Number of recipients	Expenditures	Number of recipients
B.E.O.G.	$1,937,789	2,434	$2,065,000	2,589
S.E.O.G.	225,000	632	225,000	625
N.D.S.L.	481,241	973	515,000	1,100
C.W.S.P.	1,030,466	1,925	1,200,000	2,000
G.S.L.	2,265,850	1,250	2,500,000	1,400
Social security	1,382,400	510	1,501,650	530

Please be informed that approximately 76 percent of the students attending M.S.U. and receiving funds under one or more of the college based programs (S.E.O.G., N.D.S.L., C.W.S.P.) come from families whose adjusted gross income is less than $12,000.

Therefore, we have projected that if the proposed cuts take place, approximately 650 to 700 students will not be able to enroll in Morehead for the 1981-82 Academic Year.

In view of the importance of this issue, appropriate action should be taken immediately, so the Education Department will have time to issue award letters, payment schedules, and etc., to institutions of higher learning. This will permit us to process applications and notify recipients this spring and early summer, regarding the amount and type of financial assistance they may expect to receive when they enroll for the 1981-82 Fall term.

We greatly appreciate your help and support in this matter and if additional information is needed, please let us know.

Sincerely,

MORRIS L. NORFLEET,
President,
Morehead State University.

GALLAUDET COLLEGE,
Washington, D.C., March 6, 1981.

Hon. PETER A. PEYSER,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PEYSER: Thank you very much for your recent letter expressing concern over the administration's intent to reduce student loans and other federally funded educational programs.

Gallaudet College is the national college for deaf students in Washington, D.C. We respond to several federal laws assisting handicapped students at various age levels. The reduction of student loans would impact considerably on our student body. We have discovered, for example, that twice the number of students at Gallaudet College (deaf students) are from families whose economic condition is at the proverty level than the number of students at other colleges whose families are at this economic level.

We are also concerned that the funding of Gallaudet College and the National Institute for the Deaf at Rochester, New York continue because both institutions are national programs serving profoundly deaf students. Furthermore, the rubella epidemic of 1964 and 1965 have produced twice the number of deaf students who will want to enter postsecondary education in 1983 and 1984. These are conditions which concern us considerably and your interest and support is much appreciated.

Sincerely yours,

EDWARD C. MERRILL, Jr.

NORTHEAST LOUISIANA UNIVERSITY,
Monroe, La., March 4, 1981.

Hon. PETER A. PEYSER,
Member of Congress,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PEYSER: Thank you for your letter of February 20. Attached is some information about the federal student aid programs at Northeast Louisiana University for Fiscal Year 1979-1980. As you can see, this university, with an enrollment of about 10,000 students, has a large number of students participating in federal student aid programs.

Approximately 20% of our students are black. Many of them will be unable to attend college if there is a reduction in federal aid programs. Because of the great need for financial aid, in addition to the federal

dollars, almost all the private gifts to the university are budgeted in the student aid department.

I plan to write to Congressmen from Louisiana about this matter. Thank you for your help.

Sincerely,

DWIGHT D. VINES,
President.

NORTHEAST LOUISIANA UNIVERSITY

[Federal student aid expenditures fiscal year 1979–80]

	Number of students	Total dollars
Basic educational opportunity grant	3,310	$2,796,832
Supplemental educational opportunity grant	543	127,800
Nursing grants	93	24,095
Law enforcement education program	65	10,747
National defense student loan	844	429,500
Pharmacy loan	119	85,374
Nursing loan	95	68,917
Work study	1,535	919,350
Total		4,462,615

(Note.—Some students receive more than one type of federal aid and therefore, are counted more than once.)

KEMPER MILITARY
SCHOOL AND COLLEGE,
Boonville, Mo., March 6, 1981.

REPRESENTATIVE PETER A. PEYSER,
Committee on Education and Labor, Cannon House Office Bldg., Washington, D.C.

DEAR REPRESENTATIVE PEYSER: I share your belief that the proposed cuts in the student loan program would seriously damage the higher education system of this country. Such cuts could be devastating and long lasting.

As you know, Kemper Military School and College is small with only 125 college students. Still, Kemper does commission more second lieutenants than any other school in the Army's entire second region. More that half of our college students receive some type of financial aid and most of these have some kind of educational loan. This year alone we have authorized $20,682 in National Direct Student Loans (NDSL) and $63,600 in Federally Insured Student Loans (FISL).

Cutting the educational loan program could seriously damage Kemper's enrollment; in fact, such cuts could also affect the defense of this nation.

Good luck in your efforts and if I can provide additional information do not hesitate to contact me.

Sincerely,

LOYD P. RHIDDLEHOOVER, Jr.,
Brigadier General, U.S.A., Retired, President.

EL SALVADOR: THE POLITICAL DIMENSION (IV)

(Mr. McHUGH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. McHUGH. Mr. Speaker, the conflict in El Salvador, and American policy in relation to it, have become the subjects of increasing debate in our own country and in those south of our border.

The conflict in El Salvador is primarily a political one with military overtones, not a military confrontation in which the political questions are subsidiary. The fundamental issues in El Salvador relate to the legitimate concerns of the people for economic progress, a voice in their own government, and, most important of all, freedom from the threat of death at the hands of the left, the right or the government security forces.

To be effective, U.S. policy must recognize and relate to these fundamental issues. Moreover, it must do so primarily with political and economic initiatives, not military arms. This is understood by other governments in the region, and quite probably by President Duarte of El Salvador.

Because other countries in the region have at least as much interest as we in promoting stability in El Salvador, their governments are expressing their growing concerns and offering constructive options. Their plea is not for more military arms, but for peaceful, political initiatives. They are calling for negotiations, something the Reagan administration has thus far not emphasized in U.S. policy.

For example, in a newsstory that appeared in the New York Times yesterday, Alan Riding reports that both Mexico and Venezuela, which until recently supported the opposing sides in El Salvador, have been encouraging a negotiated solution. At the suggestion of the President of Costa Rica, the Organization of American States has also offered to mediate.

These are important developments, and should be encouraged. Whether the Reagan administration is prepared to do so remains in question. Thus, I would hope that our colleagues will encourage the administration to use its influence in a positive manner to support such initiatives.

Mr. Speaker, for the benefit of those Members who may not have seen the Times article, I am inserting a copy into the RECORD at this point.

[From the New York Times, Mar. 11, 1981]

THE SALVADOR STRATEGY

(By Alan Riding)

MEXICO CITY, March 10.—A year ago, the Carter Administration quietly resumed "nonlethal" military aid to El Salvador's junta, arguing that it would help the Salvadoran armed forces to respect human rights while combating leftist insurgents. But last year more than 13,000 people were killed in El Salvador, most of them reputedly by the security forces.

Last March, however, Washington also persuaded the junta to adopt a sweeping land redistribution program and other political measures aimed at neutralizing growing popular support for the left. And when the guerrillas opened their "final offensive" in January this year, they found few Salvadorans willing to join them in a general insurrection.

Now, with the Reagan Administration stepping up military aid to El Salvador, many officials in the region fear that the lessons of the past year have been forgotten. The junta has survived, they argue, because of its political measures, while emphasis on a military solution will merely keep the extreme left alive.

NEGOTIATED SOLUTION ASKED

As a result, the key governments in Latin America—Mexico, Venezuela, Brazil and Argentina—have responded to United States charges that the Soviet bloc is supplying weapons to the Salvadoran guerrillas with warnings against deeper United States military involvement in El Salvador. And with rare unanimity they have called for a negotiated solution to the simmering civil war.

"I don't see why it is any more legitimate for the United States to arm the junta than for the guerrillas to get weapons from wherever they can," a Mexican official noted. "At the moment, the junta has no more legitimacy than the guerrillas. That's why there must be a cease-fire and a genuine referendum."

Mexico's President, José López Portillo, noted last month: "The crisis that has its temporary epicenter in the Salvadoran conflict has become a spiral that threatens to involve all the states in the area. For this reason, it is necessary to avoid the internationalization of the crisis through a combined policy that has the objective of rigorously preserving the principles of self-determination and nonintervention."

Mexico and Venezuela, in particular, seem worried that further militarization of the Salvadoran conflict might polarize the entire isthmus, heightening the domestic crises in Guatemala, Honduras and Nicaragua and prompting regional governments to meddle openly in each others' affairs.

Already, El Salvador's leftists have charged the Guatemalan and Honduran armies with attacking guerrilla positions inside El Salvador. Guatemala's military regime has accused Nicaragua and Cuba of sending arms to leftist guerrillas in its territory. Nicaragua in turn asserts that Honduras tolerates the activities of supporters of the ousted Somoza regime who make regular incursions into Nicaragua.

In the region, Washington's decision to send "lethal" equipment accompanied by military advisers to El Salvador has revived memories not only of the United States role in Vietnam, but also of the pledge of the late Cuban revolutionary, Che Guevara, to create "one, two, three, many Vietnams" in Latin America. "The United States will not make the Vietnam syndrome disappear by repeating it," a well-placed Mexican observed.

The specter of prolonged instability and outside interference in Central America has led Mexico and Venezuela, which until recently supported opposing sides in El Salvador, to adopt a common position in favor of a political settlement, with Mexico urging the left to negotiate directly with the junta and Venezuela pressing the junta to court at least the non-Marxist sectors of the opposition.

Even Nicaragua's Sandinist Government, which has been accused by Washington of helping to funnel arms to the Salvadoran left, is now also pressing for talks between the two sides. "In El Salvador, the guerrillas could not defeat the army and the army could not defeat the guerrillas," Interior Minister Tomás Borge Martinez said in a recent interview. "Things cannot continue like this. It is convenient neither for the Government nor the guerrillas, neither for the United States, nor for us."

So far, however, while agreeing to provide the junta with $35 million in military aid

this year and studying requests for over $200 million in economic assistance, the Reagan Administration has refused to endorse any of several negotiation formulas currently circulating in the region, including a mediation effort backed by the Socialist International that would begin with talks between President Reagan and Willy Brandt, the former West German Chancellor, who now heads the worldwide Social Democratic Union.

In the short term, though, perhaps the greatest fear of the liberal regimes in the area—a fear apparently shared by José Napoleón Duarte, the Christian Democratic President of El Salvador's junta—is that United States policy will strengthen the political position of the Salvadoran Army high command and erode the power that civilian officials have accumulated over the last year.

RIGHTIST CALLS FOR COUP

Significantly, just as President Duarte was announcing plans to organize the first free elections in El Salvador in 50 years, a right-wing former army major with a considerable following in the armed forces, Roberto D'Aubuisson, last week called for a military coup. President Reagan quickly reiterated his support for the junta and noted that "we would have to view very seriously such an attempt and such a coup."

Nevertheless, eager to underline the dangers of military answers to deeply rooted political problems, many students of the region have pointed to the long-term results of Washington's response to Cuba's first effort to "export" revolution to Latin America in the early 1960's.

At the time, President Kennedy created the Alliance for Progress and committed huge resources to promoting development and social change in the continent in the hope of neutralizing the appeal of a Castroite revolution. But he twinned this political approach with increased funds for military and police training to strengthen the security apparatus of the area.

In the mid-1960's, though, as Washington turned its attention increasingly to Vietnam, economic support for the Alliance for Progress faltered and United States policy toward Latin America began to lean increasingly on the security pillar. By 1969, President Nixon had endorsed the rising tide of military dictatorships.

In several countries, however, while leftist guerrilla groups were dismantled, the social and economic problems that frequently inspired young radicals to take up arms remained untouched. And, particularly in Central America, heavy-handed repression seemed to accelerate the advent of a new surge of leftist insurgency.

In El Salvador, armed rebels did not appear until 1970, but, fed by fraudulent elections in 1972 and 1977, mounting repression and the refusal of the ruling army to accept even modest reforms, their appeal grew steadily until the civilian-military junta began responding to political unrest with political as well as military measures in mid-1980.

Western diplomats with experience in the region therefore argue that United States support for a military solution in El Salvador might not only lead to continuing bloodshed, but could also sow the seeds for a new cycle of leftist violence. They also fear that, unless the opposition can be accommodated in a political solution, leftist terrorism will continue and the country will remain ungovernable indefinitely.

INTRODUCING LEGISLATION FOR CLEANUP AT THREE MILE ISLAND

(Mr. ERTEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ERTEL. Mr. Speaker, nearly 2 years have passed since the accident at Three Mile Island, but we have barely started cleaning up the radioactive swamp inside the reactor building.

It is time we stop talking about the problem and put the gears into motion so that we can get on with the job. Every day that we delay, the public health and safety hazard at TMI worsens.

Today I am introducing legislation which will remove one of the major roadblocks for the cleanup at TMI. Just as importantly, this bill will insure that people living around future accident sites are not faced with the same dangers that inaction brings.

For 2 years we have wrung our hands. This legislation finally permits us to face up to the problem and deal with it square on. I hope this bill will be the vehicle to catalyze action rather than continue the present atrophy.

I have received assurances that the Interior Committee and the Energy and Commerce Committee are prepared to take up this legislation in the near future. The understanding of these committees for the need for action should be the model for all of us. I urge my colleagues to join with me to confront this serious failure to protect public health and safety.

PEACETIME REGISTRATION

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, a letter to the President is being circulated for Members' signatures to ask President Reagan to slow down and stop peacetime registration.

Mr. Speaker, in my opinion this would be a very serious mistake to stop registration at this time. Registration is working well. Our young men are registering. They have come through for us and these young men realize they do have some obligation to this country.

The Selective Service System has become again an effective organization. It is out of the deep freeze. Information the Selective Service has gained by registering is invaluable to our Nation. In case of an emergency callup, our country would save 90 days by getting young men into uniform and by having them ready to learn a military skill.

Last Tuesday, Secretary of Defense Weinberger stated at our House Armed Services Committee: "I know of no plan to stop peacetime registration."

I intend to do all I can to make certain that the administration maintains this point of view now and in the future.

A PRIMER FOR BIG SPENDERS

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MICHEL. Mr. Speaker, I want to bring to your attention a serious educational deficiency among some of our friends on your side of the aisle. I have been listening to their 1-minute speeches recently. It seems they have a learning disability. They have not learned the lesson of the election of 1980. They are criticizing the President's program and saying we do not need spending and tax cuts in many areas.

In order to offer them remedial help, let me give excerpts from what I call "Uncle Bob's Primer for Big Spenders," in the great tradition of the Dick and Jane readers of the primary grades.

See Big Spenders run in 1980.
See Big Spenders lose in 1980.
See Big Spenders favorite candidate Jimmy Carter run.
Run, Jimmy, run.
See Jimmy Carter criticize Ronald Reagan's tax and spending cuts.
Lose, Jimmy, lose.
See Big Spenders forgetting the lesson of 1980.
See Big Spenders run in 1982.
Lose, Big Spenders, lose.

Mr. Speaker, if that message is too complicated for our friends, let me suggest that you try to teach them. Someone has to.

COMMITTEE INVESTIGATIVE STAFF RATIO

(Mr. NELLIGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, in the 96th Congress, the ratio of Republicans to Democrats in the House of Representatives was approximately 4 to 7.

Last November, however, the American people saw fit to change this ratio. Now there are approximately four Republicans for every five Democrats in the House.

I feel that if we apply this new ratio to committee investigative staff, we could conclude that the Democrats have ignored the mandate of November. Let us look at the figures.

The Republicans presently have 155 investigative committee staff. Therefore, under the 5-to-4 ratio, the Demo-

crats should have 94 investigative staff. They do not. They have 860 staff positions—an excess of 666 positions.

Moreover, if we cost out these extra Democratic staff in terms of salaries and administrative expenses, we arrive at a figure of $24 million.

Now, if the Democrats expect the Republicans to do their committee work with 155 investigative staffers—why should not the American people expect the Democrats to complete their committee work with 194 investigative staff?

In addition, I would ask: If President Reagan can do without 63,000 people in the nondefense bureaucracy—why cannot the Democrats do without some of these 666 positions, costing $24 million?

Now, I am not an unreasonable man, and I would not propose cutting the budget for investigative staff by a full $24 million, or 66 percent. Obviously, there are many legitimate committee needs. However, I do think my figures demonstrate the eminent reasonableness of seeking only a 10-percent cut in committee funding.

COMMITTEE FUNDING RESOLUTIONS

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, inspired by the speech of the last gentleman, I would just have to say that we ought to recognize that all cuts are not equal. We happened to read in the paper yesterday where, apparently, the Speaker has indicated that he will go along with a 10-percent cut, but a different 10-percent cut than many of us have been talking about in terms of committee funding resolutions.

It was suggested that there would be a 10-percent cut from the authorization from last year versus the 10-percent cut in actual expenditures from last year. The difference is tremendous. The first would give you no net loss in terms of spending over last year; in fact it would give us an increase. The other would give us an actual decrease in spending.

Mr. Speaker, I do not think we could reasonably be able to go to court and explain before a jury of our constituents and somehow convince them that they are understaffed in this place. It seems to me that the overwhelming evidence would be that we are overstaffed, and the one opportunity that we have to attack that is in the area of committee funding resolutions.

I hope that what I heard is not true, that we are going to have it all in one single package and only have one vote up and down on it. We ought to have an opportunity to look at all of the committees and make reasoned judgment on them.

□ 1215

ENDING THE DIFFERENCE IN INTEREST ON CONTRACT SALES

(Mr. EVANS of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. EVANS of Iowa. Mr. Speaker, in an effort to end the inequity in minimum interest rates charged on contract sales of farms and business, I am introducing legislation today to require that the same rate be charged all individuals regardless of relationship to the seller.

The Internal Revenue Service has set a minimum level of imputed interest on contract sales—those financed by the seller over a long period of time. The problem is that the IRS has set a higher level for those buyers who are related to the seller. This is particularly tough on farmers who wish to sell their land to family members.

Under the current regulation, buyers who are not related to the seller must be charged a minimum interest rate of 6 to 7 percent while those who are related must be charged a rate of 9 to 10 percent. Those rates are scheduled to rise on July 1 to 8 to 9 percent and 11 to 12 percent respectively.

It is clearly unfair to require that those who have worked with parents or family members to build a farm or business should be charged a higher rate of interest when they have the chance to purchase the property. My bill would clear this up by requiring that the IRS maintain the same rate of imputed interest for all parties and not discriminate against those who have a relationship to the seller.

Outside interests should not get better treatment than whose who are related to the seller.

SACRIFICE BEGINS AT HOME

(Mr. FRENZEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FRENZEL. Mr. Speaker, the Speaker has publicly announced that the Democratic majority will support spending authorizations for our committees at a level 10 percent under last year's authorizations.

The Republican minority on the House Administration Committee which exposed gross increases and expansions of committee staffs ought to be pleased, because we have forced the Democrats to equalize to the Senate position. I suppose we should declare a victory of sorts, but matching a Senate performance on frugality is indeed a tiny victory. We Republicans will present our demands for a 10-percent cut from last year's spending level to give the people a real reduction. We believe sacrifice begins at home with a reduction in our own committee spending.

CONCERN EXPRESSED ON ADMINISTRATION'S POSITION ON LAW OF THE SEA TREATY

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous matter.)

Mr. GILMAN. Mr. Speaker, this week negotiations resumed in New York at the United Nations in an attempt to conclude a comprehensive Law in the Sea Treaty.

The United Nations Law of the Sea Conference spans a 7-year period with delegates from more than 130 nations seeking to regulate, in an equitable, forward-looking manner, the resources of the sea and the use of the oceans.

As a congressional adviser to the U.S. delegation to the Conference during the last several years, I have witnessed the hard work of our Nation's delegates to the Conference as they diligently worked to hammer out a treaty protecting our Nation's vital interests.

I am deeply concerned about our new administration's pronouncements concerning the Law of the Sea Treaty and the questions that have been raised that this treaty does not serve the best interests of our Nation.

Recently several of my colleagues joined with me in requesting the Secretary of State, Alexander Haig, to review our concerns about the administration's new law of the sea policy. I urge my colleagues to note the concerns we expressed in this letter which I am inserting at this point in the RECORD:

COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., March 6, 1981.

HON. ALEXANDER HAIG,
Secretary of State,
Department of State, Washington, D.C.

DEAR MR. SECRETARY: As interested Members of Congress actively involved in the U.S. negotiations on the Third UN Conference on the Law of the Sea, we understand your prerogative to undertake a full-fledged review of U.S. policy in the Conference. However, since the draft convention was carefully considered and worded, we had hoped that this administration could go to the 10th session without such a review. In this regard, we would have preferred to have been consulted on your decision rather than learning about it through a Department press release and subsequent Washington Post and New York Times articles.

In undertaking your review, we believe that you will reach the conclusion that the present text, now referred to as the Draft Convention, is essentially the basis for a sound Treaty. The negotiations have been difficult, delicate, and prolonged. The present text has been worked on by three administrations and in a strictly bi-partisan

manner. It reflects a series of important political compromises that the majority of U.S. interest groups involved in the negotiations had agreed upon. The text stands at a point where U.S. national defense, security, economic and environmental and political-legal interests are effectively protected. It would be most unfortunate to see the work on this draft convention undone at this juncture due to the loud voice of only one of those domestic groups.

We have looked forward to the 10th session to bring resolution of the few remaining issues: preparatory investment protection, the participation of entities other than states and the creation of the Preparatory Commission that would, in turn, develop the rules and regulations under which U.S. and foreign companies would operate under the International Seabed Authority. We are concerned that the recent press articles may make the prospect of resolving these issues much more difficult.

Beyond this, we believe it would be a mistake for a U.S. policy review to result in reopening negotiations on the fundamental principles now reflected in the carefully balanced parts of the present text. These principles go to the heart of vital U.S. security interests, notably the freedom of navigation and overflight of international straits, a uniform breadth of the territorial seas, the optimum use and conservation of fisheries, the establishment and legal status of the economic resource zone, marine boundary delimitation, dispute settlement and marine environmental and scientific protection.

We respectfully request to consult with you or whomever you designate on the matter of U.S. policy in this Conference at your earliest convenience.

Sincerely yours,

Clement J. Zablocki, Chairman, Committee on Foreign Affairs; Jonathan B. Bingham, Chairman, Subcommittee on International Economic Policy and Trade; Berkley Bedell, Member of Congress; Don Bonker, Chairman, Subcommittee on Human Rights and International Organizations; Benjamin A. Gilman, Minority Member, Subcommittee on International Economic Policy and Trade; Joel Pritchard, Minority Member, Subcommittee on International Operations; Jim Leach, Ranking Minority Member, Subcommittee on Human Rights and International Organizations; Paul N. McCloskey, Jr., Ranking Minority Member, Subcommittee on Merchant Marine, House Merchant Marine and Fisheries Committee.

A WORLDWIDE "DEFENSE STAMPS" PROGRAM

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. SCHROEDER. Mr. Speaker, when it comes to exercising economies in the Federal budget, a more likely target does not present itself than the many defense umbrellas the United States has opened around the world.

We run one of history's largest, free, mercenary services. Consider Japan. We station almost 50,000 troops in Japan and Okinawa—excluding dependents. We spend several billion a year in operating, construction, procurement, and other defense costs related to our presence there.

We spend billions more annually guarding the Persian Gulf so that Japan and others will have a secure access to oil.

Meanwhile, between 1979 and 1980 Japanese defense spending decreased 11 percent.

In 1980 the United States spent eight times more on defense per capita than did Japan.

Meanwhile, Japan's GNP has grown to the third largest in the world.

Meanwhile, Americans are ravaged by inflation and unemployment, and told that the defense budget must be increased to support our many commitments. Upwards of half the entire U.S. defense budget can be attributed to defense umbrellas we have opened up over NATO, Japan, South Korea, and other countries. In some cases these commitments were originally viewed as temporary. In other cases contributions from the beneficiary countries have been lagging, or even decreasing.

What we have set up, in effect, is a worldwide "defense stamps" program. Since the Federal budget is coming in for a thorough keelhauling, we ought to spare no program from scrutiny.

Mr. Speaker, the March 9, 1981, issue of New York magazine has an article by Michael Kramer, "Should America Go to the Brink With NATO?" which details a number of instances where our NATO allies left us in the lurch.

For example, after the Russian invasion of Afghanistan, the United States cut back its trade with Russia—but the Europeans actually increased theirs.

The article follows:

[From the New York magazine, Mar. 9, 1981]

SHOULD AMERICA GO TO THE BRINK WITH NATO?

(By Michael Kramer)

When it comes to the Russians, there is no mistaking where Ronald Reagan stands. "Let's not delude ourselves," says the president. "The Soviet Union underlies all the unrest that is going on. If they weren't engaged in this game of dominoes, there wouldn't be any hot spots in the world."

No doubt many people agree with the president. Unfortunately, America's NATO allies don't seem to be among them. Or, if they are, they have found it in their best interests to look the other way. And, naturally, this has upset the United States no end.

With Margaret Thatcher's visit to Washington last week, the United States has had occasion to gear up for another round in the continuing debate over the future of the alliance—which in America's view, means the failure of the Europeans to pull their own weight. The frustration of Representative Gunn McKay, of Utah, is typical. The European NATO members, says McKay, "are trying to put it all on our backs. They are just like the governors and mayors and county commissioners in this country are about revenue sharing: 'Give us some of that free money. We are entitled to it, and don't ask us to raise any taxes [for it].'"

At every level, tempers are short. Mistrust is common, and the situation is deteriorating. Most recently, after it responded to the Soviet invasion of Afghanistan by boycotting the Moscow Olympics, the United States was flabbergasted when the Europeans wouldn't take a common stand on even so painless an action as the boycott.

For their part, the Europeans had their reasons, foremost among them their desire to preserve and expand the impressive web of contacts they have developed with the Eastern bloc in recent years. In fact, while America cut back its trade with the Soviets after Afghanistan, the Europeans actually increased theirs. For example, says James Chace, the managing editor of Foreign Affairs, "in the six months following the Soviet invasion . . . West Germany expanded its exports to Russia by 30 percent," and today the West Germans are far and away the Soviet Union's biggest trading partners.

As for France, its response to Afghanistan was to declare the invasion "unacceptable." Beyond that courageous act, the French foreign minister would say only that "the question is not to know if the departure of the Soviet forces will be easy to attain. It is to know if it is necessary."

In real terms, France simply lied. According to Chace, the French assured the United States that they would "not move in to fill any breaches created by suspension or cancellation of projects undertaken by American firms"—but, in fact, they went ahead and did just that.

Even the British, the most pro-American of the NATO allies, have indicated their unease about America's role as leader of the free world. When the time came to buy America's Trident missiles, Mrs. Thatcher told Jimmy Carter that while the Trident force would be assigned to NATO, it would remain under British control as an independent deterrent in case "supreme national interests are at stake." And no matter how much she might admire Ronald Reagan, British sources see little chance for a reversal of this position.

In its defense, Europe is only too willing to tout its litany—a tale of past American abandonment. In particular, France has apparently considered America an unreliable ally ever since the United States sided with the Soviets against them and the British and the Israelis during the Suez crisis of 1956.

Gaullism may have been born at Suez, but it has flourished only recently—not only in France but throughout most of Europe. This new west-European independence is directly traceable to the allies' having determined that their economic interests are paramount, and that those interests dictate their moving away from a stagnating United States toward new areas of opportunity, wherever they may be found.

Still, NATO continues. It may be only an "accidental array of forces in search of a mission," as Henry Kissinger has written, but it is a living alliance all the same. And while the Europeans may slap us in the face as they seek their profits elsewhere, they are quite content to permit the United States to continue bankrolling the lion's share of their defense—a not insignificant financial burden. In fiscal 1981, for example, over $80 billion, or more than half of America's defense budget, was earmarked for NATO, and this at a time when the United States most needs to redirect its mil-

itary resources to the world's newer hot spots, like the Persian Gulf.

Every American administration has bitched that the Europeans should do more for themselves. Ronald Reagan's government is no exception, and now the administration is torn between applying the carrot or the stick. Should the United States hold its tongue in the hope that the allies can be persuaded to reverse their burgeoning friendship with the East? Or would the same result be more easily achieved by threatening a withdrawal of the 334,705 American troops in Europe?

Those arguing for an American pullback—or, rather, a redeployment elsewhere—say that the ground defense of NATO is an impossibility anyway. The East's forces are so superior numerically that they could romp across Europe at will. NATO now hopes that by 1983 it will be capable, in the best of circumstances, of holding out for 30 days, but that's all. Of course, if that were all there was to it, a war would have begun long ago. Preventing that conflict, then and now, is the belief that a conventional war would rapidly escalate into a nuclear confrontation, possibly within hours. If this is so, if a withdrawal would do little to alter the true balance of terror, why shouldn't the president threaten to pull back as a way to bend Europe to America's will? Such a move would likely drive the Europeans berserk. They view America's ground force—and its almost certain annihilation in the event of war—as the only sure guarantee that the nuclear card would be played.

Perhaps, then, a substitute could be offered. The neutron bomb.

Technologically, the neutron bomb is the most advanced way to die yet devised. A shell explodes at 2,000 feet in the air, a mini-hydrogen bomb that produces little blast. But the fusion of its "super-hydrogen" releases a stream of neutrons that penetrates an enemy's tanks. Crewmen begin to vomit, and within minutes, those close to the explosion die of shock. Others linger, only to die shortly of radiation sickness.

One would think the Europeans would welcome such a weapon, a way to offset the Warsaw Pact's enormous tank advantage, a weapon that destroys people but not property, a way to wage World War III and still leave Europe habitable. But logic means little.

In fact, the Europeans' response ("a symbol of mental perversion," says the general secretary of Helmut Schmidt's Social Democratic party) is akin to Leonid Brezhnev's. "These are inhuman weapons of mass destruction," the Soviet leader wrote Jimmy Carter on January 5, 1978—just a few months before Carter shelved development of the bomb. "Their appearance will not diminish the likelihood of nuclear conflict but enhance it." Then Brezhnev hit it, warning that America couldn't escape such a European War. "Perhaps some entertain the hope to stay on the sidelines if and when the point is reached that neutron weapons are killing Europeans," he wrote. "This calculation is illusory in substance."

Illusory or not, Brezhnev's calculations seems to have spoken for America's allies rather eloquently. The Europeans feigned cooperation with Carter but worried, and still do, that the neutrons are weapons that might actually be used. "Europe wants a theatre nuclear posture that leaves the Soviet Union with absolutely no doubt that the weapons will be used in defense of NATO," says a French observer, "and the NATO members with absolutely no worry that they will ever have to be."

More, wrote Henry Kissinger after he left office, the Europeans' "secret hope, which they never dared to articulate, was that the defense of Europe would be conducted as an intercontinental nuclear exchange over their heads; to defend their own countries, America was invited to run the very risk of nuclear devastation from which they were shying away."

What to do? The Reagan administration seems ready to proceed with the bomb. Defense Secretary Caspar Weinberger says it can restore "some kind of balance to Europe." But the Europeans don't seem to want it—and even an American critic (the House Foreign Affairs Committee) worries that deploying the bomb "could increase Soviet propensities to initiate the use of nuclear weapons if they have decided to go to war."

In Europe's view, the best deterrent may still be a credible threat of massive retaliation. "Any nuclear attack on . . . France," says President Giscard (and here he seems to be speaking for the other NATO nations as well), "calls automatically for a strategic nuclear response." Ah, as George Bush likes to say, "the French, they are so, well, so French."

And in the meantime, before the attack? Well, again, in the meantime Europe's policy seems clear—buy, sell, and deal with the Soviets across as many fronts as possible without regard to Soviet aggression elsewhere. In other words, that's America's problem and Ronald Reagan can get tough all he wants—anywhere but in Europe. And the Europeans have clearly signaled that when he does get tough, he can't count on the allies for help. Détente may be dead for America. It is alive and well in Europe. In the Europeans' view, the balance Secretary Weinberger seeks to restore doesn't need restoring at all.

"We're not going to tolerate that attitude much longer," says a national-security adviser to President Reagan. Okay, Mr. President, let's see your stuff.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I ask for this 1 minute for the purpose of inquiring of the distinguished majority whip what the program will be for next week.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Washington.

Mr. FOLEY. I appreciate the distinguished Republican leader yielding.

It is our intention that at the close of business today we would not be scheduling any more business for this week. There will be a session of the House tomorrow, pro forma. It is also our intention to request unanimous consent that when the House adjourns tomorrow, it will adjourn until Tuesday next.

Mr. MICHEL. If I might interject a question, that will be at variance with what Members were originally alerted to, no session on Friday, but we do have the assurance that it will simply be a pro forma session tomorrow in order to qualify us to go over until Tuesday, is that not correct?

Mr. FOLEY. That is exactly right. The Republican leader is exactly right. I would say, too, that we are shifting the session tomorrow for the session that was otherwise going to be pro forma on Monday, so there is not any substantive difference.

It is just, as the gentleman knows, required in order to have the House meet on the next session coming up on Tuesday.

It is also going to be my intention to request that business in order for Calendar Wednesday be dispensed with.

I think that is our current plan for the next few days.

The House will meet on Tuesday and any further business, of course, following today will be announced.

Mr. MICHEL. Is it expected that the House will be in more or less pro forma session on Wednesday and Thursday next week?

Mr. FOLEY. That is expected, but I would not at this time want to absolutely guarantee that.

Mr. MICHEL. Would the gentleman be free to conjecture on a week from tomorrow, on Friday, whether or not there would be a session?

Mr. FOLEY. I think the very great likelihood is that there will be no session on Friday next.

Mr. MICHEL. Then there would be legislation of some sort the following week, committee resolutions?

Mr. FOLEY. I think the Members should definitely plan on legislation the following week.

Mr. MICHEL. I thank the distinguished whip and yield back the balance of my time.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore (Mr. GONZALEZ). Is there objection to the request of the gentleman from Washington?

There was no objection.

ADJOURNMENT FROM FRIDAY, MARCH 13, 1981, TO TUESDAY, MARCH 17, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Friday, March 13, 1981, it adjourn to meet on Tuesday, March 17, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

NEEDED: SERVICE TO THE NATION

(Mr. PANETTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PANETTA. Mr. Speaker, I am today introducing legislation in concert with Senators TSONGAS and CRANSTON which would establish a Select Commission on Voluntary Service Opportunities. The bill is a revised version of legislation (H.R. 6868) which I introduced last year, along with Congressmen MCCLOSKEY and CAVANAUGH, to establish a Presidential Commission on National Service. That bill was approved by the House Education and Labor Committee on October 2, 1980 (H. Rept. 96-1450, part 1). In addition, Senators TSONGAS and CRANSTON sponsored a similar measure last year in the Senate which passed the full Senate as an amendment to the Domestic Violence Prevention and Services Act. I am pleased to introduce this revised version today together with Congressmen FROST, BONIOR, COELHO, BEILENSON, ADDABBO, BINGHAM, MCCLORY, FAZIO, SIMON, and MCCLOSKEY. I welcome the support of all my colleagues for this important bill.

The basic purpose of the bill is to establish a Select Commission to examine the issues associated with volunteer service in America. The Commission would be comprised of 21 Members, 11 of whom would be appointed by the President, 5 of whom would be appointed by the Speaker of the House in consultation with the minority leader of the House, and 5 of whom would be appointed by the majority leader of the Senate, in consultation with the minority leader of the Senate. The Commission would issue its final report to the President and the Congress within 15 months after its first meeting, and then the President would have 90 days to assemble the recommendations of all affected executive agencies and departments and submit an interim report to each House of the Congress, detailing the desirability, feasibility, and cost of implementing each of the Commission's recommendations. Within 90 days after submitting his interim report, the President is required by my bill to transmit to each House of the Congress a final report containing a detailed statement on any actions taken to implement the recommendations of the Commission, together with any further recommendations for legislation or administrative actions. The Commission would cease to exist 180 days after transmitting its final report. Its termination would, therefore, coincide with the transmittal of the President's final report to the Congress.

I believe such a Commission is long overdue. It is needed to focus national attention on the need for public and private voluntary service, on opportunities which exist for such service, and on alternative service programs which may help the United States to meet a broad range on national and local needs. Such a Commission is needed to explore and assess alternative methods for providing the people of the United States with opportunities and incentives to provide meaningful service to the community and the Nation.

Mr. Speaker, our Nation is not moving boldly into the 1980's. We are tiptoeing sheepishly and cautiously, as if on eggshells. We step with trepidation into the new decade as if the world were a disaster waiting to happen. The world's economy has been ravaged by soaring energy costs, and political unrest, wars, and terrorism have shaken the political structure of the world. The legacy of the past decade and a half of trauma and tragedy is a bruised American spirit. We have lost our traditional sense of optimism about the future. And most of all, we seem to have lost our confidence that anything can be done about providing jobs for youth, about conserving natural resources, about protecting the environment, about rebuilding the cities, about educating our people, about providing decent services for older Americans and the handicapped, and about meeting personnel requirements in a variety of Federal, State, and local programs and agencies. These are a few of the problems that worry Americans, and yet no answers are forthcoming.

I believe part of the answer lies in rekindling the spirit and activism which settled a vast continent, which landed the first man on the Moon, which built the richest and most powerful nation on Earth. I believe we need to foster a new activism, to resurrect a service ethic, if we are to overcome our present difficulties and we need to mobilize the vast and untapped resource of voluntary service if we are to meet the challenges which lie ahead. My legislation seeks to set that process in motion.

Mr. Speaker, at a time when the new administration and the Congress are searching for ways to pare back the size and the expense of the Federal Government, I believe it is imperative to begin to explore alternative and less expensive ways to provide important services. Voluntary service represents the most viable alternative to direct Federal spending in countless areas, and it has the added benefit of contributing directly to the education and personal development of individual volunteers. Meaningful voluntary service can help our young people during that difficult transition from adolescence to adulthood, from dependence to making an independent contribution to society, from being passive members of society to taking an active share of responsibility in and for society. Voluntary service can instill in our people, both young and old, a sense of pride and self-esteem. It can provide very useful on-the-job training, equipping young people with marketable skills. In this latter case, the volunteer programs I envision could at least partially offset federally funded jobs programs, such as CETA.

As part of the Commission's inquiry, I believe it is necessary to address the adequacy of voluntary approaches to service and to consider the relative cost and benefits of other forms of service. My preference is to devise a program of voluntary service on a national scale which would derive its vitality from free choice. However, I also recognize that mandatory approaches to service have certain points in their favor, primarily the fact that all individuals would share an equal obligation. Therefore, I believe the Commission should examine all options for national service.

While more details are needed in order to assess the potential impact of policy changes, there are many promising ways to provide incentives for voluntary service by using more creatively existing Federal programs. We could, for example, restrict the availability of Federal educational assistance to those students who have satisfactorily completed a period of approved service. Alternatively, students who have performed approved service could receive educational grants, while those who have not served could only receive loans. Or, those who have served could be given loans at more favorable rates of interest than those who have not served. In addition, food stamps, CETA jobs, and unemployment benefits would be tied to service programs so that our people will get the message that service to the country is at least expected, if not required, by the Government. The point in listing these examples is not to suggest that these are the answers; it is to suggest that there are innumerable alternative approaches to providing incentives and opportunities for service and that these ideas deserve very careful attention. Again, my legislation seeks to set that process in motion.

Finally, a word about the issue of citizenship responsibility. In recent years, our young people seem to have turned progressively inward for satisfaction rather than outward toward making a positive contribution to society. My view is that we have not done enough as a Nation to impress on young people the idea that they have a responsibility to serve. The commission could contribute immeasurably to our country simply by raising that

concept in the public mind and elevating the discussion about citizenship responsibility so that people will have an opportunity to think about the idea and to provide the Commission with their thoughts. Having a national debate on the issues of service could lay the foundation for a renaissance in American life, propelled by the voluntary contributions of our people, particularly young Americans.

For the convenience of my colleagues, I have reprinted below the full text of my bill. I hope that my colleagues will join me in urging early congressional approval of this legislation.

H.R. 2500

A bill to establish a select commission to examine the issues associated with voluntary service

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Select Commission on Voluntary Service Opportunities Act of 1981".

PURPOSE

SEC. 2. It is the purpose of this Act to establish a Select Commission to examine the issues associated with voluntary service and—

(1) to focus national attention on the need for voluntary service, on opportunities which exist for such service, and on alternative types of national service programs which may help the United States to meet the broad range of national and local needs;

(2) to explore and assess alternative methods for providing the people of the United States with the incentives and opportunities to provide useful service to the community and the United States; and

(3) to provide the President, the Congress, and the people of the United States with an overview and assessment of existing opportunities for voluntary service and a series of options for alternative types of national service programs designed to help the United States deal with a number of serious challenges in the areas of youth unemployment, conservation of natural resources, protection of the environment, rebuilding the inner cities, education, providing services for older Americans and handicapped individuals, and personnel requirements in a wide variety of Federal, State, and local programs and agencies.

FINDINGS

SEC. 3. The Congress finds that—

(1) voluntary service in a variety of areas represents a vast and essentially untapped resource which can and should be utilized to meet national and local needs;

(2) greater leadership is needed on the part of the Federal Government to encourage the people of the United States to serve and to encourage State and local authorities to provide opportunities for meaningful service;

(3) useful public service is very important for the educational and personal development of young people;

(4) the United States faces numerous challenges which can be better met if we draw upon the creative energies of young people and other individuals through a program of national service; and

(5) a high-level commission is needed to make recommendations to the President and the Congress about the effectiveness of existing voluntary service programs and the costs and benefits of alternative types of national service programs.

ESTABLISHMENT

SEC. 4. There is established a select commission to be known as the Select Commission on Voluntary Service Opportunities (hereafter in this Act referred to as the "Commission").

DUTIES

SEC. 5. The Commission shall—

(1) identify existing voluntary service opportunities in the public and private sectors of the United States and assess the effectiveness of these opportunities in meeting national and local needs, in building a sense of commitment to the community and the United States, and in instilling in the volunteers a sense of accomplishment and pride;

(2) identify incentives which attract, or which are needed to attract, voluntary service in the public and private sectors of the United States;

(3) examine and assess the need for and the desirability, feasibility, and cost of expanding existing service opportunities and incentives and establishing any of the alternative types of national service programs;

(4) identify and examine alternative types of national service programs and assess the relative costs and benefits of such national service programs;

(5) examine the impact of potential changes in the incentives for service, and of various alternative types of national service programs, on existing institutions (including educational institutions, labor organizations, private and public service programs, and Federal youth, jobs, and training programs);

(6) assess the cost effectiveness of both alternative and existing voluntary service programs and the feasibility and desirability of incorporating these programs into a comprehensive national service program;

(7) examine the role of all individuals (regardless of age, sex, income, and education) in existing service programs and in the alternative types national service programs;

(8) identify the way in which existing service programs and alternative types of national service programs will provide young individuals and other participants with a sense of accomplishment and pride and an opportunity to contribute to the welfare of the society by responding to unmet needs of the community and the United States; and

(9) conduct meetings, hearings, and conferences in various regions and localities in the United States to gather the opinions of a wide variety of individuals, particularly young individuals and those individuals and groups likely to be affected by any changes in existing service programs or the establishment of a program of national service.

MEMBERSHIP

SEC. 6. (a) The Commission shall be composed of 21 members as follows:

(1) 11 members appointed by the President from among individuals who are broadly representative of private volunteer organizations, secondary and higher education, business, organized labor, the military, social service and civil liberty organizations, minority group and ethnic organizations, Federal, State, and local governments, and groups with a primary interest in service opportunities for youth, handicapped individuals, and older Americans, of which not less than 3 of the members appointed by the President shall be individuals who are not less than 17 years of age and not more than 25 years of age on the date of their appointment to the Commission.

(2) 5 members appointed by the Speaker of the House of Representative in consultation with the minority leader of the House, of which 2 shall be Members of the House of Representatives and one shall be an individual who is not less than 17 years of age and not more than 25 years of age on the date of the individual's appointment to the Commission.

(3) 5 members appointed by the majority leader of the Senate in consultation with the minority leader of the Senate, of which 2 shall be Senators and one shall be an individual who is not less than 17 years of age and not more than 25 years of age on the date of the individual's appointment to the Commission.

(b) If any member of the Commission who was appointed to the Commission as a Member of the Congress leaves that office, he may continue as a member of the Commission until his successor is appointed.

(c) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(d) Members of the Commission shall be appointed for the life of the Commission.

(e)(1) Except as provided in paragraph (2), members of the Commission shall each be paid at a rate equal to the daily equivalent of the maximum annual rate of basic pay in effect for grade GS-18 of the General Schedule for each day (including travel time) during which they are engaged in the actual performance of the duties of the Commission.

(2) Members of the Commission who are officers or employees of the United States or Members of the Congress shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(f) 11 members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(g) Not later than 45 days after the effective date of this Act, the President shall designate the Chairman of the Commission from among those individuals appointed by the President under subsection (a)(1).

(h) The first meeting of the Commission shall be held not later than 60 days after the designation of the Chairman under subsection (g). The Commission shall meet at least once each 3 months after its first meeting. The date and time of all meetings of the Commission shall be at the call of the Chairman or a majority of its members.

EXECUTIVE DIRECTOR AND STAFF

SEC. 7. (a) The Commission shall have an Executive Director who shall be appointed by the Chairman of the Commission and who shall be paid at a rate not to exceed the maximum rate of basic pay payable for GS-18 of the General Schedule.

(b) Subject to such rules as may be prescribed by the Commission, the Chairman of the Commission may appoint and fix the pay, at a rate not to exceed the maximum rate of basic pay payable for GS-18 of the General Schedule, of such additional personnel as the Chairman considers appropriate.

(c) The Executive Director and staff of the Commission may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General

Schedule pay rates, except that no individual so appointed may receive pay in excess of the annual rate of basic pay payable for GS-18 of the General Schedule.

(d) Subject to such rules as may be prescribed by the Commission, the Chairman of the Commission may procure temporary and intermittent services under section 3109(b) of title 5 of the United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for GS-18 of the General Schedule.

(e) Upon request of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties under this Act.

POWERS

SEC. 8. (a) The Commission may, for the purpose of carrying out this Act, hold such hearings and conferences, sit and act at such times and places, take such testimony, and receive such evidence, as the Commission considers appropriate.

(b) Any member or agent of the Commission may, if so authorized by the Commission, take any action which the Commission is authorized to take by this section.

(c) The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act. Upon request of the Chairman of the Commission, the head of such department or agency shall furnish such information to the Commission.

(d) The Commission may accept, use, and dispose of gifts or donations of services or property.

(e) The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(f) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(g) The Commission through its Chairman may enter into any contract which the Commission deems is necessary.

REPORTS

SEC. 9. (a) The Commission may transmit to the President and to each House of the Congress such interim reports as it considers appropriate and shall transmit a final report to the President and to each House of the Congress not later than 15 months after the first meeting of the Commission is held pursuant to section 6(h). The final report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation and administrative actions as it considers appropriate.

(b)(1) After the final report is transmitted to the President and each House of Congress pursuant to subsection (a) each executive department and agency affected by the final report, as determined by the President, shall submit to the President recommendations for implementing the final report.

(2) Not later than 90 days after the final report is transmitted by the Commission to each House of the Congress pursuant to subsection (a) the President shall transmit to each House of the Congress an interim report containing a detailed statement on—

(A) the desirability, feasibility, and cost of implementing each of the Commission's recommendations, and the actions taken or planned with respect to the implementation; and

(B) recommendations with respect to any legislation proposed by the Commission and the need for any alternative or additional legislation to implement the Commission's recommendations.

(3) Not later than 90 days after the interim report is transmitted to each House of the Congress pursuant to paragraph (2) the President shall transmit to each House of the Congress a final report containing a detailed statement on any actions taken to implement the recommendations of the Commission, together with any further recommendations for legislation or administrative actions.

TERMINATION

SEC. 10. The commission shall cease to exist 180 days after its final report is transmitted to the President and each House of the Congress pursuant to section 9(a).

AUTHORIZATION OF APPROPRIATIONS

SEC. 11. There is authorized to be appropriated for the fiscal year ending on September 30, 1982, the sum of $3,100,000 to carry out this Act. Any sums appropriated under the authorization contained in this section shall remain available until expended.

EFFECTIVE DATE

SEC. 12. This Act shall take effect on October 1, 1981.

GENERAL LEAVE

Mr. LUNGREN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of the special order of the gentleman from Vermont (Mr. JEFFORDS) today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BEDELL. Mr. Speaker, I ask unanimous consent to take my special order for today out of order and speak first.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

UNREASONABLE DOT REGULATIONS FOR THE HANDICAPPED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

Mr. BEDELL. Mr. Speaker, one message that came through from the electorate in the last election was the demand that unnecessary and unreasonable regulations and requirements from Washington be curtailed. One example of these unreasonable regulations by the Federal bureaucracy has occurred in one of the cities in my district, Sioux City, Iowa.

Sioux City has a program of transportation for the handicapped in which a local firm provides door-to-door transportation for the handicapped. Because of our cold icy weather during the winter and the hilly terrain in cities like Sioux City, this service is much better for both the handicapped and the city than the service which would be required under Federal mandate to the city to install chair lifts on all city buses.

During the past administration, I escorted one of the Department of Transportation executives to Sioux City where representatives of the city government and the handicapped pointed out to him the folly of the Federal Government mandating that lifts be placed on city buses which would bring about the elimination of the present service, which is greatly preferred by all parties affected. DOT refused to change its position.

Mr. Speaker, in the last Congress, with frustration all across the land with the inflexibility at DOT, the House passed legislation mandating sufficient flexibility so that local communities and the handicapped could work together to best serve the needs of the handicapped without the Federal Government imposing unreasonable requirements which prevent such cooperation.

□ 1230

Unfortunately, adjournment came before the Senate was able to pass this legislation.

I am, therefore, introducing today legislation which is, for all intents and purposes, the same as the legislation which passed this House in the last session.

Specifically, my bill would allow local areas to pursue locally adopted alternative approaches for meeting the transportation needs of the handicapped. These programs must be approved by the Secretary of Transportation if they are: First, developed in consultation with members of the local handicapped community and elected local officials; second, serve the same areas and charge fares no greater than those charged the general public; and third, provide service within 24 hours in the first 2 years and within 6 hours in 4 years. In addition, congressional oversight is provided to insure that implementation is in accord with congressional intent and purpose. The legislation specifies that the regulations issued to carry out this requirement be held to an absolute minimum.

Mr. Speaker, it is time that we get the Federal Government off the backs of our citizenry and it is time to realize that these problems can best be worked out at the local level rather than at some desk in Washington. I urge my colleagues to support this legislation and start to get the Federal bureaucracy off the backs of the people, including the handicapped, who already have enough difficulty

without the Federal bureaucracy adding to their burdens.

HUMAN RIGHTS FOR NORTHERN IRELAND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 60 minutes.

Mr. GILMAN. Mr. Speaker, on St. Patrick's Day, Americans will revel in the annual rituals of celebration, parades, and the singing of Irish ballads, and many of us will have occasion to commemorate the sacrifices and contributions of one of America's most generous ethnic groups, the Irish. And yet, on the other side of the ocean, in small towns and in the large city of Belfast, the north of Ireland smolders like a bomb: ready to detonate at the slightest provocation, ready to explode in a warlike fury.

The truth is that Northern Ireland has been in a state of war for years. During the last decade, we have witnessed the atmosphere in that land becoming more inflammatory with the passing days. The issues have been obliterated, and the catch-all phrase of "religious conflict" has been pinned on this tragedy as though such a phrase was sufficient to explain the ferocity of the turmoil, and the underlying reasons for the continuing struggle.

But no phrase could be further from the truth, less accurate than a "religious war." The struggle in the north of Ireland is no longer a religious war, if it ever was one; religions were pitted against each other in a political strategy by Great Britain to insure that they would have a majority of votes and support when the north was arbitrarily sectioned off.

To this day we are told by media, propagandists and the British that the war is religious—probably by way of minimizing its importance, by way of reducing its complexity—like characterizing the conflict in the Middle East as simply a religious issue. Both conflicts are similar in that the issues transcend religion and cut deeply into political, moral, and economic concerns.

As a Member of the House Committee on Foreign Affairs, and the ad hoc congressional Committee on Irish Affairs chaired by my esteemed colleague, the gentleman from New York (Mr. BIAGGI), I have had the opportunity to observe firsthand how our Nation's policy toward Northern Ireland differs from our policies toward other nations, and how, despite the best efforts to the contrary, Great Britain cannot be persuaded to allow the Irish to determine their future.

And distressingly enough, I have seen how the United States, through a program of economic subsidies to American corporations locating in Northern Ireland abets the continuation of violence and deprivation by encouraging them to locate in the British-Protestant sections of the north. This leaves the Catholic minority with few, if any, American jobs, little chance of advancement, poor educational and housing prospects, and a truly bleak future. Many American corporations are unaware of the fact that they are helping to foster the discrimination against the Catholic minority, and are unaware of the need to change their policies to rectify the situation.

I have requested that congressional hearings be held on this matter and that we examine the full extent of American involvement in the perpetration of discrimination in Northern Ireland.

Mr. Speaker, for the record I am inserting in the RECORD two newspaper articles which point up some of the most critical economic and discriminatory problems that are confronting Northern Ireland. One points to the injustices in the system used by the British to hire for positions in the North, and the other pertains to the severe economic crises facing Ulster.

[From the Irish People, Oct. 6, 1979]

NO COMPLAINTS UPHELD

One section of the Fair Employment Agency report is entitled "Investigation of Complaints." In the Agency's history findings have been made in twelve cases. (This gives some indication of the pitiful power of the agency's machinery or willingness to rectify discrimination.)

The Agency has numerous excuses: "The Agency has found, as it anticipated, that there is a considerable reluctance among members of the public to make complaints even when they feel they have suffered from unlawful discrimination . . .

"In certain districts people consider it would do them harm if it became known they had made a complaint. White collar employees, despite legislative provision outlawing victimization, worry in case making a complaint would be detrimental to their future employment and promotional prospects. Others believe, quite understandably, that discrimination is so difficult to prove, that there is no point in making a complaint."

Others of course do not wish to unnecessarily become involved with a British government body.

Some of the complaints the report explains away as (Catholic) fears over discrimination: "It must also be said that employers' past practices or present reputation frequently gave a complainant reason for making a complaint."

Also, "In three cases certificates were signed by Ministers of the Northern Ireland Office certifying, under Section 42 of the Act, that the act complained of were done to safeguard national security or to protect public order. In these circumstances the investigation must cease."

This provision—Section 42 of the Fair Employment Act—allows the British government to discriminate against those whom it considers politically objectionable.

In one case which came to the notice of the Fair Employment Agency, the Department of Environment turned down a job applicant (a Catholic) because of "some doubt about his security standing", appointed a Protestant, and then lied to the agency about the reason for the original non-appointment.

THE DORIS CASE

Out of all the complaints made in one case only did the agency make a finding that unlawful discrimination had occurred.

In 1977 Miss Susanna Doris, a twenty-three-year-old Catholic, complained that she had been discriminated against in the selection of a clerk in the Petty Sessions Office, Cookstown, on religious and political grounds (that her brother James was a former president of NICRA).

The qualifications demanded were five 'O' Levels and an ability to type (she had seven 'O' Levels, two 'A' Levels, a degree, a typing certificate and previous clerical experience). A seventeen-year-old Protestant girl got the job instead.

The two-man selection committee, Mr. Pollock (the Clerk of Cookstown Petty Sessions) and Mr. Rainey (the manager in the local social security office), denied discrimination, denied knowledge of the activities of her brother and denied knowledge of her religion. (All this ignorance despite the fact that her sister was employed at Mr. Rainey's social security office and her application form included the revealing information that she went to St. Joseph's school.)

The agency believed that unlawful discrimination had occurred and stated that Mr. Rainey was acquainted with her family background. "He specifically brought this matter to the attention of the other panel members at the conclusion of the Board."

Mr. Rainey stated that the reason why he thought Miss Doris was unsuitable for the job was that she was over-qualified! He stated that he was, in fact, doing her a favour by not selecting her and "it would have been a dis-service to appoint her."

Apparently this was the sole reason he did not favour her appointment. (Unlike his colleague he had no quarrel with her personality at all.)

Mr. Pollock argued that "over-qualification had not been a factor as far as he was concerned." He had found her "aggressive" and "abrasive" and therefore "totally unsuitable". (The agency remarks rather strangely at this point: "We are particularly conscious that for some people the personality of a member of another religious group can make an adverse impression on them.")

The civil service commission (responsible for the selection panel and the job appointment) appealed to the county court against the agency's finding of discrimination.

No better an Orangeman could have been found to sit in judgment. Former Stormont Minister of Home Affairs, Judge Topping, threw the discrimination case out.

"I found," he claimed, "the evidence of both Mr. Pollock and Mr. Rainey truthful and convincing. In particular I found Mr. Rainey a most helpful witness . . . I cannot help feeling that if there had ever been a breath of suspicion against his methods it would have been fully ventilated . . . The question then is did Mr. Pollock himself discriminate against Miss Doris. I think he was entitled to pay particular regard to her possible attitude to the public . . . I find it impossible to hold on the balance of probability that he discriminated against Miss Doris either on political or religious grounds . . . the Agency was unduly anxious to find discrimination."

Thus did the agency's one case of discrimination disappear.

[From the Christian Science Monitor, Nov. 6, 1980]

ULSTER ECONOMIC IMPROVEMENT SAID TO BE STILL A YEAR AWAY

(By Alf McCreary)

Ulster's bleak unemployment level, which is already twice that of Great Britain, may not improve until at least 1982, according to the Northern Ireland Economic Council.

In its annual report the council says that unemployment could top 100,000 by next July. Sir Charles Carter, chairman of the council, said: "The prospects for 1980-81 are deeply worrying."

The present figure of nearly 90,000 represents an unemployment rate of 15.6 percent. In the first 10 months of this year alone over 10,000 jobs have been lost.

One of the biggest blows recently was the announcement (Oct. 14) by the British industrial giant ICI that its plant at Kilroot, north of Belfast, was to close with the loss of 1,160 jobs. The company's decision was part of a restructuring program throughout its United Kingdom plants, where a total of 4,000 jobs will be lost. But Kilroot and another plant in West Scotland are the only two to be closed completely in a bid to stem the loss which ICI says has amounted to £38 million in the last six months.

This has been brought about by various factors including a world overcapacity in synthetic fibers production, escalating material and energy costs. U.S. imports, a high exchange rate, and high domestic inflation. The Kilroot redundancies have created despair in the nearest town of Carrickfergus which, ironically, is celebrating this year the 800th anniversary of its founding.

In the 1960s Carrickfergus was a "boom town," benefiting from the synthetic fiber industry centered on ICI and another major producer, Courtaulds. But over the past two years cutbacks and closures have led to more than 3,000 layoffs.

One of the more worrying aspects of the downward spiral is the way in which the larger companies have found themselves in difficulty. In early summer, the West German Grundig Company announced the closure of its factory at Dunmurry, south of Belfast, with the loss of 1,000 jobs. In September the American-based Du Pont company closed its Orlan plant at Londonderry and another 420 jobs were lost. The Belfast shipyard of Harland & Wolff, once the proud flagship of Ulster's engineering industry, has reduced its labor force by 1,000 in the past two years because of the decline in the world demand for shipping.

Equally worrying for Ulster is the loss of jobs in small firms. These are not as spectacular as the closure of a large multinational plant, but they add steadily to the numbers in the unemployment queue. The textile, linen, and shirt industries have been badly hit; and in one day in July three textile firms closed with the loss of 250 jobs.

The jobs crisis is now so bad that politicians and union leaders from the Roman Catholic and protestant communities have been trying to find some common ground from which to ameliorate the consequences. Prime Minister Margaret Thatcher has made it clear that she does not intend to do a U-turn in her economic policy, and high interest rates plus a strong pound sterling are likely to continue for the foreseeable future.

In Britain, the unemployment rate continues to rise. Usually the job situation then gets even worse in Northern Ireland, British politicians will argue rightly that Northern Ireland is already receiving preferential treatment economically within the U.K. But even if Britain's economy improves markedly, this in itself will not bring a dramatic upturn in Northern Ireland's fortunes. If there is to be any improvement in Northern Ireland's chronic unemployment figures even by 1982, extra-special measures will be required from the British on top of the help being given already.

Mr. Speaker, over the past few years, Americans have brought to world attention the need for a better focus on the problems of the Irish. The large number of Irish Americans in this Nation have pleaded with the U.S. Government to do or say something about the plight of the Irish in Ulster. But President Carter refused to go on public record on this issue, and we have had to content ourselves with the view that this is an uphill battle—one that will be hard fought and well worth the rewards. The Committee on Irish Affairs, and its chairman, Mr. BIAGGI, have worked tirelessly to bring this issue to the forefront of public and foreign relations discussions. And we have brought about some worthy accomplishments over the past years including the ban on the sale of American weapons to the Royal Ulster Constabulary (RUC) for use against the minority in the North. I was pleased that the President has agreed to continue this ban.

And our discussions on the peace forum to bring together elements from all sides of this continuing tragedy met with enthusiasm on all fronts. I am still very supportive of the idea of an early peace forum to allow discussions on the divergent points of view which continue to complicate the issue of the unification of the Irish State.

And while our committee has had some input into the concern for peace in Northern Ireland, we are still a long way off—and we must work together to accomplish our task. I am distressed to learn that the judicial system in Northern Ireland—notoriously unfair and coercive since the early Stormont days—has once again come under criticism since it has been learned that the British are now convicting suspects on the evidence of oral testimony alone. This is reprehensible to a nation which values so highly our own British-based judicial system, and I hope that we will soon see the abandonment of such coercive techniques.

The matter of Northern Ireland is far from resolved: 800 years of bloodshed, suffering, and injustice are unfortunately continuing this very day, scarring the children of that nation, bringing to bear thousands of family sufferings and personal tragedies. The hunger strike on the H-block last year, and renewed this year, with prisoners striving to attain political status, should not have to occur. We should be given the opportunity to work in concert with the British and the Irish to affect a long-term solution to this problem, as we did in the Middle East. And our role in this issue should not be minimized even though the British Government prefers that we not become involved.

Not only on St. Patrick's Day, but throughout the year, we should work toward the resolution of this heartbreaking issue. I urge my colleagues to remember our Irish brothers and sisters across the sea who have not been able to live in peace, and for whose children peace has been only a far-off dream.

● Mr. BIAGGI. Mr. Speaker, as chairman of the bipartisan, 122-member ad hoc congressional Committee for Irish Affairs, I am pleased to participate in our committee's special order on Northern Ireland.

On Tuesday all the eyes of the world will focus on the people of Ireland and on friends of Ireland around the world for March 17 is indeed St. Patrick's Day. Yet, one must temper the celebration when the situation affecting the six counties of Northern Ireland is considered.

One longs for the day when St. Patrick's Day will be celebrated against the backdrop of peace and freedom for Northern Ireland. It is to advance this goal that the ad hoc congressional Committee for Irish Affairs exists. It was established in September 1977 at the direct request of the Ancient Order of Hibernians—this Nation's oldest and largest Irish American organization. In our 3½-year history, we have succeeded in raising the entire Irish question from a position of relative obscurity to one which now commands national and internationl attention. We have made it an American issue.

As we evaluate the Irish situation in the year 1981, we see signs of hope and others which reflect a continuing stalemate. Prime Minister Thatcher is to be commended—and in fact I did so when I had the opportunity to meet her while she was in Washington, for the initiatives she has undertaken on behalf of peace in Ireland. Especially important have been her meetings with Ireland's Prime Minister Haughey. However, these talks have predictably failed because they have not advanced to involve other parties. I reiterate my position that Britain should embark on a peace initiative which involves all segments of political thought in Ireland.

The issue of peace in Northern Ireland enjoys bipartisan support in the Congress as evidenced by the makeup of the ad hoc committee. However, I am pleased to report that this spirit has been adopted by the Reagan administration. Immediately prior to President Reagan's meetings with British Prime Minister Thatcher, I

and 35 of my colleagues on the ad hoc committee contacted the President to urge that no change be made in U.S. policy which for 19 months has barred the sale or shipment of U.S. arms to the Royal Ulster Constabulary, the main police force in Northern Ireland.

In a March 5 letter Presidential Assistant Max L. Friedersdorf said:

> Please know that the President shares your concerns toward the achievement of a peaceful political solution in Northern Ireland. As the situation now stands, the Administration is holding to the policy of not approving licensing for sale of handguns to the RUC.

I commend the President for his significant and positive action. It is vital that this Nation take the lead in opposing all violence in Northern Ireland whether it be official or civilian. Our position against sending arms to the RUC is rooted in this principle—the Royal Ulster Constabulary has been cited on numerous occasions by such respected international organizations as the European Commission and Court of Human Rights, Amnesty International, and the British-appointed Bennett Commission for violating the human rights of prisoners and prison suspects under their control. Section 502(b) of the Foreign Assistance Act bars the sale or export of any U.S. weapons to nations or organizations with proven records of human rights violations. In January 1979, our State Department approved the sale of 3,500 rifles to the RUC—in conflict with the law. Thus, in July 1979, I offered an amendment to avert the future sale. This amendment led to the August 1979 decision by the State Department to impose an embargo on future sales. The Reagan administration letter confirms that position.

I extend to all of my colleagues a happy St. Patrick's Day and I hope that peace and freedom for Ireland can become a reality in the very near future.●

● Mr. LOWRY of Washington. Mr. Speaker, I join my colleagues in the Ad Hoc Congressional Committee for Irish Affairs today in support of a just and peaceful resolution of the conflict in Northern Ireland.

We are privileged to live in the greatest nation in the world. Our greatness lies in our commitment to the principles of liberty and human rights, which have made America an ideal for the rest of the world.

Our hearts reach out in anguish to Northern Ireland, where we see the same love of liberty caught up in the agony of violence and destruction.

We can try to explain the tragedy of Northern Ireland in many ways: religious, economic, historical, cultural. We can propose different solutions to this problem, and we can sympathize deeply with those who are suffering.

But if you are the victim of terror, it makes no difference whether you are Catholic or Protestant, rich or poor, or when your ancestors came to Northern Ireland. Even justice has no meaning when mothers and fathers are shot down in front of their children, and mercy has none when old men are murdered in their homes.

Without an end to this destruction, not even hope can survive. There is nothing more to be said: the violence must stop.●

● Mr. DORNAN of California. Mr. Speaker, I yield to no Member of this House in my desire to maintain and strengthen cordial relations with our NATO allies. At no time in the history of the Atlantic Alliance is the need for allied cooperation greater, especally cooperation with Great Britain. With the Soviet drive into Afghanistan and the continuing crisis in Poland, it is clear that the Western Nations must be politically united. It is with great reluctance, therefore, that I raise the issue of the current arms sales restrictions to the Royal Ulster Constabulary in Northern Ireland.

Mr. Speaker, I was glad to learn on March 5, 1981, that President Reagan has not seen fit to change U.S. policy on this delicate and difficult question. No Member of this House is unfamiliar with the long, traffic, and bloody history of English-Irish relations. The roots of the current conflict in Northern Ireland are very deep indeed; and no simple explanation in terms of religious difference, economic inequities, or social discrimination can suffice. As a broadcast journalist, I had the opportunity to visit Northern Ireland. In fact, I covered the unfolding tragedy in Northern Ireland four times. My most vivid memories go back to "Bloody Sunday," January 30, 1972. I was shot in the back with a British "rubber bullet"—a projectile 5 inches long and as hard as a rock. So, I think it is fair to say that I can speak with some authority on the nature of the current disorders.

I understand very well the problems confronting British Prime Minister Thatcher. The Irish Republican Army of 1981 is not the Irish Republican Army of 1916. The great and fearless leaders of the 1916 rebellion, who challenged the British Army, would be shocked by the outright acts of terrorism unleashed against innocent civilians in the name of political independenee and social justice. There is a real distinction between the conduct of irregular warfare against military opponents, and the acts of terrorism perpetrated against noncombants. There is, in other words, a real distinction between a patriot and a criminal; and the "Irish Republican Army" is, in the main, a band of criminals. I do not think there is any need to belabor the point. Terrorism or violence, from whatever quarter, for whatever reason, is worthy of the moral opprobrium of all civilized men and women, whatever their political or religious convictions.

With that said, I think we must learn to disabuse ourselves of the notion that all of the so-called peacekeeping forces in Northern Ireland are morally neutral defenders of law and order. I am not now referring to the British Army. I would call the attention of the House to the fact that, in every interview I had with enlisted Welsh, Scottish, and English soldiers assigned to duty in Northern Ireland, the general theme of their statements was always the same: "We don't want to be here. This is our Vietnam." The role of the British Army is a matter of another extended discussion. I am referring to the Royal Ulster Constabulary (the RUC).

I have little confidence that the RUC is an agency of disinterested justice. There have been serious allegations from many reputable sources, including the European Court of Human Rights, the European Commission on Human Rights, and Amnesty International, that this force is guilty of inhuman and degrading treatment of suspects. The British rule in Northern Ireland, whatever independent sentiments one may harbor about the legitimacy of that rule or the rightfulness of the British connection, has been unquestionably marred by serious human rights violations, including the use of torture against internees. Moreover, the British Government has, in fact, acknowledged such violations in the conduct of its own investigations into charges of brutality in Ulster. And while the British Government claims that it is no longer culpable of human rights violations, reports of such violations still surface with an unhappy frequency.

Current State Department policy is in accordance with U.S. law on the conditions for arms sales. It may very well be that the general law itself should be reviewed. But its application in Northern Ireland should be reviewed only after extensive hearings into the conditions in Northern Ireland. I would hope that the House Foreign Affairs Committee, on which I serve, could address this issue in an exhaustive fashion. In the meantime, whatever the United States might or could contribute to resolving the extremely difficult problems of Northern Ireland, certainly that contribution should include the shipment of additional weapons.

Mr. Speaker, as a strong supporter of President Reagan's foreign policy initiatives, I am heartened by the President's determination to support cooperative efforts to achieve a peaceful political solution to the tragic divisions in that unfortunate country—his ancestral homeland and mine.●

● Ms. FERRARO. Mr. Speaker, as you know, St. Patrick's Day is just 5 days

away. It would be presumptuous for a Ferraro to remind an O'Neill that this is a national holiday for the Irish people, a day of religious worship, a time of festivity. Unfortunately, for the people of the north of Ireland, it is not a time of peace.

Violence and terrorism are common occurrences in Northern Ireland. This terrorism is on both sides and is leaving scores of men, women, and children dead. As an attorney and a Member of Congress, I find terrorism appalling. This type of violence is particularly abhorrent. This violence prolongs suffering. This violence destroys the innocent. As Members of Congress, we should appeal to the people of Northern Ireland—Protestants and Catholics alike—to help end these senseless killings.

Exactly when all the troubles in Ireland began, no one really knows. I am certain, however, it is a result of the Irish having an alien government on their soil. The pages of history record the cruelty and persecution these noble people have suffered. This foreign occupation of Irish soil has made life virtually impossible for millions of Irish. In Northern Ireland alone, thousands of men and women have suffered gross violations of human rights. Many of these people saw the British Army entering their homes night after night, insulting the women with foul and degrading language, tearing down pictures from their walls, and making a mockery of their religion. They were personally searched, and tortured. Many had to suffer the full vigor of emergency laws, ill treatment, and unjust and unwarranted sentences. For many of these men and women their only crime was that of being born with Irish names.

The time has come for the British to give the Irish people, as a whole, the right of self-determination. Let England do what is morally right in Ireland—terminate its occupation and permit the Irish people to choose their own national destiny.

I hope and pray that the time will come when all the Irish people can live in peace and unity. I, therefore, ask my colleagues to pledge themselves toward the attainment of peace and justice in Ireland.●

● Mr. LENT. Mr. Speaker, it is an honor to participate in this effort to focus the attention of our Nation on the continuing tragedy of Northern Ireland. As a Member of Congress who has been strongly interested and active in the cause of human rights, I have been dismayed by the lack of attention being paid to the dire situation in Northern Ireland.

For more than a decade now, Northern Ireland has been subjected to the direct rule of Great Britain, in which human and civil rights have been violated. Hundreds of persons have died in violent incidents in Northern Ireland in that span of years.

The Ad Hoc Congressional Committee for Irish Affairs, of which I am a member, has firmly opposed all violence—civil or official—in Northern Ireland, and has worked diligently to try to restore peace to this unfortunate land.

Our efforts are directed toward increasing the visibility of the Northern Ireland issue in the United States. We are confident that a fair and peaceful solution to the problems of Northern Ireland is attainable. But it is essential that the U.S. Government become more active in seeking this fair and peaceful solution. The United States could exert considerable influence over the situation there, if the effort would be made. I urge the State Department and President Reagan to give full attention to this vital matter. Our country's traditional ties of friendship with the peoples of Ireland and Great Britain have worked to the great benefit of all three nations. Those ties could grow even stronger and closer if the United States could be successful in guiding Great Britain and Northern Ireland to a peaceful solution of their difficulties.

Mr. Speaker, I trust that the remarks of those of us joining in this special order today will assist in insuring that the United States will play a more active role in efforts to achieve peace in Northern Ireland.

The unhappy people of that divided land need all the help we can give them.●

● Mr. ZEFERETTI. Mr. Speaker, I join my colleagues in focusing congressional attention on the continuing struggle in the north of Ireland.

After centuries of British rule and after 11 years of British military occupation in those six counties of Ulster, the minority Catholic population remains the victim of civil and human rights violations. Officials of Great Britain have tried to convinced the world that their hard-line approach in the north is paying off. Yet the violence that has claimed more than 2,000 lives continues daily. British policy over the past decade, designed to crush the paramilitaries at all costs, has only led to a further polarization of the two communities. In the process, civil liberties that are the basis of any true democracy are severely restricted in Ulster.

In short, British policy has failed miserably in controlling the violence and in insuring the rights of Ulster's nationalist population. It is clear that London's effort to impose a military solution to a political problem is not the answer to the Ulster tragedy. While I remain adamantly opposed to all forms of violence as a means of achieving political change, it is obvious that the violence perpetrated by both factions in Ulster will not abate until the underlying political inequities that exist are corrected.

Earlier this week, I introduced a concurrent resolution, House Concurrent Resolution 89, recognizing the right of all of the people of Ireland, including the six counties known as Northern Ireland, to control their own political destiny. This measure is an expression of the American people's sincerity in pursuing a just and lasting peace for all of Ireland. It is the duty and responsibility of the U.S. Government to use its influence in seeking that peace.

The people of Ireland must be given the opportunity to pursue their own political destiny. In the words of the immortal Patrick Pearse, "Ireland unfree shall never be at peace."●

● Mr. McGRATH. Mr. Speaker, I rise to join my colleagues today in protest over the dreadful conditions which have been imposed on the people of Northern Ireland. As we approach St. Patrick's Day when many Americans join in celebration of their Irish heritage and observe proud Irish traditions, we should renew the call for a concerted effort by the British Government to seek a peaceful solution to the problems which have plagued Northern Ireland for decades.

A major step in this direction would be the restoration of civil rights such as jury trials and humane treatment of prisoners. The disregard for human rights can only lead to further violence, grief, and suffering for the people of Northern Ireland. We must urge President Reagan and officials of our State Department to continue the ban on arms sales to the Royal Ulster Constabulary which has repeatedly been cited for human rights violations by various international organizations and the European Commission and Court of Human Rights. This action will serve notice on British officials of our continued concern over the killings, bombings, and other acts of terror which have taken place.

True freedom and peace which we enjoy as Americans remain a dream for families in Northern Ireland who have been subjected to the constant threat of terrorism and many grave injustices. As the representative of thousands of Irish Americans in New York's Fifth Congressional District, I urge the Members of this body to join me in insisting on stronger action by the British Government to seek peace and observe human rights in Northern Ireland.●

● Mr. CARNEY. Mr. Speaker, with St. Patrick's Day quickly approaching, it is a good time for all Americans to reflect upon the tragic situation in Northern Ireland. Discrimination against much of the population continues in the areas of housing, employment, education, and the judicial system.

The British Government maintains a force of over 10,000 troops in the north of Ireland whose purpose is to keep peace. Even the most casual observer can see that this is not being done.

It is time for the British Government to realize that its presence in Northern Ireland unfortunately contributes to the terrorism. It does not prevent it. Certainly, the commitment to the presence of such a large military force has a financial impact and perhaps affects their ability to meet military commitments such as those to NATO.

On Tuesday, March 17, I ask all Americans to pray for peace, freedom, and justice for Northern Ireland.●

● Mr. VENTO. Mr. Speaker, this Tuesday, March 17, Americans of Irish and near Irish descent will be celebrating St. Patrick's Day with food, song, and drink. But while we are celebrating with parades and parties, the citizens of Northern Ireland will be celebrating another year of violence and fear.

When I first became a Member of this body in 1977, one of my first floor statements was to decry the violence in Northern Ireland and to urge a just settlement to that conflict. It is now 4 years later and no change has occurred in that country—except, perhaps, more senseless killings.

How long must this violence continue? The United States cannot continue to ignore the problems of Northern Ireland. Only the just and equitable treatment of all Northern Ireland's citizens will bring about a peaceful solution to this conflict.

The new administration now possesses an excellent opportunity to push for a resolution to that conflict. Using our close relationship with Great Britian, President Reagan can and should try to influence Britain's Northern Ireland policy. Our Nation must actively seek humane treatment for Northern Ireland's prisoners and a policy of basic equality for all Northern Ireland's citizens.

All to often our Nation's foreign policy is based on treating the symptoms of a disease rather than its causes. We would be better served seeking to resolve the causes of an oppressed group's complaints rather than supporting policies to maintain that oppression. We now have an opportunity to address that basic cause of that conflict in Northern Ireland. I urge the President to take that step.●

GENERAL LEAVE

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

THE BEVERAGE CONTAINER REUSE AND RECYCLING ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. JEFFORDS) is recognized for 10 minutes.

● Mr. JEFFORDS. Mr. Speaker, today I am introducing along with 38 of my colleagues the Beverage Container Reuse and Recycling Act. Senators HATFIELD and PACKWOOD are introducing an identical measure in the other body. This uniform deposit legislation would create a system that is one of the most thoroughly studied public policy issue that Congress has ever considered. A partial list of those who have performed studies on this issue includes the General Accounting Office, the Environmental Protection Agency, the Resource Conservation Committee, and the Federal Energy Administration. At the State level we have reports from Oregon, Vermont, Maine, Michigan, Indiana, North Carolina, Massachusetts, New York, Connecticut, and others. By and large, they all draw the same conclusions—that deposit legislation would reduce litter and solid waste, conserve significant amounts of energy and material resources, save consumers money, stimulate recycling, and create a substantial number of new jobs. All of this can be accomplished with no cost to the taxpayer and with little Government activity.

Nevertheless, I recognize that practical experience with any proposal or policy is the key to determining its suitability as a national program. We have long experience in my State of Vermont and in Oregon with this system. For many years, critics have claimed that while the system may work in small States, it is not feasible in large, urban areas. In the last 5 years, Maine, Connecticut, Michigan, and Iowa have implemented deposit laws and now these claims can be put to rest.

In Michigan, long considered to be a crucial State for testing the feasibility of a national law, some initial problems have been overcome and the system has been widely deemed a success. A larger proportion of voters currently approve of the law than when the referendum passed in 1976. In Connecticut, another key State where the law has been in effect for a little over a year, positive results are beginning to be documented. Governor O'Neil, once an opponent of the bill, has now labeled it beneficial and called for a repeal of the State's litter tax. The legislature promptly complied.

Mr. Speaker, I do not claim that the deposit law is a cure-all for the problems I mentioned above. But it is a partial approach that is fully compatible with others. Beverage containers comprise 40 to 60 percent of a litter stream that is increasingly expensive to clean up. The new report by the General Accounting Office indicates that a national law would reduce beverage container litter by at least 80 percent. In Vermont, in a survey taken immediately after the law's implementation, total litter had been reduced by 35 percent. Since that time, return rates for containers have gone from about 83 to 95 percent, so this total litter has probably decreased even further. Furthermore, tax dollars for litter cleanup had dropped by 31.3 percent by 1978 even though labor rates had increased and the rates paid for equipment went up 90 percent.

In terms of solid waste, beverage containers make up about 5 percent of the municipal solid waste tonnage nationally. The GAO estimates that a deposit law would reduce total solid waste tonnage by 3 to 4 percent, a small but not insignificant amount given the growing problem of finding acceptable landfill space. This projection is borne out by current estimates that the deposit law has resulted in about a 6-percent reduction in solid waste in Michigan and Maine.

Another attractive feature of a national deposit law is its energy conservation potential. Admittedly, Vermont is a small State, but the energy savings made possible by the deposit legislation are substantial. Using the formula for computing energy impact from the Federal Energy Administration report, we have computed the savings in Vermont at the equivalent of 708 billion Btu's per year. That is the energy equivalent of over 5 million gallons of No. 2 fuel oil, or enough to provide for the home-heating needs of over 15,000 Vermonters—more than the population of the State's third largest city. National studies have projected that energy savings could run between 144 and 240 trillion Btu's and the GAO report concluded that energy use for manufacturing, processing, and transporting containers would be cut by about 30 percent, depending on the container mix between cans and bottles.

Economically, a deposit law does not have the harmful effects that some attribute to it. In a study done jointly by my office and the State agency of environmental conservation, we found that Vermonters realized a significant savings because of the law. Savings of up to 30 percent can be realized because a deposit system encourages the use of refillable bottles. As Mr. J. Lucian Smith, president of the Coca-Cola Co., testified before a House subcommittee.

> Coca-Cola sold in food stores in nonreturnable packages is priced, on the average, 33 percent higher than * * * in returnable bottles. The difference lies essentially in the different costs of packaging: the cost of re-

turnables is spread over many uses; the cost of nonreturnables is absorbed in one use.

By our calculations, the average Vermont family saved about $60 per year for the first 4 years of the law—precisely the time when the industry claims prices will have to go up because of the necessary adjustments.

Retailers stand to gain from this law, particularly because we have written a 2 cent handling charge into the bill for the first time this year. The Vermont Retail Grocer's Association was one of the staunchest early opponents of the bill in our State. Now, however, Executive Director Jim Holmes is a strong backer of the law and he estimates that about 95 percent of Vermont's grocers also support it.

In the employment area, the law has had positive effects in every State. The Maine AFL-CIO supports that State's law and has stated that none of the adverse impact that had been predicted have come to pass. In Vermont, increased business for stores and new redemption opportunities have created about 400 new jobs. In Michigan, according to the GAO report, the deposit law has been responsible for 4,648 jobs.

While there may be some initial cost to the beverage industry from this bill, these are quite manageable. A deposit law also creates revenues for the industry from the sale of recycled materials and from unclaimed deposits, about 10 percent of the total. The GAO report estimates that these revenues would cancel out the additional expenses.

It is rare that Congress has an opportunity to create such benefits at so little cost. A uniform system of container deposits is self-enforcing. It merely sets up a framework and the rest is carried out by the free enterprise system. In Vermont, the administration of the law is carried out by a single State official who has numerous other responsibilities and whose position existed before the deposit law went into effect.

Perhaps the bottom line on the issue of deposit legislation is public opinion. Statistics showing benefit do not mean anything to some one who simply does not like the law. Well, if a deposit law is going to have the disastrous effects that some have claimed it will have, why has it been so popular? In Vermont, acceptance has grown gradually to the point where it is now better than 90 percent. In every State that has the law, the deposit system is now more popular than when it first went into effect. Nationally, a poll commissioned by the FEA in 1975 showed that 73 percent of Americans support the idea of a deposit law.

Mr. Speaker, six States have implemented deposit laws and more than a dozen will consider the law this year. Momentum is clearly gaining and it seems to me that it is in the interest of everyone to enact a series of State laws that have slight differences and may therefore be inconvenient for industry. It is now time to recognize that this bill is a start on the road to increased efficiency in the use of our resources that we all can live with.

I appreciate the indulgence of my colleagues on this important issue and include the text of the bill in the RECORD following my statement:

H.R. 2498

A bill to require a refund value for certain beverage containers, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Beverage Container Reuse and Recycling Act".

FINDINGS AND PURPOSES

SEC. 2. Congress finds and declares that:

(1) The failure to reuse and recycle empty beverage containers represents a significant and unnecessary waste of important national energy and material resources.

(2) The littering of empty beverage containers constitutes a public nuisance, safety hazard, and esthetic blight and imposes upon public and private agencies unnecessary costs for the collection and removal of such containers.

(3) Empty beverage containers constitute a significant and rapidly growing proportion of municipal solid waste, disposal of which imposes a severe financial burden on local governments.

(4) The reuse and recycling of empty beverage containers would eliminate these unnecessary burdens on individuals, local governments, and the environment.

(5) A uniform national system for requiring a refund value on the sale of all beverage containers would result in a high level of reuse and recycling of such containers.

(6) A national system for requiring a refund value on the sale of all beverage containers would result in significant energy conservation and resource recovery.

(7) A national system for requiring a refund value on the sale of all beverage containers would be anti-inflationary and help create jobs in areas of commerce.

(8) A national system for requiring a refund value on the sale of all beverage containers would be inexpensive to administer because of its self-enforcing nature.

DEFINITIONS

SEC. 3. For the purposes of this Act the term:

(1) "beverage" means beer or other malt beverage, mineral water, soda water, or a carbonated soft drink of any variety in liquid form and intended for human consumption;

(2) "beverage container" means a container designed to contain a beverage under pressure of carbonation;

(3) "refundable beverage container" means a beverage container which has clearly, prominently, and securely affixed to, or printed on, it (in accordance with Section 4) a statement of the amount of the refund value of the container;

(4) "consumer" means a person who purchases a beverage in a beverage container for any use other than resale;

(5) "distributor" means a person who sells or offers for sale in commerce beverages in beverage containers for resale;

(6) "retailer" means a person who purchases from a distributor beverages in beverage containers for sale to a consumer or who sells or offers to sell in commerce beverages in beverage containers under pressure of carbonation to a consumer. The Administrator shall prescribe such regulations as may be necessary to establish what person is a retailer with respect to the sale of beverages in beverage containers under pressure of carbonation to consumers through beverage vending machines;

(7) "Administrator" means the Administrator of the Environmental Protection Agency;

(8) "commerce" means trade, traffic or transportation—

(A) between a place in a State and any place outside thereof,

(B) within the District of Columbia or any territory of the United States, or

(C) which affects trade, traffic, commerce, or transportation described in subparagraph (A) or (B); and

(9) "State" means a State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

REQUIRED BEVERAGE CONTAINER LABELING

SEC. 4. No distributor or retailer may sell or offer for sale a beverage in a beverage container under pressure of carbonation unless there is clearly, prominently and securely affixed to, or printed on, it (in accordance with regulations prescribed by the Administrator) a statement of the amount of the refund value of the container, such amount being not less than 5 cents.

RETURN OF REFUND VALUE OF BEVERAGE CONTAINERS

SEC. 5. (a)(1) If a consumer tenders for refund an empty and unbroken refundable beverage container to a retailer or distributor who sells (or has sold at any time during the period of three months ending on the date of such tender) a brand of beverage which was contained in the container, the retailer or distributor respectively shall promptly pay the consumer the amount of the refund value stated on the container.

(2) If a retailer tenders for refund an empty and unbroken refundable beverage container to a distributor who sells (or has sold at any time during the period of three months ending on the date of such tender) a brand of beverage which was contained in the container, the distributor shall promptly pay the retailer (A) the amount of the refund value stated on the container, plus (B) an amount equal to two cents (2¢) per container to help defray the retailer's cost for handling. This payment may be adjusted by the Administrator, following evaluation and public comment, to reflect the true cost of handling beverage containers.

(b) The opening of a refundable beverage container in a manner in which it was designed to be opened and the compression of a metal refundable beverage container shall not, for the purposes of this Section, constitute the breaking of the container if the statement of the amount of the refund value of the container is still readable.

RESTRICTION ON METAL BEVERAGE CONTAINERS WITH DETACHABLE OPENINGS

SEC. 6. No distributor or retailer may sell or offer for sale a beverage in a metal beverage container a part of which is designed to be detached in order to open such container.

PREEMPTION OF STATE AND LOCAL LAW

SEC. 7. (a) Except as otherwise provided in this Section, no State or political subdivi-

sion thereof may establish or continue in effect any law respecting a refund value of beverage containers sold with a beverage under the pressure of carbonation to the extent the Administrator determines the law is inconsistent with this Act.

(b) No State or political subdivision thereof may, for the purposes of determining the amount of any tax imposed by such State or subdivision on the sale of any refundable beverage container, take into account any amount charged which is attributable to the refund value of such container.

(c) Subsection (a) does not prevent a State or political subdivision thereof from establishing or continuing in effect any law respecting a refund value on containers other than for beverages.

PENALTIES

SEC. 8. Whoever violates any provision of Section 4, 5(a), or 6 shall be fined not more than $1,000 for each violation.

EVALUATION AND TECHNICAL ASSISTANCE

SEC. 9. The Administrator shall monitor, before and after the effective dates of Section 4(a) and 6, the rate of reuse and recycling of beverage containers, and shall evaluate and report to Congress annually at the end of the first four years after the date of the enactment of this Act thereafter as the Administrator sees fit on the impact of the provisions of this Act on—

(1) conservation of energy and material resources;

(2) resource recovery and the reduction of solid waste and litter; and

(3) the economy.

CONSULTATION ON EMPLOYMENT DISLOCATION

SEC. 10. The Administrator shall advise and consult with the Secretary of Labor on steps that the Secretary might take, through existing authorities, to identify and provide assistance to individuals whose employment may be adversely affected by this Act.

EFFECTIVE DATES

SEC. 11. (a) Except as otherwise provided in subsections (b) and (c), this Act shall take effect on the date of its enactment.

(b) The provisions of Sections 4, 5, and 7 shall apply with respect to beverage containers sold or offered for sale in interstate commerce on or after two years after the date of enactment of this Act.

(c) The provisions of Section 6 shall apply with respect to beverages in beverage containers sold or offered for sale in interstate commerce on or after one year after the date of enactment of this Act.

(d) The provisions of Section 7(a) shall preempt State and local laws to the extent to which they are inconsistent with the provisions of this Act only on and after the respective effective dates of such provisions.●

● Mr. AuCOIN. Mr. Speaker, I am pleased to join my colleague, Congressman JIM JEFFORDS of Vermont, in support of legislation being introduced today to establish a national beverage container deposit law.

We have a better chance this session to enact a national bottle bill than at any time since Oregon pioneered the first deposit law. I urge my colleagues to follow Oregon's lead, and that of five other States—Vermont, Michigan, Connecticut, Maine, and Iowa—and join us in sponsoring this needed legislation.

A national beverage container bill addresses directly the agenda set by the citizens of our Nation—to stimulate the economy, to boost the working force, to reduce our dependency on foreign resources—all at no Federal expense.

Every study I have seen, uncolored by industrial bias, points to the same conclusion: Beverage container legislation reduces litter and solid waste, saves money to combat inflation, conserves energy, and creates jobs.

We simply cannot continue the throwaway trend. We cannot afford the extravagance of using beverage containers that are not refillable.

Oregon's experience shows that returnable containers represent no loss in the standard of living: Jobs were created, profits for beverage bottlers continued, litter was reduced substantially, and resources were conserved. Oregon taxpayers have saved an estimated $10 million by not paying State employees to pick up bottle and can litter.

Oregon's law has been so popular, the State legislature is considering extending the bill to include other types of containers.

Smaller States like Oregon and Vermont are not the only ones with beverage container laws who boast success stories. Michigan, the first large industrial State to approve a bottle bill, has a system that works.

For these reasons, I urge bipartisan support for this legislation to call a halt to the practice of throwing away resources that can be reused and wasting energy in the process.●

THE KILLINGS IN ATLANTA—AMERICA'S TRAGEDY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Massachusetts (Mrs. HECKLER) is recognized for 5 minutes.

● Mrs. HECKLER. Mr. Speaker, on Friday, at noon, in the Cannon Office Building, the Congressional Black Associates will hold a memorial service for the murdered and missing children of Atlanta. I would like to add my words of support for this timely and moving response to the tragic deaths of these young people as well as my prayers that the horrors that have occurred in Atlanta will end soon.

My heart goes out to the parents and loved ones of these innocent children who are victims of an unspeakable hatred. Their deaths are not only a loss to their families but a loss to the Nation. As Martin Luther King so wisely reflected in his letter from the Birmingham jail, "Injustice anywhere is a threat to justice everywhere." The bigotry and violence visited upon these children is a painful reminder that we cannot consider ourselves a nation under God if we do not do everything possible to stop acts that are offenses to God. Our survival as a people depends on it.

The poet Yeats vividly described a society of skewed values when he said:

Things fall apart; the center cannot hold • • • the blood-dimmed tide is loosed and everywhere the ceremony of innocence is drowned. The best lack all conviction, while the worst are full of passionate intensity.

We cannot allow the innocence of children to be drowned in Atlanta or anywhere. We must call upon the best of this country to assert the conviction that the evil of racism will not be tolerated by true Americans—that what we see happening in Atlanta is bigotry of the worst intensity.

There is no way we can ever offer recompense to those who have personally suffered from these insane killings. We can only commit ourselves to the urgent task of stopping this senseless slaughter and eliminating the benighted racial prejudice that caused it.●

FINANCING OF ALCOHOL FUELS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. TAUKE) is recognized for 5 minutes.

● Mr. TAUKE. Mr. Speaker, I want to bring to the attention of the House an unfortunate example of what has occurred in the wake of the President's decision to eliminate the Government's loan guarantee program for the development of alcohol fuels and its action putting a hold on the existing application's process. In the small rural community of Elgin, Iowa, a group of 100 farmers has put together an $8 million alcohol project that, if completed, will produce about 3 million gallons of alcohol per year.

To date, each of the farmers has contributed about $1,500 to finance the feasibility studies, engineering design, and organizational and legal costs of the project. After following the initial Farmers Home requirements, the group has now reached the point of being ready to send an application to the agency for a loan guarantee, should the program be allowed to continue. Financial commitments were originally received from Northwestern National Bank in Minneapolis.

The farmers have made arrangements to burn coal and wood in order to fire the combustion system of the project. They have decided that the mash byproduct would be used to feed dairy cattle, which is a big business in the area. And the group has contracted with a local jobber to market the finished product.

While it is far from certain, under present circumstances, that the project will receive Federal assistance—it still would have to proceed through the application and final negotiation processes—it appears that the project is sound in all aspects and

would have had an excellent chance of being selected by FmHA.

After the announcement by the administration to eliminate the loan guarantee program, however, Northwestern National pulled out of the deal, and the farmers have been temporarily left holding the proverbial bag.

My concern is this: It is apparent that alcohol fuels provide us with a viable, short-term means of reducing our dependence on foreign oil. Yet, the industry is not capable at this time of standing on its own feet and may not be for 3 to 5 years. The reason is that financial institutions across this country are not willing to finance alcohol projects without the backing of the Federal loan guarantee program. Elgin Alcohol is only one case in point. There are many others as well.

There is also a question of equity. It should be mentioned that other forms of energy—also not viable in the marketplace—are receiving Federal help, including the synthetic fuels and nuclear industries.

What is perhaps most unfortunate is that 100 farmers, responding to the national need to be more energy efficient and their own need to have security during a fuel shortage, have had the rug pulled out from under them. Not only have they received a financial slap in the face, but they have been told by their government that what they are doing to solve energy problem is not justifiable.

I urge the Congress and the administration during the upcoming debate on the budget cuts to carefully analyze the impact of the decision to terminate alcohol fuels assistance. The critical issue is Federal financial assistance. It makes little sense to continue some forms of alcohol fuel subsidies, and, at the same time, eliminate the chances for growth in the industry. If the alcohol fuels industry is capable of standing on its own feet, then let it stand. But, in my opinion, the preponderance of evidence indicates that it is not yet ready to do so. The risks and cost of development are still too high for the large—let alone the small—businessman to undertake on his own.●

A CALL FOR REPEAL OF THE 25TH AMENDMENT

The SPEAKER pro tempore (Mr. RODINO). Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, yesterday I introduced a resolution to repeal the 25th amendment to the Constitution. I am reaffirming a commitment I have had for six consecutive Congresses. I feel today, as strongly as I ever have, that the 25th amendment is a threat to orderly and most important, elected government in this country.

We value our Constitution, because it assures that the Government is elected, and that it is bound by laws. But laws and constitutions are only as strong as the will of the people to keep them. A government respects law only if its leadership is committed to law, and we know that this is not always the case.

In the 25th amendment, we have a device that is intended to provide for an orderly succession in the office of President. But what we also have is a standing invitation to overthrow the President, through the operation of the disability clause.

We have already lived through the reality of an unelected Vice President, who succeeded an elected President. In that circumstance, it was the criminal culpability of the Vice President that led to his resignation, and later, the criminal conduct of the President that forced him to resign—leading to the first and only time in our history that we have had an unelected President.

What few people remember is that before President Nixon resigned, it was his chief of staff, together with the Secretary of State, who contemplated using the 25th amendment to force him out of office if he did not quit. Even though the 25th amendment was not invoked, the President's powers were effectively shorn, because those same two individuals issued orders that they had to approve anything ordered by the President. In other words, the President might issue commands, but they were dead letters. This is as close to a palace coup as this country has ever been.

The fact was that Mr. Nixon was viewed by his staff as dangerous and irresponsible. They were operating outside the law and outside the Constitution by isolating him, and not invoking the judgment of anyone else. It was perhaps a well-meant conspiracy, but a conspiracy nevertheless. They had the tool of the 25th amendment to use as a last resort, but they did not need to.

Now we see Alexander Haig, who was that chief of staff, as the Secretary of State—the Keeper of the Seal. He is in a position of great power, greater by far than he enjoyed as chief of staff under Nixon. We know that Mr. Haig did not then and will not today hesitate to use his considerable powers to get his way—and the way could be inviting. Whereas Mr. Nixon was criminally guilty and under broad attack, Mr. Reagan is of an age where his powers might suddenly wane. Mr. Haig did not hesitate to become de facto President in 1974, and he would not hesitate to do so again.

The 25th amendment allows the President to be declared disabled, but by whom? By unelected officers of the Government. I do not think the Constitution ever intended that the unelected should have the power to unseat the elected.

The amendment assumes that all the President's staff and Cabinet are loyal to him, that they will not develop ambitions to unseat him. But we have already seen what happens when the country is in the grip of a political firestorm. The President finds himself isolated, and then gently forced from office by his friends, who it turns out have other loyalties, other wishes than to serve their erstwhile leader. I certainly am no apologist for Nixon, but I say that it was the power and duty of the Congress to remove him if that were to be the outcome—not the power of his staff to force him out. The Constitution gave the power of judgment to the Congress, which is elected, and not to Al Haig or Henry Kissinger, who were not.

The actions of Haig and Kissinger were taken, they say, because they were responsible to the Office of President, more than to the President himself. But that begs the issue. The fact is, they were not being loyal to the Constitution, which provides a way to eliminate a President who has committed high crimes. That is a power not delegated to anyone but the Congress.

But there is the rub. The 25th amendment blurs this power, by delegating it to those who surround the President. By allowing the President to be declared disabled, the amendment hands the President's advisers a complete power to force him out of office in a time when he faces the judgment of Congress, or of the people. This is exactly what happened in 1974.

This should not be the case. It is extremely unlikely that any circumstance would every arise when a President would in fact be justifiably removed by operation of the 25th amendment. Even if you did have a case in which the President were gravely ill, this would not develop so fast or last so long that the Congress could not, in behalf of the people, make that decision. If there were a Wilson situation, Congress would have the time to make the necessary judgment of the President's ability to serve. If there were a repetition of the Garfield case, there would be time to let Congress judge the disability.

The point is, the right to judge a President's ability to serve in office ought never to be given to the hands of a small, unelected, undefined group of people, as it is in the 25th amendment. That kind of power should never be exercised by any but the representatives of the people, the Congress. It is far less likely that the Congress, being large and diverse and directly accountable, would ever seek to conspire against a President than

would a small group of ambitious Cabinet officers. A congressional conspiracy would in fact be impossible, quite unlike the possibilities that exist under the arrangements of the 25th amendment, possibilities that have been clearly revealed in 1974, and which we ignore today at our own peril. If we must have a power given to declare a President disabled or the office vacant, we should not dare give that power to anyone but the Congress.

The best thing that can be said about the 25th amendment is that it might work. But it is far less likely that it really protects the Constitution, than it is that it endangers the right of the people to elect a President who will remain in office no matter how disgruntled his advisers might become, how ambitious they might be, or how much they want to take powers into their own hands.

THE AMERICAN LEGION'S 62D ANNIVERSARY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, on March 15, 62 years ago in 1919, delegates from the First American Expeditionary Force founded the American Legion in Paris, France. The preamble to the constitution of the Legion states:

> For God and country we associate ourselves together for the following purposes: to uphold and defend the Constitution of the United States of America; to maintain law and order; to foster and perpetuate a one hundred percent Americanism; to preserve the memories and incidents of our associations in the great wars; to inculcate a sense of individual obligation to the community, State and Nation; to combat the autocracy of both the classes and the masses; to make right the master of might; to promote peace and good will on earth; to safeguard and transmit to posterity the principles of justice, freedom and democracy; to consecrate and sanctify our comradeship by our devotion to mutual helpfulness.

The American Legion has maintained the high standards it set for itself in 1919 and the members of this outstanding organization continue to be successful in making their noble ideals become a living, working everyday reality. An update of American Legion activities last year in service to our Nation follows:

Over 2.7 million Legionnaires and almost 1 million auxiliary members are deeply concerned for the welfare of the Nation's veterans and their dependents. In 1980 over 50,000 young men and women participated in the Legion's yearly boys State and girls State activities held in our Nation's Capital. Selected individuals are chosen from State-level conventions to participate in a unique government training program designed to motivate their interest and concern in the Federal Government process.

The American Legion School Medal Award is given to thousands of young students each year. This program is designed to recognize young people who display outstanding performance in the areas of courage, honor, leadership, patriotism, scholarship, and service.

Slightly more that 55 percent of all 1979 major leaguers played American Legion baseball as teenagers. Last year over 4,100 teams across the country participated in American Legion sponsored baseball programs.

Intensifying its effort to encourage citizens to exercise their constitutional right to participate in the electoral process, the Legion provides and distributes a "Get Out the Vote" promotion kit. The kit contains useful aids designed to increase voter participation in communities by including such items as suggested news release, editorial and TV/radio public service announcements, State voter qualifications, polling hours, and a suggested plan of action.

Legion activities in the area of child welfare continued to expand in 1980. The American Legion Child Welfare Foundation, a separate corporation from the American Legion, dispersed more than $106,000 in grants to nonprofit organizations for activities ranging from the placement of foster children to juvenile delinquency programs.

A program recently undertaken by the American Legion is designed to educate parents of the seriousness of Reye's syndrome, a swift, deadly disease which attacks healthy children under the age of 18.

As a member of the American Blood Commission, the American Legion actively supports the national blood donor program.

The American Legion education and scholarship program supports continued education through the development of a yearly publication entitled, "Need A Lift?" This booklet contains lists of career sources, scholarships, grants, and loan information for not only veterans and their dependents but for all children.

The Legion also conducts an extensive national energy program and is very cooperative with the FBI and local police jurisdictions in support of a national crime resistance program.

Mr. Speaker, I am glad to join the members of the American Legion in celebrating the 62d anniversary of their proud traditions, and I commend the Legionnaires of the 11th District I am honored to represent, in Illinois, and all over our Nation, for their dedication to the ideals of our American heritage. I extend to them my best wishes as they go forward in greater service to secure the blessings of liberty for us all.●

LEGAL SERVICES CORPORATION

The SPEAKER pro tempore (Mr. GONZALEZ). Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

Mr. RODINO. Mr. Speaker, today I am introducing legislation to extend the authorization for appropriations for the Legal Services Corporation for 3 additional years. I am aware that some Members and the President may want to terminate the Corporation and end Federal assistance to the poor for civil legal aid. I believe that such a radical move is unwarranted, unfair, and unwise.

The Legal Services Corporation is a private nonprofit corporation which was created by Congress in 1974 (Public Law 93-355). The original legislation was proposed by President Richard M. Nixon as an alternative to the earlier legal services program begun in the midsixties which was part of the executive branch in the Office of Economic Opportunity and later in the Community Services Administration. The need for an independent corporation outside the executive branch was emphasized by the President who stated that among the objectives of the new program would be:

> That the lawyers in the program have the full freedom to protect the best interest of their clients in keeping with the Canons of Ethics and the high standards of the legal profession . . . and that the Nation be encouraged to continue giving the program the support it needs to become a permanent and vital part of the American system of justice.

As President Nixon noted on May 15, 1973:

> Legal assistance for the poor, when properly provided, is one of the most constructive ways to help them to help themselves . . . (and) justice is served far better and differences are settled more rationally within the system than on the streets.

The Committee on the Judiciary has exercised oversight of the Legal Services Corporation since it began operations in 1975. We processed legislation to extend the authorization for appropriations in 1977 (Public Law 95-222), and have held several hearings over the past 6 years. While there are always areas subject to improvement we have been impressed overall with the corporation and the services which the local programs provide. Legal Services is well run and a bargain. More than 93 percent of its resources are spent to provide legal services directly to its clients in 323 legal services programs in 50 States, the District of Columbia, the Virgin Islands, Puerto Rico, Micronesia, and Guam. Less

than 2 percent of the funding goes for management and administration.

The national legal services program, though primarily funded through the Legal Services Corporation—which administers grants and monitors its grantees—is basically a local program. Each field program is a private nonprofit organization which is directed by a local board whose composition is 60 percent lawyers and one-third clients from the service community. There are limited resources and so priority setting is conducted at the local level with input from the private bar and client community. The initial goal of "minimum access"; that is, two attorneys per 10,000 poor persons, has just been completed. This is a modest goal of access to the justice system, since there are approximately 14 attorneys per 10,000 persons across the Nation. But for the poor this goal provides minimum access to the basic necessities of life—food, shelter, clothing, and education.

I have introduced a bill which keeps funding for the next fiscal year—1982—identical to the Corporation's present funding level of $321.3 million. This is considerably less than the Corporation has requested—$399 million—or than President Carter had requested—$347 million. It is no doubt less than the poor need for truly adequate service. Inflation rates ranging up to 20 percent may diminish the ability to deliver minimum access, and in fact some programs have been forced to close some branch offices. However, I have suggested this figure as a means of balancing the needs for minimum access to the legal system and the need for fiscal restraint. It is not an easy task.

Legal Services staff are in no way overpaid. They work long hours in modest offices. The average staff attorney is paid less than $17,000 per year. Nor is the work glamorous in the conventional sense. Fully 80 percent of their cases involve disputes in the family and over housing, income maintenance and consumer finance. Eighty percent of legal services cases are closed within 6 months, about 30 percent a day. Certainly this is an example of speedy justice. Less than 12 percent of the cases ever reach court decision.

The Subcommittee on Courts, Civil Liberties and the Administration of Justice will be conducting 6 days of hearings on extending the authorization of appropriations for the Legal Services Corporation. The dates are March 17, 18, 24, 25, 31, and April 8. Several witnesses will testify, including critics of the program as well as supporters. Among the supporters of the program are the American Bar Association, several other bar groups, public and private organizations, and private citizens. I expect the hearings to be quite productive, and to assist the committee in processing reauthorization legislation. There may be amendments offered to improve the Legal Services Corporation Act, and the subcommittee and committee will certainly want to examine every recommendation. I welcome any written statements which Members may wish to submit as part of the RECORD.

HOLD THE LINE ON MIDEAST WEAPONS SALES

The SPEAKER pro tempore (Mr. GONZALEZ). Under a previous order of the House, the gentleman from Massachusetts (Mr. MAVROULES) is recognized for 5 minutes.

● Mr. MAVROULES. Mr. Speaker, on Friday, the Reagan administration announced its intention to proceed with the foreign military sale of certain pieces of military hardware to the Government of Saudi Arabia. The sale does not make good sense, and in fact, I believe it represents poor judgment and planning on the part of the new administration.

While the formal notification process on the foreign sales has not yet been initiated, and therefore, the Congress has not yet exercised its own review of the proposed sale, our responsibility is clear. We must move to block this new arms shipment, and prevent this unnecessary escalation of the Mideast arms race.

The sale is contrary to our efforts to promote peace and stability in the region, and is not in the best interests of the United States, Saudi Arabia, or Israel.

There is no question that the F-15's already in the Royal Air Force of Saudi Arabia are the most sophisticated jet fighters in the world. The F-15 is the mainstay of the U.S. Air Force, and in 1978, in a questionable move to strengthen the security of Saudi Arabia, the American Government sold 62 of these aircraft to the Saudis.

At the time of the 1978 sale, the Congress was assured by then Defense Secretary Harold Brown that additional components giving the F-15's greater offensive capabilities, would not be sold to Saudi Arabia. In a letter to John Sparkman, then chairman of the Senate Foreign Relations Committee, Secretary Brown pledged "Saudi Arabia has not requested nor do we intend to sell any systems or armaments that would increase the range or enhance the ground attack capability of the F-15's."

When the 1978 sale was made, it was transacted with very clear preconditions. Now, 3 years later, we learn that the new administration does not consider itself accountable to the commitments which were made, and is prepared to write its own ground rules for future arms sales to the Mideast.

If the administration proceeds with the sale of the AIM-9L air-to-air missile, and the pods to carry additional fuel and consequently extend the range of the F-15, they will only encourage the sale of additional military equipment to the Saudi Government. KC-135 jet tankers, the AWACS airborne warning and control system, and the multiple ejection bomb racks making the F-15 an air-to-ground attack aircraft, are likely to be the subject of future arms sale discussions.

This is wrong.

The beginnings of a very fragile peace process were initiated at Camp David. If that process is to work, the United States must use its influence to promote the independence of Israel, and the resolution of the economic and political disagreements which jeopardize stability in the entire region.

While the new administration may be well intended, they have nonetheless made a mistake. The Congress must exercise its authority.●

MATERNAL AND INFANT HEALTH SERVICES ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. STOKES) is recognized for 5 minutes.

● Mr. STOKES. Mr. Speaker, I appreciate the opportunity to discuss today a strategy for improving pregnancy outcome. The Nation is currently gratified at the steady decline in infant mortality rates which has occurred in this country during the last 25 years, to the point where, in 1979, a record low of 12.3 infant deaths per 1,000 live births were reported. However, much more remains to be done since: First, the United States has the highest infant mortality rate than 12 other industrialized nations in the world; second, the first year of life remains the most hazardous until age 65; third, blacks and Hispanic infants are nearly twice as likely to die before their first birthday than white infants; and fourth, many inner-city and rural areas of the country lack the resources to combat high-risk pregnancies. Consequently, new or improvements to existing programs are needed to better plan maternal and infant health services to remedy these problems.

I wish to stress at the outset, that two recent activities have highlighted the need to enhance the health of infants through improving access to quality medical care for low-income women and their newborns. First, the Senate Subcommittee on Child and Human Development held an oversight hearing on infant mortality on June 30, 1980. This hearing identified areas in the Nation experiencing high infant mortality rates and the need for the Department of Health and Human Services (HHS) to initiate a Department-wide effort to better plan,

coordinate, and evaluate health services delivery and health care financing programs affecting maternal and infant health services. Second, the findings of the Select Panel for the Promotion of Child Health recommended extending prenatal care and family planning services for all pregnant women.

Mr. Speaker, the events surrounding a pregnancy are critical in determining the future development of an infant. The entire perinatal period from the moment of conception, through the prenatal period, the delivery process, and the postnatal period presents potential dangers to an infant's healthy survival. Over the years the title V and medicaid programs have provided the major Federal strategies to assist underserved mothers and children. Both of these programs have fallen short of their initial mandates. Moreover, a significant number of communities still have no title V funded services while infant mortality rates remain high. In many areas where title V services are available, there are no specified eligibility, program performance standards, or planning process to assure that services are delivered to meet specific community goals and objectives. Although title V maternal and child health services have provided many pregnant women and newborns with excellent clinical care, low-income pregnant women still lack access to basic medical services. The medicaid program often duplicates the services provided by the title V project sites which emphasize the lack of coordination between the title V and title XIX programs. Moreover, 27 State medicaid plans fail to include prenatal care as a covered benefit for low-income pregnant women and many plans impose arbitrary limitations on the amount or scope of care a family may receive. These limitations are profoundly inadequate for pregnant mothers at risk, who often do not visit physicians regularly during the course of their pregnancy. The Children's Defense Fund has reported that almost 10 percent of all black mothers receive no prenatal care until the final trimester.

Mr. Speaker, I am today introducing legislation to alleviate some of the problems in the delivery of federally funded maternal and infant health services.

The Maternal and Infant Health Services Act of 1981 establishes a national goal of lowering the number of infant deaths to 9 per 1,000 live births, by 1990; the establishment of a regional planning and advisory process in high infant mortality areas to assist State maternal and child health agencies; and, provides additional funds to upgrade health facilities to better serve and prevent high-risk pregnancies. The bill provides funds for maternal and infant health and the development of a planning strategy to coordinate and evaluate existing health programs.

This act, furthermore, will amend the title XIX medicaid program to allow automatic coverage for medicaid-eligible newborns for a 120-day period. Moreover, it requires State medicaid plans to include prenatal care as a covered benefit, and to increase the reimbursement and coverage of benefits for medicaid-eligible pregnant women during the course of their pregnancy.

This act will foster improvements and better coordination among existing Federal programs at the State and local levels to achieve the goal of reducing infant mortality during this decade.

The bill is as follows:

H.R. 2507

A bill to amend titles V and XIX of the Social Security Act with respect to maternal and infant health services, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Maternal and Infant Health Services Act of 1981".

FINDINGS; NATIONAL GOAL; AND PURPOSES

SEC. 2. (a) The Congress finds that—

(1) infant mortality among the children of poor and minority women is a serious and growing problem;

(2) infant mortality and morbidity rates for the children of adolescent mothers are particularly high;

(3) among the leading causes of infant mortality are pregnant women's lack of access to proper prenatal services, poor nutrition, and substance abuse;

(4) because the provision of health promotion, counseling, and outreach services is inadequate and fragmented, many pregnant women do not know or are unable to learn effective health maintenance practices;

(5) because the provision of maternal and infant health services is poorly planned and is uncoordinated, perinatal services are not being targeted in a manner to prevent difficulties associated with high-risk pregnancies; and

(6) quality medical care for pregnant women and infants offers a great potential for efficiently improving the health status of the general population.

(b) Congress hereby establishes the national goals of—

(1) reducing the rate of infant mortality in the United States by 1990 to less than 9 infant deaths per 1000 live births, and

(2) reducing the rate of infant mortality for underserved target groups in each county in the United States by 1990 to less than 12.5 infant deaths per 1000 live births.

(c) In order to meet the goal described in subsection (b) through the development of regional perinatal care systems, the purposes of the Act are—

(1) to identify pregnant women who are likely to have a high-risk pregnancy;

(2) to encourage prenatal assessments for each such pregnant woman identified;

(3) to improve the coordination of comprehensive maternal and child health services furnished under title V of the Social Security Act, under title XIX of such Act, through community health centers receiving grants under section 330 of the Public Health Service Act, and through hospitals, in order to increase accessibility and continuity of high-quality obstetrical and neonatal care;

(4) to reduce the unacceptably high infant mortality rate among poor and minority newborns, particularly in inner cities and rural areas;

(5) to encourage health promotion and health education to prevent complications of pregnancy; and

(6) to increase the availability of perinatal services in communities designated as high infant mortality areas.

AMENDMENT TO TITLE V

SEC. 3. (a) Title V of the Social Security Act is amended by adding at the end the following new section:

"PLANNING AND DEVELOPMENT GRANTS FOR MATERNAL AND INFANT HEALTH CARE

"SEC. 517. (a) GRANTS AND COOPERATIVE AGREEMENTS.—(1) The Secretary shall make grants to, and enter into cooperative agreements with, State maternal and child health agencies for the establishment of Statewide perinatal systems plans for the coordinated delivery of existing maternal and infant health services in the States.

"(2) The Secretary may make grants to, and enter into cooperative agreements with, State maternal and child health agencies for projects to implement Statewide perinatal systems plans described in subsection (b)(2).

"(b) APPLICATIONS.—(1) No grant or cooperative agreement may be made under this section unless an application therefore has been submitted to and approved by the Secretary.

"(2) The Secretary may not approve an application for a grant or cooperative agreement under subsection (a)(1) unless the application provides for the development of a Statewide perinatal systems plan which—

"(A) is part of the State plan for maternal and child health services required under section 505(a);

"(B) includes a statement of goals and objectives for the coordination of the delivery of maternal and infant health services under this title, under the State's plan approved under title XIX, and through community health centers receiving grants under section 330 of the Public Health Service Act;

"(C) provides for the analysis of the State personnel, funding, and other resources available to meet such goals and objectives;

"(D) is developed in consultation with the State health planning and development agency for the State and in a manner that takes into consideration actions concerning perinatal services recommended by the agency or by health systems agencies within the State;

"(E) provides for the designation, in each health service area in the State incorporating a high infant mortality area (as determined in accordance with standards established by the Secretary), of a regional advisory board, which board is composed of representatives of—

"(i) local government organizations, the health systems agency designated for that area, local medical societies, and health consumers concerned with the planning, coordination, and delivery of perinatal services, and

"(ii) providers of maternal and infant health services (including public and private nonprofit providers of family planning services and community health centers) who are

interested in the need to plan, coordinate, and evaluate the delivery of perinatal services;

"(F) is developed in consultation with the regional advisory boards designated and under subparagraph (E); and

"(G) includes performance standards (satisfactory to the Secretary) with respect to the improvement of the health of mothers and infants in the State and specifies actions (including changes in delivery of services under this title and under the State plan approved under title XIX, and improvements in maternal nutrition and other programs) which will be taken to achieve these standards.

"(3) The Secretary may not approve an application for a grant or cooperative agreement under subsection (a)(2) unless the application—

"(A) provides that the State maternal and child health agency will assume responsibility for coordinating the delivery of maternal and infant health services under this title and under the State plan approved under title XIX;

"(B) provides for the designation of regional advisory boards (in accordance with paragraph (2)(E)) and provides that such boards are empowered to make recommendations and to serve as the official advisory board to the State maternal and child health agency with respect to—

"(i) the implementation of the perinatal maternal and infant health plan (described in paragraph (2)),

"(ii) improving the delivery of neonatal and obstetrical services for high-risk infants and pregnant women;

"(iii) promoting the establishment of a uniform system of data collection on maternal and infant health care and on the delivery of perinatal services in the health services areas within areas of the board, to be based on state and other statistical reporting requirements;

"(iv) the feasibility of designating (and providing assistance for the upgrading of facilities to become) referral centers or transport systems for high-risk pregnancies, including neonatal centers (providing high quality intensive care nursery services to high-risk infants), obstetrical centers (to provide high quality obstetrical services and to assist other perinatal providers that serve pregnant women likely to have high-risk pregnancies), and an emergency transport system for high-risk infants (including related communication systems with perinatal providers); and

"(v) establishing a case management system described in subparagraph (C);

"(C) provides for the development of a case management system under which—

"(i) each pregnant woman and newborn residing in a high infant mortality area within the county is provided a comprehensive assessment by health care provider who—

"(I) furnishes primary care for woman and the infant and

"(II) arranges to coordinate and monitor all other medical care for the woman and infant on a continuous basis throughout the perinatal period,

in order to identify her need for perinatal services or referral for specialized services;

"(ii) such women are informed of medical determinations relating to their care and of the particular reasons for the need for particular obstetrical or perinatal services;

"(iii) there is coodination between the delivery of health education and the furnishing of medical-social services and nutritional services to such women; and

"(iv) there is a system providing for coordination in the establishment and use of medical records for these patients in order to assure that all relevant documents concerning the health care of such a woman can be readily available to the women's health care provider, whether in the ambulatory or inpatient setting; and

"(D) provides for the furnishing of perinatal services required to meet the needs identified in comprehensive assessments described in subparagraph (C)(i), including—

"(i) the targeting of prenatal care to communities with high infant mortality rates;

"(ii) collection and monitoring of data for the analysis of infant records and indicators of maternal and infant health status;

"(iii) providing assistance for the upgrading of facilities to some neonatal centers, obstetrical centers, or systems for the emergency transport of high-risk infants;

"(iv) the coordination and expansion of health promotion, outreach, and parenting educational services for pregnant women;

"(v) taking such steps as might increase the availability of physicians, nurse practitioners, and certified nurse midwives to provide perinatal services; and

"(vi) expanding nutritional screening and high blood pressure screening for pregnant women and infants and counseling services for pregnant women.

"(c) PAYMENT AND TECHNICAL ASSISTANCE.—(1) The Secretary may pay the amount of any grant or cooperative agreement under this section in advance or by way of reimbursement.

"(2) The Secretary may provide technical assistance to States in order to assist them in applying for grants and cooperative agreements under this section.

"(d) ANNUAL REPORT.—The Secretary shall annually report to the Congress on the assistance provided to States under this section and on how such assistance has helped in preventing high-risk pregnancies and in lowering infant mortality and morbidity rates.

"(e) AUTHORIZATION OF APPROPRIATIONS AND ALLOTMENTS.—(1) For the purpose of making grants and cooperative agreements under subsection (a)(1), there are authorized to be appropriated $10,000,000 for fiscal year 1982, and for each of the next two fiscal years.

"(2)(A) For the purpose of enabling each State to improve maternal and infant health services under grants and cooperative agreements under subsection (a)(2), there are authorized to be appropriated $85,000,000 for fiscal year 1982, and for each of the next two fiscal years.

"(B) Appropriations pursuant to subparagraph (A) shall be allotted each year, in accordance with regulations of the Secretary, to States for grants or cooperative agreements under subsection (a)(2) on the basis of (i) the rate of infant mortality in the State and (ii) the amount of funds required to carry out the Statewide perinatal systems plan developed under subsection (b)(2).

"(f) DEFINITIONS.—For purposes of this section:

"(1) The terms 'health systems agency' and 'State health planning and development agency' mean such an agency as designated under sections 1515 or 1521, respectively, of the Public Health Service Act.

"(2) The term 'high-risk pregnancy' means a pregnancy that, because of the medical or other condition (including diabetes, hypertension, malnutrition, drug or alcohol abuse) of the pregnant women, has a higher than normal risk of complications, delivery, or of health or developmental problems for her infant.

"(3) The term 'high-risk infant' means a newborn child of low birth weight, or an infant who is otherwise identified as having congenital anomalies or health or developmental problems.

"(4) The term 'infant' means a child under the age of one year.

"(5) The term 'neonatal' relates to infants during the period from birth to the age of 28 days.

"(6) The term 'perinatal' relates to pregnant women during the period from conception to six weeks after delivery and to infants during the period from birth to 120 days after birth.

"(7) The term 'State maternal and child health agency' means, for a State, the agency designated under section 505(a)(2) for that State.".

MEDICAID ELIGIBILITY AND SERVICES FOR PREGNANT WOMEN AND INFANTS

SEC. 4. (a)(1) Section 1902(a)(10) of the Social Security Act is amended—

(A) by inserting "(i)" after "(A)" in subparagraph (A), and

(B) by inserting after subparagraph (A) the following new clause:

"(ii) for making medical assistance available for care and services provided during pregnancy and 120 days following the date of the termination of a pregnancy to a woman (and any child born as a result of such pregnancy) if—

"(I) her resources (including the resources of her family) meet the resources test of eligibility for medical assistance under the State plan applicable to a family with dependent children, and

"(II) her income (including the income of her family) does not exceed the higher of the income standard for such a woman to be eligible for any medical assistance under the State plan or 55 percent of the applicable nonfarm income official poverty line, as defined by the Office of Management and Budget, revised annually in accordance with section 624 of the Economic Opportunity Act of 1964;".

(2) Sections 1902(f) of such Act is amended by striking out "(10)(A)" and inserting in lieu thereof "(10)(A)(i)" each place it appears.

(3) Sections 1903(a)(1), 1903(f)(4)(C), and 1905(a) of such Act are each amended by striking out "section 1902(a)(10)(A)" and inserting in lieu thereof "1902(a)(10)(A)(i)" each place it appears.

(b)(1) Section 1905(a) of such Act is amended—

(A) by striking out "or" at the end of clause (vi);

(B) by inserting "or" after the semicolon at the end of clause (vii);

(C) by inserting after and below clause (vii) the following new clause:

"(viii) women during pregnancy and during the 120 days following the date of termination of pregnancy and during such 120 days any child born as the result of such pregnancy,"; and

(D) by adding at the end thereof the following sentence: "A woman described in clause (viii) of this subsection shall be considered to have income insufficient to meet all of the cost of the care and services described in this subsection if the income of the woman (and of her family) does not exceed the income standards described in section 1902(a)(10)(A)(i)(II).".

(2)(A) Section 1902(a)(17) of such Act is amended by inserting", except as provided

under paragraph (10)(A)(i)(II)," after "include reasonable standards (which".

(B) Section 1902(a)(17)(B) of such Act is amended by inserting "or family composition" after "except for income and resources".

(c)(1) Section 1902(a)(13) of such Act is amended by amending subparagraph (B) to read as follows:

"(B) in the case of any individual described in paragraph (10)(A), for the inclusion of at least the care and services listed in paragraphs (1) through (5) and (17) of section 1905(a), and".

(2) Section 1902(a)(14)(A) of such Act is amended by inserting", individuals described in paragraph (10)(A)(ii)," before "and individuals with respect to whom there is being paid".

(3) Section 1905(a)(4) of such Act is amended (A) by striking out "and" before "(C)", and (B) by inserting before the semicolon at the end the following: "; and (D) perinatal services (including nutritional screening)".

(d) Section 1902(e) of such Act is amended—

(A) by inserting "(1)" after "(e)", and

(B) by adding at the end thereof the following new paragraph:

"(2) Notwithstanding any other provision of this title, each State plan approved under this title must provide that any pregnant woman (or any child born as a result of her pregnancy) who is eligible for, has applied for, and has received medical assistance under this title and who becomes ineligible for such assistance because of increased income or resources shall, nonetheless, remain eligible for all such medical assistance provided under the State plan until the end of the 120 day period beginning on the date of the termination of her pregnancy.".

(e) Section 1902(a)(13) of such Act is amended—

(1) by inserting "and" at the end of subparagraph (F), and

(2) by adding at the end the following new subparagraph:

"(G) for payment for physicians services furnished in an outpatient setting to individuals described in paragraph (10)(A)(ii) at a rate not less than 80 percent of the reasonable charge for such services (as determined under section 1842(b));".

(f) Section 1902(a)(10) of such Act is amended—

(1) by striking out "and" before "(III)", and

(2) by inserting before the semicolon at the end the following: ", and (IV) the plan shall make available medical assistance to eligible pregnant women for prenatal services furnished in an outpatient setting of at least such reasonable amount, duration, and scope as the Secretary shall prescribe".

(g)(1) The amendments made by this section shall (except as otherwise provided in paragraph (2)) apply to medical assistance provided under a State plan, approved under title XIX of the the Social Security Act, on and after October 1, 1981.

(2) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to comply with the amendments made by this section, the State plan shall not be regarded as failing to comply with such requirements of such title solely on the basis of its failure to comply with such requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.●

FEDERAL USURY LAW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 5 minutes.

● Mr. LAFALCE. Mr. Speaker, I am introducing today a bill to preempt State usury ceilings on consumer credit. This is an issue that I raised last year in two bills that I introduced that explored different approaches for Federal preemption of State usury ceilings on consumer loans. No action was taken on those proposals. But the problem remains. In fact, it has been aggravated by continued high interest rates. Congress needs to give urgent attention to the problem of usury ceilings because of its serious affect on both consumers and lenders.

The problem is straightforward: Many States currently have usury laws that set ceilings on consumer loans at levels well below market interest rates. The result is that many banks and other lenders are reluctant to finance big-ticket items and extend revolving credit because of the high cost of their funds—a cost that low usury ceilings prevents them from recouping. This has hurt consumers who cannot secure credit at any price and small businesses that rely on commercial credit to finance their retail sales.

My new bill deals with this problem by providing for a simple Federal preemption of the various State usury ceilings on consumer loans. Let me point out that it in no way affects the consumer protection provisions that the States, or the Federal Government, have enacted. Whatever protections the States have provided to consumers would stand and States would be able to do whatever they decide in the future. In addition, the bill protects State discretion by allowing the States a 3-year period after the legislation's enactment in which they could reimpose interest ceilings on consumer loans.

I think we would all prefer that the States themselves take action to alleviate any untenable conditions caused by usury ceilings. However, in the absence of State action, I believe that it is incumbent on the Congress to provide relief to consumers, small businesses, and lenders.

Following is the text of the bill and a review of its provisions, section by section:

H.R. 2501

A bill to deregulate interest rate ceilings on business, agricultural and consumer credit transactions, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Interest Rate Deregulation Act of 1981".

TITLE I—BUSINESS AND AGRICULTURAL LOANS

SEC. 101. Section 511 of the Depository Institutions Deregulation and Monetary Control Act of 1980 (94 Stat. 161; Public Law 96-221) is amended to read as follows:

"SEC. 511. The provisions of the constitutions or the laws of any state expressly limiting the rate or amount of interest, discount, points, finance charges or other charges which may be charged, taken, received, or reserved shall not apply in the case of a business or agricultural loan."

SEC. 102. Section 512 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"SEC. 512. (a) Except as provided in subsection (b) of this section, the provisions of this part shall apply with respect to business and agricultural loans made on or after April 1, 1980.

"(b) The provision of this part shall not apply to any business or agricultural loan made in any State after the date (on or after April 1, 1980, and prior to April 1, 1983), on which such State adopts a law or certifies that the voters of such State have voted in favor of any provision, constitutional or otherwise, which states explicitly and by its terms that such State does not want the provisions of this part to apply with respect to loans made in such State, except that such provision shall apply to any loan made on or after such date pursuant to a commitment to make such loan which was entered into on or after April 1, 1980, and prior to such date.

"(c) A loan shall be deemed to be made on or after April 1, 1980 if such loan—

"(1)(A) is funded or made in whole or in part during such period regardless of whether pursuant to a commitment or other agreement therefor made prior to April 1, 1980;

"(B) was made prior to or on April 1, 1980, and bears or provides for interest during a period after April 1, 1980, on the outstanding amount thereof of a variable or fluctuating rate; or

"(C) is a renewal, extension, or other modification of a loan made prior to April 1, 1980, and such renewal or extension or other modification is made with the written consent of any person obligated to repay such loan; and

"(2)(A) is an original principal amount of $25,000 or more ($1,000 or more on or after the date of enactment of the Housing and Community Development Act of 1980 or any amount on or after the date of enactment of the Interest Rate Deregulation Act of 1981); or

"(B) is part of a series of advances and is the aggregate of all sums advanced or agreed or contemplated to be advanced pursuant to a commitment or other agreement therefor is $25,000 or more ($1,000 or more on or after the date of enactment of the Housing and Community Development Act of 1980 or any amount on or after the dates of enactment of the Interest Rate Deregulation Act of 1981)."

TITLE II—CONSUMER LOANS

SEC. 201. Title V of the Depository Institution Deregulation and Monetary Control Act of 1980 is amended by adding at the end thereof the following new subpart:

"PART D—CONSUMER LOANS

"SEC. 531. (a) The provisions of the constitution or the laws of any state expressly limiting the nature, rate, amount of, or

manner in which interest, finance charges or other charges or fee, including the imposition by a creditor of transaction fees and access fees pursuant to an open-end credit plan, which may be charged, taken, received, or reserved shall not apply to an extension of consumer credit.

"(b) Notwithstanding subsection (a), the consumer protection and regulatory provisions of the constitution or the laws of any state shall remain in full force and effect.

"SEC. 532. The term 'extension of consumer credit' means credit made available by a creditor to a natural person, primarily for personal, family, household, investment, home-acquisition, or home improvement purposes, whether secured or unsecured and without regard to the nature of the property securing the indebtedness including the refinancing of credit made available for such purposes, but excluding credit subject to the provisions of section 501 of this title.

"SEC. 533. (a) Except as provided in subsection (b) of this section, the provision of section 531 shall apply with respect to any extension of consumer credit made on or after the effective date of the Interest Rate Deregulation Act of 1981.

"(b) The provisions of section 531 shall not apply to any extension of consumer credit in any state made on or after a date (on or after the effective date of the Interest Rate Deregulation Act of 1981 and prior to a date three years after such effective date) on which such State adopts a law or certifies that the voters of such State have voted in favor of any provision, constitutional or otherwise, which states explicitly and by its terms that such State does not want the provisions of this part to apply with respect to loans made in such State, except that such provisions shall apply to any loan made on or after such date pursuant to a commitment to make such loan which was entered into on or after the effective date of the Interest Rate Deregulation Act of 1981.

"(c) Any law or certification adopted by a State or its voters pursuant to subsection (b) of this section may specify that portion of the extensions of consumer credit made in such State to which the provisions of section 531 will not apply.

"SEC. 534. The Board of Governors of the Federal Reserve System is authorized to issue rules and regulations and to publish interpretations governing the implementation of this part."

SEC. 202. Section 528 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended by inserting "section 107(5)(A)(vi) of the Federal Credit Union Act" after the words "National Housing Act,".

TITLE III—EFFECTIVE DATE

SEC. 301. The effective date of this Act shall be the date of enactment of this Act.

SECTION-BY-SECTION ANALYSIS

This bill would amend Title V of the Depository Institutions Deregulation and Control Act of 1980 to extend the preemption of various state usury ceilings.

TITLE I—BUSINESS AND AGRICULTURAL LOANS

Section 101. This section eliminates the alternative federal ceiling on rates for business and agricultural loans. The present federal alternative ceiling is set at 5 percent over the discount rate on ninety day commercial paper as set by the Federal Reserve banks. This section also eliminates the $1,000 threshold amount now required for the preemption to apply.

Section 102. This section would make the preemption of state usury ceilings applicable to business and agricultural loans permanent subject to the ability of the states to reimpose the ceilings. This provision, along with section 101 would make the treatment of business and agricultural loans the same as the treatment of residential first mortgage loans. This amendment continues to give a state the opportunity to determine that the federal preemption will not apply to loans made in that state. The amendments made by this section would not effect any state determination to reimpose its usury ceilings made prior to the effective date of this act.

TITLE II—CONSUMER LOANS

Section 201. This section adds a new part D to the Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980. Part D consists of sections 531, 532, 533, and 534.

Subsection (a) of section 531 preempts state usury ceilings on extensions of consumer credit and preempts state laws which prohibit the imposition of transaction fees and annual fees in conjunction with open end credit plans.

Subsection (b) of Section 531 explicitly provides that consumer protection provisions are not affected by the elimination of rates ceilings. A few examples follow: state laws or regulations specifying that the Rule of 78's is an improper method of computing a rebate upon prepayment of a precomputed loan would not be preempted; laws limiting the prepayment penalties that may be imposed would not be preempted; State laws providing for limited periodic increases on variable rate loans would not be preempted, although a ceiling on the ultimate interest rate would be preempted; laws specifying maximum late charges would not be preempted; laws requiring the refinancing of balloon payments would not be preempted; laws requiring specific disclosures or notices such as the use of plain English or default notices would not be preempted.

Section 532 defines the term "extension of consumer credit". The term is defined by specifying the purposes that will be considered consumer credit. But the definition would generally cover such types of credit as new and used automobile loans, credit card plans, overdraft checking plans, other open end credit plans, second mortgage loans on the residence of a consumer, and retail sales financing.

Section 533 gives states a three-year period to reimpose ceilings. Subsection (c) provides that a state may reimpose ceilings on only a portion of the extensions of consumer credit made in that state if it so desires. This would allow states to address specific problems without reimposing ceilings on all extensions of consumer credit.

Section 534, provides that the Federal Reserve Board may write rules and regulations and issue interpretations implementing the preemption provisions for consumer loans. It is contemplated that the Board would resolve conflicts between these provisions and state laws where appropriate.

Sections 202. This provision amends section 528 of the Depository Institutions Deregulation and Monetary Control Act to permit federally insured credit unions to charge interest at the same rates permitted to other lenders under part D of Title V as set forth in this act.

TITLE III—EFFECTIVE DATE

Section 301. This section specifies the effective date of this act and the amendments made to Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980 as the date of enactment.●

MOBILE TEACHERS' RETIREMENT ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

● Mr. PANETTA. Mr. Speaker, today I am reintroducing legislation to correct a serious inequity affecting the retirement benefits of teachers throughout the Nation. I hope that the 97th Congress will finally act to eliminate an injustice which denies hard-earned retirement benefits to teachers who move across State lines. I urge all my colleagues to support swift passage of the Mobile Teachers' Retirement Act of 1981.

The justification for my legislation is clear and simple. Current law effectively penalizes teachers who move across State lines. At a time when there is severe unemployment in the teaching profession and when there is a growing need for experienced teachers in our rural areas in many States, it is essential that Congress pass legislation quickly which will lift this penalty so that teachers will be able to seek employment in various locations without losing retirement benefits.

In California alone there are over 100,000 elementary, secondary, and community college teachers who have taught in other States. Many of these teachers have spent an average of 8 years working in other States; unfortunately, those years have been lost in figuring the retirement benefits accumulated over the years.

The bill I am reintroducing today establishes a Federal-State program to assist in the funding of these benefits for teachers. It would enable teachers who have taught in two or more States to retire at the end of their careers with benefits substantially the same as they would have received by teaching in a single State for their entire careers. In addition, the bill would extend Federal aid in the financing of recognized out-of-State service credit for those States wishing to participate.

While many State retirement systems have made attempts to rectify this situation, limitations on State funds and the interstate nature of the problem point to the Federal responsibility in this area. Because of the tremendous role played by our Nation's teachers in the education of our children, it is critical for the Federal Government to lend support to teachers in this matter relating to retirement benefits. Thomas Jefferson recognized the importance of sound education in the democratic process and feared the consequences of ignorance on the ability of Americans to participate in the grand democratic experiment. His concerns then are still valid today. Feder-

al support for teachers' retirement benefits should be commensurate with the awesome responsibilities which teachers bear in our society.

I have reprinted below the full text of my bill for the convenience of my colleagues.

H.R. 2504

A bill to permit teachers to change employment across State lines without substantial loss of retirement benefits

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mobile Teachers' Retirement Assistance Act".

FINDINGS AND STATEMENT OF PURPOSE

SEC. 2. The Congress finds that the transfer of qualified teaching personnel between schools operated by public educational agencies in one State and schools operated by public educational agencies in another State is seriously impeded because of the possibility of forfeiture of retirement benefits in the system from which a teacher transfers and that the resulting immobility of teachers impedes the mobility of the Nation's work force by hindering the growth and development of new communities. It is therefore the purpose of this Act to protect commerce by facilitating the interchange of teaching personnel from a public educational agency in another State by providing Federal financial assistance in the transfer of credits from one State to another State.

DEFINITIONS

SEC. 3. For purposes of this Act:

(1) The term "State retirement system" means a State retirement system established under State law or local public retirement system recognized or established by State law; in which teachers participate.

(2) The term "teacher" means an individual who is employed in a professional educational capacity by a board of education.

(3) The term "covered teacher" means a teacher who is a member of a State retirement system.

(4) The term "board of education" means any board, committee, commission, or agency authorized by State law to direct a public educational system, school, or institution of higher education.

(5) The term "State" includes the District of Columbia and Puerto Rico, and any other territory of the United States which has a public retirement system which includes teachers.

(6) The term "Secretary" means the Secretary of Education.

(7) The term "out-of-State" means public teaching service performed in another State or in elementary or secondary schools operated by the United States Department of the Interior and United States Department of Defense and recognized by the system in which the teacher is a member for the purpose of service credit under the terms and conditions of the law governing the operation of such system.

(8) The term "vesting" means a right of a teacher who separates from covered employment after having at least the minimum years of credited service required under the State retirement system, and has left his contributions in the retirement fund of such system, to a retirement benefit upon reaching an age specified in the law governing the terms and conditions of the system, which benefit is based at least in part on public contributions.

SEC. 4. (a) In order to participate in the program provided for in this Act, a State retirement system must—

(1) provide for payment of retirement benefits on account of out-of-State service by a covered teacher as required in section 5(c);

(2) allow covered teachers at least ten years of out-of-State credit for public teaching service not covered by the system which is not vested under another State retirement system, upon payment by the covered teacher by the date of retirement of a portion of the cost involved and payment from public funds of the remainder;

(3) require no more than one year of in-State service for each year of out-of-State service credit granted;

(4) provide that the teacher's payment for out-of-State service credit shall not exceed 25 per centum of the total cost of the out-of-State service credit;

(5) provide for vesting after not more than five years of credible service in the State retirement system; and

(6) provide for making such reports, in such form and containing such information as the Secretary may reasonably require to carry out his functions under this Act, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such report.

(b) If the Secretary determines a State retirement system meets the requirements of subsection (a), he shall approve it for participation in the benefits of this Act.

OUT-OF-STATE CREDIT PROVISIONS

SEC. 5. (a) The Secretary shall, as soon as practical after the end of each calendar year, make a Federal contribution to each State retirement system which he has approved under section 4(b) on account of each covered teacher who is a member of the system who retired during the fiscal year (or other twelve-month period designated by the system) which ended in such calendar year with credited out-of-State service as a teacher. The Federal contribution on account of each year of each such teacher's credited out-of-State service as a teacher shall be an amount equal to 50 per centum of the total cost as determined by the retirement system at such teacher's age on date of retirement, except that if the teacher has not reached age sixty, the cost shall be determined as if the teacher were age sixty.

(b) The Federal contribution under this section to a State retirement system shall be limited to the reserve required to provide not more than ten years of out-of-State service credit, except that the Secretary may determine maximum reserve factors at each age, beginning at age sixty, for purposes of the Federal contribution.

(c) The Federal contribution under this section to a State retirement system shall be used for the same purposes, and subject to the same terms and conditions, as are funds of the system derived from other sources. Retirement benefits under such system attributable to service credited under this section shall not be paid on a basis less favorable to the retired teacher than the payments made under such system which are attributable to service other than that so credited.

COST OF ADMINISTRATION

SEC. 6. The Secretary shall each fiscal year make a grant to each State retirement system which is approved to participate in this Act. Each such grant shall be an amount equal to 2 per centum of the Federal contribution made under section 5.

EFFECTIVE DATE

SEC. 7. This Act shall become effective October 1, 1981, with respect to teachers who retire on or after such date.

APPROPRIATIONS AUTHORIZED

SEC. 8. For the purpose of making such Federal payments, there is hereby authorized to be appropriated for the fiscal year ending September 30, 1982, and for each succeeding fiscal year the amount necessary to effectuate the provisions of this Act.●

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

[*Inadvertently omitted from Congressional Record of Wednesday, March 11, 1981*]

H.R. 2166. An act to amend the Energy Policy and Conservation Act to extend certain authorities relating to the international energy program.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. LUNGREN) to revise and extend their remarks and include extraneous material:)

Mr. JEFFORDS, for 10 minutes, today.

Mrs. HECKLER, for 5 minutes, today.

Mr. TAUKE, for 5 minutes, today.

(The following Members (at the request of Mr. BEDELL) to revise and extend their remarks and include extraneous material:)

Mr. BEDELL, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. RODINO, for 5 minutes, today.

Mr. MAVROULES, for 5 minutes, today.

Mr. WYDEN, for 10 minutes, today.

Mr. STOKES, for 5 minutes, today.

Mr. MCHUGH, for 5 minutes, today.

Mr. LAFALCE, for 5 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Mr. ANNUNZIO, for 15 minutes, on March 18.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. LUNGREN) and to include extraneous matter:)

MS. FIEDLER.

Mr. JEFFORDS.

Mr. CLINGER.

Mr. LENT in two instances.

Mr. LOTT.

Mr. MCGRATH.

Mr. RUDD in three instances.
Mr. FORSYTHE.
Mr. HILLIS.
Mr. BAILEY of Missouri in two instances.
Mrs. FENWICK.
Mr. RHODES.
Mr. HYDE.
Mr. DERWINSKI in two instances.
Mr. ROTH.
Mr. DANNEMEYER.
(The following Members (at the request of Mr. BEDELL), and to include extraneous matter:)
Mr. BEDELL.
Mr. FRANK.
Mr. FITHIAN in two instances.
Mr. APPLEGATE.
Mr. LAFALCE.
Mr. GUARINI.
Mr. ERTEL.
Mr. JACOBS.
Mr. ROSENTHAL.
Mr. AUCOIN.
Mr. WAXMAN.
Mr. GRAY.
Mr. VENTO.
Mr. HUBBARD.
Mr. COTTER.
Mr. EDGAR.
Mr. MOFFETT.
Mr. HARKIN.

ADJOURNMENT

Mr. RODINO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 50 minutes p.m.), the House adjourned until tomorrow, Friday, March 13, 1981, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

774. A letter from the Acting Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), transmitting a report on Selected Reserve recruiting and retention incentives as of December 31, 1980, pursuant to 10 U.S.C. 2134 and sections 308b and 308c of title 37, United States Code; to the Committee on Armed Services.

775. A letter from the Assistant Secretary of the Air Force Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the North Ranges operation and maintenance function at Nellis Air Force Base, Nev., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

776. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the commissary shelfstocking and custodial services function at Pease Air Force Base, N.H., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

777. A letter from the Secretary of Health and Human Services, transmitting notice of a delay until May 1, 1981, in submission of the report on the impact of the change in the definition of developmental disabilities, required by section 503(b)(2) of Public Law 95-602; to the Committee on Energy and Commerce.

778. A letter from the Secretary of Health and Human Services, transmitting a report on activities under section 340A of the Public Health Service Act, pursuant to section 106(b) of Public Law 95-626; to the Committee on Energy and Commerce.

779. A letter from the Acting Assistant Secretary of State for Congressional Relations, transmitting a copy of Presidential Determination No. 81-3, finding that the sale of defense articles and defense services to the Government of Rwanda will strengthen the security of the United States and promote world peace, pursuant to section 3(a)(1) of the Arms Export Control Act; to the Committee on Foreign Affairs.

780. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a copy of Presidential Determination No. 81-4, authorizing the furnishing of certain defense articles, defense services, and military education and training to El Salvador under the provisions of chapters 2 and 5 of part II of the Foreign Assistance Act of 1961; to the Committee on Foreign Affairs.

781. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to authorize appropriations for fiscal years 1982 and 1983 for the Department of State; to the Committee on Foreign Affairs.

782. A letter from the Acting Director, International Communication Agency, transmitting a report on the Agency's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

783. A letter from the Acting Administrator, National Aeronautics and Space Administration, transmitting a report on NASA's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

784. A letter from the Administrator, Panama Canal Commission, transmitting a report on the Commission's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

785. A letter from the Acting Commissioner of Social Security, Department of Health and Human Services, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

786. A letter from the Secretary of the Interior, transmitting the annual report on review and revision of royalty payments for fiscal years 1979 and 1980 for Federal onshore and Outer Continental Shelf oil and gas leases, pursuant to section 602 of Public Law 95-372; to the Committee on Interior and Insular Affairs.

787. A letter from the Chief, Forest Service, Department of Agriculture, transmitting the development and management plan, legal description, and map for the St. Joe River, Idaho, pursuant to section 3(b) of the Wild and Scenic Rivers Act, as amended; to the Committee on Interior and Insular Affairs.

788. A letter from the Secretary of Labor, transmitting a draft of proposed legislation to amend the Federal-State Extended Unemployment Compensation Act of 1970 to eliminate the national trigger for extended compensation, change the State trigger, provide for a qualifying requirement, and for other purposes; to the Committee on Ways and Means.

789. A letter from the Secretary of Energy, transmitting notice of a delay until May 15, 1981, in the submission of the first annual report on the use of alcohol in fuel, required by section 221(c) of Public Law 95-618, as amended (94 Stat. 280); to the Committee on Ways and Means.

790. A letter from the Chairman, Federal Election Commission, transmitting the Commission's revised fiscal year 1982 budget request, pursuant to section 307(d)(1) of the Federal Election Campaign Act, as amended; jointly, to the Committees on Appropriations, and House Administration.

791. A letter from the Comptroller General of the United States, transmitting a report on the need for more diligent follow-up to weed out ineligible SSA disability beneficiaries (HRD-81-48, Mar. 3, 1981); jointly, to the Committees on Government Operations, and Ways and Means.

792. A letter from the Comptroller General of the United States, transmitting a report on the problem of outstanding Supplemental Security Income checks (HRD-81-58, Mar. 3, 1981); jointly, to the Committees on Government Operations, and Ways and Means.

793. A letter from the Chairman, U.S. Nuclear Regulatory Commission, transmitting a draft of proposed legislation to amend the Atomic Energy Act to clarify that no prior public hearing is required for applications for amendment which involve no significant hazards consideration and for other purposes; jointly, to the Committees on Interior and Insular Affairs, and Energy and Commerce.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

Mr. ALBOSTA (for himself, Mr. VANDER JAGT, Mr. BRODHEAD, and Mr. SHANNON):

H.R. 2485. A bill to extend duty-free treatment to imports of chipper knife steel; to the Committee on Ways and Means.

By Mr. APPLEGATE:

H.R. 2486. A bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs credit for 3 years, to increase the amount of wages per year taken into account, to eliminate the requirement that an employee who is a Vietnam-era veteran be economically disadvantaged, and to raise the maximum age of a Vietnam-era veteran for whom an employer may qualify for such a credit; to the Committee on Ways and Means.

By Mr. BAFALIS:

H.R. 2487. A bill to amend section 8e of the Agricultural Adjustment Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to subject imported tomatoes to restrictions comparable to those applicable to domestic tomatoes; to the Committee on Ways and Means.

By Mr. BARNES (for himself, Mr. MCCLORY, Mr. MATSUI, Mr. OBER-

STAR, Mr. LEE, Ms. FERRARO, Mr. WHITEHURST, Mr. EDGAR, Ms. MIKULSKI, Mr. BEILENSON, Mr. FORSYTHE, Mr. FROST, Mr. DOWNEY, Mr. BINGHAM, Mr. VENTO, Mr. COLLINS of Texas, Mr. ERDAHL, Mr. LANTOS, Mr. LAFALCE, Mrs. SCHNEIDER, Mr. FINDLEY, Mr. MITCHELL of Maryland, Mr. DE LUGO, Mr. MOFFETT, and Mr. CHAPPIE):

H.R 2488. A bill to amend section 402 of title 23, United States Code, relating to establishment by each State of comprehensive alcohol-traffic safety programs as a part of its highway safety program; to the Committee on Public Works and Transportation.

By Mr. BEARD:

H.R. 2489. A bill to amend the Internal Revenue Code of 1954 relating to estate taxes to provide that the election to use the alternate valuation date may be made on a return that is filed late; to the Committee on Ways and Means.

By Mr. BONKER:

H.R. 2490. A bill to amend the Social Security Act to require the issuance of social security cards designed to reveal any unauthorized alteration, to require that alien employment restrictions be marked on such cards and that such cards be presented to employers by prospective employees, to limit the use of such cards as identification cards, and for other purposes; to the Committee on Ways and Means.

By Mr. BREAUX:

H.R. 2491. A bill to amend the Tariff Schedules of the United States to increase the rates of duty on shellfish; to the Committee on Ways and Means.

By Mr. DASCHLE (for himself, Mr. MITCHELL of Maryland, Mr. HUBBARD, Mr. PRICE, Mr. LAFALCE, Mr. ATKINSON, Mr. GAYDOS, Mr. CORCORAN, Mr. CARNEY, Mr. BEDELL, Mr. RINALDO, and Mr. MADIGAN):

H.R. 2492. A bill to amend title 39 of the United States Code to provide that regular daily mail delivery shall not be limited by the Postal Service to fewer than 6 days each week; to the Committee on Post Office and Civil Service.

By Mr. DASCHLE (for himself, Mr. PANETTA, Mr. BONIOR of Michigan, Mr. ASPIN, Mr. GORE, Mr. FROST, Mr. ERTEL, Mr. LAFALCE, Mr. MURTHA, Mr. WIRTH, Mr. MCCLOSKEY, Mr. HARKIN, Mr. WILLIAMS of Montana, Mr. BAILEY of Pennsylvania, Mr. MOAKLEY, Mr. BRODHEAD, Mr. MILLER of California, Mr. MATTOX, Mr. SABO, Mr. HOWARD, Mr. GLICKMAN, Mr. DONNELLY, Mr. RODINO, Mr. OBERSTAR, Mr. SMITH of New Jersey, Mr. FRANK, Mr. ROE, Mr. PEPPER, Mr. LEE, Mr. KOGOVSEK, Mr. MOFFETT, Mr. SCHEUER, Mr. DELLUMS, Mr. RICHMOND, Mr. MURPHY, Mr. ECKART, Mr. KILDEE, Mr. RUSSO, Mr. EDGAR, Mrs. CHISHOLM, Mr. VENTO, Ms. MIKULSKI, Mr. YOUNG of Missouri, Mr. ATKINSON, Mr. BROWN of California, Mr. WEISS, Mr. PRICE, Mr. MITCHELL of New York, Mr. FORD of Tennessee, Mr. EMERY, Mr. FAZIO, Mr. WEAVER, Mrs. COLLINS of Illinois, Mr. SUNIA, Mr. SEIBERLING, Mr. WOLPE, Mr. LOWRY of Washington, Mr. MITCHELL of Maryland, Mr. YATRON, Ms. FERRARO, Mr. SHANNON, Mr. RATCHFORD, Mr. DYSON, Mr. KEMP, Mr. DORGAN of North Dakota, Mr. SIMON, Mr. PHILLIP BURTON, Mr. MCHUGH, Mr. DIXON, Mr. GRAY, Mr. EDWARDS of California, Mr. DORNAN of California, Mr. STUDDS, Mr. WHITEHURST, and Mr. WEBER of Minnesota):

H.R. 2493. A bill to amend title 38, United States Code, to provide a presumption of service connection for the occurrence of certain diseases in veterans who were exposed to herbicides during service in Southeast Asia during the Vietnam era; to the Committee on Veterans' Affairs.

By Mr. EDWARDS of Alabama:

H.R. 2494. A bill to designate the John Archibald Campbell Federal Building-U.S. Courthouse; to the Committee on Public Works and Transportation.

By Mr. EVANS of Iowa:

H.R. 2495. A bill to amend the Internal Revenue Code of 1954 to provide that the imputed interest rate used for purposes of allocating income and deductions between related taxpayers shall be the same as the interest rate used in determining the amount of interest on certain deferred payments; to the Committee on Ways and Means.

By Mr. FASCELL:

H.R. 2496. A bill to amend 8e of the Agricultural Adjustment Act as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to subject imported tomatoes to restrictions comparable to those applicable to domestic tomatoes; to the Committee on Ways and Means.

By Mr. HUCKABY:

H.R. 2497. A bill to authorize and direct the Secretary of Agriculture to conduct a pilot program of guaranteed loans providing for periodic disbursements to owners of nonindustrial private forest lands; to the Committee on Agriculture.

By Mr. JEFFORDS (for himself, Mr. SCHEUER, Mr. MOFFETT, Mr. EMERY, Mr. BEDELL, Mr. TAUKE, Mr. AUCOIN, Mr. WEAVER, Mr. WYDEN, Mr. BONIOR of Michigan, Mr. BRODHEAD, Mr. CROCKETT, Mr. FORD of Michigan, Mr. KILDEE, Mr. PURSELL, Mr. SAWYER, Mr. BEILENSON, Mr. BINGHAM, Mr. BROWN of California, Mrs. CHISHOLM, Mr. DORNAN of California, Mr. DOWNEY, Mr. EDWARDS of California, Mr. FORD of Tennessee, Mr. FRANK, Mr. GOODLING, Mr. MCCLOSKEY, Mr. MCHUGH, Mr. MOAKLEY, Mr. OTTINGER, Mr. PANETTA, Mr. PATTERSON, Mr. PEASE, Mr. ROSENTHAL, Mr. STARK, Mr. STUDDS, Mr. WIRTH, Mr. WON PAT, and Mr. YATES):

H.R. 2498. A bill to require a refund value for certain beverage containers, and for other purposes; to the Committee on Energy and Commerce.

By Mr. LAFALCE:

H.R. 2499. A bill to prevent inequities in the administration of income determination pertaining to low-rent housing; to the Committee on Banking, Finance and Urban Affairs.

By Mr. PANETTA (for himself, Mr. MCCLORY, Mr. FAZIO, Mr. SIMON, Mr. BONIOR of Michigan, Mr. BEILENSON, Mr ADDABBO, Mr. COELHO, Mr. FROST, Mr. BINGHAM, and Mr. MCCLOSKEY):

H.R. 2500. A bill to establish a select commission to examine the issues associated with voluntary service; to the Committee on Education and Labor.

By Mr. LAFALCE:

H.R. 2501. A bill to deregulate interest rate ceilings on business, agricultural and consumer credit transactions, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. LEATH of Texas:

H.R. 2502. A bill to extend for 3 years the existing suspension of duty on natural graphite; to the Committee on Ways and Means.

By Mr. LOTT:

H.R. 2503. A bill to designate the visitors center in the Mississippi District of the Gulf Islands National Seashore as the William M. Colmer Visitors Center; to the Committee on Interior and Insular Affairs.

By Mr. PANETTA:

H.R. 2504. A bill to permit teachers to change employment across State lines without substantial loss of retirement benefits; to the Committee on Education and Labor.

By Mr. RITTER:

H.R. 2505. A bill to amend the Internal Revenue Code of 1954 to allow individuals an income tax credit for amounts paid or incurred for maintaining a household a member of which is a dependent of the taxpayer who has attained age 65; to the Committee on Ways and Means.

By Mr. RODINO:

H.R. 2506. A bill to authorize appropriations for the Legal Services Corporaton for fiscal years 1982, 1983, and 1984; to the Committee on the Judiciary.

By Mr. STOKES:

H.R. 2507. A bill to amend titles V and XIX of the Social Security Act with respect to maternal and infant health services, and for other purposes; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. WAXMAN (for himself, Mr. GRAMM, and Mr. PEPPER):

H.R. 2508. A bill to amend titles XVIII and XIX of the Social Security Act with respect to payments to health maintenance organizations; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. WOLPE (for himself, Mr. VANDER JAGT, Mr. WILSON, Mr. HIGHTOWER, Mr. COELHO, Mr. ALBOSTA, Mr. BEARD, Mr. BLANCHARD, Mr. BONIOR of Michigan, Mr. BREAUX, Mr. DAUB, Mr. FORD of Michigan, Mr. FORD of Tennessee, Mr. GOODLING, Mr. GRAMM, Mr. ZEFERETTI, Mr. ROBERTS of South Dakota, Mr. SAWYER, Mr. TRAXLER, Mr. WALKER, Mr. JONES of Tennessee, Mr. SCHEUER, Mr. ALEXANDER, Mr. BROOMFIELD, Mr. LOEFFLER, Mr. MURTHA, Mr. WATKINS, Mr. CLINGER, Mr. PURSELL, Mr. RICHMOND, Mr. SYNAR, Mr. BOWEN, Mr. KEMP, Mr. BAILEY of Pennsylvania, Mr. DAVIS, Mr. CROCKETT, Mr. RITTER, Mr. SHAW, Mr. YATRON, Mr. DASCHLE, Mr. DUNN, Mr. KILDEE, Mr. NOWAK, Mr. BENEDICT, Mr. BRODHEAD, Mr. AKAKA, and Mr. LUKEN):

H.R. 2509. A bill to place a moratorium on decisions by the Federal Trade Commission in shared monopoly proceedings until the Congress establishes the existence of the violation and defines its elements; jointly to the Committees on Energy and Commerce and the Judiciary.

By Mr. YOUNG of Alaska:

H.R. 2510. A bill to amend the Alaska Railroad Act to direct the Secretary of Transportation to sell the Yukon River barge service to the city of Nenana, Alaska; to the Committee on Energy and Commerce.

By Mr. BEDELL:

H.R. 2511. A bill to amend the Urban Mass Transportation Act of 1964 relating to mass transportation to meet special needs of

the handicapped, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. ERTEL:

H.R. 2512. A bill to provide for supplemental insurance to cover the costs of necessary remedial action following damage to nuclear powerplants, including certain remedial action at the Three Mile Island facilities, and for other purposes; jointly to the Committees on Energy and Commerce and Interior and Insular Affairs.

By Mr. STOKES:

H.R. 2513. A bill to amend title XIX of the Social Security Act to require State medicaid programs to provide grants to certain financially distressed hospitals and community health centers which provide uncompensated care and which would otherwise be closed, and for other purposes; jointly to the Committees on Energy and Commerce and Ways and Means.

By Mr. JOHN L. BURTON:

H.J. Res. 207. Joint resolution to require the Secretary of the Interior to place a plaque at the U.S. Marine Corps War Memorial honoring Joseph Rosenthal, photographer of the scene depicted by the memorial; to the Committee on Interior and Insular Affairs.

By Mr. BAFALIS:

H. Res. 110. Resolution to amend the Rules of the House of Representatives to require that reports accompanying certain bills and joint resolutions reported by committees contain computations of the potential tax impact of such bills and resolutions on the individual taxpayer; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII,

20. The SPEAKER presented a memorial of the Legislature of the State of Maine, relative to authorizing the Veterans' Administration to furnish outpatient medical services to veterans exposed to ionizing radiation as a result of atmospheric testing of atomic weapons; to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. HENDON introduced a bill (H.R. 2514) for the relief of Stencel Aero Engineering Corp., which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 43: Mr. DE LUGO and Mr. MINETA.

H.R. 953: Mr. ROEMER and Mr. DORGAN of North Dakota.

H.R. 1051: Mr. GINGRICH.

H.R. 1052: Mr. JOHN L. BURTON.

H.R. 1054: Mr. BONER of Tennessee.

H.R. 1373: Mr. AUCOIN, Mr. ROBERT W. DANIEL, JR., Mr. STANGELAND, and Mr. SIMON.

H.R. 1819: Mr. BARNARD, Mr. BURGENER, Mr. COELHO, Mr. COURTER, Mr. FAZIO, Mr. GLICKMAN, Mr. HUCKABY, Mr. IRELAND, Mr. KINDNESS, Mr. KOGOVSEK, and Mr. SKELTON.

H.R. 1935: Mr. GRAY and Mr. STOKES.

H.R. 1978: Mr. FORSYTHE, Mr. WON PAT, Mr. HORTON, Mr. MARKS, Mr. WORTLEY, Mr. STOKES, Mr. TAUKE, Mr. MITCHELL of Maryland, and Mr. CROCKETT.

H.R. 2163: Mr. EVANS of Delaware, Mr. PARRIS, Mr. JOHNSTON, Mr. LUJAN, Mr. LAGOMARSINO, Mr. LUNGREN, Mr. KEMP, Mr. KRAMER, Mr. WINN, Mr. PETRI, Mr. FORSYTHE, Mr. SAWYER, Mrs. HOLT, Mr. BUTLER, Mr. MCCLORY, Mr. MCDONALD, Mr. FRENZEL, Mr. SCHULZE, Mr. GREGG, Mr. WHITEHURST, Mr. SKEEN, Mr. WILLIAMS of Ohio, Mr. CORCORAN, Mr. KINDNESS, Mr. MARKS, Mr. BAFALIS, Mr. LEE, Mr. COLLINS of Texas, Mr. RUDD, Mr. GRADISON, Mr. WHITTAKER, Mr. YOUNG of Florida, Mr. GOLDWATER, Mr. BADHAM, Mr. DICKINSON, Mr. CARMAN, Mr. GUYER, Mr. BEARD, Mr. TAUKE, Mr. MCGRATH, Mr. LOWERY of California, Mr. BLILEY, Mr. COURTER, Mr. CRAIG, and Mr. MITCHELL of New York.

H.R. 2278: Mr. MOLLOHAN, Mr. RAHALL, and Mr. STATON of West Virginia.

H.R. 2331: Mr. GILMAN and Mr. BARNES.

H.J. Res. 8: Mr. KOGOVSEK.

H.J. Res. 167: Mr. MCCOLLUM.

H. Con. Res. 67: Mr. FARY, Mr. LELAND, Mr. MINETA, Mr. BEDELL, and Mrs. HECKLER.

H. Res. 10: Mr. RITTER, Mr. WAMPLER, Mr. BAILEY of Pennsylvania, Mr. BEDELL, and Mr. SKELTON.

H. Res. 48: Mr. APPLEGATE, Mr. BAFALIS, Mr. BIAGGI, Mr. BREAUX, Mr. BROOMFIELD, Mr. CHAPPELL, Mr. CLAUSEN, Mr. COLLINS of Texas, Mr. DANIEL B. CRANE, Mr. ROBERT W. DANIEL, JR., Mr. DANNEMEYER, Mr. DE LA GARZA, Mr. DERWINSKI, Mr. EDWARDS of Alabama, Mr. EDWARDS of Oklahoma, Mr. FOUNTAIN, Mr. GINN, Mr. GINGRICH, Mr. GUYER, Mr. SAM B. HALL, JR., Mr. HUBBARD, Mr. JEFFRIES, Mr. KAZAN, Mr. KINDNESS, Mr. LAGOMARSINO, Mr. LEATH of Texas, Mr. LIVINGSTON, Mr. LOTT, Mr. MONTGOMERY, Mr. MOORE, Mr. MOTTL, Mr. MYERS, Mr. RINALDO, Mr. RUDD, Mr. SENSENBRENNER, Mr. SHELBY, Mr. SHUMWAY, Mr. SOLOMON, Mr. STANGELAND, Mr. STENHOLM, Mr. STRATTON, Mr. STUMP, Mr. WALKER, Mr. WHITEHURST, Mr. WINN, Mr. WON PAT, Mr. YATRON, Mr. YOUNG of Alaska, and Mr. ZEFERETTI.

H. Res. 55: Mr. BEDELL, Mr. EVANS of Georgia, and Mr. GEPHARDT.

H. Res. 98: Mr. WALKER, Mr. BLANCHARD, Mr. MCDONALD, and Mr. CONABLE.

SENATE—*Thursday, March 12, 1981*

(Legislative day of Monday, February 16, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Merciful Father in Heaven, we beseech Thee on behalf of all those who are hurting. We pray for the people of Atlanta in their fear and frustration and anger for those whose children have been killed, for the authorities who work tirelessly for a solution, and for all throughout the country who feel the agony and frustration with Atlanta.

We pray for the poor, the homeless, the hungry, the jobless, and those who live in daily fear that their positions or jobs or the source of their support will be cut off. We pray for the Members of the Senate who feel the hurt of the people and struggle for equitable and just legislation. We pray for all leadership which bears the burden of our society in domestic and international affairs.

We pray for those outwardly composed who suffer within and are not free to share their hurt. May they receive special comfort from Thy spirit.

Especially do we remember Senator JENNINGS RANDOLPH in the loss of his beloved wife.

We ask all this in the name of the gracious Saviour whose love is unconditional and whose care is unlimited. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

CHANGE IN ORDER OF RECOGNITION OF SENATORS

Mr. BAKER. Mr. President, for the moment, I will withhold utilization of the time allocated to me under the standing order.

Are there special orders for the recognition of Senators today?

The PRESIDENT pro tempore. There are three special orders for today.

Mr. BAKER. Mr. President, I understand that it is desired by all three Senators that we change the order of the special orders.

I ask unanimous consent that the order be changed so that the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), who is in the Chamber, may have the first special order; that the distinguished Senator from Alabama (Mr. HEFLIN), who also is in the Chamber, be assigned the second special order; and the third special order, of course, would be for the distinguished Senator from Montana (Mr. BAUCUS).

The PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the time allocated to the two leaders under the standing order and the special orders, there be a period for the transaction of routine morning business, not to exceed 30 minutes, in which Senators may be permitted to speak for not more than 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 11 a.m. tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE SALARY ADJUSTMENT RESOLUTIONS

Mr. BAKER. Mr. President, today, we will consider resolutions, sponsored by myself and others, to disallow recommended 16.8-percent pay increases for the following four categories of Federal personnel: The Vice President and all Members of Congress, various unelected officials of the legislative branch of the Government, the members of the Federal judiciary, and, finally, several thousand executive schedule employees.

It was with admitted misgivings that I offered these resolutions and I profess some misgivings today as well. My colleagues know that I have consistently advocated some degree of salary reform for top executives of the Federal Government. There is substantial evidence to the fact that we are increasingly driving highly qualified men and women out of Government servi.e because of the disparity between public- and private-sector compensation. Indeed, President Reagan indicated recently that he was finding it difficult to attract the highest caliber private sector officials into Government service at this critical time when our Nation desperately needs the finest minds available.

I further fear that as executive schedule salaried employees' pay scales continue to compress at the top salary level, we will witness a further exodus from Government service.

The 16.8-percent pay increases were proposed by former President Carter following a recommendation to him from the Quadrennial Commission on Executive, Legislative, and Judicial Salaries for salary increases on the order of 40 percent for the employees in question.

I do not question former President Carter's intentions, nor those of the Quadrennial Commission. Indeed, this Commission and its three predecessors have performed their duties admirably. Under normal circumstances and in normal times, it has been, and would be again, my inclination to support their recommendations.

But these are neither normal circumstances, nor normal times, Mr. President. We are asking every segment and every region of our Nation to make sacrifices so that the Federal Government might attain some semblance of fiscal responsibility. And while the total dollar amount in question with regard to these salary adjustments is relatively small in comparison to our other spending reduction proposals, it will be a saving to the taxpayers nonetheless, just as the $4.6 million we have already pared from the Senate's operating budget was a saving.

By rejecting these increases, we not only attain some savings to the taxpayers, but we further state once again that we are, at long last, truly serious and determined to ultimately balance the Federal budget.

However, I will say to my colleagues and to all the Federal employees affected by this action today that I remain concerned about the adequacy of the salary levels of Federal executives. I have this matter under study, and it will be my intention, at some future time when the fiscal house of the Federal Government is in order, to propose a program for reforming these salary determinations. The annual bloodletting we experience on this floor on the matter of our own salaries and those of the Federal executive corps, demeans the Senate and seriously damages the morale,

quality, and effectiveness of those charged with managing the programs of this Government.

It is a matter of serious proportions, a matter we must address some day in the relatively near future.

But this is not that day, Mr. President. In these difficult times, we cannot, in good conscience, increase these salaries.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, in the event any Senator with a special order may have a requirement for additional time, I am prepared to yield any of the remaining portion of my standing order for that purpose, and I am advised that the distinguished minority leader is prepared to do so, also.

I ask unanimous consent that the time allocated to the two leaders under the standing order, as the same may remain after this discourse, be reserved and that we may be permitted to yield it to other Senators.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I am prepared to proceed to the special orders as previously identified.

The PRESIDENT pro tempore. The Senator from Virginia (Mr. HARRY F. BYRD, JR.) is recognized.

S. 684—CONTROLLING "REGULISM" BY PETITIONING FOR A LEGISLATIVE VETO

Mr. HARRY F. BYRD, JR. Mr. President, I am today introducing a measure to curb what I have come to call "regulism."

I have coined the term to describe contemporary American statecraft, a gray zone between traditional free enterprise and full-blown socialism: a land where regulatory bureaucrats rule by fiat.

As I see it, unless regulism is curbed, the melancholy transit from a relatively free market, with minimal rules to protect the public welfare, to rigid State control will one day be complete.

The pervasiveness of the regulatory burden our citizens unknowingly shoulder is awesome. The estimates of the direct dollar cost of regulation is in the billions per year. Unfortunately, there is no way to calculate the "cost" in terms of the erosion of our individual freedoms.

I am introducing a bill which I believe offers a unique approach to solving some of the problems that result from regulism.

My bill provides for a two-House congressional veto of all final Federal regulations promulgated by the executive branch. Congressional review, however, could only begin upon the petition of 20 percent of the Members of both Houses. It would take the form of a concurrent resolution.

At the end of that review, Congress would decide the fate of the rule by a majority vote.

The rationale for the legislative veto process I have outlined is two-pronged.

First, we need to bring all the rulemaking offices of the Government under the same congressional scrutiny. Legislation over the past several years has provided both general and piecemeal reviews of agency rules. With the passage of the FTC authorization bill in 1980 (in a different format than contemplated here), it became apparent that the majority in Congress demands broadscale review powers.

The second reason for the petition approach is Congress inability to review all the rulemaking by the Federal agencies. Wholesale review would be institutionally impossible without swelling the already heavy workload required of Congress. That could lead to another bureaucracy in Congress to ride herd on executive branch rulemaking. Clearly that would be unacceptable.

We have, then, a conflict between the desire for review power and the ability to make reviews.

My bill accomplishes the goal of general review but limits such reviews only to those final rules that are so onerous that a substantial number of Members are willing to petition for a review.

The approach is admittedly unique. However, because Congress is responsible for the laws from which the rules are drawn, Congress must determine the extent to which it can realistically conduct oversight of agency regulations.

There is a consensus, both in Congress and among the public, that many rules have adverse economic and social effects and frequently go well beyond statutory intent—and the public expects Congress to provide remedies for regulatory excesses.

Remedies can be sought in the courts, but this process is expensive and time consuming, and is available only to a minority of the public.

Such litigation is itself a "cost" which should be added to the total in computing the dollar impact of overregulation.

I have five broad goals in mind with the introduction of this bill. First, all Federal agencies would know in advance of the possibility of congressional review and rejection of specific final rules. I am hopeful that such knowledge would restrain the rulewriters.

Second, the automatic petition format sends a signal throughout the multitudinous agencies of Government that Congress, not the agencies, shall determine public policy goals.

Third, the establishment of a uniform procedure for congressional review lifts the cloud of uncertainty which hangs over all new rules. Thus, the executive branch may carry out its normal rulemaking functions without fear of protracted congressional intervention.

Fourth, I believe that a specific, general and time-constrained congressional review process, begun on the effective date of a final rule, would do much to end costly and time-consuming litigation.

The fifth goal of this bill is to create a standard format for all reviews. I do not believe it makes sense to have innumerable variations on the congressional veto theme. Existing veto mechanisms could be replaced by this simple procedure. This goal, if achieved, would obviate the necessity of continuing court challenges to the congressional veto process.

This bill in no way circumscribes the rights of any party to access to the courts.

Before turning to background and illustrative material, I must state the obvious: There would be no need for congressional reviews or vetoes of regulations were the Congress more exact in its lawmaking. Unfortunately, Congress is reluctant to be more specific and, thus, in its delegation of powers to the executive branch, almost encourages abuses of those powers.

Furthermore, Congress passes entirely too many laws. In 16 years, I have seen no movement away from this institutional disease.

It may be utopian to expect both fewer and better laws. Perhaps in the future, Congress will realize that the best means of preserving the traditional and constitutionally guaranteed liberties of Americans is for Congress to stop trying to do so much, for so many, so often.

In the meantime, we must find a means of reining in the regulators now lest regulism replace representative democracy.

THE FACE OF REGULISM

To recast the definition: regulism is a phenomenon in American public administration which means control over the lives of citizens through regulation. The face of regulism in our society is pervasive, but largely hidden.

It is possible for something as obvious as regulism to be hidden from the public. Yet the magnitude, complexity, and scope of Federal regulations is of such proportions that the public largely ignores them.

Regulism rears its head each working day in the pages of the Federal Register. Only those who daily watch the Register are aware of the extent of the control being exercised over citizens, both consumers and producers. Very few have the time or inclination to assess the impact of the growing body of regulations on the freedom of action of all citizens.

No one can state with certainty the number of Federal agencies with rulemaking power. In 1979, President Carter estimated there were 90 agencies with such authority. The General Accounting Office has said there are about 116 such agencies. The American Enterprise Institute for Public Policy recently put the number no higher than 55.

Whatever the figure, there is little doubt that there has been an inexorable increase in both economic and social regulatory agencies.

If the number of agencies is uncountable, their impact is even less known. Agency rules are often extremely specific and agonizingly technical and apply to relatively small groups of citizens or to relatively small segments of the economy.

We can see the face of regulism in some rules promulgated—either as proposed or final—in the Federal Register of January 16. On that day alone, the

following agencies, numbering 31, published rules:

1. Alcohol, Drug Abuse, and Mental Health Administration,
2. Animal and Plant Health Inspection Service,
3. Architectural and Transportation Barriers Compliance Board,
4. Conservation and Solar Energy Office,
5. Education Department,
6. Employment and Training Administration,
7. Employment Standards Administration,
8. Environmental Protection Agency,
9. Equal Employment Opportunity Commission,
10. Farmers Home Administration,
11. Federal Communications Commission,
12. Federal Contract Compliance Programs Office,
13. Federal Energy Regulatory Commission,
14. Federal Home Loan Bank Board,
15. Federal Housing Commissioner—Office of Assistant Secretary for Housing,
16. Federal Trade Commission,
17. Food and Drug Administration,
18. Food and Nutrition Service,
19. Food Safety and Quality Service,
20. Housing and Urban Development Department,
21. Internal Revenue Service,
22. Interstate Commerce Commission,
23. Justice Department,
24. Labor Department,
25. National Oceanic and Atmospheric Administration,
26. Nuclear Regulatory Commission,
27. Occupational Safety and Health Administration,
28. Personnel Management Office,
29. Rural Electrification Administration,
30. Social Security Administration, and the
31. Wage and Hour Division.

All of that is on 1 day, just 1 day, January 16.

THE OSHA NOISE EXPOSURE RULE

From the above list of agencies, we find the publication of one of the most complex "final rules" ever to come out of the bureaucracy. It is a rule on noise standards in the workplace issued by the Occupational Safety and Health Administration.

OSHA estimates that the new rule would affect 5.2 million workers in 311,000 plants where workers are exposed to high levels of noise above the 85-decibel level. The direct cost of the implementation is expected to be $254 million annually.

While the yearly amount is being spread throughout the chain of production and distribution of goods and services unevenly, we can say with some certitude that the consuming and producing public will pay several times over for compliance with the rule.

The new noise rule itself begins on page 4708 of the January 16 Federal Register. It is 102 pages in length; an estimated 122,000 words, and that is without the charts. Is it any wonder the public is not interested in Federal rulemaking?

Were I to bore the Senate with a recitation of this rule, it would take me 22½ hours to read it at a rate of 90 words per minute.

How can anyone ever understand such a rule as that? Twenty-two and a half hours just to read it at 90 words a minute.

Were I to ask the taxpayers to pay for printing of the rule in the CONGRESSIONAL RECORD, it would cost approximately $35,760 for a 74½ page reprint in the CONGRESSIONAL RECORD, just for this 1 rule.

I shall not call on the taxpayers to foot such a bill.

Of course, I am talking only about the rule itself. There are two companion documents which are an integral part of the promulgation of the rule. The first, "Final Environmental Impact Statement—Noise," is 232 pages in length. The second, "Final Regulatory Analysis of the Hearing Conservation Amendment," is 236 pages in length.

I wonder if anyone ever reads all those pages. I doubt it.

The rule is a result of years of bureaucratic haggling with industries and unions across the country. It was first proposed in October 1974.

According to OSHA, the national health and safety benefit to be derived from implementation is the reduction of a worker's risk of "significant" job-related hearing loss by about 12 percent.

In other words, after years of debate among management, labor, and the Government, and their respective batteries of experts, the expenditure of untold millions of private and public dollars on studies, evaluations, legal fees, appearances, testimony, travel, surveys and the like, an estimated 5.2 million workers will have 88 percent as great a chance of suffering a "significant" job-related hearing loss as they would have had without implementation of the rule.

I believe it is fair to ask if the product (rule) of OSHA is worth the cost. Let me be quite specific on one point: I wholeheartedly agree with the necessity for making workplaces safer and healthier. But it is legitimate to question whether this should occur as a result of a regulation that is the product of political maneuvering.

And, try as we might, we cannot achieve a risk-free world through regulation, no matter how comprehensive.

THE CHADHA DECISION AND LEGISLATIVE VETOES

At this point, I must briefly discuss the most recent judicial statement on the subject of legislative vetoes: Jagdish Rai Chadha against Immigration and Naturalization Service, decided December 22, 1980.

While not an attorney, I concur with some legal observers that the decision was relatively narrow and only slightly touched the general issue of congressional vetoes. The Chadha decision arose from a dispute—years ago—as a result of a one-House veto of a quasi-judicial decision.

Most legislative vetoes involve Government rules and regulations, and not judicial or quasi-judicial decisions.

The U.S. Court of Appeals for the Ninth Circuit did call into question the constitutionality of the one-House veto. With reference to the legislation I have introduced today, that issue is moot. Furthermore, my bill deals specifically with "final rules" of regulatory agencies.

Historically speaking, since 1932 there have been 186 acts of Congress containing 263 separate provisions giving the Congress direct review powers. Of that number, substantially more than half have been enacted since 1970.

In 1980 alone, at least 13 acts with a total of 33 veto provisions were passed.

According to the Congressional Research Service, in its review of the Chadha decision and other court cases relative to the congressional veto question—

> The *Chadha* decision still leaves the general question of the constitutionality of the legislative veto unsettled.

The Service concluded its analysis thus:

> In the end . . . the quest for a definitive judicial resolution in this area may be akin to the search for the Holy Grail. Simply the enormous number and variety of legislative veto mechanisms coupled with the equally varied statutory contexts in which they appear, seems to militate against a single-definitive ruling. More likely, *Atkins* and *Chadha* represent the beginning of an extended case-by-case, situation-by-situation treatment, a process of selection out tempered by the already apparent judicial realization that the issue is not a wholly legal one.

PRESIDENT REAGAN AND REGULISM

The new administration is keenly aware of the implications of regulism although it has not used the exact term. The President has moved dramatically to put regulism on the "most wanted" list. I applaud the initiatives from the White House and intend to support the President in the quest to bring the Federal regulatory monster to heel.

The President's January 29 memorandum to departmental secretaries—in which he postponed final and proposed regulations for 60 days—as a necessary first step toward bringing regulatory abuses under control.

The administration followed up with a second step with the creation on February 17 of the Regulatory Relief Task Force, to be chaired by the Vice President.

The new administration's actions give reason for hope that future rules emanating from the executive branch will more nearly accomplish the difficult, dual goal of implementing law without imposing unreasonable burdens on individuals and businesses.

But even new rules under this more realistic regulatory mandate may prove too burdensome. In that instance, the congressional review process I have suggested would be necessary.

I believe my bill is complementary to the thrust of President Reagan's goal of reducing over-regulation.

As the President emphasized in his February 18 speech to the Nation, the Congress and the executive branch must work together to bring about regulatory relief and reform. Indeed, thwarting regulism will take dedicated cooperation between the two branches of Government. It is time for such an era in Washington.

Mr. President, at this point I send to the desk a bill and ask that it be appropriately referred.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

Mr. HARRY F. BYRD, JR. Mr. Presi-

dent, I ask unanimous consent to have the text of the bill printed in the RECORD.

There being no objection the bill was ordered to be printed in the RECORD, as follows:

S. 684

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rules Review Act of 1981".

SEC. 2. (a) Subchapter II of chapter 5 of title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 560. Congressional review of agency rules

"(a)(1)(A) Except as provided in paragraph (2), the head of each agency shall, on the date on which the agency proposes a final rule, (i) publish such rule in the Federal Register with a full and complete explanation of such rule, and (ii) transmit a copy of such rule and explanation to the Secretary of the Senate and the Clerk of the House of Representatives. Any rule published under this paragraph may become effective after 30 days of continuous session of Congress after the date of publication of such rule, unless, within such 30-day period, a petition with the signatures of at least 20 Senators or 87 Members of the House of Representatives is filed with either the President pro tempore of the Senate or the Speaker of the House of Representatives, as the case may be, stating that the Senate or the House of Representatives, as the case may be, intends to review such rule.

"(B) Any rule for which a petition is filed under this paragraph may become effective after 60 days of continuous session of Congress after the date on which the petition is filed unless, within such 60-day period, the Congress has adopted a resolution of disapproval concerning such rule.

"(2)(A) The provisions of paragraph (1) shall not apply to any rule if the President—

"(i) makes a written certification with respect to such rule that the national defense, foreign policy, or emergency circumstances require that such rule becomes effective prior to the expiration of the 30-day period described in paragraph (1);

"(ii) publishes such rule, a full and complete explanation thereof, and his certification with respect to the rule in the Federal Register on the date such rule is to become effective; and

"(iii) transmits such rule, explanation, and certification to the Secretary of the Senate and the Clerk of the House of Representatives on the date such rule is to become effective.

"(B) Any rule which becomes effective under subparagraph (A) shall cease to be effective, if within 30 days of continuous session of Congress after the date on which such rule is published in the Federal Register—

"(i) a petition with the signatures of at least 20 Senators or 87 Members of the House of Representatives, as the case may be, is filed with the President pro tempore of the Senate or the Speaker of the House of Representatives, stating that the Senate or the House of Representatives, as the case may be, intends to review such rule; and

"(ii) within 60 days of continuous session of Congress after the filing of such petition, the Congress adopts a resolution of disapproval concerning such rule.

"(b) On the day on which such a petition is filed with respect to a rule under subsection (a), the rule, the explanation concerning the rule submitted under such subsection, and, in the case of a rule to which subsection (a)(2) applies, the certification of the President with respect to the rule, shall be referred to each appropriate committee of the Senate or the House of Representatives, as the case may be, having legislative jurisdiction or oversight responsibility with respect to the subject matter of the rule.

"(c)(1) Within 30 days of continuous session of Congress after the day on which a rule was referred to a committee under subsection (b), each committee of the Senate or the House of Representatives, as the case may be, to which a rule was referred shall report to its respective House a resolution of disapproval concerning such rule. If a committee to which a rule has been referred has not reported a resolution of disapproval with respect to such rule within 35 days of continuous session of Congress after the date on which such rule was referred, it is in order to move to discharge the committee from further consideration of the rule.

"(2) Any such motion to discharge must be made by an individual favoring the resolution of disapproval and must be supported by one-fifth of the Members of the House of Congress involved (a quorum being present), and is privileged in the Senate and highly privileged in the House of Representatives (except that it may not be made after a resolution of disapproval has been reported with respect to the same rule); and debate thereon shall be limited to not more than one hour, the time to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees, and to be divided in the House of Representatives equally between those favoring and those opposing the resolution. An amendment to the motion is not in order and it is not in order to reconsider the vote by which the motion is agreed to or disagreed to.

"(d)(1) Except as provided in paragraph (2), when a committee of the Senate or the House of Representatives has reported or has been discharged from further consideration of a resolution of disapproval, it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion shall be privileged in the Senate and highly privileged in the House of Representatives, and is not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to. If a motion to proceed to the consideration of a resolution of disapproval is agreed to, the resolution of disapproval shall remain the unfinished business of the respective House until disposed of.

"(2) If, within 5 days of continuous session of Congress after the date on which a committee of the Senate or the House of Representatives has reported or has been discharged from further consideration of a resolution of disapproval pursuant to subsection (c), the Senate or the House of Representatives, as the case may be, has not proceeded to the consideration of such resolution, such resolution shall become the pending business of the respective House and shall remain the unfinished business of the respective House until disposed of.

"(e)(1) Debate on a resolution of disapproval, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 6 hours, which shall be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees, and which shall be divided equally in the House of Representatives between individuals favoring and individuals opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to shall not be in order.

"(2) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to a reorganization plan shall be decided without debate.

"(f) If prior to the passage by one House of a resolution of disapproval of that House, that House receives a resolution of disapproval from the other House, it shall not be in order in that House, notwithstanding any other provision of law or of the Standing Rules of the Senate or the Rules of the House of Representatives, to move to proceed to the consideration of such resolution unless a petition with the signatures of at least 20 Senators or at least 87 Members of the House of Representatives, as the case may be, to make such a motion has been filed with the President pro tempore of the Senate or the Speaker of the House of Representatives, as the case may be. If a motion to proceed to the consideration of such resolution is agreed to, such resolution shall remain the unfinished business of the respective House until disposed of and subsection (e) shall apply to the consideration of such resolution.

"(g) For purposes of this section—

"(1) continuity of session is broken only by an adjournment sine die; and

"(2) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of calendar days of continuous session.

"(h) For purposes of this section, the term 'resolution of disapproval' means a concurrent resolution of either House of the Congress, the matter after the resolving clause of which is as follows: 'That the Congress disapproves the final rule proposed by the dealing with the matter of , which rule was transmitted to the Congress on .', the first blank being filled with the name of the agency proposing the rule, the second blank being filled with the title of the rule and such further description as may be necessary to identify it, and the third blank being filled with the date of transmittal of the rule to the Congress.

"(i) The provisions of subsections (b)(2), (c), (d), (e), (f), (g), and (h) are enacted by the Congress—

"(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House respectively, but are applicable only with respect to the procedure to be followed in that House in the case of resolutions of disapproval; and they supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in any manner and to the same extent as in any other rule of that House.".

(b) The table of sections for such chapter is amended by inserting after the item relating to section 559 the following new item:

"560. Congressional review of agency rules.".

RECOGNITION OF SENATOR HEFLIN

The PRESIDING OFFICER. The Senator from Alabama (Mr. HEFLIN) is recognized.

S. 685—NATIONAL LASER INSTITUTE ACT

Mr. HEFLIN. Mr. President, I am today reintroducing a bill I put in late last session which would mandate the establishment of a National Laser Institute. The purpose of this bill is to

establish a mechanism to improve the coordination of the Federal efforts in laser research and technology development in order to accelerate the development and utilization of laser technology for the benefit of the Nation and of mankind.

This bill generated a good deal of comment in the national press and received considerable comment and support both in the Senate and out. At the urging of a number of Senators, I have broadened the scope of the measure so that it now encompasses particle beam devices.

Mr. President, during December of 1979 and January of 1980, I had the privilege, along with Senator SCHMITT, of chairing several days of hearings on the emerging and exciting laser technology. The committee report summarizing the findings and recommendations growing out of these hearings is now available and has been distributed to each Senator's office. I strongly recommend that each Senator thoughtfully examine this report, for I am thoroughly convinced that the invention and development of the laser is an event which will someday rank in importance along with some of the fundamental inventions of mankind, such as the invention of the wheel, internal combustion engine, television, electronic computer, heavier-than-air flight, air-conditioning, and nuclear energy.

While much has been done to nurture this infant technology during the first 20 years of its existence, a recurring theme developed during the laser hearings and is well documented in the report I mentioned above. To date, laser research and development has been highly compartmentalized with a number of Federal agencies and civilian institutions working more or less independently, each within its own sphere of interest and influence. For example, the research and development effort on this technology has been fragmented with responsibilities for various programs resting with the National Aeronautics and Space Administration, the Department of Energy, the Department of Defense, as well as other agencies. Even within the Department of Defense, the high-energy laser effort is spread among four separate organizations—the Defense Advanced Research Projects Agency, the Department of the Air Force, the Department of the Navy, and the Department of the Army.

While there is a degree of coordination among the programs under the aegis of the Department of the Defense, each program is directed toward technology objectives of primary and unique interest to the sponsoring organization or service. The individual funding levels, even within the Department of Defense, do not permit the accumulation of the critical mass funding necessary to facilitate program development. Thus, the hearings found that there is a compelling need to revise the DOD high-energy laser research and development planning and funding to achieve a balance between technology development and weapon system development. It is, therefore, recommended that the achievement of this objective could be enhanced by the Secretary of Defense's designating an office in the Office of the Deputy Under Secretary for Research and Engineering to manage and direct the overall DOD high-energy laser program. But, this is only part of the program since, as mentioned, the total national effort is fragmented just as the DOD effort is fragmented.

Coordination among the Federal departments and agencies is generally weak, and much of the coordination which does exist stems from the professional relationships among the senior managers and researchers, rather than from institutional relationships. The Federal program structure stresses achievement of differentiated departmental, rather than national, missions and goals. Thus one of the major findings of the hearings documented by the committee report is that there is a need to improve the coordination of the high-power laser programs among the various departments and agencies of the Federal Government.

This improved coordination will increase the effectiveness of the separate departmental and agency laser programs and thus increase the efficiency and effectiveness of the overall Federal effort. It is, therefore, strongly recommended that an institutional mechanism be established to improve this coordination. That, Mr. President, is what the National Laser Institute, which would be created by the bill I offer today, would accomplish.

Although the hearings Senator SCHMITT and I chaired were investigating the state of the art and potential of lasers, we did hear some testimony concerning particle beams technology. Moreover, discussion with members of the Armed Services Committee and others have convinced me that particle beam devices should be brought under a common umbrella with lasers, since often these programs have the same ultimate goal and certainly compete for funds.

Mr. President, my bill would create in the executive branch of the Federal Government a National Laser Institute to coordinate the national laser research and development effort, as well as the particle beam research and development effort. The Institute would be comprised of key Government officials, such as the Secretary of Defense, the Secretary of Energy, the Administrator of NASA, the Director of the National Science Foundation, and the Director of the Office of Science and Technology Policy, and other recognized leaders of the scientific, business, academic, and governmental community who would be appointed by the President and by the Congress. The Institute would be supported by a small, but competent, full-time staff and would be required to meet at least two times each year and would be mandated to study laser and particle beam research and technology applications for future civilian and national security uses; to make recommendations, including recommendations for legislation, to the Congress and to the President regarding implementation of the findings of the Institute; and to make recommendations to the Congress and the President regarding coordination of the efforts of the departments and agencies of the Federal Government with respect to laser and particle beam technology, including cooperative programs and exchange of information, manpower, and facility resources.

The institute will be required to prepare and submit to the President and the key committees in the House and Senate an annual report regarding its activities under the act. The institute members and employees would have access to such classified or nonclassified information as is necessary for them to carry out their responsibilities of an overall umbrella agency under the act.

Mr. President, the approach I am advocating here today is certainly not without precedent. When World War I broke out in 1914, the United States was last on the list of world powers equipped with military aircraft, running a poor fifth behind France, Germany, Russia, and Great Britain. But, not only the tangible evidence of aeronautical progress was lacking, there were few aeronautical research laboratories and facilities in this country, whereas the above-mentioned nations already had well-equipped and well-staffed research facilities. Italy and Russia had aeronautical laboratories long before the United States took the step. A survey by the Smithsonian Institution resulted in a report which showed clearly the dangerous gap between the state of aeronautical technology in Europe and in the United States. The result of the national concern which mounted over this problem was the establishment of the National Advisory Committee for Aeronautics which was charged with the duty of supervising and directing the scientific study of the problems of flight, with a view toward practical solutions. The first committee appointments were made by President Woodrow Wilson on April 2, 1915, and the committee began its work by April 23 of that year. This forerunner of the National Aeronautics and Space Administration proved to be one of the most successful approaches to solving practical problems ever devised by this Congress. Within a few short years, the United States was able to assume the lead in aeronautical science and continues to this day to be the technological leader in air and space applied sciences, primarily because of the foresight displayed by the Members of Congress and the scientific community in those early years of aviation. Similarly, if this Congress will draw upon the precedence provided by that Congress so many years ago and establish this National Laser Institute, I am confident that 50 or 75 years from now, Americans will look back with pride to the beginnings of the effort which made us preeminent in the advancement of laser technology.

Mr. President, I ask unanimous consent that my bill be printed in its entirety at the close of these remarks so that the Members can examine it in detail at their convenience.

Mr. President, I will not today dwell on the many potential civilian peacetime applications of laser technology, nor on the many potential defense applications of this new science. These

various applications are well documented in the hearing record and are, of course, summarized in the committee report I mentioned above. I would, however, like to highlight a few of these applications to put the need for this legislation in the proper perspective.

Since the initial discovery of the laser in 1960, practical applications of laser technology have already proved to be of great benefit in manufacturing, retailing, medicine, and advanced communication fields. However, the potential for laser application in space exploration and in the crucial areas of national defense and energy production has yet to be realized. And this potential, in my judgment, makes laser technology the most exciting and important scientific field of research for the remainder of the century. I am not exaggerating when I say that the future of this Nation, especially in defense and energy, is inextricably tied to the full development and exploitation of laser technology.

During the laser hearings, I listened to numerous scientific experts testify that many of our Nation's problems could—and I feel certain will—be solved through laser applications. Let me briefly outline a few examples of the potentials of laser application.

First, there is a great potential for lasers to be used in the production of electricity through clean and safe nuclear fusion—as opposed to the current method of nuclear fission. This application of laser technology can provide our Nation with an inexhaustible supply of cheap and clean electric power without the dangers of nuclear reactor accidents or the problems caused by radioactive nuclear wastes.

With respect to defense applications, a very large number of Senators are already on record as supporting a space based laser weapons system which could potentially provide an umbrella protecting our Nation from enemy missile-delivered nuclear weapons systems, whether launched from underground land-based silos or from submarines lurking near our shores. I expect that during this session of Congress we will be asked to channel funds into just such a program.

Unless, however, the actions I am recommending today are taken, it is possible that we will not begin to achieve these very complicated and complex systems during this decade, and perhaps not even during this century. High-energy lasers which offer the potential for directed energy weapons in which hostile targets are disabled or killed by the energy of the laser beam require three stressing technology components: Very high power laser devices; precision mirrors/optics, and precise pointing and tracking devices. These weapons systems also would require sophisticated fire control and technology for battle management. A less than fully coordinated national effort to advance these various technology components, in my judgment, would be doomed to failure or at least to delays which could prove decisive.

The issue of how to proceed on the development of a space-based laser system really epitomizes the need to establish this National Laser Institute as a clearing house on laser information. There is within the scientific community a wide divergence of opinion about how and when such a system could be developed, and also as to how expensive such a system might be. The institute I propose could be used as the focal point to bring together these divergent views on this important technology to make sure that the proponents of various approaches have their day in court and to make sure that the program which best suits our national interests is pursued. While I will leave to the scientists the technological problems involved in this potential program, I feel that to delay taking the steps necessary to at least make the commitment to do something could, as I mentioned above, prove to be decisive.

The reason I feel that delay may become a decisive factor is that much has been written lately about the Soviet Union's extensive research and development of laser weapon systems. It is generally believed that the Russians are spending at least five times as much as we are on their laser program each year. In my judgment, we cannot afford to fall behind the Soviet Union in this critical area.

Lastly, there is a great potential for laser application in space exploration which must be fully developed by the National Aeronautics and Space Administration. Laser propulsion is within our reach if we will but only agressively pursue it.

The almost unlimited potential for laser applications is not seriously questioned. While private industry is engaged in the research and development of laser technology, there is little doubt but that the Federal Government must be the leader. The program is so vast and so important that just as the Federal Government has taken the lead in the space program and established as a national commitment the placing of a man on the Moon, thus the Federal Government must take the lead in developing this new technology. Federal funding for laser research—and the Federal Government is the principal sponsor of high-energy laser R. & D.—exceeded $400 million last year. This amount was shared almost equally by the Departments of Energy and Defense, with a small amount expended by NASA. This relatively small amount of money being expended in such a critical field places us at a terrible disadvantage with the Soviet Union, which is expending massive amounts of money—as I mentioned earlier, more than five times our expenditures—on the development of laser technology.

The United States cannot afford not to make an all-out American effort in laser and particle beam research and development.

Because a record has already been made in previous hearings during the last Congress as to the efficacy and importance of this legislation, I would hope that this measure could be expeditiously moved forward to become law. I urge every Member of this body to examine this proposal seriously and thoughtfully. I think that each of you will agree with my conclusion and rally behind this most worthwhile effort.

Mr. President, I shall ask unanimous consent that my bill be printed in its entirety at the close of these remarks so that Members may examine it in detail at their convenience.

Mr. President, when I use the word "laser" I am referring to an acronym which means light amplification by stimulated emissions of radiation.

The basic idea of laser is the containment into a very narrow beam or a broader beam, as may be necessary, of light, and using light in its amplification by emitting energy through it.

There are great potentials in the use of laser. Laser is being used today as a surgical scalpel to remove cataracts from the human eye. They feel today that laser can be used to treat teeth in order to eliminate the potential of cavities occurring in our teeth.

Military applications are really astounding according to the scientists, and there are many scientists in this field who say it has great potential.

One type of military application they say which is entirely possible is that a laser beam or a particle beam could be fired in the United States and within a few seconds it could destroy an intercontinental ballistic missile a few hundred feet above a launch pad after that missile might be fired in Russia.

Other potential applications of laser include nuclear fusion. It is considered to be one of the best methods of inducing nuclear fusion today, and all of us know the benefits of nuclear fusion as compared to nuclear fission.

It is also predicted that some day we might have laser transmit electricity that a powerplant could be built on a South Pacific island and within a matter of a few seconds electricity could be delivered to Washington, D.C.

I mention these as some of the potential applications.

Today in the scientific community there are several schools of thought. One school of thought is that laser can be developed in the next 5 to 10 years. They are very conscientious in the belief and they can support that position by scientific data.

On the other hand, there is a more conservative scientific community that say that laser cannot be developed for 15 or 20 years. They are divided in this. We do not know the answer. A National Laser Institute could cause a decision to be made as to which scientific community is correct.

Our hearings reflected that Russia is spending at least five times what the United States is on laser research and development. According to many military experts, they are several years, 5 years at least, ahead of the United States in laser development.

I hope it is not necessary that some astounding event, such as a destruction of a satellite by a laser weapon by the Russians, has to accelerate the United States into activity in regard to this.

I think the creation of a National Laser Institute will bring together the leaders of the scientific community along with our military leaders, our energy leaders, and our space leaders.

Let me mention one other possibility of a laser application—and there are scientists that say that this is possible—

that through the use of laser as a medium of propulsion some day we may be able to travel in spacecraft at a speed approaching the speed of light, which is 186,000 miles per second. It has great potential.

I hope that we at this time recognize the potential of laser, recognize the compartmentalized and fragmented approach toward laser development, and recognize the legitimate differences in the scientific community in regard to its future development.

I think a National Laser Institute is the answer to a solution to these problems, and I hope that we will adopt my legislation which would create such an institute.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 685

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Laser Intute Act."

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that—

(1) directed energy physics, including laser and particle beam technology is among the most important technologies of this century, ranking in significance with nuclear fission and integrated circuits;

(2) low-power laser systems already have produced large improvements in military capability, with further improvements expected;

(3) directed energy technology has the potential to benefit the United States in many important areas including national security, energy production, space activities, communications, and photochemistry;

(4) high-energy laser and particle beam systems have the potential to significantly alter existent military strategy, doctrine, and tactics, and thus cause a dramatic shift in the relationships of the superpowers;

(5) federally sponsored directed energy research has not been fully coordinated, and the lack of coordination has detracted from the Nation's ability to achieve important directed energy applications at the earliest time;

(6) achievement of directed energy applications can be accelerated through cooperative and coordinated efforts of departments and agencies of the Federal Government; and

(7) the diverse areas to which directed energy technology can make extremely important contributions, require that the Congress participate in charting the Nation's course in the development and use of high-energy laser and particle beam technology for the benefit of mankind.

(b) The purpose of this Act is to establish a mechanism to improve the coordination of, and to increase, Federal efforts in directed energy research and technology development, in order to accelerate the development and use of laser and particle beam technology for the benefit of the Nation and mankind.

ESTABLISHMENT OF INSTITUTE

SEC. 3. (a) There is created in the executive branch of the Federal Government a National Laser Institute (hereafter cited as the "Institute"). The Institute shall be composed of thirteen members as follows:

(1) The Secretary of Defense.

(2) The Secretary of Energy.

(3) The Administrator of the National Aeronautics and Space Administration.

(4) The Director of the National Science Foundation.

(5) The Director of the Office of Science and Technology Policy.

(6) Two individuals shall be appointed by the President from industries involved in direct energy technology, selected from among individuals in such industries who are knowledgeable and possess expertise in laser and particle beam technology and laser and particle beam research and development.

(7) Two individuals shall be appointed by the President from the academic profession, selected from among individuals who are knowledgeable and possess expertise in laser and particle beam technology and laser and particle beam research and development.

(8) Two members shall be selected by the President from a list of names to be submitted to the President by the President Pro Tempore of the Senate, upon the recommendation of the Majority Leader and the Minority Leader.

(9) Two members shall be selected by the President from a list of names to be submitted to the President by the Speaker of the House of Representatives.

Not more than five of the individuals appointed pursuant to paragraphs (6) through (9) of this subsection may be members of the same political party.

(b) The President shall designate one of the members of the Institute as Chairman at the time of his appointment. Any vacancy in the Institute shall be filled in the same manner as the original appointment, including the party affiliation limitations contained in subsection (a) of this section.

(c) The Institute shall hold such meetings as are necessary for carrying out its responsibilities under this Act. The Institute shall meet at the request of the Chairman or upon the request of a majority of its members, but in no event shall the Institute meet less frequently than two times within each calendar year.

(d)(1) There shall be a full-time staff director for the Institute who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) Within the limit of its appropriations, the Institute may—

(A) appoint and fix the compensation of such other personnel as may be necessary;

(B) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed the rate prescribed for GS–18 in the General Schedule under section 5332 of title 5, United States Code; and

(C) accept and use the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of tile 5, United States Code.

(e) Members of the Institute who are otherwise employed by the Federal Government shall serve without compensation. Members of the Institute who are not employees of the Federal Government shall receive compensation at a rate equal to the daily rate prescribed for positions in level V of the Executive Schedule under section 5316 of title 5, United States Code, including traveltime for each day they are engaged in the performance of their duties as members of the Institute during which they are engaged in the actual performance of duties vested in the Institute. While away from their homes or regular places of business in the performance of services for the Institute, members of the Institute shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Federal Government service are allowed expenses under section 5703 of title 5, United States Code.

(f) Section 5316 of title 5, United States Code, is amended by inserting at the end thereof the following: "Director, National Laser Institute.".

FUNCTIONS OF THE INSTITUTE

SEC. 4. (a) The Institute shall—

(1) study laser and particle beam research and technology applications for future civilian and national security uses;

(2) make recommendations, including recommendations for legislation, to the Congress and the President regarding implementation of the findings of the Institute made pursuant to paragraph (1) of this section; and

(3) make recommendations to the Congress and the President regarding coordination of the efforts of the departments and agencies of the Federal Government with respect to laser and particle beam technology, including cooperative programs and exchange of information, manpower, and facilities resources.

(b) The Institute may make specific recommendations pursuant to its authority under subsection (a) of this section as necessary, or upon the request of the President, the Congress, or the head of any department or agency of the Federal Government.

ACCESS TO INFORMATION

SEC. 5. (a) The members and employees of the Institute shall have access to such classified or nonclassified information as is necessary for carrying out their responsibilities under this Act. Access to such information shall be subject to the procedures for security clearance established and in effect by departments and agencies of the Federal Government. Nothing in this subsection shall be construed as waiving any requirement or sanction, criminal or civil, with respect to disclosure of classified information by any person.

(b) In order to assist the Institute in carrying out its responsibilities under this Act each department and agency of the Federal Government shall, upon request of the Chairman of the Institute, provide access to such information and materials as is requested in accordance with the provisions of subsection (a) of this section.

ANNUAL REPORT

SEC. 6. (a) The Institute shall prepare and submit—

(1) to the President;

(2) to the Committee on Armed Services, the Committee on Commerce, Science and Transportation, and the Committee on Energy and Natural Resources of the Senate; and

(3) to the Committee on Armed Services, the Committee on Science and Technology, and the Committee on Interior and Insular Affairs of the House of Representatives;

an annual report regarding its activities under this Act, together with such recommendations for legislation, budgets, and program content or other action as the Institute determines to be necessary or desirable in order to carry out the objectives of this Act.

(b) Notwithstanding any other provision of law, any information which is designated as classified and is transmitted to the Congress in accordance with the provisions of subsection (a) of this section shall be treated by recipients of such information as classified information, and not released to any source except in accordance with any law, rule or regulation applicable to or promulgated by the source of such information.

AUTHORIZATION OF APPROPRIATIONS

SEC. 7. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

TERMINATION

SEC. 8. The provisions of this Act shall terminate five years after the date of enactment of this Act.

Mr. MATSUNAGA. Mr. President, I am happy to join the distinguished Senator from Alabama (Mr. HEFLIN) in introducing the National Laser Institute Act. An overall coordinating agency is very much needed to expedite the development of this relatively recently discovered technology.

As one of the strongest advocates of solar energy in the Congress I support this bill to enable our country to move ahead as quickly as possible on the development of nuclear fusion. The Sun derives its energy through the process called nuclear fusion, and mankind has unleashed this genie in a devastating fashion we know as the hydrogen bomb.

However, specialists tell me that we can control the fury of the explosion in two ways, magnetic confinement and inertial confinement. In the former case, a magnetic bottle is used requiring a temperature of 100 million degrees inside the bottle and minus 450° F. on the outside. The inconceivably hot temperatures are beyond my imagination, but our less than Hawaii-like weather of the past month we have had in Washington makes me appreciate and relate very well to minus 450°.

The Congress last year passed the Fusion Energy Research, Development, and Demonstration Act, which was specifically written to accelerate the commercialization of the magnetic concept. Unfortunately, the inertial confinement concept, or laser fusion, was left out, and this measure will serve to rectify this oversight.

When the United States first exploded the H-bomb on the Pacific island of Enewetak in 1952, the notion of the laser, which is the acronym for light amplification by the stimulated emission of radiation, was merely a theoretical toy in the minds of our scientists, fully a decade away from discovery. Thus, although magnetic fusion has had nearly 30 years of development, laser fusion has only gained full credibility during the past decade.

However, Mr. President, tremendous strides have been made in this short period. I visited the SHIVA laser system at the Lawrence Livermore National Laboratory last year and came away greatly impressed. This awesome experiment in one short duration pulse produces the electrical power equivalent generated in the entire United States.

Yet, laser fusion has a long way to go before being able to supply electricity to the utility grid network and deserves our early assistance. For one thing, the specific laser to eventually produce the needed reliable long-term power has not yet been invented. Second, there is the danger that the budgetary crunch will create delays today that will seriously hurt us tomorrow. We paid more than $70 billion for imported oil last year and will pay even more this year. It is today that we must prepare for tomorrow, and laser fusion, in some circles, has been identified as the most promising of our long-term options.

Mr. President, I believe this bill will serve to bring together in the best possible manner the capabilities of our scientific and industrial communities, enabling our Nation to move ahead in the development of what could be the key to resolving our energy problem. I urge my colleagues to join us in cosponsoring this necessary and timely measure to establish a National Laser Institute.

CONSOLIDATION OF UNDERGRADUATE HELICOPTER PILOT TRAINING

Mr. HEFLIN. Mr. President, I want to speak for a few minutes today about an economy move which has been identified and suggested by the Department of Defense for a number of years—the consolidation of undergraduate helicopter training. For several years now the Defense Department, spurred initially by a directive from this Congress, has been trying to consolidate undergraduate helicopter pilot training at Fort Rucker, Ala., in order to save the taxpayers of this country tens and perhaps hundreds of millions of dollars. Presently, Mr. President, all of the Army and Air Force undergraduate helicopter training takes place at Fort Rucker, Ala., while Navy undergraduate helicopter pilot training takes place at Whiting Field at Pensicola, Fla.

I would like to stress at this time Mr. President, that this is not an idea which was dreamed up by me or any other member of the Alabama congressional delegation. This was a program that was initially suggested by the Congress and which has been attempted by the two previous administrations, one Republican and one Democratic. I admit a parochial interest in this matter since the consolidated training would take place in my home State, but the overriding motivation for my stance on this issue is that I have been persuaded by experts in the Defense Department, both Army, Navy, and Marine that we can produce better trained pilots at a lower cost by effecting this proposed consolidation.

Mr. President, a factsheet supplied to me by the Department of Defense when the initial fiscal year 1982 budget came out with consolidation once again proposed, indicated that a potential savings of as much as $196 million over the next 5 years could be realized if this consolidation were effected. The fact sheet went on to indicate that even if the Navy were allowed to proceed with the procurement of a certain training aircraft which they need to operate their program at Whiting Field, the savings could be as much as $100 million over the 5-year period. Mr. President, these are not numbers that I am manufacturing or pulling out of the air. These are numbers that have been supplied to me by the Department of Defense.

However, Mr. President, subsequent to the release of the initial fiscal year 1982 budget some question was raised concerning the capacity of Fort Rucker to absorb the increased undergraduate pilot load if consolidation were to go forward. In order to get the facts concerning the alleged capacity problem and to get a better handle on the documented savings which could be expected if consolidation were to occur, I wrote a letter to the present Secretary of Defense asking that a study be initiated which would address both the capacity of Fort Rucker to absorb the Navy training pilot load and also to verify the estimated savings which would result. It is my understanding that such a study was ordered, although I have not received a formal reply from the Secretary of Defense with respect to my request.

Officials at Ft. Rucker have informed me that the Defense Audit Service, an independent auditing arm of the Department of Defense would be conducting the study and that they were prepared to cooperate with the Defense Audit Service in any way.

Nevertheless Mr. President, I was concerned about the alleged capacity problem because when the consolidation issue had been before the Congress in 1979, it appeared then that the Army could handle its projected increased pilot load and still be able to absorb the Navy pilot load with only a minor amount of additional military construction at Ft. Rucker. In order to get a better idea of the current state of facts, I sent a member of my staff to meet with the officials at Ft. Rucker to get a first-hand assessment of the problems which might be encountered and the factors which might limit Ft. Rucker's ability to absorb the Navy training load.

It has been reported to me, Mr. President, as a result of this staff visit that officials at Ft. Rucker have explored four options under which they could absorb the increased load due to consolidation. Two of the options have a great deal of promise and should be explored thoroughly by the study commissioned by the Department of Defense. One of these options would be for consolidation to take place while Ft. Rucker continues to perform its mission just as it is performing its mission right now, with no change other than the new Navy mission. Under this option the officials at Ft. Rucker estimate that they would need about $8.8 million in military construction funds in order to make space available to absorb the Navy training load. Their best estimate of what would be required is that they would need to complete a four-lane stage field, add 12 50-man classrooms and 17 briefing rooms as well as several other smaller projects. Under this option, Mr. President, it is indicated that by spending about $8.8 million, Ft. Rucker could absorb the Navy training load and save, again according to figures supplied to me by the Department of Defense, $196 million. Surely on the face of it, it would appear to be a cost effective move. Under this option there may be a problem with air space but is a problem which can also be solved.

A second option which is being considered by the officials at Ft. Rucker examined the shifting of some of the advanced helicopter training to bases located some distance away from Ft. Rucker. but still close enough to be supported from the Ft. Rucker complex. Under that option, because additional facilities would be freed up for use by the Navy, the construction costs dropped to somewhere in the neighborhood of $4.4

million. Again Mr. President, this is a $4.4 million investment in order to reap the savings of $196 million. Under this option, some additional funds might be required in order to facilitate the advanced training at some other base, but these numbers have not been identified. Surely the expenditures would not get so great as to render this option unacceptable.

What these facts and figures show, Mr. President, is that indeed, Fort Rucker does have the capacity to absorb the Navy training load with only relatively minor adjustments and expenditures. Certainly there are problems associated with any realinement of bases, but the indications are that these problems can be overcome and that the cost of overcoming the problems is quite small compared to the potential savings which can be realized.

In my judgment, Mr. President, the Department of Defense needs to proceed quickly with the study and assessment that I have requested so that these apparent economies and efficiencies can be verified. For this reason Mr. President, I am going to contact the Secretary of Defense once again to ask that the study concerning the capacity and the predicted savings be expedited so that the Congress will have the information available to it to make an informed decision—a decision that I think can only be to move forward with the consolidation of undergraduate helicopter pilot training at Fort Rucker, Ala.

S. 686—TAX DEDUCTION FOR LEGAL EXPENSES

Mr. HEFLIN. Mr. President, in the last several years, as inflation has impacted on everything from food to shelter, I have become increasingly aware that the American middle-class taxpayer, some 140 million strong, does not have effective access to legal help. I believe that the major reason why so many people fail to make use of an attorney is the cost of legal assistance. Many of those frightened off by the perceived high cost of legal help often will turn to other sources of aid to avoid the costs. Some resort to legal aid bureaus only to find that they do not qualify for assistance. Other sources are consumer complaint units of the State's attorney's office or the Attorney General's office. These usually have limited jurisdiction to resolve legal problems which are outside the scope of criminal prosecution. Sometimes they resort to self-help efforts, which often turn out to be more costly in the long run, as in the case of a contract or will which is later litigated with disastrous results.

From the observation of the great numbers of persons who seek legal advice and assistance for noncriminal problems, it can be seen that people want—and need—expert help in resolving legal difficulties. They are, however, often neither able nor willing to pay the high costs of retaining counsel. Clearly, there is a tremendous need for competent counsel that the middle class can afford. While we can not reduce the legal fees directly, we can and should take steps to soften the impact on the average middle-class taxpayer.

One approach is through group insurance programs, similar to medical group insurance. In the case of United Transportation Union against State Bar Association of Michigan, the Supreme Court of the United States gave its approval to such plans stating:

> The common thread running through our decisions in N.A.A.C.P. v. Button, Trainmen, and United Mine Workers is that collective activity to obtain meaningful access to the courts is a fundamental right within the protection of the first amendment. However, the right would be a hollow promise if courts could deny associations of workers or others the means of enabling their members to meet the costs of legal representation.

These decisions furnished the catalyst that spurred the development of the group legal services movement. As a result, several such plans have been established across the country. However, these plans are still in their infancy, and a major problem is the underutilization of services by plan members.

Mr. President, in my judgment, the legal profession, and the Congress face the responsibility of finding a more workable means to make lawyers more affordable to the citizens of the United States.

Mr. President, I would like to draw to the attention of my colleagues, an article titled "Aid For The Middle Class: Deduction of Legal Expenses" by Robert Sklodowski and Douglas Rothe which appeared in the April issue of Case & Comment. I believe, Mr. President, that this article gives an excellent argument for the case of tax deductions for legal services.

As suggested by Sklodowski and Rothe, one solution that would begin to resolve this growing problem is the bill that I am offering today, a bill that would amend the Internal Revenue Code to provide a deduction for legal expenses. Businesses can already deduct most of their legal expenses, the poor are often provided free aid, and the wealthy can afford the help regardless of the cost. Thus the tax deduction would be of great benefit to the average American taxpayer, who collectively of course, foot the large part of the country's tax bill. This deduction is modeled after the medical expense deduction now found in section 213 of the Tax Code.

There are two significant advantages this proposal has over any other plan. First, Mr. President it makes lawyers more affordable to the average taxpayers and second, it can be implemented immediately.

The proposal will help the middle class because it will make legal service less costly to those who itemize deductions. For example, the deduction would provide sizable tax relief for those who experience catastrophic legal expenses, and the relief would be meaningful even for those whose expenses were not in the catastrophe range. Another advantage of this deduction is that a direct correlation would exist between the use of legal services by the taxpayer and the deduction to be taken.

Put simply, the more the taxpayer uses an attorney, the greater would be his deduction. Unlike a group type plan, the taxpayer only pays for what he receives. This deduction could be, if it were deemed necessary, tailored to provide greater benefits for the income group or groups that are most in need of aid. For example, the child-care deduction sets a maximum income level above which a deduction is not allowed. This device could be used with my bill and I would expect the committee to examine the possibility.

Since the tax structure is generally progressive, the deduction limitation can be calculated to provide benefits to those who are not eligible for legal aid, yet who are not sufficiently well off to be able to retain counsel as a matter of course. Still another advantage is the fact that the cost of adopting an amendment to the Internal Revenue Code would be minimal in comparison to the service programs.

For example, in 1980 alone the Legal Services Corporation granted $1.5 million for 19 small demonstration projects to test the effectiveness of various legal service type programs. Even assuming resulting economies of scale, once programs become operational, clearly the startup costs of these programs will be enormous. The total budget for Legal Services Corporation for fiscal year 1981 exceeds $300 million. In contrast, the loss of revenue to the Federal Government in terms of taxpayers using this deduction should be de minimus.

Another problem with the group type or prepaid legal insurance programs is that they will require the creation of a bureaucratic structure to implement them. Legislatures will have to enact statutes, regulatory agencies will have to be created or expanded, regulations will have to be promulgated, and most certainly, numerous hearings will have to be held. All of these activities will generate the need for additional people to carry out these functions. Further, there may be numerous court challenges to any such programs. The bureaucratic mechanism, the Internal Revenue Service, is already in place. Once this deduction is adopted it will mesh into the tax structure along with other provisions of the code.

For these reasons, the adoption of an amendment to the code will not face the difficult problems that will certainly accompany the implementation of group or prepaid type programs. This deduction cannot make lawyers affordable to all who desire legal help, but the proposal has two extremely significant advantages over other plans. The deduction can be adopted quickly and it would provide assistance to a segment of the middle class who want to retain or who must retain the services of an attorney.

Mr. President, the use of this tax deduction should provide tax relief to those with costly legal expenses and, at the same time, encourage those who have not used an attorney previously to obtain legal help.

Mr. President, the Congress of the

United States cannot afford the luxury of waiting a decade or more for the implementation of group or prepaid legal plans. We must work for the adoption of a plan that will make lawyers more affordable to the average American taxpayer now.

I urge my colleagues to give this matter the attention it deserves, and move it forward into law most expediently.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 686

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 221 as section 222 and by adding after section 220 the following new section:

"SEC. 221. LEGAL SERVICES.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction an amount, not compensated by insurance or otherwise, equal to the sum of—

"(1) the amount by which the amount of the expenses paid during the taxable year (reduced by any amount deductible under paragraph (2)) for legal services incurred by the taxpayer, his spouse and dependents (as defined in section 152) exceeds 3 percent of the taxpayer's adjusted gross income, and

"(2) the amount (not in excess of $150) equal to one-half of the expenses paid during the taxable year for insurance which constitutes legal services incurred by the taxpayer, his spouse and dependents.

"(b) DEFINITION OF LEGAL SERVICES.—For purposes of this section, the term 'legal services' has the same meaning as such term is used in section 120.".

(b) The table of sections for such part is amended by striking out the item relating to section 221 and inserting in lieu thereof the following new items:

"221. Legal services.

"222. Cross references.".

SEC. 2. The amendments made by the first section of this Act shall apply to taxable years beginning after December 31, 1980.

Mr. HEFLIN. Mr. President, I suggest the absence of a quorum and suggest further that the time be charged to the time allocated to the minority leader.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX EXPENDITURES: SOME OPTIONS FOR CUTS

Mr. BAUCUS. Mr. President, over the past few weeks, I have spoken on the floor many times on the subject of tax expenditures. Tax expenditures, as you know, Mr. President, are those deductions, exemptions, credits, and exclusions to the Tax Code, which taxpayers can deduct before computing their tax liability. I have spoken up on this subject because I recognize that people in America desperately want Congress to act to reduce inflation.

There is a common belief, which I share, that continuing Federal deficits throughout the seventies have driven inflation to unlivable levels. We must act—all of us, to reduce this inflationary force.

When President Reagan was elected last November 4, he embarked upon a program to cut back on Federal spending. He struck a budget-cutting chord that I and many of my colleagues have been trying to play for many years, but we have been unable to gain common agreement up to this point.

But, as the weeks have passed, it has become all too clear to me that as the President narrowed his focus for spending cuts on a narrower and narrower part of our national budget, the opposition to his cuts has begun to mount.

I think we can continue this momentum, begun by the President, if we expand upon the scope of his budget-cutting vision.

When we consider tax expenditures as part of the Federal budget, we realize that soon we will be spending almost $1 trillion each year. To focus only on nonsafety net, non-defense-oriented programs for cutting, we are left with less than one-quarter of the budget in which to begin to register cuts.

But, if we expand the scope and vision of our budget-cutting efforts, we will find that the magnitude of cuts proposed by the President can be achieved. Indeed, I think we can exceed those cuts.

More important, I think we can do it in a way that is truly evenhanded, that makes everyone sacrifice, and that does not place a truly unlivable burden on any one segment of our society.

Now, I do not claim to have a magic answer. Rather, all I am suggesting is that we should not allow any Government programs—be it a tax benefit from our Internal Revenue Code or a special entitlement program—to be spared at least a critical look by Congress for a possible budget reduction.

Unfortunately, the recent budget submission by President Reagan, which we received just 2 days ago, makes not a single mention of the possibility of cutting tax expenditures.

Over the past 2 weeks I have spent considerable time spelling out for my colleagues the scope and depth of the over 100 tax expenditures that are currently part of our tax system. If any of my colleagues would like to have the benefit of these comments and further explanatory materials, I would be happy to provide them.

What I would like to do today, though, is to outline three possible ways that tax expenditures might be reduced.

OPTION 1—SELECTED CUTS IN TAX EXPENDITURES

One relatively simple option in cutting tax expenditures would be to identify specific tax expenditures that might be eliminated from the current tax laws. One recent example of this option was proposed by our colleague, the senior Senator from New York, Mr. MOYNIHAN, when he proposed that investors in silver straddles be denied the tax benefit of subtracting their losses from the use of this investment scheme.

The precise magnitude of the savings on this proposal is not clear, but there does seem to be a growing consensus that this type of tax expenditure should not be immune from critical review by Congress.

Last month the Congressional Budget Office published a report identifying 105 potential changes to the Federal budget proposed by President Carter. Among these proposed changes were a dozen proposals to reduce tax expenditures.

My cursory review of these proposed cuts is that substantially over $20 billion could be shaved from our Federal deficit if these proposals recommended by CBO were enacted.

While I do not wish to argue at this point that each of those 12 proposals be enacted, I feel compelled to emphasize that Congress should at least take a look at these proposed cuts.

Mr. President, at this point I ask unanimous consent that those portions of the CBO report dealing with tax expenditures be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PORTION OF CBO REPORT

A dozen tax expenditure candidates for possible cuts by proposed CBO. Excerpted from "Reducing the Federal Budget: Strategics and Examples, Fiscal Years 1982–1986," prepared by Congressional Budget Office, February 1981.

(1) PHASING OUT OF DISC'S

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	1.8	2.1	2.4	2.8	3.0	.....
Increase from phasing out of DISC	.2	.8	1.7	2.4	3.0	8.1
Increase under Carter budget	(no proposal)					

Note: Preliminary estimates, subject to change.

A Domestic International Sales Corporation (DISC) is a special corporation, established as a conduit for export sales, that is allowed to defer payment of corporate income tax on a portion of its profits.

In many cases, the DISC is a paper corporation with no employees and no actual operations. The DISC tax subsidy actually goes to the parent or an affiliated corporation, since the export-related profits of this corporation can be allocated to the DISC. One-half of the tax liability on these profits (over a base level) can be deferred indefinitely. Special intercompany pricing rules governing the allocation of income between the DISC and its related suppliers enhance the tax subsidy.

The principal objective of the legislation establishing DISCs in 1971 was to increase exports as a way of improving the U.S. balance of trade and increasing domestic employment. The statute was intended to help offset existing tax incentives, both U.S. and foreign, that encourage U.S. companies to favor production abroad over production at home for sale abroad.

Some evidence suggests that the level of exports increased modestly during the 1973–1978 period because of the DISC provisions.

Most of this increase took the form of one-time expansions of exports during the first few years of each DISCs operation. Treasury Department estimates indicates that, because of competition between DISC and non-DISC exports, the net increase in exports attributable to DISCs is at most equal to the tax receipts forgone, and probably is less.

Critics of DISCs contend that this type of tax subsidy is inefficient. They maintain that it is not flexible enough to respond to changes in the overall U.S. trade position; in particular, that it cannot easily be retargeted as prospects for growth in the exports of more competitive commodities improve or as the need for export support for ailing industries increases. In addition, other countries see DISCs as illegal tax subsidy vehicles as defined by the General Agreement on Tariffs and Trade.

The tax benefits of DISCs could be reduced in a variety of ways. One method, similar to a 1978 Administration proposal, would be to phase out the tax benefits over a three-year period, beginning January 1, 1982. This would increase federal revenues by about $8.1 billion over the 1982–1986 period.

The accumulated tax on past earnings of DISCs could continue to be deferred as long as the earnings remain invested in export-related assets. Alternatively, some or all of the accumulated tax liability could be recaptured over a specified period.

(2) ELIMINATION OF TAX EXEMPTION FOR POLLUTION CONTROL BONDS

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	0.8	0.9	1.0	1.1	1.2	.....
Increase from elimination of exemption on new issues	.1	.2	.3	.4	.5	1.5
Increase under Carter budget	(no proposal)					

Note: Preliminary estimates, subject to change.

Industrial development bonds for pollution control (PCBs) finance 40 percent of all pollution control investments. In the past few years, annual sales have amounted to approximately $2.5 billion.

The use of PCBs raises two questions: Should the subsidy be continued? If so, are tax-exempt bonds the best way to provide it? Like all tax-exempt bonds, PCBs have several beneficiaries—the recipient of the subsidy, the purchaser of tax-exempt bonds, and intermediaries. An alternative subsidy, such as a tax credit, would be less costly because it would provide benefits only to the recipient of the subsidy. If the tax exemption on new issues of PCBs was eliminated effective July 1, 1981, federal revenues would be increased by $1.5 billion in the 1982–1986 period.

If the subsidy is to be continued, then its form and the regulations governing it warrant reexamination. At present, PCBs encourage technological inefficiency because they are available only for "end of pipe" capital expenditures, thereby discouraging selection of other, possibly more effective, solutions to the underlying pollution problem, such as use of less-polluting raw materials or adoption of production processes that produce less pollutants.

The availability of PCBs—or any other subsidy for pollution control—can have only limited influence on a company's decision to invest in pollution control equipment. This is because federal pollution control regulations are highly prescriptive, so that an existing firm must choose between making the required improvement or closing.

The main argument for eliminating the subsidy is that private industry should pay its own pollution control bills, just as it pays for complying with other requirements imposed by law. On the other hand, some argue that industry's efforts to avoid contaminating the environment confer a public benefit and thus warrant some subsidy from the public.

(3) ELIMINATION OF TAX EXEMPTION ON SMALL-ISSUE IDB'S

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	1.6	1.9	2.4	2.8	3.3	.....
Increase from elimination of exemption on new issues	.3	.6	1.0	1.5	2.0	5.4
Increase under Carter budget	.1	.2	.3	.5	.6	1.7

Note: Preliminary estimates, subject to change.

Industrial Development Bonds (IDBs) are tax-exempt bonds that state and local governments issue to provide low-cost financing to private firms. Since interest from the bonds is exempt from federal taxation, private businesses are enabled to borrow funds at below-market interest costs. In general, the bonds are backed only by project revenues, so their issuance is unrestrained by state constitutional or other limitations on "full faith and credit" borrowings.

IDBs were used infrequently until the 1960s, when a growth in sales led the Congress to limit their use. Since 1968, IDBs have been taxable unless they are issued for specific purposes such as pollution control, or are eligible for the so-called "small issues" ($10 million or less) exemption.

Small issues are being used with increasing frequency to finance a wide range of facilities including manufacturing plants, fast-food franchises, and country clubs. In 1968, sales of IDBs for all purposes amounted to $1.8 billion; by 1979, small issue sales alone amounted to $7 billion.

The widespread use of IDBs raises the question of under what circumstances the federal government should incur revenue losses, particularly of a kind that it cannot supervise or control, to subsidize the borrowing costs of private industry. Unlike direct federal expenditure programs to assist private business, IDBs are targeted neither to specific locations nor to specific kinds of businesses. If the tax exemption on new IDB issues was eliminated effective July 1, 1981, federal tax revenues would increase by about $5.4 billion over the 1982–1986 period.

The advocates of continued use of small-issue IDBs maintain that the bonds stimulate investment and promote job development. Those who would restrict their use argue that the bonds often finance investment that would take place in any event, and that their public purpose is ambiguous.

President Carter's fiscal year 1982 budget recommendations would limit, but not end, the exemption on small-issue IDBs. This, along with a six-month earlier effective date, accounts for the differences shown above in revenue increases.

(4) LIMITING OF HOME MORTGAGE INTEREST DEDUCTION

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	25.3	31.8	39.8	49.7	62.2	.....
Increase from $5,000 cap	4.3	5.4	6.8	8.5	10.6	35.6
Increase from $10,000 cap	.8	1.0	1.2	1.6	1.9	6.5
Increase under Carter budget	(no proposal)					

Note: Preliminary estimates, subject to change.

Home mortgage interest payments have always been deductible under the federal income tax, thus providing a large and popular subsidy for homeownership. Because the deduction stimulates homeownership, it is often said to promote better home maintenance and greater civic involvement. Moreover, the subsidy it provides has been widely incorporated into prices and investment decisions throughout the economy and could not be eliminated without causing significant short-term losses and economic dislocation.

Recent economic studies, however, suggest that the deduction may have important adverse consequences both for housing markets and for the economy as a whole. Besides creating substantial losses of federal revenues, it appears to have contributed both to a serious decline in the construction of rental housing and to the conversion of rental housing into condominiums and cooperatives. In addition, the deduction has promoted the rapid rise of home prices and encouraged the flow of individual savings into housing rather than into productive capital.

Many homeowners receive little or no benefit from the deduction. Almost 60 percent of all homeowners either have no mortgage or use the standard deduction and thus gain no direct benefit from the deductibility of home mortgage interest. While taxpayers with income over $50,000 save on average more than $2,400 a year in taxes from the deduction, the great majority of homeowners with incomes below $20,000 save little or nothing.

If the Congress wished to reduce the revenue loss from the deduction, the simplest option would be to limit the amount of mortgage interest that could be deducted. If the ceiling were set high enough, most homeowners would not be affected. At the same time, price increase for more expensive homes would tend to moderate and the incentives for condominum conversion would decrease. For example, if a ceiling of $5,000 was set effective January 1, 1981, the savings would be about $4.3 billion in fiscal year 1982. This ceiling wou'd affect only 4.6 percent of all taxpayers. Homeowners with a 12 percent mortgage would be affected only if their mortgage principal was over $41,700. Homeowners with a 7 percent mortgage would be affected only if their mortgage principal was over $71,750. A $10,000 ceiling would save about $800 million in fiscal year 1982, but it would also affect many fewer persons—only homeowners with a mortgage principal of over $83,500 at a 12 percent interest rate. Under this ceiling, many recent purchasers of homes costing up to $100,000 could be shielded from a tax increase.

The current deduction could be converted to a tax credit to extend the subsidy to all homeowners, including those who do not itemize. Under a flat-rate credit, tax savings would be a constant percentage of all mortgage interest paid. Under the current deduction, by contrast, the savings range from 14 percent to 70 percent of all interest pay-

ments, depending on the taxpayer's marginal tax rate. Converting the current deduction to a 25 percent tax credit would increase revenues by about $3.5 billion in fiscal year 1982, while at the time targeting more financial assistance on low- and moderate-income homeowners.

Applying these changes only to newly purchased homes, rather than to all outstanding mortgages, would prevent tax increases for some homeowners but lead to a variety of perceived inequities among those purchasing homes at different times. It could also force some homeowners to maintain their present homes, and thus delay significant revenue gains for a number of years. Applying the changes to all outstanding mortgages would avoid these problems. Most people's taxes would not be sharply increased, since the proposed changes would involve fairly modest departures from present law.

One problem with limiting the mortgage interest deduction is that the limit could be circumvented by using a business or some other asset as collateral for the loan. This problem could be alleviated by adopting a broader limit on all nonbusiness interest deductions, similar to the $12,000 limit approved by the House of Representatives in 1975.

(5) REDUCTION OF CAPITAL GAINS EXCLUSION ON HOME SALES

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	0.7	0.7	0.8	0.8	0.9	.....
Increase from reducing exclusion to $50,000	(1)	.1	.2	.2	.2	0.7
Increase under Carter budget	(no proposal)					

[1] Less than $50,000,000.

Note: Preliminary estimates, subject to change.

Persons 55 and older are allowed a one-time exclusion from capital gains tax of up to $100,000 of profit on the sale of their principal residence. This tax provision, enacted in 1978, replaced a far more limited provision that applied only to less expensive homes and only to persons aged 65 or over.

The provision encourages older homeowners either to become renters or to move to less expensive homes, thus freeing up some larger homes for younger, larger families. On the other hand, it may also discourage some homeowners just below the current age limit from moving. The provision probably helps to raise housing prices, as buyers become willing to pay more in the expectation of future tax-free gains. While this increases the investment value of homes, it also diverts funds away from other, possibly more productive investments, such as business plant and equipment.

If the $100,000 exclusion was cut back to $50,000 effective July 1, 1981, and if taxpayers were allowed to use it cumulatively, rather than for just one sale, the revenue loss would be reduced. A homeowner would continue to be able to shelter gain on a home sale by purchasing another residence costing at least as much as the home sold. Moreover, since the 1978 decrease in capital gains taxes, no gain is taxed at more than 28 percent.

(6) REPEAL OF CONSUMER INTEREST DEDUCTION

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	6.0	6.8	7.8	8.9	10.1	.....
Increase from repeal of deduction	6.0	6.8	7.8	8.9	10.1	39.6
Increase under Carter budget	(no proposal)					

Note: Preliminary estimates, subject to change.

Interest payments have been deductible ever since the federal income tax was enacted in 1913, at a time when nonbusiness credit transactions were virtually unknown. Over the years, however, the use of consumer credit has become widespread, and the interest deduction now has the effect of providing more than $6 billion a year in tax relief to those who pay for their goods on credit instead of in cash. Only a small fraction of borrowers share in the $6 billion, however; the consumer interest deduction was claimed by just 17 percent of all taxpayers in 1979. If the deductability of consumer interest was ended effective January 1, 1981, federal income tax receipts would increase by $39.6 billion over the 1982–1986 period.

The argument for repeal of this deduction is that it is a policy accident which discourages saving and promotes consumption, is very costly in terms of lost revenue, and provides more financial assistance to an upper-income borrower than to a lower-income borrower making the identical purchase. The 2 percent of taxpayers with incomes over $50,000 receive 22 percent of the tax relief provided by this deduction.

An argument in favor of retaining the deduction is that it is sometimes difficult to distinguish interest paid for business or other purposes from interest paid on consumption purchases (for example, when a small business or a home serves as the collateral for a loan). The problem could be dealt with by putting a limit on all nonbusiness interest deductions . . .

(7) LIMIT ON PARENTAL PERSONAL EXEMPTION FOR STUDENTS

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	1.1	1.1	1.1	1.1	1.1	.....
Increase from limit on parental exemption	1.1	1.1	1.1	1.1	1.1	5.5
Increase under Carter budget	(no proposal)					

Note: Preliminary estimates, subject to change.

Under current law, a parent can claim an exemption of $1,000 for a dependent aged 19 or over if the dependent is a student. If an over-18 dependent is not a student, the parent also receives an exemption provided the dependent earns no more than $1,000 in the year. The rule allowing a parental personal exemption for students, even if they earn more than the amount of the exemption, was adopted in 1954. The main reason for the rule was to avoid the "notch" problem that resulted when a dependent's earning were close to the exemption amount; an extra few dollars in earnings could deprive the parents of the exemption, costing them hundreds of dollars in extra taxes. The exemption was also justified as a way of taking into account the added costs parents incur for students.

If the exemption for students aged 19 and over was repealed effective January 1, 1981, the increased federal revenues over the 1982–1986 period would total about $5.5 billion.

The main argument for repeal of the parental exemption for students is that it is not well designed as a measure to assist parents in meeting the costs of educating their children. Its value in tax savings is greatest for those in the highest marginal tax brackets, and it is unrelated to the costs of a child's education. With the great expansion of federal student aid in recent years, it can be argued that the relatively modest and not very well targeted assistance provided by the extra exemption is no longer needed.

The main argument for retaining the exemption arises from the notch problem that prompted the 1954 change. Even though parents of nonstudents over 18 face this problem under present law, most of these nonstudents earn well over $1,000 a year so that the question normally does not arise. Students, who often work only part time, are much more likely to have earnings for the year that come close to the $1,000 dividing line.

(8) LIMITING OF ELIGIBILITY FOR TARGETED JOBS TAX CREDIT

[In millions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under extension of current law	345	345	350	355	355	.....
Increase from limiting eligibility	40	115	165	175	175	670
Increase under Carter budget	NA	NA	NA	NA	NA	NA

Note: Preliminary estimates, subject to change.

The Targeted Jobs Tax Credit (TJTC) program is designed to help certain classes of unemployed workers find jobs by authorizing tax credits of up to $3,000 in the first year and $1,500 in the second year to employers who hire any member of seven targeted groups, including cooperative education students between the ages of 16 and 19. By the end of fiscal year 1980, 305,000 people had been certified for TJTC participation, of whom 151,000 were cooperative education students.

Cooperative education programs arrange for high school and, in some cases, post-secondary students to spend a part of the school day working in local businesses, thus gaining employment experience. Many cooperative education programs are well established and have little difficulty generating work placements for participating students. Therefore, eliminating cooperative education students from TJTC would focus the subsidy on people likely to experience the greatest difficulty in finding employment.

On the other hand, employers who have received tax credits for hiring cooperative education students may decide to hire members of other targeted groups instead, thus eliminating any increased revenues from

this provision. Also, the recent increase in minimum wage rates may make cooperative education placements more difficult to generate; some program coordinators feel that TJTC helps to maintain the attractiveness of cooperative education programs.

President Carter's budget for fiscal year 1982 does not recommend that the TJTC be extended when the current law expires on October 1, 1981.

(9) TIGHTENING OF THE MEDICAL EXPENSE DEDUCTION

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	4.1	4.7	5.3	6.0	6.9	.....
Increase from eliminating health insurance deduction	.4	.4	.5	.6	.7	2.6
Increase from raising floor for deductible expenses to 10 percent of AGI	2.5	2.5	2.8	3.2	3.7	14.3
Increase under Carter budget	(no proposal)					

Note: Preliminary estimates, subject to change.

The 35 percent of taxpayers who itemize may claim as deductions up to $150 for health insurance premiums, plus all out-of-pocket medical expenses that in total exceed 3 percent of adjusted gross income (AGI).

The separate deduction for health insurance premiums was adopted in 1965, in the belief that it would encourage the purchase of such insurance. There is no empirical evidence that it has had such effects. But there is substantial evidence that the financial assistance provided by this tax subsidy is not well targeted on those with the greatest need. The deduction is claimed by less than 4 percent of all taxpayers with incomes under $10,000, but by more than 50 percent of those with incomes over $100,000.

The deductibility of medical expenses above 3 percent of adjusted gross income has been justified on the ground that it assists people with extraordinary and involuntary expenses. But some of those expenses are optional rather than involuntary. The deduction has also been criticized for the characteristic it shares with all deductions: it provides a larger, rather than a smaller, subsidy rate the higher a person's income.

The basic argument for change in this instance is that, if the income tax system is to be used to shift part of a person's health care costs to the federal treasury, the relief ought to be confined to taxpayers with genuine financial need. This is the same principle that governs Medicaid, the government's direct expenditure health care program for the poor. By this standard, the separate deduction for health insurance premiums would be repealed, and the 3 percent threshold for the medical expense deduction raised to a level considerably higher than the average family health care cost burden.

Repeal of the deduction for health insurance premiums would increase federal revenues by about $2.6 billion over the 1982–1986 period. If the threshold for the medical expense deduction was raised to 10 percent effective January 1, 1981, revenues for the five-year period would increase by about another $14.3 billion.

(10) LIMITING OF HOSPITAL BOND TAX EXEMPTION

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	0.7	0.8	0.9	1.0	1.2	.....
Increase from repeal of tax exemption on new bonds	.1	.2	.3	.5	.6	1.8
Increase under Carter budget	.1	.2	.4	.5	.7	1.9

Note: Preliminary estimates, subject to change.

About half the funding for capital projects at hospitals comes from tax-exempt bonds. Over $3.4 billion of these bonds were issued in 1979 alone. More than 75 percent were used to finance private nonprofit hospital projects, with the rest supporting public government-owned hospitals. The federal loss in fiscal year 1982 from all outstanding private hospital bonds will be about $700 million.

The lower borrowing costs from tax-exempt bond financing provide savings to the hospital, which they may pass on in the form of lower charges to patients, to insurers, and to the federal government through Medicare and Medicaid. These potential cost savings are outweighed, however, by the revenue losses from the bonds. As with all tax-exempt bond subsidies, about a quarter of the subsidy goes to outsiders including bondholders, underwriters, and bond counsel. Every $1 saved by the borrowing hospitals thus costs $1.33 in lost federal revenue.

The effectiveness of the subsidy can also be questioned because it allocates resources on the basis of a hospital's financial standing, rather than on the need for such facilities in a particular area. At present, the United States does not have a general shortage of hospital beds, and thus the Congress has sharply reduced direct expenditure subsidies for hospital facilities.

Eliminating the tax exemption for private hospital bonds issued after July 1, 1981, would increase fiscal year 1982 revenues by about $100 million, and the amount would grow significantly in later years, reaching about $600 million by fiscal year 1986. The Carter budget contains a similar ban on further tax-exempt bond financing by private hospitals, effective January 1, 1981, but extends it to all tax-exempt private institutions, including colleges and universities. Both of these options would preserve tax-exempt financing for public hospitals.

(11) REPEAL OF THE CASUALTY LOSS DEDUCTION

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	0.9	1.0	1.1	1.3	1.4	.....
Increase from repeal of deduction	.4	1.0	1.1	1.3	1.4	5.2
Increase under Carter budget	(no proposal)					

Note: Preliminary estimates, subject to change.

Under current law, taxpayers who itemize their deductions may deduct losses caused by fire, storm, shipwreck or other casualty, or theft, to the extent that the taxpayer is not reimbursed for the loss through insurance, disaster assistance, or other compensation. In 1964, the Congress limited the deduction to the amount of each loss in excess of $100.

If the deduction was repealed effective July 1, 1981, revenues would increase by about $400 million in fiscal year 1982 and by about $5.2 billion over the 1982–1986 period.

The main argument for allowing the deduction is that taxpayers who suffer large, unpredictable, and unavoidable losses have a diminished ability to pay their federal income taxes and should thus be granted some financial assistance.

The present system, however, has three drawbacks: It is difficult to administer, it provides an uneven kind of disaster assistance, and it creates perverse incentives. The deduction is difficult to administer because defining a casualty loss is inherently difficult and valuing the loss is even more difficult. The definition, for instance, includes the loss of nonessential luxury items such as jewelry, furs, and ornamental shrubs, whose loss probably does not diminish an individual's ability to pay tax. A deduction is allowed only for sudden and unexpected losses. A deduction is allowed, for instance, for ornamental shrubs struck by lightning but not for the same shrubs lost gradually to winterkill.

The deduction provides uneven disaster assistance because the assistance is granted only to those who itemize their deductions, and the amount of the assistance for a given loss increases with the taxpayer's marginal tax rate. Only about 3 percent of all taxpayers claim the deduction, but it is skewed toward those with the highest incomes: The top 5 percent will receive about 40 percent of the financial assistance provided in 1981.

Finally, the current system discourages some taxpayers from taking precautions of their own against disaster—encouraging them to buy less insurance than they otherwise might.

An alternative to outright repeal would be to establish a higher floor for the deduction. Raising it from $100 to $250 would simply be an adjustment for the inflation that has occurred since 1964, and would cut the projected revenue loss by about $150 million a year. In 1978, President Carter recommended that the floor be made dependent on income, and that the personal casualty and theft loss deduction be combined with the medical expense deduction, but the Congress took no action on that recommendation.

(12) REPEAL OF TAX CREDIT FOR "POSSESSIONS CORPORATIONS"

[In billions of dollars]

	Annual revenue effect					Cumulative 5-yr increase
	1982	1983	1984	1985	1986	
Loss under current law	1.1	1.1	1.3	1.5	1.7	.....
Increase from repeal of tax credit	.4	1.1	1.3	1.5	1.7	6.0
Increase under Carter budget	(no proposal)					

Note: Preliminary estimates, subject to change.

"Possessions corporations" are companies incorporated in the United States that are exempt from U.S. income tax on their opera-

tions in Puerto Rico, American Samoa, and Guam. Ninety-nine percent of the revenue loss is attributable to Puerto Rico.

If the possessions corporation exemption was repealed effective January 1, 1982, the revenue increase would be about $400 million in 1982 and $6 billion over the 1982–1986 period.

The exemption was originally enacted in 1921, mainly to provide U.S. firms doing business in the Philippines, then a U.S. possession, with the same favorable tax treatment enjoyed by their British competitors. In 1975, the House Ways and Means Committee considered repeal of the exemption on the grounds that its original purpose was no longer being served, since the Philippines ceased being a U.S. possession in 1946. Proponents of the exemption argued, however, that it had become crucial to the economic development of another U.S. possession, Puerto Rico. A large number of U.S. firms had established plants in Puerto Rico after Puerto Rico enacted special tax exemption provisions of its own in 1948, and it was argued that these firms were a primary source of jobs in Puerto Rico. It was also argued that the loss of revenue from the provision was quite modest—about $200–300 million a year—and that this was a small price to pay for the benefits achieved. The Tax Reform Act of 1976 narrowed the possessions corporation exemption somewhat, and required that the Treasury Department report annually on the "operation and effect" of the exemption.

The third of these annual reports, released in June 1980, shows that the revenue loss from the possessions corporation exemption is much larger than originally estimated. A loss of $1.1 billion is expected in fiscal year 1982, increasing to $1.5 billion by fiscal year 1985. Almost 50 percent of the revenue loss in 1978 was attributable to 55 pharmaceutical companies, according to the Treasury report. Relative to their profits, these companies employ few people; the annual revenue loss per pharmaceutical company employee in 1978 was an estimated $43,261, while average compensation in Puerto Rico per pharmaceutical company employee was estimated at $13,618. For all 374 manufacturing companies benefiting from the possessions corporations exemption, the federal revenue loss per employee in 1978 was estimated to be $12,667, compared to average employee compensation of $10,697. The Treasury reports suggest that a major effect of the exemption in the 1970s has been to induce U.S. firms to shift high-profit, low-labor activities to Puerto Rico, with relatively few benefits to the Puerto Rican economy. Defenders of the exemption argue that it is crucial to long-term Puerto Rican economic growth, that the job loss and economic dislocation that would result from repeal would impose additional costs in the U.S. and Puerto Rican governments, and that the exemption is an important underpinning of the U.S.-Puerto Rican political relationship.

If, as the Treasury reports indicate, the possessions corporation exemption is not an efficient job-creating mechanism, it could be either phased out or replaced by some less costly form of assistance. Revenue-sharing funds could be extended to Puerto Rico, for example, to be used for whatever job-creating purposes the Puerto Rican government saw fit, or eligibility for the existing targeted jobs tax credit could be broadened to include more Puerto Rican workers. The cost of any alternative form of assistance would, of course, reduce the budgetary savings from repeal of the exemption.

OPTION 2—ACROSS-THE-BOARD CUTS IN TAX EXPENDITURES

Mr. BAUCUS. Another possibility would be to cut all tax expenditures by a small percentage. If, for example, the Congress would decide to reduce all tax expenditures by 5 percent, more than $13 billion could be reduced from our Federal deficit.

Recently, I asked the staff of the Joint Committee on Taxation to look into the technical problems that might be encountered if an option such as an across-the-board cut were seriously proposed.

The Joint Tax Committee staff responded yesterday with a brief memorandum suggesting that an across-the-board cut could be effected in most of the tax expenditures without serious administrative difficulty. The preliminary finding by the Joint Tax Committee staff was that there are roughly 23 tax expenditure items that are currently not required by law to be filed on tax return forms. These items are estimated to total roughly $60 billion in revenue losses for fiscal year 1982.

If one excludes those items from an across-the-board cut because of the administrative problems they would cause, we are left with over $200 billion in tax expenditures that could be subject to an across-the-board cut. If these items were reduced by, say, 5 percent, the proposed Federal deficit for fiscal year 1982 could be reduced by over $10 billion.

Mr. President, I ask unanimous consent at this point that the Joint Tax Committee memorandum and my letter requesting their assistance be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C., March 2, 1981.

MARK L. MCCONAGHY,
Chief of Staff, Joint Committee on Taxation, Washington, D.C.

DEAR MARK: I am writing to request the Joint Committee on Taxation's assistance in preparing legislation providing for a 5 percent reduction in tax expenditures for the purpose of reducing the federal deficit. Our staff discussed this proposal at a meeting last week.

There are at least three ways to achieve a 5 percent cut in the tax expenditure budget. One approach is to develop a package consisting of reductions and eliminations of particular tax exclusions and deductions. A second approach is to reduce each tax expenditure by a 5 percent amount. A third approach is to require each taxpayer—individual and corporate—to take all but 5 percent of tax expenditures in filing their tax return.

My preferential plan is to accomplish a 5 percent reduction through the latter approach. Accordingly, I would like the Joint Committee to suggest ways to implement a 5 percent reduction in tax expenditures by using the tax form as the mechanism. I am reminded that revenues were raised during the Vietnam War by a 10 percent surcharge tax added to each taxpayer's return. It may be that the Vietnam surcharge tax offers us some guidance in achieving a 5 percent tax expenditure cut.

In preparing your report, please address yourself to both individual and corporate tax returns. Please also identify administrative, technical and other difficulties in implementing this approach and suggest means for circumventing these difficulties and/or arguments for refuting their significance.

Should the 5 percent cut on each tax return prove unworkable, I would like the Joint Committee to look at the second alternative of cutting each tax expenditure item by the 5 percent amount. Questions I would like answered include:

1. How to design legislation providing for a cut in each tax expenditure?
2. Please identify the technical difficulties and the administrative complexities.
3. Please identify where the costs would equal or exceed the benefits.
4. Please suggest ways of avoiding and/or rebutting the difficulties and complexities identified in No. 2, above.
5. Please include a discussion of tax expenditure items (e.g. the excise expenditures), which do not appear in the Budget for FY82—Special Analysis G.

Wherever possible, the Joint Committee should provide revenue estimates for each approach. I respectfully ask that the deadline for this request be no later than April 10.

I look forward to working with you on this project. Please feel free to contact me, Debbie Landau or Steve Browning at 4–2651 if you have further questions. Thank you in advance for your help.

With best personal regards, I am

Sincerely,

MAX.

[Memorandum on tax expenditure reduction]

NONRETURN TAX EXPENDITURE ITEMS

MARCH 10, 1981.

To: Senator MAX BAUCUS.
From: Staff of Joint Committee on Taxation.

The general objective of reducing tax expenditures by 5 percent, as set forth in Senator Baucus' letter, could be accomplished in any of the ways noted in the Senator's letter. Some approaches would be more complicated than others.

The simplest way of accomplishing the Senator's objective probably would be to require every taxpayer (individual and corporate) to include in taxable income an amount equal to 5 percent of the sum of the tax expenditure items of that taxpayer. In the case of an individual, most tax expenditures probably appear on Schedule A for Form 1040. In the case of corporations, tax expenditure items generally must be noted to conform tax with book income (or for "E&P") purposes). Five percent of the sum of these deduction or exclusion items could be included in income on the applicable return. In addition, the sum of each taxpayer's credits could be reduced by 5 percent. This approach would result in a 5 percent, "rough justice," reduction in tax expenditures.

Another alternative would be to reduce a selected number of tax expenditures by an amount which would equal the overall reduction desired. This approach would require more than a 5 percent reduction in the affected tax expenditure items, and would focus attention on particular items.

Reducing tax expenditures by 5 percent would involve some administrative and technical difficulties because some tax expenditure items are not subject to "tax return information," i.e., they are not required to be shown on an income tax return and no income tax records are maintained with regard to them. Examples of these tax expenditures are: (1) tax exempt interest, (2) social security benefits, (3) other Governmentally-furnished benefits for military personnel, veterans, etc., and (4) certain employer-furnished fringe benefits, e.g., medical plan contributions, legal service plan contributions, etc.

While inclusion of non-return items in the 5 percent reduction would generate some administrative complexities, there would appear to be no policy reason why this could not be required. Each recipient of many of those items clearly knows whether they have been received. With respect to some of these items, annual statements may be prepared and furnished to the recipients for reasons

not related to the income tax. Some non-return items would generate difficulties, however. For example, if 5 percent of the value of an employer-furnished legal plan were to be included in income, the employee would have to know what 5 percent of its value (or cost to the employer) was before this could be accomplished.

A list of tax expenditure items that generally do not appear on, and the amount of which ordinarily cannot be computed from information contained on, a Federal income tax return, is attached. Items followed by the letter "A" simply do not appear on the return, but normally would not be difficult to compute. Items followed by the letter "B," on the other hand, do not appear on the return, and their computation frequently would impose administrative burdens on persons other than the taxpayer, e.g., employers.

Excluding some of these non-return items from a 5 percent reduction might be desirable for several reasons. First, some of these items, notably social security and similar benefits, might be viewed as a tax counterpart to the budget's "social safety net." Second, the majority of the recipients of such items probably would be nontaxable even with a 5 percent tax expenditure reduction. Third, inclusion of some non-return items would impose administrative burdens on persons other than the taxpayer filing the return. In some instances, the information generated would be used only for purposes of the 5 percent tax expenditure reduction.

Conversely, some non-return tax expenditure items do not appear to be part of a "social safety net," and including them in a 5 percent reduction would not generate administrative problems for persons other than the taxpayer filing the return.

Examples of possible "social safety net" tax expenditure items, as shown on the attached list, are numbers 1, 2, 11–20, and 22. Examples of items which might be excluded from the 5 percent reduction for administrative reasons include numbers 4, 6–9, 11–19, 21, and 23.

Estimating the revenue impact of excluding some or all of these items from a 5 percent tax expenditure reduction is difficult for several reasons. As with all tax expenditure listings, estimating the revenue impact of any particular list of items cannot be done simply by adding the individual estimates. For example, as noted above, the majority of social security recipients would remain nontaxable even with a 5 percent reduction in the amount of social security benefits excludable from taxable income.

NON-RETURN TAX EXPENDITURE ITEMS

1. Exclusion of Armed Forces benefits (sec. 112 & 113), A, B.
2. Exclusion of military disability pensions (sec. 104), A, B.
3. Exclusion of certain Federal employee cost-of-living pay differentials (sec. 912), A.
4. Exclusion of value of van pooling (sec. 124), A, B.
5. Exclusion of water and sewage facility construction payments (secs. 118 & 362(c)), A.
6. Exclusion of scholarships, etc. (sec. 117), A.
7. Exclusion of employee meals and lodging (sec. 119), B.
8. Exclusion of employer educational assistance (sec. 127), B.
9. Exclusion of legal service contributions (sec. 120), B.
10. Exclusion of cost-sharing payments (sec. 126), B.
11. Exclusion of medical premiums (sec. 106), B.
12. Exclusion of social security benefits (administrative), A.
13. Exclusion of railroad retirement benefits (45 USC 228), A.
14. Exclusion of workman's compensation benefits (sec. 104), A.
15. Exclusion of coal miner benefits (30 USC 801), A, B.
16. Exclusion of public assistance benefits (administrative), A.
17. Exclusion of employee life insurance (sec. 79), A.
18. Exclusion of employee accident insurance contributions (sec. 106), B.
19. Exclusion of supplemental benefit trust income (sec. 501(c)(17)), A.
20. Exclusion of life insurance interest (sec. 101), B.
21. Exclusion of veterans disability compensation, pensions and benefits (sec. 38 USC 3101; sec. 104), A.
22. Deferral of savings bond interest (sec. 454), B.
23. Exclusion of tax exempt interest on:
A. State and local debt (sec. 103), A.
B. Industrial development bonds (sec. 103(b)), A.
C. Mortgage bonds (sec. 103A), A.
D. Student loan bonds (sec. 103(e)), A.
E. UDAG-related issues (sec. 103(b)), A.
F. Pollution control bonds (sec. 103(b)), A.
G. Renewable resource bonds (P.L. 96-223, sec. 243), A.
H. Hydroelectric facility bonds (sec. 103-(b)), A.
I. Alcohol facility bonds (sec. 103(b)), A.
J. Solid waste bonds (sec. 103(g)), A.

OPTION 3—A LINE ITEM TO REDUCE THE NATIONAL DEBT

Mr. BAUCUS. Mr. President, another option, that might be considered by Congress is to insert a new line item on the tax return forms for all individuals and corporations that would reduce all tax expenditures by 5 percent.

The rationale is quite clear. It is that the American people accept the notion at this time that everyone must sacrifice if we are to reduce the national deficit. While the momentum exists for individual sacrifice, it may be appropriate to see if the American people would be prepared to pay 5 percent of their tax expenditures to help reduce the national debt.

I am reminded of the 10-percent tax surcharge proposed by President Johnson as a means of helping to pay for the increased costs of the war in Vietnam.

I am not here today to advocate any of these options. But, I am here to say that we can cut tax expenditures.

Mr. President, I support the effort to cut Federal spending, and I support a tax cut. But I want spending and tax cuts that are fair and evenhanded.

The fair way to make a tax cut possible is to reduce both unnecessary spending and tax expenditures that benefit the few, and use these savings to provide a significant tax cut to all Americans.

If Congress is to adopt an economic program that is truly fair, truly across-the-board, truly evenhanded, we must consider cutting tax expenditures.

I urge my colleagues to join me in this effort as we begin the process of taking action on President Reagan's economic program.

Mr. President, I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, not to exceed 30 minutes, and Senators may speak therein up to 5 minutes each.

Mr. BAUCUS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? There being no further morning business, morning business is closed.

CASH DISCOUNT ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 414, which the clerk will state by title. The time for debate is limited to 5½ hours.

The assistant legislative clerk read as follows:

A bill (S. 414) to amend the Truth in Lending Act to encourage cash discounts, and for other purposes.

The Senate resumed consideration of the bill.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. RUDMAN). Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, what is the pending business?

The PRESIDING OFFICER. S. 414, which the clerk has reported.

The Chair believes that the Senator from Rhode Island is familiar with the fact that time for debate on this bill is limited to 5½ hours.

Mr. CHAFEE. How much time do I have under that agreement?

The PRESIDING OFFICER. The Senator from Rhode Island has 1½ hours under that time agreement.

Mr. CHAFEE. I yield myself 15 minutes.

Mr. President, I am pleased that the Senate has agreed to consider S. 414, the Cash Discount Act, which I introduced last month.

This bill will benefit consumers by allowing merchants to offer unlimited discounts to consumers who purchase with cash.

In other words, what this act would do, Mr. President, would be to change the existing law which restricts cash discounts currently to 5 percent. This bill would permit unlimited cash discounts. If a store owner wants to grant more than 5 percent, he would be free to do so.

S. 414 would open the way for the market rather than Congress to determine the extent of the discount. To further promote discounts, the bill would

eliminate existing regulatory disincentives.

One of the problems that exist now is the Federal Reserve has set out some extremely complicated regulations dealing with how to proceed with a cash discount, so complicated because both the rules are complicated and the 5 percent is so limited that indeed no cash discounts are given on any broad basis in the country.

This bill would eliminate existing Federal Reserve Board regulations. The Fed could, if necessary, issue further regulations, but the indication we have from the Federal Reserve is that they would not write further regulations in this matter.

On the other hand, the bill extends for 3 years the prohibition against credit card surcharges.

Until 2 weeks ago the law prohibited a merchant from adding a surcharge.

Upon assuming my position as chairman of the Consumer Affairs Subcommittee of the Banking Committee, I was faced with the imminent expiration of the existing surcharge ban. It expired February 27 and as we know, this Congress did not organize until January. I am sensitive to the similarities between surcharges and discounts but also concerned about the disadvantages of surcharges.

Now some will argue, and we will hear a good deal of oratory today in the Chamber, that if we are going to permit merchants to give discounts also let them make additions when people use credit cards of surcharges. That is what we are talking about when we use the word "surcharge."

There has been an excellent discussion on both sides. We had some good hearings in the Banking, Housing and Urban Affairs Committee and we will hear a good deal of discussion of this, as I say, today.

Mr. President, rather than act precipitously on a matter that Congress has failed to resolve during all the years that this matter has been pending—I have sought, with the bill that is before us today, basically a 3-year extension of the status quo, except we permit unlimited cash discounts. But this extension is not further avoidance of the issue. In the interim, we will have an opportunity to see whether the changes this bill effects with regard to cash discounts in fact encourage their use, thereby adding support to or diminishing the arguments on the need for allowing surcharges.

We will also have the benefit of additional information on the issue of subsidization—the question of whether credit cards result in higher overall costs that are passed on in added charges to the cash purchaser.

That is one of the underlying arguments about this whole matter of discounts and surcharges.

This bill that we have before us today includes an important provision which calls for the Federal Reserve Board to examine the relative costs of the various forms of payment. I expect that the study provision in S. 414 will result in concrete information which will be useful to Congress in formulating a permanent resolution of this discount-surcharge problem.

Mr. President, as chairman of the Subcommittee on Consumer Affairs I presided over a hearing on this matter on February 18. We had testimony which was broadly supportive of the cash discount provision. Debate, however, was focused on the surcharge issue in both the hearings and in the committee markup.

Therefore I would like to say a few words on the surcharge prohibition.

We are going to hear a good deal of passion on the part of those opposed to the surcharge ban, and I find this somewhat difficult to understand when all we are doing here is maintaining the status quo.

I think the history of this is important. The prohibition against surcharges was imposed in February 1976. It was extended again in 1978, and then last July, the Banking Committee, manned by some of those from whom we are going to hear passionate arguments against this matter, voted another extension of the surcharge ban.

I am unaware of any Senate opposition to it at that time.

What has happened over the past 5 years to arouse this antipathy? Indeed what has happened in the past 7 months since the Banking Committee last approved an extension?

It was stated in the committee last month that what is new is an appreciation of the cost of credit. But what was cited was the total figure the major credit card issuers received from merchants. I believe they cited a very substantial figure in billions of dollars that that is what credit card issuers received from all merchants in the country.

What is relevant is not that figure, but how the overall cost of credit card transactions compares to the cost of other forms of payment.

For instance, if someone goes in and pays cash that is not a matter that imposes no obligations or burdens on the storeowner. With cash he has proolems of security. With checks he has problems of fraud. It is by no means clear the cost of credit cards is the highest among all methods of payment.

In all the years that this issue has been before Congress we have not had any concrete information on the issue of subsidization. That is why I believe the study we are calling for is important.

There are two basic reasons for the temporary extension of the surcharge ban.

First, to allow surcharges would be a complete reversal of what has been the Federal law for 5 years and would presuppose the outcome of the study. In other words, why have a study if we are going into these matters already and change something that has been the law of the land for the past 5 years?

If subsidization is the key justification for two-tier pricing—in other words, one price for the credit-card user; one price for the cash user—first let us determine whether this justification is a fact before we move to expand two-tier pricing so broadly.

Second, while there are clear similarities between discounts and surcharges—we all acknowledge that—there are real consumer disadvantages to surcharges that are not associated with discounts. There are disadvantages with surcharges that we do not find with cash discounts.

With regard to surcharges, I am concerned that credit card customers can be misled and abused.

During the February 18 hearing there was firm support for a continued prohibition on surcharges. Ironically, though, the testimony of some of the witnesses who were opposed to the surcharge ban—I believe, gave strength to the position that I am maintaining here. Specifically, it was stated that merchants would probably prefer surcharges over discounts. That is because with discounts the merchants' regular price is the higher of the two prices offered. But with surcharges it was stated the merchants would advertise their rock bottom price as the regular price, and add the surcharge to that.

It seems to me the reason surcharges might be preferred by merchants is the very reason why we should be wary of their use. I am concerned if we allow surcharges, we would be opening the way to abuse of the consumer. The credit card customers might well be lured into a store by the advertised price, $100 for this, which is the advertised price, but which is only the price if you pay cash.

Then they take the goods, they go up to the counter—$100; fine, and they present their card. There they find the price is not $100 but is something higher, a price they did not suspect. I think the potential for deception is the very kind of practice we should be careful to guard against.

Now, a further disadvantage to surcharges is their potential inflationary impact. In implementing surcharges, merchants might simply slap on an added charge to their existing prices with no real benefit to the cash customer at all. At a time when customers are staggering under the weight of inflation, it is difficult to understand how allowing surcharges, which may result in still higher prices, can be proposed in behalf of the consumers.

I have heard the arguments that a surcharge prohibition is antifree enterprise and anticompetitive. I am as strong a believer in free enterprise and competition as anybody in this Chamber. But any law can be labeled antifree enterprise and anticompetitive, and any law is—any time you put any law on the books, it limits in some way free enterprise and free competition if it alters the way the business is conducted.

I might say all this stems from the Truth-in-Lending Act. That is why we are here. All of this comes out of a bill that in itself, I suppose, could be called antifree enterprise or anticompetition. But I think all of us support the concept of truth-in-lending: let the customer know what he is paying for.

But not all regulation is overregulation simply because it regulates. The question, of course, is always one of balance.

In the case of surcharges I am not convinced that the added benefits outweigh

the consumer disadvantages. The benefits of two-tier pricing can be fully provided through discounts without the potential disadvantages of surcharges.

With the unlimited cash discount we provide in this bill, you can have all that without the potential disadvantages that I talked about before.

I believe they are very real. I can see many people going in, purchasing some goods, thinking this is the price, going up and paying with their credit card, and then the clerk says that it will not be $10, but that it will be $11.

With unlimited surcharges certainly they can do that, and the consumer really did not want to pay $11 and would not have paid $11 if he had known initially it was that price. But we are all susceptible to being bullied. The customer is not going to go through the embarrassment of going back and saying, "In that case I won't take it. I don't have the cash. I thought this was the price," and meekly go back and put the goods back on the counter. I do not think that will happen. There will be a lot of people taking advantage of the unlimited surcharge, as suggested.

I am hopeful and confident that the elimination of existing regulations will increase the availability of cash discounts, thereby obviating any need for surcharges.

But the important point is this issue will be examined again by Congress within the next 3 years, and if experience shows that discounts are still not widely offered, Congress may conclude that they want to go into surcharges as the only effective approach to two-tier pricing.

On the other hand, if the data provided by the Federal Reserve study indicate there is little or no subsidization of credit card customers by cash customers—it is not exactly clear that the person who is paying cash is indeed subsidizing the credit card user. Certainly the merchants have concluded it is worth their while to have credit cards or they would not use them, they would not encourage them. Some come to the conclusion that they do not want to accept them; certain fancy restaurants in New York City will not accept a credit card, but most places think the added volume contributes to their business.

The PRESIDING OFFICER (Mr. MATTINGLY). The Senator's 15 minutes have expired.

Mr. CHAFEE. I yield myself 5 more minutes, Mr. President.

So there is no clear finding certainly as yet, and actually the only study we have ever had, which was some time ago, admittedly was in 1968, a Federal Reserve study said cash customers did not subsidize credit card customers. Clearly, Mr. President, there are too many unanswerables at present. Additional experience and information are necessary.

Under the previous bills that were passed, that I mentioned, starting back in 1977 and onward, was no provision for a study. I do not know why they did not do that. Some of the people who are going to argue with extreme passion on the floor today, when they were dealing with this matter previously never provided for any study. I think a study should take place. As I say, we provide for that.

Mr. President, one further point with regard to my proposal for a study. At first we considered what might turn out to be quite an expensive study on the part of the Federal Reserve, and it was estimated that this would cost up to as much as $1 million. There were objections to that, and I can understand that. In this era of budget restraints when we are cutting things, why spend $1 million on a study? So I think it would be irresponsible to call for expenditure of those sums for the Federal Reserve. But the study we provided is somewhat narrower in scope. It addresses essentially only the direct question of subsidization, and it encourages the Federal Reserve Board to tap other responsible research sources on the subject.

To the extent this approach results in the generation of additional data by responsible sources, the Federal Government's examination and the taxpayers can only benefit.

It is expected, of course, Mr. President, that the Federal Government would objectively critique and analyze all material it utilizes, supplementing it with whatever additional information of its own it deems appropriate.

I believe that S. 414, the Cash Discount Act, is a sound and constructive approach to an important consumer banking issue. It encourages two-tier pricing. For the first time we allow unlimited cash discounts while, at the same time, it continues the surcharge ban and its protections against consumer abuses for 3 years. This ends in 3 years, and Congress can always stop it before then if it gets to be a burning issue before then.

Further, the bill calls for the study that I mentioned which will provide the concrete information which has been sorely lacking over the past several years, to assist Congress when it examines this issue again. Let me say, too, Mr. President, as you know, we did not extend the ban for 2 years. There was a certain temptation to do that. But then in 2 years we would be in the same situation, with another new Congress just coming in, the act expiring February 27, and all the problems with committees getting organized and not having the people who were familiar with the issue dealing with it. So we made it 3 years, when it would be in the middle of a Congress.

I urge my colleagues to adopt this legislation.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. Mr. President, will the floor manager for the majority yield me 3 minutes?

Mr. CHAFEE. I yield 3 minutes to the distinguished Senator from Utah.

Mr. GARN. Mr. President, today we bring the Cash Discount Act before the Senate. I support this bill with enthusiasm as both chairman of the Banking Committee and as an original cosponsor, since it provides significant benefits to consumers, particularly during these inflationary times.

The Cash Discount Act would permit merchants to reduce the regular price they normally charge for their goods or services for the benefit of consumers who pay by cash or check rather than by credit card. Presently the law places an artificial 5 percent limitation on the discounts that merchants can offer to cash-paying customers. This act would eliminate that limitation and allow merchants and the marketplace to determine the level of discounts that are offered.

On the other hand, this bill would continue a ban against merchants adding a surcharge to the regular price for those customers choosing to pay by credit card. Since 1976, the law has specifically prohibited merchants from imposing surcharges on credit card customers. While that prohibition expired on February 27, it is the intention of the Banking Committee to see that prohibition reenacted for a 3-year period, pending a study by the Federal Reserve Board on the relative costs of credit versus other forms of payment.

What I most want to stress is the urgent needs for expeditious action on this issue. On February 24, the House passed, by a vote of 372 to 4, a very similar bill to S. 414, which was accepted by voice vote of the committee. The House is anxiously awaiting action by the Senate and if S. 414 passes the Senate in its present form, we have been assured that it would be promptly accepted by the House. However, it is equally clear that if the Senate accepts an amendment which specifically allows merchants to surcharge, this will be unacceptable to the House, and a long delay will ensue.

I reiterate the necessity for prompt action, particularly on the surcharge issue. While Congress delays, those merchants who are aware of the expiration of the surcharge ban and who impose a surcharge during this interim period are risking violations of both State usury ceilings and the Truth in Lending Act. Therefore, I urge you to accept this bill which was overwhelmingly endorsed by the Banking Committee, without amendment, and send it to the House for prompt action.

I would also like to point out the anomolous situation which exists while this bill is pending. Due to the expiration of the surcharge ban, while there is no limit to the amount that a merchant can add to the regular price and thereby increase the cost to credit card customers, there is still a 5-percent restriction on the amount that a merchant can discount for cash customers. In other words, there is a cap on the ability of merchants to offer certain consumers reduced prices, but no limitation on, and no prohibition against, merchants imposing a surcharge which simply increases the cost to certain consumers.

I intend to keep my initial comments brief since the committee report describes the Cash Discount Act and the committee's position, and Senator CHAFEE's statement certainly echoes my own views on this issue. However, I would like to merely highlight a few important points.

First, the basic premise for permitting

surcharges is the theory that credit cards result in higher overall costs than other forms of payment and therefore cash customers are forced to subsidize credit card customers. This basic premise has never been proven, and in fact, the only available evidence indicates the contrary. Therefore, we are requesting the Federal Reserve Board to examine this primary issue and report its findings to the Congress.

In the interim, the Cash Discount Act maintains the status quo on surcharges and allows merchants who do wish to offer two-tier pricing to do so through cash discounts.

Second, I have a real concern that surcharges could contribute to inflation. Since the testimony before the committee indicated that merchants who presently offer discounts do not begin by raising all of their prices, it logically follows that those who surcharge do not first lower all of their regular prices. Merchants might simply add this additional charge to their present prices, resulting in higher prices for credit customers with no relief for cash customers.

In addition, this bill would change the existing law regarding cash discounts in order to facilitate the offering of deeper discounts to more consumers. If these changes increase the availability of cash discounts, all the benefits of two-tier pricing may become available to consumers without the need for surcharges.

In order to encourage merchants to offer cash discounts, the Cash Discount Act would not only remove the existing 5-percent limitation, but would also specifically abrogate existing complex regulations. The Committee believes that the detailed regulations which implement the consumer protection requirements may be partly responsible for the hesitancy of merchants to offer cash discounts.

While nullifying the existing regulations, the bill would not eliminate the statutory consumer protections. Sellers would still be required to offer discounts to all prospective buyers and to clearly and conspicuously disclose their availability. However, merchants would be able to decide what manner or method of clear and conspicuous disclosure best suits their purposes.

The provisions of this bill would also enhance competition in the marketplace. It would permit merchants to price their goods and services with an unrestricted differential between the price to credit customers and the price to cash customers. It would permit merchants to charge a higher price for those consumers who pay by credit and a lower price for those who pay by cash. In other words, it would permit merchants to utilize two-tier pricing systems.

However, what it would not permit is the implementation of two-tier pricing systems which deceive or mislead the consumer. The only difference between what would be permissible under the Cash Discount Act and what would occur if surcharges were specifically permitted, is the different methods by which the price of merchandise could be tagged or posted. And I contend that that is a significant difference.

The Cash Discount Act would permit merchants with two-tier pricing systems to tag or post either both prices, one price or no prices. However, if only one price is tagged or posted, the act would require that that be the higher of the two prices, namely the credit price. This assures that consumers cannot be lured into an establishment on the basis of the "low rockbottom" price, only to find at the checkout counter that it will cost more if a credit card is used. This guarantees that consumers will be exposed to the highest possible price they will have to pay when they see a tagged or posted price, and therefore will not be misled or deceived.

Mr. President, I could continue to expound upon the benefits of the Cash Discount Act, but I would like to move this bill along as rapidly as possible. I will only say that this legislation would facilitate free-market competition and provide significant benefits for consumers while still assuring that consumers are not misled or deceived when they are shopping for goods and services.

I urge the adoption of the Cash Discount Act.

HOME MORTGAGE DISCLOSURE ACT AMENDMENTS

Mr. President, the time agreement on S. 414 permits me to offer an amendment to the Home Mortgage Disclosure Act allowing the Federal Financial Institutions Examination Council to defer, for 1 year, the aggregation of HMDA reports.

The Exam Council unanimously voted to approve this recommendation, and I find it sensible and highly desirable. However, I am not going to offer this amendment today because I understand that there are Members in the House who object to it, and we have promised not to jeopardize the rest of the bill with potentially controversial provisions. Therefore, the amendment will not be offered. The time allocated for nongermane amendments will not be used.

The amendment would have released the Exam Council from spending at least $300,000, and probably closer to $1 million to produce aggregated HMDA reports of questionable usefulness. The amendment would not have eliminated any of HMDA's disclosure requirements; it merely would have deferred, for 1 year, the aggregation of HMDA reports. As pointed out by the Exam Council, in their unanimously approved resolution which I am attaching for the RECORD, aggregation of last year's reports pose many problems.

For example, calendar year 1980 HMDA reports will be based on 1970 census tracts, which will be matched to 1970 census tract demographic information. Unfortunately, 1970 census tract information is obsolete, and therefore often irrelevant, in 1980. We need look no further than the Capitol Hill area to see that the demographic, racial and housing information for the 1970 census will differ dramatically from the 1980 census data from the same area. Because the obsolete 1970 census data will be used as the basis for aggregation, the resulting aggregated reports will often be very misleading.

The Exam Council also points out that many financial institutions will not be reporting on standard formats for the 1980 calendar year. Aggregating data from nonstandard formats requires extensive editing and transcribing onto standard data entry forms. There are also problems arising from ZIP code reporting in 1980 disclosures.

Finally, and most importantly in these budget-cutting days, the Exam Council estimates that the cost for aggregating HMDA data, to produce a product of questionable use and meaningfulness, is $300,000 at the very least. This figure is a conservative, and improbably low, estimate based strictly on known data processing costs. It does not account for problems that may be encountered in the aggregation process, although it is expected that there will be many. Witnesses testifying before the Banking Committee last spring estimated that the costs of HMDA aggregation could range well over $1 million.

Therefore, the expense of aggregation, the questionable meaningfulness of the resulting reports, and the difficulties arising from ZIP code reporting and nonstandardized formats for 1980 HMDA statements make it necessary to postpone aggregation until next year. I would hope that we could quickly act to avoid the expense of producing misleading and unreliable aggregated HMDA reports. It is pure and simple "waste" to sanction spending several hundred thousand dollars for a report "that will be of limited use to the public and to the Federal financial institutions regulatory agencies." Therefore, although I will not today try to accomplish this needed amendment to the Home Mortgage Disclosure Act, I certainly find the Exam Council's recommendation on this matter commendable and hope we may pursue it another time.

I ask unanimous consent to have the recommendation printed in the RECORD.

There being no objection, the recommendation was ordered to be printed in the RECORD, as follows:

FEDERAL FINANCIAL INSTITUTIONS EXAM COUNCIL RESOLUTION

RESOLUTION

Whereas, section 340 of the Housing and Community Development Act of 1980 (the "1980 amendments", Public Law 96-399) amended the Home Mortgage Disclosure Act of 1975 ("HMDA", 12 U.S.C. sections 2801 et seq.) to require the Federal Financial Institutions Examination Council (FFIEC) to compile, each year for each Standard Metropolitan Statistical Area (SMSA), aggregate HMDA data by census tract and to produce tables for each SMSA that show aggregate lending patterns on the basis of specified neighborhood characteristics as determined by the latest available U.S. census;

Whereas, data from the 1980 census will not be available until approximately 1982, thus necessitating reliance on obsolete 1970 census data until that time;

Whereas, any demographic aggregation by census tract will be neither very accurate nor very useful unless it is based on census tract data derived from the 1980 census;

Whereas, there will be a significant volume of HMDA data for 1980 still reported by Zip Code, rather than by census tract, and these data must be aggregated without comparable demographic data and excluded from the tables showing lending patterns based on neighborhood characteristics;

Whereas, the prescribed standard HMDA disclosure format will become mandatory be-

ginning with disclosures for calendar year 1981;

Whereas, the lack of a prescribed disclosure format for 1980 means that HMDA data for 1980 will be reported by financial institutions in various nonstandard formats;

Whereas, without a standardized reporting format, processing of 1980 HMDA data will require extensive editing and transcribing of data onto standard data entry forms, and even then it will be very difficult for the FFIEC to assure the accuracy of the 1980 disclosures and, consequently, the 1980 aggregate compilations;

Whereas, it is estimated that the aggregation of the 1980 HMDA data will cost the FFIEC and the agencies a minimum of $300,000;

Whereas, in light of the problems arising from the unavailability of 1980 census data, the lack of a standard disclosure format, and the number of reports filed by Zip Code, it appears that any aggregate compilation for 1980 will be of limited use to the public and to the Federal financial institutions regulatory agencies, and that the costs of preparing the 1980 aggregate compilations will substantially outweigh any usefulness the compilations may have; and

Whereas, even if aggregate compilation were not required for 1980 data, covered financial institutions will still be required to make available individual HMDA disclosures for 1980, individual disclosure reports will still be filed in central respositories in each SMSA and made available for inspection and copying by the public, and the 1980 reports will still be available for use by the examiners of the Federal financial institutions regulatory agencies: Now, therefore, be it

Resolved, That the Federal Financial Institutions Examination Council urges the Congress to amend section 310(a) of HMDA (12 U.S.C. section 2809(a), as amended) by requiring the compilation, for SMSAs, of aggregate HMDA data beginning with HMDA disclosure reports prepared for calendar year 1981 rather than 1980.

Mr. DODD. Mr. President, I yield myself such time as I may need.

First of all, Mr. President, I commend the chairman of the Banking Committee, Mr. GARN, and the chairman of the Consumer Affairs Subcommittee, Mr. CHAFEE, for their able handling of the Cash Discount Act in committee.

I believe that it is vitally important for the Senate to act quickly on this legislation so that we can increase the availability of cash discounts for consumers. This bill is designed to help carry out the goal established by Congress back in 1974, which first allowed cash discounts to be offered without running afoul of the Truth in Lending Act. That goal was to let merchants "reward" cash customers by returning some or all of the charges imposed by the credit card companies.

Unfortunately, Mr. President, the availability of these discounts has remained very limited. As I understand it from testimony before the Banking Committee, and as described by the able Senator from Rhode Island, two of the main reasons why so few merchants have offered cash discounts in the past have been the 5-percent cap on the size of the discount and the restrictive and complex rules adopted by the Federal Reserve to carry out this legislation. These regulations carefully spell out how a merchant is to disclose availability of a discount and its complexity has frightened many merchants away from offering discounts for fear of inadvertently violating the Fed's regulations.

This legislation we are considering today would help boost use of discounts by removing these two impediments. The 5-percent cap would be removed, allowing merchants to decide what size of a discount would be appropriate; and, the Fed's existing regulations covering discounts would be nullified and the requirement that availability of discounts be disclosed ' in accordance with regulations of the Federal Reserve" would be removed. The requirement of "clear and conspicuous disclosure," Mr. President, would remain. However, detailed regulations governing that requirement would not be necessary.

I find it somewhat interesting, Mr. President, that we are going to hear those who, at least traditionally, have been accused of being the overregulators, those who have been accused, I think, unfairly, of being ones who would insist that Government play a larger role in the lives of people in this country support and argue for getting the Federal Government out of another area of economic activity in this country.

That brings me to the next major point under this bill, which was disclosed ably, I might add, by my colleague from Rhode Island, the continuation of the ban on surcharges. We are going to discuss that issue today at some length. It is my understanding that two of our colleagues will be offering an amendment to lift that ban, so we will have a good discussion of it.

I would like to take a minute or so, Mr. President, to identify the problem that arises with a use of a ban on surcharges with credit card usage.

This is clearly the most controversial part of this bill: The provision extending the ban on surcharges for credit card use for an additional 3 years. This ban was first enacted in 1976 on a temporary basis. Those were the circumstances in which we established this ban. It was extended in 1979.

There was opposition about the ban, but the decision was to extend it another couple of years. As was pointed out, it expired. In effect, it no longer exists. The ban was lifted on February 27, 1981.

The original purpose of the ban was to resolve uncertainty about whether discounts and surcharges were the same—that was the purpose of the ban—and about the economic impacts of allowing both surcharges and discounts to be exempted from the truth-in-lending disclosure requirements. However, this year, the Banking Committee has received testimony and comment from numerous and rather diverse sources that a continued ban on surcharges for credit card use may or may not be in the public interest.

Unfortunately, this issue has never been closely studied by the committee, as the Senator from Rhode Island has pointed out. However, thanks to his initiative, this issue will be the subject of a Federal Reserve study and report that should allow the committee to make its long-delayed, final decision on whether or not to allow surcharges.

I will return momentarily to why a study of the effects of credit card transactions would be more useful and enlightening in the absence of a ban on surcharge.

This legislation, I should quickly add, Mr. President, also addresses a couple of other issues. First, it would make a technical correction in the truth-in-lending simplification provisions passed last year in the Depository Institutions Deregulation Act. This correction would clarify civil liability requirements applicable to financial institutions at the time they might voluntarily comply with the simplified requirement, prior to the effective date of the statutory provision.

Second, the bill would extend for 2 years the time that banks have been given by the Comptroller of the Currency to divest themselves of the real estate required to be divested under the National Bank Act. This 2-year delay will help provide for a more orderly divestiture of this property and give the committee a chance to discuss the issue of bank real estate holdings more fully.

I would like to go back, if I may, and address the continuation of the ban on surcharges. There are several reasons, Mr. President, why I believe it would be in the consumers' interest to lift this ban. I could not agree more, by the way, with the Senator from Rhode Island. This is not a clear-cut call. I do not think anyone knows exactly what the effect will be. But I believe, after listening to the testimony and after consulting with those who are most familiar with this problem, that the scales tip in favor of lifting this ban.

Let me identify a few of the reasons why I think this is so. First of all, during this period of high interest rates, which are strangling the housing industry in this country, as well as the automobile industry, small businesses, and economic activity in this country in general, the Government has no business requiring merchants to hide the cost of credit in their "regular price." And that is what is going on. They are paying for the cost of using credit and they are hiding it because of the ban.

We have seen in the last 6 years consumer debt quadruple from $15 billion to about $60 billion. Consumer debt is contributing to our present inflationary problems in this country. Clearly no one is going to deny that.

Second, I feel that Congress should begin to live up to its mandate to eliminate unnecessary Federal regulations.

I have just come through the electoral process of last November. I got the message. I think we all know what the message is. The message was to try to reduce the level of Federal regulations. That was one of the clear messages that people across this land were giving those who were running for public office or who hold public office.

Here we have our first chance to determine whether or not this institution is going to live up to the desires of the American people. They want less government in areas where there is healthy competition. So we have a chance today to eliminate some unnecessary Federal regulations. That is the second reason

why I think it is in the country's interest to lift this ban.

Third, it is not fair to cash payers. We should be encouraging people to use cash where possible, rather than using plastic. We all know that this has been a country of "plastic junkies" in the last few years. That is what has happened. But that addiction is not contributing to the economic well-being of this country, to further encourage that kind of activity.

Frankly, an awful lot of people cannot get credit today. Some are obtaining credit cards, but an awful lot of people do not qualify. As a result, the cash customer, evidence indicates, is paying for the charges associated with the use of credit.

Fourth, Mr. President, the true cost of credit, which varies among different credit card companies, should be openly disclosed. That is what the Truth in Lending Act intended. Again, the distinguished Senator from Rhode Island pointed out that was its purpose: to let consumers know what they are getting into.

It seems to me by allowing merchants to decide and identify the surcharge, we are doing just that. By lifting this ban, we are allowing consumers to make a choice, to be aware, to be conscious of the economic impact in terms of their own family budgets.

Last, I point out that a Federal Reserve study would be required under this legislation. Again, I commend the chairman of the Subcommittee on Consumer Affairs for proposing this study so that we might get a clear indication of the effect of the ban on surcharges. I would suggest, however, that we might get a better reading, a truer reading, in the next 3 years if the ban were lifted. Given the massive increase in the use of credit since the last study was done in 1968, we would be better able to compare the effects of the cash and credit transactions.

That is really what we ought to be trying to do.

I support the notion of the study under any circumstances. I think that should be done. But I think we are going to get a far better reading if we lift this ban rather than maintain it.

At any rate, this is a good bill. If the amendment is offered, I will support the amendment to lift the ban. If it is not and we have the study, I still intend to support the legislation. I think the elimination of the limitation on cash discounts and the abolishment of Federal regulations in this area are sound points. Even though we may not be able to eliminate the ban on surcharges, I intend to support this legislation, Mr. President, and I urge my colleagues to support it as well.

Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

UP AMENDMENT NO. 9

(Purpose: To permit surcharges)

Mr. PROXMIRE. Mr. President, I thank my good friend from Connecticut for his leadership in this matter.

Mr. President, I call up an unprinted amendment which Senator GLENN and I are jointly offering. I ask that it be read and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE), for himself and Mr. GLENN, proposes an unprinted amendment numbered 9.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, line 2, after "Sec. 101." insert "(a)".

On page 4, line 4, before "discount" insert "surcharge added to or".

Beginning with page 4, line 9, strike out all through page 5, line 10, and insert in lieu thereof the following: "106 if such surcharge or discount is clearly and conspicuously disclosed to all prospective buyers.".

(b) Section 171(c) of such Act is amended by inserting "surcharge imposed or" before "discount offered".

On page 5, line 11, strike out "Sec. 103." and insert in lieu thereof "Sec. 102.".

On page 5, strike out lines 16 through 21 and insert in lieu thereof the following:

TITLE II—STUDY OF CHARGE CARD TRANSACTIONS

On page 5, line 22, strike out "Sec. 202." and insert in lieu thereof "Sec. 201.".

Mr. PROXMIRE. Mr. President, before I begin, I would like to have it known that the amendment Senator GLENN and I are offering is technically different than the proposed amendment included in the "Dear Colleague" letter. By way of a drafting oversight, our initial proposal deleted the Federal Reserve Board study of credit card transactions. That problem has been corrected. Our proposal today also eliminates the definition of regular price. This definition becomes surplusage when merchants are permitted to impose credit card surcharges.

Mr. President, this is a very interesting and exciting moment for me because I think it is one of the first actions where the new Republican Senate has had a chance to take on a regulatory matter. I think the Republican Party in the Senate and in the country deserves credit for taking the strong position they have taken against excessive regulations. There is no question about it, this has caused a great burden on our business and on consumers.

All of us can only gain if we rely more on the freedom of the marketplace and less on the heavy hand of Government.

But that is the delicious irony we have before us today. Here we have the spectacle of our new majority ramming through a bill calling for increased restrictions of the private enterprise system as one of the first orders of business when we come to regulatory matters before us.

Mr. President, it is also ironic that the No. 1 domestic problem facing this country—and I think the President is absolutely right—is inflation. One of the reasons why inflation is so serious is because there has been far too much borrowing and too little cash payment in this country by the Federal Government and in the private sector.

All of us are well aware, and we have heard nothing else, about attacks on the Federal Government's excessive borrowing and spending. I support those attacks. I think the Federal Government has to reduce its borrowings, has to run surpluses instead of deficits, has to stop bidding up interest rates.

Mr. President, we have a bill here today which would continue to discourage people from paying cash.

I realize, of course, that the Federal Government is a big factor. It is probably a quarter of our economy. But almost two-thirds of our economy is in the private sector. If we are going to follow a policy of supporting regulations which discourage the payment of cash and encourage putting it on the cuff and borrowing money, encourage driving up interest rates, encourage inflation by excessive credit, it seems to me we are following a most unwise course, economically, and a course which is not in the interest of consumers, a course which particularly contradicts the very essence of the position the Republicans have properly taken, that it is time we emphasized the free enterprise.

Mr. President, I am going to quote in a few minutes from a number of free enterprise groups who strongly support the amendment Senator GLENN and I are offering, as well as a number of consumer groups that support that amendment. I do not know any consumer group, not one, which has taken the position that this amendment is against the consumer interest. These consumer groups are ably staffed. They have won the admiration of us. We may disagree with them, we may vigorously disagree, but they won our admiration on the basis of their competence.

They say that consumers will be ill served if we pass this bill restricting the credit surcharges, that it will be against the interest of the consumer and it will mean that the consumer will have to pay more when he pays cash.

Let us not forget that our No. 1 problem today is inflation. Not El Salvador, not Afghanistan, not Iran, but an inflated, high-interest-rate economy that has been teetering on the brink of real trouble for a long time and will continue to teeter, until we can bring inflation under control. So what is our first action? To adopt a policy to encourage credit and discourage cash purchases. If this country could get off the credit kick—not just the Federal Government which certainly is the biggest offender—but the private sector which is still three times bigger than the Federal Government sector—if the private sector too will get off the credit kick and onto more of a cash basis, can anyone doubt that our conduct as a Nation will be less inflationary? And how do we get 200 million consumers to reduce their credit, to put less on the cuff and pay more in cash?

According to the title of S. 414 this bill is concerned with cash documents.

Make no mistake about it, the heart and soul of this legislation is the demand of the credit card industry that the Con-

gress extend the ban on credit card surcharges for another 3 years.

Talk about a special interest group. The credit card industry last year got $1.5 billion from merchants. Why did they get that from merchants? They got it because when people went in to use their credit cards the merchants, in turn, would be billed by the credit card company for the interest and the cost of processing that credit transaction.

Of course, the credit card companies enjoy very much getting that $1.5 billion, but does anybody really believe that that $1.5 billion did not result in higher prices for the merchandise that all of us buy? Of course it did. It is translated simply into higher prices. That is why the consumer organizations are unanimously, without exception, emphatically in favor of the Glenn-Proxmire amendment and opposed to the bill in its present form.

It is why they feel that merchants should be free. That is all we are asking. We are not asking that this be imposed. We are saying let the free enterprise system work. What is wrong with that? Why not let the merchants be free to make a surcharge if they wish to do so?

Back in 1975, the lines of battle on the surcharge question were far less clearly drawn. By a 4-to-3 vote, the Governors of the Federal Reserve Board came down in favor of the ban on surcharges. The Consumer Federation of America also opposed credit card surcharges at that time. Last Wednesday the Consumer Affairs Subcommittee heard testimony from the Federal Reserve Board, the Consumer Federation of America, and Consumers Union calling for an end to this unnecessary restriction of the free market system.

A week ago Wednesday, the Consumer Affairs Subcommittee heard testimony from the Federal Reserve Board, the Consumer Federation of America, and the Consumers Union calling for an end to this unnecessary restriction of the free market system. Additionally, the Federal Trade Commission, the Comptroller, the Bank Board, and the Credit Union Administration also oppose any extension of the surcharge ban.

So not only do we have all the consumer organizations, not only do we have all the free enterprise organizations, every responsible, competent Government agency that has studied this situation and testified, testified that we should remove the ban. That is what our amendment does. They are unanimously for it. There is no competent testimony that does not have a clear special interest, such as the credit card companies themselves, that opposes this amendment.

On the other side of the coin, the credit card industry claims that the Government restriction of surcharges is somehow in the public interest.

Frankly, when we first began the debate on surcharges in 1974, I had no idea how inflationary the hidden merchant discount fees might become. For example the domestic operations of the three major card issuers—Visa, Master Charge, and American Express—collectively earned in excess of $1.5 billion from these hidden fees in 1980 alone.

After listening to literally hundreds of bankers testify before the Banking Committee that every law and regulation eventually results in additional costs which are always passed along to consumers, there is certainly no doubt in my mind that the $1.5 billion hidden fee was likewise passed along to all consumers in the form of higher prices for goods and services. Nor, I might add, does there seem to be any doubt on the part of the Federal Reserve Board that these hidden fees are buried in the regular prices of goods and services of merchants who accept credit cards.

Of course they are. We were not born yesterday. We know there is no way the merchants can assume this. They are going to go out of business if they do not pass along their costs. They have to. It is the first thing you learn in cost accounting. Every merchant who has enough sense to come in out of the rain is going to require that his costs be covered in the price he charges. They do that.

There is nothing wrong in that. It is proper, it is desirable, it is necessary. And they pass along that cost.

Unfortunately for cash purchasers, merchants have no way of knowing which customers will pay by cash and which will pay by credit card. Consequently, merchants must bury the $1.5 billion merchant fee in their regular price, with the result that both cash and credit card customers alike must shoulder this hidden fee.

Even if we conservatively assume that cash customers wind up paying only one-third of the merchant fee, that still amounted to a $500 million subsidy of credit card purchasers by cash customers in 1980.

Mr. GARN. Will the Senator yield for some comments at this point?

Mr. PROXMIRE. Yes, indeed.

Mr. GARN. I thank the distinguished Senator from Wisconsin.

Mr. President, may I respond first to his comment about the delicious irony of additional regulation? I merely say that, of my 6 years on the committee, I do not apologize for my record of trying to deregulate and suggest that I hope this fervor for deregulation continues and that I shall get the help that I need from the former chairman of the Banking Committee to have some vast deregulation in a number of Banking Committee bills over the next couple of years.

Mr. PROXMIRE. If the Senator will yield on that point, I commend the Senator. The Senator is absolutely correct. He has a very strong record against regulations that are unnecessary. He has fought them and fought them hard and he deserves credit for that.

Mr. President, that is why I am so stunned, so shocked, that the Senator from Utah, the great champion of fighting regulation, who has fought for deregulation so hard and so well, is now somehow sandbagged by the credit card industry into supporting a bill which imposes a restriction on merchants, which says, you cannot issue a surcharge; you must follow a regulation and not issue it.

Mr. GARN. I must say, Mr. President, I am astonished that it has been so difficult for me, in the committee when it was chaired by the Senator from Wisconsin, to simplify truth in lending. I hope this dictates a new attitude on the Democratic side and that the Senator will be very persuasive on his side of the committee so that we can accomplish this great and wondrous thing.

Mr. President, the rhetoric is great. I understand how much fun the Senator is having taking this side of the question against us Republicans. But I suggest we look at the reality of this particular situation. In principle, I agree with the Senator and Senator GLENN: there is no doubt that from a free enterprise standpoint, we ought to remove the restrictions in both directions. But I think we ought to look at the reality of what is taking place in this case.

There is no study except the 1968 Federal Reserve Board study which indicates that cash customers are not subsidizing credit card purchasers. The emphasis of Senator CHAFEE's study as it is contained in this bill is to find out the truth on the subsidization issue. As Senator DODD said, it is a close call. Nobody really knows or can stand up here and say for certain that subsidization is taking place. We do not know.

The reality of the situation is that, on February 27, the current law expired, so now we have a situation where unlimited surcharges can be imposed. We can have unlimited surcharges, but there is still a cap of 5 percent on discounts. The fact is that, as has been pointed out before, with all of the restrictions under truth in lending on cash discounts, they really have not been widely offered.

The fact of the matter is, in reality, that if surcharges are permitted we are not going to see price levels reduced. That is not going to happen. If I could read a letter that came unsolicited—not only unsolicited, it was not addressed to me. It came to the president of Visa:

GLENN FALLS, N.Y., *March 2, 1981.*

Mr. DEE W. HOCK,
President, Visa U.S.A.
Washington, D.C.

DEAR MR. HOCK: This past weekend I drove over to Vermont to entertain my relatives.

We had dinner on Saturday evening, February 28, 1981 at a delightful restaurant called The Paddock Restaurant in Springfield, Vermont 05156. The meals were delightful. The service was excellent.

When I was ready to pay the bill with my Visa charge card, the waitress returned and informed me that there was a 4 percent surcharge on any bill over $100.

There was no sign in the restaurant that I saw indicating that such a charge would be made.

I have eaten in other restaurants in Vermont and have not had such a surcharge.

I have eaten in many cities in New York State as well as in many other of the States and have never had such a surcharge.

When I am out to enjoy an evening, I make it a point to avoid any form of unpleasant discussion. Accordingly I paid the charge. My custom is to tip satisfactory waitresses approximately 15 percent. In this instance I gave her a tip less than 10 percent. In that way my total charge was somewhat less than

it would normally have been. It makes me unhappy to penalize a very competent and pleasant waitress because of a practice by her employer that may be questionably legal but certainly is immoral.

This matter is brought to your attention for any possible action that you consider appropriate.

A copy of my Visa slip is enclosed.

Very truly yours,

WALTER F. HARRISON, Jr., M.D.

Mr. President, we have received letters like these already. I did not think the business community was watching that carefully the actions of the Senate and the House and that businesses would know that the prohibition against surcharges had expired on the 27th of February.

Mr. PROXMIRE. Will the Senator indicate where he got the letter?

Mr. GARN. A copy was sent to the president of Visa. Frankly, I do not know how we got a copy of the letter.

Mr. PROXMIRE. Would the Senator say it came from the Visa people?

Mr. GARN. I do not know. Forget the Visa people, the point is, who is paying the bill? The consumer is paying the bill. The Senator from Wisconsin and Senator GLENN are kidding themselves if they think that we are going to have a reduction in prices across the country, and that businesses are going to put out announcements, "We are lowering the general price for everybody because we are going to impose surcharges." Those menus and the prices on merchandise are going to be exactly the same even if surcharges are allowed, and cash discounts will still not be pervasive because of the complexities of the law. Cash discounts are now limited to 5 percent. Therefore, all we have succeeded in doing by permitting surcharges is to add to the inflation rate and to the cost to the poor consumer.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. PROXMIRE. I shall yield to the Senator from Ohio in just a minute, Mr. President. Before I do, let me say I have much more faith in the free enterprise system and the competitive way in which it works than the Senator from Utah. There is no question that it works and by working, that means that when the price can be passed on to where it should be, the credit card customer, the price of goods will come down. Competition will drive them down. Not overnight, of course not. They will come down in all kinds of ways—sales, many other actions that they will take.

I do not say this is just my opinion. This is the opinion of the Consumer Federation of America. They represent 30 million people. It is the opinion of the Consumer Reports. It is the opinion of the consumer people who have studied this, who took the other position 5 years ago but have changed, because they have found out that the consumer is going to be benefited if we permit the merchant, when he wishes to do so, to put a surcharge on the credit cards.

Mr. GARN. If the Senator believes that the general price level will go down and that people will reprint menus, and that the surcharge will not be just an additional cost to the consumer, then I suggest that he believes in the tooth fairy.

Mr. PROXMIRE. That is a shocking lack of faith in the free enterprise system.

Mr. President, I believe the Senator from Wisconsin has the floor. Is that correct?

The PRESIDING OFFICER. The time for the Senator from Wisconsin on the amendment has expired. The Senator still has time on the bill.

Mr. PROXMIRE. The Senator from Wisconsin has 2 hours on the bill.

Mr. GARN. I would be happy to yield whatever time I am taking from the amendment I am not going to call up, in order to help the Senator from Wisconsin.

The PRESIDING OFFICER. It would require unanimous consent to do that.

Mr. GARN. I ask unanimous consent.

Mr. CHAFEE. Take time from the amendment.

Mr. PROXMIRE. The time has all been used up.

Mr. GARN. We have time to respond.

Mr. CHAFEE. Mr. President, I yield to the Senator from Utah my time on the amendment of the Senator from Wisconsin. That means I will still have time on the bill, to discuss the amendment.

The PRESIDING OFFICER. The Senator is correct.

The Senator from Utah has been yielded 15 minutes on the amendment.

Mr. GARN. I thank the Senator.

Mr. President, this is not a matter of faith. It is a matter of reality, and the letters show what is happening to the consumer.

I believe that there is a very important point to be made in the fact that while all the consumer groups are in favor of this, there is a person opposed to this who is someone with whom I have rarely agreed in the last 6 years and with whom I have had incredible fights on the so-called pro versus anticonsumer issues over the years. This man is FRANK ANNUNZIO, in the House of Representatives. I doubt whether there is anybody in the Senate or in the House who is known by the consumer groups or consumers as more of a defender of the consumer. That is why, in the time that has been yielded to me, I believe that it is important to not just place this letter in the RECORD but that I read it for the benefit of the full Senate. He writes:

WASHINGTON, D.C.

DEAR MR. CHAIRMAN: I am deeply concerned that through some misunderstanding the legislation being taken up by the Senate today, S. 414, is being interpreted in part as an anti-consumer bill.

Since much of the Senate bill is identical to the House-passed version of H.R. 31, of which I was the chief sponsor, I would like to clear the air on a few points.

I take a backseat to no Member of Congress as being a champion of the consumer. And, I know my position on the anti-surcharge provision of H.R. 31 and S. 414 is a pro-consumer position. If I thought for one minute that H.R. 31 or S. 414 was an anti-consumer bill I would pull my name off of it immediately and ask the House to reconsider its position, but that is not the case.

I say, parenthetically, that this bill was passed in the House by a vote of 372 to 4.

The anti-credit card surcharge provision of the legislation has been law for more than five years. It has served to save consumers millions of dollars in extra costs that they would have had to pay had the legislation not been in effect. I am the first to admit that credit card costs are too high and have consistently sponsored legislation to reduce those costs. I fail to understand, however, how the consumer will benefit by paying more for the use of credit cards when credit cards are already too expensive.

As you know, the credit card surcharge ban expired on February 27. Since that time I have already seen evidence of surcharges being placed on credit cards. I have seen no decreases in the cash prices of items by those businesses that surcharge credit cards. Complaints from consumers are already reaching my office objecting to the surcharge. All of these consumers want to know when the Congress is going to put the surcharge ban back into effect, because as one woman stated to me, "I have to use my credit card, I have no other choice".

Unfortunately, that situation occurs far too often in our economy. There are more than 600 million credit cards in circulation in this country. Last year consumers used these credit cards to purchase $140 billion of goods and services, and these credit cards were used 92 million times.

It is nice to think that if credit cards can be surcharged that businesses will automatically reduce their prices to cash customers, but what happens if that assumption does not prove true? Can we afford to take a chance of telling millions of Americans that in addition to paying record high interest rates on credit cards, paying annual fees on credit cards, and being subjected to new billing methods that they now will be surcharged every time they use a credit card? And are we willing to put ourselves in a position of saying that you must pay this surcharge because that is what the Congress of the United States has decreed?

I am not prepared to place any additional economic burdens on the shoulders of any Americans. I ask you to urge your Senate colleagues not to support any provision that would increase credit card costs. Let's make the economic burden a little lighter for millions of our fellow Americans.

With every best wish,

Sincerely,

FRANK ANNUNZIO,
Chairman.

As I say, FRANK ANNUNZIO and I have not often agreed on issues, but he could not in any way be considered anything but the champion of consumer issues by both the Senate and the House.

I thank the Senator from Wisconsin for allowing me to interrupt his statement.

Mr. PROXMIRE. Mr. President, I thank my good friend from Utah.

This has been most enlightening. The 30 million member Consumer Federation of America supports the Proxmire-Glenn amendment, as does the Consumers Union, as do a number of other consumer organizations which I will cite in a moment.

The Senator from Utah was able to cite a Congressman—a Congressman—and was able to cite a diner at a Washington restaurant. I submit that the testimony by the Consumer Federation of America, which has gone into this matter in great detail over a period of years, should weigh at least as heavily as the diner at the Washington restaurant; and I will put the Consumers Union up against a fine young man like FRANK

ANNUNZIO—or, FRANK ANNUNZIO—any day.

Mr. President, our good friends on the other side have pointed to the fact that a study has not been made here. Since when do we say that we have a regulation and that in order to remove the regulation, we have to have a study? I say that in order to have that regulation in effect, we should have a study. The burden of proof is on those who would put the regulation into effect. It is not on those who would oppose the regulation.

If we are going to follow the advice of the consumer groups, if we are going to follow the advice of every competent Federal agency that has studied this matter—and I will point to a number of other groups that support our position—if we are going to be willing to stand up to special interest groups, the credit card companies, we should support this amendment.

Unfortunately, the ban on surcharges also promotes costly economic inefficiencies by encouraging Americans to use credit cards without knowing the true cost of the credit card. They do that because they do not know. I believe that not one American knows that the merchant who takes his credit card, and gives him credit on the basis of the credit card, then will have to pay 3 or 4 or 5 percent to the credit card company whose credit card he uses. Therefore, obviously, ineluctably, certainly, that additional price is in the price of the merchandise he buys. It is concealed.

Unquestionably, the free market system depends on consumers being able to make informed choices. It is, therefore, vital to the marketplace that the Congress not be a party to any plan to restrict free enterprise in order to enable the credit card industry to bury billions of dollars in hidden charges. Consumers must be free to choose wisely between buying on credit and using cash.

This would do that. It would do it freely. It does not say that you have to impose a surcharge on credit cards. It says that if the merchant wishes to do so, he can do it. Then, when the consumer goes in to buy, he will have some notion that the cost of using that credit card is what it is—a 3-, 4-, or 5-percent surcharge.

By the same token, merchants must also be free to choose whether discounts or surcharges are in their best interest.

We are talking, Senator GLENN and I, for freedom, for freedom of the marketplace, for the absence of restrictions.

Given unrestricted choices I just do not have any doubt that the vast majority of consumers and merchants will make the decision which is in their best interests.

I say it is time that Congress got out of the business of forcing this hidden subsidy charge upon cash customers for the benefit of the credit card industry. Let competitive market forces determine whether one merchant will impose a surcharge while another will not. What right does Congress have to restrict that free market choice at the behest of the credit card industry? If, in truth, this Congress and this administration are dedicated to getting the Government off people's backs—then it can start by killing any attempt to extend the surcharge ban.

Just as an aside, I note that even a witness who testified before us, and our expectation was that he was going to support the surcharge ban, Mr. Kittle, the home furnishing store owner from Indianapolis, Ind., who was introduced by Senator LUGAR at the meeting, said that deregulating surcharges would probably lower the price that a cash customer will pay for goods, compared to the credit card customer.

That is not just a casual customer. That is not a Member of the House of Representatives who has to spend his time in all kinds of things. That is a man who is in the business. He says it would probably lower the price that a cash customer will pay for goods, compared to the credit card customer.

This measure to extend the ban on surcharges another 3 years should provide considerable insight into just how serious Congress and the administration are about restricting the interference of Government into our free market system when the restriction in question will insure billions of dollars for their friends in the credit card industry—and higher prices for cash on paying consumers.

I urge my colleagues to consider that there is no room in this economy for special interest legislation costing the American people billions of dollars. Nor is there any place for unwarranted Government intrusion in the marketplace.

Mr. President, I ask unanimous consent to have printed in the RECORD letters from the Federal Trade Commission, the Comptroller of the Currency, the National Credit Union Administration, and the Federal Home Loan Bank Board that reflect the unanimous dissent of of these Federal agencies against extending the ban on surcharges.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

FEDERAL TRADE COMMISSION,
Washington, D.C.

Re S. 414 "Cash Discount Act."

Senator WILLIAM PROXMIRE,
Senate Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR PROXMIRE: This is in response to your letter requesting our comments on S. 414, the "Cash Discount Act."

S. 414 would amend Section 167(b) of the Truth in Lending Act, 15 U.S.C. §1666f (b), by removing the five percent ceiling on discounts for cash in lieu of payment by credit card, and by repealing some procedural provisions of §226.4(i) of Regulation Z, 12 C.F.R. § 226.4(i) (1980). In addition, Title II would extend the current prohibition on merchants imposing surcharges on credit card customers until February 27, 1984. This prohibition would otherwise expire on February 27, 1981. Finally, S. 414 contains an additional provision which moves forward by one year the date on which the civil liability provisions of the Truth in Lending Simplification Act are applicable to certain creditors.

We generally support the Cash Discount Act but provide below a few suggestions for the Committee's consideration. The goal of federal efforts to encourage cash discounts is to allow merchants to offer plans under which cash customers do not pay the inherent costs of credit card programs. One example of these costs is the charge ("discount") imposed by credit card issuers on merchants who accept credit cards.

The most significant change which we believe should be made in S. 414 is deletion of the extension of the current Act's prohibition on merchant-imposed surcharges and substitution of a provision affirmatively allowing merchants accepting third-party credit cards to impose surcharges. We understand from our staff that many small merchants which adopt programs to ensure that cash customers do not pay the costs associated with accepting credit cards do so by imposing a surcharge rather than granting a discount. In instances in which the staff has notified these merchants that surcharges are illegal, the uniform response has been to abandon the surcharge, but not to institute cash discounts. Moreover, in at least one instance, the merchant orally expressed his dismay that the law allowed him to raise his cash price and then grant a discount but not to take the much simpler step of simply imposing a surcharge.

In theory, a discount and a surcharge are equivalent concepts, but one is hidden in the cash price and the other is not. From a practical standpoint the surcharge seems easier to implement and more likely to ensure that the price credit card users pay reflects the cost of accepting credit cards. If the goal of the legislation is to ensure that cash customers are not required to absorb the extra costs of accepting credit cards, and thereby subsidize credit card users, then elimination of the current prohibition on surcharges would seem to be one of the most effective methods of obtaining this goal.

There are really two separate questions facing the Congress. The first decision is whether to extend the Act's current substantive prohibition on surcharges. We believe that there is no economic or other rationale justifying the current substantive prohibition and that it should be deleted or, at least, allowed to expire. A merchant should not be restricted from imposing a surcharge or granting a discount on whatever terms it deems appropriate so long as the discount or surcharge does not violate state law and is accompanied by Truth in Lending Act disclosures.

The second, and more important issue from a practical standpoint, is whether surcharges should be granted an exemption from the Truth in Lending Act's general disclosure requirements, similar to that provided to cash discounts, in order to encourage their use. We believe that the Cash Discount Act should be amended to grant a limited exemption to merchants which accept third party credit cards and impose a surcharge. This exemption should, at least, apply to surcharges which are equal to the amount of the discount the merchant will pay the card issuer. If such a provision is enacted, it might be coupled with a provision requiring merchants to clearly disclose that they impose such surcharges in any advertisement stating that they accept third party credit cards in order to prevent merchants from exploiting consumers' current understanding that such charges will not be imposed. Such a notice could be employed for a limited period such as one to three years, to overcome current consumer perceptions that merchants advertising that they accept third party credit cards are impliedly representing that this is a free service.

The Act would also remove the existing five percent ceiling on cash discounts. It is our understanding that the purpose of the existing ceiling is to prevent merchants from passing along to consumers a charge greater than that the merchant would otherwise pay to the card issuer on the specific transaction.

We understand from our staff that the limitation on the amount of the discount has not been a particularly important reason for the general reluctance of merchants to offer cash discounts. Moreover, we are concerned that an unlimited discount could be used to subvert the Truth in Lending Act's general policy of promoting informed use of credit through full disclosure of cost. Even a five percent discount for cash can have a substantial impact on the true Annual Percentage Rate for the credit transaction and substantially frustrate the Truth in Lending Act's primary goal of enabling consumers to make meaningful cost comparisons between financial institutions. Therefore, we believe that the question of a ceiling on discounts related to the size of charges actually being imposed by card issuers should be carefully considered.

Finally, we are pleased to see that the existing statute's requirements that the cash discounts must be available to all cash customers has been retained. This provision ensures that customers who do not have credit cards, and who otherwise might bear the costs of credit transactions without enjoying any of their benefits, can receive the discounts for cash payments.

I hope that you will find our views of assistance in considering this legislation.

By direction of the Commission.[1]

MICHAEL PERTSCHUK,
Chairman.

COMPTROLLER OF THE CURRENCY,
ADMINISTRATOR OF NATIONAL BANKS,
Washington, D.C., February 25, 1981.

Hon. JAKE GARN,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, 5302 Dirksen Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for comments of this Office on S. 467. Title I of the bill would amend the Truth in Lending Act ("TILA") to encourage greater use of cash discounts by merchants. Title II would extend until February 27, 1983, the current ban on surcharges by merchants under the TILA. Title III is a technical amendment to the TILA which would make effective on April 1, 1981, the new civil liability provisions of the TILA, enacted as part of Title VI of the Depository Institutions Deregulation and Monetary Control Act of 1980 ("DIDA"). Lastly, Title IV would amend 12 U.S.C. § 29 to permit a national bank to continue to hold certain real estate beyond the permissible time period provided by the existing law.

We support the purpose of Title I to encourage greater use of cash discounts by merchants; however, we suggest that cash discounts and surcharges upon the use of credit cards be afforded similar treatment under the law. We question the need for proposed Title II which would continue the ban on merchant surcharges for users of credit cards. Recent testimony before the Subcommittee indicated the existing ban on surcharges has the effect of subsidizing credit card users at the expense of cash paying customers, many of whom are low- and moderate-income persons who may not qualify for open-end credit. Permitting such surcharges would provide a mechanism by which cash customers could be relieved of subsidizing credit card users.

We support the enactment of Title III of the proposed bill as necessary to remove any ambiguity regarding the effective date of the new civil liability provisions of the TILA.

Title IV of S. 467 is non-germane to the other provisions of the proposed legislation. It would permit a national bank to hold until December 31, 1982, title to and possession of real estate carried on its books at a nominal value on December 31, 1980, provided the earnings from such real estate are disclosed separately in financial statements of the bank. The National Bank Act currently limits the ability of national banks to acquire or hold real estate. Generally, any real estate acquired by a national bank must be disposed of within five years. Section 29 was recently amended by Section 701 of DIDA to permit the Comptroller, under certain conditions, to approve the holding of real estate ("other real estate owned") for a period not to exceed 10 years. In amending the law, Congress reaffirmed the general underlying purposes of Section 29 to: (1) prevent banks from acquiring large amounts of real estate and holding it for extended periods of time, (2) keep bank capital flowing in the daily channels of commerce, and (3) prevent banks from accumulating large amounts of illiquid and speculative assets. See Senate Rep. No. 96-923, 96th Cong., 2d Sess. The recently amended law does not permit banks to continue to hold such real estate beyond ten years.

Our opposition to legislation proposed during the 96th Congress to amend Section 29 was stated in the enclosed letter of February 5, 1981, to Senator Tower, Chairman of the Financial Institutions Subcommittee. In that letter, we noted our objections to a proposed five-year extension contained in S. 2255. Title IV of S. 467 is similar to the previously considered amendment. As such, those comments are applicable to the merits of the issue underlying the proposed two-year extension contained in Title IV of S. 467. We do not believe a statutory extension is necessary at this time.

We are, in fact, now requiring firm divestiture plans from each of the banks which hold real estate in contravention of the existing law.

It is our intention to permit a reasonable amount of time—up to two years in some instances—to each institution to dispose of properties in their possession so that a fair value can be realized. This approach, in our view, is consistent with the concept of fairness to other national banks and the underlying purposes of existing federal law. We, therefore, urge the deletion of Title IV from the bill.

Should the Committee, nevertheless, decide to favorably report the proposed amendment, we suggest that the Committee's Report expressly indicate the need for affected institutions to prepare adequate divestiture plans in order to promptly dispose of such real estate upon expiration of the extended holding period. In order to avoid disorderly and costly divestiture of such holdings, we would require such plans to be submitted to the agency prior to the expiration of any extended statutory time period.

In balance, we do not believe that enactment of the proposed bill is necessary at this time. More specifically, we suggest that Titles II and IV be deleted from the proposed legislation. The existing ban on surcharges by merchants should be permitted to expire.

If we can be of further assistance with regard to Titles I, II and III of the proposed legislation please contact Ms JoAnn S. Barefoot, Deputy Comptroller for Customer and Community Programs at (202) 447-0934. If you have any questions regarding Title IV, please contact Mr. Charles E. Lord, Senior Advisor to the Comptroller, (202) 447-1763.

Sincerely,

PAUL M. HOMAN,
Acting Comptroller of the Currency.

NATIONAL CREDIT UNION ADMINISTRATION,
Washington, D.C., February 23, 1981.

Hon. JAKE GARN,
Chairman, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for comments on S. 414, a bill "to amend the Truth in Lending Act to encourage cash discounts, and for other purposes".

The National Credit Union Administration supports this measure to remove the present 5 percent limitation on cash discounts, however, we would recommend that the ban on surcharges also be removed for a trial period in order to provide merchants the most flexibility in marketing their products. At the end of a trial period such as 2-3 years, and after determining that abuses such as the hiding of finance charges have not occurred, a decision for permanent removal should be made.

Sincerely,

LAWRENCE CONNELL,
Chairman.

FEDERAL HOME LOAN BANK BOARD,
Washington, D.C.

Hon. JAKE GARN,
Chairman, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for our comments on S. 414 and S. 467, two essentially identical bills both entitled the Cash Discount Act. The measures would allow discounts to be offered for cash purchases without the discount constituting a finance charge under the Truth-in-Lending Act, as long as the discount is available to all prospective purchasers and this availability is clearly and conspicuously disclosed. Currently, any such discount in excess of 5 percent must be computed as part of the finance charge. The bills also would extend the present ban on imposing surcharges for credit card use. Under current law, the ban will expire on February 27, 1981; S. 414 would prohibit surcharges through February 27, 1984, and S. 467 would continue the ban until February 27, 1983.

The Bank Board supports S. 414 and S. 467 in their proposed elimination of the existing 5 percent limit on cash discounts. By freeing sellers from certain current Truth-in-Lending complications resulting from offering discounts, the bills could significantly increase the number of such discounts available, thus contributing to a lowering of the cost of goods and services. In addition, removing barriers to the offering of discounts for cash purchases would serve an equitable purpose, in that it could contribute to ensuring that cash purchasers are not required to provide subsidies to persons utilizing credit cards. And, of course, the proposed cash discount liberalization would be consistent with the general trend toward economic deregulation that has characterized such Congressional actions as the Depository Institutions Deregulation and Monetary Control Act of 1980, Public Law 96-221. As witnessed by our strong, consistent support of rate decontrol, this is a trend with which the Bank Board is very sympathetic. In our view, a return to a market place environment in as many sectors as feasible will result in a fairer and more efficient functioning of our national economy.

Because of our support for lifting government controls, as the bills, in effect, would do with respect to cash discounts, we do not endorse the extension of the credit card surcharge prohibition contained in both S. 414 and S. 467. Should a merchant wish to charge more for goods obtained with a credit card in

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[1] Commissioners Clanton and Pitofsky voted to recommend that the cash discount ceiling be abolished. While they recognize that elimination of the ceiling might increase the chance of inadequate credit cost disclosures, they believe that the risk is too speculative to justify limiting the bill's primary goal of encouraging cash discounts.

order to reflect the higher costs involved in credit card transactions, we believe he should be free to do so. The credit card industry, in our view, is capable of prospering without this kind of Federal protection. In any event, the actual difference between a discount and a surcharge is unclear, and we believe it would be anomalous to allow one and not the other. The practical consequence of imposing this artificial distinction undoubtedly would be to discourage the use of discounts, for merchants would be confused as to what is or is not allowed, and thus would be reluctant to engage in any alteration of their pricing structure.

We have no comment on the provision in S. 467 that would extend until 1982 the ability of national banks to hold certain real estate, for it is outside our area of responsibility.

I hope this has been responsive to your request. Please note that, in accordance with 12 U.S.C. § 250, this letter has been reviewed only by the members of the Federal Home Loan Bank Board. The views expressed herein are those of this agency, but do not necessarily reflect the views of the President. If you need any additional information, please do not hesitate to contact me.

Sincerely,

JOHN H. DALTON.

INTERNATIONAL LADIES' GARMENT WORKERS' UNION,
New York, N.Y., February 25, 1981.

Hon. JAKE GARN,
U.S. Senate,
Dirksen Senate Office Building,
Washington, D.C.

DEAR CHAIRMAN GARN: The International Ladies' Garment Workers' Union opposes the ban on credit surcharges presently contained in S. 414 the Cash Discount Act.

The government ban on credit surcharges forces retailers to charge all customers for the "merchant discounts" paid to credit card companies. Last year these charges amounted to over $1.5 billion for American Express, Visa and Mastercharge alone.

Simply put, the ban requires cash customers to subsidize credit card purchases. Even lower-income consumers who cannot qualify for credit cards pay this cost of credit The ban also deceives consumers about the true cost of credit, burying the merchant discount in the overall price of goods.

In mark-up tomorrow, the Committee will consider an amendment to lift the surcharge ban for a period of three years. We urge you to support this action. The amendment will not require merchants to do anything, but it will give them greater freedom to create a system of equitable prices.

Sincerely,

EVELYN DUBROW,
Vice President.

NATIONAL COUNCIL OF SENIOR CITIZENS,
Washington, D.C., February 25, 1981.

Hon. JAKE GARN,
Chairman, Senate Banking Committee,
Dirksen Senate Office Building,
Washington, D.C.

DEAR CHAIRMAN GARN: The National Council of Senior Citizens opposes the ban on credit surcharges in S. 414, The Cash Discount Act. The ban should be lifted so that retailers are not forced to make cash customers subsidize credit card purchases.

Cash customers helped bear the burden of over $1.5 Billion in "merchant discounts" retailers paid last year to the three largest credit card companies. These charges—attributable solely to credit card purchases—are buried in the overall prices of goods. Even low-income consumers, elderly and others, who cannot qualify for credit cards must pay these hidden costs.

In mark-up session tomorrow, the full Banking Committee will consider an amendment to lift the surcharge ban for a period of three years. We urge you to support this action. It is essentially a free market amendment which will give merchants greater capacity to use a fair system of cash and credit pricing.

Sincerely yours,

JACOB CLAYMAN,
President.

Mr. PROXMIRE. Mr. President, I wish to call attention now to a series of letters that I received and that the chairman of the committee has received from organizations approving the extension of this ban on surcharges.

Mr. President, I assume that this is being taken out of my time, my 2 hours that I have on the bill.

The PRESIDING OFFICER (Mr. GARN). The Senator is correct.

Mr. PROXMIRE. Mr. President, the first letter comes from the National Small Business Association, one of the two major small business groups in the country. Almost all of us in Congress are aware of that organization. It is one that has a deep interest in Federal legislation. We know of its expert reflection of the views of small business. What do they say? This letter is March 10, addressed to me. It says:

The National Small Business Association is strongly supportive of S. 414, the Cash Discount Act. We feel that removal of the 5 percent limitation on cash purchases can indeed help move consumers toward more stable purchasing habits.

However, we are opposed to title 2 of S. 414 which extends the ban on surcharges.

Credit card charges are currently passed on to the consumers even though they are not indicated as a surcharge at the time of purchase.

That again is the National Small Business Association. That is not one Congressman. That is not one person having dinner in a Vermont restaurant. That is an organization of small business that has well represented small business in the past:

We feel strongly that the consumer's right to be informed includes being informed of charges associated with his credit card purchases. The merchant should have the right if he so desires to pass the information along.

That is what the Glenn-Proxmire amendment does:

The National Small Business Association would support any amendment aimed at eliminating the ban on surcharge notices.

Mr. President, I have a letter from the Consumers Federation of America. I referred to that organization. They represent 30 million consumers, by far the biggest consumer organization and perhaps one of the biggest, certainly in the country. This is a letter dated March 12 and they say:

DEAR SENATOR PROXMIRE: Consumer Federation of America is totally and unequivocally opposed to the surcharge ban contained in S. 414. This government intrusion on the free market gives consumers incorrect signals about credit—making it appear to be free when it in fact has substantial costs. Further, the surcharge ban penalizes lower-income purchasers who cannot qualify for credit cards; they still pay for the "merchant discount" in their prices. Finally, the ban discourages merchants from offering legal cash discounts, whose only difference from credit surcharges is a semantic one.

The letter goes on to say:

To those who argue that lifting the surcharge ban can cause abuse, we respond that the lifting of the ban is not likely to cause any merchant to deceive consumers who are not already doing so. The potential for deception is much greater in the "cash discount" situation, especially where the merchant raises his regular prices one day to a "phony regular price" and, then, the next day offers a cash discount which brings the price of the goods back to their actual "regular price." Certainly the proponents of the ban would not argue that cash discounts should be eliminated because there is this potential for abuse.

CFA favors limit of 7 percent on the amount of the surcharge and the cash discount. However, if the choice is between the surcharge ban and the removal of the ban with no limitation, we support your amendment to remove this ban without limitation.

It could hardly be more unequivocal. Here is a letter from the Consumers Union. This is an organization that publishes Consumer Reports and has won an enviable reputation throughout the years as highly competent and expert. They study these matters very carefully before they issue reports, and the Consumer Reports, of course, have a very big circulation and have been viewed by many as an expert voice of the consumer movement. They in a letter dated March 11 to me say this:

On behalf of Consumers Union, I am writing in support of your effort to amend S. 414 to eliminate the ban on surcharging credit card purchasers. That ban constitutes an unwarranted government intrusion into the marketplace that serves only one special interest group—credit card issuers—at the expense of other consumers.

Your amendment to allow unlimited surcharges would remove this special interest provision and permit more equitable pricing of goods and services.

Then I have a letter here from an outstanding labor union. I think many people are unacquainted with the remarkable record of the International Ladies' Garment Workers' Union. It is a union that has won the admiration of those who have studied the labor movement in this country because it has worked very, very closely with management. It has been able to preserve a situation of survival with great difficulty in New York City and around the country because it is one that is characterized by small business, one that is characterized by very tough foreign competition, and it takes a great deal of attention on the part of both labor and management to improve the technology and to proceed on the basis of providing decent wages and working conditions and yet being able to sell a product at a reasonable price. This union has taken one of the most constructive and positive interests in consumer affairs. This is what Evelyn Dubrow, vice president and legislative director of the International Ladies' Garment Workers' Union, tells. This is a letter to the chairman of the committee, Chairman GARN. It says:

The International Ladies' Garment Workers' Union opposes the ban on credit surcharges presently contained in S. 414, the Cash Discount Act.

The government ban on credit surcharges forces retailers to charge all customers for the "merchant discounts" paid to credit card companies. Last year, these charges amounted to over $1.5 billion for American Express, Visa and Mastercharge alone.

Simply put, the ban requires cash customers to subsidize credit card purchases. Even lower-income consumers who cannot qualify for credit cards pay this cost of credit. The ban also deceives consumers about the true cost of credit, burying the merchant discount in the overall price of goods.

Mr. President, I think that this letter should be of particular concern to us because I say this union has again and again demonstrated its expertise, its wisdom, and it is the fact that it hesitates to take a position until it knows where the true interest of the consumer lies.

I have a letter here from the National Council of Senior Citizens, one of the great organizations that represents the senior citizens in this country. Its president, Jacob Clayman, writes as follows on February 25:

The National Council of Senior Citizens opposes the ban on credit surcharges in S. 414, The Cash Discount Act. The ban should be lifted so that retailers are not forced to make cash customers subsidize credit card purchases.

Remember, this comes from the senior citizens organization of this country. They are concerned, of course, with millions of senior citizens who, without the Glenn-Proxmire amendment, will be in the position of having to pay higher prices because in many cases they do not have the kind of credit that would permit them to have a credit card, and the National Council of Senior Citizens again is an organization that does not act on impulse or sentiment. They act on a very hard, tough study of what the facts are.

They go on to say:

Cash customers helped bear the burden of over $1.5 billion in "merchant discounts" retailers paid last year to the three largest credit card companies. These charges—attributable solely to credit card purchases—are buried in the overall prices of goods. Even low-income consumers, elderly and others, who cannot qualify for credit cards must pay these hidden costs.

Here is a letter from the National Farmers Union, one of the three great farm organizations of this country, to Chairman GARN and it is dated February 25. It says:

National Farmers Union opposes the ban on credit surcharges presently contained in S. 414, The Cash Discount Act. We urge Banking Committee action to remove the ban.

As a result of the government ban on credit surcharges, cash customers are forced to subsidize cash purchases. Last year, cash customers as a whole helped bear over $1.5 billion in "merchant discount" . . .

And it goes on to say that:

Lifting the ban on surcharges would force this hidden cost—currently buried in the overall price of goods—into the open.

That is according to the letter from the National Farmers Union.

Mr. President, let me turn very briefly to two other organizations that represent free enterprise: First the Council for a Competitive Economy. This organization wrote to the committee on March 5 as follows:

I am writing to express the Council's vigorous opposition to the credit-surcharge ban in S. 414, the Cash Discount Act. The Council, as you know, is a national business organization dedicated to the free, competitive economy unhampered by regulation, subsidy or special privilege. We have members in all 50 states, including Utah.

Our support of free competition leads us to oppose the surcharge ban, an anticompetitive regulation that interferes with business people and consumers and that is out of step with the economic views expressed by the voters in November.

It goes on to say:

In a free economy, merchants have the right to use surcharges for any purpose. This is simply voluntary exchange; customers are free to shop elsewhere if they dislike the extra charge. This view is implicitly conceded in S. 414, which allows unlimited discounts for cash customers. The surcharge ban, then, is perplexing. If merchants are free to use one device, they should be free to use the other.

Finally, Mr. President, the National Taxpayers Union, which many of us are familiar with. I do not think there is any organization in the country that has done a better job of focusing on the spending records of Members of Congress, has exposed that record, and has made people conscious of whether their Senator or their Congressman has been voting in favor of or opposed to authorizations and appropriations bills that increase Federal spending. Here is what the National Taxpayers Union said on March 5:

The National Taxpayers Union supports the above referenced bill to remove the present five percent limitation on cash discounts. However, we do not believe the bill should continue the prohibition against so-called surcharges and urge that you support an amendment to the bill to legalize this harmless practice.

We find absolutely unconvincing the argument that credit card surcharges are apt to "deceive or mislead the consumer." And while, should either surcharges or cash discounts become widespread through the market process, we believe that it would have a significantly positive effect in slowing the creation of inflationary monetary substitutes, we base our position strictly on our support of free enterprise and freedom of contract. The market is perfectly capable of determining which practices will find the greatest acceptance.

Finally, I should note that we reject the notion that cash buyers are somehow forced to "subsidize" credit card users or that the merchant costs associated in providing credit card conveniences are conceptually distinct from any other cost of doing business. This is not the issue. We do not believe there is any need for a government "study" on services a merchant might choose to offer potential customers to make his goods more attractive, to increase his business, and to raise his profits. One might as well study the practice of providing "free" TV sets in modern hotels or any other cost of doing business which is only indirectly tied to static notions of production costs. "Subsidies" are purely a creation of the government and do not exist in the marketplace.

(Mr. HEINZ assumed the chair.)

Mr. PROXMIRE. I do have one other letter here which comes from the National Mass Retailing Institute, which is a trade association representing a discount merchandising industry and with nationwide sales of over $50 billion, obviously a very, very big factor, representing many stores and representing probably hundreds of thousands of employees who work for this very important factor that sells $50 billion a year.

The National Mass Retailing Institute, according to the letter of March 11, says as follows:

The National Mass Retailing Institute (NMRI), a trade association representing the discount merchandising industry with nationwide sales of over 50 billion dollars, strongly urges your support for the Proxmire-Glenn amendment to the Cash Discount bill (S. 414) scheduled for floor consideration on Thursday, March 12. NMRI's member stores, which are located in virtually every state, operate on a discount basis and have predominantly cash-paying customers.

The continued ban on credit card surcharges under the reported bill hides the real cost of credit and discriminates against cash-paying customers by forcing them to continue to subsidize the purchasing habits of credit card users. While the result is mitigated to some extent by allowing unlimited cash discounts to cash-paying customers, it puts an unfair burden on discount stores, the majority of whose customers already purchase by cash. A simpler and more straightforward method of allocating the cost of credit is to impose a surcharge in an amount equal to such cost on the small percentage of purchases which actually use credit.

NMRI urges you to vote for the Proxmire-Glenn amendment which gives consumers an informed choice without artificial distortion of the buyer-seller relationship.

Sincerely,

RICHARD I. HERSH,
President.

Mr. President, there you have it. Every organization that is not a special interest organization, which has spoken out on this, says they favor this amendment, every one, the consumer organizations, the business organizations, the organizations representing the unions and representing the elderly.

This amendment is supported by the National Small Business Association, the National Mass Retailing Institute, the Council for a Competitive Economy, the National Taxpayers Union, the National Farmers Union, the Consumer Federation of America, the Consumers Union, the AFL–CIO, the International Ladies Garment Workers, the National Council of Senior Citizens, and the other side says this is an anticonsumer amendment. Anticonsumer? How silly can you get.

We know, and as the expert organizations which have studied this carefully know, that there is no way merchants are going to take a $1.5 billion amount and just eat it. As I say, any merchant, whether he has a cost accounting system or not, is going to pass on all his costs and his pricing. He has to do it. That is the way our system works. He has to do it, and he does do it.

What happens under present circumstances is that customers are encouraged to take the free ride and use their credit cards and that, I submit, is an inflationary practice. We know that credit is excessively used in our economy, it is excessively used in the Federal

Government, as my good friend John Chafee has called to our attention from time to time, and as have other Members of the Senate over and over again. We know it is excessively used, but also excessively used by 200 million—I guess I should say 230 million—consumers, because I notice on the "Today Show" this morning 3-year-old children are now buying makeup, little girls, a very attractive feature.

At any rate, to get back to the subject, Mr. President, I think the issue here is and must be clear. If any Member of the Senate believes in holding down regulations, if any Member of the Senate believes that the consumers of this country should have an opportunity to buy on cash and get the lowest possible charge, if they believe we should have as full an anti-inflation program as possible, then it seems to me they should support the Glenn-Proxmire amendment.

VISIT TO THE SENATE BY MEMBERS OF THE BRITISH-AMERICAN PARLIAMENTARY GROUP

Mr. CHAFEE. Mr. President, I wonder if we might have a brief recess. A distinguished group of British MP's are here and they are going to be introduced by the distinguished Senator from North Carolina (Mr. HELMS). I ask unanimous consent that we have a recess for whatever brief time, say no more than 5 minutes, and without the time being charged to either side.

Mr. HELMS. Mr. President, will the Chair withhold for just a moment? I thank the distinguished Senator.

Mr. President, we do have a distinguished group of members of Parliament with whom I just had lunch, along with the distinguished Senator from Delaware (Mr. BIDEN).

We have the honor of the presence of members of Parliament, Mr. Dennis W. Healy, Mr. Roland Moyle, Mr. Jeffrey Thomas, Mr. James Tinn, Mr. Kenneth Woolmer, Sir Charles Fletcher-Cooke, Mr. Anthony Buck, Mr. Nicholas Bugen, Mr. Hugh J. Dykes, Mr. Roger Moate, and Mr. Eric Deakins.

[Applause, Senators rising.]

There being no objection to the request for a short recess, the Senate, at 1:39 p.m., recessed until 1:44 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HEINZ).

CASH DISCOUNT ACT

The Senate continued with the consideration of the bill (S. 414).

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. I believe the Senator from Rhode Island was previously recognized.

Mr. CHAFEE. Mr. President, I know the Senator from Ohio has been patiently waiting to get the floor. It would be my intention to yield to the Senator from Hawaii for 3 minutes and then I would like 3 minutes, and then I would yield to the Senator from Ohio.

I yield 3 minutes to the Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii is recognized for not to exceed 3 minutes.

Mr. INOUYE. Mr. President, I wish to express my support for S. 414, and my opposition to any effort to amend it by permitting merchants to add a surcharge as a condition of accepting credit cards. It seems to me that such an amendment creates the very real possibility of discrimination against middle-income Americans, the group which relies on them the most. At the same time, I fail to understand who would benefit by the amendment.

According to a Federal Reserve Board study, credit card use is a middle-income phenomenon. High-income people may use charge accounts but rarely any other kind of consumer credit.

Credit cards offer several advantages to the user. Among others, these advantages include:

The cash-advance feature of a credit card enables the customer to handle unexpected contingencies without destroying his budget and making an unwanted dip into savings, and without excessive formalities.

The single monthly statement received by the customer enables him to see at a glance all his card purchases for the month and to simplify his budget process.

Credit cards enable the holder to economize on the amount of cash carried.

If merchants are allowed to add a surcharge most assuredly this practice will have a chilling effect on the use of credit cards, and the benefits they offer will in effect be restricted.

If the use of credit cards is restricted, the user is not the only one who will suffer. Business will drop off, and more unemployment will occur. Our tourism industry, which accounts for $140 billion annually and employs over 6 million people, would be especially hard hit. It is not too difficult to imagine the enormity of the hardship this would cause among the men and women who work in our food and beverage and lodging industries.

Those who advocate lifting the ban on credit card surcharges do so on grounds that it penalizes those who pay cash because cash customers have to bear the added costs created by other customers' use of credit cards, as prices rise to cover higher handling expenses, including the merchant discount.

Mr. President, according to the evidence I have seen this simply is not so. A Federal Reserve Board study found that the use of credit cards does not increase merchants' costs; does not raise prices; and does not discriminate against the cash customer.

Mr. President, I believe this amendment would create instability in our economy at a time when we should be doing our utmost to bolster it, and I am therefore opposed to it.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I am prepared to forego my time at this time and let the opposition proceed.

The PRESIDING OFFICER (Mr. KASTEN). The Chair recognizes the Senator from Ohio.

Mr. CHAFEE. I do not yield my time permanently.

Mr. GLENN. I yield myself such time as I may need, Mr. President.

Mr. President, I rise to support Senator PROXMIRE's efforts to put forth an amendment that I would call a truth-in-selling amendment to this Truth In Lending Act. We all recall last year's political campaign and the Presidential campaign that always had as a slogan at every stop, "Get Government off the backs of the people. Get Government off the backs of the people." And at every stop we heard rhetoric such as, "My friends, the heavy hand of Government adds burdens to the forces of the free enterprise system and to those forces that made this Nation great," or we then come back to "Get Government off the backs of the people." Or we would go ahead with another one of, "My friends, we must remove the shackles, the chains, the handcuffs that bind the businesses of our beloved land," and we come back to "Get Government off the backs of the people."

Then there would be another speech that would be something like this. It would be, "My friends, the regulatory bonds of Government interference fall like a smothering blanket over the spirit of every American, of every man, woman, and child in this sovereign country, and every businessman, every entrepreneur, every investor, every laborer, every unionist wanting to work in a free enterprise system and I promise you that I will work to deregulate, to throw off those shackles."

And we heard speeches like that ad nauseam last year. We heard it all on deregulation. "Get Government off the backs of the people."

Well, the President listed deregulation as a priority to fight inflation. Hundreds of millions of dollars a year were going into unnecessary regulation, adding to the cost of business in this country. And now, Mr. President, we are faced, here on the floor of the Senate today, with the first real test, the first real test of whether we mean this or whether we are just selling each other a bill of goods, a lot of hot air, when we go out and talk about getting Government off the backs of the people.

I would hope that those in the press gallery would send out this message loud and clear across this country to every single spot where somebody was up for election last year, so that they will know whether their representatives here were really serious. I think it has been quite notable that the White House has remained silent. The White House has chosen to remain silent on this first test of whether we really mean it on deregulation.

I understand they have been asked and they are still silent.

Well, I would send a message down Pennsylvania Avenue to the President that I made promises, too, and I was serious about those promises on deregulation. I think now, with this first deregulation proposal coming up in this amendment, in this new Congress, that this is a good place to start. I hope the people in my home State of Ohio will note that I am starting and I am help-

ing Senator PROXMIRE on this because how can we indeed be against a proposal that frees business to run their own business? How can we be against a proposal that stops the practice that is now law—of mandating, of requiring, hidden costs—requiring hidden costs? How can we be against a proposal that provides the poor at least an opportunity in some places to buy at the cheapest cost by having their purchases not go to subsidize those of the credit card users?

Basically, let us get Government out of telling businesses what to do as much as we can. This stands as a classic example of what we all talked about in last year's election and what I, for one, still mean.

If, for instance, today I stood here on this Senate floor and I proposed doing just the opposite—let us say we had no ban on surcharges, and I proposed that we put on new regulations to say that they cannot give a rebate or give a reduction in cost of a particular goods or service, a reduction for paying cash—people would think I was crazy to try to put that in given the climate we have today. And yet here we are just trying to eliminate that, just trying to simplify things, and we are being opposed.

I am amazed that that is the situation in which we find ourselves.

Mr. President, I want to say how shocked and disappointed I was when I first learned of the Banking Committee's recommendation to keep the heavy hand of Government regulation firmly around the throats of merchants and consumers.

Last fall, candidate Reagan and those of us campaigning for reelection promised the people of this land that we would in fact lift the yoke of burdensome regulations; that we would free the spirit of private enterprise; that we would resuscitate our economy by eliminating the deadening effects of Government interference in the marketplace.

We all promised the voters we would do those things. When I made those remarks, I meant what I said, and I believed that my fellow campaigners, including President Reagan, were sincere as well. So when I returned to Washington for the 97th Congress I was looking forward to working with my colleagues and the administration in cutting through the redtape that binds the hands of American business.

Imagine my dismay when I first learned of the Banking Committee's vote to continue the Government ban on credit surcharges. Imagine my shock that the new administration has chosen to voice no opinion on this issue.

So here we are with our very first legislative opportunity to follow the voters' mandate on loosening Government restraints. And what does Congress offer? A new straitjacket. And on this the administration has no opinion.

Well, I will not be a party to this. I will not renege on what I promised the voters, the merchants, and the consumers last November. I am deeply disappointed that the White House has not literally jumped at this chance to hold high the banner of free enterprise. After all, this is the banner that President Reagan waved so triumphantly during his campaign. Now is the time to reverse the tide of Government regulations. Now is the time to make a new beginning and to fulfill the promises we made to deregulate the economy.

The amendment Senator PROXMIRE and I offer today is a major step in those directions.

Let us not overdo this particular amendment. Whether it passes or fails is not going to mean that inflation goes up or down by even a fraction of a percent, but it is an indication to me of whether this body, this Congress, and this administration are serious about getting on with deregulation, with getting the Government off the backs of the people.

First, I want to express my full support of title I of this act which removes the artificial 5-percent limitation on discounts that merchants can offer to cash paying customers. In my view, it is high time we let merchants decide how much discount they can give their customers.

This whole thing of the discount is almost unbelievable to me. I think the fact that we have to pass an act of Congress to give businesses the right to reduce their prices highlights the extent to which Government has been meddling in the marketplace.

The amendment Senator PROXMIRE and I offer today seeks to further lighten the burden imposed on merchants and consumers by the heavy hand of Government regulation. It is absurd that we have to pass a law, we have to pass legislation here today, to tell a businessman he can reduce his prices in this time of inflation.

But our amendment goes beyond the bill's provision lifting the artificial ceiling on cash discounts by eliminating the current prohibition against surcharges for paying through credit cards instead of cash, check, or other means.

The opponents of our proposal contend that our amendment disrupts the status quo; that it is based on a premise that may not be valid; that it will cause consumer confusion and poses a threat of consumer deception; that it might contribute to inflation, and that it is a moralistic attack on the use of credit cards.

These arguments are wrongheaded and distort the objectives and effect of our amendment. Let me address these arguments.

It is true that our amendment would disrupt the status quo—and that is precisely our intention. We want to disrupt the status quo of unnecessary, anticompetitive, Government regulation of the marketplace. In this regard, our amendment gives legislative voice to the economic views expressed by voters last November—it reduces Government interference in business transactions between merchants and consumers, while advancing the cause of free enterprise and freedom of contract. Some Senators who oppose our amendment apparently do not believe that the people of this Nation want a repeal of unnecessary Government regulation.

I shall be happy to give them the names of several merchants associations and consumer groups, such as the ones that Senator PROXMIRE read into the RECORD a short while ago, as well as the names, I might add, of several former Senators, several ex-Senators no longer with us, who will vouch for our contention that Congress must begin to alter the way in which Government relates to business.

Other opponents of this proposal argue that our amendment is based on a premise that may not be valid—namely, the premise that a credit card is a more expensive payment mechanism than cash or checks and, therefore, that credit card users are being subsidized by other purchasers. A Government study, it is suggested, should address this question. But this argument misrepresents the basis for my support of this amendment and it raises a question that only the market, not Congress, can answer.

The basis for my support of this amendment is not my opinion on the relative costs of credit versus cash, but rather my strong belief that Congress should not regulate how merchants price their goods. If merchants are free to grant discounts, they should be free to use surcharges. Together, merchants, consumers, and free market forces, unfettered by artificial restraints, can best decide the proper price fo goods. That is our system.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. GLENN. Certainly.

Mr. PROXMIRE. Mr. President, I congratulate my good friend from Ohio. I think this is a most important point he is making. I think he has made the point, as I have made the point, that our amendment is proconsumer. It is anti-inflation. It is an amendment that is supported by every single Federal agency that has studied this problem, including the Federal Reserve, the FTC, the Comptroller of the Currency, the Home Loan Bank Board, the Credit Union Federation, by consumer groups, labor groups, farm groups, senior citizens.

More important than any of that is the point the Senator from Ohio is making right now, that our amendment would knock out a regulation and restriction on the free enterprise system that cannot be justified. I have not heard one word of rebuttal of that. I cannot understand, for the life of me, how anyone can say we should have a regulation for once that we have unanimous agreement on, from every group, business to labor, which says regulation should not continue. Yet, somehow, because of a special interest group, the credit card people, who have the clearest kind of financial interest, we are continuing it.

The point by the Senator from Ohio is by far the most important. I am so glad he has highlighted that as an unjustified, meddlesome, completely irresponsible interference with the freedom of business concept.

Mr. CHAFEE. Mr. President, I won-

der if the Senator from Ohio would yield me 1 minute?

Mr. GLENN. Yes.

Mr. CHAFEE. I just want to get the record straight, Mr. President.

The distinguished Senator from Wisconsin has been constantly saying that every Federal agency is in support of this, constantly citing the Federal Reserve Board.

Let us see what Mrs. Teeters, who came before the committee when the Senator from Wisconsin was there, said.

I said:

And yet, you are saying by law you are going—you were going to restrict cash discounts to 5 percent, which in your own testimony you say hasn't worked. And at the same time, you are going to permit the merchant to impose a surcharge on the customer.

Ms. TEETERS. I am not wedded to the 5 percent number. For safety, you ought to have it equally on the surcharge and the discount, so it doesn't get out of hand. However, I don't think you want to make it totally unregulated, because there are some people out there who could be backed into unreasonable finance charges which don't count under Truth-in-Lending and wouldn't have to be Truth-in-Lending disclosures.

Senator CHAFEE. You're not working a free market system; you are having the government set limits.

Ms. TEETERS. All right, so I am compromising between a totally free, unregulated market, and one that is totally regulated.

Mr. PROXMIRE. Will the Senator from Ohio let me respond quite quickly to the Senator from Rhode Island?

Mr. GLENN. Mr. President, let me finish my statement; then we can get into debate.

Mr. President, only the free market can answer the question of whether cash or credit payments are more expensive. A ban on credit surcharges distorts the free operation of market forces. We do not need a Government study to determine that, although I am not going to oppose that in this bill.

I was a little bit appalled awhile ago when the floor manager of the bill indicated that might cost as much as $1 million; $1 million of taxpayers' money to go to study something like this. We do not need a Government study to determine which services a merchant should offer potential customers to make his goods more attractive or their prices more competitive. A study is unnecessary because the market will provide those answers—and will provide them quickly and free of charge. If there is no subsidization and a merchant assesses a surcharge, his competitors could gain an advantage by not instituting a surcharge. If there is a subsidization and a merchant fails to assess a surcharge or assesses an inaccurate one, he will lose cash customers. Thus there is a market incentive to seek out and assess an accurate surcharge.

Still other opponents of our amendment argue that allowing both cash discounts and credit surcharges will cause consumer confusion and pose a threat of consumer deception. This argument is both distressing and absurd.

It is like saying we are distorting the market because we charge a 3- or 4-percent sales tax on checkout after you have bought your item, whatever it is. It is also distressing because it reveals a loss of faith in free enterprise. And it is absurd because it is suggested that in the absence of congressional regulation, the market will soon dissolve into chaos and chicanery. So the logical follow to that argument could be that we should somehow get in and regulate everything in the market.

Rather than confuse consumers, passage of our amendment will give consumers a better indication of the true cost of goods. By allowing cash discounts and credit surcharges, our amendment will make consumers more aware of the actual cost of credit and hence better able to make informed choices. To compare prices and assess the costs of credit, they need only ask: "How much does this cost if I pay cash?"

Instead of "threatening consumer deception," our amendment would bring to light costs in excess of $1.5 billion that are currently hidden, hidden by law. Opponents argue that the ban is necessary to protect consumers using credit cards. There is no evidence, however, to suggest that merchants will be able to charge credit card users a price higher than that reflecting the true cost, including credit. The competitiveness of the retail industry will protect the interests of all consumers, credit as well as cash. Just as merchants would be free to use discounts or surcharges, consumers would be free to shop elsewhere if they dislike a merchant's pricing policy.

The charges are nothing if the merchant does not want them to be. This changes nothing as far as a merchant's current operations go unless he wants the option of changing. This would permit him to change.

Mr. President, opponents of our amendment suggest that it would contribute to inflation. This view ignores the inflationary effects of the current system and the competitive effect of our proposal.

Merchants now pay anywhere from 1 to 6 percent to credit card users on each credit card purchase.

I dare say that few people in this country are aware of that. I do not believe most credit cardholders are aware that the charges do go up for that credit card and that the merchant with whom they are doing business does pay a 1- to 6-percent charge because the person used the credit cards.

For charges on Visa, MasterCharge, and American Express alone, this cost amounted to $1.5 billion in 1980. Although a legitimate business cost, it is a cost unnecessarily borne, because of Federal law, by credit card and cash customers alike. Because merchants do not know who will use cash and who will use credit, they must base their pricing on the assumed use of cards. Hence, the $1.5 billion cost of credit card use is included in the price of all goods and passed on to all consumers. By unmasking the variance in costs which different card issuers charge, our amendment would stimulate competition among credit card issuers that, in turn, would benefit consumers.

If I had a "Glenn's Law" to propose here, it would be this, simply and concisely: Informed consumers encourage competition, competition encourages efficiency, efficiency reduces inflation.

Finally, our opponents allege that this amendment is a moralistic attack on the use of credit cards. This is simply untrue. We are not attacking credit cards—they are a useful device both for merchants and consumers and they will continue to be worthwhile instruments of exchange.

I am not against credit cards. I have here my little wallet, and this is a pack of credit cards, and this is not even all I use. It almost looks like a deck we could play pinochle with. I have other cards at home. If you think my collection is bad, you should see that of my wife.

So I do not speak today as one who is against the use of credit cards. Quite the opposite. I am not the only credit card junkie, as the reference was made a little earlier.

Neither are we advocating the imposition of credit surcharges by merchants. We are simply asking that merchants be given the option of using either cash discounts or credit surcharges. By lifting the ban on surcharges and letting merchants decide which option is best, we are putting Government where it ought to be in the pricing of goods—in a neutral position.

Extending the ban on surcharges, on the other hand, is not a neutral policy. It is unfair, inflationary, and distorts competition. It is unfair because cash paying customers who do not have, or cannot afford, credit cards bear part of the costs of credit transactions without enjoying any of their benefits.

To those on low or reduced incomes, those on retirement incomes, those already hit by inflation, those few extra dollars they pay because other people use credit cards may well be of tremendous importance to them. It is inflationary because it artificially raises the basic price of goods. And it does so in a way that is both invisible and that encourages the use of credit cards—indebtedness from which has grown from $15 billion in 1975 to $60 billion in 1980. It hides the variance in costs which different credit card companies charge merchants.

We are trying to cut down credit in this country right now. I believe that the figure on credit card float, as it is called—the credit that is out at any one time—is between $4 and $5 billion, which would match roughly the figure used by Senator DODD earlier, to the extent that credit card use runs around $60 billion, a figure I also used. So there is a $4 to $5 billion float in additional credit at any one time on the use of credit cards.

This amendment returns long overdue flexibility and choice to the buyer-seller relationship. It reduces Government regulation by letting merchants, rather than Congress, decide how to price their goods. It promotes a more efficient economy by giving consumers a better indication of the true cost of merchandise and of the costs involved in using a credit card. This is the essential goal of our amendment and it is a fundamental requirement of our free market system. For our economic system to prosper, con-

sumers must be able to make informed choices. To do that, they must have a clear understanding of costs and prices. This amendment will help them to acquire that understanding and, more important, it will insure that, as to that understanding, "They do not leave home without it."

Mr. President, I reserve the remainder of my time.

Mr. CHAFEE. I yield myself such time as I require.

Mr. President, in further discussion of the point made by the senior Senator from Wisconsin in connection with all Federal agencies supporting his position, I put in the RECORD a letter to the chairman of our committee from the Federal Deposit Insurance Corporation, signed by Mr. Walter Doyle, the legislative counsel. This is what he says:

> We are inclined to agree that the more straightforward approach of permitting surcharges on credit card sales could contain an inherent upward bias on retail prices in some instances. We would therefore favor the approach of S. 414 as an interim measure pending further Congressional review of the issue.

There it is. We have some statements going around here that all of this group and all of that group are for a particular position.

Let me further submit for the RECORD a letter from the Hotel and Restaurant Employees and Bartenders International Union, directed to me:

> The Hotel, Restaurant and Bartenders International Union strongly endorses S. 414, the Cash Discount Act, a bill dealing with the credit card surcharge ban and cash discounts. At the same time we are strongly opposed to the Proxmire amendment, which would create an instability in our industry at a time when we do not need any further setbacks that could lead to a loss of jobs.

Mr. President, a lot of souls seem to have been saved recently around this place, and strong positions were taken contrary to positions that were taken but a short time ago.

I regret that the Senator from Wisconsin is not here, because I should like to be able to explore further his position as recently as 6 months ago. The Senator has indicated here that no one can be opposed to his proposal, that everybody is for it. Let us see what took place in the committee last July, when they were considering the markup on the bill dealing with surcharges and the position in opposition to surcharges. The chairman was the distinguished Senator from Wisconsin. I read from the testimony:

> The CHAIRMAN. Any other amendments to the insurance bill?
>
> (No response.)
>
> The CHAIRMAN. If not, the bill will be reported. Any objection to reporting the bill as amended?
>
> Senator MITCHELL. Mr. Chairman, no objection. I merely wanted to point out, included in the draft of the usury commission that we approved yesterday was a provision extending the prohibition on the surcharge for credit card transactions for one year. I assume everybody was aware of that, but it wasn't mentioned. For the benefit of those members that were here and voted, it should be understood that that was also included.

This wicked prohibition on surcharges on credit cards—

> The CHAIRMAN. It was in your amendment. We did not discuss it with any member. If you want to raise a point of disagreement on that, you're free to do so.
>
> (No response.)
>
> The CHAIRMAN. All right.

Then they go on with other business.

So here is this poison spreading across the Nation, sort of like the hoof and mouth disease—not hoof in mouth—and not a voice raised by those who are now fervently opposing it on the floor of this Chamber.

Mr. President, I point out as to this bill, that never was an objection raised by even the distinguished Senator from Ohio, who has spoken so eloquently about it now. Not a word. We passed this before. That is why it is on the statute books today.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. I yield myself such time as I may need.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I think it is good to look again at the organizations that the Senator from Wisconsin pointed out—the broad support for the amendment that he has offered and which I am supporting. The Heritage Foundation put out an information sheet. And while they say they have not officially taken a position on this, the information sheet they gave read almost like my speech here on the floor a little while ago. So I know the slant they took in their information sheet certainly went along with our amendment.

Alined with the Heritage Foundation on our side now is the AFL–CIO, for instance. They are two unlikely groups in concert in support of this amendment.

The National Small Business Association is in favor of this. The Council for a Competitive Economy is in favor of this amendment. The National Taxpayers Union is in favor of this. The Federal agencies that have indicated their support for this amendment are the Federal Reserve Board, the Federal Trade Commission, the Federal Home Loan Bank Board, the Comptroller of the Currency, and the National Credit Union Administration. In addition to those, there are the Consumers Federation of America, the Consumers Union, the International Ladies Garment Workers Union, the National Council of Senior Citizens, the National Mass Retailing Association, which represents businesses doing some $50 billion worth of business a year, and the National Farmers Union. This is such a varied group it is almost unbelievable that they could get together under one banner here in supporting this amendment.

So I point out that while we have that kind of array of support across the whole political, business, and labor spectrum, the opposition has quoted from a very limited number of people supporting the other side.

I also wish to make a remark regarding the comments made by the distinguished Senator from Hawaii (Mr. INOUYE) because I understand his concern that anything we might do that would interfere with the tourist business or anything that would interfere with tourism in general in this country, which is a very major industry in the United States, would have a definite impact on the economy.

But I would say this to the hotels of Hawaii and to Senator INOUYE who represents their interest here. There is absolutely nothing, absolutely nothing that forces any businessman in Hawaii to stop using credit cards and since most people traveling to Hawaii would use credit cards at the hotels there I do not think that this amendment would have one single bit of influence on tourism.

What it does do is give businessmen flexibility to set their prices and that is all. And if there is a basic surcharge that is put on for certain services, it is like any other surcharge we would expect to have put on for other services.

So I think the impact on tourism, on restaurants, on hotels, would be absolutely minimal.

I also want to respond very briefly to the distinguished Senator from Rhode Island regarding his remarks concerning the former chairman of the committee, Senator PROXMIRE. I can only say that I am glad he has become that educated in the last 6 months since that remark and I am reminded of the old statement that a foolish consistency is the hobgoblin of small minds. I am glad he has seen the wisdom of coming around to propose the amendment that he has proposed.

Mr. DODD. Mr. President, will the Senator yield?

Mr. GLENN. I yield.

Mr. DODD. First of all, I compliment the Senator from Ohio on a fine statement regarding the amendment he coauthored along with the distinguished Senator from Wisconsin.

It just occurred to me during the course of debate that there has been a contest of sorts going on regarding how many special interest groups support or oppose this legislation. During my previous life as a Member of the other body, I recall vividly the distinguished chairman and the present chairman of the House Rules Committee, Congressman BOLLING, standing in the well of the House one day during a heated debate where a similar contest had been going on over how many different groups supported or opposed the pending legislation, and he said that unfortunately we have come to believe that the sum of special interest equals the national interest. That is not the case.

This amendment that is being proposed by Senators GLENN and PROXMIRE is a good idea. It is the right idea. It is the right idea not because 10 groups support it and 8 groups oppose it. We must realize that, while it is important to take note of which institutions and which groups support or oppose things, it is also important to recognize that people, in addition to being tired of overregulation, too much Government, and inflation, are also tired of mindless debate between an emerging and threatening number of special interest groups. We need them. They do a good job. They can be informative. They can assist in the process. But I do not think it contributes

tremendously to the merits of debate to always count how many different groups support or oppose things.

The amendment proposed by Senator PROXMIRE and Senator GLENN to lift the ban on surcharges is a sound notion. It is a sound notion for the arguments that Senator GLENN has put forth this afternoon. It is a sound idea because it is going to contribute to our battle against inflation. It is a sound idea because it is going to eliminate unnecessary Government regulation at a time when people are demanding that and when our economic system requires it. It is a sound idea because it will eliminate the discrimination against cash buyers, people who want to pay for their goods with cash and do not want to subsidize those people who prefer to use credit cards.

It is a sound idea because it conforms to the very notion of truth in lending and that is to give consumers in this country an opportunity to know what they are paying, how much they are paying, and what hidden charges are included. That is why this is a good idea. That is why we should be supportive of it, not because of this notion that a certain number of groups oppose or support the idea.

So I stand here to encourage my colleagues to support this amendment.

I thank the Senator for yielding.

Mr. GLENN. Mr. President, I yield myself such time as I may need.

There is one other thing I wanted to respond to that was brought into the debate a little bit earlier and that was the credibility given Mr. ANNUNZIO over in the House of Representatives, and I certainly share the opinion of his credibility. And that was used as backing up opposition to this amendment, the fact that the bill went so overwhelmingly through the House of Representatives.

I wish to put a little different perspective on this. In an article in the New York Times on March 9 of this year by Karen DeWitt, the following is quoted—

"Credit card users should pay the legitimate cost of using their cards. We don't need cast customers subsidizing their use," said Representative Barney Frank of Massachusetts.

Mr. Frank offered an amendment eliminating the ban but House rules required that the bill go to the floor without amendments. "That bill was rushed through the House," said Mr. Frank. People came up to me on the floor after I voted against it and asked why. When I explained it was because the surcharge ban was a subsidy of the credit card industry they said they wished they had known that earlier. I think I could win that amendment on the floor if we go to a House-Senate conference.

I wanted to make sure we got that in the RECORD because I think it puts a little different light on that overwhelming vote that is recorded over in the House.

I reserve the remainder of my time.

Mr. CHAFEE. Mr. President, I think we really are running out of gas in this place when we are down to quoting a freshman Representative who when a vote came out 372 to 4 saying "people did not understand what they were doing. I think I could change that vote." I am glad he got a little press and 372 people were wrong apparently. People did not understand what was going on and he could change things. We take off our hat to his confidence.

The distinguished Senator from Connecticut says that if this amendment passes it is going to cut down on inflation, it is going to help the small purchaser, it is going to do everything but cure the common cold. We know that what he is saying is what the facts of the matter are that people who accept credit cards—namely, the merchants—do not have to. There is nothing that says they have to take credit cards. They take credit cards because it increases the gross of their business and permits them to remain competitive.

I ask the opposition why is it that if all these charges are imposed on the cash customer by the use of credit cards we do not see more operations in the country that are cash only and no credit cards at all. Those are the outfits that should win, easily. If this $1.5 billion subsidy is going to the credit card users, then obviously anyone who runs an operation with straight cash can sell his products for less and can drive the opposition right out.

But we have not found that taking place. Of course we have not because Americans have found that credit cards increase their volume, permit them to lower their prices and remain competitive overall.

How are you going to allocate the cost to the use of any form of business? They say that credit cards——

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. CHAFEE. I will take time from the bill. How much time do I have left on the bill?

The PRESIDING OFFICER. There are 77 minutes remaining on the bill to the Senator from Rhode Island.

Mr. CHAFEE. I yield myself 15 minutes, no longer.

Mr. President, what the opposition is arguing here—and it is amusing to hear the strident voices about regulation, because some of the great regulation voters in the Senate are up now saying this is wrong.

Mr. GLENN. Right.

Mr. CHAFEE. If we want to get rid of regulations why do we not get rid of the whole truth in lending? Of course, this amendment nips away at truth in lending.

The customer does not know what it is costing him. Under their proposal, when a person uses a credit card, the merchant can put on 10 percent, 15 percent. Under the Glenn amendment, the merchant will say, "We are permitted to do that. Thanks to Senator Glenn we can charge you 20 percent."

Mr. GLENN. Mr. President, will the Senator yield for a question?

Mr. CHAFEE. If it is a favorable one. [Laughter.]

Mr. GLENN. I will make it as favorable as I can.

Does the Senator think in law we should require the credit card costs to be hidden and not known to the public? That is a favorable question.

Mr. CHAFEE. That is a question that assumes a fact. That is a question which starts off with hidden costs. The only study we have ever had on this, Mr. President, despite the tremendous knowledge of the distinguished Senator from Ohio and the distinguished Senator from Connecticut, in this field—and they are very learned men—the only study we have had—and studies, as you know, carry a certain flavor in this body—was cited by the distinguished Senator from Hawaii. This was a Federal Reserve study, admittedly some years ago, but I do not see that the circumstances have changed that much, and that study said there are not hidden costs in the use of credit cards.

Merchants obviously do not think that. The merchants believe they can remain competitive by doing this. But we will have some merchants unquestionably seize on the Glenn amendment and charge there and add costs to the use of a credit card to the unwary, to the unsuspecting, to the traveler, the innocent traveler here, without sufficient amounts of cash, who uses his credit card and is caught with the Glenn amendment—20 percent additional.

So, Mr. President, I think this is an iniquitous piece of legislation proposed.

Mr. GLENN. Mr. President, will the Senator yield? Did the Senator say 20 percent additional, is that what he said?

Mr. CHAFEE. The Glenn amendment could permit that.

Mr. GLENN. How would that be?

Mr. CHAFEE. You have unlimited surcharge.

Mr. GLENN. We could just as well say 200 or 300 percent. But the marketplace will take care of that. That is where the free enterprise people disagree with you. We believe the marketplace will regulate that, and as long as the people know what they are being charged for the marketplace will take care of that.

If I followed the analogy, Senator, we could say that every single price should be regulated so that no merchant could ever put a price above a certain level, and I do not think the Senator is going to stand here today and ask for wage and price controls across the board.

Inform the people and the people will make their free choice. That is what we are proposing with this amendment.

Mr. CHAFEE. I am not sure that new free enterprise costume the Senator is wearing completely fits.

What we are doing here is undermining the truth-in-lending law. If we want to get rid of it, all right, let us take up that issue. But that is a separate subject. If we want to say we are trying to restrict credit in the country—one of the arguments that is made here on the floor is that we want to restrict credit and that there is something wrong with people using credit cards, because that fuels inflation—then that is a separate subject.

If we want to get into those moralistic judgments, let us do so, but not under this piece of legislation, Mr. President.

What we are saying is let us maintain the status quo, let us have a study. The surcharge prohibition will expire in 3 years, but in the meantime, the unwary are going to be protected under the proposal we offer here.

I reserve the remainder of my time.

Mr. GLENN. Mr. President, I yield myself such time as I may require. I think we are winding down here. I do not know of anyone else who wants to speak, and I think we are beginning to go over ground we have already been through two or three times today, so I would be prepared at the proper time here to yield back my time if other people on the floor will do the same thing.

I think to those staff people who are listening in the offices and Senators who are listening in their offices that this thing comes down to one basic thing. Do we believe in deregulation and getting on with it or do we not? It is that simple.

We talked about it in the campaign. The President talked about it in the campaign. We all talked about it. We talked about getting Government off the backs of the people.

Yet here we are debating on this little amendment, which is not going to change the overall course of the economy of the country, about whether we are willing now to face up to it here on the floor of the Senate, the first test we have had in this new Congress, the first test on the floor of this Senate, the first amendment that proposes really getting into deregulation, albeit on a small scale, and we are now going to flunk this, and the President is going to say, "I have no position on this, Senate." He has already done so. "I have no position. I am a big free enterprise person, I want to get Government off the backs of the people, get that Government off the backs of the people, but not with my blessing." No position. "I do not have any position on this, Senate," after all the talk of last fall, and it is disgusting.

I say this is a good place to start. It is small but it is a start, and let us set a precedent and let us set it today that we mean business about getting Government off the backs of the people.

I meant it when I talked about that in my reelection campaign last fall, and I am here trying to do something about it, not defend special interests and try to hide credit costs in the law—in law that continues to hide costs from the American people so they cannot make their own decisions, prohibited by law from knowing what they are paying and what goes into it. I find that unconscionable, and for an administration to take no position on that is unconscionable.

I think we should pass this amendment. The President campaigned on deregulation as a priority to fight inflation. This is his first test as well as the first test of the majority, the first test of the whole Senate as far as I am concerned, and I say again any proposal that frees business to run its own business, that stops this practice now in law of mandating hidden costs, and any proposal that provides the poor at least an opportunity to have some businesses that will match the credit, match the surcharge, reduce the price of their goods so that the poor, those in lower income levels, can buy at a cheaper cost, it is just unbelievable to me that we would be debating this instead of jumping on this and supporting it.

Yet the President will not support it. The majority side is fighting this, and here we are. We have sort of switched roles in the traditional view that people take for the parties here on the floor of the U.S. Senate. You bet I am free enterprise, and I mean it with this amendment. I want to cut out Government regulation. The other side wants to keep it on. That is the basic fact we are up against here today; that is the basic, fundamental truth.

Are we on this first little amendment, not very expensive, on this first little amendment, of the 97th Congress of the United States, going to have guts enough to really and truly start our own little nibble here on deregulation or protect it? Are we going to say that the special interests are such that we dare not do anything to their little bailliwick, that we cannot destroy that? We talk deregulation and it is all hot air, it means absolutely nothing. The President has talked about deregulation, but he will not support this. The talk about deregulation on the other side of the aisle meant nothing because they will not support this.

I do not know whether we can win this or not. We got started very late on this, but I say we need to add this truth-in-selling amendment to the truth-in-lending legislation we have before us.

We cannot afford to leave this Chamber without it.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. DOLE. Mr. President, I would like to express my support for the Cash Discount Act as reported by the Senate Banking Committee.

The Senator from Kansas believes that credit card purchases should not be subsidized by those who pay with cash. With the proliferation of credit cards, cash purchasers are in many cases those who are unable to qualify for credit, namely lower income citizens. We should not make them pay extra for their purchases just so merchants can pay credit card companies for the cost of credit card purchases. The Cash Discount Act addresses this problem by providing for a two-tier pricing system. Under this act, merchants will be allowed to offer discounts to cash purchasers if the cash transactions are less costly than credit transactions.

Those of us who believe in a free market and the fair allocation of costs might be tempted to support efforts to expand this bill by also allowing merchants to impose surcharges on credit card customers. However, I am convinced that surcharges are not a good idea. My main concern is that cash customers not be forced to subsidize credit card customers. This bill does that by allowing cash discounts, which are essentially the same as surcharges on credit card customers.

The primary difference is the price the merchant must post. Under a surcharge system the merchant can display the lower price to lure the customer into his store before imposing an unposted surcharge. On the other hand, the merchant offering cash discounts must post the higher price and then discount that price if the customer pays with cash. If I were a merchant offering a cash discount, I would also post the availability of the discount. The consumer benefits in the end from this more accurate disclosure.

In addition, the underlying premise of surcharges may be wrong. Most of us assume that credit cards are subsidized by cash purchases. The only study of this matter I know of was conducted by the Federal Reserve Board over 10 years ago, and it indicated that credit transactions do not cost more than cash transactions. This may be the case for several reasons—credit card use increases total retail volume and cash transactions are not cost free either.

For instance, the costs of accepting checks, which are a form of cash, are often high because of employee time and the proliferation of bad checks. At any rate, the question of cost is open for debate. I favor the committee bill because it calls upon the Federal Reserve Board to examine whether credit cards result in higher overall costs than other forms of payment. Once we have the results, we can formulate a permanent solution.

I urge the Senate to approve this bill as overwhelmingly as the House did 2 weeks ago. By doing so, we can protect the rights of cash purchasers at the same time we preserve the expectations of the 19 million credit card users in our country.●

Mr. CHAFEE. Mr. President, I yield myself such time as I may require.

Mr. President, I think it is important to point out to those Senators who are listening in their offices and others who have just come to the Chamber that what this bill does as we have proposed it is to permit free-market competition by removing the cash discount limitation that exists under present law. If a merchant wants to offer lower prices for cash, three cheers, go to it.

Second, what this bill does is remove the present regulations that have inhibited merchants from offering cash discounts. They have been discouraged from offering such discounts both by the small percentage that is permitted, namely the 5-percent limit and also by the Federal Reserve Board's regulations. We remove both of these obstacles.

The only real difference, Mr. President, between what the majority side is proposing here and what Senator GLENN and others are supporting—the so-called Glenn-Proxmire amendment—is that the committee's amendment requires that the highest price be the one that is tagged and that when you go into a store you know that what you see is the highest possible price and that it is not going to be any more. When you go in and see this piece of furniture for $120, that is it. They cannot use bait-and-switch tactics. They cannot bamboozle the consumer. They cannot confuse the unwary. That is the price; it can be lower, but it cannot be higher. That is the maximum price.

It seems to me that that is the best solution for the interim while we await this study to determine which route to pursue.

Mr. President, there has been a lot of talk here about special interests. The definition of a special interest is somebody who takes the side that you are not on. It seems to have a wicked ring to it. One always accuses the opposition of having the support of special interests,

while the other one supports his or her position by saying, "We are opposed to special interests. Haul those vandals away. Keep them from the gates of Vienna. We don't want them coming in."

But, Mr. President, set aside special interests—and I think the Senator from Connecticut made a good point when he said, "Since when are we reduced to weighing how many letters we have of support from Agencies A, B, C"—some I have never heard of; how many members they have, I do not know—"as opposed to weighing the scale of how many letters of support on the other side?" I do not believe in that. I think we have a duty here.

We have to protect the unwary consumer. We have to help those who pay cash. We have done that with this piece of legislation which I submit and urge the Senate to support. I submit it is the finest possible solution to the present dilemma we are in.

Mr. President, I reserve the remainder of my time.

Mr. GLENN. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DODD. Mr. President, I suggest the absence of a quorum and ask that the time be charged to the time remaining to the Senator from Ohio.

The PRESIDING OFFICER. All time has expired. The time will not have to be charged.

Mr. DODD. Mr. President, may I withdraw that request?

The PRESIDING OFFICER. Yes.

Mr. DODD. Mr. President, I suggest the absence of a quorum, and I ask that it be charged against the time on the bill. I believe I have time remaining on the bill.

The PRESIDING OFFICER. The Senator is correct, but the quorum does not count against the time on the bill since all time has expired on the amendment.

Mr. DODD. Mr. President, I still would suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, I yield to the distinguished Senator from New York such time as he may require.

The PRESIDING OFFICER. The Senator from New York is recognized

Mr. D'AMATO. Mr. President, I believe that this bill is long overdue. I know it has been the subject of legislative debate and passed the House of Representatives. I think it is a good bill. I think it should be enacted into law, unencumbered by any amendments, particularly those which would allow a surcharge to be applied against those who would use credit.

I think those that advocate a study costing the American public untold amounts of money would, in essence, defeat the very nature of this bill. S. 414 will allow people to utilize cash so as to be less dependent on credit, creating in both the minds of the consumers and in the minds of businessmen who are looking to move their stock the incentive to minimize the unnecessary use of credit.

I think it is a step in the right direction in terms of breaking the shackles of Government overregulation.

What useful purpose is ever served by attempting to legislate the denial of a merchant's right to give discounts benefiting the consumer and especially their business? If a person wanted to give a 50-percent discount because he felt that people paying cash would produce the kind of economic return that would benefit his business, why should the Government restrict that kind of activity, particularly when we provide that people would be notified in clear language, conspicuously posted, of the fact that a discount would be available for those who would rely upon cash as opposed to credit?

To allow a businessman to impose a surcharge on those who would rely on credit, as has been advocated by some, would be a terribly counterproductive amendment which would, most likely, lead to the defeat of this very basic legislation. As we have been told, our colleagues in the House are absolutely adamantly opposed to that.

This would be a denial, I believe, to the business community, and to the consumer of the free economic society that we are attempting to promote

For the reasons I have stated, Mr. President, I believe this is really a move in the right direction, breaking the shackles of Government, allowing the business community to do that which it knows how to do—to merchandise products unencumbered with this amendment. The cash discount bill is long, long overdue.

For one, I would like to see it enacted quickly and expeditiously because it is going to mean savings to the consumers, and I believe it will eliminate a situation which would be rife with fraud if we were to allow a surcharge on those who use credit cards to encumber this bill.

For these reasons, Mr. President, I am wholeheartedly in support of this bill and would urge my colleagues to give that kind of support which would enact S. 414 into law.

Mr. GLENN. Mr. President, I yield myself such time as I may need.

Mr. President, in response to the Senator from New York, I believe he should vote for this amendment. He says he wants to break the shackles of overregulation. Those are his words.

That is exactly what we are trying to do with this amendment, to break the shackles of overregulation, which the Senator from New York referred to.

He said a discount is OK. Why not then label the surcharge so people know about it and let them know about the charge as well as the discount? In other words, why not take the charges out of hiding where they are mandated in law right now?

The distinguished Senator from New York said he thought it was a denial to the business community of their rights, I believe, and said that we wanted merchandisers to sell their products unencumbered—unencumbered.

I am with the Senator all the way on that one. Let us sell them unencumbered. Let us let the marketplace determine what happens. Let us break the shackles of overregulation. I agree with that statement.

I believe if the Senator believes in what he just said he will probably come over and vote for this amendment because that is what we are trying to do, to break the shackles of overregulation. We are not trying to deny the business community the right to do business. We are doing exactly what he said in trying to let the merchandisers sell their products unencumbered. That is the American way.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE. I yield 5 minutes to the Senator from New York.

Mr. D'AMATO. Mr. President, I support this bill and am personally opposed to the amendment because I think people would be personally and pleasantly surprised when they find out that they are going to get a discount because they are purchasing with cash, but equally I think customers would be greatly surprised if they were to find upon arrival at the cash register that there was a surcharge for the purchase of goods, or for the meal they had just consumed. I would ask you, what does that person do when he has arrived at the cash register and finds out that there is a 10-, 15-, or 20-percent surcharge for the meal he has just consumed because he will be using a credit card? How many restaurants will be advertising that for the use of the credit card a surcharge will be added? How many people, will be inclined to say, "Take back this jacket" or "Take back this garment because I did not realize there would be a 10-, 15-, or 20-percent surcharge for utilizing my credit card?"

There are very few people who would do that. They might not go back to the establishment, and they are going to be embarrassed.

I would suggest to you that we are not freeing the economic system by saying that we are going to allow for a surcharge in the use of credit cards. It indeed would be counterproductive. Thank you. Mr. President.

Mr. GLENN. Mr. President, I yield such time as I may require.

Mr. President, I would say in response to the Senator from New York again that the surprise of getting a discount will be very pleasant. The idea that a surcharge will automatically just go on to the existing level of goods without there having been a lower level established for that particular goods to begin with goes to the heart of this whole thing.

If all this was going to do would be to permit surcharges on top of already high, inflation-ridden prices, that would be one thing. But that is not the free enterprise system. If we believe in the free enterprise system, if we are going to unencumber it, as the Senator from

New York said, then we are going to let the marketplace dictate what those prices will be, and those merchants that are charging 3, 5, or 6 percent more are going to get it in the neck because they are not going to have as many customers very shortly as those other merchants who are establishing an initial lower price for their goods or services and then deliberately giving that price to those who do not use credit cards and requiring the surcharge to go on to those who do use it. It is the service we pay for.

That is the reason I said a while ago that this also benefits the poor, very definitely, in that, where they have shops that do do exactly that, they will not then be in effect subsidizing the credit card users.

Mr. President, I am sorry the distinguished Senator from New York had left the floor, but I did want to respond to him in that regard.

I reserve the remainder of my time.

● Mr. HAYAKAWA. Mr. President, I rise in opposition to Senator PROXMIRE's amendment. I believe it would be a mistake for Congress to lift the ban on surcharges for credit card customers at this time.

Over the next 2 years, if the Cash Discount Act passes, the Federal Reserve System will be conducting a study of the effects of charge card transactions on card issuers, merchants, and consumers. Until the completion of the study, Congress will continue to debate and act on this issue as it has for the past 5 years, relying on conjecture instead of facts. Until we have the facts, I am of the opinion we should continue to restrict the surcharges on credit cards.

Our economy is in a precarious position, Mr. President. Anything we do to affect it must be done with caution and complete understanding of the results it will produce. The allowance of discounts for customers who pay cash will be helpful to both merchants and consumers. It will encourage the use of cash by discouraging the notion of buying on credit now and paying later with smaller inflated dollars.

The Cash Discount Act is a step in the right direction. However, until the study by the Federal Reserve System is complete, we cannot possibly know if we have gone far enough or if we need to go further. As an educator I am acutely aware of the need to have all the facts before trying to implement an idea or present it to someone else. I hope my colleagues are also aware of this need and will wait for the completion of the Federal Reserve System's study before they accept an amendment such as the one before us today.●

Mr. TSONGAS. Mr. President, it should be clear to all of us what the mandate in November was all about. "Get the Government off our backs." "Get Americans to work and save more." "Let the free market, the private sector, have a free hand." "Eliminate costly, time consuming, wasteful Government regulation."

I for one remain unconvinced about the ability and willingness of the private sector to house the poor, or to avoid future Love Canals without Federal presence. Here is a case where the market clearly deserves to operate on its own. Here is a chance to eliminate an unnecessary regulation. This amendment will let the shopkeeper decide whether he wants to give a discount to his customers for paying cash or impose a surcharge if they use a credit card. Surely, that is his choice to make. Let us not forget that every cash-paying individual pays part of the cost of credit card operations. This is a hidden cost, passed on to the consumer. A surcharge presents users of a card with an explicit addition to the posted price, making the message clear.

Moreover, by allowing a surcharge to be imposed, we can hope to motivate people to save. Individuals facing extra charges for credit purchases may begin to save for that new toaster, rather than buying it on credit.

Finally, the amendment to allow the surcharge option has extensive support in both ideological camps. The Consumer Federation of America, the Consumers Union, the ILGWU, and the National Council of Senior Citizens strongly endorse this option. The Federal Reserve Board, which is greatly concerned about rampant increases in consumer credit, also supports this amendment. Finally, that bastion of conservative thinking, the Heritage Foundation, supports the concept of surcharges.

So we have before us an amendment with widespread support in both ideological camps that promises to eliminate one useless regulation and which may provide one small impetus to get mom and pop to start saving again. I think we should watch closely to see who will be standing up and fighting to keep this regulation on the books. Let all those individuals who voted to get the Government off their backs in November monitor their elected officials carefully on this vote. I think they may be surprised.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ANDREWS). Without objection, it is so ordered.

The question is on agreeing to the amendment.

Mr. CHAFEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I take the floor only to announce that a vote should occur on this amendment at about 3:15 this afternoon. Certain other details are being attended to. In the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I inquire of the distinguished manager of this amendment and the manager of the bill if they are prepared to vote at this time.

Mr. GLENN. Mr. President, I am filling in for the manager of the bill, and I should like to check with him. So far as I know, he has no additional statement, and I would be prepared to yield back my time.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I believe that all debate has ended. I do not believe there are any more requirements for time. I am prepared to yield back the time of the manager of the bill, Senator DODD, as well as the time I have on the amendment. I believe that Senator PROXMIRE has nothing else. So I yield back his time, also, and we are prepared to vote.

Mr. CHAFEE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

I announce that the Senator from Kansas (Mr. DOLE) is absent due to illness.

Mr. CRANSTON. I announce that the Senator from Oklahoma (Mr. BOREN) and the Senator from Louisiana (Mr. LONG) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 41, nays 56, as follows:

[Rollcall Vote No. 28 Leg.]

YEAS—41

Armstrong	East	Metzenbaum
Baucus	Exon	Moynihan
Bentsen	Glenn	Nickles
Boschwitz	Hart	Nunn
Bradley	Helms	Pell
Burdick	Hollings	Percy
Byrd, Harry F., Jr.	Humphrey	Proxmire
Byrd, Robert C.	Jackson	Quayle
Cohen	Johnston	Sarbanes
DeConcini	Kasten	Simpson
Denton	Kennedy	Stafford
Dodd	Leahy	Symms
Durenberger	Mathias	Tsongas
	Melcher	Weicker

NAYS—56

Abdnor	Grassley	Packwood
Andrews	Hatch	Pressler
Baker	Hatfield	Pryor
Biden	Hawkins	Randolph
Bumpers	Hayakawa	Riegle
Cannon	Heflin	Roth
Chafee	Heinz	Rudman
Chiles	Huddleston	Sasser
Cochran	Inouye	Schmitt
Cranston	Jepsen	Specter
D'Amato	Kassebaum	Stennis
Danforth	Laxalt	Stevens
Dixon	Levin	Thurmond
Domenici	Lugar	Tower
Eagleton	Matsunaga	Wallop
Ford	Mattingly	Warner
Garn	McClure	Williams
Goldwater	Mitchell	Zorinsky
Gorton	Murkowski	

NOT VOTING—3

Boren	Dole	Long

So Mr. PROXMIRE's amendment (UP No. 9) was rejected.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. GARN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. Mr. President, I yield to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. CHAFEE. I wonder if we might have order.

UP AMENDMENT NO. 10

Mr. HELMS. Mr. President, I ask unanimous consent, notwithstanding the previous unanimous consent with reference to amendments, that I be permitted to send to the desk for immediate consideration an amendment. This has been checked with both sides.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an unprinted amendment numbered 10:

At the end of the bill add the following: (a) section 204 of the Public Health Service Act is amended by inserting after the first sentence the following new sentence: "The President may appoint to the office of Surgeon General an individual who is sixty-four years of age or older.".

(b) Section 211(a)(1) of such Act is amended by adding at the end thereof the following new sentence: "This paragraph does not apply to the Surgeon General of the United States.".

Mr. HELMS. Mr. President, I will not take long. This is an amendment which has been requested by the administration to correct a defect in the law and permit the nomination of a Surgeon General who may be more than 64 years of age.

The PRESIDING OFFICER. The Senate will be in order. The Senator cannot be heard.

The Senator from North Carolina.

Mr. HELMS. The present law contains what many of us consider to be an anomaly in that the Surgeon General of the United States cannot be 64 years of age or older. At a time when our new 70-year-old President has just begun his first term in office such an age restriction seems particularly inappropriate.

The amendment at the desk would remove this arbitrary age restriction from present law but only as it affects the Surgeon General. That the law be changed has been requested by Secretary Schweiker and the White House and is supported by the floor managers of S. 414.

In the House, Representatives ST GERMAIN and ANNUNZIO have said it will not impede action on the bill by the House and that they support the amendment.

Mr. DODD. Mr. President, will the Senator yield? As I understand it, this has been cleared with the other body as well and they have no objection to this?

Mr. HELMS. Exactly, the Senator is correct.

Mr. DODD. The minority has no objection to this amendment.

Mr. HELMS. I thank the Senator and I thank the Chair. I move the adoption of the amendment.

The PRESIDING OFFICER. Do the Senators yield back their time on the amendment?

Mr. HELMS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back, and the question is on agreeing to the amendment of the Senator from North Carolina.

The amendment (UP No. 10) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Are there further amendments?

Mr. CHAFEE. Mr. President, there are no further amendments on this side of the aisle that I know of.

The PRESIDING OFFICER. If there be no further amendments, the question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the committee amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 31.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 31) to amend the Truth in Lending Act to encourage cash discounts, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed immediately to the consideration of the bill.

Mr. CHAFEE. Mr. President, I move to strike all after the enacting clause of H.R. 31 and to substitute the text of S. 414, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 31) was passed.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the calendar item 28, S. 414, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order. The staff will retire to the rear of the Chamber.

The Senator from Tennessee.

RESOLUTIONS OF DISAPPROVAL OF PAY RECOMMENDATIONS

Mr. BAKER. Mr. President, in accordance with the order previously entered, I have conferred with the distinguished minority leader and I now call up the first of the resolutions of disapproval on the recommendations of the Quadrennial Commission which is now on the calendar and I ask that the Chair lay it before the Senate.

DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT WITH RESPECT TO MEMBERS OF CONGRESS

The PRESIDING OFFICER. The clerk will report the first resolution.

The legislative clerk read as follows:

A resolution (S. Res. 89) disapproving the pay recommendations of the President with respect to Members of Congress.

The Senate proceeded to consider the resolution.

Mr. BAKER. Mr. President, might I inquire if there is an order in respect to the time for debate on this resolution?

The PRESIDING OFFICER. The Senator is correct. There are 20 minutes, equally divided. The Senator from Delaware (Mr. ROTH) and the Senator from Missouri (Mr. EAGLETON) control the time.

Mr. BAKER. Mr. President, I thank the Chair. I do not see either of the managers of the resolution available in the Chamber at this time. Since the time is so short for debate, I ask unanimous consent that it be in order for me to suggest the absence of a quorum without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Delaware is recognized.

Mr. ROTH. As chairman of the Governmental Affairs Committee, I rise in strong support of these disapproval resolutions. The issue here is not whether judicial, legislative, executive, or congressional officials deserve an increase in salary. The issue is not even whether these officials should receive the 40-percent increase recommended by the Quad-

rennial commission or the 16.8-percent increase proposed by former President Carter. The issue, Mr. President, is whether Government officials are entitled to any across-the-board increase at a time when millions of Americans are not only going to feel the effects of across-the-board budget cuts, but are also being battered by consecutive years of double-digit inflation. I strongly believe that it would be highly inequitable to approve these salary increases at a time when the American people are being asked to sacrifice for the common good.

The results of last November's election reflect the desire of the voters that Congress put reins on runaway Federal spending. President Reagan, consistent with the views of the voters, opposes any increase for Government employees. I can think of nothing more in conflict with the strong mandate of the people than for the Senate to contravene the will of the voters by now approving a pay increase for these four categories of officials.

Increases for the four categories upon which these votes are based involve only 2,987 positions and an initial 12-month cost of $18.7 million. But because of separate, interlocking statutes, the salaries of another 34,211 Government employees would automatically be raised at an additional cost of $164 million. I recognize that a sum of $183 million is just a drop in the bucket for a national budget of hundreds of billions of dollars. Nevertheless, I cannot resist the opportunity to respond to such an argument by saying that "every little buck helps." As the administration weighs the relative need between competing budgetary items to determine which should be increased, reduced, or eliminated, will Members of Congress, executive, legislative, and judicial officials suffer hardship great enough to justify a salary boost? I doubt that a case of such hardship can be persuasively made. I am concerned that good public servants are leaving Government service, but I am more concerned about the immediate need to improve our troubled economy.

Notwithstanding their opposition to the salary proposals, the administration is not opposed to the increases on the merits of the issue, but is convinced that the approval of any increase would be highly inappropriate at this time. The problems surrounding pay compression in the executive and G–S level positions are serious. but not unique. Unfortunately Government service, like the private sector, is replete with many inequities.

The administration has indicated that it will address this problem before 1984, when the next quadrennial commission report is due. As the chairman of my committee, I will assist them in their efforts to rectify th's situation. But for now, we must make and adhere to a national agenda of priorities. As a supporter of these resolutions, I do not believe that these salary proposals are a national priority. I urge my colleagues to join me in voting for these four disapproval resolutions.

Mr. President, I yield the floor,

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GORTON). Without objection, it is so ordered.

Mr. ROTH. At this time I am happy to yield to the distingu'shed leader.

Mr. BAKER. Mr. President, I thank the Senator from Delaware. I commend him for his leadership role in this matter and his management of these resolutions.

I inquire of the distinguished manager of the resolutions if he is aware of any further debate on this measure. If he is not I am prepared to ask unanimous consent to stack the votes and to commence voting after Senators have completed their statements.

Mr. CHAFEE. Mr. President, will the Senator yield me just 30 seconds?

Mr. ROTH. I yield.

Mr. CHAFEE. Mr. President, I do not want any confusion on my position. As I pointed out I am supporting what the President wishes in this instance. In other words, I am going to vote for these resolutions, some with more enthusiasm than others. I will vote with magnificent, tremendous enthusiasm for the cap on the judiciary and less enthusiasm on Congress, and zero enthusiasm for the cap on the Federal executives.

But I am going to vote for them because that is where we are now and then I want to move forward with the delinkage problem that we had our extensive discussion on.

I thank the Senator.

Mr. GRASSLEY. Mr. President, I wish to go on record as opposing President Carter's recommendations that would, pursuant to Public Law 90–206, increase the compensation of Members of Congress and other already highly paid employees of the executive and judicial branches. On March 10, 1981, four resolutions explicitly disapproving these pay increase proposals were introduced in the Senate. The parliamentary situation is structured so that those of us who opposed further Federal salary hikes at this time will be voting in favor of Senate resolutions numbered 89 through 92, as introduced.

I am gratified that this matter is being brought to the floor of the Senate for final disposition. It is important that we go on record as voting to forgo these salary increases.

My interest in this matter dates back a number of years. In 1977, before the law was changed to require affirmative approval of the quadrennial and Presidential recommendations, I introduced the first resolution disapproving the 1977 salary increases. At that time we were not able to bring this matter to the floor of either the House or Senate for a direct vote. The law now gives us that opportunity.

There are two points that should be made. The first is that many of us in the Congress are now or soon will be asking the American people to make sacrifices and do without. We have all heard from many citizens, groups, and organizations. I believe that the President's effort to restrain Federal spending is absolutely necessary in order to insure the economic survival of the United States. The move to put a lid on Federal spending is long overdue. It is within this context that the question of increasing the pay of Members of Congress and other senior Government employees should be reviewed. My judgment is that the President's program, despite whatever flaws and imperfections it may contain, has absolutely no chance of succeeding unless we are willing to forgo this most recent salary increase. I would not care to return to my home State of Iowa and face the people who sent me here, the same people who pay the taxes, and tell them that the institution of which I am a Member was unable or unwilling to do that which it has asked of others.

Second, I have read where one of the justifications for increasing Federal salaries is that we are unable to attract competent, qualified people to serve in the Federal Government. I do not believe that for a minute. That line of argument is an insult to my colleagues in the Senate. It is patently unfair to the thousands of truly dedicated individuals who serve the people in the executive and judicial branches of the Federal Government.

Anyone who is at all familiar with what has happened in Washington, D.C., over the past few months knows that there has been no shortage of applicants for senior positions with the Federal Government. And I know that the people who are coming forward to serve, the people whose primary purpose in working for the Federal Government is not financial enrichment, would be coming forward even if salaries were not what they are today.

Mr. President, the question now before the Senate is more important than simply the dollars and cents involved. We will be setting the tone and tenor for the next 4 years. I am glad that we have an opportunity to freely discuss this matter. I urge my colleagues to vote in favor of the pending resolutions disapproving the Federal pay increases.

Mr. SASSER. Mr. President, I am pleased to vote for Senate Resolution 89 which disapproves pay increases for Members of Congress. Certainly at a time when we are being asked to reduce Federal spending by nearly $44 billion, we should not be at the same time raising the salaries of the Members of Congress.

We went through considerable debate on this matter and the other related pay raises at the end of the 96th Congress. We were told at the time that we could not man the Government unless we raised the pay of top Federal officials, the judiciary, and Members of Congress. We were advised that the Reagan administration could not run the executive branch unless there was a pay raise which would have raised the salaries of some positions in the executive branch to as much as $95,000. We were told that

we could not have adequate congressional salaries unless they reached the level of $85,000. Judicial salaries were also to be raised commensurately.

Yet, all these recommendations are made at a time when we are experiencing inflation above 10 percent, when unemployment is at unacceptable levels and when interest rates are at historically high levels, topping 20 percent.

Indeed, during the Senate Governmental Affairs Committee hearings on the confirmation of Dave Stockman to be Director of OMB, I questioned him closely about the pay raise issue, and won from him a concession that it would be sheer folly to go ahead with the pay raises that were recommended by the commission on executive, legislative, and judicial salaries. Mr. Stockman agreed and indicated that he would counsel with the President on this matter and ask him to hold back his recommendations until we could get the economy in better shape.

Now Dave Stockman and I will have our disagreements, but this is one matter where his counsel has been wisely heeded by the President. For subsequent to our discussions on this matter, Mr. Stockman sent to Senator ROTH, the distinguished chairman of the Senate Governmental Affairs Committee a letter indicating that the President had decided to withhold the pay raise recommendations of the quadrennial commission. Mr. President, I ask unanimous consent that the letter of Mr. Stockman to Senator ROTH be entered into the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF MANAGEMENT AND BUDGET,
February 17, 1981.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Governmental Affairs, U.S. Senate, Washington, D.C.

DEAR BILL: While the Administration understands and sympathizes with the extent of the problem of inadequate and compressed executive salaries, it is inappropriate, with other planned budget initiatives, to endorse the full recommendations of the Quadrennial Commission. Those would call for increases of around 40%.

President Carter's 1981 budget proposals on Federal executive, legislative, and judicial pay called for an increase of 16.8% over the 1977 pay cap. That proposal would simply bring payable salaries for Federal executives in line with their legal salary rates as established under P.L. 94–82.

The status of the economy requires that we concentrate our resources on achieving substantial budget reductions. Federal executives, the Congress, and the Judiciary should forgo salary increases at this time. Thus, the President has determined that we should not now seek an increase in Federal Executive salaries.

The President has expressed a deep concern with the diminishing ability of the Federal Government to attract and retain high caliber executives; therefore, we should develop other ways to address this issue before the next Quadrennial Commission Report due in 1984. We will be glad to work with the Congress in this endeavor.

Sincerely,

DAVID A. STOCKMAN,
Director.

Mr. SASSER. Mr. President, I am also pleased that President Reagan has taken note of the Senate's action in the closing hours of the 96th Congress in backing my action to defer these pay raises. He has been wise to heed Mr. Stockman's counsel on this matter by asking us to defer these pay raises until we get the economy back in shape.

Mr. President, I hope that all our colleagues follow the lead of the Senate's action in the 96th Congress and support approval of this and other related resolutions which have been supported by our distinguished majority leader, Senator BAKER and our distinguished Democratic leader, Senator BYRD.

Thank you.

Mr. BAKER. Mr. President, if the Senator will yield to me again, I have spoken to the distinguished minority leader on this subject and I believe the request I am about to make is perhaps cleared on his side.

Mr. President, at this time I ask unanimous consent that at the time debate is concluded on these resolutions the votes occur thereon back to back, with the first vote to be 15 minutes in length, and each subsequent vote to be 10 minutes in length.

I ask unanimous consent that it be in order at this time to ask for the yeas and nays on the four resolutions with one show of seconds.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, there is no objection on this side of the aisle.

The PRESIDING OFFICER. The Chair will state to the distinguished majority leader that the yeas and nays are automatic.

Mr. BAKER. I thank the Chair.

Mr. President, I understand the yeas and nays are automatic under the provisions of the statute, and I withdraw that portion of my request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there debate?

Mr. ROBERT C. BYRD. I yield back any time on this side.

Mr. ROTH. I yield back the time on this side.

The PRESIDING OFFICER. All time is yielded back, and the question is on agreeing to Senate Resolution 89. The yeas and nays are automatic, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Oklahoma (Mr. BOREN), the Senator from California (Mr. CRANSTON), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Louisiana (Mr. LONG), are necessarily absent.

I further announce that, if present and voting, the Senator from Oklahoma (Mr. BOREN) and the Senator from California (Mr. CRANSTON) would each vote "yea".

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Texas (Mr. TOWER) are necessarily absent.

I also announce that the Senator from Kansas (Mr. DOLE) is absent due to illness.

I further announce that, if present and voting, the Senator from Kansas (Mr. DOLE) and the Senator from Arizona (Mr. GOLDWATER) would each vote "yea".

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 93, nays 0, as follows:

[Rollcall Vote No. 29 Leg.]

YEAS—93

Abdnor	Glenn	Murkowski
Andrews	Gorton	Nickles
Armstrong	Grassley	Nunn
Baker	Hart	Packwood
Baucus	Hatch	Pell
Bentsen	Hatfield	Percy
Biden	Hawkins	Pressler
Boschwitz	Hayakawa	Proxmire
Bradley	Heflin	Pryor
Bumpers	Heinz	Quayle
Burdick	Helms	Randolph
Byrd, Harry F., Jr.	Hollings	Riegle
Byrd, Robert C.	Huddleston	Roth
Cannon	Humphrey	Rudman
Chafee	Inouye	Sarbanes
Chiles	Jackson	Sasser
Cochran	Jepsen	Schmitt
Cohen	Johnston	Simpson
D'Amato	Kassebaum	Specter
Danforth	Kasten	Stafford
DeConcini	Laxalt	Stennis
Denton	Leahy	Stevens
Dixon	Levin	Symms
Dodd	Lugar	Thurmond
Domenici	Mathias	Tsongas
Durenberger	Matsunaga	Wallop
Eagleton	Mattingly	Warner
East	McClure	Weicker
Exon	Melcher	Williams
Ford	Metzenbaum	Zorinsky
Garn	Mitchell	
	Moynihan	

NOT VOTING—7

Boren	Goldwater	Tower
Cranston	Kennedy	
Dole	Long	

So the resolution (S. Res. 89) was agreed to as follows:

S. Res. 89

Resolved, That, with respect to the recommendations of the President which were transmitted to the Congress with the President's budget for fiscal year 1982 pursuant to section 225(h) of the Federal Salary Act of 1967 (2 U.S.C. 358), the Senate disapproves the recommendations for increases in rates of pay for positions described in subparagraph (A) of section 225(f) of such Act (2 U.S.C. 356(A)), relating to Members of Congress.

Mr. ROTH. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RESOLUTIONS OF DISAPPROVAL OF PAY RECOMMENDATIONS WITH RESPECT TO LEGISLATIVE BRANCH, JUDICIAL BRANCH, AND CERTAIN POSITIONS UNDER THE EXECUTIVE SCHEDULE

Mr. STEVENS. Mr. President, we are literally faced with a crisis in the executive branch. The Quadrennial Commission, to whom the Congress delegated the responsibility to set pay for the top executive, legislative, and judicial personnel, recommended increases up to $20,000 for many executive personnel. Former President Carter revised these recommendations downward by 60 percent. Yet, today, we are voting on resolutions not approving the already reduced recommendations but disapproving recommendations which still fall far below what is fair and adequate compensation. I quote from the Commission's introductory summary:

The Commission believes that this nation is faced with a quiet crisis in terms of the

rapidly increasing problems of attracting and retaining men and women of outstanding ability and achievement to fill the top positions in our government.

The Commission is concerned about the massive exodus of top government officials who are resigning or retiring early from their positions, and there is growing evidence that low salaries are a major reason for highly talented people declining appointment to key positions in the Federal government. Therefore, based on its findings, which are summarized below, the Commission concludes unanimously that salary increases are urgently needed and long overdue for the Federal officials who come under its jurisdiction.

Thousands of dedicated civil servants have received one 5.5 percent pay adjustment in 4 years. Their purchasing power has declined drastically. The exodus of such workers from the Government has grown astronomically. Critical jobs in the executive branch cannot be filled. Numerous midlevel managers refuse, promotions, knowing that increased responsibility means no pay renumeration.

Mr. President, the same reasoning applies to the military. We are raising military spending for this year by the billions and yet we cannot pay the generals, the administrators, the managers $10,000 more? Five to nine levels of management authority in both the civil service and the military earn the same income, and I am forced to ask: How can we expect our new military awareness to translate into effective policies without proper compensation to the planners, strategists, and administrators? How can we turn the economic stagflation of this country around without paying the managers, the policymakers, the implementers a reasonable salary?

Mr. President, over the next few years, the Government will be making a concerted effort to turn the Nation around. The one thing all people agree upon is that this country's recent experience with high inflation, high unemployment, and high interest rates is unprecedented. To stymie these economic woes and other social ills will take creativity, ingenuity, and hard work.

Low pay will prevent and is preventing the recruitment of individuals who have the ability to find the answers.

Mr. President, only this morning, I held a hearing in the Defense Appropriations Subcommittee. There is a recommendation now. for the second year, to increase the pay of military personnel. We will find that the comb'ned pay raise that military personnel will receive in 2 years will be over 27 percent, yet the combined pay increases for civil servants will be less than 10 percent. And the pay increase for those people that I am speaking about today will be zero. These people have had no pay adjustment whatsoever. If the pay cap that is still in existence is not removed and if we do not act on this Quadrennial Commission report, those people will get no pay increase at all.

We find now that people from grade 15 to the top of the Civil Service ladder will be impacted: there will be no pay adjustments whatsoever.

On the military side, it will surprise the Members of the Senate how low in the military hierarchy this pay cap now touches. We are going to have literally the year of the colonels, because everyone who implements policy in a military department now in uniform will be paid the salary of a colonel.

Mr. President, I just do not know how I can make it more emphatic than to say that this is no way to run a government. Our Government is the biggest business in the world and we ought to run it with commonsense. Commonsense says we should pay enough to attract people who have absolutely the top capability in every field possible, and this is no way to do it.

Mr. President, I urge Congress to vote down the disapproval resolutions for the executive branch, the judicial branch, and the related legislative branch employees. I shall vote to sustain the decision not to raise our own pay.

That is another signal to send to the country. That is the signal that we, who are the board of directors for the Government, acknowledge that there is a terrible problem in terms of inflation and the control of expenditures. But we have no right to foist that decision onto those people who have made their career and dedicated their lives to the service of this country.

Mr. ROBERT C. BYRD. Mr. President, before the Senate completes action on these pay raise resolutions, I would like to recount for the record the Senate's recent history with respect to preventing pay raises for Members of Congress and other Federal officials.

On September 9, 1980, I introduced printed amendment No. 2302 to H.R. 7590, the Energy and Water Development Appropriation Act of 1981. This amendment was designed to impose a ceiling on pay of higher level Government employees. I also entered notice that I intended to seek suspension of paragraph 4 of rule XVI of the Standing Rules of the Senate to permit the offering of an amendment which was both legislative in nature and which was not germane to the subject matter of a general appropriation bill.

On September 10, 1980. bv a vote of 84 yeas to 5 nays, two-thirds of the Senate having voted in the affirmative, the Senate agreed to suspend paragraph 4 of rule XVI to allow the consideration of my amendment.

Subsequently, by a vote of 78 yeas to 13 nays, the Senate adopted the amendment I offered to impose a ceiling on the pay of high level Government employees in all three branches of the Government—including judges, Members of Congress, and high level civil servants in all three branches of Government.

On September 29, 1980. the Senate adopted the first fiscal year 1981 continuing resolution by a vote of 58 yeas to 27 nays. Included in the legislation was the very same pay cap which I had first proposed on September 10 and the Senate had adopted overwhelmingly at that time.

Now the legislative situation regarding the pay cap gets more complicated—but not confused. The Senate has consistently voted for imposing the pay cap and against removal of the cap.

On December 10, 1980, the Senate adopted by a vote of 69 yeas to 21 nays, an unprinted amendment offered by the able and distinguished junior Senator from Tennessee (Mr. SASSER) to House Joint Resolution 637 designed to continue in effect a salary pay cap limitation for executive, legislative, and judicial employees and officials through September 30, 1981. The substance of this amendment was identical to the legislation the Senate adopted on September 10 and 29.

On December 13, 1980, I offered a motion to House Joint Resolution 637 designed to restore the salary pay cap limitation for executive, legislative, and judicial employees and officials. This amendment carried by a vote of 62 yeas to 8 nays. This marked the fourth time in a little over 3 months that the Senate had voted overwhelmingly to adopt the pay cap limitation that I had first offered on September 10, 1980.

Finally, on Monday, December 15, 1980, the Senate passed by voice vote House Joint Resolution 644, which included the pay cap limitation.

Obviously, Mr. President, this is not a new issue. The Senate has already voted on this matter five times—four rollcall votes and one voice vote—in the past 6 months. Nevertheless, I think it is important that the Senate take this opportunity to further strengthen its record against a pay raise. It will have to do it once again in June—when the continuing resolution we adopted last session expires. The American people must be convinced that we intend to bring Government spending under control if at all possible.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Rhode Island.

PAY PROPOSAL FOR FEDERAL EXECUTIVES

Mr. CHAFEE. Mr. President, the present cap on senior level pay causes two severe problems: First, it makes attracting top-notch career people to Government service very difficult. A look at what has happened to the senior level salaries since 1977—think of it; that was the last Quadrennial Commission report—explains what has gone wrong. Since 1977, Federal-level pay has increased by 5.5 percent. In other words, the top people have received a 5.5 percent increase. During this same period, comparable private-sector pay has increased by 25 percent, general schedule civil service pay has gone up 32 percent, and the Consumer Price Index has gone up 45 percent.

Let us go back to 1969, which was the date of the first Quadrennial Commission report. During this 11-year period, the salaries of level 2 executives have risen by 43 percent. They have gone up from the cap, which was then $42,500. Now the cap is $60,662: 11 years, 43 percent increase.

During that same period, the Consumer Price Index went up by 130 percent. The average salary of the civil servants—that is, the general schedule ones—went up by 118 percent.

The salaries of private sector executives went up by 116 percent. So, measured in 1969 dollars, the purchasing pow-

er of level II executives has gone down to $25,800.

This wage disparity is a disincentive for people already part of civil service either to take a promotion or to stay on as they approach retirement.

Seven grades of high level senior executives, comprising 33,000 employees, are now paid the same amount. They can be the top person or seven grades below, and they all receive the same pay. Each year the pay cap is in effect, more grade levels bump up against this ceiling.

Should Congress not lift the cap this year, another 11,000 employees will reach the pay ceiling. If we wait until the next meeting of the Quadrennial Commission in 1984, the projections are that 140,000 civil service workers, 7 percent of our entire work force, will be bumped up against the same ceiling.

The second point: Not only does this distort the normal civil service pay scale, but also, this freeze provides an incentive for Federal executives to either retire early or to take a more lucrative job in the private sector. Last year, 75 percent of the Federal executives who had reached the pay ceiling and were eligible to retire did so. This results in an incalculable loss of experience and knowledgeable talent to the Federal Government. A few examples will help illustrate my point.

For the past three decades, Mr. Russell Shewmaker has been a major figure in U.S. trade law. Over a period of 7 years, Mr. Shewmaker created the tariff schedules of the United States, drafted the enabling legislation, and helped get this legislation passed. As a member of the senior executive service, Mr. Shewmaker's salary was subject to the pay freeze. Over the past several years, Mr. Shewmaker watched as the cost of living increased by 40 percent, but his salary only went up 5 percent. That is enough to disturb anyone.

In addition, many of the people who were working under him were able to have their salaries keep up with at least 75 percent of the cost-of-living increases. It is not hard to blame Mr. Shewmaker for retiring under these circumstances, and will be hard for the Federal Government to get someone of his caliber to replace him.

Another case involves an individual with 7 years' experience as technical director of the Naval Coastal Systems Center in Florida. This individual retired in August of 1980, but has continued as a reemployed annuitant until a new director can be found. The reason for his retirement: The realization that he could make up the difference between his retirement and his salary under the pay freeze by working just one-quarter of the time he had previously.

A third case involves an individual with a long career as a researcher and administrator with the Forest Service. As a GS–16 this individual has had his salary frozen for some time. While compensation was not at the top of his list of priorities for employment, this person ultimately took a position with a State university which provides greater income than his civil service position.

Finally, a director of heavy duty research with the National Highway Traffic Safety Administration resigned in August of 1980 to take a position with a trucking firm similar to United Parcel. His salary has more than doubled, and his position with NHTSA was still open as of February of this year. They could not fill it under these salary limitations.

Mr. President, one of the stumbling blocks to removing this pay ceiling is the linkage that has grown up between the the salaries of Members of Congress and that of executive level II salaries. I do not know why we have this linkage. Somehow, the rule is that you cannot pay these people more than you pay a Member of the Senate or a Member of the House. I think that is ridiculous. After all, Members of the Senate come here for a variety of reasons.

This linkage has no legal basis or deeply rooted foundation. There are few parallels between the career patterns, career expectations, and responsibilities of Members of Congress and level II executives. There is no compelling reason to continue to link these salaries.

Furthermore, Members of Congress are not limited by the pay ceiling. We are paid $60,000, but we can go out and earn honoraria by making speeches.

In 1979, 87 Senators chose to supplement their income in this way. The amounts varied. The low was $100. The high, almost $31,000.

Let us go down the list, and I will not give the names; $31,000 was the leadoff; next, $29,000; next, $27,000; next, $26,500.

Anybody who thinks Senators are not making some money on the outside should look at what the financial disclosure statements reveal.

One-fourth of all Senators earned over $20,000 in honoraria. I am not opposed to this. But let us not say that we are treating the executive II people as we treat Senators. We are not. The average for all Senators earning honoraria was in excess of $13,000.

That is fine. I think it is good for Senators to get around the country, to speak, to inform people of what is happening here; and if they receive honoraria for it, that is fine. But I believe it is unfair to say that we are staying at $60,000 and we will suffer and we will let the executive II level people suffer at the same level.

Clearly, Members of Congress have an opportunity to supplement their income in ways not available to the normal civil servant. This ability to earn extra income should help put to rest any concerns about the necessity of maintaining equivalency between Members' salaries and those of executive level II.

Mr. President, the ability to attract good people and to retain the qualified professionals already in Government are two key ingredients to making Government more efficient. By maintaining this arbitrary pay cap, we are making this job all the more difficult.

I am strongly for delinkage. I recognize that the President of the United States and the leadership of this body, in urging that we not go forward with the Quadrennial Commission recommendations, are operating in an era of frugality which I respect, and I am not going to make a motion to do otherwise. But I urge those who are in positions of authority to proceed with this delinkage.

I note that the distinguished majority leader is in the Chamber, and I should like to pose a question or two to him on this subject.

What can we do to achieve this delinkage? How do we do it and when might we do it?

I know that the majority leader is tremendously concerned with the losses of our top civil servants, our professionals, whom we need to keep this wonderful organization called the U.S. Government functioning. Can the majority leader give me some illumination on this problem?

Mr. BAKER. Will the Senator yield to me?

Mr. CHAFEE. I yield.

Mr. BAKER. I am happy to respond.

First of all, I commend the Senator from Rhode Island for his consistent concern in this field. It is worthy of his distinguished service that he rises today to express his interest in these problems.

In response to the Senator's question, I believe Congress must face ahead on the question of linkage. I favor delinking congressional salaries from executive department salaries. I believe there is no other realistic way to approach that problem, except to face up to the fact that there are other particular and sensitive political problems that we must deal with in respect to our own salary that should not color and change our attitude toward the salaries and compensation of members of the other departments of Government.

So, at some point, I hope that through the regular processes of committee consideration and floor action, Congress simply would provide, in the future, for salary levels for other agencies and departments of Government aside and separate from the salary levels of Members of Congress.

Although the Senator did not mention this, I think he will acknowledge that he and I have discussed this matter on previous occasions. I say, parenthetically, that I think we have to find a way of going on this question of congressional salaries in a reasonable and rational way.

I have about concluded, and I do not mean this to be unduly cynical, but I have about concluded that Congress is institutionally incapable of handling the issue of congressional salaries. I do not know of any way to handle it other than the way we have tried to do it unless we adopt a constitutional amendment. I might very well favor a constitutional amendment. I think it is time that we thought of such things as constitutional amendments to eliminate this apparent conflict of interest with Congress setting its own salary.

The most intriguing proposal I have heard lately is a proposal that would indeed require a constitutional amendment, and that is to provide by such an amendment for the Supreme Court of the United States to regularly and periodically conduct ex parte hearings and proceedings and to adjudicate the

salary level of Members of Congress, thus vesting that authority in another department of Government. I am not prepared to say now that we should do that or that that is the only possible solution.

What I do say is that I have reluctantly concluded that it is at least very difficult, perhaps impossible for Congress in this day and age to deal with the question of its own salary.

In view of that I think the answer to the Senator's question is that Congress must simply face up to these facts and must go forward with a delinkage between congressional salaries and those of executive department agencies.

Mr. CHAFEE. Mr. President, I thank the distinguished majority leader for his help on this matter, and I wish to pose him another question if I might.

It seems to me that the way we have to proceed then is to introduce legislation. I am dealing now with the delinkage problem. It would go to the Governmental Affairs Committee, I presume, and then proceed with the passage of such legislation if it could be done which would formally delink and then the executive grade of civil servants then would proceed up with the normal increases that are granted by the President to the whole civil service force. Is that correct?

Mr. BAKER. Mr. President, that is correct. It could be done under the present law. But we run into the practical roadblock that if congressional salaries are not changed then Congress is reluctant to approve a recommendation of the Quadrennial Commission or to approve the regular escalation of salaries in other agencies and departments. So I think it is going to require an affirmative statement of statute law that there should not be linkage between the two departments.

Mr. CHAFEE. I thank the distinguished majority leader for that illumination on this difficult problem. I hope that we all could get on with it because it is highly unfair and it is not a question of just unfairness. It is a question of loss to the U.S. Government of valuable people who under our odd retirement system, which in itself has lots of difficulties to it, can retire at a relatively early age and, as a matter of fact, if they stay on they are penalized because if they retire than they move upward with the index in the double indexing that we presently have and if they they do not retire they are locked in at this ceiling and when they do retire they are way behind their contemporaries who chose to retire earlier and have moved up with the indexing. That is a double loser and it is a tremendous incentive for people to retire, and thus we lose valuable servants of the Nation.

Mr. BAKER. I say to the Senator, if the Senator will yield to me, somewhat in jest in the words of the late great Congressman Carl Reece, speaking of Members of Congress of his acquaintance, "Few die and none resign."

Mr. CHAFEE. I am not talking about them. I have no worry and I have no concerns about Congressmen and Senators taking care of their pay. But my concern is of the civil servants.

Mr. WARNER. Mr. President, will the Senator yield?

Mr. CHAFEE. I certainly yield.

Mr. WARNER. Mr. President, I worked with the distinguished Senator from Rhode Island as we jointly managed the Department of the Navy, and he speaks from a basis of knowledge gained through many years of experience, of personally pleading with these individuals to remain, particularly in the scientific areas of research and development, and the like, where both Senator CHAFEE and I as Government managers witnessed the loss of top talented people because of the inflexibility in these pay situations.

For that reason I commend the distinguished Senator from Rhode Island, and I know that he speaks not purely from philosophy but from experience as a manager on this subject.

Mr. CHAFEE. I thank my colleague who I worked so closely with for many years in the Navy Department where we wrestled with these problems, and the problem now is far worse than it was then when we have the inflation in figures such as they are today.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. CHAFEE. I yield.

Mr. BAKER. Mr President, I also wish to thank the Senator from Rhode Island. He has such a wealth of experience and background as Governor of his State, as Secretary of the Navy, and now as a distinguished Senator from the State of Rhode Island, that he speaks with special authority on this and the authority of experience that extends now over several years.

I urge the Senator from Rhode Island to continue his interest in this, and I assure him that I will work with him in seeing that we approach this business of linkage and indeed the entire question of salary levels and adjustments for all of the agencies and departments of Government, including Congress. But his is clearly a leadership role in that field, and I wish to assure him I will look to him for advice and counsel as we proceed.

Mr. CHAFEE. I thank our leader for those comments and I will pursue it and I also thank my distinguished colleague and long-time friend from Virginia, Senator WARNER, for his comments because he knows this difficulty also and I will rely on him as we proceed.

But clearly something has to be done and I hope we can make some progress.

Mr. MATHIAS. Mr. President, will the Senator yield?

Mr. CHAFEE. I am glad to yield.

Mr. MATHIAS. Mr. President, the Senator from Rhode Island has been praised as being the voice of experience here this afternoon. I point out that I think he is also the voice of courage, because it takes a certain amount of courage in this climate to talk about paying an increased salary or even to continue to pay the salary of public servants. I think that is likely to be a lonely position. I am prepared to share his loneliness because what he is talking about really is the long-range economy. There is no economy in shortchanging civil servants, particularly those who by years of training and experience have some expertise, and then have to go out and recruit people who are less qualified, less experienced, and less trained. The long-range interest of the taxpayer of the United States is to have efficient, effective civil servants and to pay them an adequate amount to retain their services.

That is not peculiar to public service. That is true with any private enterprise in the country.

I think that we should not allow the strong emotions that exist today with respect to trimming the public expenditures to work either an injustice to individuals who happen to work for the Government, nor to work an injustice to the taxpayers because we shortchanged them by discouraging good people from staying in Government or from going into Government.

Mr. CHAFEE. I thank the Senator. I thank the Chair. I thank the distinguished chairman of the committee for permitting me this time.

I yield the floor.

Mr. ROTH. Mr. President, I also join in thanking the distinguished Senator from Rhode Island for pointing out, I think, not only a question of compensation but the general environment in which the bureaucracy works.

I am deeply concerned when I talk to some of my colleagues that too often the bureaucrat is attacked. I think it is time that we publicly recognize that we have some of the best managers and professional people in the executive branch of Government and that we should duly recognize that here in the Chamber.

Mr. WARNER. Mr. President, I would like to associate myself with the remarks made by the distinguished Senator from Rhode Island. I, too, will support the resolutions, and with a pledge to those particularly in the executive branch that I will work with the distinguished Senator from Rhode Island on the issue.

Mr. DURENBERGER. Mr. President, everytime we deal with an issue like the salaries of Members of Congress, those in the judiciary and the top rung of Federal executives, I am reminded of a letter I received from a constituent in Redwood Falls, Minn., a small city in the western part of my State.

This constituent—an ordinary citizen who gleans his understanding of Congress, the bureaucracy, and Government in general from the media and an occasional visit by a Senator or Congressman—wrote the following:

> Congress is torn apart by catering to every special interest group that can afford a lobbyist or a barrage of letters. Concern for survival and reelection becomes more important in many cases than what must be done to insure the continued philosophical vitality and economic growth that our country really needs.

He continued by giving me the best advice I have heard:

> You must realize the great strength of the American people, their ability to survive and adjust, to make sacrifices for a national cause and good if they are motivated and

challenged . . . the American people are starving for realism in their politicians, they know better than many politicians the problems and uncertainties of now and the future . . . there is a common cause that unites our people, wherever you go, people are frustrated and pessimistic about the future, more from a lack of confidence in government than from a lack of confidence in America's ability to solve their problems.

Mr. President, I received this letter more than 2 years ago, shortly after my election to the Senate, but the sentiments expressed by this Redwood Falls constituent are as valid today as they were in early 1979.

They succinctly state the mandate of the elections of 1976, 1978, and 1980. And that mandate is the basis of my vote against increasing the salaries of our country's top legislative, executive and judicial servants.

A good case can be made for Government salary adjustments, particularly in the executive and judicial branches. Government is only as effective as the human beings who administer its programs and services. If Government wants the best people, it has to pay competitive salaries.

But for the present, there is a more pressing factor that compels me to vote against these increases, Government is now in the process of asking the American people to make substantial sacrifices for the sake of economic stability. We are asking the public to forsake more than $45 billion in budgetary benefits. If we expect the public to support this effort we have to lead by example. It would be inconsistent, and almost hypocritical, for any branch of the Federal Government to grant itself greater benefits at a time when we are asking the public to live on less.

For years the Federal Government has been asking the American people to restrain their budgets. But at the same time, Government has demonstrated that it lacks the will to restrain its own spending habits. The result is predictable. People want to withhold our pay until we do the job they elected us to do.

America's public sees a Congress that is plagued by scandals—real or imagined—and subservient to a few special and powerful interests. They see a bureaucracy that is self-perpetuating and insensitive to the real needs of the public. They see a judiciary that offers more protection for the criminal than for the victim.

Those who serve in Government see the distortions in these perceptions. We know the 14- 15- and 16-hour days, the sacrifices our families must make, the personal gains we have traded for the chance to serve. We know the many fine men and women who serve in the departments and the agencies, trying to do their best under often trying circumstances. We know the members of the judiciary who give up lucrative careers in private practice in order to protect and preserve our unique system of justice.

But the truth is that these distorted perceptions result from Government's own inability to practice what it preaches. In the coming weeks we will have an opportunity to change those perceptions. We will again be asking Americans to change their way of living. We will be asking for sacrifices that are necessary because society can no longer tolerate double-digit inflation and interest rates.

I have confidence that the American people will respond. They will again confirm the conviction I share with my letter-writing friend: The strength of America is in its people.

The real question is whether the politicians will respond, whether Government will provide the kind of leadership that a public willing to sacrifice deserves. It is my hope that the step we take today will be one of many that demonstrates to the American people that the raise we turn down was deserved, not based on statistics and cost-of-living data, but based on our leadership.

DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT WITH RESPECT TO CERTAIN OFFICES AND POSITIONS IN THE LEGISLATIVE BRANCH

The PRESIDING OFFICER. The clerk will state the resolution relating to the legislative branch.

The legislative clerk read as follows:

A resolution (S. Res. 90) disapproving the pay recommendations of the President with respect to certain offices and positions in the legislative branch.

The PRESIDING OFFICER. The question is on agreeing to the resolution. The yeas and nays are automatic, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I also announce that the Senator from Kansas (Mr. DOLE) is absent due to illness.

I further announce that, if present and voting, the Senator from Kansas (Mr. DOLE), and the Senator from Arizona (Mr. GOLDWATER) would each vote "yea."

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Louisiana (Mr. LONG), are necessarily absent.

I further announce that, if present and voting, the Senator from California (Mr. CRANSTON) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

The results were announced—yeas 91, nays 3, as follows:

[Rollcall Vote No. 30 Leg.]

YEAS—91

Abdnor	Chiles	Grassley
Andrews	Cochran	Hart
Armstrong	Cohen	Hatch
Baker	D'Amato	Hatfield
Baucus	Danforth	Hawkins
Bentsen	DeConcini	Hayakawa
Biden	Denton	Heflin
Boren	Dixon	Heinz
Boschwitz	Dodd	Helms
Bradley	Domenici	Hollings
Bumpers	Durenberger	Huddleston
Burdick	Eagleton	Humphrey
Byrd, Harry F., Jr.	East	Inouye
	Exon	Jackson
Byrd, Robert C.	Ford	Jepsen
Cannon	Garn	Johnston
Chafee	Glenn	Kassebaum
Kasten	Nunn	Schmitt
Laxalt	Packwood	Simpson
Leahy	Pell	Specter
Levin	Percy	Stafford
Lugar	Pressler	Stennis
Mathias	Proxmire	Symms
Matsunaga	Pryor	Thurmond
Mattingly	Quayle	Tsongas
McClure	Randolph	Wallop
Metzenbaum	Riegle	Warner
Mitchell	Roth	Weicker
Moynihan	Rudman	Williams
Murkowski	Sarbanes	Zorinsky
Nickles	Sasser	

NAYS—3

Gorton	Melcher	Stevens

NOT VOTING—6

Cranston	Goldwater	Long
Dole	Kennedy	Tower

So the resolution (S. Res. 90) was agreed to, as follows:

S. RES. 90

Resolved, That, with respect to the recommendations of the President which were transmitted to the Congress with the President's budget for fiscal year 1982 pursuant to section 225(h) of the Federal Salary Act of 1967 (2 U.S.C. 358), the Senate disapproves the recommendations for increases in rates of pay for positions described in subparagraph (B) of section 225(f) of such Act (2 U.S.C. 356(B)), relating to certain positions in the legislative branch.

Mr. ROTH. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DISAPPROVAL OF RECOMMENDATIONS OF THE PRESIDENT WITH RESPECT TO CERTAIN PERSONNEL IN THE JUDICIAL BRANCH

The PRESIDING OFFICER. The clerk will state the resolution by title relating to certain personnel in the judicial branch.

The assistant legislative clerk read as follows:

A resolution (S. Res. 91) disapproving the pay recommendations of the President with respect to certain personnel in the judicial branch.

The PRESIDING OFFICER. The question is on agreeing to the resolution. The yeas and nays are automatic. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I also announce that the Senator from Kansas (Mr. DOLE) is absent due to illness.

I further announce that, if present and voting, the Senator from Kansas (Mr. DOLE) and the Senator from Arizona (Mr. GOLDWATER) would each vote "yea."

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

I further announce that, if present and voting, the Senator from California (Mr. CRANSTON) would vote "nay."

The PRESIDING OFFICER (Mr. HUMPHREY). Are there any other Senators in the Chamber who desire to vote?

The results was announced—yeas 87, nays 8—as follows:

[Rollcall Vote No. 31 Leg.]

YEAS—87

Abdnor	Ford	Moynihan
Andrews	Garn	Murkowski
Armstrong	Glenn	Nickles
Baker	Grassley	Nunn
Baucus	Hart	Packwood
Bentsen	Hatch	Pell
Biden	Hatfield	Percy
Boren	Hawkins	Pressler
Boschwitz	Hayakawa	Proxmire
Bradley	Heflin	Quayle
Bumpers	Heinz	Randolph
Burdick	Helms	Riegle
Byrd, Harry F., Jr.	Hollings	Roth
Byrd, Robert C.	Huddleston	Rudman
Cannon	Humphrey	Sarbanes
Chafee	Inouye	Sasser
Chiles	Jackson	Schmitt
Cochran	Jepsen	Simpson
Cohen	Johnston	Specter
Danforth	Kassebaum	Stafford
DeConcini	Kasten	Stennis
Denton	Laxalt	Symms
Dixon	Leahy	Thurmond
Dodd	Levin	Tsongas
Domenici	Lugar	Wallop
Durenberger	Matsunaga	Warner
Eagleton	Mattingly	Williams
East	McClure	Zorinsky
Exon	Metzenbaum	
	Mitchell	

NAYS—8

D'Amato	Melcher	Tower
Gorton	Pryor	Weicker
Mathias	Stevens	

NOT VOTING—5

Cranston	Goldwater	Long
Dole	Kennedy	

So the resolution (S. Res. 91) was agreed to, as follows:

S. RES. 91

Resolved, That, with respect to the recommendations of the President which were transmitted to the Congress with the President's budget for fiscal year 1982 pursuant to section 225(h) of the Federal Salary Act of 1967 (2 U.S.C. 358), the Senate disapproves the recommendations for increases in rates of pay for positions described in subparagraph (C) of section 225(f) of such Act (2 U.S.C. 356(C)), relating to certain positions in the judicial branch.

Mr. ROTH. I move to reconsider the vote by which the resolution was agreed to.

Mr. QUAYLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT WITH RESPECT TO OFFICES AND POSITIONS UNDER THE EXECUTIVE SCHEDULE

The PRESIDING OFFICER. The clerk will state the next resolution.

The legislative clerk read as follows:

A resolution (S. Res. 92) disapproving the pay recommendations of the President with respect to offices and positions under the executive schedule.

The PRESIDING OFFICER. The question is on agreeing to the resolution. The yeas and nays are automatic. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from South Dakota (Mr. ABDNOR), the Senator from Arizona (Mr. GOLDWATER) and the Senator from Idaho (Mr. SYMMS) are necessarily absent.

I also announce that the Senator from Kansas (Mr. DOLE) is absent due to illness.

I further announce that, if present and voting, the Senator from Kansas (Mr. DOLE) and the Senator from Arizona (Mr. GOLDWATER) would each vote "yea."

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Louisiana (Mr. LONG) are necessarily absent.

I further announce that, if present and voting, the Senator from California (Mr. CRANSTON) would vote "nay."

The PRESIDING OFFICER. Are there other Senators in the Chamber wishing to vote?

The result was announced—yeas 86, nays 7, as follows:

[Rollcall Vote No. 32 Leg.]

YEAS—86

Andrews	Exon	Mitchell
Armstrong	Ford	Moynihan
Baker	Garn	Murkowski
Baucus	Glenn	Nickles
Bentsen	Grassley	Nunn
Biden	Hart	Packwood
Boren	Hatch	Pell
Boschwitz	Hatfield	Percy
Bradley	Hawkins	Pressler
Bumpers	Hayakawa	Proxmire
Burdick	Heflin	Pryor
Byrd, Harry F., Jr.	Heinz	Quayle
Byrd, Robert C.	Helms	Randolph
Cannon	Hollings	Riegle
Chafee	Huddleston	Roth
Chiles	Humphrey	Rudman
Cochran	Inouye	Sarbanes
Cohen	Jackson	Sasser
D'Amato	Johnston	Schmitt
Danforth	Kassebaum	Specter
DeConcini	Kasten	Stafford
Denton	Laxalt	Stennis
Dixon	Leahy	Thurmond
Dodd	Levin	Tsongas
Domenici	Lugar	Wallop
Durenberger	Matsunaga	Warner
Eagleton	Mattingly	Weicker
East	McClure	Williams
	Metzenbaum	Zorinsky

NAYS—7

Gorton	Melcher	Tower
Jepsen	Simpson	
Mathias	Stevens	

NOT VOTING—7

Abdnor	Goldwater	Symms
Cranston	Kennedy	
Dole	Long	

So the resolution (S. Res. 92) was agreed to, as follows:

S. RES. 92

Resolved, That, with respect to the recommendations of the President which were transmitted to the Congress with the President's budget for fiscal year 1982 pursuant to section 225(h) of the Federal Salary Act of 1967 (2 U.S.C. 358), the Senate disapproves the recommendations for increases in rates of pay for positions described in subparagraph (D) of section 225(f) of such Act (2 U.S.C. 356(D)), relating to certain positions under the Executive Schedule.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the previous resolution (S. Res. 92) was agreed to.

Mr. DODD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ANNOUNCEMENT OF POSITION ON VOTE RELATING TO CONGRESSIONAL PAY INCREASES

Mr. BOREN. Mr. President, this is not the time for pay increases for top Federal officials, including Members of Congress. All of us must join together to keep Federal spending under control. We in Congress must set the example. To raise our own salaries while asking others to sacrifice would be to apply a double standard which the public would rightfully resent.

I was delayed in returning to the session and missed the vote on the first resolution disapproving congressional pay increases. Had I been present I would have voted to disapprove that raise just as I voted to disapprove the others.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 25 minutes in length during which Senators may speak therein not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE GENOCIDE CONVENTION AND NATIONAL SOVEREIGNTY

Mr. PROXMIRE. Mr. President, in the postwar period, clear precedents have been established in the field of international law to alleviate the fears of those who think that the Genocide Convention compromises the right of the United States to decide domestic questions and to decide for itself whether or not to submit to the jurisdiction of international tribunals.

First, the right of nation-states to adjudicate matters of a domestic nature is provided for in the Charter of the United Nations, adopted in San Francisco in 1945. Article 2, section 7 states that—

Nothing contained in the present charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of a state.

The Connally amendment, adopted by the Senate on August 2, 1946, assures that the United States retains the right to decide unilaterally whether or not to submit to the authority of the World Court. This self-judging reservation, sponsored by the chairman of the Foreign Relations Committee, Connally (D–Texas), amended a resolution calling for compulsory jurisdiction for the World Court in favor of a unilateral decision by the United States regarding whether a contested case involved a domestic question.

Finally, the Genocide Convention itself states in article VI—

Persons charged with genocide shall be tried by a competent tribunal of the State in the territory of which the act was committed, or by such international penal tribunal as may have jurisdiction with respect to those Contracting Parties which shall have accepted its jurisdiction.

In this way, the convention clearly states that any international tribunal established in the future would have to be accepted by all parties in order to retain jurisdiction.

In short, the Genocide Convention does protect states' rights as well as the national security interest of the United States and should be ratified by this body as soon as possible.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. HUMPHREY). The Chair, on behalf of the Vice President and upon the recommendation of the minority leader, pursuant to 22 U.S.C. 276, as amended by Public Law 95–45, appoints the following Senators to attend the Interparliamentary Union Conference, to be held in Manila, Philippines, April 20–25, 1981: The Senator from North Dakota (Mr. BURDICK), vice chairman; the Senator from New Jersey (Mr. WILLIAMS); and the Senator from Nevada (Mr. CANNON).

DESIGNATION OF THE "HUGH SCOTT ROOM"

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now turn to Calendar Order No. 9, Senate Resolution 80, a resolution designating S–120 of the Capitol as the "Hugh Scott Room."

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 80) designating room S–120 in the United States Capitol as the "Hugh Scott Room".

There being no objection, the Senate proceeded to consider the resolution.

UP AMENDMENT NO. 11

(Purpose: To name room S–113 in the U.S. Capitol the "Styles Bridges Room")

Mr. BAKER. Mr. President, I send to the desk an amendment to the resolution and ask that it be stated by the clerk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER for himself, Mr. HUMPHREY, and Mr. RUDMAN), proposes an unprinted amendment numbered 11:

At the end of the resolution strike the period and add the following: and that room S–113 (Republican Senators Dining Room), in the United States Capitol be named the "Styles Bridges Room".

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. HUMPHREY. Mr. President, I congratulate the distinguished majority leader, the Senator from Tennessee, and the distinguished chairman of the Committee on Rules and Administration, the Senator from Maryland, for recognizing the careers of two giants who preceded us in this body: Senators Styles Bridges and Hugh Scott. I am honored to be an original cosponsor of this amendment, which designates the Republican Senate Dining Room (S–113) the Styles Bridges Room, and (S–120) the Hugh Scott Room.

As the senior Senator from New Hampshire, it is a particular pleasure for me to speak in favor of this measure recognizing the late Styles Bridges, a Senator from New Hampshire, who served his State and Nation well throughout a long career in public service. As Governor, 1934–36, and Senator 1937–61, Styles Bridges was a popular and effective leader. His colleagues selected him minority leader, 1952–53, and President pro tempore, 1935–55, of the Senate.

Mr. President, it is rare that a single man becomes the father of one of the Senate's traditions. It was Styles Bridges who located the desk of a great American in the basement of the Capitol, had it dusted off, then led the effort to return it to its proper place in the Senate Chamber. Another distinguished son of New Hampshire, former Senator Norris Cotton, sponsored the resolution which made formal the practice of honoring the senior Senator from New Hampshire with the desk of the Granite State's great orator and statesman, Daniel Webster. I now have the privilege of occupying his desk.

It is equally fitting that we honor Hugh Scott, a distinguished public servant, and cherished Member of the body. First elected to the U.S. Senate, later serving three terms in the Senate, the gentleman from Pennsylvania led his party as minority whip and minority leader.

Given the lengthy and estimable careers of these men, it is my sincere hope that the Senate will publicly express our Nation's gratitude by unanimously agreeing to this amendment. ●

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment (UP No. 11) was agreed to.

UP AMENDMENT NO. 12

(Purpose: Designating room S–210 and S–211 in the U.S. Capitol as the "John Fitzgerald Kennedy Room" and the "Lyndon Baines Johnson Room"' respectively)

Mr. ROBERT C. BYRD. Mr. President, room S–210 in the U.S. Capitol is known as the John Fitzgerald Kennedy Room. There is a plaque to that end hanging in that room, but the room was never formally designated the J. F. K. Room by the Senate itself.

I have asked the Rules Committee to research this to be sure that I was correct and the Rules Committee informs me that that is correct.

I believe that only the Senate should designate rooms in the Capitol by names. Accordingly, therefore, I am going to offer an amendment that will name the room S–210 the John Fitzgerald Kennedy Room.

In that regard, Mr. President, room S–211 has long been known as the Lyndon Baines Johnson Room. His picture hangs therein. There is a plaque, I believe, so designating the room. But, here again, the room was not designated the Lyndon Baines Johnson Room by the Senate. Again, I think the Senate should make that determination.

I, therefore, send an amendment to the desk which will formally name S–210 in the U.S. Capitol as the John Fitzgerald Kennedy Room and formally designate Room S–211 in the U.S. Capitol as the Lyndon Baines Johnson Room.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) proposes an unprinted amendment numbered 12:

In the appropriate place include the following: that room S–210 in the United States Capitol be designated as the "John Fitzgerald Kennedy Room" and that room S–211 in the United States Capitol be designated as the "Lyndon Baines Johnson Room."

Mr. BAKER. Mr. President, I move that the amendment proposed by the distinguished minority leader be amended by inserting therein the language in addition thereto:

S–138, the Arthur Vandenberg Room.

May I say, Mr. President, in connection therewith, the Vandenberg Room, S–138, falls in exactly the same category as that described by the distinguished minority leader. May I also say that I entirely agree with him that only the Senate should name rooms in the Capitol. I fully support his amendment and I submit the amendment as just stated.

Mr. ROBERT C. BYRD. Mr. President, I wish to thank the distinguished majority leader for his statement.

Mr. CHAFEE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CHAFEE. Mr. President, I am not sure what we are doing here. Are we naming all these rooms?

Mr. BAKER. Mr. President, will the Senator yield to me so that I can try to reply?

Mr. CHAFEE. Yes.

Mr. BAKER. Mr. President, this is a matter that has come up a number of times. The situation is this: The rooms have been named. The only problem is that they have not been named in a way that the minority leader thinks is appropriate and desirable for the Senate and constitutes a bad precedent, and so do I.

In the past, what has happened is that the rooms have been named arbitrarily by other majority leaders. I do not think any majority leader should name any room, or any minority leader should name any room.

I do feel, however, that we should honor the designations that have already been made and the recognition that has been given to these former colleagues in so naming them.

But what we are doing, except in the case of the Styles Bridges Room and the Hugh Scott Room is to validate what is an accomplished fact. The titles are there. The pictures are there, in some instances, and plaques in others. This is to validate and adopt a practice that has already been undertaken.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. Mr. President, I believe the Senator from Rhode Island has the floor.

Mr. CHAFEE. Mr. President, I will certainly yield, but I would like to have the opportunity to question the distinguished minority leader and the majority leader when they are completed. But I will certainly yield.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator.

I should point out that the plaques that are presently in the J. F. K. Room and the L. B. J. Room were paid for and the moneys for those plaques were taken

out of the contingency fund of the Senate.

I did not name either of the rooms, and I am not complaining or criticizing anyone else for having named the rooms.

I join with the distinguished majority leader that no majority leader should have the authority to name any room in the Capitol. I think this is the property of all of the citizens and I think it should be the Senate itself which should have the authority to name a room after any Senator, living or deceased.

The two rooms that I have mentioned have long been known as the J. F. K. Room and the L. B. J. Room. If this resolution is not passed, they will continue to be called the L. B. J. and the J. F. K. Room.

I thought that we should do the matter in the proper way. Both plaques were paid for in 1964 and nobody has ever raised any questions about it.

I am sure that the majority leader, or majority leaders, whichever the case may have been, who named those rooms certainly did not intend to arrogate any authority to himself that was not proper. I think he must have named them because he felt that it was appropriate.

I happen to believe that the Senate ought to do the naming of the rooms. I think that, inasmuch as those names have already been named as they are—I do not know of any Senator who would want to take away those designations—it ought to be done in a formal and correct way.

I join with the majority leader in stating that we think this is the way it should be done.

UP AMENDMENT NO. 13

Mr. BAKER. Mr. President, I wonder if the Senator would permit me one more request. I have stated the substance of the amendment that I offer to the amendment submitted by the minority leader. I wonder if the Senator from Rhode Island would permit the clerk to state the amendment that I now send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER) proposes an unprinted amendment numbered 13 to the Robert C. Byrd unprinted amendment numbered 12:

At the end of the amendment add the following: and that room S-138 in the United States Capitol be designated as the "Arthur H. Vandenberg Room."

Mr. BAKER. Mr. President, I thank the Chair.

Mr. CHAFEE. Mr. President, I feel a little queasy and nervous about this procedure. There are no two gentlemen that I have more respect for, as they both know, than my present leader and the distinguished Senator from West Virginia, who was our majority leader in this Chamber for a good number of years.

But what we are doing here is putting into concrete some names that perhaps were not on correctly in the first place, and also, if I am correct, we are adding another.

Is the Styles Bridges Room to be added in there?

Mr. BAKER. Yes.

Mr. CHAFFE. Mr. President, when you say it should not be done by a majority leader, it does not seem to me it is getting very wide consideration here. It is being done in this case by the majority and the minority leader, which is a powerful team and one that should be heeded.

But this Capitol has been around here for 181 years and we are naming rooms at a rapid rate for very recent Senators.

It does seem to me that we are going to run out of room and there are going to be some good Senators who come along in the future. I do not know where the Byrd room is going to be and I do not know where the Baker room is going to be, because they will all be gone.

When we suggest naming the back part of a room such a name, I think that gets confusing. That is like we name squares at home. We name squares and then we run out of squares to name after veterans and so we combine them and we have the several veterans' squares.

But this Capitol has been here 180 years and the names I have heard today are all Senators who have served in the last 30 years.

There should be a better system instead of—I do not want to use the word—well, I better not use it. There has to be a better system of proceeding than what seems to be some kind of a scattershot method that somebody has some authority and so a name goes on a room.

President Kennedy had a very distinguished career, there is no question. But it seems to me he has been pretty well memorialized in this city. Why one more room? Can I get any help with these problems?

Mr. BAKER. Mr. President, will the Senator yield to me for a moment?

Mr. CHAFEE. I yield.

Mr. BAKER. Mr. President, you know it is in the nature of the leadership that we act as the agents of our respective Members. I cannot recall a time when the Senator from West Virginia was majority leader when I ever thought he was acting on his own and other than in his role as the agent for. at that time, the Democratic majority in the Senate.

So it is with me. I take very seriously my obligation to act on behalf of Republican Senators.

In this particular case, the resolution in respect to the naming of the additional rooms, I believe I am stating it correctly, was introduced some years ago by another Senator, not this Senator, and it has been under consideration by the Rules Committee. It has been the subject of extensive conversation in the records and testimony in the Rules Committee for a long period of time. It certainly is not some new idea or some recently contrived proposal.

It has gone through the clearance process on both sides. It has been on the calendar, not only this session but last session and, if my memory serves me, the session before that. There have been extensive and sometimes difficult negotiations on how we might go about this business of allocating a name to room space in the U.S. Capitol.

I can assure my friend from Rhode Island that this is a matter that has received very careful attention in committee. It has received very careful attention from the leadership. The leadership on this side, and I am sure on the other side as well, has acted as the agent of every Member of the Senate in going through the standard and routine clearance process on our calendar.

So many times we are called upon to take up a matter for immediate consideration because it is necessary to deal quickly with certain matters. That is inevitable. I understand the concern of the Senator from Rhode Island in that respect. But this is not one of them. On the one hand, we are dealing with naming of rooms which has been the subject of controversy for many years and it is now about to be resolved, I trust. In the other case, we are about to rectify what I believe was a mistake, the de facto designation of rooms without the authority of the full Senate.

It has gone through the full clearance process and I would hope the Senator from Rhode Island will indulge us the confidence that this has been a matter that we have handled in the regular and, I hope, diligent leadership manner and is one that has been cleared on both sides.

Mr. CHAFEE. Mr. President, any remarks I have made here today in no way should show a lack of confidence in both leaders. They know the confidence I have in them. We have all worked together. There is no question of confidence here. I certainly hope that has not been suggested by anything I have said today.

I did not know the system. If it has gone through the Rules Committee and all those procedures, that is fine. I just hoist a warning flag that we are running out of rooms. There was a lot of talent before 1950 that was in this place and there will be a lot of talent after 1980. I think if we really want to save rooms for the great giants of this body, I would hope that we would not use them all up. Thank you very much, Mr. President.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator. I congratulate him on his dedication to principle and on his concern that the rooms of the Capitol, numbered as they are, limited in number as they are, should not be named without great consideration and appropriate forethought by the appropriate committees.

That has been done in this instance with respect to the resolution which is on the calendar.

This resolution, numbered differently but with the same content, was on the calendar during the last Congress. For reasons that I do not mind stating, there were objections to proceeding to take up the resolution. Some of those objections were voiced to me from both sides of the aisle so I did not call up the resolution.

But it has been cleared at this time.

For the record, may I say I took the matter up. I asked the distinguished majority leader not to call up this resolution on Tuesday of this week because I wanted to take it up before the caucus of Democrats, along with other matters, on yesterday. I took it up before the Democrats and no Senator in that group

indicated he wanted to offer an amendment. So, as far as this side of the aisle is concerned, the matter has been appropriately handled and has gone through the appropriate committee process.

It has been taken up with my colleagues on this side of the aisle.

I thank the distinguished majority leader for his indulgence in allowing the time necessary to proceed as I have indicated.

As to the L. B. J. and J. F. K. Rooms, I have already stated that those rooms have been so named. They were designated by the majority leader who was my predecessor. I simply want the Senate to put its stamp of approval on what has already become a de facto situation, as the majority leader pointed out.

Mr. BAKER. I also thank the Senator from Rhode Island. He has shown his characteristic concern for a matter of importance not only to the Capitol but to the Senate. He does it with good grace. I admire him for it. I appreciate his understanding. I hope the Senate will adopt this resolution.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the second degree.

Without objection, the amendment in the second degree (UP No. 13) is agreed to.

The question is on agreeing to the amendment in the first degree, as amended.

Without objection, the amendment in the first degree (UP No. 12), as amended, is agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment, as amended, was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

The resolution (S. Res. 80), as amended, was agreed to, as follows:

S. RES. 80

Resolved, That room S–120 in the United States Capitol is designated as the "Hugh Scott Room"; that room S–113 (Republican Senators Dining Room), in the United States Capitol is designated as the "Styles Bridges Room"; that room S–210 in the United States Capitol is designated as the "John Fitzgerald Kennedy Room"; that room S–211 in the United States Capitol is designated as the "Lyndon Baines Johnson Room"; and that room S–138 in the United States Capitol is designated as the "Arthur H. Vandenberg Room".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution, as amended, was agreed to.

Mr. DODD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FAREWELL TO A GOOD LEGISLATOR

Mr. DURENBERGER. Mr. President, earlier this week it was my sad occasion to pay final tribute to one of Minnesota's most influential legislators, Nick Coleman. After a valiant struggle with acute leukemia, Nick passed away Thursday.

As a legislator and majority leader of the Minnesota Senate, Nick's influence was felt far beyond the borders of his State. His involvement in every Presidential campaign between 1960 and 1976 and his innovative legislation helped to shape not only his State but also his country.

I had the opportunity to work closely with Nick when he was a member of the minority party in the senate and I was executive secretary to Gov. Harold LeVander. Nick may have been the quintessential politician, but he did not let partisan politics stand between him and the best interests of the people he served. It was with Nick's active cooperation that Governor LeVander was able to lead the Nation in human rights protection, fair housing legislation, and worker safety.

Nick Coleman's legacy is especially important for all of us in Washington to keep in mind. His work in the State legislature for almost two decades was evidence that State government is effective, efficient, compassionate, and responsive. Nick was willing to take on the tough challenges and find the best solution. He accepted no less from himself and from those who served with him.

Minnesota and the country will miss Nick Coleman. I ask unanimous consent that an article on Nick in the March 7, 1981, St. Paul Pioneer Press be printed in today's RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

COLEMAN'S POLITICS DREW SPARKS AND RESPECT

(By Robert J. O'Keefe)

Nick Coleman's death was anticipated, but even the expected causes pain when the victim is somebody like Nick.

He wasn't perfect, as he would acknowledge, but among Minnesota senators in the last decade he was the best of the finest.

If the state ever decides to have a Senate Hall of Fame, a bust of Nick Coleman will be displayed with such other Senate giants as Gordon Rosenmeier of Little Falls and Donald Wright of Minneapolis.

He was the leader of the Senate during most of the 1970s and the best debater in the Minnesota Legislature's Upper Chamber. But there was more to him than the Senate.

When he was talking to newsmen or lobbyists in his office, Coleman's Irish wit would come through the same as it did on the Senate floor. His temper could get the best of him, too, in or out of the Senate chambers. He once went a year without talking to a reporter who had written a story that had upset him. Eventually the break was healed.

He loved the Senate, although he grew weary of it, and he loved politics. It was politics, of course, that led him to the Senate.

"Nick Coleman was both a personal friend and a political associate," former U.S. Sen. Eugene McCarthy said. "His death is a personal loss to his friends and a loss to the politics of Minnesota.

"He never avoided difficult positions. He fought hard and courageously but was without bitterness or vindictiveness either in victory or defeat. He never quit."

Coleman and McCarthy were linked more than three decades ago. Both were St. Thomas College men—Coleman as a student and McCarthy as an instructor.

McCarthy's campaign for the U.S. House of Representatives first pulled Coleman into politics. He worked on the campaign in 1948. After a brief fling as a schoolteacher, he went into politics for keeps in 1958 as a worker in McCarthy's campaign for the U.S. Senate.

From 1958 on, Coleman and politics were closely linked.

He must have been elated when John Kennedy was elected President in 1960 becoming the first Catholic to occupy the White House. Coleman once quipped that he was in his teens before he learned that Irish-Catholic-Democrat wasn't one word.

Prior to Kennedy's victory over Republican Richard Nixon, which had to bring Coleman great pleasure, he might have been swayed by the stirring speech his friend McCarthy gave nominating Adlai Stevenson at the 1960 Democratic convention. And earlier in the year, he was undoubtedly swayed toward Hubert Humphrey when the Minnesotan challenged Kennedy unsuccessfully in the Wisconsin and West Virginia primary elections.

Two years later, Nick had a campaign of his own. He ran for the state Senate against a veteran opponent, and won with 55 percent of the vote.

Sen. Paul Thuet of South St. Paul was DFL minority leader when Coleman entered the Senate. "All of us recognized he had great ability," Thuet recalled. "He was a brilliant debater."

As for Coleman's death, Thuet said, "We knew it was coming. It wasn't any surprise. But it was still a shock."

One of Coleman's closest friends in the Senate was Harold Kalina, now a district judge in Minneapolis. "Everybody is going to miss him," Kalina said. "He was a fine person. I am grief stricken that it happened to him at such a young age when he still had so much to offer."

Two others who entered the Senate for the first time after the 1962 election were Sens. Wendell Anderson and Rudy Perpich.

Thuet noted that Anderson and Coleman both had their eyes on the governor's office, but in 1962 their gubernatorial fight was still eight years away.

In the 1960s, it was the habit of Democratic presidential candidates to have their Minnesota campaigns run by rising young state senators.

Sen. Donald Fraser—now mayor of Minneapolis—ran Kennedy's campaign in 1960. By the fall of 1963, Kennedy had already decided that he wanted Coleman to run his 1964 Minnesota campaign.

But on Nov. 22, 1963, Coleman, Attorney General Walter Mondale and Assistant Attorney General Warren Spannaus were in the state Capitol discussing the next year's campaign when they heard the news bulletin that the President had been slain in Dallas.

So instead of running the Kennedy campaign, Coleman was executive director of the state volunteer committee that ran President Lyndon Johnson and Humphrey's campaign in 1964.

My first contact with Nick came in 1964 when I came from Duluth to cover politics for The St. Paul Pioneer Press and the St. Paul Dispatch. Johnson and Humphrey had an easy time carrying Minnesota, of course, but Coleman was nevertheless meticulous in his work.

I recall talking to him often about the campaign, and he would spiel off county by county figures on how well the Democratic ticket was doing against Republican Barry Goldwater.

Two years after the presidential election, Coleman was in the middle of a battle in Minnesota between Gov. Karl Rolvaag and

Lt. Gov. Sandy Keith. He favored Keith, who defeated Rolvaag at the state convention, but lost to the incumbent governor in the primary election.

The weekend before the general election is still vivid to me. A poll had come out showing Rolvaag the winner over Republican Harold LeVander. I called Nick, and asked him how he and so many other DFLers were wrong in saying Rolvaag couldn't be re-elected. But he knew more than the pollsters. LeVander, he predicted, was going to win, regardless of what polls said. LeVander did win.

The 1960s were a hectic decade in Minnesota. The Rolvaag vs. Keith battle was followed in 1968 by McCarthy challenging President Johnson. Coleman was torn. He felt that he owed allegiance to Johnson after running his campaign four years earlier. But when Johnson dropped out, Coleman quickly lined up with McCarthy.

Anderson, who had entered the state Senate with Coleman in 1962, was Humphrey's campaign chairman in 1968. Humphrey won the nomination over McCarthy after Johnson dropped out.

The 1970s started just as busy for DFLers as the 1960s had been.

Coleman and Anderson both wanted the DFL endorsement for governor. "They were both after the No. 1 position," Thuet said. "I guess DFLers around the state just figured Anderson was more electable."

I can remember talking to Nick the night before the balloting at the state convention in Duluth. He would win, he said, if everybody who said they were going to vote for him actually did. But apparently some changed their minds, because Anderson won the endorsement, and in the fall was elected governor.

Anderson, after being endorsed, wanted Nick to run with him as the party's candidate for lieutenant governor. But Nick had given his word to Perpich, who won the endorsement.

Two years later, DFLers won control of the Senate for the first time, and during the balance of the 1970s he made DFL history with the passage of innovative legislation, with his leadership, his debating ability, his Irish wit, and occasional flares of temper.

His temper shouldn't be understated.

He kicked in a glass panel on a Capitol door after a discouraging night on the Senate floor. After being on the losing side of a court case, he compared Minnesota's Supreme Court to Ayatollah Ruhollah Khomeini of Iran.

Despite his flashes of temper, he was the standout senator of his day.

Anderson, who served with him in the Senate and defeated him for governor, put it like this: "Nick was a giant. He was the best a person could be."

Sen. Roger Moe, Ada, who succeeded Coleman as DFL majority leader, said, "He was the conscience of the state Senate, reminding all of us that legislation had to be rooted in fundamental values."

Coleman's long time foe on the Senate floor, Senate Minority Leader Robert Ashbach, I-R-Arden Hills, praised Coleman for being sincere, competitive and, when the fights were over, a friend.

"His work will be evident for a long time to come," Ashbach said. "May he now be in peace."

TRIBUTE TO ELLA GRASSO

Mr. DODD. Mr. President, the passing of Ella Grasso was marked by many tributes and accolades, but few were more heartfelt and to the point than those offered by Joseph A. Owens, the editor of the editorial and opinion pages of the Post Publishing Co. Newspapers in Bridgeport, Conn.

The wide experience and broad perspective of Mr. Owens is complemented by his familiarity with Ella Grasso. As a close friend of the former Governor and as one of my State's most respected editors, Mr. Owens provides great insight into Ella Grasso's life. I ask unanimous consent that his editorials and columns of February 6, 1981, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Bridgeport Post, Feb. 6, 1981]

ELLA T. GRASSO

(By Joseph A. Owens)

Governor Ella Tambussi Grasso was an extraordinary person.

A debilitating, wasting illness claimed her life yesterday, but only after she had courageously fought the ravages of cancer for 10 long, painful months.

During Governor Grasso's heroic battle, the people of Connecticut were united in the hope that a miracle would occur; that their prayers would be answered. It was almost mystical, this intense concern for the woman who had governed this state for six years. To men and women of all ages, and social stations, it was unbelievable that their vibrant leader would be touched by death.

Ella T. Grasso was an officeholder with style and grace. She had an indomitable will to succeed, once she was convinced the cause was fair and just.

All her life she confronted the odds and won. By never losing sight of the fact that she was the daughter of poor immigrants, she worked hard at every project she undertook. That accounted for a good measure of her success. But there was more. She had the rare ability to quickly perceive facts and draw logical conclusions. Often there was need for bravery, whether the contest involved Democratic politics, a governmental issue, the rights of others or the good of Connecticut and the nation.

Mrs. Grasso did not think it unusual in 1974 when she became the first woman to seek the governorship. "I believe that working for the people is the noblest profession. and I seek this office to serve the people."

The empathy between this native of Windsor Locks and the people was abundantly evident as she traveled about the state during the autumn days and nights of her first gubernatorial campaign. There was a sense of anticipation. Voters were anxious for Election Day to come so they could pull the lever for the candidate they knew as "Ella."

Upon entering office, she inherited financial problems of a tremendous magnitude. Her inaugural address was a message of hope, of confidence and of challenge.

"The business of Connecticut can be conducted openly, compassionately and efficiently—with prudence and economy. It can; it must; and so it will," she declared in the magnificent Great Hall of the House in the Capitol. Twenty-one years earlier, in the same high-ceilinged, historic chamber she had taken the oath as a state representative.

There is no career in American history that parallels the course Mrs. Grasso traveled. While giving unstintingly of herself to public service, Mrs. Grasso remained the heart of the Grasso home. She took special interest in the work of her husband, Thomas, an educator, and raising their two children, Susane and James.

She lived by a code which embraced the highest moral laws and would withstand the test of any ethics or philosophies ever promulgated. That code orbited around her love of people. There was a personal attachment that was genuine and treasured by Ella.

To build a better state, she was convinced it was necessary for her to set the example. Until the state's finances were straightened out, she returned part of her salary, and insisted on frugality in her office and the Executive Residence. During the gasoline shortage in 1979, she commuted by bus between the Grasso summer home in Old Lyme and Hartford.

That was the indefatigable Ella, in her role of teacher, refusing to ask of others what she would not do herself. On the bus trips, as she did wherever she went, this warm-hearted woman introduced herself as Ella. That is how she wanted to be known. Titles meant little to her.

No one loved a challenge more than Ella. The blizzards early in the winter of 1978 pumped up her adrenalin and, much in the manner of a MacArthur or Patton in war, she was the general who, from a command post in the Hartford Armory, directed emergency measures.

Then in her typical fashion, the governor went aloft in a helicopter and viewed operations from the sky. In a rural area, people had etched a message in the snow: Ella Help! They knew their plea would be heeded.

When other natural disasters struck, this woman of strong spirit and boundless energy was on the scene, exhorting rescue squads to give their all. With that kind of inspirational leadership, how could they do less?

Governor Grasso, a Phi Beta Kappa graduate of Mt. Holyoke College, mastered the intricacies of politics, with the late Democratic Chairman John M. Bailey her tutor.

Connecticut is saddened by the death of Ella, a dynamic leader who showed us that old values will never wear out. Her explanation of why she entered public life is worthy of reflection: "Working for the people is the noblest profession of all."

Ella T. Grasso did Connecticut great honor.

ELLA'S LAST PUBLIC APPEARANCE

(By Joseph A. Owens)

Most fittingly, Gov. Ella T. Grasso's last public appearance was at the annual meeting of an organization she helped launch, whose members will always hold special affection for her.

It was a night of fun for the Hundred Club at La Renaissance in East Windsor. Larry Elgart's big band rocked the rafters with its rendition of "Hello Dolly" with the lyrics changed to "Hello Ella" as Connecticut's beloved governor marched into the hall, accompanied by Bridgeport businessman Bill Flynn, the retiring president, and Bob Lappin, the new head.

There was a constant stream of visitors to the head table, as men and women sought to personally greet the governor and a gentleman who directed the state from 1961 to 1971, former Gov. John N. Dempsey.

The crowd was happy because Ella and Dempsey spread joy wherever they went. And, in a departure from previous practice, another state officeholder, Secretary of the State Barbara B. Kennelly, served as "mistress of ceremonies."

Though she was accustomed to speaking to large groups, running the show was a new experience for Barbara. Her husband, Jim, her mother, Mrs. John Bailey and her brother, John, smiled every time the MC looked to Flynn or Lappin for a cue.

Lappin announced the establishment of a $5,000 scholarship in Ella's name for the son or daughter of a firefighter or police officer killed while on duty. To make the night complete, Ella was given a gold mantel clock and a scroll commemorating the occasion.

Dempsey was at his best. He turned the pages back to 1967 and a meeting in his office which led to the founding of the club

which aids families of police officers and firefighters killed on duty. Among those present was Secretary of the State Ella Grasso. After listening to the proposal, Ella said to the governor, "If this club will help human beings, and I think it will; and if this club will help those in need, and I think it will; let's get it going."

With a big smile, Dempsey added, "Ella gave me some additional advice. 'Make sure you put up the first one hundred bucks!'"

Though she was tired and weakened by her illness, Ella was magnificent.

First she needled "Barbie" and expressed hope Kennelly would be "a toastmaster person for a long time."

The compassion Ella felt for people who had experienced misfortune was obvious. She spoke eloquently about those who give "a gift of self and a gift of love."

And paying tribute to her long-time friend, she revealed, "You know, I didn't spend all those years with John Dempsey for nothing. I learned a great deal from him, especially from his inimitable store of quotations. I'm sure he won't mind if I take a little liberty with one:

"The world has need of the best in you,
The world has need of the work you do,
The world has need of a helping hand,
The world has need of a friend who understands.
It welcomes the honest, the loyal, the true,
The world needs this Hundred Club and it looks to you."

There was a standing ovation for Ella. Everyone in the hall, some 650 people, knew that she was making a gallant attempt to conquer a disease that topples giants.

The date of the dinner was Nov. 6, 1980. Within a month, Ella T. Grasso resigned her governorship because she lacked the strength to serve.

Ella's last public speech was as good as any she ever made.

[From the Bridgeport Telegram, Feb. 6, 1981]

GOVERNOR ELLA T. GRASSO—AN INSPIRATION

(By Joseph A. Owens)

For as long as there is a state called Connecticut, the remarkable career of Ella Tambussi Grasso will be a source of inspiration.

Sentimentalists are rightly claiming that she was the American dream come true. We are among them.

The distinctive success of Governor Grasso was the result of hard work. Her quest for excellence as a student brought her scholarships to private schools where classmates were accustomed to a lifestyle enjoyed by the wealthy. Her immigrant parents, who settled in Windsor Locks—a mill town between Hartford and Springfield—had ample cause to be filled with pride when their daughter graduated Phi Beta Kappa from Mt. Holyoke College. That was only the beginning of the achievements this ambitious woman would attain.

More with a sense of history than anything else, Governor Grasso often described herself as a "child of the Great Depression." She would recall, with a smile, that during the early years of their marriage, she and husband Tom operated a movie theater in the shoreline community of Old Lyme during the summer. There was need to supplement his income as an educator. "Every morning we hoped it would rain," she said more than once as she spoke of a bygone era that had left an indelible imprint on her mind.

In this current age of pretense, Ella T. Grasso was genuine. She was plain; she was real. Humor and sparkling conversation were prized by her. She walked with, and talked to, the mighty, but never lost the common touch because of the deep and abiding concern she harbored for the well-being of others. She was a woman of true compassion.

The cosmetics of politics and Ella T. Grasso were not compatible. During a campaign she sought the opportunity to meet and to talk to people. The result, she confidently believed, would take care of itself. Nine victories without a loss stand as a tribute to the philosophy which governed her policy.

It is history that she was the last protege of the late Democratic State Chairman John M. Bailey. A quarter of a century ago he envisioned greatness for a young woman in the General Assembly, gifted with the ability to understand complex issues and offer sensible solutions.

The arrival of Ella T. Grasso at the top—her victorious gubernatorial effort in 1974—was welcome and invigorating. She had succeeded in a man's world. Her election to the governorship was national news, but the winner stoutly refused to see herself as a celebrity. Always, she wanted the people to think of her simply as, and call her, "Ella."

Politics is a rough profession. No one ever liked the give-and-take as much as Governor Grasso did. She crafted an administration that well served the best interests of the majority of the people. The example was set by the leader who carried out her duties conscientiously and most often cheerfully.

Humor was one of her hallmarks and she used it effectively on lawmakers and bureaucrats alike to get a job done. In the company of friends at lunch or dinner, Governor Grasso took special delight in recounting happenings, serious and otherwise, in a way which provoked laughter. The wrinkles in her cheeks were etched by thousands of smiles that reflected her inner joy.

The death of Governor Ella T. Grasso is an occasion for detailed reports about her ascendancy in public life, along with statements by countless high-ranking public figures and business leaders who honestly admired her skills, her character and her integrity. After all has been written and said, one fact will remain: Her stay in Connecticut was all too brief, though she lived here her entire life of 61 years.

Comfort can be taken in her legacy. Governor Ella T. Grasso willed to current and future generations a special gift. She provided a model of how public service can be an unselfish act of love for fellow human beings.

IN HONOR OF TONY SCIORTINO

Mr. BRADLEY. Mr. President, I wish to take this opportunity to call to the attention of my colleagues the recent loss of a true athlete, competitor, and humanitarian. On November 29, 1980, Anthony "Tony" Sciortino, a citizen of Perth Amboy, N.J., passed away at the age of 71. This is certainly a painful loss for his family members and admirers alike. There will forever be a great feeling of absence within the community that considered Mr. Sciortino to be not only a champion athlete, but a man whose compassion for others earned him the respect and admiration of all who knew him.

Mr. Sciortino was considered by many as Middlesex County's most popular boxer. He first won acclaim in the boxing world by becoming New Jersey's featherweight champion at the young age of 16, a truly amazing accomplishment. Tony won 152 of his 182 bouts in his 9-year career as a boxer, accumulating along the way the prestigious titles of welterweight and lightweight champion of New Jersey. He also had the quickness of foot and professional stamina to attain the distinction of never having been knocked out.

In December of last year, the New Jersey State Senate and Assembly approved resolutions memorializing the life and heartfelt loss of this eminent individual. At this time, I would like to pay tribute to the memory Anthony Sciortino and in offering sincere condolences to the Sciortino family.

PROPOSED ARMS SALES

Mr. PERCY. Mr. President, section 36 (b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of a proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is available to the full Senate, I ask unanimous consent to have printed in the RECORD at this point the notifications I have received.

There being no objection, the notifications were ordered to be printed in the RECORD, as follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 3, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-22, concerning the Department of the Army's proposed Letter of Offer to Egypt for defense articles and services estimated to cost $28 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA.

[Transmittal No. 81-22]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Egypt.

(ii) Total estimated value:
Major defense equipment,* $21 million.
Other, $7 million.
Total, $28 million.

(iii) Description of articles or services offered:

Seventy-three TOW ground launchers, 1282 HEAT missiles, 362 TOW practice missiles, ancillary and support equipment, related spare parts, and other associated services.

(iv) Military department: Army (UCY).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: None.

(vii) Section 28 report: TOW ground launchers included in report for quarter ending 31 December 1980. Remainder of case not included in Section 28 report.

(viii) Date report delivered to Congress: March 3, 1981.

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*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

POLICY JUSTIFICATION

Egypt—TOW launchers and missiles:

The Government of Egypt has requested the purchase of 73 TOW ground launchers, 1282 HEAT missiles, 362 TOW practice missiles, ancillary and support equipment, related spare parts, and other associated services at an estimated cost of $28 million.

This proposed sale will contribute to the foreign policy objectives of the United States by enabling Egypt to provide for her own security and self-defense and to further enhance the peace process in the region.

The Government of Egypt will use the TOW to replace aging equipment rapidly becoming unserviceable due to the nonavailability of spare parts. Previously, the bulk of the Egyptian armaments was provided by the Soviet Union, but Egypt has recently turned to Western nations for defense articles and services.

Because this TOW equipment will replace obsolescent or unserviceable equipment already in the Egyptian inventory, the sale will not have a significant impact on the regional military balance.

Implementation of this sale will require the assignment of both U.S. Government and contractor personnel to Egypt.

The short leadtime associated with this delivery precludes provision from production. These items will be provided from U.S. Army reserve stock inventory.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., March 3, 1981.

Hon. CHARLES H. PERCY,

Chairman, Committee on Foreign Relations, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-25, concerning the Department of the Army's proposed Letter of Offer to Jordan for defense articles and services estimated to cost $156 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA.

[Transmittal No. 81-25]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFSET PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Jordan.

(ii) Total estimated value:

Major defense equipment,* $120 million.

Other, $36 million.

Total, $156 million.

(iii) Description of articles or services offered:

Twenty-four AH-1S helicopters with M65 TOW missile system, the M197 20mm gun subsystem, and support.

(iv) Military department: Army (VCF).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: None.

(vii) Section 28 report: Included in report for quarter ending December 31, 1980.

(viii) Date report delivered to Congress: March 3, 1981.

POLICY JUSTIFICATION

Jordan—AH-1S helicopters:

The Government of Jordan (GOJ) has requested the purchase of 24 AH-1S helicopters with the M65 TOW missile system, the M197 20mm gun subsystem, and support at an estimated cost of $156 million.

The sale will further U.S. foreign policy objectives by assisting a friendly country to deter hostilities and defend itself in a region where it is vital to U.S. interests to promote peace and stability. The sale will assist the GOJ in meeting its legitimate defense requirements and reaffirm to the Jordanian military and political leadership that the United States is responsive to the priority modernization objectives of the Jordanian Armed Forces (JAF). This modernization effort is consistent with U.S. views on Jordanian security needs, the regional military balance, and long-range peace and stability in the region.

The JAF modernization plan calls for a significant improvement in anti-armor capability. Because of the increasing tank density among neighboring countries of the Middle East and Jordan's numerical inferiority by comparison, Jordan must improve its anti-armor defenses. Acquisition of AH-1S helicopters will give Jordan a moderate anti-tank helicopter capability. The GOJ has not obtained this system under previous Foreign Military Sales or the Military Assistance Program. However, the JAF has previously obtained the ground version of the TOW commercially, is currently obtaining the mobile TOW under Armor system commercially, and has been provided TOW missiles under FMS and MAP. The addition of these aircraft to Jordan's military forces will not cause a significant change in the balance of forces in the region.

The prime contractor will be the Bell Helicopter Corporation of Fort Forth, Texas.

Implementation of this sale will require the assignment of four U.S. government personnel to Jordan for two years.

There will be negligible impact on U.S. defense readiness as a result of this sale as the AH-1S helicopters will be from extended production at the Bell facility.

DEFENSE SECURITY ASSISTANCE AGENCY,

Washington, D.C., February 27, 1981.

Hon. CHARLES H. PERCY,

Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-26, concerning the Department of the Army's proposed Letter of Offer to Morocco for defense articles and services estimated to cost $182 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA.

[Transmittal No. 81-26]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Morocco.

(ii) Total estimated value:

Major Defense Equipment,* $154 million.

Other, $28 million.

Total, $182 million.

(iii) Description of articles or services offered: One hundred eight M60A3 tanks with related spare parts, ancillary and support equipment, and associated services.

(iv) Military department: Army (UKV).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: None.

(vii) Section 28 report: Case not included in section 28 report.

(viii) Date report delivered to Congress: February 27, 1981.

POLICY JUSTIFICATION

Morocco—M60A3 Tanks:

The Government of Morocco has requested the purchase of 108 M60A3 tanks with related spare parts, ancillary and support equipment, and associated services. The estimated total value is $182 million.

The sale will further U. S. foreign policy objectives by demonstrating that the U.S. remains willing to support, as it has in the past, the legitimate defense needs of Morocco, a staunchly anti-communist, strategically located country which has generally played a moderate, pro-Western role in Africa and the Middle East on issues important to U.S. national interest.

The sale of 108 M-60 tanks will allow Morocco to modernize two of its armored battalions, giving Morocco added defensive capability, and is meant to support a long-standing U.S. policy of assisting Morocco with the modernization of its conventional armed forces. Algeria, Morocco's principal regional rival, is equipped with a large number of Soviet tanks—the bulk of which are T-54 and T-62 models—and currently enjoys a substantial tank advantage over Morocco. The sale of the M-60 tanks will reduce the ratio but still leave Algeria with a substantial advantage.

Furthermore, the tanks will not be available for delivery to Morocco for over two years. We believe that it is unlikely that Morocco would elect to use these tanks in the Western Saharan conflict, even in the event that conflict is still going on after delivery, because of its continuing need to defend against an armored thrust along the traditional invasion routes in northern Morocco and because the terrain and the nature of the conflict in the Western Sahara are unsuitable for the employment of main battle tanks.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor for this sale will be the Chrysler Corporation of Warren, Michigan. It is estimated that there will be an in-country requirement for 15 U.S. Government personnel for up to one year in support of this case.

This sale will have no impact on U.S. defense readiness since these vehicles will come from production capacity not needed to meet U.S. requirements.

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* As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

EGYPT TODAY

Mr. PERCY. Mr. President, I would like to honor Egypt Today, an exposition of ancient and modern Egyptian culture featuring over 70 exhibits and events in three American cities. Egypt Today emphasizes the growing friendship and understanding between the United States and Egypt.

This particular concept of fostering international understanding was begun by the National Endowment for the Humanities in 1977 with a program honoring Canada. Similiar programs have followed honoring Mexico, Japan, and Belgium. Egypt today is thus the fifth in this series. The program is sponsored and organized by the Middle East Institute, the Smithsonian resident associate program, and Meridian House International. The National Endowment for the Arts, the Government of Egypt, and many private individuals and corporations have all contributed to this program.

This celebration officially opens in Washington on March 16, 1981, with the visit of the gifted and talented wife of

the President of Egypt, Mrs. Jehan El-Sadat. Mayor Marion Barry of the District of Columbia has proclaimed the week of March 16–23, 1981, as "Egypt Today Week" in Washington, D.C.

Accompanying the inaugural ceremonies will be the opening of an impressive array of exhibitions of Egyptian paintings, sculptures, tapestry, photographs, and films. Many lectures on Egyptian culture will also be part of the celebration. I ask unanimous consent to include in the RECORD a sampling of the events.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXHIBITIONS

March 14–April 26, Egypt today: Embroidered Pictures from Akhmim, Renwick Gallery.

March 16–April 30, Traditional Costumes and Jewelry of Egypt, Museum of African Art.

March 16–April 26, Mahmoud Moukhtar: 1891–1934, Hirshhorn Museum and Sculpture Garden.

March 16–April 30, Hand-Painted Papyrus, Discoveries Gallery.

March 16–May 31, Ancient Egyptian Art, Freer Gallery of Art.

March 16–April 15, Egypt in America, National Museum of American History.

March 16–April 26, Arts of Ancient Egypt: Treasures of Another Scale, Smithsonian Institution Building.

March 16–April 30, Egypt Through the Eyes of Her Children, Capital Children's Museum.

March 16–April 30, Two Sculptures by Ramzi Moustafa, The Phillips Collection.

March 16–April 17, Four Contemporary Egyptian Artists: Moity, Nada, Sirry, El-Razzaz, National Academy of Sciences.

March 16–April 16, Washingtonians Collect Modern Egyptian Art, District Building.

March 16–April 26, Scenes of Contemporary Egypt, 50 photos by Donald and Betty Wiechec, National Museum of Natural History.

March 16–April 30, Pharaonic Architectural Images of Egypt, The Middle East Institute.

March 17–August 1, Cairene Carpets, The Textile Museum.

March 18–April 18, Tapestries of Wissa Wassef, The Textile Museum.

March 18–April 25, Works of Five Contemporary Egyptian Artists: Nawar, Gebali, Selim, El-Sarrag and Saleh Reda, Meridian House International.

March 18–April 25, From the Deserts of Egypt—Costumes, Kelim Rugs and Basketry, Meridian House International.

March 18–April 25, Modern Egyptian Jewelry of Azza Fahmy, Meridian House International.

PERFORMING ARTS

March 17, Tuesday, 6:00 p.m., Recital by Marcelle Matta, (By invitation only), Meridian House International.

LECTURES, SEMINARS, PANEL DISCUSSIONS

March 25, Wednesday, 9:30 a.m.–12:30 p.m. The Egyptian Identity, Smithsonian Resident Associate Program, Carmichael Auditorium, National Museum of American History, Admittance Fee.

March 25, Wednesday, 2:00–5:00 p.m. Arts and Literature, Smithsonian Resident Associate Program, Carmichael Auditorium, National Museum of American History, Admittance Fee.

March 26, Thursday, 9:30–12:30 p.m., Society in Transition, Smithsonian Resident Associate Program, Carmichael Auditorium, National Museum of American History, Admittance Fee.

March 26, Thursday, 2:00–5:00 p.m., The Land and Its Resources, Smithsonian Resident Associate Program, Carmichael Auditorium, National Museum of American History, Admittance Fee.

March 26, Thursday, 8:00 p.m., An Evening of Egyptian Poetry, Salah Abdel Sabbour, Smithsonian Resident Associate Program, Carmichael Auditorium, National Museum of American History, Admittance Fee.

April 2, Thursday, 2:00 p.m., Egypt's Population Explosion, Dr. Asad Nadim, George Washington University, Lisner Hall, Room 603.

April 8, Wednesday, 6:00 p.m., Arts of Ancient Egypt: Treasures on Another Scale, Robert S. Bianchi, Smithsonian Resident Associate Program, Baird Auditorium, Museum of Natural History, Admittance Fee.

April 14, Thursday, 5:00–7:00 p.m., World Affairs Seminar: The Impact of Religion on Egyptian Society, (Reception following), Meridian House International, Registration: 202/667–6800.

April 16, Thursday, 8:00 p.m., Architecture for the Poor, Hassan Fathy, Carmichael Auditorium, National Museum of American History.

April 16–May 14, Thursdays, 8:00 p.m., In Search of Egypt, Jidith Kipper, Moderator; A series of lectures exploring contemporary Egyptian society with particular emphasis upon Egypt's continuity with its rich historical past and the impact of change in the 20th century. Smithsonian Resident Associate Program, Admittance Fee. Registration; 202/357–3030.

April 26, Sunday, 10:00 a.m.–1:00 p.m. Fashioning Egyptian Paste Beads, David Field, Instructor, Smithsonian Resident Associate Program, Admittance Fee. Registration: 202/359–3030.

FILMS

March 18, Wednesday, 7:30 p.m. Evening of Egyptian Documentaries: "From Philae to Agalika," "Mudhorse," "On the Nile," "Pearl of the Nile." The Middle East Institute.

March 18–19, Wednesday and Thursday, 12:30 p.m. Free Film Theater.

March 23, Monday, 6:30 p.m. "Alexandria Why?" Directed by Youssef Shaheen, The American Film Institute, John F. Kennedy Center for the Performing Arts.

The following series of films will be shown Wednesdays at 6:00 p.m. and 8:30 p.m. Sponsored by the Smithsonian Resident Associate Program, they will be shown at the Carmichael Auditorium, National Museum of American History, 14th Street and Constitution Avenue, N.W. Admission: $2.00.

March 25, "The Postman" (1968) Hussein Kamal.

April 1, "The Night of Counting the Years" ("The Mummy") (1969), Shadi Abdul Salam.

April 8, "The Land" (1970) Youssef Shaheen.

April 15, "Grandson" (1975) Atif Salem.

April 22, "The Water Carrier is Dead" (1977), Salah Abou Seif.

April 29, "Ascent into the Abyss") (1978), Kamal El-Shaikh.

PRELIMINARY NOTIFICATION, PROPOSED ARMS SALES

Mr. PERCY. Mr. President, section 36 (b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of a proposed sale shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice. I ask unanimous consent to print it in the RECORD.

I wish to inform Members of the Senate that such a notification was received on March 2, 1981.

Interested Senators may inquire as to the details of this preliminary notification at the offices of the Committee on Foreign Relations, room 4229 Dirksen Building.

There being no objection, the notification was ordered to be printed in the RECORD, as follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 2, 1981.

Dr. HANS BINNENDIJK,
Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Northeast Asian country for major defense equipment tentatively estimated to cost in excess of $7 million.

Sincerely,

Lt. Gen. ERNEST GRAVES,
Director.

THE WORK OF DR. WALTER E. MASSEY OF ARGONNE NATIONAL LABORATORY

Mr. PERCY. Mr. President, since its creation the Argonne National Laboratory has been in the forefront of the national scientific research into alternative fuels development for America's energy future. Long recognized as one of this country's principal laboratories for research and development of nuclear power, Argonne has been instrumental in developing both the fast breeder and the boiling water reactors. The lab is currently engaged in advanced testing of heavy-ion fusion energy. Among its nonnuclear projects, Argonne is conducting extensive tests on the fluidized bed combustion of high-sulfur coal. It is the Nation's principal national laboratory for work in magnetohydrodynamics, a promising technology which can enhance the efficiency of coal-fired powerplants by 20 percent. Argonne's ambitious solar energy program is responsible for the invention and development of the compound parabolic concentrator, a solar collector now being sold to businesses across the Nation.

Much of the success which Argonne National Laboratory has enjoyed in recent years must be attributed to its creative and dynamic director, Dr. Walter E. Massey. For years, Dr. Massey has won extensive praise as both an educator and as a physicist. In July 1979, he be-

came the first black American appointed director of a national laboratory.

For many years, Dr. Massey has been actively involved in efforts to recruit more black Americans, and other minorities, for careers in higher scientific research. His efforts have contributed to the sponsorship by the American Physical Society of scholarships for minorities interested in entering the sciences. In addition, Dr. Massey has actively sought out minority businesses to manufacture scientific instruments used by Argonne. Dr. Walter Massey must be seen as one of the Nation's leading theoretical physicists of today, and a champion for the entrance of minorities into the world of modern science.

Mr. President, the February/March issue of Dollars & Sense magazine contains a short article recognizing Dr. Massey's contribution to American science. If there is no objection, I ask unanimous consent that the contents of this article be inserted into the RECORD at this time.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WALTER MASSEY OF ARGONNE LABORATORY—LEADING THE SEARCH FOR ALTERNATE SOURCES OF ENERGY

(By Leon Colvin)

At first glance, Argonne National Laboratory resembles an army compound—its barrack-like one-story buildings are painted light blue to offset the atmosphere so often associated with a military base. But while driving through the winding roads of the facility located 28 miles southwest of Chicago, the Spartanesque resemblance softens and Argonne takes on the appearance of a college campus with dozens of two- and three-story red brick buildings dotting the acres of greenery.

It's hard to believe that this complex—as tranquil as it seems—holds the key to the nation's energy future. But inside the baby blue and red-brick buildings, University of Chicago scientists are busy conducting energy related experiments, many of which have expanded in recent years to include numerous programs in advanced energy technologies, fossil energy and energy conservation.

The laboratory's largest energy program is nuclear reactor research and development. Most of the work connected with nuclear reactors is carried out at Argonne-West, which is located near Idaho Falls, Idaho. Argonne-West is the site of the nation's first experimental breeder reactor that started producing electricity as early as 1951.

About 40 percent of the laboratory's research efforts are centered on nuclear power-related projects. The other 60 percent are devoted to other energy, conservation and basic research programs. Some of those projects include finding ways of efficiently burning high sulphur coal, examining pollution on the Great Lakes, and seeking methods of converting solid waste into liquid waste through energy sources.

Argonne is extremely proud of its solar energy program. The laboratory has probably developed the most advanced solar collectors in use today. The program is so successful that solar energy collectors developed by Argonne's scientists are now available commercially.

In charge of the entire operation is Dr. Walter E. Massey, a brilliant, 42-year-old theoretical physicist, the first black to head up one of the nation's largest energy research and development centers.

Massey's career as director of Argonne Laboratory began July 1, 1979, after he accepted the offer of University of Chicago President Hanna H. Gray to fill that prestigious post. He was returning to familiar environs, however, as he had worked there as a post-doctoral appointee from 1966 to 1968. (The laboratory is operated for the U.S. Department of Energy by the University of Chicago under a tripartite contract among DOE, the university and the Argonne Universities Association.)

By accepting the challenging directorship, Massey has been able to pursue one of his greatest interests—the desire to involve more minorities in scientific-related careers.

Nearly three years ago, he authored an article in which he urged scientific societies to do more to encourage minorities to seek careers in the sciences. His efforts contributed to the American Physical Society's sponsorship of undergraduate scholarships for minority students who aspire to careers in the sciences.

"There should be more of that," Massey said, "but in the end I think the black community, the minority community, in general, is going to have to place more emphasis on and give more encouragement to black students going into the sciences."

Massey believe that professional societies need to do more. "But," he added, "they can only do so much."

"If parents and teachers don't encourage students to take the proper courses, then we're never going to get more minorities than we're getting now."

Hinting that minorities are placed at an educational disadvantage, Massey urged blacks to get a head start on science-related careers by taking the proper courses in junior high school.

"That's stretching it," Massey said, "but, unfortunately, that's true. Students don't take the proper mathematics early in high school. They don't take algebra, geometry and trigonometry and, therefore, are behind in college."

Many white students who go to colleges to major in science will have taken calculus in high school. Massey says the same usually is not true with minority students.

"This means they are at a tremendous disadvantage and each step is just harder and harder to make up," he said. "There are two or three courses that are almost critical to take between the ninth and eleventh grades. These are algebra, geometry, trigonometry, and, perhaps, physics and chemistry. The science in high school is not as important as the math because once you get into college they (the professors) will teach you science if you know enough of the math."

Massey speaks with the voice of academic experience. During 1968 he served as an assistant professor of physics at the University of Illinois. He was professor of physics and dean of the college at Brown University between 1970 and 1975. During his tenure at Brown he received a number of honors, including "Outstanding Educator of America" in 1974.

"I think more and more fields are going to require that (mathematics) kind of training and that kind of education in the future. People who understand mathematics are going to be more versatile. People who rise to the highest level of business are people who have some undergraduate science and technical training," Massey said.

He also stressed the importance of having teachers who back their students.

"I had a good teacher at Morehouse College. I also had another good professor at Washington University in St. Louis where I did my graduate work," he recalled. "I think what kept me going, why I stayed with it, was having professors like them who helped me out and inspired me."

Right now Massey is inspiring his staff to put more involvement into Argonne's affirmative action program.

"We have affirmative action programs; they are in place. They aren't significantly better or worse than others. We should be doing a lot better, and we're working on it. That's the best way to sum it up."

Argonne's affirmative action department sums up its efforts this way:

At the beginning of the fiscal year, October 1, 1980, Argonne employed 4,200 people. Nearly 8½ percent (356) are black.

33 percent of Argonne's black employees are women.

Women make up 24 percent (1,029) of Argonne's total work force.

Argonne has 10 blacks in top management positions. Blacks comprise 2½ percent of Argonne's top management team of 397 persons.

Argonne does extensive recruiting at minority colleges that have energy directed programs. Massey believes the laboratory stands a better chance of recruiting people at the professional and doctoral levels through one-on-one contact rather than through advertising. He is a firm advocate of sending the laboratory's recruitment officer to colleges to talk with professors and students before they earn their degrees. However, he concedes that Argonne doesn't do as much of that as he thinks they should, nor does he feel they do it as well as they should. "It's something we'll have to work on," he says.

Getting someone with a doctorate to work at Argonne isn't as simple as it sounds, he says. The field is very competitive and, for talented black scientists, it's even more competitive. Argonne has a good reputation among research and development laboratories, but so do other universities and private companies. Some of the other laboratories pay more than Argonne and. to be perfectly honest, Chicago's winters are no match for the warmer climates of California, which boasts of the University of California at Berkeley and Stanford University in Palo Alto.

Recruiting engineers to work at Argonne is a little easier than trying to lure persons with doctorates since most engineering positions don't require doctoral degrees to begin doing research. To lure minority engineers, Massey said Argonne has instituted various programs.

"We have students come in the summer to work so they will get to know the lab while they are in undergraduate school. When they finish, at least they will know us and we'll know them. This gives us a good chance of attracting them."

Last summer, Argonne's Division of Educational Programs sponsored a project for high school students. Special funds made this successful program possible. But it is not known whether it will return this summer.

The Argonne National Laboratory can be compared to a small city. This means that a large amount of supplies from outside sources are needed to keep the city of 4,200 going each day.

For the past two years, Argonne's Purchasing Department has sponsored meetings in which the needs of the facility are outlined to minority vendors. These entrepreneurs are selected from several government and private publications, including the Blackbook Business and Reference Guide.

Between October 1, 1979, and September 31, 1980, the purchasing department spent $3.978 million on goods and services from minority vendors. By the end of 1980, $1.132 million had been paid out to minority businesses.

Ninety-four percent of Argonne's operating budget of $225 million for fiscal 1980 is funded by the federal government's Department of Energy. This makes Argonne one of the nation's largest federally funded research and development centers. However, some of

the research work at the laboratory may find itself the victim of belt tightening by the Reagan administration.

"Reagan's energy policies will affect different sections of the lab," Massey said.

"The nuclear energy program, I suspect, will be better off during this administration than it has been. I would suspect that environmental, conservation and solar projects may not fare so well. We haven't been able to get many signals about how they will support basic research, but we will be affected, no doubt."

With Reagan's announced intention to dismantle the Department of Energy, the future status of federal support for Argonne's energy research is, indeed, a matter of conjecture.

AN AGENDA FOR THE NEW CONGRESS

Mr. HELMS. Mr. President, I have before me an article by Anthony Harrigan, which recently appeared in Point of View, a publication of the U.S. Industrial Council. For those of my colleagues who do not know, the U.S. Industrial Council is a public policy research organization concerned with national and international issues. Originally formed in 1933 as the Southern States Industrial Council, it is currently headquartered in Nashville, Tenn., and consists of some 4,000 companies employing 3 million people.

I received this article along with a letter from my good friend, John G. Hutchins, president of Food World, Inc., a supermarket chain based in High Point, N.C. John is past president of the USIC, and to this day remains very active in USIC affairs.

The writer of this article, Tony Harrigan, is well-known to many of my colleagues. He writes a weekly newspaper column subscribed to by 350 newspapers, and does a weekly radio show aired on 250 radio stations around the country. In addition, Mr. Harrigan's articles frequently appear in newspapers, magazines, and other periodicals.

This article, entitled "An Agenda for the New Congress," sets out USIC's suggestions for rebuilding the American economy and restoring the United States to a position of military superiority in a hostile world.

The article's summary reads as follows:

The USIC believes strongly that the American economy and defense of the free world are interrelated. Without a strong defense, we can't insure that our nation and our allies will be safe from Soviet aggression. As Soviet agitprop focuses on the resource-rich areas of the world, the U.S. must have the capability to challenge Soviet interventionism. Without a strong economy, which means an economy free of inflation and ruinous public debt, we will not be able to build and maintain an effective defense of our nation, or set an example for our allies, which is the traditional role of the United States as leader of the free nations of the world.

Mr. President, that is a succinct statement of the major challenges facing this Congress. So that my colleagues might have the full benefit of Mr. Harrigan's article, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AN AGENDA FOR THE NEW CONGRESS

(By Anthony Harrigan)

The theme for the 1930's was sounded in the Presidential and Congressional elections in November: the American people have demonstrated that they want the health of their economy restored, their military strength rebuilt, and America's role as leader of the free world continued and renewed. The United States Industrial Council presents these proposals as the key to achieving these urgent national goals:

REGULATION

Regulation is the very guts of Big Government. Government at all levels currently accounts for over one-third of the national economy, and in 1979 alone cost business $15 billion. Disruption of the nation's economy grows in direct proportion to the increase in government regulation of business. Government regulators are often zealots, indifferent to the economic cost of the regulations they promulgate.

Small businesses employ the majority of American workers. Government regulations grievously impair their ability to produce by squeezing them out of the market for their goods. Unlike the corporate giants, smaller firms are less likely to survive an antagonistic regulatory climate. American consumers must then pay higher prices, when competition is destroyed through regulatory fiat.

The USIC recommends that regulators be made to compare the total cost of regulation to any anticipated benefits, notwithstanding the difficulty of quantifying benefits. Existing regulations must be made more flexible. Whenever possible, they must be replaced by market incentives. Government interference with the private sector should be far less punitive and far more deferential. Regulations should address the true social costs of industrial activity, not consumer preferences.

ENERGY

Although the Carter Administration and the 96th Congress did approve the phased deregulation of crude oil and natural gas prices, they followed that important step forward by imposing the so-called windfall profits tax last March, which is intended to confiscate $227 billion from the energy-producing companies over the next ten years. In addition, Congress has approved the creation of a new Synfuels Corporation, which will subsidize the development of "alternative" energy sources by awarding contracts to companies with interesting synfuels ideas, to the tune of $20 billion over the next five years.

These legislative leaps toward full government management of the energy industries complement the most serious blunder in government energy policy, which was the establishment of the Department of Energy in 1977. Today, this huge bureaucracy is engaged in regulating and restricting the freedom of energy producers. The DOE has been from the first an unmanageable bureaucracy, that produces only paperwork and obstructions.

Other factors have contributed to the difficulties of American energy production: the environmentalist blockade of the use of federal lands in the Western states for production of energy continues. Due to government-caused delays, the important nuclear breeder reactor program at Clinch River, Tenn., is unfinished. Anti-nuclear extremists have been able to manipulate the courts, the regulatory agencies, and public hearings to delay construction of nuclear plants around the country, thus driving the already high costs of construction even higher, and out of the reach of many utilities.

The USIC urges, first of all, that the Dept. of Energy be abolished, and its necessary functions, such as the supervision of the production of nuclear weapons, be returned to the agencies that originally performed them. A meat-ax approach to regulation in the energy area is necessary. Domestic oil and gas prices ought to be deregulated immediately. Congress should repeal the windfall profits tax, and leasing of federal lands and offshore continental shelf tracts should be stepped up. The Clinch River breeder must be finished, and research on other promising nuclear breeder technologies continued. The construction of nuclear power plants, with proven safeguards must be encouraged, commensurate with projected electric power needs. The American energy industry has worked wonders in finding, producing, refining, and distributing energy. It must be allowed, through the free enterprise system, to continue and increase its efforts.

LABOR

Labor represents the single most important cost of production for most American businesses. The impact of labor unions, under the protective umbrella of onerous labor laws, has been enormous. To begin with, labor unions are exempted from federal antitrust laws. The legislative intent behind this exemption was primarily to promote collective bargaining. Its chief effect in recent years has been to insulate labor unions from accountability for their actions.

In addition to antitrust exemption, many labor laws friendly to union leaders but inimical to the free market system have distorted the national economy. Artificial costs created by minimum wage laws and Davis-Bacon, which sets an unrealistic wage floor for government contracts, add a labor "surcharge" to the already high cost of American labor.

In the months ahead, labor unions may well merge into larger bargaining units not for the purpose of collective bargaining so much as to ramrod socialistic programs through Congress. Unions will demand a bigger voice in plant closings, increased job-safety protection, mandatory bargaining for retirees' benefits, and neutrality clauses. Such clauses allow unions to organize new plants anywhere in the U.S.

Inflation will prompt unions to demand higher wages and benefits in new contracts despite the self-defeating, myopic benefit of indexing undeserved wages to unreasonable prices.

USIC advocates a frontal attack on union arrogance and greed. We will urge the rank and file to throw their leaders out of office unless they provide leadership on the productivity front. Big Labor's exemption from federal antitrust laws must be abolished. Minimum wage laws must be revamped to mitigate unemployment and reduce artificial production costs. Davis-Bacon must be repealed. Management must be urged to fight unrealistic union demands and unconscionable labor laws at the federal and state levels.

INTEREST RATES

The Prime Interest rate is another deleterious factor in the U.S. economy. While Big Businesses can actually make money in a period of high inflation, floating currencies, tax policies favoring corporate borrowers with huge cash reserves, etc., the vast majority of U.S. businesses are barely surviving. During a recession, the accounts receivable of small businesses contract while business overhead is often fixed. With a prime rate of 20% and more, such businesses cannot afford to carry the indebtedness required to tide them over until the economy recovers. Thus, we have experienced a sharp rise in small business bankruptcies, severly low profitability, and slow economic growth. Poor growth means fewer and fewer jobs, and chronic economic stagnation.

The U.S. Industrial Council urges the new Administration to break the back of inflation, but not at the expense of America's largest employer, the small businessman. One hopeful step has been the small business

prime which is usually set about a point lower than the prime rate. This differential should be increased to several points below normal prime until the economy begins to expand. Inflation should be controlled by a stringent rein on the money supply, not by interest rates which stifle real economic growth.

NATIONAL DEFENSE

The decline in American defense capabilities is most obvious in the current condition of the U.S. Navy. First-line combat vessels patrol the Mediterranean, the Pacific, and the Indian Ocean dangerously short of key personnel, such as aircraft mechanics, radar operators, and even pilots. In the event of attack, our Navy would be hard pressed indeed. A similar manpower shortage exists in the U.S. Army, which has been forced to accept less than desirable people to fill its ranks. In fiscal year 1980, only 45 percent of Army recruits were high school graduates.

At the same time, U.S. spending on the construction of ships, planes, tanks, and other defense equipment needed to confront Soviet forces in Europe and the Indian Ocean region has fallen off precipitously. The indifference of the Carter administration towards military preparedness has already led to a dangerous situation: many American manufacturers are unable or reluctant to undertake defense projects because of past experiences with cancelled or reduced orders. Consequently, major items like tank turrets and sophisticated guidance systems for aircraft are more costly and require more time to build.

In the area of strategic weapons, the decade-long complacency over detente and the strategic arms negotiations led to the slowdown in the development of important weapons. It is a fact that the Soviets have acquired the capability to "win" a nuclear war with the U.S., from their perspective. Therefore, the possibility exists that the Soviet leadership, which could change at any moment, might become confident enough to make some aggressive move that would in effect "dare" the United States to respond militarily. The decision to do so would be agonizing and perhaps disastrous.

Meanwhile, America's NATO allies have observed the rapid growth of Soviet military power. They have vacillated in their financial support for NATO and in their public support for the U.S. in the Iranian crisis. If the trend continues, Western Europe could be "Finlandized."

The United States must act quickly to insure that the drift of the industrial democracies towards weakness doesn't continue. The USIC urges President Reagan to follow up his campaign promises by pushing a new defense program through Congress. The serious deficiencies in military pay and allowances must be remedied. A decision must be made about continuing the volunteer force, or returning to a military draft.

In the area of strategic arms, only the Trident submarine program is proceeding, and it is behind schedule. The Congress must act quickly to protect our land-based ICBMs, which are vulnerable to attack by heavy Soviet missiles. The MX multiple launch based system is being debated. It might be easier to adopt a system of shuttling Minuteman III missiles to varied launch sites, however.

Additionally, the administration must undertake to enlarge the size of the Navy to at least 600 ships. The highly-touted Rapid Deployment Force won't go anywhere without amphibious shipping, which is in a pathetic state. The needs of the Navy have particular urgency, because the Navy is the key to maintaining a strong international presence, and ensuring that the sea lanes remain open to crucial commercial shipping. American industry is dependent on numerous strategic minerals from far-flung parts of the world. Transport of these, and oil from the Persian Gulf to the U.S. must be safeguarded if our industry is to be revitalized in the coming years.

SUMMARY

The USIC believes strongly that the American economy and defense of the free world are interrelated. Without a strong defense, we can't insure that our nation and our allies will be safe from Soviet aggression. As Soviet agitprop focuses on the resource-rich areas of the world, the U.S. must have the capability to challenge Soviet interventionism. Without a strong economy, which means an economy free of inflation and ruinous public debt, we will not be able to build and maintain an effective defense of our nation, or set an example for our allies, which is the traditional role of the United States as leader of the free nations of the world.

FUTURE OF THE DOMESTIC REFINING INDUSTRY

Mr. WALLOP. Mr. President, today I call the attention of the U.S. Senate to a subject that I intend to explore in the Senate Finance Committee Subcommittee on Agricultural and Energy Taxation. I am speaking of the future of the U.S. domestic refining industry.

On January 28, 1981, President Reagan took the courageous step of decontrolling crude oil prices and ending 7 years of allocation controls which had bound up the productive forces of the American energy industry. Ending price controls is an essential ingredient in developing a sound energy policy and will accomplish several important national objectives. Production of more energy will be encouraged. Remaining U.S. reserves of crude oil will be priced according to their true replacement cost and the American people will accordingly conserve this precious resource. Most important of all, the ingenuity and creativity of the U.S. energy community will be freed for productive purposes, rather than remaining a captive of pricing regulations, and rulemaking by the Department of Energy.

However, it is my hope that the end of controls will also prompt Congress and the executive branch to thoughtfully examine the current problems facing this Nation's domestic refining industry.

Over the last several years, the Congress of the United States has studied, debated, and legislated on the question of energy self-sufficiency. Congress has focused largely on issues of energy production and supply. In this rush to attain high levels of national energy production, we must not ignore the downstream processes required to refine raw materials into usable commodities and to deliver those products to the American people.

To encourage Senate deliberations on the future of the U.S. refining industry, I intend to conduct hearings before the Senate Finance Subcommittee on Energy and Agricultural Taxation on March 27, 1981. These hearings will explore the problems that domestic U.S. refiners may experience in the decade ahead and consider several tax and tariff-based ideas which have been advanced as possible solutions to these problems. I recognize that there are many different approaches to a national refining policy—the options range from doing nothing to a full-blown regulatory program that allocates crude oil among the Nation's refineries.

It is not my intent to examine the regulatory approach. Rather, I would hope that the Subcommittee on Energy and Agricultural Taxation could examine tax- or tariff-based incentive approaches to this problem. The role of the Energy and Agricultural Subcommittee in this review should be to examine the industry, its particular problems, and the potential solutions which lie within the jurisdiction of the Senate Finance Committee.

THE DOMESTIC REFINING INDUSTRY

The role that this Nation's refiners play in serving the overall energy needs of this country cannot be overemphasized. Approximately forty percent of the total energy consumed in the United States consists of petroleum products that presently pass through our domestic refineries. The refining industry itself consumes approximately 12 percent of the total energy used each year in manufacturing. According to a recent survey, there are more than 300 refineries operating in the United States, possessing a cumulative crude oil refining capacity of approximately 17.8 million barrels of crude oil per day. This represents close to 22 percent of the world's refining capacity.

The U.S. refining industry is also one of the largest manufacturing segments of our economy when measured by the value of its output. In 1978 alone, the gross product originating from petroleum refining facilities totaled an estimated $13 billion, which represents 2.5 percent of the product originating in the manufacturing sector and 0.6 percent of our gross national product. Petroleum refineries employed more than 155,000 Americans in 1978 alone, most of whom were highly skilled employees. Indeed, professional and technical workers and craftsmen account for 44 percent of the total employment in petroleum refining.

In summary, petroleum refining is a basic U.S. industry, providing the vital energy input to the rest of American industry. A healthy refining industry will be essential to a healthy U.S. economy—at least for the next two decades.

Most energy experts predict that the U.S. economy will show a moderately declining demand for petroleum products over the next 10 years. This projection is based upon both the depressed world economic situation and the result of higher prices encouraging increased conservation. Proper incentives for investment in energy efficient industrial and residential equipment should accelerate this trend even further.

If these projections hold true, then present U.S. refining capacity of approximately 17.8 million barrels/day should be adequate for our national needs. But all is not as encouraging as such a surface analysis would indicate. Much of present U.S. refining capacity is incapable of producing desirable petroleum products from the high sulfer, low gravity crude oils that increasingly constitute available supply.

Unfortunately, the United States must continue to rely upon approximately 40 percent of our crude oil coming from abroad. Enhanced recovery from older U.S. fields as well as Alaskan crude oil is also less desirable for producing optimal refinery yields from a given barrel. Our Nation's refinery capacity must be flexible in order to respond to the changes in crude oil slates over which we will have little control.

EXISTING DIVERSITY WITHIN THE U.S. REFINING INDUSTRY

Mr. President, one of the objectives of the hearings is to highlight the existing diversity within the U.S. refining industry. Petroleum refining in the United States is represented by four distinct types of refiners. Large integrated refiners, large independent refiners, small independent refiners, and "teakettle or bias refineries" constitute the four main industry segments.

The large, multinational U.S. oil companies are the dominant force in the U.S. refining industry. U.S refineries owned or controlled by these companies represent approximately 70 percent of the total U.S. refining capacity. These refineries produce almost every type of petroleum product, and account for a large percentage of highly refined product such as unleaded gasoline. The companies controlling these U.S. refineries also operate a substantial amount of refining capacity located outside the continental United States. So, while the domestic refining interests of integrated companies are large in terms of total U.S. throughput capacity, these companies cannot be classified as wholly domestic refiners.

Integrated U.S. refiners own or control large volumes of U.S. domestic crude production (approximately 70 percent) and enjoy certain historical relationships with foreign governments which enable them to purchase needed amounts of foreign crude oil at competitive prices.

LARGE INDEPENDENT REFINERS

The refining capacity of this group is generally in excess of 175,000 barrels per day per refiner. Several of these large independent refining companies possess facilities comparable in size and sophistication of those of any of the major integrated oil companies. However, an independent refiner by definition owns or controls less than 30 percent of the crude oil run in his refinery. As a result, these independent refiners will have significant problems with access to crude oil at competitive prices in a decontrolled crude oil marketplace. In fact, a recent crude oil access study released by the Department of Energy indicates that, of late, large independent refiners have had among the highest crude acquisition costs of any segment of the industry.

SMALLER INDEPENDENT REFINERIES

This third segment of the refiining industry represents refineries whose capacities do not exceed 175,000 bbls/day of throughput capacity. This particular segment is a diverse one, including companies whose refining capability varies significantly in terms of the size of the operation as well as the product slate they are capable of processing. Responsible and efficient small independent refiners perform specific functions and serve particular purposes in satisfying the Nation's petroleum product needs.

Small and independent domestic refineries, including cooperative refineries, often provide sparsely populated agricultural areas with the petroleum products such as diesel fuel and propane that are necessary to sustain the farming activities so essential to the economy of these rural regions. In view of such circumstances, it is necessary for Congress to consider the impact that the collapse of these small and independent refining companies would have upon these agricultural regions.

Small and independent refiners have also proved to be an important component of the refining industry in providing a number of lesser known petroleum products. These firms are willing to provide the highly specialized refined petroleum products which larger refiners may prove reluctant to produce due to the limited markets available for these items. For instance, the refining industry produces the specialty chemicals, inks, and petrochemical feedstocks necessary for a variety of dependent industries whose needs might be unfulfilled if this segment of our domestic refining capability were allowed to expire.

Solutions to the problems of access to crude oil at competitive prices and the need to upgrade capacity to process sour, heavy crude oils must be found if the small independent segment of the refining industry is to survive as a competitive force in the U.S. energy industry.

TEAKETTLE OR BIAS REFINERIES

This term is often applied to very small (under 10,000 bbl/day) refineries which were constructed after the imposition of oil price controls in 1973. Many of these refineries were built to take advantage of the "small refiner bias" of the DOE entitlements program.

Though many owners of these refineries have since plowed their profits back into their refineries and upgraded in anticipation of the end of controls—many others have not. The refineries that have not invested in preparation for decontrol cannot remain competitive in the future without a Government subsidy. In my view, sound U.S. energy policy should not be distorted to serve these particular companies.

Unfortunately, many of the editorial comments and uninformed discourses have unfairly branded all small and independent refiners as "tea-kettles." This misperception must be corrected at the outset of any serious discussion on U.S. refinery-policy.

DOMESTIC REFINING AFTER DECONTROL

Mr. President, as the era of oil price controls come to an end, it is important to recognize the possible threat posed by foreign refining to our U.S. refining industry. The entitlements program, for all of its obvious faults, did encourage the refining of substantial volumes of foreign crude oil in U.S. refineries. Integrated U.S. oil companies with overseas production interests and both U.S. and foreign refining capacity found it profitable to refine the higher priced foreign barrel in the U.S. facility. This occurred because the entitlements program paid benefits to those refiners who were running high priced crude oil, which, during the period of price controls, was generally the foreign barrel.

With price controls gone, one existing incentive for U.S. refining will disappear. The natural advantages for refining abroad will, however, remain in place. These advantages include lower labor costs, less onerous environmental restrictions, lower tax rates, and the ability to transport petroleum products in foreign-flag vessels manned with foreign crews.

There is not a sufficient tariff or import fee on refined petroleum products in place to offset this foreign refining advantage. The U.S. tariff schedules presently imposed a tariff on imported refined products of approximately $.52 per barrel. Import fees of $.21 per barrel on crude oil and $.63 on products were suspended by President Carter on April 1, 1979, and have not been collected since that date.

With foreign refineries running at very low utilization rates, there is little to prevent a dramatic upsurge in U.S. imports of refined products now that controls are gone. The uncertainty associated with relying on foreign imports would make it difficult if not impossible to either plan for or anticipate the severe economic dislocations that would occur if a petrolum product embargo were ever imposed on the United States.

Moreover, it has been pointed out that it is much simpler to enforce an embargo on refined products than an embargo on crude oil because the latter can be exchanged frequently in the world market while the former has its destination well known.

Mr. President, any increased reliance on foreign nations for our heating oil and gasoline supplies merits the serious attention of Congress.

Congress must recognize that in a national emergency we must be able to direct our refineries to produce the types of products that our country demands. If we import the raw material we can retain this flexibility. If we must rely on foreign refineries for finished products, we lose this flexibility. It seems important to this Senator that the United States maintain a healthy domestic refining industry within our borders, subject to direction in accordance with our own statutes.

ACCESS TO CRUDE OIL BY DOMESTIC REFINERS

Mr. President, the primary problem confronting the responsible small and independent refining segment today is the inability to obtain equitable access to crude oil at prices which would enable them to remain competitive with the refineries of major international firms and foreign governments.

Major companies have several advantages when crude acquisition costs are assessed. Aside from controlling most domestic production, the majors enjoy long historical relationships with foreign governments who supply crude under long-term contract at prices significantly below the spot market prices that

most independents would be paying in the wake of decontrol. This historical fact of life is an outgrowth of U.S. policy since the 1930's, a practice that utilized major oil companies as an instrument of U.S. foreign policy in certain areas of the world. It should be recognized that producer nations are showing an increasing tendency to supply crude oil in exchange for the transfer of refining technology. International companies, unlike U.S.-based independents, are in a better position to supply technicians and help finance economic development in exchange for favorable long-term crude contracts.

The high costs for crude oil which result from complex international market, coupled with today's uncertainties in acquiring adequate supplies, confront small and independent refiners with the need to finance capital improvements to their facilities at a time that they are unsure of continued existence. The question of whether refiners can continue to operate profitably and pass along crude oil costs increases in their product prices, particularly when competing with the major integrated oil companies, is far from settled. Therefore, the hearings in our subcommittee will inquire into the crude oil access problems of small refiners and the tax based programs that might insure equitable access to crude oil.

UPGRADING DOMESTIC REFINERIES

In addition to equitable access to crude oil, small refiners need to upgrade their U.S. refining capacity. Upgrading must occur if the small and independent industry segment is to remain viable. While the subcommittee hearings will focus first upon the problems associated with access, testimony would be welcomed on the particular problems faced by the U.S. refining industry in obtaining the necessary financing to remain competitive.

SOME SUGGESTED SOLUTIONS

The test solutions to the problems faced by the domestic refining industry are those that do not require thousands of employees in the Department of Energy to administer and that do require a high degree of initiative from the refiners who earn the benefits by planning and investing for the future.

I will describe a few of the ideas that have been raised. There are surely additional ideas that await development. The hearings will provide an occasion for airing and comparing all these proposals.

FOREIGN TAX CREDITS

One such approach which has been suggested would involve amending the foreign tax credit rules in the Internal Revenue Code to provide that income from sales of domestic or foreign crude to unrelated domestic small and independent refiners be treated as foreign source income. Such a provision might include an election whereby the income from such sales would be treated as either foreign extraction income for purposes of computing separate tax limitations in section 907(a) of the Code or as foreign oil-related income for purposes of computing a separate overall limitation under sections 904 and 907 (b). The intention would be simply to neutralize what is perceived to be an existing benefit favoring foreign refining over domestic refining.

Under existing law, there are tax provisions which could favor the sale of crude oil to foreign refiners. International oil companies can increase their utilization of foreign tax credits and avoid a buildup of unusable excess foreign tax credits, which may expire before they can be drawn down, by selling their lowest priced foreign crude—under proper pricing methods—to related foreign refining companies. This effectively allocates income to the related foreign refining company, increases the separate overall limitation on foreign oil related income, makes more foreign tax credits available to offset U.S. tax liability, and increases the overall porfitability of major oil companies. It has been proposed by some segments of the refining industry that these provisions be amended to provide that sales by these companies of domestic or foreign crude oil to small and independent U.S. refiners be treated in the same fashion, regardless of where the sale actually takes place.

This proposed amendment to the Code would narrow the choice between sales of crude oil to foreign refiners and sales to domestic small and independent refiners. It would not create a new tax benefit for major oil companies but merely make available additional foreign tax credits which represent out-of-pocket amounts actually paid by these companies. It would also not deprive the major oil companies of any benefit presently available to them.

A TARIFF APPROACH

Another way that existing incentives for foreign refining can be neutralized is through an adequate tariff or import fee on foreign refined product. Imposing a fee on the importation of crude oil with the allocation of import rights to refiners on a sliding scale has been suggested as another way that crude access problems of independent refiners might be addressed. This could be structured in much the same fashion as the old mandatory oil import program initiated in 1959 under the administration of President Eisenhower.

A fee on crude oil could further stimulate U.S. oil recovery efforts, encourage conservation, and capture revenue for the U.S. Treasury that might otherwise flow to OPEC in the form of premature price increases. A recent January 1981 Forbes magazine article shows in great detail how the OPEC oil pricing strategy works to the long-term disadvantage of our country. A tariff, though raising prices for consumers in the short run, would eventually keep more U.S. dollars in the United States rather than being paid into the coffers of OPEC in the form of higher prices.

TAX INCENTIVES FOR UPGRADING

Present U.S. refining capacity should be adequate for meeting projected demand over the next decade, provided that U.S.-based independents are not forced out of business in large numbers. But, as stated earlier, U.S. refining capacity is not of the right configuration to handle heavier, sour crude oils that increasingly constitute available supply. Much of the needed upgrading must occur in the small refineries of this Nation. Petroleum refining is a very capital-intensive industry, and energy experts predict that up to $20 billion must be spent in the next decade to upgrade existing U.S. capacity.

President Reagan's proposed business tax cuts will do much to encourage this needed investment. Under the administration proposal, refining assets are assigned a depreciable life of 5 years with the regular 10-percent investment tax credit. Additional incentives have been suggested to bring about the much needed investment in both sour crude processing equipment and energy efficient refinery units. These include an additional 10-percent energy tax credit for energy conservation equipment or processes. In the 96th Congress, I introduced S. 3006, a measure designed to hasten investment by industry in energy-efficient processes. I will soon reintroduce similar legislation to stimulate new investments in industrial energy efficiency.

PRIVATELY OWNED CRUDE OIL PURCHASING COOPERATIVE

I have already discussed the difficulty small and independent refiners have in obtaining long-term contracts for foreign crude oil at competitive prices. Some have proposed that this problem could be overcome if independent refiners were permitted to pool their resources in a privately owned and operated, tax-exempt purchasing cooperative. Such an organization, might permit independents to bargain on an equal footing with major oil companies. It would be left to those independents that choose to participate in such a venture to make it succeed. The Federal Farm Credit Administration, including the Banks for Cooperatives, might serve as a good model for such an independent refiners' cooperative.

Additionally, I should note that with the expiration of controls, the Federal Government must become an efficient crude oil purchaser in its own right. The filling of the Strategic Petroleum Reserve will no longer be subsidized through the entitlements program. Such a federally blessed crude oil cooperative, if properly structured, might acquire crude oil for the reserve at a price lower than could be negotiated by the Department of Energy or the Department of Defense.

Mr. President, I have listed a few tax- and tariff-based approaches that could provide a healthy environment for the domestic refining industry. I want to emphasize that I have not endorsed these proposals, nor do I want the Subcommittee on Energy and Agricultural Taxation to limit the hearing to a review of these ideas. I welcome testimony on any other proposals which represent an incentive-based approach to a strong U.S. domestic refining industry. My objective is to examine the problems of this industry, and determine the role that the domestic refining industry will play in forming a sound energy policy for the 1980's.

FINANCIAL DISCLOSURE

Mr. WALLOP. Mr. President, I ask unanimous consent that a letter from the Select Committee on Ethics reminding members and staff of the May 15 public financial disclosure filing be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SELECT COMMITTEE ON ETHICS,
Washington, D.C., March 9, 1981.

DEAR COLLEAGUE: As you are aware, Title I of the Ethics in Government Act of 1978 requires Members to file a public financial disclosure report covering calendar year 1980 on or before May 15, 1981. Forms and instructions applicable to this filing requirement are being sent to you under separate cover.

In addition to this requirement for a report from Members, the Act and Senate Rules provide for three categories of Senate staff who are required to submit a report. These categories are:

(A) Senate employees who meet all of these criteria: (1) they are employed by the Senate on May 15, 1981; (2) they were employed by the Senate for at least 61 days in 1980; and (3) they were paid for at least 60 days in 1980 at or above the rate of pay in effect for GS–16 of the General Schedule. Staff are considered "employed" by the Senate as of May 15, 1981 if they are actually receiving a Senate salary as of that day; those who are carried on the Disbursing Office's records as "When Actually Employed" individuals are *not* Senate employees on that day unless they actually receive payment for services performed on that day. The rates of pay in effect for grade GS–16 during 1980 were $47,889 in the period January 1 to September 30, and $50,112.50 in the period October 1 to December 31.

(B) If a Member does not have an employee on his or her personal staff who meets all three of the criteria enumerated in the preceding paragraph, then he or she is required by the Act to designate an employee as a "Principal Assistant", who must then file a disclosure report on or before May 15, 1981.

(C) Senate employees who were designated, pursuant to Senate Rule 41, to handle political funds at any time during 1980 must file a financial disclosure report on or before May 15, 1981 covering calendar year 1980. If an employee designated to handle political funds is also required to submit a disclosure report due to the requirements set forth in either paragraph (A) or (B) above (that is, salary level and period of employment, or designation as a "Principal Assistant"), then a duplicate report is not required.

The Ethics Committee staff will attempt, with the assistance of the Disbursing Office, to identify those staff who are required to file a report, and to provide them with the necessary forms and instructions. However, it is each individual's responsibility to ascertain whether he or she is obligated to file a report.

Sincerely yours,

MALCOLM WALLOP,
HOWELL HEFLIN.

MESSAGES FROM THE HOUSE

At 11:03 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that pursuant to the provisions of 16 U.S.C. 715a, as amended, the Speaker appoints Mr. DINGELL and Mr. CONTE as members of the Migratory Bird Conservation Commission, on the part of the House.

The message also announced that pursuant to the provisions of section 3(a) of Public Law 86–380, the Speaker appoints the following Members to the Advisory Commission on Intergovernmental Relations, on the part of the House: Mr. FOUNTAIN, Mr. RANGEL, and Mr. BROWN of Ohio.

The message further announced that pursuant to the provisions of section 4 (a) of Public Law 94–118, the Speaker appoints Mr. ZABLOCKI and Mr. CONTE as members of the Japan-United States Friendship Commission, on the part of the House.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

H.R. 2166. An act to amend the Energy Policy and Conservation Act to extend certain authorities relating to the international energy program.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–586. A communication from the Secretary of Agriculture, transmitting, pursuant to law, a report of the National Advisory Council on Maternal, Infant and Fetal Nutrition; to the Committee on Agriculture, Nutrition, and Forestry.

EC–587. A communication from the Deputy Assistant Secretary of Defense for Installation and Housing, transmitting, pursuant to law, a report on the design and construction supervision, inspection and overhead fees charged by the construction agents for the military construction projects of the Military Departments and the Defense Agencies; to the Committee on Armed Services.

EC–588. A communication from the Secretary of the Army, transmitting, pursuant to law, notification of discovery and disposal of lethal chemical nerve agent munitions at Dugway Proving Ground, Utah; to the Committee on Armed Services.

EC–589. A communication from the Secretary of the Army, transmitting, pursuant to law, notification of intended disposal of chemical munitions at Pine Bluff Arsenal, Ark.; to the Committee on Armed Services.

EC–590. A communication from the Acting Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a proposed foreign military sale to Turkey; to the Committee on Armed Services.

EC–591. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Decisions to be Made on charting Future of DOD's Assault Breaker"; to the Committee on Armed Services.

EC–592. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, a report under the Interstate Land Sales Full Disclosure Act; to the Committee on Banking, Housing, and Urban Affairs.

EC–593. A communication from the Secretary of the Interior, transmitting, pursuant to law, a report on the Teton Dam claims program; to the Committee on Energy and Natural Resources.

EC–594. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Deteriorating Highways and Lagging Revenues: A Need To Reassess the Federal Highway Program"; to the Committee on Environment and Public Works.

EC–595. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the provision to El Salvador of defense articles, services, and training; to the Committee on Foreign Relations.

EC–596. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, copies of international agreements other than treaties, entered into by the United States within the previous 60 days; to the Committee on Foreign Relations.

EC–597. A communication from the assistant vice president of the Farm Credit Banks of St. Louis, transmitting, pursuant to law, tables that were inadvertently omitted from the initial report of the Farm Credit Banks of St. Louis Retirement Plan Report; to the Committee on Governmental Affairs.

EC–598. A communication from the Deputy Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a report on a proposed alteration to a system of records in the Department of Defense for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–599. A communication from the Deputy Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a report on a proposed alteration to a system of records for the Department of Defense for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–600. A communication from the Deputy Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a report on a proposed alteration to a system of records of the Department of Defense for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–601. A communication from the Deputy Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a report on a proposed alteration to a system of records of the Department of Defense for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–602. A communication from the Deputy Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a report on an alteration to a system of records of the Department of Defense for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–603. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, legislation adopted by the Council on February 10, 1981; to the Committee on Governmental Affairs.

EC–604. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Federal Employees' Compensation Act: Benefit Adjustments Needed To Encourage Reemployment And Reduce Costs"; to the Committee on Governmental Affairs.

EC–605. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Defense Needs Better System For Assuring Adequate Security At Reasonable Cost on U.S. Bases"; to the Committee on Governmental Affairs.

EC–606. A communication from the Director of the Administrative Office of the United States Courts, transmitting a draft of proposed legislation to authorize additional judicial positions for the Courts of Appeals and District Courts of the United States; to the Committee on the Judiciary.

EC–607. A communication from the Secretary of the American Battle Monuments Commission, transmitting, pursuant to law, the report on the activities of the Commission

under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–608. A communication from the Acting Administrator of the Veterans' Administration, transmitting, pursuant to law, a report on the activities of the Administration under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–609. A communication from the Secretary of the Panama Canal Commission, transmitting, pursuant to law, a report on the activities of the Commission under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–610. A communication from the General Counsel of the Civil Aeronautics Board, transmitting, pursuant to law, the report on the activities of the Board under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–611. A communication from the Acting Assistant Public Affairs Director for News, Department of Agriculture, transmitting, pursuant to law, the report on the activities of the Department under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–612. A communication from the Deputy Director of the Central Intelligence Agency (Administration), transmitting, pursuant to law, the report on the activities of the Agency under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–21. A petition from a cititzen of North Hollywood, Calif., favoring congressional cooperation with President Reagan's efforts to strengthen the military power of the United States; to the Committee on Armed Services.

POM–22. A petition from a citizen of North Hollywood, Calif., favoring congressional cooperation with President Reagan's efforts to strengthen the military power of the United States; to the Committee on Armed Services.

POM–23. A petition from a citizen of Mission Hills, Calif., favoring congressional cooperation with President Reagan's efforts to strengthen the military power of the United States; to the Committee on Armed Services.

POM–24. A petition from a citizen of Sun Valley, Calif., favoring congressional cooperation with President Reagan's efforts to strengthen the military power of the United States; to the Committee on Armed Services.

POM–25. A petition from a citizen of North Hollywood, Calif., favoring congressional cooperation with President Reagan's efforts to strengthen the military power of the United States; to the Committee on Armed Services.

POM–26. A petition from a citizen of Cuyahoga Falls, Ohio, favoring congressional cooperation with President Reagan's efforts to strengthen the military power of the United States; to the Committee on Armed Services.

POM–27. A resolution of the First Congress of the Federated States of Micronesia; to the Committee on Energy and Natural Resources:

"CONGRESSIONAL RESOLUTION No. 1–130

"Whereas, the one hospital facility serving the 38,650 people of the State of Truk is the Truk hospital built in 1971 and located on the island of Moen; and

"Whereas, the Truk hospital was negligently constructed due to defects in design and the use of inappropriate building materials; and

"Whereas, over the years, the maintenance needed to keep both the hospital's physical plant and equipment in operating condition has not been fully performed, largely because of inadequate funding; and

"Whereas, the initial poor construction and subsequent neglect has caused the Truk hospital to deteriorate to the point where the building structure, electrical system, plumbing and equipment are all in a gross state of disrepair; and

"Whereas, the hospital's deteriorated condition makes it impossible to provide hygienic conditions and to furnish adequate medical care; and

"Whereas, the deterioration of the Truk hospital facilities has been documented in a report dated April 25, 1980, by the Bureau of Public Works of the Trust Territory Government and, most recently, in a report dated September 4, 1980, by a representative of the United States Department of Health and Human Services; and

"Whereas, the deplorable condition of the hospital and attendant lack of needed health services presents a life threatening situation to the residents of Truk; and

"Whereas, the United States as administering authority is obligated under the terms of Article 6 of the Trusteeship Agreement "to protect the health of the inhabitants of the Trust Territory"; now, therefore,

"Be it resolved by the First Congress of the Federated States of Micronesia, Third Special Session, 1981, that the Government of the United States is hereby requested to provide funding of $1.7 million to repair and renovate the Truk hospital; and

"Be it further resolved that it is the sense of the Congress of the Federated States of Micronesia that the present condition of the Truk hospital is the result of negligence on the part of the Trust Territory Administration; and

"Be it further resolved that certified copies of this resolution be transmitted to the United Nations Trusteeship Council; United States Senators Warren Magnuson, Frank Church, Jacob Javits, John Glenn, Jesse Helms, Milton Young, Robert C. Byrd, Thadeus Stevens, Henry Jackson, Mark Hatfield, J. Bennett Johnston, Jr., Daniel K. Inouye, and Spark Matsunaga; Members of the U.S. House of Representatives Jamie Whitten, Silvio Conte, Sidney Yates, Joseph McDade, Clement Zablocki, William Broomfield, Lester Wolff, Tennyson Guyer, Morris Udall, Phillip Burton, Robert Duncan, Donald Clausen, Robert Lagomarsino, Daniel Akaka, Cecil Heftel, and Antonio B. Won Pat; Mr. Rodney Weiher and Mr. Ronald Cogswell in the Office of Management and Budget; Secretary of the Department of the Interior Cecil D. Andrus; Under-Secretary of the Department of the Interior James A. Joseph; Assistant Secretary for Territorial and International Affairs Wallace O. Green; Trust Territory High Commissioner Adrian P. Winkel; the President of the Federated States of Micronesia; the Governor and the Speaker of the legislature, State of Truk; the Chairman of the Commission on Future Political Status and Transition and the Washington Liaison Officer."

POM–28. A resolution of the First Congress of the Federated States of Micronesia; to the Committee on Foreign Relations:

"CONGRESSIONAL RESOLUTION No. 1–129

"Whereas, the Ministry of Science and Technology of the Government of Japan is proceeding with its plans to dump nuclear waste north of the Mariana Islands; and

"Whereas, despite unanimous and vigorous protests of Pacific Island nations and territories lodged against the plans of the Government of Japan to dump nuclear waste in the Pacific Ocean and increasing evidence as to the hazards of such dumping, the Ministry of Science and Technology of the Government of Japan is still proceeding to convert the Pacific Ocean into a nuclear dumping site; and

"Whereas, it has become apparent to this Congress that concerted action by Pacific Island nations and territories against the Government of Japan is necessary to prevent the Pacific Ocean from being converted into a nuclear dumping site; and

"Whereas, Pacific Island nations and territories annually import hundreds of millions of dollars in goods from Japan; and

"Whereas, the threat of a unified boycott by Pacific Island nations and territories of Japanese goods to take effect upon the dumping of nuclear waste north of the Mariana Islands should discourage the Government of Japan in proceeding with its present plans; now, therefore,

"Be it resolved by the First Congress of the Federated States of Micronesia, Fourth Regular Session, 1980, that the President of the Federated States of Micronesia is hereby requested to begin talks with Pacific Island nations and territories to organize a boycott of Japanese goods to take effect upon the dumping of nuclear waste by the Government of Japan north of the Mariana Islands or elsewhere in the Pacific Basin; and

"Be it further resolved that certified copies of this resolution be transmitted to the President of the Federated States of Micronesia; the President of the United Nations Trusteeship Council; the United States Congressional House and Senate Committees on Territories; the United States Senate Committee on Energy and Resources; the United States Secretary of State; the United States Secretary of the Interior; the Prime Minister of Japan; the Japan Minister of International Trade and Industry; the Japan Minister of Science and Technology; the United States Ambassador to Japan; the President of Nauru; the President of the Marshall Islands; the Speakers of the Legislatures of Commonwealth of the Northern Mariana Islands, Guam, Palau, Yap, Truk, Ponape and Kosrae; and the South Pacific Commission."

POM–29. A resolution of the Fifteenth Guam Legislature; to the Committee on Foreign Relations:

"RESOLUTION No. 620

"Be it resolved by the Legislature of the Territory of Guam:

"Whereas, the Legislative Presiding Officers of the Pacific Basin duly vested by their respective citizens in preserving the health, welfare and livelihood of the Pacific island nations met on Guam on August 14 and 15 and jointly adopted a resolution 'pursuing their rights in the International Court of Justice'; and

"Whereas, the Government of Japan has announced its plan to dump low-level radioactive waste into the northwest Pacific in a location approximately 900 kilometers or 600 miles north of the Commonwealth of the Northern Mariana Islands; and

"Whereas, such disposal will adversely affect the marine environment of the Mariana Islands and the health and welfare of all Pacific Basin citizens—fishing and tourism are the only viable industries which can be developed by the Pacific island nations, given their limited natural resources; and

"Whereas, there industries are completely dependent upon a pollution free marine environment; and

"Whereas, the dumping of low-level radioactive waste under or upon the seabeds of those areas of the Pacific over which ocean currents and marine life flow will disrupt the ecosystem of the Pacific Ocean and present a substantial and perpetual threat to the biological and economic integrity of the oceans' natural resources; and

"Whereas, the various island areas in the Pacific Ocean proximate to the territorial waters of many Pacific island nations have

been considered as possible sites for disposal and storage of nuclear waste; and

"Whereas, nuclear scientists cannot guarantee the absolute safety of these programs or that no radioactive material might be released into the ocean; and

"Whereas, any miscalculation could have an irreversible negative impact upon the fishery resources of the Pacific and the health and welfare of the citizens of the Pacific Basin; and

"Whereas, the representatives of the Government of Japan which presented information to the Second Annual Conference—Association of Pacific Basin Chief Executives as to the danger any proposed disposal of radioactive waste would present to the safety, health and welfare of the people of the Pacific Basin; and

"Whereas, the Government of Japan and the Government of the United States are presently conducting studies on the disposal of nuclear waste; and

"Whereas, such efforts should no longer be directed toward the disposal of nuclear waste in the ocean or storage on a Pacific Island; now, therefore, be it

"*Resolved*, that the Guam Legislature, on behalf of the people of Guam, and the Pacific Basin, hereby demand that the Government of Japan halt its planned dumping of nuclear waste materials into international Pacific waters; and be it further

"*Resolved*, that the United States Government and the Government of Japan cease in their efforts to study the feasibility of storing nuclear waste in the Pacific Ocean or on a Pacific Island; and be it further

"*Resolved*, that the United Nations International Court of Justice is hereby requested to require that the Government of Japan and the United States Government cease and desist from disposing low-level radioactive waste in the northwest Pacific Ocean; and be it further

"*Resolved*, that the United Nations is hereby further requested to inquire if countries, not a party to the "London Dumping Treaty", are regularly depositing their spent radioactive wastes in the ocean without the knowledge of the signatures to the abovementioned document; now, therefore, be it

"*Resolved*, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the Secretary General of the United Nations; to the Prime Minister of the Government of Japan; to the President of the United States of America; to the Speaker of the House of Councillors of the Japan National Diet; to the Chief Justice and Justices of the International Court of Justice; to the Executive Secretary of the Japan Congress Against Atomic and Hydrogen Bombs (GENSUIKIN); to the United States Ambassador to Japan; to the Presiding Officers of the United States Congress; to the Secretary General of the Asian Parliamentary Union; to the Presiding Officers of the Hawaii State Legislature; to the Presiding Officers of the Northern Marianas Commonwealth Legislature; to the Presiding Officers of the American Samoa Legislature; to the President of the Federated States of Micronesia; to the Governors of the States of Yap, Truk, Ponape, and Kosrae; to the President of the Marshall Islands; to the Presiding Officers of the Marshall Islands Legislature; to the Presiding Officers of the State Legislatures of Yap, Ponape, Kosrae, and Truk; to the Presiding Officers of the Palau Legislature; to the Governor of American Samoa; to the Governor of the Commonwealth of the Northern Mariana Islands; to Guam's Delegate to the United States Congress; to the Northern Marianas Representative to Washington, D.C.; to the Hawaii State Delegation to the United States Congress; and to the Governor of Guam."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 271. A bill to repeal section 222 of the Communications Act of 1934 (Rept. No. 97-25).

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Special Report entitled "Oversight Activities of the Committee on Banking, Housing, and Urban Affairs (Rept. No. 97-26).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry:

C. W. McMillan, of Virginia, to be an Assistant Secretary of Agriculture.

(The above nomination reported from the Committee on Agriculture, Nutrition, and Forestry, with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. BAKER (for Mr. DOLE), from the Committee on Finance:

Angela M. Buchanan, of the District of Columbia, to be Treasurer of the United States.

David B. Swoap, of Virginia, to be Under Secretary of Health and Human Services.

(The above nominations reported from the Committee on Finance, with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. ROTH, from the Committee on Governmental Affairs:

Ricardo M. Urbina, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia.

By Mr. HATCH, from the Committee on Labor and Human Resources:

Thorne G. Auchter, of Florida, to be an Assistant Secretary of Labor.

(The above nomination reported from the Committee on Labor and Human Resources, with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HARRY F. BYRD, JR.:

S. 684. A bill to establish a procedure for a congressional review of agency rules; to the Committee on the Judiciary.

By Mr. HEFLIN (for himself, Mr. FORD, Mr. MATSUNAGA, Mr. HEINZ, Mr. TSONGAS, Mr. MATHIAS, and Mr. RIEGLE):

S. 685. A bill to accelerate the development and utilization of laser and particle beam technology, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HEFLIN:

S. 686. A bill to amend the Internal Revenue Code of 1954 to provide for a deduction for expenses for legal services; to the Committee on Finance.

S. 687. A bill to amend the Internal Revenue Code of 1954 to provide an additional personal exemption for the taxpayer, the taxpayer's additional spouse, or a dependent, who has a disability requiring the use of a wheelchair; to the Committee on Finance.

By Mr. INOUYE (for himself and Mr. MATSUNAGA):

S. 688. A bill to amend titles XVIII and XIX of the Social Security Act to provide that community mental health center services shall be covered under part B of medicare and shall be a required service under medicaid; to the Committee on Finance.

By Mr. HEINZ (for himself, Mr. PRESSLER, Mr. BIDEN, and Mr. PERCY):

S. 689. A bill to amend section 307 of the Veterans Health Programs Extension and Improvement Act of 1979 to require the promulgation of regulations containing guidelines for resolving claims for veterans' benefits based on exposure to Agent Orange, and for other purposes; to the Committee on Veterans Affairs.

By Mr. INOUYE (for himself and Mr. MATSUNAGA):

S. 690. A bill to authorize the Secretary of the Navy to sell certain harbor craft to Indo-Pacific Fisheries, Inc.; to the Committee on Armed Services.

By Mr. THURMOND:

S. 691. A bill to amend titles 18 and 17 of the United States Code to strengthen the laws against record, tape, and film piracy and counterfeiting, and for other purposes; to the Committee on the Judiciary.

By Mr. BRADLEY (for himself, Mr. PACKWOOD, Mr. DANFORTH, and Mr. TSONGAS):

S. 692. A bill to amend the Internal Revenue Code of 1954 to provide taxpayers engaged in a trade or business a credit against income tax for amounts contributed to a reserve the payments from which must be used for research and experimentation by institutions of higher education and to provide a deduction for such payments; to the Committee on Finance.

By Mr. BENTSEN:

S. 693. A bill for the relief of Elena Cazimir and Marius Cazimir; to the Committee on the Judiciary.

By Mr. TOWER (for himself and Mr. STENNIS) (by request):

S. 694. A bill to authorize supplemental appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and for research development, tests, evaluation, and to increase the authorized personnel strength for military and civilian personnel of the Department of Defense, and for other purposes; to the Committee on Armed Services.

By Mr. LUGAR:

S. 695. A bill to amend the formula used for reapportionment; to the Committee on the Judiciary.

By Mr. DANFORTH:

S. 696. A bill to amend the Internal Revenue Code of 1954 to treat as public charities certain organizations which operate libraries; to the Committee on Finance.

By Mr. HELMS:

S. 697. A bill to amend the Internal Revenue Code of 1954 to permit certain multiyear pension plan distributions to be treated as qualifying rollover distributions; to the Committee on Finance.

By Mr. DECONCINI:

S. 698. A bill to authorize the Secretary of the Interior to assist the Yuma County Water Users' Association, Arizona, to relocate the headquarters of such Association;

to the Committee on Energy and Natural Resources.

S. 699. A bill entitled the "Federal Diversion Act of 1981"; to the Committee on the Judiciary.

By Mr. WALLOP (for himself, Mr. DOMENICI, Mr. CRANSTON, Mr. SCHMITT, and Mr. HAYAKAWA):

S. 700. A bill to amend chapter 45 of the Internal Revenue Code of 1954 with respect to the exemption of the State share of Federal royalties from the Crude Oil Windfall Profit Tax and to insure the deductibility of certain severance taxes; to the Committee on Finance.

By Mr. BENTSEN:

S. 701. A bill to amend the Internal Revenue Act of 1954 to provide for the exclusion from taxation of interest earned on deposits which are used for residential mortgage lending purposes; to the Committee on Finance.

By Mr. BAUCUS (for himself, Mr. PACKWOOD, Mr. CANNON, Mr. RIEGLE, Mr. BENTSEN, Mr. WALLOP, Mr. MATSUNAGA, and Mr. BOREN):

S. 702. A bill to allow an income deduction for certain motor carrier operating authorities to offset the impact of the Motor Carrier Reform Act of 1980; to the Committee on Finance.

By Mr. COCHRAN:

S. 703. A bill for the relief of Grady L. Lewis; to the Committee on the Judiciary.

By Mr. JEPSEN:

S. 704. A bill to amend the Commodity Credit Corporation Charter Act to establish a revolving fund to finance short-term export credit sales of agricultural commodities produced in the United States; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DOMENICI:

S. 705. A bill to authorize the Secretary of Agriculture to convey certain National Forest System Lands, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

S. 706. A bill to establish a National policy for the timely notice, conduct, approval, and record of Federal land surveys, and for other purposes; to the Committee on Energy and Natural Resources.

By Mrs. KASSEBAUM:

S. 707. A bill to provide for certain importers of crude oil to contribute to the Strategic Petroleum Reserve; to the Committee on Energy and Natural Resources.

By Mr. CHAFEE (for himself, Mr. BENTSEN, Mr. DANFORTH, Mr. GARN, Mr. DOLE, Mr. GOLDWATER, Mr. HAYAKAWA, Mr. LUGAR, Mr. MATHIAS, Mr. PERCY, Mr. PRESSLER, Mr. ROTH, Mr. THURMOND, and Mr. TOWER):

S. 708. A bill to amend and clarify the Foreign Corrupt Practices Act of 1977; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HATFIELD (for himself, Mr. PACKWOOD, Mr. CRANSTON, Mr. LEAHY, Mr. STAFFORD, Mr. INOUYE, and Mr. TSONGAS):

S. 709. A bill to require a refund value for certain beverage containers, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. DURENBERGER (for himself, Mr. BOREN, Mr. CHAFEE, Mr. DANFORTH, and Mr. PERCY):

S. 710. A bill relating to a Fishing Tackle Excise Tax; to the Committee on Finance.

By Mr. DURENBERGER:

S. 711. A bill to amend the Internal Revenue Code of 1954 to provide for inflation adjustments; to the Committee on Finance.

By Mr. BRADLEY (for himself, Mr. WEICKER, and Mr. JOHNSTON):

S.J. Res. 46. Joint resolution declaring "United States Tennis Association Day"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HARRY F. BYRD, JR.:

S. 684. A bill to establish a procedure for a congressional review of agency rules; to the Committee on the Judiciary.

RULES REVIEW ACT OF 1981

(The remarks of Mr. HARRY F. BYRD, JR., on this legislation appear in today's RECORD.)

By Mr. HEFLIN (for himself, Mr. FORD, Mr. MATSUNAGA, Mr. HEINZ, Mr. TSONGAS, Mr. MATHIAS, and Mr. RIEGLE):

S. 685. A bill to accelerate the development and utilization of laser and particle beam technology, and for other purposes; to the Committee on Commerce, Science, and Transportation.

NATIONAL LASER INSTITUTE ACT

(The remarks of Mr. HEFLIN and Mr. MATSUNAGA on this legislation appear earlier in today's RECORD.)

By Mr. HEFLIN:

S. 686. A bill to amend the Internal Revenue Code of 1954 to provide for a deduction for expenses for legal services; to the Committee on Finance.

TAX DEDUCTION FOR EXPENSES FOR LEGAL SERVICES

(The remarks of Mr. HEFLIN on this legislation appear earlier in today's RECORD.)

By Mr. INOUYE (for himself and Mr. MATSUNAGA):

S. 688. A bill to amend titles XVIII and XIX of the Social Security Act to provide that community mental health center services shall be covered under part B of medicare and shall be a required service under medicaid; to the Committee on Finance.

MENTAL HEALTH SERVICES UNDER MEDICARE AND MEDICAID

● Mr. INOUYE. Mr. President, today I am introducing legislation on behalf of Senator MATSUNAGA and myself that would amend our Nation's Social Security Act in order to insure that appropriate mental health centers will be directly reimbursable under both the medicare and medicaid programs.

Since our medicare and medicaid laws were first enacted in 1965, the scope of the mental health benefits has not been amended. During this 15 years of experience that we have had in administering the programs, there have, however, been a number of other substantive changes that the Congress felt were appropriate.

There no longer can be any question that our Nation's mental health professionals made major strides in both defining the practicalities of what are, in fact, mental health services and identifying those target populations which would benefit from mental health expertise Unfortunately, however, as the Senate Finance Committee's hearings in August of 1978 clearly demonstrated, there is no unity within the mental health professions nor the consumers of the mental health services as to what types of services or what providers should be reimbursed under the Social Security Act. Accordingly, Senator MATSUNAGA and I are today introducing legislation that we feel is a reasonable attempt to address both the issues that have not yet been resolved and at the same time, provide for an increased benefit package under the Social Security Act.

The first major policy that we are addressing in this legislation is that, in fact, our Nation's community mental health centers should be directly reimbursable under the Social Security Act. As evidenced by the recommendations of the President's Commission on Mental Health, the network of community mental health centers that has evolved over the past decade has a long and glorious history of being truly responsive to the needs of our Nation's consumers. Accordingly, we are now confident that they do have the professional and the administrative integrity needed to participate in social security programs.

Along with specifically focusing upon utilizing community mental health centers as an appropriate vehicle in providing mental health services, we have also adopted the recommendation of the President's Commission on Mental Health that each of the four traditional mental health disciplines should be directly reimbursed for those services that they provide within the scope of their own State licensing or certification acts. At the same time, we strongly feel that it is important to provide for interdisciplinary peer review within each mental health center. Accordingly, we have attempted to amend the present medically oriented social security regulations with a more dynamically oriented approach that reflects the realities of mental health treatment by requiring:

First. That each of our four disciplines shall be able to bill for their professional services, and;

Second. That interdisciplinary peer review mechanisms will be in place to insure that the services are safe, effective, and appropriate.

We are quite confident that each of these four traditional disciplines has the ability to refer to another type of practitioner when he or she feels that such additional expertise would be appropriate. I would also like to note that we have spelled out specific legislative criteria for defining each of the four disciplines which is the highest level of training offered by each one.

In deciding that community mental health centers should be reimbursed for their services, we were faced with the dilemma that there are different types of services that, in fact, such centers provide. Our proposal, as indicated earlier, would allow each of the four mental health disciplines to be reimbursed for "their professional services" by which we mean consumers would be able to receive visits for drugs, psychological testing, and individual or family or group psychotherapy. We have specifically authorized reimbursement for up to 15 visits per year, per patient, and upon approval by an interdisciplinary review committee, an additional 30 visits. There are, however, a number of services such as day care, dance therapy, recreational therapy, occupational therapy, psychodrama, and so forth, that we, in all can-

dor, question as to whether these should be reimbursed on a fee-for-service basis. Accordingly, our proposal would direct the Secretary of the Department of Health and Human Services to spell out in regulations what types of supportive services should be provided, and under what conditions. We feel that this is the type of administrative decision that the Secretary should make after consultation with the appropriate professional disciplines.

I sincerely hope that the Senate Finance Committee will be able to hold additional hearings this year on the scope of mental health benefits under the Social Security Act and at that time, the committee will look very closely at the possibility of reimbursing community mental health centers. From all the information that I have reviewed, we will not be able to contain our ever-escalating cost of physical health care unless we aggressively make available the appropriate delivery of mental health services. There seems very little doubt that well over half of the current visits being made to our physical health care system are really made by individuals who have emotional, rather than organic etiology for their physical symptoms. This I can assure you is an extraordinarily expensive way of not meeting real and pressing needs.

I request unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 688

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1832(a)(2) of the Social Security Act is amended—

(1) by striking out "and" at the end of subparagraph (E);

(2) by striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new subparagraph:

"(G) community mental health center services, subject to the limitations in section 1861 (dd).".

(b) Section 1833(c) of such Act is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B);

(2) by inserting "(1)" after "(c)"; and

(3) by adding at the end thereof the following new paragraph:

"(2) In making the determination under paragraph (1), there shall not be included any expenses incurred by an individual for community mental health center services with respect to which payment is authorized to be made on his behalf under this part.".

(c) Part C of title XVIII of such Act is amended by adding at the end thereof the following new subsection:

"COMMUNITY MENTAL HEALTH CENTER SERVICES

"(dd)(1)(A) The term 'community mental health center services' means the following items and services provided to a patient by a community mental health center (as defined in paragraph (2) by an employee of such center:

"(i) Professional services provided by a mental health specialist (as defined in paragraph (3)).

"(ii) Supportive services provided by such center to its patients as the Secretary determines to be appropriate, furnished under the supervision of a mental health specialist.

"(iii) Drugs and biologicals which cannot, as determined in accordance with regulations be self-administered, and which are furnished by the center (or prescribed by an employee of the center) under the supervision of a mental health specialist.

"(B) No service shall be considered to be a community mental health center service for purposes of subparagraph (A) unless such service—

"(i) in the case of an individual who is an outpatient, is reasonable and necessary in order to prevent the institutionalization of such individual, to prevent such individual from being unable to carry out activities in society which are generally accepted as being necessary for independent functioning; or to prevent such individuals from being a danger to himself or others; or

"(ii) in the case of an individual who is an inpatient, is reasonable and necessary in order to diagnose or treat a mental condition which necessitates diagnosis or treatment on an inpatient basis, and can be reasonably expected to improve, or prevent the deterioration of, such condition.

"(2) The term 'community mental health center' means a public or voluntary community-based nonprofit facility which—

"(A) meets the definition of a community mental health center under section 101 of the Mental Health Systems Act;

"(B) maintains clinical records on all patients;

"(C) has bylaws in effect with respect to its staff which require that all services be rendered under the supervision of a mental health specialist; and

"(D) has in effect a utilization review plan for purposes of making determinations required under paragraph (4), which provides for a multidiscipline utilization review committee composed of mental health specialists.

"(3)(A) The term mental health specialist' means an individual who is—

"(i) a clinical psychologist (as defined in subparagraph (B)):

"(ii) a clinical social worker (as defined in subparagraph (C)):

"(iii) a psychiatric nurse specialist (as defined in subparagraph (D)); or

"(iv) a psychiatrist (as defined in subparagraph (F)).

"(B) The term 'clinical psychologist' means an individual who—

"(i) is licensed or certified at the independent practice level of psychology by the State in which he so practices;

"(ii) possesses a doctorate degree in psychology from a regionally accredited educational institution, or for those individuals who were licensed or certified prior to January 2, 1978, possess a master's degree in psychology and is listed in a national register of mental health service providers in psychology which the Secretary deems appropriate: and

"(iii) possesses two years of supervised experience in health service, at least one year of which is post degree.

"(C) The term 'clinical social worker' means an individual who—

"(i)(I) possesses a master's or doctor's degree in social work,

"(II) after obtaining such degree has performed at least two years of supervised clinical social work, and

"(III) is licensed or certified as a clinical social worker in the State in which the individual performs the community mental health center services; or

"(ii) is listed in a national register of social workers who, by education and experience, qualify as health care providers in clinical social work.

"(D) The term 'psychiatric nurse specialist' means an individual who—

"(i) is licensed to practice nursing by the State in which the individual practices nursing;

"(ii) possesses a master's degree or higher degree in psychiatric nursing or a related field from an accredited educational institution; and

"(iii) is certified as a psychiatric nurse by a duly recognized national professional nurse organization.

"(E) The term 'psychiatrist' means a physician who—

"(i) is described in clause (1) of section 1861(r); and

"(ii) is board certified by the American Board of Psychiatry and Neurology or has successfully completed a minimum of three years of approved graduate medical training in psychiatry.

"(4)(A) Except as provided in subparagraph (B), the number of visits for services of a mental health specialist for which payment may be made under this part as community mental health center services shall not exceed 15 visits in any calendar year for any individual.

"(B) Payment may be made for community mental health center services under this part for up to 30 visits for services of a mental health specialist, in addition to the visits for which payment is authorized under subparagraph (A), if such additional visits are approved by the utilization review committee of the facility providing such services as being medically or psychologically necessary.".

(d) Section 1861(u) of such Act is amended by inserting "community mental health center," after "detoxification facility.".

(e) Section 1864(a) of such Act is amended—

(1) by striking out "or a comprehensive outpatient rehabilitation facility as defined in section 1861(cc)(2)" and inserting in lieu thereof ", a comprehensive outpatient rehabilitation facility as defined in section 1861 (cc)(2), or a community mental health center as defined in section 1861(dd)(2)"; and

(2) by inserting "community mental health center," after "comprehensive outpatient rehabilitation facility," each place it appears.

SEC. 2. (a) Section 1905(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (17);

(2) by redesignating paragraph (18) as paragraph (19); and

(3) by inserting after paragraph (17) the following new paragraph:

"(18) community mental health center services (as defined in section 1861 (dd)), subject to the same limitations with respect to numbers of visits for any individual as apply under title XVIII to individuals eligible for benefits under that title; and".

(b) Section 1902(a) of such Act is amended—

(1) by striking out "paragraphs (1) through (5) and (17)" in paragraph (13)(B) and inserting in lieu thereof "paragraphs (1) through (5), (17), and (18)";

(2) by striking out "paragraphs (1) through (5) and (17)" in paragraph (13)(C)(i) and inserting in lieu thereof "paragraphs (1) through (5), (17), and (18)";

(3) by striking out "paragraphs numbered (1) through (17)" in paragraph (13)(C)(ii) and inserting in lieu thereof "paragraphs numbered (1) through (18)"; and

(4) by striking out "paragraphs (1) through (5), (7), and (17)" in paragraph (14)(A)(i) and inserting in lieu thereof "paragraphs (1) through (5), (7), (17), and (18)".

SEC. 3. (a) The amendments made by the first section of this Act shall be effective with respect to services performed on or after the first day of the first month which

begins more than 60 days after the date of the enactment of this Act.

(b)(1) Except as provided under paragraph (2), the amendments made by section 2 shall be effective with respect to payments under title XIX of the Social Security Act for calendar quarters beginning more than 60 days after the date of the enactment of this Act.

(2) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by section 2, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.●

By Mr. HEINZ (for himself, Mr. PRESSLER, Mr. BIDEN, and Mr. PERCY):

S. 689. A bill to amend section 307 of the Veterans Health Programs Extension and Improvement Act of 1979 to require the promulgation of regulations containing guidelines for resolving claims for veterans' benefits based on exposure to agent orange, and for other purposes; to the Committee on Veterans' Affairs.

GUIDELINES FOR RESOLVING VETERANS CLAIMS REGARDING AGENT ORANGE

● Mr. HEINZ. Mr. President, the purpose of this bill is really quite straightforward. It is very similar to an amendment I offered to S. 1188, the Disabled Veterans Rehabilitation Act of 1980, on September 4, 1980. It quite simply requires the VA to promulgate regulations containing guidelines to resolve the claims of veterans' benefits based on exposure to agent orange.

This addresses, in other words, one of the most serious problems still confronting Vietnam veterans and their families, the toxic effects of the herbicide agent orange. In the last few years over 10,000 veterans have gone to the VA for treatment of agent orange-related problems resulting from skin and nervous disorders to malfunctions of internal organs and cancer.

Nor is this problem restricted to veterans. Among alleged effects are birth defects in offspring.

In recognition of the serious nature of this problem, Congress has directed the VA to conduct a wide-ranging epidemiological study of those Vietnam veterans who were exposed to agent orange. This study is just beginning and it will be at least a year before the initial findings are reported to Congress.

Mr. President, it has already been 13 years since agent orange was identified as a hazard to humans, and considerable scientific evidence exists indicating its harmful effects. Yet of the 5,025 claims which the VA has received as of November 30, 1980 for in-service exposure to herbicides, only 23 claims have been allowed. It is understandable, therefore, when many Vietnam veterans express frustration and hostility toward the efforts of their Government to respond to their pleas for help.

It is the purpose, therefore, of my bill to remove obstacles that could block compensation to veterans for agent orange, and to insure the timely consideration by the VA of findings causally linking agent orange to diseases in humans.

Since the Vietnam veteran is being told that there are insufficient data to rule on his claim for compensation, it is important that he be given assurance that every effort will be made to evaluate new evidence obtained from the VA study just as soon as possible. To accomplish this objective my bill requires the VA to develop regulations which define what conditions of service establish exposure to agent orange and what symptoms medical research has shown to be caused by agent orange. I would like to point out that the bill does not prejudge the findings of the VA epidemiological study and does not compel the VA to take any action which is not justified by the existing scientific evidence at the time.

I would also like to make clear that although this bill does not include a specific mandate that the VA's final regulations include a particular presumption framework, it is my undertanding that if the VA determines that there are disabilities causally related to exposure, then the VA will have to adjudicate individual claims for those disabilities through a presumption framework. Any other approach would result in massive and unacceptable inequities.

There is no way that individual veterans can prove that their disabilities are specifically and individually related to exposure that occurred one to two decades ago. My belief that the VA must proceed this way is reinforced by a belief that the VA will in fact proceed through a presumption framework because that is both consistent with the statutory framework for adjudicating claims, which itself proceeds through presumptions, and is also consistent with the VA's administrative practice of giving veterans the benefit of the doubt. Indeed, in the VA's recent decision to grant service-connection status to certain cardiovascular disabilities that developed after service in veterans with certain service-connected amputations, the VA adjudicated claims through a presumption framework. Accordingly, at this time I can understand that it is not necessary to include a specific requirement, but I remain convinced that the final regulations must include a presumption framework of some sort.

There are three additional points about my bill that I want to highlight. First, Mr. President, I want to note my understanding that, although my bill calls for action by the VA Administrator to issue proposed regulations not later than 90 days after the submission of the first report, and not later than 90 days after each subsequent report, on the VA's epidemiological study, the bill does not expressly preclude, and is not intended to prevent, the Administrator from taking such action at any earlier time, and indeed the text makes this point explicitly. In fact, I believe that the Administrator should develop and promulgate regulations providing guidelines for the resolution of agent orange-related claims at any earlier point at which he has information warranting specific guidelines for one or more specific types of claims for VA benefits based on exposure to agent orange.

In this regard, I would also note that the bill is not restricted to requiring action on the study results alone but also on other available pertinent information at the time the proposed regulations are issued. It seems to me that this is a clear recognition that other information may be developed on the basis of which the Administrator could act and that such information is not limited to information available at the time of the study. By including a reference to other pertinent information, the bill makes the important point that although the results of the study are important, those results will not and should not be the only basis for action.

Let me also stress that the purpose of the bill is to require the VA to conduct rulemaking once reliable results of the study are available. I am aware that the VA has yet to conduct public rulemaking on the rules it now uses to decide claims for agent orange-related disabilities. Indeed, I encourage the VA to allow public participation in all agency decisions made before the study is completed. And I understand that such action is the subject of a lawsuit filed in Federal District Court in Washington, D.C., White against Administrator Cleland. This bill is not intended to affect or influence in any way the outcome of this litigation or any rules that may or should be promulgated before the study is completed.

A second point about my bill that I want to highlight is the absence of any specific mention of genetic damage or birth defects in the bill itself. In the amendment that I offered in January 1980, I had included specific reference to this issue and provided a mechanism by which birth defects in the children of Vietnam veterans might be compensated for, should such a health problem be linked to their parents' exposure to agent orange. Such reference was not included in my amendment of September 4, 1980 to S. 1188 nor in today's bill because, in my discussions with the Veterans' Affairs Committee, I have become convinced that it would be more appropriate for the Congress to fashion any suitable legislation needed to provide compensation and health-care benefits for a child of a veteran only after Congress would have before it definitive data indicating that the birth defects do result from genetic damage due to exposure to a particular chemical during service—if that should prove to be the case. Once any such data is provided, I am confident that the Veterans' Affairs Committee and the Congress would respond promptly and properly to the need for such legislation in light of the particular facts shown to exist.

Nevertheless, I remain very concerned about this aspect of the agent orange issue, and stress that the study itself will include a focus on the question on genetic damage—as one of many alleged "long-

term adverse health effects" to be investigated—and that the provisions requiring the Administrator's recommendations on any study findings or other data to include recommendations "for administrative or legislative action, or both" would provide a firm for the consideration of legislative action, as indicated, to address problems related to genetic damage.

Finally, I wish to stress that this bill is not intended to affect or influence in any way litigation in connection with the VA's initial notice regarding the contracting process on the original request for proposal issued pursuant to Public Law 96–151, which is also the subject of a GAO investigation requested by several Members of Congress. I do not intend by this bill to interfere with the orderly processes of the courts and the investigating arm of Congress.

Mr. President, I worked very hard with Senate Veterans' Committee to structure this bill so that the committee could be supportive of it. I believe that it is the minimum we should be doing to insure that our Nation's veterans are awarded the benefits they are owed and, I believe, the minimum required to restore the Vietnam veterans' faith in the Government's efforts to address this problem thoroughly and expeditiously.

I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 689

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 307 of the Veterans Health Programs Extension and Improvement Act of 1979 (Public Law 96–151; 38 U.S.C. 219 note) is amended—

(1) by inserting "for administrative or legislative action, or both," after "recommendations" in subsection (b)(2); and

(2) by adding at the end of subsection (b) the following new paragraph:

"(3)(A)(i) Not later than ninety days after the submission of each report provided for in paragraph (2), the Administrator shall, based upon the results described in each such report and the comments and recommendations thereon and any other available pertinent information, develop and publish in the Federal Register, for public review and comments, proposed regulations containing proposed guidelines, standards, and other criteria (together with an explanation of the bases for such proposed guidelines, standards, and criteria) for resolving claims for benefits administered by the Veterans' Administration based on exposure to Agent Orange during service in the Armed Forces of the United States in the Republic of Vietnam during the Vietnam conflict.

"(ii) Proposed regulations developed and published pursuant to division (i) of this subparagraph shall include specification of any presumptions (including any presumptions regarding service and exposure) to be applied to the resolution of the claims to which such proposed guidelines, standards, and criteria in such proposed regulations apply.

"(iii) Notwithstanding any other provision of law, the public review and comment process required by division (i) of this subparagraph shall be conducted in accordance with the provisions of sections 553 (b) and (e), 556, and 557 of title 5, United States Code.

"(iv) On the same day as such proposed regulations are published as required by division (i) of this subparagraph, the Administrator shall submit to the appropriate committees of the Congress any recommendations for legislative action that the Administrator considers appropriate in light of such proposed guidelines, standards, and criteria, the report submitted pursuant to paragraph (2), and any other available pertinent information.

"(B) Not later than ninety days after the completion of the public review and comment process provided for in subparagraph (A)(i) and (iii), the Administrator shall publish in the Federal Register final regulations containing the guidelines, standards, and other criteria (together with an explanation of the bases for such guidelines, standards, and criteria) for resolving the claims involved.

"(C) Nothing in subparagraph (A) or (B) shall be considered to limit in any way the discretion and authority of the Administrator to promulgate or prescribe regulations, guidelines, standards, or other criteria for resolving any claims described in subparagraph (A)(i) at any time earlier than the time prescribed in subparagraph (A) for the publication of the proposed regulations described in such subparagraph.

"(D) The Administrator's compliance with the provisions of, and any regulations promulgated pursuant to, this paragraph shall be subject to judicial review in accordance with the provisions of chapter 7 of title 5, United States Code.".●

By Mr. INOUYE (for himself, and Mr. MATSUNAGA):

S. 690. A bill to authorize the Secretary of the Navy to sell certain harbor craft to Indo-Pacific Fisheries, Inc.; to the Committee on Armed Services.

SALE OF CERTAIN VESSELS TO INDO-PACIFIC FISHERIES, INC.

● Mr. INOUYE. Mr. President, I am introducing today a bill which would authorize the Secretary of the Navy to sell to Indo-Pacific Fisheries, Inc., a firm based in Hawaii, any or all of the following vessels—YW83, YOG68, YW86, YW126, YO174, YW101, YOG79—which are no longer needed by the Navy, for conversion and operation in the fisheries of the United States.

The vessels are surplus Navy tankers presently located at the Naval Inactive Ship Maritime Facility at Pearl Harbor, Hawaii. Indo-Pacific Fisheries, Inc., wishes to convert and subsequently operate these vessels in the U.S. fisheries in the mid-Pacific, as "mother ships" which would offload and resupply small catcher vessels.

In addition to allowing the acquisition and use of these surplus vessels by this Hawaii firm, enactment of this bill would help our Government to better promote domestic fisheries development and decrease American reliance on imported fisheries products. As these vessels will be based in Hawaii after they have been refitted and will be a major addition to the local fleet, the State of Hawaii strongly supports their sale to Indo-Pacific Fisheries, Inc.

I believe that this bill would significantly benefit the fishing industry in Hawaii as well as the Federal Government by facilitating the attainment of optimal fisheries production and efficiency, and I urge my colleagues to give it early and favorable consideration.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 690

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law, and subject to the provisions of section 2, the Secretary of the Navy is authorized, at any time within one year after the date of the enactment of this Act, to sell to Indo-Pacific Fisheries, Inc., any or all of the following harbor craft which are no longer needed by the Navy: YW83, YW86, YOG 68, YW126, YO174, YW101, YOG79.

Sec. 2. Any harbor craft sold under the first section shall be sold at a price equal to the fair market value of such craft, as determined by the Secretary of the Navy.●

By Mr. THURMOND:

S. 691. A bill to amend titles 18 and 17 of the United States Code to strengthen the laws against record, tape, and film piracy and counterfeiting, and for other purposes; to the Committee on the Judiciary.

PIRACY AND COUNTERFEITING AMENDMENTS ACT OF 1981

Mr. THURMOND. Mr. President, today I am introducing a bill to provide Federal law enforcement authorities with better tools to meet the increasing problem of massive and extremely lucrative counterfeiting and piracy of records, films, tapes, and video reproductions. I might add that this proposal was essentially incorporated into the Federal Criminal Code bill last Congress and had the support of the Department of Justice.

Mr. President, in recent years that has been a rapid growth in record, tape, and film piracy and counterfeiting. This is hardly surprising, considering the tremendous technological breakthroughs in record-tape reproductions and the development of home video systems. Everyone in the legitimate chain of the creative process loses—the artists, actors, actresses, musicians, producers, publishers, directors, and others. In addition, the revenues at all levels of government are avoided.

In 1979, it was estimated that the volume of record counterfeiting amounted to more than $250 million a year. Record and film counterfeiting and piracy combined drained an estimated $650 million annually from legitimate sales and rentals in these industries. It is not uncommon to have a single operation produce an annual profit of $30 million a year. Because of the high profitability of these activiites, law enforcement officials believe that organized crime has become increasingly involved.

Mr. President, the deficiencies perceived in current law are a result of inadequate penalties and closing a few loopholes. Current 18 U.S.C. 2318, for example, is directed at illicit sound recordings in interstate commerce. The penalty is a misdemeanor for the first offense and a 2-year felony for any subsequent offense. Inexplicably, there is no crime at all unless the record, disc, cassette cartridge, or other container actually has a counterfeit label affixed—thereby exempting the transporter of the goods if he is wise enough to keep the

container and counterfeit label separated until those articles have come to rest at their destination. The present copyright laws—17 U.S.C. 506(a)—provide similarly inadequate penalties for relatively large-scale piracy and counterfeiting activities.

Mr. President, the measure I am introducing would do the following:

First, it would amend 18 U.S.C. 2318 to make it a 5-year felony (with a $250,000 fine) to knowingly transfer for profit, or possess with intent to so transfer, a counterfeit label that is affixed, or that is designed to be affixed, to a phonorecord or a copy of a motion picture or an audiovisual work. Federal jurisdiction occurs if the offense is committed first, within the special territorial, maritime, or aircraft jurisdiction of the United States; second the mail or a facility of interstate or foreign commerce is used in the commission of the offense; or third, the counterfeit label is for a copyrighted audiovisual work or motion picture or a phonorecord of a copyrighted sound recording.

Second, the bill adds a new section 2319 to title 18 to incorporate by reference the criminal infringement of a copyright offense defined in 17 U.S.C. 506(a) and to establish more appropriate penalties. A copyright offense involving at least 1,000 phonorecords or at least 65 films within any 180-day period, or a repeat offender, would be punishable by a fine of $250,000, or imprisonment for 5 years, or both. A copyright offense involving 101 to 999 phonorecords or 8 to 64 films would carry a penalty of $250,000 fine, or imprisonment for 2 years, or both. Any other violation of the section would be a 1-year misdemeanor with a fine of $250,000.

Finally, certain technical changes are included, such as adopting title 17 definitions by reference.

Mr. President, I ask unanimous consent that the bill I am introducing be printed in the RECORD following these remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 691

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Piracy and Counterfeiting Amendments Act of 1981".

SEC. 2. Section 2318 of title 18, United States Code, is amended to read as follows:

"§ 2318. Trafficking in counterfeit labels for phonorecords, and copies of motion pictures, and audiovisual works

"(a) Whoever, in any of the circumstances described in subsection (c) of this section, knowingly traffics in a counterfeit label affixed or designed to be affixed to a phonorecord, or a copy of a motion picture or an audiovisual work, shall be fined not more than $250,000 or imprisoned for not more than five years, or both.

"(b) As used in this section—

"(1) the term 'counterfeit label' means an identifying label or container that appears to be genuine, but is not;

"(2) the term 'traffic' means to transfer, or otherwise dispose of, to another, as consideration for anything of value or obtain control of with intent to so transfer or dispose; and

"(3) the terms 'copy', 'phonorecord', 'motion picture', and 'audiovisual work' have, respectively, the meanings given those terms in section 101 (relating to definitions) of title 17.

"(c) The circumstances referred to in subsection (a) of this section are—

"(1) the offense is committed within the special maritime and territorial jurisdiction of the United States or within the special aircraft jurisdiction of the United States (as defined in section 101 of the Federal Aviation Act of 1958);

"(2) the mail or a facility of interstate or foreign commerce is used in the commission of the offense; or

"(3) the counterfeit label is affixed to or encloses, or is designed to be affixed to or enclose, a copyrighted audiovisual work or motion picture, or a phonorecord of a copyrighted sound recording.".

SEC. 3. Title 18, United States Code, is amended by inserting after section 2318 the following new section:

"§ 2319. Criminal infringement of a copyright

"(a) Whoever violates section 506(a) (relating to criminal offenses) of title 17 shall be punished as provided in subsection (b) of this section.

"(b) Any person who commits an offense under subsection (a) of this section—

"(1) shall be fined not more than $250,000 or imprisoned for not more than five years, or both, if the offense—

"(A) involves the reproduction or distribution, during any one hundred and eighty-day period, of at least one thousand phonorecord or copies infringing the copyright in one or more sound recordings;

"(B) involves the reproduction or distribution, during any one hundred and eighty-day period, of at least sixty-five copies infringing the copyright in one or more motion pictures or audiovisual works; or

"(C) involves a sound recording, motion picture, or audiovisual work, and is a second or subsequent offense under this section;

"(2) shall be fined not more than $250,000 or imprisoned for not more than two years, or both, if the offense—

"(A) involves the reproduction or distribution, during any one hundred and eighty-day period, of more than one hundred but less than one thousand phonorecord or copies infringing the copyright in one or more sound recordings; or

"(B) involves the reproduction or distribution, during any one hundred and eighty-day period, of more than seven but less than sixty-five copies infringing the copyright in one or more motion pictures or audiovisual works; and

"(3) shall be fined not more than $25,000 or imprisoned for not more than one year, or both, in any other case.

"(c) As used in this section—

"(1) the terms 'sound recording', 'motion picture' 'audiovisual work', 'phonorecord', and 'copies' have, respectively, the meanings set forth in section 101 (relating to definitions) of title 17; and

"(2) the terms 'reproduce' and 'distribute' have, respectively, the meanings set forth in section 106 of title 17."

SEC. 4. The table of sections for chapter 113 of title 18 of the United States Code is amended by striking out the item relating to section 2318 and inserting in lieu thereof the following:

"2318. Trafficking in counterfeit labels for phonorecords and copies of motion pictures and audiovisual works.
"2319. Criminal infringement of a copyright."

SEC. 5. Section 506(a) of title 17, United States Code, is amended to read as follows:

"(a) Criminal Infringement.—Any person who infringes a copyright willfully and for purposes of commercial advantage or private financial gain shall be punished as provided in section 2319 of title 18.".

By Mr. BRADLEY (for himself, Mr. PACKWOOD, Mr. DANFORTH, and Mr. TSONGAS):

S. 692. A bill to amend the Internal Revenue Code of 1954 to provide taxpayers engaged in a trade or business a credit against income tax for amounts contributed to a reserve the payments from which must be used for research and experimentation by institutions of higher education and to provide a deduction for such payments; to the Committee on Finance.

RESEARCH REVITALIZATION ACT

Mr. BRADLEY. Mr. President, this country's declining productivity is of grave concern for the future of our economy. Yet the administration's tax bill presently lacks any focused approach to stimulate the type of investment most likely to enhance productivity. Indeed, the recommended "10-5-3 accelerated cost recovery system" is likely to do just the opposite by promoting investment in large, capital intensive plants and equipment. Subsidizing such investments could well lower, not raise, overall productive efficiency.

Accordingly, what is needed is legislation to promote innovation, competitiveness and technological progress. The legislation which Senators PACKWOOD, DANFORTH, TSONGAS and I are introducing today remedies this imbalance by providing a tax incentive for research. Under our legislation, business will be encouraged to contribute funds to universities for research and development.

Our bill will achieve the dual objective of facilitating the transfer of knowledge from the university to the business community and increasing the amount of funds available for research at universities.

I have intentionally mentioned the "transfer of knowledge" function first because I believe it to be the most important. I envision that the direct contact between university and industry scientists will stimulate the technology transfer which is so vital in recovering this country's competitive position in the world.

Under this legislation, a business taxpayer would receive a 25-percent credit against income tax for amounts contributed to a research reserve trust. The credit shall not exceed 5 percent of the business' taxable income. A deduction would be allowed for the taxable year during which the amounts were paid out of the research reserve. Contributions to the reserve must be spent within 4 years. The definition of qualifying research in this bill is designed to be in concert with the appropriate functions of an institution of higher education. It includes both "basic" research and research that may prove useful in the development or significant improvement of a product or process. It specifically excludes the actual development of a product and the ordinary testing or inspection which can best be done in the taxpayer's own facilities. Efficiency surveys, advertising, promotions, management studies, consumer surveys, and the acquisition of patents are also excluded.

A potential area of concern which our bill resolves is the precise nature of the interaction between the business and the academic institution. In this bill.

issues such as patents and licenses, freedom to publish and length of projects are left to the individual requirements of the parties involved.

Mr. President, this legislation targeted towards universities complements Senator DANFORTH's bill, the Research and Development Act of 1981 (S. 98) which provides a tax incentive for business to do more research and development. Research is the key to the innovative products of the future. It is my hope that this legislation will build the bridges between industry and the universities for the benefit of all. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 692

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Research Revitalization Act of 1981".

SEC. 2. TAX INCENTIVES FOR RESEARCH.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting after section 44E the following new section:

"SEC. 44F. CONTRIBUTIONS TO RESERVE FOR RESEARCH BY INSTITUTIONS OF HIGHER EDUCATION.

"(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer engaged in a trade or business, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 25 percent of the amount contributed in cash during the taxable year by the taxpayer to the research reserve of the taxpayer.

"(b) MAXIMUM CREDIT.—The credit allowed by subsection (a) to the taxpayer for the taxable year shall not exceed an amount equal to 5 percent of the taxable income of the taxpayer for such year which is properly allocable to the taxpayer's trade or business. For purposes of the preceding sentence, taxable income shall be computed without regard to the deduction under subsection (c)(2).

"(c) RESEARCH RESERVE.—

"(1) EXEMPTION FROM TAX.—Any research reserve shall be exempt from taxation under this title except that such reserve shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations).

"(2) DEDUCTION FOR PAYMENTS FROM RESERVE.—There shall be allowed as a deduction for the taxable year an amount equal to the aggregate qualified research expenses paid out of the research reserve of the taxpayer during the taxable year.

"(3) QUALIFIED RESEARCH EXPENSES.—For purposes of this section—

"(A) IN GENERAL.—The term 'qualified research expenses' means amounts paid to any institution of higher education for a planned search, critical investigation, or experimentation.

"(B) CERTAIN AMOUNTS INCLUDED.—The term 'qualified research expenses' includes, but is not limited to, those expenditures described in subparagraph (A) which may prove useful in—

"(i) the development of a new business item for the taxpayer, or

"(ii) bringing about a significant improvement in an existing business item of the taxpayer.

"(B) CERTAIN ITEMS EXCLUDED.—The term 'qualified research expenses' does not include any amount paid for—

"(i) the ordinary testing or inspection of materials or products for quality control, or for efficiency surveys, advertising, promotions, management studies, or consumer surveys;

"(ii) acquiring any patent, model, production, or process from any other person, or obtaining a patent (including attorney's fees expended in a patent application);

"(iii) research to the extent that the taxpayer has received a grant, contract or subcontract for such research from any Federal, State, or local government, or agency or instrumentality thereof; or

"(iv) applying the results of research to the development or the production of a new business item for the taxpayer, or for an improvement in an existing business item of the taxpayer.

"(4) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution described in section 1201 (a) or 491 (b) of the Higher Education Act of 1965 (as in effect on January 1, 1978).

"(5) DENIAL OF DOUBLE BENEFIT.—Any amount allowable as a deduction under this subsection shall not be allowed as a deduction under any other provision of this chapter.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) Use of reserve amounts for other than payment of qualified research expenses.—

"(A) IN GENERAL.—If any amount in a research reserve is, during a taxable year, used for any purpose other than for the payment of qualified research expenses—

"(i) an amount equal to the amount so used shall be included as taxable income (without regard to other income or deductions) to the taxpayer for the taxable year in which such use commences, and

"(ii) the liability of the taxpayer for the tax imposed by this chapter for such taxable year shall be increased by an amount equal to 300 percent of the amount so used.

"(B) EXCEPTION.—Subparagraph (A) shall not apply to any payment from any research reserve within 90 days after the last day prescribed by law (including extensions thereof) for filing the return of the tax imposed by this chapter for the taxable year if the amount of such payment is not more than the excess of—

"(i) the aggregate amount of contributions by the taxpayer to such reserve during the taxable year, over

"(ii) the maximum amount of contributions necessary to allow the taxpayer the maximum amount of credit allowable under subsection (a).

"(C) EXCESS CONTRIBUTIONS DUE TO RECOMPUTATIONS.—If, after the close of the 90th day under subparagraph (B), there is a recomputation of the maximum credit allowable to the taxpayer under subsection (b)(1) for a taxable year, subparagraph (A) shall not apply to any payment from any research reserve of the taxpayer if—

"(i) the amount of such payment does not exceed the sum of the excess described in subparagraph (B) with respect to such taxable year, plus the income on such excess,

"(ii) such recomputation was due to reasonable cause and not to willful neglect on the part of the taxpayer, and

"(iii) such payment is made at the time prescribed by regulations by the Secretary.

"(2) Contributions must be spent within 4 years.—

"(A) IN GENERAL.—If any amount remains in a research reserve for more than 4 years after the date such amount was contributed to the reserve (or, in the case of income of the reserve, the date such income was received by the reserve)—

"(i) an amount equal to such amount shall be included as taxable income (without regard to other income or deductions) to the taxpayer for the taxable year in which the last day of the 4th year occurs, and

"(ii) the liability of the taxpayer for the tax imposed by this chapter shall be increased by an amount equal to 300 percent of the amount included in income under clause (i).

"(B) CERTAIN AMOUNTS TREATED AS PAID.—For purposes of subparagraph (A), an amount shall not be treated as remaining in a research reserve on any day if there is a binding commitment on such day to pay such amount from such reserve not later than 1 year after such day. The preceding sentence shall not apply to any amount which is not paid from such reserve during such 1 year.

"(C) FIFO ACCOUNTING REQUIRED FOR CERTAIN PURPOSES.—For purposes of determining whether an amount has been held in the research reserve for more than 40 years, under regulations prescribed by the Secretary, the taxpayer shall allocate payments to contributions and income on a first-in first-out basis.

"(3) Unused research funds may be redeposited in reserve.—

"(A) IN GENERAL.—Nothing in this section shall be construed to prevent amounts which have been paid from a research reserve and which have not been spent by the recipient from being returned to such reserve.

"(B) RETURNED AMOUNTS INCLUDED IN INCOME.—Any such amount returned to the research reserve of the taxpayer during the taxable year shall be included in the income of the taxpayer for such year.

"(4) APPLICATION WITH OTHER CREDITS.—

"(A) IN GENERAL.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number of letter designation than this section, other than credits allowable by sections 31, 39, and 43.

"(B) TAX IMPOSED BY CHAPTER.—Any tax which is not treated under section 46 (a)(4) as imposed by this chapter shall not be treated as imposed by this chapter for purposes of subparagraph (A).

"(e) RESEARCH RESERVE DEFINED.—For purposes of this section, the term 'research reserve' means any trust—

"(1) which is created or organized under the laws of the United States or of any State (including the District of Columbia) for the taxpayer,

"(2) the exclusive purpose of which is the payment of qualified research expenses of the taxpayer,

"(3) contributions to which may be made only in cash,

"(4) no amount may be contributed to the trust in excess of the amount necessary to allow the taxpayer the maximum amount of credit allowable to the taxpayer under subsection (a),

"(5) the trustee of which is a bank (as defined in section 401 (d) (1)), or any person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with such purpose, and

"(6) the asset of which will not be commingled with any other property other than in a common trust fund.

"(f) REGULATIONS.—The Secretary shall prescribo such regulations as may be necessary to carry out the purposes of this section.".

(b) TECHNICAL AMENDMENT.—Subsection (b) of section 6096 of such code (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44E" and inserting in lieu tnereof "44E, and 44F".

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is

amended by inserting after the item relating to section 44E the following new item:

"Sec. 44F. Contributions to reserve for research by institutions of higher education.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after December 31, 1980.

● Mr. DANFORTH. Mr. President, I am pleased to cosponsor the Research Revitalization Act of 1981. In my opinion, increased research is essential if we are going to get inflation under control by increasing domestic productivity.

I have had a continuing interest in stimulating research in our educational institutions. In 1979, I introduced S. 1065 which was similar in many respects to the legislation I am cosponsoring today.

In my opinion, increased incentives for research are complementary to the Reagan administration's tax reduction proposals contained in S. 663 of which I am also a cosponsor. The administration's proposal recognizes the importance of research and development by including machinery and equipment used for research and development in the 3-year category instead of the 5-year category.

There has been some speculation as to whether this provision, by itself, will provide enough of an incentive to sustain domestic research at the level necessary to help get inflation under control. I look forward to working with the administration and my colleagues in the Senate in considering whether additional incentives for research are warranted and whether such incentives should be included in the first or a subsequent tax bill.●

● Mr. TSONGAS. Mr. President, today I am joining with Senators BRADLEY, DANFORTH, and PACKWOOD in introducing the Research Revitalization Act of 1981. S. 692, which can help rebuild an eroding foundation of the American economy. This legislation creates a cost-effective mechanism to encourage research with practical applications in business and industry. It is a vital antidote to economic stagnation and declining productivity.

The Research Revitalization Act provides an incentive for the private sector to invest in research and development on university campuses. The incentive mechanism is straightforward—a nonrefundable credit for 25 percent of the amount contributed in cash to tax-exempt research reserve. The maximum credit is 5 percent of the business' income. A deduction is allowed for payment from the reserve if it is used for research by colleges and universities. There are penalties if reserve funds are used other than for basic research and if funds are retained in the reserve for more than 4 years.

This legislation faces up to current research conditions. During the 1960's and 1970's, there has been a gradual shift of university efforts away from industrial needs. The Federal Government now funds 70 percent of university research. Washington effectively controls the direction of much of the basic research done in the United States. Federally-funded research has failed to lead to commercialization of enough productivity-enhancing developments.

The Research Revitalization Act will promote greater industry involvement in the basic research done at universities. It will restore some of the cooperation between industry and academia due to low return on investment. The bill recognizes that the benefits of innovation spread throughout an industry, and that it is in the national interest to encourage them. Federal spending on research and development, as measured in constant dollars, is falling. We have a national obligation—and opportunity—to do more.

During the Vietnam war and previous conflicts, defense spending served as a major Federal stimulant on technology, much of which had civilian applications. Now we need to stimulate research and development under a more positive condition—peace. The Research Revitalization Act creates a simple, efficient mechanism to move in this important direction.

This is an effective first step toward revitalizing research and development in order to increase innovation and productivity. Our compounding economic problems indicate that the time is overdue. The current trade deficit is about $25 billion annually. Internationally, America's competitive edge is disappearing. U.S. productivity stopped growing in 1978, and dropped 3 percent last year. Without more productivity, the standard of living for Americans cannot climb. If productivity is allowed to atrophy, it will besiege us in a vicious circle: profits and wages will shrink, foreign trade will stagnate, and inflation will loom even larger.

Mr. President, the Research Revitalization Act of 1981 can catalyze research and development in areas most likely to pay off practically. I urge my colleagues to consider its simple, efficient approach to the urgent problem of lagging innovation.●

● Mr. PACKWOOD. Mr. President, I join with my colleagues today in cosponsoring this legislation which will encourage basic research by colleges and universities. Basic research is essential to the development of new technologies and the commercialization of new products—products which are necessary to promote and enhance industrial innovation, and to increase productivity and real economic growth. It will be an important ingredient in our efforts to strengthen this Nation's international economic and technological position.

This legislation will complement the capital cost recovery legislation which was offered by the administration on Tuesday of this week. President Reagan's depreciation liberalization legislation is an excellent example of a productivity-boosting tax incentive. It will encourage new investment. It will help revitalize aging industrial facilities. It will help boost productivity and the ability of U.S. businesses to compete effectively in the international marketplace. It will help us to rebuild and revitalize the economy of the United States.

Mr. President, both of these bills are important. It is my hope that together they will become key ingredients in this administration's program of economic revitalization.●

By Mr. TOWER (for himself and Mr. STENNIS) (by request):

S. 694. A bill to authorize supplemental appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and for research development, tests, evaluation, and to increase the authorized personnel strength for military and civilian personnel of the Department of Defense, and for other purposes; to the Committee on Armed Services.

DEPARTMENT OF DEFENSE SUPPLEMENTAL AUTHORIZATION ACT, 1981

● Mr. TOWER. Mr. President, by request, for myself and the senior Senator from Mississippi (Mr. STENNIS), I introduce, for appropriate reference, a bill to authorize supplemental appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and for research, development, test, and evaluation, and to increase the authorized personnel strength for military and civilian personnel of the Department of Defense, and for other purposes.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the RECORD immediately following the listing of the bill.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 694

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Defense Supplemental Authorization Act, 1981."

TITLE I—PROCUREMENT OF AUTHORIZATION AND APPROPRIATIONS

SEC. 101. In addition to the funds authorized to be appropriated under title I of the Department of Defense Authorization Act, 1981, funds are hereby authorized to be appropriated for fiscal year 1981 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, as authorized by law, in amounts as follows:

AIRCRAFT

For aircraft: for the Army, $128,000,000; for the Navy and Marine Corps, $143,600,000; for the Air Force, $716,625,000.

MISSILES

For missiles: for the Army, $27,000,000; for the Air Force, $209,369,000; for the Marine Corps, $10,700,000.

NAVAL VESSELS

For Naval vessels: for the Navy, $317,700,000.

TRACKED COMBAT VEHICLES

For tracked combat vehicles: for the Army, $795,000,000; for the Marine Corps, $11,300,000.

TITLE II—RESEARCH, DEVELOPMENT, TEST AND EVALUATION

SEC. 201. In addition to the funds authorized to be appropriated under title II of the Department of Defense Authorization Act, 1981, funds are hereby authorized to be appropriated for fiscal year 1981 for the use of the Armed Forces for research, development, test, and evaluation, as authorized by law, in amounts as follows:

For the Army, $79,500,000; for the Navy (including the Marine Corps), $146,900,000; for the Air Force $330,900,000; for the Defense Agencies, $41,000,000.

TITLE III—ACTIVE FORCES

SEC. 301. Section 301 of the Department of Defense Authorization Act, 1981, is amended to increase the active duty personnel end strengths of the Navy, Marine Corps, and Air Force by striking out "537,456", "188,100" and "564,500' and inserting in place thereof "540,456", "190,600" and "569,000".

TITLE IV—RESERVE FORCES

SEC. 401(b) of the Department of Defense Authorization Act, 1981, is amended to increase the number of Reserve Component members authorized to serve on full-time active duty with the Marine Corps Reserve for the purpose of organizing, administrating, recruiting, instructing or training by striking out "67" and inserting in place thereof "133".

TITLE V—CIVILIAN PERSONNEL

SEC. 501. Section 501(a) of the Department of Defense Authorization Act, 1981, is amended by striking out "986,000" and inserting in place thereof "1,013,900".

GENERAL COUNSEL OF THE
DEPARTMENT OF DEFENSE,
Washington, D.C., March 11, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: The President has submitted a supplemental request for appropriations for fiscal year 1981. This supplemental request is designed to increase readiness and enhance defense capabilities. Some of these increased amounts will require fund authorization pursuant to section 138(a) of title 10, United States Code. In addition it will be necessary to increase certain military and civilian personnel authorizations.

Accordingly, there is forwarded herewith legislation, "To authorize supplemental appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles and for research, development, test, and evaluation, and to increase the authorized personnel strength for military and civilian personnel of the Department of Defense, and for other purposes."

The amounts herein requested for authorization represent the total amounts of supplemental appropriations now requested for those appropriations that require fund authorization, except for construction. A separate request for supplemental Military Construction is being submitted.

In accordance with the usual practices, the Committee on Armed Services will be furnished with such additional information as it may require in connection with this request.

The Office of Management and Budget has advised that enactment of this proposal would be in accord with the program of the President.

Sincerely,

L. NIEDERLEHNER,
Acting.●

By Mr. LUGAR:

S. 695. A bill to amend the formula used for reapportionment; to the Committee on the Judiciary.

MODIFICATION OF METHOD OF APPORTIONMENT OF CONGRESSIONAL DISTRICTS

Mr. LUGAR. Mr. President, to correct what many consider to be serious flaws in the method of apportionment which the Census Bureau now uses to assign congressional seats, I am introducing legislation which would require the use and retroactive application of a more equitable method.

Congress has debated the question of apportionment methods for over 150 years, engaging the wit and expertise of such illustrious statesmen and respected thinkers as Thomas Jefferson, Alexander Hamilton, and Daniel Webster. During this time it has employed several different methods and has used many authoritative sources as the bases for its decisions. Not the least of these sources was a 1929 report, issued by the National Academy of Sciences, which Congress was later to use to make its determination.

In this report, the Academy registered its preference for the equal proportions method, the method which is presently used. The fact that the equal proportions method was thought to best equalize the proportional difference between any two congressional districts and that it "occupied a mathematically neutral position with respect to emphasis on larger and smaller States" were the decisive factors in this determination.

New research has surfaced, however, which convincingly proves the inaccuracy of the latter part of this statement and which imperils the accuracy of the first part. Legislators and educators alike have demonstrated that, contrary to the Academy's findings, the equal proportions method consistently favors the small States to the detriment of the large ones. Statistics show that the last 19 censuses have been slanted toward small States by a 3.4-percent margin, a bias which mushroomed to 7 percent in the 1980 census. Earlier in this century, Senator Vandenberg spoke out against the small State bias:

> I contend as a constitutional axiom that a group of individuals should have as nearly as may be the same weight in choosing Representatives in the House whether they happen to live in the large states or the small states.

While a bias toward any group is objectionable, this one is particularly disturbing in light of the fact that citizens of small States are already better represented by the distribution of Senators.

Further, it seems self-evident that the best way to fulfill the Supreme Court's "one man-one vote" mandate is to minimize the actual numbers of people who are misrepresented through seat reapportionment. A State's unique "quota"—its exact fractional share of the congressional pool—is useful for measuring a State's faithfulness to the "one man-one vote" mandate. The term, "quota" describes the quotient resulting from the division of a State's total population by the ideal district (519,234 in 1980). In this census, to cite an actual example, California's "quota" was 45,584. It would seem fair then, that California should receive a 46th seat before New Mexico, whose "quota" is 1.504, receives its second seat. Under the present method of apportionment, however, New Mexico was allotted 2 seats and California 45. Nor is this an isolated example. In fact, five States whose fractions were smaller than California's received their "fractional" seats while California did not.

This is not an obscure question which is never to be heard from again. The fact that almost half of our country's population lies in the nine largest States improves the likelihood that large numbers of people will be disadvantaged by the violation of "quota" and the small State bias. Studies have been conducted which bear this out, indicating that an increasing number of large States are likely to be victimized by the continued use of the equal proportions method in the next two censuses.

The method which I am proposing in this legislation, the Hamilton-Vinton method, uses a logical formula which appeals to our commonsense. It divides a State's total population by the ideal district size and awards a seat to each resulting integer—with no State receiving less than one seat. The largest fractions are then distributed until all 435 seats have been doled out.

Besides being a more logical way of going about the distribution of seats, this method is perfectly evenhanded in its treatment of large and small States. Further, it is the method which most often respects "quota." Finally, it has historical basis, having been used from 1850–1900.

Its critics will point out that the Hamilton-Vinton method is subject to two mathematical quirks, the so-called Alabama paradox and the population paradox. If we assume, however, that the total size of the House is not likely to change, then the first paradox becomes moot. And even the critics of Hamilton-Vinton will concede that while the second paradox is theoretically possible, it is highly unlikely to occur in practice. My office will gladly furnish mathematical evidence for anyone wishing proof of this statement.

Questions concerning apportionment have often been decided by political considerations. In 1941 for example, Congress moved to return to Arkansas a seat which it had lost to Michigan in the 1940 census. No reasons were given for this formula change. The prevalent impression was that it was based on political expedience. I will not try to disguise the fact that I am particularly interested in this issue because Indiana was one of those large States which was victimized by a "quota" distortion. But I would not try to convince this body to overturn an apportionment method which was free of serious imperfections. With the introduction of this measure, I am only asking Congress to be guided by a sense of fairness and to act, in the interests of equity, on an issue which will grow in its importance to our Nation.

By Mr. DANFORTH:

S. 696. A bill to amend the Internal Revenue Code of 1954 to treat as public charities certain organizations which operate libraries; to the Committee on Finance.

TREATMENT AS PUBLIC CHARITIES OF CERTAIN ORGANIZATIONS WHICH OPERATE AS LIBRARIES

● Mr. DANFORTH. Mr. President, today I am introducing a bill to provide that

any tax-exempt organization whose activities are devoted to the operation of a library of the type I am about to describe, be treated for tax purposes as a public charity in the same manner as other educational organizations such as schools and universities. The types of libraries to which this bill refers are: First, those which are operated as a permanent and principal part of the tax-exempt activities of the subject organization and were organized by a public act of the United States, of any State, of the District of Columbia, or of any possession of the United States, or were in existence prior to 1789; and second, ones which are open and available to the public at no charge and are operated as the sole activity of the subject organization. The bill is limited to only those libraries which I have just described in order to insure that only such libraries that are clearly organized to serve the public will benefit from this legislation.

Because of the investment income from their endowments, some tax-exempt organizations that operate libraries of the types described above run the annual risk that they will fail to meet the Internal Revenue Service guidelines to qualify as a "publicly supported organization" and that, therefore, they will be classified as a private foundation.

Under existing law, unless a library meets the "publicly supported" financial tests, it will not qualify as a public charity even though such library clearly serves a public purpose. Such libraries spend significant amounts in legal and accounting fees on an annual basis in order to determine and insure that they meet the Internal Revenue Service guidelines, which amounts would otherwise go to the exempt purpose; for example, the purchase of books, et cetera.

A library that does not meet these tests is usually classified as a private operating foundation and is required to pay a 2-percent excise tax on its net investment income. The purpose of the excise tax, as set out in the legislative history, is not to raise revenue for the Government, but to cover the Internal Revenue Service expense in monitoring private foundations, principally to insure that such organizations are promptly and properly using their funds for charitable purposes. The purpose behind the excise tax does not appear to be applicable to the classes of libraries described in this bill.

A library that is classified as a private foundation also has a more difficult task than an organization classified as a public charity in soliciting funds from potential contributors. For example, a private foundation that is not an operating foundation may make contributions to public charities and private operating foundations, but generally may not make qualifying contributions to other private foundations that are not operating foundations. Because of the uncertainty as to whether a private operating foundation continues to qualify as an operating foundation—there are complex tests that must be satisfied annually—many individual contributors and other private foundations that are not operating foundations are hesitant to contribute funds to such an organization even though it clearly serves a public purpose. As a result, funds that would otherwise go to libraries described in the bill are diverted to other charitable organizations.

Although most libraries within the classes of libraries described in the bill are able to satisfy the "publicly supported" test and qualify as public charities, there are two libraries within those classes of which I am aware—the St. Louis Merchantile Library located in St. Louis, Mo., and the Linda Hall Library located in Kansas City, Mo.—both of which, because of their endowment funds, are unable to satisfy these tests, and therefore are classified as private operating foundations. Because these libraries are classified as private operating foundations, they must pay an excise tax on their net investment income.

For taxable years after 1977, this bill will amount to $2,000 to $4,000 annually for the St. Louis Merchantile Library and $30,000 to $34,000 annually for the Linda Hall Library. In addition, these libraries must incur annual legal and accounting expenses in order to insure that they fall within the private operating foundation guidelines.

I am not aware of any other similar libraries in the particular situation being faced by the St. Louis Merchantile Library and Linda Hall Library, and, thus, it is anticipated that the total loss in revenue if this bill is enacted would be less than $40,000 per year. However, the bill indirectly affects many other libraries because passage of the bill will also relieve them of the necessity of continually insuring that they meet the "publicly supported" tests.

The Linda Hall Library was established in 1946. The instruments governing its establishment and operation specifically provide that the library shall be open and available to the public at no charge. These instruments also provide that none of the library's income shall be expended for purposes other than the construction, maintenance, expansion, operation, or management thereof. The library is maintained in its own buildings situated on a tract of land adjacent to the University of Missouri at Kansas City in Kansas City, Mo.

Since its establishment, the library has assembled one of the Nation's most extensive and notable collections devoted to science and technology including more than 460,000 volumes and over 620,000 microforms. Together with a distinguished retrospective collection, it also has very extensive holdings of current books and journals from all countries where publications at the research level in science and technology are available. Among those works especially valuable to research scientists throughout the United States, and not widely held by other institutions, are the library's comprehensive collections of current journals from the Soviet Union, Japan, and the People's Republic of China.

The Linda Hall Library maintains a program of providing photocopies of its materials to persons upon request, whenever requests for such services are consistent with copyright laws and with the Copyright Clearance Center procedures, and a program of lending portions of its collection from time to time to other libraries. Shortly after its establishment, the library purchased the entire collection of the American Academy of Arts and Sciences which had its principal offices in Boston, Mass. After the purchase, the Linda Hall Library agreed to act as the agent of the academy in continuing its broad exchange program with libraries and learned societies located throughout the world.

In the early years of its existence, the Linda Hall Library was selected by the Atomic Energy Commission as one of 15 or 20 depositories throughout the United States for its literature, and the library continues to maintain a collection of material relating to the AEC's successor organization, the Energy Research and Development Administration. In the late 1950's the National Aeronautics and Space Administration selected Linda Hall Library as a depository for the literature which it distributes in connection with its information program. Literature is still being sent by NASA to the library in connection with this program.

Linda Hall Library is a depository for all specifications and standards to be used by individuals and organizations when dealing with military and civilian projects of the Federal Government. The library also maintains the patent specifications for all patents issued by the U.S. Government since July, 1946, and is a depository for all current maps issued by the U.S. Geological Survey.

Linda Hall Library maintains a very close relationship with the University of Missouri at Kansas City which is almost entirely dependent upon Linda Hall for library material in the areas of science and technology.

The St. Louis Mercantile Library Association was established in 1846 to form a well-rounded collection of books for the information and convenience of St. Louisans. The formation of the library was authorized and approved by a public act of the general assembly of the State of Missouri. The library is maintained in its own building in downtown St. Louis.

Over the past 132 years the library has assembled a notable collection of books, now over 213,000 volumes, comprising a general collection in the liberal arts area, with emphasis on history, biography, travel, philosophy, religion, and the arts. The library maintains one of the country's distinguished and most comprehensive collections of regional history pertaining to St. Louis and Western Americans.

The Western Americana Collection, with approximately 55,000 rare books, is probably the most comprehensive collection in that field in existence. The collection is frequently consulted and referred to by many historians in this field. In addition, the library has one of the most complete files available in the St. Louis area for six local papers, including some 500 bound volumes of St. Louis newspapers, beginning with 1812—a few of these cannot be obtained in any other library. The library has also been

the recipient of many valuable gifts during its existence. These gifts include the fragmentary journal of Pierre Laclede's stepson, Auguste Chouteau, describing the founding of St. Louis, and the original manuscript, "Journal of the Proceedings of the First Legislative Council of the Territory of Louisiana, from June 3, 1806 to October 9, 1811."

For individuals researching the organization of the territorial government of the Louisiana Purchase or Missouri's first steps toward statehood, these documents are of extreme importance. Another notable possession is the four-volume elephant folio of Audubon's "Birds of America." The library is open to the public and currently maintains a broad-based membership of over 2,000. While membership is necessary to check out materials—membership dues are currently a nominal $10 per year—anyone can use the books and collection on the premises of the library. The library is also made available to students from Washington University to observe the library's unique cataloging systems, reference department, and rare book room.

Mr. President, in my opinion, neither the St. Louis Mercantile Library nor the Linda Hall Library should be penalized by the private foundation rules and applicable excise taxes. These provisions were not intended to penalize organizations that clearly provide a public benefit such as these libraries do. Further, other libraries of a similar nature likewise should not be burdened with the additional legal and accounting expenses to assure that they continue to satisfy the publicly supported financial tests.

Mr. President, I ask unanimous consent that a copy of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 696

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) clause (ii) of section 170(b)(1)(A) of the Internal Revenue Code of 1954 (relating to charitable, etc. contributions and gifts) is amended by adding at the end thereof: "or any organization which operates a qualified library within the meaning of subparagraph (F).".

(b) Paragraph (1) of section 170(b) of such Code is amended by adding at the end thereof the following new subparagraph:

"(F) QUALIFIED LIBRARIES.—For purposes of subparagraph (A)(ii), a library shall be treated as a qualified library if—

"(i) such library was established as a library by a law of a state, a law of the United States, a law of a possession of the United States, a law of the District of Columbia, or, before 1789, in the geographic area now comprising the United States and such library is operated by an organization as a permanent and principal part of the public services of such organization; or

"(ii) such library is open and available to the general public, does not charge a fee for admission to its premises or use on the premises of the library collection, and is operated by an organization, none of whose income is expended for purposes other than the construction, maintenance, expansion, operation, or management of such library, its collection and the premises on which such library is located.".

(c) For purposes of sections 509(b) and 507 of such Code, an organization which for its first taxable year beginning after the date of the enactment of this Act is described in the amendment made by subsection (a) shall be treated as not having been a private foundation at any time before the first day of such first taxable year.●

By Mr. HELMS:

S. 697. A bill to amend the Internal Revenue Code of 1954 to permit certain multiyear pension plan distributions to be treated as qualifying rollover distributions; to the Committee on Finance.

TECHNICAL CHANGE IN ERISA LEGISLATION

Mr. HELMS. Mr. President, under regulations promulgated under the Employee Retirement Income Security Act and made effective as of January 1, 1977, a constituent of mine, Mr. John W. Pope received a portion of his share of the Variety Wholesalers, Inc. pension plan which was terminated in 1976. The distribution of the final sum in this pension program to my constituent was delayed because of the 1977 change in ERISA regulations dealing with the right of a participant to purchase an insurance policy on his own life from a qualified retirement plan. At the time of the termination of the Variety Wholesalers plan, such a purchase was a prohibited transaction.

Mr. Pope received a portion of his share of the plan's assets on December 20, 1976 and on January 7, 1977 he established a rollover (IRA) account. Also in the month of January, Mr. Pope purchased the policy on his life from the plan thus enabling the trustee to deliver the balance of his fund to him.

Mr. Pope deposited these funds to his rollover (IRA) account on January 24, 1977. Thus a complete rollover on all funds received by Mr. Pope from the terminated pension plan was effected within 60 days, in compliance with the code.

Upon audit by the Internal Revenue Service of Mr. Pope's 1976 and 1977 tax returns the entire rollover (IRA) was disallowed because the two distributions were made in different tax years. The IRS assessed an income tax deficiency, plus interest and penalty for excess contributions.

This entire problem was created by the fact that while Mr. Pope followed the law in rolling his distribution into an IRA within 60 days, he is being unjustly penalized due to a technicality in ERISA which made it impossible for him to acquire the policy on his own life and meet the requirements of section 401(a)(6) of the code.

Mr. President, my bill would simply make it clear that as long as a recipient of funds from a canceled pension plan acts within the prescribed 60-day period, that this process be treated as if it took place within the tax year he received the payments.

Clearly, Congress did not intend to penalize taxpayers who conformed with the act's requirements, but who faced adverse treatment by the IRS because the payout made in conformance with ERISA following the cancellation of a pension plan straddled 2 tax years.

I am informed that the bill results in a negligible loss of revenue to the Government.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 697

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ROLLOVER OF MULTIYEAR DISTRIBUTIONS.

Section 402(a)(6) of the Internal Revenue Code of 1954 (relating to special rollover rules) is amended by adding at the end thereof the following new subparagraph:

"(E) CERTAIN POST-TAXABLE-YEAR DISTRIBUTIONS TREATED AS DISTRIBUTED WITHIN 1 TAXABLE YEAR.—For purposes of paragraph (5)(D)(i)(I), if the last distributions or payments under a plan are made—

"(i) after the close of the taxable year of the recipient in which 1 or more distributions are made under that plan on account of its termination or the complete discontinuance of contributions under the plan, and

"(ii) before the date prescribed by law for making a return of tax under this chapter for that taxable year (without regard to any extensions thereof),

then such last distributions or payments shall be treated as made on the last day of such taxable year.".

SEC. 2. EFFECTIVE DATE.

The amendment made by section 1 shall apply with respect to taxable years beginning after September 2, 1974.

By Mr. DECONCINI:

S. 698. A bill to authorize the Secretary of the Interior to assist the Yuma County Water Users' Association, Arizona, to relocate the headquarters of such association; to the Committee on Energy and Natural Resources.

YUMA COUNTY WATER USERS' ASSOCIATION

Mr. DECONCINI. Mr. President, today I am pleased to introduce a measure which will help to preserve and restore one of the Southwest's great historic sites. At the same time, it will demonstrate the significant role the West has played in this Nation's historical past.

In keeping with the spirit of the Historic Sites Act of 1935, former Secretary of the Interior Stewart Udall designated the Yuma Crossing and associated sites as a national historic landmark. These sites include the Quartermaster Depot, Fort Yuma, the territorial prison, and the U.S. customhouse.

Of particular interest and the predominant objective of this legislation is the restoration of the Old Quartermaster Depot. The Old Quartermaster Depot was constructed by the military around 1859 as a storage and supply depot for military posts in Arizona, New Mexico, Utah, and Texas. A 6-month supply of ammunition, clothing, and food were kept at the depot at all times, and supplies were transported by oceangoing vessels from points in California, around the Baja Peninsula to the mouth of the Colorado River. There they were transferred to river steamboats and taken up river to

Arizona City. After 1862, the boats were unloaded and supplies were taken to the depot for storage. In 1880, after the depot had served its purpose, it was abandoned by the military and the equipment and supplies were transferred to Fort Lowell, near Tucson.

In 1906, the Bureau of Reclamation occupied the depot when it began its initial water diversion project on the lower Colorado River. The Bureau, now the Water and Power Resources Service, entered into a repayment contract with the Yuma Water Users' Association, a nonprofit, private corporation functioning as an irrigation district, to construct irrigation works to divert the flows of Colorado River water from points in California to Arizona farmlands in the Yuma Valley. This, the oldest reclamation project on the lower Colorado River, became known as the valley division of the Yuma project. The Bureau continued to operate and maintain the project at the Old Quartermaster Depot until 1951, when it entered into another contract with the Water Users' Association, transferring the operation and maintenance function of the project to the Water Users' Association from the Old Quartermaster Depot site.

The repayment contract was fully repaid to the United States in 1962, and the Association has since worked under an agreement with Water and Power for the operation and maintenance of the project.

The State of Arizona, in conjunction with the city of Yuma and the Quechan Indian Tribe, has initiated the historic preservation and renovation of the Yuma Crossing and Associated Sites. The city has dedicated parcels of land along the Colorado River and west of the landmark for parks and recreational purposes. Subsequently, the restoration of the historic sites, with the exception of the Old Quartermaster Depot, has been moving along quite smoothly. Before the restoration of the depot can move forward, the Water Users' Association must be relocated.

The Water and Power Resources Service and the Water Users' Association recognize the importance of preserving the landmark for all Americans to enjoy, and are willing to transfer the operational headquarters of the association. The purpose of this legislation is to give the Secretary of the Interior the authority to relocate the association and make the necessary funds available for such a move.

Clearly, the Old Quartermaster Depot possesses the values and qualities significant in interpreting the historical heritage of our great Nation. Enactment of this measure will insure the continued proper preservation of the National Landmark known as the Yuma Crossing and the Associated Sites.

Mr. President, I request prompt consideration of this legislation by the Committee on Energy and Natural Resources and hope that this measure can receive the approval of the Senate early in this session so that the necessary steps in the restoration process can be undertaken without further delay.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 698

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of the Interior is authorized to take such action as may be necessary to make available to the Yuma County Water Users' Association, Arizona, suitable facilities for use by such Association in carrying out its project functions, and to assist such Association in relocating from its present facilities in the Yuma Quartermaster's Depot and Associated Historic Sites.

(b) The Secretary of the Interior is authorized to make such facilities available to the Yuma County Water Users' Association on the basis of such terms and conditions and for such period as the Secretary shall prescribe.

SEC. 2. There is authorized to be appropriated such sum as may be necessary to carry out the provisions of this Act.

By Mr. DECONCINI:

S. 699. A bill entitled the "Federal Diversion Act of 1981;" to the Committee on the Judiciary.

FEDERAL DIVERSION ACT OF 1981

Mr. DECONCINI. Mr. President, today I am introducing the Federal Diversion Act of 1981. The bill was passed by the Senate in both the 95th and the 96th Congresses. Hearings held on the bill in the 95th Congress reviewed the history of pretrial diversion programs in the United States on both the Federal and State levels and the report issued with the bill in the 96th Congress outlined the advantages of a statutory diversion program and the need for congressional implementation of diversion programs.

In reviewing the genesis of the diversion concept, the Subcommittee on Improvements in Judicial Machinery came to the conclusion that much of the theoretical basis for diversion was not supportable by existing research. However, the subcommittee found much pragmatic justification for increasing the number of Federal programs. The subcommittee determined that the Federal Diversion Act would be a significant addition to the Federal criminal justice system.

Briefly, pretrial diversion operates in this manner:

Soon after arrest (for instance, at the bail/release interview) the accused is interviewed and screened by the pretrial diversion agency to determine eligibility for the diversion program. The bill requires that the accused not be charged with a violent crime and not be a recidivist to be eligible. Names of eligible persons are submitted to the U.S. attorney for a final determination of suitability.

The Attorney General, by regulation, and the U.S. attorney, by his or her prosecutorial discretion may establish further suitability criteria. If accepted, the accused, his attorney, and the U.S. attorney design a program that may consist of medical treatment, psychological treatment, restitution, residence in a halfway house, community service, or other elements.

While the accused is participating in this program, charges against him or her are suspended. If the accused successfully completes the plan and has not been arrested for other offenses, the U.S. attorney dismisses the charges. If not, the accused has a very limited right to appeal the decision to prosecute.

While early literature on pretrial diversion suggested that such programs would result in reduced recidivism rates and reductions in court calendar backlogs, no clear data was presented to the subcommittee to support these claims. What the subcommittee did discover was a rather significant gap in the options available to a prosecutor in a certain class of cases. These cases are offenses serious enough to require action by the criminal justice system, yet the circumstances of each case mitigate the seriousness. Formal prosecution, with the onus of a criminal conviction resulting, is inappropriate.

Historically, the justice system responded to these cases by dismissal of the charges, lectures by the police without arrest, or full prosecution. The ad hoc diversion system arose from the general unsuitability of these other responses: The prosecutor would agree to dismiss charges if the accused exhibited good behavior over a period of time.

This informal process is unsatisfactory for a number of reasons. The prosecutor's authority to conduct diversion is not clearly established. Lacking court involvement or representation of the accused by counsel, the process provides no protections for procedural rights. Most important, the informal process is arbitrary, discretionary, and unevenly applied.

Although the Justice Department has implemented a formal diversion program, the committee found that congressional implementation of the program is still needed. Despite the approval of diversion programs by the Department of Justice, testimony of the Department indicates that diversion is being utilized formally in only about two-thirds of all districts. Mandating the implementation of programs in each district is necessary to effect significant reductions of court costs and caseloads. Legislation is also necessary to insure that standardized minimum entry criteria and procedures are utilized. Although program guidelines have been promulgated by the Department of Justice, U.S. attorneys are under no mandate to follow the procedures.

The subcommittee addressed these difficulties and concluded that the need for a statutorily mandated pretrial diversion program was real. Further, while the subcommittee found statistical validation lacking, evidence suggests that a national program, consistently utilized in appropriate cases, could possibly prevent some first-time offenders from becoming recidivists.

Mr. President, I urge my colleagues to review the reports on the bill from the 95th and 96th Congresses. I hope that my colleagues will join me in supporting this bill, which hearings have shown would be a significant addition to the Federal criminal justice system. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 699

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 101. This title may be cited as the "Federal Diversion Act of 1981."

SEC. 102. The Congress finds and declares that:

(1) in the interest of operating the Federal criminal justice system efficiently, protecting society, and deterring individuals charged with violating criminal laws from future criminal acts can be served by creating alternatives to prosecution; and

(2) such alternatives can be accomplished in appropriate cases without losing the general deterrent effect of the criminal justice system.

SEC. 103. (a) Title 18 of the United States Code is amended by adding immediately after chapter 209 the following new chapter:

"Chapter 210—DIVERSION

"Sec.
"3201. Definitions.
"3202. Admission to diversion program.
"3203. Voluntariness of waiver of rights.
"3204. Inadmissibility of diversion information.
"3205. Continuation and dismissal of charges.
"3206. Termination; review; completion; withdrawal.
"3207. District panel.
"3208. Authority of the Attorney General.

"§ 3201. Definitions

"As used in this chapter, the term—

"(1) 'eligible individual' means any person against whom a prosecutable case exists for an offense against the United States where—

"(A) the alleged offense did not involve the threat or infliction of serious bodily injury to other persons;

"(B) it is reasonably foreseeable that the person will not commit violent acts if admitted to a diversion program;

"(C) the person has not exhibited a continuing pattern of criminal behavior;

"(D) the person meets the criteria established by regulations issued by the Attorney General and guidelines established by the attorney for the Government in the district where the indictment, information, or complaint is filed; and

"(E) the person is admitted to participation in a diversion program by the attorney for the Government in the district in which the indictment, information, or complaint is filed;

"(2) 'diversion program' may include, but is not limited to, medical, educational, vocational, social, and psychological services; corrective and preventative guidance, training, and counseling; provision for residence in a halfway house or other suitable place; other services designed to protect the public and benefit the individual; restitution to victims of the offense or offenses charged; and uncompensated service to the community;

"(3) 'diversion plan' means a written agreement, signed by the eligible individual, defense counsel, diversion administrator, and the attorney for the Government, that states those elements of a diversion program in which the eligible individual will participate to assure that he will lead a lawful life, and states the length of time required to complete the plan; but in no event shall a diversion plan exceed twelve months except to allow the person admitted sufficient time to make restitution; and

"(4) 'diversion administrator' means a person designated by the Attorney General, after consultation with the district planning group, as administrator of the diversion program; except that in those districts in which a chief pretrial services officer has been appointed by a panel consisting of the chief judge of the circuit, the chief judge of the district, and a magistrate of the district (or their respective designees), the chief pretrial services officer shall also serve as the diversion administrator.

"§ 3202. Admission to diversion program

"(a) The diversion administrator or his assistants shall, to the extent possible, upon arrest or the issuance of a summons or as soon thereafter as possible, review the allegations against each person charged with a criminal offense against the United States and interview each person who he believes may be eligible for diversion. The diversion administrator shall then make a report to the attorney for the Government on the eligibility of each person charged. A person who has not had the allegations against him reviewed may request to be considered for admission by application to the diversion administrator. The attorney for the Government may require further investigation by the diversion administrator of a person being considered for admission with the consent of that person. If the attorney for the Government determines that a person is suitable, the diversion administrator shall prepare a diversion plan. Upon agreement of the attorney for the Government, diversion administrator, eligible person, and defense counsel about the elements of the plan, the attorney for the Government shall assign supervision of the plan to the diversion administrator. A determination of eligibility or suitability by the attorney for the Government shall not be subject to review except as otherwise provided by law.

"(b) The diversion administrator shall report to the attorney for the Government on the progress of the person in carrying out his plan in a manner and at times the attorney for the Government and diversion administrator deem appropriate and shall at the same time provide a copy of each such report to the person and defense counsel.

"§ 3203. Voluntariness of waiver of rights

"No person shall be admitted to a diversion program unless he has voluntarily agreed to participate and has received a copy of his diversion plan, and has voluntarily waived, in the presence of a judge or magistrate and with the advice of counsel (except in a case where counsel has been voluntarily waived), all applicable statutes of limitations and his right to a speedy trial for the period of diversion.

"§ 3204. Inadmissibility of diversion information

"Whenever a person is admitted to a diversion program and his diversion plan is later terminated or the person withdraws and prosecution is resumed, any statement made or other information given by the person in connection with the determination of his eligibility or suitability for the program, any statement made by the person while participating in an activity of the program, and any statement, report or other information concerning his participation in the program shall not be admissible against the person on the issue of his guilt of the offense that was the basis for diversion in any judicial proceeding in which he is accused of the offense. This section shall not be construed to limit the admissibility of any information for purposes of impeachment.

"§ 3205. Continuation and dismissal of charges

"In each case involving a person who is admitted to a diversion program under this chapter, the criminal charges against the person shall be continued without final disposition for the period agreed upon in the diversion plan, unless the admission is terminated, completed earlier, or the person withdraws pursuant to section 3206 of this chapter. Upon the expiration of the diversion period, the attorney for the Government shall file a dismissal with prejudice as provided in section 3206(C). Nothing in this paragraph shall be construed to limit further investigation of the offense charged or presentation of evidence to a grand jury during the diversion period.

"§ 3206. Termination; review; completion; withdrawal

"(a) If the attorney for the Government finds the person is not fulfilling his obligations under the plan, or has discovered facts previously unknown to him demonstrating that the person is not suitable for diversion, the attorney for the Government may resume prosecution. The attorney for the Government shall make a written statement of the factual basis for his determination to resume prosecution and transmit copies to the person and to defense counsel. The person and defense counsel shall thereafter be notified of their opportunity to appear before the attorney for the Government and the diversion administrator to contest the determination within a reasonable time as established by the Attorney General.

"(b) If the person fails to contest the determination of the attorney for the Government within the time specified, no further review of the determination shall be granted. If, on the appearance of the person and defense counsel before the attorney for the Government and the diversion administrator, the attorney for the Government determines that prosecution shall be resumed, the person may petition the court for review. If the court finds that no fact exists upon which the attorney for the Government could base a determination to resume prosecution, the court shall order that the person be allowed to fulfill his obligations under the plan or shall dismiss the charges if the court finds that all such obligations have been fulfilled. In a proceeding under the provisions of this subsection, evidence shall be admissible regardless of its admissibility in a trial on the offense.

"(c) If the diversion administrator certifies to the attorney for the Government at any time during the period of diversion that the person has fulfilled his obligations and successfully completed the plan, and if the attorney for the Government concurs, the attorney for the Government shall file, by leave of court, a dismissal with prejudice of the indictment, information, or complaint against the person.

"(d) A person participating in a diversion plan may withdraw at any time, and the attorney for the Government may resume prosecution.

"(e) Whenever a diversion plan is terminated or the person withdraws before completion of the plan and the prosecution is resumed resulting in a conviction, the court shall consider the length and nature of the defendant's participation in the plan and may credit such participation as time served toward any sentence of probation or incarceration.

"§ 3207. District panel

"(a) The panel established by section 3153 (b) of this title, together with the diversion administrator and such other individuals as the panel may appoint, shall constitute a diversion advisory committee. The panel may appoint individuals representing agencies to which persons are referred under a diversion program pursuant to this chapter. The group shall plan the implementation of the diversion program for the district and review on a regular basis the administration and progress of such program. The group shall report to the Attorney General at times and in a manner as the Attorney General shall prescribe.

"(b) Members of the group shall not be compensated, but may be reimbursed pur-

suant to section 3208 for reasonable expenses incurred by them in carrying out their duties as members of the committee.

"§ 3208. Authority of the Attorney General

"(a) In carrying out the provisions of this chapter, the Attorney General shall—

"(1) reimburse agencies of the judicial branch of the Government for the cost of services of United States probation officers, pretrial service officers, and employees other than judges, magistrates, or Federal public defenders, necessary to carry out the purposes of this chapter;

"(2) employ and fix the compensation of such persons as he determines necessary to carry out the purposes of this chapter, without regard to the provisions of title 5, United States Code, relating to appointments in the competitive services and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

"(3) acquire such facilities, services, and materials as he determines necessary to carry out the purposes of this chapter; and

"(4) enter into contracts and other agreements without regard to advertising requirements for the acquisition of such personnel, facilities, services, and materials which he determines necessary to carry out the purposes of this chapter.

"(b) In addition to the responsibilities described in subsection (a), the Attorney General shall—

"(1) issue, within one hundred and eighty days after the effective date of this section, regulations for use by the United States attorneys governing recommendations of persons to diversion programs;

"(2) conduct research and prepare concise annual reports for the President, the Congress, and the Judicial Conference showing the progress of all diversion programs in fulfilling the purposes set forth in this chapter;

"(3) provide for the audit of any funds expended under the provisions of this chapter other than funds expended to provide for defense counsel;

"(4) be authorized to accept voluntary and uncompensated services; and

"(5) promote the cooperation of the Department of Justice, local diversion programs, and all agencies which provide education, training, counseling, legal, employment, or other social services under any Act of Congress to assure that eligible individuals admitted to diversion programs can benefit to the extent possible."

(b) The table of chapters for title 18, United States Code, and for part II of title 18, United States Code, are each amended by inserting immediately after the item relating to chapter 209 the following:

"210. Diversion ----------3201.".

SEC. 104. For the purposes of carrying out the provisions of this title, there is authorized to be appropriated for each of the fiscal years ending September 30, 1982, 1983, 1984, and 1985 the sum of $3,000,000.

By Mr. WALLOP (for himself, Mr. DOMENICI, Mr. CRANSTON, Mr. SCHMITT, and Mr. HAYAKAWA):

S. 700. A bill to amend chapter 45 of the Internal Revenue Code of 1954 with respect to the exemption of the State share of Federal royalties from the crude oil windfall profit tax and to insure the deductibility of certain severance taxes; to the Committee on Finance.

EXEMPTION OF STATE SHARE OF FEDERAL ROYALTIES FROM WINDFALL PROFIT TAX

Mr. WALLOP. Mr. President, today I am introducing legislation to redress the inadvertent financial burdens imposed on State, local governments, and Indian tribes by the windfall profit tax. I cannot believe the windfall profit tax was ever intended to handicap the financing of projects for the public good. States, local governments, and Indian tribes do not reap "windfall profits," they do not transgress the public interest by hoarding money and misallocating resources. On the contrary, they benefit the public interest by providing necessary services. Nevertheless, the windfall profit tax limits the ability of these governments to provide basic services. This legislation remedies the situation by exempting Federal royalty oil from the tax, by making local ad valorem taxes and tribal severance taxes deductible from the tax, and by clarifying a term used in assessing tax liability.

As is generally known, the windfall profit tax (WPT) directly affects the amount of domestic petroleum exploration and development by siphoning off cash flow that otherwise would be used to finance such ventures. Not widely known, however, is that the WPT indirectly affects the amount of exploration and development by eroding the quality and limiting the quantity of logistical support provided through the governments of mineral producing regions. Oil wells do not drill themselves; oil does not flow from reservoir to refinery in some mysterious process that requires little or no help.

Hundreds of workers are needed to drill each well and hundreds more are needed to develop it for commercial production. As a result, locations proximate to the oil fields face a massive influx of population. Historically, these "boomtowns"—whether they existed previously as communities or just groups of buildings—have been hard pressed to meet the needs of these new workers. The ensuing deterioration of the quality of life in these towns creates many problems, not the least of which are soaring crime and increasing pollution. The attraction of numerous jobs paying high wages in these towns soon pales in comparison to the risks and hardships encountered in living there. Even the high wages become not so high as prices and rents skyrocket to bring equilibrium to demand and supply. Consequently, the influx of people slows and the oil companies are left without the workers they need to explore and develop new petroleum reserves.

To combat this, States and local governments need extra funds. To maintain the livability of their towns, they need more money to provide more public services to more people. Recognizing the costs incurred as a result of mineral extraction, Congress granted the States a share of the Federal royalty on oil in the Mineral Leasing Act of 1920. The Mineral Leasing Act gave the States a 37.5 percent share of the 12.5 percent royalty received by the Federal Government for mineral extraction on public lands. The State's share of the royalty was specifically designated for such public programs as road construction, road maintenance, and funding for local schools. The restriction on the use of the money proved onerous, however.

When an area is newly opened for mineral extraction, local government entities must assume a vast array of public services. The exploding population growth creates demands for more than just new schools and roads. New hospitals, new sewers, more fire and police protection, and other new public facilities are demanded as well. Congress acknowledged this fact and altered royalty oil policy by amending the Federal Land Policy and Management Act of 1976. First, the State's share of the Federal royalty was increased from 37.5 to 50 percent. Second, the 1976 act broadened the allowable use of the State's share of the royalty so that they would have more flexibility in responding to energy development.

The additional 12.5 percent granted to States was not earmarked for specific projects, but was intended for use in such programs as planning community development, expanding public services, and funding new public facilities, with priority going to those areas suffering the greatest impact. As a result of these amendments, the 1976 policy for Federal royalty so that they would have more to help State accommodate energy development than that of 1920.

Unfortunately, passage of the WPT undermined the 1976 policy by taxing the Federal and State share of the mineral royalty, thus reducing the funds returning to the States. Congress has turned its back on its commitment to assist the States in dealing with energy development. In many regions of the West, energy development is deterred by the fact that local governments are unable to provide financing for basic human services. Oil exploration cannot go forth when workers have no schools for their children, have no hospitals for when they are sick, and have no police for their protection.

Adequate services must be provided if we want to attract workers to the energy projects of the Western States. Nonetheless, the States will not be able to provide support for the development of domestic energy resources unless they are able to raise the revenues needed to address energy impact problems. The legislation I am introducing today will help provide adequate funds to the States and facilitate energy development by allowing the full share of the States' royalty from Federal leases to return to the States.

By preventing local ad valorem taxes from being deducted, the WPT deals yet another heavy-handed blow to State and local governments and further distorts their tax treatment. While it allows State severance taxes to be deducted, the WPT reverses this treatment for taxes levied at the local or county level. The nondeductible status of ad valorem taxes generates pressures for these governments to turn them into a severance tax. Any State is free to work with county and local governments to convert ad valorem taxes to a State severance tax, but pursuing this alternative is like opening Pandora's box, with all the attendant consequences.

To change the status of a local ad valorem tax to a State severance tax would

require a constitutional amendment in many States. This would inevitably lead to the disintegration of the fiscal relationship between States and their political subdivisions, since revenue formerly going straight to the local level would be routed instead through the State government. Many extra layers of bureaucracy would be needed to rearrange long-established patterns of distributing funds to local governments, and the end result would be that everyone winds up with less money because so much is wasted in the shuffle. The nondeductibility of ad valorem taxes affects not only Government revenue, but also oil company revenue.

Oil companies face the burden of having to pay a double tax on their production—both ad valorem and windfall tax. The additional tax liability can do nothing but discourage the search for and production of domestic oil. My legislation relieves the varied burdens of WPT by making all ad valorem taxes deductible.

The problems created by the WPT for Indian tribes are no less discriminatory than those faced by city and county governments. The WPT puts Indian oil at competitive disadvantage by allowing oil companies to deduct a State severance tax, but not a tribal severance tax. Companies operating on the reservation of a tribe that imposes a severance tax would have to pay the tribal tax, and then pay a Federal tax on the tax paid to the tribe. The logical alternative for oil companies when confronted with a double tax is to abandon plans for exploration and development on tribal land, which leaves the Indians without a vital source of revenue.

Anyone who is familiar with the economic conditions on most reservations knows that the populations are extremely poor and that there is little business activity to produce revenue. Tribal governments must depend on the royalties and tax revenues from their oil to provide the funds needed to pay for public services. However, the unequal treatment puts pressure on the tribes to give up consideration of severance taxes as a source of revenue, which would further narrow an already meager tax base.

The enactment of taxes on the severing of oil from reservation land is an inherent power of tribal governments—a power recognized by both the courts and the Congress. The Natural Gas and Policy Act acknowledged a tribe's right to tax, and recently the 10th Circuit Court of Appeals in Merrion against Jicarilla Apache Tribe reaffirmed it. Yet, the effect of the WPT is to deny that right and depart from established Federal tax policy. Once again, the WPT impinges on the ability of a government unit to raise funds necessary to meet basic public services. Under this legislation, tribal severance taxes would be made deductible from the WPT and the deleterious effects of this double taxation would be eliminated.

The last problem to be addressed by this legislation is an oversight created by language in the Windfall Profit Tax Act, an oversight that deprives tax-exempt Government entities of money from their net profits interest in oil production. The ambiguity arises from use of the term "economic interest" in crude oil to describe the governmental interest that qualifies for exemption. The phrase "economic interest," used for depletion purposes by taxpaying oil companies under standard Federal income tax law, has acquired a meaning far broader than the company's net profits interest under an agreement with a nontaxable Government entity. Thus, an oil company with a mere 5 percent, or less, net profits interest may be deemed to have a depletable "economic interest" of 30 percent or more. Reciprocally, the economic interest of the Government agency, despite its 95 percent net profits share, may be 70 percent or less. This increases the WPT paid to the Federal Government by the oil company. The company then deducts the extra tax from gross profits before distributing the net profits share to a tax-exempt public entity, such as a State. The effect is to impose 95 percent or more of the additional tax on the State by directly reducing the amount of money left after expenses which is divided as net profits This legislation revises the definition of economic interest and changes the provision so that tax-exempt entities will receive the full share of their new profits agreements.

Mr. President, the windfall profit tax cannot be allowed to continue to oppress State, local, and tribal governments. The tax treats these bodies as culprits, when in fact, they are victims of its singular purpose to raise revenues for the Federal Government. The Federal Government must stop usurping funds belonging to lower levels of government.

The other government entities have a responsibility to provide basic public services to their people, and their ability to meet public needs should not be curtailed by Federal taxes. Passage of my legislation would alleviate the burdens created by the windfall profit tax on State, local, and tribal governments, and in doing so, it would provide those governments with the funds needed to support energy development. I urge my colleagues to support this needed change in the Windfall Profit Tax Act.

I request unanimous consent that the bill be reprinted, in the RECORD, following remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 700

Be it enacted by the Senate and House of Revresentatives of the United States of America in Congress assembled,

SECTION 1. QUALIFIED GOVERNMENTAL INTEREST TO INCLUDE STATE SHARE OF ROYALTIES UNDER THE MINERAL LAND LEASING ACT.

Subsection (a) of section 4994 of the Internal Revenue Code of 1954 (relating to qualified governmental interest) is amended by adding at the end thereof the following new paragraph:

"(4) AMOUNTS RECEIVED UNDER MINERAL LANDS LEASING ACT.—The right of a State to receive payments under section 35 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium in the public domain", approved February 25, 1920 (41 Stat. 437, 450; 30 U.S.C. 191), shall be treated as a qualified governmental interest.".

SEC. 2 SEVERANCE TAXES.

(a) SEVERANCE TAX IMPOSED BY INDIAN TRIBES.—Subsection (c) of section 4996 of the Internal Revenue Code of 1954 (relating to severance tax adjustment) is amended by adding at the end thereof the following new paragraph:

"(4) SEVERANCE TAX IMPOSED BY INDIAN TRIBES.—The term 'severance tax' shall include any severance tax imposed by an Indian tribe, and such severance tax shall be treated in the same manner as a severance tax imposed by a State.".

(b) AD VALOREM TAXES.—Subparagraph (B) of section 4996(c)(2) of such Code (relating to definition of severance tax) is amended by inserting immediately before the period a comma and the following: "or on an ad valorem basis determined with respect to the price at which such oil is sold".

SEC. 3. ASSIGNMENT OF COST RECOVERY OIL TO EXEMPT GOVERNMENTAL ENTITIES IN ACCORDANCE WITH THEIR NET PROFITS INTERESTS FOR PURPOSES OF WINDFALL PROFIT TAX

(a) GENERAL RULE.—

(1) DEFINITION OF PRODUCER.—Paragraph (i) of section 4996(a) of the Internal Revenue Code of 1954 (defining producer) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) CERTAIN NET PROFITS INTERESTS HELD BY EXEMPT GOVERNMENTAL ENTITIES.—If under a net profits agreement an exempt governmental entity's cost recovery oil share is less than its net profits share—

"(i) such entity shall be treated as the producer of enough additional cost recovery oil that its cost recovery oil share equals its net profits share, and

"(ii) each party to the agreement having a cost recovery oil share greater than its net profits share shall have the cost recovery oil of which it is deemed to be the producer properly reduced so that the aggregate reduction under this clause equals the increase under clause (i)."

(2) CLERICAL AMENDMENT.—Subparagraph (A) of such paragraph (1) is amended by striking out "subparagraph (B)" and inserting in lieu thereof "subparagraphs (B) and (C)".

(b) NET PROFITS INTEREST; COST RECOVERY OIL.—Section 4996 of such Code (relating to other definitions and special rules) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) TERMS USED IN SUBSECTION (a)(1)(B).—For purposes of subsection (a)(1)(B) and this subsection—

"(1) NET PROFITS AGREEMENT.—The term 'net profits agreement' means an agreement providing for sharing part or all of the production of crude oil from a property where—

"(A) 1 or more parties to the agreement are to be reimbursed for qualified costs by the allocation of cost recovery oil, and

"(B) 1 or more parties to the agreement are to receive a share of any production of crude oil from the property remaining after reduction for the cost recovery oil referred to in subparagraph (A).

"(2) COST RECOVERY OIL DEFINED.—The term 'cost recovery oil' means crude oil produced from the property which is allocated to a party as reimbursement for qualified costs paid or incurred with respect to the property.

"(3) QUALIFIED COSTS.—The term 'qualified costs' means any amount paid or incurred for exploring for, or developing or producing, 1 or more oil or gas wells on the property.

"(4) EXEMPT GOVERNMENTAL ENTITY.—The term 'exempt governmental entity' means

any State or political subdivision thereof and any agency or instrumentality of a State or political subdivision thereof.

"(5) SHARE.—Any party's cost recovery oil share or net profits share is the percentage (or other proportion) which such party has in cost recovery oil or net profits, as the case may be.

"(6) PROPER REDUCTION.—The reductions under clause (ii) of subsection (a)(1)(B) shall be made on the basis of the respective amounts by which each party's cost recovery oil share under the agreement exceeds what such share would be if it were commensurate with such party's net profits share.

"(7) SCOPE OF AGREEMENT.—A net profits agreement shall be treated as covering only shares of production of crude oil held by parties who hold economic interests in the property (determined without regard to subsection (a)(1)(B))."

(c) NET INCOME LIMITATION.—Subsection (b) of section 4988 of such Code (relating to net income limitation on windfall profit) is amended by adding at the end thereof the following new paragraph:

"(6) COST RECOVERY OIL COVERED BY NET PROFITS AGREEMENT.—For purposes of paragraph (2), if any exempt governmental entity is treated under section 4996(a)(1)(B) as the producer of any portion of the cost recovery oil covered by a net profits agreement (within the meaning of section 4996(h))—

"(A) no other person shall include in his gross income from the property the gross income from such portion, and

"(B) the qualified costs allocable to such portion shall be treated as paid or incurred by such governmental entity (and only by such governmental entity)."

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to oil removed after February 29, 1980.

(2) NO INTEREST FOR PAST PERIODS.—No interest shall be paid or credited with respect to the credit or refund of any overpayment of a tax imposed by this title, and no interest shall be assessed or collected with respect to any underpayment of the tax imposed by this title, for any period before the date which is 60 days after the date of the enactment of this Act, to the extent that such overpayment or underpayment is attributable to the amendments made by this section.

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply to periods after February 29, 1980.

● Mr. HAYAKAWA. Mr. President, I am pleased to join Senators WALLOP, DOMENICI, CRANSTON, and SCHMITT in introducing legislation designed to address some of the problems created with the passage of the Windfall Profit Tax Act in December of 1979. Congress enacted the windfall profit tax measure which covered a new and unfamiliar subject area. The effects of the tax on domestic production, employment, and economic growth could not be predicted. Now, more than a year later, I hope Congress will have the flexibility to alter some of the more onerous and ineffective provisions of the measure. This bill specifically addresses those provisions which have caused financial hardships and impeded the economic growth of States, local governments, and Indian tribes.

During consideration of the tax measure last December, the Senate passed an amendment that would exempt from the windfall profit tax the royalties going to the Federal Government from oil production on federally owned lands. Unfortunately, the conference dropped this provision, and in so doing, severely impacted the States with oil-producing Federal lands within their boundaries.

Since 1920, these State governments have been entitled to a percentage of the Federal royalty, and their share was increased to 50 percent with enactment of the Mineral Lands Act Amendments in 1976. The revenue loss created by the oil tax is substantial to the States that depend on this income to provide basic public services to keep pace with energy development in the State. The revenue is directed toward such programs as public education, road maintenance, and adequate medical facilities. I do not believe the Windfall Profit Tax Act was intended to reduce the State's revenue designated for such purposes, and passage of this measure will alleviate the unnecessary burden on the States created by the tax.

Another difficult financial situation was created for State and local governments in the Windfall Profit Tax Act by the omission of a provision which would allow ad valorem or property taxes to be deducted from the crude oil tax even though State severance taxes may be deducted. In those States which impose ad valorem taxes, the oil companies are required to pay both the ad valorem and the windfall tax. Such a situation could only discourage additional drilling in the area.

Furthermore, the local governments who impose the ad valorem tax are unduly singled out to bear the consequences. The process for a local government to convert their ad valorem tax to a severance tax is possible, but complex and cumbersome. Clearly, the easiest approach would be to make all ad valorem taxes deductible from the crude oil tax, which this legislation proposes.

Along the same lines, the Windfall Profit Tax Act omits language which would allow severance taxes imposed by tribal governments to be deductible from the crude oil tax. This does away with a major source of revenue for the tribes which are in many cases poor with limited means to produce additional revenue. As with the ad valorem tax, oil companies operating on tribal lands which impose a severance tax would have to pay the tribal tax as well as the Federal tax creating another double taxation scenario.

A final section of this legislation is a technical one in nature, attempting to clarify what is clearly the intent of Congress in dealing with State exemption from the windfall profit tax measure. The law provides that when an "economic interest" in crude oil is held by a State or political subdivision, or by an agency or instrumentality of a State or political subdivision, and all the net income received is dedicated to a public purpose, the crude oil property allocable to the interest is exempt from the crude oil tax.

Congress recognized the need for States to develop their public land resources at their own discretion. California has chosen to enter into a "net profits" contract where State-owned oil is produced by private oil companies. These companies receive 50 percent of the net profits with 95 percent being allocated to the States. Net income is calculated after production costs and severance taxes are subtracted.

The intent of Congress in dealing with State-owned oil in the Windfall Profit Tax Act—that State's 95-percent share of the profits be exempt, and the oil companies' 5-percent share be taxed—has been askewed by the use of the term "economic interest" which the Treasury Department interprets as ambiguous. "Economic interest" as applied to net profits agreements between public and private producers has a broader implication when used as a technical term in income tax law. Under income tax precedents, the oil company claims a depletable "economic interest" not only in its 5-percent share of the net profits, but in the oil that must be produced to make up the expenses of production. This interpretation leaves the State with an "economic interest" in about 70 percent of the oil rather than its 95 percent net profits share. The taxes levied on the unintentionally enlarged oil company interest are charged to the State's exempt interest and thus prevent the State from obtaining the complete exemption intended.

Mr. President, the need to reexamine the Windfall Profit Tax Act—the largest tax measure passed by Congress—is certainly understandable and essential. I believe this legislation takes a giant step in improving the tax bill by creating a more stable financial environment for States, local governments, and Indian tribes. I urge my colleagues' support for the measure.●

By Mr. BENTSEN:

S. 701. A bill to amend the Internal Revenue Act of 1954 to provide for the exclusion from taxation of interest earned on deposits which are used for residential mortgage lending purposes; to the Committee on Finance.

INTEREST EXCLUSION ON MORTGAGE ACCOUNTS

● Mr. BENTSEN. Mr. President, today I am introducing the Home Mortgage Incentive Act of 1981.

This measure would amend the Internal Revenue Code to provide an exclusion from gross income for interest earned on savings deposits which are used by the financial institutions for residential mortgage lending purposes.

Inflation is dealing a crippling blow to our Nation's economy. Nowhere is this clearer than the housing industry which is dominated by small businesses. The housing industry is the victim of a vicious inflationary spiral and extraordinary and oppressive interest rates.

Builders cannot build and consumers cannot buy with mortgage interest rates exceeding 15 percent. The housing industry is suffering a disproportionate burden in the fight against inflation.

There is no more fundamental obligation to society than that of providing adequate shelter for our citizens. However, the purchase of a home has become unaffordable by most Americans, resulting in the elimination of one of the greatest incentives to work and save. This problem is even more acute for the first-time home buyer. In 1977, 36 percent of

mortgage loans were made to first-time home buyers; by 1979 that proportion had dropped to 18 percent. Further, employment in homebuilding and associated industries is down to 1.87 million from 3 million jobs in 1979. The unemployment rate in construction is reported by the Commerce Department to be 13 percent.

The average cost of a new home this year is approximately $65,000. Under present interest rates only 5 percent of the households could qualify for a mortgage on such a home. The principal and interest payment on a 30-year mortgage for a $65,000 home at the current 15-percent interest rate is over $275 a month higher than at an 8-percent rate. The combination of rising prices and high mortgage rates has had a serious impact on new home sales and will continue to do so in the future.

Nothing better evidences the impact of high interest and high prices in housing than the reduction of housing starts that we have witnessed over the last 2 years. In 1978 housing starts were over 2 million, however, that number was down to only 1.3 million in 1980. This substantial reduction in housing starts not only has created high unemployment in the construction industry but endangers our ability to provide adequate housing for the future. According to the best estimates available, some 23 million new homes must be built during this decade to maintain an equilibrium between supply and demand. That is 2.3 million homes per year. We got off to a sorry start in 1980, with only 1.3 million homes built in this country. Further, the Nation's production of new housing for 1981 is already seriously below the schedule.

Before we can expect increasing housing starts there must be sufficient funds available, at reasonable rates, for new home buyers. This will require additional savings on the part of Americans. Unfortunately our present tax system encourages consumption and not savings. America is the only major industrial nation which fails to encourage savings, consequently, Americans currently save only 5.3 percent of their disposable income.

Funds available for mortgages declined from $99 billion in 1978 to $71 billion last year. This represents a $28 billion decline in funds available for the housing industry. Thus, without savings, there can be no money loaned for new home construction or for capital improvements. Without investment, productivity declines, inflation increases and no new jobs are created.

Federal Reserve Board Chairman Volcker believes that for those industries like housing, "at the end of the whip" of the Feds policies, "some action to moderate the sharpest edges can in some circumstances be justified and not inconsistent with the whole." If housing starts fall sharply, Volcker observed, in response to questions before the Senate Banking Committee on February 22, 1980 "maintaining a certain level of activity in that industry is not at all inconsistent with an attack on inflation over time. You do not want to close down the whole industry and then have to build it up again as soon as money becomes more fully available." The decline in the housing industry has already been recorded; we must stop it before the entire industry is closed down.

In addition to making housing available, our proposal will do more to create badly needed new jobs in the sagging housing industry and associated industries—a million jobs and more once it gets rolling—than any other proposal that has been offered up to this point. By exempting the interest earned on savings accounts for the use of residential mortgages my proposal will insure that funds necessary for the construction of housing are made available. In addition, it will help bring mortgage rates down to the 8-percent range affordable to the average American family.

Further, by putting Americans back to work in the construction industry my proposed tax cut, instead of costing the Government money, can actually mean a net gain to the U.S. Treasury of as much as $5 billion a year according to projections of the Congressional Budget Office.

Mr. President, if you want to reduce interest rates on mortgages, if you want to provide an adequate supply of money at reasonable rates for new housing, if you want to reduce inflation by lowering the cost of housing, if you want to see a significant increase in the number of jobs in America, this bill I am introducing is the best way to go about it. I urge my Senate colleagues to join me in assuring its expeditious passage.●

By Mr. BAUCUS (for himself, Mr. PACKWOOD, Mr. CANNON, Mr. RIEGLE, Mr. BENTSEN, Mr. WALLOP, Mr. MATSUNAGA, and Mr. BOREN):

S. 702. A bill to allow an income deduction for certain motor carrier operating authorities to offset the impact of the Motor Carrier Reform Act of 1980; to the Committee on Finance.

MOTOR CARRIER OPERATING RIGHTS DEDUCTION

● Mr. BAUCUS. Mr. President, I am pleased to introduce legislation which will rectify a tax problem created by administrative deregulation which culminated in passage of the Motor Carrier Act of 1980. It is especially gratifying to be joined by my colleagues, Senators PACKWOOD, CANNON, RIEGLE, BENTSEN, WALLOP, MATSUNAGA, and BOREN in this important effort.

Four and one-half decades ago, Congress enacted the Motor Carrier Act in response to deepening instability in the Nation's transportation system. Former Montana Senator Burton Wheeler was floor manager of that legislation. His efforts, and those of his colleagues, set the framework for a relatively healthy motor carrier industry. Over the years, some 17,000 companies acquired operating rights under that law—some by Interstate Commerce Commission certification, grandfather rights, and many by purchase. These operating rights entitle motor carriers to provide service on specified routes. They have constituted a crucial part of motor carriers' asset structure for many years—in some cases, amounting to over 50 percent of a concern's assets. Often, they have been used as collateral for the acquisition of needed capital.

In the last session of the Congress, the rules of motor carrier regulation were changed, Henceforth, it will be much easier to initiate service on various routes. As a result, the operating rights held by motor carriers have been rendered virtually worthless.

The decline in the value of these rights has been precipitous and could significantly weaken otherwise healthy concerns. In addition, the accounting profession has been directed by the Financial Accounting Standards Board to write off immediately the value of operating authorities because their value has been permanently and substantially impaired. Since Federal tax law does not clearly provide for this situation, there is some uncertainty concerning the proper tax treatment of these now worthless operating rights.

Congress was aware that the Motor Carrier Act might cause a number of problems. In fact, the House report on the bill clearly states:

> Should it become apparent that the effect of this legislation has been to substantially erode the value of operating rights, then appropriate relief for such results should be considered, as early as possible.

There is virtually no dispute that the operating rights of motor carriers have lost nearly all their value through no fault of the carriers. The sole cause of the declining value is the relaxed Federal procedure for entry and motor carrier service.

This legislation is straightforward in its handling of the problem. A carrier which held operating authority on July 1, 1980—the approval date of the Motor Carrier Act—would be permitted an ordinary deduction equal to $50,000 or the aggregate adjusted basis of the rights held, whichever is greater. The deduction would be prorated over a 36-month period.

Mr. President, I am confident that my proposal will provide necessary and equitable relief for one of the principal adverse effects of motor carrier regulation reform. We knew the problem would occur. It only remains for us to resolve it.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 702

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DEDUCTION FOR MOTOR CARRIER OPERATING AUTHORITY.

(a) GENERAL RULE.—For purposes of chapter 1 of the Internal Revenue Code of 1954, in computing the taxable income of a taxpayer who, on July 1, 1980, held one or more motor carrier operating authorities, an amount equal to the greater of—

(1) $50,000, or

(2) the aggregate adjusted bases of all motor carrier operating authorities held by the taxpayer on July 1, 1980, or acquired on

or subsequent thereto pursuant to a binding contract in effect on such July 1, 1980, shall be allowed as a deduction ratably over a period of 36 months. Such 36-month period shall begin with the month of July, 1980, or, at the election of the taxpayer, the first month of the taxpayer's first taxable year beginning after July 1, 1980.

(b) DEFINITION OF MOTOR CARRIER OPERATING AUTHORITY.—For purposes of this section, the term "motor carrier operating authority" means a certificate or permit held by a motor common or contract carrier of property and issued pursuant to subchapter II of chapter 109 of title 49 of the United States Code.

(c) SPECIAL RULES.—

(1) CONTROLLED GROUPS.—For purposes of this section—

(A) all component members of a controlled group (within the meaning of section 179 (d)(7) of the Internal Revenue Code of 1954) shall be treated as one taxpayer, and

(B) the dollar amount specified in subsection (a)(1) shall be apportioned among the component members of such controlled group in such manner as the Secretary of the Treasury (or his delegate) shall by regulations prescribe.

(2) ADJUSTED BASIS.—For purposes of the Internal Revenue Code of 1954, proper adjustments shall be made in the adjusted basis of any motor carrier operating authority held by the taxpayer on July 1, 1980, for the amounts allowable as a deduction under this section.

(d) EFFECTIVE DATE.—The provisions of this section shall apply to taxable years ending on or after July 1, 1980.●

● Mr. CANNON. Mr. President, I am pleased to join my distinguished colleague from Montana in cosponsoring this legislation to allow an income tax deduction for the loss of value of certain motor carrier certificates. My principal concern is one of basic equity for trucking firms which have expended thousands of dollars to purchase operating authority that has suddenly lost most or all of its value with the basic reforms in trucking regulation implemented last year.

It is important for the Senate to understand that the current situation is neither unexpected nor inherently undesirable. The fact that motor carrier certificates are now worth much less is due to the fact that entry into the trucking business is no longer restricted in any substantial way by the Interstate Commerce Commission. This was the intent of Congress, and there is general consensus that there is no turning back on this new policy.

For 45 years, however, entry into the trucking business was limited by the ICC. As a result, operating certificates became very valuable. They represented legal monopolies to provide specified service and carried certain obligations with them as well. When a new company wanted to get into the trucking business or an existing carrier wanted to expand, there were two basic options. Either the applicant for new authority could attempt to convince the ICC that there was a need for the service and enter into an extraordinary long proceeding with no guarantee of success, or it could purchase an already existing certificate from another company who was willing to sell. Due to the cost and uncertainty of the regulatory process, many companies chose to purchase authority and avoid the regulatory obstacles. Eventually the cost of the certificates became quite high. The most widely publicized case is one of a large bankrupt carrier whose authority was sold in the early 1970's for over $20 million.

When we passed the Motor Carrier Act of 1980, Congress instructed the ICC to liberalize its policy with respect to entry into the trucking business. This it did. Under current policy, the likelihood of an applicant being successful at the Commission is extremely high. Moreover, under the new procedural rules, the time and expense of acquiring the authority are slashed drastically. Hence it is no longer necessary to purchase authority from someone else in order to expand and the value of those certificates have fallen to virtually zero.

My concern is for the motor carriers who recently purchased authority under the old set of rules and expectations and suddenly find that this purchase has resulted in a piece of paper that has little real value. Arguably, those companies who purchased authority many years ago may have had enough time to recoup that investment by being able to conduct business in an environment with less competition than otherwise would have existed. Economists call this the earning of "monopoly rents." But clearly, companies who purchased the authority in the past few years have not had the time to earn revenues sufficient to repay their investment in the operating certificates.

What is at issue then is a question of equity. The Federal Government changed the rules. In my view the rules were changed wisely. Still, certain businesses have realized a true economic loss. Hence as a matter of basic fairness these businesses should be able to deduct from their taxes the losses incurred as a result of these Government actions.

There is only one aspect of the bill that gives me serious concern. As currently written, the bill would allow a writeoff for all certificate authority—even that which was "grandfathered" in for carriers in 1935. This authority was granted by the Government for no cost whatsoever by the carriers involved. Even if these carriers paid nothing for the authority and never carried the value of these certificates on their books, the bill would allow a $50,000 tax deduction. The equity argument is clearly not a compelling one for this type of situation. Accordingly, I want to work closely with Senator BAUCUS and other Members of the Senate to examine this particular problem. If necessary, we must make changes in the bill to assure that this provision does not jeopardize passage of legislation. The focus should be on those companies that have suffered a real economic loss.

With that one reservation, I enthusiastically support this bill. I commend Senator BAUCUS for his astute observation of this problem and will offer all the help that I can to see that the bill is passed.●

● Mr. PACKWOOD. Mr. President, I am pleased to cosponsor this legislation, and I congratulate the Senator from Montana for its introduction.

Last year the Congress enacted the most important changes in the regulatory structure affecting motor carriers since 1935—the Motor Carrier Act of 1980. The trucking industry, the Interstate Commerce Commission, and the Congress are now all closely monitoring the situation to assure full implementation of the reforms contained in that act.

This legislation is designed to remedy one unfortunate problem most everyone expected would arise. Prior to the Motor Carrier Act of 1980, trucking certificates were bought and sold on the open market. In many cases, motor carriers invested in those rights, in good faith and based on the then existing industry conditions. The Motor Carrier Act of 1980 so substantially eased the requirements for entering the trucking business, wreaking havoc with those good-faith investments. These losses should be permitted to be written off for tax purposes.

Had time permitted, I would have preferred to treat this matter last year. It is my hope and desire that this issue be resolved during this Congress. This legislation is a necessary consequence to the Motor Carrier Reform Act of 1980, and I enthusiastically support its consideration by the Finance Committee.●

By Mr. JEPSEN:

S. 704. A bill to amend the Commodity Credit Corporation Charter Act to establish a revolving fund to finance short-term export credit sales of agricultural commodities produced in the United States; to the Committee on Agriculture, Nutrition, and Forestry.

EXPORT FINANCING PROGRAM

● Mr. JEPSEN. Mr. President, the future of our agricultural economy and our economy in general relies heavily on our success in the world marketplace. This is an especially important consideration today when the United States is suffering from a large deficit in its foreign trade balance. At present agricultural exports make up more than 20 percent of total U.S. exports. In 1973, which was the last good year for most farmers, agricultural exports accounted for more than 25 percent of total U.S. exports.

Two years ago the Congress passed legislation designed to aid agricultural exports. Unfortunately, little has been done to implement its provisions. The Agricultural Trade Act of 1978 allows the Commodity Credit Corporation to finance commercial export sales of agricultural commodities out of private stocks with short-term credit, and to finance sales of its own stocks on long-term credit.

It also provides for the upgrading of U.S. agricultural attachés abroad, and establishment of up to 25 U.S. agricultural trade offices abroad.

Last, the bill created the position of Under Secretary of Agriculture for International Affairs and Commodity Programs, and requires the Secretary of Agriculture to report to Congress yearly on measures taken to increase exports. But as I said, almost nothing has been done to implement even these limited measures for increasing agricultural exports.

Today I am introducing legislation which I feel will greatly improve our Nation's agricultural export policy. This legislation should help alleviate problems within the Commodity Credit Corporation's export financing program.

There are presently three basic markets for farm commodities. The first is a cash market in which all countries are eligible except those prohibited under provisions of the Trading with Enemy Act.

Second, there is a market that is financed by the USDA's Commodity Credit Corporation. This program is known as the GSM–5 program. GSM–5 is a commercial program in every respect—the interest rate reflects market rates, the terms are normally 1 to 3 years. In this program, CCC lends money directly to the exporting entity, a trading firm or farmer cooperative, which then exports the goods to the importing nation that then repays the loan to the CCC. The principal and interest are credited to the Treasury.

Since the GSM–5 program was established in 1956, there have been no loan forfeitures, although a small number of loans have been rescheduled. GSM–5 has returned more money to the Treasury than it has taken in revenues. This has been true because the interest rate charged in the program reflects the prime interest rate which is above the cost of money to the Treasury.

The last market for our agricultural products is the Public Law 480 food for peace program. Commodities shipped under this program are either provided without charge or sold on concessional terms. Public Law 480, as a result, fulfills both a food assistance and market development objective.

There are three reasons for establishing a revolving fund for the GSM–5 program. First, the elimination of the current constraint on sales. There is strong evidence that the current program has cost the United States export sales to a number of countries. With strong correlation between farm income and export demand, a marginal increase in exports would have a substantial impact on farm income; second, the elimination of the inequities that currently exist between the United States and competing nations. Most of our competitors in the agricultural export market finance their activities through a revolving fund; third, it will create an export financing program which will be consistent with our aggressive agricultural export policy.

From a budgetary standpoint, the creation of a revolving fund is viewed with skepticism. For this reason, I am today introducing only the authorization for a revolving credit fund and plan to wait until the budget deficit is decreased appreciably before pushing for appropriations.

Mr. President, I believe a revolving export credit system is of utmost importance to the U.S. trade ability. In the past 2 weeks of hearings on the 1981 Food and Agriculture Act, many organizations have testified and several have supported the establishment of a revolving credit fund. Among those in support are: The American Farm Bureau Federation, the National Grange, the American Agriculture Movement, Midcontinent Farmers Association, the National Corn Growers Association, the National Grain and Feed Association, and the American Soybean Association.

As you can see, support for this bill is substantial. This legislation is important to our farmers and consumers. The bill I sponsor today is an important step toward realizing the full potential of our agricultural sector.●

By Mr. DOMENICI:

S. 705. A bill to authorize the Secretary of Agriculture to convey certain National Forest System Lands, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

S. 706. A bill to establish a national policy for the timely notice, conduct, approval, and record of Federal land surveys, and for other purposes; to the Committee on Energy and Natural Resources.

LEGISLATION RELATING TO LAND SURVEY ISSUES IN THE WEST

● Mr. DOMENICI. Mr. President, I am pleased today to introduce legislation directed toward resolving longstanding Federal land survey issues prevalent throughout the Western United States, which are affecting the property titles of thousands of Americans. This legislation will provide the Secretary of Agriculture with the administrative capability to address as many as 50,000 title claim and trespass situations existing throughout the National Forest System and close to 100,000 title claims with the Department of the Interior.

This problem was recently brought to my attention when citizens of Lincoln and Otero Counties in southeastern New Mexico revealed that their property titles were being adversely affected by "improved" Federal land surveys being made by the Bureau of Land Management and the Forest Service.

Hundreds of property owners, the New Mexico State Land Commissioner, New Mexico Department of Agriculture, Otero Soil and Water Conservation District, New Mexico Cattle Growers Association, Arizona Cattle Growers Association, village of Cloudcroft, Otero County Electric Cooperative, Otero County Commissioner, New Mexico Association of Counties, National Association of Counties, land surveyors of New Mexico, New Mexico private landowners, New Mexico abstractors, New Mexico bankers, New Mexico savings and loan associations, real estate firms of Otero County, State Representatives John Mershon and Maurice Hobson, State Senator Wyatt Atkins, Former State Senator Aubrey Dunn, Steering Committee Chairman Dorsey Bonnell, and many other concerned New Mexicans have all joined together to seek to resolve a critical far-reaching problem.

The Forest Service, as part of their continuing program of responsible management, have been engaged for many years in properly locating and identifying the boundaries of National Forest System lands.

This effort has become increasingly more important as land values rise, and resource values increase, in order to protect the interests of all the people, as well as adjacent landowners.

However, two distinct problems have become apparent in the conduct of these surveys; the first related to timeliness of the survey actions, the second related to the increasing technical accuracies surveyors are capable of achieving today.

During the period 1967–69, the Forest Service contracted with the Bureau of Land Management, which has the responsibility for such matters, to conduct a retracement of the original turn of the century General Land Office survey for certain section and township corners within the Lincoln National Forest in southeastern New Mexico.

During the conduct of the survey, many original corners could not be found. The surveyors reconstructed from the original survey notes, and by other accepted methods, the locations of the original corners and set standard brass survey monuments marking these locations.

In late 1969, the retracement was abandoned for lack of funds. Since that time, the Bureau of Land Management has failed to issue a certificate of approval certifying the 1967–69 survey to be correct, and have not removed the temporary brass monuments which have stayed in place, erroneously now, for as many as 14 years. Within the last 3 years, with funding once again available, the Bureau of Land Management has retraced much of the 1967–69 resurvey and has relocated many of these corners to what is presumably determined to be the proper location.

A single corner may have been moved several feet in this period of time. A certificate of approval has not yet been issued by the BLM for this latest survey either.

Another problem has resulted from this fundamental problem. Local private land surveyors have, albeit improperly, utilized the uncertified brass BLM survey monuments over the last 14 years as "established official points of reference" to make private land surveys which title companies and lending institutions have accepted as "certified surveys" for clear title descriptions.

Admittedly, these surveys should never have been accepted by the title companies, nor should the surveys have been conducted from an uncertified monument. In defense of the private land surveyor, I should say that neither the 1967–69 survey maps, nor the 1979–80 survey maps, were available to the private land surveyor in the local land office, nor are the monuments dated to reflect the year of survey.

In other words, there was nothing of record to indicate a particular monument was not the official monument. There was certainly no reason to believe a monument location would be altered in the future.

The second problem I mention related to the accuracy of surveys. The Forest Service uses a highly accurate laser

range pole and electronic transit when subdividing sections in the survey process to locate interior corners to the section in order to establish forest boundaries. Original private land surveys used methods previously available and accepted within the realm of practicability such as the compass, chain, and transit. Prior individual surveys on private lands, performed by registered engineers of the State of New Mexico, from an established corner "then available" are being considered in error by the recent Forest Service highly accurate subdivision surveys, even though the prior surveys have had a permanency of several decades. The sophisticated technology of today far exceeds the capabilities of earlier equipment, particularly in mountainous and wooded terrain.

The results of the new methods have been to find a number of surveys of long-standing in error and the declaration by the Forest Service that their survey is correct. Consequently, fences are now off line, sometimes by 50, 60 or more feet, and must be moved to conform to the new line as suggested by the Forest Service.

In fairness, many old fences were placed on a "line of convenience," that is, from tree to tree, to skirt a rocky area, et cetera, and only approximated the property line. These are not the problems at issue here.

The problem at issue has resulted in loss of assets, and the clouding of property titles of privately owned land, which had previously perfected titles. Clearing these titles now involves waiting until all Federal land resurveying and subdividing is completed and certified. If a discrepancy exists, a private landowner must seek relief through litigation against the Federal Government, or pay for a new private land survey to redescribe his title. In the meantime, no one can sell or exchange property with an insured title.

In addition, the landowner may have been paying taxes on lands that will ultimately not be his.

Many of the individual cases here could be resolved if the Federal land surveyors followed the administrative guidelines in the book "Manual of Surveying Instructions—USDI, Bureau of Land Management" and the act of March 3, 1909, as amended, which requires the surveyor not to impair the bona fide rights of the landowner by such resurvey or retracement. Bona fide rights are those acquired in good faith under the law, and the surveyor should be concerned with the question whether the lands have actually been located in good faith.

By fundamental law the corners of the original survey are unchangeable. Even if the original surveys were poorly executed, it still controls the boundaries of land patented under it. The problem stems, in some cases, from the Federal surveyor's failure to conduct the survey with a "spirit of cooperation" to work with the individual affected landowners and their titles, records of survey, and maps to establish if in fact a bona fide right acquired in good faith is present and should be considered as an unchangeable original survey.

Many affected landowners, given the current situation, are recognized by the Forest Service as innocent trespassers on Federal lands but, under existing law, have no recourse other than applying for a long-term lease of the lands in contention. The Forest Service has been very cooperative in granting special use permits to landowners so affected.

The legislation which I introduce today recognizes that in certain cases a landowner having no advance notice of the fact that his improvement encroached upon Federal land, and who in good faith relied upon an erroneous survey, title search, or other land description indicating there was not such encroachment, may acquire those parcels up to a maximum of 10 acres, or 40 acres if intersected with or adjacent to mineral patents.

This legislation will eliminate the need for correcting many boundary disputes through private relief bills in the Congress.

FEDERAL LAND SURVEY ACT OF 1981

Mr. President, I also introduce today another bill that will help alleviate future land survey problems of the type I have outlined above.

This bill will encourage the timely conduct and approval of Federal land surveys, it will foster and promote a spirit of cooperation with the landowners and local government in the survey of public lands, it will promote the stability and permanence of the Nation's records of survey, and will provide the basis for a multipurpose national land information system.

Section 3 of this bill deals with the role of the Federal Government in this problem area of official land surveys and outlines the general responsibilities of the Federal Government in this area.

Section 4 spells out the exact steps the Secretary of the Interior or such agency as designated by the Secretary should take in carrying out the responsibilities.

These steps include the establishment of a systematic integrated approach which coordinates all Federal land surveys programs with affected parties by the Federal agencies, State agencies, local agencies, or private citizens.

The section further provides for such items as timely notice of the intent to plan, conduct, certify, and record such surveys or resurveys.

This section further spells out such items as proper notice to the parties involved, the initiating period for conducting surveys the time period in which the surveys should be completed, the time frame in which certification of the survey should take place and calls for the monumenting and certification of a section center corner when a subdivision survey is conducted by the Secretary or the Secretary's designee.

The section also contains a provision that if certification does not take place in a timely manner, all temporary monuments will be removed and that a plan for resurvey or retracement is initiated immediately.

The final section of this bill, section 4 (b), subsection 1, 2, and 3 deal with authorizing the Secretary of the Interior and the Secretary of Agriculture to conduct an assessment of a national cadastre information needs and develop a feasibility study for establishing a multipurpose national cadastre system.

Sometime early in the next century it may be possible to check land records easily and quickly to learn precisely where a parcel of American land is, what it is like, what and where the easements are, what its tax status is, and who owns it. As planners, assessors, legislators, engineers, insurers, appraisers, lenders, builders, surveyors, and the buyers and sellers of land know well, land records of the United States generally are quaint, arcane, clumsy to probe, and not altogether reliable or helpful.

Land records may be stored by computer in some places now, but the information they contain may be no better and not much more accessible than records on paper. Maps made for legal and fiscal purposes—cadastral maps—often are inadequate.

For most Americans title search and survey are encountered directly only as sometimes troubling legal rituals in real estate transactions. Out-of-the-ordinary land information questions—say those involved in siting a transportation or utility corridor or in economic and land-use studies or in natural resource appraisal and regulation—are answered if at all only by numerous agencies, public and private, each maintaining its own maps for its own purposes, with the maps often in conflict.

By several estimates the consequent direct added costs to individuals and to Federal, State, and local governments run into many millions of dollars annually; the consequent indirect costs of recurring inability to manage and to properly assess land are inestimable.

Most of the country's title—and assessment—records systems "have undergone only relatively small changes in the last 100 years," the report of a National Research Council panel says, reiterating the complaints of attorneys, geodesists, geographers, real-estate specialists, public administrators, surveyors, and others who have studied these problems. Land information systems for planning and management "have evolved largely since the mid-1960's," and the twain do not meet;

"Title—and assessment—records systems are labor intensive and do not provide necessary information about the land in a timely, unambiguous, authoritative, and economical manner. Land-management information cannot readily be integrated with title and assessment data," the existence of computers and geodetic and Earth-resource satellites and aerial photogrammetry notwithstanding.

Land ownership and development were recorded in the Domesday Book of Norman England for the purposes of assessment. The land-title and assessment records in most U.S. county halls of records today take their form largely from the nature of the dispositions of land in the

early development of the United States, but they are changed little in concept from compilations in the Domesday Book nearly 1,000 years ago. The Domesday Book offers the collateral benefit of a portrait of uses of the land; U.S. cadastral records today rarely do.

Over the last 10 years pressures have been building to modernize cadastral records systems in the United States, as needs to cut land-transfer costs, to determine land-ownership, and to ease access to all sorts of land information have become more evident. According to the National Research Council panel's report:

> There is a critical need for a better land-information system in the United States to improve land-conveyance procedures, furnish a basis for equitable taxation, and provide much needed information for resource management and environmental planning.

The problem is how. The answers and timing will affect every land-taxing jurisdiction in the United States.

At the request of several Federal agencies, a panel of the National Research Council assembly of Mathematical and Physical Sciences' Committee on Geodesy was appointed to consider Federal responsibilities in the possible development of nationally usable, multipurpose cadastre—a record of the nature and extent of interests in land. Such interests and property rights, the Panel on a Multipurpose Cadastre noted:

> May be narrowly construed as a legal right capable of ownership or more broadly interpreted to include any uniquely recognized relationship among people with regard to the acquisition and management of land.

The panel called not for any central land-bank, but for independently undertaken changes to make land information more accessible and to foster intercomparability of records that more than one agency maintain concerning the same land, each parcel of which, the panel said, should have its own, unique identifying number. Local land-parcel registers would identify parcels using these identifiers, which then would serve as indexes to other records where descriptions of the land could be found, and identifiers would appear on parcel index maps.

One-stop shopping for all information available on a parcel, tract, or larger area is not likely, but land-data searches would be faster and more productive—assuming of course that quality control, geodetic control, and considerations of consistency are kept in mind as land-information systems are reshaped.

Mr. President, I ask unanimous consent that the text of both these bills be inserted in the RECORD following these remarks.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 705

Be it enacted by the Senate and House of Representatives of the United States of America in congress assembled, That the Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized, when the Secretary determines it to be in the public interest—

(1) to sell or exchange, by quitclaim deed, all right, title and interest of the United States in and to National Forest System lands described in section 2; and

(2) to accept, as consideration for the lands sold or exchanged, other lands, interests in lands, or cash payment, or any combination of such forms of consideration, equal in value to the fair market value of the lands, including the mineral estate, sold or exchanged by the Secretary.

The Secretary shall insert in any such quitclaim deed such terms, covenants, conditions, and reservations as the Secretary deems necessary to ensure protection of the public interest, including protection of the scenic, wildlife and wilderness values of the National Forest System and provision for appropriate public access to and use of lands within the System.

SEC. 2. The National Forest System lands which may be sold or exchanged under this Act are those the sale or exchange of which is not practicable under any other authority of the Secretary and which are—

(1) parcels of forty acres or less which are interspersed with or adjacent to mineral patents, which are determined by the Secretary, because of location or size, not to be subject to efficient administration, and which have a fair market value, as determined by the Secretary through appraisal within one year before or after the date application for sale or exchange is made to the Secretary, of not more than $150,000;

(2) parcels of ten acres or less which are encroached upon by improvements occupied or used under claim or color of title by persons to whom no advance notice was given that the improvements encroached or would encroach upon such parcels, and who in good faith relied upon an erroneous Federal survey, title search or other land description indicating that there was not such encroachment; and

(3) road rights-of-way, reserved or acquired, which are substantially surrounded by lands not owned by the United States and which are no longer needed by the United States, subject to the first right of abutting landowners to acquire such rights-of-way.

SEC. 3. Any person to whom lands are conveyed pursuant to this Act shall bear all reasonable costs of administration, survey and appraisal incidental to such conveyance, as determined by the Secretary, except in those cases in which the Secretary determines that it would be consistent with the public interest to waive payment of such costs by such person. In the case of road rights-of-way conveyed pursuant to this Act, the person to whom the right-of-way is conveyed shall reimburse the United States for the value of any improvements to such right-of-way which may have been made by the United States.

SEC. 4. Conveyance of any road rights-of-way under this Act shall not be construed as permitting any designation, maintenance, or use of such rights-of-way for road or other purposes except to the extent permitted by State or local law and under conditions imposed by such law.

SEC. 5. In carrying out the land exchanges authorized in this Act the Secretary is authorized to use the procedures of the Act entitled "An Act to facilitate exchanges of land under the Act of March 20, 1922 (42 Stat. 465), for use for public schools, and for other purposes", approved December 4, 1967 (Public Law 90–171; 81 Stat. 531).

SEC. 6. For purposes of this Act, the word "person" includes any State or any political subdivision or entity thereof.

SEC. 7. The Secretary shall issue regulations to carry out the provisions of this Act, including specification of—

(1) criteria which shall be used in making the determination as to what constitutes the public interest; and

(2) factors relating to location or size which shall be considered in connection with determining the lands to be sold or exchanged under clause (1) of section 2.

SEC. 8. Nothing in this Act shall authorize conveyance of Federal lands within the National Wilderness Preservation System.

S. 706

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Land Survey Act of 1981".

SEC. 2. (a) The purposes of this Act are—

(1) to declare a National policy which will encourage the timely conduct and approval of Federal land surveys;

(2) to provide the public with reasonable notice of intent in the conduct and approval of these surveys;

(3) to promote and foster a spirit of cooperation with landowners and the several States in the survey of Federal lands;

(4) to promote the stability and permanence of the Nation's records of survey; and

(5) to provide the basis for a multipurpose National land information system.

(b) The Congress, recognizing the profound impact of Federal land surveys on land record stability, property conveyance, environmental quality, and resource productivity and the critical importance of Federal land surveys to the economic and social well being of this Nation's citizens, declares that it is the continuing policy of the Federal Government to—

(1) coordinate Federal land surveys with other Federal plans, functions, programs, and resources;

(2) protect the bona fide rights or claims of any claimant, entryman, or owner of lands affected by such Federal land survey, resurvey, or retracement;

(3) cooperate with State and local governments, and other concerned public and private organizations, in the timely, notice, conduct, and maintenance of such Federal land surveys, resurveys, and retracements; and

(4) provide National leadership in the development of a multipurpose National cadastre as a basis for improved land conveyance procedures, for equitable taxation, for informed resource management and environmental planning, and to further the Nation's economic productivity.

SEC. 3. (a) The Secretary of the Interior (hereinafter referred to as the "Secretary") or such agency as the Secretary may designate, in the survey or resurvey of public lands made after the date of enactment of this Act, shall—

(1) provide all affected Federal agencies, local governments, individual claimants, entrymen, landowners, and the local public with notice of intent to conduct, certify, or record a survey or resurvey not less than 30 days prior to the intended action;

(2) initiate any survey or resurvey within six months providing notice of intent to conduct such survey or resurvey;

(3) complete any survey or resurvey and all necessary monumentation, affixing a permanent mark designating the year of the survey or resurvey on each monument when established or reestablished within two years of the date of initiating the survey or resurvey; and

(4) certify the survey or resurvey in the appropriate land office within ninety days of the date the survey or resurvey is completed.

(b) When a section subdivision survey is conducted involving both lands owned by the Federal Government and non-Federal lands, the section center corner shall be monumented and certified in accordance with subsection (a).

(c) If the Secretary or the Secretary's designee fails to certify a monument within ninety days as required in subsection (a)

(4), the temporary monument shall be removed within fifteen days after the 90-day perod has expired. Notice of such removal with reasons for the removal and notice of any plans for resurvey or retracement shall be published in a local newspaper and the Federal Register within thirty days of removal.

SEC. 4. (a) The Secretary of the Interior and the Secretary of Agriculture, in consultation with the Governors of the several States and the President of the National Academy of Sciences, are authorized and directed to conduct an assessment of multipurpose National cadastre information needs and develop a feasibility study for establishing a multipurpose National cadastre system. The Secretary of the Interior and the Secretary of Agriculture shall submit the feasibility report with recommendations and any proposals for legislation to the Majority Leader of the Senate and the Speaker of the House of Representatives within three years of the date of the enactment of this Act.

(b) The recommendations contained in the feasibility study shall be consistent with the Forest and Rangeland Resources Planning Act of 1974, the Federal Land Policy and Management Act of 1976, and the purposes and policies of this Act.●

By Mrs. KASSEBAUM:

S. 707. A bill to provide for certain importers of crude oil to contribute to the Strategic Petroleum Reserve; to the Committee on Energy and Natural Resources.

STRATEGIC PETROLEUM RESERVE AMENDMENTS OF 1981

● Mrs. KASSEBAUM. Mr. President, today I am reintroducing legislation that I proposed last year that will facilitate the filling of our strategic petroleum reserve.

Last year, we discussed this issue at length and were successful in prompting the resumption of our stockpiling efforts. Since purchases were renewed in September, the Department of Energy has added about 160,000 barrels to 117 million barrels. The current level represents approximately a 21-day supply of imports. Although this level is clearly inadequate, I am not quarreling with the magnitude of our efforts. The administration has indicated its commitment to continue this progress despite numerous political and economic constraints. As a member of both the Foreign Relations and Budget Committees, I am sensitive to these concerns. Budget priorities and pressures require that direct expenditures be minimized and volatile Mid-East politics require that we be cautious in fashioning a stockpile policy.

Volatility coupled with our continued dependence on foreign oil, dictate the need to take precautions against a major supply interruption. In a report last year, the Senate Energy Committee concluded that "a major supply interruption appears to be inevitable within the next decade."

The implications of such an interruption are immense. A Stanford University study indicates that a cutoff of the supply we receive from the Persian Gulf area would result in an economic loss to the United States of more than $110 billion in a single year. Therefore, any efforts to enhance development of the SPR clearly contribute to our national security. Mr. President, my legislation will spur filing of the reserve by addressing some of the budgetary difficulties that we have recently encountered.

Since stockpiling resumed, DOE has paid an average price of about $36 a barrel. Most of that oil ultimately comes from the Government-owned Elk Hills Reservoir, and, therefore, we have been getting a refund under the entitlements system. With the lifting of price controls on domestic oil, DOE no longer receives that refund. Even if the reserve is filled at the rate of only 100,000 barrels per day, this will raise the cost of the stockpiling by $1.5 billion this year. As oil prices continue to rise, we will confront increasing problems with filling the reserve. My bill will permit us to get more efficient use from the money we can afford to invest in this endeavor.

I have made a few clarifications from last year's proposal, but the bill is essentially the same. Major crude importers—defined as those whose average daily imports equal or exceed 75,000 barrels—would be required to begin contributing to the SPR at an annual rate equal to five times the average daily amount they import during the calendar year. Title to the oil will be retained by the importers.

The Government will pay the importers an annual fee equal to 10 percent of the purchase price of the oil. This fee will be paid for 11 years or until the oil is withdrawn from the reserve, whichever occurs first. Importers will have the right, upon payment of these yearly fees, to withdraw amounts in accordance with the distribution plan contained in the strategic petroleum reserve plan. The Secretary of Energy shall have the right to override this decision in the event that distribution would not be consistent with the defense objectives of the SPR. The Secretary of Energy shall pay the contributing importers, if it is necessary for the Federal Government to use SPR contributions, the market price at the time of withdrawal less accumulated annual fee payments.

This contribution program will help improve existing SPR acquisition programs. It will assure quicker, cheaper completion of the Nation's reserve requirements. Had the legislation been in effect in 1979, the last year for which figures are available, the SPR would have acquired nearly 25 million barrels. Assuming an average price of $40 per barrel, this bill would accomplish its goal at an initial cost of only $100 million. This bill fits in well with the administration's economic package and with its position on the SPR. It encourages faster filling at a lower cost to the taxpayer without the international political complications of the Federal Government directly entering the foreign market.

Mr. President, we must not be content with recent developments toward completing our reserve. As our money buys less oil, it becomes increasingly important that we make the maximum effort possible to protect ourselves from the impact of a major supply interruption. Many of my colleagues in the Senate share this concern, and I hope they will join me in resolving this problem in the most efficient manner available.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 707

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Strategic Petroleum Reserve Amendments of 1981".

SEC. 2. (a) Part B of title I of the Energy Policy and Conservation Act is amended by inserting the following immediately after the heading therefor:

"Subpart 1—Strategic Petroleum Reserve Program."

(b) Part B of the Energy Policy and Conservation Act is further amended by adding at the end thereof the following new subpart:

"Subpart 2—Importer Contributions

"DEFINITIONS

"SEC. 171. For the purposes of this subpart the term 'major importer of crude oil' is defined, for each calendar year after the date of enactment of this subpart, as any person who imported more than 75,000 barrels of crude oil on a daily average during that calendar year.

"ESTABLISHMENT OF IMPORTER CONTRIBUTION

"SEC. 172. Each major importer of crude oil shall for each calendar year after the date of enactment of this subpart contribute to the Strategic Petroleum Reserve crude oil in an amount equal to the average daily amount imported by such person during such calendar year times 5.

"TITLE AND FEES

"SEC. 173. (a) All rights, title, and interest to the amounts of crude oil contributed under section 172 shall remain with the importer of such crude oil.

"(b)(1) The Secretary shall pay an annual fee to each contributing importer of crude oil equal to 10 percent of the price at which such oil was purchased.

"(2) The fee payable under paragraph (1) shall be payable for a period of 11 years after the date such oil was contributed under section 172.

"(3) The fee payable under paragraph (1) shall not be paid on costs of imported crude oil which are in excess of the world market price at the time of purchase.

"DRAWDOWN OF CONTRIBUTIONS

"SEC. 174. (a) The Secretary may permit any major importer (or successor in interest) to remove amounts of crude oil, not in excess of the amounts contributed by such importer, upon the commencement of distribution under the Distribution Plan contained in the Strategic Petroleum Reserve Plan which has taken effect pursuant to section 159(a) if such removal would not result in distributions contrary to the policy established by such plan.

"(b) In a case where the Secretary makes a distribution of crude oil from amounts contributed under this subpart, the Secretary shall make payments to such major importer (or sucessor in interest) in an amount equal to the world market price at the time of such distribution less the amount of fees paid to such importer pursuant to section 173.

"(c) Such payments made under section 174(b) shall in any event not exceed 100 percent of the average world market price for the 3 months immediately preceding the date of distribution mandated under such section.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 175. There are authorized to be appropriated to carry out the provisions of this subpart such sums as may be necessary.".

SEC. 3. Section 161(a) of the Energy Policy and Conservation Act is amended by striking "The Secretary" and substituting "Except as provided in section 174, the Secretary".●

By Mr. CHAFEE (for himself, Mr. BENTSEN, Mr. DANFORTH, Mr. GARN, Mr. DOLE, Mr. GOLDWATER, Mr. HAYAKAWA, Mr. LUGAR, Mr. MATHIAS, Mr. PERCY, Mr. PRESSLER, Mr. ROTH, Mr. THURMOND, and Mr. TOWER):

S. 708. A bill to amend and clarify the Foreign Corrupt Practices Act of 1977; to the Committee on Banking, Housing, and Urban Affairs.

BUSINESS ACCOUNTING AND FOREIGN TRADE SIMPLIFICATION ACT

Mr. CHAFEE. Mr. President, today, I am introducing an amendment to the Foreign Corrupt Practices Act, along with cosponsors who are Senators BENTSEN, GARN, DANFORTH, DOLE, GOLDWATER, HAYAKAWA, LUGAR, MATHIAS, PERCY, PRESSLER, ROTH, THURMOND, and TOWER.

Mr. President, the Foreign Corrupt Practices Act, signed into law on December 19, 1977, represents an important step toward the objective of prohibiting bribery of foreign government officials by U.S. businesses. In the wake of post-Watergate revelations of questionable corporate conduct, Congress acted quickly to make the United States the only country in the world with an extraterritorial anticorruption law.

While well intended, however, the act has given rise to interpretive problems for companies engaged in overseas transactions. It is difficult to decipher, hard to implement, and its ambiguities have bred confusion for both business people and regulators.

Walter Surrey wrote in the spring 1979 issue of the Harvard International Law Journal:

> The Foreign Corrupt Practices Act . . . represents what can result when the White House reverses signals at the last minute and when Members of Congress, the administration, and the business community are unwilling to challenge a draft law for fear of being accused of being in favor of that which the law seeks to prohibit. The act is not polished legislation.

Certainly, we are all against bribery and condemn the misuse of an official position for personal or monetary gain. In fact, the Congressional Research Service Foreign Law Division and the United Nations Center on Transnational Corporations both indicate that, to their knowledge, there is not a country in the world that does not have an antibribery statute incorporated in its domestic laws. Many U.S. companies with whose representatives I have met, favor an artibribery law.

The problem is one of uncertainty surrounding the application and enforcement of the Foreign Corrupt Practices Act in different countries and cultures.

As Business International editor Sandraw Feustel stated:

> How much grease must cross the palm of a government official before a corporate executive is called on the carpet for offering a bribe? When the brother of a Gulf sheikh demands a large commission before he okays a contract, does that constitute extortion? Does a duck a l'orange at Maxim's tempt a government official to sign on the dotted line, and will a new gold watch at today's prices persuade a sluggish bureaucrat to cut that extra length of red tape?

Last week, the General Accounting Office released a study stating that the current Foreign Corrupt Practices Act is riddled with complicating ambiguities. Many problems arise from confusion over what makes a payment a bribe. Grease payments, such as fees to get low-level bureaucrats to perform their duties of processing forms, approving licenses, or unloading a shipment of perishable goods from a boat in dock, are specifically permitted on the grounds that petty corruption is unavoidable.

But, as an article from this week's Time magazine points out:

> There is a large gray area between that sort of bureaucratic paper shuffling and the discretionary authority of local officials to withhold approval for a project or license, and thereby extort not $50 or $100, but perhaps $10,000 or even $500,000 from a victimized company.

The article continues:

> American businessmen also complain that the complex law keeps them out of many profitable deals. Says Robert Malott, Chairman of Chicago's FMC Corp., a leading manufacturer of chemicals and machinery (1980 sales: $3.5 billion): "The law has American export companies thoroughly confused. We simply cannot get clarification on what is legal and what is not."
>
> Dubbed by one Wall Street wag the "Accountants' Full Employment Act of 1977," the legislation has forced companies not only to beef up their internal auditing staffs but to check and double-check the propriety of even the most inconsequential payments. Example: in Xerox's Cairo office, local staffers had to get permission from a senior corporate officer in the U.S. before they could pay $8 a month in tips to Egyptian telex and telephone repairmen.
>
> More confusion surrounds a company's liability under the Act for the actions of its foreign agents. If the local representatives uses even a part of his commission, as often happens, to bribe officials to keep a deal on track, the Act asserts that the U.S. company is responsible if the executives had reason to know what the agent was doing.

It is this grey area that has had a chilling effect on U.S. export activity and that has caused the loss of billions of dollars of business. Mr. Frank Weil, former Assistant, Commerce Secretary asserted that the smaller companies are the most severely hampered by the Act, Mr. Weil, while at the Commerce Department, was quoted as saying:

> The "uncertainties" of the Act are frightening a lot of legitimate business through commission agents.

When faced with the question of whether or not to pay commissions, which are a social and business custom and legal in many countries, U.S. firms now play it safe and do not even bother to compete.

In addition, the cost of complying with the accounting and recordkeeping requirements of the act has placed an excessive burden on all publicly held companies regardless of whether or not they make any foreign sales. The GAO found that over 55 percent of the firms polled said they believe their efforts to comply with the act's accounting provisions have cost more than the benefits received. To violate the statute, one need only to err in keeping company books in the detail to which the Securities and Exchange Commission deems necessary. One need not be engaged in corruption or foreign sales to violate the so-called Foreign Corrupt Practices Act.

Most alarming is the fact that the American Bar Association (ABA), and the American Institute of Certified Public Accountants (AICPA) disagree with the Securities and Exchange Commission (SEC) as to a firm's responsibility under the accounting provisions of the law.

Costly accounting procedures and ambiguities not only cause U.S. companies to lose foreign orders, but retard competing in the first place. The problems created by the act are especially onerous on smaller publicly held companies, and new exporters, who are unable to obtain specialized counsel familiar with the act's intricacies.

So serious a trade disincentive is the act that the President's report to Congress of September 9, 1980, on export disincentives, noted that businessmen and attorneys had identified the Foreign Corrupt Practices Act (FCPA) as "one of the most significant export disincentives." Substantial uncertainties in interpretation, problems of dual SEC-Justice enforcement jurisdiction, and failures to reach effective international agreement in this area were cited. Subsequently, the report of the President's Export Council, submitted in December, recommended that Congress amend the FCPA along lines I suggested in my bill last year (S. 2763) to unify enforcement of the antibribery provisions in Justice, to clarify ambiguities in the law, to mandate guidelines on interpretation of the law, and to provide an appropriate intent test for criminal prosecutions.

In addition, the GAO report released last week recommended that Congress rewrite the law to give clearer guidance to businessmen as to what they can and cannot do when competing overseas. The Reagan administration, the Chamber of Commerce of the United States, the Georgetown University Center for Strategic and International Studies, and numerous attorneys, accountants, and legal professors have all called for changes or clarifications to be made, and guidance to be provided to American businesses.

Mr. President, we are entering our fifth consecutive year of trade deficits and the rapidly declining competitive position of many U.S. industries in the world export market should be of great concern to our Nation.

The overwhelming U.S. industrial superiority of the early postwar years is gone. Since 1950, our share of the world's export market has dropped by half while our share of the world's imports has risen by 27 percent.

A recent construction industry study shows that U.S. firms claimed only 1.6 percent of the $21.8 billion in new overseas construction contracts let during the 13-month period ending June 1979. This compares with a 10.3-percent U.S.

share from May 1975 to April 1978 of the total $86 billion market.

We are losing the battle to bring home those $60 billion a year we are paying out for foreign oil. Why is this happening?

Mr. President, there is not one simple answer to this question. But there is evidence that certain U.S. Government policies are making it difficult for American firms to compete on even ground with their increasingly sophisticated foreign counterparts. One of these policies is the unclear criminal and civil enforcement of the Foreign Corrupt Practices Act. And we should all be aware that everytime export sales are lost to foreign competitors, U.S. jobs are lost, as well.

If we expect U.S. businesses to be aggressive and competitive abroad, we must not encumber them with unnecessary barriers or restraints.

The legislation I introduce today will provide the groundwork for a necessary and thorough review of the act, and lead to important changes without compromising the original intent of the act.

Under my proposal, bribery of foreign officials would still be illegal, and both criminal and civil penalties, as defined under current law, would be applicable.

My bill would help to eliminate many of the present ambiguities of the act, and would allow compliance guidance to be provided to U.S. business. It would also designate the Justice Department the sole enforcer of corrupt practices, while the Securities and Exchange Commission would administer the accounting standards section of the act. Other provisions of the bill, including the inclusion of a "materially" standard in the accounting section, elimination of the "reason to know" clause, and a resolution calling for an international agreement, are outlined below.

Finally, it is important to address this export disincentive and to open the public record on the act. I urge the Senate Banking Committee to schedule hearings on this bill quickly so as to provide Congress the opportunity to pass this legislation.

Mr. President. I ask unanimous consent to have printed in the RECORD the attached articles, a summary of the bill, and that a copy of the bill be also printed as introduced.

There being no objection, the bill, summary, and articles were ordered to be printed in the RECORD, as follows:

S. 708

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Business Accounting and Foreign Trade Simplification Act".

FINDINGS AND CONCLUSIONS

SEC. 2. (a) The Congress finds that—

(1) the enactment of the Foreign Corrupt Practices Act of 1977 was a positive and significant step toward the important objective of prohibiting bribery of foreign government officials by United States companies in order to obtain, retain, or direct business;

(2) the unclear nature of the enforcement, and interpretation of the Foreign Corrupt Practices Act of 1977 by United States agencies has caused unnecessary confusion among existing and potential exporters as to the scope of legitimate overseas business activities;

(3) the accounting standards requirements of the Foreign Corrupt Practices Act of 1977, which apply to all issuers of securities regardless of size, market, or the presence of international transactions, are unclear and excessive and they have caused costly and unnecessary paperwork burdens;

(4) United States agencies responsible for enforcement of the Foreign Corrupt Practices Act of 1977 have not sufficiently coordinated interpretation and enforcement practices with other agencies responsible for international trade policy, export promotion, foreign policy, international monetary policy, and other related civil and criminal statutes; and

(5) it is in the best interests of all countries to maintain responsible standards of corporate conduct in foreign markets to preserve free and equitable trading practices.

(b) The Congress concludes that—

(1) the principal objectives of the Foreign Corrupt Practices Act of 1977 are desirable, beneficial, and important to our Nation as well as to our relationships with our trading partners, and these objectives should remain the central intent of the Act;

(2) exporters should not be subject to unclear, conflicting, and potentially damaging demands by diverse United States agencies responsible for enforcement of the Foreign Corrupt Practices Act of 1977;

(3) the accounting standards requirements of the Foreign Corrupt Practices Act of 1977 should be integrated with concepts of materiality as they are understood and interpreted in the context of generally accepted accounting principles, and accordingly, should take into consideration the size and operations of issuers of securities;

(4) general compliance and enforcement practices associated with the Foreign Corrupt Practices Act of 1977 should be developed in accordance with considerations underlying foreign policy relations, international trade, export promotion, international monetary policy, and other related civil and criminal statutes; and

(5) a solution to the problem of corrupt payments by firms to obtain or retain business demands an international approach; accordingly, appropriate international agreements should be initiated and sought by the United States agencies responsible for trade agreements and by the President.

AMENDMENT OF SHORT TITLE

SEC. 3. Section 101 of the Foreign Corrupt Practices Act 1977 is amended to read as follows:

"SHORT TITLE

"SEC. 101. This title may be cited as the 'Business Practices and Records Act'.".

ACCOUNTING STANDARDS

SEC. 4. (a) Section 13(b)(2) of the Securities Exchange Act of 1934 is amended by striking out clauses (A) and (B) and inserting in lieu thereof the following:

"(A) make and keep books, accounting records, and accounts which reflect in reasonable detail the transactions of the issuer (including the disposition of assets) in all material respects so as (i) to permit preparation of financial statements in conformity with generally accepted accounting principles or other criteria applicable to such statements, and (ii) to maintain accountability for assets; and

"(B) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that in all material respects—

"(i) transactions are executed in accordance with management's general or specific authorization;

"(ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;

"(iii) access to assets is permitted only in accordance with management's general or specific authorization; and

"(iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.".

(b) Section 13(b) of the Securities Exchange Act of 1934 is amended by adding at the end thereof the following:

"(4) A person shall be liable in any action or proceeding arising under paragraph (2) only for knowingly falsifying, or causing to be falsified, any book, accounting record, or account described therein, or for knowingly failing to maintain a system of internal accounting controls which is consistent with the purposes of paragraph (2), or for knowingly attempting to circumvent wrongfully the internal accounting controls established pursuant to such paragraph.".

"(5) Where an issuer holds 50 per centum or less of the equity capital of a domestic or foreign firm, the provisions of paragraph (2) require only that the issuer proceed in good faith to use its influence, to the extent reasonable under the issuer's circumstances, including the relative degree of its ownership over the domestic or foreign firm and under the laws and practices governing the business operations of the country in which such firm is located, to cause transactions and dispositions of assets having a material effect as defined in subparagraphs (A) and (B) of paragraph (2) on the issuer to be carried out consistent with the purposes of such paragraph. Such an issuer shall be conclusively presumed to have complied with the provisions of paragraph (2) by demonstrating good faith efforts to use such influence.".

REPEALER; NEW BRIBERY PROVISION

SEC. 5. (a) Section 30A of the Securities Exchange Act of 1934 is repealed.

(b) Section 104 of the Business Practices and Records Act is amended to read as follows:

"FOREIGN PAYMENTS

"SEC. 104. (a) It shall be unlawful with respect to activities in the interstate or foreign commerce of the United States for any domestic concern, or any officer, director, employee, or shareholder thereof acting on behalf of such domestic concern, corruptly to pay, give, offer, or promise, directly or indirectly, anything of value to any foreign official for the purpose of—

"(1) influencing such foreign official to act or make a decision in his official capacity, including a decision to fail to perform his official functions, in violation of the recipient's legal duty as a public servant; or

"(2) inducing such foreign official to use his influence with a foreign government or instrumentality thereof in violation of the recipient's legal duty as a public servant;

in order to assist such domestic concern in obtaining or maintaining business for or with, or directing business to, any person.

"(b) A domestic concern violates subsection (a) by circumventing the proscriptions thereof where a payment, gift, offer, or promise of anything of value by any person is made corruptly to a foreign official in connection with activities within and for any of the purposes set forth in subsection (a), and where the domestic concern corruptly directs or authorizes such payment, gift, offer, or promise.

"(c) Subsection (a) shall not apply to any facilitating or expediting payment to a foreign official which is customary in the country where made and the purpose of which is to facilitate or expedite performance by such foreign official of his official duties.

"(d)(1)(A) Except as provided in subparagraph (B), any domestic concern which violates subsection (a) shall, upon conviction, be fined not more than $1,000,000.

"(B) Any individual who is a domestic concern and who willfully violates subsection (a) shall, upon conviction, be fined not more than $10,000, or imprisoned not more than five years, or both.

"(2) Any officer or director of a domestic concern, or stockholder acting on behalf of such domestic concern, who willfully violates subsection (a) shall, upon conviction, be fined not more than $10,000, or imprisoned not more than five years, or both.

"(3) Whenever a domestic concern is found to have violated subsection (a) of this section, any employee of such domestic concern who is a United States citizen, national, or resident or is otherwise subject to the jurisdiction of the United States (other than an officer, director, or stockholder acting on behalf of such domestic concern), and who willfully carried out the act or practice instituting such violation shall, upon conviction, be fined not more than $10,000, or imprisoned not more than five years, or both.

"(4) Whenever a fine is imposed under paragraph (2) or (3) of this subsection upon any officer, director, employee or stockholder of a domestic concern, such fine shall not be paid, directly or indirectly, by such domestic concern.

"(e) (1) When it appears to the Attorney General that any domestic concern, or officer, director, employee or stockholder thereof, is engaged, or is about to engage, in any act of practice constituting a violation of subsection (a) of this section, the Attorney General may, in his discretion, bring a civil action in an appropriate district court of the United States to enjoin such act or practice, and upon a proper showing, a permanent or temporary injunction or a temporary restraining order shall be granted without bond.

"(2) For the purpose of all civil investigations which, in the opinion of the Attorney General, are necessary and proper for the enforcement of this Act, the Attorney General or any attorney or attorneys of the Department of Justice designated by him are empowered to administer oaths and affirmations, subpena witnesses, take evidence, and require the production of any books, papers, or other documents which the Attorney General deems relevant or material to the inquiry. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States, or any territory, possession or commonwealth of the United States, at any designated place of hearing.

"(3) In case of contumacy by, or refusal to obey a subpena issued to, any person, the Attorney General may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, or other documents. Any such court may issue an order requiring such person to appear before the Attorney General or attorney designated by the Attorney General, there to produce records, if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as a civil contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found. To the extent that such rules may have application and are not inconsistent with the provisions of this chapter, the Federal Rules of Civil Procedure shall apply to any investigation under this chapter.

"(f) As used in this section—

"(1) The term 'domestic concern' means (A) any individual who is a citizen, national or resident of the United States; (B) any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, which is organized under the laws of a State of the United States or a territory, possession or commonwealth of the United States, or which has a class of securities registered pursuant to section 12 of the Securities Exchange Act of 1934 or which is required to file reports under section 15(d) of the Securities Exchange Act of 1934.

"(2) The term 'foreign official' means (A) any officer or employee of a foreign government or any department, agency or instrumentality thereof, or any person acting in an official capacity for or on behalf of any such government or department, agency or instrumentality; and (B) includes any foreign political party or official thereof or any candidate for foreign political office.

DEFINITIONS

SEC. 6. (a) Section 13(b) of the Securities Exchange Act of 1934 is amended by adding at the end thereof the following:

"(6) For the purpose of this section, the terms 'reasonable detail' and 'reasonable assurances' mean such level of detail and degree of assurance as would satisfy prudent individuals in the conduct of their own affairs, having in mind a comparison between benefits to be obtained and costs to be incurred in obtaining such benefits.

"(7) For the purpose of this section, the term 'material' is used in the same sense as in generally accepted accounting principles when those principles are applied to the preparation and presentation of financial statements of the issuer.".

(b) The Business Practices and Records Act is amended by inserting after section 104 the following:

"(g) For the purpose of this Act, an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value does not include an item of value that constitutes, or is intended as no more than, an item given as a courtesy, a token of regard and esteem, or in return for hospitality, and does not include marketing activities or expenses related to the demonstration or explanation of products, or operations of a domestic concern, including travel and lodging, if such marketing activities, demonstrations, or explanations, or related expenses pertain to the business presentation associated with the selling or purchasing of goods or services.

"(h) Nothing in this Act prohibits any offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value which is lawful under the laws and regulations of the country, in which the foreign official, who is the intended recipient serves or in which the foreign political party or official thereof or foreign political candidate who is the intended recipient principally operates.".

EXCLUSIVITY PROVISION FOR OVERSEAS BRIBERY

SEC. 7. Section 104 of the Business Practices and Records Act shall be the exclusive provision under the laws of the United States authorizing a civil or criminal proceeding by the United States against a domestic concern, or any officer, director, employee, or shareholder thereof acting on behalf of such domestic concern, for making use of the mails or any means or instrumentality of interstate commerce in the manner and for the purposes proscribed by such section or for actions of a domestic concern which are taken in furtherance of such conduct.

AUTHORITY TO ISSUE GUIDELINES

SEC. 8. Title I of the Business Practices and Records Act is amended by adding at the end thereof the following:

"GUIDELINES AND GENERAL PROCEDURES FOR COMPLIANCE

"SEC. 105. (a) Not later than 6 months after the date of enactment of this section, an interagency task force with a chairman designated by the President and to include the United States Trade Representative, the Secretary of State, the Secretary of Commerce, the Secretary of the Treasury, and the Attorney General, after consultation with representatives of the business community and the interested public through public notice and comment and in public hearings, shall determine to what extent the business community would be assisted by further clarification of this Act and shall, based on such determination and to the extent necessary and appropriate, have the authority to issue—

"(1) guidelines describing specific types of conduct associated with common types of export sales arrangements and business contracts which such interagency task force determines constitute compliance with the provisions of section 104 of this Act; and

"(2) general precautionary procedures which issuers or domestic concerns may use on a voluntary basis to insure compliance with this Act, and to create a rebuttable presumption of compliance with this Act.

The guidelines and procedures referred to in the preceding sentence shall be issued in accordance with sections 551 through 557 of title 5, United States Code.

"(b) The Attorney General, after consultation with other Federal agencies and representatives from the business community, shall establish a Business Practice and Record and Review Procedure for the purpose of providing responses and specific inquiries concerning enforcement intentions under this Act. The Attorney General shall issue opinions, within 30 days, in response to requests from domestic concerns, regarding compliance with the requirements of the provisions of section 104 of this Act. An opinion that certain prospective conduct does not involve a violation shall be final and binding on all parties, subject to the discovery of new evidence. When appropriate and at reasonable intervals, the responses derived from the review procedure will be reviewed by the Attorney General to determine whether such compilation of responses should be included in a new guideline pursuant to subsection (a).

"(c) Any document or other material provided to, received by, or prepared in the Department of Justice, or any other department or agency of the United States Government, in connection with a request by a domestic concern for a statement of present enforcement intentions under the Business Practices and Records Act Review Procedure pursuant to subsection (b) of this section, or in connection with any investigations conducted to enforce this Act, shall be exempt from disclosure under section 552 of title 5, United States Code, regardless of whether the Department responds to such a request or the applicant withdraws such request prior to receiving a response. If any request is withdrawn or does not receive a response from the Justice Department, any document or other material submitted in connection with such request shall be returned to the requesting party, and any other document or other material submitted to, received by, or prepared by the Attorney General in considera-

tion of such request shall either be returned if the document or material originated from a source outside the United States Government or shall be destroyed. Within 60 days after the withdrawal of a request or the communication of the decision not to respond to the request, the Department of Justice shall certify to the requesting party that any such document or material has been returned to the requesting party or the originating nongovernmental party or has been destroyed in accordance with this section. The Attorney General shall protect the privacy of each applicant, and all documents supplied are for use by the Justice Department only. Without the express written permission of the domestic concern which furnished the document, the Department of Justice and any other department or agency of the United States, may use or rely upon any document, or any information contained in any document, only for the purpose of preparing a response to the specific inquiry in support of which the document was provided under the Business Practices and Records Act Review Procedure. The Review Procedure shall be developed and instituted in accordance with sections 551 through 557 and 701 through 706 of title 5, United States Code.

"(d) The Attorney General shall make a special effort to provide timely compliance guidance to potential exporters, and smaller businesses, who as a practical matter are unable to obtain specialized counsel on issues pertaining to this Act. Such assistance shall be limited to requests for enforcement intention disclosures provided for under this Act, and general explanations of compliance responsibilities and of potential liabilities under the Act.

"(e)(1) On September 1 of each year the Attorney General shall transmit to the Congress and make public a detailed report on all actions which the Department of Justice has taken pursuant to this Act, along with its views on problems associated with implementation, its plans for the next fiscal year to further implement the Act, and recommendations for amendment.

"(2) On September 1 of each year the Chairman of the Securities and Exchange Commission shall file with the Congress a detailed report on all actions which the Commission has taken pursuant to section 13(b) of the Securities Exchange Act, its views on problems associated with implementation, its plans for the next fiscal year to further implement such section, and its recommendations for amendment.".

CONFORMING CHANGES IN INTERNAL REVENUE CODE

SEC. 9. Paragraph (1) of section 162(c) of the Internal Revenue Code of 1954 is amended by striking out "the laws of the United States if such laws were applicable to such payment and to such official or employee" and inserting in lieu thereof "the Business Practices and Records Act".

INTERNATIONAL AGREEMENTS

SEC. 10. (a) It is the sense of the Congress that the President should pursue the negotiation of bilateral and multilateral agreements among the largest possible number of nations which would establish standards of conduct for international business practices and which would create a process by which problems and conflicts associated with such practices could be resolved, and to explore through negotiations an international agreement for rates of Commissions.

(b) It is the sense of the Congress that, within one year after the date of enactment of this Act, the President shall report to Congress on the progress of these negotiations, and those steps which the Administration and Congress should consider taking in the event that the negotiations referred to in subsection (a) do not successfully eliminate the competitive disadvantage of United States business. Within 60 days of receipt of the President's report, Congress shall begin a full oversight review of the Business Practices and Records Act, including its effectiveness in fulfilling its goals and purposes, effects upon export promotion, United States competitiveness, foreign policy relations, small business considerations, costs of compliance, and appropriateness of penalties and those steps set out in the report to Congress as provided in the preceding sentence.

(c) Not later than six months after the date of the enactment of this Act, the President shall submit to the appropriate committees of the Congress a report identifying and assessing the legal and practical consequences of specific action that the United States could take under existing law—

(1) to promote cooperation by other nations in international efforts to prevent bribery of foreign officials, candidates or parties in third countries; and

(2) to encourage persons or business enterprises organized and operating in other nations to refrain from engaging in bribery of foreign officials, candidates, or parties in third countries to the commercial and competitive disadvantage of the overseas operations of United States industry.

This report shall also include recommendations for any new legislation required to give the President authority to take appropriate action to achieve such objectives. The report shall contain an analysis of the potential effect on the interests of the United States including United States national security of the corruption of foreign officials and political leaders in connection with international business transactions involving persons and business enterprises of other nations. In addition, the report shall assess the current and future role in curtailing such corruption of private initiatives such as the Recommendations to Governments and Rules of Conduct to Combat Extortion and Bribery developed by the International Chamber of Commerce. The findings and recommendations of this report shall be included on the agenda of the full oversight review of the Business Practices and Records Act to be conducted under subsection (b).

SUMMARY AND EXPLANATION OF THE CHAFEE BILL

Sections 1 and 2 (Findings and Conclusions):

These sections of the bill include the Congressional findings and conclusions that support the proposed statutory changes.

The findings and conclusions support the Congressional determination in 1977 that there is a need for a statute which prohibits bribery of foreign government officials. The bill seeks to clarify the unnecessary from the "unclear nature of the enforcement, interpretation, and jurisdiction" of the FCPA and the lack of coordination among the U.S. agencies responsible for FCPA enforcement.

The proposed legislation also attempts to ameliorate the "excessive" FCPA accounting standards and the "costly and unnecessary paperwork burden" which these standards have caused.

Section 3 (Change in Name of FCPA):

The bill would change the name of the Foreign Corrupt Practices Act of 1977 to the Business Practices and Records Act. This modification is designed to make clear that certain provisions of the FCPA, notably Section 102 (recordkeeping and internal accounting controls) apply to companies that have no foreign activities and to purely domestic transactions. Also, the present title implies wrongdoing.

Sections 4 and 6(a) (Inclusion of Materiality and Scienter Requirements in FCPA Recordkeeping and Internal Accounting Controls Provisions):

The bill would amend Section 102 of the FCPA (Section 13(b)(2) of the 1934 Act) by inserting a standard of materiality in the FCPA's recordkeeping and internal accounting controls provisions. The Chafee bill would also make clear that the recordkeeping and internal accounting controls provisions establish standards applicable to the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

The terms "reasonable assurances," "reasonable detail," and "in all material respects" which appear in the Section 102 amendments are defined in Section 6(b) of the bill. In general, the first definition seeks to make explicit the cost/benefit evaluation that the SEC has said may be applied in designing internal accounting controls. The second definition reinforces the link of materiality to the preparation and presentation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

Section 4(b) of the bill would add a subsection (4) to Section 102 of the FCPA to provide that violation of the recordkeeping and internal accounting controls provisions will be found only if there has been knowing falsification of a book, accounting record or account or if there has been knowingly wrongful attempt to circumvent an internal accounting control system or maintenance of an inadequate system. This addition of a scienter requirement to Section 102 would preclude prosecution of issuers or their officers or directors for an inadvertent or otherwise unintentional failure to satisfy the FCPA standards.

Section 4 also makes clear that where an issuer holds 50 percent or less of a domestic or foreign firm, the issuer need only make a good faith effort to influence such firm to comply with the accounting provisions of the Act.

Section 5(a) (Transfer of Jurisdiction for FCPA Antibribery Enforcement from SEC to Justice Department):

Under the FCPA, the Securities and Exchange Commission has authority for enforcing against issuers the civil remedies for violation of the antibribery provisions. The Justice Department enforces against issuers the criminal remedies for violation of the antibribery provisions and the civil and criminal remedies for such violation against domestic concerns, which are defined to include U.S.-based firms and U.S. citizens and residents.

The Chafee bill would place in the Justice Department all jurisdiction for enforcement of the antibribery provisions of the FCPA. The SEC would remain responsible for enforcement of Section 102 (recordkeeping and internal accounting controls (of the FCPA and any securities laws which may apply to failure to disclose foreign bribery.

Section 5(b) (Rewrite of Section 104, Prohibition Against Bribery of a Foreign Official):

A simplified provision of Section 104 is offered in the Chafee bill for the following reasons:

The weak U.S. jurisdictional link of the present statute (which implicates bribes or offers of bribes by any party, U.S. or foreign, so long as the mails or instrumentalities of interstate commerce were used "in furtherance" of such bribes or offers) would be replaced by a direct tie to payments or offers of payment made directly or indirectly by domestic concerns "with respect to activities in the interstate or foreign commerce of the United States."

The exclusion of facilitating payments is clarified by (i) requiring that the influence or inducement was intended to cause the foreign official to act "in violation of the recipient's legal duty as a public servant"

(this phrase is taken from the definition of bribery in Section 1351 of the proposed Criminal Code, S. 1722, 96th Congress) and (ii) the simplified exclusion of payments in Subsection (c) "which are customary in the country where made and the purpose of which is to secure the prompt performance by such foreign official of his official duties."

In the Chafee bill, the substitution of liability for corrupt payments made "directly or indirectly" by a domestic concern for the "reason to know" clause on payments to intermediaries in the present FCPA returns the burden of proof to the prosecution to show that the payment was directly or indirectly the act of the U.S. entity. This is backed up by new language in Subsection (c) where questionable payments are made by a foreign concern but where the payment or offer "was made at the direction of a domestic concern."

In addition, this Section gives the Justice Department civil investigative authority under Section 104 of the FCPA, which it presently does not have.

Section 6(b) (Clarification of FCPA Antibribery Provisions to Exclude Customary Gifts, Routine Business Expenses and Conduct Lawful in Foreign Countries):

This provision of the Chafee bill seeks to clarify the scope of the antibribery provisions of the FCPA by identifying certain conduct which Congress intends to be outside the ambit of the statute. Subsection (e) of Section 104 would exclude from prosecution under the FCPA the presentation of customary gifts and the payment of routine business hospitality and marketing expenses.

This amendment is designed to overcome the chilling effect that the FCPA has had on some activities that are routine in international commerce, that Congress could not have intended to prohibit but that some believe could be encompassed by the broad language of the FCPA.

In the case of gifts, the proposed amendment would permit giving "an item of value that constitutes, or is intended as no more than, an item given as a courtesy, a token of regard and esteem or in return of hospitality."

Permissible business expenses would include, "marketing activities, or expenses related to the demonstration or explanation of products, or operations of an issuer or domestic concern, including travel and lodging, if such marketing activities, demonstrations, or explanations or related expenses pertain to the business presentation associated with the selling or purchasing of goods or services."

Section 6(b) of the bill would provide that the U.S. law would not be violated if the applicable foreign law permits the conduct in question. This provision would reflect a judgment that American concerns and citizens should not be prosecuted under U.S. law for actions that are entirely lawful in the affected foreign country. In such cases, the competitive disadvantage of American firms is particularly acute since their foreign competitors have no incentive to refrain from the relevant conduct.

Section 7 (FCPA Exclusive Substantive Statute Governing Overseas Bribery):

The bill would explicitly provide that the FCPA constitutes the exclusive substantive prohibition on overseas bribery under the U.S. Code. This would eliminate the threat perceived by U.S. business of having the wire and mail fraud provisions stretched to reach conduct not proscribed by the FCPA.

This amendment would leave unchanged the possible applicability of the securities laws and other criminal statutes to overseas bribery including Section 102 of the FCPA disclosure requirements of the 1933 and 1934 Acts, and false statements provisions.

Section 8 (Justice Department Actions to Assist Compliance With FCPA):

The bill would authorize further guidance for the business community beyond that available under the recently established Business Review Procedure. Under Section 105(a) of the FCPA, an interagency task force would be granted the authority "when necessary or appropriate" to issue "guidelines" describing "specific types of conduct associated with common types of export sales arrangements and business contracts which constitute compliance with" the antibribery provisions. The task force would also be allowed to issue "general precautionary procedures which domestic concerns may use on a voluntary basis to ensure compliance and to create a rebuttable presumption of compliance."

The Chafee bill would also include provisions designed to make the Business Review Procedure more attractive to American firms. Section 105(b) would be added to the FCPA to formalize the Business Review Procedure by mandating its operation by the Justice Department.

The only proposed significant changes in the Procedure announced by the Justice Department (45 Fed. Reg. 20800, March 31, 1980) are that a response to a request is required, a response is to be made within 30 days (rather than the object of "every reasonable effort" by Justice to meet this timetable under the current Procedure) and the response shall be final and binding "on all parties" (rather than only on Justice under the current Procedure).

In addition, Section 105(c) would be added to the FCPA to exempt from disclosure under the Freedom of Information Act documents, materials, or information provided to the Justice Department or prepared by it in connection with a request for a statement of enforcement intentions under the Business Review Procedure or any Justice Department investigations. The Justice Department would also be required to return or destroy materials received and prepared in connection with a request that is withdrawn or for some reason not the subject of a response.

Section 105 of the FCPA, as added by the bill, would also urge the Attorney General to provide timely guidance to potential exporters and smaller exporters. In addition, this provision would require the Attorney General and the Securities and Exchange Commission to prepare and submit to Congress one year after enactment of the Chafee bill reports on their respective actions to implement the new legislation and on associated problems, future implementation plans and recommendations for amendments.

Section 9 (Amendment of I.R.C. Section 162(c) to Apply FCPA, As Amended, Rather Than U.S. Law Generally):

Under Section 162(c) of the Internal Revenue Code, no deduction is permissable for any payment by a U.S. taxpayer that would be illegal if U.S. law applied to such payment. This adverse tax consequence occurs regardless of whether U.S. law actually applies to the payment or whether the payment is legal where made.

Further, Section 1065 of the Tax Reform Act of 1976 provides that any Section 162(c) payment by a foreign corporation controlled by a U.S. taxpayer is included as Subpart F income and is not deductible in calculating Earnings and Profits under Section 952. In the case of a DISC of a U.S. taxpayer, Section 162 payments are treated as a "deemed distribution" to the U.S. shareholder.

The Chafee bill would amend I.R.C. Section 162(c) to provide that nondeductibility (and, therefore, adverse Subpart F and DISC treatment) would occur only if a payment by a U.S. taxpayer, controlled foreign corporation or DISC violates the FCPA. Thus, U.S. law would no longer be applied on a hypothetical basis under Section 162(c) but rather the actual U.S. statutory prohibition under the FCPA (and no other) would be incorporated within the terms of the tax penalty provisions.

Section 10 (Sense of Congress Supporting Bilateral and Multilateral Agreements on International Business Practices):

The Chafee bill expresses the sense of Congress that the President should pursue negotiation of treaties establishing standards of conduct for international business practices and creating a process for resolving problems and conflicts associated with such practices.

In addition, the bill calls for exploration of an international agreement for rates of commission. A report to the Congress on such negotiations is sought by September 1, 1981. This report is to identify the steps that the Administration and Congress should consider taking if the negotiations do not successfully eliminate the competitive disadvantage of U.S. business. Full oversight hearings on the FCPA are to be held 60 days after receipt of the Presidential report.

In addition, this section would require that the Administration prepare and submit to Congress in six months a report explaining steps that the United States could take under existing law or should consider implementing in new legislation to promote cooperation by other countries or other industries to prevent bribery in third countries.

[From the Wall Street Journal, Aug. 3, 1979]

BRIBES AND BUSINESS: U.S. FIRMS SAY 1977 BAN ON FOREIGN PAYOFFS HURTS OVERSEAS SALES

Harvey Trilli is fuming with frustration, and he doesn't care who knows it.

Mr. Trilli is president of a large Pittsburgh-based engineering and construction firm—Swindell-Dressler Co., a subsidiary of Pullman Inc. He contends that his company recently was beaten out of a number of big overseas construction jobs because of payoffs to foreign-government officials by European competitors. One of the projects was a $40 million brick plant in Iraq.

"We thought we had the thing all wrapped up," Mr. Trilli says. "We had a team of people there for five or six weeks. All the terms were agreed to, including the pricing, and we were told the contract would be signed in a month. Then out of the clear blue sky, a German firm got the contract."

The Pittsburgh executive names the West German firm involved and says he believes it got the contract "because they made a big payment to a high official in Iraq." Mr. Trilli concedes that he wouldn't be able to prove that a payoff occurred. But even if he could, it would be of little avail. Bribery by West German companies to obtain foreign contracts isn't illegal in West Germany, and the companies may even deduct the costs as a business expense for tax purposes.

$100 MILLION IN LOST SALES

Chicago Bridge & Iron Co., an Oak Brook, Ill., fabricating and construction concern, likewise has lost "in excess of $100 million of sales over the last three years" in situations "where we think the element of bribery was at least present," according to William M. Freeman, senior vice president for finance of the company.

Increasingly, American corporate executives are complaining about what they contend is a continuation of under-the-table payoffs by foreign competitors whose governments either look the other way when overseas bribery occurs or surreptitiously encourage the practice in order to increase their exports and improve their balance of payments.

Midland-Ross Corp. of Cleveland cites two instances of suspected payoffs this year in overseas contract negotiations. Both involve paper-mill equipment for two West African nations, which the company declined to identify. In one case, although Midland-Ross was favored by the consulting engineer for the project, it lost out on a $4 million contract to an Italian company that came in "at the zero hour." In the second case, Midland-

Ross dropped out of the competition on a $4 million to $6 million job when it learned that it would have to kick back 10 percent of the contract's value to the president of the country and another 3 percent to "the president's sidekick."

A SOLITARY CAMPAIGN

Paying off foreign officials to obtain lucrative contracts isn't unknown among American companies, of course. More than 300 of them have admitted to the Securities and Exchange Commission that they had made questionable payments or engaged in misleading accounting practices in their foreign operations. But since December 1977, U.S. companies have been operating under the provisions of the Foreign Corrupt Practices Act, which makes it a criminal offense to offer a payment to a foreign-government official to assist in obtaining or retaining foreign business.

The law provides for prison sentences up to five years for violators and fines of up to $1 million for their companies—the largest fines ever authorized for imposition on American business firms. Companies doing business overseas also are required to set up rigorous accounting safeguard to defect the existence of slush funds and other financial device for making illegal payoffs.

So, far, however, no other industrialized nation has seen fit to impose any such strictures on its businessmen, and an anti-commercial bribery treaty, proposed by the United States, is languishing in an inactive committee of the United Nations Economic and Social Council with little prospect for early agreement even on a working draft.

Meanwhile, the unilateral American effort to upgrade the ethical standards of international business, critics of the 1977 law complain, is blocking off large chunks of the globe as unsafe areas for U.S. companies to solicit business. These "sensitive areas," businessmen say, include not only many developing nations in Africa, the Far East, and Central and South America but also the oil-rich kingdoms and sheikdoms of the Middle East.

PAYING AN ENTRY FEE

"The U.S. brand of morality hasn't been successfully sold to a lot of areas yet," says Robert F. Conley, vice president for international marketing of Lockheed Corp. "In many countries, rewarding the decision makers is still the way that things are done in the business community. It's pretty obvious that we now have less ability to get an audience or even the atteniton of the decision makers when they know we're restricted in paying fees."

How much business is being lost by American firms as a result is impossible to determine because of the private, if not clandestine, nature of most international contract arrangements. But to judge from the intensity of criticisms of the 1977 act, the hardest-hit firms are large international construction companies that deal mainly with foreign governments or with government-run industries. Some of these companies say that in certain countries, it is impossible even to get on the bidding lists without paying what amounts to an "entry fee" to a local agent who has good connections with the government in power.

Last week, the lid was lifted a little bit on how large these fees can sometimes be. A Belgian firm, Eurosystem Hospitalier, which had been working on a $1.2 billion hospital project in Saudi Arabia, was plunged into bankruptcy. The crash was attributed to "excessive" secret commissions, estimated at $282 million, paid to get the Saudi contract. The Belgian royal family is involved because Prince Albert, brother of King Baudouin, was a leading member of the Belgian business mission to Saudi Arabia that obtained the contract.

The United States, which in 1976 ranked first in its share of the overseas construction market, dropped to fifth place last year, trailing Japan, Korea, West Germany and Italy, according to the National Constructors Association, a Washington-based trade association of large construction companies.

"A good part of the reason for this," says an executive of a West Coast construction firm, "is the 1977 law." He adds: "The commissions we used to pay are still a social or business custom in some countries, but now they're crimes as far as we're concerned."

Granville Kester, an executive vice president of Michael Baker Corp., an engineering consulting firm based in Beaver, Pa., says his firm is no longer trying to do business in the Middle East because "we feel we would have to pay big commissions to agents in those countries that could be considered kickbacks by U.S. authorities."

The problem with having to rely on commission agents, he says, is that "it is difficult to determine whether their services are legitimate and yet we're criminally liable if it turns out their services aren't legitimate."

Mr. Trilli of Swindell-Dressler says his company doesn't even attempt to do work anymore in Nigeria or Libya, partly because "we've been led to believe that in order to get business there, you have to pay off somebody." A similar problem exists in Mexico, according to several companies. Says Eugene Myers, vice president for finance of Marley Co., a manufacturer of water-cooling towers that is based in Kansas City. "We know we can't sell to certain people down there." And Joy Manufacturing Co. of Pittsburgh suspects it lost a big contract to supply pollution-control equipment to Mexico's government-owned power company because a Swedish competitor made personal payments to company officials to obtain the contract. "I couldn't prove it, but I have a strong feeling that a payment was expected" in order to get the contract, says a Joy executive.

"A ROUGH AREA"

South Korea is mentioned by one large chemical company. "It's a rough area, corrupt as hell," says a company spokesman, who adds that his company has withdrawn from the area because payoffs to government officials were required. "We decided their business just isn't worth it," he says.

Earlier this year, the State Department received a cable from the U.S. embassy in Kinshasa, Zaire, expressing concern that the U.S. might lose access to Zaire's markets and its vast natural resources because other governments aren't showing the same zeal as the U.S. in policing their businessmen's activities in Africa. "Strict federal regulations against payments to facilitate sales put U.S. salesmen at a distinct disadvantage in a system which would rather not work at all than work without oil (payments)," the cable stated.

Criticism of the 1977 law in U.S. corporate circles has tended to be low key and often off-the-record for obvious public relations reasons—any company that complains too loudly inevitably raises questions in the public's mind about its own overseas sales practices. Many companies, of course, profess to have no difficulties with the legislation: Du Pont Co., for example, with $3 billion in foreign sales last year, says its own corporate code of ethics is more rigorous and predated the passage of the U.S. law. And an official of a major aircraft company says the law has been a boon because "since it was passed we have been getting about a fifth as many requests for payoffs as we used to."

Cincinnati Milacron Inc., one of the nation's largest producers of machine tools and other industrial products, has lost business because of "restrictions on where we can pay legitimate sales commissions," says James A. D. Geier, president, "but we don't know how much." Mr. Geier adds, "However, there are other boys in the world who don't play by the same rules."

THE AVIATION MARKET

One place where the game is fast and loose is the international aviation market, according to some U.S. plane builders. At one time they themselves were active participants, paying out millions of dollars in commissions and "fees" to some of the most highly placed "sales agents" in the world, including a former prime minister of Japan, the husband of the queen of the Netherlands and the commanding general of Iran's air force. Now, under the provisions of the 1977 law, they are required to sit on the sidelines. One big competitor they are watching enviously—and suspiciously—is Airbus Industrie, a European consortium owned mainly by French and West German aircraft makers, including Societe Nationale Industrielle Aerospatiale, the French state-owned aerospace company. Airbus in recent years has had phenomenal success selling an airliner called the A300 to government-owned airlines.

Comments one U.S. plane producer: "The Aerospatiale folks are completely at liberty to take on anybody they wish as a consultant for a retainer or a commission. In the last 18 months, they've had success in selling the A300 to Singapore, Indonesia, Thailand, Malaysia and the Philippines. It may be a coincidence, or it may be their day to shine, but the sales happened all at once and at a time when U.S. companies were restrained from employing their past sales practices."

AN INCIDENT IN QATAR

So far, the government hasn't brought criminal charges against any corporation for violating the law, but in April the Justice Department filed a civil suit against businessman Roy J. Carver and an associate. According to the complaint, Mr. Carver approached the American ambassador to the sheikdom of Qatar and asked, "Who do I see now?" to win approval of an oil concession for which the two men allegedly had paid $1.5 million in bribes during 1976. The two businessmen consented to a court order enjoining them from offering further payments.

Despite intermittent grumbling about the anti-bribery statute, Congress isn't likely to amend it, certainly not this year. However, a White House task force on export disincentives is considering ways to eliminate "ambiguities," especially a provision subjecting company executives to criimnal prosecution for "having reason to know" that independent sales agents abroad were making payoffs. The law could be costing U.S. exporters $1 billion a year in lost business, a task force spokesman says, citing "very rough, preliminary figures."

The "sweeping language" of the law as it relates to a corporation's responsibility for the actions of its overseas agents is particularly disturbing to Dresser Industries, a spokesman says. And Westinghouse Electric Corp. concurs, declaring in a recent position paper on export policies that this provision has led some companies to adopt "an unnaturally conservative marketing approach overseas."

In Indonesia, for example, Airbus's agent used to be a high official of Pertamina, the government-owned oil company. He now is a minister in the government. Recently, Garuda, the Indonesian state airline, placed an order for six A300 jets, with an option for six more.

INDONESIAN SUGAR MILLS

Another Indonesian business opportunity currently is being watched closely by businessmen around the world. The Indonesian government has asked for bids for the con-

struction of six sugar mills for about $40 million each. All the bidders are European except for two U.S. concerns—Arkel International Inc. and a consortium headed by Katy Industries Inc. Neither company will discuss the project, but a source involved in the competition says, "Whoever gets the contract there must pay for it, whether you call it a bribe, commission or consulting fee. That's the fact of life in Indonesia, has been and always will be." For an American company to get an Indonesian contract "without getting caught violating the U.S. law, some very sophisticated paper work has to be done," the source adds.

Businessmen and government officials abroad, meanwhile, are taking attitudes ranging from commiseration to amusement at the controls now imposed on their U.S. competitors. An informal poll of more than a dozen British and European trade officials indicated a nearly unanimous opinion that the U.S. has lost overseas business because of the restrictions of the 1977 law. But more could provide specific examples or make an overall estimate of the amount of business lost.

"The main problem," says Sir Frederick Catherwood, a former chairman of the British Overseas Trade Board, "is extortion rather than corruption—that you can't do business (in many parts of the world) unless you pay the entry fee."

Sir Frederick says the question involves the extent to which a nation can impose its laws and regulations overseas. "Can you make illegal in your own country something which is only nominally illegal—but not enforced—in another country?" he asks. "The U.S. has said more or less, 'Yes we can,' and other countries have said, 'No, we can't.'"

FOREIGN-TRADE DEPENDENCE

Another factor, Sir Frederick says, is a nation's degree of dependence on foreign trade—exports account for only 8.5% of gross national product in the U.S., against 30% for Britain. He leaves little doubt that legislation against illegal foreign payments has minimal public support in the United Kingdom. "We, who are so much more vulnerable, would be killed," he says.

This attitude is reflected in the lack of zeal shown by the British government in following up recent payoff scandals. When a subsidiary of British Petroleum, partly state-owned, was shown (through SEC filings) to have made payoffs totaling up to five million pounds to win a Saudi computer contract, the British government refused even to discuss the situation. Similarly, there hasn't been a public investigation of state-owned British Leyland's Mideast contracts, which have been widely publicized as bribe-aided.

Business payoffs are even less of an issue in West Germany and Japan, the two nations whose companies are most often suspected by U.S. competitors of making illicit payments. Neither country has ever taken any steps to investigate the business practices of its nationals. And neither country has any permanent agency similar to the Securities and Exchange Commission, the U.S. agency charged with enforcing the corrupt practices law. Gen. Douglas MacArthur, in reorganizing the Japanese government after World War II, set up a Japanese SEC, complete even to the name. But it was one of the few MacArthur innovations that didn't take: Japan disbanded the agency after a few years.

In Tokyo, in fact, the man-on-the-street reaction to questions about payoffs is that they are an established way of transacting business. Even after former Prime Minister Kakuei Tanaka was arrested and jailed on charges of receiving a $1.7 million bribe from a Japanese agent of Lockheed Aircraft Corp., he was reelected as a representative to the lower house of parliament, receiving one of the largest votes cast in the election.

[From Time magazine, Mar. 16, 1981]

BIG PROFITS IN BIG BRIBERY

When the forces of virtue rise one foot, the forces of vice rise ten feet.—Chinese proverb.

At a table in Mexico City's Camino Real Hotel, a foreign businessman and a middle ranking government official are talking quietly in a corner. Midway through the conversation, the foreigner casually places an envelop on a chair next to him. When the foreigner rises to leave, the envelope remains behind. The government official slips it into his coat pocket a few minutes later and departs.

That is the way all too much of the world's most important business is done these days. From the shrewdly sophisticated kickback schemes of the Middle East and Latin America, to the virtual Mafia-style and shakedowns of sub-Saharan Africa and Indonesia, the universal game of bribery in the pursuit of profit goes on and on.

Is this a game that U.S. businessmen should be allowed, and even encouraged, to play? Or should they instead be compelled to wash their hands of it entirely, leaving the spoils to competitors in other lands? Those are some of the difficult questions that were addressed last week when the General Accounting Office released a detailed study of the impact on American business of the 1977 Foreign Corrupt Practices Act.

The act sprang from the nation's Watergate-era revulsion at the global bribery excesses of such well-known American companies as Lockheed, Northrop and Gulf Oil. During the mid-1970s those companies, and others, made headlines almost weekly as sensational disclosures surfaced about their roles in paying megabuck bribes to high foreign officials to clinch deals.

In an effort to stop such corruption, revelations of which rocked the government of Takeo Miki in Japan and disgraced Prince Bernhard in The Netherlands, the Foreign Corrupt Practices Act made it a criminal offense to pay bribes of any sort to foreign officials to secure or retain business abroad. Punishment could be a prison sentence of up to five years and fines of as much as $10,000 for individuals and $1 million for corporations. The legislation also set up accounting procedures designed to make it virtually impossible for companies to disguise such "sensitive payments" or to hide them elsewhere in the corporate books.

There is little doubt that the passage of the 1977 act has made U.S. businessmen think twice about bribing abroad. At Lockheed Corp., whose very name was synonymous with payoffs and freebies for foreign officials in the 1970s, the company now no longer picks up even hotel bills for customers visiting its California headquarters for contract talks.

By contrast, "caution" to some U.S. companies simply means figuring out clever new bribery schemes that are harder to spot. One way is to join up with a foreign company that is not prohibited from making the necessary payments, and let it do the dirty work instead.

The major problem of any law on bribery is that in much of the less-developed world what some Westerners might regard as commercial corruption of government and business has always been looked upon as an inescapable fact of everyday life. The stylized arrangements for giving and taking payments are often perfectly normal and legal under local law and custom.

Nevertheless, foreign officials usually design schemes to hide the transactions as much as possible, since few, if any, are willing publicly to admit taking the payoff. Likewise, foreign businessmen are equally queasy about being discovered offering the gift in the first place.

One reason for the generalized embarrassment is the sheer magnitude of the funds involved. In recent years, the worldwide explosion of oil prices has sent hundreds of billions of dollars cascading into some of the poorest nations on earth. These countries have set out on instant-industrialization programs and often spend money as quickly as it is earned.

The typical major case of bribery involves a large project in an industry that is highly competitive, but with little significant difference among the products. The size of the project allows both parties to hide the payoff in the price without undue notice. The number of competitors means that the seller and the buyer can more easily bargain for deals. These conditions, for example, are found in contracts for the sale of telecommunications equipment or aircraft and for most construction programs. Says Jules Kroll, a New York-based consultant on white-collar crime: "If there's only one or two companies bidding on a deal, it might go down very straight. But if you've eight guys who can do it, then people are going to get creative."

The Persian Gulf has now become a romper room of business corruption. In Saudi Arabia, a key government minister is widely reported to have collected upwards of $500 million in "commission fees" in connection with foreign business ventures in the past year alone. To do business in Saudi Arabia, it is essential to be connected, via an agent or middleman, to a member of the royal family, which controls not just the government but business as well. Says a veteran U.S. businessman bluntly: "Everyone needs a prince." Finding one is not hard; there are 5,000 princes in the royal family in this underpopulated nation of 6 million.

Bribery in that part of the world, though, can still be a complicated affair. According to a Justice Department complaint, in 1976 two U.S. businessmen, Roy Carver and R. Eugene Holley, co-owners of a tax haven oil company in the Caribbean, allegedly paid the Oil Minister of Qatar a bribe of $1.5 million for exploration rights in that country. But when the lease expired, a new minister had taken over and he refused to renew it. The indignant oilmen thereupon protested to the local American ambassador, who informed the Justice Department. The department in turn obtained a federal court injunction in 1979 preventing the men from violating the Corrupt Practices Act, which was by then U.S. law.

Mindful of the spreading Islamic disgust at the sort of corruption that helped topple the Shah of Iran two years ago, the Saudi regime has recently begun a well-publicized clean-up drive. The campaign, though, is largely cosmetic; payoffs continue unchecked. One method is fifty-fifty partnership arrangements between foreign companies and Saudi locals. Complains a Dutch industrialist: "It's all very well arranged, with profit-sharing arrangements set up for this purpose. But it is still bribery."

In the developing nations of Africa, foreign visitors have been bestowing gifts on local potentates since time began. Nothing much has changed except the value of the trinkets, which these days are more likely to be yachts and sports cars than beads and mirrors. In many sub-Saharan nations, a favorite scheme is to create a lucrative job in a project for an official's relatives or friends. For years the British-based Lonrho Ltd. trading house kept its Kenyan operations running smoothly with President Jomo Kenyatta's son-in-law as its head. When Kenyatta died in 1978, that connection no longer counted for much. Complains a foreign businessman in Nairobi: "Now there is a whole new set of people to deal with—

and they all are asking for far more money."

In Latin America corruption is pandemic from the Rio Grande to Tierra del Fuego. Bribing in Mexico is handled with the stylized flair of a Latin seduction, beginning with dinner at an expensive restaurant like La Hacienda de los Morales, and climaxing with a weekend jet-jaunt to Punta Cancun or Acapulco. The target of such lavish hospitality is most often the head of purchasing in one of the Mexican government's state ministries, who oversees procurement and importing.

In Brazil bribery is often not just figuratively but literally a matter of seduction. Says a top West German businessman there: "Lavish entertainments with women—that is very effective." In the booming industrial megalopolis of São Paulo, a favorite spot to nurse along a deal is La Licorne, a discreetly mirrored nightclub with a striptease show, where call girls cost $120 a night, and foreign businessmen pick up the tab.

By contrast, love objects in Argentina run more toward postimpressionist paintings from pricey Buenos Aires galleries like Wildenstein, or jewelry selected by government officials for their wives from a famed jewelry shop like Ricciardi, a favorite haunt of the late Evita Perón. Those bills too, of course, are paid by the deal-hungry businessmen.

For really big South American deals, one Italian-based construction company is building an entire luxury real estate development on Uruguay's Punta del Este coastline. Yet none of the development is so far for sale to the public; instead, plots are being doled out like candy drops to favored Latin-American officials.

Leading European electric companies reportedly paid as much as $140 million in payoffs and kickbacks to win a share of the business in the construction of the $10 billion Itaipu Dam that is being built jointly by Brazil and Paraguay. Reports a U.S. business executive who watched the bidding unfold: "The European managers had unlimited authority. They paid cash into half a dozen Swiss bank accounts, and the money trickled down."

While the goal of bribery is the same in Asia, the style is often very different. In Malaysia, aspiring foreign businessmen reward government officials by making use of the Malaysian mania for gambling. A common approach is to invite a minister or government official for an afternoon of golf, bet heavily and then spend the next three hours swatting the ball into sand traps. An only slightly more straight-forward method is to get into an after-dinner poker game with a key civil servant and lose heavily.

In Indonesia, corruption is so family-oriented that in the early 1970s, President Suharto's wife Tien was known as "Mrs. Ten Percent." These days scandal surrounds one Haji Achmad Thahir, a drab Indonesian government employee who never made more than $9,000 per year in salary in his life. But relatives fighting over his estate discovered him to have a bank account of nearly $35 million. The Indonesian state oil company, Pertamina, has charged in court that two German companies, Siemens and Klockner Industrie, paid Thahir the money in connection with the construction of a $500 million steel mill near Djakarta.

While the U.S. took a firm moral stand against corruption with the 1977 legislation, the governments in most leading West European countries either openly condone bribery or look the other way. A confidential West German memorandum by the Federal Office for Foreign Trade Information advises companies to be prepared in difficult deals to fork over as much as 20 percent of the contract price to corrupt foreign officials. All such expenditures, which can run into the millions of dollars on large engineering and construction projects are completely tax deductible as a necessary cost of business. Italy passed a law in 1980 stating that payments to foreign officials to get business are perfectly legal for Italian companies. France has no law at all on foreign bribery. Explains the head of a medium-size French company doing extensive business in the Middle East: "The French authorities know quite well that you cannot deal in those countries without payoffs."

The attitude is similar for leading Asian exporting countries. In Japan, paying off foreign officials to secure business is regarded as normal. Likewise, in Korea, the government takes the attitude that businessmen should not be hamstrung in their efforts to develop export markets and get overseas contracts.

Corruption exists, and probably always will, in this obviously imperfect world. But should the U.S. participate in it? Bribery on the global scale that is now occurring is costly, saps political vitality and can eventually undermine a people's trust in government. The regimes of the Shah in Iran or General Anastasio Somoza in Nicaragua are testimonies to the problem.

Last week's GAO study, however, makes plain that the current American law is riddled with complicating ambiguities and shortcomings. Many of the problems arise from confusion over what constitutes a bribe. So-called grease payments, such as fees to get low-level civil servants to perform their bureaucratic duties of stamping documents and processing licenses, are specifically permitted on the grounds that petty corruption is unavoidable almost anywhere. But there is a large gray area between that sort of bureaucratic paper shuffling and the discretionary authority of local officials to withhold approval for a project or license, and thereby extort not $50 or $100, but perhaps $10,000 or even $500,000 from a victimized company.

American businessmen also complain that the complex law keeps them out of many profitable deals. Says Robert Malott, chairman of Chicago's FMC Corp., a leading manufacturer of chemicals and machinery (1980 sales: $3.5 billion): "The law has American export companies thoroughly confused. We simply cannot get clarification on what is legal and what is not."

Dubbed by one Wall Street wag the "Accountants' Full Employment Act of 1977," the legislation has forced companies not only to beef up their internal auditing staffs but to check and double-check the propriety of even the most inconsequential payments. Example: in Xerox's Cairo office, local staffers had to get permission from a senior corporate officer in the U.S. before they could pay $8 a month in tips to Egyptian telex and telephone repairmen.

More confusion surrounds a company's liability under the act for the actions of its foreign agents. If the local representative uses even a part of his commission, as often happens, to bribe officials to keep a deal on track, the act asserts that the U.S. company is responsible if the executives had reason to know what the agent was doing. The GAO study recommends that Congress rewrite the law to give clearer guidance to businessmen as to what they can and cannot do to curry favor with foreign customers. It suggests that Congress repeal the criminal penalties connected with the accounting provisions of the law and that the Department of Justice and the Securities and Exchange Commission clear up the ambiguities in the act's antibribery provisions.

Senate Republican John Chafee of Rhode Island is expected to reintroduce a bill this week that would make some such changes in the Foreign Corrupt Practices Act. Chafee lauds the law as an "important step toward the objective of prohibiting bribery of foreign government officials." But he also says that it is "difficult to decipher, hard to implement, and its ambiguities have bred confusion."

The Reagan Administration has already signaled its dissatisfaction with the act, and particularly its tendency through loose wording to cast a chill over the willingness of U.S. businessmen to push into foreign markets and thereby help boost U.S. exports.

Instead of taking the politically foolish position of calling for repeal of the act, and thus appearing to be in favor of worldwide bribery by American business, the Administration seems to be indicating, whether intentionally or otherwise, that it is prepared to let enforcement of the act languish. Indeed, the President's transition team on the workings of the Securities and Exchange Commission, which shares enforcement jurisdiction over the act with the Justice Department, has recommended decriminalization of bribery.

Such a stance by the Administration toward foreign bribery would itself cause problems. By failing to enforce the act as written, the Administration not only would leave the legislation's ambiguities unresolved, but would show a disrespect for the law, which is itself corrupting. Since the U.S. has adopted a moral position with regard to foreign bribery neither the Administration nor Congress can now afford to let the subject wither away without compromising its principles in the process.

MUM'S THE WORD

A bribe is a bribe by any name—and the more euphemistic the name for it, the better. *Baksheesh*, currently in wide use in the Middle East, is a Persian word that is also found in Turkish and Arabic. It actually means a tip or gratuity given by a boss to his underling. The word was first used extensively to mean a bribe in connection with the money that a new sultan gave his troops. In most Spanish-speaking countries, *el soborno* means a payoff, but in Mexico pavola is aptly described as the bite (*la mordida*). The Germans call it *Schmiergeld* (grease money), though export traders usually simply say *N.A.* for *nützliche Abgabe* (useful contribution). In France, where there is *veritas* in the *vino*, a payoff is called a *pot-de-vin* or jug of wine. The Italians refer to a bribe as a *bustarella* (little envelope). Under-the-table payments in East Africa go by the sobriquet *chai*, Swahili for tea. In onetime British colonies, the words vary widely: a bribe in Nigeria is called dash, in India a backhander. The popular Japanese word for bribe is *wairo*, but corruption is poetically called *kuroi kiri*, or black mist.

ACCOUNTABLE FOR WHAT? EXECUTIVES PUSH CHANGES IN FOREIGN CORRUPT PRACTICES ACT

(By Shirley Hobbs Scheibla)

WASHINGTON.—If auditors on a company's payroll ferret out possible fraud or other wrongdoing involving management, should the in-house legal counsel report it directly to the audit committee of the board of directors?

This was one of the tough questions posed at a recent conference in Boca Raton, Fla., of the Institute of Internal Auditors (IIA) and the National Association of Corporate Directors (NACD) by C. Barry Schaefer, vice president-law, of Union Pacific Railroad Co. Since management presumably hired the lawyer to represent the shareholders' interest, says Schaefer, he should be able to go straight to the audit committee. But this brings up the touchy issue of the lawyer-client relationship with management. (The American Bar Association now is weighing a proposed revision of its canon of ethics to

deal with the matter, following the failure of the Securities & Exchange Commission to do so.)

To be on the safe side, Schaefer suggests that it might be advisable for both the audit committee and management to obtain independent counsel. Hence three lawyers, or law firms, would be involved in one audit (all at the company's expense).

As this case in point suggests, there are many unanswered questions involving the newly emerging independent corporate audit committees. Since June 30, 1978, the New York Stock Exchange has required each member company to have an active audit committee. The American Stock Exchange has recommended establishment of an audit committee but doesn't require it for listing. The National Association of Securities Dealers is weighing whether to require an audit committee as a condition for listing on the NASDAQ over-the-counter quotation system. According to the SEC, 84.5% of all companies filing proxy statements boasted such bodies.

MISNAMED LAW

Views differ on what they should do, and especially on their working relationship with management. There was general agreement at the conference, however, that the so-called Foreign Corrupt Practices Act is making life difficult for audit committees, other corporate directors, internal as well as independent auditors and management. And that's equally true of companies which do no foreign business, because the misnamed law applies to accounting practices of domestic business.

Attendees complained that the measure's vagueness makes it difficult to know how to comply. Although the law was passed in 1977, guidance from the SEC and the courts is sadly lacking. Yet violators are subject to imprisonment for up to five years and fines of $10,000.

Washington evidently is beginning to get the message. Sen. Edwin (Jake) Garn (R., Utah), slated to be the new chairman of the Senate Banking Committee, plans to hold hearings early next year on a measure by Sen. John H. Chafee (R., R.I.) to clarify the Act. A transitional task force for the Reagan Administration is considering a number of suggestions, including the elimination of criminal penalties.

At Boca Raton, one speaker suggested that the move toward greater corporate accountability may compel the federal government to put its own house in order. The government, said Francine Neff, former treasurer of the United States, should publish actual expenditures similar to the proposed budget it now issues based on what it requests from Congress. "How can we talk about controlling the federal budget when we don't even know what it is?" she asked.

The government keeps its books on the basis of obligational authority, and disbursements can go on for years. This practice makes it virtually impossible to get a clear picture of expenditures and accrued debts. If the critics have their way, it will have to keep its books so that they can be audited by independent CPAs, something that by and large is currently impossible.

"WE'RE BEING HOODWINKED"

A law passed in 1956, ordered the government to do so "as soon as practical." While a few stabs have been made in that direction, it hitherto hasn't been deemed "practical" to complete the job. Now, however, the move toward greater government accountability is gaining momentum. Sen. Pete V. Domenici (R., N.M.), who will be the new chairman of the Senate Budget Committee and is an old friend of Neff, says that he intends to pursue the matter. "We know we're being hoodwinked," he declares.

William Howard Taft IV, head of Reagan's transitional task force for the Office of Management and Budget, asserts: "We definitely will get into it. We will start the ball rolling, even though it will be a long-range undertaking."

Federal emphasis on corporate accountability also has spurred one Democrat, Sen. Thomas F. Eagleton, to make the government more accountable by introducing a bill requiring heads of federal agencies to vouch for their internal accounting controls, just as corporate executives now must do under the FCPA. The Senator plans to reintroduce the measure in January.

Among other shortcomings of the FCPA, explains William J. Maroni, legislative assistant to Sen. Chafee, it stipulates neither a minimum amount that a firm must be accountable for nor a standard for what is material. When Chafee introduced the measure earlier this year, he said that to violate the Act, one need only err in keeping company books in the detail to which the SEC deems necessary." The Chafee bill aims to correct such flaws.

The bill also would have the Justice Department furnish guidance to business on how to comply with the FCPA and make the Department the sole enforcer of the corrupt practices part. The SEC would administer the accounting standards section.

The General Accounting Office has completed a draft of a report on the FCPA and now is awaiting comments from the Departments of Justice and State. Donald L. Scantlebury, director of GAO's Financial and General Management Studies Division is in charge of the study and expects to issue it late next month.

The domestic section of the Act affects far more people, and the cost implications are greater, Scantlebury says. "I like precise laws so that guessing isn't necessary." As the law now stands, a company could decide that it will review all checks over $10,000. A court then could second-guess it by ruling that the review should cover checks of $2,500 or more. Congress, in short, has left it up to the courts to determine reasonable accounting practices, Scantlebury explains.

Charles G. Steele, chief executive officer of Deloitte Haskins & Sells, warned the conferees at Boca Raton that reports by independent CPAs on internal accounting controls don't assure compliance with the FCPA. Their reports cover only material items, and the Act contains no standard of materiality. Moreover, according to Steele, compliance is a legal determination that independent accountants are not qualified to make.

Following a speech to the conference, SEC Commissioner Philip A. Loomis Jr. was asked: "Has the SEC begun any enforcement actions against any companies under the accuracy of books and records provisions of the FCPA?" He replied that there have been some cases, but each involved violations of other laws.

Stanley Sporkin, SEC director of enforcement, denies that the FCPA is excessively vague. He adds that a number of investigations are afoot and cases under consideration. The SEC's Loomis told the conference that there is "a considerable difference of opinion in the Commission" regarding the liability of U.S. corporate executives for violations of the Act when a U.S. firm doesn't own a controlling interest in a foreign corporation and doesn't involve itself in day-to-day management.

One of the suggestions made to the Reagan transition team is that U.S. companies operating abroad should abide by the laws of their host countries. In this country, bribery was illegal prior to the FCPA's passage. The team is actively soliciting all possible suggestions for amending the Act. It already has discussed it with influential members of Congress and found them interested in quick corrective action.

Many members of audit committees wanted to know what questions they should be asking. On this score, Robert Mednick, vice chairman of the Committee on Accounting & Auditing Standards of Arthur Anderson & Co., told us: "If an audit committee member is concerned about exposure, I believe he has an obligation to ask questions of not just the auditor but also management and counsel. These are some of the questions: What do we consider our greatest areas of exposure? What types of contingent liabilities do we have? Have we created adequate reserves? Are there any similar cases that are pending? What's been our experience in the past? What's our experience in the most recent product liability litigation? What's going on in Congress that might change our exposure in the future?

"If there were easy answers, we wouldn't be sitting here talking about this. . . . You can't make precise something that is uncertain. . . . The issue is whether that's communicated properly because the investor has to evaluate whether he is going to accept that risk."

NOT ENOUGH TIME?

Asked if he believes that audit committees are doing an adequate job, Mednick replied that, based on his experience, he finds "they're all over the lot. Some are outstanding, and some are just barely getting their feet wet and not sure of what they ought to do."

A Conference Board study indicates that many audit-committee members feel that direct reporting to them by the internal auditor would require closer supervision than they have time for. All those covered by the study agreed that what's important is unrestricted access.

The majority of one discussion group at Boca Raton decided that having an internal audit go directly to the audit committee would convert it "into a quasi-external audit function. Management would then need some other internal audit function to catch things before they were brought to the committee."

James Martin, chairman of Massachusetts Mutual Life Insurance Co., revealed that his director of auditing has it in writing that he can go directly to the audit committee, although routinely he reports to the chief financial officer, Joseph P. Greene, director of auditing for Gillette Co., said no area is exempt from the internal auditor, who has a clear reporting line to the board and management.

The SEC Staff Report on Corporate Accountability, submitted to Congress last September, stated that the most important functions of an audit committee are to choose an independent auditor and review the plan of audit and the results of the annual audit. It found that a 71.9% of the companies surveyed, audit committees review the adequacy of internal controls, especially to comply with the FCPA. (According to a monograph published by the National Association of Corporate Directors, many SEC consent settlements include the establishment of an audit committee.)

But what about the sensitive audit described at the outset, which may indicate the need for independent counsel for all concerned? Schaefer of Union Pacific suggests developing a procedure ahead of time for dealing with such a contingency. If dependent counsel, according to Schaefer, it may request that he take over supervision and direction of the entire audit. In the proper circumstances, an audit run by outside counsel and used to give legal advice to the board can be safeguarded from discovery in litigation, he said.

A REPORT AS EVIDENCE

A member of the audience asked Schaefer how Union Pacific deals with the problem of having an auditor communicate a probable

violation of law or regulation without leaving potentially incriminating documentation. Schaefer replied that the extent to which an audit report is subject to disclosure is now before the Supreme Court. (An appeals court decided that communications made to the general counsel of Upjohn Co. by lower-echelon employes aren't protected from disclosure to the Internal Revenue Service. Upjohn's appeal to the high tribunal is pending.)

According to Schaefer, an audit report ordinarily must meet two criteria to be secure from disclosure. First, it must be part of the advice given by an attorney to a client. That means the lawyer should request the information. Second, it must be prepared in anticipation of specific litigation. He explained: "You can't simply say, 'Well, someday we thought we'd have a lawsuit so we conducted some investigations.'"

In Schaefer's view, the counsel shouldn't keep the minutes of the audit committee, and the internal auditor should report to the committee and not to the general counsel or chief financial officer.

As to federal accountability, Francine Neff got an ovation with her statement that the public sector should be no less accountable than the private sector. (The former U.S. Treasurer now is vice president of the Rio Grande Valley Bank of Albuquerque, a member of the audit committee of Hershey Foods Corp. and chairman of the audit committee of E-Systems Inc.) In an interview following her speech, she said: "They keep talking about the responsibility that corporations have to consumers and shareholders. Think about the public trust that government entities have for all of us. I just loved hearing Sen. [Howard] Metzenbaum talk about corporate governnance, and then when I asked him if the Senate did not feel it had oversight responsibility regarding the accounting of government, he told me it would be too expensive."

Asked if government books are kept well enough to audit, she replied, "No, I don't think so." Scantlebury of GAO agrees. He says: "I don't disagree with issuing a federal budget on expenditures, but first we'd have to get better yearly reporting from each agency." Requiring that is the job of the Treasury Department, since it keeps the government's books. Without a accrual accounting, it's impossible for the GAO, or any other auditor, to do a complete audit of a federal agency.

In 1975, Arthur Andersen & Co. did a study titled Sound Financial Reporting in the Public Sector, A Prerequisite to Fiscal Responsibility. It observed: "Knowledge of current deficits and surpluses is important for the annual evaluation of our financial affairs. To be meaningful, these amounts should include all costs, whether paid or accrued. Furthermore, the total accumulated deficit is crucial because this is the amount of future taxes required to pay present liabilities. To the extent that this amount exceeds the amounts that can reasonably be expected of future taxpayers, a potential for crisis develops." It also suggested that since federal policymakers frequently hold their jobs for relatively short times, they need adequate financial reports to grasp the complexities involved in their decisions.

The study showed that back in 1949 the first Hoover Commission recommended use of accrual accounting. So did the second Hoover Commission in 1956, and this led to passage the same year of Public Law 84–863, which directed all government agencies to install accrual accounting "as soon as practical." In 1967, the President's Commission on Budget Concepts recommended accrual accounting so that the annual budget could be presented on an accrued expenditure basis. Two Presidents endorsed the approach, though they failed to follow through. But federal accountability now may be an idea whose time has come.

By Mr. HATFIELD (for himself, Mr. PACKWOOD, Mr. CRANSTON, Mr. LEAHY, Mr. STAFFORD, Mr. INOUYE, and Mr. TSONGAS):

S. 709. A bill to require a refund value for certain beverage containers, and for other purposes; to the Committee on Commerce, Science, and Transportation.

BEVERAGE CONTAINER REUSE AND RECYCLING ACT

Mr. HATFIELD. Mr. President, today I am introducing the Beverage Container Reuse and Recycling Act. The time has come for us to save precious energy and natural resources. We cannot afford to continue discarding nearly 100 billion beverage containers annually. These containers are reuseable and recyclable. My bill will do a great deal to protect our environment and scarce natural resources.

Presently, seven States have laws similar to the one I am introducing. Since the manufacture and bottling of beverages is done on a geographic basis rather than a political one, there is a need for a uniform national law to assist in recovering beverage containers.

The General Accounting Office has completed a new study on the effects of the beverage container laws in four of those seven States. The title of the report, "States' Experience With Beverage Container Deposit Laws Shows Positive Effects," speaks for itself. It states that there is an 80 percent reduction of beverage container waste, a 5 percent reduction of post-consumer solid waste, and a reduction in energy and raw material use. Additionally, it reported there would be a net increase of 57,000 jobs nationwide if national legislation were enacted.

Each year over 360 trillion Btu's of energy is expended in the manufacturing of beverage containers in the United States. Under this legislation, 32 to 43 percent of that figure would be saved through the return of bottles and cans. By 1985, approximately 210 million tons of refuse will yearly fill our land. Under this bill, we will have the means to recycle approximately 10.5 million tons of refuse, through the simple device of a mandatory deposit on beverage containers.

Mr. President, this bill will not infringe on any citizen's convenience. He or she will still have the option of discarding beverage containers. It will only obligate each user who discards a bottle or can to pay something nearer to the true cost of that decision to discard. Conversely, it will provide an incentive to those who choose to participate in the cleanup of our land, the recovery of resources and the saving of scarce energy.

For centuries, we have had the luxury of living in a throwaway society. We can no longer afford to live that way. We must become stewards of the Earth. If our stewardship is to be wise rather than rapacious, we must give value for value. We must balance our consumption of the Earth's resources with renewal of those resources, wherever possible. Where resources are not renewable, we must use no more than a reasonable share, and reuse what we can.

This bill is both a symbolic and substantive step in that direction.

Oregonians were the pioneers in developing a workable beverage container law. In the nearly 10 years since its passage, the people of Oregon have grown proud of the active contribution we have made in trying to protect our living environment. It is appropriate that we look at the Oregon experience in regard to what we are fond of calling the "bottle bill."

Mr. President, I ask unanimous consent that portions of the latest report on Oregon's bottle bill be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OREGON'S BOTTLE BILL, THE 1979 REPORT

SALEM, OREG.

We, in Oregon, are proud of the success of the Bottle Bill, the first of its kind in the nation.

Not only has our natural environment benefited from the law, but our economy has gained as well. By sharing the information we have gained from our experience, we hope you will see the value and application of similar legislation for yourselves.

VICTOR ATIYEH,
Governor.

SUMMARY

The Bottle Bill works in Oregon. The evidence that it is valid and effective is overwhelming. There is no basis for the rumors and misinformation continually circulated by Bottle Bill opponents across the country as they attempt to discredit the Oregon success and to stop other states' legislation. A few facts should dispel these distortions; formidable data backs our statements. Among these facts are:

Beverages sold in returnable containers cost less, as they always have, not only in Oregon but all through the nation. Price comparisons for beverages sold in Oregon stores and those sold in stores in other states demonstrate cost factors related to different economic and geographic regions and do not relate to the effects of the Oregon Bottle Bill. References to a beverage price at any single point in time does not necessarily reflect the actual cost of the product averaged over seasonal fluctuations and price adjustment cycles. Post-Bottle Bill beverage price increases, associated with runaway sugar prices and general inflation, occurred in Washington and California as well as in Oregon.

Sales have not fallen. They have increased. Weather and the availability of disposable income have their usual effects on beverage sales.

Employment has increased as a result of this legislation. Studies done in Oregon document the increase in employment. A study sponsored by the Federal Energy Administration and studies done by the General Accounting Office and the Resource Conservation Committee, a federal interagency committee, project increased employment nationwide as a result of a proposed national bottle bill.

State highway department expenditures for litter collection remain stable. And litter has been reduced. Clerical errors involved in the 1972–74 highway department litter survey, long since corrected, are still being trotted out by the beverage industry as evidence against the Bottle Bill.

The aluminum can has not disappeared from Oregon, nor has any container been banned. After an initial slowing in sales,

beverage cans are once again claiming their share of the market in Oregon. Aluminum can sales have increased to such a level that national aluminum can manufacturers are competing with Oregon recyclers and have instituted special recycling programs to take advantage of the over 80% return rate on aluminum cans.

Oregonians support the Bottle Bill with an enthusiasm usually reserved for popular sports, motherhood and the flag. They are not disenchanted or embittered, as some industry representatives would have us believe.

The Bottle Bill gives some Americans a chance to demonstrate their real priorities: a good life and clean environment based not on consumerism but on conservation. The public does not demand a throwaway economy; it has merely responded to aggressive advertising and marketing techniques which promote waste of natural resources.

The existence of a Bottle Bill, with its high public support and participation, has greatly enhanced community awareness of and commitment to environmental concerns. It has facilitated recycling and resource recovery operations in the state, as well as public acceptance of solid waste management programs, public involvement in community air quality standards, and public protection of open spaces.

EFFECT ON SOLID WASTE AND ROADSIDE LITTER

380 million fewer beverage containers are disposed of in Oregon each year because of the Bottle Bill. It has been calculated that the number of containers entering the solid waste stream has been reduced by 88% as a result of the law. A Portland garbage hauler commented that the volume of household garbage on his route diminished by 7–10% when the law went into effect.

NUMBER OF BEVERAGE CONTAINERS PER YEAR IN SOLID WASTE

Type of container	Prebottle bill conditions	Postbottle bill conditions	Reduction
BOTTLES			
Beer:			
Nonreturnable	89,910,000	458,800	
Returnable	26,892,500	17,556,600	
Soft drink:			
Nonreturnable	18,000,000	0	
Returnable	36,000,000	21,340,000	
Total bottles	173,602,500	39,855,400	133,747,100
CANS			
Beer	161,320,000	3,478,000	
Soft drink	102,000,000	8,100,000	
Total cans	263,320,000	11,678,000	251,742,000
Total beverage containers	436,922,500	51,433,400	385,489,100

Source: Oregon State University bottle bill survey.

Oregonians take great pride in the beauty of their state. They are especially proud when tourists remark that there is noticeably less roadside litter in Oregon than in neighboring states. This fact has been substantiated by several surveys. One of these was carried out in late 1976 by an Oregon newspaper, collecting and comparing litter from Oregon highways and those of its neighbor, Washington. They found 7.5 times more bottle and can litter in Washington. Roadside litter reduction was the original goal of the law and is also the most obvious result.

To document the level of the law's success, a survey of roadside litter amount (by volume and piece) and content was carried out on highways throughout the state, as provided in the bill. The survey was conducted by the State Highway Division along 30 randomly selected one-mile sites in Oregon, for one year before and two years after the law went into effect. When all the figures were in and comparable factors were checked for accuracy, they showed a significant reduction in beverage litter. The reduction after one year was 72%, after two years 83%. The trend was clear: the Bottle Bill was indeed producing the desired result. There was no necessity for, nor had provision been made to continue the survey beyond these three years; costs of recording and analyzing masses of data made its continuation impractical.

The Oregon State Highway Division continues its normal highway program of roadway maintenance, right-of-way maintenance, litter collection, and so on. Over the past five years, litter collection costs have risen only 1.5% annually, well below the rate of inflation, from $589,076 in 70/71 to $633,353 in 75/76. These figures include the costs of the Oregon Youth Litter Patrol, which is funded through the sale of "vanity" license plates.

The dramatic reduction in visual pollution along Oregon highways is a result of the greatly reduced volume of beverage container litter. The number of bottles and cans found on comparable test sites before the law amounted to 22,639; after the law had been in effect for two years, the count on the same sites was down to 3,748. Not only are cans and bottles the most visible sort of litter; they are also the least biodegradable. Natural conditions can recycle a tin can to dust in 100 years, an aluminum can in 500 years, and a glass bottle in one million years.

LITTER COMPOSITION ON OREGON'S HIGHWAYS BEFORE AND AFTER THE BOTTLE BILL

	1971–72				1973–74			
	Item count	Percent of total litter	Cubic feet	Percent of total litter	Item count	Percent of total litter	Cubic feet	Percent of total litter
Deposit beverage containers	2,829	4	NA	NA	2,099	4.3	NA	NA
Nonreturnable containers	19,810	25	NA	NA	1,649	3.4	NA	NA
Total beverage containers	22,639	29	678	42	3,748	7.7	112	13
Other items	56,605	71	928	58	44,862	92.3	735	87
Total	79,244	100	1,606	100	48,610	100	847	100

Source: Oregon Highway Division.

ENERGY SAVINGS DOCUMENTED

The critical need to conserve energy has begun to receive national attention from both press and government. Bottle Bill proponents have long been aware of the need to look at all energy costs of container reuse, accounting for raw material acquisition, manufacturing and cleaning processes, and transportation at each stage. Taking into account total resource patterns, energy savings resulting from the shift to returnables have been significant. A net saving of 1.4 trillion BTU's per year has been realized in the new system in Oregon alone, enough to supply the heating needs of 50,000 Oregonians. Much higher savings would be realized with a national bottle bill. A Federal Energy Administration-sponsored study projects a savings of 144 to 169 trillion BTC's annually, equivalent to 70,000 to 80,000 barrels of oil per day saved nationally.

Higher return rates result in higher energy savings, of course. In Oregon, returnable soft drink bottles are reused about 24 times and beer bottles about 20 times. At this rate, the returnable bottle system uses one third the energy consumed in the throwaway system. Added energy savings are obtained from recycling those bottles that are not refilled. The return rate for cans in Oregon is very high, at 80%: the recovered metals are recycled, for additional savings. According to industry figures, the manufacture of aluminum from virgin materials requires 20 times the energy needed for recycling aluminum.

ENERGY SAVING CALCULATIONS—OREGON 1974

	Percent recycled	Container energy for gallon consumed [1] (Btu)	Container size (ounces)	Container energy for filling (Btu)	Container mix 1971 (percent)	Total container for 1974 with 1971 mix (millions of fillings)	Container mix 1974 (percent)	Total containers for 1974 with 1974 mix (millions of fillings)	Difference in container use (millions of fillings)	Energy requirement change (billions of Btu
Beer:										
Returnable bottles	95	30,730	12	2,880	36	144	96	384	−240	−591
Nonreturnable bottles	0	64,380	12	6,040	31	124	0	0	−124	−749
Can—Aluminum	[2] 15	75,030	13	7,620	33	132	0	0	−132	−1,006
Aluminum	[3] 70	38,630	13	3,920	0	0	4	16	+16	+63
Subtotal, beer					100	400	100	400		−1,001

Footnotes at end of table.

ENERGY SAVING CALCULATIONS—OREGON 1974—Continued

	Percent recycled	Container energy for gallon consumed [1] (Btu)	Container size (ounces)	Container energy for filling (Btu)	Container mix 1971 (percent)	Total container for 1974 with 1971 mix (millions of fillings)	Container mix 1974 (percent)	Total containers for 1974 with 1974 mix (millions of fillings)	Difference in container use (millions of fillings)	Energy requirement change (billions of Btu)
Soft drink:										
Returnable bottles	96	11,230	16	1,404	53	159	91	273	+114	+160
Nonreturnable bottles	0	53,010	10	4,141	7	21	0	0	−21	−87
Can, bimetal	[4] 0	33,220	12	4,989	40	120	4	12	−108	−538
Can, all steel	[3] 70	31,340	12	2,937	0	0	5	15	+15	+44
Subtotal, soft drinks					100	300	100	300		−421
Total energy consumption change										−1,422

[1] Based upon data from "Resource and Environmental Profile Analysis—of Nine Beverage Container Alternatives."
[2] National average percent recycled of 15 percent.
[3] Gudger and Bailes.
[4] Although the percent returned to retailers is approximately 70 percent, very few are recycled.

Source: "Oregon's Bottle Bill Two Years Later," Oregon Environmental Council, 1974.

PUBLIC HEALTH AND SAFETY

According to all government agencies charged with inspection and enforcement of health and sanitation standards, no problems related to the Bottle Bill have been reported, nor has any new staff been added to implement the law. Distributors and dealers are managing the flow of returned containers, efficiently sorting and handling them, with no adverse effect on health and safety standards in stores or other outlets.

Public health is protected by this law as it outlaws metal beverage containers with pull tabs. The result has been to make Oregon's recreation areas cleaner and safer. Oregon has fine public beaches that run the entire length of the coast; the Bottle Bill has helped to keep them and our campgrounds and wilderness areas free of sharp metal and broken glass which are a hazard to the health and safety of people and animals.

IMPROVING THE EMPLOYMENT PICTURE

Employment in Oregon increased as a consequence of the Bottle Bill. New jobs were created in brewing, soft drink bottling, transportation, retail sales and recycling, while bottle and can manufacturing positions were reduced as the demand for containers dropped. An estimated net increase of $1,600,000 in annual payroll ensued, with its accompanying economic benefit to the community.

A study by Gudger and Bailes estimates a gain of 365 jobs, calculated from all segments of the economy. The lowest estimate, 135 jobs gained, is from a study by ADS which was based on inadequate data, having failed to elicit enough responses from enough industry sectors.

Improving the employment picture in Oregon was not the initial goal of the Bottle Bill but has been a welcome effect.

EFFECT OF BOTTLE BILL ON OREGON EMPLOYMENT

	Increase or decrease	Number
Production labor	Decrease	(350)
Truck driving	Increase	140
Warehouse and handling	Increase	575
Total employment	Increase	365

Source: Oregon State University bottle bill survey.

THE ECONOMY: SALES UP, PRICES DOWN

The net economic effect of the Bottle Bill on Oregon consumers and beverage-related industries has also been positive. Excise tax records show increased beer sales. Soft drink manufacturers, distributors, and retailers reported a sales increase in 1973 over 1972 of over 10%. This figure is well above the national trend for this economically depressed period. Total operating income for all beverage-related business sectors combined was increased by $3.93 million per year in the two years following the effective date of the law. Beverage sales and price fluctuation are dependent on many factors other than refund legislation, factors which have always influenced the market, such as weather, sugar prices, spendable income, inflation, and labor costs.

Oregon consumers save money with the shift to refillable containers. The price for beverages in cans has traditionally been as much as 50% per ounce higher than for the same beverages in refillable bottles. These prices of beverages in refillable containers were compared with non-reused containers in an EPA-sponsored study in 24 states. Beer and soft drinks in refillable bottles were shown to be definitely cheaper, from 5% to 58% less, depending on the size of the container, with greater savings going to larger sizes.

Nationally, the manufacture of disposable beverage containers has grown eight times faster than the consumption of beer and soft drinks. The beverage industry believes that convenience packaging is largely responsible for sales growth; they resist refund legislation, fearing it will cut into sales volume. However, in Oregon none of these grave economic consequences predicted by the beverage industry has occurred; Oregon's economy is the better for the Bottle Bill.

OREGON BEER CONSUMPTION

	Gallons (millions)	Population (millions)	Consumption (gallons per capita)
Fiscal year:			
1964	27.8	1.856	14.97
1965	30.0	1.906	15.73
1966	31.7	1.972	16.07
1967	33.7	2.001	16.84
1968	35.1	2.006	17.49
1969	35.7	2.055	17.37
1970	39.4	2.081	18.93
1971	40.6	2.091	19.41
1972	44.8	2.143	20.90
1973	46.3	2.183	21.20
1974	46.5	2.224	20.90
1975	48.5	2.266	21.40
1976	52.3	2.299	22.74

Source: Oregon Liquor Control Commission.

ENFORCEMENT

The Oregon refund law is self-sustaining and self-implementing, a popular law which is in effect publicly administered.

There have been no enforcement problems associated with the refund law. Its highly efficient design, based on positive reinforcement, creates built-in incentives for complying. The 18-month phase-in period, between passage and implementation, gave retailers and consumers time to understand the law's mechanisms. Complaints are rare, usually resolved informally. No state or local government agency has added staff or incurred significant added expense for enforcement of this law. Enforcement power was charged to the Oregon Liquor Control Commission; they report only five retailers prosecuted in as many years since the law went into effect.

RECYCLING AND RESOURCE RECOVERY

Recycling centers, both commercial and non-profit, have continued to flourish in Oregon since the law went into effect. Since 1970, the number of recycling programs in the state has risen to 325. Bottle Bill opponents had predicted that it would cut into voluntary recycling and discourage the harvest of other recyclable waste products. In fact, the reverse is true; the public has been educated by the Bottle Bill to recycle other items. Public participation is the basis for recycling beverage containers are not essential to economic operation of recycling centers.

Eighty percent of beverage cans are returned in Oregon; while they are not refilled, they are recycled. Several recycling companies service beer and soft drink dealers, collecting the returned aluminum, steel, and glass containers and processing them in preparation for recycling.

The Bottle Bill has not hindered the planning or implementation of resource recovery processing facilities as part of solid waste management in Oregon. Today's technology allows recovery of energy and some materials from municipal wastes; as it develops, it must become complimentary to the concepts of recycling and reuse, if it is to conserve resources rather than serve as an end in itself. Resource recovery from solid waste cannot rely on any one source of waste, such as beverage containers, and remain economically viable.

The Recycling Information Office of the Oregon Department of Environmental Quality has served as an information exchange for the public and recyclers throughout the state since 1973. Their Recycling Switchboard lists all recycling and resource recovery operations in the state; a monthly bulletin, guides for recycling projects, fact sheets, and market lists are available for recyclers, legislators, environmental groups, educators, public officials, and interested citizens.

PUBLIC ACCEPTANCE

Public acceptance is the real measure of the Bottle Bill's effectiveness. In Oregon 90% of the population approve of the law, and 95% participate in its implementation, as illustrated by the high container return rate. Energy is saved; money is saved; bottler, consumer and environment gain.

Convenience plays an important role in the Bottle Bill's popularity; containers are commonly returned to the store where they were bought, making returns easy for the consumer and the retailer. Another advantage is reduction of household garbage volume and collection cost. And, of course, pride in a cleaner landscape continues to inspire Ore-

gonians to prefer the refillable container system.

The public opinion surveys underscore the persistence of the Bottle Bill's popularity. One, conducted by Applied Decisions Systems in 1973, showed that 95% of those interviewed had an opinion of the law and, of those, 95% approved by law. The second survey, by the Seattle Post-Intelligencer in 1975, showed 90% in Oregon in favor of the bill, and in Washington, a neighboring state, 68% in favor of an Oregon-type refund law for their state.

Oregon retailers and distributors have cooperated and supported this new law from the start, making the transition smooth. Retailers continue to handle the returns themselves rather than requesting the creation of redemption centers as provided for in the law.

Government officials and politicians look favorably on the Bottle Bill. There has been no attempt to repeal this popular piece of legislation; instead, modifications to increase its scope in various ways have been proposed in each session of the state legislature. The fact that the Bottle Bill has not increased the costs of government nor expanded the bureaucracy enhances its popularity with public and officials alike.

APPROVAL/DISAPPROVAL OF BOTTLE BILL

[In percent]

	Approve	Disapprove	No opinion
1973—All Oregon respondents	90.8	4.7	4.5
1973—Oregon soft drink consumers	90.8	4.6	4.6
1973—Oregon beer consumers	90.3	5.0	4.7
1975—All Oregon respondents	89.9	4.1	6.0
1975—All Washington respondents	68.0	23.6	8.4

Sources: Applied Decisions Systems Study, 1973; Seattle Post-Intelligencer, 1975.

Mr. HATFIELD. Mr. President, returnable beverage containers are not a new concept. As recently as 1960, 95 percent of our soft drinks and 50 percent of our beer were packaged in refillable containers on which a deposit was paid. Today 79 percent of the beer and two-thirds of the soft drinks sold in the United States are packaged in "one-way" or throwaway containers.

Our consumption of beverage containers has far outdistanced the consumption of the beverages themselves. For example, in 1959, 15.4 billion beverage containers were consumed. During the following 13 years when per capita consumption of these beverages increased 33 percent, the use of beverage containers increased by a whopping 221 percent—to 55.2 billion by 1972. In 1973, the figure increased to 60 billion and was projected to go to 80 billion last year.

It is predicted that we could save 5.2 million tons of glass, 1.5 million tons of steel, and 530,000 tons of aluminum annually by switching to a returnable system. The materials used for these containers equal 45 percent of all glass, 6 percent of all aluminum, and 2 percent of all steel purchased in this country.

Beverage container litter amounted to between 54 and 70 percent of the litter in Oregon prior to 1972. On a national basis cans and bottles consist of between 60 and 80 percent by volume of total litter and 20 and 40 percent by piece count. While the antilittering attitude that the industry is trying to instill through programs such as "Keep America Beautiful" is commendable and should be encouraged, that alone is not enough.

Solid waste has quickly become a premier environmental issue. It is a problem we are now just beginning to understand and cope with. Passage of this legislation would signal a willingness on the part of this body to make a direct commitment to reducing solid waste. The National League of Cities and the U.S. Conference of Mayors have endorsed the need for solid waste reduction. They made the following prediction:

Unless we reduce the total volume of solid waste generated nationally, local governments will continue to be overburdened with the flow and financing of solid waste.

On October 26, 1976, the Oregon Journal published the results of a litter survey which they conducted. Ten 1-mile stretches of road with comparable traffic volume in Oregon and Washington were compared. It was determined that Washington roads have 7.5 times more litter than Oregon roads, probably due to Oregon's deposit law. I ask unanimous consent that the complete survey be printed in the RECORD.

There being no objection, the survey was ordered to be printed in the RECORD, as follows:

OREGON BOTTLE BILL CUTS LITTER ACCORDING TO JOURNAL SURVEY

(By Dean Smith)

Washington highways have 7.5 times more bottle and can litter than comparable roads in Oregon, the Oregon Journal has discovered in a special survey on the eve of bottle bill balloting in four states.

Comparing 10 one-mile road sections of comparable use and traffic volume, the Journal found an average of 294 containers per mile in Washington against 39 in Oregon.

Both states have claimed that their anti-litter programs—which in Washington includes a Model Litter Control Act that emphasizes public education and in Oregon the bottle bill—have substantially reduced litter.

Statistics generated in the two states are being used in emotional campaigns in Maine, Michigan, Massachusetts and Colorado where voters will consider ballot measures Nov. 2 patterned after the Oregon law, now in its 5th year.

The Journal tally, which considered only bottle and can litter, showed that few 5-cent returnable beer or soft drink cans were tossed along the 10 miles of Oregon roads inventoried.

Of the 209 cans found in the state, only 11 (or 5.3 percent) were refundable. The other cans found apparently were purchased outside of Oregon, or were bought before the bottle bill took effect in October, 1972.

The survey, compiled with the help of volunteer students from Tigard High School and Portland State University, could not arrive at a similar comparison for discarded bottles.

It did show that a high number of all-aluminum cans, which are newer to the marketplace than other types of cans, were found in Washington.

Of the 1,968 cans turned up in Washington, 69.7 percent were non-deposit aluminum. In Oregon, 26.2 percent of the 209 cans retrieved were aluminum.

Survey tallies also showed that wine bottles—under consideration for inclusion under the bottle bill—constituted 4.8 percent of Oregon's discards and only 1 percent of those in Washington. Whisky bottles represented 2.2 percent of Oregon's total and less than one percent of the Washington litter.

Bottle bill proponent Don Waggoner, ex-president of the Oregon Environmental Council, said the newspaper's findings confirmed his long-held suspicions.

"It confirms what we've been seeing in Oregon and Washington," Waggoner said, "which is that the bottle bill is in fact working and significantly reducing can and bottle litter."

Not convinced of that conclusion is Portland attorney George Wagner, who represents several can companies and the Oregon Beverage Industry Task Force.

Wagner, noting that litter pickups had occurred on the Oregon survey sites more recently than in Washington, said that Washington has a "superior antilitter program" which is working well.

"Since Oregon cleans up after litterers much more frequently than Washington," Wagner said, "the Journal litter survey found more total litter in Washington than in Oregon. This is a measure of cleanliness, not littering."

Washington Gov. Dan Evans says his state has reduced its total litter by 66 percent since 1971, based on estimates of littering before the litter act took effect.

Former Oregon Gov. Tom McCall, meanwhile, has been claiming in the East that Oregon's litter was reduced by 47 percent after the bottle bill.

The Journal study was not able to determine to what extent the differing anti-litter programs have curbed the rate at which litter is dropped along roadways in the two states.

Officials at Washington's Department of Highways and Department of Ecology, which both conduct litter pickup programs, say they do not keep accurate records on exact highway locations cleaned.

In only one case—Oregon's Highway 224 and Washington's Highway 6—was litter collected on nearly the same date.

On the Oregon route, 97 beer and soft drink containers were found and on the Washington road a total of 144.

Illustrated by the survey is the fact that Oregon emphasized roadside cleanup more than Washington, in spite of the fact that more tax dollars are spent on litter programs in Washington.

The Oregon Highway Division spent $633,000 on litter removal during fiscal year 1975–76, while its Washington counterpart spent $480,162 during the same period.

In addition, Washington spent $724,438 for funding education, advertising and litter collection programs during the fiscal year, according to Mike Aarhaus, assistant program director for the litter act. That money comes from a small tax assessed on litter producing industries, he said.

Linda Bradford, a DOE official, said much of the litter collection funded by the act this summer was performed in state parks and other non-highway areas.

Although the bottle bill has strong public support in Oregon, it has fared poorly thus far elsewhere, with only Vermont passing a similar law.

Industry opponents reportedly will spend $300,000 in Maine, at least $750,000 in Michigan and as much as $1.3 million in Massachusetts to defeat the ballot measures.

Proponents have raised only a fraction of that to boost the refund laws, sources in those states report.

The measure is on the ballot as an initiative in Michigan and a referendum in the other states.

In all but Colorado it would ban pull-top cans and would institute a minimum 5-cent per container refund in all four states. (Oregon requires only a 2-cent refund on certified containers able to be used by more than one manufacturer.)

For the Journal survey, volunteers went to pre-designated survey miles and picked up only the "observable" litter seen while walking along the highway shoulder.

The sites were chosen based on their aver-

age daily traffic load, similarity in the type of road (2-lane versus 4-lane, for example) and the nature of travel it generated.

All carbonated soft drink and malt beverage containers were collected—along with wine and whisky bottles—and were returned for tabulation.

In the case of broken glass containers, only the neck portions were retrieved to avoid counting a single container more than once. Bottle caps, pull-tab tops and other beverage-related litter were not collected.

In Oregon, the data showed 165 beer caps, 44 soft drink cans, 159 beer bottles, 17 soft drink bottles, 20 wine bottles and 9 whisky bottles.

In Washington, 1,273 beer cans, 695 soft drink cans, 806 beer bottles, 161 soft drink bottles, 31 wine bottles and 22 whisky bottles were recovered.

OREGON, WASHINGTON ROADSIDES COMPARED

	Average daily cars	Containers	Days since last pickup
OREGON HIGHWAYS			
Oregon 26, 9 miles west of Button	3,200	27	65-74
Oregon 47, 5 miles south of Vernonia	915	13	100
Oregon 99W, 2 miles south of Dundee	9,300	11	78-108
Oregon 126, 9 miles east of Springfield	2,650	85	+365
Oregon 26, 4 miles east of Wemme	3,800	48	86
Oregon 99E, 4 miles south of Woodburn	6,500	34	111
Oregon 219, 10 miles north of Newberg	1,200	23	66
Oregon 224, 8 miles west of Eagle Creek	3,400	97	74
Oregon 221, 4 miles south of Dayton	1,050	17	78-108
Oregon 6, 4 miles west of Gales Creek	2,500	30	65-74
Total (for 10 miles)	34,515	385	
Averages (per mile)	3,452	38.5	
WASHINGTON HIGHWAYS			
Washington 14, 4 miles west of Stevenson	3,275	343	[1] 156
Washington 140, 8 miles north of Washougal	980	339	[1] 217
Washington 502, 4 miles west of Battleground	5,000	306	[1] 217
Washington 503, 4 miles east of Woodland	2,300	591	[1] 217
U.S. 101, 3 miles north of Heqpian	3,900	423	[2]
U.S. 101, 2 miles south of Raymond	6,300	232	[2]
Washington 503, 4 miles north of Winlock	1,300	149	[1] 139
Washington 6, 5 miles west of Chehalis	3,000	144	73-80
Washington 41, 12 miles north of Longview	990	253	[1] 217
Washington 504, 8 miles east of Castle Rock	1,300	155	[1] 217
Total (for 10 miles)	28,345	2,935	
Averages (per mile)	2,835	293.5	

[1] Estimates only.
[2] Undetermined.

Note: The Washington Highway Department said crews worked portions of these highways at the approximate time indicated, but kept no records of the exact mileposts actually cleaned up by foot patrols.

Mr. HATFIELD. Mr. President, the industry has maintained that a litter tax similar to that in Washington should be used instead of container deposit legislation. One State, Connecticut, hoped to get the best from both laws by passing a bottle bill and a litter tax in 1978. This past month the legislature decided that the bottle bill alone accomplished the environmental goals they had set out to achieve. I ask unanimous consent that an article from Environmental Action be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RETURNABLES REVIEW

(By Sandie Nelson)

Tossing the litter tax. Supporters of beverage container deposit laws got a big boost in Connecticut last month when the state legislature repealed industry's favorite foil for deposit legislation, the litter tax.

The defeat of the litter tax, which was originally passed in Connecticut along with deposit legislation in spring 1978, shows the container law is the preferred way to deal with the litter and waste of resources created by the throwaway ethic. Unlike the deposit law, which attacks the problem at its source, the litter tax merely provides funds to pick up the litter after it is discarded.

And container law advocates aren't the only ones saying so. Connecticut Gov. William O'Neill gave the state's mandatory deposit law a lot of good publicity in his State of the State Address given before the legislature vote. Making it the first specific issue he addressed, O'Neill referred to the container law as a touchstone of state conservation efforts. "Experience has shown the 'bottle law' is an effective tool to assure the protection of our natural resources," he stated.

On Feb. 4, both houses of the Connecticut legislature unanimously responded to the governor's request for repeal of the litter tax. Connecticut was the only state with both a litter tax and a container deposit law on the books, so it's an unusual but powerful demonstration of deposit legislation's appeal. In several other states, too, the industry's pseudo litter tax laws are no longer in effect, including Kentucky (1980), Colorado (1979) and Arkansas (1977). . . .

More deposits, more returns. Going one better, Connecticut is showing even more confidence in the deposit law. In late January the state legislature began hearings on making non-carbonated beverage containers under 16 ounces returnable too. (Currently, only beer and carbonated beverage containers are covered.) The measure would include such items as containers for lemonade and iced tea but would exclude those for fruit and vegetable juices.

Another proposal considered at the hearings would authorize additional redemption centers throughout the state at which operators would receive 3 cent handling fee for their efforts to serve consumers and retailers. A third issue to be raised in the hearings is prohibiting distributors from refusing to accept or pay a refund for cans crushed or compacted by dealers. Container law supporters are hoping that these legislative efforts in Connecticut will be imitated by other states. . . .

Uncle Sam takes stock of bottles and cans. The General Accounting Office, a research arm of Congress, recently released a report that takes a very positive view of state successes with deposit laws, flatteringly titled, "States' Experience with Beverage Container Deposit Laws Shows Positive Benefits." The report is significant in that it provides empirical data for advocates who in past years have had to rely on projections from computer models.

The GAO report, PAD-81-08, is available free of charge. Up to five copies may be ordered through U.S. General Accounting Office, Document Handling and Information Services Facility, P.O. Box 6015, Gaithersburg, Md. 20760; (301) 275-6241. Those who wish to order reports in larger quantities should request copies through their U.S. senators and representatives or state agencies or legislators. Ask them not only to get the copies for you as a constituent but to obtain one for themselves—and read it.

Another excellent source, the "Final Report of the Special Joint Committee to Study the Impact of the Beverage Container Deposit Law," assesses the impact of Michigan's deposit law by thoroughly analyzing the implementation of the system, defining problems which occurred and possible solutions. It will be available by mid-February through Sen. Stephen Monsma, State Capitol, Lansing, Mich. 48909; (517) 373-1801.

Reports like these will come in handy especially when the Congress debates the container law later this year (see story, p. 23)

Mr. HATFIELD. Mr. President, now let us consider the impact of throwaways on the individual shopper. The use of returnables adds to the expense of the beverage being purchased. The average price of a beverage in a returnable container is about 2 cents less than one purchased in a one-way bottle and about 5 cents less than in a can. When you buy a no-deposit, no-return bottle or can and discard it after use, you are paying for the total cost of packaging that beverage. When you purchase your beer or soft drink in a returnable container, however, you are actually borrowing the package and sharing its cost with 15 or as many as 20 other consumers, as is the case in Oregon.

Lest we be accused of trying to regulate the marketplace by mandating the use of returnables, let me point out to my colleagues that the industry, through advertising and production policy, has convinced the consumer of the "convenience" of nonreturnables. For this reason, you are hard pressed to find beer and soft drinks sold in reusable containers in most areas of the country. In most stores today you have no choice but to purchase your favorite beverage in a nonreturnable container.

According to Mr. Joseph Griesedieck, the vice chairman of Falstaff Brewing Corp.:

Returnable bottles are the most economical for the consumers and the brewer.

Mr. J. Lucien Smith, the president of Coca-Cola, made the following statement before the Senate Judiciary Committee:

Coke sold in food stores in non-returnable package is priced, on the average, 30 to 40 percent higher than Coca-Cola in returnable bottles. The difference lies essentially in the different costs of packaging. The cost of returnables is spread over many uses; the cost of the non-returnable package is absorbed in one use.

In a recent study done by Pepsi-Cola it was discovered that the consumer paid 97 percent more per ounce for Pepsi in 12-ounce cans than for the same product in 16-ounce returnable bottles. I ask unanimous consent to have a portion of the 1978 Pepsi-Cola report printed in the RECORD.

The consumer paid an average of 97% more per ounce in 1977 for canned Pepsi-Cola than he did for Pepsi in the 16-ounce returnable bottle at the featured newspaper advertised price.[12] The exact cost per ounce for Pepsi-Cola in the disposable can was $0.0156 at the featured newspaper advertised price; [13] and in the returnable 16-ounce bottle, just $0.0079 at the featured newspaper advertised price.[14]

In vast sections of the United States, the consumer has the choice to buy the package he prefers. In effect, he chooses to pay more

[12] Ibid.
[13] Ibid.
[14] Ibid.

for convenience. However, in a number of major markets, some labels are virtually unavailable in returnable packages.[15] Why?

Majers reports [16] on Pepsi advertising activity and per ounce cost in the eastern sector, namely New York-Newark, Philadelphia and Boston—markets exclusively controlled by PepsiCo bottling subsidiaries—reveal NO activity in the economical 16-ounce returnable Pepsi bottle. Instead, the markets are dominated by the higher priced can and nonreturnable packages.[17]

TOTAL MARKET AD ACTIVITY BY PACKAGE SIZE—ALL BRANDS—12 MO. ENDING NOVEMBER 1977

	16 oz. ret.	16 oz. N.R.	32 oz. ret.	32 oz. N.R.	64 oz. ret.	64 oz. N.R.	12 oz. cans
Boston	0	0	9	43	1	18	131
New York/ Newark	0	30	0	50	1	391	826
Philadelphia	0	2	0	0	3	26	85

In these markets there were a total of 291 feature price newspaper ads for Pepsi-Cola and Coca-Cola which is only 2.38 percent of the total Pepsi-Cola and Coca-Cola ads shown in the Majers 106 market survey. These same markets represent 18.5 percent of the ACV (all commodity volume) in the Majers 106 market survey area, a sizable difference. There were only three feature price newspaper ads for Pepsi-Cola and Coca-Cola in returnable packages, only 00.0339251 percent of all Pepsi-Cola and Coca-Cola returnable package ads in Majers 106 market survey. The conclusion must be drawn that the marketing activities of a few major syrup companies can dictate the packaging mix of the entire soft drink industry.

The American consumer would be forced by economic factors beyond his control to pay, in many cases, about twice the price he presently enjoys the opportunity to pay for leading brands of soft drinks in returnable packages.

PEPSI-COLA AND COCA-COLA, FEATURE PRICE AD ACTIVITY 12 MO ENDING NOVEMBER 1977

	Boston, New York/Newark, Philadelphia		Majers 106 United States metro market survey	
	Number of ads	Percent of total	Number of ads	Percent of total
Returnable	3	1	8,843	72.4
Nonreturnable	128	44	1,288	10.5
Cans	160	55	2,089	17.1
Total	291		12,220	

A comparison of feature price package advertising of both Pepsi-Cola and Coca-Cola in the New York-Newark, Philadelphia and Boston markets shows total returnable bottle advertising almost non-existent (1 percent) while cans dominate (55 percent). Majers 106 market study shows almost the reverse—returnables dominate (72.4 percent) featured price newspaper advertising on a national basis. A further look at the combined cost per ounce of Pepsi-Cola and Coca-Cola in this eastern sector reveals a cost of $0.012! per ounce in non-returnable packages or 52.7 percent more than the cost per ounce in the 16 ounce returnable bottle on a national basis. In cans the cost per ounce is $0.0158, or 100.1 percent more, in this same area dominated by Pepsi-Cola company owned bottling subsidiaries.

[15] Ibid.

[16] Op. cit., Majers.

[17] Ibid. Soft Drinks, Number of Ads (per account)/Price Per Ounce Study. Pepsi-Cola: shows no 16-ounce returnable bottles in New York-Newark, Philadelphia or Boston; shows 12-ounce cans as 63/.0164 in New York-Newark, 8/.0138 in Philadelphia, and 1/.0151 in Boston.

As further evidence, let's look at the *total* returnable package feature price advertising in newspapers in the New York-Newark, Philadelphia and Boston areas. The total number of soft drink ads for the year ending November, 1977 was 1616 while the number of ads devoted to returnable packages was only 14—less than 1% of the total.

Mr. HATFIELD. Mr. President, the General Accounting Office study, completed in December of 1977, attempts to assess the direct effects of a national beverage container deposit on American industry and the consumer. In an effort to examine the range of possibilities in the effect the mandatory deposit will have, the GAO assessed two extremes of container mixes. One end of the scale was assumed to be the present mix of 52 percent bottles and 48 percent cans and the other was assumed to be the expected shift by manufacturers to a mix of 80 percent bottles and 20 percent cans. The final result might be anywhere between these two extremes.

With these as parameters, the GAO reached conclusions which should give us all pause to consider the opportunity we have to live in a more conservative manner without sacrificing convenience.

The GAO estimates that even during a 3-year changeover period to returnable containers, cost savings would more than offset the costs of handling returnables, plus the cost of changing filling equipment from one-way bottles to refillables. After the 3-year changeover, GAO estimates that industry as a whole would have between $1.3 billion and $1.9 billion the following year. The savings would accrue to the bottlers. Increased handling costs to distributors and stores would have to be offset by them.

The effects on the environment would be beneficial. U.S. iron ore requirements could be reduced by 2 to 3 million tons. Bauxite use could be reduced by 1 to 1.4 million tons. Energy use could be reduced by 116 trillion to 156 trillion BTU's. The effect on the consumer would be minimal. The consumer will still have the opportunity to discard, but that opportunity will be more expensive. However, addressing that issue, the report notes that the return rate for refillable containers has never dipped below 90 percent from 1947 until 1975, nationally. Also, it publishes the rate for the State of Oregon since the passage of the Oregon bottle bill. Oregonians returned over 92 percent of their bottles and cans in 1976.

The alternative to this situation is probably one where the use of nonreturnable containers increases. The GAO report cites one prediction that the packaged beer market would increase its use of nonreturnable containers to 97 percent of total output, and the soft drink manufacturers would increase use of nonreturnables to 63 percent of the total by 1985, if the Federal Government does not intervene. As part of an effort to prevent such a situation from developing. I ask unanimous consent that these portions of the General Accounting Office study be printed in the RECORD.

There being no obection, the excerpts were ordered to be printed in the RECORD, as follows:

[Report to the Congress by the Comptroller General of the United States]

POTENTIAL EFFECTS OF A NATIONAL MANDATORY DEPOSIT ON BEVERAGE CONTAINERS

CHAPTER 6.—CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

A mandatory deposit system that imposes a deposit on all beer and soft drink containers would convert the present beverage system from less than 30-percent refillable containers to one with 100-percent returnable and/or refillable containers. Several conclusions can be drawn from our analysis of what this conversion would involve.

First, we estimated that beverage container litter would be reduced about 80 percent under this system. This translates into a possible 7 to 37 percent reduction in total litter. The solid waste reduction would be about 4 percent of the estimated 1985 post-consumer refuse, or about 8 million tons. The estimated reductions in litter and solid waste under the assumed mandatory deposit depend primarily on the change from a combined returnable and one-way container system to a completely returnable system.

Second, the consumer who did not return the container and therefore did not receive a refund of the deposit would pay more to have the privilege of throwing the container into the waste stream. Because a mandatory deposit system places a deposit on all containers, the amount of deposit not reclaimed by consumers would increase.

Third, certain business costs would increase due to handling a greater number of empty containers from the retail store to point of refilling or recycling. The eventual container mix and return rates would make some difference in how much these costs increased, but the capital, equipment, space, and labor costs to handle the returned containers would definitely rise under a mandatory deposit system because of the 100-percent coverage of a deposit law. If there were no substitution of refillable containers for one-way containers under a mandatory deposit law, then the costs of supplying beverages would go up by the amount of the costs brought about by handling previously nonreturnable containers. Even though we view the container mix which would evolve after implementation of a mandatory deposit law as uncertain, we did assume that, as a minimum, refillable bottles would replace one-way bottles (Mix I). This change would create container cost savings which would help offset the rise in business costs noted above.

We analyzed the cost changes for the beverage industry for both the changeover period, assumed to be 3 years after implementation, and for a single year after changeover. Analysis of a larger change in container mix, with refillable bottles also substituting for many one-way metal cans (Mix II), had similar results. The analysis of the costs for the single year after the changeover (1981) showed that Mix I could be about $1.3 billion less costly than continuing the present way of packaging beverages, and that Mix II could be about $1.9 billion less.

The overall conclusion is that legislating a mandatory deposit on all soft drink and beer containers would reduce solid waste and litter, increase the level of retained deposits, and increase the business costs of handling returned containers.

Other changes, including raw material use, energy use, business costs for filing containers, and container costs, depend on the container mix. The container mix, which will be determined by the beverage companies, may not change much after implementation of a mandatory deposit.

AGENCY COMMENTS

The draft report was sent to four Federal agencies for review and comment. This reflects the many areas which would be affected if a mandatory deposit law were enacted and implemented. Their comments are reproduced in appendix IV.

The Federal Energy Administration (now part of the Department of Energy) suggested that the potential for lower costs in the beverage system should mean, given competitive markets, that consumer prices would be lower. They suggest that this should be highlighted in our final report. We note in chapter 4 that there seems to be potential for lower prices, but do not believe that there exists enough evidence of a direct link between lower industry costs and lower consumer prices to predict that a mandatory deposit system will result in lower prices.

The Department of Commerce is concerned that we did not examine all the options which could achieve all or part of the purported benefits of mandatory deposit legislation, but rather concentrated on the effects of an option which we felt would be before the Congress for decision in the near future. The specific comments of the Commerce Department about the draft report are reproduced in appendix IV.

The Environment Protection Agency and the President's Council on Environmental Quality agreed with the presentation of material in our draft report.

NON-FEDERAL COMMENTS

In addition to the Federal agencies which commented on the draft report, several industry groups, individuals, and environmental groups were asked to comment on and review the draft.

The industry groups, which included the U.S. Brewer's Association and the National Soft Drink Association took issue with some aspects of the draft report. We have attempted to answer these criticisms in appendix V. We believe that each assumption which had to be made to analyze a potential Federal action is reasonable and that the analysis which flows from the assumptions is representative of the effects of a national mandatory deposit system as described in the report.

The industries which would bear the brunt of the economic adjustments agree that legislative action should continue to explore ways to combat the problems of increasing solid waste burdens and depletion of raw materials. However, the policy trade-offs for such actions are not well documented and for that reason possible policy alternatives should not be disregarded just because there are other ways of achieving some of the same effects.

The environmental groups and individuals who responded to the draft report were in general agreement with the presentation.

RECOMMENDATIONS

The report was intended to compile in one study the major effects which would result from such a mandatory deposit system and to analyze the degree to which these effects would occur. The analysis we have made indicates that there are positive and negative aspects to the effects of a mandatory deposit system. The ultimate question of the appropriateness of a Federal mandatory deposit law must be answered by the Congress. We do have several recommendations to the Congress should it consider enacting such legislation.

Only by treating all containers equally can the system provide positive results because it is necessary to have as many containers as possible, whatever the mix, returned for reuse. Most legislative proposals call for such treatment, but we emphasize it since any beverage container not included would tend to negate the environmental benefits.

Many allocation formulas are possible, and the executive agency designated as the implementing agency should be responsible for its design. Prime considerations should be administrative ease of implementation and equity of the allocation.

A problem in assessing the effects of the various States' mandatory deposit systems has been the lack of good data on the period before and after implementation of the system. Such analyses will keep the responsible agency informed about the effectiveness of the program and the need for any changes. Measurements should be taken of litter and solid waste, beverage industry changeover costs, costs of goods sold, can recycling, and employment changes.

Returned cans cannot be refilled; they are valuable only as scrap. The price the bottlers and breweries would receive for the scrapped cans is less than the deposit which they could retain if the cans were not picked up from the retailer. This means that there will be no economic incentive to pick up the cans. In addition, the legislation should provide some mechanism to encourage the recycling of these cans once they are returned. Without recycling, some of the environment benefits of a mandatory deposit system will not be realized.

Mr. HATFIELD. Mr. President, as I mentioned in my opening remarks, the GAO has recently completed an updated study of beverage container deposit laws for four States—Maine, Michigan, Oregon, and Vermont. Their findings show that beverage container deposit laws do work, but they also point to the need for a uniform national law if our society is to reach the maximum potential for savings that such a law provides.

I ask unanimous consent to place portions of the report in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

INTRODUCTION

Senate bill 50, introduced in the 96th Congress and proposing a national beverage container deposit law, would set the national goals of reducing beverage container litter and solid waste, the amount of materials used to package beverages, and energy consumption. The proposed legislation states that a national mandatory deposit law would result in a high level of reuse and recycling of empty beverage containers, the key to achieving its goals. In response to requests from Senator Mark O. Hatfield, Senate Committee on Appropriations, and Senator Bob Packwood, Senate Committee on Commerce, Science, and Transportation, we have revised our 1977 study of the potential effects of a national beverage container deposit law.[1]

In our 1977 report, we assumed that there would indeed be a high level of reuse and recycling of empty beverage containers under a national law. We found that beverage container litter would be reduced approximately 80 percent by piece count, total solid waste by consumers would be reduced 3 to 4 percent by weight, use of raw materials such as iron ore and bauxite would be reduced by 2 to 3 percent of total U.S. demands, and energy use in the beverage industry would be reduced 30 to 40 percent, about 0.2 to 1 percent of total U.S. energy consumption. In 1980, we believe that these changes are still realistic estimates of the potential benefits of a national beverage container deposit law.

In the 1977 report, we also estimated that business costs would increase in some areas but revenue attributable to the law would increase. When summed for all elements in the beverage industry, estimated cost decreases and revenue increases would represent an increase in net revenue, which could be translated into price decreases if the revenue were forgone. In the present review, we have found that retail costs are probably higher than we estimated in 1977 and that, if there were net revenue increases, they would probably be forgone only by means of competitive pressures.

Three levels of activity in the beer industry and two in soft drinks combine to make, move, and sell packaged beverages in the United States today. For beer, the three are set by the 80 breweries, the 4,900 beer wholesalers, and the estimated 200,000 retail sales points.[2] All would experience some increase in costs under a national beverage container deposit law. All or some of the cost increases could be offset at the brewery and wholesaler level. Revenue would increase because of the change in retained deposits, a switch to refillable containers by the brewery could reduce container purchase costs, and sale of returned nonrefillable containers for recycling would increase revenue.

In the soft drink industry, bottling and wholesaling operations are usually combined within the same firm, of which there are about 2,000. They would experience both increased costs and increased revenue under a national beverage container deposit law. The retailers, who sell most of the soft drinks in the United States and also most of the packaged beer, would face only increased costs. Some states—Maine and Vermont, for example—have required beverage firms to pay the stores 20 percent of the deposit for handling empty containers. Under these conditions, retailers would receive 1 cent per container on a 5 cent deposit to offset their increased costs. The same objective could be reached by raising retail prices 1 cent.

MAJOR AND MINOR ASSUMPTIONS

No one knows what the beverage system would look like under a national mandatory deposit law, largely because there has not been 100 percent deposit coverage for either packaged soft drinks since 1947 or beer since the 1930s. All studies about the effects on a national system, therefore, must begin with both minor and major assumptions about the marketing behavior of all the elements in the beverage industry. We assume, for example, that the beverage producers would react to a law by adjusting their packaging mix in addition to preparing to handle the empty deposit containers. The wholesalers and retailers would also make adjustments to handle the higher number of empty containers passing through their firms. The consumers would look at the products being offered and buy more or less of a beverage because of real and perceived differences in the product caused by the deposit on all containers, whether refillable or nonrefillable.

TABLE 1.—SOME CHARACTERISTICS OF 6 STATES WITH BEVERAGE CONTAINER DEPOSIT LAWS

State and implementation date	Population in millions	Population in SMSA (percent)[1]	Weekly industrial wage
Connecticut: January 1980	3.115	91.6	$290.37
Iowa: July 1979	2.902	37.1	340.35
Maine: January 1978	1.079	30.5	235.31
Michigan: December 1978	9.207	81.1	367.47
Oregon: October 1972	2.527	57.5	303.68
Vermont: September 1973	.493	None	242.76

[1] Standard metropolitan statistical area.

Sources: U.S. Department of Commerce Bureau of the Census, "Current Population Reports," series P-25, No. 878, March 1980; U.S. Department of Labor, Bureau of Labor Statistics, "Employment and Earnings," June 1980.

[1] "Potential Effects of a National Mandatory Deposit on Beverage Containers," U.S. General Accounting Office, PAD-78-19, December 7, 1977.

[2] This estimate includes grocery stores, liquor stores, bars selling packaged beer for off-premises consumption, and drug stores.

In the 1977 study, we used existing evidence and expert opinion to form the necessary assumptions about market reaction to a national law. The primary experience at that time had been in Oregon and Vermont, both of which had implemented statewide laws. In this 1980 revision, we have looked at the continued experience in these two States and also at Maine and Michigan, which have adopted beverage container deposit laws since 1977. Connecticut and Iowa have adopted similar laws, but they had less than 1 year of experience with them when we were carrying out our State reviews.

Considered together, the six States contain about 9 percent of the United States population; of this, 6 is in the four States we reviewed in detail—Maine, Michigan, Oregon, and Vermont. The four States are varied in location, urbanization, and industrialization: they range from small Northeastern rural to large Midwestern industrial. Their combined experience helps focus both our major and our minor assumptions about the effects of a national law. Table 1 presents some of the basic information about the States. The population estimates are at midyear 1979; wages are as of April 1980.

OBJECTIVES, SCOPE, AND METHODOLOGY

In this 1980 review, we follow the lead of our 1977 report. As in that report, we present the historical context of individual State beverage container deposit laws, the better to develop our assumptions about a nationwide law. In revising the tables, we have used the 1977 material as a base for the data from subsequent years. (We still report business costs in 1974 dollars.) This report will be most useful, therefore, if it is read in the complete context of the 1977 report. That study is the framework for our 1980 analysis. Our intent here is not to repeat the background but to show how on-going events have been and may be carried forward.

The present outline differs only slightly from that of 1977. To help show how our assumptions and conclusions derive from actual States' experience, we have moved our descriptions of specific States forward from the appendixes, making them full chapters. Chapter 2 gives our historical description and analysis of Maine and is followed, in chapters 3 and 4, by a similar treatment of Michigan and an explanation of our statistical efforts to measure the changes in beer consumption in 1979 in Michigan in relation to its beverage container deposit law. We show the technical development of the statistical models in appendix II. For our modeling effort for Michigan, we used data on possible explanatory variables for beer consumption. This attempt to separate the effect of legislation from other effects is one of the first in this area.

In chapters 5, 6, and 7, we proceed to develop our new assumptions based on the States' experiences since 1977 and to present our revised estimates of the effect of a law on the beverage system nationwide. Chapter 5 shows our forecasts of sales, container mix, and return rate; we have built primarily on the data in chapter 2 of the 1977 report. Chapter 6 shows our forecasts of the use of raw materials, the production of waste, and the consumption of energy; we have built primarily on the data in chapter 3 of the 1977 report. Chapter 7 shows our forecasts of beverage industry costs; we have built primarily on the data in chapter 4 of the 1977 report.

We gathered our information from various government and private sources within the States, including State liquor control commissions, environmental agencies, transportation departments, and brewers and soft drink manufacturers associations. We studied a variety of published reports as well as estimates made by the U.S. Brewers Association and the National Soft Drink Association. We conducted interviews with and also collected and analyzed statistics and documents from these sources as well as the brewers, soft drink manufacturers, bottlers, distributors, and retailers. We studied material provided to us by a wide range of groups and people, from economists in the universities to local citizens' campaigners for environmental protection. (Complying with Senator Hatfield's request, we have not submitted the report to agencies in the executive branch.) In chapter 8, we present a summary of our assumptions, drawn from all these sources and our own estimates revised from the 1977 report.

CONCLUSIONS

After our review of information available primarily from the four States we examined in detail, most of our assumptions in the 1977 report remain basically the same. Table 21 shows some adjustments between the 1977 and the 1980 report for sales, container mix, and return rate. They do not affect the benefits of a national beverage container deposit law, which we still believe would be achieved.

We have changed the sales level assumption, to recognize that beverage sales in Maine, Michigan, Oregon, and Vermont went down during the first year of their laws. We further assume that sales will regain their growth pattern, because this too has been the experience in the three States that have more than 1 year of experience with the law. We are not able to say that the law caused the entire drop in sales in any of the States, because in each there was at least one other contributing factor. We believe that the first year's decrease in sales, whether from a one-time increase in price or an increase in inconvenience or the shock of a new situation, is a transitory effect. After about 1 year, the other influences on beverage sales would resume their effects. The probable decrease in beverage sales coincides with the period of greatest financial outlay, so that the financial performance of some firms in the soft drink and beer industries might suffer during the first year of a national law. We believe, however, that they would adjust to the new situation thereafter and regain their positions.

In this 1980 report, we have focused the container mix on a single value assumption. In the 1977 report, we assumed a range, called Mix I and Mix II. Our revised estimates are close to the Mix I assumption as far as the refillable share of the container market goes, which means that the adjustment by industry to a national law would not be as severe as would be expected under a radical adjustment, such as was envisioned with Mix II. Our revised estimate also recognizes that one-way glass bottles continue to be used for beer in the States with laws and that plastic is making major inroads in soft drink bottling.

Increasing the return rate assumption from 80 percent for cans and 90 percent for refillable bottles to a minimum of 90 percent for all containers would mean a slightly larger reduction in beverage container litter and solid waste than estimated in the 1977 report. This slight improvement in return rates would also affect energy and raw material use.

SALES, CONTAINER MIX, AND RETURN RATE ASSUMPTIONS FOR 1981 IN 1977 AND 1980 COMPARED

[In percent]

	Sales		Container mix		Return rate	
	1977	1980	1977	1980	1977	1980
All containers	(1)	(2)				
Cans			20–50	25	80	90
1-way bottles			(3)	15	(3)	90
Refillable bottles			80–48	50	90	90
Plastic			(3)	10	(3)	90

[1] No change.
[2] Reduced in year 1; no change in trend thereafter.
[3] Not applicable.

The specific net revenue changes to industry under a national law would be within the ranges estimated in the 1977 report (calculated in 1974 dollars) except for retail costs. The experience in large Michigan supermarkets has caused us to increase our estimate of the number of employees required to handle empty containers. Even with the changes in our estimates, however, there seems to be a net increase in revenue when all the net changes for all the firms are summed together. This does not mean that prices would go down or would not go up. We made this point in the 1977 report and emphasize it again here. Of the three levels in the beverage industry that sell filled goods, the retail level has nothing it can offset its increased costs with, but manufacturing and distributing will have both increased costs and increased revenues. Even if net revenue increases at one of these levels, there may be no compelling reason to lower prices.

Several changes would have to take place on the day a national law was scheduled to go into effect. Firms would have to hire more workers, to handle the approximately fourfold increase in returned containers. They would have to buy more transportation equipment, to move the returned containers. They would have to find access to recycling equipment, if the container mix did not shift greatly to refillable containers.

Changes in container mix would be made at the discretion of the beverage firms. We have estimated that the soft drink industry would shift to about 65 percent refillable bottles, more than roughly 38 percent now. Our best guess is that refillables would account for 33 percent of beer containers, up from 11 percent now.

We are aware that Senate bill 50 in the 96th Congress calls for a 3-year interval between enactment and implementation. Even so, we have not changed our assumption of a 1-year interval, because there seems to be no need for more than a year between enactment and implementation. In the 1977 report, we assumed that industry and consumers would need some time to adjust to the law after implementation. Container mix under a national beverage container deposit law would not experience a radical adjustment. Originally, we selected a period of 3 years from implementation date before the predicted package mix would be in place and equilibrium would be relatively reestablished. We believe now that 1 year after implementation is long enough to recognize the adjustment period.

Mr. HATFIELD. Mr. President, the bottling industry and retail groups have long attacked beverage container deposit laws as being costly to implement and maintain. Given that this may be true, I would like to point out that my bill would pay retailers a handling fee of 2 cents per container. In the past bottlers and distributors have been able to overcome their costs of compliance through revenues generated from deposits received from unreturned containers. However, through no fault of his own, it is the retailer who has incurred cost that he cannot recover.

In a recent study prepared for the Food Marketing Institute by Case & Co. of Stamford, Conn., it was found that the cost to the retailer for handling returnable beverage containers was just over 2 cents per container. However, the report also pointed out that supermarkets in States that have had a long experience with beverage container deposit laws show a more efficient, and therefore less costly, ability to deal with the containers.

At this time I would request unanimous

consent to include portions of that report in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COST OF HANDLING RETURNED BEVERAGE CONTAINERS IN SUPERMARKETS—SPECIAL RESEARCH REPORT NO. 27, OCTOBER 1980

(Prepared for the Food Marketing Institute by Case and Company, Stamford, Conn.)

MANAGEMENT OVERVIEW

This report contains the full text of a study conducted by Case and Company, examining the cost of redeeming and sorting beverage containers in supermarkets. As part of this report, worksheets which enable the calculation of handling costs for specific local situations are provided.

The results of a survey of 425 stores in 6 states with container legislation and a series of time studies carried out in supermarkets with a high volume of returned containers are presented. Four basic redemption systems were examined: front-end receiving with all sorting in the back room, front-end receiving with cans and plastic bottles sorted in front and glass sorted in the back room, visual front-end inspection and count with the customer taking the containers to the back, and an integrated redemption station with dedicated personnel.

Only directly attributable costs are included in the estimates. The intangible store disruption factor is discussed but not quantified.

Using the worksheet for one of the redemption methods used by supermarkets (front-end receiving with all sorting in the back room) and drawing on basic information typical for a wide variety of supermarkets, the study finds:

[In cents]

Cost category	1980 Cost per container
Labor	1.814
Space	.362
Additional capital investment	.067
Additional sanitation	.032
Carrying cost of deposit inventory	.029
Breakage, pilferage, miscellaneous	.069
Total cost	2.373

The labor standard is industrial engineering based and therefore likely to be less than the actual experience of many operators. However, these standards do provide a conservative cost estimate for reasonably efficient operators. A handling cost of 2.373 cents per container is equivalent to a cost of 56.95 cents per case of 24 containers.

INTRODUCTION

In 1978, Michigan became the first major industrial state to impose a mandatory deposit on all beer and soft drink containers. This followed earlier mandatory deposit programs in Oregon and Vermont. Other states are continuing to consider similar programs. While the specific details vary from state to state, the basic intent is to encourage the return of beverage containers to retailers (some states do allow non-retailer redemption centers) by imposing a deposit on all beverage containers, which is refunded upon the return of the container.

Three basic arguments have been used to advocate the enactment of these laws:

Mandatory deposits will reduce roadside litter because containers will be returned for the deposit;

Mandatory deposits will encourage a more efficient use of scarce resources because the virgin materials and energy needed to manufacture new containers will not be needed; refillable glass containers can be reused after washing, and the material in plastic and metal can containers can be recycled; and

Mandatory deposits will reduce the cost of beverages because the container cost saving will be passed along to the consumer as a result of normal competitive forces.

These broad, basic arguments have been explored from a variety of perspectives in other studies. However, none of these studies have provided a detailed examination of the impact that mandatory deposits have on supermarkets.

Supermarkets are the final link in the physical flow of food and grocery products from manufacturer to consumers, and they have been designed to handle efficiently this one-way forward flow of product. While the sale of beverages follows this customary product flow, the handling of returned beverage containers imposes the additional steps of receiving, paying for, sorting, storing, and returning of the used containers for re-filling or recycling. With mandatory deposits, the cost of these steps is incurred not only for refillable glass containers, but also for non-refillable glass, cans, and plastic bottles. The supermarket has no offsetting savings in its operations against this cost increase. Further, these additional costs are borne by the supermarket that accepts the returned containers from the customer, even though the beverages may have been purchased from another retailer. In fact, it is not unusual for a supermarket to handle at least 25 percent more returned empty containers than it sells of the filled containers.

Whether or not this function and its costs are significant, the supermarket cannot ignore beer and carbonated soft drinks. Data reported by Chain Store Age Supermarkets (October 1979 and July 1980) show that:

Supermarkets sell $4.3 billion of beer and $3.9 billion of soft drinks; and

On the average, carbonated soft drinks are assigned 195 linear feet of shelf space. Additionally, the merchandising attractiveness of these items brings customers into stores where they may buy other food in addition to the beverages.

To facilitate the informed public discussion of the impact that mandatory deposits have on supermarkets, the Food Marketing Institute retained Case and Company to study the cost of handling returned beverage containers. An important aspect of this effort was the development of standards for the bottle handling function that can be used by supermarket operators to evaluate their own efficiency. The specific study objectives are:

Examine the cost of redeeming and sorting bottles in states that have deposit laws;

Identify the major factors that affect the cost of container handling and develop efficient standards for this function;

Develop worksheets that will enable interested persons to calculate the cost of handling returned beverage containers in supermarkets.

Although the study examines states with deposit laws already in place, the results apply equally to any supermarket operator accepting returned containers. Convenience stores and small specialty food stores were not included in this research. The actual costs of a typical operator are likely to be higher than the industrial engineering standards presented in this report.

There are several different methods which are used for handling returns. The choice of method depends upon the characteristics of the individual supermarket and likewise, so do the costs. By using a worksheet format, the report results can be individualized. Each operator can use these worksheets to apply industry time and cost standards to the operating characteristics of their own methods. In areas considering mandatory deposit programs, the worksheets, together with local wage rates, will provide a specific industrial engineering based handling cost estimate without the need for each operator to complete his own time-motion study. In areas already accepting returns, the worksheets can be used to compare the efficiency of actual container handling systems to industry standards.

COST OF HANDLING RETURNED CONTAINERS

There are three broad perspectives from which to view the handling of the returned containers in supermarkets:

The tangible, measurable dollar costs of handling returns;

The intangible dollar costs of handling returns; and

The "store disruption" factor.

The dollar costs of handling containers include tangible and intangible categories of costs resulting from the following:

Dedicated direct labor;

Non-dedicated intermittent labor;

Space requirements;

Additional equipment required;

Store configurations, modifications, additions, and alterations;

Additional costs of pest extermination;

Interest on deposit investment; and

Losses due to breakage and pilferage.

LABOR

In order to handle returned containers, a supermarket must assign considerable direct labor time to accomplish the following functions:

Accept containers;

Count containers;

Transport containers several times;

Give customers refunds for containers;

Sort containers; and

Clean up store because of breakage, rodents, and various trash receptacles used by customers to carry returned containers.

The labor costs in handling returned containers are considerable and represent about 80% of the cost of handling returns, as shown in Table 1.

TABLE 1.—COMPONENTS OF ACTUAL SUPERMARKET RETURN HANDLING COSTS

[In percent]

Costs	Non-mature	Mature	Average
Total labor	82	78	79
Total space	15	11	13
Additional equipment	1	6	4
Pest control	1	1	1
Breakage/pilferage	1	3	2
Other		1	1
Total	100	100	100

Note: Survey respondents were unable to determine the unit cost of deposit investment from their records.

Source: Survey of 425 stores in 6 states with container return legislation.

In its survey, Case and Company identified the types and job classifications of personnel required to handle returned containers in supermarkets. Table 2 shows that baggers/part-time clerks are used most frequently for these functions. The table also shows that, on average, virtually every level of personnel in the stores, at some time, seems to get involved in handling returns. Substantial variations were observed in these averages. In some chains, manager-level personnel play a major role in handling returns, while in other chains, the manager plays virtually no role.

TABLE 2.—ACTUAL TIME (SECONDS PER CONTAINER) FOR HANDLING RETURNED BEVERAGE CONTAINERS

	Non-mature (seconds)	Mature (seconds)	Average	
			Seconds	Percent
Manager	2.40	0.15	0.75	4.9
Assistant manager	1.65	.30	.75	4.9
Stock clerks	3.60	1.95	2.40	15.7
Cashiers	4.65	1.95	3.45	22.5
Baggers/part-time clerks	11.25	5.70	7.20	47.1
Cleaners/janitors	.60	.15	.30	2.0
Other	.90	.30	.45	2.9
Total	25.05	10.50	15.30	100.0

Note: These are based on a 24-container case.

Source: Survey of 425 stores in 6 States with container return legislation.

The table also distinguishes survey results between "mature" and "non-mature" supermarket chains. The former are defined in this study as having less than one year's experience with mandatory returned containers, while mature chains are located in states where a bottle bill has been in effect for a longer period. Substantially fewer labor hours per case are required to handle returns in mature states. This result is not surprising because experience usually leads to more efficient handling methods and, therefore, lower time and cost per case, indeed, where returns had been redeemed for several years, supermarket executives report changing their systems, over time, to improve efficiency.

Mr. HATFIELD. Mr. President, industry opposition to my bill, and to others like it, is formidable. In Ohio and Washington, business and industry spent over $2½ million to defeat beverage container initiatives backed by citizen groups. In State capitals all across the country, the industry lobbyists spend millions more to defeat bills like this one that would save precious natural resources through the reuse and recycling of beverage containers. Undoubtedly, my colleagues and I will be the target of another well-financed lobbying effort to defeat this bill.

The millions of dollars that have been spent on defeating these bills had instead been spent on implementing them, we would all live in a cleaner world. As an example of the efforts on the part of the industry to defeat these bills and initiatives, I ask unanimous consent to include an article from Audubon magazine that outlines the Ohio and Washington campaigns.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BUYING THE VOTERS' MINDS

(By Robert Cahn)

Those who hope to see beverage-deposit laws established throughout the country wish they could say, "As goes Maine, so goes the nation." Maine had a beverage-deposit law in effect for almost two years. Then opponents tried to get the law repealed last November, and citizens voted 84 to 16 percent to keep their deposit law intact.

But those in business, industry, and labor who oppose beverage-deposit laws say that Maine's election results were a fluke. They insist that the real indicator of the way Americans feel about this controversial subject lies in the election results in Ohio and Washington, where deposit laws were overwhelmingly turned down by voters—72 to 28 percent in Ohio, and 57 to 43 percent in Washington.

Container industry officials now predict that the game is practically over. They boast of defeating every deposit law initiative since 1976, and are convinced that the trend is now set. William Sadd, president of the Glass Packaging Institute, says that "the votes against forced deposits in Ohio and Washington are votes against measures which only further burden our economy while failing to solve the problems of litter and solid waste." He dismisses the Maine vote as insignificant because "the voters did not have a choice for a litter-control law alternative."

Tom McCall, who led the fight for his state's pioneering 1971 bottle bill when he was governor of Oregon, and who has been working in support of similar laws in other states and nationally ever since, alleges that industry "bought the Ohio and Washington elections by flooding the mass media with a mess of lies and distortions of the truth." McCall points out that business and industry poured at least $1.6 million into the Ohio campaign and over $1 million into Washington, outspending their citizen-organization opponents by more than fifteen to one.

In Michigan, where voters in 1976 approved deposit legislation 63 to 37 percent, Governor William Milliken says "The people of Michigan not only have stopped a costly and wasteful trend, they seem to have reversed our plunge into a throwaway society." Commenting on a Michigan highway study which showed can and bottle litter on state highways down nearly 82 percent in the year the deposit law has been in operation, and total litter down 41 percent. Governor Milliken noted that "the Michigan voters approval of the container-deposit law appears to have fostered a spirit of conservation that goes far beyond bottles and cans."

It is too early to assess the impact of these three state elections on the national movement to return to the use of refillable bottles and to encourage recycling of cans as steps toward curbing the litter and wastefulness of a throwaway society. Seven states now have some version of beverage-deposit laws, and seven have adopted industry's preferred alternative, laws to control litter generally without changing the major source of the problem the no-deposit no-return system of bottles and cans. Connecticut this month becomes the first state to try out both types of laws in tandem. Conservationists and consumer groups in twenty-one other states, while dismayed over the defeats in Ohio and Washington, are nevertheless pressing ahead in their legislatures for beverage container-deposit laws or are working on initiative drives. Massachusetts citizens who apparently had won a long fight when the legislature in 1979 passed a deposit law only to see their industry-beholden governor veto it, have vowed to place another bill on his desk in 1980.

The container beer and soft drink industries, notwithstanding their recent victory are continuing the heavily financed lobbying and mass-media campaigns that have so successfully impeded the movement.

Some members of Congress supported by national conservation organizations, work to pass beverage-deposit laws which could save energy and natural resources and clean up litter nationally.

Yet the question remains. Why did the citizens of Maine vote overwhelmingly one way while the citizens of Ohio and Washington veered sharply in the other direction?

Maine, following Vermont's 1973 lead passed an initiative in 1976 to place a minimum five-cent deposit on carbonated beverage and beer containers. The law went into effect in February 1978. A year later, some beverage distributors, with the assistance of small-store owners, obtained 43,000 signatures to place on the ballot an initiative to repeal the deposit law. By September, with their campaign floundering in a state where citizens were well pleased with their new deposit law, the repealers turned to tactics of confusion and deception. They changed their name from "Citizens for Repeal of the Forced Deposit Law," to "Maine Citizens for Litter Control and Recycling," to make it appear that they were the good guys. Their advertising proposed that if you favor total litter control and recycling you should vote "yes" on the bottle-bill question. In support of the campaign, industry raised $162,000 almost entirely from out-of-state interests. The Can Manufacturers Institute in Washington, D.C., put up $30,000. Owens-Illinois glass company of Ohio, $26,000, and Anheuser-Busch brewers of St. Louis, $25,000.

Meanwhile, the real advocates of beverage container-deposit legislation, Maine Citizens for Returnable Containers, were fighting the repeal as best they could with volunteers and a kitty of $22,000 derived from small donations contributed by more than a thousand Maine residents. The citizens' campaign theme played on the outsiders' attempt through money and advertising to influence Maine, and on the fact that the new law was visibly working to clean up the roads, lands, and beaches of the state. They publicized a Maine Department of Conservation study which revealed that container litter decreased by 78 percent after the law went into effect, and all litter decreased by 32 percent. To counter industry strategies, a coalition of citizen groups brought a lawsuit against the repealers, charging them with misleading advertising. The state court agreed that the advertisements were calculated to confuse, but ruled that the industry sponsors were constitutionally protected by the First Amendment. The lawsuit aroused public awareness, however, and alerted voters to the deception. Governor Joseph Brennan, not noted to strong environmental stands, called the repeal advertisements "a disgrace." The governor and the entire congressional delegation came out against repeal of the deposit law.

A young educator, Tom Bertocci, took leave from his doctoral studies to coordinate the campaign of the citizen coalition. Among the groups seeking to defeat the repeal were the Maine Audubon Society, the League of Women Voters, Maine Farm Bureau, the Maine AFL-CIO, the Natural Resource Council of Maine, the Maine Federation of Garden Clubs, and the Sportsman's Alliance of Maine, Maine Audubon donated its new solar building for use as campaign headquarters and furnished printing and telephone facilities. By election day, voters were well aware of the misrepresentation and understood that a "no" vote was needed in order to keep the beverage-deposit law and prevent its repeal. A media blitz by repeal advocates proved counter-productive—they failed to get even as many votes as they had signatures on their repeal petitions!

What about Ohio? Ohioans working for deposit legislation had been encouraged when Michigan successfully passed a beverage container-deposit law in 1976. They figured that if voters in that heavily industrialized state could adopt deposit legislation, so could Ohio. But bottle and can manufacturers and beer-industry officials viewed Ohio as their key test. They reasoned that a resounding win there would drive the last nail in the coffin for deposit legislation in industrial states and would kill the movement for national legislation.

Despite sharing a border, and being the sixth and seventh largest states, Ohio and Michigan were strikingly dissimilar when it came to considering deposit legislation. Michigan's effort had been spearheaded by the long-established, well-organized Michigan United Conservation Clubs (MUCC), which threw into the fray their headquarters staff and facilities and the volunteer efforts of members of the 426 sportsman's and conservation groups that make up MUCC. The Michigan movement had powerful allies including the state's Farm Bureau and League of Women Voters and its popular governor, William G. Milliken, who even lent the citizens' campaign one of his top aides. Michigan also had a record of citizen involvement in fighting and winning environmental and consumer battles.

The Michigan citizen groups had to contend with industry's Committee Against Forced Deposits which had raised $1.3 million (83 percent of it from out of state) to spread its message among the voters. Industry projected a picture of thousands of jobs being lost, predicted that dirty returned bottles and cans would breed vermin and cause health problems, and warned that beverage prices would go sky high. The scare tactics were having their effect—a Detroit News poll showed public support for deposit legislation had dropped from 79 percent to 58 percent—when the well-organized citizens began to fight back. MUCC raised enough money to buy some radio and television time and printed a million brochures setting forth the facts to answer what it claimed were industry's false charges and misleading predictions, and volunteers distributed the brochures door-to-door. Michigan voters adopted the container-deposit law two to one.

In Ohio, however, the various conservation and sportsmen's organizations were not organized to fight the battle. The League of Ohio Sportsmen, with 193 clubs and 28,000 members, at first seemed to welcome the beverage-deposit initiative, giving $5,000 to the Ohio Alliance for Returnables, along with a letter from the league's president, Harry I. Armstrong, wishing luck to the citizens in their efforts. But then Armstrong was named public chairman of a business and industry group organized to defeat the deposit initiative. He also was succeeded as league president by Thomas J. King. The league gave no further support to the initiative and took no official position. A week before the election, however, all league members received from the new president a two-page "Dear Fellow Sportsman" letter. In it King followed industry's campaign line about the bad things that would result from the "forced deposit" law. The letter prepared on league stationery bearing the heading "An Affiliate of the National Wildlife Federation," ended with the statement, "I urge you to go to the polls and vote 'no' on Issue No. 1." Neither the league's board of directors nor its members had been asked to authorize such a position or letter, and the mailing was prepared and paid for by the industry opponents. By coincidence King's letter hit the mails at the same time that the National Wildlife Federation was sending cards to members in Ohio strongly urging a "yes" vote on the initiative.

Another major contrast with the Michigan battle was that industry strategy in Ohio was much more politically adept. Instead of fighting an entirely negative campaign to stop a seemingly popular initiative, the beer bottle and can industries and their allies presented a counterproposal. They named their organization Ohioans for a Practical Litter Law, and persuaded friendly state legislators to introduce and quickly pass a vaguely worded litter control bill in the Ohio House of Representatives (but not in the Senate). The bill was based generally on a law adopted by Washington State in 1971. It proposed raising $15 million a year by taxing manufacturers, distributors, and large retailers on products which contribute to the litter problem. The tax (passed on to consumers, of course) would provide funds which in some unspecified way would be used by the state's Department of Natural Resources to reduce all types of litter. Thus industry's campaign could point out all the bad things it claimed would result from deposit legislation and at the same time advocate a handy alternative, even though the alternative was not on the ballot and might not be voted by the General Assembly.

Industry forces hired the national polling firm, Market Opinion Research (at a cost of $56,000), to help determine which advertising approaches would be most effective and to select the areas and groups in Ohio that should be targeted. No polling results ever were released, although industry now admits that their poll taken before the intensive campaign and media blitz showed 80 percent of the voters favoring deposit legislation. For political consulting and professional campaign direction, industry hired a past chairman of the state Democratic Party, Pete O'Grady, and a past chairman of the state Republican Party, Kent McGough, at a cost of $150,000. Officials of the national Glass Packaging Institute came to Ohio to assist in campaign direction. And teams of executives from Ohio can and bottle manufacturers and organized labor talked to clubs and civic groups around the state and showed a slick slide show entitled "Claims vs. Facts: A Bad Deal for Ohioans."

Industry sent a special meeting of 400,000 letters to senior citizens with an application for an absentee ballot enclosed, explaining how the proposed beverage-deposit law would raise prices and burden them with carrying empty bottles and cans back to the stores. Other mailings went to targeted groups and areas with heavy labor constituencies. And four days before election, Governor James A. Rhodes announced his opposition to the beverage-deposit legislation, which, he alleged, "will cost Ohio consumers a minimum of $200 million a year [and] would also cause a severe depression in Ohio's twenty-three can-manufacturing plants and two glass-bottle plants."

The makeup of the opposition forces is for the most part revealed in the records of the Ohio secretary of state. The initial (October 1979) reporting of $1.3 million contributed to Ohioans for a Practical Litter Law shows the Can Manufacturers Institute in Washington, D.C., leading the list with $240,000 followed by Ohio's major bottle manufacturer Owens-Illinois ($112,600), and other state and out-of-state glass and bottle companies contributing from $10,000 to $45,000. The American Iron and Steel Institute gave $80,000, the American Can Company listed $33,448 of "in-kind" contributions, i.e. salaries and expenses of executives working on the campaign, and Diamond International Corporation's Heekin Can Division gave $28,450 of in-kind contributions. Large donations also came from other state and out-of-state can companies. Among the brewers listed were Pabst ($49,400), Stroh ($46,600), Anheuser-Busch ($46,000), and Miller ($27,000). The soft drink companies included Pepsico ($40,000) and Coca-Cola ($35,000), plus bottlers in Ohio and outside the state Major chains listed included Kroger ($50,000) and Dart ($26,700), along with hundreds of smaller chains, stores, and distributors with amounts of from $1,000 to $20,000. This initial reporting did not specify the extent of in-kind support from the United Steelworkers of America and the AFL–CIO.

Against this heavily financed, politically powerful opposition, the proponents of beverage container legislation looked like a David facing Goliath. The citizens sponsoring a beverage-deposit law had been organized in mid-1977 as the Ohio Alliance for Returnables, started by a few members of the state legislature who had been unsuccessful in getting a deposit bill passed in the legislature. They chose to try to get the proposal onto the state election ballot as an initiative—a process which in Ohio is exceedingly difficult. First 90,000 signatures had to be collected to qualify for the Assembly's consideration, and then, if the Assembly failed to act favorable within 120 days the citizens would have to go through a second signature-collection process to get on the general-election ballot. Obviously, the Ohio State Assembly does not welcome citizens taking issues into their own hands.

The Alliance, with support from a few state conservation groups, located their headquarters in some small office in a low-rent district of Columbus with four low-salaried staff and four full time volunteers. And they hired Lynda James, a bright, dedicated young political science graduate, to coordinate and direct the effort. A few hundred volunteers collected the required 90,000 signatures to place the initiative before the Assembly. But the Assembly failed to act. So a small army of 1,800 volunteers was sent out to obtain signatures from 85,000 additional citizens who had not signed the first petition—a Herculean effort that succeeded only a few hours before the deadline. It was the only initiative to qualify for a place on the 1979 election ballot, and was titled "Issue No. 1."

It took about half of the $90,000 raised in 2,669 small contributions from Ohioans just to get the deposit initiative on the ballot, and most of remainder had to be spent on keeping the Alliance alive during the two-and-one-half-year process. To get their message to Ohio's eleven million residents, the Alliance could not afford any mass mailings, had enough cash for only 260,000 copies of a brochure distributed through volunteer workers, and had just $338 for newspaper, television, and radio advertising—used for tapes which they sent to stations with a request for free time under the FCC's "Fairness Doctrine."

Lynda James and her co-worker had to rely mostly on word of mouth and grass-roots efforts. They were spurred on by their feeling that because their cause was "right," and in the best interests of the citizens, they would win. The initiative they proposed actually was quite conservative. It did not ban cans or refillable bottles. It merely required a minimum of ten cents deposit on each container, to be refunded when the user returned it, a principle and practice once accepted as normal by all beverage users. The Alliance workers saw the law as an important first step in ending the throwaway ethic saving energy and natural resources, and eliminating unsightly bottles and cans from streets, roadsides, beaches, and parks.

To create publicity for the campaign, James staged an eight-day walk from Cleveland to Columbus (162 miles), with trucks picking up bottles and cans alongside the road. After a ceremony at the State Capitol grounds, the refuse was carted away for recycling. The campaign's community organizer, Joe Albrechta—another recent college graduate—and his wife Sue staged a similar 120-mile walk from Cincinnati to Columbus, although they could not afford a truck to accompany them for bottle and can collecting. The walks stimulated media attention, and local citizens joined them while they passed through towns along the way.

Lynda James made many speeches and took part in debates. But the Alliance had limited funds for sending out speakers or for getting information about their side of the issue to Ohio's citizens, and they were helpless to counter the barrage of last-

minute industry advertising, which wiped out the early support the Alliance had obtained while explaining the cause as they circulated petitions.

James feels deeply frustrated that there was no way the Ohio Alliance for Returnables could afford to buy media time or space to refute the opposition charges. "They based their campaign on exaggerated claims about price rises," she says. "They created concern about job losses with false figures, ignoring the fact that other states with deposit laws have shown a large net increase in jobs. They repeatedly emphasized that 'forced deposit' laws in Oregon, ermont, and Michigan were disasters, and that is a complete distortion of the truth. They also neglected to tell the voters that their alternative litter-control laws in Oregon, Vermont, and Michigan were the time it reached the consumer, would create another bureaucracy at a cost of $15 million a year, and would do nothing to stop littering. The alternative was a sham. The Ohio Manufacturers League and the Ohio Chamber of Commerce, which were a part of Ohioans for a Practical Litter Law, are now actively opposing passage of a litter law in the state legislature."

A spokesman for the industry side, Christian Kindsvatter, treasurer of Ohioans for a Practical Litter Law (and executive director of the Wholesale Beer Association of Ohio), gives three reasons why industry won by such a large margin in Ohio. "We can attribute it to the fact that people were conscious that forced deposits would bring higher prices, that people agreed the proposed deposit law would only deal with a small part of the litter problem, and that there was a better way of doing it for less money, and that is our litter control law alternative."

Whom to believe? On the predicted price rise for beverages, the industry forces told the truth when they emphasized the relatively large (36 cents a six-pack) rise in beer prices during the first year's operation of Michigan's deposit law, at least for major brands of beer. But the industry campaign did not mention that prices had not shot up in Oregon, Maine, or Vermont, and that soft drink prices had risen only moderately in Michigan. Nor were the Ohio voters informed that the Michigan attorney general has convened a grand jury to investigate charges of price fixing among brewers and wholesalers, that a Michigan Senate committee has been holding hearings into the causes of the price rise, and that the state's Liquor Control Board has recommended the overhaul of archaic regulations which lead to price fixing. Michigan now prohibits the advertising of beer prices, requires 180 days' notice for beer wholesalers to change prices, requires beer to pass through wholesalers, and prohibits volume discounts. As a result, prices of top-name beer brands are the same in almost all Michigan stores.

Industry claimed that the "forced deposit" laws in Oregon, Vermont and Michigan have proved to be failures. But both former governor McCall and present governor Victor Atiyeh report overwhelming approval by the people of Oregon, the first state to have a bottle bill (passed in 1971). "Oregon has experienced no significant rise in prices related to the bottle bill, nor loss of jobs, nor sanitation problems," says McCall. "The return rate on bottles is ninety-six percent, and on cans eighty percent, beer bottles are being used an average of twenty times and soft drink bottles twenty-four times. A 1979 report by Governor Atiyeh stated that beverages sold in returnable containers cost less in Oregon, sales have increased, employment in the industry has expanded and litter has been reduced.

While Michigan's new law may have been a disaster to distributors faced with large capital investments for new equipment, and grocers have complained about the need for more storage space or having to hire people, to the public the law has been a success. Regional polls have shown that if the law were put to a vote again today, Michigan voters would still approve it by a two-to-one majority as they did it 1976. And the industry's national trade journal, Beverage World (November 1979), noted that although the change over costs to Michigan business and industry have been exceedingly high "The returnable system is proving to be the energy saver and litter deterrent that the environmentalists preached it would be."

More than 90 percent of all applicable Michigan bottles and cans are now being returned. Alcoa and Reynolds both have built new plants to handle the huge volume of aluminum-can recycling, and Great Lakes Steel Corporation reports that it is recycling more than one million steel and aluminum beverage cans a day. And a Michigan Department of Natural Resources study of six municipalities showed an average reduction in solid waste collection of from six to eight percent during the first year's operation of the new law, amounting to $18 million in savings on solid waste disposal.

On the jobs issue, Lloyd McBride, international president of the United Steel workers (185,000 members in Ohio) stated in a campaign debate that if the deposit law were accepted by Ohio voters it would cost 10,000 Ohioans their jobs in the container industry and in related fields. Union officials predicted a loss of "up to 2,000 jobs" in the can-making industry in Ohio, although the proposed Ohio deposit law would not discriminate against cans by charging a higher deposit (as Michigan's law does), nor outlaw them. Yet only 3,665 people are employed in the twelve Ohio plants making beverage bottles and cans. And most experts predict that the few jobs that might be lost under a deposit law would be offset by thousands of new jobs dealing with returned bottles and cans, and in recycling processes.

To back up the claims for a litter-control law alternative, industry claimed as fact that under the Washington State litter law, total litter had been reduced 66 percent in the first three years of operation. While this statement had been made by an earlier director of Washington's Department of Ecology, Washington State officials now say the 66 percent reduction figure "cannot be defended" because it was based on a study now recognized as grossly over-estimating the original baseline amount of litter used to get the 66 percent figure.

On the health and sanitation aspects, a full-page advertisement featuring large sketches of cockroaches appeared in Cincinnati and Columbus newspapers nine days before the election. The ad showed the roaches coming from a bottle and a can, and the text block under the big headline, COCKROACHES!, read, in part: "If you don't vote 'no' on Issue No. 1, roaches could be everywhere, in supermarkets, restaurants, taverns, convenience food stores, carryouts, drive-thrus, bottling companies, warehouses, and on and on . . . America has fought to arrest these creepy varmints for 200 years. Don't let them all go free on election day."

The advertisement was paid for by several independent beer distributors and was not a part of industry's official campaign. Yet many grocery stores displayed the ad prominently. And in the last week of the campaign, the directors of the state's departments of health and agriculture spoke out against the deposit law, using the health issue, and even appeared on television and radio commercials paid for by the industry-funded opposition. Said State Health Department Director John H. Ackerman: "Passage of Issue No. 1 would be a step backward in the efforts Ohio has made to rid its food establishments in neighborhoods of dangerous, disease-bearing rodents and insects."

Ackerman cited as fact that after the bottle bill went into effect in Michigan complaints of insect and rodent parts in returned bottles and cans increased more than 100 percent. William Rustem, assistant to Michigan Governor Milliken, says the Ackerman statement is a "complete distortion." The Michigan Agriculture Department did report that consumer complaints of total foreign objects in containers, including pieces of glass, increased from 79 to 177. But this figure was for total complaints, and would amount to a minute fraction of the more than four billion containers sold in the state each year.

What about Washington? The 1979 campaign in that state followed somewhat the Ohio script. The Citizens for Returnable Beverage Containers tried but failed to get a deposit bill through the state legislature before turning to the initiative process. Nine years earlier, Washington had seemed headed toward becoming the first state to have a bottle bill, until the opposition, Industry for a Quality Environment, used a late media advertising campaign to overcome the citizens' lead and won 51 to 49 percent. In 1971 the legislature passed an industry-backed Model Litter Control Act, which was ratified by voters in 1972. The act established a tax on the gross sales of groceries, newspapers, fast foods, and other items. Funds generated are used for educational programs to reduce littering, as well as for litter-pickup programs by youth.

Industry for a Quality Environment organized anew in 1979 to fight Initiative 61. When early polls showed the deposit bill ahead, industry brought in political experts and organizers from the glass-packaging and can industries. The industry group changed its name to Committee for Litter Control and Recycling and adopted a slogan: "Keep on Recycling, Vote No on Issue 61."

Many of the same arguments used in Ohio—higher beverage prices, loss of jobs, sanitation and health problems—were played out in Washington, in addition to the contention that the deposit initiative would hinder operation of the Model Litter Control Act and the thirty-eight private-enterprise recycling operations that now accept beverage containers and other litter.

One phase of the campaign was a numbers game, with each side having sets of statistics to prove its claims that either the Washington Model Litter Control program was doing a better job eliminating litter than Oregon's bottle bill, or that Oregon's roadsides and beaches were cleaner than Washington's.

The Citizens for Returnable Beverage Containers had 200 groups working for Initiative 61, including the Washington State Sportsman's Council, the Washington State Grange, the state Democratic Party, the state Farm Bureau, and many environmental groups. They raised $70,000. But, as in Ohio, much of their money had to be spent getting the initiative on the ballot. A four-member staff, headed by Steve Zemke, a fisheries biologist and environmental scientist, coordinated volunteers' efforts to get the facts to the public so the citizens would not be fooled by a last-minute industry advertising campaign.

To no avail. Industry, with $1 million in its war chest—80 percent from outside the state—used much of it for advertising, direct mail, and publicity efforts during the last two weeks. Grocers bought billboard space, and printed VOTE NO ON 61 and other messages on shopping bags. They placed stickers on beer six-packs stating that prices would rise 55 cents and stickers on soft drink bottles saying prices would go up 50 cents if the deposit legislation passed. Governor Dixy Lee Ray, who a year earlier had said, "The litter on our highways is worse than I've ever seen it," decided just before

the election that the beverage-deposit initiative was not needed. And the citizen movement for a deposit law lost again.

"The soft drink and beer companies are masters of advertising and promotion because that's how they sell their products, and they use both skills well, and have the money to do it with," says the losers' campaign director Zemke. "But we haven't given up. We'll be back for another campaign."

Whether the advocates of beverage-deposit laws in other states will be able to fare better than the Ohio and Washington citizen movements did appears now to depend on how broad a base they can build, and how well they can get their message to the voters or to the state legislators. In most states the battle is being waged first in the legislatures, where experience has shown that it is much easier and cheaper for industry to apply its influence than in elections, and where environmental groups have not had much lobbying success. If it comes to putting the issue before the voters in ballot initiatives, the citizen movements will again be handicapped by scarcity of funds with which to combat industry's domination of the media.

Veteran bottle-bill warrior Tom McCall suggests that states adopt limits on individual contributions or overall spending for initiative campaigns.

"If limits aren't placed on industry's spending," says McCall, "they will continue to buy out the minds of voters on this issue."

Mr. HATFIELD. Mr. President, in 1979 it was my pleasure to coauthor an article with Stephen J. Owens for the Boston College Environmental Affairs Law Review on beverage container deposit legislation. I ask unanimous consent that this article be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MINIMUM DEPOSITS FOR BEVERAGE CONTAINERS: NATIONAL IMPACTS AND CURRENT FEDERAL LEGISLATION

(By Senator MARK O. HATFIELD* and Stephen J. Owens**)

I. INTRODUCTION

There has been a dramatic trend towards non-returnable beverage containers in the United States over the past two decades. The consumption of non-returnable cans and bottles has increased over five times as fast as the consumption of beer and soft drinks.[1] Between 1959 and 1969, the number of containers consumed increased 164 percent while the amount of beer and soft drinks consumed increased only 29 percent[2]—a phenomenon due to the skyrocketing use of the non-returnable container.[3] Of the 15.5 million tons of glass produced annually in the United States, 7 million tons are used to make non-returnable bottles.[4] An admitted goal of container manufacturers is to annually produce 100 billion non-returnable containers.[5]

The underlying reason for the massive switch from returnable to non-returnable containers was the steel and can industries' desire to expand their markets in the late 1940's and early 1950's.[6] During this period the steel and can industries began competing with the glass industry for the beverage container market. The can manufacturers had envisioned manufacturing forty disposable steel cans for each returnable bottle made.[7] Glass manufacturers soon responded to claim their share of the disposable container market by producing a non-returnable container of their own.

The container manufacturers' marketing strategy stressed the benefits of non-returnables to distributors, retailers and consumers. Distributors could save on transportation costs because non-returnables cans and bottles weighed less and only had to be transported one way.[8] Retailers could save on costs in two ways. First, non-returnable bottles required less storage space than returnable bottles. Second, retailers would no longer have to pay for people to sort and handle the returnables.[9] Consumers could take non-returnables anywhere and not be bothered with the inconvenience of returning them for refund.[10] Thus, the initial response to non-returnable beverage containers was overwhelmingly favorable.

While the economic benefits to can and bottle manufacturers are obvious, the switch to non-returnable beverage containers has brought environmental and economic costs to the rest of society. We have paid for the augmented use of non-returnables through detrimental increases in litter, solid waste, energy and resource use, and unemployment.[11]

Legislative action appears to be the best alternative to negate the societal costs of non-returnable beverage containers. Legislation known as "minimum deposit" bills has been proposed at all levels of government.[12] The most effective minimum deposit law would be at the national level, which will be the focal point of this article. First, the potential impacts of a national minimum deposit law will be examined. The article will then analyze minimum deposit legislation currenty before Congress. Finally, the article will conclude by evaluating the costs and benefits of such a law.

II. IMPACTS OF A NATIONAL MINIMUM DEPOSIT LAW

A. Litter

The reduction of litter is a primary goal of beverage container legislation.[13] This goal has received special public attention due not only to the extraordinary increase in litter over past years, but also because of the litter problem's high visibility. While the roadsides have received the most abuse, other public areas such as beaches, parks, campgrounds and such private areas as parking lots and residential sites have also been defaced by the increasing amount of litter.[14]

Studies support the assertion that beverage containers are a primary contributor to the litter problem. One out of every four of the over 60 billion beer and soft drink containers manufactured in the United States ends up as litter on our landscape.[15] Beverage containers comprise from 60 to 80 percent of litter by volume and from 20 to 40 percent on a piece count basis.[16] Each year, over $500 million is spent by federal, state and local governments for litter collection along the nation's roadsides.[17]

Empirical studies at the state level and projected results for the national level indicate the imposition of a minimum deposit law significantly reduces the amount of litter attributable to beverage containers. Results from Oregon and Vermont show that the volume of beverage container litter was reduced 66[18] and 76[19] percent, respectively, after enactment of minimum deposit laws in those states. Total litter was reduced by 21 percent in Oregon[20] and 35 percent in Vermont.[21] Projections indicate that total litter could be reduced by about 40 percent in volume by enacting a national minimum deposit law.[22]

B. Solid waste

In most municipalities the public bears the cost of solid waste disposal in the form of fixed monthly assessments or through property tax mechanisms. The skyrocketing increase of non-returnable beverage container use has shifted the burden of a private industry recovery and cleaning system to the municipal waste management system. Thus, those people buying non-returnable beverage containers and thereby increasing the price for solid waste disposal pay no more than those people reducing the price of such disposal by purchasing returnable containers.[23]

Beverage containers are the most rapidly growing segment of municipal solid waste,[24] with a growth rate of 10 percent annually.[25] It is estimated that beverage containers constitute approximately 6 to 8 million tons of waste,[26] or from 4 to 8 percent of total municipal solid waste.[27] In 1985 this nation will spend over $220 million to dispose of beverage containers.[28]

Imposition of a minimum deposit law would drastically reduce the amount of beverage container waste and significantly reduce total solid waste. Total solid waste would be reduced from 1.5 to 6 million tons,[29] or between 1.5 and 6 percent.[30] Such reductions in solid waste would have two major impacts. First, a reduction of 6 percent would result in a significant cut in expenses for taxpayers.[31] Second, it would reduce the demands on and extend the present life of municipal landfills[32]—an important impact in urban areas where land costs are high.[33]

C. Energy

The shift to non-returnable containers placed an additional burden on national energy sources. The increased burden results when bottles and cans are simply discarded after one use rather than being washed and reused, or recycled. One of the benefits and a primary goal of a minimum deposit law is an overall reduction in energy use. This reduction occurs in two ways.

First, energy is saved in the production of beverage containers because fewer of the energy-demanding non-returnables will be produced.[34] In the bottle area, the number of returnables produced will increase, but a net energy savings will result because a returnable bottle used ten times requires one-third of the energy needed to produce ten non-returnables of equal size.[35] Most cans would be recycled as scrap instead of being discarded.[36] This would also result in energy savings since cans produced from recycled metal require much less initial energy than do cans produced from metal ore.[37] For example, aluminum and all-steel cans made from recycled material save 78 and 39 percent, respectively, of the energy required to produce a "new" can.[38]

The second way in which a minimum deposit law would save energy is in the area of disposal. Energy needs for disposal would be reduced because fewer tons of waste would have to be collected and transported to disposal sites. Once at the site, energy needs would be reduced because less waste would have to be handled.[39]

The energy saved through a minimum deposit law depends upon two variables: (1) bottle and can container mix and (2) return and recycling rates. Due to inconsistent survey results for the two variables, projections of overall energy savings differ somewhat. In general, from 151[41] to 224[42] trillion British Thermal Units (BTU's) could be saved per year. Such a savings is equivalent to between 32[43] and 50[44] percent of the tenergy used in beverage container manufacturing and between 0.2[45] and 0.3[46] percent of the total energy used in the United States.

At a time when the United States' dependency on foreign oil is of major concern, a minimum deposit law would save between 70,000 and 125,000 barrels of oil per day.[47] With the absence of a national energy policy, it becomes increasingly apparent that energy problems will not soon be solved by locating a single massive source of savings. Conservation depends upon the accumulated savings of many less grandiose efforts.[48] For example, the United States saved 200,000 barrels of oil a day by reducing the speed limit to fifty-five miles per hour.[49] By simply enacting a minimum deposit law, this nation could save the equivalent of between 35 and 63 percent of the energy saved by reducing

Footnotes at end of article.

the speed limit.[50] Thus, national energy conservation from a mandatory deposit law would be significant.

D. Raw materials

In 1975, 7 million tons of glass, 2 million tons of steel and 500,000 tons of aluminum were used to make beverage containers.[51] These materials made up 45 percent of all glass, 6 percent of all aluminum and 2 percent of all steel produced in the United States.[52] A minimum deposit law would reduce the amount of materials needed to make beverage containers because fewer bottles would be made and most metal cans would be recycled.

The primary raw materials for glass, aluminum and steel are sand, bauxite and iron ore, respectively.[53] While sand is plentiful, the domestic supply of bauxite and iron ore is not. The United States imports about 90 percent of its bauxite.[54] A minimum deposit law would result in a reduction in the demand for bauxite of between 1 and 1.5 million tons.[55] Such a reduction represents 50 to 75 percent of the bauxite used for beverage container production[56] and 2.4 to 3.5 percent of the total United States demand for the material.[57] Demand for aluminum would be reduced from 300,000[58] to 500,000[59] tons, an amount equal to between 35 and 45 percent of the aluminum used for beverage containers.[60]

The nation's dependency upon imported iron ore is increasing. The United States currently imports one-third of its iron ore, and domestic ore is coming from increasingly lower grade deposits.[61] Imposition of a minimum deposit law would allow the United States to save between 2 and 3 million tons of iron ore each year.[62] This represents a reduction of between 45 and 83 percent of the iron ore used in the beverage container industry[63] and about 2 percent of all iron ore used in the United States..[64] The amount of steel required to make beverage containers would drop by about 1.5 million tons[65] or 15 percent.[66]

E. Economic impacts

The most hotly debated issue related to any proposed national minimum deposit legislation is its impact on the economy. While the environmental benefits are conceded by most opponents,[67] the economic merits of such a law are feverishly challenged.

A minimum deposit law would have primarily two economic effects. First, it would have an effect upon employment. Second, it would have cost implications for the affected industries and eventually for the consumer. The industries affected both in terms of employment and costs would be the soft drink industry, brewers, beer wholesalers and distributors, container manufacturers, and retailers.

1. Employment Impacts:

In every study conducted on the employment impact of federal or state minimum deposit laws there has been demonstrated a net increase in employment.[68] Many of the jobs created by a system of deposits, however, cannot be substituted for jobs existing under the current system. Such employment dislocations would be reduced if non-refillable bottles and metal cans continued to be sold or if the change in container usage occurred over an extended time period.

Because the impact of a new national law upon job dislocations depends on the rate of change of container usage, a transition period would allow natural attrition in employment to absorb some of the job losses. It is estimated that after a five-year transition period about 90 percent of the containers sold would be refillable and 10 percent would be cans.[69] During this period about 39,000 jobs would be lost[70]—primarily skilled positions in the container manufacturing industries.[71] Yet at the same time approximately 107,000 new jobs would be created for lower classifications of skill and pay in the retail and distribution sectors.[72]

Studies in the states also predict a net gain in employment after enactment. Maryland,[73] Minnesota,[74] Connecticut,[75] New York,[76] Illinois,[77] Michigan,[78] Maine,[79] and North Carolina[80] found that the job gains in the retail and distribution sectors would outweigh the job losses of the container manufacturers. For example, enactment of a minimum deposit law in New York would result in a net job gain of 4,000 jobs with a net annual payroll increase of $35 million.[81]

2. Cost Impacts on Affected Industries and Consumers:

Certain industries would be adversely affected upon enactment of a minimum deposit law. A facility for the production, storage and distribution of non-returnable beverage containers which is not convertible to a returnable system will become obsolete. Bottlers and brewers will initially have to invest in additional equipment such as bottle washers and refillable container lines. Additional transportation costs will be incurred since the containers must be transported twice instead of only once. Retailers will need additional storage space and will have to employ extra help to handle and sort the returnable containers.

One study indicates that such changes would result in tax writeoffs of $1.3 billion and total new investments of $1.2 billion for the industry.[82] More recently, the industry has claimed that such a conversion will cost about $5 billion.[83] These costs, however, would be more than offset by container cost savings. The resulting net cost to all sectors of the beverage industry would be about $250 million during the first year of the law's enactment, but this would eventually become a $40 million gain in subsequent years due to container savings.[84] It should be noted that cost reduction in the industry is concentrated in the beverage filling sector—brewers and bottlers—while cost increases occur in the distribution and retail sectors.[85] If the filling sector chooses not to pass its entire cost savings forward, then all of the decrease in systemwide costs might not reach the consumer.[86]

Estimates of the ultimate savings to the consumer vary due to differences in cost estimates and the uncertainty of the portion of savings that will be passed forward from the filling sector. Consumer savings are generally estimated to range from three to five cents per twelve-ounce container.[87] It is often argued, however, that these figures do not take into account the added distribution and handling costs to the industry.[88] Such costs have been estimated to be from less than one cent to two cents per container.[89] Therefore, even if these costs are not included in the consumer savings figures above, beverages in refillable containers will still cost less and will save the consumer money.

III. ANALYSIS OF CURRENT LEGISLATION

As of June, 1979 three minimum deposit bills were facing Congress.[90] The bills—S. 50, H.R. 2812 and H.R. 1416—are almost identical in nature. All would require a minimum five cent refund value on beverage containers of malt or beer, mineral water, soda water or carbonated soft drinks within a certain number of years after enactment. All would prohibit the sale of metal cans with detachable openings ("pull tops") within one year of enactment. There are, however, slight variations. This article will focus on the provisions of S. 50, provisions in other bills which differ from S. 50, and notable omissions from all of the bills.

Sections of S. 50 of particular interest are:

Section 2 states the findings of Congress.[91] H.R. 2812 gives additional findings, such as the fact that enactment of the bill would not be inflationary even though it would create jobs[92] and that an alternative tax approach would be a burden on interstate commerce.[93]

Section 3 defines the terms of the bill.[94] Section 3(1)(C) adds the definition of "refundable beverage conatiner" to the bill.[95] This term had not been defined in previous legislation[96] nor is it defined in H.R. 1416. H.R. 2812 adds to the definition of "retailer" a proviso that the Administrator of the Environmental Protection Agency may prescribe regulations to establish who is a retailer in regard to beverage containers sold to consumers from vending machines.[97] This is a worthwhile addition because it is difficult to determine who would be held accountable for violations of the deposit law when the violation occurs through the operation of a vending machine.

Section 4 provides that no distributor or retailer may sell a beverage container unless a refund value of not less than five cents is clearly indicated on the container.

Section 5 requires the payment of the appropriate refund by a seller to one who tenders an empty, unbroken beverage container of a brand of beverage which the seller currently sells or has sold within the last six months. The six month extension for redemption is aimed at enhancing consumer convenience—a major factor in return rates.[98] H.R. 1416 attempts to accommodate the consumer even more by providing for a redemption period lasting up to ten months after the retailer has stopped selling the brand in question.[99] It also extends the retailer's period of eligible redemption to one year after the distributor has ceased to offer the brand.[100]

Section 6 bans all pull tops on cans. This section does not distinguish between metal and non-metal detachable parts as some state statutes do.[101]

Section 7(a) pre-empts existing state and local minimum deposit laws which are inconsistent with the Act. This section creates uniform deposit laws throughout the nation, insuring that the beverage industry does not have to face conflicting state laws as is often the case now. Section 7(b) exempts from state and local taxes the amount charged for a deposit when one buys a beverage. Subsections (c) and (d) elaborate on what is not pre-empted by the Act: a state may require a distributor to reimburse a retailer for handling containers, and a state or locality may establish or continue in effect deposit laws for containers used to hold liquids other than beverages. H.R. 2812 further states that the Act does not prevent a state or locality from establishing a refund value of at least five cents.[102]

Section 8 provides civil and criminal sanctions for violation of the Act. A violator may be fined not more than $1,000 and/or imprisoned for not more than sixty days for each violation.

H.R. 2812 provides only for civil penalties, distinguishes between violations "without good cause" and "knowing" violations, and sets out the procedure for obtaining different forms of civil relief when one is denied a refund rightfully owed to him. H.R. 2812 section 8(a) provides for a $1,000 fine for each violation. Section 8(b) states that the aggrieved party may seek relief in any appropriate state or federal court and is entitled (in addition to the refund value) to the sum of (1) the amount of damages proximately resulting from the refused refund, (2) the amount of court costs, reasonable attorney's fee and other reasonable costs incurred in seeking a refund, plus (3) ten dollars for each beverage container which was not refunded. This subsection also allows the court to grant apropriate additional relief such as injunctive or declaratory relief. Section 8(c) states that any retailer or distributor who "knowingly" fails to make a refund may be fined a maximum

Footnotes at end of article.

of $100 for each such failure up to $10,000. The subsection also places the burden on the Attorney General of the United States to bring suit for such a violation.

As noted before,[103] a transition period is important to ameliorate some of the potential adverse impacts of the law. *Section 9* establishes such a transition period by delaying the law's effective date until three years after enactment. The ban on detachable pull tops, however, becomes effective one year after enactment. H.R. 2812 provides for only a two-year transition period,[104] except for the ban on pull tops which is also effective one year after enactment.[105]

The legislation facing Congress is also significant when consideration provisions which have not been included. None of the current bills provides for a two-tier deposit system with a certified bottle, employee dislocation compensation, or retailer reimbursement.

Oregon, the first state to enact a minimum deposit law, provides that containers used by more than one beverage manufacturer may be "certified."[106] Certified containers may carry a lower minimum deposit.[107] The purpose of certification is to enable container manufacturers to use each other's containers and to enhance consumer convenience by allowing the consumer to return his beverage containers to more retailers. The experience in Oregon has shown that a two-tier system can lead to greater efficiency in handling and return of empty bottles, and improved consumer convenience.[108]

The beverage industry particularly opposes the two-tier approach and other states have declined to use it. Opponents contend that the two-tier system discriminates in favor of a particular package, does not allow economics to determine what type of package will be on the market, and does not always select the best package in terms of safety, conservation of energy or conservation of natural resources.[109] Regardless of the possible economic impact, omission of the two-tier system is politically sound to prevent added industry opposition.

Two recent innovations from state minimum deposit laws are not included in the present national legislation. A Connecticut provision setting up a special category of unemployment compensation for any person who suffers loss of employment as a result of the Act is not contained in any of the pending national bills.[110] Under the Connecticut act, which became effective on January 1, 1980, a "dislocated employee" may receive up to 85 percent of his net weekly earnings for a period of up to two years.[111] The sum of such payments is reduced by any amount of regular unemployment compensation the dislocated employee receives.[112]

The Connecticut approach is not only novel, but politically sound. Labor opposition is greatly reduced with such a provision, thus enhancing the chances that a national bill will be passed. The benefits of reduced labor opposition must be weighed against the added costs of providing additional unemployment compensation.

The provision's impact upon the national budget is not nearly as severe as it initially appears. A net gain in jobs will result from enactment of the bill.[113] The increased number of productive workers will provide additional tax revenue.[114] The additional revenue can then pay for all or part of the dislocated employees' allowance fund. Finally, if the fund were set up under the Connecticut approach, it would only have to be sustained for two years. This also limits the provision's effect on the national budget.

H.R. 2812 provides for the Administrator of the Environmental Protection Agency to "consult" with the Secretary of Labor about the possibility of dislocated employee assistance,[115] but this does not come close to establishing an allowance fund. Such a provision is probably not included in current legislation in the hope that the bills will pass on their merits alone—without being compromised to appease special interests. The provision does work as a good tool for compromise if special interests prove to be too strong.

Another recent development in state minimum deposit legislation which is not specifically included in current national bills is a provision requiring distributors to reimburse both dealers and redemption centers.[116] Under this approach the distributor is generally required to reimburse the dealer not only for the deposit returned to the consumer, but also for the cost of handling and sorting containers in an amount equal to either one cent per container[117] or 20 percent of the refund value.[118]

The provision for reimbursement can also help in a politically tight situation. Merchants have complained that a minimum deposit law burdens them with the expenses of collecting and sorting containers.[119] While such a reimbursement would favor the merchants, it would put an added expense on the already burdened distributors and is therefore not included in the current legislation.[120]

Other less fundamental issues are also unaddressed in the current legislation. Provisions banning non-biodegradable plastic rings[121] and discriminatory deposit amounts[122] are abundant in state legislation. Statutory provisions establishing special hours for redemption,[123] educational programs,[124] or redemption centers[125] are already in effect in certain states. Such provisions are relatively minor and should not affect the legislation's chances for passage.

IV. CONCLUSION

Under a national minimum deposit law, the beneficial environmental impacts of litter and solid waste reduction, and energy and resource conservation can be achieved at significant levels. After enactment of the law, the nation could expect (1) a 40 percent reduction in the volume of litter, (2) a total reduction in solid waste of up to 6 percent, (3) reduced national energy needs of about 0.3 percent, (4) a savings of about 100,000 barrels of oil a day, and (5) conservation of scarce domestic supplies of bauxite and iron ore. These results are possible with only minimal, short-term consequences to the economy. If an adequate transition period is allowed, the national economy could actually benefit from such a law—especially in the area of employment.

Currently, Congress is again faced with the prospect of a minimum deposit law, with hearings to begin in March. Individual legislators will without doubt receive pressure from beverage container manufacturers and labor interests to defeat the bills. Congress, however, should pass the legislation with all deliberate speed.

The pending bills do not differ significantly in practical effect. Any one of the bills is capable of providing the desired environmental and economic impacts. S. 50 has the advantage of providing for a longer transition period—perhaps the single most important element of the legislation. State experience has shown that this is extremely effective legislation, and the nation should not be forced to wait any longer for such a badly needed law.

FOOTNOTES

* Mark O. Hatfield is the senior United States Senator from Oregon. Senator Hatfield is an advocate of minimum deposit legislation and has several times introduced such bills in the Senate.

** Stephen J. Owens received a Bachelor of Science in Public Administration from the University of Missouri-Columbia in 1977 and is presently a J.D. candidate (to be awarded in 1980) at Wake Forest University. He is the author of a comment on state minimum deposit legislation published in 16 Wake Forest L. Rev.——(Dec. 1979), and he co-authored with Senator Hatfield an article presented at the National Mayors Conference in June 1979 describing the potential impacts of a minimum deposit law.

[1] U.S. Environmental Protection Agency, Second Report to Congress-Resource Recovery and Source Reduction 82 (1974).

[2] *Id.*

[3] Hannon, *Bottles, Cans, Energy,* ENVIRONMENT, March 1972, at 13 [hereinafter cited as Hannon].

[4] 125 CONG. REC., p. 260 (Jan. 15, 1979) (supplement to remarks of Senator Mark Hatfield) [hereinafter cited as 125 CONG. REC.]. Sen. Hatfield had several studies and reports printed in the *Congressional Record* when he introduced S. 50, the "Beverage Container Reuse and Recycling Act of 1979." These materials, found at 125 CONG. REC., pp. 259–298, are the sources for subsequent citations in this article to 125 CONG. REC. Unless indicated otherwise, the site of an individual report or study has not been reprinted.

[5] ENVT'L ACT. BULL. 4 (Jan. 5, 1974).

[6] Boyd and Williams, *Throwaway Containers: No Return for North Carolina,* March 1975, at 1 [hereinafter cited as Boyd and Williams].

[7] Based on the assumption that a bottle could be reused 40 times. Boyd and Williams, supra note 6, at 2 n.6.

[8] *Id.* at 3.

[9] *Id.*

[10] *Id.* at 2.

[11] *Id.* at 4.

[12] The largest amount of minimum deposit legislation has been produced at the state level. For favorable reports of minimum deposit systems, *see generally* Comment, *State Bottle Bill Model Legislation—Lessons from Prior North Carolina Bills and the Potential Impact of Passage,* 16 WAKE FOREST L. REV. —— (Dec. 1979); Moore, *The Case for the Regulation of Nonreturnable Beverage Containers,* 64 KY. L.J. 767 (1976); Comment, *Ohio House Bill 869 and Similar Statutes,* 7 AKRON L. REV. 310 (1974); Schroth and Mugdan, *Bottling Up the Throwaways: An Improved Bill and Some Thoughts for Future Drafters,* 51 J. URB. L. 227 (1973); MacDowell, *Litter and the Bottle Bill,* 7 WAKE FOREST JURIST 28 (1976) [hereinafter cited as MacDowell] and articles compiled in Annot., 73 A.L.R.3d 1105 (1976).

The first state to pass such legislation was Oregon in 1973 (OR. REV. STAT. §§ 459.810–459.995 (1977)). The experience in Oregon indicates that there are few drawbacks to minimum deposit laws. Indeed, five other states have enacted similar legislation due to the favorable results achieved in Oregon. CONN. GEN. STAT. ANN. §§ 22a-77 to 22a-89 (West 1978); IOWA CODE ANN. §§ 455C.1–445C.12 (West 1978); ME. REV. STAT. ANN. tit. 32, §§ 1861–1871 (1978); MICH. STAT. ANN. § 18.1206 (1979); VT. STAT. ANN. tit. 10, §§ 1521–1527 (1979).

[13] Gudger and Walters, *Beverage Container Regulations: Economic Implications and Suggestions for Model Legislation,* 5 ECOLOGY L.Q. 265, 266 (1976) [hereinafter cited as Gudger and Walters].

[14] *Id.*

[15] CONG. REC., *supra* note 4, at p. 260.

[16] *Id.* Note that volume is a better indicator of an item's contribution to the litter because on a piece count basis one bottle would be equal to one gum wrapper.

[17] FEDERAL HIGHWAY ADMINISTRATION, REPORT ON THE STUDY OF HIGHWAY LITTER WITH RECOMMENDATIONS (Washington, D.C., 1974), p. VII, cited in MacDowell, *supra note* 12, at 28.

[18] Boyd and Williams, *supra* note 6, at 14.

[19] 9 ENVIR. REP. (BNA) 673.

[20] Boyd and Williams, *supra* note 6, at 14.

[21] 9 ENVIR. REP. (BNA) 673.

[22] *Id. See also Beverage Container Reuse and Recycling Act of 1977: Hearings on S. 276 Before the Subcomm. for Consumers of the Senate Comm. on Commerce, Science, and Transportation*, 95th Cong., 2d Sess. 24 (1978) (statement of Representative James Jeffords) (says 35%) [hereinafter cited as *Beverage Container Hearings*].

[23] RESOURCE CONSERVATION COMMITTEE, SECOND REPORT TO THE PRESIDENT AND CONGRESS: COMMITTEE FINDINGS AND STAFF PAPERS ON NATIONAL BEVERAGE CONTAINER DEPOSITS 19 (1978) [hereinafter cited as R.C.C. REPORT].

[24] 125 CONG. REC., *supra* note 4, at p. 260; Boyd and Williams, *supra* note 6, at 19.

[25] U.S. ENVIRONMENTAL PROTECTION AGENCY, QUESTIONS AND ANSWERS: RETURNABLE BEVERAGE CONTAINERS FOR BEER AND SOFT DRINKS at 3 (1976), reprinted in 125 CONG. REC., *supra* note 4, pp. 262–265 [hereinafter cited as QUESTIONS AND ANSWERS].

[26] R.C.C. REPORT, *supra* note 23, at 41 (says 6.3 million tons); QUESTIONS AND ANSWERS, *supra* note 25, at 3 (says 8 million tons); *Beverage Container Hearings*, *supra* note 22, at 12 (statement of Sen. Hatfield) (says 8 million tons).

[27] Boyd and Williams, *supra* note 6, at 19 (says 8%). *See also*, QUESTIONS AND ANSWERS, *supra* note 25, at 3 (says 6%); COMPTROLLER GENERAL'S REPORT TO CONGRESS, POTENTIAL EFFECTS OF A NATIONAL MANDATORY DEPOSIT ON BEVERAGE CONTAINERS 26 (1977) [hereinafter cited as COMPTROLLER GENERAL'S REPORT] (forecasts 5% for 1985).

[28] Based upon a $35 per ton disposal charge for 6.3 million tons of beverage container waste. R.C.C. REPORT, *supra* note 23, at 41.

[29] QUESTIONS AND ANSWERS, *supra* note 25, at 3 (says 5–6 million tons); R.C.C. REPORT, *supra* note 23, at 41 (says 1.5 million tons); 9 ENVIR. REP. (BNA) 673 (says 1.5–3.0 million tons); COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 27 (forecasts 2.3 to 3.2 million ton reduction for 1985).

[30] *See* QUESTIONS AND ANSWERS, *supra* note 25, at 3 (says 6%); R.C.C. REPORT, *supra* note 23, at 41 (says 1.5%); COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 27 (says 3.6–4.1%).

[31] Boyd and Williams, *supra* note 6, at 20.

[32] *Id.*

[33] COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 27.

[34] Boyd and Williams, *supra* note 6, at 20.

[35] *See* 125 CONG. REC., supra note 4, at p. 260.

[36] Boyd and Williams, *supra* note 6, at 23.

[37] *Id*

[38] R. HUNT and W. FRANKLIN, RESOURCE AND ENVIRONMENTAL PROFILE ANALYSIS OF NINE BEVERAGE CONTAINER ALTERNATIVES, EPA Publication SW-91c (1974) p. 40.

[39] Boyd and Williams, *supra* note 6, at 23.

[40] COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 16, 28. Bottle and can container mix "describes how many of each type of container the beverage companies use to sell their products." *Id.* Return and recycling rates describe the percentage of bottles and cans which will be brought back for redemption and re-enter the market either through washing (bottles) or recycling (cans). *See id.* at 12.

[41] QUESTIONS AND ANSWERS, *supra* note 25, at 4.

[42] 125 CONG. REC., *supra* note 4, at p. 260.

[43] COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 28.

[44] 125 CONG. REC., *supra* note 4, at S154.

[45] The 0.2% figure is based upon a savings rate of 43% for beverage manufacturers. COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 28.

[46] QUESTIONS AND ANSWERS, *supra* note 25, at 4.

[47] *See Beverage Container Hearings*, *supra* note 22, at 24 (statement of Rep. Jeffords) and at 12 (statement of Sen. Hatfield predicts a savings of 81,000 barrels of oil daily); 9 ENVIR. REP. (BNA) 673 (33,000–61,000 barrels); 125 CONG. REC., *supra* note, at p. 260 (115,000 barrels).

[48] Gudger and Walters, *supra* note 13, at 267.

[49] 125 CONG. REC., *supra* note 4, at p. 260.

[50] See note 47, *supra*.

[51] *Id.*

[52] *Id.*

[53] COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 20.

[54] *Id.* at 21; R.C.C. REPORT, *supra* note 23, at 40 (says 90%); 125 CONG. REC., *supra* note 4, at p. 260 (says 85%).

[55] COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 21; R.C.C. REPORT, *supra* note 23, at 43; 9 ENVIR. REP. (BNA) 673 (predicts imports will be reduced by 1.6 million tons).

[56] *See* COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 21; R.C.C. REPORT, *supra* note 23, at 43.

[57] COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 21.

[58] QUESTIONS AND ANSWERS, *supra* note 25, at 4; 9 ENVIR. REP. (BNA) 673 (says 400,000).

[59] *Beverage Container Hearings*, *supra* note 22, at 24 (statement of Rep. Jeffords).

[60] *Id.* at 12 (statement of Sen. Hatfield).

[61] COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 20.

[62] *Id.*

[63] R.C.C. REPORT, *supra* note 23, at 43.

[64] COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 20.

[65] *Beverage Container Hearings*, *supra* note 22, at 24 (statement of Rep. Jeffords); 9 ENVIR. REP. (BNA) 673; QUESTIONS AND ANSWERS, *supra* note 25, at 4 (says 1.1-1.3 million tons).

[66] *Beverage Container Hearings*, *supra* note 22, at 12 (statement of Sen. Hatfield).

[67] Opponents usually argue that the environmental benefits are not worth the alleged economic costs. *See Beverage Container Hearings*, *supra* note 22, at 55 (statement of Mr. Frank Sellinger, President of Joseph Schlitz Co.).

[68] For a compilation of state studies, see 125 CONG. REC., *supra* note 4, at pp. 261–262.

[69] 125 CONG. REC., *supra* note 4, at p. 261.

[70] *Id.*

[71] *Questions and Answers*, *supra* note 25, at 6.

[72] 125 CONG. REC., *supra* note 4, at p. 261; *Beverage Container Hearings*, *supra* note 22, at 25 (statement of Rep. Jeffords) (net gain of 50,000–118,000 jobs).

[73] *See* QUESTIONS AND ANSWERS, *supra* note 25, at 7 n.38.

[74] *Id.* at n.39.

[75] *Id.* at n.40.

[76] *Id.* at n.41.

[77] *Id.* at n.42.

[78] *Id.* at n.43.

[79] *Id.* at n.44.

[80] Boyd and Williams, *supra* note 6, at 48.

[81] *See* QUESTIONS AND ANSWERS, *supra* note 25, at 7.

[82] MAILLIE, THE NATIONAL ECONOMIC IMPACT OF A BAN ON NONREFILLABLE BEVERAGE CONTAINERS 2 (1971) [hereinafter cited as MAILLIE].

[83] UNITED STATES BREWERS ASSOCIATION, INC., RESOURCE ENERGY RECOVERY, AND RECYCLING VS. SOURCE REDUCTION: A SIMPLE ECONOMIC ANALYSIS OF TWO BASIC RESOURCE CONSERVATION STRATEGIES (1975). *See also* QUESTIONS AND ANSWERS, *supra* note 25, at 6.

[84] MAILLIE, *supra* note 82, at 35. *See also* COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 40–41, which predicts a decrease in net costs in two years of $1.0–1.3 billion and after three years an annual cost reduction of $1.3–1.9 billion.

[85] COMPTROLLER GENERAL'S REPORT, *supra* note 27, at 41.

[86] *Id.*

[87] QUESTIONS AND ANSWERS, *supra* note 25, at 4. *See also, Beverage Container Hearings*, *supra* note 22, at 24 (statement of Rep. Jeffords) (estimating an aggregate consumer savings of $550 million to $2.6 billion per year, which would be more than 3–5 cents per container); R.C.C. REPORT, *supra* note 23, at 34 (0.6 cents to 1.5 cents per filling). *Contra* Boyd and Williams, *supra* note 6, at 47, estimating about a one cent increase per container in shelf prices during the first two years. This study does not take a transition period into account.

[88] For citations to proponents of this view, *see Questions and Answers*, *supra* note 25, at 4 nn.22–23.

[89] *Id.*

[90] S. 50, 96th Cong., 1st Sess., 125 CONG. REC. p. 298 (Jan. 15, 1979) (reprinted in Appendix I) [hereinafter cited as S. 50 in text and footnotes]; H.R. 2812, 26th Cong., 1st Sess., 125 CONG. REC., p. 5117 (March 14, 1979) (reprinted in Appendix II) [hereinafter cited as H.R. 2812 in text and footnotes]; H.R. 1416, 96th Cong., 1st Sess. (1979) (reprinted in Appendix III) [hereinafter cited as H.R. 1416 in text and footnotes].

[91] See Appendix I.

[92] H.R. 2812, *supra* note 90, § 2(6). See Appendix II.

[93] H.R. 2812, *supra* note 90, § 2(8). See Appendix II.

[94] See Appendix I.

[95] The term simply means "a beverage container which has clearly, prominently and securely affixed to, or printed on, it . . . a statement of the amount of the refund value of the container." See Appendix I.

[96] *See, e.g.*, S. 276, 95th Cong., 1st Sess., 123 CONG. REC. 1443 (1977).

[97] H.R. 2812, *supra* note 90, § 3(2)(C). See Appendix II.

[98] For the effect of consumer convenience on return rates, see Gudger and Walter, *supra* note 13, at 270–71. The wording in the pending bills does not go as far as it could to enhance consumer convenience. The bills require redemption for containers of the same "brand" sold by suppliers with whom the seller does business. A more convenient approach would be to require retailers to redeem *all* containers of a size, shape, and color sold by suppliers with whom the seller does business. In this way, a consumer would have available more retailers to which containers could be returned. The retailers could accept without difficulty all containers which they could pass on to the appropriate distributor. *Id.* at 285.

[99] H.R. 1416, *supra* note 90, § 5(a). See Appendix III.

[100] H.R. 1416, *supra* note 90, § 5(b). See Appendix III.

[101] *See* OR. REV. STAT. § 459.850(4) (1977).

[102] H.R. 2812, *supra* note 90, § 7(a)(2)(A). See Appendix II.

[103] See text at notes 69–72, *supra*.

[104] H.R. 2812, *supra* note 90, § 11(b). See Appendix II.

[105] H.R. 2812, *supra* note 90, § 11(c). See Appendix II.

[106] OR. REV. STAT. § 459.860 (1977).

[107] In Oregon, certified bottles carry a minimum two-cent deposit while non-certified bottles have a minimum five-cent deposit. OR. REV. STAT. § 459.820 (1977).

[108] Gudger and Walters, *supra* note 13, at 284.

[109] *See Beverage Container Hearings*, *supra* note 22, at 411 (letter of Mr. E. G. Anderson, Vice President, Adolph Coors Co.).

[110] CONN. GEN. STAT. § 31–11a (Supp. 1979).

[111] *Id.* § 31–11a(c).

[112] *Id.*

[113] See text at notes 68–81, *supra*.

[114] Boyd and Williams, *supra* note 6, at 52; *See* Gudger and Walters, *supra* note 13, at 282.

[115] H.R. 2812, *supra* note 90, § 10. See Appendix II.

[116] *See* Vt. Regs. ch. 10 § 22.10.1522.5 (1975); ME. REV. STAT. tit. 32 § 1866(4) (1978).

[117] *See* ME. REV. STAT. tit. 32 § 1866(4) (1978).

[118] *See* Vt. Regs. Ch. 10 § 22.10.1522.5 (1975).

[119] *Beverage Container Hearings, supra* note 22, at 112 (statement of Mr. Frank R. Register, Executive Director, National Association of Retail Grocers of the United States).

[120] Note, however, that S. 50 § 7(c) and H.R. 2812 § 7(c) allow a state to require reimbursement. Also H.R. 2812 § 9(c) allows for the evaluation of the need for such reimbursement by the Administrator of the Environmental Protection Agency.

[121] *See* VT. STAT. ANN. tit. 10 § 1525(2) (1978).

[122] Such a provision would prevent the use of discriminatory deposit amounts to discourage the use of refillable containers. It would prohibit sellers from kicking-up the shelf prices of reusable containers by placing an extraordinarily high deposit on them. *See* Gudger and Walters, *supra* note 13, at 283–84.

[123] *See* VT. STAT. ANN. tit. 10 § 1522(d) (1978).

[124] *See* VT. STAT. ANN. tit. 10 § 1526 (1978).

[125] *See* OR. REV. STAT. § 459.880 (1977). *See also* H.R. 2812 § 9(b), providing for evaluation of the need for redemption centers.

ENERGY

Mr. HATFIELD. Mr. President, another problem treated by the continued use of nonreturnables, and one that has taken added significance over the past few years, is the waste of energy resources due to our willingness to discard perfectly good glass and metal containers after one use. By switching to returnables, we could reduce the container industry's energy consumption by 42 percent and save between 80,000 and 125,000 barrels of oil per day.

According to the testimony of the U.S. Environmental Protection Agency during hearings on my returnable beverage container bill before the Senate Commerce Committee in May 1974, the manufacture of one-way bottles and cans wastes the equivalent energy needs for 1 year of all the residents of New York and Chicago. While reducing this wasteful energy consumption would by no means solve our energy problems, this amendment, offers us the opportunity to make significant progress on this critical national problem.

In a study released by the Federal Energy Administration (now DOE) it is predicted that cans will continue to have a significant share of the market in beverage containers and there will be significant reduction in materials use and energy consumption. Based on a return rate of 10 trips for refillable bottles—and it is conceivable that the rate could be higher as has been the case in Oregon—the study predicts energy savings of about 81,000 barrels, which is about 44 percent of the total energy that will be used by the entire beverage container industry.

The study also contains additional figures that indicate an increase of 156,000 jobs primarily in distribution and retailing, along with a decrease of about 38,000 jobs in the container and metals industry, leaving a net increase of 118,000 jobs. These labor statistics collaborate with the experience we have had in Oregon with our own deposit law, and present favorable prospects for success for a national law. Returnables can and do work. The FEA study bears this out.

I ask unanimous consent that the FEA executive summary be printed at this point in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

ENERGY AND ECONOMIC IMPACTS OF MANDATORY DEPOSITS: EXECUTIVE SUMMARY SEPTEMBER 1976

ACKNOWLEDGEMENTS

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Taylor H. Bingham, RTI, was the project manager for this study. Working with him were Bun Song Lee, Paul F. Mulligan and Philip C. Cooley, Franklin Associates, Ltd., was a subcontractor. At Franklin Associates, William E. Franklin, Robert G. Hunt and Marjorie A. Franklin were primarily involved. Personnel at Franklin Associates were responsible for the materials presented in appendixes D, G, H, I and parts of appendix M.

Morris J. Zusman, Federal Energy Administration, was project officer. Michael Loube, also of the Federal Energy Administration, assisted in the review of this study. Their interest, guidance and critical reviews are very much appreciated.

Many individuals in other government agencies, industry, labor organizations, environmental groups, and in research provided important data, insights and reviews of both the methodology (at an early meeting at RTI) and/or critical reviews of the draft version of this study. Their efforts are very much appreciated. Likewise we owe a debt to other published studies of this issue which also were important sources of data.

EXECUTIVE SUMMARY

1.0 Overview

The subject addressed by this study is the impact of proposed mandatory national beverage container deposit legislation—commonly referred to as "bottle bill" legislation. The study examines specific impacts that the imposition of a 5-cent refundable deposit on all beer and soft drink containers (refillable bottles, nonrefillable bottles and cans) would have on the total beverage related industry.

The study is not a comprehensive cost-benefit analysis of mandatory deposit legislation, but rather examines three major areas of potential impact. These impact areas are (1) changes in annual energy consumption, (2) changes in capital investment requirements (in terms of fixed plant and equipment), and (3) changes in labor requirements (in terms of jobs and earnings). These impacts are developed for those industries in the total beverage system that would be most affected by changes caused by a mandatory deposit. The industries included are: retailers, beverage producers and distributors, container manufacturers, and producers of basic steel and aluminum.

It is important to recognize at the outset that this legislation would not ban any specific container type. Rather, it would create an incentive for consumers to return all types of empty beverage containers for a deposit refund. However, the response of consumers to the deposit incentive (and its requirement to bring containers back) is expected to cause shifts among the types of containers sold.

To develop the potential impacts, the report first projects energy, capital and labor requirements of the beverage industry assuming no deposit legislation is passed. These baseline projections are then compared to projections of what might happen after a deposit law. Results are reported for a 1982 steady-state situation, assuming that: (1) a law would be implemented in the late 1970's and (2) by 1982 transistory effects will have been dissipated.

2.0 Organization

The report is composed of a summary, three primary chapters and 13 supporting appendices.

Due to the controversial nature of this subject an early draft version of this study was sent to various individuals—in other government agencies, industry, labor, environmental groups, research, and to other knowledgeable and interested persons—for critical review and comment. Their comments and suggestions have been incorporated whenever possible in this final report. For the interest of the reader, these extensive comments have been printed verbatum in Appendix L of the study. Specific questions and issues brought out by these comments are addressed in Appendix M. For any reader not fully aware of the controversy this issue has generated, we suggest a close reading of these appendices.

3.0 Approach

The impact of a deposit law depends primarily on two factors: the technical interrelationships between container types and their respective requirements for energy, capital and labor; and the behavioral (market) responses of producers and consumers to the deposit incentive to return the empty container.

Data does exist to estimate the energy, capital and labor requirements of the beverage container system as a function of the total beverage consumed in each specific type of container (based on a specific trippage of refillable bottles and return rate of cans). This study has identified and measured the technical requirements associated with the production and use of each container type. This was done starting with mining the raw materials and continuing through manufacturing, use and disposal of the container, including a loop for recycling or reuse as appropriate.

The behavioral market response determines the extent and direction of any impact caused by a deposit law. Unfortunately no data exist to predict with any degree of accuracy what the market response to a deposit law is likely to be. However, it is assumed that under a deposit system the market share represented by nonrefillable bottles will fall to zero since, to the consumer, there is no intrinsic difference between a one-way bottle or a refillable bottle when both have an associated deposit. Because cans, on the other hand, are intrinsically different from bottles, being lighter weight, easier to stack and not subject to breakage, it is believed, that cans will continue to have a significant share of the market.

What has been done is to establish a set of parameters from which many possible market responses can be evaluated. Three parameters essentially capture the total behavioral market response. These are: the can market share, the can return rate, the refillable bottle return rate (proportion of containers returned) or trippage. Each scenario of possible market response can be described by a unique set of parameter values.

4.0 General findings

The continuation of current trends in the beverage industry without the imposition of a deposit law will mean that in 1982, the base year for which impacts are examined, that the production and distribution of beverage will require 383×10^{12} Btu's of energy (about one-half of one percent of the Nation's total energy consumption), $7.3 billion in capital investment, and 300,000 jobs yielding $4.1 billion in labor earnings.

A deposit law could change these projections since the refillable bottle system, when the bottles are returned, is a comparatively labor and capital intensive sys-

tem; the nonrefillable bottle and can systems are relatively materials and energy intensive. Therefore, any market shift toward refillable bottles with the bottles returned would tend to reduce materials and energy usage while increasing capital and labor requirements. Shifts toward nonrefillable bottles and cans would tend to have the opposite effects.

The increased usage of recycled materials or increases in refillable bottle trippage would tend to reduce the amount of materials required and conserve energy resources for the total beverage system. Over time technological innovations are reducing per-unit energy, labor and material requirements for all container types. The parametric curves displaying the potential impacts of the deposit legislation have these innovations embodied in them. Beyond these general statements the impact of a deposit law will depend on the extent and direction of the behavioral responses.

5.0 Parametric relationships

Figures 1 through 5 present the three impacts examined in the study: figure 1, energy; figure 2 capital; figure 3, 4 and 5 labor. Because the impacts are not identical for beer and soft drinks, the impacts are presented for each beverage. To obtain the total impact of beverage container legislation the impacts for beer and soft drink must be added together. The curves are all parametric, showing the impact as a function of the can market share and the container return rate. In order to minimize the number of curves that would have to be displayed, the bottle and can return rates have been assumed to be identical. The subsequent paragraphs discuss the rationale for this assumption.

Figure 1 presents the net energy impacts of the beverage container legislation. This figure can be read, as all the other impact figures, by selecting a can market share and a container return rate. The figure is entered on the x (horizontal) axis at the can market share assumed after a deposit law is passed. A vertical line is projected until it intersects with the container return rate selected. A horizontal line is projected from the intersection point to the y (vertical) axis to read the impact. Figure 1, as all the impact curves, shows what the estimated 1982 can market share is projected to be without a deposit law. The numbers 1 and 2 on the curves correspond to two illustrative scenarios (discussed below) that are used as a means to aid the discussion in subsequent paragraphs.

The wide range of impacts at the extremes of the possible market response points out one reason why this legislation has been so controversial. Figure 1 shows that under differing scenarios the energy impact could be either positive or negative. At one extreme, if all consumers switched to refillable bottles (a zero can share) and discarded them (a zero return rate) energy consumption would increase by 322 x 10^{12} Btu annually or 155,000 barrels of oil equivalent daily. (This value is obtained by entering figure 1a (the beer panel), at the zero can share point and the zero return rate reading 100 Btu x 10^{12} on the y axis and adding it to the 220 Btu x 10^{12} that is read in a similar manner from the soft drink curve). At the other extreme, if all consumers switched to refillable bottles and always returned them, energy consumption would be reduced by 292 x 10^{12} Btu annually or 141,000 barrels of oil equivalent per day.

Neither extreme is realistic. If all refillable bottles are discarded, producers would find it cheaper to package in one-way containers because unless refillable bottles are returned several times they are more expensive to use. The other extreme is also unrealistic since some bottles will be broken or chipped and some consumers will not return bottles under any circumstances.

(NOTE.—Figures 1–5 are not printed in the Record.)

The format for figures 2 through 5 is similar to that for figure 1. In figure 2 the net change in the value of the capital stock for each post deposit law can market share—container return rate combination is shown. Figure 3 presents the net aggregate employment impacts.

Because jobs are gained in some industries and lost in others aggregating the industries, as was done in developing figure 3, masks the impacts on the individual industries. Therefore, figure 4 presents the net employment impacts disaggregated into each of the six industries considered: glass container manufacturers, can manufacturers, steel manufacturing, aluminum manufacturing, beverage production and distribution, and retailing. These impacts are presented only for the extreme return rates; both beer and soft drinks are shown in the same panel. It is assumed that workers within any industry are substitutable, for example, the same workers can make a one-way bottle or a refillable bottle. In one case, if retailing. employment is insensitive to the market shares and only sensitive to the return rate. Figure 5 is the complement to figure 3. It shows the net aggregate impact on earnings.

6.0 Illustrative scenarios

This study uses two illustrative scenarios to indicate how to use the parametric curves. The scenarios were chosen to avoid extreme values and provide the reader with two complete estimates of the impact of a deposit law that fall within the broad range of what can be considered to be a reasonable behavioral response to beverage container legislation. However, the reader is again reminded that figures 1–5 provide the vehicle for examining the impact of any scenario.

To place the behavioral responses assumed for the two illustrative scenarios into perspective, and to allow the reader some insight for making his own assumptions, a few observations are first in order.

6.1 Key behavioral parameters

(1) Refillable Bottle Return Rate—Currently this rate is about 6.9 or ten trips per bottle. It has declined over time. When the refillable bottle was the primary container, trippage rates of 30–40 were reportedly obtained. Two offsetting factors have to be evaluated to estimate the impact that a deposit law would have on trippage. First, since all stores would accept bottles back under a deposit law the case of returning the bottles would be greatly increased thus suggesting a higher trippage. Second, present one-way container purchasers who switched to refillables might still be inclined to discard them which would argue for lower trippage. The assumptions chosen for the two illustrative scenarios, continuing today's trippage rate or reducing trippage by half seem to fall within a reasonable range of expected outcomes after a deposit law is in place.

(2) Can Return Rates—In most of the nation there currently are collection centers for the recycling of aluminum cans. Aluminum can collection centers, offering three-fourths of a cent per can, today receive approximately 25 percent of all aluminum beverage cans sold. The aluminum industry projects this rate to continue increasing rapidly in the future years. In the state of Oregon, which has a deposit law, about 70 percent of all cans are returned.

Under a national law the can return rate will depend on a number of key factors. Since individuals currently purchasing cans generally value the convenience of immediately discarding the container, low return rates would be obtained if this behavior continued. However, from a convenience standpoint, cans should be easier to return than bottles, since they are lighter and require less space. In addition, since cans may be returned even in a damaged condition, it will be relatively easy for scavengers to collect cans from waste or litter. Thus, while it is possible that a greater proportion of cans than bottles would be discarded by the initial consumer, it is also possible that the can return rate could be higher than the bottle return rate. With this background, the assumptions used in the illustrative scenarios—80 or 90 percent returns—seem to fall within a reasonable range of future (1982) expectations. Any return rate from zero to infinity can be found using the parametric curves. However, the parametric curves presented in the study tie the can and bottle return rates together, under the assumption that the consumer or scavenger will generally return either container at approximately the same rate.

(3) Can Market Share—By 1982 the can market share is projected to be 59 percent. With the imposition of a deposit law, and the likely (and assumed for this report) demise of nonrefillable bottles, the can market share could either rise or fall. Nonrefillable bottle consumers may switch to purchasing cans. This could lead to continued growth in can sales. In addition, since can makers and beverage producers currently have a large capital investment in equipment dedicated to handling cans, the bulk of which cannot be shifted to other uses, they will no doubt face significant incentives to maintain the can as a competitive container in the beverage market. Arguing for a lower can share is the fact that the imposition of a deposit will require can consumers to incur either some new inconvenience by returning cans or dispose of the cans, thus forfeiting the deposit and paying a higher price. This might lead to reductions in the can market share. However, since consumers perceive cans as having some unique attributes (safer and lighter than bottles), total or near total elimination of the can will probably not occur.

Based on the foregoing it has been assumed in the two illustrative scenarios that the can volumes stop growing after legislation: for scenario 1, can sales fall to the 1976 can volume, while for scenario 2 can volume falls to half the 1976 level. This represents a decline of 29 and 65 percent respectively from the projected 1982 levels without a deposit law. In any event, using the parametric curves any can market share from zero to 100 percent may be examined.

6.2 Technical reasons for impact

In developing any particular scenario (the two scenarios used are illustrative) the reader must keep in mind the basic assumptions used in this study. These are:

1. Beverage markets are reasonably competitive.

2. Cans and bottles will be returned at the same rate.

3. The current prices of beer and soft drinks by container reflect the actual costs of each plus a normal return on investment.

4. The relative shares of the can market for steel or aluminum containers will be unaffected by the imposition of a deposit law.

5. The market share represented by nonrefillable bottles will fall to zero after a deposit law.

6. All returned containers will be either recycled or reused, as appropriate.

Combining these assumptions and the specific behavioral responses assumed for the illustrative scenarios yields the following results (table 1 presents the complete results).

6.3 Illustrative scenario 1

Behavioral response assumed: The 1982 quantity of can sales equal 1976 can sales; cans and refillable bottles are both returned at a rate similar to the current average return rate for refillable bottles; 0.9 for refill-

able bottles (this return rate implies a trippage of 10 for refillable bottles). Using the parametric curves, the resulting impact of these assumptions on energy, capital, employment and labor can be found.

Energy: Consumption would be reduced about 168 x 10^{12} Btu annually or 81,000 barrels of oil equivalent daily, compared with 1982 projections of energy use without deposit legislation. This savings is equal to 44 percent of the energy that would have been used by the beverage industry.

Capital: Requirements would be increased by $824 million. This is an increase of 11 percent over capital needs without deposit legislation.

Labor: Employment increases of 156,000, primarily in beverage distribution and retailing, and decreases of 38,000 in containers and metals manufacturing for a net increase of 118,000 jobs. This represents an increase of 32 percent in total employment for the beverage related industries. Total labor income increases by $879 million or 22 percent. This smaller income gain is due to the slight reduction in average earnings per employee since the jobs gained are generally less skilled and lower paying than those in the original job structure.

6.4 Illustrative scenario 2

Behavioral response assumed: The 1982 quantity of can sales falls to one-half of the 1976 sales level; cans and refillable bottles are both returned at a 0.8 return rate (this implies an equivalent trippage of five, about one-half the current refillable bottle trippage rate).

The parametric curves can be used to determine the impacts of this illustrative scenario. The results are displayed in table 1.

TABLE I.—SUMMARY OF THE NET ENERGY AND ECONOMIC IMPACTS OF MANDATORY DEPOSITS: ILLUSTRATIVE SCENARIOS, 1982

	1982 baseline value	Scenario 1 (canned beverage sales equal to 1976 value: container return rate of 0.9)[1]	Scenario 2 (canned beverage sales equal to ½ of 1976 value: container return rate of 0.8)[1]
Beverage consumption rate: 10 oz annually	1,893.5	−3.6	−3.5
Container production rate:			
10^6 units annually	50.6	−33.6	−48.6
Glass containers	18.0	−12.2	−1.6
Refillable	2.4	+3.4	+14.1
Nonrefillable	15.7	−15.7	−15.7
Cans	72.5	−21.3	−47.0
Steel	42.0	−12.8	−27.5
Aluminum	30.5	−8.4	−19.5
System energy requirements:[2] 10^{12} Btu annually	383	−168	−144
System capital requirements:[2] 10^6 dollars	7,303	+824	+2,006
System labor requirements:[2]			
Net employment 10^6 jobs	369	+118	+117
Jobs gained	NA	156	166
Jobs lost	NA	38	49
Labor earnings 10^6 dollars annually	4,080	+879	+936

[1] The values reported in this column represent deviations from the baseline trends reported in the 1st column.
[2] Major direct and indirect industries.
NA—Not applicable.

Source: Research Triangle Institute.

Capital: Requirements would be increased by slightly more than $2 billion.

Labor: Employment increases by a net 117,000 jobs (increases of 166,000 jobs and decreases of 40,000). Total labor income increases by $936 million.

The impacts described have their basis in the assumptions and behavioral responses assumed. The following short discussion represents the reasons and logical format that yield these results. This same process should be followed to examine and evaluate the impacts obtained from any scenario taken from the parametric curves.

Energy—In the case of the illustrative scenarios, energy savings are due to the increased use of refillable bottles and in the recycling of cans. Reuse of bottles avoids the raw material extraction and processing stages of production, as well as the materials and container-fabrication stages. Energy savings are also obtained from recycling metal since recycling bypasses the raw materials extraction and processing stages and lowers energy needs in the refined materials processing steps. This is of particular significance in the case of aluminum cans.

Capital—In the case of the illustrative scenarios, increased capital needs are due to additional space and handling required to return containers as well as the fact that refillable bottle lines are more expensive per unit of output.

Labor—In the case of the illustrative scenarios, additional labor is required at the retail and the beverage producer and distributor level, both to handle and transport returned containers.

6.5 Sensitivity of Results

Although the parametric curves can be used to examine the sensitivity of the impact of a deposit law across the total range of market response, it is convenient to use the two illustrative scenarios to highlight the sensitivity of the impacts to large perturbations in the market response.

With the exception of capital, all of the impacts are inelastic with respect to market responses in the range of the illustrative scenarios. For a 50 percent change in the can share of the market and a 50 percent change in the trippage (the market response changes going from illustrative scenario 1 to illustrative scenario 2), the energy impact changes only 14 percent, the jobs gained change only 6 percent, the jobs lost change 29 percent, the net jobs gained change 1 percent and the net labor earnings change 6 percent. The major shift is in capital requirements which change 143 percent. There is, however, no a priori basis for assuming that any particular scenario will in fact occur, which is why the parametric curves have been developed, allowing for the identification and examination of other scenarios.

It is apparent that within this broad range of potential market responses the impact of a deposit law on energy and labor is relatively constant.

7.0 Qualifications

In evaluating the conclusions of this research, the reader should keep in mind that the beverage production and distribution system is very complex and that packaging has a critical effect on the system. Any attempt to describe the system in terms of only three markets each for beer and soft drinks (the refillable bottle, nonrefillable bottle, and metal can markets), as is done in this study, is bound to ignore many factors that will influence the final set of impacts obtained if mandatory deposit legislation is enacted on a national scale. Furthermore, the set of impacts analyzed in this study, while it includes some of the more important issues, does not necessarily provide the complete set of impacts required for a comprehensive cost-benefit evaluation of mandatory deposits. Nevertheless, the material presented can provide an important input to an informed decision-making process.

FLIP-TOP HAZARDS

Mr. HATFIELD. Mr. President, I now ask unanimous consent that two articles which discuss the impacts of flip tops on the health of humans and wildlife be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Journal of the American Medical Association]

ALUMINUM "POP TOPS" A HAZARD TO CHILD

(By John D. Burlington, M.D.)

In a 3½-year period, seven children have been treated for complications of ingestion or aspiration of pull tabs from aluminum beverage cans. One child died from a fistula between the esophagus and a branch of the aortic arch, and two children suffered esophageal perforation with local abscess formation. Since aluminum absorbs X-rays poorly, the pull tabs cannot be seen in frontal projection if they overlie vertebral bodies. Any toddler with unexplained alteration of feeding habits or persistent respiratory symptoms requires evaluation for an aspirated or ingested foreign body. (JAMA 235:2614–2617, 1976).

Physicians have been alerted by Alexander et al.[1] Glass and Goodman, and others to suspect esophageal foreign bodies in children with unexplained respiratory symptoms. Radiopaque objects are easily detected by routine roentgenographic examination of the neck and mediastinum, but radiolucent objects still go undetected. The advent of radiolucent plastic toys that are frequently included in breakfast cereal or popcorn as "prizes" has produced a substantial number of esophageal obstructions and perforations in children. To this list of child health hazards producing esophageal obstruction with radiolucent objects, we must now add the ubiquitous metal strips removed from "pop top" beverage cans. These shiny pieces of metal, which litter the ground of parks and picnic areas, prove irresistible to curious toddlers or children crawling in the grass. They place the attractive new objects into their mouths and all too frequently swallow or aspirate them. While many pull tabs undoubtedly pass undetected through the gastrointestinal tract, this report outlines the case histories of seven children in whom they lodged in the esophagus or were aspirated into the airway. In none was the ingestion witnessed or suspected. Six of the children survived their encounter, but one bled to death from erosion of the pull tab through the esophagus into a branch of the innominate artery.

REPORT OF CASES

Case 1.—A 13-month-old boy was brought to his pediatrician because of a two-week history of inability to take any table food or other solids. He had been able to drink liquids up until four hours prior to being seen. At that time he was unable to swallow his saliva. Chest roentgenograms demonstrated a column of food and air bubbles extending upward from the level of the aortic arch. He underwent esophagascopy under general anesthesia and a large amount of food was removed from the upper portion of the esophagus. A sharp metal strip from a pop top lying at the base of the food column was removed through the esophagoscope. There were local ulcerations in the esophagus, but no evidence of perforation. His recovery was uneventful, and no stricture or other complication developed.

Case 2—An 11-month-old boy was seen because of high fever, difficult respiration, and inability to swallow liquids. On admission to the hospital, his temperature was 40 C rectally, and he was extremely ill. A chest reoentgenogram showed mediastinal widening and fluid in the left hemithroax. Aspirated fluid showed mixed flora on Gram stain and yielded a mixture of Gram-positive and Gram-negative organisms. After 12 hours' chest drainage, rehydration, and infusion of intravenous antibiotics, he remained extremely ill. A limited barium swallow ex-

Footnotes at end of article.

amination showed considerable distortion of the upper third of the esophagus in the region of the thoracic inlet and extravasation of contrast material into the mediastinun. After further rehydration, he underwent a right thoractomy and exploration of the upper esophagus. The region between the aortic arch and the thoracic inlet was densely fibrotic, and an abscess cavity continuous with the esophagus contained a free-floating metallic strip from a pop top. The stiff and inflamed edges of the esophageal perforation were loosely approximated with interrupted sutures of 4/0 wire. Large anterior and posterior chest tubes were placed in the right portion of the chest, with the tips near the area of perforation. A Stamm gastrostom was placed for alimentation, and a sump catheter was inserted into the nasopharynx to minimize passage of saliva down the esophagus.

The esophageal closure leaked a small amount of saliva from the third through the seventh day but ultimately sealed completely. On the ninth day, the tube in the left side of the chest was removed, and on the tenth and 14th days the tubes in the right side of the chest were removed. A rather long stricture from the thoracic inlet to the region of the aortic arich developed, which required several dilations starting one month after his original surgery. After five dilations, the esophagus assumed approximately normal caliber, and he had no further difficulties in swallowing. The gastrostomy tube was removed approximately nine months after the original operation and two months after his last dilation.

Case 3.—A 4-month-old infant was admitted because of a coarse, hacking cough and wheezing respirations. The initial diagnosis of croup or epiglottitis could not be confirmed by lateral roentgenograms of the airway. When his symptoms worsened, he underwent laryngoscopy before an endotracheal tube was passed to relieve his airway obstruction. Wedged between the vocal cords was a rolled-up metallic portion of a beverage can top. This was removed with forceps, and an endotracheal tube was passed into his airway. Forty-eight hours later, the endotracheal tube was removed, and he had no further difficulties.

Case 4.—A 2-year-old boy was seen for a history of difficulty in swallowing for at least one year. He supposedly had had several normal barium swallow examinations, although our initial study showed a distortion of the esophagus in the portion between the thoracic inlet and the aortic arch. There appeared to be deviation of the esophagus to the left and an apparent diverticulum or duplication of the esophagus extending to the right. Fluoroscopy showed the entire area somewhat stiffened, and peristalsis was abnormal.

An exploratory operation was performed after esophagoscopy showed only the deviation and stiffening of the esophagus. Through a right thoracotomy, the upper portion of the esophagus was mobilized, although it was deeply encased in scar. To the right and posterior portion of the esophagus lay a fairly, large abscess cavity in which a pull tab was lodged, surrounded by pus and old food. There was no mucosal lining, but at operation it was not possible to differentiate a perforation with abscess formation from the diverticulum that had become a repository for the metal strip and food.

The cavity was excised as much as possible, and the esophagus was closed primarily with interrupted sutures of 4/0 wire. A large chest tube was left in place, with its tip near the suture line, and a sump catheter was placed in the nasopharynx. A small amount of salvia was present in the chest tube from the second to the fifth day, although a diatrizoate megiumine swallow examination performed on the tenth day showed no further leakage. The chest tube was consequently removed, and he required four dilations of a long stricture that occurred in the region of the perforation. This slowly resolved, and although his follow-up has been sporadic, he has remained asymptomatic.

Case 5.—An 11-month-old boy was brought to the emergency room about one hour after onset of an episode of coughing and intermittent cyanosis. This had begun during a family picnic at a public picnic ground. On admission to the hospital, he had coarse breath sounds and marked dyspnea. Chest roentgenogram, including inspiratory and expiratory x-ray films to rule out a foreign body, were all interpreted as normal. He was placed in mist and given postural drainage and bronchial dilators without relief. On the following morning, he underwent bronchoscopy, and the metallic tab of a pop top was removed from the region of the carina. His convalescence was uneventful.

Case 6.—A 13-month-old girl appeared in the emergency ward, unable to swallow her own saliva. Chest roentgenograms showed mediastinal widening, with a tiny amount of fluid in the left of the chest. A diatrizoate mellumine swallow examination showed complete obstruction of the esophagus at the level of the aortic arch but not extravasation of contrast material. After eight hours of rehydration and infusion of intravenous antibiotics, she underwent esophagoscopy and had a large amount of old food removed from her esophagus. After the food had been removed, it was not possible to pass the esophagoscope through a narrow portion of the esophagus. This scope was removed and a 3½ F bronchoscope inserted. Through the telescope, a small metallic foreign body could be identified deeply embedded in granulation tissue. At this point, the endoscopy was discontinued, and the patient was returned to the recovery room.

On the following day, with two units of cross-matched blood on hand and with thoractomy instruments in the operating room, the endoscopy was repeated, and the metallic foreign body was removed uneventfully. There was a small amount of bleeding but no evidence of perforation. She was watched carefully in the intensive care area for 48 hours, with a nasopharyngeal sump tube in place, while receiving intravenous fluids and antibiotics. After 48 hours, the diatrizoate meglumines study was repeated and showed a small but distorted lumen in the esophagus and no extravasation of contrast material. By the fourth day, she was afebrile, and her vital signs had returned to normal. She then began a diet of clear liquids and advanced to a soft diet over the next 48 hours.

Two weeks later, she was admitted because of inability to swallow her saliva, and on examination she had food impacted above a stricture in her esophagus. The food was removed through an esophagoscope, and a filiform dilator was passed through the area of the stricture. The filiform dilator was followed with dilators up to 12 F. and then a No. 8 polyethylene feeding catheter was inserted through the nostril into her stomach. She received tube feedings for approximately one week and then underwent an esophageal dilation again. Over the next three months, the stricture slowly softened, and she required no further dilations. She is now asymptomatic.

Case 7.—An 11-month-old boy had been seen in several different emergency rooms over a period of ten days because of noisy breathing and diminished intake of food and liquid. Numerous chest roentgenograms were taken, including a study of the entire airway from nasopharynx to mainstem bronchi. These were interpreted as normal. On the day of admission, he had passed several tarry stools, and his hematocrit reading dropped from 36 percent to 14 percent. Transfusion with packed red blood cells in the intensive care area raised his hematocrit reading to 25 percent. After six hours of stable vital signs, he suddenly became ashen, his blood pressure dropped to unobtainable levels, and bradycardia developed. Resuscitation required 450 ml of saline and 250 ml of packed red blood cells, approximately one blood volume for this 10-kg child, administered over approximately 25 minutes. When his resuscitation was complete, he began to vomit large volumes of bright red blood, and his abdomen distended rapidly.

With a preoperative diagnosis of upper gastrointestinal bleeding probably originating from the stomach, he was taken to the operating room. Rapid exploration of his stomach and the duodenum showed blood to be welling up from the esophagus. Examination of the lumen of the esophagus showed no evidence of mucosal tears suggestive of a Mallory-Weiss syndrome of esophageal varices. A sterile proctoscope inserted in the distal portion of the esophagus showed only that bright red blood was gushing down from above. The incisions were closed with a single running suture. The patient underwent esophagoscopy from above but bleeding was so brisk that no information was obtained.

Through a left thoractomy, the distal portion of the esophagus was freed up from the diaphragm to the arch of the aorta. An umbilical tape tied about the esophagus just below the aortic arch showed that the bleeding was coming from above. The upper portion of the esophagus between the thoractic inlet and the aortic arch was then freed up, and external compression here demonstrated that the bleeding was from behind the aortic arch. The portion of the esophagus below the arch was opened linearly, and with a finger in the esophagus, bleeding could be temporarily tamponaded by pressing upwards against the aortic arch. During the hurried dissection of the aortic arch in an attempt to control bleeding, blood loss exceeded our ability to replace it, and the patient lost all vital signs. Each time the patient was resuscitated the massive bleeding recurred, and after 20 minutes he had fixed, dilated pupils, so further efforts were abandoned.

At postmortem examination, there was a deep ulceration within the esophagus that conformed exactly to the metallic tab of a pop top. There was also a large perforation of the esophagus into the region of the aortic arch, although no direct communication could be demonstrated with the aorta. Presumably the sharp irregular tip of the metal strip had eroded through into one of the great vessels or perhars a bronchial vessel. The foreign body was not obtained from the gastrointestinal tract at the time of autopsy, although retrospective review of the chest roentgenograma taken several days before showed a metallic object in the esophagus behind the aortic arch that conformed in outline to a metal pull tab.

COMMENT

Thin strips of aluminum that become lodged in the esophagus are particularly difficult to detect roentgenographically unless they are looked for specifically.[3] Flat objects such as coins invariably become oriented transversely in the esophagus since this represents its greatest diameter.[4] In children, most objects that do not pass the esophagus become impacted at the thoracic inlet or above the aortic arch where the esophagus overlies the vertebral column. Thus, the outline of foreign bodies in this portion of the esophagus is projected over the image of the vertebrae in routine posteroanterior or anteroposterior chest roentgenograms.

Alexander et al have shown that absorption of x-rays by a substance is roughly proportional to its density. Thus, fat is less dense than water, and small shards of glass with a density of 2.4 to 2.8 may not be detectable roentgenographically when imbedded in tissue. Aluminum with a density of 2.7 has much the same radiodensity as glass, so that the pull tabs, which are made of aluminum 0.2 mm thick, show only a faint shadow on an ordinary roentgenogram. In the lateral projection, a pull tab in the esophagus presents 14 mm of aluminum in its greatest diameter, so that recognition should be facilitated. Viewing this portion of the esophagus without interference from projection of the arms and shoulders takes special effort in positioning the patient.

Since many of the ingestions or aspirations involving toddlers are not witnessed by an adult, the history obtained by the first physician to see the child may not suggest a foreign body. However, persistant respiratory symptoms and any change in eating habits should be evaluated by posteroanterior and lateral chest roentgenograms with inspiratory-expiratory views if indicated. The neck and nasopharynx should be included in all such examinations. If these are normal and there is no evidence of mediastinal abscess or free air, a contrast study of the esophagus using thickened barium will frequently show plastic, fish bones, or an aluminum foreign body lodged in the esophagus.

The metal strip from a pop top is usually bent into a hook shape as it is removed from the can. When the ring separates from the bent metal strip, it leaves a serrated edge and two sharp corners. Thus, if diagnosis is delayed, these sharp edges will perforate the esophagus and cause mediastinitis or erode into the mediastinal vessel. Safety pins lodged in the esophagus have caused aortic arch perforation and acute cardiac tamponade,[3] but since they are made of spring steel, they are more readily identified roentgenographically than are aluminum pull tabs. All parents must be cautioned about the hazard of discarded pull tabs just as they are now about the hazards of the open safety pin left within an infant's reach during a diaper change.

[From the Defenders of Wildlife, June 1975]

DEADLY THROWAWAYS—PLASTIC SIX-PACK BINDERS AND METAL PULL TABS DOOM WILDLIFE

(By Penny Ward)

A big brown pelican is cruising Florida's coastal salt flats hunting for food. He dives at a shadow in the water, snaps at it, and in a moment finds his prey choking him. It somehow wraps around his neck, then loops over his bill. In panic, the pelican flies back to his roost in the mangroves and claws at his adversary. Soon his foot is entangled. The pelican continues to fight, but in a little while he is dead, strangled by his mysterious antagonist.

The pelican mistook a plastic six-pack can binder for a fish. He became another wildlife victim of an unthinking and uninformed person, who probably tossed the plastic trash into the water without knowing it could harm a wild animal.

Wild creatures are beginning to suffer the fallout of our burgeoning solid waste litter. The "throwaway" beverage container is the chief villian. "No-deposit, no-return" litter grows about eight percent annually. Last year some three billion throwaways ended up on our roadsides and recreation areas. Even our most pristine reserves have become the final resting places for millions of easy-to-tote containers and their by-products, the flip-top pull-tabs and plastic six-pack binders.

While humans see this litter as an aesthetic blight, animals see it as a possible source of food. "The big problem with plastic can binders is that grazing and wading birds are curious and nibble or dive at them," says Frank Kenney, of the U.S. Fish and Wildlife Service. "They manage to tangle them over their heads, a foot gets involved, and they strangle in the ensuing fight."

The tame, curious brown pelican—already a candidate for the endangered species list—is among the most vulnerable to such entrapment. But many states have recorded similar deaths among other types of waterfowl. Aside from the pelican, the most common victims are gulls, ducks, and geese.

If entanglement doesn't strangle the bird, it may starve to death. Dr. Martin Wiley, a Maryland wildlife biologist, describes the plight of a seagull he saw in Chesapeake Bay. "The bird had the plastic rings jammed between the mandibles of his bill and stretched over the back of his head. He could fly, but of course he couldn't eat. I watched him for days but couldn't get close. I knew he was doomed."

Some entangled animals may be able to function, but they become social outcasts. Michigan biologists found a Canada goose with plastic rings merely threaded loosely over his neck. Though he was healthy, the rest of the geese on the lake picked on him unmercifully. The gander was eventually caught and the rings removed, but it was too late to solve his marital problems. His mate and goslings had found the trash decoration so bizarre that they had abandoned him.

Small birds have similar problems with the little pull-tab rings from beverage cans. Some species find them attractive as nesting materials. A member of Washington, D.C.'s Audubon Naturalists Society tells of a cardinal found dead with a pull-tab ring jammed over its face. She thinks that the bird was partially blinded and died of exposure or exhaustion.

These sparkling little rings are also attractive to fish—in fact, some fishermen use them as spinners ahead of bait. Biologists in Michigan and California have discovered fingerling trout girdled by pull-tab rings. They theorize the fish struck at the shiny rings, missed, shot through and got stuck. In both cases the trout were about six inches long. Miracles of growth, the fish were still quite active when discovered, though the rings were slowly cutting their bodies in half.

Bigger fish sometimes swallow the rings, which they perceive as food or as aggravating intruders in their territories. Pull-tabs are occasionally discovered by sportsfishermen in the stomachs of panfish, trout, salmon, and other fish which "strike," as opposed to bottom feeders which "taste." The ring may just ride along harmlessly inside the fish, but if pushed into the digestive tract, it can fatally lacerate or impact the system. (Interestingly, major hospitals across the U.S. report pull-tabs showing up in human stomachs, inadvertently swallowed by a person who'd dropped the tab into the can. They are difficult to detect by X-ray and often require major surgery to remove.)

All grazing animals domestic and wild, accidentally eat bits of trash. Ranchers who lease state or federal lands which permit public recreation are particularly concerned about the dangers litter poses to their herds—dangers often revealed during autopsy. E. P. Harvey, general manager of a large family ranch operation which includes five wildlife refuges in the Southwest, has for many years studied the problem. "Domestic animals will chew, taste, smell, and investigate all sorts of things," Harvey says. "They'll eat nails, pull-tabs plastic items, small can lids, wire, bones, and plastic bags." Harvey says that while ingested litter rarely kills an animal unless the object punctures the digestive tract or impacts the bowel, the trash diet leaves the animal in poor physical condition.

"We know a good deal about domestic animals ingesting harmful objects, but little about wildlife," Harvey says, "From observation, however, we know wildlife is interested in the same things as domestic animals, so we can assume the results are similar."

The beverage container itself—steel, aluminum, or glass—creates special hazards. Broken bottles and cans cripple livestock and wildlife. Horseback riders hesitate to ride in road ditches for this reason.

While wild animals are more alert and cautious than their domestic counterparts, rancher Harvey says that in some instances deer and antelope put their feet through beverage cans. When the hoof breaks through, the sharp edges can cut off the blood supply, crippling the animal or causing an open wound. "The lameness may lead to death by predation or severe weather, or the wound can become the target of fatal insect infection."

Perhaps these litter-related tragedies don't comprise a major threat to wildlife, yet the examples recorded are only the tip of the iceberg. The incidents are symptoms of a deteriorating environment. The condition of our wildlife is an index of the quality of our own lives.

A growing threat to animals, litter is already a plague to humans. Our wayside litter amounts to as much as four million tons per year, and we spent $200 million per year to retrieve it. About 35% of the total, 1.4 million tons, is made up of throwaway bottles and cans. And it compounds every day because glass and aluminum virtually never break down in the environment. The litter not only clutters our roadsides, but it defaces our most pristine areas. An outdoorsman who feels he's exploring an area where no one has trod is likely to find an empty beer can that dictates otherwise. Some remote backpacking trails glitter with bottles, cans, and pop tops.

Believing that what we can't see won't hurt us, some people have turned our lake and river bottoms into dumps. In 1972, Dan Carleson, a fishery biologist for the Oregon Game Commission, made a series of dives to survey the bottom of that state's serene and beautiful Diamond Lake. He found a underwater nightmare. Carleson calculated that the lake bottom was strewn with 44,500 empty beverage containers.

And Carleson could only count bottles and cans which were visible. Silt has a tendency to slowly bury its garbage. "We found that as our knees and swim fins sank into the ooze we bumped into a tremendous amount of litter that settled into the bottom," Carleson said. Commenting on Carleson's report, the editor of the Oregon Game Bulletin lamented, "It appears that at the rate we're going, Diamond Lake could become a landfill."

This garbage, settled into lake and stream bottoms, causes frequent injuries to swimmers and waders. It also presents road hazards to fish. Fish have accidents too, but they are seldom discovered or recorded. A few years ago a biologist for the Oregon Game Commission found a beer can containing about 50 dead hatchling trout in the Rogue River. He theorized the trout either were attracted by their blurred reflections in the metal, or perceived the dark hole in the can top as shelter. Once they followed the leader inside, they became lost in the crowded darkness and suffocated.

A fisherman at Oregon's Unity Reservoir last winter hauled out a three-pound rainbow trout wedged tightly in a broken beer bottle. And a Michigan fisherman hooked a

tormented 21-inch pike which was being slowly decapitated by a six-pack binder encircling its body.

Nowadays litter creates more than an aesthetic barrier between human beings and nature. It creates physical barriers in the forms of barbed wire, locked gates, and no-trespassing signs. The Pennsylvania Fish Commission reports, "Litterbugs are largely responsible for posting by private landowners along our streams and lakes." The story is the same in other states—more and more land is being closed to public access as landowners lose patience with those who litter their property.

Litter is the most obvious sin throwaways commit against our society; it isn't the greatest. More serious sins are the wanton waste of our energy and resources. Last year Americans used over 60 billion disposable beverage containers. The amount of electrical and fossil-fuel energy squandered in manufacturing these throwaways is staggering. According to studies based on 1972 figures—when we used eight billion fewer containers than last year—our throwaways cost enough energy to heat two million three-bedroom homes in the mid-Atlantic states for eight months. In other terms, the throwaways used enough energy to satisfy the annual electrical needs of 9.1 million people. In comparison to a returnable container system, in which a bottle makes about ten round trips between consumer and bottler, our throwaway system costs the equivalent of five million gallons of gasoline per day. That means, in effect, that the equivalent of 4½ ounces of gasoline is wasted in making each 12-ounce container. The figures for aluminum cans are more shocking still: To use an aluminum can, we waste the energy equivalent of more than half the can's capacity in gasoline.

In 1972 beverage container production required two million tons of steel, 6.2 million tons of glass, and 575,000 tons of aluminum. This use accounts for 45 percent of all glass and 8 percent of all aluminum production in the country, and is the biggest single demand on our glass and aluminum supplies. While world supplies of these resources are not critically short, we depend on foreign countries for 33 percent of our iron ore, and 84 percent of our bauxite. In these politically troubled times, such dependency is dubious.

The convenience of throwaways isn't free. Consumers pay the price. With a disposable container we actually pay three times. Once when we purchase it, once when we dispose of it, and once to have it laid to rest.

Beverages in throwaways are as much as 40 percent more expensive than drinks in returnable/refillable bottles. According to the beverage industry's own figures, 56 percent of the cost of a container of beer is the container itself. Americans spend about $1.5 billion per year for the throwaway luxury, but because of price-marketing procedures in many stores, they're not apt to be aware of it. For example, eight throwaway bottles of soda may be marked $1.61. Eight equivalent returnables may also be marked $1.61, but the consumer will get back 40 cents, or 25 percent of the purchase price, when he returns the bottles.

Even after it has been purchased, the throwaway keeps on costing. Once the beverage container is emptied, there it is—a throwaway to be thrown away. Beverage containers make up the most rapidly growing category of waste in the national trash can. They comprise about seven percent of the total of our garbage, second only to newspapers. (Garbage means solid waste thrown in trash cans as opposed to waste which becomes litter.) EPA projects that at current rates Americans will toss out 11.3 million tons of beverage containers in 1976. If the cost per ton to collect and dispose of solid waste remains stable, getting rid of all those bottles and cans will cost us nearly $200 million annually by the Bicentennial.

We are the world's leading garbage-producing nation. New York, for example, creates more garbage than London and Tokyo combined. While New York's' population rose only 1.5 percent since 1960, its garbage production rose 42 percent. We are running out of space for all that garbage. A 1973 survey by the National League of Cities revealed that nearly half our cities will run out of refuse landfill capacity by 1978.

The throwaway came to us about 15 years ago, in an age of opulence. Its initiation into society accompanied big gaudy cars and gasoline wars. The term energy shortage hadn't been coined. Our resources appeared never ending, and national environmental concern was still many years off.

But today big gaudy cans and gasoline wars have left the scene, and many people think the throwaway should be likewise. In recent years over 350 bills to regulate beverage containers have been introduced in Congress, or at state and local levels. Oregon, Vermont, and South Dakota already restrict throwaways. Several other states are close to passing bills. Scores of cities and counties have passed such legislation, which at all levels has been upheld in court tests.

The Oregon bottle bill was enacted in late 1972. It required a mandatory five-cent deposit on beverage containers, and banned pull-tab rings. Oregon's success with the bill prompted Republican Senator Mark Hatfield to introduce federal legislation requiring a mandatory deposit and banning of pull-tab rings. The bill (S. 613) would be phased in nationally over a three-year period.

Hatfield's bill is rapidly gaining support, but it is bitterly opposed by the steel, glass, aluminum, and container industries, along with soft drink bottlers and brewers. Fearing the inconvenience and possible loss in profits, these groups spend millions each year to fight container legislation.

The manufacturers say that such legislation will raise prices, lower consumption, create unemployment, and fail to reduce litter. Certainly the change would create initial logistical problems for industry. The net result, however, appears worth the effort. Oregon reports that beverage prices have risen since 1972—but they've risen everywhere, largely due to increased sugar prices. Oregon's beverage prices are in line with those of neighboring Washington state, which does not yet have a bottle bill. Beer and soft drink sales in Oregon continued to climb after the law was enacted. Significantly, Oregon also reports the shift to returnables resulted in a net gain in employment. While there was a shift in the types of jobs, the move created more total jobs in industries. In fact, Maryland's Council of Economic Advisors recently projected that if Maryland returned to returnables, there'd be a net increase of 1,500 jobs generating $18.5 million in personal income.

Both Oregon and Vermont report a heartening decrease in litter following container legislation. Oregon initially reported beverage container litter down 80 to 90 percent, and recently reported total litter has dropped as much as 46 percent. Lake Diamond may not become a landfill after all. Vermont's Agency of Environmental Conservation reports that even opponents of their bottle bill now agree that legislation has greatly decreased beverage-related litter along that state's roadsides.

The Vermont agency reports that the opposition attempted to cloud the litter reduction issue by counting containers placed in roadside trash receptacles along with highway litter, and comparing the tally with pre-bottle law statistics which counted only roadside litter. Despite statistical games, reason dictates people are much less likely to throw away something of specific value than something intended to be thrown away.

The industries opposing container legislation point to recycling and cleanup campaigns as alternatives. Recycling, however, does not yet offer sufficient monetary reward to be successful. Only half a cent is usually offered for cans, the more recyclable of the two container types. Only 15 percent of all aluminum cans made it back to recyclers last year. The statistics for glass are worse. There are only about 100 glass recycling centers in the entire U.S. Old glass is only worth about $20 a ton, and takes more money and energy to recycle. The expense and logistics of hauling materials in for recycling has dampened the volunteer enthusiasm which sprung out of Earth Day movements. In too many cases, cities and charity organizations which sponsored recycling campaigns wound up losing money.

Certainly recycling centers are growing as cities begin to realize there's money and energy in municipal trash. And recycling does save energy and resources. When the EPA examined the various energy requirements of nine beverage container systems, it found that the pull-tab aluminum can, with a 15-percent rate of recycling, was ranked ninth, the worst, for delivering 1000 gallons of beer. A returnable/refillable glass bottle system was ranked first.

Recycling is most valuable as a complement to a system which produces less waste in the first place. A return to returnables is in fact the ultimate in recycling. It places a significant rather than a token bounty on containers. A deposit container which is extravagantly discarded becomes someone else's nickel. And when a ten-trip returnable comes to the end of its journey, it can then be recycled.

Clean-up campaigns, like recycling, are also valuable follow-ups, but they will not eliminate litter by themselves. Two of the largest national campaigns are "Keep America Beautiful" and "Pitch In." KAB is sponsored largely by beverage container industries and their suppliers, along with retail food distributors and fast food chains. "Pitch In" is sponsored by the American Brewers Association. While any clean-up effort is to be praised, these industry campaigns are no more than we might expect from the initiators of the problem. And although both organizations claim to work toward litter reduction, they actually lobby against legislation to eliminate throwaways.

Industry argues that litter is a behavioral problem which can be solved through education. Yet it's difficult to imagine anyone who has not been exposed to antilitter propaganda. In fact, containers themselves now bear a message reading "Please Don't Litter." But the problem increases. Without nipping waste production in the bud, our litter problem won't go away.

Proponents of beverage container legislation are winning inch by inch. Several recent surveys at both state and national levels indicate that citizens overwhelmingly favor returning to returnables. Their chances of doing so voluntarily are slim, since in most areas very few beverages are available in returnable bottles.

Although concerned citizens view container legislation at state and local levels as a step in the right direction, they believe the most logical and desirable legislation is Hatfield's Senate Bill 613. A federal law would create national uniformity and eliminate a series of drawn-out battles. In the minds of many, it's an idea whose time has come.

Opponent industries will suffer some pains as a result of change, but it's difficult to

imagine that these corporate giants won't land on their feet. Manufacturers might well do better to spend time and money on positive efforts to facilitate the move to a returnable system. They could create a short, squatty space-saving bottle, standardized for use by more than one distributor. The label would still identify the product, and the standardization would solve sorting and distribution problems.

Several franchise bottlers have recently voluntarily switched to returnables, and realized increases in sales and profit. Joyce Beverages in Chicago made the switch in 1973. During the first year, sales of Joyce's Orange Crush were up 87 percent.

A 7-UP bottler recently stated in a beverage industry newsletter, ". . . if by our own volition, we got rid of the pull-top can and throwaway bottles, we'd make fortunes. While at corporate levels beverage industries still reject the idea, local franchised pioneers of the switch are pleased with the results.

It's unlikely many of us will resent the switch to returnables, given what we've to gain. This is, after all, the only planet we have. Its condition is a good index to the quality of our lives. Our fellow creatures—the birds, animals, and fish—must rely on our intelligence and rational behavior to protect their world and ours.

Mr. HATFIELD. In conclusion, Mr. President, I would like to offer a quote from the industry's own publication, Beverage World:

The returnable system is proving to be the energy saver and litter deterrent that the environmentalists preached it would be.

It is my hope that the 97th Congress will show the courage to pass this bill. We can no longer afford to continue our waste ethic. I ask that the Beverage Container Reuse and Recycling Act appear at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD as follows:

S. 709

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Beverage Container Reuse and Recycling Act".

FINDINGS AND PURPOSES

SEC. 2. Congress finds and declares that:

(1) The failure to reuse and recycle empty beverage containers represents a significant and unnecessary waste of important national energy and material resources.

(2) The littering of empty beverage containers constitutes a public nuisance, safety hazard, and esthetic blight and imposes upon public and private agencies unnecessary costs for the collection and removal of such containers.

(3) Empty beverage containers constitute a significant and rapidly growing proportion of municipal solid waste, disposal of which imposes a severe financial burden on local governments.

(4) The reuse and recycling of empty beverage containers would eliminate these unnecessary burdens on individuals, local governments, and the environment.

(5) A uniform national system for requiring a refund value on the sale of all beverage containers would result in a high level of reuse and recycling of such containers.

(6) A national system for requiring a refund value on the sale of all beverage containers would result in significant energy conservation and resource recovery.

(7) A national system for requiring a refund value on the sale of all beverage containers would be anti-inflationary and help create jobs in areas of commerce.

(8) A national system for requiring a refund value on the sale of all beverage containers would be inexpensive to administer because of its self-enforcing nature.

DEFINITIONS

SEC. 3. For the purpose of this Act the term:

(1) "beverage" means beer or other malt beverage, mineral water, soda water, or a carbonated soft drink of any variety in liquid form and intended for human consumption;

(2) "beverage container" means a container designed to contain a beverage under pressure of carbonation;

(3) "refundable beverage container" means a beverage container which has clearly, prominently, and securely affixed to, or printed on, it (in accordance with section 4) a statement of the amount of the refund value of the container;

(4) "consumer" means a person who purchases a beverage in a beverage container for any use other than resale;

(5) "distributor" means a person who sells or offers sale in commerce beverages in beverage containers for resale;

(6) "retailer" means a person who purchases from a distributor beverages in beverage containers for sale to a consumer or who sells or offers to sell in commerce beverages in beverage containers under pressure of carbonation to a consumer. The Administrator shall prescribe such regulations as may be necessary to establish what person is a retailer with respect to the sale of beverages in beverage containers under pressure of carbonation to consumers through beverage vending machines;

(7) "Administrator" means the Administrator of the Environmental Protection Agency;

(8) "commerce" means trade, traffic or transportation—

(A) between a place in a State and any place outside thereof,

(B) within the District of Columbia or any territory of the United States, or

(C) which affects trade, traffic, commerce, or transportation described in subparagraph (A) or (B); and

(9) "State" means a State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

REQUIRED BEVERAGE CONTAINER LABELING

SEC. 4. No distributor or retailer may sell or offer for sale a beverage in a beverage container under pressure of carbonation unless there is clearly, prominently and securely affixed to, or printed on, it (in accordance with regulations prescribed by the Administrator) a statement of the amount of the refund value of the container, such amount being not less than 5 cents.

RETURN OF REFUND VALUE OF BEVERAGE CONTAINERS

SEC. 5. (a)(1) If a consumer tenders for refund an empty and unbroken refundable beverage container to a retailer or distributor who sells (or has sold at any time during the period of three months ending on the date of such tender) a brand of beverage which was contained in the container, the retailer or distributor respectively shall promptly pay the consumer the amount of the refund value stated on the container.

(2) If a retailer tenders for refund an empty and unbroken refundable beverage container to a distributor who sells (or has sold at any time during the period of three months ending on the date of such tender) a brand of beverage which was contained in the container, the distributor shall promptly pay the retailer (A) the amount of the refund value stated on the container, plus (B) an amount equal to two cents (2 cents) per container to help defray the retailer's cost for handling. This payment may be adjusted by the Administrator, following evaluation and public comment, to reflect the true cost of handling beverage containers.

(b) The opening of a refundable beverage container in a manner in which it was designed to be opened and the compression of a metal refundable beverage container shall not, for the purposes of this Section, constitute the breaking of the container if the statement of the amount of the refund value of the container is still readable.

RESTRICTION ON METAL BEVERAGE CONTAINERS WITH DETACHABLE OPENINGS

SEC. 6. No distributor or retailer may sell or offer for sale a beverage in a metal beverage container a part of which is designed to be detached in order to open such container.

PREEMPTION OF STATE AND LOCAL LAW

SEC. 7. (a) Except as otherwise provided in this Section, no State or political subdivision thereof may establish or continue in effect any law respecting a refund value of beverage containers sold with a beverage under the pressure of carbonation to the extent the Administrator determines the law is inconsistent with this Act.

(b) No State or political subdivision thereof may, for the purposes of determining the amount of any tax imposed by such State or subdivision on the sale of any refundable beverage container, take into account any amount charged which is attributable to the refund value of such container.

(c) Subsection (a) does not prevent a State or political subdivision thereof from establishing or continuing in effect any law respecting a refund value on containers other than for beverages.

PENALTIES

SEC. 8. Whoever violates any provision of Section 4, 5(a), or 6 shall be fined not more than $1,000 for each violation.

EVALUATION AND TECHNICAL ASSISTANCE

SEC. 9. The Administrator shall monitor, before and after the effective dates of Sections 4(a) and 6, the rate of reuse and recycling of beverage containers, and shall evaluate and report to Congress annually at the end of the first four years after the date of the enactment of this Act thereafter as the Administrator sees fit on the impact of the provisions of this Act on—

(1) conservation of energy and material resources;

(2) resource recovery and the reduction of solid waste and litter; and

(3) the economy.

CONSULTATION ON EMPLOYMENT DISLOCATION

SEC. 10. The Administrator shall advise and consult with the Secretary of Labor on steps that the Secretary might take, through existing authorities, to identify and provide assistance to individuals whose employment may be adversely affected by this Act.

EFFECTIVE DATES

SEC. 11. (a) Except as otherwise provided in subsections (b) and (c), this Act shall take effect on the date of its enactment.

(b) The provisions of Sections 4, 5, and 7 shall apply with respect to beverage containers sold or offered for sale in interstate commerce on or after two years after the date of enactment of this Act.

(c) The provisions of Section 6 shall apply with respect to beverages in beverage containers sold or offered for sale in interstate commerce on or after one year after the date of enactment of this Act.

(d) The provisions of Section 7(a) shall preempt State and local laws to the extent to which they are inconsistent with provisions of this Act only on and after the respective effective dates of such provisions.

By Mr. DURENBERGER (for himself, Mr. BOREN, Mr. CHAFEE, Mr. DANFORTH, and Mr. PERCY):

S. 710. A bill relating to a Fishing Tackle Excise Tax; to the Committee on Finance.

FISHING TACKLE EXCISE TAX

Mr. DURENBERGER. Mr. President, it is an honor and a privilege as the senior Senator from Minnesota, the land of 10,000 lakes (actually closer to 15,000 for you geography buffs), to rise today to introduce the fishing tackle excise tax deferral bill. It is a pleasure to have Senator BOREN of Oklahoma, a land of somewhat fewer lakes but which still has some mighty fine fishing, as a cosponsor of this legislation. This bill would change the date of the collection of the excise tax on fishing tackle.

Presently, fishing tackle manufacturers voluntarily pay an excise tax on the rods, reels, artificial lures, creels, et cetera, they produce. The moneys collected go to the Federal aid to fish restoration program, commonly known as the D–J fund, which is used for a variety of environmental purposes. The manufacturers agree wholeheartedly with the uses of the tax but would like to see a more balanced schedule of collections.

This industry is highly seasonal but tries to maintain a consistent level of employment by granting dating terms to vendees. The vendees tend to be small bait and tackle shops, which pay the manufacturers after they have sold the fishing tackle. Payment occurs on an average of 4.4 months after the time of shipment.

Treasury Department regulations require a manufacturer to deposit the excise taxes on a semimonthly basis 9 days after the close of the period involved if total tax liability exceeds $2,000 for any month in the preceding calendar quarter. The fishing tackle manufacturers, who are 97 percent small businesses, must arrange expensive short-term financing to cover these taxes until the vendees send payment.

Virtually all of the fishing tackle manufacturers support the tax. It is the schedule of collections that is so burdensome. The original 10-percent excise tax was passed with the manufacturers' support in 1952 and reendorsed in 1964.

The D–J fund has provided $279 million to the States for conservation and fish restoration. Those funds have allowed State fish and wildlife agencies to construct 264 new lakes, develop new management techniques, protect fish from various pollution sources, and provide public access to 777,000 acres of lakes and habitats. Obviously, the industry has enlightened self interest in preserving our natural environment that meshes with the public good.

It is also in the public good for employers to provide stable, year-round jobs. The present Treasury regulations encourage highly seasonal employment causing disruptions in the lives of many individuals and unemployment costs that are avoidable.

The bill I have proposed today would defer the payment of this excise tax for a maximum of 180 days and a minimum of 90 days. All excise tax payments would be due and payable at the end of the quarter immediately following the quarter when shipment was made except for the fourth quarter shipments for which the excise tax will be paid as usual in order to avoid any revenue or budgetary effects on the D–J program.

The Government will lose only minimal interest income on this proposal, but it is much more equitable to those who voluntarily pay this tax to move toward regulatory reform. In fact, the Regulatory Flexibility Act directs us to find ways to reduce Government regulation of small business. This is a classic case where we can apply that principle. The alternative is to watch the economic burden mount on these small business people, their employees and then on the thousands of bait and tackle shops served by this industry. I urge you to join me in supporting this measure.

I ask unanimous consent that the bill be printed in full in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 710

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a bill to amend Section 6302 (relating to mode or time of collecting tax) by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) Time for Payment of Manufacturers Excise Tax on Rods, Creels, etc. The tax imposed by section 4161(a) (relating to manufacturers excise tax on rods, creels, etc.) shall be due and payable.

"(1) in the case of articles sold during the quarter ending December 31, on March 31,

"(2) in the case of articles sold during the quarter ending March 31, on June 30,

"(3) in the case of articles sold during the quarter ending June 30, on September 24, and

"(4) in the case of articles sold during the quarter ending September 30, at such time as the Secretary may by regulations prescribe."

Effective Date. The amendment made by subscription (a) shall apply to articles sold on or before the first day of the first calendar quarter beginning after the date of the enactment of this act.

By Mr. DURENBERGER:

S. 711. A bill to amend the Internal Revenue Code of 1954 to provide for inflation adjustments; to the Committee on Finance.

ADJUSTMENTS TO TAX RATES TO PROVIDE FOR INFLATION

Mr. DURENBERGER. Mr. President, today I am introducing a bill to take inflation out of the Internal Revenue Code by indexing the individual income tax, the capital gains tax, and corporate income tax brackets and depreciation at 85 percent of the Consumer Price Index.

Tax indexing is nothing more than a windfall profit tax on the Federal Government. It proceeds from the philosophy that any windfall created by inflation should remain with the taxpayer as a buffer against rising prices, rather than passing to the Federal Government. And this is a sound philosophy.

Under the pressure of double-digit inflation, the present tax system has demonstrated built-in inequities and an inherent tendency to fuel the inflationary cycle. Individuals receiving cost of living wage increases are penalized by a tax system that simply thrusts them into higher brackets, and often suffer actual losses in real dollar purchasing power.

For example, suppose a single worker earned $20,000 taxable income in the year of the last tax cut, 1979. If the inflation rate continues at about 10 percent and the worker receives an annual cost-of-living adjustment, he or she will be making almost $52,000 in 1989. However, to match the aftertax purchasing power of the 1979 income, the worker would need a salary of $68,000 because "bracket creep" has pushed him or her into a much higher tax bracket. Even though annual cost-of-living adjustments kept pace with inflation, our progressive tax rates have pushed the worker into a much lower standard of living. The Federal Government, meanwhile, has collected a $16,000 windfall.

Lower income families suffer disproportionate tax increases because of the erosion of the personal exemptions and standard deduction—the mechanisms for protecting the lowest income taxpayers.

Without indexing, the present tax system guarantees progressive erosion of real income, as it spurs inflationary psychology. Taxpayers end up falling behind the rise in living costs, forcing them to rob their savings and investments to feed, clothe, and shelter their families. Since 1965 the average worker has had no increase in real aftertax spendable earnings. Extra effort is taxed at record rates. Workers have substituted leisure, early retirement, and nontaxable fringe benefits for added work and added pay.

Our so-called tax cuts in recent years have not kept pace with inflation, especially if we include social security taxes. The marginal taxes taken out of each cost-of-living increase have reached amazing levels. Even middle-income taxpayers now face tax rates of 40 to 50 percent on each additional dollar earned.

These so-called tax cuts have been an election year vote-getting ploy. President Reagan's 3-year program of tax cuts, which I cosponsored, takes away this political tool. In fact, the President's program removes that tool of incumbents for two election-year cycles, 1982 and 1984.

Permanent tax reform through indexing eliminates this vote-getting ploy for good. And permanent tax reform is desperately needed in our country. More than anything else, we need to build some predictability into our tax system, and the bill I am introducing today would do this. If we had had such predictability over the last 20 years, we would not have the economic problems we have today.

In the absence of indexing, the tax system inevitably makes Government the prime beneficiary of inflation. For each 1 percent rise in the Consumer Price Index, Federal tax receipts rise by approximately 1.5 to 1.9 percent. This process cuts deeply into savings and investment, disrupting the balance of the economic system as a whole. It also permits Government to profit from annual tax increases without the necessity of congres-

sional actions—a paradox in this era of increasing demand for Government accountability. It is, in effect, a 1980 version of taxation without representation.

Tax increases should neither be hidden nor automatic. Unless Congress chooses otherwise, the inflation dividend should remain in private hands where it can be saved, invested, or used to mitigate the human hardships of inflation.

By contrast, our present system allows Parkinson's second law—expenditures increase to meet income—to operate to the fullest. In fact, after our decades of deficits, one could certainly say that Parkinson's law is operating more than to the fullest.

Implementation of an indexing system in nine States, including Minnesota, has shown that the tough decisions on spending can and will be made when revenues are not rising by inflation each year. Politicians will be accountable when the choice is to reduce spending or raise taxes. This was borne out in a recent study on the effects of State indexing laws by the Advisory Commission on Intergovernmental Relations, a permanent council established by Congress in 1959. The study found that in each of the three Midwestern States that had adopted indexing—Minnesota, Wisconsin, and Iowa—the tough budget decisions were made rather than raising taxes.

I ask unanimous consent that the summary of this study, showing the positive results from the State indexing experience, be inserted in the RECORD at the conclusion of my remarks.

Capital gains are another area where the tax code levies a tax on illusory gains due to inflation. Capital gains have been eroded by inflation to such an extent that most reported gains are really losses when adjusted for inflation. In a study done for the National Bureau of Economic Research by Martin Feldstein and Joel Slemrod analyzing 1973 tax returns, the authors found that individuals paid taxes on $4.5 billion in nominal capital gains made from the sale of stock. But after adjusting for increases in the Consumer Price Index since the stock was purchased, the study found that the sellers actually had a real capital loss of nearly $1 billion. And this was before the tremendously high rates of inflation that we have been experiencing in the past several years.

Another study by the National Bureau of Economic Research reported that the effect of inflation with the existing tax law was to raise the 1977 tax burden on corporate income by more than $32 billion. This is an amount equal to 69 percent of the real aftertax income of the nonfinancial corporate sector.

The bill I am introducing today has four components: First, individual brackets, the personal exemption, and the zero bracket amount are adjusted annually to reflect 85 percent of the percentage increase in the Consumer Price Index for the current year ending September 30, over that for the year ending September 30, 1980.

The 85-percent figure is that used by the State of Minnesota in its indexing system. This gives the Government some flexibility in budgeting without putting an undue burden on the taxpayers.

Second, the tax brackets for corporations are also adjusted at 85 percent of the amount by which the GNP deflator for the preceding calendar year exceeds the GNP deflator for calendar year 1980. Presently, the first $25,000 of taxable income is taxed at 17 percent, the next $25,000 at 20 percent, the third $25,000 at 30 percent, and the fourth $25,000 at 40 percent, and all income above that at 46 percent.

Third, for purposes of determining gain or loss on the sale of capital assets such as stock, tangible personal property, and real estate, the basis of the property is adjusted by 85 percent of the increase in the Consumer Price Index from the date of purchase.

Fourth, for purposes of determining the allowance for depreciation, the annual deduction is adjusted for 85 percent of inflation or replacement cost of the asset, whichever is lower.

Mr. President, let us as politicians be accountable for tax increases; let us take away the Government's windfall. While addressing our immediate economic problems, I urge my colleagues to examine this bill as a powerful tool in meeting our economic problems in the long range.

Mr. President, I ask unanimous consent that the bill and a summary be printed in the RECORD.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 711

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—INDIVIDUAL TAXES

SEC. 101. ADJUSTMENTS TO INDIVIDUAL TAX RATES.

(a) GENERAL RULE.—Section 1 of the Internal Revenue Code of 1954 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(f) ADJUSTMENTS IN TAX TABLES SO THAT INFLATION WILL NOT RESULT IN TAX INCREASES.—

"(1) IN GENERAL.—Not later than December 15 of each calendar year, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in subsection (a), (b), (c), (d), or (e) with respect to taxable years beginning in the succeeding calendar year.

"(2) METHOD OF PRESCRIBING TABLE.—In prescribing any table under paragraph (1) for any calendar year which shall apply in taxable years beginning in succeeding taxable years, the Secretary shall—

"(A) increase—

"(i) the maximum dollar amount on which no tax is imposed under such table, and

"(ii) the minimum and maximum dollar amount for each rate bracket for which a tax is imposed under such table,

by the cost-of-living adjustment for such calendar year,

"(B) not change the rate applicable to any rate bracket as adjusted under subparagraph (A)(ii), and

"(C) adjust the amounts setting forth the tax to the extent necessary to reflect the adjustments in the rate brackets.

If any increase determined under subparagraph (A) is not a multiple of $10, such increase shall be rounded to the nearest multiple of $10 (or if such increase is a multiple of $5, such increase shall be increased to the nearest multiple of $10).

"(3) COST-OF-LIVING ADJUSTMENT.—For purposes of paragraph (1), the cost-of-living adjustment for any calendar year is a percentage equal to 85 percent of the percentage (if any) by which—

"(A) the Consumer Price Index for the calendar year exceeds

"(B) the Consumer Price Index for calendar year 1980.

"(4) CONSUMER PRICE INDEX FOR ANY CALENDAR YEAR.—For purposes of paragraph (3), the Consumer Price Index for any calendar year is the average of the Consumer Price Index for the months ending in the 12-month period ending on September 30 of such calendar year.

"(5) CONSUMER PRICE INDEX.—For purposes of paragraph (4), the term 'Consumer Price Index' means the Consumer Price Index for all-urban consumers published by the Department of Labor."

(b) DEFINITION OF ZERO BRACKET AMOUNT.—Subsection (d) of section 63 of such Code (defining zero bracket amount) is amended to read as follows:

"(d) ZERO BRACKET AMOUNT.—For purposes of this subtitle, the term 'zero bracket amount' means—

"(1) in the case of an individual to whom subsection (a), (b), (c), or (d) of section 1 applies, the maximum amount of taxable income on which no tax is imposed by the applicable subsection of section 1, or

"(2) zero in any other case."

SEC. 102. COST OF LIVING ADJUSTMENTS IN AMOUNT OF PERSONAL EXEMPTIONS.

(a) GENERAL RULE.—Section 151 of the Internal Revenue Code of 1954 (relating to allowance of deductions for personal exemptions) is amended by striking out "$1,000" each place it appears and inserting in lieu thereof "the exemption amount".

(b) EXEMPTION AMOUNT.—Section 151 of such Code is amended by adding at the end thereof the following new subsection:

"(f) EXEMPTION AMOUNT.—For purposes of this section, the term 'exemption amount' means, with respect to any taxable year, $1,000 increased by an amount equal to $1,000 multiplied by the cost-of-living adjustment (as defined in section 1(f)(3)) for the calendar year in which the taxable year begins. If the amount determined under the preceding sentence is not a multiple of $10, such amount is a multiple of $5, such amount shall be increased to the nearest multiple of $10)."

SEC. 103. ADJUSTMENTS IN WITHHOLDING.

(a) IN GENERAL.—Subsection (a) of section 3402 of the Internal Revenue Code of 1954 (relating to requirement of withholding) is amended by inserting after the third sentence the following new sentence: "The Secretary shall, not later than December 15 of each calendar year, prescribe tables which shall apply in lieu of the tables prescribed above to wages paid during the succeeding calendar year and which shall be based on the tables prescribed under section 1(f) which apply with respect to taxable years beginning in such succeeding calendar years."

(b) PERCENTAGE METHOD OF WITHHOLDING.—Paragraph (1) of section 3402(b) of such Code (relating to the percentage method of withholding), is amended by adding at the end thereof the following new sentence: "The Secretary shall, not later than December 15 of each calendar year, prescribe a table which shall apply in lieu of the above table to wages paid during the succeeding calendar year and which shall be based on the exemption amount (as defined in section 151(f)) which applies to taxable years beginning in the succeeding calendar year."

(c) WITHHOLDING ALLOWANCES BASED ON

ITEMIZED DEDUCTIONS.—Paragraph (1) of section 3402(m) of such Code (relating to withholding allowances based on itemized deductions) is amended—

(1) by striking out "$1,000" and inserting in lieu thereof "the exemption amount (as determined under section 151(f) for the taxable years beginning in the calendar year)"; and

(2) by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) an amount equal to the zero bracket amount applicable to such individual."

SEC. 104. RETURN REQUIREMENTS.

(a) Clause (i) of section 6012(a)(1)(A) of the Internal Revenue Code of 1954 (relating to persons required to make returns of income) is amended by striking out "$3,300" and inserting in lieu thereof "the sum of the exemption amount and the zero bracket amount applicable to such an individual".

(b) Clause (ii) of section 6012(a)(1)(A) of such Code is amended by striking out "$4,400" and inserting in lieu thereof "the sum of the exemption amount plus the zero bracket amount applicable to such an individual".

(c) Clause (iii) of section 6012(a)(1)(A) of such Code is amended by striking out "$5,400" and inserting in lieu thereof "the sum of twice the exemption amount plus the zero bracket amount applicable to a joint return".

(d) Paragraph (1) of section 6012(a) of such Code is amended by striking out "$1,000" each place it appears and inserting in lieu thereof "the exemption amount".

(e) Paragraph (1) of section 6012(a) of such Code is amended by adding at the end thereof the following new subparagraph:

"(D) For purposes of this paragraph—

"(i) The term 'zero bracket amount' has the meaning given to such term by section 63(d).

"(ii) The term 'exemption amount' has the meaning given to such term by section 151(f)."

(f) Subparagraph (A) of section 6013(b)(3) of such Code is amended—

(1) by striking out "$1,000" each place it appears and inserting in lieu thereof "the exemption amount",

(2) by striking out "$2,000" each place it appears and inserting in lieu thereof "twice the exemption amount", and

(3) by adding at the end thereof the following new sentence: "For purposes of this subparagraph, the term 'exemption amount' has the meaning given to such term by section 151(f)."

SEC. 105. EFFECTIVE DATES.

(a) The amendments made by sections 101, 102, and 103 of this title shall apply to taxable years beginning after December 31, 1981.

(b) The amendments made by section 103 of this title shall apply to remuneration paid after December 31, 1981.

TITLE II—CORPORATE TAXES

SEC. 201. ADJUSTMENTS TO CORPORATE TAX RATES.

(a) GENERAL RULE.—Section 11 of the Internal Revenue Code of 1954 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(e) ADJUSTMENTS IN CERTAIN DOLLAR AMOUNTS SO THAT INFLATION WILL NOT RESULT IN TAX INCREASES.—

"IN GENERAL.—Not later than December 15 of each calendar year, the Secretary shall prescribe dollar amounts which shall apply in lieu of the dollar amounts contained in subsection (b) with respect to taxable years beginning in the succeeding calendar year.

"(2) METHOD OF PRESCRIBING DOLLAR AMOUNTS.—The dollar amounts which under paragraph (1) are to apply in lieu of the dollar amounts contained in subsection (b) with respect to taxable years beginning in any succeeding calendar year shall be prescribed—

"(A) by increasing the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed under such table by the gross national product deflator adjustment for such calendar year, and

"(B) by not changing the rate applicable to any rate bracket as adjusted under subparagraph (A).

If any increase determined under subparagraph (A) is not a multiple of $10, such increase shall be rounded to the nearest multiple of $10 (or if such increase is a multiple of $5, such increase shall be increased to the nearest multiple of $10).

"(3) GROSS NATIONAL PRODUCT DEFLATOR ADJUSTMENT.—For purposes of paragraph (1), the gross national product deflator adjustment for any calendar year is a percentage equal to 85 percent of the percentage (if any) by which—

"(A) the implicit price deflator for the gross national product for the calendar year, exceeds

"(B) the implicit price deflator for the gross national product for calendar year 1979.

"(4) GROSS NATIONAL PRODUCT DEFLATOR FOR ANY CALENDAR YEAR.—For purposes of paragraph (3), the implicit price deflator for the gross national product for any calendar year is the average of the implicit price deflator for the gross national product for the quarter ending in the 4-quarter period ending on September 30 of such calendar year.

"(5) GROSS NATIONAL PRODUCT IMPLICIT PRICE DEFLATOR.—For purposes of this subsection, the term 'implicit price deflator for the gross national product' means the first revision of the implicit price deflator for the gross national product published by the Secretary of Commerce."

SEC. 202. EFFECTIVE DATES.

The amendments made by section 201 of this title shall apply to taxable years beginning after December 31, 1981.

TITLE III—CAPITAL ASSETS

SEC. 301. ADJUSTMENTS TO BASIS OF CAPITAL ASSETS.

(a) IN GENERAL.—Part II of subchapter O of chapter 1 (relating to basic rules of general application) is amended by redesignating section 1024 as section 1025 and by inserting after section 1023 the following new section:

"SEC. 1024. INDEXING OF CERTAIN ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

"(a) GENERAL RULE.—If an indexed asset is sold or exchanged in a taxable transaction, for purposes of determining gain or loss on the transaction (but for no other purpose) the indexed basis of the asset shall be substituted for its adjusted basis.

"(b) INDEXED ASSET.—

"(1) IN GENERAL.—For purposes of this section, the term 'indexed asset' means—

"(A) stock which is common stock or possesses most of the attributes of common stock,

"(B) tangible personal property, and

"(C) real property,

which has been held for more than 1 year and which is a capital asset or property used in the trade of business (as defined in section 1231(b)).

"(2) CERTAIN PROPERTY EXCLUDED.—

"(A) IN GENERAL.—The term 'indexed asset' does not include stock in—

"(i) an electing small business corporation (within the meaning of section 1371(b)),

"(ii) a regulated investment company (within the meaning of section 851(a)),

"(iii) a real estate investment trust (within the meaning of section 856(a)),

"(iv) a foreign corporation, and

"(v) a personal holding company (as defined in section 542).

"(B) COLLAPSIBLE CORPORATION.—In the case of a sale, exchange, or distribution to which section 341(a) (relating to collapsible corporations) applies, such transaction shall not be treated as a sale or exchange of an indexed asset to which subsection (a) applies.

"(c) INDEXED BASIS.—For purposes of this section—

"(1) INDEXED BASIS.—The indexed basis for any asset is—

"(A) the adjusted basis of the asset, multiplied by

"(B) the applicable inflation ratio.

"(2) APPLICABLE INFLATION RATIO.—The applicable inflation ratio for any asset is the percentage equal to 85 percent of the percentage arrived at by dividing—

"(A) the CPI for the calendar month in which the sale or exchange takes place, by

"(B) the CPI for the calendar month in which the holding period of the asset began.

The applicable inflation ratio shall not be taken into account unless it is greater than 1. The applicable inflation ratio for any asset shall be rounded to the nearest one-tenth of 1 percent.

"(3) CONSUMER PRICE INDEX FOR CALENDAR MONTH.—The Consumer Price Index for any calendar month is the Consumer Price Index for all-urban consumers for such month. In the case of any month for which there is no Consumer Price Index for all-urban consumers, the Secretary shall, by regulation, prescribe an index which is similar to such index.

"(d) TAXABLE TRANSACTION.—For purposes of this section, the term 'taxable transaction' means a sale or exchange in which gain or loss is recognized in whole or in part to the person disposing of the asset.

"(e) SPECIAL RULES.—For purposes of this section—

"(1) TREATMENT AS SEPARATE ASSET.—In the case of any asset, the following shall be treated as a separate asset:

"(A) a substantial improvement to property,

"(B) in the case of a corporation, a substantial contribution to capital or a substantial reduction in capital,

"(C) in the case of a transaction in which gain or loss is recognized only in part, that portion of the asset to which the recognized gain or loss is property attributable, and

"(D) any other portion of an asset to the extent that separate treatment of such portion is appropriate to carry out the purposes of this section.

"(2) ASSETS WHICH ARE NOT INDEXED ASSETS THROUGHOUT HOLDING PERIOD.—

"(A) IN GENERAL.—The applicable inflation ratio shall be appropriately reduced for calendar months at any time during which the asset (or the predecessor asset) was not an indexed asset.

"(B) CERTAIN SHORT SALES.—For purposes of applying subparagraph (A), an asset shall be treated as not an indexed asset for any short sale period during which the taxpayer or the taxpayer's spouse sells short property substantially identical to the asset. For purposes of the preceding sentence, the short sale period begins on the day after the substantially identical property is sold and ends on the closing date for the sale.

"(3) SECTION CANNOT INCREASE ORDINARY LOSS UNDER SECTION 1231.—To the extent that (but for this paragraph) this section would create or increase the net ordinary loss to which the second sentence of section 1231(a) applies, such second sentence shall not apply. The taxpayer shall be treated as having a long-term capital loss in an amount equal to the amount of the net ordinary loss to which the preceding sentence applies.

"(f) SALES BETWEEN RELATED PERSONS.—

"(1) IN GENERAL.—This section shall not apply to any sale or exchange between related persons.

"(2) RELATED PERSONS DEFINED.—For purposes of this section, the term 'related persons' means—

"(A) persons bearing a relationship set forth in section 267(b), and

"(B) persons treated as single employer under subsection (b) or (c) of section 414.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section."

(b) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 of such Code is amended by striking out the item relating to section 1024 and inserting in lieu thereof the following:

"Sec. 1024. Indexing of certain assets for purposes of determining gain or loss.

"Sec. 1025. CROSS REFERENCES."

SEC. 302. EFFECTIVE DATE.

The amendments made by section 301 of this title shall apply to dispositions after December 31, 1981, in taxable years ending after such date.

TITLE IV—DEPRECIATION

SEC. 401. ALLOWANCE ONLY OF REPLACEMENT COST STRAIGHT LINE DEPRECIATION AND OTHER CONSISTENT METHODS OF DEPRECIATION.

(a) IN GENERAL.—

(1) USE OF CERTAIN METHODS AND RATES.—Subsection (b) of section 167 of the Internal Revenue Code of 1954 (relating to depreciation) is amended to read as follows:

"(b) USE OF CERTAIN METHODS AND RATES.—The term 'reasonable allowance', as used in subsection (a), shall include (but shall not be limited to) an allowance computed in accordance with regulations prescribed by the Secretary, under any of the following methods:

"(1) the replacement cost straight line method, and

"(2) any other consistent method productive of an annual allowance which, when added to all allowances for the period commencing with the taxpayer's use of the property and including the taxable year, does not, during the first two-thirds of the useful life of the property, exceed a total of such allowances which would have been used had such allowances been computed under the method described in paragraph (1).

Nothing in this subsection shall be construed to limit or reduce an allowance otherwise allowable under subsection (a)."

(2) LIMITATIONS ON USE OF CERTAIN METHODS AND RATES.—Subsection (c) of section 167 of such Code is amended by striking out ", (3), and (4)".

(3) REPEAL OF SPECIAL RULES.—Subsections (f), (i), (j), and (l) of section 167 of such Code are hereby repealed and subsections (g), (h), (k), (m), (n), (o), (p), (q), (r), and (s) of such sections are redesignated as subsections (f), (g), (h), (i), (j), (k), (l), (m), (n), and (o) respectively.

(4) REPLACEMENT COST STRAIGHT LINE METHOD.—Subsection (e) of section 167 of such Code is amended to read as follows:

"(e) REPLACEMENT COST STRAIGHT LINE METHOD.—For purposes of this section, the term 'reasonable allowance' as used in subsection (a), when computed under the replacement cost straight line method for any period, means an allowance for such period equal to—

"(1) a percentage the numerator of which is the number of months in such period and the denominator of which is the number of months in the useful life of the property with respect to which the allowance is claimed, multiplied by

"(2) the lowest of—

"(A) an amount equal to the basis of such property, adjusted in accordance with an index, under regulations prescribed by the Secretary which reflects 85 percent of any increase from the preceding period in the value of such property by reason of inflation.

"(B) the cost (determined at the end of such period) to the taxpayer of purchasing property identical to such property,

"(C) the cost (determined at the end of such period) to the taxpayer of reproducing such property, or

"(D) the cost (determined at the end of such period) to the taxpayer of purchasing property which performs functions equivalent to the functions provided by the property for which the allowance is claimed."

(5) ADJUSTED BASIS FOR DETERMINING GAIN.—Subsection (f) of section 167 of such Code (as redesignated by paragraph (3)) is amended to read as follows:

"(f) ADJUSTED BASIS FOR DETERMINING GAIN.—Notwithstanding any other provisions of this subtitle, under regulations prescribed by the Secretary, for purposes of determining the gain on the sale or other disposition during the taxable year of property with respect to which the deduction under subsection (a) is allowable for such year, the adjusted basis on such property shall be equal to—

"(1) the amount so allowable with respect to such property for such year, multiplied by

"(2) the number of years of the useful life of such property with respect to the taxpayer for which such deduction was so allowable to the taxpayer."

(b) Technical and Conforming Amendments.—

(1) ADDITIONAL FIRST-YEAR DEPRECIATION ALLOWANCE FOR SMALL BUSINESS.—

(A) ESTATES.—Paragraph (5) of section 179(d) of the Internal Revenue Code of 1954 (relating to definitions and special rules) is amended by striking out "167(h)" and inserting in lieu thereof "167(g)".

(B) ADJUSTMENT TO BASIS; WHEN MADE.—Paragraph (9) of section 179(d) of such Code is hereby repealed.

(2) AMORTIZATION OF REAL PROPERTY CONSTRUCTION PERIOD INTEREST AND TAXES.—

(A) RESIDENTIAL REAL PROPERTY.—Paragraph (4) of section 189(e) of such Code (relating to definitions) is amended by striking out "section 167(j)(2)(B)" and inserting in lieu thereof "paragraph (6)", and by striking out "section 167(k)(3)(C)" and inserting in lieu thereof "section 167(h)(3)(C)".

(B) RESIDENTIAL RENTAL PROPERTY DEFINED.—Subsection (e) of section 189 of such Code (relating to amortization of real property construction period interest and taxes) is amended by adding at the end thereof the following new paragraph:

"(6) RESIDENTIAL RENTAL PROPERTY.—The term 'residential rental property' means, with respect to a taxable year, a building or structure if 80 percent or more of the gross rental income from such building or structure for such year is rental income from dwelling units (within the meaning of section 167(h)(3)(C)). For purposes of the preceding sentence if any portion of such building or structure is occupied by the taxpayer the gross rental income from such building or structure shall include the rental value of the portion so occupied."

(3) EFFECT ON EARNINGS AND PROFITS.—Paragraph (2) of section 312(k) of such Code (relating to effect of depreciation on earnings and profits) is amended to read as follows:

"(2) EXCEPTION.—If for any taxable year a method of depreciation was used by the taxpayer which the Secretary has determined results in a reasonable allowance under section 167(a), and which is not a method allowable solely by reason of the application of section 167(b)(2), then the adjustment to earnings and profits for depreciation for such year shall be determined under the method so used (in lieu of the replacement cost straight line method)."

(4) CARRYOVER IN CERTAIN CORPORATE ACQUISITIONS.—Paragraph (6) of section 381(c) of such Code (relating to items of the distributor or transferor corporation) is amended by striking out ", (j), and (k)" and inserting in lieu thereof "and (h)".

(5) DEDUCTION FOR CONTRIBUTIONS OF EMPLOYER TO AN EMPLOYEE'S TRUST OF ANNUITY PLAN AND COMPENSATION UNDER A DEFERRED-PAYMENT PLAN.—

(A) IN GENERAL.—Subparagraph (C) of section 404(a)(1) of such Code is amended by striking out "section 167(1)(3)(A)(iii)" and inserting in lieu thereof "subsection (h)".

(B) DEFINITION OF CERTAIN SERVICES.—Section 404 of such Code is amended by adding at the end thereof the following new subsection:

"(h) CERTAIN COMMUNICATIONS SERVICES.—For purposes of this section, the services described in this subsection are telephone services, or other communications services if furnished or sold by the Communications Satellite Corporation for purposes authorized by the Communications Satellite Act of 1962 (47 U.S.C. 701), if the rates for the furnishing or sale of such services, as the case may be, have been established or approved by a State or political subdivision thereof, by any agency or instrumentality of the United States, or by a public service or public utility commission or other similar body of any State or political subdivision thereof."

(6) SPECIAL RULES FOR CREDITS AND DEDUCTIONS.—Subsection (e) of section 642 of such Code (relating to special rules for credits and deductions) is amended by striking out "167(h)" and inserting in lieu thereof "167(g)".

(7) GAIN FROM DISPOSITIONS OF CERTAIN DEPRECIATION REALTY.—

(A) APPLICABLE PERCENTAGE FOR ADDITIONAL DEPRECIATION AFTER DECEMBER 31, 1975.—Clause (iii) of section 1250(a)(1)(B) of such Code (relating to applicable percentage) is amended by striking out "167(k)" and inserting in lieu thereof "167(h)".

(B) APPLICABLE PERCENTAGE FOR ADDITIONAL DEPRECIATION AFTER DECEMBER 31, 1969, AND BEFORE JANUARY 1, 1976.—Subparagraph (B) of section 1250(a)(2) of such Code (relating to additional depreciation after December 31, 1969, and before January 1, 1976) is amended by striking out "167(j)(2)(B)" and inserting in lieu thereof "189(e)(6)" and by striking out "167(k)" and inserting in lieu thereof "167(h)".

(C) ADDITIONAL DEPRECIATION ATTRIBUTABLE TO REHABILITATION EXPENDITURES.—Paragraph (4) of section 1250(b) of such Code (relating to additional depreciation defined) is amended by striking out "167(k)" each place it appears and inserting in lieu thereof "167(h)".

SEC. 402. EFFECTIVE DATE.

The amendments and the repeals made by section 401 of this title shall apply to taxable years beginning after the date of the enactment of this Act.

[Shannon, John and Lucke, Robert of the Advisory Commission on Intergovernmental Relations, "State Experimentation With Indexed Income Taxes—Early Results," November 28, 1980]

SUMMARY

The indexation of income taxes for inflation can be judged a success because it has scored well on three key tests in actual state operation.

1. The political accountability test: By preventing taxpayers from being pushed into higher tax brackets by inflation, full indexation both eliminated tax windfalls and strengthened political accountability.

2. The tax equity test: By preventing unlegislated shifts in tax burdens among classes of taxpayers, full indexation both maintained the integrity of the progressive tax structures and shielded low income taxpayers from disproportionate tax hikes.

3. The fiscal discipline test: By slowing down the rapid growth in income tax receipts, indexation has both forced state policymakers to take a harder look at their expenditure priorities and has provided the Post Proposition 13 era with a "moderate" way to check the growth of the public sector.

The success of these indexation experiments does not necessarily insure rapid adoption of the indexation idea in other states. This cautious outlook is based on two factors which have inhibited the spread of the indexation idea. First, the 1980 economic downturn has substantially reduced the growth in receipts from all major state taxes. In so doing, the recession has provided opponents with an opportunity to blame indexation for the budget squeeze currently experienced by several of the indexation states. This criticism fails to recognize that these budget deficits were caused primarily by the detrimental effects of the recession on all major tax yields—not by indexation.

The second barrier to indexation is the clash in value systems. The two primary virtues of indexation—the strengthening of political accountability and fiscal discipline—collide head-on with the politician's instinct for survival and desire for fiscal flexibility. This clash of values was recently underscored by a lieutenant governor who was about to become governor. After listening to a legislative witness make the case for indexation of the state income tax, this official confided privately to the witness, "There's no question about it, indexation is a sound public policy. Our state should index its personal income tax." And then with a wink he added, "I just hope we don't get it until after I leave the governor's office." To paraphrase Shakespeare, fiscal truth is often uttered in political jest.

Despite these barriers, indexation appears to be an idea whose time has come—only a dramatic and permanent drop in the rate of inflation could reduce its attractiveness as an instrument of fiscal accountability.

By Mr. BRADLEY (for himself, Mr. WEICKER, and Mr. JOHNSTON):

S.J. Res. 46. Joint resolution declaring "United States Tennis Association Day"; to the Committee on the Judiciary.

U.S. TENNIS ASSOCIATION DAY

Mr. BRADLEY. Mr. President, I send to the desk a joint resolution, requesting that President Reagan authorize and proclaim May 21, 1981, as "U.S. Tennis Association Day" in order to commemorate the 100th anniversary of the founding of the United States Tennis Association on May 21, 1881.

The U.S. Tennis Association was the first national organization in the United States dedicated to amateur tennis. In light of the fact that for the past century the U.S. Tennis Association has provided a great service to this country by encouraging individual personal fitness, through amateur athletics, I respectfully encourage my fellow colleagues to support this joint resolution.

Mr. President, I ask unanimous consent that the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 46

Whereas personal fitness is valuable to the health of individuals as well as to the health of the nation; and

Whereas organized, amateur athletics are effective in encouraging individual participation in sports and encourage personal fitness; and

Whereas the United States Tennis Association was the first national organization dedicated to amateur tennis, and one of the first amateur athletic associations in the world; and

Whereas amateur athletics should be encouraged for the good of the nation, and the United States Tennis Association, as a long time organizer of amateur athletics, is deserving of the support of the President: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to proclaim May 21, 1981 as "United States Tennis Association Day" to commemorate the one hundredth anniversary of the founding of the United States Tennis Association on May 21, 1881.

ADDITIONAL COSPONSORS

S. 8

At the request of Mr. DOLE, the Senator from Kansas (Mrs. KASSEBAUM) was added as a cosponsor of S. 8, a bill to amend the Internal Revenue Code of 1954 to clarify the standards used for determining whether individuals are not employees for purposes of the employment taxes.

S. 20

At the request of Mr. SASSER, the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of S. 20, a bill to amend title 18 of the United States Code to prohibit the robbery of a controlled substance from a pharmacy.

S. 23

At the request of Mr. DOLE, the Senator from Kansas (Mrs. KASSEBAUM) was added as a cosponsor of S. 23, a bill to amend the Internal Revenue Code of 1954 with respect to the special valuation of farm property for purposes of the estate tax.

S. 29

At the request of Mr. LUGAR, the Senator from Utah (Mr. GARN), the Senator from Iowa (Mr. JEPSEN), the Senator from North Carolina (Mr. HELMS), the Senator from Utah (Mr. HATCH), and the Senator from Texas (Mr. TOWER) were added as cosponsors of S. 29, a bill to repeal the Federal requirement of incremental pricing under the Natural Gas Policy Act of 1978.

S. 160

At the request of Mr. SCHMITT, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 160, a bill to authorize the Secretary of Agriculture to convey certain National Forest System lands, under specified conditions, to direct the Secretary of Interior to certify survey monuments within 180 days, and for other purposes.

S. 195

At the request of Mr. GOLDWATER, the Senator from Indiana (Mr. QUAYLE), and the Senator from Virginia (Mr. WARNER) were added as cosponsors of S. 195, a bill to incorporate the U.S. Submarine Veterans of World War II.

S. 270

At the request of Mr. D'AMATO, his name was added as a cospsonsor of S. 270, a bill to amend the Communications Act of 1934 in order to encourage and develop marketplace competition in the provision of certain radio services and to provide certain deregulation of such radio services, and for other purposes.

S. 307

At the request of Mr. COCHRAN, the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Louisiana (Mr. JOHNSTON) were added as cosponsors of S. 307, a bill to amend the Internal Revenue Code of 1954 to exempt from the windfall profit tax oil produced from interests held by or for residential child care agencies.

S. 321

At the request of Mr. BENTSEN, the Senator from Delaware (Mr. ROTH), and the Senator from Maine (Mr. MITCHELL) were added as cosponsors of S. 321, a bill to amend section 265 of the Internal Revenue Code of 1954 with respect to the deduction, by certain financial institutions, of interest paid on deposits of public funds where those deposits are secured by tax-exempt obligations.

S. 329

At the request of Mr. PELL, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 329, a bill to amend the Internal Revenue Code of 1954 to provide a credit against tax for certain home heating costs.

S. 351

At the request of Mr. WALLOP, the Senator from Iowa (Mr. JEPSEN), and the Senator from Louisiana (Mr. JOHNSTON) were added as cosponsors of S. 351, a bill to amend the Federal Mine Safety and Health Amendments Act of 1977 to provide that the provisions of such act shall not apply to the surface mining of stone, clay, and sand work.

S. 407

At the request of Mr. ABDNOR, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 407, a bill to authorize a study of the feasibility of Federal development of the water resources of the I'Santi Unit of the Missouri Riven Basin located on the Flandreau Santee Sioux Reservation, South Dakota.

S. 409

At the request of Mr. JOHNSTON, the Senator from North Dakota (Mr. ANDREWS), and the Senator from Nebraska (Mr. ZORINSKY) were added as cosponsors of S. 409, a bill to provide specific standby authority to deal with petroleum supply interruptions, and for other purposes.

S. 475

At the request of Mr. DURENBERGER, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 475, a bill to amend the Internal Revenue Code of 1954 to clarify the definition of specially defined energy property for purposes of the investment tax credit.

S. 545

At the request of Mr. ABDNOR, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 545, a bill to authorize a study of the feasibility of Federal development of the water resources of the Little White River Unit located on the Rosebud Sioux Indian Reservation, South Dakota.

S. 568

At the request of Mr. ARMSTRONG, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 568, a bill

to amend the Federal Mine Safety and Health Act of 1977.

S. 574

At the request of Mrs. KASSEBAUM, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 574, a bill to amend the Internal Revenue Code of 1954 to allow the estate of a decedent a deduction for certain bequests of interests in property used in farms or other trades or businesses, and for other purposes.

S. 653

At the request of Mr. THURMOND, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of S. 653, a bill to amend title 28 of the United States Code to modify habeas corpus procedures.

S. 683

At the request of Mr. DOLE, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 683, a bill to amend the Internal Revenue Code of 1954 to encourage economic growth through reduction of the tax rates for individual taxpayers and acceleration of capital cost recovery of investment in plant, equipment, and real property.

SENATE JOINT RESOLUTION 20

At the request of Mr. SASSER, the Senator from Michigan (Mr. RIEGLE), the Senator from Georgia (Mr. NUNN), the Senator from California (Mr. CRANSTON), the Senator from Michigan (Mr. LEVIN), the Senator from Minnesota (Mr. DURENBERGER), and the Senator from Kentucky (Mr. HUDDLESTON) were added as cosponsors of Senate Joint Resolution 20, a joint resolution to designate the month of April 1981 as Gospel Music Month.

SENATE CONCURRENT RESOLUTION 5

At the request of Mr. LUGAR, the Senator from California (Mr. HAYAKAWA), the Senator from Nebraska (Mr. EXON), the Senator from Ohio (Mr. METZENBAUM), the Senator from Wisconsin (Mr. KASTEN), the Senator from New York (Mr. D'AMATO), and the Senator from Florida (Mr. CHILES) were added as cosponsors of Senate Concurrent Resolution 5, a concurrent resolution expressing the sense of the Congress with respect to the imprisonment and treatment by the Government of the Soviet Union of Dr. Viktor Brailovsky, and for other purposes.

SENATE RESOLUTION 87

At the request of Mr. HEINZ, the Senator from Arizona (Mr. GOLDWATER), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Arizona (Mr. DECONCINI) were added as cosponsors of Senate Resolution 87, a resolution expressing the sense of the Senate that the Congress not enact legislation to tax social security benefits, and for other purposes.

SENATE RESOLUTION 93—RESOLUTION AUTHORIZING PRINTING OF ADDITIONAL COPIES OF A REPORT OF THE SPECIAL COMMITTEE ON AGING

Mr. HEINZ (for himself and Mr. CHILES) submitted the following resolution; which was referred to the Committee on Rules and Administration:

S. RES. 93

Resolved, That there shall be printed for the use of the Special Committee on Aging the maximum number of copies of part 1 of its annual report to the Senate, entitled "Developments in Aging: 1980", which may be printed at a cost not to exceed $1,200.

AMENDMENTS SUBMITTED FOR PRINTING

IMPROVEMENT OF NATION'S AIRPORTS AND AIRWAYS

AMENDMENT NO. 7

(Ordered to be printed and referred to the Committee on Commerce, Science, and Transportation.)

Mr. CANNON (for himself and Mrs. KASSEBAUM) submitted an amendment intended to be proposed by them to the bill (S. 508) to provide for the improvement of the Nation's airport and airways system, and for other purposes.

● Mr. CANNON. Mr. President, today Senator KASSEBAUM and I are introducing an amendment to S. 508, the Airport and Airway System Development Act of 1981, which will provide badly needed relief to U.S. and foreign citizens traveling into the United States by air.

Last summer at Los Angeles International Airport, passengers waited in excess of 4 hours to get through customs lines, and this summer is expected to be worse. In Miami the average time to clear customs is 2 hours, and likewise at several of the JFK terminals 2 to 3 hours is not unusual. In addition, some of these waiting lines in the terminal are encountered after an hour spent in the airplane on the ground waiting for an aircraft gate position to come open. My colleagues and I believe that such passenger inconvenience is neither acceptable nor necessary.

Frankly, I find the term "inconvenience" as a description of what we are doing to our incoming international travelers entirely too mild—"harassment" would be much more accurate. And, as one who is interested not only in the Nevadans being harassed by these procedures but also the international travelers attracted to our Nevada tourist destinations, I am committed to working on a change in our archaic screening procedures. Further, the administration's proposed cuts in the Customs Service budget make this change in procedure even more imperative if we do not want the lines to make still another quantum jump in length.

The Customs Service has historically rejected the suggestions of adopting up-to-date, statistical methods of screening as opposed to giving every single incoming passenger a cursory and incomplete examination. This is analogous to auditing every citizen's tax return as the method of finding tax evaders. If the Customs Service methods were used by the IRS we would still be auditing returns from the 1940's.

This amendment would require an experiment at five major airports with an internationally proven method of statistical screening. It also would require the establishment of one preclearance station in Europe in order to ease the passenger volume at U.S. airport inspection points. The total cost of these experiments would be less than $700,000 and would be taken out of the airport and airway trust fund which enjoys a $3.7 billion surplus, part of which was contributed by an international departure tax of $3 per person.

The following is a specific description of the screening method we would require:

This bill would establish a pilot program for preclearance of passengers and baggage entering the United States by air from Europe, and for inspection of passengers and baggage by sampling techniques at U.S. gateway airports.

The dual channel or red/green system is a simplified customs control which enables customs authorities to improve the flow of passenger traffic at international airports and to deal efficiently with the increasing number of passengers without reducing the effectiveness of the control and without a corresponding increase in the number of customs staff.

The system will allow the passengers to choose between two types of channels:

First. One (green channel) for passengers having with them no goods or only goods which can be admitted free of import duties and taxes and which are not subject to import prohibitions or restrictions; and

Second. The other (red channel) for other passengers.

Each channel will be clearly and distinctively marked so that the choice between them can easily be understood by passengers.

Passengers must be sufficiently well informed to choose between the channels. For this purpose it is important:

First. That passengers be informed about the functioning of the system and about the descriptions and quantities of goods they may have with them when using the green channel. This may be done by means of posters or panels at the airport or by means of leaflets available to the public at the airport or distributed through tourist agencies, airlines, and other interested bodies; and

Second. That the route to the channels be clearly signposted.

The channels will be located beyond the baggage delivery area so that passengers have all their baggage with them when choosing their channel. Moreover, the channels shall be so arranged that the passenger flow from that area to the exits from the airport is as direct as possible.

In the green channel passengers shall not be subject to any customs formalities but the customs will make spot checks according to statistical models and personality "profiles" developed by the service; in the red channel passengers shall accomplish the formalities required by the customs.

Clearance of individuals is substantially quicker—including those passengers who elect to enter the red channel or who are among the small control sample chosen for interview by Customs officials in the green area. Greatest benefit is to the vast majority of passengers who

might least expect difficulties at the customs clearance point. These include bona fide tourists and business travelers who are least likely to exceed customs concessions.

Queueing and general waiting time is reduced creating favorable impressions on visitors, especially those arriving in an airport for the first time.

Customs authorities in those countries which have adopted the dual-channel system believe further advantages will accrue to passengers as more countries adopt the Customs Cooperation Council standards bringing greater understanding of the procedures.

Introduction of the dual-channel system brings immediate benefit to States who receive large and growing numbers of international passengers since growth in passenger traffic can be contained without a proportionate increase in customs staff.

Longer term benefits include the dual-system believe that control over illegal imports is, if anything. enhanced by the procedures followed since selective examination enables greater concentration to be placed on those passengers likely to attempt customs evasions.

Mr. President, I ask my colleagues support for this amendment and end our harassment of the international travelers entering the United States.●

NOTICE OF HEARINGS

SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT

Mr. PACKWOOD. Mr. President, the Subcommittee on Taxation and Debt Management of the Senate Finance Committee will hold a hearing at 10 a.m. on Monday, March 16, 1981. I have scheduled four bills for the hearing. The four bills are:

First. S. 483, introduced by Senators CANNON and LAXALT, to exempt certain State-regulated wagering from the 2-percent Federal excise tax on wagering;

Second. S. 502, introduced by Senators MOYNIHAN and WALLOP, to exempt qualifying foreign pension plans from the 30-percent withholding tax on foreign investments in the United States;

Third. S. 565, introduced by Senator STEVENS, to increase the dollar limit for the moving expense deduction; and

Fourth. S. 352, which I introduced, to assure that the Federal political contributions income tax credit applies to contributions to a political organization whether used for or against candidates.

The purpose of this statement is to briefly explain the issues raised by these bills. This may help you chart the progress of tax legislation before the Taxation Subcommittee. It also helps assure greater public awareness of tax bills coming before hearings.

EXEMPTION FROM WAGERING EXCISE TAX FOR WAGERS REGULATED BY STATES—S. 483

S. 483, introduced by Senators CANNON and LAXALT, exempts wagers authorized by State law from the 2-percent Federal excise tax on wagering. It also exempts persons authorized by State or local law to engage in the business of accepting wagers from the $500 occupational tax.

Under present law, a 2-percent excise tax is imposed on the amount of certain wagers. In addition, an occupational tax of $500 per year is imposed on persons in the wagering business.

Senators CANNON and LAXALT believe that application of this tax to State regulated wagering makes it more difficult for licensed wagering operators to compete against unlicensed or illegal operators. They also believe that elimination of the tax in these cases would not hamper law enforcement because of continued State regulation.

The Senate Finance Committee approved the provisions of this bill twice in 1980. However, it was not enacted.

The Joint Committee on Taxation has estimated that this bill would reduce budget receipts by $3 million in fiscal year 1981, $14 million in fiscal year 1982, increasing gradually to $20 million in fiscal year 1986.

TAX EXEMPTION FOR FOREIGN PENSION PLANS—S. 502

S. 502, introduced by Senators MOYNIHAN and WALLOP, exempts certain foreign pensions from U.S. tax. The principal effect of the bill is to exempt foreign pension plans from the so-called 30-percent withholding tax applicable to certain foreign investment in the United States—unless the 30-percent rate is reduced by an income tax treaty.

In addition, the bill permits life insurance companies to exclude from income the current earnings of qualifying foreign pensions, and also to eliminate any capital gains tax on assets held in a separate account.

The sponsors of the bill believe that enactment of the bill would help increase investments by foreign pension plans in the United States. The bill is also intended to treat bona fide foreign pension plans more like pension plans qualifying under U.S. law.

The bill includes several restrictions to assure that tax exemption is restricted to bona fide pension plans. First, the assets of the foreign pension plan would be required to be segregated from the assets of the employer maintaining the plan. Second, the foreign pension plan would be required to be exempt from taxation, or qualify for a reduced rate of taxation, in its home country. Third, the foreign pension plan would have to be maintained to provide benefits to employees who are primarily nonresident alien individuals.

Like U.S. pension plans. foreign pension plans would be subject to the tax on unrelated business income if S. 502 is enacted.

The revenue loss from S. 502 is not yet available. It will be added to the March 16 hearing record.

MOVING EXPENSE DEDUCTION—S. 565

S. 565, introduced by Senator STEVENS. liberalizes dollar limits applicable to replacing a personal residence in connection with the moving expenses deduction.

Internal Revenue Code section 217 permits employees to deduct certain moving expenses in connection with beginning work at a new location. This includes the cost of moving household goods, and traveling expenses for the employee and his or her family.

It also includes up to $1,500 ($4,500 for foreign moves) for house-hunting expenses and temporary living expenses (up to 30 days). Additionally, it includes up to $3,000 (reduced by the amount of house hunting expenses and temporary living expenses) for certain costs of selling the old residence, settling the old lease, buying a new residence, or acquiring a new lease. For foreign moves, a $6,000 limit is substituted for the $3,000 limit.

S. 565 changes the dollar limits applicable to the portion of the deduction related to replacing the residence. For expenses relating to the sale or purchase of a home, the limit is raised to the applicable maximum reimbursement for Federal employees, now $12,000.

For expenses relating to the cancellation or acquisition of a lease the limit would be $2,500, less qualifying costs of purchasing a new residence.

The $12,000 and $2,500 limits apply to both foreign and domestic moves under S. 565.

S. 565 retains the $1,500 limit applicable to house-hunting expenses and temporary living expenses.

The revenue effect of this bill is not yet available, but will be entered into the March 16 hearing record.

POLITICAL CONTRIBUTIONS TAX CREDITS FOR EXPENDITURES AGAINST A CANDIDATE—S. 352

S. 352, which I introduced, in effect reverses a position taken by the Internal Revenue Service in letter rulings in Februray 1980. Those rulings held that the 50-percent Federal political contributions income tax credit is not available for "negative" campaign expenditures.

The letter rulings were based on Internal Revenue Code section 41(c)(1)(B) which, in part, provides that the political contributions tax credit is available for contributions to political organizations "* * * to further the candidacy * * *" of individuals for nomination or election.

The Internal Revenue Service has interpreted this to deny the political contribution tax credit for "negative" campaigns. In my opinion, this interpretation is not based on congressional intent, will discourage citizen participation in political campaigns, and will protect well-ensconced incumbents from some public scrutiny.

For example, one effect of the ruling is to block availability of the tax credit for contributions to be used to start a fund for the purpose of which is to build public opinion toward an alternative to an unopposed incumbent.

S. 352 deletes from section 41 the language that the contribution be used to further a candidacy.

The American Civil Liberties Union of New York, the Chamber of Commerce of the United States. and the National Conservative Political Action Committee favor this bill.

ADDITIONAL STATEMENTS

WE MUST PROTECT SOCIAL SECURITY BENEFICIARIES

● Mr. SASSER. Mr. President, last week I joined 29 of my colleagues in sponsoring Senate Resolution 87, expressing the

Senate's disapproval of proposals to tax social security benefits. I am taking this opportunity to outline my reasons for lending my support to this worthwhile legislation.

Forty-six years ago, when Congress enacted the Social Security Act of 1935, a tax equivalent was already figured into the benefits payable to eligible recipients. The Internal Revenue Service has since 1941 considered social security benefits as nontaxable income. But there are several more convincing reasons—very human reasons—why social security benefits should not be taxed.

Elderly Americans currently pay 10 percent of all personal income taxes. That is 11 percent of the population, Mr. President, paying one-tenth the tax burden; clearly the Nation's senior citizens are carrying their fair share of the burden. On the average, the American worker's postretirement income is one-half to two-thirds of preretirement earnings. Over three-quarters of our retired population receives income from the social security system, with as many as one-fifth that number wholly dependent on social security benefits.

Perhaps more importantly, senior citizens are hit hard by inflation. The consumption patterns of retired persons are not substantially different after 65 than in the preretirement years, and in fact the elderly spend proportionately more of their income on food, housing, and medical expenses than younger households. In the 4 years between 1972 and 1976, the percentage increase in the cost of food, fuel oil, housing, medical care, and hospital charges—services heavily utilized by the older population—rose at a faster pace than the overall Consumer Price Index for the same period.

Therefore, Mr. President, it is important to remember who we will protect by passing this resolution. We will be protecting the senior citizen who cannot afford to pay taxes on his or her postretirement benefits. We will be protecting the men and women who, after a lifetime of hard work, cannot be asked to shoulder an additional, unfair share of the Nation's tax burden. We will be protecting those unable to protect themselves against the very real income erosion caused by tax increases. And we will be sending a clear message that the Senate will not stand idly by and forget the hard work and contributions of millions of workers to the social security system.

I am pleased to be an original cosponsor of Senate Resolution 87. I am confident that the Senate will give its early approval to this resolution, and take this small step to protect all social security beneficiaries.●

THE ANNUAL REPORT OF THE JOINT ECONOMIC COMMITTEE

● Mr. JEPSEN. Mr. President, in the past 2 years, the Joint Economic Committee issued consensus reports. The Republicans on the JEC were proud to have helped forge these bipartisan reports because we believed then and believe now that their "supply-side" approach represented the best method for stopping inflation and getting our economy moving again.

This supply-side view was eloquently stated by the committee chairman, Senator LLOYD BENTSEN, in his introduction to the 1980 JEC report:

> The past has been dominated by economists who focused almost exclusively on the demand side of the economy and who, as a result, were trapped into believing that there is an inevitable trade-off between unemployment and inflation. America does not have to fight inflation during the 1980's by periodically pulling up the drawbridge with recessions that doom millions of Americans to unemployment.
>
> The Committee's 1980 report says that steady economic growth, created by productivity gains and accompanied by a stable fiscal policy and a gradual reduction in the growth of the money supply over a period of years, can reduce inflation significantly during the 1980's without increasing unemployment. To achieve this goal, the Committee recommends a comprehensive set of policies designed to enhance the productive side, the supply side of the economy. The Committee also recommends a targeted approach to the Nation's structural economic problems and deemphasis of macro-economic fine tuning.
>
> The Committee recommends that fully one-half of the next tax cut be directed to enhancing saving and investment in the economy. Traditionally, tax cuts have been viewed solely as countercyclical devices designed to shore up the demand side of the economy. The Joint Economic Committee is now on record in support of the view that tax policy can and should be directed toward improving the productivity performance of the economy over the long term and need not be enacted only to counter a recession.

In its past reports, the Joint Economic Committee blazed a new trail in economic thought by showing how the old economics has failed to solve our economic problems, that these outdated demand-side policies actually were a major cause of our economic problems and how a new supply-side approach aimed at stimulating economic growth could whip stagflation.

In this year's report, the primary goal of the Republicans was to build on those consensus reports; to improve the state of the art of supply-side economics. To accomplish this goal and to contribute substance rather than rhetoric to the national debate, the Republicans specifically addressed two major critcisms of a supply-side solution to our economic problems. To wit, that gradual reductions in the money supply will increase interest rates and across-the-board, personal, marginal tax-rate cuts are inflationary.

This 1981 JEC Republican report shows that these criticisms are part myth, part ignorance and part political confusion.

We believe that the Democrats on the Joint Economic Committee have abandoned the supply-side approach which formed the basis for consensus in the past. The Democrats have chosen instead to endorse thoroughly discredited monetary policies of fine tuning and easy money, fiscal policies to redistribute income and stimulate aggregate demand, and Government allocation of credit and other scarce resources. Stagflation has been the inevitable result of these policies in the past. We cannot endorse them now.

The 10 Republican members of the Joint Economic Committee have decided unanimously to issue our own report. We cannot sign the Democrat report. It largely affirms tried and false approaches and does not build on the 1979 and 1980 consensus reports of this committee. We recognize that it contains some constructive suggestions. However, on the whole, its recommendations are counterproductive, and its underlying logic is flawed.

Instead, the Republican members of the committee have in our report built on the committee's past consensus emphasizing saving, capital formation, slower money growth, and supply-side tax cuts. We believe that our views are right for America at this critical juncture. Let the reader judge.

I submit, for printing in the RECORD, "Republican Views on the 1981 Economic Report of the President."

The material follows:

REPUBLICAN VIEWS ON THE 1981 ECONOMIC REPORT OF THE PRESIDENT

Republican recommendations

The Nation's chief economic goal must be to increase economic growth. It is through economic growth that we can best assure economic stability and opportunity for all.

The Nation's economic ills have been the result of bad economic policies, not external shocks of defects in our free enterprise system.

We propose the following economic package to boost employment, productivity and growth and to lower inflation:

Across-the-board reduction in personal marginal income tax rates;

Business tax and depreciation reduction;

Targeted incentives for saving and investment; and

Reduction in Federal Government spending as a percentage of gross national product.

Departures from the target path of money growth to offset credit market fluctuations, supply shocks or changes in velocity simply result in higher interest rates, worse inflation and make it more difficult to implement a rational monetary policy.

A fiscal policy that aims at reducing the tax barriers to saving and production, that causes a shift of many nontaxable assets from tax exempt into taxable venture and is accompanied by reductions in the spending and borrowing burdens of government is not inflationary.

Special incentives for personal saving are absolutely necessary, especially in times of high inflation, in order for the saving rate to at least reach its historic level.

Inflation is basically the result of too great an increase in the money supply relative to the growth of goods in the economy. Beginning immediately, we must gradually reduce the rate of growth in the money supply.

A strong dollar, stability in our balance of payments and a more competitive American economy can best be achieved by stopping inflation and increasing productivity and growth.

In an effort to facilitate world trade, we should expand our Nation's export base, reduce the tax burden on U.S. workers abroad, reconsider the application of extra-territorial anti-trust laws and increase direct investment abroad. In addition, we should strengthen the capabilities of the IMF, including the disciplining of member nations which follow irresponsible domestic policies.

All government regulations should accomplish their statutory objectives in the

most cost-effective manner. When there are alternative options for achieving a particular regulatory goal, the least costly way should be adopted unless an overriding statutory goal requires the adoption of a less cost-effective alternative.

Congress and the Executive Branch should begin immediately to develop a regulatory budget to encourage government agencies to reduce the costs of regulations and provide additional incentives for agencies to develop cost-effective regulations. A regulatory budget would supplement the annual fiscal budget to give the public, Congress and the President a more comprehensive view of the Federal Government's command over resources for public purposes.

I. THE IMPORTANCE OF ECONOMIC GROWTH AND THE DECLINE OF AMERICAN PRODUCTIVITY

As the 1980's begin, the list of national priorities is lengthening: Inflation and interest rates are too high. They must be reduced. The Nation still is too dependent for its energy upon insecure foreign sources. Energy dependence must be reduced. Unemployment, and particularly minority unemployment, remains high and has debilitating effects on the social and economic condition of the country. Unemployment must be reduced. And while the poverty rate has been cut in half since the mid-1960's, the number of persons actually in poverty has risen. Poverty must be reduced. In addition:

Events in Afghanistan, Iran, Poland, and elsewhere have driven home the need for a renewed commitment to national defense. We must find the resources to meet this commitment.

In spite of vigorous environmental, health and safety initiatives, more remains to be done. We must find the resources for orderly protection and improvement of the environment, and the health and safety of all Americans.

The Nation's infrastructure—its highways, bridges, harbors, and waterways—are in various stages of decay. The process of erosion must be reversed.

Foreign competition is not only increasingly aggressive, it is increasingly effective. This competition must be met.

The answer to these problems is faster economic growth. The economy's growth has slowed in recent years. Continued slow growth will widen the gaps that have opened in recent years between expectations and realizations, particularly for minorities. As a result, a divisive struggle for income shares, which always threatens, could occur. This would be tragic. All Americans have a far greater interest in the size of the economic pie than in any feasible distribution. More rapid economic growth will transform dreams into realities, and national priorities into achievements.

Demands upon the Nation's resources are growing. These demands will tax our ingenuity and our resolve. They will stretch to the limits the Nation's productive capacity. If they are to be satisfied, economic growth must be accelerated, resources cannot be squandered, and the productivity of America's workers must rise.

Herein lies the rub: Productivity is not rising. It is falling. In 1980, output per manhour fell by 0.3 percent. In 1979, productivity declined by 0.4 percent. Without increases in productivity, real standards of living cannot be raised, it will be difficult to reduce inflation, interest rates, unemployment and poverty, to become less energy dependent and more competitive internationally, to rebuild the Nation's infrastructure, clean up the environment, improve health and safety, and improve our defense capability.

No nation can tolerate declining productivity growth—let alone absolute declines in productivity—for very long. To the obvious costs of output not produced and wants unsatisfied must be added to the potentially more costly effect of increased animosity among the Nation's diverse interest groups. As economic growth slows, struggles for bigger shares of a shrinking economic pie can cause inflation to accelerate, and will cause resource misallocations and still slower growth, more unsatisfied demands, increased animosity across and within income groups, and among labor, business, farmers and Government. In short, declining economic growth feeds on itself: Slow economic growth engenders even slower growth.

During the period from 1948 to 1979, real GNP has grown at a 3.5 percent annual rate. Growth of the Nation's stock of plant and equipment has made the most important contribution to GNP growth, followed by productivity and employment growth. According to testimony before this Committee, 1.6 percentage points of the 3.5 percent growth rate are accounted for by the growth of physical capital; 0.8 percentage points are attributable to the growth of employment, and 1.1 percentage points are explained by productivity enhancing developments.

Since 1974, real GNP growth has fallen to a 2.9 percent annual rate. Given the role in economic growth of productivity increases, and of underlying increases in the amount of capital and labor employed, this should come as no surprise. Since 1974, the growth rate of physical capital has declined in each of the economy's four major sectors relative to the 1948 to 1974 period. In the private domestic business economy—the most broadly defined sector—the annual growth rate of physical capital declined from 2.4 percent during the 1948 to 1974 period to 1.8 percent after 1974.

These changes in the growth rate of capital have played a major part in the decline in the growth of labor productivity noted above. And together, the productivity decline and the decline in the rate of capital accumulation have brought about reductions in the growth rate of output in three of the economy's four major sectors.

The only sector in which the output growth rate increased is farming. Declines in the output growth rate in the other three sectors occurred in spite of employment growth. Employment growth accelerated in the private domestic business economy, and in nonfarm, nonmanufacturing industries. In the case of manufacturing, employment growth was positive, but slower than the 1948 to 1974 rate.

The proximate cause of the decline in U.S. economic growth is no mystery. Slow growth of the Nation's capital stock is the core problem. If the capital stock had grown faster, productivity growth could have been sustained, and the expanding labor force would have been more easily accommodated. Had the economy grown since 1974 at a 3.5 rather than a 2.9 percent annual rate, real GNP, in 1972 dollars, would be $52 billion higher than it is today, real per capita income would be 3.5 percent higher, and the trade-offs which we now face among social, defense, and other programs would be less severe and easier to face. Simply stated, we have lost a full year's normal real growth in just six years.

Behind the productivity and growth decline

What explains the recent decline in the accumulation of physical capital? The answer is simple: Private investment and saving have been discouraged, both directly and indirectly, by bad economic policies.

Bad monetary policy has played a role; monetary policy which has not focused systematically on reducing the growth rate of the quantity of money. In their efforts to "fine tune" aggregate demand and restrict interest rate movements, the monetary authorities have underwritten the price explosion that has eroded real incomes, real cash flows, and the real rate of return on saving and investment. We have had the worst of all possible monetary worlds: We have had to live with increasingly volatile procyclical swings both in the growth rates of the monetary aggregates and in interest rates. These swings have greatly increased uncertainty. Moreover, the swings both in money growth and interest rates have been occurring around rising trends in both and, of course, in inflation as well. If nothing else had been wrong, it would be easy to see how both saving and investment would have been discouraged, and how investment and saving decisions would be increasingly biased toward short-term payoffs, and away from the objective of long-term economic growth and security.

But this is not all that was wrong in recent years. If monetary policy has been bad, fiscal policy has been perverse. On the one hand, the tax burden on working people and businesses has become oppressive. Inflation-induced bracket creep has reduced greatly real after-tax returns to personal effort, saving and investment, risktaking and entrepreneurship. For example, a married person, filing a joint return, with $16,001 taxable income in 1967 and the same real, inflation-adjusted income in 1980 ($35,920), was taxed at the margin by the Federal Government at 28 percent in 1967, and 43 percent in 1980. This increasing tax burden has transferred real resources to the Federal Government, and away from the private sector. In addition, depreciation allowances based upon historical rather than current costs have understated expenses and overstated profits, resulting in a rising corporate tax burden and a further transfer of command over resources to the Government.

The transfer of control over resources has been exacerbated by Federal activity in the credit markets. Total Federal borrowing—the sum of Federal borrowing and federally assisted, off-budget borrowing—rose from $24.4 billion in 1974 to $124.4 billion in 1980. This represents a compound annual growth rate of 31.2 percent! Moreover, total Federal and federally assisted borrowing has increased as a percent of the total funds raised by the nonfinancial sector in other ways—through the sale of debt securities, other forms of borrowing, and through the sale of corporate equities. Indeed, the Federal share of funds raised increased from 16 percent during the 1960's to 25 percent during the 1970's and climbed to 28 percent in 1980. In short, the allocation of funds raised in the financial markets is increasingly biased against pure private investment by the double-edged sword of Federal borrowing and federally assisted borrowing.

On- and off-budget Federal borrowing has inexorably increased Federal Government domination over the Nation's resources. The same is true of Federal off-off-budget or regulatory activity. In just 15 years, the regulated sector of the economy has increased from roughly one-tenth to about one-fourth of GNP. The regulatory mandates which have driven this extraordinary growth of regulatory activity impose both direct or compliance, and indirect costs on the economy. From the evidence available, compliance costs are currently running at more than $100 billion per year. The indirect costs—while difficult to measure—include higher product prices and reduced output and employment growth because of the necessity of meeting regulatory initiatives. Whatever the magnitude of these costs, they represent a hidden cost of regulatory mandates; a hidden cost whose effects include the displacement of discretionary, private spending.

There is little doubt that regulatory mandates generate benefits. However, the direct and indirect costs of securing these benefits ought to be minimized. This is nothing more than good economics and common sense. To achieve this result will require that de-

sign standards be abandoned in favor of performance standards and that, in general, least-cost methods of achieving regulatory goals be sought.

It is clear that the volume and growth rate of Federal on, off, and off-on-budget activity is too high. It also is clear that tax rates are too high. By discouraging work effort, saving and investment, risktaking and entrepreneurship, these expenditures impart a consumption, antisaving bias to the economy; a bias that cannot be reconciled with faster economic growth.

Federal spending policies have been equally debilitating. As the recipient of inflation-driven tax windfalls—windfalls deriving from tax bracket creep, and from decreases in the purchasing power of the public's holdings of coin and currency and the Federal Government's debt obligations—the Federal Government gains command of resources which the private sector could have used to finance the purchase of new plant and equipment, and other, productivity enhancing investments. The Government does not use its windfall gains in such ways. Rather, it allocates an increasingly large share of its receipts—76 percent in 1981—to so-called "uncontrollable" outlays. The bulk of these outlays are transfer payments intended to enable recipients to maintain consumption patterns in the face of rising prices. Obviously, the poor, the sick, the elderly and the unemployed should be helped. However, a large part of the expenditures which have been made to help them in recent years would not have been necessary if inflation and unemployment had been lower, and economic growth faster. In turn, bad economic policy—monetary, fiscal and regulatory—accounts for a major part of the economy's poor performance.

Reversing the decline of productivity and growth

The way to move up to a faster growth track is clear: The monetary and fiscal policy levers must be pushed in the right direction and kept there; specifically, monetary policy should be put on "slow" and fiscal policy on "go." An anti-inflationary, pro-growth strategy must include the following initiatives:

A steady reduction in the growth rate of the money supply;

An across-the-board reduction in personal marginal tax rates;

Reduction in business tax rates and depreciation reform;

Targeted incentives for saving and investment;

A reduction of Federal Government spending as a percent of GNP;

A reduction of off-budget borrowing by the Federal Government, and

A reduction in the regulatory burden on the private sector.

Inflation and interest rates will come down when and only when the Federal Reserve forgets about fine tuning, abandons any vestiges of "accommodation" by an interest rate targeting policy, and focuses instead on steady reductions in the growth rate of the money supply. It is equally imperative that we recognize that both personal and business marginal tax rate reductions are in order, and cut them. Business tax rate reductions are necessary to help offset rising energy and other input prices, to increase investment, risktaking and entrepreneurship, and to stimulate current output and employment. Personal marginal tax rate reductions and additional saving incentives are needed to prevent or at least slow bracket creep, to encourage work effort, saving, and a reduction of installment debt. The new personal saving, coupled with a reduction in installment debt will permit financing of additional investment (on top of that financed by new business saving).

The strategy of reduced money growth and personal and business marginal tax rate reductions is fundamentally anti-inflationary and pro-growth. Steady reductions in money growth will reduce inflation and inflationary expectations. Erosion of inflationary expectations will itself help reduce inflation. It will do so by decreasing anticipatory buying in expectation of continued high inflation. In addition, the erosion of inflationary expectations will pull down long-term interest rates relatively quickly. This will stimulate long-term investment and growth. For their part, permanent business tax rate reductions will reduce both current and future production costs, and increase the profitability of investments generally. Production and growth will increase as a result.

Business tax reductions will have desirable effects, both in the short and in the long run. In the short run—where plant and equipment is fixed—business tax reductions either slow the rate of increase, or actually reduce, costs of production. If large enough, business tax reductions can more than offset the upward pressure on costs coming from rising input prices; in particular, rising energy prices. In this event, business tax reductions would reduce costs, increase quantity willingly supplied at any given price, and thereby stimulate both current production and employment. As for the long run—where plant and equipment are not fixed—permanent business tax rate reductions can reduce the cost streams associated with investment projects. Given projected revenue streams, it follows that more projects will become economic, and investment will be stimulated. Thus, in both the short and long runs, rate reductions stimulate output, employment, and investment.

While business tax rate reductions will stimulate supply, personal marginal tax rate cuts will stimulate both demand and supply. Demand will rise via the positive effect of tax rate cuts on real disposable incomes. Supply will rise because of the positive effect of marginal tax rate cuts on real after-tax rates of return to personal effort and saving.

There can be no doubt that the absolute amount of saving will rise as a result of a personal marginal tax rate cut. While it has been decreasing, the saving rate is still positive. Therefore, some portion of the increase in real disposable income will be saved. Moreover, because they will increase after-tax return to saving, personal marginal tax rate cuts will impel an increase in the propensity to save out of disposable income. However, in these inflationary times, still greater incentives to save are needed. Inflation has reduced the saving rate in recent years, and there is now urgent need for additional saving to fuel faster economic growth. This need leads us to recommend additional saving incentives. These extra incentives should aim at increasing additionally the after-tax rate of return to saving and should center around steep reductions in the marginal tax rates on interest and dividend income. If these cuts are made, saving will rise to at least its historic level and will provide a major source of the financing needed to get the economy growing at a faster rate.

Whether marginal tax rate reductions induce additional work effort depends upon whether increases in real after-tax returns to effort are effective catalysts to additional effort. We believe they are. This reflects our judgment that the work ethic is not dead: Reward work better, and people will work harder, longer and smarter. Tax work, and people will substitute leisure and/or "underground" or untaxed activities.

To complement the strategy of slower money growth and reduced personal and business marginal tax rates, we commend, as absolutely necessary, an accompanying reduction in the burden of the Federal Government on the private sector. When tax rate cuts are combined with reductions in Federal spending, on- and off-budget borrowing, and a rational regulatory policy—one that recognizes that, whatever the benefits of regulation, its direct and indirect costs must be minimized—the heavy hand of Government will no longer prevent the economy from moving to a faster growth track.

The result of this monetary-fiscal-regulatory package will be growth in real incomes and jobs, a reduction in inflation and interest rates, an expansion of resources to clean up the environment, an increase in our competitive effectiveness, a greater ability to meet our defense needs, a declining share of GNP being commanded by Government, and the disappearance of the "zero sum society."

II. MONETARY POLICY

A proper monetary policy is crucial to the achievement of reduced inflation and interest rates, improved living standards, and economic stability. A proper monetary policy is not difficult to define. It is one that is focused on the long run and tailors money growth so that it is "commensurate with the economy's long-run potential to increase production."

This is what Congress asked the Federal Reserve to do in passing House Concurrent Resolution No. 133 in 1975 and again in passing the Federal Reserve Reform Act of 1977 and the Full Employment and Balanced **Growth Act of 1978. In adopting this guide**line, Congress expressed its sense that this would "promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates." Money growth had accelerated above the guideline in the decade before 1975. Unfortunately, it accelerated further from 1975 to 1980.

The facts, in brief, are these: From 1955 to 1964, average annual money growth, measured by the percentage change in M1B from the prior year, was 1.94 percent. It jumped to 5.55 percent in the 1965 to 1974 period and to 6.62 percent from 1975 to 1980. (In essence, M1B equals coin, currency and checking deposits in commercial banks (old M1) plus automated transfer service (ATS) accounts, negotiable order of withdrawal (NOW) accounts, and share drafts in all depository institutions. M1B closely measures the Nation's means of carrying out its transactions.)

In association with these long, high jumps in money growth, we have experienced rising inflation, volatile interest rates around a rising trend, lower real GNP growth, reduced productivity increases, generally higher unemployment and growing use of resources to cope with inflation rather than to improve living standards. These are the legacies of a faltering fiscal policy and over-regulation. Our poor economic performance is also the result of allowing the quantity of money to grow faster and faster; not every year but, by and large, during the past 17 years. Pertinent data are set forth below:

TABLE II-1.—MONEY GROWTH AND SELECTED MEASURES OF ECONOMIC PERFORMANCE (1956-80)

	1955-64	1965-74	1975-80	1977-80
M1B growth (yearly percentage change)	1.94	5.55	6.62	7.40
GNP deflator (yearly percentage change)	1.99	4.80	7.52	7.66
90-day T-bill rate (yearly average)	2.77	5.50	7.48	8.51
Real GNP growth (yearly percent change)	3.63	3.40	2.93	3.32
Output per hour, private business sector (yearly percent change)	3.04	2.07	1.13	.30
Unemployment rate (yearly average)	5.36	4.62	7.04	6.51

Clearly, we must reduce money growth, and we must do it now. We cannot, as some suggest, wait until inflation unwinds be-

fore we do so. If we wait, we will underwrite permanent inflation at increasingly intolerable rates. As shown by the data assembled above, over long periods, the rate of inflation tends to match the rate of increase in the quantity of money. More important, the latter tends to lead. Measured over four-quarter periods, the rate of inflation follows in the wake of earlier money growth. In the post-Korean War period, the lag has averaged eight quarters. Reasons for the lag include regulatory delays, contractual rigidities, and rigidities involving advertised and "established" prices.

The evidence warns against waiting until inflation unwinds before reducing money growth. The lesson, in short, is that if we do, it will not. Specifically, money growth must be reduced over a period of time to a level commensurate with our economy's long-run potential to expand production and maintain full employment at zero inflation. These are the goals of the Full Employment and Balanced Growth Act of 1978. They will not be achieved unless money growth is decelerated. Using M1B as our measure of money, and year on year changes as our measurement standard, one sensible guideline is 6 percent growth in 1981, 5½ percent in 1982, and 5 percent in 1983 and 4½ percent in 1984. These guidelines are meant only as an example of the gradual reduction in M1B growth which is required to stop inflation and promote economic stability, growth, and low interest rates.

We urge the Federal Reserve to announce this or some other declining track for M1B growth as soon as possible. The announcement will enable the Congress and, more importantly, financial market participants and the public at large to monitor the Federal Reserve's performance as the record unfolds. By this time next year, assuming the union of promise and performance, monetary uncertainty will be significantly reduced with salutary impact on both the level and volatility of interest rates. Furthermore, current expectations for long-run inflation, averaging 10 to 12 percent per year, also will be reduced as M1B growth is decelerated. In turn, this will produce a major break in long-term interest rates even before inflation breaks. In time, short-term rates will follow.

Given meaningful, yet not drastic, deceleration of money growth, a proper fiscal policy and regulatory reform (as discussed in subsequent chapters), we believe it is not unrealistic to expect the rate of rise of the GNP deflator to fall to 7 to 8 percent next year, to 5 to 7 percent in 1983, to 4 to 6 percent in 1984, and to 3 to 4 percent in 1985.

In setting forth this objective for monetary policy, we reject the contention that there is some "core" or "underlying" rate of inflation which is independent of money growth. Sustained inflation is not an inertial process which converts unpleasant outside shocks into a wage-price spiral. It is not "one darn thing after the other." It is "the same thing over and over again." The recurring event, as shown by the evidence assembled and mapped in Chart 1, is excessive money growth.

Objections considered

It will be objected that the world is too complex and full of surprises for the Federal Reserve to adhere to a pre-set decelerating M1B growth track. It will be argued that the Fed will have to deviate from any such path (1) to keep order in credit markets, (2) to accommodate supply shocks, and (3) to compensate for changes in money demand and the velocity at which M1B circulates. We consider these objections below.

Keeping Order in Credit Markets

Many fear that, unless the Federal Reserve keeps order in credit markets, interest rates will rise much higher than even today's historically high rates and bring on another recession. They favor resisting upward pressures on interest rates even at the cost of allowing money to grow faster than desired over the long-run. We reject this counsel. It assumes that increases in money growth will reduce interest rates generally when, in fact, history demonstrates that the opposite is true.

Historically, increases in money growth have operated directly to decrease interest rates. However, this direct effect is both short-lived and trivial. It is followed within three to six months by increases in interest rates which ultimately (in about two years) equal (in percentage terms) the increase in money growth. If the Fed were to increase M1B growth by way of trying to prevent interest rates from rising (as it unfortunately has so often in the past), it would buy at most a few months of so-called order in credit markets. We would then pay for this by living for years in a higher interest rate environment. Although it is tempting to focus on the next few months, rather than upon the long run, it is a mistake to do so.

Throughout the past four years, the Federal Reserve was urged repeatedly by the Administration and others to increase the rate of money growth in order to reduce interest rates. Looking backward, it is clear that this advice was wrong. We should have reduced M1B growth ½ to 1 percent a year after 1976 (when it grew 5.56 percent) instead of increasing it to 7.53 percent in 1977 and 8.16 percent in 1978. Inflation could not have reaccelerated if we had. By accelerating money growth, the Fed avoided the higher interest rates it was trying to prevent for only a few months, but engineered a subsequent prolonged period of skyrocketing interest rates. The 90-day T-Bill rate averaged 4.93 percent in the second half of 1976 and 4.99 percent in the year as a whole. It fell to an average of 4.72 percent in the first half of 1977 and to a low of 4.54 percent in May. By July, 1977, it averaged 5.15 percent and it has climbed much higher since then.

SUPPLY SHOCKS

Supply shocks have two macroeconomic impacts. One is a temporary reduction in the growth rate of the Nation's output of goods and services; the other a temporary bulge in the general rate of inflation. Other things equal, the two must balance in the sense that total spending on all goods and services will be unaffected, even though spending on the particular goods and services immediately involved may rise or fall depending on the demand elasticities for these goods and services.

For example consider the devastating supply-side shock that occurred in late 1973 and 1974 when OPEC raised the price of oil and, for a time, the Arab nations embargoed shipments of oil to the United States. We had to make do, during the embargo at least, with less oil and we had to pay higher prices for it both during and after the embargo. The price rise made a non-trivial amount of the Nation's plant and equipment permanently non-economic overnight. As a result, real GNP growth was decreased and GNP inflation increased; both, however, only temporarily. Estimates provided in a recent study by the House Subcommittee on Domestic Monetary Policy indicate that the 1973 to 1974 OPEC oil supply shock reduced real GNP growth about 4 percentage points below what it otherwise would have been in 1974 and raised GNP inflation about 8 percentage points that same year. These estimates are close enough in absolute value to be considered as balancing with respect to total spending on GNP goods and services.

Droughts and other supply shocks produce the same results. All operate to reduce temporarily overall real GNP growth and raise GNP inflation. Nothing can be gained from trying to change these results by increasing money growth.

Increasing money growth above a pre-set target growth to accommodate supply shocks and somehow soften their blows can only add to inflation. It will not make up for the direct reduction of supply. Nor will it make it profitable to operate plant and equipment that has been rendered noneconomic by the shock. It will only increase prices more than they would otherwise rise—the price of the product immediately impacted by the supply shock as well as prices in general.

On the other hand, it also would be wrong to drop money growth below targeted growth in response to the sudden surge of inflation which accompanies the supply shock. The surge will pass. Dropping money growth to resist it will only exacerbate the temporary shock to output.

In this regard, it is well to remember that in 1973 and 1974, the Federal Reserve allowed—or caused—a sharp break in money growth. M1B growth plunged from 7.93 percent in the four quarters ending with the second quarter of 1973, preceding the OPEC oil embargo, to 3.55 percent in the four quarters, after the embargo, ending with the first quarter of 1975. (Velocity was not a problem at the time as shown by the fact that, between these same endpoints, the four-quarter rate of rise in the velocity at which M1B turns over into GNP goods and services fell only slightly, from 3.21 percent to 2.62 percent.) Together, the drop in money growth and the oil supply shock decreased real GNP growth from 5.46 percent in 1973 to —1.39 percent in 1974. Part of that decline could have been avoided without doing violence to the long-term fight against inflation if the decline in M1B growth had been limited to 2 or 3 percentage points during the period instead of being allowed—or caused—to fall nearly 5 percentage points.

Changes in velocity

Many, including both Federal Reserve spokespersons and critics of the monetary authorities, argue that the velocity at which M1B turns over each year into GNP goods and services is unstable. They counsel that the Fed must be prepared to lean against the winds of increases or decreases in the rate of rise of velocity by moving M1B growth below or above the pre-set target as the new velocity "trend" dictates. We cannot accept this counsel. We reject it because, although the rate of rise of M1B velocity is quite erratic measured from one quarter to the next (and even from one year to the next), it has been remarkably stable over the long run; that is, since the Korean War. Measured from one three-year period to the next, yearly average percentage changes in M1B's velocity ranged between 1.62 percent and 4.00 percent in the post-Korean War period. Pertinent data are set forth below:

TABLE II-2.—M1B AND ITS VELOCITY

[Yearly percentage changes]

Period	Velocity	M1B	Period	Velocity	M1B
1956-58	3.00	0.97	1968-70	1.62	5.55
1959-61	3.90	1.32	1971-73	2.74	7.04
1962-64	3.45	3.13	1974-76	4.00	5.02
1965-67	3.41	4.25	1977-79	3.56	7.81
12-yr average	3.45	2.42	12-yr average	2.97	6.35

In 1980, velocity increased 2.6 percent. The data indicate that neither our economy's recent instability, nor the accelerating inflation that has been its principal manifestation, can be attributed to changes in velocity's rate of rise. They also indicate the danger of trying to lean against perceived changes in velocity's "trend" rate of rise based on quarterly or even yearly information. The data show that, in the past, these changes have not lasted. Thus, were the Fed

to compensate for a sudden slowdown in the rate of rise of M1B's velocity for one or even a few quarters by accelerating M1B growth, it would court faster inflation. This is so because, as the growth of M1B accelerated, its impact on spending and prices would be reinforced by the return of the rate of rise of velocity to its historic trend.

We recognize that the future may be different than the past. The trend rate of rise of velocity may slow as NOW accounts spread. However, we caution against anticipating this event, based on data for less than three to six years. Before raising money growth to compensate for any observed slowdown in the rate of rise of M1B's velocity, the Fed should wait long enough to make sure the slowdown is permanent.

In the same way it would be a mistake to reduce money growth "below target" to offset a perceived speed-up in the rise of velocity until sure the speed-up is permanent. In this regard, a temporary speed up is likely in the wake of a tax cut.

The Final Objection

In the final analysis, real GNP growth is unaffected by money growth. However, in the short run, decreases in money growth will, other things the same, decrease real growth. We recognize this but reject counsel to keep money growth high in consideration of this effect. To do so would keep inflation and interest rates high and require, in time, accelerating, money growth and thus higher and higher inflation and interest rates. The end result of this course of action would be a calamitous boom-bust cycle.

If we want to stop inflation and reduce interest rates, we must reduce money growth as part of the overall strategy described in Section One. There is no other way. Fortunately, the short-run decrease in real growth which reducing M1B growth will bring, other things the same, can be minimized and possibly even avoided entirely. Other things need not stay the same. In particular, new fiscal policies can be put in place which will propel economic growth upward while at the same time, our recommended monetary policy is damping inflation. We turn now to the new fiscal policies to be put in place.

III. FISCAL POLICY

Decelerating money growth will in time eliminate inflation. The Nation must recognize that it will take a period of years, not months, for inflation to slow substantially. Many warn that the transition to stable prices will be hard. However, the bumps can be smoothed in advance. A properly coordinated fiscal policy can make the transition from a stagnant, inflationary economy to a robust, non-inflationary economy more certain and less painful. The elements of such a fiscal policy would include:

An across-the-board reduction in personal marginal income tax rates;

Business tax and depreciation reform;

Targeted incentives for saving and investment;

A reduction in Federal Government spending as a percentage of gross national product; and

A reduction in off-budget borrowing and spending by the Federal Government.

It is unfortunate that the national debate over fiscal policy has centered around whether tax cuts, by themselves, could reverse the economy's poor performance. This is unfortunate because it has been evident for some time that tax cuts would be accompanied by reductions in government spending and borrowing. In the past, this Committee has made it clear that supply-side tax cuts must be accompanied by reductions in government spending. The last election campaign saw both candidates support reductions in the growth of taxes and government restraints on the economy. President Reagan made no secret of his plan to propose a fiscal package including major spending cuts as well as marginal tax rate cuts. The question of whether tax cuts alone could turn the economy around was never a meaningful, operational issue and today definitely is moot.

Nonetheless, there is considerable controversy about the proposal to cut marginal personal income tax rates across the board. Those opposed deny that such a cut would have significant positive impact on productivity and real growth, and assert that it would be inflationary. Their arguments require us to evaluate how across-the-board personal marginal income tax rate cuts will impact on the economy. In this evaluation it is useful to distinguish between the direct effects on markets for goods and services and the effects which some say we must expect as a result of credit market changes that will be induced by such tax cuts.

Direct effects of reducing personal marginal income tax rates

Our view is that, directly, across-the-board personal marginal income tax reduction will increase productivity and real growth substantially and will not increase inflation. The effect on real growth is unambiguous. It is a logical deduction from *both* demand and supply-side economics. In demand models, tax reduction increases demand which pulls up supply. In supply models, supply is increased directly. President Kennedy recognized this in his 1963 Economic Report when he stated, "Only when we have removed the heavy drag our fiscal system now exerts on personal and business purchasing power and on the financial incentives for greater risk-taking and personal effort can we expect to restore the high levels of employment and high rate of growth that we took for granted in the first decade after the war."

However, the direct inflationary impact of across-the-board personal marginal income tax cuts cannot be determined by logical deduction from economic theory. On the demand side, personal income tax rate cuts will stimulate spending, and could thereby add to inflationary pressures. On the supply side, personal marginal tax rate cuts will impel additional work effort and production, and thereby operate to slow the rate of rise of prices. The question is which of these effects dominates. It is our view that the supply effect does. In addition, we want to stress that our fiscal policy program calls for spending cuts—which may reduce demand somewhat—and special incentives for saving and investment. These incentives, which are aimed at substantially reducing the marginal tax rate on *all* savings income, will help shift individual activities toward saving and away from consumption. Consequently, we can expect an extra large part of the personal tax cut and the income it generates to be used to increase supply (saving and investment) as opposed to demand (consumption).

In summary, then, we believe that the direct impact of across-the-board personal marginal tax rate cuts will be to increase real growth without increasing inflation.

Credit market effects and their changes

Those opposed to enacting across-the-board cuts in personal marginal income tax rates fear that, unless government spending is cut dollar-for-dollar with the cut in taxes, there will be either a catastrophic collision in credit markets or abandonment of the attempt to reduce money growth. In this view, faster inflation would be the necessary result. The argument contains a kernel of truth. It would have validity if the purpose of cutting taxes were to increase consumption. A tax cut such as a tax rebate, which does not alter relative prices or marginal incentives would produce a collision in credit markets or accelerating inflation. The linkage is as follows:

1. The rebate increases the Federal deficit.

2. An increase in the deficit increases Federal borrowing.

3. This leads to "crowding-out" in credit markets, putting upward pressures on interest rates. Chaos results, unless the Federal Reserve relieves the pressures by accelerating the growth of money, which in time would increase inflation and, ironically, interest rates.

We need not fear such a collision and cannot allow such fear to prevent us from reducing personal marginal income tax rates across the board. Spending cuts which, as stated earlier, are an integral part of our fiscal policy program, need not be made dollar-for-dollar with the tax cuts. By way of clarification, we provide the following description of how marginal rate cuts will be financed in major part by feedback from economic growth induced by the cuts themselves and by corollary changes in after-tax interest rates.

Funding the Tax Cuts

There will be some actual revenue increases resulting from the tax reduction itself. This is indisputable. Expansion of the Nation's economic base and real GNP will cause the tax revenues of all levels of government to rise more than they would without the expansionary effects of the reduction in personal marginal tax rates.

1. Reflows from higher economic growth. Even in the short-run—when plant and equipment are fixed—there will be some stimulation of real economic growth and employment, yielding additional tax revenues. The major part of this reflow will come from taxes already in place (adjusted for the cut in rates) on the incremental real GNP induced by the tax cuts.

2. Reduction in the underground economy. In recent years there has been much research done on the socalled underground economy; that is, on economic transactions that are not taxed. Estimates of the size of the underground economy range between $100 billion and well over $200 billion. Much of this economic activity is said to result from high marginal tax rates on individuals and businesses—employees, employers and self-employed persons working for cash "off the books," and the like. Clearly, it is not unreasonable to assume that an across-the-board reduction in tax rates will generate some new tax revenue, at the expense of the underground economy. This is because the incentive to cheat the system will be much diminished.

3. Reduction in tax deductible consumer borrowing costs. Across-the-board personal marginal income tax rate cuts will raise consumer after-tax borrowing costs. For example, for persons in the 40 percent tax bracket, under present law, a 10 percent tax rate reduction will raise borrowing costs nearly 7 percent. For such persons, each dollar of interest received by the lender now costs the borrower, after-taxes, only 60 cents ($1 less 40 percent of $1). After a 10 percent tax rate reduction, it will cost the borrower 64 cents, or 6.7 percent more than presently. A 30 percent tax rate reduction will raise after-tax borrowing costs to 72 cents for each $1 borrowed, or 20 percent more than presently. We do not doubt that these changes will reduce both household borrowing for consumption purposes and interest deductions on personal tax returns. The latter will provide an additional increase in tax revenues.

4. Reduction in tax-shelter investments. About a third of all taxpayers itemize deductions, and about 5 percent of all taxpayers are in the 50 percent tax bracket or above (counting only Federal income taxes). These individuals have a powerful incentive to seek tax-sheltered investments. If one's income is taxed on the margin at more than 50 percent, it is more profitable to save a dollar in taxes than to earn a dollar of "unearned" income. As a result, the existing tax structure has led to a proliferation of investment advisors, tax lawyers, accountants

and others whose job it is to help high income people avoid taxes. By and large they reduce their clients' taxes and the presumption is that the more powerful the incentive to avoid taxes (i.e., the higher tax rates are) the more tax liabilities are reduced. Closing "loopholes" is not apt to help much in this regard and may not be cost effective.

On the other hand, if marginal tax rates are reduced, the relative attractiveness of investments in tax-sheltered investments is also reduced. For example, after the Kennedy tax rate reduction of 1963 the proportion of gross private domestic investment channeled into housing declined from 35.4 percent of total investment in 1963 to 33.5 percent in 1964, 29.8 percent in 1965, 25.5 percent in 1966, and 25.4 percent in 1967. This was due to the fact that the decline in marginal tax rates from the 1964 tax rate cuts reduced the tax advantage of home ownership, making other investments relatively more desirable.

Since 1967, the interaction of inflation and the steep progressivity of the personal tax structure has sharply increased the attractiveness of "consumption assets." like housing, relative to "production assets."

Clearly, some revenue reflow will result from personal marginal tax rate reduction because people will reduce their use of tax-sheltered investments and increase investment in more productive investments, the income from which is taxable.

5. Reduction in nonproductive investment. Inflation and excessive taxation together have produced the phenomenon of nonproductive investment in such things as gold, paintings, rare stamps, antiques, etc. The advantage of such "consumption investments" is that they tend to hold their value during periods of inflation while producing non-taxable pleasure for their owners. As long as a capital gain is not realized it is not taxed. This is why the capital gains tax is such a harmful tax. It encourages people to hold on to assets which, aside from the tax break, yield lower returns from alternative investments. Because of the tax, they cannot afford to sell them, especially during a period in which much of the capital gain is due solely to inflation.

In this connection, the latest data from the Office of Tax Analysis strongly reinforces the view that, in the case of capital gains taxes, a cut in the tax rate very nearly paid for itself the first year. Prior to the 1978 capital gains tax cut, the Department of Treasury estimated that it would "cost" $2.6 billion in lost revenue in 1979. The data now show the actual revenue loss to have been a mere $100 million. Indeed, it is possible that when the final tax return figures are examined, even this loss will be eliminated.

In short, much of the investment in recent years in art objects and other nonproductive or "consumption assets" has been fueled by tax considerations. When it becomes relatively more desirable to put one's money elsewhere because of a reduction in tax rates, there will be an "unlocking" of capital in these "consumption investments," which will produce tax revenue for the government and free-up capital for productive investment in business plant and equipment.

For this reason, we support further reductions in the capital gains tax, such as that which would result from a reduction in the highest personal marginal tax rate from 70 percent to 50 percent. Under current law, this would automatically reduce the maximum capital gains tax rate from 28 percent to 20 percent.

Increased Saving

The present tax system makes it twice as costly to save as to consume. We are taxed both on the money we save when we earn it and when that money earns interest. Therefore, an across-the-board reduction in income tax rates would remove two disincentives to save which, in turn, will help to finance the tax rate cuts. As Dr. Charles Walker told the Committee, an across-the-board personal marginal income tax rate reduction would boost saving for several reasons. Dr. Walker said:

First, the disposable income of many of the nation's thriftier individuals and families would be increased, thereby enlarging the pool of funds from which they can save. Second, and also highly important, the after-tax rate of return on each additional dollar saved would increase sharply, thereby giving a significant boost to the incentive to save.

In addition to the incremental personal savings which will be forthcoming, there will be substantial incremental business savings. Undistributed profits will rise with real GNP. Also, to the extent that depreciation allowances are liberalized, saving will rise by the same amount. This is true by definition, since business depreciation allowances are a major component of gross national saving.

Finally, because incentives to save are greatly reduced in times of high inflation, our fiscal package calls for special incentives to stimulate saving. Across-the-board tax rate reductions and depreciation reform with specific saving incentives, such as splitting earned and unearned income and taxing each at the lowest tax rate, would further increase national saving even in periods of high inflation.

The point is that increased saving induced by the tax cut will not only help build our Nation's capital base, leading to increased employment, growth, and, therefore, tax revenue in the long run, it also will help finance the static deficit arising from tax rate reduction.

The additional saving and new tax revenues which will be generated by economic growth induced by tax rate reductions and saving incentives mean that we will not have to choose between a collision in financial markets or inflation. Private investors will not be crowded out of credit markets because there will be a larger pool of funds available to finance the tax rate reduction program. Thus, the pressure on the Federal Reserve to monetize that debt will be minimal and shortlived, allowing it to set and hit lower money growth targets and thereby to stop inflation and reduce interest rates.

An Illustration

For fiscal year 1982, the Administration proposes to reduce personal taxes by $44.2 billion and business taxes by $9.7 billion, the latter by liberalizing depreciation allowances. A conservative estimate is that over the next few years the fiscal year 1982 tax cuts will increase yearly GNP by about $92 billion. (The additional tax cuts planned for later years will further increase GNP.) As a result of this expansion of real GNP, the tax revenues of all levels of government (Federal, State and local) will increase by $30 billion and saving (personal and business) by $6 billion. Adding these sums to the $9.7 billion direct reduction in business taxes and corollary increase in business saving, we estimate that less than $10 billion of the $53.9 planned fiscal year 1982 tax cuts remains to be financed. We believe that this gap will be funded easily by the increased saving which will result from the after-tax interest rate effects of personal marginal tax rate reductions and targeted saving incentives, plus tax reflows from—

Reduced tax deductible consumer interest charges;

Reduction of the underground economy;

Reduced tax sheltered investment; and

Liquidation of investments in art objects, precious metals and the like.

In other words, there is no reason to believe private investment will be crowded out. Indeed, we believe private investment will be stimulated. The combination of marginal tax rate reductions on personal income, business depreciation reform, and some form of targeted saving incentive would, in our view, induce a sufficiently large increase in saving to close the budget gap ($10 billion in the illustration), with enough left over to create a substantial number of new sources of investment capital.

Spending cuts

In a static framework, spending cuts and tax cuts have offsetting effects on the budget deficit. In a dynamic world they do not. In our view, it is not necessary to plan static spending cuts which will exactly equal the static tax cuts that are planned. The planned marginal tax rate reductions will increase real GNP more than the spending cuts will decrease it. This is because marginal tax rate reductions will increase personal effort, savings, investment, entrepreneurship and risktaking. Judicious spending cuts need not decrease effort, saving, investment, entrepreneurship and risktaking: some spending cuts might, but others will actually increase them.

President Reagan has proposed a broad array of spending cuts to accompany the tax cuts. At first glance, some program cuts will hurt some people. However, in this regard, an expanding economy improves the political climate in which such legislated cuts in spending can be made. When there is full employment and growth, the need for special programs to aid this sector, that industry, these workers and those business firms is less urgent.

Moreover, it is important to recognize that tax cuts not only produce additional saving and revenue reflows to the government, they also lead to automatic spending cuts.

In a stagnating economy it is almost impossible to make significant cuts in Federal spending, which is made up largely of entitlement programs. When the economy stagnates, people become unemployed and real standards of living decline, causing individuals to make claims on government services. When an individual is employed, he or she is a source of government revenue; when the person is unemployed, he or she becomes a consumer of government revenue, through such programs as unemployment compensation, trade adjustment assistance, food stamps, etc. Thus, an increase in unemployment reduces government revenue even as it causes an increase in spending. It is estimated that a one percentage point increase in the national unemployment rate "costs" the Federal Government $25 billion per year.

The converse also is true. An expanding economy will provide jobs for the unemployed and higher living standards for many now in need. People will go off unemployment rolls, off food stamps, off welfare and will become taxpayers rather than tax consumers. Thus, a reduction in tax rates will partially pay for itself by causing automatically a reduction in spending.

Finally, we want to stress that if money growth is decelerated in a meaningful but not drastic way, as we recommend in Chapter II, inflation will decelerate in time. As it does, and even in anticipation of the event, interest rates, especially long-term interest rates, will decline. Reduction and, ultimately, elimination of the inflation and uncertainty premiums from interest rates will save the Treasury tens of billions of dollars in interest costs every year.

Off-Budget Spending Cuts

We can also help to finance the tax cuts by reducing the Federal Government's off-budget activities. The Federal deficit for fiscal year 1982 was estimated by the Carter Administration to equal $27.5 billion. However, total Federal and federally-assisted borrowing will be $126.8 billion. The deficit

accounts for only about 21 percent of total Federal borrowing. Clearly, any cuts that can be made in Federal borrowing, loan guarantees, and Federal agency borrowing will have the same positive effects on credit markets and interest rates as a cut in spending.

In conclusion, we strongly support a coordinated program of tax cuts for individuals and businesses, and reductions in Federal spending and borrowing, including off-budget borrowing, to get the economy moving forward again, while gradually slowing money growth to stop inflation and reduce interest rates.

The equity issue

Many assert that across the board personal marginal tax cuts are unfair; that they will cut the taxes of the "rich" too much and the taxes of the "poor" too little. In fact, they will scale down all tax rates, and the scalar is the same for all individuals.

In this regard, it is important to recognize that, since 1967, inflation-induced bracket creep has greatly increased the tax burden of middle- and upper-income persons despite some legislated tax cuts. It would be wrong from the standpoint of equity, as well as counterproductive from the standpoint of the economy, not to correct past bracket creep by scaling marginal tax rates down across the board. For the record, some pertinent data are presented in Table III–1.

TABLE III–1.—TAX RATES ON SAME REAL TAXABLE INCOME (1967 AND 1980)

1967 taxable income	1980 equivalent inflation-adjusted taxable income	Marginal percentage tax rates		Average percentage tax rates	
		1967	1980	1967	1980
$1,000	$2,245	15	zero	14.0	zero
$4,000	$8,980	19	18	15.5	9.8
$8,000	$17,960	22	24	17.3	15.3
$12,000	$26,940	25	32	18.8	19.5
$16,000	$35,920	28	43	20.4	23.6
$20,000	$44,900	32	43	21.9	27.5
$24,000	$53,880	36	49	23.2	31.0
$28,000	$62,860	39	54	25.4	33.8
$32,000	$71,840	42	54	27.1	36.3
$36,000	$80,820	45	54	28.7	38.3
$40,000	$89,800	48	59	30.4	40.1
$44,000	$98,780	50	59	32.0	41.8

The proposed across-the-board marginal tax rate cuts will tend to restore the progressivity of the tax code which existed in 1967 before inflation distorted it.

IV. THE INTERNATIONAL ECONOMY

The United States operates in an open world economy. This means that steps taken by the Federal Government for domestic economic policy reasons have rapid international effects and vice versa, steps taken for international reasons have rapid domestic effects. The linkages between domestic economic policy and the international economy take place primarily through the foreign exchange markets. Exchange rate changes affect investment, trade flows and the balance of U.S. international payments. In turn, changes in trade flows and the balance of payments often impede domestic policy responses. In the past, some of these responses have been destabilizing domestically.

The international economy is a far different system from what existed a decade ago. The introduction of floating exchange rates in 1973, the sophistication of today's foreign exchange market traders, and the increased mobility of international capital have removed old constraints but placed new ones on domestic economic policy. Under the new systems, domestic policy initiatives can quickly translate into a rise or a fall in the dollar exchange rate before the initiatives themselves have had a chance to take effect in the U.S. economy. Because of the new "openness" in the international economic system, domestic economic policy must be formulated taking into consideration its international effects.

Designing domestic economic policies to promote international economic stability

We believe that our monetary and fiscal policy recommendations described earlier in these views will also serve the international economic objectives of a strong dollar and a stable balance of payments. This is because foreign exchange traders will interpret the policies we are recommending as a sign that the United States at long last is determined to halt the dangerous inflationary trends which have characterized the Federal budget, monetary policy, and the economy over the past decade, and weakened the dollar internationally. The dollar is firming in all exchange markets due to a new confidence in the U.S. economic policy. In turn, this makes it easier to implement the tough domestic policies which we are recommending and which closely parallel those of the new Reagan Administration. It means, for example, that as we unwind inflation and reduce government spending, domestic interest rates can fall without the flight from the dollar that might otherwise accompany a reduction in interest rates. In short, fortunately, we can promote both domestic and international economic stability with the same domestic policies. The key is that these policies must be believed capable of stopping inflation and, in time, prove to be so capable.

Notwithstanding our optimism about the international economy, there are two major areas where the course of events will require a careful U.S. response.

International policies which will promote domestic economic growth and stability

Trade Competitiveness

The progress made in the past two years toward defining the components of a competitive trade policy, as reflected by recommendations made by the Congress, the Executive Branch and by organizations such as the President's Export Council, needs to be followed up immediately with action to ensure that the hard-fought consensus does not evaporate in a constantly shifting international competitive environment. Recent statistics provide little reason to cheer.

The massive 1980 merchandise trade deficit of $26 billion (c.i.f.), while reflecting modest improvement over 1979, was much too large. The 1980 manufactured goods trade surplus can be largely attributed to business cycle and lagged exchange rate effects from the 1978 period and does not reflect any significant improvement in competitiveness of U.S. manufactured goods. Similarly, the surplus in the current account, although welcome, was due in substantial part to accounting changes affecting retained earnings of overseas subsidiaries. It is not a reason for complacency.

Indeed, for a more accurate assessment of our relative competitive posture, it is best to consider the U.S. share of world exports of manufactured goods. This statistic shows a steady decline throughout the 1970 to 1979 period—from 21.4 percent in 1970 to 17.4 percent in 1979. Further, in an era in which international competitivenes is increasingly defined in terms of the home market, U.S. manufactured imports as a share of domestic manufactured goods production have risen to 20 percent in 1979, a 428 percent increase over 1960.

The competitive climate of international commerce demands an aggressive spirit in the private sector as well as in government to deal with the realities of the marketplace. Notwithstanding recent achievements within the GATT to eliminate many tariff and nontariff barriers to free trade, including unfair export incentives, it is still a less than perfectly competitive world in which U.S. producers and consumers must compete. It is for this reason that the "business as usual" mentality must give way to a more realistic perception by business and government of what is required to compete at home and abroad.

Several issues involving incentives and disincentives to trade were addressd inconclusively by Congress in the past year. In our view, they warrant renewed attention. Among these are: legislation to establish export trading companies, a concept which should prove useful in expanding the Nation's export base; legislation reducing the tax burden on U.S. employees stationed overseas; a reconsideration of the extraterritorial application of U.S. antitrust laws, with special note as to how such application deters U.S. companies from seeking new markets; a rational clarification of the accounting and business procedures standards of the Foreign Corrupt Practices Act.

It is critical at this important juncture that the Federal Government improve the climate for U.S. firms' direct investment abroad and the increased export of services. U.S. foreign direct investment, while providing an efficient allocation of capital, also has promoted U.S. competitiveness and served to accelerate exports to overseas manufacturing facilities. Such direct investment also serves a development function by providing needed capital and technology to the developing areas of the world.

Output of the service sector currently accounts for 30 percent of U.S. exports, 70 percent of U.S. jobs, and 65 percent of our gross national product. As the U.S. economy becomes increasingly service oriented and as our balance of payments becomes increasingly reliant on service export earnings, the lack of internationally agreed codes of conduct on such trade will become more costly to U.S. international competitiveness. Similarly, a lack of updated agreement on safeguards, especially in a period of global high unemployment and slow growth, bodes poorly for efficient resolution of trade disputes in the future.

The advances made by the recent Multilateral Trade Negotiations (MTN) Agreements toward a more liberal trading system will contribute to growth in world trade and result in fewer contrived trade impediments and enhanced welfare for all participants. However, it is critical for the trade negotiation process to continue to pursue multilateral agreement respecting service industries and a meaningful safeguards code.

International finance

At the present time, non-oil developing countries are encumbered by a set of pressures which carries potential dangers for the world financial system. First, the dramatic increase in the price of crude oil over the past two years has added to the energy bill of those nations. According to the U.S. International Development Cooperation Agency, these countries are now paying $67 billion a year for energy imports which cost only $32 billion in 1978. The projected figure for 1985 is $124 billion.

Second, interest rate increases have added to the cost of financing development. Estimates of the Agency for International Development indicate that the *increase* in interest costs over the past two years has accounted for an additional $13 billion in current account deficits for the non-oil LDC's.

Third, the slowdown in growth among developed countries has decreased the hard currency foreign exchange earnings which the LDC's might have earned by exporting to developed countries. This helps explain why the total current account deficit of non-oil LDC's increased from $36 billion at the end of 1978 to $79 billion for 1980.

Fourth, new financing for non-oil LDC's is expected to grow slowly. This is because official financing is suffering from budget constraints; at the same time, private financing is coming up against the limits that lenders believe to be the prudent ones for exposure to financial risk in these countries. As a group, the non-oil LDC's suffer twice the world average inflation rate. Their external debt has climbed faster than their ability to pay it off. They are in hock to the rest of

the world to the tune of $300 billion. Their bill for energy, a consumable item, is being paid increasingly by loans rather than by the foreign exchange earnings from exports. Partly as a result of this, the debt service of these poorer countries has climbed both absolutely and as a percentage of their GNP.

The international banking system has relieved many of the pressures afflicting non-oil LDC's in recent years. In fact, more than half of the official debt of non-oil LDC's now is owed to private lending sources. This so-called "recycling" process, from the surpluses of OPEC countries, through the banking system of the developed nations to the financing needs of the non-oil LDC's, has become a major aspect of international finance. Preliminary data suggest that all financing needs can be met in 1981. The same data, however, indicate that there may be problems later on. In the final analysis, these problems can only be resolved by the non-oil LDC's themselves. However, the United States can assist two ways: First, by strengthening the capabilities of the International Monetary Fund to reduce pressures on the world monetary system (e.g., disciplining nations that follow irresponsible domestic policies) and second, by working through diplomatic channels to enlist the cooperation of oil exporting countries.

V. GOVERNMENT REGULATION

During the past 15 years the Federal Government has increasingly relied on regulation of the private sector to channel resources toward such public goals as a cleaner environment, safer workplaces, less hazardous consumer products and equal employment opportunities. These programs usually impose significant compliance costs on businesses which are then passed on to consumers through higher prices.

Many government regulations, particularly those affecting health, safety and the environment, have contributed significantly to the overall well-being of the vast majority of American consumers and workers. We would not turn back the clock, because many regulatory policies have produced substantial benefits for the public.

However, regulatory programs impose heavy costs and burdens on business (and ultimately consumers) and, until recently, these costs have been almost entirely ignored in setting regulatory policy. It is time we took a hard look at the cost side of this equation.

One measure of the dimension of the problem was provided to the Committee by Murray Weidenbaum in a study that put the 1979 private sector compliance costs at $97.9 billion, and the agency administrative costs at another $4.8 billion. That $97.9 billion was 6 percent of personal consumption expenditures in 1979. Though it would be difficult to ferret out the precise marginal costs imposed by regulation, it is universally acknowledged that regulation has both a direct effect and an indirect effect on prices. The indirect effect comes through the reduction in productivity due to diversion of talent and resources from productive purposes to government paperwork and the diversion of capital expenditures to meet Federal regulatory requirements.

As with many new and rapidly growing government programs, problems have developed with regulations and their impacts. One major problem involves the measurement of benefits and costs. The current techniques for measuring these benefits and costs are not very sophisticated and need further development. As a result, the benefit goals of many regulations are set with little regard to cost. Much of the fault for this lies with Congress, as some laws call for regulations to be put in place without requiring that costs or benefits be weighed, while other laws actually prohibit the consideration of costs.

In addition, the recent proliferation of regulations and lack of coordination among regulatory agencies have often resulted in regulations which are duplicative, conflicting and excessive. Witnesses appearing before the Committee have provided examples where compliance with one regulation requires violation of another. This not only puts businesses in unnecessary jeopardy, both legally and financially; it also reduces respect for the law and the Federal Government. Small businessmen are often hardest hit by the morass of conflicting and duplicative regulation because they cannot afford the necessary legal advice.

Cost-effective regulation

Regulatory programs should attempt systematically to consider costs and benefits whenever possible. As noted, a cost-benefit test for government regulations, as desirable as it is in theory, does create some problems in practice.

However, for most regulatory programs, such computations are not necessary to reduce regulatory-imposed waste and inefficiencies. Congress, in enacting regulatory programs, generally presumes or sets a level of benefits to be achieved, just as it does with spending programs. The benefit level is not, and should not be, determined by the administering agency. Rather, the agency should be charged with achieving the congressionally mandated goals at the least cost. This eliminates the need to measure benefits and instead focuses on costs, which can be more accurately measured.

We believe that a cost-effectiveness requirement would be the simplest way of assuring that regulatory goals are achieved at the lowest possible cost and with the least waste of resources. We believe a cost-effectiveness rule would be a more effective way of controlling regulatory costs without reducing the benefits of regulatory programs than would a cost-benefit test.

Regulatory budget

The current regulatory process fails to recognize that the goals of regulatory programs must be balanced rationally with other national objectives. The achievement of any objective, public or private, involves the use of resources that could be used for several purposes. The more resources that are devoted to one purpose, the less such resources are available for others. Even if all regulations were internally cost effective, the problem of balancing resources for regulatory purposes with resources for other purposes would still exist. This balance could best be accomplished through a regulatory budget.

Prior to the rapid growth of social regulatory programs, the present fiscal budget was generally adequate to show the impact of government on the economy. Almost all the activities of the Federal Government involved direct spending, in the form of purchases or transfers or direct taxation, and these showed up in the budget. By adding to these the financial commitments (through loans, guarantees, and insurance) of some 14 "off-budget" agencies, one could get a fairly clear picture of the government's influence on the economy.

But with the recent rapid growth of the new regulatory agencies—the Occupational Health and Safety Administration, the Environmental Protection Agency, the National Highway Traffic Safety Administration and many others—the fiscal budget no longer conveys a complete picture of government's impact on the economy. Most of the economic effect of regulation is hidden, since government-required private sector spending for auto safety, mine safety, pollution control and consumer protection, plus the attendant paperwork costs, do not appear in the government's budget figures. They are cloaked in what might be called "off-off-budget" spending, required of the private sector to comply with Federal regulation.

A clear example of the need for a budget showing the economic impact of regulation on the society may be seen in the environmental regulation of electric utilities. The massive cost of a smokestack scrubber to achieve cleaner air is passed on directly to consumers who pay higher utility bills as surely as they pay taxes. But the Federal budget fails to show these higher prices. It also fails to show the higher prices consumers pay because of economic regulation by such agencies as the Interstate Commerce Commission, the Civil Aeronautics Board, and the Federal Communications Commission. The costs and benefits of both social and economic regulations should be more clearly available to policy-makers and to the public.

If these costs were minor, their omission from the budget would not be a serious problem. But they are not minor, and they are growing. It is important, therefore, that the Budget Act of 1974 be amended to require that Congress annually establish a regulatory budget, along with the fiscal budget, to set a limit on the costs of compliance each agency could impose on the private sector in any one year. The timetable and the process provided for developing a regulatory budget should be similar to those governing the fiscal budget concurrent resolution.

A regulatory budget would constrain the regulatory agencies to limit the compliance costs that their regulations impose. It would certainly make the agencies more conscious of those costs. But it would have other important effects as well. A regulatory budget, along with the fiscal budget, would provide a more accurate picture of the Federal Government's total impact on the economy, allowing Congress to determine how much of the Nation's output is to be devoted to public uses. It would make possible a better balance between regulatory programs and traditional government spending programs. It would enhance the protection of the public's health and safety by requiring that the Federal Government establish consistent priorities in pursuing regulatory objectives.●

AN AWARD-WINNING NEW JERSEY REALTOR

● Mr. WILLIAMS. Mr. President, it is with great satisfaction that I call to my colleagues attention a recent award given to a gifted and talented realtor in New Jersey, Mr. Joseph J. Murphy.

Mr. Murphy was honored by the Board of Chosen Freeholders in Bergen County, N.J., for his fine work at renovating historic dwellings in New Jersey and making them useful as office buildings. A copy of an article from the Jersey Business Review describes Mr. Murphy's work in greater detail, and I ask that it be printed at the end of my remarks.

Mr. President, as the ranking minority member of the Senate Banking, Housing, and Urban Affairs Committee, I am always interested in innovative work being done by people in the housing and real estate field, and I am especially proud that I have such a fine success story in New Jersey to call to my colleagues attention.

The article follows:

MURPHY RECEIVES COMMENDATION

SADDLE RIVER.—A Certificate of Commendation from the Bergen County Board of Chosen Freeholders has been presented to Joseph J. Murphy of Saddle River, Realtor and builder, by Freeholder Joan Steinacker of Ramsey.

The award, which is "in grateful appreciation for faithful and distinguished performance of duty and for service to the people

of the County of Bergen," was signed by each of the Freeholders.

In ceremonies at the antique farmhouse and one time Inn which is now the location of the Murphy Realty/Better Homes and Gardens' corporate and main office at 69 East Allendale Avenue in Saddle River, Steinacker commended Murphy for his contributions in repairing, revitalizing, refurbishing and preserving old buildings by converting them to magnificent offices without losing their historic identities.

"If not for concerned individuals such as Joseph J. Murphy, who invest enormous amounts of their own money, time and energy to preserve and maintain these buildings, they might otherwise deteriorate or be destroyed. With neglect these buildings could be left to become 'eyesores,' but with money, know how and a love of our American heritage, Murphy and other dedicated business leaders are preserving the architectural history of our area. They are doing this at no expense to the taxpayers, which could otherwise be a costly, government project," Steinacker added.

Although Murphy does not own the historic building that houses his corporate and main offices at Barnstable Court in Saddle River, he has spent some $100,000 to repair, refurbish, improve and put it into mint condition. The one time Inn, which was built by Dutch craftsmen of the area in 1837, was a popular place for farmers to meet. Despite it being in a run down, neglected condition, Murphy invested in its improvements. Today the Murphy Realty/Better Homes and Gardens' corporate and main office enables visitors to Northwest Bergen County to take a trip back to early America.

AN EARLY CAREER START

Born, raised and educated in Bergen County, Murphy is one of the most phenomenal success stories in New Jersey business.

Unlike many others who started in real estate as their second or third careers, Murphy decided to become a Realtor during his college years. With a concentration of real estate courses, Murphy, who was one of the school's top basketball, track and soccer stars, received his B.S. in Business Administration degree from Fairleigh Dickinson University in 1964. Upon graduation he began his career with the one time Beir-Higgins agency, in a tiny building that was located next door to the antique farmhouse and legendary Inn that is now his firm's corporate and main office. Today June Higgins, widow of the late Dick Higgins, Murphy's mentor, is a member of his sales staff in the company's main office.

Returning to school while setting new records in the real estate profession, Murphy received his MBA degree in finance from Fairleigh Dickinson in 1968. He started Murphy Realty in 1971 in the historic red farm type building that was once a foundry across the tiny wooden bridge at Barnstable Court in Saddle River with a staff of two sales people. Today that building, just two doors away from the main office of Murphy Realty/Better Homes and Gardens, is one of the nine branch offices which is staffed by 125 full-time sales professionals.

Murphy, his wife, Fran, and their three children, have a continuous "love affair" with Saddle River. In addition to helping countless numbers of families to discover and enjoy new lifestyles in the northwest and Pascack Valley areas of Bergen County, Murphy has helped many motivated men and women find financial security in the real estate industry.

AN OPTIMISTIC OUTLOOK

With the rest of the nation facing a lag in new home construction, inflationary costs, increased unemployment and high interest rates, Murphy has been optimistic about the real estate industry and the economy in general. At Burning Hollow at Saddle River, a 250-acre subdivision where Murphy is building 100 custom, luxury homes, hundreds of jobs will be provided over a five-year period. Additional construction jobs are also being provided at Brookledge Farms in the Allendale subdivision where he is building custom homes on a 15-acre subdivision.

The Murphy Realty Commercial Division in Montvale has helped create more jobs in Bergen County by attracting new business firms to locate here. In doing so, it has also helped lower taxes in different communities by bringing in prestigious and quality ratables.

A conservationist with a special concern for the environment, Murphy has made it a policy to protect and preserve trees, shrubs, streams and other natural settings when constructing new homes.

He has established a special Retirement Department at Murphy Realty/Better Homes and Gardens to provide free counsel and advice on housing problems to retirees and senior citizens.

As a community service he recently sponsored a free seminar for pre-retirees and older Americans which featured experts on taxes, consumer frauds, Social Security, new careers, estates, wills and trusts, and housing as well as on retirement life in general.

THE VA BUDGET: READJUSTMENT COUNSELING

● Mr. CRANSTON. Mr. President, I have indicated on a number of occasions that I intend to give President Reagan all of the support that I can as he undertakes the very difficult task of reducing Federal spending in an attempt to reduce inflation and bring our economy under control. I will fulfill this commitment—to the extent that it is possible to do so—even with respect to programs of particular interest to me. I realize that, for the proposed cutbacks to have effect in the manner intended, they must be substantial and widespread.

It is with this attitude, Mr. President, that I approach any proposed cutbacks of the Veterans' Administration budget. During my 12 years in the Senate, first as chairman of the Veterans' Affairs Subcommittee of the Labor and Public Welfare Committee and later on the Veterans' Affairs Committee, including service as the committee chairman for 4 years and now as ranking minority member, I have been deeply involved with issues affecting our Nation's veterans, most particularly with issues affecting Vietnam-era veterans and general VA health-care matters, especially the need for adequate staffing in VA health-care facilities. I believe that I have enjoyed considerable success in my efforts to improve and expand veterans' benefits. I thus have a strong personal concern as the VA budget comes under scrutiny.

In this regard, I am willing to consider reductions where they can be made fairly. Veterans' programs are not sacred cows. Veterans, like everybody else, are badly hurt by inflation and should share in some of the burden of Federal cutbacks.

But there is a big difference between veterans' programs and other government programs.

President Reagan wants to return many responsibilities to State and local control. I favor much of that approach. But, clearly, that cannot apply to our obligation to veterans. That is a fundamentally national obligation and national responsibility—just as are national defense and foreign policy. Indeed, veterans' programs are an inseparable cost of past wars.

For many VA programs—especially those that are designed to help Vietnam veterans—if the Federal Government does not do what needs to be done, no one will.

So, I am prepared to work with the committee chairman, my good friend from Wyoming (Mr. SIMPSON), and the President to identify those portions of the VA budget that can sustain cutbacks without impairing the independence or integrity of the VA, especially its health-care system, or lowering the quality of its health-care or other services.

Mr. President, despite my resolve in this regard, there are several cutbacks in the VA budget proposed by the administration that I cannot and will not support and which I will fight to have restored to the agency's fiscal year 1982 budget. First and foremost is the proposal to eliminate entirely the VA's program of readjustment counseling as of September 30, 1981.

Mr. President, this is one place where I must draw the line. We fought for 8 years until finally we were successful in the last Congress in enacting a law for VA readjustment counseling for Vietnam-era veterans. This is one clear program for which there is no substitute. If the VA does not do it, no one will. In its first full year of operation, the readjustment counseling program, through its 91 storefront vet centers, has proven its effectiveness in assisting Vietnam-era veterans who need help.

Mr. President, I went into significant detail on the VA's readjustment counseling program in my remarks on February 6, 1981, in conjunction with the introduction of S. 458, the Vietnam-Era Veterans' Readjustment Amendments of 1981. Those remarks appear at pages 2024 through 2032 of the RECORD, so I will not repeat that detail at this point. Rather, I will simply note my very firm belief that the VA's readjustment counseling program has been a remarkable success to this point and that there is a real and continuing need on the part of far too many Vietnam-era veterans for the services provided through the program. If this administration cannot somehow find in the budget the $31.4 million proposed by the previous administration to support this very important effort of great meaning to these veterans, then we as a country are in far worse shape than I—or, I believe, the President—ever imagined.

Mr. President, President Reagan has been eloquent in his remarks concerning Vietnam veterans, both as a candidate and, more recently, when he awarded the Medal of Honor to M. Sgt. Roy P. Benavidez, U.S. Army, in ceremonies at the Pentagon on February 24, just 2 weeks ago. At the Medal of Honor ceremony, he said:

> There's been little or no recognition of the gratitude we owe to the more than 300,000 men who suffered wounds in that war.

I believe that the need for recognition

of the gratitude we owe extends to all of the approximately 2.8 million men and women who served in the Vietnam theater, whether they suffered physical wounds or not. For many of these veterans, the disregard or, in some cases, the active disdain that greeted them on their return from service left them "wounded" in a very real sense. We should make every effort to heal all of the "wounds" from that period, including the pain that is rooted in our society's failure to provide adequate recognition of those who served in the military when they were called to do so.

Mr. President, awarding a Medal of Honor to one Vietnam veteran for his incredible valor in the face of enemy action is a commendable step to take to recognize Vietnam veterans so as to further the needed healing process—but the impact of such action is very limited. I believe the debt we owe to these veterans demands that we act directly to insure that they will continue to be provided needed assistance by extending the readjustment counseling program and not shutting forever the doors of the 91 Vet Centers now in operation. We need to send a signal to the entire Vietnam-era-veteran community that their sacrifices have not been forgotten and that the people of the United States, through their elected officials, remain ready to meet the continuing needs that result from military service during the Vietnam era.

Mr. President, I will work with the administration to find ways to cut Federal spending, including concurring in certain reductions in the VA's budget. I will not, however, accept a proposal to eliminate this vital program for Vietnam-era veterans. My friend from Pennsylvania (Mr. EDGAR), who serves on the Veterans' Affairs Committee in the other body, very aptly described the effect that cutting the VA's readjustment counseling program would have on those veterans who need the services provided through this program. As Mr. EDGAR noted—

> If the President intends to keep a "safety net" under those in true need so as to insure that they are not harmed by budget cutbacks, the elimination of this program leaves a gaping hole in that net for those Vietnam-era veterans who have as yet been unable satisfactorily to reconcile their service experience and return to civilian life.

Mr. President, in an article in the Washington Post on March 4, 1981, the reporter noted that President Reagan "has been a constant rhetorical supporter of those who served in Vietnam." I hope that the President's commitment to these veterans and the others who served during that era transcends rhetoric and is translated into concrete action. One strong way to show such real concern would be by reversing his proposal to eliminate the readjustment counseling program for Vietnam-era veterans and, rather, insuring that it is adequately funded and staffed in fiscal year 1982 and supporting extension of the eligibility period for this program.

Mr. President, in discussing this proposed cut, it is important to note the size of the program that is being targeted for elimination. As I indicated earlier, the administration is apparently claiming savings of 552 full-time-equivalent-employee—FTEE's—positions and $31.4 million in savings by cutting out the readjustment counseling program. I find it particularly ironic that such savings might be claimed because the program is currently only using 346 FTEE's and the fiscal year 1980 cost of the program was approximately $9 million. In fact, because of what I believe—and the Comptroller General and the VA itself agree—is illegal action on the part of the administration, the readjustment counseling program is not at its presently authorized personnel strength of 522 FTEE's. My remarks on this situation, which is the result of the present executive branch hiring freeze being applied to the three VA health-care accounts in violation of section 5010(a)(4) of title 38, United States Code, appear at pages S1785 through S1790 of the daily edition of the RECORD for March 3, 1981.

Mr. President, the storefront vet centers are a sound investment and a major symbol of our desire to help Vietnam veterans. Far too many Vietnam veterans still have feelings of alienation and rejection—intensified recently by the comparison between the welcome home they did not get and the welcome home our Iran hostages received. They doubt our national commitment to them.

It is enormously insensitive and plainly ill advised to propose to eliminate the single most visible program for Vietnam veterans.

I firmly believe that Congress will reject any such proposal. I will do everything I can to see to that.

In fact, I am delighted to report to my colleagues that the Veterans' Affairs Committee today voted 8 to 4 to adopt a budget amendment I offered with the Senator from South Carolina (Mr. THURMOND) to continue the readjustment counseling program at least through fiscal year 1982 at the fiscal year 1981 program level of $25 million and to accommodate the extension of eligibility for the program at least through fiscal year 1982, as I have proposed in S. 458.

This action, coupled with the comparable action taken by the House Veterans' Affairs Committee, Tuesday, greatly brightens prospects of solid congressional support for this program throughout the budget and legislative processes.

Although the budget markup today contained much bad news for veterans, this reaffirmation of commitment to this vital program is a ray of light in an otherwise dismal day for veterans.●

DR. ROGER PAYNE IS AWARDED THE ALBERT SCHWEITZER MEDAL

● Mr. TSONGAS. Mr. President, recently I was honored to present the Albert Schweitzer Medal of the Animal Welfare Institute to Dr. Roger Payne, who accepted it on behalf of himself and his wife Katherine Payne. Dr. Payne's acceptance speech beautifully expressed their love of all living things. Mr. President, I ask that the text of his thoughtful, sensitive statement be printed in the RECORD.

The statement follows:

STATEMENT ON ACCEPTING THE ALBERT SCHWEITZER MEDAL

In Argentina, where we have been studying white whales for the past 11 years and from which I have recently returned, I saw an interesting new use for whales—only this time it was a consumptive use, a use for them in their dead state.

Some years ago a sei whale appeared in our bay. For several days our hydrophones picked up its low calls in the distance, surely one of the most mysterious and eerie sounds on this planet. And then the calls stopped, and a few days later we had word that the whale had died and was ashore many miles from camp. So we mounted an excursion and saved the skeleton. We trucked all the bones back to whale camp and stored them along the back of the beach out of reach of the ocean waves that once had borne their owner. The bones are still there awaiting a voyage to the Smithsonian. But the skull was too large to go down the steep road that descends the cliffs to the bay and so it now lies alone in the desert out of sight of the sea, surrounded by bushes.

Last month I paid the skull a visit to see how it was faring and as I was gazing in awe at the "decay of that colossal wreck" I thought I saw something move. It is appeared momentarily in a window at the base of the skull—the so called foramen magnum, the passageway through which the spinal cord communicates with the brain. A few moments later I saw it again; it was the face of a mouse. She had built her nest in the braincase of the whale—a much more exotic consumptive use for a whale than any we humans have concocted. I felt too that it was a noble transaction between a mouse and a whale. In exchange for the shelter that had once housed the whale's vaunted and enigmatic mind, the lady mouse had filled that now vacant chamber with a whole brood of smaller, more compact intelligences and then stuffed in a hatfull of twigs and grass to make up for any shortfalls we might otherwise have perceived.

Could the mind of the mouse possibly comprehend what an extraordinary sanctuary she had selected for her nest? Inside the allegory filled cave of the whale's skull could she imagine sunless worlds beneath the sea, filled with slowly wheeling galaxies of phosphorescence; or 6,000 mile migrations; or towering icebergs? No matter, it was good, solid housing. I don't fault the mouse's use of the skull, because, after all, she chanced upon it quite by accident. But it is curious how mundane even the most exotic uses are to which mammals, ourselves included, put whales. It is as if we had a lapse of spirit and could not figure out how to profit from cultures other than our own. At least our own species is now reaching tentatively out in efforts to contact the people of the sea; whether it can be done before we develop some new consumptive use remains to be seen.

"What happens to beasts will happen to man. All things are connected. If the great beasts are gone men would surely die of a great loneliness of spirit."

That remarkable statement (made in 1884 by Chief Seattle) expresses exactly what I sense will be the greatest loss, "when the great beasts are gone," when we are condemned to live in the unspeakably boring world of our own creation forever. In Argentina I have felt each year a great loneliness of spirit when the whales leave the bay and the bay returns to silence and emptiness. It is hard to convey that feeling but when the whales are there and our days are spent watching them breaching, spouting, swim-

ming, courting, sailing, pushing and shoving—all at their majestic, glacial pace—or when I see them suspended and floating in the shallows, great cloud-like beings moving only a yard or so each hour, drifting with currents too slow to perceive, my spirits soar and I am moved in a way that nothing which is smaller can ever move me.

And then comes the day—usually in mid December—when I awaken and look out across the bay and see nothing. They are gone—they have departed in the night and I am left behind. Immediately the bay loses its mystery, its allure. It is no longer unique but just like any other bay, and rather a drab one at that. I feel peevish and irritated, nothing seems quite right. I sink back and become mired in the annoying detail of life. What I feel, I suppose is "a great loneliness of spirit."

It is because whales are such grand and glowing creatures, because they are "commensurate with man's capacity for wonder" that their deaths for commerce degrade us so. It will confound our descendants. We are the generation that searched on Mars for evidence of life but couldn't rouse enough moral sense to stop the destruction of even the grandest manifestations of life on earth. In that sense we are like the Romans, whose works of art, architecture and engineering inspire our awe but whose traffic in slaves and gladiatorial combat we find mystifying and loathesome.

Because whales now have so many advocates and have taken on an international lustre, they have also attracted opponents among those from whom they might usually expect support. We are told we are wasting too much time on such a glamorous species while myriad lesser known ones cry out for attention. And that is of course partly true . . . But there is a vastly practical reason for focussing one's efforts on saving a major species. This is because if one wishes to save the apex of a pyramid, he must save the whole pyramid. If we can set aside enough of the oceans to ensure a viable whole population, we will be able to ensure an abundance of everything on which the whales feed and through which they swim. The whale then truly becomes the king of the seas. The world of man having realized the importance of saving the king saves all of his subjects because the king has existence only inasmuch as he has subjects; much as the whale has existence only inasmuch as it has the rest of the pyramid that supports it.

The irreducible minimum ecosystem is a food pyramid with a single ultimate predator on top. But it is a doomed ecosystem unless enough such pyramids are preserved to ensure the perpetuity of the ultimate predator. The only way to achieve this is to ensure the success of many pyramids, which means we must set aside large sanctuaries—the larger the better. In this sense a whale does not exist apart from its pyramid. It is *one* with the pyramid—it *is* the pyramid. It is much the same with kings. The word king **defines an office, not a given individual.** A king who has lost his subjects and has been dethroned has no meaningful existence. He is like anybody else—lost in the crowd and soon forgotten. It is therefore a good strategy, I feel, to focus on animal and plant kings and to guarantee their kingdoms—just what we have learned not to do in human societies.

While on the subect of kings and pyramids I want to look at the entire world of intersecting, interlocking, interacting, interlacing pyramids—the whole of life on earth. Years ago the concept was advanced that integrated animal societies which are made up of individual organisms such as ant colonies are in fact a single entity or "superorganism" as it was labelled. It now seems reasonable to many of us that a totality of organisms and super organisms combine to create a super-super-organism—the whole of life on earth. The elements of this super-super-organism though individually mortal are collectively immortal, and the laws that govern them are natural laws.

It is to this immortal oneness—to the totality of life—that I find myself praying. Would it therefore be outrageous to call these mortal elements that become immortal and are interconnected each to every other, God? And to call the immutable laws that explain them God's laws? When I make this deduction several things fit immediately into place: The rage I feel when species are destroyed is understandable, for the destruction of any element in the totality is a blow struck directly at the God I worship. It also lays to rest the myth of the two cultures, the so-called dichotomy between arts and sciences.

It points out that through science (and not just through faith) we learn about God—that as a means of knowing the works of God science can be superior to faith. For it allows us to beat a direct path to God, always staying on course and never being diverted no matter how slowly we make progress. In fact, it suggests that rather than being at odds with religion, science could be its strongest ally. One might even say that as a means of understanding the works of God, science is what religion has been praying for.

I have long felt that the love of all life on earth (a concept that is interchangeable with the word conservation) needs to be written into our religions—is in fact overdue to become a religion in its own right. Should this come to pass this religion will have science at its root. We should not fear that process or feel that science is somehow an inadequate base upon which to build religions. On the contrary science can provide insights as deep (perhaps deeper) than those that come through faith. Science can uplift the soul, give our spirit wings and teach it how to soar.

In my own experience I have found that at their best the revelations of science are as uplifting, as inspiring, as the best of art. Though I am not a card-carrying artist, I am a cello-carrying musician and have at several periods of my life spent more time playing chamber music than I have doing science. And, although there is nothing I have enjoyed more than music, it is only honest to admit that even the quintessential **ecstasy of, for example, the slow movement** of opus 59 No. 1 (or the entirety of the late Beethoven Quartets) does not exceed the sense of wonder I have felt when contemplating black holes or drifting continents, **or replicating molecules, or the spontaneous origin of life, or even, dare I say it,** whale songs.

In fact these discoveries, when you place them alongside religion and music, have a certain oneness. They are distinct creations of different intellects all housed inside an overarching intelligence called life-on-earth. In this sense they are like those mice growing up inside the overarching apse of the whale's skull.

I have taken this detour concerning science because I wished to set the role of science in conservation into a new light. We have long recognized its essential value for resolving conflicts over how a species shall be managed (for instance, how quotas shall be set). But that is just its journeyman's duty. We cannot ever hope to inspire any major changes in how species are viewed, and hence treated, unless we can inspire our own species with the magnitude of what will be lost if we fail to act.

The only route we can use to make the kinds of discoveries that will inspire us to action is through science—the best means man has yet devised to learn about the cosmos. If we can fire the imaginations of the human world on behalf of non-human life, we can inspire a constituency for the wild world which will not accept jury rigs and bandaids to cure what is in fact massive hemorrhaging from rampant greed, but will instead rise roaring to its feet and demand the rights of all life on earth.

If mankind can progress that far and recognize that it is not the master of ceremonies but just another pretty face among a million other beguiling species, and that all us species have bit parts—crucial bit parts albeit—and that it is no disgrace to limit oneself to a well played bit part, then the show can go on. If this ever comes to pass we will be living in a more enlightened world and will not be facing the prospect of dying from loneliness of spirit.●

THE REAGAN ADMINISTRATION'S APPROACH TO DRUG ABUSE

● Mr. BIDEN. Mr. President, I am profoundly disturbed by what President Reagan had to say about drug abuse at his press conference in Washington last Friday.

Despite mounting and uncontradicted evidence that a flood tide of "new" heroin is already lapping at our shores—evidence summarized in a report I issued almost a year ago—the President's remarks suggest that he plans to revive the ineffective domestic "war on drugs" futilely declared by President Richard Nixon nearly a decade ago. The "taking the customers away from the drugs" President Reagan gave as the primary goal of his drug-abuse program was also a prime goal, and the principal failure, of the Nixon program.

Put very simply, on the basis of more than a decade's experience of attempting to battle illegal drugs in the streets of American cities, in American high schools and even junior high schools, or on the campuses of American colleges and universities—it just does not work.

Despite the acknowledged difficulties of defending our shores and borders against the influx of illegal drugs, it has proved much more difficult, and it makes much less sense, to focus our drug-control efforts on what inevitably proves at best to be a street-by-street and campus-by-campus rear-guard action. If Mr. Reagan sees trying to halt illegal drugs at our borders as carrying water in a sieve, trying to contain those same drugs when they have reached the streets is like trying to seal off the contagion of a plague by burning the bodies of the dead. Invariably, it becomes a policy of identifying the victims without doing anything to eliminate the source of the disease itself.

It makes much better sense, and it has proved to be much more effective, to halt the flow of illegal drugs at their source or enroute toward our shores, before they find their way into the veins of young Americans, blighting their lives and their futures with a habit extraordinarily hard to overcome.

It was just those drug programs aimed at drying up trafficking at its source which have been most effective at combating drug abuse here at home. Cooperative programs with the governments of Turkey and Mexico to provide

alternative sources of income to poor farmers, as well as the pinching off of illegal drug exports from the so-called "Golden Triangle" of Southeast Asia, were responsible for the decline in heroin addiction and drug-related deaths in United States during the mid-1970's.

But, having won some of those key battles, we now find ourselves in renewed danger of losing the war on drugs.

The major source of the world's illegal production of opium from which heroin is derived, has shifted in the past 2 years from the jungles of Southeast Asia to the traditionally unpoliced and now even more unstable tribal areas of Southwest Asia, specifically in Pakistan, Afghanistan, and Iran. Already harvested and on the way to the illegal drug markets in Western Europe and the United States is the largest opium crop ever cultivated anywhere.

New drug-trafficking routes have been established through Iran, Turkey, Greece, and even Communist Eastern Europe, where some evidence indicates that Romanian Government agencies have been involved in transactions trading guns for illegal drugs, which are then forwarded to the lucrative markets of the West.

Similarly, new clandestine laboratories for processing opium into the much more easily transportable and much more profitable heroin are being set up, especially in Sicily—and there is ample evidence that a new "Sicilian Connection" with the crime families of the United States is already pouring illegal heroin into the streets of American cities.

Although the outlines of this international distribution and processing system for illegal drugs has become ominously clear, we have made only the barest beginning at efforts to disrupt it—and there is nothing speculative about its effects on American communities and American youth.

The purity of street heroin in the United States has been steadily increasing for the past year, reflecting the early impact of a flood tide that has by no means reached its crest. Drug addiction among American youth is again significantly increasing, and with it the volume of drug-related crimes and drug-related deaths.

The price of heroin on the streets has been dropping, and crimes committed by addicts have been increasing. A recent study by the Temple University Medical School reports that a group of 243 addicts were responsible for committing crimes 176 days a year; the same group said they had committed a half-million crimes during an 11-year period, mostly thefts and burglaries. If the Temple study's findings are remotely valid, the social and economic costs of the crimes committed by the Nation's estimated 600,000 heroin addicts must be truly astronomical. Even more impossible to assign any rational value to are the deaths resulting from heroin addiction, and they are increasing. New York City reports that drug-related mortalities there increased by 25 percent last year.

And while the first effects appeared on the innercity streets of east coast communities, the ravages of this "new heroin" has not been confined to those crumbling neighborhoods long oppressed by the traffic in illegal drugs. The more affluent middle-class youth of suburban communities have increasingly become the preferred market for drug pushers, and traces of southwestern Asian heroin are already appearing in southwestern and west coast American cities.

If we fail to turn back this growing tide, no city, no community, no neighborhood in America will escape its effects—and a bitter 10-year history has taught us again and again that once the battleground arrives next door the war simply cannot be won, and all our children become its potential victims.

More than enough of our youth have already suffered death and devastated lives from drug abuse—and there is more than enough evidence that the threat we face today from international drug trafficking is far greater than any we have faced before—to make the prospect of not merely adding but multiplying new victims among our young people everywhere simply, and totally, unacceptable, especially if it results from misdirected, uncoordinated and underfunded drug-abuse programs.

Little as I can agree with the direction the President has charted, I think I can understand some of his reasons for it. There has been no single or more protracted frustration in the whole history of our national life than we have experienced in attempting to deal with drug abuse. Even as more and more of our youth have been destroyed by illegal drugs, it has become more and more difficult to get rid of them. Indeed, the enormous new supply of heroin already flowing around the world is yet another discouragement heaped on those we have already endured.

But we must not sacrifice another generation of young Americans to our frustration and discouragement. We must not let the flood of illegal drugs sweep unimpeded through our communities while we concentrate on throwing liferings to the relatively few young people who may benefit from the kind of educational program the President has described. Obviously, we need to educate our youth about the dangers of drug abuse. Obviously, wherever we can, we should take customers away from the pushers who infest our streets and campuses. But, just as obviously, such programs are likely to be effective only among middle-class youth, and not all of them by any means, while doing little or nothing for the children of blue-collar and inner-city families.

If we do that, the best we can hope for is the illusion of victory, while the disease continues to fester unabated at the roots of our society.

I am afraid, too, that Mr. Reagan may be suffering from rather than profiting from his experience as Governor of California. He admits frankly that his proposed national program is based directly on what he apparently feels was a successful program in that State. But the fact is that, whatever success he may have enjoyed as Governor, drug abuse was never eradicated in California, nor did California or the rest of the country face in those days a threat remotely on the scale of that which we face now from the burgeoniing poppy fields of Southwest Asia.

The only thing worse than failing to learn from experience is learning the wrong lessons and trying to build a policy upon them. I fear that is just what Mr. Reagan would now have us do as a Nation, and the consequences of such a mistaken policy would be a national tragedy.

And I am afraid, finally, that the President's laudable and politically popular drive to reduce the costs of Government—a reduction we all know is necessary—may in the case of drug abuse be leading us into a tragically false economy that in the end will prove to be fearfully expensive, not only in tax dollars, but even more in the suffering and death it may impose on the young people of America, their families, and their communities.

Costly Government has indeed become too expensive for our citizens to bear—but if there is anything we cannot afford, it is to be pennywise and pound foolish with the lives of our youth.

I must say that I am as surprised as I am disturbed by the apparent intention of the President to deemphasize international cooperation and coordination of programs to dry up illegal drug trafficking at its source—surprised, because I asked for and got commitments for the support of just such programs from three of his principal cabinet officers at their confirmation hearings.

Secretary of State Haig, Attorney General Smith, and CIA Director Murphy, all in reply to my direct questions, agreed that heading off drugs before they reach our shores should be a high priority of the new administration, along with greater emphasis on taking the profit out of drug trafficking here at home. In fact, they not only agreed in principle, but also indicated they would favor joining me and others in talks aimed at establishing and implementing those priorities.

It is no secret that, despite some reservations about all three of those nominations—and in the case of Mr. Smith, some very strong reservations—I voted to confirm their appointments to a very large degree because I understood that to be a commitment to mount and go forward with a major effort to deal with what I firmly believe to be the best solution to a problem that is second only to the economy among our domestic concerns.

It is my earnest hope that, before proceeding beyond his remarks last Friday, the President will consult closely and carefully with those three Cabinet officers, the Directors of the FBI and Drug Enforcement Administration, police and narcotics officials around the Nation, and others with long experience in dealing with drug abuse. Unless I am much mistaken, I believe they will tell him that if we choose to make our homes, streets, and classrooms the primary battleground in our fight against drug abuse—and especially in the fight against illegal trafficking in heroin—we will have already lost the war and that no family or community in America will be immune to the disastrous consequences of our choice.

If the President will do that, and if he

will lead us in an all-out fight to turn back the tide of new heroin before it drowns our young people, I pledge to him all the support and assistance I can give as a U.S. Senator, as an American citizen and as the father of young children. It is a fight I have already begun to wage with all the resources at my command, and a fight I mean to carry on.

Accordingly, while I entreat President Reagan to commit his undisputed abilities to lead as well as the unparalleled power and prestige of his great office to combatting the international traffic in illegal drugs on the same global scale at which it operates, I will nevertheless call upon his officers to keep their commitment to that struggle, as I will call upon my colleagues in the Senate and the American people to support that struggle with the commitment and the resources it demands.

Over the next few weeks, I will spell out on the floor of the U.S. Senate what I believe those demands are and how I believe they can best be met, both here at home and abroad. I will not offer my program as the last word on combatting drug abuse, but rather as what I hope will be the beginning of a productive dialog with my colleagues and the Reagan administration on the absolute necessity of doing everything we can do to turn back that fatal tide before it innundates our youth, our families, our cities and our society.

Mr. President, I ask that the initiatives section containing the recommendations of my report on the Sicilian connection issued last September be printed in the RECORD.

The material follows:

IX. INITIATIVES

Will the International Drug Trade ever be completely wiped out? . . . "not in my lifetime." (Mathea Falco, Assistant Secretary of State for International Narcotics Matters, responding to a reporter's question in U.S. News & World Report, December 25, 1979.)

This report documents the existence of a substantial new threat to the United States, if not the entire West. This country is about to face a massive influx of Southwest Asian heroin, which, if unchecked, will feed a large heroin addict population and cause a concomitant rise in street crime and related social disarray. Indeed, it is arguable that if we do not disrupt the new Sicilian Connection, we may face a heroin epidemic and a crime wave reminiscent of what this country experienced in the early 1970's.

While recognizing the severity of this potential threat, this report also makes a strong case for candor and caution in suggesting policies and initiatives to cope with the international traffic in heroin. Assistant Secretary of State Mathea Falco's conclusions, grim as they are, are thoroughly consistent with the findings of this report. There simply are not any short-term, politically realistic solutions to the problem of heroin addiction in this country. The major disruptions in international trafficking which have occurred in the last decade have been largely influenced by fortuitous events: a drought in Asia, the Soviet invasion of Afghanistan, a drought in Mexico.

That observation is not meant to suggest that carefully considered international initiatives involving cooperating governments like Mexico and Turkey cannot successfully take advantage of fortuitous events. However, it is absolutely essential that the American people understand that the growing of opium, whether by the Pathans in Pakistan or the Turks in the Afyon Province of Turkey, and the trafficking and processing of the heroin in parts of Turkey, by the Kurds in Iran or by the Sicilians and Corsicans in the Mediterranean, often reflect deep-seated problems of poverty, political insurgency and political instability. These are not problems which our foreign policy can solve in a single year, a single decade or perhaps even in this century.

Indeed, quasi-official complicity in the heroin trade that hinders resolution of the international problem (e.g., as is alleged about the Bulgarian agency, KINTEX) may not be subject to unilateral action at all. We must develop an international strategy to "manage" this problem, exploiting as best we can the political and environmental conditions in a particular growing or transshipment area. In the long run, we should seek a system of multilateral initiatives—a world strategy—which will permit us to exploit fortuitous events when and where they occur. When a drought occurs in Southwest Asia, the U.N. can move in adequate income substitution programs to encourage farmers to give up opium cultivation. The mass emigration of the Pathan poppy farmers caused by the Afghan war creates an opportunity for income substitution. Of course, bilateral arrangements with the various producing and transshipping countries can strengthen whatever multilateral initiatives we develop.

The recommendations that follow are necessarily tentative. They are intended to serve more as an agenda for further discussion—in the context of investigative hearings in the Criminal Justice Subcommittee planned for the late summer—and not as a final set of policies. The recommendations fall into five basic categories: (a) dampening U.S. demand for heroin; (b) developing a more coherent federal strategy; (c) strengthening the Justice Department's response to organized crime; (d) developing a more coherent long-term international strategy, and (e) adopting a set of bilateral initiatives aimed at stopping Southwest Asian heroin at production and transshipment points.

A. DAMPENING U.S. DEMAND FOR HEROIN

The American people must understand that the best way to disrupt the international trade in illegal drugs is to reduce the illegal demand for heroin in the United States. It is hard to disagree with the Turkish officials who argued that, "so long as illicit demand continues, illicit production will definitely be carried on . . ." It is this powerful, insatiable demand that makes the same heroin worth a few thousand dollars in Southwest Asia worth a quarter of a million dollars on the streets of New York. Such staggering profits make international trafficking worth almost any risk and render it practically invulnerable to law enforcement. As long as all the heroin needed by America's addict population can be supplied from a hundred square miles of land beyond any government's control, we must recognize that, inevitably, we will waste much rhetoric, foreign aid and political prestige demanding action of governments that they simply cannot deliver. Therefore, the first two recommendations pertain to reducing demand:

Recommendation I: The Congress should resist efforts to reduce the amount of Federal money now available to State and local governments for treating heroin addicts.

The recent budget-cutting fever in the Congress has threatened the 90,000 treatment slots provided by the Department of Health and Human Services to State and local governments. Cutting back funding for treatment slots at a time when we are faced with a major new heroin threat risks smoothing the way for the wave of Southwest Asian heroin.

Recommendation II: The abolition of the Law Enforcement Assistance Administration, although unavoidable within the context of the current effort to balance the budget, should not be carried out in such a manner as to undercut effective criminal justice programs designed to treat addicts who commit street crimes.

The Treatment Alternatives to Street Crime (TASC) program, developed by LEAA in 1972, has proven itself effective at identifying and then treating criminals with heroin addiction problems. Other results of the TASC program are a direct reduction in the incidence of street crime committed by heroin addicts as well as a substantial reduction in the demand for heroin in those cities where TASC has been implemented.

B. DEVELOPING A MORE COHERENT FEDERAL STRATEGY

The next recommendation concerns the central role of the Federal Government in coordinating a national and international strategy for combatting international trafficking.

In 1972, Congress mandated the development of an annual strategy statement by the Executive Branch concerning drug abuse. The Strategy Council on Drug Abuse at the White House is charged with the development of that strategy, and the National Narcotics Intelligence Consumers' Committee is an interagency unit established to digest the intelligence upon which the strategy is based. The role of these two interagency bodies must be seriously reexamined. Although each has provided significant information and advice, overall performance and impact have been somewhat uneven.

For example, although both played an important role in identifying the threat of Southwest Asian heroin, neither has provided particularly forceful leadership in developing a specific Federal strategy for responding to that threat. There is strong evidence to support the contention made by two members of the Council that it is not particularly well-respected in the Federal Government as a forum for developing a coordinated strategy. The strategy itself is so general and vague that it is probably not a meaningful guide to agencies. A similar criticism might be leveled about the National Narcotics Intelligence Consumers' Committee, especially that the intelligence information it disseminates is not taken seriously by high-level decision makers. Certain administration officials argue that the rigor of the analysis performed by the Committee is not always adequate to result in useable information.

Recommendation III: Congress should consider establishing a legislative charter for an interagency narcotics coordinating body with a director appointed by the President subject to advice and consent of the Senate. The Director should have authority to review the budget of, set the priorities for, and resolve conflicts between the agencies involved in narcotics prevention and control. The Director should have the authority, after consulting with the Director of the Central Intelligence Agency, to levy collection requirements on the intelligence community. The Director should be required to issue an annual strategy statement that is both public and classified that provides specific direction to the relevant agencies.

C. STRENGTHENING THE JUSTICE DEPARTMENT'S RESPONSE TO ORGANIZED CRIME

The Sicilian Connection will be as sophisticated as any of the major trafficking networks we have confronted in the past. As a recent GAO report pointed out, we are dealing with merchandising systems of immense size and complexity. The National Narcotics Intelligence Consumers' Committee estimates that annual illicit drug sales exceed $45 billion, which, for illustration, is six times the gross revenue of the whole A&P

grocery chain. A recent Treasury Department report explained that A&P requires 3,000 stores, 100,000 employees and $200 million in working capital. Clearly, heroin trafficking networks moving billions of dollars worth of Southwest Asian heroin are likely to be large and complex. Recent DEA intelligence suggests that Sicilian systems for merchandising heroin in the U.S. may involve dozens, if not hundreds of individuals and transactions measured in the hundreds of thousands of dollars.

Although DEA produces the best intelligence on organized crime and its involvement in narcotics trafficking, recent Criminal Justice Subcommittee oversight hearings indicate that the agency and its parent, the Department of Justice, are not well prepared to meet the threat of a sosphisticated new Sicilian Connection. A recent report by GAO correctly concluded that the Federal program directed at major drug trafficking networks is "not effectively carried out." GAO blamed "lack of expertise, little overall direction, shifting priorities, and legal obstacles."

As suggested earlier in this report, DEA and the Justice Department generally have achieved, as one Justice official admitted, a "dismal record" in attacking the financial empires and the merchandising networks of the illegal drug trade. That is a primary reason why major violators can preserve their networks and resources and, in some cases, continue to operate them from prison. The Subcommittee on Criminal Justice will conduct further hearings on the subject of financial investigations in the summer of 1980.

Recommendation IV: It is absolutely essential that the Federal government give immediate attention to more effective investigation of financial assets and more effective use of the tools Congress has given the Executive Branch in the Criminal and Civil Forfeiture Statutes.

Recommendation V: The General Accounting Office's recent recommendation concerning DEA's use of itelligence in operational law enforcement, especially as it pertains to the Central Tactical (CENTAC) program, should be given very serious consideration by both DEA and the Congress. It is absolutely essential that DEA develop a more effective strategy for using its resources and its intelligence against major organized crime networks.

By its very nature, traditional organized crime is highly centralized and very difficult to penetrate. And, as the GAO recently pointed out, DEA is not proficient in conspiracy investigations. As recent Criminal Justice Subcommittee hearings have indicated, DEA delegates to local offices management of its major investigations, even those with complex interstate and international components. Rarely are investigations managed at headquarters, which ought to have a broader range of information available on any particular conspiracy. DEA should be developing highly sophisticated and centralized strategies at its Washington headquarters, directing the best talent available at this new Sicilian Connection.

DEA personnel abroad are generally very competent and effective government officials. While centralization of investigative management is, as mentioned above, a worthy goal, one questions the wisdom of reductions in DEA presence in Europe, as recently mandated by OMB. This seems especially contradictory at a time when the United States is asking West Germany, England, France and Italy to increase their international narcotics control efforts.

Recommendation VI: DEA presence in Europe should not be reduced but rather increased, and to the extent possible, working conditions and salaries of DEA personnel abroad should be at least made competitive with other foreign service personnel of equal rank and stature.

D. DEVELOPING A MORE COHERENT LONG-TERM INTERNATIONAL STRATEGY

In terms of international initiatives, the United States must invest its energies primarily in developing a multilateral program which will create the realistic hope of ending illicit opium production. That multilateral program must begin with some modest initial measures such as those proposed at the NATO meeting last fall and incorporated in the following three recommendations.

Recommendation VII: A serious effort should be undertaken to develop a better international data base on the exact dimensions of narcotics abuse in all countries in the world, especially in the industrialized West. A determined effort should be made to get all NATO allies to join the United States in its initiative to the Organization for Economic Cooperation, and Development to create an internationally respected base of data on the magnitude of the drug problem facing each country.

The United States must recognize that economic development in the under-developed regions of the world, especially in politically troubled areas like the Northwest Provinces of Pakistan, the Kurdish areas of Iran, and parts of Eastern Turkey, probably provides the ultimate solution to the illicit growth of opium. However, we must be exceedingly careful that economic development not exacerbate the problems we are trying to resolve (e.g., irrigation projects are extremely important, but not if newly arable land is used for opium cultivation).

Recommendation VII.: The American foreign policy establishment should make a more serious effort to pursue our government's proposal to the Development Assistance Committee of the Organization for Economic Cooperation and Development to include narcotics control as a factor in bilateral and multilateral assistance programs. The United States has proposed that such assistance programs should deliberately exclude opium production from irrigation projects and other agricultural programs they sponsor.

The centerpiece of any truly international effort must be the United Nations. The most important United Nations instrument in this area is the Fund for Drug Abuse Control (UNFDAC). Its nonpolitical nature has been especially useful in formerly nonaligned Afghanistan, as well as in traditional law enforcement, crop substitution and research in South Asia and other opium-producing areas of the world. A recent study conducted by the Bureau of International Narcotics Matters at the State Department concluded that, besides West Germany and the United States, contributions for narcotics control assistance are "modest". With respect to such efforts and assistance in Southwest Asia, they are non-existent.

Recommendation IX: The United States should be more aggressive in asking other Western countries to increase contributions to the Fund, and encouraging the World Bank and other multilateral development banks to support narcotics control-related development assistance.

The State Department's Bureau of International Narcotics Matters has done exceedingly well on its limited budget. However, we agree with the tenor of recent GAO criticism of that office's failure to develop a general strategy on international initiatives.

Recommendation X: The Bureau of International Narcotics Matters should develop a comprehensive strategy paper on all matters described above, but in particular, on how other Western allies might join together in an international war against illegal drugs.

The General Accounting Office suggests the convening of a conference of high-level representatives from victim countries, primarily NATO countries. The French have been particularly leery about participating in such NATO-based initiatives and still prefer the European program proposed by former President Georges Pompidou. The so-called Pompidou group excludes the United States and has not been particularly effective in curbing the recent European heroin epidemic. However, discussions with Italian and German officials indicate that interior ministers from those two countries and other European countries are meeting regularly. European cooperation is evidently not only possible but becoming a fact.

Recommendation XI: The United States should take advantage of the present environment of cooperation in Europe, and if possible, attempt to join in a Western European conference on the subject. There should be at least four items on the agenda of such a conference:

1. Identification of source and transhipment countries with which individual participants might develop bilateral arrangements to curb illicit activity. For example, the French or the Swedes might be able to accomplish more with the Iranians than we could.

2. Development of initiatives which would curb heroin laboratory and transhipment activity in European countries, especially Italy and France.

3. Assessment of the drug treatment and data collection needs of Western European countries and pooling information on these subjects.

4. Exploration of joint initiatives which might be undertaken to freeze assets held by international traffickers or to halt sizable international cash transactions by the traffickers.

E. BILATERAL INITIATIVES IN COUNTRIES WHERE SOUTHWEST ASIAN HEROIN IS PRODUCED OR TRANSHIPPED

Pakistan is a primary source country for Southwest Asian heroin. Bilateral assistance from the United States or any other victim country or multilateral assistance by the U.N. or any other agency, would be useful in facilitating enforcement of President Zia's recent opium-growing ban. U.S. relations with the government of Pakistan and use of government A.I.D. money to assist in enforcing the ban had been complicated until recently by the $400 million military aid package for Pakistan proposal by the United States in response to fear of Soviet invasion of Pakistan. Since that arrangement stalled, the Pakistanis have actually been more interested in a talking with the U.S. government about bilateral aid arrangements in the narcotics field.

At present there is a general prohibition on using A.I.D. money in Pakistan for most purposes because of the so-called Symington Amendment, which prohibits sending funds to countries developing nuclear weapons. However, there has always been an exception to that rule for narcotics control. Therefore, the Senate Foreign Relations Committee and the State Department have been working on amendments to the Foreign Assistance Act that would provide additional funds for rural development and narcotics control on the assumption that such money might be used in the Northwest Frontier Province where most of the opium is grown.

Fear of disrupting the proposed military aid package with the Pakistanis and an attitude of general fiscal restraint led the Administration to propose no additional expenditures of A.I.D. monies in Pakistan for this fiscal year. This occurred despite Assistant Secretary of State Mathea Falco's testimony before the Foreign Relations Committee on March 14, 1980, that control of Southwest Asian heroin at its source is a number one priority.

However, the investigation underlying this report revealed an accumulation of a considerable amount of American A.I.D. counterpart funds in Pakistani bank accounts. Under the Symington Amendment, those funds cannot be spent for any purpose other than narcotics control. In the recent mark-up of the Foreign Assistance Act, the Senate Foreign Assistance Act, the Senate Foreign Relations Committee authorized the expenditure of up to $10 million of the accumulated funds for rural development in Pakistan to provide substitute income for opium-growing Pathan farmers. The money could be used for rural development projects such as road building—a sorely needed improvement in the Northwest Province areas of Pakistan. In simple terms, Pathan farmers who otherwise would be growing opium for income would build roads instead.

Apparently, the Pakistani government has expressed interest in using the funds for that purpose. Of course, this would only be a short-term solution to the general problem of finding substitute sources of income for members of the Pathan tribal groups who otherwise have no ready source of cash income. A permanent solution will obviously require great patience and commitment from the United States over a number of years to resolve the underlying economic and social problems—but a new U.S. heroin epidemic is imminent, and short-term measures are crucial to combatting it.

Recommendation XII: The Congress should enact the amendment to the Foreign Assistance Act authorizing expenditure of $10 million in counterpart funds in Pakistan. The State Department should move swiftly to develop a plan with the Pakistanis to implement an income substitution program in the Northwest Provinces.

Turkey is the first non-source victim country in the Southwest Asian heroin trail. We are satisfied that a sophisticated law enforcement and diplomatic program by our government and the government of Turkey might have a substantial impact.

I agree with DEA agents in Turkey who state that the primary goal of DEA's operation in Turkey and its liaison with the Turkish National Police should be to identify major traffickers as they leave for Western Europe. Furthermore, there is clear consensus that some effort should be made with Turkish customs to gain more effective control over the exports leaving from Istanbul airports, seaports, trainyards and across the other major land arteries through Istanbul.

Recommendation XIII: DEA should continue to work vigorously with Turkish National Police to fill the large intelligence gaps concerning trafficking in the rural areas we have identified in this report and with Turkish customs to increase its effectiveness in Istanbul.

The local militia force in Turkey primarily responsible for security in rural areas, known as the Jandarma, is potentially an important part of efforts to halt trafficking in the Turkish countryside—particularly if DEA and the Turkish government make greater efforts to sensitize them to the narcotics problem.

Recommendation XIV: I agree with DEA and Turkish officials that there should be greater emphasis on developing the Jandarma's narcotics control capability. Also, the ability of the Jandarma—especially its airwing—to monitor leakage from legal opium production into illegal use as well as the extent of illicit opium cultivation should be upgraded.

The Balkan Countries and Greece may be the most important transhipment points for Southwest Asian heroin to both Western Europe and the United States. The role of the customs agencies in Bulgaria, Yugoslavia and Greece is of critical importance. The Yugoslavs have been doing an outstanding job—with the largest seizures of Southwest Asian heroin by any European country. However, the allegations concerning the possibly sinister role of the Bulgarian KINTEX organization are indeed disturbing. The effectiveness of Greek customs at the Yugoslav, Bulgarian and Turkish borders and at the Volos ferry from Syria is also a matter of deep concern.

Recommendation XV: The Senate Intelligence Committee and the Foreign Relations Committee should query the intelligence community and the State Department on the most recent information on the role of the KINTEX in gun and drug smuggling with the Kurds and elsewhere in the Middle East. If there is substance to the allegation, an intensive diplomatic initiative ought to be undertaken to thwart that activity. One possibility might involve the Turks who are developing bilateral narcotics initiatives with the Bulgarians and have alleged in international forums that there is a traffic in trading guns for heroin among insurgent groups in Turkey.

Recommendation XVI: If a solidly documented DEA report establishes the role of Greece as a transit point for Southwest Asian heroin en route to the clandestine laboratories in Italy and France, a permanent DEA presence should be established in Athens to help the Greeks improve their customs operation.

Italy has assumed increasing importance in the connection between the poppy fields of Southwest Asia and the streets of American cities and towns. As in Ankara, the DEA office in Rome is of extremely high professional competence and has an excellent relationship with the host government. Indeed, the DEA office in Rome may enjoy a closer working relationship with the Interior Ministry than does our diplomatic corps. In fact, the State Department narcotics coordinator for Rome does not seem to take an interest in his responsibilities and he did not even meet with Congressional staff during the recent visit. This matter should receive the immediate attention of Ambassador Gardiner and the Bureau of International Narcotics Matters.

The effectiveness of the Rome DEA office was evidenced recently by the very large laboratory seizures in San Remo and Milan. Discussions with DEA, State Department and Italian officials clearly indicate that the Italians are taking this problem seriously. They are committing substantial resources to reorganizing their narcotics treatment capabilities. They are also seriously considering suggestions made by our government and outside experts that their law enforcement operations be reorganized along the lines of the U.S. government's DEA in order to more effectively combat the illicit narcotics trade—especially the Sicilian organized crime link to the United States.

Such a reorganization would assist DEA in filing some of the obvious intelligence gaps acknowledged by DEA officials. For example, we still do not know exactly how Southwest Asian morphine base is getting to Sicily, the location of the major heroin laboratories in Sicily, or the modus operandi of the trafficking to the United States.

Recommendation XVII: The Italian government should again be approached about sending a high-level delegation to the United States to see how DEA is organized and how we might help them reorganize their drug enforcement operations. In the course of those discussions and through our DEA office in Rome, we should continue trying to fill the three intelligence gaps described above.●

REPEAL OF SECTION 222, COMMUNICATIONS ACT OF 1934—S. 271

● Mr. GOLDWATER. Mr. President, I am pleased to report that yesterday, March 11, 1981, the Committee on Commerce, Science and Transportation overwhelmingly adopted S. 271, a bill I sponsored, that would repeal section 222 of the Communications Act of 1934. As reported by the committee, S. 271 would permit the Federal Communications Commission (FCC) to authorize Western Union to enter the international record market.

The Communications Subcommittee held hearings on this bill on February 18, 1981. Commissioner Anne Jones, testifying for the FCC, said that:

> S. 271 is a good bill that would enhance the process of making both domestic and international telecommunications markets more innovative, more productive, and more responsive to users.

The Commerce Committee acted expeditiously on this measure. This reflects its belief that section 222 has outlived its usefulness. It was important in 1943 when it was adopted. Competition in the modern telecommunications environment, however, makes section 222 an artificial and unnecessary barrier to effective competition in the international arena.●

THE PROBLEM OF EX-POWS

● Mr. BAUCUS. Mr. President, we have recently experienced the heart-warming and deeply felt celebration of the return of our hostages held so long and so cruelly by the Iranians. I cannot express too strongly how pleased and relieved I feel over this event.

Nonetheless, I believe it also touches our conscience in another way. Many other Americans have gone off to distant lands to fight for our country, some in exceedingly unpopular wars. Their return has been met at times with equal relief and gratitude, but at other times with indifference and even hostility. Those who have most closely approximated the position of our ex-hostages from Iran have been ex-prisoners of war from our other conflicts.

These individuals often suffered unbelievably as a result of that captivity. The effects of that captivity are often still seen today, sometimes close to 40 years after the event.

There is legislation before the Veterans' Affairs Committee which will study these problems. I want to take this occasion to express my interest in this legislation and to say that I will look forward to the recommendations of that committee following hearings on the proposed measures. It is time we take note of any possible unfairness or neglect ex-POW's have suffered over the years.●

PRESIDENT REAGAN'S TAX CUT PACKAGE

● Mr. PACKWOOD. Mr. President, I am delighted to join in cosponsoring President Reagan's Economic Recovery Tax Act of 1981, introduced Tuesday, March 10, by Senator DOLE and 45 other Senators. That bill is S. 683 in the Senate, and H.R. 2400 in the House of Representatives.

The President is committed to achieving enactment of urgently needed taxing and spending cuts. Through the economic recovery plan announced Febru-

ary 18, 1981, and this Economic Recovery Tax Act of 1981, he is leading the way to meeting these goals. I look forward to working with the President and his administration in helping to shape the proposals, and in helping to win prompt congressional action on the spending and taxing proposals.

The President has proposed important spending and tax cuts. The leadership of the House and Senate has agreed to approach the more difficult spending cuts first. I support this approach.

However, there is a most urgent need for incentive to encourage savings, thrift, productivity, exports, and job creation.

The depreciation liberalization proposed by President Reagan is an excellent example of a productivity-boosting tax cut. It encourages new investment by simplifying and liberalizing depreciation deductions. This will help revitalize our aging industrial facilities, boost productivity, increase the real wage of the American worker, and help make us more competitive against foreign producers.

Several additional proposals should be considered to further our economic revitalization.

Congress should enact spending and taxing cuts that address the commitments made by President Reagan and the Republican Party in 1980. I look forward to working with the administration and other Senators in helping with this process. We have an uncommon opportunity to enact overdue legislation to make promise a reality.●

TELL THE MILITARY EXACTLY WHAT YOU WANT

● Mr. BIDEN. Mr. President, with enormous new military spending being proposed by the Reagan administration and new assignments already being made or foreseen for U.S. military forces, we would do well to heed the admonition published today in the Washington Post by Gen. Maxwell D. Taylor, one of the most distinguished military leaders in our history.

The President, General Taylor says, "should require evidence of how major military requirements relate to the protection of specific national interests and to the support of the foreign policy he expects to carry out," but he goes on to say that "no such linkage between foreign and military policy has ever been effected in the past."

This is precisely the argument some of us on the Foreign Relations Committee have been making for several years, Mr. President, and we could hardly ask for greater authority than General Taylor brings to his support of this critically important coordination of our policies. General Taylor was Army Chief of Staff during the Eisenhower administration and chairman of the Joint Chiefs of Staff during the Kennedy and Johnson administrations. His credentials, both as a military man and as a statesman, are beyond question.

If we are to maintain and exercise our national power consistently and effectively in the best interests of the United States, General Taylor's advice must not go unheeded.

Mr. President, I ask that General Taylor's remarks be printed into the RECORD.

The remarks follow:

TELL THE MILITARY EXACTLY WHAT YOU WANT

(Maxwell D. Taylor)

At a time when President Reagan is asking sacrifice and greater efficiency in the civil sectors of government, he would be well advised to display equal toughness in examining the military policy recommended by the Pentagon. To do so, he should require evidence of how major military requirements relate to the protection of specific national interests and to the support of the foreign policy he expects to carry out. Thus, he could verify the correlation of military with foreign policy before committing himself to the vast new military programs, consisting largely of high-priced weaponry, now being pressed upon him.

No such linkage between foreign and military policy has ever been effected in the past. A recent example of failure of policy correlation was the sudden proclamation last year of the Carter Doctrine in response to the Soviet invasion of Afghanistan. With little warning, the armed forces found themselves responsible for the defense of the Persian Gulf region, barren of bases and allies and practically on the doorstep of the Soviet Union. The Department of Defense is still struggling to give some credibility to the political decision by shifting naval forces needed elsewhere to the Gulf while touting the creation of a Rapid Deployment Force. The latter, to date, consists only of several hundred officers and men, a few contingency plans and a couple of robust interservice feuds.

As it takes a fresh look at our overall foreign policy today, the Reagan administration has a precious opportunity to demand from Defense a clear and timely military policy consistent with its major political objectives. But the civil leaders must be ready to give the military specific guidance of a sort generally lacking in the past.

For maximum utility, such guidance should clearly outline the major tasks the armed forces would be expected to perform in the next five to 10 years. In the case of the strategic forces, it would likely reaffirm their primary task as the deterrence of a Soviet strategic attack on us or our allies. But what kind of forces would produce this deterrent effect? The guidance might properly prescribe that adequate forces be able to destroy certain specific Soviet target systems under certain stated conditions with a minimum acceptable percentage of probability. On the other hand, it might revert to the fallacy of seeking parity with the Russians in numbers of weapons.

For the general-purpose (non-nuclear) forces, it would no longer suffice to say, as in the past, merely that they should be able to fight one-and-one-half or two-and-one-half wars simultaneously without indication of where and how long they would be expected to fight without benefit of major reinforcement.

In NATO, the immediate question is how to offset the increase in the strength of the Warsaw Pact and, in so doing, how to obtain a larger military contribution from our allies. Our military chiefs will need to know to what extent, if any, they should plan to modernize NATO weaponry despite allied coolness to the idea and whether to consider a further increase in our own forces currently deployed there. In the latter connection, they need to know what percentage of our current combat strength can be safely committed to this area beyond an ocean that our Navy may not be able to control.

In the Middle East, the first question to answer is whether the Reagan administration adheres to the Carter Doctrine unchanged and expects the Pentagon to give it military meaning. If so, what level of defense is desired—a military presence merely to show the flag, or a tripwire force big enough to force the Soviets to attack and face the possibility of unpredictable escalation? Or will the eventual goal be a major defensive front comparable to that currently in Western Europe? In any case, where will the trained manpower come from to provide combat-sustainable forces without a return to peacetime conscription?

Because of the costs involved, the military planners should receive guidance as to the level of readiness to be required of operational forces. It will not do to say merely that all forces should be ready to fight anywhere at any time but, rather, that specified task forces should be ready to go to certain places in an order of priority. A trained combat unit in the United States has little timely value without the ships and aircraft to move it to its destination overseas and a supply line to forward it munitions, supplies and loss replacements. Task readiness of this sort requires carefully coordinated interservice planning—something we have done imperfectly in the past.

In addition to these longstanding threats in Europe and the Middle East, there are new conditions arising worldwide affecting our interests that a new military policy must recognize. Three are particularly important: the growing dependence of the economy on access to overseas markets, the instability and turbulence resulting from excessive population growth in many Third World countries of vital interest to us and the dangers to our citizens and our overseas assets of international terrorism. To cope with the foregoing, our military leaders are entitled to know what role the armed forces will be expected to play where and under what conditions.

With comprehensive guidance of the sorts I have mentioned and a presidential mandate to produce and maintain forces capable of the tasks indicated, the Department of Defense should be able to produce an appropriate policy and force structure. If so, the results could be extraordinary.

For the first time, we would have an appropriate linkage of foreign and military policy and, at the same time, a sound basis for justifying military needs.

We would have established task-readiness as the measure of military sufficiency and, in so doing, rejected the fallacy of matching numbers with the Russians.

The armed forces would be protected from their innate inclination to prepare for the kind of war they would prefer to fight.

In due course, the president would regain a voice in international councils strong enough to ensure the close attention of all present—especially the Russians.●

THE CHURCH WE LOVE IS BEING USED

● Mr. BAUCUS. Mr. President, as I was reading the Washington Post last Sunday, I came across a thoughtful and powerful editorial by my colleague from Vermont, Senator LEAHY. It is worthwhile reading for every Member of Congress, especially as we confront fundamental social and moral issues in the coming years.

Mr. President, I ask that the Leahy editorial be printed in the RECORD.

The article follows:

[From the Washington Post, March 8, 1981]

"THE CHURCH WE LOVE IS BEING USED"

(By PATRICK J. LEAHY)

During the past two years, the Catholic Church in the United States and extemely conservative Christian evangelical groups like the Moral Majority have formed a de facto political alliance. That alliance will ultimately benefit right-wing goals while diminishing many of the positive gains in justice, compassion and human dignity made with the help of the Catholic Church during the past few decades. Many of the Catholic laity—myself included—are increasingly concerned that the church we love is being used in a dangerous way.

Throughout this century, the Catholic Church has been in the forefront of efforts to improve health care, strengthen civil rights laws, provide fair and decent housing, ensure safe working conditions and adequate wages and guarantee religious tolerance.

The Catholic Church has also maintained steadfast opposition to abortion. Instructing its membership on the moral issues of abortion is the church's right and, many would say, its duty. The church, however, has done more than instruct. It has also sought legal strictures on abortions. In moving from the moral to the political arena, the church has allied itself with those who would turn aside nearly all that the Catholic leadership and laity have stood for in this century.

As a result of this alliance, the "prolife" movement has become a stalking horse for the right. In a sincere belief in the respect for human life, many Catholics have been manipulated by far-right political action groups that run counter to the social teachings of the church. Monsignor George Higgins wrote in the Jesuit magazine America last fall that Catholics "should be aware that the church's respect-life agenda includes a wide range of social justice issues and that in the vast majority of cases the political program of the New Right is virtually the antithesis of the church's position."

Indeed, the contrast between the two groups on most issues is striking. For example, last year the U.S. Catholic Conference said, "The primary responsibility of the state is to serve the common good. It has a responsibility to adopt economic policies to ensure that essential needs of all its people are met. These include adequate shelter, health care, education and access to necessary social services." In his presentation before the Republican Party Platform Committee, Bishop Thomas Kelly, also of the U.S. Catholic Conference, voiced the support of the church for the United Nations, human rights, strategic arms control and international economic assistance to the poorest nations of the world. Such positions are part of my heritage as an American Catholic.

Yet, these programs and policies of social concern are under attack by the Moral Majority—the so-called Christian right. I have never understood what is "Christian" about the religious shock troops of the radical right. Christian teachings, I thought, included compassion for the weak, support for the poor, aid for the hungry and love for all mankind. Instead, I hear that to be a Christian, to take a "moral" position, legislators must vote for major reductions in federal programs, vote against the Department of Education and declare that a threat to Taiwan is also a direct threat to the security interests of the United States. I am told that, as a Christian, I must be against affirmative action for women and laws restricting child abuse by parents. To be moral, I must support unlimited military spending and oppose the strategic arms limitation treaty.

Of course, these are not divinely authorized Christian positions, but they are part of the radical right agenda. The veneer of Christian morality is part of a strategy, again according to Higgins, "to establish a New Right political apparatus that conceals the political economic program of the right wing and focuses on the social issues that have an emotional appeal to groups that have traditionally voted for progressive candidates." The point is made openly by Paul Weyrich, executive director of the right-wing Committee for the Survival of a Free Congress: "The New Right is looking for issues that people care about, like gun control, abortion, taxes and crime. They're emotional issues, but that's better than talking about capital formation."

It is clear that the New Right has had success with this strategy, and the rationalizing necessary to excuse the odd-couple alliance becomes more tortured and distressing daily. I heard one apologist explain the difference in outlook between the church and the right on the issue of nuclear weapons control. He said there was nothing irreconcilable about the church's strong support of arms limitation and the right-wing call for increased nuclear arms because the "ultimate goal was world peace"!

Through the efforts of the right's effective single-issue groups, notably the "pro-life" movement, many compassionate and, yes, "Christian" congressmen have been defeated. This is a shortsighted approach for the Catholic community. Father Theodore Hesburgh, president of Notre Dame University, assessed the damage: "We have witnessed the fact that political candidates who agree 95 percent with Catholic principles of social justice in most issues of public policy have been defeated by their opposition on this one issue and have been replaced by candidates who, agreeing superficially on the issue of abortion, disagree with us on almost every other issue bearing on justice and equality."

I am reminded of the lines from "A Man for All Seasons." Sir Thomas More asks Roper, his former student, to justify his disregard for the law in attempts to gain political goals.

"What would you do?" More asks. "Cut down a great road through the law to get after the Devil?"

"I'd cut down every law in England to do that," young Roper answers.

"And when the last law was down," More retorts, "and the Devil turned around on you—where would you hide, Roper, the laws all being flat?"

Today, the church is dangerously close to aiding single-issue groups—whether intentionally or not—in cutting down so much of what it has stood for in the past. If the right wing, through manipulation of single-issue politics, continues to defeat elected officials who support progressive steps, there will be no one left in government to shelter those broad values of compassion and justice the church has endorsed.

Both as a Catholic and as a legislator, I hope many in the hierarchy of our church will soon reevaluate this course. From conversations with my fellow Catholics across the country, I know a growing number share the same concern.●

EXPORT TRADING COMPANIES—VI

● Mr. HEINZ. Mr. President, I would like to bring to the attention of my colleagues the testimony of J. Hallam Dawson, president of the Bankers' Association for Foreign Trade and the Crocker National Bank in San Francisco, before the International Finance and Monetary Policy Subcommittee on February 18. Mr. Dawson discussed the worsening position of the United States in the international marketplace and emphasized the urgent need for export trading company legislation like S. 144 to improve that position. Mr. Dawson also detailed the numerous contributions which banking organizations can make to the success of export trading companies and the obvious practicality of permitting banks to have equity positions or control of ETC's.

Mr. President, I ask that Mr. Dawson's testimony be printed in the RECORD at this point.

The testimony follows:

PREPARED STATEMENT OF J. HALLAM DAWSON, FEBRUARY 18, 1981

Mr. Chairman and Members of the Subcommittee:

My name is J. Hallam Dawson and I am President of the Bankers' Association for Foreign Trade. I am also President of the Crocker National Bank of San Francisco. I am accompanied today by the Association's Counsel, Gary M. Welsh of the Washington law firm of Prather, Seeger, Doolittle, & Farmer.

The Bankers' Association for Foreign Trade ("BAFT") was founded in 1921 by a group of banks whose purpose was to expand their knowledge of international trade and to develop sound banking services and procedures in support of trade. Today, BAFT's voting membership of 151 U.S. banks include virtually all of those having significant international operations. The Association also includes as non-voting members 97 foreign banks maintaining offices in the United States, and thus embraces many of the major international banks of the world.

BAFT is pleased to have this opportunity to express its strong support for S. 144, "The Export Trading Company Act of 1981," because the promotion and support of U.S. exports has been one of BAFT's fundamental priorities since its inception. We would also like to commend you, Mr. Chairman, and the Members of the Subcommittee for taking such prompt action on this legislation in the 97th Congress.

In this prepared statement, I would like to address four major topics that have surrounded this legislation since its inception in the last Congress; namely, (1) the need for export trading companies (ETCs) to stimulate U.S. exports, (2) the contributions that banking organizations can make to their development and organization, (3) the ways banking organizations might choose to participate in ETCs, and (4) possible public policy concerns over controlling investments by banking organizations in ETCs.

THE NEED FOR U.S. EXPORT TRADING COMPANIES

The nub of our trade problem was aptly summarized by the Joint Economic Committee in its 1980 Economic Report:

"[I]t is not only the oil bill that concerns American policymakers.

"Nearly all other nations recognize the link between international trade and domestic prosperity. The United States has been slow to adjust to the competitive world of trade. We have tended to view foreign trade as a luxury rather than a necessity. In the meantime, the U.S. market has become the target of integrated, well-financed, and highly successful efforts by our competitors."

The challenge is thus clear. More U.S. firms must export and, to do so, they must be given the means to meet highly-sophisticated foreign trade competition. S. 144 is directed precisely at these most crucial problems.

First, to involve more U.S. firms in exporting, they must be given both the opportunity and the means to export. Export trading companies will be able to provide to small and medium-sized businesses the export know-how and financial resources necessary to carry on a successful export business.

Second, to be competitive in export markets, U.S. firms must be relieved of the ex-

port barriers and disincentives that the U.S. imposes from within and which often serve to benefit our competition and make exporting more difficult than it need be. Among the most important barriers are those which have artificially compartmentalized various segments of the export process and effectively blocked development of U.S. export trading companies in response to natural market forces. S. 144 is a strong step toward reducing or modifying a number of these barriers.

Included among these barriers to the formation of export trading companies are certain legal restrictions established over sixty years ago which have prevented U.S. banking organizations from participating in the development of U.S. export trading companies. In fact, we would call to the Subcommittee's attention the rather anomalous situation under present law, whereby a foreign bank doing business in the U.S. may invest in a foreign trading company that exports to the U.S., and certain types of U.S. banking organizations may invest in foreign trading companies that buy and sell goods abroad, but a U.S. banking organization may not invest in a U.S. export trading company that buys U.S. goods for the purpose of exporting them abroad.

In other words, the line separating banking and commerce frustrates the development of U.S., but not foreign trading companies. For reasons I will shortly discuss, BAFT supports section 105 of S. 144 because it moves that line to a point where it will do the most good for U.S. exports and the U.S. economy, without compromising more fundamental concerns about the separation of banking and commerce within domestic markets.

Third, it is vital to our future foreign trade growth to establish trading companies that can facilitate the joint export on U.S. goods and services. United States service industries are facing increasingly stiff government-supported foreign competition. An export trading company will be able to combine the talents of large and small U.S. firms producing complementary goods and services and put together a complete export package better able to meet both foreign demands and foreign competition. It will be able to export a complete textile mill, or complete construction project—not just individual pieces of machinery.

THE CONTRIBUTIONS WHICH BANKING ORGANIZATIONS CAN MAKE TO THE SUCCESS OF EXPORT TRADING COMPANIES

In general, we believe the strength of S. 144 is its reliance on the ingenuity, productivity and efficiency of the American business and financial community. Instead of mandating a particular form of trading company or imposing an inappropriate foreign model on U.S. industry, S. 144 leaves it up to the U.S. private sector to develop what is likely to be a highly diverse group of trading companies—some large, some small, some owned by a single firm, some jointly-owned, some with bank participants, some owned entirely by nonbanking organizations, some formed around particular industries, and some formed for particular markets. The best way to improve U.S. competitiveness is by deregulating instead of regulating, by promoting rather than burdening U.S. business.

We live in a highly competitive international environment and we must be prepared to modify barriers or restrictions imposed under vastly different economic circumstances that now only serve to frustrate our broader national interests. Among these restrictions are legal provisions which prevent U.S. banking organizations from investing in firms, such as U.S. export trading companies, that engage in export trade or in providing export trade services.

The restrictions derive principally from the Edge Act of 1919, and they were based on a concern that U.S. export trade might somehow become dominated by one or two large trading companies involving a few industrial giants and the relatively few banks engaged at that time in trade financing. These restrictions thus bear little relation to today's highly competitive world of international trade, and the internationalization of trade financing. In particular the days when a relatively few money-center banks did most of our trade financing are ancient history. As indicated by the scope of our membership, hundreds of banks—both domestic and foreign—are aggressively competing in trade financing across the country.

We thus support section 105 of S. 144 which would give Edge Corporations, banks, and bank holding companies the opportunity to invest in export trading companies, including firms that engage only in providing export trade services. We believe it is important that banking organizations be permitted to invest in export trade service firms, as well as export trading companies, because many banking organizations, including many smaller and regional banks, would like the opportunity to expand their range of trade services without necessarily having to invest in a trading company that buys and sells goods. This would thus enable banks to present to their customers a more complete, integrated package of services that would facilitate and promote exports.

In support of our endorsement of section 105, I would like to take this opportunity to highlight a few of the important contributions which banking organizations can make to the success of U.S. export trading companies, and thus to the improvement of U.S. export performance.

First, the United States banking system reaches virtually every U.S. business, including especially small and medium-sized U.S. businesses. United States banking organizations can thus provide an important introductory link between trading companies and U.S. businesses seeking to export their goods or services. In this regard, U.S. banks already play an important role in introducing Eximbank, FCIA and other programs to businessmen throughout the country. There is no better way to reach U.S. business than through the banking system.

Second, in today's world, the finance component of an export transaction is sometimes its most crucial element. A trading company must therefore be able either to provide or arrange for appropriate trade financing. Bank participation in a trading company will expand its capabilities to put forward realistic financing options.

Third, bank participants can help trading companies penetrate markets abroad and can provide U.S. export trading companies with the knowledge and experience crucial to meeting foreign competition. Many U.S. banks have substantial international networks that reach into every major export market and which form a tremendous reservoir of talent and experience for a trading company. For example, foreign branches and affiliates of U.S. banks have a detailed knowledge of local economic conditions, government policies, and business practices which would take a de novo trading company years to develop on its own, and which knowledge is crucial for competing abroad.

Fourth, larger U.S. banking organizations often have highly developed and technologically sophisticated operations and communications possibilities for processing trade transactions. Smaller banking organizations can also avail themselves of these capabilities through their correspondent banks.

Lastly, bankers have risk assessment and control procedures and general management processes than can contribute to the development of financially-sound, well-managed, and reputable U.S. export trading companies.

WAYS OF BANK PARTICIPATION IN ETC'S

From our discussions in the banking community, we see a number of possibilities for bank participation which can be as varied as our banking system and economy.

Some banking organizations may join together to form an ETC. For example, S. 144 permits bankers' banks—banks owned by a number of small banks—to form an ETC. An ETC owned by a number of banks from the same region could provide a significant export stimulus to the area.

An ETC owned by a number of banks from different regions could stimulate the export of goods and services from throughout the country. For example, a banking organization with strong Far East relationships could join with another banking organization with strong South American relationships, thus expanding the worldwide export capabilities of a jointly-owned ETC.

Some banking organizations will prefer to organize and form their own trading companies. The regional bank may form such an ETC to give its smaller customers the one-stop service they need to enter the export market. A money-center bank may form such an ETC to assist in facilitating trade with China, Eastern Europe or other areas where barter or so-called counter-trade elements may be required due to the lack of U.S. dollar exchange.

Some banking organizations may join with nonbank firms to establish an ETC, either on a permanent or one-shot basis. For example, a banking organization, an architectural firm, a construction company and a steel fabricator could form a "one-project" ETC to bid on a foreign tender. Or a bank might join with an export management company or freight-forwarder to organize an ETC that would provide an opportunity for the more efficient combination of their essentially complementary services.

Some banking organizations may use the opportunity to integrate and expand the types of trade services they already provide their customers. For example, an export finance subsidiary of a banking organization could better meet foreign competition on behalf of U.S. exporters if it could take title to goods in the course of a transaction instead of having to proceed through other intermediaries, an activity denied U.S. export finance subsidiaries in the past.

I would note that this list is intended as suggestive only. Nevertheless, I think it is useful because it indicates the wisdom of S. 144, which would permit banking organizations to make controlling investments with prior agency approval.

PUBLIC POLICY CONCERNS OVER CONTROLLING INVESTMENTS BY BANKING ORGANIZATIONS

We believe it clear from our discussions within BAFT and the banking industry that banking organizations interested in S. 144 view it solely as a means for expanding the types of international trade services they can provide to U.S. business in order to promote U.S. exports, and not as a means for investing in or combining with U.S. business in contravention of our basic policies separating domestic banking and commerce.

THE ZAIBATSU CONCERN

First, S. 144 only permits banking organizations to invest in ETCs, and limits any such investments to five percent of the banking organization's capital and surplus. An ETC must be principally engaged in exporting and facilitating the exportation of goods and services produced in the United States by unaffiliated persons. A bank-owned ETC may not engage in securities activities prohibited to its banking organization shareholder and is specifically prohibited from engaging in agricultural production activities.

Second, the strict limits on the amount

of funds that a banking organization can lend to and invest in a trading company affiliate—a combined limit of 10 percent of the banking organization's consolidated capital and surplus—ensure that a bank-controlled ETC would not have the resources to become a Zaibatsu-like conglomerate even if it had the ability to do so—which, as pointed out above, it does not.

Third, the requirements for antitrust clearance under the Webb-Pomerene provisions and the banking agencies' authority to disapprove any investment over $10 M having adverse competitive considerations ensure against any combinations of bank and/or nonbank ownership of an ETC that would have deleterious competitive effects in the U.S. or on U.S. trade.

Interestingly, we have found competitive concerns raised in the ETC context similar to concerns raised about bank involvement in Small Business Investment Companies and I would like at this point to quote from a report issued by this Committee in 1976 recommending legislation, which was approved, permitting banks to acquire up to 100 percent of the stock of an SBIC:

"Section 108 of the bill would permit banks to own 100 percent of the voting common stock of a Small Business Investment Company. In 1967, the Small Business Investment Act was amended to prohibit a bank from acquiring 50 percent or more of the voting equity securities of an SBIC. The provision, which was initiated in the House, was provoked by concern over the 'monopolistic potential' of commercial banks in the SBIC program, although there was no evidence of abuse.

"The SBIC industry and SBA have been actively working to bring more private capital into the program. Although many banks have expressed interest in the program, it is frequently difficult to find compatible coinvestors with sufficient assets. A bank's exposure is limited by law to a maximum investment of 5 percent of capital and surplus. Allowing banks to control or wholly own a license would serve to encourage financial institutions which are interested in the sound development of the SBIC program and would increase the amount of capital available for small business investment."[1]

As in the SBIC case, we see no opportunity for a Zaibatsu-like monopolistic potential in our export trade, and believe that legislating on the basis of such unproven concerns, especially in light of the substantial protections already included in S. 144, would have the principal effect of discouraging bank participation and thus the expansion of small and medium-sized business exports.

SAFETY AND SOUNDNESS CONCERNS

S. 144 contains comprehensive safeguards that carefully limit and control possible banking organization exposure in export trading company investments. These limitations are at least equal to and often exceed those that currently apply to other permissible bank, bank holding company, or Edge Act Corporation investments.

First, as noted above, no banking organization, except an Edge Act Corporation not engaged in banking, may invest more than five percent of its capital and surplus in the stock of one or more ETCs. This five percent limit is well within other recognized prudential limits in our banking laws.

Second, no banking organization can in the aggregate and on a consolidated basis invest and lend more than ten percent of its capital and surplus in or to an ETC. This ensures that the financial limitations of section 23A of the Federal Reserve Act apply to all banking organization/ETC investments, irrespective of whether the ETC is a majority-controlled affiliate. In contrast, bank-sponsored REITs have always been considered outside the limitations of § 23A. This provision thus puts a total prudential cap on exposure to a controlled or non-controlled ETC.

Third, the name of an ETC cannot be similar in any respect to that of a banking organization investor. This prohibition ensures against public confusion between a banking organization and an ETC affiliate and thus avoids the types of problems that arose in the REIT area.

Fourth, a banking organization must terminate its ownership of an ETC if the ETC takes speculative positions in commodities. This protects against an ETC affiliate's engaging in non-productive, purely speculative activities that could put a banking organization's investment at risk. In this regard, this provision will effectively require any banking organization investor to ensure that there are adequate internal controls in an ETC against speculation.

Fifth, S. 144 specifically prohibits a bank from making preferential loans to an ETC in which it has an equity interest, including to any customer of such ETC. The language of the prohibition parallels that in the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRICA) on insider loans, and is thus a type of prohibition regularly enforced by bank examiners and the bank regulatory agencies.

Sixth, the banking agencies are given clear authority to require divestiture of any ETC investment that may constitute a serious risk to a banking organization investor. Again, this parallels powers which the Federal Reserve was given under FIRICA over other bank holding company investments.

While there are additional regulatory safeguards provided over controlling investments which I will discuss next in focussing on the control issues, BAFT believes the above limitations, restrictions and controls are appropriate and, in the aggregate, ensure against any exposure beyond traditional prudential limits for either non-controlling or controlling investments.

REASONS FOR PERMITTING CONTROLLING INVESTMENTS BY BANKING ORGANIZATIONS

Permitting banking organizations to make controlling investments subject to the limitations included in S. 144 should not increase risks or potential competitive or conflicts of interest problems, but, as indicated in the Committee's Report last year on S. 2718 (at pp. 10–11), should actually serve to reduce them:

A banking organization with a controlling investment is in a better position to protect its investment and regulate risk exposure. In this regard, many U.S. banking organizations have a policy in their international operations of favoring controlling investments, because equity control ensures operational control and hence better risk management. In this regard, if S. 144 were amended to prohibit controlling investments by banking organizations, it would not in any way change a banking organization's ultimate risk exposure of five percent of its capital and surplus for any investments in ETCs, and ten percent of its capital and surplus for loans and investments in ETCs. What such amendment would do is make it more difficult for a banking organization to protect its investments and loans to an ETC.

Some banking organizations may only want to organize an ETC for limited purposes *e.g.*, to assist in certain project financing, to export from a local region or to a specific trade area, or to merely expand their range of export trade services. Permitting controlling investments thus encourages the formation of smaller, independent trading companies, with less Zaibatsu-like combinations between banking and industry.

A banking organization may find that conflict of interest problems are minimized when it has control. A banking organization with many export customers may not want to join with any one or two customers in an ETC, but may want to set up its own independent ETC.

An ETC controlled by a banking organization would have no unfair competitive advantage over other ETCs or ETCs with minority bank participation. S. 144's restrictions on total loans and investments and preferential lending are across the board and pertain whether a banking organization has either a minority or majority participation.

In addition to these reasons for permitting controlling investments, it must be noted that S. 144 contains extensive safeguards in the case of controlling investments to protect against unwise risk exposure.

Any controlling investment, even if less than $10 million, must be approved by a bank regulatory agency.

No group of banks can acquire more than 50 percent of an ETC without prior agency approval.

The agencies could disapprove any application for investment where, in their judgment, export benefits are outweighed by adverse banking factors.

The agencies can impose conditions and limitations on controlling investments to limit a banking organization's financial exposure or prevent possible conflicts of interest or unsound banking practices.

The agencies can examine banking organization-controlled ETCs and use cease-and-desist authority to enforce any and all requirements imposed under the law.

The effect of these safeguards is to make it clear to all concerned that a bank cannot attempt an unwise rescue operation of an ETC, that it must deal with its affiliate on an arms-length basis, and that the ETC must ultimately stand or fall on its own.

CONCLUSION

I hope this statement proves useful to the Committee and we would like to express our willingness to work with your staff on any aspects of this legislation where our further input may be of assistance.●

[1] S. Rep. No. 94–420, 94th Cong., 2d Sess. 8–9 (1976).

HONORING AMBASSADOR RICHARD N. GARDNER

● Mr. D'AMATO. Mr. President, Richard N. Gardner, a native of New York City, and a distinguished diplomat and scholar, recently left his post as our Ambassador to Italy. Dick Gardner served his country with wisdom, vision, and dignity. Through his office he has brought a broader understanding of American foreign policy to the Italian Government and to its people.

These accomplishments are set out well in an article appearing in the Italian newspaper, Il Giornale.

Mr. President, to recognize the many accomplishments of Ambassador Gardner for his country, I ask that the IL Giornale article be printed in the RECORD.

The article follows:

From [I] Gioranale, Feb. 18, 1981

GREATER U.S.-ITALIAN UNDERSTANDING

Today Italians have a much clearer conception of U.S. policy than they did four years ago. No one today believes, as the leadership of the Christian Democratic Party did in 1977, that Washington would tacitly consent to a government which included the Communist Party. Gardner's successor will find everything in order, no skeletons in the closet. Gardner's motto: "Be silent before

speaking." His retort to Feltrinelli's widow: "I do not think that you and I mean the same thing by 'intellectual' ".

On page one, Box: Gardner, the outgoing U.S. ambassador achieved his goal in Rome: there is better understanding between Italy and the U.S. Gardner plans future visits to Italy.

Rome. Richard N. Gardner, outgoing U.S. ambassador, is a person who does not like to say goodbye. He will leave his official residence, Villa Taverna, on the 27th of this month. This does not mean he will not return to Italy, however. He will come back this April to spend two months as visiting professor at the European University. He will stay in Settignano at the Villa "I Tatti," once Bernard Berenson's *de luxe* retreat. Nor does a return to his chair in law at Columbia University after four years as Carter's representative in Rome mean an end to his interest in politics.

"I find that alternating study with active political life has many advantages. It gives practicality to the theorist and depth to the politician. Moreover, this assignment to Rome represents my second experience in active political life. From 1961 to 1965, during the Kennedy and Johnson Administrations, I was Deputy Assistant Secretary of State for the United Nations. Since I'm only fifty-four years old, it's quite possible that I may return to government a third time sometime in the future, after a reasonable interval for research and teaching."

In talking about himself, Gardner limits himself to the above statement. He does not yet know whom Reagan will name as his replacement, but he wants to leave everything in order for his successor, all accounts up to date, no outstanding debts and no heritage of skeletons in the closet. One thing is certain: as a result of what Gardner has achieved in these four years, his successor will be spared the uphill battle that faced Gardner when he became ambassador on March 17, 1977. Italians now have a much clearer conception of U.S. policies than they did at the beginning of the Carter administration. There is greater awareness on the part of the U.S. of the importance of Italy's role in Western politics than was the case in 1977.

Prime Minister Forlani was one of the leaders Reagan telephoned immediately following his inauguration. The humiliating days of Guadaloupe, where a Western summit that did not include Italy was held in January, 1979, are now a thing of the past. Gardner protested vehemently to Washington, which, in turn, pointed an accusing finger at France. In any case, that insulting nonsense was not repeated. And everyone has been effectively disabused of the idea that the American ambassador might receive instructions to turn a blind, convincing eye to vaunted "openings".

A GREAT MISUNDERSTANDING

This happened in Gardner's case. His arrival was preceded by the questionable approval of Communists and their sympathizers, as it happened, on both sides of the Atlantic. Right after Carter announced Gardner's appointment as ambassador to Italy, a Sulzberger story in the New York Times spoke of the open admiration Sergio Segre, Italian Communist Party authority on foreign affairs, had expressed for Gardner's openness, modernity and intelligence. Sulzberger's article gave the impression that Gardner and Segre had met more or less privately, an unorthodox and significant contact made unofficially prior to Gardner's becoming ambassador. This all occurred while the "historic compromise" between the Christian Democrats and the Communist Party seemed to be in the offing, that Communist participation in Italy's government would become reality within a matter of months.

What actually happened was that both attended a banquet in New York in honor of a large delegation of parliamentarians of all Italian parties, headed by Giulio Andreotti. It included the Italian Communist Party as well as ultra right wing parties. At that time, however, it seemed unnecessary to pursue the matter of who or what Gardner really was. Otherwise it would have been easy to verify that in the Fall of 1968 Columbia's rebellious students had labelled him a warmonger, chalking "pig" on the classroom door and obstructing classes by student picket lines.

The misunderstanding was compounded by the Carter administration's wavering on the question of "Eurocommunism." The record has now been set straight. And when the entire story is made public, we will see how important a role Gardner played in convincing Washington of the dangers involved in playing with words or diluting them by illadvised silences. A twelve-page memorandum signed by Carter on March 12 is locked in Gardner's strongest safe. It spells out the criteria which are to govern the carrying out of Gardner's mission. Gardner has been both conscientious and resourceful in observing these criteria, which he helped formulate. But for several months, Washington did its best to insure that the most important criterion remained unspecified.

ANTAGONISM

The rules (set out in the above memorandum) state that the U.S. is—as might be expected—opposed to Communist participation in the governments of its NATO allies, though at the same time, it would not interfere in their allies internal affairs. The reason for this is that Communists and Eurocommunists in these countries remain firm in their preferential relationship with the Soviet Union, an imperial power heading an alliance directly opposed to NATO. However, consideration for the French Social Party (and in particular for Mitterand) which was at the time an electoral ally of the Communists, caused the Carter administration to refrain from specifically pronouncing its opposition to Communist participation in Western governments.

This was what brought about the belief on the part of the principal leaders in the Christian Democratic Party, from Zaccagnini to Moro to Galloni, that the United States would tacitly consent to Communist participation in government. Gardner understood the situation. He flew to Washington and convinced the National Security Council not to mince words in stating the U.S. position. This resulted in the January 12, 1978, declaration by the Department of State on Communist participation in the governments of NATO allies. "We do not favor Communist participation and would welcome a decline of Communist influence in the countries of Western Europe."

The enthusiasm with which Rome's radical chic had showered Gardner, quickly evaporated. At a buffet dinner in a Rome penthouse, Mrs. Feltrinelli, widow of the publisher/bomber, said to him, "Gardner, you've lost the intellectuals." To which the Ambassador replied: "I'm afraid that by intellectual you and I mean two vastly different things, Mrs. Feltrinelli."

Ambassador/Professor Gardner set himself a heavy schedule of speeches which took him to cities throughout Italy—he averaged about forty speeches a year—the intent being to explain his ten-point "Strategy of Cooperation". His talks averaged half an hour, and an hour or an hour and a half were spent in open debate with the audience, with no limitations set on topics.

Gardner, the diplomat and professor, and his comprehensive way of looking at U.S.-Italian relations, emerges from the ample file of newspaper coverage of these speeches. He is willing to guide his interviewer through the thick file, which must be integrated with political material selected from the embassy, such as the "blue books," on the activity of the Italian Communist Party which the Ambassador sent to Washington every six months. This "Gardneriana" consists only of subtle points of emphasis. A cushion in his living room has a Venetian saying embroidered on it. (His wife, Danielle Luzzato, is of Venetian origin.) "Perma de parlar, tasi." Before speaking, be silent.

SERVANTS OF THE CIA

Relations with Italian parties? The attention given Craxi's Socialists is natural—though in principle he is impartial to all. They unhesitatingly gave full expression to their independence from the Communists when, in the Fall of 1979, they opted in favor of European security and the installation of Cruise missiles in Italy.

Terrorism, and its probable support by Warsaw Paci secret services? The Italian Communist Party wants proof. In January 1979, however, at the Genoa funeral of Red Brigades' victim, Guido Rossa, the Communists felt free to brandish placards reading "Away, Away Servants of the CIA" without feeling the need for proof. Nor did "moderate" Giorgio Amendola furnish proof to back up his December 30, 1979, statement in *Unita'* that "international powers are seeking to destroy the democratic republic in order to reduce Italy to the role of a gigantic aircraft carrier in the conflict-riddent Mediterranean."

The direction of the Italian Communist Party? Something is certainly happening. There is, unquestionably, internal conflict, and it is possible that pro-Soviet members (Cossutta?) were responsible for revealing Brezhnev's threatening letter to Berlinguer on the position the Italian party took on the Polish question. But the view held by Gardner on the eve of his departure can be seen in one of his recent speeches. "The real debate is between those who see European and American security as inextricably linked, and those who believe that safety lies in neutrality, equidistance and what is actually a process of Findlandization which, in objective terms, can only result in a Europe under Soviet hegemony."

DANILO GRANCHI.●

SENATOR MATHIAS' STATEMENT ON U.S. INTERESTS IN THE DEVELOPING WORLD

● Mr. CRANSTON. Mr. President, our distinguished colleague, Senator MATHIAS, recently addressed the congressional staff forum, a bipartisan group of House and Senate staff, on the problems of the developing world and what the U.S. stake is in helping to find solutions to these problems.

Senator MATHIAS presented a clear-headed, discerning analysis of the problems and why the United States has a strong interest in seeking answers. What it boils down to is that our own economic and military security interests are advanced by stable development of Third World nations. U.S. aid efforts have consistently proven to be directly beneficial to the United States. Every dollar that the United States contributes to multilateral development programs generates $3 spent on U.S. goods and services. It does not take a genius to understand that that is a good investment.

But we must look beyond the immediate cause and effect of foreign aid and realize as Senator MATHIAS said that:

It is urgent that the American people clearly understand that a world in which 57 people die of starvation every single minute

of every hour of every day is not a safe place to pursue the American dream.

It is not a safe place, period. I completely agree with Senator MATHIAS that "we should be able to see beyond our own parochial interests to the wider world whose future is so intimately, so inescapably entangled with our own."

Senator MATHIAS has focused on a very critical issue in this statement and in the hearings that he is holding in the Foreign Relations Committee, which will be of great benefit to us in the Senate as we grapple with the very difficult budget choices that we face. In our effort to balance the budget and meet the needs of our own people, we cannot forget our neighbors, our fellow human beings in other nations.

Mr. President, I ask that Senator MATHIAS' statement be printed in full in the RECORD at this point.

The statement follows:

AVOIDING A WORLD THAT IS: "RED IN TOOTH AND CLAW"

Thank you for inviting me to inaugurate the 1981 Congressional Staff Forum on Food and International Development. I am delighted to have a chance to discuss the United States' interests in the problems of developing countries in the 1980's with a group which can have considerable influence on how the Congress serves those interests.

I have been personally involved with development questions for many years as a member of the Foreign Operations Subcommittee of the Appropriations Committee.

In recent years, as the problems mounted and as America's will to confront them seemed to slacken, I began to want to participate more directly in foreign policy formation than was possible through the appropriations process, powerful though that process is. So, when I had the opportunity to join the Foreign Relations Committee at the beginning of this Congress and to become Chairman of its Subcommittee on International Economic Policy, I welcomed the opportunity.

My switch from the Appropriations to the Foreign Relations Committee raised a few eyebrows and a lot of speculation. But it shouldn't have.

The reason for my choice was very simple, very fundamental: I felt that if the richest, most powerful nation on earth couldn't get its economy and the global economy moving in directions that would benefit humanity, then the prospects for achieving peace, or justice, or stability anywhere in the world, including the United States, would go down the drain.

On the other hand, if we could inject some vision into our foreign policy, if we could make some of the urgent, global decisions that have been pushed under the rug for so long, if we could get Americans thinking and moving in the right direction, then a miraculous future was within our reach.

I joined the Foreign Relations Committee because I wanted to see the United States of America reach out and grasp that miraculous future. And I am here tonight for the same reason. Great causes require powerful proselytes. I hope by the end of this evening to have made some, because we have already begun to move and we need your help.

This morning the Subcommittee on International Economic Policy completed the second of two days of hearings on "The U.S. Stake in the Global Economy". Perhaps some of you had a chance to attend them. If so, you know that the Subcommittee heard wide-ranging views from some very distinguished experts.

A staggering number of complex topics were covered, including, among others, the external debt of developing countries; the prospects for renewable energy resource development and conservation; the grave economic and national security implications of our heavy dependence on foreign mineral resources, and the intertwined problems of population and development. Needless to say, we couldn't do justice to any one of these subjects in two days, much less to all of them. But we made a start.

Based on the testimony we heard, I believe two generalizations can safely be made. First, the U.S. stake in the global economy, and in the developing countries in particular, is much greater and is increasing far more rapidly than the Congress and the country as a whole realize. Second, actions taken—or not taken—by the United States and other major countries in the next couple of years will determine the global economic condition well into the next century.

Both conclusions may be somewhat unwelcome—they will complicate our lives and demand efforts we would all prefer not to have to make. But I think they are inescapable.

Let me elaborate a little on the nature of our stake in the global economy. A number of developing countries are of vital importance to the United States for military security reasons alone. Turkey and Thailand are two obvious examples. The nations of the Middle East are of major importance because of the oil we import from the Persian Gulf and because of our special concern for the States of Israel and Egypt and the effort to widen the circle of peace in that region. Recent developments in the Caribbean and Central America have reawakened us to the importance of military security in our own hemisphere. For a long time, Naval strategists have warned us to pay close attention to the Strait of Malacca and the Cape of Good Hope and now we've begun to listen.

It's obvious that if you were to try to draw up a short list of the developing countries which are vital to us simply to secure our defenses against the Soviet Union and our access to oil supplies, the list would be anything but short. And, at that, it would not begin to reflect the vast complex of our national security interests.

Consider, for example, the strategic implications for the United States of the non-energy mineral resources of the developing countries. Our industrial economy is critically dependent on imports of a growing number of minerals.

Representative James D. Santini, Chairman of the House Subcommittee on Mines and Minerals, testified at our hearings that we import over 50 percent of our needs for 24 of the 32 minerals designated as "strategic and critical". He warned us that "without a continued supply of mineral imports, our entire industrial base would be shattered and our defense capability would be crippled". And he wasn't exaggerating.

Some of our mineral imports come from South Africa, Canada and Australia, but a large share of our present mineral and raw material imports (and a larger share of future imports) comes from developing countries.

Secretary of State Alexander Haig, testifying in the House Interior Committee last year, described attempts by the Soviet Union to gain influence in a host of developing countries in Africa, the Middle East and South and Southeast Asia. He concluded that the era of the "resource war" had arrived. I don't go quite that far, but it is obvious that the United States can not afford to neglect the development needs of mineral rich nations.

Access to secure supplies of minerals and raw materials at relatively stable prices is only one facet of the American economic stake in developing countries. Few people realize it but the United States currently sells 40 percent of its manufacturing exports to developing countries. These countries form the fastest growing market for U.S. exports, expanding at a rate of 20 percent a year, compared to 15 percent for U.S. exports to developed countries. The developing countries are also major purchasers of U.S. agricultural commodities and will inevitably become better customers as their populations expand. In turn, we import 50 percent of the goods they manufacture.

Unfortunately, the growth prospects for developing countries are not rosy. The escalating oil prices that have us strapped, have many developing nations on the ropes. This year, developing countries will pay $60 to $70 billion for imported oil, and run a combined current account trade deficit of $80 billion. The oil-importing developing countries now owe $300 billion in long-term public debt to the rest of the world.

Here's how that affects us: Private commercial bank loans are the largest single source of developing country borrowings, and U.S. banks hold 40 percent of total private bank loans to non-OPEC developing countries. Brazil alone owes U.S. banks $14 billion.

Diminished growth prospects, combined with debt servicing requirements, could force some developing countries to adopt drastic measures. They could throw up new barriers to U.S. exports or dump their products on the U.S. market as governments become frantic to raise hard currency to repay debts. Bank loans would have to be rescheduled—some might be repudiated—diminishing the earnings prospects for U.S. banks and other investors.

I do not mean to imply that these events are inevitable. I do suggest that the United States has a major economic interest in the growth prospects of developing countries and the harshness of the choices between financing and economic "adjustment" which are forced upon them. When you analyze the facts, you cannot help but agree with the Overseas Development Council that "the growth and progress of the poor countries are essential to our own economic well-being".

America's security is also threatened by runaway population growth. As General William Westmoreland has pointed out very convincingly, excessive population growth throughout much of the developing world is contributing to popular frustration over failure to achieve improved economic well-being. As the poor migrate from the rural areas, they form vast urban powder kegs—in many developing countries, huge numbers of unemployed youth constitute the recruitment pools for terrorists and political extremists.

The Subcommittee hearings included the most sobering testimony on the interaction between poverty and population, and the effects of both on the earth's finite resources. The Global 2000 Report, issued in July after three years of research by more than a dozen government agencies, was equally sobering. It found the earth's resources severely strained through reckless exploitation to meet the economic demands of a growing world population.

The Report projected a world in the year 2000 of 6.35 billion people, faced with a litany of woes: a wider gap between rich and poor; no increase in food consumption for most people; high fuel costs and shortages of fuelwood; loss of much of the world's farmland to erosion, salinization and urbanization; shortages of fresh water; a 40 percent reduction in tropical forests; extinction of 20 percent of the species of plants and animals now living; increased acidity of rain and snowfall; rising carbon dioxide levels in the atmosphere and decreasing ozone levels in the stratosphere; and a dangerous and expensive scramble by nations to secure dwindling stocks of energy and mineral resources.

The world depicted by the Global 2000

Report would be "more vulnerable to disruption than the world we live in now". It would seriously threaten the political and economic security of the United States. It would be a Hobbesian world: "red in tooth and claw".

It would be a serious mistake to dismiss Global 2000 as just one more in a series of gloom and doom studies. The stunning fact about Global 2000 is that it is based on conservative assumptions: "that the policies of governments and private companies stay much as they are today; that the technological advance continues at the same rate as in recent years, with no revolutionary breakthroughs; and that major wars and other catastrophes do not intervene".

Global 2000, in other words, assumes business as usual. It will all come to pass, as Conservative Columnist James J. Kilpatrick points out: "If we fail to heed the clear warnings of this study—if we fail to take sensible actions now . . ."

The good news is that we can rewrite this bleak scenario, if we do act now. Not only can the worst be averted, but real improvements in the human condition could be attained by the year 2000.

The heart of the challenge before us is to find ways to break the vicious circle of poverty, soaring population growth and erosion of the earth's resource base. The United States cannot meet this challenge alone; no nation can. Just as we depend upon our allies to meet the Soviet military challenge, we must seek broad international cooperation to overcome the threats to our environment and resources.

But, because we have the most to contribute to success, and the most to lose to failure, we should take the lead in organizing cooperative action on controlling population, on developing renewable energy resources and on increasing food production and improving distribution. And we can do so with confidence, happy in the knowledge that we are pursuing a course of enlightened self-interest.

Clearly, President Reagan has come into office with a mandate to get our inflation-ridden economy back on its feet and to strengthen our national defense. How he should go about this task is where the mandate becomes cloudy.

Conventional wisdom in the Administration call for sizeable cuts more-or-less across the board to get federal spending under control and it calls for increased investment in defense. This means, of course, cuts in foreign aid and international economic programs. And that is where I get off the train.

The case for U.S. support for development in the poor countries is compelling, both on economic security and military security grounds. Scrimping here would be as dangerous as scrimping on defense.

The Administration's proposals, it seems to me, reflect a deep-seated misperception about U.S. foreign assistance spending. The myth dies hard that foreign aid gives money away to ungrateful foreigners with little or no return to the United States. Actually, it is demonstrable that every dollar the United States contributes to multilateral development programs generates three dollars spent on U.S. goods and services.

The hearings we held this week on "The U.S. Stake in the Global Economy" were the opening salvo in a battle to dispel the idea that U.S. support for development is the work of bleeding hearts and do-gooders. It is urgent that the American people clearly understand that a world in which 57 people die of starvation every single minute of every hour of every day is not a safe place to pursue the American dream.

In the process of dispelling the miasma of misperception that keeps us from assuming our global responsibilities, we might even come to recognize that what we must do for selfish reasons, we ought to do simply because it is right.

Certainly if we are indeed "the last best hope of earth," as Abraham Lincoln called the United States, we should be able to see beyond our own parochial interests to the wider world whose future is so intimately, so inescapably entangled with our own.●

CAPITAL PUNISHMENT

● Mr. JEPSEN. Mr. President, I have long felt that capital punishment is justified for certain heinous crimes. When it is plain that the perpetrator of a murder has thought through what he or she is doing and decided to go ahead and kill, that person ought not to be allowed to live and possibly threaten other innocent people in the future.

In today's Washington Post, George Will has an excellent and thoughtful column in support of capital punishment. Mr. Will (who once opposed capital punishment so vigorously that he initiated a campaign which resulted in Connecticut commuting its first death sentence) used the Steven Judy case to argue that capital punishment can be a significant deterrent. He says that, in certain cases, refusing to execute killers amounts to refusing to prevent the deaths of innocent persons. This refusal thus becomes an immoral act in itself.

"Capital punishment," Mr. Will states, "is indeed horrible." But in some cases, he adds, to refuse to do otherwise results in even more horrible circumstances.

Mr. President, I ask that Mr. Will's column be printed in the RECORD in its entirety.

The column follows:

THE ONLY POSSIBLE PUNISHMENT

(By George F. Will)

According to his lawyer, Steven Judy was intelligent, witty and kind in conversation but had "this thing about beating up women." The story of how Judy did his thing should stir doubts in those opponents of capital punishment whose minds are not closed as tight as eggs.

Judy, who was executed March 9 by Indiana, committed his first rape when he was 13. Pretending to be selling Boy Scout raffle tickets, he forced his way into a woman's house, raped her, stabbed her more than 40 times (hard enough to break his knife), smashed her on the head several times with a hatchet and cut off her thumb. Miraculously, she survived.

Such is the criminal incompetence of America's criminal justice system, Judy was on parole in Illinois (he had served just 20 months for viciously beating a stranger—a woman) and was free on bond in Indiana (the offense was armed robbery; the bond was just $750, in spite of his lurid record) when he committed what he says was his 13th rape. It certainly was his last.

Pretending that his car was disabled, he got a passing motorist to stop. He raped her, killed her, then drowned her three small children in a creek. He never expressed remorse, and advised the jury to impose the death sentence, lest he someday be released and kill again.

Until recently I opposed capital punishment, categorically, in writing and actions. (I initiated the campaign that culminated in Connecticut's first commutation of a death sentence.) However, the categorical nature of my position—I believed that evidence was irrelevant—certainly was wrong. And I may have been wrong on the issue itself.

One of two serious arguments for capital punishment is that it almost certainly can be a significant deterrent of significant crimes. If that is so, then refusing to execute killers in certain kinds of cases amounts to refusing to prevent the deaths of innocent persons, and is clearly immoral.

There now is sophisticated research that strongly suggests a deterrent effect. Furthermore, the principal argument against the deterrent effect is weak. The argument is that in most jurisdictions where capital punishment has been abolished there has been no immediate, sharp increase in what had been capital crimes. But in those jurisdictions, the actual act of abolition was an insignificant event because for years the death penalty had been imposed rarely, if at all. Common sense—which deserves deference until it is refuted—suggests that the fear of death can deter some premeditated crimes, including some murders.

The second powerful argument for capital punishment concerns a need for moral symmetry between crime and punishment. A society practices self-indulgent humanitarianism when it spares the likes of Judy in order to spare itself the unpleasantness of contemplating and administering capital punishment. The visceral reaction most humane people have against capital punishment actually is relevant to the case for that punishment.

Capital punishment is indeed horrible. That is why it can deter, and why, deterrence aside, it is a proper expression of virtuous sentiments. In his book, "For Capital Punishment," Walter Berns argues that the purpose of punishment and dramatic poetry can be similar:

"Capital punishment, like Shakespeare's dramatic and Lincoln's political poetry . . . serves to remind us of the majesty of the moral order that is embodied in our law and of the terrible consequences of its breach. . . . The criminal law must be made awful by which I mean awe-inspiring, or commanding 'profound respect or reverential fear.' It must remind us of the moral order by which alone we can live as *human* beings, and in our day the only punishment that can do this is capital punishment."

Whether the authority to impose the ultimate punishment serves the expressive and teaching function that Berns correctly assigns to the law suggests an empirical question. But his position is plausible. And in a society suffering an epidemic of murder and other serious crime, the burden of proof is on opponents of capital punishment.

Rather than dispatch that burden with evidence and argument, many opponents simply assert the impropriety of the sentiments that Berns wants the law to teach by expressing. Part of the program of liberalism involves making people feel ashamed of sentiments essential for a decent society—sentiments such as anger about crime, and the desire for vengeance against criminals. Those are virtuous sentiments when grounded in a sense that the important laws express more than calculations of social utility. Those laws express a natural, life-enhancing moral order.●

THE HOBBS ACT

● Mr. EAST. Mr. President, the basic function of government is to protect its citizens from violence. Government loses its reason for existence if it fails to fulfill this fundamental duty. Unfortunately, labor violence is a reality in today's American workplace. The effect of robbery, extortion, and arson on innocent employees and employers is accentuated by a judicially created rule that pre-

cludes the Federal prosecution of a special group of criminals. During the course of labor disputes union members who commit robbery, extortion, and arson in interstate commerce are currently exempt from Federal prosecution solely because they are union members.

Therefore I commend the senior Senator from South Carolina and the junior Senator from Utah and join them as principal cosponsors of S. 613, a bill offered to amend the Hobbs Act. If adopted, this bill will clearly and rightfully make all acts of extortion and violence committed in interstate commerce a Federal offense, regardless of whether the perpetrator of such acts is a union member. The sole purpose of this bill, Mr. President, is to subject union members to the same rule of law that applies to every other citizen of this country.

The Hobbs Act is a Federal criminal statute which on its face prohibits all violence and extortion that obstructs interstate commerce. This interpretation of the act is supported by the statute's legislative history. The Hobbs Act was passed in response to a Supreme Court ruling interpreting the original anti-racketeering law of 1934. The 1934 act specifically forbade violent and coercive conduct in interstate commerce. However, the 1934 act also contained a statutory exemption from prosecution available to those individuals who used force to obtain "the payment of wages by a bona fide employer to a bona fide employee."

In *United States* v. *Local 807, Teamsters*, 315 U.S. 521 (1942), the Supreme Court emasculated whatever effectiveness the 1934 act had as a tool against labor violence by broadly construing the act's statutory exemption from prosecution. The Court held that violent conduct by a union member could not form the basis for a Federal indictment if the member was arguably attempting to obtain higher wages by such conduct. Under the Court's reasoning, where a union member's end was to achieve higher wages, any means used by the member to achieve that end were allowable for purposes of avoiding a Federal criminal indictment.

Congress reacted to the Local 807 decision by passing the Hobbs Act in 1946. In omitting from the new law any statutory exemptions from prosecution, Congress clearly expressed its intention to reverse the "end justifies the means" analysis used by the Supreme Court in Local 807. Stated the bill's sponsor, Congressman Hobbs:

> Crime is crime, no matter who commits it; and robbery is robbery and extortion is extortion, whether or not the perpetrator has a union card.

Until 1973, anyone familiar with the language and history of the Hobbs Act would have reasonably concluded that it was a Federal offense for union members to obstruct interstate commerce by committing acts of violence while pursuing union objectives. However, in *Enmons* v. *United States*, 410 U.S. 396 (1973), the Supreme Court held that the Hobbs Act was not violated where union members used violence and extortion to achieve legitimate union objectives. In so ruling, the Court resurrected the end justified the means analysis formerly used by the Court in the Local 807 decision and thereafter rejected by the Congress upon the passage of the Hobbs Act. Writing for a four-member dissent, Justice Douglas argued that the use of violence, even to achieve so-called legitimate union objectives, was plainly prohibited by the Hobbs Act and that the statute ought to be so construed.

The bill I have proposed in conjunction with the Senator from South Carolina and the Senator from Utah, is designed to redress the effect of the majority decision in Enmons and conform the law to the original congressional intent. The bill does not in any way undercut the right of employees to choose union representation or engage in peaceful picketing. Other Federal statutes do not permit criminal conduct to go unpunished based upon the criminal's motivations or identity. The rule of law should be no different for those who impede the free flow of commerce by acts of extortion and violence during labor disputes. Government has failed to perform its basic function when criminals go unpunished because they have been accorded preferred treatment by a majority in either the Congress or the Supreme Court.●

MEDIATION IN EL SALVADOR

● Mr. PELL. Mr. President, I call the attention of my colleagues to an editorial on El Salvador which recently appeared in the Providence Journal. It reports an effort to promote a negotiated settlement rather than have the United States involved in attempting to impose a military solution. This reflects what I have been saying ever since the decision to send military assistance was announced in January. This article discusses a plan to have Willy Brandt act as a mediator. Whether it is this idea that is finally adopted or one calling for OAS mediation, or perhaps one whereby the democratic states of the region would move the waring factions to the negotiating table, the political approach in the end is the only one that has a chance of success.

I ask that the editorial be printed in the RECORD.

The editorial follows:

EL SALVADOR: AN URGENT CEASE-FIRE AND THEN ONWARD TO A SETTLEMENT

An encouraging turn of events in El Salvador: the government and leftist guerrilla groups reportedly have agreed to seek a political solution to their differences. Negotiation, rather than the bloody civil war that has torn that country for the last two years, is in everybody's best interests. Most especially, it is in the interest of the suffering Salvadoran people.

Pending confirmation, Washington should be prepared to put a hold on its recently announced commitment to send arms and military advisers to the tiny Central American country.

The reason for beefing up military aid to El Salvador was to help the ruling junta stop the flow of arms from Soviet-bloc countries to Marxist-leftist guerrillas. These newspapers supported that move—reluctantly—on the basis of documented proof that Soviet Russia and its satellites were shipping arms into El Salvador.

While the military-dominated regime has been all too slow to institute reforms and give the Salvadoran people some hope for a decent life, a Soviet-dominated Communist government is not an acceptable substitute. When told of what was happening, President Reagan acted as he should have, and as President Kennedy did in the Cuban missile crisis two decades ago.

His quick response, following shortly after the failure of the guerrillas' "final offensive" in January, may very well have contributed to the decision of the guerrilla leaders to seek a negotiated settlement.

Be that as it may, a representative from Socialist International, a group that advocates socialism through non-violent means, has offered Washington the mediation services of former West German Chancellor Willy Brandt, the father of West Germany's "Ostpolitik." To have such a skilled political negotiator acting as the disinterested third party in mediating the Salvadoran struggle would be a godsend. It would allow the United States to move off center stage and play a supportive economic, rather than a high-profile military, role with all the risks that involves.

But before pulling its military punches, the administration will want reassurance on several points. First, that President Duarte and the guerrilla leaders are serious about the proposed negotiations. As evidence of their good faith, both sides should agree to a cease-fire while the talks go on. Continuing murderous attacks by either the government's security forces or the rebels would augur little hope for bridging the wide gulf between the Salvadoran right and left.

And, of course, any moratorium on Washington's military aid commitment should be predicated on a cessation of the flow of Communist-bloc arms to the Salvadoran rebels.

Finally, Washington must recognize that, commendable as is Socialist International's desire to seek a nonviolent solution to a bloody civil war, that organization has a self-proclaimed bias toward one side. Its executive director and spokesman revealed that bias when he referred to the Revolutionary Democratic Front (FDR) as the "legitimate representative of the Salvadoran people."

According to U.S. intelligence reports, the F.D.R. was set up in Havana in May, 1980 by a group of guerrilla leaders who met with Fidel Castro and created the front to disseminate propaganda abroad. The FDR, the Unified Revolutionary Directorate and the Farabundo Marti People's Liberation Front reportedly make up the hardcore Marxist leadership of the revolutionaries.

That is not quite synonymous with the luckless and landless peasantry for whom they claim to speak, and it is certainly far apart from the moderates—the middle-class, the small business people, the civil workers—who made up most of the 10,000 victims killed in terrorist attacks last year.

Out of such unpromising stuff, the best Washington can hope for is an uneasy settlement by Salvadorans and for Salvadorans, in which neither it nor Moscow plays a dominant role. And to maintain what will probably be a not very satisfactory resolution, Washington should be prepared to pay a heavy price in economic support.●

TAX CUTS, INFLATIONS, AND INTEREST RATES

● Mr. JEPSEN. Mr. President, in recent weeks a number of critics of the Reagan economic program have argued that the proposed tax cuts will be inflationary

unless exactly offset by spending cuts. While I favor significant budget cuts, I do not believe that our success or failure in being able to enact all the spending cuts that have been proposed should deter us from moving forward on the Reagan tax cut program.

Recently, Dr. David Meiselman, one of our Nation's most distinguished monetary economists, specifically addressed the question of whether tax cuts are inflationary. He concluded that it is Federal Reserve policy which is the essential element in inflation and not fiscal policy. In other words, tax cuts in and of themselves are never inflationary unless the Fed reacts to them by increasing the quantity of money. On the other hand, tax cuts such as those proposed by President Reagan can be anti-inflationary because they will lead to an increase in the quantity of goods and services produced and increase personal saving.

I, therefore, respectfully submit Dr. Meiselman's testimony to those who incorrectly fear the inflationary impact of President Reagan's economic program, and I ask that it be printed in the RECORD.

The testimony follows:

TAX CUTS, INFLATION AND INTEREST RATES

There is widespread agreement on the desirability, indeed, necessity for reduced inflation, lower interest rates and more economic growth. Moreover, there is also a growing consensus that taxes are too high and that many Federal Government spending programs either return too little for the costs involved or are inappropriate altogether.

Despite general agreement that slowing inflation is crucial to improve equity and economic performance, there is still much disagreement among informed public spirited citizens and public officials of good will how to slow inflation, and similarly, what effects tax and budget cuts will have on inflation, interest rates and economic growth.

The Joint Economic Committee is to be commended for conducting these Hearings on the question whether tax cuts are inflationary. This is in the best J.E.C. tradition of trying to bring the best of rigorous, nonpartisan technical analysis to bear on important public policy issues. I am grateful for and welcome the opportunity to present my views and hope that they will help to dispel some of the current confusion on the relationship of tax cuts to inflation and interest rates.

The relationship between tax cuts and inflation appears to be one of the most misunderstood in current public policy discussions. The connections between tax cuts and inflation, and tax cuts and interest rates, also seem to be misunderstood and misinterpreted by financial markets. Most of what we hear about the presumed connections between reducing tax rates and the effects of the rate reductions on inflation and on interest rates is simply wrong. In many respects, the flawed analyses stem from applying an invalid Keynesian theory which overlooks both the central rule of monetary policy in the inflation drama as well as the impact of taxes on output.

I will present several related propositions about inflation, fiscal policy and interest rates. Where possible I will also present some of the evidence supporting these propositions. I will then summarize some of their implications for current issues, especially the impact of tax cuts and budget cuts on inflation, interest rates and economic growth. I regret that I cannot go into great detail in this brief presentation, but I will be pleased to make them available to this Committee.

I deal first with inflation. Inflation occurs when the quantity of money expands faster than output. This relationship may well be the most extensively tested proposition in all of economics, with few, if any, exceptions. The quantity of money controls aggregate demand, and there is a close connection between the nominal stock of money and nominal gross national product, which is the best measure of total spending. Output, aggregate supply, depends on other factors, such as available inputs of labor, capital, raw materials, and the state of technology as well as the incentives to put them to efficient use.

Both money and output affect prices. The relationship between prices and the ratio of money to output is very close. The close relationship between prices and the ratio of money to output does not mean that, in principle, tax policy has no bearing on the level of prices. Given this dependable relationship, it is important, in analyzing the impact of public policy proposals on inflation, that we ask how the proposed change will affect either (1) the stock of money, or (2) output. Ignoring either the monetary or the output consequences means that we are likely to be in serious error.

Let me first deal with output, the supply side of the central relationship explaining inflation. Changes in tax rates, or other provisions of the tax code, will affect inflation if these changes alter output. Tax increases that penalize saving and investment or discourage work result in lower output and thereby in higher prices. It makes no difference whether such tax increases are explicitly legislated by Congress or whether effective tax rates are implicitly enacted by money-induced inflation which pushes individuals into higher tax brackets or causes businesses to pay taxes on fictitious profits that result from the requirements of mandated historic cost accounting.

Because different tax changes may have different impacts on output, one should not lump together all tax increases or decreases. Instead, careful analysis of the effects of proposed tax changes on output is essential. (In the past, and to this day, most tax analysis is flawed because it focuses on presumed aggregate demand effects and largely ignores supply.) Tax rate reductions that lessen the disincentive effects of the tax system will cause output to increase. For a given stock of money, more output results in lower prices. Thus, supply enhancing tax cuts lead to lower prices. In turn, lower prices lead to lower market interest rates.

For example, consider some of what follows from adoption of faster depreciation. Initially, some businesses may pay less tax to the Federal government. Business cash flow rises, and before anything else takes place, Treasury receipts fall. Treasury borrowings rise, but these are fully offset by reduced borrowing. Interest rates stay the same.

But, because there is now more incentive for capital formation, business will invest more and produce more. Increased output will make prices lower than they would otherwise be, the inflation premium component of market interest rates will decline, causing interest rates to fall. The increased post-tax rate of return on business investment will lead to an increase in real or inflation-adjusted interest rates. Because the inflation premium is by far the major factor in current record-high interest rates, it is likely that market rates would end up lower and real rates would end up higher as a result of the faster capital recovery provisions.

Increased output and increased real income will provide some of the saving to finance the capital expansion. In addition, and perhaps no less important, higher post-tax returns will also induce more saving.

Of course, another way of increasing post-tax returns on saving further is to reduce marginal tax rates. At the present time, the post-tax return on saving for many, if not most, of us is negative. Little wonder we save and invest so little and why most families have abandoned financial markets for rug dealers and diamond merchants to provide for their futures or to protect capital. Lower nominal interest rates and higher post-tax real rates would not only involve more saving, but more saving would be channeled into financial markets and thereby to private capital formation. This is also the prescription for battered financial markets, and for so many of our endangered financial institutions. This is also why I support tax reduction on personal as well as business income and assets.

The invalid Keynesian theory predicts the exact opposite effects. Essentially ignoring the supply consequences of tax changes, it associates tax increases with reduced aggregate demand, and thereby lower prices. Similarly, Keynesian analysis associates tax reductions with increased aggregate demand, and thereby higher prices. Despite the seeming plausibility of these Keynesian assertions, and the widespread belief in their validity, there is essentially no evidence to support these assertions, especially when the effects of money and output are taken into account.

I have run a series of statistical tests to see if, after making allowances for money and output, there was any discernable or dependable relationship between changes in tax rates and inflation. I found little. To the best of my knowledge, many other researchers have come to similar conclusions. This should not be surprising. Given the close relationship of money per unit of output and the price level, there is little left for other factors to explain.

I will spare you the agonies of facing correlation and regression statistics at this point, but I will submit them for the record. Suffice to note for now that in examining the relationship between prices on the one hand and essentially the ratio of real high employment revenues to potential real G.N.P. as a measure of tax rate shifts, I found a weak but positive connection between tax rates and inflation. Higher tax rates seem to be associated with higher prices! The multiple regression is

$$\text{Log prices} = \underset{(10.29)}{5.39} + \underset{(60.13)}{1.07}\,(\log M_2 - \log \text{output}) + \underset{(1.44)}{0.17}\,(\text{log high empl. rev.} - \log \text{prices} - \log \text{real potential GNP})$$

$\bar{R}^2 = 0.9956$

(T values in parenthesis).

I may add that there is some evidence that Federal government expenditures have an independent impact on inflation. Thus, budget reductions would help to slow inflation.

Along the same lines, I also examined whether the size of the deficit affected inflation. It turns out that, again, money and output explain almost all of the price level experience since at least 1960. When debt in the hands of the public is introduced as a separate variable it does show a small and statistically significant impact on the price level. However, the effects are so small that it is clear that the deficit is a minor actor in the inflation drama. For given money and output, the main determinants of inflation, it takes about a 10 percent change in the national debt in the hands of the public to change the price level by 1 percent. Thus, with about 700 billion dollars of the national debt held by the public outside government trust accounts and the Federal Reserve, a 70 billion dollar deficit in one year, none of which ends up in government accounts, would contribute about one month's inflation at current rates! Clearly, although the effects of the deficit are not trivial, the size

of the deficit is not the major factor in the inflation scenario.

I did similar calculations using the M_{1B} measure of money, and the results are essentially the same as those I have just described for the M_2 measure of money.

Even though the deficit per se may not be the crucial factor in inflation the way the deficit is financed is central to any understanding of the inflation process. If a deficit is financed by selling government bonds to the Federal Reserve, the resulting increase in the supply of money reduces the value of money, which is to say, inflation results. Alternatively, if the deficit is financed by selling bonds to the public, no such inflationary increase in money takes place. To be sure, real interest rates may rise in order to induce the public to buy the additional bonds, but unless there is an increase in inflation this rise in interest rates is bound to be small. The major factor in high and rising interest rates is the large inflation premium which is built into all interest rates at the present time. Thus, any attempt to lower interest rates by simply printing new money to buy additions to the national debt ends up by causing interest rates to rise, not fall.

It is widely believed that deficits somehow cause the Federal Reserve to increase the money supply. Deficits are seen as placing some great "burden" on the Federal Reserve. To lighten this "burden," the Federal Reserve creates some money and buys bonds.

The Federal Reserve is not required by law to monetize the deficit. Indeed, the spirit of the law explicitly prohibits the Federal Reserve from doing so; witness the restrictions on direct sales of debt by the Treasury to the Federal Reserve. Of course, the loophole is that the Federal Reserve can buy outstanding debt rather than new debt. Because there is essentially no difference between new bonds and old bonds, the results of buying old debt are the same as monetizing new debt. Bank reserves and the monetary base increase. Money expands. Inflation results. Instead of interest rates being lower, interest rates end up higher. Indeed, this suggests that the Congressional mandate to the Federal Reserve should essentially be, "Just don't do something. Stand there!"

Although this hypothetical mechanism potentially connecting deficits and inflation is well known, the existence of a possible link between deficits and the money supply does not settle the empirical question, whether, in fact, the Federal Reserve and the monetary mechanism do systematically respond this way to budget deficits.

It turns out that there is little if any connection between budget deficits, or changes in the federal debt, and changes in the money supply! Still another Emperor with no clothes.

The results are essentially the same if the gross federal debt is used or if the data are adjusted to exclude holdings of the Federal Reserve itself. It also makes little difference if the old M_2 measure of money is used. If the Federal Reserve has created too much money, as it certainly has for at least the past 15 years, the Federal Reserve cannot legitimately blame poor fiscal policy for the shortcomings of monetary policy. Not only is there no legal or practical need to monetize public debt, the Federal Reserve has not systematically done so. Apparently the Fed monetizes private as well as public debt.

Even if federal deficits have not been primarily responsible for our inflation or for poor monetary policies, many people, including many financial experts, believe that deficits are a major factor causing high interest rates. Their reasoning is that deficits drive up interest rates because the Treasury adds to the supply of debt instruments, thereby decreasing prices of bonds, and driving up interst rates.

Again, it turns out that there is no connection between changes in interest rates and changes in the national debt. It makes no difference whether we use gross debt or debt adjusted to exclude debt held in trust funds or by the Federal Reserve.

This may seem to fly in the face of fundamental economic laws of supply and demand. How can it be that an increased supply of bonds doesn't lead to a fall in bond prices, higher interest rates, tight credit and so forth?

The answer to this apparent paradox is found in two places. The first is the distinction between nominal and real interest rates. To be sure, if everything else is held constant, increased Treasury borrowing would cause interest rates to rise. This would be an increase in real, or inflation-adjusted, interest rates. However, the major factor shaping interest rates, especially in recent years, is the inflation premium, not real interest rates. Thus, rapid, unpredictable and erratic changes in money are the chief factors driving up market rates, not increases in the public debt. Everything else is not held constant. To be sure, more public debt does tend to drive up real rates, but real long-term rates are now in the area of 2 to 3 percentage points of the long bond yield of close to 13 percent. The remaining 10 percent or so is the inflation premium.

The second factor is that the U.S. Treasury is only one among many factors in the supply and demand for funds. Although the U.S. Treasury is often the largest single borrower, Treasury operations alone cannot explain the entire supply and demand picture. This is why interest rates fell in 1975 and 1976 at the very time that the Federal government ran record budget deficits and the U.S. Treasury sold even more bonds than at the height of World War II.

My analysis also explains why countries such as Japan and Germany, where deficits are a significantly higher fraction of G.N.P. than the United States, have slow inflation, more growth, more saving, lower interest rates and higher real interest rates than in the United States. Money has increased more slowly and smoothly in those two countries than in the U.S., and neither country penalizes saving and investment as severely as we do.

It should be noted that the effects of taxes and expenditures are not symmetrical. Increased governmental expenditures usually use up resources and typically leave fewer resources for the private sector. If resources are used less efficiently in the public sector than in the private sector, overall efficiency falls. Even if the same number of people are at work, total output is less useful, less valuable. This is the equivalent of a fall in output. I believe that we are well past this point at the present time in most areas of government expenditures. This is the major reason for shrinking the public sector in order to make possible a larger pie for U.S. citizens. This may be why, in my regressions, higher expenditures tend to be associated with more inflation.

Regarding taxes, there is certainly an important and legitimate role for taxes in the financing of needed government services. If more resources are to be channeled into the public sector, higher taxes depress private sector activity, thereby freeing resources and making them available for the public sector. However, it would seem that tax rates have already become so high—largely because effective rates have been driven up by money-induced inflation rather than being explicitly legislated by Congress—that the private sector is already too depressed for our own good. Moreover, the depressive effects of high and rising tax rates have differentially depressed capital formation and risk taking more than consumption and reduced work effort more than leisure.

High taxes have worked all too well in curtailing private sector activity. Instead, we need a reduction in taxes, especially those taxes that discourage investment, saving, risk taking and work.

High taxes do not reduce prices and do not fight inflation. High taxes do reduce output, employment and economic growth. It is time to stop punishing ourselves in the hope that pain itself will cure our problems. Masochism is not the remedy. Budget cuts, tax cuts that lessen disincentives, regulatory reform, and above all, a slow and stable rate of growth of money are the necessary components and the cure for our serious inflation and high interest rate ills.

Finally, the desirable effects of well designed tax cuts and budget restraint, however beneficial in themselves, can easily be nullified by monetary growth that is fast, rather than slow, and erratic rather than stable. The best possible monetary policy cannot undo the waste and unemployment caused by excessively burdensome taxes, bloated federal budgets, and regulation gone wild. In this sense, monetary policy, or the Federal Reserve alone, cannot do the whole job by itself. But unless the Federal Reserve pursues a non-inflationary monetary policy of slow, stable and predictable growth of money, inflation will follow. Inflation-caused waste and distortions will remain with us. Legislated tax rate and budget reductions will be undone again. Interest rates will remain high or go higher. Promised growth will falter. The program will fail. I fear to think where some of our citizens will venture to turn next.

I trust that the Congress will meet its responsibilities to help get the country moving ahead once more.●

DEREGULATION OF BROADCASTING INDUSTRY

● Mr. D'AMATO. Mr. President, today I am joining my distinguished colleague Senator HARRISON SCHMITT in cosponsoring Senate bill 270, which will further deregulate the radio broadcasting industry.

This bill is consistent with President Reagan's program to reduce the size, scope, and influence of the Federal bureaucracy, which in so many cases, is far too involved in every aspect of American life. These regulations often provide no benefits to the public, are costing billions of dollars in administrative costs, and are causing undue inconvenience for business and industry.

It is my understanding that the Federal Communications Commission already has voted to deregulate the radio industry administratively. However, statutory relief is needed to insure that deregulation is carried out more swiftly.

The radio communications industry is healthy, and it is highly competitive. There are more than 8,500 radio stations in this country, which serve virtually every taste and need of the public. It is unnecessary, and in fact, counterproductive for the FCC to engage in a supervisory role over how these stations operate on a day-to-day basis. So long as these businesses are unduly controlled, they never will be able to exercise the creativity that comes in a free market competitive environment.

Mr. President, this bill also puts the onus on the FCC to report to the Congress each year on its review of rules, regulations, and policies, and its elimination of those which are unnecessary.

In addition, the FCC will report to the Congress to the extent to which the Agency has promoted competitive, new, and diverse sources of radio programing.

It is my pleasure to cosponsor this bill, and I urge other Senators to join us in the spirit of regulatory reform and fiscal restraint.●

IMPORT RESTRAINTS

● Mr. LEVIN. Mr. President, today's Washington Post carried a front page story detailing the internal debate taking place in the administration relative to the desirability of seeking to negotiate an import restraint agreement between the United States and Japan.

The debate, Mr. President, has attracted a good deal of attention because it is a highly visible symbol of the administration's commitment to the entire concept of "reindustrialization." But I suggest that there are equally important, even though much less visable, debates taking place which the Congress has got to attend to as well.

As an example, I call the attention of my colleagues to a very small article in today's Post; an article which was hidden in the "roundup" column of the business section. It reads as follows:

France is planning to spend $200 million on research and development of a new fuel-efficient car, a presidential spokesman said yesterday. The project, part of the government's energy-saving drive, aims at developing a car engine which would consume no more than three-quarters of a gallon of gas per 60 miles, spokesman Jean-Marie Poirer said after the weekly cabinet meeting.

Mr. President, at the same time that the French Government is investing $200 million in this program, the Reagan administration is proposing the elimination of the cooperative auto research program (CARP) which the Congress decided to fund at meaningful levels just last year.

We have an auto industry which has experienced record losses in the last year and faces record investment needs in the next 5 years. We have a Government which is still debating, despite the evidence of the harm done by imports, whether or not they should even consider seeking voluntary restraint. And we have a Government which is determined to cancel a meaningful program designed to help the auto industry produce more fuel efficient cars—cars which would help us achieve our twin goals of energy independence and economic recovery.

Mr. President, I find the dichotomy between the actions of the French Government—a government willing to impose restraint on imports and provide research assistance to its domestic industry—and the actions of our Government—which cannot decide if it wants import restraint and decides not to fund basic auto research—to be disturbing. But it goes a long way toward explaining why Renault now controls American Motors and why Japan has passed America as the largest producer of cars in the world.

Mr. President, I want to see the highly visible import issue resolved; and if the administration does not resolve it quickly or correctly, I hope Congress will, by passing some form of the Danforth-Bentsen import-quota bill. But I also want the administration and the Congress to recognize that Government has got to work with the industry on other issues as well; issues like basic resear.h which could produce the kind of technological advances which help both the industry and the country.

That is the task we face in the weeks and months ahead. And what we have to recognize is that other countries and other governments have already answered the questions the President is still trying to form and embarked on a course of action. We certainly have to follow them on that path—and we have to do so now before they have gone so much further than we have that we cannot catch up.●

CASEIN IMPORTS

● Mr. BOREN. Mr. President, last week the Senate Agriculture Committee approved legislation which would remove the requirement that the Secretary of Agriculture increase milk price supports on April 1. During the markup of that legislation, Senator MELCHER offered an amendment to limit the importation of casein into the United States. Unfortunately, the amendment failed on a tie vote.

Some people may wonder what casein imports have to do with the price of milk and the dairy price support program. The answer is quite clear. Casein is a substitute for skim milk in the manufacturing of food and feed. In 1980, the United States imported over 152 million pounds of casein which, in effect, displaced upward of 4 billion pounds of domestically produced skim milk. If domestic supplies had been used instead of foreign casein, the Government cost of the dairy program could have been reduced by $329 million and the U.S. trade balance would have been improved by over $140 million. In short, casein imports are adding to the dairy surplus, hiking up the costs of the price support program, and denying U.S. dairy producers a market for their products.

During our consideration of dairy price supports in the Agriculture Committee, I was shocked to learn that we are continuing to import casein from the Soviet Union. It is absolutely incredible that the U.S. Government, on the one hand, denies our farmers access to the Soviet market, while on the other hand, we keep our markets open to the Soviets. I am sure that the dairy farmer in my State who also raises wheat questions whose economic interest the U.S. Government is looking out for.

Just last year, we imported from the Soviet Union approximately 1.3 million pounds of casein at a cost of close to a million dollars. This million dollars could have rightly gone to the U.S. farmers. The amount may be small but an important principle is involved. How can we possibly defend our Government's current policy?

If the Reagan administration is not going to lift the grain embargo, I believe that we should halt the importation of Soviet casein, as a matter of fairness. This is the least we can do for our farmers who have already suffered an unfair burden as a result of American foreign policy. Why should we be benefiting Soviet farmers and ignoring our own? ●

THE EXECUTION OF STEVEN T. JUDY

● Mr. LEVIN. Mr. President, last Monday morning Steven Judy got his wish and was executed for the brutal murders of Terry Lee Chasteen and her three children.

Whether society is improved by granting Judy his death wish and engaging itself in savage spectacles is an altogether different question.

Relative to that subject, I submit for the RECORD an article from the Washington Post dated March 10, 1981, and an editorial from the New York Times dated March 8, 1981.

The articles follow:

[From the Washington Post, Mar. 10, 1981]

RAPIST MURDERER STEVEN T. JUDY GETS HIS FINAL WISH—EXECUTION

(By Bill Prochman)

MICHIGAN CITY, IND.—The state of Indiana gave Steven T. Judy almost everything he wanted on his last night—prime rib, lobster tails, sour cream on his baked potato, a phone call from an old girlfriend in Texas that warmed his heart and 2,800 volts of electricity that stopped it.

Only the four beers—Stroh's, he had requested—were held back. But the state made up for that by shooting him full of tranquilizers just before the end early today.

After the injection, Judy, a twisted man who laughed about being dealt a bad hand by the world and laughed just as richly about dealing the same cards back randomly to society, walked the last six steps to Old Betsy, Indiana's medieval-looking electric chair.

A black veil was taped to his forehead, shrouding his face. A metal skullcap covered his shaved head. Electrodes were attached to his head and ankles, the wires leading out in a direct line to the Northern Indiana Public Service Co. substation so the lights wouldn't dim at 12:07 a.m.

Other such precautions were taken. Most electric chairs have leather restraining straps for the wrists. Indiana uses metal bands, having learned from other states that some men react so violently to the power surge their arms rip upward through the leather in one last thoughtless protest.

Neither the state nor Judy wanted that. So it was all over in less than two minutes—a 10-second jolt of 2,300 volts hitting him seven minutes after midnight, a 20-second charge of 500 volts added shortly afterward for good measure. The prison doctor left him sitting in the chair 4½ minutes before going in to pronounce him dead at 12:12 a.m.

Bob Carr, who became Judy's foster father after Judy was released from the mental institution to which he had been committed at age 13, watched from the other side of the Death House window.

Carr had known the background—a kid first arrested at 10 for molesting a woman and then finally committed three years later after talking his way into another woman's home by pretending he was a Boy Scout selling raffle tickets. He raped her, stabbed her 18 times until the knife broke, then went into the kitchen for a hatchet and hit her four more times in the head. She lived—after brain surgery, open-heart surgery and her own stint in a mental hospital.

That victim later testified at the trial that brought Judy to the electric chair—for the rape-murder of a young woman and the killing of her three children.

After the execution, Bob Carr was trying to be fair to everyone involved.

"I think it was well executed," said Carr, meaning no pun. "They did it real special. I could tell it was a tremendous amount of voltage moving through his brain. He was unconscious in seconds."

Still, it wasn't easy, watching.

"His body jerked and he reared up," Carr said. "His fingers clutched and he tightened up."

The worst part was the smoke, the wisp of smoke.

"You could see the smoke out of the top of his head. Then about 20 seconds later, his body kind of relaxed."

Fifteen minutes after that, the word got outside the prison, where a mixed crowd of several hundred had kept a six-hour vigil in the freezing night. The scene at the gates to Indiana's walled fortress was alternately bizarre, ghoulish, touching, American.

Early on a small group of neo-Nazis from Chicago showed up, uniformed and holding "Death to Judy" signs. They moved off when the church people came with their candles, their guitars, their prayers and their signs that said God doesn't want it this way.

Judy, 24, was the fourth man to die since the moratorium on capital punishment was lifted four years ago. Throughout the United States, there are 32 prisoners on death row. So the scene at the gate of the Indiana State Prison became a forum, of sorts, on the death penalty. It was an awkward forum—but in a way the ultimate test of the wisdom of death for death's sake—because Judy not only wanted to die but threatened to rampage on if he ever got out.

"Suicide is not the issue here," argued Henry Schwarzschild, who came from New York to represent the American Civil Liberties Union, a foe of capital punishment. "What is involved here is the state's right to homicide. Who would think our political leaders would follow the wishes of a sick and destructive killer?"

Gene McWilliams, an Indianapolis salesman who brought a van here to serve as a headquarters for a pro-death penalty group called Protect the Innocent, couldn't fathom that reasoning. If it had been his wife, his kids who had been killed, he said, he'd throw the switch himself. He said it was time to start worrying about the victims, not the criminals.

As midnight neared, the mostly quiet crowd became increasingly restless.

"Are we going to see the body?" a candle holder shouted at the state trooper guards in a bad attempt at sarcasm. "We want to see his head. On a platter." The troopers, unimpressed all evening with candles, glared back, apparently further convinced the world was filled with wierdos.

Just after 12:12 Brian Murphy, a 21-year-old student from Notre Dame, stopped by on his way home from a basketball game. "Boy, this is strange, this is awful," Murphy said. "This is the toughest question of all. Is it right or wrong? My church says it's wrong. I just don't know."

Murphy wasn't the only one who couldn't find the answer here. Even Judy, the man who wanted to die, didn't seem to have it. He had provoked and challenged the state, reveling in the final attention he was getting.

At his trial he boasted of 13 rapes, 50 armed robberies, countless burglaries. He went into such detail about the final murders that several jurors became ill.

He had taken young Terry Lee Chasteen and her children to the edge of White Luck Creek near Indianapolis on the morning of April 28, 1979. He told the jury how he raped the woman, strangled her in front of the screaming children and threw her body into the creek. Then he throttled the five-year-old and threw her in, then the four-year-old, then the two-year-old.

He told the jury he'd do the same thing to them if he got the chance. Kill me, he told them.

Only at the very end, minutes before the voltage hit him, did he show the slightest hint of remorse.

"I don't hold no grudge," were his last words. "I'm sorry it happened."

Forty-eight hours earlier, however, at a prison press conference, he said he wasn't losing any sleep over it.

At that time he also was asked the ultimate question: Does the death penalty serve as a deterrent to violent crime?

"No," Judy replied. "Well, it may, for a short period after that. But if someone is going to kill somebody, they don't think about a death penalty later on."

[From the New York Times, Mar. 8, 1981]

DEATH WISH

Steven Judy is a 24-year-old construction worker from Indianapolis. In the spring of 1979 he stopped to help, or so she thought, a woman stranded with a flat tire. Instead, he further disabled the car and offered her and her three young children a lift. She was raped and strangled; the children were tossed in a creek where they drowned.

If Judy is electrocuted tomorrow, as scheduled, the State of Indiana runs no risk of executing the wrong man—which takes care of one argument against capital punishment. Nor does Judy think his punishment is cruel and unusual: he has taken to citing Bible passages that indicate his fate is appropriate. And to make sure that no one extends to him the humanity he denied his victims, he has refused to support an American Civil Liberties Union petition for clemency. His contempt for life, it seems, is absolute.

But though his death may be, so far as one can gauge such imponderables, no loss to society, the manner of his dying is a blow to civilization. To civilize is not only to nurture cultural and technological developments but to advance morality and justice out of a primitive state. By that definition, the United States is a civilized country. Mr. Judy is, for whatever reason, a barbarian. A civilized country can afford to deal with people like him in other, wiser ways. What it cannot afford is the return to the club implicit in responding to his brutality with the like. To endorse execution, however understandable the impulse, is quite simply to come down to his level.●

DEATH OF MARY K. RANDOLPH

● Mr. GLENN. Mr. President, I join my Senate colleagues today in offering profound sympathy to Senator RANDOLPH on the loss of his beloved wife, Mary. Particularly in these times when the media is rife with stories about failed marriages and unseemly escapades among political families, the Randolph's 48-year marriage stands as a shining example of how love can be—even in the vortex of Washington.

Indeed, Mary Randolph thrived on the political life; or more properly perhaps, she thrived on the opportunities that such a life presented for serving those who are less fortunate. A former social worker in her native West Virginia, Mrs. Randolph was a close friend of Eleanor Roosevelt and for many years was an active volunteer in numerous civic and social groups, including the Boys Club and the Florence Crittenton Home. Her genuine humanitarianism was a true inspiration—and was formally recognized in 1979 when she was awarded an honorary doctor of public service degree from Salem College in West Virginia.

We will miss Mary Randolph and our lives were enriched for having known her. Perhaps her husband can find comfort in the words of the great Greek philospher, Aeschyius, who once observed: "Take heart. Suffering, when it climbs highest, last but a little time." May those words prove prophetic for my dear friend, JENNING RANDOLPH.●

ORDER FOR RECESS TOMORROW UNTIL TUESDAY, MARCH 17, 1981

Mr. BAKER. Mr. President, I ask unanimous consent that, when the Senate convenes on tomorrow, Friday, March 13, in accordance with the order previously entered, it immediately stand in recess until the hour of 12 noon on Tuesday, March 17, 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR CERTAIN ACTION TOMORROW BY SENATORS AND COMMITTEES

Mr. BAKER. Mr. President, I ask unanimous consent that, on Friday, March 13, 1981, between 9 a.m. and 3 p.m., Senators be permitted to introduce bills, resolutions, and statements, and that committees be authorized to file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR THE SECRETARY OF THE SENATE, THE VICE PRESIDENT, THE PRESIDENT PRO TEMPORE, AND THE ACTING PRESIDENT PRO TEMPORE TO TAKE CERTAIN ACTION TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that during the recess of the Senate over until Friday, March 13, and Tuesday, March 17, 1981, messages from the President of the United States and the House of Representatives may be received by the Secretary of the Senate and appropriately referred, and that the Vice President, the President pro tempore, and the Acting President pro tempore be permitted to sign duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR PROXMIRE AND SENATOR EAGLETON ON TUESDAY, MARCH 17, 1981

Mr. BAKER. Mr. President, I ask unanimous consent that, on Tuesday next, after the recognition of the two leaders under the standing order, there be special orders in favor of the distinguished Senator from Wisconsin (Mr. PROXMIRE) not to exceed 15 minutes in length, and, following that, a special order in favor of the distinguished Sena-

tor from Missouri (Mr. EAGLETON) for not to exceed 15 minutes in length.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, may I inquire, was Senate Resolution 92, Calendar Order No. 36, previously adopted by the Senate, reconsidered and laid on the table?

The PRESIDING OFFICER. The answer is it was.

Mr. BAKER. Have all four of those resolutions been reconsidered and laid on the table?

The PRESIDING OFFICER. The answer is "Yes."

PERMISSION FOR TEST PHOTOGRAPH OF SENATE CHAMBER

Mr. BAKER. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 94) to permit a test photograph of the Senate Chamber.

Mr. DODD. Mr. President, reserving the right to object, and there will be no objection, this has been cleared by the minority leader. There are no objections on the minority side.

Mr. BAKER. I thank the acting minority leader.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to as follows:

S. RES. 94

Resolved, That paragraph 1 of rule IV of the Rules for the Regulation of the Senate Wing of the United States Capitol (prohibiting the taking of pictures in the Senate Chamber) be temporarily suspended for the sole purpose of permitting the National Geographic Society to photograph the Senate Chamber on March 18, 1981, while the Senate is not in session.

SEC. 2. The Sergeant at Arms of the Senate is authorized and directed to make necessary arrangements therefor, which arrangements shall provide for a minimum of disruption to Senate proceedings.

PROGRAM FOR TUESDAY, MARCH 17, 1981

Mr. BAKER. Mr. President, the Senate will shortly go into recess until the hour of 11 a.m. tomorrow. Immediately after convening the Senate on Friday, it will stand in recess until the hour of 12 meridian on the Tuesday following. At that time, it will be the intention of the leadership to ask the consent of the Senate to proceed to the consideration of Calendar Order No. 32, S. 509, a bill to amend section 201 of the Agricultural Act of 1949. Members should be on notice that this bill probably will require a rollcall vote or rollcall votes. It is not planned that a vote will occur on any matter of substance prior to the hour of 1 p.m. on next Tuesday. It is our hope and expectation that we can complete the work of the Senate on this calendar item before the conclusion of that calendar day.

Mr. President, the balance of the Senate schedule for that day is uncertain at this time. We shall take up such matters as may then be eligible on the Calendar of General Orders or the Executive Calendar and such other matters as may be cleared on both sides of the aisle.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering two items on the Executive Calendar.

There being no objection. the Senate proceeded to the consideration of executive business.

DEPARTMENT OF LABOR

The PRESIDING OFFICER. The clerk will state the nomination.

The assistant legislative clerk read the nomination of Albert Angrisani, of New Jersey, to be Assistant Secretary of Labor; and then the nomination of T. Timothy Ryan, Jr., of Virginia, to be Solicitor for the Department of Labor.

Mr. HATCH. Mr. President, the Labor and Human Resources Committee, of which I am the chairman, support the nominations of Albert Angrisani to be Assistant Secretary of Labor and T. Timothy Ryan, Jr., to be Solicitor for the Department of Labor.

It is a fortunate day when individuals of this quality and this stature can be presented to the Senate for the positions for which they are nominated. They are individuals of extraordinary ability and talent for which the country will be grateful. They have come through the Labor Committee scrutiny without problems and with confidence. I recommend them to the Senate and recommend that their nominations be overwhelmingly approved.

Mr. DODD. Mr. President, reserving the right to object, I shall not object. These nominations have been cleared by the minority leader and, as I understand it, there is no objection from the minority.

Mr. BAKER. I thank the acting minority leader.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. DODD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has granted its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL TOMORROW, FRIDAY, MARCH 13, 1981, AT 11 A.M.

Mr. BAKER. Mr. President, I know of no other business to come before the Senate. If there is no other need for time in this period for the transaction of routine morning business, I move, in accordance with the order previously entered, that the Senate stand in recess until 11 o'clock tomorrow morning.

The motion was agreed to, and, at 6:07 p.m., the Senate recessed until tomorrow, Friday, March 13, 1981, at 11 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate, March 12, 1981:

DEPARTMENT OF LABOR

Albert Angrisani, of New Jersey, to be an Assistant Secretary of Labor.

T. Timothy Ryan, Jr., of Virginia, to be Solicitor for the Department of Labor.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

HEALTH MAINTENANCE ORGANIZATIONS

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. WAXMAN. Mr. Speaker, I am pleased to announce that on March 11, 1981, Mr. GRAMM and I introduced H.R. 2480, the Health Maintenance Organization Amendments of 1981, and today Mr. GRAMM and Mr. PEPPER joined with me in introducing legislation to change the way medicare and medicaid reimburse health maintenance organizations (HMO's).

I am also pleased to announce that on March 18 and 19, 1981, the Subcommittee on Health and the Environment will conduct hearings on these two bills.

Our purpose in introducing these bills is to promote the continued growth of strong, competitive HMO's. For almost a decade, the Federal Government has fostered the development of HMO's because such entities deliver quality medical care at predictable and reasonable costs. This policy has been followed by Republican and Democratic administrations alike and has enjoyed similar bipartisan support in the Congress.

As used most generally, the term health maintenance organization describes an entity which provides specific health services to its members for a prepaid, fixed payment. In one respect, this arrangement is like a traditional health insurance program in the fee-for-service system. A monthly payment insures some portion of the costs of health services which a subscriber may incur during a period of time.

However, an HMO is different from the fee-for-service system and traditional health insurance programs in at least three respect. First, it is different in its approach to payment to providers of health care services. In an HMO, providers are at risk and are not reimbursed for each of the services they provide, as physicians in the fee-for-service system generally are.

Second, HMO's can be distinguished from a traditional health insurance program in the fee-for-service system by either providing directly or arranging to have provided those services specified in the HMO subscriber contract. A member of a Blue Cross/Blue Shield plan or other private health insurance plan in a fee-for-service arrangement does not have services provided by the plan. Rather, the member secures his own provider or providers whom the plan might then pay.

Finally, a member of an HMO plan most often is allowed to choose his own physician within the plan. However, the member is not allowed, except under circumstances of medical emergency, to seek care from physicians or other providers outside the plan.

These aspects of the HMO concept provide the HMO a capacity and a financial incentive to control the utilization of health services so as to reduce overall health care costs.

The term health maintenance organization includes two basic HMO models: first, the prepaid group practice model, and second, the individual practice association or medical care foundation model.

In both models, the HMO receives periodic payments of fixed amounts in return for the services it provides to HMO members.

Under the group practice model, however, most medical services are provided by physicians who are members of a group practice. Such physicians may be either employees of the HMO or members of a separate entity which contracts with the HMO to provide medical services to HMO members. Physicians in these arrangements are paid in a variety of ways—the two most common being either by salary, or as a group where the HMO pays the group fixed payments per member each month.

Under the individual practice association or IPA model, physicians in a community, generally a county, or group of counties, contract with the HMO to provide medical services out of their private offices, which can be either solo or group practices. Physicians in IPA's are generally paid on a modified fee-for-service basis with retrospective adjustments based on performance by the HMO and the individual physician. In other words, the fewer expenses incurred by the HMO by the end of the year, the higher the income is likely to be for physicians at that time.

Without question, the Federal HMO policy of assisting the development of these organizations has borne significant fruit. Today, HMO's are moving into the mainstream of health-care delivery in the United States, providing comprehensive medical care on a prepaid, fixed cost basis to 9.2 million Americans. Between 1970 and 1980, the number of HMO programs has increased from 39 to 242. Of the 242 operational HMO's, 120 are federally qualified. These 120 HMO's have a membership of over 6 million persons.

Much of this organizational growth can be credited to the investment of Federal resources in HMO's. The congressional mandate, as expressed in Public Law 93-222, sought to demonstrate the extent to which the HMO approach to health care can be transplanted to new environments, with new participants putting it into operation. But, as significantly, the Federal commitment also spurred private HMO development that has led to the creation of many prepaid health plans and the expansion of existing plans. These plans are sponsored by commercial health insurors, major corporations, physician groups, hospitals, and labor unions.

Congress has maintained a close watch over HMO development for several reasons. HMO's, in a documentable fashion, have proven to be an effective counterweight to the soaring cost of health care and the Congress has sought to nurture this promising trend. HMO's offer consumers a new choice which they can choose voluntarily. Lastly, in enacting the original HMO law, the Federal Government took on a complex new role—that of stimulating the creation of new businesses that were deemed to serve the public interest. A consequence of this close scrutiny has been two extensions of the Health Maintenance Organization Act of 1973, the most recent of which was in 1978 with enactment of Public Law 95-559.

With the act expiring September 30, 1981, the time has come for Congress to examine anew this law in the light of current circumstances. Tight budget constraints which face all Government programs also must be applied to the HMO program, as effective as it has been in meeting a critical public need. Increased flexibility in the act also seems called for so that HMO's can compete more effectively with the traditional health delivery system. At the same time, it is very important that Congress look beyond this act and consider reforms of medicare and medicaid policies which have greatly restricted the numbers of individuals who have enrolled in HMO's. It makes little sense for Government to invest tax dollars in HMO's and then not take full advantage of their cost-effective ways through policies which prevent full medicare and medicaid participation.

HMO's have demonstrated in a variety of settings and in different geographical areas that they are capable of delivering quality medical care for a price that is predictable and significantly less than comparable care pro-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

vided in the fee-for-service sector. An examination of the economic incentives which drive an HMO sheds light on why these organizations have been able to offer a quality product for a reasonable price.

President Nixon underscored the appeal of this set of economic incentives in his health meassage of February 18, 1971, and this appeal remains as true today as it was a decade ago:

Under traditional systems doctors and hospitals are paid, in effect, on a piece work basis. The more illnesses they treat—and the more service they render—the more their income rises. This does not mean, of course, that they do any less than their very best to make people well. But it does mean that there is no ecomomic incentive for them to concentrate on keeping people healthy.

The evidence supports the claim that HMO's are attractive as a means for cost control because they alter the usual economic incentives in medical care and give providers a stake in holding down costs. Studies have found that the total cost of medical care—that is, premium plus out-of-pocket costs—for HMO enrollees is lower than it is for comparable people with conventional insurance coverages. The lower costs are clearest for enrollees in HMO group practices, where total costs are from 10 to 40 percent below the costs of conventional insurance enrollees.

Most of these cost differences have been found to be the result of hospitalization rates lower than those of conventionally insured populations. And these lower hospitalization rates are due almost entirely to lower admission rates.

For example, the last national HMO census of prepaid health plans noted that for 1979 the inpatient hospital utilization rate for all HMO plans was 412 days per 1,000 members per year. This compares to an average of about 730 days per 1,000 Blue Cross enrollees nationally in 1978.

In addition, physician visits per member per year for all HMO plans averaged 3.4, and total health plan encounters, including those with the HMO's nurse practitioners or physicians assistants, per member per year for all plans averaged 4.5 in 1979. The national average was about 5 physician visits per person per year.

CONSUMER SATISFACTION

In a national survey of the public, HMO members and potential members, Louis Harris & Associates, Inc., found that HMO's are well regarded by most of their members and the concept is appealing to individuals who are generally unfamiliar with this delivery concept. The Harris poll, published in July 1980, said:

HMO's get good marks from most of their members. The great majority of HMO members are very or somewhat satisfied with the health care services that they and their family have used in the last few years. Furthermore, the percentage of those who are "very satisfied" with their health care services is somewhat higher among HMO members (57 percent) than among either eligible nonmembers (53 percent) or the general public (52 percent).

While most HMO members say that the performance of their HMO's has been about what they expected (58 percent), fully 31 percent say that they are better than they had expected, and only 7 percent say they are worse.

Word-of-mouth reports by HMO members to nonmembers also tend to give a favorable impression of HMO's. Fully 45 percent of nonmembers who know members of HMO's say that these members have spoken favorably about their HMO, while only 13 percent say that they have spoken unfavorably.

The overwhelming majority of HMO members expect to renew their membership. Only 3 percent of current members say they probably will not renew, and many of these say they will leave because they will no longer be eligible for membership (for example, they plan to move away).

Many reasons are given by members to explain their satisfaction with their HMO's, but in many cases, these replies are also given by nonmembers to explain their satisfaction with their current health care. However, there are several aspects of HMO membershps which are especially appreciated by members and which differentiate their attitudes from those of nonmembers. In particular, HMO members are more satisfied than nonmembers with:

The cost (both the total cost and the cost to themselves) of their health care services.

The availability of doctors and medical services 24 hours a day, 7 days a week.

The availability of preventive health services.

Having a wide range of health care services available in one place.

The convenient location of their HMO's (for them).

One other benefit of belonging to an HMO is a greater degree of confidence—or at least less uncertainty—in knowing precisely what benefits are available as part of current health plans and where to go to obtain them. Members are substantially more likely than nonmembers to feel that they know a great deal about the benefits available to them.

MEDICARE

Under present law, our elderly citizens have no incentive to join an HMO because they do not share in the savings which accrue to Government as a result of the efficiency of such organizations. Thus, as a part of our effort to recraft the Government's policies toward HMO's we are introducing a bill that would remedy this current flaw in our current medicare program. The same bill—with regard to medicare—was passed by the House of Representatives in the 96th Congress.

To older Americans, the traditional health care system is a vital, but bewildering assortment of medical specialties, hospitals, nursing homes, claim forms, and unplanned expenses, No one can erase the physical, psychological, and economic problems imposed by advancing age but the medical care system can move to deal more equitably and effectively with the health problems which place such heavy burdens on older Americans.

Currently, HMO's with medicare contracts elect between cost and risk-based reimbursement. When we pay on the basis of costs, there is no reward to the HMO for being efficient, no reason for HMO's to seek actively to enroll medicare beneficiaries, and little incentive for beneficiaries to seek out economical delivery systems. Under the current risk reimbursement formula, HMO payments are calculated retrospectively, thus limiting their ability to budget. Also, enrolled beneficiaries do not necessarily gain from their choice of an efficient HMO since any savings are shared exclusively by the HMO and the Government. Therefore, beneficiaries have little incentive to seek out efficient delivery systems. Not surprisingly, both the number of HMO's with medicare contracts and the number of enrolled beneficiaries are small.

In my judgment, an organized system of care like that provided through an HMO is an effective way to serve our elderly citizens. The advantages of receiving quality health care in a single location on a fixed and predictable basis are pronounced. HMO's provide a comprehensive system of care through a single access point 24 hours a day, 7 days a week. Typically, all diagnostic and specialty service are provided at the same site, as our pharmacy services. In addition, an HMO provides the elderly with total protection against illnesses of a catastrophic nature, virtually eliminates medicare paperwork and also does away with the assignment problem where physicians bill beneficiaries directly.

The Health Care Financing Administration has funded seven demonstrations to test the basic concepts that are incorporated in this bill. In three of the demonstration sites, the Marshfield, Wis., Clinic, the Fallon Clinic in Worcester, Mass., and the Kaiser Foundation Health Plan, in Portland, Oreg., all three plans have enrolled and are providing services to substantial number of medicare beneficiaries. In successfuly marketing to medicare beneficiaries, the plans called into question the conventional view that the elderly are unwilling to change physicians. The message seems to be if the incentives are structured properly, the elderly are willing to sign up for a program that rewards their choice of a cost-effective delivery system.

The benefits offered medicare beneficiaries in the Portland, Oreg., site are impressive. The Kaiser plan there has enrolled 7,600 medicare beneficiaries. These individuals were offered four benefit packages, the least expensive of which cost the beneficiary nothing in out-of-pocket costs. Kaiser arrived at this price in the fol-

lowing way. Today, medicare's average adjusted per capita cost (AAPCC) on a monthly basis in the Portland metropolitan area is $119.33. Kaiser receives 95 percent of that total to provide the A and B medicare benefit package to each of its members who are enrolled in the demonstration. Kaiser's adjusted community rate (ACR)—its monthly estimated cost for providing the A and B benefit package adjusted for this population—is $94.60.

The difference between 95 percent of the AAPCC and the ACR, in other words, $19.05, is returned to the beneficiary in several forms. One, the medicare consumer cost-sharing requirements are totally covered and, two, additional benefits are provided that go beyond the A and B benefit package. These benefits include preventive health services like physical examinations and immunizations, physical therapy, and all emergency care.

For a small monthly charge, medicare beneficiaries can select from three other benefit plans. For $6 a month, beneficiaries receive prescription drugs, eyeglasses, and hearing aids. For $9.61 per month, beneficiaries receive total dental care, including examinations, cleaning of teeth, fillings, dentures, and other prosthetic devices at no charge when prescribed and obtained at Kaiser-Permanente dental facilities. For $15.81 a month, beneficiaries can receive all of the above—prescriptions, glasses, hearing aid coverage, and total dental care.

Prepayment removes the incentive to overserve and replaces it with an incentive to reduce unnecessary hospitalization and maintain health. In 1976, for example, hospital-days per 1,000 persons age 65 and over totaled 4,121 in the United States. In the Kaiser-Permanente program, the age/sex adjusted rate for the over-65 population was 1,945 per 1,000 members.

We have reached, I believe, a critical threshold in the HMO movement where HMO's are demonstrating that they can compete effectively and serve as a real alternative to the traditional fee-for-service system. HMO's have proved to be an effective mechanism for altering the usual economic incentives in medical care so as to reduce overall health care costs.

I believe there remains an important role for continued Federal involvement in HMO development. The bills we are introducing will encourage and promote this development.●

LINDA PAGE, SOMEONE SPECIAL

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. GRAY. Mr. Speaker, recently a young woman of immense talent burst on the national sports scene, stealing headlines and erasing one of the tallest, proudest records in Philadelphia athletic history.

On February 13, Linda Page led her Muriel Dobbins High School teammates to a 131 to 38 victory over Mastbaum Tech. On that day, Linda scored 100 points in 32 minutes and erased Wilt Chamberlain's name from the Philadelphia public school record books.

Linda's 100-point game was not a fluke. During her brilliant career at Dobbins, she has scored more than 50 points seven times, including scoring outbursts of 61 points twice and an 87-point production during this season which she has capped with her magical 100-point game in mid-February.

Her coach, Mr. Tony Coma, calls her "a scoring machine. Everytime she puts the ball up, I expect it to go in. She is the best shooter I have ever coached—and I coached Earl Monroe."

Linda has been named the most sought after high school athlete in the country. Yet, through all the media attention Linda seems to have kept priorities in order. She has managed the herculean task of being an instant celebrity. Jet magazine ran a story about her and the Philadelphia legend, Wilt Chamberlain. Through it all, Linda has maintained a normal lifestyle. She has a boyfriend, maintained family ties, and kept up with her schoolwork. Now, Linda faces the hardest decision of her life, choosing from the literally hundreds of college scholarship offers.

Mr. Speaker, on behalf of the Second Congressional District of Pennsylvania and the entire city of Philadelphia, I would like to salute Linda Page on her outstanding career at Dobbins High School and enormous contributions to women's athletics. Linda's future is in front of her and we wish her nothing but success.●

EDWARD BROOKE DEFENDS THE LEGAL SERVICES PROGRAM

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. FRANK. Mr. Speaker, Edward W. Brooke, the distinguished former Senator from the Commonwealth of Masschusetts, has written an article defending the Legal Services Corporation which appeared in the March 9 edition of the Washington Star. As a former attorney general of Massachusetts and as a lifelong advocate of the poor and dispossessed, Senator Brooke speaks with knowledge, conviction, and compassion on this very critical issue.

As we all know, the President has proposed to eliminate what is perhaps the most justifiable program funded by the Federal Government—the Legal Services Corporation. Without the legal assistance provided by the dedicated attorneys of this program, the poorest and most vulnerable members of our society will be denied access to basic justice. Without Legal Services the phrase, "Equal Justice Under Law," which appears above the entrance to the Supreme Court, will be a mockery. Without funding from the Legal Services Corporation, the President, I am sure, is fully aware that State and local governments will be unable or unwilling to carry on legal service programs.

Senator Brooke has joined the growing number of persons from the President's own party in standing up for legal services. He points out that this program responds effectively to the President's professed and oft-repeated concerns for making Government work for the people, minimizing paperwork and eliminating unnecessary bureaucracy, eliminating waste, fraud, and abuse, and for providing local control.

Mr. Speaker, I commend the Senator's perception and courage in his defense of legal services. I ask my colleagues to consider his words carefully in making a judgment on the continuation of this much needed program.

A copy of the article follows:

LEGAL SERVICES: GOVERNMENT AT ITS BEST

The president and the Congress, in their rush to reduce federal spending, risk terminating one of the most successful public efforts for the poor—the civil legal services program.

As a U.S. Senator, I represented hundreds of thousands of poor people primarily in Massachusetts but elsewhere across the nation, too, who got legal help through the program. I also served on the Appropriations Committee that annually reviewed and approved funding for the national Legal Services Corporation, which is the congressionally created private nonprofit organization that funds over 300 local Legal Services programs in every part of the country.

The civil legal services program has had a profound and lasting effect on the lives of the poor. Operating through no-frills neighborhood offices, talented, committed and grossly underpaid attorneys and paralegals give poor individuals and families a chance to use, and occasionally to alter, our legal system.

The results are dramatic. In Massachusetts, for example, the elderly poor, people with serious illness, tenants whose landlords don't pay bills have been protected against arbitrary utility shutoffs this winter, because of Legal Services.

JOBS, HEALTHY CHILDREN

There are better job incentives for welfare mothers and more possibility for long-term stable employment, because of Legal Services. The chances of little children being poisoned by lead paint in their houses and apartments has greatly been reduced because of Legal Services.

Of all the programs the federal government now supports, Legal Services should be one that Ronald Reagan would rush to

defend. It would be difficult to find another public effort that responds so effectively to the president's repeated concerns:

"Making government work for the people." No one in this country is more subject to government regulation than the poor. Their jobs, food, shelter and incomes are affected by daily decisions of local, state and federal bureaucrats and lawmakers. A major part of Legal Services' work is making that system responsive to their clients by cutting through red tape and minimizing interference in their personal lives.

"Minimizing paperwork and eliminating unnecessary bureaucracy." The Legal Services Corporation is the model of administrative efficiency. Overhead costs are less than 3 percent of its total budget. Its application procedures are simple: It does not require a single page of paperwork from state or local officials. Money is appropriated by Congress and flows immediately and directly to those who provide legal services to the poor.

"Eliminating waste, fraud and abuse." Legal Services lawyers are law enforcement officers for the poor. They have repeatedly and successfully challenged mismanagement of public programs and bureaucratic violations of statutes designed to benefit and protect their clients.

"Local control." Legal Services is not run from Washington. Poverty lawyers work for private nonprofit organizations, with boards of directors composed of local attorneys, clients and other interested citizens. Program design, management, and priorities are locally determined. They vary significantly from one community to another, according to local needs and circumstances.

Legal Services is not a big money item and the real presures on the president to "get Legal Services" are not budgetary. They are political. Our legal system is an adversarial one. It generates controversy. That seems particularly true when it is used effectively for the poor.

TAKING ON THE POWERFUL

The great bulk of Legal Services involves routine matters that never attract any interest beyond the parties immediately involved. However, poverty lawyers have taken on some of the most powerful private and public interests on behalf of their clients. They have successfully challenged unsafe labor practices of corporate agriculture on behalf of seasonal farm workers. They have put a stop to unfair credit practices that unjustly robbed the poor of their meager income. They have required warranties of habitability from slum landlords. And they have forced state and local officials to comply with federal law.

That aggressive representation of poor clients has created powerful political enemies. From the beginning, they have tried to undermine and destroy the program. They had their last best chance in the early '70s, when Howard Phillips was appointed to OEO to dismantle Legal Services. Those same opponents, mobilized through the National Committee to Defeat Legal Services, are intent on getting President Reagan to pick up their banner.

DISTINGUISHED SUPPORTERS

But Legal Services has influential friends as well. In spite of the rhetoric of some extremists this is not a program of some radical fringe. Much of the impetus for its creation in 1965 came from the American Bar Association and the leadership of distinguished Americans like Lewis Powell, now a Republican-appointed Supreme Court justice. It has always enjoyed bipartisan support in the Congress.

It is not insignificant that my views and those of the respected conservative commentator, James J. Kilpatrick, come together in support of Legal Services. It will not be often, I suspect, their our views on political issues so converge. There can be little room, however, for thoughtful conservatives, liberals and moderates to disagree on an issue so fundamental to a society based on law.

The final decision on Legal Services will have minimal budgetary consequences one way or the other. It will have a lasting human impact for the poor, and major consequences for the system of justice in this country.●

CONGRESSIONAL VIGIL ON SOVIET JEWRY

HON. MILLICENT FENWICK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. FENWICK. Mr. Speaker, I would like to take part in the Congressional Vigil for Soviet Jews, in the hope that our efforts here in Congress can help the cause of the many families and individuals in the Soviet Union who wish to emigrate to the free world.

I call the attention of this body, and all who follow its proceedings, to the plight of Vladimir Vinnik, an electronics engineer from Leningrad, his wife Emma, a physician, and their 15-year-old son, Vadim. The family, which would like to go to Israel to reunite with Emma's 71-year-old mother, has recently received its third refusal for an exit visa. Interestingly, in December, the boy, Vadim, had a symbolic proxy bar mitzvah with an American boy in this area through the efforts of the Washington Council on Soviet Jewry.

I hope that our efforts can have some positive effect on Soviet human rights policy, and I commend the gentleman from Maryland, Mr. BARNES, for chairing the Congressional Vigil for Soviet Jews this year.●

NO EVENHANDEDNESS IN SPENDING CUTS FOR WATER PROJECTS

HON. FLOYD J. FITHIAN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. FITHIAN. Mr. Speaker, I speak today of an area in the budget about which President Reagan and Mr. Stockman have been strangely quiet. It is the area of spending on water projects. Not only has the administration been quiet, they have failed to require this program to undergo the cuts which would have been required if the evenhandedness were applied across the board.

An editorial in the March 2, 1981, Chicago Tribune lays out this issue with remarkable clarity. What we might say in addition to the editorial is that we ought to have a better system for distinguishing between good projects and projects which are not cost-benefit defensible. I do not personally favor throwing the baby out with the bathwater, but clearly there are many projects which could not stand the light of day if we looked at them on their merits.

I attach the Chicago Tribune editorial for the enlightenment of my fellow Members of the House.

[From the Chicago Tribune, Mar. 2, 1981]

UNTOUCHABLE PORK?

President Reagan has sent his budget-cutters to find another $6 billion to remove from the 1982 budget. We have a suggestion where they can find some handsome savings: water projects. While David Stockman and Company were slashing everything else right and left, they somehow overlooked the $4.5 billion the federal government spends every year on assorted dams, canals, locks, and other water-related ventures. Mr. Reagan's plans call for cutting not a nickel from water project funds for 1981 and only a token $95 million next year. Even with that reduction, spending on water projects would be 6 per cent higher in 1982 than this year.

Any administration that can't find some fat in $4.5 billion worth of pork just isn't trying. Left unscathed in the Reagan budget are such fiscal and environmental disasters as the infamous Tennessee-Tombigbee project (more than $200 million in 1982, $3 billion before it's finished), the Central Arizona Project ($195 million and $2 billion), and the Bonneville unit of the Central Utah Project ($71 million and $1.6 billion). By the estimate of the Coalition for Water Project Review, merely cutting the most obvious waste could save more than $700 million next year and $1 billion in each of the succeeding four years.

The reason none of these were cut back or eliminated is politics. Jimmy Carter's initial honeymoon with Congress ended the day he released a "hit list" of 19 blatantly indefensible projects, and relations got even chiller when he followed it with a list of 14 more. Unfortunately President Carter didn't get what he wanted on most of the projects. Not only that, he never managed to dispel the ill will the episode created on Capitol Hill. When Hill critics complained that Mr. Carter never learned how to get along with Congress, they usually meant that he never accepted the wasteful water projects that powerful members use to keep federal money flowing into their districts.

But if President Reagan is purchasing congressional amity by keeping silent on these projects, he is paying too high a price. The failure to make any but the most trivial reductions makes a mockery of his much-touted willingness—nay, eagerness—to prove his even-handedness by making every favored constituency feel the same pain. It looks more than a little callous to trumpet the urgency of cutting food stamp payments and Medicaid while blithely throwing money down these ratholes.

No doubt the President is considering more than just congressional relations. Anyone looking at a map showing which states Mr. Reagan won last November can easily figure out why he has shied away from cutting the budget for water projects. Most of them are located in the South and

West. The Sunbelt states are fond of complaining about federal programs to salvage the decaying cities of the Frostbelt. Fair enough. But one rarely hears them acknowledge the huge subsidy the Sunbelt gets in these water projects. In fact, one big spur to the anti-Washington sentiment in the West was Carter's threat to reduce the flow of federal dollars.

The leaders of the "Sagebrush Rebellion" are not against federal handouts—only against the "interference" that sometimes comes with them. But if the President is serious about making everyone share the pain, he can hardly justify leaving the water projects practically untouched. Mr. Reagan has asked the Northeast to accept its share of the sacrifice. He should give the Sunbelt the same opportunity.●

PENNSYLVANIA: 300 YEARS OF PROGRESS

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. CLINGER. Mr. Speaker, beginning March 14, Pennsylvanians will celebrate the 300th anniversary of the founding of the Commonwealth of Pennsylvania. Those 300 years mark the development of the United States from its infancy as a dependent colony to maturity.

Pennsylvanians can take pride in the role our State has played in the development of our Nation. Known as the Keystone State, Pennsylvania earned its title by providing vital access to undeveloped areas lying west of the Alleghenies.

The factors that led to Pennsylvania's key role in the expansion westward of our Nation and the rise of our Commonwealth as an industrial force in the Nation remain prime concerns that will continue to shape Pennsylvania's path in the future.

Then, as now, transportation was a vital link in the Nation's development and the ability of Pennsylvania to provide transportation in the early 19th century is one reason the Commonwealth earned the title of the "Keystone State."

By 1932, Pennsylvania led the Nation in improved roads, having more than 3,000 miles. Pennsylvania's Conestoga wagon became the typical transport of westward-moving pioneers, and the National Road passing through southwestern Pennsylvania was a main western highway.

By 1840, the groundwork for Pennsylvania's industrial greatness had been laid. Foundries, rolling mills, and machine shops became numerous, and by the Civil War, Pennsylvania rolled half the Nation's iron. I believe that the location of the State, its rich resources, and the enterprise of its citizens may be considered the basic reasons for this industrial advance.

The industrial expansion which was evident in 1860 continued unabated until the Keystone State emerged as second in population among the States. Although Pennsylvania has fallen back somewhat because of the continued development in the South and West, Pennsylvania still maintains its basic strengths with a skilled work force and considerable mineral resources in coal, petroleum, natural gas, and cement.

From March 14, 1981, to April 2, 1983, Pennsylvania will celebrate the tercentenary of its founding. May this period be used not only to reflect on our history but also to project toward our future.

As Pennsylvania contemplates an economic resurgence, the importance of its location—and the need to maintain an efficient transportation system—cannot be overestimated. For Pennsylvania to continue as the Keystone State, the link must be provided between what must be a growing international trade with our allies and the resources that will be produced in Pennsylvania and the inner regions of the Nation.●

TOM LILLICO, A UNIQUE INDIVIDUAL

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. RUDD. Mr. Speaker, I would like to share with my colleagues a eulogy for a great man from Arizona, Tom Lillico. The statement is written by the Arizona Republic's sports director, Verne Boatner.

Tom Lillico was an important figure in the sports world, but also had a great influence on Arizona politics and government actions. But more important than these contributions, Tom was a beautiful person who left his imprint on everyone who came in contact with him. I wish you all could have known this unique individual.

The article follows:

ASU "MONSTER" BORN IN LATE 1930's

(By Verne Boatner)

When I returned from a week out of town, I found a note on my desk.

" 'Blind Tom' Lillico died while you were away," it read.

I had even missed the funeral.

He must have had a premonition of death. I only wish that I could have been that clairvoyant at the time.

As was our custom built over many years, we met for lunch several weeks ago.

It had been a while. I had put him off several times. But the last time he called, his voice was so insistent that I could not refuse. It was not like him to press.

"I've got something for you," he said, so I returned to the car and collected the tools of my trade.

"One condition," he said, after ordering a round of drinks. "I don't want any of this printed as long as I'm alive."

I was convinced then that one of the wittiest guys I knew was setting me up, as he had so often, for one of his tall tales.

"As you know," he began, "I've spent the greater part of 50 years working for the betterment of sports at Arizona State."

How well I knew.

When I arrived on the Arizona scene in the early '60s, Tom Lillico already was a legend.

His fame, or in certain circles I suppose it would be termed infamy, centered on a 1937 escapade he engineered that resulted in spiriting three of Arizona's top high school players—Walt Ruth, Wayne Pitts and Rex Hopper—off the University of Arizona campus and into the ranks of Arizona State College's football team in Tempe. It was the dawning of football respectability at the sleepy teacher's college on the banks of the Salt River.

A three-sport star at ASC, Lillico returned in 1937 as graduate manager of athletics (equivalent to athletic director today). He served in that post, with time out for World World II, until July 1, 1949.

He also was state chairman of the March of Dimes, a baseball scout for the Brooklyn Dodgers, state sports representative for the National Polio Foundation, an unsuccessful candidate for a state Senate seat, and the mastermind behind the statewide drive (settled during an election) that raised ASC to university status in 1958. In short, he was a "doer" that many called on.

"I admit I bent a few rules when I was head of ASC athletics," he said. "But there weren't that many rules in those days, and they weren't that iron-clad.

"But I don't like what I see out there today. We've created a monster that has brought shame on our university.

"I gave a few starving country boys from the Depression era a chance for a college education. Back then, college was for the well-to-do.

"But we turned out—and when I say we, I also include NAU (Northern Arizona University) and the UofA—athletes who later became the leaders of this state. I defy you to go into the smallest hamlet in this state and not be able to find a community leader who doesn't owe a debt to those puny work-scholarships we handed out. They were country boys who would never have gotten off the farm except for people like me.

"But you see what Arizona State is doing today? Taking a token 5 percent—maybe—of Arizona kids. You realize who the hell's paying for those universities? You and me.

"Whizzer (Wilford) White's been called the greatest football player in the school's history. But he wouldn't get a second look if he was coming out of high school today. He'd have to go to some place like Cal Poly-Pomona. Why, his son Danny wouldn't have gotten a scholarship if some of us old-timers hadn't raised hell.

"But those coaches out there today claim Arizona kids aren't good enough to play for them. But have you noticed they're good enough to play everywhere else in the country?

"We've got a huge athletic department with so many people nobody can remember their names. I ran an athletic department with $2,500. What have they got, $3 million, 4, 5? Nobody knows, because they keep it a secret. I'd love for (President) Reagan to send me in there and say, 'Cut out the deadwood.'

"And those coaches, with 15 assistants and all kinds of contacts. They've got to chase off to New Jersey or Illinois, check in

to the fanciest hotels, wine and dine the high school coaches and—if they aren't too hung over the next day—maybe go out to the schools and look at some film. They end up bringing in players who should never be in college, and they have to cheat to keep them there.

"And once those kinds leave college, what do they ever give back to this state? How many Arizona kids did they deprive of a college education? You try to tell me, with 150 schools in Arizona, that I can't get 22 players who can play with anybody in the U.S.?

"Bull . . .! I did it 40 years ago. And I had damned little to offer them then."

Two or three days later, he called me.

He was having second thoughts about what he had said. He was afraid it might offend some old friends.

We talked it out. I mollified him, but I'm not certain I completely convinced him that his true friends wouldn't mind.

That's the reason I've wrestled with my conscience for the last couple of weeks.

I finally decided to write it.

I think he would have wanted it that way.●

IN HONOR OF ANTHONY KELLER'S RETIREMENT FROM THE CONNECTICUT COMMISSION ON THE ARTS

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. MOFFETT. Mr. Speaker, I would like to take this time to express my great admiration and esteem for Mr. Anthony Keller, who will be retiring this March 17 from the Connecticut Commission on the Arts as its executive director. He will be turning the reins of the commission over to a most able successor, Mr. Gary Young, so patrons of the arts in Connecticut can rest assured of the continued high caliber work of the commission. But the great efforts of Mr. Keller well deserve commendation.

In the 15 years that Mr. Keller acted as director to the commission, he instituted a great number of programs for the benefit of the arts in Connecticut. As a former board member of the American Council for the Arts, and a State representative on boards and panels of the National Endowment for the Arts and the Assembly of State Art Agencies, Mr. Keller brought considerable expertise to bear on his work. With a $2 million annual budget, Mr. Keller promoted such projects as the development of a monthly statewide calendar of cultural activities, a retrospective on 300 years of Connecticut architecture, a dance company-in-residence program, and an artists-in-schools project. Perhaps most importantly, Mr. Keller was the prime mover of the first economic impact study of the art industry in Connecticut.

The State of Connecticut has blossomed under the arts tutelage of this gifted man and his loss is our loss, in the deepest sense.●

ESTATE TAXES ALTERNATE VALUATION DATE

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. BEARD. Mr. Speaker, I am today reintroducing a bill which would alleviate an inequity in the Internal Revenue Code relating to the valuation of property for estate tax purposes.

Under existing law, the estate of a decedent may elect to use an "alternate valuation date" for purposes of computing the value of the estate for estate tax purposes. The alternate valuation date is the date 6 months after the date of death. This rule, which had its origin in the economic decline of the 1930's, is intended to prevent the inequity of imposing the estate tax on the date of death value of property, if that value declines shortly after the date of death.

One problem with the existing law is that the alternate valuation date may be used only if it is elected on an estate tax return that is filed within the prescribed time. This rule applies even where there is reasonable cause for the failure to file the return within the prescribed time. Thus, under existing law, if the estate tax return is just 1 day late, and even if the delay is due to reasonable cause, the estate may not use the alternate valuation date.

The effects of this provision of the Federal estate tax law are illustrated by the case of the estate of one of my Tennessee constituents. In this case, Mr. Speaker, the value of the estate declined severely during the 6 months following death, yet the alternate valuation date election was denied because the return was filed late. The estate's return could not be filed on time because the estate's coexecutor required open-heart surgery 1 month before the return was due, and no one else could accumulate the information necessary to file the return on time. As a result, the amount of death tax due is actually double the amount which would be due if the election of the alternate valuation date were applicable.

I do not believe that this harsh result serves any legitimate policy of the tax law. The alternate valuation date is intended to and should apply if the decedent's property has severely decreased in value, even if, for some reason, the return is filed late. Accordingly, this bill would permit an estate to elect the alternate valuation date on a late return. The bill would not, however, change any of the existing penalties for the late filing of a return.

Similar bills were introduced in the House and Senate and considered by the 96th Congress. While there was unanimous agreement that the rule of current law was wrong and should be changed, there was some disagreement over the appropriate effective date of this change in law. As introduced, the bill provided relief from the harsh consequences of current law for estates of decedents dying before the date of enactment even if the tax return was filed late.

The Treasury Department did not object to providing relief for estates of decedents dying in prior years. However, the Treasury Department was not satisfied with the transitional rule in the form in which it was proposed because many estates which were unfairly treated under the current law would not have been able to qualify for relief. On the other hand, the Treasury Department did not want to provide relief to all the estates of decedents dying prior to the date of enactment because such a broad rule would have caused great administrative problems. Thus, in order to overcome the Treasury Department reservations, it was necessary to find a rule that would be fair to as many estates as possible, without raising difficult problems of administration.

In response to the concerns of the Treasury Department, the bill as introduced today contains a modified effective date provision. I believe the effective date provision is fair and that it will not give rise to administrative difficulties. The effective date of the amendment to the alternate valuation date provision is, generally, for decedents dying after the date of enactment. However, estates of decedents dying before the date of enactment will be entitled to elect to apply the new rule provided that the statute of limitations for making adjustments in estate tax is still open. Assuming the statute of limitations is still open and the executor makes an election under section 2032(c), in accordance with this new legislation, the statute of limitations will remain open for 2 years in order to permit the Internal Revenue Service to audit the estate and propose any necessary adjustments to the estate's tax liability.

I am informed that, in addition to the estate of my constituent, there are several other estates which would be benefited by the effective date of the new bill. Although the total number of estates which could be benefited by the effective date provision is uncertain, because of the special nature of the alternate valuation date election provision it is likely that the total number of estates affected in prior years would be very small. Clearly, then, the effective date will not give rise to difficult administrative problems.

During the 96th Congress, I know many supported a retroactive effective date. Certainly, the circumstances of the estate of my constituent present a strong case for such a rule. The procedural requirements of the estate tax law were not complied with because the coexecutor had open-heart surgery and an estate tax return could not be prepared and filed on time. For this minor procedural deficiency under these extreme circumstances, the estate tax rule of current law imposes an unreasonable burden which nearly doubles the amount of estate tax that would otherwise be due.

I am hopeful that, with the change in the effective date provision, the Treasury Department will support the legislation during the 97th Congress.●

THE MEANING OF A FAMILY

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. FORSYTHE. Mr. Speaker, in conjunction with National Family Week of 1980, the South Jersey congregations of the Church of Jesus Christ of Latter-Day Saints and the Suburban Newspaper Group sponsored an essay contest on the topic "What My Family Means to Me."

I am extremely gratified to inform you that one of the two winning essays in this contest was written by Miss Carolyn Hoppe, a senior at Moorestown High School, located in my own hometown of Moorestown, N.J.

At a time when the family, the keystone to our entire social fabric, is increasingly under pressure from many outside forces in our society, I would like to bring to the attention of my colleagues in the House the insights provided by Miss Hoppe into the give and take of family development.

I strongly agree with Miss Hoppe's assessment that having a strong family life provides a sturdy foundation for the rest of one's life. I feel Miss Hoppe's essay is an encouraging sign that—contrary to popular perceptions—the American family is alive and well and still provides us with our best hope for the future.

The essay follows:

WHAT MY FAMILY MEANS TO ME

(By Carolyn Hoppe)

My family is the most precious gift I have. I cherish them above all things. I spend more time with them than I do with anyone else.

At home I am among people who understand and know me best. I feel a great sense of self-worth, they make me feel important. With my family I feel secure, needed and wanted.

There is great happiness and joy in belonging to a family. A sense of belonging to a group—not being alone, being loved by family members, loving other family members, having a place at the table, having a place to sleep, using family property, sharing joys and sorrows with family members who care, having someone to care for me when I am ill. These are all privileges of being in a family.

We as a family work together, play together, learn together and worship together in love and harmony. My family has made me what I am in all aspects.

From them I have learned to develop my personality. I have learned many good qualities. I have learned to be sensitive to others, to give of myself, time, and talent. I share with my family things I have learned.

Home is the place I have gained the most. I learn by their example of love, and affection, respect, and trust. Because I feel good about my family, I can feel good about myself.

My parents have provided me with experience to help me grow to have a life of my own. My sisters and brothers also have an influence upon my life. They contribute to the atmosphere of our home.

Not only do they influence me, but I also influence them. We all help each other. It is a give and take process.

My family has given me everything I have ever wanted and needed and so much more! I feel so blessed to have such a special family to teach and support me. Having a strong family helps me to have a sturdy foundation for the rest of my life.

My family is not perfect, but we strive together to become better. We know the family is an extremely important unit and we try to build that unit up.

I am very proud of my family, for what they represent, who they are, and all they have given to me. They are the most important part of my live and will be forever.

Often I regret the day when I shall have to leave them. One day I shall add another link to that chain, and have a family of my own. The family is a vital function for it prepares the way for one's own life and place in the world.

For all these reasons my family is important. They made me what I am, they taught me to have wisdom and values, they gave me all that I have.

I am so grateful to have such a family who cares.●

SOUTH AFRICA'S PACE PROJECT

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. RHODES. Mr. Speaker, if one relies entirely on certain newspapers for a perspective of South African life, one might gain the impression that it is static, rooted in the rigidities of the original apartheid system, a system all Americans wish to see progressively and peacefully ended.

In a recent interview President Reagan observed that many South Africans themselves, black and white, were committed to that same objective, and deserved the encouragement of the United States. In this connection, the employment of blacks in South Africa and their equal treatment by American companies doing business there have an important relevance. And it seems to me, Mr. Speaker, that in part due to the applicability of the so-called Sullivan principles—a set of labor arrangements and employment practices worked out by Rev. Leon Sullivan of Philadelphia and voluntarily implemented by many U.S. firms located there—and in part to the natural extension to the South African scene of American attitudes and practices, U.S. companies have indeed shown the way in which all business endeavors in South Africa can contribute to the enhancement of black skills and opportunities.

A key example is the PACE project supported by members of the U.S. Chamber of Commerce in the Johannesburg suburb of Soweto. This project involves the construction and maintenance of a private school, emphasizing commerce and trade curricula, which will serve at the outset to train hundreds of young blacks to fill the growing technological needs of the rapidly industrializing South African economy. It is a project which has received the enthusiastic endorsement of such black African leaders as Zulu Chief Gatsha Buthelezi, Dr. Motlana, Bishop Tutu, Soweto's Mayor Thebahali, and many others. Recently, the newly appointed headmaster, Rex Pennington, and his vice principal, Senior Master Oswald Mtshali, visited the United States to examine methods of bilingual teaching which might be adopted to serve their multilingual student population. While in Washington, Mr. Pennington and Mr. Mtshali—a distinguished Zulu poet—spent some valuable time in our Department of Education. They were given leads with respect to ongoing projects of mutual interest, and visited many parts of the country, including my favorite State. An article describing that visit in the Phoenix Gazette may be of interest to the House and I ask that it be inserted at this point in the RECORD.

[From the Phoenix Gazette, Feb. 3, 1981]

SOUTH AFRICAN PAIR SEES BILINGUAL CLASS IN ACTION

(By Don Warne)

Their students speak Zulu, Xhosa, Tswana, Sotho, Venda, Tsonga and Pedi.

Headmaster Rex Pennington and Senior Master Oswald Mtshali must teach the youngsters English.

So they left South Africa and stopped at several American cities—including Phoenix, where they observed a Phoenix Union High School District class where English is taught as a second language.

"We will open the first private school for blacks," said Pennington. "Our students come from different tribes and speak little or no English."

The school, outside Johannesburg in the black Soweto District, is being sponsored by the American Chamber of Commerce in South Africa—an organization composed of giant U.S. firms with operations there.

The American corporations are providing much of the money (six-million rand, equiv-

alent to $7.5 million) to finance construction of the Pace Commercial College, to open in June.

The CofC also sponsored the trip of Mtshali and Pennington to New York, Washington, St. Louis, Phoenix and Israel. In the latter country they will delve into how immigrant Jews learned Hebrew in a hurry.

Pennington retired from a post of headmaster of a private, white school and accepted the Pace assignment because "I had given my entire career to privileged whites and wanted to help disadvantaged blacks."

Mtshali, a Zulu educated at New York's Columbia University, observed that "blacks are part and parcel of South African society . . . We have a share of developing the economy of the country."

There is a terrible shortage of skilled manpower in South Africa's mushrooming economy and the Pace school will teach blacks such things as the computer sciences, typing, accounting, math and business management.

The grades will be eight through 12 and Mtshali said, "It is anticipated many will go on to college and become leaders in society. South Africa currently has no blacks trained in management."

Pennington said the firms which formed the American CofC "told us they can absorb all our graduates."

One thing the visitors learned here is how Linda Bacon teaches Hispanics, Vietnamese and others how to get started in English through sign language and looking at pictures in what resemble children's coloring books.

Mtshali said he was glad to get out of chilly St. Louis into the Arizona sunshine.●

CUBA SI, YANQUIS NO

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. DERWINSKI. Mr. Speaker, the Suburbanite Economist newspaper is a daily publication serving the south suburban area of Chicago. In their March 1 edition, the Economist editorialized on the recent foreign policy developments regarding Mexico and our other Latin American neighbors. The editorial follows:

CUBA SI, YANQUIS NO

President Lopez Portillo of Mexico had a pleasant meeting with Ronald Reagan before the latter's inauguration as president of the United States, and pundits said the relationship would mean closer ties between us and our neighbor to the South.

The first test came a few days ago when U.S. representatives tried to meet with Lopez Portillo to explain our opposition to the arms being supplied leftist guerrillas in El Salvador by Cuba and other Communist nations.

Mexico's president declined to meet with the American delegation and instead assigned a low-ranked underling who made it clear that Mexico did not go along with the U.S. stand on El Salvador.

Then Lopez Portillo made it even clearer. He went out of his way after signing a trade agreement with Cuba to express his country's continuing close friendship with Castro, a deliberate snub to Reagan and the United States.

We have tried to be good neighbors with Mexico, sending hundreds of thousands of our tourists there and buying great quantities of Mexican goods, including oil and natural gas, at the same time we are providing homes and jobs to several million Mexicans who have fled their homeland for economic and other reasons.

Friendship is a two-way street. Will Lopez Portillo continue to give us the cold shoulder as did his predecessor, Echevarria?

We hope not. Lopez Portillo and others in the Mexican government should realize that friendship with the Yanquis is more to their benefit—and to the benefit of peace in this hemisphere—than ties with Cuba.

Cuba no, Yanquis si would be a much better attitude.●

CANADIAN RETIREMENT SAVINGS PLANS

HON. WILLIAM R. COTTER

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. COTTER. Mr. Speaker, I have developed legislation to provide a tax incentive for working men and women to save for their retirement through an expansion of the indiviudal retirement account system. I introduced this legislation on March 5, and explanation of which is contained on page H804 of the RECORD.

The Treasury Department has argued against an expansion of IRA's because they believe most of the benefits go to the upper class. In this connection I asked the Library of Congress to prepare a study of the Canadian personal registered retirement savings plan—RRSP. I believe a fair reading of the study indicates that a restructed IRA system which brings it closer to the RRSP system would significantly increase participation in IRA's in the United States by the middle class. Due to its length, I will place only excerpts from the study in the RECORD at this point.

REGISTERED RETIREMENT SAVINGS PLANS

Registered Retirement Savings Plans (RRSPs) were introduced in Canada so that self-employed individuals and other workers not covered by a pension plan could be encouraged to save for their retirement. Beginning in 1957, these individuals were eligible for a tax deduction for contributions made to an RRSP and could defer income taxes on their contributions and any interest, dividends, and other income produced by their savings. Money withdrawn from a matured RRSP is taxed as ordinary income. However, the individual is usually in a lower income bracket at retirement and therefore the amount of income tax ultimately paid is usually less.

The maximum allowable contribution into an RRSP was initially set in 1957 at 10 percent of earned income or $2,500, whichever amount was less. Workers already covered by a pension plan could also set up an RRSP. The limit for these persons was set at the lesser of 10 percent of earned income or $1,500, minus any employee contribution made to their employer's plan. These limits were raised in 1972, to the lesser of 20 percent or $4,000 for self-employed and other non-covered persons, and the lesser of 20 percent or $2,500 for employees covered by a pension plan. Ceilings on RRSP contributions were again raised in 1977. Presently, nonparticipants in an employer-sponsored pension plan—whether employees or self-employed—may contribute 20 percent of earned income up to a maximum contribution of $5,500 per year. (This also applies to a pension plan member whose employer does not contribute on his behalf in any year.) Employees who belong to a non-contributory pension plan are permitted to contribute only the lesser of 20 percent of earned income or $3,500 into an RRSP. But if they belong to a contributory plan, that amount is reduced by their pension plan contributions—together they cannot exceed $3,500. Practically all public employees and about half of the private sector employees make contributions to their employer's plan.

The contributions and earnings on a matured RRSP may be used to purchase a life annuity. However, in response to pressure from the Consumer Association of Canada, holders of RRSP's are no longer forced to buy annuities from insurance companies. Assets may also be transferred to a Registered Retirement Income Fund (RRIF), out of which there must be paid out each year an amount equal to the value of the fund at the beginning of the year divided by the number of years from the annuitants' age to age 90.

Contributions to an RRSP may be made only until age 71. Contributions made within 60 days of the end of a tax year may be deducted from that year's income. The purchaser of an RRSP may withdraw money from a plan (or plans) before it has matured. Although the amount withdrawn would be included as taxable income in the year withdrawn, there is no tax penalty for early withdrawal. If the individual leaves the money in his plan and converts it to a life annuity no earlier than age 65, however, he receives the first $1,000 of annuity and pension benefits tax free.

A matured RRSP can be converted into one of various available life annuities. These include straight life annuities which pay a monthly benefit until the purchaser dies, period certain annuities which pay benefits over a specified period of time (up to a maximum of 15 years), and joint life annuities which pay equal benefits until the death of the last spouse.

If the purchaser dies before the RRSP has matured, a spouse who is claimed as a beneficiary may accept the proceeds and pay income tax on the lump sum, buy an annuity and pay income tax on the amount received each year, or transfer the assets into a new RRSP. If the beneficiary is an estate, income tax is paid on the lump sum. Other named beneficiaries have the option of receiving the full sum of the RRSP at once, or withdrawing smaller amounts each year.

UTILIZATION OF REGISTERED RETIREMENT SAVINGS PLANS

Statistics Canada publishes information showing the utilization of RRSP's. The data show that RRSP's have become extremely popular as increasing numbers of Canadians are becoming aware of their advantages. In the 1973 tax year some 785,000 individuals contributed $992 million into this retirement savings vehicle; two years later in 1975, the numbers increased to a little over one million persons whose aggregate contributions reached $1.5 billion. In 1976, 1.3 mil-

lion persons contributed a record high $2.1 billion, emphasizing the growing importance of RRSP's in Canada's overall retirement income system.

In 1976, about 1.3 million of the 12.3 million tax returns filed by Canadians claimed a tax deduction for a contribution to an RRSP—an overall utilization rate of about 10.5 percent. As could be expected, those tax filers in the higher income brackets participated at a much higher rate than lower income earners. These taxpayers would be more likely to have surplus income for savings and would have more to gain because of their higher marginal tax rates. About 32 percent of the tax filers in the $20,000–24,999 income range and about 52 percent in the $25,000 and over range contributed to an RRSP. However, fairly significant participation rates were found in the $10,000–14,999 range (11.9 percent) and $15,000–19,999 range (20.8 percent). Not only were the participation rates higher as earnings increased, but the average amount contributed increased. While the overall average contribution was $1,638, the average contribution in the $25,000 and over range was $2,978—almost three times as large as in the $10,000–14,999 range ($1,053).

Table 1 not only shows the RRSP utilization rate by various income brackets (column 1), but also the percent distribution of both the number of actual contributors (column 3) and the amount of contributions (column 6). For instance, the table shows that 11.9 percent of the tax filers in the $10,000–14,999 range made contributions to an RRSP. These tax filers represented 23.4 percent of all RRSP contributors but accounted for only 15 percent of all contributions. On the other hand, 51.5 percent of the tax filers in the $25,000 and over bracket contributed to an RRSP. These same tax filers represented 23.6 percent of all RRSP contributors but accounted for 42.9 percent of all RRSP contributions. Note that in 1976 the maximum amount that could be contributed by a self-employed individual or an individual not covered by an employer pension plan was $4,000, and $2,500 for a participant covered by an employer plan.

TABLE 1.—UTILIZATION OF REGISTERED RETIREMENT SAVINGS PLANS IN CANADA BY INCOME BRACKET, 1976

[Total contributors to RRSP's]

Income brackets	Percent of tax filers with RRSP contribution	Contributors	Percent of all contributors	Average contribution	All contributions (dollars in thousands)	Percent of all contributions
Under $2,000	0.2	3,162	0.2	$358	$1,132	0.1
$2,000 to $2,999	.4	3,696	.3	430	1,589	.1
$3,000 to $3,999	.7	5,822	.5	342	1,991	.1
$4,000 to $4,999	1.4	10,960	.8	397	4,351	.2
$5,000 to $5,999	2.2	15,976	1.2	554	8,851	.4
$6,000 to $6,999	3.3	24,302	1.9	659	16,015	.8
$7,000 to $7,999	4.2	30,326	2.3	676	20,500	1.0
$8,000 to $8,999	6.2	41,110	3.2	784	32,230	1.5
$9,000 to $9,999	7.5	46,203	3.6	823	38.025	1.8
$10,000 to $14,999	11.9	302.090	23.4	1.053	318,101	15.0
$15,000 to $19,999	20.8	304,420	23.6	1,344	409,140	19.3
$20,000 to $24,999	31.7	198,807	15.4	1,796	357,057	16.9
$25,000 and over	51.5	304,474	23.6	2,978	906,724	42.9
Total	10.5	1,291,348	100.0	1,638	2,115,706	100.0

Source: Pension Plans in Canada, 1978. Statistics Canada.

SUMMARY AND CONCLUSION

Canadian experience with their Registered Retirement Savings Plans may give an insight into how similar tax incentives might be utilized in the United States. While the Canadian RRSP program dates back to 1957, the Individual Retirement Arrangements available in the United States have had a more recent and more modest beginning. When the RRSP program first began in Canada, the contribution limit was set at $2,500. IRA's, however, have remained at the $1,500 contribution limit ever since the program became operational in 1975. Moreover, IRA's are available only to individuals not covered by an employer sponsored pension plan. In Canada, however, covered workers have always been eligible.

Proposals to increase the IRA contribution limits in the United States or to permit individuals already covered to also save for retirement thru an IRA were generally not endorsed by the Carter administration. The chief reason cited by the Treasury Department for not supporting an expansion of tax incentives for retirement savings was the potential greater utilization of an expanded program by high income earners. In this regard the Treasury Department produced the following table on IRA utilization. Table 4 shows that for those with $50,000 or more income, over half of those eligible are estimated to utilize an IRA, whereas the overall utilization rate of individuals with income below $20,000 was less than 5 percent.

TABLE 4.—INDIVIDUAL RETIREMENT ACCOUNTS, 1977: ESTIMATE OF UTILIZATION RATE BY INCOME CLASS

Adjusted gross income class	Numbers in millions: Number of returns with salaries and wages[1]	Estimated number of taxpayers with salaries and wages[2]	Estimated number of taxpayers eligible to use IRA's[3]	Estimated number of IRA's[4]	Utilization rates (In percent)
Under $5,000	20.1	20.7	17.6	0.04	0.2
$5,000 to $10,000	16.5	19.0	13.3	.18	1.4
$10,000 to $15,000	13.0	17.5	10.5	.35	3.3
$15,000 to $20,000	10.7	16.3	7.4	.40	5.4
$20,000 to $50,000	15.8	24.9	6.2	1.35	21.8
$50,000 and over	1.1	1.4	.4	.21	52.5
Total	77.2	99.8	55.4	2.53	4.6

[1] Unpublished data from 1977 tax returns.
[2] Includes 2 spouses when both have salaries and wages.
[3] Excludes person covered by public or private retirement systems.
[4] Allows for two individual retirement accounts on some returns. Based on number of forms 5329 filed. Some of these accounts received no deductible contributions during 1977.

Source: Office of the Secretary of the Treasury, Office of Tax Analysis, March 27, 1979.

The 4.6 percent overall IRA utilization rate in Table 4 is much lower than the 10.5 percent RRSP utilization rate shown in Table 1. Moreover, there is a much higher utilization rate among middle income Canadian workers which is shown by the following comparison, drawn from Tables 1 and 4.

Income class	Utilization rates: IRA	RRSP
$10,000 to $14,999	3.3	11.9
$15,000 to $19,999	5.4	20.8

●

OVERSEAS WORKERS' TAX RELIEF ACT

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. DOWNEY. Mr. Speaker, there are currently thousands of Americans working at selling or supplying American goods and services around the globe. However, because of a short-sighted aspect of current U.S. tax law, there are fewer and fewer Americans being employed by American enterprises overseas every year.

The President's Export Council, in a report dated December 5, 1979, concluded that the replacement of U.S. citizens by foreigners in overseas jobs has resulted in a sharp loss of American business abroad. This loss of business to foreign competition has reduced the number of U.S. jobs and increased our balance-of-payments deficit while gaining relatively little for the Treasury in additional tax revenue—about $500 million.

Large corporations, and to an even greater extent, smaller U.S. businesses overseas simply cannot afford to maintain American citizens in positions abroad because of the noncompetitive way in which Americans working abroad are taxed. It is cheaper to hire foreign nationals, who are naturally more inclined to favor the purchase of non-American equipment and services with which they may be more familiar. Would a British manager or a Turkish drilling foreman or a French procurement specialist be likely to order American-made components, replacement parts or servicing?

To address this problem I have recently introduced H.R. 2113, the Overseas Workers' Tax Relief Act, which provides for an off-the-top income exclusion of $50,000 for all Americans working overseas. This exclusion would rise to $65,000 after 2 consecutive years abroad.

There are other measures pending in the House which offer larger exclusions or exclude all foreign earned income, but the legislation I have proposed is aimed primarily at groups such as business agents and managers, construction workers, sales representatives, teachers, engineers, oil drillers, and other midlevel American workers

serving in positions overseas. These are the groups that would benefit most from a $50,000 to $65,000 exclusion. My bill is not aimed at six-figure executives in Paris or Rome, though they fill a vital role and they would also benefit proportionally from the increased exclusion. It is the middle-income overseas worker who is being priced out of the market by our present system of taxation.

If we are serious about increasing America's trade share in the international marketplace, we must alter the existing tax law as it applies to overseas workers in order to remove the present financial disincentive to the employment of American citizens by American enterprises overseas. I would invite my colleagues to join me in removing this long-standing barrier to American export growth.

GRAIN EMBARGO MUST CONTINUE

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. DERWINSKI. Mr. Speaker, it is my strong personal feeling that the grain embargo imposed upon the Soviet Union must be continued. In fact, I believe that we should consider increasing the embargo on a number of items which we now continue to supply to the Soviet Union. This point has a relationship to the Soviet Union's aggressive activities in Latin America, Africa, and Asia.

I wish to insert an article by columnist Allan C. Brownfeld, which appeared in the February 24, Anaheim, (California) Bulletin, on the subject of the Soviet grain embargo. This article follows:

GRAIN EMBARGO MUST CONTINUE

(By Allan C. Brownfeld)

During the presidential campaign, Ronald Reagan criticized President Carter for imposing a grain embargo upon the Soviet Union in response to Moscow's invasion of Afghanistan. He said it was unfair to American farmers and should be lifted.

Reagan's criticism of the grain embargo was one of the low points of his campaign. He, Sen. Edward Kennedy and the other candidates were bidding for farm votes and took Jimmy Carter to task for one of the few actions he took during four years in office to show displeasure with mounting Soviet aggression.

The argument that either the farmers or any other group of Americans have an inherent right to trade with the enemy is, of course, fallacious. Unfortunately, many in our business community have been all too willing to follow Lenin's prescription and sell the Soviet Union the rope with which to hang us.

Now, as president, Ronald Reagan must decide whether to keep his political promises to the farmers or to maintain the grain embargo. Other than some self-serving spokesmen for farm states—including the new Secretary of Agriculture—there are few voices to be heard in support of lifting the embargo. The reasons for keeping it are, on the other hand, compelling.

The fact is, contrary to Reagan's statements on the campaign trail, that the grain embargo is indeed hurting the Soviet Union. It is not a failure, as those who urge lifting it tell us.

Soviet officials from Leonid Brezhnev down acknowledge that food is now in short supply in the Soviet Union. Brezhnev noted recently that the country was having grave trouble "supplying the cities and industrial centers with such foodstuffs as milk and meat." The grain embargo forced the Soviet Union to pay premium prices and to accept inefficiencies in transportation as Soviet buyers scrambled to make up the deficit by purchases in other, often more distant, parts of the world.

Experts at the Department of Agriculture expect the grain embargo to have an effect on Soviet meat supplies in 1980 and 1981. In particular the feedgrain shortage could make it impossible for the Soviets to meet their overly optimistic five year plan for meat production. A decline in meat consumption could force the Soviet government to import more meat from Western producers. This, in turn, would significantly raise the cost of feeding the Soviet population. Such purchases would require the expenditure of scarce foreign currencies earned by the Soviets on the world market.

A report issued by the Heritage Foundation notes that, "There could be far reaching ramifications in the high prices the Soviets will have to pay for alternative grain supplies and greater imports of meat. U.S. intelligence sources, using price data not usually released by world grain companies, have testified that the Soviets were forced to spend at least $1 billion more in premium priced grain than they would have paid for American grain in 1979. Spending this additional hard currency on grain and meat could force the Soviets to forego imports of other goods and technologies. . ."

The reasons for keeping the embargo, however, go far beyond the question of how effective it has been. By lifting the embargo we would send the Soviets a message which is the opposite of the one President Reagan and Secretary of State Haig have been issuing rhetorically. We would be telling them that, despite the fact that Soviet troops remain in Afghanistan, despite continuing Soviet expansionism in Angola, Mozambique, Ethiopia, Nicaragua, El Salvador—the list is a long one—there will be "business as usual" with Washington. Such an action will tell the Soviets far more about real U.S. intentions than any number of harsh statements.

Upon leaving his post in Moscow, U.S. Ambassador Thomas J. Watson Jr., stated that, "Until the Soviets demonstrate some willingness to behave as the international community indicated it thought they should behave, I believe we should stay where we are with the actions we took." He said that he would prefer the U.S. to link an end to sanctions with a "political settlement in Afghanistan" that included the withdrawal of Soviet forces "with due dispatch." Watson said: "I don't want you to think that I think the trade thing has been completely effective. But I still think that what we've done was right."

Similarly, former Deputy Secretary of State Warren Christopher says: "The grain embargo was imposed with two purposes in mind: First, to keep pressure on the Soviet Union to withdraw from Afghanistan and, second, to show the Soviets that they will have to pay for that kind of brutal agression. I think we ought to continue the embargo in order to emphasize the price the Soviets are paying for their actions in Afghanistan."

The real question is not precisely how effective the embargo has been but, instead, as the Heritage Foundation study states, ". . . whether or not the U.S. wishes to continue to extract a price from the Soviet Union in response to the invasion of Afghanistan, and as leverage against unanticipated Soviet actions in Poland." The answer is inescapable: the Embargo should be continued!●

VIETNAM-ERA VETERAN JOB TAX CREDIT ACT OF 1981

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. APPLEGATE. Mr. Speaker, I am honored to take the floor today in order to introduce a bill which I believe is severly needed to correct one of the great inequities of our time. It has been almost 6 years since the fall of Saigon, South Vietnam, and the official exit of American troops from that part of Southeast Asia. While the Vietnam war may have ended then, it did nothing to help the returning veteran readjust to civilian life.

We have all heard of the many problems these young people, who answered the call of their country, experienced upon their return to the States: Cases of drug abuse, severe psychological problems, and an attitude by many civilians about the war itself. But another problem faced them, also: unemployment. Granted, these individuals were entitled to reclaim the job they had left before going into military service, but in most cases, these young people were either not working to begin with when drafted, had just left school, or just did not have a skill that could be utilized in the job market.

Unemployment among Vietnam veterans has been and remains staggering. According to figures released by the Bureau of Labor Statistics of the U.S. Department of Labor, 469,000 Vietnam veterans between the ages of 25 and 39 were unemployed in January of this year. This compares with 270,000 unemployed Vietnam veterans just 1 year earlier. This unemployed group falls primarily in the 30 to 39 age bracket. At the average age of 34, these individuals have wives and families to support. Sixty percent or more are ineligible for the GI bill because the 10-year delimiting period which restricts the use of benefits has passed for them. CETA public service jobs are not a viable alternative, especially in

light of proposed cuts in fiscal year 1982.

Many of these unemployed veterans would not be unemployed if their military service had not delayed their entry into the labor force. They were the last hired and the first laid off or fired. I believe it is time that we, as a nation, put the war behind us and pursue a program that will reverse the inequity and that will, in turn, restore these peoples' integrity and provide incentives to them to be a productive member of society.

There is currently on the books a law that provides a tax credit to employers who hire certain Vietnam-era veterans. However, this program is due to expire on December 31, 1981, and it is full of complicated criteria that determines whether or not employers can take advantage of this program. Oftentimes, it is this verbiage that discourages prospective employers. While the intent of this program is good, it does not go far enough and must be continued. Therefore, I am today introducing legislation that will resolve these deficiencies.

My bill, the Vietnam-era Veteran Jobs Tax Credit Act of 1981, provides for a 3-year extension, until December 31, 1984, of the basic program now in existence. Further, it will increase from $6,000 to $10,000 the amount of salary paid to a qualifying veteran by an employer on which a tax credit can be taken by the employer. Under my bill, the employer would be eligible for a tax credit of 50 percent on the first $10,000 paid to a qualifying veteran in his first year of employment, and a 25 percent tax credit on the first $10,000 paid during the second year of employment. Therefore, an employer could receive combined tax credit of up to $7,500 for the 2-year period of employment of a Vietnam-era veteran. This credit would apply to any employer who hired any Vietnam-era veterans, not just so-called economically disadvantaged veterans of this era. I chose to drop this terminology because under current law, an unemployed veteran who is seeking a job may not be a member of an economically disadvantaged family as is currently required; thus, he would not be able to take advantage of this program. Also, my bill increases the maximum age of the veteran for eligibility under this program from 35 to 40 years of age.

From the economic point of view, my bill, if passed in current form, would provide the incentive for employers to hire significant numbers of Vietnam-era veterans, thus providing an overall increase in the revenue to the Federal coffers, in spite of the credit given. There would be less unemployment compensation, general assistance, and food stamps paid out. We will have helped establish more people as productive working citizens with goals and objectives and something for which to strive and continue to work.

Mr. Speaker, this is a good bill that will result in tremendous benefits to a large group of people with little or no cost to the Government. It is one that both Democrats and Republicans can support without being inconsistent in any way in other votes on the economic proposals that will confront us this year. This bill is needed and I hope, therefore, that you can support me on it.●

SUBJECT: MICHAEL McDERMOTT BULK AND FOREIGN MAIL CENTER

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. GUARINI. Mr. Speaker, I have introduced a bill to designate the New York Bulk and Foreign Mail Center at Jersey City, in my district in New Jersey, as the "Michael McDermott Bulk and Foreign Mail Center."

Often legislation of this type is cast aside as having no significance other than the aggrandizement a Congressman receives from his district for introducing legislation of this type. As I introduce this legislation for the second time here in Congress let those who think this know that they are mistaken. They are mistaken because this piece of legislation is aimed at a higher plateau, the issue of safety in our Nation's post offices.

Michael McDermott lost his life in an industrial accident at the New York Bulk and Foreign Mail Center on December 15, 1979. Mrs. Christine McDermott, the widow of the New Jersey born postal worker, listened for 2 days at hearings held in the Hudson County Administration Building as witness after witness testified on the dangerous conditions at the mail center.

At the time of the hearings in early January 1980 I vowed to bring a reminder to the American public that safety in the workplace goes beyond the issue of productivity to the very issue of life and death itself. The renaming of this center in Michael McDermott's memory will serve as a perpetual reminder of the unsafe working conditions that caused his death and are responsible for countless injuries to other postal employees.

After Michael McDermott's death and the subsequent hearings on the operations at the mail center approximately $1 million was spent to upgrade the machinery utilized in the mail processing operations in another Postal Service episode of locking the gate after the horses escape. However, during 1980 two more postal workers in other parts of the country were mangled to death in conveyor belts that lacked safety devices.

During the last session of Congress the House of Representatives passed a bill which would allow OSHA to play an important role in insuring the safety of our postal workers. Unfortunately, this much needed piece of legislation failed to come to the Senate floor for a vote. In the name of Michael McDermott and those countless others who have been injured working for the Postal Service we must strive to see the completion of the legislative action on this most important and immediate concern. Further delays will only cause further tragedies.

We must have legislation guaranteeing a safe workplace for postal workers. The continued blind adherence to production enhancement over personal safety must stop. The renaming of the bulk mail center for Michael McDermott will serve as a grim reminder of the consequences of such a policy. I urge my colleagues to support me in my effort, and the effort of the American Postal Workers Union led by its determined and outspoken general president, Moe Biller, to rename the foreign mail center in Jersey City as the "Michael McDermott Bulk and Foreign Mail Center."

With your permission Mr. Speaker, I would like to include in the RECORD an excellent article which appeared in the Wall Street Journal on January 7 of this year. This well-researched article by Joann S. Lublin came on the 1 year anniversary of the opening of the hearings I held on Michael McDermott's death:

POSTAL WORKER DEATHS AND INJURIES PROMPT DEMANDS FOR GREATER SAFETY

(By Joann S. Lublin)

WASHINGTON.—The U.S. Postal Service prides itself on moving the mail, no matter what.

But this credo leads to unsafe work conditions, outside investigators say, and may have contributed to the deaths of three postal workers using mechanized equipment. Postal executives say the service has a "strong safety program," but they concede it hasn't always been adequately carried out by lower-level supervisors.

The fatalities have led to congressional hearings and heightened the concern of postal unions about the hazards of Postal Service employment. The independent agency's 673,000 employes suffered 57,672 injuries in 1979, giving the Postal Service an occupational injury rate that is one of the federal government's worst and more than twice as bad as private industry's.

A NEW THREAT

About 15 postal workers die annually in job-related accidents. Vehicle mishaps have typically been the cause. When a conveyor belt crushed Jersey City, N.J., mail handler Michael McDermott on Dec. 15, 1979, the death was the first due to the recently introduced mechanized mail processing. Last November, two other employes were crushed to death in accidents involving mechanized equipment.

The Postal Service's safety problem is taking its toll in more than lost lives and limbs. Worker compensation payments have more than doubled since 1975, and worker compensation liability totals $800 million. "It's costing them an absolute fortune to be unsafe," says an expert. "And the public is paying for it, either in taxes or in the price of the mail."

Employe morale and labor relations also are suffering. Postal unions intend to make safety a top priority when contract negotiations begin in late April.

BARGAINING GOALS

"We shall not sit idly by while our members are struck down by machinery," says William Burrus, executive vice president of the 250,000-member American Postal Workers Union, the biggest of three main postal unions. The APWU president, Moe Biller, says safety demands will include: better equipment maintenance and a "clearer statement" of employes' right to refuse to work under unsafe conditions.

The three fatalities also may prompt Congress to pass a union-backed bill that would toughen federal supervision of postal working conditions. The bill, which passed the House but died in the Senate last year, would let the Labor Department's Occupational Safety and Health Administration bring criminal charges against postal managers and conduct more surprise inspections than it can currently.

Senior postal officials insist such powers aren't necessary. The Postal Service's injury record has improved in the last three years, "so we're headed in the right direction," says Carl Ulsaker, a senior assistant postmaster general. Since the McDermott death, he goes on, top management has stepped up its commitment to safety with expanded management-labor safety committees and training at all levels, more nurses, doctors and safety engineers and quicker attention to equipment repair.

SECOND TO NONE

Postmaster General William Bolger has said he sets "no budgetary limits" to create a safety program "that is second to none." In the fiscal year ended Oct. 31, 1979, the Postal Service spent $48.4 million on safety and health, nearly half of which went for weekly employe talks on safety. But Mr. Bolger concedes he can't drastically reduce the number of work injuries quickly. "We're dealing with a bunch of human beings in this world, and human beings make mistakes, deliberate and otherwise," he says.

Safety experts disagree, blaming the Postal Service's poor accident record on management's failure to give safety the same priority as moving the mail. According to Occupational Safety and Health Administration investigators, a lax safety attitude seems to have had a role in Mr. McDermott's death at a Bulk Mail Center, one of 21 big parcel-processing facilities nationwide.

An OSHA investigation determined that several safety devices had been deliberately removed or disconnected from the conveyor belt in which he was caught. The devices, a bumper guard and a jam relay, would have switched off the belt, but they weren't being used, to maintain productivity in the mail-glutted center. Employers told a congressional hearing that bulk mail management was aware of the problem, which existed on other belts, but hadn't corrected it. "Is this what a life is worth at the Postal Service? A sack of mail?" asks Christine McDermott, the employe's widow.

HAZARDS GALORE

Besides the Jersey City facility, OSHA inspected bulk mail centers in four other cities last winter. It uncovered thousands of serious and "less than serious" hazards—inadequate machine guards, exposed wiring and a lack of guardrails and protective gear for employes. The safety violations reflected an attitude that "the mail must get through," the Labor Department agency concluded.

Du Pont Co. carried out a broader assessment of the Postal Service's safety program last summer—and reached similar findings. Either because they lack training or accountability, line supervisors don't accept responsibility for safety, Du Pont said in a $174,417 report commissioned by the Postal Service.

Du Pont safety consultants found local safety efforts "are either weak, ineffective or not followed." They suggested numerous remedial steps, including adoption of a philosophy that postal managers "make safety equal to productivity" and that all injuries can be prevented.

SLOW PROGRESS

Despite these investigations and Mr. Bolger's subsequent actions, union leaders say workers who complain about unsafe conditions continue to be ignored or harassed. The slow correction of defects may have been a factor in the Nov. 6 death of Los Angeles mechanic's helper Reymundo Lara. He became entangled in a moving conveyor belt after first failing to turn it off at a switch 85 feet away. But three months earlier, the post office's safety officer had proposed installing cutoff switches on the doors of wire cages entered by employes such as Mr. Lara in order to clean conveyor belts. (Newer cages have such devices; older ones lacked them.)

"It's just clear that the (Bolger) program isn't really being put into effect out in the field," says Michael Hudson, staff director for Democratic Rep., Mickey Leland of Texas, who has held hearings on postal safety. The Postal Service's Mr. Ulsaker differs, saying the switches weren't added before the Lara death because local management didn't view the deficiency "as a hazard of imminent danger; we had had that equipment for 30 years without injuring people."

The Postal Service isn't "callous about safety," the senior assistant postmaster general asserts. However, he says, "We do have a system in which every day 300 million pieces come in and have to be moved. . . . We can't say, 'Hey fellows, just because we've slipped in the safety business, you have to make it higher priority to moving the mail.' "●

PERCEPTIONS OF THE REAGAN ECONOMIC PROGRAM

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. DANNEMEYER. Mr. Speaker, not unexpectedly, controversy is beginning to brew over the President's economic recovery package. Some folks believe the tax portion of the proposal is inappropriate; others believe that we should cut programs other than the ones they have a particular interest in, and still others argue the question of who should bear the burden of budget cutting. However, these arguments notwithstanding, most Americans recognize the time has come for positive steps to curb the rise of inflation, interest rates, and unemployment and, in the absence of any other comprehensive alternative, they want action on the President's proposals. The difficulty, if there is one, is that there are some Members of the majority party of this House who do not seem to realize just how pervasive this feeling is.

If further evidence of the depth of public sentiment were necessary, it came to me a few days ago in the form of an open letter to the California congressional delegation from a California member of the Democratic National Committee. The author, who was deeply involved in the campaign of the 1972 Democratic nominee and who has been very active in Americans for Democratic Action, not only writes in support of the President's program but warns against obstructionism and persuasively argues that the program clearly represents the thinking and wishes of the American people. That being the case, she concludes, Democrats as well as Republicans ought to give it a chance.

As one who can particularly empathize with the inner struggle that must have preceded the sending of that letter, I believe its significance cannot be understated. If grassroots Democrats are willing to go on the record, at the risk of their political careers, in favor of the President's program, then their elected Representatives in Congress should give it every benefit of the doubt.

Mr. Speaker, so that my colleagues can see the text of this letter for themselves, I insert it in the RECORD at this point:

FEBRUARY 20, 1981.

Hon. WILLIAM DANNEMEYER,
Fullerton, Calif.

DEAR CONGRESSMAN DANNEMEYER: I am a liberal Democrat whose bona fides include: membership on the DNC serving my second term, membership on the DNC Finance Council and the California Advisory Council. I was Senator Eugene McCarthy's National Finance Co-Chairman in 1968. I was a director for many years of the Americans for Democratic Action. I am a substantial and generous fundraiser and giver.

Given this background, I nevertheless urge you to generously support President Reagan in his attempts to stabilize our nation's economy. Not to do this but to simply dig in our heels and obstruct the President's attempts is non-productive in every sense.

The Democratic Party has always represented the majority of the people of the United States. Lately, we have not been representing them as they desire. The election of President Reagan was overwhelming. Surely voters are telling us something.

I'm writing about the realities that Democrats—and the Democratic Party—must face up to if we are to remain an effective politi-

cal institution in the next decade. In the face of our largest electoral vote loss since 1936 and our inability to retain control of the United States Senate, we cannot remain deaf to the voter's message.

I think it is that they need what President Reagan proposes—an end to inflation, an end to government spending on unnecessary and often foolish projects. Help for the truly needy and help for the middle class. Help for Americans who have worked hard all their lives to establish a solid, decent base for their old age.

Obviously, in the meantime, we must develop our own programs. Programs, let us hope, that are so coherent and so useful to the people of this country that we will win the Presidency, the Senate and the House next time. We must try to make America the fair, honorable and decent place all of us want it to be. We cannot persist in the outdated methods of throwing money at every problem until the money itself is worthless.

Our economy is overwhelmed with special projects many of which are non-essential, extravagant pork barrels or simply inane. We can no longer afford to let special interests, however well intentioned, erode away our substance, pride and decency. Let us remember that before we are Democrats we are Americans.

We owe our constituents support of our President's economic plan.

Therefore, I urge you as strongly as I can, to help, not hinder, the people's will and the President's efforts.

Cordially yours,

JUNE OPPEN DEGNAN.●

HOUSE JOINT RESOLUTION 181—A CONSTITUTIONAL AMENDMENT TO BALANCE THE FEDERAL BUDGET

HON. FLOYD J. FITHIAN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. FITHIAN. Mr. Speaker, I have recently introduced House Joint Resolution 181, a joint resolution proposing a constitutional amendment to balance the Federal budget—an amendment which recognizes the need to balance the budget while remaining reasonably flexible to meet potential recessions as well as human and national security needs.

The Federal budget has been balanced in only 8 of 35 years since the Second World War and only once since 1961. During the 1970's, budget deficits have substantially increased, averaging over $38 billion per year.

The turbulent economy of the 1970's has been escalating inflation, at times even in double-digit figures, soaring interest rates, rising Government spending, and a shrinking amount of capital formation funds. The purchasing power of the dollar has been more than cut in half since 1967. Sluggish economic growth coupled with unfavorable trade balances and a disastrously weakened dollar in foreign money circles have been disruptive forces in the economy. By balancing the budget in a reasonable and flexible manner it might be possible to stabilize the economy, encourage economic growth, and bring more discipline to our economic priorities.

A constitutional amendment for a balanced Federal budget has won the overwhelming support of the American people. Assorted public opinion polls demonstrate that more than three-fourths of the American people support a constitutional amendment. At present at least 33 States have requirements for a balanced budget. In addition, at least 22 States have urged Congress to adopt a balanced budget and 30 States have requested a constitutional convention for the purpose of drafting a balanced budget amendment. If 34 States petition for a constitutional convention, an unprecedented and unpredictable convention may result. The time for Congress to act is now—now, before such a convention is thrust upon the Nation. It is imperative that the Congress be more responsive to the desires of the American people for fiscal restraint, spending limitations, and a balanced budget. Congress can do this, and the American people insist that it be done.

The escalation of Federal spending in the 1970's, combined with mounting billion-dollar deficits and rapid inflation, has stimulated numerous proposals to balance the budget both in the 97th Congress and in previous years. Some mandate a balanced budget, but require a systematic repayment of the national debt. Some require the imposition of an income surtax to raise whatever additional revenues may be necessary to balance the budget. Some place a ceiling on Government expenditures, providing that appropriations shall not exceed 33⅓ percent of the average national income of the previous 3 calendar years. Some link increased Federal spending to the percentage increase in the gross national product. Some restrict an unbalanced budget only to times of war or national emergency, providing little or no flexibility. Some allow an unbalanced budget whenever the Congress, by a two-thirds vote, deems it necessary.

Each of these proposals has some merit and scattered support around the country. After a comprehensive review of the various alternatives, I am proposing a different approach—a realistic but flexible proposal to balance the Federal budget while combating recession and meeting human and national security needs.

Since I believe that the Constitution should not contain statute like verbiage, the language of my amendment is succinct and deals only with a balanced budget. It is not tied to repayment of the national debt or to tax and spending programs per se. It centers the budget authority with the Congress, giving it the power to estimate revenues and expenditures.

House Joint Resolution 181 proposes a constitutional amendment to balance the budget, except in times of war or a state of national emergency as declared by a two-thirds vote in the Congress. It allows a budget deficit of up to 2 percent of the revenues projected by the Congress in any given year but provides that this temporary deficit be fully repaid within 5 fiscal years. Upon ratification of this amendment, there would be a 3-year delay in implementation to allow the Government adequate time to make the necessary economic adjustments required to balance the budget. This amendment constructively deals with the basic problem of deficit financing and does so with the reasonableness and flexibility required of so fundamental a change in our Constitution.

This flexible constitutional amendment does not require a balanced budget in every fiscal year but allows the Congress to make critical decisions on a yearly basis. Flexibility is an essential ingredient of the budget process due to the extreme difficulties in calculating revenues in any given year. Economic circumstances fluctuate frequently, resulting in increases or decreases of anticipated revenue, and Congress must have the constitutional flexibility to deal with such fluctuations to meet pressing human needs or maintain national security.

This amendment contains an important ingredient which other proposals have not considered. By allowing a 2-percent deficit in any given fiscal year, without a declaration or war or national emergency, this constitutional amendment has a built-in flex clause that permits the Congress to adjust the Federal budget to changing economic conditions or accommodate shortfalls in anticipated revenues. Under the provisions of this flex clause, the amendment would have permitted a budget deficit of over $10 billion in fiscal year 1980. From 1946 to 1970, only 3 years—1946, 1959, and 1968—had budget deficits larger than $10 billion. Only in the 1970's did the Nation almost consistently pile up huge deficits. During the 1980's the budget receipts and outlays will increase sharply and the 2 percent fixed flex clause will allow deficits larger than $10 billion if needed.

The flex clause is not, however, a loophole by which Congress could substantially increase Federal deficits and defeat the ultimate purpose of balancing the budget. The most critical aspect of the flex clause is the payback proposal. Under this amendment, any deficits accumulated under the 2-percent deficit provision would have to be paid back by including them as budget obligations within the 5 succeeding fiscal years. Thus, the Federal Government assumes the ultimate responsibility to put its own fiscal house

in order and balance the budget. By allowing 5 years, it provides the flexibility to adjust to recessions or other economic consequences without declaring a national emergency. If the Nation were to face a severe 1930's-type depression, it would, however, be a national emergency subject to the provision permitting deficits upon two-thirds vote of the Congress.

The payback provision of the flex clause will provide a reasonable structure by which the executive and legislative branches must exercise self-discipline and make the necessary decisions to cut outlays and/or increase revenues. The 5 year time period is certainly enough time for Congress to make these critical decisions.

The flex claused could be implemented by a majority vote in Congress and would not require a two-thirds or three-fourths vote. Consequently, a small minority of one-third plus one could not thwart the will of the majority, and the Congress could vote this temporary deficit it it were deemed necessary.

This constitutional amendment with a built-in flex clause would neither disrupt the existing congressional budget procedures nor require alteration of the Budget Act. It could be implemented simply. The annual vote on the second budget resolution could serve as the final congressional determination on a balanced Federal budget. By majority vote, the Congress could favor a deficit in a given year. Consequently, the second budget resolution could serve as the device to implement this proposed constitutional amendment.

This amendment also has another degree of flexibility. Some amendments require immediate implementation, a process which is probably impracticable. This amendment provides for its implementation within the third fiscal year after ratification by the States, thus allowing an adequate adjustment time. The time needed to pass both Houses of Congress with the required constitutional majority and secure ratification by three-fourths of the States, plus the 3-year implementation delay, would give Congress and the President adequate time to adjust to the concept of living within our national means.

This amendment also plugs a major loophole neglected by other constitutional proposals. By utilizing the term total expenditures of government, as opposed to a budget term like outlays, the amendment includes both on-budget items and off-budget items. Off-budget items were created in 1973 and showed an additional deficit of $60 million that year. By 1975, the total had skyrocketed to $8.1 billion and jumped to $14.2 billion for 1980. These figures undoubtedly will continue to climb throughout the 1980's unless remedial action is taken.

Except for the Board of Governors of the Federal Reserve and foreign transactions of the Exchange Stabilization Fund, all other off-budget agencies should be included in the budget process and expenditures for them ought to be included in the total expenditures of Government. Consequently, the Postal Service, the Rural Electrification Administration, the Rural Telephone Bank, the U.S. Railway Association, and others would again be included as part of the Federal budget. This amendment, therefore, would prevent the situation in which agencies and programs could be transferred on and off the budget. It enables the American people to get a truer picture of what their Government is really spending.

In addition, this amendment confirms the existing budget procedure of treating capital expenditures and military public works as part of a unified budget and prevents the adoption of a separate capital budget, a procedure many States have followed to give the appearance of a balanced budget.

Many critics argue that it is not possible to balance the Federal budget while providing the necessary human and national security needs. Others consider such a proposal a throwback to the horse-and-buggy days of President McKinley. Still others dismiss it as a conservative, even right-wing proposal not feasible in the post-World War II era. I differ strongly with these assumptions.

One does not have to look too far back into history to find a courageous political leader who achieved balanced budgets in turbulent times and who met not only the human needs of the era but implemented numerous national security programs. The leader is a man I greatly admire—President Harry Truman. During the Truman administration the United States went through a difficult postwar economic adjustment period with social and economic turmoil and great inflation. In the area of foreign affairs, the United States under Truman undertook the rebuilding of Europe via the Marshall plan, provided international security by creating NATO, provided the wherewithal to fight the Korean war, dealt with the Soviet threat, enlarged our role in China, and undertook some far-reaching domestic programs. Despite these obstacles, President Truman did balance the budget during 4 of his 7 years in office. Between 1946 and 1952 Truman actually showed a total budget surplus of more than $2 billion. If President Truman could balance the budget while meeting human and national security needs in difficult, turbulent times, so can we. With discipline, courage, and the will to address a reordering of our national priorities, today's leaders, I believe, can achieve this goal. It is my hope that the passage of this constitutional amendment will provide a structure by which future leaders will act responsibly to curb excessive spending and balance the Federal budget. We as a nation cannot continue to mortgage the future by simply piling one deficit upon another. Reason, sanity, and fiscal responsibility must prevail.

BUDGETS DURING THE TRUMAN ADMINISTRATION[1]

Year	Deficit	Surplus
1946	−$15,856	
1947		$3,862
1948		12,001
1949		603
1950	−3,112	
1951		6,100
1952	−1,517	
Total	−20,485	22,566

[1] Figures are in millions of dollars.

I am hopeful that the Government will conduct a disciplined analysis of priorities and make the courageous, though unpopular, decisions necessary to balance the budget. When opinions differ on the merits of program X or project Y, it is easily expedient to compromise by funding both and piling up the deficit. This trend must be reversed if the Nation is to achieve a balanced budget.

In conclusion, the amendment I have recently introduced will establish a reasonable means of balancing the Federal budget while providing flexibility to deal with shifting economic circumstances, human needs, and national security. It will create a structure by which Government can make a disciplined analysis of expenditures and revenues, perhaps on a program-by-program basis, and make the courageous decisions necessary to balance the budget

I urge my colleagues to support this measure, and I especially urge my colleagues on the Judiciary and the Budget Committees to hold indepth public hearings on this important constitutional amendment. The text of the resolution follows in the RECORD.

HOUSE JOINT RESOLUTION 181

Joint Resolution proposing an amendment to the Constitution of the United States to limit the expenditure of Government funds during any fiscal year to the total revenue of the Government as projected by the Congress for such year

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, to be valid only if ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"ARTICLE

"SECTION 1. Except as provided in section 3, the total expenditure of Government funds during any fiscal year shall not exceed the total revenue of the Government as projected by the Congress for that fiscal year.

"SEC. 2. The provisions of section 1 shall not apply with respect to any fiscal year during any part of which the United States is in a state of war declared by the Congress pursuant to section 8 of article I of the Constitution or any fiscal year during which the Congress, by a vote of two-thirds of each House, adopts a joint resolution stating that a national emergency requires the suspension of the application of section 1. This joint resolution shall not be effective unless approved by the President.

"SEC. 3. The total expenditure of Government funds during any fiscal year may exceed the total revenue of the Government as projected by the Congress for that fiscal year by two percent of the total revenue of the Government as projected by the Congress for that fiscal year.

"SEC. 4. If the total expenditure of Government funds during any fiscal year exceeds the total revenue of the Government for that fiscal year, the resulting deficit shall be extinguished by the end of the fifth fiscal year after the fiscal year in which that deficit occurs.

"SEC. 5. If the total revenue of the Government during any fiscal year exceeds the total expenditure of Government funds for that fiscal year, the resulting surplus shall be deemed revenue of the Government for the following fiscal year.

"SEC. 6. As used in this article, expenditure of Government funds shall not include any expenditure for the redemption of bonds, notes, or other similar obligations of the Government, and revenue of the Government shall not include any revenue derived from the issuance of bonds, notes, or other similar obligations of the Government.

"SEC. 7. The Congress shall have power to enforce this article by appropriate legislation.

"SEC. 8. This article shall take effect on the first day of the third fiscal year beginning after the date of the adoption of this article."●

IN SUPPORT OF LITHUANIA'S FREEDOM

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. ROSENTHAL. Mr. Speaker, with Soviet violations of the 1975 Helsinki human rights accords growing more numerous and offensive in recent months, it is important to take note of those who bravely stand up to Soviet oppression.

The determination and perseverance of the Lithuanian people enjoys the admiration of free people everywhere. I note that February 16 marked the 63d anniversary of the establishment of the Republic of Lithuania, when after German occupation and devastation during World War I, a sovereign Lithuanian homeland was founded.

Alas the independence of this Lithuanian state lasted only 22 years, as the 1939 Molotov-Ribbentrop Pact enabled the Soviet Union to occupy and annex Lithuania in 1940.

Our Government has rightfully never recognized the Soviet annexation. Soviet control of Lithuania has resulted in a systematic repression of Lithuanian culture, language, and religious preferences.

The more than 1 million Lithuanian Americans appreciate the liberties of life in this country that many of us often take for granted. We must join in reaffirming our commitment to the principles set out in Helsinki which the Soviet Union, as a signator, chooses to violate.

Suppression of Lithuanian identity may be attempted by the Soviet Union. In response to these attempts, I take this opportunity to salute the Lithuanian peoples pursuit of freedom and courageous expression of their heritage.●

A TRIBUTE TO THE UNION DE MUJERES AMERICANAS, CAPITULO DE PUERTO RICO, AND ITS DYNAMIC PRESIDENT, MRS. CARMEN LOCKHEIMER

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. LENT. Mr. Speaker, I would like to direct the attention of my collegues to the fact that this date, March 12, 1981, marks the 25th anniversary of a truly remarkable organization, the Union de Mujeres Americanas, Capitulo de Puerto Rico. The celebration of this significant landmark for this outstanding organization of Western Hemisphere women is being guided by a most remarkable woman, Mrs. Carmen Lockheimer, of Puerto Rico, who is concluding a tremendously successful term of office as president of the organization.

Mr. Speaker, I insert the following material:

THE UNION DE MUJERES AMERICANAS, CAPITULO DE PUERTO RICO

The UMA Capitulo de Puerto Rico was founded in October 1955 by a handful of selected women who, as United States citizens, desired to forge a link with their Central and South American sisters with a view toward promoting better understanding of public affairs and women's enlightening participation throughout the Americas. Their Puerto Rican organization has grown to a membership of more than three hundred fifty women in San Juan and Ponce.

The UMA is dedicated to solidarity, friendship and improved relations with the women of the Western Hemisphere. In addition, its aims are directed to the improvement of cultural, civic, political, social and economic status for the women of the Americas. It also endeavors to make a serious contribution to the attainment of peace based on education, tolerance and justice. The UMA Capitulo de Puerto Rico constantly strives to bring to public acclaim the many outstanding accomplishments of the Puerto Rican women. And, for the past twenty years it has worked and fully cooperated with the United Nations in programs designed toward the betterment of the women of Latin America.

The UMA Capitulo de Puerto Rico has been in constant collaboration with the many Latin American dignitaries who visited Puerto Rico on official missions. To further interchange of activities and related progress in hemispheric women's affairs guest speakers have been brought into Puerto Rico from UMA organizations in Guatemala, Peru, Colombia, Venezuela and other western hemispheric countries. A few years ago the convention of the presidents of the UMA organizations of Central and South America was hosted in Puerto Rico. Mr. Jose A. Mora, at the time secretary of the Organization of American States, has distinguished the UMA, in Puerto Rico, with his presence.

In pursuit of constructive and informative participation in public affairs, UMA, in Puerto Rico has conducted forums on inheritance tax and labor laws, women's voting and political rights.

In 1963, UMA instituted "The Woman of The Year in Puerto Rico" project. This resulted in ex-Mayoress Doña Felisa Rincon de Gautier, of San Juan, being selected as "The Woman of The Americas", a few years ago. The activity has been given recognition by The General Federation of Women's Clubs of the United States.

Annual scholarships are given to worthy students in pursuit of international law and Latin American and foreign relations. Cultural exchanges have been promoted through literary competition. UMA has participated in Public Hearings held by the Senate of Puerto Rico in relation to amendments to the "Electoral Law", "The Status of Puerto Rico", etc.

UMA of Puerto Rico founded a chapter in the Dominican Republic and was honored by the then President Joaquin Balaguer. And, a regional chapter was installed and continues functioning very successfully in the southern City of Ponce, Puerto Rico.

UMA has taken Puerto Rican folklore and culture to many of the states in the continental U.S. and Central and South American countries thus making it possible for the people of those countries to get to know something about Puerto Rico, its government, freedom of speech, religion, culture, press and its wholesome relation with the United States of America.

UMA has done much philanthropic work in Puerto Rico's hospitals, schools, etc.

UMA has done much to point up the true value and power of the Puerto Rican woman in every aspect of life.

In the interest of human and civil rights of women, UMA dispatched a manifest with thousands of signatures demanding fair treatment for the Cuban women in prison, in Cuba, because of political reasons and the support of all of the UMA organizations in Latin America was enlisted in this effort. An annual meeting was instituted in 1966 with our Cuban sisters, in exile, in Puerto Rico.

For the UMA de Capitulo de Puerto Rico Twenty-fifth (Silver) Anniversary celebration on March 12, 1981, Mrs. Lockheimer has invited as the guest of honour and the principal speaker, The First Lady of Costa Rica, Doña Estrella Zeledon de Carazo. The First Lady is also a member of the directorate of UNESCO, representing all of Central America. Doña Zeledon de Carazo will address the UMA of Puerto Rico on Women's Rights in Costa Rica. During her stay in

Puerto Rico, The First Lady of Costa Rica will stay at The Governor's Mansion, La Fortaleza, as the guest of Governor Carlos Romero Barcelo and Mrs. Romero Barcelo. A cocktail party and reception will be given in her honour by Governor Barcelo.

Mr. Speaker, Union de Mujeres Americanas (UMA) of Puerto Rico is to be congratulated for its many successes and noted accomplishments over the past 25 years. Also to be congratulated is its president, Mrs. Carmen Lockheimer. This unusual woman of great ability and talent in public affairs has displayed great ability and talent in directing the activities of this fine organization. I know my colleagues will join me in wishing her well in her future activities, and in expressing our hope for continued progress and success for the UMA of Puerto Rico.●

CHARTER DAY

HON. JAMES K. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. JAMES K. COYNE. Mr. Speaker, it is my privilege this morning to rise in commemoration of the 300th anniversary of the granting of Pennsylvania's colonial charter by King Charles II to William Penn. Saturday, March 14, has been declared "Charter Day" throughout the Commonwealth of Pennsylvania.

It gives me great pleasure, Mr. Speaker, to point out to my colleagues that Pennsbury Manor in Morrisville, Pa., is the only extant residence of William Penn that has been clearly documented by Pennsylvania historians. Pennsbury has magnificently preserved William Penn's legacy.

Moreover, Mr. Speaker, I feel obliged to point out that 1981 marks the 300th anniversary of the founding of Bucks County, Pa. Bucks County is one of the most distinctive and historic places in this country. Its colonial heritage, dating back to the days of William Penn, has been beautifully preserved. I consider it an honor to represent such an area in Congress.

This Saturday evening, the Pennsbury Society of Bucks County is sponsoring a dinner in honor of our Commonwealth's Tricentennial. It is my extreme privilege, Mr. Speaker, to have been extended an invitation to Saturday evening's banquet at Pennsbury. There are very few places in this country, Mr. Speaker, where history occupies a greater level of consciousness than in Bucks County, Pa.●

F-15 EQUIPMENT SALE TO SAUDI ARABIA SHOULD NOT BE ALLOWED

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. McGRATH. Mr. Speaker, last weekend the Reagan administration announced its intention to sell to Saudi Arabia sophisticated equipment to enhance the offensive capabilities of the F-15 jet fighter. I am deeply concerned by the proposed sale, and on March 10 joined my New York colleague, NORMAN LENT, in sponsoring House Concurrent Resolution 90, to disapprove the sale of this equipment.

Only 3 years ago, the Congress approved the original sale of F-15's to Saudi Arabia because it was given written assurances by the Carter administration that equipment such as fuel tanks and bomb racks, which give the F-15 an offensive capability, would not be offered to Saudi Arabia. To provide any new weapons systems to Saudi Arabia at this time would present a serious credibility problem for our Government.

While the proposed sale has many implications, I want to touch on only two of my concerns. First, the Saudis have described this sale as a test of friendship for them. This rings a familiar bell, since the original sale was described in much the same way. But it appears that friendship with Saudi Arabia can be equated with appeasement. The Saudis remain a firm opponent of the Camp David accords, and has in fact been a leader in the Arab world urging a Jihad against Israel and economic sanctions against Egypt. Further, Saudi Arabia has done little to act as a moderating force in OPEC. In the past 3 years, imported oil prices have doubled. If friendship is supposed to be a two-way street, I fail to see how we are benefiting from the current arrangement.

Further, the sale of this equipment will not enhance the security of Saudi Arabia, which currently faces no legitimate external threat. What it will do is further jeopardize the security of Israel. Israel relies on air superiority for its survival. The potential use of enhanced F-15's, with the capability of striking anywhere in Israel, will dangerously complicate Israel's defensive problems. It will have to stretch its air force and divert some of its aircraft from other essential missions to defend against the possibility of Saudi air attacks.

Obviously, the Arab world is currently in a state of turmoil, but this situation cannot be expected to continue indefinitely, and we may eventually regret this sale.

I can understand the interest of this administration in cultivating friendly relations with Saudi Arabia, which is potentially a moderating influence in the Middle East. What I do not understand is why we must continue to fall into the same traps as in the past. We have nothing to show for the F-15 sale of 1978, and the most recent add on will not contribute one iota to the promotion of our national interest, and it will clearly add an additional threat to our most solid ally in the Middle East, Israel.

I hope my colleagues will join me in preventing this serious foreign policy mistake.●

ECONOMIC RELATIONS WITH JAPAN

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. RUDD. Mr. Speaker, the Honorable Paul Fannin, a good friend, former U.S. Senator from Arizona, and prior to that, Governor of Arizona, distinguished citizen of our country, has testified before the Senate Finance Committee.

This great American has traveled from Phoenix, of his own expense and volition, to express his views of the severity of this country's economic conditions and our association with the Japanese Government, who may need encouragement in creating a more equitable trade agreement with the United States. The Senator has noted Japan's failure to assume a fair share of its defense spending as well as its refusal to negotiate an orderly marketing agreement with our country. He has indicated the serious imbalance of trade between our Nation and Japan, and the course of action we should undertake to rectify this.

In view of Paul Fannin's great contributions to our country, and the tremendous breadth of experience he has had as an elected official, I would like to include his remarks delivered to the Senate Finance Committee.

Mr. Chairman, Members of the Finance Committee: As I will illustrate later in my remarks, I believe the United States will subsidize the Japanese Government in the next year by sixty billion dollars or more.

Back over the years, while their country was becoming a world-wide leader in the electronic industry, the steel industry, and becoming the largest ship-builders in the world as well as builders of more cars than any other nation, it is my opinion that the United States subsidized Japan with several hundred billion dollars.

This has been done by the United States assuming most of what should have been Japan's fair share of defense expenditures for the maintenance and increased building of a military complex for the protection of the countries of the free world. Since the early sixties, Japan's economy has been in a position to allocate a larger share of their GNP than have most of the NATO nations,

including the United States, but as you know, has only devoted a small percentage of their GNP compared with the NATO countries.

Japan, being relieved of the principal part of their fare share of defense obligations, has been able to have lower taxes for individuals, business and industry, and to give special concessions on interest rates, along with many other inducements for the promotion of manufacturing, expecially on items to be exported. This savings has been a great factor in their steel, ship-building and other industries, having such a rapid and successful growth.

For about ten years of my tenure in the U.S. Senate, I was involved with our Japanese trade relationship. In that connection, my work outside the Senate was with American corporation executives who were promoting exports, with our State Department, the Japanese Embassy officials in Washington; and in Japan as a Congressional Delegate where we were trying to get Japanese cooperation for more equitable trade and tariff regulations.

Although I devoted considerable time on this subject before becoming a member of the Finance Committee, most of my work on this problem was in connection with the Finance Committee which was responsible for Tariff and import quota, reciprocal trade agreements and revenue matters generally. I quote from a speech made by me on the floor of the Senate on January 26, 1973.

"In the years just after World War II the United States was so dominant in world trade that we could virtually ignore foreign economic relations. Political relations were foremost in the minds of our government leaders and we could afford to be generous in trade agreements.

"The situation began to change by the mid-1950's, and it should have been evident by the 1960's that trouble was ahead. The Kennedy Round of Trade Negotiations was supposed to ease trade problems, but it only compounded them as far as the United States was concerned. We demolished our barriers to imports, but got nothing in return.

"In 1971, we had our first trade deficit of the century. In 1972 our trade deficit plunged even deeper and continued downward." I made many other statements on this subject on the Senate floor, in Finance Committee meetings and to various groups in Arizona and other states.

As a result of this lack of awareness and concern, our government did not seriously challenge discrimination against U.S. goods in Foreign Markets. We tolerated the closed economy of Japan, and at the same time, we maintained a substantial open-market policy on imports of goods into America.

I'm not taking away from the greatness of Japanese industries or their workers. Again, I am saying, we have, and are still subsidizing Japan, Inc., by relieving them of financing their fair share of the free world defense including their own defense.

Auto manufacturing is the bloodstream of our nation's economy, creating one out of every twelve manufacturing jobs in addition to being one of the largest purchasers of basic materials.

As our automobile factories decrease in production capabilities so does our potential defense effort in time of war.

Chrysler is a large producer of tanks and other defense materials, as are the other automotive companies.

A good percentage of our war production during World War II came from these companies and the conversion to war-time production of these plants would be only a fraction of the time it would take to build new factories.

This committee is to be commended for holding these hearings to determine what can be done to assist in maintaining a healthy automotive industry in our nation and still be fair with other nations that are importing cars into this country.

Since presently about 80% of our car imports are from Japan, they are creating our most immediate problem. Part of the time while I was in the Senate, the shoe was on the other foot. The Japanese were fighting to keep American cars from being shipped into their country. At that time I observed the hopelessness of getting American products into Japan if the Japanese government did not want them to compete with their manufactured products and I understand that circumstance still prevails today, even in the automotive industry.

Now they say, "We do not have any tariff on American cars shipped into Japan" but I know your committee has determined all the other requirements on car imports including modifications, so realize we pay a tremendous penalty in exporting cars to Japan.

In the early seventies I was a member of a Congressional delegation meeting in Tokyo with the Japanese government and business leaders to discuss trade and tariff regulations. As one of the spokesmen for the Senate members, I asked if the Japanese would assist the United States in correcting the inequities in the General Agreement on Tariff and Trade Schedules on United States exports of cars into Japan. Their answer was a firm "No." They stated that they were satisfied with the provisions.

Why wouldn't they like the stipulations which gave them full access to our markets for a 4½% tariff going down ½% a year with their tariff at that time being 17½% base with an additional charge on each American car for weight, wheel base, motor size, etc. Bringing the total import fee to 100% or more usually doubling the price of even a medium size car.

The world situation has changed dramatically since we negotiated agreements with Japan. Thirty years of varying degrees of prosperity have changed the world order. The commitments made and responsibilities assumed by the United States for an overwhelming share of the defense of the free world is no longer a viable solution to actual defense requirements. Events in recent years and more pointedly in recent months clearly illustrate the necessity of the other free nations of the world to carry heavier commitments.

In regard to Japanese responsibility to share in the defense of the free world and their own nation, I quote excerpts from a speech I made in the Senate on May 15, 1975, speaking on defense commitments of the free world nations. "We've had a relationship with Japan that has been in effect since World War II. This relationship has proved the ability of the victor to assist a nation that has gone down in defeat in making an almost unbelievable come back. Japan was a devastated nation, but one with great determination; and they have made an industrial comeback that has been the envy of the world. We have participated in that endeavor, being the greatest foreign contributor to their efforts in making this remarkable recovery."

"But we have a responsibility to the American people to recognize the responsibility that the Japanese have to our nation."

"This relationship of complete dependence must cease, and the Japanese must accept the burden of defense which their productive economy can sustain."

When Japan was getting their exports booming, they were spending less than ½ of 1% of their Gross National Product on defense, whereas the United States was spending from 5 to 9.3% of our GNP. In the seventies we averaged about 5.5% while Japan was still spending only around ½ of 1% until late in the decade when they claimed they worked up to 9/10 of 1% of GNP in 1979.

As I understand—in the United States 1981 budget ending September 30, 1981, we will spend 5.5% or more of our GNP on defense. The total budget amount for 1981 will be about $650 billion with over $170 billion for defense if present projections hold. This does not include the U.S. billions spent in the Middle East and other areas of the world that affect the oil lanes on which the Japanese are even more dependent than the United States.

The 1980 reported Japanese budget ending April 1, 1981, provided for total expenditures of $202.8 billion with defense expenditures at $10 billion, including one billion for supporting U.S. forces in Japan.

The Carter budget submitted for 1982 is approximately $740 billion with defense spending listed at approximately $180 billion. In the new Reagan budget, reported defense expenditure will be near $220 billion, or about 7% of our GNP. That is, of course, dependent on Congressional approval.

The reported contemplated Japanese budget for their fiscal year ending April 1, 1982, will be $223.8 billion with defense expenditures as reported, being around $12 billion, or about 1% of Japan's GNP.

This indicates that just our increases in defense spending will amount to over four times their total defense budget.

Japan has one-half the population of the United States, a GNP of approximately 40% the size of the United States with a budget that was running about ⅕ the size of the United States. I feel that Japan has an obligation to have a defense budget of at least ⅕ the size of that of the United States.

On that basis they should have a defense expenditure next year of not $12 billion but over $70 billion.

This year if Japan equaled economically troubled Great Britain's 5% defense expenditures as a percentage of GNP, the free world's defense budget would increase by 20%.

Following is a comparison of some of the free world nations in regard to the percentage of their defense expenditures as to their GNP:

For the year 1979:	*Percent*
United States (plus)	5
Great Britain	4.7
Turkey	4.5
Belgium	3.5
West Germany	3.4
France	3.3
Canada	1.8
Japan	0.9

Russia's defense expenditures are estimated to be averaging about 15% of their GNP.

Senator Orrin Hatch, shortly after coming back from participating in the October 1980 Tokyo Conference to Commemorate the 20th anniversary of the United States-Japan Mutual Security Treaty, reported the following from speeches of two former Japa-

nese Defense Agency Chiefs. Former Defense Chief Asao Mihara stated, "The Japan-United States security system actually has played a decisively important role as a pillar of freedom, peace, security and prosperity for Japan for nearly thirty years. Under the security-treaty system, the Japanese people were able to fully exercise their national energy concentrating their efforts, first on recovery from World War II and then on the development of our economic strength and attaining the status of a great economic power, becoming the country with the second highest industrial production in the free world."

Mihara said there was no mutualness in the current security treaty since although the United States was obligated to defend Japan, Japan was not required to do the same. "This may have been permissible when Japan's economy was only one-tenth that of the United States, said Mihara, "But today, when the ratio is one to two the treaty needs to be revised."

Another former Defense Agency Chief, Shin Kanemaru, said, "Japan's defense capabilities should not be determined by arbitrarily mathematical formulas such as the current government policy restricting defense expenditures to 1% of the GNP."

Kanemaru also said that the "Japanese defense posture is so weak it can not be considered a fighting force," and urged the nation to improve drastically its defense forces.

Japan should heed the words of its own defense ministers.

American Ambassador to Japan, Mike Mansfield, had some success in getting Japan to build up their defense budget and I praise him for that great effort. But still it's just a start, and we must insist that more be done . . . many times as much.

One of the leaders of Japan, Heigo Fujii, a Vice President of Nippon Steel Corporation had this to say back in the early seventies, when he wrote an article in a book titled Japan and Current World Affairs. I quote: "Defense spending now requires only 8 to 9% of Japan's national budget and until some years ago there was almost no defense spending by Japan at all. It was because Japan was able to divert the greater part of its capital accumulation to both public and private investment that it was able to achieve such a rapid economic growth."

"To the best of our knowledge it was, unfortunately, Japan that started the Pacific War, and, as a result paid a great price . . . and lost. If the United States, which has paid the greatest sacrifices since Pearl Harbor had demanded half of Japan's territory or even the island of Kyushu; Japan, under the conditions existing at the time the war ended was in no position to say "No." However, the United States did not seek any territory whatever. Instead, America provided 3½ billion dollars worth of economic aid to Japan, and earnestly cooperated in Japan's economic reconstruction. At the same time the United States abetted Japan in setting up the new system called Democracy in Japan. All this made possible the economic growth Japan has achieved today."

No longer can we accept excuses of the Japanese Constitution or obsolete treaties prohibiting a defense buildup. The freedom of all Western countries is at stake with Japan one of the most vunerable to Russia's powerful navy and air forces.

Whatever needs to be done to enable Japan to meet their fair share of the free world's defense must be rapidly accomplished.

If we had subsidized Chrysler to the extent of 15 to 20% of their budget, as we have subsidized Japan and its industries, Chrysler would be prosperous today.

What are my conclusions as to the actions that should be taken to keep many of the leading manufacturers of our nation from bankruptcy and to give equitable treatment to the Japanese during these troubled times when the very survival of the free world is threatened?

Number One: Immediately Japan and the United States should negotiate an orderly marketing agreement as a temporary measure. If the Japanese refuse to act with fairness in this regard, we must at once cut back on their imports and insist on changes in GATT to protect our interests.

Number Two: Within three years the defense expenditures of the Japanese should equal the average of the NATO Countries on a GNP basis. The NATO countries and Japan should equal the United States is defense spending on an equitable formula basis within five years.

Number Three: The failure of Japan to increase their defense expenditures on a fair and equitable basis comparable to the NATO nations will result in a continuance of the United States subsidy to their economy. Therefore, if the Japanese insist their industries have the unfair advantage over our industries, we must follow the lead of other nations in drastically reducing their imports that are flooding our markets.●

NATIONAL CENTER FOR PERSONAL COMPUTERS IN EDUCATION

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. DOWNEY. Mr. Speaker, during the past 4 years there has been a revolution in digital computers which has resulted in rapidly diminishing costs, size, and weight with simultaneous dramatic increases in capability and reliability.

This new technology has presented educators with a new tool, personal computers or microcomputers which are lower in cost—by as much as a factor of 10—and have ever increasing reliability and flexibility of particular benefit to handicapped, housebound, and special students.

I believe that the United States should be in the forefront in making full use of the latest developments in microcomputer technology to enhance our educational system at all levels. For this reason, I have introduced a bill to establish a National Center for Personal Computers in Education. This center, which would be located, staffed, and administered under the auspices of the Secretary of Education, would serve as a pilot project as well as research and reference for educators throughout the United States. This is a 3-year, $4 million project. I believe our investment would receive a maximum return in benefits to the American educational system.

At the International Federation of Information Processing held last year in London on computer aided learning (CAL) many American experts came away with the strong feeling that the United States is in imminent danger of losing its position of leadership internationally in this field.

The following is a quote from a letter I received from a leading American scientist in the field, Dr. Ludwig Braun, regarding this international conference:

> Every nation represented (even small ones like Denmark, Holland, and Sweden) has made a national commitment to support use of computers in education. Most already have established national centers for this purpose. France has a program it calls, "10,000 Micro-computers in schools," which was initiated earlier this year. They are placing microcomputers in their schools at government expense and already have 1,500 teachers trained to use them, with a program in place to train 1,000 additional teachers each year.

Great Britain, despite that country's current economic difficulties, recently committed $25 million to setting up a National Center for Computers in Education in order to keep up with the efforts being made by other European nations in this important area. I think we are all aware that the Japanese are not neglecting this area of education. Even the Soviets are fully aware of the important computer technology must play in every phase of their economy in the future. In fact, contrary to what we might think, and contrary to what commonsense would lead us to believe, it is only the United States among the major industrial nations of the world that is not moving ahead rapidly with a program to assimilate computers into our schools.

A National Center for Personal Computers in Education would be the first step in a catching-up process for the United States. With a center for advising educators from across the Nation on microcomputer hardware, educational courseware, teaching and training methods, and special programs for special students and the particular needs of various school districts, we will begin to move forward in this vital area. This type of project cannot be undertaken without Federal help. I hope to find support for the national center from among my colleagues with a sincere interest in education, science, and the future of the American economy.●

MISGUIDED CUT IN CETA JOBS

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. GRAY. Mr. Speaker, the Reagan administration has announced that not only does it want to eliminate

funding for the Comprehensive Employment and Training Act (CETA) in fiscal year 1982, but it wants to rescind and defer more than 30 percent of CETA's 1980 funding.

The impact of this cut, Mr. Speaker, will be staggering. In my home city of Philadelphia, the 1980 fiscal year cuts mean that approximately 3,000 men and women will have to be given sudden layoff notices. In other urban areas, the story is much the same.

Like most of my constituents, Mr. Speaker, I fully appreciate the need and obligation to spend Federal money in a responsible manner. We need to attack fraud, waste, and abuse wherever it exists in the budget. But in the case of the CETA program, we have a mechanism which is helping to make jobholders and taxpayers out of former tax users. Given the current economic conditions under which these CETA employees will have to seek new employment, given the new expenses which we are likely to be burdened with as a result of the unemployment created by these layoffs, and given what so far has been the total absence of a belt-tightening plan in other segments of the Federal budget, particularly in defense, I would suggest that the Reagan cut in CETA is a prime example of terribly mistargeted and unwise budget cutting.

I wanted to take this opportunity, Mr. Speaker, to share with my colleagues an article from the March 6 edition of the Philadelphia Inquirer which tells what this cut in CETA means in human terms.

The people described in this newsstory have real hopes and real commitment to improve their lives, Mr. Speaker. Their CETA job, however, means even more to them than just the fulfillment of such hopes. Their job is their very survival—and I think we must keep this stark fact in mind as we consider the cut proposed by the Reagan administration.

If the administration believes that any fraud or waste exists in CETA, then it has a responsibility to work with the Congress to find ways to eliminate such fraud and waste—rather than making a blind, wholesale elimination of the total program. I know that many of my colleagues and I stand ready to work with the administration to rectify any abuses which might exist. But we cannot in good conscience stand by silently while the very existence of people in our districts, and the very health of our cities, is threatened by such misguided cuts as this one in the CETA program.

[From the Philadelphia Inquirer, Mar. 6, 1981]

ON JAGGED EDGE OF BUDGET AX—SCHOOL JOBS ON LINE FOR SOME IN CETA

(By Rick Nichols)

William Mobley—sweeping the lunchroom—is 56, a sometime handyman and roofer's helper, with the scars to prove it, whose oil heater at home has been broken for two years.

Solomon Fulton—refereeing recess scuffles in the gym—is 23 and dressed in dove gray shoes, a shiny new belt and neat corduroys. He was on welfare until last month. He completed the work for a degree in health and physical education from Lincoln University in May.

Mobley and Fulton were working yesterday at Bartlett Elementary School, 11th and Catherine Streets, wondering how much longer they will have a public service job that, a Mobley said, "just about keeps my nose above the water."

It could be a matter of weeks.

Their jobs—janitor's helper and nonteaching assistant—are among 1,100 federally subsidized positions in the Philadelphia School District that could vanish by the end of March if the Reagan administration has its way, officials here announced Wednesday.

The jobs are funded under the federal Comprehensive Employment and Training Act (CETA), a favorite target of conservatives and a program that Reagan has promised to trim radically. About 3,000 jobs in Philadelphia alone could be lost if the Reagan budget-cutting plan is accepted by Congress.

In the schools, CETA workers monitor halls, haul out trash, mop floors, wash walls, patrol entryways, supervise playgrounds, type and answer phones for administrators and keep tabs on attendance. About 250 of the workers paid with federal money help out with custodial chores.

Mobley is one of them. He sweeps up and bags trash after the school's three lunch periods.

"Reagan's friends, Frank Sinatra, what do they care about the price of food?" said Mobley resting a gray stubbled cheek on the side of his push-broom. "Now he's (Reagan) sending money to San Salvador, and I need windows."

Mobley, who owns a modest rowhouse on Titan Street, has been working in the lunchroom for about 13 months, five hours a day, five days a week. He makes about $4 an hour and takes home about $100 a week. It is not much, Mobley said, "but it's the only thing I got."

Since his wife gave up her maid's job with the University of Pennsylvania a few years ago because of wrist problems, finances have been close to the edge for the Mobleys. The couple's oil heater has been broken for two years, and they keep warm with heat from a gas stove, an electric space heater and extra layers of clothes.

Such was not always Mobley's plight. After dropping out of high school and serving two and a half years in the Navy, Mobley worked for years as an electrician's helper, a laborer, a self-employed house painter and, finally, a roofer's helper.

Life was not easy, but the ends met. Then, on Dec. 15, 1978, he was badly scalded on his face and upper arms after slipping on a patch of hot tar. After recuperating, he parted ways with his employer.

He tried papering roofs with a friend. Business was not good. He applied to the city for work as a sanitation employee, but was not hired. He applied for a job at General Electric, but was passed over.

For Mobley, who had been working regularly since junior high school, it was a depressing time. "Every time you turned around," he said, "there was some bill collector threatening you. It's nerve-racking to have someone pounding on the door."

Then 13 months ago, he got the CETA job that, with his wife's pension, provides the couple with just enough to scrape by on. He thinks that Reagan is misguided. "He don't want you on welfare," Mobley said, "and he don't want you to work."

For Solomon Fulton, the nonteaching assistant, employment has been a fact of life. He shares an apartment now with his sister and her two children at 15th and Dickinson Streets.

He is a trim, well-spoken, well-muscled young man who looked ill at ease dodging snowballs and jump-ropes in the cold rooftop gym at Bartlett. "You, my man," he shouted, pointing to a youngster. "Stop that."

He is due in at 8 a.m. each day to help supervise the breakfast program.

Fulton began working Jan. 26. So far he has received only one full week's paycheck of $273.50 take-home pay for 40 hours' work at $4.25 an hour.

One day Fulton said he would like to go back to college, earn an advanced degree, perhaps teach for awhile and, if things turn out right, become an athletics director at a small college. For now, things have turned out wrong.

He said Lincoln University, where he completed his degree requirements last year, will not forward his transcript to the city schools' personnel department—where he would like to apply for a teaching job—because he owes $388 on his college bill. "Things would really get rolling if I could pay off my debt," he said.

After more than two years on welfare—he received $172 a month—he does not have much of a nest egg. He had been counting on the CETA job for 18 months, he said, and had planned to pay off his bills with the money.

He said his efforts to find other work through employment agencies had been unsuccessful. "Why just leave people high and dry?" he said. "I understand that Reagan is trying to fight inflation, but this struck me as being unfair coming about so suddenly."●

CONGRESSIONAL STAFF

HON. WENDELL BAILEY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. BAILEY of Missouri. Mr. Speaker, we are all aware of the incredible and almost unbelievable rate of growth in both the staff levels and the appropriations of the committees of the House in the last few years.

I do not think anyone here can realistically argue that this is not a partisan issue before us.

The American citizens made a loud and resounding cry for reduced Government spending when they went to the polls last November. We, the Members of Congress, now have an unqualified obligation to meet the demands of the electorate and set an example for all of the Government.

The growth of the committees has exploded out of control and is rapidly reaching the point of being forever uncontrollable and unaccountable. We have the opportunity to act now to

trim the fat out of our own system by reducing the size and cost of committee staff in the House.

I urge Congress to establish a firm priority in efforts to reduce the size of its committee staffs and appropriations, bring this escalating bureaucracy under control, and in effect get its hand out of the public cookie jar. How can we expect the American public to make sacrifices in the battle to regain economic stability if the Congress itself refuses to contribute to the cause?●

NATIONAL NUCLEAR PROPERTY DAMAGES INSURANCE ACT OF 1981

HON. ALLEN E. ERTEL

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. ERTEL. Mr. Speaker, public health and safety continues to be jeopardized around Three Mile Island 2 years after the accident. The cleanup of the damaged TMI-2 reactor is still 5 to 9 years away from completion; 700,000 gallons of radioactive water remain in the reactor building and more accumulates daily. The walls and equipment within the building are highly radioactive. The reactor core, with its damaged fuel, is still in place. The hazard to the public will not go away until TMI-2 is cleaned up. To make matters worse, the danger to the public grows every day. The systems maintaining the present cold shutdown at TMI-2 have gone without maintenance for 2 years. Should these systems fail, the reactor could again go critical and our ability to bring it back under control will be reduced.

On Monday, March 9, the Nuclear Regulatory Commission approved the programmatic environmental impact statement for TMI-2 cleanup. This was a major step in permitting the cleanup to go forward. In fact, one of the conclusions of this PEIS was:

> Until TMI-2 is largely decontaminated, there is a small probability (which increases with time) of uncontrolled releases of radioactivity to the environment. Decontamination of the plant and disposal of the wastes will eliminate this possibility for potential harm to the public and workers at TMI * * *. The staff therefore concludes that the full cleanup of the facility must proceed as expeditiously as is reasonably feasible, consistent with ensuring public health and safety and protecting the environment.

While most people agree that we need to get on with the TMI-2 cleanup to protect public health and safety, it is not clear how the cleanup will be paid for. Current cleanup cost estimates range from $1 to $1.3 billion. Metropolitan Edison—Met Ed—the operator of TMI, had the maximum available insurance on the plant—$300 million. This money will probably be exhausted next year. Where the additional $700 million to $1 billion will come from is unknown today.

Met Ed and its parent General Public Utilities Corp.—GPU—have stopped dividend payments on common stock. TMI-1 and TMI-2 have been removed from the rate base. Met Ed's customers' bills have increased 50 percent to pay for replacement power. All of the company's assets have already been pledged to receive bank loans which have, so far, kept the utility from going bankrupt. The Pennsylvania Public Utility Commission—PAPUC—has taken the position that ratepayer will not pay for the TMI-2 cleanup. Simply stated, after the insurance money runs out, there will not be any money to clean up TMI-2.

The Pennsylvania congressional delegation recognized these serious cleanup financing problems last fall and created a delegation task force to make recommendations on how the cleanup of TMI-2 should be funded. Today I am introducing legislation developed by the task force over the last 6 months. The legislation has two important features. First, it provides for a sharing of the TMI-2 cleanup costs. Second, it insures that we do not face identical problems when another accident occurs.

During the course of the task force's work we have been asked on several occasions why we simply do not let the utility go bankrupt if it cannot pay for the cleanup itself. In fact, I started out asking this very question. It has become clear, however, that there are compelling reasons why bankruptcy is not a viable option. First, bankruptcy does not in any way alter the need for money to clean up TMI-2, nor does it help identify a funding option. Second, bankruptcy would add litigation and other administrative costs onto the price tag. Third, bankruptcy could lead to service disruptions for the utility's customers as well as the potential for even higher replacement power rates. Fourth, there is no guarantee that a court-ordered receiver would be more competent than TMI's present managers; in fact, the Federal court would probably appoint the same people who run the plant today. Fifth, and most important, bankruptcy would probably delay the pace of the cleanup at TMI-2 which raises additional public health and safety hazards. Unfortunately, bankruptcy could worsen the situation and does not hold any solutions for cleaning up TMI-2.

Once it is understood that neither the company management nor its stockholders can internalize these cleanup costs, and once bankruptcy is rejected, we find ourselves faced with limited options. During the course of its work the task force reviewed six options including Federal loan guarantees, a purchase of TMI, a condemnation of TMI, a bonding approach, a mandatory liability determination mechanism, and an insurance option.

The final consensus of the task force centered on an insurance approach as the most sound, equitable, and feasible solution. This avenue has the additional benefit that it not only deals with the financing of the TMI-2 cleanup, but it also addresses the serious deficiencies which exist in the insurance available for all nuclear powerplants. By also dealing with the latter, the task force opted to work to insure that the problems facing TMI, and the people in the area, will not be suffered by others in the future in the event of another accident. Few now contend that there will not be future accidents and it would be shortsighted of us not to address the generic problems highlighted by the accident at Three Mile Island.

Specifically, the legislation I am introducing today would establish a national nuclear property damages insurance program designed to supplement the currently available insurance. This program follows the model of a mutual insurance arrangement with annual premiums paid to a fund by all utilities operating nuclear reactors. Premiums would be established on the basis of the size and number of the nuclear reactors as well as the safety and performance experience of the individual utilities. Participation in the insurance program is mandated as a condition of receiving or retaining an operating license for the reactor.

If a utility has an accident in the future, this insurance would not be made available until all of the other commercially available insurance is exhausted, plus $50 million. Based on the insurance available today, this constitutes a deductible of $350 million.

For cleaning up TMI, the insurance program would initially provide up to 75 percent of the uninsured cleanup costs at TMI. When the cleanup is completed, GPU would be required to repay 50 percent of the money received from the insurance program over an extended period of time. This amounts to a nuclear utility industry loan to GPU of 37.5 percent of the cleanup costs and a grant for 37.5 percent of the costs.

It could reasonably be asked what burden this insurance program would place upon utilities throughout the Nation. One important feature of the legislation is that it does not intrude on the ratemaking authority of the State utility commissions. The State commissions have the flexibility to determine how the premiums will be paid for. One could argue that the absence of adequate insurance is the fault of utility management, and, as a consequence, premiums should be paid from earnings before dividends. Obviously, the State commissions also have

the authority to reflect the premium payments in the rates of the utilities' customers.

If the commissions pass through the premium payments, the impact upon ratepayers would vary from utility to utility. If there was such a thing as an average national ratepayer he would experience an increase in a monthly bill for 500 kilowatt-hours of 3 cents for as long as the premiums are collected. This figure is based on actual 1980 generation. Using 1981 projected generation this figure would drop to about 2.5 cents. Premiums would be collected until an insurance reserve had been created. At that time, premium collection could be either suspended until there was a future need, or they could be rebated at the end of each year. In addition, the interest collected on the insurance reserve could also be rebated.

In assessing this cost, it is important to understand what each utility might experience if TMI goes bankrupt—as it will if a cleanup financing mechanism is not put into place. While it is hard to make forecasts, it seems reasonable to assume that capital will be available to utilities only at higher interest rates to reflect the increased perception of risk. An increase of 1 percent in interest charges would cost many utilities tens and hundreds of millions of dollars, tenfold more than the payment of premiums as provided under this legislation. It is certain, that these higher interest charges will be reflected into the rates of all utilities' customers and will be far more burdensome than the payment of insurance premiums which also protects the ratepayers if a future accident occurs.

We have had the charge that nuclear power is heavily subsidized and the real costs of nuclear power are not reflected in the rates to utility customers. This legislation would set a precedent for more accurately reflecting the cost of nuclear energy. While no one is suggesting that this legislation would in any way alter the economics of nuclear generation versus coal, oil, or gas, the bill does recognize that these costs should be reflected.

I am encouraged that we will be able to move forward with this legislation. Among other things it will serve as the necessary vehicle to finally begin action to address the serious problems associated with the cleanup at TMI-2, while taking the lessons learned from the accident and develop a strategy to correct past deficiencies. I urge my colleagues to join with me on this legislation to protect the health and safety of the people living around Three Mile Island and the health and safety of people living near all nuclear reactors.●

ECONOMIC REVITALIZATION

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. HUBBARD. Mr. Speaker, my constituents and I occasionally differ on some views. However, I respect and appreciate their opinions. Here is one example where my constituent, Virginia Gieske of Madisonville, Ky., and I differ. Mr. Speaker, I submit an excellent letter from a conscientious constituent that deserves publication:

I am writing to express my opinion on President Reagan's economic plan and on the political climate in general in our country at present. I did not vote for Mr. Reagan, and I do not share his priorities. I think the "Robin Hood in reverse" assessment of his economic plan is a fair statement. As for the New Right movement in politics, it frightens me because it leaves me wondering whatever became of our ideals of social justice.

I hope you will have time to read an article by Father Richard McBrien, who is head of the department of theology at the University of Notre Dame. He expresses my feelings exactly about our current economic selfishness.

The so-called "Christian" groups who worked for the election of conservative congressman are appalling to me. What being for the arms race and against the Equal Rights Amendment and busing have to do with Christianity is beyond me. These groups have little or no understanding of Christian teachings and should therefore find other titles for themselves.

I am totally opposed to Reagan's proposed 30 percent across the board tax cut because it favors the wealthy. We do need tax relief. What is needed is to revise the tax tables to make allowances for inflation.

It was surprising to me to learn during the discussion of cuts in the food stamp program that we presently qualify for food stamps. Yet we pay a fair amount in federal income tax. For people in our salary range, it makes little sense to take so many of our tax dollars, funnel them through the federal bureaucracy, and then give a little back in benefits which would not be needed if we got tax relief. We do not receive food stamps and do not plan to apply unless our situation worsens (as through unemployment).

My husband works for a program which is funded through CETA. Therefore, under the Reagan plan, his job is to be eliminated. Both my husband and I have master's degrees, yet as the traditional liberal arts education becomes less and less marketable, we have problems in the job market. I do not work at present as we have two preschool children.

I am not seeking just to preserve my husband's job, though I would like that. What I would like is far more basic—a revitalization of true Christian ideals which means such things as working for social justice and having a genuine concern for the disadvantaged. We do not have this at present, and all of us are the poorer for it.

Sincerely,

VIRGINIA GIESKE.●

A STRONG VOICE IN SUPPORT OF ISRAEL

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. LENT. Mr. Speaker, I wish to call to the attention of those concerned over the critical situation in the Middle East a most thoughtful and perceptive discussion of this matter by one of our colleagues, my good friend and neighbor, the Honorable JOHN LEBOUTILLIER, who so ably represents the Sixth Congressional District of New York.

In a recent article in Newsday, Representative LEBOUTILLIER stresses the vital importance of a strong America to maintaining stability in the Middle East. His thoughts provide a most valuable and instructive background in considering the President's proposals for a stronger America. I urge my colleagues to give careful study to Representative LEBOUTILLIER'S article, which I insert at this point in the RECORD:

AS AMERICA GOES, SO GOES ISRAEL

Given the strategic realities of the 1980s, a vote for a stronger America is a vote for Israel.

The principal geo-strategic fact in the Mideast is the dependence of the western economies on Persian Gulf oil. Israel provides the United States with a unique strategic asset in the Mideast, preventing not only radical Arab attempts to destabilize and overthrow pro-western states on the Arabian peninsula, but also direct Soviet intervention.

American weakness, however, threatens to undermine this balance and place in jeopardy Israel's security. For the first time since her birth, the strategic balance in the Mideast favors the Soviet Union. Continued U.S. economic and military assistance to Israel will be required. But just as crucial is the need to strengthen American power in all its dimensions.

Since 1945, regional power relationships have reflected the U.S./Soviet military balance. It was America's stragic superiority that enabled President Harry Truman to force the Soviets out of Iran and Turkey and to end the Soviet-supported revolt in Greece. This same superiority made it possible for President Dwight Eisenhower to support the Shah of Iran against Mohammed Mossedegh and to project forces into Lebanon in 1958.

When President John Kennedy challenged Khrushchev in Cuba, it was overwhelming strategic superiority that made it possible for U.S. conventional forces to work their will. In 1964, President Lyndon Johnson dispatched a sharp note to Ankara warning of the implications of a possible Turkish invasion of Cyprus. As unchallenged leader of the western world, America carried authority and the peace was preserved. And, just as American strategic power forced England, France, and Israel to desist from their attack on Egypt in 1956, it was the U.S. nuclear shield that allowed the Israelis to prevail against Egypt, Syria, and

Jordan without Soviet intervention in the 1967 Six Day War.

The Yom Kippur War of 1973 saw a new reality emerge—a decline in American power. Following initial Egyptian successes, Israeli forces counterattacked and soon threatened to destroy the Egyptian Third Army. Faced with the prospect of a client's defeat, the Kremlin dispatched messages to the White House threatening Soviet action if the U.S. did not force Israel to cease its attack. To support this challenge, the Soviets moved 96 naval vessels into the Eastern Mediterranean and readied airborne divisions for direct military intervention in the region.

The United States, suffering from unstable domestic leadership and declining military capability, had no choice but to withdraw support and force Israel to draw back from its encirclement of the Egyptian army. This display of weakness on the part of the United States had immediate and far-reaching consequences for Israel's future security. After nearly 35 years of effort by the Soviet Union, the long-held western monopoly over the Mediterranean side of the region was finally crushed.

Britain's withdrawal "East of the Suez" and the Soviet construction of a "blue water" navy combined to make western dominance of the Persian Gulf highly problematical. Moreover, the opening of the Suez Canal shortened the entry point of the Soviet navy into the Indian Ocean by nearly 9,000 miles, thereby encouraging many western observers to call for negotiations between the United States and the Soviet Union on the demilitarization of the Indian Ocean as a means of countering obvious Soviet advances.

Buoyed by this display of power—and pressured by the Soviet Union—"friendly" Arab countries used the "oil weapon" against the West. This act greatly undermined western economies, reduced their total defense budgets, and gravely threatened the political unity of the Free World, as governments sought to curry favor with both the Arabs and the Soviets. To make matters worse, the existence of the Palestine Liberation Organization—nothing more than a terrorist group—was finally given legitimacy.

This decline of America as a world power continued unabated throughout the decade of the 1970s. Not only has the Soviet Union seriously challenged America's traditional superiority in tactical nuclear, tactical air, and naval forces, but it has also acquired a several-year "window of opportunity" during which the Kremlin will be able to count on a net advantage over the United States in strategic-nuclear forces.

Without question, a strong America is the sine qua non of Israel's security. Without an America confident in herself and in her role as the principal defender of the Free World, Israel cannot survive growing Soviet influence in the Mideast.●

FAIRNESS FOR DAIRY FARMERS

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. ROTH. Mr. Speaker, I would like to call my colleagues' attention to proposed legislation to eliminate the April 1, 1981, adjustment in the dairy price support program.

The chorus surrounding this debate has, in my opinion, obscured the voice of the average dairy farmer, on whose behalf I take the liberty of speaking.

The average dairy farmer in Wisconsin enjoys a modest income from work which requires the milking of his herd twice a day, 365 days a year. In the spring and fall, he plants, tends and harvests grains with which to feed his herd. An average herd in Wisconsin is 37 cows. The average dairy farm income is $20,000 to $25,000. The dairy farmer depends significantly on receiving a just return for his on-farm investments in order to remain a viable producer. He is a high school graduate, whose father was most likely a dairy farmer. His wife works alongside him, and he usually employs no outside labor to operate his dairy farm.

This man is not a conglomerate, an agri-business; a corporate entity who merits scrutiny merely as a result of the size and scope of his involvement in an industry. He is a small businessman by every definition of the word. He wants to retain his independence despite: First, rising costs; second, Federal policies which act as a disincentive to the small farmer, and third, misunderstanding of his life's work as a "rich man's" occupation.

This dairy farmer provides a sound base for Wisconsin's rural communities through tax dollars which provide local schools, roads and public services. His careful stewardship of the land makes his livelihood an environmentally desirable use of natural resources.

Mr. Speaker, reductions in the price support program must be viewed in terms of their long- and short-term effects on farmers' income and dairy markets. A reduction in the level of the support price to approximately 75 percent would mean a reduction of 80 cents per hundredweight; a 6-percent reduction in the farm milk price. This would cut farmers' return for milk in Wisconsin by $182 million or $4,000 per farm annually, or for a 6-month period $91 million or $2,000. This could mean that farmers would increase milk production to make up for the shortfall in cash flow. Dollars would be needed to cover rising production costs. A reduction in farm milk prices alone does not guarantee a reduction in milk production, and it may actually cause an increase in milk production.

Current enthusiasm for cuts in the dairy program is questionable when comparison is made of the contemporary price of dairy products with the cost of other consumer goods.

Using 1967 as a base year, or 100, the all food index on October 1980 had advanced by 162.4 points—dairy products for the same period advanced by 132.4 points—29.7 points less than the all food price index.

Dairy products are a good buy today, and a better buy than they were 10 years ago. In 1970 it took 10.3 minutes of work to purchase one-half gallon of milk. Today it takes 8.7 minutes. In 1970 it took 15.1 minutes of work to buy one-half gallon of ice cream. Today it takes 14.6.

I urge my colleagues to investigate alternative methods of reducing Federal expenditures. Four factors contribute to the increase in milk production: First, ample feed supplies at reasonable prices; second, low beef prices which have slowed culling rates; third, a high number of replacement heifers, and fourth, a lagging economy. This growth in production can also be attributed to the depressed state of other agricultural sectors, such as beef and grain production, which persuade farmers to highlight the dairy-producing aspects of their operations in order to remain competitive.

Mr. Speaker, I hope we will not cut dairy price supports simply to realize a short-term budget objective. Real reform must be carefully considered and include all American agriculture commodity support programs.

I know that dairy producers are more than willing to bear their share of Federal expenditure reform; however, we must avoid the temptation to make the dairy support program bear an unfair burden of budget cuts, thereby inflicting an unfair hardship on the average dairy farmer.

Rather, let us make an examination of legitimate reductions in the structure of all commodity support programs so that equity can be restored and the small producer—no matter what his commodity—can anticipate continuity from his Government, fair prices for his products, and incentive to maintain his productive capacity.

LOCAL OPTION FOR HANDICAPPED MASS TRANSIT

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. BEDELL. Mr. Speaker, in the 11th hour of the 96th Congress, we had the opportunity to place into law a measure which our constituents have been crying out for: Regulatory relief for local governments in administering Federal mandates. Unfortunately, our colleagues in the other body failed to pass what we in the House had passed. I am referring to our effort to get the Federal Government off the backs of local government in the implementation of section 504 of the Rehabilitation Act of 1973, which provides that no handicapped individual shall be denied the benefits of any program or activity receiving Federal funding. I am reviving the effort to provide flexibility in serving mass transportation needs of the

handicapped, and to state more clearly congressional intent in this resolve.

The Department of Transportation's regulations as applied have provided for only one way for communities to meet the transportation needs of the handicapped. The regulation as they have been applied stipulate that communities' transit systems must be made fully accessible—even though to do so may be very costly and may only benefit relatively few handicapped persons, as suggested by a Congressional Budget Office report. The regulations imply that conditions are uniform throughout the country and that what is feasible to serve the handicapped in one part of the country is just as feasible in another. Section 504 as applied by DOT regulations does not allow for local flexibility and fails to recognize that every State and city is different. Even if funding were available to make buses accessible to the handicapped, there would still be difficulties associated with loading and unloading the handicapped. For instance: the time it takes and the disruptive effects it has on schedules; the disparities in weather and geography in different parts of the country and the constraints these levy on the handicapped at a bus stop. Difficulties which have resulted in a low level of handicapped ridership.

Rigid application of the Department of Transportation's section 504 requirements could very well lead to a circumvention of congressional intent of 504. As I mentioned earlier, 504's intent is to provide transportation services to handicapped persons—an intent which I certainly support and will work to insure. Forcing communities to carry out DOT's regulations that require lift-equipped buses, which are not cost effective, could result in a reduction or elimination of service. Recent cost estimates for complying with the regulations as they relate to transit systems range from $6 billion to over $8 billion excluding inflation. Such extraordinary costs are a significant factor in evaluating the desirability of a full system accessibility requirement for all transit systems. Costs of this magnitude establish a goal which may never be reached.

Fortunately, this does not have to be the case if we allow the intent of Congress to transcend DOT's restrictive and myopic regulations. My bill would allow local areas to pursue locally adopted alternative approaches for meeting the transportation needs of the handicapped. These programs must be approved by the Secretary of Transportation if they are: First, developed in consultation with members of the local handicapped community and elected local officials; second, serve the same areas and charge fares no greater than those charged the general public; and third, provide service within 24 hours in the first 2 years and within 6 hours in 4 years. In addition, congressional oversight is provided to insure that implementation is in accord with congressional intent and purpose.

A Congressional Budget Office study concludes that a larger number of handicapped persons could be served at less cost by specialized door-to-door service. I call my colleagues' attention to the example of a community in my district which was effectively serving the transportation needs of the handicapped until DOT rules that the program was not following the intent of 504. The Sioux City, Iowa, experience with private carriers demonstrated that the handicapped can be transported much more inexpensively than by lift-equipped conventional buses. A local firm, Wheelchair Transportation Inc., in conjunction with the Sioux City handicapped community has developed a viable alternative for handicapped transportation that is more effective, more efficient, less costly, and preferred by the handicapped. Yet DOT says "no" to their efforts while at the same time recognizing the viability and success of the venture.

In implementing President Reagan's pledge to provide for more regulatory flexibility and more cost-effective government services, let us start here with a proven program. Last session, the House approved this plan and it has been endorsed by handicapped organizations, State and local officials, and transit operators. I urge my colleagues to again support this measure. The text of the bill follows:

H.R. —

A bill to amend the Urban Mass Transportation Act of 1964 relating to mass transportation to meet special needs of the handicapped, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof the following new subsection:

"(d)(1) Any recipient of Federal financial assistance under this Act may submit a program respecting transportation of handicapped persons for approval by the Secretary. The Secretary, in consultation with the Architectural and Transportation Barriers Compliance Board, shall approve any program submitted under this subsection which the Secretary determines meets the requirements of this subsection.

"(2) The Secretary shall approve a program respecting transportation of handicapped persons who cannot reasonably use one or more modes of mass transportation service available to the general public under this subsection which—

"(A) provides that the recipient will provide transportation to such handicapped persons throughout the service area in which the recipient provides mass transportation to the general public;

"(B) provides that any requirement for preregistration for a service shall not place an undue burden on handicapped residents or handicapped visitors;

"(C) provides that, if the recipient charges a fare for transporting such a handicapped person, such fare will not be more than the fare charged by the recipient for transporting by mass transportation facilities and equipment a member of the general public a comparable distance;

"(D) provides that—

"(i) during the two-year period beginning on the date of approval by the Secretary of the recipient's program, the recipient will provide transportation to any such handicapped person upon request in less than twenty-four hours after receiving such request unless, in the case of a particular handicapped person, the handicapped person requests a longer period;

"(ii) during the two-year period beginning on the day after the last day of the two-year period referred to in clause (i) of this subparagraph, the recipient will provide transportation to any such handicapped person upon request in less than ten hours after receiving such request unless, in the case of a particular handicapped person, the handicapped person requests a longer period; and

"(iii) after the last day of the four-year period beginning on the date of approval by the Secretary of the recipient's program, the recipient will provide transportation to eligible handicapped persons upon request in less than six hours after receiving such request unless, in the case of a particular handicapped person, the handicapped person requests a longer period;

"(E) provides that the recipient will provide transportation to handicapped persons without regard to trip purpose;

"(F) provides that, where feasible, the recipient will also provide transportation, if requested by the handicapped person, to at least one person accompanying the handicapped person at a fare which is not more than the fare charged for transporting by mass transportation facilities and equipment a member of the general public a comparable distance; and

"(G) provides that the recipient will provide transportation to handicapped persons for at least the same time period for which the recipient provides mass transportation to the general public.

A recipient's program shall be deemed to meet the requirements of this paragraph with respect to a mass transportation corridor if the recipient provides accessible bus service in such corridor. The Secretary shall not approve a program under this subsection which does not comply with the requirements of this paragraph.

"(3) The Secretary shall not approve a program under this subsection unless (A) the community of handicapped persons for whom such transportation will be provided is consulted by the recipient in the development of such program, and (B) the program is developed in cooperation with responsible elected officials of local governments concerned.

"(4) A recipient may amend a program approved under this subsection if (A) the Secretary, in consultation with the Architectural and Transportation Barriers Compliance Board, determines that the program as amended complies with this subsection, (B) the amendment is developed in consultation with the community of handicapped persons for whom the transportation is being provided, and (C) the amendment is developed in cooperation with responsible elected officials of local governments concerned.

"(5)(A) The Secretary may not impose any requirements under this subsection which are in addition to the requirements set forth in this subsection respecting a program for

providing transportation of handicapped persons through facilities and equipment (other than facilities and equipment used by the recipient to provide transportation to the general public).

"(B) The regulations issued to carry out this subsection shall be kept to an absolute minimum.

"(6) If a recipient is complying with its approved program under this subsection, such recipient shall be deemed to satisfy the requirements of this section, the Architectural Barriers Act of 1968 (Public Law 90-480), and sections 502 and 504 of the Rehabilitation Act of 1973 as they relate to mass transportation of handicapped persons served under such program.

"(7)(A) If the Secretary makes a preliminary determination that a recipient with a program approved under this subsection is not complying with its program or with the requirements of this subsection, the secretary shall issue an order requiring the recipient to come into compliance.

"(B) If, after the ninetieth day following the date of an order under subparagraph (A) of this paragraph, the Secretary makes a final determination after notice and an opportunity for a hearing, that the recipient is not complying with its program or with the requirements of this subsection, the Secretary shall withhold not less than 25 per centum of the recipient's federal financial assistance under this Act until the recipient comes into compliance or agrees to take the necessary steps to achieve compliance.

"(8) Each recipient for which a program respecting transportation of handicapped persons is approved under this subsection shall annually certify to the Secretary that such recipient is complying with such program.

"(9) This subsection shall not apply—

"(A) to any new fixed rail system for the mass transportation of the general public which system is constructed after January 1, 1970, or to any other fixed guideway system constructed after the date of enactment of this subsection;

"(B) to the extension of any fixed guideway system for the mass transportation of the general public; and

"(C) to a replacement, major alteration, or major renovation of a station as part of a multiyear program for the replacement, major alteration, or major renovation of a usable segment of a fixed guideway system in any case in which the Secretary determines that in the replacement, major alteration, or major renovation of such segment it is technologically feasible, operationally practicable, and economically reasonable to make such station accessible or more accessible to handicapped persons, and that such replacement, major alteration, or major renovation (i) affects or could affect the accessibility of such segment, and (ii) has sufficient independent utility for the transportation of handicapped persons.".

SEC. 2. The appropriate authorizing committees of Congress shall conduct periodic oversight hearings on the effects of the amendment made by the first section of this Act, no less than annually for the first five years following the date of enactment of this Act, to ensure that such amendment is being implemented according to congressional intent and purpose. Such hearings shall include, for each such year, consideration of the effects of reducing the maximum amount of time in which service must be provided after request by a handicapped person under section 16(d)(2)(D) of the Urban Mass Transportation Act of 1964.

SEC. 3. Section 10723(b) of title 49, United States Code, is amended—

(1) by striking out "totally blind" in paragraph (2)(A) and inserting in lieu thereof "handicapped"; and

(2) by adding at the end of such section the following new paragraph:

"(3) For purposes of this subsection, an individual is handicapped if any mental or physiological disorder or condition or anatomical loss substantially limits such individual's ability to walk, see, hear, or learn.".●

A SALUTE TO THE WILLOW SPRINGS BEARS

HON. WENDELL BAILEY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. BAILEY of Missouri. Mr. Speaker, it is with a great deal of pride I tender this congratulatory address for the 12 members of the 1980-81 Willow Springs High School boys basketball team. The success of this group of athletes is unparalled in high school sports in my hometown of Willow Springs, Mo. The Bears on Saturday, March 7, 1981, reached the final game of the Missouri State class 2-A high school boys basketball championships. Although losing the title game to North Pemiscot County by a score of 51 to 49, the poise and discipline of these high school students excelled throughout the competition.

During the last 2 years, this group of basketball players have compiled a record of 55 wins and 8 losses. This record includes a third place finish in the Missouri State tournament in the 1979-80 season.

Mr. Speaker, in recognition of the Willow Springs Bears basketball team, I list below the names of the coaches, players, and managers of this superior team: Head coach, Gary Stanfield; assistant coach, Brent Colley; players: Joey Brasier, Steve Coatney, Ray Cook, Gary Godsy, Mark House, Matt James, Gary McElyea, Terry McElyea, Barry Newman, Darren Taylor, Tim Woodring, and Steve Worley; managers: Steve Bennett, Darren Brownfield, and Todd Cooper.●

NATIONAL FOREIGN LANGUAGE WEEK

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. BONKER. Mr. Speaker, as a member of the international education group formed by Representative LEON PANETTA, I would like to draw to the attention of my colleagues, National Foreign Language Week which was March 1 to 7.

Recognizing the need to correct Americans deficiency in international education, a Commission on Foreign Language and International Studies was established by Executive order on April 12, 1978. Upon reading their report, I was astonished to learn that 1 out of every 8 jobs in American industry and 1 out of every 5 jobs in American agriculture depend on international trade and yet only 1 in every 10 Americans can speak, read, or effectively understand any language other than English.

Johanna S. R. Mendelson, former director of the Joint National Committee for Languages, cogently expressed the need for foreign languages when she wrote:

A new direction for international education and foreign language studies has emerged among the educational priorities of the 80's. It is not a response to a single threat, but a recognition that America, to retain its national strength and vitality, will be faced with the challenges of economic interdependence, and political crises around the world, and whose solutions will require not the use of military might so much as a capacity to understand the languages and cultures of other global actors. Adding an international dimension to the current curriculum, courses in history, government, economics and foreign languages, will be enhanced by classes on international trade, agronomy, energy sources, and public health to mention just a few. The last decades of this century can require nothing less than an educational policy which recognizes these international needs, and chooses to deal with them as part of the priorities of this nation.

* * * foreign language training, and the study of international affairs, while long considered a basic educational priority, has never received adequate financial support or recognition as an essential component of school curriculum. At the same time, it grows more apparent that the ability to speak a foreign language and understand other cultures is an important tool in America's ability to conduct foreign policy, international trade and assess national defense. Language is a tool of communication, but it is also a source of cultural insight and understanding. Thus, the role of languages, and to Americans, the knowledge of foreign languages, will become increasingly important as the communication revolution continues to make information from other nations so accessible and as travel time to foreign countries is reduced so that the most distant foreign nation is only hours from our own frontiers.

Americans can no longer afford to live in an isolated world. As a world power and one which must become more competitive economically, our citizens must be equipped with basic language skills. One sure way to overcome existing cultural gaps between interdependent nations is to develop curriculums in our schools which encourage students to learn more about their neighbors, allies, and trade partners. This must be a national priority.●

WE CANNOT WORK TOO HARD TO IMPROVE SAFETY ON OUR HIGHWAYS

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. VENTO. Mr. Speaker, my colleague, Congressman JIM OBERSTAR, has been active in efforts to enact improved highway safety laws.

In February, Mr. OBERSTAR introduced H.R. 2052, legislation to improve the National Driver Register to assist the States in keeping bad drivers off the Nation's highways.

The February 1981 issue of Fleet Owner magazine profiled Mr. OBERSTAR and offered a summary of this legislation. I would like to share this informative and useful article with my colleagues in the House.

OBERSTAR: MAKING THINGS WORK

Even in the uncertain world of politics, it's a safe bet that the voters of the 8th District of Minnesota, which "stretches from the Canadian border clear down to the suburbs of the Twin Cities" knew exactly what they were doing when they returned Congressman James J. Oberstar (D-Minn.) to his fourth consecutive term in the U.S. House of Representatives.

Oberstar, who serves on the House Public Works and Transportation Committee and on the Merchant Marine and Fisheries Committee, is a gentleman who gets things done—quietly, deliberately, and always constructively. In fact, when an interviewer asks about his hobbies, he mentions working on repair and maintenance jobs around the house, splitting and sawing wood for the home fireplace with a bucksaw "that we just wrapped-up back in Minnesota and went from my father's farm to the airport, and brought it here," and of his great pleasure in the toil and rewards of gardening.

That same willingness to work for appropriate reward is being brought to bear on Rep. Oberstar's current legislative objective—the passage of a bill to modernize, speed up, and streamline the National Driver Register.

The NDR, which has been in existence in its old, clumsy, under-utilized form for more than two decades, was set up to provide a central listing of serious (and criminal) traffic offenders: ineligible drivers, drivers under suspension or revocation, drunk drivers, hit-and-run drivers, and drivers with other criminal traffic records. It also sought to list (and finally make illegal) the holding of multiple licenses from different states.

The old NDR collected such data from those states that wished to cooperate, and made it available to appropriate, authorized state licensing officials upon inquiry. Among its many disadvantages were: (1) at best, using the mails, an inquiring state had to wait two weeks or more for the data; (2) the data bank in Washington, administered by NHTSA, required constant updating from input by the various states; (3) by law, it could be employed by an inquiring state license authority only for the purpose of license issuance and renewal.

Back in 1977, Oberstar introduced a statute to try to bring the NDR into a more useful and effective state, but states' concern about cost, logistical problems, and individual prerogatives prompted postponement of the bill and a one-year DOT study of the entire problem.

With all that behind him, Congressman Oberstar sat amid the packing boxes and the bustling activity of his staff early last month and talked about the bill he will introduce now. (Thanks to his seniority, he has moved to a corner office in the Rayburn Building, but phone installations, placement of furniture and disposal of files still takes planning plus muscle.)

The new NDR, if the bill passes, will answer most of the complaints against the older version, and stands an excellent chance of eventually making the register an effective weapon against "the killer driver" (see "The Editor's Page" FO—1/81 and 5/80).

While the final draft was not yet written at the time of Fleet Owner's interview, the basics of the Oberstar bill will set up an online computer link among the 50 states and the NDR computer in Washington (with the help of federal funds); and eliminate the waste of duplicate (and possibly outdated) records in Washington by the institution of a "pointer" system that would direct an inquiring state to the state or states that had the requested data on file.

A minimum of data would appear in the Washington file: Name, state(s), social security number, and height, weight, and color of eyes.

Thus, a licensing authority in an inquiring state would ask the NDR computer for information on "John Doe." If the driver in question had convictions in one or more states for the designated offenses, the NDR computer would direct the inquiring state authority to the states that had reported having records on Mr. Doe. Time consumed: seconds, rather than weeks. Duplication of data and compilation of a "big brother" file: none. In fact, the Oberstar bill also provides for virtually immediate purging from the NDR list of names of drivers who have regained compliance with state laws.

That, too, says something about the way Oberstar works. He is and has been extremely conscious of any threat to individual privacy that might occur in the drafting of the bill. "Right now," he says, "It's getting a meticulous going-over by committee counsel to make sure it conforms to the federal privacy act." But he also notes, "It's hard to see how privacy is too great a question since we're dealing with people whose offenses are a matter of public—if not criminal—record."

Withal, Oberstar's experience includes acquaintance with the axiom, "Politics is the art of the possible." He planned to circulate the final draft to his colleagues on both sides of the aisle, and write to certain of his Congressional colleagues to invite co-sponsorship. "I see this as a completely bipartisan issue," he says.

The congressman, a genial, blond-haired man of medium height, comes by that broad view of life and politics honestly. While he's a small-towner ("I've been lucky, and done some things this boy from Chisholm never dreamed he'd do."), he was educated both here and abroad, and has lived in foreign cultures. He holds a bachelor's degree in political science from the College of St. Thomas, in St. Paul, Minn., and a master's degree in government from the College of Europe, in Bruges, Belgium, where he also minored in French. Those combined backgrounds led to a job in Haiti—teaching French and English—when he finished his schooling. Later, when he was about to leave for work in Africa on a Ford Foundation program, he stopped by the office of his congressman, Rep. John Blatnik, of the 8th District, in June 1963. Jim Oberstar didn't get to Africa that time. He joined the staff of Rep. Blatnik, subsequently became his administrative assistant, and, when the congressman retired, ran for his office (without regular party backing) and won.

Rep. Oberstar, who is a friend of Ken and Fran Nathanson, officers of "Citizens for safe drivers," a Washington-based organization that strongly and effectively campaigns for NDR, shares the Nathansons' concern for a more effective system.

"I wouldn't be surprised," he says, "to see the greatest benefit of the improved NDR come from its 'preventive' function. After all, if a driver with a bad record is asked by the fleet that is about to hire him to request his own records from NDR—and if he knows that the record will expose him—he won't be seeking a fleet driving job."

With regard to other transportation legislation, Oberstar also has some strong feelings.

Of the Motor Carrier Reform Act he says, "It's a major piece of legislation by the 96th Congress. Now, the challenge to the 97th Congress is to oversee its operation and conduct the oversight hearings we promised, and to make whatever adjustments that are proved to be necessary. After all, the act, like virtually every other act, is a series of compromises. We can't expect all those compromises to be equally desirable."

Of the state of highways: "I'm disturbed by the threatened cutbacks in the highway program that have been indicated by some members of the Reagan transition team. Our highways are the unique link that binds America, and their maintenance is a principal challenge to keeping both urban and rural America vital." Those highways, he points out, are also tied to the economic growth that the incoming administration seeks. He also notes that the Carter Administration withheld more than $1 billion of authorized highway funds of the $10 billion that exists in the Highway Fund.

While those concerns will occupy much of the congressman's time, he will also share it with his home and gardening work, and with his family. Jo, his wife, is a writer and mother of young Ted Oberstar, 12; Noelle, 11; Anne Thérèse, 7; and Monica, 5. Noelle, on a day off from school, was helping her father's staff move into the Rayburn Building office in early January. Dashing about in maroon corduroy slacks and yellow teeshirt, she went—with a total lack of self-consciousness—from courteous reserve as she was introduced to a stranger to the ebullience of a setter pup as she was invited to pitch in with the staff's unpacking chores.●

SUPPORT FOR MULTIPLE USE OF PUBLIC LANDS

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. RUDD. Mr. Speaker, the Federal Government controls over 80 percent of the land in the State of Arizona, and is thus our largest tenant. In concurrence with the President's commitment to reducing Federal control

over State and local matters, I believe the Federal Government should step back and heed the good advice offered recently by the State of Arizona Department of Mineral Resources Board of Governors. The board has unanimously urged the pursuit of a land management policy of multiple use, which I wholeheartedly support.

I wish to share their good advice with my colleagues at this point in the RECORD:

The resolution follows:

RESOLUTION

As a general principle, the Board of Governors of the Department of Mineral Resources supports multiple usage of any public land. Secondly, a mineral and water inventory must be taken before there are any permanent withdrawals into wilderness areas or any other restricted use areas.

Any proposal for withdrawal of public lands from multiple usage shall be supported by a sociological, economic impact statement, showing an analysis of the cost-benefit factors involved, and taking into account the effect on national security by the withdrawal of any potential strategic mineral resources.●

ANTI-SEMITISM IN ARGENTINA

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. HARKIN. Mr. Speaker, I would like to bring to the attention of my colleagues a recent article by Rabbi Morton Rosenthal, director of the Latin American Affairs Department of the Anti-Defamation League. He vividly reminds us of the continuing problem of anti-Semitism in Argentina and the inadequate human rights situation in that country.

I hope Rabbi Rosenthal's remarks will remain with us as the United States continues to grapple with the future of our human rights policy and the wisdom of supporting regimes as the one currently in Argentina.

I enter into the RECORD Rabbi Rosenthal's article "Argentine Anti-Semitism, Again" which appeared in the ADL Bulletin, the national publication of the Anti-Defamation League of B'nai B'rith in January:

ARGENTINE ANTI-SEMITISM, AGAIN

In the wake of the ominous resurgence of overt anti-Semitism in Argentina since July, 1980, there has been growing concern about the role and responsibility of the Argentine government in this sordid affair.

The outbreak of anti-Semitism, which paralleled similar events in Europe, followed a period of relative calm since October, 1979, when a bomb exploded at the Rabbi Guertzenstein Seminary causing considerable damage. Fortunately, the students were on vacation for the High Holidays, thus avoiding death and injury to many of them.

But after a nine month hiatus, a powerful explosion ripped through the O.R.T. Technical School in Buenos Aires during the first week of July. A second bomb, at the Bialik Central School, was found and deactivated. A month later, another bomb caused extensive damages to the Jerusalem Synagogue and its affiliated school. At the same time, numerous threats by telephone of bombs and of physical violence against individuals spread fear among members of the Jewish community. School principals were repeatedly forced to evacuate their students; fearful parents organized vigilante groups to stand 24-hour watch at Jewish school buildings.

D.A.I.A., the representative body of Argentine Jewry, appealed to public opinion and government authorities in an effort to halt the wave of terror. On July 9, it denounced the bombing of the O.R.T. school as a symptom of the recrudescence of "dark criminal forces of hatred and racial violence." On August 13, D.A.I.A. issued another public protest expressing "profound concern" over the escalating anti-Semitic violence evidenced by "a third bomb attack against Jewish schools in the short period of something more than one month."

In an urgent telegram, the D.A.I.A. asked the Minister of Education to guarantee the continuity of educational activity in Jewish schools. The Chief of Federal Police, who met with the Jewish spokesmen, promised to investigate the bombings. The D.A.I.A. leaders also asked that he halt the proliferation of anti-semitic and Nazi literature, which has become available at most bookstores and news stands in the capital.

Since the assurances of the police chief proved worthless, the Jewish leaders then secured an appointment with the Minister of Interior, General Albano Harguindeguy, who promised that the government would take steps to identify those responsible for the "attacks and threats against Jewish institutions" and to "avoid their recurrence." His assurances, however, also turned out to be of little value. Nobody was arrested. Nazi books remained on sale at the newspaper stands, and several serious incidents occurred in October.

In an act that D.A.I.A. denounced as "irrational violence motivated by a morbid anti-Jewishness," 70 tombstones were desecrated and destroyed at the Liniers Jewish Cemetery on October 20. A week later, Enrique Llamas de Madariaga, the host of the prime-time "Videoshow," used an interview with an Argentine Jew as a vehicle for spewing anti-Semitism over the airwaves. Through his questions and comments, he sought to portray the alleged moral defects of Jews by evoking the classic anti-Semitic stereotypes. The miserly Jew: "Why is it that Jews are so greedy?

. . . Why are there no poor Jews?" The disloyal Jew: "What are you first, Argentinian or Jew? . . . I don't know if there were as many Jews concerned for the victims of the earthquake in Argentina as contributed money during the Six Day War." The oppressing Jew: "Why don't you give land to the Palestinians? . . . For you Israel is the light; for me the Vatican. But the Vatican is not a belligerent state, like Israel."

The enormity of the anti-Semitic actions in recent months has evoked significant protest in the Argentine press. La Prensa, the country's most prestigious paper, stated: "We are forced to the conclusion that in our country we are experiencing a new outburst of Anti-Semitic activities such as we had sporadically in recent years." El Litoral of Santa Fe, in an editorial, called upon police officials "to halt the alleged and secret anti-Semitic plot . . . which is repugnant to popular sentiments and contrary to the institutional bases of the Republic." Clarin of Buenos Aires called for drastic reaction against such "racist expressions which sicken the Argentine consciousness."

IS THE GOVERNMENT RESPONSIBLE?

The Buenos Aires Herald has pointed to governmental responsibility for much of the anti-Semitism during the past four years. In an editorial on August 31 entitled "Disquieting Symptoms," it referred not only to the recent bombings of Jewish schools but to other anti-Jewish manifestations: the exclusion of Jews from positions of prominence, the fact that Jews in prisons are subjected to more severe mistreatment than Gentiles, and the fact that individuals stripped of their citizenship by the present government are mainly Jews. These facts, stated the editorial, are seen as "evidence of anti-Semitism in high official places."

La Presna's editorial cited governmental responsibility for "imprudent measures and actions, which neither rectify nor clarify, having emanated from official circles, causing us to be portrayed overseas in an equivocal attitude."

The Jewish weekly Nueva Presencia had a lead article on October 31, titled "Suspicious Impunity," which also linked the government to anti-Semitism. It alerted the Jewish community of Argentina to the potential danger of their being used as scapegoats for the severe economic and political crises the country is presently experiencing.

Objective analysis of the record during the past four years shows that the government has failed to prevent anti-Semitism when it could readily have done so or to punish those responsible for it. A prime example is the "Videoshow" broadcast, referred to above. It had been taped prior to broadcast on the government-owned station and submitted for approval to the government censor. Presumably it was also seen by Rev. Eduardo Vicente Miras, the priest appointed in August as "ecclesiastical counselor" to Channel 9, on which it was viewed. Nonetheless, the broadcast was made and Mr. Llamas de Madariaga was not charged with any wrongdoing. In the words of Rabbi Marshall Meyer of Buenos Aires: "I can think of no other country in the western world where such an interrogation could take place on the publicly-owned media—or, for that matter, on the privately-owned media either."

The problem is exacerbated by the proliferation of Nazi books, which help create a moral climate conducive to cemetery desecrations and other anti-Semitic activity. Only occasionally have the authorities reluctantly moved to ban the publication and sale of such books. It should also be noted that their efforts have been far less systematic and severe than those they have directed against leftist literature, which is not permitted to be sold in Argentina.

Less visible, but equally serious, is governmental complicity in what occurs behind prison walls and in security centers, where, generally immune to the light of publicity, Jews are singled out for special treatment. The ADL, Amnesty International, The Council on Hemispheric Affairs and other human rights groups have received first-hand confirmation of the fact that Jews are subjected to more inhumane treatment than are non-Jews.

One young man, for example, reported that in La Plata prison officials had apparently been indoctrinated in anti-Semitism as part of their training program. They frequently vented their anti-Jewish feelings

through vicious beatings and psychological abuse of Jews. On a certain occasion, an interrogator, he recalled, pulled out a swastika that had been hanging on a chain around his neck and dangled it in front of the young Jew's face, screaming: "We know you are Jewish, look who we are!"

Former prisoners report that large photos of Hitler, Nazi flags and music can be found throughout the state security system. Nazi methods are widely used to destroy the prisoners' self-esteem: "Whereas all the other prisoners were called by name, I was called 'la judia'" (the Jewess), related one of the survivors. Like many others, she asked that her name not be used because of fear of reprisal against family members still living in Argentina.

But not all who have emerged from the penal compounds have wrapped themselves in anonymity. Ana Maria Carreaga, a young non-Jewish woman, described her encounter with anti-Semitism in an Argentine concentration camp as something she would never forget. "Once we heard a dog barking in the corridor and someone ordering him back and forth and to wave his tail. We thought it really was a dog. But no, it was a human being, a young man who had to pretend to be a dog because he had committed the crime of being Jewish."

These events need to be viewed in the larger context of the international community's condemnation of Argentine human rights violations. The 10th General Assembly of the Organization of American States, meeting in Washington, considered, among other matters, the 266-page report of the Inter-American Commission on Human Rights documenting Argentina's dismal human rights record.

The Commission concluded that Argentine government authorities have violated human rights on a major scale "by means of the systematic use of torture and other cruel, inhuman and degrading treatment" and that they have "killed numerous men and women subsequent to their being placed in detention."

While in Argentina, the Commission made a special investigation of numerous allegations of anti-semitism which it had received. Although it found "no systematic overall policy of anti-Semitism by the Argentine government," the Commission concluded that, despite this, "Jews arrested by the authorities receive more severe treatment than do others."

The Argentine security forces take great pride in having successfully repressed acts of leftwing terrorism which were part of the social fabric in the 70's. Disinterested observers could anticipate that the now well entrenched security forces could effectively deal with rightwing acts of anti-Jewish terrorism.

Their failure to do so is additional evidence that the military government of Argentina, whether by acts of omission or commission, is responsible for anti-Semitism. Whether it will fulfill its duty to the Argentine Jewish community, by enforcing existing laws against anti-Semitism and fostering public recognition of Jews as full citizens of Argentina, remains a moot question.●

HAPPY 25TH ANNIVERSARY SALUTE TO ROSEMONT, ILL.

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. HYDE. Mr. Speaker, on Saturday, March 21, 1981, the village of Rosemont, Ill., will recognize officially its 25th anniversary at a gala celebration at one of the village's own monuments—the O'Hare Exposition Center.

Originally granted incorporation on January 20, 1956, the small municipality has used the talent and commitment of its residents and the foresight of its elected officials to become a model of efficient municipal management and a village that continually makes overwhelming progress.

In the past 25 years, Mayor Donald E. Stephens has guided the village from the days when it was only a homeowners' association plagued with floods on its tiny parcel of land, to become a major hub of convention, meeting, transportation, industrial, business, and entertainment activities—all located on 2½ miles of land resting between the city of Chicago and O'Hare International Airport.

Mayor Stephens and other village officials are to be applauded and commended for their outstanding service. Village trustees are unified in their dedication to progress. They include: Lorraine Clemmensen, board member for 8 years; Stephen Giles, Jr., board member for 22 years; Chester Kolaski, board member for 8 years; Hubert Langer, board member for 10 years; Steve Minale, board member for more than 9 years; and Leslie Scott, board member for 6 years.

The village's department heads are to be congratulated for their services: Toma G. Brashear, executive director, Rosemont/O'Hare Convention Bureau; Vito Corriero, superintendent, public works; Richard V. Drehobl, director, public safety; Deputy Mayor Anthony D. Esposito; James Freeman, manager, O'Hare Exposition Center; Ray Gold, finance officer; Jack Hasselberger, chief of patrol; Gary Hopkins, chief, fire suppression; Joe Rizzo, health officer; Anthony Rossi, village architect; August Sansone, purchasing coordinator; Isabelle Seib, receptionist; and Frances Stevens, village clerk.

Thomas J. Burko, village special counsel, and the law firm of Ancel, Diamond, Glink, Murphy & Cope, village legal counsel, have given the village outstanding service.

Also to be commended are the village's park board and school board members. Rosemont park board members include: President Ralph Dolce, Frank Bellissimo, Diane Frank, Camille Giuliano, and Jack Miller.

Rosemont's hardworking and effective school board members include: President Roger Kubitz, Mark Daly, Art Deutschman, Howard Lindberg, Scott Nelson, and Merlin Schultz.

The efforts of these dedicated public officials and many residents of the village have resulted in spectacular achievements for a town with a population of less than 5,000. These include:

Creating and making a success of the Nation's newest indoor stadium—the 18,000-seat Rosemont Horizon;

Creating and making a success of the award-winning 240,000-square-foot convention center—the O'Hare Exposition Center;

Constructing and administering an outstanding school—the Rosemont Elementary School, District 78;

Planning and building an expansive park district for the village which includes four parks, an Olympic-sized swimming pool, and a building with tennis and racquetball courts;

Planning and constructing a senior citizens complex, which includes eight buildings with 155 apartment units—rented to seniors at reduced rates, a 5,376-square-foot senior citizen recreation center, outdoor gazebos and landscaped walking areas, a recreational budget for the senior citizens club activities, and a new paramedic center located in the middle of the seniors' campus;

Plans for a new theater and a $31 million redevelopment project that includes a 1-million-square-foot shopping center which will create more than 6,000 new jobs, in addition to increased revenue, for the village.

In a day and age when we hear repeatedly of the myriad problems of many communities, we have in Rosemont a municipality with more solutions than problems. Rosemont has the lowest property tax in Cook County and plans to make it lower. Its assessed valuation is more than $100 million currently. Rosemont has an incredibly low crime rate among its residents—less than 1½ percent. Rosemont has guaranteed future income in the revenues which will be collected from its stadium, exposition center, and shopping center.

If a community or an institution can be said to be but the lengthened shadow of one man, then for Rosemont, that man is Mayor Don Stephens. His vision, his energy, and his faith have set a standard of excellence few can match.

Mr. Speaker, I know my colleagues join me today in saluting the village of Rosemont and Mayor Stephens for using ingenuity, imagination, and initiative to create an outstanding community. We wish Rosemont a very happy anniversary and many, many more years of prosperity and success.●

A CRITIQUE OF THE AUTOMOBILE INDUSTRY IN THE UNITED STATES

HON. ELWOOD HILLIS
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. HILLIS. Mr. Speaker, today Congressman WILLIAM BRODHEAD and I are releasing a report entitled "A Critique of the Autombile Industry in the United States: A report by the Congressional Auto Task Force." The report examines the auto industry over the last 10 years and in particular the events which led up to the near collapse of the industry in 1979 and 1980. The following is a summary of that report.

SUMMARY

During the last two years, the U.S. automobile industry has suffered one of its worst periods ever. This slump is obviously more than a cyclical downturn in automobile and truck sales which can be expected to occur periodically. Twenty-one hundred domestic car dealerships and 140 domestic supplier plants have gone out of business. Sales of U.S.-made cars and light trucks are at a 20-year low. Unemployment within the industry is near 200,000. Although some of this unemployment will be temporary, tens of thousands of jobs have been lost permanently.

Imports, particularly from Japan, have increased substantially and now account for over one out of every four cars sold in the U.S. The market penetration of imports has risen 10% in just two years (from 17.6% in 1978 to 27.3% in 1980). Further, the Japanese are in a position to not only hold their current share of the market, but to increase it even further in the next few years.

Profits of the four major U.S. manufacturers (GM, Ford, Chrysler, and AMC) have dropped sharply. The Chrysler Corporation has lost money in five of the last seven years and was able to avoid bankruptcy only through intervention by the federal government. Ford has failed to produce a profit from its U.S. sales since mid-1979. AMC has been able to survive only through substantial capital investment by Renault, which is owned solely by the French government. Even General Motors, the largest auto manufacturer in the world, lost money in 1980.

Perhaps the most alarming fact of all is that in 1980, for the first time in history, the U.S. was not the leading producer of automobiles. Last year Japan produced 3 million more units than the U.S.

To understand why the U.S. has lost its leadership in automobile production a careful review of the last decade is necessary. The 1970's saw a sudden and dramatic change in the entire worldwide automobile industry. In the early and mid-1970s, U.S. cars were being equipped with engines with displacements as large as 500 cubic inches. In 1970, gasoline sold for about 30¢ per gallon in the U.S.

Then, in October 1973, the OPEC nations flexed their muscles for the first time. The price of gasoline shot up to over 50¢ per gallon almost immediately. Gas shortages were common in many urban areas. Some states had to resort to "rationing" gasoline by allowing motorists to purchase gasoline only on even or odd days of the month—depending on the last digit of the license plate on the car.

By 1974, energy had become the most important issue facing the nation. President Ford urged Congress to develop a national energy policy. Unfortunately, speculation that the energy shortage was entirely contrived by the "Big Oil Companies" was increasingly accepted as fact.

In 1975, Congress passed its first major energy legislation: the Energy Policy and Conservation Act. That act is best remembered for two major provisions. First, it required that U.S. manufacturers increase the fuel-efficiency of cars. This was accomplished by establishing "fleet averages" for fuel efficiency. By 1985, U.S. manufacturers were to achieve a fleet average of 27.5 m.p.g.

The second major provision of the Act mandated the regulation of the price of petroleum and petroleum products. It was feared that, without federal regulation, oil companies would increase prices to artificially high levels and reap huge profits. The result, however, was to keep the price of gasoline artificially low and thereby encourage consumption.

As a result of the Energy Policy and Conservation Act of 1975, U.S. automobile manufacturers started a ten-year, multi-billion dollar effort to improve the fuel efficiency of cars. Yet the American consumer, reacting to low gasoline prices and ready supplies, continued to prefer the larger, less fuel-efficient cars.

The events of 1979–1980 can be explained as a confluence of many factors climaxing during this period.

In April 1979, the second major disruption of energy supplies occurred when Iran curtailed shipments of petroleum to the U.S. because of American support for the Shah, who had been overthrown in February.

Throughout 1980, the U.S. economy was in a recession. Unemployment rose, and interest rates and inflation reached record highs. The Consumer Price Index rose at a 20% rate in some months and interest rates set record heights, hitting a prime rate of 20% at one point. Consumer confidence and purchasing power dwindled.

It was not until the price of petroleum (and thus gasoline) was decontrolled in January 1981 that the U.S. government adopted a realistic policy toward the price of gasoline. Because the U.S. price of gasoline was kept below the world price, American consumers had lacked the necessary incentives to give up what had been a status symbol—the large fuel-inefficient automobile.

A second problem for the industry during the 1970's was federal regulation which forced automobile manufacturers to spend billions of dollars to improve the safety, pollution controls, and fuel-efficiency of the automobile. The cost of meeting all of the federally-mandated regulations reduced the profitability of the auto companies, particularly when sales began to fall.

Japanese auto manufacturers were able to take advantage of the changes in consumer demands because, in order to meet their own market conditions, they had already fully developed high-quality fuel-efficient cars. Further, due to higher productivity, a more favorable corporate tax structure, and stronger government support through the central bank of Japan, the Japanese have been able to modernize their manufacturing facilities more quickly than U.S. companies.

While the number of imported vehicles increased by 10% between early 1979 and 1981, almost all of that growth came from Japanese manufacturers.

Japanese manufacturers for years have enjoyed a substantial advantage over American companies in labor cost. While wage comparisons are difficult due to currency fluctuations and to the higher fringe benefits in Japanese auto manufacturing, the Japanese pay only slightly more than half what American auto workers are paid.

The Japanese have developed government policies which insure continued growth. Over the last decade, their growth in productivity has exceeded that of the United States. Therefore the growth of the automobile industry in Japan can be partly explained in terms of a more favorable economic environment.

As auto imports have increased since 1970, so has the number of Americans who depend on the import market for employment. Today there are tens of thousands of Americans who are employed in importing, selling, and servicing foreign-made cars and trucks.

The future of the U.S. auto industry is marked by uncertainty. With the situation in the Middle East remaining unstable, it is possible that events in that part of the world may lead to new shortages in gasoline and dramatic price increases. Regardless of what happens in the Middle East, the Department of Transportation estimates that the price of gasoline can be expected to increase (in current dollars) to over $3 a gallon by 1990. This will increase the demand in the United States for even more fuel-efficient automobiles.

The biggest change in the automobile industry in the 1980's may be in the production process. The internationalization of production facilities will mean that large corporations will mass-produce component parts in several countries. These parts will then be shipped to other nations for final assembly. By creating this global system of production, corporations will be able to meet local content requirements and take full advantage of economies of scale.

Through a combination of international production facilities and a worldwide demand for fuel-efficient cars, automobiles will become more homogeneous, with only slight differences between cars sold in Europe, Asia and the United States.

Any recommendations made to help the automobile industry, and to bring relief to its unemployed workers, should be directed toward meeting the goal of helping the U.S. auto industry to become competitive worldwide. U.S. manufacturers must be able to develop the design, the quality, the fuel efficiency, pricing structure to meet world standards. In order to accomplish this goal:

Federal environmental, safety and energy regulations must be examined and amended in order to balance the financial capabilities of the automobile industry with the capital requirements placed upon it in meeting those regulations, while still working toward the original goals of cleaner air and greater safety;

In the absence of a negotiated agreement, the U.S. should impose limits on the number of automobile imports coming into the country from Japan;

The federal tax code must be amended to encourage increased capital investments and faster amortization of capital business expenses;

Federal antitrust laws should be amended to allow U.S. automobile corporations to share newly-developed emission control, safety, and fuel-efficiency technology; and

Comprehensive programs to improve the economy must be enacted in order to im-

prove the confidence and purchasing power of the American consumer and reduce the cost of credit.

These recommendations will require a coordinated and comprehensive policy developed by the Congress and the Reagan Administration working with the auto industry and its unions.●

TRIBUTE TO TOM IORIO

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 11, 1981

● Mr. GARCIA. Mr. Speaker, I was not available earlier during the special orders regarding my good friend Tom Iorio. When I first came to Congress, Tom was a friend indeed. He guided me as it relates to understanding the significance of particular votes and generally guided me in the proceedings here in this Chamber.

As a fellow New Yorker, I am particularly grieved by his passing, and share with my fellow colleagues the sorrow so elegantly expressed earlier.●

CHILD NUTRITION

HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mrs. CHISHOLM. Mr. Speaker, chapter VII of the "Children's Defense Budget: A Response to President Reagan's Black Book" describes and analyzes the impact on the proposed budget reductions on the child nutrition programs. These programs include free lunches, snack programs at nursery schools and daycare centers, and reduced milk prices for schoolchildren.

A budget cut in child nutrition programs will eliminate many children who currently participate in the programs making them economically infeasible for most schools to operate.

Chapter VII is the final chapter in the Children's Defense Budget; and while groups such as CDF do not deny that the country has severe economic problems, many of these advocates of the poor maintain that the way to address the Nation's economic problems is not by eliminating programs so vital and essential to the well-being of our children. This is the point that CDF has tried to make in this budget and one that I hope my colleagues will keep in mind when deciding which of the many federally funded programs are expendable:

CHILD NUTRITION

Many poor children eat school lunch. In 1980, about 38 percent of all school lunches were served free to children whose families were below 125 percent of the poverty level ($10,270 annually). Another seven percent were served at reduced prices to children whose families fell between 125 and 195 percent of the poverty level.

Despite the Administration's claims that it is protecting children receiving free lunches, in reality all children now eating school lunches are threatened. The cuts proposed for the entire school lunch program are so deep that a number of schools may be forced to drop out of the program. In the process, needy children will lose access to school lunch. The proposed increase in costs to children of near poor working families will make school lunch prohibitive to many.

Cuts in the child care feeding program will diminish the food available to very young children in child care centers. It is difficult to claim that cutting close to $1 billion out of approximately $4.5 billion for child nutrition programs will not affect all recipients.

WHAT IS BEING PROPOSED BY THE REAGAN ADMINISTRATION

Proposed major cuts included	Estimated savings
1. A reduction of 37¢ a meal to support reduced-price meals.	Over $100 million.
2. A reduction of 18¢ a meal for "paid" meals served to children from families above 185 percent of poverty.	Over $400 million.
3. Expanding and making permanent $400 million in cuts that are now effective for FY'81 only, including 4½¢ in reimbursement reduction for free, reduced, and paid meals served at most schools, lowering eligibility for reduced-price meals, and adjusting reimbursement rates for inflation once a year rather than twice.	About $400 million.
4. Major reductions in reimbursement rates for child care centers participating in the Child Care Food Programs. Reimbursement rates in this program are tied to the school lunch reimbursement rates. When the school lunch rates are cut, so are the child care rates.	Uncertain.
5. Elimination of meal supplements (or snacks) from the Child Care Food Program.	About $65 million.
6. Verification of 10 percent of all applications for free and reduced price school meals by schools.	Uncertain.

WHAT IS THE IMPACT OF THE REAGAN ADMINISTRATION'S PROPOSALS

Schools may drop out of the program

Department of Agriculture studies show that each 1¢ increase in school lunch prices leads to a 1 percent drop-out of paying children. If large numbers of children drop out, the "unit cost" of producing each meal rises due to the loss of volume. Schools could then have significant difficulty in keeping their school lunch programs solvent. Consequently, numerous schools may be forced to drop out of the school lunch program if the Reagan Administration proposals are adopted. When schools drop out of the program, the poorer children are denied free meals.

Poor working families will suffer

The reduction of 37¢ a meal for reduced-price meals would be in addition to a 10¢ per meal reduction Congress implemented last session. The combined cuts would result in the price of school lunches to "near poor" children jumping from 10¢ before January 1, 1981 to about 60¢—a six-fold increase within one year. This will mean that some children simply leave the program. Other families will have to dig deeper into scarce resources so that their children can have lunches.

Child care center budgets will be slashed

Reimbursement for meals at many child care centers would be sharply reduced, including centers where a majority of the children are poor, since the rates are tied to those for school lunches. Support for meal supplements (or snacks), which constitute nearly half all meals served in child care centers and homes, would be completely eliminated. These snacks are nutritious, including milk or juice, bread, or similar items. Because young children cannot eat large quantities in one sitting, snacks are an excellent way to add important nutrients to their daily diet. Total elimination of all federal support for snacks will thus directly affect poor children and the centers serving them. Despite the Administration's claim that Head Start Centers will not be cut, this proposal would have a significant impact on their fragile budgets which also depend on the Child Care Food Program.

Administrative burdens for schools will increase

The proposal that schools verify 10 percent of all applications for free and reduced-price school meals would place major administrative burdens on schools without any evidence that it would save money. The Administration assumes a $75 million cost savings from this proposal despite past claims by the Department of Agriculture that such a proposal might actually increase costs.

Congress has just appropriated over $1 million for the Department to pilot test different approaches to verification to determine if it is cost-effective. It makes little sense to mandate verification before the tests are conducted.●

TRIBUTE TO THOMAS D. IORIO

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 11, 1981

● Mr. MAZZOLI. Mr. Speaker, I would like to join with my colleagues in the House of Representatives in paying tribute to Mr. Thomas D. Iorio, the former Deputy Sergeant at Arms of the House of Representatives, who died recently of lung cancer.

Tommy was more than a valued, loyal employee and officer of the House. Tommy was an institution.

He was always there to help when needed. He was particularly helpful to me during my early years in the House. He knew how the place operates and he was never too busy to give useful advice to a new Member.

His presence will be sorely missed by all of us who knew him and cherished his friendship.

I extend my deepest condolences to his family.●

BLUEPRINT FOR A HOUSE THAT WORKS: PART II

HON. TRENT LOTT

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. LOTT. Mr. Speaker, last Wednesday, March 4, I introduced House Resolution 100, the Committee Improvement Amendments of 1981, a package of seven House rules amendments aimed at making our committee system more efficient, manageable, and representative. I have since circu-

lated a colleague letter soliciting cosponsors, and will reintroduce the measure on April 15. In the meantime I direct the attention of my colleagues to my special order in the March 4 CONGRESSIONAL RECORD, beginning at page H785, in which I give a detailed explanation of my resolution and insert its text. I urge my colleagues to cosponsor this resolution.

Mr. Speaker, the central thesis behind my effort is that the congressional reform movement of the last decade has so dispersed powers in the House that we are today nearly powerless. With tangled committee jurisdictions, proliferating subcommittees, exploding staffs, and miniquorum and proxy voting rules, we are on the verge of legislative paralysis. Our House just does not work anymore. What is needed is a "Blueprint for a House that Works," a plan that will strengthen our committee system and make it possible for Members once more to carry out their legislative responsibilities in a conscientious manner. My committee improvement amendments address this problem by reducing the number of subcommittees and Member assignments, requiring fair party representation on committees, eliminating proxy voting and restoring majority quorums, strengthening our oversight procedures, eliminating joint referral of bills, and adopting an overall ceiling on committee staff at the beginning of each year.

Mr. Speaker, in this regard I was pleased to read the February 23 Time magazine "American Renewal" project. In its section, "To Reform the System," Time notes, as I have, that, "In fact, some of the problems afflicting the system today derive from various reforms undertaken—with the best of intentions—during the past decade." The article goes on:

These were primarily liberal reforms, designed to improve the way Presidents are elected and the way Congress deals with legislation. The chief target was "the bosses," the chief goal a more open political process. Only now that bossism has been largely overthrown can it be demonstrated that the party bosses performed a valuable function after all, that they were a corrupted form of a system known as representative democracy and that the new vogue for various forms of "direct" democracy could itself become undemocratic.

In its section on Congress, entitled, "The Cave of the Winds," Time recounts how our committee system has gotten so out of hand that, "there were 210 separate legislative entities in the House last year; out of 334 Democratic Members of the House and Senate, all but about two dozen were chairmen of something." The article goes on to note that congressional staffs have grown from 6,650 in 1960, to 17,700 last year.

I was especially pleased to note that Time recommended three changes that are included in my committee improvement amendments. To quote from the article:

The number of autonomous subcommittees should be sharply reduced, and so should the size of congressional staffs. The Speaker should be given the authority to designate one committee as primarily responsbile for a specific bill.

Mr. Speaker, while I cannot agree with all the recommendations made in the Time article, particularly the one advocating taxpayer financing of congressional election campaigns, I think the article is an excellent overall assessment of the current state of Congress. At this point I include those portions of the Time article relating to Congress and commend them to my colleagues' attention. The article follows:

[From Time Magazine, Feb. 23, 1981]

AMERICAN RENEWAL PROJECT

If there is one political belief that Americans cherish as an article of faith, it is the belief that their system of constitutional Government is the best ever devised by the mind of man. Yet an increasing number of citizens seem to share a contradictory view—that the system is not working. The evidence takes diverse forms. There are widespread demands for several differing constitutional amendments. And after the usual blizzard of declarations that every ballot is crucial, only 53% of the eligible voters went to the polls last November, the fifth voting decline in a row.

Opinion polls, the nation's favorite medium of public confession, document the erosion of Americans' faith in their system. Pollster Louis Harris has been asking over the years how many citizens believe in a series of statements like, "The people running the country don't really care what happens to you." The number who subscribe to this "index of alienation" has climbed steadily, from 29% in 1966 to 44% in 1972 to 58% today. The University of Michigan's Center for Political Studies asks opinions on similarly glum statements: "The Government is pretty much run by a few big interests . . . Quite a few of the people running the Government don't seem to know what they're doing . . ." The alienated again rise sharply, from 19% in 1964 to almost 60% today.

Just as Oscar Wilde once remarked that the youth of America is its oldest tradition, much the same could be said of complaints about the failings of the U.S. political system. George Washington grumbled that "the stupor, or listlessness with which our public measures seem to be pervaded, is, to me, matter of deep regret." Through all the criticism, the mere fact that the system has survived more than two centuries of turbulent change is the strongest possible evidence of its solidity. While the American way of Government has repeatedly stood accused of inefficiency, the best defense is that it was not designed for efficiency but for accommodation and consensus. That, indeed, is the key to its survival.

To some extent, the faults of the system can be blamed on the men charged with operating it. And perhaps their biggest failure lately has been the inability to formulate a coherent set of national priorities. The result: enactment of muddled programs because there are no clear objectives. Democratic Congressman Richard Bolling of Missouri, who hopes to establish later this year a bipartisan blue-ribbon committee on reorganization of the Government, believes that a new national consensus has been needed ever since the basic objectives and priorities began to blur about 15 years ago. That was the time, at the height of Lyndon Johnson's Great Society flourishes, when the polls began showing that increase in public alienation. "Lyndon Johnson forgot to ask for a tax increase to pay for the Viet Nam War," Bolling says wryly, "and that was the breaking point. In the absence of a broad overall concept, people retreated to their own interests. Society became fractionalized, and the interest groups exacerbated that. No President and no Congress can reorganize the Government now without a great deal of support from concerned citizens. Big Business and Big Labor also have to come together."

But even though some of the nation's problems derive from the questionable competence of its elected leaders, and even though some derive from the general uncertainty about where the U.S. should be heading, the fundamental question remains: If a first-class leader managed to reach the White House, and if he had a clear and persuasive view of the course he wanted to set, could he provide an effective Government? Or would "the system" doom him, as it doomed more than one of his predecessors, to a single term ending in bitterness and frustration?

CONSTITUTIONAL CURES

The creators of the Constitution never claimed that the document they drafted in Philadelphia in 1787 was immune to change. Not only did Article V authorize amendments by Congress and the states, but it also promised that whenever two-thirds of the state legislatures wanted to summon a new convention, they could rewrite the whole Constitution. Thomas Jefferson thought some such revision was needed once in every generation. "Alterations may at any time be effected . . ." added Alexander Hamilton in the 85th and last of the commentaries and cajolings that make up The Federalist. "The will of the requisite number would at once bring the matter to a decisive issue."

Alterations have indeed been effected, from the Bill of Rights (adopted in 1791) to the 13th Amendment abolishing slavery (1865) to the 26th and most recent Amendment (1971) lowering the voting age to 18.* The possibility of a new convention, however, has never been fulfilled. There have been attempts made—scores of them. In the early years of this century, 26 states petitioned for a constitutional convention to outlaw polygamy. In the past few years, 30 of the necessary 34 states have petitioned for a convention to require balanced budgets.

The founding fathers not only did not design a blueprint for the America of 1980 but had not the faintest idea what it would be like. Where the White House now stands, there were only a few empty meadows upstream from the barnyard where George Washington tried to breed new varieties of mules; Ronald Reagan's smog-filled Los Angeles was a tiny settlement of Spanish friars surrounded by thousands of miles of wilderness. The principal danger envisioned by

*There are fairly clear patterns. Of the twelve Amendments passed since 1870, six broadened the vote in various ways, three regulated technical aspects of the presidency, two began and then ended Prohibition and one permitted the progressive income tax.

those squires and merchants who had rebelled against King George was that of monarchy, and their remedy for that danger was the theory of checks and balances. "Ambition must be made to counteract ambition," said James Madison. The theory is reasonably sound, but as circumstances have changed and become more complex, the doctrine of separate powers can be partly blamed for the present imbroglio, a presidency unable to get any program through Congress unmauled and a Congress unable to get its wishes carried out by an entrenched bureaucracy.

Despite these shortcomings, however, radical surgery on the Constitution is not the answer. It is hard to imagine any major overhaul of the nation's fundamental charter that would not create more problems than it would solve. In fact, some of the problems afflicting the system today derive from various reforms undertaken—with the best of intentions—during the past decade. These were primarily liberal reforms, designed to improve the way Presidents are elected and the way Congress deals with legislation. The chief target was "the bosses," the chief goal a more open political process. Only now that bossism has been largely overthrown can it be demonstrated that the party bosses performed a valuable function after all, that they were a corrupted form of a system known as representative democracy, and that the new vogue for various forms of "direct" democracy could itself become undemocratic.

The founding fathers emphasized that the U.S. was a republic, which simply meant that they would bow to no king, but they had no intention of establishing a democracy, which most of them regarded as synonymous with mob rule. Thus they decreed that the President should be elected not by direct popular vote but indirectly by an Electoral College, and that Senators should be chosen by state legislatures (a method that was changed by the 17th Amendment of 1913). They did so not only because they feared the vicissitudes of what conservatives liked to call "the tyranny of the majority," but also because they wisely saw the values of circumspection and consensus. If every public issue can be submitted to an instantaneous plebiscite—a utopian (or nightmarish) possibility that cable television has now made technically possible—then there is little time and little impetus for thoughtful debate, for the analysis of dangerous consequences, or for the conciliation of opposing minorities. All of these are necessary for the formulation of policies that truly serve the public interest. All of them can best be achieved by a process known as intermediation, in which various groups of citizens and various layers of Government have an opportunity to shape and influence the raw expression of public opinion. This was one of the major purposes that the political parties once served, and that is why their influence needs to be restored in the presidential elections, in the operations of Congress and throughout the governmental process. The whole process depends on the building of coalitions; otherwise, the only rule of politics becomes the rule of every man for himself—the exact opposite of the purpose for which Jefferson said governments are instituted.

Though any alteration of the Constitution should be regarded with extreme caution, there is much else that needs to be done. Indeed, there is hardly a single element in the U.S. system that could not benefit by some serious scrutiny, some re-evaluation, some alteration.

THE CAVE OF WINDS

Most efforts to rationalize or reform the workings of Government come to an end, of one sort or another, in the wilderness of Congress. It was here, and not in the presidency, that the authors of the Constitution established the basic powers of Government. When Andrew Jackson first stated the modern notion that he represented the people, ex-President John Quincy Adams, who had been elected to Congress, shouted back from the floor of the house: "No, we are the representatives of the people!" The Constitution gives congress not only the basic authority to levy taxes and make war but also the power to reorganize—or refuse to reorganize—both the Administration and itself.

Congress has repeatedly given away its powers to importunate Presidents, then tried to snatch them back. In the Gulf of Tonkin Resolution of 1964, it told Johnson he could take any action he chose in Southeast Asia; in the War Powers Act of 1973, it told Nixon that he could not use force anywhere without its approval. All congressional efforts to assert executive authority, however, run afoul of the fact that a bicameral legislature of 535 members has difficulty making up its collective mind, particularly in tricky questions of foreign policy. Individually, too, the legislators are often vulnerable to local pressures—an outcry from Greek constituents agitated about the Turks, or New England trawlermen worried about fishing boundaries off Canada.

As with the presidential election process, a series of liberal reforms has made the problem considerably worse. Twenty-five years ago when the seniority system was supreme, Congress was ruled by a coterie of committee chairmen, many of them Southern, most of them aged and conservative, all of them proudly determined to have their own way. For all its occasional abuses, this system gave Congress a certain coherence; the White House knew whom to deal with, and the legislative leaders could speak for the membership. Today the chairmen are named by the party caucus and have to answer to their committee members—and therefore have little authority over them. Another of the reforms, however, decreed that each committee should have at least four subcommittees with independent chairmen and independent staffs. Result: there were 210 separate legislative entities in the House last year; out of 334 Democratic members of the House and Senate, all but about two dozen were chairmen of something. A related problem: the congressional staffers, accountable to nobody outside their own committees, have nearly tripled, from 6,650 to 17,700, since 1960. Their powers have grown proportionately. Smart lobbyists know that it is often as important to cultivate these virtually unknown administrative assistants as the Senators and Congressmen for whom they work, for it is the assistants who formulate many of the measures placed before the harried legislature. (The total of bills passed by the last Congress: 736.)

All the myriad subcommittee chairmen nourish dreams of getting on television, for the reforms that have brought direct democracy to the presidential process have had no less effect on Congress. Every Congressman must root around in the cabbage patch to finance campaigns that can easily cost $1 million,* and members of the House have to run every two years—which means, in effect, campaigning continuously.

Having raised their own money and defined their own issues, the new legislators arrive in Washington with understandably little loyalty to a President or party leaders who contributed less to their victories than did the host of new political action committees unleashed by the campaign reforms. Indeed, the organization to which they pay the greatest heed may well be the lobby or pressure group back home that used its money and its mailing lists to provide the decisive votes—and may do so again within a year or so. "We've got a different kind of person in the House today," says Congressman David Obey of Wisconsin, chairman of the Democratic Study Group. "Members today won't tolerate discipline. Campaign funding is dispersed and decentralized. We're being eaten alive by the single-issue groups."

The consensus of congressional leaders is that neither the House nor the Senate has the stomach for undertaking any drastic revision of the recent reforms. Still, there is considerable agreement on some things that need changing:

Federal campaign funding should apply to congressional races. All the arguments against fat-cat financing of presidential candidates apply much more strongly to congressional candidates. They have a harder time raising money and they are far more vulnerable to pressure groups. Federal financing seems a workable solution. And here, as in the presidential campaign, a portion of the federal funds should be funneled through the party organizations.

The leadership needs reinforcement. House Speaker Tip O'Neill inherited some of the powers that once belonged to the committee chairmen, but throughout the Carter Administration he had a hard time mobilizing the support for any presidential program. Here, too, the key question is money. The congressional leadership should have a strong say about how the parties reward cooperative Congressmen with federal campaign funds.

Procedures should be streamlined. The number of autonomous subcommittees should be sharply reduced, and so should the size of congressional staffs. The Speaker should be given the authority to designate one committee as primarily responsible for a specific bill. Overlapping responsibilities (the classic example: 83 committees deal with energy bills) should be eliminated.

Congressmen should serve longer terms. The Constitution makers were right in believing that the House should be closely responsive to the voters, and that the simplest way of assuring this was to have frequent elections. But the expense and effort of running for re-election are now so considerable that a term of four years instead of two is more reasonable. This would also help with another problem: Congress should plan further ahead so there is greater continuity of policy.

*The most expensive campaigns last year: in the Senate, Indiana's Birch Bayh spent $2.8 million losing to Dan Quayle ($2.1 million); in the House, California's Robert Dornan spent $2 million to win re-election against Carey Peck ($500,000).

It can be argued that such a change in congressional terms, which would require a constitutional amendment, should be accompanied by a limitation on the numoer of terms a Congressman may serve. (A one-term limit was informally imposed during the 19th century and nearly forced Abraham Lincoln from office.) The advantage of this would be the end of the notion that Congress itself is a profession or lifelong vocation. But it is probably still wiser to let the voters decide when their Representative should be retired.

ONE STEP TOO FAR

In most discussions of governmental reform, there is usually at least one voice urging that the U.S. should abandon the superannuated mystique of the separation of powers and adopt some form of the parliamentary system. That view has been vigorously presented by Carter Counsel Lloyd Cutler. In a speech delivered to the University of Texas Law School and published in Foreign Affairs, Cutler argued that the U.S. President "does not have the power to legislate and execute his program," and that only the parliamentary system enables a victorious party to "form a government."

Under the parliamentary system, a prime minister is chosen by the majority party in the legislature, which must then support the most important elements in his program. If the parliament balks at supporting the prime minister, a new government must be formed, either from within the parliament or by a new election. That system makes both a prime minister and his political party clearly responsible for all governmental policies, and it gives voters a fairly clear choice of whether to support the government or change it.

Almost every constitutional democracy established since World War II, including those launched under American auspices, has relied on this model more than on the U.S. system. But these nations have all found, in due course, that the parliamentary system also has its problems: it tends to create unstable, multiparty coalitions, and thus a relatively weak executive; and it offers no mechanism for correcting the malfunctioning of parliament itself. The French, after a chaotic swirl of 26 powerless parliamentary Cabinets in 13 years, junked the Fourth Republic in order to create the more American-style "presidential regime" proposed by Charles de Gaulle. It is a hybrid of this type that Cutler suggests. Specifically, he offers as an agenda:

(1) That the President and members of the House be elected to simultaneous four-year terms on an unsplitable ticket. This idea, which has been urged by Representative Jonathan Bingham of New York, would theoretically tie the legislators more closely to the winning President, but the benefits remain problematic.

(2) That the President draw 50% of his Cabinet from Congress, and that these appointees retain their congressional seats. Having officials in both branches of Government, now forbidden by Article I, Section 6 of the Constitution, would "tend to increase the intimacy between the Executive and the legislature and add to their sense of collective responsibility." Dual service, however, would also split the loyalty and therefore the effectiveness of the Cabinet-Congressmen.

(3) That the President be authorized to dissolve Congress once in his term, and call for new congressional elections. Congress similarly might be authorized to demand a mid-term presidential election. Either measure would greatly increase the instability of the system.

These suggestions have generally been regarded as impractical, both because of their nature and because of the number of constitutional amendments involved. The most fundamental objection, though, is to the parliamentary system itself, which works much better in a homogeneous state of moderate size than in a continental nation of increasing diversity. Congress, in particular, is so unwieldy that it is hardly in a position to take on increased executive responsibility, and presidential power needs to be reinforced, not vitiated. Basically, the road to improvement lies in making each branch work more effectively, not in blurring the distinctions between them.

A slightly less drastic step is the frequently heard proposal to limit the President to one six-year term. "No sooner does a President get into the White House than he begins thinking and acting for his re-election," says former Treasury Secretary William E. Simon, who is now engaged in a foundation study of presidential and congressional terms. "The net result of all this is to penalize the country as far as taking the tough decisions that will benefit the national interest." The argument is not persuasive. It is a misguided attempt to depoliticize the White House, to turn the President into a kind of civil servant, when the essence of governmental power is and should be political. More specifically, the question is: If a President is governing well, why force him out after just one term, and if he is doing poorly, why keep him in office for six years rather than four?●

TRIBUTE TO GLADYS SPELLMAN

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 3, 1981

● Mr. PANETTA. Mr. Speaker, I would like to take this opportunity to pay tribute to our former colleague, Gladys Noon Spellman.

Gladys was one of the most engaging and intelligent Members of this body, and it is tragic that her career has been cut short at such a young age. Her work on the Post Office and Civil Service Committee, which was of such vital importance to her constituents, was outstanding, and we will miss her knowledge in this and other areas.

While Gladys remains extremely ill at this time, I know that I express the feelings of each of my colleagues when I hope and pray for her rapid recovery. It is certainly going to be difficult for her congressional district to replace her, and we will miss her a great deal. But when Gladys recovers, we will expect to see her here often visiting her old friends.●

SPECIAL ORDER FOR THOMAS IORIO

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 11, 1981

● Mr. RUSSO. Mr. Speaker, it is with a great sense of loss that I pay final tribute to Thomas D. Iorio. What a fine gentleman he was.

The Italian American community in particular has lost a great friend who made us very proud of our heritage. His kindness, his consideration in addition to his professional achievements added to his stature. My own memory of Tom was his patience and his willingness to help bewildered young freshmen Congressmen, as I once was, to find their way around. He took the time to show you the ropes, to be concerned about you.

Through the years Tom's concern and dedication made him an outstanding Deputy Sergeant at Arms as well as a fine human being to know. We will miss him and his family has my deepest sympathy.●

SENATE—*Friday, March 13, 1981*

(Legislative day of Monday, February 16, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

The PRESIDENT pro tempore. Under the previous order, the Senate stands in recess until 12 o'clock meridian, Tuesday next.

RECESS UNTIL TUESDAY, MARCH 17, 1981

Thereupon, at 11:01 a.m., the Senate recessed until Tuesday, March 17, 1981, at 12 o'clock meridian.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. JEPSEN:

S. 712. A bill to further local and State efforts to conserve, protect, and enhance the Nation's soil, water, and related resources for a sustained agriculture, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. SASSER:

S. 713. A bill to amend the Internal Revenue Code of 1954 to provide a refundable tax credit to an employer who pays compensation to an employee for a period during which the employee is participating in Armed Forces training; to the Committee on Finance.

S. 714. A bill to amend the higher Education Act of 1965 to increase the eligibility of members of the military Reserves and of the National Guard for basic educational opportunity grants by $500; to the Committee on Armed Services and the Committee on Labor and Human Resources, jointly.

S. 715. To amend title 10, United States Code, to reduce from 60 to 55 the age at which a member of the Armed Forces may retire for nonregular service and to provide for such a reduction in the retired pay of such a member who retires before the age of 60 as may be necessary to avoid any additional cost to the United States; to the Committee on Armed Services.

By Mr. NUNN (for himself, Mr. CHILES, and Mr. SASSER):

S. 716. A bill to amend the Federal Property and Administrative Service Act of 1949 to permit State and county extension services, and any State agricultural experiment station, to obtain excess property from the United States; to the Committee on Governmental Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JEPSEN:

S. 712. A bill to further local and State efforts to conserve, protect, and enhance the Nation's soil, water, and related resources for a sustained agriculture, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

SOIL CONSERVATION ACT OF 1981

● Mr. JEPSEN. Mr. President, I am pleased to introduce the Soil Conservation Act of 1981. This bill is meant to accomplish several objectives vital to this Nation's conservation efforts: restore vitality to our conservation efforts; bring about full cooperation among local, State, and Federal Governments, agencies, and programs; encourage and maintain voluntary participation by farmers and ranchers; provide adequate incentives to promote widespread voluntary participation; and maintain fiscal responsibility. In other words, I am hopeful that such a program, once enacted, would bring about more bang for the bucks.

Mr. President, conservation of our croplands and rangelands is nothing more than the wise and prudent use of our productive lands, so that these lands can keep producing for us and our friends and allies around the world in the years to come. Unfortunately, we have not been able to conserve these lands at a rate necessary to sustain current production levels. This is not the fault of the private farmowner or operator. I am positive that with the proper advice supplemented by educational projects and adequate incentives, 99 percent of all farmers and ranchers would conserve the soil because they love the land.

In today's marketplace, however, where many struggle just to get by, a landowner has to make an extra special financial effort to conserve his land for future generations. Land is eroding today at a tremendous rate. Studies indicate that we are losing 4 billion tons of topsoil per year on non-Federal lands; half of that involves cropland. That is way above the level at which soil can be replaced through natural processes.

Several weeks ago, I introduced a bill which provides conservation tax credits for those landowners or operators who voluntarily install and maintain conservation practices on their lands. The bill I am introducing today is an addition to the voluntary participation concept, and the proposals in it are ones which should be presented to the Senate for discussion. I am not wedded to every aspect in the bill, but I am hopeful that these provisions will provide a forum for healthy discussion on the future of our conservation programs during farm bill hearings before the Senate Agriculture Committee March 20. The four titles of the Soil Conservation Act of 1981 are as follows:

Title I, which authorizes the Secretary of Agriculture to target conservation assistance in areas of the country that have been identified as having serious erosion problems. The Soil Conservation Service initiated the practice this year, and it is imperative that we encourage them to continue targeting areas where conservation needs are most severe.

Title II, which establishes a program of matching grants for local conservation activities so that every county can establish its conservation priorities and expand its sources of assistance. Over the past few years, many States as well as local communities have intensified their interests and investments in soil conservation. In my opinion, local communities are better able to measure the needs of local landowners, who are anxious to become involved in conservation programs. Under this title, the matching grants would be handled by a board composed of soil and water conservation districts and county agriculture stabilization and conservation committees.

In the past, these two committees have proven to be extremely capable in dealing with a wide range of conservation questions within their boundaries by channeling State and Federal information and assistance to people who need it, and helping to set priorities for conservation assistance programs. Title II of the Soil Conservation Act recognizes the good work and existing capabilities of these two committees. At the same time, it would provide greater coordination between these important groups in the future. The grants would fund noncapital expenditures in furthering the objectives set forth in a board's long-range program and annual work plan.

Many people interested in and supportive of the grants concept are unsure whether these grants should be handled by this type of board or a State soil conservation agency. I hope a fruitful discussion about these differences will emerge during the conservation farm bill hearings.

Title III authorizes the Secretary to continue the resource conservation and development program. The program allows States, local units of government, and local nonprofit organizations both the technical and financial assistance necessary to operate and maintain land and water conservation programs. Presently there are some 200 ongoing R.C. & D. projects. Title III would give the Secretary specific legislative authority to continue the program while targeting projects more specifically related to natural resource concerns.

Title IV authorizes the USDA to accept the services of conservation volunteers. Many individuals in the United States are committed to helping resolve natural resource conservation issues in their community, on either a State or national level. However, the USDA cannot accept this voluntary

service because of liability problems and because volunteers might be used to displace USDA employees. Title IV provides the necessary liability protection for volunteers and employment protection for USDA. It would result in more conservation on the land and provide satisfying voluntary service for many Americans.

According to Mark 4: 28:

The earth bringeth forth fruit of herself, first the blade, then the ear, after that the full corn in the ear.

This was true in Biblical times, it is true today, and it should be true hundreds of years from now. There is, however, an important point to remember. The land the Bible refers to, the land where agriculture first developed at least 7,000 years ago in the fertile valleys between the Tigris and Euphrates Rivers, is fertile no more. I can attest to its ravishment. Last year I visited this land which once held so much promise during a tour of the Middle East. Why are Egypt's lands now so impoverished? The people overgrazed and overused their lands, causing the rivers to fill with silt. The river waters entered the aquifers which were so desperately needed to irrigate the land; they clogged up, and the lands are cracked and spoiled today. We need to learn a lesson from history here. We need to learn that the time to conserve our future is now.

Granted, our technology is more advanced today than it was in the days of ancient Egypt. However, even though the United States has the best agriculture technology in the world, the best fertilizers, herbicides, and the most modern equipment, the basic and most important ingredient for providing abundant food to feed a hungry world is good soil.

We need to raise public awareness about the relationship between our export capabilities and the conservation of our productive agricultural base. The farm bill of 1981 provides us with an excellent opportunity to do exactly that. Hopefully, the Soil Conservation Act of 1981 will aid in this discussion.●

By Mr. SASSER:

S. 713. A bill to amend the Internal Revenue Code of 1954 to provide a refundable tax credit to an employer who pays compensation to an employee for a period during which the employee is participating in Armed Forces training; to the Committee on Finance.

S. 714. A bill to amend the Higher Education Act of 1965 to increase the eligibility of members of the military Reserves and of the National Guard for basic educational opportunity grants by $500; to the Committee on Armed Services and the Committee on Labor and Human Resources, jointly.

S. 715. To amend title 10, United States Code, to reduce from 60 to 55 the age at which a member of the Armed Forces may retire for nonregular service and to provide for such a reduction in the retired pay of such a member who retires before the age of 60 as may be necessary to avoid any additional cost to the United States.

INCENTIVES AND PROTECTION FOR THE NATIONAL GUARD AND RESERVES

● Mr. SASSER. Mr. President, we hear a great deal these days about the need to improve the defense readiness of this country. But the rhetoric seems to focus on the more popular subjects—the B1, the MX, the Rapid Deployment Force, and the like. Unfortunately other defense issues tend to get shoved aside as the media concentrates on these other subject areas.

But, I would remind my colleagues that it is often the less popular defense issues that we need to bring into focus. I would like to discuss one of these issues today—the role of our Nation's National Guard and Reserve Forces.

All too few people realize the importance of our Nation's Guard and Reserve. In the Army, for instance these elements make up 53 percent of all the combat battalions and 60 percent of the combat service support units. It is simply a military reality which has been expressed often by the Army Chief of Staff that the Active Army could not successfully be committed to a wartime task in Europe without the assistance of combat and support forces of the National Guard and Reserve.

Despite the major role assigned the Guard and Reserve, however, defense policies of the last 10 years have shortchanged this vital element of our national defense.

In 1970, then-Secretary of Defense Melvin Laird outlined a new "Total Force Policy." An integral part of this post-Vietnam policy was to be a substantial improvement in the readiness of the Guard and Reserve so these elements could assume a larger role in our national defense. In the succeeding years, however, while the Guard and Reserve were assigned these expanded tasks, defense budgets failed to properly equip these elements for the new combat role. And so today, the Guard and Reserve is ill prepared to fight, burdened with aging equipment and material shortages.

For instance, the Guard and Reserve are short 386 tanks necessary for deployment; short 3,000 trucks; short 570 artillery pieces; short 2,300 personnel carriers. Similar shortages and deficiencies exist in the Air Guard and Naval Reserve.

In my opinion, Mr. President, there is no more important defense priority than equipping our National Guard and Reserve units. We must get on with the job; each year these procurements are delayed it will only cost the taxpayers more.

But, Mr. President, equipment is not the only area of high priority. We must provide incentives and policies which will enable us to secure and retain the necessary manpower for the Guard and Reserve. Last year the Congress passed several measures designed to improve National Guard and Reserve strength. But all elements of the Guard and Reserve are still 150,000 personnel short of wartime requirements. Simply we must do more to provide for incentives for service.

Today, I am introducing three bills which would provide some additional incentives and protection for members of the National Guard and Reserves. These bills are identical to the measures introduced in the House by the distinguished gentleman from Iowa, Mr. BEDELL.

The first bill would increase the eligibility of members of the Guard and Reserve for basic educational opportunity grants by $500. This will provide an added higher education incentive for guardsmen and reservists. The second bill provides authority to reduce the retirement age from 60 to 55. This bill should assist in the retention of personnel. The last bill provides a tax credit to an employer who pays compensation to an employee who is away for annual training with his unit. This measure provides an incentive for improved participation in the Gaurd and Reserve.

Mr. President, I have touched on only a few of the issues affecting the readiness of our Nation's Guard and Reserve. I believe it is urgent that we begin to reequip these forces for the task which they are assigned. In addition we must improve the ability of the Guard and Reserve to attract and retain the necessary personnel. I hope that the approach I have outlined today will provide a small first step toward these goals.●

By Mr. NUNN (for himself, Mr. CHILES, and Mr. SASSER):

S. 716. A bill to amend the Federal Property and Administrative Services Act of 1949 to permit State and county extension services, and any State agricultural experiment station, to obtain excess property from the United States; to the Committee on Governmental Affairs.

FEDERAL SURPLUS PROPERTY ACT AMENDMENT

○ Mr. NUNN. Mr. President, I rise today to introduce legislation on behalf of myself, Senator CHILES, and Senator SASSER which I believe will correct an inadvertent oversight in existing law. During the course of the 94th Congress, we passed legislation to consolidate and update the Federal surplus and excess property programs. This legislation was ultimately enacted as Public Law 94–519 "to establish an orderly, efficient, and fair system for distributing by donation Federal surplus personal property to public and nonprofit institutions for uses of a public character." In general, I believe that this reorganization of the manner in which the Federal Government disperses its property has been successful; however, as this legislation was being developed, an inadvertent omission was made which should be remedied. It was not the intent of Congress to exclude the Agricultural Extension Service from acquiring excess property. We found no clear evidence that would support a specific intention by Congress to deny the

Extension Service the right to acquire excess property.

Since being established by Congress to disseminate agricultural information throughout the United States, the State extension services have been viewed as an educational arm of USDA. They operate from funds appropriated in the Federal budget for this specific use with matching funds provided by the State and local governments. Until the enactment of Public Law 94–519, the State extension services have been utilizing Federal excess property in increasing amounts each year. Since formal access was established by the General Services Administration in 1966, it had become a reliable and valuable source of supplies and equipment which supplemented the annual Federal appropriation.

Over the last several years, the State extension services obtained Federal excess property at rate exceeding an average of $6 million in inventory value annually. The loss of access to this property has had the same effect as a reduction in the annual appropriation to the U.S. Department of Agriculture for conducting educational programs in agriculture, home economics, rural development, and consumer affairs. Now a larger portion of the appropriate funds must be used to purchase items previously obtained from Federal excess property. We agree that in the strictest sense the Agricultural Extension Service is not a Federal agency, nor should it be considered as a grantee. In fact, the Extension Service is the educational agency of the U.S. Department of Agriculture and serves as the national office for the U.S. Cooperative Extension Service System.

The national system includes a Cooperative Extension Service by that name, or "Agricultural Extension Service" at each of 52 land-grant universities, and staffs in nearly all U.S. counties. The name "cooperative extension" derives from financial and administrative arrangements involving three levels of Government—Federal, State, and county.

Through this unique network of Federal-State-county relationships the Agricultural Extension Service conducts educational programs of significance in achieving local, State, and national goals. Within the nationwide system, research results of the land-grant universities agricultural experiment stations, and USDA research agencies are directed toward solving problems of the American people.

Since State extension services are neither Federal agencies, nor grantees, Public Law 94–519, as it is presently written, does not recognize their unique relationship with USDA. The net effect of this omission has been to deny continued access by these offices to federally owned property for use in approved official programs of the U.S. Department of Agriculture. Instead, such property is being donated to the State agencies for surplus property where it is subsequently given to State and local agencies and certain nonprofit organizations.

I wish to point out that I have also included the agricultural experiment stations in this bill as desirable participants in the Federal excess property programs.

The experiment stations, pursuant to the Hatch Act of 1887, conducts field research into agricultural crop and soil problems, as well as aiding in the development of new, hybrid crops.

The research findings of the experiment stations are disseminated to the public through the Extension Service. As such, the programs of the Extension Service, and the experiment stations, have become an intrinsic and valuable part of the life of rural America.

The desire to acquire Federal excess property by the Agricultural Extension Service, and the agricultural experiment stations, is an important concern. To help assure the ongoing successes of these two fine programs I ask for the enactment of this proposed bill to amend Public Law 94–519 which will cost no Federal dollars and will restore the excess property utilization program as we originally intended.●

ADDITIONAL COSPONSORS

S. 139

At the request of Mr. HATCH, the Senator from North Dakota (Mr. ANDREWS) was added as a cosponsor of S. 139, a bill entitled the "Comprehensive Health Care Reform Act."

S. 140

At the request of Mr. HATCH, the Senator from North Dakota (Mr. ANDREWS) was added as a cosponsor of S. 140, a bill to provide for a national blood program, and for other purposes.

S. 234

At the request of Mr. HATCH, the Senator from Utah (Mr. GARN) and the Senator from North Dakota (Mr. ANDREWS) were added as cosponsors of S. 234, a bill to amend the Public Health Service Act to encourage the establishment of home health programs and to amend the Social Security Act to provide expanded coverage of home health services under the medicare and medicaid programs.

S. 348

At the request of Mr. HATCH, the Senator from South Carolina (Mr. THURMOND) and the Senator from Utah (Mr. GARN) were added as cosponsors of S. 348, a bill to authorize a youth minimum wage differential under the Fair Labor Standards Act of 1938 and for other purposes.

S. 443

At the request of Mr. DANFORTH, the Senator from Maine (Mr. COHEN), the Senator from Idaho (Mr. MCCLURE), the Senator from Utah (Mr. GARN), and the Senator from Nebraska (Mr. ZORINSKY) were added as cosponsors of S. 443, a bill to clarify the limits of the authority of the Department of Education.

S. 517

At the request of Mr. BENTSEN, the Senator from Texas (Mr. TOWER), the Senator from Missouri (Mr. DANFORTH), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 517, a bill to amend the Clean Air Act to provide for further assessment of the validity of the theory concerning depletion of ozone in the stratosphere by halocarbon compounds before proceeding with any further regulation of such compounds, to provide for periodic review of the status of the theory of ozone depletion, and for other purposes.

SENATE JOINT RESOLUTION 20

At the request of Mr. SASSER, the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Maryland (Mr. SARBANES), and the Senator from West Virginia (Mr. RANDOLPH) were added as cosponsors of Senate Joint Resolution 20, a joint resolution to designate the month of April 1981 as "Gospel Music Month."

SENATE JOINT RESOLUTION 28

At the request of Mr. HATCH, the Senator from South Carolina (Mr. THURMOND), the Senator from Montana (Mr. MELCHER), the Senator from Rhode Island (Mr. PELL), the Senator from New Mexico (Mr. DOMENICI), the Senator from Iowa (Mr. GRASSLEY), the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Tennessee (Mr. SASSER), the Senator from Virginia (Mr. WARNER), the Senator from Pennsylvania (Mr. HEINZ), and the Senator from Ohio (Mr. METZENBAUM) were added as cosponsors of Senate Joint Resolution 28, a joint resolution designating the week beginning March 8, 1981, as "Women's History Week."

SENATE RESOLUTION 95—SUBMISSION OF A RESOLUTION RELATING TO THE MULTILATERAL REDUCTION IN EXPORT SUBSIDIES

Mr. DANFORTH (for himself and Mr. BENTSEN) submitted the following resolution which was referred to the Committee on Banking, Housing, and Urban Affairs:

S. RES. 95

Whereas the expansion of exports by the United States benefits both our domestic economy and our national security;

Whereas export financing by the Export-Import Bank of the United States has increased our exports and has helped make American products competitive with those of other nations;

Whereas some foreign countries have engaged in unfair export financing subsidization to promote the purchase of their exported goods, including the use of mixed credit financing packages where foreign aid is used to supplement official export credits to achieve rates below those which can be charged by the Export-Import Bank;

Whereas although the United States and other nations have engaged in painstaking, lengthy negotiations to restrain credit competition and the use of export subsidies, such unfair practices still persist; and

Whereas the President of the United States,

in order to promote a healthy national economy, has proposed cuts in federal spending, including the financing authority of the Export-Import Bank; be it therefore

Resolved, That it is the sense of the Senate that the President of the United States should immediately undertake to ensure that United States exports will not be at a competitive disadvantage by bringing other nations into parity with the proposed financing authority of the Export-Import Bank;

That it is also the sense of the Senate that the President of the United States should engage in such discussions and negotiations as are necessary to conclude promptly international agreement on the reduction of the use of export subsidies and bring to an end unfair export subsidies by other nations; and

That it is also the sense of the Senate that in the event negotiations and discussions to end discriminatory and unfair export subsidy practices by other nations are unsuccessful, the President of the United States should consider the use of other measures, as necessary, to achieve competitive parity with other major exporters.

● Mr. DANFORTH. Mr. President, today Senator BENTSEN and I are introducing a Senate resolution which is of great importance to our Nation's future as an exporter. The purpose of the resolution is to express the sense of the Senate that President Reagan should take the steps necessary to encourage the reduction of export subsidies around the world and, in particular, to bring other nations into parity with the United States in the area of international export financing.

In recent years, exporting nations all over the world have engaged in an escalating credit war. The official credit agencies of exporting countries aggressively compete with each other to offer the best possible credit terms to the customers buying their country's exports. This credit competition leads directly to inflationary and costly subsidization of exports.

The United States, represented by the Department of Treasury and the Export-Import Bank, and 21 other nations are pursuing negotiations under the auspices of the Organization for Economic Cooperation and Development (OECD). These negotiations have been lengthy and progress has been slow. The negotiations seek, among other things, to improve and update the established credit arrangement which sets interest rate floors and limits on loan maturities. We are also negotiating for international agreement that the credit arrangement will be periodically reviewed and adjusted fairly as economic conditions change.

Last December the negotiations broke off without agreement on the crucial issue of the international interest rate floors for exports. The United States, Canada, Japan, and a number of European nations favor a system which would reflect more realistically changes in the international credit market. However, a small group of other nations lead by France are unwilling to accept such necessary reforms to the current system.

There are, of course, other issues outstanding, but the negotiations essentially come down to the search for a way to establish internationally accepted guidelines for the extension and notification of credit terms for exports. This search is extremely important. In the last several years, we have seen a more liberal use of mixed credit financing packages by foreign official credit agencies, where foreign aid is blended with official export credits. This further complicates the export financial picture. Mixed credit financing packages directly inject geopolitical objectives into the international export-import market in a manner which, in the long run, will almost certainly have a detrimental effect on all nations.

The President's economic recovery program includes cuts in the lending authority of the Export-Import Bank, representing unilateral action by the United States to reduce the Bank's authority to finance exports to foreign countries. The resolution I am introducing today would express the sense of the Senate that the President should make every effort, through the OECD negotiations and otherwise, to bring the export financing practices of other countries in line with those proposed to be implemented for the Export-Import Bank.

Unfair export subsidization and the growing tendency to use export subsidies as a tool of foreign policy work to the disadvantage of us all.●

NOTICES OF HEARINGS

COMMITTEE ON THE BUDGET

● Mr. DOMENICI. Mr. President, the Senate Budget Committee will meet to mark up a second revised budget resolution for fiscal year 1981, incorporating fiscal year 1982 reconciliation instructions during the week of March 16–20. The opening session will begin at 2 p.m. in room 6202 of the Dirksen Senate Building and will run until 10 p.m. that evening. For the remainder of the week, the committee will meet from 10 a.m. until 10 p.m., also in room 6202.

For more information, contact Mr. Bill Stringer of the Budget Commitee staff at 224–0538.●

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH, AND RULES

● Mr. DANFORTH. Mr. President, the hearings previously scheduled by the Subcommittee on Federal Expenditures, Research, and Rules of the Committee on Governmental Affairs to identify the Federal programs, laws, and regulations which impose the greatest paperwork burdens on the American people have been rescheduled to begin at 9:30 a.m. on March 18, 1981. The hearings were scheduled at 10 a.m. on March 18. They will be held in room 3302, Dirksen Office Building.●

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

● Mr. DOMENICI. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of public hearings before the Subcommittee on Energy Research and Development on the Department of Energy authorization for fiscal year 1982.

The hearings will be held in room 3110 of the Dirksen Senate Office Building as follows: Monday, March 23 at 10 a.m., fossil and environment; and at 2:30 p.m., solar and conservation; Monday, March 30 at 2:30 p.m., magnetic fusion, inertial fusion, geothermal, electric energy systems, nuclear materials security and safeguards; Wednesday, April 1 at 2 p.m., nuclear programs; and Friday, April 3 at 2 p.m., U.S. Synthetic Fuels Corporation, alcohol fuels. Testimony will be received from administration witnesses.

For further information regarding these hearings, you may wish to contact Mr. Paul Gilman at 224–4431.●

ADDITIONAL STATEMENTS

SVEN E. WIIK ELECTED TO NATIONAL SKI HALL OF FAME

● Mr. ARMSTRONG. Mr. President, a resident of Colorado, Sven E. Wiik, was elected to the National Ski Hall of Fame on February 28, 1981. From the time of Mr. Wiik's arrival in the United States in 1949, few persons have had a greater impact on the skiing sport than he.

As the ski coach at Western State College in Gunnison, Colo., for 19 years, he helped at least 12 members of his teams qualify to represent this Nation in Olympic and FIS competition. A dozen coaches working with young skiers in high schools, colleges, and community programs around the country developed their knowledge of and love for the sport while working with Mr. Wiik at Western State College. It was also at WSC that he helped gain the NCAA's acceptance of skiing as an intercollegiate sport.

Sven Wiik has also served in many capacities for the Rocky Mountain Division of the U.S. Ski Association and continues to serve as a director of the Steamboat Springs Winter Sports Club junior cross country program, which he helped start in 1958. At his Scandinavian lodge in Steamboat Village, he still conducts his Thanksgiving Cross Country Clinics, which he started in Gunnison and Crested Butte in 1957.

His achievements include service on the U.S. Olympic Ski Games Committee, the Olympic Organizing Committee for the Lake Placid Olympics, and the NCAA Ski Rules Committee. He was a coach of three different U.S. ski teams in international competition and still operates the Werner Mountain Training Center in Steamboat Springs.

Mr. President, I commend the U.S. Ski Association for its very wise selection of Sven E. Wiik for its Hall of Fame and am

proud to call his accomplishments to the attention of my colleagues.●

THE CRISIS IN EL SALVADOR

● Mr. KENNEDY. Mr. President, by the end of this month we will have 78 American military personnel in El Salvador. As the Reagan administration announces a second $25 million military assistance package to this embattled country, more and more Americans are disturbed by the unqualified support for El Salvador's ruling junta—even if it is cast in the light of East-West competition in the Central American arena.

Before more American lives and dollars are committed, the people of the United States deserve to be fully informed about the reality within El Salvador and the implications of a course that sees a military solution to the political crisis there. Therefore, I urge examination of the two-part series of articles by Karen DeYoung appearing Sunday and Monday, March 8 and 9, in the Washington Post, which provide a thoughtful background on the current crisis in El Salvador, and our involvement in it.

Mr. President, I ask that Karen DeYoung's two-part series of articles from the Washington Post be printed in the RECORD.

The material follows:

EL SALVADOR: A SYMBOL OF WORLD CRISIS

(By Karen DeYoung)

On the morning of Oct. 15, 1979, a group of young Army officers in El Salvador informed their president and commander-in-chief, general Carlos Romero, that he had until 3 p.m. to turn over the government and leave the country. The ultimatum spelled Romero's doom and an embryonic foreign policy crisis for the United States.

Romero consulted the U.S. Embassy, his headquarters and regional commanders. Finding he had no support, the general and his aides packed their bags and were gone without a shot being fired.

Three days later a new government composed of two relatively unknown Army colonels and three civilians presented itself to the Salvadoran people and proposed a bargain. After nearly five decades of right-wing military dictatorship and domination by the rich, they pledged radical changes in the country's "social and economic structures," political pluralism and an "immediate end" to military corruption and repression of the left and peasantry.

In return, this new junta asked only "patience, understanding" and the confidence of the Salvadoran people.

Thousands of miles to the north, middle-level State Department officials, who had feared an imminent takeover of the Central American republic by leftist guerrillas, breathed easier. The Carter administration issued a statement pronouncing itself "encouraged."

Today, 16 months after that relatively obscure event, the tropical backwater that Spanish Catholics named after "The Savior" is the front line in the world's principal power struggle. Two successive U.S. presidents have made it a leading foreign policy symbol, and many Americans, their concern over little-understood wars in little-known lands reawakened, are beginning to fear their sons may be asked to die on its volcanic slopes to preserve freedom in the Western world.

With a suddenness that has stunned many in this country, Ronald Reagan and Alexander M. Haig Jr. have defined El Salvador's insurgency as a conflict with global meaning, asserting that Cuban adventurism and "international terrorism" have created a crisis in America's "front yard" that must be confronted. U.S. allies have been put on notice that El Salvador is the first important test of their willingness to cooperate with Reagan.

White House officials, while denying that the new administration was looking for an early crisis to show its toughness, agree that El Salvador's problems provided a "fortuitous coincidence" for just such a demonstration. El Salvador, these officials say, is "the first step" in a conscious effort to "repair" America's image abroad and to project a determination to control world events in a way that the Carter administration did not. The Soviets, the Cubans and the Palestine Liberation Organization are all targets of American actions in El Salvador now.

For Jimmy Carter El Salvador was a different kind of testing ground, one that exposed the multiple, often conflicting sides of a policy that will likely be remembered as both the best and worst of his administration. El Salvador was a place where Carter could prove that abusive governments did not deserve United States friendship or support, and that improvements in the way they treated their people brought U.S. praise and aid.

With the repressive Romero regime gone, El Salvador became a country where the United States would demonstrate it could tolerate, even encourage, the kinds of reforms proposed by the left. If El Salvador's government could be pushed into preempting the best of what the left had to offer in terms of economic and social equity, the theory went, those who wanted to seize power for the left would have little to offer except communist authoritarianism, violence and international isolation.

Carter's stress on reform and Reagan's on combatting international terrorism are different reflections of a new domino theory, Central American-style. Each version represents a response to U.S. political realities as much as they reflect what is going on in El Salvador. This two-part report will examine both sets of realities in the light of the importance the new U.S. administration has attached to a crisis it says it inherited from its predecessor.

Perhaps by the very obscurity of El Salvador—the fact that its problems had been left to fester for a half century—it provides a near textbook case for testing both the reformist tendencies of the Carterites and the counterinsurgency techniques Haig seems to favor. The stakes are not oil or mineral wealth, of which El Salvador has none, nor are they U.S. private or government financial investment, of which it has little. At issue are geography and politics. El Salvador is close, in the U.S. front yard, and, traditionally, in its sphere of influence.

THE JUNTA

El Salvador is a land of superlatives, most of them negative. Wedged into the Pacific coast, it is the smallest and most densly populated country on the American mainland. It is also one of the poorest nations in the hemisphere, and its political history is one of the bloodiest. As conservative, upper-class Salvadorans never tire of reminding newcomers to their battles, El Salvador was the site of "the first Bolshevik revolution in the Americas."

By most accountings, more than 30,000 lives were lost when the Army cracked down on that 1932 uprising, peasants, led by local Communists launched a disastrous revolt against landowners—then a group of 14 rich and ruling families who ran the country as a virtual feudal state. The event, and its outcome, wrote the script for the current Salvadoran drama that took more than 10,000 lives—among them thousands of peasants as well as guerrillas, soldiers and some of the best and brightest the country had to offer—last year. Today, the principal actors are largely the same: an entrenched landowning class with a stridently anticommunist armed forces to defend it, and a repressed peasantry with its largely self-appointed communist-based defense squad.

It was only in the late 1960s and early 1970s that a new group of players began to take increasingly important roles. The Catholic Church, long a powerful ally of the landowners, suddenly became a spokesman for the poor. A class of civilian politicians, most of them moderates or left of center, emerged to challenge the political power of the military. More recently, foreign powers began to take more than passing interest.

The biggest surprise, in the Salvadoran context, was that a group of young military officers began to see that their country was a socioeconomic version of the bubbling volcanoes that dot its landscape.

The ultimatum that drove Romero from the shady, breeze-filled presidential palace that perches on the only hill in the sun-scorched capital of San Salvador brought to power a five-man junta that held precisely such views. Their outlook had been formed in a decade of turmoil, in which unprecedented presidential victories by civilian candidates in the 1972 and 1977 elections had been overturned by a military establishment that had been accustomed simply to rigging the elections for its own candidates. But president Arturo Molina, an Army colonel, and his successor, Romero had been increasingly obliged to use force as a means of putting down public protest.

Groups of leftist guerrillas had formed, and had launched a wave of bombings, kidnapings and direct attacks against military installations. Increasingly, their efforts were backed on a political level by a broad spectrum of striking industrial and peasant unions, professionals and intellectuals. Right-wing paramilitary squads backed by the military, and the military itself, answered the left in kind with a wave of repression against peasants, the church and politicians.

In the United States, which had long backed the military with weapons, training and recognition of its political legitimacy, first the Congress and then Carter were up in arms over something they called human-rights abuses. An Organization of American States human rights team that visited El Salvador in 1978, reported in January 1979 that government security and paramilitary organizations were responsible for the deaths of "numerous persons," as well as for acts of physical and psychological torture and inhuman imprisonment in secret dungeons.

But these were relatively minor annoyances compared to the shock wave that hit Central America's military governments in July 1979, when Nicaraguan president Anastasio Somoza, the regional right-wing patriarch who was considered a favored U.S. son, was overthrown by a popular insurrection led by guerrillas of the Sandinista National Liberation Front.

Not only did the left win a military victory in Nicaragua, it proceeded to throw thousands of members of the Nicaraguan National Guard, once thought an invincible force, into prison. And the U.S. president said it was all right by him.

"What happened in Nicaragua was the force behind the coup in El Salvador," said one former Salvadoran government official with close connection to the young officers' group. "The officers saw what happened to the National Guard. They didn't want to risk a confrontation with the left. And they were scared of Carter."

In a different sense, it was Nicaragua that also brought the United States right into the Salvadoran political thicket in a way that continues to entangle Reagan. Somoza's fate clearly suggested to Washington policy makers that Romero was on the endangered species list as well.

Although the State Department hotly denied U.S. involvement in Romero's overthrow, observers in Washington and San Salvador noted that little happened within the American-trained Salvadoran military without the United States knowing, and approving, in advance. While it was willing to live with a leftist government in Nicaragua, according to State Department officials at the time, the Carter administration was not prepared to countenance a similar takeover in El Salvador, and was convinced the only way to avoid it was to get rid of Romero and what he and the military establishment represented there.

In one three-week period before the Salvadoran coup, William Bowdler, a U.S. diplomat who had served as Carter's chief troubleshooter in Nicaragua, visited Romero twice. Viron P. Vaky, then the State Department's top expert on Latin America, made at least one unpublicized trip to San Salvador. Both took a hard line with the general, strongly advising an immediate political opening to the nonviolent left and center, substantial advancement of presidential elections scheduled for 1982, and changes in the country's economic and social structures and strong action against human-rights abuses perpetrated by government forces.

But there were some things Romero—the tenuous head of a fearful and bickering hierarchy of high-level officers, low-level assassins and large vested interests in the private economic sector—could not change, and others that he would not.

Sitting in the heavily fortified U.S. Embassy several days after the coup, then-ambassador Frank Devine allowed that "we, like everybody else, were aware that some changes were coming."

The young, reform-minded officers, primarily captains and majors in the Army, plotted well. They consulted not only the United States, but the powerful Jesuit community of leftist intellectual priests, and the office of San Salvador archbishop Oscar Romero, a leading human-rights advocate unrelated to the deposed general of the same name. Reluctant to take power themselves, they named two ostensibly like-minded colonels, Jaime Abdul Gutierrez and Adolfo Arnoldo Majano, to lead the junta.

To prove their pluralistic intentions, they appealed to some very specific civilians to join. Guillermo Ungo, head of the small social democratic National Revolutionary Movements and the 1972 vice presidential candidate, was brought in to represent the "Popular Forum." An alliance of 14 political and union organizations, the forum included both the dominant opposition Christian Democratic Party and the National Democratic Union, the recognized legal front of the Salvadoran Communist Party.

To represent the church and the intellectuals, Roman Mayorga, rector of the Jesuit-run local branch of the University of Central America and an eloquent human rights spokesman, was added. The junta was rounded out with Mario Andino, a local businessman who represented the least conservative faction of the private sector.

In the abstract, it seemed a dream team. But within a week, the issue that had brought Carter's attention to El Salvador in the first place—human rights—would show that the new junta was too divided, and too weak, to make the changes that would win it credibility and a chance to survive.

Among the touchiest issues of the day in El Salvador were charges by the Catholic Church and human-rights groups that hundreds of persons had been secretly arrested for political reasons by the Romero government and its predecessor. Many, it was charged, were being held in secret jails; most had been tortured and some were dead.

Romero had consistently denied having any political prisoners at all. But it was indicative both of the dubious quality of his denials and the good will of the new government that the first decree issued by Majano and Gutierrez ordered the release of "all" political prisoners—a number they did not specify—and the punishment of those armed forces members who illegally arrested, tortured or killed them.

Eight days later, the junta announced that it could produce no prisoners, and junta members, with great embarrassment, told families looking at least for confirmation of the deaths of those known to have once been in the hands of the security forces that they could not help. Later, Gutierrez told reporters that he was concerned about the supposed prisoners, but that the government also had "other priorities," in particular the continuing attacks from the leftist guerillas that, even as he spoke, were going on in a slum outside the capital.

Ungo told reporters he was "worried."

THE MILITARY

There are many Salvadorans, particularly those who initially had faith in the new government, and later lost it and joined the left, who say that the battle for peaceful democratic change in their country, and avoidance of civil war, was lost in those first two weeks.

The young captains and majors had thrown out of the country not only Romero, but all of the Army's generals and most of its colonels. But, according to many informed observers at the time, the captains, imbued with a sense of command structure and a rigid view of their own institution, were "afraid" to take over themselves.

In addition to Majano and Gutierrez, they left a number of other colonels, some of them garrison commanders outside the capital, in positions of command. At the time, the most objectionable of the colonels, in the view of government civilians, was newly appointed Defense Minister José Guillermo Garcia, a onetime presidential hopeful during Romero's reign.

Perhaps more importantly, in hindsight, they left the Salvadoran security forces virtually untouched.

To understand military mindset and repression in El Salvador, and to make sense of current, bewildering charges and countercharges of death squads, paramilitary forces and "who is killing whom," one must go back to the maze-like system of military bodies that is peculiar to that country. In this maze also lies either a success or a disaster for Reagan's determination to show that U.S. military aid is a key to defeating guerrilla infiltration and subversion in Central America.

The Army, a force of about 7,000 men, is technically charged only with defending the country's borders from external aggression. At the same time, there are also a number of separate police bodies known collectively as the "security forces."

Chief among them is the National Guard, an institution whose structures and functions are modeled on those of the Spanish Civil Guard. Where most of the soldiers in the Army are draftees and their current commanders are young products of the Salvadoran military academy, the rank and file in the National Guard are older career men. Most of them have served since the days of the dictatorship when they were given a free hand to keep order and mount domestic military operations in the name of fighting communism.

Their garrisons are dotted throughout the country, in areas where, to greater and lesser degrees, their commanders operate virtual fiefdoms of control.

The National Police is a smaller organization primarily providing police functions within urban areas, but in some parts of the country, controlling smaller villages. In addition, the Treasury Police have broad investigative authority and wide opportunities for graft.

Under the old, now ostensibly disbanded system of military rule, according to Salvadoran sources close to the military, each of these bodies also had a wide system of informers and paid thugs among the civilian population, as well as death squads, under the direct order of the executive's office of intelligence, to eliminate troublemakers and suspected subversives.

Far-flung security units, often out of touch with any central command structure, tended in many cases to operate virtually as the personal police forces of local landowners, the ultimate economic power behind the military throne. They were, and in some cases continue to be, more accountable to them that to their superiors in San Salvador.

The frail command structure and conflicting loyalties in the Salvadoran armed forces are a problem frequently cited by U.S. military officials working with them. An example last summer illustrates the possibility that a large U.S. military program might only make the problems worse. Eight workers of an agricultural cooperative, organized for peasants under the new government's land-reform program in a place called El Penon, were shot to death.

According to area residents, National Guard troops—apparently out of loyalty to the former landowner whose plantation the reformist government had seized, dislike of the reforms themselves or a belief that agricultural reformists were leftists—entered the cooperative in the early morning and murdered its entire leadership. Later, the local Army unit, which was friendly to the cooperative leaders and some of the agrarian reform officials, came to the farm to protect its inhabitants—most of whom had fled in fear.

Subsequently, other killings occurred, and both the local National Guard and the Army began to demand protection money from the peasants of the cooperative. The killing has slacked off.

Although the U.S. government under both Carter and Reagan has argued its military aid is necessary to better train the Salvadoran armed forces, there has been "very little" progress in teaching it not to kill noncombatant civilians, according to another recent U.S. ambassador in El Salvador, Robert E. White.

In testimony two weeks ago before a congressional subcommittee in Washington, White argued against sending more U.S. armaments there and said that "the greatest disadvantage" El Salvador's struggling government now has "weighing it down are the excesses of the security forces."

According to informed Salvadoran sources, the death squads of each of the security forces remains intact, under the direct control of the Army. The remaining vestiges of the old system of diffused authority and separate powers, these sources say, also allow the highest government levels to retain what a U.S. official calls "deniability" of the worst military abuses. Asked if he thought Defense Minister Garcia ordered, or knew of, their activities, the official said, "I just don't know."

Whatever military values the United States wishes to instill in the Salvadoran armed forces will have to overcome decades of their own training. Boot camp manuals used at least until the time of Romero's departure describe, in primitive drawings and language, the subversive tendencies of young people

with uncombed hair, and priests who wear local peasant clothing rather than the traditional collar or cassock.

For years, as the United States trained the Salvadoran officer corps, they were taught that their primary function was to prevent the spread of communism. Suddenly, under the Carter administration, as one high-level Salvadoran intelligence officer said just before the coup, "doesn't think we know how to make reform at the same time."

"We will have democracy," he said, "but a lot of people will have to die here first."

The process of reforming the armed forces under the new government has been additionally complicated by the emergence of a wide variety of so-called right-wing extremists elements—freelance death squads ostensibly up for hire to the highest bidder. The extreme right first became visible in 1977, when a clandestine group calling itself the "White Warriors' Union," believed at the time to be an offshoot of the right-wing "White Hand" movement begun in Guatemala in the 1960s, threatened to execute all Jesuit priests if they did not leave El Salvador by a stated deadline.

The deadline passed, and nothing happened. But in the intervening years, other groups emerged under other names, with real victims. In numbers that increased daily, the dead are found alongside rural roads and on city street corners, often with a group's initials carved on their mutilated bodies or placards strung around their necks.

According to White, and other analysts, the extreme right is financed from Miami and Guatemala City by wealthy Salvadorans who fled the country under the new government, who dislike its socialist reforms and who hope to regain what they have lost by inciting chaos, economic ruin and an eventual right-wing military coup. Their ostensible leader is former major Roberto D'Aubuisson, second in command of Army intelligence before he became one of the few such officers to be ousted along with Romero. D'Aubuisson, in public statements inside and outside El Salvador, denies any connection with the extremist death squads and says merely that he wants the civilians out of the government.

White describes D'Aubuisson as a "psychopathic killer." He, along with opponents of the junta, believes that the fact the former major is known to have plotted at least two attempted overthrows of the current military-civilian coalition government, that he was arrested on good evidence of such activity last year and quickly released by the military, and that he still walks the streets of San Salvador, provide strong evidence for what many charge is a very thin line between the right-wing extremists and active-duty members of the armed forces, if any line at all.

THE LEFT

The October coup was no less a shock to El Salvador's extreme left, an unorganized array of doctrinaire Moscow-oriented Communists, armed Marxist-Leninist guerrillas and socialist-leaning students, peasant, professional and intellectual groups. In the space of 16 months, this motley collection of leftists would coalesce sufficiently to launch a "final offensive" that would fail totally on the ground but which would promote them to international attention and a place on the maps in the Reagan administration's situation rooms.

According to the State Department's current top Latin American specialist, John Bushnell, the left is responsible for 6,000 of last year's 10,000 politically motivated deaths, by its own prideful admission.

Other experts dispute this figure. White testified in late February that the evidence showed "the chief killer of Salvadorans are the security forces" and argued that guerrilla claims were greatly inflated for propaganda reasons.

The traditional atmosphere of nonpolitical vendetta in El Salvador, poor communications, and the fact that many of the dead are peasant civilians outside the range of military confrontations has confused, some believe hopelessly, the question of responsibility for the deaths.

At the time of the coup even the Salvadoran military was willing to admit that the threat posed by the violent left was composed of a few hundred hard-core cadres with antiquated arms, divided into groups that warred against each other as much as the government. But they had managed for several years to kidnap for ransom high government officials, diplomats and businessmen, murdering a number of them in the process. They could also claim a number of direct assassinations.

Despite Cuban efforts to "export" revolution and a surge of guerrilla activity in neighboring Guatemala in the 1960s, the Salvadoran left had remained largely nonviolent until the end of that decade, consisting primarily of the aging stalwarts of the Salvadoran Communist Party, remnants of the 1932 "Bolshevik revolution."

Many Salvadoran guerrilla fighters date their radicalization from the 1972 overturning of the election results. The military government closed the national university and banned student organizations and convinced many that clandestine fighting was the only route open to them.

But the Salvadoran guerrillas still had a long way to go. A group of Marxist union leaders who broke away from the pro-Moscow Communist Party, bolstered by newly disgruntled student members, named itself the Popular Forces of Liberation, Farabundo Marti (FPL), after the peasant leader of the 1932 uprising. Another group of students and disenchanted young politicians, believing the FPL strategy of longterm popular war, led from the rural hills into the urban areas, to be too slow, formed Popular Revolutionary Army (ERP).

The ERP, led by Ernesto Jovel, local student poet Roque Dalton, Joaquin Villalobos and Ferman Cienfuegos, placed a heavy emphasis on strict militarism and quick results. Through a series of kidnappings for ransom of prominent businessmen, it quickly amassed a heavy warchest.

Those same tactics, however, caused tensions among its large leadership and, in 1975, after a "popular trial," Dalton was executed by the group for "treason." As a result, Jovel and Cienfuegos broke off to form their own guerrilla group, the Armed Forces of National Resistance (FARN), which stressed the need to organize and indoctrinate the masses before calling them to insurrection:

Each of the three main guerrilla groupings spent the next several years harassing the military and economic power structure. Each was known for a particular type of revolutionary tactic—the FPL for targeted political assassinations, the ERP for bombings and, along with the FARN, kidnapings. At the same time, each promoted the formation of its own coalition of union and peasant organizations that could hold the front, and public line, against the government through strikes, propaganda, protest demonstrations and peaceful embassy occupations.

Although the Sandinista victory in Nicaragua in July 1979 convinced the guerrillas that outright leftist victory also was possible in El Salvador, they continued to disagree bitterly on tactics and strategy. At the same time, the Nicaraguan success persuaded Havana, which had largely ignored the Salvadoran guerrillas except for occasional training in Cuba itself, to lend them an organizational hand.

That decision and the October coup in El Salvador would reach forward into the Reagan administration. Within a week of the coup, the guerrilla factions all had declared all-out war against the new junta.

Next: The American connection.

Contributing to this report were Washington Post correspondent Christopher Dickey in San Salvador, special correspondent Marlise Simons in Mexico City and staff writer John M. Goshko in Washington.

EL SALVADOR: WHERE REAGAN DRAWS THE LINE

(By Karen DeYoung)

In its first week in office, the Reagan administration trumpeted a bold departure in foreign policy for America. The president warned that international terrorism would be met with "swift and effective retribution," and Secretary of State Alexander M. Haig Jr. warned that action would also be taken against the "terrorist governments" of the Soviet Union and its "Cuban proxy."

"International terrorism will take the place of human rights" as a priority in the Reagan administration, Haig added, "and it's time that it be addressed with greater clarity and greater effectiveness by Western nations and the United States as well."

The message was clear, and in its first phase brought no sharp demur from American public opinion or allied governments. Jimmy Carter, through the emphasis he placed on human rights, had made the United States look soft against the Soviets, in the words of one new official, President Reagan would show that he knew where to "draw the line."

In what the official described as a "fortuitous combination of coincidences and circumstances," a specific crisis already was under way in which Reagan could demonstrate his resolve—the ongoing attempts by leftist guerrillas to overthrow the U.S.-backed government of El Salvador. It was from that steamy, little-known Central American republic that Reagan, White House press secretary Jim Brady said recently, would "send a message to Moscow."

Haig launched what Carter's human-rights specialist, Patt Derian, later would call "a political blitzkrieg" in mid-February by dispatching his top European affairs aide, Lawrence Eagleburger, to tell U.S. allies that El Salvador had become a test of Western solidarity. The administration charged that Cuba was arming the left there. The mission produced mild disquite in some capitals, but was by and large welcomed as a reassuring sign of a new American assertiveness on the world scene.

French President Valery Giscard d'Estaing for example, said in a private conversation on Feb. 20 that he would have no problem with an active American role in a region on Washington's doorstep, and Reagan could count on French support as long as the conflict was not escalated into a global and public challenge to the Soviets.

Within hours of that remark, the administration appeared to many Europeans and Americans to have done just that by letting it be known to the press that at private briefing to foreign ambassadors in Washington, officials had said that the administration's "most urgent objective" was to stop the flow of communist arms to Salavadoran guerrillas and warned that the United States was prepared to "go to the source" to stop the arms.

Those comments, delievered by Haig's deputy secretary, William P. Clark, clearly were intended to leave the impression that Reagan was ready to stage a 1980s version of the 1962 Cuban missile crisis confrontation with the Soviet Union unless his demands on El Salvador were met. Public reaction this time was quick, and sharp, with both liberals and conservatives suddenly raising the

question of whether El Salvador was worth those kind of stakes.

At the same time, some officials in the government and on Capitol Hill have begun to question whether the evidence the administration has presented—an inch-thick compendium of alleged leftist documents uncovered by Salvadoran security forces—proves that the involvement of a "worldwide communist network" in El Salvador is as extensive or threatening as the administration says.

Haig has proposed to counter the "massive" amount of arms received by the left with the shipment of $25 million in U.S. military supplies and an initial 57-member contingent of U.S. military personnel. Yet, according to one Pentagon source, the "200 tons" of weaponry the guerrillas are reported by the documents to have received is a "spit in the bucket" that "a company of soldiers—200 troops—could go through in a week."

Other officials have questioned the State Department's descriptions of guerrilla strength and of Salvadoran government requests that have conflicted with accounts coming out of El Salvador itself.

In the last week, administration officials have begun to take a somewhat different tack. Deemphasized as the showpiece of the newly tough United States, El Salvador is no longer cited as the first example of how Reagan is different from Carter. In fact, the officials stress, if anyone should be credited with current U.S. policy in El Salvador, it is Carter.

"I didn't start the Salvador thing," Reagan said somewhat defensively at his news conference Friday. "I inherited it." And in any case, he noted, while the previous administration campaigned with warnings that Reagan would be a threat to peace, "they were doing what we're doing" in Salvador, "sending aid . . . of the same kind we're sending."

This sequence of events has done far more than rivet the nervous attention of American citizens and foreign leaders on Central America's smallest and most heavily populated country. It has demonstrated a certain style of decision-making within the new administration that is likely to be an important feature of its future dealing with the rest of the world. And it has cast into bold relief the policies of the Carter administration that Reagan came to office denouncing and that he now says he is carrying out, in one country at least. The question is whether or not those policies are likely to work any better for Reagan than they did for Carter.

El Salvador was the stage on which Jimmy Carter would give perhaps his most anguished version of Hamlet as played by a policymaker.

In the last, frustrating year of his presidency, he did on some days favor military involvement of the kind and scale Reagan has brought into being. This was the Carter who ordered a U.S. military team into El Salvador to mount "Golden Harvest," an operation in which the Salvadoran military command was able to halt guerrilla plans to destroy the annual harvest of cash crops.

On other days, however, according to officials who worked with the White House on this problem, Carter looked at plans for increasing the number of military advisers the United States would send to the increasingly messy insurgency and would seem to recall both the approaching November election and his prideful assertion that no American lives had been lost in combat during his administration.

"Carter just decided not to do it," one such official said. "He had a tendency to blink at critical moments."

The problem that most bedeviled Carter was the one that in the final analysis probably will pose the key test for Reagan's assertions of continuity in policy when it comes to dealing with El Salvador: whether to link U.S. military aid, which the Salvadoran military establishment wanted but the civilians on the junta were less certain about, to the social and political changes the civilians were pushing but the military leadership was stonewalling.

Reagan refused at his press conference Friday to rule out a continuation of military aid if the military takes complete control of the government, breaking with the kind of linkage that Carter had insisted on, at least in public.

This vagueness is beginning to drive a wedge between the administration and members of Congress who are sympathetic to the idea of cutting off shipments of arms from the outside but who wonder about the priorities that are being placed on getting U.S. military advisers into El Salvador.

"The Reagan administration claims to be committed to the same course, but appears to be much more open-ended in its commitment to the junta than Carter was," Rep. Stephen J. Solarz (D-N.Y.), said. "There is an implicit repudiation of linkage of reforms and aid, and this is particularly strange coming from an administration that insists that linkage is the key to our own relations with the Soviet Union."

That same lack of linkage of American help to political solutions is increasingly bothering European allies. European officials who met with Haig and his aides in the week following the disclosure of the willingness to "go to the source" came away convinced that the crisis in El Salvador has crystallized in a small inner circle of decision-makers within the State Department who give priority to a hard line in East-West relations over regional aspects of foreign policy problems yet to come.

In that circle, these officials said, are Policy Planning Director Paul D. Wolfowitz, an expert in strategic arms limitation negotiations; Counselor Robert C. (Bud) McFarland, former military assistant on the National Security Council; Richard Burt, former New York Times reporter who is now head of Politico-Military Affairs; Eagleburger and one or two others. Clark is directing the special group dealing with El Salvador.

Thus far, however, there is no sign that Haig is encountering significant dissent to his policies from the regional specialists who have been held over from the Carter administration. In his bid to win congressional support, Haig is said to be assuring conservatives on Capitol Hill that those officials have "done a 180-degree turn" on El Salvador.

Even so, Haig's nomination of Thomas O. Enders to head the department's Latin American affairs bureau is likely to be held hostage by Sen. Jesse Helms (R-N.C.) in an attempt to trade approval for promises by Haig to go slow on the land reform and economic changes in El Salvador that have infuriated Helms. "This is no place for on-the-job training," a Helms associate said.

The effort by Carter to hold together a linkage approach to El Salvador came apart in one tragic week last November, shortly after his own crushing defeat at the polls. On Nov. 27, six nonguerrilla politicians, leaders of the opposition Democratic Revolutionary Front, were kidnaped and killed in San Salvador by men the embassy believed had at least the protection, if not a direct link with, government security forces. Less than a week later, in an action that first focused the attention of most Americans on El Salvador, four American churchwomen disappeared while driving outside the capital. Their bodies were found three days later, with strong indications that the security forces again were involved.

Those events broke open problems that had existed for El Salvador's shaky coalition since its first day of existence, Oct. 15, 1979. And as the following weeks would show, they were problems that swirled not only through San Salvador's cool, high ceilinged Presidential Palace, but also through the hallways of the Washington policy-making bureaucracy.

The bloodless coup that put the coalition in power had gone off without a hitch, as a group of liberal young Salvadoran Army officers, simply informed then-president Carlos Romero that he and his aides would be leaving. Himself a somewhat faceless general, Romero was the latest representative of a system that for half a century had ruled a downtrodden peasant majority through feudal landownership.

In addition to two "progressive" Army colonels in the new junta, there were a civilian businessman and a Catholic university rector who was known to be among the strongest critics of military human-rights abuses. To round out the five-man junta, they added Guillermo Ungo, a social democratic politician whose 1972 vice presidential victory had been blatantly stolen by the armed forces.

For the Cabinet, the military insisted only on retaining control of the Defense Ministry, while other posts were filled with civilian political activists, liberal technocrats and even members of the local communist-front party.

All appeared to agree that the new government's goals were three—to end repression by government security forces, change the country's inequitable social, economic and political structures and prevent the left from taking over.

It was only a matter of weeks, however, before the weight of El Salvador's past, as well as its present, began to chip away at what began as a marriage of happy convenience. Although the goals might be the same, the priority, timetable and strategy for achieving them were not.

The arguments within the government tended to go in circles. As long as the military threat from the left persisted—guerrilla efforts to infiltrate and mobilize towns and villages and near daily armed strikes against armed forces installations—it was difficult to rein in the government troops. Yet, the civilians argued, as long as the troops continued to rampage, indiscriminately killing citizens while seeking subversives, the population would continue to distrust the government and be open to the left.

Immediate and extensive reforms, as promised, were also vital to gaining popular confidence in the government, the civilians argued. Yet a powerful minority in El Salvador, those who owned the large plantations designated to be expropriated under land-reform proposals, and those who ran the banks to be nationalized, wanted no reforms at all.

Many in the military, which as an institution had traditionally enjoyed a symbiotic relationship with the economic oligarchs that kept both groups in power, wanted to go more slowly with the reforms, or scrap them altogether.

In the first four months following the coup, the only thing that changed for most Salvadorans was that more of them died in politically motivated warfare including the guerrillas, the military and free-lancers who sold their services to the highest bidder.

By early January, all civilians in the government had resigned, protesting what they charged was continuing military repression.

Less than two months later, many of them also resigned, again charging that the armed forces were out of control.

José Napoleón Duarte, the populist Christian Democratic leader who had recently been allowed to return from seven years of exile in Venezuela, was made a junta member. Ironically, Ungo had been his running mate when he won the 1972 presidential elections that the military overturned.

In Washington, policy-makers and analysts in a dozen different government departments

were undergoing similar debates. While the U.S. military relationship with the Salvadoran government had been severed amid charges of human rights abuses early in Carter's term, many officials—particularly in the Defense Department—argued that it should be reinstated as a show of confidence in what was still largely a military regime.

Advisers in the National Security Council and a number of Latin American experts in the State Department agreed. "Military assistance is an essential component of any strategy in El Salvador," one official said recently of the debate at that time. "They are the center of power, and most of what you want, you have to get from them, or with their approval."

Unless the Salvadoran armed forces could be offered a carrot in the form of a military relationship with the country that had long been their mentor, they might continue to balk at taking a firm hand against human rights abuses.

While others within the administration argued that the Salvadoran government—meaning the military—had shown no great sincerity in its efforts to stop repression and thus deserved an ongoing stick rather than a carrot, the case for military aid was bolstered by alarming intelligence reports, coming from both Defense and the CIA, of growing guerrilla strength and increased Cuban involvement in training and advising the left.

Several of the leftist groups had also announced the formation of a coalition to fight the government, an ominous sign indicating strength among previously bickering factions.

Listening to both sides, Carter opted for a compromise. In December, the White House sent to Congress a request for a small military training program, with no equipment included, designed to make the Salvadoran military more efficient and humane.

At the same time, he accepted, in theory, a proposal drawn up by the State Department policy planning office to send $50 million in economic aid to the Salvadoran junta, along with up to $7 million in military sales and credits and 36 U.S. Army advisers.

In exchange for the military aid, the department asked for immediate implementation of the still languishing agrarian reform and bank nationalization programs. After extensive negotiations with junta member Col. Jaime Abdul Gutiérrez and Defense Minister José Guillermo Garcia and his armed forces associates, a deal was struck.

In Washington, however, priorities had changed. The president who carried a humanrights banner "wasn't that comfortable at any time with military aid," one official said. In addition, when word that the program was under consideration had leaked to the press, a number of influential Democratic congressmen had personally protested, and Carter had received a letter from San Salvador's powerful archbishop, Oscar A. Romero, a leading human rights activist, urging that all military aid to the junta be stopped.

Guerrilla action at the time was steadily increasing and appeared to have shifted from urban areas to the countryside, where leftist leaders hoped to establish small zones of "liberated territory" from which to launch a coordinated offensive. Many of these areas, from which peasants fled in fear of what was to come, became virtually off limits for the armed forces.

In San Salvador, however, Carter had installed a new ambassador, Robert White, who disputed most of the CIA and U.S. military claims that Cuba and Nicaragua were materially aiding the leftists. White brought in a new intelligence staff and strongly disagreed, through cable channels to Washington, with what he said in congressional testimony last month were "frequent" recommendations by the embassy military group to send in U.S. advisers.

"The intelligence community in Washington and their representatives in Central America," White testified, "were on a constant state of alert to find any evidence of armaments coming in to support the guerrillas." Until reecntly, he said, "there was never any convicing evidence of this.

"I think that there is a driving need, which I do not pretend to understand, by the American military to involve themselves on the ground in Central America."

State Department Latin American chief John Bushnell has briefed a number of congressional committees and testified as often as White, whose figures and analysis of the Salvadoran situation he consistently disputes. The United States, Buhnell points out, sent no guns or bullets at all to El Salvador between January 1977 and January 1980. It was the Communists who started the escalation of armaments, Bushnell said last week.

At the same time, Bushnell said that the Salvadoran government "is trying very hard to bring [military abuses] under control" and promised reforms are well under way.

White testified that on Jan. 19, the last day of the Carter administration, the head of the embassy military group asked his approval to send the Pentagon a request for immediate dispatch of 75 U.S. military advisers to El Salvador. "I asked him how he could possibly justify presenting me with a message that would totally change U.S. policy on the eve of a new administration," White said.

"He told me there was severe pressure from the Pentagon and from Southcom [the U.S. military Southern Command headquarters in Panama] to have this message before the new administration," White testified. "I refused to let it go out and explained that my whole purpose over the past four or five months was to work to keep the situation in such a way that the new administration would have time to consider what choices it should follow in El Salvador."

But despite White's concerns, and Carter's sporadic efforts to place his Central American policy emphasis on right rather than might, a number of decisions placing the Pentagon on the ground there were already made for Reagan.

As early as last spring, the Carter administration was taking some of the intelligence—and pressure from the U.S. military—seriously enough to begin substantially hedging its bets on peaceful reform in Central America. With little public or congressional notice, the focus of U.S. military activity was switched to neighboring Honduras—a country with little or no domestic guerrilla movement, a relatively peaceful military government in transition to civilian rule and long borders with both Nicaragua and El Salvador.

It was along that border that the guerrillas had established some of their most impregnable strongholds—entire communities that gradually were emptied of their fleeing population, which poured into refugee centers in the Honduran hills.

In the spring, an administration proposal to send $5.7 million in "nonlethal" military transportation and communication equipment was hotly debated and finally approved in Congress. Little attention was given at the time to another section in the same proposal authorizing $3.5 million in military aid to Honduras, including "$555,000 to equip and support units patrolling Honduran border areas . . . $2 million to equip and support one engineer battalion and $354,000 toward the purchase of miscellaneous equipment" such as "Marine communications, small arms and patrol boats."

Also included were at least 10 U.S. helicopters, with U.S. military trainers, and $620,000 to pay the personnel and upkeep of the equipment.

During public hearings last March, a Pentagon spokesman testified that the equipment was needed because "Honduras plays a key role in the movement of men and materiel to El Salvadoran insurgents. The Hondurans believe," said Pentagon official Franklin D. Kramer, "and our intelligence agrees, that their territory is being used as a conduit for men and weapons into El Salvador by insurgents with Cuban support, and they are also concerned that should El Salvador fall to the extremist left forces, Honduras will be among the next primary targets."

According to military sources in Honduras, 54 U.S. military advisers arrived in that country to give four-to-six month training programs in rural counterinsurgency between July and December. Sixteen more advisers on a rotating program, the sources said, arrived last Jan. 15.

Some U. S. officials dispute the purpose of the buildup, maintaining it was designed to facilitate U.S.-Honduran cooperation in resupplying the Salvadoran military in the event of a large-scale insurrection, to facilitate the shipment of arms to the Salvadoran government from third country sources across Honduran territory and to prevent the use of Honduran border areas by Salvadoran guerrillas seeking safe havens.

A similar scenario was presented last November in a so-called "dissent paper," allegedly written by anonymous administration officials opposed to the Carter policy and widely circulated in Washington. Although administration officials at the time discredited the document, as does the Reagan State Department, one high-level source from the Carter administration now says that the information in the document was "essentially true."

By fall in El Salvador, both the political and military battle had sharply escalated. Bickering guerrilla factions had announced their unification under the banner of the "Farabundo Marti National Liberation Front." Ungo's social democrats, dissident Christian Democrats and a wide assortment of political, union and professional groups had formed their own coalition and joined the guerrilla command in an umbrella "Democratic Revolutionary Front," headquartered in Mexico.

But it was a rapidly unfolding series of events at the end of the year, beginning with Carter's electoral loss, that sent his often conflicting carrot-and-stick policy into a virtual roller coaster ride.

Just after Reagan's electoral victory in early November, the Salvadoran guerrillas announced they were preparing for an all-out offensive that would present the new American president with a *fait accompli* of leftist control on inauguration day.

While few in the U.S. Embassy in San Salvador took the threat seriously on its face, it coincided with new intelligence that former naysayers, including White and U.S. Ambassador to Nicaragua Lawrence Pezzullo, began to take seriously.

Newly obtained intelligence photographs, captured witnesses and a group of documents obtained in a raid by Salvadoran security forces on a guerrilla safehouse all pointed in the direction of newly coordinated arms shipments from Soviet Bloc countries into Cuba and through Nicaragua to El Salvador. Once again, debate picked up within the administration over an increase in U.S. military aid to El Salvador.

It was then that the killings of the six politicians and the American churchwomen stopped the debate in its tracks.

Although Carter immediately and angrily suspended all U.S. military and economic

assistance to the Salvadoran junta while the deaths of the Americans were under investigation, "reform" of the security forces was quickly overtaken by the need to counter leftist revolt—the declaration of a "final offensive" against the junta and the launching of a series of coordinated guerrilla attacks on Jan. 10.

While the guerrilla offensive was quickly defeated, Reagan entered office on Jan. 20 with a $10 million program of "lethal" U.S. military aid to the Salvadoran armed forces well underway, a packet of captured documents indicating communist weapons shipments to Salvadoran guerrillas and a Carter-written plan to send additional U.S. military advisers there lying on his desk.

Ironically, and perhaps more conveniently than is comfortable for many who served in the Carter administration, those programs, plans and documents reflect what the most conservative of Reagan's foreign-policy advisers long ago warned of and programmed for in El Salvador.●

PHARMACY CRIME A NATIONAL PROBLEM

● Mr. SASSER. Mr. President, on January 5, I introduced S. 20 which would make the robbery of drug stores a Federal crime. The response I have received from various pharmacists has convinced me further of the need for this legislation. However, few of the letters I have received are more convincing than the one I recently received from Kenneth E. Harris, a registered pharmacist with a business in Cleveland, Tenn.

Cleveland is a small peaceful town near Chattanooga in southeastern Tennessee. Although small, Cleveland is not immune from crime against its drugstores. Mr. Harris' letter describes a long series of pharmacy crimes against his one retail business. It is powerful testimony about the crime in his profession.

Mr. Harris is not only a determined and dedicated small business owner, but also lucky. Many pharmacists have lost their lives in their line of business. There is no reason that these men and women who are dedicated to the public welfare should be forced to live in daily fear for their lives and property.

This letter is just one example of the need to bring the power of the Federal law enforcement to bear against pharmacy crimes.

I ask that Mr. Harris' letter be printed in the RECORD.

The letter follows:

U.S. SENATE,
Washington, D.C., February 10, 1981.

Senator JIM SASSER,
U.S. Senate,
Committee on Appropriations,
Washington, D.C.

DEAR JIM: I was so pleased when I received your letter dated December 29, 1980 pretaining to the problems of drug store robberies. I have been a registered pharmacist over 33 years and this is something dear to me. And I cannot understand why it hasn't been discussed before now. I opened a new store on February 23, 1973 and the store burned completely (Arson according to Mr. Creed Wooten, State Fire Marshall) but no one was ever found. The store was completely stocked to open on Monday, February 27th, but it burned on Sunday morning early, total loss.

I moved a trailer in on the lot below the store, had it reworked inside for a drug department, and opened a week later. I worked out of the trailer for 3 months. I had two robberies (taking all scheduled drugs, and all bottles that were unopened, of everythings in 500's and 1,000's). I had two of these same types robberies in one week, and it cost me about $7,000.00, because I could not get insurance on the trailer. I called the DEA office in New Orleans and they just said "make out a list of what I could remember that was stolen and send to them." No one called on me to verify what I had written them. No one was every caught.

I moved into my new store (refinished from the burned out) on March 1st, 1974, and two week later a boy whom I had known all his life broke into the store. The police both county and city were here in 2 to 3 minutes. He was caught, he had just turned eighteen and was on probation from the detention home in Pikeville at the time. He threw a block through a large plate glass window, and in the process of coming through the hole, he cut his hand. The windows were secured by infrared rays. His parents were drug users and he was out trying to steal at 4:30 a.m. I was told at the Bradley County Courthouse and the Sheriff's office that I would be notified of his case. They did call me at the drug store and said he was to be tried on Friday at 9 a.m. I went to the court room and could not find anyone, I finally went into another room where a jury was, and they told me that his case had been tried on Wednesday and Judge Witt turned him loose because it was his first offense.

This boy has been in trouble ever since, and it cost me $277.00 to have the window replaced. I was robbed again in 1974, and by this time I had bugged every door and ramp in the Rx department, and I thought sure we could catch anyone who tried to get in. But, this time they cut the top off of the air-conditioning unit on the roof. They cut the large nuts, bolting the rods to the top of the air-conditioner. They slid the rods out and took out the filters and slid down the outtake of the unit, which involves about 15' to 20', kicked out the plastic cover in the ceiling and came on down on a rope, they noticed all the doors were closed. knew that I had an alarm system thru the city and county police, from previous robberies, so they went back up the unit and got on the duct work of the air-conditioner (which is suspended from the steel beams by a wire, around the duct-work to hold it in place), but they crawled along the duct work, came down into my office, got all the narcotics and climbed back up over the door into the prescription department, and stole every bottle of Valium, Mellaril, Thorazine, Librium, and all 1,000's in these and every other drug in 1,000's and 500's. They climbed back up into the overhead and came down in the main part of the store and stole all the watches, billfolds, rings (all jewelry, and everything they thought they could sell, over $6,000 wholesale).

I made up my mind to do everything I could to prevent this from happening again. I had a silent alarm system put on the roof attached to the TV antenna. It will break any beam on the roof from walking, or on the side of the building or roof. I webbed chicken wire between the ceiling and the roof, attached to the alarm system. The police told me that I was the only pharmacist that had enough equipment to give them a chance to catch the thief.

I wasn't bothered until June, 1980. This time someone broke out the large plate glass window again, but did not come in. Just testing the police response to the call. The police were here in their fire unit in 45 seconds, and the third unit in 1½ minutes. The next week (Sunday night) the top of the air-conditioning unit was removed again. The alarm went off while the burglar was on the roof, and when I got here in about 3 minutes, there were 3 city cars, and 3 county cars parked in a half circle, all lights shining directly into the store. I eased up to the door and the Sergeant said he was trying to get away, but he was still coming down thru the air-conditioner. I opened the door very easily and 6 policemen and one policewoman eased in and down the side and front and just as he dropped to the floor he had two guns on him and another policeman walked down the center aisle and put the hand-cuffs on him. He was put in jail, but later bailed by a professional bondsman. The next Sunday they left me alone, but the next Sunday, they drove the lock out of the front door jammed them open and set off the alarm. No one was caught, but we figured all three were the same person.

Jim, if you check statistics you will find that more registered pharmacists were killed in the City of New York the past three years than policemen. Your policemen are taught protection under all conditions, but a pharmacist is prime picking for drug addicts and those who steal and kill for a living.

In the four weekends in November, I had three breakins, one entry by force that we caught. But each of these breaking cost me $300.00. No insurance company will insure 100 percent loss. I had a $100.00 deductible, the window breaking cost me $100.00. It cost me $300.00 for someone to break into my store.

Now I have the bars on top of the air-conditioner welded and a solid steel plate welded on the top at each end. It would take a crane to remove the top of the air-conditioner so someone could get in.

They were to have the Blankenship man's trial at 9:00 a.m. on a Tuesday morning in January, I was asked by the police and the D.A. to be there to identify him. I was there at 8:45 a.m., but Blankenship had skipped the night before with a girl to Florida. I left my store without a pharmacist hoping to be here by 9:45 a.m. The assistant D.A. informed me about 9:30 that there would be no trial. They wanted to make sure I was there, but no one checked on the Blankenship man to see if he would be there. Here it is, February 10, 1981, and they still have not found him. You very seldom hear of a drug store being robbed for money alone, it is always drug related.

Jim, I wish you sincere luck in this and hope that you will have your bill passed by 100 percent.

Thanks for listening,

Yours truly,

KENNETH E. HARRIS, RPh.,
University of Tennessee—'48.●

AMERICA'S FORGOTTEN MEN

● Mr. SASSER. Mr. President, the March 9, 1981, issue of Newsweek contains an article worthy of the Senate's attention. Written by Suzanne Lowe Wilke, of Memphis, Tenn., the article details the disappointments, problems, and barriers facing the veterans of the Vietnam era. I commend Ms. Lowe on her highly readable message to America.

These are times which are rapidly producing voices of concern, Mr. President. The new administration has called for $800 million in budget cuts from the Veterans' Administration, cuts which will affect the way in which America's vets are served by the one agency expressly created to assist them.

In the past, the Senate has regularly supported measures to improve benefits and programs for the veteran, his dependents, and survivors. I urge my colleagues to read Ms. Lowe's article, and reflect upon it.

And to our Vietnam veterans, may I say, "We have not forgotten you."

Mr. President, I ask that "America's forgotten men" be printed in the RECORD.

The article follows:

America's Forgotten Men

With the return of the American hostages, our country has come alive with a renewed self-respect and sense of unity. For 444 days we made these hostages symbols of American honor, and their conduct and strength has made us proud.

During the last few weeks we have also witnessed an outpouring of distress from many veterans of the Vietnam War who have compared the recent festivities with their own homecoming and subsequent treatment.

As the wife of a Vietnam veteran, I have long been concerned and disappointed by the lack of caring and gratitude shown these men. Our country had never before experienced such a war, so maybe it really wasn't so surprising that we didn't know how to deal with the men who fought it.

Perhaps in our haste to rid ourselves of the unresolved feelings of that debacle, we chose to forget not only the war, but also the men who served in it. And this may be the greatest tragedy of those years.

Support: Early on, these servicemen were treated differently from others our country had sent to war. In World Wars I and II, men were usually assigned to a unit and stayed together through training and overseas duty. This fostered a sense of camaraderie, and friendship that was as sustaining to them as the knowledge that their country was vitally interested in and supportive of their efforts.

In contrast, men sent to Vietnam were usually assigned to units after their arrival there and were frequently moved from unit to unit. Their different departure dates made it hard for them to develop a cohesiveness and sense of mutual support. The soldiers' psychological isolation was aggravated by their awareness of the indifference and even contempt of the country they were serving.

My husband's return in 1970 was probably typical of many homecomings. Within a week, he had made the enormous leap from fighting in a war zone to resuming his studies on a college campus.

For him there was no decompression period provided, no organized opportunity to share experiences. There was no effort to help those who had killed other human beings deal with this fact in their lives.

In most communities, veterans returned to virtually no recognition, often meeting with hostility and ridicule. It is no wonder that some of these men endure mental anguish to this day. Although many of the psychological wounds are directly related to war experiences, there is no doubt that much of the anger and depression these veterans feel is a result of the shabby treatment they received from their country.

I am glad to see more veterans speaking up on their own behalf. However, it is a sad sign of the nation's continuing indifference that these men have to demand attention from the country they have served.

Honor

My husband's consolation (and mine) is that he survived the war with no physical or psychological wounds. We can only imagine how different it must be for those who were not so lucky. As for the families of the men who died—where do they look for consolation?

By denying public honor to the survivors of the war, we have shamefully denied this honor to those who sacrificed their lives.

We owe the living more than mere acknowledgment. Many veterans remain unemployed, and many have found that government benefits for this generation of servicemen are not as generous as in the past. Our government has been slow to remedy these problems properly. Disabled veterans have suffered a harsher blow, finding an even smaller job market and fewer opportunities to be part of the mainstream. These men have found they must publicly demonstrate or be ignored. They should not have to beg for equity.

The time has come when we, as a people, must stop running from the facts of this situation. We must turn and face these men and ourselves. This won't be easy, for we, as a people, are not easily introspective. And yet I am optimistic. I have seen our country pull together these past weeks, with an outpouring of thanks to our fellow countrymen who have been the rallying point for a revival of patriotism. This has not been an orchestrated effort from our government. It has been a grass-roots movement, sincere and heartfelt.

In the same spirit, we can't wait for a national effort to coordinate our feelings toward the men who served in Vietnam. Each community need only look within itself. The men are there and they deserve to receive individual attention and praise. Churches and civic organizations should recognize the service of these veterans. Local newspapers could feature these men and their stories. They would be an inspiration to high-school students if they were invited to assembly programs or rap sessions.

Heroes

The key is to break through the anonymity and to recognize these men as individuals. They are not asking for sympathy. They are asking this country finally to acknowledge their sacrifice and service. Our nation owes them respect and gratitude. As the former hostages discovered, we Americans know better than anyone how to express these emotions. The heroes of Vietnam live in every community across our land. Must we make them wait any longer? ●

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HOUSE OF REPRESENTATIVES—*Friday, March 13, 1981*

The House met at 11 a.m. and was called to order by the Speaker pro tempore (Mr. PRICE).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
March 11, 1981.

I hereby designate the Honorable MELVIN PRICE to act as Speaker pro tempore on Friday, March 13, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We come before You, O Lord, with the earnest petitions of our hearts, asking that You strengthen our desire to be faithful to the calling You have given us. Encourage us that we would use our talents and abilities to serve people in need and thus fulfill the law of love. We remember particularly all those with special need this day, those who are anxious about their lives or feel abandoned without hope. May the full measure of Your grace fill our souls that we may go forth with the knowledge that You are with us always. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

A MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 31. An act to amend the Truth in Lending Act to encourage cash discounts, and for other purposes.

The message also announced that the Senate agreed to the following resolutions:

S. RES. 89

Resolved, That, with respect to the recommendations of the President which were transmitted to the Congress with the President's budget for fiscal year 1982 pursuant to section 225(h) of the Federal Salary Act of 1967 (2 U.S.C. 358), the Senate disapproves the recommendations for increases in rates of pay for positions described in subparagraph (A) of section 225(f) of such act (2 U.S.C. 356(A)), relating to Members of Congress.

S. RES. 90

Resolved, That, with respect to the recommendations of the President which were transmitted to the Congress with the President's budget for fiscal year 1982 pursuant to section 225(h) of the Federal Salary Act of 1967 (2 U.S.C. 358), the Senate disapproves the recommendations for increases in rates of pay for positions described in subparagraph (B) of section 225(f) of such act (2 U.S.C. 356(B)), relating to certain positions in the legislative branch.

S. RES. 91

Resolved, That, with respect to the recommendations of the President which were transmitted to the Congress with the President's budget for fiscal year 1982 pursuant to section 225(h) of the Federal Salary Act of 1967 (2 U.S.C. 358), the Senate disapproves the recommendations for increases in rates of pay for positions described in subparagraph (C) of section 225(f) of such act (2 U.S.C. 356(C)), relating to certain positions in the judicial branch.

S. RES. 92

Resolved, That, with respect to the recommendations of the President which were transmitted to the Congress with the President's budget for fiscal year 1982 pursuant to section 225(h) of the Federal Salary Act of 1967 (2 U.S.C. 358), the Senate disapproves the recommendations for increases in rates of pay for positions described in subparagraph (D) of section 225(f) of such act (2 U.S.C. 356(D)), relating to certain positions under the Executive Schedule.

The message also announced that the Vice President and upon the recommendation of the minority leader, pursuant to section 276 of title 22 of the United States Code, as amended by Public Law 95-45, appointed Mr. BURDICK (vice chairman), Mr. WILLIAMS, and Mr. CANNON to attend, on the part of the Senate, the Interparliamentary Union Conference, to be held in Manila, Philippines, April 20 to 25, 1981.

NOT THE ONLY SHOW IN TOWN, AN ALTERNATIVE

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous material.)

Mr. PEASE. Mr. Speaker, I take this opportunity to let my colleagues know that yesterday afternoon I unveiled an alternative Federal budget for fiscal year 1982, solely the work of myself and my own staff, but a budget which I think is more fair, more realistic, and more fiscally responsible than the budget submitted to us a month ago by President Reagan.

It is a budget which is not $45 billion in deficit, as President Reagan's budget is, but rather which has a $10.8 billion surplus.

I invite the attention of my colleagues to this alternate budget. I would be happy to provide copies to them and I insert in the RECORD here some information which will give a general description of that effort.

Mr. Speaker, I add the following:

STATEMENT BY CONGRESSMAN DONALD J. PEASE, MARCH 12, 1981

President Ronald Reagan has captured the imagination of the American public with his bold economic recovery plan.

He has proposed deep cuts in federal spending at a time when most Americans believe that that is exactly what's needed, when Americans believe that government has grown too big and burdensome.

To those who have criticized specific parts of his program, the President has said "Mine is the only game in town. Some criticize my plan, but they don't offer any alternative".

To date, that has been true. Criticism of specific cuts is common, but no overall alternative budget strategy has been offered.

It seems to me that any alternate budget strategy—especially if it is offered by Democrats in the face of President Reagan's enormous popularity—can't be just another plan. It must be based on a set of criteria the public will buy.

It must make the deep cuts in government spending the American people want.

The cuts cannot spare the programs like food stamps and AFDC whose eligibility standards can certainly be tightened up without hurting the truly needy.

The alternative program must include many of the Stockman-Reagan cuts, the ones commonsense dictates should have been made long ago.

But other criteria must be met as well by any alternative plan.

It must lay claim to being more fair than the President's plan.

It must spread its cuts more evenly across the whole range of governmental expenditures.

It must not roll back the social progress made in this nation over several decades.

It must assert that, if the poor and the middle class are to suffer, tax loopholes for corporations and wealthy Americans should also be closed.

It must stress government savings—making government more efficient—as a way of cutting the budget.

It must be more realistic than the President's budget.

Finally, it must be more fiscally responsible than the President's budget.

Today, I offer an alternative federal budget for fiscal year 1982 which I believe meets all of those criteria.

It is not the Democratic alternative. It is a Democratic alternative in the sense that it is an alternative and I am a Democrat.

Essentially it is my personal alternate budget developed solely by myself and my staff over the past three weeks. It is my personal response to President Reagan's challenge for Congress to devise a better plan than his if it can.

Frankly I believe my plan is a better plan—fairer, more even-handed, more realistic, more fiscally responsible. And I intend to seek the support of my colleagues in the Congress. I have sent copies of my budget not only to the President but also to the House leadership and to Chairman James Jones of the House Budget Committee.

Now to the plan itself. Here are the highlights:

It incorporates many of the spending cuts proposed by President Reagan, especially those designed to improve governmental efficiency.

It rejects some Reagan cuts (such as elimination of the Legal Services Corporation) as being too harsh on low-income Americans.

It spreads the spending cuts more evenly across all activities of the federal government and picks up additional savings by further efforts to curb waste and mismanagement.

It envisions federal revenue of $732.4 billion, federal spending of $696 billion, and a budget surplus of $10.8 billion for fiscal year 1982.

It identifies $39.9 billion in spending cuts, $11.8 billion in user fees (such as President Reagan's proposal for Coast Guard services to lake and ocean ships) and $14.1 billion in tax loopholes that Congress should close as a way of balancing the federal budget and bringing it into surplus.

It makes provisions for $20 billion in business and individual tax cuts.

It envisions reform of depreciation schedules for business firms to encourage greater investment in productive machinery and equipment.

It allows for an increase in defense spending of $23.8 billion over fiscal year 1981 for a real growth rate of 3 percent.

It identifies $14.7 billion in waste and mismanagement in the Department of Defense which, if eliminated, would permit an additional 7.7 percent real growth in defense spending.

NEWS FROM CONGRESSMAN DON J. PEASE

WASHINGTON, D.C., March 12, 1981.—President Ronald Reagan has repeatedly called his budget proposals "the only show in town" and has challenged Members of Congress to come up with alternatives if they disagree with his budget proposals.

U.S. Congressman Don J. Pease, D-Ohio, today responded by unveiling a proposed federal budget for fiscal year 1982 with a surplus of $10.8 billion.

The Pease surplus budget contrasts with a $28 billion deficit proposed by President Carter and a $45 billion deficit proposed by President Reagan.

Pease called his budget proposal more even-handed and more realistic than the Reagan budget forwarded to Congress on Tuesday.

"Without doubt," Pease said, "severe spending cuts must be made this year, but those cuts should be made with a scalpel, not a cleaver."

While incorporating many of President Reagan's spending cuts into his own budget, Pease said the $40 billion in spending cuts he is proposing are more evenly distributed across the spectrum of federal government activities than the $40 billion in cuts proposed by President Reagan.

Additionally, Pease's budget proposes the closing of $14 billion in tax loopholes "so that ordinary people who suffer from spending cuts will know that sacrifice is also expected of corporations and high-income individuals."

The only spending area to be increased under Pease's budget is national defense. It shows an increase of $23.8 billion, or 3 percent in constant dollars, so that "we can maintain commitments to our NATO allies," Pease said.

The Pease budget identifies savings opportunities in the Department of Defense which, if accomplished, would boost effective defense spending by another 7.7 percent.

"My budget is more realistic than the President's in that it does not promise to pay for a tax cut with borrowed money," Pease said. "Clearly, the President plans to put his budget $45 billion into the red so he can provide a $44 billion tax cut for individuals.

"To put it plainly, that is inflationary," Pease said.

Pease's budget makes provision for $20 billion in unspecified tax cuts, which he said should be divided evenly between individual tax relief and depreciation reform for business.

Pease acknowledged that the $10 billion he has in mind for individuals falls short of Reagan's proposals.

"But national opinion polls consistently show," said Pease, "that Americans are more concerned about inflation than tax reductions."

"A major slow-down in inflation is the best bonus any American could receive in 1981 or 1982," Pease said. "My balanced budget and $10.8 billion surplus will signal that at long last the federal government is serious about combating inflation. President Reagan's $45 billion deficit will send exactly the opposite signal."

"In fact," Pease said, "I will recommend that the $10.8 billion surplus be applied to paying off the national debt."

Pease, a member of the House Ways and Means Committee, cited testimony of numerous economists that the Reagan 10 percent across-the-board tax cut would actually feed inflation, not combat it.

The Ohio Democrat said he has sent copies of his proposed budget to President Reagan; to David Stockman, director of the Office of Management and Budget; to House and Senate leaders of both parties; and to House and Senate Budget Committee chairmen.

James Jones, chairman of the House Budget Committee, said, "I commend Congressman Pease for his excellent work in preparing an alternative budget strategy for FY1982. The House Budget Committee is committed to completion of a fair and fiscally responsible budget, and we will take Congressman Pease's plan fully into account. He has done us a great service by devoting so much time to his own ideas for budget cutting."

Pease said that his alternative budget is solely the work of himself and his staff.

"Now that my proposal is complete," he said, "I will actively seek support for my ideas among my colleagues in Congress."

In identifying possible spending cuts, Pease said, he relied heavily on reports of the General Accounting Office, the Congressional Budget Office, and the National Tax Limitation Committee as well as the budget documents of Carter and Reagan.

"In fact," said Pease, "I want to pay tribute once again to budget director Stockman for ferreting out many budget cuts that can and should be made. I was glad to include some $15 billion of the Stockman-Reagan cuts in my own budget proposal."

NEWS FROM CONGRESSMAN DON J. PEASE

WASHINGTON, D.C., March 12, 1981.—Congressman Don J. Pease, D-Oberlin, who today unveiled his own Fiscal Year 1982 federal budget as an alternative to that of President Reagan, said that the key features of his budget are:

It incorporates many of the spending cuts proposed by President Reagan, especially those designed to improve governmental efficiency.

It rejects some Reagan cuts (such as elimination of the Legal Services Corporation) as being too harsh on low-income Americans.

It spreads the spending cuts more evenly across all activities of the federal government and picks up additional savings by further efforts to curb waste and mismanagement.

It envisions federal revenue of $732.4 billion, federal spending of $696 billion, and a budget surplus of $10.8 billion for FY82.

It identifies $39.9 billion in spending cuts, $11.8 billion in user fees (such as President Reagan's proposal for Coast Guard services to lake and ocean ships) and $14.1 billion in tax loopholes that Congress should close as a way of balancing the federal budget and bringing it into surplus.

It makes provision for $20 billion in business and individual tax cuts.

It envisions reform of depreciation schedules for business firms to encourage greater investment in productive machinery and equipment.

It allows for an increase in defense spending of $23.8 billion over FY1981 for a real growth rate of 3 percent.

It identifies $14.7 billion in waste and mismanagement in the Department of Defense which, if eliminated, would permit an additional 7.7 percent real growth in defense spending.

NEWS FROM CONGRESSMAN DON J. PEASE

WASHINGTON, D.C., March 12, 1981.—Americans spend millions of dollars each year subsidizing insurance for the furs and jewels of wealthy New York residents.

Congressman Don J. Pease (D-Oberlin) found out about it while compiling an alternate budget to the one presented to Congress by President Ronald Reagan.

Pease identified $40 billion in spending cuts, many of them clear abuses of the taxpayers' dollars.

The insurance subsidy is part of a crime insurance program adopted by Congress in 1968 in response to a need in urban areas where insurance was either too expensive or unavailable.

Now, Pease says, 85,000 individuals and business firms take advantage of the program at a cost to the federal government of $30 million per year. Of the 85,000 policies, 54,000 are in New York City.

Pease proposed elimination of the entire program.

OIL INDUSTRY PROFITS

(Mr. DORGAN of North Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORGAN of North Dakota. Mr. Speaker, yesterday I was told by a member of the administration that it was just fine that 40 percent of U.S. manufacturing sector profits are now going to the large oil companies because it promoted new investment in oil resources in this country.

This morning I see in the Washington Post that the Standard Oil Co. of Ohio is paying $1.8 billion to acquire Kennecott Copper Co.

I stand here as one consumer to say that I am tired of spending money at the gas pumps to see the oil companies use that money to buy grocery stores, department stores, and now copper companies.

I am not antioil. There is a need to explore for more oil resources in this country. Many of our independent producers are doing a good job. But I think that there are far too many small businesses going bankrupt, partly because of high energy prices, while the oil companies, instead of going bankrupt, are going to the banks.

U.S. consumers are driving to the gas pumps to pay OPEC oil prices, making the oil companies so rich that they can use much of those profits to purchase things outside of the oil industry, things that have nothing to do with the energy needs of this country.

I think it is time for the Congress to wake up on this issue.

GUAM VETERANS' CEMETERY LONG OVERDUE

(Mr. WON PAT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WON PAT. Mr. Speaker, for decades young men and women from Guam have served this Nation with pride and dignity. The Guamanian tradition of unquestioned service to this country is second to none. Yet, I regret to say that the Federal Government has not given the veterans of Guam the tribute they deserve.

The U.S. Veterans' Administration informs me that Guam has an estimated 10,000 veterans. This, out of a population of only 105,000 by the most recent census count. These are additionally over 5,000 residents of Guam on active duty with the U.S. Armed Forces. Despite this most impressive turnout by our young people, the Veterans' Administration has yet to put a full time VA office on the island or to establish a Federal national cemetery there.

The legislation I introduce today will, if passed into law, create a national cemetery on Guam. I believe that the establishment of a veterans cemetery is long overdue for Guam. It is a fitting memorial to the thousands who have given their lives or health to fight for America.

There is ample federally owned land on Guam which could be used to site the cemetery. From my discussions with VA officials, it is clear that the cost to the Federal Government for this legislation would be very low largely because the land would be free and the proposed project is not large by mainland standards.

The important question facing the future of this measure is not cost, however. It is whether America is ready to honor the veterans of Guam. I hope this Congress will show that Guam's loyal veterans are not America's forgotten veterans. Thank you.

SIXTY-FIVE DAYS—THREE BILLS

(Mr. SOLOMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SOLOMON. Mr. Speaker, it was bad enough this week when this House considered just one piece of legislation all week.

But I have just been handed the schedule for next week and, Mr. Speaker, there is not one single piece of legislative business scheduled.

In fact, Mr. Speaker, this 97th Congress has been convened for 65 days—and during those 65 days we have acted on just three bills.

So here it is the third week in March—a time when the American people are desperate for action to salvage the American economy—and we sit here on the House floor twiddling our thumbs.

Mr. Speaker, if the only order of business around here is going to be no business, then I suggest we shut off the lights and the heat, turn off the television cameras, and stop the presses on the CONGRESSIONAL RECORD—and save the taxpayers some money. At the rate we have been going, no one will notice the difference.

Mr. Speaker, let us get moving.

SOIL CONSERVATION TAX INCENTIVES ACT

(Mr. EVANS of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVANS of Iowa. Mr. Speaker, I am today introducing the Soil and Water Conservation Incentives Act of 1981, a bill to allow an investment tax credit for soil and water conservation expenses. This legislation is identical to S. 569, introduced in the Senate on February 26, 1981, by the senior Senator from Iowa, the Honorable ROGER JEPSEN. I am pleased to join him, as a fellow Iowan, in this effort to promote sound soil and water conservation policies and practices, particularly at a time like this when economic burdens limit the ability of the individual farmer and landowner to commit his own financial resources toward conservation investments.

The rich agricultural lands of this Nation represent one of our most valuable assets but, like other natural resources, require careful management and conservation on our part if the quality and quantity of that resource is to be maintained. The State of Iowa, I am proud to say, leads the Nation in funds and services committed to conservation districts. As a Member of the House from Iowa, as well as a member of the Subcommittee on Conservation, Credit, and Rural Development of the House Agriculture Committee, I believe we must provide sufficient incentives at the national level which will encourage farmers and landowners to take seriously their stewardship of this Nation's soil and water resources. The legislation I am introducing today seeks to offer that kind of incentive. It provides a choice to those who incur conservation expenses by permitting them to either take a full deduction the year the outlays actually occur or, if they prefer, to take a 10-percent investment tax credit the year of the initial investment, with deductions that year and following years according to the standard depreciation schedule. I might add that the Internal Revenue Code already allows for deductions for certain land management and conservation expenditures listed therein.

The problem we face with respect to the deterioration of our land and water resources is more than a passing one. It has tremendous long-term implications for continued record crop harvests and, thus, for the ability of the agricultural sector to contribute to a favorable balance of trade for the United States.

Through service as a commissioner on my home county's soil conservation district, and as someone who operates 1,400 acres of Iowa farmland, I have seen firsthand the very urgent need for farmer incentives to make the needed changes to conserve our soil. The bill I introduce today could well be the vehicle to begin this badly needed process, and I would encourage my colleagues to consider this bill as a measure in the interests of all regions of the country, and as a bill which protects the interests of producers and consumers alike. I would welcome your support.

WHAT IS THE STORY?

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, those of us of a certain age can remember that great swing classic "Is You Is or Is You Ain't My Baby?" one of the great tunes to come out of the swing era. That title come back to me today when I saw two newspaper items, one on the front page of the New York Times, the other in the Christian Science Monitor.

The Times story was headlined: "Critical Approach to Reagan's Budget Is Urged by Wright." The story told of the distinguished majority leader's plea to his Democratic colleagues to take a critical, hardline approach to President Reagan's economic package of tax and budget cuts. The Times referred to Mr. WRIGHT's comments as "the latest example of a growing Democratic counterattack."

But in the Christian Science Monitor, our distinguished Speaker was quoted as saying President Reagan will get "more cooperation than ever offered before" between parties on any issue.

Mr. Speaker, will the real spokesman for the Democratic Party in the House please stand up? In the immortal words of that great song, is the Democrats or ain't the Democrats backing the mandate the American people gave President Reagan?

The articles follow:

[From the New York Times]

CRITICAL APPROACH TO REAGAN'S BUDGET IS URGED BY WRIGHT—HE BIDS HOUSE MEMBERS ACT—MAJORITY LEADER DISPATCHES LETTER TO HIS PARTY COLLEAGUES WITH SUGGESTIONS FOR ATTACKS

(By Steven V. Roberts)

WASHINGTON, March 12.—Representative Jim Wright of Texas, the majority leader, is urging his Democratic colleagues in the House to take a critical, hard-line approach to President Reagan's economic package of tax and budget cuts.

In a nine-page analysis of the Reagan program, which he sent to each of the 242 House Democrats, Mr. Wright asserted that the package "imposes a grossly unfair burden on those least able to carry that burden, those Mr. Reagan describes as the 'truly needy.'" In an accompanying letter, the majority leader suggested that members might use his analysis in preparing public comments about the Reagan proposals.

The letter is the latest example of a growing Democratic counterattack against the President's program. Party leaders maintain that they support the goals of the program and that it will receive expeditious consideration, and, saying that they recognized the need to hold spending down, the Democrats voted with the rest of Congress against a pay increase for Federal employees.

DEMOCRATIC ANGER GROWING

But Democratic anger at many of the proposed budget reductions and tax changes appears to be mounting daily.

For instance, Senator Howard M. Metzenbaum, Democrat of Ohio, punctuated a Senate Budget Committee hearing today by telling David A. Stockman, director of the Office of Management and Budget: "I think you've been brilliant. But I also think you've been cruel, inhumane and unfair. You're causing a perversion of justice for the poor, the middle class, the Northeast and the Middle West."

The United States Conference of Mayors agreed, attacking the President's budget proposals today in a 76-page analysis that contended that state and local governments were being asked to bear the brunt of the cuts.

KEY POINTS OF MEMORANDUM

Among the points covered in the Wright memorandum were these:

President Carter's rating in the first months of 1977 was actually higher than Mr. Reagan's in comparable opinion polls. "The lesson," Representative Wright adds, "is that newly elected Presidents tend to rank high in the polls, but it is a mistake to interpret these ratings as evidence of some specific, detailed 'mandate' for a particular set of Presidential proposals."

The American economy is not in "the worst mess since the Great Depression," as Mr. Reagan alleges. "By almost any yardstick," the memorandum contends, "the average American is better off today than ever before." As a result, Mr. Wright adds, there is "no justification" for accepting the Reagan argument that "Government is your problem."

Government spending and Federal deficits are not the "main causes" of inflation. Energy costs and interest rates contribute far more to rising prices.

The Reagan Administration is following a policy of "total silence" on energy issues, except to speed decontrol of oil prices, a decision that has increased petroleum prices by as much as 15 cents a gallon in some places.

Most economists have said that adoption of the President's "entire program" would not substantially reduce inflation. "What the President is asking," the memorandum asserts, "is that Congress and the nation risk everything on one roll of the dice, a mystic combination of tax cuts and spending cuts that are supposed to rout inflation, low productivity, etc., as the morning sun dissipates the evil vapors of the night."

Mr. Wright's memorandum is clearly designed to encourage and to help Democrats to ignite that "fire" of criticism in their public appearances. In strong language, he acknowledges that Mr. Reagan should receive "maximum cooperation" from Congress but then adds, "This does not mean that it is the duty of Congress to rubberstamp whatever the President proposes."

"The people want Congress to be cooperative," Mr. Wright wrote. "They do not want it to be supine."

In general, the Wright memorandum hit hardest on the allegation that while rich families would reap enormous tax breaks under Mr. Reagan's proposals, poor families would suffer from cuts in such programs as food stamps, child nutrition, unemployment compensation and public service jobs.

SPECIAL TAX BREAKS ASSAILED

Senator Metzenbaum chided Mr. Stockman for not proposing significant changes in "tax expenditures," provisions in the tax code that give breaks to special interests. "If you had done that," the Senator said, "you wouldn't have taken that much out of the mouths of hungry people."

Mr. Stockman replied that Mr. Reagan's margin of victory last November was a "mandate for cutting spending, not raising taxes." But the budget director added that his proposals were not "carved in stone," and that he would be open to "superior ideas."

Many Democrats seemed in shock after the November elections, and until recently have been reluctant to challenge a President who was riding high in the public opinion polls. But now that Mr. Reagan's specific proposals have been forwarded to Congress the Democrats have decided to get tougher.

As Representative Bill Alexander, Democrat of Arkansas, the chief deputy whip, put it today, "The plot thickens."

The problem facing Democrats, however, is agreeing on themes and positions that they can use to criticize the President. Accordingly, meetings have been held all over Capitol Hill in recent days, as Democrats struggled to decide what united, rather than what divided, their party.

Party leaders met this morning with Peter Hart, a political pollster, who told them that their current message was "confusing" and that they had to speak publicly with more "force and clarity," according to one participant in the meeting.

[From the Christian Science Monitor, Mar. 13, 1981]

INSIDE REPORT

House Speaker Tip O'Neill says he's having no trouble reading "the will of the people" on President Reagan's budget and tax cuts.

O'Neill has received 30,000 pieces of mail from constitutents telling him to support President Reagan's budget and tax cuts.

He says Reagan will get "more cooperation than ever offered" between parties on any issue.

O'Neill says he has been warned that only three members of the House Ways and Means Committee would vote for the Reagan package in its original form. But he sees "no division" between the parties as far as the need for tax cuts is concerned.

"There will be cuts," O'Neill promises, adding that "we'll meet the original [requested] cuts of $51 billion pretty close."

LOOKING FOR OIL ON WALL STREET?

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, this morning's newspapers report that Standard Oil of Ohio, a subsidiary of the British Petroleum Co., is offering to pay $1.8 billion to buy the Kennecott Corp., the largest copper producing company in the United States. The second largest copper company, Anaconda, already is owned by Arco, another major oil company.

Last week, Standard Oil of California, known to consumers as Chevron, proposed the largest merger in history, offering $4 billion to purchase AMAX, Inc., the third largest coal mining company in the United States.

In both cases, the price per share that is being offered by the oil companies is more than double the price the stocks were trading at when the mergers were announced. In other words, they are offering more than a 100-percent premium to buy these companies.

According to a recent study, the oil companies accounted for 40 percent of all profits reported in 1980 by publicly traded manufacturing companies. The administration's recent decontrol of petroleum prices is predicted to mean an extra cost to consumers of about $8 billion this year. Administration spokesmen say this is necessary in order to give the oil companies the money they need to search for more oil and other energy sources.

It looks to me as though they are using their huge cash flow to go prospecting on Wall Street. All this revenue that is supposed to be going to exploration for new energy resources seems instead to be going to the acquisition of whole industries.

Mr. Speaker, I intend to bring further information about this situation to the attention of my colleagues and the public in the coming weeks.

THE STRATEGIC IMPORTANCE OF AGRICULTURE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. JEFFORDS) is recognized for 5 minutes.

● Mr. JEFFORDS. Mr. Speaker, today I am joining with nearly 80 of my colleagues in introducing a concurrent resolution on agricultural land resources.

It expresses the sense of Congress that the United States should assist local and State governments and agricultural producers in their efforts to promote the continued use of agricultural lands for production of food and fiber, as well as to encourage and assist individuals to enhance the productive condition of agricultural land.

It was just over 4 years ago that I introduced the first Agricultural Land Act in Congress. Since that time there have been a national agricultural lands study project, policy statements on the issue by two Federal agencies, platform policies by both the Republican and Democratic Parties, and an increase in awareness and programs at the local and State levels.

Still, however, only 20 million acres of existing or potential cropland are protected under State or local and county programs, and this country is projected to lose 20 million acres by the turn of the century. Our role as the breadbasket of the world is being threatened.

I have often compared the agricultural land resource issue of today with the energy issue as it was known a few decades ago. Most of us did not recognize the energy crisis—even though it was many years in the making and could have been predicted. The crisis is here, though, and the period of cheap foreign oil is past.

We do not have an agricultural land crisis today. What we do have are symptoms that we may have a crisis—a crisis which will, unless prevented, lead to substantially higher food costs for the consumer and lead to regional or national shortages of some products.

The symptoms of such a crisis are manifold:

A SHRINKING CROPLAND BASE

In one short generation we have built more homes, roads, schools, and public facilities than in the previous three centuries of our history. These facilities often are built on some of the best available agricultural land.

DECREASING PRODUCTIVITY

Unlike the decades of the 1960's and 1970's, which often are associated with scientific agriculture, the future probably will be more dependent on a crop resource base. As prime productive land is lost, marginal land must be brought into production, usually at a much higher cost of production.

INCREASED WORLDWIDE FOOD DEMANDS

The Global 2000 report indicates that significant increases in trade, exported by a few major surplus producers including the United States, Canada, Australia, and several emerging exporters such as Thailand and Brazil, will be needed to balance excess demand in food-deficit Western Europe, Japan, the centrally planned countries, and parts of developing Africa and Asia. U.S. agricultural exports have increased an average of 10 percent per year during the 1970's.

These are only some of the symptoms. We have seen an alarming change in the rural environment in the last half century. Of the 3.3 million residents in the rural work force in 1978, 44 percent were not employed in agriculture, and for every 10 persons in the farm population in 1920, there are now only 2 employed. This has changed our agricultural environment. We have serious challenges ahead if the United States is to continue to be an exporter of agricultural crops.

We have serious challenges ahead if we are to avoid substantially higher food costs and regional or national shortages. Conservative estimates show that with current trends in land loss, export demand, and food production, we can expect real food prices to increase by 80 percent by the turn of the century. These increases will not affect all consumers equally—people in lower income brackets, already disadvantaged in many other ways, also spend a much higher percentage of their incomes for food. Thus they would be affected the most by price increases in the supermarket.

Therefore agricultural land supply and productivity represent an important strategic and economic resource. The President's revised budget package for 1982 recognizes that increasing agricultural productivity must be an important part of our national agricultural policy, and includes increases for research and extension to help achieve the goal.

There are other important elements, of course, which must be provided if we are to achieve and sustain the highest productivity.

The concurrent resolution is a beginning. It is an expression of congressional concern and the base for an overall policy within which the question of agricultural land retention can be addressed. I am optimistic that there will be language in the 1981 farm bill which will help bring about such an overall policy and which will seek to bring about improved interagency coordination as well as strengthening information flow to local and State governments.

I am considering further legislation, along with other Members, that might address such other elements as economic research, tax, and other incentives to farm on good land and build on other land, and other possible shifts in programs and assistance,

I hope that, as an important beginning, more Members will strongly support this concurrent resolution and bring about its quick passage.●

A LEGISLATIVE PROGRAM FOR PUERTO RICO AND ITS CITIZENS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Puerto Rico (Mr. CORRADA) is recognized for 15 minutes.

Mr. CORRADA. Mr. Speaker, I am today asking for this special order to set forth a total legislative agenda for the current session of Congress to help promote the economic development and well-being of Puerto Rico and its citizens.

As the Resident Commissioner from Puerto Rico, I am concerned about the possible devastating effect of proposed cutbacks to the economy of our island.

President Reagan has submitted to Congress his economic proposals and these measures will be debated in the coming months here in the Congress of the United States.

In a public statement last week to the people of Puerto Rico, I commended the efforts of the Reagan administration in achieving spending restraint, fair tax adjustments, regulatory reform, and a strengthened national security.

Such broad goals are to be lauded; we in Puerto Rico share in these goals.

The Congress and the Democratic Party have also made a general commitment to the Reagan administration to support these measures; we do so with a sense of national purpose and unity.

As elected officials and public servants, we also have a concomitant responsibility: that of representing our constituents and articulating their

hopes, desires, and needs to the Congress of the United States and the administration.

That specific task has compelled me to address myself to the subject of the development of Puerto Rico and to advance, at the start of Congress, a broad-ranging program to meet those needs.

The fundamental responsibility of Government in a democratic society is to develop public policies that will help guide the Nation toward a path of justice, progress, and peace.

These are the basic elements leading to a social environment where the right to the pursuit of happiness is not a mere rhetorical illusion, but a distinct and real possibility for the people of this Nation including the more than 3.2 million fellow U.S. citizens residing on the island of Puerto Rico.

As Resident Commissioner from Puerto Rico, I share the concern of many that the decision to cut over $48 billion from the Federal budget in fiscal year 1982 will result in suffering and deprivation to the poor in our Nation.

This decision will have a deeper and more profound impact in Puerto Rico.

Linked firmly to the U.S. economy, there is an axiom in our island that when Uncle Sam sneezes, Puerto Rico gets pneumonia. In the present situation, the looming chill of Federal aid cuts in many areas has caught the attention of the island. Cuts in such areas as elementary and secondary education, college students financial assistance, food stamps, child nutrition, health services for the poor, housing subsidies for low-income families, and economic development programs have all been a subject of intense debate and consideration in the past several weeks since announcement of the Reagan administration plans.

For that reason, the proposals I intend to outline today may be considered optimistic given the present budgetary and economic realities, but I judge them necessary.

I believe it important, as the only elected representative of the people of Puerto Rico in the U.S. Congress, to set forth our own realities, to describe some of the motives behind my legislative agenda, and to vigorously set forth our situation to my mainland colleagues.

This compilation of the specific bills I have introduced, along with a brief description of the unique problems they address, will hopefully be helpful to increase understanding of our distinct needs in Puerto Rico.

Our agenda for Puerto Rico is a combined effort of many people including our Gov. Carlos Romero Barceló. Both the Governor and I were reelected in the November 4, 1980, general elections in Puerto Rico for a 4-year term. This is the first time in 20 years that the people of Puerto Rico have reelected its Governor and its Resident Commissioner.

Since the cabinet officials are appointed by the Governor in Puerto Rico, we have, in place, an administration that is ready to support this legislative agenda, and to provide advice and counsel through my office in Washington, in the coming months, to Members of Congress who may be interested or supportive of the specific steps which I outline today.

The first major bill I would like to mention is one I will be introducing shortly as a combined effort to alleviate unemployment and promote economic development in all of the offshore territories of the United States as well as Puerto Rico.

Within a few days, I will have a final draft of my proposal entitled, "United States Offshore Territories Economic Development Act of 1981."

This bill would authorize the Secretary of the Interior to undertake an economic development plan for Puerto Rico and the other U.S. territories and, if enacted, would authorize an economic stimulus package to cope with the special and unique problems of these jurisdictions. The plan would be developed jointly with efforts of the governments in these territories and heavily involves the private sector.

As presently contemplated, title I of the bill proposes a program for accelerated local public works to provide economic development and jobs and technical assistance for the next 3 fiscal years.

The authorization for each fiscal year under title I would be $100 million for all of the combined geographical jurisdictions.

Title II of the bill would authorize $11 million for loans and an additional $22 million for loan guarantees, the loans to be available for all fields of economic development including industry, trade, and agriculture.

Title III would provide specific and targeted funds for manpower development and training, to help the private sector match its employment needs and to help alleviate severe unemployment in Puerto Rico and the other territories.

All of the territories are confronted by the fact that the Federal tax cuts proposed by the Reagan administration expected to stimulate investments in the U.S. mainland, will not produce the same salutory effect in the territories and Puerto Rico simply because they do not pay Federal taxes.

Despite great strides in economic development, Puerto Rico still suffers gravely from the lingering and ever-present specter of high unemployment and the presence of many poor in our midst. In Puerto Rico, we have a much lower per capita income than the poorest of the States. The stimulative effect of tax cuts proposed by President Reagan will not benefit the Puerto Rican economy and that of the other territories. We are terribly affected by the proposed cuts in different Federal programs but do not share in the economic benefits of the tax cuts. Consequently, a special program for economic stimulus is required for Puerto Rico and the territories.

I have asked the Reagan administration to analyze the impact of the proposed cuts to Puerto Rico and the other U.S. territories. I would like to have them propose a special program for all of us to insure that progress will be made in closing the economic and social development gap between the U.S. mainland economy and those of Puerto Rico and the territories. I hope my bill will serve as a catalyst to bring about proposals from the Reagan administration focusing on our problems.

There are other important measures in the package I am proposing.

Taken as a whole, these measures would immeasurably advance the goals of equal rights and opportunities for all Puerto Ricans and residents of the other territories as citizens of the United States.

One of the measures I am calling for is an amendment to extend the benefits of the general revenue sharing program to Puerto Rico and its 78 municipalities, as well as the other U.S. territories.

H.R. 1577 would provide a 1-percent allocation of total Federal general revenue sharing funds and, for the first time since the program was authorized in 1972, extend the program to Puerto Rico and the territories.

The drive to balance the budget will curtail many Federal assistance programs in Puerto Rico. Our inclusion in the general revenue sharing program at a level of 1-percent goal I advocate, could help us manage the burden of providing increasingly costly social, health, and other services to our populations. In the 96th Congress the Senate supported my position. I call for a renewed effort in the present session by the House Government Operations Committee and Senate Finance Committee to consider and adopt this legislation.

There are other glaring exclusions of Puerto Rico and the U.S. territories from equal participation in Federal aid programs and I have already introduced legislation to remedy these discriminations.

H.R. 1365 would provide fair treatment to Puerto Rico under the medicaid program. It would increase the present obsolete ceiling of $30 million not readjusted since 1972 to a reasonable $145 million. This total would amount to 83 percent of what the island currently spends in health care

for the indigent. I certainly believe the Federal Government can match the efforts of Puerto Rico in this critical health area.

This legislation has been a long-standing proposal of mine and is crucial to help us maintain a minimal level of health and medical care for our citizens.

H.R. 908 renews our goal to include American citizens who live in Puerto Rico and the other U.S. territories under the benefits of the supplemental security income program of the Social Security Act. While Puerto Rico is covered by the Social Security Act and our employers and employees pay social security taxes, the elderly, disabled, and blind there are unfairly excluded from this program.

H.R. 1368 constitutes legislation to provide State-like treatment to Puerto Rico under the aid to families with dependent children (AFDC) legislation and title XX of the Social Security Act. We are presently limited to $72 million under the AFDC program and $15 million under title XX.

H.R. 1639 would authorize the Army Corps of Engineers to clean up the Martín Peña Canal located in the growing and dense San Juan area. The legislation is integral to the promotion and development of the New San Juan Center, located nearby, and to the enhancement of the waterways in the metropolitan area of the city of San Juan. Provisions are being made by the Puerto Rican Government for adequate housing and displacement of families located along the waterway.

H.R. 1366 provides for the use of the Spanish language, under certain circumstances, in proceedings in the U.S. District Court for the District of Puerto Rico. This bill passed the House in the 96th Congress and was supported in the Senate Judiciary Committee but could not be considered by the other body before adjournment.

No matter is more important than the rights and dignity of our citizens. For that reason, I have embarked in an effort to develop a resolution to amend the U.S. Constitution to extend to U.S. citizens residing in Puerto Rico and the territories the right to vote for the President of the Nation. This bill has received the joint support of the various delegates of the U.S. territories and I will have more to say on this issue very shortly.

H.R. 1489 would permit the transportation of passengers between Puerto Rico and other U.S. ports on foreign-flag vessels when U.S.-flag service for such transportation is not available.

On the subject of conceivable food stamp cutbacks, I will be working with the House and Senate Agriculture Committees to oppose any cutbacks for the truly needy in the food stamp program. The reauthorization of the food stamp legislation is one which will be before us soon. Puerto Rico has a high percentage of our population participating in this vital nutritional program. We have such a high rate due to the fact that our percentage of poor is higher than any other State, and because our exclusion from some major Federal welfare programs increases the number of eligible participants. On a parallel issue, any cutback in the Federal Comprehensive Employment and Training Act, or CETA funds, will seriously impair our island's overall economic development program and aggravate unemployment.

It seems fiscally prudent not to add to food stamp rolls and, for that reason, I will be closely monitoring, as a member of the House Education and Labor Committee, any abrupt changes in the CETA programs. Until other alternatives come up to hire unemployed for constructive work, CETA is a valuable program for Puerto Rico and those in need of wages to provide for an adequate living for their families.

Mr. Speaker, I am concerned about the status of the Surface Transportation Act of 1980, legislation which must be reauthorized this year and with the final formula that may be proposed.

I also trust we will soon move to reshape the airport development and aid program (ADAP), low-energy assistance programs, various reauthorizations of education legislation such as vocational education programs and the continuance of the Community Services Administration.

I am proposing separate bills to provide for pensions of World War I veterans with an income less than $10,000. This measure is H.R. 1367.

Bound together by history and by the forces that relate Puerto Rico to the United States, confronted as we are by the imminence of massive cutbacks in Federal programs, we are seeking alternative solutions to our present situation.

As Resident Commissioner from Puerto Rico, I am anticipating the close cooperation of my colleagues in achieving the objectives described above and look forward to working with all in these and other efforts.

□ 1130

MEDICAL CARE FACILITIES PROTECTION ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. STOKES) is recognized for 5 minutes.

● Mr. STOKES. Mr. Speaker, I have been concerned about the financial instability of inner-city hospitals and their ability to provide quality health care to medicare and medicaid beneficiaries and the medically indigent. As you know, on August 30, 1980, the Department of Health and Human Services (HHS) announced a strategy for assisting financially troubled hospitals. This strategy required the Health Care Financing Administration (HCFA) to solicit demonstration and waiver proposals from State medicaid agencies to provide financial assistance to individual hospitals and the community health centers treating large numbers of medicare and medicaid beneficiaries and individuals without health insurance protection. Some 18 medicaid State agencies submitted 50 proposals involving over 150 hospitals and community health centers during the 30-day grant solicitation period. Moreover, many more State medicaid agencies and health facilities would have been willing to participate in this program if more time were available for them to submit their grant application.

Upon careful review of these proposals, HCFA decided to negotiate with only nine facilities. Currently, HCFA has decided to award the grants to only three health facilities. Consequently, some 150 hospitals and community health centers that were interested in participating in this limited program still have not found a method to reduce their burden of uncompensated care and bad debts. The Department of Health and Human Services, has clearly demonstrated that a more meaningful approach to deal with the problems of financially troubled hospitals is needed rather than a limited research and demonstration program or a case-by-case approach.

The health facilities participating in the grant solicitation process cited a number of factors contributing to financial instability, and near bankruptcy in the case of Jamaica Hospital in New York, including replaced by a new facility, low occupancy rate, outdated facilities, inadequate supply of primary care physicians, inadequate billing and collection system, inflation, and escalating costs for goods and services. Yet the single concern lodged most often by the hospitals, particularly those in large urban areas, is the provision of high level and the high volume of uncompensated care to the poor, medically indigent, and undocumented aliens. Los Angeles County, for example, has a huge uncompensated case problem estimated at $200 million.

In the 21st District of Ohio which I serve, five hospitals are battling for survival. Metropolitan General, University Hospital, Mount Sinai Hospital, St. Luke's Hospital, and St. Vincent Hospital, combined, render 90 percent of the medical care to Cuyahoga County residents who do not have the ability to pay for those services, with Metropolitan General absorbing 45 percent of the losses from

bills that go unpaid. Losses recorded by the inner-city hospitals, including some of the small institutions came to approximately $23 million in 1979, up $5 million from 1978. It is estimated that the total lost in 1980 was $26 million.

In an attempt to contain escalating health costs, Federal and State cost-control efforts reduce hospitals' revenues and have a substantial effect on hospitals which serve large numbers of medicare and medicaid beneficiaries. In Louisiana, medicaid coverage is limited for inpatient days and limitations are imposed on the number of allowable outpatient visits each year which automatically creates bad debts for the institutions. In Shelby County, Tenn., 43 percent of the population live in households below the poverty level, yet less than 20 percent are recipients of medicaid. Therefore, thousands of poor people in need of primary health care go uncovered and most likely untreated. To further dramatize the problem in Tennessee, the medicaid program only permits 16 inpatient hospital days per year; and, only 6 annual outpatient visits to a primary health clinic, mental health center, or physicians will be reimbursed under medicaid. Additionally, medicaid costs have escalated whereby States lack the fiscal resources to fund the program. Alabama, District of Columbia, Maryland, Michigan, Minnesota, Mississippi, New Jersey, New York, Ohio, Wisconsin, and Virginia, just to name a few, have considered reducing the amount and scope of coverage under the medicaid program. Changes under consideration are reduction of inpatient hospital stays, reduction of skilled nursing facility services and physician services, and limited numbers of surgical procedures to be performed and covered on an outpatient basis. Once implemented the changes are expected to save millions in tax revenues. In Maryland's case, expected savings amount to $17.6 million.

Medicaid has further exacerbated the fiscal crises at public health facilities through the inadequate reimbursement of outpatient and emergency room services. In some States including New York, the State medicaid program imposes reimbursement caps on certain services like long-term care and ambulatory services. Such caps operate to limit the amounts which the medicaid program pays for the direct cost of care to program beneficiaries.

The medicaid reimbursement employs a formula which results in a rate that may be substantially below the hospital's actual costs associated with the provision of services. This wide differential between costs and rates has caused staggering losses, particularly in States where the rates for reimbursement have been the same for over a 5-year period. In 1978, New York City voluntary hospitals' losses were estimated at $124 million with $93 million of that from emergency room and outpatient services.

Compounding the health facility's continued ability to furnish care is seriously jeopardized by the failure of third-party insurance programs to bear their fair share of the financial burden. Sharing in this burden is just a part of doing business.

In an attempt to prevent any more closures and to provide financial assistance to medical care facilities, I am reintroducing a bill, the Medical Care Facilities Protection Act of 1981. The bill provides for grants to protect against costs of uncompensated care for hospitals and comprehensive community health centers in medically underserved and health manpower shortage areas. The grants would provide for payment of accrued debt and for the development of managerial practices and proven strategies to assure financial solvency. In addition, it provides support for managerial technical assistance to improve the delivery of health services particularly in the areas of ambulatory and emergency care.

The legislation builds upon the health planning efforts for effective and efficient utilization of health facilities, services, and beds. The States would administer the grants program. The States cannot provide a grant to a hospital until the hospital has complied with recommendations made by the local health systems agency and conditions established by the Secretary of the Department of Health and Human Services, to make appropriate changes in its financial, managerial, and service delivery structures.

The bill provides for the establishment within the Department of Health and Human Services a Medical Care Facilities Protection Board composed of representatives of consumers, labor, hospitals, government, and experts in the delivery and financing of health services. This board would monitor the effectiveness of the program, recommend administrative or legislative changes, and develop long-range strategies for financially distressed medical care facilities.

Mr. Speaker, this bill will insure that many individuals who are not currently covered under the 53 separate medicaid plans will not be without emergency health coverage. The financial viability of existing health facilities serving the medically underserved populations must not be closed due to inflation and proposed hospital cost containment policies. Moreover, any attempt to assist medical care facilities in the inner-city and rural areas must work in cooperation without existing health planning structure.

The bill being reintroduced today concerns the financial viability of non-Federal public and nonprofit private hospitals and comprehensive community health centers needed to improve our existing health care delivery crisis. I trust my colleagues will see the urgency of this issue and give their support to the efforts being made in this plan.

The bill follows:

H.R. 2513

A bill to amend title XIX of the Social Security Act to require State medicaid programs to provide grant to certain financially distressed hospitals and community health centers which provide uncompensated care and which would otherwise be closed, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Medical Care Facilities Protection Act of 1981".

FINDINGS AND PURPOSES

SEC. 2. (a) Congress finds and declares that—

(1) the current health care system in the United States is insensitive and does not provide a uniform or comprehensive program of uncompensated medical care for uninsured Americans and undocumented aliens;

(2) many medical care facilities in medically underserved areas (including both inner-city and rural areas) are closing due to the provision of medical care to millions of Americans and undocumented aliens lacking adequate health insurance coverage for basic primary health care and acute medical services;

(3) each State has not provided, under its medicaid program under title XIX of the Social Security Act, coverage of medically needy individuals by allowing individuals to spend down to qualify for assistance under the program;

(4) the state of medical care for the poor in the inner-city and rural areas is seriously and adversely affected by the closing of major medical care institutions and by present medicaid eligibility criteria;

(5) to protect the national health and reduce illness and disease, it is necessary to assure that adequate financing is available to assure that medical care facilities and medicaid eligibility coverage is available to the poor who reside in medically underserved areas; and

(6) a program to provide grants to non-Federal public and nonprofit private medical care facilities located in designated medically underserved and health manpower shortage areas is needed to maintain the availability of a sufficient degree of health resources to guarantee access to quality health services in inner-city and rural areas in the United States.

(b) The purposes of this Act are—

(1) to establish a national program of protection against the cost of uncompensated care for medical care facilities in medically underserved and health manpower shortage areas;

(2) to establish a program which builds on the foundation of the Nation's health planning and project review efforts;

(3) to assure that all Americans and undocumented aliens in need of quality emergency medical services will receive them;

(4) to reduce bad debts for medical care facilities that provide uncompensated care to uninsured health consumers; and

(5) to provide for a system of reforms, to assure that vital health institutions will be maintained in designated medically underserved areas.

AMENDMENTS TO SOCIAL SECURITY ACT

SEC. 3. (a) Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)) is amended—

(1) by striking out "and" at the end of paragraph (42);

(2) by striking out the period at the end of paragraph (43) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (43) the following new paragraph:

"(44) provide for a program of grants to certain financially distressed medical care facilities in accordance with section 1915.".

(b)(1) Section 1905(a) of such Act (42 U.S.C. 1396d(a)) is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

"(7) subject to subsection (b)(4), an amount equal to 75 per centum of the sums expended during such quarter which are attributable to grants provided in accordance with section 1915; plus".

(2) Section 1905(b) of such Act is amended by adding at the end the following new paragraph:

"(4) The amount of funds which the Secretary is otherwise obligated to pay a State during a fiscal year under subsection (a)(7) may not exceed the amount allocated to the State for the fiscal year under section 1915(c).".

(3) Section 1905(i) of such Act is amended by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or", and by adding after such paragraph the following new paragraph:

"(5) with respect to any amount expended for a grant described in section 1915 for a facility (A) for a period of more than three years with respect to that facility, or (B) to the extent that the amount of the grants exceeds 75 per centum of the total costs estimated to be required for the necessary improvements and delivery of services by the facility under the proposal for the grant.".

(c) Title XIX of such Act is amended by adding at the end the following new section:

"PROGRAM OF GRANTS FOR CERTAIN FINANCIALLY DISTRESSED MEDICAL CARE FACILITIES

"SEC. 1915. (a) Each State shall provide for a program of grants to financially distressed medical care facilities (hereinafter in this section referred to as the 'program') in accordance with this section.

"(b)(1) Each State shall provide for medical care facilities (as defined in subsection (e)(1)) to submit grant applications to the State for assistance under the program.

"(2) No State may provide for approval of such a grant for a facility unless—

"(A) the facility is located in a medically underserved area designated under section 1302(7) of the Public Health Service Act or is, is in, or primarily serves a health manpower shortage area designated under section 332 of such act;

"(B) the health systems agency for the health service area in which the facility is located has reviewed the application for such grant and has determined that—

"(i) maintenance of the operations of the facility is necessary for the health of individuals residing in the health service area, and

"(ii) without a grant under the program the facility would have to terminate operations in the area; and

"(C) the facility has agreed, as a condition of the receipt of such a grant, to—

"(i) conform to any plan developed by the health systems agency for the health service area in which the facility is located for the elimination or conversion of any excess supply of inpatient hospital services it has been providing,

"(ii) identify administrative procedures to collect payment from third party payors (including any payments which may otherwise be due the facility under the State plan under this title or under title XVIII of this Act) and establish sliding schedules of fees related to income for poor individuals not eligible for medical assistance under the State's plan under this title, in order to reduce the size of financial operating deficits,

"(iii) develop an affirmative action plan to provide for minority employment opportunities in the management and medical professional staff levels,

"(iv) submit periodic reports, certified by the authorized governing board of the facility, to the State concerning services provided through multi-institutional arrangements with other health facilities (including any such arrangement with a hospital affiliated primary care center described in section 328 of the Public Health Service Act), and

"(v) apply amounts received under such a grant only to accrued debt of the facility, to expenses necessary to modify or restructure health services delivery in conforming with the local health systems plan, to the provision of other appropriate managerial technical assistance, to the cost of retraining personnel affected by any discontinuance of services, or to development or operation of a computerized bill payment and collection system.

"(3) Grants shall be made under this section upon such terms and conditions as the State may determine, in accordance with criteria established by the Secretary and determined by the Secretary to be appropriate for State administration of such grants.

"(4) Subject to subsection (c), the amount of any grant under this section shall be determined by the State, but in no case may the amount paid with respect to any service provided exceed the amount which could otherwise be paid to the medical care facility for the provision of such service to an individual eligible for benefits under the State's plan under this title.

"(c)(1) Each State shall submit to the Secretary, at such time and in such form as the Secretary may require, an application for an allocation of funds under this section.

"(2)(A) In his discretion and after taking into consideration the needs of financially distressed medical care facilities demonstrated in the applications of the States, the Secretary shall allocate to each State which has submitted such an application an equitable proportion of the fiscal year allocation limitation for that fiscal year established under paragraph (3).

"(B) The amount of an allocation to a State for a fiscal year shall be reduced by the amount (if any) by which the expenditures by the State (and local governments therein), other than under this section, for the fiscal year for assistance of financially distressed medical care facilities is less than the amount of such assistance provided in fiscal year 1981.

"(3) For purposes of paragraph (2), the fiscal year allocation limitation for fiscal year 1982 is $250,000,000, and the fiscal year limitation for each of fiscal years 1983 and 1984 is $300,000,000, and the fiscal year allocation limitation for subsequent fiscal years is zero.

"(d)(1)(A) There is hereby established within the Department of Health and Human Services a Medical Care Facilities Protection Board (hereinafter in this subsection referred to as the 'Board'), to be composed of six members to be appointed by the Secretary. Two members of the Board shall be representatives of the health services industry (public and nonprofit private) who are experts in the delivery and financing of health services. Two members of the Board shall be consumer representatives who are not providers of health care. One member of the Board shall be a Federal, State, or local governmental employee who shall serve as a governmental representative. One member of the Board shall be a member of a union which represents hospital employees.

"(B) Each member of the Board shall hold office for a term of three years. Any member appointed to fill a vacancy occurring prior to expiration of the term for which his predecessor was appointed shall serve only for the remainder of such term. The Secretary shall appoint one member of the Board to serve as the Chairman of the Board.

"(2) The Board shall—

"(A) provide advice to the Secretary and in general furnish recommendations with respect to the administration of the programs under this section (including recommendations regarding the appropriate level of grant funding of States);

"(B) continually monitor, study, and review this section and its administration with a view to (i) determining the extent to which it is effectively, efficiently, and economically achieving its purposes, (ii) identifying and recommending to the Secretary and Congress changes in this section and its administration needed to achieve its purpose, and (iii) developing and recommending management and proven strategies for financially distressed medical care facilities; and

"(C) annually submit to the Congress a report on the administration of this section and include any recommendations for legislative changes in or affecting this section.

"(3)(A) The Secretary shall furnish the Board with such staff and information (including data and cost reports) pertaining to the functions of the Board as may be necessary to carry out its duties, and shall appoint (with the approval of the Board) an executive director for the Board.

"(e) For purposes of this section:

"(1) The term 'medical care facility' means—

"(A) a non-Federal, public, or private nonprofit hospital, or

"(B) a public or private nonprofit community health center (as defined in section 330(a) of the Public Health Service Act).

"(2) The term 'uncompensated care' means, with respect to a facility, the provision of health services to an individual who is not eligible for benefits or assistance under title XVIII of this Act or the State's plan under this title and who has no health insurance which provides coverage with respect to the provision of such services by the facility.

"(3) The term 'health services' means emergency medical care services, nonelective inpatient services, prenatal and obstetrical care, pediatric care, and other health-

related services as determined by the Secretary.

"(4) The term 'undocumented alien' means an alien who is in the United States in violation of the Immigration and Nationality Act.".

(d)(1) Subject to paragraph (2), the amendment made by subsection (a) shall apply to medical assistance provided in calendar quarters beginning on or after October 1, 1981, and before September 30, 1984.

(2) In case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirement imposed by the amendment made by subsection (a), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet this additional requirement before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.

INCLUSION OF BAD DEBTS IN MEDICARE REIMBURSEMENT

SEC. 4. (a) Section 1861(v)(1) of the Social Security Act (42 U.S.C. 1395x(v)(1)) is amended—

(1) by inserting "(except as provided in subparagraph (J))" in subparagraph (A)(i) after "will not be borne by individuals not so covered, and", and

(2) by inserting after subparagraph (I) the following new subparagraph:

"(J) In the case of a hospital, the reasonable cost of services provided shall include a share of bad debts incurred in the efficient operation of the hospital proportional to the proportion of the services of the hospital which are paid for under the insurance programs under this title.".

(b) The amendment made by subsection (a) shall apply to cost accounting periods beginning on or after October 1, 1981.●

THE B-1 IS A BUMMER

(Mr. WEAVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WEAVER. Mr. Speaker, I believe that many of our military budget funds are not spent on the best things to further the defense of our country. So I was most interested today to read in the Washington Post a column by Admiral Turner, former Director of the CIA. These remarks by Admiral Turner reflect my thinking, and out of which the reasons I voted as I do on military budgets. I incorporate them in the RECORD at this point:

THE B1 IS A BUMMER

(By Stansfield Turner)

If the military received the green light and all the money it needed for the B1 and another giant aircraft carrier today, it would be five to six years before we saw the B1 and seven to 10 years before the carrier could respond to an operational order. We are making these budget decisions not for today, but for 10, 20, even 40 years from today. We can't let ourselves be emotionally tied to the past or lack the vision for what we will need militarily from 1985 through 2020—the useful life of these systems. We must have the courage to be bold and act on the hard evidence of where military weaponry is tending. If we are to remain strong and build the kind of military we will need in the coming years, we must begin to modify the kind of aircraft and aircraft carriers we build today in rather dramatic ways.

The manned bomber, be it a B1 or a carrier-based aircraft, is designed to penetrate the enemy's defenses and deliver a weapon close to a target. However, this tactic is being made obsolete today by technology that enables the enemy to better defend against bombers. Satellite sensors can pick up data, which in turn can be rapidly processed and then sent around the world instantaneously by digital data transmission. The result will be near-assured detection of the bomber as it penetrates enemy defenses, the immediate calculation of how to intercept it and the dispatch of smart guided missiles to pursue it relentlessly to destruction.

The technologies we are counting on to help us defend our bombers are lagging way behind. The newly disclosed Stealth technology may extend the aircraft's ability to penetrate. It is too early to judge just what operational applications Stealth will have. But this uncertainty raises the question of whether we would want to use manned penetrating aircraft even if their vulnerability were reduced.

Technical sensors can also be used to detect the targets we want to attack, whether they are fixed or moving. The same processing and data relay can provide that data to a command center far from the battlefield, where it can be evaluated more accurately and more dispassionately than it can by pilots whose missions and skins are on the line. The data flow from the command center can then direct a weapon to be launched from well outside the battle zone and can control that weapon precisely to its target.

It is a long and proud tradition to place a man in an aircraft over the target. But it is a dying tradition, and pride should not stand in the way of doing the job better and more safely. The risks to the pilot are unreasonable, and the probability of hitting the target less than with a remotely controlled system.

We will still need bombers. But without the requirement for large, complex aircraft that can penetrate sophisticated defenses, a standoff variety can be built smaller and more simply, and we will be able to afford more of them.

The giant aircraft carrier, not only its penetrating bomber, is also a dying breed. At $3.5 billion for one ship—no aircraft—it is too expensive. At 100,000 tons and 1,000 feet in length, it's a sitting duck. With the fleet limited to a total of 12 or 13, they must be carefully rationed, so often they are not where we would like them to be. Like the manned bomber, the trends of technology are all making the giant aircraft carrier obsolete.

The extant cruise missile will permit carrier planes to also stand off and fire at a distant target. The V/STOL, now being used extensively by the Marines and the Soviets, is also a reality. Between the cruise missile, V/STOL and the technology that helps each do its job, the aircraft carrier too can shrink in size and cost, and many more ships can become carriers of at least a few aircraft.

If we proceed with the giant aircraft carrier and the B1 over the years ahead, when the trends of technology are strongly against them, we will find ourselves poorer both in treasure and in defense. We will have neither the funds nor the motivation to pursue the coming alternative systems as vigorously as we must. We will feel safe because, if the chips are ever down, military commanders will withhold carriers from zones of high threat and curtail use of B1s near the big, important, well-defended targets. The dollar cost, the blow to the nation's prestige and the loss to our total military inventory would be just too great to risk losing even one carrier or a few B1s.

Above all, we must avoid becoming embroiled in all the detailed arguments about the qualilties of these two systems. Their qualities, as exceptional as they may be, are not bargains if they exceed our needs—if we can do the same job better for less. Our focus must be on the end product. Can they do what needs to be done better than other systems?

The evidence clearly says no. Technologies to defeat the B1 and the supercarrier are outdistancing technologies that can be used to defend them. And new technology offers far better alternatives.

In 1868, the USS Wampanoag was a steam-driven warship that could go twice as fast as any sailing warship afloat, and, because it was propelled by a steam engine, it was not subject to the vagaries of the wind. It surely was a naval tactician's dream. Unfortunately, naval officers did not see it that way. Instinctively, they rejected it as something too revolutionary, decrying its profound differences from ships in use at the time, not its performance. It was averred that if sailors did not have to climb the rigging in wind and storm, they would grow soft and would pale in the face of battle! In 1869, the Navy dropped Wampanoag from the fleet. Another ship of its equal was not commissioned for almost 30 years.

It took a long time for the country to recognize that Wampanoag was the wave of the future and that the beloved and battle-tested sailing ship was an anachronism. We cannot today afford to remain sentimentally attached to manned, penetrating bombers and to large ships of any description for their own sake. Both are just too vulnerable, and growing more so by the day.

There is an understandable national concern that we are not keeping up with the Soviets in military competition. We will certainly have to spend more on defense to correct that. But, more important, we must spend it with all the leverage our advanced technological base and our inherent ingenuity will give us.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. SOLOMON) to revise and extend his remarks and include extraneous material:)

Mr. JEFFORDS, for 5 minutes, today.

(The following Members (at the request of Mr. CORRADA) to revise and extend their remarks and include extraneous material:)

Mr. CORRADA, for 15 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.
Mr. STOKES, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. SOLOMON) and to include extraneous matter:)

Mr. LEE.
Mr. MCCLOSKEY.
Mr. MICHEL, in two instances.

(The following Members (at the request of Mr. CORRADA) and to include extraneous matter:)

Mr. GEJDENSON.
Mr. VENTO.
Mr. HAMILTON.
Mr. RODINO in two instances.
Mr. DIXON.
Mr. FASCELL in four instances.
Mr. CONYERS.
Mr. MCDONALD.
Mr. EDWARDS of California.

BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on this day, present to the President, for his approval, a bill of the House of the following title:

H.R. 2166. An act to amend the Energy Policy and Conservation Act to extend certain authorities relating to the international energy program.

ADJOURNMENT

Mr. CORRADA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 31 minutes p.m.), under its previous order, the House adjourned until Tuesday, March 17, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

794. A letter from the Acting General Counsel of the Department of Defense, transmitting a draft of proposed legislation to authorize supplemental appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and for research, development, test, and evaluation, and to increase the authorized personnel strength for military and civilian personnel of the Department of Defense, and for other purposes; to the Committee on Armed Services.

795. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the commissary shelf-stocking and custodial services function at Seymour-Johnson Air Force Base, N.C., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

796. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a statement describing a proposed transaction exceeding $100 million with the Government of Israel pursuant to section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended; to the Committee on Banking, Finance and Urban Affairs.

797. A letter from the Acting Secretary of the Treasury, transmitting the annual report of the Office of Revenue Sharing for fiscal year 1980, pursuant to sections 1059(a)(2) and 121(f) of the State and Local Fiscal Assistance Act of 1972, as amended; to the Committee on Government Operations.

798. A letter from the Acting Administrator of General Services, transmitting a followup report on the recommendations contained in the reports of the Board of Visitors, U.S. Naval Academy on its meetings of September 27, 1978, and September 26, 1979, pursuant to section 6(b) of the Federal Advisory Committee Act; to the Committee on Government Operations.

799. A letter from the Secretary, Postal Rate Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1980, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

800. A letter from the Acting Administrator of Veterans' Affairs, transmitting a report on health care for veterans in Puerto Rico and the Virgin Islands, pursuant to section 8(a) of Public Law 95-520, as amended (94 Stat. 1053); to the Committee on Veterans' Affairs.

801. A letter from the Chairman, National Commission on Social Security, transmitting the final report of the Commission, pursuant to section 361 of Public Law 95-216; to the Committee on Ways and Means.

802. A letter from the Comptroller General of the United States, transmitting a report reviewing the Federal workers' compensation cases on the Department of Labor's long-term disability rolls (HRD-81-19, March 9, 1981); jointly, to the Committees on Government Operations, Education and Labor, Ways and Means, and Post Office and Civil Service.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. EVANS of Iowa:

H.R. 2515. A bill to amend the Internal Revenue Code of 1954 to provide an investment tax credit for certain soil and water conservation expenditures; to the Committee on Ways and Means.

By Mr. FRANK:

H.R. 2516. A bill to extend for 2 years the existing suspension of duty on wood excelsior; to the Committee on Ways and Means.

By Mr. WON PAT:

H.R. 2517. A bill to recognize the cultural tradition of the Pacific territories and possessions of the United States by allowing the possession of betel nut for personal use by residents of such territories and possessions; to the Committee on Energy and Commerce.

H.R. 2518. A bill to amend the Organic Act of Guam to provide for removal by recall of certain elected officials, and to authorize initiatives and referendums; to the Committee on Interior and Insular Affairs.

H.R. 2519. A bill to provide for the establishment of a national cemetery in Guam; to the Committee on Veterans' Affairs.

By Mr. JEFFORDS (for himself, Mr. AKAKA, Mr. ALEXANDER, MR. ANDREWS, Mr. ANTHONY, Mr. AUCOIN, Mr. BEARD, Mr. BEDELL, Mr. BEILENSON, Mr. BEREUTER, Mr. BEVILL, Mr. BONIOR of Michigan, Mr. BOWEN, Mr. BROWN of Ohio, Mr. BROWN of California, Mr. CHAPPELL, Mr. CHAPPIE, Mr. COELHO, Mr. CONYERS, Mr. CORCORAN, Mr. JAMES K. COYNE, Mr. DASCHLE, Mr. DAUB, Mr. DONNELLY, Mr. DORGAN of North Dakota, Mr. EDGAR, Mr. EDWARDS of California, Mr. ENGLISH, Mr. ERDAHL, Mr. EVANS of Georgia, Mr. EVANS of Iowa, Mr. FAZIO, Mrs. FENWICK, Mr. FINDLEY, Mr. FOLEY, MR. FORSYTHE, Mr. GINGRICH, MR. GINN, Mr. GOODLING, Mr. GUNDERSON, Mr. GUYER, Mr. HAGEDORN, Mr. HANSEN of Idaho, Mr. HARKIN, Mr. HATCHER, Mr. HUGHES, Mr. JONES of Tennessee, Mr. KASTENMEIER, Mr. KILDEE, Mr. KOGOVSEK, Mr. MARLENEE, Mr. MCCLORY, Ms. MIKULSKI, Mr. MINETA, Mr. MOAKLEY, Mr. MOTTL, Mr. MURPHY, Mr. NEAL, Mr. PANETTA, Mr. PEASE, Mr. PEPPER, Mr. RAILSBACK, Mr. RATCHFORD, Mr. RICHMOND, Mr. RINALDO, Mr. ROTH, Mr. SCHEUER, Mrs. SCHNEIDER, Mr. SHUMWAY, Mr. STUMP, Mr. TAUKE, Mr. VENTO, Mr. VOLKMER, Mr. WEAVER, Mr. WILSON, Mr. WIRTH, and Mr. YATRON):

H. Con. Res. 92. Concurrent resolution expressing the sense of Congress concerning the continuing permanent conversion of productive agricultural lands to nonagricultural uses; to the Committee on Agriculture.

By Ms. MIKULSKI:

H. Con. Res. 93. Concurrent resolution to express the sense of the Congress that the U.S. Postal Service should issue a postage stamp to honor Dr. Marie Zakrzewska; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

21. The SPEAKER presented a memorial of the House of Representatives of the State of Arizona, relative to restrictive emigration policies of the Soviet Union; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. EVANS of Iowa:

H.R. 2520. A bill for the relief of Emanuel F. Lenkersdorf; to the Committee on the Judiciary.

By Mr. MCCURDY:

H.R. 2521. A bill to remove certain lands from the Wichita Mountains Wildlife Refuge, Okla.; to the Committee on the Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 146: Mr. RAILSBACK.

H.R. 747: Mr. ADDABBO, Mr. BINGHAM, Mr. BENNETT, Mr. BONIOR of Michigan, Mr. BONER of Tennessee, Mr. BRODHEAD, Mr. BROWN of California, Mr. JOHN L. BURTON, Mr. CARMAN, Mrs. CHISHOLM, Mr. CLAY, Mr. COELHO, Mr. CORCORAN, Mr. CORRADA, Mr. CROCKETT, Mr. DANIELSON, Mr. DASCHLE, Mr. DELLUMS, Mr. DORGAN of North Dakota, Mr. DOWNEY, Mr. EDGAR, Mr. ERTEL, Mr. FARY, Mr. FROST, Mr. FORD of Tennessee, Mr. GLICKMAN, Mr. GUARINI, Mr. GUYER, Mr. HAWKINS, Mr. HOLLENBECK, Mr. HUGHES, Mr. IRELAND, Mr. LAFALCE, Mr. LOWRY of Washington, Mr. MATSUI, Mr. MCCLOSKEY, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Mr. MOFFETT, Mr. MURPHY, Mr. OBERSTAR, Mr. OTTINGER, Mr. PANETTA, Mr. PEPPER, Mr. PERKINS, Mr. RAHALL, Mr. REUSS, Mr. RICHMOND, Mr. RODINO, Mr. SABO, Mr. SCHEUER, Mrs. SCHROEDER, Mr. SMITH of Iowa, Mr. ST GERMAIN, Mr. STARK, Mr. STOKES, Mr. STUDDS, Mr. SUNIA, Mr. SYNAR, Mr. WEISS, Mr. WHITEHURST, Mr. WON PAT, Mr. YOUNG of Florida, Mr. LONG of Maryland, and Mr. BIAGGI.

H.R. 748: Mr. ALBOSTA, Mr. BINGHAM, Mr. BOWEN, Mr. BRODHEAD, Mr. PHILLIP BURTON, Mr. CONYERS, Mr. CROCKETT, Mr. DANIELSON, Mr. DELLUMS, Mr. DONNELLY, Mr. DOWNEY, Mr. EDGAR, Mr. FAZIO, Mr. FRANK, Mr. GUARINI, Mr. HUGHES, Mr. JEFFORDS, Mr. KOGOVSEK, Mr. KILDEE, Mr. LAGOMARSINO, Mr. LEHMAN, Mr. LEVITAS, Mr. LONG of Maryland, Mr. LUNDINE, Mr. MILLER of California, Mr. MOFFETT, Mr. MOTTL, Mr. MURPHY, Mr. OBERSTAR, Mr. OTTINGER, Mr. PEPPER, Mr. ROSENTHAL, Mr. SCHEUER, Mrs. SCHROEDER, Mr. STARK, Mr. STOKES, Mr. SYNAR, Mr. VENTO, Mr. WEAVER, and Mr. WEISS.

H.R. 1005: Mr. ROUSSELOT.

H.R. 1529: Mr. MATSUI.

H.R. 2262: Mr. BEILENSON, Mr. DUNCAN, Mr. FORD of Tennessee, Mr. HUGHES, and Mr. NEAL.

H.R. 2385: Mr. KEMP.

H. Con. Res. 73: Mr. DUNCAN, Mr. COURTER, Mr. WYDEN, Mr. STANGELAND, Mr. NEAL, Mr. WAMPLER, Mr. BEDELL, Mr. BEARD, Mr. GINGRICH, Mr. ROBERT W. DANIEL, JR., Mr. DAUB, Mr. HUGHES, Mr. MCEWEN, Mr. RALPH M. HALL, Mrs. SNOWE, Mr. DORNAN of California, and Mr. IRELAND.

H. Res. 101: Mr. KILDEE, Mr. ROSENTHAL, Mr. WEAVER, Mr. FAUNTROY, Mr. DORGAN of North Dakota, Mr. SCHEUER, Mr. FARY, Mr. STOKES, Mr. LELAND, Mr. MCHUGH, Mr. YATRON, Mr. RANGEL, Ms. MIKULSKI, Mr. SEIBERLING, Mr. KOGOVSEK, Mr. MCCLOSKEY, Mr. OTTINGER, and Mr. FRANK.

EXTENSIONS OF REMARKS

THE CONGRESSIONAL MEDAL OF HONOR

HON. LARRY McDONALD
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. McDONALD. Mr. Speaker, I have been getting quite a bit of flak lately because of my stand opposing the assignment of women to the military academies. Quite recently, the significance of that stand was brought home to me when a Special Forces Green Beret Sgt. Brian O'Connor, stopped by my office for a visit. Brian is now medically retired from the Green Berets in the Fiji Islands. It is thanks to him that Sgt. Roy Benavides recently became President Reagan's first recipient of the Nation's highest award for valor—The Congressional Medal of Honor.

Probably the extent of Brian O'Connor's own story will never be told. However, it does not take much to note the pain and suffering this man endures carrying shrapnel in his knees for the rest of his life. I wonder how many parents today would want their daughters to suffer so.

This is only part of the story. There were Green Beret camps that for up to 7 months of the year were underwater in the delta region of South Vietnam. Rats and other vermin ran over the bodies of these men in the middle of the night. But these men, known by the immortal designation as America's best, did not falter. Out they came from such desolate outposts to interdict the terrorist Vietcong, so innocent villagers, women and children, would not become the innocent slaughtered.

To suffer such privations; to be engaged in mortal combat; to be wounded eight times as Sergeant Benavidez was in one battle; this is not the job of an American or any other woman.

As a former Navy doctor and physician, I know the abilities and limitations of women better than the average person. And yet the flak does not cease, simply because I do now want, and have introduced legislation, that women do not belong at our service academies. The purpose of the academies is to train individuals for combat. Whether air, ground, or sea, that is the job of a man.

This does not in any way degrade the role of women in the military. We know those brave girls in indian white who gave their lives as nurses for the wounded, when the enemy chose to make the red cross of mercy the target of their mortars or artillery. God bless those angels of mercy who gave their lives.

But they were behind the lines. They were not, as they were when we mobilized soldiers in Korea, after the tree cutting incident, next to the combat soldier in the frontlines. It was there that things went very poorly due to the fact that combat soldiers were so busy protecting lady soldiers, that their mission became impaired.

And so it was back on February 24 of this year, that Sgt. Roy Benavidez was rewarded for his gallantry. It was a mixture of faith in God and love of fellow man that prompted his action, and the less heralded self-sacrifice of Brian O'Connor. They were the center of heroism and gallantry on that day, as others were, who also served. They were there as men, so their female counterparts, as has always been the case down through the ages, the center of love back home * * * while brave men served, and died.

The story of Roy P. Benavidez and Brian O'Connor, by Mary Barrineau of the Dallas Times Herald, as carried in the February 22, 1981, edition of the Honolulu Star-Bulletin and Advertiser follows:

TEXAN TO RECEIVE MEDAL—13 YEARS LATE

DALLAS.—When some Army veterans contacted Brian O'Connor, last year at his home in the Fiji Islands to ask about the man who had saved his life 13 years ago in Vietnam, O'Connor couldn't believe the man was alive.

"Last time I saw him, he was floating in his own blood," said O'Connor.

O'Connor didn't want to talk about that horrible day, May 2, 1968, when he and 11 other reconnaissance-team members were trapped by heavy enemy fire in a dense jungle near Loc Ninh.

The veterans gave him an El Campo, Tex., phone number.

O'Connor called the number and found himself speaking to retired Army Master Sgt. Roy P. Benavidez, who saved the lives of O'Connor and at least seven other men that day.

Benavidez had thought that O'Connor was dead and O'Connor had thought that Benavidez was dead.

"We spent $100 or $150 on the phone call before we were even able to say anything," said Benavidez as he recalled his conversation with O'Connor. "It was just a little bitty squeak coming out of our throats."

O'Connor's testimony resulted in the awarding of the Medal of Honor, the nation's highest military decoration, to Benavidez for "extremely valorous actions in the face of overwhelming odds."

Benavidez, now 45, was awarded the military's second highest honor, the Distinguished Service Cross, in 1968. He had been rejected for the Medal of Honor by the Joint Chiefs of Staff because of insufficient evidence to make a decision. But with O'Connor's testimony, the Joint Chiefs approved the award last summer.

President Reagan will present the medal to Benavidez on Tuesday in a ceremony at the Pentagon. He will leave El Campo, about 60 miles southwest of Houston, today for Washington with his wife and three children. Benavidez, who was retired in 1976 as a result of combat-related injuries, will be the first to be awarded the Medal of Honor during the Reagan administration.

Some old Army friends of Benavidez had persisted in trying to get him the award. They finally found O'Connor living in a remote part of the Fiji Islands.

According to the citation accompanying the award, on the morning of May 2, 1968, a 12-man Special Forces reconnaissance team was ferried by helicopters into an area that was routinely patroled by North Vietnamese soldiers to gather intelligence about enemy activity. Soon after they landed, the team came under heavy enemy fire.

Three helicopters were called in to rescue the team but were unable to land due to enemy small-arms and antiaircraft fire. Benavidez, then a staff sergeant, was at an operations base in Loc Ninh monitoring the operation when the helicopters returned.

He voluntarily boarded a returning helicopter to aid in still another rescue attempt. Realizing that all of the team members were either dead or wounded and unable to move to a new pickup zone, Benavidez jumped from the hovering aircraft and ran about 50 yards under small-arms fire to the team.

"I just made the sign of the cross and jumped into the helicopter and then made the sign of the cross and jumped out," Benavidez said last week. "I guess it was just a gut feeling. I guess the good Lord just said today is your day." Despite being wounded in the leg, face and head, he took charge and directed the rescue effort, throwing smoke canisters to direct the helicopter to the team's position. He then provided protective fire by running alongside the aircraft as it moved to pick up the remaining team members.

As enemy fire increased, Benavidez hurried, to recover the dead team leader's body and his classified documents. When he reached the body, Benavidez was wounded severely in the abdomen by small-arms fire and in the back by grenade fragments.

At nearly the same moment, the helicopter pilot was mortally wounded and his craft crashed.

Although by now in extremely serious condition, Benavidez made his way back to the wreckage, helped the wounded out and gathered them into a defensive perimeter.

With enemy automatic weapons and grenade fire increasing, he moved around the perimeter distributing water and ammunition to the weary men and urging them to fight. Benavidez then began calling in tactical air strikes and directing the fire of surrounding gunships.

While administering first aid to a wounded team member, he was wounded again in the thigh just as another rescue helicopter landed. Benavidez continued to aid in the rescue, carrying the wounded men to the aircraft.

On his second trip with the wounded, he was clubbed from behind by an enemy sol-

dier. In the ensuing hand-to-hand combat, he suffered more wounds on his head and arms before killing his adversary.

Upon reaching the aircraft, Benavidez spotted and killed two enemy soldiers who were rushing the helicopter from an angle that prevented the door gunner from firing at them.

With little strength remaining, he made one last trip to the perimeter to ensure that all classified material had been collected and destroyed and to bring in the last of the wounded Americans. Only then, in extremely serious condition from many wounds and loss of blood, did he allow himself to be pulled into the rescue helicopter.

"Sgt. Benavidez' gallant choice to join voluntarily his comrades who were in critical straits, to expose himself constantly to withering enemy fire, and his refusal to be stopped despite numerous severe wounds, saved the lives of at least eight men," the citation reads. "His fearless personal leadership, tenacious devotion to duty and extremely valorous actions in the face of overwhelming odds were in keeping with the highest traditions of the military service, and reflect the utmost credit on him and the United States Army."

Benavidez said he was not bitter about the delay in receiving the award. "I'm sorry it's taken this long, but I know the military had a very tough decision to make. . . . They should be given a lot of credit."●

LOWENSTEIN TESTIMONIAL DINNER

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. McCLOSKEY. Mr. Speaker, this Saturday will stir the conscience of many of us when we remember that 1 year ago our friend and former colleague, Allard Lowenstein, was shot and killed by an insane man with a handgun in his own office. In honor of Al, I would like to share with you the following testimonial from a dinner in 1973, by the renowned author and journalist, David Halberstam. The tragic irony is that David Halberstam's own brother, the well-known Washington doctor, Michael Halberstam, was also shot and killed this year, by a robber with a handgun in his own home. To twist the irony further, 1 week before his murder, Michael Halberstam made a public statement on public radio condemning the murder of Al Lowenstein and urging the passage of responsible handgun controls. Handgun murders have become an epidemic in our society. Our best and brightest are not exempt from senseless tragedy. Each Member of Congress who opposes responsible handgun controls should consider the vulnerability of their own friends, families, and themselves. I urge them to join their colleagues who oppose senseless murder and who support responsible handgun control.

REMARKS BY DAVID HALBERSTAM

First, this is absolutely the most extraordinary political meeting that I've ever been to, because Allard Lowenstein is here on time.

I, like many others, take pleasure from the diversity of us here tonight—a sense of the resurgence, the resilience of the kinds of things we believe in—as exemplified by the fact that Andy Young is here and is going to be a congressman who will take some of the torches that Allard passed on.

I think we are drawn to Allard in many ways, among others—and perhaps in my case principally—because he has that most unique quality for a politician or for anybody, and that is the quality to evoke in other people and in the people who touch his life the capacity and the desire to be better, to act on a higher ethical plane, and to make more of themselves and of their lives. I think he did this, and he touched many of our lives.

I know he did in my life. I think, in the late sixties, that my reporting on Vietnam and what it meant became better because Al in a way challenged us—challenged us to act upon what we believed. I think we are better, and I think that all of us here are beholden to the degree that when the history of this decade is written, fifty years from now, and people will say, "Did you stand on the sidelines?" and "What did you do?"—to the degree that we did act, to the degree that we were not good Germans, to the degree that we can now, as the war comes to an end, live with ourselves, and live with our participation in the processes—for this in particular, I think, we owe a very, very special debt of gratitude to Al Lowenstein. And I know that this is why we are here tonight, because we feel an obligation to him, that he made us better, and he made us able to live with ourselves, a very important thing.

And I think a hundred years from now, when they write again the history of this time, they will have long forgotten the people who gerrymandered him out of his first district, and I don't think the name Rooney will be remembered. But I think that what Al did and what he stood for, in a democratic society, in leading an honorable democratic rebellion against a cruel and unprincipled and barbaric war, will stand, and that they will trace the peace that is beginning now to the rebellion that he led in late nineteen-sixty-seven, when everybody else was willing to stand on the sidelines.

So I am here, really, like the rest of you, to say thank you, God bless you, for making us able to live with ourselves. Thank you very much.●

UNITED STATE-WESTERN EUROPEAN RELATIONS: DILEMMAS AND CHALLENGES

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues a paper on United States-Western European relations, prepared by Stanley R. Sloan, Specialist, United States-Alliance Relations with the Congressional Research Service of the Library of Congress.

This paper was presented at a joint public hearing of the committees for foreign affairs and for defense of the Second Chamber (Lower House) of the Dutch Parliament on March 6, 1981. Although the views expressed were his own, Mr. Sloan presented an American perspective on the problems confronting the alliance in the coming months and years.

Appearing with Mr. Sloan were several notable European observers of United States-Western European relations: Theo Sommer, editor of the well-known West German daily Die Zeit; Thierry de Montbrial, director of the French Institute of International Relations; G. J. B. Hilterman, a respected Dutch television commentator; and H. de Lange, from the Groningen Polemological Institute (the Netherlands).

I welcome the efforts on the part of our colleagues in the Dutch Parliament to examine critical issues confronting the alliance and believe that such efforts help increase mutual understanding among all NATO allies.

A slightly shortened version of Mr. Sloan's statement follows:

THE ATLANTIC ALLIANCE IN 1981: CONTINUITY AND CHANGE

Over the last 25 years, it has become commonplace to say the U.S.-European relations are in a state of crisis. Time and time again, prophets of doom have forecast the demise of the alliance. Time and time again, they have been proven wrong.

In fact, as we look at this year's crisis, it is worthwhile asking why—if the alliance has been through so many crises—it remains alive, if not totally well, today.

My answer is that first, there has been and remains a large reservoir of common interests among NATO members. We still share vitally important values and objectives: faith in pluralistic Western-style democracy; support for equitable and compassionate social structures; respect for individual liberty; and defense of human rights. Furthermore, our economic futures are virtually inseparable. We may, from time to time, rank the relative importance of these ties somewhat differently. But by and large, these ties continue to bind us together.

Franklin D. Roosevelt, during the great depression, told the American people that they had "nothing to fear but fear itself." Today, as then, we all know that there is more to fear than fear itself. But our differing approaches to what we should fear most continually tend to divide us.

And this brings me to the second clue to the survival of the Alliance. When, in the past, our differing fears have pulled us apart, we have managed to accommodate those differences. We have managed to find ways to keep the alliance intact even when we have not been able to reconcile completely our differing threat perceptions.

Finally, it is a fact that no alternative formula has yet promised a more credible guarantee for the security of the West. I think that the burden of proof remains on those who believe that new formulas could make as substantial a contribution to Western security, East-West peace and internal Western stability as does the Atlantic alliance.

Against this background, I would like to suggest that today's major alliance issues can be seen in terms of three dilemmas.

THE FIRST DILEMMA

NATO's political viability for over a decade has rested on the premise that the Alliance should be an instrument not only of defense, but also of detente. Many in the United States judge that detente is dead, and believe that NATO's detente role is no longer valid. But the dominant European view is that the West must still seek resolution, or at least moderation, of East-West tensions, in addition to providing a credible defense against the Warsaw Pact.

Most Americans are currently skeptical as to whether U.S. interests have been served by the era of detente. We have witnessed steady Soviet advances relative to the United States in strategic nuclear weaponry, theater nuclear delivery systems, naval power, tactical air power, and in conventional ground force capabilities. The Soviets have increased their influence in Africa and in Latin America, particularly through Cuban influence and involvement. Meanwhile, Moscow has not loosened its control over its East European buffer zone. Now, the Soviet Union is in the process of creating a new satellite state in Afghanistan. According to this American perception, the benefits of detente were short-lived and illusory.

The most common European perception is somewhat different. Even Europeans who acknowledge the negative consequences of the last decade which I have just listed, believe that there is more on the positive side of the ledger. It is clear that a wide range of observers in Europe—across the political spectrum—hope that the Reagan Administration will soon resume dialogue with the Soviet Union on strategic arms limitations, without which progress in other arms control efforts will be severely limited and to which many other East-West relationships are virtually held hostage.

Until the Reagan Administration implements a comprehensive policy toward East-West relations, the formula which has been the lifeblood of the alliance for over a decade will remain in question.

THE SECOND DILEMMA

The second dilemma is created by the fact that the security of all the NATO members depends now more than ever on factors outside the agreed "area" of the Alliance. And yet, today, as well as throughout NATO's history, there is far from complete agreement on how to deal with these problems.

As you know, when the North Atlantic Treaty was negotiated, many European countries wanted their colonial possessions included in the alliance commitments. The United States favored narrower boundaries. It is clear, of course, that things have changed. There are many in the United States who now wonder why Europeans object to the idea of enlarging NATO's area.

Meanwhile, European perspectives have changed. For over two decades, Europe retrenched from global roles and responsibilities. Now only France, and, on a more limited scale, Great Britain, have major military commitments or capabilities outside the NATO area. But, it may be that a new European global approach is emerging. The process of consultation and coordination among European Community countries has begun to produce European positions, however imperfect, on issues beyond European borders.

This new European role, however, has tended to highlight a divergence between the United States and Europe concerning which policy instruments most effectively guarantee Western security. This leads me to the third dilemma.

THE THIRD DILEMMA

Perhaps the most profound cause of tension within the relationship is the divergence between European and American concepts of security. NATO is, first of all, a military alliance. The history of the alliance is nonetheless filled with acknowledgments of the contributions made to the well-being of the alliance beyond military spending.

As we begin the decade of the 1980s, many Americans see a pervasive set of threats to the alliance; they define the required response largely in military terms. The European allies, on the other hand, see the threat as less imminent and more often believe that security can be most effectively enhanced through diplomatic or economic policy tools.

Recent discussions between European leaders and Reagan Administration officials undoubtedly have helped narrow the area of potential differences. But challenges clearly lie ahead. For example, recent U.S. statements have suggested that American policy toward the Middle East will be framed primarily in response to the Soviet threat in the region. If this approach is translated into policy, the United States presumably would depend more heavily than in the past on military assistance and obtaining access to base facilities, de-emphasizing American efforts to find solutions to indigenous Middle Eastern problems. Such an approach could run head-long into the continuing European preoccupation with the Palestinian question as the main source of instability in the region. It is a question, therefore, of whether collision is inevitable or whether complementary U.S. and European approaches can be developed.

A POLITICAL AGENDA

It would be pure folly for the United States and its allies to allow these differences to go unattended. Ultimately, the Alliance cannot survive unless the United States, Canada, and the European nations continue to believe that the costs of alliance are worth the benefits. The task, therefore, is to rebuild a political consensus which reflects the interests and perceptions of Europeans and Americans.

An agenda for a new NATO consensus could include three fundamental aspects.

First, concerning problems outside the NATO area. During the so-called "Year of Europe" in 1974, the United States undertook a major initiative to obtain NATO recognition of the importance of threats outside the NATO area. In June of that year, the NATO heads of government signed a "Declaration on Atlantic Relations" which acknowledged that "the contributions made by members of the Alliance to the preservation of international security and world peace are recognized to be of great importance."

The 1974 declaration was a notable but relatively weak statement. In a major political act in 1980 the NATO Defense Planning Committee went well beyond the 1974 declaration. On May 14, NATO defense and foreign ministers agreed "that the stability of regions outside NATO boundaries, particularly in the South West Asia area, and the secure supply of essential commodities from this area are of crucial importance."

The communique went on to acknowledge the differing relationships of NATO allies to countries in this region and encouraged those allies "that are in a position to do so" to "use their best efforts to help achieve peace and stability in South West Asia taking into consideration the interests of the regional countries. . . ." The communique also noted that, in particular, U.S. commitments in South West Asia would place additional responsibilities on other allies for defense improvements in the NATO area.

This mandate should be sufficient for the new American administration. It therefore seems unlikely that the United States will push for any formal enlargement of the NATO area. Indeed, I presume that they will conclude, if they haven't already, that such an attempt would be counterproductive.

It might nonetheless be politically significant if the general sense of the DPC communique could be supported at a higher political level—perhaps in an allied summit and in a way that would persuade France to participate. It might also be a useful institutional innovation to appoint a special committee of the NATO political advisors to facilitate consultations on events outside the NATO area which could affect the individual or collective security of the allies.

A recent report by the U.S. Council on Foreign Relations and its counterparts in Germany, France and Great Britain suggest that ad hoc big-power Western working groups (the French would say "directorate") be established to coordinate approaches to global security problems. I am sympathetic to the idea of occasional summit meetings among major Western powers, including Japan. I also think that broadening the scope of such meetings to include political and security as well as economic issues might be wise.

The idea of more formally structuring such cooperation, however, has several risks. Most importantly, such formalization could undermine current NATO consultative procedures, further weakening the commitment of smaller countries, such as the Netherlands, to the alliance. Perhaps a better model for out-of-area military collaboration is provided by the informal naval cooperation between the United States, France, Great Britain, and Australia that has been underway in the Indian Ocean since last fall.

Second, the issue of defense improvements and expenditures. A question of priorities is at the heart of this agenda item. It has been only natural for observers in the United States to ask why the United States should carry the burden of defending oil supplies and sea lanes when Europe is a direct beneficiary. Most Americans are now aware that both Britain and France have been making a direct contribution to security of sea lanes in and out of the Persian Gulf region. It would appear most efficient, however, if the bulk of future additional European military efforts were devoted to correcting deficiencies within the NATO region.

For the past few years, the famous 3 percent commitment has served as the primary measure of allied defense efforts. Many observers now believe, however, that while increased defense expenditures are required, the best measures of such efforts are those that more effectively match missions against threats, that are projected over many years, and that can take into account the great varieties of economic capabilities and structures of defense efforts within the alliance.

The United States will be looking for clear and unequivocal support from allies regard-

ing increased defense efforts European nations, for their part, might well ask in return that any new formulas take into account both American and European nonmilitary contributions to Western security.

Another key element in a reconstituted alliance consensus is the question of deployment of new long range theater nuclear weapons. I am aware that this is a question of vital importance to your country. I share your strong desire to avoid nuclear war. I think that I can say without hesitation that the American people share this desire.

But even if one regards Soviet deployment of the SS-20 system as more-or-less a "modernization" of its capabilities, similar moderization of western systems seems necessary.

The political ability of the Alliance to maintain a stable theater nuclear balance with the Warsaw Pact, however, will depend on whether it can re-establish the credibility of its offer to negotiate limits on such systems with the Soviet Union.

If the Alliance is to continue to enjoy a broad base of support among European political parties and governments, the third agenda item—a renewed NATO commitment to seek meaningful arms control measures—will be essential.

It is clear that in the last decade we have come to expect too much of arms control; arms control can neither ensure our defense nor resolve basic East-West differences and should not be expected to do so. It is equally clear, however, that governments would not be fulfilling their responsibilities to their citizens if they failed to attempt to use arms control to help diminish the dangers of the East-West confrontation.

It is in this area that the United States bears a special responsibility. If the new Reagan Administration wishes to defuse the mounting anti-nuclear sentiment in Europe, it must demonstrate that the United States is capable of managing the strategic equation on behalf of the Western alliance.

This means that the new administration needs to develop a coherent concept of what it intends to seek in the way of changes to the SALT II treaty and how it intends to do so. At the same time, the administration will have to develop in parallel a credible approach to the negotiations on limiting theater nuclear weapons.

Furthermore, the United States—through its words and deeds—must reassure Europeans that the deployment of new long-range theater nuclear systems would enhance the link to U.S. strategic capabilities, and therefore would strengthen deterrence and decrease the chances of war at any level of hostilities.

Until there is a better understanding between the United States and Europe on this point, discussion of further new improvements in NATO's nuclear posture is likely to be counter-productive for the alliance. And, given the level of public concern about the neutron weapon, perhaps European governments should consider devoting special attention to financing development of non-nuclear responses to the Warsaw Pact's large tank advantage over NATO.

An American poet, Robert Frost, suggested that "Good fences make good neighbors." Frost's advice was accompanied by some additional wisdom:

> Before I built a wall I'd ask to know
> What I was walling in or walling out,
> And to whom I was like to give offense . . .

In these words, Frost captured what may be an important reality for our time. Walls and fences may well be required, and a free and democratic nation ignores that requirement only at its peril.

The maintenance of credible defenses does not mean that neighborly relations are impossible; in fact, the defenses, to the extent that they increase national security, may make neighborly relations more comfortable.

But, as Frost cautions, when we build a wall, we must ask to what extent it also walls us in and whether it increases our security or decreases it as a result of "giving offense" to others.

The NATO countries must provide defenses that deter Soviet aggression and deny Moscow special political advantage, but that at the same time permit good neighborly relations. It remains an open question whether the United States and its allies can agree on how high or thick the protective wall needs to be and where the gate for arms control should be constructed.●

MICHIGAN'S BOTTLE LAW WORKS

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. SAWYER. Mr. Speaker, I am pleased to join with my colleagues today in introducing the Beverage Container Reuse and Recycling Act of 1981, which will help to promote recycling and conservation of raw materials on a national level.

My home State of Michigan is one of the States that has discovered this is a sound approach to reducing litter and conserving important national energy and material resources. Voters in Michigan opted for a bottle bill in a statewide initiative in 1976.

Now in effect for over 2 years, the proposal seems to be fulfulling the promises which attracted voters. Surveys conducted by the State highways and transportation department show that beverage container litter along highways has been significantly reduced. During its first year of operation, 69 percent of the beverage containers found along roads in surveys were from other States or were left over from the predeposit days.

The Michigan experience has not been without some problems, and the law is still being reviewed to determine what changes may be desired. But there is no question that the bottle law is working and has received very strong public support.

More than ever, we must be concerned with improving our environment and conserving energy and our natural resources. I urge the appropriate congressional committees to initiate hearings on the bill which we are introducing today in hopes that we might at least begin a national debate on this important issue.●

RETURN OF PROFESSIONAL FOOTBALL TO LOS ANGELES: SOME FACTS WORTH REMEMBERING

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. DIXON. Mr. Speaker, one of the local issues which has most concerned me during my term in Congress has been the search for a replacement professional football team for the Los Angeles Coliseum. Host to both the 1932 and 1984 Olympic games, the economic viability of the coliseum and the surrounding area which I represent has been threatened since the departure of the Anaheim Rams last season.

As many sports fans know, the future of professional football in the coliseum will to a great extent be determined by the outcome of an antitrust suit brought by the coliseum commission against the National Football League. In the pretrial war of words, the NFL has predicted dire consequences should the league's various anticompetitive devices, including the use of exclusive territorial restrictions, be found illegal. While not wishing to interject myself into the present court case, it seems to me that this is a game the NFL has played before, and that its claims of impending anarchy in pro football are greatly exaggerated. Rebuttal of these claims is particularly timely in light of the reintroduction of the Sports Antitrust Reform Act by my colleague from Ohio, JOHN SEIBERLING. This legislation would greatly restrict exclusive territorial restrictions, by which a team's owner can unilaterally veto the entry of another franchise into the team's home territory, and serve notice that professional sports will have to follow the same rules as those governing other industries.

Recently, the Los Angeles Times reprinted an article by sports columnist Leonard Koppett, which originally appeared in the Sporting News. In it, Mr. Koppett states the issues, I believe, fairly and succintly. Entitled "Some Facts Worth Remembering," I commend it to those interested in the issues surrounding the case:

[From the Los Angeles Times, Mar. 11, 1981]

SOME FACTS WORTH REMEMBERING

PALO ALTO, CALIF.—Amid all the accusations, exaggerations, personal insults, legal complications and bitter passions surrounding the Raiders-to-Los Angeles case, a few undisputed facts, if kept in mind, can help a dispassionate observer keep things in perspective.

Fact No. 1—Talk of "anarchy" or the threat to orderly existence if the courts rule against the National Football League is nonsense. There is one, and only one, fairly re-

stricted issue to be tried; does the NFL rule concerning the move of a franchise conform to the requirements of the federal antitrust laws, and, if it does, is it being applied in a reasonable way to this specific move?

Rule 4.3 says a team can't move without the approval of three-quarters of the league members. It used to say "unanimous," but the league's own lawyers saw that would be found unreasonable, and had it changed as soon as the Los Angeles Memorial Coliseum Commission threatened an antitrust suit in 1978, when it lost the Rams to Anaheim.

If the rule as it is now written, and as applied to the Raiders, is permissible under federal law, then the NFL is right and the Raiders can't move without approval.

If the rule is not permissible, then it cannot be used against the Raiders and they can go.

But no other aspect of NFL regulations—not even a future proposal for someone else to move—will be directly affected by such a verdict.

The league would simply have to adopt a new rule, more compatible with the antitrust laws, for future cases.

This has already happened with respect to the college draft and the Rozelle Rule (about compensation for a free agent who changes teams). The old rules the NFL had on these points were found to be illegal under the antitrust laws, several years ago, in several lawsuits.

The league had to create more suitable rules, which the court then approved.

At the time, we heard the same cries from the NFL commissioner, its lawyers and most club owners that "the game as we know it" would be hopelessly wrecked if the old, restrictive draft and reserve rules were weakened. But the last time I looked, the draft was still in existence, the NFL was boasting about setting attendance records in 1980, television income was at an all-time high and most players were reporting for work at the right time and actually following the instructions of their coaches.

So a Raiders move to Los Angeles, if permitted by the courts, will be serious enough to those involved, but hardly the signal for bloody revolution on the pro football front.

As for setting an example—"what if someone decides to pull out of the joint television deal, or to sign Herschel Walker after his freshman year, or to move a franchise every year"—there simply is no issue. If the television deal or the draft or franchise location can be attacked by new lawsuits, the attack is neither more nor less possible regardless of how the Raider case comes out.

If the Raiders and the Los Angeles Coliseum win this case, no other NFL rule will be affected in any way whatsoever.

If the NFL wins the case, no other NFL rule will be strengthened in any way. If some club wanted to challenge the draft or the television arrangements, it would do so tomorrow, or a year from now, without any relation to this case.

Fact No. 2—The Raiders claim that remaining in Oakland, under any deal proposed to them there, will put them at a "competitive disadvantage" with respect to the teams that are voting to keep them in Oakland. This claim is clearly true.

Since all NFL teams share equally in the national television package, there are only three areas of gross income where large-scale difference can occur: sale of tickets, which depends on seating capacity; luxury boxes, which bring enormous rentals and entail substantial tax advantages when built under certain arrangements; and local radio-television rights (including pre-season) which depend on population.

FIVE TEAMS ADDED SEATS

When the Raiders entered the NFL with the other American Football League teams in 1970, their seating capacity (54,000) was the third highest in the 10-team AFL, and higher than seven of the 16 NFL teams. Now (or when the new building in Minneapolis opens) they will rank 24th among the 28 teams instead of 12th among 26.

Since 1969, five of the old AFL teams that came with them have added 23,000 to 35,000 seats (Buffalo, Cincinnati, Denver, Kansas City, and New England). The rough formula is $1 million annual income from each additional 10,000 seats.

The luxury box concept had not yet been developed in 1969. Today it exists in some form for about half the teams in the league, with more planned. The income varies, but the net advantage again is measured on the scale of hundreds of thousands of dollars a year, and in some cases millions.

The rights for radio and pre-season television (entirely apart from whatever future cable arrangements may arise) are clearly more valuable in Los Angeles than in Oakland.

The Raiders argue, therefore, that over the next 10 years, they will be taking in $3 million to $5 million a year less than teams like the Rams, Giants and others, even if they sell out all their games in Oakland. This, they say, will weaken their ability to compete aggressively for top-flight performers.

The last point, of course, may be argued either way. But what is beyond dispute is that the Raiders, during the years 1965-75 when they built their success, did have economic equality with most of their competitors, and that in the 1980-1990 decade they can't possibly have it in Oakland under any of the arrangements proposed to them by Oakland authorities.●

CONGRATULATIONS TO EDWARD J. DILLON

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. APPLEGATE. Mr. Speaker, I would like to take this opportunity to congratulate a constituent of mine, Mr. Edward J. Dillon, on his retirement from 36 years of outstanding service to the Boy Scouts of America in Columbiana County, Ohio.

The success and growth of the Columbiana County Boy Scouts is in great measure due to the efforts and leadership of Mr. Dillon. In the 36 years he has served the Boy Scouts, he instituted a number of programs for the benefit of Columbiana County. He increased the membership from 36 units serving 901 boys to 76 units serving 1,809 boys. He increased the fundraising levels from $7,800 to $26,000 annually. He had a direct part in the acquiring and development of six Boy Scout camps.

As a member of a number of civic organizations, Mr. Dillon brought considerable expertise to his work. His dedication and ideals have helped enrich the lives of all those young men who participated in the Boy Scout programs.

We owe a great deal to Mr. Dillon. We are proud of his achievements. We are proud of him. We will miss him and most of all, we thank him.●

REMEMBERING ALLARD LOWENSTEIN

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. RODINO. Mr. Speaker, this Saturday marks the first anniversary of the tragic killing of Allard Lowenstein. Our former colleague helped to improve the lives of millions of Americans through his efforts to advance civil rights and world peace.

His was a life committed to preserving the rights and freedoms of the individual, and the many stories of Al's courage and determination serve as lessons for all of us on what it takes to guard the liberties we hold so dear.

I commend to my colleagues the following article which appeared in Commonweal magazine last year. It is one man's account of the struggle and the triumphs of the civil rights and social activist movements during the 1960's and 1970's, and Al Lowenstein's essential role in those times of change.

A CHANCE ENCOUNTER

(By Thomas Powers)

The last time I saw Allard Lowenstein was in the changing room at the Yale Club. He was winedark with exertion and gleaming with sweat. The obituaries say he was 51 years old but he carried the years well. His body was short, chunky, heavy with muscle. I don't know what he did at the club; I never saw him on the squash courts. But he had obviously been doing something which required great effort—weight lifting, chinups, something strenuous and monotonous. I often saw him there in the last seven or eight years, always in the middle of the afternoon. A friend and I passed him once not long after he'd been defeated for the second or third time in a congressional race. "If he didn't spend so much time here," my friend said, "maybe he'd get elected." It was just a remark; we had no idea why he'd been beaten.

The first time I saw Lowenstein was in Jackson, Mississippi, in November, 1963. It was about 10 o'clock at night. A couple of friends and I had driven straight through from Yale. This was Lowenstein's doing but we didn't know it. I'm not sure what we thought we were doing there, but we had come anyway. On the outskirts of Jackson we'd filled up with gas and asked directions to Lynch Street. "What you wanta go there for?" asked the man at the pump. "Do you know what part of town that is?"

Lowenstein was wearing a white T-shirt. He looked about the way he looked when he died, perhaps not quite so chunky. Hair cut short, thinning wisps rising high on his crown, horn-rimmed glasses, lips pursed

around prominent front teeth. His face had been designed for caricature. I heard him called the world's oldest living student leader; I didn't know any of the history behind the remark. Lowenstein made some phone calls, found us a place to stay, gave us directions. He had a brisk, liquid way of speaking; spittle caught the light. He gave an impression of force and directness; he stood erect, a bit squarish in shape, and looked right at you, eyes bulging behind his glasses. With him that night was a slight, soft-spoken black man named Robert Moses. Lowenstein and Moses seemed to be running the show.

Mississippi was having an election campaign for governor that fall. I've forgotten who was running, but the candidates certainly weren't courting the black community, which was almost totally disenfranchised through phony reading tests and sheer intimidation. The Student Non-Violent Coordinating Committee (SNCC, pronounced snick) had been running a voter-registration program with limited success. Someone came up with an idea for a mock election campaign in the black community to dramatize how many people would vote if they could vote. Lowenstein suggested bringing in a crew of white student volunteers to help with canvassing and attract the attention of the national press. Large contingents came from Yale, where Lowenstein had gone to law school, and Stanford, where he had been an administrator for a time.

Mississippi was another country in 1963. There is no fear like the fear of men. Someone told me Lowenstein never slept more than a night or two in the same house, but I didn't understand why until I'd been there a couple of days. The second night, on our way up to the Delta, we were stopped by the local police. One of them grabbed me by the arm, swung me around, and pointed his pistol at me. In Cleveland we stayed with a young black organizer named Charlie McLaurin. He turned out his house lights before opening his front door at night so he wouldn't make a convenient silhouette for a sniper. The windshield on the car of a friend of his had been blown out with a shotgun blast. Shots had been fired through living room windows in Sunflower County, churches had been burned, people had been beaten. McLaurin told me he was about to give up on voting rights. What they needed was revolution, a guerrilla war in the countryside.

Later, in Natchez with two black organizers early one morning, we got a phone call telling us to leave town immediately; another volunteer from Yale had been shot at the day before. When we left two or three rednecks in a pickup chased us for a while. We could see rifles hanging on a rack in the cab. I remember the pitching and bucking of the car as we tore down the long straight road, slowly pulling away from the pickup until it was lost in the distance behind us. I was plain terrifed for a week straight. In Mississippi the very air was chemically one part fear.

One day in a small shack town on the edge of a big plantation a black man answered my knock. He was about my age, four inches taller, eighty pounds heavier. I was alone. "Have you heard that Aaron Henry is running for governor?" I asked.

"No suh, I don't have nothin to do with that."

"But he's trying to win the vote for Negroes in Mississippi."

"Yessuh."

"Have you voted in the election yet?"

"No suh, I don't do no votin."

"But this is important, he needs your support."

"Yessuh. What you want me to do?"

"I want you to vote for Aaron Henry."

"Yessuh, how I do it?"

I showed him where to sign his name.

He was trembling, and his voice shook with fear.

I soon found I could get more votes if I cut the palaver and just told people what to do. They were quick to oblige. A black organizer joined me at one point while I was talking to a bent old man named John something. "Now, John," I said, thinking to be friendly, "it's important for you to help Aaron Henry by signing this card here." He did as he was told. When he had gone back inside the black organizer said, "Look, I'm going to tell you something. You call these people mister. White people have called them by their first names all their lives you call them mister." He was furious, and I was hurt, angry and ashamed in return. We'd spend a decade together in thirty-six hours.

The night before the regular election a rally was held in Jackson for Aaron Henry and his running mate, the Rev. Ed King. A meeting hall on Lynch Street was about a third full at the appointed hour. The hall was quiet but for the creaking of chairs. Two or three hundred black people in their Sunday best shifted nervously in their seats. Outside, Jackson city police slowly passed back and forth. Aaron Henry was late; one of the SNCC people said he was on "C.P.T."— colored peoples' time. An organizer went to the podium and said, Don't go away folks, Mister Henry is on his way. A long silence followed. Two or three couples got up and walked quietly to the rear, out the door. Others followed. Lowenstein appeared wearing a suit and tie. He told someone to find Henry and get him there and he went on stage to speak.

I can't remember his precise words, but I do remember his drift and tone. He talked about the Constitution and the Rights of Man. He recounted the history of Aaron Henry, the druggist from Clarksdale who had worked long and hard for the rights of Negro Americans. He talked about the thousands of voters who had cast their first ballots in the last week, he said the whole nation was watching, the day was fast coming when the vote would be theirs as a natural right. Then Lowenstein started to talk about the whites in Mississippi, the scared folks who crept around at night in white bed sheets and ganged up twenty to one before they dared beat up a Negro boy. They were quaking in their beds at night, all those plantation-owners, just plain terrified of the day when Negroes in Mississippi marched head-high to the polls. I wish I could remember how he did it, but Lowenstein got the audience to laugh, and then he got them to cheer, and then he got them laughing and cheering and whistling and he kept it up, never breaking stride, for the better part of an hour until Aaron Henry finally arrived, swept up onto the stage by a wave of cheers and yells and hallellujahs. Then Lowenstein disappeared and that was the last I saw of him in Mississippi.

Things moved quickly in those years. In 1965 Robert Moses dropped out of sight, saying he didn't think the Movement ought to have leaders. SNCC broke with Lowenstein on political grounds. Of course there had been a hundred sources of friction, but what SNCC said was that Lowenstein didn't belong, Lowenstein was a New Deal liberal recruiting black votes for the Democratic power structure. What this country needed was revolution. You had to understand that black people wanted no part of white imperialist capitalist America, fighting a racist war in Vietnam and murdering black people here at home. The white man was a beast. The Movement wasn't out there courting broken heads for the right to sit at a lunch counter, the struggle was for something else, something basic, something revolutionary. This wasn't no protest movement; this was a revloutionary movement. Lowenstein believed in the system, which made Lowenstein part of the system, which meant Lowenstein was the enemy—Whitey with a velvet glove.

The bitterness of the break is hard to exaggerate. Later, when Lowenstein won a measure of broader public fame for organizing the "dump Johnson" movement in 1968, he had two distinct reputations—as a kind of radical insurgent on the furthermost edges of mainstream American politics, and as a Red-baiting reactionary desperately trying to stem the leftward surge of the American student community. By that time the Movement—that is, the organizations like SNCC and SDS at the heart of the broader activist ferment—had firmly declared itself Marxist-Leninist, and had redefined its goal as revolution in the United States. By revolution they did not mean a kind of revitalization of American democratic ideals in the pursuit of populist reforms; they meant replacement of the government by a dictatorship of the proletariat. This sounds like a bad joke now. But the Movement was riding high in 1968; within a year or two it simply evaporated, paralyzed by a commitment to revolution, lightly given, which it could not make good. Lowenstein had opposed the leftist romance from the beginning; he feared nothing more than a rerun of the 1930s, when every legitimate grievance or aspiration was turned into an organizing tool of "the revolution." Naturally he was much resented by those who had exactly that in mind, but the real hate came from those who were the most innocent in their commitment, the "kids" who were not so much trying to change things, as to identify with the poor and oppressed. For them "their revolution" was a kind of spiritual earnest money. It meant they were serious, and worthy of trust by suspicious blacks, who gibed that the white kids hadn't put their lives on the line, and could always run back home to Mommy and Daddy and a station wagon in the suburbs.

But this is all ancient history. The Movement is as dead as the Popular Front. The passions are only cinders. The people who claimed Lowenstein was an agent of the CIA have forgotten all the details. "The revolution" seems like a dream. The burnt-out cases are raising organic vegetables or teaching crafts in community colleges or working on PhD. theses on Eugene V. Debs. Who can really say what went wrong? But the Movement was not without its effect.

In 1971 I went back to Mississippi to see how things had turned out. Charles Evers, the black mayor of the tiny town of Fayette, was running for governor. When his motorcade raced from one rally to another up through the Delta, State Police cars led the way with sirens screaming. I saw Charlie McLaurin at a rally in Sunflower County. He was running for the state legislature, had gained weight, gave a practiced, sensible speech supporting the Mayor.

The night of the election there was a party at the meeting hall on Lynch Street in Jackson where Lowenstein had spoken

eight years earlier. The place was packed. City police directed traffic out front. Reporters were milling about. A local television crew was waiting to get the Mayor's concession speech. Evers was a good speaker too, a master of the Southern black antiphonal style who could build the "Yes, Lord!"s into a roar from the audience. He spoke of the new day coming, white and black working together for a better life in Mississippi. Of course the Mayor was going home to Fayette, but they had had those old white politicians running scared there for awhile ("Oh yeah!") and there was no turning back now ("Yes Lord!"). Evers admitted they had whipped us, he would bite no bones about that, but what he said sounded like a victory speech all the same.

For some reason I never spoke to Lowenstein. I could not find the words to begin, as we passed to and from the shower. What was I to say? Sorry you lost another race for Congress, better luck next time? I would like to have said: Allard, you made a deeper impression on me than any other chance encounter of my life. But that is just not the sort of thing one can say to a stranger, out of the blue.●

FASCELL CONGRATULATES DRUG ENFORCEMENT ADMINISTRATION ON OPERATION GROUPER

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. FASCELL. Mr. Speaker, I wish to bring to the attention of our colleagues the outstanding success of a recent Drug Enforcement Administration operation and to congratulate DEA on bringing it to a conclusion.

Yesterday, the Agency revealed the arrest of 155 individuals believed to be involved in 14 separate narcotics trafficking organizations, culminating a 2-year investigation called Operation Grouper.

DEA received cooperation and assistance from 21 other Federal, State, and local agencies and the Government of the Bahamas in what I understand to be one of the largest efforts of its kind. It is estimated that this one operation will result in the immediate halt of one-third of the marihuana traffic in the entire country.

The task force was established and run out of the DEA's Miami District Office and focused on putting a major dent in the enormous drug trafficking which exists in the south Florida area. The traffic originates primarily from Central and South America and has been a major cause of an alarming increase in violent crime in the community which I represent.

Therefore, it is with a deep sense of gratitude that I thank and congratulate the DEA, the U.S. Coast Guard, and all the other agencies and their personnel who participated in this effort. Particular thanks should go to the four brave undercover agents who risked their lives in order to help stop these insidious activities.●

STATEMENT ON MX MISSILE

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. GEJDENSON. Mr. Speaker, I had the opportunity to attend a briefing this week given by the Office of Technology Assessment for the House Subcommittee on Public Lands and National Parks on the pros and cons of the different mobile basing possibilities for the MX missile. The study was requested last year by Congressman UDALL and Senator STEVENS.

My doubts as to the feasibility of the MX system due to difficulties involved in its basing were confirmed when Dr. Peter Sharfman, program manager of the international security and commerce program, stated that "at this point we are skeptical about the possibility of any survivable basing within the current decade."

The current plan to base the MX on land located in Utah and Nevada was found to have a great many problems. It would cause major environmental and economic damage in the area, including reduced access to 8 of 19 strategic minerals crucial to our Nation's industry and defense.

The land-based model calls for 200 missiles to be shuttled between 4,600 shelters. This scheme was created under the assumption that SALT II, which limits the number of warheads per missile, would be ratified. This, of course, is not the case at present. Therefore, in order to assure the effectiveness of the system, OTA estimates that we would need 544 missiles and 12,500 shelters by 1995. The cost of the initial 200-missile program is estimated at between $35 billion and $70 billion. It is easy to see that the cost of the program under these circumstances could reach well over $100 billion by 1995.

In the category of survivability, which for the purposes of this study was defined as the ability to withstand a nuclear attack with 100 missiles intact, the land-based model was found to be inferior to missiles mounted on small submarines.

The vulnerability of the land-based model was also questioned. The OTA suggested that it would involve "the equivalent of a new technology" to successfully hide the exact location of the missiles from sophisticated detectors.

On the basis of this information I believe that the proposed land-based MX missile system should be totally reevaluated. To continue to pour money into the land-based MX program in light of its severe problems would be an irresponsible waste of taxpayers' money. Serious consideration should be given to scrapping the land-based option because of its excessive cost, its ineffectiveness, and the environmental damage it would cause.●

LOPSIDED PRIORITIES AT IRS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. CONYERS. Mr. Speaker, the adminstration believes Federal spending is out of control and that substantial economic recovery depends on a far tighter budget and major tax cuts. The economic analysis underlying this argument is open to serious question, yet already it is clear that low- and moderate-income households will bear the greatest burden and receive the least benefits, while well-off groups and the largest corporations will reap the biggest gains.

One of the softest parts of the administration's budget package is its failure to present far-reaching reform of the tax system. Every year IRS fails to collect revenues from special groups because of the billions of dollars in tax loopholes that exist. Billions more in new tax breaks will be doled out to the highest-income households and corporations, while ordinary citizens and small businesses will wind up without any benefit.

A recent article on IRS, written by Ernest Volkman and John Cummings, appearing in the April 1981, issue of Penthouse, documents the lopsided priorities that IRS employs in its pursuit of taxes. Simply put, it goes after the easiest targets while abandoning the richest sources of Federal revenue. IRS's ability to collect taxes from these major sources, including organized crime, will be further impaired if the adminstration succeeds in cutting its staff and technical capabilities. I urge my colleagues to read the excerpts of the IRS article, that follow:

THE NEW AMERICAN GESTAPO

On August 2, 1979, the mighty power of the United States government, in all its resplendent majesty, stood outside the battered 1970 Volkswagen of Mr. and Mrs. Stephen Oliver of Fairbanks, Alaska.

The government's might stood in the form of a half-dozen agents of the Internal Revenue Service, its most feared agency. They demanded that the Olivers remove themselves from the vehicle so that the IRS could seize it in partial satisfaction of a tax lien of $3,300. The Olivers refused, insisting that the IRS (or any other government agency) had no right to seize anyone's property without a court order.

The Olivers were wrong—the law specifically gives the IRS "power of distraint and seizure by any means" without regard to such things a court orders. So, balked in their attempt to get the Olivers out of their car, the IRS agents then smashed in the

car's windows with nightsticks and bodily dragged out the automobile's former owners.

The case of the Olivers is only one of a growing number that have occurred all over this country during the past few years. What neither the Olivers nor the other targets in hundreds of similar cases do not know is that they are the victims of an official IRS policy to abandon its pursuit of big-time tax cheats in favor of a war against the ordinary taxpayers of this country.

As the sight of six IRS agents smashing out the windowss of a car as part of a $3,300 tax case shows, the unleashing of the awesome power of the IRS against what amounts to penny-ante tax collections is a gross misuse of agency power. Worse, while the IRS agents are harassing small-time taxpayers, the people they're supposed to be pursuing are getting away with murder. Here are a few examples:

In Los Angeles police stopped a suspicious armored car and used specially trained dogs to sniff the inside of the truck for narcotics. The dogs detected traces of heroin, but in the course of the search, police struck paydirt more than $4 million in cash, apparently on its way to the bank after a lucrative narcotics deal. Police notified the IRS, but the agency evinced no interest whatsoever in the case.

In San Francisco a major Drug Enforcement Administration investigation drew up a list of major drug dealers who were subject to IRS prosecution for failing to pay taxes on millions of dollars in profits on illegal drug sales. The list was turned over to the IRS, but when DEA agents tried to get it back, they were told that the list was now a "confidential tax matter" and could not be returned.

In New York a major drug trafficker named Nicky Barnes was finally convicted on narcotics charges after a long investigation by federal prosecutors. It was not until after his trial that they discovered that Barnes had brazenly listed $250,000 from narcotics sales on his income tax return. IRS agents never bothered to inform other federal agencies of that critical fact and showed no interest in prosecuting Barnes, called by drug agents one of the biggest narcotics dealers in the United States.

In Miami, crossroads for most of the estimated $40 billion annual narcotics business in this country, federal agents have had a difficult time trying to nail crooked bankers, lawyers, and accountants who have been hiding most of that money without paying taxes. But the IRS has given only minimal cooperation, despite mounting evidence of hundreds of millions of dollars in untaxed money lying around in Florida banks (the drug pushers have become so open that they arrive at banks with large cardboard boxes stuffed with cash for deposit). At the moment there is an incredible $5 billion cash surplus in the Federal Reserve System in Florida, most of it narcotics money.

Such examples are now nearly endless. They all amount to one thing: the narcotics kingpins, organized-crime leaders, and major white-collar criminals who once feared the IRS and its considerable powers—beginning with Al Capone, the IRS was for decades the scourge of major criminals, white-collar and otherwise—now have little to fear. The IRS is currently after very different targets. What kind? The most defenseless targets in America, the small taxpayers. Consider a few recent targets:

A major campaign against casino and restaurant workers in Las Vegas, apparently part of an attempt to "make an example," as one IRS official put it, of such workers in order to intimidate the rest. There are in this country an estimated 2 million hotel and restaurant workers whose income is divided between salary and tips they are supposed to declare. The IRS suspects widespread cheating on declaration of tips by such employees, hence the campaign. But even assuming for a moment that all such workers cheat a little—and there is not evidence that they do—such a massive campaign hardly seems worth the potential return.

Another major campaign to crack down on independent contractors, especially fishermen, independent truckers, small farmers, and other similar entrepreneurs. As part of the drive, justified by what the IRS claims is significant underreporting of income by such workers (a claim disputed by the federal Office of Management and Budget), the agency wants to subject all self-employed persons to withholding. The IRS attempt is nearly insane: the cost of doing business will increase significantly for such workers without any corresponding increase of tax monies to the Treasury.

Strong efforts to harass middle-class taxpayers, especially those the IRS considers gross violators. Special targets seem to be mom-and-pop operations, certain doctors and dentists, and small businesses. The harassment has sometimes taken gestapo connotations: unitl finally stopped, IRS agents in Idaho were putting chains and padlocks on businesses that didn't pay their taxes on time and, in other instances, chained cars of recalcitrant taxpayers to utility poles.

As a means of forestalling a growing tax protest movement, IRS agents have begun a major drive to infiltrate and otherwise harass a number of taxpayer protest groups. All those attending such meetings can expect tax trouble.

All things considered, it's no wonder that, according to an FBI report last year, 74 percent of all threats and 41 percent of all assaults on federal workers were directed at IRS employees.

"The high-handed bureaucratic excesses of the IRS are a national disgrace," says Sen. Paul Laxalt of Nevada. "Evidence reveals that the IRS singles out areas of the country for special enforcement. It will go completely against congressional intent and thirty years of past policy by changing its rules to squeeze out more revenue. We apear to be witnessing an agency totally out of control, running roughshod over taxpayers and making a joke out of our rule of laws. The cases of abuse are easy to document and too numerous to count."

Laxalt was especially exercised about the obsessive IRS campaign against workers in Las Vegas. Last year he and Sen. Harrison Schmitt of New Mexico convened special hearings of the Appropriations Subcommittee on the Treasury to review a lengthening list of taxpayer complaints about the IRS. Among other things, Laxalt was shocked to learn that the IRS had assigned 170 full-time employees to its Las Vegas office, including 26 special agents (Los Angeles has 11 special agents to oversee a taxpayer population ten times as large). As Laxalt discovered, all that IRS manpower wasn't in Las Vegas to look into the millions earned by casinos or to investigate possible organized-crime connections with the gaming industry or even the activities of rich gamblers. No, all that manpower has been used to investigate busboys, waitresses, casino dealers, and hotel chambermaids, whose combined salaries wouldn't even put a dent in the money raked up by one big casino in just one night of heavy action.

IRS agents themselves admit privately that Laxalt and other critics are right: they have been ordered to withdraw from the war against big-time criminals and spend their time tracking down what they call "the penny cases," those involving small claims against mostly middle-class taxpayers, who lack the resources to tackle the IRS. In almost all cases those taxpayers quietly pay what the IRS tells them they owe Uncle Sam.

There is an increasing amount of congressional criticism over IRS operations, and that, coupled with increasing taxpayer resistance, could eventually lead to an overhauling of the present system. But the new Reagan administration seems not to be headed in that direction: despite the clout of so bitter an IRS critic as Laxalt in the new administration, its plan seems to center on keeping the system as presently constituted but sharply reducing tax rates to defuse taxpayer opposition. In the view of most of Reagan's economists, such reductions will also end the so-called underground economy, the proliferating system under which many taxpayers simply overlook paying taxes on their income as a means of quiet protest against the system. That economy, now estimated at somewhere between $40 billion and $70 billion a year (not including criminal profits that escape that tax collector), will be reduced, the economists argue, by merely reducing the tax rates that force middle-income taxpayers into such a sub-rosa system.

Perhaps, but the fact is that for the taxpayers of this country, none of whom like to pay taxes, after all, the IRS represents an autocratic, jerry-built agency that appears to be in a constant state of fury against the people from whom it is voluntarily collecting taxes. No amount of tinkering with tax rates will obscure the fact that the taxpayers are fed up with a system that is at once confiscatory, impossible to fathom, and arbitrary. Soaring tax rates are only part of the reason why so many taxpayers are defecting from the system and working in a vast, tax-free underground economy.

Taxpayer confidence in the system is hardly enhanced by the sight of the IRS spending its time moving against small fry while the big fish remain undisturbed. Where are the IRS drives against the organized crime leaders, the big white-collar criminals, the crooked big businessmen, and the major drug dealers?

They hardly exist, which is why federal law enforcement officials and former and present IRS agents nearly unanimously say that the agency is in danger of losing what credibility it has left because of its refusal to take on major tax violators.

Officials of federal anticrime strike forces throughout the country complain privately that lack of IRS involvement in their major cases means, in many instances, these are not major cases. Traditionally, cases against major crime figures or big-time white-collar criminals are difficult to prosecute, mainly because big-time crooks are careful to cover their tracks. But everybody who earns money has to fill out a tax return, and that fact has become an Achilles heel to a long list of big fish that were ultimately nailed on tax charges, ranging from Al Capone to Spiro Agnew. Why isn't the Internal Revenue Service pursuing such cases today?

"Two reasons." says an IRS Special agent, one of the men who are supposed to prepare

major tax-evasion cases. "First, major tax cases are very difficult to make; they take a long while and are extremely difficult to prosecute. Figure that to prosecute a major tax-evasion case will cost about fifty thousand dollars. The second reason is that most of your major tax violators are politically well connected. You take a look at some of the really big tax-evasion operations: they can't work without the connivance and help of lawyers and tax accountants, and well-paid ones, too. The IRS doesn't want to touch politically sensitive cases; so that's why it likes to move against middle-class targets; these people aren't so well connected, and you can squeeze them pretty good. On the other hand, a big tax-evasion operation will have layers of legal protection, and the kind of money they have buys a lot of political influence. The big thing today is drugs. I've seen big, legitimate businesses which were actually founded by money earned from cocaine smuggling—millions of dollars. That's hard to fight, especially when all that money is spread around in political contributions. Let's face it: these days money spent in the right circles will buy you immunity from tax prosecutions; there's no doubt about it."

Ironically the IRS is uniquely equipped to handle such major cases—in fact, some civil libertarians have argued for years, too well equipped. Most American taxpayers, if they have any face-to-face dealings with the IRS, almost always deal with its Audit Division. The mere notice of an audit to the average taxpayer is enough to make his or her brow break out in a sweat, because as anyone who has undergone and auditing experience knows, the IRS is usually holding all the aces in the deck. It is the IRS which decides what interpretation of the increasingly complicated tax laws is correct, precisely where you erred; and how much it will cost you to get back in the federal government's good graces.

Unless you're prepared to fight the IRS interpretation up to the Tax Court—that is to say, willing to lay out the required legal fees to do so—you'll probably pay what the IRS says, arbitrarily, you owe it. Much more rarely, the IRS will say that you're an outright tax evader. In other words, you didn't mistakenly forget to include extra income when filling out your tax return or overstate your deductions—you deliberately set out to deprive the IRS of its rightful due.

In that event, you will become involved with the tender mercies of a much less known division of the IRS—its Criminal Investigation Division. At one time the division was one of the most powerful, awe-inspiring agencies in the federal government, an agency whose powers still dwarf any of the powers held by such agencies as the FBI and the CIA.

Consider: to begin with, the IRS has an unparalleled source of intelligence information, namely, your tax return. A tax return will tell anybody everything there is to know about you—how much money you have, how you spent it, the size of your family, your religion, what illnesses your family had, where you worked, where you live, whether you sought psychiatric help, what your political affiliation is. Each year the people of the United States voluntarily—or perhaps not so voluntarily—reveal to the IRS the most private and personal aspects of their lives.

That being the case, why isn't this vast power being used against major violators? The answer is complicated, composed of equal parts of high-level politics, a list of 309 names, a man who wrote in green ink, another man known as TW-24, and a conservative midwestern tax lawyer who became a noted civil libertarian.

To understand how all these pieces fit together, it is necessary to go back to 1951. In that year, following the highly publicized Kefauver hearings on organized crime, the federal law enforcement establishment realized that the hearings had revealed a major flaw in the government's drive against such crime: there was no real, concerted federal action against the major criminals. Most important, there was little effort to use the broad powers of the IRS against leaders of organized crime, the classic case being the one built against Al Capone years before.

The realization led to the creation of the Intelligence Division in the IRS, a unit designed to coordinate tax cases against major criminals who had escaped prosecution on other charges. The new agency, known as IRSID, set to work with a vengeance, in the process making a series of bad mistakes that were later to form the seeds of disaster. Basically, since IRSID was involved in an officially sanctioned "crusade" where no holds were barred, the agency began to walk roughshod over the Constitution. Under high-level pressure to collect evidence that Mafia criminals were evading taxes, IRSID went too far, using warrantless wiretaps, illegal searches and seizures, and tainted testimony from informants, many of whom were criminals themselves (in one case, the agency had a New York informant who ran extortion rackets himself; in another case, in Alabama, it had an informant who ran gambling rackets).

But since IRSID was embarked on a crusade, nobody questioned whether its actions were as criminal as those of the criminals it was trying to destroy. And that failure to oversee its actions led to a second and even greater mistake: IRSID became involved in politics.

The culprit this time was President Kennedy, who in 1961 got the IRS to apply what he called "tax pressure" against a number of right-wing groups he considered to be growing dangerously in influence. IRSID, given the job, created something called the Ideological Organizations Project, a euphemism for what amounted to a secret-police force. The tactics used by this project later became standard fare during the paranoia of the Johnson and Nixon administrations; auditing harassment against "enemies" of the White House, infiltration of informants into groups of political dissidents, and revocation of tax-exempt status for those groups whose policies the incumbent administration didn't happen to like.

Clearly, this was an outrageous abuse of IRS powers, and it reached a pinnacle of sorts with Nixon's famous "enemies list," a compilation of perceived "enemies" of Nixon's policies who were to be crushed by the one power few Americans are in a position to resist: the power to tax. During this period IRSID's approach to constitutional rights was very nearly cavalier; with official sanction, IRSID felt it had nearly unlimited power to do just about anything it wanted. But it was only a matter of time before the worm turned. And when it did, the whole structure came tumbling down, ironically destroying IRSID's one impressive achievement.

That achievement was IRSID's growing success with uncovering the assorted and increasingly sophisticated schemes tax evaders were using to hide their money from Uncle Sam. Among such schemes was the complicated Mafia money-laundering operation, under which organized crime moved the proceeds of prostitution, gambling, and other activities through an incredibly complicated series of money-transfer operations and pumped them into legitimate businesses. The businesses paid their taxes on time and filled out tax returns with meticulous care. The idea was to defeat IRSID's ability to trace illegal money through complicated networks.

The other major target of IRSID was the so-called overseas tax havens, such as Swiss bank accounts and an even more sophisticated hiding place: offshore tax havens in the Caribbean. These havens became a particular target of IRSID in the early 1970s because of a growing realization that there were literally hundreds of millions of dollars being squirreled away from tax collectors. One such haven in particular drew IRSID's attention, an interesting little bank called Castle Bank and Trust, Ltd., located in the Bahamas.

Here's how the Castle Bank scheme—the model for all such schemes in the Caribbean—worked: Castle Bank had no tellers and no cash; indeed, it looked like a simple business office. But that simple little office was a gold mine. Rich clients of the bank, using American connections, "transferred" their funds from the United States to Castle, thereby domiciling them in Nassau, outside the reach of the IRS. In most cases, however, the money never left the United States but was used as tax-free income to be invested in this country (Castle took a hefty fee on such transactions). Simple, but very effective, especially since places like Castle Bank guaranteed client confidentiality, thus making IRS prosecution virtually impossible: without access to bank records, how could a case be prosecuted?

To IRSID, the situation was challenging but not insurmountable, considering the fact that the agency's impressive list of scalps included such convictions as those of Frank Costello, Bobby Baker, ex-Illinois Gov. Otto Kerner, and former Vice-President Spiro Agnew, all of them involving complicated tax-evasion cases. IRSID decided to mount a major operation to uncover the secrets of the offshore tax havens and enlisted an undercover operative known in its files as TW-24—actually, a man named Norman Casper.

Casper, a former private investigator and security adviser for a major airline, had helped out IRSID from time to time in its tracking of organized-crime leaders. Considered one of the best-connected investigators in the Southeast United States, Casper was enlisted for IRSID as a paid undercover operative in 1971 as part of the attack on the offshore tax havens.

Called Operation Tradewinds (and, later, Operation Haven), the IRSID attack centered on obtaining information: how many well-heeled Americans were using the havens? How much money were they hiding there? How did they do it? Who were they?

As things turned out, IRSID badly underestimated how much was involved in the offshore havens. Working under various disguises, including that of narcotics investigator for Interpol, Casper gradually uncovered the secrets of the havens. What he turned up was astounding: hundreds of prominent Americans, including famous politicians, entertainers, and businessmen, were involved in the scam. The money ran into the hundreds of millions. Moreover, organized crime was using the havens, and there was a whole series of subsidiary connections involving

gambling casinos and prominent figures who were using the havens to launder campaign contributions.

But what IRSID did not know was that another operation, this one taking place in Florida, was about to halt everything.

That operation was known as Operation Leprechaun. Briefly, it was designed to uncover tax-evasion aspects in a series of political corruption cases emerging in Florida during the early 1970s. The prospect seemed promising, but then IRSID made a number of bad mistakes. Mostly, they centered on one key agent who ran the program and urged his network of informants to collect not only any possible tax information on 30 Florida public officials but also any dirt they could on the sexual and drinking habits of the targets. The informants did just that, in the process collecting such useless trivia as a photograph of a prominent Florida judge performing fellatio on another man. None of this, of course, had anything to do with tax violations, but it was duly collected anyway and entered in dossiers with green handwriting (hence, the name Operation Leprechaun). Such snooping made any prosecution impossible because of constitutional violations.

Enter the key character in this course of events, Donald Alexander, a conservative tax lawyer appointed as the new commissioner of internal revenue in May, 1973. He wasn't in office a week when he set off an earthquake: he ordered Leprechaun ended, Tradewinds/Haven closed down, and a full-scale in-house investigation of those and other similar operations. He then transferred or forced to retire dozens of agents and wrote a new set of regulations strictly limiting IRSID's investigatory role; this entailed the removal of IRSID agents from various federal organized-crime strike forces, the innovative and highly successful coordinated attack by federal law enforcement agencies against major organized-crime figures.

Feelings among IRS agents still run so deep about the Haven episode that some agents hint that among the tax cheats uncovered in Casper's investigation was the name of Alexander's old Cincinnati law firm. (There is no evidence to support this assertion.) Alexander himself, who left office in 1977 when Carter came to power, has called such talk "scurrilous dung." Some congressional investigators say that Alexander probably was telling the truth when he told investigating committees of his concern over "abuses" by his intelligence agency, although they concede that there has been a long-standing unwillingness on the part of Congress to delve too deeply into IRS investigative matters, since a number of members of Congress themselves have tax skeletons to hide.

In any event, when all the dust settled, the IRS found itself, in effect, with an emasculated intelligence agency. True, it still had its considerable powers, but they had been curbed, especially with regard to its major targets: organized crime, major criminals, and the rich and powerful tax evaders.

It is also seconded by many federal prosecutors and IRS agents themselves, who concede that congressional committees made a bad mistake in not including the IRS in the proposed charters for such agencies as the FBI and the CIA.

Without such guidelines, the Criminal Investigation Division is a mess. IRS agents at the moment are barred from taking part in federal strike-force raids, are not supposed to make any arrests, cannot release information of IRS activities to other federal agencies, and cannot use any form of electronic surveillance. These restrictions make prosecution of major cases impossible, agents argue, noting that among the victims of the 1975 purge were investigations involving Nixon financial backer C. Arnholt Smith and a major probe of the Central States Teamsters Pension Fund. That amounts to a disgrace, but without a major push from either Congress or the White House, there does not seem to be too much hope that the IRS will get straightened out. As a number of Federal Prosecutors admit, the situation is critically overdue for change.

"There's no question," says one former prominent U.S. attorney in a major eastern city who prosecuted a number of tax cases during his tenure, "that the major emphasis now [by the IRS] is on the doctor who cheats fifteen hundred dollars one year, two thousands dollars the next. And twenty thousand dollars over four or five years in a big case, the IRS feels. I recall IRS agents as totally demoralized. They were being sent back on the street to work the doctor and dentist cases. These guys had been working the big people, the big connections. Once you've gotten close to the big people, the big violators, you are really doing something. But to be stonewalled, especially by your own agency—you just give up."●

ANATOLY SHCHARANSKY

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 11, 1981

● Mr. LEE. Mr. Speaker, colleagues, I use this opportunity to bring to your attention that this Sunday, March 15, 1981, will mark the fourth year of imprisonment for a man whose only crime was to seek freedom from political and religious oppression, Anatoly Shcharansky. He is destined to be locked behind bars until March 1990 on his conviction by Soviet courts for acts of treason and anti-Soviet agitation and propaganda. In his cell, deep within the Soviet Union, we sincerely hope that the message reaches him that he is not a forgotten man.

It was a mere matter of weeks ago when this Nation pulled together with truckloads of yellow ribbons to welcome home our countrymen and women freed from the oppressive grip of Iran's leadership. I submit today that—in his efforts to leave the Soviet Union to join his family in Israel—Anatoly Shcharansky has violated no more human principals than did our American citizens in Iran who sought to leave that country.

While I recognize that our new administration wishes to direct the international humanitarian efforts of the United States toward halting the wantonly destructive terrorism which has plagued this Earth, I also recognize that the American drive to restore the most common, decent human rights must also be continued. I call upon each of my colleagues in this Chamber to help me, and help representatives of Soviet Jewry, maintain the vigil for Shcharansky and the thousands of his fellows still held in captivity in the Soviet Union. We must not forget that such objectionable policies still exist on this planet. We must not allow the pressure to subside as long as there is an America which serves as the beacon of world freedoms or as long as this man and others like him cannot be free.

Anatoly Shcharansky should not be imprisoned. But while he is, it is up to those of us who are free to continue to spread his message of freedom. I urge each of you to join me in this effort.●

THE TRULY NEEDY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. RODINO. Mr. Speaker, a recent edition of the New Yorker magazine, in its weekly feature "The Talk of the Town," had the following comment on "The Truly Needy." I commend it to my colleagues.

We should be ever alert to trim waste, but also be alert to see that government does what it can do best, care for those in our society who are in need.

[From the New Yorker]

NOTES AND COMMENT

With the arrival of the Reagan Administration in Washington, a new social class has appeared on the political scene. It is the class of the "truly needy." As recently as a few months ago, the truly needy were overlooked by almost everyone, but now politicians and journalists alike speak of them with an easy familiarity, and have even calculated their needs down to the last thousandth of a billion federal dollars. Not to be confused with their predecessors, the needy pure and simple—a much larger and more demanding group—the truly needy happily require no more federal assistance than turns out to be available to them after President Reagan's "supply side" economists have taken from the budget what they think they need in order to boost investment. For example, the needy were going to need twelve billion seven hundred and twenty-two million dollars for food stamps in fiscal year 1982 (by President Carter's calculations), whereas the truly needy are going to need only ten billion six hundred fifty-one million (by President Reagan's), for a saving of two billion seventy-one million. The Reagan Administration has discovered, among other supposedly excessive benefits in the program, that some children whose families receive food stamps are at the same time getting free lunches at school from the federal government. The needy needed that lunch, but the truly needy apparently do not; under the Reagan Administration's budget proposals to Congress, if children are found "double-dipping"—that is, loading up on free lunch at school and eating off food stamps at home—the family's food stamps will be reduced. The Administration thus plans not only to

thin down the ranks of the needy to the truly needy but to reduce the benefits to the truly needy as well. At least one official of the food stamp program is worried that the federal government may not be able to catch the children in the act of eating their free lunch, and thus will not know when to reduce the family's food stamps—"We would have to keep track of every time a child was sick and missed a meal," he said—but most of the Reagan people apparently feel confident that the necessary policing can be handled adequately. The Administration proposes, in addition, to cut back the lunch program itself, by making fewer children eligible. Not long ago, cuts of this nature would have aroused considerable protest among the political supporters of the needy, but now that the truly needy have taken their place the supporters are quiet. This one phrase, it seems, has put them all to rout.

Just recently, the columnist George Will brought to light another new class in our society—one that is a perfect counterpart to the truly needy. He has discovered the people who are "in a sense rich." The in-a-sense-rich are rich only in a sense because they have spent their money—on a house or a college education, say—and so are only "statistically rich." Will rises to a spirited defense of the statistically rich. He fears that the "punitive" distinction between earned and unearned income in the federal tax code keeps them from getting rich enough, and asks rhetorically, "What is 'unearned' about income from money skillfully put at risk in investments?" He believes that our economy depends on the "endless inculcation of envy," and worries that if the rich were no longer there to inspire envy the economy would "slow dangerously." Noting that Christ said, "The poor always ye have with you," he goes on to make the addition (somehow overlooked by Christ) "We had better always have the rich." In an era of supply-side economics, Will seems to have hit upon a supply-side morality to go with it. According to this new, evenhanded reading of Scripture, society would balance its compassion for the poor with solicitude for the rich. In that arrangement, even the truly needy might be hard put to it to hold their own.●

ANATOLY SHCHARANSKY

HON. WALTER E. FAUNTROY

OF DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 11, 1981

● Mr. FAUNTROY. Mr. Speaker, I want to commend my distinguished college from New York for riveting this body's attention on the plight of Anatoly Shcharansky, who, on March 15 will have spent 4 years in prison for advocating the cause of human rights and desiring to emigrate to Israel.

We cannot forget the Anatoly Shcharanskys of our world, who, continually demonstrate the strength of the human spirit against the juggernaut of state terror. Anatoly Shcharansky is a man, who, speaks with relevancy to all of the world's oppressed, whether they be in the Soviet Union, El Salvador, South Africa, Haiti, Argentina, or Kampuchea.

His struggle for human rights is still another reminder to us that the cause of human rights must not and cannot be demoted if we are to be true to ourselves and the principles we so often espouse but so often fail to live up to.

I thank my distinguished colleague from New York for reminding us to remember.●

SAMA SPEAKER SPOTLIGHTS LEGISLATIVE AGENDA

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, March 13, 1981

● Mr. AuCOIN. Mr. Speaker, as chairman of the House Task Force on Industrial Innovation, I had the pleasure of hosting, on February 23, a meeting of member companies from the Scientific Apparatus Manufacturers Association (SAMA) here on Capitol Hill. The purpose of the meeting was to bring together representatives from these companies and Members of Congress to discuss important legislation needed to keep America in the forefront of technological innovation and improve industrial productivity.

One of the speakers on that occasion was Mr. Gerald H. Gleason, vice president, the Foxboro Co., who chairs the international affairs committee on SAMA. Mr. Gleason discussed a number of issues relating to the importance of international markets to the health of our economy and to the health of scientific apparatus manufacturers. He makes the point that, when it comes to high technology industries, we cannot afford to be complacent about our competitive performance. We face a serious challenge from other countries that are aggressively pursuing high technology exports, and unless we act any advantage we might have will be lost.

A second speaker—Pat Wild, director of public affairs for Sybron Corp. and chairperson of SAMA's government affairs committee—discussed a number of issues relating to Federal procurement policies. She notes that some well-intentioned regulations have hurt competitive performance.

Finally, Paul Cherecwich, corporate tax manager of the Foxboro Co. and chairman of SAMA's tax committee spoke to a number of issues relating to Federal tax policy. He makes the point that, if these firms are to remain competitive, changes are needed in our tax laws, beginning with the way we recover capital expenditures.

As Congress prepares to take up a number of issues vital to our competitiveness at home and abroad, I commend these remarks to the attention of my colleagues.

REMARKS OF PAT WILD, DIRECTOR OF PUBLIC AFFAIRS, SYBRON CORP., AND CHAIRPERSON, GOVERNMENT AFFAIRS COMMITTEE, SAMA

My name is Pat Wild, and I am Chairperson of SAMA's Government Affairs Committee. In my spare time, I also work for Sybron Corporation in Rochester, New York, where I serve as Director of Public Affairs—we are members of SAMA because of our Laboratory, Instrument and Process Equipment products.

I am delighted that you could join us this afternoon. Our purpose today is to get better acquainted with those of you who do so much of the staff work for Senators, Members of the House, and Committees in both the House and the Senate which have both constituent and/or jurisdictional interests, in areas of interest to SAMA companies. (We) look forward to working with you as staff persons.

As you saw from the audio/visual presentation, the interests of this association, and the companies who rely on it for Washington representation, lie in the areas of increased productivity, expanded export markets, and innovation.

My special theme for the next few moments is the relationship between SAMA members companies and the government in the sense of sales and customers. To summarize my theme the message is this—to the extent the Congress permits over-regulation to occur in the area of procurement (as well as any other over-regulation) it forces business to divert important resources—lessening our opportunity to remain competitive in domestic and world markets.

To explain—last year, SAMA companies manufactured and sold approximately $12 billion worth of goods and services worldwide. Of that $12 billion, approximately $1.5 billion or about 12 percent went to the U.S. government. Although Sybron may be larger than most SAMA companies in this regard, I believe we are fairly typical. Last year, between 10–15 percent of Sybron's $800 million sales went to the U.S. government—where we supplied laboratory equipment and sensitive instrumentation.

The U.S. government as a whole is an important customer for our industries and one that we expect to continue to do business with in the years ahead. Our industries' unique contributions will continue to work with the government as we together attempt to solve pressing social and economic issues.

Now, in addition to the government we have other very important customers. Twelve percent of our industries' sales can be accounted for by sales to various U.S. government users; there is approximately 40 percent or about $4.8 billion due to export sales; the remaining $4.7 billion, or almost 50 percent of our industries' sales are accounted for in the U.S. commercial market.

To belabor the point: Our industries are essentially commercially oriented. We are not totally dependent upon the government for our sales, employment and profits. Rather, our companies depend on their initiative, ingenuity and marketing capabilities to sell their products in the non-captive commercial market environment.

And in this commercial market environment—which represents the lion's share of our business, the general orientation of our industries is to supply off-the-shelf equipment to commercial customers. Our members are becoming increasingly concerned over the tendency of the government to dis-

rupt what we believe to be a healthy and competitive environment within which we currently operate.

Let me illustrate my point by two examples.

In 1965, the Congress passed the Service Contract Act. The legislation was well intended. In brief, it grew out of the concern over "wage busting" by government contractors who were totally dependent upon the government for business, who were labor intensive, and who employed a work force that was pretty much immobile. This action in 1965 on the part of the Congress was commendable.

However, in 1977, the Department of Labor took it upon itself to apply the provisions of the Service Contract Act to our industries. Now, we are not totally dependent upon government contracts. Our service employees are highly mobile, and well paid. The fact of the matter is that according to a recent Department of Commerce study, our industries are one of the few who have compensated our employees at a rate greater than the rate of inflation. Finally, because of the nature of our business, that is to say operating essentially in the commercial marketplace, there has been no wage busting in our industries, nor do we believe it possible that there will be.

However, by applying the Act to our companies, the Department of Labor has presented us with a dilemma. We can continue to do business with the government, but to do so we will have to abandon our merit pay system, segregate our work force and increase our overhead costs. That is one choice, the other is simply not to cause this sort of disruption in our normal commercial practices, and simply forego our government business.

I sincerely don't believe that either government or the industry feels this last proposal is a solution. You need us—and we, of course, count on your business as part of our total package and this means jobs. We also assure you that as the supply of highly qualified technologically oriented people diminishes as demand increases—competition in the market place creates its own wage demands.

Thus, we have a well intentioned piece of legislation which, over the years has been interpreted by the bureaucracy to the point the problem it was originally intended to solve has become obscured by what we believe to be unnecessary controversy.

A second example of what we believe to be Federal excess comes as a result of the General Services Administration's decision to attempt to deal with manufacturers and eliminate distributors from the Federal procurement process.

Most SAMA companies use distributors to supply their commercial customers at home and abroad, and they will continue to follow this pattern. Distributors provide commercial customers with numerous valid services such as sales promotion, large inventories, rapid delivery, efficient service and training. If you were a manufacturer who was using a distributor to supply 85 percent of your customers, would you be willing to create your own separate distribution system to supply the remaining 15 percent? I think not. It just does not make good business sense. Furthermore, say you are a small businessman or woman who cannot afford to set up a major, nationwide distribution system. You can't afford to have a large advertising budget, you do not have a large sales and service staff, and you can't provide on-site training to all of those who might want to purchase your products. Where would you turn? Like many in our industry, you would turn to a distributor. But if your distributor is not permitted to sell your products to the Federal government, you may be losing a significant opportunity to have your company grow.

There are other issues that we just touch upon—the demand by the General Services Administration for the best possible discount even though a contract with GSA guarantees no business whatsoever; proposals to establish profit limitations on commercial companies doing business with the government; increased pre-contract and post-contract audit reviews by government agencies, and separate cost accounting standards for companies doing business with the government. I could go on, but I think you get my drift.

The more government intrudes on the management practices of its commercial suppliers, the less attractive government business becomes to these companies. And the greater the cost to us of doing business with the government, the less money we have to spend in such vital areas as research and development and expansion.

Ours is a growth segment of the U.S. industrial base, and we expect it will continue to be that way. We do not want to come to the Hill to ask for subsidies to keep us in this position. We are not opposed to regulation where the need for regulation can be demonstrably shown. We are opposed to unnecessary over-regulation which ultimately will hurt both our companies, our employees and the U.S. government.

REMARKS OF PAUL CHERECWICH, CORPORATE TAX MANAGER, FOXBORO CO., AND CHAIRMAN, TAX COMMITTEE, SAMA

My name is Paul Cherecwich and I am the Corporate Tax Manager of the Foxboro Company, in Foxboro, Massachusetts. I also act as Chairman of SAMA's Tax Committee, and it is in this context that I would like to spend the next few minutes describing the Association's tax objectives for the coming year.

SAMA supports the free enterprise system, and derives its tax policy from that position. SAMA will support tax legislation that encourages private, as opposed to public decision making. Alternatively, SAMA will oppose tax legislation which has the effect of substituting government judgement for private judgement. Recognizing the valid needs of the government for adequate revenues as well as a pressing need for a major overhaul of the tax system to more realistically consider the capital investment needs of this nation, SAMA will study and support fiscal measures to encourage a balanced economy.

Consistent with the foregoing policy statement, SAMA and its member companies support a retreat from the useful life concept of recovering capital expenditures, and substituting a capital cost recovery system. Most major industrialized countries have long ago adopted such a policy. In particular, SAMA continues to support the concepts found in the Capital Cost Recovery Act, introduced in the last session of Congress by Representative Jones and Representative Conable and reintroduced in this session. These concepts are similar to those proposed by the Administration in its Accelerated Cost Recovery System. SAMA supports these concepts in part because they retreat from the useful life concept of providing capital cost recovery, and in part because they significantly improve the investment tax credit. We believe that the shorter depreciable lives that would in many cases result from passage of the Capital Cost Recovery Act, when combined with the significant improvement in the investment tax credit that is inherent in that bill, will result in a significant improvement in the investment climate of this nation. Therefore, although the Capital Cost Recovery Act will not have an immediate impact on our own income tax returns to the same extent as it will for capital intensive industries, we believe that nonetheless such tax measures are for the good of the country.

SAMA also supports selective tax incentive measures, when those measures are designed to reinforce private decision making. As the spokesman for a large number of high technology industries, SAMA has been concerned with the lack of an incentive for research and development spending in the U.S. SAMA believes that increased R & D expenditures in the U.S. will help the U.S. maintain its technological lead (or perhaps we should say recapture that lead) as well as help improve our productivity.

SAMA specifically supports the Research Revitalization Act of 1981 (introduced this year by Representative Shannon). This act would provide a tax credit of $.25 for each dollar spent by a corporation on university research. The bill is structured so that it would provide 86% more research per dollar spent by a corporation under the bill than without the bill.

SAMA also supports the corporate R & D tax credit proposals introduced this year by Representatives Vander Jagt and Pickle. This bill would allow a tax credit of 25% of the excess of R & D expenditures incurred over a three-year average. SAMA believes both approaches would reinforce private decision making and are a better way to expend this nation's government funded research dollars than by outright grants.

SAMA is also concerned with a very serious disincentive to domestic R & D expenditures. Due to an extremely complicated income tax regulation dealing with the proper accounting treatment of certain domestic expenditures, any increase in domestic R & D expenditures will have the result for many SAMA member companies of causing a loss of foreign tax credits that would otherwise be due. This is popularly known as the 861-8 problem, wherein domestic R & D expenditures must be charged against foreign source income. This disincentive looms so large that many U.S. corporations are beginning to seriously consider transferring R & D abroad, rather than perform the R & D within the U.S. Unless this disincentive is eliminated or otherwise removed, the R & D incentives referred earlier will not be effective.

In summary, SAMA's 1981 legislative tax priorities include:

1. Changes in the capital cost recovery system (including improvement in the investment tax credit) in order to stimulate domestic investment.

2. The creation of R & D incentives, in the form of tax credits, designed to encourage corporations to fund university research and to increase their own research and development activities.

3. Elimination of the disincentive for domestic research and development expenditures presently found in IRS regulations.

REMARKS OF GERALD H. GLEASON, VICE PRESIDENT, THE FOXBORO CO., AND CHAIRMAN, INTERNATIONAL AFFAIRS COMMITTEE, SAMA

Good afternoon. I am Jerry Gleason, chairman of SAMA's International Affairs Committee. I'd like to take just a few minutes to tell you a bit about our interests and concerns in the area of international trade. As you have just heard, our industry is very much involved in international trade and commercial activities. It is because of our successes and our heavy commitment to our international markets that we have become increasingly concerned about our ability to maintain our lead, competitively and technologically.

To a large extent, our future is in the hands of governments—ours and our customers. What they do or don't do can have a profound impact on our success or failure in the area of international trade. One area in which the role of government is crucial is in the formation and implementation of trade policy. At present, the United States government, unlike the governments of most of the advanced and developing industrial countries of the world, does not have a positive, well-coordinated and comprehensive program to promote and encourage exports, let alone a full fledged trade policy, as a matter of fact, the Nation's export business has been used as a vehicle for achieving other national purposes, some of them mutually exclusive. The result has been that trade has suffered while other purposes were apparently addressed to varying degrees of satisfaction or lack thereof. Now, hopefully, we are back to promoting trade but certain impediments standing in the way must be removed. As a result of a lack of a coordinated economic and trade promotion program, some disturbing trends emerge when one looks at the export performance of the U.S. as a whole.

We simply cannot afford to be complacent about the historically competitive performance of U.S. high technology industries. Even those in industries on the leading edge of technology are today facing serious competition from countries which have developed strategies involving aggressive export supports including loan guarantees, sheltered home markets, and subsidized R&D. These countries also support their exporting industries by aggressively promoting capital formation, plant investment and job formation through their tax policies. Using these strategies, for example, the Japanese have assumed a 42 percent share of the U.S. market for the 16k ram semiconductors, a business which was exclusively U.S. just a short while ago. given the situation, it seems obvious to us that in formulating an overall U.S. export policy, particular and early attention should be given to the needs of those segments of the U.S. industrial base which are now performing well, but which will do less so unless their particular problems are addressed.

EXPORT DISINCENTIVES AND CONTROLS

Let me now turn my attention to the problem of export disincentives which are particularly troublesome to SAMA companies and other high technology exporters. Export controls, especially those contained in the Export Administration Act, although necessary for our national security and as an expression of our foreign policy—often discourage U.S. business and certainly place them at a disadvantage with respect to our overseas competitors.

Under the authority of the Export Administration Act, the U.S. Government controls the export of numerous high technology products to destinations throughout the world. In the case of Communist countries, the controls are imposed in the form of individual export license applications which must be processed by various Federal agencies. In the case of free world countries, these products may be exported under a distribution license, a procedure which speeds up the licensing of exports and reduces the paperwork involved in the processing of export licenses, historically, the U.S. has controlled more high technology items than have our allies, thus placing U.S. high technology companies at a disadvantage in competing for international sales.

The 1979 amendments to the Export Administration Act were intended to focus on the problems associated with delays in the licensing process. The Department of Commerce has recently published rules and regulations to implement several of the changes mandated by you and others in the Congress to reduce the amount of time to process export license applications which must be submitted by high technology companies to the department in order to export their product to "controlled destinations".

Other important features mandated by the law have, however, not yet been implemented. Most notably, the establishment of an office on foreign availability. There still remains substantial delays in processing applications, even under the time limits established by law. Quite frankly, it concerns us that the obligations imposed on commerce by the law are not taken as seriously as those imposed on industry. This is due, in many instances to inadequate staffing, well over half of the estimated 80,000 export license applications received by the Department of Commerce last year were for transactions with our NATO partners and Australia and New Zealand. These transactions are almost invariably approved in a short period of time. This being the case, U.S. businessmen question the need for licensing shipments to these friendly countries. If SAMA's recommendations concerning removal from licensing requirements of the products shipped to friendly countries or those which are clearly not militarily significant, the freed-up resources of the Department might just be adequate to do the whole job mandated by Congress. SAMA addresses its attention to these as well as numerous other export disincentives since we believe that they are in conflict not only with our business objectives but also with the national interest.

MULTILATERAL TRADE AGREEMENTS

The membership of SAMA is committed to free and open trade among nations. We believe that the solutions to many of this country's most pressing problems—unemployment, inflation, disequilibrium in our trade balance—lie in how well we as a nation are able to activate and realize our total international economic potential. Without improved access to markets in the industrial countries of the world, it will not be possible to compete fairly. For this reason, SAMA worked long and hard through the industry advisory process in supporting the MTN. The product of the negotiations, enacted into law in 1979, especially the series of agreements reducing and eliminating nontariff barriers in a number of critical areas such as customs valuation, government procurement and standards offer real hope for the future.

It is imperative that the U.S. clearly enforce the codes of conduct in this country and look out for the rights of its exporters' interests in the signatory countries. The need for clearly understood procedures to safeguard the rights of exporters to the markets and from the arbitrary practices outlawed by the agreements is a must. The Government must actively oversee compliance, and press for the expansion of these agreements to the developing nations.

The successful conclusion of the Tokyo Round was really the beginning of a new era in international cooperation. It will take a lot of goodwill and hard work to make them work. Unless they do, however, with all of the protectionist pressure being evidenced around the world we stand to lose much more than our export markets. We stand to lose our vital and dynamic industries.

In conclusion, let me say that SAMA and its member companies believe that there can be an effective partnership between business and government in the U.S.—we believe that the beneficial results of this partnership can be federal legislation and regulations which help rather than hinder the reestablishment of strong and productive industries, balanced international trade and increased domestic employment opportunities.●

HOUSE OF REPRESENTATIVES—*Tuesday, March 17, 1981*

The House met at 12 o'clock noon.

The Reverend Robert M. Kearns, Holy Comforter-St. Cyprian Church, Washington, D.C., offered the following prayer:

AN IRISH BLESSING

May the blessing of light be with you and our country—light outside and light within.

May sunlight shine upon you and warm your heart 'til it glows like a great fire, so that the stranger may come and warm himself by it.

May a blessed light shine out of this house like a candle in a window bidding the wanderer and the poor to come out of the storm.

May you ever give a kindly greeting to those whom you pass, as you go along the roads.

May the blessings of the Earth be with you and shared with others.

May the earth be soft under you when you rest upon it, tired at the end of the day.

May earth rest easy over you when at the last you lie under it.

May earth rest so lightly over you that your spirit may be out from under it quickly, and up, and off, and on its way to God. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

THE REVEREND FATHER ROBERT M. KEARNS

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOAKLEY. Mr. Speaker, I am honored to have the opportunity today to welcome as our guest chaplain the Reverend Robert Michael Kearns, S.S.J.

I think it is particularly fitting that Father Kearns opened our session on this feast of St. Patrick, the patron saint of Ireland. Father Kearns was raised in our hometown of South Boston, which many of us consider the sister county of Galway, a community which has been shaped culturally by generations of Irish immigration.

Father Kearns was baptized at Gate of Heaven Church and was confirmed and attended school at St. Brigid's which, in a community where people list the address by street and parish, is our version of ecumenism.

After graduating from parochial schools, Father Kearns began intensive preparation for the priesthood and was ordained as a priest of the Society of St. Joseph in 1963.

In addition to his seminary training, Father Kearns has attended the University of Minnesota and holds a master's in urban studies from Loyola University of Chicago.

Father Kearns has published numerous articles and a book on urban issues including an important study of race relations published by the U.S. Catholic Conference.

Father Kearns now serves as pastor of Holy Comforter-St. Cyprian Church in Washington, D.C., and, in addition to his pastoral duties, has been active in bringing a religious perspective to many community efforts, particularly those to benefit youth.

On behalf of my colleagues, I thank Father Kearns for a moving and instructive invocation.

WILL AGRICULTURE AND AVIATION BEAR THE BRUNT OF JAPANESE AUTO IMPORT QUOTAS?

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, we are faced with a serious economic problem. The American automobile industry is in trouble. Hundreds of thousands have been laid off indefinitely. Companies are struggling to survive. We must, of course, do what we can to resolve the plight of the industry.

The resolution is not, however, for the President to impose mandatory import quotas. To do so denies the cause of the problem. The cause is not Japan. The cause is that the American auto industry has failed to produce the fuel-efficient, inexpensive cars that American consumers want to buy. The solution is not to curtail imports. The solution is to push for research and development so that our American ingenuity can help us produce a better automobile.

The solution that the administration proposes would not only fail to resolve this economic problem, it would cause new ones. Japan is the single largest purchaser of U.S. agricultural products. Japan is also a market we should be pursuing for aircraft. I would remind you that those two American industries—agriculture and aviation—have no rivals in the world. America is No. 1 in both. If we cut trade with Japan, cut their exports of automobiles, they may very likely impose barriers against our exports. Then we have three industries in trouble, instead of one. We will have robbed Peter to pay Paul.

The President must consider the total economic picture before he moves on the import quota issue. We cannot afford to damage our superior status in agriculture and aviation with the false hope that such a move can save the automobile companies.

CONCERN FOR PROPOSED CUTS IN STUDENT AID PROGRAM

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PEYSER. Mr. Speaker, yesterday, Congressmen BIAGGI, WEISS, and myself listened to representatives of 13 different universities in New York, students explaining the problems that they would be confronted with in the proposed changes in the student aid program taking place.

There is an awakening happening finally in the country, Mr. Speaker, among students and their families as to the impact of the proposed changes.

Today, I am introducing into the RECORD a letter of communication from the City University of New York in Mr. SOLARZ' district; from the California State University and Colleges in Congressman PANETTA's district; from the North Central Technical Institute in Congressman OBEY's district; from Guilford College in Congressman JOHNSTON's district. These are representing New York, California, Wisconsin, and North Carolina.

It is just an indication of the breadth of the interest and concern being expressed today by the educational community.

[Mailgram]

CITY UNIVERSITY OF NEW YORK,
New York, N.Y., March 12, 1981.

Representative PETER PEYSER,
Cannon Building,
Washington, D.C.:

After carefully reviewing the Reagan administration's proposed budget cuts affecting student aid, the City University of New York strongly opposes their enactment.

The proposed cuts violate one of the Reagan's administration's stated long range objectives, that is, increased productivity through greater investment in the Nation's Capital Stock. From an economic viewpoint, human resources (labor) constitutes one of the three essential "factors of production". Expenditures in student aid are an invest-

ment in a more highly skilled labor force. These expenditures are necessary for improved technology and efficiency and ultimately increased productivity. One of the corresponding financial commitments to the nonbusiness sector is continued and increased support of higher education.

CUNY has a total enrollment of 170,000 students, over ⅔ or 120,000, rely upon some form of city, State, Federal, or institutional financial assistance to meet their college costs. Approximately 84,000 receive $85.5 million in BEOG; 80,000 receive $43 million in State tuition aid; 20,000 receive $29 million in GSL; and 17,000 receive $18.5 million in SEOG, CWS, and NDSL and nursing program assistance. In addition 40 percent of our student body report zero taxable family income on their New York State tax return, 68 percent have taxable family income of under $6,000 and 85 percent have taxable family income of under $10,000 per year. Clearly, for most of our students a continued high level of financial support is essential to their continued attendance. These are the most needy students.

On behalf of CUNY's over 190,000 students, faculty, and staff I urge you to strongly oppose the higher education budget reductions recommended by the Reagan administration.

ROBERT J. KIBBEE,
Chancellor.

[Mailgram]
CALIFORNIA STATE UNIVERSITY & COLLEGES,
Long Beach, Calif., March 12, 1981.

Representative PETER PEYSER,
Cannon House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE PEYSER: The Pell Grant (formerly Basic Education Opportunity Grant) program has been an effective means of providing access to higher education for hundreds of thousands of low- and middle-income students; 47,152 of these grant recipients are currently enrolled on the 19 campuses of the California State University and Colleges.

I am concerned about the delays our students are experiencing in the processing of grant applications for the 1981-82 academic year. As a result of recent withdrawal of certain Federal regulations, the earliest students will learn the outcome of their applications will be in June—four months later than last year's announcement date. Such delays may force thousands of students to suspend or terminate their education.

The Department of Education should be urged to determine Pell Grant eligibility by using the 1981-82 family contribution schedules published in the January 19, 1981 addition of the Federal Register. I understand the budget saving of up to $500 million could be achieved by using cost of attendance allowances in effect during 1980-81.

I am also concerned about the lack of adequate funding for truly needy Pell Grant applicants in 1981-82. It is my understanding that a supplemental appropriation amounting to at least $911 million would be required in order to maintain maximum grants at the current year level—well below the limit established by the Congress last fall.

On behalf of students enrolled in the CSUC, I wish to express appreciation for your continuing support for higher education.

GLEN S. DUMKE,
Chancellor.

NORTH CENTRAL TECHNICAL INSTITUTE,
Warsaw, Wis., March 6, 1981.

Hon. PETER A. PEYSER,
House of Representatives,
Cannon House Office Building,
Washington, D.C.

DEAR MR. PEYSER: Thank you for your recent letter concerning the Administration's budget proposals on Student Financial Aids. We are very concerned and appreciate your interest and support.

A reasonable and efficient Student Financial Aids delivery system is very important to our students. Sixty-nine percent of our full-time students count on state or federal Student Financial Aids to help finance their education. A high percentage of our students are from low or middle income families. Unemployment throughout our district is currently running between 11 and 12%. Our own budget for next year is very constrained and gives no flexibility to deal with major declines in Student Financial Aids to our students. Obviously, the proposed administrative cutbacks are of a direct and vital concern to us.

We have identified three major problem areas in the proposed cutbacks that will have a most negative effect on the education of our students. First, we are very concerned about the time delays this is causing. It now appears that Congress hopes to respond to the cutbacks by May 1. That target date is probably optimistic unless something is done promptly to speed the process through Congress and the Department of Education. We are fearful that as our students hope to start school this August, they still will not know what aid, if any, they will be eligible to receive. Many students will be unable to start school without a commitment of aid!

Secondly, we are concerned that our students will not have access to the Guaranteed Student Loan next fall. The proposed changes will drive many of the lenders from the program. We feel the program can be tightened up somewhat and targeted to students with demonstrated need. But it must remain accessible to those who need it!

Thirdly, the proposed Basic Grant reductions will eliminate many of the middle income students from the program, reversing the impact of the Middle Income Student Assistance Act. Combined with the restrictions in the Guaranteed Student Loan, the middle income families will increase pressure to develop a tuition tax credit program which, in the long run, will be substantially more costly than maintaining middle income eligibility in the Guaranteed Student Loan program.

We are willing to play a very active role in whatever way we can to restore the proposed cuts to a reasonable level. Action must be taken quickly, or students will not be served next fall! We are in the process of sending information to all our Student Financial Aid applicants, advising them of the processing delays and proposed reductions.

Sincerely,

DWIGHT DAVIS,
District Director.

GUILFORD COLLEGE,
Greensboro, N.C., March 3, 1981.

PETER A. PEYSER,
House of Representatives,
Cannon House Office Building,
Washington, D.C.

DEAR PETER PEYSER: I agree with you 300 percent about the importance of sustaining student assistance programs both in the Basic Opportunities Grants, the Work Study Program and the Loan Program.

I have already been in touch both personally and by letter with our Senators and Representatives.

Attached is a copy of one such letter.

We are also doing a great deal to encourage students and parents to write to members of Congress in support of these programs.

It is very heartening to know that you are on the side supporting these very critical programs. Keep up the good work.

Most sincerely,

WILLIAM R. ROGERS,
President.

Enclosure.

GUILFORD COLLEGE,
Greensboro, N.C., February 10, 1981.

Senator JESSE HELMS,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR JESSE HELMS: I am sorry that I could not get to see you on my recent trip to Washington last week. I had wanted to talk with you about the importance of your concern and support for church-related higher education. I have recently been to Chowan College and admired the visible reminder of your concerns in this area, symbolized through the dedication of the new Field House complex there in your honor. I know too that your work as a Baptist layman has been deeply committed to costering conservative and moral policies within the educational community of North Carolina.

Primarily I am writing to encourage you as strongly as I can to support Federal legislation and allocations to enable access by students of modest means to the opportunities provided in independent colleges and universities such as Guilford. The financial aid help that has been available both through grants, work study, and loans has been enormously important in making it possible for these students to attend schools like Guilford. Both these students and the financial condition of the College would be seriously jeopardized by cut-backs such as those discussed by Mr. Bell.

I believe that you are as committed as I am to ensuring in the maintenance of the independent sector in higher education—particularly those colleges like Guilford that represent a high level of sensitivity to value issues and are maintained in the traditions of Christian higher education. What these colleges provide in the way of intelligent and morally dedicated social leadership is absolutely critical to our country. In one recent study of the nation's top 2,931 corporate executives it was found that over 60 percent of these had gone to private liberal arts colleges (a figure particularly striking when we remember that only some 22 per-

cent of all people who go to college go to private liberal arts colleges).

In North Carolina 35 percent of our students from the State go to private liberal arts colleges, a figure somewhat higher than the national percentage. Any serious reduction or financial failures among the liberal arts colleges would lead to an enormously increased financial burden on the State. To be very specific if many of the 26,000 students from North Carolina currently enrolled in private liberal arts colleges in the State have to go instead to the State supported university system, the financial burdens to the taxpayers would be staggering. (At present the difference in average financial support from State and Federal sources for students in North Carolina in private colleges versus public baccalaureate granting institutions is $683 versus $3,147. To put it differently, financial help to students in a private college like Guilford is only 21 percent of what that support would have to be if the same students were to have to go to publicly supported institutions.)

To maintain the viability of student assistance programs and tax program benefits which would make it possible for us to continue to do our job adequately, I urge you to support the following legislative priorities.

I believe we should maintain our primary concentration in the realm of federal budget allocations and appropriations on the continuing effort to assure financial accessibility for all Americans to all of America's wide diversity of higher educational opportunities, through: (a) balanced expansion of basic and supplemental grant benefits (Pell Grants and SEOG/SSIG funding) to address the 75-percent policy goal established in federal law by the 1980 Amendments of the Higher Education Act, and (b) balanced expansion of self-help programs (CW and NDSL/GSL/Parent Loan funding) to meet the 25-percent self-help expectation and to assist parents and independent students in meeting their expected contributions.

In the event the 97th Congress decides to consider further changes in the authorizations of student loan programs, such legislation would consolidate the gains already registered in the reauthorizing legislation: (a) to assure, as a matter of federal policy, the availability of loan capital to meet all legitimate student expenses unfunded by grants and work, (b) to expand the authorization for loan capital to be obtained through the federal financing bank, to supplement capital supplied by private lenders, federal appropriations, and institutions, in meeting the need for student loans, (c) to simplify the system of student loan deliveries, (d) to expand opportunities and incentives for students to consolidate loans taken under different terms into a single repayment plan, with an extended repayment period and options for repayment on a graduated or income-sensitive schedule, and (e) to expand opportunities and incentives for a higher educational institution to utilize a central agency to administer and collect all federal or state-guaranteed loans made to students for purposes of attending that institution, while assuring the institution's right of first refusal to serve as the collection agent for its National Direct Student Loans.

Though it is of secondary importance, I believe we should continue actively to explore possibilities for enactment of legislation designed to supplement and complement federal student assistance benefits with: (a) a program of college tuition tax credits which is sensitive to both unmet student need and the varying costs of attending higher educational institutions, and a program which provides tax incentives to encourage family savings to meet their future higher educational expenses.

I know that realistically some cuts do need to be made in the budget and that that is a high priority both for you and for President Reagan. I also expect that we will have to cut back some, particularly in the Federal guaranteed student loan aspects of the financial help to higher education. And that we can accommodate to by trying to find other sources of loan funds either commercially or through gifts to the college. But it is the burden of my plea to you that we try to maintain some balance among grants, study support and loans, augmented if possible by some tuition tax credit help. Such programs are essential, I believe, not only to the maintenance of a strong independent college sector but also to the moral obligation to help people of lower means have access to the highest quality education which we can provide.

Thank you very much for your support.

Most sincerely,

WILLIAM R. ROGERS,
President.

A SECOND LOOK AT PRESIDENT REAGAN'S MATH

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, yesterday the budget analysts of the Congressional Budget Office delivered disturbing, but not surprising, news on the Reagan budget: His spending estimates and thus his deficit estimates for the next fiscal year are too low—on the order of $20 to $25 billion too low.

The news is disturbing because it makes it that much more difficult for Congress to begin the work of cutting the budget. The news is not surprising, however, since economists and budget experts spent all last week telling congressional panels that the President's budget was based on unrealistic assumptions that would undermine his figures and his promise of a balanced budget by 1984.

In fact the administration has been through this once before already when it discovered 2 weeks ago that it had underestimated spending by $6 to $7 billion.

The CBO reestimates call into question the nature of President Reagan's cuts. Is he actually cutting Federal spending by $48.6 billion? The staff of the Senate Budget Committee, now with a Republican majority, says "no"; the real figure is probably around $42.9 billion, because the President's budget assumes lower interest rates and inflation than can realistically be expected.

So that one bit of optimism on the President's part just increased the deficit by almost $6 billion. It now appears that the whole range of overly optimistic economic assumptions woven into this budget only work to hide budget deficits, not reduce them.

THE "OOPS" FACTOR IN BUDGETING

(Mr. PANETTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PANETTA. Mr. Speaker, a few weeks ago, I raised concerns with what I call the "oops" factor in budgeting. It is obvious that this pervasive factor that impacts on all budgets has struck again.

First, it was to the tune of $10 billion to $12 billion in reestimates. Today, it is another $25 billion.

We have a total of less than 40 days in which $37 billion must be reestimated into this budget. The crucial factor is that the deficit in 1982 is no longer the projected $27 billion that was estimated by President Carter or the $45 billion that was estimated by President Reagan. Instead, we are now dealing with a $60 billion to $70 billion deficit for 1982. And at the rate that deficits have increased in the past, we are looking at a potential $100 billion deficit in 1982.

The point is that something is going very wrong with what I thought was the basic goal, to achieve a balanced budget. Whether it is a poor assumption, whether it is an overemphasis on supply-side economics, I am not sure. But what I do know is that a budget that has a deficit of anywhere from $70 billion to $100 billion is going to send the wrong signals to the Federal Reserve, to the money markets, and to the economy, and the American people will not take "oops" for an excuse.

AN ALTERNATIVE BUDGET FOR 1982

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEASE. Mr. Speaker, I take the well briefly now just to advise my colleagues that I am taking a special order today which should begin in half an hour or so to discuss an alternative budget for 1982 which my staff and I devised over the last 3 weeks and which I unveiled last Thursday.

This budget, in striking contrast to the President's, contains not a $45 billion deficit but a $10.8 billion surplus. I think that is the kind of message that our constituents would like us to be giving them. I will be discussing the details in a few minutes. I just advise you now to stay tuned in.

Thank you.

A $100 BILLION DEFICIT?

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, last week in a speech to the House, "Huey P. Long in Reverse," I listed five criticisms of the Reagan administration economic program.

One of the criticisms was that the administration's budget was laced with economic forecasts and estimates that ring about as probable as the annual National Enquirer predictions.

This morning I noticed that the Senate Budget Committee and the Congressional Budget Office are saying much the same thing.

The Senate Budget Committee, a Republican-controlled body I might add, has determined that the Reagan administration has underestimated their interest rate forecasts by $5.7 billion. As a result, the committee believes Reagan's budget cuts will save only $42.9 billion, as opposed to the previously announced $48.6 billion.

The Congressional Budget Office finds much the same problem with the Reagan administration economic forecasts—they are not too optimistic. As a result, the Budget Office figures the administration's 1982 budget will more likely be $715 to $720 billion, rather than $695 billion—a $20 to $25 billion difference.

A couple of weeks ago an investment analyst told me that the administration's economic program was so unrealistic it would result in a $100 billion deficit. We are approaching that figure.

□ 1215

MANY AMERICANS BELOW POVERTY LINE RECEIVE NO BENEFITS

(Mr. MOFFETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker, millions of Americans have actually been led to believe that the President's economic game plan provides what he calls a safety net for the very poor. Mr. Meese has given us the term "the deserving poor." Other administration spokesmen have given us the term "the truly needy." Let us remind ourselves that the officially poor people in the country come under the following categories: $4,275 for an individual, $5,600 for a couple, and $8,400 for a family of four. But 23 percent of the 25 million Americans below the poverty line receive absolutely no benefits, zero benefits, from the seven so-called safety-net programs. And 60 percent get either nothing or just a free meal for their children at school from the seven safety-net programs.

Mr. Speaker, the Chicago Center for the Study of Welfare Policy has found that a typical poor working mother—that is a working mother, a working mother—in New York City with two school-age children will have her benefits, her disposable monthly income cut 15 percent or $100 per month under the Reagan economic game plan.

Mr. Speaker, for these people there is truly no safety net.

SHOULD GERALD FORD REGISTER AS A LOBBYIST OR FOREIGN AGENT?

(Mr. GONZALEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks, and include extraneous matter.)

Mr. GONZALEZ. Mr. Speaker, the current U.S. News & World Report tells us that former President Ford is off on a trip to represent the interests of the Charter Oil Co., which incidentally is the same firm that employed Billy Carter. During this business trip, Mr. Ford is also meeting, as the President's representative, with, "leaders in Ireland, France, West Germany, China, and Japan." Throughout this official-cum-private business trip, Mr. Ford will travel on a Charter Co. aircraft.

Now it is obvious that Mr. Reagan has purposely given Mr. Ford a certain status; he is not only a former President, but he carries messages in behalf of Mr. Reagan. It is also obvious that Mr. Ford is up to something more than a private vacation. He is being paid to represent Charter, not the United States. But this distinction might escape the notice of the potentates he visits. It is clear that the Charter Co., hopes to trade on his name and status as a former President, just as it hoped to trade on the name of Billy Carter.

Mr. Ford is an affable and honorable man. But if he is doing the same thing Billy Carter did, and it appears he is, should not he be registered as a foreign agent? Is he?

[From U.S. News & World Report, Mar. 16, 1981]

GERALD FORD'S DOUBLE-PURPOSE JOURNEY

Gerald Ford played a controversial double role—ambassador for Ronald Reagan and spokesman for a private company—as he traveled across Europe and Asia.

In a March 3 meeting at the White House before Ford's 27-day journey, Reagan authorized the former President to meet on his behalf with leaders in Ireland, France, West Germany, China and Japan.

Also on Ford's 11-nation trip were stops in such countries as Oman, the United Arab Emirates and Indonesia—as a "consultant on international relations" for the Charter Company, a Jacksonville, Fla., firm involved in oil, insurance and communications.

Asked what he will do for Charter between stops in its company jet, Ford said: "That's a private matter."

Representative Andrew Jacobs (D-Ind.) noted that a Charter subsidiary once sought help from President Jimmy Carter's brother Billy in an effort to get more oil from Libya. Said Jacobs sarcastically: "Maybe Billy Carter could give Jerry Ford some pointers on how to handle this type of business."

Ford, 67, gets an annual pension of around $100,000 for his 28 years in Congress and the White House. He collects nearly $10,000 apiece for public speeches and has received an estimated 2 million dollars for his memoirs and for television work.

A close associate defended Ford's trip and his "unquestioned integrity." But another friend said of the Charter arrangement: "It bothers me, the appearance of it. But his feeling is that he's an honest person and wouldn't do anything wrong. And he believes his business is private now."

OFFICE OF SPECIAL INVESTIGATIONS WINS NAZI WAR CRIMINAL CASE

(Mr. LEHMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEHMAN. Mr. Speaker, I was just informed by Allan Ryan, who heads the Justice Department's Office of Special Investigations, that a favorable decision was handed down today by the U.S. District Court of Eastern Pennsylvania, in the denaturalization case of Wolodymir Osidach.

Osidach misrepresented his wartime service as commandant in the Ukrainian police in Rawa-Ruska in the Ukraine. He also hid the fact of his involvement in the persecution and murder of unarmed Jewish civilians. He participated directly in the round-up and transport to extermination sites of Jewish civilians residing in Rawa-Ruska. Osidach entered the United States in 1949 and has lived as a free man both before and after his naturalization in 1963 when he enjoyed the rights of citizenship.

I want to commend Allan Ryan and his compact staff in the Office of Special Investigations. This is the first case opened and completed under Ryan's tenure as Director and was accomplished in less than 2 years. This is a great accomplishment, for most of these cases take many years to be investigated, filed, and brought to any conclusion.

I urge my colleagues to take note of the very small support the OSI requires to accomplish this important task—its annual budget of $2.6 million is well spent during these few more years when Nazi war criminals living in the United States can be prosecuted, denaturalized and deported.

This is an example of the worthiness of the OSI's work. The unit deserves our continued support for a task of such universal importance.

THE WASHINGTON COMMEMORATIVE HALF DOLLAR

(Mr. BARNARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARNARD. Mr. Speaker, today I am introducing legislation to authorize the striking of a silver commemorative half dollar to honor the 250th anniversary of the birth of George Washington, in 1982.

My bill calls for the striking of a minimum of 10 million 90-percent silver half dollars that will be sold at a premium through as wide a distribution system as possible to the American people. They will be legal tender, and will be the same size and weight as the silver half dollars that were produced in this country until 1965. The premium will cover the costs of producing the coin, including the cost of the metal, but will be kept as low as possible to insure wide distribution.

This is a fitting way to commemorate the 250th birthday of the Father of our Country, and in addition there are sound historical and budgetary reasons to approve this legislation.

In 1932, on Washington's 200th birthday, a special commemorative quarter dollar was produced to honor the occasion, and it proved to be so popular that it is still produced today as the design of the currently circulating quarter. It is just as appropriate to honor his 250th birthday with a special commemorative coin.

In addition, this country has a long and honored tradition of striking commemorative half dollars for special events. From 1892 until 1954, 48 different events ranging from the 150th anniversary of the battles of Lexington and Concord to the birth of Booker T. Washington were honored on a series of coins that reflect both the art and the heritage of our country. My legislation will reestablish this tradition.

On a practical note, it will provide Americans with an inexpensive way to own silver, and will help reduce both the budget deficit and the trade deficit. While the premium will be kept low, there will be some profit from the sale of these coins that will go to the Treasury, much as there is now profit that comes to it from the collector sets now minted annually.

In addition, millions of similar coins from other countries are imported into this country every year for sale to collectors and those who wish to hold silver. Until now, there has been no American coin to give them competition, and the money spent for them has increased the trade deficit. An American silver coin will help reduce this outflow.

Let me repeat that this is a 1-year coin to commemorate a great American. It will be minted in addition to our regular coinage, and will not affect the design or the production of either the Kennedy half or the current Washington quarter.

George Washington's administration established our system of coinage, which is so practical that it has been copied by most of the nations of this Earth to some extent. It is only fitting that his 250th birthday be commemorated on a special coin.

THE BUCK STOPS HERE

(Mr. SOLOMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SOLOMON. Mr. Speaker, the other day I was participating in one of my committee hearings where one of the administration departmental people was testifying, and a Democrat complained about a billion dollar cut in this particular department. The man testifying before us said he did not know what a billion dollars was.

Mr. Speaker, I told the gentleman that the best way to define a billion dollars was that a billion dollars is a mere 1 percent of the $100 billion annual debt service that we have to pay off on the trillion dollar debt that this Congress created over the last 7 or 8 years, where they have doubled the Federal budget and doubled the national debt.

I have heard a lot of grandstanding on the Democrat side of the aisle worrying about all of the cuts, and I have heard a few Republicans on our own side telling us that they are worrying about this cut or that cut. I think it is about time we live up to the Harry Truman doctrine which said, "The buck stops here."

Let us work together and enact the Reagan tax cut program that will stop this unconscionable spending spree and get the American economy rolling again.

OUR ONCE PLENTIFUL WATER SUPPLY IS BECOMING INCREASINGLY SCARCE

(Mr. SHUMWAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHUMWAY. Mr. Speaker, the recent drought affecting all parts of our Nation is stark evidence that our once plentiful water supply is becoming increasingly scarce. Moreover, a recent Newsweek cover story entitled, "The Browning of America" observed that the energy crisis and the water shortage are inextricably linked.

Some 85 percent of our annual water consumption is accounted for by irrigated agriculture. More than 50.7 million acres of farmland are now under irrigation. Clearly, enormous volumes of water could be freed for other beneficial uses if farmers were encouraged to employ more efficient irrigation methods. However, the cost of drip irrigation, low pressure sprinkler systems, and other equipment is too prohibitive.

I have introduced H.R. 621—the Irrigation Water Conservation Tax Act of 1981, which provides for an additional 10-percent investment tax credit, as well as for an accelerated 3-year depreciation allowance to farmers who purchase water-saving equipment. If enacted, H.R. 621 will encourage positive energy savings as well. According to CRS, if 10 percent of the demand for irrigation water was reduced, some 26 million barrels of imported crude oil could be saved each year.

I strongly urge my colleagues to join with me in sponsoring this straightforward legislation. Diminishing water supplies will be of paramount importance to our Nation in the next two decades, and my bill is an important first step toward remedying the problem.

THE COMPREHENSIVE SAVINGS INCENTIVE ACT OF 1981

(Mr. FIELDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FIELDS. Mr. Speaker, 3 years ago, this legislative body took a positive step to encourage savings and investment by reducing the maximum Federal tax rates on long-term capital gains from 49 to 28 percent.

As a result of this farsighted action, there has been a significant increase in both the number of individual investors and in total equity values.

Unfortunately, however, despite these positive developments, current economic conditions demand that we enact additional tax measures to further stimulate capital formation and to end the tax bias against savings and investment.

For this reason, I am today introducing the Comprehensive Savings Incentive Act of 1981. A bill designed to significantly increase both our savings and productivity rate, to expand the number of individual shareholders, and to create millions of dollars of equity capital for our financially starving industries.

In brief, the bill is comprised of three major provisions. The first provision permanently increases the amount of money an individual may exclude from taxation on dividends and interest earned on savings accounts from the current limit of $200/$400 to $1,000/$2,000 for individuals and married couples.

As my colleagues will recall, the $200/$400 provision was incorporated within the so-called windfall profits tax bill and is expected to significantly increase our gross national product, the rate of private investment, produc-

tivity, and employment. I believe that far greater benefits are to be gained by increasing the exclusion amount and by making it a permanent part of our Tax Code.

The second provision of this legislation modifies our tax code as it affects individual retirement accounts. At present, to qualify for an IRA, an individual must be earning an income either as a salaried or self-employed worker, and must not be eligible for an organized pension or retirement plan. IRA's are personal, tax-deferred retirement plans which allow individuals to put 15 percent of their yearly income—up to $1,500—into a special interest-bearing account.

While I believe there is merit in re-evaluating the eligibility requirements for an IRA, my bill simply recognizes that because of recurrent double-digit inflation, we must increase the amount of money people are able to set-aside in an IRA. For this reason, my bill increases the individual limit of $1,500 to $2,500 and correspondingly increases the spousal deduction from $1,750 to $3,000.

The third and final provision of this legislation provides for a further rollback in the effective tax rates on capital gains from 28 to 21 percent for individuals and corporations.

I am convinced that a further reduction in the capital gains rate is overdue and that it can be financed in effect by higher realizations of gains and related tax receipts consisting largely of ordinary income earned by brokers executing sales commissions. In fact, this finding is consistent with the results of the 1978 reduction which has increased capital gains receipts to the Treasury Department by some $900 million.

Additionally, it is significant to note that a reduction in the capital gains tax from 28 to 21 percent received the enthusiastic support of the Senate in its consideration of the Revenue Act of 1978. At that time, the Senate Finance Committee reported that:

> The committee believes that lower capital gains tax will markedly increase sales of appreciated assets, which will offset much of the revenue loss from the tax cut, and potentially lead to an actual increase in revenues. In addition, the improved mobility of capital will stimulate investment, thereby generating more economic activity and more tax revenue.

Mr. Speaker, it is my firm belief that this type of anti-inflationary individual tax cut compliments the President's own tax proposal, which I fully support, and will help produce lasting jobs in the private sector, minimize the risk of a new and worse recession, result in lower interest rates, increased capital investment and productivity, and will strengthen the dollar abroad.

Mr. Speaker, what I am proposing here today is an idea designed to benefit all Americans. For in this time of economic crisis, we must do all that we can to increase the amount of available capital. Capital is the lifeblood of our economy, and without it, we will continue to experience high interest rates, high unemployment, astronomical trade imbalances, and sagging levels of productivity.

I believe that if enacted this legislation will unlock important sources of capital and will allow American industries to expand their facilities, to create thousands of jobs, to more effectively compete abroad and to more efficiently produce those products we depend upon in our daily lives.

I urge my colleagues to join me in this bipartisan effort to restore economic vitality to this great Nation by cosponsoring the Comprehensive Savings Incentive Act of 1981.

UNCONTROLLABLE EXPENDITURES THREATEN SYSTEM'S COLLAPSE

(Mr. JOHNSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHNSTON. Mr. Speaker, as we increasingly direct our attention to the task of getting the Federal budget back under control, we are all becoming acutely aware of just how difficult a task it will be, in view of the fact that more than three quarters of the budget consists of uncontrollable expenditures. Most of these uncontrollable expenditures consist of payments to individuals under a variety of entitlement programs. And most of these programs tie their benefit rates to the Consumer Price Index or some other economic index. Consequently, as the CPI rises, so do the benefits that are indexed to the CPI, regardless of the fact that the wages and salaries of the workers supporting these programs are not rising as quickly.

While tying benefit increases to the Consumer Price Index shelters recipients from the impact of inflation, such is obviously not the case for those who are working to support these recipients. We have seen the Consumer Price Index outdistance wages and salaries at an alarming rate. Those who are working to support the unemployed are forced to endure rising inflation, while at the same time they must pay out more and more of their wages to support the unemployed.

Not only is this situation unfair to the working members of our economy. And not only does this situation create a disincentive to work and a strong incentive to quit working in order to qualify for benefits instead. In addition to the basic inequity of this system, the fact is that it simply cannot continue indefinitely. The workers of our Nation cannot continue to support the nonworkers at an ever increasing rate without the whole system eventually collapsing.

I am today introducing legislation which addresses this problem, and which will, I am convinced, provide significant relief to the workers across the Nation who are supporting the nonworkers. My bill, the Indexing Reform Act of 1981, affects those Federal benefit programs which are presently indexed to the Consumer Price Index. This legislation provides that adjustments in the benefit rates of such programs shall be limited to the lesser of the rise in the Consumer Price Index or the rise in wages and salaries for the same period, as calculated by the Labor Department's Bureau of Labor Statistics. By insuring that benefits do not rise faster than the wages of those supporting the programs, my bill will make for more equitable adjustments from the viewpoint of the worker. In addition, it will remove the disincentive to work which is currently built into the system. I am hopeful that this legislation will be the focus of congressional attention in the upcoming weeks, as we examine different alternatives for bringing these uncontrollable entitlement programs under control.

THE HOUSE SHOULD TIGHTEN ITS BELT, TOO

(Mr. EVANS of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVANS of Iowa. Mr. Speaker, President Reagan has called for cuts of up to $40 billion in the budget and he seems to be supported by the American people. The Senate having clearly heard this message has pared back its committee staff budget by 10 percent.

It is really disturbing that at a time when Congress and the administration are asking all Americans to cut back, that the House of Representatives just cannot seem to tighten its belt. And one of the best places to tighten would be in the area of committee staffing and expense.

Even if there were not a push to cut spending, there would be a need for a serious look at committee staff funding. Most committees in the House have more than doubled their staff in the past 10 years. This is particularly true of the investigatory staff members which are those added over the limits set by law. The number of investigatory staff members in the House of Representatives has grown from 570 in 1973 to 1,221 in 1979.

I do not believe the workload in Congress has increased enough to justify the need for these increases in spending. If the Senate can cut its committee staff funding from $46.3 million to $41.6 million, why can not the House make similar reductions?

RESIGNATION FROM THE HOUSE OF REPRESENTATIVES

The SPEAKER pro tempore. (Mr. WRIGHT) laid before the House the following resignation from the House of Representatives:

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 13, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
2231 Rayburn House Office Building,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a copy of the letter I have sent this day to The Honorable William Winter, Governor of the State of Mississippi, advising him of my resignation from the United States House of Representatives effective at the close of business on Monday, April 13, 1981.

Sincerely,

JON HINSON,
Member of Congress.

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 13, 1981.

Hon. WILLIAM WINTER,
Governor of Mississippi,
Jackson, Miss.

DEAR GOVERNOR WINTER: This is to advise you that I resign from the United States House of Representatives effective at the close of business on Monday, April 13, 1981.

Sincerely,

JON HINSON,
Member of Congress.

APPOINTMENT AS MEMBERS OF FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION

The SPEAKER pro tempore. Pursuant to the provisions of section 1, Public Law 372, 84th Congress, as amended, the Chair, without objection, appoints as members of the Franklin Delano Roosevelt Memorial Commission the following Members on the part of the House: the gentleman from New Jersey, Mr. HOWARD; the gentleman from New York, Mr. ZEFERETTI; the gentleman from New York, Mr. FISH; and the gentleman from New York, Mr. GREEN.

There was no objection.

ELIMINATION OF BINDING ARBITRATION FROM THE METRO INTERSTATE COMPACT

(Mr. WOLF asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WOLF. Mr. Speaker, I have stated on repeated occasions that the Metro Public Transit System provides an essential service to communities in the Washington metropolitan area. I fully support the extension of the system—which has already been authorized by Congress—into more communities.

At the same time, it is vital that Metro remain a financially healthy system for those State and local residents who support it through their tax dollars. Over the last several years, there has been mounting public concern over the high operating costs of the Metro system. These costs have resulted in such a burden to local communities that many governments are considering the replacement of Metro with county-owned or chartered bus services. Such actions would surely mean the end to an efficient, unified public transportation system in the National Capital region.

There is no doubt that the single most important factor leading to Metro's rising operating costs is the spiraling wage rates for Metro's unionized employees. For several years these employees have enjoyed four-times-a-year salary increases equal to increases in the Consumer Price Index. With labor costs accounting for more than 80 percent of Metro's total operating budget, these large quarterly pay hikes have added millions to the local government subsidies required to keep the buses and trains running without pushing fares to counterproductive levels.

Recently, a dispute between Metro and its employees over these substantial cost-of-living increases was resolved through the process of binding arbitration, which, under the interstate compact that governs Metro operations, is to be used when true bargaining has failed. The decision of the three-member arbitration panel resulted in negligible savings for local taxpayers and those who use public transportation. Through 1982, Metro workers will be receiving four-times-a-year increases that match the first 9 percentage points of increase in the Consumer Price Index. For each point over 9 percent, Metro will pay two-thirds of 1 percent.

As a result of this decision, the pay for Metro operators has been pushed to $10.78½ per hour—the fourth highest transit wage in the Nation. On an annual basis, most Metro operators will now take home $24,432 before overtime and extensive benefits are added. Mr. Speaker, no other public employee in the National Capital area—including teachers, firefighters, or police officers—receive such substantial wages as those given to Metro operators.

The recent binding arbitration decision also kept in place many inefficient work rules at Metro. For example, the number of part-time drivers hired by Metro cannot exceed 10 percent of the current number of full-time drivers. In addition, Metro must pay overtime to any employee who works at maintenance and repair shop on a Saturday or Sunday—even if the total number of workdays does not exceed 5 per week. By reducing productivity and efficiency in Metro's operations, these restrictive work rules further add to the system's operating costs.

Mr. Speaker, this new Metro contract raises severe questions about the binding arbitration of disputes between transit workers and Metro. First, the process of binding arbitration has not fulfilled its purpose of preventing transit strikes in the region. There have in fact been several wildcat strikes, including one that tied up the area's traffic for 8 days during a heat wave in 1978. Second, binding arbitration has taken away the traditional right of Metro and local governments to bring up their ability to pay during the collective-bargaining process. Finally, and perhaps most importantly, the binding arbitration process has taken a final decision about major expenditures of local taxpayers' money away from officials whose primary responsibility is the proper allocation of public funds. In effect, a portion of the property tax vote in local jurisdictions is being established by disinterested arbitrators, and therefore by individuals who are not answerable to the taxpayers and the general public.

Because of the many problems associated with binding arbitration, there have been several attempts to reform the process by which transit wage disputes are settled and to give Metro and local governments a more direct voice in determining the cost of public transportation in the Washington metropolitan area. Recently, Metro's board of directors—comprised of two representatives from Virginia, two representatives from Maryland, and two representatives from the District of Columbia—approved a resolution calling for the elimination of compulsory, binding arbitration from the Metro interstate compact and requested that Congress take appropriate action to eliminate this requirement from the compact. The resolution and accompanying letter from Metro follow:

FEBRUARY 26, 1981.

HON. FRANK R. WOLF,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. WOLF: On Thursday, February 12, 1981, the Board of Directors of the Washington Metropolitan Area Transit Authority approved a resolution calling for the elimination of compulsory, binding arbitration from the WMATA Compact. A copy of the Board's resolution is enclosed. As you will note, the resolution requests that the Congress take appropriate action to eliminate this requirement from the Compact.

The basic concern which prompted this action is that the current WMATA contract with its operators calls for increases in wage rates which the local governments feel are excessive. Those increases are significantly higher than similar cost-of-living increases available to other public employees in the region. The Board's general view is that the history of arbitration at WMATA demonstrates that the process does not take into account the ability of the local governments to pay for the increases granted. In effect, the decision as to wages, benefits, and other working conditions is removed from the con-

trol of management under the current requirement for binding arbitration.

The Virginia General Assembly has approved one version of such a compact amendment, a copy of which is enclosed. As approved, this measure would prohibit employees from striking and would prohibit lockouts. It would forbid binding arbitration, except in the case of individual employee grievances. In its place, a two-step process would be established. First, when contract negotiations reached an impasse, labor or management could call in the Federal Mediation and Conciliation Service. The Service would have 15 days in which to try to resolve any dispute, although it would have no authority to order a solution.

If that process fails, a Fact Finding Board would be convened for purposes of investigating the disputed issues and issuing its conclusions as to the facts of the case. Neither labor nor management would be obligated to concur in the Board's findings.

Legislation has been introduced in the Maryland Senate on the matter. Senate hearings are expected on the bill in early March. To date, no legislation has been introduced in the City Council of the District of Columbia.

Thank you for your interest in the Authority and in this matter. If I may be of any assistance, please let me know.

Sincerely,

RICHARD S. PAGE.

RESOLUTION SUPPORTING THE ELIMINATION OF BINDING ARBITRATION FROM THE WMATA CONTRACT

Whereas the rapid growth in transit operating costs is resulting in an increasing burden on the tax resources of local governments supporting WMATA in the metropolitan Washington area; and

Whereas the present transit union contract has resulted in compensation levels, protection from inflation, work rules and guarantees, which are not available to other regional and local government employees; and

Whereas the present compulsory binding arbitration process for resolving disputes relating to the terms of collective bargaining agreements covering transit employees has not afforded equitable consideration to the burdens of local governments as evidenced by continuation of essentially the same provisions in the union contract since public takeover of transit service;

Now, therefore be it resolved that the Board of Directors of the WMATA finds that the present compulsory binding arbitration process has proven unsatisfactory for equitable resolution of disputes relating to the transit union contract; and

Be it further resolved that the Board of Directors requests and urges that appropriate actions be taken by the Virginia and Maryland legislatures, the District of Columbia City Council, and the Congress of the United States to eliminate the requirement for binding arbitration from the Interstate Compact governing the transit authority.

Mr. Speaker, as the resolution indicates, the elimination of binding arbitration from the Metro interstate compact requires consent from the Virginia and Maryland Legislatures, the District of Columbia City Council, and Congress. Already, the Virginia Legislature has passed legislation that would replace the binding arbitration panel with an advisory factfinding panel. Similar legislation has been introduced in the Maryland Legislature.

Today, I am introducing legislation that would provide congressional consent for these efforts to keep Metro a financially healthy, efficient system for the communities that support it. I hope that my colleagues will agree that this is necessary and timely legislation and I invite their cosponsorship. A copy of the bill follows:

H.R. 2564

A bill to grant the consent of Congress for the States of Virginia and Maryland and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact relating to the requirement that labor disputes involving the Washington Metropolitan Area Transit Authority and its employees which are not resolved by collective bargaining be submitted to arbitration

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby consents to the following amendment to section 66 of article XIV of title III of the Washington Metropolitan Area Transit Regulation Compact (D.C. Code, sec. 1-1431 note):

(1) Subsection (b) is amended by adding at the end thereof the following new sentence: "Each such contract entered into after the effective date of this sentence shall prohibit the contracting employees from engaging in any strike or an employer from engaging in any lockout."

(2) Subsection (c) is amended to read as follows:

"(c) In case of any labor dispute involving the Authority and such employees where collective bargaining does not result in agreement, either party may declare that an impasse has been reached between the parties and may, by written notification to the other party and to the Federal Mediation and Conciliation Service, request the Service to appoint a mediator for the purpose of assisting them in reconciling their difference and resolving the controversy on terms which are mutually acceptable. Within five days of the receipt of the request, the Federal Mediation and Conciliation Service shall appoint a mediator in accordance with its rules and procedures for such appointment. The mediator shall meet with the parties forthwith, either jointly or separately, and shall take such steps as he or she deems appropriate to persuade the parties to resolve their differences and effect a mutually acceptable agreement. The mediator shall not, however, make findings of fact or recommend terms of settlement. Each party shall pay one-half of the expenses of such mediator. If the mediator is unable to effect settlement of the controversy within fifteen days after his or her appointment, the Authority shall submit such dispute to factfinding by a board composed of three persons, one appointed by the Authority, one appointed by the labor organization representing the employees, and a third member to be agreed upon by the labor organization and the Authority. The member agreed upon by the labor organization and the Authority shall act as chairman of the board. The determination of the majority of the factfinding board thus established shall be advisory as to all matters in dispute. If after a period of ten days from the date of the appointment of the two persons representing the Authority and the labor organization, the third person has not been selected, then either of the two persons may request the Federal Mediation and Conciliation Service to furnish a list of five persons from which the third person shall be selected: *Provided, however,* That the list shall not include the name of the person who served as mediator unless inclusion of his or her name is mutually agreed to by both parties. The persons appointed by the Authority and the labor organization, promptly after the receipt of such list shall determine by lot the order of elimination, and thereafter each shall in that order alternately eliminate one name until only one name remains. The remaining person on the list shall be the third member of the factfinding board. The term 'labor dispute' shall be broadly construed and shall include any controversy concerning wages, salaries, hours, working conditions, or benefits including health and welfare, sick leave, insurance or pension or retirement provisions but not limited thereto, and including any controversy concerning any differences or questions that may arise between the parties including but not limited to the making or maintaining of collective bargaining agreements, the terms to be included in such agreements, and the interpretation or application of such collective bargaining agreements. Each party shall pay one-half of the expenses of such factfinding. Under no circumstances may the parties resort to binding arbitration after the date of enactment of this sentence or the expiration date of any contract requiring binding arbitration, whichever is later. This prohibition against binding arbitration shall not be interpreted to preclude such arbitration of individual employee grievances.".

WE OUGHT TO ENACT THE REAGAN PROGRAM FOR CUTS

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I am rather amused that during the morning hours here we have had so many comments from the other side of the aisle relative to our new projection of figures that would suggest a larger deficit or increased spending over and above what was originally programed. It is really no secret here at all. I suspect some of these new assumptions are faulty in the sense that they are predicting larger initial outlays for defense than will be the case, and then, too, with no degree of optimism for the future whatsoever but simply looking at the gloom and doom of yesterday. That is the attitude we are trying to change around here.

It is no secret that the gentleman from Ohio (Mr. PEASE) made much of faulty assumptions earlier on and that he has a plan now for a surplus rather than a deficit. That is just the thing that has been happening on the floor of this House all last year with phony assumptions to the American public that the deficit was going to be something in the range of $24 billion or $25 billion, always trying to kid ourselves when in fact we knew the rate of ex-

penditures was such as to get us in deeper and deeper trouble.

We ought to be honest with ourselves and face up to the fact that we are in real trouble, and we ought to enact the Reagan program for cuts as one remedy.

THE TELEPHONE COMPANIES BIG AND LITTLE

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DANIELSON. Mr. Speaker, so much has been said lately about one big telephone company that I think there is a tendency to forget that this Nation is served by many smaller independent telephone companies who supply us with that vital utility service—communications.

I take this time today to salute the 24 member companies of the California Independent Telephone Association who serve nearly 5 million Californians. Starting as small rural companies linking farms to towns, these companies have grown at a phenomenal rate. Some now serve large urban centers as well as suburban and rural residents. In California, these independents serve nearly 50 percent of the geographical area of the entire State and that is a lot of territory.

The contribution that these 24 companies make to the economy of California is an important one. They employ 29,639 people with a gross payroll of $510,729,081. Their gross plant investment is over $4 billion and in fiscal year 1979 they paid gross taxes of $123,056,983.

These 24 non-Bell, independent telephone companies deserve compliments for the fine service that they provide their fellow Californians, and I would like to salute them by entering their names in the RECORD, with the names of the towns and cities in which they have their offices:

Calaveras Telephone Co., Copperopolis.
California-Oregon Telephone Co., Hood River, Oregon.
Capay Valley Telephone System, Inc., Guinda.
Citizens Utilities Co., Redding.
Continental Telephone Co. of Calif., Bakersfield.
CP National, Concord.
Dorris Telephone Co., Dorris.
Ducor Telephone Co., Patterson.
Evans Telephone Co., Patterson.
Foresthill Telephone Co., Foresthill.
General Telephone Co. of Calif., Santa Monica.
Happy Valley Telephone Co., Stockton.
Hornitos Telephone Co., Stockton.
Kerman Telephone Co., Kerman.
Livingston Telephone Co., Livingston.
Mariposa Telephone Co., Oakhurst.
Pinnacles Telephone Co., Paicines.
Ponderosa Telephone Co., O'Neals.
Roseville Telephone Co., Roseville.
Sierra Telephone Co., Oakhurst.
Siskiyou Telephone Co., Fort Jones.
Tuolumne Telephone Co., Tuolumne.
Volcano Telephone Co., Pine Grove.
West Coast Telephone Co. of Calif., Everett, Washington.

Incidentally, General Telephone Co. of California serves 3,993,191 phones while Pinnacles Telephone Co. of Paicines, Calif., serves 212 phones.

□ 1230

A NEW DIRECTION

(Mr. LEWIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS. Mr. Speaker, I cannot help but be amused myself this morning to watch my friends from across the aisle, one by one, strike this week's theme—as astonishment at the projections of ever-increasing deficits at the Federal level.

I was most bemused because of the fact that many of those same Members who, over the years, constantly voted for more and more Government programs, have consistently been committed to the idea that the way to solve all the problems of the world is through bigger and bigger Government.

As a fact of life, with this new expression of concern for conservative politics, I will watch with interest those Members and their pattern this year. The President is taking us down a path to a new beginning, less Government spending. He cannot be successful without the help of those same Members who were expressing their concern earlier.

Remember, we have a new President, we have a new Senate, but the House is controlled by the same old spenders of the past.

I hope their rhetoric will mean a new hope and a new direction in the years ahead.

THE WAYS OF KEYNESIAN ECONOMICS

(Mr. LOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LOTT. Mr. Speaker, the majority leader in his lengthy "Dear Colleague" released last week appears to be telling his troops that they should not forsake the ways of Keynesian economics. The guru of the Keynesian School, Walter Heller, said "that Keynesian arithmetic is as good as it ever was." That is precisely the point. The old school tried and failed.

But still the Democratic leader exhorts his squad to "dance with who brung ya'." Now this is perfectly good advice if you are going to the senior prom, but not so good if you are invited to a Hell's Angels slumber party, and considering the destruction wreaked by Democratic-backed Keynesian economic policies, their gathering resembles the Hell's Angels soiree more than the prom.

RUSSELL N. SHEWMAKER: 47 YEARS OF EXCELLENCE IN PUBLIC SERVICE

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, in mid-January, one of the most distinguished public servants in Washington announced his retirement. Russell N. Shewmaker, senior adviser to the International Trade Commission, and a public servant of 47 years of service, has been one of the greatest sources of knowledge and insight into international trade issues to serve any government, anywhere, any time.

His retirement is well earned and well deserved. But he will be missed by everyone who deals with the complex and difficult issues of international trade.

Russ began his public service in the early New Deal, as a messenger for the old Bureau of the Customs. His brilliance and dedication resulted in a rapid rise through the ranks of the bureaucracy. He joined the U.S. International Trade Commission in 1951 as an attorney-adviser. He was promoted to Assistant General Counsel in 1956, and in 1964 was appointed General Counsel. Since then, he has been a familiar and welcome figure on Capitol Hill, advising the Congress on the intricacies of the numerous small and miscellaneous tariff bills considered each year by the Congress. His expertise and experience have saved us from many an error and slip.

Russ' most difficult and finest accomplishment was the development of the Tariff Schedules of the United States. This monumental work, which brought order and efficiency to the way in which we classify and assign tariffs and duties to imports, greatly increased the efficiency of the Customs Service and our knowledge of import and export trends. The TSUS—the "bible" of our international trade—is an object of envy and emulation throughout the world. Indeed, the entire world is engaged in an effort to adopt a common, "harmonized" tariff system based on a series of rational categories, such as those devised by Mr. Shewmaker.

While the Congress and Russ may have problems with various aspects of this new world harmonized system, the concept of a "scientific" Customs classification system owes an incredible debt of gratitude to Russell Newton Shewmaker.

On behalf of all the members of the Subcommittee on Trade, I want to

wish Russ and his family many happy years of productive retirement.

DEBT COLLECTION IMPROVEMENT ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. JEFFORDS) is recognized for 10 minutes.

● Mr. JEFFORDS. Mr. Speaker, today I am introducing the Debt Collection Improvement Act of 1981, a bill which could make a $20 billion difference in the Federal budget deficit within a year's time.

The magnitude of the Federal Government's outstanding debt problem is astounding. Of the $175 billion in debts owed, $25.3 billion is delinquent or in default at agencies and departments across the full breadth of the Government. For example, as of the end of fiscal year 1979, $1.4 billion in receivables was delinquent at the Department of Agriculture, $2.2 billion at the Department of Education, $1.9 billion at the Department of Health and Human Services, $1 billion at HUD, $1.8 billion at SBA, and a whopping $14 billion at Treasury, more than $10 billion of which was uncollected back taxes.

The condition of many department accounting systems is so poor that it is presently impossible to determine if an additional $2.4 billion is current or overdue. According to the General Accounting Office, one $3.7 billion HUD loan program's records were so unorganized that the Department had no idea of how much was in default there. GAO auditors investigated and found the figure stood at $500 million.

In fiscal year 1979 alone, Uncle Sam wrote off $1.5 billion as uncollectible bad debts. The cost to the American taxpayer of carrying this defaulted debt is staggering—roughly $3 billion annually. Unless Congress acts promptly to end Uncle Sam's debt-forgiveness spree, uncollectibles will grow by leaps and bounds with larger Federal budgets.

Perhaps the most critical aspect of this mounting debt problem is Government indifference. Loan program directors are the last of the big-time spenders, almost solely concerned with lobbying for appropriations and disbursing money, and assigning a very low priority to repayment enforcement.

The time is ripe for legislation establishing effective agency debt collection procedures. Programs should be run like sound businesses. Accordingly, my bill will give the Government a new array of collection tools which, it is estimated, will cost the United States $1 for every $30 recovered. All agencies will be allowed to refer the names of defaulted borrowers to credit bureaus. This extremely cost-effective proposal will insure that those who consider reneging on their commitments to the United States know they run the risk of being denied credit cards and other lines of credit. In New Jersey, where the condition of all student loans is made known to credit bureaus, student defaults are relatively few.

The Debt Collection Improvement Act also sets up a specific collection system for defaulted national direct student loan and federally insured student loan accounts at the U.S. Office of Education. These delinquent accounts now total nearly $1.5 billion. My bill calls for a thorough review of the past-due loans under these programs on a quarterly basis. The U.S. Office of Education will have 6 months to pursue its collection efforts on defaulted accounts. If, at the end of this period, a new repayment schedule has not been established and payments have not begun under this schedule, the Office of Education will contract by bidding process with private collection agencies or State guarantee agencies for the collection of any particular account. The agencies will have a year's time to initiate repayment. If this is unsuccessful, the account will be referred to the Department of Justice if it exceeds $600 in amount, and to the Internal Revenue Service if it is equal to or less than $600 in amount.

The act provides for a study by GAO of the feasibility of applying this collection system to other Federal agency loan programs.

The IRS is granted new collection tools as well under my legislation. The Service will be authorized to capture the tax refunds of all persons owing sums to the United States, a concept which has the strong support of the outgoing Comptroller General, Elmer B. Staats. A 1979 GAO report indicates that as much as 36 percent of the total past due debt could be so recouped within 2 years, and more than $4 billion in the first year. This proposal has been well tested in Oregon, where the threat of refund withholding has been an effective discipline for borrowers since 1972.

In order that the IRS will be able to use this new collection method effectively, and go after the more than $10 billion in back Federal tax liabilities, the Jeffords bill provides for adequate additional IRS staffing.

Four additional GAO debt collection recommendations, which the Comptroller General outlined in his November 1980 testimony before the Senate Governmental Affairs Committee, are included in the Debt Collection Improvement Act. Agencies will be allowed to boost the interest rates on defaulted accounts to the Federal borrowing cost; there is no reason why delinquent borrowers should continue to enjoy the often extremely favorable interest rates assigned to Federal loans. Moreover, agencies will have the authority to garnish the wages of Federal employees who are indebted to the Government. The extent of Federal worker participation in the debt problem is perhaps greater than many might imagine. At the Veterans' Administration, for example, 6 percent of the debtors with uncollected overpayments are in the employ of Uncle Sam.

Additionally, this bill recognizes that the 6-year statute of limitations does not bar the offset of debts owed to the Government and removes the restriction on redisclosure of a debtor's address that has been obtained from the IRS.

Finally, the Jeffords bill seeks to beef up Federal involvement in the collection of delinquent child support payments owed by absent fathers. Under current law, the IRS has the authority to collect, as though they were tax amounts, delinquent child support payments referred to it by State authorities. However, some States have been reluctant to resort to this referral because they must bear the cost and because the Service is often not particularly prompt in acting on such requests. Under this legislation, Uncle Sam will foot the referral bill, which runs at about $125 a case, and will not be able to sit on a State request for more than a month before acting on it. The Office of Child Support downtown has estimated that in fiscal year 1982, $2.5 billion in child support payments to aid to families with dependent children families will be in arrears. If the IRS were to institute an aggressive tax refund offset program for delinquent child support payment accounts referred to it by the States, it could take in $27.5 million, representing both the AFDC and non-AFDC caseload, in fiscal year 1982. This would result in a comparable reduction in Federal AFDC, tuition assistance, food stamp, and other benefit payments.

This legislation is not loan-shark legislation, although some may be tempted to regard it as such. All collection tools must be used strictly within the bounds of due process. Defaulted borrowers will be given every opportunity to avail themselves of hearings for the purpose of having Government claims against them reviewed. They will be given full and timely notice of any collection proceeding about to be commenced against them, which will stipulate that they have the right to appeal the initiation of such proceeding. The thrust of this bill is really very simple. It says that when an American citizen owes the Government money, he or she should pay it on time unless there is a good reason not to.

A savings to the United States of $20 billion in fiscal year 1982 cannot be regarded lightly when the administration is proposing to cut back and eliminate programs which address the

pressing needs of the indigent members of society. I feel strongly that it is unfair and unreasonable to move against the Legal Services Corporation and the poor who cannot afford legal representation without its assistance, for example, when such a large sum of money, representing Government waste and negligence, is unattended to. If the President is truly serious about his campaign pledge to banish waste from the corridors and ledgers of the bureaucracy, this is a matter to which he should turn his attention without delay.

Thank you very much, Mr. Speaker.●

COUNTRY JUSTICE AND THE SPECIAL USE VALUATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN), is recognized for 5 minutes.

● Mr. CORCORAN. Mr. Speaker, my colleagues, Congressmen BOB MICHEL and ED MADIGAN, and I are introducing legislation today that would correct an injustice being done to owners of family farms in the State of Illinois, as well as in several other States.

Under current law, enacted in 1976, the Internal Revenue Code permits farmers to elect to use the special use valuation method when filing estate tax forms after the death of the owner of a small family farm. This method enables the farm to be valued at its value for farming purposes, rather than at its "prevailing market price," the highest price at which it can be sold for any use. Applying the special use valuation, the family of the deceased can value the estate at its farm value, based on farm income potential. The purpose of this provision is to preserve the family farm, because, with the inflationary effect on land prices, many people were being forced to sell family farms in order to pay estate taxes.

The farm must be a family farm to qualify, as established by its having been farmed by the deceased or family members in 5 out of 8 years preceding the death of the owner. In addition, the farm must continue to be farmed by the heir or other family member for 15 years following the death of the owner. There must be actual material participation in farming to establish that it is still a family farm.

This past summer, the Internal Revenue Service issued final regulations relating to section 2032A of the Internal Revenue Code, dealing with special use valuation. These regulations are the cause of the problem now being faced by many farm families. The IRS regulations require that if the heir to the farm rents to another family member, the heir must be "at risk" in the rental even though the farm is still being farmed by a family member. To be at risk, the income accruing to the heir must vary with the income earned by the family member actually participating in the farming. For example, a mother may rent the farm to her son. If the rent is fixed, the estate loses the right to use the special use valuation. If the rent varies with the income earned, however, the estate retains the right to the special use valuation.

There is considerable debate as to the validity of this interpretation by the IRS, and this question will most assuredly end up in the courts. However, we are not introducing legislation to correct this problem prospectively, although other Members of Congress have done so. Rather, our concern at this point is that the regulations were not issued until almost 3 years after enactment of the law. In the meantime, many people elected the special use valuation and, anticipating a different interpretation, rented their farms to family members. Retroactively, they have lost the right to use this special use valuation election. Many people are now facing exactly what Congress was trying to avoid—dissolution of the family farm—because they failed to read the intentions of the IRS accurately.

The legislation we are introducing today will forgive flat amount cash rentals to family members that occurred between the date of enactment of section 2032A and the date of issuance of the final regulations. It will not answer the question of the prospective status of such rentals, but it will provide a measure of justice to people who failed to correctly anticipate the Internal Revenue Service's decision.

H.R. 2567

A bill relating to the treatment of certain rentals of farm and business real property for purposes of section 2032A of the Internal Revenue Code of 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TREATMENT OF CERTAIN RENTALS UNDER SECTION 2032A OF THE INTERNAL REVENUE CODE OF 1954

(a) GENERAL RULE.—In any case where an election under section 2032A of the Internal Revenue Code of 1954 was made before August 1, 1980, by the executor of a decedent—

(1) for purposes of subsection (c) of such section 2032A, any use of qualified real property by a member of a qualified heir's family pursuant to a rental by such qualified heir shall be treated as use by such qualified heir, and

(2) any revocation of the election under such section 2032A shall not be effective if—

(A) before the date which is one year after the date of the enactment of this Act, the executor makes an election under this paragraph in such manner as the Secretary of the Treasury or his delegate shall prescribe, and

(B) before August 1, 1980, there had been a rental described in paragraph (1).

(b) MEANING OF TERMS.—Terms used in this section shall have the same meaning as when used in section 2032A of the Internal Revenue Code of 1954.●

INVESTING IN OURSELVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. WYDEN) is recognized for 15 minutes.

Mr. WYDEN. Mr. Speaker, in the very near future Congress will enact an economic plan designed to revive our faltering economy. I believe it is essential that Congress shape this plan so it encourages Americans to work and does not penalize them when they do. Only then will the package be a true investment in the future because it then will be an investment in ourselves.

Work is important to America because it produces wealth that allows us to enjoy a high standard of living. Through jobs, individuals gain a sense of self-worth and dignity. Work gives our young hope for the future, and our seniors security.

In this, my first speech in the Congress, it is not my intention to celebrate the obvious virtues of work. Rather, it is my design to call for changes in Federal policy that discourage work. Here are just a few areas where we must begin to change Federal policy:

REMOVE THE MARRIAGE TAX PENALTY

More than 15 million couples are affected by this tax which generates $23 billion in revenues for the Federal Government. That is a big disincentive for the millions of second wage earners in our families who for one reason or another choose to go to work. Changing this tax will cost the Treasury. My question is, How much will it cost the country in lost productivity if we do not change it?

SOCIAL SECURITY OUTSIDE EARNINGS LIMITATION

This policy presumes that citizens when they reach 65 years of age no longer have any economic value, or if they do, then they do not deserve any social security pension benefits. The result is that we discard a highly skilled and experienced portion of our work force by making it financially impractical for them to keep working—even part time. Birth rates are on the decline. There is a great deal of evidence that in the next 30 to 40 years, employers will desperately need older workers just to keep plants and factories open. Let us at least begin a new effort to make it financially attractive for those older workers who want to stay in the work force to do so.

WELFARE CATCH 22

No area of Federal policy generates as much controversy as welfare. Despite decades of debate and hundreds of piecemeal changes, our welfare

system still is structured so that in too many instances and in too many ways we make it more profitable for our citizens to be on welfare than it is for them to work. There is no easy or cheap way to change this welfare Catch 22. But whatever the cost, it will be worth it for us to devise new incentives to get our able-bodied people to enter the work force, receive earnings, pay taxes, and develop a tradition of holding down a job—a tradition they will pass down to their children who, hopefully, will never have to be on welfare.

PORTABLE PENSIONS

In this highly mobile industrial society of ours where changing jobs during a lifetime is now considered inevitable, if not highly desirable, one problem stands out: pensions too often do not go along with the workers. Time is put in, pension benefits accrue, but then are lost when the worker leaves. We must take steps to make sure some system is developed that allows workers to retain the pension benefits they have worked for and deserve to receive. If we do not, we keep in place yet another disincentive to a lifetime of productive labor.

ELIMINATE PRODUCTIVITY DISINCENTIVES

One of the most distressing aspects of President Carter's voluntary wage and price guidelines was a provision that forbids employees not covered by a union contract from receiving a pay raise based on increased productivity if it exceeded the cost-of-living index. This was blatant discouragement for employees to become more productive. A better approach is to reward employees who increase their productivity by such steps as removing obstacles for employee stock option trusts and other profit-sharing arrangements. The Federal Government can also invest in productivity by permitting small business to write off research and development which results in job-creating new opportunities. The Government also should encourage basic research by giving incentives to businesses which contract with universities for special projects. That not only produces new ideas to capitalize on in the marketplace, but it also produces new highly trained workers in the exact fields needed by industry.

BECOMING A BETTER CUSTOMER

The Federal Government even discourages work by being a disagreeable customer. New regulations being discussed would impose requirements on industries that sell items off the shelf to the Government to eliminate merit pay programs for their employees. That means the Federal Government discourages the most efficient companies in the country from even selling to it—a peculiar way to get the most of a tax dollar and to encourage more efficiency.

Only an unrelenting assault on Federal policy across the board will remove distortions that discourage work and penalize those who do work.

I agree with those who say that we will not rediscover economic prosperity by cutting Federal taxes alone. We must rejuvenate our productive capacity in this Nation, and the place to start is by investing in our most valuable resource—ourselves. That is the only way I know to work our way back into shape.

□ 1240

ALTERNATIVE BUDGET PLAN

The SPEAKER pro tempore (Mr. MURTHA). Under a previous order of the House, the gentleman from Ohio (Mr. PEASE) is recognized for 60 minutes.

Mr. PEASE. Mr. Speaker, in light of the comments made by the distinguished minority leader a few minutes ago, I would like to point out that I do not in any way intend my presentation this afternoon to be a partisan attack on the President's program. Indeed, I think there is very widespread understanding and agreement on both sides of the aisle that when our country does have severe economic difficulties, it is going to take bipartisan cooperation if we are going to solve those difficulties.

What I am going to talk about this afternoon is an alternative proposal on the Federal budget for fiscal year 1982 which I presented in a press conference last Thursday afternoon. I did that solely as my own effort, not as part of any grand Democratic strategy to pull the rug out from under President Reagan in his budget proposals; rather, I was intrigued by President Reagan and his comments shortly after his address to the Congress in this Hall back in February that if anyone opposed parts of his program, that that person would be welcome to come up with alternatives, but that, to the President's knowledge, no one had come up with alternatives. It was at that point that I decided to try to develop my own alternative fiscal year 1982 budget. That is a task which consumed the time and energy of myself and my own congressional staff for a period of about 3 weeks. We have now completed that process.

The alternative budget which I have put together is contained in the 175-page document which I will make available to any of my colleagues who wish to have a copy. I want to discuss a variety of aspects of that program today. As I say, not in a partisan way, but as an effort to put before my colleagues in the Congress another way of looking at the Federal budget, another alternative which I hope might be accepted in some small part by the members of the House Budget Committee as they put together the first concurrent budget resolution. I will be discussing, as I say, several aspects of that plan.

I would like to begin by reading the statement with which I unveiled my alternative budget last Thursday. It goes like this:

> President Ronald Reagan has captured the imagination of the American public with his bold economic recovery plan. He has proposed deep cuts in Federal spending at a time when most Americans believe that that is exactly what is needed, when Americans believe that Government has grown too big and too burdensome. To those who have criticized parts of his program, the President has essentially said, "Mine is the only game in town. Some criticize my plan but they don't offer any alternative."

And, as far as that is concerned, up to last Thursday that was true. Criticism of specific cuts was and is common, but no overall alternative budget strategy had been offered.

It seems to me that any alternate budget strategy, especially if it is offered by Democrats in the face of President Reagan's enormous popularity, cannot be just another plan. It must be based on a set of criteria that will appeal to the American public, and that the public will buy. It must make the deep cuts in Government spending that the American people obviously want. The cuts cannot spare the programs like food stamps and AFDC whose eligibility standards can certainly be tightened up without hurting the truly needy.

The alternative program must include many of the Stockman-Reagan cuts, the ones that commonsense dictates should have been made a long time ago. But other criteria must be met as well by any alternative plan. It must lay claim to being more fair than the President's plan. It must spread its cuts more evenly across the whole range of governmental expenditures. It must not roll back the social progress made in this Nation over several decades. It must assert that if the poor and the middle class are to suffer from budget austerity, that tax subsidies for corporations and wealthy Americans should also be closed. It must stress Government savings, making Government more efficient, as a way of cutting the budget.

It must be more realistic than the President's budget, and finally, it must be more fiscally responsible than the President's budget.

The alternative which I have offered for fiscal year 1982, I believe, meets all of those criteria. Let me emphasize again that it is not the Democratic alternative. It is a Democratic alternative only in the sense that it is surely an alternative, and I am a Democrat.

Essentially, it is my personal alternate budget developed solely by myself and my staff over the past 3 weeks. It is my personal response to President Reagan's challenge for Con-

gress to devise a better plan than his if it can.

Frankly, I believe that my plan is a better plan: Fairer, more evenhanded, more realistic, more fiscally responsible. And I intend to seek the support of my colleagues in the Congress.

Let me go over the highlights of the plan. First, it incorporates many of the spending cuts proposed by President Reagan, especially those designed to improve governmental efficiency. At the same time, it rejects some Reagan cuts, such as elimination of the Legal Services Corporation, as being too harsh on low-income Americans. It spreads the spending cuts more evenly across all activities of the Federal Government and picks up additional savings by further efforts to curb waste and mismanagement. It envisions Federal revenue of $712.4 billion in fiscal year 1982; Federal spending of $696 billion; and a budget surplus—I repeat, a budget surplus—of $10.5 billion for fiscal year 1982. It identifies $39.9 billion in spending cuts, virtually the same amount as the President has recommended to Congress. It identifies $11.8 billion in user fees such as President Reagan's proposal for Coast Guard services to lake and ocean ships. It further identifies $14.1 billion in tax subsidies that Congress should close as a way of balancing the Federal budget and bringing it into surplus.

Additionally, it makes provision for $20 billion in business and individual tax cuts. It envisions reform of depreciation schedules for business firms to encourage greater investment in productive machinery and equipment. It also allows for an increase in defense spending of $23.8 billion over fiscal year 1981 for a real growth rate of 3 percent. At the same time, it identifies $14.7 billion specifically in waste and mismanagement in the Department of Defense which, if eliminated, would permit an additional 7.7 percent real growth in defense spending.

Now, Mr. Speaker, I would like for a few minutes to address my Republican colleagues before I address other remarks to my Democratic colleagues. I know, from having served in the party of President Carter over the last 4 years, that there is a premium on loyalty to your President, and I know that loyalty is a virtue and that my Republican colleagues in the House certainly feel a high degree of loyalty to President Reagan and to his economic recovery program. At the same time, I know that my Republican colleagues have long been devoted to fiscal responsibility and it seems to me that they must be somewhat nervous about the economic recovery program of President Reagan.

Last year and the year before that and the year before that Republican colleagues time and again took the well of the House to talk to Democratic Members of the majority about deficit spending and their strong belief that deficit spending automatically produces inflation. Indeed, many Members on the Republican side told us that deficit spending by the Government is virtually the sole cause of inflation. It seems to me, then, that when we have a proposal before us which has a $45 billion deficit built into fiscal year 1982, that my Republican colleagues need to have some feelings of apprehension about that budget.

Last year, as my colleagues will remember, in June this House passed a first concurrent budget resolution which was in balance, indeed which had a very small surplus. Again, Republican Members of the House took to the well to complain bitterly that that was a phony balanced budget, that it was based on economic assumptions which had become outdated, that unemployment was higher than had been anticipated and, therefore, that Government revenue would be down and Government spending for programs like unemployment compensation, food stamps and welfare would be up. They called it a phony balanced budget and, indeed, they turned out to be right because in September and October, when we passed the second concurrent budget resolution, we did have revised economic assumptions about unemployment and we found to our distress that we had a substantial deficit in the Federal budget for this year.

Well, in that connection, if we were called upon by our Republican colleagues to be realistic last year in looking at the economic assumptions so as not to fool ourselves about any talk about balanced budgets, I think it is only fair and important and necessary that we do the same thing this year, that they maintain their obligation to be realistic about the economic assumptions on which the budget of President Reagan is based. They ought to read the testimony of a dozen economists or more who have appeared before the House Ways and Means Committee and the House Budget Committee over the past 3 weeks. The economists who could be described as basically conservative and who are generally supportive of President Reagan's program say in general that the underlying economic assumptions on which that budget is based, assumptions about the unemployment rate, the inflation rate, the growth rate of the gross national product and interest rates, that those assumptions are at the far end of the range of what could happen in fiscal year 1982.

They say that perhaps the odds are 1 in 4 that the scenario will turn out the way the President hopes that it will, but at least, they say, the projections on which the budget is based are within the range of what could happen.

But the economists who are not so basically friendly toward the Reagan budget, who could be described as more moderate or more liberal, say that the projections, the assumptions on which the budget of President Reagan for fiscal year 1982 are off the top of the range of what could happen, beyond the realm of real possibility. That means, of course, that if they turn out to be right, that we will have higher inflation or higher interest rates or higher unemployment or a lower growth in the gross national product than the President has projected.

□ 1300

If that happens, it will impact on his budget in a way that will only serve to increase the $45 billion deficit beyond his assumptions.

The Congressional Budget Office—and some of my colleagues have said this today in 1-minute speeches—reports on the front page of the Washington Post today that its economists say that already President Reagan's economic assumptions are off the track and that the deficit for fiscal year 1982 will be at least $20 billion to $25 billion higher than the $45 billion which President Reagan has suggested. So that means we could be looking at a deficit in fiscal year 1982 of $65 billion to $70 billion or even higher.

I again remind my Republican colleagues to go back and look at their statements from 1980 during the budget process about the inflationary effects of any budget deficit at all, much less a budget deficit which would be a near record budget deficit in the entire history of the United States. I would also ask my Republican colleagues to look at the nature of the spending cuts that were contained and are contained in President Reagan's program for economic recovery. He has talked about budget cuts of $48 billion, and that is what the newspapers have picked up, but actually what he is talking about is budget cuts from the budget proposed by President Carter in January of this year. Of course, President Carter had proposed some increases in spending. Actual cuts from how the current law would impact on the budget is not $48 billion but rather something like $40 billion. I think it is on page 5 of the budget book that the President distributed to us last week where he does state that the budget cuts from the current services budget of the Federal Government, which is the normal way of looking at it, are $40 billion and not $48 billion.

I would also call the attention of my colleagues on the Republican side to the figures in the President's budget regarding interest costs to the Federal Government for support of debt service on the Federal debt. The President

has said that because he has faith that all of his projections in the economy will come true, interest rates will go way down in the next several months and, as a result, the cost of interest to the Federal Government in fiscal year 1982 will be in the neighborhood of $81 billion.

But President Carter projected that those costs would be over $89 billion, and the Congressional Budget Office makes the same assumptions about next year. So that would mean that the President's figures on budget costs, just one item, would be off in the range of $8 billion for next year.

Then because I know my Republican colleagues are concerned about fiscal responsibility, I would direct their attention to the proposed Kemp-Roth 10-percent across-the-board tax cuts which are contained in the President's recommended program. Because the President is a dedicated supply-side person, he believes that if you cut taxes across the board the people who receive that additional money will put it in the bank and save it and that the banks will have more money to loan, and that industry will borrow that money and will put it into new machinery and equipment and become more efficient, and as a result we will have a more productive economy which ultimately 3 or 4 years down the road will bring in more revenue.

We all hope and wish that that could be the case, but again I would direct the attention of my colleagues to the testimony of any number of economists, conservative, liberal, moderate—all over the spectrum—who have appeared before the House Committee on Ways and Means over the last 3 weeks and have said almost to a person that a tax cut of the Kemp-Roth kind would be an incentive to demand, and, therefore, inflationary rather than anti-inflationary.

So a key part of the President's program, indeed a part which contributes a great deal to the $45 billion deficit which the President has projected, would tend to fuel inflation rather than fight inflation. I think all of us here in Congress have an obligation to be realistic, to do not only what we would like to do and to work on the basis not only of what we would hope might come true but what we actually think will come true and what a whole range of economic experts tell us is the case about the effect of the Kemp-Roth tax cut.

This sounds strange coming from a Democrat, but it seems to me that this is a time for conservation and caution regarding the Federal budget and deficits.

Apropos of that, I want to go back again and mention to my Republican friends the alternative budget which I proposed last Thursday. My approach makes the cuts almost the same dollar amount of cuts which President Reagan's budget makes—$40 billion. I think it is important that that happen. It picks up additional revenue by increasing some user fees of the kind that President Reagan proposed. It also picks up additional revenue by closing some tax subsidies off. It allows for 3-percent real growth in defense spending, which I know is important to my Republican colleagues. It holds the tax cut for the next year for individuals and for business to a more responsible and less inflationary $20 billion.

The end result of all of that is that the budget calls for a budget surplus, not a deficit—a surplus in fiscal year 1982 of $10.8 billion. In think if we are trying to send messages to the American people that Congress at long last is serious about fighting inflation and reducing Government spending, that this is the way to do it, to say we are not going to have a big deficit next year.

Whether it is $45 billion or $65 billion or $70 billion, we need to say that we are going to work to balance the budget for fiscal year 1982 and, of course that would be entirely consistent with what President Reagan told us early last year that he would do if he were elected President.

If I may, I would like to turn my attention to my Democratic colleagues and talk to them for a little while. One reason why the Democratic Party is now a minority party in the U.S. Senate, and one reason why President Reagan rather than Mr. Carter is President today, is, I think, that the Democratic Party over the last 10 years has allowed itself to gain the image with the public of not being fiscally responsible. We have been criticized by our Republican colleagues for our actions over the years. We have allowed that criticism to appear to be valid, and so this year as the Democratic majority in the House of Representatives works its will on the President's budget proposals, the public will fully expect us to scale back the spending cuts.

They will expect us to jump on the tax cut bandwagon, and they will expect us, if anything, to add to the deficit rather than to cut it down. If we change President Reagan's plan in any material way, the President will make the charge that we have sabotaged him, and if the economy does not pick up in the next 1½ or 2 years, it is because the Democrats sabotaged his program.

It could be a no-win situation. If we Democrats are to do what we think is responsible, and if we are to save ourselves politically by putting ourselves in a position that the American public will applaud rather than condemn what we do, it seems to me that our only course of action is to be more fiscally responsible than the President. We must cut the Federal budget and Federal spending by $40 billion, just like President Reagan has proposed to do.

We can use some different priorities than the President, and I think we should use some different priorities, but we must reach the same spending cut figure as the President.

It seems to me that we also must be willing to make changes in social programs. We must be able and willing to cut back on ADC, food stamps, and housing programs in areas where there have not been very tight controls and where there is some spending going on which is really not justifiable.

Another reason for our trouble as a party, as the Democratic Party, now is the image Americans have gained over the past several years that we as Democrats lack the discipline to put in controls and to rein in the spending on social programs that we have instituted. We can no longer afford to maintain that image.

Third, we must give President Reagan and Budget Director Stockman their due. We must give them credit for having done the Nation and the Congress a real service by identifying a number of spending cuts that can and should be made without hurting the truly needy. Then it seems to me we must go beyond the President in finding even more examples of waste and inefficiency as a way of cutting down on Federal spending.

We must prove to the American people that the Republican Party has no monopoly on ability to find fraud and waste and eliminate it in the Federal Government. If we are to be true to ourselves as Democrats, we must close off some of the tax subsidies which benefit primarily corporations and wealthy Americans if at the same time we are going to go along with spending cuts that hurt moderate- and low-income Americans. We must provide for defense, for it seems to me that there is a consensus in the country that we need to bolster our national defense. That does not mean, however, that we have to go the whole way with the President's recommendations.

In my view, then, we as Democrats must be more fiscally responsible than the President. Not only should we not increase the deficit that he proposes, we ought to eliminate the deficit that he proposes, and I think that we can do that. We must show to the American people that we are serious about being responsible in fiscal matters. We must show to the American people that there is a new Democratic Party that is willing to impose discipline on Federal spending at the same time that we maintain our compassion for less fortunate Americans.

We must be able to devise a bumper sticker which says, "Democrats do it better."

Now let me turn to some specific things.

Mr. SEIBERLING. Will my colleague yield?

Mr. PEASE. I would be happy to yield to my distinguished colleague from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding. I want to commend the gentleman from Ohio for what I consider to be a tremendous public service. I certainly agree with him that the American people want to see an end to runaway spending. They want to see us review the tremendous mountain of Federal programs that have been created over the last 30 years, often without regard to the combined effect of them on our economy. They want to see us review those and start to establish some priorities and eliminate the nonessentials from the essentials.

The difficulty I have had with the Reagan budget is that I feel that some of the things in it go beyond merely trying to incorporate a more fiscally responsible stance to our budget nationally and are using the budget process to try to achieve ideological objectives to reverse some of the programs that are embodied in permanent legislation that has been very carefully worked out, that millions of Americans want, that represent a true consensus, and to try to do what I do not believe the President had a mandate to do—to make some radical changes in the nature of the role of the Federal Government in accomplishing the objectives of the Nation.

I think that the gentleman from Ohio has done in his usual scholarly objective way a great service to the Congress and to the people by showing that we can achieve the objective of curbing runaway spending and getting our budget under control without ideological overtones, that we can protect the vital interests of the American people in their public health programs, in their welfare safety net programs, in protecting our natural and our built-in heritage, protecting our environment, and still achieve the kind of changes that are necessary in terms of curbing unnecessary regulation, curbing unnecessary spending, and getting this under control.

I would like to ask the gentleman, though, whether he agrees with me that while this objective must be achieved, that unless we can somehow get the Federal Reserve Board to recognize that the Congress is taking the kind of steps for fiscal restraint that it feels are necessary to fight inflation, that unless we can get the Federal Reserve Board to recognize that, they are going to continue to try to fight inflation in their way, which is basically tight money.

The irony is that that is the thing that is destroying the homebuilding industry, crippling the auto industry, and causing tremendous dislocations in the supply industries like the steel industry, the rubber industry, and others. We must try to get across to the Fed that we expect them to match our fiscal restraint with a little restraint on their part; otherwise our efforts are not going to achieve the results that must be achieved because it is the tremendous activities in the private financial sector such as the money market security sector that are feeding inflation just as much as Government spending, and unless we can somehow get the message across to the Fed that they need to focus on that type of control, and unless we can get some targeting of Federal investment incentives, we are not going to achieve the results, no matter which budget is adopted—the Reagan budget, the Pease budget, or something in between.

□ 1320

I would be happy to have the gentleman's comments, but let me again say what an outstanding job the gentleman has done and I certainly support what my colleague has tried to do and hope that a lot of my other colleagues will do the same.

Mr. PEASE. First of all, let me thank my colleague for his generous comments. I would then say that I could not agree with the gentleman more about the Federal Reserve Board.

Personally, I think that the Federal Reserve Board would be more than happy to cooperate if they received even a modest sign from Congress that we are ready to do our part in fiscal restraint.

The Federal Reserve Board, as you well know, has always tried to be a counterfoil to the fiscal policies of the Congress. When we have adopted fiscal policies which have been expansionary, the Federal Reserve Board has gone for monetary policies which are restrictive.

The Federal Reserve Board is very, very sensitive to the size of the Federal deficit and it seems to me that if we adopt this year pursuant to President Reagan's proposal a Federal deficit of $45 billion, that is a signal to the Federal Reserve Board to keep the tight money controls on and to keep interest rates high, and that will continue to cripple the real estate industry, the building industry, the auto industry, and many, many small businesses who rely on borrowed money to finance their inventory.

If the deficit turns out not to be $45 billion, as the President optimistically hopes, but rather $65 billion or $70 billion or more, as CBO seems to think, then we will see a supertight monetary policy imposed by the Federal Reserve Board and superhigh interest rates, and we will all suffer as a result.

I thank my colleague for his very excellent contribution.

Mr. SEIBERLING. If the gentleman will yield further, the gist of the gentleman's approach is that if we balance the budget as the gentleman's budget does, then we would send a message to the Fed, and deprive them of the rationale under which they have kept interest rates high and the money supply curbed. It seems to me that the gentleman's approach is far more responsible fiscally than the approach that we received from the White House.

Mr. PEASE. I thank the gentleman. That is certainly correct. A balanced budget would send exactly the right signal to the Federal Reserve Board.

Let me talk now for a minute or so about tax cuts.

We have had proposals this year for taxes both on the business side and for individuals. I think there is general agreement in the Congress that there is a need to adopt some tax cuts for business firms this year, particularly in relation to some simplification and reform of depreciation schedules, maybe not the so-called 10-5-3 plan in its pure form, but certainly some variation of that.

It is the job of the Ways and Means Committee over the next couple of months to hear the witnesses, to look at the effects of the proposed 10-5-3 and to make any modifications that appear to be prudent. But we can do that. I think it is important that we do have some change in depreciation schedules so that we can send a message to American business that we want them to take advantage of that and we want them to buy new machinery and make our factories more productive than they are now.

I would point out that the business tax cuts come as close as anything can to fitting the supply-side theory of economics by which the President is going this year. And that is that, obviously, the businessmen do not get the depreciation tax breaks, they do not get the tax credits, unless they do buy machinery which will make their production more efficient.

Now when you look at the individual tax cuts, it is clear that tax cuts for individuals are justified on grounds of equity. We have all experienced a bracket creep in the last couple years, and we know it is costing Americans more money for taxes even though their wages may go up only enough to keep up with the cost of living.

President Reagan has proposed $44 billion in tax cuts through his Kemp-Roth 10-percent across-the-board cut.

I think some questions need to be asked about the wisdom of doing that despite the agreement we all have that some changes, some reductions on the basis of equity, are in order.

President Reagan has proposed to us a $44 billion individual tax cut. He has proposed a $45 billion Federal deficit for next year. It is crystal clear from looking at that budget that the President plans to go out and borrow $45 billion so that he can give a $44 billion tax cut, and that I submit may well be inflationary.

Questions have also been raised about the basic fairness of the Kemp-Roth approach, whether high-income people get a much higher reduction percentagewise effectively than do lower- and moderate-income people. I think the statistics bear that out pretty well.

I do not want to dwell on that, it just seems to me Congress needs to look at that pretty carefully.

But then I really think we need to concentrate on the inflationary aspects of a large individual tax cut which is financed with more borrowed money.

Obviously we are concerned about inflation and if the Kemp-Roth approach is inflationary rather than deflationary, it is a very serious matter. Now, I ask the question, will the public forego a tax cut so the Democrats can avoid cuts in Federal spending for social programs? The answer, it seems to me, is clearly "No". The public is not willing to give up tax cuts just so Democrats can continually spend on social programs for the low-income people of our country.

I ask another question: Will the public forego a tax cut to fight inflation? There, it seems to me, the answer is different. National polls taken over the last couple of months have consistently shown that the American public is more concerned about inflation than about tax cuts.

Naturally, people would like to have tax cuts. But they are smart enough to know that they are better off with lower inflation. They would be willing to forego tax cuts, so say the national polls, if it meant a contribution to fighting inflation.

□ 1330

It seems to me that the key is a balanced budget such as the one that I have proposed so that the public can see that it is getting something for what tax relief it is foregoing. Without the dramatic switch from a big deficit to an actually balanced budget, I think the public will have a hard time understanding what they have gained at the expense of foregoing part of their tax cut.

Now, what about national defense? The public, to my way of thinking and looking at polls, clearly wants more money for defense. They are concerned about the Soviets and the buildup of the Soviet arms establishment. I think there are some mixed feelings about it, but in general that would be the case. But I question whether the public expects to get a big increase in defense spending without paying for it.

Back in the 1967-68 era, President Johnson was embroiled with the Vietnam war. He did not want to ask the American public to pay higher taxes, but he did want to have a big increase in defense spending because of that build up in Vietnam. So, essentially, he financed the Vietnam war with borrowed money rather than having the fortitude to go to the American people and ask them to pay in the form of higher taxes for the increased defense spending. Many, many economists trace the high, underlying inflation rate with which we are inflicted now to that decision by President Johnson back in 1967-68, to try to have his cake and eat it, too.

We do not want to make that mistake again. I think the American public is plenty smart enough to understand that you do not get something for nothing, and that we can not have a big increase in defense spending unless we are willing to pay for it.

Now, I am also very confident that the public does not want to give a blank check to the Defense Department, to say: "Yes; we are so concerned about defense that the Defense Department can spend any amount of money it wants on anything and we will not ask questions." I am sure that the public does not want that. We have to be willing in the Congress to apply the same standards of money savings, of avoiding waste and fraud, in the Defense Department as we do in any other department of Government.

What my budget does is to provide a $23.8 billion increase for defense from fiscal year 1981 to fiscal year 1982. That is a 3-percent growth in real dollars. It is the only function out of 15 in the Federal Government that I do not cut.

What I also do in my budget is to identify $14.7 billion in waste and mismanagement in the Defense Department, to identify those examples which are set forth by the General Accounting Office, the Congressional Budget Office, the National Tax Limitation Committee, and the Republican task force from last year, and essentially to say to the Defense Department: "If you want to grow in your defense strength faster than 3 percent a year, that is fine. You can grow at the rate of 10 percent a year as long as you are willing to root out this waste and mismanagement which we have identified for you." I believe that that is an approach which makes sense and which the American people will buy.

Now, finally, I want to mention tax subsidies. President Reagan's tax cuts, as has been reported in the newspapers, tend to favor business corporations and high-income Americans. I do not quarrel with that too much because it is his theory that those are the people who will make the so-called supply-side economics work, who will save the money, who will make our country more productive. But it is true that the tax cuts tend to favor wealthy Americans and corporations most. It seems to me that if we are going to do that, we have to be willing at the same time to close off some of the tax subsidies which given overwhelming benefits to the wealthy and very, very few benefits to the poor.

Now, I am aware that one person's tax subsidy or loophole is another person's fair and necessary provision. I would point out that the tax subsidies, 200 billion dollars' worth every year, that are in the Federal Tax Code now were all enacted by the Congress at some point in the past for a purpose that Congress thought at that time was a worthy and good purpose. All I am suggesting is that some of those tax subsidies which have been in the Federal tax code for years and years may no longer be necessary, may no longer meet the same test of fairness and equity, and that if we review those tax subsidies, we can find some which we can eliminate as a way of contributing to balancing the Federal budget.

Now, I would like to give just one example, before I finish, of a tax subsidy which I think actually works against what we are trying to do now in our Federal budgetary process.

Interest which consumers pay on consumer loans is a deductible expense for those Americans who are able to deduct their expenses and use the long form on their income tax returns. What that does essentially is to encourage people to borrow money for consumer purposes because they can deduct the interest, especially if they are high-income Americans in the 50-percent to 70-percent tax bracket. That means that even if they have a lot of money in the bank and they need to buy a new car or whatever, there is an incentive for them not to take the money out of the bank but to go and borrow the money because they can deduct 50 to 70 percent of everything they pay in interest from their Federal income taxes.

Now, I did a little checking on that. If we look at the subsidy only for those Americans who deduct more than $1,500 a year in consumer interest—this is not home mortgage interest; this is consumer loan interest—in order to have $1,500 or more than $1,500 in interest every year that you could use as a deduction, you would have to have over $10,000 in consumer loans out for that year. I do not think there are very many average Americans who have more than $10,000 in consumer loans out if you do not take into consideration at all their mortgage interest.

If you put a cap and said nobody can deduct more than $1,500 on consumer

interest, closing that one tax subsidy alone would bring into the Federal Treasury $4.5 billion. So it is apparent that a tiny handful of Americans who are in the very highest tax brackets are using the Federal Tax Code to their advantage at a cost to the rest of us of $4.5 billion, $4.5 billion which we could use to help balance the Federal budget and help to fight inflation.

Now, Mr. Speaker, I know that my time is almost up. I would like to thank you and all of my colleagues for your indulgence. I think, as I said at the beginning, that all of us, Democrats and Republicans alike, have an obligation to try to bring Federal spending under control, to try to show the Federal Reserve Board and the American people that we are serious about fighting inflation at long last.

It seems to me that President Reagan has made some suggestions, many of which are helpful, but that he has no monopoly on budgetary wisdom, that others of us have not only a right but indeed an obligation to make our suggestions as well.

So I have done that. I have put together this alternative budget which does call for a Federal surplus of $10.8 billion instead of a deficit. I offer it not on partisan grounds, not to make the President look bad, not to claim that Democrats have all the wisdom. This is my own plan. But I think it does have some sound features to it and I hope that my colleagues will be interested in getting more information from me about it.

I yield back the balance of my time.

HEARINGS ON EXTENSION OF BENEFIT REIMBURSEMENT PERIOD FOR REFUGEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. MAZZOLI), is recognized for 5 minutes.

● Mr. MAZZOLI. Mr. Speaker, I wish to announce that the Subcommittee on Immigration, Refugees, and International Law of the Committee on the Judiciary will hold 1 day of public hearing on Tuesday, March 24, 1981, to consider H.R. 2142. The hearing will be held in room 2237 of the Rayburn House Office Building and will commence at 9:30 a.m.

This bill would delay from April 1, 1981, until October 1, 1982, the termination of full Federal reimbursement of the costs of providing cash assistance, medical assistance, and child welfare services to refugees who have been in the United States for more than 3 years.

Invitations to testify have been extended to officials from the Department of Health and Human Services, the State of California, and representatives of the National Association of Counties. Members of Congress who wish to testify before the subcommittee on the aforementioned date should address their requests to the subcommittee, room 2137, Rayburn Building (Phone No. 225-5727).●

THE DEMOCRATIC PARTY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. FRANK), is recognized for 5 minutes.

● Mr. FRANK. Mr. Speaker, on Thursday, March 12, the Speaker of the House, THOMAS P. O'NEILL, JR., addressed the dinner of the Massachusetts Democratic State Committee. His speech was a thoughtful, eloquent appraisal of the historic mission of the Democratic Party in the context of today's challenges and opportunities.

The reaction to the Speaker's remarks from those at the dinner was extremely enthusiastic, precisely because it so forcefully addressed the question of what the Democratic Party's role ought to be in the coming years.

I think it is important for others in the Congress and in the country to have the benefit of the Speaker's views on this matter and I include his speech at this point in my remarks:

ADDRESS BY MR. O'NEILL

For over 50 years, with brief exceptions, the Democratic Party has been the first choice of the American people to be the principal governing party of this Nation. When in the past we have lost, it was not because our supporters joined the opposition, it was because our supporters believed we had lost touch with their concerns and were not governing well.

The reason that we were the first choice of the American people in national elections for the past 50 years was that F. D. R. made the Federal Government responsible for guaranteeing a decent standard of living for every American. He committed the Federal Government to the proposition that "Liberty requires an opportunity to make a living * * * a living which gives a man not only enough to live by, but something to live for." On the eve of the Depression in 1929, one-half of all Americans lived near or below the poverty level. Today less than 7 percent live below the poverty level.

During the past half century we have dramatically improved the opportunities for educational achievement, homeownership, financial independence, and access to higher income through the collective-bargaining process. America's vast middle class was largely formed during this period. As Democrats we sought not big government, but active government—a government that sought equality of opportunity for all, and basic minimum living standards for the less fortunate among us.

Because of our inability to reduce inflation between 1978 and 1980, as well as the most unfortunate and avoidable increase in unemployment in 1980, we suffered a major defeat at the polls. In fact, it was our worst setback since 1952. Too many Americans, including many members of our own party, felt that inflation was reducing their standard of living and that the economy offered no prospects for improvement in the future.

As a party we paid the price of not heeding Harry Truman's warning that "the Government has a clearcut responsibility to deal with high prices". Consequently, we lost the White House, the Senate, and 33 seats in the House of Representatives.

Two weeks ago I addressed the Democratic National Committee and warned them that unless we rebuild our party machinery and fund our candidates adequately, 1982 could be a realining election for the Republicans—as 1932 was for the Democrats. We cannot expect Democrats to compete when the Republican Campaign Committees outspend Democratic Campaign Committees $109 million to $18 million—as happened in 1980.

But rebuilding our party apparatus, promoting new ideas, and modernizing our fundraising techniques so that we can compete with the Republicans is not the only challenge we face. We must also come to terms with our role in governing this Nation when we control the House of Representatives, but not the White House or the Senate.

The Democrats in the House have pledged not to obstruct or unnecessarily delay consideration of the new President's programs. We recognize that the President is first among equals in our constitutional structure, that the American people look to him to propose programs, and furthermore, that there is considerable sentiment among the American people the Government deficits are too large and that growth in Government spending is responsible to a large degree for inflation.

We do not, however, intend to abandon our responsibility to carefully scrutinize the President's tax and budget proposals. George Will, a conservative columnist and occasional Reagan adviser, observed that 20 percent of Reagan's mandate reflected support for conservatism, and 80 percent for an improved economy.

The fact of the matter is that the Congress of the United States cannot be expected to approve legislation on expectations alone. We must examine the Reagan proposals openly and candidly and with an accepted goal of reducing inflation. But we cannot support his programs at the expense of the poor, the aged, and the handicapped.

Should we be expected to rubberstamp a Reagan tax program that calls for giving a tax cut 23 times greater to a family making $100,000 a year than to a family making $10,000 a year? I do not believe we should.

Should we be expected to rubberstamp Reagan budget cuts that eliminate fuel assistance to the poor, that severely cut child nutrition and school lunch programs while taking a token cut out of tobacco subsidies for JESSE HELMS' constituents? I do not believe we should.

Should we be expected to rubberstamp a defense budget that calls for spending $1.3 trillion on defense over the next 5 years while the Pentagon leases computers in Cleveland for $1 billion a year that they could have purchased for $200,000? I do not believe we should.

Should we be expected to rubberstamp a Reagan budget proposal for a twentyfold increase in military and economic aid to El Salvador in 1982? I do not believe we should.

Should we be expected to rubberstamp an increase in funds for the Federal Tourism Bureau when we are eliminating the National Consumer Cooperative Bank? I do not believe we should.

My colleague in the Senate, HOWARD BAKER, has stated that these massive budget cuts will be approved in the Senate with "breakneck speed." In the House we intend

to proceed swiftly but deliberately, decisively but fairly. We intend to give opponents as well as proponents an opportunity to be heard before our committees.

The American people want Ronald Reagan to succeed and they want a robust, inflation-free economy. For the second time in our Nation's history two decades have passed without a single President completing two terms. The media and Members of Congress are aware of this and do not wish to further weaken the Presidency. Consequently, criticism has been muted from these quarters and the President has got off to a very successful start in office.

However, our real hope for a successful Presidency should not deter us from taking action that protects the poor and needy of this country from unnecessary hardship. We must consider the advisability of a tax plan that, according to Robert Kaiser of the Washington Post, will "redistribute income in this country. The money would go from poor to rich while the middle class would come out about even."

Recalling President Kennedy's words that "the Federal budget can and should be made an instrument for prosperity and stability" we recognize that the budget process is an essential tool in guiding our economy and we have a firm timetable to guide that process.

As we follow this process we as Democrats should not forget the words from the last speech of Hubert Humphrey who said in 1977 that:

"The moral test of government is how it treats those who are in the dawn of life, the children; those who are in the twilight of life, the aged; and those who are in the shadows of life, the sick, the needy and the handicapped."

As we look back at 1980 we ask, what did happen? The legislation was good but there was too much bureaucracy. There was overregulation. There was too much redtape and in many cases there was an inability to manage.

In preparing for 1982 we must get back to the basic issues that have united Democrats over the years; adequate health care, educational opportunity for all, adequate nutrition for the poor, the aged, and providing an economy that offers employment for all.●

FEDERAL FINANCING BANK SHOULD BE "ON BUDGET"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. BLANCHARD) is recognized for 5 minutes.

● Mr. BLANCHARD. Mr. Speaker, I am today introducing legislation to place the Federal Financing Bank (FFB) activity of the Federal Government "on budget." This is a very simple bill merely requiring that the receipts and disbursements of the FFB be included in the Federal budget.

The FFB was created in 1973 to assure that Federal borrowing was financed in a manner least disruptive to private financial markets and institutions. In recent years, the FFB, which is heavily involved in Treasury borrowing, has been accused of "crowding out" a significant amount of private borrowing. This condition has arisen as a result of FFB conversion of guaranteed loans into what are in fact direct loans by the Government. In practice, the FFB has been successful in helping reduce the cost of Federal borrowing, but many believe it has not always operated in the manner the Congress expected or intended when the Bank was created.

Mr. Speaker, I do not hold the opinion that the FFB has been less than successful in its mandate to coordinate Federal and federally assisted borrowing programs with the overall economic and fiscal policies of the Government. I believe that allegation must be determined through hard study and assessment of the FFB. For that reason, the House Banking Subcommittee on Economic Stabilization, of which I am chairman, will conduct extensive hearings on the effect of Federal policies on the private credit market.

While we need to closely review the Federal Government's activities in the credit market, we must also realize the Government's role in allocating credit through other means. Our review of Federal credit allocation policy will not be limited to the role of the Federal Financing Bank or activities of the Government in the area of loan guarantees.

We will undertake a more comprehensive review of the Federal Government's credit allocation role in tax policy, spending policy, and Federal Reserve policy. The fact is, off budget credit programs such as those performed by the Federal Financing Bank are only one way that the Federal Government impacts on the credit market. The Government also has an impact through our tax system which is currently being suggested as the mechanism for stimulating greater investment and savings, through direct Federal spending programs which target dollars into particular programs and projects, and finally through the Federal Reserve Board which has tended to allocate credit to the speculative sector of our economy and away from the productive sector, albeit unintentionally as a result of high interest rates.

Only if we undertake a comprehensive review of the Federal Government's role in the credit market will we be in a position to make decisions about where that role is effective or where it should be curtailed.

H.R. 2566

A bill to amend the Federal Financing Bank Act of 1973 to require that the receipts and disbursements of the Federal Financing Bank be included in the Federal budget, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Financing Bank Act Amendments of 1981".

BUDGET TOTALS

SEC. 2. (a) The second sentence of section 11(c) of the Federal Financing Bank Act of 1973 (12 U.S.C. 2290(c)) is amended to read as follows: "The receipts and disbursements of the Bank in the discharge of its functions shall be included in the totals of the budget of the United States Government.".

(b)(1) Section 6(a) of the Federal Financing Bank Act of 1973 (12 U.S.C. 2285(a)) is amended to read as follows:

"(a)(1) Subject to paragraph (3)—

"(A) the Bank is authorized to make commitments to purchase and sell, and to purchase and sell, any obligation which is issued, sold, or guaranteed by a Federal agency; and

"(B) the Bank shall make commitments to purchase, and shall purchase, any obligation offered to it—

"(i) which is guaranteed by a Federal agency;

"(ii) which has not previously been issued or sold to any person or governmental entity; and

"(iii) in any case in which the guarantee with respect to such obligation would cease to be effective, pursuant to subsection (d), if such obligation were held by any person or governmental entity (other than such agency or the Bank).

"(2) Subject to paragraph (3), any Federal agency which is authorized to issue, sell, or guarantee any obligation is authorized to issue or sell such obligation directly to the Bank.

"(3) The Bank may, during any fiscal year, purchase and make commitments to purchase obligations only to such extent as may be provided in advance in appropriations Acts.

"(4) Commitments, purchases, and sales by the Bank pursuant to this subsection shall be on such terms and conditions as the Bank may determine.".

(2) Section 6 of the Federal Financing Bank Act of 1973 (12 U.S.C. 2285) is amended by adding at the end thereof the following new subsection:

"(d)(1) Except as provided in paragraph (2), any guarantee by a Federal agency of an obligation shall be subject to the condition that if such obligation is held by any person or governmental entity, other than such agency or the Bank, such guarantee shall thereafter cease to be effective.

"(2) Paragraph (1) shall not apply in the case of any obligation—

"(A) which the Secretary of the Treasury determines is of a type which is not ordinarily bought and sold in the same markets as investment securities, as defined in the seventh paragraph of section 5136 of the Revised Statutes (12 U.S.C. 24); or

"(B) which is issued or sold by the Bank.

"(3) Before making any determination under paragraph (2)(A), the Secretary of the Treasury shall consult with the Director of the Office of Management and Budget, the Comptroller of the Currency, and the Chairman of the Board of Governors of the Federal Reserve System.".

(3) Section 17 of the Federal Financing Bank Act of 1973 (12 U.S.C. 2295) is amended by striking out "Nothing in this Act shall be construed as impairing" and inserting in lieu thereof "Except as provided in section 6, nothing in this Act shall be construed as affecting".

EFFECTIVE DATE

SEC. 3. The amendments made by section 2 shall take effect on the first day of the first fiscal year which begins after the date of

the enactment of this Act, except that the amendments made by section 2(b) shall apply only in the case of an obligation with respect to which a guarantee is made or renewed by a Federal agency on or after such date.●

THE RETIREMENT INCENTIVE SAVINGS ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 15 minutes.

● Mr. LAFALCE. Mr. Speaker, the inadequate level of personal savings in this country is undermining our efforts to restore the basic health and vitality of the economy. Inadequate personal savings rates are contributing to increased inflation, decreasing productivity, and economic stagnation. Lower personal savings exacerbate conditions within the thrift industry and further depress an already decimated housing industry by drying up mortgage funds.

During most of the post-World War II period, the personal savings rate averaged more than 7 percent of disposable income. In the late 1970's, that rate steadily declined; and in 1980, the rate was 5.6 percent for the year as a whole.

From an international viewpoint, those figures are even more distressing. Japan enjoys a savings rate of 20 percent; West Germany and France save at the rate of 14 percent; Belgium saves at the rate of 13 percent; and our neighbor to the north saves at a rate of 12 percent. It is no coincidence that all of those countries have experienced much healthier productivity growth rates than this country. It's also no coincidence that all of those countries have much more meaningful and substantive incentives for personal savings than does this country.

During the 96th Congress, two steps were taken to correct this lamentable and alarming situation. First, as part of the Windfall Profit Tax Act, a $200—$400 in the case of a joint return—annual exclusion from taxation was extended to interest and dividend income. Second, the Depository Institutions Deregulatory Act substantially deregulated the banking industry, allowing it to offer a wider assortment of savings plans to individuals in savings. Although those were positive steps, I believe that much more can and should be done to offer more significant incentives to small savers.

Therefore I am today introducing the Retirement Incentive Savings Act of 1981. This bill would liberalize and expand individual retirement account (IRA) eligibility and benefits, which has been long overdue. The IRA-type approach encourages and rewards regular incremental savings, rather than past accumulations of saving. Each year, the amount eligible for investment in an IRA is tax deductible and earnings are tax deferred. Furthermore, withdrawals are discouraged except under clearly specified circumstances. As a result, this approach tends to stimulate new saving that would not be otherwise undertaken.

But there are severe problems in IRA's under existing law. The existing limits on contributions to these accounts were established in 1974, and the rampant rate of inflation has made a mockery of those limits and qualifications.

The IRA approach is important for two reasons. First, it provides individuals with a means to provide in advance for their retirement years, so that they can be financially independent and have a decent standard of living. Second, deposits in IRA's are long term in nature, thereby supplying financial institutions with a more stable supply of capital. That second feature is particularly crucial for the thrift industry, which has experienced record disintermediation and unprecedented earnings pressure. This would in turn be beneficial for the housing industry which has been wracked by high interest rates and shortages of mortgage moneys. For example, in 1980, IRA-Keogh balances at mutual savings banks increased by an estimated $500 million, contrasting with a net loss of $5.3 billion in other savings and time deposits in the same period.

The Retirement Incentive Savings Act would expand IRA eligibility in three effective ways, all of which will help enhance the attractiveness of these savings instruments.

First, it will increase the maximum allowable deductible contribution to an IRA from $1,500 per year under existing law to $2,000 per year. The $1,500 cap is simply insufficient for an individual to prepare for his or her retirement years, and it should be dramatically increased. A 33-percent increase may appear to be excessive, unless one remembers that the existing cap is 7 years old and that 7-year period has seen inflation increase by 53.5 percent. Hence, the $2,000 does not even keep pace with inflation.

Second, it will permit the use of IRA's by those individuals who actively participate in qualified employer-sponsored pension plans. Under present law, a person who is enrolled in a pension plan cannot open an IRA account. This bill would allow IRA's under such circumstances, but it would place a cap on the IRA contributions at $1,000 per year. This would allow individuals to supplement their pension plan income during their retirement years.

Third, it will permit an IRA enrollee to make an additional voluntary nondeductible contribution to the IRA, and the cap on this additional nondeductible contribution would be $2,000 per year. Thereby, all taxes would be deferred on earnings from all funds contributed to the IRA, which would enhance the attractiveness of savings placed in an IRA. This provision is similar to existing law concerning corporate pension plans.

Mr. Speaker, this bill would provide strong incentives for real savings by individuals, and I shall make every effort to include this bill or similar approaches in the omnibus tax bill expected to pass in 1981.●

TIE MX TO SALT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

● Mr. BEDELL. Mr. Speaker, I am introducing today a resolution calling for a halt to further development of the MX/MPS basing mode until a binding limit can be placed on Soviet MIRV'ed ICBM's and warheads.

It is well-known that escalating costs and environmental opposition are disrupting current MX plans. In the absence of SALT II, however, the most telling argument against the MX may be its strategic vulnerability. The fundamental mission of the MX is to assure a credible force of survivable American ICBM's. This mission is futile if the Soviets continue to acquire ICBM launchers with greater numbers of independently targeted warheads. Without a limit on MIRV'ed ICBM's, the Soviets can inevitably make the MX vulnerable to a first-strike attack.

The 1979 SALT II Treaty provided such limits. Article IV, paragraph 11 established the maximum number of MIRV'ed ICBM warheads at 10. Article V, paragraph 3 limited the number of MIRV'ed ICBM launchers to 820. The current base system of 200 MX missiles and 4,600 shelters is premised on the Soviet Union not exceeding these limits.

Without SALT II, the Soviets can increase the destructiveness of their largest missile, the huge SS-18, which can carry an overall throwweight of 16,000 pounds. By contrast, our largest missile, the MX, is designed to carry a throwweight of only 7,500 pounds. As a result of this size difference, the Soviets can place up to 30 warheads on the SS-18, while we will be limited to a maximum of 10 warheads per/MX missile. By proceeding with the current MX deployment scheme in the absence of a SALT limitation, we are inviting a futile—and from our side losing—arms race with the Soviets.

Air Force Gen. David C. Jones, Chairman of the Joint Chiefs of Staff, recognized this danger very early in the SALT II hearings. In July 1979, General Jones testified not only that the "fractionation cap" of 10 warheads per launcher was essential to the MX,

but that it was the most important treaty provision for inhibiting Soviet weapons programs.

In his annual Defense Department report for fiscal year 1981, Secretary of Defense Harold Brown further noted:

Although the Soviets have only just begun to deploy a version of the SS-18 IRBM with 10 MIRV's, within a year or two we can expect them to obtain the necessary combination of ICBM numbers, reliability, accuracy, and warhead yield to put most of our Minutemen and Titan silos at risk from an attack with a relatively small proportion of their ICBM forces.

As a result, according to then-Under Secretary of Defense William Perry, a 10,000 MX shelter system could be needed by 1989. The costs of such an expansion are staggering and place the MX/MPS system under a cloud of uncertainty.

I therefore wish to call the attention of my colleagues to the Congressional Budget Office (CBO) study, "Resources for Defense," January 1981; and the General Accounting Office (GAO) report, "The MX Weapon System: Issues and Challenges," February 17, 1981; and the Office of Technology Assessment (OTA) interim report, "MX Missile Basing," submitted to the House Interior and Insular Affairs Subcommittee on Public Lands and National Parks, March 10, 1981. As investigative arms of the Congress, these offices have both furnished us with timely and compelling information on the future development of the MX.

The CBO study analyzes three possible Soviet threat scenarios: First, where the Soviet Union deploys MIRV'ed ICBM's in all of their approximately 1,400 silos, using existing warhead payloads; second, where the Soviet Union stays within the 820 SALT MIRV'ed ICBM limit, but fractionates each of its missiles; and third, where the Soviet Union does both, that is it fractionates all 1,400 missiles. The following CBO chart sets out in detail the possible U.S. responses to each threat scenario; in particular, it notes that the cost of these responses would range from $71 billion to $121 billion:

TABLE 6.—IMPACT OF CHANGES IN THE NUMBER OF SOVIET WARHEADS ON THE LONG-RUN COSTS OF A U.S. MULTIPLE PROTECTIVE STRUCTURE (MPS) BASING SYSTEM WITH MX MISSILES

[In billions of fiscal year 1982 dollars]

Programs to achieve 1,000 surviving warheads	Soviet threat—Number of Soviet warheads	U.S. response		U.S. system cost, shelters and missiles [1]	
		Number of horizontal shelters	Number of U.S. MX missiles	Investment	Total
Base case (820 MIRV'ed ICBM's) [2]	5,928	5,828	275	47	55
Higher-threat cases:					
1,400 MIRV'ed ICBM's, existing payloads [3]	9,100	9,159	350	60	71
820 MIRV'ed ICBM's fractionation [4]	15,000	15,120	400	78	90
1,400 MIRV'ED ICBM'S, fractionation [5]	23,000	23,485	450	106	121

[1] "Investment" includes research and development, procurement, and military construction costs. "Total" costs equal investment plus operating and support cost through fiscal year 1999.
[2] Assumes SALT II limit of 820 MIRV'ed ICBM's and no increase in the number of warheads carried on each missile.
[3] Assumes 1,400 MIRV'ed ICBM's and no increase in the number of warheads carried on each missile.
[4] Assumes SALT II limit of 820 MIRV'ed ICBM's and conversion of all missiles to carry larger numbers of 200-kiloton warheads.
[5] Assumes 1,400 MIRV'ed ICBM's and conversion of all missiles to carry larger numbers of 200-kiloton warheads.

Note.—The table assumes U.S. deployment of a racetrack/horizontal shelter basing system for MX. The currently proposed system would use a linear grid system, but this change probably would not significantly alter cost shown above. All of the Soviet warheads shown in the table would not be used to attack a U.S. MPS basing system. Many would be used to attack fixed-based U.S. Minuteman and Titan missile silos. Moreover, it is assumed that only 85 percent of the Soviet missiles used to attack a U.S. MPS basing complex would be reliable. The number of shelters and MX missiles shown for each case represents the combination that would minimize the cost of an MPS basing system designed to provide 1,000 surviving warheads. The cost estimates were derived from the MX Cost Effectiveness Model developed by the Space and Missile Systems Organization of the U.S Air Force.

The CBO concludes that the combination of possible cost increases and environmental concerns could force changes in the MX system, particularly in its basing mode.

The GAO study is a progress report on the MX system's first year of full scale production. It makes three key points: First, even within the SALT II constraints, the current plan for 200 missiles and 4,600 shelters will be insufficient to insure the required survivability of our ICBM force; second, without an arms limitation treaty, the survivability of the MX will require expansion, a ballistic missile defense, Soviet restraint, or a combination thereof; and third, Congress should understand that it is currently impossible to predict the ultimate size, number, or cost of the MX system.

Finally, the OTA report estimates that the Soviet Union could have 6,000 to 7,000 warheads by 1990; 11,000 to 12,000 warheads by 1995; and 15,000 plus warheads by the turn of the century. The report concludes that, to insure 100 survivable MX missiles, the United States would have to expand the MX/MPS system to 360 missiles per 8,250 shelters by 1990 and 544 missiles per 12,500 shelters by 1995.

In summary, the CBO, GAO, OTA demonstrate that tremendous cost and strategic uncertainties will hobble further development of the MX/MPS basing mode. I urge my colleagues to rethink their MX positions in light of this recent information and join me in cosponsoring the following moratorium resolution:

H. CON. RES. 94

Concurrent resolution expressing the sense of the Congress that development of the multiple protective shelter (MPS) basing mode for the MX missile should be halted until a limitation on both the number of intercontinental ballistic missile launchers and the number of multiple independently targeted warheads the Soviet Union may deploy has been negotiated and is in effect

Whereas the United States has not ratified the SALT II Treaty between the United States and the Soviet Union, signed at Vienna on June 18, 1979;

Whereas that Treaty would limit the Soviet Union to a total of 820 intercontinental ballistic missile launchers, with no more than ten multiple independently targeted warheads per missile;

Whereas without a limitation on the number of intercontinental ballistic missile launchers or warheads it may deploy the Soviet Union could expand its ICBM force to 1,400 missile launchers and a total of 23,000 independently targeted warheads;

Whereas, in the event of such a Soviet ICBM build-up, the multiple protective shelter basing mode currently proposed for the MX missile system, with 200 MX missiles and 4,600 horizontal shelters, would have to be expanded to 450 missiles with 23,485 horizontal shelters in order to ensure the survivability of 1,000 American land-based ICBM warheads; and

Whereas such an expansion would increase the cost of the MX/MPS system from $55,000,000,000 to $121,000,000,000: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that development of the multiple protective shelter (MPS) basing mode for the MX missile should be halted and no further funds should be obligated for development of that basing mode until there is in effect a negotiated limit on both the number of intercontinental ballistic missile launchers and the number of multiple independently targeted warheads the Soviet Union may have deployed at any time.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. EVANS of Iowa) to revise and extend their remarks and include extraneous material:)

Mr. JEFFORDS, for 10 minutes, today.
Mr. CORCORAN, for 5 minutes, today.

(The following Members (at the request of Mr. PEASE) to revise and extend their remarks and include extraneous material:)

Mr. WYDEN, for 15 minutes, today.
Mr. PEASE, for 60 minutes, today.
Mr. MAZZOLI, for 5 minutes, today.
Mr. FRANK, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. BLANCHARD, for 5 minutes, today.
Mr. LAFALCE, for 15 minutes, today.
Mr. BEDELL, for 5 minutes, today.
Mr. SKELTON, for 20 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. EVANS of Iowa) and to include extraneous matter:)

Mr. LEBOUTILLIER.
Mr. NELLIGAN.
Mr. WEBER of Minnesota.
Mr. CONTE in two instances.
Mr. DANNEMEYER.
Mr. DORNAN of California in two instances.
Mr. CARMAN.
Mr. ROUSSELOT.
Mr. FISH.
Mr. MCGRATH.
Mr. BEREUTER in two instances.
Mr. MICHEL in three instances.
Mr. WAMPLER.
Mr. MCCLORY.
Mr. LEACH of Iowa.
Mr. SHUMWAY.
Mr. HOLLENBECK.
Mr. FINDLEY.
Mr. DANIEL B. CRANE.

(The following Members (at the request of Mr. PEASE) and to include extraneous matter:)

Mr. WALGREN.
Mr. EDGAR in two instances.
Mr. EDWARDS of California.
Mr. BENJAMIN.
Mr. FORD of Michigan in two instances.
Mr. BINGHAM in 10 instances.
Mr. RODINO in two instances.
Mr. BRODHEAD.
Mr. STARK in three instances.
Mr. KILDEE.
Mr. ROSTENKOWSKI.
Mr. MURTHA.
Mr. FAUNTROY.
Mr. MCDONALD in five instances.
Mr. MILLER of California.
Mr. ANDERSON in 10 instances.
Mr. GONZALEZ in 10 instances.
Mr. BROWN of California in 10 instances.
Mr. ANNUNZIO in six instances.
Mr. ROE in three instances.
Mr. GORE.
Mr. OTTINGER.
Mr. BLANCHARD.
Mr. FASCELL.
Mr. AUCOIN.
Mr. SHELBY.
Mr. DOWNEY.
Mr. BARNES.
Mr. ROYBAL.
Mr. OBERSTAR.
Mr. GIBBONS.
Mr. JONES of North Carolina.

ADJOURNMENT

Mr. PEASE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 40 minutes p.m.), the House adjourned until Wednesday, March 18, 1981, at 3 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

803. A letter from the Deputy Secretary of Agriculture, transmitting a draft of proposed legislation to increase the interest rates for loans made or insured under the Consolidated Farm and Rural Development Act for water and waste disposal, and essential community facilities; to the Committee on Agriculture.

804. A letter from the Deputy Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Rural Electrification Act of 1936 to remove provisions for the special 2 percent interest rate for insured loans; to the Committee on Agriculture.

805. A letter from the Deputy Secretary of Agriculture, transmitting a draft of proposed legislation to amend the United States Grain Standards Act to require that fees charged for official inspection and weighing services cover costs to the Federal Grain Inspection Service including administrative and supervisory costs, and for other purposes; to the Committee on Agriculture.

806. A letter from the Deputy Secretary of Agriculture, transmitting a draft of proposed legislation to recover cost associated with cotton classing and standards, tobacco inspection and standards, and warehouse examination, inspection and licensing, and for other purposes; to the Committee on Agriculture.

807. A letter from the Assistant Secretary of the Air Force (Research, Development, and Logistics), transmitting notice of the proposed conversion to contractor performance of the grounds maintenance function at March Air Force Base, California, pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

808. A letter from the Secretary of Housing and Urban Development, transmitting notice of delays in the submission of various reports required by sections 105(b), 215, 317, and 336(e) of the Housing and Community Development Act of 1980, and by the conference report on that act; to the Committee on Banking, Finance and Urban Affairs.

809. A letter from the Mayor of the District of Columbia, transmitting a draft of proposed legislation to amend the District of Columbia Self-Government and Governmental Reorganization Act with respect to the rate of compensation of the city administrator; to the Committee on the District of Columbia.

810. A letter from the Acting General Counsel, Department of Energy, transmitting notice of a meeting related to the international energy program to be held March 24, 1981, in Paris, France; to the Committee on Energy and Commerce.

811. A letter from the vice president for government affairs, National Railroad Passenger Corp., transmitting a report covering the month of November 1980, on the average number of passengers per day on board each train operated, and the on-time performance at the final destination of each train operated, by route and by railroad, pursuant to section 308(a)(2) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Energy and Commerce.

812. A letter from the vice president for government affairs, National Railroad Passenger Corp., transmitting a report covering the month of December 1980, on the average number of passengers per day on board each train operated, and the on-time performance at the final destination of each train operated, by route and by railroad, pursuant to section 308(a)(2) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Energy and Commerce.

813. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of certain defense articles sold commercially to Morocco (Transmittal No. MC-7-81), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

814. A letter from the Assistant Secretary of State for Congressional Relations, transmitting reports on political contributions made by Career Minister-designate O. Rudolph Aggrey and by Ambassador-designate Charles M. Lichenstein, and by members of their families, pursuant to section 304(b)(2) of Public Law 96-465; to the Committee on Foreign Affairs.

815. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

816. A letter from the Acting Director, Federal Emergency Management Agency, transmitting a report on the Agency's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

817. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting a report on the Corporation's activities under the Government in the Sunshine Act during calendar year 1980, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

818. A letter from the Executive Secretary, Board of Regents of the Uniformed Services University of the Health Sciences, transmitting a report on the Board's activities under the Government in the Sunshine Act during calendar year 1980, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

819. A letter from the Secretary of the Interior, transmitting the third annual report on the status of general management plans for units of the national park system, pursuant to section 12(b) of Public Law 91-383, as amended; to the Committee on Interior and Insular Affairs.

820. A letter from the Secretary of the Interior, transmitting notice of the proposed refund of $27,474.35 in excess gas royalties to Phillips Petroleum Co., pursuant to section 10(b) of the Outer Continental Shelf Lands Act of 1953, as amended; to the Committee on Interior and Insular Affairs.

821. A letter from the Clerk, U.S. Court of Claims, transmitting a certified copy of the court's judgment order in Docket No. 226, *Caddo Tribe of Oklahoma* v. *The United States;* to the Committee on Interior and Insular Affairs.

822. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes; to the Committee on Merchant Marine and Fisheries.

823. A letter from the Acting Administrator of General Services, transmitting a report in response to a complaint filed with

the Special Counsel of the Merit Systems Protection Board, pursuant to 5 U.S.C. 1206(b)(5); to the Committee on Post Office and Civil Service.

824. A letter from the Acting Director, Office of Personnel Management, transmitting a draft of proposed legislation to amend chapter 83 of title 5, United States Code, to provide for annual cost-of-living adjustments to civil service annuities, and for other purposes; to the Committee on Post Office and Civil Service.

825. A letter from the Acting Administrator, U.S. Environmental Protection Agency, transmitting a report on the effect of the industrial cost exclusion on the construction grants program, pursuant to section 4 of Public Law 96-483; to the Committee on Public Works and Transportation.

826. A letter from the Acting Administrator of Veterans' Affairs, transmitting a report covering calendar year 1980 on cases in which equitable relief from administrative error was granted, pursuant to 38 U.S.C. 210(c)(3)(B); to the Committee on Veterans' Affairs.

827. A letter from the Chairman, Board of Governors, Federal Reserve System, transmitting the sixth annual report on the Board's activities under section 18(f) of the Federal Trade Commission Act, pursuant to section 18(f)(6) of the act; jointly, to the Committees on Banking, Finance and Urban Affairs and Energy and Commerce.

828. A letter from the Secretary of Agriculture, transmitting the 1980 report of the National Advisory Council on Maternal, Infant and Fetal Nutrition, pursuant to section 17(k)(4) of the Child Nutrition Act of 1966, as amended (92 Stat. 3611); jointly, to the Committees on Education and Labor and Agriculture.

829. A letter from the Acting Comptroller General of the United States, transmitting a report on U.S. assistance to Egyptian agriculture (ID-81-19, Mar. 16, 1981); jointly, to the Committees on Government Operations and Foreign Affairs.

830. A letter from the Comptroller General of the United States, transmitting a report on Federal charges for irrigation projects (PAD-81-07, Mar. 13, 1981); jointly, to the Committees on Government Operations and Interior and Insular Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALBOSTA:

H.R. 2522. A bill to amend the Agricultural Act of 1949 to increase the levels of loans and purchases for the 1980 and 1981 crops of feed grains, wheat and soybeans, and for other purposes; to the Committee on Agriculture.

By Mr. ALBOSTA (for himself, Mr. ROSE, and Mr. HOLLAND):

H.R. 2523. A bill to establish a national insurance program to protect persons storing grain in a public warehouse against losses which may be caused by the insolvency of such warehouse; to the Committee on Agriculture.

By Mr. BARNARD:

H.R. 2524. A bill to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington; to the Committee on Banking, Finance and Urban Affairs.

By Mr. HEFTEL (for himself, Mr. FORD of Tennessee, and Mr. FOWLER):

H.R. 2525. A bill to amend the Internal Revenue Code of 1954 to encourage investment and economic growth by providing a simplified first-year capital cost recovery method; to the Committee on Ways and Means.

By Mr. BIAGGI (for himself and Mr. JONES of North Carolina):

H.R. 2526. A bill to authorize appropriations for certain maritime programs of the Department of Commerce for fiscal 1982, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. BROWN of Ohio:

H.R. 2527. A bill to amend the Federal Food, Drug, and Cosmetic Act with respect to food additives; to the Committee on Energy and Commerce.

By Mr. BROOKS:

H.R. 2528. A bill to amend the Economy Act to provide that all departments and agencies may obtain materials or services from other agencies by contract, and for other purposes; to the Committee on Government Operations.

By Mr. CARNEY:

H.R. 2529. A bill to modify the navigation project for Moriches and Shinnecock Inlets, New York; to the Committee on Public Works and Transportation.

By Mr. RINALDO (for himself, Mr. COLLINS of Texas, Mr. BROWN of Ohio, Mr. LAFALCE, Mr. ALEXANDER, and Mr. ROUSSELOT):

H.R. 2530. A bill to amend and clarify the Foreign Corrupt Practices Act of 1977; to the Committee on Energy and Commerce.

By Mr. DERWINSKI:

H.R. 2531. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

By Mr. FASCELL:

H.R. 2532. A bill to provide for the cooperation between the armed services and local, State, and Federal law enforcement officials; to the Committee on Armed Services.

By Mr. FIELDS:

H.R. 2533. A bill to amend the Internal Revenue Code of 1954 to provide incentives for savings by individuals; to the Committee on Ways and Means.

By Mr. FITHIAN:

H.R. 2534. A bill to amend the Water Resources Development Act of 1974 relating to deauthorization of navigation, flood control, and other water projects; to the Committee on Public Works and Transportation.

H.R. 2535. A bill to deauthorize the Lafayette Dam and Reservoir, Wabash River, Ind.; to the Committee on Public Works and Transportation.

H.R. 2536. A bill to deauthorize the Lafayette Dam and Reservoir, Big Pine Dam and Reservoir, Clifty Creek Dam and Reservoir, Big Walnut Dam and Reservoir, and Big Blue Dam and Reservoir in the State of Indiana; to the Committee on Public Works and Transportation.

By Mr. FOLEY:

H.R. 2537. A bill to amend the Saccharin Study and Labeling Act to extend to December 31, 1982, the ban on actions by the Secretary of Health and Human Services respecting saccharin; to the Committee on Energy and Commerce.

H.R. 2538. A bill to amend the Federal Food, Drug, and Cosmetic Act to delete certain requirements applicable to food additives and color additives; to the Committee on Energy and Commerce.

By Mr. FRENZEL (for himself and Mr. HEFTEL):

H.R. 2539. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the deduction allowable for certain moving expenses; to the Committee on Ways and Means.

By Mr. GIBBONS:

H.R. 2540. A bill to authorize appropriations for the U.S. International Trade Commission, the U.S. Customs Service, and the Office of the U.S. Trade Representative for fiscal year 1982, and for other purposes; to the Committee on Ways and Means.

By Mr. SAM B. HALL, JR.:

H.R. 2541. A bill to amend title 38, United States Code, to make certain improvements in the dependency and indemnity compensation program for children of veterans with service-connected disabilities; to the Committee on Veterans' Affairs.

H.R. 2542. A bill to amend title 38, United States Code, to provide that the pension of a veteran who is blind as a result of a nonservice-connected disability and who is being furnished hospital care by the Veterans' Administration in a Veterans' Administration center operated exclusively for the rehabilitation of blinded veterans shall not be reduced because the period of care of such veteran extends more than 3 months; to the Committee on Veterans' Affairs.

By Mr. JEFFORDS (for himself, Mr. DOWNEY, Mr. PEPPER, Mr. LAGOMARSINO, Mr. GORE, Mr. SHUMWAY, Mr. IRELAND, and Mr. BEILENSON):

H.R. 2543. A bill to establish aggressive and effective collection practices with respect to all Federal loan programs, and for other purposes; jointly, to the Committees on the Judiciary, Government Operations, Education and Labor, and Ways and Means.

By Mr. JOHNSTON:

H.R. 2544. A bill to change the method of computing increases in Federal benefit payments to individuals participating in certain Federal programs; to the Committee on Government Operations.

By Mr. HOLLENBECK:

H.R. 2545. A bill to permit the importation of certain scrimshaw articles under the Endangered Species Act of 1973; to the Committee on Merchant Marine and Fisheries.

By Mr. JONES of Tennessee:

H.R. 2546. A bill to direct the Corps of Engineers to study the feasibility of modifying the Mississippi River project at Tiptonville, Tenn.; to the Committee on Public Works and Transportation.

H.R. 2547. A bill to require authorizations of new budget authority for Government programs at least every 5 years, to establish a procedure for zero-base review of Government programs every 5 years, and for other purposes; jointly, to the Committees on Government Operations, and Rules.

By Mr. LAFALCE:

H.R. 2548. A bill to amend the Internal Revenue Code of 1954 to allow taxpayers to contribute $2,000 a year to certain retirement savings plans (in addition to the amount allowed as a deduction) without incurring liability for excess contributions tax, and to provide incentives for retirement savings by increasing the maximum amount of annual deduction allowable for deposits into individual retirement accounts and by permitting active participants in employer plans to establish such accounts; to the Committee on Ways and Means.

By Mr. McDONALD:

H.R. 2549. A bill to amend title 44, United States Code, to require that Federal publications which are distributed to the public free of charge shall bear a statement indicating that the printing and distribution of such publications are financed by U.S. taxpayers; to the Committee on House Administration.

By Mr. MADIGAN (for himself and Mr. BROYHILL):

H.R. 2550. A bill to eliminate Federal funding for and improve the competitive position of health maintenance organizations, and for other purposes; to the Committee on Energy and Commerce.

By Mr. MURTHA:

H.R. 2551. A bill to provide for an alternative amortization period for pollution control facilities; to the Committee on Ways and Means.

H.R. 2552. A bill to impose quotas on the importation of automobiles from Japan during 1981, 1982, and 1983; to the Committee on Ways and Means.

By Mr. PETRI:

H.R. 2553. A bill to amend the Urban Mass Transportation Act of 1964 to provide for establishment of alternative methods of providing mass transportation to meet special needs of the handicapped; to the Committee on Public Works and Transportation.

By Mr. ROUSSELOT:

H.R. 2554. A bill to amend the Internal Revenue Code of 1954 to provide that property may be levied upon for the collection of tax (other than where such collection is in jeopardy) only pursuant to a court order; to the Committee on Ways and Means.

H.R. 2555. A bill to amend the Internal Revenue Code of 1954 to authorize the payment of attorney's fees to taxpayers who prevail in tax litigation; to the Committee on Ways and Means.

By Mr. SHELBY (for himself, Mr. NICHOLS, Mr. DICKINSON, Mr. EDWARDS of Alabama, Mr. BEVILL, Mr. FLIPPO, and Mr. SMITH of Alabama):

H.R. 2556. A bill to amend the Immigration and Nationality Act to authorize the President, in the case of acts of terrorism or other hostile acts committed with the participation or acquiescence of a foreign state, to exclude and deport from the United States nonimmigrant aliens who are nationals of that state; to the Committee on the Judiciary.

By Mr. STARK:

H.R. 2557. A bill to amend the Internal Revenue Code of 1954 to provide that certain moves of sports franchises will be treated as sales; to the Committee on Ways and Means.

H.R. 2558. A bill to amend the Internal Revenue Code of 1954 to provide an exclusion from gross income for certain per diem received by State legislators; to the Committee on Ways and Means.

By Mr. STUDDS (for himself, Mr. JONES of North Carolina, Mr. YOUNG of Alaska, and Mr. SNYDER):

H.R. 2559. A bill to to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. TAUKE:

H.R. 2560. A bill to amend the Internal Revenue Code of 1954 to allow individuals a deduction for certain expenses paid or incurred in connection with the adoption of a child; to the Committee on Ways and Means.

By Mr. WAMPLER (for himself and Mr. BROWN of California):

H.R. 2561. A bill to increase by 5 years the period during which activities may be carried out under the Agricultural Research, Extension, and Teaching Policy Act of 1977, to expand the scope of activities authorized in such act, and for other purposes; to the Committee on Agriculture.

By Mr. WAXMAN:

H.R. 2562. A bill to extend, revise, and consolidate certain programs of the Public Health Service Act; to the Committee on Energy and Commerce.

By Mr. WILSON:

H.R. 2563. A bill relating to the tariff treatment of certain ceramic insulators used in spark plugs; to the Committee on Ways and Means.

By Mr. WOLF (for himself and Mr. PARRIS):

H.R. 2564. A bill to grant the consent of Congress for the States of Virginia and Maryland and the District of Columbia to amend the Washington Metropolitan Area Transit Regulations Compact relating to the requirement that labor disputes involving the Washington Metropolitan Area Transit Authority and its employees which are not resolved by collective bargaining be submitted to arbitration; jointly, to the Committees on the Judiciary and the District of Columbia.

By Mr. ASPIN (for himself, Mr. BENNETT, Mr. BONIOR of Michigan, Mr. CORRADA, Mr. COTTER, Mr. DE LUGO, Mr. DOWNEY, Mr. GRAY, Mr. HARKIN, Mr. HOWARD, Mr. LAFALCE, Mr. MCKINNEY, Mr. MURPHY, Mr. PATTERSON, Mr. SEIBERLING, Mr. SIMON, and Mr. VENTO):

H.R. 2565. A bill to amend the Voting Rights Act of 1965; to the Committee on House Administration.

By Mr. BLANCHARD (for himself, Mr. BETHUNE, Mr. WILLIAM J. COYNE, Mr. D'AMOURS, Mr. FAUNTROY, Mr. GARCIA, Mr. MCKINNEY, Ms. OAKAR, Mr. PARRIS, Mrs. ROUKEMA, Mr. ST GERMAIN, Mr. SHUMWAY, and Mr. VENTO):

H.R. 2566. A bill to amend the Federal Financing Bank Act of 1973 to require that the receipts and disbursements of the Federal Financing Bank be included in the Federal budget, and for other purposes; jointly, to the Committees on Ways and Means, and Banking, Finance and Urban Affairs.

By Mr. CORCORAN (for himself, Mr. MICHEL, and Mr. MADIGAN):

H.R. 2567. A bill relating to the treatment of certain rentals of farm and business real property for purposes of section 2032A of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. GIBBONS:

H.R. 2568. A bill to provide that certain administration expenses incurred in carrying out the Social Security Act will be paid from general revenue funds rather than from the trust funds established in title II and part A of title XVIII of the Social Security Act; to the Committee on Ways and Means.

Mr. MURTHA:

H.J. Res. 208. A resolution to provide for the designation of a national "Freedom Flag"; to the Committee on Post Office and Civil Service.

By Mr. BEDELL:

H. Con. Res. 94. A resolution expressing the sense of the Congress that development of the multiple protective shelter (MPS) basing mode for the MX missile should be halted until a limitation on both the number of intercontinental ballistic missile launchers and the number of multiple independently targeted warheads the Soviet Union may deploy has been negotiated and is in effect; to the Committee on Armed Services.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

22. By the SPEAKER: A memorial of the House of Representatives of the State of Hawaii, relative to the burning of higher sulfur content fuel oil at Hawaiian Electric Co.'s, Kahe Powerplant; to the Committee on Energy and Commerce.

23. Also, a memorial of the Senate of the Commonwealth of Massachusetts, relative to assistance to the Government of El Salvador; to the Committee on Foreign Affairs.

24. Also, a memorial of the Assembly of the State of New York, relative to persuading the world community of nations to seek a speedy, just, and equitable solution to the dangerous situation in Northern Ireland; to the Committee on Foreign Affairs.

25. Also, a memorial of the Legislature of the State of North Dakota, relative to block grants; to the Committee on Government Operations.

26. Also, a memorial of the Legislature of the State of Montana, requesting that Congress propose an amendment to the Constitution of the United States to protect unborn children; to the Committee on the Judiciary.

27. Also, a memorial of the Legislature of the State of Wyoming, relative to the Jackson Hole Airport; to the Committees on Interior and Insular Affairs, and Public Works and Transportation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHAPPELL:

H.R. 2569. A bill for the relief of Servillano de Guzman; to the Committee on the Judiciary.

By Mr. McDONALD:

H.R. 2570. A bill for the relief of Joyce G. McFarland; to the Committee on the Judiciary.

By Mr. MATSUI:

H.R. 2571. A bill for the relief of Angelita Carrasca; to the Committee on the Judiciary.

H.R. 2572. A bill for the relief of Guadelupe Ortega-Garza; to the Committee on the Judiciary.

H.R. 2573. A bill for the relief of Moses Bank; to the Committee on the Judiciary.

H.R. 2574. A bill for the relief of Mohan Singh and Ajit Singh; to the Committee on the Judiciary.

By Mr. RAHALL:

H.R. 2575. A bill for the relief of Cesar B. Ibanez II; to the Committee on the Judiciary.

By Mrs. SCHNEIDER:

H.R. 2576. A bill for the relief of William J. Games; to the Committee on the Judiciary.

By Mr. SOLARZ:

H.R. 2577. A bill for the relief of Blanca Nellie Quintana; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 7: Mr. DUNCAN, Mr. HOLLAND, Mr. ARCHER, Mr. JACOBS, Mr. ROUSSELOT, Mr. MARTIN of North Carolina, Mr. MOORE, Mr. BAFALIS, Mr. MCCLOSKEY, Mr. PORTER, Mr. LAGOMARSINO, Mr. COLLINS of Texas, Mr. HYDE, Mr. BARNARD, Mr. MADIGAN, Mr. RAILSBACK, Mr. PRITCHARD, Mr. COLEMAN, Mrs. BOUQUARD, Mr. GREGG, Mr. GOLDWATER, Mr. FORSYTHE, Mr. WHITEHURST, Mr. DAN DANIEL, Mr. MURPHY, Mr. SAWYER, Mr. GREEN, Mr. JOHNSTON, Mr. GINGRICH, Mr. WOLF, Mr. COELHO, Mr. LUJAN, Mr. JAMES K. COYNE, Mr. BEARD, Mr. EVANS of Delaware, Mr. BURGENER, Mr. RALPH M. HALL, Mr. DASCHLE, Mr. EVANS of Georgia, Mr. MORRISON, and Mr. FISH.

H.R. 27: Mr. BAFALIS, Mr. BEILENSON, Mr. BLILEY, Mr. EVANS of Indiana, Mr. FASCELL, Mr. FOGLIETTA, Mr. FOUNTAIN, Mr. GUARINI, Mr. HUTTO, Mr. KEMP, Mr. MYERS, Mr. SUNIA, and Mr. TAYLOR.

H.R. 523: Mr. CARNEY.

H.R. 608: Mr. LEWIS and Mr. MORRISON.

H.R. 609: Mr. LEWIS and Mr. MORRISON.

H.R. 610: Mr. LEWIS, Mr. MORRISON, and Mr. DAUB.

H.R. 614: Mr. LOWERY of California.

H.R. 644: Mr. DELLUMS and Mr. HEFTEL.

H.R. 703: Mr. BARNARD.

H.R. 713: Mr. PORTER.

H.R. 746: Mr. NATCHER, Mr. HUGHES, Mr. KOGOVSEK, Mr. NELSON, Mr. MURPHY, Mr. BENNETT, Mr. GIBBONS, Mr. REUSS, Mr. WHITEHURST, Mr. MOAKLEY, Mr. HANSEN of Idaho, Mr. WHITTEN, Mr. SAM B. HALL, JR., Mr. PRITCHARD, Mr. GARCIA, Mr. BEVILL, Mr. GLICKMAN, Mr. PRICE, Mr. EVANS of Georgia, Mr. DE LA GARZA, Mr. BEDELL, Mr. ZABLOCKI, Mr. COELHO, Mr. STOKES, Mr. IRELAND, Mr. FISH, and Mr. DOUGHERTY.

H.R. 790: Mr. LOEFFLER, Mr. NICHOLS, Mr. COLLINS of Texas, Mr. BAILEY of Missouri, Mr. JOHNSTON, Mr. SMITH of Alabama, Mr. STUMP, Mr. BARNARD, and Mr. ANDREWS.

H.R. 798: Mr. ZEFERETTI, Mr. SIMON, Mrs. BOUQUARD, Mr. WAMPLER, Mr. MARTIN of New York, and Mr. ANDREWS.

H.R. 799: Mr. CORRADA, Mr. ROBINSON, Mr. DE LUGO, Mr. MITCHELL of Maryland, Mr. TAUKE, Mr. SMITH of Alabama, Mr. WAMPLER, Ms. MIKULSKI, Mr. KOGOVSEK, Mr. DUNCAN, Mr. FRANK, Mr. LAFALCE, Mr. ROE, and Mr. ANDREWS.

H.R. 801: Mr. O'BRIEN, Mr. PANETTA, Mr. LOWERY of California, Mr. GREGG, Mrs. SCHNEIDER, Mr. STUMP, Mrs. BOUQUARD, and Mr. WAMPLER.

H.R. 806: Mr. KOGOVSEK, Mr. HOWARD, Mr. ERDAHL, Mr. LEHMAN, Mr. HYDE, and Mr. STOKES.

H.R. 1100: Mr. WILLIAMS of Montana and Mr. DWYER.

H.R. 1206: Mr. DUNCAN and Mr. LONG of Maryland.

H.R. 1207: Mr. DUNCAN and Mr. LONG of Maryland.

H.R. 1294: Mr. CONYERS, Mr. TAUKE, Mr. HORTON, and Mr. MINETA.

H.R. 1316: Mr. PEPPER.

H.R. 1320: Mrs. FENWICK.

H.R. 1353: Mr. BAILEY of Pennsylvania, Mr. DE LA GARZA, Mr. DELLUMS, Mr. ERDAHL, Mr. FARY, Mr. FAUNTROY, Mr. FORD of Michigan, Mr. HEFTEL, Mr. IRELAND, Mr. MOLLOHAN, Mr. OTTINGER, Mr. RICHMOND, Mr. VENTO, Mr. YATRON, and Mr. AKAKA.

H.R. 1509: Mr. RANGEL, Mr. COELHO, Mr. CLAY, Mr. BEDELL, Mr. RUSSO, Mr. MCCLOSKEY, Mr. KOGOVSEK, Mr. DYMALLY, Mr. LONG of Maryland, Mr. DORGAN of North Dakota, and Mr. YATRON.

H.R. 1540: Ms. FERRARO and Mrs. HECKLER.

H.R. 1642: Mr. WILSON, Mr. SKEEN, Mr. MORRISON, Mrs. SNOWE, Mr. IRELAND, Mr. BOWEN, Mr. LAFALCE, Mr. DAUB, Mr. BEREUTER, Mr. CHENEY, and Mr. SPENCE.

H.R. 1649: Mr. HYDE, Mr. LAGOMARSINO, Mr. COLLINS of Texas, Mr. DOUGHERTY, and Mr. LOTT.

H.R. 1650: Mr. LAGOMARSINO, Mr. FORSYTHE, Mr. EVANS of Georgia, and Mr. STANGELAND.

H.R. 1698: Mr. SWIFT, Mrs. CHISHOLM, Mrs. SCHROEDER, Mr. PASHAYAN, Mr. MURPHY, Mr. WEISS, Mr. BARNARD, Mr. LAFALCE, Mr. JEFFORDS, Mr. DE LUGO, Mr. GLICKMAN, Mr. LOWRY of Washington, Mr. GUYER, Mr. HUGHES, Mr. ERDAHL, Mr. BIAGGI, Mr. STOKES, Mr. LUNGREN, Mr. ADDABBO, Mr. MONTGOMERY, Mr. GINGRICH, Mr. EVANS of Georgia, Mr. RALPH M. HALL, Mr. ROE, and Mr. STENHOLM.

H.R. 1713: Mr. SIMON, Ms. FERRARO, Mr. EVANS of Delaware, Mr. PATTERSON, Mr. ANDERSON, Mr. GOLDWATER, Mr. EVANS of Georgia, Mr. HERTEL, Mr. BONKER, Mr. MINETA, Mr. STENHOLM, Mr. BAFALIS, and Mr. BARNARD.

H.R. 1714: Mr. ADDABBO, Mr. MOTTL, Mr. YOUNG of Missouri, Mr. OBERSTAR, Mr. FORSYTHE, Mr. KOGOVSEK, Ms. MIKULSKI, Mr. PASHAYAN, Mr. HORTON, Mr. BARNARD, Mr. MARKS, Mr. FISH, Mr. SKELTON, Mr. OTTINGER, Mr. LOWRY of Washington, Mr. LONG of Maryland, and Mr. STOKES.

H.R. 1778: Mr. ROBERT W. DANIEL, JR.

H.R. 1779: Mr. ROBERT W. DANIEL, JR.

H.R. 1918: Mr. EVANS of Iowa and Mr. HUTTO.

H.R. 2121: Mr. CORRADA.

H.R. 2122: Mr. IRELAND.

H.R. 2123: Mr. FRENZEL.

H.R. 2142: Mr. ANDERSON, Mr. BEILENSON, Mr. BROWN of California, Mr. JOHN L. BURTON, Mr. PHILLIP BURTON, Mrs. CHISHOLM, Mr. COELHO, Mr. DELLUMS, Mr. DIXON, Mr. DYMALLY, Mr. EDWARDS of California, Mr. FAZIO, Mr. SAM B. HALL, JR., Mr. HAWKINS, Mr. LANTOS, Mr. MATSUI, Mr. MILLER of California, Mr. PANETTA, Mr. PATTERSON, Mr. ROYBAL, Mr. BADHAM, Mr. CHAPPIE, Mr. DANNEMEYER, Mr. DORNAN of California, Mr. DREIER, Ms. FIEDLER, Mr. GOLDWATER, Mr. GRISHAM, Mr. HUNTER, Mr. LAGOMARSINO, Mr. LEWIS, Mr. LOWERY of California, Mr. MCCLOSKEY, Mr. MOORHEAD, Mr. PASHAYAN, Mr. SHUMWAY, Mr. THOMAS, Mr. STARK, Mr. VENTO, and Mr. WAXMAN.

H.R. 2312: Mr. CRAIG, Mr. GUYER, Mr. DORNAN of California, Mr. DERWINSKI, Mr. RUDD, Mr. DUNCAN, Mr. COLLINS of Texas, Mr. MCDONALD, Mr. LAGOMARSINO, and Mr. ROBERT W. DANIEL, JR.

H.R. 2422: Mr. SMITH of Alabama.

H.R. 2423: Mr. SMITH of Alabama.

H.R. 2424: Mr. SMITH of Alabama.

H.R. 2425: Mr. SMITH of Alabama.

H.J. Res. 68: Mr. ANDERSON.

H.J. Res. 84: Mr: ALBOSTA.

H.J. Res. 159: Mr. BIAGGI and Mr. CLINGER.

H.J. Res. 182: Mr. PANETTA, Mr. GOODLING, Mr. CONYERS, Mr. PURSELL, Mr. WOLPE, Mr. SAWYER, Mr. KILDEE, Mr. TRAXLER, Mr. DAVIS, Mr. BONIOR of Michigan, Mr. HERTEL, Mr. FORD of Michigan, Mr. DINGELL, Mr. BRODHEAD, Mr. BROOMFIELD, Mr. WASHINGTON, Mr. RUSSO, Mr. DERWINSKI, Mr. FARY, Mr. PORTER, Mr. ANNUNZIO, Mr. MCCLORY, Mr. CORCORAN, Mr. FINDLEY, Mr. MADIGAN, Mr. DANIEL B. CRANE, Mr. BENJAMIN, Mr. SHARP, Mr. JACOBS, Mr. TAUKE, Mr. HARKIN, Mr. JEFFRIES, Mr. WINN, Mr. NATCHER, Mr. PERKINS, Mr. TAUZIN, Mr. ROEMER, Mr. ANTHONY, Mr. MCCURDY, Mr. MCHUGH, Mr. EDWARDS of Alabama, Mr. DICKINSON, Mr. YOUNG of Alaska, Mr. MATSUI, Mr. FAZIO, Mr. MILLER of California, Mr. EDWARDS of California, Mr. MCCLOSKEY, Mr. PASHAYAN, Mr. LAGOMARSINO, Mr. GOLDWATER, Ms. FIEDLER, Mr. DORNAN of California, Mr. DIXON, Mr. GRISHAM, Mr. LUNGREN, Mr. LEWIS, Mr. LOWERY of California, Mr. WIRTH, Mr. KOGOVSEK, Mr. GEJDENSON, Mr. MOFFETT, Mr. HUTTO, Mr. FUQUA, Mr. MCCOLLUM, Mr. YOUNG of Florida, Mr. MICA, Mr. SHAW, Mr. PEPPER, Mr. GINN, Mr. AKAKA, Mr. CRAIG, Mr. HANSEN of Idaho, Mr. DYSON, Mr. LONG of Maryland, Ms. MIKULSKI, Mrs. HOLT, Mr. BARNES, Mr. BEVILL, Mr. CONTE, Mr. WYDEN, Mr. EVANS of Georgia, Mr. WEAVER, Mr. COELHO, Mr. FOGLIETTA, Mr. GRAY, Mr. LEDERER, Mr. DOUGHERTY, Mr. YATRON, Mr. EDGAR, Mr. MCDADE, Mr. NELLIGAN, Mr. MURTHA, Mr. WILLIAM J. COYNE, Mr. RITTER, Mr. WALKER, Mr. ERTEL, Mr. WALGREN, Mr. GAYDOS, Mr. BAILEY of Pennsylvania, Mr. MURPHY, Mr. CLINGER, Mr. MARKS, Mr. ST GERMAIN, Mrs. SCHNEIDER, Mr. HARTNETT, Mr. DERRICK, Mr. HOLLAND, Mr. ROBERTS of South Dakota, Mr. DUNCAN, Mrs. BOUQUARD, Mr. GORE, Mr. BONER of Tennessee, Mr. JONES of Tennessee, Mr. FORD of Tennessee, Mr. SAM B. HALL, JR., Mr. MATTOX, Mr. GRAMM, Mr. ARCHER, Mr. FIELDS, Mr. BOLAND, Mr. FRANK, Mr. MAVROULES, Mr. MOAKLEY, Mr. DONNELLY, Mr. UDALL, Mr. ERDAHL, Mr. VENTO, Mr. WEBER of Minnesota, Mr. STANGELAND, Mr. BOWEN, Mr. LOTT, Mr. YOUNG of Missouri, Mr. BAILEY of Missouri, Mr. BEREUTER, Mr. DAUB, Mrs. SMITH of Nebraska, Mr. SANTINI, Mr. D'AMOURS, Mr. GREGG, Mr. FLORIO, Mr. HUGHES, Mr. HOWARD, Mrs. FENWICK, Mr. FORSYTHE, Mr. ROE, Mr. HOLLENBECK, Mr. RODINO, Mr. COURTER, Mr. GUARINI, Mr. DWYER, Mr. LUJAN, Mr. CARNEY, Mr. DOWNEY, Mr. LENT, Mr. MCGRATH, Mr. LEBOUTILLIER, Mr. ADDABBO, Mr. ROSENTHAL, Ms. FERRARO, Mr. SCHEUER, Mrs. CHISHOLM, Mr. SOLARZ, Mr. RICHMOND, Mr. SCHUMER, Mr. MOLINARI, Mr. WEISS, Mr. BINGHAM, Mr. PEYSER, Mr. OTTINGER, Mr. FISH, Mr. GILMAN, Mr. SOLOMON, Mr. MITCHELL of New York, Mr. LEE, Mr. HORTON, Mr. LAFALCE, Mr. KEMP, Mr. LUNDINE, Mr. JONES of North Carolina, Mr. FOUNTAIN, Mr. ANDREWS, Mr. NEAL, Mr. JOHNSTON, Mr. ROSE, Mr. HEFNER, Mr. MARTIN of North Carolina, Mr. BROYHILL, Mr. LUKEN, Mr. GUYER, Mr. BROWN of Ohio, Mr. KINDNESS, Mr. WYLIE, Mr. APPLEGATE, Mr. WILLIAMS of Ohio, Mr. STOKES, Mr. MOTTL, Mr. SYNAR, Mr. ENGLISH, Mr. AUCOIN, Mr. PICKLE, Mr. DE LA GARZA, Mr. STENHOLM, Mr. HANCE, Mr. GONZALEZ, Mr. FROST, Mr. WHITEHURST, Mr. BUTLER, Mr. ROBINSON, Mr. WOLF, Mr. MORRISON, Mr. MOLLOHAN, Mr. RAHALL, Mr. ASPIN, Mr. KASTENMEIER, Mr. GUNDERSON, Mr. SUNIA, Mr. CORRADA, Mr. MCDONALD, Mr. SHELBY, and Mr. DASCHLE.

H. Con. Res. 59: Mr. DASCHLE, Mr. DAUB, Mr. GINGRICH, Mr. BARNES, Mr. CROCKETT, Mr. APPLEGATE, Mr. DYSON, Mr. PASHAYAN, Mr. NELLIGAN, Mr. MINETA, and Mrs. BOUQUARD.

H. Res. 38: Mr. ROBERT W. DANIEL, JR.

PETITIONS, ETC.

Under clause 1 of rule XXII.

37. The SPEAKER presented a petition of the board of directors, East River Electric Power Cooperative, Inc., Madison, S. Dak., relative to rural electric financing, which was referred to the Committee on Agriculture.

SENATE—*Tuesday, March 17, 1981*

(Legislative day of Monday, February 16, 1981)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Reverend Jack D. Kinard, pastor, Bethel Assembly of God Church, Martinsburg, W. Va., offered the following prayer:

Our Heavenly Father, Creator, God omnipotent, hear us as we pray.

We who pause to honor You know that no man is in a position of authority or responsibility purely by his own designs or desires. Daniel spoke for all of us when he said of You that You are the God in whose hand our breath is and whose are all our ways; and that You ruleth in the kingdom of men, and that You, O God, appointeth over it whomsoever that You will.

All the peoples of our land are affected by the laws that are debated and enacted in this House. Fairness and justice for all are not idle words or unreal idealism. But how often is our sincere desire to bring about these blessings frustrated by unseen developments? Therefore, we humbly beg for Heaven's guidance throughout the deliberations that are to proceed within this Chamber.

Let the people of this Nation and all nations be continually blessed with peace, and allow the furtherance of those benefits that You deem to be for our good be received with grateful hearts. Let us not lift up ourselves against the God of heaven, or defile our Nation as Belshazzar of old, for this is a Nation honored of God; now help us that we might also honor You, our Father.

For thine is the kingdom, and the power and the glory for ever, even as Your only begotten son, Jesus, has taught us to pray. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 11 A.M. ON THURSDAY, MARCH 19, 1981

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 11 a.m. on Thursday, March 19, 1981.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR CRANSTON

Mr. BAKER. Mr. President, I inquire of the Chair: Are there special orders for the recognition of Senators this morning?

The PRESIDENT pro tempore. There are two special orders.

Mr. BAKER. Mr. President, I ask unanimous consent that there be, in addition, a special order for the recognition of the distinguished Senator from California (Mr. CRANSTON) to follow in sequence after the two special orders previously entered.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that following the recognition of the three Senators under the special orders, there be a period for the transaction of routine morning business, not to extend beyond 1 p.m., and that Senators may be permitted to speak therein for not more than 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECESS TODAY

Mr. BAKER. Mr. President, I ask unanimous consent that after the execution of the three special orders and the close of morning business as just provided for, the Senate, at 1 p.m., stand in recess until 2 p.m. today.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. 509, ADJUSTMENT OF PRICE SUPPORTS FOR MILK

Mr. BAKER. Mr. President, I ask unanimous consent that, at 2 p.m., the Senate proceed to the consideration of Calendar No. 32, S. 509, a bill to amend section 201 of the Agricultural Act of 1949, as amended.

Mr. ROBERT C. BYRD. Mr. President, there is no objection to proceeding to the consideration of that measure at this time, the 3-day rule having expired.

Mr. BAKER. The minority leader is correct. I believe the 3-day rule has expired. I thank him for his statement that there is no opposition.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have no further need for my time under the standing order, and I am prepared to yield it back or yield it to any Senator. I yield it now to the minority leader.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader for his courtesy in yielding the time. I will make use of it.

The PRESIDENT pro tempore. The Senator from West Virginia.

THE REVEREND JACK D. KINARD

Mr. ROBERT C. BYRD. Mr. President, I wish to say a brief word about the invocation delivered today by Dr. Jack Kinard.

The people of West Virginia have a rich spiritual heritage. That heritage is largely the fruit of generations of faithful nurturing by pastors like Dr. Jack Kinard, who has led us in the invocation today.

Dr. Kinard has been the pastor of the Bethel Assembly of God Church in Martinsburg, W. Va., for 3 years. He is a native of Arkansas, where he received his education at Southern Baptist College and the University of Arkansas.

In addition, he received clinical training for pastoral care in Arkansas. Prior to accepting the call to Martinsburg, Dr. Kinard served churches in his home State and in Missouri.

I am sure that my colleagues join me today in welcoming the Reverend Mr. Kinard into our midst.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, I yield such time as he may desire to Mr. PROXMIRE.

How much time does the Senator desire?

Mr. PROXMIRE. I understand that the Senator from Missouri wishes some time. If the Senator has time, I would appreciate 2 minutes.

Mr. ROBERT C. BYRD. I yield 2 minutes to Mr. PROXMIRE, and I yield to Mr. EAGLETON such time as he may require, from the time that has been allotted to me under the standing order and the time that was yielded to me by the distinguished majority leader.

Mr. EAGLETON. I thank the distin-

guished Senator from Wisconsin and the distinguished minority leader.

(Mr. ABDNOR assumed the chair.)

APRIL 1, 1981—80-PERCENT PARITY ADJUSTMENT

Mr. PROXMIRE. Mr. President, the issue before the Senate today will be: "Should the Congress change the current law that requires an adjustment in milk price supports on April 1 to bring the supports to the 80 percent of parity level?" My answer is a ringing: "No."

I say that as one who fully supports the President's proposed reductions in our Federal budget. I think we can and should go farther than the President has requested in those reductions. The President deserves great credit for proposing these deep and painful reductions. He is right. But on dairy price supports he is wrong. And in quick summary, here is why:

First, the failure to make this April 1 income support adjustment would have a disastrous effect on the Nation's dairy farmers.

Second. dairy farmers deserve as well as need this adjustment in view of their hard work and long hours, the size of their investment, the risk they take, and their remarkable efficiency.

Third, the program of 80 percent price support works.

Fourth, the cost of the program to the Federal Government is minimal.

Fifth, in the long run consumers will be better off, not worse off.

DISASTROUS EFFECT ON DAIRY FARMERS

Current legislation provides for an increase in milk price supports by the amount farm costs increase between October 1, 1980 and April 1, 1981. The USDA estimates this increase at 6.9 percent, which when multiplied by the October 1, 1980, support price of $12.80 per hundredweight, results in an 88-cent per hundredweight increase. This, when divided by 11.5 gallons per hundredweight, equals 7.7 cents per gallon. Experts at the University of Wisconsin tell us that passage of S. 509, the gutting of dairy price supports, means an annual loss in net income per Wisconsin grade A dairy farmer of $5.850 annually, translating into a devastating one-third drop in his net income.

Nobody else is being asked to take that kind of cut. Talk about equality of sacrifice. If we had that cut applied throughout our economy, every worker would suffer a one-third cut in his cash income next year. Of course, that is not going to be the case for anybody except the dairy farmer.

That net income, incidentally, allows nothing for return on his invested capital and the typical dairy farm requires about a $250,000 investment.

DAIRY FARMERS DESERVE THE ADJUSTMENT

Mr. President, what in the name of heaven does it take to justify a reasonable income in this country? I submit the first criteria is hard work. Does the dairy farmer work hard? He has to milk those cows twice a day. He has to work constantly to keep his equipment shipshape. He has to plant and harvest his feed, and that includes gathering and distributing tons of manure on his land.

Incidentally, that is one of the few tough dairy jobs those of us in the Senate could qualify for. [Laughter.]

He has to keep detailed, meticulous books, including records on every cow, on every piece of equipment. Careful studies by the University of Wisconsin estimate that the typical dairy farmer and his wife and children work from 130 to 150 hours per week.

Imagine that—130 to 150 hours per week.

Those experts compute the implicit wages for this work, allowing nothing for return on invested capital, came in June of 1980 for labor and management to $2.89 per hour. Let me repeat that, Mr. President: The Wisconsin dairy farmer now earns $2.89 per hour. That is 13 percent below the minimum wage. And he makes that for the toughest, most skilled kind of hard work. Compare that to the typical U.S. manufacturing worker who makes $7.18 or far more than twice as much per hour. Compare it to the average U.S. construction worker who makes $9.79, or more than three times as much. Mr. President, neither of those workers risk any invested capital. Their productivity has increased very slowly in recent years. On the other hand, the American dairy farmer's productivity is the envy of the world.

I suppose you might argue that hard work and long hours are not enough. This country is a free enterprise capitalist country. We require an investment to justify really good earnings. All right. Does the dairy farmer bring a big investment to his work? He is one of the very few producers in our society today who does, indeed, bring an investment and a big one, an investment that exceeds $250,000 on a typical dairy farm. If we believe in rewarding capital in this country where is the justice in providing virtually no return on this productive investment and proposing to cut income by a whopping one-third for these producers?

Now some might argue that this system of ours, this American free enterprise system, rewards the willingness to take risk, and it does. But for dairy farmers? The dairy farmer faces continuous risk. Think of all the developments that can torpedo his operations: erratic weather, droughts, flood, hail, windstorms. There is no end to it. A disease that can destroy his herd or the failure of a piece of equipment to maintain the meticulous sanitary standards the dairy farmer must meet. To add to that risk devastating fluctuations in price will literally destroy many efficient, family size dairy farmers who simply lack the capital to continue to face a year or two of serious losses.

In the past 30 years, since this program that we are debating today was instituted, the number of dairy farms has fallen by almost two-thirds. The great majority of dairy farmers have lost, had to quit. This is a very risky business.

And, finally, we say—well, all this is not enough, no one should expect to do well in our economic system no matter how hard he works, how big his investment, how big a risk, unless he is smart, efficient. That is fine. Is the dairy farmer smart and efficient? Mr. President, the American farmer makes far and away the biggest contribution to the remarkable economic strength of this country. Why is this country economically more productive than the Soviet Union? The answer lies very largely with our farmers. Consider: We have less than 4 percent of our people on the farm. The Soviet Union has more than 30 percent of its people as full time farmers. And yet we produce 20 percent more food than they do, and we have a smaller population. That means our farmers are literally 10 times more productive than theirs. In no other area of the economy do we have anything approaching this immense economic advantage. And among the most efficient of our farmers is the dairy farmer.

Mr. President, some will say that this 80 percent price support program has encouraged dairy farmers to overproduce. They argue the price is too high. Cut it and the dairy farmer will reduce his production. How about that?

The answer is that dairy production increased last year because diversified farmers became desperate. A farmer who produced milk but also feed grain and pigs and beef found prices in these latter areas absolutely disastrous. Farm parity in 1980 took the worst nose dive in history. It dropped to the lowest level since 1932. Now consider this, Mr. President: Last year wage income—in nominal terms—not adjusted for inflation—rose about 8.7 percent; dividend income a little more than 11 percent; interest income more than 22 percent. All forms of income, all forms rose in nominal terms with one single exception. Farm income did not rise. It fell and it fell by a stunning 24 percent, and that was a fall in inflated dollars. If we adjust for inflation farm income fell by a sickening one third.

So what did farmers do? If they already had a dairy operation, they expanded it. They stopped or slowed their other production. Dairy did not do very well last year. The blend parity for milk—as you know, only manufactured milk is price supported; fluid milk is not—the blend parity for milk was about 69 percent. That was not just bad—it was terrible. But even that was better than the price of other farm commodities in 1980.

So in 1980 farmers moved in and moved in big in dairy—not because it was a good deal. It was not, but it was better than the disaster that faced them elsewhere.

Now how about the coming year? Every indication is that the coming year will be far better in the price of feed grain and meat. Dairy production will very likely drop whether we continue 80 percent price supports or not.

So there you have it. The dairy farmer works very hard and for long hours. He makes a big investment. He takes serious risks. And he is immensely efficient. And yet his income is less than the minimum wage. And the proposal coming before the Senate later today is to cut

it lower. We have put a higher floor under virtually all wages in this country with the minimum wage. But the floor under the dairy farmers' income, a lower floor for the toughest kind of work, we seem about to yank out from under him.

THE PROGRAM WORKS

Mr. President, there is no reason why Congress should continue any program, dairy price support or any other—no matter what injustice we might plead—that does not work. But this program does work. As I will point out in just a minute the cost to the Government is far less than has been indicated and the consumers have benefited not suffered from this program. But this program has been designed to keep the most efficient dairy production unit in the world, the family dairy farm, in operation, and it has succeeded. The one force that could destroy the dairy farm is big, erratic, fluctuations in dairy income. Less efficient, big farms can continue through these fluctuations. With enough capital they can weather the bad times. The dairy farmer who borrows as much as he can and literally has to live from month to month cannot make it, no matter how efficient he is. Recent studies by the USDA indicate that the farm that grosses between $150,000 and $200,000 per year is the most efficient size and this is exactly the size farm that will be first to go with the abandonment of 80 percent of parity dairy price supports. The program has worked because it has sustained this efficient producer and assured the American consumer a reliable source of nature's perfect food. You may ask: Has it done this at a reasonable cost to the Federal Government—that is the taxpayer—and the consumer?

COST OF THE PROGRAM TO THE FEDERAL GOVERNMENT

Mr. President, the OMB has charged that the cost of this program last year was more than $1.3 billion and that this year it may go to nearly $2 billion. Those figures are flatly wrong. They are like saying that a little food store that grossed $500,000 enjoyed a half-million-dollar profit, ignoring the fact that the average net profit margin of grocery stores is about 1 percent, so the store actually netted $5,000, not half a million.

Sure the gross acquisition cost to the USDA may have exceeded $1.34 billion. But when we consider sell backs and the value of inventory, the cost comes to $315 million, or about one-quarter of the USDA estimate, which is about all the press has been printing, which is the real cost to the Federal Government? On the basis of more than 30 years experience with this program, we know—we do not guess—we know, the stocks that the CCC accumulates will sell back. We know the inventory will have value—not no value but value—perhaps much more value in an inflating society—as time passes.

Mr. President, I have a table here which shows my calculation and how I arrived at the cost of $315 million, to the Federal Government.

I ask unanimous consent to have that table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Report of financial conditions of CCC dairy operations: October 1, 1979–September 30, 1980

Beginning inventory	$570 million
CCC purchases	+1.262 billion
Ending inventory	−1.265 billion
Other deductions	−7 million
Net cost of disposition	559 million
Other recoveries	−2 million
Gross cost	$274 million
Storage & handling costs	+14 million
Transportation costs	+27 million
Net loss on commodity inventory operations	315 million

Mr. PROXMIRE. Mr. President, now let me point out that this $315 million is less than 0.05 percent of the U.S. Government budget, only 1.9 percent of the $16.3 billion cash receipts from sale of farm milk and 28 percent of the $1.127 billion loss to farmers from reducing supports from 80 to 75 percent of parity.

Furthermore, Mr. Chairman, the Government will in my judgment actually be ahead of the game—will be better off fiscally if it continues the 80 percent price supports. And here's why: The $1.127 billion loss to dairy farmers translated into an approximately $3.37 billion loss for the economy. The economists at the University of Wisconsin apply a multiplier factor of 5½ in computing the loss to the economy of a loss to farm income. I would apply a more conservative multiplier of 3. But a loss of $3.37 billion to the economy in income because farmers would buy fewer tractors and silos, barbed wire, and furniture for their houses would result in a revenue loss to the Federal Government of about $560 million. So the dairy price support will cost between $315 million and $500 million in 1981 and 1982 depending on many factors such as the kind of crop year we have and what effect that has on milk production. At any rate the reduction in revenues wil actually be likely to exceed the real cost of the 80 percent price support system and I honestly believe that this program will cost the taxpayers nothing.

COST OF THE PROGRAM TO THE CONSUMER

Mr. President, on any basis the dairy farmer has been providing the American consumer with the most nutritious food at a cost which has been continuously lower in relation to consumer income, in relation to wages, in relation to the cost of living generally and in relation to the cost of other food. Of course, all of this has been done under the present dairy price support program.

For example, since 1967 the cost of food has risen 162 percent, the cost of living has climbed by 154 percent, but the cost of dairy products has gone up only 133 percent.

Since 1950 the percent of disposable income spent on milk has fallen almost precisely in half. Four percent was spent in 1950, 2.1 percent in 1979.

Again since 1950 we have had the following changes in the time it takes an average American worker to buy the following quantities of dairy products. American Cheese—the time workers have to work to be able to buy half a pound has dropped from 11.7 minutes to 9.6 minutes or by 18 percent; milk, the time worked necessary to buy half a gallon has fallen from 15.8 minutes to 8.7 minutes or 44 percent; butter, the time has dropped from 29.6 to 15 minutes to earn enough to buy a pound—a drop of 49 percent, and for a half gallon of ice cream, workers in 1950 had to put in 35.5 minutes of work. Today they can buy their half gallon after only 14.6 minutes—a drop of 59 percent.

The Department of Agriculture is estimating that if the full price decrease from stopping the April 1 price support adjustment is passed along to consumers, milk prices will decline by about 7.5 cents per gallon. It may be several months, however, until the full impact of the President's proposal is felt in the retail market and there are no guarantees that the impact will ever materialize. The Community Nutrition Institute, in fact, predicts that consumer prices for milk will not decline at all, but simply will either hold constant or increase for reasons unrelated to the dairy price support program.

The retail price impact of the President's proposal must be kept in perspective. Although dairy prices are expected to increase in 1981, the estimated overall price rise is still less than the overall price increase for all food. According to the USDA, food prices generally will increase in 1981 by about 12.2 percent; dairy prices will rise for the same period only about 10.7 percent. The price of meat, an alternative source of protein, is, on the other hand, expected to rise 17.9 percent for the year. The price of fats and oils, from which alternatives to butter can be processed, are anticipated to increase 11 percent.

Most important of all, Mr. President, 32 years of this program has given the American consumer an assured, safe, sanitary source of nature's perfect food, a food essential for our children and beneficial for all of us. And, yes, the price support program is, indeed, essential because without it the most efficient of all producers—the family dairy farmer simply could not have survived the big swings in price and therefore—income.

CONCLUSION

Mr. President, I conclude by pleading with the Senate to recognize that this 32-year program which has been with few exceptions at or very near 80 percent of parity during those years has helped save the family dairy farm in this country.

I remind the Senate that the failure to make this April 1 support adjustment would have a disastrous effect on the Nation's dairy farmers. It will slash their net income by a cruel one-third. In my State dairy farmers will lose nearly $200 million in net income. Our Wisconsin economy will conservatively suffer a $600 million loss, much of which will be concentrated in our rural areas that already suffer low income. The same tragic effects will hit Vermont, Minnesota, parts of Illinois and many, many other States. And incidentally, Mr. President, is it fair to spring this on dairy farmers on less than 6 week's notice—a drastic 30-

percent cut in their net income, yanking the floor out from under them?

Second, dairy farmers deserve this adjustment. They have earned it. They probably work longer hours than any significant group in America. Those cows have to be milked twice a day, 7 days a week, 52 weeks a year, and that is just the beginning of the endless time the farmer, his wife, and his children put in.

Third, the program has worked and worked well.

Fourth, the cost of this program—if we consider the sell backs and the inventory and recognize the actual experience of 30 years under this program is less than one-twentieth of 1 percent of the budget. Furthermore, if we compute what the abandonment of this program will do in reducing Federal revenue as farm income drops, the killing of this program will actually increase our Federal deficit.

Fifth, here is a program that benefits consumers in the long run, because it assures them of a supply of milk and dairy products at a cost that has steadily declined in relation to consumer income—the cost of living, the cost of other food or on any other basis.

MAJOR DEFENSE ISSUES UNRESOLVED

Mr. PROXMIRE. Mr. President, the debate over the size of the defense budget has clouded the fundamental defense issues. Instead of focusing on the problems and requirements of our military forces, we have been mesmerized by images of real growth rates, total dollar increases, and force structures for the 1990's.

Missing from this picture are the actual problems of today—problems which cannot automatically be resolved by real growth rates and sophisticated new equipment. I refer to the issues of readiness, maintenance of the equipment we have in stock, and personnel compensation.

While it is glorious to contemplate the vision of several new nuclear aircraft carriers, is it not more important to determine how they will be manned? Should we be transfixed by the apparition of World War II battleships coming out of mothballs or should we be considering the inevitable implications this will have on our shipbuilding plans? Fewer big ships or more numerous smaller ships? More or less mobility? Will a battleship consume more resources than it makes available?

There is a strange anomaly in this budget when every tactical aircraft program is increased in size but there is virtually no discussion of the appalling readiness rates of these same aircraft. What good does it do to produce more aircraft that then sit on the ground, unable to perform the mission for which we dedicate so much of our resources? We have high-performance aircraft that cannot perform 50 percent of the time; tanks with engines of dubious reliability; tactical missiles with significant breakdown rates; equipment too complex for our soldiers to repair on the battlefield. A plane that is not airworthy or a tank with a nonfunctioning engine and no hope of repair is just the same as not having that equipment in the inventory.

And what of the military personnel responsible for keeping this equipment in good operating condition? While we have provided some inflation protection in their pay scales, we have neglected to reimburse them for the half decade of declining real income. Simply to match inflation is not enough. We must compensate these personnel for years of neglect.

Mr. President, many of these points have been highlighted in a recent New York Times editorial. I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BUYING ARMS INSTEAD OF STRENGTH

American defenses are deficient and the nation is not so poor that they cannot be set right. But that proposition does not justify the shape of President Reagan's new military budget.

The Administration is asking Congress to increase 1981 budget authority by 12.4 percent and, inflation aside, wants to go up by 14.6 percent more in 1982. After that, it contends, increases can be moderated to 7 percent a year, for a five-year program costing $1.3 trillion.

Large as it is, Mr. Reagan's budget plan understates the commitments it would make. For in rushing to take advantage of his election mandate, the President has simply raised the limits that Mr. Carter imposed on the standing new-weapons shopping lists of the Army and Air Force and added a massive Navy buildup. The lifetime costs of these weapons and manning and maintaining them, with inflation, are bound to require much greater outlays than are conceded.

The proposed buildup would not only fail to meet current readiness requirements but, without still further expenditures, would leave the built-up forces equally unready in the future. Buying new weapons and larger forces makes no sense when the Pentagon cannot deploy what it already has. Poor maintenance and personnel shortages have left a third of the armed forces poorly prepared for combat. By any definition of defense, these shortfalls should come first.

The Soviet Union keeps twice as many men under arms as the United States. It has also caught up with many American weapons technologically, notably tanks, some tactical aircraft and mobile surface-to-air missiles. But counting Western Europe's forces, China's hostility and Soviet uncertainties in Eastern Europe, and despite readiness gaps, there probably remains an overall military balance, notably in Europe. The wars to be deterred, or fought, are elsewhere.

Thus the Carter Administration wisely planned to devote most additional outlays in 1982 to readiness, especially for wars outside Europe. The Reagan plan, unfortunately, would do little more in this respect. It still defers a critical decision on a new CX transport plane. It would speed up the conversion of fast commercial ships to move a mechanized Army division rapidly to the Persian Gulf. But if yet more money is to be spent, it should be buying another set of such ships and more munitions, tactical missiles and spare parts and paying bonuses to skilled personnel who re-enlist.

By far the most questionable plan is to enlarge the Navy by one-third, from 450 to 600 ships and from 12 to 15 supercarrier task forces. That would require another 100,000 to 150,000 seamen—at a time when ships are languishing in port for lack of 20,000 petty officers. Naval officers, and former Navy men in key Administration positions, naturally think it can be done.

But is it realistic to build vulnerable supercarriers to engage land-based Soviet aircraft around Murmansk? It is land-based air power that should be rated in and out of the Persian Gulf, as long as no bases are available. Until that is done, Indian Ocean requirements probably justify refurbishing an old carrier while building a 13th modern one—provided, again, that the personnel can be recruited. But it is hard to see the value of two more supercarrier task forces, at more than $5 billion each. And refitting two World War II battleships, at $1 billion, to carry 640 cruise missiles into the Indian Ocean is a waste of money.

Congress clearly has a job to do. The public's tolerance for more defense spending has produced a flood of projects whose true cost and utility are far from proven. And the Pentagon's boasts of economy are misleading. Obviously, building new weapons in large volume rather than over time promises some production savings. But it does not promise a balanced and effective force at the earliest possible time.

FEDERAL TRADE COMMISSION FOSTERS COMPETITION, OPPOSES MONOPOLY, AND FIGHTS INFLATION

Mr. PROXMIRE. Mr. President, not all Government regulatory commissions or what they do are bad.

Some are bad. Some are good. Some of them, like the old ICC, promoted monopoly; and others like, OSHA in its early days, were excessively and ridiculously harsh and overbearing.

But others, like the SEC and the FTC, have done a superb job of promoting competition, in making the free market system work, and in fostering free enterprise. They have been efficient, hard working, and enlightened.

Stephen Chapman of the Chicago Tribune's editorial board has written about the FTC. In an article entitled "Capitalism Would Lose an Ally if FTC Were Abolished," he points out how consumers would lose a safeguard against fraud if the FTC were done in. He shows how important that agency is in enforcing competition—making the free enterprise system work. He makes a point about their activities against deceptive advertising and asks, quite properly, what national advertisers on radio, television, and in the press would do if each State had a different set of rules and regulations and differing laws affecting them every time their message crossed a State line.

The proposal to abolish the Federal Trade Commission is a very shortsighted one. Anyone who really believes in the marketplace, free enterprise, and competition should support this agency and the fine work it has done.

I commend Mr. Chapman's article to the Senate. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAPITALISM WOULD LOSE AN ALLY IF FTC WERE ABOLISHED

(By Stephen Chapman)

David Stockman is apt to grimace at references to any federal department or agency, but mention the Federal Trade Commission

and he positively breathes fire. While he suggests cutting the budgets of other federal bureaucracies by a few million dollars, Stockman talks of abolishing the FTC outright.

The agency, he recently told the Tribune, is nothing more than a "passel of ideologues who are hostile to the business system, to the free enterprise system, and who sit down there and invent theories that justify more meddling and interference in the economy."

Says the budget director: "If you eliminated the FTC, the world would never know the difference."

When Stockman starts frothing like this, he sounds like an overheated flack for the Chamber of Commerce. Stockman has an asset indispensable to a budget director determined to cut the budget dramatically, namely his sweeping suspicion of almost everything the federal government does. Unfortunately this attitude obscures the distinctions one must keep in mind in deciding not only what the federal government should not do, but also what it *should* do.

Mr. Stockman also suffers from a popular misconception—popular at least among businessmen—that the FTC spends all of its time striving to bind the economy in the chains of socialism. In fact its primary responsibilities are perfectly consistent with unfettered capitalism: Combatting deceptive advertising and enforcing anti-trust laws.

Even the most doctrinaire advocates of laissez faire acknowledge that the government is obliged to protect consumers from fraud, and all but the most extreme see a need for laws against collusive trade practices.

One can make a good case that the FTC has used these responsibilities as flimsy pretexts for outlandish consumerist ventures. But the FTC's abuse of its legitimate powers is no more grounds for abolishing it than police brutality is a reason to disband the police department.

If the agency were closed down, its anti-trust duties would be given to the Justice Department, which currently shares the responsibility. But the federal government would be left without an agency to combat deceptive advertising. The question that arises is how states would regulate advertising media, like television, that are national in scope. The result would be a mess. In some cases a broadcaster might find himself compelled to obey contradictory regulations in different states, which probably would be found an unconstitutional obstacle to interstate commerce. Even if state laws don't contradict each other they may differ substantially. Hence a television advertiser might be forced to comply with the strictest of the 50 state regulations simply to ensure that it violates no law in any state. In this case, a single state would be able to assume a national power.

If Mr. Stockman were to consider the FTC's actual deeds, rather than its alleged crimes, he would be pleasantly surprised to learn that the agency spends much of its time and money doing things that would enrapture the most ardent disciple of laissez faire. It has pioneered efforts to eliminate state laws against advertising and price competition by doctors, lawyers, dentists, optometrists, and other professionals. These restrictions severely constrict the operations of the market, the sort of meddling businessmen usually enjoy criticizing. But in these cases, the constraints were all designed to assure the prosperity of the seller not the consumer—a state of affairs which sellers find highly agreeable.

The FTC also has proposed regulations for the funeral industry which were denounced by undertakers as interfering with the market. What the morticians didn't mention was that in most states, funeral homes are protected against the normal hazards of the market by stringent licensing laws and restrictions on advertising. The FTC's regulations were only intended to give consumers the kind of protection they would be provided by open competion.

The agency also produces well-researched studies, most of which reach conclusions that Adam Smith himself would applaud. Right after President Reagan lifted price controls on gasoline and domestic oil (as urged by David Stockman), the FTC released a study arguing that the controls had actually held prices above what they would have been in an uncontrolled market. Anyone less paranoid than Mr. Stockman might take this as evidence that the agency is not purely a tool of fanatics hell-bent on subverting American capitalism.

If truth be told, the FTC has proved more royal than the king on some economic matters. In 1976, for example, it published a thick report demolishing the claims of the U.S. steel industry that illegal dumping by foreign competitiors was at the root of its financial woes. The Carter administration ignored the evidence and imposed a "trigger price" system on imported steel, whose purpose and effect was to keep out low-priced competition. So far, Mr. Reagan has had no trouble reconciling his free-market principles with this particular form of government meddling. Last fall the FTC helped to block import quotas on Japanese cars by [illegible] before the International Trade Commission that the cost would be frightfully [illegible] also have been ignored in the Reagan camp, where Transportation Secretary Drew Lewis has been wailing of the need to reduce imports from Japan.

The dirty little secret about the FTC's unpopularity is that many people in business despise it mostly because it wants to make them compete in open markets. In many of its most controversial battles, the FTC has demanded that the government stop stifling competition and its adversary has defended the intervention.

Mr. Stockman is mistaken. If the FTC were abolished, a lot of people would notice. Consumers would lose a safeguard against fraud; small businesses would lose some protection against anti-competitive practices by large corporations; and assorted business groups would lose an obstacle to their manipulation of government power to enrich themselves. And, what should be most important to Mr. Stockman, capitalism would lose an ally.

THE DREAM OF RAPHAEL LEMKIN

Mr. PROXMIRE. Mr. President, I call your attention to the memory of Dr. Raphael Lemkin, a prominent jurist from prewar Poland who coined the term "genocide" and was responsible for making it part of international law.

He was one of two survivors out of a Polish Jewish family numbering 70 persons that was decimated by the holocaust. Escaping Poland, he made his way to the United States where he was appointed to the U.S. Board of Economic Warfare and later became a special adviser on foreign affairs to the War Department. His major work, "Axis Rule in Occupied Europe," was designed to provide "undeniable and objective evidence regarding the treatment of the subjugated peoples of Europe by the Axis powers." It was in this book that Dr. Lemkin applied the term "genocide," which he had compounded from the Greek genos, meaning race, and the Latin suffix, cide, meaning killing. He was also a major factor in winning the support of the Western Powers for the Genocide Convention and having it ratified by the United Nations General Assembly. This was a remarkable accomplishment by a single individual who did not represent any government, but whose relentless struggle for a great idea has resulted in tremendous progress toward the fulfillment of a noble dream.

When Raphael Lemkin died 21 years ago, over 80 countries had ratified the Convention. That number today stands at 85. Yet, the one country which Dr. Lemkin looked to for moral leadership in the postwar era, the United States of America, continues to balk at ratification.

It would be fitting testimony to an extraordinary man and to our cherished tradition were the United States finally to join the contracting parties and ratify the Genocide Convention.

S. 718—"WORKFARE" BETTER THAN WELFARE

Mr. PROXMIRE. Mr. President, today I am introducing legislation that will require all able-bodied persons of working age—except mothers with small children—to work as a condition of receiving welfare. The only legitimate objection I can imagine to this bill will come from those who will say, "Where are the jobs?" For more than 40 years, Milwaukee County has provided a resounding answer to that objection.

If Milwaukee County, one of the major metropolitan centers of this country, can do it through depressions and recessions, why cannot the whole country do it?

I have personally attended meetings where Milwaukee County officials assigned jobs to welfare recipients. What jobs? Cleaning the streets and parks, assisting policemen, helping clean and maintain public buildings, and many other similar jobs. I have yet to see an American city anywhere which could not use a great deal of this cleaning up, fixing up, and supplementary police work.

These welfare recipients buy their own work clothes, pay for their own transportation to work, and, in Milwaukee, earned less than a minimum wage. But I heard few complaints. They were glad to get a job. And certainly the discipline of reporting to work regularly to "earn" their welfare check provided a discipline and a dignity that did them more good than harm.

My bill requires the States to extend the efforts of the work incentive and similar programs to help employable AFDC recipients to obtain job skills and work experiences so that they may quickly become self-supporting.

PLAN CAN AND WILL WORK

My workfare program would operate in the following way:

First, only those people who are required to participate under the current WIN program would be covered. This exempts children under age 18 and mothers with children under the age of 6.

Second, anyone already working 24 hours a week or more in a regular job or participating in a full-time WIN

training or employment program would also be exempt.

Third, the States and localities would find the jobs and assign people to them; but all the jobs will have to meet Federal safety and health standards.

Fourth, participants would work off their welfare checks at the Federal minimum hourly wage rate.

UP TO 24 HOURS OF ASSIGNED WORK PER WEEK

Fifth, a limit of 24 hours of assigned work per week plus up to 8 hours in required training would be established. However, no welfare recipient would be required to work longer than it takes to "pay off" his or her welfare grant.

Sixth, anyone refusing to work would be excluded from the calculations made to determine the size of the family's welfare grant.

It is clear that my program exempts many AFDC recipients and protects them against being exploited in terms of wages, hours, and conditions of employment.

I have seen the operation of Milwaukee County's general assistance program which includes workfare, aggressive job counseling, and job information supplied by the outstanding Wisconsin Job Service. And I can report in spite of some problems, it worked. Similar approaches involving general assistance and workfare have been basically successful in more than a dozen other States.

SAVE PART OF CURRENT $15 BILLION COST

How much of the $8 billion in Federal Government and the $7 billion of State and local money now budgeted for AFDC payments this coming year will be saved, I cannot say for certain; but I firmly believe that my bill is a good place to start if we are to move in the direction of replacing welfare with workfare.

I am pleased to learn that President Reagan will shortly offer his own ideas on workfare to Congress. I expect that after examining the various proposals on workfare we will enact some form of this important welfare reform this session.

I ask unanimous consent that the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 718

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 409(a) of the Social Security Act is amended by striking out all that precedes paragraph (1) and inserting in lieu thereof the following:

"SEC. 409. (a) For the purpose of encouraging, through community work and training programs of a constructive nature, the conservation of work skills and the development of new skills for individuals who have attained the age of 18 and are receiving aid to families with dependent children, under conditions which are designed to assure protection of the health and welfare of such individuals and the dependent children involved, each State plan approved under this part shall require that aid to families with dependent children paid for any month with respect to a dependent child (including payments to meet the needs of any relative or relatives, specified in section 406(a), with whom such child is living) shall be made in the form of payments for work performed in such month by any one or more of the relatives with whom such child is living, except as otherwise provided in this section. Such work shall be performed for the State agency or any other public agency under a program administered by or under the supervision of such State agency. The State plan must provide for State financial participation in such aid, and must include—".

(b) Section 409(a)(1)(B) of such Act is amended to read as follows:

"(B) payments for such work are at rates not less than the minimum wage provided under Federal law for the same type of work;".

(c) Section 409(a)(1)(G) of such Act is amended by inserting before the semicolon at the end thereof the following: ", and if any such relative refuses to perform any such work without good cause, as determined after opportunity for a fair hearing, aid shall be denied in the same manner as aid is denied for a refusal to participate in the work incentive program (as determined under section 402(a)(19)(F))".

(d) Section 409(a)(1) of such Act is amended—

(1) by striking out the word "and" at the end of subparagraph (F); and

(2) by adding at the end thereof the following new subparagraphs:

"(H) any such relative who spends 24 hours or more during a week in employment, or who participates in a full-time work incentive program established under section 432 during a week, shall not be required to participate in such community work and training program during such week;

"(I) any such relative shall not be required to perform such work, or to perform such work and participate in the work incentive program under section 432, for more than a total of 24 hours per week, except that, in the case where at least 8 hours per week are spent in a training program, the limit shall be a total of 32 hours per week;

"(J) any such relative shall not be required to perform such work if such relative is—

"(i) a child who is under age 18 or attending school full time;

"(ii) a person who is ill, incapacitated, or of advanced age;

"(iii) a person whose presence in the home is required because of illness or incapacity of another member of the household;

"(iv) a mother or other relative of a child under the age of 6 who is caring for the child; or

"(v) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not otherwise exempt from participation in the community work and training program and has not refused without good cause to participate in such program;

"(K) any such relative shall not be required to perform such work at a site which is so remote from his home that his effective participation is precluded; and

"(L) any such relative shall not be required to perform such work if the amount of aid received under the plan by such relative (or the dependent child) is so small that requiring participation in the community work and training program would not be appropriate;".

(e) Section 409(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (5);

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting after paragraph (5) the following new paragraph:

"(6) provision for utilization of, and coordination with, work incentive programs established under part C, and programs established under the Comprehensive Employment and Training Act of 1973, to insure that maximum effort is made to obtain employment for such relatives performing such work; and".

(f) Section 409(b) of such Act is amended by striking out "In the case of any State which makes expenditures in the form described in subsection (a) under its State plan approved under section 402, the" and inserting in lieu thereof "The".

(g) Section 402(a)(8)(A)(ii) of such Act is amended by inserting after "section 432(b)(2) and (3)" the following: ", or section 409".

(h) Section 402(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (29);

(2) by striking out the period at the end of paragraph (30) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(31) provide that the State shall have in effect a program of community work and training in accordance with section 409.".

SEC. 2. (a) Except as provided in subsection (b), the amendments made by the first section of this Act shall be effective with respect to payments under part A of title IV of the Social Security Act for calendar quarters beginning more than 180 days after the date of the enactment of this Act.

(b) In the case of a State plan approved under part A of title IV of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by the first section of this Act, the State plan shall not be regarded as failing to comply with the requirements of such part solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.

SEC. 3. Section 204(c)(2) of the Social Security Amendments of 1967 (Public Law 90-248) is repealed.

SENATE RESOLUTION 97—PROXMIRE GIVES GOLDEN FLEECE OF THE MONTH AWARD FOR MARCH TO ARCHITECT OF THE CAPITOL

Mr. PROXMIRE. Mr. President, I am giving my Golden Fleece of the Month Award for March to the office of the Architect of the Capitol for developing plans to build up to six new House and Senate office buildings that would cost at least $500 million to construct. These plans, not yet made public, are at the Government Printing Office and will be unveiled in May or June.

Unless we stop this proliferation of House and Senate office buildings, we will end up with one office building for every Member of Congress.

Congress has already spent $450,000 to develop these plans, which are the third phase of a three-part "master plan" for Capital expansion. In addition to awarding a Golden Fleece for these extravagant plans, I am introducing a resolution to insure these plans, at least those for the Senate, never make it pass the planning stage.

KILL PLANS NOW

It is vital that these plans be killed now, at the very beginning, before the money has been committed, construction has begun, and it is too late to turn back.

In the past, the taxpayer has been stuck with unnecessary buildings because Congress failed to act in time.

These plans—which include another new Senate office building—actually two buildings, connected by an overpass—at least five new House office buildings, an office building for the Administrative Office of the U.S. Courts, and an underground parking garage with space for 500 cars beneath the East Plaza of the U.S. Capitol—are based on the assumption that congressional staffs will continue to grow. To stem the tide of Senate staff proliferation and future office building construction, I am introducing a resolution that would place a ceiling on the number of full-time Senate employees and prevent the construction of any new Senate office buildings.

Congress shares the blame for this fleece for not reining in the Architect. The authorization and appropriation that led to the development of these plans was the 1976 legislative appropriations bill. That legislation said nothing about plans for new House and Senate office buildings. Its emphasis was on a master plan for the Capitol Grounds. While I voted against that appropriation, I am sure those who voted for it never dreamed it would spawn such a grandiose proposal.

The fact that the Architect of the Capitol has even drawn up a map showing exactly where each of these proposed buildings would be located shows those plans are not so tentative after all. The proposed office buildings would be scattered on sites throughout Capitol Hill from Union Station to the railroad trestle southwest of the Rayburn House Office Building. It is clear the Architect intends to make Capitol Hill a monument to the Congress unwillingness to check the growth of its own bureaucracy.

BASED ON ASSUMPTION OF STAFF GROWTH

The Architect based these plans on the assumption that congressional staffs will continue to grow at a rate of one-half the historical rate of the last 20 years. And that bureaucracy has indeed grown and grown and grown.

My resolution would place a ceiling on full-time Senate employment at 6,550 and a ceiling on those employees of the Architect of the Capitol, working either directly or indirectly on Senate operations, at 822, for a total ceiling of 7,372. The resolution would also prevent the initiation or implementation of plans, drawings, architect engineering, design work, site preparation or acquisition, or actual construction of a new Senate office building after the date of the adoption of the resolution.

This resolution takes into account the 10-percent reduction in committee staffs that the new Republican majority of the Senate made as soon as it came to power. The Republicans are to be commended for that action. We Democrats should have done the same thing a long time ago.

The Architect of the Capitol estimates that up to 5,000,000 additional gross square feet of office space will be needed to accommodate the projected growth in staff. At the current rate of approximately $100 per square foot, the plan would cost taxpayers at least $500 million. We can expect the actual cost of this construction would be three to five times that estimate. Look what happened with the Philip A. Hart Senate Office Building—from an original estimate of $48 million, the cost of that building has mushroomed to more than $137 million.

HOPE OTHER BODY WILL ACT

Due to the comity shown by one House for the other, my resolution does not affect the staff of the House of Representatives or those employed jointly by both Houses. I am preparing a further joint resolution to control the latter and I am sure any number of House Members are prepared to introduce their own resolutions to limit the growth of House staff and prevent the construction of additional House office buildings.

In a time of severe budget restraint—when medicaid and aid to the handicapped are being cut, when the Wisconsin dairy farmer must take a one-third cut in his income—it is disgraceful to even consider the construction of additional Senate and House office buildings. By putting a ceiling on Senate employment and saying "no" to future Senate office building construction, we will be sending a signal to the American taxpayers that the Senate of the United States is not exempting itself from the tough economy measures that must be imposed in order to bring Federal spending under control.

I send to the desk a resolution, on behalf of myself and the Senator from Arizona (Mr. DECONCINI) and ask that it be appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution follows:

S. RES. 97

Resolved, That after the date on which this resolution is adopted, the total number of full-time officers and employees of the Senate of the United States and full-time officers and employees in the Office of the Architect of the Capitol who are assigned to the Senate shall not exceed 7,372. The Committee on Rules and Administration shall establish rules and regulations for the equitable allocation among the offices and committees of the Senate and the Office of the Architect of the Capitol of the total number of full-time officers and employees established by the preceding sentence.

SEC. 2. After the date of adoption of this resolution, no office building shall be constructed for the Senate, and no plans, drawings, architectural engineering work, design work, or site preparation or acquisition for such an office building shall be initiated or implemented. The preceding sentence does not apply to the construction and completion of the Philip A. Hart Senate Office Building.

RECOGNITION OF SENATOR EAGLETON

The PRESIDING OFFICER. The Senator from Missouri.

PRESIDENT REAGAN'S GUNBOAT-SHOWBOAT DIPLOMACY IN EL SALVADOR

Mr. EAGLETON. Mr. President, I rise this afternoon to speak to the issue of our growing involvement in the civil war in El Salvador. For several reasons, I am compelled to join the public debate over President Reagan's decision to increase the U.S. presence there.

I wish to address some of the comparisons between the situation in El Salvador and the tragic memories we all share of our early involvement in Vietnam. Unless we learn to read history accurately, it is difficult to learn from it.

I am concerned that the aid we seek to give the fragile government of President Duarte might instead lead to its downfall.

Finally, I rise to take issue with President Reagan's apparent decision not to report fully to the Congress on the matter of El Salvador as required by the provisions of the War Powers Resolution and the Arms Control Act.

Let me state at the outset of my remarks that I am not opposed to the United States taking strong action to protect its vital interests when they are threatened. I do not oppose American support of democratically elected governments which are in danger of collapsing under the weight of Communist-inspired or Communist-supported terrorist activity. I do not rise today to state that we are wrong in our support of the ruling junta in El Salvador and that we should turn our backs on the problems facing that nation.

Rather, I am uncomfortable with the manner in which we are rapidly escalating our involvement and the manner in which the Reagan administration is presenting its proposed initiatives as a fait accompli. I sense, in this unfolding venture, that there are motives that go far beyond any reasonable appraisal of the threat to, or calculation of, our national interest.

Mr. President, there is not a great logistical or geographical similarity between the situation now facing us in El Salvador and that which confronted us in the early 1960's in Vietnam. In my opinion, the dissimilarities are far more striking.

First, let us talk about location. During the early days of our involvement in Southeast Asia, Vietnam seemed to be a small, little-known nation lost in some jungle on the other side of the world. El Salvador, on the other hand, is a Latin American neighbor that is closer to Washington than President Reagan's ranch in California.

Second, there is a difference in public awareness. While the story of Vietnam flickered slowly to life on the evening network news, events in El Salvador are consistently in the headlines here.

Third, there is a difference in Communist access to their objectives. In Vietnam, the Vietcong rebels were in extremely close contact with their Communist sponsors. The country was situated in the immediate sphere of influence of Communist North Vietnam and her allies. El Salvador, however, is right here in our own hemisphere. With the notable exception of Cuba, the leftist guerrillas are isolated from their sponsors.

"Esmeralda"—the code name Salvadoran leftists have given their principal

arms supplier, Cuba—is of key concern to the United States.

It is important to note here that Cuba is not adjacent to El Salvador as North Vietnam was to South Vietnam. The Caribbean Sea and the nations of Guatemala and Honduras block the direct access of Cuba to El Salvador.

Fourth, there is an additional matter of geography. If one were asked to pick one aspect of the Vietnam war that contributed most to its prolonged nature, the ease of Communist resupply efforts would be a good candidate.

The principal Viet Cong resupply path, the dreaded Ho Chi Minh Trail, has no counterpart in Central America. Indeed, if current intelligence estimates are to be believed, the flow of arms through Nicaragua has been all but choked off.

There is one similarity that I do find terribly bothersome. Our experience in Vietnam was one of gradual escalation. Our support to Vietnam began as a trickle, and U.S. involvement literally crept along, until it reached the level of involvement so graphically depicted in film footage which the networks played nightly throughout the late sixties and early seventies. Again, where the Vietnam analogy holds is in the manner in which our Government seems to be making a potentially fateful commitment to be involved militarily with a fragile foreign government.

Mr. President, I would suggest that there is yet another ominous comparison between El Salvador today and an event of our recent past—the Ford administration's handling of the *Mayaguez* crisis.

If you recall, on May 12, 1975, a U.S. merchant vessel was fired upon and boarded by Cambodian naval forces and towed to a Cambodian port. For the next 3½ days, the United States mounted a major military operation against Cambodian forces on the Cambodian mainland and an offshore island territory claimed by the Cambodians. In this attempt to rescue ship and crew, 39 *Mayaguez* crewmen were eventually rescued as the result of the combat operation. Regrettably, 41 American servicemen lost their lives during it.

Notwithstanding the costly nature of the rescue attempt, public reaction to the incident was immediate and favorable. I recall a New York Times headline story calling the incident a "domestic and foreign triumph," noting that resolution of the *Mayaguez* crisis was a sign of U.S. resolve. Whatever the failure of the military effort, the success of President Ford's attempt gave his Presidency a substantial lift. In my opinion, President Ford wanted a foreign policy knockout and an image-enhancing public relations spectacular. He got it. Nevertheless, the price he paid for it was enormous.

I believe that President Reagan would like to score a "knockout" with attendant image enhancement in his first foreign policy initiative. I believe he has seized upon El Salvador as his opportunity. He appears to view El Salvador as an early and important proving ground for his announced get-tough stance against Communist-inspired terrorism.

Just as the *Mayaguez* crisis proved to be an opportunity to President Ford to show his resolve, so does the situation in El Salvador offer President Reagan the opportunity to flex his muscle. Many of the circumstances surrounding the two events are, of course, different. Nonetheless, the opportunity to overreact is disturbingly similar.

Whatever his motives, President Reagan's decision to select El Salvador as his proving ground is a dangerous one. I fear that in his rush to increase aid to the ruling junta, President Reagan will so "Americanize" the war as to possibly erode the fragile support of the Duarte government. A strong revival of "Yankee go home" fever is possible. If the Reagan administration miscalculates, however slightly, in its estimation of the impact of its policy on El Salvador's general populace, the White House then runs the risk of polarizing public sentiment around the causes of the extreme left and the extreme right. If the fragile Duarte government loses a significant element of support to either camp, the reform-minded Christian Democrats might well be swept from power by a rightist coup or leftist takeover.

A strong resurgence of "Yankee go home" fever might be just the catalyst that both the right and the left are looking for to disrupt the delicate political balance in El Salvador.

Members of the Reagan administration have called the Communist intrusion into the civil war in El Salvador a test of the Monroe Doctrine. The doctrine is revered in history as the coming of this Nation's manhood against the colonial powers of Europe. But it also laid the foundation for a long period of "gunboat" diplomacy in this hemisphere which implanted feelings of suspicion and resentment of "American imperialism." I believe this is dangerous. Given the media attention devoted to the Reagan initiatives, we will witness not only a resurgence of "gunboat" diplomacy, but a further isolation of the pro-American governments in the region. We all know that terrorism in Latin America is not confined to El Salvador. Playing the role of the hemispheric policeman, do we want to give guerrilla forces throughout the region the rallying cry of "Yankee imperialism?"

In 1794, President Monroe made the point that the Monroe Doctrine "setting forth the country's interest in Latin America did not alter the constitutional balance in regards to warmaking." In doing so, he acknowledged that his bold new approach to hemispheric policies did not diminish the role of Congress to determine the matter of declaring war. If these were not enough, then Secretary of State John Quincy Adams stated that in the event of an attack by a colonial European power on a nation in Latin America, the Monroe administration's position would be that "the power to determine our resistance is in Congress." If there are those in the new administration who would use the argument that the Monroe Doctrine gives the President the right to take unilateral actions in the matter of El Salvador, I would counsel them to study closely the spirit of the doctrine and the history of its application.

Unilateral intervention by the United States is not an expression of the Monroe Doctrine. It is an expression of the Theo- States is not an expression of the Monroe Doctrine. That corollary instituted U.S. gunboat diplomacy in Latin America. I perceive President Reagan as possibly instituting his own corollary to the corollary. He adds his own showboat diplomacy to Teddy Roosevelt's gunboat diplomacy.

I find it disingenuous in the extreme for the administration, having created a media hyp over the crisis in El Salvador, now to try to urge the press to downplay events in El Salvador. The administration wants, at its own whim and caprice, the right to raise or lower showboat diplomacy in El Salvador.

The administration's strategy of alternately inflaming and defusing the media perhaps, as much as anything else, causes one to question the motives of the administration in the formulation of its gunboat-showboat diplomacy in El Salvador.

If Jose Napoleon Duarte—one of the few political leaders with a legitimate claim to broad support among the people—is to survive politically, he must not be made the very caricature of an American puppet. It is just because Duarte emerged the victor in one of the few fairly honest elections held in El Salvador that the democratically elected heads of state in Costa Rica and Venezuela offer him support. All of Central America is certainly watching to see how President Duarte responds to the announced Reagan initiatives.

Expanded U.S. involvement in El Salvador is indeed a delicate matter. It is clear that the United States should proceed cautiously in this matter and do so only after a collective decision has been reached. The Congress need not be viewed as an impediment to the efficient pursuit of our foreign policy objectives in El Salvador, but rather as a partner in the formation of foreign policy. This leads me to my final point.

Mr. President, I believe that an additional disturbing aspect concerning El Salvador is the conscious White House decision not to consult fully with and report to the Congress on this matter as required by the War Powers Resolution and the Arms Control Act.

The consultation provision of the war powers resolution calls for the President "in every possible instance" to "consult with the Congress before introducing U.S. Armed Forces into situations where imminent involvement in hostilities is clearly indicated by the circumstances * * *." While it might be argued that the frequent State Department briefings of Members of Congress and their staff constitute "consultations." the reporting provisions of the resolution are specific with respect to the form and timing of congressional consultations.

Section 8(c) defines the congressional intent with respect to the term "introduction of U.S. Armed Forces." The definition is purposely broad and intended to include a spectrum of situa-

tions. I speak with some authority on this matter as I was the author of this specific provision. It reads:

For purpose of this joint resolution, the term "introduction of United States Armed Forces" includes the assignment of members of such armed forces to command, coordinate, participate in the movement of, or accompany the regular or irregular military forces of any foreign country or government when such military forces are engaged, or there exists an imminent threat that such forces will become engaged, in hostilities.

The administration has acknowledged the existence of hostilities in El Salvador and has sought to respond forcefully.

Let us not lose sight of reality as we listen to the administration's lawyers explain why the war powers resolution does not apply in the case of El Salvador. These lawyers suggest that our Armed Forces are being introduced as "training teams" and that they will be "garrisoned." Let us not split hairs over the sematical difference between "training" and "advising." And let us not delude ourselves that our soldiers will be safe in a "garrison" in a country which is at war with itself.

Are our Armed Forces advisers? Is there a very real prospect that our present commitment could grow into a deeper military involvement in El Salvador?

Can any of my colleagues honestly answer any of these questions in the negative? Can this proud institution ignore the realities and be snookered by the hair-splitting interpretations of the executive branch? This is not a question of whether or not Senators believe we should be involved militarily in El Salvador. It is a question of fulfilling our constitutional responsibilities to participate in that decision.

As one of the three authors—Javits, STENNIS, and EAGLETON—of the original Senate War Powers Act, I can testify as to the intent of Congress with respect to the provisions which are at issue here. These provisions defining "imminent hostilities" and "advisers" were retained in the final bill, though other provisions were dropped, much to my displeasure. I testified before the Foreign Relations Committee in 1971 on the meaning of these words. There was never any doubt in my mind or that of Senator Javits—who was a member of the committee—as to what our intent was. We described "imminent hostilities" as hostilities which were "reasonably possible."

It was very clear to Senator STENNIS when he stated:

U.S. military personnel should not engage in combat, or serve in significant numbers as advisers to foreign armies engaged in combat, prior to congressional approval. (Congressional Record of May 11, 1971.)

It was clear that an adviser was an adviser if he were sent into a combat zone to advise, coordinate, or participate with troops engaged in or about to engage in combat. To turn around in 1981 and label these men as "trainers" is to utilize clever semantics so as to subvert the meaning of the law.

Mr. President, I ask unanimous consent that a footnote on this subject be printed in the RECORD at the conclusion of my main remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

[See exhibit 1.]

Mr. EAGLETON. Members of Congress should not have to anticipate every clever interpretation of the laws we write. We must assume that our intent will be carried out in good faith by reasonable and responsible officials. I ask my colleagues, is there a reasonable possibility of hostilities in El Salvador at this time? Of course, there is.

Now is the time to consider the consequences of our action. Now is the time for Congress to play its constitutional role in determining whether our Nation will make a commitment which might lead to war. Now is the time for the safeguards built into our constitutional system to begin to work—not after the flag is committed.

Let us assume for a moment that the Salvadoran junta, a coalition of military and Christian Democratic leaders put together with a hope and a prayer, should split apart, with the Christian Democrats and Duarte finally succumbing to rightists in the military. What does the United States do then? We will already have made a substantial investment of money and prestige and manpower in El Salvador. We will have already made this small country a test case for American willpower and determination. Once the flag is committed, would our own public want to see us "turn tail and run"—to use an old Vietnam expression. Or, more likely, would we then feel obliged, in the words of Walter Lippman, "to make the big mistake public opinion insists upon" and engage American forces in a foreign civil war?

I can only hazard a speculation as to why President Reagan is reluctant to live up to the war powers resolution and the Arms Control Act. I can think of two possible motives: First, he does not want to state for the record the present nature of our involvement in El Salvador and its high risk of expansion; and second, he does not want to trigger the substantive requirements of the war powers resolution, for example: section 4(a) and the following sections.

If the White House finds fault with my arguments on the specific provisions of the war powers resolution, I would direct its attention to section 21(c) of the Arms Control Act.

As part of the fiscal year 1981 Foreign Assistance Authorization Act, Congress expanded the provisions of section 21(c) to prohibit the sale of defense services involving training and advising that might engage U.S. personnel in combat situations.

As a complement to the war powers resolution, section 21(c) concentrates on the personal risks to civilian and military personnel in affected areas. Unlike the war powers resolution, section 21(c) is triggered not just when personnel are introduced into a country where hostilities have broken out.

Section 21(c) reads in part:

(c) (1) Personnel performing defense services sold under this Act may not perform any duties of a combatant nature, including any duties related to training and advising that may engage United States personnel in combat activities, outside the United States in connection with the performance of those defense services.

The statute further requires that—

Within 48 hours after the outbreak of significant hostilities involving a country in which the United States personnel are performing defense services . . . the President shall submit to the Speaker of the House of Representatives and to the President pro tempore of the Senate a report, in writing, . . .

The Reagan administration has purposely downplayed the significance of the number of advisers it intends to supply El Salvador and the missions they will perform. In recent newscasts, commentators have described some of the advisers as being "Green Berets." While some will argue that this is not technically true, what does appear as fact is that there are advisers being dispatched that are skilled in the same counterinsurgency techniques employed by the Green Berets in Vietnam. Call them what you will, these guys are not helicopter mechanics and, in an ever-changing environment, their role in El Salvador may be dramatically altered.

Now that I am on the subject of the ever-changing conditions in El Salvador, I would like to raise another issue—that of the American forces assigned to the OAS peacekeeping force on the Honduras/El Salvador border. While I appreciate that they are in place for quite different reasons—namely as a result of the 1969 border skirmishes between the two countries—I am concerned about their possible involvement in hostilities.

It is my understanding that we have a force of some nine military men and two U.S. helicopters actively patrolling what amounts to a border demilitarized zone. Does not logic dictate that the spreading violence in El Salvador places these troops on the threshold of involvement? Would not the administration find itself in a difficult situation should we lose an American helicopter to hostile fire?

I find it ironic that in his opening remarks before the Senate Foreign Relations Committee confirmation hearings, Secretary of State Alexander Haig called for an "effective partnership" to be restored between the President and Congress. By "partnership" he stated:

I do not mean occasional retrospective reporting. I mean active consultation, exchange of ideas and proposals in a timely manner, in an atmosphere of mutual respect, trust, and confidence, recognizing the special role of the Senate itself.

I find it ironic that being so assured, I stand here today calling for consultation and reporting in full compliance with the provisions of the War Powers Resolution and the Arms Control Act.

At a later point in the confirmation hearings, in response to a question put to him by Senator PERCY, Secretary Haig stated his desire—

To assure this committee that I intend to live by the letter of the law and the spirit of the War Powers Resolution, and I see no difficulty in doing so.

Given this, I am at a loss as to why the administration is reluctant to openly

consult with and report to the Congress on this matter.

If it be truly the intent of the Reagan administration to work closely with Congress in matters of foreign policy, then I suggest, in closing, that President Reagan carefuly review the wisdom of his actions. It would be unfortunate indeed, if, in his haste to make a "tough guy" image for himself and his administration by his handling of the El Salvador "crisis," President Reagan were to rekindle the feud over congressional and executive foreign policy responsibilities.

To some, my concern over the failure of this administration to comply fully with the requirements of the War Powers Resolution may seem like a lawyer's quibble. It is not. It goes to the heart of the matter. The War Powers Resolution was intended to give Congress an effective role in matters that involve commitment of U.S. forces to combat. Only with full reporting and full consultation can Congress act as a check against foreign policy adventurism which, whatever other objectives it may serve, is not in our best national interest. If full reporting does not take place in the early stages of a commitment, but waits until the situation ripens into a fait accompli, then Congress will have been denied its intended voice in the most momentous of all national decisions.

I yield the floor.

EXHIBIT 1

FOOTNOTE: My testimony before the Senate Foreign Relations Committee on what is now Section 8(c) is found at pp. 198–199 of *War Powers Legislation: Hearings Before the Committee on Foreign Relations; United States Senate; on S. 731, S.J. Res. 18 and S.J. Res. 59.*

EAGLETON: Should hostilities be defined? Should the continuance of a secret air war or the deployment of U.S. troops to world hot spots or the assignment of U.S. advisers to foreign combat troops in the field require affirmative congressional authorization? I personally believe so.

And by defining hostilities Senate Joint Resolution 59, unlike S. 731 specifies the areas in which affirmative congressional action is necessary. Obviously hostilities include land, air, or naval actions taken by the Armed Forces of the United States against other armed forces or the civilian population of any other nation. But Senate Joint Resolution 59 is more specific. It includes the deployment of U.S. forces outside the United States under circumstances where an imminent involvement in combat activities is a reasonable possibility. It also includes the assignment of U.S. soldiers to "accompany, command, coordinate, or participate in the movement of regular or irregular armed forces of any foreign country when such foreign armed forces are engaged in any form of combat activity."

There is well-founded precedent for such limitations. In the absence of limiting congressional legislation, Presidential power to move Armed Forces of the United States in international waters and to station them on territory of our allies has generally been accepted, except where such action could reasonably be expected to lead to hostilities. Only once has this principle flagrantly been abused. In 1846, after the annexation of Texas, President James Polk ordered American troops to enter the disputed territory between the Nueces and Rio Grande River. Hostilities immediately broke out and Congress thereafter declared war against Mexico. However, some 18 months later the House of Representatives concluded that the President had unconstitutionally begun the war and, in effect, Polk was justly censured.

Presidential power to move the Armed Forces of the United States is not, and should not, be viewed as extending to place American men in situations where combat is almost inevitable.

And, as Vietnam has illustrated, limited deployments of U.S. military advisers to countries where combat activities are in progress or could be expected to commence shortly have become increasingly more dangerous in an era when brush-fire wars and guerrilla warfare are becoming even more common.

Senate Joint Resolution 59 specifically requires that both Houses of Congress concur in any Presidential decision to deploy U.S. troops or advisers to trouble spots or combat areas where involvement in hostilities is a reasonable possibility.

I would call to the committee's attention the chart, which indicates the circumstances under which the President could act without specifically authorizing congressional action.

Mr. ROBERT C. BYRD. Mr. President, I want to commend the distinguished Senator from Missouri for giving us his views on the issue of U.S. policy toward El Salvador, particularly as it raises questions about the war powers resolution.

The Senator's views in this regard are of the utmost importance because of the major role he played in fashioning the war powers legislation.

For my own part, I strongly believe that the message he has delivered today is both appropriate and essential.

We must understand that when American military personnel are sent into a situation like El Salvador, consultation between the executive and legislative branches should be the name of the game. So far, there has been precious little of it. Rather, we on Capitol Hill have simply been informed of decisions already taken by the President and his executive branch colleagues.

Mr. President, I should hope that Congress and the administration will be able to work together on the issue of El Salvador. We all share the same goal and objective. But to get there, we need consultation and cooperation between the Hill and the White House.

This is the message which the able Senator from Missouri has delivered today and, again, I commend him for it.

The PRESIDING OFFICER (Mr. WEICKER). The Senator from California is recognized.

NUCLEAR PROLIFERATION THREATENS U.S. NATIONAL SECURITY INTERESTS

Mr. CRANSTON. Mr. President, I have a number of very serious concerns regarding the dangers of nuclear proliferation in several key nations of the Middle East and South Asia, including Iraq and Pakistan. We should all be deeply troubled by the prospect of unstable, and in some cases extremely radical regimes in this region producing or coming into possession of nuclear weapons.

Our Nation's leadership in combating the proliferation of nuclear weapons should be a central component of our national security program. We have a vital interest, particularly in the Middle East and South Asia, in averting regional nuclear arms races which could endanger our allies or could lead to a nuclear exchange and draw the superpowers into a direct military confrontation. We also have a critical national interest in limiting the possibility that subnational terrorist organizations—such as the PLO—or nations which routinely employ terrorism to pursue their aims, such as Iraq and Libya, might come into the possession of nuclear weapons.

I have recently received information regarding several new nuclear developments in the Middle East and South Asia which trouble me deeply.

I have also questioned Assistant Secretary of State-designate James Malone, who cited in an open session of the Foreign Relations Committee yesterday, Iraq's highly sensitive "reprocessing facility." I have checked carefully to make certain that none of the facts which I am disclosing today would jeopardize U.S. intelligence sources and I am prepared to share my personal assessments based on information I have received from within the executive branch and from various published reports. This information has been verified to my satisfaction.

First, it is apparent that the Pakistanis—through continued purchases of sensitive hardware and dual-use technology in Europe—have achieved swift progress toward making their new small-scale reprocessing plant operational, and have continued development of larger reprocessing and enrichment plants which could also be used in weapons production. Second, the Iraqi nuclear program is continuing its determined drive toward attainment of the capability to produce nuclear weapons through the use of sensitive French and Italian technology, highly enriched uranium fuel from France, and more than 100 technicians from each of these nations. And third, Indian officials are now publicly threatening that they may soon begin unauthorized reprocessing of United States source nuclear fuel to extract plutonium.

The Government of Pakistan is apparently pressing ahead to a point where it will most likely have the capability and the materials for fabricating a number of nuclear weapons by the end of 1982. It is clear that the Pakistani efforts to divert commercial nuclear technology for military purposes continues to benefit from imports of dual-use technology from West European countries and from extremely sensitive technology gained over the past several years from West Europe, both through commercial purchases and clandestine diversion.

My information also establishes that Iraq, though at the present time party to the Nuclear Nonproliferation Treaty, is embarked on a full-scale program which appears designed to develop the capability to extract plutonium suitable for weapons purposes.

There is no evidence that actual bomb design has been done in Iraq. But Iraq is demonstrating graphically the danger that radical oil powers will use the "oil weapon" to blackmail other nations into

imprudent sales of sensitive nuclear technology and cooperation in its use.

Administration officials have confirmed reports received by me indicating that Iraq has used its position as a major oil exporter to attain large stockpiles of uranium from Portugal, a new agreement with Brazil to exchange nuclear technology, agreements with France to provide extensive technical assistance in key aspects of the nuclear fuel cycle along with sales of French research reactors and weapons-grade nuclear fuel, and sales by Italy of three sensitive "hot cells" suitable for practice of plutonium extraction techniques, and other fuel cycle procedures. Both France and Italy are providing nuclear training to large numbers of Iraqi scientists in Europe, and both nations today have teams of several hundred skilled technicians at work in highly sensitive nuclear research projects in Iraq.

This massive Iraqi nuclear development program is underway despite the fact that Iraq has no parallel program for developing commercial nuclear power. I am sensitive to the legitimate hopes of nations seeking to expand rapidly their industrial base through the use of nuclear energy production facilities. But it is absurd to suggest that the programs of Pakistan and Iraq—which are so clearly dedicated to developing the most sensitive fuel cycle facilities and which have no significant power production programs—deserve such legitimacy. In fact, I have been informed by more than one authoritative executive branch official, that in the absence of any associated power program, a weapons capability is clearly the option the Iraqi's are pursuing. According to the authoritative assessments, the Iraqis are embarked on "a Manhattan Project-type approach"—they are pursuing all avenues which could provide them with a capability to produce nuclear explosives.

While imports of highly enriched uranium from France will give Iraq at least the theoretical possibility of fabricating a single nuclear weapon this year, it will likely be several years before Iraq attains the capability to produce materials suitable for production of more nuclear weapons. But it is clear that its program is at a critical stage. Concerted efforts by suppliers can succeed in preventing the development by Iraq of a significant weapons capability for a good number of years.

The Iraqi program apparently is at a juncture similar to the one passed through by Pakistan some 5 years ago.

It will be several years before Iraq might attain a capability to produce a large number of nuclear weapons. But that time may be shortened by its Manhattan Project-type approach, under which Iraq is acquiring designs and is stockpiling the uranium and other commercially available resources to pursue the most sensitive nuclear fuel cycle activities. My concern over the nuclear program of Iraq is heightened by the fact that Iraq is governed by a radical, militarily aggressive regime which routinely employs terrorism to advance its aims and which is an implacable foe of U.S. allies in the Middle East.

I believe that the threat of a destabilizing regional nuclear arms race posed by the Iraqi and Pakistani programs endangers U.S. security interests and makes it essential for the United States to act. We should press France and Italy to stem the Iraqs' methodical drive toward the attainment of a nuclear weapons capability, and to place more effective limits on the supply of sensitive nuclear technology and hardware to Iraq. We should also seek greater European cooperation in attempting to bring all Pakistani nuclear facilities under international safeguards and to terminate the supply of all nuclear-related technology from Europe to Pakistan unless and until its program is subject to regular International Atomic Energy Agency (IAEA) inspections.

It is important to note in this respect that apparently the government of Pakistan remains obligated under the terms of a 1975 "facility attachment agreement" to accept IAEA inspection of any and all "solvent extraction reprocessing plants" in Pakistan.

We should work with the many governments in Europe who have helped to make possible the rapid development of the Pakistani nuclear program—including France, West Germany, and Switzerland—to gain Pakistan's adherence to this inspection obligation which could prevent the Pakistanis from diverting plutonium for use in nuclear explosives.

We must also continue to pursue forcefully our national interest in slowing the rate of proliferation elsewhere around the globe and in achieving the broadest possible international acceptance of "full-scope safeguards"—inspection of all nonweapons states' nuclear facilities by the International Atomic Energy Agency (IAEA).

The key to each of these efforts remains the full cooperation of our friends in Europe who are capable of providing advanced, weapons-usable technology and hardware to the nuclear programs of developing nations. I am sensitive to European concerns about these issues. We also have many mutual security issues in addition to nonproliferation which we must pursue together in a cooperative spirit. But I believe we must not be reluctant to press our allies vigorously when our mutual security interests are threatened by the dangers of nuclear proliferation.

Two important examples of how U.S. diplomatic initiatives on nonproliferation have advanced our security interests can be found in the 1975 U.S. opposition to the proposed nuclear sales between West Germany and Brazil, and France and Pakistan. United States pressure in these cases—which initially met with vigorous European protests—eventually resulted in the modification of the West German sale to include more safeguards, and the cancellation of the imprudent French contract. These were real gains for our nonproliferation efforts.

The United States is not without important leverage in pursuing nonproliferation issues with European exporters of sensitive technology, who still rely on the United States for significant amounts of nuclear fuel and hardware. Section 129 of the Atomic Energy Act, as amended by the landmark 1978 Nuclear Nonproliferation Act, prohibits U.S. nuclear trade to nations found to have:

> Assisted, encouraged, or induced any non-nuclear weapons state to engage in activities involving source or special nuclear material and having direct significance for the manufacture or acquisition of nuclear explosive devices, and has failed to take steps which, in the President's judgment, represent sufficient progress toward terminating such assistance, encouragement, or inducement: . . .

I believe our national security interests require us to make clear to our nuclear trading partners in Europe that certain types of trade undertaken by them with Iraq or Pakistan could require us to invoke this important statute and to place a moratorium on exports of enriched uranium fuel and nuclear hardware to any European suppliers of the Iraqi and Pakistani programs. Such a trade moratorium would significantly reduce the nuclear fuel supply of these supplier nations.

We must work closely in the months ahead with nuclear supplier nations to devise a cooperative approach to the dangers posed by nuclear proliferation in the Middle East and South Asia. But on the basis of the information I have received in recent weeks, there is a strong argument to be made that the highly sensitive French and Italian assistance to Iraq's nuclear program—a program whose objective is believed by several key U.S. analysts to be the production of nuclear weapons—would oblige the United States to terminate nuclear trade with these nations until they take steps to curb their assistance to Iraq. And there is still reason to question whether past European suppliers of the Pakistani program—especially Switzerland—have done all they can to terminate the flow of sensitive dual-use technology.

I believe we must also seek to achieve an amicable termination of nuclear trade with India through a bilateral agreement which staunchly protects our rights and our interests in maintaining safeguards on our fuel as well as preventing its reprocessing. Our efforts to promote stability in these volatile regions makes such moves necessary. We must not be timid in pursuing these vital security objectives.

Mr. President, I have recently communicated my serious concerns regarding these issues to administration officials, including Secretary Haig. I have also expressed my concerns to key congressional leaders on nonproliferation issues—including Senators GLENN, PELL and PERCY and Representative BINGHAM.

I believe the potential damage to United States and Western security interests posed by the threat of a destabilizing nuclear arms race in the Middle East or nuclear terrorism is of such magnitude that prompt action by our Government is called for. I hope that Congress will initiate investigations into the status of the Pakistani and Iraqi nuclear programs and the nature of West European assistance to these programs.

I believe these inquiries should examine persistent efforts by Libya to secure uranium and sensitive nuclear technology for weapons purposes and the latest developments in the Indian nuclear program, as well.

I urge the Reagan administration to undertake diplomatic initiatives designed to combat the proliferation of sensitive nuclear technology which threatens our interests and which promises to increase instability in the already volatile regions of the Middle East and South Asia, and elsewhere around the world.

Our efforts to slow the spread of nuclear weapons to additional countries are clearly only time-buying measures. It is becoming increasingly difficult to prevent determined nations from attaining nuclear weapons over the long haul. It thus becomes essential for us to deal with the root causes of nuclear proliferation before we face a world with literally dozens of nuclear armed states—which would be a world living each day on the brink of cataclysmic nuclear exchanges.

We must redouble our efforts to deal with regional sources of insecurity which drive nations toward the nuclear weapons option and thereby begin to build nuclear weapons-free zones, as a step toward a nuclear-free world.

As a superpower, it is absolutely essential for the United States to forge ahead without delay to negotiate and ratify equitable and verifiable arms control agreements which reduce our own bloated nuclear arsenal.

We need to think anew about how we can move toward the goal of stopping nuclear proliferation and beginning to liquidate the enormous arsenals the superpowers have accumulated.

I recognize that there are some experts who think there is no solution to this problem, that nuclear war is inevitable, and that the only question is whether this war will be regional or global.

The mind of man faces an unprecedented challenge in the task of devising a remedy for the dangers posed by nuclear proliferation. There are those who have concluded that this task is beyond our capacity. Our Nation—and indeed, the entire human race—face no danger that matches this one in magnitude.

Mr. President, soon after destruction of Hiroshima and Nagasaki by nuclear weapons, when I was a young man in my early thirties, I read a book and an article which made a profound impression upon me. Then we were the only nation possessing nuclear weapons. Surprisingly soon, the Soviet Union developed nuclear weapons.

Now, four or five more nations have joined the club since that time. In 5 years, there could be a half-dozen more. In 10 or 15 years, there could be yet another dozen.

Time is slipping by. Effective counteraction to date has been insignificant. The dangers mount.

I wish to read briefly from the book about the post-Hiroshima world which I read first in late 1945. It is by H. G. Wells, the historian, and is entitled "Mind at the End of Its Tether." The first paragraphs read:

> The writer finds every considerable reason for believing that, within a period to be estimated by weeks and months rather than by aeons, there has been a fundamental change in the conditions under which life, not simply human life but all self-conscious existence, has been going on since its beginning. This is a very startling persuasion to find establishing itself in one's mind, and he puts forward his conclusions in the certainty that they will be entirely inacceptable to the ordinary rational man.
>
> If his thinking has been sound, then this world is at the end of its tether. The end of everything we call life is close at hand . . .

A little later in the same book he wrote:

> We may be spinning more and more swiftly into the vortex of extinction, but we do not apprehend as much.

Still later came this passage:

> Mind near exhaustion still makes its final futile movement towards that "way out or round or through the impasse".

Near the close of the book, H. G. Wells wrote:

> It is possible that hard imaginative thinking has not increased so as to keep pace with the expansion and complication of human societies and organisations. That is the darkest shadow upon the hopes of mankind.

In early 1946, I read another remarkable article, this one by Lewis Mumford, the eminent social historian and planner. It appeared in the "Saturday Review of Literature" on March 2 of that year. I will read only the first few paragraphs from this piece, which is entitled, "Gentleman: You Are Mad." It starts out with these words:

> We in America are living among madmen. Madmen govern our affairs in the name of order and security. The chief madmen claim the titles of general, admiral, senator, scientist, administrator, Secretary of State, even President. And the fatal symptom of their madness is this: they have been carrying through a series of acts which will lead eventually to the destruction of mankind, under the solemn conviction that they are normal responsible people, living sane lives, and working for reasonable ends.
>
> Soberly, day after day, the madmen continue to go through the undeviating motions of madness: motions so stereotyped, so commonplace, that they seem the normal motions of normal men, not the mass compulsions of people bent on total death. Without a public mandate of any kind, the madmen have taken it upon themselves to lead us by gradual stages to that final act of madness which will corrupt the face of the earth and blot out the nations of men, possibly put an end to all life on the planet itself.
>
> These madmen have a comet by the tail, but they think to prove their sanity by treating it as if it were a child's skyrocket. They play with it; they experiment with it; they dream of swifter and brighter comets. Their teachers have handed them down no rules for controlling comets; so they take only the usual precautions of children permitted to set off firecrackers. . . .
>
> Why do we let the madmen go on with their game without raising our voices? Why do we keep our glassy calm in the face of this danger? There is a reason: we are madmen, too. We view the madness or our leaders as if it expressed a traditional wisdom and a common sense: we view them placidly, as a doped policeman might view with a blank, tolerant leer the robbery of a bank or the barehanded killing of a child or the setting of an infernal machine in a railroad station. Our failure to act is the measure of our madness. We look at the madmen and pass by.
>
> Truly, those are infernal machines that our elected and appointed madmen are setting. When the machines go off, the cities will explode, one after another, like a string of firecrackers, burning and blasting every vestige of life to a crisp. We know that the madmen are still making these machines, and we do not even ask them for what reason, still less do we bring their work to a halt. So we, too, are Madmen: madmen living among madmen, unmoved by the horror that moves swiftly toward us. We are thinking only of the next hour, the next day, the next week, and that is further proof that we are mad; for if we go on in this fashion, tomorrow will be more heavy with death than a mortuary.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business.

THE SOVIET BUILDUP OF THEATER NUCLEAR ARMS IN EASTERN EUROPE.

Mr. THURMOND. Mr. President, I rise today to deplore the continuing Soviet buildup of theater nuclear weapons in Eastern Europe, and to urge that we act quickly to rebuild the West's nuclear arsenal in Europe to counter this threat.

The Pentagon has confirmed reports that the Soviet Union nearly doubled the deployment of SS–20 three-MIRV mobile IRBM's last year. Actually, the Soviets added 80 operational SS–20's in 1980 to the "more than 100" estimated a year ago. This includes the addition of 50 SS–20's to the 60 in place a year ago targeted on Western Europe, for a total of 110 now aimed at NATO. The remaining 70 have other targets, such as the People's Republic of China. The 180 SS–20's are in addition to 450 older SS–4 MRBM's and SS–5 IRMB's deployed. It is estimated that the Soviet Union will have deployed over 300 SS–20's by the mid–1980's.

This is hardly surprising, Mr. President, when the Soviets' European theater doctrine is understood. The Soviets have always regarded war as merely an extension of politics. Because the international policy consequences of losing a European war would be disastrous to the Russians, their doctrine calls for winning quickly by any means, including a massive, nuclear surprise attack against NATO Europe.

I endorse the concept of arms limitation talks with the Russians, in which Secretary of State Haig has expressed our official interest. But we must always negotiate for peace from a position of strength. To this end, I urge that we proceed at a rapid pace with the emplacement of Pershing II and ground-launched cruise missiles in NATO Europe. We must impress upon the Soviets that no aggressive action they might take in Europe would be worth the consequences to them.

CONCURRENT RESOLUTION PRAISING SECRETARY OF ENERGY JAMES B. EDWARDS

Mr. THURMOND. Mr. President, I rise today for the purpose of presenting

to the Senate a concurrent resolution passed by the General Assembly of my State of South Carolina, commending former South Carolina Gov. James B. Edwards on his confirmation as U.S. Secretary of Energy, and urging Secretary Edwards and the Congress to support the rapid development of the ethyl alcohol fuel industry, which will play an important role in our Nation's energy future.

As Secretary of Energy, Governor Edwards has shown a firm commitment to promoting the free enterprise system which has served our country so well in its first two centuries. With a man of Governor Edwards' vision and ability managing America's energy programs, I am confident that our country is well on its way to achieving greater energy stability and independence.

I am pleased to share this resolution with my colleagues, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the concurrent resolution was ordered to be printed in the RECORD, as follows:

CONCURRENT RESOLUTION

A concurrent resolution to commend former South Carolina Governor James B. Edwards upon his confirmation as Secretary of the United States Department of Energy and to memorialize Secretary Edwards and the Congress of the United States to take several actions to ensure rapid development of the agriculturally-derived ethyl alcohol fuel industry.

Whereas, the members of the General Assembly were pleased to learn of the confirmation of former South Carolina Governor James B. Edwards as Secretary of the United States Department of Energy; and

Whereas, Secretary Edwards is one of a small number of South Carolinians to be honored by being named to a post on the Cabinet of a United States President; and

Whereas, the General Assembly, cognizant of the outstanding public service which Secretary Edwards has rendered to the State and the Nation in other high offices and positions of influence, is confident that he will continue to render valuable and able leadership in his new position; and

Whereas, recently events have occurred which have made it evident that the exorbitant costs paid for supplies of oil and its byproducts necessitate the rapid development of alternate sources of fuel supplies for the United States and indeed for the entire world; and

Whereas, it is becoming more evident that the United States has agricultural resources which may be used to develop large supplies of ethyl alcohol to be used for fuel or mixed with gasoline to produce gasohol; and

Whereas, the South Carolina Governor's Advisory Council on Alcohol Fuels is continuously assessing and developing policies and plans to promote the development of an efficient and economical alcohol fuel industry in our State; and

Whereas, it is the feeling of the members of the General Assembly that actions which have been taken by the states require support at the federal level in order to succeed in establishing this essential home grown alcohol fuel industry. Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

That former South Carolina Governor James B. Edwards is commended upon his confirmation as Secretary of the United States Department of Energy.

Be it further resolved that he and the Congress of the United States are memorialized to take the following actions either by executive order or legislative recommendation:

1. Make available immediate low interest loans to finance alcohol fuel production and provide for rapid amortization of new alcohol fuel production plants.

2. Make permanent the federal excise tax exemption on gasohol, on a par with the present four cents exemption.

3. Require the federal government to implement the use of grain alcohol in its vehicles as soon as possible. Such use was authorized by Congress during 1980.

4. Require the federal government to stockpile ethyl alcohol fuel for defense purposes.

5. Appoint a Presidential Ad-Hoc Advisory Committee of people presently involved in agriculturally-derived ethyl alcohol fuel development to advise the President, the United States Department of Agriculture and the Department of Energy to insure the rapid development of the alcohol fuel industry.

6. Direct the United States Department of Agriculture to develop markets for the high protein byproducts of alcohol grain products.

7. Continue and accelerate the implementation of Alcohol Fuel Development Programs of the Department of Energy, the Department of Agriculture, and the Department of Commerce by making loan guarantees available to qualified applicants on a basis that will assure the development of alcohol fuel production facilities in all regions of the Nation.

8. Provide new incentives for on-farm production and use of alcohol fuels to be developed as a major part of our Nation's alternative and synthetic fuel energy program.

Be it further resolved that a copy of this resolution be forwarded to Secretary of the United States Department of Energy James B. Edwards and to members of Congress of the United States representing South Carolina.

SOVIETS CONSIDER LIQUID FUEL FROM COAL

Mr. FORD. Mr. President, at a time when Congress has been asked to all but end Federal support in speeding development of a national synthetic fuels industry, I find it more than ironic that the Soviet Union is now ready to embark on a program similar to the one we have been asked by the administration to abandon.

I call the attention of Senators to an article in the New York Times of Sunday, March 15, which detailed this development. To quote from the article:

Soviet interest in the development of synthetic fuels, which had not been evident in the past, may reflect a desire in the Kremlin to maintain continued energy independence in the face of tightening domestic oil supplies.

It goes without saying, Mr. President, that this country, too, has had and still has, serious problems relative to energy, and at the heart of these problems is a continued overdependence on imported oil. Yet, rather than continue the intense push mandated by the 96th Congress to make up for lost time in the synfuels arena, we now are considering ending the progress underway, without regard for current or future consequences.

We are concerned—and rightfully so—about the need for a stronger defense and improved national security. Toward that end, we are ready to pour $184 billion additional above what had been recommended into defense spending over the next 5 years.

Somehow, the fact that defense needs and energy needs are very much interlocked has been overlooked.

Obviously, this is a fact that has not escaped the Soviet Union, and thus that country's accelerated effort to develop a domestic-based synthetic fuels industry.

I hope that all my colleagues will take note of this development which is, at the least, very interesting, and I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOVIET, ITS OIL DECLINING, LOOKS TO LIQUID FUEL FROM COAL

(By Theodore Shabad)

The Soviet Union, apparently concerned about a slowdown in the growth of domestic oil production, has announced a synthetic fuels strategy similar to one being advocated in the United States.

News of the Soviet program, designed initially to test the conversion of coal to oil in small pilot plants, comes at a time when the future of some American synthetic fuels projects seems uncertain, in the wake of the Reagan Administration's plan to eliminate direct Government subsidies and let private industry carry a larger burden of development costs.

Soviet interest in the development of synthetic fuels, which had not been evident in the past, may reflect a desire in the Kremlin to maintain continued energy independence in the face of tightening domestic oil supplies.

There has been speculation in the West that future shortages of liquid fuels in the Soviet Union may at some point stimulate expansionist tendencies in the Persian Gulf oil-producing region.

POSSIBLY A LAST-MINUTE DECISION

The Soviet decision to proceed with synthetic fuels development appears to have been a last-minute decision, possibly made in light of prospects for little, if any, growth in domestic oil production in the 1980's. No synthetic fuels program is mentioned in the guidelines for the five-year plan for 1981–85, published in December and approved by the 26th Communist Party Congress in February with only minor modifications.

The program was disclosed Feb. 23 in a keynote speech by Leonid I. Brezhnev, the Soviet leader, at the party congress. The gathering approved the five-year plan and Moscow's domestic and foreign policies for the first half of the 1980's.

"Looking ahead over the long term," Mr. Brezhnev said, "serious consideration must be given to the production of synthetic liquid fuels based on the coals of the Kansk-Achinsk Basin."

The Kansk-Achinsk Basin, in southern Siberia, is a vast repository of a low-grade type of coal known as lignite, similar to huge lignite deposits in the western United States. Although overall reserves are estimated by the Russians at 140 billion tons, the basin contributes less than 1 percent of the nation's coal production.

The lignite disintegrates while being transported; it tends to self-ignite in summer and a high moisture content causes it to freeze in winter. The main options for large-scale use of Kansk-Achinsk lignite are used at mine-site power plants or conversion to synthetic fuels.

Late in the party congress, Prime Minister Nikolai A. Tikhonov, in discussing the new economic development plan, said the synthetic fuels strategy urged by Mr. Brezhnev

would require the combined efforts of the State Planning Committee, the Academy of Sciences, the State Committee for Science and Technology, the Ministry of the Coal Industry and other agencies.

In an interview with Izvestia, the Government newspaper, A. A. Krichko, director of the Institute of Mineral Fuels, said that construction of the first pilot plant had started during the party congress in the Moscow lignite basin, south of the Soviet capital.

The plant, to be built next to the existing Belkovskaya mine near Novomoskovsk, is to be completed in 1983, with a daily capacity to convert 10 tons of lignite into 2.5 tons of liquid fuel, or 18 barrels.

WORK ON PLANT BEGINS THIS YEAR

Dr. Krichko, whose institute was said to have developed the technology to be tested, said that work would begin later this year on a larger pilot plant in the Kansk-Achinsk Basin of southern Siberia.

That facility is to have a daily lignite-processing capacity of 75 tons, yielding 130 barrels of liquid fuel. It is to be built southwest of Achinsk, at the Berezovskoye No. 1 strip mine, one of a series of huge open pits projected for the 1980's along with power plants that would generate electricity for long-distance transmission over extra high voltage lines.

The initial Soviet synthetic fuels projects are both more limited in scope and substantially smaller than the United States effort envisaged last June, when President Carter signed legislation creating the Synthetic Fuels Corporation, a quasi-governmental entity, and set a goal of producing the equivalent of 500,000 barrels of oil a day by 1987.

The American program, unlike that of the Soviet Union provided for a number of alternative sources of synthetic fuels, including not only coal-to-oil processes, but ways of converting coal to gas as well as extracting liquid fuel from oil shale.

SOVIET HAS HUGE GAS RESERVE

The Soviet Union is concentrating its efforts on making liquid fuel from coal. With vast reserves of natural gas in Siberia, it has thus far displayed little interest in commercial coal gasification, although it has done experimental work in that field. Nor do Soviet planners, for the time being, intend to make use of oil-shale reserves, except for an old shale-burning electric power industry in Estonia.

Furthermore, the United States is further advanced in its synthetic fuel program than the Soviet Union. Some American liquid fuels processes have passed the pilot plant stage, in which engineering designs are tested, and are now moving into the demonstration plant phase, intended to demonstrate economic feasibility. Two of the projects authorized by the Carter Administration, and now threatened by budget cuts, are 6,000-ton-a-day demonstration plants, in Morgantown, W. Va., and Newman, Ky.

DONALD EDWARDS, NEW ADJUTANT GENERAL OF VERMONT

Mr. LEAHY. Mr. President, I think the United States should know that Vermont has a new adjutant general. The Vermont Legislature has selected my good friend Donald Edwards as its new commander to replace the distinguished Gen. Reginald Cram who is retiring after long years of admirable service to our State.

Like all Vermonters, I will miss General Cram, but I welcome with pleasure his successor Don Edwards.

I ask unanimous consent that the article from my hometown newspaper, the Burlington Free Press, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEW ADJUTANT GENERAL HAS ATTAINED GOAL

MONTPELIER.—Donald Edwards, sworn in as Vermont adjutant general Wednesday, said he has long hungered for the job.

"It's something I've thought about for the last five or six years," he said.

Edwards, 43, who has been in active military service since being graduated from a military college in 1959, became an Army major general in December.

He is assuming command of Vermont's National Guard, the internal discipline of which has been the subject of controversy.

Although Edwards has declined to criticize the officers over whom he will preside, he hinted he intends to give the hierarchy close scrutiny.

"I think the adjutant general doesn't run the Guard," he said, "Other people provide the detailed leadership.

"My job is to see the best possible leadership is in place. If I say no more that that, some will get the message."

Edwards, who proved his political ability by edging ahead of a wide field of contenders for the adjutant's post, was serving his seventh year in the Vermont House.

In the opinion of some observers, he partly owed his election by the House and Senate to the ties he made as an unassuming lawmaker. He is a Democrat.

He also has a long list of military credentials.

After graduating from Norwich University in Northfield, he served more than 12 years in the Army, including three in Germany, two in Vietnam and two in England with the British Army as an exchange officer.

In Vietnam, he commanded a company and was battalion operations officer and senior adviser. He commanded a battalion for nearly four years.

In reserve service since 1971, he was training and readiness officer for 24 units and 2,200 soldiers and then director of training, operations and readiness for 100 units and 14,000 soldiers in New England.

He was awarded the Bronze Star, a Meritorious Service Medal, three Army Commendation Medals, the Vietnamese Medal of Honor, the Republic of Vietnam Cross of Gallantry, the Vietnam Service Medal and the National Defense Service Medal.

He was born in Bellows Falls and lives in Grafton.

His two young sons, William and Edmund, helped pin the two stars on Edwards' shoulders after Gov. Richard Snelling administered the oath of office.

Edwards takes office at a time when the governor has been agonizing over whether to allow F-4 fighter bombers to be based in South Burlington.

Tests were conducted Tuesday to determine how much noise problem the airplanes might create, which is Snelling's principal concern.

"I frankly don't find it to be that noisy," Edwards said. "If you were standing near the runway, yes, it's loud, but when it's overhead, that's another story.

"I think under some conditions it's less noisy than some commercial airliners are," he said.

He said the financial benefits of having the planes in Vermont outweigh the nuisance considerations.

More than 170 military and civilian jobs would be created with a payroll increase of about $1 million, he said. "I think that's a significant figure.

In addition, construction projects to improve the runways and provide two new hangars would pump "millions of dollars" into the state's economy, he said.

"It will have a significant impact, particularly in Burlington," he said.

SENATOR GOLDWATER RECIPIENT OF JAMES FORRESTAL MEMORIAL AWARD

Mr. BAKER. Mr. President, this past Thursday, March 12, our friend and colleague, the Senator from Arizona (Mr. GOLDWATER), one of the most revered and respected statesmen to ever grace this Chamber, was the recipient of the James Forrestal Memorial Award, given by the National Securities Industrial Association for high honor and service to our Nation.

Named for our first Secretary of Defense, the award is the highest honor the association accords to an American citizen. There could have been no more fitting or more deserving recipient than Senator GOLDWATER. Throughout his tenure in the Senate, indeed, throughout his lifetime, BARRY GOLDWATER has been the very personification of patriotism.

In accepting the award at a dinner here in Washington, Senator GOLDWATER delivered a rather remarkable address, as is his wont, on the state of our national affairs and our national spirit. Having had the opportunity to read that speech this past weekend, I would like to share it with my colleagues as it is a testimony to the fire of the American spirit, a fire which burns deep in the heart and mind of BARRY GOLDWATER.

I would like to express my congratulations to Senator GOLDWATER on this richly deserved honor and also my appreciation to him for his immeasurable contributions to this Senate and this Nation.

And, so that others might share in the wisdom and the fire of my friend from Arizona, I ask unanimous consent that the text of his remarks at that awards dinner be printed in its entirety in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR BARRY GOLDWATER

Mr. Chairman, distinguished guests, ladies and gentlemen, and my fellow Americans: Many things have happened to me during my rather long life that have honored me and flattered me, but never has such an honor been bestowed on me as the one being given tonight. I just wish my old grandfather from Poland were here, because he said every man should pay rent for the space he occupies on Earth, and that is all I've been trying to do.

James Forrestal, our first Secretary of Defense, one of the most patriotic Americans who ever lived in this country, established the National Security Industrial Association for the purpose of providing an access channel through which industry could bring to the military that which they thought needed, and also the road went the other way. And tonight I stand here, not necessarily as an ordinary citizen, because through the fates of luck, I am a United States Senator, and I am also honored to be a retired member of our Air Force Reserve. But I would like to accept James Forrestal's invitation "to use the other road" and speak as an American citizen on some specific problems that bother me and have bothered me for some time, and I suspect also bother many people in this audience, and across America.

Freedom, ladies and gentlemen, is really what this country is all about. Without freedom there would be no need for a United States. Without freedom, who among our

ancestors would have left the rather successful shores of Europe to travel to this country? Not for riches, not necessarily for wisdom, but for the fact that they could be free. And I have a very strong suspicion that everyone in this audience and a great, great majority of Americans have accepted the fact that without freedom as our cause, our driving force, there would never have been a United States, and when we have lost that feeling, and when we have lost the means to protect that freedom, we will have lost the country that we have all loved and so many have fought for.

And yet, our country has just suffered what was probably the worst humiliation in history; worse than Korea, because we didn't have the strength morally, economically, politically, nor militarily, to face up to a small nation which imprisoned 52 of our people. Now Korea and Vietnam were somewhat different, because I suggest to you that those wars were lost right here in Washington. Not by the man in uniform, but by the man in civilian clothes. Did any of you ever believe that we would allow such disrespect to our nation? Did any of you ever believe that in this world, our friends would turn away from us because they looked on us as weaklings and even worse, as cowards?

Now, there is a quotation above the steps of the National Archives here in Washington that states, "What is past is prologue—study the past." So we might do a little of that tonight.

Let me look closely at America's 200 odd years of existence and we realize that we were born in war, we existed and we survived in war; in fact, the President has called the American troops out 200 times in our history, for different reasons. Now, a country that lives like this still doesn't understand the nature of war. War is an instrument of national policy. the final instrument to be used when all others have been tried and failed.

Let's take one of those other instruments, the use of economic power, which in my humble opinion, had we used, starting at the end of World War II, there wouldn't be a Soviet Union worth looking at. In this case I am referring to now, our refusal to ship grain to the Russians, who badly need it. Now, that is an exercise of economic power, and President Carter rightly put it into effect. The Russians are suffering from it, and I suggest to my new President that we should not change that at this time. I would much rather see a relative handful of American farmers hurt than see tens of thousands of young American boys die on the plains of battle in Europe. This use of economic power, political power, and so forth, anything short of war can prevent war. And once we know that and know it as a country, then I think we can begin to look at the mistakes made since World War II and determine to never let them happen again.

Now, when our Founding Fathers stated that the civilian could always be, or should always be, superior to the military man, it was a wise decision and up until recent times, with a possible exception of that one moment that Lincoln thought of taking over the armies, the civilian, the secretaries of the branches of the military, the Commander-in-Chief himself, the President, have always allowed the generals and their men, and now women, to win the wars. That was true, let me remind you, up until Korea, when a Commander-in-Chief dictated the terms of that war and prevented the Americans from crossing the Yalu. Certainly it would have been a risk, but had the risk succeeded, there probably wouldn't be any strength in Red China tonight. Then came that unpopular and wrong excursion into Vietnam. I say wrong because President Kennedy sent men into Vietnam with orders not to shoot back and President Johnson, after falsely telling Americans there would be no further troops sent to Vietnam did just that, and it became the second great war that this country lost; and I might say here that both of these wars could have been won, in my opinion, won quickly and without a terrible loss of manpower or a large expenditure of funds, had we pursued military vision instead of the roll of political dice.

Now, when we allow men in civilian clothes sitting safely at home, or in their offices in Washington, to tell our fighting men on the ground, the sea or the air, in a theatre such as Vietnam, what their targets are to be, what they can and what they can't shoot at, to offer long and lengthy instructions in booklet form as to what targets can be engaged, then I suggest that we should have lost that war. The trouble is that we waited too long to admit that we had lost it. Had the military trained men been allowed to engage in that war the way it should have been engaged, I firmly believe that it would have meant extensive use of airpower, not with atomic weapons, but with conventional weapons, with the historic threats being made to the enemy before the weapons were used; and I think the enemy would have quit. The major tragedy so far that has come out of the civilian control of the war in Vietnam was not only the loss of the war, but it could very well mean our total loss of the Pacific, which for over 100 years has been the central focal point of our foreign interest.

It has been my belief, and I think the beliefs of most military men and people interested in peace and the protection of our freedom, that a country prepared to go to war is a country that will never go to war because of that preparedness. I suggest that we had it under John Foster Dulles and President Eisenhower, and I suggest that under Al Haig we are going to have another experience like that. It doesn't matter whether war comes with a moment's notice or a month's notice or an hour's notice; if we are not ready, we can't do the things our military forces should do.

The question now is, "Are we ready?" And I sit day after day in the Armed Services Committee listening to the men from the different services explain the readiness of their forces; and I don't mind telling you I go home at night and wonder if we have the strength, if we have the manpower. I think we have to recognize and admit that our forces are in an inferior position compared to the possible enemy, the Soviets. Fifty percent of our Navy fighter planes can't fly. The Air Force is just a little bit better. Six of ten Army divisions have fallen short in training and equipment for operations. Our equipment for detecting submerged submarines is inadequate in inventory. We have too few torpedoes in our inventory to fill the tubes, too few air-to-air missiles to permit our F–14's and 15's more than one reload each. And then, the most important and chilling thing that we hear day after day after day is our manpower situation, which has actually reached and passed the danger stage where it is quite obvious now that a volunteer Army is not going to fill the bill.

And while I was probably the first man in national politics to suggest an end to the draft, and dependence on a volunteer Army, I have to change that opinion now, or we are in dire circumstances. Why not try universal military training or universal training, where every young person who reaches 18 is subjected to two years of training for either military purposes or other purposes that will be helpful to our country? Other countries do it, and they seem to do it without the arguments that we hear in this country when it is proposed. Of course, they don't have Jane Fonda running around.

Our Army, Navy, Marine Corps and Air Force are deficient in the higher grade enlisted ranks, not to mention the lower grades. We are short 2,500 pilots in this country, and yet some of our spokesmen, including the former Secretary of Defense, used to have the gall, or I should say the guts, to stand up and tell us that we were the number one military power in the world, when any reasoning on his part could have told him this was not true.

Now, the American people have been terribly misled. They have actually been lied to. And I suggest that it is time now to tell the American people the truth, level with them, ask their help, explain to them what we have to do; and mind you, this is not for the purpose of going to war, this is for the purpose of getting strong enough so that no other power in the world would even think of attacking us. It is for the purpose of peace and the preservation of our freedom.

Now, in another area, there are some things that have to be done by the business communities of this country, and I mean from the very big ones right on down, but particularly the big ones. Naturally we need tax incentives to get them back into research and development, get them back into retooling, get them back into redesigning, improving quality, get them back into doing everything that can be done to get our industries going again. We have to convince the unions that they are not something special, they are Americans, like every man in uniform, like every man and woman who wants to serve his country; and we have to stop catering to their every whim: more money, less time, sloppy work. It is ruining Great Britain. We don't have to put up with it. And I think it is time we started talking turkey to the union leaders of this country. I've discussed this problem openly with Admirals and Generals who have come before our committee; I'm not putting the blame on the man in uniform, I'm putting the blame on 20 long years of Republicans and Democrats alike allowing our country to slip because they think they can get more votes by spending money someplace else.

And what do we see today? We see what was once the greatest industrial nation in the world, one-sixth of the world's population living on one-sixth of the land, owning over 52 percent of all the material things in the world, we find ourselves slipping. I told the President after we stopped building the SST, foolishly, I said the European countries are going to catch us in avionics and aviation; and by golly, they're doing it, and this country has to make some changes. We are buying most of our strategic metals, the most important ones, from other countries. Cobalt is more valuable to us now than gold. Bauxite aluminum is almost unobtainable in this country. We are looking at lead times for little things like the front landing gear of a fighter plane—three years lead to remake it because we are out of the expertise of labor and we are out of the metals.

I say that because one of the great problems we have in this country is the almost stagnant situation existing in those very industries where we need growth to move out ahead of the rest of the world, instead of constantly falling behind. The lead times on weapons and spares are too long.

What I am very concerned about in this whole general area is the steady decline in our country's industrial growth, a growth that since the 1870's had brought this country to the forefront in the economic field. Our productivity growth rate for our total economy has been lower than all three nations, and we are continuing to decline. This is not something that you and I can stand idly by and watch, and expect this country to be able to once again assume its rightful place as a world leader. Because without a strong economy, without a strong military and, yes, I will add, without a strong moral conviction, no country, no country can ever be great.

Our country, which has always prided itself on the quality of its products, must now look, whether we like it or not, at countries

like Japan, which have been producing better products than we have for years, and then look at ourselves, who, fortunately, retain the technological leadership of the world, but no longer the quality of leadership. The ascendancy of the rest of the world is also beginning to cut in on our aviation.

What I am pleading for is that the American government, through very strong tax and other incentives, help the American industrial machine to get moving again to the point that there will be no question that we cannot only deliver needed weaponry, but needed spares, and deliver them on time and cut down the tremendous time lag that we must suffer through now to bring out any part of a new weapons system. We have to get American industry moving now, and I want to make a confession to you that I swore I told myself last night I would not say, but I am unfortunately possessed of a tongue that wags all the time. And as my wife says, "Put the darn thing in the hangar and close it."

I doubt seriously sometimes whether this country has the money or the time to match the Soviet Union. We are so far behind. I think of the Soviets turning out a tactical aircraft every seven hours, and this year we're not buying enough aircraft, including helicopters, to even replace the normal attrition, and that means the ones that burn up, fly into mountains, run into each other and so forth. We don't have the time. Somehow we have to get it. Somehow we are going do it. Somehow, every time America has been confronted with a challenge, Americans have answered that challenge, and we're going to regain our place in the world. We're going to become a nation respected by every group of people in this world; and in doing this we are going to develop power, not to dominate, but to act against those who want no peace in this world.

It makes me a little sick to pick up our papers, and read about leaks in the intelligence agencies. I've often said there are more leaks in Washington than there are in the men's room at Anheuser-Busch. I hate to say that, but it is true. We need the strongest Intelligence Agency in the world. I can tell you we are going to give it to you. I see nothing wrong with surveillance in our own country. I don't buy the idea that every enemy of the United States lives outside the boundaries of our country. When I read some of the junk I have to read, and listen to some of the dribble I have to listen to, I wonder why we are not surveilling this country now. Let's get rid of these people who don't like America. I want to quote something that John Stuart Mill said. Not in its entirety. He said, and I quote him: "War is an ugly thing, but not the ugliest of things. The decayed and degraded state of moral and patriotic feeling which thinks nothing worth a war is worse.

"A man who has nothing which he is willing to fight for, nothing which he cares more about than he does about his personal safety, is a miserable creature, who has no chance of being free, unless made and kept so by the exertion of better men than himself. As long as justice and injustice have not terminated their ever-renewing fight for ascendancy in the affairs of mankind, human beings must be willing, when need is, to do battle for the one against the other."

And let me close by reminding you. Freedom is the only thing we have. You can forget about everything else. You keep America free, and we'll conquer every problem we have. Thank you.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

RECESS UNTIL 2 P.M. TODAY

The PRESIDING OFFICER. Under the previous order, the Senate will stand in recess until 2 p.m. today.

Thereupon, at 1:11 p.m., the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GORTON).

QUORUM CALL

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from the State of Washington, suggests the absence of a quorum.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, for not more than 10 minutes, in which Senators may speak.

The PRESIDING OFFICER (Mr. QUAYLE). Without objection, it is so ordered.

APPRECIATION AND GRATITUDE OF THE SENATE TO WARREN G. MAGNUSON FOR SERVICE TO HIS COUNTRY—SENATE RESOLUTION 96

Mr. JACKSON. Mr. President, I ask immediate consideration of a resolution sponsored by me and my colleague from the State of Washington, Senator GORTON. The resolution is at the desk.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 96) expressing the appreciation and gratitude of the Senate to Warren G. Magnuson for service to his country.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the immediate consideration of the resolution.

Mr. JACKSON. Mr. President, the resolution commends former Senator Warren G. Magnuson and expresses the Senate's appreciation for the many contributions he made during his 36-year tenure in the Senate.

This resolution coincides with Warren G. Magnuson appreciation day set for March 19 at the direction of Governor John Spellman of Washington State. On that day of recognition and tributes to Maggie, he will address a joint session of the Washington State Legislature meeting in Olympia and will be honored later in the evening at a huge dinner in Tukwila.

Mr. President, the day of recognition planned for Senator Magnuson is on a nonpartisan nature. Senator GORTON and I will both be in Washington State Thursday to participate in the events honoring Maggie.

Much has been said and written about this remarkable individual who was orphaned early in life and went on to become the senior Member of the U.S. Senate.

Recently, I was asked by the Seattle Post-Intelligencer to write about Maggie. I enjoyed a special relationship with him as his colleague in the Senate for 27 years. To share my recollections with other Members, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TRIBUTE TO MAGNUSON

No one worked closer with Warren G. Magnuson for more years than I.

And it went beyond the simple fact we represented Washington State together. No member of either House served longer with Maggie—I was with him 40 of his 44 years in Congress.

The record places me in a rather unique position to remember Maggie, our relationship and his contributions to the nation and our state.

Senator Magnuson did more during those 40 years to better the quality of life for his fellow human beings than any other U.S. Senator. That's a mighty big statement and I do not make it lightly.

Maggie's cause always has been the fulfillment of basic human rights. It was an overriding concern.

Everywhere Maggie touched lives. The effort reached from doctors' offices to automobiles to airplanes to fishing boats to grocery stores and beyond. He demanded consumers get value, quality and safety. He saw to it that dams, bridges, roads and sewers were built to spur economic activity and development throughout the country; but always with one eye to the communities of Washington State. And, at the same time, he had the vision to protect public lands and resources simply for their beauty and for future generations to enjoy.

All Maggie ever wanted to do in the Senate was help people. It did not matter whether they were young or old, healthy or sick, rich or poor, black or white. He sought fairness and opportunity for all.

I always considered it my personal honor and privilege to serve with Maggie and to have him as my colleague from Washington State. Our relationship was special. Few Senators from the same state—for whatever reasons—work well together. Some do not even speak to one another.

Maggie and I were different in that respect. We considered ourselves partners from the State of Washington. And our combined energies enabled us to succeed where others had failed.

There was no magic or mystery about it. Nor was it something we planned or agreed upon when I joined him in the Senate. Ours was a natural relationship, never forced or contrived, and not something that we had to work to maintain.

This does not mean we always agreed on every issue or approach to a problem. But we managed to disagree without being disagreeable. We talked and we listened. When a problem came up, Maggie and I did not write each other letters outlining our differences. Our offices were next door to one another, almost as extensions of each other. He supported me and I supported him. And we were strengthened because of it.

It was a system that worked and benefited both of us as well as the people of Washington State.

I mention these things because it exemplifies how Maggie operated in the Senate and how he succeeded in achieving so many of his goals.

Maggie always knew there would be a tomorrow. I believe it was a guiding principle with him. In the Senate, today's opponent may be tomorrow's ally. It's a simple thought but one that is often lost among today's single-issue media-minded public figures.

Maggie involved his colleagues; consulted and advised them. When he gave his word, it might as well have been signed on a binding contract. And he had a marvelous way of making people feel they'd won even after a loss.

This was Maggie's trademark: always friendship, understanding, trust and a willingness to help when there was seemingly nothing in it for him or his constituents. He knew there would be another day, another vote, another battle to be won or lost. This was the strength of his power in the Senate.

I learned from Warren G. Magnuson and benefited enormously from him. I share the great appreciation and love the people of Washington and the Nation feel for Maggie. It was to them he dedicated his life's work.

As he looks to the future, it is my hope Maggie will continue to give to our State and Nation the benefit of his experience and leadership in the years ahead.

Mr. JACKSON. Mr. President, I yield to my junior colleague, Senator GORTON.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I am pleased today to add my voice to those in praise of a man whose words and presence demanded the attention of this honored forum for 36 years.

Neither the voters nor the officers of the State of Washington confer their honors lightly. That the voters of Washington State conferred upon Warren G. Magnuson six times the title of U.S. Senator is a measure of the exceptional representation he gave our State. That the Governor of the State of Washington, the Honorable John Spellman, has now seen fit to designate March 19 as Warren G. Magnuson Appreciation Day is an indication of the towering esteem in which he is held to this moment.

I share that esteem. For regardless of our political differences, Warren G. Magnuson is, to me, a figure who will stand out in the history of this body in the breadth of his concern for the welfare of his constituents and his country.

Both as a private citizen and as a public official in our State I was in a position to know better than many what Warren Magnuson accomplished for the good of all of us.

Among his many earned titles was "Mr. Consumer Representative." It was in large part due to "Maggie" that numerous measures were passed designed to protect men and women from fraud, and children from dangerous fabrics, and to give us all a fair shake in the marketplace.

Since consumer protection was also one of my most intense interests as attorney general of the State of Washington, Senator Magnuson and I shared a common legislative goal, and a high mutual respect for one another's programs.

His support of the University of Washington and its research programs; his support of many fields of medical and scientific investigation; his support of agencies to develop a greater knowledge and use of the sea; his efforts to protect our fishery resources; his interest in guarding against the destruction of the beauty and wildlife of our home State—all these were illustrative of the broad and basic convictions of Warren Magnuson. And as he accrued power, he used it to those fruitful ends.

The great Senators are few.

Warren Grant Magnuson earned the adjective, as he earned the respect of each of us—political friend and political rival.

I urge my colleagues to join in this resolution of appreciation and gratitude to Warren Magnuson.

Mr. JACKSON. Mr. President, I thank my colleague from Washington.

I yield to the senior Senator from Alaska.

Mr. STEVENS. Mr. President, I join our two southern neighbors in this resolution honoring our former President pro tempore.

Alaskans have known Warren Magnuson as a good neighbor for many years. Prior to our becoming a State, he and the senior Senator from Washington (Mr. JACKSON) assisted us in many ways.

I join in cosponsoring this resolution on a personal basis, also. When I came here as an appointed Senator in 1968, Warren Magnuson did more than any other person to assist me to fulfill the role to which I had been appointed. He had been very close to my predecessor. I had known Warren Magnuson in the days when I was downtown, during the Eisenhower administration. From the time I came here until he left, Warren Magnuson was almost like a father to me.

I am most pleased that the Senate has seen fit to consider this resolution, and I hope it will be agreed to unanimously. I am honored to be able to join my good friend from Washington to travel to Seattle to be part of those who will honor Warren Magnuson on Warren G. Magnuson Appreciation Day, March 19.

I urge the Senate to approve the resolution.

Mr. ROBERT C. BYRD. Mr. President, I rise in support of the pending resolution which commends our former colleague, Warren G. Magnuson, who stands out as one of the giants of this institution in recent years.

Warren G. Magnuson, or "Maggie" as he is affectionately known, served six full terms in the U.S. Senate beginning in 1944.

During his years of service to his State and to the Nation, he compiled a record of accomplishments that is long, impressive, and far reaching. He was a leader in a variety of fields—health, education, consumer protection, the environment, and employment—all of which have significant impact upon the everyday lives of the American people.

Throughout his career, Senator Magnuson—known in many circles as "Mr. Health"—was one of the strongest congressional advocates of medical research and assistance. In his first term in Congress, he cosponsored a bill to create the National Cancer Institute. As a freshman Senator, he introduced a bill to create the National Science Foundation, and the first medicare bill. He also authored legislation which established the National Health Services Corps, which recruits and assigns health professionals to serve in medically underserved areas.

The fact of the matter is, Mr. President, that Senator Magnuson's career in the Senate was filled with any number of legislative achievements, both of national and international importance. Indeed, the Nation owes him a deep debt of gratitude, and in recognition of this, I am sure the pending resolution will be passed overwhelmingly. In short, it was an honor to work with "Maggie".

The PRESIDING OFFICER (Mr. MURKOWSKI). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the resolution.

The resolution was agreed to unanimously.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 96

Whereas Warren Grant Magnuson served in the Congress for 44 years, including 36 years in the United States Senate representing the State of Washington;

Whereas Warren G. Magnuson served honorably, ably and with distinction during each of the 44 years he served;

Whereas Warren G. Magnuson rose to important leadership positions in the United States Senate including President Pro Tempore and Chairman of the Committee on Appropriations;

Whereas Warren G. Magnuson dedicated his entire career to public service;

Whereas Warren G. Magnuson's cause was always the fulfillment of basic human rights and enhancing the quality of life in America and elsewhere in the world;

Whereas Warren G. Magnuson was the author of important and comprehensive legislation shaping life in the United States;

Whereas Warren G. Magnuson sponsored nearly every major initiative related to health care beginning with the National Cancer Institute in 1937;

Whereas Warren G. Magnuson was recognized for his contributions to the medical field in 1973 with the Albert Lasker Public Service in Health Award and the naming in 1980 of the National Institutes of Health Clinical Center for him;

Whereas Warren G. Magnuson has a long and distinguished record in the area of consumer protection legislation and sponsored the Flammable Fabrics Act, the Magnuson-Moss Act and numerous automibile safety initiatives;

Whereas Warren G. Magnuson authored the public accommodations section of the Civil Rights Act;

Whereas Warren G. Magnuson played a major role in much of the trade, commerce, science, transportation and fisheries legisla-

tion enacted by Congress during the past 44 years.

Whereas Warren G. Magnuson worked tirelessly on behalf of the people of Washington State and the Nation;

Whereas the Governor of Washington State, John Spellman, has designated March 19 as Warren G. Magnuson Appreciation Day; Now therefore be it

Resolved, That the Senate of the United States joins the people of Washington State in expressing appreciation and gratitude to Warren G. Magnuson for his devoted and superb service to his country.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. GORTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE WAYS AND MEANS COMMITTEE CHAIRMAN ON THE PRESIDENT'S TAX CUT

Mr. PERCY. Mr. President, on February 18 the President submitted to Congress his tax cut and budget reduction program. It is a comprehensive economic recovery plan that is as bold as it is dedicated to ending the inflation that has racked the economy for the past decade.

I have given the President my full support for this program. It is the right medicine for the malady of sluggish growth and rapidly growing Government spending. We will never balance the Federal budget until we make significant spending reductions and—this is key—we make tax cuts that will generate more rapid economic growth in the years ahead. It is this faster growing economy that will in itself bring in more revenue and will bring the budget into balance by 1984.

Mr. President, the day before the President submitted his plan to Congress, the new chairman of the House Ways and Means Committee, Representative DAN ROSTENKOWSKI, spoke to the Economic Club of Chicago. His remarks on tax cuts and spending reduction are extremely interesting. Let me just quote from his address:

When I chose this job I knew that the roughest part would be to confront beliefs I was born to, to reexamine concepts that I fought to set into public law, to ask people in my neighborhood to give up what I have led them to believe was rightfully theirs. That's what we are being asked to do.

Unless we are ready to exact real sacrifice right now, we should give up talking about the fight against inflation. That means giving spending cuts precedence over tax cuts.

Chairman ROSTENKOWSKI is one of the key actors as the Congress begins to examine and perhaps modify the President's plan. His Ways and Means Committee has authority not only over tax cuts, but—as DAN mentions in his speech—whole range of spending programs. He will have enough controversial issues to deal with this year that it led him to say of his jurisdiction, "just about all the matches are struck in my shoe."

Mr. President, this is an exceptional speech and I commend it to my colleagues as we begin to move the President's proposals forward this month. I ask unanimous consent that this article, excerpted from Representative ROSTENKOWSKI's February 17 speech and printed in the Chicago Tribune on February 22, be included in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NOT SO FAST, MR. PRESIDENT

(By DAN ROSTENKOWSKI)

The President has talked to the nation about "charting a different course" and "sacrifice," images that Presidents before him have invoked to inspire support. He identified our economic plight with the same sincerity we've heard before. And the nation and the press have responded with the goodwill and faith normally accorded an incoming President.

A President's call for sacrifice stirs us today as it always has in times of stress. We are a nation naturally given to applauding ideals, even if—in some abstract way—we ourselves will actually have to make some harsh adjustments. But threatening sacrifice, and actually carrying out the threats, are two different things.

Someone once told me the only way people will believe that you're as tough as you say, is to go out and break someone's leg.

That's a lesson I learned a long time ago. Platitudes don't make the trains run on time, or give a city a Triple-A bond rating, or give reason to raise a Sears Tower. That comes only when one promise after another is kept.

Wednesday night, President Reagan faced the unenviable task of telling America which leg he intends to break. And overnight, idealism gave way to realism in Washington.

That's where I come in.

Raising all federal revenue and controlling almost half the federal budget falls within the jurisdiction of the Ways and Means Committee. Just about all the matches are stuck in my shoe. That fact, along with having worked 22 years in Congress under seven Presidents, makes DAN ROSTENKOWSKI the hardest realist of them all. And the most apprehensive.

As committee chairman, I want to believe that Congress can rise above special interests. But I only have to walk on to the House floor for confirmation that Congress is a mirror of the nation's diversity. I see that the people who were calling for an end to business-as-usual have just quietly tried to tap another spigot into the federal treasury.

Last year 10,000 bills were introduced in the House. One out of every four came to the Ways and Means Committee. I doubt that demands for austerity will restrain the appeals to my committee in the months to come.

I don't fault members of Congress for defending special interests. I have special interests of my own—like Chicago. That's what representative democracy is all about, a Congress divided by party, region, ideology, culture.

That's the field that President Reagan and I are set to play on. The difference is that he gets to kick off and I get to lead the suicide squad down field.

Where everyone does agree is that the long-term strength of the economy depends on Congress' willingness to cut taxes and to cut spending. The first we can do with ease and speed. The second promises neither ease nor speed. Reality dictates, however, that both be done together.

Let me say, up front, that the Ways and Means Committee will pass a bill to cut taxes for both business and individuals. The outline of a tax-cut package has been gradually emerging in Congress over the last two years. It was my predecessor, Al Ullman, who correctly saw the danger in writing a tax-cut bill during a presidential battle over who would be more generous to the taxpayer. Our reluctance had nothing to do with whether we needed a tax cut—but when. That time has now arrived.

The President has proposed a new formula for simplifying and hastening the tax write-off of new capital investment. I support that end.

The American business community, and an overwhelming majority in Congress, seem completely convinced that more rapid capital cost recovery will bring certain economic growth and productivity. Given the revenue costs of the sparest formula, let's hope that trust is well founded.

The President will also send Congress his campaign pledge to cut individual tax rates by 10 per cent in each of the next three years—followed by indexing the tax rates to allow for inflation.

Here, we can measure the fiscal impact with some accuracy. We know what such a cut means to a family earning $15,000 and what it means to a family earning $75,000. We pretty well know that the so-called Kemp-Roth package would reduce tax collections by $30 billion if it were retroactive to Jan. 1 of this year, and rise to $261 billion in 1986.

These figures are staggering and call into serious question the effect such massive reductions would have on inflation, economic growth, the deficit, interest rates, and the long-range well-being of working Americans.

Those are the basic standards by which we will judge the President's tax package and all fundamental tax changes that will come before the Ways and Means Committee in the future.

Before we consider the details of the package, we will invite a cross-section of labor, business, and other experts to help us examine the state of the economy and the legitimacy of the administration's economic assumptions. We must establish just how such massive tax cuts would change economic behavior and how much productive economic growth we can really expect.

Only then can we determine the proper size of a tax cut and set the balance between business and individuals. Only then can we weigh individual cuts for low- and middle-income earners, so hard hit by inflation, against tax cuts for those in higher brackets who are considered to be the vanguard of economic recovery.

I have no rigid tax or economic philosophy. I have seen too many grand designs fall apart. I don't believe in miracles or the wizards and alchemists who promise them. I doubt that Uncle Sam stands to gain a dollar of feedback revenue for every dollar of new economic activity.

I have a healthy skepticism of long-range economic projections. We all suffered over the last few years as we obediently followed economic models.

I am concerned with the integrity of the tax code. Lawmakers are confronted with much the same choices presented environmentalists. Do we keep everyone out of the forest? Do we let the forest be clearcut in the name of progress? Obviously, reality lies somewhere in between. We must choose carefully the trees we fell, and be sure to replace them to satisfy social and economic demands later.

So it is with the tax code. To my way of thinking, proponents of additions to or deletions from the tax code must carry the highest burden of proof.

My job is to make the tax code perform over the long haul. As a realist, I well know that philosophy is often overtaken by events, many beyond our control, and some genuinely requiring near-term, or emergency, measures.

But as a rule, we must avoid the simplistic, short-term fixes which, while politically popular, do not do us justice over time.

The Nation will judge the 97th Congress

and the new administration by how decisively we contain inflation. Not by how generously we cut taxes, but by how wisely we cut spending. This is where lofty appeals for sacrifice take on sharp definition. This is where the fight moves into the trenches. This is where Democrats and Republicans, liberals and conservatives, are up against the most difficult choices of their political lives. In short, this is where leadership will be tested and political careers put on the line.

When I chose this job, I knew that the roughest part would be to confront beliefs I was born to, to reexamine concepts that I fought to set into public law, to ask people in my neighborhood to give up what I have led them to believe was rightfully theirs. That's what we are being asked to do.

Unless we are ready to exact real sacrifice right now, we should give up talking about the fight against inflation. That means giving spending cuts precedence over tax cuts.

To cut taxes alone will only build upon an already fearsome deficit and kick inflation even higher.

Oddsmakers are laying heavy bets against us. They don't think Congress stands a chance of passing more than cosmetic cutbacks in federal spending—that we will rush to cut taxes and leave the worst to last.

They believe that if the front door is closed on some direct budget funding, that special interests will go through the back door for special tax treatment.

If these cynics are right, if Congress buckles in its responsibility, then we will have missed the message of Nov. 4. And we deserve to face an even tougher electorate next year.

MAYOR McMACKIN AND SALEM, ILL.

Mr. PERCY. Mr. President, I recently had the pleasure of informing a number of Illinois communities they had successfully competed in the preapplication process and were to be invited, by the Department of Housing and Urban Development to submit full applications in the small cities community development block grant program.

Salem, Ill., was one of those communities that received the approval from HUD and will soon be preparing further submissions for that agency's review.

The $1.5 million reservation by HUD indicates that Salem has designed a fundable project for housing rehabilitation, street, sidewalk, water and sewer improvements, as well as property acquisition and clearance.

The value of the block grant concept that is favored by the Reagan administration is evident in this proposal, as Salem officials were allowed to establish priorities for the use of these funds in their community.

The quality of life and the living environment in Salem will no doubt be improved with such a plan. Pending review of these further submissions by HUD, award announcement is expected in June 1981.

The block grant announcement follows by just a very few days the award of another Federal grant to Salem, the urban development action grant, that will help finance the reconstruction of the badly deteriorated 17-mile water line and reservoir serving the city.

The $1.2 million UDAG will be used as a part of a financing package for this reconstruction and will help assure continued expansion of World Color Press, a great corporate citizen of Salem.

The total expansion by World Color Press, when completed, will amount to $19 million and create 800 new permanent jobs for Salem. Some of this expansion has already occurred.

With an improved water supply, the current needs of all citizens and existing industry will be met, and Salem will have the opportunity to attract even more industry to their great community.

Working on projects of such importance to a southern Illinois community is very gratifying, indeed. Salem Mayor Charles McMackin II, who first brought this matter to my attention on behalf of his city council, should be commended for his leadership in this effort.

Mayor McMackin's diligence and resolve to improve the quality of life and generate economic development in Salem clearly reflects his concern for his fellow citizens.

I am pleased to have had the opportunity to work with Salem officials on these projects and congratulate them on their outstanding leadership.

SPEECH BY SENATOR PAUL LAXALT BEFORE THE VETERANS OF FOREIGN WARS ANNUAL DINNER

Mr. THURMOND. Mr. President, on Tuesday, March 3, 1981, our distinguished colleague from Nevada, PAUL LAXALT, was honored by the Veterans of Foreign Wars during their annual dinner which was held at the Sheraton Washington Hotel. The highlight of this event was the presentation of the VFW's Congressional Award by their national commander, Art Fellwock, to our colleague.

Mr. President, PAUL LAXALT is one of the finest and most capable men I know. He is dedicated to his State and country. Our colleague served as an Army corpsman in the South Pacific during World War II and knows firsthand the consequences of war and the need for a strong national defense.

Mr. President, in response to this VFW presentation, our colleague gave a most meaningful and perceptive speech which stressed the need for our Nation to return to those great principles upon which America was founded.

Mr. President, for the benefit of my colleagues, I ask unanimous consent that the speech by our colleague (Mr. LAXALT) before the Veterans of Foreign Wars on March 3, 1981, be placed in the RECORD at the conclusion of my remarks.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

SPEECH BY SENATOR LAXALT

This is a very special award and I thank the membership of the V.F.W. for it.

It means a lot to me for a couple of reasons—

First, I'm very much aware of the kind of Congressmen and Senators you have chosen to honor in each of the past 18 years, and proud and truly honored to be included in their company.

They were selected not because of any commitment to war or its machinery or trappings.

On the contrary, no one hates war more than those of us who have been there—

No. They were chosen, instead, because of a commitment—a simple commitment, if you will—to their country.

Not my country, right or wrong: But, rather, my country. Through thick and thin we stand beside her.

And I suspect that, if there is a trait the winners of this award would like to say we all have shared, it is a belief in the basic goodness of our Nation.

A belief in the principles upon which it was founded and a belief in its people.

We believe that this country is rooted in a Constitution meant to safeguard individual rights and to promote self-reliance.

And we believe that our Constitution was almost divinely inspired and that it protects each and every American for all time from the excess of Government.

We believe, also, that the United States of America stands today as a beacon—a benchmark, for the rest of the world—be it free or enslaved.

We believe that this Nation of ours is the best there is. We're number one! There is none better!

The second reason this award means so much to me is because it comes at a time when this Nation of ours has had its self-confidence somewhat battered. Let's face it. We've been kicked around a lot these past few years.

If we were boxing, there have been times when we've had to take a standing eight count.

But, let me tell you this. With the election of Ronald Reagan we're not reeling any more—not by a damn site.

Since his election we've seen more guts, more unity, more pride in our country than we've seen for far too many years.

And our President is just getting warmed up.

People feel genuine hope because they sense in him the courage and ability to truly redirect this country.

So, I accept this award tonight not just for myself, but for the millions of Americans who have stood beside this lady of ours who may have stumbled at times but has never fallen. And never will.

Like those of us here tonight, they have always taken pride in America and what America means—

I recently came back from a visit to my home State of Nevada. In my travels around that State, I can't tell you the number of people who came up to me to say how proud they were of our new President and how confident they are that the future holds better times.

I'm absolutely convinced that all across this Nation we're on the road to a new resurgence—a revival of faith in democracy: faith in capitalism: faith in good old-fashioned Americanism: faith in peace through strength: and, perhaps most important, faith in each other.

Lastly, permit me to say this:

Nearly 40 years ago, I was an Army corpsman in the South Pacific with the Seventh Division, under capture on an island called Leyte.

As did many of you here tonight, I saw young men, some my buddies, suffer horrible deaths and injuries and I saw acts of courage and heroism that I remember vividly even today.

In each war this nation has had to fight—each time an American soldier dies—we ask ourselves: why? What is so important that we must pay such a price?

And, of course, only the man or woman who pays the price can give us a true answer.

To paraphrase Lincoln: It is for us, the living, to dedicate ourselves to the unfinished work for which they fought.

We must resolve, each of us, that their deaths were not in vain; that the country

shall continue to be free; and that this Government of, by and for the people shall not perish.

Thank you and God bless.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

ADJUSTMENT OF PRICE SUPPORT FOR MILK

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of S. 509, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 509) to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support of price of milk be adjusted semiannually.

The Senate proceeded to consider the bill.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, what is the pending business?

The PRESIDING OFFICER. S. 509.

Mr. HELMS. It has already been laid before the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I thank the Chair.

Mr. President, the pending legislation is the first bill to be reported from the Committee on Agriculture, Nutrition, and Foresty in this 97th session of Congress.

Obviously this legislation is leading the way in President Reagan's efforts to reduce Federal expenditures. It provides for a more economical administration of the dairy program and for a reduction in the burden on U.S. taxpayers. The President has committed himself to that goal, and I, along with the vast majority of the other members of the Agriculture Committee, am proud to have had a hand in helping achieve that goal with this bill—the first bill that I have had the pleasure of managing as chairman of the Agriculture Committee.

This bill, S. 509, Mr. President, has the virtue of being very simple and very direct. It deletes the requirement that the support price for milk be adjusted semiannually.

Under the current provisions of law, the Secretary of Agriculture is obliged to increase milk price supports about 90 cents per hundredweight on April 1. This bill, S. 509, will forgo that scheduled increase.

Mr. President, the purpose of the milk price support program, as provided for in the Agricultural Act of 1949, is to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and to assure a farm income level adequate to maintain productive capacity sufficient to meet anticipated future needs.

For the past 3½ years, the farm bill has required that the price of milk be supported between 80 and 90 percent of parity at the beginning of each milk marketing year and that the level be adjusted semiannually on the basis of changes in the "prices paid" index for farmers. This level of price support has given dairy farmers very strong incentives to produce an ever-increasing volume of milk.

As a result, production has increased rapidly, substantially more rapidly than the commercial use of milk and milk products has increased. Surpluses of milk have had to be purchased by the Government, that is to say, the taxpayers. And these surpluses have been purchased at a growing rate, and they are continuing to grow rapidly, even though it is acknowledged that farmers should hold back on such increased production in this or any other period of oversupply.

Let us look at it arithmetically for a moment, Mr. President:

As of February 20, 1981, the Federal Government owned 355 million pounds of butter, 253 million pounds of cheese, and 75 million pounds of nonfat dry milk.

In January 1981 the Government bought 49 percent of all the butter produced in this country. By the end of the marketing year, the Government will own an estimated 562 million pounds of butter, 479 million pounds of cheese, and 970 million pounds of nonfat dry milk if no change is made in existing law.

That is the genesis, Mr. President, of S. 509. That is the reason we are here with this legislation that was reported out of the Agriculture Committee by a vote of 14 to 2.

The fact is that an increase in milk price supports, in a program that is not bound by production controls, simply sends to farmers the wrong economic signal. If this bill, S. 509, is not enacted by Congress, and if the April 1 price increase goes through, we will be telling farmers that they should continue to produce more and more milk, even in the face of these tremendous and unnecessary surpluses that I have just specified. Such a signal will be of benefit to no one, not the producers, not the consumers certainly, and absolutely not the taxpayers.

I have just mentioned that the Agriculture Committee, its formal name being the Committee on Agriculture, Nutrition, and Forestry, reported S. 509 by a vote of 14 to 2. I do not know of any group of Senators, or for that matter any group of any kind, who are more devoted to farmers than the members of this committee.

But the point is this, Mr. President: The committee found it in the national interest and in the interest of American dairy farmers to eliminate the requirement that the Secretary of Agriculture increase the support price of milk on April 1, 1981.

The Agriculture Secretary, Mr. Block, has no option about it. If this bill now pending is not enacted by Congress and signed by the President before April 1, the increase in dairy price supports will occur on April 1.

The committee voted 14 to 2 to report this bill because it was the committee's considered opinion that we owe it to farmers to send them a correct economic signal. That signal obviously is:

You are producing too much milk for the good of the dairy program, for the good of the milk marketing system, and for the good of the country.

So this proposal is a first step in getting the costs of the dairy program under control. It is a first and integral step in President Reagan's overall economic program. If the measure is not adopted, the entire dairy price support program may be threatened by the unnecessarily high costs that will surely result.

That is why I support the bill as chairman of the Committee on Agriculture, Nutrition, and Forestry, and that is why it was reported to this Senate by a margin of 14 to 2 so that there be no misunderstanding of the signal that is being sent to the dairy farmers of this country.

Mr. President, it will also send a correct signal to the American people which will give them reassurance that those of us in this Congress intend to get Federal spending under control. It will convey to the public the message that we heard them on November 4, and that we, as Members of Congress, are willing to make difficult but, nonetheless, necessary decisions to get this country back on the track of economic growth and prosperity.

Mr. President, I received a letter from the Secretary of Agriculture, Jack Block, on this subject, and I ask unanimous consent that it be printed in its entirety at the conclusion of my remarks.

I thank the Chair and I yield the floor.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., March 13, 1981.

Hon. JESSE HELMS,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased that the Senate plans to take up S. 509 early next week. This bill would amend Section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price for milk be adjusted semi-annually.

The Administration strongly recommends that the bill be enacted and that action be taken quickly during the very few days remaining before April 1 so that this unnecessary and costly increase in milk price supports can be avoided.

This proposal is an important part of the President's Economic Recovery Program. It will save an estimated $147 million in FY 1981 and $86 million in FY 1982. And, it will send a correct rather than an incorrect economic signal to the nation's milk producers. We now have a huge and growing surplus of milk. The seven percent increase in the price support level for milk scheduled for April 1, 1981 will tell producers to increase production still more at a time when production should be moderated.

This bill proposes a single change in the law—authority to forego the increase in milk

price supports now required by law on April 1, 1981. It would not reduce the current price support level or eliminate or threaten the dairy price support program. It will benefit both consumers and taxpayers. It would amount to less than two percent of milk producers' cash receipts from sales of milk.

I understand that there will be an attempt to amend this bill on the floor of the Senate to require that casein imports be eliminated or severely restricted, and to otherwise change the basis of our limitations on the importation of milk products. Such restrictions would be expected to cause a very significant increase in the cost of a number of food items that are made with casein, a natural milk protein that is not manufactured in this country. In addition, the Administration very strongly opposes such an amendment for three reasons:

1. There is a well-defined administrative procedure under Section 22 of the Agricultural Adjustment Act of 1933 for dealing with situations where imports threaten to interfere with price support programs. That procedure involves much less risk of repercussions for our $47 billion agricultural export trade than does a legislated limitation. If there is concern about casein, it should be pursued under that procedure.

2. It is premature to propose action to limit casein imports. In 1979, the International Trade Commission investigation of casein imports found no damage to the domestic industry. The Department is investigating this matter and will have a report by early June, 1981. Without more specific evidence than is now available, there is not an adequate basis to support action to limit casein imports.

3. The casein import question is not directly related to the problem S. 509 is designed to help. Even if the current market for casein products were entirely supplied by domestic milk products, we would have a surplus of milk and would need authority to forego the April 1, 1981 increase in dairy price supports. There is no justification now for giving milk producers a signal to increase milk production.

I urge you and your colleagues in the Senate to strongly support S. 509 and see that it is enacted quickly without amendment.

The Office of Management and Budget advises that enactment of the proposed legislation would be in accord with the Administration's program.

Sincerely,

JOHN R. BLOCK,
Secretary.

Mr. HUDDLESTON. Mr. President, S. 509—the bill now being considered by the Senate—would suspend the April 1 adjustment in dairy price support levels. The Department of Agriculture has informed me that the enactment of the bill would result in estimated cost savings to the Government of approximately $147 million.

S. 509 would, as a technical matter, repeal section 201(d) of the Agricultural Act of 1949. Section 201(d) of the 1949 act requires that the support price of milk be adjusted semiannually and authorizes the Secretary of Agriculture to adjust the support price of milk at the beginning of each remaining quarter of the marketing year.

Under the current provisions of section 201(d), the Secretary of Agriculture must, by law, increase milk price supports about $0.90 per hundredweight on April 1.

S. 509 was introduced by Chairman HELMS at the request of the administration.

Mr. President, I share the concerns of President Reagan that Government costs should be reduced, and those concerns that have been expressed by the distinguished chairman of the Committee on Agriculture. But while I do that I still do not want to see any change made in our farm commodity price support programs that would impair their basic purpose.

In the case of the dairy price support program, that purpose is to assure an adequate supply of milk and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs.

I think we all recognize what the Senate is confronted with today. It is, as the Senator from North Carolina has indicated, the first direct action by the Senate on the rather extensive budget-cutting program of the Reagan administration. I hope it is not prophetic then that the first ax falls on the farmers of the United States. I think all of us are concerned that the budget cuts be equitable and evenly distributed across all of the functions of Government. It would be tragic if the cuts fell too heavily on any one segment, and particularly the American farmer who already has his back to the wall.

S. 509 does not, of course, reduce the milk price supports that are in effect at the present time. It does deny an increase that would be scheduled under the law effective April 1.

The Committee on Agriculture, Nutrition, and Forestry held detailed hearings on S. 509, and we did a lot of soul searching on this particular issue. We have looked carefully at the dairy price support program. I think that any serious person who is concerned about the dairy farmer comes to the conclusion that the program, that 2 years ago cost $24 million of Federal funds and is estimated to cost $1.7 billion in the current fiscal year, does need some adjustment. Whether this is the right time and the right way to do it is certainly open to question. There are other problems facing the dairy farmer that need to be addressed.

I would like to see what is being planned by the administration for the overall program that will be considered by our committee and the Senate in the weeks ahead before acting on this particular measure.

However, we do not have the luxury of time.

I think the administration could have done a better job in resolving some of those issues facing the dairy farmer or at least giving some indication of the direction they are going before presenting us with this particular piece of legislation.

But we know that action on S. 509 has to be completed before April 1, less than 2 weeks away, in order to suspend the April 1 adjustment in dairy price support levels.

I think some of the Members of the Senate will have questions and suggestions to make as we continue our discussion this afternoon on just how we should approach this particular problem.

Mr. President, the dairy price support program has been effective. It has provided this country with a stable supply of quality products. If some want to make the argument that it has increased the cost to the consumer by a slight amount, then that cost could be justified by the fact that we do have a stable and adequate supply of milk. A program that is working should not be adjusted or lightly thrown aside.

A great deal of thought, it seems to me, must be given to precisely where we are headed with the overall dairy support program. We will not know, of course, until the proposals have been made, until they have been considered by the committee, and until action has been taken by the full Congress.

But at this point we do not yet even have the proposals from the administration. Therefore, I hope that as we debate this afternoon, we keep in mind the fact there is an underlying program that needs to be protected even though there may be some fine tuning and some adjustments necessary during the coming weeks and the coming months.

I thank the Chair.

The PRESIDING OFFICER (Mr. LUGAR). The Senator from North Dakota.

Mr. ANDREWS. Mr. President, I rise in support of the Melcher amendment to S. 509 to limit the imports of casein, a dairy byproduct, to 50 percent of the average amount imported between 1975 and 1980.

When this bill was before the Senate Agriculture Committee, I supported an amendment which would have stopped the imports of casein altogether. This amendment was defeated by a tie vote of 8 to 8, because of the concern expressed over the effect banning all of these imports could have on our trade agreements. It was feared the banning all imports would leave the United States subject to retaliation under the general agreement on tariffs and trade (GATT).

This amendment addresses that concern by using section 22 of the Agricultural Adjustment Act to direct establishment of the limitation. Section 22 is aimed exclusively at assuring the effective operation of domestic price support programs and actions taken under section 22 are exempt under the terms of GATT. I urge all of my colleagues to support this compromise amendment.

The proposal before us to abruptly withhold a scheduled increase in price supports for dairy farmers—an increase that was pledged to our dairymen overwhelmingly by the Congress—overlooks the fact that a major reason for the heavy cost in the price support program last year was the increasing imports of subsidized casein from European countries, including Russia. Historically casein imports were used for industrial products. However, there has been a shift in its use and a 1979 study by the International Trade Commission documented the fact that 81 percent of casein used in the United States was for food and feed products. This has had the effect of knocking out a sizable share of our milk market that otherwise would be supplied by American milk producers.

As I pointed out to the Agriculture Committee and would like to restate

here, the American farmer can compete against farmers anywhere in the world, but they cannot compete against other governments, which they have been forced to do because European governments heavily subsidize their dairymen. Casein then enters this country at below their own cost of production, which takes care of their surpluses.

The American dairyman has always supplied the American consumer with a stable supply of fresh milk and milk products. And, he has done this at a price that is cheaper than any other country in the world. The American housewife pays less for milk than the Canadian housewife, and a great deal less than in many other countries. Our dairy program has been a success. The thing that has been totally overlooked is that these subsidized imports of casein added about $300 million to the cost of running the dairy price support program last year.

The current Government investment in surplus milk products is just over a billion dollars. Passage of this bill without this amendment would mean a savings of around $147 million. We could save an additional $115 million this year if we cut casein imports by 50 percent. I am confident that if we would resolve this matter of imports, we would significantly reduce the amount of money necessary for the milk stabilization program without seriously affecting our own milk producers.

Mr. President, this amendment has the support of our dairy industry, the Farm Bureau and the National Farmers Union and warrants the support of every Member of the Senate.

We will be analyzing one Government program after the other as we consider the new budget. Steps must be taken to make sure that we maximize the programmed spending cuts that are available to us. In the case of this program, it does not make much sense to stop the $147 million increase in dairy price supports, while we allow the $300 million of imports to continue untouched. We have an opportunity today to double the savings proposed by the administration and I urge all of my colleagues to join me in support of this amendment.

The American people have mandated that cuts be made. Reducing our imports of casein will not only help the dairy industry; but will reduce inflation and show the American people that we do mean business.

Mr. President, I have listened to what the distinguished chairman of the committee has said and what the distinguished ranking member of the Committee on Agriculture has said, and I think we ought to point out some things about the dairy program that do not seem to have gotten into the newspapers or on our television sets.

A moment ago the distinguished Senator from Kentucky pointed out that up until 2 years ago there were no great costs associated with this program, and that is true. Yet the program had essentially the same price support as far as a percentage of parity as it has today.

The difference is what we should take a look at as we debate this program. What has happened. What has changed.

Three things have changed, Mr. President: First of all, about a year ago the President of the United States put an export embargo on grain sales to the Soviet Union. That backed up tremendous amounts of feed grain in this country, and it caused a depression in the price of feed grain vis-a-vis parity.

When you have the input into a cow dropping down to 55 percent of what is fair, and the output from the cow staying at 80 percent of what is fair you do not cull your herds. Let me sidetrack momentarily and make this point. The consumer in America is still getting milk at a price that is less than the consumer in Canada or the consumer most any place else in this Western World of ours.

But when you have a juggling of the economic picture because of an outside influence you add horrendous sums to the cost of maintaining the milk at an adequate figure, and that threw the program askew. It was not just the export embargo on grain that threw the program out of balance, it was also because beef prices are inordinately low today. Tell that to the consumer and he will wonder how that can be true.

In fact, the price of a steer on the market today is less than it was 2 or 3 years ago, so the inclination for the dairy farmer to market that cow when the cow is beyond the point of good producing is less and less. So we have retained more older cows in the milking herd than would be normal.

There is no way we can improve beef prices when we consider this bill. There is no way we can urge the President—we have done that—to lift the export embargo on grain to the Soviet Union. But there is a third factor we can address, and that is what we are going to try to address in this bill a little later on when my colleague from Montana offers his amendment.

The third factor is the import of casein, which is a byproduct of milk. Those casein imports, some of them subsidized by Western European countries, have come into this country and displaced milk solids that have then had to be supported by the dairy price support program to the tune of $150 million, $200 million, $250 million, $300 million in the last year.

So what we are saying is that there has been a problem in the dairy price support program, but it has been caused by three factors over which the farmers have no control. We think if you are interested in saving money, if you are interested in casting a vote for economy and, at the same time, treating the dairy farmers in an equitable way, then take a look at the Melcher amendment. The saving of not increasing the price support is about $145 million. If you add to it the casein import amendment, you have added another $150 million plus or doubled the net savings to the taxpayers of this country.

So if you take off your farm price support hat and put on the hat of somebody who is concerned about getting our economy under control, I think the package representing twice the savings helps the taxpayers, keeps faith with the dairy farmers, and gets this system so it will work a little better.

I have heard all the arguments about how we have to study it. We have studied this export embargo to death, and we have studied imports to death. Nobody is hesitating about promoting import controls on Japanese automobiles coming into this market. We have had antidumping legislation following antidumping legislation. But when you talk about the imports of subsidized farm products into this country, everybody seems to turn the other way.

But again let me remind my colleagues that the dairy price support program is a good program that has gone askew because of three things no one envisioned when it was first put into effect: First, the export embargo on grain; second, the imports of casein; and third, the low beef prices today. Let us not throw it more askew by simply adopting a limitation in the increase that is mandated by law. Let us also try to correct one of the three factors by supporting the Melcher amendment.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Are there amendments?

Mr. HUDDLESTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I know there is at least one amendment by the distinguished Senator from Montana, who just walked off the floor and who should be right back.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY. Mr. President, the administration's bill, S. 509, is an unfair proposition for American dairy farmers if enacted without amendment. It says to dairy farmers that the Senate is willing to break a promise that we unanimously made to them, a promise upon which many of them have planned their survival. Enactment of S. 509 without some recompense for the family farmer is really unacceptable. It is certainly unacceptable to me as a Senator and definitely unacceptable to me as a Vermonter. I know that is the feeling of the people of my State.

Fortunately, we do have an opportunity to make S. 509 a fairer deal for the farmer and the taxpayer.

Senator MELCHER, I, and many of our colleagues on both sides of the aisle, are going to offer an amendment to limit casein imports. Unlike S. 509, the

casein amendment would reduce the costs of the dairy price-support program without hurting a single American dairy farmer. In fact, it would allow dairy farmers to recapture a domestic market which has been usurped by subsidized foreign imports.

It makes so much sense that I find it hard to believe that the administration does not appear eagerly lobbying for its passage.

The casein amendment has the potential of reducing Federal outlays by $200 million and recapturing a domestic market capable of supporting more than 3,000 American dairy farms.

In these times of budget austerity, declining numbers of farm families, and a rapid loss of farmland, support of a partial limit on casein imports would be a prudent course to follow.

In recent days much misinformation has circulated regarding the casein amendment. We have hard that there is no domestic casein production to replace the lost imports. On this point, my colleagues should recognize that the amendment limits but does not eliminate all casein imports. Sufficient quantities would remain available to meet all industrial and pharmaceutical needs, and still allow in 35 million pounds of casein imports for other uses.

We should also remember that casein is basically cottage cheese curd that has not been dried and ground. Due to this fortunate fact, the U.S. dairy industry could quickly reestablish and expand domestic casein production.

Mr. President, we have been told that the amendment violates the general agreement on trade and tariffs (GATT). I remind this body that we have never ratified GATT as an international agreement made by the United States. Moreover, Congress has provided that an import limitation like the one proposed, as domestic law must retain its supremacy to this and other international agreements.

Finally, a section 22 quota as established by the amendment is provided a waiver under GATT.

Realizing the weakness of this argument, the opposition next asserts that the casein amendment violates GATT because it is a legislated quota. Should we take this to mean that the section 22 quotas established by Congress in the Trade Agreements Act of 1979 also contravene GATT, or that the section 22 quota set by Congress on cotton imports under the Agricultural Act of 1956 should be ignored?

Mr. President, those opposed to the casein amendment ask the Senate to wait for a Department of Agriculture study before taking action. This is one of the oldest delay tactics this Chamber has witnessed.

I submit that we know more about the negative consequences of casein imports than we do about the effects of going back on our word by removing the semiannual adjustment, or by dropping dairy price supports to 70 percent of parity as the administration's budget figures imply.

Mr. President, we have also heard that casein imports do not really displace American dairy products. I ask, then, what happened to the American casein industry which once provided thousands of jobs but has since dwindled to obscurity while casein imports continue to expand?

Imported casein, which receives a subsidy of up to $1.40 per pound, is displacing other domestic dairy products as well, especially skim and powdered milk.

The dairy farmers in my State ask why it is that they have to try to compete against dairy products imported by this country and heavily subsidized by the countries of origin, subsidized certainly far beyond anything that we would ever consider doing in this country. We have to compete, for example, with imports from the Soviet Union, imports subsidized by that country, competing against our own people.

As a result, the Federal Government buys these dairy products through the price support programs at a cost of 94 cents per pound. That is $2.82 per equivalent pound of casein, or $450 million for last year's subsidized casein imports.

Mr. President, the Agriculture Committees of the House and Senate have held hearings on casein imports in 1979 and 1981. It was only the narrowest of margins which prevented a much broader casein amendment from being reported by the Senate Agriculture Committee just a few days ago.

Mr. President, the casein amendment makes S. 509 a fairer proposition for all dairy farmers. With it, we can turn a sow's ear into a silk purse.

It is a reflection, actually, of a strong attempt to cut the amount of money that our Federal Government has to spend and at the same time protect our dairy farmers.

Dairy farmers and national farm organizations know this and support a limit on casein imports. The amendments has the expected endorsement of the National Milk Producers Federation, Associated Milk Producers Inc., Dairymen Inc., and Mid America Dairymen. More importantly, other major farmers' organizations this year have called for a limit on casein imports including the American Farm Bureau Federation, the National Grange, the National Farmers Union, and the National Farmers Organization.

Mr. President, the Senate should support our amendment to limit casein imports. By adopting it we can reduce the costs of a price support program while increasing farmers' incomes.

Actually, by cutting down the amount of money that the taxpayers have to pay, we at the same time improve the incomes derived from the free enterprise system by our dairy farms.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, it is unfortunate that we have to move this legislation now rather than consider it as part of the overall farm bill. But the current imbalance between the supply and demand for milk requires that some adjustment be made in the price support before surpluses get so burdensome that more drastic changes in the dairy program may be required.

The Government surplus of milk products has been building over the last 1½ years. President Carter proposed legislative changes last year, and his budget request sent to Congress in January contained proposed legislation to eliminate this April adjustment. President Reagan has agreed and is also requesting that the legislation be considered as part of his overall package to reduce Government spending as a part of the economic recovery effort.

By foregoing the April 1 increase, the industry should start to move toward a supply and demand equilibrium without major disruption.

Mr. President, during the hearings held on this bill before the Agriculture Subcommittee on Production, Marketing, and Price Stabilization, of which I serve as chairman, several concerns were raised by the dairy industry which deserve serious consideration. They relate to, first, the import of casein—a product derivative from milk; second, reconstituted milk; third, Commodity Credit Corporation (CCC) resale policy for surplus milk products and; fourth, plant costs used to determine CCC purchase prices.

I would like to briefly comment on each of these since they relate to the question of elimination of the semiannual adjustment in the price support for milk.

CASEIN IMPORTS

Casein is the principal protein component of milk. It has not been produced in this country since the early 1950's because as our price support for milk increased, the domestic industry could not compete with low-cost imports.

Casein is used in foods and feeds (79 percent) and in industrial products (21 percent). Food uses include such things as artificial cheeses, coffee whiteners, luncheon meats as a binder, and special diet foods. It is used industrially in such products as glue and other binders. We import casein primarily from New Zealand, Australia, and Ireland.

I know that Sean Donlon will be pleased to know that since he handed out these sprigs of green for us to wear today. Ireland is one of the major suppliers of casein.

In 1979, we imported a total of 150 million pounds; in 1980, that was reduced to 119.9 million pounds.

Mr. President, I ask unanimous consent that, at this point, a table showing all of our imports in both 1979 and 1980 be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Million pounds	
	1979	1980
New Zealand	92.0	76.7
Australia	21.7	17.9
Ireland	14.8	24.0
U.S.S.R.	4.8	1.2
Other	17.4	32.2
Total	150.7	152.0

Mr. COCHRAN. The dairy industry has petitioned the Secretary on several occasions in the past to prohibit casein imports under section 22 of the Agri-

cultural Adjustments Act, which protects supported domestic industries from foreign competition.

In 1979 the International Trade Commission looked into the casein issue and concluded that—

The data . . . indicate virtually no relationship between imports of casein and purchases of nonfat dry milk under the price support program.

USDA, as well as the industry, was concerned over this finding by the Commission and undertook its own investigation into the facts. This study is scheduled for completion in June.

I understand that an amendment will be offered by the Senator from Montana which would put a quota on casein imports at 50 percent of the average imports for the past 5 years or about 70 million pounds per year.

In my opinion no action should be taken on the casein issue until we have all the facts before us.

When the USDA study becomes available in June, this Senator will be one of the first to suggest that we bring the matter before the Agriculture Committee for hearings to determine whether there needs to be legislation enacted on this issue. But to adopt legislation at this point would be clearly premature.

RECONSTITUTED MILK

A petition is before the Secretary of Agriculture to change the treatment of reconstituted milk. It would allow milk to be reconstituted and sold as fluid milk.

The dairy industry wants to drop this petition because it would result in unequal prices to handlers and would destroy the classification system which is the heart of the milk marketing order program.

This seems to be an appropriate request on the part of the dairy industry and I encourage the Secretary to drop the petition.

COMMODITY CREDIT CORPORATION SELLBACK PRICE

Currently the Commodity Credit Corporation offers products in its inventory back to commercial trade at 105 percent of the purchase price. The dairy producers feel that because of high-storage costs and high-interest rates, some commercial buyers have found it cheaper to allow the Government to carry part of their inventory, thus aggravating the surplus situation.

The request of the industry is that the resale price for Government stocks be put at 110 percent of the purchase price.

If the commercial trade is using the Commodity Credit Corporation for storage and thus inflating the Government stocks, then the resale policy should be changed.

PLANT COSTS USED TO DETERMINE CCC PURCHASE PRICES

The plant costs payment is used by the Department to pay processors to make cheese, butter, and nonfat dry milk out of surplus milk. Because of increases in energy costs, equipment costs, and packaging costs, the current rates are out of line and adjustments need to be made.

If they are out of line, then I agree that they need to be adjusted.

Mr. President, I am hopeful that during the course of this year we can make the necessary adjustments in the dairy program to bring the industry back into balance.

I supported this bill when it was considered by the Committee on Agriculture, Nutrition, and Forestry and intend to do so today. I view it as a gradual step toward bringing the supply of milk in line with the demand that will not disrupt the industry nor cause widespread hardships on our dairy farmers. If I thought it would, then I would vote the other way.

During consideration of the farm bill, there will be other changes in the dairy program proposed. The final outcome of those changes will no doubt be tempered by the success or failure of the legislation before us today.

I encourage my colleagues to vote for this bill, to vote against amendments, and then work with us on the farm bill that will come up later to put into place a dairy program that will insure that dairy farmers can operate at a profit without it being necessary for the Government to purchase large quantities of milk products.

UP AMENDMENT NO. 14

(Purpose: To establish a section 22 quota on the importation of casein products into the United States)

Mr. MELCHER. Mr. President, I have an amendment at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. MELCHER), for himself and others, proposes an unprinted amendment numbered 14.

Mr. MELCHER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, after line 5 insert a new section 2 as follows:

"SEC. 2. (a) Congress finds that milk protein products, including but not limited to casein, caseinates, lactalbumin, and whey protein concentrates or mixtures containing 5 percent or more of these products, are being imported into the United States in such quantities as to render or tend to render ineffective, or materially interfere with, the dairy price support program conducted by the Secretary of Agriculture under the Agricultural Act of 1949.

"(b) To ensure that the entry into the United States of milk protein products will not render or tend to render ineffective, or materially interfere with the dairy price support program conducted by the Secretary of Agriculture under the Agricultural Act of 1949, the President shall by proclamation impose, under the authority of section 22 of the Agricultural Adjustment Act (7 U.S.C. 624), a quota limiting the amount of milk protein products including but not limited to casein, caseinates, lactalbumin, and whey protein concentrates or mixtures containing 5 percent or more of these products, that may enter the customs territory of the United States in any calendar year after 1980. The quota so proclaimed by the President shall be in an amount equal to 50 percent of the average of the total imports of such milk protein products into the United States during the five-year period 1976 through 1980. The proclamation shall be considered a proclamation issued by the President under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) meeting the requirements of that section.".

Mr. MELCHER. Mr. President, I am offering this amendment on behalf of myself and Mr. LEAHY, Mr. PRESSLER, Mr. KASTEN, Mr. ZORINSKY, Mr. BOREN, Mr. PRYOR, Mr. ANDREWS, Mr. PROXMIRE, Mr. BOSCHWITZ, Mr. BAUCUS, Mr. ABDNOR, Mr. FORD, Mr. BURDICK, Mr. HATCH, Mr. HUDDLESTON, and Mr. BENTSEN.

I believe it should be noted that all of us, on both sides of the aisle, want the President's program to succeed. We certainly want to help the President when he is right, and we want to help the President when his program can be improved.

This is the situation right now: This is a case, with this amendment, where we can improve what the President has asked for. The President has asked for repeal of the April 1 increase in adjustment in dairy price supports. We are told that that could save in Federal outlay up to $146 million. It was agreed to in the Agriculture Committee by a vote of 14 to 2.

There is another side to this matter, an entirely different side. Each year $330 million of casein is being imported into the United States. Various countries supply this amount of casein. There is no limit on the amount of casein we can import. It is true that it is a protein from skim milk.

What is out of place here? What is out of place is that we are importing a dairy product that we have in abundance in the United States, and we have a Federal program to support the price of dairy products; and when we have too much offered for sale, we purchase it and put it in storage.

Why aggravate this situation by importing a product from a number of countries? I believe New Zealand has been mentioned, as well as Australia. I believe Ireland was just mentioned. I do not think anybody has brought up Russia as yet. Has anybody brought up Russia, that we are importing casein from Russia?

Of the countries from which we import this product, Russia ranked fourth in 1979; not nearly as much as New Zealand or Australia, but they did rank fourth. They have dropped down somewhat since 1979. They have dropped down from 1978 and from 1977. They have dropped down, but they are still in the top 10 among those countries from which we are importing casein.

It seems rather odd that when we are considering a program that has worked very successfully for consumers in this country and has worked successfully for milk producers in this country, when we take a bite out of the apple for the President's program and say that we will reduce $147 million in Federal outlay, we have opposition from the White House and from the Department of Agriculture to this amendment we have just offered, which would reduce Federal outlays per year about $160 million or more.

What we are doing with the amendment is simply improving the President's program. What we are doing with the amendment is simply increasing the amount of savings on Federal outlays.

That should be welcomed by the President. That should be welcomed by the Department of Agriculture. I believe they will get around to welcoming it.

But let me state who will welcome it immediately—the taxpayers. They are going to welcome it immediately, right now. If we agree to this amendment today, they are going to say, "A job well done for the Senate. It is proper. It makes commonsense. I'm glad you did it."

There is another group that is going to welcome it, and that is the milk producers of this country. They will say, "You are going to take some of this away from us in our increase and price supports. Why don't you do something about imports?"

If we adopt this amendment today, it will be welcomed by the public and by the milk producers. They will consider it fair. I hope we can agree to it.

I will have a lot more to say about this matter in a little while, but I believe others would like to speak about this matter, and I relinquish the floor at this time.

Mr. HUDDLESTON. Mr. President, I commend the Senator from Montana for offering this amendment. I ask unanimous consent that my name be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. Mr. President, in my earlier remarks, I indicated that there were things that could be done by the administration that would not be costly. At the same time, they would be very helpful to the dairy producers in this country and would go a long way toward helping to maintain the production capacity, which is important if we are going to continue to have a stable supply of dairy products at reasonable prices for our customers.

The pending amendment is one item that will help. It is not the only one. There are others we will need to consider as time goes on, and it is hoped that we will have them rolled into a package by October 1.

I recognize the importance of foreign trade, particularly in the field of agriculture. I know that the trade door has to swing both ways, and I know that we have to sell abroad two-thirds of the grain produced in this country in order to satisfy the needs of our grain producers.

I know the tremendous contribution of our agricultural producers to our balance of trade situation. It is bleak enough as it is. Without the great plus we get from agricultural exports, it would be far worse. But we have made provisions in our laws to keep countries from dumping into the United States products that would have serious adverse effects upon the very programs Congress enacts to provide assistance to our producers. This is that kind of case, in my judgment.

The importation of casein, as has been pointed out by the distinguished Senator from Montana, is costing the American taxpayer because it requires that the Government, in the programs that we enacted, take into stock increased amounts of dairy products. Consequently, casein imports have caused part of the surplus we have at the present time. They have caused part of the increased costs incurred by the Government in carrying out the dairy price support program.

So the amendment is in order. It would do much to give confidence to the dairy farmer. As has been suggested, while the action of S. 509 does not actually reduce the support price that the dairy farmer is now receiving, it does eliminate an increase that he anticipated. The dairy farmer could very well have made some plans involving financing and other actions, when he had reason to count on this particular increase.

I am pleased to join the Senator from Montana, and I offer my support to the amendment he has just offered.

Mr. PRYOR. Mr. President, in the Agriculture Committee and again today, I join Senator MELCHER and others in offering this amendment.

I commend Senator MELCHER for his leadership in bringing this issue to the forefront. Imported casein, from various countries, including the Soviet Union, is in direct competition with American dry milk in the production of dairy products.

In 1980, approximately 150 million pounds of casein was imported into this country. This use of casein replaced 450 million pounds of American dry milk, which means that the Commodity Credit Corporation, which pays a support price for nonfat dry milk, could have saved $329 million if U.S. nonfat milk had been used instead of imported casein.

Furthermore, use of casein reduced the number of jobs in U.S. dairy plants, and probably helped diminish the number of family-operated farms.

S. 509 reduces the cost of the dairy program in 1981 by $147 million. By restricting the importation of casein by 50 percent we can save an additional $160 million from the dairy program and for the American taxpayers. Section 22 of the Agricultural Adjustment Act directs that duties or import quotas be imposed when—

> Any article or articles are being imported . . . into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this chapter.

This amendment does not attempt to completely stop the importation of casein but rather seeks to reduce the flow of casein into this country so that U.S. dry milk can be used instead of casein.

Mr. President, the American farmer, and more specifically dairy farmers, do not hesitate in shouldering their fair share of these budget reductions. We all realize the importance of reducing Federal spending so that we might bring this crippling inflation under control. This amendment will not cost the U.S. Government one thin dime. On the contrary, it will have the dual effect of saving additional Federal dollars while giving some support to our dairy industry. I urge that this amendment be adopted out of a sense of fair play.

We often hear during these last several weeks in Washington a new administration speaking of equitable treatment for all of our people and all of our citizens, but I think it seems a gross injustice that we are asking our dairy farmers to compete with subsidized imports. It is especially appalling to me that last year we imported some 1.3 million pounds of casein at a cost of $1 million from the Soviet Union.

Mr. President, I urge the adoption of the amendment offered by the Senator from Montana, and once again I am proud to be a cosponsor of the Melcher amendment.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. I thank the Chair.

Mr. President, when this amendment or substantially this amendment was presented in committee, I told the distinguished Senator from Montana that I was sympathetic to his purpose, and I am, and I went further to say to him that if he would submit it in the form of a bill the Agriculture Committee would hold hearings on it immediately and vote on it and undoubtedly report it out on the floor. But it is a little more complicated than that. The bill might actually have to go to the Finance Committee. I ask the distinguished Senator from Kansas if that is not correct.

Mr. DOLE. Yes; that is the understanding of the Senator from Kansas. It is a trade matter and not an agriculture matter.

Mr. HELMS. Exactly.

Mr. DOLE. I hope to discuss that in a minute.

Mr. HELMS. So, I say this with all due respect to my friend from Montana, and he is my friend.

Mr. MELCHER. Mr. President, will the Senator yield on that point?

Mr. HELMS. I yield.

Mr. MELCHER. The last time I think we attempted to do something under section 22, the Senator from Kansas was a proponent of the amendment, and a perfectly legitimate place to provide such an amendment is under section 22 of the Agricultural Act of 1949, and I might say, with the chairman's indulgence, under the jurisdiction of the Agriculture Committee.

Mr. HELMS. It is certainly of great interest to the Agriculture Committee and to the chairman of the committee.

Mr. President, I genuinely appreciate Senator MELCHER's desire to be supportive of the dairy farmers' cause and I understand his efforts to exact from the administration a quid pro quo for doing away with the semiannual adjustment in the dairy price supported schedule for April 1. In my days in the Senate I have exacted a few quid pro quos myself, and I understand what he is doing, and I commend him for the effort. But I hope for reasons that I will try to make clear that he is not successful today.

I say to him, again, that if he will submit this amendment in bill form I wish for him to make me the No. 1 cosponsor with him. Wherever it goes in terms of committee, I will be supportive of it.

Let me, if I may, clear up a few mis-

conceptions or what I perceive to be misconceptions about the effect of this amendment. Senator DOLE will discuss shortly the hazards involved in terms of our trading activities.

I have heard a statement or so that if left unchallenged would leave the impression that had there not been the importation of casein and case.n mixtures into the United States we would not now be faced with the dairy surplus problem and certainly that the surplus would not be of its current magnitude.

It has been implied that there would be increased demand for milk to fill the void created by the restricted availability of foreign casein.

I believe that is demonstrably not so, for several reasons, the first being that casein imports cannot be regarded as displacing what anyone would consider a significant amount of U.S. milk production. Casein imports represent only one-tenth of 1 percent of total milk production in the United States. Imitation cheese, the primary human food use of casein, represents only 2 percent of total domestic cheese production in this country.

Even these figures, I hasten to say, misrepresent to some degree the true impact of casein imports on the domestic dairy industry. The reduced availability of casein imports would not mean a one-to-one increase in demand for milk products. Casein cannot be substituted for in many of the uses to which it is put.

For example, I am told that casein is the key component of special medical nutritionals for which there is no substitute. These high quality protein products are fed to children with genetic defects which can lead to mental retardation. Other casein-containing products are used in hypoallergenic formulas and in treating infants suffering from diarrhea and celiac disease.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. HELMS. I am delighted to yield.

Mr. MELCHER. I thank the chairman for yielding.

I do not think he is trying to say that we cannot make casein out of domestic milk products.

Mr. HELMS. No. I am trying to identify the parameters of the problem created by imports.

Mr. MELCHER. I want to make it clear.

Mr. HELMS. I understand, and I agree with the Senator. I already said I will cosponsor legislation that he may introduce independent of this bill. But I am trying to establish the parameters of the impact that the imports do have.

Still other specially formulated medical nutritionals rely on casein to meet the specific needs of institutionalized patients who cannot tolerate lactose, who cannot chew or swallow food, and who are on a sodium-restricted diet. Domestic nonfat dry milk cannot take the place of casein in these products. Thus, in the absence of a domestic casein industry, import quotas on foreign casein would expose certain segments of the population to extreme hardship while bringing no relief to American dairy producers.

I do not know, Mr. President, frankly, what impact the Melcher amendment would have. I do know that this matter is now under study and a report is due on or before June 1. Am I correct about that, I ask Senator DOLE? A report is due on a study of these imports, no later than June 1?

Mr. DOLE. June 1; the Senator is correct.

Mr. HELMS. I thank the Senator.

So we are talking about 2½ months, and the alternative to that is failing to send forth a clean bill, as it is called around here, to the House of Representatives. If this amendment is on it, I am told by the leadership of the House of Representatives that there will be many problems in getting approval of the House of Representatives. I confess that the No. 1 interest of the Senator from North Carolina is to get a clean bill with no amendments so that we can close this matter out and then I will turn and I will help the Senator from Montana in any way I can.

Since 1976, at least four studies on casein imports have been conducted by the U.S. Department of Agriculture and the International Trade Commission (ITC). None of these studies found any merit to the claim that the importation of casein had an adverse effect on the American dairy farmer. The most recent study, issued by the ITC in December of 1979, concluded that:

> The data collected during the course of the Commission's investigation indicate virtually no relationship between imports of casein and mixtures of casein and purchases of nonfat dry milk under the price support program in recent years. Likewise, no clear relationship is apparent between imports and domestic production or consumption of nonfat dry milk. Additionally, no clear relationship is apparent between imports of casein and mixtures of casein and other forms of domestic dairy production.

Mr. President, there is no correlation whatsoever, I am told, between imports of casein and purchases of nonfat dry milk under the Federal dairy price support program. Since 1965 the level of casein imports has been relatively constant, between 60 million pounds and 150 million pounds per year, while Government purchases of nonfat dry milk have gyrated wildly between 40 million pounds and 850 million pounds a year, and that is the problem. It is not the imports of casein.

In some cases Government purchases of nonfat dry milk went up as casein imports went up. In other cases, Government purchases went down as casein imports went up. So there is no steady pattern in that regard.

I say to my good friend from Montana that his proposal to restrict the importation of casein—without hearings, without proper consideration, and prior to the issuance of the report of the study now being conducted, which report is due June 1—simply will not generate any appreciable increase in the demand for nonfat dry milk or any other domestic dairy products.

So what the Senator is doing—and it is well intended, and he is doing it in all sincerity—will be nonproductive in terms of being helpful to the very people whom he wants to help.

The risk he is running is that he may bring real hardship to those whose very lives may depend upon casein, as well as higher prices and inconveniences to the consumers of this Nation.

Furthermore, adoption of the amendment would exacerbate the whey disposal problem that plagues many producers. Whey, which is a byproduct of cheese production, can be used in some specialty products. However, the vast bulk of the whey surplus must be treated in company and municipal waste disposal facilities at great cost to the users.

If the 151 million pounds of casein imported into the United States last year were to be processed domestically, the whey surplus to be disposed of would be increased by 12 percent—an event that would add further cost to the production of dairy products.

Mr. President, my concerns about the proposal of the distinguished Senator from Montana are not confined to the substantive effects I have already laid. I confess that I am also troubled by the procedural problems almost certain to follow as a consequence of the adoption of this amendment.

The distinguished Senator from Kansas (Mr. DOLE), whom we all welcome back, will discuss that in more detail. But I will say preliminarily that the pending amendment would legislate the maximum import quota under section 22 of the Agricultural Adjustment Act of 1933, and it would thereby circumvent the procedures established by Congress for invoking a section 22 import quota, including a public hearing where all interested parties would have at least a chance to make their case for or against import quotas.

The amendment also bypasses the section 22 requirement that the President impose a quota only to the extent necessary to avoid material interference with the price support program. I do not think many Senators, if they will stop to think about it, will want to do that certainly without hearings and without consideratioin of the possible consequences.

Circumvention of procedures would subject the United States to challenges by other governments that the United States has acted outside the parameters of a waiver issued under the auspices of the general agreement on tariffs and trade, known as the GATT, for purposes of permitting the United States to impose quotas on imports of agricultural commodities that materially interfere with domestic price support programs. I do not think that a case can be made at this time that casein imports materially interfere with or threaten to materially interfere with the Federal Government's dairy price support program.

I can imagine the furor that is going to result among our GATT partners if we follow the procedure suggested by this amendment. Again Senator DOLE will address himself to that aspect.

At the very minimum I think you will see a fanning of the flames of protectionism and retaliation by our trading partners.

I am told that New Zealand, Australia, and Ireland have already communicated their concern that the Senate is even considering the amendment proposed by Senator MELCHER. I will say to my friend from Montana insofar as the Soviet Union is concerned I do not give a fig. They can say what they want to. But I do confess concern about our relationship with friends such as New Zealand, Australia, and Ireland, and possibly others.

I guess the bottom line, Mr. President, is that I think we ought to have at least some fair public hearings on this matter. I will guarantee the Senator from Montana that I will help expedite such hearings insofar as my authority goes witn the committee, and I am sure Senator DOLE will give him the same assurance as to the Committee on Finance.

But to approve this amendment, thus forbidding what we call around here a clean bill, is something I do not feel we should do.

I say again to my friend from Montana that if he does choose to go the legislative route instead of the amendment route I will cooperate with him to the fullest extent.

Speaking of the retaliatory actions likely to be taken by trading partners who consider themselves as having been injured, they would include restrictions on a lot of our agricultural exports such as soybeans, soybean extract, feedgrains, hydrogenated vegetable oils, and a whole multitude of industrial items such as transportation equipment, aircraft engines, farm machinery, and the like.

The Senator from North Carolina, Mr. President, just has no stomach for inviting a retaliatory trade war with people and nations with whom we are trying to cooperate and with whom we are trying to be friendly.

Maybe Congress could be excused for legislating an import quota such as is being proposed here if we had in the White House a President of the United States who was thwarting the implementation of section 22 in the face of compelling evidence that demanded the imposition of import quotas. We do not have a President like that. We have a President who has signaled to me personally and to Senators generally that he wants to cooperate and move this thing along on the basis of sound reasoning and careful study.

(Mr. NICKLES assumed the chair.)

Mr. HELMS. As I have indicated earlier, the U.S. Department of Agriculture is currently in the middle of yet another study to determine whether casein imports take markets from domestic milk producers.

I think that is a significant question and I want to know the answer to it. As I have said earlier, that study and the report thereon are due to be completed by the 1st of June.

So I say again that despite my immense respect and friendship for the distinguished Senator from Montana, I believe his amendment will not accomplish what he desires to accomplish, and it may do considerable harm. I say again that I pledged during the consideration by the Committee on Agriculture of S. 509 that I would call hearings just as soon as the USDA study is completed, and I reiterate that pledge to my friend from Montana now.

I know that he does not doubt my word.

One final comment and I will be through, Mr. President.

The basic question is whether we are going to throw a roadblock on the first test of President Reagan's efforts to bring this economy into line. I think that last November the American voters sent all elected officials a message that they wanted no more of this business as usual, they wanted things tightened up and spending reduced and the Federal Government removed from the backs of the American people.

I am inclined to think that the message had its source in a deep-seated frustration with the unwillingness of Congress for so many years to run a tight ship. So, in a very real way, the vote on this amendment and on this bill will be the first indication of the commitment of Members of the Senate in standing with President Reagan and backing him up in his efforts to stabilize the American economy.

It is with deep regret that I must oppose the amendment of the Senator from Montana. And I reiterate my commitment to him to work with him to see this matter through in other legislative ways.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I will take just a minute or two. I had not intended to speak on this amendment, but I think it is necessary that several points be made for the record.

I have listened carefully to my friend from Montana and my friend from North Carolina and others who have spoken on the amendment. I understand there is a rather sharp division of opinion.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter I received and certain other Members received from Secretary of Agriculture John R. Block dated March 16, as well as—unless it has been made a part of the RECORD—his letter to the chairman of the committee, dated March 13, 1981. These letters discusses in detail not only this amendment but S. 509.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 16, 1981.

Hon. ROBERT DOLE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOLE: I am writing to urge your support for S. 509, a bill to suspend the April 1 increase in milk price supports. This measure, scheduled for floor action on Tuesday, deserves passage for several reasons.

It will encourage dairy farmers to control excess production, and it will reduce federal outlays this fiscal year by an estimated $147 million. At the same time it represents the first of the President's spending reduction proposals to be voted upon by the Congress.

Without this action, the government will continue to accumulate and warehouse millions of pounds of dairy products surplus to contemplated needs. Storage costs alone are now running at a half a million dollars a day. The Administration feels enactment of this bill will help relieve pressure on the dairy support program which is set for Congressional reconsideration this year.

On the separate issue of casein imports, the question as to whether they displace domestic dairy products to a significant degree must be addressed by other than legislative means which would cause serious problems under the General Agreement on Tariffs and Trade (GATT). The Department of Agriculture will complete an extensive impact study in June. If import restrictions are called for, the Department willl initiate administrative action under the Section 22 provisions of the Agricultural Adjustment Act of 1933.

For further information on this involved but most necessary bill, I refer you to the enclosed copy of a letter I have sent to the Chairman of the Committee on Agriculture, Nutrition and Forestry. In addition your office has received a separate fact paper, and the Department stands ready to answer any specific questions.

Sincerely,

JOHN R. BLOCK,
Secretary.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 13, 1981.

Hon. JESSE HELMS,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased that the Senate plans to take up S. 509 early next week. This bill would amend Section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price for milk be adjusted semi-annually.

The Administration strongly recommends that the bill be enacted and that action be taken quickly during the very few days remaining before April 1 so that this unnecessary and costly increase in milk price supports can be avoided.

This proposal is an important part of the President's Economic Recovery Program. It will save an estimated $147 million in FY 1981 and $86 million in FY 1982. And, it will send a correct rather than an incorrect economic signal to the nation's milk producers. We now have a huge and growing surplus of milk. The seven percent increase in the price support level for milk scheduled for April 1, 1981 will tell producers to increase production still more at a time when production should be moderated.

This bill proposes a single change in the law—authority to forego the increase in milk price supports now required by law on April 1, 1981. It would not reduce the current price support level or eliminate or threaten the dairy price support program. It will benefit both consumers and taxpayers. It would amount to less than two percent of milk producers' cash receipts from sales of milk.

I understand that there will be an attempt to amend this bill on the floor of the Senate to require that casein imports be eliminated or severely restricted. and to otherwise change the basis of our limitations on the importation of milk products. Such restrictions would be expected to cause a very significant increase in the cost of a number of food items that are made with casein, a natural milk protein that is not manufactured in this country. In addition, the Administration very strongly opposes such an amendment for three reasons:

1. There is a well-defined administrative procedure under Section 22 of the Agricultural Adjustment Act of 1933 for dealing with situations where imports threaten to

interfere with price support programs. That procedure involves much less risk of repercussions for our $47 billion agricultural export trade than does a legislated limitation. If there is concern about casein, it should be pursued under that procedure.

2. It is premature to propose action to limit casein imports. In 1979, the International Trade Commission investigation of casein imports found no damage to the domestic industry. The Department is investigating this matter and will have a report by early June, 1981. Without more specific evidence than is now available, there is not an adequate basis to support action to limit casein imports.

3. The casein import question is not directly related to the problem S. 509 is designed to help. Even if the current market for casein products were entirely supplied by domestic milk products, we would have a surplus of milk and would need authority to forego the April 1, 1981 increase in dairy price supports. There is no justification now for giving milk producers a signal to increase milk production.

I urge you and your colleagues in the Senate to strongly support S. 509 and see that it is enacted quickly without amendment.

The Office of Management and Budget advises that enactment of the proposed legislation would be in accord with the Administration's program.

Sincerely,

JOHN R. BLOCK,
Secretary.

Mr. DOLE. Mr. President, I certainly share the views just expressed by the Senator from North Carolina. This is the first test of whether or not we are going to be willing to bite the bullet and try to get a handle on inflation whether it affects dairy farmers or anyone else in this country.

As one who received substantial contributions from dairy interests. And I do not suggest that anyone be motivated by anything like a campaign contribution. I can understand that some of us may be viewed as being ungrateful. But the problem is larger than that.

It seems to this Senator that if we attempt to do by amendment that which we cannot do directly we are going to on the very first important matter signal to the President that we will not follow his leadership, and by amendment prevent the savings of $147 million. I suggest that that is the issue. I have great respect and have generally been on the same side, as the Senator from Montana. But, as the Senator from North Carolina suggested, something happened last November. We had a change in administrations. We had a change in the Senate. We had a change in the House. We had a change in attitude across this country and it affected farmers and businessmen and women and everyone else who in any fashion participates in any Government program.

I just suggest that that is our prime responsibility. And if we are going to be—I do not say misdirected or mislead—but if we attempt to do indirectly what we probably cannot do directly by adopting an amendment, it will go to the House and end up in the Ways and Means Committee. In that case I am not certain what the fate of this legislation would be.

Mr. President, I would like to read the statement by Secretary of Agriculture John Block on the question of casein imports.

I might indicate that we do not manufacture any casein in this country. It is not eligible for price supports and, therefore, it is not profitable. That is why it is imported.

On the issue of casein imports, I quote from the letter of Secretary Block, "as to whether they displace domestic dairy products to a significant degree must be addressed by other than legislative means which would cause serious problems under the general agreement on tariffs and trade (GATT)."

As I indicated, and as Chairman HELMS has indicated, the Department of Agriculture will complete an expensive impact study in June. Secretary Block stated in his letter if import restrictions are called for, the Department will initiate administrative action under section 22 provisions of the Agriculture Adjustment Act of 1933.

So, in addition to the pledge of support from the chairman and others of us on the committee, we have by letter, a pledge by Secretary Block that he will initiate administrative action under section 22.

Now, the Senator from Montana simply proposes that we limit imports of casein and caseinites to one-half of the annual average imports expressed in the 1975–80 period.

The purpose of this amendment is to redress certain perceived injuries due to the rising level of casein imports.

Mr. President, this matter has not been considered by the Committee on Finance, which has substantive responsibilities for oversight and coordination of the entire trade agreements program. I certainly recognize because I have been on the other side—not on this particular issue—that other committees, including the Agriculture Committee, of which I am a member, have a very important interest in this matter. It is important, however, that the proposed import restrictions be referred to the Finance Committee. This would help insure that the ramifications of such proposals on our international trading relationships were clearly understood and balanced against our obligations and needs.

To the extent to which our trading partners will take retaliatory action or demand compensation, it should be fully explored. I want to touch on that subsequently, because we are talking about savings. Those savings are being predicted on the basis that we do not have somebody seeking compensation.

The Senator from Montana also referred to casein imports from Russia. They are about 3 percent out of a total casein import. Some of us, including the Senator from Montana and others on both sides of the aisle, would like to sell grain right now to the Soviets. So I am not so concerned that they are selling us less than 3 percent of the casein imports.

We hope that at the appropriate time the President will lift the grain embargo and then I think we will understand the importance of trade with the Soviet Union.

I suggest that this amendment could cause retaliatory action. The likelihood of similar action against our exports, including agriculture exports, should be carefully studied.

The appropriate process also should be observed. The United States does have recourse through an internationally accepted procedure for correcting injuries to domestic industry and the price stabilization system if certain criteria are satisfied. This procedure was established in 1955 when the United States obtained a waiver of its GATT obligations for import restrictions imposed on agriculture products pursuant to section 22 of the Agriculture Adjustment Act of 1933.

Section 22 requires, however, that the President initiate an investigation by the International Trade Commission to determine whether imports are interfering with domestic price support programs.

I might suggest that that is the very thing that Secretary Block indicates will happen. If, in fact, import restrictions are called for, as he has pledged in his letter dated March 16, then the ITC is required to make a recommendation to the President based on its investigation.

Without an investigation and recommendations by the International Trade Commission to the President, our GATT obligations would be violated and the United States could be forced to compensate those GATT members whose casein exports to these markets have been curtailed.

Mr. President, under the general agreement on tariffs and trade, the United States is expected to be required to compensate the principal suppliers of casein to the United States in the amount of the average value of imports over the past 3 years.

During the 1978, 1979, and 1980 calendar years, casein imports have averaged $120 million. The compensation in this case could be higher because the value of imports has been rising and major supplying countries may cite this as a special factor requiring higher compensation.

So to say that this is a bargain for the administration, that this really doubles the amount that we can save, in my view, based on what I understand GATT to be, in fact would require us, or could require us, to pay higher compensation.

New Zealand, the European Community, and Australia are the major suppliers of casein to the United States. New Zealand supplies about 50 percent of imports, the European Community about a third, and Australia most of the remainder.

The United Kingdom has a small amount, Ireland has a small amount, and two or three other countries have small amounts.

In the case of New Zealand, the United States is the major supplier of tobacco—$5 million—fertilizers—$15 million—data processing machines—$21 million—aircraft—$19 million—and nonelectric power generating equipment—$30 million. In the case of the European Community, we could see duties levied against nongrain feed ingredients. The European Community has been a growing market for these byproducts in recent years.

In December 1979 the ITC made a general investigation of the relationship between casein imports and domestic dairy

production and demand. At that time, the ITC reported that such imports had no clear relationship to domestic dairy production and demand for domestic dairy products.

As has been indicated, the U.S. Department of Agriculture is presently studying this entire matter and will issue a report by June 1. I look forward to the results of this study and will urge the administration to take appropriate action in conformity with requirements of section 22 should it be shown that casein imports are interfering with our domestic price support program.

We are talking about 2½ months, as the chairman indicated. I suggest that that is not a very long time to wait, considering that the budget will be on the floor, the pledge of the Secretary of Agriculture and others, and that we will all be working together if, in fact, it is shown that casein imports are interfering with our domestic price support program.

Until these other steps are taken I cannot support this measure, which may offer some little compensation. I have not heard what this will do for the dairy people, except maybe it will help them. I am not certain how much. I am not certain how much it will help the taxpayers if we have to pay compensation.

We could end up in just about a wash in the cost to the taxpayers.

I am wondering why other amendments should not be considered. If we are going to start amending this bill, we ought to have those people who want to put quotas on auto imports offering amendments, or anything else.

If we want to restrict imports, we should really load this up. If that, in essence, is what we are doing, there is no reason that that amendment would not be in order if, in fact, this is what we have in mind.

I can only say that we are an exporting nation. Our agriculture exports last year were about $41 billion. We are hard competitors. We are doing a better job every year. We made progress under the last administration. We are going to make more progress in exports under this administration. It does not make sense to impair the progress we are making.

The Senate Finance Committee met yesterday and our target was to try to come up with savings of $9.3 billion in our report to the Budget Committee. I must say that Democrats and Republicans alike on that committee were unanimous. There is no doubt in this Senator's mind that the American people want to give President Reagan a chance. The best way to take away that opportunity is through an amendment which will throw a cloud upon whether or not we can pass S. 509 by the April 1 deadline.

I have the greatest respect for those who have a different view, but it seems to me that we lose sight of the real issue. The real issue is whether or not we want to give President Reagan a chance in the first action he has taken to show the American people and demonstrate to the American people, farmers included, that we want to give the President's program a chance. No one suffers more from inflation than the American farmer. No one suffers more from high interest rates than the American farmer, and no one suffers more from lower prices than the American farmer. I cannot think of any group that has a larger stake in doing something about the economy than the American farmer.

I know there are mixed feelings among dairy producers. I know the problems with that. I know that some dairy producers are not as well off as may have been described in certain reports. But I just suggest that they are in the same boat with every other American. They are willing to make a sacrifice.

I have had indications in my mail that they are willing to make a sacrifice. We are going to have other Americans make sacrifices or contributions. It is not a sacrifice, but it is a contribution.

Mr. MELCHER. Will the Senator yield?

Mr. DOLE. I will in a second.

It is a contribution to try to do something about the American economy. If we continue on down the path we have gone, I am not certain that we will have price support programs or any other programs that will be of value to American farmers or anyone else.

I would just suggest that whatever is said on this floor will probably not change one vote.

I think I can speak with some credibility for the American farmer, at least I hope I can speak with some credibility for the American farmer. I would hope that with the clear indication of support that the chairman has offered, and others on the Senate Finance Committee have offered, and the Secretary of Agriculture has offered, the distinguished Senator from Montana would see it in his heart to withdraw this amendment, let us pass S. 509 and send it to the House, and see action taken.

I understand that they would not offer this amendment in the House Agricultural Committee because the House Ways and Means Committee indicated they would claim jurisdiction.

It just seems to this Senator that we are clouding the issue. If we want to go on record against saving money, this is an opportunity. But if we want to go on record as supporting the President and saving money in the proper way, then I certainly believe that this amendment should be defeated.

We are going to be working on farm legislation. The Senator from Montana, the Senator from Kansas, and other Senators on the Senate Agriculture Committee will be working on farm legislation. We will have some differences, all of us, with the administration. I do not suggest that we give this administration a blank check, but we ought to give them a chance, a little daylight, 60 days, or 75 days in this case, before the Department of Agriculture makes its recommendation.

Maybe that can be expedited.

Mr. President, it would seem to this Senator that it is not asking too much to wait and then proceed on a normal basis, rather than trying to bypass procedures and require the President to issue a proclamation, without going through the normal procedures.

CONCLUSION

Until the appropriate legal steps are taken, I cannot support this measure which may offer little compensation to dairymen and could well violate our international obligations. It would be most unwise for the United States to impose quantitative restrictions on casein in violation of these obligations when we have such a major interest in using these GATT commitments to facilitate access to foreign markets for our agricultural exports. Agricultural exports totaled $40.5 billion in 1980. Their contribution to our balance of payments is well known and any measures which could inhibit their continued growth in the future should be undertaken only after close scrutiny and under the most serious conditions.

Having said that, I am happy to yield to the Senator from Montana.

Mr. MELCHER. I thank my friend for yielding.

First of all, I want to welcome him back to the Senate floor. It is great to have him back.

Mr. President, the Senator poses the question, is this going to help the dairy farmers?

They all think so. In that ITC study of 1979 they placed 54 million pounds in group A, which is for these purposes: imitation cheese, coffee whitener, and frozen dessert. Then in group B they placed 30 million pounds of casein in bakery products, breakfast foods, diet foods; and in food products such as milk replacer for animal feeds an additional 15 to 23 million pounds.

The point is these dairy farmers said yes, indeed, this will help them because they think all of this could be replaced by domestically produced products.

I thank my friend for yielding.

Mr. DOLE. Mr. President, I have the study on casein and its impact on the domestic dairy industry, a report requested by the Committee on Ways and Means dated December 1979. On page 4 of that report, its says:

> The data collected during the course of the Commission's investigation indicate virtually no relationship between imports of casein and mixtures of casein and purchases of nonfat dry milk under the price-support program in recent years. Likewise, no clear relationship is apparent between imports and domestic production or consumption of nonfat dry milk. Additionally, no clear...

Assuming that this is not correct, and I do not quarrel with what the Senator from Montana indicated, my point is the way to help the dairy farmers of America, and the way we are going to help others in America, is to show our resolve when it comes to cutting spending. We have that opportunity if we pass S. 509 without crippling amendments.

I do not have any quarrel with those who offer amendments. I have done a little of that in the past myself, though not many succeeded because we were always in the minority.

I did not know how to act yesterday with all those proxies. If you give a man 10 proxies, he can do pretty well in his committee work.

In any event, it would seem to this Senator that we are talking about 60 days or 8 weeks. We can all cooperate

with the Senator from Montana as soon as we have that report from the USDA. I would hope if we defeat the amendment that is not going to change the resolve of the Senator from Montana who has taken the leadership in this matter. It will not change the position of the Senator from North Carolina, I am certain, in that if this amendment is defeated his pledge to the Senator from Montana will be the same. I am certain that is the view of the Secretary of Agriculture.

Mr. President, I yield the floor.

Mr. LEAHY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BOREN. Mr. President, before I begin my remarks, I yield briefly, without losing my right to the floor, to the junior Senator from Wisconsin, who has some remarks to make.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KASTEN. Mr. President, I support this amendment today because it is needed; I am a principal cosponsor of the amendment, I have written to each of you asking your support, and I have spoken to many of you personally pointing out the importance of what we are trying to do with this amendment by limiting the import of casein to 50 percent of the average amount imported during the last 5 years.

The United States, in 1980, imported approximately 150 million pounds of casein and casein mixtures—for the period 1977 through 1980 we imported over 512 million pounds, 13,500,000 of which came from the Soviet Union—virtually all of which are used in the production of human foods and animal feeds. Despite what others may argue, in most instances a domestic milk product could be used instead of the casein.

What does this mean in practical terms?

If domestic milk products had been used in 1980—for instance, nonfat dry milk, instead of the imported casein, the Federal Government could have saved almost one-third of a billion dollars ($329,000,000), since the Commodity Credit Corporation pays a support price of around 94 cents a pound for nonfat milk.

Mr. President, our Nation is in the economic doldrums, and it is time for a change. The dairy farmers of Wisconsin know this; the dairy farmers from other States know this. And, those farmers have told me they are willing to make meaningful sacrifices if other sectors of the agriculture community share in those sacrifices.

Our economic house must be put in order, expenditures lowered and tax relief granted. If we do not, and it is business as usual with continued huge Federal deficits and increased inflation, the results will be worse than the elimination of a price support increase.

However, with a balanced budget everyone will benefit, including our Nation's dairy farmers.

Let me turn for a moment to the dairy price support program itself.

Wisconsin is America's dairyland. We produce more milk than any other State; more butter than any other State—and almost 40 percent of the Nation's cheese. Dairying is a $2.5 billion industry in Wisconsin.

One reason that the dairy industry is what it is today is because of the price support program.

The price support program is an essential program for this country. It provides stability for the dairy industry, and a good wholesome product at a reasonable price for the consumer.

I am not going to argue at this time about the level at which price supports should be set. The important point is that there needs to be a program, set at a level and adjusted as needed, that will allow dairy farmers the ability to produce, improve their herds, and have a decent standard of living. Everyone benefits as a result.

In conclusion, Mr. President, I urge my colleagues once again to support this amendment, bring equity to the Nation's dairy farmers, and encourage the use of domestic milk products.

I thank the Senator from Oklahoma for yielding.

Mr. BOREN. I thank my colleague from Wisconsin.

Mr. President, I should like to yield briefly, if I may, without losing my right to the floor, to the Senator from Delaware and then to the Senator from Vermont.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. I thank the distinguished Senator from Oklahoma.

Mr. President, I oppose the amendment offered by my colleague, Senator MELCHER. This amendment would limit the importation of casein, the principal protein component of milk, to 50 percent of the average annual imports during the 1975–80 period. This would lower our imports to less than 70 million pounds, down 54 percent from 1980's level.

My colleague offers this amendment on the grounds that imports of casein compete directly with domestically manufactured dairy products and therefore interfere with our dairy price support program. According to supporters of this amendment, casein and its derivative, sodium caseinate, displace American milk and milk products in such items as processed foods, frozen desserts, and medical/nutritional/pharmaceutical products.

Mr. President, the case simply has not been made that casein competes directly with dairy products in many foods and feeds. There is no domestic production of casein, the last manufacturer having closed his doors in 1972. Moreover, the capital costs of producing casein in this country—including waste disposal and energy requirements—would be staggering.

Nonfat dry milk and skim milk, which are produced in the United States, do not appear to be perfectly substitutable for casein. Nonfat dry milk, for example, contains milk sugar, which often adversely affects the quality of the finished product. That means lumps in our coffee. Moreover, many Americans can not tolerate milk sugar in their diets. Skim milk, too, has certain limitations. It has a much shorter shelf life than nondairy creamer, and all of you who have that jar of nondairy creamer in your home or office can imagine what life might be like without it.

According to a report done in 1979 by the U.S. International Trade Commission, there is no clear relationship between casein imports and price support purchases of nonfat dry milk. The ITC also found no clear link between casein imports and domestic consumption and production of nonfat dry milk or other dairy products.

In the Trade Commission's study, a large majority of casein users surveyed said they would not use nonfat dry milk were casein unavailable. Almost all of the medical/nutritional/pharmaceutical products would cease to be manufactured, due to the absence of a practical substitute at any price.

In my own State of Delaware, 50 people in Dover could lose their jobs were there insufficient supplies of casein as certain processed foods and desserts such as nondairy whipped topping simply cannot be made with nonfat dry milk or skim milk because of serious quality problems.

Mr. President, there is another difficulty with this amendment. Senator MELCHER is proposing that we approve an import quota as part of a domestic price support bill. However, since his proposal would entail a drastic trade action on the part of the United States, I believe it should be the subject of comprehensive hearings by the Finance Committee.

Finance should have the opportunity to review the import situation, the international implications and the possible repercussions of any import action. Moreover, the U.S. Department of Agriculture is reviewing the ITC study at the request of our milk producers. USDA expects to present its findings in June, and we should certainly wait until we have had the benefit of the Department's report before we reach any conclusions on casein imports.

I strongly oppose Senator MELCHER's amendment and urge my colleagues to do the same.

Mr. LEAHY. Mr. President, I thank the distinguished Senator from Oklahoma for his courtesy in yielding briefly. I will be brief.

I also am delighted to see the distinguished Senator from Kansas back. He has been missed on both sides of the aisle, and I know he is welcomed back by both sides of the aisle.

I realize that we are trying to work toward a vote on this matter in a relatively short time. However, I note briefly, in response to statements by the Senator from Delaware and the Senator from Kansas about delaying this matter for further study, that we do have adequate information to decide the issue now. If we do not have adequate information to decide the issue now, then we also do not have adequate information to vote on S. 509.

S. 509 asks us to eliminate the semiannual adjustment, with less than 3 weeks' notice; Vermont has to be considered probably the most frugal State in the Nation. Certainly it is by far the most

Republican State in the Nation. If any State is going to be supporting President Reagan, it will be the State of Vermont.

I also point out that our dairy farmers, who, as the distinguished Senator from Wisconsin has pointed out, will support significant changes in a dairy price support program, would like a wee bit of advance notice on this. They have had the whole load dumped on them almost overnight, and they are asking for a little amelioration in this, in a way that would not cost the Government anything, which, in fact, would save the Government substantial amounts of money.

If it is required, after all these years of studying casein, after having appeals made to the past four Secretaries of Agriculture on the casein issue, after having discussed it all the time I have been in the Senate, if it is necessary to wait even longer on this, then, by the same token, the same argument can be made as to S. 509.

I thank the distinguished Senator from Oklahoma for giving me this time.

Mr. ANDREWS. Mr. President, will the Senator yield?

Mr. BOREN. The Senator from Texas has asked me to yield to him briefly, and I yield.

Mr. BENTSEN. I thank my distinguished friend from Oklahoma for his generosity. We have been infringing on his time, and I will keep my remarks brief.

Mr. President, I support the amendment of my distinguished colleague the Senator from Montana (Mr. MELCHER) to S. 509, the bill to implement the administration's proposal to suspend the scheduled April 1 adjustment of the dairy price support level.

I believe that this amendment is entirely in keeping with the spirit and intent of this bill, which is to reduce Federal outlays by holding down the support price for milk and to reduce the rate at which Commodity Credit Corporation stocks of milk are increasing. This amendment recognizes that casein, which is produced from milk, is a substitute for milk in many uses. Casein imports, which amounted to over 152 million pounds in 1980, are thus arguably increasing the cost of the U.S. dairy price support program and increasing the amount of surplus milk that must be purchased by the CCC. To the extent that this is occurring, it is only appropriate that the United States restrict these imports in order to further reduce the cost to the Treasury of the dairy program.

The amendment now before the Senate is a reasonable one. Recognizing that there are some uses for which casein is uniquely suited, and that casein is no longer produced in this country, this amendment would restrict casein imports to about 50 percent of the previous 5-year average rather than banning casein imports entirely. This would allow for casein use in those products where it is a necessity, but would encourage the use of domestic milk product whenever possible.

Mr. President, all Americans are being called on to make sacrifices in order to reduce Federal spending. I have been a strong proponent of major spending cuts, and I will vote for many unpopular cuts this year, including this one. I believe that a strong economic program of spending cuts, regulatory cuts, and a balanced tax cut package is vitally important. We must turn a major portion of our national resources back to the private sector if we are to return to economic prosperity.

Because many Americans, including dairy farmers, are being called on to make sacrifices in this effort, I cannot fail to support this amendment, which would provide that a small part of this burden would be shared by our trading partners instead of being paid entirely by American farmers and taxpayers. It is only fair that those countries who have been dumping their milk surpluses, in the form of cheap casein, into this country should share in these cuts. I cannot justify telling an American dairy farmer that he must forgo this scheduled adjustment in order to reduce Federal spending but that we must not reduce Federal spending in a way which would impact foreign dairy farmers.

In addition, Mr. President, I would point out that a glaring inequity in our casein import program allows Russia to ship casein to this country. Last year Russia earned almost a million dollars in precious hard currency by exporting 1.3 million pounds of casein to the United States. This money could have been used to buy grain from Argentina—grain that replaced American grain that was embargoed.

Mr. President, if we are to enact the massive spending cuts that I believe are necessary this year the burden must be shared by everyone. This country is well within its rights to reduce Federal spending at the expense of all dairy farmers, foreign and domestic. It is an injustice to the American dairy farmer to do otherwise.

I urge my colleagues to join me in voting for further reductions in Federal spending by supporting the Melcher amendment.

Mr. BOREN. I thank the Senator from Texas.

Mr. ANDREWS. Mr. President, will the Senator yield for a moment?

Mr. BOREN. I yield.

Mr. ANDREWS. Mr. President, the Senator from Vermont (Mr. LEAHY) pointed out that his is a very conservative State, interested in saving money. The President's request saves about $145 million and the request of the Senator from Montana would save more than $200 million, so we would get better than twice the savings.

In addition, those dollars that are used to purchase goods from overseas have a greater impact on inflation because they contribute to the imbalance of payments.

So anyone who wants to save money and wants to help our President get this inflation under control should support the amendment of the Senator from Montana, by all means.

Mr. BOREN. I thank the Senator from North Dakota. I strongly endorse the statement he has just made.

Those of us supporting the Melcher amendment and joining him in consponsoring this amendment certainly do not mean to be indicating any lack of support for the proposals of the President. I have voted consistently to cut Government spending. Just this week, in the Finance Committee, I supported the President's requests in every area.

I join the others in expressing pleasure at the return of the Senator from Kansas to the Senate. I agree with the comments he made, that there is no greater problem facing us than bringing inflation under control. I recognize that the only way we can begin to truly bring it under control is by reducing runaway spending by the Federal Government.

At the same time, as the Senator from North Dakota has just pointed out, the amendment of the Senator from Montana would in no way diminish the savings to the Federal Treasury which would be achieved. In fact, the amendment would enhance the savings.

It has been pointed out that we have had adequate study of this issue in the past. There is strong reason for believing and strong evidence to establish that foreign imports of casein do serve to displace and to substitute for skim milk. When we consider that in 1980, the United States imported more than 152 million pounds of casein, displacing upward of 4 billion pounds of domestically produced skim milk, it is easy to understand why the savings, under the amendment of the Senator from Montana, will be even greater to the Federal Treasury.

If domestic supplies had been used instead of foreign casein, the Government cost of the dairy program could have been reduced by $329 million.

The U.S. trade balance would have been improved by over $140 million.

So with all due respect to those who have urged us to oppose this amendment, I think we are acting responsibly. I understand how in many ways this is considered a symbolic vote and that there are those who wish to see this bill passed without any amendment.

I do not think we detract in any way from the symbolic value of this vote by improving the piece of legislation and by changing it into a piece of legislation that will save the taxpayers even more money in the long run.

I, for one, Mr. President, wish to make it clear that whether or not this amendment is adopted I still intend to support the final passage of S. 509 and to support the President in his efforts to save Federal funds and to bring the budget into balance within a reasonable period of time.

There are other symbols that are also very important. During the discussion of this piece of legislation I was shocked to learn that we continue to import casein from the Soviet Union. I recognize that the amount of money involved is very small in terms of the overall budget of this country. In terms of the overall balance of trade, it is a very small amount. But again, when we talk about symbols I think it is absolutely unconscionable that the United States while maintaining an embargo on grain produced by our own farmers in sales to the Soviet Union should allow any agricultural imports from the Soviet Union

to come to this country. It is not only just casein that we are importing. We are importing furs. We are importing, and I am sure this is of interest to the chairman of the Agriculture Committee, tobacco produced in the Soviet Union. We are importing that into the United States. We are importing several other products.

It is a small amount of total dollars but it is important. I do not think there is any way that we can support continuing to allow agricultural imports into this country from the Soviet Union when we do not allow our own farmers to sell agricultural products, grain in particular, to that country.

Mr. President, while considering this matter I think it is important that we do not forget that we are here asking the farmers to make a sacrifice for the sake of bringing Federal spending under control.

All of us are going to have to make a sacrifice. Every sector of the economy is going to have to make a sacrifice. I think those of us who are from agricultural States are going to have to be willing to do our share. But at the same time I think, as we make these cuts, we should not lose sight of the overall situation that exists economically for American agriculture.

I wish to submit for the RECORD an analysis of the cost and returns of milk production, prepared by Dr. Clifford Burton, extension dairy specialist, and Dr. Raleigh A. Jobes, associate professor of agriculture economics at Oklahoma State University.

Mr. President, I ask unanimous consent that that study be printed in the RECORD at the conclusion of the remarks which I am just about to make.

The PRESIDING OFFICER. Without objection, it is so ordered.

[See exhibit 1.]

Mr. BOREN. Mr. President, as the data shows, one of the biggest problems facing dairy farmers is rising production costs. This is the same problem which is causing a financial strain on other sectors of agriculture.

As a result of farm income not keeping pace with production cost, net farm income has declined rapidly.

I might point out, Mr. President, because we are going to be considering the overall budget for agricultural programs later on, that across the board in American agriculture, according to the Department's own statistics this last year farm prices, prices received by the farmers for the products and income to the farmer, increased only 2 percent while the cost of those items which the farmer has to buy increased 13 percent, just in the last year alone. Talk about a cost-price squeeze. There it is plain for all to see. It is not as if agriculture were in a good position when the year began. Already net farm incomes in real terms were lagging back in the area of the amount of income farmers received some 35 years ago in this country.

They have been left out of the economic progress of their country more than any other segment of our society. The tremendous impact of price inflation on farmer purchasing power is obviously shown in the charts in the study to which I referred. Net farm income after inventory adjustment has declined markedly in constant dollars since the early 1970's and is presently lower than at any time since 1945.

I wholeheartedly support Secretary of Agriculture Block's decision to make agriculture profitable once again. The challenge before Congress this year is to adopt farm programs and policies that will keep our farmers in business. We cannot have another decade like the last decade in which in my home State, for example, we lose 40 percent of the family farmers who simply had to go out of business. We must address these problems if we are to insure the future economic well-being of the dairy farmer, as well as other farmers.

The figures in the far right column of this study confirm what dairy farmers have been saying for several months—that costs continue to climb much faster than income. Regardless of how efficient one gets his dairy operation, his expenses turn out to be greater than his income.

The figures for 1980 show the greatest loss in years. The figure is $191 net loss per cow. Comparing 1980 with 1979, the increase in income is only 2 percent. This slight increase was held down at least partially by lower animal income. Milk income per cow was up $114 but animal income dropped $74 per cow offsetting some of the increased milk income.

At the same time the increase in costs, which included every item in the column, rose a solid 20 percent. That is a net difference of 18 percent more increase in cost than in income. There is no way a newer dairyman with a large debt load can survive this kind of economic situation for long.

The drought in the Southwest caused feed prices to be abnormally high. Feed made up 51 percent of expenses at $1,060 of a total of $2,057 in expenses.

In 1980 the figures show that feed was up $171 for an increase of 19 percent, hauling was up $6 for a 10-percent rise, and operating expenses climbed $33 for a 17-percent gain. The biggest increases however were capital up $79 for a 27-percent jump, machinery ownership up $25 for a 30-percent boost, and labor climbed $40 for a 20-percent gain.

Going back to 1976 compared with 1980 shows 44-percent increase in income, which sounds pretty good until it is compared with a 67-percent rise in costs. One wonders how long this cost-income relationship can remain.

This data is figured on actual costs and income reported by dairy farmers in the States of Arkansas, Kansas, New Mexico, Oklahoma, and Texas. It is calculated on a herd of 80 cows with average production of 12,000 pounds per cow.

So, Mr. President, I am prepared to take whatever painful steps are necessary to balance the Federal budget. I am prepared for agriculture to do its share and as I talk to my constituents who are in that great agricultural sector, they are among the most patriotic of all our citizens and most willing to make sacrifices, but we must make sure that the sacrifice which they are making is equitable. We cannot continue as we have done with the grain embargo, for example, to ask the agricultural sector to make more than its fair share of sacrifice.

I realize that the agricultural community with only 4 percent of the population of this country and therefore only 4 percent of the votes in any national election is a very easy target.

But just as I support the cuts which are being made today I ask my colleagues to keep in mind the equities as they consider the agricultural budget down the line, and I again urge favorable action on the amendment of my colleague from Montana, because it injects into the situation a matter of trade equity, some protection for our domestic producers, protection for the American taxpayers, against the open-ended cost of this program and, as my colleague from North Dakota has indicated, will not only be of assistance to the President in holding down the cost of direct Federal spending, but will be of even greater assistance because we can in the long run, by taking this action, reduce the cost of our dairy support program even more than at the present.

I thank the Chair.

EXHIBIT 1

SUMMARY: COST AND RETURNS OF MILK PRODUCTION, JANUARY 1980-DECEMBER 1980—OKLAHOMA STATE UNIVERSITY

	12,000 lbs							
	Illinois, 60 cows	Indiana, 60 cows	Iowa, 60 cows	Minnesota, 50 cows	Nebraska, 60 cows	South Dakota, 50 cows	Wisconsin, 50 cows	Southwest region, 80 cows
Livestock investment:								
Dairy cow	$1,200.00	$1,500.00	$1,350.00	$1,150.00	$1,295.00	$1,250.00	$1,300.00	$1,400.00
Dairy yearling heifer	224.00	310.00	368.55	300.00	464.10	253.00	240.00	330.00
Dairy replacer calf	157.50	157.85	184.47	234.00	253.50	137.50	185.25	210.00
I, livestock investment	1,581.50	1,967.85	1,903.02	1,684.00	2,012.60	1,640.50	1,725.25	1,940.00

12,000 lbs

	Illinois, 60 cows	Indiana, 60 cows	Iowa, 60 cows	Minnesota, 50 cows	Nebraska, 60 cows	South Dakota, 50 cows	Wisconsin, 50 cows	Southwest region, 80 cows
Production:								
Milk	$1,536.15	$1,575.66	$1,529.06	$1,514.86	$1,546.20	$1,520.57	$1,534.37	$1,640.23
Dairy cows	210.89	225.94	186.46	183.88	158.04	111.51	206.73	165.55
Dairy bull calves	35.52	45.33	49.50	43.15	41.34	59.27	54.13	38.02
Heifer calves (3–5) Ch		7.81					7.35	
Springer heifers	23.44	25.60	112.50	110.00	90.00	123.58	99.00	21.74
Manure credit	15.00	15.00	15.00	25.00	15.00	15.00	15.00	
Total, receipts	1,821.00	1,895.34	1,892.52	1,876.89	1,850.59	1,829.94	1,916.58	1,866.54
Operating inputs:								
Corn silage	125.28	250.00	176.80	131.76	200.00	120.00	172.80	
Dairy ration, 14 percent				295.82				
Dairy ration, 16 percent	238.48	361.36	300.24		257.93	214.16	285.12	453.92
Salt and minerals	13.00	6.50	13.00	18.20	6.50	6.89	36.29	18.20
Silage hayage	89.09	64.10	120.56	137.91	107.25		76.04	
Milk replacer	15.75	15.00	6.48	5.40		8.64	4.80	2.75
Calf starter	13.75	17.99	12.00	13.99	4.80	6.60	13.99	7.00
Hay	116.03	151.78	154.70	33.11	125.57	175.49	184.54	522.63
Pasture			16.80		15.00	30.00		56.00
Total feed (subtotal)	(611.38)	(866.73)	(800.58)	(636.19)	(717.05)	(561.78)	(773.58)	(1,060.50)
Milk equivalent (hundredweight)	4.30	6.00	5.39	4.28	4.99	3.89	5.16	7.77
Breeding fees	16.50	18.00	18.00	14.00	13.00	14.00	18.00	22.00
Vet medicine	28.00	37.50	26.00	29.00	25.00	22.00	32.00	35.00
Supplies	26.00	18.00	22.00	34.00	32.00	24.00	34.00	32.00
Utilities	50.00	50.00	40.00	60.00	29.00	40.00	55.00	40.00
Accounting	21.00	14.00	16.00	15.00	15.00	16.00	15.00	14.00
Bedding	30.00	30.00	28.00	40.00	12.00	40.00	45.00	
Hauling	34.67	46.78	43.18	36.63	47.26	42.14	25.33	63.67
Tractor fuel and lube	17.92	17.92	17.92	17.92	17.92	17.92	17.92	13.12
Tractor repair cost	4.96	4.96	4.96	4.96	4.96	4.96	4.96	3.63
Machine fuel and lube	24.71	24.71	24.71	24.71	12.03	24.71	24.71	24.71
Machinery repair cost	29.80	29.80	29.80	15.73	23.76	15.73	15.73	23.93
Equipment fuel and lube	.76	.64						1.98
Equipment repair cost	18.70	17.06	15.27	29.46	13.95	41.02	29.46	17.11
Total, operating costs	914.38	1,176.10	1,086.41	957.60	962.91	864.25	1,090.69	1,351.63
Milk equivalent (hundredweight)	6.43	8.15	7.31	6.44	6.71	5.98	7.28	9.90
Return to land, labor, capital, machinery overhead, risk, and management	906.62	719.24	806.11	919.30	887.67	965.69	825.89	514.91
Capital cost:								
Annual operating capital								.18
Tractor investment	9.74	10.10	10.10	11.54	11.54	12.26	10.82	7.39
Machinery investment	14.99	15.55	15.55	21.79	11.87	23.15	20.43	12.09
Equipment investment	117.00	111.32	120.40	165.09	113.92	176.98	154.77	77.02
Livestock investment	213.50	275.50	266.42	269.44	322.02	278.89	258.79	271.60
Total, interest charge	355.23	412.47	412.47	467.86	459.35	491.28	444.81	368.29
Milk equivalent, (hundredweight)	2.50	2.86	2.78	3.15	3.20	3.40	2.97	2.70
Return to land, labor, machinery overhead, risk, and management	551.39	306.77	393.64	451.44	428.33	474.41	381.08	146.62
Ownership cost:								
Tractor	9.39	9.39	9.39	9.39	9.39	9.39	9.39	6.87
Machinery	18.86	18.86	18.86	19.99	12.25	19.99	19.99	15.08
Equipment	122.63	116.68	122.76	141.90	106.62	186.47	141.90	84.46
Total ownership cost	150.88	144.93	151.01	171.29	128.27	215.85	171.29	106.41
Milk equivalent (hundredweight)								
Return to land, labor, machinery overhead, risk, and management	400.51	161.84	242.63	380.15	300.06	258.56	209.80	40.21
Labor cost:								
Machinery labor	64.99	61.90	55.71	56.94	39.72	43.33	55.71	42.55
Equipment labor	21.96	20.91	14.99	30.36	17.29	23.80	29.70	29.42
Livestock labor	290.43	264.20	214.65	225.40	179.10	171.50	220.50	159.20
Total, labor cost	377.38	347.01	285.35	312.70	236.11	238.63	305.91	231.17
Milk equivalent, (hundredweight)	2.65	2.40	1.92	2.10	1.64	1.65	2.04	1.69
Return to land, overhead, risk, and management	23.13	−185.17	−42.72	−32.55	63.95	19.94	−96.11	−190.96
Milk break even price	12.64	14.41	13.03	12.84	12.44	12.52	13.43	15.07
Price per (hundredweight) milk	12.80	13.13	12.74	12.62	12.89	12.67	12.79	13.67

State leaders: Extension Dairy Production and Farm Management Specialists.
Southern Region: C. H. Burton, R. Jobes, C. W. Richardson—Wisconsin; Terry Howard, Arline Brannstrom—Nabraska; Don Kubik—South Dakota; Myers Owens—Indiana; Edward Carson, Willard Dillion—Minnesota; Robert Appleman, L. H. Thomas—Iowa; Don Voelker—Missouri; Rex Ricketts—New Mexico; Borden Ells.

Source: State and area extension dairy specialists along with commercial feed companies and dairy producers provided information.

HOW DAIRY FARMERS USED THEIR SHARE FROM EACH GALLON OF MILK IN 1980

C lifford Burton and Raleigh Jobes, Extension Dairyman and Farm Management Specialist, Oklahoma State University. Dairy budgets that are routinely completed each 6 months for the past 12-month period for the following States. An analysis of the latest budgets for 1980 reveals how dairy farmers used their share from each gallon of milk.]

12,000 lbs

	Illinois, 60 cows	Indiana, 60 cows	Iowa, 60 cows	Minnesota, 50 cows	Nebraska, 60 cows	South Dakota, 50 cows	Wisconsin, 50 cows	Southwest region, 80 cows
Farmers share (each gallon milk)	$1.10	$1.13	$1.10	$1.09	$1.11	$1.09	$1.10	$1.18
Spent for (cents per gallon of milk):								
Feed	.37	.51	.46	.37	.43	.34	.44	.67
Operating costs	.19	.18	.17	.19	.15	.18	.19	.18
Capital costs	.23	.25	.23	.27	.27	.29	.25	.23
Ownership costs (depreciation, taxes, etc.)	.09	.09	.09	.10	.08	.13	.10	.07
Labor	.22	.21	.17	.18	.14	.14	.18	.15
Profit above costs	.01	−.11	−.02	.02	.04	.01	−.06	−.12

14,000 lbs

	Illinois, 60 cows	Indiana, 60 cows	Iowa, 60 cows	Minnesota, 50 cows	Nebraska, 60 cows	South Dakota, 50 cows	Wisconsin, 50 cows	Southwest regions, 80 cows
Farmers share (each gallon milk)	$1.10	$1.13	$1.10	$1.09	$1.11	$1.09	$1.10	$1.18
Spent for (cents per gallon of milk):								
Feed	.36	.49	.45	.35	.39	.30	.42	.64
Operating costs	.17	.16	.16	.17	.13	.16	.16	.17
Capital costs	.20	.24	.23	.27	.25	.28	.25	.22
Ownership costs (depreciation, taxes, etc.)	.09	.07	.08	.09	.06	.11	.09	.06
Labor	.20	.19	.16	.18	.12	.12	.16	.15
Profit above costs	.08	.02	.01	.03	.16	.12	.02	−.06

Mr. HELMS. Mr. President, I yield to the distinguished Senator from Pennsylvania without losing my right to the floor.

Mr. SPECTER. I thank Senator HELMS very much.

Mr. President, I rise to lend my voice of concern for the agricultural industry of the United States in terms of the matters which are being considered here today. I am persuaded that the problem of casein is a very substantial one and that the original concept for casein to be used for industrial purposes has now been altered so that a great quantity is being used for agricultural purposes.

There are many factors involved which suggest the validity of the amendment which has been offered to S. 509.

Notwithstanding those factors, I am going to vote in opposition to the amendment for two reasons:

I am persuaded that S. 509 will not be passed if it has this encumbering amendment, so I am persuaded to join the request of President Reagan to send to the House of Representatives, if a majority of this body concurs, S. 509 without the encumbrance of the amendment.

I am also persuaded by the statements made by the distinguished Senator from Kansas, Senator DOLE, that the Finance Committee should have an opportunity to consider the casein issue in the light of the report which is due on or about June 1.

In proceedings this morning before the Agriculture Subcommittee of the Appropriations Committee, the Secretary of Agriculture testified that the report on casein would soon be finished and that it was a possibility that there would be an effort by the Department of Agriculture to have voluntary limitations on the importation of casein similar to that which is now being urged on automobile imports from Japan.

So in voting against this amendment I want my position to be clear that I think there is enormous merit on the part of the agricultural community in this country in opposing the current situation with respect to casein, and I would expect to be supporting that position when the matter is ripe for decision after it has been considered by the Committee on Finance and after S. 509 has been acted upon.

As to S. 509 itself, I would add just a word, although it is somewhat out of turn, but having the microphone in hand it will abbreviate the proceedings if I make a brief statement. I intend to support S. 509, but in so doing I again voice concern that the farming community is being asked to make its sacrifice in advance of the overall budget cuts.

I am persuaded by what the Secretary of Agriculture said this morning that it is important that this measure be adopted so that the increase in prices effective April 1 will not be put into effect, to send a signal to the farming community about the need to curtail production, and in so doing I do believe that there is a consensus in this country generally about the need for budget cuts, and having discussed this matter extensively with many farmers, including milk farmers from Pennsylvania, where my State is the fifth largest milk-producing State in the Nation, producing almost 8 million pounds in 1979, and that all Americans are prepared to make their fair share of sacrifice, I think the farming community has shown its patriotism in being willing to go along with these cuts and supporting the bill which has been reported from the committee by Senator HELMS as chairman of the Committee on Agriculture. I think it is a model to be emulated by the rest of the Nation as we consider the remainder of the budget cuts which are so necessary to restore the vitality of our economy and to reduce inflation.

I thank Senator HELMS very much, and I thank the Chair.

● Mr. DOMENICI. Mr. President, I would like to commend the Agriculture Committee and its chairman for moving expeditiously by reporting this legislation to eliminate the April semiannual inflation adjustment for dairy price supports.

S. 509 is an important first step in implementing the President's economic recovery program. Outlays for the dairy price-support program have increased from $0.2 billion in fiscal year 1978 to an estimated $1.8 billion in fiscal year 1981. This legislation would reduce budget outlays by almost $250 million over the next 2 years.

I realize that consideration of this bill apart from the remainder of the President's program may appear to single out one group for unfair treatment, but the time is short. This legislation must be enacted before April 1 to achieve the potential savings. The Budget Committee is already meeting to consider the other proposals in the President's package and will have recommendations for the Senate to consider shortly.

I will assure the farmers of this country that they will not bear a disproportionate share of the budget reductions necessary to get our economy back on its feet. Dairy farmers, in particular, have much to gain from lower inflation and stronger economic growth. A sound economy is essential for the growth of consumer demand for dairy products, which has remained static or declined on a per capita basis.

Again, I would like to commend the Agricultural Committee, and I urge the adoption of the bill as reported.●

The PRESIDING OFFICER (Mr. DANFORTH). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, it is with some reservation that I rise in support of the amendment offered by the Senator from Montana. But regardless of its passage, I will still support the bill as reported from the committee because I, too, see this as a symbolic measure of whether or not we are going to be able to get the President's economy program on the road.

Under normal circumstances it would have been preferable to consider the issue of the impact of casein imports on the use of domestic milk supplies in conjunction with our reevaluation of the milk price support program during our work on the 1981 farm bill. Unfortunately, we are not facing normal circumstances. Since it is imperative that we begin controlling Federal spending, and since the scheduled April 1, 1981, semiannual adjustment of the support price for milk will result in increased spending, the adjustment must be reviewed now, but should not be reviewed in a vacuum. The discussion should include the level of support as well as the casein issue.

There is little question that this action will place a burden upon the dairy farmer. And it comes at a time when dairy farmers are facing escalating production costs. Nevertheless, dairy farmers have indicated a willingness to share the burden of cutbacks in Government spending, and they realize that there may be a need to revise the overall milk price support program.

However, it seems ironic to me that on one hand we are forcing our dairy farmers to cut back, while at the same time, we continue to allow the import of casein, that to some extent, clearly competes with our domestic milk products. Consequently, if Congress is to act now to par down the budget effect of our milk price support program, we should also be willing to limit the amount of casein that is imported into our country. And that is competing with our milk products. Therefore, I believe, as do the dairy farmers from my home State of Iowa, that this amendment to limit by 50 percent our casein imports is an equitable compromise.

We all recognize the merits of waiting for the June 1981, Department of Agriculture report that addresses the issue of casein import impacts on the use of our domestic milk supply. And as I indicated, this issue must be discussed during our consideration of the farm bill. However, in light of the years that our dairy producers have spent trying to alert the Federal Government to the problems of casein imports, and in light of the lack of positive action that the Federal Government has exhibited regarding these requests, perhaps it is time to turn the tables around, just this once, in favor of the position of the dairy farmers. Perhaps it would be healthy for the burden of proof, regarding the issue of whether or not casein imports adversely impact the use of our domestic milk supply, to be placed on those who have taken the view that it does not hurt domestic use. Perhaps in this way, we can finally get to the bottom of this issue.

I believe that we should still carefully consider the upcoming USDA report, and we should still consider the issue of casein imports, as well as the broader issues involved with the dairy price support program during our work on the farm bill. And I want to make it clear today, that if as a result of our studies, that it is proven that casein imports have had no significant impact on our domestic dairy product use, then I will fully review my position on casein imports. But in the meantime, we should be willing to compromise to help offset the effect of this adjustment suspension until the issue is resolved.

Let me close with two additional points. There has been some concern expressed that limiting casein imports will send a signal to dairy farmers to increase their production. I personally do not believe this argument. However, in order to set at ease those who share this fear, let me

offer this warning to dairy farmers. This action today should in no way be interpreted as a signal to increase milk production. There appear to be some significant problems with the dairy price support program, and therefore Congress will be thoroughly studying this program and will act appropriately to correct any problems. Consequently, any plans to expand milk production will not only likely hurt dairy farmers in the future, it may also cause Congress to act more severely in regard to the dairy price support program than normally would have been necessary.

There has also been some fear expressed that our foreign trading partners might view this import limitation as inconsistent with our trade obligations. Let me point out that we have already established our right to protect the effectiveness of our price support programs. Furthermore, we are taking significant steps, through this bill to suspend price support adjustments, to correct some of the problem with our support program. And our foreign trade partners have our assurances that we will further review the entire milk price support program during our work on the farm bill. And finally, I believe that it is safe to say that if we find that casein imports have not had a significant impact on the use of our dairy products, and has not rendered ineffective our price support program, then full resumption of casein imports will be ordered.

Consequently, our trading partners must realize that any over-reaction on their part over our limit on casein imports may be in the end fully unjustified, as well as detrimental to the future of our trading relations.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa (Mr. JEPSEN).

Mr. JEPSEN. Mr. President, I intend to oppose the distinguished Senator from Montana's amendment—my good friend Senator MELCHER. He and I are on the same side of things most of the time, but I intend to oppose this amendment for several reasons.

First of all, imposition of quotas are prohibited under the general agreement on tariffs and trade (GATT). Article XI of GATT prohibits the imposition of quotas. In 1955, the United States obtained a waiver from prohibitions in article XI of GATT with regards to section 22 of the Agricultural Adjustment Act. The question posed by several Senators here today is whether or not the limitation of casein would be within the section 22 actions.

I appreciate the hard work the National Milk Producers Federation has done on studying this issue. I understand they feel that the limitation of casein would be within the section 22 actions. However, the General Counsel for the Senate Agriculture, Nutrition and Forestry Committee takes a different view of the situation. I refer to a quote from the General Counsel which states:

> After consultations with the General Counsel's Office, the U.S. Department of Agriculture and the Office of the U.S. Trade Representative, it is my conclusion that the proposed amendment would not be consistent with article XI of the GATT and would not be within the waiver for section 22 actions.

Therefore, it appears to me that by passing legislation to limit the importation of casein, we would very likely be in violation of the general agreement on tariffs and trade. I do not think any Senator wants to do this.

I know that the farm producers around the Nation do not want this to happen because the marketplace and exports is the name of the game for farmers, profit is the name of the game for farmers.

Second, the necessity of sending a clean bill regarding eliminating the April 1 inflation adjustment for dairy price supports is great. There are several indications that adding the casein quota amendment on the bill would force it to be referred to both the House Agriculture and the House Ways and Means Committee. If this was to happen, it would be much more difficult for the bill to be passed by the April 1 deadline.

Third, while I understand dairy producers concern that casein imports are displacing the milk they are producing, I do not feel any adequate case has been made to show that. In fact, to my knowledge, the International Trade Commission study is the latest study made on that issue and it indicated that casein imports did not damage our domestic milk industry. I am not arguing the validity of this report, but I am arguing that we should wait on imposing quotas on casein imports until a study shows that there is some type of relationship between the import level and surpluses of domestic milk.

As we all know, the Department of Agriculture has already undertaken a study to determine the effects of casein imports and have scheduled the study to be done by June 1, 1981.

If at that time it shows they do have a very definite impact on the surplus of domestic milk, I assure the distinguished Senator from Montana that I will be one of the first to sign up and cosponsor an amendment at that time for whatever action is necessary to place some limits on casein imports.

But until that time, I strongly urge my colleagues at this time to vote against the amendment.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, I want to repeat something that I said earlier today, that all of us do want to help the President's program. We want to not only pass this bill and forego the outlay of Federal expenditures of $140 million—some for domestic production, but with the amendment we want to add another $160 million of reduction in Federal outlays by reducing the amount that will be spent for the domestic product that really could be offset by having a reduction in the importation of casein.

Now, that is what the amendment is about. Why should we do it now? Just pure and simple, to cut back on the Federal outlays, to have some fairness in our approach as we cut back on Federal outlays, not only cut back on some Federal outlays for domestic producers but also cut back on Federal outlays for foreign producers. It seems ironic that we have to argue over that point.

Casein is a displacement of skim milk—skim milk that is produced here in this country. We have about $1.5 billion in surplus purchases of domestic milk products, as indicated in the study by the CCC, the Credit Commodity Corporation warehouses.

So it is urgent that we take this step to reduce Federal outlays to that extent by reduction in some of the casein imports.

The question is asked, why do it now? Well, the answer is very simple: to control inflation.

We are cutting programs for people in this country. You name it. The Reagan administration has recommended a cut for whatever program you can think of that is domestic, anything from food stamps and education to the program for the arts and humanities. So it is apparent that the mood of the country and the mood of Congress is to have substantial reductions in Federal outlays. This should be one of them. We can help the President's program by acting now on them.

We need to reduce these Federal outlays on unneeded and unnecessary imported casein that is used for food products. And that is all that we are referring to in the amendment is just the casein that is used for food products.

The argument is made to refer it to other committees. The Senator from Kansas, the chairman of the Finance Committee, and others have made that argument, that this really should be referred to another committee. Well, I do not think we have time. I do not think we have time to do that.

We do not really have time to wait for the Department of Agriculture to complete their study, which is going to be sometime in June, and then to start processing the bill. It is well and good, all this talk about let us have some more hearings, let us have it bounced off another committee to see whether the jurisdiction is properly assessed.

Well, if you want to make reductions in Federal outlays—and we are certainly launching on that program—this is a very fine and timely spot to make a reduction in Federal outlays.

On the hearings in the Senate Agriculture Committee on March 11—that was just a few days ago—the information was brought out that there is a growing surplus of milk products in this country. They expect it to continue to grow. We just cannot afford to import as much as we are importing in casein right now.

What would this amendment amount to in dollars? Well, I guess it is $160 million to $200 million. We just cannot wait to see if we want to save Federal outlays in other programs. I think this is very timely, that we approach this problem and address this problem right now.

All the talk about referring it to other committees or what will happen in the other body, we will simply have to take timeliness into consideration. We will

simply have to take the urgency of the situation and controlling inflation, and we will simply have to weigh whether we want to make this reduction in Federal outlays for this amount of imported product coming from other countries to match some of the reductions we are making in Federal outlays on domestic programs.

We are told also that this might interfere with friendly trade. Well, I think, under the circumstances that face this country right now, this is a very friendly amendment. It is just a 50-percent reduction in the amount of casein that we are importing. It does not single out any country.

The countries that sell casein to us are all subsidized. I want to reiterate that point. All of the countries that sell casein to this country from whom we import subsidize their industry. This is not something that is in free trade. All of these countries subsidize their dairy industries, including New Zealand and Australia.

All of these countries that sell us the casein right now can qualify to send us a substantial amount. Whether or not they send us exactly 50 percent of what they sent us before is a question of competition with them.

But with the huge surplus of milk that we have in this country, we may be even too generous in allowing 50 percent of the existing 5-year average casein imports to remain as a quota.

Nevertheless, the amendment will eliminate 65 million pounds of imported casein. And that is equivalent of over 2 billion pounds of skim milk—skim milk and the milk products that we are raising here in surplus eventually end up going into storage and we are paying for that.

Historically, casein imports have been used for such industrial products as adhesives, plastics, paper coatings, paint, and leather finishings, but there has been a marked shift toward the production of food and animal feed products using casein as a primary ingredient.

A 1979 study by the U.S. International Trade Commission documented the fact that 81 percent of the casein use in the United States during the year was in food and feed products.

In many of these uses, casein displaces domestic milk that, as a result, must find other outlets. Much of this milk is processed into nonfat dry milk which is sold to the Commodity Credit Corporation under the dairy price support program.

A number of objections have been raised to the proposed amendment and I have responded to some of them. But let me respond to the one concerning the International Trade Commission study. It did not find significant substitution of casein for nonfat dry milk but, in some instances, there is a direct substitution of casein for nonfat dry milk. To the extent this occurs, there is a direct connection.

This point comes up. This ITC, International Trade Commission study, was in 1979. There was not too much urgency in 1979 on how much surplus dairy products we were having in storage. But now, with $1.5 billion in surplus of CCC storage, and it continues to mount and grow, it is indeed urgent and it is an emergency.

In the larger picture, it is a question of substitution of casein and other imported milk proteins for domestically produced skim milk. Almost 65 million pounds of casein were used in products definitely replacing 2.165 billion pounds of skim milk in 1979. If this skim milk were converted to nonfat dry milk, as much of it would have been, it would produce 201.4 million pounds of product.

Sale of this to the Commodity Credit Corporation at current purchase prices would cost the Government $189.3 million.

In a dissent from the Commission's report, the Commission Chairman stated that the report's conclusions were based on inadequate data and could not be supported.

The United States produced substantial amounts of casein until 1952 when production virtually ceased. At the same time, there was about a 50-percent cut in world prices for the product. This cut was of such an extent that it made U.S. production uneconomical.

Today, casein prices in the world market are determined, as are the prices for other dairy products, by the export subsidies or other assistance some nations provide their producers to assist their products to find markets outside their borders. The European Community, for example, subsidizes the production of casein to a substantial degree.

Even though some nations such as New Zealand and Australia do not rely on export subsidy programs, they have no choice but to meet this subsidized price in international trade.

The fact remains that even New Zealand and Australia, as well as all the other countries producing dairy products, do subsidize their basic industry.

The amendment uses the vehicle of section 22 of the Agricultural Adjustment Act to direct establishment of the limitation. The United States has been granted a specific exemption for actions taken under section 22 under the terms of the general agreement on tariffs and trade.

This is due to the fact that section 22 is aimed exclusively at assuring the effective operation of domestic price support and similar programs and is not an instrument of international trade policy. Further, the provisions of section 22 itself make it clear that no international agreement is to take precedence over the provisions of the law.

To the extent that casein is absolutely essential, the 69.5 million pound annual quota would be fully sufficient to meet the needs of industrial users of casein in the United States.

The fact is, that the major uses of casein today are based on the fact that imports with subsidy-induced prices are cheaper than the utilization of domestic milk solids.

The largest and fastest growing single use—the production of imitation cheese—does not require imported casein as an ingredient. Some imitation cheese producers are making these products using a blend of domestic skim milk and vegetable oil in a traditional cheesemaking process.

If casein at subsidy-induced prices were not freely available, casein would not be used as a primary ingredient in many products.

The United States does produce casein every day as cottage cheese. Cottage cheese curd, before final processing, is casein. It has not been dried and milled to the final product stage. The production technology is not complex, however, and could easily be assembled by any modern dairy processing firm, if necessary.

The proposed ceiling on imports would provide for sufficient product to meet the demand for casein where no feasible substitute is available.

The present situation is actually wasteful of energy resources. Presently, casein displaces domestic skim milk which is processed into nonfat dry milk. This operation uses substantial amounts of energy, chiefly, natural gas.

The use of skim milk in the production of products such as imitation cheese products would actually reduce energy use.

To the extent that a domestic casein industry might be reestablished, the energy demand would be about the same as at present. The major energy demand is in the drying of the product. Drying operations are done with the skim milk displaced and there would be little, if any, increase in this use.

Mr. President, I have not even mentioned that until last year, the Soviet Union was a major exporter of casein to our country, at the same time American farmers were forbidden to sell their wheat to Russia. As we work this year to develop a new dairy program, asking our farmers and ranchers to shoulder their share of the burden for economic recovery, we should at the same time link orderly marketing restrictions to any prospective changes in dairy price supports.

Mr. President, there has been a discussion of the prospects of retaliation against the United States and that we take legislative action to restrict casein imports.

The first argument is that we permit legitimate retaliation under section XXIII of the GATT treaty if we impose import restrictions legislatively rather than under the proceedings of section 22 of the Agricultural Adjustment Act.

The long and short of this question is that action by Congress is no more likely to result in retaliation than any action, whether under the procedures of section 22 or otherwise, which would have the effect of limiting casein imports, if that is what the exporting country decides to do.

Section XXIII of the GATT agreement, which governs retaliation, states three specific grounds for retaliation:

(a) The failure of another contracting party to carry out its obligations under this Agreement, or

(b) The application by another contracting party of any measure, whether or not it conflicts with the provisions of this Agreement, or

(c) The existence of any other situation.

In short, any action by the United States to limit casein imports could lead to retaliation under the GATT agreement by casein exporting nations. It does not matter whether such actions violate

the letter of the agreement or not. If we limit imports we are open to retaliation.

The second argument is that we cannot afford to chance possible retaliation by those nations exporting casein.

The threat of retaliation is not a new argument against amendments like mine. It has been raised for years as an excuse for inaction by the United States in seeking to enforce its specific rights in international trade, and has even been used as a reason not to enforce our own laws.

During the years 1974–79 we did not collect the countervailing duties that were legally called for on subsidized Common Market dairy products. Why? Because the Common Market might retaliate by not negotiating a new set of GATT agreements.

Throughout the seventies, our antidumping laws and duties were not enforced against Japanese television imports. Why? Because the Japanese might retaliate.

Now the same argument is being raised again, against my amendment. I say it is high time to stop worrying about what other nations will do because we take legal, legitimate action to protect our own producers from being undercut by subsidized imports.

We should stop beating ourselves with the whip of free trade in this country and start taking action to insure that our trade with other nations is fair as well as free. If this is not good enough for our trading partners, then maybe we had better rethink our trading relations with them.

TRADE AND THE COMMON AGRICULTURE POLICY OF THE EUROPEAN ECONOMIC COMMUNITY

The Geneva trade agreement was supposed to be an important step toward greater freedom and fairness in world trade. But it fell short of this goal because our negotiators were not able to gain agreement from the Common Market countries that they would stop subsidizing their exports and remove nontariff barriers to our agricultural products. This is a fatal flaw in GATT and in our trade with the Common Market.

Under the European Economic Community's common agricultural policy, they set artificially high prices for their farmers' products, from wheat to dairy products and, when they produce a surplus, they unload these products by subsidizing exports. Without these subsidies, many European agricultural products would sell at twice the world price.

On the other hand, the Common Market uses a variable rate tariff on imports of American agricultural products that compete with their own to set the cost of U.S. products at a level high enough to insure that they are not competitive. The result, for example, is that almost no American wheat or dairy products are imported by the countries of the Common Market.

If the GATT agreement really created free trade, it would have eliminated such practices by the Common Market. However, this would have caused much readjustment for European agriculture, which cannot compete without rigid protection. The Common Market negotiators in Geneva rejected such proposals out of hand, claiming they had to protect their farmers and their domestic economy.

Our negotiators acquiesced and agreed not to touch the common agricultural policies of high subsidies for exports, and high tariffs to stop competitive imports.

I have heard arguments on this floor that we are the beneficiaries of restrictive trade policies and it is only the European consumers that suffer. European consumers may suffer, but so do our producers, who are shut out of foreign markets and attacked by subsidized imports. If you do not believe this is the case, ask those in our country who produce electronics, steel, automobiles, textiles, and so forth. Better yet, ask the workers who lost their jobs.

It is also hard to understand the arguments that we are better off than the countries that subsidize their exports and protect their domestic markets when you look at the size of the trade deficits we have been running in recent years, compared to the surpluses of our trading partners—trading partners who, by the way, import as much or even more of their energy needs than we do.

Mr. President, what all this boils down to is if we are going to make an adjustment for domestic producers, there is nothing wrong, and indeed it is very appropriate, that we make an adjustment for foreign producers that sell casein to us.

On the point about this slowing down the bill, if we are going to be given that old argument on the first bill of the President's program when we seek to improve the President's program, we are going to be sort of a rubber stamp Senate, a rubber stamp Congress. They send up a bill, we see some flaws in it, we see how we can improve it and meet the President's goal, and we dare not touch it.

We have the opportunity here, instead of reducing the Federal outlays by $147 million, to perhaps increase the reduction another $160 million to $200 million. That is a substantial reduction in Federal outlays.

It is really worth taking our time to make sure that it is attached to this bill this afternoon.

The argument that maybe that will slow it down in the other body is a poor argument, in my opinion, because they are compelled by the same urgencies and same desires that we are compelled by, and the same logic, I would hope.

The point is, if we are going to reduce Federal outlays for a whole host of programs in this country, including this one in the price support for dairy producers in the United States, we should look at the other side and see how we are going to reduce outlays for programs that are a little bit out of line, a little bit foolish, a little bit harmful to the United States.

The amendment simply says that we reduce the casein imports by 50 percent. To reduce that amount of Federal outlays I believe is well worth the time. I do not believe that the argument that the amendment will slow down action in the House is a consistent argument.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. ABDNOR. Mr. President, I rise in support of S. 509 and the Melcher amendment concerning casein imports.

Dairymen are not making as much as has been presumed. Costs of production have risen greatly, especially with the decontrol of petroleum products.

There have been claims made that the dairy price support has cost the Federal Government $1.3 billion dollars in fiscal year 1980. In the annual report of the Commodity Credit Corporation we find the facts to be different.

What other reports fail to explain is that $1.3 billion was the total outlay made under the program for purchasing overstocks of dairy products. After these stocks were utilized, predominantly in the school lunch and Public Law 480 programs, the total net cost to the U.S. Treasury was $314 million; a far cry from $1.3 billion. However, S. 509 is no real solution to the problems dairymen face today.

Many of their problems stem from the Federal Government's cheap food policy. The problem is not that the price support is too high; it is that other commodities, particularly livestock and grains, are too low. Low feed grain prices and high fuel prices have forced dairymen to make the only prudent business decision under the circumstances. They have fed more cheap grains to their dairy herds and have increased production. The price support has kept an artificial demand on the dairy products.

Because of the high cost of farm equipment, supplies, and fuel prices, other farmers have joined the dairy industry, increasing production even more. In face of growing surpluses it seems we must skip the April 1 increase, as provided by S. 509, or institute mandatory production control of some kind. Dairymen tell me they do not want production controls.

Senator MELCHER's amendment which I have cosponsored, seems to follow along quite well with the purpose of S. 509. If we are going to skip the April 1 increase in the dairy price support because of surpluses, does it not then make sense that we should limit the import of dairy products entering this country? Is it reasonable of us to force our own dairy farmers into a market situation in competition with imports that are heavily subsidized by as much as one-third of the value of the product, and in some cases even more.

The administration has stated that there is a well-defined procedure under section 22 of the Agriculture Adjustment Act of 1933 to deal with situations where imports threaten to interfere with our price support programs. The administration should know also that there is a well-defined procedure for lifting the Soviet grain embargo, a campaign promise that the President has never carried out, and it continues to do damage to chances for the fair return that the American farmer deserves for his products.

It is my hope that we can keep this overall view in mind as we consider the 1982 farm bill, and I am committed to

doing everything I can to fight the cheap food policies in effect today which are bankrupting our family farmer system.

I urge passage of S. 509 with the Melcher amendment.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. PRESSLER. Mr. President, I am pleased to join with my distinguished colleague from Montana, Senator MELCHER, in sponsorship of his amendment to S. 509, which suspends the requirement that the support price of milk be adjusted semiannually.

The amendment would place a quota on the amount of casein, a milk protein produced from skim milk, that could be imported into the United States. The quota would be set at 50 percent of the average of the importation during the 5-year period preceding 1981. The average casein imports for the years 1975–79 is about 120 million pounds. The amendment would reduce this to about 60 million pounds.

Casein has historically been imported and used in industrial products such as paint, adhesives, paper coatings, and plastics. In recent years synthetic products have displaced casein. The U.S. imports have increased because casein has found new uses. These uses are in food products such as ersatz dairy products, coffee whiteners, frozen desserts and whipped toppings, bakery products, breakfast foods, and diet foods.

This shift has occurred mostly in the last 25 years. In 1955, the USDA estimated that less than 2 percent of the 77.5 million pounds of casein utilized in the United States went into food and animal feed products. A study by the U.S. International Trade Commission in 1979 indicated 79 percent of the 135,906,000 pounds of casein used in 1978 went into food and feed products and they projected that figure to rise to 81 percent during 1979. In these food uses, casein displaces domestic skim milk and causes domestic producers to find other outlets for their milk. A prime outlet is the production of nonfat dry milk.

It is estimated by the International Trade Commission that in 1978, casein imports displaced 4,214 million pounds of skim milk or 391.914 million pounds of nonfat dry milk produced from skim milk.

The amendment, by reducing the amount of skim milk displaced by casein, would double the savings of S. 509 to the Federal Government. This savings would be gained by a reduction in the amount of American dry milk that the Commodity Credit Corporation would be obligated to buy under the milk price support program. One hundred ninety million dollars of the price support program costs in 1979 can definitely be attributed to the purchase of products produced from milk displaced by these casein imports and a portion of an additional $88 million of the program cost was attributable to casein imports.

This amendment would add two important things to S. 509:

First, the amendment would increase the savings to the Federal Government, and;

Second, reduce the supplies of dairy products the Government has to purchase.

I urge my colleagues to give the amendment their most serious consideration.●

Mr. BAKER. Mr. President, in a moment, I will make a motion to table the amendment, and I will ask for the yeas and nays on the motion.

Before I do so, however, I would like to say that I strongly urge all Senators to consider that, in my view at least, this is not the right place for this measure and for this effort.

May I cite the fact, which I am sure has been cited in previous debate, that this measure really is a tax measure. It is not one that has even been before the Finance Committee.

May I suggest that there is every reason to think that if this amendment were adopted and enacted into law, it would cause serious difficulties in our GATT arrangements.

Mr. President, I speak on behalf of the administration when I say that the President hopes this amendment will not be adopted.

Mr. President, I move to table the amendment and I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Montana. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Pennsylvania (Mr. HEINZ) and the Senator from Georgia (Mr. MATTINGLY) are necessarily absent.

The PRESIDING OFFICER. Are there any Senators in the Chamber who have not voted?

The result was announced—yeas 45, nays 53, as follows:

[Rollcall Vote No. 33 Leg.]

YEAS—45

Armstrong	Hatch	Packwood
Baker	Hatfield	Percy
Bradley	Hawkins	Quayle
Chafee	Hayakawa	Roth
Cochran	Helms	Rudman
Cohen	Humphrey	Schmitt
D'Amato	Jepsen	Simpson
Danforth	Kassebaum	Specter
Denton	Laxalt	Stevens
Dole	Lugar	Symms
Domenici	Mathias	Thurmond
East	McClure	Tower
Garn	Moynihan	Wallop
Goldwater	Murkowski	Warner
Gorton	Nickles	Weicker

NAYS—53

Abdnor	Durenberger	Matsunaga
Andrews	Eagleton	Melcher
Baucus	Exon	Metzenbaum
Bentsen	Ford	Mitchell
Biden	Glenn	Nunn
Boren	Grassley	Pell
Boschwitz	Hart	Pressler
Bumpers	Heflin	Proxmire
Burdick	Hollings	Pryor
Byrd, Harry F., Jr.	Huddleston	Randolph
	Inouye	Riegle
Byrd, Robert C.	Jackson	Sarbanes
Cannon	Johnston	Sasser
Chiles	Kasten	Stafford
Cranston	Kennedy	Stennis
DeConcini	Leahy	Tsongas
Dixon	Levin	Williams
Dodd	Long	Zorinsky

NOT VOTING—2

Heinz	Mattingly

So the motion to table Mr. MELCHER's amendment (UP No. 14) was rejected.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I yield to the distinguished majority leader.

Mr. BAKER. Mr. President, I thank the Senator from North Carolina for yielding. If we can have order in the Senate I have an announcement to make.

The PRESIDING OFFICER. The Senator is correct.

The Senate is not in order.

The majority leader is recognized.

SENATE SCHEDULE

Mr. BAKER. Mr. President, I thank the Chair.

Mr. President, it is clear that we will not be able to finish this bill today. I know of at least one other amendment to this amendment or perhaps a substitute. I know of several other amendments that must be dealt with before we can reach final passage.

I previously announced that it was our intention to stay in until about 6 p.m. today.

An order has already been entered to recess the Senate over at the conclusion of business today until Thursday at 11 a.m.

I know that schedule may inconvenience some Members on both sides of the aisle and I sincerely regret that. But I had not anticipated that it would take this long. It is now 20 minutes past 5 in the afternoon and I had not anticipated that we would have any difficulty in finishing with this measure today.

I am trying to keep the commitment that I made earlier in respect to the recess over of the Senate. I wish to announce there will be no more rollcall votes today and at 6 p.m. or thereabouts there will be a motion made to recess over until Thursday morning.

Mr. HUDDLESTON. Mr. President, will the majority leader yield?

Mr. BAKER. The Senator from North Carolina has the floor but with his consent I am happy to yield.

Mr. HUDDLESTON. Mr. President, will the majority leader in order to expedite matters and stay closer to the schedule allow us now to express the sentiment of the Senate which has just been expressed by voice voting this amendment on through and getting it out of the way?

Mr. BAKER. Mr. President, if the Senator can assure me I will win, I will be glad to do that. If he cannot give me that assurance, and I rather expect he cannot, then I expect there are minds to be changed and debate to be conducted, and I see an air of enthusiasm exuding from every pore of the distinguished chairman of the Agriculture Committee, Mr. HELMS, and I would not for all the world thwart that effort to change minds.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. HELMS. I yield the floor.

Mr. PRESSLER. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The Chair is advised that the amendment is not in order for the reason that only an amendment to the pending amendment offered by the Senator from Montana will be in order at this time.

Mr. PRESSLER. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PRESSLER. I have an amendment that involves the grain embargo. When will it be proper to offer the amendment?

Will the vote on the Melcher amendment be in the morning or are there other amendments today?

The PRESIDING OFFICER. The Senator's amendment would be in order after the disposition of the Melcher amendment. However, the majority leader has indicated that there will be no more rollcall votes today. The Senate will be recessed over until Thursday.

Mr. PRESSLER. A further parliamentary inquiry: If I can get the consent of the leadership, will someone object if the amendment is laid down so that we can save time?

The PRESIDING OFFICER. The Senator can ask for unanimous consent to temporarily set aside the Melcher amendment.

Mr. PRESSLER. A further parliamentary inquiry: If the leadership would agree to it, would it be possible to temporarily lay aside the Melcher amendment so that I may introduce the amendment and make my statement on it? It is on the grain embargo.

The PRESIDING OFFICER. The Senator would require unanimous consent to call up his amendment at this time.

Mr. PRESSLER. Mr. President, I shall wait, at the request of my leader.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SCHMITT). Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I rise today in support of S. 509, a bill to delete the requirement that the support price of milk be adjusted semiannually. This is a much-needed piece of legislation that will result in substantial savings to the taxpayers; without significant adverse effects on milk producers.

Mr. President, the dairy price support program has proven to be one of the most beneficial of all Federal Government programs. It has assured consumers of an adequate supply of milk, reflected changes in the cost of production, and provided dairymen with sufficient income to maintain productive capacity and meet anticipated future needs. However, the need for change in the existing program is demonstrated by the fact that the supply of milk has exceeded demand since mid-1979.

Commodity Credit Corporation stocks of butter, cheese, and nonfat dry milk have increased dramatically as a result of this excess supply, as has the cost of the price support program. At the end of the 1978–79 marketing year, Government-held dairy stocks of butter, cheese, and nonfat dry milk amounted to 147 million pounds, zero, and 448 million pounds, respectively. However, the repective holdings of these commodities are expected to increase to 562 million, 479 million, and 970 million pounds unless we forego the scheduled April 1 increase. Even without the increase in price supports, the USDA estimates we will have nearly 11 billion pounds of surplus milk in this marketing year. In January alone, the Government bought 49 percent of all the butter produced domestically.

Mr. President, dramatic increases in the cost of the dairy price support program have been experienced as well. The cost for storage, interest, and handling of current Commodity Credit Corporation stocks amounts to $0.5 million a day. Unless the April 1 increase is foregone, the Government will spend about $2 billion on dairy price supports this year. This is an increase of nearly $1.6 billion over the cost of the program 2 years ago. Such tremendous cost increases should not be allowed to continue.

According to the administration's figures, the Government will save about $147 million, nearly $750,000 a day, by forgoing the April 1 increase; without adversely affecting milk producers to any significant extent. Maintaining price supports at the current level of $13.10 per hundredweight will result in cash receipts from milk marketing, increasing by nearly $1.9 billion, or 12 percent, over the last marketing year. In addition, there would be a savings to the consumer by eliminating an expected retail price increase of 3.5 to 4 cents per half gallon as a result of the price-support adjustment.

Mr. President, there has been a growing amount of concern over the effect casein imports have had in the current disparity between the supply and demand for dairy products. I share that concern. However, I do not feel that this is the proper time to address this problem. The Foreign Agricultural Service of the Department of Agriculture is currently conducting a study of the effect of casein imports on the dairy price-support program. Senator HELMS, chairman of the Senate Agriculture Committee, has also given assurances that if the casein import question is not fully addressed by the Agriculture Department in its June 1, 1981, report, his committee will address the problem.

Mr. President, this legislation is one of the first of the administration's proposals to reduce the rate of growth in Federal Government spending. This is an opportunity for the Senate to demonstrate our support of the President's economic recovery program. I sincerely hope that my colleagues will join in supporting enactment of this measure, thereby clearly indicating to the American people that Congress has the will and resolve to do what is necessary to get our economy back on the right track.

Mr. CHAFEE. Mr. President, I rise today in support of S. 509 which would eliminate the semiannual adjustment provision in our dairy price support program.

The dairy price support program has been quite successful over the years. It has achieved its purpose of providing the American consumer with an adequate and stable supply of milk. It has guaranteed farm income levels which have served to preserve our operational capabilities required to meet our commercial needs.

Recent figures provided by the Commodity Credit Corporation, however, indicate that perhaps this program has been too successful, an overachiever you might say. For, in spite of all the positive aspects of the program, it has also provided a very strong incentive for dairymen to engage in excessive production—production which is outpacing consumer demand at an extraordinary rate. The result? An overwhelming volume of milk and milk products which the Government is committed to purchase and stockpile at an astronomical cost—$1.9 billion in 1981.

According to the Commodity Credit Corporation estimates, by the end of this marketing year, if no change in the current law is made and we proceed with the April 1 adjustment, the Government will own an estimated 562 million pounds of butter, 479 million pounds of cheese and 970 million pounds of nonfat dry milk. Another startling figure is that in January of this year, the Government had bought 49 percent of all butter produced in this country.

As incredulous as this may seem, it

underscores the incongruity of increasing support levels at a time when there exists a serious oversupply of milk.

Supporting this legislation should not be interpreted as singling out one particular group to bear an unfair share of the budget cuts. We are faced with a very serious problem which requires immediate remedial action. We can no longer justify this inflationary double-indexing at the same time we are slashing the budgets of many other worthwhile Federal programs.

Elimination of the semiannual adjustment will, in fact, have only a modest impact on our dairy producers. It will not reduce their current payment levels or alter program eligibility guidelines. As a matter of fact, cash receipts will still see a 12-percent increase this year.

Annualizing the price support adjustment will, however, save the American consumer close to 10 cents per pound of cheese and 4 cents per half gallon of milk. In addition, Government expenditures will be reduced by $147 million in 1981, or $750,000 per day for the remainder of this marketing year, and $86 million in 1982. This legislation will also clarify the whole market picture and signal to our dairy farmers to stop expanding production and encourage milk consumption instead.

In short, Mr. President, this legislation is economically sound, fiscally responsible and absolutely necessary. It is one more positive step toward scaling down Government costs and reducing the Federal budget deficit as we continue to wage our war on inflation.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a period now for the transaction of routine morning business to extend for not to more than 30 minutes in length in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

FRIENDS OF IRELAND

Mr. KENNEDY. Mr. President, on this St. Patrick's Day 1981, a group of 26 Senators, Members of the House of Representatives, and Governors have joined in a statement calling for peace in Northern Ireland and announcing the formation of a new organization, "Friends of Ireland," whose purpose will be to work for the achievement of this important goal.

I believe the statement will be of interest to all of us who care about an end to the violence and a peaceful settlement of the conflict in Northern Ireland. I ask unanimous consent that the statement and the response of the Government of Ireland may be printed in the RECORD, along with a series of newspaper articles and editorials on the statement.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RESPONSE OF THE GOVERNMENT OF IRELAND

The Government greatly welcomes the announcement by leading members of the American Congress of their intention to establish an American-Irish "Friends of Ireland" group in Congress.

The Government are confident that the links between the Irish and American peoples, which are of such longstanding, will be even further strengthened by the setting up of this group. They will be glad to facilitate it in its endeavors to promote friendship and understanding between our two countires.

JOINT ST. PATRICK'S DAY STATEMENT 1981

Four years ago, a group of us, as Americans deeply concerned over the tragic conflict in Northern Ireland, first joined together to issue a St. Patrick's Day statement calling for an end to the killing and destruction and urging our fellow citizens to reject the path of violence. Each year since then, we have renewed our call for peace.

On this St. Patrick's Day 1981, we take satisfaction that American support for the violence has declined. We have seen the decline not just in weapons or financial aid, but in the insidious support of those who create or credit the propaganda that can only increase the tension and worsen the violence. More and more Americans have come to understand the critical importance of avoiding any activity in the United States or abroad that can lend itself in any way to the terror and brutality in Northern Ireland.

So today we reaffirm our appeal for peace. We urge all Americans to join us in condemning the violence in Northern Ireland, and to forswear any word or deed that fosters further violence.

We also take satisfaction in the increasing degree to which the Governments of Great Britain and Ireland have come to accept an American dimension in the Northern Ireland issue. We believe that the United States has a constructive role to play in promoting a peaceful settlement of the conflict. The Carter Administration's 1977 statement was a milestone in this regard, and we look forward to working with President Reagan and Secretary Haig—our fellow Irish-Americans—in continuing this indispensable effort.

We are confident that the American people will give their full support to a policy of the United States that seeks a peaceful settlement in Northern Ireland, that helps bring terrorism to an end, that demands respect for the human rights of all the people of Northern Ireland, that recognizes the legitimate aspirations of both the Protestant and Catholic communities, and that strengthens the ties between two of America's closest friends—Ireland and Great Britain.

Recent events have brought new hope. In our statement a year ago, we urged the British Government to join with the Government of Ireland in working together for peace. We welcome the meetings last year between Prime Minister Haughey of Ireland and Prime Minister Thatcher of Great Britain. In particular, we welcome their Dublin meeting last December, in which they acknowledged the strain caused in the relationship between the peoples of Britain and Ireland by the problem of Northern Ireland. We find special promise in their recognition of the need to develop policies and proposals leading to peace, stability and reconciliation, and their decision to devote their next meeting, in London this year, to consideration of the "totality of relationships within these islands." We look forward to that meeting, and to the joint studies the British and Irish Governments have commissioned to prepare for it.

We believe that the encouragement of the United States has been a significant factor in this hopeful initiative, and that continuing encouragement from the United States can provide a vital incentive for peace in Northern Ireland. We reject the machinations of all those who seek for their own advantage to subvert this constructive new approach.

We emphasize that the only settlement we favor is a peaceful one achieved by consent. We know that a settlement cannot be dictated or imposed—not from Belfast or Derry, not from London, not from Dublin, and not from Washington.

We reaffirm our belief that the only way to secure a lasting peace is to end the division of the Irish people. We share the great goal of Irish unity. But we agree that the goal can be reached only with the consent of a majority of the people of Northern Ireland, and with full safeguards for the rights of both sections of the community.

We must build as well on the progress we have made with the American people. We are therefore announcing today our intention to establish a new organization, "Friends of Ireland," whose purpose will be to seek an end to the violence and to support a peaceful settlement in accord with the principles we have stated. The organization will be open to membership of all those in Congress who share our principles. It will strive to inform Congress and the country fully about all aspects of the conflict in Northern Ireland. It will emphasize our concern for both the Catholic and Protestant traditions in Ireland. It will seek in other appropriate ways to serve the cause of peace and to facilitate greater understanding of the positive role America can play in resolving this tragic conflict.

On this St. Patrick's Day, we ask all Americans to join our cause, to reject the bomb and the bullet, the fear and the terrorism and the bigotry.

We look to a future St. Patrick's Day, one that we can foresee, when true peace shall finally come and Irish men and women everywhere, from Dublin to Derry, from Boston and New York to Chicago and San Francisco, shall hail that peace and welcome the dawn of a new Ireland.

SIGNERS

SENATE

Edward M. Kennedy; Daniel Patrick Moynihan; Christopher J. Dodd; Joseph R. Biden, Jr.; Alan Cranston, Democratic Whip; Thomas F. Eagleton; Gary Hart; Daniel K. Inouye, Secretary of the Democratic Conference; Patrick J. Leahy; George J. Mitchell; Claiborne Pell; and William Proxmire.

HOUSE OF REPRESENTATIVES

Thomas P. O'Neill, Jr., Speaker; Thomas S. Foley, Majority Whip; Edward P. Boland; Charles F. Dougherty; Don Edwards; James J. Howard; Paul N. McCloskey, Jr.; Joseph M. McDade; James M. Shannon; Pat Williams; and Edward J. Markey.

GOVERNORS

Hugh L. Carey, Governor, State of New York; Brendan T. Byrne, Governor, State of New Jersey; J. Joseph Garrahy, Governor, State of Rhode Island.

[From the Boston Globe, Mar. 17, 1981]

A PLEA FROM "FRIENDS OF IRELAND"

(By Thomas Oliphant)

WASHINGTON.—The words are so innocuous, it's hard to understand why they are so controversial.

"On this St. Patrick's Day," said the statement from three governors, 11 senators, and 10 congressmen yesterday, "we ask all Americans to join our cause, to reject the bomb and the bullet, the fear and the terrorism and the bigotry.

"We look to a future St. Patrick's Day, one that we can foresee, when true peace shall finally come and Irish men and women everywhere, from Dublin to Derry, from Boston and New York to Chicago and San Francisco, shall hail that peace and welcome the dawn of a new Ireland."

Such language has been coming out of Capitol Hill for nearly 10 years, rhetorical punctuation for the continuing tragedy of Northern Ireland.

In the beginning, the group was much smaller: a Jewish senator from Connecticut, Abraham Ribicoff; an Irish-American congressman from Brooklyn, Hugh Carey (now the governor); and an Irish-American senator from Massachusetts, Edward Kennedy.

Yesterday, on the eve of St. Patrick's Day, the swollen ranks of signers announced their intention to form an organization, "Friends of Ireland," in Congress. It is their statement of principles that contains the explanation of the controversy, particularly the following two points:

"We urge all Americans to join us in condemning the violence in Northern Ireland, and to forswear any word or deed that fosters further violence."

"We reaffirm our belief that the only way to secure a lasting peace is to end the division of the Irish people. We share the great goal of Irish unity. But we agree that the goal can be reached only with the consent of a majority of the people of Northern Ireland, and with the full safeguards for the rights of both sections of the community."

In short, what is being supported is the long, tortuous road of negotiation among the British, the Irish, and the Protestants and Catholics in Northern Ireland.

What is being opposed is anything having to do with any wing of the Irish Republican Army, be it guns, money or moral support.

Specifically, the new group in Congress—heavily laden with Democratic leadership members from both Houses—is designed to counteract the influence of another outfit, the Ad Hoc Committee for Irish Affairs. This was established four years ago by a Democratic congressman from New York City, Mario Biaggi, and has claimed support from nearly 100 members of the House at various times.

The Biaggi group is hard-line Irish nationalist in sentiment, but that is not what has made it a source of controversy.

Irish, British and American government officials have repeatedly said that the organization is involved with people in this country and in Ireland who have ties to the IRA.

Biaggi has denied it, but his activities brought a specific denunciation three years ago from the then-prime minister of Ireland, John Lynch.

Yesterday, the current prime minister Charles Haughey, issued a statement praising the new group.

"The government are confident," he said, "that the links between the Irish and American people, which are of such long standing, will be even further strengthened by the setting up of this group. They will be glad to facilitate it in its endeavors to promote friendship and understanding between our two countries."

That statement was a public affirmation of the work done all the time in private by the Irish ambassador here, Sean Donlan, to oppose Biaggi and assist politicians willing to support a negotiated settlement and oppose the IRA.

Ten years ago, that was anything but a popular position for an American politician to take. Considerable amounts of money were being raised in this country for arms, and political agitation on behalf of the IRA was considerable.

Today, in contrast, the flow of arms aid has been reduced to a trickle, and the terrorism is said by government officials to be supported mostly by Libya and various Palestinian groups with at least the indirect support of the Soviet Union, and by bank robberies in both Northern Ireland and the republic in the south.

Over the years, the tenor of the original Kennedy-Ribicoff-Carey statement has changed as well. Initially, its call for negotiation was coupled with a more anti-British stance, favoring, for example, withdrawal of that country's military forces from Ulster.

Now, the purpose is more to nudge all the parties to keep a real but fragile communications process going.

In 1977, Kennedy and Carey were joined by House Speaker Thomas P. O'Neill Jr., and New York Sen. Daniel Patrick Moynihan for the first of what are now five St. Patrick's Day statements. Each year the list of cosigners has increased.

Also in 1977, the four Democrats—known around Capitol Hill on this day as The Four Horsemen—prevailed on President Jimmy Carter to make the first statement by an American chief executive since violence broke out again 12 years ago. In addition to urging a peaceful settlement, Carter held out the promise of US economic aid to encourage the parties involved to keep trying.

Yesterday's statement noted that event.

"The Carter Administration's 1977 statement was a milestone in this regard and we look forward to working with President Reagan and Secretary of State Alexander Haig—our fellow Irish-Americans—in continuing this indispensable effort."

Last month, just before the visit here of British Prime Minister Mararget Thatcher, Kennedy called the President and asked him to encourage her to continue efforts to keep a dialogue going with the Irish government.

According to Administration officials, Reagan did so, but in such an informal fashion that Thatcher could later deny she had been pressured, a very sore point in British politics.

According to congressional and diplomatic officials a subtle effort is underway to woo Reagan to the cause of promoting a negotiated settlement.

Today, in a break with tradition and after some intense White House efforts to arrange an invitation, the President is going to the Irish embassy here for lunch. Previously, it was traditional on St. Patrick's Day for the Irish ambassador to call at the White House with a Waterford crystal vase filled with shamrocks.

To get ready for the President today, the Irish government has been hard at work on establishing Reagan's family tree in the old country, beginning with his grandfather.

"In exchange for his roots," said one official, "the hope is that eventually he will use his influence to help the delicate process along."

"We think we can hook him on the anti-terrorism issue," said one source, "but the deal about his ancestry also helps."

[From the New York Times, Mar. 17, 1981]

24 POLITICIANS URGE U.S. ROLE IN ENDING ULSTER STRIFE

(By Bernard Weinraub)

WASHINGTON, March 16.—Twenty-four American political figures, most of them of Irish ancestry, today urged an end to "the fear and the terrorism and the bigotry" in Northern Ireland and proposed that the Reagan Administration find a way to promote a peaceful settlement of the Ulster conflict.

In a joint St. Patrick's Day statement, the 24—including Governor Carey, Governor Byrne, Senator Daniel Patrick Moynihan of New York and Senator Edward M. Kennedy of Massachusetts—announced the creation of an organization seeking "to facilitate greater understanding of the positive role America can play resolving this tragic conflict."

They stressed that the organization, known as the Friends of Ireland, will seek the unification of the six counties of Northern Ireland with the Irish Republic but that "the goal can be reached only with consent of a majority of the people of Northern Ireland, and with full safeguards for the rights of both sections of the community."

It was the fourth consecutive year that the group had issued a statement on St. Patrick's Day calling for an end to violence in Ulster, but it was the first time it had sought to define a role for the United States. The group was set up to counter a vocal lobby for the Irish Republican Army.

Two-thirds of the people of Northern Ireland are Protestants, while the Irish Republic is overwhelmingly Roman Catholic. Efforts to resolve the violent conflict between Protestants and Catholics, and work out a settlement aimed at erasing the border, have been thwarted by terrorists on both sides.

The Irish Government promptly applauded the creation of the group. In a statement released by the Irish Embassy here, Prime Minister Charles Haughey said that the links between the Irish and American peoples, "which are of such long standing, will be even further strengthened by the setting up of this group."

In their statement, the political figures said that the Friends of Ireland will be open to all members of Congress and will "strive to inform Congress and the country fully about all aspects of the conflict in Northern Ireland."

"It will emphasize our concern," the statement said, "for both the Catholic and Protestant traditions in Ireland."

Besides Governors Carey and Byrne and Senators Moynihan and Kennedy, the following officials signed the statement:

The Speaker of the House, Thomas P. O'Neill, Jr.;

Gov. J. Joseph Garrahy of Rhode Island;

Senator Joseph R. Biden, Jr., Democrat of Delaware;

Senator Alan Cranston, Democrat of California;

Senator Christopher J. Dodd, Democrat of Connecticut;

Senator Thomas F. Eagleton, Democrat of Missouri;

Senator Daniel K. Inouye, Democrat of Hawaii;

Senator Patrick J. Leahy, Democrat of Vermont;

Senator George J. Mitchell, Democrat of Maine;

Senator Claiborne Pell, Democrat of Rhode Island; and

Senator William Proxmire, Democrat of Wisconsin.

Representative Edward P. Boland, Democrat of Massachusetts;

Representative Charles F. Dougherty, Republican of Pennsylvania;

Representative Thomas S. Foley, Democrat of Washington;

Representative James J. Howard, Democrat of New Jersey;

Representative Paul N. McCloskey, Jr., Republican of California;

Representative Joseph M. McDade, Republican of Pennsylvania;

Representative Edward J. Markey, Democrat of Massachusetts;

Representative James M. Shannon, Democrat of Massachusetts; and

Representative Pat Williams, Democrat of Montana.

[From the Chicago Tribune, Mar. 17, 1981]

4 IRISH-AMERICANS PLEAD FOR PEACE IN N. IRELAND

(By John Maclean)

WASHINGTON.—Four Irish-American politicians who virtually ended fund-raising in

the United States for the violently anti-British Irish Republican Army called on the U.S. Monday to support a peaceful settlement in Northern Ireland.

"We urge all Americans to join us in condemning the violence in Northern Ireland, and to forswear any word of deed that fosters further violence," the group said in a St. Patrick's Day statement. The four are Sen. Edward Kennedy (D., Mass), Sen. Daniel, Moynihan (D., N.Y.), House Speaker Thomas "Tip" O'Neill (D., Mass.), and Gov. Hugh Carey of New York.

They also announced formation of a new organization, "Friends of Ireland," open to congressmen who supported a peaceful settlement in Northern Ireland. Their statement was signed by 20 other politicians, including 18 members of Congress.

"Four years ago, a group of us first joined together to issue a St. Patrick's Day statement calling for an end to the killing and destruction and urging our fellow citizens to reject the path of violence," the statement said.

"On this St. Patrick's Day, 1981, we take satisfaction that American support for the violence has declined. We have seen the decline not just in weapons or financial aid, but in the insidious support of those who create or credit the propaganda that can only increase the tension and worsen the violence.

"More and more Americans have come to understand the critical importance of avoiding any activity in the United States or abroad that can lend itself in any way to the terror and brutality in Northern Ireland."

The statement said the signers found "special promise" in talks last year between Prime Minister Charles Haughey of Ireland and Prime Minister Margaret Thatcher of Britain.

[From the New York Times, Mar. 17, 1981]

IRELAND'S FRIENDS

St. Patrick's Day is at once a clarion of spring, a saint's day and the celebration of a people. At least 20 million Americans are of Irish descent—including, it happens, both the new President and Secretary of State. But numbers alone fail to explain why today's rites strike so universal a chord. Troubles bring nations as well as families together, and the sorrows of Ireland evoke a compassion that transcends ties of blood. In a real sense, the violence that scars a distant land has become local news.

What has become a common American view is expressed again by four prominent Irish-Americans: Senators Moynihan and Kennedy, Governor Carey and Speaker O'Neill. As in previous St. Patrick's Day statements, they once more reject the "bomb and the bullet" and urge that Americans provide no comfort to apostles of violence in the Irish Republic and the British-ruled, predominantly Protestant North. They call on the United States to play a healing diplomatic role in finding a workable solution.

Better still, they are establishing a new forum for the responsible discussion of what Americans can and should do to help. They are inviting members of Congress to join a new organization, the Friends of Ireland. Joining in their appeal are 20 other prominent Americans, Democrats and Republicans, Catholics and non-Catholics. This is an open challenge to the Ad Hoc Congressional Committee for Irish Affairs, led by the clamorous Mario Biaggi of New York.

Mr. Biaggi has managed to make himself a spokesman for Irish nationalism, but he has yet to find words to emphatically disavow the bomb and bullet. The Friends of Ireland can counter the confusion about who really speaks for the United States, and in doing so make common cause with advocates of peace and reason in both Britain and Ireland.

Those forces have been gaining, despite the killings, the jailings and the angry arguments over prison hunger strikes. Britain's Prime Minister Thatcher and Ireland's Prime Minister Haughey are weighing new ideas for an "Irish dimension" that can bring North and South closer together. Yet opponents of any concessions are waiting to spring in all three countries. In this critical phase, American pressure for moderation can in fact help contain the politics of hate. May the Friends of Ireland provide it.

[From the Washington Post, Mar. 17, 1981]

THIS ST. PATRICK'S DAY

The hope of genuine civic peace in Northern Ireland seems stronger today than for many St. Patrick's Days past. Britain is now treating the intermittent guerrilla warfare there as a matter of international politics. For many years the British government had insisted on considering it purely a domestic affair. But last December, in a notable act of statesmanship, Prime Minister Thatcher of Britain went to Dublin for meetings that acknowledged the Irish Republic's inevitable role in the outcome. Perhaps there was also, by implication, a degree of recognition that a great many Americans also have more than a passing interest in Irish affairs. The cooperation between Dublin and London gives new substance to the promise of an end to the tit-for-tat campaigns of assassination and bombing between the IRA and its Protestant counterpart that have now been going on for 10 years.

Mrs. Thatcher, in Belfast last week, asserted again her determination to keep working "between nation and nation, between community and community." The Republic's Prime Minister Haughey, a few days later, spoke of a spreading belief that this cooperation has become "the most hopeful development . . . in a situation in which it would have been all too easy to give way to despairing inactivity."

A great many Americans of Irish descent, particularly in the earlier stages of the fighting in Northern Ireland, were giving money to the IRA. The IRA was supposedly using it to fight the British Army but, in fact, the bombs mostly killed Irish civilians. As the bloodshed continued, on St. Patrick's Day 1977, four very prominent Americans with Irish names courageously urged an end to the violence, and an end to the flow of dollars that supported it. Today the four—Speaker O'Neill, Senators Kennedy and Moynihan and Governor Carey of New York—repeat their call, and this time they are joined by 18 more senators and congressmen, as well as the governors of New Jersey and Rhode Island. They announce the founding of a new organization, the Friends of Ireland, to support a peaceful settlement.

The Republic of Ireland yearns for the unification of the island, north and south. The British government properly insists that there can be no change in the status of Northern Ireland without the assent of a majority of the people who live there, and full protection of the rights of the Protestant community. The American group, the Friends of Ireland, accepts both the goal and the condition. "On this St. Patrick's Day, we ask all Americans to join our cause, to reject the bomb and the bullet, the fear and the terrorism," the Friends said. "We look to a future St. Patrick's Day, one that we can foresee, when true peace shall finally come . . ."

[From the Washington Star, Mar. 17, 1981]

A HOPEFUL ST. PATRICK'S DAY

News about Ireland has frequently been grim in recent years, so a few felicitous signs marking this St. Patrick's Day observance are doubly welcome. The fine pre-spring weather that helped make the annual parade on Constitution Avenue a pleasant scene on Sunday may have been no accident.

President Reagan's decision to be the luncheon guest today of Ambassador Sean Donlon is an appropriate recognition of that diplomat's solid work as Dublin's chief representative in this country. We trust it also signals a wise choice by the president of his Irish contacts. Expectations in Ireland are high, too, that a presidential visit to investigate the O'Regan roots in Tipperary will evoke the pilgrimage of President Kennedy in 1962. The Irish, anyway, feel comfortable about having traceable blood ties with the occupant of the White House.

At the other end of Pennsylvania Avenue, the cause of reason in the handling of Irish affairs should be served with yesterday's announcement of the formation of the Friends of Ireland, inviting as members "all those in Congress who share our principles." The new group is an outgrowth of several years' effort by some Irish-American politicians led by Senators Kennedy and Moynihan, Speaker O'Neill and Governor Carey to focus thinking about the Ulster conflict on genuine steps toward peace and away from extremism.

Now two dozen strong and including such honorarily Irish names as Inouye and Proxmire, the Friends call for a U.S. policy "that seeks a peaceful settlement in Northern Ireland, that helps bring terrorism to an end, that demands respect for the human rights of all the people of Northern Ireland, that recognizes the legitimate aspirations of both the Protestant and Catholic communities, and that strengthens the ties between two of America's closest friends—Ireland and Great Britain."

An important function of the Friends of Ireland could be to offset the harmful operation of Congressman Biaggi's Ad Hoc Committee for Irish Affairs," with its endorsement of extremist anti-British priorities in Northern Ireland and its links with a less responsible brand of Irish-Americanism.

Some House members have unthinkingly, without knowledge of Irish complexities, allowed their names to be put to mischievous use on the Biaggi roster. The well-meaning among them should consider whether they belong with the new Hill group instead, particularly if the ethnic politics of their districts would make a simple withdrawal from the Biaggi committee embarrassing.

Across the Atlantic, the little place that exports such political dilemmas is doing well in some important respects. Eight years after joining the European Economic Community, Ireland has good prospects for economic growth and technological advancement. Prime Minister Haughey points to a population that is expanding and getting younger, reversing the effects of past emigration. An imaginative dialogue has begun with the Thatcher government in Britain. Ulster remains a dangerous problem, but the signs are not exclusively bad.

[From the New York Post, Mar. 17, 1981]

THE FAR-FLUNG IRISH AND THE WEARIN' OF THE GREEN

For those of us who have a little of the old Irish in us, or even a lot, and most certainly for those who are Irish every year on this splendid day, here's to the gaiety of the wearin' of the green.

It is America's oldest parade and as Senator Pat Moynihan wisely observed on Sunday, it is the feast day which teaches us to be both conscious of our ethnic roots, and therefore of our differences, and yet, at the same time, brings us together in joyous celebration, despite those differences.

This year there are some additional reasons for the compassion that is inspired by unity.

Let us, in our prayers, remember also the sorrows and anxieties of the people of Atlanta in their present fearful trial. Let us welcome the Friends of Ireland movement launched by Senators Dodd, Moynihan and Kennedy, Speaker Tip O'Neill and Gov. Carey: the way to peace in Ireland is not through the barrel of a gun but via the reconciliation now sought by Prime Ministers Thatcher and Haughey.

Finally, let us take good note of Cardinal Cooke's warnings against excess: excess of drinking, excess of coarseness, excess of celebration for celebration's sake. St. Patrick deserves better from us all.

MASSACHUSETTS SCHOOL REDUCES FUEL USE BY 38 PERCENT

Mr. KENNEDY. Mr. President, I would like to bring to the attention of my colleagues today an article which recently appeared in Energy Users News. New England has very few indigenous energy resources. Our greatest energy resource and our greatest economic resource is the ingenuity of our citizens. The article that I am inserting in the RECORD today concerns the success the Oakmont Regional High School of South Ashburnham, Mass., has had in reducing its fuel use. This article reports that this high school has been able to reduce its fuel use by 38 percent by a combination of technical improvements and good management practices. I want to personally compliment Mr. John Davis, the business manager of Oakmont Regional High School, on the major contribution he has made in helping my State and region in dealing with its energy problems.

I ask unanimous consent the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MASSACHUSETTS SCHOOL REDUCES FUEL USE BY 38 PERCENT

(By Tim Mead)

SOUTH ASHBURNHAM, MASS.—John Davis, business manager at Oakmont Regional High School here, has trimmed fossil fuel consumption by 38 percent, and is hoping to cut the school's electric usage by 25 percent.

Davis says the school is no ordinary structure. It has 11,000 square feet of single-pane glass that bears an R-89 insulating factor and a thousand inhabitants who largely ignore energy costs.

How, then, has the 56-year-old retired Air Force major with no degree in engineering accomplished feats such as saving $50,000 in annual fuel costs, especially under a two-year payback guideline for costly energy improvements?

Among other things, said Davis, by talking a lot with janitors and, lately, by watching a clock at the high school—three buildings spanning 115,000 square feet on the border of Ashburnham and Westminister.

The clock drawing Davis' attention of late is a 2400 EMS made by Simplex Time Recorder Co., which connects to 14 Simplex 2801 remote relays via a Simplex 2850 signal generator.

The school paid $4,345 for the entire energy management system says Davis, who serves as business manager for the entire Ashburnham/Westminister school district.

The system, used limitedly, saved Oakmont $1,600 during December and January combined, according to Davis. He says electric consumption at the main high school building dropped nearly 22,000 kwh during the two-month period compared to a year ago. Electricity supplied the school sold for 8.5 cents per kwh in January, 1.5 cents more than December's rate.

"That's a significant saving," Davis says, noting that the system only regulated exhaust fans at the main building during the two months. "We should be able to knock off 150,000 kwhs a year before we're through."

In the main 111,000-square-foot building, the system eventually will regulate overhead lighting which, Davis figures, accounts for nearly two-thirds of the building's annual 630,000 kwh electric consumption.

Simplex installed the system in late September. It placed the 2400 EMS, a yard-by-yard box 5 inches deep, outside the principal's office. The location allows the principal, the chief custodian or the vice principal to run or program the system, which essentially is a clock connected to a micro-processor capable of handling up to 256 loads.

Nearby stands the 2850 signal generator, a foot-by-foot box 2-inches deep that accepts messages from the 2400 EMS. It then translates the messages into radio waves and sends them to the 2801 remote relays on existing electrical circuits.

"The main selling point is being able to use our own circuitry by superimposing a radio frequency over the 110 wire," Davis says. "We must have payback within two years."

The messages sent to the 2801 relays, which each can handle up to four loads, tell things when to run and stop. Instead of running an exhaust fan for eight hours a day, for instance, the system may run the fan for only two or three minutes an hour or whatever minimum time is needed to vent the required amount of air.

The $4,345 charged the school for the system reflects a discount, Simplex officials say, because data from Oakmont are to be used to promote the product.

Glenn Cunningham, time systems marketing manager for Simplex, Gardner, Mass., acknowledges, "We've done a lot of things at Oakmont without a pricetag. . . . It (the price quoted by Davis) wouldn't be that low in other cases."

"John Davis is not your typical business manager. He and his staff have implemented a lot of other energy-saving measures," Cunningham says.

The energy-saving program at Oakmont started in early 1974, when the oil embargo quickly doubled and tripled the $3.63 price the school had been paying for a barrel of fuel. Davis says, "the bottom line provided impetus for the program."

The school now pays about $40 for a barrel of No. 6 oil. If Oakmont now used as much fuel as in the years preceding the embargo, when annual fuel consumption averaged 3,366 barrels, its yearly fuel bill would total nearly $135,000.

But Oakmont last year only burned 2,069 barrels, which would cost about $83,000 at the $40 per barrel rate. That's a savings of slightly more than $50,000 a year.

How did Oakmont do it? "It's a working relationship with our janitors that has made this thing fly," Davis says. "Unless you have an incentive—even if it's only recognition of what they've accomplished—the program won't work. You can't give the janitors dollars and cents for their efforts, but at least you can give them facts."

The fact pointed to most often by Davis is the school's oil consumption as measured in gallons per heating degree day. Before the embargo the measurement stood at 20.5. By last year it had dropped to 12.8, representing about a 38 percent decrease in fuel use.

Davis attributes the drop to several things. In 1974, Powers Regulator Co. showed janitors how the univentilators heating each classroom could be adjusted to reduce the amount of outside air flowing through the heater.

'We're no longer heating just cold air, we're heating a lot of recirculated air," says Ronald Snell, chief of the eight-custodian staff at the high school. He explains that much more fuel is needed to heat air from outside, where it might be 30 degrees F., than recirculated air from the inside, where it might be 68 degrees.

In 1975, Powers installed a $1,800 NRG Savings I sensing device on the roof of the school's auditorium. After gauging temperature wind speed, humidity and other weather characteristics, the device tells Oakmont's burners when to start heating its boilers.

Before installation of the device, Davis says, the burners and boilers automatically would start at 6 a.m. to heat the school, regardless of weather conditions. Much energy, he adds, was wasted on days when the heating system didn't have to start so early in order to warm Oakmont to 68 degrees F. by the start of classes at 8 a.m.

Last year, the school found two ways to reduce its hot water costs. During the spring, janitors attached an aquastat and a timer to Oakmont's 2,000-gallon hot water tank, which is heated with oil. The attachments allowed the school to lower the temperature of the water to 110 degrees F. for 23 hours a day.

The school previously heated the tank 24 hours a day to 140 degrees, the temperature needed by Oakmont's cafeteria to wash dishes. The tank now only rises to that temperature an hour a day, beginning at 10:30 a.m., Davis says.

The janitors last spring also got themselves a domestic-sized, 30-gallon hot water tank fired by gas to provide water for their showers during the summer. That allowed Oakmont to turn off the 2,000-gallon hot water tank for the summer—saving 2,000 gallons of oil, Davis says.

The latest energy-saving move involves Oakmont's 65 teachers. They have built wooden frames to fit 244 windows at the school—each measuring 4 feet by 8 feet, and intend to staple 6-mill thick plastic to them before installing the home-made storm windows.

Davis says the project only cost the school $500, the price of the plastic.

SUPPORT FOR SOCIAL SECURITY

Mr. KENNEDY. Mr. President, I want to call the attention of my colleagues to the recent report on attitudes toward social security conducted by the American Association of Retired Persons that demonstrates again the strong and vigorous support of the American people for this vital program.

The AARP survey, summarized by Cy Brickfield in the recent monthly newsletter of that organization, shows the clear opposition of all age groups to restrictions on social security benefits.

I urge my colleagues to examine this report as they consider recent proposals which would limit social security benefits.

I ask unanimous consent that the article from the AARP News Bulletin be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EXECUTIVE DIRECTOR'S REPORT

(By Cyril F. Brickfield)

Contrary to popular belief, it appears that older and younger Americans generally share the same views about maintaining and strengthening the Social Security system.

In a nationwide public opinion survey conducted for our Association, the Hamilton &

Staff research firm found surprising similarities in the views of those 55 and older and those age 25 through 54 on how to solve—and not to solve—the financial problems that are plaguing the system.

According to the study, most older and younger persons do not approve of reductions in Social Security benefits to help stabilize the system over the next few years. For example, the survey found that 78 percent of those under age 55 and 81 percent of those over 55 opposed reducing benefits to persons who begin drawing Social Security after this year. Clear majorities of both age groups were also against placing a ceiling on cost-of-living benefits; reducing or eliminating benefits to dependent spouses who become eligible next year; and eliminating the $225 Social Security lump sum death benefit.

At the same time, both age groups strongly supported the use of general tax revenue to help supplement Social Security payroll taxes as well as the financing of Medicare Part A (hospitalization) out of general tax revenues. The majority of both groups (59 percent and 56 percent respectively) said they would support general revenue financing of Medicare Part A even if this meant that only lower-income persons would be covered.

Proposals to tax Social Security benefits or to further increase Social Security payroll taxes in order to raise revenue were not favored by the majority of respondents from both age groups.

When asked to consider solutions to the long-term problems of Social Security, both young (81 percent) and old (76 percent) endorsed the use of incentives to encourage older workers to stay on the job longer and delay drawing Social Security benefits. The majority of both groups also supported steps to strictly relate future Social Security benefits to workers' earnings and contributions and to cover any future Social Security deficit out of general tax revenues.

Neither age group supported raising the eligibility age for Social Security benefits from 65 to 68.

On the whole, the results of this survey are encouraging. Instead of the worker backlash or conflict between generations that some had predicted, we may find that young and old alike are in general agreement and are willing to work together to help strengthen Social Security for this and future generations of retirees.

WHY NO BUDGET CUTS FOR NUCLEAR?

Mr. KENNEDY. Mr. President, I ask unanimous consent to insert into the CONGRESSIONAL RECORD at this time an excellent editorial from the New York Times of March 9, 1981, in which they asked the Reagan administration why no budget cuts had been proposed in the nuclear energy budget. Now that the budget has been released it is clear that not only were no budget cuts made but that in fiscal 1981 and fiscal 1982 nuclear funding will be 30 percent higher than previously expected. Mr. President, I do not think it makes sense for the Federal Government to spend billions and billions of dollars to create a substitute for our most abundant domestic fuel, coal.

I think instead we should concentrate our energy spending on those programs that can do the most to reduce oil imports. According to a recent study by the Solar and Conservation Division of the Department of Energy, by 1985 solar and conservation spending could achieve an incremental oil savings of 103 million barrels per year. The huge spending on nuclear energy research and development will achieve virtually no oil savings at all. I do not think this is an energy policy that makes sense in terms of our economic needs or our energy security.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHY NO BUDGET CUTS FOR NUCLEAR?

Most Federal energy programs are being cut, but nuclear energy is headed for a costly, and indefensible, boost. Full details won't be known till Tuesday, but Senate Majority Leader Howard Baker has told reporters that the heavily subsidized Clinch River breeder reactor, which the Carter Administration wisely tried to kill, will continue to be built in Senator Baker's state of Tennessee. And Energy Secretary Edwards has urged the Government to buy a huge plant for reprocessing nuclear fuel in his state of South Carolina. Both projects are a waste of money.

Breeder reactors and reprocessing plants that prepare fuel for breeders are well worth experimentation. A successful breeder would burn nuclear fuel far more efficiently than current reactors and thus might, someday, provide vast amounts of energy. But that day is far off. Uranium for reactors is plentiful and cheap; the breeder will not be able to compete economically until well into the 21st century. There is no point now in subsidizing the plant at Clinch River, which is intended to demonstrate the possibility of rapidly commercializing breeders.

Nor is there any need for a reprocessing plant to service it. If there is any reasonable case for the Government's acquisition of the now-idle plant at Barnwell, S.C. it will have to rest on other grounds—say for example as a storage facility for nuclear wastes.

Breeders and reprocessing plants are objectionable for another reason. They use plutonium which can more readily than most reactor fuel be made into bombs. That's why President Carter tried to persuade the world not to turn prematurely to breeder technologies. President Reagan may want to change Mr. Carter's nonproliferation policy. But that ought to be done only after the most careful consideration. The potential consequences are too important to world peace for the policy to be frittered away piecemeal.

The economic case against Clinch River was stated forcefully in 1977 by Representative David Stockman. He stated that this plant was "totally incompatible with our free-market approach to energy policy" and would entangle the Government in further subsidies. "Today it is the nuclear breeder lobby looking for a large uneconomic subsidy'" he said. "Tomorrow it will be the solar power gang then the windmill freaks, and so on in a never ending stream of outstretched palms."

Now the same Mr. Stockman is concerned both with market approaches and energy policy as director of the Reagan budget office. His counsel was right then; it is right now.

A CONSTRUCTIVE ASEAN-JAPAN RELATIONSHIP

Mr. KENNEDY. Mr. President, 2 months ago, Zenko Suzuki completed his visit to Southeast Asia, his first overseas visit since becoming Prime Minister of Japan. Before returning to Tokyo, Prime Minister Suzuki delivered a forward looking and eloquent address in Bangkok about Japanese relations with Southeast Asia and the members of the Association of Southeast Asian Nations (ASEAN). His address reflected the growing, positive political and economic role which Japan is playing in international affairs and looked toward an increasingly constructive relationship between Japan and ASEAN.

As Prime Minister Suzuki pointed out:

Japan and the ASEAN countries are today linked by close and friendly ties of a relationship rapidly evolving toward maturity and with unlimited potential for greater cooperation.

That relationship is one which I, and I am sure my colleagues in the Congress, would want to both welcome and encourage. I ask unanimous consent that the full text of the Prime Minister's important address be inserted at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY PRIME MINISTER ZENKO SUZUKI

Prime Minister Prem, Ladies and Gentlemen:

1. My visit to Southeast Asia—my first overseas visit since becoming Prime Minister—is now drawing to its close. Since leaving the winter cold of Tokyo and arriving in Manila ten days ago, I have had heart-to-heart discussions with the leaders of all the ASEAN countries, and have also seen at first hand the vigorous efforts being made by the peoples of all these countries to develop their economies and improve their quality of life.

Now, at the end of my visit to Southeast Asia, I am here in Thailand, a respected member of ASEAN and an ancient country with which Japan has a long history of fruitful contact. Today, I am honored to have this opportunity to share my ideas with you, ladies and gentlemen, here in the presence of Prime Minister Prem, who has welcomed us with sincerity and friendly warmth.

In spite of the fact that the daily life of Thailand is neighbored by the fighting and devastation beyond its northeastern borders in the Indochina peninsula, the Thai government and people have maintained political stability, improved national welfare and achieved economic development. I am filled with admiration for this national effort of the Thai people.

The day before yesterday, Mrs. Suzuki and I were received in audience by Their Majesties the King and Queen, and were both deeply impressed by Their Majesties' profound wisdom and graciousness.

Ladies and Gentlemen:

2. It is commonplace these days to say that the world is now in a state of flux. The world order formed in the wake of World War II has been exposed to one crisis after another since the early 1970's, and the nations of the global community are now groping their way toward a new order.

It was in 1967, almost as if they had foreseen this trend, that, here in this very city of Bangkok, five countries of Southeast Asia declared the creation of the association of Southeast Asian nations, an association committed to the pursuit of peace and development in the region through mutual cooperation and solidarity.

At that time, many expressed misgivings as to whether viable regional cooperation in Southeast Asia was feasible at all, given the differences in race, language, religion and culture among the member countries.

During the past thirteen years, however, the ASEAN nations, facing these challenges, have succeeded in transcending such differences and consolidated the ties binding them to each other. Thorough discussion and growing mutual understanding among its mem-

bers have enabled ASEAN to work steadily and reasonably for the attainment of ever-higher goals. Those efforts, which may collectively be termed "The ASEAN Challenge", have been a major factor enabling the member nations to maintain peace and stability in the region despite the growing international tension, and to sustain high rates of economic growth amidst continuing global economic recession. The ASEAN nations have significantly improved their economies and living standards, and enhanced their respective position among the community of nations.

My reasons for visiting the ASEAN countries on my first overseas tour since becoming Prime Minister are not only that Japan, as another Asian and Pacific basin country, attaches great importance to the peace and stability of the region, but also to underline the fact that Japan believes that ASEAN's sustained efforts aimed at strengthening solidarity among diverse elements are a shining example for the world as it works to build a new order for the international community of the future. Visiting the countries of ASEAN has confirmed me in this belief.

What I have found most impressive and heartening everywhere has been the intense desire for self-reliance and self-help that I have seen in all the countries I have visited. It is this spirit that underlies the concepts of national identity and national resilience which their leaders have so often stressed to me. It is, indeed, this spirit of independence and self-reliance which has been the driving force in all Asian countries striving for political, economic, and social modernization over the last hundred years. I have been most impressed by the way this spirit, so deeply rooted in each and every one of the ASEAN countries, has served as the keystone for ever-closer political ties among the members. I have also admired the dynamism with which each member country uses the solidarity and common achievement of the association to enhance the spirit of independence and self-reliance within its nation.

Looking at other parts of the world, we see resurging attempts to control other nations through the use of direct force, as in Afghanistan and Cambodia. In the Middle East, Poland, the Horn of Africa, and elsewhere, international disputes and internal political instability are becoming increasingly frequent.

In striking contrast to all this, the ASEAN nations have successfully maintained peace and stability in their region. Let me here express my sincere admiration for this achievement. It is indeed encouraging to see how the ASEAN countries are, with dedicated hard work and timely economic policies, undertaking the difficult task of economic management in an environment of higher oil prices and global recession. No less noteworthy are their social policies aimed at a more equitable distribution of wealth.

3. Japan has now come to account for ten percent of both world GNP and world trade. I am aware that Japan is being called upon to contribute, in a manner commensurate with its growing national strength, to the maintenance of world peace and the development of the world economy. How to fulfill our responsibilities in the international community is one of the most important tasks for Japan in the 1980's. It goes without saying that Japan, as an Asian country, should first and foremost work for peace and prosperity in Asia.

Let me assure you first that our determination never to take the path toward becoming a military power remains immutable. Given the severe international situation of the present time, we are seeking to reinforce our self-defense capability, as part of our efforts to ensure our security. There is also an increasing awareness among the Japanese people of security issues.

Nevertheless, we remain as firmly committed as ever to the fundamental principle that our defense capability shall be an exclusively defensive one. This position is the result of our soul-searching reflection on the grave mistakes of the past. The national consensus of the Japanese people is that Japan shall never become a military power threatening other nations—and this consensus is unshakable. It would, thus, be completely mistaken either to hope that Japan will play a military role in the international community, or to feel anxiety that Japan might once again emerge as a military giant.

What is expected of Japan instead is to play a political role to help maintain world peace—a role commensurate with Japan's status in the community of nations.

While Japan will, as I shall stress here today, undertake resolutely international cooperation in the fields of agriculture, energy, human development and the promotion of small and medium-sized enterprises, we will give a most serious thought on the task of defining the type of political role of Japan and thus fulfill most seriously our international responsibilities.

4. The way for Japan to contribute to peace and prosperity in Asia is, first and foremost, to consolidate our friendly and cooperative relations with Asian countries, particularly with ASEAN countries. As one of the cornerstones of our foreign policy is to promote our friendship with ASEAN, it is gratifying to note that our cooperative relations are expanding in a broad range of fields—political, economic and cultural.

Japan set the challenging medium-term target of doubling Japan's official development assistance over three years from 1978. I am happy to say that we had more than achieved the target by the end of last year. ODA allocations for cooperation with the five ASEAN countries have continued to be on a larger scale than those for any other region. I believe you will agree that Japan has been making a meaningful and substantial contribution to economic development and social stability in the ASEAN region. This year, we intend to set another medium-term ODA target, to continue expanding our aid in both volume and quality and to strive to contribute to the stability and development of the Southeast Asian region.

Which fields, then, should be given priority in our economic cooperation with the ASEAN region? Let me mention the following important areas.

The first area is rural development and the promotion of agriculture. The economic fabric of a nation cannot be strengthened without agricultural development and stabilization of the farmers' livelihood.

Hasty development of heavy industry at the expense of agriculture has in some instances led a nation's economic management astray and has played havoc with the stability of the people's life. Policies that facilely equated industrialization with modernization have often come to be questioned within only a few years, but, in contrast, expanding agricultural production has come to be seen as a basic strategy for modernization. There are instances of inadequate agricultural production obliging a country to spend much of what it has earned through hard work and imaginative initiatives—their precious foreign currency reserves—to pay for imported foodstuffs. An old proverb advises us to "make haste slowly." The road to modernization begins with building a viable infrastructure for a nation's agricultural sector and for the lives of its farmers.

Priorities in social and economic development are, naturally, something for each country to decide independently. Nevertheless, Japan will eagerly respond to requests from any of the ASEAN countries for cooperation, for example, in the areas of rural infrastructure, such as irrigation, drainage, roads and electrification, or of programmes such as community health and medical care intended to improve the quality of life and technical assistance to increase agricultural productivity. If the ASEAN countries agree, I propose that we start discussions at governmental level immediately, in order to put our combined strength behind the promotion of agricultural and rural development.

The second is development of energy sources, an area of urgent concern since the second oil crisis. We will continue to expand our efforts for development of those conventional sources of energy—oil, coal, LNG, hydro-electric power, etc.—that can be undertaken with cooperation on a governmental basis. I know the region's great untapped potential for the development of new and renewable energy sources, such as solar, geothermal or biomass energy, and that there is an increasing desire for Japanese cooperation in this field. I should like to see expansion of our cooperative relations with ASEAN countries on this scope.

Thirdly, it is indispensable to develop human resources—a task to train personnel who will undertake the development of agriculture, rural communities, energy resources and industries. The need for skilled human resources will increase as the ASEAN countries continue their present remarkable economic progress, and here I have in mind a programme for an ASEAN human resources development.

The basic framework of this programme envisages the opening, with the ASEAN countries' concurrence, of ASEAN human resources development centres in each of the member nations. These centres will be open to people from all the ASEAN countries, with Japan contributing an appropriate amount of grant aid and technical cooperation.

Another centre will be established in Okinawa, as part of Japan International Cooperation Agency's activities, to serve as a centre for training, for contacts between the peoples of the ASEAN countries, and as the liaison office for the other five centres. I should like to propose that we begin government-level consultations to bring this project on stream as soon as possible. We envisage Japanese cooperation in the region of 100 million dollars for the whole project.

The fourth area concerns promotion of small and medium-sized enterprises. The populous ASEAN countries, while enjoying an ample labor supply, also face the social difficulties of serious underemployment. In such circumstances, it is sensible to steadily foster labor-intensive smaller enterprises, mainly those enterprises producing consumer goods, in order to contribute to social stability. This will also assist the organic development of the national economy by means of forming complementary relations between large-scale basic materials industries and the smaller enterprises. From this point of view, Japan's experience and know-how in fostering small and medium-sized enterprises can make a contribution in our cooperation towards ASEAN nations.

Furthermore, Japan will, naturally, continue to cooperate with the determined efforts being made by the ASEAN countries to achieve industrialization. In this area, I attached great importance to the prompt completion of the "ASEAN Industrial Projects" for which one billion dollars have been earmarked. In this connection, it is gratifying to note that the industrial projects in Indonesia and Malaysia, for which Japan is providing financial cooperation, are now being implemented. We shall continue our cooperation for the early implementation of the other industrial projects.

I have so far discussed government-level efforts in economic cooperation with the ASEAN countries, but I should like to em-

phasize particularly the vital importance of cooperation in the private sector. The development of Japan's economy would have been a very different story without the ingenuity and vitality of our private sector. I intend to encourage and to guide those concerned in Japan's private sector to further promote private-sector exchange and cooperation with those in ASEAN countries.

5. In parallel with economic cooperation, we wish to expand our cooperative relations with the peoples of the ASEAN region in the cultural, educational and academic fields. As a new project in academic exchange, I should like to propose a programme to promote ASEAN regional studies designed to give a scientifically based understanding of what I have described before as "The ASEAN Challenge," that challenge which delves into the linking together of diverse elements. If the ASEAN nations agree, I shall immediately have a study of the concrete details initiated.

6. Japan and the ASEAN countries are today linked by close and friendly ties of a relationship rapidly evolving toward maturity and with unlimited potential for greater cooperation. Our task is, I submit, "to think together and to work together" as we try to translate that potential into reality. It may be that, as we come to understand each other better, we shall be obliged to recognize that we have differences. We have, however, learned enough by now not to be unduly worried about differences. Close friends that we are, we can afford to be quite open in stating our opinions. A process of continuing dialogue and consultation—of constantly "thinking together and working together"—will always enable us to solve whatever problems may lie ahead of us.

Prime Minister Prem, Ladies and Gentlemen:

The cultural tradition of Asia has given its peoples the wisdom needed to create integrated harmony out of the conflicts and confrontations between diverse elements. We in Japan also happen to have the time-honored philosophy to "cherish the virtue of harmony," and I believe that the same faith in harmony lives on in the life and international relations of Asia today.

7. Some two hundred kilometers to the east of this City of Bangkok, over one million Cambodians are suffering from the horrors of war and starvation. As Japan's relations with the ASEAN countries mean "thinking together and working together," I must mention the matter of peace in Indochina. With a sense of profound anxiety and concern, I have discussed the Indochina problem with the leaders of the ASEAN nations in the last ten days.

The continuation of this traumatic state of affairs is a tragedy for the Cambodian people, and its adverse effects on the surrounding nations are of grave proportions. It must not be allowed to go on. Vietnam's military intervention in Cambodia has cast a pall over the hopes of the peoples of the ASEAN nations for permanent peace and stability in Southeast Asia. It is the common desire of the entire international community to attain peaceful settlement of the Cambodian problem, thereby eliminating the most serious factor making for uncertainty in this region.

In Cambodia, where fighting still persists, people are suffering from starvation and sickness amid devastation, and hundreds of thousands of Cambodians are fleeing to neighboring countries in search of food and safety. This tragic situation was, however, not brought about by the Cambodians themselves—it is the result of military intervention by Vietnam.

To restore peace in Cambodia and settle the problem at its roots, Vietnamese troops must withdraw from Cambodia and an environment in which the Cambodians themselves can freely decide their future must be created.

Japan supported the resolution on Cambodia submitted by the efforts of the ASEAN countries at the United Nations General Assembly. We did so because we also believe that discussions, aimed at agreement upon the attainment of the complete withdrawal of all foreign troops, free elections supervised by the United Nations, etc., should be held at an international conference attended by all the parties to the conflict and all the other parties concerned. The overwhelming majority by which that Cambodian resclution was carried at the United Nations General Assembly is to be attributed to the united appeal to world opinion made by ASEAN, Japan and other nations which share the desire for peace for the people of Cambodia, who are agonized by unimaginable hardships, and for stability in the Southwest Asian region as a whole.

Japan strongly hopes that the United Nations will respond to this appeal, which is overwhelmingly supported by the international community, and work actively for the implementation of the resolution. Japan appeals to the Secretary-General of the United Nations to take the steps necessary in convening an international conference as promptly as possible. Furthermore, as a country which is at present a member of the United Nations Security Council, Japan is ready to cooperate fully in the efforts of the Secretary-General to this end.

I should like to urge Vietnam to respond now, immediately and positively, to the call of the international community, and to participate in discussions for bringing back peace to Cambodia. Once peace has been restored in Indochina, Japan is ready to cooperate as much as possible in the reconstruction of Indochina.

I have used the term "The ASEAN Challenge" in admiration of the steady nation-building by the five ASEAN countries through their remarkable self-reliant efforts and cooperative ties of solidarity that transcend national differences. I have promised you that Japan will cooperate with "The ASEAN Challenge." And also, I stated that to do so is one of the most important means of discharging Japan's international responsibilities.

In our foreign policy, we have not the slightest intention of wielding military influence. We desire to see our economic capability helping to foster a peaceful international environment, and our political role that of steadily serving the cause of international peace, particularly that of stability in Asia. For this purpose, accumulation of experience is necessary. Courage and wisdom will also be called for. On this score, we intend to think and work together with ASEAN.

One of the vital keys to world peace in the last two decades of the present century lies in harmonious development of a Southeast Asia that is stable both economically and politically. It is my firm belief that Southeast Asia, especially the ASEAN countries, will emerge as a driving force of the global economy in the coming twenty-first century, which has been called the "Age of the Pacific." It is my ardent hope that Japan will, then as now, be a reliable partner of the ASEAN nations in the pursuit of peace and prosperity.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON BUDGET RESCISSIONS AND DEFERRALS—MESSAGE FROM THE PRESIDENT—PM 37

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Commerce, Science, and Transportation, the Committee on Environment and Public Works, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Labor and Human Resources, the Committee on Energy and Natural Resources, the Committee on Banking, Housing, and Urban Affairs, the Committee on Finance, the Committee on Veterans' Affairs, the Select Committee on Small Business, the Committee on Governmental Affairs, the Committee on Armed Services, and the Committee on the Judiciary:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report 81 proposals to rescind a total of $11.1 billion in budget authority previously provided by the Congress. In addition, I am proposing to reduce authority to incur obligations for direct loans by a total of $751.8 million and I am reporting one new deferral of $3.4 million. These proposals are an integral part of my plan to reduce government spending.

The details of the rescission proposals and the deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *March 17, 1981.*

MESSAGE FROM THE PRESIDENT RECEIVED DURING THE RECESS

Under the authority of the order of March 12, 1981, the Secretary of the Senate, on March 16, 1981, received a message from the President of the United States submitting a sundry nomination; which was referred to the Committee on Foreign Relations.

(The nomination received on March 16, 1981, is printed at the end of the Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources:

Thomas W. Pauken, of Texas, to be Di-

rector of the ACTION Agency. Referred to the Committee on Foreign Relations.

(The above nomination reported from the Committee on Labor and Human Resources with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

REFERRAL OF A NOMINATION

Mr. BAKER. Mr. President, I ask unanimous consent that the nomination of Thomas W. Pauken, of Texas, to be the Director of ACTION, be referred to the Committee on Foreign Relations for 15 days of Senate session.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MEASURES REFERRED

S. 681.—OIL SPILL LIABILITY AND CLEANUP

Mr. BAKER. Mr. President, I ask unanimous consent that the Oil Spill Liability and Compensation Act of 1981 be referred as follows: Titles I and III to be referred jointly to the Committees on Environment and Public Works and Commerce, Science and Transportation; sections 201(b)(1)(A), 203(b), 204, 205, and 206, all from title II, to the Committee on Finance; and, the remainder of title II jointly to the Committees on Finance, Environment and Public Works, and Commerce, Science and Transportation.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 6—AMENDMENT TO S. 681

The amendment (No. 6) proposed by Mr. STAFFORD (for himself and Mr. MITCHELL) to the bill S. 681 was referred jointly to the Committee on Environment and Public Works and the Committee on Commerce, Science, and Transportation.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. FORD:

S. 717. A bill for the relief of Carole Joy Maxfield-Raynor and Bruce Sherlock Maxfield-Raynor, wife and husband, and their children: Charlton Bruce Maxfield-Raynor and Maxine Anne Maxfield-Raynor; to the Committee on the Judiciary.

By Mr. PROXMIRE:

S. 718. A bill to amend title IV of the Social Security Act to provide that States must require recipients of aid to families with dependent children to participate in community work programs if they are able to do so; to the Committee on Finance.

By Mr. PRYOR (for himself, Mr. SASSER, Mr. EAGLETON, Mr. PERCY, Mr. LEVIN, Mr. PROXMIRE, Mr. DECONCINI, Mr. WILLIAMS, Mr. BAUCUS, Mr. SIMPSON, Mr. BURDICK, Mr. RIEGLE, and Mr. COCHRAN):

S. 719. A bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, to provide statutory guidelines concerning the award of contracts for the procurement of consulting services, management and professional services, and for other purposes; to the Committee on Governmental Affairs.

By Mr. GOLDWATER (for himself, Mr. PACKWOOD, Mr. SCHMITT, and Mr. PRESSLER):

S. 720. A bill entitled the "Public Telecommunications Act of 1981"; to the Committee on Commerce, Science, and Transportation.

By Mr. HUMPHREY:

S. 721. A bill to prohibit the imposition of any tax by a State on the income derived by any individual from services performed at the Portsmouth Naval Shipyard if such individual is not a resident or domiciliary of the State in which such shipyard is located; to the Committee on Finance.

By Mr. DOMENICI:

S. 722. A bill for the relief of Mrs. Ascenion M. Lujan, Noe Lujan, Sevedeo Lujan, Junior, Cordelia Lujan Lons, Antonioa Lujan, Venceslao Lujan, Marta Lujan, Felix Lujan, and Tovia Lujan; to the Committee on the Judiciary.

By Mr. TOWER (for himself and Mr. BENTSEN):

S. 723. A bill to amend the Clean Air Act with respect to the prevention and control of air pollution in border areas of the United States and countries contiguous to the United States; to the Committee on Foreign Relations.

By Mr. NICKLES (for himself and Mr. BOREN):

S. 724. A bill to remove certain lands from the Wichita Mountains Wildlife Refuge, Oklahoma; to the Committee on Environment and Public Works.

By Mr. WALLOP (for himself, Mr. GARN, Mr. SIMPSON, and Mr. MATSUNAGA):

S. 725. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of certain shale property for the purposes of the energy investment credit; to the Committee on Finance.

By Mr. WEICKER:

S. 726. A bill to provide for the development and implementation of programs for children and youth camp safety; to the Committee on Labor and Human Resources.

By Mr. WILLIAMS:

S. 727. A bill to permit the Secretary of Defense to authorize officers and employees of the Department of Defense who provide police or security functions, including individuals employed pursuant to contract with the Department of Defense, to have the power of arrest on military facilities and installations, and for other purposes; to the Committee on Armed Services.

By Mr. KENNEDY (for himself, Mr. TSONGAS, Mr. LEAHY, and Mr. LEVIN):

S. 728. A bill to amend the Foreign Assistance Act of 1961 to prohibit the assignment to or presence in El Salvador of United States military personnel and to prohibit the furnishing of military and other security assistance for El Salvador; to the Committee on Foreign Relations.

By Mr. CHILES:

S. 729. A bill to amend section 8e of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to subject imported tomatoes to restrictions comparable to those applicable to domestic tomatoes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HUDDLESTON (for himself, Mr. HELMS, and Mr. COCHRAN):

S. 730. A bill to provide for the use of the funds of the Commodity Credit Corporation in implementing the Federal Crop Insurance Act of 1980; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. GLENN:

S. 731. A bill to provide for an accelerated program of research, development, and demonstration of energy storage technologies to be carried out by the Department of Energy with the support of other Federal agencies, and for other purposes; to the Committee on Governmental Affairs.

By Mr. NUNN (for himself, Mr. CHILES, Mr. DECONCINI, Mr. COHEN, Mr. BENTSEN, Mr. DOMENICI, Mr. LONG, Mr. ROTH, Mr. RUDMAN, and Mr. JACKSON):

S. 732. A bill to insure the confidentiality of information filed by individual taxpayers with the Internal Revenue Service pursuant to the Internal Revenue Code and, at the same time, to insure the effective enforcement of Federal and State criminal laws and the effective administration of Justice; to the Committee on Finance.

By Mr. BAUCUS:

S. 733. A bill to establish a field office of the United States Customs Service and the Immigration and Naturalization Service at Glacier International Airport; to the Committee on the Judiciary.

By Mr. WEICKER (for himself, Mr. PACKWOOD, Mr. HATCH, Mr. HAYAKAWA, Mr. BOSCHWITZ, Mr. GORTON, Mr. NICKLES, Mr. RUDMAN, Mr. D'AMATO, Mr. NUNN, Mr. HUDDLESTON, Mr. BUMPERS, Mr. SASSER, Mr. BAUCUS, Mr. LEVIN, Mr. TSONGAS, and Mr. DIXON):

S.J. Res. 47. Joint resolution to authorize and request the President to issue a proclamation designating the week beginning May 10, 1981, as "National Small Business Week"; to the Committee on the Judiciary.

By Mr. THURMOND:

S.J. Res. 48. Joint resolution to provide for the erection of an appropriate statue or other memorial in the Arlington National Cemetery to honor individuals who were combat glider pilots during World War II; to the Committee on Veterans Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PROXMIRE:

S. 718. A bill to amend title IV of the Social Security Act to provide that States must require recipients of aid to families with dependent children to participate in community work programs if they are able to do so; to the Committee on Finance.

(The remarks of Mr. PROXMIRE on this legislation appear earlier in today's RECORD).

By Mr. PRYOR (for himself, Mr. SASSER, Mr. EAGLETON, Mr. PERCY, Mr. LEVIN, Mr. PROXMIRE, Mr. DECONCINI, Mr. WILLIAMS, Mr. BAUCUS, Mr. SIMPSON, Mr. BURDICK, Mr. RIEGLE, and Mr. COCHRAN):

S. 719. A bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, to provide statutory guidelines concerning the award of contracts for the procurement of consulting services, management and professional services, and for other purposes; to the Committee on Governmental Affairs.

CONSULTANT REFORM AND DISCLOSURE ACT OF 1981

Mr. PRYOR. Mr. President, for the past year and a half, I have conducted an investigation of the billions of taxpayer dollars that the Federal Government spends each year for consultant services. Estimates of the amount of Federal funds

spent annually on consultant services range from a conservative $2 billion to over $9 billion. My concern began when I became aware of work contracted for which was duplicative, senseless, and overpriced. The results of my investigation have convinced me that what I originally found was not random waste—but a byproduct of a basic change in the way our Government does its work.

Today, the passage of each new law, the emergence of each new "crisis," the creation of each new program is cause for delegating the basic work of Government to an ever growing contractor work force that is increasingly planning and implementing Federal policy and programs.

As the General Accounting Office has recently summarized, the consulting problem has been with us for at least two decades, and Federal managers have done little to bring it under control. It is now apparent that the issues posed by the use of consultants are not simply management issues, but basic questions of government that command the attention of us all. These issues include the invisibility of a large and growing portion of the Federal work force, the lack of accountability of that work force, and the failure to apply to that work force even the minimal standards of ethics and disclosure that apply to officials at virtually every level of American government.

The legislation that I am introducing today will respond to the problems that currently exist in the Federal Government's use of consultant and related services. The legislation has been carefully drafted so that it will have the maximum beneficial effect on certain wasteful spending practices, while having no adverse effect on an already overburdened procurement process. Furthermore, the legislation has been designed not to add unduly to the Government's paperwork requirements.

The legislation being introduced today responds directly to the abuses, problems, and especially, to the disturbing lack of information concerning the use of consultants which my investigation has uncovered. During the course of my study, I have found that—

Consultant studies costing millions of dollars are a complete waste because the agencies never actually use them;

Conflicts of interest exist which negate the objectivity and independence which the Government thought it would obtain when awarding the contract;

Consultant contracts are awarded to perform basic governmental functions, including writing Federal regulations, drafting legislation, and preparing agency budgets to be sent to Congress;

There is an almost complete absence of competition in awarding consultant-type contracts despite estimates that competition saves 20 percent of contract price; and

Contracts often are awarded not on the basis of a firm's qualifications but rather on the contractor's friendship with agency officials.

The list goes on.

The most remarkable finding was the abysmal lack of information available concerning consulting contracts, and even procurement generally. This is true despite a Presidential mandate to all Federal agencies that they identify the total Federal expenditures for consultants. We still do not have accurate and reliable information today. It is impossible to identify these expenditures in agency budgets, a fact which may not be particularly surprising since we have found consultants themselves are preparing many agency budgets that are submitted to the Congress.

Mr. President, when the legislation was in the early drafting stages, it was thought that the abuses could be dealt with through simple and direct prohibitions. But, as work proceeded, it became apparent that another layer of regulatory prohibitions was not the answer, at least at this time.

First, we found that, at least in some important cases, the problem is not the absence of rules, but the failure to honor them—or by the same token, the creativity employed in finding new ways to avoid them. Indeed, it became apparent that the official response to each wave of consulting scandals is the restatement of existing rules, the announcement of new rules, and the promise of better management. It is now evident that the issuance of new rules, as opposed to the enforcement of old rules, has become a powerful way of avoiding confrontation with, and control of, the real problem.

Second, it became distressingly apparent that, despite decades of management concern, we know very little about Federal use of consultants. It is difficult to contrive new regulatory schemes in the dark.

The legislation I propose therefore is a sunshine approach. It does not try to tell agencies that they must—or must not—use consultants. It says to agencies "if you use consultants, we in Congress and the public want to know about it. We want to know whom you use, what you have them do, and how you use the work they do for you." The record we have developed shows that the need for sunshine could not be more pressing.

Quite simply, we have found that the Federal Government has not only contracted out virtually every type of basic Government activity, but has done so on terms designed to insure the invisibility of this reliance.

In proposing sunshine legislation I hope to serve three basic ends—the protection of the integrity of government, the enforcement of existing rules, and the production of basic information on which to base future reform. In so doing, the public's right to know who governs it will be reaffirmed. Sunshine will be employed as a deterrence to the continuation of the abuses that characterize the present use of consultant services. The potential embarrassment of public explanation should, in itself, deter abuse. And, the disclosure required will permit us to begin to develop basic information now lacking about the consulting bureaucracy—information on which further reforms can be built.

Those who would claim that the coverage of the legislation is overbroad and that the topic is best dealt with by executive branch management would both misread the legislation and ignore the sad story of decades of management failure. The legislation, in view of the magnitude of its subject, is actually very modest. It does not impose new layers of regulations, but rather, the disclosure of ongoing activities. But to say the legislation is modest is not to suggest that it will be ineffective. Rather, it is to state that those who would propose to limit the sunshine in the legislation bear a very strong burden. They must explain to the American public why it is that the public cannot know the most basic information about a hidden work force to whom it not only pays billions of dollars, but to whom we are increasingly entrusting the basic work of Government.

Very simply stated, this legislation will clarify agency appointive authority. It will require an agency to make public the procurement requests it plans to award, and once awarded, to make the contracts available for public scrutiny. It will require consultants to disclose the role they played in preparing reports under Government contracts. The legislation will require consultants to fully disclose any conflict of interest they have that could result in biased advice. It would require agencies to disclose in their budgets sent to the Congress the amount of funds requested for the procurement of consultant services. Agencies would be required to evaluate contractor's performance in certain contracts.

The legislation will establish a working plan for the Federal Procurement Data Center to make it of greater value to the Congress and to the public.

The legislation being introduced today is a further development of the concepts contained in S. 2880, the Consultant Reform Act of 1980. When that legislation was introduced in June 1980, I believed that it represented an informed response to the problems and abuses which my investigation had uncovered. At the same time, realizing the potential impact of such legislation upon the procurement process, I decided to elicit as many comments and criticisms as possible from both the Government and private sectors. Two days of legislative hearings were conducted in August, and since introduction of S. 2880 I have exchanged comments with various groups and individuals regarding the substance of the legislation. The legislation introduced today is the result of that effort.

This bill includes several refinements to S. 2880 and numerous GAO recommendations have been adopted. The categories of contracts which the legislation addresses are now defined, and further, are defined in terms with which the agencies should be familiar. With limited exceptions, the requirements imposed are applicable to only those contracts within the categories defined. The conflict-of-interest provisions are introduced for a 3-year test period at certain selected agencies.

Mr. President, I urge my colleagues to

support this legislation which is based on the simple principle that when the Government undertakes to serve the public interest by procuring services from the private sector, this activity should be subject to congressional and taxpayer scrutiny. Unfortunately, this is not how our federal system works today.

Mr. President, I also want to say that in the legislation I am introducing today, I am proud to be joined and have as cosponsors Senators SASSER, EAGLETON, PERCY, LEVIN, PROXMIRE, DECONCINI, WILLIAMS, BAUCUS, SIMPSON, BURDICK, RIEGLE, and COCHRAN.

Mr. President, I ask unanimous consent that the legislation I am introducing today, with these distinguished cosponsors, and a summary of the major provisions of the bill be printed in the RECORD.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 719

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Consultant Reform and Disclosure Act of 1981".

STATEMENT OF FINDINGS

SEC. 2. The Congress finds and declares that—

(1) Federal procurement officials have not consistently complied with the laws relating to procurement activities and regulations and management guidelines in awarding contracts for the procurement of consulting services, management and professional services, and special studies and analyses;

(2) procurement practices, insofar as they relate to the procurement of consulting services, management and professional services, and special studies and analyses, do not presently provide for (A) full and open competition, (B) the prevention of duplication or overlap among contracts, (C) adequate consideration of conflicts of interest, or (D) the public disclosure of the use and role of contractors who provide such services, studies, and analyses;

(3) information regarding the Federal Government's use of consulting services, management and professional services, and special studies and analyses is not maintained in a manner that results in helpful or meaningful information being available to the Congress, the executive branch, or the public;

(4) the competitive pressures of the free marketplace increase the likelihood that consulting services, management and professional services, and special studies and analysis will be provided at competitive prices;

(5) full and open competition in the Federal procurement process supports the basis of the free enterprise system while guaranteeing maximum return on Federal procurement expenditures;

(6) the costs of performing governmental functions are borne by the taxpayer regardless of whether the functions are performed in the private or public sector;

(7) the integrity of the governmental process, especially when consulting services, management and professional services, and special studies and analyses are used in the performance of governmental functions, requires full public disclosure of the use and role of contractors who perform such functions; and

(8) legislation and oversight is necessary to achieve the consistent policies and practices needed in Federal procurement of consulting services, management and professional services, and special studies and analyses.

STATEMENT OF POLICY

SEC. 3. It is the policy of the United States that—

(1) governmental policymaking and decisionmaking functions should be performed by accountable Federal officials;

(2) the procurement of consulting services, management and professional services, and special studies and analyses by contract should be in compliance with applicable laws and regulations; and

(3) governmental functions should be accomplished through the most economical means available while recognizing the inherently governmental nature of certain activities.

TITLE I—APPOINTMENTS

REVISION OF SECTION 3109 OF TITLE 5

SEC. 101. (a) Section 3109 of title 5, United States Code, is amended to read as follows:

"§ 3109. Employment of individual experts and consultants

"(a) For the purpose of this section—

"(1) 'agency' has the same meaning as in section 552(e) of this title;

"(2) 'appointed consultant' means an individual—

"(A) who has a high degree of knowledge, skill, or experience in a particular field, and

"(B) whose primary function is to serve an agency in an advisory capacity in that field, rather than to perform or supervise an operating function of the agency; and

"(3) 'appointed expert' means an individual—

"(A) who has excellent qualifications and a high degree of attainment in a professional, scientific, technical, or other field,

"(B) who, because of such qualifications and attainment, is usually regarded as an authority, or as a practitioner of unusual competence and skill, by other individuals engaged in that field, and

"(C) whose primary function is to perform or supervise an operating function of an agency rather than to provide advisory services.

"(b) When authorized by an appropriation Act or other statute, the head of an agency may appoint and fix the pay of appointed experts and consultants for temporary (not in excess of one year) or intermittent services, without regard to—

"(1) the provisions of this title governing appointment in the competitive service; and

"(2) chapter 51 and subchapter III of chapter 53 of this title (relating to position classification and pay rates),

except that the rate of pay for any individual so appointed may not exceed the rate of basic pay payable for GS–18 unless otherwise specifically authorized by statute.

"(c) Positions in the Senior Executive Service may not be filled under the authority of subsection (b) of this section.

"(d) The Office of Personnel Management shall prescribe regulations governing the employment of appointed experts and consultants and the reporting requirements of this section, and may take such action as it considers appropriate to assure compliance with those regulations, including audit of individual cases, and, if necessary, suspension of the authority to appoint experts and consultants. Agencies shall comply with the requirements of the Office, including taking any corrective action the Office may direct.

"(e) Each agency shall report to the Office of Personnel Management on a periodic basis with respect to—

"(1) the number of days each appointed expert or appointed consultant employed by the agency during the period was so employed, and

"(2) the total amount paid by the agency to each appointed expert and appointed consultant for such work during the period.

"(f) The head of any agency with statutory authority to appoint experts and consultants without regard to the provisions of this section shall, to the extent practicable and in keeping with the provisions of such authority, appoint such experts and consultants in a manner consistent with the provisions of this section.

"(g) The head of each agency shall establish procedures for the review and approval of—

"(1) any determination relating to the need for the services of an appointed expert or appointed consultant under this section; and

"(2) the appointment of each appointed expert or appointed consultant.".

(b) The table of sections at the beginning of chapter 31 of title 5, United States Code, is amended by striking out the item relating to section 3109 and inserting in lieu thereof the following new item:

"3109. Employment of individual experts and consultants.".

EFFECTIVE DATE

SEC. 102. The amendments made by this title shall take effect one hundred and eighty days after the date of enactment of this Act.

TITLE II—CONTRACTS

DEFINITIONS

SEC. 201. For purposes of this title:

(1) The term "agency" has the same meaning as in section 552(e) of title 5, United States Code.

(2) The term "contract" means (A) any agreement, including any amendment to or modification of an agreement between the Government and a contractor for the procurement of goods and services, or (B) any letter authorizing a contractor to provide goods or services to the United States prior to a specification of the compensation for the provision of such goods or services.

(3) The term "contractor" means any person, firm, unincorporated association, joint venture, partnership, corporation or affiliates thereof, including consultants and organizations thereof, which is a party to a contract with the Government.

(4) The term "report" means a written study, plan, evaluation, analysis, manual, or similar document, in draft or final form, which is prepared by a contractor pursuant to a contract with an agency and which is submitted—

(A) to such agency, or

(B) on behalf of such agency to any other agency of the Government,

but does not mean a billing document, invoice, or other routine business transmittal made with respect to the contract.

(5) The term "consulting services" means advisory services with respect to agency administration and management or agency program management.

(6) The term "management and professional services" means professional services related to management and control of programs, including—

(A) management data collection services;

(B) policy review and development services;

(C) program evaluation services;

(D) program management support services;

(E) program review and development services;

(F) systems engineering services; and

(G) other management and professional services of a similar nature which are not related to any specific program.

(7) The term "special study or analysis" means any nonrecurring examination of a subject with—

(A) is undertaken to provide greater understanding of relevant issues and alternatives regarding organizations, policies, procedures, systems, programs, and resources; and

(B) leads to conclusions or recommendations with respect to planning, programing, budgeting, decisionmaking, or policy development.

Such term includes—

(i) any study initiated by or for the program management office;

(ii) a cost benefit analysis, a data analysis (other than a scientific analysis), an economic study or analysis, an environmental assessment or impact study, a feasibility study which does not relate to construction, a legal or litigation study, a legislative study, a regulatory study, or a socioeconomic study;

(iii) a geological study, a natural resources study, a scientific data study, a soil study, a water quality study, a wildlife study, or a general health study; or

(iv) any similar special study or analysis.

PUBLICATION OF CONTRACTS

SEC. 202. (a) Notwithstanding any other provision of law, as soon as an agency completes preparation of a procurement request for consulting services, management and professional services, or a special study or analysis which the agency estimates will result in the award of a contract in excess of $10,000, the agency shall transmit to the Secretary of Commerce a written notice describing such contract. The Secretary of Commerce shall publish each notice received pursuant to this subsection in the publication "Commerce Business Daily" published by the Department of Commerce. An agency is not required to transmit to the Secretary of Commerce a notice with respect to any contract—

(1) for which a national security classification has been lawfully made relative to the contract or the terms therein; or

(2) which is awarded due to such an unusual and compelling emergency that the Government would be seriously injured if prior notice of the contract were required to be published.

(b) Whenever an agency modifies a contract for consulting services, management and professional services, or a special study or analysis, and in the modification of such contract increases the amount of the contract award by at least $25,000, the agency shall transmit to the Inspector General of such agency or comparable official, or in the case of an agency which does not have an Inspector General or comparable official, the head of the agency or his designee, a written notice describing—

(1) the original contract;

(2) the modification being made; and

(3) the justification for the modification.

DISCLOSURE OF INFORMATION CONCERNING THE USE OF CONTRACTORS

SEC. 203. Each report prepared by a contractor pursuant to a contract for consulting services, management and professional services, or a special study or analysis, and each report prepared by an agency which is substantially derived from or includes substantial portions of any such report, shall include a statement disclosing—

(1) the name and business address of the contractor who prepared or contributed to the report;

(2) the total amount of the contract;

(3) whether the contract was awarded through competitive or noncompetitive procedures;

(4) the name of the office which or employee who authorized the award of the contract;

(5) in any case in which a contractor uses a subcontractor to prepare any portion of a report for an agency, the name and business address of the subcontractor and the amount paid to the subcontractor for the work;

(6) the names of all employees of the contractor, and any subcontractor, who substantially contributed to the report; and

(7) in any case in which an organizational conflict of interest has been determined under section 205 to exist with respect to the contract, the facts and circumstances of the conflict of interest.

CONTRACT EVALUATION

SEC. 204. (a) Within one hundred and twenty days after the completion of any contract for consulting services, management and professional services, or a special study or analysis, the total amount of which is in excess of $50,000, the agency shall prepare a written evaluation of the contract performance. The evaluation shall include a summary of the performance of the contractor under the contract, including—

(1) the performance of the contractor, based upon the terms and specifications included in the contract; and

(2) any deviation by the contractor from the provisions of the contract originally awarded with respect to cost and time for completion of the contract and a statement of the reasons for any such deviation.

(b) The agency shall include the evaluation required by subsection (a) in the records maintained by the agency regarding the contract and shall maintain a copy of the evaluation in a central location within the agency.

(c) A written copy of any evaluation made under this section shall be transmitted to the contractor concerned together with a notice stating that the contractor may, within 10 days after receipt of such copy, transmit comments to the agency concerning such evaluation. Any such comments shall be included in the evaluation as a supplement.

ORGANIZATIONAL CONFLICT OF INTEREST

SEC. 205. (a) Beginning on the effective date of this title and ending three years after such date, this section applies to the award of contracts by the Department of Energy, the Department of Transportation, and the Environmental Protection Agency.

(b) For purposes of this section:

(1) The term "organizational conflict of interest" means any relationship or situation in which an offeror or contractor has past, present, or anticipated interests that either directly, or indirectly through a client relationship, relate to work to be performed under a contract for consulting services, management and professional services, or a special study or analysis, and which—

(A) may diminish the capacity of the offeror or contractor to give impartial, technically sound, and objective assistance and advice; or

(B) may result in an unfair competitive advantage to the offeror or contractor;

but such term does not include the normal flow of benefits from the performance of the contract.

(2) The terms "offeror" and "contractor" include—

(A) a chief executive or director of the offeror or contractor, to the extent that such executive or director will or does become substantially involved in the performance of a contract entered into with an agency; and

(B) a consultant or subcontractor proposed to be used by the offeror or contractor in the performance of a contract entered into with an agency in any case in which such consultant or subcontractor may be performing services similar to the services provided by the offeror or contractor.

(c)(1) Whenever an offeror submits to any agency a proposal for a contract for consulting services, management and professional services, or a special study or analysis, the offeror shall include with such proposal—

(A) a statement which discloses all relevant facts relating to an existing or potential organizational conflict of interest concerning the contract; or

(B) a statement certifying, to the best knowledge and belief of such offeror, that no relevant facts exist relating to such an existing or potential organizational conflict of interest.

(2) Any consultant or subcontractor which any such offeror proposes to use in the performance of a contract described in paragraph (1) shall also submit a statement containing the information required by paragraph (1) to the agency receiving the proposal.

(3) In any case in which a contract described in paragraph (1) has been entered into by an agency and a modification of the contract becomes necessary, the contractor and any consultant or subcontractor used by the offeror in the performance of the contract shall submit to the agency—

(A) the same type of statement with respect to such modification as required by paragraph (1) with respect to a contract; or

(B) a revision of any statement submitted under paragraph (1) which relates to any potential organizational conflict of interest concerning such modification.

(4) Each contractor, consultant, and subcontractor which has submitted a statement under this subsection shall submit, on a timely basis, revisions of such statement as may be necessary to clearly and accurately reflect any changes in circumstances relating to an existing or potential organizational conflict of interest arising after the statement was made or last revised.

(d) The head of each agency to which this section applies shall establish or designate an office to administer the provisions of this section with respect to contract proposals and contracts of the agency. The head of each such office shall evaluate each statement received pursuant to subsection (c) to determine whether an organizational conflict of interest or the appearance of such a conflict exists with respect to the contract for which the statement is submitted. In making such evaluation, the head of such office shall—

(1) consider whether—

(A) the offeror, contractor, consultant, or subcontractor has conflicting roles or interests which might bias the judgment of the offeror, contractor, consultant, or subcontractor concerning the work to be performed pursuant to the contract; or

(B) the offeror or contractor will have an unfair advantage in the performance of the contract; and

(2) pay particular attention to proposed contractual requirements which call for the provision of advise, evaluation, or other actions which will have a direct effect on future decisions of the agency relating to contracts, procurement, research and development programs, production, or regulatory activities.

(e) Whenever the head of an office established or designated under subsection (d) determines that an organizational conflict of interest or that the appearance of such a conflict exists with respect to a contract for consulting services, management and professional services, or a special study or analysis, or a proposal for such a contract, he shall transmit a notice of his determination to the offeror or contractor involved. Within 10 days after the receipt of such notice, the offeror or contractor may transmit written comments to the head of the office concerning the determination or may transmit such comments to the head of the agency with a request that the head of the agency review such determination. Within 30 days after receiving such a request, the head of the agency shall review the determination of the head of the office and shall issue a written decision. In conducting such review, the head of the agency may request the offeror or contractor to provide additional information concerning the issues involved. The head of the agency shall transmit a copy of his

decision under this subsection to the offeror or contractor and the head of the office.

(f) If, prior to the award of a contract for consulting services, management or professional services, or a special study or analysis, the head of the office determines that an organizational conflict of interest or the appearance of such a conflict exists with respect to the contract, and such determination is not reversed by the head of the agency—

(1) the agency shall disqualify the offeror from eligibility for award of the contract or, in the case of an organizational conflict of interest or the appearance of such a conflict involving a consultant or subcontractor proposed to be used by the offeror in the performance of the contract, shall prohibit the offeror from using the services of such consultant or subcontractor;

(2) the agency shall include in the contract awarded to the offeror such conditions as the agency determines would avoid an organizational conflict of interest or the appearance of such a conflict involving such offeror or any consultant or subcontractor; or

(3) in any case in which the agency determines that—

(A) the facts and circumstances surrounding the contract necessitate immediate action; and

(B) the agency is unable to obtain the services to be performed pursuant to the contract from any other person other than the offeror, consultant, or subcontractor involved in the organizational conflict of interest or the appearance of such a conflict, the agency may award the contract to the offeror if the agency includes in the records maintained by the agency on the contract, makes available to the public, and transmits to each committee of the Senate and the House of Representatives having legislative jurisdiction over the agency, a complete statement of the relevant facts disclosed by the offeror, consultant, or subcontractor pursuant to subsection (c), or otherwise known or made available to the agency.

(g)(1) If, after the agency has entered into a contract for consulting services, management and professional services, or a special study or analysis, the head of an office established or designated in the agency under subsection (d) determines that an organizational conflict of interest or the appearance of such a conflict exists with respect to the contract, and such determination is not reversed by the head of the agency, the agency shall—

(A) terminate the contract; or

(B) in any case in which termination is not in the best interest of the Government, modify the contract to the extent necessary to prevent or mitigate to the greatest extent possible the conflict or the appearance of the conflict and include in the records maintained by the agency on the contract, make available to the public, and transmit to each committee of the Senate and the House of Representatives having legislative jurisdiction over the agency, a complete statement of the relevant facts determined to exist regarding the offeror, consultant, or subcontractor.

(2)(A) Except as provided in subparagraph (B), a contractor who has entered into a contract with an agency for consulting services, management and professional services, or a special study or analysis, or a consultant or a subcontractor to any such contractor shall have no claim against the United States for damages as a result of an action of an agency under paragraph (1) (other than a claim specified pursuant to a convenience clause in the contract), but such a contractor, consultant, or subcontractor may have a claim against the United States for compensation for work performed prior to such agency action.

(B) A contractor who has entered into a contract with an agency for consulting services, management and professional services or a special study or analysis, or a consultant or a subcontractor to any such contractor shall have no claim for compensation for work performed prior to an agency action under paragraph (1) if it is determined that such contractor's, consultant's or subcontractor's failure to completely disclose the relevant facts under subsection (b) precluded a determination of the existence of an organizational conflict of interest or the appearance of such a conflict involving such contractor, consultant, or subcontractor prior to the award of the contract.

(h) Two years after the effective date of this title, the Comptroller General of the United States, in conjunction with the Director of the Office of Management and Budget, shall commence an evaluation of the operations of the provisions of this section, and, within nine months after the commencement of such evaluation, shall prepare and transmit a report to the Congress concerning the result of such evaluation, including recommendations for the continuation, modification, or termination of such provisions.

BUDGET IDENTIFICATION AND JUSTIFICATION

SEC. 206. (a) The head of each agency shall include with the request for regular appropriations for each fiscal year submitted to the Director of the Office of Management and Budget pursuant to section 215 of the Budget and Accounting Act, 1921 (31 U.S.C. 23), an itemized statement of the amounts requested by the agency for procurement in such fiscal year. The statement shall identify such amounts according to the same subfunctional categories to be used by the President in the submission of the Budget for such fiscal year pursuant to section 201(a) of such Act (31 U.S.C. 11), and, within each such category, shall identify such amounts according to classifications for (1) procurement of consulting services, management and professional services, and special studies and analyses, and (2) all other procurement activities.

(b) The Budget transmitted by the President to the Congress for each fiscal year under section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11) shall set forth separately, within each subfunctional category used in such Budget, requests for new budget authority for, and estimates of outlays by, each agency for (1) procurement of consulting services, management and professional services, and special studies and analyses, and (2) all other procurement activities.

(c)(1) By April 1 of the fiscal year preceding the fiscal year for which the Budget is submitted pursuant to section 201(a) of the Budget and Accounting Act, 1921, the head of each agency shall prepare and transmit to the Committees on Appropriations of the Senate and the House of Representatives an analysis of each request for new budget authority and of the estimates of outlays included in such Budget for such agency pursuant to subsection (b) of this section and a statement justifying the need for each such request and estimate.

(2) Within sixty days after the President transmits to the Congress a revision of any request or estimate included in the Budget for any fiscal year pursuant to subsection (b), the head of the agency affected by such revision shall prepare and transmit to the Congress a modification of the analysis and statement required by paragraph (1) which reflects the revision made by the President.

FEDERAL PROCUREMENT DATA SYSTEM

SEC. 207. (a) The Administrator for Federal Procurement Policy shall establish a data system for the collection and dissemination of information regarding all contracts entered into by each agency. The system shall classify every contract or contract modification for an amount in excess of $10,000 as either for professional type services or for commercial and industrial type activities, and shall include for each such contract or contract modification—

(1) the name of the agency awarding the contract;

(2) an identification number or other designation for the contract or modification, as the case may be;

(3) the name of the contracting office of the agency which awarded the contract;

(4) the name of the contractor;

(5) whether the contractor is a small business or a minority business;

(6) the date on which the contract award or the modification was made;

(7) the city, county, State, or country in which the work under the contract will be performed;

(8) a brief description of the work to be performed under the contract;

(9) the total dollars payable by the Government under the contract;

(10) the estimated completion date of the contract;

(11) whether the contract was awarded through competitive or noncompetitive procedures;

(12) the type of contract, such as a cost reimbursement contract or fixed price contract; and

(13) if applicable, the negotiation authority used to award the contract under the provisions of section 2304(a) of title 10, United States Code, or section 302(c) of the Federal Property and Administrative Services Act of 1949.

(b)(1) Consistent with otherwise applicable law, the Administrator for Federal Procurement Policy shall make information within the system available, on request, to the Congress, the various agencies, and the public.

(2) The Administrator for Federal Procurement Policy shall prepare and transmit to the Congres quarterly and annual reports regarding the information maintained on each agency within the system.

(c) Each agency shall provide such information to the Administrator for Federal Procurement Policy as may be necessary to assure that the data concerning the agency in the system and in the reports under subsection (b)(2) is current, accurate, and complete.

PUBLIC AVAILABILITY

SEC. 208. (a)(1) Each agency shall compile and make available to the public a list of all contracts entered into by the agency during the 12-month period immediately preceding the month in which the list is prepared and a separate list of all contracts entered into by the agency for which performance has not been completed at the time of the preparation of such list. The lists shall be updated on a quarterly basis and shall include, for each such contract—

(A) the contract identification number assigned by the agency;

(B) the contractor's name;

(C) the date of award and the estimated completion date;

(D) the original and current amounts to be paid by the agency under the contract; and

(E) a brief description of the work to be performed.

(2) Every agency shall prepare and maintain a written statement justifying the need for each contract for consulting services, management and professional services, or a special study or analysis which is entered into by the agency. The statement shall include the name of the Government employee who authorized the award of the contract and the Government employee who is re-

sponsible for the administration of the contract.

(3) Each agency shall permit the public to inspect and make copies of the list prepared under paragraph (1) and the statements prepared under paragraph (2). The agency may make a reasonable charge for the costs of making such copies.

(b) (1) Except in any case in which the disclosure of a contract or any information therein is prohibited by law, and except in any case in which, for national security reasons, the terms of a contract are lawfully determined to be of a classified nature—

(A) all contracts shall be considered public information and shall be available to the public upon request; and

(B) the following information shall be available to the public for every contract for consulting services, management and professional services, or a special study or analysis:

(i) the name and qualifications of any personnel designated in the contract; and

(ii) the sole source justification if such contract was awarded on a sole source basis.

(2) Paragraph (1) does not require an agency to make technical proposals available to the public.

EXEMPTIONS

SEC. 209. Notwithstanding any other provision of this Act, contracts for consulting services, management and professional services, and special studies or analyses, and any data, reports, or other material pertaining thereto, which relate to sensitive foreign intelligence or foreign counterintelligence activities, which relate to sensitive law enforcement investigations, or which are classified under the national security classification system are exempt from the provisions of this title.

EFFECT ON OTHER LAW

SEC. 210. The provisions of this title shall supersede any statute enacted before the date of enactment of this Act to the extent such statute is inconsistent with the provisions of this title.

EFFECTIVE DATE

SEC. 211. The provisions of this title shall take effect one hundred and eighty days after the date of enactment of this Act.

CONSULTANT REFORM AND DISCLOSURE ACT OF 1981

MAJOR PROVISIONS

Clarifies the authority of agencies to appoint experts and consultants pursuant to title 5, section 3109 U.S.C. Requires that OPM assume a more active oversight and reporting role in relation to the use of appointments by agencies.

Defines consulting services, management and professional services, and special studies and analyses as the universe to which most provisions apply.

Requires the publication of all consulting services, management and professional service, and special study and analysis contracts in excess of $10,000 in the Commerce Business Daily prior to award. Also requires notification and justification of all subsequent modifications which increase the contract value by $25,000 to be sent to the respective Inspector General or comparable official.

Requires basic attribution information to be included in reports prepared pursuant to a consulting service, management and professional service, or special study contract and in agency-prepared reports which include substantial portions of such contractor-prepared reports.

Requires the evaluation of consulting, management and professional service, and special study and analysis contracts which exceed a value of $50,000. Special attention is focused on performance according to the terms of the contract and deviations from cost and time as specified in the original contract.

Organizational conflict of interest determinations are required which are to be applied on a test basis—for three years—at the Departments of Energy and Transportation, and the Environmental Protection Agency. Actual conflicts and appearances of conflict are addressed in regard to consulting, management and professional service, and special study and analysis contracts only. Where an adverse determination is made the contractor will have an appeal procedure.

Line item identification in the budget submitted by the President to Congress is required for consulting service, management and professional service, and special study and analysis procurement requests. Agencies will also be required to explain these requests in the budget justification process.

The Federal Procurement Data System is codified.

Agency contract listings for all contracts entered into within the preceding 12 months, and contracts which are active, are required to be maintained and be made available to the public for inspection. Such listing will be updated quarterly.

Written justifications for consulting service, management and professional service, and special study and analysis contracts are required to be maintained by the agencies and are to be made available to the public.

All contracts, unless classified for national security purposes, are to be considered public documents and thus available for inspection by the public unless disclosure is prohibited by law.

By Mr. GOLDWATER (for himself, Mr. PACKWOOD, Mr. SCHMITT, and Mr. PRESSLER):

S. 720. A bill entitled the "Public Telecommunications Act of 1981"; to the Committee on Commerce, Science, and Transportation.

PUBLIC TELECOMMUNICATIONS ACT OF 1981

● Mr. GOLDWATER. Mr. President, the bill I introduce today is entitled, the "Public Telecommunications Act of 1981." It provides a 3-year authorization for the Corporation for Public Broadcasting, beginning in 1984, and authorizes appropriations 2 years in advance of their use.

The Corporation for Public Broadcasting (CPB), a private, nonprofit corporation, was authorized to be established by Congress in 1967 to foster the growth and development of high-quality programing by public or noncommercial radio and television broadcasters. CPB also acts as a "heat shield" to protect the broadcaster from encroachments upon his first amendment freedoms.

In 1975, Congress agreed to appropriate funds for CPB 2 years in advance of their actual use to allow long-range program development, and an added measure of insulation from Federal control over or interference with program decisions. This bill retains the advance year mechanism as a reflection of the continued concern of its sponsors that the availability of Federal money not be used to influence public broadcasting.

The 1975 act also established a matching scheme, by which the amount of non-Federal support—fair market value of property and services—received by public broadcasters is matched by the Federal Government at a 2.5-to-1 ratio. In 1978 Congress reauthorized CPB for 3 years, retaining the matching scheme at a 2-to-1 ratio, and keeping the advanced appropriation cycle. The 1978 act also imposed greater administrative and social responsibilities, for example, establishment of volunteer service accounting procedures, community and program advisory boards, and oversight of equal employment performance of contractors.

The 1978 act authorized appropriations ceilings of $180 million for fiscal year 1981; $200 million for fiscal year 1982; and $220 million for fiscal year 1983.

Actual appropriations have been $162 million for fiscal year 1981; $172 million for fiscal year 1982; and $172 million for fiscal year 1983.

The Public Telecommunications Act of 1981 authorizes ceilings which reduce available dollars for public broadcasting through 1986. It also reflects our concern that the Federal role in public broadcasting can, and must be, reduced. As such, we recommend authorized levels as follows: $110 million for fiscal year 1984; $100 million for fiscal year 1985; and $100 million for fiscal year 1986.

The major features of this bill reflect an examination of the best way to: First, insure the needed insulation for the broadcaster; second, foster the continued excellence in programing we all enjoy; and third, target the Federal dollar to existing system needs.

MAJOR FEATURES OF THE PUBLIC TELECOMMUNICATIONS BILL

First. Needy stations: The bill develops a method of diverting the direct grant dollars from major market stations to those that are smaller.

Under the present law, each year CPB certifies to the Secretary of the Treasury an amount that equals the level of non-Federal support given in that year to public broadcasters. As described above, the Federal Government matches this amount 2 years later at a 2-to-1 ratio. This match mechanism serves as an incentive to increase community support for public broadcasters—encouraging them to become more self-sustaining. As a practical matter, however, the Federal appropriation has been less than that which the match would trigger.[1]

By statute, CPB takes a minimum of 50 percent of those Federal dollars, and give them to stations in the form of unrestricted grants. The grant amount received by a station is primarily a percentage of the non-Federal dollars raised. Thus, stations receive grants in direct proportion to their ability to raise money—not on the basis of need.[2]

Our bill recognizes that one of the most significant rationales for the match no longer exists; the Federal Government has not been, and will not be, in a position to make funds available under the ceilings proposed in the 1978 act. Community and other forms of non-Federal support have outdistanced the Federal commitment. Thus, our bill eliminates the match.

Under the matching formula, stations in major markets, for example, New

Footnotes at end of article.

York, Los Angeles, Boston, Chicago, and San Francisco, receive into the millions of dollars each year in direct, unrestricted CPB grants. For example, under current projections, New York's WNET will receive $4.9 million in fiscal year 1982 and Boston's WGBH, $2.6 million. Yet, KUAT in Tucson and KNME in Albuquerque will get $350,000 each. These amounts are based primarily on these stations' abilities to raise support from non-Federal sources.

This bill will limit station direct grants to $1 million, freeing up in excess of $6 million—under fiscal year 1984 projections at $110 million—for distribution to the less affluent stations.

The major market stations are not forsaken by the bill, however.[3] It recognizes that decreased Federal dollars should allow them greater freedom to engage in commercial ventures for increased support. Some stations are already involved in significant profitmaking activities. For example, some larger stations, among other things, lease equipment, provide film editing services, and distribute video tapes of programs—all for profit. A consortium of major market stations under Public Broadcasting Communications, Inc., publishes a program guide magazine, the Dial, which accepts advertisements. The bill does not prohibit this activity. In fact, in light of the fewer dollars available to them by this measure, it is essential that most existing restraints on a noncommercial broadcaster's commercial activities be lifted. For example, we strongly encourage the Federal Communications Commission to reexamine its rules and regulations regarding on-air sponsoring identification. Perhaps the time has come for some form of limited advertising for public broadcasting.

There is one caveat in the bill. If the Internal Revenue Service determines that income from any activity in any years is taxable as "unrelated business income," that is, inconsistent with a station's nonprofit status, the station is disqualified the following year from receiving direct CPB grants, but only to the extent of the income it reports. This meets some concerns that the Federal Government not subsidize blatant commercial activities.

Second. Eliminate CPB support for interconnection: The 1967 act authorized CPB to assist in the establishment of a system of interconnection to distribute programs to local stations. The Public Broadcasting Service (PBS) and National Public Radio (NPR) were privately chartered in the early 1970's to manage the physical and actual distribution of programs to local stations, using leased A.T. & T. land lines. By 1979, public television and radio became the first extensive broadcasting system in the world to switch from a system of landline distribution to interconnection by satellite. This relatively new interconnection system allows for the simultaneous distribution of multiple programs to a virtually unlimited complex of ground terminals. It provides the opportunity for the multiple and simultaneous distribution of diversified programs.

This satellite interconnection system was built, with Federal support, for $60 million. Under current fiscal year 1982 projections, CPB's support for PBS and NPR costs to operate the interconnection system exceeds $11 million.[4]

That system is now in place, and fully operational, with excess capacity. New technologies are providing other forms of program delivery, for example, cable, video cassettes, video disks, videotapes, multipoint distribution systems, and teletext. All of these methods of delivery will influence public telecommunications radically over the next 5 years, even without a curtailment of Federal support. The problem is that public broadcasting's supply of programs has been outpaced by the technology. There are delivery alternatives, but not enough programs to deliver.

Our bill reallocates the $11 million—assuming current fiscal year 1982 projections—to the production or acquisition of programs.

Third. Emphasize program support: The bill creates a supply of programing dollars that exceeds 90 percent of the Federal appropriation.

Federal support for public broadcasting has accounted for no more than 28 percent of total industry income in any recent fiscal year. Non-Federal support, spurred to some degree by the Federal financing matching scheme, shows good indications of being on steady increase. Non-Federal support increased by 11.3 percent in fiscal year 1979 and 12 9 percent in fiscal year 1980. State and local taxes constitute the largest income source for public broadcasting at 40.3 percent. Amounts from businesses and community subscribers showed significant gains in their proportional share of total contributions. Also noteworthy is the income from foundations, which increased both in actual dollars and as a percentage of the industry's total income. Thus, even if it is assumed that State and local tax based income will decrease, other forms of support, including greater entrepreneurial ventures by the industry, are clearly on an upward curve.

Most of the Federal dollars that go to stations directly—this does not include CPB contracts executed for the production of programs, research and development, or training—in unrestricted grants are used to cover general and administrative costs of operations.[5] The increasing non-Federal support and profitmaking ventures by public broadcasters along with greater delivery alternatives can all allow the Federal Government to more effectively target declining Federal dollars to the production of programs.

The general and administrative costs of stations can and should be borne by non-Federal support. More "local" support would increase the opportunity for greater community/local input into station operations. Thus, this bill provides that CPB's direct support of stations should be restricted to the production or acquisition of local or national programs. This direct support would be 50 percent of the CPB appropriation. Forty-five percent would be used by the Corporation to promote the production of programs for national, local, regional, or special audience distribution.[6] At the $110 million appropriations level, this would create a program fund for the system that would probably exceed $100 million. Under the current scheme, the fund devoted solely to programs is less than 25 percent of the Federal appropriation.

Fourth. Facilities: The public telecommunications facilities program provides grants for broadcast equipment and other telecommunications hardware to public broadcasting stations. The program is administered by the National Telecommunications and Information Administration—NTIA—of the Department of Commerce.

The facilities program has been authorized at $40 million each year, since fiscal year 1979, and extends through fiscal year 1981. It has been funded at almost half that level, $23.5 million in fiscal year 1981. About 75 percent of that amount goes to facilitate expansion of public radio and public television service into unserved or underserved areas, such as in the more sparsely populated Western States. Most of the remaining 25 percent are strengthening grants, which enhance the facilities of already existing stations.

Our bill will maintain expansion as a priority of the facilities program. This way, we hope that the almost 35 percent of the population now unserved by public radio will be wholly covered,[7] within a 3-year period. As such, the bill proposes ceilings of $16 million in fiscal year 1982, $11 million in fiscal year 1983, and $7 million in fiscal year 1984. At that time, the Congress will have another opportunity to reassess the population's coverage needs.

MISCELLANEOUS PROVISIONS

Under current law, the 15 CPB Board members are appointed by the President with the advice and consent of the Senate. As a costsaving measure, our bill reduces the number of Board members to seven, six of whom would be presidentially appointed. The seventh member would be the President of the Corporation, and Chairman of the Board—serving at the Board's pleasure. At no time would more than four members appointed by the President be of the same political party.

The bill does not require that CPB empanel an advisory board to evaluate its program decisions.

Repeals the provision that requires a noncommercial broadcaster to retain tapes of broadcasts of issues of public importance. This reflects a recent court decision on this provision. See, *Community Service Broadcasting* v. *FCC*, 593 F.2d 1102 (D.C. Cir. 1978). Noncommercial broadcasters that do not receive Federal dollars are relieved from the prohibition against editorializing or sup-

Footnotes at end of article.

porting or opposing any candidate for political office.

FOOTNOTES

[1] See the following table:

Request year	Base year	Non-Fed. support	Max. Fed. support	Auth. max	CPB app.
1981	1979	$429	$214	$180	$162
1982	1980	469	234	200	172
1983	1981	516	258	220	172
1984	1982	586	293	----------	----------

[2] We recognize that "need" is a relative term. A major market station has greater needs in relation to the large diverse community it serves. These larger communities, however, have an equally large number of resources to which a station can appeal for support.

[3] In eight of twelve major markets, the amount of CPB basic grant constitutes less than 10 percent of the station's annual budget.

[4] Before 1980, CPB covered the full interconnection cost. Since that time, CPB has supported only 50 percent of the costs of television interconnection. The other half is borne by the television stations. This reflects some desire and ability of the stations to shoulder more of the interconnection burden.

[5] It can be demonstrated that over 80 percent of radio and TV CSG's are used to cover operational expenses. Radio personnel expenses, however, are more directly related to program production than those for television.

[6] A small amount of these funds retained by CPB would be used to cover the cost of further engineering and educational research. The Corporation would also be directed to continue its highly effective and successful projects (e.g. training) for enhancing the roles of women and minorities in the industry. The bill retains a 5 percent cap on CPB's administrative expenses.

[7] Over 90 percent of the U.S. population is served by public television. So, as a practical matter, the facilities program would make public radio the focus of its attention.

Mr. President, I ask that at this point the bill be placed, in its entirety in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 720

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Telecommunications Act of 1981".

SEC. 2. (a) Section 396(a) of the Communications Act of 1934 is amended to read as follows:

"Subpart C—Corporation for Public Broadcasting

"DECLARATION OF POLICY

"SEC. 396. (a) The Congress hereby finds and declares that—

"(1) it is in the public interest to encourage the growth and development of public audio and video programs, however delivered. Such services may include those that may promote instructional, educational, and cultural ends;

"(2) expansion and development of diversified public audio and video programs depend on freedom, imagination, and initiative on both local and national levels;

"(3) the encouragement and support of public audio and video programs, while matters of importance for private and local development, are also of appropriate and important concern to the Federal Government;

"(4) it furthers the general welfare to encourage public audio and video program services which will be responsive to the interests of people both in particular localities and throughout the United States, and which will constitute an expression of diversity and excellence;

"(5) it is necessary and appropriate for the Federal Government to complement, assist, and support a national policy that will most effectively make public audio and video programs available to all citizens of the United States; and

"(6) the Corporation for Public Broadcasting created pursuant to the Public Broadcasting Act of 1967, as amended, is the appropriate entity to facilitate the development of public audio and video programs, and to afford maximum protection from extraneous interference and control.".

(b) Subsection (c) of section 396 of such Act is amended to read as follows:

"BOARD OF DIRECTORS

"(c)(1) The Corporation for Public Broadcasting shall have a Board of Directors (hereinafter in this section referred to as the 'Board'), consisting of the President of the Corporation and six members appointed by the President, by and with the advice and consent of the Senate. No more than four members of the Board appointed by the President may be members of the same political party. The President of the Corporation shall serve as the Chairman of the Board.

"(2) The six members of the Board appointed by the President (A) shall be selected from among citizens of the United States (not regular full-time employees of the United States) and who are eminent in such fields as education, cultural and civic affairs, or the arts, including radio and television; (B) shall be selected so as to provide as nearly as practicable a broad representation of various regions of the country, various professions and occupations, and various kinds of talent and experience appropriate to the functions and responsibilities of the Corporation.

"(3) The members of the initial Board of Directors shall serve as incorporators and shall take whatever actions are necessary to establish the Corporation under the District of Columbia Nonprofit Corporation Act.

"(4) The term of office of each member of the Board appointed by the President shall be five years; except that (A) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and (B) any term that shall be expired on the date of enactment of the Public Telecommunications Act of 1981 shall not be filled, and all other such expired terms occurring subsequent to enactment shall not be filled until the number of members of the Board appointed by the President has been reduced to less than six. No member shall be eligible to serve in excess of two consecutive terms of five years each.

"(5) Any vacancy in the Board shall not affect its power, but shall be filled in the manner consistent with this Act.

"(6) Meetings of the Board shall be held in Washington, D.C.".

(c) Subsection (d) of section 396 of such Act is amended to read as follows:

"Election of the Vice Chairman; Compensation

"(d)(1) Members of the Board shall annually elect one or more of their members as a Vice Chairman or Vice Chairmen.

"(2) The members of the Board shall not, by reason of such membership, be deemed to be officers or employees of the United States. They shall, while attending meetings of the Board or while engaged in duties related to such meetings or other activities of the Board pursuant to this subpart be entitled to receive compensation at the rate of $150 per day including traveltime. Such compensation shall be paid only when such meetings or activities of the Board take place outside the Board member's State of residence. No Board member shall receive compensation of more than $10,000 in any one fiscal year. While away from their homes or regular places of business, Board members shall be allowed travel and actual reasonable and necessary expenses.".

(d) Subsection (e)(1) of section 396 of such Act is amended by—

(1) striking "the Chairman and any" and substituting "a"; and

(2) striking "from any source other than the Corporation during the period of" and substituting "for services rendered during".

(e) Subsection (g) of section 396 of such Act is amended to read as follows:

"Purposes and Activities of Corporation

"(g)(1) In order to achieve the objectives and to carry out the purposes of this subpart, as set out in subsection (a), the Corporation is authorized to—

"(A) facilitate the availability to all the people of the United States of public audio and video programs of high quality, diversity, creativity, excellence, and innovation, which are obtained from diverse sources, and made available through public telecommunications entities or through other entities on a noncommercial, nonprofit or sustaining basis. The Corporation shall carry out the objectives of this subpart with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature; and

"(B) carry out its purposes and functions and engage in its activities in ways that will most effectively assure the maximum freedom of the public telecommunications entities and systems from interference with, or control of, program content or other activities.

"(2) In order to carry out the purposes set forth in subsection (a), the Corporation is authorized to—

"(A) obtain grants from and make contracts with individuals and with private, State, and Federal agencies, organizations, and institutions;

"(B) contract with or make grants to public telecommunications entities, and independent producers and production entities, for the production or acquisition of public audio and video programs to be made available for use by public telecommunications entities or other entities on a noncommercial, nonprofit or sustaining basis;

"(C) establish and maintain, or contribute to, a library and archives of public audio and video programs and related materials and develop public awareness of, and disseminate information about, public audio and video programs by various means, including the publication of a journal;

"(D) hire or accept the voluntary services of consultants, experts, advisory boards, and panels to aid the Corporation in carrying out the purposes of this subpart, and the purposes set forth in subsection (a);

"(E) conduct (directly or through grants or contracts) research, demonstrations, or training in matters related to public television or radio broadcasting and the use of nonbroadcast communications technologies for the dissemination of noncommercial educational and cultural television or radio programs; and

"(F) take such other actions as may be necessary to accomplish the purposes of this subpart and the purposes set forth in subsection (a).

Nothing contained in this paragraph shall be be construed to commit the Federal Government to provide any sums for the payment of any obligation of the Corporation which

exceeds amounts providing in advance in appropriation Acts.

"(3) To carry out the foregoing purposes and engage in the foregoing activities, the Corporation shall have the usual powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29-1001), except that the Corporation is prohibited from—

"(A) owning or operating any television or radio broadcast station, system, or network, community antenna television system, interconnection system or facility, program production facility, or any public telecommunications entity, system, or network; and

"(B) producing audio and video programs, or scheduling their electronic dissemination to the public via broadcast or cable technologies.

"(4) All meetings of the Board of Directors of the Corporation, including any committee of the Board, shall be open to the public under such terms, conditions, and exceptions as are set forth in subsection (k)(4).".

(f) Paragraph (2) of subsection (h) of section 396 of such Act is amended to read as follows:

"(2) Subject to such terms and conditions as may be established by public telecommunications entities receiving space satellite interconnection facilities or services purchased or arranged for in whole or in part with funds made available pursuant to this Act, other public telecommunications entities shall have reasonable access to such facilities or services for the distribution of public audio and video programs to public telecommunications entities. Any remaining capacity shall be made available to other persons for the transmission of public audio and video programs at a charge or charges comparable to the charge or charges, if any, imposed upon a public telecommunications entity for the distribution of public audio and video programs to public telecommunications entities. No such person shall be denied such access whenever sufficient capacity is available.".

(g) Subsection (k) of section 396 of such Act is amended to read as follows:

"Financing; Open Meetings and Financial Records

"(k)(1)(A) There are authorized to be appropriated for operations of the Corporation pursuant to this subpart $110,000,000 for the fiscal year 1984, $100,000,000 for the fiscal year 1985, and $100,000,000 for the fiscal year 1986.

"(B) Funds appropriated under this subsection shall remain available until expended.

"(2)(A) The funds authorized to be appropriated by this subsection shall be used by the Corporation, in a prudent and financially responsible manner, solely for its grants, contracts, and administrative costs, except that the Corporation may not use any funds appropriated under this subpart for purposes of conducting any reception, or providing any other entertainment, for any officer or employee of the Federal Government or any State or local government.

"(B) Funds appropriated and made available under this subsection shall be disbursed by the Secretary of the Treasury on a quarterly basis, in such amounts as the Corporation certifies to the Secretary will be necessary to meet its financial obligations in the succeeding quarter.

"(3)(A) The Corporation shall reserve for distribution among the licensees and permittees of public television and radio stations an amount equal to 50 percent of such funds in each fiscal year.

"(B)(i) The Corporation shall establish an annual budget of its Federal appropriations according to which it shall make grants and contracts for production of public audio and video programs by independent producers and production entities and public telecommunications entities, for acquisition of such programs by public telecommunications entities, for distribution of funds among public telecommunications entities, for engineering and program-related research, and for promotion of training and other projects designed to increase and enhance the role of minorities and women in public telecommunications.

"(ii) All funds contained in the annual budget of the Federal appropriations established by the Corporation under clause (i) shall be distributed to entities outside the Corporation and shall not be used for the general administrative costs of the Corporation, the salaries or related expenses of Corporation personnel and members of the Board, or for expenses of consultants and advisers to the Corporation.

"(iii) During each of the fiscal years 1981, 1982, 1983, 1984, 1985, and 1986 the annual budget established by the Corporation under clause (i) shall consist of not less than 95 percent of the funds made available by the Secretary of the Treasury to the Corporation pursuant to paragraph (2)(A).

"(C) In fiscal years 1981, 1984, 1985, and 1986, the Corporation may expend an amount equal to not more than 5 percent of the funds made available by the Secretary of the Treasury during such fiscal year pursuant to paragraph (2)(A) for those activities authorized under subsection (c)(2) which are not among those grant activities described in subparagraph (B).

"(4) Funds may not be distributed pursuant to this subsection to the Public Broadcasting Service or National Public Radio (or any successor organization), or to the licensee or permittee of any public broadcast station, unless the governing body of any such organization, any committee of such governing body, or any advisory body of any such organization, holds open meetings preceded by reasonable notice to the public. All persons shall be permitted to attend any meeting of the board, or any such committee or body, and no person shall be required, as a condition to attendance at any such meeting, to register such person's name or to provide any other information. Nothing contained in this paragraph shall be construed to prevent any such board, committee, or body from holding closed sessions to consider matters relating to individual employees, proprietary information, litigation and other matters requiring the confidential advice of counsel, commercial or financial information obtained from a person on a privileged or confidential basis, or the purchase of property or services whenever the premature exposure of such purchase would compromise the business interests of any such organization. If any such meeting is closed pursuant to the provision of this paragraph, the organization involved shall thereafter (within a reasonable period of time) make available to the public a written statement containing an explanation of the reasons for closing the meeting.

"(5) Funds may not be distributed pursuant to this subsection to any public telecommunications entity that does not maintain for public examination copies of the annual financial and audit reports, or other information regarding finances, submitted to the Corporation pursuant to subsection (l)(3)(B).

"(6)(A) The Corporation, in consultation with public television and radio licenses, shall review annually the criteria and conditions regarding the division and distribution of funds reserved pursuant to paragraph (3)(A) among public television and radio stations.

"(B) The funds reserved for public broadcast stations pursuant to paragraph (3)(A) shall be divided into two portions, one to be distributed among radio stations and one to be distributed among television stations. Except as provided in paragraph (8), the Corporation shall make a basic program grant from the portion reserved for television stations to each licensee and permittee of a public television station that is on the air. The balance of the portion reserved for television stations and the total portion reserved for radio stations shall be distributed to licensees and permittees of such stations in accordance with eligibility criteria that promote the public interest in public audio and video programs, and on the basis of a formula designed to—

"(i) provide for the programing needs and requirements of stations in relation to the communities and audiences such stations undertake to serve; and

"(ii) except as provided in paragraph (8), assure that each eligible licensee and permittee of a public radio station receives a basic program grant.

"(7) The funds distributed pursuant to paragraph (3)(A) may be used at the discretion of the recipient for purposes related exclusively to the production or acquisition of public audio or video programs.

"(8) Funds distributed pursuant to this subpart to any public telecommunications entity which during any fiscal year has filed or was required to file a return with the Internal Revenue Service declaring unrelated business income related to station operations under section 501 of the Internal Revenue Code, shall refund to the Corporation an amount equal to the amount of unrelated income as stated in such filed return.

"(9) Notwithstanding any provisions of this subpart, no basic program grant to any public television or radio station shall exceed the sum of $1,000,000.".

(h) Subparagraph (B) of subsection (l)(3) of section 369 of such Act is amended by—

(1) striking "an annual" and substituting "a biannual" in clause (ii); and

(2) striking "annually" and substituting "biannually" in clause (iii).

SEC. 3. Section 397 of the Communications Act of 1934 is amended by—

(1) striking paragraph (9);

(2) redesignating paragraph (10) as paragraph (9);

(3) inserting after paragraph (9) (as redesignated by paragraph (2) of this subsection) the following:

"(10) The term 'public audio and video programs' means programs licensed, distributed, and disseminated on a noncommercial, nonprofit, or sustaining basis."; and

(4) striking "Health, Education, and Welfare" and substituting "Health and Human Services" in paragraph (15).

SEC. 4. Section 398(b)(3) of the Communications Act of 1934 is amended by—

(1) striking "any information which the Corporation may require to satisfy itself that such" and substituting "such information as will demonstrate that the" in subparagraph (A);

(2) striking "requirements" and substituting "provision" in subparagraph (A);

(3) striking the last sentence in subparagraph (A) and substituting: "The Secretary shall instruct the Corporation as to the type of information that the Corporation shall require that is probative of the issue of compliance with equal opportunity standards.";

(4) striking "is not satisfied that any such person is" and substituting "has reason to believe that any such person is not" in subparagraph (B);

(5) striking "in employment" the first time it appears in subparagraph (B); and

(6) striking the last sentence of subparagraph (B).

SEC. 5. Section 399 of the Communications Act of 1934 is amended by—

(1) striking "; RECORDINGS OF CERTAIN PROGRAMS" in the heading thereof; and

(2) inserting "that receives a basic grant pursuant to this Act," after "station" in subsection (a).

SEC. 6. Section 399(b) of the Communications Act of 1934 is repealed.

SEC. 7. Section 391 of the Communications Act of 1934 is amended by inserting "and $16,000,000 for the fiscal year 1982, $11,000,000 for the fiscal year 1983, and $7,000,000 for the fiscal year 1984," after "1981,".

SEC. 8. (a) Except as provided in subsection (b) the amendments made by this Act shall take effect October 1, 1983.

(b) The amendments made by subsections (b), (c), and (d), of section 2, paragraph (4) of section 3, and sections 4, 5, 6 and 7 shall take effect on the date of enactment of this Act.●

By Mr. HUMPHREY:

S. 721. A bill to prohibit the imposition of any tax by a State on the income derived by any individual from services performed at the Portsmouth Naval Shipyard if such individual is not a resident or domiciliary of the State in which such shipyard is located; to the Committee on Finance.

PROHIBITION OF STATE TAX ON NONRESIDENT WORKERS AT PORTSMOUTH NAVAL SHIPYARD

● Mr. HUMPHREY. Mr. President, today I am introducing a bill to correct a continuing injustice to New Hampshire residents.

Since 1969, the State of Maine has required several thousand New Hampshire citizens, working at the Portsmouth Naval Shipyard, to pay a State income tax. The shipyard is a U.S. Navy installation located on the Maine-New Hampshire border. As Federal property, the U.S. Government maintains its access roads, provides security, and offers those services which the State would otherwise provide. Clearly, neither the yard nor its employees burden the State, yet its New Hampshire employees are, nonetheless, subject to Maine's income tax.

Nearly 4,000 residents of New Hampshire are today employed at the Portsmouth Naval Shipyard. New Hampshire, by a clear margin, contributes the largest State share of workers to the yard and they take home almost half of the yard's payroll of $150,000,000. New Hampshire can be proud of its many sons and daughters that have helped to build 134 submarines at Portsmouth since 1917 and set a record for the number of submarines built in a shipyard in a single year. The people of New Hampshire were a vital force in the creation of the Portsmouth Naval Shipyard, and they continue to play a dynamic role in the operation of what is one of the Nation's finest shipyards.

Jurisdictional disputes concerning the property in which the Portsmouth Naval Shipyard is sited date back to the early 19th century. The confusion caused by having the shipyard claimed by the State of Maine while it is named after the adjacent New Hampshire city underscores the problem presented by the levying of this tax. The Portsmouth Naval Shipyard's land access is from the State of Maine, but its vessels reach the sea by navigating New Hampshire waters. Certainly, there are grounds to question the validity of this tax.

Few people like to pay an income tax. Families across America suffer with high taxes. Yet the need, indeed the duty, to support the Government financially is not in question here. The issue I raise is whether a State should be able to levy an unjust, inconsistent income tax on nonresidents employed at the Portsmouth Naval Shipyard. I maintain it should not.

The Senate can redress this inequity by exercising the Federal Government's sovereign control over the Portsmouth Naval Shipyard. We can, and should, enact legislation to protect Portsmouth Shipyard employees from an income tax imposed by a State other than their own. I urge my colleagues to support this effort, to put an end to such unwarranted taxation.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 721

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 106(b) of title 4 of the United States Code is amended to read as follows:

"(b) Subsection (a) shall not apply with respect to income received during any period by any individual from transactions occurring, or services performed, at the Portsmouth Naval Shipyard if during such period such individual is not a resident or domiciliary of the State in which such shipyard is located.".

(b) The amendment made by subsection (a) shall apply with respect to income received from transactions occurring or services performed after December 31, 1980.●

By Mr. DOMENICI:

S. 722. A bill for the relief of Mrs. Ascenion M. Lujan, Noe Lujan, Sevedeo Lujan, Jr., Cordelia Lujan Lons, Antonioa Lujan, Venceslao Lujan, Marta Lujan, Felix Lujan, and Tovia Lujan; to the Committee on the Judiciary.

RELIEF OF SEVEDEO LUJAN FAMILY

● Mr. DOMENICI. Mr. President, I am again introducing legislation to provide relief for the Sevedeo Lujan family. This private bill will correct the longstanding inadequacies of relief originally extended to the Lujan family following the tragic death of Sevedeo Lujan in an explosion accident at Los Alamos National Laboratories in 1959.

The troubling circumstances of the original settlement with the Lujan family raises serious doubt that the needs of the family were justly and adequately met. Mrs. Lujan was subjected to a settlement with adjusters and lab representatives without the benefit of an interpreter or counsel. This mother of five children was left to represent the needs of her family even though, for all practical purposes, she could not read or write English. I also understand that the family was never informed of the details of the accident because of its top secret classification.

The legislation I introduce today would allow a determination to be made whether the family is equitably entitled to additional compensation and, if so, the amount of such compensation. This bill will finally provide for an equitable examination of this tragic and most unfortunate case.●

By Mr. TOWER (for himself and Mr. BENTSEN):

S. 723. A bill to amend the Clean Air Act with respect to the prevention and control of air pollution in border areas of the United States and countries contiguous to the United States; to the Committee on Foreign Relations.

PREVENTING AND CONTROLLING AIR POLLUTION IN BORDER AREAS OF THE UNITED STATES

● Mr. TOWER. Mr. President, in November 1977, the city of El Paso, Tex., in conjunction with the Texas Air Control Board and the Texas Attorney General's Office, conducted an International Air Pollution meeting in El Paso. Officials of the Republic of Mexico and the U.S. Environmental Protection Agency participated in those discussions, as did staff members from my office and that of my distinguished colleagues from Texas, Senator LLOYD BENTSEN and Representative RICHARD WHITE of El Paso.

Issues discussed at that 1977 meeting focused on air pollution control matters of mutual interest and importance to Mexico and the United States. The States bordering Mexico in the Southwestern United States are extremely concerned about air pollution problems, particularly since our standards are, in most instances, more stringent than those prevailing in Mexico. As our cities strive to comply with ambient air quality standards resulting from the Clean Air Act Amendments of 1977, the situation experienced by the Southwestern border States is one which causes great concern.

Today I am introducing legislation designed to address some of the unique air pollution problems faced by the border States. Similar legislation has been introduced in the House of Representatives by Representative RICHARD WHITE.

My bill would encourage the President, acting through the Secretary of State, to take such actions as may be necessary to enter into treaties or other appropriate agreements with those countries whose borders are contiguous with ours for the purpose of preventing or controlling air pollution in these areas.

Under this bill, the EPA administrator would be directed to test air quality in the border areas and determine the percentage of pollutants emanating from foreign sources. Those pollutants determined to be from foreign sources would then be eliminated for the purposes of determining attainment or nonattainment of ambient quality standards in the region. Until those determinations are made, the border cities would be exempt from the current standards.

Finally, the EPA Administrator, in establishing ambient air quality standards, would be directed to take into account those unusual geographical and topographical conditions which directly or indirectly affect air quality. Such conditions include, for example, mountain ranges, stagnant air, and inversion layers.

Mr. President, this legislation is intended to address these unique border area air pollution problems in a reason-

able way, and I welcome my colleagues' support in this effort.

I ask unanimous consent that the text of my bill be included in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 723

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 115 of the Clean Air Act is amended by adding at the end thereof the following new subsection:

"(e) The President, acting through the Secretary of State, shall take such actions as may be necessary to enter into negotiations with countries contiguous to the United States for the purpose of—

"(1) preventing and controlling air pollution in border areas of the United States; and

"(2) reducing or eliminating air pollution which originates in such other countries and affects any area of the United States.

It is the sense of the Congress that the goals described in paragraphs (1) and (2) should be achieved as soon as feasible through treaties or other appropriate international agreements and diplomatic actions.".

SEC. 2. Section 109 of the Clean Air Act is amended by adding at the end thereof the following new subsections:

"(e) In carrying out the provisions of this Act, the Administrator, after testing the air quality control regions in border areas, shall determine the per centum of pollutants in each such region which results from foreign sources and shall eliminate such per centum for the purpose of determining attainment or nonattainment of ambient air quality standards in such region. Such testing shall be conducted not later than three months after the date of the enactment of this subsection. Effective on the date of the enactment of this subsection and until such determination is made with respect to any such region the provisions of this Act shall not apply in such region.

"(f) In implementing and enforcing the provisions of this Act relating to the attainment and nonattainment of ambient air quality standards in any air quality control region, the Administrator shall take into account the pollutants attributable to unusual topographical and geographical conditions, such as mountain ranges, stagnant air and inversion layers and other such conditions which may contribute to such attainment or nonattainment and shall adjust ambient air quality standards in each such region accordingly.".●

● Mr. BENTSEN. Mr. President, today I join with Senator TOWER to introduce legislation to amend the Clean Air Act with respect to prevention and control of air pollution in border areas of the United States and countries contigous to the United States. This legislation is designed to respond to a problem that is perhaps most prevalent in the area around El Paso, Tex. It is a problem that must be resolved on an international basis. El Paso, like other cities in the United States, is now attempting to comply with requirements of the Clean Air Act amendments passed by this Congress in 1970 and again in 1977. It is, however, constrained in the success of its effort as a result of pollutants generated outside our boundaries that are contributing to the ambient air quality of El Paso.

One element of this legislation would provide for the administration to undertake efforts to enter into treaties and other appropriate agreements with those countries contiguous to the United States for the purpose of preventing and controlling air pollution in border areas. Mr. President, for areas near the border countries next to the United States to hope to have success in meeting the requirements that this country has mandated in attainment of ambient air quality standards we must have the participation of our neighbors. I believe this Government must participate in developing the conditions that will allow for the necessary cooperation between border communities on both sides of the border.●

By Mr. NICKLES (for himself and Mr. BOREN):

S. 724. A bill to remove certain lands from the Wichita Mountains Wildlife Refuge, Okla.; to the Committee on Environment and Public Works.

WICHITA WILDLIFE LEGISLATION

● Mr. NICKLES. Mr. President, I am introducing a bill today that will alleviate a problem in Oklahoma that should not be allowed to continue.

Near Lawton, Okla., is the Wichita Mountains Wildlife Refuge consisting of over 59,000 acres. This bill would remove 90 acres where an Easter sunrise service has been conducted for almost 50 years and place the acreage into the custody of the Wichita Mountains Easter Sunrise Service, Inc., a nonprofit organization.

The necessity for this legislation has arisen since objection has been made to religious activities being conducted in the Wichita Mountains Wildlife Refuge since it is Federal land. An organization has announced plans for legal action to remove the religious structures and forbid religious activity of any kind.

Oklahomans very much value the heritage of this annual pageant. Annually, over 15,000 people from all over the United States attend the service. More than 70,000 people have signed petitions to retain this section of the refuge which has become known as the "Holy City."

The Federal Government had a very active role in establishing the Easter sunrise service in the refuge. The WPA under President Franklin Delano Roosevelt constructed the buildings at the site. In the 1930's, Federal grants of $13,000 and $94,000 were made available for the pageant.

A local group, the Wichita Mountains Easter Sunrise Service Association, Inc., has had the responsibility since 1936 for maintaining and operating the "Holy City." The association would, under this bill, have title to the 90-acre tract with the caveat that ownership would return to the Federal Government at any time the lands are no longer used for public purposes. The site will be available for public recreational and cultural activities under the administration of the association.

Mr. President, this historical religious observance has great significance to the people of Oklahoma and the surrounding States. It has been demonstrated over a period of 44 years that the Wichita Mountains Easter Sunrise Service Association, Inc., is capable of operating and maintaining this site to the benefit of all Americans. Therefore, Mr. President, I urge early consideration by my colleagues to bring a sane and sensible solution to this dilemma.●

By Mr. WALLOP (for himself, Mr. GARN, Mr. SIMPSON, and Mr. MATSUNAGA):

S. 725. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of certain shale property for the purposes of the energy investment credit; to the Committee on Finance.

OIL SHALE TAX CREDIT

● Mr. WALLOP. Mr. President, today I am introducing legislation to broaden the definition of oil shale property eligible for the 10-percent energy investment tax credit. This legislation would allow shale oil equipment used in the hydrogenation or similar upgrading processes to be eligible for the 10-percent energy investment tax credit. This broadened definition of oil shale property is needed so that oil shale investments will receive full incentives from the Energy Tax Act of 1978, and receive equal treatment as compared to other alternative fuels.

Mr. President, oil shale is one of the few alternative fuels that can play a significant role in increasing domestic energy supplies over the decade. While technologies for other synthetic fuels are still on the drawing board, oil shale technologies are on the verge of going to commercial production in the next few years.

Under the import reduction program oil shale is to supply 400,000 barrels of production per day by 1990. Less than one-fourth of the feasible shale oil properties have been leased by the Federal Government, but the Department of Energy estimates that if all known shale properties under consideration were brought into development, production from shale oil could exceed 850,000 barrels per day by 1990.

Once oil shale production is begun, it promises a long future of secure domestic energy supplies. Mr. President, it is estimated that 600 billion barrels of oil are recoverable from the oil shale deposits of Colorado, Utah, and Wyoming. When this is compared to the 6.8-billion barrels of oil presently consumed annually in the United States, it can be seen that oil shale can help meet our energy needs well into the next century.

Mr. President, these optimistic projections of the role oil shale can play in our energy future will not change our energy situation until we provide the incentives required to get the oil shale industry into commercial production. This legislation will help provide needed incentives for the development of oil shale by giving oil shale property the full incentive originally intended under the Energy Tax Act of 1978.

The Energy Tax Act was enacted at the end of the 95th Congress to encourage new technologies and provide domestic energy alternatives to oil and gas. While the intent of the law was correct, the limitation placed on certain categories of expenditures have denied

needed incentives to oil shale technologies and created inequities in tax treatment between various alternative fuels.

Specificallly, the definition of "oil shale equipment" under section 48(1)(7) of the Internal Revenue Code is very limited. The definition excludes expenditures for equipment necessary to upgrade and treat shale oil before it can be refined.

Many people do not fully understand the nature of oil shales, and why upgrading is a crucial process in the production of marketable shale oil. Oil shales are underground sedimentary layers of finely grained rock which is rich in organic matter. The oil which can be extracted from this shale by in situ or above-ground retorting is called kerogen or shale oil. Many people mistakenly believe that the oil comes from the shale rock is a substitute for natural petroleum and can be utilized for refining.

In reality, the opposite is true. Shale oil or kerogen is a complex hydrocarbon which is removed from the shale rock primarily through heat treatment at about 900° Fahrenheit. At that stage, kerogen is unsuitable for direct use or immediate or direct processing in a refinery. It is a thick tar-like substance that will not flow in pipelines, that can solidify in a refinery, and that contains chemicals and elements that must be removed before refining so that they do not poison the refinery catalysts.

The necessary process by which the kerogen is upgraded is commonly called hydrogenation. It removes the impurities from the shale oil and makes it flow more easily. Upgrading processes require large equipment and property investments adding several dollars to the cost of a barrel of shale oil before it is suitable as a substitute for petroleum or use in a refinery. Approximately 40 percent of the cost to mine, retort, and prepare shale oil for use in a refinery can be attributed to the upgrading or hydrogenation process.

The prohibition on the use of the energy credit for such oil shale expenditures is not within the intent of the Energy Tax Act nor the treatment given for other alternative fuels. By comparison, a much larger percentage of expenditures for projects in coal gasification, liquefaction, solar, ocean thermal, wind, and biomass will qualify for the extra energy percentage.

There is no reason to provide full credit to synthetic fuels such as coal gasification or liquefaction, and deny incentives to the one alternative fuel that has potential of being commercially produced in meaningful quantities in this decade. This results in a substantial inequity for expenditures for shale oil. There is no logical policy reason to penalize oil shale production. On the contrary, a broad definition of oil shale property should be adopted so that expenditures made on an oil shale site to produce oil from shale rock will get the full benefit of the Energy Tax Act of 1978.

Mr. President, by broadening the definition of shale oil property, equipment used in hydrogenation or similar upgrading processes subsequent to retorting would be eligible for the 10-percent energy investment credit. It should be made clear that this legislation does not expand the definition of property to cover equipment used in refining shale oil.

The bill would have no budget impact or revenue loss until the mid 1980's. This is because the expenditures for upgrading facilities will normally come toward the end of the building of a shale oil facility. In the meantime, the credit for such property gives certainty and stability in planning long leadtime projects that must compete economically with conventional oil and gas fuels.

Mr. President, this legislation would carry out the intent of existing law and remove the inequity of expenditures for oil shale projects. The energy crisis in this country dictates that full tax benefits be given to the development of oil shale when that resource is one of the most promising near-term alternatives to foreign oil.

I urge my colleagues to act quickly to pass this needed legislation.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 725

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TREATMENT OF CERTAIN SHALE OIL PROPERTY AS ENERGY PROPERTY.

(a) IN GENERAL.—Paragraph (7) of section 48(1) of the Internal Revenue Code of 1954 (relating to energy property) is amended to read as follows:

"(7) SHALE OIL PROPERTY.—The term 'shale oil property' means property used—

"(A) in the mining of oil-bearing shale rock, or

"(B) in the production or extraction of oil from oil-bearing shale rock, including property used for hydrogenation (or for a similar process subsequent to retorting), but not including property used for refining.".

(b) CONFORMING AMENDMENT.—Clause (v) of section 48(1)(2)(A) of such Code (relating to definition of energy property) is amended by striking out "equipment" and inserting in lieu thereof "property".

SEC. 2. EFFECTIVE DATE.

The amendments made by section 1 shall apply to periods after December 31, 1980, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1954.●

By Mr. WEICKER:

S. 726. A bill to provide for the development and implementation of programs for children and youth camp safety; to the Committee on Labor and Human Resources.

CHILD AND YOUTH CAMP SAFETY ACT

● Mr. WEICKER. Mr. President, today I am pleased to introduce, along with my colleague Senator TSONGAS, the Children and Youth Camp Safety Act of 1981. For well over a decade my former colleague from Connecticut, Senator Ribicoff, and I have worked to provide protection for youngsters who attend our Nation's summer camps. We have pointed out that while 8 to 10 million boys and girls attend 10,000 summer camps each year, only 10 States have any type of agency responsible for monitoring camp conditions and operations. We have urged this body to pass legislation that establishes a Federal role in aiding States to develop camp health and safety standards. Unfortunately, no affirmative steps have yet been taken.

The remarkable truth is that the majority of States make no effort to safeguard our millions of camping youngsters by requiring that any minimum safety standards be met. The results of this inaction recur each summer: drownings, accidental shootings, blindings, and cripplings. To an alarming extent, these are the result of poorly trained camp staffs, many of whom are juveniles themselves, or delapidated facilities that are somehow thought adequate for camping youngsters under the guise of roughing it.

In March 1978 my constituent, Mitch Kurman of Westport, Conn., presented forceful testimony before the Senate Child and Human Development Subcommittee on the need for Federal camp safety legislation. Mitch lost his own son in a tragic camping accident in Maine and he has devoted many years to documenting camp accidents and unsafe camp conditions throughout the United States. He has aroused the conscience of many Americans and I commend him for his tireless efforts in behalf of meaningful camp safety standards.

The problem of inadequate safety standards has repeatedly been brought to the States attention. Yet the protection necessary to safeguard the health and well-being of our Nation's youth has not yet materialized. In an effort to prevent future deaths or accidents, this bill would provide for Federal financial and technical aid to States to encourage them to develop programs for implementing youth camp safety standards. Furthermore, this measure would insure that States and youth camps are not overburdened by unnecessary Federal regulations. It would essentially direct any Federal standard promulgated by the Office of Youth Camp Safety to the Congress for its approval within 60 days.

Now let us work expeditiously, Mr. President, to see that in this session of Congress prompt and favorable action will be taken to alleviate this persistent problem of camp accidents. Early passage will mean one less summer of disability or death due to preventable camping accidents.

Mr. President, I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 726

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Children and Youth Camp Safety Act".

STATEMENT OF PURPOSE

SEC. 2. (a) It is the purpose of this Act to protect and safeguard the health and well-being of the youth of the Nation attending day camps, residential camps, short-term group camps, travel camps, trip camps, primitive or outpost camps, and Federal recreational youth camps, by providing for establishment of Federal standards for safe operation of youth camps, to provide Federal financial and technical assistance to the States in order to encourage them to

develop programs and plans for implementing safety standards for youth camps, and to provide for the Federal implementation of safety standards for youth camps in States which do not implement such standards and for Federal recreational youth camps, thereby providing assurance to parents and interested citizens that youth camps and Federal recreational youth camps meet minimum safety standards.

(b) In order to protect and safeguard adequately the health and well-being of the children and youth of the Nation attending camps, it is the purpose of this Act that youth camp safety standards be applicable to intrastate as well as interstate youth camp operators.

CONGRESSIONAL INTENT REGARDING STATE INVOLVEMENT

SEC. 3. It is the intent of Congress that the State assume responsibility for the development and enforcement of effective youth camp safety standards. The Secretary shall provide, in addition to financial and technical assistance, consultative services necessary to assist in the development and implementation of State youth camp safety standards.

DEFINITIONS

SEC. 4. For purposes of this Act:

(1) The term "youth camp" means any residential camp, day camp, short-term group camp, troop camp, travel camp, trip camp, primitive or outpost camp, or Federal recreational youth camp located on private or public land, which—

(A) is conducted as a youth camp for the same ten or more campers under eighteen years of age:

(B) may include activities promoted or advertised as something other than a youth camp, but offers youth camp activities;

(C) may include any site or facility primarily designed for other purposes, such as, but not limited to, any school, playground, resort, or wilderness area; and

(D) may include any site or facility advertised as a camp for youth regardless of activities offered.

(2) The term "youth camp activities" includes, but is not limited to, such waterfront activities as swimming, diving, boating, lifesaving, canoeing, sailing, and skindiving; such other activities as archery, riflery, horseback riding, hiking, and mountain climbing, and other sports and athletics; and campcraft and nature study activities, under the auspices of a youth camp operator. The term does not include—

(A) the activities of a family and its guests carried out as a purely social activity;

(B) regularly scheduled meetings of voluntary organizations such as the Girl Scouts or Boy Scouts that do not involve camping experience;

(C) regularly scheduled athletic events that do not involve camping experience;

(D) bona fide extracurricular activities conducted under the auspices of the schools;

(E) learning experiences in the arts and drama or conferences of forums; and

(F) activities carried on in private homes.

(3) The term "permanent campsite" means a campground which is continuously or periodically used for camping purposes for a portion of a day by a youth camp operator, which may or may not include temporary or permanent structures and installed facilities.

(4) The term "residential camp" means a youth camp operating on a permanent campsite for four or more consecutive twenty-four-hour days.

(5) The term "day camp" means a youth camp operated on a permanent campsite for all or part of the day but less than twenty-four hours a day and which is conducted for at least five days during a two-week period, but does not include—

(A) swimming facilities operated by a public agency or by a private organization on a membership basis, except where that private organization utilizes such facilities as part of a youth camp;

(B) a day care center except where the center operates a day camp; or

(C) playgrounds and other recreational facilities provided for neighborhood use by local public agencies.

(6) The term "troop camp" means a youth camp which provides youth camp activities conducted for not less than twenty-four hours a day for organized groups of campers sponsored by a voluntary organization serving children and youth.

(7) The term "short-term group camp" means an organized camping activity of more than twenty-four but less than a ninety-six-hour period for groups, clubs, and troops of campers sponsored by an organization or person.

(8) The term "travel camp" means a youth camp which provides youth camp activities conducted for not less than twenty-four hours a day and which uses motorized transportation to move campers as a group from one site to another over a period of two or more days.

(9) The term "trip camp" means a youth camp which provides youth camp activities conducted for not less than twenty-four hours a day which moves campers under their own power or by a transportation mode permitting individual guidance of a vehicle or animal from one site to another.

(10) The term "primitive or outpost camp" means a portion of the permanent camp premises or other site, under the control of the youth camp operator at which the basic needs for camp operation, such as places of abode, water supply systems, and permanent toilet and cooking facilities are not usually provided.

(11) The term "Federal recreation camp" means a camp or campground which is operated by, or under contract with, a Federal agency to provide opportunities for recreational camping to campers.

(12) The term "camper" means any child under eighteen years of age, who is attending a youth camp or engaged in youth camp activities.

(13) The term "youth camp operator" means any private or public agency, organization, or person, and any individual, who operates, owns, or controls, a youth camp, whether such camp is operated for profit or not for profit.

(14) The term "youth camp staff" means any person or persons employed by a youth camp operator, whether for compensation or not, to supervise, direct, or control youth camp activities.

(15) The term "youth camp director" means the individual on the premises of any youth camp who has the primary responsibility for the administration of program operations and supportive services for such youth camp and for the supervision of the youth camp staff of such camp.

(16) The term "youth camp safety standards" means criteria issued by the Secretary designed to provide to each camper safe and healthful conditions, facilities, and equipment which are free from hazards that are causing, or are likely to cause, death, serious illness, or serious physical harm, including adequate supervision to prevent injury or accident, and safety instruction by properly qualified personnel, wherever or however such camp activities are conducted and with due consideration to the type of camp involved and to conditions existing in nature. The criteria shall address areas including—but not limited to—personnel qualifications for director and staff; ratio of staff to campers; sanitation and public health; personal health, first aid and medical services; food handling, mass feeding and cleanliness; water supply and waste disposal; water safety, including use of lakes and rivers, swimming and boating equipment and practices; firearms safety; vehicle condition and operation; building and site design; equipment; and condition and density of use.

(17) The term "Secretary" means the Secretary of Health and Human Services.

(18) The term "State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, the Virgin Islands, and the Trust Territories of the Pacific.

(19) The term "serious violation" means any violation in a youth camp if there is substantial probability that death or serious physical harm could result, unless the operator did not, and could not, with the exercise of reasonable diligence know of the presence of the violation.

(20) The term "consultative services" means (A) advice on the interpretation or applicability of the general duty under section 5, of the general duty under State law required by section 8(b)(2), or of youth camp safety standards, and (B) advice on the most effective methods of complying with such duties and such standards.

(21) The term "Director" means the Director of Youth Camp Safety established under section 6.

GENERAL DUTY

SEC. 5. Each youth camp operator shall provide to each camper—

(1) safe and healthful conditions, facilities, and equipment which are free from recognized hazards which cause, or are likely to cause, death, serious illness, or serious physical harm, and

(2) adequate and qualified instruction and supervision of youth camp activities at all times, wherever or however such youth camp activities are conducted and with due consideration existing in nature.

DIRECTOR OF YOUTH CAMP SAFETY

SEC. 6. (a) There is established in the office of the Secretary an Office of Youth Camp Safety which shall be headed by a Director of Youth Camp Safety. In the performance of his functions under this Act, the Director shall be directly responsible to the Secretary.

(b) The Director shall be appointed by the Secretary.

(c) The Director shall prepare and submit a report to the President and to the Congress, on or before January 1 of each year, on the activities carried out under this Act, including the statistics submitted to and compiled by the Director under section 11(c), and such report shall include the certification required under section 8(d).

PROMULGATION OF YOUTH CAMP SAFETY STANDARDS

SEC. 7. (a) The Director shall develop, with the approval of the Secretary, and shall by rule, promulgate, modify, or revoke youth camp safety standards. In developing such standards, the Director shall consult with the Federal Advisory Council on Youth Camp Safety established under section 15, with State officials, and with representatives of appropriate public and private organizations, and shall consider existing State regulations and standards, and standards developed by private organizations which are applicable to youth camp safety, and shall make such suitable distinctions in such standards as are necessary and appropriate in order to recognize the differences in conditions and operations among residential camps, day camps, short-term group camps, travel camps, trip camps, primitive or outpost camps, or Federal recreational youth camps. The Director shall promulgate the standards required by this section within one year after the effective day of this Act. Such standards shall take effect in each State at the completion of the first regular legislative session of such State which begins after the date on which such standards are promulgated.

(b) Notwithstanding any other provision of law, the Director shall, before promulgating any standard under subsection (a), or any rule or regulation under any other provision of this Act, transmit such proposed standard, rule, or regulation to each House of the Congress. No such proposed standard, rule, or regulation may take effect if either House of the Congress adopts a resolution, within sixty legislative days of continuous session of the Congress after such proposed standard, rule, or regulation is transmitted by the Director, which disapproves such proposed standard, rule, or regulation. Any such resolution shall void the proposed standard, rule, or regulation involved. The failure of either House of the Congress to adopt any such resolution shall not be considered to be an expression by the Congress that the standard, rule, or regulation involved is within the scope of authority delegated to the Director by this Act.

STATE JURISDICTION AND STATE PLANS

SEC. 8. (a) During the two-year period after the initial promulgation of Federal standards and annually thereafter any State which, at any time, desires to assume responsibility for development and enforcement of comprehensive youth camp safety standards applicable to youth camps in the State (other than Federal recreational youth camps operated by a Federal agency) shall submit a State plan for the development of such standards and their enforcement.

(b) The Director shall approve a plan submitted by a State under subsection (a), or any modification thereof, if the Director determines that such plan—

(1) designates a State agency as the agency responsible for administering the plan throughout the State,

(2) provides that each youth camp operator has the same general duty under State law as is provided under section 5,

(3) provides, after consultation with youth camp operators and other interested parties in the State, for adoption and enforcement of comprehensive youth camp safety standards which standards (and the enforcement of such standards) are or will be at least as effective in providing safe operation of youth camps in the State as the standards promulgated under section 7, and provides that where penalties are not employed as a method of enforcement of such standards, a system of licensing and loss of license is in effect which is at least as effective as penalties,

(4) provides for the enforcement of the standards developed under paragraph (3) in all youth camps in the State which are operated by the State or its political subdivisions,

(5) provides a procedure whereby the State agency may petition the appropriate State court to seek injunctive relief to restrain any conditions or practices in any youth camp or any place where camp activities are conducted which are such that a danger exists which would reasonably be expected to cause death or immediate serious physical harm, or before the imminence of such danger can be eliminated through the enforcement procedures otherwise provided by State law or regulation, which is at least as effective as that provided in section 13.

(6) provides for a procedure for the issuance of variances from standards developed under paragraph (3) upon application by a youth camp operator showing extraordinary circumstances or undue hardship, on terms and conditions at least as effective as that provided in section 14,

(7) provides for consultative services to youth camps in the State with respect to the general duty and comprehensive youth camp safety standards under such State plan,

(8) provides for an inspection of each such youth camp at least once a year during a period that camp is in operation,

(9) provides for a State youth camp advisory committee, to advise the State agency on the general policy involved in inspection and licensing procedures under the State plan, which committee shall include among its members representatives of other State agencies concerned with camping or programs related thereto; persons representative of professional or civic or other public or nonprofit private agencies, organizations, or groups concerned with organized camping; and members of the general public having a special interest in youth camps.

(10) provides for a right of entry and inspection of all such youth camps which is at least as effective as that provided in section 11,

(11) contains satisfactory assurances that such State agency has or will have the legal authority and qualified personnel necessary for the enforcement of such standards,

(12) gives satisfactory assurances that such State will devote adequate funds to the administration and enforcement of such standards,

(13) provides that such State will coordinate the inspection efforts of such State agency so that undue burdens are not placed on camp operators with multiple inspections,

(14) provides that such State agency will make such reports in such form and containing such information as the Director may reasonably require,

(15) provides assurances that State funds will be available to meet the portions of the cost of carrying out the plan which are not met by Federal funds, and

(16) provides such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting of funds received under this Act.

(c) The Director shall approve any State plan which meets the requirements of subsection (b), but shall not finally disapprove any such plan, or any modification thereof, without affording the State agency reasonable notice and an opportunity for a hearing.

(d)(1) The Director shall review annually each of the State plans which he has approved, and the enforcement thereof, and shall certify that each such plan is administered so as to comply with the provisions of such plan and any assurances contained therein, and report such certification to the Congress in the annual report required under section 6(c).

(2) Whenever the Director finds, after affording due notice and opportunity for a hearing, that in the administration of the State plan there is a failure to comply substantially with any provision of the State plan (or any assurance contained therein), and such failure would result in the failure to meet the standards developed by the Director under section 7, he shall (A) notify the State agency of his withdrawal of approval of such plan and upon receipt of such notice such plan shall cease to be in effect, but the State may retain jurisdiction in any case commenced before the withdrawal of the plan in order to enforce standards under the plan whenever the issues involved do not relate to the reasons for the withdrawal of the plan; and (B) shall notify such State agency that no further payments will be made to the State under this Act (or in his discretion, that further payments to the State will be limited to programs or portions of the State plan not affected by such failure), until he is satisfied that there will no longer be any failure to comply. Until he is so satisfied, no further payments may be made to such State under this Act (or payment shall be limited to programs or portions of the State plan not affected by such failure). Any such failure of a State to comply with any provision of the State plan shall not in any way impede any youth camp therein pending action by the Secretary under this section.

(e) The State may obtain a review of a decision of the Director withdrawing approval of or rejecting its plan by the United States court of appeals for the circuit in which the State is located by filing in such court within thirty days following receipt of notice of such decision a petition to modify or set aside in whole or in part the action of the Director. A copy of such petition shall forthwith be served upon the Director and thereupon the Director shall certify and file in the court the record upon which the decision complained of was issued as provided in section 2112 of title 28, United States Code. Unless the court finds that the Director's decision in rejecting a proposed State plan or withdrawing his approval of such plan is not supported by substantial evidence the court shall affirm the Director's decision. The judgment of the court shall be subject to review by the Supreme Court of the United States as provided in section 1254 of title 28, United States Code.

(f)(1) The Secretary, at the request of the Director, is authorized to make personnel from the Department of Health and Human Services who have the necessary expertise, available to States to assist in developing State plans, and in training State inspectors and other personnel associated with youth camps. The Director may call upon the expertise of organized camping groups for such assistance to Federal and State personnel.

(2) The Secretary, at the request of the Director, shall provide technical assistance and consultative services necessary to assist in the development and implementation of the plan.

GRANTS TO STATES

SEC. 9. (a) The Director shall make grants to the States—

(1) for the development of State youth camp safety plans in accordance with section 8;

(2) to carry out plans approved under section 8;

(3) to assist with plan initiation and training costs; and

(4) for the early operation and improvement of youth camp safety programs.

Any grant made under this section shall be based upon objective criteria which shall be established under regulations promulgated by the Secretary in order to insure equitable distribution. No such grant may exceed 80 per centum of the cost of developing and carrying out the State plan.

(b) Payments under this section may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of underpayments or overpayments.

CONSULTATIVE SERVICES AND ENFORCEMENT

SEC. 10. (a) Upon the request of any youth camp operator or director, or during any inspection under section 11(a), the Director shall provide consultative services to youth camps in States which do not have in effect a State plan approved under section 8. No citations shall be issued nor shall any civil penalties (except penalties for repeated violations under section 12(b)) be proposed by the Director upon any inspection or visit at which consultative services are rendered, but if, during such inspection or visit, an apparent serious violation of the duty imposed by section 5, of any standard, rule, or order provided pursuant to section 7, or of any regulations prescribed pursuant to this Act is discovered, the Director shall issue written notice to the youth camp operator describing with particularity the nature of the violation, and the action which must be taken within a reasonable period of time specified by the Director for the abatement of the violation. Where a youth camp operator fails to comply with the abatement instructions within the prescribed period, a citation may be issued as provided in subsection (b) or a

civil penalty under section 12 may be assessed. Nothing in this subsection shall affect in any manner any provision of this Act the purpose of which is to eliminate imminent dangers.

(b) The Director shall issue regulations and procedures providing for citations to youth camp operators in States which do not have in effect a State plan approved under section 8 for any violation of the duty imposed by section 5, of any standard, rule or order promulgated pursuant to section 7, or of any regulations prescribed pursuant to this Act. Each citation shall fix a reasonable time for abatement of the violation. The Director may prescribe procedures for the issuance of a notice in lieu of a citation with respect to minor violations which have no direct or immediate or serious relationship to safety or health.

(c) The Director shall afford an opportunity for a hearing in accordance with section 554 of title 5, United States Code, to any youth camp operator issued a citation under procedures promulgated pursuant to subsection (b) or subject to penalties under section 12, or under any other procedure applying enforcement by the Director under this Act. Any youth camp operator adversely affected by the decision of the Director after such hearing may obtain a review of such decision in the United States court of appeals for the circuit in which the youth camp in question is located or in which the youth camp has its principal office by filing in such court within thirty days following receipt of notice of such decision a petition to modify or set aside in whole or in part such decision. A copy of the petition shall forthwith be served upon the Director, and thereupon the Director shall certify and file in the court the record upon which the decision complained of was issued as provided in section 2112 of title 28, United States Code. Such decision, if supported by substantial evidence, shall be affirmed by the court. The judgment of the court shall be subject to review by the Supreme Court of the United States, as provided in section 1254 of title 28, United States Code.

INSPECTIONS, INVESTIGATIONS, AND RECORDS

SEC. 11. (a) In order to carry out his duties under this Act, the Director may enter and inspect any youth camp and its records in States which do not have in effect a State plan approved under section 8, may question employees privately, and may investigate facts, conditions, practices, or matters to the extent he deems it necessary or appropriate. The Director shall inspect each such youth camp at least once a year during the period the camp is in operation.

(b) In making his inspections and investigations under this Act the Director may require the attendance and testimony of witnesses and the production of evidence under oath. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. In case of a contumacy, failure, or refusal of any person to obey such an order, any district court of the United States, or the United States courts of any territory or possession, within the jurisdiction of which such person is found, or resides, or transacts business, upon the application by the Secretary, shall have jurisdiction to issue to such person an order requiring such person to appear to produce evidence if, as, and when so ordered, and to give testimony relating to the matter under investigation or in question, and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(c) To determine the areas in which safety standards are necessary and to aid in promulgating meaningful regulations, camps subject to the provisions of this Act shall be required to report annually, on the date prescribed by the Director, all accidents resulting in death, injury, and serious illness, other than minor injuries which require only first aid treatment, and which do not require the services of a physician, or involve loss of consciousness, restriction of activity or motion, or premature termination of the camper's term at the camp. Camps operating solely within a State which have in effect a State plan approved under section 8 shall file their reports directly with that State, and the State shall promptly forward such reports on to the Director. All other camps shall file their reports directly with the Director. The Director shall compile the statistics reported and include summaries thereof in his annual report required under section 6(c).

(d) Any information obtained by the Director, or his authorized representative, under this Act shall be obtained with a minimum burden upon the youth camp operator and with full protection of the rights of youth camp staff members. Unnecessary duplication of efforts in obtaining information shall be reduced to the maximum extent feasible.

(e) A representative of the youth camp staff director and a representative authorized by the youth camp staff shall be given an opportunity to accompany the Director or his authorized representative during the inspection. Where there is no authorized youth camp staff representative, the Director shall consult with a reasonable number of youth camp staff members concerning the matters of health and safety.

PENALTIES

SEC. 12. (a) Any youth camp operator who fails to correct a violation for which a citation has been issued under section 10(b) or for which a notice has been issued under section 10(a) within the period permitted for its correction may be assessed a civil penalty of not more than $500 for each day during which such failure or violation continues, until the camp closes in its normal course of business.

(b) Any youth camp operator who willfully or repeatedly violates the requirements of section 5, or any standard, rule, or order promulgated pursuant to section 7, or of any regulations prescribed pursuant to this Act may be assessed a civil penalty of up to $1,000 for each day during which such violation continues, until the camp closes in its normal course of business.

(c) Civil penalties assessed under this Act shall be paid to the Director for deposit into the Treasury of the United States and shall accrue to the United States and may be recovered in a civil action in the name of the United States brought in the United States district court for the district in which the violation is alleged to have occurred or in which the operator has his principal office.

PROCEDURES TO COUNTERACT IMMINENT DANGERS

SEC. 13. (a) The United States district courts shall have jurisdiction, upon petition of the Director, to restrain any conditions or practices in any youth camp, or in any place where camp activities are conducted in States which do not have in effect a State plan approved under section 8, which are such that a danger exists which could reasonably be expected to cause death or immediate serious physical harm or before the imminence of such danger can be eliminated through the enforcement procedures otherwise provided by this Act. Any order issued under this section may require such steps to be taken as may be necessary to avoid, correct, or remove such imminent danger and prohibit the presence of any individual in locations or under conditions where such imminent danger exists except individuals whose presence is necessary to avoid, correct, or remove such imminent danger.

(b) Upon the filing of any such petition, the district court shall have jurisdiction to grant such injunctive relief or temporary restraining order pending the outcome of an enforcement proceeding pursuant to this Act.

(c) Whenever and as soon as an inspector concludes that conditions or practices described in subsection (a) exist in any campsite or place of camp activity, he shall inform parents or guardians, camp owners, and camp supervisory personnel and shall assure that all affected campers are so informed of the danger and that he is recommending to the Director that relief be sought.

VARIANCES

SEC. 14. The Director, in States which do not have in effect a State plan approved under section 8, upon application by a youth camp operator showing extraordinary circumstances or undue hardship, and upon the determination by a field inspector, after inspection of the affected premises and facilities, that the conditions, practices, or activities proposed to be used are as safe and healthful as those which would prevail if the youth camp operator complied with the standard, may exempt such camp or activity from specific requirements of this Act, but the terms of such exemption shall require appropriate notice thereof to parents or other relatives of affected campers. Such notice shall be given at least annually. Nothing in this Act shall allow the operation of a substandard camp.

FEDERAL ADVISORY COUNCIL ON YOUTH CAMP SAFETY

SEC. 15. (a) The Director shall establish in the Department of Health and Human Services a Federal Advisory Council on Youth Camp Safety to advise and consult on policy matters relating to youth camp safety, particularly the promulgation of youth camp safety standards. The Council shall consist of the Director, who shall be chairman, and fifteen members appointed by him, without regard to the civil service laws, from persons who are specially qualified by experience and competence to render such service. The Council shall include one representative from the Department of the Interior, the Department of Health and Human Services, the Department of Agriculture and the Department of Labor. There shall be eight members appointed from appropriate associations representing organized camping. There shall be three members appointed from the general public who have a special interest in youth camps.

(b) The Director may appoint such special advisory and technical experts and consultants as may be necessary in carrying out the functions of the Council.

(c) Members of the Advisory Council, while serving on business of the Advisory Council, shall receive compensation at a rate to be fixed by the Director but not exceeding $100 per day; including traveltime; and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

ADMINISTRATION AND AUDIT

SEC. 16. (a) The Director is authorized to request directly from any department or agency of the Federal Government information, suggestions, estimates, and statistics needed to carry out his functions under this Act; and such department or agency is authorized to furnish such information, suggestions, estimates, and statistics directly to the Director.

(b) The Director shall prepare and submit to the President for transmittal to the Congress at least once in each fiscal year a comprehensive and detailed report on the administration of this Act.

(c) The Director and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of States receiving assistance under this Act.

NONINTERFERENCE

SEC. 17. (a) Nothing in this Act or regulations issued hereunder shall authorize the Director, a State agency, or any official acting under this Act, to prescribe, determine, or influence the curriculum, admissions policy, program, or ministry of any youth camp.

(b) Nothing in this Act or regulations issued hereunder shall be construed to control, limit, or interfere with either the religious affiliation of any camp, camper, or camp staff member, or the free exercise of religion of any youth camp which is operated by a church, association, or convention of churches, or their agencies.

(c) Nothing in this Act or regulations issued hereunder shall authorize the Director, a State aegncy, or any official acting under this Act, to require or authorize medical treatment for a person who objects (or, in the case of a child, whose parent or guardian objects) thereto on religious grounds; nor shall examination or immunization of such person be authorized or required except during an epidemic or threat of an epidemic of a contagious disease.

AUTHORIZATION

SEC. 18. There are authorized to be appropriated $7,500,000 for the fiscal year 1981, and for each of the four succeeding fiscal years, to carry out the provisions of this Act.

EFFECT ON EXISTING LAWS

SEC. 19. (a) Nothing in this Act shall be construed to supersede or to enlarge or diminish or affect in any other manner the common law or statutory rights, duties, or liabilities of youth camp operators and campers under any law with respect to injuries, diseases, or death of campers arising out of, or in the course of, participation in youth camp activities covered by this Act.

(b) Notwithstanding the provisions of this Act, no State law which provides youth camp health and safety standards equal to or superior to standards promulgated under the provisions of this Act shall be superseded by the provisions of this Act.●

By Mr. WILLIAMS:

S. 727. A bill to permit the Secretary of Defense to authorize officers and employees of the Department of Defense who provide police or security functions, including individuals employed pursuant to contract with the Department of Defense, to have the power of arrest on military facilities and installations, and for other purposes; to the Committee on Armed Services.

PEACE OFFICER STATUS FOR CIVILIAN EMPLOYEES OF THE DEPARTMENT OF DEFENSE

● Mr. WILLIAMS. Mr. President, I would just like to take a few minutes to bring to the attention of my colleagues a problem which has escalated due to the Army's increased use of civilian employees to perform duties previously handled by military personnel.

Although the military police have traditionally handled all law enforcement and security functions on military installations, the Defense Department presently employs a number of civilians in a law enforcement capacity. These civilians perform all of the functions formerly handled by the military police; however, they possess no arrest powers beyond those of an ordinary citizen's arrest. Unfortunately, this situation has seriously undermined both the morale of the employees, whose lack of status as peace officers leaves them vulnerable to legal action on the grounds of false arrest and their effectiveness, since the people with whom these employees deal are well aware of their lack of warrantless arrest powers.

The Department of Defense feels it necessary to have explicit legal authority before it can grant these civilian employees arrest powers. Therefore, I am reintroducing legislation to permit the Secretary of Defense to grant arrest powers to civilian employees who perform law enforcement or security functions on military facilities and installations.

At this time, Mr. President, I ask that the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 727

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, the Secretary of Defense is authorized to invest officers and employees of the Department of Defense, including individuals employed pursuant to a contract, who provide police or security services to the Department of Defense, with the power to arrest individuals on military facilities and installations.●

By Mr. KENNEDY (for himself, Mr. TSONGAS, Mr. LEAHY, and Mr. LEVIN):

S. 728. A bill to amend the Foreign Assistance Act of 1961 to prohibit the assignment to or presence in El Salvador of U.S. military personnel and to prohibit the furnishing of military and other security assistance for El Salvador; to the Committee on Foreign Relations.

SUSPENDING MILITARY AID TO EL SALVADOR

Mr. KENNEDY. Mr. President, I am introducing today with my distinguished colleagues, Senators TSONGAS, LEAHY, and LEVIN, legislation to suspend military aid and remove American military advisers from El Salvador.

The suspension would remain in effect until the President determines and the Congress concurs that the following conditions have been met:

First, clear evidence of a thorough and complete investigation and steps taken to prosecute those responsible for the recent murders of six American citizens in El Salvador, and similar action with respect to investigating other such killings and acts of terrorism.

Second, active U.S. encouragement of international mediation of the conflict. This would involve an in-place truce and a halt to the arms flow from any foreign source. A useful source for such mediation might well be the conference of the parties to the dispute which successfully ended the fighting in Zimbabwe. The object must be a fair and peaceful mediated solution. In that process, the Government of El Salvador must give evidence of cooperating in these efforts.

Third, Salvadoran civilians must continue to have some substantial role in the leadership of the Government of El Salvador. The United States at no point should be in a position of providing arms and advisers to a military dictatorship.

Fourth, the U.S. Government must vigorously investigate and prosecute reported Miami-based financing of death squads and terrorists in El Salvador.

Finally, the Government of El Salvador must submit a specific written request that the U.S. Government provide any military personnel, military or security assistance before this assistance can be provided.

In recent months, beginning even prior to the inauguration of President Reagan, a shift in U.S. policy toward El Salvador occurred, with a turn toward a military solution to the political crisis in that country.

Since the inauguration, that shift has become far more pronounced, and the policy appears to be leading to more and more dangerous levels of escalation. U.S. military involvement with the present government is out of proportion to the level of conflict in that country, excessive in its risk to U.S. personnel and threatening to long-term U.S. interests.

The executive branch has announced increased military assistance—now including a second $25 million arms allotment and a total of 78 military advisers by the end of this month—for a total level of aid that is nearly twice the size of the entire defense budget of neighboring Honduras. The recipients of that aid are the security forces of El Salvador, elements of which have been identified as responsible for kidnapings, torture, and murders. The Government itself has failed to take effective action to halt a campaign of violence against the Catholic Church which already has claimed the lives of the archbishop of San Salvador, Oscar A. Romero, 10 Salvadoran priests, and 4 American missionaries.

In December, the United States cut off all military aid to the ruling junta when those American citizens were brutally murdered and a coverup was attempted. Ambassador Robert White and others have testified that the investigation of these killings has not been vigorously pursued. In January, two more Americans, labor leaders of the American Institute for Free Labor Development, also were murdered. An American freelance journalist has been missing for nearly 3 months. Nevertheless, this administration not only has concurred in the reinstitution of military aid but has greatly expanded that assistance, multiplied the number of American military advisers, and spread them to military garrisons in the heart of the areas of strife.

A portion of the arms and political support to the rebels undoubtedly was supplied by Communist countries—as well as from other foreign sources. Regardless of the sources of supply of arms—a supply which observers say has been now substantially choked off—this remains a secondary aspect to the conflict. It should be condemned and opposed, and I strongly support the administration's apparently successful diplomatic efforts toward that end.

However, the primary cause of the crisis remains within El Salvador itself: The arbitrary use of power in place of an open political process and the refusal to move effectively to end longstanding social and economic inequities.

Although the profound polarization in El Salvador extends back into history, the modern era can be traced to the massacre of thousands of peasants in 1932 and the establishment of a military-dominated political process which ever since faithfully carried out the desires of the economic elite. After hesitant steps at evolution away from that past during the late 1960's, destruction of the final shreds of credibility in the political system has dominated the past decade. Napoleon Duarte, now a member of the junta, was elected in 1972 to the Presidency; but his victory was overturned by the weapons of the Salvadoran military. His running mate, Guillermo Ungo, now presides over the umbrella political organization which spans dissident Christian Democrats and Social Democrats as well as Communist and other leftist viewpoints. The 1972 debacle was repeated in 1977, when again a military intervention denied power to a political coalition including the legitimate opposition.

Extensive repression of the people, including officially condoned murder, disappearances, and torture, has brought condemnations of the Government's security forces by the Inter-American Commission on Human Rights, the International Commission of Jurists, Amnesty International, and our own State Department.

More than any other factor, it was the uncontrolled killings of the past 18 months which led to the dissolution of the first reformed junta in October 1979 and to the steady departure from succeeding juntas of moderate political and military leadership. Now only a single sector of the Christian Democratic Party remains, and the power and weight of the military within the junta is dominant.

In this context, the provision of arms and military advisers strengthens the military within the Government, diminishing even further the capacity of the civilian members to determine policy and affect events. It is no wonder that we see news reports, confirmed by Ambassador Robert White, indicating Mr. Duarte has had serious doubts about accepting U.S. military advisers and a burgeoning of U.S. weapons and military equipment.

Militarizing the conflict also gives weight to the more extreme elements of the opposition, who can more easily portray the conflict as one which matches them not merely against the Salvadoran Government but against the United States as well. The result is to discredit those opposition leaders who have been interested in pursuing a political rather than a military solution to the conflict.

For the United States, there are significant added risks entailed in the present path of policy. Successive steps are being taken to escalate U.S. military involvement, without specifying clear limits. Military aid was nonexistent a year ago, then moved to nonlethal equipment, then to a small amount of arms, and now to the largest arms package for any country in the hemisphere along with an on-the-ground presence of American military advisers and trainers.

The War Powers Act was designed to force a major debate before American forces could be placed in a situation of hostilities in the absence of a declaration of war. Yet, now we see 78 Americans being shipped into El Salvador, where gunfire, bombings, and hostilities can occur in San Salvador or in the remotest peasant village. I concur with the concern expressed by Senator EAGLETON and other colleagues that the War Powers Act should apply to this case.

It is no answer to say that American military personnel are either in the Salvadoran Government's headquarters or at three other military garrisons around the country. The risk of American casualties is too great to be accepted when the policy itself is flawed. As I stated last week, no one yet has answered the question of what this administration plans to do if any of those Americans are wounded or killed. That remains true today.

Our objective in El Salvador is an end to the violence and the beginning of a process leading to a condition of peace, respect for human rights, and economic and political reform. That process can only come through negotiations in a setting in which there is some guarantee of fair treatment to both the junta and the opposition, a setting most likely to occur under international mediation.

Our objectives are shared by our democratic allies in the region and in Western Europe. But they reject in private and caution in public against the pursuit of a military solution to the crisis or its definition in terms of East-West competition. They have been pressing for a policy of mediation.

It is another example of the counterproductive nature of our military aid proposals that Mr. Duarte now has reportedly rejected proposals for mediation from respected international statesmen such as Willy Brandt as well as from institutions such as the Organization of American States. Our voice in favor of mediation was not heard very loudly either in San Salvador or in Washington. Statements and briefings from the administration focused more on forthcoming arms shipments and arrivals of military advisers rather than on forthcoming negotiations or the arrival of peacemakers.

I would hope that the administration would recognize the dangers for the United States inherent in the present policy and alter that policy. This legislation is designed to take the road of peace, not the road of war, in El Salvador. Negotiation, not military escalation, is the only hope for a peaceful solution of this tragic conflict. Let us think together and work together to avoid the road that leads to wider war.

I also ask that the bill be inserted in the RECORD.

Mr. President, I also would ask to have inserted at the conclusion of my remarks the most recent Amnesty International Report on Human Rights Violations of February 2, 1981, the State Department's own Human Rights Report, and Amnesty's 1980 Report on El Salvador. I also would like to include the recent testimony of Archbishop James A. Hickey of Washington on El Salvador and a statement of the Conference of Major Superiors of Men, the Leadership Conference of Women Religious, and the United States Catholic Conference urging a termination of military aid to El Salvador.

There being no objection, the bill and report were ordered to be printed in the RECORD, as follows:

S. 728

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Congress—

(1) is deeply concerned with the escalating violence within El Salvador and the increasing military involvement of outside countries; and

(2) affirms its support for a negotiated settlement to the Salvadoran conflict and for establishment of democracy and the respect for human rights in El Salvador.

(b) It is the purpose of this Act to prohibit the assignment to or presence in El Salvador of United States military personnel and to prohibit the furnishing of military and other security assistance for El Salvador, unless certain conditions are met, including a thorough and complete investigation by the Government of El Salvador of the recent murders in El Salvador of Catholic missionaries and other Americans.

SEC. 2. Chapter 1 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 620E. Prohibition Against the Provision of Military Personnel to and the Furnishing of Security Assistance for El Salvador.—(a) Notwithstanding any other provision of law, on or after the date of enactment of this section, no United States military personnel may be assigned to or may be present in, and no military or other security assistance may be furnished for or delivered to, El Salvador unless the provisions of subsection (b) are met.

"(b) The provisions of subsection (a) shall not apply if—

"(1) the President determines, and prepares and transmits to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report setting forth such determination, that—

"(A) the Government of El Salvador—

"(i) has carried out a thorough and complete investigation of the recent murders in El Salvador of six United States citizens, including the murders of three Catholic sisters and a Catholic lay worker on December 2, 1980, and the murders of two representatives of United States labor organizations on January 3, 1981;

"(ii) is taking definitive steps to bring to justice the individuals responsible for such murders; and

"(iii) is investigating and pursuing the prosecution of individuals, whether or not such individuals are members of the security forces of El Salvador, responsible for acts of murder and terrorism;

"(B) the United States Government is actively encouraging international efforts, including the efforts of the Organization of American States and other Latin American and European countries—

"(i) to oppose the introduction of any arms or military personnel from any foreign source into El Salvador,

"(ii) to obtain an in-place truce between the parties to the Salvadoran conflict,

"(iii) to seek a conference of the parties to the conflict, and

"(iv) to achieve a fair and peaceful mediated solution of the conflict which prevents foreign military intervention,

and the Government of El Salvador has cooperated with such efforts;

"(C) Salvadoran civilians continue to have a substantial role in the decision-making and leadership of the Government of El Salvador;

"(D) the United States Government is vigorously investigating reports of, and prosecuting any individual in the United States found to be responsible for, the financing or assassination squads or other terrorist activities in El Salvador; and

"(E) the Government of El Salvador has submitted a specific written request that the Government of the United States provide United States military personnel and military or other security assistance to El Salvador; and

"(2) the Congress, within 30 calendar days of receiving such report and under procedures described in subsection (c), adopts a concurrent resolution stating in substance that it approves the determination made by the President.

"(c)(1)(A) A concurrent resolution referred to in subsection (b)(2) shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(B) For purposes of section 601(b) of such Act, the report described in subsection (b)(1) shall be considered to be a certification.

"(2) For the purpose of expediting the consideration and adoption of a concurrent resolution under subsection (b)(2), a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(d) For purposes of this section—

"(1) the term 'military assistance' means assistance under chapter 2 of part II of this Act;

"(2) the term 'other security assistance' means—

"(A) assistance under chapter 5 (military education and training) or chapter 6 (peacekeeping operations) of part II of this Act;

"(B) sales of defense articles or services, extensions of credits (including participations in credits) and guarantees of loans under the Arms Export Control Act;

"(C) any license in effect with respect to the export of defense articles or defense services to or for the armed forces, police, intelligence, or other internal security forces of a foreign country under section 38 of the Arms Export Control Act; or

"(D) military assistance or any assistance described in clause (A), (B), or (C), which is provided under section 614 of this Act without regard to any provision of this Act or of the Arms Export Control Act; and

"(3) the term 'United States military personnel' means members of the Armed Forces of the United States and other personnel of the Department of Defense who are assigned to perform or are performing duties under this Act or under the Arms Export Control Act.".

AI Concerns in El Salvador

The human rights situation in El Salvador has deteriorated sharply in recent months. Amnesty International is seriously concerned and fears a further increase in summary execution, torture and abduction by government forces as civil conflict continues between guerrillas and the government. Of some 8,000 Salvadorians estimated to have been killed during the past year, many are known to have been the victims of extrajudicial execution by the armed forces. Peasants and young people appear to be particular targets. Sources in the country say that nearly 3,300 peasants were among those killed for political reasons in 1980.

Despite government claims that those killed by its forces are guerrillas and guerrilla sympathisers, victims of torture and death at the hands of the security forces were not generally shown to have any direct involvement in armed guerrilla activity.

International attention was captured by the killing on 3 December 1980 of three nuns and a woman missionary, all United States nationals, reported to have been abducted by security forces the previous day. However, in the week after those killings, from 6 to 12 December, according to sources in El Salvador, 144 people were killed, 66 of them by uniformed members of the security forces.

On 17 December 1980, members of the National Guard raided the town of Cojutepeque at the department of San Salvador and killed eight leaders (names on attached list) of the Central Campesina Salvadorena (Salvadorian Peasants Organization) who were meeting to discuss plans for participation in the government's agrarian reform program. There have been similar attacks in the past.

There is evidence that young people are singled out because of their youth. On 10 January 1981, troops took 22 teen-agers from Mejicanos; all were later found dead, with marks showing that they had been tortured. An army spokesman said they died of bullet wounds in a confrontation with troops; but a doctor who examined 17 of the bodies said they had all been shot after dying. Five of the young women were unidentifiable because their faces had been erased.

AI has received reports that Salvadorian paramilitary squads regularly cross the border into Honduras to attack Salvadorian refugee camps. Inside El Salvador, church sources report that refugees have been taken from camps and killed. On 31 December 1980 soldiers from San Carlos garrison searched the Domus Mariae refugee centre in Mejicanos and took away Marcial Cruz, aged 18. He was later seen at the garrison, and on 9 January was found dead.

Red Cross clinics have been attacked: on 12 January, troops broke into a clinic in Chalatenango. They killed or wounded people being treated there and abducted five young women aged from 14 to 22. On the same day, three men, members of the Baptist Church, were seized by security forces in San Salvador as they delivered provisions to the Red Cross. The whereabouts of all the people abducted in these two incidents are unknown.

Killings and disappearances of foreign journalists, including journalist John Sullivan, United States citizen, who was abducted on 28 December, have been widely reported in the international media; but Salvadorian journalists have also been targets of the armed forces. On 15 January 1981, nine staff members of the newspaper Independiente, including journalists Vida Cuadra and Francisco Ramirez Avila, were taken from the newspaper's offices by troops. The authorities deny that they are in detention. (On 25 January, the newspaper closed down and its director Jorge Pinto took refuge in the Mexican Embassy.)

Members of the Roman Catholic Church and others helping refugees and victims of the civil fighting have been hampered in their work by the security forces. The Archbishopric of San Salvador reported in mid-December that it had been forced to close its legal aid office (Socorro Juridico) because it had been raided 17 times in the previous week by the National Police. Even government offices have been subject to army raids. On 9 January, the publications department of the Education Ministry was raided by troops while it was printing leaflets with instructions for refugees; eight staff members, including the director of the department, were seized. Their whereabouts are unknown. Members of the El Salvador Human Rights Commission who witnessed the seizures have denied army allegations that subversive literature was found on the premises.

On 25 January, a leading member of the El Salvador Human Rights Commission, Victor Medrano, aged 29, was abducted from his home by plainclothes members of the National Police. Although he has been seen in the barracks of the National Police in San Salvador, authorities deny that he is in detention and there is very serious concern for his safety. Two other members of the same commission have been killed since the beginning of October last year. One was Maria Magdalena Enriquez, its press secretary who was found dead in a shallow grave about 20 miles from the capital. She was abducted on 3 October 1980 while shopping and appears to have been killed the day after her abduction. Witnesses confirmed that two of the heavily armed men who detained Sra. Enriquez were uniformed members of the National Police.

Representatives of the Junta (that headed the government of El Salvador until December 1980) however denied that police carried out the detention and stated that the government "was not implicated" in the matter. The other member of the commission killed was Ramon Valladares Perez, who was shot dead on 26 October while driving a car in the capital. The El Salvador Human Rights Commission is an independent human rights monitoring group that provides both assistance to victims of human rights abuse and publicises their cases. The Commission's offices have been destroyed by bombings three times last year in the presence of the permanent police guard on the premises. The Commission had reportedly been accused by the president of El Salvador, Ing. Jose Napoleon Duarte, of being "anti-patriotic" a few days before the abduction of Victor Medrano. The offices of the Commission were again surrounded by troops on 18 January and the Commission has seen itself forced to close down.

People have been killed because of their association, or presumed association, with peasant, labour or religious organizations, or with political parties or other organizations which do not actively support the present government. Although these killings took place against a background of conflict between government forces and guerrilla organizations, evidence reaching AI shows that many civilians not involved in guerrilla activity are being tortured and killed by the security forces. Most of the deaths have occurred after people were seized at their homes or places of work.

During 1980 the government of El Salvador repeatedly claimed that independent "anti-communist" assassination squads beyond government control were responsible for these abductions and murders. However, evidence collated by AI from hundreds of individual cases proves the responsibility of the regular security forces for serious violations of human rights. By attributing detentions, torture and killings to groups beyond government control, the government of El Salvador seems to have sought a means of evading accountability for the extra-legal measures carried out by its own security forces.

AI fears that the current wave of extrajudicial killings and "disappearances" will continue to escalate as the Salvadoran security forces use the cover of civil warfare to carry out large-scale killings of young people, peasants and others not shown to be involved in guerrilla activities.

EL SALVADOR—40 CASES OF "DISAPPEARANCE" AND KILLING OF CIVILIANS, DEC. 11, 1980–JAN. 25, 1981

Disappeared or killed	Name	Date	Place	Security force
Disappeared	Hernandez Vasquez, Efrain Antonio	Dec. 11, 1980	San Salvador	National Police.
Do	Contreras Mendez, Wilfredo	Dec. 17, 1980	San Antonio Abad	Army/police.
Do	Rivas Aguilar, Herbert (aged 17)	do	do	Do.
Do	Palacios, Jesus (aged 15)	do	do	Do.
Do	Marroquin, Oscar	do	do	Do.
Killed	Gonzalez, Torcuato	do	Cojutepeque	National Guard.
Do	Mendez, Ruperto	do	do	Do.
Do	Ayala, Antonio	do	do	Do.
Do	Lopez, Jesus	do	do	Do.
Do	Gabriel, Pablo	do	do	Do.
Do	Franco Antonio	do	do	Do.
Do	Ayala, Eustacio	do	do	Do.
Do	Lopez, Angela	do	do	Do.
Disappeared/killed	Calderon, Rafael Amilcar	Dec. 17, 1980	San Antonio Abad, body found, Dec. 22, 1980.	
Disappeared	Cornejo Azuzena, Felipe	Dec. 19, 1980	San Antonio Aba	
Do	Alas, Mariana	Dec. 20, 1980	Soyapango	Do.
Do	Sullivan, John (U.S. citizen)	Dec. 28, 1980	San Salvador	
Disappeared/killed	Cruz, Marcial (aged 18)	Dec. 31, 1980	Mejicanos, body found, Jan. 9, 1981.	
Disappeared	Romero Galdamez, Jesus (head of department)	Jan. 9, 1981	Education Ministry publishing department in Mejicanos.	
Do	Moreira, Romeo	do	do	Do.
Do	Portillo, Otto Jaime	do	do	Do.
Do	Gutierrez, Encarnación	do	do	Do.
Do	Martinez, Ricardo Alfonso	do	do	Do.
Do	Hernandez, Carlos Mauricio	do	do	Do.
Do	Campos, Alfredo	do	do	Do.
Do	Valdez, Ana Ester	do	do	Do.
Do	Sra Paz Umama de Rodas (aged 71)	Jan. 10, 1981	San Mateo barrio, San Salvador	Do.

AMNESTY INTERNATIONAL REPORT 1980

EL SALVADOR

Amnesty International concerns before and after the 15 October 1979 military coup that overthrew the government of General Carlos Humberto Romero included the torture and murder of prisoners, the "disappearance" and probable murder of suspected political activists and violence directed against individuals and institutions involved in monitoring and defending human rights.

Archbishop of San Salvador Oscar Arnulfo Romero, an outspoken critic of human rights violations who offered sympathy, support and a hearing to victims of torture and imprisonment and to the relatives of the murdered and "disappeared", was shot dead by an unidentified assassin on 24 March 1980 as he was saying mass. Prior to the assassination Amnesty International, in a press statement of 17 March, gave warning that the Archbishop had been made the target of death threats since the start of a campaign of political murder and abduction begun by the government after its imposition of a state of siege on 9 March 1980.

In a communication to the Inter-American Commission on Human Rights on 21 March, Amnesty International called attention to the dangers faced by Archbishop Romero and other defenders of human rights in El Salvador and to the placing of a bomb in the sacristy of the San Salvador cathedral on 16 March. In its later public statement of 25 March, condemning the murder of the Archbishop, who had been denounced by government and military for his critical stance towards them, Amnesty International stated that he "had been martyred in the cause of human rights", and stressed the evident dangers facing members of the church and others associated with the Archbishop in El Salvador. It called particular attention to the bombing earlier in March of the Salvadorian Human Rights Commission.

On Sunday 23 March, the day before his murder, the Archbishop said in his homily, broadcast nationwide on the church radio stations, that security forces in the countryside were "sowing terror" and called on soldiers to refuse to obey orders to kill that "were against the law of God". A military spokesman immediately condemned the call to disobedience as a "crime".

The Archbishop was not the only defender of human rights threatened or attacked with violence for anti-government criticism. All members of the Salvadorian Human Rights Commission have repeatedly been threatened with murder should they continue their activities. On several occasions Amnesty International has appealed to the authorities to ensure their safety. In July 1979 Amnesty International appealed for the protection of Commission member José Napoleón Gonzalez, who was later forced into exile. The office of his newspaper, La Crónica, was burned to the ground in late July 1979 and its new premises were destroyed by bombs in March 1980. The offices of the Commission itself have been attacked with gunfire, and immediately after a bomb attack on 13 March 1980 documentation on human rights abuses was confiscated by police.

Amnesty International appealed also for the protection of lay religious leaders, catechists and "Delegates of the Word" in rural areas and for clergy persecuted for their teaching of a doctrine of "social justice," such as Father Rafael Palacios, killed on 20 June 1979 in Santa Tecla. Several days earlier, a white hand—a symbol of death squads in some countries of Central America—had been painted on his door. Another priest, linked by authorities to peasant organizations, Father Alivio Napoleon Macias, was shot dead on 5 August by unknown gunmen while saying mass in the village of San Esteban Catarina. As in the case of Archbishop Romero, he was killed at the altar, while lifting up a chalice. Several priests and nuns were arrested and summarily expelled from El Salvador in 1979.

Amnesty International issued many urgent appeals on behalf of "disappeared" prisoners during the last six months of the government of General Romero. Most of the "disappeared" were subsequently found dead; several survivors of "disappearance" and witnesses of summary execution told of the murder by beheading with machetes of members of trade unions and peasant organizations supporting political opposition movements.

A Christian Democrat campesino, peasant farmer, detained on 19 May 1979 by the National Guard near San Vincente was tortured by electric shock in the local Guard headquarters and then taken with others to the Pacific shore, where he was hacked nearly to death and then thrown into the sea. He survived to give sworn testimony to the "execution" by beheading of his four companions, whose bodies were later found at a nearby beach resort.

Most of the victims of "disappearance" and murder were individuals believed to be linked to the three opposition movements, all largely trade union based, the *Bloque Popular Revolucionario* (BPR), Popular Revolutionary Bloc; the *Ligas Populares 28 de Febrero* (LP-28), Popular Leagues of 28 February; the *Frente de Acción Popular Unificada* (FAPU), Popular Front of Unified Action. Moves to crush the opposition movements were met by increasingly militant activity. Left-wing guerrilla organizations also stepped up anti-government activity, including kidnappings and killings.

Throughout the final months of the Romero administration and even now up to the time of writing the Salvadorian authorities refused to recognize the mass political organizations FAPU, BPR, and LP-28 as lawful political organizations, or to negotiate with their leaders. By October 1979, after months of street demonstrations and increasingly militant protest actions by the opposition, including bloody actions by guerrilla groups, polarization between government and opposition was extreme.

On 15 October a military coup overthrew the government of President Romero. He and chief security officials fled to Guatemala The coup leaders, Colonel Adolfo Majano and Jaime Abdul Gutiérrez, announced an amnesty for political prisoners, the restoration of human rights and the implementation of agrarian reform. A junta was formed with the two colonels and three civilian representatives of centre opposition parties. The political organizations that had called for the overthrow of Romero was not represented.

In a memorandum to the new government, on 19 October 1979, Amnesty International welcomed the statement of the junta that human rights would be restored and political prisoners released. It presented documentation on 257 Salvadorians murdered or detained or who had "disappeared" because of their political, trade union or religious activities in 1979. The documentation included 60 cases of prisoners who had not been acknowledged to be in detention and were considered "disappeared" and 114, almost all *campesinos*, whose murder by official or semi-official security forces was confirmed. The memorandum did not include all of the cases reported in 1979; the Salvadorian Human Rights Commission compiled documentation on 312 "political killings" alleged to have been perpetrated by official forces between January and July 1979, including individuals killed in demonstrations, and on 267 political arrests between January and August 1979. In February 1980 Amnesty International confirmed that 27 of the 60 "disappeared" cited in the memorandum had been released and that eight had been murdered in official custody.

The major opposition groups denounced the new junta as a continuation of military government. Security forces acted with

the same brutality as those under Romero. One day after the coup security forces of police and army moved to dislodge striking workers from several San Salvador factories, detaining 78, some of whom were then tortured, and killing 18. Within a week, the new government was held responsible for more than 100 killings of demonstrators and striking workers who had been occupying farms and factories.

Although the new government was composed largely of civilians with longstanding commitments to social change, some of them former exiles and political prisoners, from its first days it manifested a high level of governmental violence. The mass resignation of most of the civilians from the government on 3 January 1980 came when civilian ministers, most of whom immediately went into exile, denounced the unchecked violations of human rights that were beyond their power to control.

In the weeks after the resignations and the appointment of a new cabinet, the major opposition groups increased their protests against government policies. Authorities responded with violence, killing at least 52 when a street demonstration was dispersed by gunfire on 22 January, and at least 11 in attacks on another demonstration on 12 February; they also carried out hundreds of arrests and abductions.

During this period violent take-overs of embassies and public buildings and occupations with the threat of violence were among those methods used by the mass political organizations to demand the release of their "disappeared" leaders. In addition, guerrilla groups demanded prisoner releases, ransoms and the publication of political manifestos in exchange for the lives of their kidnapping victims.

On 6 February 1980 Amnesty International sent cables to the government and to Archbishop Romero, in connection with official killings and three kidnappings in which left-wing guerrillas had threatened "execution" of their "prisoners" and several cases in which hostages were threatened with violence. The cables requested the church and government to make it clear that Amnesty International "condemns every case of the execution of prisoners, kidnap victims, or hostages by governments or other organizations of whatever political orientation". The text of the cable was read the next day by Archbishop Romero in his sermon, broadcast on nationwide radio; the Archbishop had himself condemned kidnapping and the taking of hostages on several occasions. But killings by left-wing guerrilla forces continued as did many more by the government.

In mid-February press reports indicated that the United States of America (USA) would provide military assistance to El Salvador. Advisers were to be provided to train the army in "logistics, communications and intelligence". In a letter to President Carter on 17 February, Archbishop Romero sharply criticized the proposal and asked that it be withdrawn "to avoid a greater spilling of blood in this suffering nation".

On 29 February Amnesty International wrote to US Deputy Secretary of State Warren Christopher noting that the provision of some 200,000 dollars worth of training and material for crowd control by the USA in November 1979 was followed by scores of deaths when demonstrations were dispersed. In the conditions prevailing in El Salvador after 3 January, the nature of the newly proposed aid, believed to be for the police and public order operations of the military, could be expected to lead to further violations of human rights. The letter requested official information on the nature and intent of the assistance. No reply was received.

On 17 March Amnesty International publicly urged the Government of El Salvador to call a halt to the campaign of murder and abduction of peasants which followed the announcement on 9 March of agrarian reform and a state of siege. Hundreds of men, women and children were reported "disappeared," shot dead, or forced to flee to the capital, where they had sought refuge under the protection of the Roman Catholic Church. In Chalatenango Department, underbrush was set on fire around one village, the inhabitants of which were supporters of opposition unions, to prevent local people escaping; troops then entered the village, killing at least 40 people. Other villages were razed and crops destroyed in the countryside, particularly in Morazán, Cuscatlán and Chalatenango departments.

The authorities stated that troops moved into the rural areas to occupy plantations intended for expropriation in the agrarian reform. Local sources said, however, that villages supporting peasant unions, such as the Christian Federation of Salvadorian Peasants and the Union of Rural Workers, were attacked by troops, and the land seized was handed over to members of government organizations, including the Union Communal Salvadoreña, the Salvadorian Communal Union farmers organization and the Organización Democrática Nacionalista (ORDEN), a movement organized to use clandestine terror against government opponents.

In a submission to the Inter-American Commission on Human Rights on 21 March, Amnesty International described human rights violations that had continued or worsened since the October coup. These included 32 cases of unacknowledged detention—"disappearance"—and 131 cases in which individuals in the hands of security forces were reported summarily executed, all occurring between 3 January and 13 March. Most were peasant farmers said to be supporters of opposition peasant unions. The cases did not include "persons killed when street demonstrators, some of whom may have borne arms, were attacked by government and auxiliary forces"; nor did it include any case in which there was the least evidence "that the victim was either the attacker, bearing arms, or resisting arrest".

Several cases concerned the murder of children. The 29 individuals detained and killed by combined National Guard and ORDEN forces in the Las Vueltas area of Chalatenango between 29 December and 16 January included three young brothers, Adán Recinos aged 11, Santos Recinos aged 16, Francisco Recinos aged 18, and another boy, Alfonso Navarro aged 14.

The submission noted that Amnesty International was studying a total of 102 cases of people reported killed in rural areas and 30 in urban areas in January, 248 rural and 23 urban killings in February, and 130 killings, largely in rural areas, reported in the first week of March alone, which may have been summary executions.

The submission commented on the progress towards implementation of recommendations made in the Commission's own report of November 1978. Amnesty International paid particular attention to the following recommendations: that the paramilitary organization ORDEN be dissolved; that *campesinos* be protected in the full exercise of their rights; that reports of individuals killed, arrested, tortured or missing after arrest be investigated and the authorities responsible be investigated, tried and punished; that the persecution of members of the Roman Catholic Church be halted.

In a news conference on 7 November 1979, junta member Dr. Guillermo Ungo (who resigned on 3 January 1980) said that ORDEN had been a part of "the repressive machinery" and that a staff of 40 people had directed ORDEN from offices in the Presidential Palace, although ORDEN "had neither statutes nor legal status, that is to say that legally it did not exist". Although a decree of 6 November ordered ORDEN to be dissolved, it continued to be a principal auxiliary of lawful security forces. Local ORDEN personnel were named in innumerable reports since November 1979 as having assisted security forces in identifying suspected "subversives" and in their detention and murder of these individuals. No concrete measures were taken to dismantle the ORDEN organization nor to break the relationship between the police and military and ORDEN. No arms were confiscated from the tens of thousands of ORDEN members nor was any member reported arrested for abuses of human rights.

The plight of the *campesinos* clearly worsened after 3 January 1980. Amnesty International emphasized that at the time of the Commission's own 1978 report and thereafter the authorities continued to regard *campesino* organizations as "subversive" and to subject them to the same repression as members of avowedly violent guerrilla groups.

The submission noted that a Special Commission of Inquiry, created by the junta in November 1979 to investigate the whereabouts of political prisoners and the "disappeared", reported the discovery of 67 unidentified bodies and identified 25 bodies of the "disappeared". The Special Commission recommended that trial proceedings be opened against the individual military officers who it claimed had been responsible for the human rights abuses. In its final report on 3 January 1980, the Special Commission stated that although none of the "disappeared" had been found alive it had acquired "proof of the capture of many of them, by various public security forces, or in several cases, of their detention in the barracks of the same forces. . . . We have found a great quantity of cadavers, among which those that have been identified correspond to disappeared persons . . .".

The junta's Special Commission concluded that all the individuals who "disappeared" under the Romero and previous governments should be considered to have died in the custody of security forces. The Amnesty International submission, while not disputing the findings of the junta's Special Commission, noted that the government had taken no steps to bring to justice individuals named by the Special Commission as responsible for torture and murder of prisoners.

Amnesty International recommended that the threat to dignitaries of the Roman Catholic Church should be understood within the larger context of the threat to all organizations and individuals who conscientiously monitor and report on human rights; and that all such organizations and individuals should be protected from threats of this kind. The submission called special attention to the threats against the person of Archbishop Romero, members of the *Socorro Juridico*, Legal Aid, department of the Archbishopric of San Salvador, the Salvadorian Commission of Justice and Peace and the Salvadorian Human Rights Commission.

Many individual appeals were made on behalf of members of trade union and political opposition groups. In several cases the authorities at first denied the arrests, notably those of Juan Angel Chacon, Secretary General of the Popular Revolutionary Bloc (BPR), detained with his wife and baby on 27 February, and Enrique Alvarez Cordova, Secretary General of the Frente Democratico Revolucionario, the Revolutionary Democratic Front (which brings together most opposition groups from the BPR to social democrats), detained on 21 April. National Police later acknowledged custody of these prisoners and released them after mass protests. Amnesty International appealed for the safety of a "disappeared" prisoner, Norma Guevara, Youth Secretary of the Union Democratica Nacionalista (UDN), the Democratic Na-

tionalist Union, who "disappeared" after arrest by the National Police. While police denied the arrest, the army-linked "death squad" Union Guerrera Blanca (UGB), the White Warrior's Union, said Norma Guevara was in their custody and would be "executed" if hostages then held by an opposition group were not released. On 26 February police admitted that they were holding her. She was subsequently released for lack of evidence.

A total of 44 cases of "disappeared" prisoners having been investigated by Amnesty International groups since 1977 were closed in February 1980 when it became evident that these "disappeared" had been killed.

On 30 November 1979 El Salvador ratified the United Nations International Covenants on Economic, Social and Cultural Rights and on Civil and Political Rights.

GRENADA

In March 1979, after the overthrow of the government of Eric Gairy, many ministers, officials and supporters of the previous government were arrested and held without charge or trial, some for more than a year. Amnesty International first expressed concern about these detentions to the new Prime Minister, Maurice Bishop, in April 1979. Further appeals were made in July and August 1979. More arrests took place in October and November 1979 of people alleged by the government to be plotting its overthrow. Amnesty International wrote to Maurice Bishop: "Our concern is that all those who are at present detained, including those recently arrested and accused of intending the violent overthrow of the government, should be given a fair and public trial".

On 26 November 1979 Amnesty International informed Maurice Bishop that it had received allegations that some detainees had been subjected to ill-treatment. A reply received from the Prime Minister's Office stated that: ". . . any allegation of ill-treatment of any detainee is entirely false".

In March 1980 Amnesty International again raised the subject of the detainees with Maurice Bishop and urged him that ". . . in the interests of human rights, all those people at present detained should be charged with specific offences or released".

Cases of detainees have been reviewed at intervals by special tribunals established for this purpose, but these hearings have been held in camera and detainees have not been allowed legal representation. Releases have taken place from time to time. On 15 December 1979 the Grenada Newsletter, a local publication, estimated the number of detainees to be 77 but said that the figure was provisional. On 31 December 1979 the same publication announced the release of 37 detainees during December and on 29 March 1980 reported a further 13 releases. According to information given to Amnesty International by the Grenada Council for Human Rights, there were 56 people detained in April 1980.

In November 1979 Amnesty International wrote to Maurice Bishop appealing for commutation of the death sentence passed on Septimus Gilbert, convicted of murder.

THREE CATHOLIC AGENCIES URGE AN END OF MILITARY ASSISTANCE TO EL SALVADOR

WASHINGTON.—Three Church agencies have issued a joint statement calling for the termination of all military aid to El Salvador and for new efforts to facilitate a negotiated political solution to the conflict there.

The statement expressed solidarity with the Bishops of El Salvador who have said that a political solution is preferable to the fratricidal conflict in that Central American country.

The joint statement, linked to the coming anniversary (March 24) of the assassination of Archbishop Oscar Romero of San Salvador, was issued by the Conference of Major Superiors of Men, the Leadership Conference of Women Religious, and the United States Catholic Conference, the national level action agency of the Church in the United States.

The three groups recalled that shortly before his death Archbishop Romero sent a "prophetic" letter to President Carter asking for a guarantee that the United States would not "intervene with military, economic, diplomatic or other pressures to determine the destiny of the Salvadoran people."

"Since that time the Catholic Church and other major religious communities in the United States have consistently opposed any American military involvement in the El Salvadoran conflict," the statement noted.

"In light of this position," it continued, "we found profoundly disturbing the decisions taken in the last two months to renew military aid to the Salvadoran Junta, to increase this aid through the delivery of weapons and ammunition, and finally, to propose even more significant increases for the future."

"Our judgment in this matter is not an endorsement of other political forces in El Salvador," the church agencies said. "We remain convinced, however, that the provision of military assistance by the United States to the Junta has three negative consequences: it identifies the United States, at least symbolically, with the repressive role of the security forces whose actions have been consistently criticized by the Church in El Salvador; it increases the risk of wider military intervention; and it jeopardizes a constructive role the United States might play in the conflict."

The full text of the statement is attached.

"JOINT STATEMENT OF THE USCC-CMSM-LCWR ON EL SALVADOR

"As we approach the anniversary of Archbishop Romero's assassination, we recall his prophetic letter to President Carter of February 17, 1980, asking for a guarantee that the United States would not 'intervene with military economic, diplomatic or other pressures to determine the destiny of the Salvadoran people.' Since that time the Catholic Church and other major religious communities in the United States have consistently opposed any American military involvement in the El Salvadoran conflict.

"In light of this position we found profoundly disturbing the decisions taken in the last two months to renew military aid to the Salvadoran Junta, to increase this aid through the delivery of weapons and ammunition, and finally, to propose even more significant increases for the future.

"We are aware that the conflict in El Salvador is complex in its roots and requires continuing analysis. We have supported the assessment of Bishop Rivera y Damas that the principal responsibility for violence rests with the Junta. Our judgment in this matter is not an endorsement of other political forces in El Salvador. We remain convinced, however, that the provision of military assistance by the United States to the Junta has three negative consequences: it identifies the United States, at least symbolically, with the repressive role of the security forces whose actions have been consistently criticized by the Church in El Salvador; it increases the risk of wider military intervention; and it jeopardizes a constructive role the United States might play in the conflict.

"We join with Bishop Rivera y Damas and the Bishops of El Salvador in expressing our belief that a political solution is both possible and preferable to the continued fratricidal conflict in El Salvador.

"We use the anniversary of Archbishop Romero's death to call again, in the name of the Bishops and Religious Communities of the United States, for the termination of all military aid to El Salvador and for new efforts to facilitate a negotiated political solution to the conflict."

TESTIMONY OF MOST REV. JAMES A. HICKEY FOR THE UNITED STATES CATHOLIC CONFERENCE

Mr. Chairman and Members of the Committee:

I am Archbishop James A. Hickey, Archbishop of Washington. I testify today in the name of the U.S. Catholic Conference (USCC), the agency which represents the Catholic Bishops of the United States in issues of public policy. I am accompanied today by Father J. Bryan Hehir and Mr. Thomas E. Quigley of the USCC staff. I wish at the outset to express, Mr. Chairman, my personal appreciation and that of the USCC for this opportunity to present our views on the situation in El Salvador and the relationship of U.S. policy to that conflict.

In introducing this testimony, I stress that I come before this Subcommittee as a pastor. The Church's concern for any events in the political or economic order is rooted in its concern for the human person. It is what happens to people, especially the poor, which is the focus of the Church's attention as it speaks to questions of public policy, domestic or foreign. On this basis, the Catholic Bishops in the United States have spoken often to the El Salvador question, precisely because of the impact which U.S. policy has on the lives of large numbers of the poor and oppressed in El Salvador. In addition to this general concern which I share with my fellow bishops in the United States, I have had a personal connection with the situation in El Salvador from my six years as the Bishop of Cleveland. That diocese has a pastoral team in El Salvador. I maintained regular contact with them, visited them often, talked with the Church leaders in El Salvador, came to know the people and their country. Two of the missionaries who were slain, Sr. Dorothy Kazel and Miss Jean Donovan, served there at my request and direction. In consequence I speak from personal acquaintance with the work of the Church in El Salvador especially as it took shape under the leadership of Archbishop Romero, who was assassinated a year ago this month.

I. AN HISTORICAL PERSPECTIVE

I want to stress the value of an historical perspective for the debate regarding the present conflict in El Salvador. Couched largely in terms of "super-power politics" the current discussion seems to forget that for a long time the people of El Salvador have been struggling for social justice and for participation in the life of their society. The conflict which now captures our attention has been going on, admittedly in less visible and less noteworthy terms, for decades. We need perhaps to reflect on the infamous massacre of the campesinos in 1932. The nature of the conflict in El Salvador is a perduring one. My point is that long before there were charges of outside intervention there was a struggle on behalf of large numbers in El Salvador for social, political and economic change. The conflict has been over land, wages, the right to organize and the issue of political participation. To ignore this long struggle of a people for justice, dignity and freedom is to misunderstand the nature of the conflict today in El Salvador.

As a Catholic bishop, I wish to stress that a specific dimension of the El Salvador situation requires attention: the role of the Church. Here again historical perspective is crucial. To understand the role that the Church in El Salvador is playing today, we must see its pastoral decision to give special attention to the poor. This it did in the light of the teachings of the Second Vatican Council, of the Medellin (1968) and Puebla (1979) Conferences of the Latin American Bishops and of the teaching of Pope John

Paul II. The changing posture of the Church in Latin America in the last fifteen years, from a socially conservative position to that of the leading voice for reform and social change, can be traced to the experience and teaching of Vatican II. It was the Council which called the Church to stand as the sign and safeguard of the dignity of the human person (Guadium et Spes, Number 76). It was the Council which called the Church to see in "the signs of the times" an invitation to witness to the Gospel. The Church in Latin America responded to the conciliar call in a systematic and prophetic fashion. Through the Medellin Conference and the Puebla Conference it outlined a pastoral plan of evangelization which includes the defense of human dignity and the promotion of human rights as essential elements.

The Church in El Salvador exemplifies this larger movement of the Church in Latin America. Under the pastoral leadership of Archbishop Romero and of Bishop Rivera y Damas it has followed the imperative of the Puebla Conference, "to make an option for the poor" and it has brought it about that the Church is intimately joined to the struggle of the people of El Salvador for social justice and social reform. Catechists, members of the communidades de base (Christian family groupings) together with other laity and clergy have taken to hear the Gospel message and have tried to live it genuinely in all facets of their lives. From a truly spiritual perspective they have tried to introduce Christian principles to farming, business and government. For attempting this renewed Christianization of their country they have been called communists, subversives; and they have suffered persecution, even death for the Gospel. An archbishop, eleven priests, thousands of lay people and now four American missionaries are dead in that effort.

At the same time, in fulfilling this ministry, the Church of El Salvador has drawn support from the words of Pope John Paul II. His recent statements in the Philippines about the right of workers to share in the fruits of their labor apply with striking similarity to the situation in El Salvador. Equally applicable is the forceful statement of the Holy Father that, "Even in exceptional situations that may at times arise, one can never justify any violation of the fundamental dignity of the human person or of the basic rights that safeguard this dignity." The Church's ministry in El Salvador and throughout Latin America since Medellin has been at the service of human dignity and human rights. It is my conviction that one cannot understand the role of the Church in El Salvador today apart from these themes. Furthermore, one cannot understand the situation in El Salvador apart from the Church and its ministry.

II. FROM HISTORY TO PERSPECTIVES ON POLICY

A sense of the social and religious history of the Salvadoran struggle for justice shapes my views on the present policy debate in the United States about El Salvador.

I share the apprehensions expressed last week by the United States Catholic Conference in testimony before the Foreign Operations Subcommittee of the House Appropriations Committee. Our mutual concerns are based on the way the El Salvador conflict has come to be seen, principally in the last few weeks, as a United States-Soviet or United States-Cuba test of will and strategy. While not denying that an international dimension of the conflict exists, we are very concerned that the internal quest for justice by the people of El Salvador receive due and proper regard in the policy debate of the United States. We can never achieve world-wide justice and peace by failing to recognize and support the efforts for justice and peace in the single nation of El Salvador.

It would be particularly unfortunate, in my view, if our necessary and proper concern for the security of the United States were to be used as justification for additional United States military aid to the present government in El Salvador. Neither the USCC nor I am complacent about the actions of other outside powers in the El Salvador conflict. To quote the USCC testimony, we find "the involvement of the Soviet Union (and other Eastern bloc nations) on its own or through Cuban cooperation, in the internal struggles of Central America, is unwarranted, unhelpful and ultimately unacceptable behavior on the part of a superpower". Our position is to oppose military aid and intervention from all outside powers. We urge and support political pressure and other diplomatic measures by Latin American nations and by ourselves and our allies to stop the flow of arms from Cuba through Nicaragua to El Salvador. But as a part of this approach we earnestly and vigorously oppose the sending of United States military assistance to El Salvador.

Our opposition to military aid has been based on the conviction that such aid associates the United States with the actions of the security forces which, in our view, still remain uncontrolled. A further reason for opposing military aid at this time is the danger of so strengthening the power of the military that the ever-present possibility of a rightist coup would be increased. This, in my judgment, would in turn provoke reversal of the land reforms and an increased repression of the people that could result in a civil war of immense proportions. The United States should not be associated with such a chain of events.

In the long term no nation can be kept from freedom, from the exercise of human dignity or from the use of its land by force of arms. And in that same long term our American government should be remembered, not as the supplier of arms used to kill the people, but as a government that stood for the dignity and integrity of the human person and the free exercise of God-given rights. This is our American heritage and tradition!

A particularly ominous development of recent policy is the introduction of more United States military advisers into El Salvador. I find the move risky to the point of being reckless. It confirms the worst suspicions of Latin Americans that we are slowly preparing for an invasion of El Salvador. It could be used by unfriendly powers to justify similar actions. It will increase the volatility and symbolic significance of the conflict for us if any United States military personnel are injured or killed. I am particularly concerned that the sending of any American military personnel commits the United States to the conflict in a way which is difficult to reverse. Furthermore, it is my understanding that since United States law prohibits the training of the Treasury (hacienda) police or other internal police forces of a foreign power, our advisers may not be in a position to remedy those elements of the Salvadoran security forces most in need of restraint.

The problem in El Salvador is rooted in the need for political and economic reform within the country. United States diplomacy should be aimed at producing such reforms; military aid, in my view, mortgages our potential to do this.

III. PROPOSALS FOR POLICY

To promote the absolutely necessary reforms within El Salvador will require United States diplomatic pressure, but also continuing amounts of United States economic assistance. I realize we are now sending much assistance to the Salvadoran government. In distinction from its position on military aid, the USCC does not oppose economic aid, it encourages it. I wish to add a strong personal plea for an increased United States effort to provide emergency aid for El Salvador for long-term development assistance that will benefit the common working man and woman. There are specific needs of the moment—from aid for the refugees left homeless when their homes and villages are destroyed by military action, to the replacement of bridges and power stations destroyed by guerrilla action, to necessary medical supplies. This kind of aid, rather than more equipment for the security forces, is what the United States should be contributing to the situation.

On the diplomatic front, there is a notable silence in our American policy with regard to fostering that kind of political dialogue in El Salvador which a basic resolution of the conflict will require. I realize the complexity of this topic at the moment; the efforts of West Germany testify to the difficulty of serving as catalyst for political discussions. Yet I am not satisfied that it is sufficient to say that the Church in El Salvador has offered to mediate and that the Salvadoran Government has, in principle, agreed, that it is the left which refuses to negotiate. I believe that there are ways in which approaches can be made to the various elements which form the opposition to the present government in El Salvador. I believe that options are open to our government to encourage that dialogue between all parties which is so necessary for a true and lasting peace. The United States voice at a political level is a unique one; in collaboration with other key nations we may be able to open channels of communication which move the civil strife from the fields and homes of the campesinos into the political process.

Finally, I wish to address a topic which is of the highest concern to the Church in the United States: the investigation of the murders of our four American missionaries. In that connection I add also the murder of the three labor leaders, two of whom were American citizens. Without entering into the details of the investigations, I simply want to cite the degree of doubt and suspicion in church circles here and in El Salvador with regard to the nature and pace of the investigation. Furthermore, I wish to express the concern we have that the progress and outcome of the murder of the churchwomen has been divorced from other aspects of United States policy. In December we understood that the seriousness of the investigation would be taken by the United States Government as one important sign of the commitment of the Junta to discipline the security forces. In recent weeks we find little or no stress, at the level of United States policy, on the connection between the progress on the investigations and United States aid to the Salvadoran Government. The missionaries are important to us because they gave their lives in the service of the poor and of the Gospel. However, they are also important because their deaths, like those of the labor leaders, remind us of the thousands of ordinary Salvadorans who have been murdered, principally from the political right, and whose deaths have gone unrequited. The Church in the United States will not forget what the missionaries have done; we will not let this issue rest unresolved.

I close, Mr. Chairman, where I began: with a plea for a perspective on the tragic conflict in El Salvador. The pressure of the present debate should not move the United States down a road which both we and the Salvadoran people will regret. The conflict there has deep roots; it reaches into the life of a people too long denied the fruits of their labor, too long denied meaningful participation in the life of their society. The United States response should address the roots of the conflict: it is not principally a matter of guns but of justice. My prayer is that

our government will be of assistance in achieving a political solution in El Salvador, a solution based on justice, charity and a full recognition of the dignity of the human persons involved.

COUNTRY REPORTS ON HUMAN RIGHTS PRACTICES

(Report submitted to the Committee on Foreign Relations, U.S. Senate and Committee on Foreign Affairs, U.S. House of Representatives by the Department of State)

EL SALVADOR

El Salvador has long been dominated by powerful elites who ruled through the security forces. The elites' power rested in large landholdings and in the control of banking and the export of staple crops for their benefit. Faced with increasing demands for social change in the 1970s, traditional ruling groups continued their dominance by employing electoral fraud and repression. In the 1970's some political forces which were previously moderate, joined the radical left. The late 70's witnessed the emergence of an armed radical left. On October 15, 1979, a group of progressive military officers overthrew the regime of General Humberto Romero and created a civilian-military governing coalition called the Revolutionary Governing Junta (JRG).

That Junta faced a highly polarized society in which the political process was discredited and a sizeable minority on both left and right employed violence to achieve their political ends. On the right, the Broad Nationalist Front (FAN) became the main force, and its supporters soon spawned death squads, most notably the Maximilliano Hernandez Martinez Brigade. The major leftist armed groups were wedded into first the United Revolutionary Directorate (DRU), and then the Farabundo Marti National Liberation Front (FMLN), while their political front groups together with some more democratically oriented organizations, formed the Democratic Revolutionary Front (FDR). The Marxist-oriented FMLN/DRU, however, controls the FDR.

Unable to act effectively and frustrated by their own inability to agree on promised reforms and to control the security forces, the civilian members of the first post-October 15 government resigned after ten weeks. The military members of the Junta then reached an agreement with the Christian Democratic Party to form a new government. In spite of coup attempts from the extreme right, guerrilla warfare from the radical left, and terrorism from all sides, this second Junta undertook a far-reaching socioeconomic reform program in March. Those reforms nationalized large estates, the export of staple crops, and the financial institutions.

Alarmed by reforms which attack the very basis of their domination, the armed extreme right has declared its intention to bring down the government and re-establish the old order through violence perpetrated by its supporters, some of whom are members of the security forces only nominally under the control of the Junta. The armed left has rejected the reforms and also declared its intention to bring down the revolutionary government through violence in order to establish a Marxist state in El Salvador.

The result of these contending force has been a vicious cycle of provocation, outrage, and revenge which leaves a daily toll of murdered and often mutilated bodies on El Salvador's streets and highways. The Church has condemned the violence of left, right, and the security forces, affirming that the nation has reached the point where respect for human life no longer exists. Church institutions have been attacked and several clergy murdered, including the Archbishop of El Salvador, Oscar Romero, who many suspect to be a victim of the extreme right. An offer to mediate made by the Salvadoran Bishop's Council has been accepted by the Junta in principle, but refused by the FDR and FMLN.

About 9000 persons have been killed in 1980. Killings and terrorist acts are the work of both leftist "Democratic Front" forces who often claims responsibility for them, and of rightist elements with whom some members of the official security organizations are associated. Sometimes the extreme right claim responsibility as was the case in the murders of the five leaders of the FDR. Both right and left wing violence is reported to have increased in the last months of the year, during which time four American Churchwomen were brutally murdered. Many persons are also murdered by non-political groups or individuals. Death squads and other rightist terrorist groups which include present or retired members of the military or police have claimed that they have murdered suspected delinquents and leftist subversives.

The government has been unable to end such abuses. About 1400 enlisted men reportedly have been cashiered from the military for various abuses over the past year, but there are indications that some of these men have been recruited subsequently into rightist terrorist squads. Government forces have broken up few right-wing groups, mostly because the right does not attack the security forces. Terrorist activity and army sweeps into areas of guerrilla concentrations have produced roughly 62,000 internal refugees.

The government's efforts to control violence have included the invocation in March of a constitutional provision suspending the rights of free entry and exit from El Salvador, the right to inviolability of communications and the right freely to express and circulate opinions. The latter restriction has been limited to prohibiting political advertising by extremist groups to perpetrate kidnapping or ransom demands. Following a politically inspired strike which blacked out much of the country for twenty-four hours in August 1980, the government declared a state of emergency which placed the workers of four semi-public companies (the electrical, water, and telephone companies and the port authority) under military control. These provisions remain in effect.

1. Respect for the Integrity of the Person, Including Freedom from:

a. Torture:

Article 165, paragraph 2 of the 1952 Constitution prohibits "all kinds of torture." However, terrorists of both the right and left have used torture to gain information and to intimidate their opponents. Bodies bearing burns or numerous wounds frequently appear along the highways. Despite governmental policy against using torture, the history of the security forces suggests the involvement of some of its members in unsolved crimes of murder with torture. Some members of leftist groups who have been captured by government forces have alleged after their release that they were beaten, scarred with acid, or subjected to electric shock during interrogations.

b. Cruel, Inhuman or Degrading Treatment or Punishment:

Complaints of physical punishments or brutal treatment in prisons are not commonly made against the government. Detention facilities are overcrowded and inadequate, reflecting El Salvador's low standard of living. Prisoners are allowed visits from family members and their attorneys. Delegates from the International Committee of the Red Cross (ICRC) visit detainees held in security detention centers, military facilities or civilian jails. The ICRC also provides assistance to displaced persons.

Summary executions are common. Confrontations between the military/security forces and guerrilla bands rarely result in the taking of prisoners by either side. There are reports of military/security forces arriving in villages with lists of suspected terrorists and guerrillas and shooting those named on the spot. The radical left regularly publishes communiques claiming credit for similar executions of suspected enemies. The far left claimed that government forces were responsible for the massacres of hundreds of peasants at Rio Sumpul near the Honduran border. This allegation has been refuted by impartial observers.

Armed leftists are responsible for a large number of kidnappings for ransom and murders of government officials, diplomats, landowners, members of a now proscribed rightist para-military group and suspected informers. The guerrilla bands' tactics of join-us-or-die have caused tens of thousands of persons to flee their homes in rural areas, as have the armed rightists' efforts to disrupt the agrarian reform program or exact vengeance on leftists. Security forces have at times supported such rightist actions. Members of the clergy, students, teachers, businessmen, and political leaders have been victims of extreme right violence.

Estimates of the number of political killings in El Salvador vary widely. In early October the Apostolic Administrator stated that 4,730 persons had died in incidents of political violence during the first nine months of 1980. This figure appeared to be accurate, but by year's end the more accepted figure was 9,000, along with claims that violence from the right and security forces was increasing in November and December.

c. Disappearances:

The Apostolic Administrator also estimated that 269 persons had disappeared after last being seen in the custody of the security forces. No other figures on disappearances are available. The government has denied any connection with these disappearances.

d. Arbitrary Arrest and Imprisonment:

El Salvador's judicial system does not function effectively when politically-motivated crimes are brought before it, and no serious attempts have been made to use the judiciary to control the political violence. No matter how strong the evidence against them, those of the right and left charged with crimes of violence, including leaders of terrorist groups, are regularly released by intimidated courts. The irrelevance of the judicial system has encouraged elements of the security forces to ignore it and to dispense their own brand of justice.

Under Salvadoran law, a person can be arrested and legally held without charge for up to seventy-two hours. There are now about fifty cases of persons who have been charged, but have spent months awaiting trial. Most are members of armed leftist groups arrested during raids or routine searches for arms or propaganda.

e. Denial of Fair Public Trial:

The judiciary is slow and overburdened. After arraignment, long delays usually occur before trial. Trials are public and courts are believed to operate fairly and independently in non-political cases.

F. Invasion of the Home:

Forced entry is regularly practiced by terrorist groups of the right and left and by the security forces.

2. Government Policy Relating to Fulfillment of Such Vital Needs as Food, Shelter, Health Care, Employment and Education:

El Salvador is a largely agricultural nation. It has a population of roughly 4.5 million living in an area 8,300 sq. miles. It faces the problems of a large semi-skilled workforce, a population density of nearly 330 persons per square kilometer of arable land, and a negative growth rate of its gross domestic product. That negative growth rate, which

may reach from six to nine percent this year, spells economic hard times for a population which had a per capita GDP of only $560 in 1979 (in 1976 dollars), and is directly attributable to the political strife which has engulfed the nation since 1978. Balance of payments problems have seriously reduced the nation's international reserves. Unemployment and under-employment affect roughly 50 percent of the workforce. As the government has continued to repay old loans and found it difficult to obtain new ones, its foreign exchange position has also deteriorated—in spite of its low level of public external debt (only 10.9 percent of GDP) and external debt service (only 3.8 percent of exports).

Historically, wealth has been concentrated in the hands of a few. Although 57 percent of El Salvador's labor force works in agriculture, until March 1980, 20 percent of the country's farmland was concentrated in 2.6 farms, and only 5 percent of the arable land was in the smallest 50 percent of farms. The same families which dominated agriculture also dominated banking, agricultural processing plants, insurance companies, and export concerns. The new revolutionary government attacked its economic problems and its political problems at once with a massive reform program which has undertaken to redistribute land and has nationalized the banking industry and the exporting of staple crops.

Income distribution in El Salvador has been significantly skewed toward the rich; the wealthiest 5 percent of the population accounts for 21.4 percent of national income, while the poorest half of the population receives 17.9 percent (1976 figures). Most Salvadorans live within ten kilometers of a health clinic and are relatively unthreatened by such diseases as measles, tuberculosis, and diphtheria. However, health care remains a problem. Infant mortality in rural areas exceeds one in ten. Life expectancy in rural areas at birth is 54 years compared to 59 for the country as a whole. Nearly 20 percent of medically certified deaths are due to dysentary and respiratory illnesses. Approximately 25 percent of the rural populace has access to safe water, and only 17 percent has adequate means of waste disposal. Existing Ministry of Health services generally are overcrowded and poorly administered. About 67 percent of the adult population is literate, with about the same percentage of 9–15 year-olds attending schools. Current net growth rate of the population is probably around 2.6 percent (compared with a natural growth rate of 3.3 percent) due to violent deaths and increased emigration. Patterns of migration inside the country have been dramatically altered by the violence—with roughly 62,000 refugees displaced from their homes. The re-distribution of land by the agrarian reform might slow the movement from countryside to city slightly.

Traditionally, El Salvador has strongly supported property rights, and the agrarian reform recognizes those rights in its proposals to repay former owners and to provide titles to the beneficiaries of redistribution. Some of the larger farms are held cooperatively. The first phase of the agrarian reform has converted almost all farms of over 500 hectares into cooperatives made up of the families which worked them. Another phase grants ownership of up to 17 acres of land to each farmer who cultivated it as a tenant farmer or sharecropper. These two phases of agrarian reform are benefiting about 225,000 rural families. Due to bureaucratic delays, and the magnitude of the task, the government has been slow to issue titles to the new owners. Lack of titles is causing problems as many families do not live on the land they farm. A third and controversial phase of the agrarian reform, dealing with the redistribution of 125 to 500 hectare farms, was to have been implemented in 1980. This phase involves the most difficult divisions of land, and is still under consideration. The reform program faces continuing problems of economic support as well as attacks from right and left. Compensation of former owners has also been slow, with the government only beginning to distribute the thirty-year bonds with which it will pay for the land.

The government entered the foreign commerce and banking sectors to lessen elitist control of the nation's credit institutions, provide sufficient local credit to fund the reforms, and to prevent massive capital flight. Although most management officials have retained their positions, the banking system is now administered by the Central Bank. Credit is rationed and concessionary credits are awarded to projects according to government objectives. Similarly, the foreign commerce sector was nationalized in order to limit imports, prevent massive manipulation of exports earnings by individuals, and control capital flows during this crucial period of reform.

The government has adopted some emergency measures to smooth the transition period and maintain employment levels. These include: public works projects, housing and construction projects, and assistance to marginal communities. Political and economic turbulence, plus an already skyrocketing government budget, has forced reductions in these program goals.

3. Respect for Civil and Political Freedom, Including:

a. Freedom of Speech, Press, Religion and Assembly:

The government invoked a constitutional provision in March which allows it to limit the free expression and circulation of opinions, but has applied the limitation specifically to prohibit ads placed by extremist groups that seek to inflame public opinion or issue terrorist demands. In practice, freedom of speech and the press are limited, not by governmental action, but by fear of retribution from rightist and leftist terrorists. The Catholic hierarchy's radio station "YSAX" has twice been destroyed by bombs. Two leftist newspapers have been bombed, and employees of each have been murdered by right wing terrorists. One was driven out of business, but the other continues to publish in a reduced format. An editor of a rightist newspaper was badly wounded during an assassination attempt for which the left claimed credit. The activities and pronouncements of the leftist opposition groups are covered in the major newspapers as news stories.

Freedom of assembly is guaranteed by the constitution and limited only by fear of terrorism. Freedom of religion also is guaranteed and no complaints of its abridgement have been raised. Politically activist Catholic priests—including Archbishop Oscar Romero—and a number of protestant pastors have been assassinated by extremists. In December, four American Catholic women, three of them nuns, were murdered in El Salvador. A special Salvadoran commission is currently investigating these murders. A U.S. mission reported circumstantial evidence of possible security force involvement.

Although the government's expressed attitude toward labor unions is positive, trade unions have difficulty in operating in the midst of the violence. A number of trade union leaders were killed. Some of these were involved in leftist political activities; others were centrists or tried to remain politically neutral. Both rightists and radical leftists have been accused in these incidents. Some union leaders who have attempted to withdraw from leftist groups have been killed and others threatened, presumably by their erstwhile collaborators. A reform of the labor code which will facilitate strikes and strengthen workers' rights is under discussion. During 1980, workers concentrated more on preserving jobs in a declining economy than on expanding economic benefits. The union of workers in the state-owned electric power generation company was dissolved and its leaders arrested in August after they had blacked out most of the country for twenty-four hours in a politically motivated strike, and had staged an armed occupation of power plants.

B. Freedom of Movement Within the Country, Foreign Travel, Emigration and Repatriation:

The constitutional provision which guarantees the rights freely to enter and leave El Salvador and to reside where one wishes, and prohibitions against expatriation, has been formally suspended, but with no discernible effects. In theory, freedom of movement within the country is not restricted; in practice, it is restricted by the fighting. Foreign travel and emigration are limited only by bureaucratic delays and the expense involved.

A number of opposition political leaders are currently residing outside of El Salvador, but they appear to be doing so for fear of their lives, rather than the government's unwillingness to let them return. Fear of violence has also caused large numbers of Salvadorans to emigrate. There are no refugee groups from other countries currently in El Salvador. Those who have sought asylum in embassies within El Salvador—often by force of arms—have been allowed to depart the country freely.

c. Freedom to Participate in the Political Process:

It is government policy to open the political process and to encourage the formation of political parties and groups willing to participate in it. On October 15, 1980, the government offered amnesty to its opponents and scheduled elections for a constituent assembly in 1982, and pledged to hand over power to a popularly elected government by no later than mid-1983. However, the government's radical right and left opponents have to date refused to consider participation in a political process—preferring to try to overwhelm the government by force.

Women have legal equality with men, but social restraints often limit their practical possibilities. They do hold some important positions in the professions, political parties, and in the government, as well as in more traditional jobs in factories, offices, schools, and homes.

4. Government Attitude and Record Regarding International and Non-governmental Investigation of Alleged Violations of Human Rights:

The issue of human rights investigations in El Salvador is complicated by the participation of the local human rights organization in political activities. The Salvadoran Human Rights Commission (CDHES) has several members who represent extreme leftist groups. Its publications call for the overthrow of the present government. The political organization (FDR) which serves as public front for the leftist guerrilla groups holds press conferences at CDHES headquarters. A member of the Commission was kidnapped and assassinated by unidentified assailants in October.

The government has invited the Inter-American Commission on Human Rights to make a second visit to El Salvador. The visit is expected some time in February or March of 1981. Many representatives of human rights groups visited El Salvador during the past year and made extensive reports.

● Mr. TSONGAS. Mr. President, I am pleased to join with my colleague, Senator KENNEDY, as a cosponsor of his bill to cut off American military assistance to El Salvador.

The bill is a conditional termination of military assistance. If the President determines that certain conditions have been met and the Congress concur with that determination by a concurrent resolution, then assistance may be resumed by the President.

The objectives of this bill go beyond a cutoff of military aid. The central concerns are to encourage a negotiated solution to the conflict in El Salvador, and to end the campaign of terror launched by groups acting with the knowledge, consent, or encouragement of the Government. The murders of three American nuns and one religious lay person are a tragic instance of this pattern. The perpetrators of this crime must be brought to justice.

There is no denying the interference of east bloc actors in this civil war. That interference must be stopped. We must not neglect, however, our own strategy for a stable, democratic outcome in El Salvador.

We all know from experience that to mount an effective counterinsurgency effort, the Government of El Salvador will require much more than armaments; it will require a strong, political base, drawing on wide popular support. This cannot be achieved without economic and political reform. Some of those reforms are underway and others need to be pursued vigorously. Reforms, however, will be ineffective and undercut if the Government remains complicit with murder and terror. A sound political base cannot be constructed on a foundation of murder and assassination.

If the United States is to avoid a Central American quagmire, these concerns must be met. Senator KENNEDY's bill is the logical vehicle with which to pursue our vital interests in El Salvador.●

By Mr. CHILES:

S. 729. A bill to amend section 8e of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to subject imported tomatoes to restrictions comparable to those applicable to domestic tomatoes; to the Committee on Agriculture, Nutrition, and Forestry.

RESTRICTIONS ON IMPORTED TOMATOES

● Mr. CHILES. Mr. President, I am introducing today legislation to amend section 8e of the Agricultural Marketing Act of 1933, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to require that imported tomatoes conform with pack-of-container standards imposed on domestic tomatoes under marketing orders.

This legislation seeks to clarify section 8e with respect to the requirements imposed under marketing orders on the pack of the container in which tomatoes are shipped. This amendment is entirely consistent with the original intent of section 8e and is offered only to revise an interpretation of that section which the U.S. Department of Agriculture has adopted. The resolution of the current disagreement between domestic producers and the Department on this issue is important to an orderly marketing situation for tomatoes and to the ability of domestic producers to effectively compete with imports.

The original purpose of section 8e of the act was to require that all restrictions imposed by marketing orders on the handling of domestically grown agricultural commodities should apply equally to imported commodities. Section 8e was intended to insure that market regulations would have equal benefit to both domestic and foreign producers. It is in no way aimed at excluding or curtailing imports. Rather, its aim is to put imports and domestic produce on an equal footing with respect to marketing orders. In the case of tomatoes, the Senate report accompanying the act states—

> Imports of tomatoes . . . would be prohibited if they did not comply with grade, size, quality, and maturity provisions of all marketing orders applicable to the same commodities produced in the United States.

By marketing order, domestic producers of fresh tomatoes are prohibited from mixing different grades of tomatoes in a shipping container, or mixing different sizes of tomatoes. Since tomatoes are sold by grade and size, this requirement is very important from the standpoint of pricing and to the orderly marketing of fresh tomatoes.

However, the Department of Agriculture maintains that the prohibition against the mixing of grades or sizes within a container is not a grade or size regulation, but a pack regulation. The Department further maintains that pack regulations cannot be imposed on imports under section 8e of the Agricultural Marketing Agreement Act.

As a result of the Department's interpretation, foreign shippers are permitted to ship different grades and sizes of tomatoes in a single container, while U.S. producers must comply with the pack regulation. A substantial volume of the tomatoes sold in the United States are foreign grown. Because pack restrictions are not applied to these tomatoes, the buyer does not know what he is getting and the domestic producer is placed at a disadvantage.

I am convinced that the solution to this problem lies in a clarifying amendment to section 8e, which would apply pack regulations to imports. Such a clarification would benefit the grower, shipper, importer, and, ultimately, the consumer of tomatoes. Enactment of this legislation would incur no additional cost to the Government. It would not create hardship for other States or for foreign producers, and would not create a trade barrier. It would standardize the sizes and grades of tomatoes offered for sale in the United States, and equalize the competition between domestic and foreign producers.

Mr. President, I ask unanimous consent that the text of the bill I am introducing today be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 729

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8e of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608e–1), is amended—

(1) by inserting in the first sentence after "eggplants" a comma and "or regulating the pack of any container of tomatoes,";

(2) by inserting in the first sentence after "provisions", each time such word appears, a comma and "and in the case of tomatoes any provisions regulating the pack of any container,"; and

(3) by inserting in the fourth sentence after "classifications" a comma and "and with respect to imported tomatoes such restrictions on the pack of any container,".●

By Mr. HUDDLESTON (for himself, Mr. HELMS, and Mr. COCHRAN):

S. 730. A bill to provide for the use of the funds of the Commodity Credit Corporation in implementing the Federal Crop Insurance Act of 1980; to the Committee on Agriculture, Nutrition, and Forestry.

TRANSFER FROM COMMODITY CREDIT CORPORATION TO FEDERAL CROP INSURANCE

Mr. HUDDLESTON. Mr. President, today I am introducing a bill to authorize the Secretary of Agriculture to use funds of the Commodity Credit Corporation to cover administrative and operating expenses of the Federal Crop Insurance Corporation incurred in fiscal year 1981.

This bill is needed because the Federal Crop Insurance Corporation does not now have sufficient 1981 funding to continue operation of the expanded crop insurance program for farmers authorized by the Federal Crop Insurance Act of 1980.

Although the Department of Agriculture requested funds for expansion of the crop insurance program last year, the request did not reach Congress in time for inclusion in the Agricultural Appropriations Act for fiscal year 1981. However, the Department of Agriculture received permission from the Office of Management and Budget in December 1980 to begin expansion, and requested a supplemental appropriation of $49,200,000 to cover the costs of expansion in fiscal year 1981.

Action has not been taken yet on the supplemental appropriation request, and the Federal Crop Insurance Corporation will exhaust the funds allotted for operating and administrative expenses under the current Appropriations Act by the end of April.

Further, it appears that the Department of Agriculture will not be able administratively to reallocate other funds available to it to meet the corporation's budget emergency.

Congress will have to act to assure that the needed funds are provided in a timely manner.

Therefore, Mr. President, the bill that I am introducing today will authorize the Federal Crop Insurance Corporation, on a majority vote of its board of directors, to request the Secretary of Agriculture to use the funds of the Commodity Credit Corporation to cover crop insurance operating and administrative costs incurred during fiscal year 1981. The Secretary of Agriculture, on receiving such a request, could use up to $49,200,000 of the funds of the Commodity Credit Corporation to cover such costs.

As I understand it, the Commodity Credit Corporation has enough funds available to it now to meet this tem-

porary emergency without adversely affecting the other programs funded by it. However, the legislative authorization provided under this bill is needed before the Commodity Credit Corporation can act.

The $49,200,000 involved has been taken into account by the new administration in its recent review of Government spending in 1981, and has remained a part of the 1981 budget. Thus this bill will not increase the 1981 budget, but will merely facilitate the use of 1981 budget funds when they are needed.

Mr. President, I made a proposal similar to this bill duing the Agriculture Committee markup of S. 509. During the discussion of my proposal, it was argued that my concerns could be handled administratively by the Department of Agriculture so that congressional action would not be needed. And, at that meeting, the Department representative stated that the Department committed itself to making the needed funds available for the crop insurance program by administrative action.

After the committee meeting, I wrote to Secretary Block, asking for more detailed information on the administrative action the Department was taking to obtain the needed funds for the Federal Crop Insurance Corporation. Yesterday, I received a response to my letter from the Deputy Secretary of Agriculture, Richard Lyng. His letter states that the matter cannot be handled administratively, and that additional congressional action will be necessary to provide the required funding.

Thus, the situation now is that all are in agreement that the crop insurance program should be completely funded in 1981, that the money for the program has been budgeted for, and that congressional action is necessary to insure that program funds do not run out at the end of April. This bill will enable Congress to take the action required of it now.

Mr. President, Congress worked long and hard in the 96th Congress to develop a crop insurance bill that would be helpful to farmers and minimize the cost to taxpayers of Federal disaster assistance for U.S. agriculture. The Federal Crop Insurance Act of 1980 met those goals, and the conference report on the 1980 act was approved unanimously by the Senate. However, unless budgeted funds are made available as provided under this bill, the implementation of the 1980 legislation could be seriously jeopardized. Therefore, I urge the Senate to act expeditiously on this bill.

I will advise that the cosponsors are the distinguished Senator from North Carolina (Mr. HELMS) and the distinguished Senator from Mississippi (Mr. COCHRAN).

The PRESIDING OFFICER. Does the Senator wish those Senators to be added as cosponsors?

Mr. HUDDLESTON. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. We had intended to offer an amendment to S. 509 to accomplish this, although it is totally unrelated to the subject of S. 509, but what has happened is that due to the closing moments of the last session of Congress we did not provide adequate funding for the implementation of the crop insurance program.

It is very important that this program be implemented in a timely manner. It is important not only to the farm producers of the country, because of the expanded coverage that they have available to them under a crop insurance program, but it is important to the Federal Government from the standpoint of expenditures because it is intended to replace the disaster payment program that we have at the present time.

We have determined that the best way to provide the funding is through this bill we are introducing at this time, and I am delighted to have the chairman of the Committee on Agriculture join in that effort.

By Mr. GLENN:

S. 731. A bill to provide for an accelerated program of research, development, and demonstration of energy storage technologies to be carried out by the Department of Energy with the support of other Federal agencies, and for other purposes; to the Committee on Governmental Affairs.

ENERGY STORAGE RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT

● Mr. GLENN. Mr. President, I introduce and send to the desk the Energy Storage Research, Development, and Demonstration Act to correct what I perceive to be a glaring deficiency in our national energy program—a deficiency which has been exacerbated by the administration's revised budget request. The purpose of this bill is to dramatically accelerate our efforts in research, development, and Demonstration Act establishes storage technologies across the board.

The Energy Storage Research, Development, and Demonstration Act establishes national goals for achieving annual fuel substitution and fuel conservation savings of the equivalent of 20 million barrels of oil by 1985 and 750 million barrels of oil by the year 2000 through the use of energy storage technologies.

Energy storage technologies act as bridges or buffers between energy supply systems and energy demand systems. Economic energy storage would have a nearly incalculable impact on our long-term energy supply picture by allowing us to substitute coal and nuclear energy for oil and gas. We could also take advantage of renewable and inexhaustible energy sources such as solar wind, and tidal energy by spreading the supply of these intermittent sources over a 24-hour period. Utilities could use their facilities much more efficiently. The current practice of building baseload electrical capacity to meet rising peak demand is an inefficient and inappropriate use of our scarce financial and technological resources and is a major contributor to the upward spiral of electricity rates.

This legislation will provide support for the entire spectrum of energy storage technologies, whether they are of the electrochemical, physical, or chemical type. Specific areas that will be accelerated include the following:

First. Batteries;

Second. Electrolytic technology;

Third. Flywheels;

Fourth. Hydrogen technologies including electrolytic production, advanced production, transportation, use, and storage;

Fifth. Fuel cells for vehicular use;

Sixth. Chemical heat pumps;

Seventh. Magnetic energy storage;

Eighth. Underground energy storage, including seasonal aquifiers and compressed air/underground pumped hydro storage for electric power;

Ninth. Thermal energy storage; and

Tenth. Basic research in electrochemistry and electrochemical engineering.

I want to emphasize, Mr. President, that this list was meant to be merely illustrative of the type of efforts to be supported under this comprehensive legislation.

Mr. President, I would like to give a couple of specific examples which help illustrate the potential to be realized from effective utilization of energy storage technologies. These are the electric vehicle and the Redox storage system.

Probably the most serious energy problem confronting the United States for at least the remainder of this century is that of liquid fuels for transportation. Petroleum-derived fuels provide over 97 percent of our transportation needs—transportation accounts for about half of our petroleum consumption. Significant reductions in oil consumption for transportation is possible through the use of electric vehicles. A number of energy storage technologies can help make this a reality. For example, the biggest obstacle thus far to the development of an electric car has been the lack of a cheap, lightweight, and powerful battery. Fuel cells offer the possibility of electric vans, trucks, and buses, and perhaps electric cars, if sufficient miniaturization is feasible. The flywheel can also help commercialize electric vehicles. Electric cars can improve their operating range between recharges by 20 percent when assisted by flywheels. I might also note that flywheels can also help heat engines to improve their fuel economy by 50 to 100 percent. Flywheels alone represent a potential savings of 55 million barrels of oil per year for the petroleum-fueled auto and 2 million barrels per year for the flywheel-assisted electric vehicle.

The Redox storage system is a new and unique type of battery which should prove attractive for utility use. Battery-type storage is preferred for many utility applications on several counts: Both the input and output is electrical and can respond rapidly to load changes; storage capacity can be increased in modular increments; and intermittent sources such as solar. wind, and tidal energy could be used. The Redox system is an unusual battery whose anode and cathode consist of tanks of chemicals separated by a membrane along which ion flow occurs. Preliminary results from the laboratory working scale model indicate an impressive 70- to 75-percent rate of efficiency for the system. And be-

cause the battery's capacity is limited only by the size of the tanks—which one could make, theoretically, as small as a bathtub or as large as the Pentagon—it could also prove to be highly practical for use by utilities. I would expect to see this concept supported under this bill so that a multiple-kilowatt capacity system could be demonstrated by 1985 and tests initiated on a megawatt system by 1986.

In its January budget submission, the Department of Energy stated that successful development and commercialization of known technologies could lead to annual fuel substitution and fuel conservation savings of 23 million barrels of oil equivalent in 1985 and 825 million barrels of oil equivalent, or 5 quads, in 2000. In other documents, DOE has been much more optimistic about the role of energy storage. For example, in its January 1980 budget request, DOE placed oil savings as high as 62 million barrels of oil equivalent by 1985 and 1.3 billion per year by 2000. Note that the goals stated in the bill are extremely conservative—the equivalent of 20 million barrels of oil per annum by 1985 and 750 million barrels per annum by 2000. However, the payoff is huge. If one assumes a smooth introduction of energy storage technologies, this could result in fuel displacement and savings of over 6 billion barrels of oil for the period 1985–2000.

Mr. President, the administration's revised budget request for fiscal years 1981 and 1982 for energy storage amounts to what I would term "technocide," a process that started with the previous administration's January request. The January 15 budget request contained only $59.5 million for energy storage for fiscal year 1982, a reduction of $12.4 million from the level of $71.9 million appropriated for fiscal year 1981—a level, incidentally, I considered too small at the time, and said so. The Reagan administration has taken a much more drastic, and I believe unacceptable, step with its revised budget which proposes a $20 million recission for fiscal year 1981 and a $20.5 million cut in fiscal year 1982. This means that the fiscal year 1981 and fiscal year 1982 funding levels for all of energy storage will amount to only $51.9 million and $39.0 million, respectively.

This legislation, on the other hand, will provide for a healthy and vibrant energy storage program which offers high payoffs. The bill authorizes $100 million for fiscal year 1982 and incremental increases of $25 million for each of the 4 successive years for a 5-year total of $750 million. This funding level will allow the Department of Energy to implement an aggressive 5-year energy storage program consistent with that proposed in the conservation and solar applications program memorandum prepared by DOE this past year.

Mr. President, there will be those who will say that we cannot afford this. I say that we cannot afford not to do this. This is a much needed investment in our Nation's energy future which we must make if we are to have an abundant and prosperous tomorrow. I urge support of my colleagues for this measure.

Mr. President, I ask that the text of the bill and a section-by-section analysis be printed at this point in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 731

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Energy Storage Research, Development, and Demonstration Act".

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress hereby finds that—

(1) progress toward achievement of energy independence for the United States and the long-term security of energy sources and supplies is essential to the health of the national economy, the well-being of our citizens, and the maintenance of national security;

(2) substantial amounts of petroleum and natural gas are used in the United States for transportation, by electric utilities for meeting peak demand, for heating and cooling services in the residential, commercial and industrial sectors, and for industrial processes;

(3) the intermittent nature of certain energy sources inhibits their full utilization;

(4) adding baseload electrical capacity to meet rising peak load demand is an inefficient use of financial and technology resources;

(5) energy storage technologies enable the substitution of plentiful and virtually inexhaustible energy resources for scarce fuels and promote energy conservation by increasing energy productivity and expediting the use of more energy-efficient processes;

(6) an aggressive research, development and demonstration program to accelerate use of energy storage systems and technologies should solve the existing technical problems and should maximize the contribution of energy storage to the Nation's energy future;

(7) it is in the national interest to accelerate efforts to develop and commercialize energy storage systems and technologies; and

(8) it is the proper role of the Federal Government to undertake research and development, to participate in demonstration projects for energy storage, and to assist private industry, other entities, and the general public in hastening the widespread use of these technologies.

(b) Therefore, the purpose of this Act is to accelerate the national effort in research, development, and demonstration activities related to energy storage systems and technologies to provide a technical base for meeting the following goals:

(1) achievement of annual fuel substitution and fuel conservation savings of 20 million barrels of oil equivalent in the year 1985 by energy storage technologies; and

(2) achievement of annual fuel substitution and fuel conservation savings of 750 million barrels of oil equivalent in the year 2000 by energy storage technologies.

DEFINITIONS

SEC. 3. For the purposes of this Act—

(1) the term "energy storage" means any process utilizing electrochemical, chemical, or physical phenomena to store electrical, chemical, thermal, and mechanical energy generated from any energy resource for subsequent end-use in transportation, building heating and cooling, industrial processes, and utility applications; and

(2) the term "Secretary" means the Secretary of Energy.

RESEARCH, DEVELOPMENT, AND DEMONSTRATION

SEC. 4. (a) The Secretary in pursuing an aggressive program for the development of prototypes of energy storage technologies shall—

(1) initiate research and development or accelerate existing research and development in areas in which the lack of knowledge limits the utilization of energy storage technologies to achieve the purposes of this Act;

(2) solicit proposals and evaluate any reasonable new or improved technology or process, a description of which is submitted to the Secretary in writing, which could lead to or contribute to the development of energy storage technology;

(3) enter into contracts, grants, and cooperative agreements with public and private entities for the purchase, fabrication, installation, and testing to obtain scientific, technological, and economic information from the demonstration of a variety of energy storage technologies under a variety of circumstances and conditions; and

(4) ensure that activities in the energy storage program are fully coordinated with the activities under the Solar Heating and Cooling Demonstration Act of 1974, Public Law 93–409; the Electric and Hybrid Vehicle Research, Development and Demonstration Act, Public Law 94–413 as amended; the Solar Photovoltaic Energy Research, Development and Demonstration Act of 1978, Public Law 95–590; the National Energy Conservation Policy Act, Public Law 95–619; and the Ocean Thermal Energy Conversion Research, Development and Demonstration Act, Public Law 96–310.

(b) The Secretary is authorized to promulgate such regulations as he determines necessary to carry out the purposes and achieve the goals of this Act.

COMPREHENSIVE PROGRAM MANAGEMENT PLAN

SEC. 5. (a) The Secretary shall prepare a comprehensive program management plan for the conduct of research, development, demonstration and technology application activities to carry out the purposes of this Act. Such plan shall include as a minimum—

(1) a presentation of the program strategy which will be used to achieve the purposes of this Act;

(2) a 5-year program implementation schedule, including identification of detailed program milestone goals and critical paths, with associated budget and program management resources requirements;

(3) cost-benefit analyses and risk assessments of the activities and programs authorized under the Act;

(4) supporting research and development needed to solve problems which may inhibit or limit development of energy storage technologies;

(5) an analysis of institutional, environmental, and economic considerations, including materials requirements, which are limiting the utilization of energy storage technologies; and

(6) the estimated relative financial contributions of the Federal Government and non-Federal participants in the program.

In preparation of such plan, the Secretary shall consult with the heads of such other Federal agencies and such public and private organizations as he deems appropriate.

(b) The Secretary shall transmit the comprehensive program management plan developed pursuant to subsection (a) to the Committee on Energy and Natural Resources of the Senate and the Committee on Science and Technology of the House of Representatives within 6 months after the date of the enactment of this Act.

TECHNICAL PANEL ON ENERGY STORAGE

SEC. 6. (a) A technical panel on energy storage of the Energy Research Advisory Board shall be established to advise the Secretary on the conduct of the energy storage program.

(b)(1) The technical panel shall be comprised of such representatives from domestic industry, universities, government laboratories, and other scientific and technical organizations as the Chairman of the Energy Research Advisory Board determines appropriate based on his assessment of the technical qualifications of each such representative.

(2) Members of the technical panel need not be members of the full Energy Research Advisory Board.

(c) The activities of the technical panel shall be in compliance with any laws and regulations guiding the activities of technical and factfinding groups reporting to the Energy Research Advisory Board.

(d) The technical panel shall review and may make recommendations on the following items, among others:

(1) the preparation of the 5-year comprehensive program management plan prepared pursuant to section 5;

(2) the type of future demonstrating activities needed to meet the objectives of this Act along with their projected completion dates;

(3) the adequacy of participation by universities and industry in the program; and

(4) institutional, environmental, and economic factors, including materials requirements limiting, or prospectively limiting, efforts to achieve commercial application of energy storage technologies.

(e) The technical panel shall submit to the Energy Research Advisory Board on a biennial basis a written report of its findings and recommendations with regard to the energy storage program.

(f) After consideration of the technical panel report, the Energy Research Advisory Board shall submit such report, together with any comments such Board deems appropriate, to the Secretary.

INFORMATION DISSEMINATION

SEC. 7. (a) The Secretary shall take all necessary steps to assure that technical information relevant to the status and progress of the energy storage program is readily made available to interested persons in domestic industry and universities in the United States. Upon a showing to the Secretary by any person that any information or portion thereof provided to the Secretary directly or indirectly from such person would, if made public, divulge (1) trade secrets or (2) other proprietary information of such person, the Secretary shall not disclose such information and disclosure thereof shall be punishable under section 1905 of title 18, United States Code.

(b) The Secretary shall maintain an aggressive program in the United States for the provision of public information and educational materials to promote widespread knowledge of energy storage among educational, community, business, environmental, labor, governmental entities, and the public at large.

ENCOURAGEMENT AND PROTECTION OF SMALL BUSINESS

SEC. 8. (a) In carrying out his functions under this Act, the Secretary shall take steps to assure that small business concerns will have realistic and adequate opportunities to participate in the programs under this Act to the maximum extent practicable.

(b) The Secretary shall, to the maximum extent practicable, use all authority provided by law to protect trade secrets and other proprietary information submitted by small business under this Act and to avoid the unnecessary disclosure of such information.

REPORTS

SEC. 9. As a separate part of the annual report submitted pursuant to section 801 of the Department of Energy Organization Act, the Secretary shall submit to Congress an annual report of activities pursuant to this Act. Such report shall include—

(1) modifications to the comprehensive program management plan for implementing this Act;

(2) an evaluation of the state of the energy storage program in the United States;

(3) a summary of the findings and recommendations of any report of the Energy Research Advisory Board on energy storage;

(4) an analysis of the progress made in commercializing energy storage technologies; and

(5) suggestions for improvements in the energy storage program, including recommendations for legislation.

AUTHORIZATION OF APPROPRIATIONS

SEC. 10. (a) There is authorized to be appropriated $100,000,000 for the fiscal year ending September 30, 1982; $125,000,000 for the fiscal year ending September 30, 1983; $150,000,000 for the fiscal year ending September 30, 1984; $175,000,000 for the fiscal year ending September 30, 1985; and $200,000,000 for the fiscal year ending September 30, 1986.

(b) In carrying out the provisions of this Act, the Secretary is authorized to enter into contracts only to such extent or in such amounts as may be provided in advance in appropriation Acts.

ENERGY STORAGE RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT

SECTION-BY-SECTION ANALYSIS

Section 2. Findings and purposes

This section sets forth the findings, purposes, and goals of the Act.

The findings, in summary, acknowledge the severe economic and national security problems associated with excessive dependence on foreign sources of energy. Substantial amounts of petroleum and natural gas can be displaced or conserved through the use of energy storage technologies by improving energy productivity and by substituting plentiful and virtually inexhaustible energy resources for scarce fuels. It is further recognized that an aggressive research, development, and demonstration program to accelerate the development and commercialization of energy storage technologies could maximize their contribution to the Nation's energy future, and that it is the proper role of the Federal Government to assist with this effort.

The purpose of the bill is to accelerate the national effort in energy storage research, development, and demonstration which will provide a technical basis for meeting the following goals:

(1) achievement of annual fuel substitution and fuel conservation savings of 20 million barrels of oil equivalent in 1985 by energy storage technologies; and

(2) achievement of annual fuel substitution and fuel conservation savings of 750 million barrels of oil equivalent in the year 2000 by energy storage technologies.

Section 3. Definitions

This section defines the terms "energy storage" and "Secretary."

Section 4. Research, development, and demonstration

This Section directs the Secretary of Energy (hereafter referred to as the Secretary) to initiate research and development activities or accelerate ongoing research and development activities in areas in which the lack of knowledge limits the widespread utilization of energy storage technologies. The Secretary is also directed to solicit proposals and evaluate any reasonable new or improved technology or process; to enter in contracts, grants, and cooperative agreements with public and private entities to obtain information from the demonstration of energy storage technologies; and to ensure that energy storage program activities are fully coordinated with those activities under previous legislation. Finally, the section directs the Secretary to promulgate such regulations deemed necessary to carry out the purposes and achieve the goals of the Act.

Section 5. Comprehensive program management plan

This section establishes a requirement that the Secretary prepare a comprehensive management plan which contains the program strategy, a five-year implementation schedule including milestones, budget and program management resource requirements, and other information to provide Congress and the public at large a detailed guide for measuring progress in the program. The plan shall be transmitted to Congress within 6 months after the date of enactment of this Act.

Section 6. Technical panel on energy storage

This section establishes a technical panel on energy storage which may include representatives from industry, universities, government laboratories, and other scientific and technical organizations to review and submit a written report on at least a biennial basis.

Section 7. Information dissemination

This section calls for the Secretary to provide all segments of the scientific community, industry, the Government, and the public at large with full and complete information on the potential benefits of energy storage and the status of current research programs.

Section 8. Encouragement and protection of small business

This section requires the Secretary to encourage to the maximum practicable the participation of small businesses in the program. The Secretary is also directed to protect trade secrets and proprietary information of small businesses.

Section 9. Reports

This section requires the Secretary to include in the Department of Energy's annual report submitted to Congress a separate part which reports on activities pursuant to this Act including recommendations for improvements in the energy storage program and legislation.

Section 10. Authorization of appropriations

This section authorizes $100 million in fiscal year 1982, $125 million in fiscal year 1983, $150 million in fiscal year 1984, $175 million in fiscal year 1985, and $200 million in fiscal year 1986.

By Mr. NUNN (for himself, Mr. CHILES, Mr. DECONCINI, Mr. COHEN, Mr. BENTSEN, Mr. DOMENICI, Mr. LONG, Mr. ROTH, Mr. RUDMAN, and Mr. JACKSON):

S. 732. A bill to insure the confidentiality of information filed by individual taxpayers with the Internal Revenue Service pursuant to the Internal Revenue Code and, at the same time, to insure the effective enforcement of Federal and State criminals laws and the effective administration of justice;

LEGISLATION TO STRENGTHEN FIGHT AGAINST ORGANIZED CRIME AND ILLEGAL NARCOTICS

● Mr. NUNN. Mr. President, on behalf of myself and Senators CHILES, COHEN, DECONCINI, DOMENICI, BENTSEN, ROTH, LONG, and JACKSON, I am today introduc-

ing a bill which is designed to restore the Internal Revenue Service to the role it once played in cooperative law enforcement efforts aimed at organized criminals and narcotics traffickers.

This bill is similar to S. 2402, S. 2404, and S. 2405, which I and 10 other cosponsors introduced on March 11, 1980, in the 96th Congress.

The Finance Subcommittee on Oversight of IRS, under the leadership of our distinguished colleague from Montana (Mr. BAUCUS), held a hearing on these measures on June 20, 1980.

In addition, the House Ways and Means Subcommittee on Oversight, under the chairmanship of Representative GIBBONS of Florida, held a hearing on July 30, 1980.

These two subcommittees received considerable testimony on all sides of these issues. I would like to compliment the respective chairmen and thank them for their interest in these problems. Congressman GIBBONS already has introduced our new bill in the House.

After these hearings, I undertook to revise last year's bills, taking into consideration the testimony of the various witnesses and the views of the Carter administration. The result, which is embodied in the bill we introduce today, was endorsed—except for one provision—by President Carter. I sincerely hope that the Reagan administration will see fit to do likewise.

I might add that the general issue of IRS' role in law enforcement came before this body on the night of December 10 in the form of a committee amendment to the continuing resolution. That amendment was designed as an interim measure to be replaced by substantive legislation. Our bill is that substantive legislation, although it bears little resemblance to the amendment that was tabled in December.

This bill is an outgrowth of extensive work done by the Permanent Subcommittee on Investigations, of which I was honored to serve as chairman during the 96th Congress.

Our subcommittee spent the better part of the last 2 years investigating various aspects of organized crime, labor racketeering, and narcotics trafficking. As I look back on our studies and hearings, I am astounded at the size and sophistication of these triple menaces to the well-being of our Nation.

The "underground economy" is estimated at upward of $124 billion a year, of which the traffic in illegal narcotics amounts to somewhere between $44 billion and $63 billion. Included in these astronomical figures are an estimated $25 billion to $50 billion in unreported and untaxed profits. In other words, we may not have had a deficit last year if taxes had been paid on all these illegal profits.

All of this money has had a tremendous inflationary impact on the economy of several regions of the country, especially Florida, Texas, and the Southwest areas bordering Mexico. Even my homestate of Georgia has experienced an increase in narcotics trafficking, for as enforcement authorities have cracked down on smuggling into Florida from South America, many traffickers have moved their operations northward.

The permanent subcommittee explored this problem extensively, and in December or 1979 we conducted very thorough hearings on "Illegal Narcotics Profits." We issued a comprehensive report on this investigation in August 1980 (Senate Report No. 96–887).

Our major finding was that the Internal Revenue Service had withdrawn from the fight against organized crime and narcotics trafficking.

It has long been recognized that financial investigations, relying on financial and tax records, are one of the most effective tools in piercing the veil of secrecy that protects those at the top of any organized crime ring—be it a drug smuggling operation or a traditional organized crime family.

Indeed, it was the ability of the Internal Revenue Service to conduct sophisticated financial investigations that sent such notorious mobsters as Al Capone and Frank Costello to jail on income tax evasion charges when other agencies were unable to gather enough evidence of nontax crimes to have them indicted; much less convicted.

We found, however, that even though organized crime and narcotics trafficking have become bigger and more sophisticated than ever before, the one law enforcement agency that the kingpin criminals fear most—the IRS—had withdrawn from the fray.

Prosecutors and others involved in Federal law enforcement testified before our subcommittee that they were hindered in doing financial investigations by the reluctance of IRS to lend them a hand in attacking those who call the shots in organized crime.

We found that there were two prime reasons for this withdrawal by the IRS. One was the disclosure provisions of the Tax Reform Act of 1976. The other was a general attitude on the part of IRS officials that the agency only should collect taxes and not serve in any capacity as a nontax law enforcement agency.

THE TAX REFORM ACT OF 1976

The disclosure provisions of the Tax Reform Act of 1976 are found in section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103). They were enacted in the dying days of the 94th Congress and were intended to avoid future abuses of a "Watergate" nature.

Until the act became effective, tax returns were considered to be public records, and access to them was governed by Presidential Executive order. Many Federal agencies, including the White House, had easy access to tax returns for a wide variety of uses.

During the Watergate investigations, it was revealed that the Nixon White House had used tax returns to pressure potential campaign contributors and certain other individuals who were on a White House "enemies list," and that the administration had ordered IRS to conduct audits of its "enemies."

It also was revealed by the Senate Judiciary Committee that an IRS special service staff collected and disseminated information about thousands of individuals and groups which the IRS considered to have "extremist views and philosophies."

In short, various congressional committes found that tax returns and tax information were made available to a number of Federal agencies for many questionable purposes. I think all of us would agree that such disclosure represented an abuse of taxpayer privacy.

But I want to point out, Mr. President, that the permanent subcommittee was unable to document any abuse of tax information on the part of a Federal prosecutor.

To cure these abuses, the Tax Reform Act made tax returns and most other information gathered by the IRS confidential and subject to disclosure by IRS only in accordance with very strict procedures. These procedures apply across the board and govern disclosure to all Federal agencies. They are so sweeping that they can be compared to the use of a sledge hammer to kill an ant.

IRS agents are forbidden to disclose, on their own initiative, any tax return or "tax return information," which is any information they gather in connection with a tax return, or "taxpayer return information," which is any information they obtain from a taxpayer or his representative, such as his attorney or accountant.

Let us say, for example, that IRS agents conduct an audit of the bank records of a taxpayer, and they discover in his checking account statements that he has made a series of unexplained cash deposits. This may very well lead them to suspect that he has been dealing in narcotics. If they tell the Drug Enforcement Administration about this evidence, however, they would be guilty of a felony under the Tax Reform Act.

As a result, there is very little criminal information exchanged today between IRS and the other Federal law enforcement agencies. IRS turned over an average of just 32 pieces of criminal evidence per year during 1977, 1978, and 1979. DEA officials testified at our hearings that they received no nontax criminal evidence over that same period.

What happens to the nontax criminal evidence that IRS agents come across during the course of their tax investigations? Apparently, it is buried somewhere in the IRS files.

For example, IRS agents told our subcommittee that they found evidence of massive embezzlements when they audited a labor union's records, but they could not report this information to the Justice Department. Thus, Justice had no information upon which to begin a nontax prosecution.

In another example, IRS agents found evidence in a taxpayer's business records that a policeman had been bribed. That evidence was never disclosed, and the policeman is still on the job.

These examples pale in comparison to an incident known as the case of the trash can, in which DEA was investigating a chemist suspected of concocting illegal drugs. DEA learned that an IRS agent had searched the chemist's trash can and had discovered evidence that the chemist indeed was making illegal drugs.

However, IRS would not volunteer this evidence to DEA.

The prosecutor subpenaed the IRS agent and the trash can documents, but IRS cited the Tax Reform Act and refused to let the agent answer the subpena. IRS said the trash was gathered in connection with the chemist's tax return; therefore, the prosecutor needed a court order under section 6103 to see the documents.

In my mind, by keeping secret this evidence of criminal activity found in a taxpayer's business books and records, bank account statements, and check stubs, we legislated an exemption for criminals.

Our investigation has convinced me that the disclosure provisions of section 6103, coupled with the way they have been interpreted and enforced by IRS, have had a highly detrimental effect on our Federal law enforcement system.

That system is complex and sophisticated. We do not have a Federal police state. Instead, we have a series of agencies broken down by criminal jurisdiction that must operate with a high degree of coordination and cooperation. It is not unusual, in fact it is quite common, to combine the skills and information of many agencies to achieve any measure of success in criminal enforcement.

IRS has a fine tradition and history of being one of the most effective law enforcement agencies, especially in cases involving high echelon criminals. Obviously, since the purpose of criminal ventures is to make money, very few substantive crimes can be committed without some tax consequence. Therefore, IRS always has been—and continues to be—a key agency both in terms of financial expertise and in terms of financial information.

The language and interpretation of the Tax Reform Act, however, have caused a severe breakdown in our delicate and complex Federal law enforcement system. It has taken up to 13 months simply to receive the assistance of IRS agents in joint investigations. The Tax Reform Act and its interpretation by IRS has caused a bureaucratic nightmare in cases where Federal agencies should willingly assist each other. Moreover, the Tax Reform Act and its interpretations by IRS have made, in effect, common criminals out of IRS agents who must ignore the dictates of justice for every other American, and refuse to turn over evidence of serious crimes to the appropriate authorities.

THE "CATCH 22"

It is possible, of course, for other agencies to obtain tax returns and other IRS-gathered information under section 6103. However, they must apply for a court order in order to get tax returns and related information, and they must make written requests to obtain other IRS information about nontax crimes such as forgery, bribery, or narcotics violations that comes from sources other than tax returns.

In either situation, the requesting agency must describe the information it seeks to obtain.

The court order and written request requirements have created a "Catch 22" situation. Since IRS agents are forbidden to tell the other agencies of the criminal evidence they gather, it is virtually impossible for these other agencies even to know that such information exists, much less to describe that information with such particularity that they can satisfy the requirements for a court order or written request.

In other words, section 6103 requires Federal investigative agencies to go through elaborate request procedures to obtain information that they may not even know that IRS has.

This "Catch 22" situation has made it all but impossible for the FBI, DEA, and other agencies to receive the necessary information and cooperation from the IRS.

The disclosure provisions were intended to prevent the abuse of tax information for primarily political reasons, such as the President's ordering IRS to audit a taxpayer for political purposes. However, IRS Commisisoner Kurtz testified at our hearings that the President still could give such an order to IRS, and there is nothing in the Tax Reform Act to prevent that order from being carried out. In other words, the "cure" does not really treat this type of abuse, but it has hamstrung law enforcement in its wake.

IRS ATTITUDE

Section 6103 is only a part of the reason why IRS dropped out of the cooperative law enforcement community. Another part is the attitude of the top officials of the IRS and the policies and procedures they adopted in interpreting and applying section 6103.

Between 1974 and 1980, a series of IRS commissioners and their top aides took the view that IRS should stick to the "tax administration"—by which they meant tax collection and only tax collection—and out of the general law enforcement arena.

They said that paying attention to ordinary taxpayers was a better way of keeping the voluntary tax collection system working than was cracking down on organized criminals who pay no taxes on their tremendous ill-gotten gains.

In our report on "Illegal Narcotics Profits," the Permanent Subocmmittee on Investigations differed with that view of tax administration.

Obviously, IRS must be aggressive in collecting the Nation's taxes, but we understand the skepticism of a smalltown waitress who is caught for underreporting her tips when organized crime millionaires escape without reporting a cent of their illegal income.

Our subcommittee believes that if the average taxpaver knows that IRS can successfully collect taxes from the mob, he is a lot more likely to ante up his fair share—if for no other reason than the fear of being caught.

When he sees a drugpusher prosecuted as the result of work by the IRS, he is likely to have confidence in our voluntary tax collection system and feel that his taxes are being well spent, especially on law enforcement. On the other hand, if he sees criminals getting away with tax evasion on top of murder and extortion, his natural skepticism toward our tax policy will increase.

IRS recent emphasis on ordinary taxpayers has not increased voluntary compliance with the tax laws. In fact, statistics compiled by both the IRS and the General Accounting Office indicate that voluntary compliance with the tax laws actually has decreased since passage of the Tax Reform Act of 1976 and the subsequent withdrawal of IRS from cooperative law enforcement efforts aimed at big-time criminals.

The GAO findings also refute the contention that voluntary compliance is in direct proportion to the degree of confidentiality of tax return information. If that is so, then the total confidentiality of the Tax Reform Act would have resulted in total compliance. Obviously, it has not.

Other statistics indicated the extent of IRS withdrawal: Between 1974 and the first 9 months of 1978, the number of organized crime cases which originated from IRS-developed tax information dropped from 620 to just 221.

Partially as a result of our subcommittee's work, the Carter administration ordered IRS to step up its investigations of suspected narcotics dealers and organized criminals. IRS has devoted more of its resources to these efforts, and it has adjusted some of its policies and interpretations with respect to the disclosure of nontax criminal evidence obtained by its agents. Just within the last few weeks, for example, IRS cooperation with other agencies resulted in the arrests of several persons allegedly involved in laundering some $70 million of drug money through a south Florida bank.

These are steps in the right direction; however, much more needs to be done, and I hope the Reagan administration will increase these efforts by IRS and support the legislation we introduce today.

DISCLOSURE AMENDMENTS

This legislation will not scrap the privacy safeguards which were written into the Tax Reform Act, but the overwhelming evidence has convinced my colleagues and me that a balance needs to be struck so that IRS can and will again cooperate with Federal prosecutors, to whom no documented abuse of tax information has been attributed. Our amendments will strike that balance.

Let me try to dispel some of the unfounded fears of our disclosure amendments by explaining how they will protect the privacy of tax returns and other information supplied to IRS. I am sure that once these provisions are understood—and I admit this is an intricate, sometimes confusing area of the law—they will be accurately seen for their privacy merits as well as their attempt to improve law enforcement.

Let us look at the types of information that could be disclosed only by ex parte court order, just as under existing law. This includes individual tax returns and all supporting attachments, such as W–2 forms, lists of donations to charitable and nonprofit organizations, and various other schedules submitted by individuals and entities alike.

It also includes the returns and supporting documentation of small, closely held corporations, partnerships, associations, or other entities consisting of no more than two owners or members. In other words, the tax and supporting records of these organizations—in which

there is a privacy expectation because they usually are closely owned by only two family members or friends—will be protected just as they are today.

On the other hand, information gathered from other sources, such as from larger corporations or from third parties, such as banks, would not have the same degree of protection. But why should it? The courts have consistently held that corporate information does not enjoy the same constitutional protections as individual information; nor is there the same practical privacy expectation in corporate records, simply because of the number of people in most corporations who have access to that information. And we really cannot expect the same degree of privacy for information about us that is maintained by third parties as we do for information that is in our own possession.

The fact of the matter is that other Government agencies, such as the Securities and Exchange Commission and the Department of Labor, have access to similar information concerning entities, but those agencies, unlike IRS, have no disclosure prohibitions to interfere with their referring criminal information to the Justice Department, which they do on a regular basis.

Let us look at the judicial standards that the Justice Department would have to meet before it could gain access to the information protected by court order. In order to obtain an ex parte order, Justice Department attorneys would have to present information believed to be reliable that establishes reasonable cause to believe that a specific criminal act has been committed. Those attorneys would have to certify that the information is sought exclusively for use in a Federal criminal investigation or proceeding, and they would have to establish to the satisfaction of a district judge or magistrate that there is reasonable cause to believe that the information may be relevant to a matter relating to the commission of the criminal act.

These are essentially the same standards that must be met under Federal law in order for authorities to wiretap our telephones or put listening devices in our homes and offices. It seems to my colleagues and me that if they are sufficient to protect the privacy of our most personal conversations, they also are sufficient to protect our tax information.

In addition to these privacy protections, I would point out that our bill—unlike the existing provision of the Tax Reform Act—would channel all requests for IRS information through the Justice Department. Only one agency would be permitted to obtain tax information, and the requesting official in every case would be a government attorney.

In other words, Mr. President, our disclosure amendments are laden with safeguards for the privacy of all information we can reasonably expect to keep private. There is no wholesale scrapping of privacy here. There is no sell-out to a few law enforcement authorities who might like to see their work made easier. There certainly is no attempt here to create a breeding ground for a repeat of the so-called Watergate abuses. And there is certainly no meat-ax attempt to butcher the Tax Reform Act.

On the other hand, there is a very balanced, well-thought-out effort to fine tune section 6103 of the Internal Revenue Code, which, as the record clearly indicates, needs to be done.

These amendments are the product of a solid year's hard work on the part of several congressional subcommittees and the Justice Department and the IRS itself. They have been developed in the broad daylight with the views of all sides considered.

These amendments strike that delicate balance between privacy and law enforcement as well as it can be struck.

No one who is concerned about the privacy of tax returns or a repetition of the abuses of tax information should fear these bills. Hard working, law-abiding taxpayers can rest assured that the information they supply IRS will remain within that agency where it belongs.

The only people that need fear this legislation are narcotics traffickers and organized crime figures and white-collar criminals who are contributing to inflation and who are cheating other taxpayers by not paying their fair share.

This amendment would give no additional power or abilities to IRS to gather information about ordinary taxpayers.

The ordinary citizen is and always has been handled "in-house" by the IRS with no need for cooperation with the FBI or DEA. On the other hand, criminal tax evaders, who earn their money by participating in a life of crime, receive different treatment by IRS. In cases where criminal ventures generate profits, IRS must have the capability to cooperate with and exchange information with the Federal investigative and prosecutive agencies.

It is in this very small area—criminal tax evaders—that we seek our primary change so that IRS and other Federal law enforcement agencies can work even more effectively together against these criminals than they can today. As it now stands, the Tax Reform Act makes it much easier for IRS to go after the average taxpayer than the criminal. This is a complete reversal of the societal priorities that we should be encouraging. In this respect, we propose changing a very limited and isolated portion of the Tax Reform Act without altering the other provisions of that act.

CIVIL DAMAGE PROVISIONS

As I pointed out earlier, the Tax Reform Act of 1976 contains severe criminal and civil penalties for persons who disclose tax returns or related information in violation of the act.

The civil damage provision, 26 U.S.C. 7217, makes any person who willfully or negligently discloses a tax return or tax return information in violation of the act personally liable for civil damages in a suit brought against him by the taxpayer.

Existing law provides that there is no civil liability for disclosures which result from good faith, but wrong, interpretations of the act.

Our proposed amendment to section 7217 provides that the Government will be liable for damages awarded against a Federal official or employee so long as the disclosure occurred within the scope of his employment and was not done corruptly, maliciously, in return for anything of value, or willfully in violation of the disclosure provisions of the act.

We do not believe that IRS agents should be personally liable for damages arising out of disclosures which are not done with wrongful intent, and our proposal, S. 2405 spells this out.

CRIMINAL PENALTIES

The criminal penalties of the Tax Reform Act, 26 U.S.C. 7213, makes it a felony to willfully disclose tax returns or tax return information in violation of the act. Persons found guilty can be fined up to $5,000 or sentenced to jail for up to 5 years, or both, and assessed the costs of prosecution.

Under existing law, there is no defense available for good faith but wrong interpretations of the disclosure provisions. As a result, IRS agents testified before our subcommittee, they will always stay on the safe side of the law and not disclose any IRS information to other agencies except in the most serious situations. The disclosure provisions are not always easy to interpret in every situation when an IRS agent comes across evidence of a nontax crime. In fact, even though IRS has issued a number of "clarifying" interpretations and instructions, its agents testified that they never could be sure if they were violating the act when they disclosed information. In fact, IRS' own legal counsel had difficulty interpreting the provisions when asked questions at our hearings.

In order to ease the minds of IRS agents and to encourage them to report nonreturn information of possible crimes, we propose in S. 2404 that an affirmative defense provision be added to the criminal penalty section to relieve them of criminal liability when they can establish that they made the disclosure based on a good faith, though erroneous, interpretation of the disclosure provisions.

CONCLUSION

Mr. President, for generations the Internal Revenue Service led the way in this Nation's battle against organized crime and narcotics trafficking, but since 1977 it has hidden behind the disclosure provisions of the Tax Reform Act to stay out of the fray.

Fred Bonadonna, whose father was an identified member of the Kansas City mob, testified before the permanent subcommittee that organized criminals—who once feared the IRS—now arrogantly display the wealth created by their criminal ventures, knowing full well that the IRS will do nothing about their ill-gotten gains.

Only part of the IRS withdrawal can be blamed on the existing law. In passing the disclosure provisions, Congress intended to provide greater protection for the privacy of each citizen's tax returns, but we did not intend for IRS to withdraw from this important fight.

In an interview just before he retired after his distinguished 15-year term as Comptroller General, Elmer B. Staats told the Washington Star that he believes the Government should be more concerned with eliminating drug traffic and the loss of revenues that derive from the untaxed "underground economy."

A recent IRS report estimated that

this "underground economy" involves at least $135 billion a year, with a loss in taxes of $26 billion.

It is now time for us to decide that IRS should become once again the effective force for justice that it was in the days of bootleggers and rumrunners.

My colleagues and I believe that our proposals will send IRS a clear and unmistakable signal that it should do just that.

We have spent many long hours in drafting what we feel is very well-reasoned legislation. We will retain very important privacy safeguards that will prevent any repetition of Watergate type abuses. At the same time, we put a duty on IRS to cooperate once again with the fight against the ever increasing organized crime and narcotics problems facing the Nation.

Three years of inactivity by this once effective law enforcement agency is enough. It is time to act.

Mr. President, I ask unanimous consent that comparisons of our proposal to existing law, a section-by-section analysis of our amendments to section 6103, and a letter from President Carter be printed in the RECORD at this point.

There being no objection, the bill and other material ordered to be printed in the RECORD, as follows:

S. 732

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of subsection (b), section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103) is amended to read as follows:

"(1) RETURN INFORMATION.—The term 'return information' means—

"(A) any tax or information return, declaration of estimated tax, or claim for refund required by, or provided for or permitted under the provisions of this title which is filed with the Secretary by, on behalf of, or with respect to any person, and any amendment or supplement thereto, including supporting schedules, attachments, or lists which are supplemental to, or part of, the returns so filed, (or information taken therefrom) and

"(B) any information provided to the Secretary by or on behalf of an individual taxpayer to whom such information relates."

SEC. 2. Paragraph (2) of subsection (b), section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103) is amended as follows:

"(2) NONRETURN INFORMATION.—The term 'nonreturn information' means—

"(A) any information, other than return information, which the Secretary collects, prepares, obtains, or receives with respect to a taxpayer or return relating to the determination of the existence, or possible existence of liability (or the amount thereof) of any person under this title for any tax penalty, interest, fine, forfeiture, or other imposition or offense, (including whether a return was filed and whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing) and

"(B) any part of any written determination or any background file document relating to such written determination (as such terms are defined in section 6110(b)) which is not open to public inspection under section 6110,

"but such term does not include data in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer."

SEC. 3. Paragraph (3) of subsection (b) of the Internal Revenue Code of 1954 (26 U.S.C. 6103) is amended to read as follows:

"(3) INDIVIDUAL TAXPAYER.—The term 'individual taxpayer' means any natural person or a corporation, partnership, association, union, or other entity consisting of no more than two owners, shareholders, partners, or members.

SEC. 4. Paragraphs (1), (2), (3), and (4) of subsection (1), section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103) are amended to read as follows:

"(1) DISCLOSURE OF RETURN INFORMATION.—

"(A) DISCLOSURE PURSUANT TO ORDER OF JUDGE OR MAGISTRATE.—Return information shall, pursuant to, and upon the grant of, an ex parte order by a Federal district court judge or magistrate as provided by this paragraph, be open, but only to the extent necessary as provided in such order, to inspection by or disclosure to officers and employees of the Department of Justice personally and directly engaged in and solely for their use in preparation for any administrative, judicial, or grand jury proceeding (or investigation which may result in such a proceeding) pertaining to the enforcement of a specifically designated Federal criminal statute (not involving tax administration) to which the United States or such agency is or may be a party. The order may provide for continuous disclosure if such disclosure is justified under subparagraph (B) (iii).

"(B) APPLICATION FOR ORDER.—The Attorney General, the Deputy Attorney General, an Assitsant Attorney General, a United States Attorney, or the Attorney in Charge of a Criminal Division Organized Crime Strike Force may authorize an application to a Federal district court judge or magistrate for the order referred to in subparagraph (A). Upon such application, such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that—

"(i) there is reasonable cause to believe, based upon information be'ieved to be reliable, that a specific criminal act has been committed or is being committed;

"(ii) the information is sought exclusively for use in a Federal crimnal investigation or proceedng concernng such criminal act; and

"(iii) there is reasonable cause to believe that the information may be relevant to a matter relating to the commission of such criminal act.

"However, the Secretary may decline to disclose any return information under this paragraph if he determines and certifies to the court that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation.

"(C) DUTY OF THE SECRETARY.—The Secretary or his designee shall disclose to the appropriate attorney for the Government (referred to in subsection (B) above) such return information ordered disclosed pursuant to paragraph (1) (1) (A) of this subsection as soon as practicable following receipt of an ex parte court order issued pursuant thereto.

"(D) FURTHER DISCLOSURE.—An attorney for the Government (referred to in subsection (B) above) may further disclose any return information, which has been disclosed to him pursuant to an ex parte order, to such other Federal Government personnel or witness as he deems necessary to assist him during the criminal investigation or in preparation for the administrative, judicial, or grand jury proceeding which formed the basis for such order.

"(2) DISCLOSURE OF NONRETURN INFORMATION.—

"(A) Upon written request from the head of a Federal agency, the Inspector General thereof, or in the case of the Department of Justice, the Attorney General or his designee, the Secretary shall disclose nonreturn information as soon as practicable to officers and employees of such agency personally and directly engaged in, and solely for their use in, or preparation for any administrative, judicial, or grand jury proceeding (or investigation which may result in such a proceeding) described in paragraph (1)(A). Such request shall set forth—

"(i) the name and address of the taxpayer with respect to whom such nonreturn information relates;

"(ii) the taxable period or periods to which the nonreturn information relates;

"(iii) the statutory authority under which the proceeding or investigation is being conducted, and

"(iv) allegations of criminal conduct giving rise to the proceeding or investigation.

"However, the Secretary may decline to disclose any nonreturn information under this paragraph if he determines that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation.

"(B) The head of an agency, an Inspector General, or the Attorney General or his designee may further disclose such nonreturn information to such Federal Government personnel or witness as he deems necessary to assist him during the criminal investigation or in preparation for the administrative, judicial, or grand jury proceeding which formed the basis for such request.

"(C) For purposes of this paragraph, the name, address, and social security number of the taxpayer, whether a taxpayer filed a return for a given year or years, and whether there is or has been a criminal investigation of a taxpayer shall be treated as nonreturn information.

"(3) SECRETARY'S DUTY TO DISCLOSE INFORMATION CONCERNING POSSIBLE CRIMINAL ACTIVITIES.—

"(A) The Secretary shall disclose as soon as practicable and in writing nonreturn information which may constitute evidence of a violation of Federal criminal laws to the extent necessary to apprise the head of the appropriate Federal agency or his designee charged with the responsibility for enforcing such laws. For purposes of the preceding sentence, the name and address of the taxpayer shall be treated as nonreturn information.

"(B) In addition to the above disclosures, when the Secretary makes a recommendation to the Department of Justice for prosecution for violation of the Internal Revenue Code, any return or nonreturn information reviewed, developed, or obtained during the tax investigation, which information may constitute evidence of a violation of Federal criminal laws, shall be furnished to the Department of Justice.

"(C) However, the Secretary may decline to disclose any information under the above paragraphs if he determines that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation.

"(4) USE IN JUDICIAL OR ADMINISTRATIVE PROCEEDING.—Any information obtained under paragraphs (1), (2), or (3) may be entered into evidence in accordance with the Federal Rules of Evidence or other applicable law in any administrative, judicial, or grand jury proceeding pertaining to enforcement of a specifically designated Federal criminal statute (not involving tax administration) or any ancillary civil proceeding to which the United States or any agency thereof is a party. Any such information may be disclosed to the extent required by order of a court pursuant to section 3500 of Title 18, United States Code, or Rule 16 of the Federal Rules of Criminal Procedure, or other applicable discovery requirements, such court

being authorized in the issuance of such order to give due consideration to congressional policy favoring the confidentiality of return and nonreturn information as set forth in this title. However, any information obtained under paragraphs (1), (2), or (3) shall not be admitted into evidence in such proceeding if the Secretary determines and notifies the Attorney General or his designee or the head of such agency that such admission would identify a confidential informant or seriously impair a civil or criminal tax investigation, unless a court shall otherwise direct such disclosures."

SEC. 5. Subsection (i), section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103), is amended by adding new paragraphs (5), (6) and (7) and by renumbering existing paragraphs (5) and (6) accordingly as paragraphs (8) and (9):

"(5) EMERGENCY CIRCUMSTANCES.—Under emergency circumstances involving an imminent danger of physical injury to any person, serious physical damage to property, or flight from prosecution, the Secretary or his designee may disclose information, including return information, to the extent necessary to apprise the appropriate Federal agency of such emergency. As soon as practicable thereafter, the Secretary or his designee shall notify the Department of Justice of his actions with respect to this paragraph, and the Department shall thereupon notify the appropriate United States district court or magistrate of such disclosure pursuant to emergency circumstances.

"(6) ASSISTANCE OF IRS IN JOINT TAX AND NONTAX INVESTIGATIONS.—No portion of this section shall be interpreted to preclude or prevent the Internal Revenue Service from assisting the Department of Justice or any other Federal agency in joint tax and nontax investigations of criminal matters which may involve income tax violations, nor shall any portion of this section be interpreted to preclude or prevent the Internal Revenue Service from investigating or gathering relevant information concerning persons engaged in criminal activities which may involve income tax violations.

"(7) REDISCLOSURE TO STATE AUTHORITY OF INFORMATION OBTAINED FOR FEDERAL CRIMINAL INVESTIGATION OR PROCEEDING.—

"An official authorized to apply for a disclosure under section 6103(i) may make application to a district judge or magistrate for an ex parte order to disclose to the appropriate State Attorney General or District Attorney any return or nonreturn information in his possession which is relevant to the violation of a State felony statute. The application shall set forth the name and address of the taxpayer, the taxable period or periods to which the information relates; a description of the information sought to be disclosed; and the State felony violation involved. Such judge or magistrate may grant such order if he determines on the basis of the facts submitted by the applicant that—

"(A) there is reasonable cause to believe, based upon information believed to be reliable, that a specific State felony violation has occurred or is occurring; and

"(B) there is reasonable cause to believe that the information may be relevant to a matter relating to the commission of such violation."

SEC. 6. Paragraph (k)(4) of section 6103, Internal Revenue Code of 1954 (26 U.S.C. 6103) is amended to read as follows:

"(4) DISCLOSURE TO COMPETENT AUTHORITY UNDER INTERNATIONAL CONVENTION.—Return or nonreturn information may be disclosed to a competent authority of a foreign government which has an income tax or gift and estate tax convention, treaty on mutual assistance, or other convention relating to the exchange of tax information with the United States but only to the extent provided in, and subject to the terms and conditions of, such treaty or convention. When return or nonreturn information is sought pursuant to the terms of a treaty on mutual assistance in criminal matters for use in an investigation or proceeding not related to the tax laws of the requesting foreign country, disclosure may be made for the use of officials of the requesting country, but only after a United States district judge or magistrate issues an ex parte order that there is—

"(A) reasonable cause to believe that the information sought may be relevant to a matter relating to the commission of a specific criminal act that has been committed or is being committed against the laws of the foreign country, and

"(B) that the information is sought exclusively for use in such foreign country's criminal investigation or proceeding concerning such criminal act."

SEC. 7. Section 7213 of the Internal Revenue Code (26 U.S.C. 7213) is amended by adding a new subsection (d), as follows, and by relettering existing subsection (d) as subsection (e):

"(d) It shall be an affirmative defense to a prosecution under this section that such disclosure of return or nonreturn information resulted from a good faith, but erroneous, interpretation of section 6103 while a Federal employee was acting within the scope of his employment."

SEC. 8. Subsection (a) of section 7217 of the Internal Revenue Code (26 U.S.C. 7217) is amended to read as follows:

"(a) GENERAL RULE.—Whenever any employee of a Federal agency knowingly, or by reason of negligence, discloses return or nonreturn information (as defined in section 6102(B)) with respect to a taxpayer in violation of the provisions of section 6103, such taxpayer may bring a civil action for damages exclusively against such agency. Whenever any person other than an employee of a Federal agency knowingly, or by reason of negligence, discloses return or nonreturn information with respect to a taxpayer in violation of the provisions of section 6103, such taxpayer may bring a civil action directly against such person. The district courts of the United States shall have jurisdiction of any action commenced under the provisions of this section."

SEC. 9. (a) Subsection (b), section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103) is amended by adding a new paragraph (4), as follows, and by renumbering existing paragraphs (4) through (9) accordingly:

"(4) COMBINED INFORMATION.—The term 'combined information' means any combination of taxpayer identity information described in paragraph (1)(b), and, or, nonreturn information described in paragraph (2).".

(b) Subsections (a), (b)(7) and (8), (d), (f), (g)(1), (3), (4), and (5), (h), (i)(6) and (7) as redesignated, (j)(3), (4), (5), and (6) of section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103) are amended by striking "returns or return information" and "return and return information" wherever such terms appear and inserting in lieu thereof the terms "return information and nonreturn information" and "returns and nonreturn information", as appropriate.

(c) Subsections (c), (e)(6), (g)(2), (k)(1), (3), and (6), (p)(2)(B) and (3), (c)(I)(III), and the last sentence of subsection (d) of section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103) are amended by striking the term "return information" wherever such term appears and inserting in lieu thereof the term "combined information."

(d) Subsections (h)(2)(B) and (4)(B) or section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103) are amended by striking the word "such" and inserting in lieu thereof the word "the".

(e) Subsection (l)(1)(B) of section 6103 of the Internal Revenue Code of 1954 (26 U.S.C. 6103) is amended by striking the word "return".

(f) Subsection (b) of section 6108 of the Internal Revenue Code of 1954 (26 U.S.C. 6103) is amended by striking the term "return information (as defined in section 6103(b)(2))" and inserting in lieu thereof the term "combined information (as defined in section 6103(b)(4))".

(g) Section 7213 of the Internal Revenue Code of 1954 (26 U.S.C. 7213) is amended to strike the terms "return or return information" and "returns or return information" wherever they appear and inserting in lieu thereof the term "return and nonreturn information" and "returns and nonreturn information", as appropriate.

(h) Section 7217 of the Internal Revenue Code of 1954 (26 U.S.C. 7217) is amended to strike the terms "return or return information" and "returns or return information" wherever they appear and inserting in lieu thereof the terms "return information" or "return or nonreturn information," as appropriate.

SECTION-BY-SECTION SUMMARY OF PROPOSED AMENDMENTS TO 26 U.S.C. 6103, 26 U.S.C. 7213, AND 26 U.S.C. 7217

This bill would streamline and clarify provisions of the Internal Revenue Code governing access to tax information for use in non-tax criminal investigations and prosecutions. The bill combines the salient features of Senate-initiated proposals and those developed by the Carter administration. This compromise measure is based on more than eight months of study and hearings by four Congressional committees. Generally, the bill would clarify ambiguities in existing law, refine needlessly cumbersome procedures, and distinguish between privacy rights of individuals as contrasted with those of legal entities such as corporations. The modest changes proposed would substantially assist federal law enforcement authorities in combatting narcotics trafficking, organized crime and white-collar offenses involving large sums of money. At the same time, the bill preserves the safeguards for taxpayer privacy established in 1976.

Definitions of Protected Information [26 U.S.C. 6103(b)(1-3)]:

Existing law uses a baffling series of four terms to describe information held by IRS, i.e., "returns," "return information," "taxpayer return information," and "return information other than taxpayer return information." S. 2402 would clarify the law by adopting a workable two-part definitional structure.

Section 1. The new § 6103(b)(1) would describe the first category of protected tax information, "return information," which includes (A) returns of all taxpayers and (B) underlying records and information submitted by or on behalf of "individual taxpayers," to support the filing of a tax return.

Section 2. The second category of information held by IRS, "non-return information," is defined to encompass all information held by IRS not covered by the definition of "return information."

Section 3. The bill defines the term "individual taxpayer" as an individual or a legal entity with no more than two owners, shareholders, or members, such as a small, family-owned business.

Taken together, these three definitions simplify existing law by reducing the number of categories of information from four to two; moreover, the two new categories of information conform to the methods of obtaining access: "return information" requires a court order while "non-return information" may be obtained pursuant to a formal law enforcement request under (i)(2) or pursuant to a report of crime under (i)(3). The only substantive change made by the revised definitional structure is that the books and records of legal entities, such as banks and corporations, are made available under

(i)(2) or (i)(3); they are now available only under (i)(1), as are books and records of individuals.

The rationale for the distinction is that natural persons have greater privacy rights than do corporations or other entities. A similar distinction is made in the Privacy Act of 1974 (5 U.S.C. 552a) and the Financial Privacy Act of 1978 (12 U.S.C. 3401–3422), neither of which applies to corporate records. Moreover, records of corporations and other entities are normally subject to inspection by shareholders and others with an interest in the entity, as well as federal, state and local authorities; individual books and records are not. Furthermore, books and records of legal entities are normally maintained for purposes other than tax requirements; individual books and records are frequently maintained solely to comply with tax laws. Finally, the Fifth Amendment privilege against self-incrimination does not extend to legal entities.

For these reasons, S. 2402 accords a higher degree of protection to underlying books and records of individuals than to those of legal entities. Because legal entities comprised of only two persons, such as small, closely held businesses, are usually the alter ego of an individual, they are treated as individuals. Again, it should be noted that all tax returns are accorded the higher degree of protection without regard to the nature of the taxpayer; the distinction between individuals and entities applies only to underlying information, primarily financial books and records.

Disclosure Pursuant to Court Order [26 U.S.C. 6103(i)(1)]:

Section 4, Part 1. The revised § 6103(i)(1) preserves the structure of the existing court order provision. The modifications are intended only to clarify existing law and to make the literal terms of the statute comply with actual practice.

For example, the standards in existing (i)(1), if read literally, require a factual showing that cannot be made unless the prosecutor seeking access is already in possession of the information sought. Courts have interpreted this language in a commonsense fashion to require proof only of those facts a federal prosecutor can realistically be expected to demonstrate: that there is reasonable cause to believe a specific federal crime has occurred or is occurring, that there is reasonable cause to believe tax information is relevant to that offense, and that the information will be used exclusively for investigation and prosecution of that offense. S. 2402 would substitute these standards for those of existing law. Because this merely codifies present practice, it has no practical effect on taxpayer privacy or tax administration. It does, however, reduce the potential for widely varying judicial results and the extreme chilling effect that the unrealistic language of current law has on federal prosecutors who need tax information for legitimate law enforcement purposes.

The proposed standard is more reasonable, with the added safeguard of prosecutorial intervention. The main criticism of the present standard was that it was impossible to meet. Therefore, no one used it. Also, the proposed would eliminate the third requirement that the Government prove the financial information cannot be obtained from any other source. The fact is that the financial information is "available" elsewhere, but the Government would have to completely reconstruct a taxpayer's bank records to duplicate the information on the return. This third requirement of the present act also requires the Government to prove that the tax return was the most probative evidence of the crime to be proven. Since this section deals only with non-tax crimes, the tax return itself would never be the most probative evidence of the crime. Only the actual financial records would qualify. Thus an impossible standard would be deleted.

The new (i)(1) modifies the class of federal officials who may authorize an application for a court order. Existing law requires all such applications to be routed through Washington for approval before being presented to the court, a requirement which results in substantial delay and paperwork. The new (i))(1)(B) would permit United States Attorneys and Attorneys-in-Charge of Organized Crime Strike Forces in the field to present applications directly to the appropriate federal court for consideration.

S. 2402 would delete the authority currently possessed by all heads of federal agencies to approve (i)(1) applications, thereby centralizing application authority in a single agency, the Department of Justice, where it can be more effectively coordinated. Since 1976, only five applications for (i)(1) orders have been signed by non-Justice Department entities; this change will not, therefore, adversely affect federal agencies.

The revised (i)(1)(D) also clarifies existing law by explicitly providing that redisclosure can be made to those support personnel necessary to prepare for a criminal prosecution. This would not change existing practice.

Finally, the new (i)(1) provides that court orders may be granted by U.S. Magistrates as well as U.S. District Judges. Magistrates are now authorized to grant analogous applications such as those for search and arrest warrants.

Disclosure Pursuant to Formal Law Enforcement Request [26 U.S.C. 6103(i)(2)]:

Section 4, Part 2. The revised § 6103(i)(2) clarifies existing law governing requests for non-return information. As amended, (i)(2) would permit requests to be made by Justice Department officials in the field, as designated by the Attorney General, to avoid the necessity of routing all requests through Washington. It is anticipated that the Attorney General would authorize Assistant United States Attorneys and supervisory-level officials of investigative agencies to request non-return information, i.e., officials not directly involved in an investigation. In addition to the heads of agencies now authorized to request (i)(2) information, S. 2402 would grant similar authority to the fifteen Inspectors General whose mandate is to combat fraud, waste and abuse in federal programs.

The new (i)(2)(C) also authorizes these federal law enforcement officials to inquire whether a taxpayer filed a return for a given year and whether there is or has been a criminal investigation of the taxpayer. This will help avoid the waste of resources which has occurred where a court order is sought and obtained only to find that the taxpayer did not file a return for the year in question.

Finally, the revised (i)(2) would modify the factual showing required to support a disclosure of non-return information by substituting "the allegation of criminal conduct giving rise to the proceeding or investigation" for "the specific reason or reasons why such disclosure is or may be material to the proceeding or investigation." Like the (i)(1) court order requirement, a prosecutor cannot show the materiality of tax information to a case without access to the information sought.

IRS-initiated Disclosure [26 U.S.C. 6103(i)(3)]:

Section 4, Part 3. S. 2402 proposes two improvements to the procedure by which IRS initiates reports of non-tax crime to law enforcement authorities. First, the new § 6103(i)(3) would make such reports mandatory rather than discretionary. Second, the new (i)(3)(B) provides that when the IRS refers a tax case to the Department of Justice, it must also refer any evidence it has of non-tax crimes committed by the taxpayer. The purpose of the non-disclosure rule is to encourage taxpayers to report their incomes fully and honestly; taxpayers who evade taxes should not benefit from a policy enacted to encourage honest reporting. The proposed section requires the IRS to disclose criminal information it uncovers except return information. Under the present act, IRS is not required to disclose the information [and the evidence at PSI's hearing disclosed that they do not]. This section eliminates the Catch-22 situation of requiring an agency to request information without ever knowing what information exists. It also requires IRS to alert the Justice Department to criminal information.

Admissibility of Tax Information [26 U.S.C. 6103(i)(4)]:

Section 4, Part 4. Finally, section 4 of the compromise bill would amend (i)(4) of § 6103 to provide that tax information is admissible in judicial and administrative proceedings like other evidence rather than pursuant to special rules. The bill also clarifies that tax information is admissible in proceedings "ancillary" to criminal proceedings, i.e., those arising from the same course of conduct and involving the same parties. Civil proceedings ancillary to criminal proceedings include civil forfeiture or damage actions which may be pursued in addition to or in lieu of criminal prosecution.

The amendments to (i)(4) also clarify that tax information may be disclosed to a defendant pursuant to the Jencks Act, discovery provisions of the Federal Rules of Criminal Procedure or other discovery requirements. This explicitly protects a defendant's Due Process rights and is consistent with current practice.

EMERGENCY DISCLOSURE

Section 5, Part 1. S. 2402 would add three new paragraphs to § 6103(i). The new paragraph (i)(5) would permit IRS, in its discretion, to report to the appropriate federal agency any circumstances involving an imminent danger of physical injury to any person, serious property damage or flight from prosecution. This authority for disclosure in rare emergency situations is patterned on the similar provisions of the Financial Privacy Act of 1978 (12 U.S.C. 3414(b)) and, like the Financial Privacy Act, requires that all such disclosures be reported promptly to the appropriate federal district court.

JOINT INVESTIGATIONS

Section 5, Part 2. The new (i)(6) merely states that § 6103 does not preclude or prevent IRS from assisting or working jointly with federal law enforcement agencies in the investigation of non-tax crimes which may involve violations of federal tax laws. This does not change current law, but clarifies the law which now discourages such cooperation by the vague and uncertain language in the act.

DISCLOSURE TO STATE AND LOCAL AUTHORITIES

Section 5, Part 3. S. 2402 also proposes a new (i)(7) authorizing carefully limited redisclosure of tax information to State and local law enforcement authorities. This limited redisclosure would be permitted only as to information already obtained by federal law enforcement officials for a federal non-tax criminal investigation. If such information reflects a State felony violation, the federal official obtaining access would be authorized to go back to court and seek an order authorizing redisclosure to the appropriate State attorney general or district attorney exclusively for use in the investigation or prosecution of that State felony violation. Like other persons receiving tax information, the State attorneys general and district attorneys receiving tax information under (i)(7) would be subject to civil and criminal sanctions for any unauthorized use.

DISCLOSURE PURSUANT TO MUTUAL ASSISTANCE TREATIES

Section 6. S. 2402 would amend § 6103(k)(4) to permit disclosures to foreign govern-

ments pursuant to mutual assistance treaties for use in nontax criminal matters such as narcotics trafficking, thereby making it possible for federal officials to obtain reciprocal disclosure of foreign tax information. Such treaties, of course, must be ratified by the Senate. To further regulate this foreign access to tax information, the amended (k)(4) would require entry of an order by a U.S. district court, similar to that required by § 6103(i)(1), before a disclosure could be made. Paragraph (k)(4) presently authorizes similar disclosures to foreign governments for tax use pursuant to international tax conventions.

CRIMINAL PENALTIES

Section 7 would amend the criminal provision of the Internal Revenue Code, 26 U.S.C. 7213, to create an affirmative defense to prosecution where the disclosure of tax information in question was made pursuant to a good faith but erroneous interpretation of the law.

The new subsection would make it clear to federal employees that they need not fear criminal prosecution if they proceed reasonably and in good faith. Actually, this makes no practical change in existing law which requires a "willful" violation to sustain a conviction. It would, however, reduce the extreme chilling effect which present law has on legitimate disclosures.

CIVIL REMEDY

Section 8 would amend the civil remedy section of the Internal Revenue Code, 26 U.S.C. 7217, to make federal agencies, rather than individual federal employees, the defendants in suits alleging unauthorized disclosures of tax information. This change would conform § 7217 to the Financial Privacy Act of 1978 (12 U.S.C. 3417) and the Administration's proposed Tort Claims Act amendments.

Under present law, civil suits may be filed against both the federal agency and the employee involved. This creates a potential conflict of interest requiring retention of private counsel to represent the employee. Moreover, it is unduly harsh to place federal employees who work with tax information regularly in the position of risking financial ruin daily for any mistaken disclosure.

Of course, federal employees would continue to be subject to administrative sanctions, including dismissal, for any negligent disclosure as well as criminal prosecution for any willful, corrupt or malicious abuse of tax information.

CONFORMING AMENDMENT

Section 9. The final section of the compromise bill is a technical conforming amendment to make the remaining provisions of § 6103 consistent with the new two-part definition of tax-related data held by IRS.

DISCLOSURE PROVISIONS—COMPARISON OF EXISTING LAW TO NUNN PROPOSAL

26 USC 6103 EXISTING LAW	NUNN PROPOSAL	COMMENTS
(a) General Rule—"Returns" and "return information" shall be confidential, and no person who had had access to returns or return information shall disclose the returns or information, except as authorized in § 6103.	Change in nomenclature to reflect new terms "return information" and "non-return information" vice "returns" and "return information."	
(b) Definitions		
(1) Return—Tax or information return, declaration or estimated tax or claim for refund, or claim for refund, or amending or supplement thereto, including supporting schedules, attachments, or lists which are supplemental to, or part of, the filed return.	(1) Return information—Includes tax returns and supporting documentation now covered under "return" and "any information provided by or on behalf of an individual taxpayer [including natural persons or corporatives, partnership, association, union or other entity consisting of no more than 2 owners, shareholders, partners, or members] to whom such information relates." (See (b)(3) below.)	The 3 existing definitions are reduced to 2. DOJ must obtain an ex parte order to gain access to tax returns, supporting submissions, or any other information submitted to IRS with respect to an individual or a small corporation, partnership, association, union, or other entity made up of no more than two members. The records of a small corporation owned by a man and his wife, for example, will be protected by the court order provision. Records of a large corporation other than tax returns and other accompanying documents required by law to be supplied to IRS (in which privacy expectations are less because a number of persons have access to the information) would not be covered by a court order but would require a formal request from the DOJ to IRS.
(2) Return Information—A taxpayer's identity; the nature, source or amount of his income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments; whether the taxpayer's return was, is being, or will be examined or subject to investigation or processing; any other data received, recorded, prepared, or collected by, or furnished to a determination of tax liability; and written determination, or any background file document relating to such determination, which is not open for public inspection.	(2) Non-Return Information—Any other information in possession of IRS except data in a form which cannot be used to identify, directly or indirectly, a particular taxpayer.	Information which does not identify a particular taxpayer, such as statistical data and rulings which do not identify the taxpayer, may be disclosed without a court order.
(3) *Taxpayer return information*—Return information (as in (2)) which is filed with, or furnished to, IRS by or on behalf of the taxpayer or to whom such information relates.	(3) Individual Taxpayer—Any natural person or a corporation, partnership, association, union, or other entity consisting of no more than 2 owners, shareholders, partners, or members.	Carter administration and other witnesses advocated keeping the books and records of small corporations, etc., within the court order provision since these usually are, for all practical purposes, owned by a single individual, who has an expectation that these records will remain private. In the case of larger corporations, the courts have made clear that no such privacy expectation is present.
(i) Disclosure for administration of Federal laws not relating to tax administration.		

DISCLOSURE PROVISIONS—COMPARISON OF EXISTING LAW TO NUNN PROPOSAL—Continued

26 USC 6103 EXISTING LAW	NUNN PROPOSAL	COMMENTS
(1) Non-tax criminal investigation—	(1) Disclosure of return information	Disclosure of return information would be permitted only to Justice Department personnel, not to those of other federal agencies as now permitted, and only for use in a criminal proceeding or investigation. This provides an additional check on the appropriations and legality of disclosure.
(A) Information from taxpayer—Upon grant of an ex parte order by a Federal district court judge, a return or taxpayer return information shall be open, but only to the extent necessary as provided in the order, to officers or employees of a Federal agency who are personally and directly engaged in—and solely for their use in—preparation of any administrative or judicial proceeding (or investigation which may result in such a proceeding) pertaining to the enforcement of a specifically designated Federal criminal statute	(A) Return information shall be disclosed pursuant to an ex parte order of a Federal district court judge or magistrate, to officers and employees of the Justice Department who are personally and directly engaged in and solely for their use in preparation for any administrative, judicial, or grand jury proceeding (or investigation which may result in such a proceeding) pertaining to the enforcement of a specifically designated federal criminal statute not involving tax administration).	Magistrates, who may issue search warrants, would be allowed to issue ex parte disclosure orders as well as district judges.
	The order may provide for continuous disclosure if justified under subparagraph (B) (iii) [i.e., there is reasonable cause to believe the information may be relevant to a matter relating to commission of a criminal act.]	The present statute had a provision which included return information which had been loosely interpreted to cover taxpayer books and records, accountants' books and records, corporate records, third-party interviews, tips from other agencies and other material by law to provide IRS. Thus the present act had the unfortunate result of putting IRS in the position of discovering bribery, embezzlement, union payoffs, etc. in financial records of organizations but not being able to turn it over or tell the Justice Department about it.
(B) Application for order—The head of any Federal agency described in (A) or, if the Justice Department, the AG, Deputy AG, or Assistant AG, may authorize an application for an ex parte order.	(B) Application for order—The Attorney General, Deputy AG, an Assistant AG, a United States Attorney, or the Attorney-in-charge of a Criminal Division Organized Crime Strike Force may authorize an application for an ex parte order.	Applications for ex parte orders could be made only by certain DOJ officials, not by officials of other agencies. This is an additional privacy safeguard not in existing law.
The judge may grant the order if he determines on the basis of facts submitted by the applicant that—	The judge or magistrate may grant the order if he determines on the basis of facts submitted that—	The existing standards require DOJ to describe with specificity tax information that its attorneys have never seen. This leads to a "catch-22" situation. The proposed changes would establish standards similar to those now required under the federal wire tap statutes. While they would eliminate the "catch-22" aspects, they are high enough to protect against indiscriminate violations of individual privacy.
(i) there is reasonable cause to believe, based on information believed to be reliable, that a specific criminal act has been committed;	(i) [no change]	
(ii) there is reason to believe that such return or return information is probative evidence of a matter in issue related to the commission of such criminal act; and	(ii) the information is sought exclusively for use in a federal criminal investigation or proceedng concernng such act; and	
(iii) the information sought to be disclosed cannot reasonably be obtained from any other source, unless the information constitutes the most probative evidence of a matter in issue relating to the commission of such criminal act.	(iii) there is reasonable cause to believe that the information may be relevant to a matter relating to the commission of such criminal act.	The proposed standard is more reasonable with the added safeguard of prosecutorial intervention. The main criticism of the present standard was that it was impossible to meet. Therefore, no one used it.
However, IRS shall not disclose any return or return information if it determines and certifies to the court that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation.	No change.	Also we've eliminated the third requirement that the Government prove the financial information cannot be obtained from any other source. The fact is that the financial information *is* "available" elsewhere but that the Government would have to completely reconstruct a taxpayer's bank records to duplicate the information on the return. This third requirement of the present act also requires the Government to prove that the tax return was the most probative evidence of the crime to be proven. Since this section deals only with non-tax crimes, the tax return itself would never be the most probative evidence of the crime. Only the actual financial record would qualify. Thus an impossible standard would be deleted.
No similar provision.	(C) Duty of IRS—IRS shall disclose to the appropriate Justice Department attorney such information ordered disclosed as soon as practicable following receipt of the ex parte order.	Witnesses testified that even when an order is obtained under existing § 6103, IRS has taken inordinate time to comply, even to the point of jeopardizing criminal trials. This new provision would remedy those delays.
Further disclosure is governed by (1) (1) (A) above.	(D) Further disclosure—The government attorney may further disclose return information to such other federal government personnel or witness as he deems necessary to assist him in a criminal investigation or in preparation for the administrative, judicial or grand jury proceedng upon which the ex parte order is based.	Essentially, there would be no change in further disclosure as a practical matter. This language is similar to that already contained in Rule 6(e) of the Federal Rules of Criminal Procedure, regarding the release of secret grand jury evidence.

DISCLOSURE PROVISIONS—COMPARISON OF EXISTING LAW TO NUNN PROPOSAL—Continued

26 USC 6103 EXISTING LAW	NUNN PROPOSAL	COMMENTS
(2) Return information other than taxpayer return information—Upon written request by agency heads authorized to apply for ex parte order [para. (1)(A)], information supplied by third parties (i.e., return information not supplied by or on behalf of a taxpayer) shall be disclosed to officers and employees of such agency personally and directly engaged in, and solely for their use in, preparation for any administrative or judicial proceeding (or investigation which may result in such a proceeding).	(2) Disclosure of nonreturn information. (A) Upon written request from the head of a federal agency, the Inspector General thereof, or the Attorney General or his designee in the case of the Justice Department, the IRS shall disclose nonreturn information as soon as practicable to officers and employees of such agency personally and directly engaged in, and solely for their use in preparation for any administrative, judicial, or grand jury proceeding (or investigation which may result in such a proceeding) as described in paragraph (1)(A).	The procedures for requesting nonreturn information would not be altered substantially. However, since the definitions would be changed, more information—such as corporate records, third party records, and witness interviews—could be produced pursuant to written request rather than by court order than is the case under existing law.
Such written request shall set forth— (A) the name and address of the taxpayer; (B) taxable period(s) to which the return information relates; (C) the statutory authority under which the proceeding or investigation is being conducted; and (D) the specific reason(s) why such disclosure is or may be material to the proceeding or investigation.	Such written request shall set forth— (i) the name and address of the taxpayer; (ii) the taxable period(s) to which the nonreturn information relates; (iii) the statutory authority under which the proceeding or investigation is being conducted; and (iv) allegations of criminal conduct giving role to the proceeding or investigation.	Since it is DOJ and not IRS which must determine if evidence is material to a criminal proceeding or investigation, the change would require DOJ merely to cite the conduct which gave rise to the request.
However, IRS shall not disclose any return or return information if it determines that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation. The name and address of a taxpayer may be disclosed under this paragraph.	No Change.	
No specific provision on further disclosure (see (i)(2) above).	(B) Further disclosure—The agency head, an I.G., or the AG or his designee may further disclose nonreturn information to such federal personnel or witness as he deems necessary to assist him in preparation for the administrative, judicial, or grand jury proceeding upon which the request is based.	There would be no substantial change in further disclosure except permit disclosure to witnesses, who often must be shown evidence during an investigation or in preparation for a criminal proceeding. This is the same procedure now in effect pursuant to Rule 6(e), Federal Rules of Criminal Procedure concerning the disclosure of secret grand jury evidence.
Under paragraph (i)(1), taxpayer identity information is considered to be taxpayer return information and subject to disclosure only by grant of an ex parte order. However, under paragraph (i)(2), taxpayer identity information may be disclosed in connection with the disclosure, pursuant to written request, of return information other than that provided by or on behalf of a taxpayer (i.e., third-party information).	(C) For this purpose, the name, address and social security number of a taxpayer, whether a taxpayer filed a return for a given year or years, and whether there is or has been a criminal investigation of a taxpayer shall be treated as nonreturn information.	Our section makes it clear that taxpayer identification information is available upon written request of the attorney for the government. This avoids problems such as those faced by law enforcement officers when trying to return stolen property according to social security numbers and IRS won't provide the information under the present act.
(3) Disclosure of return information concerning possible criminal activities.—IRS may disclose in writing return information (other than that provided by or on behalf of a taxpayer) which may constitute evidence of a violation of Federal criminal laws to the extent necessary to apprise the head of the appropriate Federal agency charged with enforcing such laws. The name and address of a taxpayer may be disclosed, even though supplied by the taxpayer, if there is third-party return information that may constitute evidence of a Federal crime.	(3) Secretary's duty to disclose nonreturn criminal information. (A) The IRS shall disclose, as soon as practicable and in writing, nonreturn information which may constitute evidence of a violation of federal criminal laws to the extent necessary to apprise the head of the appropriate federal agency or his designee charged with the responsibility for enforcing such laws. For this purpose, the name and address of the taxpayer shall be treated as nonreturn information.	Present law merely permits IRS to disclose third-party criminal information to DOJ. The change would put an affirmative burden on IRS to carry out every citizens basic duty to report evidence of crime, except where the information is return information. Our section requires the IRS to disclose criminal information it uncovers except anything listed on the tax return itself and accompanying records. Under the present act IRS is not required to disclose the information [and the evidence at the PSI hearing disclosed that they didn't]. The tax return would still be inviolate except via court order. This section eliminates the "catch-22" situation of requiring an agency to request information without ever knowing what information exists. This section also would require IRS to alert the Justice Department to criminal information.
No similar provision.	(B) In addition to the above disclosures, whenever IRS recommends to DOJ a prosecution for tax law violation, it shall furnish to DOJ any return or nonreturn information reviewed, developed, or obtained during the tax investigation which may constitute evidence of a violation of federal criminal laws.	Once IRS has recommended a tax prosecution to DOJ, it can disclose tax information relating to the case. This minor alteration would only allow IRS, after it has recommended a tax case to DOJ for prosecution, the ability to give DOJ all information associated with that case.
IRS shall not disclose any return or return information if it determines that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation.	(C) However, IRS may decline to disclose any information under the above paragraphs if it determines that such disclosure would identify a confidential informant or seriously impair a civil or criminal tax investigation.	No change in substance.

DISCLOSURE PROVISIONS—COMPARISON OF EXISTING LAW TO NUNN PROPOSAL—Continued

26 USC 6103 EXISTING LAW	NUNN PROPOSAL	COMMENTS
No similar provision.	(4) Use in judicial or administrative proceeding—Any information obtained under paragraphs (1), (2), or (3) may be entered into evidence in accordance with the Federal Rules of Evidence or other applicable law in any administrative, judicial, or grand jury proceeding pertaining to the enforcement of a specifically designated federal criminal statute (not including tax administration) or any ancillary civil proceeding to which the United States or any agency thereof is a party.	This section codifies the commonly accepted rise of tax returns obtained pursuant to 6103 in federal courts according to the appropriate rules evidence. This section would also provide a mechanism to transfer information concerning federal civil litigation to the appropriate federal authority. Under the present act, no such provision exists. GAO found, for instance, that the Government under the present act lost federal civil cases of substantial size because it could not obtain information from IRS. This section would provide a mechanism to transfer information in serious civil cases such as civil rights, anti-trust and fraud cases which are ancillary to a criminal proceeding.
No similar provisions.	Any such information may be disclosed to the extent required by order of a court pursuant to 18 USC 3500 or Rule 16 of the Federal Rules of Criminal Procedures, or other applicable discovery requirements, such court being authorized in the issuance of such order to give due consideration to congressional policy favoring the confidentiality of return and nonreturn information as set forth in this title. However, any information obtained under paragraphs (1), (2), or (3) shall not be admitted into evidence in such proceeding if IRS determines and notifies the AG or designee or the head of such agency that such admission would identify a confidential informant or seriously impair a civil or criminal tax investigation, unless the court shall otherwise direct such disclosure.	
No similar provision.	(5) Emergency circumstances—Under emergency circumstances involving an imminent danger of physical injury to any person, serious physical damage to property, or flight from prosecution, IRS may disclose information, including return information, to the extent necessary to apprise the appropriate federal agency of such emergency. As soon as practicable thereafter, IRS shall notify DOJ of this action, and DOJ shall thereupon notify the appropriate federal district court or magistrate of the disclosure.	This section allows IRS to disclose any information to the appropriate agency in circumstances where a threat exists of injury to a person, serious damage to property, or flight from prosecution. This obviates problems that exist under the present law where even threats of assassination couldn't be disclosed without elaborate and time-consuming procedures. This section requires that after the emergency disclosure, the Government notify the appropriate court of the disclosure.
No similar provisions.	(6) Assistance of IRS in joint tax and nontax investigations—No portion of §6103 shall be interpreted to preclude or prevent IRS from assisting any other federal investigative agency in investigations of criminal matters which may lead to income tax violations, or from investigating or gathering relevant information concerning persons involved in such criminal activities.	This section makes it clear on the face of the statute that IRS is free to work jointly with other government agencies in combating crime. This is to obviate the need to process a Title 26 Grand Jury request simply to obtain the assistance of IRS. Hearing testimony revealed that the Grand Jury request process took upwards of one year just to obtain the serviecs of IRS in a criminal case.
	(7) Disclosure to State authority upon certification of evidence of a State felony violation—the official to whom disclosure has been made may apply to a district court for an ex parte order to further disclose to a State Attorney General or district attorney any return or nonreturn information that is relevant to a violation of a State felony statute. The application shall set forth the name and address of the taxpayer, the relevant taxable period(s), the State felony violation and statute, and a description of the information sought to be disclosed.	This section gives the government a mechanism to provide evidence of state crimes to the appropriate authorities. The present act contained no such provision. This section provides for a court-authorized procedure to give evidence of state crimes to state authorities. Under the present act, for instance, evidence of bribing a policeman in the hands of IRS should not be given to the appropriate state authorities. Our revision provides a mechanism to accomplish this which includes a court order as a privacy safeguard.
No similar provision.	The order for disclosure to State authorities may be granted if the judge or magistrate finds on the facts submitted that— (A) there is reasonable cause to believe, based on information believed to be reliable, that a specific state felony violation has occurred; and (B) there is reasonable cause to believe that the information may be relevant to a matter relating to the commission of such violation.	

DISCLOSURE PROVISIONS—COMPARISON OF EXISTING LAW TO NUNN PROPOSAL—Continued

26 USC 6103 EXISTING LAW	NUNN PROPOSAL	COMMENTS
No similar provisions.	(k)(4) Disclosure to competent authority under international convention—Return or nonreturn information may be disclosed to competent authority of a foreign government which has a tax convention, mutual assistance treaty, or other convention relating to the exchange of tax information with the U.S. but only to the terms of the agreement. Disclosure of return or nonreturn information sought pursuant to a treaty or convention for use in non-tax criminal matters may be made only after a U.S. district judge or magistrate issued an ex parte order that there is— (A) reasonable cause to believe that the information may be relevant to a matter of a specific criminal act that has been committed or is being committed against the laws of the foreign country, and (B) that the information is sought exclusively for use in such country's criminal investigation or proceeding concerning criminal act.	This section creates a mechanism to allow the Government to perform according to mutual assistance treaties it has entered into with foreign countries to exchange criminal evidence. Under the present act, IRS refused to give criminal evidence to the Justice Department so that it could comply with this country's mutual assistance treaties.
	(Criminal Penalty for Disclosure)	
(a)(1) It shall be unlawful for any present or former officer or employee of the federal government to willfully disclose any return or nonreturn information except as authorized in 26 USC 6103. A violation is punishable by a fine not exceeding $5,000 or 5 years in prison, or both, together with the costs of prosecution, and any person convicted of a violation shall be discharged from Government employ.	No change.	
	(d) It shall be an affirmative defense that such disclosure of return or nonreturn information resulted from a good faith, but erroneous, interpretation of section 6103 while a federal employee was acting within the scope of his employment.	IRS agents testified that section 6103 is very technical and detailed, and that IRS' interpretations of the section have been confusing to them. Therefore, rather than risk violating 7213, which contains no good faith defense, they are "gun shy" and reluctant to disclose criminal evidence even when, as a technical, they are permitted to do so. Therefore, a good faith defense would be added to 26 USC 7213.
	(Civil Penalties for Disclosures)	
(a) General rule—Whenever any person knowingly, or by reason of negligence, discloses a return or nonreturn information in violation of section 6103, the taxpayer may bring a civil action for damages against such person.	(a) General rule—Whenever any Federal employee knowingly, or by reason of negligence, discloses return or nonreturn information in violation of section 6103, the taxpayer may bring a civil action for damages exclusively against the agency employing that employee. Whenever any person other than a Federal employee discloses return or nonreturn information in violation of section 6103, the taxpayer may bring a civil action directly against such person.	The change shifts liability for damages for damages for authorized disclosure in the case of a Federal employee from the individual employee to the Government.

THE WHITE HOUSE,
Washington, D.C., September 9, 1980.

Hon. SAM NUNN,
Chairman, Permanent Subcommittee on Investigations, Committee on Government Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter of August 19 and the attached revisions to the tax information disclosure bills which you and Senator Chiles have introduced. If enacted, these bills will substantially assist law enforcement efforts while protecting legitimate taxpayer privacy interests.

I greatly appreciate the efforts you and your staff have made to accommodate our concerns regarding your original bills. Your revisions strike a balance between law enforcement needs and privacy protections. However, I still have reservations about the advisability of making federal tax information available to state law enforcement authorities. We recognize that your bills contain several restrictions on the redisclosure of tax information. Nevertheless, we remain concerned that wider dissemination of this information could result in its misuse and substantial infringement of taxpayers' privacy.

In my 1977 Message to the Congress on Drug Abuse, I stated that I would support legislation eliminating the impediments to law enforcement created by the Tax Reform Act of 1976 if we could at the same time protect legitimate privacy interests. In fulfillment of that commitment, and with the one reservation I have expressed, I wholeheartedly support your tax disclosure bills as revised, and recommend their passage.

Sincerely,

JIMMY CARTER.

● Mr. CHILES. Mr. President, I am very pleased to join Senator NUNN in introducing this legislation which seeks to return the Internal Revenue Service to its former role as a full-fledged partner in the Federal law enforcement effort. If we are serious about fighting organized crime, particularly the sophisticated and well-financed narcotics traffickers, it is essential that the IRS actively and aggressively participate. In recent years this has not been the case. Part of the reason for IRS' noninvolvement is the disclosure provisions enacted in the Tax Reform Act of 1976. The measure we are proposing today aims to remove the statutory restrictions that have hamstrung the IRS, while maintaining adequate safeguards to protect the privacy of individual tax returns.

The failure of the IRS to join in nontax law enforcement efforts and the crippling effects of this nonparticipation were graphically illustrated in a series of hearings by the Permanent Subcommittee on Investigations concerning illegal narcotics profits and in a hearing on the IRS which I chaired for the Appropriations Subcommittee on Treasury, Postal Service, and General Government. As we examined the illegal drug trade and its unchecked growth, it was apparent the resources of the IRS are sorely missed. Equally apparent was the unique and indispensable function the IRS can perform in identifying and immobilizing narcotics traffickers.

I am vitally concerned that the staggering growth in the drug trade be stopped. I am alarmed just as any citizen should be, but the problem takes on

a special significance for me since my State is on the cutting edge in the drug war. Florida is where the smugglers land and the murders occur and the illicit dollars buy everything in sight. Florida is now where the TV news shows go to portray the violence and huge profits of organized crime. Florida is now the subject of magazine articles with titles like, "Miami's Murderous Drug War." My State has been invaded by the traffickers, the hoodlums and the hired killers and I do not like it one bit.

The locale may be Florida but the problem is a truly national one. If the flow of narcotics is not stopped and the drug-smuggling rings are not smashed then no one in this country is safe from the specter of illicit drugs in their community and even in their family. For as the drugs flood this country in ever greater amounts, there is no segment of society, no income level, no age group that is immune. If we do not step out of complacency and commit every resource to this battle, then each of us must be ready to face the price of defeat.

It is difficult to look at the immense scope of the drug trade and the formidable task of containing it and then attempt to talk of a solution. Obviously there is no one solution. There is no single step we can take that will assure success. Rather the point is we should be taking every step possible that promises to improve our drug law enforcement capacity. Getting the IRS, with its unique capability to pierce the financial transactions of the bigtime drug dealers, back into the act is one action we should take right away. To accomplish this we must undo those restrictions which have prevented the IRS from playing an effective role in drug law enforcement.

In the Tax Reform Act of 1976, Congress took necessary steps, in light of the Watergate disclosures, to insure the privacy of tax returns. However, the unintended effect of these provisions has been to severely limit the cooperation of the IRS with the Justice Department and thus greatly hamper Federal narcotics investigative efforts. The General Accounting Office has pointed out that the financial expertise and knowledge of money flow, which only IRS possesses, is vital in pursuing major narcotics traffickers. Former Attorney General Benjamin Civiletti, in delivering the Alfred P. Murrah lecture on the administration of justice, "Post-Watergate Legislation in Retrospect," stated:

> Before the Tax Reform Act of 1976, financial information in the possession of the Internal Revenue Service—information filed by taxpayers as well as information collected by the Service in the course of its audits and investigations—was an important resource for criminal investigators and prosecutors in the Justice Department. Money is the medium in which most crimes are transacted, and this is especially true of the federal crimes that merit the greater part of our investigatory effort—organized crime, and white collar crime and narcotics trafficking. Before the Tax Reform Act of 1976, financial information in the possession of the Internal Revenue Service helped us to piece together and prove in court the paper trails—the illicit financial transactions—that are characteristic of these crimes. Moreover, the skilled personnel of the Internal Revenue Service were and still are the best and most numerous financial investigators in the Federal Government, and before the Tax Reform Act of 1976 we relied upon them heavily to unravel the complex transactions that conceal both tax and nontax crime. But the disclosure restrictions imposed by the Tax Reform Act of 1976 have limited our access both to the financial information in the possession of the IRS and to the assistance of these experts.

The task of pursuing and prosecuting the drug smuggler is difficult enough without first having to face the challenge of penetrating what General Civiletti characterized as the "wall of secrecy" between the IRS and the Department of Justice.

As a result of the Tax Reform Act and its implementation by the Internal Revenue Service, a number of negative effects from an enforcement standpoint have developed:

The IRS is now unable to adequately advise other Federal agencies of the cases it is working on, thus precluding close coordination and encouraging needless duplication of effort.

It has become unreasonably difficult for prosecutors and investigators from other agencies to obtain financial information held by the IRS that would significantly assist in the prosecution of major criminals.

It is extremely difficult for the IRS to provide to prosecutors or other Federal investigative agencies evidence concerning nontax criminal violations which the Service obtains in the normal course of its investigations.

In those relatively few instances when other agencies are able to work with the IRS, the time delays involved often undermine the benefits to be derived.

Perhaps the ludicrousness of the entire situation is best summed up by GAO's report that the IRS had literally a file drawer full of evidence of serious Federal nontax crimes which the Service had uncovered but which the statute prevents from being transmitted to Justice for investigation and prosecution.

The thrust of the legislation we are introducing is to remove the unnecessary impediments to effective law enforcement while protecting legitimate taxpayer privacy interests. This measure, similar to legislation we proposed in the previous Congress, has been refined and clarified, taking into account testimony received in both House and Senate hearings and input from the Carter administration. Our approach fully recognizes the primary function of the IRS, namely, to collect taxes, and the need of the American citizen to be assured of the confidentiality of his or her tax return.

This bill will allow the Justice Department access to tax information if such information is material to a lawful investigation. It will continue the important protection that a judge or magistrate review the legitimacy of such requests but will eliminate the current catch 22 situation in which the only way the Justice Department can gain access to such information is to prove that they already know what the information will show.

The bill provides that disclosure of information will be done in a timely fashion so as to end the delays that in the past have jeopardized criminal trials.

It mandates that the Internal Revenue Service has an affirmative duty to report to law enforcement agencies evidence of crime derived from information falling within one of the nonprotected categories.

Finally, the bill makes it clear that the IRS is free to work jointly with other Government agencies in combating crime.

If the growth of drug trafficking is such a threat to this Nation, as I am convinced it is, and if we are to reverse our current failure to contain the drug trade, there can be no higher priority than insuring that the full resources of the Federal Government are dedicated to combating this problem. With its unique capabilities and information, it is vital that the IRS be a full partner in the drug law enforcement effort. Redirecting the IRS to this task is something we can do right now that will materially improve our ability to fight the bigtime drug operators.

I would hope that Congress will act quickly on this legislation. I shall continue to do all I can to press not only for expeditious action on this bill but for a renewed commitment against the narcotics traffickers by the Federal law enforcement structure.●

● Mr. COHEN. Mr. President, I have joined my distinguished colleague Senator NUNN and other cosponsors in introducing legislation designed to correct a legitimate problem in our law enforcement system.

As the hearings which the Senate Permanent Subcommittee on Investigations held documented, the Internal Revenue Service, once an abundant source of information in legitimate investigations of criminal behavior, no longer cooperates to the best of its ability in lawful Government efforts to gather evidence of organized or white-collar criminal activity.

To a certain extent, the problem reflects an attitude within the IRS that that agency should concern itself only with tax collection and not be involved in assisting general law enforcement. There is nothing which Congress can do directly to change this in-house attitude, except highlight the deleterious effect it has upon the fight against organized and white-collar crime.

What Congress can do is amend the Tax Reform Act of 1976 and other laws which govern the flow of information between IRS and law enforcement agencies. These laws have failed to resolve the tension between effective exercise of Federal investigatory power and protection against invasion of privacy through illegitimate use of information held by the Government.

Clearly, there must be checks on the flow of information from IRS to other agencies. The 1976 act attempted to provide such controls by requiring a court order for the release of any information submitted voluntarily to IRS by or on behalf of a taxpayer. Moreover, any tax or other information acquired through independent IRS investigations may be turned over upon written request of an Assistant Attorney General.

The 1976 act was a significant effort at reform. However, the problem of distinguishing between the two categories of tax information has proved insurmountable in practice, resulting in nearly every law enforcement request taking the form of an ex parte order.

Another disturbing feature of the 1976 act is that it has resulted in a "catch-22" situation for Department of Justice attorneys: The existing standards require the Department of Justice to describe with specificity in their ex parte order applications tax information which its attorneys have never seen. Moreover, through no direct fault of the act itself, there has been a marked failure of the IRS to volunteer clear evidence of nontax criminal activities to jurisdictional agencies. The power to do so was explicitly granted in the act. But, because of severe penalties for unintentional, improper disclosures, IRS agents have been reluctant to disclose any information, regardless of its probative value in future criminal prosecutions.

The Constitution's silence on the issue of interagency disclosure of sensitive information has complicated the necessary tasks of achieving a workable balance of ofttimes competing interests. Our fundamental law values both privacy and effective law enforcement, but, in this instance, it is up to us to accommodate these interests through the legislative process. Experience has shown us that a number of changes in the present law are necessary to achieve this delicate balance.

The amendments to the 1976 act which I cosponsor today will alleviate the difficulty which law enforcement agencies have experienced in their attempts to obtain IRS information for legitimate investigations. The amendments clarify ambiguous definitions of the existing law by adopting a workable two-part definitional structure. Under this scheme, "return information" would be afforded a high degree of privacy by being available to the Department of Justice only upon issue of an ex parte order, while the IRS could disclose "nonreturn information," for example, corporate books and records, upon written request of selected investigative officials. This distinction reflects the greater privacy rights and fifth amendment privilege against self-incrimination which natural persons enjoy above corporations and other legal entities.

In addition, the amendments would require the IRS to disclose to relevant law enforcement officials nonreturn information indicating nontax criminal activity. Finally, they would restructure penalties for improper disclosure of tax information by establishing a "good faith" defense in criminal actions, and by conforming civil remedies to the structure of the Federal Torts Claims Act.

All these are welcome reforms. I have some concerns that the proposed amendments still leave room for differences in interpretation of what constitutes "information by or on behalf of the individual taxpayer" and "nonreturn information," and hope that a committee report and legislative history on the bill will provide guidance to those who must implement its provisions. Additionally, I believe that the bill should more clearly state that IRS' duty to reveal nonreturn information is within the context of administering the tax laws and reviewing files pursuant to Department of Justice request, so that the IRS' duty remains one of cooperation with law enforcement, not active initiation of investigations.

Recognizing these concerns, however, I believe that the bill we propose today is necessary to reaffirm our commitments to the goals of effective law enforcement, maximum protection of privacy rights, and confidentiality of tax information. By its controlled disclosure provisions and criminal sanctions for knowingly improper disclosure, this proposal insures the highest degree of protection of the public safety, while safeguarding legitimate privacy interests as well.●

By Mr. BAUCUS:

S. 733. A bill to establish a field office of the U.S. Customs Service and the Immigration and Naturalization Service at Glacier International Airport; to the Committee on the Judiciary.

DESIGNATION OF GLACIER INTERNATIONAL AIRPORT, MONTANA, AS AN INTERNATIONAL PORT OF ENTRY

● Mr. BAUCUS. Mr. President, I am presenting a bill today designating Glacier Park International Airport in Kalispell, Mont., as a port of entry. It is an appropriate place for the Customs Service and the Immigration and Naturalization Service to open new facilities in that area. I believe such a post could be filled by reassigning personnel; at most only one or two new people might have to be hired.

We are faced with a typical chicken-or-egg situation in Kalispell. Customs and Immigration says that service cannot be provided because there are not enough tourists and other travelers entering at Glacier Park Airport. Airlines and other air carriers do not land at the airport because there are no reliable customs and immigration services.

However, the log jam has now been broken. The city of Kalispell has obtained a firm commitment from a Canadian airline to offer scheduled service into the airport as soon as customs and immigration services are offered there. Now it is up to the Services to respond. If the private sector is correct, there will be enough traffic to warrant such action.

This is a modest proposal, but I think it is key to so many things we are doing in trying to promote tourism and trade, particularly with Canada. It is axiomatic that you get what you pay for. You want less tourism, you provide fewer services; you want more tourism, you have to provide better services. The returns, I believe, are great. Tourism is an enormous contributor to our balance of trade and Canada is a natural friend and our primary source of tourism and trade. Kalispell and that beautiful part of our country are ready, willing and eager to contribute to the growth of tourism in America. It has Canadians interested in coming down to visit and the private sector interested and committed to providing services. It is the Government's turn to do its share.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 733

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding any other provision of law, Glacier International Airport in Kalispell, Montana, is designated an international airport of entry. The Commissioner of Customs, in conjunction with the Commissioner of the Immigration and Naturalization Service, shall establish a field office at Glacier International Airport and shall staff such office, to the extent feasible, by reassigning employees of the United States Customs Service or the Immigration and Naturalization Service.

(b) There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.●

By Mr. WEICKER (for himself, Mr. PACKWOOD, Mr. HATCH, Mr. HAYAKAWA, Mr. BOSCHWITZ, Mr. GORTON, Mr. NICKLES, Mr. RUDMAN, Mr. D'AMATO, Mr. NUNN, Mr. HUDDLESTON, Mr. BUMPERS, Mr. SASSER, Mr. BAUCUS, Mr. LEVIN, Mr. TSONGAS, and Mr. DIXON):

S.J. Res. 47. Joint resolution to authorize and request the President to issue a proclamation designating the week beginning May 10, 1981, as "National Small Business Week"; to the Committee on the Judiciary.

NATIONAL SMALL BUSINESS WEEK

● Mr. WEICKER. Mr. President, today I am introducing along with all the members of the Select Committee on Small Business a Senate joint resolution asking the President to proclaim the week of May 10–16, "National Small Business Week."

The Nation is now beginning the tremendously complex and difficult task of establishing a course of economic recovery. This effort requires the participation and contribution of all our people.

Small businesses, though burdened by regulations, racked by inflation, and severely hampered by a discriminatory tax policy, are doing their part.

The goals of any successful economic recovery program must be to improve productivity, encourage innovation, and spur increased employment. In spite of the economic problems they face, small businesses have consistently been the leaders in those areas. Small business regularly accounts for about half of U.S. total output, virtually all new private sector jobs, and nearly half of all innovation.

These outstanding small business people are the embodiment of the entrepreneurial spirit that has made our free market system grow.

There is every indication that that spirit and that tradition of contribution will continue to thrive. Given the proper incentives and relieved of existing economic roadblocks, small business has the greatest potential for reaching the desired objectives of our economic recovery.

The small business machine shops, the

local realtor, the grocer or the druggist, the high-tech firm working out the answers to tomorrow's problems may, taken alone, seem an insignificant piece of our Nation's economic recovery. Taken together, as the small business economy, they are the key to our economic future. Indeed, the health of our economy depends on the health of small business.

I am not here today to ask for congressional initiatives to keep small business healthy. That work has already begun. Through capital cost recovery measures, tax reforms, and incentives, S. 360, which I introduced here last month, seeks to alleviate some of the pressing problems and inequities currently stifling small business.

No, today I am here to ask that we give small business support of a different kind. Now more than ever, I believe it is important that we as a nation demonstrate our recognition and appreciation, not only of the contributions small business has made in the past, but of those it will make in the crucial years ahead.

By proclaiming the week of May 10–16, "National Small Business Week," we can focus our attention on those contributions, and recognize the even more outstanding accomplishments of small business men and women to our economy, to our communities, and to our lives.●

SMALL BUSINESS WEEK RESOLUTION

● Mr. NUNN. Mr. President, I am pleased to join Chairman WEICKER and the other members of the Small Business Committee in sponsoring the resolution proclaiming "National Small Business Week." Through this resolution, Congress is recognizing the contributions of the small business sector to the American economy, and reaffirming their importance to the free enterprise system, and society.

We, on the Small Business Committee, are dedicated to these goals, and are determined to do everything we can to carry these initiatives forward. We will continue to work to make small business and entrepreneurship, and consequently our country, flourish during the remaining years of this century.

During the past year, there is no question that small business has received more attention than at any time during the past generation.

A primary cause has been the rapid growth of all types of small business organizations.

Another reason was the initiatives of the Senate Small Business Committee.

A third factor in the new prominence of small business has been the White House Conference on Small Business.

Last year, based on the recommendations of the White House Conference, Congress recognized some particular needs of small business and approved legislation providing fundamental reforms in basic Government operations which strengthened the climate for them. Among these bills are:

A requirement that Federal paperwork be cut by 25 percent within 3 years (Public Law 96–511);

Tight new constraints on the issuance of Federal regulations, including the requirement of a separate tier of less onerous standards for small businesses (Public Law 96–354);

Increased strength of the Office of SBA Advocacy to give small firms a greater voice in Washington decision-making (Public Law 96–302);

Providing for the payment of legal expenses for firms which successfully contest Federal regulations in court (Public Law 96–481);

The most extensive securities deregulation bill in 40 years, to make it easier to raise venture capital for small business (Public Law 96–477);

A patent reform bill permitting small firms to retain discoveries made in the course of Government contracts (Public Law 96–517); and,

A strong program of export assistance to encourage small business entry into world markets (Public Law 96–477).

Much more remains to be done, however. The Nation's two major economic problems of high inflation and gyrating interest rates, like a two-headed monster, are eating away at the economic foundation of many small businesses. The Congress must work hard to alleviate the unique economic problems they face. As the ranking Democrat on the Senate Small Business Committee, I pledge to continue my efforts on behalf of small business in the 97th Congress. Adoption of this resolution can be another step in the process.●

Mr. BAUCUS. Mr. President, today a number of Senators and I are introducing a joint resolution proclaiming the week of May 10, 1981, as "National Small Business Week."

I am pleased to cosponsor this joint resolution since I believe very strongly that the small business community is the backbone of our economy and deserves recognition as such. I know that is certainly the case in Montana where most of the population is engaged in small business enterprise. This is particularly true if farmers and ranchers are included in the small business community.

I want to take this occasion to comment a little further about the small business community. It is timely that we introduce this joint resolution at this moment because in the Small Business Committee we also have been reviewing the administration's budget estimates for the Small Business Administration. A resolution gives us many nice words about support and appreciation toward small business, but it is in legislation that we see how sentiments are transformed into action.

We are in an era of cutting and balancing budgets. I fully support those efforts and have often indicated my desire to make sure the cuts are fair. In other words, all sectors of our society have to be dealt with equally and fairly and that includes the small business community. There is no doubt that it has received benefits from the Government and if we are cutting all benefits those will have to be cut, too.

I want to take this opportunity now to have printed in the RECORD the administration's revised fiscal year 1982 budget as recently given to us in the Small Business Committee. I believe this proposal reflects a real desire to cut budgets and not to spare any sector including the small business sector. Nonetheless, I am concerned by some of the decisions taken by the administration.

My first area of concern is disaster loans. Many, many Americans have been saved from economic ruin through the Small Business Administration's disaster loan program. It is a very successful program and one which actually pays for itself.

In my view, a disaster is never fair. It never strikes evenly. And that is where Government can come in to help. It reacts sympathetically to disaster to help those who have been badly hurt regain their economic foothold. That makes it possible for them to compete fairly. I am therefore, not happy with the administration's proposal to raise interest rates on all Federal disaster loans to the cost of money. I fail to see how this is fair.

There are a few other programs that I think should not be treated quite so harshly not only for the sake of fairness, but also because the returns are so great. The small business community is clearly acknowledged as being the source of most innovation and modern technology in our country. Yet assistance for innovation and technology has been literally knocked out entirely from the budget. In other words, help that a small businessman might have received to market and test his invention is no longer there.

So I think we have to deal with the small business community with more than just words. The community has to take its fair share of reductions. But let us be sensible and let us not knock out or seriously handicap programs that have proved their worth. That is the best way we can commemorate Small Business Week.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[Budget Estimate—Fiscal Year 1982 (Revised)]

SMALL BUSINESS ADMINISTRATION

(Revised FY 1982 Budget—Congressional Submission Budget Overview)

INTRODUCTION

The Small Business Administration's FY 1982 budget request has been revised as part of the Administration's effort to reduce overall Federal spending. Reductions in the Business Lending program are consistent with the Administration efforts to control the expansion of Federal credit programs and to reduce dependence on the Federal Government as a supplier of credit. This revised budget also recommends policy changes related to the Small Business Development Center, Women's Business Enterprise and Disaster Lending programs. In addition, reductions have been recommended in other program and operating expenses as a part of the President's Economic Recovery Program.

GUARANTEED LENDING

The guaranteed lending program authority has been reduced 25 percent, from $4.2 billion to $3.2 billion in FY 1982:

[Billions]

Actual fiscal year 1980	Fiscal year 1981		Fiscal year 1982	
	Original	Revised	Original	Revised
$3.2	$4.2	$3.4	$4.2	$3.2

The reductions in guaranteed lending program authority will restrict the previously anticipated expansion of this program. However, SBA will develop a strategy to target the

guaranteed lending so as to optimize it's impact on the small business community.

SBA's policy was to expand vigorously the guaranteed lending program to provide the maximum financial assistance to all small businesses. SBA now proposes, as part of its revised FY 1982 budget submission, a selective expansion of the guaranteed lending program.

DIRECT LENDING

No major change in policy is proposed in SBA's direct lending program. Direct lending will still be targeted toward priority groups and markets, and a contingent fund will be used to supplement any shortfalls in meeting total lending goals to these priorities. Proposals to consolidate the different lending programs, and increase the direct loan interest rate to a rate comparable to the guaranty rate are being recommended.

	Actual fiscal year 1980	Fiscal year 1981		Fiscal year 1982	
		Original	Revised	Original	Revised
Disadvantaged	$172	$194	$169	$153	$102
Women	83	70	60	60	40
Handicapped	20	20	20	18	15
Other	85				
Priority markets		20	20	18	18
Contingent fund				50	50
SBIC	32	42	35	47	35
Total	392	346	304	346	260

The total direct lending program has been reduced from $346 to $260 million in FY 1982 to reflect the anticipated decrease in demand due to increased interest rates.

The budget effects of the FY 1981 direct and guaranteed lending reductions are reflected in the President's special message on rescissions and deferrals. This will reduce the FY 1982 Budget Authority Request and is an integral component of the Administration's comprehensive economic plan to constrain Federal credit and reduce overall spending.

SMALL BUSINESS DEVELOPMENT CENTERS

SBA's policy has been revised to retain the academic community as one of the resources available to provide management assistance to small businesses, but not to be the focal point for the future delivery of SBA's management assistance programs. Accordingly, funding for the SBDC program has been eliminated in the revised FY 1982 budget request. Continued funding of the SBI program delivered through colleges and universities is still recommended in the revised FY 1982 budget.

WOMEN'S BUSINESS ENTERPRISE

The revised budget has reduced contractual assistance funding for this program in FY 1981 and in FY 1982 from $3.1 million to $.9 million and $5.5 million to $.7 million respectively. Instead, SBA will integrate the Women's Program with ongoing Agency Programs and continue to assist the small businesses owned by women. A reduced Central Office staff will monitor and promote the effectiveness of SBA's existing programs in addressing the specific needs of women business owners.

DISASTER LENDING

The FY 1982 budget had included $50 million to fund the nonphysical disaster lending program, which includes businesses that suffer economic injury as the result of an adverse action precipitated by an act of Congress or Government regulation.

The revised FY 1982 budget proposes to eliminate the funding of the nonphysical disaster lending programs starting in the second half of FY 1981. However, small businesses which suffer these economic injuries are still eligible to receive assistance through SBA's regular business lending program. Legislation will be submitted to eliminate these programs.

In addition, the FY 1981 Disaster supplemental appropriation request has been withdrawn. Plans and policies are being formulated to ensure that the Disaster Loan Fund operates within its current budgetary resources for the remainder of FY 1981.

OTHER BUDGET REVISIONS

As part of the Small Business Administration's efforts in reducing Government spending the revised FY 1982 Congressional Submission recommends other reductions to our original submission. The following overview will highlight these reductions.

SALARIES AND EXPENSES

	Fiscal year 1981		Fiscal year 1982	
	Original	Revised	Original	Revised
In thousands of dollars:				
Compensation and benefits	$126,479	$125,032	$128,067	$121,203
Travel	8,270	7,443	9,010	8,109
Small Business Development Cent.	4,800	4,800	5,400	
Women's Bus. Ent. Cent.	3,100	900	5,500	700
7(j) Call Contracts	12,000	10,000	12,000	10,000
Consulting services	7,543	7,168	8,694	7,904
Equipment	1,038	882	1,038	882
Subtotal	163,230	156,225	169,709	148,798
All other—Regular	54,315	54,315	62,171	62,171
All other—Disaster	24,007	24,007	10,700	10,700
Total	241,552	234,547	242,580	221,669
Business development expense	24,000	20,000	24,000	20,000

	Fiscal year 1981		Fiscal year 1982	
	Original	Revised	Original	Revised
In millions of dollars:				
Business loan and investment fund:				
Budget authority	609	609	[1] 531	[1] 387
Outlays	560	511	603	525
Disaster loan fund:				
Budget authority	1,480	700		
Outlays	2,300	1,520	−99	−91
Lease guarantees revolving fund:				
Budget authority	4	4	4	4
Outlays	4	4	4	4
Surety bond revolving fund:				
Budget authority	30	30	35	22
Outlays	40	36	40	31
Pollution control equipment contract revolving fund:				
Budget authority				
Outlays	−7.7	−7.1	−8.7	−6.8

[1] Represents borrowing authority.

By Mr. THURMOND:

S.J. Res. 48. Joint resolution to provide for the erection of an appropriate statue or other memorial in the Arlington National Cemetery to honor individuals who were combat glider pilots during World War II; to the Committee on Veterans' Affairs

MEMORIAL TO WORLD WAR II GLIDER PILOTS

Mr. THURMOND. Mr. President, I rise to introduce a joint resolution to provide for the erection of an appropriate statue or other memorial in the Arlington National Cemetery to honor individuals who were combat glider pilots during World War II. Today there are approximately 1,500 survivors of the 6,000 combat glider pilots trained for action during World War II.

Gliders were used to land men and material behind enemy lines during the airborne invasions of Sicily, Burma, Normandy, southern France, Holland, Luzon, and Wessel, Germany. Gliders were also used to resupply the surrounded 101st Airborne Division during that division's gallant defense of Bastogne. The casualty rate among these glider pilots was approximately 35 percent. The use of gliders in the Bastogne operation was one of the best kept secrets of World War II.

Therefore, I think it is appropriate that a memorial of some type be established along the approach of the Arlington National Cemetery.

The design, plans, and location of the statue or other memorial authorized shall be subject to the approval of the American Battle Monuments Commission and the National Commission on Fine Arts.

The maintenance and care of the memorial erected under the provisions of this joint resolution shall be the responsibility of the Secretary of the Army.

Mr. President, I urge that the Senate give this resolution early consideration.

ADDITIONAL COSPONSORS

S. 75

At the request of Mr. WALLOP, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 75, a bill to amend the Internal Revenue Code of 1954 to encourage capital investment by individuals and corporations.

S. 155

At the request of Mr. SCHMITT, the Senator from Idaho (Mr. SYMMS) and the Senator from North Carolina (Mr. HELMS) were added as cosponsors of S. 155, a bill to amend the Internal Revenue Code of 1954 to make additional interest from savings eligible for exclusion.

S. 181

At the request of Mr. CRANSTON, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 181, a bill to provide for the extension of the authorization of appropriations for the Head Start program.

S. 255

At the request of Mr. MATHIAS, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 255, a bill to amend the patent law to restore the term of the patent grant for the period of time that nonpatent regulatory requirements prevent the marketing of a patented product.

S. 395

At the request of Mr. WALLOP, the Senator from Georgia (Mr. MATTINGLY) was added as a cosponsor of S. 395, a bill to

amend the Internal Revenue Code of 1954 to provide estate and gift tax equity for family enterprises, and for other purposes.

S. 398

At the request of Mr. ARMSTRONG, the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 398, a bill to amend the Walsh-Healey Act and the Contract Work Hours Standards Act to permit certain employees to work a 10-hour day in the case of a 4-day workweek, and for other purposes.

S. 417

At the request of Mr. CRANSTON, the Senator from Wisconsin (Mr. PROXMIRE) and the Senator from Michigan (Mr. RIEGLE) were added as cosponsors of S. 417, a bill to amend title 38, United States Code, to provide a new educational assistance program for persons who enter the Armed Forces after June 30, 1981, to modify the December 31, 1989, termination date for the Vietnam-era GI bill, and for other purposes.

S. 458

At the request of Mr. CRANSTON, the Senator from Maine (Mr. MITCHELL) and the Senator from West Virginia (Mr. RANDOLPH) were added as cosponsors of S. 458, a bill to amend title 38, United States Code, to extend the period of eligibility for certain Vietnam-era veterans to request readjustment counseling, to extend the program of veterans readjustment appointments in the Federal Government, and to extend the educational assistance and rehabilitation program delimiting periods for Vietnam-era and service-connected disabled veterans, respectively, under certain circumstances.

S. 491

At the request of Mr. GLENN, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 491, a bill to amend title 5 of the United States Code to provide death benefits to survivors of Federal law enforcement officers and firefighters, and for other purposes.

S. 509

At the request of Mr. HELMS, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of S. 509, a bill to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually.

S. 566

At the request of Mr. WALLOP, the Senator from Montana (Mr. MELCHER) was added as a cosponsor of S. 566, a bill to amend the Internal Revenue Code of 1954 to retain the oil percentage depletion rate at 22 percent.

S. 613

At the request of Mr. THURMOND, the Senator from North Carolina (Mr. HELMS) and the Senator from Utah (Mr. GARN) were added as cosponsors of S. 613, a bill to amend section 1951 of the United States Code, and for other purposes.

S. 636

At the request of Mr. CRANSTON, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 636, a bill to clarify the Veterans' Administration's authority to recover certain health care costs, to extend the period of availability of funds committed under the Veterans' Administration program of assistance to new State medical schools, to authorize expansion of the scope of and epidemiological study regarding veterans exposed to agent orange, and for other purposes.

S. 650

At the request of Mr. MATHIAS, the Senator from Ohio (Mr. METZENBAUM) and the Senator from Michigan (Mr. RIEGLE) were added as cosponsors of S. 650, a bill to require the Law Enforcement Assistance Administration to provide funds, as authorized to be appropriated under this act, to the mayor of the city of Atlanta, Ga., for extraordinary investigation expenses relating to the recent murders of children in that city.

S. 695

At the request of Mr. LUGAR, the Senator from Indiana (Mr. QUAYLE) was added as a cosponsor of S. 695, a bill to amend the formula used for reapportionment.

SENATE JOINT RESOLUTION 20

At the request of Mr. SASSER, the Senator from New Jersey (Mr. WILLIAMS), the Senator from Mississippi (Mr. COCHRAN), the Senator from New Mexico (Mr. SCHMITT), the Senator from Rhode Island (Mr. PELL), the Senator from Arkansas (Mr. BUMPERS), the Senator from North Carolina (Mr. HELMS), the Senator from Utah (Mr. HATCH), the Senator from Iowa (Mr. GRASSLEY), the Senator from South Carolina (Mr. THURMOND), the Senator from Tennessee (Mr. BAKER), the Senator from North Carolina (Mr. EAST), and the Senator from Arizona (Mr. DECONCINI) were added as cosponsors of Senate Joint Resolution 20, a joint resolution to designate the month of April 1981 as "Gospel Music Month."

SENATE RESOLUTION 97—RESOLUTION RELATING TO NUMBER OF FULL-TIME EMPLOYEES AND CONSTRUCTION OF ADDITIONAL FACILITIES FOR THE SENATE

Mr. PROXMIRE (for himself and Mr. DECONCINI) submitted the following resolution; which was referred to the Committee on Rules and Administration:

S. RES. 97

Resolved, That after the date on which this resolution is adopted, the total number of full-time officers and employees of the Senate of the United States and full-time officers and employees in the Office of the Architect of the Capitol who are assigned to the Senate shall not exceed 7372. The Committee on Rules and Administration shall establish rules and regulations for the equitable allocation among the offices and committees of the Senate and the Office of the Architect of the Capitol of the total number of full-time officers and employees established by the preceding sentence.

SEC. 2. After the date of adoption of this resolution, no office building shall be constructed for the Senate, and no plans drawings, architectural engineering work, design work, or site preparation or acquisition for such an office building shall be initiated or implemented. The preceding sentence does not apply to the construction and completion of the Philip A. Hart Senate Office Building.

(The remarks of Mr. PROXMIRE on this resolution appear earlier in today's RECORD.)

SENATE RESOLUTION 98—RESOLUTION DESIGNATING "AMERICAN HISTORY MONTH"

Mr. BENTSEN submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 98

Whereas the study of history not only enlivens appreciation of the past but also illuminates the present and gives perspective to our hopes for the future;

Whereas the study of American history leads to a greater understanding of our national heritage; and

Whereas it is appropriate to encourage a deeper awareness of the great events which have shaped America, and a renewed dedication to the ideals and principles we hold in trust: Now, therefore, be it

Resolved, That February of each year is designated as "American History Month," and the President is authorized and requested to issue annually a proclamation to call upon Federal, State, and local government agencies, and the people of the United States to observe with appropriate programs, ceremonies, and activities.

AMERICAN HISTORY MONTH

Mr. BENTSEN. Mr. President, I am submitting a resolution today which would designate February of each year as American History Month.

During the Bicentennial, Americans everywhere experienced a renewed interest in the events and ideals which created this Nation. Born out of a love of freedom and dedication to the resistence of tyranny, the United States has successfully withstood all adversities to achieve a place of leadership and respect among the nations of the world. The contributions of hundreds of ethnic groups have built the society we cherish today as Americans. Without the leadership of the millions of citizens who used their creative abilities for the good of all, the record of our history would have been very different.

As we enter the decade of the 1980's, we sense a renewal of dedication to the spirit of freedom and individual rights. What better way to preserve that dedication than to set aside a special time to commemorate the history that has nurtured those American ideals over the centuries? The designation of February as American History Month would provide a time for study, celebration, and renewal of the concepts that have shaped this democracy and would assure that the contributions of generations who have gone before will be remembered.

The concept of an American History Month is by no means a new one. The Society of the Daughters of the American Revolution has been promoting American history essay contests in our schools since the 1920's. I am pleased that the Texas Society of the DAR, the largest in the country, involved nearly 4,200 students from 256 Texas schools in such essay contests last year. Congress has also recog-

nized the value of this proposal, and has enacted resolutions for an American History Month in the past. It is my hope that the Senate will adopt this resolution so as permanently to designate February as American History Month.

SENATE RESOLUTION 99—RESOLUTION RELATING TO THE SISTER CITIES PROGRAM

Mr. PERCY submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 99

Whereas, President Dwight D. Eisenhower launched the Sister Cities concept on September 11, 1956 at the White House to let the people themselves give expression of their common desire for friendship and cooperation for all and this vital international program will observe its 25th Anniversary during 1981; and

Whereas, the Sister Cities Program is committed to the process of providing an active role in international relations to all communities and its citizens for the ultimate goal of world peace; and

Whereas, over 700 U.S. cities, towns and villages representing more than 86 million Americans are currently linked with over 900 communities in 78 nations of the world, now, therefore, be it

Resolved, That the 760 U.S. communities currently involved in this great Sister Cities Program and its organization Sister Cities International be commended for the vital role they are playing in increasing understanding and bringing the people of all nations together in bonds of mutual trust, friendship and cooperation.

SISTER CITIES PROGRAM

Mr. PERCY. Mr. President, nearly two centuries ago, that great statesman Benjamin Franklin observed:

God grant not only that the love of liberty, but a thorough knowledge of the rights of man pervade all the nations of the earth so that a philosopher may set his foot anywhere on its surface and say, "this is my country."

If he were alive today, I think Mr. Franklin would have been highly impressed by the efforts of a national program, which will be celebrating its 25th anniversary this year to achieve this noble and lofty goal.

That program is sister cities, which has brought together hundreds of America's cities, towns, and villages and millions of our fellow citizens dedicated to improving our relations with counterpart communities and people all over the world.

Since our Nation began two centuries ago, many organizations, foundations and individuals have contributed much to the foreign relations of the United States, but the emergence of the American city as a "partner in diplomacy" is a comparatively recent development. Affiliations between cities here and abroad began shortly after 1945, but no real national focus was realized until 1956 when the late President Dwight D. Eisenhower initiated the people-to-people program at the White House. Out of this grew Sister Cities International, which has assisted more than 700 American cities to establish links with over 900 communities in 78 other nations of the world. The combined population of the U.S. cities involved is more than 86 million Americans, a tremendous "force for peace."

President Eisenhower's objective was to stimulate the citizens of this country, representing the great strength of the United States, to work for the improvement of America's international image by furthering understanding of our country abroad. His concept involved tens of thousands of people at all levels of our society in "personal diplomacy." The sister city program was not regarded then, nor is it today, as a messianic movement to proselytize others with the democratic principles that Americans cherish. It was, and is, rather, a program to fulfill the desire of millions of Americans to learn about the people of other countries and their customs, to learn of similarities as well as differences and hence to chart a better road to understanding of the world. It is essentially a program of sharing interests across borders; it is the opportunity for every member of an American community to express themselves in the "community of nations."

The significance of the sister city program to American foreign relations was best expressed in President Eisenhower's own words:

Two deeply held convictions unite us in common purpose today. First is our belief in effective, responsive local government as a principal bulwark of freedom. Second is our faith in the great promise of people-to-people and sister city affiliations in helping build the solid structure of world peace.

He said that we now use many methods in pursuit of greater international understanding, including student and teacher exchange, organizational and institutional exchanges.

He observed—

Yet none can be more effective than direct, close and abiding communications between cities, where indeed most of our people now live.

What has this program accomplished in the 25 years of its existence? What are its goals as it enters the difficult years of the 1980's?

First, the sister city program offers the efficient framework through which individual Americans can tell the real story of America to the people of other lands. But the sister city program is not a one-way street. Its purpose is true friendship, which requires our understanding of other people.

Today, more than ever, we need to understand the character, the mood, and the aspirations of the people of other nations. We need to know more deeply and thoroughly that millions of human beings in the vast developing regions of the Earth are struggling for a new life of freedom and opportunity.

We can read about human needs and learn that many of the world's people are underfed, illiterate, sick, or poorly housed.

But we do not truly understand, and we are not ready for effective action, until we become compassionately aware of the character and needs, the joys, and sufferings of individual human beings in other lands.

Here, sister cities offer the means by which individuals in America can learn from individuals in other nations.

Today millions of Americans are extending that hand of friendship to people in other countries. More than 700 U.S. cities are involved in affiliations with cities in other parts of the world. The American cities in the program represent every section of the country and every size.

These sister city programs have gone far beyond ceremonial functions.

Hundreds of thousands of schoolchildren in American communities now correspond regularly with children in their sister cities overseas.

Thousands of student and teacher exchanges have been arranged.

Businessmen, doctors, lawyers, union leaders, and others have exchanged knowledge, advice, and information with their counterparts in foreign cities.

Special classes have been organized to teach local citizens the language and culture of their sister city.

Because countries and cities around the world encounter the same problems and have to face similar urban population and environmental problems, many sister cities are learning how interdependent the world's nations really are. sister city affiliations, in many cases, are helping to reach solutions. Exchange programs are resulting in significant advances against common urban problems. A civil engineer from Rochester, N.Y., spent part of the summer in Bamako, Mali, as a consultant to provide knowledge for the completion of sanitary projects. Nurses in Atlanta, Ga., are helping to develop a health care planning project which is now entering its second year in Montego Bay, Jamaica. Oakland, Calif., technicians traveled to Sekondi-Takoradi, Ghana, to determine what vocational training services or job creation activities would be required to meet the skilled labor needs of that area, and how existing government and private agencies might provide training opportunities to handicapped and nonhandicapped youth.

But the program is two way. Kyoto, Japan, sent an entire artisan's house to Boston, Mass., where it was reconstructed in Boston's famed Children's Museum by Kyoto craftsmen. The house is open today for thousands of young and old in the Boston area to learn about Japanese culture and customs.

Travel, tourism, and exchanges flourish between sister cities; it is a natural development. And the numbers keep growing. The cumulative effect of these exchanges is building for future relationships.

Projects developed by sister cities are as varied and unique as the thousands of volunteers involved. Exchanges are numerous—books, art, gardens, monuments, artifacts, ceremonial fetes, technicians—the list is almost endless. They represent a vast wealth of human energy devoted solely to increasing greater understanding and rapport with the people of other lands. Is this not the essence of diplomacy?

Seven hundred affiliations are not enough. One thousand affiliations are not enough. We need 3,000 or even 5,000

sister city affiliations to approach the magnificent potential of American communities joining in friendship and understanding with communities in other nations.

Our ideal should not be limited. Our approach should not be timid. We should hope for the day when every single American community has joined as a working neighbor with a foreign community.

Such an expansion of the sister city movement can come only through the initiative and effort of citizens and leaders in our communities. The sister city program must be sustained as a true and spontaneous effort.

As the sister city program celebrates its 25th anniversary during 1981, I, for one, intend to do all I can to help promote the concept and practices of the sister city program in communities in the United States, and I hope each of my colleagues will exert every effort to encourage communities in their own States to develop sister city affiliations.

AMENDMENTS SUBMITTED FOR PRINTING

AMENDMENT NO. 8

(Ordered to be printed.)

Mr. MELCHER (for himself, Mr. LEAHY, Mr. PRESSLER, Mr. KASTEN, Mr. ZORINSKY, Mr. BOREN, Mr. PRYOR, Mr. ANDREWS, Mr. PROXMIRE, Mr. BOSCHWITZ, Mr. BAUCUS, Mr. ABDNOR, Mr. FORD, Mr. BURDICK, Mr. HATCH, Mr. BENTSEN, and Mr. HUDDLESTON) proposed an amendment to the bill (S. 509) to amend section 201 of the Agricultural Act of 1949 as amended, to delete the requirement that the support price of milk be adjusted semiannually.

AMENDMENT NO. 9

(Ordered to be printed.)

Mr. ZORINSKY (for himself, Mr. MELCHER, Mr. ANDREWS, Mr. BURDICK, Mr. BAUCUS, Mr. EXON, Mr. BOREN, and Mr. PRESSLER) submitted an amendment was ordered to be printed in the bill, S. 509, supra.

● Mr. ZORINSKY. Mr. President, I submit for printing an amendment to S. 509 and ask unanimous consent that the text of the amendment be printed in the RECORD.●

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 1, immediately after line 5, insert the following:

"SEC. 2. (a) Notwithstanding any other provision of law, effective April 30, 1981, the restrictions on the exportation of agricultural products to the Union of Soviet Socialist Republics imposed on January 7, 1980, shall expire unless, prior to such expiration date, the President certifies to Congress that—

"(1) the continuation of such restrictions is necessary to further significantly the national security and foreign policy interests of the United States; and

"(2) the continuation of such restrictions will not have an undue adverse effect nor unfairly impose a discriminatory burden on the agricultural economy and the farmers of the United States.

"(b) If the President does not make the certifications provided for in subsection (a) of this section, the President may, nonetheless, delay for a reasonable time the date of expiration of the restrictions and resumption of normal grain trade with the Union of Soviet Socialist Republics by certifying to Congress, prior to April 30, 1981, that the President intends to negotiate a new bilateral grains agreement with the Union of Soviet Socialist Republics to replace the agreement that expires September 30, 1981.".

NOTICES OF HEARINGS

SUBCOMMITTEE ON SECURITIES

Mr. D'AMATO. Mr. President, the Subcommittee on Securities of the Committee on Banking, Housing, and Urban Affairs will hold a hearing on S. 289, a bill to amend the Securities Exchange Act of 1934 to provide margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. persons where such acquisitions are financed by non-U.S. lenders. The hearing will be held on Tuesday, March 31, 1981, at 9:30 a.m. in room 5302 of the Dirksen Senate Office Building.

Persons who desire to appear at the hearing or to submit written views should contact John Daniels, counsel to the subcommittee, at 224–7391.

SUBCOMMITTEE ON WATER AND POWER

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of public hearings before the Subcommittee on Water and Power of the Committee on Energy and Natural Resources.

The subcommittee will hold a hearing on the fiscal year 1982 Department of Energy authorization for the Power Marketing Administrations on Thursday, March 26, at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

The subcommittee will hold a hearing on S. 306 which authorizes the Secretary of the Interior to construct, operate, and maintain hydroelectric powerplants at various existing water projects, on Wednesday, April 8, at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, Subcommittee on Water and Power, room 3104 Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding the hearing, you may wish to contact Mr. Russ Brown at 224–5726.

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Mr. WARNER. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of public hearings before the Subcommittee on Energy and Mineral Resources.

Oversight hearings on the strategic petroleum reserve have been scheduled for Monday, March 30 at 9:30 a.m. and Friday, April 3, at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

Oversight hearings on the strategic minerals and materials policy of the United States have been scheduled for Tuesday, March 31; Tuesday, April 7; and Thursday, April 9 at 9:30 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, Subcommittee on Energy and Mineral Resources, room 3104 Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding the strategic petroleum reserve hearing, please contact Mr. Roger Sindelar at 224–4236; and regarding the strategic minerals hearing, please contact Mr. Bob Terrell at 224–3086.

SUBCOMMITTEE ON ENERGY CONSERVATION AND SUPPLY

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommittee on Energy Conservation and Supply on the 1982 Department of Energy Authorization for programs which fall within this subcommittee's jurisdiction.

The hearing will be held on Monday, April 6, 1981, at 9:30 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, Subcommittee on Energy Conservation and Supply, room 3104 Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding the hearing, you may wish to contact Mr. Gary Barbour at 224–0613.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. COHEN. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Select Committee on Indian Affairs for the purpose of reviewing the budget submissions of the Department of the Interior as it pertains to programs of the Bureau of Indian Affairs; the Department of Health and Human Services as it pertains to programs of the Indian Health Service; the Department of Education as it pertains to programs of the Office of Education; and the Department of Housing and Urban Development as it pertains to programs for Indian housing.

The hearing is scheduled for March 23, 1981, at 10 a.m., in room 1202 Dirksen Senate Office Building. For further information regarding the hearings, you may contact Timothy Woodcock, Staff Director, or Peter Taylor, general counsel, at 224–2251. Those wishing to submit a written statement for the hearing record should write to the Select Committee on Indian Affairs, U.S. Senate, Washington, D.C. 20510.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, March 19, 1981, to consider President Reagan's budget proposals in Energy and Natural Resource areas.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

SALUTING THE IRISH

● Mr. D'AMATO. Mr. President, allow me to take this opportunity to wish all a very happy St. Patrick's Day. This is a day when we are all Irish and salute the contribution that the Irish people have made.

As we celebrate St. Patrick's Day this year, let us not forget the thousands of people in Northern Ireland who must endure the continuing heartbreak and sorrow of a country wracked by violence, terror, and civil unrest.

Today we are all brothers and sisters, and let us pray that a peaceful solution to end the bloodshed and hatred can be found. Let us also pray that forceful and responsible leadership will prevail and offer religious liberty and economic freedom to all people in that embattled land. And let us hope that artificial manmade borders can come tumbling down reuniting a proud people in peace and harmony. Let there be peace and freedom in Northern Ireland and may an end to the violence that pits neighbor against neighbor come soon.

Mr. President, I know I speak for my colleagues today in wishing the best for the Irish people and in saluting a fine country, a fine heritage, and a fine people.●

PEGGY SIMPSON CURRY, FIRST POET LAUREATE OF WYOMING

● Mr. WALLOP. Mr. President, it is with great honor that I bring to your attention Mrs. Peggy Simpson Curry of Casper, Wyo., who was recently named the first Poet Laureate of Wyoming.

When Governor Ed Herschler of Wyoming asked for nominations to fill this post, the response was, almost without exception, one name, that of Peggy Curry. She is a renowned author who has brought honor to her State as being one of only two women in the world to win two Spur awards from Western Writers of America and the only author to receive two Emmie Mygatt awards from Wyoming Writers, Inc. She is also the same writer and poet who found time to organize and establish the poetry in school program which became a model for other States.

Mrs. Curry has written a text book, "Creating Fiction From Experience," and teaches writing at Casper College. She finds time to visit schools across the State of Wyoming encouraging young people to write. She reads to the blind, visits State institutions and conducts workshops in many small Wyoming towns. Many lives have been enriched by the generous gifts of this warm and caring woman.

Her published novels include: Fire in the Water", So Far From Spring", "The Oil Patch", and "A Shield of Clover." She is published in many national journals, drawing upon her western background. Her warmth, humor, and love of the West are the trade marks of her talent. Peggy Simpson Curry is truly Wyoming's Poet Laureate, and I join with all the citizens of the State of Wyoming in paying her due tribute and honor.

I wish to share with my colleagues a sample of her poetry, taken from her book entitled "Red Wind of Wyoming."

FEBRUARY THAW

Where wind has worked and gone away,
Gun-metal water moves in sinuous flow
Between the hooded banks of sculptured snow
And red-gold willows stand with dreaming roots
In pools of spring, in promises of green
As real as anything my eyes have seen.
I pause and feel impassioned splendor stir
In deep and shadowed vowels of water sound
Murmuring across the frozen ground.

Old hills to westward, gather in your pines
This day—this singing fugitive from cold;
Rock in the cradles of remembered birds
The dream too transient for the heart to hold.●

RESOLUTION OF ARIZONA STATE LEGISLATURE CONCERNING SOVIET EMIGRATION POLICIES

● Mr. GOLDWATER. Mr. President, recently the House of Representatives of the 35th Legislature of the State of Arizona passed a resolution urging the President of our country to influence the Soviet Union to abandon its restricted emigration policies and allow freer emigration of religious groups. This has been forwarded to me by our exceedingly fine Secretary of State, Rose Mofford.

I ask that the resolution be printed in the RECORD.

The resolution follows:

HOUSE RESOLUTION 2003

Whereas, the Union of Soviet Socialist Republics is a signatory of the Universal Declaration of Human Rights which declares that "everyone shall be free to leave any country including his own"; and

Whereas, the Union of Soviet Socialist Republics is a signatory of the Helsinki Final Act of 1975, which declares that the "participating states will deal in a positive and humanitarian spirit with the applications of persons who wish to be reunited with members of their families"; and

Whereas, the Soviet Union initiated new restrictions on the emigration of Jewish persons residing in the Ukraine in May of 1979, by denying applications if the required letter of invitation from a family member in Israel was from a relative more distant than a parent, spouse, child or sibling; and

Whereas, the new restrictions severely curtailed Jewish emigration from the Soviet Union, with fewer exit visas being granted in 1980 than in 1979; and

Whereas, the trend of decreasing Jewish emigration is growing dramatically in 1980, from 3,049 in March; to 2,469 in April; to 1,976 in May; to 1,620 in June; to 1,204 in July; and to only 327 for the first half of August; and

Whereas, acts of anti-Semitism, including harassment, arrests and discrimination in education and employment have increased in recent months; and

Whereas, the combination of new emigration policies and increased harassment has directly affected the willingness of Jews residing in the Soviet Union to solicit letters of invitation from relatives in Israel, resulting in a decrease in requests for letters of invitation from an average of 10,750 per month in 1979 to 4,250 per month for the first four months of 1980; and

Whereas, many emigration offices in the Soviet Union allegedly closed temporarily during the Summer Olympics have not yet reopened.

Therefore, be it resolved by the House of Representatives of the State of Arizona:

1. That the members of the House of Representatives respectfully request that the President of the United States endeavor to influence the Soviet Union to abandon its restrictive emigration policies and allow the freer emigration of all members of religious groups from the Soviet Union.

2. That the Secretary of State of the State of Arizona is requested to transmit copies of this resolution to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation.●

WINNIE MANDELA: A POLITICAL PRISONER IN SOUTH AFRICA

● Mr. TSONGAS. Mr. President, last year the Congressional Ad Hoc Monitoring Group on Southern Africa launched a political prisoner adoption program. Congressman TOM DOWNEY organized the effort and each member of the Monitoring Group was asked to adopt a political prisoner in South Africa.

I adopted Winnie Mandela. I am happy to report that she is in excellent spirits despite the rigid limits imposed on her freedom by a government banning order. Winnie Mandela, the wife of a nationalist leader Nelson Mandela, is only one of the many such banned or detained individuals in South Africa, but I think that her particular brand of courage is remarkable and inspiring.

Joseph Lelyveld's article in today's New York Times portrays Ms. Mandela's circumstances accurately and objectively. It is an excellent primer on the mechanisms of racial discrimination in South Africa today. I request that the article be printed in the RECORD.

The article follows:

[From the New York Times, Mar. 17, 1981]

"BANISHED" IN SOUTH AFRICA, SHE VOWS TO OVERCOME

(By Joseph Lelyveld)

BRANDFORT, SOUTH AFRICA, March 12.—A white woman called from across the street as Winnie Mandela got out of her car in a front of the post office here today. She hadn't seen her in a while, the woman said in a friendly voice, and hoped that didn't mean Mrs. Mandela was cross with her.

The start of a brief exchange of small-town pleasantries, it was an exceptional moment of civility in the life of officially decreed hardship and monotony Mrs. Mandela has had to lead here since she was ordered nearly four years ago to reside in the nameless black township on the edge of this staunchly conservative Afrikaner farming community in the Orange Free State. The banished wife of an imprisoned black leader would not expect to make white friends here. Whites prepared to extend even minimal courtesy have also been few.

"There are only three I am able to speak to here and she's one of the three," Mrs. Mandela said later, breaking into a bright peal of laughter that canceled any hint of self-pity. In the 18 years since the arrest of Nelson Mandela the leader of the outlawed African National Congress, his wife has become a political figure in her own right, threatening enough for the authorities to feel they could not let her live in

Soweto, Johannesberg's black annex, even under partial house arrest and a "banning" order that gagged her politically and barred her from gatherings.

The authorities never explained why they selected Brandfort as Mrs. Mandela's Elba but she has her own explanation. "Here is really a living grave," she said. "One is subjected to such crude conditions. The whole thing was calculated to break one's spirit." Mrs. Mandela's rich laughter, which punctuates her conversation, said it was a miscalculation.

SEPARATE ENTRANCES IN SHOPS

Until she was deposited here by the security police in May 1977, Brandfort was best known as the town that shaped the Afrikaner identity of Hendrik F. Verwoerd, the Dutch-born Prime Minister who turned South Africa's traditional patterns of racial separation into a system and an ideology. There are still white and black entrances to the shops here but Mrs. Mandela has consistently disdained the signs and no white has challenged her. In the single supermarket, her example helped promote an end to segregated service.

The contrast between the outwardly drab town and the vivid, self-assured woman whose small shopping expeditions become a daily challenge to its racial customs has given rise to resentment among local whites. "I'm no longer wanted here by the white community," Mrs. Mandela said. "I think they've just had enough."

The banning order that restricts her to Brandfort expires at the end of this year and the authorities will then have to decide whether to move her. In the meantime, she will have to appear in court on May 25, as she does almost annually, on charges of violating her ban. These were lodged by a security police sergeant named Gert Prinsloo who has been her official chaperon and nemesis here since the day she arrived. Conviction could result in a jail sentence.

"What difference does it still make?" she asked cheerfully. "The only difference is between being in prison and this outside prison. My country is a prison in itself." The words sound almost too brave but official harassment has helped shape a role for Mrs. Mandela in which she now seems entirely at ease.

HUSBAND WRITES TWICE A MONTH

The post office where she was encountered is only half a block from the police station but it was lunch time and Sergeant Prinsloo was nowhere in sight. She never knows, she said, when he will turn up. Just last night he was parked outside her tiny semidetached house, which has neither plumbing nor electricity, when she stepped into the yard at about 9:30 to throw her bath water out.

If she had then set a foot out of the yard, she would have been violating her ban, which places her under house arrest in the evenings and on weekends. It would have been a violation now to invite a visitor back to her house, where she can receive only relatives, or to meet him in the presence of a third person.

So the conversation today took place in the visitor's car, parked under a gum tree beside the post office, while Mrs. Mandela's daughter, Zindzi, waited in her mother's Volkswagen rereading one of the two letters her father is allowed to write each month, which had just arrived.

Mrs. Mandela was moved to Brandfort a week before Andrew Young, then the new American representative at the United Nations, was due to visit Soweto. There were some who speculated that the authorities meant to insure they would not meet. Now there is a new Administration in Washington and a new attitude. Mrs. Mandela was asked whether she had seen President Reagan's remark that the United States should be "helpful" to South Africa because positive efforts to bring change are under way here.

"WE WILL TAKE OVER"

"He couldn't have insulted us more," she said. Again there was a peal of laughter. "One doesn't expect anything much but one doesn't expect a man in his position to really go out of his way and pronounce himself as our enemy. Because we are there, a reality, and we will take over this country whatever Reagan says."

The years in Brandfort have not left Mrs. Mandela with a sense of isolation. Others in "the struggle" are suffering more, she insisted, while Brandfort has given her a chance to draw close to blacks who have had "no other life than in the backyard of the white man" and who now "are even angrier than those in the urban areas because they are so deprived."

Every other month, under constant police surveillance, Mrs. Mandela flies to Cape Town and then to Robin Island to spend 30 minutes with her husband, who is serving a life sentence. They sit facing each other with heavy soundproof glass in between so that they have to talk on the telephone although they are separated by only a couple of feet.

Guards sit on both sides with them, listening in on extension phones to insure that no political intelligence is exchanged. "We can only talk about cats and dogs, children, families, that's all," she said. "Each time for all these years, these 18 years, some senior officer comes to me and reminds me: 'I hope you remember Mrs. Mandela that you are not to discuss anything else outside your family. We don't want to cut your visit but should you mention even a name we don't know, we shall cut your visit.' They actually say that."

HUSBAND "ABSOLUTELY FINE"

The last private moment the Mandelas had, she said, was a hurried meeting in August 1962 two days before her husband was captured. Yet she is never more assured than when she describes him. "Oh he's absolutely fine," she said. "He's just on holiday. There's our Prime Minister on holiday, that's all. He's in fantastic spirits."

Her own spirits are sustained, in part by the visits of the Rev. John Ruston, an Anglican priest in Bloemfontein, about 30 miles to the south, who comes every two weeks to give her communion.

"He can't get into my house," she related, "so when he gets there he hoots outside my cells—that's what the house is, just a combination of three cells put together—and I run out and we pray outside his car and he gives me holy communion outside his car, and when it's raining we sit inside the car, and that's how I get my communion."

Asked if she had ever applied for permission to worship in the cathedral in Bloemfontein, she answered firmly: "No, I will never do that. I don't believe I should apply to a human being to go to church. I think I would be giving them a power they don't have. That would be honoring them too much."●

CAPITAL GAINS TAX CUTS ARE CHEAP AND EFFECTIVE

● Mr. WALLOP. Mr. President, if I came to you with an investment proposal that would yield a 44-percent return after 1 year, you would probably say that it was too good to be true. Well, it is not. In fact, Congress made just such an investment with the Revenue Act of 1978 by lowering the maximum effective capital gains tax rate from 49 percent to 28 percent for individuals and corporations. At a cost of $100 million in decreased revenues from capital gains taxes, the Government induced additional individual capital gains of $20.5 billion in 1979—a rise of 44 percent over 1978. In other words, the lower capital gains tax rates gave investors the incentive to cash in on their capital gains and, as a result, the total amount of capital gains increased by 44 percent. Preliminary figures from the Treasury Department indicate that the capital gains tax reduction resulted in a net revenue loss to the Government of only $0.1 billion, compared with the original estimate by Treasury of a revenue loss of $1.7 billion. The net loss was so minimal because the increase in capital gains realizations was so large; investors reported more capital gains, so the Government had more capital gains to tax. The 1978 capital gains tax cut was clearly a wise investment.

The decrease in capital gains tax rates prompted investors to sell or unlock many of their old investments. This unlocking caused more investors to realize capital gains, and these increased capital gains tax realizations boosted tax receipts to the Treasury beyond all expectations. Even at lower capital gains tax rates, tax receipts were increased by $2.5 billion rather than the Treasury Department's original estimate of $0.9 billion of induced capital gains realizations. Consequently, the static revenue loss of $2.6 billion was offset by a feedback of $2.5 billion, leaving a net revenue loss of just $0.1 billion.

These figures indicate that the higher realizations offset nearly all of the revenue loss caused by the cut in capital gains rates. The 1978 capital gains tax reduction is a classic example of supply-side economics, demonstrating that tax cuts can stimulate new and increased economic activity, which in the end, will boost tax receipts.

Mr. President, we should not confine our appreciation of the 1978 capital gains tax cut to the initial revenue effects of this legislation. The capital gains tax cut caused higher equity values, more seed money for small companies seeking venture capital, and much higher levels of total stock offerings from 1979–80. The increase in economic activity stimulated by the capital gains tax reduction has helped foster new companies, increased investments and more jobs, all of which contribute to the health of our economy and increased tax revenues.

The Investment Incentive Act of 1981, S. 75, gives us a chance to repeat the successes of the Revenue Act of 1978 by further reducing the maximum effective tax rate on capital gains for individuals and corporations. Further reductions are necessary because, of 11 industrialized countries, the United States still has the highest rate for taxing long- and short-term capital gains. Four countries do not even have a tax on capital gains, including Japan, and those countries that do usually do not distinguish between a long- and a short-term gain. The result has been to bias consumption over saving; a person is liable for a greater amount of tax if he invests his income than if he spends all of it and borrows to spend more. Over consumption has produced high inflation and slow economic growth. Growth has been so slow that

our productivity increases have been surpassed by all other industrialized countries except Canada.

The question may arise: How does a capital gains tax reduction lead to an increase in productivity? The answer is through an involved, but not arcane, process. Since the tax cut increases his after-tax return on investment, the investor has more money and more incentive to invest. With his will intensified and his wallet enlarged, the investor rushes into the market demanding stocks—an action that inevitably leads to a boost in their prices. These two premises are borne out by the fact that since the 1978 tax cut, an 18-percent increase in the number of investors has produced a 160-percent jump in the AMEX market index, a rise of 49.2 percent in the Standard & Poor's 500, and an increase of 24.3 percent in the Dow Jones Industrial Average, in spite of rampaging inflation and skyrocketing interest rates. As stock prices rise, equity financing becomes cheaper. In other words, a company is able to raise the same amount of money as before without having to float as many shares of stock.

Companies are thus able to raise funds more easily through the stock market, providing an alternative to debt financing. Less corporate borrowing helps to relieve the upward pressure on interest rates, which helps bring down inflation. Referring once again to the effects of the 1978 tax cut, new capital raised through initial public offerings has quadrupled and the amount of venture capital raised has doubled since the passage of that legislation. The sale of new stock makes it possible to replace worn out or inefficient equipment and to purchase the additional plant and equipment required to expand production capacity. With more capacity comes the need for more workers, so employment rises. Research and development efforts, which result in new technology superseding outdated technology, are also financed through money raised from new stock issues. More and new plant and equipment, additional employment, less debt financing, and better technology all combine to effect significant increases in productivity—increases that lessen inflationary pressures.

Mr. President, as the 97th Congress begins to examine tax legislation the question arises over the best means of achieving a capital gains tax cut. Clearly, the best approach is to combine a cut in income tax rates, as called for in the President's tax program, with an increase in the capital gains tax exclusion.

A reduction in income tax rates has the effect of reducing capital gains taxes, but at the same time it reduces tax rates on dividends. An increase in the capital gains tax exclusion has the effect of lowering tax rates applied to long-term capital gains, without changing the tax rate on dividend income. There are two advantages to this approach.

First, the increased exclusion applies across the board, which means that it also benefits the less wealthy taxpayers who are not affected by a decrease in the higher-bracket rates.

Second, increasing the capital gains exclusion gives the investor an incentive to put his money into growth stocks, that allow him to take out his investment income in the form of capital gains, rather than dividends. What does this do to corporations intent upon raising investment funds? It creates a market incentive to reinvest profits in new plant and equipment and R. & D. so that they become attractive to investors as growth companies. In other words, increasing the capital gains tax exclusion not only provides the incentive for private individuals to invest, but it also shifts resources in corporations toward long-term investment and growth opportunities.

Another attractive feature of the Investment Incentive Act of 1981 is that it extends the same effective capital gains tax rate to both individuals and corporations, maintaining the traditional parity between corporate and individual capital gains tax rates. The importance of maintaining parity between the corporate and individual capital gains tax rate stems from the objective of maintaining neutrality in tax policy. Unless corporate capital gains are accorded similar treatment to that offered to individuals, tax policy will penalize taxpayers who use the corporate form of ownership rather than owning assets in partnerships, proprietorships, or in other noncorporate ownership forms. In the absence of parity between the corporate and individual capital gains rates, there would be an incentive to shift ownership from corporate to individual form.

For a long period prior to 1969, the corporate capital gains tax rate was 25 percent, the same as the maximum rate for individuals. Between 1969 and 1978, the corporate rate was increased from 25 percent to 30 percent, and capital gains tax rates were increased even more sharply for individuals. Fortunately, the Revenue Act of 1978 cut the top rate for individuals and corporations to 28 percent, restoring parity. There is a need to insure that future adjustments in the capital gains tax rates maintain corporate capital gains tax parity.

The Investment Incentive Act of 1981 seeks to increase capital gains tax exclusion from 60 percent to 75 percent. Under the current tax rates, the increased exclusion would lower the maximum effective tax rate to 17.5 percent. However, if the 75-percent exclusion was combined with the lower tax rates called for in the President's program, then the maximum effective capital gains tax rate would be 12.5 percent. In my opinion, this would be a positive development in tax policy; one that would spur a new era of increased investment.

For too long, high taxes have been a disincentive to work, savings, and investment and a cause of stagnation in our economy. Realizing this, Congress finally took steps to stimulate capital formation with the Revenue Act of 1978 and lowered the maximum capital gains tax rate for the first time in 40 years. The Investment Incentive Act of 1981 takes the next step in the process of tax reductions begun by the 1978 legislation.

Mr. President, I look forward to working with the administration and my colleagues over the next year in developing a tax package that provides the most dynamic stimulus to investment and savings.

I submit an editorial of the Wall Street Journal of March 11, 1981, which relates to this subject.

The editorial is as follows:

CONGRESS APPEARS CERTAIN TO SLASH TAXES ON LONG-TERM CAPITAL GAINS

(By Robert W. Merry)

WASHINGTON.—Whatever Congress does to President Reagan's tax proposals, the final package almost certainly will include a deep tax cut for long-term capital gains.

No visible opposition of consequence has arisen so far to proposals for a reduction in the tax on these gains, which are realized on the sale of securities, real estate or other capital assets held at least one year. That's in sharp contrast to 1978, when that year's reduction sparked a controversy over its effect on the nation's economy.

This year's outlook reflects a change in thinking about tax policy. Those committed to cutting taxes—including taxes paid by the wealthy—have more clout than ever before. And so Congress will probably enact the second capital-gains tax reduction in fewer than three years, perhaps dropping the top rate to 20 percent from the current 28 percent. The 1978 law brought it down from 49 percent.

STRONG FEELINGS FOR CUT

"The pressures are so strong that some further reduction is almost inevitable," says Cliff Massa, tax lobbyists for the National Association of Manufacturers. An aide for Congress's joint tax committee calls a tax cut "most likely."

Generally, a person determines his capital-gains tax by excluding 60 percent of his gains from taxation, and then applying his normal income-tax rate to the remaining 40 percent. Thus, a person in the top tax bracket, which is 70 percent, would pay a capital-gains rate of 28 percent—or 70 percent of the taxable 40 percent of capital gains.

President Reagan would reduce capital gains taxes for everyone by cutting income-tax rates 10 percent across the board in each of three successive years. Meanwhile, the top rate of 70 percent, which applies only to "unearned," or investment, income, would drop to 50 percent. Thus the top capital-gains tax rate would fall over those three years to 20 percent—or 50 percent of the taxable 40 percent.

But the President's call for the 30 percent cut in individual income-tax rates is the most controversial part of his tax proposals, and it may not survive in Congress. If lawmakers scale back the rate cuts or eliminate the second and third years of the Reagan plan, the reduction in capital-gains taxes would be scaled back, too.

However, it's possible that, no matter what happens to the President's rate-cut proposal, Congress may drop the top income tax rate on unearned income to 50 percent from 70 percent in a single stroke. Like the President's plan, that would drop the top capital-gains rate to 20 percent from 28 percent, but in one year rather than over three years. Even some liberal economists concede there are persuasive arguments for such a cut.

The rationale is that the high tax rates on unearned income—and the differential between tax rates on unearned and earned income—have encouraged many wealthy people to dump their money into tax-avoidance schemes and other nonproductive investments. "If you narrow the gap between unearned and earned income," says a Senate Finance Committee aide, "there's less incentive to invest in tax shelters."

CONGRESSMAN SEES TROUBLE

But this approach riles liberal Democrats who don't like giving so much tax relief to upper-income individuals. "If I voted for that," says Rep. Thomas Downey of New

York, a Democrat on the House Ways and Means Committee, "I'd be lynched in my district."

The result is that some legislators are looking at another method of reducing capital-gains taxes: expanding the portion of gains excluded from taxation. That was part of the approach used in 1978, when Congress increased the exclusion to the current 60 percent from 50 percent.

Leading advocates of expanding the exclusion in the Senate are Malcolm Wallop (R., Wyo.) and Daniel Moynihan (D., N.Y.). Their bill would expand the portions of capital gains excluded from taxation to 75 percent. Thus, even if the top income-tax rate stayed at 70 percent, the top capital-gains rate would drop to 17.5 percent—or 70 percent of the taxable 25 percent of capital gains. A similar measure in the House would increase the exclusion to 70 percent, thus dropping the top tax rate on capital gains to 21 percent.

This method is more politically acceptable to many in Congress; unlike the reduction in the top rate on unearned income. It would provide tax relief to less wealthy taxpayers with capital-gains income. Some also like it because it would provide tax relief on capital gains in a single year, rather than over three.

BENEFITS ARE TOUTED

There is some debate in Congress over which is the better method, but there seems to be no debate about whether further reductions are a good idea. While opponents of the 1978 bill are silent, proponents stress their view that it was a huge success in infusing needed capital into new enterprises, especially in the burgeoning high-technology field. They cite price appreciation for stocks of companies with little capital, a surge in initial stock offerings by small companies and a big increase in venture-capital investments.

Of greater political consequence, though, is the effect of the 1978 capital-gains cut on federal revenues, a subject of much debate before the law was enacted. The Carter Treasury Department, which opposed the 1978 reduction, projected that the cut would cost the government $1.7 billion in 1979 tax revenue. The Treasury's Office of Tax Analysis estimated the basic amount of the tax cut at $2.6 billion, but it added that the reduction would induce people holding capital assets to sell them and pay the lower tax bill on the gains. This "unlocking effect," the office said, would reduce the Treasury's revenue loss by about $900 million—to $1.7 billion.

Those estimates proved far off the mark. The tax analysis office now says the 1979 revenue loss actually was only $100 million because the unlocking effect actually brought in $2.5 billion in new revenues. In other words, so many people sold their capital assets to take advantage of the tax reduction that the cut nearly paid for itself, as some proponents predicted it would.

ARE FIGURES UNDERSTATED?

But some experts say even those figures understate the effects. Although the Treasury had suggested that 1979 capital-gains receipts would drop to $6.4 billion from $7.2 billion in 1978, receipts actually rose to $8.3 billion in 1979. Thus, these people argue that the 1978 tax cut actually increased federal revenues by at least $1.1 billion. The tax analysis office attributes the $1.1 billion increase to other factors.

But some economists say further reductions wouldn't necessarily contribute to further capital-gains unlocking—and thus wouldn't necessarily boost federal revenues. They contend that pent-up capital gains have already been cashed in. Others dispute the view that the 1978 tax cut was the main contributor to the growth of smaller-capitalized companies. "The available evidence indicates that the effect is modest and is grossly exaggerated," says Joseph Pechman of the Brookings Institution.

But Reagan administration officials and others say that the 1978 capital-gains tax reduction not only induced holders of assets to sell them but also influenced others to buy. They argue that this new wave of investment will continue to prop the economy and provide added tax revenues for years.●

SUPPORT FOR ESTONIAN INDEPENDENCE DAY

● Mr. D'AMATO. Mr. President, February 24, marked the proclamation of Estonian Independence from the Soviet Union by the Estonian Council of Independence of this Baltic nation in 1918. Recently, Estonian-Americans in New York City gathered to commemorate this day, and to renew their pledge to work toward freeing this Nation from the totalitarian grip of the Soviet Union.

Mr. President, the Estonian-American present at that meeting drafted and sent to President Reagan a letter of their support of his policies to defend human rights.

I ask that this letter be printed in the RECORD. I join with these Estonian-Americans in support of our country's policy of non-recognition of the Soviet Union's illegal domination of this nation.

The letter follows:

MR. PRESIDENT,
The White House,
Washington, D.C.

MR. PRESIDENT: We, the Americans of Estonian descent from New York metropolitan area, assembled in solemn meeting to commemorate the 63rd anniversary of Declaration of Independence of the Republic of Estonia, send you our heartfelt greetings and best wishes for success in leading the United States in these troubled times.

We pledge you our support in all your endeavors to raise the military power of the United States to superiority, in order to defend our country against Communist aggression and to safeguard the interests and positions of the United States as the world power everywhere.

No burden is too heavy to bear and no sacrifice too big for this purpose.

We also ask you to continue the traditional United States policy for defending the human rights and freedoms for all nations, as there cannot be true freedom for individuals without the right for self-determination and independence of all peoples.

In this respect we single out the country of our ancestry, Estonia, which still is under the illegal occupation of Soviet Russia, and where the subjugated people are waiting for restoration of their freedom and independence.

We also ask you to continue the policy of recognition of the independence of the Republic of Estonia, and its diplomatic and consular representations in the United States.

God bless you and your work, Mr. President.●

THE HELSINKI WATCH COMMITTEE

● Mr. TSONGAS. Mr. President, on March 18, I plan to cohost a luncheon in cooperation with the Helsinki Watch Committee. Our topic for discussion at this luncheon will be human rights, the Soviets, and foreign policy.

Recent events in El Salvador and Poland have served to heighten interest in human rights and foreign policy. One organization that watches this subject with considerable interest and expertise is the Helsinki Watch Committee which was established in 1979 with a grant from the Ford Foundation. Mr. Robert L. Bernstein, the president of Random House, is chairman of the Helsinki Watch.

The chief objective of the watch has been to monitor domestic and international compliance with human rights provisions of the Helsinki accords, with particular emphasis on Soviet compliance. Last week the watch issued a press release entitled "Kuron Under Investigation; Seven Other Poles in Prison," in an effort to call attention to the questioning and investigation of Jacek Kuron, a leading Polish rights activist.

Mr. President, I ask that the aforementioned article be printed in the RECORD.

The article follows:

[News from Helsinki Watch]

KURON UNDER INVESTIGATION; SEVEN OTHER POLES IN PRISON

NEW YORK, March 6, 1981.—The U.S. Helsinki Watch, at its annual meeting yesterday, expressed serious concern over news of the ongoing investigation of Jacek Kuron, a leading rights spokesman of Poland's Self-Defense Committee-KOR. The Helsinki Watch has asked its Vice-Chairman, Orville H. Schell, now at the Madrid review conference, to make inquiries to the Polish delegation on Mr. Kuron's behalf.

Authorities held Mr. Kuron yesterday for seven hours of questioning and informed him that he was under investigation for "slandering the Polish state" (Article 270 of the Polish Criminal Code). Kuron has recently been the target of repeated attacks in the Soviet press. He is an adviser to Solidarity, the independent trade-union organization, which is expected to take actions on his behalf.

Solidarity has already called attention to seven other detained Polish activists in the first appeal of its special Committee for the Defense of Prisoners of Conscience, formed on December 10, 1980 and composed of at least 23 members, including Solidarity members Lech Walesa and Kazimierz Switon (a former adopted prisoner of Amnesty International), KOR Helsinki Group members Edward Lipinski and Aniela Steinsbergowa, and filmmaker Andrzej Wajda. The appeal was issued on December 10 and called for the release of Leszek Moczulski and Wojciech Ziembinski, members of ROPCIO (the Movement for the Defense of Human and Civil Rights), and Zygmunt Golacki and Tadeusz Stanski, members of the Conferdation of Independent Poland (KPN), each of whom had been arrested that fall.

Ten days later, on Dec. 20, 1980, the Committee added three newly-arrested members of KPN to its list of prisoners of conscience: Tadeusz Jancisek (Wroclaw), Krzysztof Bzdyl (Cracow), and Jerzy Sychut (Szczecin). Since that time, the Committee has collected over a million signatures on a petition calling for the release of the seven.

The Helsinki Watch learned this week that Mr. Golacki, whose investigation ended this week, has been on a hunger strike for 80 days. Another prisoner, Wojciech Ziembinski, recently ended his protracted hunger strike after becoming quite ill.

The Helsinki Watch has sent a letter to Prime Minister Jaruzelski in support of the call for the release of the seven activists.

The U.S. Helsinki Watch Committee is a non-governmental organization which seeks to monitor compliance with the human rights provisions of the Helsinki Final Act.●

FREE LEGAL SERVICES FOR ILLEGAL ALIENS

● Mr. HUDDLESTON. Mr. President, last week we learned that the new administration will move to eliminate all funding for the Legal Services Corporation. Although this corporation has provided much needed legal services for the Nation's poor, it has also chosen to expend its efforts and money in some questionable areas of law.

An example of this unnecessary activity can be seen in a pamphlet which, recently came to my attention. El Otro Lado (The Other Side) is a pamphlet written in Spanish which is designed to assist and encourage aliens to enter the United States illegally and to remain here without being apprehended by the INS. One section of this handbook for illegal entry deals with legal services and lists 39 legal aid offices which will help the illegal alien at no charge.

With millions of illegal aliens in this country, it is reasonable to assume their demand for free legal aid will mean loss of legal services for needy citizens and lawful residents.

I ask that the section of El Otro Lado dealing with legal services be printed in the RECORD.

The section follows:

LEGAL SERVICES

The undocumented have legal problems and many are abused and exploited because they are afraid to use their rights. In the U.S. there are lawyers who help the undocumented. Private lawyers usually cost a lot, but a lawyer from Legal Aid can help you at no charge. There are Legal Aid offices throughout the U.S. Most cities have more than one office. Some are noted here. You can find the addresses of Legal Aid by looking through all of the letter "L" in your telephone directory.

CALIFORNIA

National Center for Immigrants Rights, 1550 West 8th Street, Los Angeles, Calif. 90017, (213) 487-2531.

California Rural Legal Assistance, 1100 Kansas Avenue, Modesto, Calif. 95351, (209) 577-3811.

California Rural Legal Assistance, 1900 K Street, Sacramento, Calif. 95814, (916) 446-7901.

Legal Aid Society, 400 Granger Building, 964 Fifth Avenue, San Diego, Calif. 92101 (714) 232-2214.

COLORADO

Colorado Rural Legal Services, 626½ Main, Alamosa, Colo. 81101, (303) 589-4993.

Al Frente de Lucha, 919 A Street, Greely, Colo. 80631, (303) 356-9951.

FLORIDA

Florida Rural Legal Services, 107 Main Street, Immokalee, Fla. 33934, (813) 657-3681.

Legal Services of Greater Miami, Northside Shopping Center, Miami, Fla. 33135, (305) 638-6666.

Orlando Legal Services, 128 W. Central, Orlando, Fla. 32802, (305) 841-7777.

Servicios Legales de la Communidad, 19 E Cypress Street, Wintergarden, Fla. 32787, (305) 656-5515.

IDAHO

Migrant Farmworkers Law Unit, 109 N. Kimbel Apt. L, Caldwell, Idaho 83605, (208) 454-2591.

ILLINOIS

Legal Services Center for Immigrants, 1661 S. Blue Island Avenue, Chicago, Ill. 60608, (312) 226-0173.

MICHIGAN

Michigan Migrant Legal Assistance, 102 South Mechanic Street, Berrien Springs, Mich. 49103, (616) 471-2819.

Legal Services, 4122 West Vernon, Detroit, Mich. 48209, (313) 554-3474.

Michigan Migrant Legal Assistance, 103 Mt. Vernon, Grand Rapids, Mich. 49504, (616) 454-5055.

MINNESOTA

La Oficina Legal, 530 Andrew, St. Paul, Minn. 55107, (612) 291-2579.

MISSOURI

Legal Aid, 705 Southwest Blvd., Kansas City, MO 64108, (816) 474-9868.

NEW JERSEY

Camden Legal Services, 644 Wood Street, Vineland, N.J. 08360, (800) 322-7771, gratis adentro del estado (New Jersey).

NEW MEXICO

Southern New Mexico Legal Services, 420 W. Griggs, Las Cruces, N.M. 88001. (505) 526-4451.

Northern New Mexico Legal Services, Box 948, Dragon Lane, Taos, N.M. 87571 (505) 758-2218.

NEW YORK

Comite Nuestra Senora de Loreto, Sobtc Asuntos de Imigracion Hispana, 124 Sackman Street, Brooklyn, N.Y. 11233, (212) 385-3740.

Hispanic American Civic Unity of N.Y., 69 Glen Street, Glen Cove, N.Y. 11542, (516) 759-1100.

Lutheran Immigration and Refugee Service, 360 Park Avenue South, New York, N.Y. 10010, (212) 532-6350.

OHIO

Legal Aid Society, 901 Elm, Cincinnati, OH 45202, (513) 241-9400.

OREGON

Oregon Legal Services, 107 S.E. Second, Room 5, Hillsboro, OR 97123, (503) 640-4770.

Vicariate Immigration Center, 621 S.W. Morrison, Portland, OR 97205, (503) 221-1689.

SOUTH CAROLINA

Neighborhood Legal Assistance, 438 King, Charleston, SC 29403, (803) 722-0107 ext. 501 Pida el Sr. Marvin Feingold.

TEXAS

Texas Rural Legal Aid, 1154 E. Elizabeth Suite 501, Brownsville, TX 78520, (512) 546-5558.

Texas Rural Legal Services, 216 N. Closner, Edinberg, TX 78539, (512) 383-5673.

El Paso Legal Assistance, First National Building, El Paso, TX 79901, (915) 533-1942.

Centro Para Immigrantes de Houston, 2314 Cochran, Houston, TX 77009, (713) 228-0091.

Texas Rural Legal Aid, 1106 Scott, Laredo, TX 78040, (512) 727-5191.

Bexar County Legal Aid, 4304 S. Main, San Antonio, TX 78207, (512) 227-0111.

UTAH

Utah Rural Legal Services, 352 S. Denver Street, Salt Lake City, UT 84111, (801) 328-0121.

WASHINGTON

Northwest Immigration Alliance, 305 Euclid, Grandview, WA 98930, (509) 882-4550.

Evergreen Legal Services, 618 Second Avenue, Seattle, WA 98104, (206) 464-5911.

Yakima Legal, 500 E. Edison, Sunnyside, WA 98948, (509) 837-4520.●

INDUSTRIAL PREPAREDNESS—A VITAL ELEMENT IN OUR NATIONAL DEFENSE

● Mr. GOLDWATER. Mr. President, during the numerous hearings the Tactical Warfare Subcommittee, of which I am chairman, has held to listen to the reports of the various branches of the military, one or two things keep coming through loud and clear. One is a deep conviction that we are so short of strategic metals that this fact alone can prevent adequate rearming or the purchase of adequate spares.

Another factor, and this disturbs me, is that there is doubt whether that which was once a giant, our industrial segment, is up to producing the number of weapons that we will have to have to even approach catching the Soviets. The Association of the U.S. Army has prepared a very short paper on this and I ask that it be printed in the RECORD.

The material follows:

INDUSTRIAL PREPAREDNESS—A VITAL ELEMENT IN OUR NATIONAL DEFENSE

There is much more to national defense than having good people who are well-trained and are equipped with the best possible weapons. We must be assured, for instance, that once our elected leaders have committed our forces to combat there are adequate sources of manpower, supplies and equipment to keep our forces going until the fighting achieves the desired conclusion. The extended debate over the ability of our present Selective Service System to provide mobilization manpower in a timely manner is one manifestation of these additional needs. Another can be found in the report of the House Armed Services Committee special panel which, in December, 1980, found many alarming flaws in the ability of our nations industries to react swiftly to the need for increased defense production.

This inability to react highlights the weaknesses in the Army's sustainability—its readiness to go to war and keep going until the full force of American industry and the American people can be brought to bear. The Army is almost entirely lacking a reservoir of equipment that could be used to replace combat losses. Indeed, many of the active Army's combat elements stationed in the United States have had to relinquish equipment to be stockpiled in Germany for possible use in a NATO emergency. The units of the Army National Guard and Army Reserve, whose readiness is crucial to the fighting capabilities of the Total Army, are either drastically short of equipment, have obsolescent gear, or both. The supply of the most critical item, ammunition, is also short.

Of course, there is a government-owned production base for ammunition, but most of its capacity is "laid away" and inactive because the Army has not been able to procure enough ammunition to justify keeping its capacity "warm." The Army estimates that across the broad spectrum of its mobilization hardware needs only about 25 percent could be "surged" to full production within the first six months of a military emergency. As long as two years would be required to convert existing civilian production facilities or build new ones that could fill all the gaps in the supply flow. In the meantime, of course, a mere trickle of supplies would be reaching the combat forces.

The reasons for this predicament are many and varied. but the constrained defense budgets of the last ten years are largely responsible. Constant adjustments in what should have been reliable, long-term programs have forced many civilian manufacturers away from defense production because there were too many uncertainties. Stultifying government regulations superimposed on every aspect of defense contracting have driven away suppliers who can easily find lucrative markets elsewhere.

Our government-owned industrial base must be enlivened and a new package of incentives must be offered civilian industry to draw them back into defense production. None of this can be accomplished, however,

without an underlying commitment of spending for readiness.●

REGULATORY FLEXIBILITY

● Mr. HUDDLESTON. Mr. President, there is a great deal of talk these days about bringing Government regulation under control. I agree completely with the need to eliminate unnecessary Federal regulation, however, I do not think that we should let the mistaken impression stand that this is a new initiative. Congress has been working on this problem for a long time and we have made significant progress. An example of this progress is the Regulatory Flexibility Act which became public law on September 19, 1980. As a cosponsor of S. 299, from which this new law was created, I was especially pleased to see it enacted.

Mr. Milton Stewart wrote an excellent article for the January, 1981 American Bar Association Journal which details the importance of this landmark piece of legislation. Mr. Stewart was the chief counsel for advocacy of the Small Business Administration and is well qualified to write on this subject. He has been a tenacious and articulate spokesman for small business interests for years. I highly commend him for his outstanding work.

I ask that Mr. Stewart's article be printed in the RECORD.

The article follows:

THE NEW REGULATORY FLEXIBILITY ACT

(By Milton D. Stewart)

The Regulatory Flexibility Act (P.L. 96–354) is a straightforward piece of legislation that represents a landmark determination to alter fundamentally the manner in which the bureaucracy behaves toward small business and other "small entities." It amends the Administrative Procedure Act, adding a new Chapter VI. Congress thus sent a message to the entire administrative law community, both in and out of government, that this action is to be treated as a major government-wide regulatory reform. Most provisions went into effect on January 1, 1981.

Perhaps the use of the word "landmark" here will turn out, in the long reach of time, to be an exaggeration, but support for it is provided by these elements:

The conscious imposition of a substantial burden on regulators expressly to lighten the regulatory burden, from both present and future rules, of a vast class of regulated—the "small entities." Consideration of alternative ways of adjusting regulations is now an express duty of all regulators.

A clarification of the meaning of our traditional standard of "equal justice under the law" in administrative process. Now that mandate is clarified to mean "equal treatment of the regulated of approximately the same size" or "equal treatment with due regard for the difference in the capacities of the regulated to bear the direct and indirect costs of regulations."

Additional imperatives to regulators to: (1) try harder to achieve actual notice of proposed regulations to small entities prospectively subject to them, beyond the traditional *Federal Register* notices; and (2) try harder to achieve actual participation of regulated small entities in the development and consideration of alternative and fairer means of achieving the regulatory purpose.

The new development of the statutory concept of "small entities" to include not only the traditional "small business" as requiring special treatment but also small governmental units and small voluntary associations. This is a broader conceptual response than we have seen yet to the problem of both governmental and private sector bigness and concentration.

The designation of a single federal officer—the chief counsel for advocacy in the Small Business Administration—to monitor government-wide performance of agencies in regulating "small entities" of all three kinds.

In passing this far-reaching new law, the Senate acted first, by adding Chapter VI to the Administrative Procedure Act on August 6, 1980. The signal the Senate intended to send to the agencies is clear from the Judiciary Committee's report (No. 96–878) on the original bill: "The committee believes that meaningful regulatory reform must be government-wide, enforceable, and coordinated with the legislative framework for the agencies. . . . The A.P.A. is the fundamental legislation upon which federal rulemaking is based and, together with the case law that has grown up around it, provides the foundation for nearly all significant agency actions. This is where regulatory reform must be focused."

The House emphasized its concurrence by passing the measure on September 9, 1980. President Carter signed the bill on September 19, 1980.

Both houses built, in a number of hearings over ten years, a conclusive record of disillusionment and discontent among the regulated. Small businesses and small entities repeatedly claimed that uniform application of the same regulations to them and to larger entities produced economic injustice.

These economic arguments were articulated by Milton Kafoglis, then a member of the President's Council on Wage and Price Stability, in testimony before the Senate Subcommittee on Administrative Practice and Procedure. He told the subcommittee: "There seem to be clear economies of scale imposed by most regulatory endeavors. Uniform application of regulatory requirements thus seems to increase the size firm that can effectively compete. . . . As a result, industrial concentration will have increased. It suggests that the 'small business' problem goes beyond mere sympathy for the small businessman but strikes at the heart of the established national policy of maintaining competition and mitigating monopoly."

The S.B.A. Office of Advocacy has some preliminary data which appear to support this view. In 1963 the small business share of the gross national product was 43 percent. By 1976 that share had dropped to 39 percent, according to a study by the Joel Popkin Company, indicating that business size is generally increasing.

While the new act breaks new ground in a number of areas, its mechanics are fairly simple.

A definition of "rule" is set forth that basically corresponds with rules required to be proposed under Section 553(b) of the A.P.A. or other laws with some specified exceptions and inclusions. The coverage of the act extends to every agency that engages in proposed rulemaking.

Federal agencies are directed to publish in April, 1981, a regulatory agenda. They must list all rules for which they are likely to publish a notice of proposed rulemaking in the *Federal Register*. They are to revise and republish the list in October, 1981, and every April and October thereafter. Rules to be included in the regulatory agenda are those which, in the judgment of the agency, are likely to have "a significant economic impact on a substantial number of small entities."

For each rule for which it publishes a general notice of proposed rulemaking after January 1, 1981, an agency must prepare and make available for public comment an initial regulatory flexibility analysis, which is to be published at the time of the publication of the general notice of proposed rulemaking in the *Federal Register*.

It must contain (1) a rationale for the agency's action; (2) the objective and legal basis for the proposed rule; (3) a detailed estimate and description of the reporting, recordkeeping, and compliance requirements anticipated; (4) an identification of relevant federal rules which may conflict, duplicate, or overlap the proposed rule; (5) specific discussion of alternatives to the rule that could accomplish the same objectives, such as different standards for large and small entities (multitiering), simplification, performance standards, or exemption of small entities.

Spokespersons for consumers and environmentalists were concerned about a possible erosion of the substantive principles of the statutes of most concern to them. The new act specifically states that alternatives must be "consistent with the stated objective of applicable statutes." There is no intention to undercut substantive law.

When the agency promulgates a final rule, it must issue a final regulatory flexibility analysis. Generally, the final analysis is to include information on how the agency handled issues brought up in the initial analysis. It also must respond to public comments. These analyses can be either qualitative or quantitative. The initial analysis may be waived or delayed only. A rule is void after 180 days without a final analysis.

An agency may avoid the preparation of an initial or final analysis with respect to a particular rule. It must certify that the rule will not exert, if promulgated, a significant economic impact on a substantial number of small entities. A copy of the certification must be sent to the chief counsel for advocacy of the S.B.A. for comment.

Agencies have to ensure participation of small affected parties in development of rules through use of several special techniques:

Statement in the advance notice that the rule may affect small entities;

Publication of the notice in publications of small entities and their groups;

A direct notification of affected parties;

Conferences or public hearings; and

Modification of their own agency procedures for obtaining input from small entities.

The agencies also are required to review systematically within ten years all of their existing and outstanding rules with respect to small entities. In reviewing a rule, an agency must take into consideration the continued need for the rule, public complaints regarding the rule, its complexity, and the extent to which it overlaps, duplicates, or conflicts with other federal or state rules.

Each agency must publish annually in the Federal Register a list of the rules it intends to review during the next year. Within 180 days after January 1, 1981, each agency must publish in the Federal Register a ten-year plan for a review of its rules that affect small entities. It is reasonable to expect that agencies will review their most significant and burdensome regulations first.

In an attempt to prevent the litigious experiences of other reform laws, such as the National Environmental Policy Act, Congress cut off judicial review of all agency actions under regulatory flexibility provisions during the promulgation process, including the regulatory flexibility analyses. However, the initial and final regulatory flexibility analyses are subject to judicial review as constituting "part of the whole record of agency action in connection with the review" of a final rule.

The chief counsel for advocacy of the S.B.A. is given over-all responsibility for monitoring agency compliance with the act. The president and the Judiciary and Small Business committees of both houses of Congress are to receive annual reports from him. It is anticipated from informal expressions of in-

terest that the authorizing and appropriating congressional subcommittees for each agency also will be interested in this source of oversight information. This is supported by the legislative debate, in which congressional oversight, based on these annual reports, was treated as a vital part of the compliance strategy.

The chief counsel also is authorized to appear amicus curiae in any action to review a final rule. A tightly worded directive is given to the courts to grant his applications for appearance in those actions. The legislative history makes it clear that Congress expects the chief counsel to exercise this authority independently. There is no requirement that he support or not support any particular party or view.

The new act incorporates the Small Business Administration definitions of "small business." Generally, for each manufacturing industry, the size standard ceiling is expressed as a specific number of employees. For service, wholesale, retail and other nonmanufacturing businesses, the size standard is set forth in S.B.A. regulations by a specific volume of business expressed in dollars. Other standards exist for specific programs and purposes.

Congress did recognize that S.B.A. definitions will not fit every regulatory situation. For example, the Environmental Protection Agency uses discharge volumes on a substance-by-substance basis as a size standard for effluent regulations. For regulation of effluent discharge, that standard makes more sense to E.P.A. than either employee size or gross sales.

Under the new act, agencies seeking to establish their own standards must consult with the S.B.A. Office of Advocacy and publish in the Federal Register the size standard proposed to be used. In that regard, it should be noted that the White House Conference on Small Business, held in January of 1980 and consisting largely of small business people, proposed its own "uniform" standard specifically "to facilitate flexible regulations by government." This was, of course, before the passage of the Regulatory Flexibility Act. The definition proposed is limited to 500 employees, each of whom works 1,800 or more hours per year. Subclasses of 0 to 9 employees, 10 to 49 employees, 50 to 249, and 250 to 499 also were recommended for possible differential treatment.

The term "small entities" includes not-for-profit, independently owned and operated enterprises. Cities, counties, towns, townships, villages, school districts, or special districts of less than 50,000 population also are included. The protections and benefits of the act thus reach far beyond small business. Despite its locus in the S.B.A., the Office of Advocacy is to monitor compliance on behalf of these additional "small entities."

Significant economic impact on a substantial number of small entities is made the touchstone of the new act's applicability. Rules with impacts are to be included in the regulatory agenda. The agency head may certify, in the alternative, that a rule is not subject to regulatory flexibility and no initial or final analysis is required.

Serious questions will arise immediately concerning the term "significant economic impact on a substantial number of small entities." That criterion is the test for inclusion of rules in the regulatory agenda and will be the reverse test for certification by an agency head that a rule is not subject to regulatory flexibility.

It is obvious from the legislative record that Congress does not want this test to be reduced to an absolute number. For instance, existing protections provided by Executive Order 12044 were triggered only if the total impact of the proposed regulation was estimated to be $100 million or more. Legislative intent clearly indicates that no such arbitrary numbers are to be developed for general applicability. The House Report (No. 96-519) specifically advocates the case-by-case approach as the best way to decide the matter and states in an example that the number of firms affected could be as low as 15 or even fewer and still trigger the act.

The criteria the S.B.A. Office of Advocacy probably will apply in its review of agency compliance, while still under extended study, may be forecast, based on our experience with parallel problems. Assessment of the overall impact of a regulation or rule would address ideally several characteristics of the affected firms and their industries. The assessment should begin with an "overview" description of impact, itemizing demographic factors. This should be followed by a detailed cost enumeration and an evaluation of probable effects on competition. Then these cost and competitive factors should be aggregated to show the total impact upon firms and industries.

No other issue gave rise to as much lively congressional debate as the issue of the scope of judicial review. The act as finally passed tries to strike a balance between minimizing opportunities for stalling the regulatory process and still assuring judicial pressure for agency compliance.

No separate review is provided for agency certifications that the act applies or does not apply to a given rule. Intermediate review of any regulatory flexibility action is barred expressly. Some judicial review is made possible by these words: "When an action for judicial review of a rule is instituted, any regulatory flexibility analysis for such rule shall constitute part of the whole record of agency action in connection with the review."

The question might be asked whether the new act contemplates judicial review of an otherwise reasonable rule when the initial regulatory flexibility analyses performed were inadequate, sloppy, or incomplete. A descriptive analysis submitted by Senator Culver on the Senate floor during the August 6 debate of the bill stated that the defective analysis should be considered as evidence of the unreasonableness of the rule. But in the House debate on the subject on September 8, in a colloquy between Representatives Broomfield and McDade, the latter implied that a court could give definitive weight to agency flexibility analysis in assessing the validity of an otherwise reasonable rule.

Is it constitutional under the equal protection clause of the 14th Amendment to create a classification in the law based solely on the size of regulated entities? Legal precedents indicate that the answer is yes, if they are reasonable.

In deliberating on the question of whether a classification is justified, the Supreme Court must decide whether the classification has a valid public purpose underlying it.

In several cases laws have been upheld that expressly exempted small businesses from certain regulations. The Court upheld an Arkansas law that exempted mining companies with ten or fewer employees from a complex process linking the amount of coal mined to a determination of miner's wages. *McLean* v. *Arkansas*, 211 U.S. 539 (1909). The Court later also upheld a state unemployment compensation act that exempted certain classes of small employers. *Carmichael* v. *Southern Coal Company*, 301 U.S. 495 (1937). In numerous instances in the past the Court has had opportunities to find size of business an unconstitutional classification but it has not done so.

The new act is a remarkably faithful implementation of Recommendation 44 of the White House Conference: "All federal agencies should have the power to implement a tiered system of regulation."

A regulatory flexibility task force has been established to assist the Office of Advocacy in making the new law as helpful as we know it can be for small entities. The task force ultimately will have 100 or more members, representatives of small business, economists, accountants, and others active in small entities protected by this act.

Two weeks after President Carter signed the act into law, yet another related White House Conference recommendation was passed by both houses of Congress. It was signed in October by the president. It was a response to the same perceived injustice of spurious regulatory equality. This time it was the specific inequality of the ability to pay for legal services. Title II of H.R. 5612, formerly S. 265, the Equal Access to Justice Act, responds to Recommendation 42 of the White House Conference and provides for a three-year experiment, beginning in October, 1981, during which individuals and small businesses as defined in the act may sue to recover their legal fees when they prevail in adversary bouts with the federal government on regulatory matters.

Both of these congressional enactments were made despite vigorous opposition from within the federal bureaucracy and from nongovernmental regulation advocates. The president and the Congress were persuaded that small business and other small entities had been hurt badly by inflexible, uniform regulations and overzealous enforcement proceedings aimed at the smallest and most defenseless targets.

Both laws are good and useful tools which can help correct abuses of long standing. However, even good causes are soured by excessive zeal. There must be awareness by small entities that responsible behavior is necessary on their part, too, and required if regulatory flexibility is to work.

Our system of government has endured because it embodies a durable self-righting mechanism that corrects transitory excesses and enthusiasms. There is always the risk, however, that the pendulum will swing too slowly or too late to help those being injured in specific controversies. It now has swung decisively enough, however, to prevent permanent damage to the small business sector, or to other small entities.●

COMMENDATION OF AMBASSADOR AND MRS. PHILIP ALSTON

● Mr. NUNN. Mr. President, on a recent trip to the southwestern Pacific region, I visited Australia to discuss defense and foreign policy matters with both Australian and United States officials. At the time of my trip, Mr. Philip Alston, of Atlanta, Ga., was our Ambassador to Australia.

During their 4-year tenure in Australia, Phil and Elkin Alston won the admiration and respect of everyone with whom they had contact and they served our Nation's interests in superb fashion. I encountered numerous people in Australia, both Americans and Australians, who made a special effort to express their praise for Ambassador Alston's performance.

He worked tirelessly to represent the United States throughout Australia and to improve the already close relations between our two countries. They traveled extensively to promote American interests and to gain a better understanding of our longstanding ally. His efforts were rewarded with the notable success he achieved, especially as they relate to our national security interests.

Based on my personal experiences and the many expressions of support I heard in Australia, I have only the highest praise for Philip Alston's professionalism

and ability as an American diplomat. The United States was well represented during his term in Australia, and his expertise will be missed. Of course, we welcome the Alstons back as leading citizens of our State of Georgia.

I recently received a letter from James F. Lane, president of the American Chamber of Commerce in Australia, citing Ambassador Alston's outstanding record and I ask that this letter be printed in the RECORD.

Mr. President, the Alstons are to be commended for their dedication and superb service to our country.

The letter referred to follows:

AMERICAN CHAMBER OF COMMERCE
IN AUSTRALIA.

Hon. SAM NUNN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR NUNN: On behalf of the 1400 members of the American Chamber of Commerce in Australia, I take great pleasure in recording the Chamber's deep appreciation to Ambassador Philip Alston for his outstanding efforts to enhance the American image in Australia.

During his term of office, he toiled ceaselessly to lay the groundwork for better understanding between the two communities.

His tireless efforts on behalf of American business and industry, his concern to see that resident Americans and Australians were briefed on United States policies, and his herculean travel schedule to carry the U.S. voice to remote corners of Australia have ensured for him a memorable place in United States-Australia relations.

He served his Government and his constituents well.

Sincerely,

JAMES F. LANE,
President.●

THURSDAY, MARCH 19, IS AGRICULTURE DAY 1981

● Mr. METZENBAUM. Mr. President, I wish to join my colleagues in calling the Nation's attention to Agriculture Day 1981.

In my view, too few people realize the tremendous job that American agriculture does in feeding our own people and those of the rest of the world.

In a time of tragically rising costs, we often fail to reckon with the efficient way in which our farmers put to use our finite land, water, and energy resources.

Let me point out a few facts that are surprising to many of us, and unknown to a great many thoughtful people.

For example, agriculture assets total $927 billion; equal to 88 percent of the capital assets of all manufacturing corporations in the United States, making it the Nation's leading industry.

It is also the Nation's No. 1 employer. More than 15 million people work in some phase of agriculture—from growing food and fiber to selling it at the supermarket. Farming itself uses 4.4 million workers—as many as the combined payrolls of the transportation, steel, and the automobile industries. Services of an approximate 8 to 10 million people are required to store, transport, process, and merchandize the output of the Nation's farms. In all, agriculture accounts for one out of every five jobs in private enterprise.

Agriculture is the No. 1 fighter against inflation. Productivity growth was five times greater than nonfarm industry over the past 5 years. One farmworker supplies enough food and fiber for 68 people; only 20 years ago he was producing enough for 28. American farmers produce over 54 percent more in crop output—on 3 percent fewer acres—than their fathers. And U.S. farm productivity is unparalleled in the world: Asia's farmworkers produce an average of 4,400 pounds of food crops each year; Russia's farmworkers—33,000 pounds; Europe's farmworkers—35,000 pounds; compared to the U.S. farmworker's 375,000 pounds.

It is the No. 1 exporter of American goods. Agriculture exports totaled a record $40 billion in 1980—by far the leading positive factor in the U.S. balance of trade. These exports provide employment for 1.3 million U.S. workers, and generate more than $82 billion in domestic economic activity. America's 2.4 million farms provide enough food and fiber for our domestic population as well as exporting more than any other nation in the world. With less than 7 percent of the world's land, the U.S. produces 43 percent of the world's corn and about 60 percent of the world's soybeans. We supply 44 percent of the world's total wheat exports and 71 percent of the world's coarse grain exports. All these exports make it possible for us to pay for our major foreign imports like oil, automobiles, and electronics.

Clearly food prices have increased dramatically in the past few years, but it is equally clear that our income buys considerably more food today than in 1950. For example, an average U.S. factory worker could buy with 1 hour's pay: 10.1 pounds of white bread in 1950, but 15.8 pounds in 1979; 2.4 pounds of frying chicken then and 9.8 pounds in 1979; 7.5 quarts of milk in 1950 and 13.5 quarts now; 2 pounds of butter then, 4.1 now; about three times as many eggs and almost three times as much pork in 1979 as 1950.

This Senator wishes to take this opportunity to applaud the farmers of our Nation and to the state that we all would be in one terrible fix without their devotion to hard work and their intelligence in creating and applying new technologies daily.●

ASIA

● Mr. GLENN. Mr. President, I call my colleagues attention to a recent article in the Wall Street Journal by former Assistant Secretary of State for East Asian and Pacific Affairs, Richard Holbrooke. For the past 4 years, as chairman of the East Asian Subcommittee, I have had occasion to work closely with Secretary Holbrooke and came to appreciate his perceptive understanding of Asian affairs. In this article the former Assistant Secretary succinctly describes the growing danger of Soviet presence and influence in Asia, a concern which I have long shared.

Mr. President, I ask that the full text of the article by Mr. Holbrooke be included in the RECORD.

The article follows:

[From the Wall Street Journal, Mar. 9, 1981]

FAVORABLE TRENDS AND PRESENT DANGER IN THE PACIFIC

(By Richard Holbrooke)

The re-affirmation by President Reagan, during the visit to Washington of South Korean President Chun, that the Pacific nations "will have our continued support as our European allies have" is precisely what our friends and allies in Asia want and need to hear. Let us hope that policy substance lies behind the rhetoric, for it is vital that our search for a stable global balance of power proceed from an explicit recognition of the strategic equivalence of the Atlantic and the Pacific.

The good news from East Asia today is that the balance of forces in that huge region stretching from Hawaii west to Burma and from Korea and Japan all the way to Australia and New Zealand is more favorable to the United States than at any time in over a generation. American presence and prestige have been restored in the area, even in that most fragile quadrant of it, Southeast Asia, beyond what anyone, hawk or dove, thought possible at the end of our Indochina tragedy.

For the first time in over 50 years, we have good relations with both Japan and China, and they have good relations with each other. U.S.-Japanese co-operation in the strategic and political fields has been strengthened despite growing trade frictions. A 1979 base agreement with the Philippines has assured us continued access to our two huge bases there until at least 1991. Our policy of support, begun in 1977-78, for the Association of Southeast Asian Nations (Indonesia, Thailand, Singapore, Malaysia, and the Philippines), is a vital ingredient in regional stability. The massive American-led relief and resettlement effort for Indochinese refugees has contributed greatly to avoiding political instability in Thailand and Malaysia.

Our Korean commitment, after some difficult times, partly self-inflicted, has been re-affirmed. And perhaps most important, we have entered into a new phase of our relationship with China, one which could offer great opportunities.

Internally, the region still faces major problems—above all, the triple scourge of the underdeveloped world, overpopulation, underemployment and food shortages. But self-confidence and economic prosperity, if not universal, are widespread and growing in most East Asian capitals. Trade is booming despite severe pressures caused by oil price increases. For the United States, the Pacific Basin is now a trading area equal or exceeding in size Western Europe, with two-way trade last year topping $90 billion.

But none of the above should be cause for complacency or neglect. The favorable balance of forces in East Asia is under pressure from predictable quarters, primarily Moscow and Hanoi.

In Southeast Asia, the still unfulfilled irredentist ambitions of the Vietnamese in Cambodia have created enormous pressures on ASEAN's frontline state, Thailand. Last year we rushed a small amount of additional military equipment to Bangkok to meet one flurry of Vietnamese activity just inside the Thai border; more support is needed, and can be expected. That Hanoi will not cease its military efforts nor reduce its dependency on the Soviet Union until it has achieved its longstanding aims in Cambodia is clear. The continuation of our security commitment to Thailand—once so controversial, fortunately much more widely accepted today—is therefore essential.

The present Chinese-Vietnamese hostility offers ASEAN some breathing room, but it is another source of potential long-range instability in the region. And it is important to note that while Chinese and American ob-

jectives in the region are often parallel, they are not identical, nor could they be, given the great historic and ethnic differences between us.

The most troublesome potentially destabilizing factor in the East Asian equation is the Soviet Union. Ironically, it is Moscow's recent political failures that have made it all the more a security threat. Politically, the last five years have seen almost continuous setbacks for the Russians in the Pacific. Their hopes for gains in Southeast Asia have been thwarted by an emerging ASEAN. Moscow's diplomacy with Japan is a classic of bungling. China has emerged into the world system.

To this record of diplomatic and political setbacks the Soviets' response has been almost purely military. They have maintained and strengthened the 45 divisions stationed on the Chinese border—about one-quarter of their entire military strength. They have built up their forces on the Northern Islands, in an unsuccessful effort to frighten Japan away from its growing ties with China. Their reconnaissance flights, which once operated out of Vladivostok and could reach only as far south as the Philippines, now stage out of Da Nang, with a new ability to stay aloft for extended periods in the entire region. They can range as far south now as the southern coast of Australia. Most ominously, they have used their one friend in the area, Vietnam, as a base from which to try to change the balance of power through a naval buildup which is clearly not justified by either their own history or their strategic interests.

This threat to the present stability and favorable trends in East Asia and the Pacific is the central strategic challenge that we face in the next few years. We are well positioned to deal with it, provided we are prepared to commit the necessary resources and show the political will and leadership required. If we fail to construct a coherent and successful policy to deal with this problem, we may find the costs far higher later. Underinvolvement, neglect or misunderstanding may have led to overinvolvement later. It's worth remembering that our last three wars began in the Pacific region.●

AN ALTERNATIVE FEDERAL ENERGY BUDGET

● Mr. WILLIAMS. Mr. President, I bring to my colleagues attention an interesting report released by the Consumer Energy Council of America on an energy budget alternative to the proposed Reagan administration budget. This report culminates an intensive effort on the part of the council to devise a realistic budget proposal for our Nation's energy programs. The council represents a broad-based coalition which includes almost every segment of our society. The CECA alternate budget for energy programs proposes an approach which will benefit all Americans while not sacrificing any particular program.

The budget targets established by the council's report maintains the same total level of energy funding as the Reagan budget but distributes budget reductions evenly, across the spectrum of energy technologies. If the CECA figures are used in place of those recommended by the President, the many valuable and proven renewable energy and conservation programs which have been established over the years would be retained at adequate funding levels. Our national energy program would then continue to be multifaceted. This proposal attempts to arrive at equitable sacrifices which best serve the Nation's energy needs. The President has called for realistic alternatives to his budget proposals if they could be found. The council has done just that. With ever-increasing energy prices continuing to threaten the Nation's economic viability and strategic security, the CECA approach offers a realistic alternative for a diversified program of energy research, development, and assistance which will provide the best security for the American people. All energy sources are important to a healthy economy and secure Nation; this proposal embraces this type of balanced approach.

While we may not all agree entirely with the specifics of the council's budget recommendations, I believe we can agree this is an approach well worthy of consideration. We cannot in good faith throw out programs which will prove the most valuable in reducing our reliance on finite and foreign sources of energy. The council provides the Congress with a valuable opportunity, a workable alternative which meets the President's economic goals as well as the diverse energy requirements of the country. It is incumbent upon us to carefully evaluate these and other similar proposals as the budget process proceeds. As we attempt to balance the Federal budget, we must not reduce or eliminate easily achievable and reasonably priced solutions to our continuing energy problems.

I sincerely congratulate the Consumer Energy Council and especially their director, Ellen Berman, for their outstanding work on this very important issue as well as their diligent efforts over the past several years to help in the development of a comprehensive and sensible energy policy for our Nation.

Mr. President, I ask to have the council's explanatory statement on their study and a copy of their alternative budget proposal printed in the RECORD at this time.

The material follows:

CONSUMER GROUP RELEASES: ALTERNATIVE FEDERAL ENERGY BUDGET

The Consumer Energy Council of America (CECA) today released an alternative federal energy budget which maintains the same total level of energy funding as the Reagan budget but distributes budget cuts evenly across all energy technologies.

"The President's budget plan will dramatically slash federal funding for investment and research in all forms of energy, except fossil fuels and nuclear power, and will create an excessive, dangerous, and unnecessary dependence on a few sources of energy," said Ellen Berman, Executive Director. "It cuts funding for conservation and alternative energy sources for FY81 and FY82 by 45 percent, but conventional energy sources by only 15 percent."

The CECA alternative represents a more even-handed approach by applying a rigorous set of budget cutting rules to all energy technologies, according to Berman. "When our formula is applied, the CECA FY81 and FY82 budget will save approximately $3 billion within DOE and about $6 billion for all federal energy programs," Berman said. "Our approach is to establish priorities for the various types of federal energy activities and then apply a uniform budget-allocation formula to each of the energy technologies. The CECA alternative budget creates a balanced energy supply mix, which is vital to our national security.

"Our formula is quite straightforward," said Berman. "Given the urgent need to increase our energy supply, we recommend 100 percent funding for programs which directly increase energy availability, either through production or increased efficiency. We also fund the social safety net programs—low income energy assistance—at 100 percent.

"Our approach funds R & D, strategic planning, and departmental administration at 80 percent of the base budget; risk sharing and general planning at 60 percent; information gathering and dissemination at 40 percent; and program-specific regulation at 0 percent. This formula is applied across the board to all energy technologies," said Berman.

"CECA's balanced approach is a vast improvement over the President's. It will better serve the President's own national policy goals—enhanced national security, revitalization of the economy, maintenance of the social safety net, and fiscal responsibility," Berman concluded.

The Consumer Energy Council of America is a broad-based coalition of major national consumer, labor, farm, public power, rural electric cooperative, senior citizen, urban, low income, and minority organizations.

AN ALTERNATIVE FEDERAL ENERGY BUDGET

(Presented by the Consumer Energy Council of America)

This is the second installment of CECA's running energy budget dialogue (monologue?) with the new Administration. This budget is organized according to the functional categories utilized in President Reagan's Program for Economic Recovery. With the submission of the final budget, the Administration changed these categories. The next installment of CECA's alternative federal energy budget will reconcile the functional breakdown with the divisional breakdown used in the most recent Reagan budget.

AN OVERVIEW OF CECA'S ALTERNATIVE FEDERAL ENERGY BUDGET

In his economic message to the nation, the President called on those who disagree with his approach to offer alternatives which would meet a specific set of national goals. The basic goals he defined are: enhancing the national security, revitalizing the economy, maintaining the social safety net and exercising the fiscal restraint. The Consumer Energy Council of America, a broad-based coalition of major national consumer, labor, farm, public power, senior citizen and minority groups, offers the attached energy budget as such an alternative, one which we believe meets those goals better than the President's energy budget. CECA's budget is based on two general principles—a balanced approach to America's energy future and a rational, consistent approach to budget setting.

CECA's budget maintains approximately the same level of federal funding for energy production, research and development as the Reagan budget. In FY 81–82, it will save about $3 billion within the Department of Energy and about $6 billion for all federal energy programs. However, it distributes the cuts much more evenly across the various energy technologies. Full funding is maintained for programs that directly increase energy availability—either through production or conservation programs—and programs that maintain the social safety net. All other activities are reduced in an evenhanded approach. The net effect compared to the Reagan budget is to reallocate about ¾ of a billion dollars from general science and nu-

clear research to conservation and alternative technologies.

GENERAL PRINCIPLES

The President's budget will not only dramatically slash federal funding for investment and research in all forms of energy *except* fossil fuels and nuclear power, but the administration's policy of price decontrol will also transfer huge sums of money to the fossil fuel industry. We believe that the result will be an excessive, dangerous and unnecessary dependence on a few sources of energy.

In contrast, we believe that an effective energy policy must draw on all of the major sources of energy. In addition to fossil fuels and nuclear energy, we must benefit from conservation through maximum increases in the efficiency with which we use available energy and we must expand the contribution of alternative sources of energy, such as solar and biomass.

Conservation and alternative sources of energy diversify our sources of supply and increase the energy available to us, thereby reducing our vulnerability to foreign manipulation or supply interruptions. Conservation and alternative sources of energy are generally cheaper, more labor intensive and geographically more widespread than conventional energy sources. Therefore, they stimulate a more balanced pattern of economic growth and are more anti-inflationary than conventional energy sources.

The above observations are entirely consistent with the basic goals that the President outlined—enhancing national security, revitalizing the economy by fighting inflation and maintaining the social safety net. Further, we believe that a balanced energy policy such as that proposed by CECA will better meet these goals. For these reasons, CECA believes that each of the sources of energy is of extreme importance to the nation's energy and economic future and that they should be given relatively equal consideration in the allocation of scarce federal resources.

SYSTEMATIC BUDGET-CUTTING

In addition to enhancing national security, revitalizing the economy and maintaining the social safety net, we also accept the President's fourth goal, exercising fiscal restraint. We do recognize that federal resources are scarce and that budget cutting will have to occur. However, in contrast to the Administration's approach, which simply singles out one or two technologies and removes almost all federal support on the basis of shallow and frequently inconsistent analysis, we have established a rigorous set of rules for budget cutting and applied them to all energy technologies on an even-handed, unbiased basis.

Our approach is to establish priorities for each of the activities that the federal government conducts in regard to energy supply and demand and then apply these priorities to each of the energy technologies. For example, given the pressing need to increase energy supply in the immediate future, we recommend full funding for those programs which directly make more energy available. This applies equally to the uranium enrichment program and the naval petroleum reserve—both of which produce energy—as well as to the federal building retrofit program, the schools and hospital retrofit program and the low income weatherization program—all of which directly conserve energy by improving the energy efficiency of the nation's building stock.

Similarly, research and development are sufficiently important to the nation's energy future that we recommend these programs be funded at 80% of the base budget. This applies across the board. The Administration's arguments in favor of its net technology, nuclear research and development, are, in fact, equally valid for research and development in building sciences, photovoltaics or other forms of alternative energy. To slash research for some technologies while increasing it for one or two others results in a pure, irrational bias that dangerously limits and forecloses our future energy options at the very moment we should be expanding them. An even-handed approach will produce a more secure energy future.

We suggest a large number of areas in which federal funding can be cut much more dramatically than 20%, such as information gathering and regulation. The list of our budget-cutting principles is presented in Exhibit 1. We recognize that any set of priorities is essentially arbitrary. However, we believe that these priorities, coupled with the general principle that all energy sources need to be developed and all options need to be kept open in a balanced approach, will produce the best energy policy for the nation. It is certainly preferable to the slap-dash, inconsistent and irrational approach which the Administration has taken.

EXHIBIT 1

CECA PRINCIPLES FOR BUDGET SETTING

1. All energy sources are of extreme importance to a healthy economy and a secure energy future. Therefore, all sources deserve relatively equal consideration in the allocation of scarce federal resources.

2. The activities of the federal government in energy production, conservation and research should be evaluated on the basis of their contribution to a more secure future. We suggest the following formula for funding programs according to CECA's priorities.

Activity	*Level of baseline budget funding (percent)*
Direct production	100
Research and development	80
Strategic Planning	80
Departmental Administration	80
Risk Sharing	60
General Planning	60
Information Gathering	40
Information Dissemination	40
Program Specific Regulation	0

3. Uniformly apply the priorities to each of the energy technologies.

CONSUMER ENERGY COUNCIL OF AMERICA ALTERNATIVE ENERGY BUDGET

FISCAL YEAR 1981, FISCAL YEAR 1982 SUMMARY

[In millions of dollars]

NON-DEFENSE ITEMS	Budget base (Carter budget)		Reagan		CECA (Uniform budget)	
	1981	1982	1981	1982	1981	1982
DOE programs:						
Production, research and development:						
Solar	577.0	584.0	503.7	193.3	452.2	408.3
Conservation	755.1	874.1	578.5	195.0	626.4	725.8
Energy supply program	662.5	551.3	463.5	338.3	492.1	412.0
Fossil fuels	1,329.0	1,710.0	1,035.3	666.3	1,102.8	1,413.2
General science	504.4	607.0	504.4	567.5	402.4	485.9
Nuclear R. & D	1,364.2	1,439.7	1,517.3	1,697.1	1,091.4	1,151.8
Supporting R. & D	294.9	396.4	284.9	333.4	235.9	317.1
Uranium supply	31.8	568.9	31.7	164.4	31.7	164.4
Power marketing	178.6	379.8	179.0	380.0	178.6	379.8
Subtotal	5,697.5	7,111.2	5,968.3	4,535.3	4,613.5	5,758.3
Regulation	331.6	270.0	218.1	110.7	198.9	111.5
Information and administration	388.9	528.9	355.5	353.0	340.2	397.7
Total DOE	6,918.4	7,910.1	5,651.9	4,999.0	5,743.7	5,936.5
Fiscal year 1981, 1982 combined totals	14,328.1		10,640.9		11,710.2	
Non-DOE programs:						
Risk sharing:						
Synthetics (SFC)	5,518.0		5,518.0		3,310.8	
Alcohol (SFC)	745.0		0		447.0	
Solar and Conservation Bank	121.0	132.0	0	0	72.6	79.2
Alcohol (USDA)	525.0	0	20.0	0	315.0	0
Alt. fuels (1980)	200.0	225.0	70.0	55.0	0	0
Subtotal combined fiscal year 1981, 1982	7,466.0		5,663.0		4,224.6	
Federal buildings	399.0	482.0	399.0	482.0	399.0	482.0
Other solar (AID, USOC, USDA, Int. DOD)	162.0	290.0	162.0	290.0	129.6	232.0
Other fossil (DOI)	514.0	629.0	514.0	629.0	411.2	503.2
Low income assistance	1,850.0	1,850.0	1,390.0	1,390.0	1,850.0	1,850.0
Total non-DOE combined fiscal year 1981, 1982	13,642.0		10,919.0		10,081.6	
Total energy budget fiscal year 1981, 1982 combined	27,970.1		21,559.9		21,791.8	

	Budget base (Carter budget)		Reagan		CECA (Uniform budget)	
	1981	1982	1981	1982	1981	1982
FISCAL YEARS 1981–82 BUDGET						
SOLAR AUTHORIZATIONS						
Solar energy R. & D.:						
Solar applications for buildings:						
Active solar heating and cooling	43.7	32.5	41.4	11.5	39.0	29.0
Passive solar heating and cooling	33.4	32.0	31.9	10.3	24.5	23.5
Photovoltaic energy systems	160.2	161.5	139.2	62.9	126.4	127.4
Subtotal	237.3	226.0	212.5	84.7	189.9	179.9
Solar applications for industry:						
Solar thermal energy systems	141.8	85.3	123.7	44.0	112.0	67.4
Biomass energy systems	46.4	56.0	31.2	20.5	31.6	38.1
Subtotal	188.2	141.3	154.9	64.5	143.6	105.5
Solar applications for power:						
Wind energy systems	85.8	73.6	59.7	19.4	64.8	55.8
Ocean energy systems	39.0	36.8	34.6	----------	25.5	25.5
Subtotal	124.8	110.4	94.3	19.4	90.3	81.3
Alcohol fuels	20.9	32.6	18.0	10.0	14.5	22.6
International solar energy program	12.0	13.0	10.8	4.0	4.8	5.2
Solar information systems	1.0	13.0	1.4	6.7	.4	5.1
Solar energy research institute	5.0	24.0	5.0	------	0	0
MX–RES	0	9.5	(?)	(?)	0	0
Solar market	9.0	8.0	(?)	(?)	3.6	3.2
Program direction	7.0	7.0	6.8	4.0	5.5	5.5
Total solar energy R. & D	605.2	584.8	503.7	193.3	452.6	408.3
ENERGY CONSERVATION AUTHORIZATION						
Buildings and community systems:						
Buildings systems:						
Buildings systems	17.8	27.1	----------		10.5	16.0
Residential conservation service	5.1	6.8	----------		2.0	2.7
Subtotal	22.9	33.9	----------		12.5	18.7
Community systems:						
Community systems	13.8	10.4	----------		8.3	6.2
Urban waste	10.9	9.1	----------		8.7	7.3
Small business	.8	1.0	----------		.3	.4
Subtotal	25.5	20.5	----------		17.3	13.9
Consumer products:						
Technology and consumer products	20.3	23.3	----------		14.9	15.0
Appliance standards	6.0	5.8	----------		0	0
Subtotal	26.3	29.1	----------		14.9	15.0
Federal programs:						
Analysis and technology transfer	5.9	5.7	----------		2.4	2.3
Federal energy management program	1.0	3.1	----------		1.0	3.1
Subtotal	6.9	8.8	----------		3.4	5.4
Emergency building temperature restrictions	—.5	----------				
Program direction	6.8	7.2	----------		3.9	4.1
Total buildings and community systems	87.9	99.5	56.0	31.1	52.0	57.1
Industrial:						
Waste energy reduction	19.8	16.7	----------		15.8	13.4
Process efficiency	15.0	16.5	----------		12.0	13.2
Implementation and deployment	4.5	5.6	----------		1.8	2.2
Cogeneration	12.0	9.5	----------		9.6	7.6
Program direction	2.6	3.3	----------		2.0	2.5
Total industrial	53.9	51.6	43.0	1.0	41.2	38.9
Transportation:						
Vehicle propulsion R. & D	55.9	58.4	----------		44.7	46.7
Electric and hybrid vehicle R. & D	36.8	45.4	----------		29.4	36.3
Transportation system utilization	6.7	9.2	----------		5.4	7.4
Alternate fuels utilization	5.3	5.4	----------		4.2	4.3
Program direction	3.0	3.3	----------		2.4	2.6
Total transportation	107.7	121.7	81.0	38.2	86.1	97.3
State and local:						
EPCA grant program [1]	37.8	----------	37.8	----------	22.7	----------
ECPA grant program [1]	10.0	----------	10.0	----------	6.0	----------
Hospital and school grant program	181.2	200.0	81.3	100.0	181.2	200.0
Other local government buildings grant program	----------	----------	----------	----------	----------	----------
Weatherization assistance program	182.0	200.0	175.0	----------	182.0	200.0
Energy extension service [1]	20.0	----------	20.0	----------	8.0	----------
Energy Management Partnership Act [1]	----------	101.5	----------	----------	----------	71.1
Emergency Energy Conservation Act of 1979	12.0	24.5	2.0	2.0	7.2	14.7
Program direction	9.9	12.5	9.9	5.0	9.1	9.9
Total State and local	452.9	538.5	336.0	107.0	416.2	495.7

Footnotes at end of table.

CONSUMER ENERGY COUNCIL OF AMERICA ALTERNATIVE ENERGY BUDGET—Continued

FISCAL YEAR 1981, FISCAL YEAR 1982 SUMMARY—Continued

[In millions of dollars]

	Budget base (Carter budget)		Reagan		CECA (Uniform budget)	
	1981	1982	1981	1982	1981	1982
Multisector:						
Appropriate technology	12.0	13.8			9.6	11.0
Inventors programs	5.8	5.4			4.6	4.3
Energy conversion technology	8.0	12.0			6.4	9.6
Program direction	.7	.4			.6	.3
Total multisector	26.5	31.6	26.5	17.7	21.2	25.2
Residential and commercial retrofit	26.2	31.1	6.0		9.7	11.6
Total energy conservation	755.1	874.1	548.5	195.0	626.4	725.8
Energy supply programs:						
Hydropower	22.8	3.6	−2.7		17.4	2.4
Geothermal	156.0	91.6	142.5	48.4	124.8	73.3
Geothermal resources	43.3	5.6	−20.8	.2	34.6	4.5
Electric	39.9	38.9	35.0	9.9	31.9	31.1
Energy storage	71.9	59.5	51.9	39.0	57.5	47.6
Environment	236.8	280.1	226.8	230.8	188.8	224.1
Uranium assessment	30.8	25.0	30.8	10.0	12.3	10.0
Energy impact assistance	62.0	47.6	0	0	24.8	19.0
Total	662.5	551.3	463.5	338.3	492.1	412.0
Nuclear research and development:						
Conventional nuclear	57.8	44.5	61.8	69.5	46.2	35.6
Commercial waste	246.6	257.2	246.5	299.3	197.3	205.8
Spent fuel	22.5	7.4	22.5	7.4	18.0	5.9
Advanced nuclear	42.0	45.0	42.0	38.0	33.6	36.0
Breeder	520.8	458.5	681.0	736.5	416.6	366.8
Fusion	394.3	506.2	383.3	460.0	315.4	405.0
Advanced isotope	80.2	120.9	80.2	86.4	64.2	96.7
Total	1,364.2	1,439.7	1,517.3	1,697.1	1,091.4	1,151.8
Uranium supply: Enrichment	31.8	568.9	31.7	164.4	31.7	164.4
FEDERAL FOSSIL PROGRAM						
DOE fossil technology:						
Coal:						
Advanced environmental control	43.0	46.0	34.1	26.4	34.4	36.8
Advanced research and development	46.0	63.0	57.9	67.1	36.8	50.4
Coal liquefaction	521.0	886.0	353.5	105.2	416.8	708.8
Combustion systems	36.0	77.0	35.9	38.8	28.8	61.6
Fuel cells	32.0	29.0	32.0	28.6	25.6	23.2
Heat engines and heat recovery	36.0	29.0	31.5	15.6	28.8	23.2
In situ coal gasification	10.0	11.0	10.0	8.3	8.0	8.8
Magnetohydrodynamics	67.0	60.0	60.5		53.6	48.0
Mining R. & D	48.0	30.0	40.1	21.0	38.4	24.0
Surface coal gasification	159.0	133.0	65.2	53.4	127.2	106.4
University Coal Research Labs	5.0		(?)	(?)	4.0	
Program direction	12.0	13.0	10.8	12.5	9.6	10.4
Capital equipment, coal	5.0		4.6	3.8	4.0	
Subtotal	1,020.0	1,377.0	736.1	380.7	816.0	1,101.6
Petroleum:						
Advanced process technology	4.0	4.0	16.2	20.1	3.2	3.2
Drilling and offshore technology	2.0	0	32.1	16.3	1.6	0
Enhanced oil recovery	18.0	23.0	2.0		14.4	18.4
Oil shale	32.0	27.0	3.5	3.7	25.6	21.6
Program direction	1.0	2.0	1.5	1.6	.8	1.6
Capital equipment, petroleum	3.0	2.0	2.5	2.2	2.4	1.6
Subtotal	60.0	58.0	57.8	43.9	48.0	46.4
Gas: Enhanced gas recovery	31.0	29.0	28.0	10.7	24.8	23.2
Total fossil technology	1,111.0	1,464.0	821.9	435.3	888.8	1,171.2
DOE fossil applications: Fossil energy applications	20.0	20.0	15.2	5.1	16.0	16.0
Direct production: Naval petroleum reserves (NPR)	198.0	226.0	198.2	225.9	198.0	226.0
Total DOE fossil funding	1,329.0	1,710.0	1,035.3	666.3	1,102.8	1,413.2
BASIC SCIENCES (GENERAL SCIENCE AND RESEARCH APPROPRIATIONS)						
Basic sciences:						
Life sciences research and nuclear medicine applications:						
General life sciences	25.9	32.1			20.7	25.7
Nuclear medicine applications	20.0	21.7			16.0	17.4
Subtotal	45.9	53.8	45.9	50.5	36.7	43.1
High energy physics:						
Physics research	76.0	86.1			60.8	68.9
Facility operations	222.8	254.8			178.2	203.8
High energy technology	50.6	71.6			40.5	57.3
Other capital equipment	2.8	3.1			2.2	2.5
Subtotal	352.2	415.6	352.2	392.7	281.7	332.5
Nuclear physics:						
Medium energy physics	51.8	58.6			41.4	46.9
Heavy ion physics	50.1	67.4			40.1	53.9
Nuclear theory	7.0	9.1			5.6	7.3
Other capital equipment	1.3	1.4			1.0	1.1
Subtotal	110.2	136.5	110.2	122.9	88.1	109.2
High energy and nuclear physics program direction	1.1	1.4	1.1	1.4	.9	1.1
Fiscal year 1980 deferral—ER	−5.0		−5.0		−5.0	
Total basic sciences	504.4	607.3	504.4	567.5	402.5	485.9

	Budget base (Carter budget)		Reagan		CECA (Uniform budget)	
	1981	1982	1981	1982	1981	1982
Supporting R. & D. research:						
Basic energy science	246.6	311.0	237.6	276.5	197.3	248.8
Technology assessment	12.5	19.8	9.5	3.0	10.0	15.8
University	7.8	12.5	7.8	10.6	6.2	10.0
Advisory	3.0	3.1	3.0	3.3	2.4	2.5
Multiprogram	25.0	50.0	25.0	40.0	20.0	40.0
Total	294.9	396.4	284.9	333.4	235.9	317.1
Regulation:						
Federal Energy Regulatory Commission	76.4	85.9	74.4	82.2	458.0	51.4
Economic Regulatory Administration	255.2	184.1	143.7	28.5	153.1	110.5
Total	331.6	270.0	218.1	110.7	198.9	161.9
Administration and information:						
Administration	284.2	401.7	264.8	273.0	227.4	321.4
Information	104.7	127.2	90.7	80.0	62.8	76.3
Total	388.9	528.9	355.5	353.0	340.2	397.7
Power Marketing—Alaska Power Administration:						
Operating expenses	2.1	2.1			2.1	2.1
General investigation	1.1	1.4			1.1	1.4
Offsetting collections						
Total Alaska Power Administration	3.2	3.5	3.2	3.5	3.2	3.5
Power Marketing—Bonneville Power Administration		136.2		136.2		136.2
Power Marketing—Southeastern Power Administration:						
Operation and maintenance	1.4	1.3			1.4	1.3
Purchase power and wheeling	4.9	5.9			4.9	5.9
Offsetting receipts	−4.6				−4.6	
Total Southeastern Power Administration	1.7	7.2	1.6	7.2	1.7	7.2
Power Marketing—Southwestern Power Administration:						
Operation and maintenance	7.3	8.5			7.3	8.5
Purchase power and wheeling	10.8	9.2			10.8	9.2
Construction	10.9	3.6			10.9	3.6
Offsetting receipts	−.5				−.5	
Total Southwestern Power Administration	28.5	21.3	28.5	21.3	28.5	21.3
Power Marketing—Western Area Power Administration:						
Construction and rehabilitation	36.3	96.7			36.3	96.7
System operation and maintenance	44.2	56.9			44.2	56.9
Purchase power and wheeling	76.3	57.2			76.3	57.2
Offsetting receipts	−15.3				−15.3	
Total Western Area Power Administration	141.5	210.8	141.5	210.8	141.5	210.8
Power Marketing—Colorado River Basin:						
Operation and maintenance	74.5				74.5	
Offsetting receipts	−74.5				−74.5	
Construction	3.5				3.5	
Total Power Marketing—Colorado River Basin	3.5		3.6	0	3.5	
Southwestern Power Administration—Continuing fund		.3		.3		.3
Western Area Power Administration—Emergency fund	.2	.5	.2	.5	.2	.5
Total power marketing administrations	178.6	379.8	178.6	379.8	178.6	379.8

[1] EMPA includes EPCA, ECPA, EES, which combine strategic planning and information programs, among other activities.●

OIL SPILL LIABILITY AND COMPENSATION BILL—S. 681

● Mr. CANNON. Mr. President, the Commerce Committee has a long-standing involvement in oil pollution issues, including bills in previous Congresses concerning oil spill superfunds. I am pleased today to join my colleagues in cosponsoring this bill on oil spill liability and compensation, because it has major implications for the transportation and insurance industries, among others, and needs to be examined carefully by the Commerce Committee.●

IS OUR AVIATION INDUSTRY GOING THE WAY OF "DETROIT"?

● Mr. SCHMITT. Mr. President, on March 10, 1981, the Senate Subcommittee on Science, Technology, and Space began authorization hearings on the fiscal year 1982 budget for the National Aeronautics and Space Administration. Quite appropriately, the first hearing focused on NASA's aeronautical research and development program.

Mr. President, I say "quite appropriately," because the aerospace industry has now surpassed agriculture as contributing most to net exports of the United States, with a trade surplus of over $10 billion. In addition, the aerospace industry currently employs over 1 million people. However, we must not feel false confidence in these statistics. There is some consensus that these numbers represent a peak.

Recent studies have shown that commercial aircraft manufacturers have lost 20 percent of their market over the past few years.

In rotocraft transport, component production, and high performance military aircraft, the same trend can be seen.

Some of our aircraft are now dependent on imports of foreign-manufactured components.

Several foreign nations have included aircraft development and production as part of their national industrial plans. Their target being to displace the United States from its leadership position.

Mr. President, the hearings pointed out that these are clearly indications of the threat to what has been a strong American industry. A March 15, 1981, Washington Post article amplified this concern. The source of this concern: a new competitor: Brazil.

It should be clear that in order to sustain our economic security, we need to support a research and development program that will allow our industry to compete with the rest of the world.

I ask that this article be printed in the RECORD.

The article follows:

BRAZIL'S FLEDGLING AVIATION INDUSTRY FLYING HIGH

(By Jim Brooke)

SAO JOSE DOS CAMPOS, BRAZIL.—From Togo to France to the Fiji Islands, Brazilian-made jets and passenger planes are leaving marks from Amazonian rubber on the landing strips of five continents.

Starting from scratch only 10 years ago, Brazil's state-controlled airplane company Embraer is now the world's sixth largest general airplane manufacturer, and the only non-American among the top 10.

The jackrabbit growth of Brazil's aircraft industry is part of a silent, decade-long industrial surge that last year brought Brazil's

manufactured exports over the level of primary exports a traditional indicator of development.

Although Embraer is forced to import an average of 65 percent of parts for each plane—engines, propellers, electrical components and aluminum sheets—its planes remain competitive worldwide because Embraer's 5,300 workers receive low wages. Line workers earn $150–$225 a month, less than their American counterparts make in a week.

Last month Americans felt the bite when Embraer elbowed aside Cessna aircraft and Beech aircraft to win a $50 million contract to sell 41 Brazilian-designed Xingus to the French military.

Based in this industrial city one hour outside Sao Paulo, Embraer last year turned out 418 planes, ranging from a Brazilian-designed crop duster to an Italian-designed jet trainer.

Brazilian planes now fly in 20 countries, including the United States, where 12 commuter lines fly the 19-seat "Bandeirante." In one of Embraer's cavernous hangars here, the finishing touches recently were being put on Bandeirantes marked "Cascade," "Midsouth" and "Tennessee."

Nicknamed the "bandit" by American pilots, the turboprop Bandeirante began rolling off assembly lines at a time when skyrocketing oil prices started forcing local commuter operators to abandon jets.

"We were lucky," admitted Embraer spokesman Mario Leme Galvao recently. "The Bandeirante arrived on the market at just the right time," since Turboprops use 30 to 40 percent less fuel than jets.

Aiming for a larger slice of the commuter market, Embraer is betting on a sleek, needle-nosed plane baptized the "Brasilia." Designed to handle four 100-mile hops without refueling, this 30-passenger turboprop is to go on sale in 1984.

Critics says this will be the moment of truth for the Brazilian airplane industry. The Canadian De Havilland, the Swedish Saab and the French Aeropatiale have all unveiled plans for similar-sized turboprops for the mid-1980s.

The Brazilians predict fierce international competition, but already have 116 signed options to buy the Brasilia—50 from American companies. And, keeping their assembly line running 20 hours a day, they are plunging ahead with other models.

Next year, Embraer plans to put on sale a $900,000 bubble-topped military trainer, the first turboprop with ejectable seats. Called the T27, the plane will be at the Paris Air Show this June.

Last month, the Brazilian and Italian governments established a joint research program for the mutual production of a $10 million air combat and ground attack jet capable of doing 700 miles an hour.

Called the AMX, Brazilians see this jet as another step toward independence for their air force. Today, only three years after breaking a long-standing military supply accord with the United States, 65 percent of the planes patrolling Brazil's airspace bear the label "Made in Brazil."

Brazil is to provide 30 percent of the capital for the AMX, and with this deal they hope through the Italians to win access to the NATO market.

With an eye to the lucrative European civilian aircraft market, Brazilian and Portuguese officials signed a "protocol of intentions" last month that calls for using cheap Portuguese labor to assemble Brazilian planes in Portugal for sale to Common Market countries.

With Latin America's only significant airplane industry, and helped by cheap delivery costs and easy government loans, Brazilians also have found a natural market for their planes on their own continent. Helibras, Brazil's infant helicopter company, has sold a third of its recent production to Latin American buyers.

With isolated ranches and towns sprinkled through the interior high plains and the Amazonian jungle, Brazil—the fifth largest country in the world—itself has enormous potential for small commuter and executive aircraft.

When burned last month on the French deal, U.S. general aviation companies still were smarting over the closing of the Brazilian internal market five years ago.

But the doors to imports effectively slammed shut in 1974 when Piper aircraft won a licensing competition to make light planes at the Embraer plant. Today, two-thirds of the Embraer production consists of Piper models.●

SOME GOOD NEWS FROM ARGENTINA'S PRESIDENT-DESIGNATE VIOLA

● Mr. PELL. Mr. President, I am delighted that at a Senate coffee today for members of the visiting Argentine delegation, President-designate Viola stated that his Government will publish a listing of all those known by the Government to have disappeared and to have died over Argentina's past several years of internal turmoil. Such a listing is a critical step in determining the fate of thousands who have disappeared in Argentina. This list is earnestly desired by the families of those who are missing, as I learned on my recent visit to Argentina.

General Viola seemed intent on improving Argentina's image in the field of human rights. He also confirmed the provisional release of two prominent Argentine human rights spokesmen, Mr. Emilio Mignone and Mr. Augusto Conde McDonnel who were recently detained.

The Argentine Government's willingness to move in this direction sends a significant signal to members of the international community and human rights advocates everywhere.

General Viola's statements today are directly responsive to two letters that I recently sent to him. One of those letters was cosigned by Senator WILLIAMS, and the other by Senators WILLIAMS and PRESSLER. The letters, which I ask unanimous consent to insert in the RECORD following these remarks, came out of conversations that several of us had with the President-designate during our February visit to Argentina.

At that time—and again this morning—I was struck by the vehemence of General Viola's expressed desire to work closely with the United States in many areas of mutual concern and to improve his country's human rights record.

These latest announcements confirm to me that, even before he takes office, Argentina's new President is off to a good and promising start.

The letters are as follows:

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., March 3, 1981.

His Excellency ROBERTO VIOLA,
President-Designate of the Argentine Republic.

DEAR PRESIDENT-DESIGNATE VIOLA: As individual members of the Senate delegation who met with you during our recent visit to Argentina, we would appreciate clarification of your statement on the matter of the disappearances. All members came away with the clear impression that under your Administration there will be a very real and genuine improvement of the human rights situation. However, there seems to be varying impressions with regard to your response on the disappearances. We know that your country has been through a difficult period. We understand from our own history that some violations can occur in times of turmoil. However, we also appreciate the new efforts you are making.

Our understanding of your statement as interpreted was that your government would publish a list of those it acknowledged has disappeared as the result of political turmoil in your country. We would appreciate if you would clarify your position on this issue. We await your response eagerly because we feel that it will be an important indicator of the further opening of the Argentine political system.

Again, we would like to thank you for the opportunity of the frank and open exchange and express our hopes for a warm U.S.-Argentine relationship during your presidency.

With best wishes,
Ever sincerely,

HARRISON WILLIAMS.
CLAIBORNE PELL.
LARRY PRESSLER.

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., March 3, 1981.

His Excellency ROBERTO VIOLA,
President-Designate of the Argentine Republic.

DEAR PRESIDENT-DESIGNATE VIOLA: We were very honored and glad to be received by you when we were in Buenos Aires. May we add, too, how much we appreciated your frankness and your concern that the international image of your country be improved. In this regard we were disturbed to see that Mr. Emilio Mignone and Mr. Agusto Conde McDonnel had recently been arrested. We had the privilege of talking with these two gentlemen for an hour on the day of our arrival in Buenos Aires and only afterwards learned that each of them had had a child who had disappeared. Yet, Messrs, Mignone and Conde McDonnel spoke to us in very measured terms but with very real optimism and words of praise for the human rights conditions as they were developing. Their arrests naturally disturb us. Moreover, we hope that their meeting with us and their arrest is in no way retribution for their visit with us. We would hope that you would look into their arrest and ask you to let us know what their prospects are.

With very real regard and respect, we are
Ever sincerely,

HARRISON WILLIAMS.
CLAIBORNE PELL.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I might inquire of the distinguished minority leader if he is in a position to consider the items appearing on today's Executive Calendar.

Mr. ROBERT C. BYRD. Mr. President, the minority has no objection to proceeding to the items on the Executive Calendar.

Mr. BAKER. I thank the minority leader.

Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering the five nominations appearing on the first and second pages of the Executive Calendar of this date.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF AGRICULTURE

The legislative clerk read the nomination of C. W. McMillan, of Virginia, to be an Assistant Secretary of Agriculture.

The nomination was considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominee was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF THE TREASURY

The legislative clerk read the nomination of Angela M. Buchanan, of the District of Columbia, to be Treasurer of the United States.

The nomination was considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominee was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The legislative clerk read the nomination of David G. Swoap, of Virginia, to be Under Secretary of Health and Human Services.

Mr. DOLE. Mr. President, on March 12, 1981, the Committee on Finance held a hearing on the nomination of David B. Swoap to be Under Secretary of Health and Human Services and unanimously reported his nomination.

I am pleased with the bipartisan support that Dave received from Finance Committee members. As a former professional staff member of our committee, Dave Swoap's talent, ability, and integrity are widely respected and personally known by most of the senators currently serving on the committee.

Dave will bring to the important job of Under Secretary many years of experience in the legislative and executive branches of Federal and State government. He comes to the Department at a time when far-reaching changes are being made in the administration of our public programs. I have every confidence that Dave will provide the kind of quality leadership and program expertise necessary to help bring about these changes.

In his appearance before the committee, Dave indicated his commitment to make the HHS Inspector General's office more effective. The Finance Committee has an active interest in eliminating fraud and abuse in our public programs. We had great expectations that the committee's Medicare-Medicaid Anti-Fraud and Abuse Amendments of 1977 as well as the committee-initiated legislation which established the HHS Inspector General, would sharply reduce fraud and abuse. We have been disappointed.

I applaud Dave's commitment to improve the effectiveness of the HHS IG office. I know that his commitment reflects the concern of President Reagan, Secretary Schweiker, and the Finance Committee in eliminating fraud and abuse and I would hope that we will see a crackdown by the HHS Inspector General on such practices.

Mr. President, I am particularly pleased today to report the committee's decision to recommend to the Senate a former able Senate Finance Committee professional staff member as Undersecretary of the Department of Health and Human Services and ask that Dave Swoap's nomination be confirmed.

The nomination was considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominee was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA

The legislative clerk read the nomination of Ricardo M. Urbina, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia.

The nomination was considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominee was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF LABOR

The legislative clerk read the nomination of Thorne G. Auchter, of Florida, to be an Assistant Secretary of Labor.

● Mr. HATCH. Mr. President, as chairman of the Labor and Human Resources Committee, I am very pleased to report favorably the nomination of Thorne G. Auchter for Assistant Secretary of Labor for Occupational Safety and Health.

Mr. Auchter brings a wealth of experience and expertise to the position of Assistant Secretary. He became involved with the Occupational Safety and Health Act at its inception, when he was appointed to the Florida task force on OSHA, to determine whether that State should exercise an option to administer its own program. Since that time he has served on various other task forces on OSHA, and he has participated in a number of seminars and labor-management programs. Throughout the decade, Mr. Auchter has become a recognized spokesman in his native State on a broad range of occupational safety and health issues. But one should not think that Mr. Auchter's involvement with OSHA is academic.

Indeed, from his early youth, he has served in various capacities in his family construction business, from carpenter apprentice, to field engineer, to superintendent, and until recently executive vice president. During this time, he was instrumental in creating an OSHA compliance program for his company, which he has continuously supervised and implemented to the present. Thus, his experience as a laborer has given him a perspective of the hazards that can pervade the workplace and of a worker's responsibility to promote safety. His managerial experience has given him an appreciation of what methods of operation and what compliance programs do efficiently promote safety and health. And his active participation in professional and educational programs has given him the technical skills and knowledge to formulate and implement this Nation's safety and health policies.

Mr. Auchter comes well equipped to lead OSHA in a new direction, which emphasizes cooperation between labor, management, and the Government—which improves targeting of enforcement resources—and which places less reliance on burdensome and expensive standards and regulations whose efficacy is often questionable. I strongly recommend that his nomination be overwhelmingly approved.●

The nomination was considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS BETWEEN 9 A.M. AND 3 P.M. ON WEDNESDAY, MARCH 18, 1981

Mr. BAKER. I ask unanimous consent that all committees be authorized to file reports between the hours of 9 a.m. and 3 p.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOSEPH ROSENTHAL—SENATE RESOLUTION 100

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that the Senate pro-

ceed to the immediate consideration of a resolution I have introduced, along with my colleague, Senator CRANSTON.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 100) to honor Joseph Rosenthal for his contributions as a photographer.

Mr. ROBERT C. BYRD. Mr. President, the resolution has been cleared on this side of the aisle. Mr. BIDEN has approved the consideration of it. Therefore, no objection is interposed.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

Mr. HAYAKAWA. Mr. President, this resolution honors a constituent of mine, Mr. Joe Rosenthal. It was Mr. Rosenthal who took the Pulitzer-Prize-winning photograph of the flag raising on Iwo Jima on February 23, 1945. At the time, he was a combat correspondent with the Associated Press. Ironically enough, Mr. Rosenthal had been rejected from military service during World War II because of poor eyesight, but he ultimately saw as much combat as any veteran. When Mr. Rosenthal and the Marines fought their way to the top of Mount Suribachi, he realized to his dismay that a small American flag had already been planted. It was then, however, that five Marines and a Navy corpsman raised the larger flag that could be seen all over the tiny island. It was at this moment in time that he captured for all humanity. Although small, the island of Iwo Jima was of primary strategic importance and almost 7,000 Americans gave their lives for it.

As we all know, Mr. Rosenthal's picture has become the most famous of all war photographs. This immortalized moment in history has come to symbolize the indomitable spirit and patriotism of the American people. Had Mr. Rosenthal not been with camera in hand at that place in time, we would have been deprived of remembering one of our finest moments in history.

This Thursday, Mr. Rosenthal's friends and associates will be honoring him for his years of service to the public and his contribution to our history. For the past 35 years, he has been an aggressive and artistic news photographer for the San Francisco Chronicle. I think it would be particularly fitting if the Senate could join with Californians and all Americans in paying tribute to this man.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 100) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 100

Whereas, Joseph Rosenthal, as a photographer, has made incomparable contributions to the candid recording and preservation of events in United States history for over thirty-five years;

Whereas, Joseph Rosenthal photographed American military personnel raising the flag of the United States on Mount Suribachi on February 23, 1945, during the World War II battle for Iwo Jima;

Whereas, Joseph Rosenthal has given the world, by that photograph, a symbol of the indomitable spirit of the American people;

Whereas, Joseph Rosenthal has honored his country by being awarded the Pulitzer Prize for the photograph of American fighting personnel; and

Whereas, Joseph Rosenthal is now on the eve of his retirement from a long and glorious service: Now, therefore, be it

Resolved, That the Senate honors and pays tribute to Joseph Rosenthal for his revered contributions to the American people and to the world during a long and distinguished career as a photographer.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to Joseph Rosenthal.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER THAT THE SECRETARY BE AUTHORIZED TO RECEIVE NOMINATIONS BY THE PRESIDENT OF THE UNITED STATES UNTIL 6:30 P.M. TODAY

Mr. BAKER. Mr. President, in a few moments I am going to move that the Senate stand in recess until Thursday. Before I do that, I understand there are certain nominations by the President of the United States that require consideration and confirmation of the Senate which are in transit from the White House to the Senate. They have not yet been received.

I have discussed that matter with the distinguished minority leader. I believe the request I am about to propound is agreeable.

Mr. President, I ask unanimous consent that it be in order for the Secretary to receive nominations by the President of the United States until 6:30 p.m. today and that the nominations be appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL THURSDAY, MARCH 19, 1981, AT 11 A.M.

Mr. BAKER. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11 a.m. on Thursday the 19th of March.

The motion was agreed to; and, at 5:44 p.m., the Senate recessed until Thursday, March 19, 1981, at 11 a.m.

NOMINATIONS

Executive nomination received by the Secretary of the Senate March 16, 1981, under authority of the order of the Senate of March 12, 1981:

EXECUTIVE OFFICE OF THE PRESIDENT

Lenore Annenberg, of Pennsylvania, for the rank of Ambassador during her tenure of service as Chief of Protocol for the White House.

Executive nominations received by the Senate March 17, 1981:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Philip D. Win, of Colorado, to be an Assistant Secretary of Housing and Urban Development, vice Lawrence B. Simons, resigned.

DEPARTMENT OF STATE

Myer Rashish, of the District of Columbia, to be Under Secretary of State for Economic Affairs, vice Richard N. Cooper, resigned.

Elliott Abrams, of the District of Columbia, to be an Assistant Secretary of State, vice Richard Lee McCall, Jr., resigned.

Chester A. Crocker, of the District of Columbia, to be an Assistant Secretary of State, vice Richard M. Moose, resigned.

John H. Holdridge, of Maryland, to be an Assistant Secretary of State, vice Richard Holbrooke, resigned.

DEPARTMENT OF TREASURY

Norman B. Ture, of Virginia, to be Under Secretary of the Treasury, vice Bette Beasley Anderson, resigned.

Beryl Wayne Sprinkel, of Illinois, to be Under Secretary of the Treasury for Monetary Affairs, vice Anthony Morton Solomon, resigned.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Raymond A. Peck, Jr., of the District of Columbia, to be Administrator of the National Highway Traffic Safety Administration, vice Joan Buckler Claybrook, resigned.

PEACE CORPS

Loret M. Ruppe, of Michigan, to be Director of the Peace Corps, vice Richard Frank Celeste, resigned.

IN THE AIR FORCE

The following-named officer for appointment in the Reserve of the Air Force to the grade indicated, under the provisions of chapters 35, 831, and 837, title 10, United States Code:

To be brigadier general

Col. Wess P. Chambers, [redacted] FG, Air National Guard.

IN THE COAST GUARD

The following officers of the United States Coast Guard for promotion to the grade of lieutenant (junior grade):

To be lieutenant (junior grade)

Carsten L. Henningsen III	Joseph W. Glenn
Michael S. Black	Richard J. Blount
Christopher J. Smith	Joseph S. Domozick
William G. Broyles	Larry L. Stover
Peter D. Christensen	Lewis S. Blankenship

URBAN MASS TRANSPORTATION ADMINISTRATION

Arthur E. Teele, Jr., of Florida, to be Urban Mass Transportation Administrator, vice Theodore Compton Lutz, resigned.

IN THE ARMY

The following-named officers for reappointment in the active list of the Regular Army of the United States, from the Temporary Disability Retired List, under the provisions of title 10, United States Code, section 1211:

To be major, Regular Army and lieutenant colonel, Army of the United States

Bixby, Howard R., [redacted].

To be first lieutenant, Regular Army and first lieutenant, Army of the United States

Peer, Stephen M., [redacted].

The following-named officers for appointment in the Regular Army of the United States, in the grade specified, under the provisions of title 10, United States Code, sections 3284 through 3294:

To be major

Abla, Jimmie W., xxx-xx-xxxx
Artzer, Paul E., xxx-xx-xxxx
Becraft, Peter M., xxx-xx-xxxx
Bracket, Jesse C., Jr., xxx-xx-xxxx
Braddock, William R., xxx-xx-xxxx
Cary, James S., xxx-xx-xxxx
Chaney, Jimmie D., xxx-xx-xxxx
Charlton, William T., xxx-xx-xxxx
Clervi, Ferdinand D., xxx-xx-xxxx
Cosby, Leon J., xxx-xx-xxxx
Craig, James B., xxx-xx-xxxx
Davidson, James D., xxx-xx-xxxx
Dentremont, Robert N., xxx-xx-xxxx
Doherty, Robert L., xxx-xx-xxxx
Dyer, Jerry D., xxx-xx-xxxx
Fisher, Steven D., xxx-xx-xxxx
Gallagher, William D., xxx-xx-xxxx
Gannon, Michael J., xxx-xx-xxxx
Gardner, Arthur R., xxx-xx-xxxx
Giusti, Anthony, xxx-xx-xxxx
Goldinak, James J., xxx-xx-xxxx
Gruetzmacher, Friedrich L., xxx-xx-xxxx
Heath, Woodrow T., xxx-xx-xxxx
Higginbotham, Montague T., xxx-xx-xxxx
Holland, Jerald C., xxx-xx-xxxx
Hollenbeck, Everett P., xxx-xx-xxxx
Irving, John P., III, xxx-xx-xxxx
Jackson, Jerry D., xxx-xx-xxxx
Jackson, Randall R., xxx-xx-xxxx
Jersey, William J., xxx-xx-xxxx
Kierman, Thomas J., xxx-xx-xxxx
Kuppich, Paul V., xxx-xx-xxxx
Lalicker, Laurence E., xxx-xx-xxxx
Lambert, Frank P., xxx-xx-xxxx
Larkin, Edwin M., xxx-xx-xxxx
Liebe, Frederick W., xxx-xx-xxxx
Linebarger, James L., xxx-xx-xxxx
Malone, Bruce M., xxx-xx-xxxx
McDowell, Edwin H., xxx-xx-xxxx
Monahan, William R., xxx-xx-xxxx
Monko, Joseph P., Jr., xxx-xx-xxxx
Navarrette, Eutimio S. C., xxx-xx-xxxx
Neale, William T., xxx-xx-xxxx
Neer, Michael M., xxx-xx-xxxx
Price, Thomas L., xxx-xx-xxxx
Reed, Richard H., xxx-xx-xxxx
Reynolds, George, xxx-xx-xxxx
Rockwood, Gary R., xxx-xx-xxxx
Roland, Kenneth P., II, xxx-xx-xxxx
Ronci, Phillip F., xxx-xx-xxxx
Rose, Charles H., xxx-xx-xxxx
Ross, William A., xxx-xx-xxxx
Sawyer, John C., xxx-xx-xxxx
Shelton, Sam W., III, xxx-xx-xxxx
Stinson, George W., xxx-xx-xxxx
Young, Thomas F., xxx-xx-xxxx

To be captain

Aadland, Anders B., xxx-xx-xxxx
Acosta, Gabriel, Jr., xxx-xx-xxxx
Aigner, Phillip E., xxx-xx-xxxx
Allen, Kenneth J., xxx-xx-xxxx
Allinder, William L., xxx-xx-xxxx
Almquist, Roger S., xxx-xx-xxxx
Anderson, Doc Anthony, III, xxx-xx-xxxx
Anderson, Edward M., xxx-xx-xxxx
Andrews, Donald R., xxx-xx-xxxx
Arnold, Henry H., xxx-xx-xxxx
Avery, Bruce E., xxx-xx-xxxx
Baker, John E. H., xxx-xx-xxxx
Banks, Richard T., xxx-xx-xxxx
Bartlett, Joseph T., xxx-xx-xxxx
Batchelor, Hardy E., Jr., xxx-xx-xxxx
Bathen, Terry E., xxx-xx-xxxx
Baumert, Gary W., xxx-xx-xxxx
Beatton, Kit W., xxx-xx-xxxx
Beaver, David O., xxx-xx-xxxx
Becker, Frederick W., Jr., xxx-xx-xxxx
Beeson, John R., xxx-xx-xxxx
Belanus, Terrance B., xxx-xx-xxxx
Bell, Steven E., xxx-xx-xxxx
Billings, Mark W., xxx-xx-xxxx
Bluteau, Paul E., xxx-xx-xxxx
Bohne, William T., xxx-xx-xxxx
Boonstoppel, Robert, xxx-xx-xxxx
Boucher, Jeffrey A., xxx-xx-xxxx
Bradley, May T., xxx-xx-xxxx
Breinholt, Mark F., xxx-xx-xxxx
Britt, Thomas W., xxx-xx-xxxx
Brown, George, xxx-xx-xxxx
Brown, George W., xxx-xx-xxxx
Brown, Richard L., xxx-xx-xxxx
Broz, Thomas A., xxx-xx-xxxx
Buckhiester, Paul R., xxx-xx-xxxx
Bursell, Richard A., xxx-xx-xxxx
Burton, Ronald F., xxx-xx-xxxx
Busch, Richard F., xxx-xx-xxxx
Busa, Thomas L., xxx-xx-xxxx
Butcher, Steven W., xxx-xx-xxxx
Butler, William O., xxx-xx-xxxx
Butters, Rogers A., xxx-xx-xxxx
Buzby, Winfield D., Jr., xxx-xx-xxxx
Byrd, Wilbert, xxx-xx-xxxx
Campbell, Michael A., xxx-xx-xxxx
Carden, Grifton E., xxx-xx-xxxx
Cardini, Robert E., xxx-xx-xxxx
Carroll, Rita R., xxx-xx-xxxx
Carter, Roger G., xxx-xx-xxxx
Cash, Thomas T., Jr., xxx-xx-xxxx
Cashiola, Louis C., xxx-xx-xxxx
Cassel, David F., xxx-xx-xxxx
Caulking, John E., xxx-xx-xxxx
Chaffins, James M., xxx-xx-xxxx
Chapman, Michael C., xxx-xx-xxxx
Chervenak, Jan, xxx-xx-xxxx
Christensen, Gary L., xxx-xx-xxxx
Christie, John G., xxx-xx-xxxx
Clark, Patricia A., xxx-xx-xxxx
Cleland, Robert J., xxx-xx-xxxx
Coleman, Brenda D., xxx-xx-xxxx
Collins, George R., xxx-xx-xxxx
Conboy, Gary J., xxx-xx-xxxx
Cooper, Dennis R., xxx-xx-xxxx
Corley, Michael A., xxx-xx-xxxx
Costello, Raymond K., xxx-xx-xxxx
Cummings, Richard K., xxx-xx-xxxx
Curd, Michael T., xxx-xx-xxxx
Curtis, Robert W., xxx-xx-xxxx
Cushman, Paul D., xxx-xx-xxxx
Dale, Buris C., Jr., xxx-xx-xxxx
Darden, Jack M., Jr., xxx-xx-xxxx
Davis, Gary R., xxx-xx-xxxx
Davis, John G., xxx-xx-xxxx
Davis, Wayne D., Jr., xxx-xx-xxxx
Deardorf, Stephen E., xxx-xx-xxxx
Deaver, Ronald E., xxx-xx-xxxx
Debusk, Michael, xxx-xx-xxxx
Delashmit, Leslie C., xxx-xx-xxxx
Dell Orto, Daniel, xxx-xx-xxxx
Dempsey, Richard F., xxx-xx-xxxx
Dennis, Thomas J., xxx-xx-xxxx
Dodson, Roy L., xxx-xx-xxxx
Dove, Charles H., xxx-xx-xxxx
Doy, David S., xxx-xx-xxxx
Dunavan, Alan L., xxx-xx-xxxx
Dunleavy, Robert P., xxx-xx-xxxx
Ecker, Frank B., Jr., xxx-xx-xxxx
Elliott, Harold W., xxx-xx-xxxx
Ellis, Loren J., Jr., xxx-xx-xxxx
Erickson, Robert G., xxx-xx-xxxx
Ewing, Linda M., xxx-xx-xxxx
Fair, Lawrence R., xxx-xx-xxxx
Fallis, Robert P., xxx-xx-xxxx
Felmet, Bryan H., xxx-xx-xxxx
Femrite, Richard C., xxx-xx-xxxx
Finnegan, Patrick, xxx-xx-xxxx
Fiore, Uldrich L., xxx-xx-xxxx
Fitzgerald, Stephen E., xxx-xx-xxxx
Fleming, John W., xxx-xx-xxxx
Flowers, Richard E., xxx-xx-xxxx
Ford, James M., xxx-xx-xxxx
Fox, Timothy J., xxx-xx-xxxx
Fringeli, Dennis J., xxx-xx-xxxx
Gagnon, William J., xxx-xx-xxxx
Gallagher, Charles A., xxx-xx-xxxx
Gallaher, Richard F., xxx-xx-xxxx
Gibson, James C., Jr., xxx-xx-xxxx
Gillett, Glenn D., xxx-xx-xxxx
Gillett, Karen, xxx-xx-xxxx
Gilmore, Richard B., xxx-xx-xxxx
Glanville, Robert L., xxx-xx-xxxx
Gravelle, Adrian J., xxx-xx-xxxx
Greenhaugh, John C., xxx-xx-xxxx
Grendell, Timothy, xxx-xx-xxxx
Griffin, Thomas C., xxx-xx-xxxx
Gunter, Daniel E., xxx-xx-xxxx
Hall, Warren D., xxx-xx-xxxx
Hamilton, Henry L., xxx-xx-xxxx
Hansen, Donald L., xxx-xx-xxxx
Harlan, William, xxx-xx-xxxx
Hascal, James A., xxx-xx-xxxx
Hastie, Calvin K., xxx-xx-xxxx
Hastings, Londa S., xxx-xx-xxxx
Hays, Patricia C., xxx-xx-xxxx
Hays, Thomas R., xxx-xx-xxxx
Hemming, Charles W., xxx-xx-xxxx
Henderson, Jerry M., xxx-xx-xxxx
Hendrickson, James A., xxx-xx-xxxx
Henke, Victor J., Jr., xxx-xx-xxxx
Herbert, John C., xxx-xx-xxxx
Hewitt, James J., Jr., xxx-xx-xxxx
Higginbotham, Robert, xxx-xx-xxxx
Hodges, Keith H., xxx-xx-xxxx
Holland, Gary J., xxx-xx-xxxx
Holzler, Charles R., xxx-xx-xxxx
Hood, Gene G., xxx-xx-xxxx
Hornaday, James D., xxx-xx-xxxx
Howard, Joseph P., xxx-xx-xxxx
Howard, Marc S., xxx-xx-xxxx
Hughes, James A., xxx-xx-xxxx
Humphrey, Harlan L., xxx-xx-xxxx
Hunn, Jack D., xxx-xx-xxxx
Jaax, Nancy K., xxx-xx-xxxx
Jaay, Gerald P., xxx-xx-xxxx
Jamerson, Bennie B., xxx-xx-xxxx
Johnson, Linus, xxx-xx-xxxx
Jordan, Robert L., Jr., xxx-xx-xxxx
Kapanke, Carl S., xxx-xx-xxxx
Kasold, Bruce E., xxx-xx-xxxx
Kaylor, Michael R., xxx-xx-xxxx
Kearns, Michael B., xxx-xx-xxxx
Kelly, Edward M., Jr., xxx-xx-xxxx
Kennerly, Michael, xxx-xx-xxxx
Kent, Gerald L., xxx-xx-xxxx
Kirby, Pamela E., xxx-xx-xxxx
Kirk, William C., xxx-xx-xxxx
Klann, Eugene A., xxx-xx-xxxx
Klar, Lawrence F., xxx-xx-xxxx
Klubek, Marilynn E., xxx-xx-xxxx
Knight, Clifford L., xxx-xx-xxxx
Knox, William D., xxx-xx-xxxx
Koehler, William T., xxx-xx-xxxx
Lazarek, James M., xxx-xx-xxxx
Leclair, Thomas J., xxx-xx-xxxx
Linguiti, Wayne M., xxx-xx-xxxx
Lott, Dennis J., xxx-xx-xxxx
Lowe, Francis J., xxx-xx-xxxx
Lujan, Thomas R., xxx-xx-xxxx
Luno, Timothy M., xxx-xx-xxxx
Lysne, Bruce J., xxx-xx-xxxx
MacDonald, Peter E., xxx-xx-xxxx
Mallory, David M., xxx-xx-xxxx
Mandarino, Thomas, xxx-xx-xxxx
Mariello, Frank, Jr., xxx-xx-xxxx
Marsh, Linda J., xxx-xx-xxxx
Martin, James B., xxx-xx-xxxx
Mason, Anthony R., xxx-xx-xxxx
Mason, Paul E., II, xxx-xx-xxxx
Mason, Stephen E., xxx-xx-xxxx
Matason, Thomas J., xxx-xx-xxxx
Maxwell, David K., xxx-xx-xxxx
McCabe, Bernard J., Jr., xxx-xx-xxxx
McCann, Raymond, xxx-xx-xxxx
McCarther, Trevathan N., xxx-xx-xxxx
McCarthy, Dennis A., xxx-xx-xxxx
McGinnis, Roy D., xxx-xx-xxxx
McQuarrie, Claude M., xxx-xx-xxxx
Meeks, David L., xxx-xx-xxxx
Messer, Bobbie B., xxx-xx-xxxx
Meter, Gary L., xxx-xx-xxxx
Miexell, John T., xxx-xx-xxxx
Miller, Alexander M., IV, xxx-xx-xxxx
Miller, Joel D., xxx-xx-xxxx
Minster, Daniel W., xxx-xx-xxxx
Mitarotonda, Donald J., xxx-xx-xxxx
Molino, John M., xxx-xx-xxxx
Montgomery, Patrick R., xxx-xx-xxxx
Moon, Alan B., xxx-xx-xxxx
Mora, Daniel, xxx-xx-xxxx
Morris, Joseph R. D., xxx-xx-xxxx
Murphy, Edgar B., Jr., xxx-xx-xxxx
Murphy, Leo P., xxx-xx-xxxx
Murphy, Thomas J., xxx-xx-xxxx
Mussmon, Richard W., xxx-xx-xxxx
Mustain, Olen W., xxx-xx-xxxx
Nash, Stephen A., xxx-xx-xxxx
Newcombe, Stephen J., xxx-xx-xxxx
Nichols, Thomas B., III, xxx-xx-xxxx
Nolan, John H., xxx-xx-xxxx

O'Brien, Kevin E., xxx-xx-xxxx
O'Keefe, Dennis M., xxx-xx-xxxx
Omphroy, Raymond A., xxx-xx-xxxx
Overturf, Kenneth L., xxx-xx-xxxx
Pardue, Chuck R., xxx-xx-xxxx
Parker, Randall A., xxx-xx-xxxx
Peace, Jerry W., xxx-xx-xxxx
Peirce, George A., xxx-xx-xxxx
Petullo, Thomas P., xxx-xx-xxxx
Picco, Raimona L., xxx-xx-xxxx
Popescu, John, xxx-xx-xxxx
Poston, Anthony D., xxx-xx-xxxx
Powell, Gayle M., xxx-xx-xxxx
Power, Nathan J., xxx-xx-xxxx
Powers, David R., xxx-xx-xxxx
Preston, Janet E., xxx-xx-xxxx
Prinz, Wendy J., xxx-xx-xxxx
Proudfit, Larry J., xxx-xx-xxxx
Purvis, Joseph H., xxx-xx-xxxx
Raines, Virgil E., Jr., xxx-xx-xxxx
Raney, Terry W., xxx-xx-xxxx
Reed, Lavren B., xxx-xx-xxxx
Reid, Ronald T., xxx-xx-xxxx
Ricketts, Myron A., Jr., xxx-xx-xxxx
Riddle, David A., xxx-xx-xxxx
Rigney, Marvin G., xxx-xx-xxxx
Rivera, Ruben E., xxx-xx-xxxx
Robison, James P., xxx-xx-xxxx
Rogers, Donald A., xxx-xx-xxxx
Rooney, Shawn T., xxx-xx-xxxx
Roseman, Leo M., xxx-xx-xxxx
Rosenberry, Charles K., xxx-xx-xxxx
Roth, Brian K., xxx-xx-xxxx
Roth, Dale E., xxx-xx-xxxx
Roughead, Ronald, xxx-xx-xxxx
Rouse, Lawrence R., xxx-xx-xxxx
Runyan, Dennis A., xxx-xx-xxxx
Russelburg, Joseph A., xxx-xx-xxxx
Ryba, Jeanie R., xxx-xx-xxxx
Sanderson, Carl G., xxx-xx-xxxx
Saunders, Eugene J., xxx-xx-xxxx
Saunders, Karen B., xxx-xx-xxxx
Savoie, Pallip A., xxx-xx-xxxx
Schade, Jennifer T., xxx-xx-xxxx
Schaeffer, John A., xxx-xx-xxxx
Schmidt, Timothy, xxx-xx-xxxx
Scholz, Steven R., xxx-xx-xxxx
Schon, Alan W., xxx-xx-xxxx
Schott, Carl A., xxx-xx-xxxx
Scott, David H., Jr., xxx-xx-xxxx
Scrivner, Stevens R., xxx-xx-xxxx
Seay, Stephen M., xxx-xx-xxxx
Sewell, Thomas K., xxx-xx-xxxx
Shaffer, Deon K., xxx-xx-xxxx
Sheets, David W., xxx-xx-xxxx
Sheldon, Vicky M., xxx-xx-xxxx
Shumaker, Roger A., xxx-xx-xxxx
Simpson, Christopher, xxx-xx-xxxx
Sisson, George H., xxx-xx-xxxx
Sklar, David A., xxx-xx-xxxx
Sloan, Holly K., xxx-xx-xxxx
Smith, Bruce A., xxx-xx-xxxx
Smith, James D., Jr., xxx-xx-xxxx
Smith, John M., xxx-xx-xxxx
Smith, Paul C., xxx-xx-xxxx
Smith, Stephen D., xxx-xx-xxxx
Smitherman, Ronald J., xxx-xx-xxxx
Spencer, Gilbert G., xxx-xx-xxxx
Stewart, Richard F., xxx-xx-xxxx
Stormer, William P., xxx-xx-xxxx
Stout, Teddy A., xxx-xx-xxxx
Stramm, William R., xxx-xx-xxxx
Streilein, Albert E., xxx-xx-xxxx
Strickland, Robert M., xxx-xx-xxxx
Stringer, Martin L., xxx-xx-xxxx
Sullivan, Thomas J., xxx-xx-xxxx
Sundstrom, Frederick M., xxx-xx-xxxx
Talley, Larry T., xxx-xx-xxxx
Tavares, Richard J., xxx-xx-xxxx
Taylor, Benjamin L., xxx-xx-xxxx
Terhune, William A., xxx-xx-xxxx
Thille, Charles M., xxx-xx-xxxx
Thorner, Laurence P., xxx-xx-xxxx
Tidwell, Gary L., xxx-xx-xxxx
Totten, Richard G., xxx-xx-xxxx
Tracy, Kathleen M., xxx-xx-xxxx
Tucker, Harold A., xxx-xx-xxxx
Tyrrell, John P., xxx-xx-xxxx
Urrutia, Fernando A., xxx-xx-xxxx
Van Willis P., Jr., xxx-xx-xxxx
Varin, Francis W., xxx-xx-xxxx
Vaughn, Richard F., xxx-xx-xxxx
Verigan, Earl C., Jr., xxx-xx-xxxx
Vermillion, Steven D., xxx-xx-xxxx
Vickrey, James D., xxx-xx-xxxx
Waibel, Klaus J., xxx-xx-xxxx
Walker, Debra J., xxx-xx-xxxx
Walker, John S., xxx-xx-xxxx
Wall, Michael J., xxx-xx-xxxx
Washington, Don L., xxx-xx-xxxx
Watson, Rodney L., xxx-xx-xxxx
Waxdahl, Karen A., xxx-xx-xxxx
Weise, James H., xxx-xx-xxxx
Welton, Mark D., xxx-xx-xxxx
Wetherell, Joseph K., xxx-xx-xxxx
Whittier, Henry S., Jr., xxx-xx-xxxx
Wier, Carolyn R., xxx-xx-xxxx
Wilkes, Gerald J., xxx-xx-xxxx
Williams, Walker D., xxx-xx-xxxx
Willis, Rodney E., xxx-xx-xxxx
Wilson, David M., xxx-xx-xxxx
Wipperman, Timothy E., xxx-xx-xxxx
Wyckoff, Claesen D., xxx-xx-xxxx
Yancey, Anthony L., xxx-xx-xxxx
Yarbrough, Houston A., xxx-xx-xxxx
York, Thomas A., xxx-xx-xxxx
Youmans, Robert A., xxx-xx-xxxx
Young, Chester A., xxx-xx-xxxx
Zarr, Gary D., xxx-xx-xxxx

To be first lieutenant

Abreu, Frank R., xxx-xx-xxxx
Ackley, Robert L., xxx-xx-xxxx
Askey, Robert W., xxx-xx-xxxx
Atkinson, Gloria A., xxx-xx-xxxx
Babich, Ronald P., xxx-xx-xxxx
Ball, William C., xxx-xx-xxxx
Banks, Samuel I., xxx-xx-xxxx
Bartholomew, Curtis R., xxx-xx-xxxx
Bates, Paul D., xxx-xx-xxxx
Beatty, Bernadette C., xxx-xx-xxxx
Berry, Gary W., xxx-xx-xxxx
Berry, Lowell J., xxx-xx-xxxx
Blair, Eugene F., Jr., xxx-xx-xxxx
Blakely, Frank E., II, xxx-xx-xxxx
Bliss, Robert F., xxx-xx-xxxx
Bogan, Thomas J., xxx-xx-xxxx
Booth, Thomas E., xxx-xx-xxxx
Bosak, Alan E., xxx-xx-xxxx
Bothe, Edward R., xxx-xx-xxxx
Boyes, John G., xxx-xx-xxxx
Brown, Leonard W., xxx-xx-xxxx
Buchan, Clive G., xxx-xx-xxxx
Bulloch, Drennen, xxx-xx-xxxx
Campbell, Timothy F., xxx-xx-xxxx
Carter, David S., xxx-xx-xxxx
Carter, Kevin W., xxx-xx-xxxx
Carter, Phillip E., xxx-xx-xxxx
Christianson, Thomas E., xxx-xx-xxxx
Cini, Robert F., xxx-xx-xxxx
Closs, Virginia M., xxx-xx-xxxx
Coats, Wilson C., xxx-xx-xxxx
Cooper, Jonathan W., xxx-xx-xxxx
Cole, David M., xxx-xx-xxxx
Collins, John D., xxx-xx-xxxx
Cooper, Mark A., xxx-xx-xxxx
Corley, George G., Jr., xxx-xx-xxxx
Cornell, Andrew B., xxx-xx-xxxx
Cowart, Robert C., xxx-xx-xxxx
Crowe, Mark A., xxx-xx-xxxx
Cutler, David C., xxx-xx-xxxx
Davis, Arthur H., xxx-xx-xxxx
Davis, Lauren S., Jr., xxx-xx-xxxx
Daxon, Eric G., xxx-xx-xxxx
Debacker, Stephen G., xxx-xx-xxxx
Defede, John A., xxx-xx-xxxx
Dickerson, Eugene P., xxx-xx-xxxx
Dickson, David C., xxx-xx-xxxx
Dolder, Michael C., xxx-xx-xxxx
Donathan, David A., xxx-xx-xxxx
Dryden, Ken H., xxx-xx-xxxx
Dubetz, Marlin E., xxx-xx-xxxx
Dummer, Donald W., xxx-xx-xxxx
Dunaway, David R., xxx-xx-xxxx
Ellis, Michael E., xxx-xx-xxxx
Ervin, William J., xxx-xx-xxxx
Fairchild, Bruce A., xxx-xx-xxxx
Ferguson, Gerald E., Jr., xxx-xx-xxxx
Foote, Warren G., xxx-xx-xxxx
Gamache, Gary L., xxx-xx-xxxx
Gaylord, Jackson E., Jr., xxx-xx-xxxx
Gross, John L., xxx-xx-xxxx
Groves, John K., xxx-xx-xxxx
Gruchala, Harry J., Jr., xxx-xx-xxxx
Grupper, Ira R., xxx-xx-xxxx
Guarino, Judith M., xxx-xx-xxxx
Guernsey, Gregory G., xxx-xx-xxxx
Gustke, Deborah A., xxx-xx-xxxx
Haley, Jimmy D., xxx-xx-xxxx
Harlin, Larry J., xxx-xx-xxxx
Harper, Debra K. W., xxx-xx-xxxx
Harris, Rogena G., xxx-xx-xxxx
Hartman, Leonard K., xxx-xx-xxxx
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The following-named scholarship students for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 2107, 3283, 3286, 3287, 3288, and 3290:

Abbott, Frank J., xxx-xx-xxxx
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Cenney, Bernard R., xxx-xx-xxxx
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Collins, Joseph M., xxx-xx-xxxx
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Roach, James H., xxx-xx-xxxx
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Robbins, Robert B., xxx-xx-xxxx
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Roberts, Cameron R., xxx-xx-xxxx
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Roche, John M., xxx-xx-xxxx
Roden, Chris A., xxx-xx-xxxx
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Rojek, Anthony J., xxx-xx-xxxx
Roldan, Edwin C., xxx-xx-xxxx
Roles, Patricia E., xxx-xx-xxxx
Rosa, Jose R., xxx-xx-xxxx
Rose Jesse J., xxx-xx-xxxx
Rosenberger, Mary, xxx-xx-xxxx
Ross, David H., xxx-xx-xxxx
Rost, Frederick L., xxx-xx-xxxx
Rowe, Thomas W., xxx-xx-xxxx
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Rugg, Stephen F., xxx-xx-xxxx
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Russell, Jody L., xxx-xx-xxxx
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Ruzich, John J., xxx-xx-xxxx
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Sachs, Marcus H., xxx-xx-xxxx
Samisch, Mark H., xxx-xx-xxxx
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Sanchez, Steven, xxx-xx-xxxx
Sanders, Edward, xxx-xx-xxxx
Sandman, Julie, xxx-xx-xxxx
Santiago, Algarin E., xxx-xx-xxxx
Sawyer, Michael, xxx-xx-xxxx
Saraceni, William H., xxx-xx-xxxx
Sass, Inez V., xxx-xx-xxxx
Sassenrath, Timothy, xxx-xx-xxxx
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Saufley, Zack C., xxx-xx-xxxx
Savel, John M., xxx-xx-xxxx
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Sawyer, Lori L., xxx-xx-xxxx
Sayers, Timothy C., xxx-xx-xxxx
Scally, Stephen G., xxx-xx-xxxx
Scarchilli, David J., xxx-xx-xxxx
Scheuermann, Dennis, xxx-xx-xxxx
Schiller, Michael J., xxx-xx-xxxx
Schmalzel, Joseph R., xxx-xx-xxxx
Schmith, Steven A., xxx-xx-xxxx
Schmitt, Albert J., xxx-xx-xxxx
Schmitz, Joseph G., xxx-xx-xxxx
Schneck, William B., xxx-xx-xxxx
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Schoder, Edward M., xxx-xx-xxxx
Schorr, Lawrence M., xxx-xx-xxxx
Schroeder, Steven F., xxx-xx-xxxx
Schwendeman, Clair, xxx-xx-xxxx
Schwenne, Max W., xxx-xx-xxxx
Scoon, Malcolm E., xxx-xx-xxxx
Scott, Bernard, xxx-xx-xxxx
Scott, Catherine A., xxx-xx-xxxx
Scott, Gregory S., xxx-xx-xxxx
Scott, Howell P., xxx-xx-xxxx
Seago, William K., xxx-xx-xxxx
Seals, Robert D., xxx-xx-xxxx
Seamands, Thomas C., xxx-xx-xxxx
Seamann, Eugene E., xxx-xx-xxxx
Sebile, Alfred R., Jr., xxx-xx-xxxx
Seitter, Girard, IV, xxx-xx-xxxx
Sekerak, Edward M., xxx-xx-xxxx
Sepulveda, John P., xxx-xx-xxxx
Servold, Gary M., xxx-xx-xxxx
Sewell, Jeffrey M., xxx-xx-xxxx
Shaffer, Brad L., xxx-xx-xxxx
Sharkey, Stephen T., xxx-xx-xxxx
Shea, Steven L., xxx-xx-xxxx
Sheahan, Mark J., xxx-xx-xxxx
Shields, Jonathan L., xxx-xx-xxxx
Shipman, Douglas R., xxx-xx-xxxx
Shumate, Daniel L., xxx-xx-xxxx

Sigler, John M., xxx-xx-xxxx
Sikorski, Mark G., xxx-xx-xxxx
Silver, Stanley R., xxx-xx-xxxx
Simkus, Thomas A., xxx-xx-xxxx
Simmons, Deborah A., xxx-xx-xxxx
Simmons, James M., xxx-xx-xxxx
Simpson, John B., III xxx-xx-xxxx
Singleton, William xxx-xx-xxxx
Skrutski, Thomas C. xxx-xx-xxxx
Slater, Paul A., II xxx-xx-xxxx
Smarr, Frederick J. xxx-xx-xxxx
Smith, Barbara A. xxx-xx-xxxx
Smith, Christopher M. xxx-xx-xxxx
Smith, Douglas E. xxx-xx-xxxx
Smith Dwaine xxx-xx-xxxx
Smith, Gary L. xxx-xx-xxxx
Smith, James B. xxx-xx-xxxx
Smith, James E. xxx-xx-xxxx
Smith, James J. xxx-xx-xxxx
Smith, John D. xxx-xx-xxxx
Smith, John M. xxx-xx-xxxx
Smith, Lisa M. xxx-xx-xxxx
Snyder, Ronald S. xxx-xx-xxxx
Soderberg, William xxx-xx-xxxx
Soisson, Thomas A. xxx-xx-xxxx
Sokasits, David A. xxx-xx-xxxx
Soncrant, Michelle xxx-xx-xxxx
Spaulding, Matthew xxx-xx-xxxx
Spaulding, Nancy L. xxx-xx-xxxx
Spencer, Brent A. xxx-xx-xxxx
Sroka, Thomas xxx-xx-xxxx
Stai, Bradley P. xxx-xx-xxxx
Stanley, Gary R. xxx-xx-xxxx
Stanley, Ronald L. xxx-xx-xxxx
Stark, Paul C. xxx-xx-xxxx
Steele, Tie H. xxx-xx-xxxx
Stein, Emil A. xxx-xx-xxxx
Steinhauer, Wayne R. xxx-xx-xxxx
Stepansky, John A. xxx-xx-xxxx
Stephens, Dennis H. xxx-xx-xxxx
Stevens, Jeffrey R. xxx-xx-xxxx
Stewart, Scott C. xxx-xx-xxxx
Stoddard, Robert W. xxx-xx-xxxx
Stok, Richard S. xxx-xx-xxxx
Stokan, Mitchell A. xxx-xx-xxxx
Story, Daniel B., II xxx-xx-xxxx
Story, Steven C. xxx-xx-xxxx
Strickland, Gina E. xxx-xx-xxxx
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Stroup, Charles F. xxx-xx-xxxx
Strugala, Gerard A. xxx-xx-xxxx
Sullivan, Christi M. xxx-xx-xxxx
Summerville, Irwin K. xxx-xx-xxxx
Suprin, John A. xxx-xx-xxxx
Surles, Eric C. xxx-xx-xxxx
Surovic, Gregory J. xxx-xx-xxxx
Sutton, Douglas M. xxx-xx-xxxx
Svisco, Thomas xxx-xx-xxxx
Swanson, Joe E. xxx-xx-xxxx
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Sweat, Raymond E., Jr. xxx-xx-xxxx
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Sybert, Robert M. xxx-xx-xxxx
Synan, Kevin A. xxx-xx-xxxx
Szalkowski, Chris xxx-xx-xxxx
Tafoya, Ernest A. xxx-xx-xxxx
Talbot, Margaret M. xxx-xx-xxxx
Talley, Jeffrey W. xxx-xx-xxxx
Talmadge, David H. xxx-xx-xxxx
Tavani, Craig R. xxx-xx-xxxx
Taylor, David B. xxx-xx-xxxx
Taylor, John A., III xxx-xx-xxxx
Taylor, Linda B. xxx-xx-xxxx
Taylor, Lofton S. xxx-xx-xxxx
Taylor, Robert P. xxx-xx-xxxx
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Theisen, John H. xxx-xx-xxxx
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Thomas, Charlie, Jr. xxx-xx-xxxx
Thomas, Joseph R. xxx-xx-xxxx
Thomas, Richard W. xxx-xx-xxxx
Thomas, Robert L. xxx-xx-xxxx
Thompson, Kimberlee xxx-xx-xxxx
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Town, Stephen A. xxx-xx-xxxx
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Turner, Brian C. xxx-xx-xxxx
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Tutt, Brian D. xxx-xx-xxxx
Twigg, Robert N. xxx-xx-xxxx
Tyler, Sidney E. xxx-xx-xxxx
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Tysdal, Donald R. xxx-xx-xxxx
Ulrich, Deborah J. xxx-xx-xxxx
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Voght, Louise C. xxx-xx-xxxx
Waldkoetter, Eric R. xxx-xx-xxxx
Waldmann, Randy N. xxx-xx-xxxx
Walker, Bryan E. xxx-xx-xxxx
Walker, James M., Jr. xxx-xx-xxxx
Walker, Kathryn A. xxx-xx-xxxx
Wall, Henry P. xxx-xx-xxxx
Wallace, Howard L. xxx-xx-xxxx
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Weston, Kenneth G. xxx-xx-xxxx
Wheeler, Christopher xxx-xx-xxxx
Whelen, Andrew C. xxx-xx-xxxx
White, Anthony R. xxx-xx-xxxx
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Whiteley, Jimmy W. xxx-xx-xxxx
Whittemore, Joel T. xxx-xx-xxxx
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Wight, Janice K. xxx-xx-xxxx
Wigner, Eric C. xxx-xx-xxxx
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Willard, Judith L. xxx-xx-xxxx
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Williams, Garland H. xxx-xx-xxxx
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Willner, Albert S. xxx-xx-xxxx
Wilson, Elizabeth A. xxx-xx-xxxx
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Zehntner, Steven L. xxx-xx-xxxx
Ziebarth, Christopher xxx-xx-xxxx
Zipoli, Catherine M. xxx-xx-xxxx

IN THE NAVY

The following-named commanders of the Reserve of the U.S. Navy for temporary promotion to the grade of captain in the line, as indicated, pursuant to title 10, United States Code, sections 5910 and 5912, subject to qualification therefor as provided by law:

Abel, Rudolph, Jr.	Boyd, Richard R.
Adams, Richard F., Jr.	Boykin, Milton L.
All, Kenneth O.	Bresnahan, Maurice J., Jr.
Allen, Arnold C.	Bromwell, Kent S.
Allen, Frederick S., Jr.	Bruce, Walter E., Jr.
Allison, Gene L.	Bruemmer, Jerry L.
Ambrose, Michael J.	Budai, Donald M.
Anthony, Lee S.	Buell, Byron W.
Antoff, Jerome W.	Bugg, William A., Jr.
Arthur, Paul K.	Bulger, Winfred H.
Atkinson, Ernest R.	Burke, Paul E., Jr.
Augenstein, John E.	Buxton, Richard L.
Ayers, Robert J.	Calhoon, Theodore H.
Babis, Robert E.	Cannon, Harry D.
Barker, Brian H.	Cant, Geoffrey D.
Baskin, Walter H.	Carlson, Frederick P.
Batchelor, Jon D.	Chappell, Clarence J., III
Baublitz, John E.	Chop, Raymond E.
Beers, Frank W.	Clark, John E.
Beesburg, Robert V.	Clarke, Brandon O.
Bell, Raleigh V.	Clements, Robert F.
Bernard, Francis X.	Cole, Bertram D., III
Bigger, Gene W., Jr.	Coleman, James E. M.
Bishop, John W.	Compardo, James R.
Black, Bruce A.	Courneya, Thomas E.
Blasi, Donald T.	Cox, Mack M.
Block, Albert E., Jr.	Craddock, Thoms A.
Boling, James R.	Culp, Melvin F.
Bonwell, Charles C.	Cunningham, Shane A.
Boosman, Jaap W.	Curby, William A.
Bourke, Robert H.	
Bowser, John V.	
Bowser, Peter A.	

Currie, Robert E.
Curtiss, Dean A.
Dalessio, Robert M.
Deas, William J., III
Dederick, Ronald O.
Dempsey, Brian
Dennis, John P., Jr.
Dent, Joseph B., Jr.
Desjardins, Charles R.
Dillon, Martin C.
Dirksen, John V.
Dittrick, Alfred S.
Dodge, Douglas D.
Dommers, Richard W.
Doty, Kenneth G.
Doughty, Arthur R., Jr.
Downing, Robert E.
Doxey, Samuel G.
Doyle, Charles A.
Droese, Karl E., Jr.
Dunham, Edward M., Jr.
Dyke, David W.
Eakin, Mark V.
Earls, Larry R.
Ebel, Frederick W.
Eddy, Ronald E.
Eichler, William L.
Ellett, Frank T.
Elsner, Norbert B.
Engel, Gary L.
Esslinger, Jon H.
Estrin, Sherwin
Evans, Homer D.
Evans, Robert D.
Ferguson, Earl A.
Fields, Walter S., III
Flynn, Henry M., Jr.
Foltz, Peter C.
Forslund, Robert A.
Foster, Theodore D.
Franklin, David C.
Franklin, John D.
Franklin, Larry B.
Frazier, Ross A.
Galamaga, Donald P.
Gandia, August N., Jr.
Garrett, Thomas C.
Gehman, Thomas E.
Gerosa, Vincent C.
Gilliam, Coogie C., Jr.
Gillies, Donald C.
Gilmer, David S.
Gniffke, Bruce A.
Godfrey, Lawrence M., Jr.
Goodwin, William A.
Graham, Albert E., Jr.
Graske, Theodore W., Jr.
Greeves, Robert E.
Grosheider, Arthur R.
Habermas, Thomas W.
Hagan, Kenneth J.
Haley, Ronald E.
Halferty, Richard L.
Hall, Charles W.
Hall, Gerald A.
Hall, Lawrence J.
Halloran, John F.
Hamilton, William H., Jr.
Hammond, Edward P., III
Hannah, Floyd L.
Harrison, Peter B.
Harrison, William L.
Hart, Irving H., III
Haslim, Leonard A.
Haug, Shain B.
Haworth, Charles T.
Hayes, William A.
Heller, Bruce L.
Henry, James R.
Hickok, William G.
Higman, Darrell E.
Hill, A. Jackson
Hoak, Frank M., III
Hoch, Robert G., Jr.
Hoff, Richard W.
Hoffler, Marvin L.
Holloway, Richard E.
Holmes, James F.
Hopfe, Manfred W.
Hopper, Hugh R.
Horan, John J.
Horner, John B.
Hutchinson, Claude B., Jr.
James, Jon G.
Janes, David A.
Johnson, Donn R.
Johnston, Douglas M.
Johnston, Francis X., III
Jordan, Alexander J., Jr.
Juergens, Kenneth C.
Kadingo, Edward P.
Katilus, George J., Jr.
Kay, Robert P.
Kennedy, James D.
Kennedy, Jared P.
Kermoian, Ralph
Kesler, Walter W.
King, Gary E.
Kinnett, Gary E.
Kinney, James R.
Konetchy, Howard A.
Kortum, Robert W.
Krause, Robert E.
Krauss, Edwin H.
Kriebel, James M., Jr.
Krischker, Allen L. J.
Kvaska, Frank, Jr.
Kyle, Alan M.
Lamar, Robert O., III
Langford, John A., Jr.
Lawson, Ravid S., Jr.
Lee, Jerald K.
Leschak, Leonard A.
Less, Frank, Jr.
Liipfert, Benjamin B., Jr.
Lobue, Thomas J.
Logan, Alexander S.
Lunden, Francis G.
Lynch, John A., Jr.
Lynch, Robert K.
Lysne, Howard C.
Madden, John S.
Malyevac, David S.
Mandel, Philip N.
Marsalis, Forrest S.
Mascali, John H.
Mason, Charles C.
Maynard, Theodore W.
McAfee, Robert E.
McAnulty, John F.
McCabe, John J.
McCann, William E., Jr.
McDermott, Daniel J.
McElhenny, James P., Jr.
McEligot, Donald M.
McKinney, Kenneth W.
McLallen, Walter F.
McManus, Arthur T.
Mehldau, Alan P.
Melendy, Herbert E.
Merle, Pierre F. V.
Merrifield, Robert G.
Mertz, Robert M.
Miller, Harlan B.
Mizer, George A., Jr.
Monahan, Gerald E.
Montanaro, Joseph A.
Montgomery, Clarence P., Jr.
Moody, James R.
Morency, Conrad R.
Morey, Eldon L.
Morrison, Robert L.
Moynahan, Dennis M.
Mullin, Robert J.
Naab, Geoffrey
Nagel, David J.
Nailor, Kerwin C.
Navin, John J., Jr.
Neibauer, Rodney D.
Newburn, Robert M.
Nicholson, Daniel A.
Nossen, Robert P.
Obley, Loren L.
Ocker, Jerold R.
O'Connell, Paul J., III
Orme, Douglas L.
Ostrom, Kenneth R.
Owens, Bruce H.
Pankratz, John M.
Panshin, Daniel A.
Parks, Richard E.
Parks, Robert M.
Patterson, Robert A.
Paules, Granville E., III
Peace, "H" "W", II
Peters, David E.
Peterson, Charles H.
Peterson, Gerald L.
Pfeil, Richard A.
Phillips, Edwin D., Jr.
Pinkerton, James B., Jr.
Polgreen, John A., Jr.
Poling, John D.
Pollock, Orthello B., Jr.
Posner, Ernest G.
Potter, Charles R.
Pratt, Marvin J.
Raleigh, James J., III
Rausa, Rosario M.
Ravitz, Robert A.
Ray, Billie D.
Rees, Gayle H.
Reeves, Donald J.
Rhoades, William W.
Richards, Anthony C.
Richards, Grahame P., Jr.
Richards, Thomas A., Jr.
Riddle, Peter E.
Riess, Daniel M.
Riess, John K.
Riley, Frederick L.
Robert, James R.
Roberts, Rex G.
Robinson, Don E.
Robinson, Richard H.
Robson, John H.
Rockwell, Richard B.
Rodriguez, Ronald J.
Rogness, Ronald M.
Ross, Harold M.
Routh, Alan C.
Royston, John P.
Rutherford, Harold G.
Sakuda, Paul S.
Salisbury, Roger E.
Salmon, Wayne S.
Sanborn, James H.
Sander, Reginald R.
Sansone, Wallace T.
Saul, Billy H.
Scheck, Timothy R.
Schmidt, Donald L.
Schmidt, Raymond P.
Schneider, Thomas H.
Schwartzkopf, Gary P.
Scott, Joseph R.
Severson, Paul J.
Sheehan, Brian T.
Shelton, Sylvester M.
Simmons, George T.
Smith, David W.
Smith, James R.
Smith, Norman G.
Smith, Peter H.
Smith, Richard C.
Stahel, Rudolf S.
Stanley, Howard C.
Stauffer, William H.
Steffenson, Michael R.
Steffes, Arnold M., Jr.
Stiehm, Bruce G.
Stokes, Francis G.
Stoner, William G.
Suda, George A.
Summey, James W., III
Sumner, Paul
Swanberg, Paul M.
Swenson, John B.
Sylvester, Torrey A.
Tait, John H.
Talley, James M., Jr.
Tapp, James T., Jr.
Tennant, William K.
Tennent, Richard E., Jr.
Terry, Thomas J., Jr.
Thomas, Arthur J.
Thomas, John R., Jr.
Thomas, Quinn D.
Thompson, William H., Jr.
Tilton, Allan P.
Touhey, Robert J.
Tremblay, Victor J.
Truebert, John H.
Tucker, Samuel S.
Twidle, Richard W.
Vansoest, Peter D.
Waddell, Robert A.
Walker, George K.
Walker, Lynn W.
Watson, William H., III
Wayland, Henry P., Jr.
Weitfle, Paul L., Jr.
Welch, Michael F.
Weyler, Frank W.
Whitaker, David A., Jr.
Whitt, Darnell M., II
Wiles, James L.
Willey, Michel F.
Williamson, George, Jr.
Wilson, Wilbur G.
Wingfield, Charles G.
Winstead, Walter G.
Wirth, William T.
Wolfe, John G.
Wu, Theodore W., Jr.
Wylie, Donald G.
Yates, Robert D.
Young, William K., Jr.
Zavisza, Daniel M.
Zellinger, Ronald F.

The following-named woman commander of the Reserve of the U.S. Navy for permanent promotion to the grade of captain in the line, pursuant to title 10, United States Code, sections 5911 and 5912, subject to qualification therefor as provided by law:

Carney, Marilyn L.

The following-named women lieutenant commanders of the Reserve of the U.S. Navy for permanent promotion to the grade of commander in the line, pursuant to title 10, United States Code, sections 5911 and 5912, subject to qualification therefor as provided by law:

Coyer, Ann E.
Goings, Hilda C.
Maguire, Jean F.
Paryz, Ellen A.
Rees, Ruth E.
Schlosser, Ginger A.
Sharp, Jane E.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 17, 1981:

DEPARTMENT OF AGRICULTURE

C. W. McMillan, of Virginia, to be an Assistant Secretary of Agriculture.

DEPARTMENT OF THE TREASURY

Angela M. Buchanan, of the District of Columbia, to be Treasurer of the United States.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

David B. Swoap, of Virginia, to be Under Secretary of Health and Human Services.

DEPARTMENT OF LABOR

Thorne G. Auchter, of Florida, to be an Assistant Secretary of Labor.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA

Ricardo M. Urbina, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia for a term of 15 years.

EXTENSIONS OF REMARKS

OUR IMMIGRATION POLICY

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. STARK. Mr. Speaker, recently, with the release of a report by the Select Commission on Immigration and Refugee Policy, we have once again been reminded of the severe problems that exist within our Nation's immigration system. Of particular concern to many of us is the problem of illegal aliens in this country. I recently found an article pertaining to this very issue in the Federalist, an AFL-CIO publication, that I found especially intriguing. The concern of the labor movement with this critical issue I found encouraging. I would, therefore, like to include here excerpts from that article for my colleagues to read.

The following article follows:

IMMIGRATION POLICY: DRIFTING TOWARD DISASTER

(By J. F. Otero)

As Citizens of a nation of immigrants, and as representatives of workers who build unions as the means to escape exploitation and indignity, we in the AFL-CIO deeply sympathize with those who seek a better life in our country.

For its first 100 years, the nation generally held to George Washington's dictum that "America is open to receive not only the opulent and respectful stranger, but also the oppressed and persecuted of all nations and religions."

But in 1882, the principle of "selection" was introduced into U.S. immigration policy, with immigrants required to meet certain physical, mental, moral and economic criteria. Soon thereafter, massive infusions of Chinese and Japanese prompted "exclusionary" policies for the first time late in the 19th century. It wasn't until the 1940s that these racist policies began to be repealed.

Today, our immigration laws appear hopelessly out of date. The immigration and nationality act, passed in 1952 and amended several times since, is obsolete, unenforceable, arbitrary and inflexible. The increasing number of illegal immigrants entering the United States and the recent massive influx of refugees—including those expelled from Cuba—demand that a comprehensive policy be developed before the problem is completely out of control.

A Census Bureau report estimates 3.5 to 6 million illegal aliens or undocumented workers are living in the United States at any one time. Some argue this figure is highly inflated; others place the number somewhere between 4 million and 12 million.

If nothing is done to stem the present flow of illegal immigration, the nation will be faced, in some 10 to 20 years, with a substantial underclass of illegal aliens, probably in the range of 20 to 30 million. The social and political implications of such an illegal subculture are something we cannot condone or ignore, even at the risk of being misunderstood or attacked. We are not impressed by the argument that illegal immigration is not harmful and thus nothing should be done about it.

Organized labor fully recognizes that the overwhelming majority of illegal immigrants come to America to support themselves and to take a responsible role in society. However, too often, unscrupulous employers prey upon these newcomers, able to impose low wages and substandard conditions on them because of an atmosphere of abuse and fear.

These problems are of acute concern to the labor movement, which insists on safeguarding its hard-won standards of life and work. Unfortunately, these illegal workers are highly vulnerable because they are denied the basic legal rights enjoyed by citizens and legal resident aliens.

Concern is not limited to labor. National awareness of the illegal immigration problem is rising at a time of increasing scarcity, when large numbers of people in this country are hard-pressed to find jobs, pay their bills, or maintain their standard of living.

Few Americans today feel that this nation offers anyone the overflowing abundance of resources and opportunities that once led our ancestors to risk their lives and meager possessions to come to America looking for freedom and economic advancement. People rarely feel generous when their resources and opportunities are diminishing and many Americans believe that the prospects for improvement are poor.

These fears also occur during a time in which we are admitting very large numbers of refugees, both anticipated and unanticipated

Though issues of race and xenophobic reaction should have no place in U.S. immigration policy or practices, such issues must be sharply distinguished from feelings of economic insecurity and of concern for one's own welfare. Historically, the United States has been the world's only free nation to welcome political and economic refugees in such volume and with such good will. This compassion has marked, since 1820, the arrival of 48 million immigrants, an achievement with no parallel anywhere in the world.

Yet, in those same years, important standards such as child labor laws, minimum hours of work, minimum wages, safety and health were developed through the struggle and blood of Americans of all nationalities and religions—and these standards of decency are now threatened by potential exploitation of millions of undocumented workers with low wages and substandard conditions.

Millions of unemployed American workers of all races—but particularly blacks, Asians and Hispanics—feel today that they are the victims of reverse discrimination because employers prefer to hire the undocumented worker who will work for less, who is ignorant of the labor laws and who can be easily intimidated with threats of deportation.

The problem will no doubt worsen with increased population pressures in nations supplying the illegal immigrants. For example, Mexico, Central and South America, the Philippines and Korea are projected to have a combined population of about 1.7 billion in the year 2000, yet those nations had only about 500 million population in the 1970s.

Illegal immigration is the result of wide international disparities in wages and employment opportunities, which unfortunately will endure for many years to come. A push-pull links the desires of aspiring Third World workers for higher wages with the desires of U.S. employers for cheap and readily available labor.

Unquestionably, there are economic benefits in this large pool of Third World workers—benefits to U.S. employers who hire them, to consumers who use their goods and services and to a society that dosen't have to provide for them or for their families. The benefits of illegal immigration to the undocumented workers are also clear—except when judged by this nation's standard of living.

But these benefits must be weighed against their human, economic, social and political costs. And those costs are sizable, including:

Widespread exploitation of the millions of foreign nationals illegally here.

Increased job competition and depressed wages and working conditions for low-skill and low-wage U.S. workers.

Increasing income inequality between advantaged and disadvantaged persons in the United States.

Mounting political and ethnic tensions in many parts of this country.

Strained bilateral relations with sending nations, especially Mexico.

Increasing pressure on the integrity of our immigration and labor laws.

Obviously, these illegal immigrants represent a labor pool that is more docile and more profitable than the American workforce. Whether these undocumented illegal workers compete with American workers is a much debated question—but it's undisputable that they have a pernicious effect on American workers.

Contrary to popular belief, illegals do not concentrate in the agricultural sector. Today, they can be found everywhere in the country, particularly in the urban areas since large cities afford better cover from detection. We at the AFL-CIO have found that American workers do face adverse employment effects from undocumented workers especially in service and light industries in the food and beverage sector.

Canneries, food processing plants, meat packaging plants, hotels, restaurants, bars, bakeries and grocery stores accounted for one-fifth of the jobs held by illegals found in a sample analyzed by researcher David North in 1976. Illegals are also found in low-skilled manufacturing and in construction and transportation. District of Columbia immigration director Joseph Mongiello says "there isn't a single restaurant in the city that hasn't used illegal aliens."

Any modern-day immigration policy should foster re-unification of families and haven for refugees from persecution, while taking a realistic view of the job opportunities and the needs of U.S. workers, by providing enhanced protection for the U.S. labor market.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

An immigration policy for the 1980s must also deal effectively and fairly with the problem of illegal immigration, and address itself to the orderly and controlled admission of refugees.

To achieve these goals, the American labor movement would support legislation along the following lines:

Effective penalties for employers who knowingly hire illegal aliens, including criminal sanctions and injunctions to prevent repeated violations.

An employment eligibility program based on a system of identification for work purposes but with two fundamental safeguards: (1) a requirement that no person eligible under the law be denied documentation; (2) a further requirement that no documentation can be revoked if issued according to the law.

Because it is recognized, familiar and already required in job applications, the Social Security card could be used if improved and made counterfeit-proof. To be protective of individual civil liberties the eligibility cards would be uniformly applied to all persons seeking employment and to all employers. By law, eligibility cards could not be asked for outside the employment setting and persons would not be required to carry these cards. Thus, it would not become a national identifier.

Until such a card is developed, other evidence could be used. The alternatives could include a birth certificate, naturalization certificate, alien registration card, voter registration, U.S. passport, or immigration or registration document. The employer should certify with a checkmark on a regular form, such as the W-4, that such identification has been examined.

A generous legalization program, including adjustment of status for illegal aliens with a demonstrated attachment to the community, to allow the illegal resident to become legal. While the length of time an alien has lived in the United States is one factor to be taken into consideration, subjective values, including compassion for the families involved, are also of great importance. American labor would reject any mass deportations.

Adequate funding to strengthen border control inspection capabilities and antismuggling activities to stop illegal entry. There must also be more effective enforcement of the Farm Labor Contractor Registration Act, Fair Labor Standards Act, OSHA, workers' compensation, Social Security Act and other federal laws. Also expedited handling of all applications of those seeking to enter legally as well as prompt clearing of current backlogs. There are now more than 1 million such applications pending.

Title VII of the Civil Rights Act and other existing anti-discrimination laws must be rigidly enforced to eliminate any possibility that employers may discriminate against U.S. citizens or resident aliens with Spanish surnames and other minorities who look "foreign." Increased funding for such enforcement should be provided by Congress.

Steps should be taken to strengthen and improve the structure and efficiency of the Immigration and Naturalization Service. Administration and employee morale would be enhanced by improving benefits, training, by resolution of long-standing labor-management problems and the long-overdue appointment of a Commissioner. Increased human and financial resources, use of new technology for border enforcement and better control over the issuance and use of visitors' visas to the United States should be provided. Corruption and abuses of power should be stamped out.

The U.S. Department of Labor should step up enforcement of labor standards legislation in areas and industries where significant numbers of illegal aliens are employed. Stiff fines and speedy prosecutions should be used against repeat offenders, with measures taken to insure that INS activities do not impinge upon the rights of all workers to engage in collective bargaining—regardless of resident legal status.

Any type of so-called guest workers program would be strongly opposed by U.S. unions. A bracero program by any other name is a bracero program.

A generous increase in legal immigration and other changes should permit speedier reunification of families.

A general review of the standards and levels for legal immigration is needed. Such review should examine immigration policies and programs in relation to this nation's unemployment, labor force size, labormarket needs and problems, social needs and problems. This review should include a more efficient labor certification procedure to enhance the protection of the U.S. labor market.

We support an expanded program for economic development of the countries from which illegal aliens come. Only when the "push" factor of no jobs and low income in these countries is effectively dealt with can the illegal alien problem be finally resolved. Any program must, of course, make certain that U.S. jobs are not undercut by any such foreign aid or investment program.

The Refugee Act of 1980 should be fully and efficiently implemented since it gives the President the authority and flexibility to increase or decrease refugee visa numbers as circumstances dictate.

However, the AFL-CIO favors the concept of internationalizing the problem of admitting and resettlement of refugees. While the U.S. should continue to provide haven for refugees from political persecution, we cannot and should not be expected to take in the more than 15 million refugees now floating around this world.

Though other reform efforts have stalled and withered, Congress would be more receptive to a "package concept" instead of our piecemeal and patch-up approaches of the past. The Select Commission on Immigration and Refugee Policy, which was writing its final report in early 1981, could make a contribution to such a comprehensive approach.

In a broader sense, the United States has its own complex overlay of employment problems, which are linked to ethnic communities in our urban centers and are particularly critical among young people and minority groups. So the nation simply can't afford to persist in lax application of anachronistic immigration policies. We are the only industrial nation on earth that does not require a minimal identification document as a prerequisite for employment. Even with an ID system as stringent as the one imposed in West Germany in its guest worker program, there was still a 10 percent illegal rate among their guest work forces.

The fact is that the civil rights of U.S. citizens and legal immigrants to the United States are violated by the presence here of millions of illegal or undocumented workers. Thus, it is irrelevant to argue—on Constitutional or civil rights grounds—against one small piece of immutable ID as a way to establish workplace eligibility.

The steps outlined in labor's legislative program are the beginning of a humane, practical U.S. immigration policy.●

OTTINGER SOVIET PRISONER OF CONSCIENCE RELEASED

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. OTTINGER. Mr. Speaker, I am delighted to announce that Mr. Moisey Tonkonogy, a Soviet Jew who I adopted as a prisoner of conscience, has received an early release from a 1-year prison sentence. Mr. Tonkonogy's release follows countless protest letters and telegrams I sent to Russian officials as part of the prisoner of conscience program.

Mr. Tonkonogy was serving his sentence on charges of parasitism following his application to emigrate to Israel in 1973. Although his parents were permitted to leave the Soviet Union, Mr. Tonkonogy himself was denied permission on the grounds of access to State secrets during his brief service in the Russian Army in 1971. As is the case with most Soviet Jews who express their desire to emigrate, Mr. Tonkonogy was subject to continual harassment following his application. He was fired from various jobs and then charged with parasitism. In Israel, his parents valiantly attempted to mobilize support for Tonkonogy only to learn that Soviet authorities told their son that he would regret it if his parents' activities did not cease. Last year, Tonkonogy's plight reached its crisis point with his arrest and imprisonment.

Moisey Tonkonogy's early release shows that the prisoner of conscience program is an effective way to pressure the Soviets to adhere to human rights principles. Our efforts not only pressure the Russians, but also attract worldwide attention to the plight of Soviet Jews. I have had the opportunity to meet several former prisoners of conscience, who have told me that they perceived an improvement in their treatment while in prison as the Congress continued to write letters of protest to the Kremlin. Therefore, I believe it is urgent that we maintain our unwavering commitment to work actively to insure the freedom of these people.

Mr. Tonkonogy's release is heartening, but his plight still requires our attention. I understand that he will reapply to emigrate to Israel. Moisey Tonkonogy should be free to reunite with his parents in Israel, and I will do everything in my power to continue to pressure the Soviets to grant his freedom. I encourage my colleagues to join me in this endeavor.●

CORRECTING IMMIGRATION AND NATIONALITY ACT

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. SHELBY. Mr. Speaker, I have not forgotten the deplorable course of events that occurred in Iran during the 96th Congress or the subsequent reprehensible actions of many Iranians present in the United States. While Iranian students in Tehran were holding American citizens hostage and demanding revolutionary justice, Iranian students in the United States were echoing their demands and in sympathy with their actions. When President Carter initiated a program to locate and register nonimmigrant Iranian national aliens and deport those not in compliance with their visas, the implementing regulations were attacked judicially with the result being that few, if any, of the aliens were ever deported. In order to prevent the reoccurrence of such an embarrassing situation, I, along with the other members of the Alabama delegation, Congressmen BILL NICHOLS, BILL DICKINSON, JACK EDWARDS, TOM BEVILL, RONNIE FLIPPO, and ALBERT LEE SMITH, have introduced a bill to prevent unwelcome disruptive agitators from using dilatory tactics provided by our judicial system to avoid expulsion.

Specifically, the legislation would amend the Immigration and Nationality Act to provide the following:

First, upon a finding by the President that an act of terrorism or other hostile act has been committed against a national, corporation or other entity of the United States by or with the assistance of a foreign government or in a foreign state and with the acquiescence of that government and that it is in the national interest to limit the entry into the United States of nonimmigrant aliens of that state, aliens who are nationals of the foreign state shall be excluded from admission into the United States.

Second, upon such a finding by the President, aliens from the foreign state who are already present in the United States as nonimmigrants shall be deported by action of the Attorney General.

Discretion is retained by the President to modify the order should the circumstances so dictate. To prevent time-consuming judicial and administrative review, as well as collateral court attacks, the time frame for the applicable administrative and judicial procedures and processes has been compressed considerably. Also, some of the steps in the chain of review have been eliminated to further expedite the proceedings.

Although the bill has been drafted to comply with all constitutional safeguards, the Congress has broad constitutional authority, as interpreted by the U.S. Supreme Court, to determine what aliens shall be permitted entry into the United States, the period they may remain, and the regulation of their conduct once so admitted.

Visiting aliens in our country should not be permitted to remain when it is contrary to our national interest. I believe this bill provides the degree of protection necessary to insulate our Government and our citizens from another Iranian situation.●

A TRIBUTE TO DARLING-DELAWARE CO.

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. ROSTENKOWSKI. Mr. Speaker, next year will mark the 100th anniversary of Darling-Delaware Co., Inc.

From its founding in 1882 near Chicago's old Union Stockyards, Darling-Delaware has grown to one of the major rendering organizations in the United States.

In a time when our Nation has been concerned with its trade balance, Darling-Delaware has become a major exporter to countries around the world and has thus contributed to our balance of payments. Further, by its very nature, the rendering industry utilizes virtually every portion of a stock animal and thus contributes to the environmental improvement of our cities and farms. To say the least, Darling-Delaware has served as a vital force in both agriculture and industry.

I would like to offer special praise to Mr. Edward M. Bakwin, who serves as chairman of the board of directors of Darling-Delaware. Through his careful guidance, he has maintained the standard of excellence which has characterized this corporation for its nearly 100 years of existence.●

HUMAN RIGHTS—RECENT DISAPPEARANCES AND REPRESSION IN ARGENTINA

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. BONKER. Mr. Speaker, the Reagan administration has announced its intention to ask Congress to lift the prohibition against sales of military equipment to Argentina. This approach is in line with numerous statements of this administration that American foreign policy priorities are being reversed—human rights being demoted and antiterrorism being promoted. The danger in that course of action is that we will be perceived as good friends and allies with prorepressive regimes everywhere; for example, Chile, South Africa, Argentina, and South Korea.

I will oppose any policy that alines the United States with regimes that practice, aid, and abet state terrorism. If Reagan administration officials had read the report on Argentina in the State Department's country report on human rights practices; if they had read the reports on Argentina by the Nobel prize winning organization Amnesty International; if they had read the report of the United Nations Human Rights Commission working group on disappearances; if they had read the reports on Argentina by the Organization of American States Inter-American Commission on Human Rights; and if they had read the reports on Argentina by the International Commission of Jurists; they would not be making silly statements that:

> We want good relations with Argentina. Any abnormality in relations is due to a large extent to the public position this country took regarding human rights practices in that country.

Very little has changed in Argentina to warrant a change in our relationship. Disappearances continue; tortures continue; harassment of human rights activists continue; repressive acts against legitimate dissent and peaceful assembly continue; and state supported terrorist activities against exiles and dissidents in complicity with other intelligence services continues.

The Reagan administration which has identified terrorism as a major problem in the world today, is once again alining the United States with a regime that practices terrorism against its own people.

If Reagan administration officials are really concerned about terrorism, they should not be giving support to a regime which engages in that activity. Double talk and double standards are no substitute for lack of policy.

I would like to commend to the attention of my distinguished colleagues a press release from Amnesty International which details the most recent disappearance and repressive acts of the Argentine regime. I learned today that Mr. Pinon has been released but only after having been tortured by electric shock. Also an editorial which appeared in the New York Times of March 13, 1981, entitled "Words Count."

The press release and the editorial follow:

AMNESTY INTERNATIONAL USA CALLS ON GENERAL VIOLA TO ACCOUNT FOR WHEREABOUTS OF MEN ABDUCTED ON EVE OF HIS VISIT TO WASHINGTON

Amnesty International USA today (March 16, 1981) called on Argentine President-Des-

ignate, General Roberto Viola, to clarify the whereabouts and guarantee the safety of two men abducted in Argentina on the eve of his visit to Washington, the latest of thousands of Argentine men, women and children to "disappear" since the military took power in 1976.

General Viola, scheduled to become President of Argentina on March 29, is in Washington for meetings with President Reagan and congressional leaders.

Amnesty International has learned that on March 11, armed men in civilian clothing entered the home of Jorge Magrino, a factory worker in the province of Buenos Aires, placed a hood on his head and took him away. On March 12, the home of Mr. Magrino's mother-in-law was entered and searched. On March 13, armed men abducted Hector Orlando Pinon, a tannery worker in the same province, after failing to find his brother at home. Police have refused to register complaints by the families who witnessed the abductions.

Amnesty International USA said these disappearances were only the latest in a series of repressive acts during recent weeks. On February 27, six human rights leaders were arrested following a raid on the offices of a human rights organization in Buenos Aires (center for social and legal studies). The six were held for a week before being released for lack of sufficient evidence and are still facing charges.

On March 12, security forces detained more than 45 of 200 mothers of the Plaza de Mayo who were protesting the disappearances of their children and grandchildren. The mothers were held for several hours before being released. In a cable to General Viola, Amnesty International USA renewed the call for an accounting of all the men, women and children who have disappeared in Argentina, estimated by the Organization of American States as between 5,000 and 20,000 since 1975, and the release of 900 persons being held without charges or whose sentences have already been served. Amnesty International USA also appealed for a review by a federal civilian court of all cases of prisoners sentenced by military courts and a fair trial for all persons who have been charged.

[From the New York Times, Mar. 13, 1981]

WORDS COUNT

On what is called "conditional liberty," Argentina has wisely released six human rights defenders after days of detention and isolation. Officials of the Reagan Administration say this vindicates their policy of withholding public criticism of such a brazen crackdown. But the evidence suggests quite the reverse: Argentines responded to vehement worldwide protest—including a fervent one by New York's Senator Moynihan, who has never been mistaken for a mushy-headed liberal.

Soon after the arrests, Mr. Moynihan made up for the tongue-tied silence of an Administration that had just taken the softest possible line on human rights violations in Argentina and Chile. He warned in the Senate that Argentina was undermining a scheduled visit by its President-designate, Roberto Viola. "Absent a postive response to the concern that has been expressed in this Chamber and in our nation to the recent arrests," he warned, "the President's visit will be marred by objections in this body and elsewhere."

The Senator also used the occasion to dispute the views of Ernest Lefever, the Administration's choice to head the State Department human rights bureau. Mr. Lefever, he said, was "hardly correct" in asserting that "we and other states have no legitimate interest in the fortune of liberty elsewhere."

When he was President Ford's delegate to the United Nations, Mr. Moynihan made plain his abhorrence of double talk about human rights in the Soviet bloc and among third-world nations. His speech last week as a salutary early warning that the Reagan team's indifference to human rights is an embarrassment even to those who applaud its stern approach to the same nations.●

PAY FOR TOP FEDERAL OFFICIALS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 12, 1981

● Mr. DERWINSKI. Mr. Speaker, the action of the House in disapproving increases for top officials of the Government was both timely and practical.

These are not ordinary times. Inflation remains at double-digit figures, interest rates are near record levels, and the rate of unemployment in our country is unacceptable. To combat these severe economic problems, President Reagan has offered a program of recovery which includes deep budget cuts coupled with decreases in personal and corporate taxes. We must give this comprehensive program a fair chance to work.

I share the President's concern over the question of pay which was expressed in his budget revisions:

* * * increases in Federal salaries proposed in the January budget should be deferred because current economic conditions require that substantial budget reductions be achieved. However, the President is deeply concerned about the diminishing ability of the Federal Government to attract and retain high caliber executives.

Mr. Speaker, the House, in rejecting this pay raise, has demonstrated fiscal responsibility.●

NATIONAL HISPANIC ORGANIZATION CRITICAL OF REAGAN BUDGET

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. ROYBAL. Mr. Speaker, I wish to share with my colleagues this statement released by the National Association of Latino Elected and Appointed Officials on the administration's fiscal year 1982 budget proposal. I am sure that my colleagues will find the points raised most interesting and will keep them in mind as we consider the budget for the upcoming year.

NALEO CRITICAL OF REAGAN BUDGET

The National Association of Latino Elected and Appointed Officials (NALEO) today sharply criticized the Reagan Administration's posture toward the Hispanic community. NALEO National Director Edward J. Avila, in a Washington D.C., press conference today, said, "The Reagan Administration has failed to consider the concerns of the Hispanic community in both its economic program and in its appointment of key officials. Major aspects of the Administration's economic plan will adversely affect this Hispanic community. Yet, we have not had any significant involvement in the development of that plan.

"Early in this Administration, we were led to believe that Hispanic appointments to high-level offices were forthcoming. We met with the President and received repeated promises that Hispanics would be involved in the development of major budget and program decisions. These same promises were made to Congressional leaders and state officials," said Avila. While waiting for the promises to materialize, however, the Hispanic community and its leadership have watched as key policy and administrative offical positions in federal agencies have been filled. Program and policy decisions affecting reductions, terminations and structural changes in all areas of federal activity have been made in Reagan's budget revisions for the next two years. To date, however, out of a population of 18 million, the Administration has only nominated two Hispanics to serve in policy positions. The Reagan Administration has up to now completely ignored the largest-growing minority in the United States.

The President's economic program clearly reflects the Administration's lack of recognition and insensitivity to the condition of America's low-income, ethnic communities. "This Administration's budget is simplistic. While simplicity and fiscal restraint are objectives we all share, the Administration's approach to government programs will have catastrophic effects on sizeable segments of our population," Avila continued. "The assumption that the private sector will provide an ever-increasing number of jobs; training and economic development opportunities is fallacious and will result in disastrous effects on the nation's most needy." Citing the Administration's proposal to cut federal funding and restore state responsibility for social service programs, NALEO's Director noted that the Administration's proposals ignore years of state neglect in social, education and economic areas for our nation's minorities. Avila continued, "What is the Administation going to do to insure that state and localities carry out their responsibilities to low-income and underrepresented communities?"

Avila said that NALEO, after a preliminary review of the budget proposals, found examples of insensitivity to the unique needs of the Hispanic community:

Student Financial Assistance—the mandatory requirement for a $750 self-contribution, regardless of income, will be a severe handicap for low-income Hispanic students. Hispanic students constitute up to 22% of the college-age population in such states as California and Texas.

Minority Business Development—there is a complete absence of commitment to minority business development by this Administration. Moreover, there are massive budget cuts for the Small Business Administration, Economic Development Administration, HUD's Community Development Grants, and loan subsidy programs in both the Departments of Agriculture and Energy.

Civil Rights Enforcement in Block Grants—the Administration transfers responsibility to the states but remains strangely silent on civil rights enforcement.

Bilingual Education—the fiscal year 1982 budget cut of $42 million will mean that 90,000 children will not be served, most of whom are Hispanic.

Legal Services Corporation—one million poor people utilize these services annually. Proposed elimination of this program will eradicate this segment of the population's major vehicle to equal access to our nation's legal system.

Migrant Health and Education—how will states be able to allocate Block Grant funds for the education and health needs of a population which travels from state-to-state? Only 2,300 out of 16,000 school districts have migrant education programs. How can a Block Grant be targeted on this population?

Aid to Families with Dependent Children—proposed requirement to count the income of all members of a household toward eligibility will disproportionately affect "extended families," commonly found in Hispanic households. This proposal is basically anti-family and encourages family breakdowns.

It is NALEO's position that many of these budget cuts which so disproportionately will affect our community, would have been minimized if the Administration had kept its pledge to involve Hispanics and all minorities in significant phases of decision-making. We are aware that there are highly qualified Hispanics that have been proposed to the Administration for key posts. NALEO therefore urges President Reagan to assert his leadership by placing Hispanics at all levels of his Administration. NALEO stands fully committed to assist the President in achieving this goal.

In the upcoming months, NALEO will be lobbying Congress and the Administration to redress the inequities of the present budget cuts on the Hispanic and other minority communities.●

REPEALING THE OFFSET OF UI AGAIN

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. DOWNEY. Mr. Speaker, last year Congress made many attempts to rescue older Americans from the ravages of Public Law 94-566, a hasty and ill-conceived piece of legislation.

After much debate and haggling what finally was agreed upon was a compromise which allowed States to pay up to half of earned unemployment insurance benefits to people receiving social security or railroad retirement checks. Previously all retirees were prevented from collecting these unemployment funds. An amendment to the pension bill gave out-of-work checks back to all but those who are most dependent on them.

Once again, Congress looked to the elderly of this Nation to save some money. In my district, retirees, most of whom are exclusively dependent on social security benefits, live on approximately $500 a month. In a survey taken last year we discovered that with living costs what they are, $500 a month is just barely surviving money. It certainly cannot cover extras like clothing, transportation, eye glasses, or even the pleasure of an occasional movie.

Why single out a group of people industrious enough to find employment to supplement their small retirement checks? Withholding these benefits may even be deemed unlawful if suits brought before the courts are successful. After all, older Americans work just as hard as their younger coworkers for the same benefits. Unemployment insurance paid by their employers for their protection is not earmarked for younger workers only.

Traditionally, we have rewarded those citizens who have worked hard to help themselves—in this case the partial repeal of this onerous measure is a travesty. My bill, H.R. 1902, would restore the rights of senior citizens to receive money that they have earned. I urge my colleagues to think hard about their position on this issue.●

THE EXPORT OF HAZARDOUS GOODS MUST STOP

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. BARNES. Mr. Speaker, I continue to be very concerned that this country has no policy to control the export of hazardous goods. Last week I reintroduced a bill, H.R. 2439, which would restrict these exports and resolve this problem. The House Foreign Affairs Subcommittee on International Economic Policy and Trade held a hearing on this issue last week and I had the opportunity to discuss this matter with the subcommittee. So that my colleagues may have the opportunity to see my rationale, the text of my statement and the bill follow:

STATEMENT OF HON. MICHAEL BARNES ON THE EXPORT OF HAZARDOUS GOODS BEFORE THE SUBCOMMITTEE ON INTERNATIONAL ECONOMIC POLICY AND TRADE

Mr. Chairman, it is a great pleasure to be with this subcommittee to continue its important work on the need to establish a federal policy to control the export of hazardous goods, and I appreciate your courtesy in allowing me to participate today.

At the same time, let me tell you that I am a little sad that we need to be holding this hearing today. Throughout the last Congress, the members of this subcommittee have joined me in working with the Administration in an effort to resolve this problem. We intentionally held the legislation in abeyence to allow for the completion of the Administration's approach under the Export Administration Act of 1979. When President Carter issued his Executive Order to establish a Hazardous Substances Export Policy, I had hoped we had finally reached a compromise position that almost everyone could live with. Unfortunately, President Reagan disagreed. In withdrawing the Executive Order, President Reagan sent a message to the developing world that we do not care about the health of our peoples. To Mr. Reagan I respectfully say: you are wrong. Wrong because it is totally unacceptable that this country fails to enact a federal policy controlling the export of hazardous goods.

Wrong because there is no reason to allow the uncontrolled exports of products which we have determined are dangerous to the citizens of the United States.

Wrong because it is in our own national interest. It is politically and economically wise for our trading partners to know that the United States is concerned about the health of their citizens as well as our own. It is in the interest of every businessman and businesswoman and manufacturer in the country to have the consumers world-over know for a fact that the label "made in the USA" means "This product is safe."

Finally, the withdrawal of this needed policy is wrong because we are dealing with the lives, health and safety of millions of persons who are potential victims of products we have banned. Products such as banned pesticides, toxic substances, contaminated food, defective contraceptive devices, known carcinogens and other products we have decided are just too dangerous to be sold in this country.

I, for one, do not know how the current Administration can say to children in the less developed world who are wearing Tris-treated sleepwear, cancer causing sleepwear, that the control of such products is "excessive regulation."

Yesterday, Mr. Chairman, I re-introduced the legislation which would ban the export of hazardous goods. I did so because we need to correct the current maze of laws applying to individual product categories. We need a strong, durable policy mechanism for controlling dangerous exports and allowing these exports only when an exception is justified by the country receiving the product. In addition, we need to continue the process this subcommittee initiated during the 96th Congress, and this bill serves as an effective vehicle for maintaining continuity with those efforts.

As you have pointed out, Mr. Chairman, this hearing is intended to explore the current situation which resulted from the withdrawal of the Executive Order. I had hoped we would have an Administration witness to explain why they acted before they had completed their own interagency review of the regulatory burden on U.S. industry. I share the Chairman's desire to learn the progress of that review and to learn if the new Administration has a better solution to this problem.

Nevertheless, I am very pleased that we have two such expert and distinguished witnesses today, Esther Peterson and Jacob Scherr, and I look forward to receiving the benefit of their experience, advice and counsel.

H.R. 2439

A bill to amend the Export Administration Act of 1979 to restrict the export of goods which have been found to be hazardous to the public health

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds that—

(1) certain goods, the sale of which has been prohibited or restricted under the laws of the United States for reasons relating to the public health and safety or the health and safety of the individual consumer, have been exported for sale or distribution in foreign countries where such goods have not been subject to prohibition or restriction;

(2) certain goods, which might be subjected to prohibition or restriction under the laws of the United States, but because of such expectation have not been submitted for licensing or approval, have been exported for sale or distribution in foreign countries;

(3) the sale or distribution of such goods in foreign countries has often resulted in injury to the public health and safety, or the health and safety of individual consumers; and

(4) except in such cases as the use of such goods may outweigh the risks and damages to the health and safety of the general public or individual consumers, the export of such goods from the United States is injurious to the foreign policy of the United States and to the reputation and credibility of the United States as a responsible and moral partner in the community of nations.

SEC. 2. Section 6 of the Export Administration Act of 1979 (Public Law 96-72; 50 U.S.C. 2405) is amended by adding at the end thereof the following new subsection:

"(l) EXPORT OF HAZARDOUS GOODS.—(1) Unless the conditions set forth in paragraph (3) are met, no good the sale of which is regulated under any of the laws set forth in paragraph (6) may be exported unless the sale of that good in the United States is permitted under that law.

"(2) Unless the conditions set forth in paragraph (3) are met, no good may be exported if the sale of that good in the United States is subject to registration, licensing, or use requirements or similar restrictions which are imposed under any of the laws set forth in paragraph (6).

"(3) The Secretary may issue a validated license or a qualified general license permitting an export prohibited by paragraph (1) or (2) to a country if, in addition to any other requirements for the export of such good imposed under any other provision of law, the Secretary and the head of the agency regulating the sale of such good in the United States under any of the laws set forth in paragraph (6) concur, on the basis of documentation submitted by the applicant for such license and any other appropriate factors—

"(A)(i) that the government of such country has requested that such good be exported,

"(ii) that the applicant has fully informed such government and the consignee of any restrictions on the sale of such good in the United States and of the possible hazards posed by the good to the public health (or safety) or to the environment, and

"(iii) that the potential benefits of the intended use of the good outweigh those possible hazards; or

"(B) in the case of a good described in paragraph (2), that the sale of the good in that country would be subject to requirements or restrictions comparable to those referred to in paragraph (2).

"(4) Notwithstanding the provisions of paragraph (3), no good may be exported which does not contain all warnings, instructions for use, or any other information required under any of the laws set forth in paragraph (6) to be included in the packaging of such good for sale or with respect to which the Secretary determines that such warnings, instructions, or other information is likley to be ineffective in the country to which the good would be exported on account of a lack of adequate translation or illustration or any marketing or distribution practice in that country.

"(5) No good may be exported for the purpose of using that good in the manufacture of another good the export of which is prohibited by this subsection.

"(6) The laws referred to in paragraphs (1), (2), and (4) are the Toxic Substances Control Act, the Federal Food, Drug, and Cosmetic Act, the Federal Hazardous Substances Act, the Fair Packaging and Labeling Act, the Poison Prevention Packaging Act, the Flammable Fabrics Act, the Consumer Product Safety Act, the Federal Caustic Poison Act, the Federal Insecticide, Fungicide, and Rodenticide Act, the Controlled Substances Act, the Lead-Based Paint Poisoning Prevention Act, and any other law designated by the Secretary, the major purpose of which is to protect public health and safety from the hazards of drugs, medicines, medical devices, including contraceptives; pesticides; carcinogens; toxic substances; contaminated foods; and similar hazards to health and safety.

"(7) No law enacted after the date of the enactment of this subsection shall supersede this subsection unless it does so in specific terms, referring to this Act and declaring that the new law supersedes the provisions of this subsection.".●

ZONTA INTERNATIONAL CHARTER INSTALLATION CEREMONY

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. ANDERSON. Mr. Speaker, on March 18, 1981, the South Bay Area Club of Zonta International, a service organization of executive women in business and professions, will conduct its charter installation ceremony.

"Zonta" is a Sioux Indian word meaning honest or trustworthy. The objectives of Zonta International are to improve the legal, political, economic, and professional status of women; to increase the service and value of Zonta clubs to their communities and countries, and to work for the advancement of understanding and peace through a world of fellowship of executive women in business and professions. These women and these objectives are united under the ideal of making the world a more trustworthy place.

Zonta International was founded in 1919. Currently there are 750 Zonta clubs in 47 countries with a total membership of 30,000.

In furtherance of its high ideals, this organization has established the Amelia Earhart Fellowship Award in honor of one of its most celebrated members. This award goes to 25 women annually for advanced study and research in aerospace-related science and engineering. A total of 253 such awards have been made to deserving women from 22 countries. The amount of this award currently stands at $5,000.

But, Mr. Speaker, this particular commitment to excellence is but one of a list of projects that Zonta has undertaken. Its Columbian urban slum project cooperated with UNICEF to provide day care, medical assistance, and sanitation instruction for the women and children living in the slums of Columbia. Additionally, Zonta lends support to the peaceful and progressive aspirations of the United Nations by maintaining permanent U.N. observers in New York, Geneva, and Paris. And many Zontians have represented their countries on the U.N. Commission on the Status of Women and several have served as chairpersons.

The South Bay Club will include several cities within its charter. The cities of Carson, El Segundo, Gardena, Harbor City, Hawthorne, Hermosa Beach, Lomita, Manhattan Beach, Torrance, and Wilmington will be joining forces to serve the educational, health, cultural, and civic needs of the South Bay.

Mr. Speaker, it is with the highest enthusiasm that I welcome Zonta International's Charter Club and its laudable goals into the South Bay area.●

GEORGE MONTGOMERY

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. BRODHEAD. Mr. Speaker, my good friend and former colleague, George Montgomery, recently passed away after having served the people of Michigan for 24 years in the State legislature. His tremendous contributions to the State as chairman of the House Taxation Committee and his dedication to the improvement of Michigan schools have earned him a lasting place in the hearts of his fellow citizens. I would like to share with my colleagues, editorial tributes which recently appeared in the Detroit Free Press and the Detroit News.

[From the Detroit Free Press]

MONTGOMERY: HIS WIT AND IRASCIBILITY MADE HIM SOMETHING SPECIAL

Democrats and Republicans in the Michigan Legislature who are more accustomed to firing shots at each other joined in harmonious praise of George Montgomery this week. The Detroit Democrat died at 72 in Florida, only three months after retiring from the Michigan House.

The House Republican leader, William Bryant of Grosse Pointe Farms, said "the love he gave us and allowed us to give him will live as a lasting memorial to a great man." We have no doubt the love was there,

but "lovable" was not usually the first word that sprang to mind during Rep. Montgomery's 24 years in the House.

Whenever "Papa George" came out mad or just feeling creative, he could reel off prose that would stun, titillate, shame, enrage or otherwise awaken the rest of the House. His targets occasionally included an ally who had incurred his displeasure, as when he sarcastically called Coleman Young "the lord mayor" of Detroit.

"Wit" and "irascibility" are the words that have been most bandied about by Mr. Montgomery's admirers, and they fit better than "lovable." He often seemed to be guided by his heart, but his mind fashioned legislative solutions and victories that have greatly benefited the state.

A former Detroit school teacher, he fought many battles for the schools. He was instrumental in passage of a minimum wage for teachers when they sorely needed it. He became a tax expert, he claimed, because his colleagues decided that while he was making off with the money for schools he also ought to be finding ways to pay all the state's bills. For more than a decade he was chairman of the House Taxation Committee.

It was a measure of the respect Mr. Montgomery commanded that in 1976 and 1978, after his northwest Detroit district had become predominantly black, his constituents returned this older, white, professional politician to the House. Some political observers had said he could not win.

In a rare tribute, his colleagues honored his request that he lie in state in the Capitol after his death. It was fitting that he came back to Michigan for that, and for burial in the state he had served so well.

[From the Detroit News]

GEORGE MONTGOMERY

George Montgomery, who died Tuesday in his Florida retirement home at 72, served 24 years in the Michigan House of Representative. Eleven of those two-year terms were consecutive, beginning in 1958.

He was, of course, a fixture in Lansing, but longevity is not the reason the senior Democrat will be remembered.

A former civics teacher representing a predominantly black northwest Detroit district, he was a champion of education in general and the Detroit Public Schools in particular.

He became the Legislature's leading tax expert—not a self-styled economics theorist, but a genuine nuts-and-bolts authority. A man like that is good to have around when the issues are complex and some lawmakers do not do their homework.

Mr. Montgomery's body is lying in state today in the Capitol rotunda in Lansing—the first official so honored since 1949. To say he earned that distinction is to understate the case.●

AMERICA'S NO. 1 FUEL

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. MURTHA. Mr. Speaker, 4 years ago, a new President of the United States was stressing energy as vigorously as President Reagan is now focusing on the economy. President Carter told us on February 2, 1977, that "We must face the fact that the energy shortage is permanent. There is no way we can solve it quickly." He outlined the beginnings of his energy plan calling for the Nation's first national energy policy and promising as part of it to "stress development of our rich coal reserves in an environmentally sound way."

In those 4 years Congress made significant progress. In 1978 we did pass the first National Energy Act in America's history. We also approved several conservation plans, billions more dollars in energy research, and started a major synthetic fuels program. But as President Carter said, the energy problem was not temporary. It remains with us.

One of the promises from 4 years ago that still needs to be filled is the full use of America's coal reserves. We are, truly, the Saudi Arabia of coal, and we have yet to tap completely that resource. In the next few paragraphs I want to outline some of the major steps I believe we need to take in 1981 to promote coal use.

SYNTHETIC FUELS

The groundwork for this program is underway, and I congratulate President Reagan and Energy Secretary Edwards for realizing the synfuels potential and canceling many originally planned rescissions on synfuels projects. In addition, I believe we need to go forward with an additional $300 million in round two feasibility study money, and I will oppose that rescission. The synthetic fuels potential is still our greatest hope for full coal use by decade's end, and it should be stressed.

UTILITY CONVERSION

I have joined with Coal Group cochairman NICK RAHALL in sponsoring the Coal Utilization Incentives Act of 1981. This is an updated version of last year's effort to promote the conversion of utility boilers from oil to coal. This year's plan relies more on tax incentives rather than subsidies. It already has the backing of the National Coal Association, United Mine Workers, Mining and Reclamation Council, and the American Mining Congress.

The key points of the bill would:

First, provide faster tax writeoff of coal use property;

Second, allow utilities to use the 15-percent energy tax credit;

Third, allow municipalities to issue industrial development bonds to aid converting utilities; and

Fourth, under the Clean Air Act, voluntarily converting units would be eligible for delayed compliance orders, and voluntarily converting units would not be classified as a modification, thereby exempting them from the new source performance standards.

COAL ROADS

I have also again cosponsored the proposal to provide Federal assistance to upgrading roads used in heavy coal traffic. As numerous reports have indicated, we face a potential problem of creating the demand for coal, yet simply not having the transportation system to move that coal. The roads of coal-hauling areas have already been ravaged by increasingly large coal trucks, and this system must be kept in repair. This bill provides $1.5 billion spread over a 4-year period to get this program underway.

COAL PORTS

Along that same transportation line, we have not upgraded exports as fully as we should because of problems at our existing ports. I have personally toured the Philadelphia Port and worked with Conrail to improve facilities there.

But we cannot succeed if we attack this problem on a port-by-port basis. Therefore, we need to take these steps:

First, I will be contacting the Reagan administration to suggest first that the President appoint a coal export official with the broad responsibility of increasing U.S. coal exports, and second, that he direct Federal agencies to streamline permitting procedures so that coal export development project permit applications can be processed without delay.

Second, I endorse legislation introduced by Representative BOGGS and Senator WARNER which would provide for an expedited process for dredging projects, quicker environmental reviews, quicker congressional review of such projects, expedited judicial review of claims filed against such projects, and advanced engineering and design moneys when available for such projects.

Third, the appropriate congressional committees should develop and publish a coal port development master plan.

We have yet to tap the full potential for coal exports. Foreign countries are reluctant to sign contracts because our transportation system cannot always guarantee delivery. These steps would help erase that problem.

ENVIRONMENT

I was extremely pleased recently when environmental groups and the steel industry reached agreement on key elements of the Clean Air Act. We need a similar effort on the Clean Air Act and coal. I do not plan in these remarks to propose a magic solution to this problem, but as cochairman I do offer the staff and members of the House Coal Group as a means to bring all sides together in this debate. If we enter a protracted, emotional debate with one side championing no change in the law and the other asking for a complete rewrite we will find no answers, no solutions, and find only further delay that prevents the reasonably increased use of coal.

Because of our energy problems we will have to burn more coal in this country, but we can do it within the best possible environmental guidelines and that is the type of policy we need.

REGULATIONS

Appearing before the Interior Appropriations Subcommittee, Interior Secretary James Watt spoke of his concern about the national strip mining law and other regulations and laws affecting coal development.

In this area, we need a commonsense approach. I supported the national strip mine law and we need it, but we need it to work in harmony with State laws such as Pennsylvania's, and we need it to work sensibly, again as Pennsylvania's has. Pennsylvania's strip mine law is one of the best and strongest in the Nation, yet under its reasonable guidelines, coal production and jobs in the industry steadily increased.

The last bill I mention may at first glance seem less important than some of these other issues. It is sponsored by Congressman APPLEGATE and it calls for a national commitment to coal use. In fact, it is extremely important. As long as OPEC holds a price and supply sword over our head, as long as energy prices continue to soar, as long as the Soviet Union continues its probing in the Middle East, then energy policy is vital to our Nation. It is in response to those steps that we must use America's coal. It is in response to those problems that we must make a firm, national commitment to coal. The Government must make the way clear for coal, and the steps in this plan outlined here will take the key steps to reach such a goal.●

REACT INTERNATIONAL SUPPORTS H.R. 2203, THE FCC VOLUNTEERS BILL

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. DANNEMEYER. Mr. Speaker, on February 26, 1981, I introduced H.R. 2203, to permit the Federal Communications Commission to use volunteers and voluntary organizations in the monitoring of Citizens Band and amateur radio transmissions.

As I pointed out upon introduction, this legislation grew out of meetings with CB and amateur radio leaders who expressed concern over the lack of effective enforcement and indicated their willingness to strengthen the FCC's enforcement efforts by monitoring station transmissions. It is important to point out that the bill would in no way transfer formal enforcement power or sanctions away from the FCC. Rather, it would increase the eyes and ears of the Commission by allowing the establishment of a volunteer program in which the information gathered could be legally shared with the FCC. In addition, local volunteer committees could greatly expand the education of newcomers to the radio field who are unaware of rules, regulations, and customs. In short, the closer relationship between the FCC and the voluntary groups permitted by H.R. 2203 would be a substantial improvement over the status quo.

REACT International represents 32,000 volunteers in all 50 States and in several foreign countries who monitor the channel 9 emergency frequency on CB radios. REACT stands for Radio Emergency Associated Citizens Teams.

I am in receipt of a letter from Mr. Gerald H. Reese, executive director of REACT, in which he outlines their support for H.R. 2203. The letter specifically touches upon the problem of illegal operators interfering with life-saving emergency messages and how H.R. 2203 could be of help in overcoming this problem. Mr. Speaker, I ask unanimous consent that the full text of the REACT letter be inserted in the RECORD at this point:

REACT INTERNATIONAL, INC.,
Chicago, Ill., March 10, 1981.

Congressman WILLIAM E. DANNEMEYER,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN DANNEMEYER: We are very pleased to support legislation you have introduced known as the FCC Volunteers Bill, H.R. 2203.

The 32,000 members of REACT International work hard as volunteers to support their local communities. They dedicate themselves to volunteer monitoring of the official CB Emergency Channel 9 with a goal of 24 hour coverage. Annually, they receive millions of requests from motorists for assistance, accident reports and other vital communications affecting safety on the nation's highways. Very often during these times and in times of local disaster, interference by illegal operators prevents the completion of life-saving emergency messages.

Individuals who intentionally interfere with vital life saving messages must be dealt with severely through official enforcement procedures. They do not cooperate voluntarily with other licensees requesting their cooperation and consideration even during emergencies.

Enactment of H.R. 2203 will permit the FCC to utilize our 1,500 local REACT Teams and other CB licensees, to assist in locating and identifying these violators.

Our members look forward to the opportunity to cooperate with FCC officials to help implement enforcement of FCC rules for Citizens Band Radio.

We hope that this legislation may be speedily enacted so that the ability of the Commission to enforce its regulations will be multiplied many times through the efforts of REACT members and other qualified volunteers who wish to assist in this vital effort.

Sincerely,

GERALD H. REESE,
Executive Director.●

HUMAN RIGHTS AND FREEDOM OF SPEECH

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. BONKER. Mr. Speaker, freedom of speech, one of the most significant and cherished rights of Americans, is more than the power of the press to write or broadcast openly. It is a fundamental human right. The freedom to write or broadcast, to teach or speak or believe as one wishes without threat of censorship, harassment, or even death is something prized by people everywhere.

But in too many nations, freedom of expression, as exemplified in our first amendment, is only a dream—a dream for which men and women continue to risk their personal security and even their lives.

In only about 20 countries, according to the International Press Institute, are print journalists and broadcasters really free to objectively report the news.

When freedom of the press is threatened, freedom of other forms of expression—of belief, of assembly, of personal speech—do not survive long either.

Too often, in too many places, newspaper journalists, radio and TV reporters, producers, editors, free-lance correspondents, columnists, and others have been intimidated, warned, and in some cases killed for exercising the basic human right to address themselves freely to issues and to serve their publics through the media.

The threat touches not only foreign journalists but even Americans and others from the Western media working overseas. An American is missing in El Salvador. French reporters were jailed and mistreated in Afghanistan last year. Reporters were imprisoned in Haiti, an editor was jailed in Turkey, and news outlets in South Korea and South Africa were closed by the government. In the Soviet bloc nations, the communications systems continue to be used and abused through government control.

But Americans, since the days of such patriots as James Madison, have fought for and upheld the importance of freedom of expression and the press. As Madison wrote, "Knowledge will forever govern ignorance." The press has played a paramount role in informing U.S. citizens, thus helping Americans to protect and build upon their rights as members of a free, democratic society. Justice Cardozo once called freedom of expression "the indispensable condition of nearly every form of freedom." I could not say it better.

As chairman of the Human Rights and International Organizations Subcommittee of the House Foreign Affairs Committee, I am honored to cosponsor House Joint Resolution 83, joining my colleague HENRY REUSS and others.

The resolution emphasizes the importance of free expression and a free press by commemorating National Freedom of Information Day, March 16, James Madison's birthday.

National Freedom of Information Day is sponsored by the Society of Professional Journalists, Sigma Delta Chi, and I am very pleased indeed to support America's journalists in fostering greater respect for our first amendment. I hope all my distinguished colleagues will join in cosponsoring this noteworthy resolution.●

LAKE COUNTY ALCOHOLISM CONFERENCE

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. McCLORY. Mr. Speaker, the problem of alcoholism in our Nation appears today to be more pervasive than ever before in our Nation's history.

An estimated 10 million Americans are reported to be alcoholics or have alcohol-related problems, creating problems affecting virtually every aspect of American life.

Recently, my colleague, Congressman MIKE BARNES of Maryland, and I brought to your attention and the attention of the Members of this House and the citizens of our Nation the fact that more than 250,000 Americans lost their lives in alcohol-related automobile crashes during the past 10 years.

We also pointed out that an estimated 26,000 citizens are killed in drunk driving accidents annually.

Almost 70 Americans are killed each day by drunken drivers, at an estimated economic cost of over $5 billion yearly.

In addition to the problems created when alcohol is mixed with driving of an automobile, the excessive use of alcohol is a major cause of divorce in our Nation and is a principal reason for bankruptcy and other financial problems which Americans experience in their individual lives.

Mr. Speaker, alcohol as an addictive drug is regarded by many observers as the principal form of drug addiction among teenagers and, when mixed with other drugs, leads to immoral and degrading conduct, which, in turn, induces criminal behavior and other acute social problems.

Mr. Speaker, divorce and broken homes are only a part of the tragedy which excessive use of alcohol creates. The plight of battered wives and abused children is fast becoming a special problem requiring extraordinary remedies at every level of government.

Mr. Speaker, the Lake County Council on Alcoholism, established in 1966, and supported primarily through private and local sources, is endeavoring through its limited means to meet the problems of an estimated 23,000 alcoholics in Lake County, affecting the lives of almost one-fourth of the residents of that area.

Losses to business and industry from alcoholism are estimated at $52 million per year. In addition, the courts and State's attorney's office attribute a high precentage of criminal activity, domestic disturbance, and other untoward incidents to the excessive use of alcohol.

Mr. Speaker, may I add that in my view the substantial accomplishments of the Lake County Council on Alcoholism are complimentary to the work of the Select Committee on Narcotics Abuse and Control, created by the Congress, and which includes within its purview the problems of alcohol as an addictive drug, particularly as alcohol and drugs are used together.

Mr. Speaker, the Lake County Council on Alcoholism is holding its third annual conference on Thursday, May 21, 1981, at the Holiday Inn in Illinois Beach State Park near Zion in my congressional district. As a member of the council's board of advisers, I am most anxious that this conference can help stimulate support for the Lake County Council and to promote its objective of reducing the number of alcoholics in our area and alleviating the consequences attributable to alcoholism.

Employing the slogan, "make a miracle happen," the Lake County Council, under the leadership of its executive director, Lester Mordhorst, and its education director, Judy Fried, are planning this year's annual conference on the subject of child abuse and alcoholism. I will be cooperating with them and with the chairman of the board of directors, Irenne Gable, who is devoting her exceptional talents to the success of this conference.

This year's annual conference, scheduled to begin at 9 a.m., will continue throughout the day with representatives from religious, medical, legal, educational, and public sectors on hand to participate in and contribute to these programs.

The public is warmly invited to participate in the work of this conference and to promote any and all activities which can reduce the incidence of alcoholism in our area and, thereby, to prevent many of the dire consequences which alcoholism produces.●

FASTEST GROWING CRIME IN AMERICA TAKES ANOTHER VICTIM

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. MOAKLEY. Mr. Speaker, each year arson causes just under $6 billion in property damage and places thousands of firefighter's and resident's lives in jeopardy. We know the tremendous toll which arson takes on declining neighborhoods, but we are just beginning to realize the destruction which our built heritage is facing.

Jonathan Walters, in the March-April issue of Historic Preservation has written an excellent article describing the national tragedy of arson in historic buildings. The present state of the economy leaves no room for waste by either the Government or the private sector. Mr. Walters describes not only the destruction of our heritage but the enormous burden which this crime places on our economy. For example, 45 percent of the property insurance premium increases, over the last 10 years, have resulted from arson, 20 percent of today's premiums go "directly to paying off arson-related claims."

I urge my colleagues to read this article and give serious consideration to what this Congress can do to develop a coordinated Federal role in the prevention and detection of arson and in initiating new incentives to preserve our historic buildings.

The article follows:

ARSON—A HERITAGE IN FLAMES

De Give's Grand Opera House, where "Gone With the Wind" premiered 40 years ago, was a fixture in downtown Atlanta. Although it was listed in the National Register in 1977, its survival was by no means assured. New construction was transforming Atlanta, and the theater was taking up valuable space. Just as citizens were mounting a drive to save De Give's, a raging fire spared them the trouble. Officials listed the blaze simply as "suspicious."

With its large Victorian houses and Colonial Revival bungalows, East Chestnut Street was once an exclusive address in Santa Ana, Calif. Today vacancies and absentee ownership mark the pattern of decay that the Santa Ana, Historic Survey is trying to stem. Last April it notified the owner of a handsome Victorian house on East Chestnut that the vacant property might be eligible for the Register. The group outlined the economic incentives to restoration and the disincentives to demolition that accompany a Register listing—and they warned of fire. Three blazes in the past year had claimed houses in the neighborhood.

Ten days after the letter went out, the house went up. It was arson, fire officials say.

Park County, Ind., claims more covered bridges than any county in the United States. Beeson Bridge, one of 30, had been closed for safety reasons, and residents

wanted a new one. Three times, while officials were deliberating its fate, someone tried to burn it down. The bridge was finally moved.

There have been no arrests and no convictions in any of these fires. Arson is hard to prove a*** BAD MAG TAPE ***nd har'er po prosecute, say experts. But Richard Strother, associate administrator of the U.S. Fire Administration's Office of Education and Planning, doubts that the fires were coincidental. "We're becoming aware of arson fires in historic buildings across the country," he says.

Just how extensive the problem is, no one really knows. Good statistics on arson are hard to come by. Statistics on arson in historic buildings are virtually nonexistent. Arson is the fastest-growing crime in America though, experts agree, increasing at an annual rate of 25 percent, while the conviction rate for arson nationwide, according to the Law Enforcement Assistance Administration (LEAA), is a dismal one percent.

But preservationists are becoming alarmed at the frequency with which historic buildings are being burned.

Juvenile arson is a severe problem, says Strother. Old or abandoned buildings offer an attractive target as to buildings that symbolize authority, such as schools and churches. In areas where arson is a problem to begin with, historic buildings burn with the rest. But in many cases, preservationists fear it may be the historic designation itself that is making the buildings so vulnerable.

Under the Tax Reform Act of 1976, a developer cannot demolish a National Register-listed property (or one within a historic district) without incurring tax penalties, including the loss of both the standard tax write-offs for demolition costs and the accelerated depreciation normally allowed on new structures. A National Register listing also allows preservationists to throw up a number of procedural roadblocks to the demolition of a property.

In many cases, these disincentives and other economic factors can make a plot of land occupied by a historic structure more valuable without it—essentially the reason historic designations are so bitterly fought at times. Fire neatly negates the tax sanctions, according to IRS officials, and procedural roadblocks to demolition obviously go up in smoke with the structure.

In Santa Ana, preservationists fear that the liberal zoning laws (for high-rise condominiums) make the old single-family and duplex houses there especially vulnerable.

In October 1979, in Cambridge, Mass., a 130-year-old Queen Anne-style church burned to the ground just months after going in the Register. An assessor had determined that the land was worth more without the church. The building had been the object of a heated battle between preservationists and the church's congregation, which wanted to sell it and the land to developers.

Owner consent, which passed as part of the National Historic Preservation Act Amendments of 1980, gives the building owner veto power over a Register listing and will likely have some effect on the arson problem. The new law doesn't eliminate the standard review procedures in the case of development projects involving federal funds. So while the controversy that has surrounded so many nominations will be eliminated in some cases, thousands of buildings will still fall within preservationists' protective purview.

As alarming as the frequency of arson in historic buildings is the apparent lack of awareness of the scope of the problem nationwide, says the Fire Administration's Strother. "Most people look on fire as an everyday event that you just live with."

In 1977-78, the last year for which statistics have been compiled, the USFA estimates that there were 160,000 fires either set or of "suspicious origin" in the United States, causing 850 deaths and 3,000 injuries. The fires accounted for $1 billion in property losses, according to USFA figures. Experts agree, however, that that figure is probably a gross underestimate. "Property loss due to arson in more likely $4.5 billion a year," says John Barracato, former deputy chief fire marshal of New York City, now manager of Aetna Life & Casualty's Fraud and Arson Unit. "When you figure in jobs lost, loss of tax base and what it costs to take care of arson victims, the figure is probably closer to $20 billion." One arson fire alone, in 1975, in a sponge-rubber plant in Shelton, Conn., wiped out 850 jobs in one night.

Arson, according to the USFA, is "any intentionally set fire." Experts have identified 24 kinds, from arson for revenge to vandal arson to arson for profit. There are even cases of tenants burning themselves out of their own building to collect welfare benefits and move higher on the lists of those waiting for public housing.

Last September, the Hartford Architecture Conservancy lost an 1840 Greek Revival-style house that they were restoring to "the fastest fire" one firefighter said he'd seen in 30 years on the force, says Toni Gold, executive director of the Connecticut group. Officials suspect the house was burned as part of a gang initiation rite.

Fires to clear tenants out of a building are another kind of arson, says Strother. Some are set to dislodge low-income residents so that the property might be improved with an increase in rent. Others are designed to clear a building before the next large fire to demolish it; these are called two-stage fires.

And there are times when it's hard to tell who is on whose side.

In Halifax County, N.C., the local agricultural extension office recently cosponsored a contest among 10 counties to see whose fire department could burn off the most "dilapidated farm structures."

"If someone was thinking of destroying a building, we'd try to get someone from the local historical association to come out and look at the structure," says Clyde Peedin, chairman of Halifax County Agricultural Extension. "I know of one building the historical people wanted to save, but they just didn't have the funds, and the owner was afraid it was going to fall on someone." Halifax County won the contest. They burned down 109 old structures.

While unique in many respects, arson in historic buildings is generally regarded as part of the larger arson problem sweeping the country. For that reason it is valuable for preservationists to learn more about arson and what has worked to control it in the past.

Arson is most effectively fought at the local level, say experts. But traditionally, localities have lacked training in both arson detection and prosecution. Laboratory facilities have been scarce and anti-arson efforts fragmented or nonexistent. In the mid-1970s, however, government officials and officials in the insurance industry became increasingly alarmed as arson spread.

Burning a building for the insurance money is the basic arson-for-profit scam. Insurance companies estimate that roughly 45 percent of all increases in property-insurance premiums over the last 10 years are due to arson and that 20 percent of today's premiums go directly to paying off arson-related claims. In an area such as the South Bronx, citizens saw entire neighborhoods wiped out.

As a result, arson programs slowly began to materialize nationwide during the late 1970s (though a few did exist before then). But a successful program, say experts, requires lockstep coordination between two groups not generally noted for their ability to work together—namely police and fire departments—and that rivalry continues to hamper anti-arson efforts. The insurance industry and the federal government must also work closely together, but antagonism between them still exists, especially in the wake of a 1977 Senate Governmental Affairs Subcommittee report charging the industry itself with making arson profitable and with failing to deal adequately with the problem.

There are pockets of unqualified success, however, and Seattle, Wash., is one of them.

In 1974, according to retired fire chief Frank Hansen, arson in Seattle was getting out of control. Each year marked another huge leap in property losses to fire. "We had a serious arson problem" says Hansen, "and we weren't working together to fight it."

"We really had to get going as a team," says then-mayor Wes Uhlman. "The police were excluded from arson investigation, the Fire Department had no one trained in criminal investigation, and the prosecuting attorney had no arson expertise at all."

Uhlman put two of the city's top detectives at the Fire Department's disposal. "Some noses got out of joint at first," says Uhlman. "There is a tremendous turf issue that you have to overcome right off." He also appointed a special prosecutor with arson experience.

The city set up an arson-training program to teach firefighters law enforcement, criminal investigation and advanced arson detection. Local insurance companies joined in, pooling resources to fund an arson "hot line" offering rewards for tips on fires. Meanwhile, the state passed legislation making insurance companies and fire departments immune from libel suits for sharing information on clients.

With the new legislation insurance firms became more vigorous in denying claims. A system was also set up to facilitate information sharing between Seattle and surrounding localities to help detect fire patterns. An arson counseling program for juveniles was started, and the insurance industry and the city launched ambitious public-awareness programs. At the same time local media began to cooperate by giving greater attention to arson cases. Media attention is crucial, according to experts. Not only does it serve to heighten awareness, but in some cases it has also helped crack arson rings. In Boston and Detroit, major arson arrests were made following media coverage.

While arson continues to spread nationwide, it is down by more than 40 percent in Seattle. All it takes, says Chief Hansen, is a strong chief executive and the commitment of resources and people.

Boston also has achieved some success fighting arson. There, a series of suspicious fires in and around the same neighborhood roused residents to action and eventually led to the largest arson arrest in the U.S. Convinced that the fires on and around Symphony Road were not the random work

of vandals, the Symphony Tenants Organizing Project (STOP) decided to investigate.

It wasn't long before they were predicting with uncanny accuracy which buildings in the neighborhood would burn next. To do that, they researched, then analyzed, data on burned buildings and compared it to data on buildings still untouched. They found that tax delinquency, building-code violations, rapid resale of property to inflate its "paper value" and the fire history of a building or its owner were all strong indicators of a building's vulnerability. The paper trail they followed eventually led to an arson-for-profit ring and the indictment of 33 people, including two former fire captains, lawyers, contractors, property owners and even a detective in the state fire marshall's office.

The discovery that arson is predictable has prompted a number of cities to implement early-warning systems. In New Haven, Conn., the city's Arson Warning and Prevention Strategy collects information on older buildings. When one is found that falls into all four categories, the property is placed on the fire department's "at risk" list, surveillance of the property is increased, the owner is contacted by housing officials and steps for repairing, securing or demolishing the property are proposed.

The insurance industry, which has become more active in fighting arson since the Senate study, is compiling a data bank of its own. The Property Insurance Loss Register is a computerized pool of all fire-loss claims filed with insurance companies across the country. Run by the American Insurance Association, the Loss Register will allow companies to uncover undisclosed duplicate-insurance cases, loss history of a given location, loss history of an individual and loss history of a combination of individuals. Doug Burdick, a claims consultant for the association, says that the Loss Register could turn out to be the industry's most valuable tool for uncovering fraud and pinpointing arson-prone clients.

At the same time, individual insurance companies are becoming more aggressive in denying fire-related claims. Working with a budget of $223,000 in 1979, John Barracato says Aetna successfully challenged $7 million in claims and is currently investigating another $6 million worth. Aetna denied $5 million in claims in 1978, the first year of the program.

The insurance industry is still being criticized for pressuring agents to sell large amounts of property insurance, however, and for not compensating adjusters adequately. Arson rings have been identified where both agents and adjustors were involved in defrauding their own companies. Industry officials say they are looking into steps, both at the legislative and corporate level, to remedy the problem.

While different localities are implementing antiarson programs, and the insurance industry is becoming more active in the fight, the help of the federal government, individuals at all levels agree, is crucial.

Unfortunately, the federal government's "major new attack" on arson, as announced by then Vice President Walter Mondale in December 1979, is fizzling. Ambitious antiarson programs implemented by the Bureau of Alcohol, Tobacco and Firearms and the USFA are in danger of extinction because funding for the LEAA grants that made them possible is being eliminated by Congress (which just a year ago admonished the LEAA for failing to dispense money to arson training programs). "It's really kind of sad," says J. Michael Sheehan, director of the LEAA's arson program. "We were just getting police and fire departments cooperating. Federal money gives local agencies that normally have to compete for funds that kind of flexibility."

Congress failed to pass legislation this year that would have coordinated federal activity on arson, made arson a permanent Class One crime (meaning that the FBI would keep vital, detailed statistics on it) and authorized $5 million for the USFA's antiarson program in 1981. Sen. John Glenn (D–Ohio), a chief sponsor of arson legislation in Congress, says the lack of support for arson legislation on Capitol Hill directly reflects "the lack of public awareness of the arson problem and the fact that arson has been perceived as essentially a local problem" and a problem of the poor.

How long it will take before Congress recognizes arson as a serious problem is uncertain. "Every time another person is killed we get another worker on our side," says U.S. Rep. Joe Moakley (D-Mass.), who is also a chief sponsor of arson legislation on the Hill. "It's a slow process."

In the meantime, the USFA has commissioned a study on arson in historic buildings. And included in the recently passed Preservation Act Amendments in a provision sponsored by Moakley requiring the Secretary of the Interior to report on arson in historic buildings.

As substantial as many of the fire losses have been, preservationists stress that fire does not necessarily mean the end of a building. "The initial tendency of the fire department may be to recommend tearing the building down," says Stephen Dennis, associate chief counsel for landmarks and preservation law at the National Trust. "But often a disaster like a fire can really pull people together to save a structure."

In Baltimore, fire swept through two 1868 Second Empire-style apartment buildings on Bolton Hill. One building was gutted and the other extensively damaged by smoke and water. While involved in a court battle to prevent the owner from demolishing the buildings, citizens came up with a plan to salvage them: Conversion of the buildings into 55 luxury condominiums is now nearly complete.

And in Turlock, Calif., preservationists are trying to save an old school building hit by arsonists. "We have the start of something good," says Betsy Unruh, who is heading the drive to save the school. "The fire drew a great deal of attention and a great deal of support for saving the school. The key now is proving that there is sound financial basis for restoration." A National Trust Preservation Services grant is helping to fund the study.

While preservationists may occasionally have cause to be hopeful in the wake of a fire, arson in general continues to get further out of hand. Says Aetna's Barracato: "As long as government keeps passing the buck, the private sector keeps blaming the fire department, the fire department keeps blaming the police department, all the way up and down the line, the United States will continue to burn."●

FOOD STAMPS BENEFITS ABUSE

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. HUBBARD. Mr. Speaker, while still in the early days of the 97th Congress and a new administration, I would like to share with my colleagues a letter from my constituent, Mrs. Karen Cox, Madisonville, Ky., regarding abuse in the food stamp program. I certainly share my constituent's sentiments and trust that my colleagues will follow the lead of the new administration in scrutinizing the waste in the food stamp program. Mr. Speaker, I submit the following:

I have written to you once before, in December of 1980, concerning the misuse of change received from food stamp dollars. I would once again like to bring your attention to the misuse of food stamps.

I am a cashier at a grocery store. It was my turn to work Sunday, Jan. 25, which was Super Bowl Sunday. During the day we had several men come in to buy snacks for "Super Bowl Parties." I checked out several of these orders of soft drinks, drink "mixers," potato chips, nuts, cookies, and candy that were paid for with Food Stamps.

It is bad enough to check out orders every day with junk foods, but for a grown adult man to misuse a gift like food stamps really upset me. I would think that most mothers would want to buy nutritous, health foods for their children, and I'd think that any man would have more pride than to use the food stamps, given to his family for necessary food, on junk party foods.

I understand that some families need Food Stamps to have a well balanced diet. However, I believe the food stamp program should be more like the WIC program. Certain foods should be off limits. My husband and I cannot afford things such as ice cream, cookies, or potato chips every week, depending on which necessary foods we need. We live on a strict budget, without food stamps. It upsets me that people on food stamps buy items that I have to pass up. I believe items such as cakes, cake mixes and frostings, soft drinks, Kool-Aid, candy, cookies, potato chips, pizza, chewing gum, and some expensive things such as shrimp should not be bought with food stamps.

Some people who use food stamps feed their children more junk food than those who do not have food stamps. It seems to me that this defeats one of the purposes of food stamps. These kids are not getting a balanced diet.

I would also think that these people would need things like bread, milk, cheese, vegetables, and meat, rather than spend money on junk food. I realize that most people do enjoy junk food, but I believe these foods should be classified as luxuries, along with cigarettes and pet foods.

President Reagan has said he will tighten the welfare and food stamp programs. I am behind him 100%. I also believe people on food stamps should show proof that they are looking for employment, or if they have a job, better employment. Anyone who is unemployed has plenty of free time to go job hunting. I have a job now, but I've been looking for a better job since September, so I realize how hard it is to find a job. But I

do not think these people should sit on their behinds and take a handout with(out) having to work for it.

Thank you very much for giving me a chance to tell you how I feel. I appreciate the fact that you actually read the letters from the people you represent. You have my full support.

Thank you,

KAREN COX.●

A HUMANE POLICY TOWARD THE THIRD WORLD NATIONS

HON. VIN WEBER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. WEBER of Minnesota. Mr. Speaker, I have been deluged by my constituents who insist that this Nation adopt a humane policy on our conduct toward the Third World. I certainly agree with them. For if we are ever to be triumphant over the forces of repression and enslavement, we must have a foreign policy which provides political and economic freedom to the people of Third World countries. It is for this reason that I submit an editorial from the Wall Street Journal, written on March 3, 1981, into the CONGRESSIONAL RECORD today. I think it clearly explains what America needs to do, and what we have been doing, since President Reagan's selection of Michael Novak to the U.N. Commission on Human Rights.

The editorial follows:

LIBERTY AND BREAD

Those who are worried the Reagan administration lacks an appreciation for Third World issues—and such worries have been widely voiced—would do well to consider the speech delivered in Geneva last week by America's new representative to the United Nations Commission on Human Rights. The topic is development, on which the Western initiatives in the past generation have been: a World Bank-sponsored drive toward income transfers and official state planning; a litany of complaints about the alleged rapaciousness of big corporations; and a constant harangue about the dangers of too many people being born.

Now into the midst of this debate comes Mr. Reagan's representative, Michael Novak, uttering the one word that America seemed to have all but abandoned—capitalism. Not "anticommunism," But capitalism. C-a-p-i-t-a-l-i-s-m. This is the system that allows individuals to invest their capital and labor and reap for themselves the wealth it produces, a system that provides that one man's good fortune is another's as well. Mr. Novak's use of this word in the midst of a Third World forum is no small matter, and we can only hope that it is an opening chord in what will become a broader initiative by the new administration.

It is, after all, both an irony and a tragedy that America should have allowed itself in recent years to be put on the defensive in the debate on development. It is an irony simply because America is the most developed nation and also the most free, a combination that has captured Third World imaginations even while America seems to be shying away from the ideas on which its own success was built. It is a tragedy because the anti-capitalist concepts that have taken hold during the period have produced incalculable setbacks in nations as diverse as Tanzania and China, Jamaica and Burma, Poland and India.

The recognition that capitalism might have something to offer the Third World has been growing throughout the Third World of late, however. It has been stirring, moreover, in some remarkable places, not merely in such capitals as Peking and Warsaw, but even in such redoubts, we would venture, as Pyongyang. And no opportunity could be riper than the one the Reagan administration is seizing to explicate some of the basic ideas on which America was developed.

The key principle Mr. Novak put well. It is that wealth can be created. Wealth isn't a limited quantity to be transferred from the rich nations to the poor. It is created by the application of human muscle and brain. This in turn means that having a lot of people (widely, but erroneously viewed as a Third World "problem") creates an opportunity to have more wealth. And people apply their muscle and brain to create wealth when they are given the incentive of being able to keep what they earn and the freedom to use their wealth for their material and spiritual fulfillment, as they please.

This is another key point. Freedom is an integral part of capitalism. Totalitarian states that deny this freedom deny the incentive to develop, and this is why they have been so roundly outpaced. President Carter seemed to understand this link between freedom and development; he stated explicitly in his first big foreign policy speech at Notre Dame in 1977 that the great democracies of the world aren't free because they're rich, but are rich because they're free. But then he pressed a human rights campaign that talked a lot about freedom of speech, of assembly, of religion, but all too little about a co-equal freedom—the freedom of enterprise.

Here you need the freedom to set up corporations to handle jobs too big for the individual proprietor and a system of law individuals and corporations can trust. For decades a school of thought has been attacking one variety of corporation, the multi-national, for allegedly "obscene" profits. But now America has sent Mr. Novak into these debates asking: "Are we to understand that losses are virtuous?"

Another school of thought holds that capitalism can't address the real problem of the Third World—poverty among agricultural peasants. This is a canard, nowhere more thoroughly demolished than in an important, if little known, book called "Wealth of Nations in Crisis," whose author, Ronald Nairn, sets out a capitalist ethic for peasant farming. He takes you from the plains of America, to the pastures of New Zealand, to the mushroom farms of Taiwan and the paddies of Thailand and Japan to demonstrate the sort of productivity that can be unleashed by freeing Third World farmers from government and bureaucratic inhibitions.

Freedom is, in the end, the enormous attraction of this whole idea of capitalism. Communism, as Mr. Novak points out, has been forcing much of the Third World to choose between bread and liberty, producing meagerly even of bread. That liberty and bread can be grown together—and, ultimately, only together—is precisely what America has been all about. We can think of no more relevant or timely idea for America to be pressing in the so-called North-South dialog than this, and it is heartening to see the administration making such an eloquent beginning as Mr. Novak has done in Geneva.●

WHO ARE THOSE WITH TRUE NEED

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. FORD of Michigan. Mr. Speaker, in outlining his program for economic recovery, President Reagan promised us that all those with true need could rest assured that the programs they depend on would be exempt from any cut. It seems that something has gotten lost in translating the President's message into budget proposals. Using just one Department of Labor program as an example, the administration not only seems to be confused about the concept of true need, but has developed a scheme which appears irreconcilable with other components of the program.

The administration proposes to phase out, by the end of fiscal year 1981, two CETA public service jobs programs, adding an additional 300,000 people to the unemployment rolls and eventually the welfare rolls. Simultaneously, the administration is proposing a work incentive program for welfare recipients, meaning recipients must work at some type of job to receive benefits. But, that is what the CETA public service jobs program is all about—last resort jobs for the poor and disadvantaged who otherwise would be on welfare.

The administration appears to be proposing nothing more than a shifting of people—those presently holding CETA jobs will be pushed out to make room for welfare recipients who must work to receive benefits. But, where are the resources to hire these new workfare people when block grant funding for these types of programs will be reduced by $1.2 billion. What happens to the thousands of former CETA employees who, under another administration scheme, will be eligible for unemployment benefits for only a short period of time.

Mr. Speaker, this is just one example which seems to indicate the administration has drawn an outline of an economic recovery puzzle and has hurriedly inserted ill-fitting pieces.●

DEATH OF FORMER MASSACHUSETTS STATE SENATOR, ALFRED CENEDELLA, JR.

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. CONTE. Mr. Speaker, on March 24, the Commonwealth of Massachusetts suffered the loss of one of her most outstanding public servants. Alfred Cenedella, Jr., a native of Milford, a decorated veteran, and devoted husband and father, passed away suddenly in Antigua on vacation.

I had the pleasure of serving in the State senate with Alfred Cenedella from 1952 to 1956, and was impressed with his conscientious work and legislative insights. I would like to insert the following article from the Boston Herald American from February 28, 1981, in his memory:

ALFRED CENEDELLA JR., AT 63, LAWYER, EX-STATE SENATOR

MILFORD.—A Mass for attorney Alfred B. Cenedella Jr., 63, a former state senator, will be celebrated on Monday at 10 at Sacred Heart of Jesus Church. Burial will be in St. Mary's Cemetery.

He died Tuesday in Antigua while on a Caribbean cruise.

A native of Milford, he was graduated from Milford High School, Worcester Academy, Brown University in 1940 and Boston University Law School in 1947. He also did graduate work at Harvard.

Cenedella was a naval aviator in World War II in the Pacific and was the recipient of the distinguished Flying Cross, two Air Medals and nine battle stars. He remained in the Naval Reserve and later became a director of the USS Massachusetts Memorial Committee in Fall River, returning to work at the battleship on which he had served during the war.

Cenedella was an assistant secretary to Massachusetts Gov. Robert F. Bradford from 1947 to 1948 and director of the division of law enforcement in the Massachusetts Department of Natural Resources from 1949 to 1952. He was elected to the Senate in 1952 and served four years before becoming legislative counsel for the Massachusetts Teachers Association.

He was a former chairman of the Milford School Committee and a member of the Milford School Building Committee, the Republican Town Committee and the Massachusetts Bar Association. In addition, he was a director of the Milford Chamber of Commerce, Milford Elks Lodge, Sgt. John W. Powers Post, American Legion; Valencia Council, Knights of Columbus, of which he was a past grand knight and Fourth Degree knight.

Cenedella was the son of the late Alfred B. Cenedella and the late Florence (Trudell) Cenedella.

He is survived by his wife, Jeanne C. (Finn) Cenedella; two sons, attorney Alfred B. Cenedella, 3rd and Edward P. Cenedella, both of Milford; two daughters, Mrs. Ann Bodio and Mrs. Florence Trotta, also of Milford; and one sister, Mrs. Florence Magruder of Sun River, Ore.

Arrangements by the Edwards Memorial Funeral Home, Milford.●

HONORING MARIE GONZALEZ

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. RODINO. Mr. Speaker, an extraordinary lady will be honored this Friday, March 20, in my congressional district. Marie Gonzalez is known to the citizens of Newark for the many roles she has played in the Newark community for more than 40 years.

To some she is president of the Ladies Guild at Immaculate Heart of Mary Church, where she helps people solve problems dealing with immigration, social security, housing, and other social services.

To others she is an outspoken member of the Newark Human Rights Commission, where she has served as Puerto Rican and Spanish affairs coordinator, community relations specialist, and administrative analyst. Since 1963, Marie Gonzalez has worked on the commission to guarantee the right of equal opportunity to all Newark's residents. She has fought against all forms of discrimination and has won numerous battles that have benefited thousands.

To still others, Marie is one of the driving forces behind the Puerto Rican statewide parade in Newark. Each year she helps put together the most prestigious event in the State honoring Americans of Puerto Rican descent.

The extent of Marie Gonzalez's involvement in the community does not stop there, however. Born in Puerto Rico, Marie came to Newark where she and her husband raised a family of three children, while she contributed countless hours to improving the living conditions in her Ironbound neighborhood.

She was a cofounder of the Lafayette Street School Parent-Teachers Association; shop stewart and activist in the Brushmakers Union; member of the Urban League, the Executive Women's Forum, and the Business and Industrial Coordinating Council, which helps train minorities for job opportunities in local industries. She does volunteer work for the Division on Youth and Family Services, helping to place homeless children. Marie also is a member of the church council and she sits on the Board of Human and Civil Rights Association of New Jersey.

Hundreds of people will attend Friday's special dinner in Newark honoring Marie Gonzalez as she retires from the Newark Human Rights Commission. Marie has been a good friend to me for many years, and she has helped me often in my efforts to assist Newark's residents. She knows the people of Newark because she has been out in the community doing so much for them for such a long time.

Marie Gonzalez symbolizes the highest goals of community involvement and devotion to her city, and I am proud to honor her.●

LETTER FROM HOME

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. AuCOIN. Mr. Speaker, like many of my colleagues, I make a practice of polling my constituents on issues every year. My annual questionnaire never fails to elicit thousands of responses, along with many hundreds of personal letters and telephone calls elaborating on issues of national concern.

Last year, more than 28,000 Oregonians in the First Congressional District responded to my questionnaire. To judge by the flow of returns so far this year, I am delighted to say that the response to the 1981 questionnaire will be even greater. In recent days, the average volume of personal letters to my office has climbed from 100 a day to more than 300 a day.

Among these letters was one from Mr. John Plummer of Tillamook, Oreg. Mr. Speaker, when a citizen takes the time to respond to a questionnaire, it is much to his or her credit. But when a citizen like Mr. Plummer takes the time to respond in such a comprehensive and thoughtful way, it is a particularly encouraging and heartening lesson in citizenship, and I submit it to be included in the CONGRESSIONAL RECORD. The letter follows:

FEBRUARY 16, 1981.

HON. LES AUCOIN,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN AUCOIN: As a thinking citizen I am unable to use the answer stub attached to the referenced questionnaire because the answers provided would not truly reflect my opinion on the questions asked. Per your request I shall use this letter to inform you of my opinions.

ECONOMIC POLICY

A small personal tax cut would be welcomed by most of the taxpayers with whom I have conversed. Most of them express the opinion that there should also be a moderate cut in taxes to business interests, with this cut to be based on a sliding scale with primary dependence and importance placed upon "re-investment" of capital to expand the business (or upgrade the equipment used in the business) so that more jobs are created and thus providing more security of employment for those already employed by the individual business entity thus credited.

Application of this cut should be made to the particular Division or Company thus qualifying, and definitely not spread throughout the complex structure of some of the large Corporations because this would allow the use of "loopholes" for the purpose of absorbing the tax cut or credit without generating any additional benefit to

the Division or Company which actually earned it.

TRADE POLICY

Using the Auto industry as a general example (I include the entire industry; new vehicles through the spectrum of accessories and "after sales markets" items), I believe that an immediate tariff should be placed upon every vehicle and every part for these vehicles which are now imported in such vast quantities. The tariff should be equal to the total economic impact of that vehicle or part upon the American economy. As an example: An imported car has a landed cost of $5,000.00; To have produced the same vehicle in America would have cost $6,500.00; The $1,500.00 difference would have been due to wages, higher production costs, etc., but the total economic impact would be the $6,500.00 figure. Thus the vehicle would have to sell for $11,500.00 plus whatever profits the Importers and Distributors may make. The $6,500.00 tariff imposed should be distributed as follows: First, divide among the American Manufacturers of the respective competitive vehicle or part a prorated share that would be equal to the profits they have lost through the sale of this imported item. Secondly, divide among the producers (American only) of the raw materials and finished products associated with the manufacture of a competitive vehicle or part those profits lost by this import. Thirdly, apply the excess directly to balancing the federal budget and to the improvement of our balance of payments abroad for those items that we must import (excluding petrochemical products wherein the ultimate beneficiary would be members of OPEC), and also to be disbursed to those individual States which were directly affected by the imported item, with such disbursements directed towards their education, highway and environmental quality efforts.

This action would stimulate the "re-birth" of our American Automobile industry (could well be applied in principle to Logging, Fishing, etc. as well), and would serve to immediately stabilize our balance of trade payment deficits.

TUITION TAX CREDITS

Private and parochial schools are just that; private and/or parochial. As private business entities they should receive no support from the federal or local governments. Our Constitution guarantees full and complete separation of Church and State. If the Church chooses to run a school for its membership then it must be ready to support it fully. If a private group chooses to run a school, then the tuitions and fees charged must be able to support it. We, as a Country, claim to have the finest education system in the world within our Public Schools, and it's about time that we started living up to our boasts.

Curriculum for every Public School should be subjected to constant scrutiny by a cognizant agency within the Department of Education and those schools who persist in maintaining vast budgets for "elective" course subjects as senseless as Pigeon Training, Basket Weaving and other nonsense of equal unimportance should have all support withdrawn until the basic "3 R's" are once again brought up to an acceptable standard. It is a disgrace to have university graduates who verge on illiteracy as an end product of our school systems.

BUSING

I do not now have children in school. After having invested my life in the service of my country as I did, if I should have children in school and if I were told that my children would have to be bused twenty miles across town to attend a school when there was a perfectly good school (perhaps even a school that had caused me to buy a home nearby so that my children would be able to attend a particular school) my answer would be very negative. I would absolutely refuse to abide by such ruling because I feel that it violates any realm of applied reasoning and additionally it would violate my Constitutional rights as an American citizen. (In this respect I quote Article IX; I quote Article X; I quote Article XIV, Sect. 1; I quote, most important of all, Article I . . . the right to free assembly . . . because, after all is said and done, a school is an assembly financed by and for the people of these United States.)

NUCLEAR POWER

Through previous correspondence with your office you should be aware that I am very ill from exposure to radiation because of my service to my country. From this exposure I have a first-hand knowledge of what pain and other associated "after-effects" one must endure as a result of this exposure. As a country we need adequate electrical energy to survive and to support our industrial base. What we do not need is for a committee composed of individuals whose only service to their country is the fact that they accept inflationary wages for rendering opinions about a subject they know nothing of.

We do need nuclear powered generating stations if (and only if) the construction of all plants is brought up to an acceptable standard to insure the safety of the citizenery. The present plants do not have that standard, and further, there is no presently acceptable means for disposing of the highly active fuel residue generated from their operation.

I point out to you that the "half-life" of Alpha contamination is considered to be 56,000 years. And, considering that many half-lives (perhaps as many as 50, must pass before the Alpha contamination would be sufficiently decayed so as to present no hazard) it is within reason to say that there is never going to be a safe way to dispose of this contamination.

Further, the bulk number of these plants are being constructed by private business whose sole concern is to generate revenue by means of profit for the owners, and therefore they are very unlikely to be overly concerned with the safety of individuals when such safety standards carry such an exhorbitant price tag as would be generated by the requirement that they institute a perpetually monitored disposal site for the residues.

Generation of power by means of wind and solar means should receive top priority by both government and private enterprise.

RADIOACTIVE WASTES

If an acceptable means of disposal can be found by our scientific community, then the States in which such sites would be located should be required to place the question in referendum before its voters prior to activation of such sites.

ENVIRONMENTAL REGULATIONS

Should industries be required to control pollution even if it means higher prices for goods and services?

Within moderation and the acceptability of costs involved, Yes. If acceptable standards cannot be met within the cost/profit structure, then there should be grants to cover development of alternative products and sources of products. Such grants to be made at low or no interest thereby stimulating growth of economy and stabilization of our work force.

DEFENSE READINESS

We are suffering a tragic loss of our enlisted technicians due to inadequate pay (when related to pay for an equally technical position in civilian life which imposes none of the restrictions on family life suffered by service in the military), especially in the middle grades. I recommend that there be a very large pay raise (at least 20%) to be made in an inverse scale as follows: E-1, none. E-2, none. E-3, none. E-4, 10%. E-5, 15%. E-6, 20% (from personal experience I tell you that full 90% of all technical operations are performed at the E-5 and E-6 levels). E-7, 12%. E-8, 8%. E-9, 5%. All Warrant Grades, 5%. O-1, none. O-2, 10%. O-3, 12%. All succeding grades to remain static as they do not provide the needed Technical Skills that we are losing. This would provide for immediate retention of those persons whose skills are needed to maintain a strong military force.

Conventional weapons should be upgraded, but not through such fiascos as are presently employed (I cite the mess that Chrysler Company has made of delivering the vaunted Super Tank . . . it didn't work when they tried to show it, and it still doesn't work, and the bureaucrats involved in this stupid selection are pouring still more money down that "rat-hole" trying to salvage some face-saving value from it).

The B-1 Bomber (is there really such a device?) is nothing more than a slice of the same pie as above. When coupled with such a device as the MX Missile system, we should be able to whip the world with a fly swatter while they are in state of incapacitation from laughing so hard at such a Laurel and Hardy act.

We have the technology at hand to place MRV's in orbit and service them continually with our about to be finally launched Space Shuttle. To use this magnificent piece of costly merchandise for lesser purposes is bordering on the unforgivable. When compared with the costs of such programs as the MX and B-1, it could be accomplished for peanuts, and still leave enough funds for the pay raises proposed for retention of technicians.

The overall result would be an incredibly strong defense posture created for less investment than is indicated by released (and admittedly conservative) estimates of cost for MX and B-1.

DRAFT REGISTRATION

When qualified by the statement that it should be tied directly to ERA (require that eligible females be registered as well) and that the draft should be implemented as per the defense posture assumed by Israel, should that become necessary to provide sufficient numbers of personnel through other than purely voluntary means.

SUBMINIMUM WAGE

How do you feel abut allowing teenagers to be paid less than the minimum wage?

I strongly favor this move, as it would most probably increase the number of jobs for willing workers and would provide an incentive for more teenagers to seek employment and thus develop the habit of work which they might well follow in later life.

Additionally I would like for you to work towards preparing legislation for the express purpose of helping those veterans like myself who have given of themselves to the

service of their country, only to find that they are now denied the benefits which were promised as a viable part of the re-enlistment contracts which were signed in good faith.

Particularly involved are those, who like myself, involved in the atmospheric testing of weapons and other nuclear devices. Correspondence with your offices in this matter have borne no fruit.

Correspondence with the Department of the Navy, the Defense Nuclear Agency, Senator Hatfield's offices and other departments, agencies or bureaus have likewise been futile. Legislation would be a benefit to us, though I fear that it may come too late to offer me any direct help, and to the families left behind after we are gone.

Thank you for the opportunity to express my views in this manner, and thank God that I am an American, privileged to have a voice in my government through you.

Sincerely and Respectfully,

JOHN PLUMMER.●

THE ADMINISTRATION'S ARBITRARY BUDGET AX

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. FORD of Michigan. Mr. Speaker, President Reagan has led us to believe that his economic recovery program is aimed at Government waste, fraud, and duplication. If this is true, why has he targeted for extinction one of the most efficient and cost-effective Government programs. I refer, of course, to the Legal Services Corporation.

This exemplary program has provided poor people access to legal counsel they otherwise could not afford. In 335 legal service programs across the Nation, dedicated, talented attorneys and paralegals, working for salaries far below the norm, help poor people with their most basic needs, such as decent housing and health care. Legal service professionals have protected the poor from exploitive slum landlords and arbitrary utility cutoffs. They have helped the poor slice through Government redtape and, as a result, have enabled agencies to become more efficient and responsive to their clients.

The majority of the Corporation's Board of Directors is composed of distinguished members of the legal profession. From its inception the Corporation has had the support of the American Bar Association and the National Legal Aid and Defender Association, as well as bipartisan congressional support.

The overwhelming support of the Legal Services Corporation has been justified. The Corporation has overseen delivery of legal services to the poor with fiscal restraint. It is one of the few organizations in Washington that, despite inflation, has kept its administrative costs to a declining portion of its total budget. This worthy program should not be subjected to the administration's arbitrary budget cutting.●

CIVIC LEADER, TEACHER, ISAIAH SAVAGE DIES

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. JONES of Tennessee. Mr. Speaker, last week I lost a valuable member of my staff, Mr. Isaiah Savage, Jr., of Jackson, Tenn. Mr. Savage had been a part-time employee in my district office for 6 years and his death was untimely and a deep shock to all of us who knew him.

Isaiah was a man who represented to all of us the things we hold dear: Church, family, and a lending hand to the poor and downtrodden. He was a very active man participating in the political process to its fullest, serving on many agency boards of directors, and working hard for his church and family.

The loss of Mr. Savage is a great loss to me personally. He was a credit to the Congress, and he was a credit to the work I try to do on behalf of my constituents. Moreover, his untimely death was a great loss to his community and his race. His leadership will be greatly missed by all of us.

I am hopeful that all of us who knew and counted him among our closest friends will continue to carry out our sacred duties as Government officials in the same way Isaiah would have and did. Though he was constantly busy with one endeavor or another, he was never too busy to offer guidance to those who sought it from him, and he was never too busy to offer his own resources to assist the people who needed it.

I join his family in their sorrow and their grief. I will forever share in their cherished memories of our beloved Isaiah Savage.

Isaiah W. Savage, Jr., longtime educator, politician and civic leader, died Tuesday at Meharry Medical College Hospital in Nashville after a long illness.

Mr. Savage, 60, a native Jacksonian, taught auto mechanics for more than 30 years, first at the old Merry High School and continuing at Jackson Central-Merry High School. His students nicknamed him "Chief."

He worked as a part-time field representative for the local office of U.S. Rep. Ed Jones, D-Tenn. He also served on several city, Madison County and state boards.

Mr. Savage was active as a civil rights leader, serving several years as second vice president for the local chapter of the National Association for the Advancement of Colored People.

Jones said this morning that the "loss of Isaiah Savage is a great personal loss to me because of the fine work he did as a part-time member of my staff.

"More importantly than that, his passing is a great loss to Jackson and Madison County because of the many civic activities in which he was involved.

"Isaiah Savage was a man who truly sought to make a contribution to his fellow man, his race and his community. He will be missed by all of us."

County Executive Walter Baker Harris said he had "personally lost a very good friend" after hearing of Mr. Savage's death. "The community has lost a fine leader. And he was a very fine and keen politican in Democratic Circles."

Mayor Bob Conger said Mr. Savage was "very active in the community over a long period of time," and he will be missed.

Dr. Robert G. Owens, NAACP president, said Mr. Savage served as chairman of the chapter's veterans affairs committee as well as being second vice president for many years.

"He made a great contribution," Owens said. "I thought his contributions to politics were tremendous in a very positive way. His advice was invaluable.

"We've lost a staunch member of the NAACP and one who has contributed a great deal to people, both black and white."

Mr. Savage, who lived at 550 S. Royal St., served as chairman of the Jackson Housing Authority and treasurer for the West Tennessee Health Improvement Association board.

He also was on the boards of Jackson-Madison County General Hospital, Jackson Boys Club, and Southwest Tennessee Development District, and a member of the county's Affirmative Action Committee.

A veteran of World War II, Mr. Savage was active in the U.S. Army Reserve. He served as chairman of the budget committee for Berean Missionary Baptist Church, where he was also a trustee, deacon and Sunday school teacher in a class for women 60 and over.

In a 1979 interview with The Sun, Mr. Savage said he was fond of politics. "I like politics and I like my party," he said.

Arrangements are incomplete with Stephenson and Shaw Funeral Home in charge.●

LIVING MONUMENT TO WELDON HOWITT

HON. GREGORY W. CARMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. CARMAN. Mr. Speaker, when Weldon Howitt died the other day, Long Island and the Nation lost a great educator, a good neighbor and a friend. He was a shy person who overcame his shyness and exhibited a sense of warmth and caring for the community that was enhanced by a wonderful sense of humor.

Before moving to Long Island in 1919, Mr. Howitt was a school principal in Brushton, N.Y. After arriving in our community, he served as principal and science teacher at the Farmingdale Public School. When he retired as the supervising principal of the Farmingdale School District in 1945, he embarked on a career of public service

that continued until the day he left us. He was a founder and vice chairman of the board of directors of Sunrise Federal Savings Bank. He was also the secretary of the Farmingdale Free Library, village director of civil defense, president of the Farmingdale Rotary, village trustee for 6 years, acting mayor, and, a leader in the Farmingdale Methodist Church for some 50 years.

In 1953, the Farmingdale School District named a high school—now a junior high—after Mr. Howitt. It will continue to serve as a living monument to the life of service that was Weldon Howitt. His community and friends will miss him very much.●

NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY AMENDMENTS OF 1981

HON. WILLIAM C. WAMPLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. WAMPLER. Mr. Speaker, on January 5 of this year I introduced H.R. 23, a bill to amend and extend that title XIV of the 1977 farm bill. That title established the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

Its main purpose was to increase research, extension, and teaching in the food and agricultural sciences during the period 1977–82; a 5-year program. For a decade prior to the enactment of title XIV, the National Academy of Sciences, various special boards and commissions of the Department of Agriculture, hearings before the Congress had painted a picture of neglect in these vital functions of the Department of Agriculture. Moreover, the traditional share previously allotted to these programs in the Federal budget had fallen from approximately 39 percent in 1940 to less than 2 percent in the 1975 budget. This would have been all right if our agricultural production had kept increasing, as it did in decades previous when we reaped a cornucopia of agricultural products from previous research. However, the evidence earlier cited showed we would encounter an explosion of demand for agricultural products beginning in the eighties increasing annually to the point rather rapidly when demand would outstrip our ability to produce, unless we were suddenly able to produce two shafts of wheat or two stalks of corn where only one grew before. Thus the sages said, and rightly so, I believe, we must have more agricultural research.

Though title XIV was able to project this need and in a way begin to accomplish what some called a turn around, I regret to say we have fallen way below our goal. We have halted the decline, yes. We have initiated a few new programs, but our efforts have hardly kept pace with inflation. Most disappointingly, we have overcentralized planning and coordinating functions in the Department of Agriculture, not intended by the Congress to the point we are about to destroy the Federal/State partnership our forefathers so carefully developed and nurtured over the past century.

During the last several months the land grant colleges and universities having a demonstrable capacity in the food and agricultural science, various commodity groups, State institutions and individuals have reviewed H.R. 23 and offered me a number of detailed recommendations for improving that legislation. The bill I intend to introduce today, jointly sponsored with the chairman of our Subcommittee on Department Operations, Research, and Foreign Agriculture, Mr. BROWN of California, contains the bulk of these changes recommended to meet the need to improve our agricultural research, extension and teaching capabilities.

On Thursday and Friday, March 19 and 20, Chairman BROWN has scheduled hearings on agricultural research, extension and teaching and the amendments needed to title XIV of the 1977 farm bill. During the course of these hearings we will receive testimony for other changes. I certainly am not locked in concrete with this proposal and only seek the best possible legislation.

I attach a section-by-section analysis of the bill Chairman BROWN and I are introducing today.

The section-by-section analysis follows:

SECTION-BY-SECTION ANALYSIS OF THE NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY AMENDMENTS OF 1981

Preamble: To increase by five years the period during which activities may be carried out under the Agricultural Research, Extension and Teaching Policy Act of 1977, to expand the scope of activities authorized in such Act, and for other purposes.

Section 2: Section 1403 of the Act of 1977—Purposes are amended to more clearly define the partnership arrangement existing between the Federal Government and the States as consummated in legislation and cooperative agreements in the food and agricultural research, extension and teaching systems to meet changes in: agricultural productivity; development of new food, fiber and energy sources; agricultural energy use and production; national resources; promotion of health and welfare of the American people and contribution to the family farm system; human nutrition and international food and agriculture. These purposes are to be improved by improving and strengthening the Federal-State partnership; reducing unnecessary and pernicious regulations; and improving the cooperation among all who are involved in the food and agricultural sciences.

Section 3: Section 1404, Definitions, of the Act of 1977 is amended to more clearly define the terms: agricultural research; food and agricultural sciences; cooperating forestry schools; teaching; and state cooperative institutions and state cooperative agents as they relate to the various basic Acts covered in this bill.

Section 4: Section 1405(6) reports (as a part of USDA's annual budget submissions) by the Secretary of Agriculture to Congressional Committees to add "proposals" by the USERS Advisory Board.

Section 5: Amends Section 1407(a) of the Act by extending the term of the Joint Council on Food and Agricultural Sciences from five to ten years.

Amends Section 1407(b) by: fixing the composition of the Joint Council to not fewer than twenty-five members from organizations who conduct or assist in conducting research, extension and teaching in the food and agricultural and forestry sciences from the land grant colleges and universities, those other colleges and universities having a demonstrable capacity to conduct such programs, USDA agencies having significant responsibilities and other Federal determined by the Secretary to be appropriate. Members to the Joint Council are appointed by the Secretary for three years which are staggered. To ensure that regional differences are considered at least one-half of the membership of the Joint Council shall consist of distinguished persons engaged in agricultural research, extension and teaching programs at land-grant colleges and universities and State Agricultural Experiment Stations. Additionally, the Secretary shall appoint two members from among distinguished representatives of other colleges and universities having a demonstrable capacity to carry out food and agricultural research, extension and teaching.

Amends Section 1407(d)(1) of the Act to redirect the primary purpose of the Joint Council from that of coordinating programs to that of bringing about more effective research, extension and teaching in the food and agricultural sciences by improving planning and coordination and related budget development and program management of these processes.

Amends Section 1407(d)(2)(E) which allowed the establishment of a national and regional planning system and require that such planning and coordination systems utilize existing state cooperative institutions.

Amends Section 1407(d)(2)(G) to require the Joint Council to submit its reports to the Secretary on June 30 instead of December 31, and also changing the nature of the report to more clearly recommend priorities, suggested areas of responsibilities and specifying financial levels for such research, extension and teaching programs.

Amends Section 1407 to preclude the Joint Council from having to comply with the Federal Advisory Committee Act and to require that the Joint Council to meet at least once every three months, one meeting of which shall be a joint meeting with the USERS Advisory Board.

Section 6: Amends Section 1408(a) and extends the authority of the National Agricultural Research and Extension USERS Advisory Board from five to ten years.

Section 1408(b) is amended to increase the board's membership from twenty-one to twenty-five, allowing an additional four producer members from various geographic areas to be appointed to the Board; and it allows all terms of Board Members to be staggered.

Section 1408(f)(2) changes the Board's recommendation to the Secretary from "October 31" to "July 1," and its report to Congress from "March 1" to "February 20."

Section 7: Establishes a whole new Section 1409 in the Act on the State-Federal partnership and coordination. This new section enumerates the primary acts that effect this arrangement; removes contracts, grants, and cooperative agreements made by the Secretary to further Federal/State partnership from Section 3648 or the Revised Statutes (31 U.S.C. 529) and Sections 3709 of the Revised Statutes (41 U.S.C. 5); allows the Secretary to establish human nutrition centers at State cooperative institutions having a demonstrable capacity to carry out human nutrition and education; allows the Secretary to begin new initiatives in home economics and related disciplines; better utilize the land grant colleges and universities and other colleges and universities to develop linkages among these institutions, the Federal Government, International Research Centers to serve developed and underdeveloped countries to improve food and agricultural progress world-wide; and to provide a reimbursable system for such technical assistance to such American institutions carrying out these activities.

Section 8: Amends Section 1410 of the Act to require the Secretary to submit his report earlier to the President and Congress on "January 1" instead of "February 1."

Section 9: Amends Section 1412(a) to require the executive director and the staff of the Joint Council and the USERS Board to be more responsive to the Council and the Board and less responsive to USDA.

Section 10: Amends Section 1413 to state that the President shall appoint an Assistant Secretary of Agriculture to carry out the agricultural research, extension and teaching responsibilities of this Act.

Section 11: Amends section 2(b) of the Act of August 4, 1965 (79 Stat. 431; 7 U.S.C. 450i) to more clearly establish the meaning of high priority research and the specific fields of agriculture set forth in Committee reports and to extend the same authorization targets for Competitive Research Grants from fiscal year 1983 through fiscal year 1987 that were in the previous years (the effect of this action is to stretch the program from five to ten years).

Amends section 1414(c) by including the term "research foundations established by land grant colleges."

Amends section 1414(d) by changing the emphasis of facilities grants to "purchase equipment, supplies and land" to that of grants to renovate, refurbish or retrofit existing buildings and spaces, and further to include cooperative forestry schools and 1890 colleges in these facilities grants.

Section 12: Amends section 1416 of the Act (which amends section 4(a) of the Research Facilities Act of July 22, 1963 by extending its targeted authorizations for another five years (from fiscal year 1983 to fiscal year 1987).

Section 13: Amends section 1417(a) by: Requires the Secretary of Agriculture to promote and develop a higher education program in the food and agricultural sciences and it also requires the Secretary of Education to relinquish the remainder of his responsibilities under the Bankhead-Jones Act not transferred in the 1977 Farm Bill to the Secretary of Agriculture.

Amends section 1417(b) to revise the currently prescribed program of predoctoral and post-doctoral programs and it retargets authorizations for these programs by extending the program for five more years until fiscal year 1987.

Section 14: Amends and transfers the Morrill-Nelson Act Agricultural Teaching funds and the accompanying functions from the Secretary of Education to the Secretary of Agriculture.

Section 15: Amends further the Act of August 30, 1890 (26 Stat. 417; 7 U.S.C. 322) to remove the broad teaching requirement and require only teaching in the food and agricultural sciences.

Section 16: Extends Section 1419, allowing research grants in the production and marketing of Gasahol and industrial hydrocarbons from agricultural products for another five years and increases the amount of funds an eligible institution can receive over the full ten-year period from $3 million to $5 million.

Section 17: Amends section 1434(a) by increasing the authorization from $15 million annually to $35 million. Section 1434(b) is amended to establish a more rational allocation of these funds.

Section 18: Amends Section 1444(a) beginning with the fiscal year ending September 30, 1983, by increasing the amount made available for extension at the 1890 land grant institutions from four to seven percent of the amount previously made available under the Smith-Lever Act.

Amends Section 1444(e) and (d) to require that extension activities and plans at the 1890 institutions be more closely coordinated with the State Extension system.

Section 19: Amends section 1463(a) targeting authorizations for all agricultural research, except those contained in subtitle H and sections 1416, 1417, 1419, and 1420 and 1414 and the Hatch Act of March 2, 1887 by increasing the targeting each fiscal year from fiscal year 1983 to fiscal year 1987, by $20 million annually.

Amends Section 1463(b) for Agricultural research at the state Agricultural experiment stations under the Hatch Act of March 2, 1887, by extending and increasing the annual targeted authorization by $25 million from fiscal year 1983 to 1987.

Further, Section 1463 is amended by setting forth the following: "Of the total funds appropriated to the Secretary in any fiscal year to conduct agricultural research at Federal, State, or local levels of government or to make grants to institutions or individuals to conduct research; not less than 25 per centum of such total funds appropriated shall be appropriated for agricultural research at State agricultural experiment stations under the Hatch Act."

Section 20: Section 1464. Extends the targeting authorizations for extension programs by increasing the targeting $20 million annually for the period fiscal year 1983 to fiscal year 1987.

Section 21: Section 1471 is added to restrict the treatment of indirect costs of funds made available in the Federal-State partnership arrangements. Effected are the Hatch Act, the McIntire-Stennis Act, Appropriations for veterinary research on animal Health and Disease (sections 1433 and 1434 of the Act), and subsections (e)(2) and subsection (d) section 2 of the Act of August 4, 1965 (7 U.S.C. 450i).

Section 22: Section 1475 sets up a new Subtitle L—"AQUACULTURE," setting a new Aquacultural Research and Extension program to include grants to land grant colleges and universities, state agricultural experiment stations and colleges, universities and Federal laboratories having a demonstrable capacity to conduct aquacultural research, to encourage and improve productivity in aquaculture. The subtitle establishes an Aquacultural Advisory Board and authorizes the Secretary of Agriculture $7,500,000 annually to develop these programs.

Section 23: Amends the McIntire-Stennis Act of 1962 to bring it under this Title to administer Cooperative State Forestry programs to include authorization of a Forestry Council of not fewer than 16 members to advise the Secretary in administering this program.

Section 24: Amends Section 32 of the Act of August 24, 1935 (49 Stat. 774; 7 U.S.C. 612c), Customs duties on Agricultural products, to make these funds available to support agricultural research, extension and teaching programs.

Section 25: Amends the Federal Property and Administrative Services Act to allow state officials and institutions involved in Federal/State research, extension and teaching programs rights to excess Federal equipment.

Section 26: These amendments shall take effect on October 1, 1981.●

SISTERS OF ST. JOHN THE BAPTIST

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. RODINO. Mr. Speaker, this Sunday, March 22, in my home city of Newark the parishioners of St. Lucy's Church will gather at Mass to celebrate the 75th anniversary of the Sisters of St. John the Baptist in the United States.

The first Sisters of St. John the Baptist in America arrived in Newark from Italy in 1906. They came with several orphan girls, and the parish of St. Lucy's Church welcomed them. Since then, the Sisters have tended to the needs of the Newark community with saint-like dedication. I am a lifetime member of St. Lucy's parish, and I can remember as a boy benefiting from the Sisters' personal acts of kindness.

For over three generations, the Sisters have provided friendship to the lonely and hope to the despondent. They have sheltered the homeless, taught in our schools, nursed our sick, comforted those in prison, helped the elderly and the handicapped, and assisted immigrants in adapting to American life.

The Sisters run St. Lucy's Grammar School and St. John's Girls Residence in Newark. They are among 160 Sisters serving in 16 communities in America.

The history of the Sisters of St. John the Baptist dates back to 1878 in the small town of Angri in southern Italy where a group of religious women and a local priest pooled their resources to buy a horse stable and converted it into an orphanage. The Sisters of St. John the Baptist have

continued to support and operate the orphanage ever since. Right now, the orphanage is providing vital help to children left homeless by the recent earthquake.

This constant service to God and mankind is exemplified by the Sisters at St. Lucy's parish in Newark. Their record of dedication was recognized in 1978 when a lifetime member of St. Lucy's parish, Sister Alberta Stango, was chosen Mother General for the entire order of the Sisters of St. John the Baptist. Sister Alberta Stango is now stationed in Rome, but the other Sisters who have meant so much to the Newark community continue to serve at St. Lucy's Church. Sister Vincent is 80 years old and has been at St. Lucy's for 60 years; Sister Clement has spent over 40 years helping children at St. Lucy's; and Sister Francis Marie, who is principal at St. Lucy's School, is carrying on this tradition of caring and commitment to young people.

On Sunday I will join the other parishioners of St. Lucy's to pay tribute to this tradition. Father Joseph Granato, pastor of St. Lucy's, will concelebrate Sunday's Mass with Bishop Pechillo, vicar for Hudson County who is representing Archbishop Gerety; Bishop Marconi, vicar for Union County; Bishop Pernicone, retired auxiliary bishop to Cardinal Cooke in New York; and Father Joseph Nativo of St. Lucy's Church.

It will be a time to give thanks for all that the Sisters of St. John the Baptist have meant to the families of Newark. I join with the countless others who have been blessed by their kindness, and I am thankful for their continued role in our community.●

TRIBUTE TO TOM IORIO

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 11, 1981

● Mr. FASCELL. Mr. Speaker, I am grateful to our colleague JOE ADDABBO for providing us with the opportunity to honor Tom Iorio. The loss of this good friend and devoted servant of the Congress saddens us all. I have difficulty imagining the House without him. It will take time for all of us to accustom ourselves to the lack of Tom's daily presence, his willing ear, his ready help. He eased the way for generations of Members through his insights into how and why the system works. The political sensitivity he acquired and shared so readily was outstanding.

But besides the admiration I had for his ability to facilitate the legislative process, I liked him as a person. Tom Iorio was a man you had to like. He was a proud person, proud of his heritage, his family, the job he did. He made others proud, too. We were proud to know him and proud to share the work we love here with such a good, kind man.

My heart goes out to Tom's family. I hope they will find consolation in the respect with which we will always remember him here.●

CHIEF JUSTICE BURGER SPEAKS OUT ON CRIME

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. ROUSSELOT. Mr. Speaker, while the administration and the Congress prepare to come to terms with the inflation which has hampered our country's economic performance, we were reminded of another type of inflation. In his annual state of the judiciary address to the American Bar Association, Chief Justice Warren E. Burger spoke of the "double-digit crime inflation," currently affecting more than a quarter of all households at least once a year.

The Chief Justice pointed out that it is our weakened deterrent effect against crime, diminished in our "search for perfect justice," which has been a major contributing factor to the worsening crime rate. Mr. Burger noted that presently our judicial system leaves an advantage to the accused, in an almost endless appeals process, while providing few protections for the victims.

Several valuable observations were made on the crime epidemic sweeping the Nation from the perspective of the highest justice in the land. It is for this reason that I share excerpts of Chief Justice Burger's speech with my colleagues in the U.S. House of Representatives.

The excerpts follow:

ANNUAL REPORT TO THE AMERICAN BAR ASSOCIATION BY THE CHIEF JUSTICE OF THE UNITED STATES

Today, for the twelfth time, you allow me this forum to lay before you problems concerning the administration of justice as I see them from my chair.

Today I will focus on a single subject, although one of large content. Some might label it "Crime and Punishment." Crime and the fear of crime have permeated the fabric of American life. Damaging the poor and minorities even more than the affluent. A recent poll indicates forty-six percent of women and forty-eight percent of Negroes are "significantly frightened" by pervasive crime in America.

When I speak of "Crime and Punishment" I embrace the entire spectrum beginning with an individual's first contact with police authority through the stages of arrest, investigation, adjudication and corrective punishment. At every stage the system cries out for change, and I do not exclude the adjudicatory stage. At each step in this process a primary goal, for both the individual and society, is protection and security. This theme runs throughout all history.

Today, the proud American boast that we are the most civilized, most prosperous, most peace-loving people leaves a bitter taste. We have prospered. True we are, and have been, peace-loving in our relations with other nations. Like it or not, today we are approaching the status of an impotent society—whose capability of maintaining elementary security on the streets, in schools, and for the homes of our people is in doubt.

Possibly some of this problem of behavior stems from the fact that we have virtually eliminated from public schools and higher education any effort to teach values of integrity, truth, personal accountability, respect for others' rights.

Perhaps this is not irrelevant to what gives most Americans such deep concern in terms of behavior in America today.

I have pondered long before deciding to concentrate on this sensitive subject and I begin by reminding ourselves that under the enlightened constitution and bill of rights, whose bicentennials we will soon celebrate, we have established a system of criminal justice that provides more protection, more safeguards, more guarantees for those accused of crime than any other nation in all history. The protective armor we give to each individual when the state brings a charge is indeed great. This protection was instituted—and it has expanded steadily for nearly two centuries—because of our profound fear of the power of kings and states developed by an elite class to protect the status quo—their status above all else—and it was done at the expense of the great masses of ordinary people.

Two hundred years ago we changed that—drastically. Some now question whether the changes have produced a dangerous imbalance.

I put to you this question: Is a society redeemed if it provides massive safeguards for accused persons including pretrial freedom for most crimes, defense lawyers at public expense, trials, and appeals, re-trials and more appeals—almost without end—and yet fails to provide elementary protection for its decent, law-abiding citizens? I ask you to ponder this question.

Time does not allow—nor does my case require—me to burden you with masses of detailed statistics—I assure you, the statistics are not merely grim, they are frightening. Let me begin near home: Washington, D.C., the capital of our enlightened country, in 1980 had more criminal homicides than Sweden and Denmark combined with an aggregate population of over twelve million as against 650,000 for Washington, D.C. and Washington is not unique. From New York City, to Los Angeles, to Miami the story on increase in violent crime from 1979 to 1980 is much the same. New York City with the same population as Sweden has 20 times as many homicides. The United States has one hundred times the rate of burglary of Japan. Overall violent crime increased from 1979 to 1980, continuing a double-digit rate. More than one quarter of all the households in this country are victimized by some kind of criminal activity at least once each year.

The New York Times recently reported that one documented study estimated that the chances of any person arrested for a felony in New York City of being punished in any way—apart from the arrest record—were 108 to 1. And it is clear that thousands of felonies go unreported in that city as in all others.

For at least ten years many of our national leaders and those of other countries, have spoken of international terrorism, but our rate or casual, day-by-day terrorism is almost any large city exceeds the casualties of all the reported "international terrorists" in any given year.

Why do we show such indignation over alien terrorists and such tolerance for the domestic variety?

Are we not hostages within the borders of our own self-styled enlightened, civilized country? Accurate figures on the cost of home burglar alarms, of three locks on each door—and sadly, of handgun sales for householders—are not available but they run into hundreds of millions of dollars. All this in a "civilized", "enlightened" society.

I have spoken now of crime and the criminal but for each crime there are victims. The criminals often seem to engage the attention of the mass media more than the victims—unless the victim happens to be a celebrity.

What people want is that crime and criminals be brought under control so that we can be safe on the streets and in our homes and for our children to be safe in schools and at play.

It needs no more recital of the frightening facts and statistics to focus attention on the problem—a problem easier to define than to correct. We talk of having criminals make restitution or have the state compensate the victims. The first is unrealistic, the second is unlikely. Neither meets the central problem. Nothing will bring about swift changes in the terror that stalks our streets and endangers our homes, but I will make a few suggestions.

To do this I must go back over some history which may help explain our dilemma.

For a quarter of a century I regularly spent my vacations visiting courts and prisons in other countries, chiefly western Europe. My mentors in this educational process were two of the outstanding penologists of our time: The late James V. Bennett, Director of the United States Bureau of Prisons and the late Torsten Ericksson, his counterpart in Sweden, where crime rates were then low, poverty was nonexistent, correctional systems enlightened and humane. Each was a vigorous advocate of using prisons as educational and vocational training.

I shared and still share with them the belief that poverty and unemployment are reflected in crime rates—chiefly crimes against property. But if poverty were the principal cause of crime as was the easy explanation given for so many years, crime would have been almost nonexistent in affluent Sweden and very high in Spain and Portugal. But the hard facts simply did not and do not support the easy claims that poverty is the controlling factor; it is just one factor. The crime rate today exceeds our crime rate during the Great Depression.

We must not be misled by cliches and slogans that if we but abolish poverty crime will also disappear. A far greater factor is the deterrent effect of swift and certain consequences: swift arrest, prompt trial, certain penalty, and—at some point—finality of judgment.

To speak of crime in America and not mention the drugs and drug-related crime would be an oversight of large dimension. The destruction of lives by drugs is more frightening than all the homicides we suffer. The victims are not just the young who become addicts. Their families and, in turn, their victims and all of society suffer over a lifetime. I am not wise enough to venture a solution. Until we effectively seal our many thousands of miles of borders—which would require five or ten times the present border guard personnel and vastly enlarge the internal drug enforcement staffs—there is little else we can do. Our fourth and fifth amendments give the same broad protection to drug pushers as they give to you and me and judges are oath bound to apply those commands.

It is clear that there is a startling amount of crime committed by persons on release awaiting trial, on parole, and on probation release. It is not uncommon for an accused finally to be brought to trial with two, three or more charges pending. Overburdened prosecutors and courts tend to drop other pending charges when one conviction is obtained. Should we be surprised if the word gets around in the "criminal community" that you can commit two or three crimes for the price of only one?

Deterrence is the primary core of any response to the reign of terror in American cities. Deterrence means speedly action by society, but that process runs up against the reality that many large cities have either reduced their police forces or failed to keep them in balance with double-digit crime inflation.

A first step to achieve deterrence is to have larger forces of better trained officers. Thanks to the FBI academy we have the pattern for such training.

A second step is to re-examine statutes on pre-trial release at every level along the lines suggested. This requires that there be a sufficient number of investigators, prosecutors and defenders—and judges—to bring defendants to trial swiftly. Any study of the statistics will reveal that "bail crime" reflects a great hole in the fabric of speedy law enforcement and the consequent deterrence.

To change this melancholy picture will call for spending more money than we have ever before devoted to law enforcement, and even this will be for naught if we do not reexamine our judicial process and philosophy with respect to finality of judgments. The search for perfect justice has led us on a course found nowhere else in the world. A true miscarriage of justice, whether 20- 30- or 40-years-old, should always be open to review, but the judicial process becomes a mockery of justice if it is forever open to appeals and retrials for errors in the arrest, the search, or the trial.

At this point judicial discretion and judicial restraint require me to stop and simply to repeat that governments were instituted and exist chiefly to protect people. If governments fail in this basic duty they are not excused or redeemed by showing that they have established the most perfect systems to protect the claims of defendants in criminal proceedings. A government that fails to protect both the rights of accused persons and also all other people has failed in its mission. I leave it to you whether the balance has been fairly struck.

Let me place this in perspective: (1) The bail reform statutes of recent years, especially as to non-violent crimes, were desirable and overdue; (2) the provisions for a lawyer for every defendant were desirable and overdue; (3) statutes to insure speedy trials were desirable if the same legislation provides the means to accomplish the objective.

Many enlightened countries succeed in holding criminal trials within four to eight weeks after arrest. First offenders are generally placed on probation, free to return to a gainful occupation under close supervision. I hardly need remind this audience that our criminal process often goes on 2, 3, 4 or more years before the accused runs out all the options. Even after sentence and confinement, the warfare continues with endless streams of petitions for writs, suits against parole boards, wardens and judges.

So we see a paradox—even while we struggle toward correction, education and rehabilitation, our system encourages prisoners to continue warfare with society. The result is that whatever may have been the defendant's hostility toward the police, the witnesses, the prosecutor, the judge and jurors—and the public defender who failed to win his case—those hostilities are kept alive. How much chance do you think there is of changing or rehabilitating a person who is encouraged to keep up years of constant warfare with society?

The dismal failure of our system to stem the flood of crime repeaters is reflected in part in the massive number of those who go in and out of prisons. In a nation that has been thought to be the world leader in so many areas of human activity our system of justice—not simply the prisons—produces the world's highest rate of "recall" for those who are processed through it. How long can we tolerate this rate of recall and the devastation it produces?

What I suggest now—and this association with its hundreds of State and local affiliates can be a powerful force—is to "survey the wreckage" and begin a damage control program. It will be long; it will be painful; it will be costly—but less costly than the billions in dollars and thousands of blighted lives now hostage to crime. It is as much a part of our national defense as the Pentagon budget.

Sometimes we speak glibly of a "war on crime." A war is being waged by a small segment of society against the whole of society. It will not be won simply by harsher sentences; not by harsh mandatory minimum sentence statutes; not by abandoning the historic guarantees of the Bill of Rights. And perhaps, above all, it will not be accomplished by roving, self-appointed armed citizen police patrols. At age 200, this country has outgrown the idea of private law and vigilantes. Volunteer community watchman services are quite another matter.

Now let me present the ultimate paradox: After society has spent years and often a modest fortune to put a single person behind bars, we become bored. The media loses interest and the individual is forgotten. Our humanitarian concern evaporates. In all but a minority of the States we confine the person in an overcrowded, understaffed institution with little or no library facilities, little if any educational program or vocational training. I have visited American prisons built more than 100 years ago for 800 prisoners, but with two thousand crowded today inside their ancient walls.

Should you look at the records you will find that the 300,000 persons now confined in penal institutions are heavily weighted with offenders under age thirty. A majority of them cannot meet minimum standards of reading, writing, and arithmetic. Plainly this goes back to our school systems. A sample of this was reflected in a study of pupils in a large city where one-half of those completing the third grade could not meet minimum reading standards. This should not surprise us, for today we find some high school graduates who cannot

read or write well enough to hold simple jobs.

Here are a few steps which ought to be considered immediately:

(1) Restore to all bail release laws the crucial element of future dangerousness based on a combination of the particular crime and past record, to deter crime-while-on-bail;

(2) Provide for trial within weeks of arrest, except for extraordinary cause shown;

(3) Priority for review on Appeal within eight weeks of final judgement;

(4) Following appellate review, confine all subsequent judicial review to claims of miscarriage of justice; and finally:

A. We must accept the reality that to confine offenders behind walls without trying to change them is an expensive folly with short term benefits—a "winning of battles while losing the war";

B. Reexamining treatment of first nonviolent offenders—intensive supervision and counselling and swift revocation if probation terms are violated;

C. A broad scale physical rehabilitation of all prisons (perhaps on a federally-funded matching grant basis) to provide a decent setting for educational and vocational programs;

D. Make all vocational and educational programs mandatory with credit against the sentence for educational progress—literally a program to "learn the way out of prison," so that no prisoner leaves without at least being able to read, write and do basic arithmetic;

E. Generous family visitation in decent surroundings to maintain family ties, with rigid security to exclude drugs or weapons;

F. Counselling services after release paralleling the "after-care" services in Sweden, Holland, Denmark. All this should be aimed at developing respect for self, respect for others, accountability for conduct, appreciation of the value of work, of thrift, of family.

G. Encourage religious groups to give counsel on ethical behavior and occupational adjustment.

The two men I spoke of as my mentors beginning twenty-five years ago—James V. Bennett and Torsten Eriksson of Sweden, were sadly disappointed at the end of their careers, on their great hopes for rehabilitation of offenders. Have we reached the stage where we must now accept the harsh truth that there may be some incorrigible human beings? Are there people who cannot be changed except by God's own mercy to that one person? We cannot yet be certain and in our own interest—in the interest of billions in dollars lost to crime and blighted if not destroyed lives—we must try to deter and try to cure.

This will be costly in the short run and the short run will not be brief. This illness our society suffers has been generations in developing, but we should begin at once to divert the next generation from the dismal paths of the past and try to make homes and schools and streets safe for all.●

THE EFFECT OF BUDGETARY RESTRAINT ON AMERICA'S EDUCATION RESOURCES

HON. JIM LEACH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. LEACH of Iowa. Mr. Speaker, last week, Dr. William G. Bowen, president of Princeton University, delivered a thought-provoking address about the effects of proposed budgetary restraint on basic research and student assistance. I am taking the liberty to insert below the full text of President Bowen's remarks, but would like to emphasize two points: First, that basic research is a resource of vital importance to our national defense, as the experience of World War II dramatized so vividly; second, that the limiting of middle class access to borrowed capital can lead to a polarization of education where only the very rich and the very poor are provided means to send their sons and daughters to a full array of colleges and universities.

An overwhelming consensus has emerged on the need to restrain the growth of Federal spending, but selective judgment must be applied to budgetary decisionmaking to insure that the development of human resources are not eclipsed by the placement of a disproportionate emphasis on the production of military hardware and the rebuilding of corporate plants and equipment.

REMARKS BY WILLIAM G. BOWEN, PRESIDENT, PRINCETON UNIVERSITY

I am very pleased to be here today and to have this opportunity to join with so many of our alumni in honoring those Princetonians who serve this nation so well as members of the Congress.

These are interesting—challenging—times for all of us, and certainly for those with direct and immediate responsibility for determining national priorities.

We meet today—through no prior arrangement on my part, needless to say—in the immediate aftermath of an announcement of the most sweeping budget-cutting intentions ever placed before the Congress. Some of the issues raised are so important for higher education, for the purposes Princeton serves, that I hope you will allow me to comment on two areas of particular concern: research and student aid. It has not been my practice to use these occasions to discuss pending legislative issues, but I depart from past practice today in the hope of encouraging all of us to think together about longer-term objectives held in common by universities, the government, and the society.

Reducing the rate of inflation and improving the overall performance of the economy are plainly important goals for the universities as well as for the society at large. Indeed, given their "handicraft" nature (with the emphasis at Princeton, for example, on the senior thesis, precepts, and supervised independent work at graduate and undergraduate levels), universities have been especially vulnerable to the inflationary pressures of recent years; thus, they have a direct institutional stake in the success of efforts to reduce the rate at which prices rise. Of course, there will continue to be lively debate among economists as to the right set of fiscal and monetary policies. (A distinguished economist, now himself out of favor, once said: "Only one man in a thousand understands the currency question, and I meet him every day.") There is, nonetheless, widespread agreement that reductions in Federal expenditures can help, and if a major effort is to be made to reduce spending, it seems clear to me that there should be no sacred cows: programs affecting every sector, including higher education, should be scrutinized carefully. It will not do to say: "Leave us alone; cut everyone but us."

As many of you know, we have worked hard, and successfully, at Princeton to balance our own budget, and I know from our experience both how painful it is to achieve reductions and how important it is to be prepared to cut selectively.

In Washington, as at Princeton, it is necessary to make the most careful choices in deciding which programs to terminate or cut back. It seems to me essential that immediate pressures for instant savings not lead inadvertently to the sacrifice of long-term goals critical to both the material and spiritual health of our society.

In the area of research, for example, it is important to understand the integral role that science and technology play in increasing productivity and the extent to which so many questions facing our society have scientific dimensions. For these reasons, among others, there is much to be said for having an eminently qualified science adviser in the White House. We should also remind ourselves of the contributions that can be made by scholars and advanced students in the humanities, the arts, and the social sciences. While economic circumstances may well require reductions in federal spending in these areas (and I believe that there are savings to be achieved), the ways in which this is done will matter greatly.

Within science and engineering, and in the spirit of being clear about priorities and being willing to make choices, let me stress the importance of distinguishing between basic and applied research—and then recognizing the more fundamental role of government in supporting the former. I believe it makes good sense to rely heavily on private companies to finance research at the applied end of the spectrum. In my view, lagging productivity has been—is—a major part of this country's economic problem; accordingly, new ideas and the capital expenditures needed to translate ideas into improving living standards should be encouraged within the private sector.

Of course, applied research grows from the seeds planted by basic research. And individual companies and industries, however generously motivated, cannot be expected to pay fully for research which by its nature can lead in unpredictable directions and which, if successful, almost certainly will bestow benefits so widely that no one firm or group of firms can capture them entirely for private uses. This simple rationale—the presence of what the economist calls "spillover benefits"—means that profit-making enterprises cannot be expected to replace government as sources of support for most research at the "basic" end of the spectrum. Our future welfare depends critically on the ever-changing base of knowledge created, as

it were, for its own sake, and here government must continue to be an important partner in the national effort.

Unfortunately, the environment for basic research in universities has been weakened by inadequate support for, among other things, facilities and equipment. Thus, I am particularly distressed by one of the smallest "savings" included in the most recent budget proposals—namely deferral of a $75 million program within the National Science Foundation for the upgrading of major research laboratories. These laboratories have fallen far behind the state-of-the-art, and one recent study showed that equipment in university laboratories is now, on average, twice as old as equipment in industrial laboratories. I do not believe that failure to spend relatively modest amounts of money here is a real "saving" at all: on the contrary, I think the result will be futher damage to research and training efforts vital to long-term increases in productivity.

One of the great benefits of conducting research in the university environment is that advanced students can simultaneously receive training and contribute their own fresh perspectives to the research enterprise. For almost 30 years, a major expression of this nation's commitment to future scientific leadership has been the merit-based, portable fellowship program of the National Science Foundation that has attracted—and then supported—some of the best young scientific talent in the world. This does not seem to me to be the place, among all places within the educational sector, in which it is wise to seek dramatic economies; thus, I hope the Congress will think hard about the implications of terminating this most successful program before acting on the request of the Administration that no new NSF Fellowships be awarded.

A less obvious, but perhaps significant, observation is that the community of basic research scholars constitutes a vital national resource for purposes of defense, as the experience of World War II dramatized so vividly. With the memory of radar and other war-time contributions fresh in mind, much support of basic research in the post-war period was clearly meant to conserve and strengthen this national resource. In current discussions of defense, these considerations seem to have faded somewhat; they should not. Nor can we afford, as a nation, to neglect teaching and scholarship in such fields as Near Eastern and East Asian studies.

Much as the United States has benefited historically from an educational system unmatched anywhere, our future will depend even more on creativity and trained intelligence. The fields of communications, electronics, and computers offer one particularly dramatic illustration of this point, as Dr. William O. Baker, '39, a Trustee of Princeton and former President of Bell Laboratories, testified before a Congressional committee:

"Talent is the basis for our whole national treasure here. Although materials are vital for the structure of some of the machines, in general the work is characterized by its complete dependence on human talent. There are no oil wells, there are no grainfields, and there are no mineral resources in this field. It is a creation of human imagination and human vision."

If basic research represents a long-term investment in new ideas, student aid is a long-term investment in the human capital of the country—in the individuals who in their turn will provide the leadership, and the citizenship, on which the country must always depend. Current discussion focuses, understandably, on specific program elements. Each component of financial aid should be seen, however, as part of an integrated whole that has been built carefully, with bi-partisan support in successive administrations and successive Congresses, to achieve what are truly national objectives. As we seek to address weaknesses in elements of this financial aid structure, to set sharper priorities, and to correct abuses, we must remember why these programs of student assistance came into being in the first place.

The present combination of Pell Grants (named appropriately in honor of our distinguished alumnus who has done so much to build these programs), Supplementary Grants (which aid needy students at more expensive institutions), work-study programs, federal loan programs, State scholarship programs, and substantial programs of financial aid provided by individual colleges and universities, has been designed to assist students at various income levels to obtain access to educational opportunities that otherwise would be beyond their reach financially—to make it feasible for students from all economic backgrounds to attend the full array of private and public colleges and universities, including the more expensive ones. One result has been the achievement of a diversity of student backgrounds and perspectives that has been extremely valuable educationally as well as consistent with basic principles of equal opportunity—principles that must be given expression within the educational sector if they are to have meaning elsewhere in American society.

It would be short-sighted in the extreme to waste our most precious resources by in effect denying educational opportunity to talented young people who ask only the chance to develop their full potential. It would be contrary to the national interest to begin re-segregating major universities on the basis of financial means. And it would be very unwise, in my judgment, to disturb a rather careful balance that has been created between the complementary needs of the private and public sectors—especially as we move through a 15-year period when demographic trends are almost certain to create serious new stresses within all of higher education.

Fortunately, there seems to be broad agreement on these general propositions. I hope we shall have the wisdom—and the will—to translate them into sound legislative and administration decisions.

With regard to specific programs, let me begin by noting one area in which I believe savings can be achieved, consistent with basic principles of equity. Consideration should be given, in my view, to elimination of the educational benefits provided to college students under Social Security. These benefits are provided irrespective of financial need, and thus in some cases are provided to students otherwise able to meet their college costs. In many other cases, of course, these benefits are meeting real needs, but those needs can continue to be met through reaffirmation and extension of the government's commitment to need-based grant, loan, and work-study programs.

On my own scale of priorities, some of the changes in the Pell Grants suggested thus far, such as requiring a self-help contribution and looking afresh at the formula for determining the parental contribution, also seem less damaging to long-term objectives than other kinds of cut-backs one might envision in this extremely valuable program. It should be recognized, however, that if the full range of proposals were adopted, some 600,000 currently eligible students could be removed from the program next year. Of even more immediate concern is the fact that a substantial supplemental appropriation will be necessary this year if the maximum grant under this program is not to decline precipitously from its intended level of $1,800 to something in the range of $1,200.

The loan programs, and the changes proposed in them, raise more complex questions that cannot be discussed in full detail in the time we have together today. But I do want to suggest some priorities and principles for consideration.

The Guaranteed Student Loan program (GSL) is very important. If we are to expect each student to contribute to his or her own educational costs, it is essential that well conceived and well administered loan programs be available.

There is a compelling reason for governmental involvement in this particular type of loan program, in contrast with many other situations in which the government guarantees loans for commodities or business purposes of one kind or another. Put simply, when students seek loans for educational purposes, they have no collateral to offer; it is their human capital that is being augmented, but we do not, for excellent reasons, allow individuals to sell themselves or enter indentured servant status. This basic characteristic, so fundamental that it is often overlooked, explains why private capital markets cannot be expected to provide the requisite loan funds for students.

It does seem justifiable, however, to have different terms for different groups of borrowers. On the one hand, it seems proper—indeed important, from the standpoint of assisting needy students to borrow—that students with demonstrated need who simply must incur debt to meet educational costs not be asked to pay interest or accumulate interest obligations while in school. (To illustrate the importance of this provision, without the in-school subsidy the total cost of a Princeton undergraduate education would be increased by some $2,700 for a needy student borrowing under the GSL program, and this would be on top of an already substantial loan burden and an obligation to contribute both term-time and summer earnings. The impact on graduate students would be even greater.)

But considerable savings could be achieved if the in-school subsidy were restricted to need and eliminated for others who borrow to solve problems of liquidity or to extend payments into their working lifetimes. This latter group of students could be called upon to assume responsibility for interest charges incurred while in college. And it may well be right to allow interest charges for this group of borrowers, as well as for parents, to be set at some reasonable approximation of the market rate. I agree that it is hard to justify allowing individuals with adequate incomes to borrow at artificially low rates—especially when money markets make it possible for some to reinvest the loan proceeds so as to profit personally. There is no way to know how many students are in fact abusing the current program; certainly in our experience most students borrow reluctantly and for entirely legitimate purposes. In any event, allowing interest rates for borrowers above the strictly defined need level to reflect the cost of money more accurately would remove the

possibility of abuse and also reduce considerably the cost of the program.

It is essential, however, that access to capital, under nonsubsidized terms, be maintained for students and parents (including those who have incomes well above normal notions of "need") who simply must borrow if they are to spread the costs of educational investments over reasonable periods of time. I know students at Princeton whose families simply could not meet expected family contributions without access to Guaranteed Student Loan programs, including some who have one or two brothers or sisters simultaneously going to college. It is difficult for me to believe that we want to discourage this form of investment.

I have been asked repeatedly if the Princeton student body will not become polarized between the very rich and those whose incomes are low enough to qualify for financial aid. So far, this has not happened. Students from families at all income levels are well represented at Princeton, but this has been possible—and will continue to be possible—only through access to loan programs that allow middle income families to invest in the education of their children—and that allow those students whose parents cannot or will not help them (for whatever reasons) to invest in themselves.

Why do those of us at Princeton care so much about all of this? Because of our conviction that the education we offer, and the research done by our faculty, make a difference—a most significant difference—to the life of this country. As Marvin Bressler, Professor of Sociology at Princeton has observed, Princeton has always believed that education is both a private treasure and a public resource. This year, eight seniors at Princeton won either a Rhodes or a Marshall Scholarship to study in England—out of a total of only 62 such awards nationwide. All eight have been receiving scholarships or financial aid in some form at Princeton—and I have no doubt that all eight will repay those investments many times over. It is up to all of us, both individually and through our government, to see that future generations of young people have the same opportunities. And it is up to us, too, to see that the universities in this country, including Princeton, continue to be the home of ideas—that Val Fitch, in our Physics Department, who won the Nobel Prize this year, will be but one more in a continuing stream of faculty whose insights and vision deepen our understanding of the world and our place within it.

To the many practical arguments for the support of research and education, let me add, in closing, what I believe to be a still more fundamental proposition. I shall use the words of this year's winner of the Woodrow Wilson Prize, Lewis Thomas '33, Chancellor of the Memorial Sloan-Kettering Cancer Center in New York. Dr. Thomas observed:

"* * * As long as we are bewildered by the mystery of ourselves, and confused by the strangeness of our uncomfortable connection to all the rest of life, and dumb-founded by the inscrutability of our own minds, we cannot be said to be healthy animals in today's world

"We need to know more * * * not for [the sake of] technology, not for leisure, not even for health or longevity, but for the hope of wisdom which our kind of culture must acquire for its survival."

It is this conception of the role of learning that speaks to many of us at deeper levels. For me, at least, it is compelling.●

HUMAN RIGHTS AND NORTHERN IRELAND

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. FAUNTROY. Mr. Speaker, a few days ago on March 12, my distinguished colleage from New York, Mr. GILMAN, who is always in the forefront in addressing human rights issues, convened a special order on the tragedy inflicting itself on the people of Northern Ireland.

The violence, discrimination, and deterioration of the conditions under which the Catholic minority is being forced to live is exacting a terrible cost on the oppressed as well as the oppressor.

The litany of inadequate living conditions of the Catholic minority in terms of substandard housing, menial jobs, and little or no access to educational opportunities is a situation with which I and all too many of my constituents can concretely identify.

This is the cause of unrest and violence and the situation cries out for reconciliation and a nonviolent resolution of the underlying political, social, and economic causes.

I, like my colleague from New York, am concerned about our Nation's policy toward Northern Ireland and call upon the President to make the strongest representation to Great Britain to allow the Irish to determine their future.

I am also grateful to my colleague for bringing to our attention the manner in which economic subsidies to U.S. corporations doing business in Northern Ireland contribute to the injustice and conflict. U.S. corporations have been encouraged to locate in the British-Protestant section of the North, thus depriving the Catholic minority of economic opportunity.

The call of the gentleman from New York for hearings on this matter is warranted and I will be most interested to learn the extent of American complicity in the all too familiar cycle of discrimination in Northern Ireland.

This is still another instance that demonstrates the requirement for our Nation to examine ourselves and live up to the ideals which we so often espouse but all too often fail to live up to.●

OLIN "TIGER" TEAGUE: A POETIC REMEMBRANCE

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 27, 1981

● Mr. DORNAN of California. Mr. Speaker, I would like to share with my friends and colleagues a very special tribute to the late Olin "Tiger" Teague. I had the good fortune of working with Tiger on the House Committee on Science and Technology, where he served as chairman. The late Congressman Teague played a major role in landing the first man on the Moon.

In 1977, I made a trip with Tiger to Europe. We visited the site of his battalion headquarters during World War II, and I was able to relive with him some of the incredible experiences that he had during the war. His stories were inspiring. I found myself in awe of a man who was completely devoted to his country and his ideals; a man whose wartime and peacetime accomplishments constitute a monument to his memory.

The following poem, written by 1st Lt. Arch B. Hoge, Company B, 314th Infantry, 1st Battalion, 79th Division, which was commanded by Lieutenant Colonel Teague, illustrates the extent to which Olin "Tiger" Teague was loved and respected by his men. I share it with you in honor of a late, modern-day hero; one that will inspire and encourage the lives of Americans for years to come.

TIGER'S MEN

The Tiger's Men, that's what they dubbed us from the start
Commanded by a guy, little and tough, but with a heart.
From the North, the South, out of the West, they came
To the Battalion, to bring it credit and glorious fame.
The Tiger's Men.

We trained in Virginia, Florida and Tennessee
Then West to see what we could see.
Into Arizona and its desert land
Went our bunch, that famous clan
The Tiger's Men.

Rolling across Texas, the Lone Star State
We guys Col. Teague did hate.
For the Col. we would tell
"Texas"—two feet to water, one foot to Hell.
The Tiger's Men.

From the heat and sweat to Kansas and its snow
On another train, did our Battalion go.
Tactics, hikes—train, train, train
No let up for us, come snow or rain
The Tiger's Men.

Soon time to head up to the POE
Get ready—ready to sail across the sea
We'd had our downs—we'd had our ups
Even little Cassie had had her pups.
The Tiger's Men.

On the Cristobal the Battalion set sail
Some turned green, some turned pale
Pitching their cookies into the sea
Just as sick as sick could be.
The Tiger's Men.

At Liverpool, England, the Battalion did land
Ah, what joy, "Dixie" being played by the band.
Soon again on another train
Thru England—mist, fog and rain
The Tiger's Men.

Yep, in the Battalion did work and play

Even to sipping tea the British way
Work, train, on the double we had to hit it
Jolly 'Ole England, its "You cawn't miss it"
The Tiger's Men.

Sgt. Fisher and his extra special super staff
Lovable, pudgy Father Healy and all his gaff
Truly there couldn't have ever been
A crazier, a greater bunch of men
The Tiger's Men.

June of '44 into France the 1st Battalion went
The killing of Germans its energy to be spent
Into Combat where the going was rough
Every guy ready, willing to do his stuff.
The Tiger's Men.

On to Cherbourg, pray, cuss, dig, and fight
Double summertime and the short, short night
The screaming mimi, burp guns, the 88
Sound's we'll well remember and always hate
The Tiger's Men.

Cherbourg had fallen, on to La Haye
No time for rest, no time for play
Inch by Inch, hedge by hedge
Into their lines we drove our wedge
The Tiger's Men.

On across France the Battalion did roll
The Boche were retreating, great was their toll
On, on—up to the river Seine
The guys who wore the Cross of Lorraine
The Tiger's Men.

The officer the Krauts thought looked funny and wacky
Who was he—Ole Flannery—Lord Sir Shacky
There was Hoge and his Confederate Flag
So the South could sit and brag
The Tiger's Men.

There were Otto, and Halligan with wit so rare
There were Renzulli and Musie and their bill of fare
There were big Mullaney and Lover Jung
Food and supplies Mulaney always "brung"
The Tiger's Men.

There was a crew always on call
The Big 3 Harper, Balter and Depaul
It was Able, Baker, Charlie and Dog on the go
Four better companies you'll never know
The Tiger's Men.

The Aid men, the Medics and Doc Moore
From these guys we couldn't ask more
The F.O.'s and their artillery Red
Freeman and Grant as good as they said
The Tiger's Men.

On and on we fought the Boche into the damned Forrest of Parroy
Tired, weary, cold—there was no let up—no joy
When, when do we get a rest?
Hasn't the Battalion already given it's best
The Tiger's Men.

At long last that promised rest
Spruce up—shave—look our best
Sleep, a bath, a dance in store
Steaks, wine, and gals galore
The Tiger's Men.

The rest is over, we're on our way
We attack the Boche at break of day
"B" Company took its objective—that snowy day
Mission accomplished, we've pave the way
The Tiger's Men.

On and on thru the cold, the sleet, the snow and rain
Thru town after town, across the plain
Chasing the Krauts from hole to hole
The German Bastard, God Damn his soul
The Tiger's Men.

And so it came, the Boche were beaten, they were down
The once mighty Hitler had lost his crown
We'd won the fight, we'd cleared the way
For that great occasion—Victory Day
The Tiger's Men.

Now at last our fighting is done
The peace is here, we've finally won
Lots of our guys gave their all
So many names, it's hard to recall
The Tiger's Men.

Now today, wherever we may be
Safe at home or buried O'er the sea
Someday, somewhere, we'll meet again
Together, forever, the Tiger's Men.●

ST. PATRICK'S DAY PEACE WISHES FOR NORTHERN IRELAND

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. ROE. Mr. Speaker, I rise today on the celebration of St. Patrick's Day to call attention to the seemingly endless suffering that continues to plague the residents of Northern Ireland.

We must not let the gaiety of this day diminish the fact that at this moment in Belfast and the small villages and hamlets that make up Northern Ireland, children are afraid to play in the streets and women fear for their lives while going shopping because of the violent drama that has engulfed their lives these many years.

I have long sought a peaceful and diplomatic solution to the violence in Northern Ireland. Soon after President Reagan took office, I communicated with him to express my feelings on this highly important matter.

It is most heartening to note that a letter I recently received from Max Friedersdorf, special assistant to President Reagan, noted that the administration has no plans to change a 19-month embargo on the U.S. arms sales to the Royal Ulster Constabulary, the major British police force in Northern Ireland.

I have gone on record many times in this chamber outlining the terrible record of the Royal Ulster forces. I have been the sponsor of many bills that would forbid the sale of arms to those British forces, who have even been chastized by the British Government.

As a member of the House Ad Hoc Congressional Committee for Irish Affairs, I strongly favor a peaceful and diplomatic solution to the violence in Northern Ireland that has taken the lives of scores of innocent people.

I urge this Congress and the leadership of this Nation to use its influence to make peace in Northern Ireland a reality.●

QUESTIONS AND ANSWERS ABOUT REAGAN'S PROGRAM

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. GINGRICH. Mr. Speaker, many folks have raised questions about President Reagan's economic program. Frank Gregorsky, a columnist for the Douglas County Sentinel, in Douglasville, Ga., has put together a series of answers to the most commonly asked questions about President Reagan's program. I would like to share Mr. Gregorsky's columns with my colleagues.

QUESTIONS AND ANSWERS ABOUT REAGAN'S PROGRAM

(By Frank Gregorsky)

Q: Reagan's people say their tax program is a break with the past. Yet they try to calm people's fears by saying that all past tax cuts helped the economy and we shouldn't worry about this one. Isn't this a glaring contradiction?

A: Yes. The Reagan people alter between wanting to appear bold and daring versus seeming traditional and safe, so their rhetorical lines get crossed. Actually, the Reagan tax program is a lot like some past tax cuts and very different from others.

These proposed cuts are wide in scope but simple in concept. All of the brackets in the Federal personal income tax are to be cut by 30 percent, 10 percent a year for three years. The top tax rate would go from 70 to 50 percent, the bottom one from 14 to 10 percent, and all the ones in the middle accordingly. This is to encourage an across-the-board increase in savings, work incentives and consumer spending, all of which should lead to higher economic growth.

Also, business taxes will be lowered via the "10-5-3" accelerated depreciation formula. Companies would write off, or stop paying taxes on, new buildings after 10 years, new machinery after five, and new vehicles after three. This is a blanket tax break for all businesses that go out and invest in plant expansion and modernization, and the aim is to encourage productivity and our export performance.

In terms of what's new and what's been tried, the cuts in all the income tax rates were tried in 1922, 1924, 1948, and 1964-65. That last series of tax reductions, under Kennedy and Johnson, is very similar to what Reagan proposes, because at that time we cut over a period of years all the income tax rates by almost the exact same proportions. The 10-5-3 scheme has the same goals as did the Investment Tax Credits of 1962 and 1971, and the corporate income tax cuts of 1964 and 1978.

But the Reagan tax cuts are totally unlike the tax cuts we had in 1969, 1971, 1975, 1976, and 1977. Those tax cuts were mistakes. They took poor people off the tax rolls by the millions while giving no tax relief to the middle and upper classes. They raised inheritance and capital gains taxes, discouraging economic activity and investment. They were liberal, Keynesian-type tax cuts: punish the so-called rich, flood the economy with money that will be quickly spent, make things harder on business. We can't afford any more tax cuts of that kind.

Q: Why not just cut taxes for those who save, instead of cutting all taxes? If people spend most of their tax savings, that will make inflation worse. Isn't that what worries the Democrats?

A: First of all, it's not true that people will spend all of their tax savings. During 1964 and 1965, a period when all income tax rates were being sharply cut, the dollar amount of savings by individuals (i.e. households, personal trust funds, nonprofit institutions, and farms) rose from $45.2 billion to $63.8 billion. That's a 41 percent rise in two years, the biggest such increase in personal savings during the last thirty years! The lesson of recent history is that everybody saves more when you make large cuts in everybody's tax rates.

Q: But the tax cut still means more inflationary consumer spending.

A: It means more spending, but it might not be inflationary. Consumer spending can be good or bad or neutral. If it stopped today, we'd soon have a depression. Since Reagan will be cutting government spending—and therefore the spending of people getting income from transfer payments, it might be a good thing to balance that by a rise in the spending of other people in the private sector.

Some Keynesian teachings still hold water. Sharp cuts in federal spending tend, in the short run, to drive up unemployment and therefore cut consumer spending. Conversely, a rise in consumer spending leads to some job creation as businesses expand to meet the new demand. A cut in government spending without more private spending might raise unemployment dramatically. This Reagan cannot accept. And if the Democrats succeed in cutting spending while only cutting taxes for those who save, there'll be an imbalance in the economy and another recession. That's why Reagan is for cutting personal taxes: increased savings will fight inflation, and more private spending will absorb the short-term recessionary impact of the cuts in government spending.

Q: Okay, but why do the personal income tax cuts three years in advance? We can't tell what things will be like in 1984. Why can't Reagan promise future cuts and deliver them one year at a time?

A: Because of expectations. Consumers and businessmen aren't stupid. They've heard promises of tax and spending cuts, but taxes and government spending are at record levels. That's why the President is focusing on the 1982 and 1983 budgets, and wants a multi-year tax cut voted on by this summer. We have to have assurances that the cuts are coming, and be able to plan and act accordingly. A three-year tax cut in the hand is worth a ton of political promises behind the bush.

Q: I don't understand how President Reagan can make big tax cuts and still move toward a balanced budget. Why don't we cut spending, let taxes keep on going up, and balance the budget right away?

A: We've tried that for fifteen years. It doesn't work. From 1976 through the current fiscal year, the total taxes sent to Washington by individuals and corporations will DOUBLE. Washington raked in $314 billion in fiscal 1976 and will get well over $600 billion in fiscal 1981. Yet our budget deficits are higher than ever.

That's because taxes are the biggest single item driving up prices. And when the price level goes up, increases in all sorts of inflation-indexed government spending are triggered. Also, with the tax burden as high as it now is, it's hard for businesses to expand and it's not as worthwhile for people to work hard and earn higher salaries. As a result, there's more unemployment, idle factories, and people spending their time doing unproductive things or working in the so-called "underground economy." All of this tends to shrink our economic growth rates and push the budget out of control.

Q: The logic of that is that we have to cut tax rates in order to balance the budget. But that sounds crazy!

A: Is it crazy when a small businessman cuts his prices, sells more goods at a lower price, and ends up with higher profits? You can cut prices or tax rates, and if the volume of business or economic activity rises enough, your business or government comes out ahead, just as do your customers or taxpayers.

Q: Nice rhetoric, but when has a tax cut actually increased the level of revenues coming in?

A: Glad you asked. During calendar years 1963–64, when the Kennedy tax cuts were talked about or just beginning to take effect, federal revenues rose by $8.7 billion. But during 1965–66, when the full force of those rate cuts had been felt and the economy was expanding, federal revenues rose by $26.9 billion.

Q: Impressive, but explain the reasoning once more.

A: The tax rate reductions stimulated all kinds of economic activity. Everybody did more of everything. Even though all Americans payed less per capita in taxes to Washington, Americans were doing so much to produce so much more wealth that Washington found itself receiving bigger annual hikes in tax revenues than it did with the old, high tax rates.

Q: Still sounds a bit like a free lunch.

A: When the garden gets bigger there's more food for everybody. An intelligent tax policy will promote the biggest possible economy. If tax rates are too high the economy will be too small. Just as when the businessman has prices too high he edges close to bankruptcy.

Q: Let's look at the budget cuts. Won't they hurt the poor more than the rich?

A: We muddy up the discussion by talking about just rich and poor. Four-fifths of Americans call themselves middle-class, and most of the subsidies and programs in the budget were put there to buy middle class votes. Therefore, most of the budget cuts will inconvenience the middle-class, and that's right and natural.

Q: You maintain that no truly needy person will be hurt?

A: Some will, but aged, blind, and disabled people will feel little or no pinch. As for the able-bodied poor, their benefits should be cut. It's in their own and the nation's interest. There are so many social welfare benefits going to people theoretically in the poverty brackets that the incentive to work has vanished. Most people are human, so they will not work to buy what we give them for free.

There's a wisecrack that says the solution to poverty is money. But that misses the point. The solution to poverty is work, and work experience, and the work ethic. You don't get that by welfare. You don't even get that by CETA, a program that may teach disrespect for work.

Combatting poverty requires us to 1) cut the incentives not to work by reducing government pay and in-kind benefits to the able-bodied poor; 2) increase the jobs available to these people by expanding the private economy. Reagan's budget cuts do number one and his tax cuts do number two. So I think his program in the long run will be the best thing that ever happened to those Americans who really want to stop being poor.

Q: A ten percent tax cut means a lot more in dollars to a wealthy family than it does for a low-income one. Why is such a policy fair?

A: If you think the current system is fair, then a bill that gives all tax brackets proportionately equal savings leaves the system as fair as it started out. If you think the current system is unfair, this bill doesn't make it any more so. You've got to look at broad-scale results.

When President Kennedy pushed to cut the top income tax rates from 91 to 70 percent a few liberals screamed that this was a bonanza for the wealthy. But unless you want a communist economy you have to give upper-income groups a reason to take their idle cash out of tax-free municipal bonds and overseas real estate and put it into American savings banks, where it will do all of us some good.

Democrats who complain that Reagan's tax cuts give too much to the wealthy while failing to stimulate savings are economic illiterates. History shows that you can dramatically stimulate savings by cutting the top income tax rates because, like it or not, wealthy Americans have most of the idle cash and can do most of the saving. And all of us, whatever we're earning, want that idle cash in our banks—not fleeing the country or the I.R.S. to avoid tax rates that threaten to steal seven out of ten of those dollars.●

TOO SACRED A COW?

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. FINDLEY. Mr. Speaker, I would like to bring to the attention of my colleagues two editorials regarding milk price supports, more specifically the issue of skipping the scheduled April 1 support increase, a move that would cut Treasury costs by $147 million. That is the sole intent of my bill, H.R. 1986, an objective recommended in the following editorials:

[From the Washington Star, Mar. 7, 1981]

MILKING PRICE SUPPORTS

Between now and April 1 President Reagan will have won or lost what might be his First Battle of the Marne, an engagement that would dramatically affect the administration's budget-reduction war. The battle will be to end the twice-a-year adjustments in price supports for the dairy industry.

The 14-2 vote Wednesday by the Senate Agriculture Committee to end the two-a-year dairy adjustments—"a scandal," in the judgment of the president's budget-biter, David Stockman—was distinctly encouraging. But that was only half, and perhaps the easier half, of this set-to. In the House, the tight three-week deadline to skim off some of the milk-price cream offers a wonderful opportunity for the Democratic opposition. Indeed, the chairman of the House Agriculture subcommittee that will handle the matter, Rep. Tom Harkin of Iowa, is mur-

muring that it will be "very difficult" for his lads to act on milk-price supports before April 1.

The federal Commodity Credit Corporation ended 1980 in custody of 274 million pounds of surplus butter, twice the amount in 1979, and more than 184 million pounds of cheese, against 20 million the previous year—the largest surplus in 20 years. The cost to the federal government for the dairy price-support program will be an estimated $2 billion in this fiscal year, compared to $1.3 billion last year.

The crux of the problem represented by those figures is not farm price supports themselves—which, by various formulas, cover food and fiber from corn to flax. The case for building a government floor under commodity prices to provide market stability and assure farmers a decent return is graved in governmental stone.

But the dairy industry, which knows its way around the political pasture, has been particularly successful in keeping its price-support levels elevated. In 1977, the dairymen persuaded Congress that twice-a-year adjustments would be dandy. This has encouraged dairy farmers to increase herds and expand production even further beyond market requirements, knowing that the feds will buy however much they produce. The farmers argue that even favorable dairy support levels have not permitted them to stay even with inflation. But a General Accounting Office study recently found that dairy farm income between 1977 and 1979 rose 46 per cent, after inflation.

So far, the dairy industry says it might be willing to accept modifications in the price-support structure—but only if those changes do not result in fewer dollars-and-cents than the old levels. Or, put another way, heads we win, tails you lose. And the industry is not budging on the sanctity of twice-a-year adjustments.

That won't do. Mr. Reagan is right on this issue—and it is incumbent that the House stir itself to keep the higher price adjustment from automatically taking effect on April 1.

[From the New York Times, Mar. 6, 1981]

LASSOING THE SACRED DAIRY COW

President Reagan and the public won a big economic battle when the Senate Agriculture Committee voted to suspend an automatic increase in dairy price supports next month. But this one success will not win the war to purge dairy subsidies from the Federal budget. Unless the House moves quickly, the Senate committee's brave stand against a heretofore invincible lobby will have been in vain.

Rarely is a public policy issue so clear-cut. Federal law now requires the Government to buy all the milk and butter that farmers want to sell and at a fixed price—a price raised each spring and fall to reflect increases in the rural cost of living. At the present support level consumers won't buy all the industry's production.

So, since 1978 Uncle Sam has had to be the buyer of last resort, accumulating millions of tons in surpluses. This year's direct Government subsidy to dairy farmers will be about $1.7 billion; the figure could reach $3.2 billion by 1986.

Big Milk says it needs guaranteed high prices to assure adequate supplies for hungry children. And it is true that without Government intervention, the quantity and price of dairy products might fluctuate more from year to year, like the price of meat or coffee. But even if one believed the public had a strong stake in preventing such market swings—not an easy case to make—that hardly justifies having the Government steadily accumulate surpluses.

In any case, few believe that Congress takes seriously the industry's alarms about a butter and cream shortage. The power of the dairy lobby, like that of many special interests, comes not from logic but from its ability to muster votes and campaign contributions. When you remember that milk producers have handed out $146,000 to members of the Senate Agriculture Committee since 1976, you understand the courage in the committee's 14-2 vote to cut off the next automatic increase in price supports.

That vote virtually guarantees a favorable vote on the Senate floor. But the House is going to be tough to move by an opposition President and by April 1, when the support increase is scheduled to take effect. That puts the burden squarely on the House's Democratic majority. It should remember that Democrats, too, drink milk—and pay taxes.●

INTRODUCTION OF H.R. 2568

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. GIBBONS. Mr. Speaker, I am introducing today legislation which would transfer social security and medicare administrative costs from the payroll tax to general revenues. The bill provides that the administrative expenses which are currently paid out of the Federal old-age and survivors insurance trust fund, the Federal disability insurance trust fund, or the Federal hospital insurance trust fund will be paid—beginning with fiscal year 1982—out of funds appropriated for each fiscal year from general revenues.

I am aware that there are some problems with departing from the longstanding principle that the social security program should pay for itself out of payroll tax revenues, and that it would expose social security administrative costs to the Federal budget-cutting process. However, because of the problems that the social security system is experiencing at the present time, I think we should look at this approach as an option.

Mr. Speaker, I insert the text of the legislation I am introducing in the RECORD, along with a summary of the bill:

H.R. 2568

A bill to provide that certain administrative expenses incurred in carrying out the Social Security Act will be paid from general revenue funds rather than from the trust funds established in title II and part A of title XVIII of the Social Security Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) paragraphs (1) and (4) of section 201(g) of the Social Security Act are repealed.

(2) Section 8(f) of Public Law 94-202 is repealed.

(b) Section 201(g)(3) of the Social Security Act is amended—

(1) by striking out "(1) or" in the first sentence; and

(2) by striking out "either" in the second sentence.

(c) Section 201(j) of such Act is repealed.

(d) Section 201(k) of such Act is amended by inserting the following before the period at the end thereof: "; except that expenditures for administrative expenses may be made only from funds appropriated pursuant to section 709".

(e) Section 217(g) of such Act is amended by adding the following new paragraph at the end thereof:

"(5) With respect to fiscal years beginning on and after October 1, 1981, the amounts authorized to be appropriated under this subsection shall not include amounts needed to pay for administrative costs incurred in carrying out this section in any such fiscal year."

(f)(1) Section 221(e) of such Act is amended to read as follows:

"(e) Each State which is making disability determinations under subsection (a)(1) shall be paid (out of funds appropriated pursuant to section 709), in advance or by way of reimbursement, as determined by the Secretary, the cost to the State of making such determinations."

(2) Section 221(f) of such Act is amended by striking out "for deposit in the Trust Funds".

(g) Section 222(d) of such Act is amended—

(1) by striking out "(including (i) services during their waiting periods, and (ii) so much of the expenditures for the administration of any State plan as is attributable to carrying out this subsection)" in the first sentence of paragrph (1) and inserting in lieu thereof "(including services during their waiting period, but excluding so much of the expenditures for the administration of any State plan as is attributable to carrying out this subsection)"; and

(2) by adding the following new paragraph at the end thereof:

"(7) All costs for administrative expenses incurred in the administration of a State plan as is attributable to this subsection and all other administrative costs attributable to this subsection shall be paid from funds appropriated pursuant to section 709.".

(h) Section 228(g) of such Act is amended—

(1) by inserting "and" at the end of paragraph (1);

(2) by striking out paragraph (2);

(3) by redesignating paragraph (3) as paragraph (2); and

(4) by striking out "and expenses" in paragraph (2) as redesignated.

(i) Section 229(b) of such Act is amended by striking out ", (2)" and all that follows through "(3)" and inserting in lieu thereof "and (2)".

(j) Section 231(c) of such Act is amended by inserting after "such sums" the following: "(other than sums authorized to be appropriated for administrative expenses pursuant to section 709)".

(k) Section 1106(b) of such Act is amended by striking out the parenthetical material in the second sentence and inserting in lieu thereof "(including authorizations to make expenditures from the Federal Supplementary Medical Insurance Trust Fund)".

(l) Section 1110(b) of such Act is amended by inserting the following before the period at the end of the third sentence thereof: "; except that administrative costs of such

projects carried out in connnection with title II or part A of title XVIII shall be paid out of funds appropriated pursuant to section 709".

(m) Section 1122(c) of such Act is amended by striking out "the Federal Hospital Insurance Trust Fund" and inserting in lieu thereof "amounts appropriated pursuant to section 709".

(n) Section 1131(b) of such Act is amended to read as follows:

"(b) There are authorized to be appropriated for each fiscal year beginning on and after October 1, 1981, such sums as the Secretary deems necessary on account of additional administrative expenses resulting from the enactment of the provisions of subsection (a).".

(o) Section 1168 of such Act is amended by striking out the first and second sentences and inserting in lieu thereof the following: "Expenses incurred in the administration of this part shall be payable from funds appropriated to carry out the health care provisions of this Act."

(p) Section 1817(h) of such Act is amended by striking out ", and the payments" and all that follows through "(l)".

(q) Section 1817(i) of such Act is repealed.

(r) Section 1841(g) of such Act is amended by striking out ", and the payments" and all that follows through "(l)" and inserting in lieu thereof "and payments for administrative expenses incurred in carrying out this part".

(s) Section 1864(b) of such Act is amended—

(1) by inserting "(out of funds appropriated pursuant to section 709)" after "The Secretary shall pay"; and

(2) by striking out "the Federal Hospital Insurance Trust Fund's fair share of".

(t) Section 1876(a)(4) of such Act is amended by inserting the following before the period at the end of the third sentence: "; except that payments made for administrative expenses incurred with respect to benefits paid from such trust fund shall be paid only from funds appropriated pursuant to section 709".

(u) Section 103(c) of Public Law 89-97 is amended—

(1) by inserting "and" at the end of paragraph (1);

(2) by striking out paragraph (2); and

(3) by redesignating paragraph (3) as paragraph (2).

(v) Section 111(d) of Public Law 89-97 is amended—

(1) by inserting "and" at the end of paragraph (1);

(2) by striking out paragraph (2); and

(3) by redesignating paragraph (3) as paragraph (2).

(w) Payments for administrative expenses incurred by the Department of Health and Human Services in carrying out demonstration or pilot projects, experiments, and studies conducted in connection with title II or XVI or part A of title XVIII of the Social Security Act shall be made available only from funds appropriated pursuant to the authorization described in section 709 of such Act.

(x) Title VII of the Social Security Act is amended by adding the following new section at the end thereof:

"AUTHORIZATION OF APPROPRIATIONS FOR CERTAIN ADMINISTRATIVE EXPENSES

"SEC. 709. There are authorized to be appropriated for each fiscal year such sums as the Secretary determines will be necessary for payment of the following expenses during such fiscal year—

"(1) administrative expenses incurred by the Department of Health and Human Services and the Treasury Department in carrying out titles II and XVI and part A of title XVIII of this Act (including any administrative expenses incurred in carrying out demonstration or pilot projects, experiments, and studies conducted in connection with any such titles or part), sections 1106, 1110(b), and 1122 of this Act, chapters 2 and 21 of the Internal Revenue Code of 1954, and section 103 of Publc Law 89-97 and in making payments described in section 111(d)(1) of such Public Law;

"(2) administrative expenses incurred by the Department of Health and Human Services in carrying out its functions, pursuant to section 232 of this Act, which relate to the administration of provisions of the Internal Revenue Code of 1954 other than those referred to in paragraph (1); and

"(3) travel expenses, either on an actual cost or commuted basis, paid to individuals for travel incident to medical examinations requested by the Secretary in connection with disability determinations under title II, and to parties, their representatives, and all reasonably necessary witnesses for travel within the United States (as defined in section 210(i)) to attend reconsideration interviews and proceedings before administrative law judges with respect to any determination under title II or XVIII (such amounts to be determined in accordance with the limitations described in sections 201(j) and 1817(i) of this Act on September 31, 1981)."

SEC. 2. The provisions of this Act shall become effective on October 1, 1981, except that the Secretary of Health and Human Services may, after such date, make payments, with respect to expenses incurred before such date, in accordance with—

(1) the provisions of section 201(g)(1), subsection (j) or (k) of section 201, section 221(e), 222(d), 1110(b), 1122(c), 1131(b)(1), or 1168, subsection (h) or (i) of section 1817, section 1841(g), 1864(b), or 1876(a)(4) of the Social Security Act as such provisions were in effect on September 30, 1981; or

(2) any provision of law authorizing the payment, out of any trust fund established by title II or XVIII of the Social Security Act, of administrative expenses incurred in connection with the Secretary's carrying out any demonstration or pilot project, experiment, or study in connection with title II, XVI, or XVIII of such Act.

SUMMARY OF THE BILL

The bill provides that the administrative expenses which are currently paid out of the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund will be paid (beginning with fiscal year 1982) out of funds appropriated for each fiscal year from general revenues.

The first section of the bill amends or repeals existing provisions of law which authorize use of these trust funds to pay administrative expenses or which authorize the appropriation of funds to the trust funds to pay such expenses. In addition, the bill creates a new section at the end of title VII of the Social Security Act which authorizes the appropriation of funds from general revenues for payment of these administrative expenses. As a result, these trust funds will no longer be utilized for the payment of administrative expenses, and such expenses will be paid out of the Treasury from funds appropriated each year for such purpose.

Section 2 of the bill is an effective date and transition provision which provides that October 1, 1981, is the effective date for the bill and that, even in fiscal year 1982, payment for administrative expenses *incurred in fiscal year 1981* may continue to be paid in accordance with the law in effect on September 30, 1981.●

THE YELESTRATOV FAMILY MUST BE ALLOWED TO EMIGRATE

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. McGRATH. Mr. Speaker, my attention has recently been drawn to yet another Soviet violation of human rights, its refusal, since 1972, to allow Victor Yelestratov and his wife, Batsheva, to emigrate to Israel. Simply because of their desire to practice their own religion in a country of their choice, Victor and Batsheva Yelestratov have endured persecution, harassment, and imprisonment.

The plight of the Yelestratovs has been brought to world attention by the International Committee for the Yelestratovs, of Oceanside, N.Y., and most recently by a resolution adopted by the New York State Senate and Assembly, sponsored by Senator Norman Levy and Assemblyman Dean Skelos. I am writing to Soviet Communist Party Secretary General Leonid Brezhnev to express my deep concern for the Yelestratovs, and I urge my colleagues to do the same.

I am inserting in the RECORD a copy of the resolution for the benefit of my colleagues.

RESOLUTION OF THE STATE OF NEW YORK

Legislative resolution recognizing, applauding and commending the International Committee for the Yelestratovs for advancing the cause of freedom of emigration for Russian citizens oppressed by the Soviet Union

Whereas, October nineteenth, nineteen hundred eighty, was declared International Day for the Yelestratovs, serving as further expression of the continuing efforts and determination to secure immigration freedom for Soviet Jews; and

Whereas, In 1972, Victor Yelestratov and his wife, Batsheva, determined to depart from the Soviet Union in order to freely practice the traditions of the Jewish Heritage—and on numerous occasions since that year, have been denied that basic human right of free emigration; and

Whereas, Victor Yelestratov's aspiration to emigrate has resulted in his employment being limited to menial labor by Soviet authorities and the confiscation of his personal belongings and other indignities including the Soviet Police repeatedly invading his home for the purpose of harassment; and

Whereas, Batsheva Yelestratov remains within the Soviet Union, despite the emigration of her son, Alexander Fish, thereby placing Batsheva Yelestratov in the ranks of many Soviet mothers who are unfortunately separated from their children by the design of Soviet Union officials; and

Whereas, Victor and Batsheva Yelestratov have endured the persecution, harassment, imprisonment and family separation simply because of their desire to practice their own religion in a country of their own choice; and

Whereas, Victor Yelestratov, in October of 1976, endeavored to obtain written explanation of his emigration denial from the Presidium of the USSR Supreme Council, and was subsequently beaten and imprisoned by Soviet authorities; and

Whereas, Victor and Batsheva Yelestratov's right to live freely and to be reunited with their families abroad is being denied them and other Soviet Jews, a right affirmed by the Soviet Union's Constitution, the Declaration of Human Rights adopted by the General Assembly of the United Nations and Principle VIII of the Final Act of the Helsinki Accord; and

Whereas, The Soviet Union's continuing persecution of its Jewish citizens and denial of those rights and privileges accorded other recognized religions in the Soviet Union will not succeed in isolating Soviet Jews from their friends in the World so long as those who hold liberty and freedom as the highest ideal continue to speak out on behalf of all beleagured and oppressed people; now, therefore, be it

Resolved, That this Legislative Body pauses in its deliberations to recognize, applaud, and commend the International Committee for the Yelestratovs who, by highlighting the plight of this family is helping the cause of freedom of emigration for others similarly oppressed by the Soviet Union; and be it further

Resolved, That copies of this Resolution, suitably engrossed, be transmitted to the President of the United States, Honorable Hugh L. Carey, Governor of the State of New York, Secretary of State of the United States, and to each member of the Congress of the United States from the State of New York, International Committee for the Yelestratovs, 50 Murray Avenue, Oceanside, New York 11572, Leonid Brezhnev, Secretary General of the Communist Party, The Kremlin, RSPER, USSR, and Oleg Troyanovsky, Ambassador, Soviet Mission to the United Nations, 136 East 67th Street, New York, New York 10021.●

A REVISED CHECKLIST OF ITEMIZED DEDUCTIONS FOR USE IN TAXABLE YEAR 1980 AS COMPILED BY THE SELECT COMMITTEE ON AGING

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. ROE. Mr. Speaker, each year it has been my practice to distribute to the senior citizens of my district a checklist of itemized deductions for use in filing income tax returns as compiled by the Select Committee on Aging. This year the committee's publication containing this data entitled, "Protecting Older Americans Against Overpayment of Income Taxes," is in short supply.

Mr. Speaker, in order to disseminate this important tax information to our senior citizens, I insert the updated checklist of tax tips for the elderly prepared by the Select Committee on Aging with the assistance of the Senate Committee on Aging, the Joint Committee on Taxation, and the House Ways and Means Committee at this point in our historic Journal of Congress, as follows:

INCOME TAX DEDUCTION CHECKLIST

Medical and Dental Expenses

Medical and dental expenses (unreimbursed by insurance or otherwise) are deductible to the extent that they exceed 3 percent of your adjusted gross income (line 31, Form 1040).

Insurance Premiums

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 3 percent limitation for other medical expenses. The remainder of these premiums can be deducted, but is subject to the 3 percent rule.

Drugs and Medicines

Included in medical expenses (subject to 3 percent rule) but only to extent exceeding 1 percent of adjusted gross income (line 31, Form 1040).

Other Medical Expenses

Other allowable medical and dental expenses (subject to 3 percent limitation):

Abdominal supports (prescribed by a doctor).
Acupuncture services.
Ambulance hire.
Anesthetist.
Arch supports (prescribed by a doctor).
Artificial limbs and teeth.
Back supports (prescribed by a doctor).
Braces.
Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. You should have an independent appraisal made to reflect clearly the increase in value.
Cardiographs.
Chiropodist.
Chiropractor.
Christian Science practitioner, authorized.
Convalescent home (for medical treatment only).
Crutches.
Dental services (e.g., cleaning, X-ray, filling teeth).
Dentures.
Dermatologist.
Eyeglasses.
Food or beverages specially prescribed by a physician (for treatment of illness, and in addition to, not as substitute for, regular diet; physician's statement needed).
Gynecologist.
Hearing aids and batteries.
Home health services.
Hospital expenses.
Insulin treatment.
Invalid chair.
Lab tests.
Lipreading lessons (designed to overcome a handicap).
Neurologist.
Nursing services for medical care, including nurse's board paid by you.
Occupational therapist.
Ophthalmologist.
Optician.
Optometrist.
Oral surgery.
Osteopath, licensed.
Pediatrician.
Physical examinations.
Physical therapist.
Physician.
Podiatrist.
Psychiatrist.
Psychoanalyst.
Psychologist.
Psychotherapy.
Radium therapy.
Sacroiliac belt (prescribed by a doctor).
Seeing-eye dog and maintenance.
Speech therapist.
Splints.
Supplementary medical insurance (Part B) under medicare.
Surgeon.
Telephone/teletype special communications equipment for the deaf.
Television set if individual has a hearing impairment and the set is specially equipped with a visual display of the audio portion of television programs. Similarly the cost of an adaptor for a conventional television that performs the same function is now considered a medical deductive by the IRS.
Transportation expenses for medical purposes (9¢ per mile, plus parking and tolls or actual fares for taxi, buses, etc.).
Vaccines.
Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).
Wheelchairs.
Whirlpool baths for medical purposes.
X-rays.

Expenses may be deducted only in the year you paid them. If you charge medical expenses on your bank credit card, the expenses are deducted in the year the charge is made regardless of when the bank is repaid.

Taxes

Real estate.
General sales.
State and local income.
Personal property.

If sales tax tables are used in arriving at your deduction, ordinarily you may add to the amount shown in the tax tables the sales tax paid on the purchase of the following items: automobiles, trucks, motorcycles, airplanes, boats, mobile homes, and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to your adjusted gross income any nontaxable income (e.g., social security, veterans' pensions or compensation payments, railroad retirement annuities, workmen's compensation, untaxed portion of long-term capital gains, dividends untaxed under the dividend exclusion, interest on municipal bonds, unemployment compensation and public assistance payments).

Contributions

In general, contributions may be deducted up to 50 percent of your adjusted gross income (line 31, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20 percent of adjusted gross income.

Cash contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, State or local governmental units (tuition for children attending parochial schools is not deductible).

Fair market value of property (e.g., clothing, books, equipment, furniture) for chari-

table purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 9¢ per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster).

Purchase of goods or tickets from charitable organizations (excess of amount paid over the fair market value of the goods or services).

Out-of-pocket expenses (e.g., postage, stationery, phone calls) while rendering services for charitable organizations.

Care of unrelated student in your home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

Interest

Home mortgage.

Auto loan.

Installment purchases (television, washer, dryer, etc.).

Bank credit card—can deduct the finance charge as interest if no part is for service charges, loan fees, credit investigation fees, or similar charges.

Other credit cards—you may deduct as interest the finance charges added to your monthly statement, expressed as an annual percentage rate, that are based on the unpaid monthly balance.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money and only if the charging of points is an established business practice in your area. Not deductible if points represent charges for services rendered by the lending institution (e.g., VA loan points are service charges and are not deductible as interest). Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of a mortgage—deductible as interest.

Revolving charge accounts—may deduct the separately stated "finance charge" expressed as an annual percentage rate.

Casualty or Theft Losses

Casualty (e.g., tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses—the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be further reduced by any insurance or other recovery, and, in the case of property held for personal use, by the $100 limitation. Report your casualty or theft loss on Schedule A. If more than one item was involved in a single casualty or theft, or if you had more than one casualty or theft during the year, you may use Form 4684 for computing your personal casualty loss.

Miscellaneous

Appraisal fees to determine the amount of a casualty loss or to determine the fair market value of charitable contributions.

Union dues.

Cost of preparation of income tax return.

Cost of tools for employee (depreciated over the useful life of the tools).

Dues for chamber of commerce (if as a business expense).

Rental cost of a safe-deposit box used to store income-producing property.

Fees paid to investment counselors.

Subscriptions to business publications.

Telephone and postage in connection with investments.

Uniforms required for employment and not generally wearable off the job.

Maintenance of uniforms required for employment.

Special safety apparel (e.g., steel toe safety shoes or helmets worn by construction workers; special masks worn by welders).

Business entertainment expenses.

Business gift expenses not exceeding $25 per recipient.

Employment agency fees under certain circumstances.

Cost of a periodic physical examination if required by employer.

Cost of installation and maintenance of a telephone required by your employment (deduction based on business use).

Cost of bond if required for employment.

Expenses of an office in your home if used regularly and exclusively for certain business purposes.

Transportation expenses for business purpose (20 cents per mile for the first 15,000 miles, and 11 cents per mile in excess of 15,000 miles, plus parking and tolls or actual fares for taxi, buses, et cetera.)

B. OTHER TAX RETURN INFORMATION ITEMS

Tax Tables

Tax tables have been developed to make it easier for you to find your tax if your income is under certain levels. Even if you itemize deductions, you may be able to use the tax tables to find your tax easier. In addition, you do not have to deduct $1,000 for each exemption because these amounts are also built into the tax table for you.

Multiple Support Agreements

In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) support; (2) gross income; (3) member of household or relationship; (4) citizenship, and (5) separate return. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support. However, it still may be possible for one of the individuals to be entitled to a $1,000 dependency deduction if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—

2. Any one of those who individually contribute more than 10 percent of the mutual dependent's support, but only one of them, may claim the dependency deduction.

3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must be filed with the income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence

You may exclude from your gross income some or all of your gain from the sale of your principal residence, if you meet certain age, ownership, and occupancy requirements at the time of the sale. These requirements, and the amount of gain that may be excluded, differ depending on whether you sold your home before July 27, 1978, or on or after that date. The exclusion is elective, and you may elect to exclude gain only once for sales before July 27, 1978, and only once for sales on or after that date.

If you sold your home before July 27, 1978, and you were age 65 or older before the date of sale, you may elect to exclude the gain attributable to $35,000 of the adjusted sales price if you owned and occupied the residence for 5 of the 8 years ending on the date of sale. If you sold the home after July 26, 1978, and you were age 55 or older before the date of the sale, you may elect to exclude $100,000 of gain on the sale if you owned and occupied the residence for 3 of the 5 years ending on the date of sale (or 5 of 8 years under certain circumstances). Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what gain, if any, may be excluded.

Additionally, you may elect to defer reporting the gain on the sale of your personal residence if within 18 months before or 18 months after the sale you buy and occupy another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if (1) you construct the new residence; (2) you were on active duty in the U.S. Armed Forces; or (3) your tax home was abroad. Publication 523 (Tax Information on Selling or Purchasing Your Home) may also be helpful.●

AD HOC CONGRESSIONAL COMMITTEE FOR IRISH AFFAIRS

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. FISH. Mr. Speaker, St. Patrick's Day 1981 still finds an Ireland divided and torn with strife and suffering. Unfortunately, the continued division and violence distracts us today from this otherwise joyous occasion.

I do see reasons for optimism however. Certainly one reason for hope is the work of the Ad Hoc Congressional Committee for Irish Affairs and their efforts to bring peace and justice to Ireland. The congressional members who have associated themselves with the committee, and I am pleased to say that I am one of them, have taken every opportunity to keep alive the issues of Northern Ireland by drawing the attention of Members of Congress to the developments which affect the Irish people. The committee has done much to keep the issue in the forefront and before the American people. I know the dedication of the members of the ad hoc committee toward this cause and I know that we will continue to work diligently toward our ultimate goal—to bring peace to all of Ireland; establish democratic principles and ideals; and to bring economic prosperity and stability to the region.●

WOMEN AND CHILDREN LAST

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. BINGHAM. Mr. Speaker, in the Washington Post on March 14, Ellen

Goodman argues forcefully that women with children will be most hurt by the Reagan administration's proposed budget cuts in food stamps, aid to families with dependent children, day care, and child nutrition. But even more devastating may be the effect of these cuts on displaced homemakers. Goodman writes:

"Our safety net of programs," insists Reagan, "is intact." But the safety net never caught these women.

There are 4 million to 6 million displaced homemakers in the country; many are caught between AFDC and Social Security. For many of them, displaced-homemaker programs were a road to economic independence. This road is now virtually closed.

At the same time, the subsistence rut of economic dependence is pitted with new, treacherous holes. The proposed cuts in Medicaid, the proposed cuts in benefits to veterans' dependents and the possibility of raising the age of eligibility for Social Security are all directed at older women hanging on by their fingernails. There is no net over this abyss.

Mr. Speaker, we would do well to remember that each of the vast numbers the administration speaks of so casually represents an individual life.

I commend Ms. Goodman's article to my colleagues.

[From the Washington Post, Mar. 14, 1981]

WOMEN AND CHILDREN LAST

(By Ellen Goodman)

FT. MYERS, FLA.—Emma Dunmire is one of those people the president has described as selfish.

She fits his description—selfish member of special-interest group—because she has the egocentric nerve to oppose the budget cuts he has outlined.

The 48-year-old mother has the gall to come to the defense of that group of human beings known as displaced homemakers. These are women who made one terrible economic "mistake." They stayed home to take care of their children.

Here in Ft. Myers, Dunmire has run "Rediscovery," one of the 31 nascent programs across the nation for caretakers who have been left in the lurch by death, divorce, desertion, disease. Once a displaced homemaker with four children of her own, Dunmire has seen 300 women come into the program with little work experience and less self-esteem. She has seen them leave with a decent résumé, a prop of self-worth and a job prospect.

"We are talking here about really getting people back on their feet," she says.

It took four years for people like her to make the term "displaced homemaker" a respectable one, years to set up legislation, years to get programs operating.

Now they see it all going down the drain. The freezing of funds for the Comprehensive Education and Training Act means half of these programs will simply end March 31. It means the "lucky" ones, like Rediscovery, will find their budgets amputated so that they can barely limp along.

So Emma Bunmire, selfish special-interest groupie that she is, now knows what the rest of us had better understand: This administration, which lauds the traditional role for women, is making this choice riskier and riskier every day. There is no single job in America more economically perilous today than that of full-time motherhood.

The proposed budget cuts are aimed deadeye at women who are now, or have been for most of their lives, mothers at home.

Who will be hurt by cuts in food stamps? Women with children.

Who will be hurt by cuts in Aid to Families with Dependent Children? Women with children.

Who will be hurt by cuts in Medicaid, cuts in day care, cuts in child nutrition? Women with children.

This mother is threatened now with the specter of workfare—forced labor at deadend subsistence-level jobs—if she wants to stay at home. She is threatened with slashes in child-care deductions and training programs if she wants to go to work.

The cuts in programs to the poor affect mothers most, because they and their children are the poor. Two-thirds of the households headed by women with children receive welfare benefits. One-third of today's generation of children are likely to live in homes headed by women receiving welfare benefits before they are 18.

An enormous number of the mothers in this country are one man away from welfare.

But the Reagan proposals may have an even more devastating effect on the older women who have spent most of their adult lives taking care of others.

"Our safety net of programs," insists Reagan, "is intact." But the safety net never caught these women.

There are 4 million to 6 million displaced homemakers in the country; many are caught between AFDC and Social Security. For many of them, displaced-homemaker programs were a road to economic independence. This road is now virtually closed.

At the same time, the subsistence rut of economic dependence is pitted with new, treacherous holes. The proposed cuts in Medicaid, the proposed cuts in benefits to veterans' dependents and the possibility of raising the age of eligibility for Social Security are all directed at older women hanging on by their fingernails. There is no net over this abyss.

The older a woman is, the worse the story gets. One out of every two women can expect to be widowed by 65. One-third of all widows live below the poverty line. In 1979, the average income for a woman over 65 was $59 a week.

The plan to cut minimum Social Security will hurt these older, unemployed women alone the most. Only 15 percent of those who receive benefits are "double dippers," living off two pension plans. The bulk of them are women who spent a bare minimum time in the work force and now live off those payments.

These are the true stories, these are the true prospects for the traditional woman's role the Reagan administration so praises. These are the risks for a young woman who wants to be a full-time mother in the brave new world of fiscal responsibility.

Once again protection turns out to be a sham, and the caretakers of our society end up at the bottom of the heap. There, if they sift among the proposed budget cuts, they can find a pretty clear message. Any woman selfish enough to want to take care of her own children had better find a husband who will never leave her, and never get sick—and never, ever, die.●

COMMEMORATING HUNGARY'S WAR OF INDEPENDENCE

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. NELLIGAN. Mr. Speaker, March 15 marked the 133d anniversary of Hungary's War of Independence of 1848. This revolution was led by the great patriot, Lajos Kossuth. Although the revolution led by Kossuth was crushed 18 months later by the Russian and Austrian armies, its plea for freedom remains a symbol for freedom-loving people everywhere. When the people of this heroic nation were overrun, the United States invited Kossuth to come and welcome Americans of Hungarian ancestry. After Kossuth died in 1894, he remained a symbol in Hungary of man's search for liberty and independence. Since then, thousands of Hungarians have come to the United States seeking liberty.

The Hungarian people's desire for freedom was demonstrated during the historic 1956 uprising against Soviet rule. Tragically, the Soviet oppression continues to this day.

We look forward to the time when the Hungarian people will be free from foreign domination and will enjoy real independence.●

SUCCESS STORY IN LINCOLN

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. BEREUTER. Mr. Speaker, having only recently completed a tour of the Kawasaki Heavy Industries, Ltd., plant in Lincoln, Nebr., and being very favorably impressed by the management and productivity of the all-American management and labor force in that plant, I was especially pleased to see their success highlighted in the following article and editorial from the Lincoln Journal and the Christian Science Monitor. This success story in mid-America is testimony that the skill and productivity of the American worker is still unsurpassed given the proper environment, management, and incentives.

[From the Lincoln Journal, Mar. 10, 1981]

SUCCESS STORY IN LINCOLN

At a time when U.S. industry is worrying about competition from imports, the Christian Science Monitor, an international newspaper, believes there is a lesson in the experience of the Kawasaki plant in Lincoln. The Monitor featured the Lincoln operation on its front page last week.

The lesson is essentially this: There is nothing inherently inferior about American workmanship. In both productivity and

quality, U.S. workers can do as well as foreigners, including the fabled Japanese.

Kawasaki's Lincoln plant surveyed dealers who sell motorcycles made in both Lincoln and Japan. Almost 80 percent said in overall quality the Lincoln machines were equal to or better than those from Akashi. On the question of mechanical soundness, the comparable figure was above 80 percent. There was a bit less enthusiasm for the quality of the paint finish; yet 59 percent gave the Lincoln product an "as good as or better than rating." In the number of machines turned out per hour of work, Lincoln workers matched their Japanese counterparts.

While the Lincoln venture is owned by the Japanese firm, all its workers and managers are Americans, most of them from Nebraska. Many of the plant's techniques are borrowed from Japan. Not all of them, however, might be transferable to other factories, because the U.S. work force is so varied and attitudes and work practices differ from one part of the country to another.

To a large degree, the success of Kawasaki in Lincoln can be attributed to the industry, intelligence, conscientiousness and pride of Nebraska workers.

Still, the conclusion reached by the Monitor is valid: "The Kawasaki experience suggests that Americans, by combining their own strengths with applicable Japanese techniques, can compete head to head with any workers in the world."

A number of U.S. firms have sent scientists to Japan and other foreign countries in search of the secret of industrial success. They might do better to send them to Lincoln, Nebraska.

[From the Christian Science Monitor, Mar. 6, 1981]

U.S. PRODUCTION, JAPANESE STYLE

(By Harry B. Ellis, staff correspondent)

LINCOLN, NEBR.—On the plains of Nebraska stands living proof that American factory workers can build a product as high in quality as the same thing made in Japan.

Possibly a little bit better, in the case of the Kawasaki motorcycle factory outside Lincoln.

Some time ago, Kawasaki Heavy Industries Ltd.—owner of the Lincoln plant—borrowed 10 American welders to help out temporarily at the main Kawasaki plant at Akashi, Japan.

"The Japanese thought the Americans were so good," says Bob Summers, personnel manager at the Lincoln plant, "that they used them to pace their welding lines at Akashi."

Some 1,500 Kawasaki dealers throughout the United States get their motorcycles from both the Akashi and the Nebraska plants—in other words, cycles made wholly by Japanese and others made by Americans.

Dennis W. Butt, plant manager at Lincoln, surveyed the dealers. Which machines were better?

On overall quality, Mr. Butt says, 79 percent of dealers said the Lincoln product was "as good or better" than the Japanese machine.

On mechanical soundness, the comparable figure was over 80 percent.

Only on the quality of the paint finish did the approval rating drop—to 59 percent.

"You will note," Butt told his American workers, "that our paint quality is still perceived to be marginal by our dealers. Improved paint quality needs to be an objective for 1981."

In productivity, says Summers—that is, the number of machines fabricated, painted, and assembled per hour of work—"we match the Japanese."

The Nebraska facility, opened in 1975 to help supply the growing U.S. market, is wholly owned by a Japanese firm demanding top quality. But in the Lincoln plant, all managers and workers are American.

The result of this mix is success, both for Japanese owners and American workers. Why?

"It hasn't anything to do with the U.S. vs. Japan," says Butt, a cheerful giant of a man who grew up on an Iowa farm, served in the Marines, worked on an assembly line at Davenport, Iowa, and put himself through college nights and weekends.

"You have to define your factory's problem. Then you assess the strengths and weaknesses of your people." Clearly, to Butt, his 650 American workers—average age 26, 95 percent from Nebraska—are a major reason why Kawasaki at Lincoln succeeds. "Productivity and quality," he says, "were not problems with these Nebraskan workers."

But the plant did have a problem with inventory control at a time when soaring interest rates made it prohibitively expensive to build up excess stocks of materials and parts.

"Our problem at Lincoln," he said, "was putting the right part at the right place at the right time."

So, at the beginning of 1980, the Lincoln plant adapted an element from a complex production system developed in Japan by Toyota, called Kanban.

The whole system, according to Butt, has perhaps 15 objectives designed to make production totally efficient—a system which catapulted Toyota, experts claim, into the most productive automaker in the world.

The element of Kanban adapted at the plant relates to inventory control and is called by Toyota "just-in-time." "It means," says the Lincoln plant chief, "that you make only those parts you need, when you need them."

Persuading American suppliers of basic parts and materials to go along with more frequent delivery of small lots took some doing, Butt and Summers concede.

But it was done and now, according to the plant manager, "the inventory problem is solved." Storage, interest, and handling charges have shrunk.

A key to making the system work is quality control all along the line, including parts and materials sold to Kawasaki by U.S. suppliers. Defective materials or parts will shut down the Lincoln line, since inventories are not stockpiled against such contingencies.

This requires, among other things, mutual trust between management and workers on the line—a principle of Kanban, according to the Toyota model.

"We call it vertical enhancing of the job," says personnel manager Summers, "or adding responsibility to the job. We also add quality responsibility—correcting one's own errors."

In a typical American factory, inspection is done in steps along the assembly line. At Kawasaki in Lincoln, parts are inspected as they come in. No further inspection occurs, except by each worker in his own sphere, until the finished motorcycle or snowmobile rolls off the line.

If an error is found, it is traced back to the worker concerned, who corrects it.

The Kawasaki experience suggests that Americans, by combining their own strengths with applicable Japanese techniques, can compete head-to-head with any workers in the world.

But not all aspects of Kanban are easily applied in the U.S. Most Americans, Butt believes, would refuse to give up their individual freedoms in exchange for guaranteed lifetime employment with particular firms.

U.S. labor laws discourage some practices common in Japan, such as workers' circles meeting in their homes to discuss production problems and solutions.

American workers could do this, too, but their employers would be obliged, under American law, to pay them for so doing.

"In Japan," Butt says, "there is homogeneity. In the U.S. there is not. The fact is, we can't do the same things in Lincoln, with Nebraskans, that are done in Chicago or New York.

"Sure, our culture is different from that of Japan. But it is different in New York from Lincoln, Neb. It is just as possible for us to adapt a Japanese system as one from Chicago or New York."

A similar point was made in Washington recently by Akio Morita, chairman of the famed Sony Corporation.

"We Japanese," he said, "are homogeneous. We can understand each other without talking to each other."

When he first visited Sony plants in the U.S. he said, he was astonished by the diversity of workers—different colors of hair, eyes, and skin, as well as varying backgrounds. "We find," he said, "that we have to talk to [American] workers. That is, you need strong leadership to get a uniform response from a diverse work force."

"The bottom line," Butt said, "is that you weigh the strengths and weaknesses of what you have to work with, particularly your people. Then you try to make their strengths productive and their weaknesses irrelevant to the task at hand."●

ST. PATRICK'S DAY—1981

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. HOLLENBECK. Mr. Speaker, it is a pleasure for me to take this opportunity, during the St. Patrick's Day festivities of 1981, to rise and join my colleagues in acknowledging the many contributions of Irish Americans throughout our Nation. I consider it an honor to join my many friends of Irish descent in honoring the spirit and memory of the patron saint of Ireland, Saint Patrick, who epitomizes the very character of Ireland. By persevering against a climate of fear and distrust and by applying the strength of his faith to the land, he made Ireland one of the greatest nations on Earth.

Americans of Irish descent have every reason to be proud of their heritage and of their patron saint. I know that their fellow Americans share in that pride, and I believe it is only appropriate to pay tribute to the many significant contributions by the sons and daughters of Erin in our culture, our politics, and especially in our art. Our Nation, time and time again, has been generously rewarded for opening

her arms to the Irish pilgrims of the last century.

However, like many Irish Americans, I find the joy of this occasion somewhat dampened by the continuing strife in Northern Ireland. As a member of the Ad Hoc Congressional Committee on Irish Affairs, I wish to reiterate my strong opposition to all violence, civilian or official, in Northern Ireland. I pledge that I will work to end the human rights violations which are taking place on a daily basis throughout the region. I, for one, will continue to use all the resources of my office in an effort to ease the plight of those being denied their inalienable rights as human beings.

Finally, it is my hope that the memory of Saint Patrick will help inspire a spirit of compassion and reconciliation to bring justice to all the oppressed in Northern Ireland.●

THE NEEDY NEED LEGAL AID

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. EDWARDS of California. Mr. Speaker, I want to call to the attention of my colleagues a March 10, 1981, editorial which appeared in the San Jose Mercury. The editorial discusses the Reagan administration's proposal to eliminate legal services for poor people.

As the writer points out, the great majority of legal services provided by legal aid groups throughout the country deal with individuals and families. People who could not otherwise obtain legal assistance go to these groups for help with divorce or child custody matters, for assistance in a tenant/landlord dispute, for help in dealing with a government agency or for legal counsel in a problem with an employer. If the Legal Services Corporation is destroyed, where will these people go for legal help?

I encourage my colleagues to read the article which follows. I call their attention in particular to the closing paragraph:

If the administration finds abuses in the program, weed them out by all means. To kill the whole program, though, is to add an unnecessary burden to the poor.

After reading this perceptive editorial, I hope my colleagues will strongly support the legislation introduced by the gentleman from New Jersey and the chairman of the Judiciary Committee (Mr. RODINO) to reauthorize the Legal Services Corporation.

THE NEEDY NEED LEGAL AID

The safety net that budget-cutting President Reagan said he was leaving in place for the needy already shows a gaping hole.

The administration's proposal to eliminate all federal aid—$321 million—for free legal services for the poor could leave the needy unprotected in this lawyers' world we have allowed to grow up around us.

Many legal aid groups are controversial. One of Ronald Reagan's most celebrated battles when he was governor of this state was with California Rural Legal Assistance. The then governor's effort to squash that agency failed, ironically, after President Nixon's Republican administration sided with CRLA. Reagan apparently has a long memory. CRLA is one of many organizations that would be crippled and perhaps killed by his latest edict.

Class action suits brought by legal assistance units leave them open to charges of politics. Some such suits, of course, do push political aims. Others, though, deal with legitimate civil rights and consumer protection issues. As long as the class action suit is part of our system, the poor have every right to make use of it.

In any event, class action litigation is but a small part of the work done by most legal aid groups. CRLA reports about 90 percent of its cases today involve individuals.

That also is pretty much the story with the Community Legal Services-Legal Aid Society of Santa Clara County. In a typical month, the organization handles slightly fewer than 2,000 cases, according to Eugene Flemate, interim directing attorney for the unit. About 30 of those will deal with more than one person, though the number that could be considered class action is smaller than that, he says. The organization has been in the news with actions concerning hiring of bilingual policemen and school desegregation.

The vast bulk of its cases, however, concern an individual or a family—a beef with a landlord or employer, a couple seeking to retain or regain custody of a child, a destitute person trying to get welfare aid, a Social Security disagreement too complicated for the average person to handle himself, an effort to unravel the complexities of Medical regulations.

Legal Services Corp., the conduit for federal funding, is providing $672,000 this year to the Santa Clara County legal aid unit, nearly 90 percent of its budget. New sources might be found to make up part of the loss of federal money, but it is doubtful the organization would be able to operate at anywhere near its present level. That means poor people would be without legal help in many cases important to them.

William Reece Smith Jr., president of the American Bar Association, has joined the chorus protesting the proposed cut.

If the administration finds abuses in the program, weed them out by all means. To kill the whole program, though, is to add an unnecessary burden to the poor.●

THE COMING GLOBAL TRIUMVIRATE: JAPAN, IRELAND, AND THE UNITED STATES

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. MINETA. Mr. Speaker, years ago when I first decided to enter politics, one of my good friends in San Jose gave me the benefit of his sage, political wisdom that I have used successfully ever since. He told me that I should never put my picture on any campaign advertisement, whether it was a billboard or whatever. His reasoning was that with my name, the Latinos would think I was a member of their community, the Italians would think I was Italian, and the Japanese would know who I was. With that kind of support, who could lose?

While I have been happy to be confused as a member of two of these fine groups and to belong to one, I must confess my regret that no one has ever asked me if I were Irish. And what a fine heritage it would be to have, too. To belong to a nation whose people have contributed so much to literature, the arts, to public service, to science would be such a great thing. I still hold out some hope that someday someone will confuse me with some famous hurling player from Clare, or maybe even a fiddler from Galway.

Until then, I will content myself with wishing my colleagues a happy Saint Patrick's Day and offer this poem in the spirit of this great day.

RETURN OF THE EMMIGRANT

Snugly, among these rough-hewn hills,
The slow train nudges cityward
Rain washing away
Atlantic brine, casual
Droppings from exotic birds.

Homing at last,
Slipping through these familiar
Green fields,
Slow certainties wash
All interims away,
Until we are an Old Master,
Gradually emerging.

All aspects of your face
Have followed me, from Limerick,
Until this, last stop,
(Behind schedule), when Dublin,
Like an old coat,
Shrugs me welcome.

I imagine our first quiet pint
No time or countries
Between us now.
You smile.
In wonder, my fingers
Trace your cheek's curve.

—Patricia Cullen.●

PEACE BEGINS AT HOME

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. MICHEL. Mr. Speaker, the Saturday Evening Post has recently published an article by President Ronald Reagan on the subject of peace. I commend this stirring piece to the attention of our colleagues and, indeed, to anyone who wants to understand the vision that inspires President Reagan.

I am inserting in the RECORD the article "Peace Begins at Home" by Ronald Reagan, from the Saturday Evening Post, April 1981.

PEACE BEGINS AT HOME—WORLD PEACE IS CONCEIVED IN THE HEART, IS NURTURED IN THE FAMILY AND REACHES MATURITY IN THE NATION.

(By Ronald Reagan)

As we enter—all of us—four of the most perilous years in American history, our responsibility begins with the "peace the world cannot give," the peace of the spirit that comes only through religious values.

The responsibility of those of us in public life is toward the peace of the world, the kind of peace that demands our readiness to protect and preserve it.

Throughout scripture we see reference to peacemakers who through their actions—not just their words—take the material of this imperfect world and, with hard work and God's help, fashion from that material peace for the world. I am convinced that this understanding of how peace is gained must guide and inspire this nation in the years ahead.

We have to stop thinking of peace as just the absence of war or violence. We have to stop thinking of peace as something that is given, as something that is somehow dependent on what others do. We must be certain that we do not mistake an illusion of peace for genuine peace.

We must realize that what we do—as workers, as members of families, as active and concerned citizens—helps to build peace. Peacemakers exist everywhere, not just in diplomacy or government. In every home, in every classroom, in every factory, on every farm, there is an opportunity to help build peace, if only we will recognize it.

Peace in the world is built by our actions and our prayers, not once and for all, but over and over, each generation making its contribution. It is built by thoughtful action based on our shared values. Together we can contribute to the four kinds of peace the world needs.

First, there must be peace in the human heart. Each individual must strive toward that kind of peace the world cannot give.

Next, there must be peace in the home. American families know that the family structure is under attack from many sides. The message we instill of love and concern for others and of commitment to moral values helps the families to sustain and spread those values in their communities.

Of course, those of us in political life can help in this effort by doing all we can to stop actions that destroy confidence and trust in our institutions. Government can aid family life by reducing federal spending which now causes the dangerous inflations that is ravaging our society. Inflationary interest rates make homes hard to acquire.

Third, there must be peace in our nation. This refers not only to a diminishing of crime or violence but to the support of a view of America that reflects the essential optimism and faith and hope and love of the Judeo-Christian message. That message must emphasize the values that we share rather than momentary questions that may divide us. We must not hesitate to defend those values, and this requires the courage of leadership. And a presidential administration must demonstrate its leadership of the nation, because it is only through the cooperation of all Americans that the kind of domestic peace we want can be achieved—a peace in which creativity, imagination and patriotism can flourish.

Finally, there must be peace in the world. It is the first task of statecraft to preserve peace. Our commitment to peace is fundamental and enduring, and it must remain at the center of our foreign policy. The peace we seek to build must be principled; it must rest on our great strength and our dedication to freedom. That is why I believe the peace we seek must be such that freedom can flourish and justice prevail.

What is done in the State Department and the Defense Department and other parts of the executive branch matters for peace. What is said over the Voice of America and Radio Free Europe and Radio Liberty matters for peace. What happens in the Commerce Department and the Labor Department and the Treasury Department matters for peace.

Last year I was asked what one contribution my campaign for the presidency had tried to make. My answer was that I had attempted, in all I did or said, to show that peace is built by everything we do—not just by our national security measures, but by government attitudes toward the needs of hardworking men and women who pay their taxes and pay their bills. Not just by our commitment to defense, but by our compassion toward the powerless, to the very young and the very old, to all those in need and to all those for whom the works of mercy are a daily blessing.

Government alone, however, cannot make peace in the world. It takes every American family, in the daily duties we are called upon to perform, no matter where—on the job, in the home, at school—to do the work of peace.

Last autumn I had the honor of addressing a meeting of B'nai B'rith. In my remarks, I drew upon a passage from the Psalms. It tells of the vision of the psalmist, a vision of a world where peace reigns.

"May our garners be full, affording every kind of store;
May there be no breach in the walls, no exile, no outcry in our streets.
Happy are the people for whom things are thus. . . ."

That is the vision that we can bring to millions of Americans. It is the vision that must inspire our administration. It is an ideal worth the energy and the dedication and the prayers of all Americans.

With the American people's help and prayers and with God's blessing, we will build peace. We will make peace grow. In all we do we must be truly peacemakers—for ourselves and for our children, for our nation and for the world.●

TRIBUTE TO TOM IORIO

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 11, 1981

● Mr. ROYBAL. Mr. Speaker, I was deeply sorry to hear of the death of Tom Iorio this past weekend. For 36 years he served the House with a dedication and loyalty that few can match. From his first job on the Hill as a House floor aide, to his latest position as Deputy Sergeant at Arms, Tom demonstrated his extraordinary abilities, his unselfish attitude, and his great integrity. He was a good friend to Members and employees alike, and the many awards he received during his years on the Hill bear witness to the respect he was given by all who came into contact with him. I especially identified with Tom's devotion to worthwhile causes. I know that he was tireless in his efforts to improve relations between the United States and Italy, and for these efforts was decorated by the Italian Government in 1974. There is no doubt that Tom Iorio was an excellent House employee and an outstanding human being. He will be sorely missed by all who knew him. I extend my deepest sympathy to his wife and family.●

OAKLAND WINS ANOTHER TITLE

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. STARK. Mr. Speaker, I would like to take this opportunity to pay special tribute to Oakland's Bishop O'Dowd High School's mens basketball team for winning the State basketball championship.

Mr. Speaker, the team has upheld the city's rich tradition of sports champions by winning the first basketball tournament since 1928. I praise these young men and their coach for their fine sportsmanship and their dedication to basketball throughout the season and I am glad to see their commitment was amply rewarded.

I would also like to take this time and offer my congratulations to the Bishop O'Dowd High cheering section. Their support for the team was rewarded by winning the tournament cheering award.

The city of Oakland and the State of California can be especially proud of this high school for they represent the essence of fine team play and school spirit.

Mr. Speaker, at this point I include a summary of the team's championship game victory:

O'DOWD STATE CHAMP, 70 TO 69

(By Scott Strain)

John Shaddle hit two free throws with seven seconds left to give Bishop O'Dowd a 70-69 victory over Castlemont in the boys California Interscholastic Federation 3A State Tournament championship game at the Oakland Coliseum Arena Saturday night.

"We were ready to play," O'Dowd coach Mike Phelps said. "The OAL had taken it (the tournament championship) six years in a row. It was a time for a Catholic team to win it."

The Dragons had to overcome a ferocious Knight comeback in the third quarter which was led by guard Michael Manning, who finished with 32 points.

Marvin Harris had broken a 63-63 tie with two free throws with 2.26 left to give Bishop O'Dowd a 64-63 lead. The Dragons' Tony Jackson hit a layup with 57 seconds to give the Dragons a three-point lead at 66-63.

But Harris was hit with a foul and Richard Ross sank two free throws to cut the margin to one with 33 seconds left.

Castlemont's Chuck Johnson fouled Andre Rivers with 22 seconds left and the Dragon guard converted both shots for a 68-65 lead.

Rivers said he really didn't have too much doubt he would make them.

"A couple of games ago, I missed three free throws. And earlier tonight I missed one. After I made the first free throw I felt good and the second just followed on through. My teammates gave me a lot of encouragement."

Manning streaked down the court and converted a layin with 10 seconds left to cut the margin to one again.

Ross intentionally fouled Rivers with seven seconds left but the Dragon guard converted both foul shots to clinch the victory.

Johnson hit a layup at the buzzer for Castlemont's final points.

The big story in the first half was Castlemont's Lathan Wilson. The Knights' 6'5" senior forward was shadowed by as many as three Bishop O'Dowd players and was ineffective on the offensive end of the floor. It also didn't help when he picked up his third foul with 5:35 left in the second quarter and had to sit out two minutes.

Wilson's free throw touch didn't leave him though—9 of his 11 first-half-points came on the line.

Manning, normally a driver, was content to exploit the holes when the Dragons sagged in on Wilson. Manning kept the Knights in the game with 16 points, most of them coming on soft jump shots.

Phelps also took a gamble when he took Jackson out of the game with 1:17 left in the first quarter.

"He had two fouls," Phelps said, "So I took him out. I always have great confidence in my bench. (Dave) Townsend hit some great shots and (Jay) Jacobs got some big rebounds while Jackson was out."

Jackson had led a 15-6 Dragon run to open the game, scoring 10 points on line-drive jumpers and follow shots.

But the Dragons used their superior depth to keep Castlemont at bay in the first half—shuffling players in and out to offset Jackson's loss.

Dave Townsend contributed eight points off the bench to lead O'Dowd during this period. With O'Dowd up by 10 at 17-7 in the first quarter, Castlemont outscored O'Dowd 12-4 to cut the lead to 21-19 at the quarter mark.

Wilson scored five points all on free throws to lead the Knight charge.

Wilson had his trouble from the field, hitting on only three of 13 shots before fouling out with 6:25 left in the fourth quarter.

Phelps gave a lot of the defensive credit to Harris.

"He has stopped everyone he has guarded all year. Without him, we would've won 10 fewer games. He gave Wilson five inches and spotted him 50 pounds. What can I say? He did a great job.●

CONGRESSIONAL SALUTE TO NATALE AND GREGORY VELARDI OF WAYNE, N.J.—DISTINGUISHED CITIZENS, ESTEEMED PUBLIC SAFETY OFFICERS, AND COMMUNITY LEADERS

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. ROE. Mr. Speaker, on Saturday, March 21, the residents of my hometown of Wayne, Eighth Congressional District and State of New Jersey, will join with P.O.L. Fire Company No. 2, Inc., of Wayne, N.J., in testimony to the good works of two distinguished citizens, esteemed public safety officers and community leaders—the Honorable Natale Velardi and the Honorable Gregory (Hank) Velardi, brothers of distinction, whose standards of excellence during the past 25 years in seeking optimum protection from the perils of fire for all of our people have truly enriched our community, State, and Nation.

Mr. Speaker, I know that you and our colleagues here in the Congress will want to join with me in extending our warmest greetings and felicitations to Nat and Hank Velardi and share the pride of their families—Nat's wife Marie and their three sons, Frank, Anthony, and Michael; and Hank's wife Eleanor and two sons, Frank and Gregory—as they celebrate a milestone of achievements in their family endeavors.

As firemen who daily risk their lives to protect and safeguard the lives and property of our people, Natale and Gregory have served with courage and valor in the vanguard of our fire service brigade in Wayne. Their record of performance during the past quarter of a century—for a total combined service of a half-century—with P.O.L. Fire Company No. 2 is applauded by all of us.

Hank joined P.O.L. Fire Company No. 2 in 1956, held the esteemed office of captain, and has been a member of the fire company's building committee for 12 years. He is presently working diligently with other members of the building committee in their quest to construct a firehouse at a new location. He is an exempt fireman.

Nat also joined P.O.L. Fire Company No. 2 in 1956 and has held the prestigious offices of president for 10 years and vice president for 7 years. He is also a trustee of the Firemen's Relief Association and an exempt fireman.

Mr. Speaker, our people are also most grateful to both brothers for their exemplary service in the armed services of our country.

In 1942, Nat joined the Army and served until 1945. He was stationed for 33 months in Africa and Europe, attaining the rank of sergeant. He is a most active, dedicated member of the American Legion Post No. 174.

Gregory's service in the U.S. Army spanned the years 1951 to 1953.

Mr. Speaker, Natale Velardi was 6 years old when his family moved to Wayne in 1927. After attending Wayne schools, he worked for Mack Molding Co., and received his plumbing license in 1946.

Gregory Velardi was born in Wayne in 1929, attended Wayne schools and Pompton Lakes High School. He is presently employed as a maintenance carpenter with the sports complex in the Meadowlands of New Jersey.

Mr. Speaker, Nat and Hank Velardi have achieved in their lifetime the respect and esteem of all of us who have had the good fortune to know them. It is to their modesty in their achievements, their outstanding expertise in their chosen fields of endeavor, the warmth of their friendship, and sincerity of purpose in the American way of life that I seek this national recognition of their service to our community and fellow man.

We are especially appreciative of their many contributions to the quality of life and well-being of our citizenry in providing optimum public safety to the people of our community, safeguarding and protecting the property and physical beings of all in their unselfish, dedicated leadership efforts with P.O.L. Fire Company No. 2 during the past 25 years. For their personal commitment and lifetime of good deeds in service to our people, we do indeed salute two outstanding gentlemen, good friends, and great Americans—the Honorable Gregory Velardi and the Honorable Natale Velardi of Wayne, N.J. ●

POSTAL INSPECTION SERVICE HONORS CONSUMER REPORTER DAVID HOROWITZ

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. DORNAN of California. Mr. Speaker, too often, people who fight for the underdog or the victim are ignored. That's why I was very pleased to learn that America's leading investigative consumer reporter, David Horowitz, has been honored with the prestigious Chief Postal Inspector's Special Award.

Traditionally presented to prosecutors and law enforcement officials, Mr. Horowitz is the first journalist to receive the Postal Inspection's highest award for excellence in the administration of justice.

Already the recipient of three Emmy Awards, as well as commendations from the State of California, the city

of Los Angeles, and the Daughters of the American Revolution, Mr. Horowitz was specifically cited by Chief Postal Inspector Kenneth H. Fletcher for being instrumental in the success of the Inspection Service's program to prevent mail fraud through consumer awareness. In one case alone, Mr. Horowitz was responsible for keeping many innocent consumers from losing thousands of dollars in a mail-order scheme selling bogus vacation certificates to Las Vegas.

Chief Postal Inspector Fletcher has noted that David Horowitz "began fighting for consumers before it was popular." Postmaster General William F. Bolger has called him "the country's town crier of public ripoffs." Every television market in the United States should either carry Mr. Horowitz's show or create a similar service for the consumer.

It's my pleasure to bring Mr. Horowitz's well-deserved award to my colleagues' attention. Too often, fraudulent schemes are only noticed after the crime is committed. Through investigation and education, David Horowitz prevents their happening. I'm proud to call him a friend.●

A VICTORY WOMEN CAN CHEER

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. BEREUTER. Mr. Speaker, the distinguished columnist Dave Broder recently wrote an excellent article about the new executive director of the Republican Congressional Campaign Committee. Nancy Sinnott was the subject of his column, "A Victory Women Can Cheer." It is a victory all of us can cheer.

I have been privileged to be a member of the Congressional Campaign Committee and commend our chairman's action with regard to the appointment of Nancy Sinnott. She has by her own ability and accomplishments affirmed what our chairman has said: "Nancy has earned the right to the job."

My personal congratulations and best wishes go to her in this new position. I have every confidence she will perform exceptionally well.

I submit Mr. Broder's article to be reprinted in the CONGRESSIONAL RECORD.

The article follows:

A VICTORY WOMEN CAN CHEER

(By David S. Broder)

It has not been exactly a banner year for Republican women. The only Cabinet-level job President Reagan handed to a woman went to a Democrat, Jeane Kirkpatrick, the ambassador to the United Nations. Sub-Cabinet and senior White House staff jobs for women have been as scarce as—you should excuse the phrase—hens' teeth.

But last week a Republican woman achieved something unprecedented. Nancy Sinnott, 30, was named executive director of the Republican Congressional Campaign Committee. So far as memory and records show, she is the first woman to fill the top professional staff job in any of the "Big Three" political committees of either party. Sinnott will be running a staff of 40 people and managing a budget of more than $35 million in the two-year effort Republicans will make to end the Democratic majority in the House of Representatives in 1982.

Each party has had a woman national chairman once in its past. Jean Westwood was put in the Democratic chairmanship by George McGovern and Mary Louise Smith was named Republican national chairman by Jerry Ford. While protecting their patrons' interests, they both hired their own pros to manage their shops. Neither the national committee, nor the senatorial compaign committee, nor the congressional committee of either party had previously found a woman it thought fit to fill the top job reserved for a full-time political pro.

In that sense, Sinnott's appointment is another landmark in the slow but certain emergence of women as full partners in the working of the American democracy.

What the committee chairman, Rep. Guy Vander Jagt (R-Mich.), who recommended Sinnott to succeed Steve Stockmeyer, says about her reflects the standards by which all women in politics would like to be judged.

"Nancy earned the right to the job," Vander Jagt said. "She's done her other jobs here so well, she was the only choice." Sinnott has been on the committee payroll for four years, the first two as a field representative in New England and Illinois, the last two as campaign director—the deputy to the retired Stockmeyer.

"Being campaign director is the toughest job in the whole committee." Vander Jagt said. "Every Republican representative and senator is putting pressure on you to back their own favorites, even when the objective evidence indicates the money and resources should go to other races. It takes tremendous strength to say no to all those people, and she is as tough as steel.

"But even when they'd been turned down by her," Vander Jagt added, "they'd say, 'She's quite a lady.' "

Sinnott, whom an old chauvinist like myself would describe, if I dared, as a slim brunette with the looks of the young Joan Bennett, is another kind of rarity in today's Republican capital: an avowed feminist. The child of a Chicago businessman, she went to Wheaton College, in Massachusetts, also taking courses at Williams College.

It was in the liberal tradition of the underdog Massachusetts GOP that she received her political training. While still in college, she worked on the campaign staffs of Gov. Francis Sargent and Lt. Gov. Donald Dwight and then in their offices, assisting in reorganization of the state's sprawling executive agencies into a Cabinet-style government and in the implementation of the school racial-balance decisions.

At the urging of then-Senator Edward W. Brooke (R-Mass.), she ran for vice chairman of the state GOP in 1975 and defeated three opponents for the job. In 1976, she managed Arthur Mason's House campaign against then-representative Robert F. Drinan (D-Mass.). Although Mason lost, his campaign drew more Republican votes than any other race any Republican has ever run in that district.

It was the Mason campaign that brought her to the attention of the Republican Congressional Campaign Committee, a powerhouse political operation that every two years sets new records for its fund-raising and campaign services.

As campaign director and now as executive director, Sinnott has helped recruit and elect Republicans of all varieties, working as hard on the campaign of Clay Shaw, a Florida conservative, as on that of Claudine Schneider, a Rhode Island feminist—both of whom were elected last fall.

When told that one right-wing political action committee director regards her as a libertarian while another describes her as a liberal, Sinnott does what any smart pol would do. She laughs and says, "Well, actually, I'm neither. I'm a Midwesterner like Dave Stockman, and it's easy for people like us to be progressive on foreign policy and civil rights, pragmatic in politics and conservative in the economic area. Fiscal sanity and personal freedom look to me like they go hand in hand, and I don't want the government so out of check that it threatens either one of them."

In a season when they have few victories to cheer, a great many women, including Democrats who have no desire to see Sinnott succeed too well in her job, are offering congratulations to her for getting there.●

HONORED BOY SCOUTS

HON. SID MORRISON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. MORRISON. Mr. Speaker, I wish to congratulate three outstanding young men in my home district in Washington State. On March 24, 1981, T. J., Todd, and Ty Brewster, three brothers, will stand before a national court of honor to receive the Boy Scouts of America Eagle Award. This must be considered an outstanding accomplishment not only for them, but their parents, friends, and community.

The award of Eagle Scout is the highest achievement possible in the Boy Scouts, and comes only after an effort that takes considerable family teamwork and perseverance. I congratulate these three young men for a job well done.●

ARE ALL THE BUDGET CUTS UNKIND?

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, the noted syndicated columnist Mike Royko recently wrote an article entitled, "Are All Cuts Unkind?" In the article Mr. Royko discusses the proposed Reagan budget plan. Since Mr. Royko has never been known as a conservative, I was most curious to see what he had to say.

In the column Mr. Royko notes that President Reagan is doing precisely what he said he would do if elected, cut Federal spending. To those who are aghast, I say is not it about time we had someone in our highest elected office who fully intends to follow through on his campaign pledges? It is astonishing to me that there are those today who are now saying, "Good grief, what if Reagan really means it." Well, the news is that he does.

To those special interest groups who say, "cut the other fellow's program but do not dare cut mine," I would only observe that the overwhelming majority of the mail I have been receiving is in favor of the budget cuts. Many have expressed the view that the only problem with the budget cuts is that they still are not deep enough. Mr. Royko has the best explanation for this sentiment when he notes that Congressmen would be wise to keep in mind the fact that, * * * Reagan's economic plan is something most people want. It is their money, after all.

Since Mr. Royko's column eloquently sums the reasons why the Reagan budget package needs to be enacted as a whole, I would like to bring it to the attention of my colleagues. The article, from the February 20, 1981, edition of the Chicago Sun-Times follows:

[From the Chicago Sun-Times, Feb. 20, 1981]

ARE ALL CUTS UNKIND?

(By Mike Royko)

A Democratic politician was on my phone only minutes after President Reagan finished his economic message. He had several hot ideas for ways I could try to shoot holes in some of Reagan's proposals.

There is no sport I enjoy more than target practice on a politician's programs, whether he is a president or an alderman. But not this time. I will have to disappoint anyone who is in the mood for Reagan-sniping. I have two reasons. Maybe more will come to me as I go along.

First, Reagan said nothing that he had not promised during this campaign. And these promises are what led to the huge landslide. If the overwhelming majority of voting Americans thought they were good ideas only three months ago, they probably think they are better ideas now.

So Democrats—especially congressmen—would be wise to keep in mind that Reagan's economic plan is something most people want. It is their money, after all.

And the Democrats in Congress should also remember that they and a Democratic president had four long years to do something about this country's economic mess, and they did nothing but act goofy and make it messier.

Since they could not do anything but bicker, bicker, bicker for four long years, then they should be sporting enough to give somebody else a chance to try something.

Second, I can not really argue with most of Reagan's programs. Not after writing countless columns about the bloated federal bureaucracy, federal programs that only a computer could understand, and Washington crazies running around the country telling everyone how they should live and spend their money.

For example, I can not quarrel with cutting the food stamp program when one of my closest friends—a person who can usually be counted on to say the liberal thing—grinds her teeth every time she goes food shopping and sees someone using food stamps to pay for frozen lobster, while she has been carefully selecting the cheapest cuts of meat.

Should one out of every 10 people really be drawing food stamps, paid for by people who are working hard and barely making ends meet themselves?

And when Reagan talked about the special unemployment benefits that only auto and steel workers receive, I remember a Florida winter vacation I took a few years ago.

I began the vacation at a time when there were widespread layoffs in Detroit because of a temporary fuel crisis. Suddenly, the resort area where I was staying was flooded with campers with Michigan license plates. Floridians said they had never seen anything like it.

Now, I feel for the unemployed. I would like to see everyone have a job (especially all teen-agers—and the dirtier and harder the better).

But most of my friends were in Chicago working because they couldn't afford to go to Florida and sit on a beach or fish. Besides supporting themselves, they had to pay their income taxes.

So it didn't make sense to me that people in the freezing North would be working to pay income taxes that would then be used to provide unemployed people with a chance to take a long vacation in the sunny South. I don't think that's the way unemployment compensation was intended to work.

Then there is the student loan program. As I understand it, I'm pretty dumb because for the last four years I did not have my oldest son get a loan.

The reason I didn't was because I could afford to pay his tuition. And my Milwaukee Ave. background gave me a work ethic that says: If you can pay for it, don't borrow.

But I'm dumb because I could have let him get a loan, which would be repaid at very moderate interest rates—and in shrunken inflationary dollars—after he finished college.

Then I could have taken the money I used to pay his tuition and invested it at much higher interest rates. And when we finally added the numbers, I would have turned a neat profit. The interest I earned on an investment would have been bigger than the interest I later paid on the student loan.

But when somebody makes a profit, it's coming from somewhere. And in the case of the student loans, the profit I could have made would have been coming from somebody else's taxes. And it doesn't seem fair that people who earn enough money to pay college tuition should be indirectly subsidized by those who can't.

Nor does it seem fair that free hot lunch programs should be provided for children whose parents can afford to provide their own hot lunches.

Now, before my liberal friends call to scold me about turning into a heartless, right-wing, capitalist running dog of Wall Street, please. . . .

Cross my heart and hope to die—I am all for giving food stamps to people who really need them. But I mean really. I grew up in a Depression household where women could perform kitchen miracles by stretching a chicken or a piece of rockhard beef all around the dinner table. But if the ladies had shopped for frozen convenience foods and TV snacks, we'd have eaten the wallpaper three times a week.

And I'm for unemployment comp. But not a special program that lets some people live better while out of work than while on the job.

I'm for helping any struggling family get a kid through college. I'm for giving hot lunches to poor families. I'm for most of the major welfare programs. My heart bleeds with the best of them.

But you have to be blind not to see that in the 48 years since Roosevelt's New Deal began, one Congress after another has had one New Deal after another. And their motto has been: When in doubt, give somebody something.

If nothing else, the law of averages says that once in a while, some program isn't needed and ought to be dumped.

Reagan's cuts might not all be fair. But until I see somebody's ribs sticking out because of him, I'm not going to wring my hands.

In the meantime, I admit that after four years of listening to The Peanut drone on and on about how tough his job is, how complicated everthing is, and how nothing works, it was almost a shock to hear somebody say: "Here's what I'm going to do."

See? The day after the election I said that having tried all kinds of presidents recently, we might as well try one who isn't too bright.

And I was right. Reagan hasn't figured out how tough the job is, and how complicated it is, and how nothing works.

If he just stays that way, maybe it will work.●

TRIBUTE TO TOM IORIO

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 11, 1981

● Mr. JONES of Tennessee. Mr. Speaker, I rise today to pay tribute to Mr. Tom Iorio, of late the Deputy Doorkeeper of this body. I came to know Tom very well during my 12 years in this body and was greatly saddened by his recent passing.

Tom was a man who was greatly respected by all who knew him. He dealt with Members of this body fairly, with honesty and dignity. He carried out his duties faithfully and was always a credit to the Congress of the United States.

It is with deep regret that I noted his death and I wanted to express to his family my sympathy. I join with them in their sorrow.●

GOODWILL INDUSTRIES NATIONAL BOARD OF DIRECTORS MEETS IN WASHINGTON

HON. NORMAN D. SHUMWAY
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. SHUMWAY. Mr. Speaker, it has been my pleasure to work with Goodwill Industries for many years. I have been associated with the Goodwill Industries in Stockton, Calif., as a member of the board of directors and, more recently, as a board member of Goodwill Industries of America.

Goodwill Industries provides employment, training, and rehabilitation to thousands of handicapped persons all over the country and in many other nations. Last year, almost 50,000 persons were provided services including training, work experience, vocational evaluation, job seeking skills, and placement. In 1980, Goodwill Industries placed over 8,000 handicapped and disadvantaged persons into competitive private sector jobs. It is indeed a very effective and important community organization.

The board of directors of Goodwill Industries of America is meeting in the Washington area this week. They will be hosting a reception tomorrow night, Wednesday March 18, from 6 p.m. until 8 p.m. in the Senate caucus room for Members of Congress. I hope that you will join me in taking that opportunity to meet the leaders of Goodwill Industries and to find out more about this fine organization. Many of the directors will also be calling on you while they are here in Washington. I hope that you will be able to talk with them and find out what Goodwill Industries is doing in your district or State.

I think you will find the following article about Goodwill Industries both interesting and informative:

THIS IS GOODWILL INDUSTRIES

THE GOODWILL PHILOSOPHY

Goodwill Industries of America, Inc., is firmly committed to the proposition that the best kind of rehabilitation program is that which brings handicapped people into the mainstream of community living. We are living in a new era of opportunity for handicapped people. Many more handicapped people are being offered opportunities to lead full lives—lives unimpeded by educational, vocational and mobility barriers. The hallmark of our rehabilitation programming has always been flexibility, innovation, diversity—a determination to create programs that meet the real needs of handicapped people.

When translated into rehabilitation programs, "Helping the Handicapped Help Themselves" means that we firmly believe that through vocational training programs handicapped people can be integrated and reintegrated into useful occupations.

GOODWILL SHELTERED WORKSHOP PROGRAMS

The primary work function in a Goodwill Industries workshop is the recycling of clothing and household articles donated by the general public.

Donations are left at Goodwill boxes or attended collection centers. The material is brought into Goodwill facilities, where it is sorted, cleaned, repaired and generally made ready for sale. Donated goods are then sold in Goodwill stores.

The proceeds from the sale of donated material are used to pay the workers and to provide the ancillary services and to offset the added costs of running sheltered workshops. These added services may include counseling, subsidized food and transportation services and special equipment.

Handicapped workers are employed in many types of jobs in Goodwill Industries, from collection to final sale of donated materials. These workers develop marketable skills in such areas as dry cleaning and laundering, radio and television repair, upholstering and merchandising.

When materials are donated to Goodwill Industries, at least four important social purposes are accomplished: a handicapped person receives skill training; handicapped workers receive fair wages for their work; budget shoppers are provided opportunities to counter the inflationary pinch of rising costs; and Goodwill's recycling operations help preserve dwindling supplies of natural resources.

CONTRACT WORK: AN EXPANDING SOURCE OF WORKSHOP PROGRAMS

Goodwill Industries is increasingly active in the area of contract work. Under contracts with business firms and the government, handicapped employees work on projects ranging from electronic assembly to sorting and packaging. The workers are compensated in accordance with their actual production, even during their on the job training periods.

TYPICAL REHABILITATION SERVICES

Rehabilitation services at each local Goodwill vary in type, process and intensity depending on the needs of the community. Since the purpose of a local program is to assist in meeting the needs of the individual, care is taken to develop those activities and services which compliment other community programs. Typically, a Goodwill will offer services which include:

Vocational assessment or evaluation.—These services identify the positive vocational aptitudes of each individual and relate them to the community job market. Vocational testing, guidance and career counseling, exploration and comprehensive planning are all part of this process.

Adjustment services.—These services provide an individual with the opportunity, through structured programming, to develop positive attitudes toward work, gain real work experience and training, increase tolerance for work, and enhance self-care and independent living skills.

Training.—A wide variety of specific skills training programs teach individuals the techniques and process of jobs that exist in the local community. Training programs have competent trainers or instructors, up-to-date tools and equipment and a defined curriculum.

Job seeking skills and placement.—These programs are designed to teach an individual the proper techniques of seeking and obtaining employment. Additionally placement services are provided by initiating employer contacts and consulting with prospective employers.

COMMUNITY INVOLVEMENT

In the community Goodwill Industries cooperates with other nonprofit social service organizations to provide needed services to handicapped and disadvantaged persons. Some examples follow:

Health Care: diagnostic and therapeutic speech, hearing and language services; medical diagnostic and referral services; occupational and physical therapy services; and medical consultation services.

Independent Living: transitional living programs; teaching basic self-care skills; providing instruction in recreational activities; and teaching mobility skills.

Psychological Services: diagnostic psychological services; specific therapeutic and counseling services; coordinating self-help support groups; and art therapy services.

Educational Services: basic remedial education services; teaching English as a second language; providing G.E.D. instruction; and providing tutorial teaching skills training programs.

Consultation Services: technical assistance to employers on job redesign; technical assistance in the area of barrier removal; assistance in the area of on-site job training; and assistance in affirmative action programs.

Transportation: coordinating special transportation services; providing special transportation vehicles and services; and consultation on special transportation design.

Housing: Half-way houses for persons leaving mental institutions; apartment complexes designed for physically handicapped persons; and group homes.

INTERNATIONAL COUNCIL OF GOODWILL INDUSTRIES—AN ACTIVE PARTNER IN THE DEVELOPMENT OF REHABILITATION LEADERSHIP AROUND THE WORLD

In over thirty countries today, private, nonprofit rehabilitation organizations founded on the Goodwill Industries concept, and often using the Goodwill name, relate to one another through membership in the International Council of Goodwill Industries.

When transplanted to other countries, the Goodwill concept of vocational rehabilitation has taken several forms. Depending on the host country's social, economic and political make-up; an international Goodwill program emphasizes specific vocational training programs, job placement in local enterprise, the encouragement of cooperatives, the support of independent entrepreneurs, or the subsidy of sheltered employment workshops. All international Goodwill programs, however, share the common goal of contributing to the economic well being of their clients and diminishing the clients' burden on the local community.

VOLUNTEERS—GREATEST RESOURCE

The Goodwill Industries Volunteer Services (GIVS) is one of the nation's largest volunteer groups helping handicapped persons. GIVS is more than 15,000 strong and is growing. These men and women from all walks of life and of all ages contribute hundreds of thousands of hours annually to the Goodwill program and bring in substantial funding through community promotional programs. More than 4,500 volunteers serve as members of the local and national Board of Directors.

Major goals of this volunteer corps are: interpreting Goodwill to the public, helping raise money, promoting donations of household goods and of contract work, and working directly with Goodwill's disabled people, often in the areas of recreation, social development, personal hygiene and grooming, and education.

HISTORY

In 1902, a young minister, Dr. Edgar J. Helms, pastor of Morgan Memorial Chapel in the south end of Boston, became concerned about the welfare of handicapped and unfortunate people in his community. He conceived a plan of "not charity, but a chance". The plan was simple. Clothing and household articles were collected from homes and other sources. Handicapped men and women were given the opportunity to learn trades, acquire skills, and receive income through repairing the contributed articles. Resale of the restored items financed the operation.

The enterprise was incorporated as Morgan Memorial Cooperative Industries and Store, Inc., in 1905. The idea spread to other cities. One, in Brooklyn, New York, started in 1915, established the name of Goodwill Industries, which has since become universal.

Today there are Goodwill Industries in more than 170 communities in the United States and 46 affiliated organizations in 31 countries.●

INTRODUCTION OF THE MARITIME ADMINISTRATION AUTHORIZATION BILL, MARCH 17, 1981

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. JONES of North Carolina. Mr. Speaker, I am pleased to be a cosponsor of the Maritime Administration authorization bill introduced by MARIO BIAGGI, chairman of the Subcommittee on Merchant Marine.

This particular authorization was submitted by the Carter administration and has several key differences from the budget proposed by the Reagan administration, particularly in the area of shipbuilding and loan guarantees.

We on the Committee on Merchant Marine and Fisheries intend to cooperate with the new administration and look forward to working together to provide much needed improvements in our maritime capability. Judging from campaign statements made by President Reagan he is well aware of the vital importance of maintaining U.S. shipyards and trained workers to build and operate merchant ships.

The Subcommittee on Merchant Marine has scheduled hearings on the Maritime Administration authorization next week at which time those issues will be aired and thoroughly discussed. Since the administration has not, as of this date, submitted its authorization request, the maritime expenditures proposed by the previous administration will serve as a logical point of departure for our debate.

It is our hope that the Reagan budget is submitted in time to be considered at the upcoming hearings, and that it will presage the era of a revitalized U.S. maritime industry.

Compared to other areas that are just as important to our National defense, the merchant marine is already working on a limited budget. The key question is not how to cut further but how to better utilize available resources, both private and public, which must be dedicated to a revitalized merchant marine.●

INTRODUCING LEGISLATION CONCERNING RELOCATION OF SPORTS FRANCHISES

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. STARK. Mr. Speaker, I am introducing legislation today to assess capital gains tax against the owners of sports franchises which abandon communities that consistently support them.

My bill would treat the relocation of a franchise contrary to the provisions in the legislation as a sale of the franchise for an amount equal to the fair market value of the franchise at the time of the move.

Franchise movement would not be treated as a sale if one of three conditions were met. The conditions are: First, one or more of the parties to the lease agreement on the former home stadium violated the lease; second, the home stadium or arena is inadequate for competitively operating the franchise; or third, the franchise has incurred a net operating loss for 3 consecutive years.

This legislation would not preclude franchise relocation if the move were necessary for the economic survival of the team. It would, however, impose a tax on owners who wished to relocate only to get a bigger bite of the pie.

It is no secret that in my district, the world champion Oakland Raiders want to move to Los Angeles not because the franchise is losing money or even in danger of doing so, but because the market in Los Angeles is so much larger, and profitable, for the owners of the franchise.

Unfortunately, no consideration was given to the people and small businesses of Oakland, Alameda County and the Eastbay area who have for 13 years supported the Raiders not just as fans, but as taxpayers.

The Oakland Chamber of Commerce has compiled detailed estimates of the economic impact of the Raiders on Oakland and Alameda County. The total amount of direct revenues because of the Raiders last year was almost $37 million. This loss of $37 million in business would also mean the loss of more than 1,300 full- and part-time jobs.

It is more than evident that the impact of moving a profitable sports franchise from Oakland will deal a potentially crippling blow to the economy of the Oakland area. This possibility looms greater in light of the proposed drastic slash in Federal aid to this area of high unemployment.

The next of the legislation follows:

H.R. 2557

A bill to amend the Internal Revenue Code of 1954 to provide that certain moves of sports franchises will be treated as sales

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part IV of subchapter P of chapter 1 of the Internal Revenue Code of 1954 (relating to special rules for determining capital gains and losses) is amended by adding at the end thereof the following new section:

"SEC. 1256. CERTAIN MOVES OF SPORTS FRANCHISES

"(a) GENERAL RULE.—For purposes of this subtitle—

"(1) a prohibited move of a sports franchise shall be treated as a sale of such franchise for an amount equal to the fair market value of such franchise (as of the time of such move), and

"(2) any gain from such sale shall be taken into account for the taxable year in which the move occurs and shall be recognized notwithstanding any other provision of this subtitle.

"(b) PROHIBITED MOVE.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'prohibited move' means any change in the home stadium of a sports franchise if the new home stadium is more than 50 miles from the former home stadium.

"(2) EXCEPTION.—The term 'prohibited move' shall not include any change described in paragraph (1) if it is established to the satisfaction of the Secretary that—

"(A) 1 or more of the parties to the lease agreement on the former home stadium failed to comply with a provision of material significance to the agreement and such noncompliance cannot be remedied within a reasonable period of time,

"(B) the former home stadium is inadequate for purposes of properly and competitively operating the franchise, and the stadium authority demonstrates no intent to remedy such inadequacies, or

"(C) the sport franchise has incurred a net operating loss (as defined in section 172(c)) for each of the 3 taxable years preceding the taxable year in which the move occurs.

"(c) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) SPORTS FRANCHISE.—The term 'sports franchise' means any franchise to operate a sports enterprise. Such term includes all property (including player contracts) used (or held for use) in connection with the operation of such franchise.

"(2) WHEN MOVE OCCURS.—A prohibited move shall be treated as occurring as of the time the sports franchise begins operations at the new home stadium.

"(3) HOME STADIUM.—The term 'home stadium' means the physical facility in which the sports franchise performs more than ⅓ of its regular season sporting events.

"(4) SECTION APPLIES ONLY WHERE GAIN RESULTS.—Subsection (a) shall not apply if the application of such subsection would result in the recognition of a loss.

"(5) BASIS ADJUSTMENTS.—The Secretary shall prescribe such regulations as he may deem necessary to provide for adjustments in basis to reflect gain recognized under this section."

(b) The table of sections for part IV of subchapter P of chapter 1 of such Code is amended by adding at the end thereof the following new item:

"Sec. 1256. Certain moves of sports franchises."

(c) The amendments made by this section shall apply to prohibited moves (as defined in section 1256(b) of the Internal Revenue Code of 1954 as added by subsection (a)) occurring after March 17, 1981, in taxable years ending after such date.●

VIGIL FOR FREEDOM

HON. ALBERT GORE, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. GORE. Mr. Speaker, I am pleased to join my colleagues in this year's Vigil for Freedom. It is extremely important that we continue to acknowledge those persons who have been denied permission to leave the Soviet Union and who are not only prisoners of body but of conscience.

Today, I would like to set forth the case of Yuri Fiodorov, a 37 year-old Russian who has been imprisoned since 1970 for an attempted escape from the country. Yuri, who had earlier been imprisoned for 5 years for anti-Soviet activities in his youth, was in effect, hounded by the Soviet KGB police force because of this past conviction. As a result, he decided to join a group of Jewish friends in the ill-fated escape attempt.

Despite his personal situation, however, he refused to cooperate with the authorities who tried to force him to assist the prosecution of his friends. Instead, he made a passionate plea for mercy and justice on behalf of his comrades.

One of those persons who also made the escape attempt with Yuri and who was convicted in the trial was Alexsei Murzhenko, a young Ukranian whom Yuri had met while serving his earlier prison sentence. Alexsei was sentenced to 14 years for his role in the escape effort and is now in a labor camp in Moscow. He, too, refused to assist KBG officials during the trial and steadfastly defended his friends.

Both of these courageous men should be remembered by those of us who continue to speak out on behalf of those held against their will inside the Soviet Union. The cause for freedom is one which can never be forgotten as long as there are persons such as Yuri and Alexsei, prisoners of conscience. And until they are released, the conscience of every free citizen of the world cannot rest.●

TRIBUTE OF ED MILLS

HON. ADAM BENJAMIN, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. BENJAMIN. Mr. Speaker, I am pleased to bring Edgar L. Mills to the attention of the House. I appreciate the opportunity of presenting these remarks on the retirement of Ed Mills as editorial page editor for the Post-Tribune.

Ed Mills is one of the rare individuals who you can rightly say loved his wife, his profession, and his community, and its people.

Ed married his wife Anne 29 years ago. It is my fondest hope that they will continue to share many, many more years of good health and joy.

Ed Mills was born to journalism. Following his education at the University of Oklahoma and development as a student correspondent, he officially entered his profession in 1931. Except for serving his country as an artillery captain during the Second World War and a brief sojourn with the Veterans' Administration, Ed Mills remained true to his profession for the next half century.

Ed served on the Oklahoma News for 6 years following his graduation. He then joined the Associated Press staff until 1947 when he made the fortuitous decision to join the staff of the Post-Tribune.

It is indicative of Ed Mills' class, style, and ability that he began his career at the Post on the copy desk only to become news editor and later assistant to the managing editor.

In 1963, when the Post-Tribune wanted to start a morning newspaper, Ed Mills was tapped. He later returned to the Post and was named editorial page editor in 1965. At all times he wisely used the power of the press for the benefit of those who read his work.

Although the Governor of Indiana recognized Edgar Mills' contribution by presenting him with the Honor Award, the highest tribute paid to Ed was by his own newspaper. It refused to allow him to retire for 7 years.

Ed has composed with compassion. He has written with precision. He has always demanded respect.

Ed Mills served in other ways. As an active participant in a public institution he never forgot his private obligation to people. His kindness and unflagging energy touched numerous community organizations. He served the Gary Anselm Forum and the Friends of the Gary Public Library. He has served as a member of the Gary Human Relations Commission and chairman of the Lake County Community Development Committee and the Salvation Army. He was the force behind the creation of the Post-Tribune's citizen advisory board and deacon of the Century Christ Church.

Rare is the civic or professional group that did not feel the presence of Ed Mills.

Mr. Mills' career was driven by a desire to excel, tempered by a sense of humanity. Rare is the person who is able to reflect on a life lived that was both successful and humane.

Perhaps Charles Dickens said it best in "A Christmas Carol." Edgar L. Mills is "as good a friend, as good a master, and as good a man as the good old city knew."

That others could say that of us, we can only hope. That we can say that of Ed Mills, we know.

Ed, as you chart a new course and raise your sail, may the wind always be gentle.●

THE TRA PROGRAM REPRESENTS A SPECIAL COVENANT WITH WORKING MEN AND WOMEN

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. KILDEE. Mr. Speaker, the administration is proposing a destructive 76-percent cut in trade readjustment allowances (TRA), also known as the trade adjustment assistant (TAA) program. I firmly believe this is an irresponsible position and it would break the Government's word with working men and women.

TRA was created by Congress after the principle of free trade was adopted as Government policy in 1962. In exchange for the free trade policy, the Government at that time promised that workers would receive special financial assistance if they lost their jobs due to an influx of competing imports. The Government has kept its word since the Trade Act of 1964 providing TRA.

TRA has been the salvation of hundreds of thousands of displaced workers and their families in many industries. Without TRA, economic conditions in many industrialized States last year would have reached depression era levels. Last year, more than $69 million in TRA was paid to displaced workers in the Seventh Congressional District of Michigan, which I represent. This money in turn was circulated throughout the community, helping small retail and service businesses survive in an area where unemployment was running as high as 25 percent in June 1980—then the highest rate in the Nation.

I want to recommend to my colleagues the excellent testimony on TRA that was presented February 26, 1981, by Leonard R. Page, associate

general counsel of the U.A.W. Mr. Page's testimony before the Subcommittee on Trade of the House Ways and Means Committee merits close reading by those who want a fuller understanding of TRA. Mr. Page presents the background and provides a compelling case on why the Government should keep TRA intact. I am pleased to share Mr. Page's testimony with my colleagues by reprinting it here:

STATEMENT OF LEONARD R. PAGE, ASSOCIATE GENERAL COUNSEL UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA

Mr. Chairman, my name is Leonard R. Page. I am an Associate General Counsel in the UAW Legal Department, Detroit, Michigan. The International Union, UAW, represents approximately 1,300,000 workers and their families in North America. I have been coordinating the UAW's participation in the adjustment assistance program and I welcome this opportunity to testify before your Subcommittee on that program.

Without TRA (Trade Readjustment Allowances) the economies of the Midwest and automotive states in other parts of the country would have reached depression levels last year. Hundreds of thousands of auto workers and their families have been able to maintain a decent standard of living while looking for new work or awaiting recall from their former employers. Without this program most of our members would have exhausted state unemployment and supplemental unemployment benefits (SUB) last fall. By now, these hundreds of thousands of workers and their families would have been forced onto already swamped public assistance roles.

The worker adjustment assistance program arose from a special covenant made with labor. In proposing the Trade Expansion Act of 1962, this government recognized that reductions in trade barriers benefited both consumers and foreign relations while possibly damaging a relatively small sector of domestic workers periodically displaced by increased imports. The government therefore promised that its promotion of so-called "free trade" programs would only occur within a system of special adjustment assistance to help these displaced workers. The country as a whole has been receiving the alleged benefits of so-called "free trade". It seems fair that the other side of this covenant should continue to be honored.

Although the program has recently exceeded its projected costs, I wish to emphasize these soaring costs cannot be traced to abuses or problems in the program itself. No undeserving worker is receiving benefits. Increased imports of Japanese cars are the problem; permanently unemployed workers receiving Trade Act benefits are only the result. But, if the government's trade policies permit 27 percent of new car sales to be imports, then U.S. auto workers have a right to expect federal assistance. The program is now being criticized because it is doing exactly what it was intended to do.

Moreover, there is nothing unusual about workers unemployed as a result of federal programs requiring more benefits than those unemployed due to other causes. Congress has enacted approximately 20 programs in many sectors of the economy to provide assistance to workers displaced as a result of federal activity and policies. The rationale for all these programs is the same: federal policies enacted for the common good, which cause unemployment, should provide special federal compensation.

We are shocked, therefore, that the President's Budget Report now targets the trade adjustment assistance program for a 76 percent reduction in TRA benefits. The Administration's rationale for this huge cut is that "cash payments are being made to thousands of workers regardless of their intent to seek alternative employment in new and growing industrial sectors."

The claim that laid off auto workers aren't interested in jobs in other sectors of our economy is false and slightly infuriating. Auto workers are interested in jobs, not TRA. Rockwell International Corporation recently approached the UAW to discuss the development of centers and programs for retraining auto workers to defense industry jobs. Since announcing these discussions on February 13, we have been swamped with inquiries from our laid off members.

Moreover, in January, 1980 the Michigan Employment Security Commission surveyed certified auto workers and found that 78% were interested in retraining and 38% were willing to relocate to take jobs. The State of Michigan originally planned to open two training and job relocation centers in the Detroit area. This program was viewed as too ambitious by the U.S. Department of Labor and only one office was authorized. Then, when training funds ran out in March, 1980, this single office closed its doors.

This claimed budget rationale thus touches a sensitive nerve because it exposes a classic "Catch 22" situation: the principal hurdle to auto workers taking jobs in other industries has been the failure to fund and promote the retraining and job relocation aspects of the adjustment assistance program itself.

The President's Budget Message also projects a savings of over $3 billion over the next six years. The present certifications will have run their course before the cuts can be enacted this October. Even then there are serious questions as to whether the proposal can be retroactively applied to workers already certified. No savings will therefore be generated on present certifications.

Even more important is the fact that none of the currently certified auto plants are likely to be recertified in the immediate future. The Trade Act specifically limits an individual to 52 weeks of benefits. The individual's benefit period cannot be extended by a new certification. Thus once the present certification periods have expired in 1982, we can anticipate costs returning to normal. Over the first four years under the Trade Act of 1974, the entire program cost averaged less than $200 million a year.

The present 1980-81 costs should be therefore viewed as an aberration which we all hope will never be repeated. It would be most unfair to make a budgetary evaluation of the program based on the current costs. The Congress is being asked to breach a long-standing covenant with labor in exchange for questionable savings from a $200 million a year program.

These cost considerations must also be balanced against the fact that the total value of imports for 1980 exceed $318 billion; of that total, $15 billion is attributable to imported automobiles.

The specific proposal, outlined in the Reagan Budget document, is to cut the present TRA benefit amount. TRA is currently equal to 70% of the average weekly wage, not to exceed the national average weekly manufacturing wage. It is offset by state unemployment benefits and payable for 52 weeks with a 26 week extension for workers age 60 or in approved training programs.

The President's proposal makes TRA payable only after state unemployment insurance had been exhausted and at amounts equal to state unemployment benefits. This proposal would create 50 different TRA benefit levels and would substantially reduce the present weekly benefit.

But even more objectionable is the fact that it would totally destroy the concept of "adjustment assistance" which is the core of the present program. Congress has heretofore always maintained that worker adjustment assistance is an attempt to compensate and help workers injured by federal trade policies. This proposal would reduce TRA to an extended federal unemployment insurance program. It would reduce benefits to cover only subsistence level expenditures for food, rent and utilities. No portion of the TRA would be left over to help the worker maintain a standard of living or find a new job.

This proposal—to make state unemployment insurance the primary benefit level for TRA—must also be viewed against pending proposals to cut the federal extended benefits program. If both sets of proposals are enacted, future TRA recipients will be doubly hurt.

And yet the Budget Message claims that the "purpose of the proposed reforms is to refocus the TAA program on the primary purpose—adjustment to changed conditions." It is hard to imagine how paying lower benefits will improve an unemployed worker's ability to adjust. If that is the Administration's real objective, then we invite it to adopt our proposals to fund and promote the training and job relocation aspects of the program.

The economic message also states that the proposed changes are based on a study and recommendation by the General Accounting Office (GAO). In November, 1979 the GAO released a study of the 1974-75 auto certifications covering about 80,000 workers. That study concluded that most of the benefits were paid retroactively after the workers had been recalled, and therefore not in time to provide real assistance. The GAO also claimed that these workers were not interested in training and were already receiving private supplemental unemployment benefits, known as SUB.

The UAW submits that the GAO study is based on outdated statistics and improper assumptions. The fundamental error with the GAO study lies in the fact that the 1974-75 automobile industry layoffs were temporary. In the case of temporary layoffs, it is obvious that workers expecting recall are not interested in training and job relocation. This is not true of the current layoffs. The majority of these layoffs are likely to be permanent; most of the workers will not be recalled.

The survey of the Michigan Employment Security Commission, noted above, proves that workers themselves are well aware of the difference. Permanently laid off workers want retraining and job relocation. They also need more than state unemployment if we expect them to make a real adjustment to a new career.

The GAO study and the economic message also criticize the fact that auto workers

are entitled to SUB and that the retroactive receipt of TRA requires the SUB previously paid for the same week be returned to the SUB Trust Fund. SUB is a private unemployment assistance system, negotiated by the UAW with its major employers, to supplement state benefits. It was never intended to provide workers with more income for a week of unemployment than while employed. Under the UAW Master SUB Agreements, workers who receive retroactive TRA payments on top of SUB and state unemployment benefits are required to return the SUB overpayments to the plan trust fund. The SUB plan then resumes benefits after the TRA benefits are exhausted. Approximately 7,000 workers a week are currently exhausting TRA and are returning to the SUB program. We know of no fairer way to handle the SUB program.

In sum, we believe the situation on which the GAO study was based simply does not exist today. Permanent layoffs require different programs than temporary layoffs. Neither the study nor its recommendations are therefore applicable.

The UAW has been critical of many aspects of the present adjustment assistance program. Nor are we alone. In the March, 1979 background paper of the Congressional Budget Office entitled "U.S. Trade Policy and the Tokyo Round of Multilateral Trade Negotiations" we note the following conclusion:

"Some mechanisms exist in the United States to redistribute the gains of freer trade and to mitigate the injury suffered by displaced workers. These mechanisms—unemployment compensation and trade adjustments assistance are the most obvious examples—are far from adequate, however, to compensate fully those who suffer as a result of action that will bring a larger gain to the rest of the economy."

The non-TRA aspects of the program (training, job search and job relocation) have been suspended since March of 1980. If we really want workers to adjust to new careers in other areas of the country, then the training and job relocations programs must be made part of the entitlement package so that they are not subject to suspension when they are needed most. The Secretary of Labor must also do more to promote these aspects of the overall program so that there is, in fact, real worker participation and adjustment.

The failure to cover those workers who provide essential parts and services to import-impacted end products is a serious inequity in the program. Under the present law, workers in a so-called captive parts plant—for example, an A-C Spark Plug plant of General Motors—can receive benefits because they are engaged in the manufacture of an import-impacted automobile (an end product). But workers at a Champion Spark Plug plant, an independent parts supplier, who produce identical parts for the same automobile, are not eligible. The Department of Labor claims that they are engaged in the manufacture of automobile parts rather then automobiles. Independent parts supplier workers, therefore, cannot use increased imports of automobiles as a basis for claiming TRA but may look to imports of the same automotive parts they produce if they wish to receive program benefits. But these parts suppliers are just as unemployed from Japanese imports as the G.M. spark plug workers.

Coverage now depends not on what the worker does, but who owns the plant. If G.M. were to purchase the Champion Spark Plug plant, the workers would get benefits. Adjustment assistance should not turn on the identity of the corporate owner. Parts and service workers should be covered under the same standards used for end product workers.

Something must also be done about the slow state processing of individual worker claims. Once a certification is issued by the Secretary of Labor, a four-month delay is common before the worker receives his first TRA check. Part of the problem is the complex formula for computing the TRA benefit. The formula should be simplified and it should remain constant throughout the benefit period.

But the major cause of the delay is state inertia. The Trade Act has a 60-day time limit for the Secretary of Labor to make his decision once the petition is filed. But there are no time limits on state processing of individual worker claims. Strict time deadlines should be developed and rigidly enforced.

Mr. Chairman, it has been a pleasure to testify before your Subcommittee and to share with you the views of the United Auto Workers on the trade Adjustment Assistance program. We urge that this subcommittee support full funding levels for this program consistent with the needs of workers who have lost their jobs through no fault of their own because of our nation's trade policies.

Thank you.●

A NEW GI BILL—YES—BUT THE VIETNAM VETERAN IS STILL WITH US, TOO

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. EDGAR. Mr. Speaker, starting March 17 and continuing on the 19th, the 24th, and 25th, the House Veterans' Affairs Subcommittee on Education, Training and Employment will conduct hearings and receive testimony from over 50 witnesses on H.R. 1400. The legislation would provide a new GI bill for the All-Volunteer Force. If approved, this new concept in an education and training program could both reinstate the traditional value of veterans' readjustment assistance and provide a much-needed recruitment and retention tool to bolster the all-volunteer military. This proposal could very well be a final and last-ditch effort to provide the incentive to strengthen the quality and quantity of personnel within the All-Volunteer Force and forestall an all-out return to the draft. In doing so, we feel it will not be necessary to break the bank at the same time.

The GI bill concept has received widespread support both in the Congress and the military. During the Presidential campaign, then candidate Ronald Reagan spoke out strongly in favor of the idea as a tool to improve both the quality and meaning of voluntary military service.

Mr. Speaker, time does not stand still. Those of us who serve on the House Committee on Veterans' Affairs and in the Congress must be prepared to meet new problems and new challenges whenever they arise. However, in doing so, we must be very careful not to become so preoccupied with present concerns that we lose sight of our ongoing commitment to fulfill past promises and past longstanding obligations.

Of the 30 million American veterans who still rely on the Congress for assistance, support, and recognition, 9 million served during the Vietnam era; 2.8 million served in Vietnam and its theater of operations. While the vast majority of the Vietnam veteran population has been able to utilize and benefit from veterans programs and services, there are still thousands who continue to struggle with long-term serious problems directly related to wartime service.

Last week the House Committee on Veterans' Affairs increased funding levels in its budget recommendation to expand and extend both the readjustment counseling program (Operation Outreach) and significant targeted employment and job training assistance for Vietnam era veterans. This action came immediately following the revelation that the administration had recommended these valuable services be eliminated in fiscal year 1982.

As chairman of the House Veterans' Affairs Subcommittee on Education, Training and Employment, I plan to support these initiatives in full. We have a continuing obligation to meet the needs of all those who serve or who have served in defense of this Nation. The value of a new benefits package for the All-Volunteer Force has very little meaning if we renege on our commitment to those who served in prior wars. We should not forget the lessons we learned from Vietnam, nor should we turn our backs on those who fought that war and remember it still.●

SOLZHENITSYN AND MUGGERIDGE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. MICHEL. Mr. Speaker, who is the greatest human being of our time? Many of us would choose Alexandr Solzhenitsyn, whose literary genius and fierce determination to tell the truth about the evils of our time make him a prime candidate for such a title.

Speaking of great, it so happens that another truly great writer and great man, Malcolm Muggeridge, has recently written a beautiful and moving piece on Solzhenitsyn's life and work. It is a rare occurrence when one great writer tells the world about another. I

commend this brilliant essay to your attention.

I am inserting in the RECORD the article "Solzhenitsyn Reconsidered" by Malcolm Muggeridge, published in the Saturday Evening Post, April 1981.

The article follows:

SOLZHENITSYN RECONSIDERED

(By Malcolm Muggeridge)

Ever since Alexandr Solzhenitsyn's address at Harvard University, the changed attitude of the media pundits in the West toward him has become manifest. Old media hands like myself get to know the signs—the casual innuendo, the throwaway line ("not the liberal we would like him to be"), the tone more in sorrow than in anger, the barking in unison as the consensus pack moves collectively toward the kill.

It was in the Harvard address that he deviated most drastically from the basic liberal orthodoxy that freedom consists in being allowed and provided with the means to do whatever anyone has a mind to, and that a free society is one in which this is possible and the means readily available, the supreme example of such a society being, of course, the United States. What magnified his offense from the consensus point of view, making it quite intolerable, was that, on his own admission, Solzhenitsyn derived his view of freedom from the New Testament rather than from such impeccable sources as the American Declaration of Independence and the judgments of the U.S. Supreme Court, in effect repeating to his Harvard audience what he had already written in his "Letter to the Soviet Leaders": "I myself see Christianity today as the only living spiritual force capable of undertaking the spiritual healing of Russia." (emphasis added)

In his Gulag Archipelago books, Solzhenitsyn established once and for all the role and extent of forced labor camps as an instrument of terrorism in the USSR. Thenceforth, thanks to him, apologists for the Soviet regime will have to take due account of the Gulag Archipelago rather than seeking to deny its existence, or dishing it up as part of an essentially humane penal system. Then, in his autobiographical work, The Oak and the Calf, he deals with the pains and penalties of being a writer in the USSR, describing his own experiences as a dissident between his release from the labor camps and his expulsion abroad in 1974.

In a sense, of course, all serious writers are in some degree dissidents; but whereas in the so-called free world their concern is to earn a living, in the USSR conformity with the party line is obligatory, and to deviate from it in word or even in thought can involve not just penury and obscurity, but a one-way ticket to the Gulag Archipelago as well. As a sometime political prisoner (in Soviet slang, a Zek), Solzhenitsyn was not allowed to come to Moscow. So, on his release, he worked as a teacher of mathematics in the provinces, devoting all of his spare time and abundant energies to writing.

In ordinary circumstances the procedure would have been to submit his work to some local or national publication or publishing setup. In Solzhenitsyn's case, this was precluded because the subject of his writings has been precisely the terrorism and mental chicanery whereby a Marxist oligarchy has ruthlessly imposed its will and ideology on a subservient population. Being a Zek himself, Solzhenitsyn felt a duty to the others he had left behind in the Gulag Archipelago to speak up for them, telling his fellow countrymen and the world about their suffering and privations and the monstrous injustice of their treatment. In all that he has written and spoken and done, he has been true to his duty. And, let it be remembered, he could perfectly well have settled, as, for instance, Maxim Gorky did, for being a distinguished Soviet author, free to travel abroad, well provided with foreign currency and honored at home and abroad. All that would be required of him would be to keep off a few sensitive themes. But this was what he was in no circumstances prepared to do.

Solzhenitsyn has the honesty to admit that his self-imposed duty has proved arduous and often frustrating. When he completed the first draft of The Oak and the Calf in the spring of 1967, he entertained a hope that he might be released from the agonizing role he had chosen for himself. Six years later, when he prepared the text for publication, he asked himself more urgently than ever when the din of battle would cease for him. "If only," he writes, "I could go away from it all, go away many years to the back of beyond with nothing but fields and open skies and woods and horses in sight and nothing to do but write my novel at my own pace." Now, in enforced exile, he has the additional anguish of observing how, in the West, where the means to be free still exist, people have wearied of freedom, finding it an intolerable burden, and are all unconsciously sleepwalking into the very servitude Solzhenitsyn has so valiantly and faithfully resisted and denounced.

In the circumstances in which he was placed on his release from the labor camps, he had no choice but to hide away his writings as he completed them, in the expectation that they would one day be published and fulfill their purpose. In every moment away from his teaching, he tells us, he wrote and wrote, diligently, day after day and sometime night after night. when, as a veteran free-lance practitioner, I think of the difficulty of producing commissioned copy to meet a deadline. I marvel at the books he produced in this manner, so brilliantly, so conscientiously and so nobly disinterested in their purpose. Take the case of the Gulag books, very dear to his heart and not just a literary feat of the highest order, but, as well, an integral part of the history of our time and, for that reason alone, forever memorable. They were no mere exercise in writing, he had to collect in the greatest secrecy the testimonies on which the books are based, at the same time scrupulously protecting his sources in the knowledge that the consequences for them would be ruinous if it came out that they had provided him with information. Nonetheless, the books were completed while he was still living in the USSR; and in due course, a copy of the manuscript was sent abroad, so that whatever might happen to him, the peoples of the West would know what the Gulag Archipelago was like and what it signified to Russians and others forcibly absorbed into the Soviet sphere of influence.

In his career as an undercover writer, Solzhenitsyn was greatly beholden to Samizdat, the clandestine publishing system established in the USSR, steadily growing in output and influence. Now it has spread through the whole country, and its productions are printed, not handwritten or cyclostyled as in the early days. All Solzhenitsyn's forbidden works have been circulated by Samizdat and have reached tens of thousands of readers despite the KGB's efforts to stop it. With one or two notable exceptions, it can be taken for granted that whatever serious literature is being produced by the so-gifted Russian people bears the Samizdat imprint. Some notion of the gap between what Samizdat published and the officially produced volumes displayed in the bookshops may be deduced from the recent award of the Lenin Prize for Literature to Brezhnev, whose flat-footed sentences in his speeches and addresses can scarcely be considered prizeworthy. If Western publishers wanted to retaliate for the fiasco of their efforts to hold a bookfair in Moscow, a good idea would be to mount a Samizdat exhibition in London or New York and ask Solzhenitsyn to open it. I can't, however, see them doing this.

The big break came for Solzhenitsyn when Nikita Khrushchev, while still the head man in the Kremlin, praised his book, One Day in the Life of Ivan Denisovich—about life in the labor camps—and authorized its publication in the USSR. How exactly this came about remains obscure, and anyway, shortly afterwards, Khrushchev reverted to the worst kind of Stalinist censorship. Nonetheless, the book was duly published and widely acclaimed, so that Solzhenitsyn became a celebrity at home and abroad. Also—which was more important for him—he came into contact with Novy Mir, the leading literary magazine in the USSR, and its editor, Tvardovsky. Solzhenitsyn's account of this truly remarkable man and of the relationship between them makes fascinating reading.

Tvardovsky was torn between joy in his own literary talent and genuine appreciation of literature and of Solzhenitsyn's genius and his satisfaction at finding himself a member of the top Soviet elite with all the privileges that went therewith, including a dacha in a restricted area—an inner conflict that led him, like so many of his fellow-countrymen, to resort increasingly to vodka. The affection between the two men survived all hazards, and when, as a result of a stroke, Tvardovsky became helpless and incoherent, Solzhenitsyn sat patiently and lovingly at his bedside. At his funeral he mourned his passing, both for Russia's sake and on his own account. In a particularly venomous attack on Solzhenitsyn in Harper's magazine, George Feifer alleges that in his account of his transactions with Novy Mir and Tvardovsky, Solzhenitsyn has vilified both. What Solzhenitsyn does show—and I am sure justly—is that Novy Mir, despite its good record in Soviet terms, has no choice when it comes to the crunch but to obey its political masters. Likewise Tvardovsky, despite the essential nobility of his character.

In retrospect, it is hard to make any sense of the vacillations of Soviet policy in dealing with Solzhenitsyn. After the fame he acquired from the publication of One Day in the Life of Ivan Denisovich, he soon found himself once again being trailed by the KGB, as well as excluded from Novy Mir and expelled from the Writer's Union, and organization wholly controlled by the authorities.

As the struggle to silence Solzhenitsyn went on, he fought back single-handedly and managed to hold his own for a time—until his expulsion abroad settled matters.

Running through everything Solzhenitsyn has written about his struggle to stand up to "them," the present masters and manipulators of the Russian people, there is the assumption of his Christian faith. He neither expounds nor stresses it; but the reader is

conscious of it all the time—acquired in the Gulag Archipelago, where, being totally deprived of freedom in earthly terms, he came to understand what constituted true freedom—the glorious liberty of the children of God about which the Apostle Paul speaks so eloquently. In the second Gulag book, in the wonderful chapter called "The Ascent," he even refers thankfully to his time in the labor camps as having brought him this illumination, and I truly believe that he would have found it more congenial to resume his old Zek existence rather than to watch, as he has had to do in his compulsory exile, the continuing surrender to "them" of whatever power, authority and influence still pertains to what we go on calling Western civilization.

Now, with the consensus pack after him and with his Western readers requiring variety and the crazed expectations of an illusory kingdom of heaven on earth such as he cannot possibly provide, his immediate worldly prospects must be considered uncertain. Yet there is no sign of his own courage and determination faltering. "In moments of weakness and distress," he writes, "it is good to tread closely in God's footsteps." He goes on:

"Where would I be in a few days' time—in jail or happily working at my novel? God alone knows. I prayed. I could have enjoyed myself so much, breathing the fresh air, resting, stretching my cramped limbs, but my duty to the dead permitted no such self-indulgence. They are dead. You are alive. Do your duty. The world must know all about it."

Well, thanks largely to Solzhenitsyn, the world now does know all about it, but his battle with "them" goes on. It is one man against the Kremlin, which might seem hopeless odds, but when that one man is Solzhenitsyn, against all the odds he must win. As he concludes his splendid Nobel Prize lecture: "One word of truth outweighs the world."●

GOVERNMENT FIGHTS GOVERNMENT—THE LEGAL SERVICES CORPORATION—PART II

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. McDONALD. Mr. Speaker, part I of this item appeared in the CONGRESSIONAL RECORD of March 11, 1981, on pages 431 and 432. Part II gives further insight as to how the Legal Services Corporation hopes to avoid any cuts in its budget and any rollback in its radical efforts to reshape our society. I commend it to the attention of my colleagues:

GOVERNMENT FIGHTS GOVERNMENT—THE LEGAL SERVICES CORPORATION—PART II

This year it will be necessary for us to get our reauthorization through Congress. The Senate will not approve our appropriations without a reauthorization. We will also need to work again with the Budget Committees in the House and Senate. Last year, the budget process played a major role in setting priorities on substantive legislation as well as appropriation levels. Finally, confirmation in the Senate of LSC Board nominees may require some efforts by the legal services community.

Although an affirmative political strategy has not been fully developed, it will include at least the following components:

1. Selling the merits of legal services to Congress, media and others at the local, state and national level. Much of this will be done by local people and local programs.

2. Developing a broad range of support from a wide sector of group and organizations and making it in the interest of these groups for legal services to continue without restrictions. This will require effective work at a local, state and national level by legal services programs around the substantive issues affecting the members of the groups and organizations from which we seek support.

3. Improving our relationships with the private bar. We are developing a concrete partnership with the American Bar Association and other bar associations to preserve and expand legal services. This will require full implementation of the Delivery System Study Policy Report and increased involvement of private lawyers in the delivery of legal services. As part of our strategy we are seeking increase funds for expansion in the Fiscal Year 1982 Budget request. By seeking funds from Congress, we believe we can obtain support for the maintenance and expansion of existing programs and prevent mandates in the Legal Services Corporation Act that would reallocate current resources.

4. Developing an affirmative response to Congressional efforts to impose restrictions on legislative representation and other limitations on the scope of representation to be provided to our clients.

To develop this affirmative strategy we are preparing at least two background papers for circulation and discussion. John Dooley is preparing a paper discussing the private bar issues and options to address them. We are also preparing a paper analyzing possible options to prevent legislative representation restrictions. We will be meeting with a number of people to discuss each of these issues and will be holding strategy discussions with the coalition members in early January.

In considering our affirmative strategy we are meeting with many advocates who are experienced in political and legislative strategy in Washington. We are seeking their views on how to take the initiative, how to best use the private bar issue and how to prevent restrictions on case types or the scope of representation.

Regardless of our efforts in Washington, an affirmative legislative strategy is dependent upon effective relations on a local level with congressional offices, with state and local bar associations, and with organizations and individuals who are potential supporters and allies.

WHAT MUST BE DONE

Each legal services program must undertake the following:

1. Develop a specific action plan at state and sub-state levels. This plan should detail how each state will seek to maintain and improve or develop Congressional relations, relations with local and state bar associations, relations with allies and supporters, and relations with local and state governmental entities. The plan must also discuss efforts to develop and improve media relations and develop new media contacts. Finally, the plan should specifically include concrete steps to maintain, improve and/or develop meaningful relations with poor people's organizations.

Many states have already developed such plans. Others are beginning to do so and will be completing the plans at the regional meetings.

These plans will require every program to shift program resources to undertake the efforts outlined in the plan and to change the priorities and work of project directors and staff.

2. Appoint a program coordinator or coordinators who will have overall responsibility for coordinating the implementation of the state and sub-state plans and assuring that all survival activities are carried out.

3. Develop timely and effective communications with the state coordinator. The state must assure that the coordinators have adequate staff and a means of communicating effectively and in a timely manner with all programs.

4. Develop effective internal communications networks that assure all staff with adequate and timely information about developments nationally and within state and local areas.

5. Continue to identify people who have contacts with officials of the Reagan Administration. State Coordinators and relevant Washington actors should be informed of these contacts. Please make sure I am informed of these contacts.

6. Continue to identify potential Board nominees who are supportive of legal services and yet potentially acceptable to a Reagan Administration. Names of potential nominees should be sent to Howard Eisenberg at NLADA.

7. Analyze new members of Congress from your area and review all old members of Congress. What is needed is carefully complied information about all members of Congress. This includes: attitudes, public statements and prior voting records toward legal services and other social benefit programs; their supporters and major contributors from within the bar and general community; possible contacts with their supporters; and their political base in the district or state. This information should be sent to the state coordinator and Office of Government Relations. OGR will develop an analysis of each Congressional person and office. The completed analysis will be sent to each state and program coordinator. The analysis will also include such information as prior Congressional voting records on legal services, positions on other poor people's issues, committee assignments, names and background of key staff, and which members influence this member.

The difficulties we will face now and during the next few years will require sacrifice and discipline by LSC and program staff. Among other things:

1. We must start taking this effort very seriously if we are to succeed.

2. When program coordinators are asked to do something by the state coordinator, by LSC or members of the coalition, they must act responsibly and without delay to see that the tasks are done or that we are immediately informed that they can be done so that we can take the necessary actions to see that they are done.

3. This is the time to act and act quickly to organize within each state and local program to shore up and strengthen the base of political support.

4. Coordinated activity is important. This is not a time to act totally independent of the effort that is being initiated. Project directors and staff will have many good ideas, practical suggestions, intelligence and experience to share with national actors and

with other programmatic people. It is important to work together and keep in touch.

COALITION BUILDING

A critical means of strengthening the local political base is to develop coalitions and working relationships with local organizations and individuals who would see it in their interest to assure the continuation of an aggressive legal services program.

Effective coalitions and working relationships will involve programs assisting these groups and organizations in concrete ways. Merely acting in concert or seeking assistance will not be sufficient. The local program must actually assist groups, individuals and coalition members so that they have a real stake in the survival of the legal services program. The legal services program must become an integral part of their activities.

Usually coalitions and working relationships will evolve out of common work on substantive issues. Legal services should seek out others in the community who may be involved on similar issues of concern to the program and client community. They should also seek to participate in activities by others that affect issues and problems of the client community.

There are a variety of groups with whom local programs can develop relationships. Some are involved in advocacy for the poor (such as Community Action Programs); some are involved in services for the poor. Many are involved in common issues which affect both the poor and the members of the groups (e.g., unions and food stamps; Associations of Retarded Persons and special education; elderly organizations, etc.) Many are involved directly in advocacy for populations which include the poor (civil rights, etc.).

In developing working relationships and coalitions on substantive issues, legal services programs and staff should not forget their principal role as advocates for the poor. The point of developing working relationships and coalitions is to strengthen the power of poor people not to shift the program toward a different population. Legal services should not be viewed as compromising the interests of poor people for its own survival or for the broader good of the coalition. Moreover, legal services should seek to involve poor people directly in the coalitions and bridge relationships between poor people and individuals and organizations with common interests or issues.

THE BROADER PICTURE—THE NEEDS OF OUR CLIENTS

The struggle for survival of aggressive legal services should never be perceived by us to be a higher priority than the struggles that poor people will face during the next several years as this new administration and Congress attempt to curtail social benefit and entitlement programs and civil rights activities. We must not under any circumstances stop using most of our resources and most of our energies to continue providing aggressive impact advocacy to improve the lives and power of poor people.

Moreover, we must take immediate steps to develop effective efforts within each state and on a national level to preserve the gains won by poor people and their advocates during the last 15 years. And we must continue to strive to increase social benefits, improve housing and health care, prevent arbitrary private and public actions, improve job and educational opportunities, and eliminate discrimination.

This will require targeting increased resources on substantive issues which will arise on a national and state level: development of more effective national and state networks of staff, clients and other advocates and allies; improved communications to each state about national developments and within each state about national, state and local developments; strengthening our capacity for legislative and administrative advocacy; and developing more effective strategies that use all of the tools available including more effective use of litigation as well as community education, legislative and administrative representation, networking and coalition building.

Working with national and state support projects, we are strengthening current efforts and developing new approaches that will assist local and state programs in undertaking these critically important activities for survival of poor people's basic needs. Although there are different networks that will be used to work directly on these "substantive" activities (i.e., the substantive networks that have developed through national and state support projects), we will keep all state coordinators informed of national substantive developments.

Thus, as we enter this struggle for our own survival, we must never forget that the purpose of our effort and the shift of some resources to our survivial is not to save ourselves (or our jobs), not to save our current ways of doing things or even our current structures for that matter. Instead, the purpose of our efforts to preserve for poor people a force that they can call upon to use to improve their economic and social well-being.●

TRIBUTE TO GRACE PLAZA RESIDENTS: A WORTHY GROUP SPEAKS

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, a short while ago, I had the distinct privilege to visit a most energetic and inspiring group of constituents from New York's Sixth District which I so proudly represent.

The people I speak of are the residents of the Grace Plaza Nursing Home and Health Related Facility in Great Neck, N.Y.

My visit to this fine health-care facility as a newly elected Member of Congress was a moving experience, one which I will long remember.

The residents' response to my presentation of a flag which had flown over the U.S. Capitol was truly inspirational. Their unbounding expressions of patriotism and gratitude served as a stirring reminder of America's proud and ongoing heritage of freedom.

I am therefore, deeply honored, to submit for publication in the CONGRESSIONAL RECORD, the welcoming speech made in my behalf by Miriam Hoffman, a resident at Grace Plaza. It is a speech worthy of consideration as there is much to learn from the wisdom and experience of those who live life to its fullest.

PRESENTATION OF THE AMERICAN FLAG

(By Miriam Hoffman)

Congressman John LeBoutillier, Grace Plaza Staff Members, and Residents, it is, indeed, a distinct privilege and pleasure to have you, Congressman, with us today. On behalf of the Residents of Grace Plaza, I welcome you as a Guest of Honor. You have come here on an unusual mission—Patriotic, Inspiring, and Thoughtful. Our Residents, of whom I am one, heartily and with enthusiasm, greet you. You have come to make a presentation to Grace Plaza of an American Flag, which has a very special and significant meaning, and you will have the pleasure of telling this audience all the details.

What a thrilling moment for us to be the recipients of this banner! How grateful we are to you, Congressman, that this flag with a special meaning will enhance our flagpole and proudly wave in front of Grace Plaza. Can we forget this kind gesture of friendship? Can we ever forget the freedoms that we Americans enjoy under this banner? Truly, this is a Red Letter Day and makes "history" for Grace Plaza.

Our Residents would like you to know that we are still politically active. We vote each year and, for those of us who cannot reach the polls, we vote an absentee ballot. We are interested, also, to inform you that our Residents spearheaded the movement for the passing of bills #19457S and #2738A, by means of mailings and publications for the support of our cause. We introduced these bills in Nassau and Suffolk County Nursing Homes.

Mr. Congressman, may I, on behalf of our Residents and Staff members, express deep gratitude for your efforts in coming here from Washington to make possible this cordial visit to make your presentation. You have made us happy and proud. Please come again.

Thank you, Congressman John LeBoutillier.●

WEST VIEW—AMERICA AT ITS BEST

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. WALGREN. Mr. Speaker, this past year the borough of West View celebrated its 75th anniversary.

I join the residents of West View in their special pride for a community which is committed to preserving the important values of our society while planning for an exciting future.

The history of West View dates from the days when the French and Indians ruled the Ohio Valley. I have reprinted a short extract from the borough's publication, West View Horizons, and I encourage my colleagues to read the story of West View, an American community at its best:

HISTORY OF WEST VIEW

Any history of anywhere must go back to the time of unrecorded history, to the time before man, when the land belonged to the animals. The buffalo herds first found the narrow corridor of long, regular, connecting ridge tops with intermittent springs that provided a dry route for their migrations.

When the redmen came they made use of these beaten and deeply worn thoroughfares to travel incredible distances. The northern Indians, the Susquehannocks, the Delawares, and the Shawnees of Pennsylvania, as well as the Iroquois of New York followed these trails in their continuing wars with the southern Catawba and Cherokee nations.

When white explorers and traders first found the juncture of the two rivers that form the mighty Ohio to the west, the Senecas, Onendagas and Cayugas were traveling down from the Lake Country by way of French Creek, Venango, through present Evans City to Shannopin's Town (in the Lawrenceville Section of Pittsburgh). This Venango Trail crossed through East Liberty to the mouth of Turtle Creek and on down to Cumberland, Maryland; Winchester, Virginia, and along the Shenandoah Valley to North or South Carolina.

The Venanago Trail becomes a part of the history of West View because the Perry Highway follows in general the early route of the buffalo and Indians.

The French at Fort Duquesne and the British at Fort Pitt used the Trail as a connecting route to forts on the Great Lakes and in Canada.

Col. Henry Bouquet marched a small army of his famous Royal Americans (British Regulars) down the trail in the summer of 1760, the year after the building of Fort Pitt. Edward G. Williams, author of the Bicentennial history of Ross and West View, quotes a journal of Thomas Hutchins who made the trip with Bouquet. Lt. Hutchins was an engineer and his journal is very detailed. According to it, the troop camped the night of July 7, 1760, on the hillside near the present location of the Ross Municipal Building, close to the West View line. Hutchins reports the camp was "by several springs."

During the Revolutionary War and for some time thereafter, all this land north of the rivers was Indian land. There were tribes living on islands in the river.

In order to keep soldiers in the Revolutionary army, the Pennsylvania Assembly promised to donate land to the soldiers after the war. The army pay in continental money depreciated so rapidly that it became practically worthless. The inflation that we have today was nothing compared to that period.

After the war, a schedule was set up to adjust the army pay to its correct value. Certificates were issued to the soldiers in compensation that were redeemable in gold or silver or for the purchase of land.

The state set up a large tract of western land, including the area of Ross and West View as Depreciation Land. To finance the redemption of the certificates, land was sold at auction in Philadelphia.

Originally, this area was part of Pitt Township, Westmoreland County. Allegheny County was formed in 1788.

The original Act provided that a tract of 3,000 acres fronting on both the Ohio and Allegheny rivers should be reserved for later use of the State.

In 1796, the western part of the area, on a north-south line running through the mouth of Pine Creek was partitioned into Pine township and in 1803, Ohio Township was formed including all of the western tier of townships and boroughs on the Ohio River. This partition left Pine township with a strip of land six miles wide and sixteen long, from the rivers to the Butler County line.

In five years, the land in the southern part of Pine township had been taken up rapidly. The Venango Trail had become the Franklin Road. Thirty residents of this southern area petitioned the court on November 15, 1808, asking that the township be divided by a line from the eight-mile tree on Franklin road, running east and west.

Their petition was approved at the November term of 1909 and the new township was named Ross in honor of an eminent Pittsburgh attorney, James Ross.

The Borough of Allegheny was formed in 1828 from part of the Reserve Tract and in 1835, Reserve Township was taken from Ross and part of the Reserve Tract.

Shaler township took away about two miles from the eastern side of Ross and a larger area of Indiana Township in 1847.

Ross remained the same size from that time until the formation of West View Borough in 1905.

So much, then, for the geographical history of the area. It is people who make an area grow.

All that virgin land across the river was very attractive to the settlers of Fort Pitt. As early, perhaps, as 1760, James Boggs had settled on the north side of the river. Indian wars and the troubles of the Revolution forced him to leave his home. He was permanently established there by a grant of land in the Reserve Tract in 1783. Boggs died soon after getting the grant. His widow married James Robinson, who moved to the Boggs holdings. Boggs obtained a charter to operate a ferry from Pittsburgh to the Venango Trail and built a house which became an inn.

At this time, Casper Reel, reportedly the first settler in Ross and West View, enters the story. Casper was a skin dresser by trade. He came to Fort Pitt from Germany, by way of Baltimore and Lancaster. His father died on the voyage from Germany and his mother and brother were killed by marauding Indians in Lancaster.

Casper came to Fort Pitt in 1773 at the age of 31. He is reported to have been the bearer of the news of the fighting at Lexington and Concord on April 19, 1775. His news roused the people at the fort to become part of the Revolutionary movement.

There were two factions in Fort Pitt, Pennsylvanians and Virginians. Reel joined a Virginian company commanded by Capt. John Gibson. When St. Clair's 2nd Pennsylvania Regiment was formed, Reel marched with it to Canada and Ticonderoga. He survived battle, hunger, weather and disease to return home. In another enlistment, he fought the Battle of Brandywine to turn back an invasion of Pennsylvania.

He joined General Hand's command at Fort Pitt in 1778 and remained there until the end of the war.

After an absence of 10 years, he returned to Lancaster and married Elizabeth Wise. He returned to Pittsburgh with his wife and their first child in 1784. During the next ten years, the couple had four more children and Reel bought two fine lots on Fifth Street between Smithfield and Wood. He sold the lots at a profit and decided to buy a farm.

Traveling out the Venango Trail, he found the land he wanted in the next valley beyond where Bouget and his army had camped. His land included what is now the western fifth of West View, including West View Park, Highland Country Club and the Gass Plan.

The sale of this Depreciation Land had not been successful. The average price had been 34 cents an acre, with some going as cheap as eight cents. As a result the government had suspended the sale of the land until in 1782, a fixed price of $20 per hundred acres was set by the legislature.

Reel surveyed the lines of his own property, staking off 727 acres. He built a small cabin along a creek between Cornell Avenue and West View Park. In 1792, Indian attacks drove him back to Pittsburgh for the country was still Indian land.

It was not safe to return to the land north of the river until Gen. Anthony Wayne had defeated the Indians at Fallen Timbers in 1794 and the Treaty of Greenville signed in 1795.

Reel had a new log house ready for his family by the spring of 1795. Twin sons, the first white children born in this area, named David and Casper Jr., were born January 22, 1798.

This first home, its log walls covered with clapboard, still stands at 148 Georgetown Avenue.

The Reel family became outstanding members of the new area. Casper himself, was the first Collector of Internal Revenue for an area that reached from the Allegheny River to Lake Erie. His son, Conrad, followed him in this post and was also the first postmaster at Perrysville, the first Post Office north of the river. Conrad also established the first woolen mill in Allegheny County.

David and Casper both became farmers. David was a member of a Methodist group which later became the Bellevue Methodist Church and Casper Jr. was one of the group that founded the Hiland Presbyterian congregation.

David built his farm house which still stands on Courtney Mill Road. Casper Jr. built his farm house on a hill that is now part of Highland Country Club golf course. It was moved to be incorporated into the present clubhouse.

Another brother, John, was killed in action on the Maumee River in Ohio, during the War of 1812. Casper Sr. went to Ohio to bring back his body for burial in the family plot that is now surrounded by the country club golf course.

Preservation of the burial plot was part of the sales agreement with the club. Casper Sr., his wife, several other members of the family and a servant are buried there.

There are many tales told of that original settler. One is that he was out hunting one day during his first attempt at settlement. An Indian arrow barely missed him and he barricaded himself in the cabin to fight off an attack. He was running out of ammunition when a passing troop of soldiers drove off the Indians. The troops were reportedly scouring the countryside for Simon Girty, a notorious renegade and outlaw.

Girty, perhaps, has no place in this history, except that his name was given to the stream that runs from West View into Millvale. Girty sided with the British during the Revolutionary War and teamed up with a group of renegade Indians. They terrorized white settlers and peddled their scalps to the British for $10 apiece.

According to legend, the ostracized Indians and Girty would kill the white settlers, taking anything of value to be traded or sold at a later date. They roamed the area as far as Richland Township.

Girty double-crossed his Indian allies and took the plunder from its hiding place. He reportedly buried it along a tributary of the Allegheny River.

The Indians returned from their raiding party sooner than expected and discovered Girty's treachery. They trailed him to the spot where he was burying the spoils, but his instincts saved him from the ambush they had planned.

Girty was able to elude the Indians by his famous run through the creek bed located in Ross, along Babcock Boulevard that bears his name. He disappeared into Indian country and apparently died, blind and infirm in Canada.

Later historians claim, however, that Girty's Run got its name, not from Simon's escape, but in honor of another brother, Thomas, who remained loyal to the American cause and who eventually settled his family in the extreme southeast corner of the township. He had been a ranger and scout in the Westmoreland militia and was an all-round good citizen.

The Venango Trail became the highway of travel north to the new town of Franklin, growing up at the mouth of French Creek, where Fort Venanco once stood. The trail soon became known as Franklin Road.

Farmers to the north drove their cattle, sheep and hogs along the Franklin Road, that later became the Perrysville Plank Road and the Perry Highway. Herds would be driven from Mercer or Crawford Counties or even from Ohio, for sale in Pittsburgh's slaughter houses.

Of a necessity, the inns along the road, provided large fenced enclosures where the animals could be penned up over night.

The poorer farmers who could not afford the price of lodging at the inns, used open meadows along the road to bed their herds and flocks. One of the favorite spots, because of the supply of fresh water available in a pond, was at the corner of the highway and Highland Avenue, in what is now Wellington Heights.

In 1849, the Franklin Road became the Perrysville Plank Road when planks of wood were laid to eliminate the mud. Only one half of the road was planked. The loaded wagons rode on the planks and the empty wagons rode on the mud side.

Installation and maintenance of the planks turned the road into a toll road, and toll gates were set up at intervals to collect a fee for the privilege of traveling on the improved surface. Toll gates were located at Waldorf Street on the city line, near the present Ross Municipal Building and at Rochester Road. A fourth toll gate was located near the present entrance to Highland Pines.

West View's famous Horseshoe Bend was constructed at the time of the 1849 improvements. Prior to that, the road had run from the intersection of Bellevue Road down the steep hill to West View Park entrance.

The Plank Road was the only road north until the road was paved with bricks as far as Keown's Hotel on Three Degree Road in 1911.

The automobile made the bumpy road obsolete and a macadam surface smoothed the way until concrete arrived. It was 1929 before a $40,000 30-foot wide reinforced concrete road was constructed from the Five Mile House to the City line. All of these improvements were far in the future and the early settlers of the area had no dream of the busy highway the Venango Trail would become.

Stage coaches ran regularly on the Franklin Road to Mercer, Meadville and Erie. Stage relay stations were established in Perrysville, Wexford and Warrendale. Mail was delivered weekly as early as 1801. By 1818, mail came twice a week and three times by 1824.

Franklin Road became Perry Highway following the War of 1812 when supplies for Commodore O. H. Perry's fleet in Lake Erie were transported along it.

Evergreen Hamlet, a Utopian village, was founded in 1851 in the southeast corner of Ross. William Shinn and Associates established a society of refinement and culture in the style of the English aristocracy. The plan ended in financial failure following the death of Shinn in 1865. Matthew Cridge, an Englishman, came to the Hamlet that year, built a home and became the leader of a new group of residents. Cridge also built the Evergreen Hotel, a fine hostelry in that day.

At the turn of the 20th Century, many Pittsburghers were moving out of the city to get away from the smoke and dirt of the mills. The area of Ross near the city line was experiencing a building boom.

The Allegheny-Bellevue Land Co. divided up the estates, constructed sewers and laid gas and water lines. Streets were laid out, electric lights installed and a street car line started to operate from the city Blind Stop, just above the present Ross Municipal Building.

One of the early builders in the area was Frederick C. Martsolf who came to the area in 1904 and constructed 50 homes. In the spring of 1905, he conceived the idea of forming a borough and took an active part in its organization.

Quarter sessions court ordered the incorporation of the borough of West View, March 20, 1905. The holdings of the Freehold Real Estate Company, which had acquired hillside and farm lands that had been part of the original tracts of Reel, Hilands and others, were incorporated into the borough. The new borough had 640 acres in a sprawling plan, but a square mile nevertheless. The court ordered the first election to be held May 16, 1905. Walter Nixon was appointed judge of election and W. J. Martsolf and Frank McManus, operator of Donegal Inn, were named inspectors.

WEST VIEW THEN—AND NOW

Just about 100 votes were cast in that first election in 1905. In the 1977 election for mayor, 2,363 votes were cast. Women have always taken an active roll in politics in the borough since being granted the right to vote soon after World War I. West View now has a woman, Mary K. Bernhard, on council and a number of women have served on the school board through the years. The 1970 census shows a population of 8,312.

The police department has grown from one man on a motorcycle to a force of 9, including a chief, lieutenant and two sergeants with three police cars. One chief of police, William A. Quigley, was killed in the line of duty in September, 1927. Quig, as he was called, was chasing a truck on his motorcycle. The truck stopped suddenly. Quig ran into it. He died of injuries in Suburban Hospital. He had been a member of the police force for 15 years.

Traffic, which was controlled by a hand-operated stop and go sign, is now controlled by five electric traffic signals on the highway.

The street maintenance crew of nine men is supervised by John Hoellerman and Ron George. A borough manager, Harry J. Gruener, directs the day-to-day operation of borough business.

The borough provides free garbage and rubbish pick-up. The streets are all paved and well-lighted with street lights.

The schools have grown from 30 pupils at Highland School and about an equal number at Oakwood to about 1,300 in the North Hills School District that has a school population of 6,504.

As the borough moves into the final quarter of its first century, the future looks even brighter.

The proposed shopping center on the park property with its major grocery store, department store and as many as 32 other shops will attract customers from all over the North Hills area. Such an influx of outsiders is sure to bring additional business to existing stores, too.

Application has been made for federal grants and loans which will widen and extend Center Avenue, modernize the present business district along the highway and, in general, improve the borough.

Robert Browning could have been describing West View when he wrote: "Grow old along with me. The best is yet to be—the end of life for which the first was made."●

SURRENDERING IN THE WAR ON HUNGER

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. MILLER of California. Mr. Speaker, last week I took the well to share with my colleagues information about the effectiveness of the supplemental feeding program for women, infants, and children (WIC), which has been proven both to save lives and save money. The President's proposals would severely cut participation in the WIC program, which serves only low-income women, infants, and children, determined by medical assessment to be at nutritional risk. These participants, by most anyone's definition, are the truly needy.

I would like to share with my colleagues a recent article from the Los Angeles Times which describes how the administration's budget proposals affecting Federal food programs belie the administration rhetoric and would take a serious toll on the health and nutritional status of many, many low-income Americans. The article follows:

[From the Los Angeles Times, Mar. 12, 1981]

SURRENDERING IN THE WAR ON HUNGER—FOOD AID FOR NEEDY WOMEN, CHILDREN FACES SHARP CUT

(By James C. Webster)

The Reagan Administration claims that its proposed cuts in food assistance would not deny the "truly needy." The evidence is otherwise, even granting the Administration's bare-bones definition of true need. This became clear when Budget Director David A. Stockman went after the Special Supplemental Food Program for Women, Infants and Children, which targets prescribed food packages (infant formula, fruit, eggs and dairy products) to 2.2 million pregnant women, nursing mothers and infants with identified high nutrition risks.

Advocates argue that the program's rapid growth, from a $50 million pilot in 1974 to

its present $1 billion budget, has come about because of overwhelming evidence that it's one of the few federal projects that serve their purpose and are cost-effective, too. Even the conservative Heritage Foundation recommended keeping the program at current spending levels because "there is evidence that (it) does in fact improve nutrition." Stockman's analysts at the Office of Management and Budget will be hard put to refute the evidence.

One of the late Sen. Hubert H. Humphrey's most passionate arguments for the program, which he authored, was the surprisingly poor infant mortality rate in the United States—at 15 per thousand, almost double that of Japan or the Scandinavian countries. A frequently cited study by Harvard University's School of Public Health has since found that women in the program gave birth to low-weight babies only 6% of the time, compared with 10.1% for women in the study's control group. The study concluded that every $1 spent on the program for pregnant mothers saved $3 in hospital costs for their babies, because low-birthweight babies are prone to illness and long-term medical complications such as retardation and poor eyesight.

Now Secretary of Agriculture John R. Block has the unenviable job of selling cuts in the program to Congress, despite his own department's studies of the program and infant mortality. A Department of Agriculture analysis of seven Indian reservations in Montana reports that infant mortality dropped from 31.5 per thousand to 16.6 after the program was begun on the reservations.

To propose cutting almost one-third from a program with proven results and popular acceptance, on top of major surgery on food stamps and school lunches, while leaving some farm subsidy programs untouched will risk giving credibility to the charge that Reagan wants to balance the federal budget on the backs of the poor, the disabled, the elderly, even the hungry.

Even the strongest advocates of the food-stamp program will concede that it is marred by fraud, waste and abuse. Carter Administration appointees in charge of food stamps spent much of their time tightening error rates and improving management. But the Reagan proposal for $1.8 billion in cuts in the $12.4 billion program does not attack fraud and abuse. Instead, it seeks to deny eligibility to so-called "non-needy" families at the upper end of the eligibility list—mostly the elderly on pensions or people working at low-wage jobs.

The proposed reduction of $1.7 billion in the $4.1 billion school-lunch and child-nutrition programs also would hit the "truly needy," notwithstanding a White House declaration to maintain free school lunches for lowest-income families. Those families would be affected by Reagan's proposals in two ways. (1) The value of their free lunches, $1.02 a meal this year, would be counted as income in determining their eligibility for food stamps, thus reducing the food-stamp coupons that they receive for meals prepared at home. (2) Big cuts in federal aid for reduced-price and fully paid meals are likely to boost per-meal prices and cause students to drop out of the school-lunch program, either threatening the very existence of the program at many schools or turning the lunch room into an economic ghetto of poor and minority youngsters.

Stockman's zeal in trimming the food-assistance programs, and Block's acquiescence in cutting them rather than farmers' programs, may have bought more political trouble for their boss, the President, than he bargained for. While antagonizing the poor, who don't have much political clout, the Administration also has gored the ox of several special-interest lobbies with considerable muscle in Congress:

Farmers. All told, Department of Agriculture food programs this year are budgeted at $18.5 billion. Because farmers get 38 cents of every retail food dollar, the food programs represent $6.8 billion in farm income.

Grocers and manufacturers. Because they get most of the rest of the retail food dollar, they too stand to lose from a possible overall cut of $4.3 billion from Department of Agriculture programs.

Farm-commodity organizations. They support programs under which the department buys surplus commodities (peanuts, raisins, flour, vegetable oil, potatoes, poultry) to give to schools and institutions.

The dairy lobby. It stopped cold the efforts of the last three administrations to eliminate or cut the school-milk program that puts $120 million into the dairy market.

If the food-assistance budget cuts become symbolic of the political difference between the Administration's laudable goal of restraining federal spending and the wild-spending Democrats in Congress, it would be a tragedy, for feeding the hungry has never been a partisan issue. While President Kennedy's New Frontier and President Johnson's Great Society invoked compassion for the poor, the greatest expansion of food programs happened during Nixon's presidency. Nor was it Carter who in his first year in office declared war on hunger; that, too, was done by Nixon.

Political lines in Congress likewise have blurred when the issue is feeding hungry people. Former Sen. Herman Talmadge of Georgia, conservative chairman of the Agriculture Committee, was proud of his contribution to the expansion of the school-lunch program; Sen. Robert Dole (R-Kan.) stood shoulder to shoulder with Sen. George McGovern (D-S.D.) in almost every legislative improvement of the food-stamp program.

One of the principal engines behind the commitment to end hunger in this land of food abundance was a study by Field Foundation doctors who visited several poor rural counties in the 1960s and shocked the conscience of the nation with their findings of starvation and malnutrition reminiscent of famine-plagued Africa. In the late 1970s they went back to the same poverty pockets, and reported "far fewer grossly malnourished in this country than there were 10 years ago." They credited federal food programs for the turnaround.

Unless Ronald Reagan wants to be known as the Republican who surrendered the war that Nixon launched on hunger, he had better rein in his zealous budget-cutters and point them in another direction.●

FURTHER THOUGHTS ON EL SALVADOR

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. EDGAR. Mr. Speaker, amidst the testimony we have heard from both sides on the merits of whether to send U.S. military assistance to El Salvador or not, I find the remarks of Archbishop James A. Hickey before the Inter-American Affairs Subcommittee particularly well-reasoned and persuasive, supported as they are by the weight of the U.S. Catholic Conference and Church.

My own trip to Central America convinced me that the role of the church in the Salvadoran reform movement has been surprisingly overlooked and its importance underrated. Archbishop Hickey, long familiar with El Salvador from firsthand experience, noted in his testimony that

> • • • long before there were charges of outside intervention there was a struggle on behalf of large numbers in El Salvador for social, political and economic change. • • • To ignore this long struggle of a people for justice, dignity and freedom is to misunderstand the nature of the conflict today in El Salvador.

The archbishop speaks out forcefully in stating the church's opposition to military aid and intervention from all outside powers, a viewpoint I wholeheartedly share. I urge my distinguished colleagues to study the archbishop's thoughtful remarks in order to familiarize themselves with the church's opinion of the current situation in El Salvador. The testimony follows:

TESTIMONY OF MOST REV. JAMES A. HICKEY FOR THE U.S. CATHOLIC CONFERENCE BEFORE THE INTER-AMERICAN AFFAIRS SUBCOMMITTEE OF THE HOUSE FOREIGN AFFAIRS COMMITTEE ON U.S. POLICY TOWARD EL SALVADOR—MARCH 5, 1981

Mr. Chairman and Members of the Committee: I am Archbishop James A. Hickey, Archbishop of Washington. I testify today in the name of the U.S. Catholic Conference (USCC), the agency which represents the Catholic Bishops of the United States in issues of public policy. I am accompanied today by Father J. Bryan Hehir and Mr. Thomas E. Quigley of the USCC staff. I wish at the outset to express, Mr. Chairman, my personal appreciation and that of the USCC for this opportunity to present our views on the situation in El Salvador and the relationship of U.S. policy to that conflict.

In introducing this testimony, I stress that I come before this subcommittee as a pastor. The Church's concern for any events in the political or economic order is rooted in its concern for the human person. It is what happens to people, especially the poor, which is the focus of the Church's attention as it speaks to questions of public policy, domestic or foreign. On this basis, the Catholic Bishops in the United States have spoken often to the El Salvador question, precisely because of the impact which U.S. policy has on the lives of large numbers of the poor and oppressed in El Salvador. In addition to this general concern which I share with my fellow bishops in the United States, I have a personal connection with the situation in El Salvador from my six years as the Bishop of Cleveland. That diocese has a pastoral team in El Salvador. I maintained regular contact with them, visted them often, talked with the Church leaders in El Salvador, came to know the

people and their country. Two of the missionaries who were slain, Sr. Dorothy Kazel and Miss Jean Donovan, served there at my request and direction. In consequence I speak from personal acquaintance with the work of the Church in El Salvador especially as it took shape under the leadership of Archbishop Romero, who was assassinated a year ago this month.

I. A HISTORICAL PERSPECTIVE

I want to stress the value of a historical perspective for the debate regarding the present conflict in El Salvador. Couched largely in terms of "super-power politics" the current discussion seems to forget that for a long time the people of El Salvador have been struggling for social justice and for participation in the life of their society. The conflict which now captures our attention has been going on, admittedly in less visible and less noteworthy terms, for decades. We need perhaps to reflect on the infamous massacre of the campesinos in 1932. The nature of the conflict in El Salvador is a perduring one. My point is that long before there were charges of outside intervention there was a struggle on behalf of large numbers in El Salvador for social, political and economic change. The conflict has been over land, wages, the right to organize and the issue of political participation. To ignore this long struggle of a people for justice, dignity and freedom is to misunderstand the nature of the conflict today in El Salvador.

As a Catholic bishop, I wish to stress that a specific dimension of the El Salvador situation requires attention: the role of the Church. Here again historical perspective is crucial. To understand the role that the Church in El Salvador is playing today, we must see its pastoral decision to give special attention to the poor. This it did in the light of the teachings of the Second Vatican Council, of the Medellin (1968) and Puebla (1979) Conferences of the Latin American Bishops and of the teaching of Pope John Paul II. The changing posture of the Church in Latin America in the last fifteen years, from a socially conservative position to that of the leading voice for reform and social change, can be traced to the experience and teaching of Vatican II. It was the Council which called the Church to stand as the sign and safeguard of the dignity of the human person (*Guadium et Spes*, No 76). It was the Council which called the Church to see in "the signs of the times" an invitation to witness to the Gospel. The Church in Latin America responded to the conciliar call in a systematic and prophetic fashion. Through the Medellin Conference and the Puebla Conference it outlined a pastoral plan of evangelization which includes the defense of human dignity and the promotion of human rights as essential elements.

The Church in El Salvador exemplifies this larger movement of the Church in Latin America. Under the pastoral leadership of Archbishop Romero and of Bishop Rivera y Damas it has followed the imperative of the Puebla Conference, "to make an option for the poor" and it has brought it about that the Church is intimately joined to the struggle of the people of El Salvador for social justice and social reform. Catechists, members of the *communidades de base* (Christian family groupings) together with other laity and clergy have taken to heart the Gospel message and have tried to live it genuinely in all facets of their lives. From a truly spiritual perspective they have tried to introduce Christian principles to farming, business and government. For attempting this renewed Christianization of their country they have been called communists, subversives; and they have suffered persecution, even death for the Gospel. An Archbishop, eleven priests, thousands of lay people and now four American missionaries are dead in that effort.

At the same time, in fulfilling this ministry, the Church of El Salvador has drawn support from the words of Pope John Paul II. His recent statements in the Philippines about the right of workers to share in the fruits of their labor apply with striking similarity to the situation in El Salvador. Equally applicable is the forceful statement of the Holy Father that, "Even in exceptional situations that may at times arise, one can never justify any violation of the fundamental dignity of the human person or of the basic rights that safeguard this dignity." The Church's ministry in El Salvador and throughout Latin America since Medellin has been at the service of human dignity and human rights. It is my conviction that one cannot understand the role of the Church in El Salvador today apart from these themes. Furthermore, one cannot understand the situation in El Salvador apart from the Church and its ministry.

II. FROM HISTORY TO PERSPECTIVES ON POLICY

A sense of the social and religious history of the Salvadoran struggle for justice shapes my views on the present policy debate in the United States about El Salvador.

I share the apprehensions expressed last week by the United States Catholic Conference in testimony before the Foreign Operations Subcommittee of the House Appropriations Committee. Our mutual concerns are based on the way the El Salvador conflict has come to be seen, principally in the last few weeks, as a United States-Soviet or United States-Cuba test of will and strategy. While not denying that an international dimension of the conflict exists, we are very concerned that the internal quest for justice by the people of El Salvador receive due and proper regard in the policy debate of the United States. We can never achieve worldwide justice and peace by failing to recognize and support the efforts for justice and peace in the single nation of El Salvador.

It would be particularly unfortunate, in my view, if our necessary and proper concern for the security of the United States were to be used as justification for additional United States military aid to the present government in El Salvador. Neither the USCC nor I am complacent about the actions of other outside powers in the El Salvador conflict. To quote the USCC testimony, we find "the involvement of the Soviet Union (and other Eastern bloc nations) on its own or through Cuban cooperation, in the internal struggles of Central America, is unwarranted, unhelpful and ultimately unacceptable behavior on the part of a superpower". Our position is to oppose military aid and intervention from all outside powers. We urge and support political pressure and other diplomatic measures by Latin American nations and by ourselves and our allies to stop the flow of arms from Cuba through Nicaragua to El Salvador. But as a part of this approach we earnestly and vigorously oppose the sending of United States military assistance to El Salvador.

Our opposition to military aid has been based on the conviction that such aid associates the United States with the actions of the security forces which, in our view, still remain uncontrolled. A further reason for opposing military aid at this time is the danger of so strengthening the power of the military that the ever-present possibility of a rightist coup would be increased. This, in my judgment, would in turn provoke reversal of the land reforms and an increased repression of the people that could result in a civil war of immense proportions. The United States should not be associated with such a chain of events.

In the long term no nation can be kept from freedom, from the exercise of human dignity or from the use of its land by force of arms. And in that same long term our American government should be remembered, not as the supplier of arms used to kill the people, but as a government that stood for the dignity and integrity of the human person and the free exercise of God-given rights. This is our American heritage and tradition.

A particularly ominous development of recent policy is the introduction of more United States military advisers into El Salvador. I find the move risky to the point of being reckless. It confirms the worst suspicions of Latin Americans that we are slowly preparing for an invasion of El Salvador. It could be used by unfriendly powers to justify similar actions. It will increase the volatility and symbolic significance of the conflict for us if any United States military personnel are injured or killed. I am particularly concerned that the sending of any American military personnel commits the United States to the conflict in a way which is difficult to reverse. Furthermore, it is my understanding that since United States law prohibits the training of the Treasury (hacienda) police or other internal police forces of a foreign power, our advisers may not be in a position to remedy those elements of the Salvadoran security forces most in need of restraint.

The problem in El Salvador is rooted in the need for political and economic reform within the country. United States diplomacy should be aimed at producing such reforms; military aid, in my view, mortgages our potential to do this.

III. PROPOSALS FOR POLICY

To promote the absolutely necessary reforms within El Salvador will require United States diplomatic pressure, but also continuing amounts of United States economic assistance. I realize we are now sending much assistance to the Salvadoran government. In distinction from its position on military aid, the USCC does not oppose economic aid, it encourages it. I wish to add a strong personal plea for an increased United States effort to provide emergency aid for El Salvador for long-term development assistance that will benefit the common working man and woman. There are specific needs of the moment—from aid for the refugees left homeless when their homes and villages are destroyed by military action, to the replacement of bridges and power stations destroyed by guerrilla action, to necessary medical supplies. This kind of aid, rather than more equipment for the security forces, is what the United States should be contributing to the situation.

On the diplomatic front, there is a notable silence in our American policy with regard to fostering that kind of political dialogue in El Salvador which a basic resolution of the conflict will require. I realize the complexity of this topic at the moment; the efforts of West Germany testify to the difficulty of serving as catalyst for political discussions. Yet I am not satisfied that it is sufficient to say that the Church in El Sal-

vador has offered to mediate and that the Salvadoran Government has, in principle, agreed; that it is the left which refuses to negotiate. I believe that there are ways in which approaches can be made to the various elements which form the opposition to the present government in El Salvador. I believe that options are open to our government to encourage that dialogue between all parties which is so necessary for a true and lasting peace. The United States voice at a political level is a unique one; in collaboration with other key nations we may be able to open channels of communication which move the civil strife from the fields and homes of the campesinos into the political process.

Finally, I wish to address a topic which is of the highest concern to the Church in the United States: the investigation of the murders of our four American missionaries. In that connection I add also the murder of the three labor leaders, two of whom were American citizens. Without entering into the details of the investigations, I simply want to cite the degree of doubt and suspicion in church circles here and in El Salvador with regard to the nature and pace of the investigation. Furthermore, I wish to express the concern we have that the progress and outcome of the murder of the churchwomen has been divorced from other aspects of United States policy. In December we understood that the seriousness of the investigation would be taken by the United States Government as one important sign of the commitment of the Junta to discipline the security forces. In recent weeks we find little or no stress, at the level of United States policy, on the connection between the progress on the investigations and United States aid to the Salvadoran Government. The missionaries are important to us because they gave their lives in the service of the poor and of the Gospel. However, they are also important because their deaths, like those of the labor leaders, remind us of the thousands of ordinary Salvadorans who have been murdered, principally from the political right, and whose deaths have gone unrequited. The Church in the United States will not forget what the missionaries have done; we will not let this issue rest unresolved.

I close, Mr. Chairman, where I began: with a plea for a perspective on the tragic conflict in El Salvador. The pressure of the present debate should not move the United States down a road which both we and the Salvadoran people will regret. The conflict there has deep roots; it reaches into the life of a people too long denied the fruits of their labor, too long denied meaningful participation in the life of their society. The United States reponse should address the roots of the conflict: it is not principally a matter of guns but of justice. My prayer is that our government will be of assistance in achieving a political solution in El Salvador, a solution based on justice, charity and a full recognition of the dignity of the human persons involved.●

HUNT FOR SILVER—PART I

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 17, 1981

● Mr. McDONALD. Mr. Speaker, in the interest of fairness to the Hunts, who, in my view, were very unfairly treated in the press last year over supposed manipulation of the silver market, I am today inserting in the CONGRESSIONAL RECORD, part I of an article from American Opinion magazine that appeared in December of 1980. Written by Gary Allen, it pretty well demolishes the myth of the manipulating and scheming Hunts that was given by the press last year. I commend it to the attention of my colleagues. Part I follows:

[From the American Opinion magazine, December 1980]

HUNT FOR SILVER

(By Gary Allen)

Nelson Bunker Hunt, fabled son of the legendary billionaire H.L. Hunt, of Texas, has been called "Silverfinger" by financial journalists eager to dramatize his silver investments in the purple ad hominems of a James Bond novel. Hunt is neither an eccentric villain out of James Bond nor a sinister schemer in the mold of J.R. Ewing of the "Dallas" television series. He is, in fact, a happy combination of sober realist and idealistic visionary. He is a sober realist because he understands the perilous direction in which our civilization has been headed—the political instability, the civil turmoil, the financial catastrophe of hyperinflation and moral bankruptcy. And he is an idealistic visionary because he is working for a better world in which the people govern themselves and their economy without being victimized by a paper aristocracy which profits by manipulating government and inflating currencies.

Mr. Hunt is a faithful Christian, friendly, unassuming, and temperate. He refrains from both liquor and tobacco, flies tourist class on commercial airlines, and dresses simply. A member of the National Council of The John Birch Society, he is a determined patriot and a formidable opponent of Establishment Insiders who seek to make America one more colony in a New World Order.

Earlier this year, Bunker Hunt and his brother Herbert were targets of one of the most spectacular swindles in financial history. This was marked by the now-infamous silver crash that culminated on March 27, 1980. But before we describe this biggest holdup since the Brinks job, let's examine some of the reasons the Texas billionaire set out to acquire one hundred million ounces of silver rather than, say, a million pounds of kumquats.

It has been alleged by the usual Establishment propagandists that the Hunt brothers were irresponsible "speculators" in silver and that it was their actions that produced the silver debacle. But Bunker Hunt was not a speculator in silver. Speculators are short-term players. They do not buy their holdings to keep, as Hunt was doing and continues to do. People gamble on the future price of pork bellies to make money in a relatively short period—not as a long-term investment. With gold and silver, on the other hand, there are many who—like the Hunts—see the metals as cash and prefer them to paper money. They are investors for the long term. Thus Bunker Hunt put a fortune in silver for three reasons:

(1.) Mr. Hunt is aware that for the past twenty years world production of silver has been in the neighborhood of 300 million ounces annually while consumption has been about 500 million ounces. This means that every year the world comes up short on silver by about 200 million ounces. This "shortfall" has been made up from silver mined and stored over hundreds of years. Since about a third of the world's silver is in the form of jewelry in India—and is locked up there because of the Indian Government's prohibition of its export—Bunker Hunt quickly calculated that the "shortfall" would soon consume all the available reserves of silver and produce a price squeeze. The price of silver was bound to rise dramatically.

(2.) Most people still listen to Walter Cronkite telling them that inflation is rising prices. But, Mr. Hunt knows that rising prices are the effect of inflation and that the cause is huge federal deficits that are spun out into the economy as fiat credit and currency. Bunker believes that the politicians will continue to pump money into the economy, in effect buying votes from the unproductive to be paid for by reducing the value of the savings of the productive. Deficit money takes on value only by diluting the purchasing power of all the money that is already in circulation. Mr. Hunt realized that this process might continue until it takes a wheelbarrow full of Washingtons and Lincolns to buy a Big Mac.

(3.) Should the purchasing power of our currency approach zero in a hyperinflationary nightmare, the people would demand a more stable means of exchange. At that time, gold would be too precious to be used in the everyday monetary transactions of the average citizen and silver coins would once again become a means of exchange. But it will not be the face value that is stamped on the coin which is important (i.e, ten cents, twenty-five cents, fifty cents), but the silver content of the coins. A dime might have the same purchasing power as ten dollars in currency.

For these three reasons the Hunts began buying silver in the 1970s as a hedge against inflation and political chaos—an investment which had to increase in value due to the increasingly short supply in comparison to the increasing world demand on the metal. Nonetheless, some have accused the Hunts of trying to "corner" the silver market. To "corner" a market one would have to acquire enough of an essential commodity to obtain a virtual monopoly in it and be able arbitrarily to set the price. That was not the Hunt objective. As Alan Trustman observes in the September issue of Atlantic:

"* * * Their behavior was not typical of that of cornerers. In the first place, they told everybody who would listen what they were doing; they were big, big buyers and intended to buy more and more. A cornerer operates in secret until he owns substantially the entire available supply, and then he squeezes the surprised innocents who have sold short and must buy in higher.

"You would have to have been belligerently deaf and disbelieving and anything but innocent to sell short and then be caught surprised if Nelson Bunker and William Herbert had cornered silver and demanded that you deliver. Everybody knew they were buying and willing to pay a higher price.

"In the second place, they never tried to squeeze anyone. They took their deliveries slowly, over many months, even accepted in settlement of some of their contracts noncertified silver not on deposit with the exchanges, and gracefully rolled the bulk of their futures forward into later and later months so as not to squeeze the sellers. Cornerers? Not quite."

While it is true that the Hunts wished to acquire large quantities of silver, as we have noted, they had the soundest of reasons for doing so. Which is why they went into the futures markets. As silver's price continued to go up, the value of the Hunt silver futures rose rapidly, and those paper profits were used to borrow more money with which to buy more silver futures positions.[1]

As this mountain of silver grew with the rise in price, the "shorts" who had agreed to deliver silver they didn't have, and therefore had to buy silver at increasingly higher prices to fulfill their contracts, grew progressively more nervous. Those who go heavily short in a rising market lose. Having to purchase silver at a high price in order to deliver it for a low price is not a good situation in which to find oneself. But, just like every other player, the "shorts" knew the risks when they contracted. They were all over twenty-one and none arrived in town atop a wagonload of pumpkins. Mr. Trustman reports what happened:

"* * * the short sellers of silver were very short and in very hot water. They had had plenty of advance warning, and, as one month after another rolled around where the longs never tried to squeeze the shorts, (and could not have done so even if they wished to, with the CFTC[2] and the ruling bodies of the exchanges looking on), it became more and more difficult to sympathize with the short sellers of silver. But short they were, and facing the prospect of enormous, crushing loss."

In other words, these players had made a mistake in the market—a crucial mistake. Trustman continues:

"Silver was going out of control. As the price of silver mounted, it became ridiculous in the eyes of many exchange members. Six dollars an ounce? Seven dollars? For silver? Sooner or later the bubble would break. If not, they could always make it break. It would be their duty, they would claim, to make the price break, for the benefit of the makers and users [of silver] and for the protection of the public. And some of them—we suspected and now know from the CFTC—shorted silver, selling futures on silver they did not own."

The higher the price of silver went, the more the "shorts" stood to lose. Facing enormous losses, some of them used their influence on the governing bodies of the commodity exchanges to sabotage the market and support the shorts at the expense of the longs—primarily the Hunt brothers. They did this by getting the exchanges to change the rules in the middle of the game. As Herbert Hunt later remarked: "To put it in the terms of a football analogy; the game starts, the rules are changed, and finally when you get to the last quarter the referee says only the other side can have the ball."●

[1] A commodity futures contract is a legally binding agreement to buy or sell a designated amount of a given commodity, at a specified time in the future, and at a price agreed on at the time the contract is made. On every side of a futures contract there is a "long" investor and a "short" investor. The "long" believes that the price will be higher when the futures contract comes due in anywhere from one to eight months. The "short" investor on the other side of the same contract is banking on the price being lower at the time the contract comes due. Hunt was "long" on thousands of contracts for five thousand ounces of silver each. He obviously expected the price to continue to go up, and added to his positions.

[2] Commodity Futures Trading Commission, the government bureau which oversees the futures trading industry.

HOUSE OF REPRESENTATIVES—*Wednesday, March 18, 1981*

The House met at 3 p.m.

The Chaplain: Rev. James David Ford, D.D., offered the following prayer:

Seek the Lord while He may be found, call upon Him while He is near.—Isaiah 55: 6.

O Lord, You dwell in the eternal reaches of the heavens, and yet You live in the human heart. Your promises ring from the mountaintop, and yet You listen to the personal cry of each of Your people. Help us, O Lord, to hear Your voice and see Your presence in the seemingly ordinary run of life, that we may minister in love to those nearest to us. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

APPOINTMENT OF DELEGATION TO ATTEND CONFERENCE OF INTERPARLIAMENTARY UNION IN MANILA, PHILIPPINES

The SPEAKER. Pursuant to the provisions of title 22, United States Code, section 276a-1, as amended by Public Law 95-45, the Chair appoints as additional members of the delegation to attend the Conference of the Interparliamentary Union to be held in Manila, Philippines, April 20-25, 1981, the following Members on the part of the House: Mr. PICKLE of Texas; Mr. DE LA GARZA of Texas; Mr. HAMILTON of Indiana; Mr. DANIELSON of California; Mr. BOWEN of Mississippi; Mr. LEVITAS of Georgia; Mr. RHODES of Arizona; Mr. BROOMFIELD of Michigan; Mr. MCCLORY of Illinois; and Mr. VANDER JAGT of Michigan.

RESIGNATION AS MEMBER AND APPOINTMENT AS MEMBER OF SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

The SPEAKER laid before the House the following resignation from the Select Committee on Narcotics Abuse and Control:

HOUSE OF REPRESENTATIVES,
February 27, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House,
H-205, The Capitol.

DEAR MR. SPEAKER: I appreciate very much the honor of being appointed by you to serve on the Select Committee on Narcotics Abuse and Control. Much needs to be done to alleviate the serious national problem imposed by illicit drugs, and the Committee can be helpful in dealing with many facets of the problem.

Nonetheless, I have taken on added responsibilities as a member of the Committee on Government Operations and do not feel that I will be able to devote the time and attention to the Select Committee as its mandate requires. Therefore, I respectfully request that my appointment be vacated and another Member appointed in my stead.

Best wishes,

STEPHEN L. NEAL,
U.S. Congressman.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

The SPEAKER. Pursuant to House Resolution 13, 97th Congress, the Chair appoints the gentleman from California, Mr. MATSUI, as a member of the Select Committee on Narcotics Abuse and Control to fill the existing vacancy thereon.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
March 17, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in the Rules of the House of Representatives, I have the honor to transmit a sealed envelope from The White House, received in the Clerk's Office at 3:35 p.m. on Tuesday, March 17, 1981 and said to contain a message from the President wherein he transmits the Seventh Special Message for Fiscal Year 1981 under the Impoundment and Control Act of 1974.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.

PROPOSALS TO RESCIND AND REDUCE BUDGET AUTHORITY AND ONE NEW DEFERRAL—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-32)

The SPEAKER laid before the House the following message from the President of the United States; which was read, and together with the accompanying papers, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report 81 proposals to rescind a total of $11.1 billion in budget authority previously provided by the Congress. In addition, I am proposing to reduce authority to incur obligations for direct loans by a total of $751.8 million and I am reporting one new deferral of $3.4 million. These proposals are an integral part of my plan to reduce government spending.

The details of the rescission proposals and the deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *March 17, 1981.*

SECRETARY BELL HITS NAIL ON HEAD ON BUSING

(Mr. MOTTL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOTTL. Mr. Speaker, all of us concerned about our public schools should welcome the remarks of Education Secretary Bell concerning court-ordered busing and its disastrous consequences.

Secretary Bell pledged during a Sunday public affairs program that he would keep his Department out of busing cases. Further, the Secretary indicated support for our neighborhood schools constitutional amendment, to put an end to this destructive judicial policy.

Secretary Bell hit the nail on the head when he observed that court-ordered busing isolates the parent from the neighborhood schools, handicapping parental participation. I could go on at length about many other destructive characteristics of court-ordered busing.

But suffice it to say that it is indeed a pleasure to have a Secretary of Education who recognizes court-ordered busing for the immense failure that it is.

Please sign discharge petition No. 1, at the Clerk's desk.

WHICH DAY IS IGNORE EL SALVADOR DAY?

(Mr. STUDDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STUDDS. Mr. Speaker, the Reagan administration has not made it clear to us whether today is one of those days when we should ignore El Salvador because it is relatively unimportant, or whether today is one of

those days during which El Salvador acts as sort of a latter-day maginot line against the international Communist conspiracy.

We would be very thankful if Secretary Haig could provide us with an El Salvador crisis calendar so that we could adjust our attention span accordingly. On the off-chance that today is one of those days we are encouraged to think about El Salvador, I speak now briefly in my own behalf and on behalf of the 72 other Members of the House who are sponsoring H.R. 1509, a bill to prohibit military aid to that country.

I and some of my colleagues to follow take this opportunity to make clear to this administration that El Salvador is not an issue which will simply fade gracefully from the consciousness of the Congress or the American public. El Salvador is not a water faucet. It is an ongoing human tragedy of terrible proportions.

Today we begin what we intend to be a series of demonstrations of our determination to make certain that the issues of El Salvador are fully and clearly explored and that the nature of our commitment to the Salvadoran junta is clearly understood by the American people.

We intend to ask now in vigorous and forthright terms those questions which Congress waited far too long to ask with respect to America's involvement in Vietnam.

JOINT REFERRAL TO COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS AND COMMITTEE OF ENERGY AND COMMERCE OF H.R. 1916, FEDERAL RESERVE ACT AMENDMENTS

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that the bill (H.R. 1916), a bill to amend the Federal Reserve Act with respect to certain reserve requirements, be jointly referred to the Committees on Banking, Finance and Urban Affairs and Energy and Commerce.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

DANGEROUS ESCALATION IN EL SALVADOR

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, the latest reports from the distinguished gentleman from Maryland, Chairman LONG, and the latest news from the administration reaffirm my belief that our country is walking sideways, and blindfolded, into a needless military involvement in El Salvador.

We have been down this twisted road before, Mr. Speaker—and not so many years ago that the course can be forgotten by those of us who will soon be reviewing the requests for further military aid appropriations. This dangerous escalation began with the shipment of small arms to the unpopular military-backed government in San Salvador; it grew with the gradual shipment of 10 Huey helicopters, the millions of dollars in additional military assistance, the steady buildup in U.S. military advisers.

Now we learn that a further contingent of advisers—a squad of Green Berets—is on its way to El Salvador to train the regime's troops in the latest counterinsurgency tactics, and to instruct them in the use of the hardware we have and will be sending them.

I urge the President to heed the lessons of recent history and diligently avoid an unjustified, unnecessary, and politically unacceptable military involvement in El Salvador. And I urge my colleagues to add their voices to those who would turn America's attention to a peaceful, political solution to the Salvadoran conflict, not a military one.

Our active presence in El Salvador will only widen and prolong an internal war—and it is a war in which America does not belong, a war America does not want.

CRISIS IN EL SALVADOR DID NOT START YESTERDAY

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, the crisis in El Salvador did not start yesterday. In fact, the Marxists and the problems that exist with it have been there for nearly 50 years. Clearly we are not going to solve it in a very short period of time.

It is my feeling and I think those of many Americans that the Carter administration erred on the side of providing more military assistance and economic assistance at the expense of human rights with its January decision.

In spite of that and in spite of the time that the new Reagan administration had, it has not used that time wisely, so we find ourselves embroiled in a situation where more arms are provided, more economic assistance without any consideration of the human rights values that are involved.

Ironically, as we change this policy, we have to consider all aspects. We have to consider the OAS force and our position of neutrality with regard to El Salvador and our policies with relation to the other countries in South and Central America.

Although we are told again and again that there are no combat troops, these OAS people and the peacekeeping force they represent are a convenient target for guerrilla activities, either from the left or the right; so as we change the policy, we have to recognize that we change our posture and position with regard to our avowed neutrality.

President Reagan's decision to send military advisers and increased military assistance to El Salvador represents a basic change in U.S. policy. The immediate ramifications of this policy change affect our relations with all Central American countries as well as the Organization of American States (OAS), the security organization for the Western Hemisphere. In addition, the new U.S. posture toward El Salvador unnecessarily endangers the lives of the nine U.S. servicemen already assigned to an OAS mission to monitor the Honduras-El Salvador border.

Since World War II, the basic policy of the United States has been to rely on the OAS to keep the peace in Latin America. It was in accord with this policy that the OAS established a peacekeeping force along the Honduras-El Salvador border following the outbreak of hostilities between those two countries in 1969. According to the U.S. Department of the Army, American servicemen have been part of the OAS force since 1976.

Despite assurances from the White House that there are no American servicemen in regions of hostility in El Salvador, these American servicemen have been and continue to participate in OAS jeep and helicopter patrols on the border where guerrilla activity is taking place. These soldiers wear American uniforms. Seven of them fly U.S. Army helicopters which are the same type as the helicopters now being sent as part of the administration's aid package. The other two American servicemen patrol the remote border areas in jeeps, accompanied for the most part only by a driver.

These OAS-American servicemen certainly are vulnerable guerrilla targets. News reports indicate they have been under fire. Last December one American helicopter piloted by the U.S. crew returned from a patrol with three bullet holes in its side. Fortunately, thus far no one has been wounded.

The viability of this OAS peacekeeping force, like similar U.N. forces in the Middle East, is predicated on the fact that it is neutral and has the support and participation of noninvolved members. While the U.S. manpower contribution to the peacekeeping force is relatively small, it does represent an important factor. Through its participation in the OAS action, the United States appropriately signaled its com-

mitment to a neutral, multilateral approach to conflict resolution.

President Reagan's new policies in El Salvador have drastically altered the circumstances of our involvement in that country and will have a marked effect on world perceptions of U.S. neutrality with respect to El Salvador. We have given a significant military commitment to the government of that country. The American servicemen in the OAS force have been undercut because the neutrality which permitted their functioning in the OAS force has been seriously eroded.

The presence of the nine American servicemen in the demilitarized zone provides a convenient target to leftist and rightist guerillas. This OAS-American contingent wears uniforms not unlike those of the U.S. advisers training the El Salvadoran troops. Any attack on these servicemen would surely further destabilize El Salvador and escalate our commitment and presence in that country.

I believe that the administration has not considered the full implications of its actions in El Salvador. In the midst of the announcements of our policy change toward El Salvador—according to a United Press International report—the contract for American participation in the OAS peacekeeping body was continued until July 1981. Clearly there appears to be a lack of coordination of policy. The left hand does not seem to know what the right hand is doing. Such an approach to policymaking is a sure road to disaster.

I hope that the President will reassess his approach to our relations with Latin America. The past multilateral approach has proven successful. Cooperation with our hemispheric neighbors is preferable to unilateral action. I believe that the military advisers are a mistake. Nevertheless, their introduction is U.S. policy and the implications of that policy must be thought through.

Why is it necessary to continue to keep those Americans on the OAS peacekeeping force? Surely the presence of these nine Americans in an OAS force numbering in the hundreds is not crucial to its success. If anything, under present circumstances it detracts from the OAS mission. As Prof. Robert R. Riggs, formerly of the University of Minnesota and a leading expert on international organization and international law, said:

> The introduction of U.S. advisers into El Salvador makes our continued participation in the peacekeeping forces suspect.

I have asked Secretary of State Alexander Haig to request the immediate removal of these nine American servicemen from El Salvador. Their lives are in danger as they have not been before. Their presence, with the change in the U.S. military posture, diminishes the world's perception of OAS neutrality. And their continued participation in the border patrols only increases the opportunities for any of the forces involved in the Salvadoran conflict to challenge the United States and force some type of retaliatory action.

We are engaged in the most sensitive and dangerous political maneuverings in El Salvador. Prudence and commonsense dictate that we avoid ambiguities. Despite our decision to intervene unilaterally, we should signal our support for the principle of OAS involvement. The way to do this under the present circumstances is to withdraw American participation. The United States has decided to coach. It can no longer serve as a referee.

ADMINISTRATION POLICY IN EL SALVADOR IS BOTH MORALLY AND STRATEGICALLY WRONG

(Ms. MIKULSKI asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Ms. MIKULSKI. Mr. Speaker, I rise to state my opposition to the present administration policy in El Salvador. I believe our policy is wrong both morally and strategically. We will never win peace by encouraging terrorism; we will never win respect by winking at the murder of American citizens; we will never impress the rest of the world by arming the murderers of nuns and peasants.

When I traveled to Central America this year, I met with many Salvadoran refugees. They told me that they had to flee their villages because uniformed military officers were using American equipment to make war on a peaceful civilian population. The soldiers of El Salvador arrive in American helicopters to kill and torture men, women, and children. They use rape as a weapon of terror. They carry out particular atrocities against pregnant women and young children.

I do not believe that the people of the United States want to go on sending arms to a government that cannot or will not stop its own troops from attacking its own people. I do not believe that our constituents want to see their tax dollars used to help buy guns that will murder archbishops saying Mass and nuns working to teach people to read and write.

I urge my colleagues to join me in saying: No more. No more arms to El Salvador. No more military advisers; no more Green Berets; no more American involvement; no more American weapons to make war on the Salvadoran people.

U.S. INTERVENTION IN EL SALVADOR GRAVE RISK TO PEACE

(Mr. AuCOIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AuCOIN. Mr Speaker, during a factfinding trip to El Salvador, our colleague, the gentleman from Maryland (Mr. LONG), was quoted this week as saying that he wishes that the President of the United States would read a few books. The Congressman's message is that past failures of the United States in both Vietnam and in Central America are well documented, and if ignored at this crucial juncture, they gravely risk the cause of cooperation in the hemisphere, peace, and social justice.

To add to what Congressman LONG has said, I would only express this hope: That the President of the United States will listen to the voice of the American people.

U.S. military intervention in El Salvador has nothing to do with protecting democracy, and the American people can see that. The misery of the exploited Salvadoran people has been deepened by their Government and the American people can see that, too.

Our leaders are telling us that we are fighting terrorism in El Salvador, but the American people know that the very military establishment we are supporting has terrorized its own people for years.

Mr. SPEAKER, my mail shows that with each new dispatch of military aid and advisers to El Salvador, we find a deepening opposition of the American people. Many of the letters I receive are copies of letters sent directly to the White House. Those letters speak the truth; namely, that the problems in El Salvador are not military, that they deal with social justice and repression.

□ 1515

OPPOSITION TO MILITARY INVOLVEMENT IN EL SALVADOR

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, I rise in opposition to our growing military involvement in El Salvador.

It is clear to me that the risks of this involvement are rising each day. Yesterday, for the second time in as many weeks, our San Salvador Embassy was strafed by machinegun fire. Although no one was injured, the incident highlights the impunity with which both rightwing and leftwing extemists can attack American personnel.

Under these conditions it makes no sense at all for us to be escalating our military presence in El Salvador. We are committing ourselves to a military struggle on behalf of a civilian junta that still lacks political legitimacy. In doing so, we are undermining the junta's only genuine chance of defeat-

ing the extreme left by building popular support around political and economic reforms.

While resuming military aid, the Carter administration, at least, had persuaded the junta to adopt a sweeping program of land reform. Now, by promising unconditional military backing, the Reagan administration risks losing the leverage required to push through these reforms. Instead the flow of American arms and military advisers will force the civilian government to accommodate its own antireform military.

El Salvadoran President Duarte understands this danger and has cautioned against further military aid and advisers. Our allies in Central America also understand this: Mexico and Venezuela, in particular, fear that President Reagan's military focus will heighten the use of arms in neighboring unstable countries like Guatemala, Nicaragua, and Honduras.

It is time for us to remember that our greatest foreign policy failures of the past decade—Vietnam and Iran—resulted from wrapping ourselves in close military ties to politically unstable regimes. We must not repeat this mistake in El Salvador.

GOVERNMENT TERRORISM IN EL SALVADOR

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, we are told by the new directors of foreign policy in the Reagan administration that the old emphasis on human rights has been replaced in our dealings with other nations by a new emphasis on combating terrorism. While human rights considerations have certainly disappeared from our new counsels of state, the much vaunted antiterrorist policy is proving to be a very strange animal.

In El Salvador at the present time there are so-called death squads that roam the towns and much of the countryside at will, carrying out summary executions with impunity. Some 10,000 Salvadorans have been killed in the past year; 2,000 more have died at the hands of the death squads, police, and armed troops since January. Moderate politicians like Col. Adolfo Majano have been driven out of government service and have had to go into hiding in fear for their lives. Catholic nuns have been brutally murdered by the roadside and no efforts have been made to find their killers. Other religious leaders, writers, and thousands of ordinary peasants and workers go daily in fear of their lives.

Yes, there is certainly a condition of terror in El Salvador today. But the terrible twist to this sad story is that the source of this terror is the ruling junta of the country, which supports a campaign of murder and intimidation against its own people, through the National Guard and the armed paramilitary extremists opposed to all social and land reform. As a part of the President's new antiterrorist policy, our Nation is now supporting that junta with military arms and training. I wonder how long it will be before the administration's antiterrorist policies will lead them to commit American troops to help the Salvadoran junta even more in their campaign of terror? Hopefully, before that fateful day the U.S. Congress will recognize the bankruptcy of a Latin American policy that supports organized governmental terrorism against women and children and all forms of dissent.

EL SALVADOR POLICY A DISASTER

(Mr. SHANNON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHANNON. Mr. Speaker, for the last several weeks Members of this Chamber have come into the well to condemn American involvement in the politics of El Salvador. Throughout this period there has been a growing concern in the country that we are being lead into another Vietnam. This concern is seen in every district across the country and I think the mail of most Members will reflect it.

Yet throughout this period there has been an eerie silence on the Republican side of the aisle on the issue of El Salvador. Is support for the President so strong in those Republican districts that these Members are afraid to criticize this policy? Is support for the President so strong that they are afraid to stand up and condemn oppression and killing of American clergy people? I would hope not.

The time has come for us to get on with the business of dealing with our economic problems in this country. El Salvador should not obstruct that task. I ask the Republican Members to join with us, to join with us in convincing the President, in convincing the Secretary of State that our policy in El Salvador is a disaster.

THE SO-CALLED CUTS IN THE REAGAN BUDGET

(Mr. DONNELLY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DONNELLY. Mr. Speaker, Congress and the public must be warned that many of the so-called cuts in the Reagan budget will not actually reduce Government spending. They merely reestimate spending levels to reflect the administration's unrealistic and rosy economic assumptions.

The Congressional Budget Office has taken a good hard look. They conclude the administration has underestimated spending by $20 to $25 billion because it has overestimated the impact of its policies on inflation, unemployment, interest rates, and economic growth.

The economists and budget analysts who have testified in committee have agreed overwhelmingly—the administration's economic assumptions are not realistic.

Even the Republican-dominated staff of the Senate Budget Committee concludes the White House has overstated savings by $5.7 billion.

This Congress is committed to a genuine reduction in Federal spending. However, we would not be doing our duty if we passed a budget based on a mathematical sleight of hand.

Mr. SIMON. Mr. Speaker, will the gentleman yield?

Mr. DONNELLY. I yield to the gentleman from Illinois.

Mr. SIMON. Mr. Speaker, I would like to associate myself with the remarks of the gentleman in the well.

Practically no reputable professional economist now supports the economic assumptions of the Reagan budget. On March 12, this country's three outstanding economic forecasting firms testified regarding the economic assumptions. Robert Gough, vice president of Data Resources, Inc.; Lawrence Chimerine, chairman of Chase Econometrics, and Lawrence Klein, of Wharton Econometric Forecasting Associates, Inc., all disagreed with the administration's inflation projections which show the Consumer Price Index decelerating from 10.5 percent this year—fourth quarter to fourth quarter—to 7.2 percent in 1982. Their estimates for 1982 were 9.5 percent for Wharton, 9.7 for Chase, and 10.2 for DRI.

Chimerine was joined by Gough in defining the present inflation as cost-push inflation compared to a demand pull claimed by the administration.

The three firms were equally in disagreement with the administration's assumption of a growth rate of 4.2 percent in 1982. The firms' forecasts are 3.6 percent for Chase, 2.3 percent for Wharton, and 3.5 percent for DRI.

The testimony of these three noted economists demonstrates that the President's projections concerning reduced inflation and interest rates can only come true if his pie-in-the-sky economic assumptions are valid. Increasingly, the Nation's economists disagree with these assumptions.

THE PRESIDENT SHOULD OBEY THE LAW

(Mr. OTTINGER asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. OTTINGER. Mr. Speaker, I rise once again to call on President Reagan to obey the law and honor the war powers resolution by reporting to Congress on his decision to send military advisers to El Salvador.

The President came into office on a campaign of respect for law and order, and it is clearly a semantic subversion of the War Powers Act not to submit this most important question for congressional consideration.

The implications of this military intervention are just dawning. I set up the Peace Corps in Latin America and, indeed, in El Salvador. I can tell my colleagues there is nothing the Latins fear more than a renewal of American military interventionism as a policy in that continent.

Furthermore, it completely undermines our efforts to try and get the international community to express their repulsion and to put pressure on the Russians to get out of Afghanistan. If the Russians are minded to go in with military troops to Poland, our intervention in El Salvador makes it far easier for them to do so.

The President should obey the law and submit this question to Congress. That is why I have introduced House Concurrent Resolution 87, which calls on the President to report to Congress under the war powers resolution with respect to his actions in El Salvador. I urge support of this resolution, and I am inserting a copy of it in today's RECORD:

H. CON. RES. 87

Concurrent resolution declaring that the President's decision to commit United States military personnel to El Salvador requires that he comply with section 4(A) of the war powers resolution

Whereas the war powers resolution is designed to insure Congress a full deliberate role in the involvement of United States military personnel in hostilities abroad;

Whereas introduction of United States military personnel in El Salvador clearly involves those personnel in hostilities and endangers their safety: now, therefore, be it

Resolved by the House of Representatives (the Senate concurring) That the President's decision to commit United States military personnel to El Salvador requires that he comply with section 4(A) of the war powers resolution in order to preserve the integrity of the war powers resolution and insure the full and cooperative judgment of both the Congress and the President with respect to the introduction of United States military personnel into that country.

REAGAN ADMINISTRATION NEEDS SPEEDY ORGANIZATION

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, our Republican brethren also appear to be somewhat frustrated by the slow pace of the administration in making its programs work. The chairman of the Senate Energy Committee, JAMES MCCLURE, was quoted as castigating Energy Secretary Edwards for the slow pace of filling the top jobs at the Department of Energy.

An agency cannot function without leadership. I join Senator MCCLURE in urging the administration to speed up the appointments to key positions at DOE and the other agencies. We must get the administration organized so that we can get on with the urgent business of our country.

EL SALVADOR

(Mr. MAVROULES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAVROULES. Mr. Speaker, many of us have begun to suspect that the Reagan administration sees El Salvador as an updated version of Vietnam.

Indeed, all the signs are there.

American advisers are being sent to El Salvador, and opponents of the Reagan policy are being denounced as nervous nellies—the same label used in the sixties to describe Vietnam war critics.

But the truth is that El Salvador is not Vietnam.

Social and economic justice have opportunities in El Salvador that they never had in Vietnam.

Sending guns and military advisers is no way to take advantage of these opportunities.

Meaningful land reform, on the other hand, would.

Let us then work toward that goal.

Let us also encourage free elections, not random violence. And let us, finally, help Salvadorans reap the rewards of peace and economic prosperity.

KEMP-ROTH TAX PROPOSAL NEEDS CAREFUL REVIEW

(Mr. MATSUI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MATSUI. Mr. Speaker, a significant component of President Reagan's tax program is the proposed 30-percent income tax cut over a 3-year period. During the past 2 weeks before the Ways and Means Committee, a number of highly professional and outstanding economists have questioned the advisability of enacting such Kemp-Roth tax legislation.

On March 12, the principal economic forecasters in the country rejected the personal income tax program supported by the Reagan administration. Robert Gough, vice president of Data Resources, Inc., testified:

On a net basis, one cannot escape the conclusion if one believes in the relationships that have governed our economy in the past, that the net effect of the President's program, based on the President's schedule, is to make the inflation rate worse.

Lawrence Chimerine, chairman of Chase Econometrics, stated:

The magnitude of the tax cuts in the years ahead significantly exceeds the total net budget reductions after increases in national defense are included, especially in later years . . . The likely effect would be a continuation of extremely high interest rates, possibly even higher than we are now experiencing.

The Chase chairman recommended that a smaller personal tax cut now would be appropriate with a review of the situation within a year.

Both Gough and Chimerine offered the alternative of changing the timing of the cuts, which would affect an extension of the period of 12 to 18 months.

President Reagan promised the American people on February 18 that he would take effective steps to control escalating inflation and higher interest rates. But these noted economists predict that the President's Kemp-Roth proposal may only guarantee increasing inflation and more burdensome interest rates. Given these potential real risks, the precipitate enactment of Kemp-Roth by the Congress would be improper. Kemp-Roth demands a careful review.

THE SLASHING OF THE EDUCATION BUDGET

(Mr. PEYSER asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. PEYSER. Mr. Speaker, in continuing in my effort to keep the House informed on what colleges around the country are saying concerning the slashing of the education budget by this administration, I am entering into the RECORD today a letter from Juniata College in Congressman SHUSTER's district, Mount Union College in Congressman REGULA's district, Livingstone College in Congressman HEFNER's district, New Mexico Highlands University in Congressman LUJAN's district, and the Inter American University of Puerto Rico in the district of Congressman CORRADA.

I would like to extract, if I could, one paragraph, Mr. Speaker, from the Mount Union College. It says:

It is my fervent hope that Congress will recognize the importance of continuing to aid our young people in their educational pursuits. Short-range budgetary measures

simply will not be beneficial in the long run if our common interest in the education of our youth is undermined.

I support and urge others to support full funding of the Pell grant and support of the guaranteed student loans.

The letters are as follows:

JUNIATA COLLEGE,
Huntingdon, Pa., March 10, 1981.

Hon. PETER A. PEYSER,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PEYSER: I do appreciate your recent letter concerning your position regarding the education budget. I am sure that most every educator in America agrees with you. A recent issue of the Chronicle of Higher Education indicated that higher education, among other things, is a $50 billion business and that it is very much a part of the economy. The famous Reagan silent majority—the middle class (whatever that means)—will be hit and hit hard if the guaranteed student loans are attacked by the budget axe. The young people who represent the lower economic group who wish to obtain college degrees and thus improve themselves and become more productive human beings and thereby increase the tax base for the nation will be harmed if the Pell Grants suffer.

Juniata College, a small college of 1300 students, is more than willing to take an active part in your effort to ward off this attack on higher education.

Sincerely yours,
FREDERICK M. BINDER,
President.

MOUNT UNION COLLEGE,
Alliance, Ohio, March 10, 1981.

Hon. PETER A. PEYSER,
House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR REPRESENTATIVE PEYSER: I want to express my strong appreciation for your awareness and concern regarding the problems that are likely to be encountered by the students and their parents who are depending upon some aid through either Guaranteed Student Loans or Basic Educational Opportunity (PELL) Grants if the decision is made to cut back these programs severely. It is quite likely that such action will not only limit student choices among institutions which they want to attend but will also result in many students simply not going on to college. Moreover, the increased expenditures in financial aid, when accompanied by the projected declines in enrollment over the next few years, will lead to financial difficulties that many independent colleges will simply not be able to bear. It is my fervent hope that Congress will recognize the importance of continuing to aid our young people in their educational pursuits. Short range budgetary measures simply will not be beneficial in the long run if our common interest in the education of our youth is undermined. I support and urge others to support full funding of the Pell Grants and maintenance of the GSL program for middle income families. I understand perfectly the abuses that have occurred in relation to the latter but I believe these can be more effectively controlled and, perhaps, limited on the very high upper level.

Thank you for your interest. You can count on our continued support in this most significant issue.

Sincerely,
G. BENJAMIN LANTZ, JR.,
President.

LIVINGSTONE COLLEGE,
Salisbury, N.C., March 6, 1981.

Congressman PETER A. PEYSER,
Cannon House Office Building,
Washington, D.C.

DEAR MR. PEYSER: Thank you for your letter of February 25 expressing your concern for the Reagan Administration's recommendation to cut student loans and basic opportunity grants.

We at Livingstone College are certainly aware of the very serious impact that these cuts could have on the ability of our students to meet their financial obligations. In light of this fact, we are certainly willing to take an active part in the effort to fight against the proposed cuts.

According to our Director of Financial Aid, we have tried to utilize our student financial aid funds in the most efficient manner possible and consequently have been able to assist a large percentage of our enrollees. A cut in our present funds would result in a large number of students having to contribute a much more substantial amount toward the payment of their school fees. Since the present unemployment situation offers minimal opportunity for students to earn extra money, it may become virtually impossible for many talented and deserving persons to obtain an education.

We will, therefore, support your efforts in whatever way we can.

Please let us hear from you soon.

Sincerely yours,
F. GEORGE SHIPMAN,
President.

INTER AMERICAN UNIVERSITY
OF PUERTO RICO,
March 9, 1981.

Hon. PETER A. PEYSER,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PEYSER: The proposed cuts by the new Administration in student assistance programs is of deep concern not only to this institution, but also to all of higher education in Puerto Rico. Even with the current level of student assistance in basic grants and loans, the students of Puerto Rico can barely manage to continue their studies from one year to the next. Any cut at all in student financial aid to Puerto Rico would create hardships for students and institutions of higher education of disastrous proportions.

Typically, Puerto Rican families have enormous faith in the value of education. During the recent years of student financial aid, young Puerto Rican men and women have enrolled in institutions of higher education at a rate unparalleled in our history. Any cut in this assistance would deny opportunities to pursue higher education to several hundred young people.

It is impossible for me to emphasize with mere words the critical position into which higher education in Puerto Rico would be placed if the proposed cuts in student financial aid become a reality. Your interest and assistance in preserving, at the minimum, the current level of student assistance is deeply appreciated by the entire higher education community of Puerto Rico.

Sincerely,
RAMON A. CRUZ,
President.

NEW MEXICO HIGHLANDS UNIVERSITY,
Las Vegas, N. Mex., March 11, 1981

Representative PETER A. PEYSER,
Cannon House Office Building,
Washington, D.C.

DEAR MR. PEYSER: Your concern for the proposed cuts in Student Financial Aids are not only appropriate but it is also heart warming to hear that you are expressing such concern.

Enclosed please find a breakdown of financial aid programs and monies allocated to students at New Mexico Highlands University. If you will note from the figures, New Mexico Highlands University would experience a real crisis if the proposed cuts are carried out, since 89-90% of our students are on financial aid.

Our proposed 81-82 federal allocation is less than 80-81. In addition, the proposed 81-82 allocation might be subjected to approximately a 30% reduction. This reduction would cause an extreme hardship on the students at New Mexico Highlands University. I will be contacting senators and representatives from New Mexico on this matter. In addition, there will be students expressing their opinion about the proposed cuts.

I sincerely hope that this information will be of help to you in your attempt to prevent such drastic cuts. Thank you for your time and consideration.

Sincerely,
MATTHEW D. PADILLA,
Dean of Students.

Enclosure.

MEMORANDUM

To: Dr. Matthew Padilla.
From: Joe P. Martinez, Director, SFA.
Date: March 4, 1981.

Following is the information you requested regarding 1980-81 funding levels and 1981-82 projected funding for student aid.

Program	1980-81 Federal allocation	Name of students	Amount committed	Average award
BEOG		1,168	$969,489	830
SEOG-IY	$57,694	161	62,349	387
SEOG (National disaster)	71,540	138	65,525	475
SEOG (Renewal)	115,433	165	113,913	690
NDSL	12,575	350	255,000	729
CWS	275,625	550	424,038	771
NMSLP	381,610	241	381,610	1,583
FIL	Open	23	47,206	2,052
USA	Open	13	26,007	2,000

DISTRIBUTION OF AID BY INCOME LEVEL

[In percent]

Income level	Overall	NDSL	SEOG	CWS	BEOG	SEOG
$0 to $5,999	57	62.0	77	60	56	81
$6,000 to $11,999	23	18.0	23	22	24	19
$12,000 to $17,999	13	16.0	3	14	13	0
$18,000 to $23,999	5	3.0	1	3	5	0
$24,000 to $29,999	1	.5	0	1	1	0
$30,000 and over	1	.5	0	0	1	0

Distribution by income level for New Mexico State Loan Program should be completed by Friday, March 6, 1981. Information of Social Security is not readily available. Generally because of the type of student we serve and the treatment of Social Security for need determination the full

amount of Social Security received by the student has been considered part of the parents income rather than directly available for education.

Based on the current funding formula for projected 1981-82 federal allocation for the College Based Programs our Institution conditional guaranteed would be at the level of funding received in 1979-80. We should receive a tentative commitment letter within the next two weeks.

NDSL*	$6,000
CWS	316,250
SEOG I	44,368
SEOG R*	114,704

* Subject to 30% reduction for 1981-82.

Should you require additional information, please contact me. Thank you.

EL SALVADOR

(Mr. BROWN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of California. Mr. Speaker, from my decade-long experience with the Vietnam war, I am convinced that this country's leaders act with wisdom on foreign policy issues only when the people understand the problems and demand just and humane responses. We are far from that with regard to the situation in El Salvador.

More than 10,000 people died last year in El Salvador, many at the hands of the military. By condoning such actions by the El Salvadoran junta, the United States is aiding and abetting the military in the destruction of more lives and property. We cannot deny this culpability.

Yes, we do have some responsibility to that small, Central American country, and now is the time to determine how we shall fulfill that responsibility. No amount of military assistance will provide political stability for the nation, or economic prosperity for the campesinos of El Salvador.

The policy decision must be made now, before it is too late to change our direction. We ultimately saw the errors of our ways in Vietnam, but it divided and splintered this Nation which is only now recovering. Must we learn our lesson twice?

OPPOSITION TO MILITARY INTERVENTION IN EL SALVADOR

(Mr. WEAVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEAVER. Mr. Speaker, I rise to oppose our military venture in El Salvador. It means the policy that took us to Vietnam has not changed. Indeed, the sounds from our tragic involvement in Vietnam are ominously similar in El Salvador.

We hear of advisers, body counts, search-and-destroy missions, the domino theory. I ask, Will we end up destroying El Salvador in order to save it?

THE UPRISING OF 1932—EL SALVADOR

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute, to revise and extend her remarks, and to include extraneous matter.)

Mrs. SCHROEDER. Mr. Speaker, it is rare that a summary of Salvadoran history is made without mention of the uprising of 1932.

I thought it would be useful for our understanding of current events in El Salvador to have a little more background on the uprising and the resulting massacre of Indians.

The following passage is taken from "El Salvador," by Alastair White (Praeger: New York, 1973):

THE 1932 MASSACRE IN EL SALVADOR

The rebellion took the form of concerted attacks by campesinos (agricultural workers and peasants), armed almost exclusively with machetes, during the night of 22-23 January 1932, on the public buildings of the western towns. The towns of Izalco, Sonzacate, Nahuizalco, Juayúa, and Tacuba were captured, but the soldiers in the largest cities of Sonsonate, Santa Tecla, and Ahuachapán were able easily to repulse the attacks; in San Salvador a mutiny in the principal barracks had been part of the plan, but it came to nothing. Then the carnage of campesinos began. Seventy-two hours after the revolt began, almost all the small towns had been recaptured by the army, and the massacre took the form of mass executions of suspects, which could often mean anyone wearing Indian dress or indeed almost anyone at all. Estimates of the number who died vary widely, but 15,000 to 20,000 is likely. The figure of 30,000 is often used by the political Left. The repression can be described as a massacre, because of the undoubtedly large numbers killed in cold blood after resistance had ended. There was an attempt to justify it on the other side with stories of murder and rape, but these have been investigated by the politically impartial American historian Thomas P. Anderson, and found to be unfounded: in all probability, not more than half a dozen civilians were killed by the rebels, and certainly not more than thirty.

□ 1530

THE SAME OLD STORY IN FOREIGN POLICY

(Mr. MOFFETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker, how soon we forget. It was not long ago that many colleagues were standing in this well criticizing the Carter administration for a foreign policy which they said isolated the United States and which put our country in a position of losing respect around the world.

A Wall Street Journal article this week by Walter Mossberg indicates that exactly the same thing is happening, perhaps in a much more serious and long-lasting way, under the Reagan administration. With their 1950's approach to viewing everything in the world in terms of an East-West confrontation, the Reagan administration is bound to get us in very serious trouble.

One high-level adviser to the President, when asked, "Why El Salvador?" responded, "Why not?"

I think that the incident reflects a very real possibility that if it is not El Salvador it will be Angola or Mozambique or somewhere in the Middle East, perhaps saving General Viola of Argentina or General Pinochet of Chile.

CONGRESSMAN CHARLES BENNETT'S REMARKS AT DEDICATION OF LYNDON BAINES JOHNSON WINDOW

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PICKLE. Mr. Speaker, on Sunday, March 15, the National Christian Church here in Washington dedicated a beautiful church window in memory of President Lyndon Baines Johnson, 36th President of the United States, and in honor of the former pastor of that church, Dr. George Davis.

President Johnson worshiped regularly at the National Christian Church and found great comfort in both the thoughtful and moving sermons of Dr. Davis and in his personal relationship with him as a great individual American. Among the high points of the ceremonies were the Scripture readings presented by Hon. Patricia Harris, former Secretary of Health, Education, and Welfare, and by Hon. Marvin Watson, former Postmaster General of the United States. I was privileged to present Congressman CHARLES BENNETT, the speaker for this occasion, attended by a large and overflowing crowd. It was fitting that Congressman CHARLES BENNETT speak to the congregation because there are many similarities in his background and in President Johnson's background. Congressman BENNETT is chairman of the Sea Power Subcommittee of the House of Representatives and President Johnson once served on this equivalent committee when he was in the Congress. Congressman BENNETT's grandfather, Dr. George Broadhurst, was a contemporary pastor alongside Dr. Alexander Campbell, who was the founder of the present-day Christian Church. Congressman BENNETT's grandfather founded and served as president of the Midway College in Kentucky and President Johnson's

great-grandfather, Dr. George Washington Baines, was founder and president of Baylor University.

The address by Congressman BENNETT was impressive and thoughtful, and I wish to include it herewith in the RECORD for the benefit of the Members:

SPEECH OF CHARLES E. BENNETT AT DEDICATION OF PRESIDENT JOHNSON'S WINDOW IN THE NATIONAL CITY CHRISTIAN CHURCH, MARCH 15, 1981

It is wonderful to be here together this afternoon to dedicate this beautiful window in memory of Lyndon Baines Johnson, the 36th President of the United States; and also to honor his beloved pastor here today, Dr. George Davis.

As a Congressman from Florida, this is my church when I am in the Washington area. Many times I have sat only a few seats apart from President Johnson and his family as we listened to the stirring and inspirational sermons of Dr. Davis. The three of us treasured our brotherhood. In the tradition of this church, we were not merely members of a church but brothers.

As we sat here one Sunday morning I thought to myself that this church where President Johnson worshipped ought someday to have a memorial window to him and to the other President who worshipped in this congregation, President James A. Garfield. Shortly after the death of President Johnson, I approached the pastor about this and tendered the first contribution to the project, which others have so sacrificially augmented to the successful conclusion we celebrate today.

I have just spoken with Jack Valenti, who in his splendid book about the President entitled "A Very Human President", said of President Johnson "he detached himself from any dogma; indeed, found rigidly-fixed doctrine as unappetizing in religion as in politics."

This is the essence of the belief of the Disciples of Christ. We Christian Brothers believe as the founder of our brotherhood, Alexander Campbell believed, when he said:

"God now speaks to us only by His word. By his Son, in the New Testament, he has fully revealed himself and His will. This is the only revelation of His Spirit which we are to regard."

Alexander Campbell also said:

"Religion is the development of a man's moral and spiritual obligations to God; morals, his duties and obligations to man: and politics, his duties and obligations to the state or social compact in which he lives and moves and has his being."

"A temporizing politician is bad; an equivocal moralist worse; but a compromising Christian, worst of all."

It would be presumptuous for any mortal to select which religious principle has the most significance to human behavior. But this has been answered for us by Christ when the Pharisee lawyer asked of him: "Teacher, which is the great commandment?" The Scriptures record the answer in Matthew 22, verses 37-40:

"And he said unto him: Thou shalt love the Lord thy God with all thy heart, and with all thy soul, and with all thy mind. This is the great and first commandment. And a second like unto it is this: Thou shalt love thy neighbor as thyself. On these two commandments the whole law hangeth."

President Johnson steadfastly upheld those commandments; for he loved God and he loved his neighbors; and his neighbors were world wide. He showed the love he had for God in the way he lived and in his going to God in prayer in all of the major decisions of leadership. He showed his love for his neighbors in his warm affection for all mankind, not only the needy and others in America but on foreign shores as well.

President Johnson said: "As long as I am President, I have one resolve. Before I leave, I am determined to do things that will make opportunities better for ordinary Americans, and peace in the world more secure." he did both.

Few Presidents have come close to the record of President Johnson in securing from Congress the passage of landmark legislation. To name a few: medicare, aid to education, the Department of Housng and Urban Development, a fair immigration law, bills for senior citizens, a National Crime Commission, drug controls, the antipoverty program, highway beautification, clean air and clean water legislation and important civil rights legislation, such as the voting rights bill.

I was glad to support the President in major legislation in these areas. Some of these were unpopular at the time among many of my constituents; and the President used to call me and talk with me about some of them. Knowing how busy he was I never called him but I did write him about my affirmative vote for the voting rights bill and his splendid leadership in presenting this issue to the country. I treasure his warm note of response: "Your letter was a bright and happy event in my day."

The President's speech on March 15, before the joint session of Congress on this issue was outstanding. He said:

"I speak tonight for the dignity of man and the destiny of democracy. There is no constitutional issue here. The command of the Constitution is plain. There is no moral issue. It is wrong—deadly wrong—to deny any of your fellow Americans the right to vote in this country. There is no issue of states' rights or national rights. There is only the struggle for human rights. This time, on this issue, there must be no delay, no hesitation, and no compromise with our purpose."

In this effort the President was quite consistent with the political leadership of Alexander Campbell, about a century and a half before. Then Campbell was serving in the Virginia Constitutional Convention of 1829-30 (serving there with James Madison, James Monroe, John Marshall and other patriots). He opposed limiting suffrage to the wealthy saying that this right "Is not a right derived from or confined by society, for it is a right which belongs to him as a man." "It is a right natural and underived, to the exercise of which every man by nature has as good a reason as another". Incidentally, when Campbell was asked how he justified himself, as a preacher, running for this office of delegate, he replied that he did so to lay "A foundation for the abolition of slavery".

That was a courageous thing for a Virginian to say while running for office in 1829. It was similar to the courage and leadership of President Johnson for civil rights sought under the even more trying circumstances of an inflamed and turbulent society in the 1960's.

Before I conclude, I would like to pay special attention to the President's love of his family, fully represented here today. They were always supportive of him and deserve great credit for their part in his achievements. Of his wonderful wife Lady Bird he said: "I outmarried myself. She is my strength." On another occasion he said "I have everything I want . . . I have got the best family a fellow could ever have. Everything is perfect. We never have a cross word in our family."

The President had a lot of idealism in him. Some laughed when he spoke of the quest for the great society. I am reminded of my own mother's admonition when she sent me off to college: "Never set for yourself small goals". When the President spoke at Ann Arbor that day in May, defining the great society, he said "It is a place where men are more concerned with the quality of their goals than the quantity of their goods."

So as we dedicate this beautiful window let us send up a prayer of thanksgiving that God gave us great preachers like Alexander Campbell and George Davis; and that God let us enjoy the wisdom, courageous leadership and the idealism of the great President Lyndon Baines Johnson.

REAGAN'S POLICY IN EL SALVADOR THREATENS PEACE

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, President Reagan has increased U.S. military involvement in the conflict in El Salvador, recklessly describing it as part of a Soviet-inspired conspiracy, even though most of the world sees it as civil strife; a struggle for economic and social justice which has been going on for more than 50 years. Since Archbishop Oscar Romero was assassinated while celebrating Mass on March 23, 1980, an estimated 14,000 Salvadorans and 8 Americans have been killed in El Salvador.

Alleging Soviet manipulation of this civil strife may have been intended to generate domestic support for the President's proposed vast increases in defense spending. In fact, these vacciliating charges have damaged America's credibility and undercut our efforts to achieve world peace through negotiation.

Mr. Reagan took exception during the Presidential campaign at suggestions that his policies would lead the Nation into war. Yet less than 2 months after he took office, we face the very real possibility of Americans being involved in hostilities in Central America. The U.S. role in El Salvador should be to seek a negotiated settlement of longstanding differences. Instead, President Reagan has escalated the U.S. military presence there and warned that America will continue to flex its muscles in this hemisphere.

It is foolhardy to believe that any amount of U.S. military equipment and advice can resolve this deeply rooted civil strife. I urge the President to turn away from his wrongheaded U.S. military involvement in El Salvador.

OUR POLICY IN EL SALVADOR MAKES NO SENSE

(Mr. FRANK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FRANK. Mr. Speaker, the American administration in El Salvador makes little sense either politically or geopolitically. We are intervening in a situation by signaling to one faction of the governing junta that all they need do is say the magic words, "We are anti-Communists," and no further examination of their policy is needed.

We are giving the signal that automatically you can commit American interests and American military power and American money simply by muttering those words.

Mr. Speaker, the policy there is not simply immoral, it is not likely to work, because I believe if I were a member of the guerrilla movement trying to overthrow the Government of El Salvador, I would be more in favor of the American policy than I think almost anyone else. Because what we are doing is strengthening precisely that wing of the Government that is most likely to generate opposition, most likely to build up the opposition side. It is a policy that makes very little sense. It is not in our interest, and the time has come to stop it.

U.S. POLICY IN EL SALVADOR CONDONES VIOLENCE

(Mr. MARKEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARKEY. Mr. Speaker, over 13,000 deaths have been reported in the past 15 months in El Salvador, a country just larger than my own State of Massachusetts. A majority of these deaths have been attributed to the rightist government in power since 1979. The El Salvadoran Government, which the United States supports both with military aid and economic aid, is clearly incapable of controlling the brutality of its own armed forces—forces whose tactics include terrorism, torture, and murder—even of American religious workers. U.S. assistance to El Salvador serves only to condone and to encourage this deplorable activity.

The violence in El Salvador is civil violence. A strong U.S. military presence will heighten the volatile situation in Central America and will push us closer to an unnecessary military confrontation.

Mr. Speaker, our position should be one of neutrality; our goal should be to achieve a political and humanitarian solution to this crisis; our hope is that a lasting peace may come to the people of El Salvador—so that they may again have a life—free of terror. Thank you.

MULTILATERAL DEVELOPMENT AGENCIES

(Mr. PATTERSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PATTERSON. Mr. Speaker, I am introducing today, by request, two bills to authorize continued U.S. participation in the World Bank, the Inter-American Development Bank, and the Asian Development Fund, and for U.S. membership in the African Development Bank. These bills have broad bipartisan support. This legislation has been endorsed by the Carter and the Reagan administrations and cosigned unanimously by the entire membership of the Subcommittee on International Development Institutions and Finance.

We agree with the Reagan administration that this authorizing legislation should be enacted in order to honor the agreements the United States has negotiated with other governments. We need to have a strong, effective, and dependable foreign policy. We cannot have it if other countries cannot rely on the United States to stand behind its international agreements every time there is a change of governments.

Our subcommittee plans to undertake a careful, thorough examination of the costs and benefits of the multilateral development agencies. It has been 35 years since the World Bank was founded, 20 years since the International Development Association was created. We agree with the Reagan administration that there needs to be a hard look at the merits of these programs once Congress adopts the basic legislation to continue our participation in the multilateral agencies. The Reagan administration is planning to report the results of its current analysis of these programs within a few months. Our committee study will probably take the rest of the year or more. I ask my colleagues to lend their support to this legislation. Letters from both the Carter administration and the Reagan administration supporting the legislation follow:

WASHINGTON, D.C.,
January 17, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: There are transmitted herewith two draft bills "To provide for continuing participation by the United States in the International Bank for Reconstruction and Development, and for other purposes" and "To provide for continuing participation by the United States in the International Development Association, to provide for United States participation in the African Development Bank, and for other purposes." Summaries of each bill, which also outline the importance of the legislation, are enclosed.

It would be appreciated if you would lay the proposed bills before the House of Representatives. Similar proposed bills have been transmitted to the President of the Senate.

On January 15, 1981, the Office of Management and Budget advised that enactment of these legislative proposals would be in accord with the program of the President.

Sincerely,

G. WILLIAM MILLER.

WASHINGTON, D.C.,
March 10, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: On January 17, two draft bills were transmitted to the Congress "To provide for continuing participation by the United States in the International Bank for Reconstruction and Development, and for other purposes" and "To provide for continuing participation by the United States in the International Development Association, to provide for United States participation in the African Development Bank, and for other purposes."

The Administration has reviewed this draft legislation within the context of projected foreign aid budget levels. The need for a tightly disciplined national budget and the importance of the multilateral development banks both to the international economic system and to overall U.S. interests were carefully assessed.

As a result of the review, the Administration is requesting prompt and favorable Congressional action on the two draft authorizing bills. The bills are a high priority element of the Administration's foreign economic assistance program. They are an integral part of our efforts to establish a strong and coherent foreign policy in partnership with our allies. Authorization of the full amounts requested is essential to this effort. It will demonstrate the intention to reassert U.S. leadership in our international relations. In the case of the International Development Association, authorization of the full U.S. contribution is required before the Sixth Replenishment agreement can become effective. It would therefore be appreciated if you could undertake the necessary steps to assure that this proposed legislation receives prompt consideration by the House.

While the overall amounts of the authorization requests for the banks have not been changed, U.S. funding for the multilateral banks has not been exempted from the President's budget reduction program. The Administration is recommending that contributions and subscriptions on the major elements of the authorization requests be made over a longer period of time than was envisioned in the budget submitted by the previous Administration. Specifically, the Administration is requesting funding for U.S. subscriptions to the General Capital Increase of the World Bank over six years (fiscal years 1982–1987) instead of seeking funding for the full subscription in fiscal year 1982. We are also seeking graduated appropriations ($540 million, $850 million and $1,850 million in fiscal years 1981–83 respectively) for the U.S. contribution to the Sixth Replenishment of the International Development Association instead of $1,080 million in each of those years.

The funding adjustments recommended by the Administration will cause programming problems for the banks. These adjustments are necessary, however, to enable the United States to carry out internationally negotiated agreements at the lowest possible cost.

The Office of Management and Budget has advised that the enactment of these legislative proposals would be in accord with the program of the President.

Sincerely,

R. T. MCNAMAR,
Acting Secretary.

PARLIAMENTARY INQUIRY

Mr. KRAMER. Mr. Speaker, I have a parliamentary inquiry.

Are we still proceeding under the normal rules for 1-minute speeches?

The SPEAKER pro tempore (Mr. DANIELSON). The Chair will advise the gentleman from Colorado that recognition at this time is within the total discretion of the Speaker.

The House is proceeding under the 1-minute practice.

The gentleman will be recognized.

The Chair assures the gentleman that he will be recognized.

U.S. POLICY IN EL SALVADOR SHOULD CHANGE

(Mr. EDGAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDGAR. Mr. Speaker, I would like to thank each Member of the House who has come over to share a 1-minute speech on the issue of El Salvador. My colleague, GERRY STUDDS, and my colleague, BARBARA MIKULSKI, and I spent 10 days in Central America struggling with the issues of what to do about not only El Salvador but Guatemala, Honduras, Nicaragua, and Costa Rica.

I would like to share with the House at this time 25,000 people who took 1 minute to say that they want the U.S. policy in El Salvador to change. They recognize the indigenous nature of the revolution, they recognize the role of Catholic liberation theology at work, and they recognize the fact that no military solution is possible in El Salvador and that the United States ought to use its good office to seek a political solution.

I intend to share these 25,000 petitions with the Speaker of the House, and I have asked the Speaker of the House to share them with the President of the United States. The United States should get out of El Salvador and seek a political solution, not a military solution of that conflict.

Given the minidebate within the executive branch as to whether or not the media are now giving too much attention to El Salvador, I hope the real issue will not be lost in all the verbiage—the fact that innocent civilians are losing their lives every day while the United States continues to arm the very military responsible for much of the carnage. Sending military equipment to El Salvador will not solve the basic inequities or necessity for economic and social reforms in that country, where delayed solutions can only further strengthen the opposition forces.

Although military victories are dramatic and speedier, the United States must contribute its good offices toward a political solution instead. A negotiated settlement, while difficult to achieve, will be a more enduring victory than one imposed by guns. I hope that our Government will place continuous pressure on the Salvadoran military to reform itself before its too late. In addition, the administration should be very careful about sending signals subject to misinterpretation at the other end, and likely to bolster the position of the reactionary elements in the military. The Salvadoran Army's interpretation of our policy is as important as the policy itself.

Furthermore, let us not fall into the trap of assuming that all opposition to the current Salvadoran Government is Communist inspired, but realize that there are legitimate demands for a change in the status quo. We must use the force of our diplomacy constructively to help produce long-needed reforms and give hope to those living daily in despair. Let the death of six Americans not have been in vain.

I urge my colleagues to join us in stopping military assistance to El Salvador while continuing the U.S. effort to prevent military intervention from other countries as well.

PROPOSED CETA DEFERRALS

(Mr. HAWKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAWKINS. Mr. Speaker, I rise to speak on the subject of the proposed CETA deferrals which the President announced in his message to Congress on March 10, 1981. It is my intention to oppose the deferrals in title II(d), welfare demonstration program, summer youth, YACC, and research and development and evaluation. To that end I am introducing today a resolution which would disallow these deferrals.

While I will also oppose the CETA PSE title VI rescissions at the appropriate time, today, because of time constraints, I will limit my comments to only the deferrals of title II(d) PSE.

There exists a great urgency in dealing with the President's deferral message as it relates to title II(d) due to the fact that a great many CETA primes find that the new and reduced allocation levels leave them with absolutely no funds with which to continue their II(d) programs beyond March 17. While these primes were informed by DOL that the expense of giving the customary 2 weeks' termination notices would be covered by the Department, the message is clear that the program will be terminated immediately.

In the case of the city of Los Angeles alone, this means that on March 17 a total of 3,000 termination notices were sent out. Of this total, 1,300 went to persons involved in training and employment programs operated by 29 community-based private nonprofit organizations. All participants were drawn from the structurally unemployed, and 52 percent were hired off local welfare rolls.

For other cities the situation is not much better, and within a few months it is estimated that the title II(d) program will be virtually nonexistent. At the same time, the unemployment ranks will be so inflated by this anticipated action that the Department of Labor has reserved $245 million of its CETA funds to cover the UI liability created by the termination of the PSE titles II and VI programs.

Mr. Speaker, the fact that the President's proposals are tantamount to ending programs sanctioned by Congress, without any congressional review is reprehensible; but this coupled with the fact that the programs he is cutting means the difference between hope and desperation for millions of Americans is unacceptable.

Mr. Speaker, I would ask my colleagues to support the early adoption of the resolution which I am introducing today so that we might forestall the action already taken by the administration and act in time to save a program which has proven successful and responsive to the needs of the unemployed.

WE SHOULD NOT BE IN EL SALVADOR

(Mr. FITHIAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FITHIAN. Mr. Speaker, I am here for just 1 minute today to remind my colleagues in the House that the United States of America historically has not been able to be the policeman of the world, that the United States historically and certainly today cannot be the banker for the world. And those two prerequisites for policy would argue persuasively, I believe, for reviewing the revising of our policies in El Salvador; for not only is the policy wrong on morality principles, but it is wrong on yet another front. It is wrong because it is not an area of vital interest to the United States. It is not the Middle East where the oil comes from, it is not Japan and China on the littoral of Asia, it is not three

or four other areas, such as NATO, where the stakes are very, very high and where our national security is very keenly at work and tested.

On that ground alone, we should not be in El Salvador.

MARKUP OF EDUCATION AND LABOR REPORT A FRUSTRATING EXPERIENCE

(Mr. DeNARDIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DeNARDIS. Mr. Speaker, I positioned myself here 55 minutes ago to speak on an education and labor matter, and I want to say, for the record, that my associates on the minority side of the aisle, who were here promptly at 3 o'clock, have had to wait, I would say unnecessarily and unfairly long, to have our opportunity to speak. And we ought to look at the rules again if the rules do not cover this sad situation.

Mr. Speaker, the House Education and Labor Committee, or at least the majority members, are congratulating themselves today for the committee's report to the Budget Committee which not only sustains the same high levels of spending for fiscal year 1982 for the items within the committee's jurisdiction, but actually adds $1 billion for impact aid that even former President Carter did not recommend.

This has been my first markup as a Member, and, quite frankly, it has not only been a frustrating experience, but a downright disappointing one. The praise by and for the majority of this supposedly courageous act is really fatuous self-congratulations for a mindless act of maintaining a totally unrealistic level of spending.

Mr. Speaker, we have abdicated our responsibility and washed our hands of the opportunity to make a constructive input on matters that we know best.

DR. LEON SULLIVAN—A BEACON OF HOPE ON EQUALITY

(Mr. PURSELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PURSELL. Mr. Speaker, I want to take this time to indicate to my colleagues that Dr. Leon Sullivan, known principally as a world leader in bringing about equality in South Africa through his famous Sullivan Code, was a special guest of mine today. I introduced him to our Subcommittee on South Africa.

Dr. Sullivan and I have proposed the formation of a group of congressional leaders who are sensitive and concerned about matters in Africa with respect to our foreign policy. Those of us who have been to South Africa should constructively offer solutions in achieving equality in job opportunities, wages, promotion, housing, educational training, and most of all promoting the basic principle of one man one vote.

I have asked Dr. Sullivan to testify before the appropriate House committees to report on the progress, or the lack of progress, in bringing about a high record of compliance with respect to the Sullivan Code.

I personally believe that the United States would be best served if we also encourage and dramatically support the successful leadership of Prime Minister Robert Mugabe of Zimbabwe as he leads an orderly transition of power to majority rule in a country adjoining South Africa.

Zimbabwe's success will have profound impact on South Africa's present repressive government, which does not allow blacks to vote even though they are 90 percent of the population. Zimbabwe will demonstrate to the world that majority rule will work. Ian Smith has asked his followers to support the present government. White farmers such as Parliament leader Andrea Holland indicated to our congressional Subcommittee on Foreign Operations that they want to stay and continue to be productive citizens.

The United States, both the administration and the Congress, must support Zimbabwe's historical transformation in order to gain respect in all the countries of Africa as well as promote our basic principles of representative government in a free society.

Dr. Leon Sullivan has been a beacon of hope in demonstrating our aspirations. I should also mention his leadership as chairman of the board for the "OIC" Corporate Communications Group. This volunteer, self-help community-based effort now numbers over 3,000 projects, which train and develop skills for disadvantaged young people.

This magnificent program strengthens the very core of our country. Every child has a talent and a gift. As the author of the gifted and talented legislation, I too, believe we must be positive and concentrate on the potential of every young person as a contributing individual within our great Nation. Dr. Sullivan serves as the pastor of the Zion Baptist Church in Philadelphia and is a board member of General Motors. We all applaud his enormous contributions toward improving the quality of life in all parts of the world.

Again, I am pleased to be a personal friend and his host in Washington today.

TRIBUTE TO FORMER CONGRESSMAN THOR TOLLEFSON

(Mr. MORRISON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MORRISON. Mr. Speaker, today the Washington State Legislature is meeting in a joint session to honor former Congressman Thor Tollefson. I rise to join them in honoring a man who distinguished himself in 18 years of service in this Chamber, and then went on to further service at the local, State, National, and international levels.

Thor Tollefson was first elected to Congress in 1947 representing Washington's Sixth District. He served in Congress until 1965 when he left to return to the State of Washington after having served as the ranking member on the Merchant Marine and Fisheries Committee.

Upon returning home, he was appointed director of the Washington State Department of Fisheries by Gov. Dan Evans. He went on to serve as a member of the U.S. State Department Fishery Advisory Committee which advised the State Department on fishing problems involving foreign nations. He served as one of the commissioners of the Pacific Marine Fisheries Commission and also a member of the Interagency Committee on Outdoor Recreation.

Now retired, Thor Tollefson has spent a lifetime in public service—going where called—serving where needed. I am pleased to join the Washington State Legislature in honoring a colleague who has given so much to the people of this Nation.

□ 1545

FULL STEAM AHEAD FOR COMMITTEE ON EDUCATION AND LABOR

(Mr. KRAMER asked and was given permission to address the House for 1 minute.)

Mr. KRAMER. Mr. Speaker, although budget cuts have been proposed for Conrail and Amtrak, another Government-run railroad was moving ahead under a full head of steam yesterday. In a series of straight party-line votes, the Education and Labor Committee, which has never been known for its fiscal sanity, ignored the national mandate for Federal belt tightening and recommended that the budget authority for programs under its jurisdiction be increased by a whopping 27.4 percent. Not only did Democrats on the committee refuse to go along with any of the specific cutbacks recommended by President Reagan, they even increased the Carter administration's recommendations by more than $4 billion.

Mr. Speaker, the American people will not tolerate business as usual in Washington. They are looking to their elected representatives to make the hard decisions that will result in lower

inflation and interest rates. Those in this body who continue to listen more to the special interest groups than to their constituents are likely, in 1982, to find that the steam locomotive they jumped on board yesterday is a one-way ticket back to their districts.

RAILROAD UNEMPLOYMENT INSURANCE BILL

(Mr. PETRI asked and was given permission to address the House for 1 minute, and to revise and extend his remarks and include extraneous matter.)

Mr. PETRI. Mr. Speaker, I would like to associate myself with the remarks that the gentleman from Connecticut (Mr. DENARDIS) made earlier today concerning today's procedure.

Mr. Speaker, I have introduced H.R. 2374, a bill which would bring unemployment benefits paid to railroad workers in line with State unemployment benefits. The purpose of this legislation is to see that railway workers are not receiving less compensation than they would be eligible to receive were they covered by the State's unemployment compensation formula.

In my own State of Wisconsin, for example, the maximum unemployment compensation currently paid is a weekly benefit of $166. This compensation is for workers whose weekly wage exceeded $331. In the case of unemployed railroad workers, the nationwide maximum weekly benefit is $125, while the weekly base pay is in excess of $400 for well over three-fourths of the claimants.

The 1975 amendments to the Railroad Unemployment Insurance Act made the last modifications and improvements in the existing nationwide benefit structure. These amendments were based on the joint recommendations negotiated by railway labor and management. I would strongly encourage discussion between labor and management to effect improvements in the unemployment and sickness insurance program, and I believe that H.R. 2374 is a positive step in that direction.

Mr. Speaker, the text of the bill is as follows:

H.R. 2374

A bill to amend the Railroad Unemployment Insurance Act to provide that the maximum daily benefit will be the daily equivalent of the maximum weekly benefit payable under State unemployment compensation law

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 2 of the Railroad Unemployment Insurance Act is amended—

(1) by striking out "$25" and inserting in lieu thereof "$25 (or if greater, the daily equivalent of the State maximum weekly benefit)", and

(2) by adding at the end thereof the following:

"For purposes of this subsection, the daily equivalent of the State maximum weekly benefit is one-fifth of the maximum amount of unemployment compensation which could be paid under applicable State law to a totally unemployed individual for the week in which occurs the day for which benefits are being paid under this Act. For purposes of the preceding sentence, the applicable State law is the unemployment compensation law of the State in which the employee has his principal place of abode.".

(b) The amendments made by subsection (a) shall take effect on the first day of the first month beginnning after the date of the enactment of this Act.

BUDGET RESOLUTIONS SHOW INCREASES FOR COMMITTEE STAFFING

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLLINS of Texas. Mr. Speaker, today the House Administration Committee took final action on staff committee budget resolutions for this session of the 97th Congress. These bloated, inflated budgets do not measure up to their promises.

Budget resolutions approved by the House Administration Committee total $42,886,562. This figure is much higher than last year's total expenditures of $39,971,551. Overall, the committees are spending more of the taxpayers' money than last year.

Compare these 1981 proposed budgets with 1980 expenditures: Ways and Means budget, as brought out of the House Administration Committee, is $2,450,782—a 27-percent increase over the amount spent in 1980—which was $1,928,611. The Committee on Government Operations budget which will come to the floor for a final vote is a whopping $2,461,885, an 18-percent increase over the 1980 expenditures. Agriculture, District of Columbia, Education and Labor, Foreign Affairs, Interior and Insular Affairs, and Rules: All of these committees have increased their budgets by 16 percent over last year's costs. The stark facts are that the liberals in the House are still big spenders.

The American people are watching closely the spending patterns being set by the 97th Congress. The clear message from the last election was to cut the cost of the Federal Government.

When the investigative staff budget is combined with the statutory House budget it gives a total House staff budget of $67.5 million. I urge my colleagues to vote down these unjustified spending increases and to recommit the resolutions for true cuts. Our ideal total staff budget goal should be $41.7 million and not the overloaded total submitted by the Democrats. Instead of $67.5 million of budget staff we should ask for $41.7 million. The statutory is already approved so we must cut this investigative.

COMMITTEE ON EDUCATION AND LABOR WOULD INCREASE SPENDING AUTHORITY FOR 1982

(Mr. LATTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, for weeks now—as we have prepared to address the critical questions before us on the economy and Government spending—the bipartisan watchwords have been consensus and cooperation. Consensus that the huge rise in Federal spending cannot continue and must be brought under control. Cooperation between the White House and the Congress in working to achieve these goals. Cooperation on a timetable for completing action on cuts in spending and taxing. Apparently, however, the Democrats on the Committee on Education and Labor do not yet realize we are confronted with critical economic and fiscal problems. They have just recommended—not a reduction in spending for 1982—not even a slowing down—but a 75-percent increase over the spending authority requested by President Reagan. The majority Democrats—voting as a bloc—have raised the President's request from $24 billion to $42,785 million—an increase of over $18 billion. Amazing. Disappointing. But not entirely surprising.

Mr. Speaker, I hope that when the Budget Committee takes up this recommendation, it will think of all the American people and act more responsibly.

A TRIBUTE TO THE LATE HONORABLE JACOB H. GILBERT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 60 minutes.

GENERAL LEAVE

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the life, character, and public service of the late Honorable Jacob H. Gilbert.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ADDABBO. Mr. Speaker, I have taken a special order today to pay tribute to the Honorable Jacob H. Gilbert of New York, who passed away on February 27, 1981, at Columbia Presbyterian Hospital in New York City. Jack was 60 years old when he died, a victim of a yearlong struggle against cancer.

Jack served 10 years in this House from 1961 to 1970. Previously he had served for a decade in the New York State Legislature.

In the 10 years that Jack served in this body, he distinguished himself as an influential and knowledgeable member of the House Ways and Means Committee, and all the committees he had served on. At a time when the Committee on Ways and Means was ruled by Wilbur Mills, a Member—especially a senior Member like Jack Gilbert—had no option but to be on top of the issues before the committee. The Ways and Means Committee during that decade passed some of the most landmark tax legislation in this country's history. That was a committee that provided the money to enact the Great Society's social programs that were to change the way America responded to its domestic inequities. Jack Gilbert played a major role in that episode. It was then that he established his overwhelming concern for the truly needy of this country, the aged, the young and disadvantaged, the handicapped, and the ill. It was a concern that haunted him until his death.

Jack was an energetic Member of this House who will long be remembered by those who served with him in that period for his work on behalf of the city. Although this was before the city fell into the fiscal crisis that was to block its credit in 1975, Jack was one of the first to notice that the city was living far beyond its means. He sought to bring some stability into the city's spending habits, while stemming the flow of business and residents from the outer boroughs. He was especially concerned about his beloved Bronx, where he had been born and where he lived until he died.

Jack first got into politics as a youngster who went ringing doorbells for the local Democratic club and who kept it up as he worked his way through college and law school. He was, by all definition, one of the better lawyers who served in this House. He felt little remorse in returning to the practice of law in 1971 after leaving the House of Representatives. It was, he used to say, one of the more enjoyable ways to earn a living because the practice of law involved dealing with people and dealing with the legal statutes which could not be manipulated.

Jack and Irma Gilbert were my good friends during the 21 years that Mrs. Addabbo and I were privileged to share with them. Jack and I were close during our years of service here together and we remained good friends until his death. His going leaves a void in my life and I shall miss him deeply.

But it is probably more important that we remember him for the work that he did while he was serving here. To the people he represented Jack Gilbert stands as a man who cared first for them and second about the politics of a thing. To me, that is just one of the things that made him so unique among the many people who have served here. My prayers are with his wife, Irma, his daughters Miriam and Sandra, and his son, Samuel. They miss him most of all.

● Mr. BINGHAM. Mr. Speaker, I am grateful to our colleague, Mr. ADDABBO, for arranging this time for us to pay tribute to our former colleague, the late Jack Gilbert.

My own contact with Jack goes back to the middle 1950's when he served in the New York State Senate and I was secretary to the Governor, Averell Harriman. During the years 1965 to 1970, we served in the House together. While we were not on any of the same committees, we worked jointly on many matters of interest to the Bronx.

It was always a pleasure to work with Jack and to spend leisure hours together. He was always obliging and helpful, and, indeed, was the New York member on the Committee on Committees who arranged for me to go on the Foreign Affairs Committee in 1969.

Jack was a true New Yorker, born in the Bronx, educated at St. John's College and Law School, and a member of the city and State governments before he was elected to Congress. He served for 10 years in the New York State Legislature before winning election to Congress in 1960. He was an enthusiastic supporter of President Kennedy during his early years in Congress, and later an active force in shaping Great Society programs of the Johnson administration. He was a strong supporter of organized labor and fought hard for increases in the minimum wage. He pushed continually for improvements in the working conditions and rewards for civil servants and postal workers. He was an early advocate of comprehensive medical care for senior citizens and later an active supporter of the medicare program enacted in 1965. I also admired his early support for civil rights legislation and public housing. Jack compiled a record to be proud of in his 10 years in the House of Representatives.

My wife and I extend to his wife, Irma, and to his two daughters our deepest sympathy in their loss.●

● Mr. ROSENTHAL. Mr. Speaker, on Friday, February 27, I learned with much sorrow of the death of Jack Gilbert, who had been a Member of Congress from New York some years ago, serving for about 10 years as a Representative from the Bronx.

Jack was born and raised, and lived all his life in the Bronx. He came from a strongly Democratic background, and at an early age was out campaigning for Democratic candidates from his area. He was an active member of his local Democratic club, as was his mother before him, and his political activities eventually lead him to the position of assistant corporation counsel in New York in 1949. He went on to win a seat in the New York State Assembly, and in the New York State Senate, where he served with distinction for almost a decade. He subsequently came to Congress with legislative experience gained through that service, and he brought with him a keen desire to continue his service to his constituency and his country. Because of his previous work in the State legislature he was a natural for assignment to the influential Committee on Ways and Means, and devoted his time and energy within that committee toward developing some of the most important tax legislation enacted during that period. And he was especially proud of his accomplishments in effecting increases in social security benefits.

When I came to the House in 1962 Jack had already been here for several years. As members of the same congressional delegation we were closely associated with one another, and that was when Jack demonstrated to me his willingness to do for others. He was extremely helpful to me, as he was to everyone; he gave unstintingly of his time and counsel; and that is when I learned what a good friend really was.

He will be sorely missed by all of us who were privileged to know him and to have served with him, but he will be remembered with much affection. He was a good and decent man.●

● Mr. RODINO. Mr. Speaker, I want to express my sadness at the death of a friend and former colleague, Jack Gilbert. As the Congressman from the Bronx for 10 years, Jack Gilbert brought honor to this House by his integrity and dedicated service to the people of New York.

His intelligence, warmth, and wit gained him many friends and admirers in the House, and his hard work on the Ways and Means Committee was widely respected. Jack was an outstanding attorney who devoted his energies to securing basic rights and a better life for the millions of Americans on the lower end of the economic spectrum. His efforts in Congress to increase social security benefits will help millions of Americans for years to come.

I join my colleagues in mourning the loss of a dear friend, and I extend my deepest sympathies to Jack's wife, Irma, and the rest of his family.●

● Mr. GILMAN. Mr. Speaker, I want to thank the gentleman from New York (Mr. ADDABBO) for arranging this time this evening so that we may pay our respects to our former colleague the gentleman from New York, the Honorable Jack Gilbert, who passed away on February 27.

Jack Gilbert represented the 22d Congressional District of New York in this body for 10 years. His constituents in New York State are joined by

all of us in the Congress in mourning Jack's death.

Jack will long be remembered not only in New York but across the Nation for his role in expanding social security benefits during his service on the Committee on Ways and Means. Truly, this man brought to the Congress a concern for all Americans as well as a deep sense of duty to his district and his State.

Congressman Gilbert left the House of Representatives shortly before I came to serve in this body, but I knew Jack and profited from his friendship and association while working with him on matters of mutual interest and concern in the New York State Legislature, where we both served.

I join my colleagues this afternoon in extending to the Gilbert family, his wife, Irma, his daughters Miriam and Sandra and his son, Samuel, our condolences for their loss, and our thanks for his 20 years of service to his State and Nation that will not be quickly forgotten.●

● Mr. STRATTON. Mr. Speaker, I was saddened the other day to learn of the passing of our former colleague from New York, Jack Gilbert, who represented the southeast Bronx in this House for nearly a decade, and did it with distinction, not to say panache.

Jack Gilbert served with great skill on the Ways and Means Committee, and was especially interested in social legislation. After leaving Congress in 1970, following an extensive redistricting that took place that year, Jack continued to maintain his interest in legislative matters, and maintained a law office here in Washington. He was especially active on issues that would benefit New York State, and his own city of New York. Because of that interest I was privileged to keep in touch with him, and to seek his advice on a number of occasions, right down to the onset of his final illness.

We have missed Jack Gilbert in this Chamber in the 10 years since he left. And the people of New York State will also miss his wisdom and his remarkable legislative skills. To his wife Irma, and his three children, we all extend our deepest sympathy.●

● Mr. MINISH. Mr. Speaker, I was saddened to learn of the death of one of our distinguished former colleagues, the Honorable Jacob H. Gilbert of New York. His decade of service with us in the House of Representatives was just one phase of a lifetime devotion to the public interest, as a lawyer, a legislator, and a good citizen.

Many would call Jack Gilbert a workaholic, and it is surely true that great energy and hard work were among his most outstanding characteristics; but he was not driven by any compulsion. He was simply a man who loved his work, and loved it all the more because he saw himself as serving the people of America. Naturally he brought to it all the vigor and enthusiasm which were native to him. Jack's cheerful devotion to duty became a public asset as well as an inspiration to his colleagues.

Jack learned his politics in his native Bronx. He brought a lively concern for its people and their neighborhoods to his long career as a political volunteer, a corporation counsel, a member of both houses of the New York Legislature, and a Congressman. He took his title as "Representative" seriously, never thinking about programs or policies in an abstract vacuum, but always translating his votes into a sober judgment of how they would affect his people. Ably serving his own constituents, he took care to work as a spokesman for the ordinary citizen in Washington during the turbulent sixties.

Jack left Washington, but he did not slow down, plunging into the practice of law with characteristic zest. Not even a long illness could prevent him from pursuing his work to the very end of his life. That characteristic vitality makes the loss of this fine gentleman all the more dismaying. We might have hoped to benefit from Jack's experience and example for years to come.

I extend sympathy to Jack's wife, Irma, and his daughters and son, to whom he was conspicuously devoted. They can be proud of Jack's distinguished public record as well as his endearing personal qualities. I am glad to have had an opportunity to know Jack, who did a lot of good in this world.●

● Mr. CLAY. Mr. Speaker, I was deeply saddened when I received the news of the passing of my old friend, Jack Gilbert. Today, I am honored to join my colleagues in final tribute to a treasured friend and former colleague of many years, the late Congressman Jacob H. Gilbert.

Jack Gilbert was a man who dedicated his life to public service. He was a true statesman of a vanishing breed. Congressman Gilbert never needed to engage in spectacular events or exhibitions to draw the attention and applause of others. His unbiased judgment and unselfish thinking, consistently demonstrated in the work he performed as a Congressman, earned him the recognition of his peers. And, it was his genuine devotion to our country and its people, that made others aware of Jack Gilbert's skill and integrity. He consistently held the respect and admiration of all those whose lives he touched.

Congressman Jack Gilbert touched my life. I shall miss him very much, and I shall always treasure my memories of him. His family is in my prayers today.●

● Mr. FORD of Michigan. Mr. Speaker, I am deeply saddened by the recent death of my friend, Jack Gilbert. Jack was a fine Congressman who took great pride in his work. He understood the legislative process well and used his skills to help pass important legislation which bettered the lives of the elderly, the poor, the handicapped, the young, and the disadvantaged.

Jack was an energetic and important member of the House Ways and Means Committee and his successful effort to increase social security benefits was perhaps the highlight of his congressional career.

Jack Gilbert was a good friend of mine while we served together in this House. I regret that he has passed away and I extend my deepest sympathies to his family.●

NATIONAL WILDLIFE WEEK: MARCH 15 TO 21

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Hampshire (Mr. D'AMOURS) is recognized for 30 minutes.

Mr. D'AMOURS. Mr. Speaker, this week, March 15 through March 21, more than 15 million American citizens—conservationists, educators, and students—are participating in National Wildlife Week and affirming that "We Care About Oceans," this year's theme.

For 44 years, the National Wildlife Federation has sponsored National Wildlife Week in an effort to rally public support for programs to enhance our Nation's wildlife population, and this year, for the first time, this venerable organization has focused its theme on the sea. I urge my colleagues to join me in association with the National Wildlife Federation; Walter Cronkite, who is chairman of this year's observance; and more than 15 million Americans in sharing the responsibility of caring for our oceans.

For centuries man has relied on Earth's oceans for food, water, and oxygen. As the world's population continues to grow, we will become increasingly more dependent on the many resources our vast, but fragile, ocean environment can provide. In fact, estimates show that by the year 1990, 75 percent of this Nation's population will live within 50 miles of our seacoasts. As our use of the oceans grows, it is critically important that we pay closer attention to protecting the quality of our marine environment. We cannot continue to abuse what may be our single most important natural resource.

Our oceans cover more than two-thirds of the Earth's surface and provide a home for about 90 percent of the life on this planet, yet there is still so little we know about them.

Our oceans provide us with about 60 million tons of food each year, and that is only a fraction of the amount

of food scientists predict we will someday reap from the sea through ocean farming.

Our oceans are a rich depository of minerals and organic compounds which man uses for a variety of purposes. Estimates show that there is enough copper on the ocean bottom to last the world 6,000 years, and enough nickel to last 150,000 years. About 99 percent of the world's bromine is found in the sea, along with substantial quantities of magnesium, cobalt, chlorine, iodine, calcium, silicon, phosphorus, and other minerals.

Our oceans have become an important source of oil and gas, and scientists are currently studying various other ways to tap the oceans' enormous energy potential through such techniques as tidal power and ocean thermal energy conversion. The Department of Energy estimates that 180 million kilowatt hours of power could be generated annually if the currents from the Gulf Stream along our east coast could be harnessed.

Our oceans provide us with 97 percent of the world's water supply, and about half of our life-supporting oxygen.

Our oceans are a source of pleasure for millions of people who pursue such sports as swimming, fishing, boating, and scuba diving. Such recreational pursuits have resulted in the growth of huge industries which provide the necessary equipment for these sports.

Our oceans are a bountiful resource valuable to us all regardless of whether we live on the coast or in a landlocked area. But this infinitely valuable resource on which our very existence depends is being recklessly endangered because of ignorance, greed, and careless treatment of our coastlines and our ocean environment. For years, we have treated our oceans as dumping grounds, polluting them with sewage, sludge, oil, radioactive compounds, toxic heavy metals, pesticides, and other chemicals on the cavalier assumption that their ability to absorb this garbage was endless. Moreover, and most unfortunately, the heaviest pollution has occurred on our Continental Shelf where most marine life is concentrated.

In recent years, we have begun to awaken and to take steps to curb some of the more obvious abuses which we are inflicting on our oceans.

But in recent months, we have seen signs of a reversal of some of the trends aimed at protecting our oceans. There are moves afoot to cut off funds and eliminate some of the very programs that have enabled us to make progress in protecting our seas such as coastal zone management, the coastal energy impact program, and the sea grant program. Other programs dealing with marine sanctuaries, estuarine sanctuaries, and public education efforts are also endangered by lobbies and groups which seek to rape the sea for their own good with no thought for future ramifications.

We must be strong and fight these unfortunate efforts. We all must care about oceans. Our seas may just be our single most important legacy to future generations.

Mr. ADDABBO. Mr. Speaker, will the gentleman yield?

Mr. D'AMOURS. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Speaker, I commend the gentleman from New Hampshire (Mr. D'AMOURS) for taking the time to bring this subject to the attention of the Nation and to the House. This is a most important week, and I believe we should all participate in this observance.

Mr. Speaker, one of the most captivating and revealing photographs ever taken shows the Earth as seen from outer space. Taken by the crew of Apollo 17, while returning from a lunar landing, it is a view a space traveler would see as he approached the Earth for the first time. In viewing that magnificant sight, I am sure he would be taken back, as I was when I first saw the photo, by the rich expanse of blue water which dominates the view, a blue water, teeming with life, and supporting life, which makes our planet so different from the others in our solar system. It is a photo that while showing the beauty of our home, also shows the fragility and finiteness of our planet which we all must come to acknowledge if we are to insure the survival of mankind.

This week, millions of Americans, from border to border, and ocean to ocean, will participate in the 44th observance of National Wildlife Week. This year's observance has for the first time in history taken as its theme, "We Care About Oceans," to remind us how precious our oceans are and what we must do to preserve them.

As Americans, living in a nation surrounded on three sides by water, we cannot help but be cognizant of the many roles oceans have played, and will continue to play in our lives. As a nation of immigrants, untold Americans traversed wide oceans to come here to start new lives, their journey by boat never to be forgotten.

As a provider of food for millions of Americans as well as employing thousands of men and women along our shores, the waters that surround our country have become an important natural resource vital to our health and well-being. At a time when energy has become one of our Nation's utmost concerns, we have turned to the oceans to help us, today supplying us with oil and gas, and tomorrow yielding tidal power and ocean thermal energy conversion. Properly utilized and with the utmost respect to marine life, the oceans will be able to help us meet our future energy needs.

It is obvious that there would not be a necessity of having a week dedicated to the survival of our oceans if they were not in serious danger. We have reached a point in our civilization where we must stop the needless and utterly senseless pollution of our seas. We have reached a point where we may have done irreversible harm to the waters which have helped insure our survival. Let us hope that "We Care About Oceans Week" will alert the people of the world that a bleak future of the oceans is a bleak future for mankind. If we continue on the path of abuse and destruction of our waters, then there may come a time when a space traveler, approaching our planet, may find a planet devoid of the rich blue water and devoid of life.

□ 1600

Mr. D'AMOURS. Mr. Speaker, I yield to the gentleman from Hawaii (Mr. AKAKA).

Mr. AKAKA. I thank the gentleman for yielding.

Mr. Speaker, I rise to express my strong support for the theme of National Wildlife Week—the importance of the ocean.

This is a subject which is very close to my heart, for as you know, my home State, Hawaii, is surrounded by water. We are, in fact, cut off from the continental United States by miles and miles of water.

To some, the ocean is a barrier. To others, it is dangerous and unpredictable and a source of destruction for beaches and shorelines. To others it is a source of food, of nourishment, and of life itself.

The ancient Polynesians viewed the ocean as a highway and as a source of food. While we still look to the ocean as a source of nutrition, her role in our lives has further expanded. Now, we look to the ocean as a new source of resources. We look to the ocean for new sources of energy. Already, in Hawaii we are researching and developing ocean thermal energy conversion technology, and technologies using wavepower and seaweed to produce energy. All of these potential sources of energy will play a key role in the development of island economies, and may be of critical importance to Third World nations. In the United States, it is conceivable that the States which front the gulf may someday rely on ocean energy to meet their energy needs.

A new and exciting use of the oceans is currently under study in Hawaii. An innovative and capable group of physicists is now at work researching a deep sea neutrino telescope. From their initial studies, they believe that the ocean may be one of the best places in the world to detect and measure the

movement of the elusive particle called the neutrino. In a recent article which appeared in Scientific American, authors John G. Learned and David Eichler describe the project this way:

High energy phenomena such as supernovas and X-ray double stars may emit a flood of neutrinos. An array of sensors shielded by 5 kilometers of water could selectively detect such particles.

No one in the world has ever built a neutrino telescope of the size that the research group in Hawaii would like to build. Furthermore, if the project is successful, this will be the first time that man has ever been able to detect the interaction of neutrinos emitted by distant stars in our galaxy. It will be the first time that stargazers will be able to study the neutrino as it relates to some of the remarkable phenomena of our universe, phenomena such as black holes, pulsars, and exploding galaxies.

Surely, the ocean is more than a source of food for us. The ocean is one of man's unexplored frontiers—a frontier for discovery of the unknown, and for use of the known to support man in his quest for a better life.

Indeed, no better theme could have been found for National Wildlife Week than that of the ocean.

Mr. Speaker, I include the article which appeared in Scientific American with my remarks in the RECORD:

A DEEP-SEA NEUTRINO TELESCOPE

(By John G. Learned and David Eichler)

Virtually everything astronomers know about objects outside the solar system is based on the detection of photons: the quanta of electromagnetic radiation. Yet there is another form of radiation that pervades the universe and may even dominate it: neutrinos. With no electric charge and negligible mass, the neutrino is an elementary particle that rarely interacts with other particles, so rarely that a neutrino can cross the entire universe, even traversing substantial aggregations of matter, without being absorbed or even deflected. And neutrinos that have not been absorbed or deflected carry with them information about the site of their production and can escape from regions of space where light and other kinds of electromagnetic radiation are blocked by matter. Therefore the detection of cosmic neutrinos could provide new information about a wide variety of astrophysical phenomena.

The same reluctance to interact with matter that gives the neutrino its long range makes it extraordinarily difficult to detect. Most neutrinos reaching the earth travel all the way through it unperturbed, leaving no sign of their passage. No apparatus can detect neutrinos unless it is extremely massive and sufficiently shielded from the interfering effects of other particles. Great mass is synonymous with huge numbers of nucleons (neutrons and protons), and the more massive the detector, the larger the probability of one of its nucleons interacting with a neutrino.

A few years ago a group of physicists came up with an ambitious proposal for detecting cosmic and terrestrial neutrinos by harnessing the mass of the ocean. Named DUMAND, for deep underwater muon and neutrino detector, the proposal calls of placing an array of light sensors above the ocean floor at a depth of some five kilometers. The detecting medium is the seawater itself: when a neutrino interacts with a particle in an atom of seawater, it gives rise to a cascade of electrically charged particles and a flash of light that will be detected by the sensors. The five kilometers of seawater above the sensors will shield them from the interfering effects of other high-energy particles raining down through the atmosphere.

The neutrino has a rich intellectual history. In 1931 the particle was introduced as a hypothetical entity to account for a tiny amount of energy that seemed to vanish in the radioactive decay of certain atomic nuclei. Wolfgang Pauli proposed that the missing energy was spirited away by an unobserved particle, which was later named by Enrico Fermi the neutrino ("little neutral one"). It was not until 1956, however, that Frederick Reines and Clyde L. Cowan, Jr., detected the particle. The neutrino is now seen as being a member of the small family of elementary particles known as leptons, which seem to have no measurable size and no constituents. The other species of lepton are the muon, the electron and the tau particle. There are three kinds of neutrino, one associated with the electron (called the electron neutrino), one associated with the muon (the muon neutrino) and one associated with the tau particle (the tau neutrino). And for each kind of neutrino there is a corresponding antineutrino.

Neutrinos created in large particle accelerators are routinely employed to probe the massive members of the other major class of particles: the hadrons (including the proton, the neutron, the pion and the kaon), which seem to have the constituents called quarks. Particle-accelerator experiments in which neutrinos are scattered by hadrons have revealed much about the quark structure of matter. It is testimony to the versatility of the neutrino that it can be exploited both to probe objects as small as quarks and to investigate objects at astronomical distances. Neutrino microscopes, however, have far outpaced neutrino telescopes.

The DUMAND apparatus will not be the first neutrino telescope. In the early 1960's Raymond Davis of the Brookhaven National Laboratory made the initial serious attempt at neutrino astronomy. He set out to detect low-energy neutrinos emitted by the sun, the brightest source in the sky of neutrinos as well as photons. The neutrinos are generated deep within the sun in the thermonuclear reactions that transmute hydrogen into helium with the release of energy. Almost a tenth of the energy is carried away by neutrinos, whose energies range from half a million electron volts to 14 million. The flux of solar neutrinos at the distance of the earth is staggering (more than 100 million million pass through the human body every second), but the particles are nonetheless elusive. Even so, a tiny fraction of them do interact with a sufficient quantity of matter.

With a massive detector and endless patience Davis has apparently detected solar neutrinos. His detector is basically a large tank containing 610 tons of the ordinary cleaning fluid tetrachloroethylene, the molecules of which consist of two atoms of carbon and four of chlorine (C_2Cl_4). A fourth of the chlorine atoms are those of the isotope chlorine 37, and when such an atom captures a neutrino, it is transformed into an atom of argon 37. The argon 37 is radioactive, and so the decay of an atom of it signifies the capture of a neutrino. Davis and his co-workers have spent the past decade trying to record solar neutrinos. The experiment has finally begun to yield a positive signal, although it is not as large as was expected.

Another kind of low-energy neutrino telescope has been developed in the past decade. It consists of a tank of water equipped with light detectors. If a neutrino interacts with an atom of the water, the interaction gives rise to charged particles that recoil with high energy. When such a particle travels through a transparent medium faster than the speed of light in that medium, it emits the characteristic blue light of Cerenkov radiation, and it is the tiny flash of this light that is picked up by the detectors.

Low-energy neutrino telescopes may be able to record neutrinos from a supernova, a star that is believed to explode after it has exhausted its nuclear fuel and collapsed. More energy is released in the few seconds of the explosion than in the star's entire previous history. Most of this energy escapes in the form of neutrinos, each of which typically has an energy of 15 million electron volts. A detector with a mass of several tons could monitor neutrinos coming from a supernova on the other side of our galaxy. Several low-energy neutrino telescopes are now poised to observe the next such supernova.

Some neutrinos are far more energetic than those produced in supernovas or in the interior of stars such as the sun. In the earth's atmosphere and in many astrophysical systems neutrinos are created with energies in excess of 10^9 electron volts. Such neutrinos are the result of extremely energetic collisions between nucleons. For example, high-energy neutrinos are generated when energetic cosmic-ray protons strike the nuclei of atoms in the earth's atmosphere. DUMAND will be able to detect neutrinos with energies of more than 10^{11} electron volts.

The history of attempts to detect high-energy neutrinos at sites other than particle accelerators is a short one. There have been only four experiments, of which the first and largest was done by Reines and his coworkers. Their detector and the others consist of extensive arrays of sensors deployed in deep mine shafts. When an occasional high-energy neutrino interacts with a nucleon in the surrounding rock, it creates a shower of electrically charged particles that are registered by the sensors.

If the neutrino is a muon neutrino with an energy of more than 10^9 electron volts, the particles emerging from the collision will usually include a muon. Muons have great penetrating power; indeed, an energetic one can penetrate a kilometer of rock. Hence the neutrino can be monitored even if it interacts with a nucleon a kilometer from the sensor: the resulting muon will continue roughly along the trajectory of the neutrino and trip the sensor. Therefore the effective size of the detector extends well beyond its physical dimensions.

Muons are also created high in the earth's atmosphere in collisions between cosmic rays and the nucleons of air molecules, and the muons will trigger a high-energy neutrino detector if they can reach it. It is to keep atmospheric muons from swamping rarer neutrino-generated muons that the detector must be placed deep below the surface. Reines' detector, which had a total

area of 140 square meters, was two miles down in the deepest mine shaft in the world (near Johannesburg in South Africa). The depth and the installation costs put limits on the size of the detector, and it did not reveal any neutrino sources outside the earth's atmosphere. Even so, the negative result has astrophysical significance: it bears on the production in the universe of deuterium (heavy hydrogen), in which nucleons collide and give rise to neutrinos.

The DUMAND apparatus will be much more sensitive than other high-energy neutrino detectors chiefly because it will be better shielded and will be able to detect neutrino interactions in a much larger volume of matter. The current plan is to ultimately distribute at least 2,000 light sensors throughout a cubic kilometer of seawater. Flexible cables will anchor the sensors to one another and to the ocean floor. The entire array will be linked to a computer on the shore.

The DUMAND array will efficiently detect a single neutrino interaction if the energy of the neutrino exceeds 10^{11} electron volts. Neutrinos with less energy will register only if many of them trip the detector simultaneously, as might happen if an astrophysical system gave off a powerful burst of them. An essential feature of the array will be its ability to determine the direction from which a detected neutrino came. The bulk of the charged particles created in the interaction of a neutrino and a nucleon of seawater will continue for some 10 meters in a direction within half a degree of the trajectory of the incident neutrino. The charged particles will collide with other particles in the water, which will in turn collide with still other particles, giving rise to a cascade of perhaps a few million particles. The cascade will be accompanied by billions of tiny flashes of Cerenkov radiation and will trigger light sensors in the immediate vicinity.

A muon among the charged particles, being exceptionally penetrating, will emit light throughout its long path through the seawater. At a neutrino energy of about 10^{12} electron volts the typical muon track is at least a kilometer long. A computer analysis of the sensor responses should fix the direction of the incident neutrino to better than half a degree. According to calculations by Arthur Roberts and Victor J. Stenger of the Hawaii DUMAND Center, a computer analysis of the total number of detected Cerenkov photons should establish the energy of the neutrino fairly accurately.

Although the DUMAND array will have a cross-sectional area of a square kilometer for muon detection, its effective collection area will be far smaller for neutrino detection. For a neutrino with an energy of 10^{12} electron volts each nucleon of seawater in effect provides a target of 10^{-38} square centimeters. A cubic kilometer of seawater holds 6×10^{38} nucleons, and so the total collecting area for collisions within the DUMAND array comes to 6,000 square centimeters. Unlike telescopes that record photons, the neutrino telescope will look in all directions at once; it will even be detecting neutrinos coming up from below through the earth. Three or more counts per year of high-energy neutrinos from a given direction might constitute a statistically significant result. Such a result would correspond to a minimum energy flux of 15 electron volts per centimeter squared per second. If the distance over which the neutrino-generated muon can travel is taken into account, the effective size of the detector is much larger.

Theodore Bowen of the University of Arizona was the first to suggest another way the ocean could be harnessed to detect neutrinos. The particle cascade triggered by the neutrino collision heats a rod-shaped volume of water. The heat expands the water and launches a small pressure pulse, or sound wave, that can travel as far as 10 kilometers before it is absorbed or lost in the background noise of the ocean. If acoustic sensors could be designed that would "hear" the cascade, they would have a much longer range than the optical sensors have. Nevertheless, for a muon or particle cascade whose energy is less than 10^{16} volts the sound pulse will quickly be lost in the background noise. If there are neutrinos that can trigger a cascade of more than 10^{16} electron volts, the acoustic sensors would be able to determine the trajectory of the neutrinos from the highly directional sound wave of the cascade. Hence the DUMAND array may include an array of acoustic sensors.

It will be no small technological feat to place thousands of optical and acoustic sensors five kilometers deep in the ocean, to keep them operating and to monitor their signals. Over the past six years some 100 physicists, astronomers, engineers and oceanographers headed by Reines have evaluated potential sites on the ocean floor, have studied ways of deploying the apparatus and have investigated different kinds of optical and acoustic sensors. A series of studies and workshops decided on the Hawaiian Islands as the site. Since the islands are steep-sided volcanoes, the ocean floor is quite deep near the shore; as a result the sensors would be more accessible. Above the ocean floor near the islands there are few strong currents and little biological activity that might interfere with the sensor's performance.

Another advantage of the Hawaiian Islands is that the deep seawater around them is unusually transparent to blue light. Recent tests conducted 20 kilometers west of the island of Hawaii at a depth of 4.5 kilometers showed that a flash of blue light is attenuated by 64 percent only over the surprisingly large distance of 25 meters. As a result the DUMAND sensors can be placed not at intervals of 20 meters, as was originally suggested, but at intervals of more than 50 meters, so that fewer detectors will be needed to monitor the same volume of water.

The cost of the DUMAND project was initially put at about $100 million, but the need for fewer detectors has significantly reduced the figure. Moreover, the DUMAND organization plans to build and install a smaller array of sensors before implementing the full project. That array would cost about $5 million. If the smaller project is approved and the funds are provided, the array could begin gathering data in perhaps three years.

This spring a group of investigators led by Vincent Z. Peterson of the Hawaii DUMAND Center plans to deploy a string of five muon sensors at depths of between one kilometer and five kilometers. The sensors will collect data for two weeks, during which they are expected to record thousands of atmospheric muons and perhaps four neutrino-induced muons. If the detected muons come from below, they will undoubtedly have been generated by neutrinos; the neutrino is the only particle that can pass all the way through the earth. The operation of the string of sensors should help to establish the feasibility of the DUMAND project.

What originally generates the high-energy neutrinos the DUMAND array will detect? The neutrino is a chief decay product of the unstable hadrons the pion and the kaon. Pions and kaons are copiously created when a nucleon is struck by a relativistic proton: a proton moving at nearly the speed of light. About a third of the pions have no electric charge; they decay into gamma rays. The charged pions and most of the kaons decay into neutrinos, muons, electrons and their antiparticles. When a relativistic proton strikes a stationary nucleon, the pions, kaons and the decay products all continue in about the same direction as the proton. In many such collisions one of the decay products (such as the neutrino) inherits a large fraction of the proton's energy.

In short, the production of high-energy neutrinos calls for high-energy protons and a target of stationary nucleons for the protons to bombard. With the exception of particle accelerators the main terrestrial source of high-energy neutrinos is the impact of cosmic-ray protons on the nucleons in air molecules in the upper atmosphere. When the pions and kaons created in such collisions are able to decay before being absorbed in the atmosphere or in the ground, they give rise to neutrinos.

The relativistic effect of time dilation prolongs the life of pions and kaons that are particularly energetic. For pions and kaons with energies exceeding 10^{12} electron volts the effect of time dilation is to lengthen their lifetimes to the point where many of them eventually collide with a particle in the air instead of decaying into neutrinos and other products. Cosmic-ray protons entering the earth's atmosphere at shallow angles give rise to secondary particles that skim along the top of the atmosphere, where the density of the air molecules is low. Such particles have a better chance of decaying before undergoing a collision than particles that are heading straight down into the denser regions of the atmosphere, where the probability of a collision is much higher. At energies of about 10^{12} electron volts four times as many atmospheric neutrinos come from the horizontal direction as come from the vertical. This angular dependence is a signature that the neutrinos originated in the atmosphere.

Cosmic-ray protons collide not only with nucleons in the atmosphere but also with protons in the rarefied medium between the stars of our galaxy. In regions of the galaxy where protons have been accelerated to high energies the density of matter is typically so low that all the secondary particles created in a collision decay and yield neutrinos before they lose most of their energy in subsequent collisions. In this sense neutrino production is more efficient in the galaxy at large than it is in the earth's atmosphere. Extraterrestrial neutrinos are likely to dominate those detected by the DUMAND array at the high energies where the production of neutrinos in the atmosphere is the least efficient.

High-energy neutrinos created in interstellar cosmic-ray collisions would trigger a few hundred counts in the DUMAND array each year. These neutrinos, however, would come from a large sector of the sky, and it may be difficult to distinguish such a diffuse signal from the background of atmospheric neutrinos. Whether or not DUMAND is able to resolve the signal depends on the precise energy distribution of the cosmic rays in the galaxy. Even the failure to detect the signal, however, would be an im-

portant result that would bear on the sources of cosmic rays.

A concentrated neutrino signal could come from collisions closer to a source of relativistic protons. Here the neutrinos would arrive not from a large sector of the sky but from a point source. As a result they would stand out above the atmospheric background much better than a diffuse signal. Relativistic particles are known to be generated by a wide variety of astrophysical systems, both within the galaxy and outside it: neutron stars, the blast waves of supernovas, the active nuclei of other galaxies and even quasars. The collisions of relativistic protons from any of these objects might give rise to neutrinos that DUMAND could detect.

One simple scenario for the generation of neutrinos has relativistic protons being created near the surface of a massive astrophysical object. (An example on a modest scale is a solar flare, in which magnetic energy suddenly released near the surface of the sun results in the acceleration of protons to extremely high velocities.) If some of the protons then rain down on the surface of the object, the object itself provides the target nucleons. The resulting collisions yield neutrinos, most of which pass through the object and continue on their way to vast distances.

Another scenario has matter accreting, or falling, on a compact object and providing the target for relativistic particles generated by the object. Many galactic X-ray sources are neutron stars to which matter is accreting. The X-ray emission of the source is in fact powered by the falling matter. Quasars and active galactic nuclei may be powered in the same way. According to some theories, quasars and active galactic nuclei generate relativistic particles in their innermost regions; such objects would be candidates for neutrino astronomy.

If the accreting matter is thick enough, it will obscure the object from view. In that case the emitted neutrinos would be the only direct clue to high-energy processes taking place in the object. The greater the rate of accreting matter, the more powerful the object. Two years ago a remarkable system was discovered that is obscured by accreting matter. Known as SS 433, it seems to consist of a compact object that is expelling two jets of matter in opposite directions at extradordinarily high velocities [see "The Bizarre Spectrum of SS 433," by Bruce Margon; Scientific American, October, 1980]. Some astronomers estimate that SS 433 is 1,000 times more powerful (that is, it puts out 1,000 times more energy per second) than the brightest stellar object known in the galaxy.

Why should such a powerful object have been discovered only recently? The answer is the SS 433 is a relatively faint source of photons. Although it may seem contradictory that an object with such power should be so faint, the two properties actually go together. The accreting matter that gives SS 433 its tremendous power also acts to screen its bright central region from view. Any relativistic protons that are created near the compact object would undoubtedly collide with other nucleons, and the resulting neutrinos could escape. SS 433 may be so powerful that only one part in a million of its energy budget need go into the production of high-energy neutrinos for them to be detected by DUMAND. It is not yet known exactly what SS 433 is or whether high-energy protons are actually generated in the accreting matter. Nevertheless, the discovery of SS 433 supports the view that exotic astrophysical systems exist hidden by the accreting matter that powers them. Neutrino astronomy offers the only hope of directly detecting such objects.

Many stellar objects are binary, or double, systems. One member of the system can therefore provide target nucleons for relativistic particles generated by the other. If a young, rapidly rotating neutron star belongs to a binary system, its companion could play the target role. When the companion eclipsed the neutron star, relativistic protons from the neutron star impinging on the nucleons of the companion would generate neutrinos that would proceed through the companion along the line of sight.

Theoretical considerations suggest that at any one time there could be a few young neutron-star binary systems in our galaxy. One such system may have been observed: the binary X-ray source Cygnus X-3. The neutron star in Cygnus X-3 emits gamma rays, which implies it also generates relativistic particles. The details of the X-ray emission indicate that the entire system is shrouded by a cloud of gas that seems to have evaporated from the surface of the companion star when it was heated by radiation from the neutron star. The companion periodically eclipses the neutron star, at which time X-rays are no longer detected. From this observation it can be inferred that the companion star is then between the solar system and the relativistic particles associated with the neutron star. The geometry is ideal for the emission of high-energy neutrinos in our direction.

Another scenario for neutrino production involves the ejection of matter from a compact object. For example, neutron stars are apparently born in the explosions of supernovas. When a star explodes as a supernova, it blows off its outer shell. The expanding shell can then provide a screen of target nucleons for relativistic protons from the neutron star. In fact, for the first six months the shell would be opaque to photons and all other relativisitic particles, and so the neutron star could not be observed with conventional telescopes. In this period of infancy the neutron star would, it is thought, have more power than it would have at any other time. Indeed, the DUMAND array might detect neutrinos from an infant neutron star shrouded by a supernova shell even if it were not in our own galaxy but in a nearby one. Supernovas are thought to explode at the rate of roughly one per galaxy every 20 years. In a few years of operation the DUMAND array might pick up high-energy neutrinos from a supernova in one of several nearby galaxies.

In principle the supernova shell could act as a source of neutrinos for much longer than six months. If the shell had a significant magnetic field, it could store relativistic protons. Then the shell could continue to emit neutrinos as long as its ever decreasing density allowed relativistic protons to collide frequently. We estimate that the shell would be dense enough to yield neutrinos for perhaps 50 years. Our own galaxy may include two or three such neutrino sources that the DUMAND project could detect.

These are some of the most plausible astrophysical scenarios for the production of high-energy neutrinos. There are many other possible scenarios involving the same concept: relativistic protons colliding with a target, with neutrinos emerging from the collisions.

Would the DUMAND array be sufficiently sensitive to detect the neutrinos created by these various objects? Since the neutrinos cannot be detected at present, we cannot give a definite answer. The energy output of many kinds of celestial objects is nonetheless compatible with the hypothesis that the DUMAND project will be able to detect neutrinos. From such objects the earth is exposed to a considerable flux of electromagnetic energy, and if it is exposed to a flux of neutrino energy that is only a small fraction of the electromagnetic-energy flux, then the DUMAND array will be able to detect the neutrinos.

For example, the energy flux of photons from neutron stars in our galaxy, quasars and active galactic nuclei is on the order of a few thousand electron volts per centimeter squared per second. Since the threshold neutrino flux for DUMAND is between 10 and 100 electron volts per centimeter squared per second for neutrinos with energies of between 10^{12} and 10^{14} electron volts, nearby neutron stars, quasars and active galactic nuclei need spend only 1 percent of their energy budget on the very-high-energy neutrinos that would be detected by the DUMAND array. Even so, the production of relativistic particles in such objects needs to be quite efficient. There is remarkable evidence, however, that this high-efficiency requirement is frequently met.

The Crab Nebula is the best-known system in which particles with energies greater than 10^{13} electron volts are produced with high efficiency. the nebula generates X rays by the synchrotron mechanism, in which high-energy electrons radiate away energy when they are deflected by the nebula's magnetic field. The estimated strength of the field implies that the electrons each have an energy of about 10^{13} electron volts.

Such energetic electrons should radiate away their energy in a year or so, yet this population in the Crab Nebula does not seem to be decreasing. Astronomers have therefore concluded that the electrons are somehow being continuously supplied or reenergized by the rapidly rotating neutron star at the center of the nebula. The neutron star, whose rate of rotation is slowly decreasing, emits a pulse of radiation once per revolution: it is a pulsar. In the gradual decrease of the pulse rate astronomers have a measure of the rate at which the star is spinning down. The spin-down rate in turn yields the approximate rate at which the star is losing rotational energy. The rate of energy loss is comparable to the power needed to sustain the synchrotron emission of the electrons in the Crab Nebula. This numerical agreement suggests that the neutron star is somehow converting a large fraction of its rotational energy into relativistic particles.

Another example of the efficient production of relativistic particles is an entirely different kind of system: the bright quasar 3C 273. Recent measurements by satellite instruments reveal that the quasar emits almost as much energy in gamma rays as it does in any other region of the electromagnetic spectrum. The energy of each gamma ray is more than 10^8 electron volts, which means that the gamma rays could only have been generated by relativistic particles (although precisely how relativistic is not yet known). The quasar is apparently spending a very large fraction of its energy budget on relativistic particles. Energy considerations suggest that neutrinos from this source could register about 100 counts per year in the DUMAND apparatus. Even though the quasar 3C 273 is exceptionally bright, it is not unrepresentative of a large class of qua-

sars and active galaxies that are also believed to efficiently produce relativistic particles. Other sites where high-energy particles are generated with unexpected efficiency include blast waves from supernovas and, on a more modest scale, shock waves coming from a variety of sources in our own solar system.

Since astrophysical systems that give rise to high-energy neutrinos also give rise to gamma rays of comparable energy, a measurement of the gamma-ray flux from a system might provide an indication of the expected neutrino flux. There is not, however, a one-to-one correspondence between detected gamma rays and expected neutrinos. Although high-energy gamma rays are always produced where high-energy neutrinos are, high-energy neutrinos are not always produced where high-energy gamma rays are. In other words, the measured gamma-ray flux may result in part from non-neutrino sources. Alternatively, the measured gamma-ray flux can understate the case for neutrinos if some of the gamma rays produced by neutrino sources never reach the earth. Indeed, the same screen of target material that gives rise to the neutrinos can absorb the gamma rays. Moreover, when the highest-energy gamma rays traverse astronomical distances, many of them are stopped by collisions with other photons. Nevertheless, if these caveats are kept in mind, gamma-ray astronomy helps in estimating the flux of neutrinos in the vicinity of the earth.

The gamma rays of interest have the same energy (more than 10^{12} electron volts) as the neutrinos to which the DUMAND array will be the most sensitive. Designated VHEGR, for very-high-energy gamma rays, they have more than 1,000 times the energy of the gamma rays that are routinely observed by satellites. Very-high-energy gamma rays are detected by large reflecting dishes that collect the feeble flash of light produced by the shower of particles marking the entry of such a gamma ray into the earth's atmosphere. VHEGR astronomy, which has been attempted for two decades, has begun to yield positive results in the past few years.

Although a screen of matter that is thick enough to stop most of the relativistic particles striking it will also be thick enough to block gamma rays, the neutrino-production scenarios do not demand that most of the protons be halted. Neutrinos could be efficiently produced if only half of the protons were stopped. It is possible to have a screen that is thick enough to halt a significant fraction of the impinging protons but thin enough to allow much of the gamma radiation to pass through. A case in point is the young neutron star in the binary system Cygnus X-3. Since the neutron star apparently vaporizes matter from the surface of its companion, it is observed through a mist of matter as it goes into and out of eclipse. At some point as the neutron star is moving away from its eclipsed position the mist must have the optimum thickness for gamma-ray emission.

This conclusion has now been borne out by observation. Over the past decade a group of investigators led by A. A. Stepanian of the Crimean Astrophysical Observatory in the U.S.S.R. has observed very-high-energy gamma rays emitted by Cygnus X-3. The observation has recently been confirmed by the same group and by a group in the U.S. The gamma rays are seen to be emitted only periodically, with the most radiation apparently being produced just as the neutron star emerges from behind its companion. The gamma rays were observed over only 5 percent of the neutron star's orbital period. To account for the observed gamma-ray flux the neutron star in Cygnus X-3, like the one in the Crab Nebula, must efficiently produce particles with an energy of 10^{15} electron volts. If the gamma rays are the product of pion decay, neutrinos are produced along with them. We estimate that these neutrinos would register about 50 counts per year in the DUMAND array.

In 1975 very-high-energy gamma rays were discovered emanating from the radio galaxy NGC 5128. If these gamma rays come from pion decay, the accompanying neutrinos would register at least a few counts per year in the DUMAND array. The significance of the discovery for DUMAND is that active galaxies are capable of efficiently generating relativistic particles with enough energy to create neutrinos the DUMAND array could detect.

Neutrino astronomy may also provide answers to basic questions about the overall structure and history of the universe. One question is whether all galaxies are made of ordinary matter or roughly half of them are made of antimatter. The conventional view is that all galaxies consist of ordinary matter [see "The Cosmic Asymmetry between Matter and Antimatter," by Frank Wilczek; Scientific American, December, 1980]. Some investigators nonetheless think there is an overall symmetry to the universe requiring that half of it be antimatter. Photon astronomy cannot directly resolve the issue because the photon is its own antiparticle and hence carries no information about whether its source is matter or antimatter. Neutrinos are different from antineutrinos and can be distinguished by the DUMAND array according to the details of the interaction. Galaxies made of matter emit many more neutrinos than antineutrinos, so that a sufficiently strong neutrino signal from a galaxy should reveal whether it consists of matter or of antimatter.

With the DUMAND array it should be possible to examine not only astrophysical phenomena but also fundamental concepts in particle physics such as the electroweak theory; the unified theory of the weak interaction and the electromagnetic interaction. These interactions are two of the three fundamental forces of nuclear physics; the third is the strong force, which binds nucleons together. Neutrinos are subject only to the weak interaction; they do not "feel" the other nuclear forces. According to the electroweak theory, the weak and the electromagnetic interactions have about the same strength within some small distance (less than 10^{-16} centimeter) of a quark in a particle that is subject to both forces. At short range, then, the weak force is not weak.

A neutrino traversing a proton has a probability of less than one in a million of coming close enough to a quark and felling the weak force. Nevertheless, as the energy of the neutrino increases, the weak force plays more of a role, and the neutrino is more likely to interact with the proton. The electroweak theory predicts that above a certain critical energy the probability of a neutrino-proton interaction is no longer dependent on the energy. Neutrinos whose energies exceed the critical value are regularly created in the earth's atmosphere at a known rate. From this rate and the number of neutrino-nucleon interactions detected by the DUMAND array the probability of the interaction could be calculated, and the measured probability could then be compared with the predicted one. The theory also makes predictions about the distribution of energy among the various charged particles created in a neutrino-proton interaction. The DUMAND array will be able to test those predictions.

The DUMAND organization has recently investigated the possibility of putting another kind of detector at the surface of the sea or on the shore to measure the energy of the cosmic rays that would generate muons that would be detected by the DUMAND array. Information about the energy and the distribution of the muons could reveal much about the nature of high-energy interactions and high-energy cosmic rays.

The strongest motivation for the DUMAND project is that it will exploit a source of information about the universe that has not so far been exploited. The extension of astronomy from visible light first to radio waves and then to X rays and gamma rays never failed to lead to the discovery of unusual objects such as radio galaxies, quasars and pulsars. All these objects came as a surprise. It is likely that neutrino astronomy will bring its own share of surprises.

Mr. D'AMOURS. Mr. Speaker, I thank the gentleman from Hawaii for his contribution.

● Mr. SEIBERLING. Mr. Speaker, I rise to participate in this special order commemorating the 44th annual observance of National Wildlife Week and I commend the gentlemen from the Merchant Marine and Fisheries Committee, the Honorable JOEL PRITCHARD and the Honorable NORMAN D'AMOURS, for requesting this time. The observance, which was first proclaimed by President Franklin D. Roosevelt in 1938, centers this year on a resource which we share with other nations—the oceans.

I am departing from my usual reluctance to participate in special orders of this nature because, as a member of the former Select Committee on the Outer Continental Shelf and as a member of the Interior Committee, I have had an unique opportunity to learn of the extent of the impact of man's activity on marine life and resources in our coastal waters. I have participated in hearings on the dumping of nuclear wastes off our shores; the effect of oil and gas exploration on the offshore Continental Shelf, and its effect on the fishing industry and water quality of our coastal waters; and of development on the fragile barrier islands.

The condition of our barrier islands as an ocean resource is worth bringing in closer focus for purposes of this special order. The barrier islands are our first line of coastal defense against ocean storms. The National Park Service has identified 250 barrier island units, making up over 1,400,000 acres of uplands, wetlands and interior waters.

The barriers consist of unconsolidated sediments, with inland wetlands,

and ocean-front beaches. The islands literally roll over themselves as a natural component to the process of depletion and replenishment. Since the islands change position in response to storms, water levels, and current patterns, adapting as protection for the mainland, they are a truly hostile environment for manmade construction. Yet development on barrier lands is increasing at a rate greater than 6,000 acres per year, despite the dangers of the destructive forces of migrating inlets, overwash, and high winds. This rate of development, should it continue at the present pace, will consume all the undeveloped barrier lands by the year 1995, and destroy a natural resource essential to the protection of the mainland, and to the marine food chain and the natural wildlife and resources which thrive in the barrier ecosystem.

The barrier ecosystems sustain an amazing array of wildlife in their beaches, bays, estuaries, and wetlands. As part of a Federal effort to protect this wildlife, 31 refuges occupy barrier islands lands and waters, providing habitats for some of the most endangered and threatened species in the continent—the manatee, alligator, bald eagle, brown pelican, peregrin falcon, and several species of sea turtle. Moreover, the wetlands of barrier ecosystems are highly valuable for erosion control, flood control, pollution control, ground water recharging, and the vitality and productivity of our marine food chain. For example, offshore harvest of shrimp is directly correlated with the onshore acreage of salt marsh. Our coastal vegetation is a natural resource which moderates the summer heat, buffers strong winds, and cleanses and purifies our air, and reduces soil erosion and the runoff of storm water.

The very instability of these areas is the essential ingredient to their continued productive existence. Yet man continues to gamble with time and nature by claiming more and more of this natural—national—resource for residential and commercial development. Congress has the ability to protect this oceanic resource. Recent studies suggest that Federal acquisition of the private undeveloped coastal lands is the most cost-effective way of preserving the barriers and preventing the destruction experienced in the developed coastal zones. The Federal Government can in this way avoid the tremendous loss of natural resources, and the repeated investment in restoring structures on barrier lands that are destroyed or damaged periodically by ocean storms.

I hope that during this week—National Wildlife—my colleagues will take the time to listen or read the remarks offered by other colleagues in this special order on the oceans to prepare ourselves for the important decisions we may have to make further down the road.●

● Mr. VENTO. Mr. Speaker, the week of March 15 to March 21 marks the 44th anniversary of National Wildlife Week and I feel that this year's theme, "We Care About Oceans," is especially appropriate. Our diverse ocean resources extend from the rocky shores of Maine to the marshlands of Florida and from the icy coast of Alaska to the sandy beaches of Hawaii. Not only do people visit the ocean for recreation and sport, it also serves as the livelihood for entire economic communities.

Esthetically the ocean has always been a special place for Americans. The beauty of the beaches and the pureness of the air have always refreshed the spirit and confounded the imagination. In order to focus public attention on the value of the ocean, and the dangers that threaten and degrade its vitality, I hope that all my colleagues will give special recognition to the ocean's conservation problems during this National Wildlife Week.●

● Mr. HUGHES. Mr. Speaker, as a member of the Merchant Marine and Fisheries Committee and a representative from one of the Nation's most interesting and diverse coastal districts, I am pleased to have the opportunity to participate in today's special order marking the 44th annual observance of National Wildlife Week.

This year's theme, "We Care About Oceans," comes at an appropriate time. Although a tremendous amount of public concern over the need to protect and manage our important ocean resources resulted in several key legislative initiatives in the past decade, I sense that the controversy over ocean resource use and protection is not yet over.

The new budget proposals attempt to scrap much of the progress that Congress has made in ocean areas. Coastal zone management, sea grant, fishery assistance are just a few of the areas which are slated for reductions. At the same time, the EPA, NOAA, and others are studying the possibility of continued ocean dumping despite a clear congressional mandate to phase it out.

In looking ahead, however, I am optimistic. Public concern for protecting fragile ocean resources continues to be strong. Many of my constituents who earn their livelihood from the seas have a tremendous respect for the oceans and have become staunch supporters of marine protection programs. Many others who live in my district spend their lives in close proximity to the ocean. These people have also demonstrated their concern over the future of the marine environment. They clearly understand the interrelationship between their daily lives and the ocean environment. They also have an admirable respect for this fragile resource.

Last month, I introduced legislation which would create an interagency task force to look into past dumping of radioactive waste in the oceans and to recommend to Congress a comprehensive health and environmental monitoring program for the affected areas. I am extremely pleased to see that support for this measure has come from Representatives and individuals throughout the country and not just from those areas which are directly affected by past dumping practices.

In looking back over the past decade, I am proud to say that Congress has taken a number of important initiatives in the conservation of the marine resources and the protection of the ocean environment. I am hopeful that the 97th Congress will follow suit and continue to maintain its responsibility as trustee for future generations who will depend on clean and healthy oceans for food, energy, minerals, and recreation.

As land-based resource and waste disposal problems become more complex and politically volatile, we will see an inclination on the part of some to look toward the ocean as a workable solution. I hope that we in Congress will not be swayed by those who believe there is no constituency for the oceans.●

● Mr. DYSON. Mr. Speaker, I wish to take this opportunity to commend the National Wildlife Federation on this year's celebration of National Wildlife Week. This is the first time a wildlife week theme has focused on the sea, and I believe that this year's theme of "We Care About Oceans" is particularly relevant.

While the ocean is a natural resource on which we are all dependent, most of us take it for granted. The oceans not only cover 71 percent of the Earth's surface, but they serve as a reservoir for 97 percent of the Earth's water supply, provide us with half our life-sustaining oxygen, and provide us with millions of tons of food. Even though we are so totally dependent on this massive natural resource, we continue to treat it as a bottomless disposal site, dumping into it sewage, deadly chemicals, and nuclear wastes.

I am particularly concerned about the radioactive wastes which have been disposed of in ocean and coastal waters off U.S. shores. According to the Environmental Protection Agency, the United States dumped more than 86,000 containers of radioactive waste material into ocean and coastal waters between 1946 and 1970. Most of this radioactive material was packaged in 55-gallon drums filled with cement so that they would sink to the bottom of the ocean. The material was dumped in water depths from 50 feet to 15,000

feet at over 35 locations in the Atlantic and Pacific. Most of this material, however, was deposited in four dump sites—two sites in the Atlantic Ocean off the Maryland-Delaware-New Jersey coast, and two sites in the Pacific Ocean off San Francisco.

I have recently cosponsored legislation introduced by my colleague, Representative BILL HUGHES of New Jersey, which would create an interagency task force to inventory the radioactive material which has been dumped into ocean waters within 300 miles of U.S. shores. The task force would recommend to Congress within 1 year a comprehensive plan for monitoring and assessing the impact of these wastes on public health and the marine environment.

As we celebrate National Wildlife Week this year, I fervently hope that the Congress will closely and carefully examine the effects of radioactive material in the marine environment before we exacerbate the problem for the future.●

● Mr. HOWARD. Mr. Speaker, I have always felt very fortunate to represent a district that has as its eastern border the Atlantic Ocean. Not only does the ocean provide us with great pleasure, it forms the economic base for many seashore towns—providing jobs for fishermen and college students alike.

With our proximity to this great natural resource comes the responsibility to see that it is protected from pollution and misuse. That is why it is important to demonstrate our concern publicly and to do what we can, here in the Congress, to promote conservation of the seas. For too many years in the past, many regarded oceans, rivers, and lakes as convenient dumping grounds for any and all types of waste—oil, pesticides, sewage, and other toxic materials. Because of this attitude, such pollution has inflicted irreparable injury on the lives of individuals, on communities, and on the ecosystem. The people of New Jersey have seen firsthand such destruction and damage.

In response to such an unprecedented threat to the environment, government has implemented—at the Federal, State, and local levels—a number of policies and programs which have led to a noticeable improvement in many of America's water ecosystems. Unfortunately, much remains to be done to correct the years of abuse and neglect that have befallen our great waterways. On National Wildlife Week, let us reaffirm our commitment—that we do care about oceans—and that we will see to it that they are protected for future generations. With our commitment, oceans will continue to provide food, enjoyment, and a way of life for many people now and in the future.●

● Mr. OTTINGER. Mr. Speaker, as a past recipient of the National Wildlife Federation's Congressman of the Year Award, I would like to join my colleagues in welcoming Walter Cronkite as chairman of this year's observation of National Wildlife Week. Walter has become a key figure in publicizing efforts to preserve our deteriorating and dwindling resources.

I would also like to join my colleagues in emphasizing the importance of our oceans—this year's wildlife week theme. My congressional district, New York's 24th, borders Long Island Sound.

Coastal areas are becoming increasingly popular places for people to live. By the end of the decade it is expected that three out of every four Americans will live within 50 miles of the coast. With this increased popularity, comes the threat of harm to the oceans' ecosystem in the form of urban and industrial development and misuse of highly productive wetlands. Being an ardent conservationist, I feel the importance of our ocean and coastal resources should not be overlooked.

More than two-thirds of the world is covered by ocean, a single body of water upon which the entire world is dependent. The ocean, like the air, is a shared resource. Not only does the oceans' ecosystem contain the largest creature in existence today, the great blue whale, but it also has the ability to provide us with excellent and substantial sources of food. The ocean even helps to maintain a stable climate. We may, in fact, also need to make greater use of seawater to provide us with fresh water during drought, in addition to possible alternate sources of energy.

It is critical that we protect this unique and diverse resource from the pressures of advancing technology and overexploitation of its resources. To be successful in maintaining this system will require an international effort. I would like to encourage this Congress to act quickly, as prolonged delays could mean the demise of our oceans. I would also like to suggest that all my colleagues read the chapter relating to coastal and marine resources in "Global Futures: A Time To Act." This chapter summarizes some of the problems we can expect if no immediate steps toward conserving our ocean resources are taken.●

● Mr. IRELAND. Mr. Speaker, I am pleased to join my colleagues in celebrating National Wildlife Week, and to speak specifically today on this year's theme, "We Care About Oceans." The environmentalists, fishermen, and scientists of Florida and our Nation have worked hard for the benefit of our oceans and I applaud their efforts.

As a Floridian, I am particularly sensitive to the importance of the oceans. Florida has approximately 1,000 miles of coastline—more than any State except Alaska, and, of course, our water resources are important to all Floridians.

In 1980, tourists spent $17.1 billion in Florida. More than 11 percent of the Florida population works in the tourist industry and I would hate to think where we would be if our ocean resources were defiled. Our oceans serve many others, as well. For example, Florida has the sixth largest fish catch in the United States. In 1979, the dockside value of the fish caught was $124 million. Those working in these important industries to Florida are dependent on the Atlantic Ocean and the Gulf of Mexico for much of their livelihood.

Looking to the future, the oceans and the gulf are also a rich source of energy. The U.S. Geological Survey has estimated resources from 10 to 49 billion barrels of crude oil and from 42 to 81 trillion cubic feet of natural gas are located on the Outer Continental Shelf, which runs along our Atlantic and Pacific coastlines. Oil and gas are presently being produced in the Gulf of Mexico. It is vital that we underscore the need to develop these resources cleanly, so that our environment is not harmed.

Furthermore, the Government and private industry are studying proposals to obtain energy from temperature differences that exist between warm water at the surface of oceans and cold water in the deep oceans.

Rich deposits of strategic minerals have also been discovered in the ocean, particularly in the northern Pacific. Estimates of the quantity of minerals in the Pacific Ocean range from 100 to 1,600 billion tons. The mining industry is presently developing the technology to mine these minerals in the deep sea.

It is important that we continue to develop these resources. However, we must develop them carefully. The impact of dumping chemical waste at the Love Canal, in New York, has demonstrated clearly the danger we face if we do not examine closely the impact our actions have on our environment, which keeps us alive.

It is essential that we conduct studies of the oceans and its inhabitants so that we can measure our impact. The Mote Marine Laboratory, on Longboat Key, in my district, is an excellent marine laboratory which has conducted a significant study of sharks and has completed an important study of the "red tide." We must continue such research and expand it to include more studies on man's impact on the ocean, or we may again pay for our mistakes.

So I again wish to add my voice to those celebrating National Wildlife Week, and to thank the many concerned people and organizations in Florida and in my district who spend their time making our ocean resources productive for the present, and clean and safe for the future.●

● Mr. PRITCHARD. Mr. Speaker, I rise in support of National Wildlife Week, and I would especially like to speak briefly about the value of the ocean and its resources to our Nation and our economy. From the beginning, our Nation has looked to the sea for a variety of resources, as a medium for transportation, and defense. We are now increasingly advancing our technological capabilities to develop ocean resources as well as increasing our understanding of the significant contribution made by the oceans to our global environment.

It is fitting during National Wildlife Week that we pay particular attention to the oceans as a resource which needs to be further developed, managed wisely, and protected. At a time when our Nation needs to look for new sources of minerals, food, and other raw materials, the oceans provide attractive prospects, assuming that we judiciously develop these resources without diminishing the productivity of other resources. At this time, we are also facing dramatic changes in the legal regime which affects conduct of many ocean activities, especially those activities which in the past were conducted under the aging concept of the freedom of the high seas. Under the 1958 Convention on the High Seas, many activities including mining of the deep seabed and fishing beyond 12 miles were considered as high seas freedoms along with navigation and other rights such as the freedom to conduct marine scientific research. In the early 1970's, we began a long process of negotiation with the other nations of the world within the United Nations Conference on the Law of the Sea. Formally commencing in 1974 in Caracas, we began a process of fashioning a new law of the sea, and we have endured several turbulent periods during these negotiations including the period we are going through right now. The Law of the Sea Conference has become a major forum for the so-called north-south conflict and the new international economic order.

During this slow progress over the last few years, the United States has proceeded with domestic legislation for both a 200-mile economic resource zone which covers primarily fisheries and, in a more contentious action, the United States has proceeded with domestic seabed mining legislation. Although the 200-mile fisheries legislation is quite close to the emerging consensus within the law of the sea negotiations for fisheries management by coastal States, the deep seabed mining legislation departs significantly from the concept embodied in the law of the sea text. Within the law of the sea text, a new Seabed Authority would be created for the governance of the exploitation of minerals from the deep seabed. This is a major change in international law and it recognizes an entirely new concept which says that the resources of the deep seabed are part of the common heritage of mankind. Although there are many other provisions in the law of the sea text which provide for improved management, development, and protection of marine resources, this new concept is the most troublesome for the United States to swallow. Part of the derivation of the concept of the common heritage of mankind was to stave off what was felt by the United States at the time as "creeping jurisdiction" by many countries such as Peru and Ecuador in the late 1960's.

During this time when we are experiencing major changes in the international regime for ocean management, as well as a major change within our own administration, it is important that we, as Members of Congress, continue to see that ocean resources are managed wisely and efficiently. It is my view that we are experiencing a time in ocean resource development which is similar to the time when the United States opened up the Western lands of the United States. Property rights in ocean resources are still very unclear as they were during the development of the frontiers of the West. However, with such events as the enactment of 200-mile fisheries legislation and the development of an international regime for certain ocean activities, we are beginning to clarify property rights in ocean resources. As these property rights evolve, more sound investment and development of ocean resources is likely to occur, and better management can likely result as well. In Japan, for example, if fisheries resources are damaged by certain types of industrial pollutants, the fishermen who depend on the fishery stocks for their livelihood, are compensated. This type of property right is valuable both to assure wise development and protection of resouces.

Given the rapid changes in technology and the continuing pressures on ocean resources, it is important that we extend our experience in land management to the oceans and apply what has worked well. It is appropriate during National Wildlife Week that we appraise how we have managed our ocean resources over the last few decades, and seek ways to improve the management of our last frontier.●

GENERAL LEAVE

Mr. D'AMOURS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the subject of this special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

COMMITTEE BUDGETS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 15 minutes.

Mr. ANNUNZIO. Mr. Speaker, last week the Subcommittee on Accounts, which I am privileged to chair, completed action on budget requests for the committees and related organizations of the House. I am taking this time today because I think it is important that every Member of this body be fully informed as to the way the subcommittee conducted itself in handling budget requests.

I have noted in recent weeks that many Members on the opposite side of the aisle have delivered fiscal restraint speeches which made it appear that the Accounts Subcommittee was conducting a giveaway program that was rivaled only by "Tic-Tac-Dough," "The Price Is Right," and the "$50,000 Pyramid."

I did not rush into the Chamber each time such a speech was made to defend the subcommittee because while some were talking, the subcommittee was working. We are not interested in making headlines. We were interested in doing our job. I am not standing in the well today to pat myself on the back, but rather I am here to pat the subcommittee on the back.

Some Members would leave the impression that the subcommittee whipped through budget requests without any opportunity for discussion or to hear minority opinions. Let me set the record straight. The subcommittee held 8 days of hearings during which it heard 25 budget requests. We took testimony from more than 70 witnesses and no one who asked to appear was denied an opportunity. We had a spirited discussion of each budget request, but unfortunately there are some who believe that the democratic principle should not prevail. They believe that the decision of the majority is somehow foreign to our American form of government.

But what bothers me the most, Mr. Speaker, is the impression being left by some Members that the Accounts Subcommittee has not done its job. I submit that no matter what the subcommittee did, there are those on the other side of the aisle who would not endorse its action.

When I was elected chairman of the Accounts Subcommittee at the beginning of this Congress, I did not take the job for the purpose of stripping the House of Representatives of its ability to do its job. This is the house of the people, and the people are calling upon their elected Representatives to eliminate unnecessary Government spending, but how can we do that job if there are not enough funds availa-

ble to conduct the work of the Congress?

The Senate budget has been held up as a model of financial restraint because it accomplished a 10-percent budget cut from current authorization. But what those Members who held up the Senate as an ideal model have failed to point out was that the Senate did not cut its budget by 10 percent of the amount that it spent last year, but rather it cut its budget by 10 percent of what it was authorized to spend last year.

Now let us look at what the Accounts Subcommittee has done. The 25 budget requests submitted to the subcommittee for 1981 totaled $47,394,476. The subcommittee reviewed each budget carefully, and by cutting out unnecessary jobs and unnecessary expenditures, reduced the overall request to $42,886,562. That means that the subcommittee cut more than $4.5 million from the budget requests. In percentage figures, it was a cut of 9.5 percent from the amount requested by the 25 committees and support agencies. We arrived at the budget cuts not by imposing an arbitrary 10-percent figure, but rather by looking at each budget individually and judging each committee on its past performance and projected workload. If we had cut on the basis of an arbitrary 10 percent, we might have hurt some committees which had a legitimate need for extra funds, while at the same time we might have given extra money to committees that were unable to justify such extra funds.

Since some Members have chosen to compare the Senate and House budgets, let me explore that matter further. The Senate budget for this year is $41,698,899. That amount is to service only 19 committees and 100 Members. The Accounts Subcommittee has recommended a budget for the House of only slightly more than $1 million more than the Senate will spend. But the House budget will go to 25 committees and support organizations which service 435 Members.

I contend that we have done a better job than the Senate because we will be spending less money for each Member than will the Senate. I would also point out that the Senate budget is not a complete budget. For example, the Senate does not contain the $17 million that body spends for its information processing unit. The Accounts Subcommittee budget, however, contains a $9 million expenditure for the operations of the House Information System. If the House were not required to show the $9 million funding for the House Information System, the proposed funding budget for this year would be only $33,886,562.

That would represent a 21-percent decrease from the 1981 House authorization. And if the Senate were required to include the $17 million that it spends on its information services, it would result not in a 10-percent reduction over the 1980 authorization, but rather an increase of 26 percent.

So let us put to rest once and for all the myth about what a good job the Senate has done in cutting its budget. The Senate may well have done more in the way of recalculating, than it did in budget cuts. And when I hear talk of the Senate cutting staff positions, let us make it clear that the only staff people that got fired on the Senate side were Democratic staff members. When the Republicans took control of the Senate, they cut staff but no Republican blood was spilled.

In fact, Mr. Speaker, if you compare the individual budgets of the House and Senate committees, you find that in almost every case it is the Senate that is spending the most money even though it is servicing 335 less Members. The only reason that the House budget is even slightly larger than the Senate budget is that the House has more committees. And I think that is quite proper, given the number of Members who serve in the House.

Mr. Speaker, in the past weeks there has been so much smoke blown into the ears of the American public by some Members of this House that it is a wonder that every smoke detector on Capitol Hill has not been set off. But I know that those who like to blow smoke will continue their unwarranted attacks.

As chairman of the Accounts Subcommittee, I honestly and sincerely believe that the amount recommended by the subcommittee is a just and fair budget for the House of Representatives. We are being asked to use a budget of $43 million to make decisions on a national budget of more than $710 billion.

And with all the talk of increased spending on the military, I would point out that the $43 million budget proposed by the Accounts Subcommittee for the operations of this House in 1981 compares very favorably to the cost of a single jet fighter which costs between $16 to $32 million, or to the proposed B-1 bomber that will cost between $40 to $50 million apiece. And if we bring a battleship out of mothballs after 20 years on the shelf, such an action will cost several hundred million dollars for processing each ship. And consider, finally, that a single Trident submarine will cost $1.2 billion and that a *Nimitz*-class nuclear aircraft carrier will cost $2.3 billion.

Is it unrealistic then for this body to consider such costs with a budget of only $43 million?

□ 1615

WE MUST UTILIZE COAL, ONE OF AMERICA'S MOST ABUNDANT RESOURCES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 10 minutes.

● Mr. CORCORAN. Mr. Speaker, I am pleased today to join Congressmen RICHARD C. SHELBY of Alabama, KENT HANCE of Texas, and CLEVE BENEDICT of West Virginia, in introducing the Coal Incentives Act of 1981. This legislation is very similar to H.R. 8269, a bill I joined in introducing on October 1, 1980.

We simply must increase our utilization of coal, one of our most abundant resources. It makes absolutely no sense to continue our self-inflicted dependence on OPEC oil, and it is especially appropriate that we are introducing this bill during American Energy Week.

The bill we are introducing today would provide incentive to the production and use of coal by amending the Clean Air Act and the Internal Revenue Code of 1954. While we must take care to continue to protect our environment, we must also balance environmental policies with energy, national security, and economic considerations.

Mr. Speaker, for the benefit of our colleagues, I would like to insert in the RECORD at this point a section-by-section analysis of the Coal Incentives Act of 1981:

SECTION-BY-SECTION ANALYSIS OF COAL INCENTIVES ACT OF 1981

TITLE I

Section 101

Section 101 defines coal in language similar to that used in the New Source Performance Standards regulations.

Section 102

Current Law. Section 109(d)(1) of the Clean Air Act provides for a review by December 31, 1980, of all the existing criteria upon which the current air quality standards are based. Furthermore, this review shall be repeated at no less than five year intervals so that the Administrator may revise air quality criteria and standards and promulgate new standards when appropriate.

Amendment. Section 102 of the bill extends the current deadline in the Clean Air Act for review of existing air quality standards by one year. The extension would permit the review to include a cost benefit analysis of the regulations with an emphasis on the impact of the regulations on the utilization of domestically produced coal. The standards promulgated as a result of this review would be subject to Congressional review and a one House veto in accord with provisions of the Energy Policy and Conservation Act.

Section 103

Current Law. Section 110(a)(3)(B) of the Clean Air Act sets July 1, 1979, as the date by which state implementation plans bear-

ing attainment dates later than December 31, 1982, must be revised.

Amendment. Section 103 of the bill extends the deadline for state implementation plans through 1981.

Section 104

Current Law. Section 110(f) of the Clean Air Act outlines a procedure whereby a temporary emergency suspension of the state's implementation plan may be granted. To obtain such a suspension, the owner or operator of a fuel burning source must apply to the Governor of that state, who in turn petitions the President if he, the Governor, finds that an energy emergency exists in the area and is causing high levels of unemployment or the loss of necessary energy supplies to residential dwellings. The President is then to determine whether the emergency is severe enough to mandate a suspension and whether there are alternative means of responding to the crisis. If there are no other alternatives, the Governor may then order a suspension of a state's plan for as long as four months, except that the Administrator may shorten the suspension period or recind it altogether if he determines that the necessary conditions are not in fact present. If the state has not yet adopted an implementation plan, the above determination and order shall be made by the President. Finally, the Governor may include under such a suspension the compliance schedule to which such source is subject under Section 119 or Section 113(d) of the Clean Air Act.

Amendment. Section 104 of the bill provides additional flexibility under Section 110(f) of the Clean Air Act. This section permits the Governor or the President to suspend air quality regulations to allow utility and industrial plants to switch to coal and allows a suspension to remain in effect for five years. The amendment adds a new basis for suspension, if energy imports have reached an excessive level and the emergency suspension can reduce such imports.

Section 105

Current Law. Section 111(a) of the Clean Air Act provides that if a facility is mandated by Federal requirement to convert to coal, it is not subject to New Source Performance Standards.

Amendment. Section 105 of the bill provides that voluntary conversions to coal are treated on the same basis as mandatory conversions.

Section 106

Current Law. Section 113(d)(5)(A) of the Clean Air Act extends the compliance deadline to 1980 and to 1985 in certain instances for major stationary sources which are required by Federal law to switch from oil or gas to coal.

Amendment. Section 106 of the bill permits the extension of compliance deadlines for sources converting to the use of coal to 1983. This extension would apply regardless of whether the conversion is voluntary or compelled by a prohibition order or the threat of natural gas curtailments.

Section 107

Current Law. Section 120(a)(2)(B) permits the waiver of non-compliance penalties for certain facilities (e.g., facilities required to convert to coal by Federal mandate).

Amendment. Section 107 of the bill waives non-compliance penalties for facilities whose only alternative to using coal is oil, gas or another non-renewable energy source.

Section 108

Current Law. Section 125(h) of the Clean Air Act defines "locally or regionally available coal or coal derivatives" to be coal which can be produced in the region of the major fuel burning stationary source.

Amendment. Section 108 of the bill clarifies the definition of local coal to include coal mined within the state in which a source is located or a state sharing a common border with that state.

Section 109

Current Law. No provision.

Amendment. Section 109 of the bill provides that any major stationary source which meets all applicable emission standards shall not be subject to more stringent limitations for a period of ten years.

Section 110

Current Law. Section 162(a) of the Clean Air Act creates certain class I areas automatically and bars redesignation of such areas. All national wilderness areas in excess of 5,000 acres are automatically included in class I.

Amendment. Section 110 of the bill would revise the initial classifications. The size threshold for including national wilderness areas in class I would be increased from 5,000 acres to 50,000 acres. The 71 national wilderness areas smaller than 50,000 acres account for only 5% of total class I acreage and attract only 4% of the visitors to class I areas.

Section 111

Current Law. Section 163(b) of the Clean Air Act establishes the maximum allowable increases in sulfur dioxide in particulate matter concentrations for each area according to its classification. Section 165(a) establishes such maximums for new facility emissions which impact on class I one areas. These allowable increases are measured on an annual mean, and 24 and 3 hours maximum, basis.

Amendment. Section 111 of the bill changes the period of time over which increases in pollutants would be measured to an annual geometric mean only and eliminates short-term maximum allowables.

Section 112

Current Law. Section 164(a) of the Clean Air Act outlines state authority to redesignate an area's classification. Any area may be redesignated as class I and certain national park or wildlife areas may only be redesignated class I or II. To redesignate an area as class III, specific procedures must be followed to gain the participation of all the relevant governmental groups and a finding that the redesignation will not result in the violation of the applicable air quality standards must be made.

Amendment. Section 112 of the bill requires that states follow the same procedure to reclassify an area to class I as they currently follow to reclassify an area to class III.

Section 113

Current Law. Under Section 165(d), Federal land managers of a class I area are required to be informed of any facilities whose emission may affect the class I area. A Federal land manager is given affirmative responsibility to protect air quality related values including visibility of the class I area.

Amendment. Section 113 of the bill requires that Federal land managers only receive notice of facilities to be constructed within 50 miles of the class I area. The bill would limit the Federal land managers' authority under Section 165(d)(2)(C)(ii) to block a permit to facilities located within 50 miles of the class I area.

TITLE II

Section 201

Current Law. Under the Internal Revenue Code, investments in pollution control equipment with a useful life of five years are eligible for the full investment tax credit without regard to rapid amortization.

Amendment. Section 201 would also make the 10% investment tax credit available to the extent 100% of a taxpayer's rapidly amortized basis in facilities under Section 194.

Section 202

Current Law. The Internal Revenue Code provides an energy tax credit for coal preparation plants. However, eligibility for the credit is restricted to plants at the point of use.

Amendment. Section 202 of the bill would delete the restriction on energy tax credits for coal preparation plants thus making coal preparation plants at the mine eligible for energy tax credits.

Section 203

Current Law. Under the Energy Tax Act of 1978 and Title II of the Crude Oil Windfall Profit Tax Act of 1980, an additional investment tax credit is provided for investments in eligible property. Generally, public utility property is not eligible for energy tax credit.

Amendment. Section 203 of the bill would modify the energy tax credit enacted as part of the Energy Tax Act of 1978 and the Crude Oil Windfall Profit Tax Act of 1980, by allowing public utility property, which is also coal utilization property, to qualify for any applicable energy tax credit.

Section 204

Current Law. No provision.

Amendment. Section 204 of the bill would add a new section 194 to the Internal Revenue Code of 1954 to permit the rapid write-off of coal utilization property. This is defined as a boiler or burner for which coal will be the primary fuel or pollution control equipment required by Federal, state or local regulations in connection with the use of coal-burning equipment.●

FEDERAL GRANTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 15 minutes.

● Mr. COLLINS of Texas. Mr. Speaker, with all of the discussions about Federal grants, I was interested in reviewing two sets of comparable figures. One of them is a study that was made by City Councilman Steve Bartlett. Bartlett compared five cities as regards their community development, transit subsidies, and revenue sharing.

Here is Steve Bartlett's most enlightening comparison:

With all the debate on the supposed regional bias in the President's tax and budget cuts, I took the opportunity to conduct a brief inquiry into various levels of federal grants in several cities in the nation. While this report is in no way comprehensive as to all types of grants or as to all types of cities, I do believe the results to be revealing.

City	Population	Community development	Transit subsidies	Revenue sharing
Dallas	901,000	$17,146,000	$5,338,000	$13,959,000
Buffalo	357,000	22,768,000	.....	6,248,000
Detroit	1,192,000	63,000,000	30,000,000	48,800,000
Cleveland	573,000	32,000,000	16,453,000	14,255,000
New Orleans	557,000	9,138,000	10,000,000	19,413,000

I also found a splendid comparison of city busfares that was prepared by Clif Bosler, a staff member of the Dallas Morning News. Compare the subsidies, which ranged from 37 percent in Dallas to 75 percent in St. Louis and Los Angeles.

Why should city busfares be 40 cents in Houston and 65 cents in Dallas, while the Federal Government is paying twice as much subsidy to Houston?

Look at the city bus fares and the tremendous subsidy that is going into them. Below is the chart which appeared in the Dallas Morning News:

CITY BUSFARES

City	Base fare	Revenues (percent), of budget	
		Fare box	Subsidies
Dallas	65¢	63	37
Chicago	80¢	50	50
Pittsburgh	75¢	45	55
Los Angeles	65¢	25	75
New York	60¢	55	45
Detroit	60¢	33	67
St. Louis	50¢	25	75
San Francisco	50¢	30	70
Denver*	50¢	25	75
Houston	40¢	30	70

* Rush hour rate. ●

CRIMINAL JUSTICE SUBCOMMITTEE TO HOLD BRIEFING ON REVISION OF THE FEDERAL CRIMINAL CODE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CONYERS) is recognized for 5 minutes.

● Mr. CONYERS. Mr. Speaker, I wish to announce that the Subcommittee on Criminal Justice, which I chair, will hold its first briefing on revision of the Federal Criminal Code for Members, staff, and interested persons.

The briefing will be held on Friday, March 20, 1981, at 10 a.m. in room 2226, Rayburn House Office Building.

The discussion will include the background of the Criminal Code revision efforts, and the major issues involved. Additional briefings on specific topics will be held in the near future. The subcommittee hopes to begin hearings on Criminal Code revision as soon as the new administration is prepared to present its views.●

AGAINST MILITARY AID TO EL SALVADOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. LOWRY) is recognized for 5 minutes.

● Mr. LOWRY of Washington. Mr. Speaker, I rise to speak against military aid to El Salvador and join my colleagues in calling for immediate suspension of present and future military aid for that country.

The situation in El Salvador cannot be compared with situations in other countries—it is unique to the Salvadorans. Any policy that ignores this, ignores the history and the culture of the people and is destined to failure.

Tremendous social inequalities are contributing to the present unrest in El Salvador. El Salvador's traditional governmental structure has not addressed or resolved these inequalities. President Duarte's government, in an attempt to break with the past, vowed to mediate with all political forces and reduce the violence. It is time that the United States actively encourage the fulfillment of that stated mission. Rather than adding to the conflict by supplying more arms and advisers, we should concentrate our efforts on halting the violence, much of it perpetrated by the military forces we support, while encouraging the formation of a government that is dedicated to free elections and to the participation of all Salvadorans in the political life of their country.

Certainly the Salvadoran people are not interested in continuing the historical military/oligarchy alliance which has been their government. The uprisings in the past have been the result of the need for land—of the hope of obtaining the right to a life that allows survival.

Now is the time for the United States to take a role in emphasizing a political solution to the problems in El Salvador. A negotiated settlement which involves all parties in the conflict must be our policy in El Salvador. European nations and countries in our hemisphere understand this and could aid in this pursuit. We should make sure that President Duarte knows that continued U.S. aid is contingent upon his controlling the security forces under his government's jurisdiction. The United States must wisely lever aid to secure a peaceful settlement that results in a new, broadly based political structure for the Salvadoran people. The alternative is continued civil war and violence that could result in the deaths of hundreds of thousands of Salvadorans. Such a situation is unacceptable, but likely given the current course of U.S. policy.

Let us make it perfectly clear that we have not lost interest in the investigation into the murders of six Americans. Let us make it clear that we support reform and that human rights and democracy are the bulwark of our foreign policy.●

EXPORT-IMPORT BANK FINANCING NOTIFICATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 5 minutes.

● Mr. NEAL. Mr Speaker, I am notifying the House today of the U.S. Export-Import Bank's proposal to help finance the sale of 18 Boeing Co. jet aircraft and related spare parts to Ansett Airlines of Australia. This transaction would make possible the export of nearly $457 million worth of U.S. goods.

The Eximbank is prepared to extend a direct credit of $289,251,000 to facilitate this sale. Ansett Airlines is prepared to buy five B-767's, four B-727's, and nine B-737's. The airframe components of the planes will be made by the Boeing Co., the engines by the General Electric Co. and by Pratt & Whitney. These three companies will subcontract with numerous other U.S. firms.

This notification from Eximbank was referred to me as chairman of the Banking Committee's Subcommittee on International Trade, Investment and Monetary Policy. Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, requires that the Eximbank notify Congress of proposed loans or financial guarantees, or combinations thereof, of $100 million or more. Unless the Congress determines otherwise, the Eximbank may give final approval to the transaction after 25 days of continuous session of the Congress after notification.

This Ansett loan has been the subject of many newspaper reports. I hope that my colleagues will read the official Eximbank notification, which provides a detailed account of the proposed transaction and includes the terms and particulars of the financing arrangement.

I would welcome any comments or questions my colleagues may have about this notification. The Eximbank material follows:

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., March 5, 1981.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES,
The Speaker's Room,
The Capitol,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States House of Representatives with respect to the following transaction involving U.S. exports to Australia.

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to extend a direct credit of $289,251,000 to Ansett Aviation Equipment Pty. Ltd. ("AAE"), with the unconditional guarantee of the Government of Australia. The purpose of this Eximbank financing is to facilitate the purchase in the

United States by AAE of 18 new Boeing jet aircraft and related spare parts (5 B-767s, 4 B-727s and 9 B-737s). The engines for the aircraft are manufactured by General Electric Company and Pratt & Whitney. The total U.S. export value for this transaction is estimated to be $456,893,300.

2. Identity of the parties

AAE is a wholly-owned subsidiary of Ansett Transport Industries Limited, which is also the parent of Ansett Transport Industries (Operators) Proprietary Limited ("Ansett"). Ansett operates Ansett Airlines. Ansett's current fleet consists of 12 DC-9s, 11 B-727s and 11 F-27s. Ansett, which is one of the two major domestic airlines in Australia, will lease the financed aircraft from AAE. Eximbank has dealt with Ansett (the parent company) since 1966, and its experience on all the Ansett credits has been good.

3. Nature and use of goods and services

The principal goods to be exported from the United states are the above-described aircraft, which are to be used by Ansett on its existing domestic routes. The airframe components will be manufactured by the Boeing Company of Seattle, Washington. The engines for the aircraft will be manufactured by General Electric Company's jet aircraft engine division in Cincinnati, Ohio and by Pratt & Whitney in Hartford, Connecticut. The three companies will subcontract with numerous U.S. companies for major portions of the airframe and engine manufacture.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The Eximbank Credit of $289,251,000 will facilitate the export of $456,893,300 of U.S. goods and services. Sales, profits and employment of U.S. aircraft manufacturers and their subcontractors are heavily dependent upon exports. Through 1990, aircraft purchases by foreign airlines are expected to account for approximately 40% of total U.S. aircraft sales.

The Boeing Company estimates that the export of the aircraft will provide 10,575,100 man hours of work for the company and its sub-suppliers. Additional benefits which will flow to the United States from the transaction include sizable follow-on exports of spare parts, ground support and other related equipment.

In 1979 Ansett decided on a major expansion of its fleet of aircraft. In the same year, Trans Australia Airlines, the government-owned airlines which is Ansett's only major domestic competition, decided to purchase 4 Airbus A-300 B4 aircraft, with an option for 8 additional aircraft. The two airlines had long followed a policy of buying the same kind of aircraft, so Ansett's initial consideration was of the Airbus. On February 11, 1980, Airbus offered to sell to Ansett 4 Airbus A-300 B4 aircraft, with options for 6 to 8 additional aircraft. The financing offer for the firm sale was for 85% cover in a basket of European currencies and U.S. dollars, with a blended interest rate of 7.95%.

The Boeing Company had also been negotiating with Ansett for the purchase of its planes rather than the Airbus. On February 19, 1980 Boeing and Ansett informed the Bank that Ansett was about to make a final decision on the purchase of the new aircraft, either the 12 Airbus A-300 B4s or a package of Boeing planes.

In response to its statutory mandate to provide credits at rates and terms which are competitive with those provided by the government supported export credit agencies of other countries, the Board of Directors of the Bank on February 28, 1980, authorized a preliminary commitment covering the sale of five 767's, four 727's and nine 737's. The Eximbank financing so authorized appears to have been a significant factor in overcoming the favorable financing offered by Airbus and in winning the sale for the U.S. suppliers.

2. The financing plan

The financing plan for the total U.S. procurement supported by Eximbank is as follows:

	Percent of U.S. costs	Total
(1) Five B-767's:		
Cash payment	15	$35,261,000
Eximbank credit	85	199,813,000
Total	100	235,074,000
(2) Four B-727's:		
Cash payment	15	10,442,000
Eximbank credit	49.6	34,550,000
Private financing [1]	35.4	24,624,000
Total	100	69,616,000
(3) Nine B-737's:		
Cash payment	15	22,830,300
Eximbank credit	36.1	54,888,000
Private financing [1]	48.9	74,485,000
Total	100	152,203,300

[1] Without Eximbank guarantee.

(a) Eximbank Charges

The Eximbank Credit will bear interest as follows:

Five B-767s, 8.0% per annum.
Four B-727s, 8.375% per annum.
Nine B-737s, 8.4% per annum.

The overall blended interest rate for the Eximbank and the private credits (together totaling 85% of the U.S. Costs) at current market rates is estimated to be about 9.75%. The interest is payable semiannually. Eximbank will charge a commitment fee of ½ of 1% per annum on the undisbursed part of the Eximbank Credit.

(b) Repayment Terms

Aggregate disbursements under the Eximbank Credit and the Private Financing will be repayable in 20 equal, semiannual installments as follows:

(1) Five B-767s: Two repayment schedules: one schedule for the first four aircraft delivered, with repayment beginning June 30, 1983; and one schedule for the fifth aircraft delivered, with repayment beginning February 28, 1985.

(2) Four B-727s: One repayment schedule, beginning February 15, 1982, with the Private Financing being repaid first.

(3) Nine B-737s: Three repayment schedules, with the Private Financing being repaid first: one schedule for the first four aircraft delivered, with repayment beginning January 30, 1982; one schedule for the next two aircraft delivered, with repayment beginning April 30, 1982; and one schedule for the last three aircraft delivered, with repayment beginning July 30, 1982.

(c) Additional Information

Attached is additional information on Eximbank activity in and economic data on the country involved in this transaction.

Sincerely,

JOHN L. MOORE, Jr.

Attachments.

ATTACHMENT 1

EXIMBANK EXPOSURE IN AUSTRALIA AS OF JAN. 31, 1981

[In thousands of dollars]

	Outstanding	Undisbursed
Direct loans	$149,979	$23,320
CFF loans		
Financial guarantees	3,074	
Bank guarantees and other	6,766	6,000
Insurance:		
Medium-term	7,150	4,125
Short-term	51,099	
Total for Australia	218,068	33,445

DEFAULTS AND RESCHEDULINGS

In the past ten years our only problem loans and guarantees have been the ones for the Greenvale Nickel Project (private sector), which have been restructured three times.

Attachment 2.—AUSTRALIAN KEY ECONOMIC INDICATORS

[All values in U.S. dollars are in millions (unless otherwise specified)]

Fiscal year = July 1 to June 30	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Percentage change [1]
Exchange rate: U.S. dollars = Australian dollar	0.869	0.905	0.864	
Income, Production, Employment				
GDP at current prices	136,094	113,381	131,756	+12.5
GDP at constant fiscal year 1974–75 prices	98,797	76,373	80,574	+2.2
Per capita GDP, current prices (dollars)	9,551	7,861	9,075	+11.8
Plant and equipment investment	5,076	5,383	5,308	−5.9
Household disposable income (current prices)	96,275	80,590	91,971	+10.5
Industrial production index 63–64 = 100	162	173	177	+2.3
Weekly wage rate index 54 = 100 (adult males)	541.9	587.8	627.3	+6.7
Average weekly earnings (males) (dollars)	231.42	176.77	205.07	+6.3
Labor force (thousands)	6,384.2	6,446.9	6,638.8	+2.9
Unemployment rate (percent)	6.1	6.0	6.1	+1.7
Money and Prices				
Money supply (M3)	59,163	49,182	57,316	+12.9

Attachment 2.—AUSTRALIAN KEY ECONOMIC INDICATORS—Continued

[All values in U.S. dollars are in millions (unless otherwise specified)]

Fiscal year = July 1 to June 30	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Percentage change [1]
Interest rates:				
Savings bank deposit rate	3.75	3.75	3.75	0.0
Commercial bank overdraft rate	10.50	10.50	10.50	0.0
Consumer Price Index fiscal year 1967 = 100	247.6	269.4	298.4	+10.8
Wholesale price index fiscal year 1969 = 100 [2]	221.6	255.3	289.2	+13.3
Retail sales current prices	35,506	29,120	33,676	+11.9
Balance of Payments and Trade				
Gold plus foreign exchange reserves	4,421	3,928	6,334	+56.2
Balance of payments (net monetary movements)	−817	−139	−342	−138.7
Trade balance	1,663	551	3,086	+442.7
Exports, FOB	18,497	15,968	21,858	+32.6
U.S. share (dollars)	1,456	1,998	2,380	+15.4
U.S. share (percent)	7.9	12.5	10.9	
Imports, FOB	16,834	15,417	18,772	+17.2
U.S. share (dollars)	2,621	3,617	4,139	−1.1
U.S. share (percent)	15.5	23.5	22.0	

[1] Percent changes calculated in Australian dollars. Fiscal year 1979–80.
[2] Manufactured articles.

Note: Principal U.S. exports to Australia: Machinery specialized for particular industries ($442); general industrial machinery and equipment n.e.s. and machine parts n.e.s. ($352); miscellaneous manufactured articles (n.e.s.) ($250); office machinery and automatic data processing equip. ($299); road vehicles incl. air-cushion vehicles ($273). Principal U.S. imports from Australia: Meat and meat preparations ($879); metalliferrous ores and metal scrap ($703); non-ferrous metals ($145); other transport equipment ($82); fish preparations, mollusks and crustaceans ($83).

Sources: Australian Government Publications and Australian Bureau of Statistics.

SUMMARY OF ANSETT FINANCING PLAN

Planes	Number	U.S. export value of sale	Eximbank loan amount	Percent Eximbank loan cover	Percent of total Eximbank loan	Eximbank interest rate
B–767's	5	$235,074,000	$199,813,000	85.0	69.1	8.0
B–727's	4	69,616,000	34,550,000	49.6	11.9	8.375
B–737's	9	152,203,300	54,888,000	36.1	19.0	8.40
Totals	18	456,893,300	289,251,000	63.3	100.0	[1] 8.12

[1] In addition to the 8.12 percent Eximbank interest rate there is a 0.5 percent per annum commitment fee on any undisbursed part of the Eximbank credit and this usually averages 0.2 percent spread over the life of the loan, so the total Eximbank charges will amount to about 8.32 percent.

Note.—At a Libor rate of 17 1/16 percent, and the private financed portion at 0.5 percent above Libor, the overall blended Eximbank and private bank rate on the 85 percent financed portion, after a 15 percent cash payment, is 9.75 percent, including commitment fee.●

CONTROLLING THE JINNI: OSHA LABEL INQUIRY DUE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. GAYDOS) is recognized for 20 minutes.

● Mr. GAYDOS. Mr. Speaker, I want to note for the record of the House that an early act of the new administration was to withdraw proposed labeling regulations for industrial chemicals. Mr. Speaker, such compounds are used by millions of workers, and in almost every district represented here, they are a specie of modern-day jinni capable of great service and great harm, often on a delayed-action basis.

To understand what has happened, and why, the Subcommittee on Health and Safety will hold hearings next month.

Deflecting the harm of these powerful compounds is the issue, and in the folklore of the jinni, always bent on evil but often manipulated to good, we have a parallel and, perhaps, guidance.

Chemicals in new combinations are put to use regularly in industry, and knowledge of their full power, for destruction or good, runs behind the wizardry of their creation. Currently more than 55,000 substances and compounds are in use, the Council on Environmental Quality says.

Thus powerful agents with tongue-twisting names of six and seven syllables give us on demand better goods, but their power is not spent in the act of creation. Buried in the tissues and organs of the workers who work miracles of productivity with them, they abide for years to deliver later nasty surprises such as cancer, premature disability, and in many cases, even early death.

From the Arabs we get many things, some at overwhelming prices and some only for the taking: Oil, our system of numbers, and the concept of the jinni, a malevolent spirit of supernatural power that means only harm to humanity but which can be made by cleverness to benefit man; cleverness is the thing we need to give attention.

All jinn were imprisoned by Solomon, the folk stories say, forced into bottles, kept there by seals bearing the name of God, and thrown into the sea. From that time foolish mankind began to find bottles, break seals, and face the fury of jinni.

Fear was the first emotion of those facing a jinni out of the bottle and, for those who lived, rational thought was the second. They had certain knowledge of something serious on their hands, and they devised a way to deal with it.

If the jinn's bottles had borne some warning—caution: Efrits and ghuls inside—mankind still would have opened them, for that is the nature of man; but more would have survived had they knowledge of what awaited.

Some from of widely available information would tell workers that spirits will greet them when they work with those drums, containers, transfer pipe and tanks; and some kind of record-keeping would allow them to know that they have worked with, and what might happen, as knowledge of destructive power is found.

Secretary of Labor Ray Donovan said the labeling regulations were withdrawn for more study and, perhaps, discovery of a better, less expensive way to deal with our two-edged creations. The matter is in the hands of the new managers at the Occupational Safety and Health Administration (OSHA).

An OSHA spokesman, noting the action came at the direction of the White House, said this week that no new proposal is expected any time soon.

OSHA is 10 years old this year, Mr. Speaker, and labeling of industrial chemicals was one of the hypothetical protections suggested in 1970 for the then-proposed agency in the committee reports.

Meanwhile, those who work with these chemicals speak with heat and wonder if the idea of labeling will ever be heard again. They note that the proposal of regulations was meant in the first place only to start the public discussion Secretary Donovan said is needed.

We are in a time of creating new things, which also is a time of promise and constructive activity for people of good motive, and there is no reason to suppose that any involved on any side of the question are other than that at the present.

So this is a development of high interest to me, as chairman of the Subcommittee on Health and Safety, and to the committee; it is a question into which we will inquire as a matter of oversight. Unions representing workers will be invited along with the employers' representatives and, ultimately, Secretary Donovan and Assistant Secretary for Occupational Health and Safety, Thorne Auchter.

The first of these hearings is scheduled for 10 a.m., Tuesday, April 7, 2257 Rayburn Building.

We cannot manipulate this industrial-age jinni back into the bottle, but we can handle it rationally and in a way that serves the interests of workers and industry.●

EL SALVADOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 15 minutes.

● Mr. BINGHAM. Mr. Speaker, I am deeply troubled by the Reagan administration's policy in El Salvador, which appears to be seeking a military solution to what is essentially an internal conflict arising from deep-rooted social and economic problems. By mounting a full-scale press campaign and pursuing a major diplomatic offensive in Europe and Latin America, the administration has publicly drawn the battleline against the Soviets in this tiny Central American country. It has now taken a major substantive step toward military involvement by agreeing to provide 54 American military advisers and substantial quantities of weapons and other military equipment. This is hauntingly reminiscent of our past "gunboat diplomacy." Once again we appear in the eyes of the world to be seeking to impose a military solution on a small Central American country, while virtually ignoring legitimate demands for social and political change. Although the administration has provided convincing evidence that the guerrillas fighting for control of this country have received large-scale arms aid from Communist sources, with Cuba playing a key role, effective steps to stem this arms flow can be taken without the bellicose rhetoric chosen by President Reagan and Secretary Haig. Our aims should be focused on the internal sources of the conflict, recognizing the Communist aid to insurgents for what it is: An attempt to win political gains cheaply by putting communism in the role of supporting legitimate revolutionary change and the United States in the position of shoring up bankrupt military regimes.

I am outraged and saddened by reports of continuing human rights violations in El Salvador, which include abduction, indiscriminate violence and over 10,000 killings last year. The brutal murders of four U.S. missionary women and three labor leaders, two of whom were Americans, were particularly heart rending. The suspected involvement of national security forces, who are ostensibly under government control, is abhorrent and deserves to be condemned in the strongest possible terms. I greatly fear that the Reagan administration's decision to provide increased military aid to the Salvadoran junta, without making it conditional on continuing progress of economic and social reforms, could send the wrong signal to these murderous right-wing elements and encourage them to attempt a military coup.

A very tempting response to the President's policy would be to support legislation terminating all military aid to the Salvadoran Government. However, I have so far refrained from doing this because I still have some hope that the moderate, centrist civilians in the present government can be sufficiently strengthened to control the renegade security forces and continue to implement needed social and political reforms. I am impressed with the judgment of former Ambassador White and several democratic Latin American leaders, notably President Carazo of Costa Rica, that the Duarte government offers the only viable moderate alternative to the two extreme left- and right-wing factions, both of which are responsible for brutal excesses. Carazo has stressed, however, that pressure for economic and political reforms must accompany military assistance. I was also struck by the complete failure of the leftist insurgents to obtain popular support for their January "final offensive," which belies claims that they represent the majority of the Salvadoran people. More recently, Archbishop Rivera y Damas, a respected moderate Catholic leader in El Salvador, declared that the left has lost the backing of the people. As long as there still exists a possibility that the moderate element of the ruling junta can stop rightist violence and implement an effective reform program, I will not oppose military aid which is conditional on progress in these areas.

Specific conditions which I believe should be tied to our assistance include strong and successful measures by President Duarte to control the violence-prone security forces; continued progress in the land distribution program; concrete moves toward holding countrywide elections; and serious discussions with the democratic elements in the opposition about developing a political solution. To the extent that U.S. military and economic aid give leverage toward accomplishing these goals, it would be a mistake for such aid to be prohibited.

Senators KENNEDY, TSONGAS, LEAHY, and LEVIN have introduced a bill in the Senate which would establish conditions for the continuation of military assistance to El Salvador, but the listed conditions, while quite detailed, do not cover all the points that especially concern me. Other Members of the House are working in similar legislative ideas. I am developing a bill of my own which I expect to introduce shortly.

As the Foreign Affairs Committee proceeds to the consideration of foreign aid legislative recommendations submitted by the Reagan administration, the various proposals for prohibiting, or setting conditions for, the continuation of military assistance to the Government of El Salvador will be carefully reviewed. At that time I will do what I can to see that appropriate conditions are imposed in the bill that is reported to the House.●

GRAIN STORED IN BANKRUPT ELEVATORS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. GLICKMAN) is recognized for 5 minutes.

● Mr. GLICKMAN. Mr. Speaker, today I am introducing legislation to protect the rights of farmers who have grain stored in elevators involved in bankruptcy proceedings. I am joined in this effort by my colleague from Nebraska (Mr. BEREUTER) and my colleague from Kansas (Mr. ROBERTS).

Under present bankruptcy law, interested parties may file a motion for relief against the stay. If a farmer follows that procedure, his motion is considered en masse with the others. Action can take a considerable amount of time. Most affected businesses can withstand some delay without seriously injuring their operations. But, in the uncertain, price-volatile business of farming, any delay in the disposal of the commodity can cause serious hardships. First, the grain in a bankrupt elevator is generally the sole marketable asset of a farmer's operation. If the disposal of the grain is tied up for any length of time, the viability of the entire farm enterprise may be jeopardized. In fact, I am aware of a number of situations where farmers involved in elevator bankruptcies were forced to declare bankruptcy since they were not able, themselves, to remain solvent during the long time needed to settle the elevator bankruptcy.

Second, any time agricultural commodities are being marketed, a large degree of price volatility should be as-

sumed. This is particularly true today when a brief rain shower in western Kansas causes the price of wheat in Kansas City to drop 10 cents in just 1 day. Bankruptcy judges simply should not be left with the burden of responsibility for determining when to put grain on the market. Instead, upon application by the farmer, the judge should make every effort to promptly deliver the grain in question.

While some bankruptcy judges are sensitive to the particular situation of farmers and move quickly to clear up any claims, other judges, with no ill will, simply do not. My legislation would address that latter situation in an uncomplicated, yet, I believe, effective manner. This bill would require that priority attention be given to resolving claims to agricultural producers involved in elevator bankruptcy cases, who seek relief. My legislation works within the existing bankruptcy statute and merely strengthens the law as far as the need for priority action for fungible, perishable commodities.

And let me assure you this is a very real problem. As a member of both the Agriculture and Judiciary Committees, I am very disturbed about the increasing number of grain elevator bankruptcies around the Nation and the consequent problems which have confronted America's farmers.

No one can deny that the farm sector of our economy is in a weakened position. Inflationary costs of production are simply not being offset by comparable increases in commodity prices, with the grain embargo being one of many causes for the slump. More and more farmers, unable to sustain losses year after year, are going out of business.

But, as we all know, these tough times are not confined strictly to farmers. People who do business with farmers are facing insolvency as well. Therefore, there has been an acceleration in the frequencies of grain elevator bankruptcies.

We all know that bankruptcy can be very disruptive. It can leave guiltless, hard-working people who conduct business in good faith with limited recourse while protecting the debtor's status. In urban areas, bankruptcy generally affects only a narrow sector of usually diversified business communities. In the case of a bankrupt grain elevator, however, the entire economy of a nearby farm community can be disrupted.

A few weeks ago, the tremendous and devastating impact of a bankrupt elevator on farmers was highlighted by Wayne Cryts, a Puxico, Mo., farmer. Cryts had 31,000 bushels of soybeans stored in a local elevator which declared bankruptcy. Under the bankruptcy stay, Cryts could not retrieve his beans although he had a warehouse receipt clearly indicating that they were his.

Cryts tried for 9 months to get the soybeans released, but the bankruptcy became snarled preventing the timely relief he so desperately needed. In frustration, Cryts, with the help of other local farmers, recovered the beans in defiance of the bankruptcy proceedings.

There is no reason why a farmer should have to wait 9 months to retrieve what is rightfully his, particularly when his commodity is both perishable and fungible. Yet, the bankruptcy involving Wayne Cryts' soybeans is unfortunately not an isolated incident. Bankrupt elevators are becoming increasingly common, evidence of the underlying weakness of our farm economy. Some farm States have had as many as eight elevator failures in 1 year. Most of those failures have involved millions of dollars in agricultural commodities.

State regulations on the licensing of grain elevators are uneven at best. Some States, like Kansas and Illinois, have established bonding programs to protect farmers against losses in case of elevator bankruptcies. Other States provide little or no protective mechanism.

Regardless of how States regulate elevators, there is a real need to assure farmers who have commodities in elevators gone bankrupt that they can secure prompt release of the commodities once they prove they are the rightful owners.

My bill would require no Federal expeditures since it merely makes a minor clarification to assure priorities in judicial proceedings. It would not set up any new program to deal with the broader problem of insolvent elevators which may warrant some other action at some point if we want to resolve the underlying problem. In fact, legislation to establish a Federal Grain Insurance Corporation to protect producers against elevator bankruptcies was introduced in the 95th Congress and I understand, similar legislation is being introduced in this Congress. Such a corporation would be modeled after the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. But that is not my intent here; my aim is to make the adjudication process in bankruptcies more responsive to the particular circumstances when agricultural commodities are involved.

The legislation is direct and to the point. It reads as follows:

Section 362(e) of title 11, United States Code, is amended by adding at the end thereof the following: "The court shall give priority to a preliminary hearing, and a final hearing and determination, on a request of an agricultural producer for relief from a stay of an act against an agricultural commodity stored by such producer in a grain elevator which is a debtor in bankruptcy or which is property of an estate in bankruptcy."

My bill would provide an effective and uncomplicated solution to insure the rights of farmers involved in bankrupt elevators. I invite Members to join me in correcting the current inadequacy by cosponsoring the legislation.●

REAGANOMICS: RICH MAN'S WAR, POOR MAN'S FIGHT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

● Mr. GONZALEZ. Mr. Speaker, at long last we have seen the revised budget program of the Reagan administration. Many details remain to be settled, but at least we now have an idea of who is going to be asked to sacrifice for the greater good of the country: It is the poor, and it is those who are struggling to find the money to buy a home, get an education, buy a meal, or get medical care. The war on inflation is, bluntly, a rich man's war and a poor man's fight. It is the well-off who get the bulk of the benefits of the Reagan budget, not the poor, and not the ordinary wage earner.

We have been told that the Federal budget is out of control, but that is not true; how many new programs were started in the past 4 years? How many programs were even expanded in the past 4 years?

We have been given the illusion that the Reagan plan would cut Government spending, but that is not true. The fact is that every spending cut proposed is offset by huge increases in expenditures elsewhere. Yet, the attention of the Nation is riveted on just the cuts, not the additions.

We have been told that we can achieve three contradictory goals: Balanced budget, lower taxes, and vastly greater military outlays—all at once. Yet, the fact is that all of this rests on the assumption that our economy will perform at levels enormously greater than the forecasts of any responsible economist. The truth is that the monetary policy called for by the administration will greatly constrain growth, which in turn means that the tax cuts called for are likely to lead to greater deficits than we have now—even if the Congress gives Mr. Reagan all that he demands by way of budget reductions.

We have been told that the Federal Government is doing too much, and that there are no political considerations in any of the budget recommendations that have been sent up. The truth is that the budget program is not an economic program at all. It is simply a political agenda, an agenda to roll back the clock, an agenda to eliminate the social and domestic programs that have served this country so well.

We are being told that it is up to us to justify why these programs should continue. The truth is that the burden of proof is on those who want to dismantle these programs. It is up to them to prove that this country has no unmet needs, that we do not need to have a social conscience, or indeed any conscience at all. It is up to them to show why housing programs are not needed or do not work—because we know that they are needed and do work.

We have been told that the country cannot afford to have a conscience, cannot afford compassion. But the burden of proof is on the Reagans and Stockmans to show that we can afford to ignore the festering sores of city and countryside. The question is, can we afford not to have these programs? What is the price of destroying programs that provide jobs, programs that provide training, and programs that tell people they have some worth and dignity, and hope for the future? What compelling reason do we have to turn our backs on our own people?

Anomalies abound in the Reagan budget; inexplicable assumptions lie throughout. Take medical care. They say that medicaid payments will in the future be indexed to the cost of living, not the cost of providing medical care. This is the same cast of characters who opposed any effort to control rising hospital costs. Now they are saying that hospital costs will not, cannot, go up faster than the cost-of-living index. This not only ignores what the experience of the past has been with hospital costs; it ignores the reality that medicaid payments are already far under the actual cost of providing care. It ignores the fact that it is the full-pay patient who has to make up a good part of that difference. The result of this curious proposal is surely going to be higher hospital bills for the bulk of patients who are already hard pressed to find money to pay inexorably rising insurance premiums. This is but one case in which the rich need not be concerned—but the middle class will foot the bill, and the poor will face greater needs with less help than ever before.

The administration preaches that it has not made any exceptions to the stringency diet on political grounds; that would be too crass. Yet they plan a $100 million increase for a breeder reactor project in Tennessee, a project that President Carter found wasteful and not likely to be needed until sometime in the 21st century, if then. It is just a happenstance, I suppose, that this delightful bauble goes to the State of the Senate majority leader, who happens to be of the President's party and keenly interested in helping his own State. How can they say that subsidies for nuclear power are fine, but subsidies for solar power are not? It could be that the nuclear power subsidies go to huge corporations, but solar power is the realm of small entrepreneurs who did not have the price to buy inaugural tickets or underwrite the expenses of redecorating the White House.

We are told that this administration wants to get people back to work, and yet at the same time they propose dismantling the very same programs that provide jobs and training. It is impossible to have workfare if there is no work, and especially when the economic program calls for creating even more unemployment than we have today. We are told that close to a half million families will be taken off food stamps, but that the truly needy will suffer no harm. Yet, they would not be on food stamps in the first place if they could not demonstrate need. There is not that much fraud in the program, not that much waste, and not that much abuse, and administration witnesses have confessed to that fact.

If the administration's program is immune to politics, why do they call for continued subsidies to tobacco growers, even while they call for ending special nutrition programs for women, infants, and children? Is that the price of keeping a certain Senator happy?

The administration says that they like the urban homesteading program. It rewards those who want to work and take a risk to restore center city housing. Yet they propose to kill the one program that finances urban homesteading and makes it possible in the first place. They want to continue the urban development action grant program, but provide no money for it. In fact, in the community development function, they propose adding $1.8 billion worth of programs to block grants, but no money to pay for those operations. It is hard to imagine a more cynical approach than that. They say, in other words, that these programs are beneficial, they are worthwhile, and they are needed—but that there will be no money for them. They build a Potemkin Village—fine facades, but nothing behind the painted scenes.

We are being told that something as basic, workable, proved, and self-financing as the FHA loan program is no longer necessary. That kind of statement is absurd. What they should be saying is that they just do not want it, not because it hurts the budget any, but because taking out FHA makes the budget look smaller. The economic effect, however, is simply to wipe out the ability of the most vulnerable home buyers to get into new housing. If FHA folds, there will be a vast number of self-sufficient, hardworking people, who will not get to buy a home. They are not striking out at bloated government with this proposal; they are striking at the hopes and dreams of ordinary citizens who want to buy a home, a modest one at that.

We have to ask whether or not we really want to help people own homes, whether or not we really want to have a revival of construction in this country. It is not enough to buy the dubious assumptions being thrust upon us, and assume that after 1 or 2 years everything will be rosy. Where is the evidence to support their forecasts? Where is the showing that their program works? We cannot afford to sit back and take the Hoover stance that all the country needs is a little dose of confidence. We cannot afford to fail to ask what the price is behind all those slogans.

Looking at the budget, looking at the tax proposals, it is plain that those who have no need to worry about their security will be given less reason to worry, because they will get more than they now have. As for those who have nothing, they will be consigned to the bottom of the heap, no way out, and probably lose any little hope they may now have for themselves, even for their children. And as for the great mass of people, they are being told that they need to work harder, maybe earn less, and wait for better times. We're all spoiled children, they say. And they also present us with a program that says, God helps those who get the best tax breaks.

The war on inflation is, in short, a rich man's war and a poor man's fight, if we fight it on the terms dictated by Mr. Stockman. It is too bad he does not have to experience life in the so-called safety net. If the Reaganites had to live with those who are being drafted and offered up for sacrifice in the fight against inflation, they might possibly develop a little of that commodity that is devoid from their program—compassion, and real help for those in real need.●

EL SALVADOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EDGAR) is recognized for 5 minutes.

Mr. EDGAR. Mr. Speaker, I have asked to take 5 additional minutes to talk about the subject of El Salvador. As 20 or so Members of the Congress took the well to give a 1-minute speech, there was some concern by some, on the other side particularly, that the subject of El Salvador is not important enough to take the early moments of this House session to talk about it. I would like to assure my colleagues and everyone in the United States that El Salvador is critical to us as a nation, not critical in terms of sending advisers or bullets, but critical in terms of the very spirit and very nature of our Nation.

My colleague, GERRY STUDDS, from Massachusetts, and my colleague, BARBARA MIKULSKI from Baltimore, and I had the privilege and the opportunity to travel to Costa Rica and Nicaragua and into Honduras, and, while in Central America, to keep an eye on and listen carefully to the problems that we face in El Salvador and Guatemala.

I was privileged to be taken by Charles Boazch to a refugee relief coordinator in Honduras, to the hill country between Honduras and El Salvador. I found there things that our State Department and our CIA were not admitting.

I found 25,000 to 35,000 refugees. I found people who were fleeing the violence in El Salvador, but not, as was suggested by our Embassy, fleeing the guerrillas from the hills. In fact, the death, the rape, and the torture and the crop burning that was described by the peasants and the refugees that I talked to was all committed by the very government and by the very military that we are now extending our lethal bullets and aid to.

I think the United States has a responsibility in Central America not to repeat the mistakes we have made for the last 50 to 100 years. I think the United States has a responsibility to use its good offices in Central America to seek peace and to seek a political solution.

I think the United States ought to stand up and be counted for human rights and for good government and for justice. I think the United States ought to say to Mexico and Venezuela, to Germany and other nations of the world: "Help us to bring together the five or six factions on the left and the many factions within the military of El Salvador and the present government in El Salvador and bring those factions to the negotiating table, to set a time line for peace and for elections and to let the people rule."

Unfortunately, our Secretary of State, Alexander Haig, and our President, Ronald Reagan, I believe misunderstand the indigenous nature of the revolution in El Salvador. They misunderstand the role of the Maryknolls and the Jesuits and the Sisters of Mercy nuns who are bringing healing to the peasants who have been oppressed and repressed for generations.

I think the administration in its labeling of left and right misunderstands the nature of the conflict. I would hope we could regain the real prestige and spirit of the United States by shifting our policy and respecting the rights of human life in Central America.

Mr. STUDDS. Mr. Speaker, will the gentleman yield?

Mr. EDGAR. I am pleased to yield to my colleague from Massachusetts (Mr. STUDDS).

Mr. STUDDS. Mr. Speaker, I want to commend the gentleman on what he is saying. Let me say something else I think this administration fundamentally misunderstands, and that is the American people and what they said last November.

This morning in the House Foreign Affairs Committee we heard for some 2½ hours from the Secretary of State, General Haig. As I listened to him, my thoughts went to the mail which I know the gentleman has received and which I have received, which Congresswoman MIKULSKI and others who have spoken out nationally on the question of American policy in El Salvador have received, and which we now know the White House received. As the gentleman knows, the White House, in an astonishing admission last week, conceded that its own mail on El Salvador is running dramatically against the policy of this administration, and that is that the American people did not vote for what they now find happening.

The foreign aid applications or requests of this administration are absolutely staggering. For example, in one of the few statements of the Secretary of State which I thought constituted an insight of some consequence, he warned about the Russians and the Third World. He said Third World countries have learned, quite correctly, to beware of Russians bearing arms. So the Soviets have had disaster after disaster in the Third World because they have offered themselves as the donors and the sellers of arms, and shortly thereafter they have shown very little if any concern for the primary, overriding economic and social problems of these nations.

Fine. I think that is right. I think that is a precise analysis of what has gone wrong with Soviet policy.

But then the Secretary of State presented to us a budget document for our own foreign aid program which mimes the Russians, which has us increasingly doing precisely what it was, it seems to me, he so accurately caught the Russians doing wrong themselves.

Do my colleagues know what they have asked this Congress for with respect to economic aid? Down in every category, down in health, down in education, down in nutrition, down in population planning by some one-half billion over what the Carter administration had asked.

Mr. Speaker, as the gentleman I am sure knows, we then looked to the military ledger. It is up in military education and training, up in military sales, up in military assistance by another half billion dollars. In the next 5 fiscal years the new administration would have us spend $11 billion less on foreign economic and humanitarian assistance and an analogous amount more on military assistance.

This, as I say to the gentleman, I think represents a fundamental misunderstanding of the people of this country, of what they said when they spoke out against the preceding administration so loudly and clearly last fall, and perhaps even more devastating, it seems to me, it represents a fundamental misunderstanding of what it is that makes this country unique in the history of the world and on the world stage, the values, the ideals and the traditions which each of us was taught in school, which many of us have carried into public life, thinking that it does make a difference whether one is born in the United States or born in the Soviet Union, a difference rather than an accident of geography and birth that is a fundamental difference of values that separates us, and the policies of our Nation ought to reflect those differences.

I commend the gentleman. I am sure we could both talk at enormous length on the subject. I suspect that maybe we will have to. If the gentleman will yield further to let me echo what he was saying, I am disappointed at the lack of voices speaking out in this Congress. We do have 73 cosponsors of this legislation to terminate military assistance. While that is 73 more votes than were cast against the Gulf of Tonkin Resolution when it went unanimously through this House, it is nonetheless not enough. It does not reflect, I believe, the true feelings of the Members who are here.

I think it is important for our colleagues to understand that the people, as usual, are ahead of us, and that those of us who are supposed to lead might at least be able, if not to summon up the courage to lead, at least to get our act together sufficiently to represent the American people who understand, seemingly far better than we, the ways in which this administration is straying and straying from those things which are most basic and most fundamental to our own country.

Mr. EDGAR. I would like to compliment the gentleman for his statement and leadership on our expedition to Central America. I think the questions and the insights the gentleman has shared are very pertinent.

The gentleman pointed out the fact that the people are, in fact, leading and standing up, writing letters, speaking out, and yet it is the leadership of our Government that is failing to do so.

The Religious Task Force for El Salvador, a group of Roman Catholics, of Methodists, of Presbyterians, have gathered some names on a petition. Let me read for my colleagues what the petition says and recognize publicly that this is their 1-minute speech.

It is as if those 25,000 people have come to Congress to share this petition with us and with the leadership in hopes that we might alter our policy.

The petition reads, and I quote:

As concerned North Americans we cry out against the recent brutal assassinations of four American women religious and six opposition leaders in El Salvador. Since January 1, 1980, more than 10,000 people have been killed in El Salvador by the combined action of government Security Forces and right-wing paramilitary groups. We protest all forms of U.S. intervention in El Salvador which is directly supporting this repression.

We join our voices to the voice of Mons. Oscar Romero, in his February 17 letter to President Carter calling for an end to all military, economic and diplomatic aid to the military government of El Salvador: "The contribution of the U.S. government instead of promoting greater justice and peace will without doubt sharpen the injustice and repression against the organizations of the people."

Nine months later Mons. Rivera y Damas, the successor to Mons. Romero, repeated this call: "We demand that the U.S. government stop military aid * * * which facilitates repression against the people and the persecution of the Church." The Church is persecuted, he said, "because it tells the truth that shakes up the powerful and because it has made a preferential option for the poor of this country."

We demand that the U.S. government immediately and permanently stop all military, economic and diplomatic aid to the military government in El Salvador, and withdraw all military advisors from that country.

We repeat the prophetic words of Mons. Romero one day before his assassination: "In the name of God * * * and in the name of this suffering people, whose laments reach up to the heavens every day with greater intensity * * * stop the repression!"

I share these names and these petitions with the Speaker of the House. I urge him to share them with the President of the United States and with our colleagues, and I urge everyone to cosign the bill introduced by my colleague from Massachusetts (Mr. STUDDS), H.R. 1509, which is a call upon this House to stop the military aid to El Salvador.

Mr. STUDDS. Will the gentleman yield further?

Mr. EDGAR. I yield to the gentleman.

Mr. STUDDS. May I say to the gentleman that I would commend also to our colleagues the testimony last week before the House Foreign Affairs Committee of the Archbishop of Washington, Bishop Hickey, who gave one of the most eloquent statements I have heard. May I reflect, as I did at that time, on the irony, it seems to me, historically. Here we have one of the historically most conservative of institutions, the Roman Catholic Church, and historically one of the most revolutionary institutions, the United States of America, crossing in the night in Central America.

After Vatican II, the Catholic Church in Latin America all of a sudden has come forth to the forefront for social and economic change, and where at the same time has the United States of America gone? We have gone the other direction time and time again, contrary to our own history and revolutionary origins and ideals. We support the forces of the status quo, of the economics of a social privilege and the brutality of military regimes which have traditionally defended those forces over time.

My colleagues, it seems to me, ought to be aware of that and when they think and perhaps are tempted to give speeches moralizing about the conduct of the Soviet Union and on their brutal invasion of Afghanistan, and as they contemplate what the Russians may be considering doing in Poland, they ought to think very carefully what position we will be in to say anything whatever of any credibility and any moral standing to the Soviet Union if we are increasingly more deeply getting ourselves involved in military intervention in a nation in our own hemisphere. We remove any position from which we can stand in this world with any kind of moral stature and any degree of credibility and say to the Russians, "You must not; that is an action that is indefensible in the world community."

We cannot allow this administration in its bullheaded zeal to somehow draw a line and prove its macho strength to discredit our country so greatly in the eyes of our own people and of the world as to render us essentially an impotent force in international politics.

I commend the gentleman for taking the time.

Mr. EDGAR. Mr. Speaker, I thank the gentleman and yield back the balance of my time.

□ 1630

VETERANS ORGANIZATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. JONES) is recognized for 5 minutes.

● Mr. JONES of Oklahoma. Mr. Speaker, when Franklin Roosevelt addressed Congress after the declaration of war on Japan, he asked a rhetorical question of his audience: "When will this war end?" His answer is as accurate now as it was then:

It will end just as soon as we make it end by our combined efforts, our combined strength, and our combined determination to fight through and work through until the end * * * most certainly we should not settle for less.

The current dangers may not be as immediate now as they were in 1941, but I firmly believe that we must not waiver in our resolve to defend our Nation against all external threats.

In the past, the backbone of our strength has been the interest and active participation of our citizens in the Armed Forces and veterans support groups. Continued active involvement by Americans in such support groups is vital to the defense of our country.

With these thoughts in mind, I am introducing today legislation with Congressman CONABLE that will insure the future viability of such veterans organizations. These organizations now face a problem with their tax-exempt status that threatens many of their programs.

In 1969, Congress added section 501(c)19 to the Internal Revenue Code. This section granted tax-exempt status to certain groups of veterans. In order to qualify for such status, the group must be comprised of 75-percent war veterans. The remaining 25 percent must be substantially comprised of veterans' widows, military cadets, et cetera.

The problem these organizations now face is simple: With a prolonged period of peace at hand, there are few war veterans leaving active military service. This situation, plus the natural attrition rate among surviving war veterans, is draining down the percentage of these veterans in section 501(c)19 organizations. For instance, one such organization, the Air Force Association, has seen its membership of war veterans go from approximately 90 percent in 1975 to 82 percent in 1978. At this rate, they will drop below the 75-percent rate in the very near future. Other veterans organizations have similar problems.

Section 501(c)19 was enacted at the height of the Vietnam conflict. It was a reaction to the times, and it is no longer responsive to the current climate of peace. If we are lucky enough to avoid armed conflict in the future, it will unduly penalize veterans organizations and stifle their programs.

For these reasons, I have introduced legislation to change the percentage requirements in section 501(c)19. this change would provide that 75 percent of such organizations must be comprised of veterans instead of war veterans. This change will preserve the intention of Congress when it enacted this section. It will preserve the essential character of these organizations as being veteran-oriented. It will insure that their tax-exempt status is not threatened by a combination of natural attrition rates and a lack of armed conflict involving American citizens.

Currently, these organizations are tax exempt on income other than that which is nonbusiness related. Thus, passage of my bill will have no revenue impact. Assuming that nothing is done, and these organizations lose their tax-exempt status, the Joint Committee on Internal Revenue Taxation has indicated the amount collected from these organizations would not be in excess of $5 million annually. Therefore, the revenue impact of this measure is negligible. Moreover, if these veterans groups lose their tax-

exempt status under section 501(c)19, it is likely they would be forced to suspend many of their activities due to financial considerations. Under this analysis, the Government would not collect any additional taxes due to this change in status, and the Nation and our veterans would lose the benefits provided by these organizations.

I hope my colleagues will support Congressman Conable and me in this effort to provide relief to these noteworthy organizations.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. FIEDLER) to revise and extend their remarks and to include extraneous material:)

Mr. BLILEY, for 5 minutes, on March 19.

Mr. CONABLE, for 60 minutes, on March 19.

Mr. CORCORAN, for 10 minutes, today.

Mr. COLLINS of Texas, for 15 minutes, today.

(The following Members (at the request of Mr. GEJDENSON) to revise and extend their remarks and to include extaneous material:)

Mr. CONYERS, for 5 minutes, today.

Mr. LOWRY of Washington, for 5 minutes, today.

Mr. NEAL, for 5 minutes, today.

Mr. GAYDOS, for 20 minutes, today.

Mr. BINGHAM, for 15 minutes, today.

Mr. GLICKMAN, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. STRATTON, for 5 minutes, today.

Mr. IRELAND, for 5 minutes, today.

Mr. EDGAR, for 5 minutes, today.

Mr. DE LA GARZA, for 60 minutes, on March 19.

Mr. PHILLIP BURTON, for 5 minutes, on March 19.

(The following Member (at the request of Mr. STUDDS) to revise and extend his remarks and include extraneous material:)

Mr. JONES of Oklahoma, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Ms. FIEDLER) and to include extraneous matter:)

Mr. DANIEL B. CRANE.

Mr. COURTER.

Mr. GILMAN in two instances.

Mr. LENT.

Mr. LEBOUTILLIER.

Mr. CORCORAN.

Mr. CAMPBELL.

Mr. SENSENBRENNER.

Mr. DORNAN of California.

Mr. SHAW.

Ms. FIEDLER.

Mr. DENARDIS.

Mr. MITCHELL of New York.

Mr. HILLIS.

Mr. O'BRIEN.

Mr. MICHEL.

Mr. COLLINS of Texas in three instances.

Mr. LOTT.

Mr. COLEMAN.

Mr. MARTIN of North Carolina.

Mr. LUJAN.

Mr. PAUL in two instances.

Mr. JEFFRIES in four instances.

Mr. ROTH.

Mr. PURSELL in two instances.

(The following Members (at the request of Mr. GEJDENSON) and to include extraneous matter:)

Mr. NICHOLS.

Mr. HAMILTON.

Mr. ROSENTHAL in two instances.

Mr. SABO.

Mr. BEDELL in two instances.

Mr. STOKES.

Mr. BRODHEAD in two instances.

Mr. SKELTON.

Mr. BENJAMIN.

Mr. GUARINI.

Mr. HANCE.

Mr. MOAKLEY.

Mr. ECKART in three instances.

Mr. EDWARDS of California.

Mr. EDGAR.

Mr. BONKER.

Mr. ALBOSTA.

Mr. KILDEE.

Mr. SHELBY.

Mr. AUCOIN.

Mr. WYDEN.

Mr. FAUNTROY.

Mr. YATRON.

Mr. OBERSTAR.

Mrs. SCHROEDER.

Mr. HAWKINS.

Mr. HARKIN in two instances.

Mr. WEISS in two instances.

Mr. TRAXLER.

Mr. MCDONALD.

Mr. JONES of North Carolina.

Mr. DYSON.

Mr. BARNES.

Mr. PEPPER.

ADJOURNMENT

Mr. STUDDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 30 minutes p.m.), the House adjourned until tomorrow, Thursday, March 19, 1981, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

831. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Rail Passenger Service Act to authorize additional appropriations for the National Railroad Passenger Corporation and for other purposes; to the Committee on Energy and Commerce.

832. A letter from the Acting Assistant Administrator for Planning and Management, U.S. Environmental Protection Agency, transmitting a report covering fiscal year 1980 on the Agency's disposal of foreign excess property; to the Committee on Government Operations.

833. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend section 3006A of title 18 of the United States Code to provide protection against personal liability to the officers and employees of certain defender organizations providing representation under the Criminal Justice Act; to the Committee on the Judiciary.

834. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize the Secretary of the department in which the Coast Guard is operating to establish fees for Coast Guard services and for other purposes; to the Committee on Merchant Marine and Fisheries.

835. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Urban Mass Transportation Act of 1964 to provide authorizations for appropriations and for other purposes; to the Committee on Public Works and Transportation.

836. A letter from the Acting Administrator, U.S. Environmental Protection Agency, transmitting the biennial report on the costs of construction of publicly owned wastewater treatment facilities needed to carry out the provisions of the Federal Water Pollution Control Act, and estimates of those costs on a State-by-State basis, pursuant to section 516(b)(1) of the act; to the Committee on Public Works and Transportation.

837. A communication from the President of the United States, transmitting notice of his intention to proclaim, under the authority of section 502(a)(3) of the Trade Act of 1974, that all member countries of the Andean Group (Bolivia, Colombia, Ecuador, Peru, and Venezuela) and of the Association of South East Asian Nationals (ASEAN) (Indonesia, Malaysia, Philippines, Singapore, and Thailand) shall be treated, respectively, as one country for purposes of the Generalized System of Preferences; to the Committee on Ways and Means.

838. A letter from the Acting Chairman, Consumer Products Safety Commission, transmitting an amended budget estimate for fiscal year 1982, pursuant to section 27(k)(1) of the Consumer Product Safety Act of 1972, as amended; jointly, to the Committees on Appropriations and Energy and Commerce.

839. A letter from the Chairman, National Transportation Safety Board, transmitting the 1980 annual report of the Board, pursuant to section 305 of Public Law 93-633; jointly to the Committees on Energy and Commerce, Merchant Marine and Fisheries, and Public Work and Transportation.

840. A letter from the Comptroller General of the United States, transmitting a report on low productivity in the U.S. coal industry (Mar. 3, 1981, EMD-81-17); jointly, to the Committees on Government Operations, Interior and Insular Affairs, and Education and Labor.

841. A letter from the Comptroller General of the United States, transmitting a report on Federal capital investment policy

(Feb. 26, 1981, PAD-81-19); jointly, to the Committees on Government Operations and Rules.

842. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, to amend the Highway Safety Act of 1966 to authorize appropriations, and for other purposes; jointly, to the Committees on Public Works and Transportation and Ways and Means.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AKAKA (for himself and Mr. HEFTEL):

H.R. 2578. A bill to amend section 203 of the Federal Property and Administrative Services Act of 1949 to authorize the donation of surplus real or personal property for use in connection with a public harbor; to the Committee on Government Operations.

By Mr. BENNETT:

H.R. 2579. A bill to amend title 38, United States Code, to provide a new educational assistance program for persons who enlist, reenlist, or otherwise enter the Armed Forces after December 31, 1980, and to provide a career serviceperson's educational assistance program for members of the Armed Forces, and to amend title 10, United States Code, to authorize an educational leave of absence for members of the Armed Forces; jointly, to the Committees on Armed Services and Veterans' Affairs.

By Mr. JOHN L. BURTON (for himself, Mr. WALKER, Mr. CLAY, Mr. DWYER, Mr. FASCELL, Mr. FRENZEL, Mr. JEFFORDS, Mr. LAGOMARSINO, Mr. LOTT, Mr. MCGRATH, Mr. PANETTA, Mr. ROSE, Mr. VENTO, Mr. WHITEHURST, AND Mr. YATRON):

H.R. 2580. A bill to amend the Federal Property and Administrative Services Act of 1949 to reform contracting procedures and contract supervision practices of the Federal Government, and for other purposes; to the Committee on Government Operations.

By Mr. CARNEY:

H.R. 2581. A bill to amend the Internal Revenue Code of 1954 to partially exclude interest earned in savings institutions from the gross income of certain taxpayers; to the Committee on Ways and Means.

By Mr. COLEMAN:

H.R. 2582. A bill to amend title 11 of the United States Code to require that bankruptcy courts grant relief from stays of acts against perishable commodities held under bailment as property of estates in bankruptcy; to the Committee on the Judiciary.

By Mr. CONABLE (for himself, Mr. GREEN, and Mr. LUNDINE):

H.R. 2583. A bill to amend the Internal Revenue Code of 1954 to provide transitional rules for estate and gift tax treatment of disclaimers of property interests created by transfers before November 15, 1958; to the Committee on Ways and Means.

By Mr. PHILIP M. CRANE:

H.R. 2584. A bill to provide for fair treatment of skilled trades under the Fair Labor Relations Act; to the Committee on Education and Labor.

By Mr. DONNELLY:

H.R. 2585. A bill to designate Building No. 1 at the Veterans' Administration Medical Center in Brockton, Mass., as the "Everett E. Crosier Center"; to the Committee on Veterans' Affairs.

H.R. 2586. A bill to amend the Internal Revenue Code of 1954 to provide a deduction for funeral expenses paid by the spouse or other relative of the decedent; to the Committee on Ways and Means.

H.R. 2587. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for expenditures for multifuel heating systems; to the Committee on Ways and Means.

By Mr. EDGAR:

H.R. 2588. A bill to amend the Internal Revenue Code of 1954 to allow individuals a credit against income tax for the purchase of a commuter highway vehicle, to exclude from the gross income of individuals certain amounts received in connection with the provision of alternative commuter transportation, to allow employers a credit against income tax for costs incurred in ride-sharing programs, and for other purposes; to the Committee on Ways and Means.

By Mr. EDWARDS of California:

H.R. 2589. A bill to amend title 18 of the United States Code to prohibit certain disclosures relating to intelligence personnel; jointly, to the Committees on Judiciary and the Permanent Select Committee on Intelligence.

By Mr. ENGLISH:

H.R. 2590. A bill to amend the Privacy Act of 1974 to impose additional restrictions on the maintenance and disclosure of mailing lists by Government agencies; to the Committee on Government Operations.

By Mr. FAUNTROY:

H.R. 2591. A bill to amend the Federal Reserve Act to facilitate the implementation of monetary policy by establishing reserve requirements on certain accounts; jointly, to the Committees on Banking, Finance and Urban Affairs and Energy and Commerce.

By Mr. FINDLEY (for himself, Mr. CORRADA, Mr. MARKS, and Ms. MIKULSKI):

H.R. 2592. A bill to make February 12 a legal public holiday for Lincoln's Birthday; to the Committee on Post Office and Civil Service.

By Mr. GLICKMAN (for himself, Mr. BEREUTER, and Mr. ROBERTS of Kansas):

H.R. 2593. A bill to amend title 11, United States Code, to require that priority be given to determinations made with respect to requests of agricultural producers for relief from stays of acts against agricultural commodities stored in grain elevators involved in bankruptcy proceedings; to the Committee on the Judiciary.

By Mr. HARKIN:

H.R. 2594. A bill to amend the dairy provisions of the Agricultural Act of 1949 and for other purposes; to the Committee on Agriculture.

By Mr. HOWARD:

H.R. 2595. A bill to amend title XVIII of the Social Security Act to permit payment under the medicare program for certain types of foot care; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. JONES of North Carolina (for himself and Mr. HUBBARD):

H.R. 2596. A bill to authorize appropriations for the fiscal year beginning October 1, 1981, for the maintenance and operation of the Panama Canal, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. JONES of Oklahoma (for himself and Mr. CONABLE):

H.R. 2597. A bill to amend the Internal Revenue Code of 1954 with respect to the exemption from tax of veterans organizations; to the Committee on Ways and Means.

By Mr. LEHMAN:

H.R. 2598. A bill to amend title XVII of the Social Security Act to eliminate all the deductibles, coinsurance, and time limitations presently applicable to benefits thereunder; to eliminate medicare taxes as the method of financing hospital insurance benefits and premium payments as the method of financing supplementary medical insurance benefits (so that all benefits under such title will be financed from general revenues); to provide payment for eye care, dental care, hearing aids, prescription drugs, prosthetics, one physical checkup a year, preventive care, diagnosis of breast cancer, services of registered nurses, and certain other items not now covered; and to provide for the administrative and judicial review of claims (involving the amount of benefits payable) which arise under the supplementary medical insurance program; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. LOTT:

H.R. 2599. A bill to authorize construction of the project for navigation at Gulfport Harbor, to the Committee on Public Works and Transportation.

By Mr. LUJAN:

H.R. 2600. A bill to direct the Secretary of the Treasury to pay the funds appropriated by this Act to the Administrator of Veterans' Affairs for the purchase of a parcel of land adjacent to the Sante Fe, N. Mex., National Cemetery; to the Committee on Appropriations.

H.R. 2601. A bill to amend the Internal Revenue Code of 1954 to allow individuals certain credits against income tax for certain expenses for education and a deduction from gross income for certain contributions to qualified higher education funds, and for other purposes; to the Committee on Ways and Means.

H.R. 2602. A bill to reduce unemployment by providing that unemployment insurance funds may be used pursuant to State laws establishing programs for payments to employers who hire the unemployed; to the Committee on Ways and Means.

By Mr. McDONALD:

H.R. 2603. A bill to authorize appropriations for the purchase of certain strategic and critical materials for storage in the National Defense Stockpile under the Strategic and Critical Materials Stock Piling Act; to the Committee on Armed Services.

H.R. 2604. A bill to abolish the Federal Election Commission; to the Committee on House Administration.

By MATSUI (for himself, Mr. ROUSSELOT, Mr. PATTERSON, and Mr. GIBBONS):

H.R. 2605. A bill to amend the Internal Revenue Code of 1954 to make permanent certain rules relating to travel expenses of State legislators; to the Committee on Ways and Means.

By Mr. MILLER of California:

H.R. 2606. A bill to establish an improved system for water pricing from Federal projects in order to reduce unjustified subsidies, to more rapidly recover costs, to encourage conservation and the more efficient use of water resources, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MINISH:

H.R. 2607. A bill requiring the Law Enforcement Assistance Administration to provide funds, as authorized to be appropriated under this act, to the mayor of the city of Atlanta, Ga., for extraordinary investigation expenses relating to the recent murders of black children; to the Committee on the Judiciary.

By Mr. MITCHELL of New York:

H.R. 2608. A bill to repeal the reduction required by law in the number of senior-grade civilian employees in the Department of Defense; to the Committee on Armed Services.

By Mr. PATTERSON:

H.R. 2609. A bill to amend the Internal Revenue Code of 1954 to exempt from the excise tax on the sale of motor vehicles certain wind deflectors designed to be mounted on the front of a truck cargo container; to the Committee on Ways and Means.

H.R. 2610. A bill to amend the Internal Revenue Code of 1954 to provide for cost-of-living adjustments in the amount of the personal exemption and in the individual tax rates; to the Committee on Ways and Means.

H.R. 2611. A bill to eliminate the reduction in social security benefits for spouses and surviving spouses receiving certain Government pensions, as recently added to title II of the Social Security Act by section 334 of the Social Security Amendments of 1977; to the Committee on Ways and Means.

By Mr. PATTERSON (by request) (for himself, Mr. HYDE, Mr. LAFALCE, Ms. OAKAR, Mr. NEAL, Mr. REUSS, Mr. LOWRY of Washington, Mr. EVANS of Delaware, Mr. STANTON of Ohio, and Mr. JAMES K. COYNE):

H.R. 2612. A bill to provide for continuing U.S. participation in the International Development Association, to provide for U.S. participation in the African Development Bank, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

H.R. 2613. A bill to provide for continuing participation by the United States in the International Bank for Reconstruction and Development, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. PRICE (for himself and Mr. DICKINSON):

H.R. 2614. A bill to authorize supplemental appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles and for research, development, test, and evaluation for the Armed Forces and to increase the authorized personnel end strengths for military and civilian personnel of the Department of Defense for fiscal year 1981; to the Committee on Armed Services.

By Mr. SABO:

H.R. 2615. A bill to amend title XIX of the Social Security Act to permit States to establish flexible income contribution and resource standards for couples in which one spouse is in a nursing home; to the Committee on Energy and Commerce.

By Mr. ST GERMAIN (for himself and Mr. WYLIE):

H.R. 2616. A bill to extend the authorizations of appropriations under the National Consumer Cooperative Bank Act; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SANTINI:

H.R. 2617. A bill to amend the Internal Revenue Code of 1954 to allow the deduction for individual retirement savings to employees who are active participants in employer plans; to the Committee on Way and Means.

By Mr. SHELBY (for himself, Mr. CORCORAN, Mr. HANCE, and Mr. BENEDICT):

H.R. 2618. A bill to amend the Clean Air Act and the Internal Revenue Code of 1954 and to provide for the balancing of energy and environmental policies by providing incentives for the use of coal in lieu of imported energy; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. WEISS:

H.R. 2619. A bill to amend title VI of the International Claims Settlement Act of 1949 (relating to claims of nationals of the United States against the German Democratic Republic) to permit the determination of claims of persons who were aliens lawfully admitted for permanent residence in the United States as of the date of loss and by September 4, 1974, citizens of the United States; to the Committee on Foreign Affairs.

By Mr. WYLIE:

H.R. 2620. A bill to amend title II of the Social Security Act to eliminate the offset against social security benefits which is presently imposed in the case of spouses and surviving spouses receiving certain Government pensions; to the Committee on Ways and Means.

By Mr. COLLINS of Texas:

H.J. Res. 209. Joint resolution authorizing the President to proclaim October 6, 1981, as "Children's Day"; to the Committee on Post Office and Civil Service.

By Mr. PATTERSON:

H.J. Res. 210. Joint resolution proposing an amendment to the Constitution of the United States to prohibit compelling the attendance of a student in a public school outside the school district in which the student resides; to the Committee on the Judiciary.

By Mr. NEAL:

H. Con. Res. 95. Concurrent resolution to encourage the reduction of export credit subsidies in world trade; jointly, to the Committees on Banking, Finance and Urban Affairs, Foreign Affairs, and Ways and Means.

By Mr. HAWKINS:

H. Res. 111. Resolution disapproving a proposed deferral of budget authority numbered D81-36A; to the Committee on Appropriations.

MEMORIALS

Under clause 4 of rule XXII,

28. The SPEAKER presented a memorial of the Legislature of the Territory of Guam, relative to the impact of reducing Federal income tax rates on Guam; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHAPPIE:

H.R. 2621. A bill to authorize the Secretary of the Interior to convey certain lands in Placer County, Calif., to Mrs. Edna C. Marshall, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. D'AMOURS:

H.R. 2622. A bill for the relief of Maj. Bradford S. Goodwin, Jr., U.S. Army; to the Committee on the Judiciary.

By Mr. DONNELLY:

H.R. 2623. A bill to waive certain time limitations with respect to awarding a medal of honor to James L. Cadigan; to the Committee on Armed Services.

By Mr. HEFTEL:

H.R. 2624. A bill to authorize the Secretary of the Navy to sell certain harbor craft to Indo-Pacific Fisheries, Inc.; to the Committee on Armed Services.

H.R. 2625. A bill for the relief of George A. Albert; to the Committee on the Judiciary.

By Mr. PATTERSON:

H.R. 2626. A bill for the relief of Orange County Fair Housing Council, Inc.; to the Committee on the Judiciary.

By Mr. RAHALL:

H.R. 2627. A bill for the relief of Maria Luna Tan; to the Committee on the Judiciary.

H.R. 2628. A bill for the relief of Generoso Blando; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 110: Mr. BONIOR of Michigan, Mrs. BOUQUARD, Mr. CORRADA, Mr. CROCKETT, Mr. DE LUGO, Mr. DUNCAN, Mr. FORD of Michigan, Mr. FROST, Mr. GINGRICH, Mr. GRAY, Mr. GUYER, Mr. HOWARD, Mr. KILDEE, Mr. KOGOVSEK, Mr. MURPHY, Mr. MURTHA, Mr. PATTERSON, Mr. PEPPER, Mr. STOKES, Mr. TRAXLER, Mr. WYDEN, and Mr. YATRON.

H.R. 227: Mr. MITCHELL of New York.

H.R. 231: Mr. WALGREN.

H.R. 269: Mr. LOWERY of California and Mr. ROTH.

H.R. 391: Mr. DANIEL B. CRANE.

H.R. 654: Mr. DE LA GARZA, Mr. BEREUTER, Mr. CONTE, Mr. O'BRIEN, Mr. HYDE, and Mr. OBERSTAR.

H.R. 728: Mr. HAWKINS, Mr. KOGOVSEK, Mr. FORD of Tennessee, Mr. FAUNTROY, Mr. RODINO, Mr. CROCKETT, Mr. MITCHELL of Maryland, and Mr. GUARINI.

H.R. 750: Mr. GLICKMAN.

H.R. 852: Mr. JOHN L. BURTON, Mr. MOFFETT, Mr. PARRIS, and Mr. CHAPPELL.

H.R. 858: Mr. BEREUTER.

H.R. 861: Mr. PORTER.

H.R. 907: Mr. BEILENSON, Mr. JOHN L. BURTON, Mr. DELLUMS, and Mr. PANETTA.

H.R. 934: Mr. CROCKETT and Mr. GUARINI.

H.R. 1034: Mr. ASHBROOK, Mr. ANDREWS, Mr. BAFALIS, Mr. BETHUNE, Mr. BUTLER, Mr. CRAIG, Mr. DANIEL B. CRANE, Mr. DANNEMEYER, Mr. FORSYTHE, Mr. GUYER, Mr. KINDNESS, Mr. MARRIOTT, Mr. MARTIN of North Carolina, Mr. RUDD, Mr. SPENCE, Mr. WHITEHURST, and Mr. WINN.

H.R. 1100: Mr. FAZIO.

H.R. 1359: Mr. BROOKS, Mr. WON PAT, Mr. ATKINSON, Mr. MCCLOSKEY, Mr. MURPHY, Mr. MARTIN of New York, Mr. EVANS of Georgia, and Mr. SOLOMON.

H.R. 1360: Mr. BROOKS, Mr. WON PAT, Mr. ATKINSON, Mr. MCCLOSKEY, Mr. MURPHY, Mr. EVANS of Georgia, and Mr. SOLOMON.

H.R. 1361: Mr. BROOKS, Mr. WON PAT, Mr. ATKINSON, Mr. MCCLOSKEY, Mr. MURPHY, Mr. BEARD, Mr. EVANS of Georgia, and Mr. SOLOMON.

H.R. 1405: Mr. BENJAMIN.

H.R. 1454: Mr. CROCKETT, and Mr. GARCIA.

H.R. 1554: Mr. GRAY, Mr. LOWRY of Washington, Mr. OTTINGER, Mr. SOLARZ, Mr. VENTO, Mr. WON PAT, Mr. ZEFERETTI, and Mr. DELLUMS.

H.R. 1602: Mr. YOUNG of Alaska, Mr. MURPHY, Mr. OTTINGER, and Mr. FAZIO.

H.R. 1643: Mr. ROBERT W. DANIEL, JR., Mr. HOWARD, Mr. BARNARD, Mr. PAUL, Mr. HIGHTOWER, Mr. LUNGREN, Mr. DUNCAN, and Mr. FRENZEL.

H.R. 1711: Mr. LOEFFLER and Mr. EVANS of Georgia.

H.R. 1720: Mr. WEAVER, Mr. EVANS of Delaware, Mr. COURTER, Mr. BEDELL, Mr. CONYERS, Mr. LAFALCE, Mr. DWYER, and Mr. DYSON.

H.R. 1765: Mr. WAXMAN, Mr. CLAUSEN, Mr. MCCLOSKEY, Mr. SYNAR, and Mr. HIGHTOWER.

H.R. 1817: Mr. LUKEN, Mr. WILLIAMS of Ohio, Mr. YOUNG of Missouri, Mr. FITHIAN, and Mr. ANDREWS.

H.R. 1854: Mr. OBERSTAR, Mr. STARK, Mr. FORSYTHE, Mr. BEILENSON, Mr. EDGAR, Mr. GIBBONS, Mr. MILLER of California, Mr. MURPHY, Mr. FAZIO, Mr. WINN, Mr. SCHEUER, Ms. MIKULSKI, Mr. PEPPER, Mr. FISH, Mr. MCCLOSKEY, Mr. JACOBS, Mr. HUGHES, Mr. MINETA, Mr. MITCHELL of Maryland, Mr. CORRADA, and Mr. OTTINGER.

H.R. 1914: Mr. ATKINSON, Mr. CONYERS, Mr. DOUGHERTY, Mr. FISH, Mr. FORD of Tennessee, Mr. FORSYTHE, Mr. GUYER, Mr. PEPPER, Mr. STRATTON, Mr. STOKES, and Mr. WHITEHURST.

H.R. 1919: Mr. WOLPE, Mr. SCHEUER, Mr. WINN, Mr. EDWARDS of California, Mr. AKAKA, Mr. PRITCHARD, Mr. FLORIO, Mr. HAWKINS, Mr. STARK, Mr. ST GERMAIN, Mr. PANETTA, Mr. LONG of Maryland, Mr. ADDABBO, Mr. SANTINI, Mr. BROWN of California, Mr. CLAY, Ms. MIKULSKI, Mr. PHILIP BURTON, Mr. COELHO, Mr. LOWRY of Washington, Mr. PEPPER, Mr. MURPHY, Mr. ZEFERETTI, Mr. VENTO, Mr. BURGENER, Mr. KILDEE, Mr. STUDDS, Mr. FAUNTROY, Mr. RICHMOND, Mr. CLINGER, Mr. ROE, Mr. MINISH, Mr. LAFALCE, Mr. DYMALLY, Mr. MITCHELL of Maryland, Mr. RANGEL, Mr. LEHMAN, Mr. STOKES, Mr. MOTTL, Mr. FORD of Michigan, Mr. MILLER of California, Mr. FARY, Mr. DELLUMS, Mr. MCHUGH, Mr. ROYBAL, and Mr. YATRON.

H.R. 1932: Mr. HOLLAND, Mr. ANNUNZIO, Mr. BONIOR of Michigan, Mr. BROOMFIELD, Mr. DASCHLE, Mr. DUNCAN, Mr. FORD of Michigan, Mr. HERTEL, and Mr. KOGOVSEK.

H.R. 1969: Mr. BONER of Tennessee.

H.R. 2024: Mr. MILLER of California and Mr. SANTINI.

H.R. 2232: Mr. DERWINSKI, Mr. LAGOMARSINO, Mr. STOKES, Mr. MINETA, and Mr. KILDEE.

H.R. 2245: Mr. EMERSON, Mr. WILLIAMS of Montana, Ms. FERRARO, Mr. MILLER of California, and Mr. FISH.

H.R. 2327: Mr. MONTGOMERY, Mr. BEVILL, Mr. COLLINS of Texas, Mr. MCDONALD, and Mr. NICHOLS.

H.R. 2352: Mr. ROSENTHAL, Mr. DOWNEY, Mr. BINGHAM, Mrs. FENWICK, Mr. DERWINSKI, Mr. WEISS, and Mr. BARNES.

H.R. 2389: Mr. HOWARD, Mr. ROUSSELOT, Mr. PAUL, Mr. DERWINSKI, Mr. MCDONALD, Mr. LEATH of Texas, Mr. PEPPER, Mr. ARCHER, Mr. KILDEE, Mr. CONTE, and Mr. DICKINSON.

H.R. 2393: Mr. GOLDWATER, Mr. WEBER of Minnesota, and Mr. SMITH of Alabama.

H.J. Res. 155: Mr. ALBOSTA, Mr. BEDELL, Mr. BEILENSON, Mr. BENJAMIN, Mr. BOLAND, Mr. BONER of Tennessee, Mr. BROWN of California, Mr. CARNEY, Mr. DELLUMS, Mr. DIXON, Mr. DONNELLY, Mr. DOWNEY, Mr. DYMALLY, Mr. EDWARDS of Oklahoma, Mr. ERDAHL, Mr. ERTEL, Mr. FOLEY, Mr. FOUNTAIN, Mr. GEJDENSON, Mr. GREEN, Mr. HUTTO, Mr. JEFFORDS, Mr. KAZEN, Mr. LELAND, Mr. LUKEN, Mr. MCCLOSKEY, Mr. MCDADE, Mr. MARKS, Mr. MARRIOTT, Mr. MOLINARI, Mr. NEAL, Mr. NOWAK, Mr. PRICE, Mr. ROUSSELOT, Mr. RUDD, Mr. SABO, Mr. ST GERMAIN, Mr. SCHUMER, Mr. SMITH of New Jersey, Mr. SOLOMON, Mr. WOLF, Mr. WYDEN, Mr. YOUNG of Alaska, Mr. BENNETT, Mr. BONIOR of Michigan, Mr. CONYERS, Mr. FOWLER, Mr. GARCIA, Mr. MATTOX, Mr. MINISH, Mr. PATTERSON, Mr. RAILSBACK, Mr. ROYBAL, Mr. SHAMANSKY, Mr. SUNIA, Mr. TRAXLER, Mr. YOUNG of Florida, Mr. LANTOS, Mr. EVANS of Georgia, Mr. EVANS of Delaware, Mr. RATCHFORD, Mr. ROSE, Mr. SMITH of Iowa, Mr. WHITTEN, Mr. GILMAN, Mr. CARMAN, Mr. STOKES, Mr. BEARD, Mr. PERKINS, Mr. GRADISON, Mr. HANCE, Mr. ERLENBORN, Mrs. BOUQUARD, Mr. BRINKLEY, and Mr. RITTER.

H.J. Res. 162: Mr. SHAMANSKY, Mr. BEDELL, Mr. MINETA, Mr. DASCHLE, Mr. KASTENMEIER, Mr. BARNARD, Mr. DORGAN of North Dakota, Mr. HYDE, Mr. EVANS of Delaware, Mr. WILSON, Mr. BLANCHARD, Mr. CONYERS, Mr. HUBBARD, Mr. ZABLOCKI, Mr. DYSON, Mr. GUYER, Mr. CROCKETT, Ms. FIEDLER, Mr. FARY, Mr. MOLLOHAN, Mr. PARRIS, Mr. KEMP, Mr. PERKINS, Mr. LUKEN, Mrs. BOGGS, and Mr. ROYBAL.

H. Con. Res. 52: Mr. GUARINI, Mr. WILLIAMS of Montana, and Mr. GRAY.

H. Con. Res. 55: Mr. SHAMANSKY.

H. Con. Res. 61: Mr. EVANS of Georgia, Mr. EMERY, Mr. MCHUGH, Mr. RODINO, Mr. LEDERER, Mr. EARLY, Mr. PEPPER, Mr. GRAY, Mr. HAMMERSCHMIDT, Mr. LEE, Mr. BUTLER, Mr. ADDABBO, Mr. ERTEL, and Mr. SHUSTER.

H. Con. Res. 81: Mr. WHITEHURST, Ms. MIKULSKI, Mr. STOKES, Mr. FORSYTHE, Mr. SUNIA, Mr. YATRON, Mr. OTTINGER, Mr. CONYERS, and Mr. CORRADA.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

38. By the SPEAKER: Petition of the Ohio Civilian Conservation Advisory Council, Columbus, relative to the Federal young adult conservation corps program, and the youth conservation corps program; to the Committee on Education and Labor.

39. Also, petition of Mercedes Carney, West Park, N.Y., and others, relative to El Salvador; to the Committee on Foreign Affairs.

EXTENSION OF REMARKS

THE PANAMA CANAL APPROPRIATIONS AUTHORIZATION ACT, FISCAL YEAR 1982

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. JONES of North Carolina. Mr. Speaker, today I am introducing a bill to authorize appropriations for operation of the Panama Canal in the fiscal year beginning October 1, 1981. The enactment of such legislation is required by the provisions of the Panama Canal Act of 1979, establishing the Panama Canal Commission as an agency in the executive branch of the U.S. Government for operation of the Panama Canal under the President and Secretary of Defense. Section 1302 of the act provides that no funds be obligated or expended for any fiscal year unless such obligation or expenditure has been specifically authorized by law. The purpose of this bill is to provide such authorization for fiscal year 1982, subject to the limitations and conditions included in the bill.

Section 2(a) of the bill authorizes appropriations of $420,520,000 for operating expenses and capital improvements at the Panama Canal during fiscal year 1982. This is the amount requested in the amendment to the budget submitted to the Congress on March 10, 1981.

Section 2(a) also places limitations on amounts that can be spent for certain specific objects, such as employee recreation and community projects, employment of consultants and administrative expenses of the Supervisory Board. These limitations correspond generally to those included in the authorization bill and Appropriation Act for fiscal year 1981 (Public Law 96-400).

The bill also divides the capital projects included in the President's budget for the Panama Canal Commission into four categories, and places a spending limitation on each. Increases in amounts spent for individual projects within any of the four categories is authorized after notice to the appropriations and cognizant legislative committees, with provision for veto of such increases by any of such committees. In any event, such increases may not result in an increase in the total amount authorized for each category or for all the included capital projects.

Section 3 of the bill provides in effect that meetings of the canal's Supervisory Board must be open to the public in accordance with the Government in the Sunshine Act (5 U.S.C. 552b). This provision follows the recommendation of the Panama Canal Subcommittee of the Committee on Merchant Marine and Fisheries in an oversight report unanimously adopted by the subcommittee after oversight hearings conducted pursuant to rule X of the Rules of the House of Representatives. The oversight report is published in full at page H10381 of the CONGRESSIONAL RECORD of October 2, 1980.

Under the provisions of the Congressional Budget and Impoundment Control Act, all bills to authorize appropriations for fiscal year 1982 must be reported not later than May 15. The Committee on Merchant Marine and Fisheries expects to report this legislation well in advance of that date, in order that there may be no delay in the enactment of necessary appropriations for operation of the canal without interruption while it remains in the control of this Government.

The text of the bill and a section-by-section analysis of the bill follows:

H.R. 2596

A bill to authorize appropriations for the fiscal year beginning October 1, 1981, for the maintenance and operation of the Panama Canal, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. That this Act may be cited as the "Panama Canal Appropriations Authorization Act, Fiscal Year 1982."

OPERATING EXPENSES AND CAPITAL OUTLAY

SEC. 2. (a) There is authorized to be appropriated from the Panama Canal Commission Fund for the use of the Panama Canal Commission for the fiscal year beginning October 1, 1981, not to exceed $420,520,000 required for necessary expenses of the Commission incurred under the Panama Canal Act of 1979, including—

(1) not more than $5,000 for the hire of passenger motor vehicles;

(2) not more than $776,000 for the hire of aircraft;

(3) not more than $136,000 for uniforms or allowances therefor, as authorized by sections 5901 and 5902 of title 5, United States Code;

(4) not more than $25,000 for official reception and representation expenses;

(5) not more than $272,000 for operation of guide services;

(6) not more than $60,000 for the maintenance of a residence for the Administrator, as authorized by section 5913 of title 5, United States Code;

(7) not more than $25,000 for disbursement by Administrator for employee recreation and community projects.

(8) not more than $520,000 for procurement of expert and consultant services as provided by section 3109 of title 5, United States Code;

(9) maintenance and alteration of facilities of other United States Government agencies in the Republic of Panama used by the Panama Canal Commission;

(10) not more than $3,724,000 for maintenance and alteration of facilities of the Government of the Republic of Panama, used by the Commission, of which the United States retains use pursuant to the Panama Canal Treaty of 1977 and related agreements;

(11) payment of liabilities of the Panama Canal Company outstanding as of September 30, 1979; and

(12) not more than $50,000 for expenses of the supervisory Board established pursuant to section 110 of Public Law 96-70 (93 Stat. 456), including travel and transportation expenses under section 5703 of title 5, United States Code.

(b) Not to exceed $19,766,000 of the funds appropriated pursuant to the authorization in subsection (1) of this section may be expended for acquisition, construction and replacement of facilities, structures, equipment, and improvements thereto required by the Panama Canal Commission, including the purchase of not to exceed forty passenger motor vehicles of which twenty-eight are for replacement only. Amounts appropriated pursuant to this subsection are authorized to remain available until expended.

(c) Of the sums referred to in subsection (b) of this section, not more than the following amounts shall be available for the following purposes:

(1) for transit projects, $13,764,000;

(2) for general support projects, $3,252,000;

(3) for utilities projects, $1,870,000;

(4) for quarters improvement projects, $880,000.

(d)(1) Subject to the limitations prescribed in paragraph (2), the amount which may be expended for any individual project within any category of projects contained in paragraphs (1) through (4) of subsection (c) may be increased above the amount specified for that individual project in the budget estimate submitted to the Congress by an amount necessary to meet increased costs in such project due to inflation or other unforeseeable factors, if the Board of the Panama Canal Commission has approved such increase and has notified in writing the Committee on Merchant Marine and Fisheries of the House of Representatives, the Committee on Armed Services of the Senate, and the Subcommittees on Transportation of the Committees on Appropriations of the House of Representatives and the Senate of the Commission's approval of such increase, the reason for such approval, and the new cost estimate for the project concerned. Any of the committees referred to in this subsection may disapprove the increases in amounts for any individual project as proposed by the Commission.

(2) In no event may—

(A) the total cost of all projects within any of the categories of projects contained in clauses (1) through (4) of subsection (c) exceed the amount authorized by law for that category, or

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

(B) the total cost of all capital projects authorized by this section exceed the amount appropriated for such projects.

(e) There is authorized to be credited to amount appropriated pursuant to this section, for payment to other United States Government agencies, an amount equal to the amount of funds received from officers and employees of the Commission or commercial insurers of Commission employees for expenditures made for services provided to Commission employees and their dependents by such other agencies.

MEETINGS OF BOARD

SEC. 3. None of the appropriations authorized in this Act may be expended for meetings of the Board established by section 1102 of the Panama Canal Act of 1979 (93 Stat. 456) unless such meetings are open to the public in accordance with the provisions of the Government in the Sunshine Act of September 13, 1976 (90 Stat. 1241, 5 U.S.C. 552b).

SECTION-BY-SECTION ANALYSIS, PANAMA CANAL APPROPRIATIONS AUTHORIZATION ACT, FISCAL YEAR 1982

SEC. 1. Short Title.

SEC. 2. Paragraph (a) authorizes a total appropriation of $420,520,000 for necessary expenses of the Panama Canal Commission in F.Y. 1982. This is the amount requested in the revised budget submitted March 10, 1981.

Paragraph (a) specifically authorizes appropriations for 12 categories of expense as follows:

(1) hire of passenger motor vehicles—$5,000.

(2) hire of aircraft—$776,000.

(3) uniforms and uniform allowances—$136,000.

(4) entertainment and representation—$25,000.

(5) guide services—$272,000.

(6) maintaining residence of Administrator—$60,000.

(7) employee recreation and community activities—$25,000.

(8) experts and consultants—$520,000.

(9) maintenance and alteration of facilities of other U.S. Government agencies.

(10) maintenance and alteration of facilities of the Government of Panama—$3,724,000.

(11) payment of liabilities of Panama Canal Company outstanding as of September 30, 1979.

(12) expenses of Supervisory Board—$50,000.

In the absence of information as to the amounts included in the budget for the 12 enumerated objects, the amounts authorized for fiscal year 1981 have been used with two exceptions. The item for hire of passenger motor vehicles authorized last year was in the amount $495,000 for funding a one-year contract for shuttle bus service. Such a contract is not the hire of vehicles within the meaning of 31 USC 638a which requires authorization for the hire of vehicles. Authorization for the operation of the bus service is included in the operating expenses in the first clause of section 2(a).

The 1981 appropriation did not contain a limitation on expenses of the Board. The justification material submitted by the Commission in support of the budget includes $92,000 for such expenses in comparison to $44,000 in 1980 and $89,000 estimated for 1981. The $50,000 included in this bill is based on the 1980 actual with provision for inflation.

Paragraph (b) of section 2 would authorize expenditure of $19,766,000 of the total amount of the appropriations authorized in section 2(a) for capital acquisition and improvements. This amount is authorized to remain available until expended. The paragraph further authorizes acquisition of 40 passenger automobiles, of which 28 are for replacement. The numbers of vehicles follow the January appropriation request, although they are a substantial increase over the numbers included in the 1980 authorization bill and appropriation act (31 total of which 19 were for replacement).

No limit is specified for the dollar amount to be expended for new automobiles inasmuch as this amount is controlled by general law applicable to all agencies.

Paragraph (c) of section two divides the authorized capital projects into four categories and specifies the amount of the total authorization available for each. The types of categories are those included in last years authorization bill and appropriation act, and the amounts authorized for each are those requested in the Commission's budget submitted by the President in January.

Paragraph (d) of Section 2 is based on a similar provision in the 1981 authorization bill and appropriation act authorizing increases in the amounts authorized for individual projects in each category of capital projects after the approval by the Commission's supervisory Board and notice to the legislative and appropriations Committees of Congress. Provision is included for disapproval of the increases by any of the Committees as notified. Increases in the total authorized for each project or in the total amount authorized for all projects are specifically prohibited.

Paragraph (e) of section 2 authorizes the crediting to the appropriation of amounts received by the Commission for services to employees by other agencies. This language follows the 1981 authorization bill and appropriation act as well as the 1982 budget request.

Section 3 of the bill provides that none of the appropriations authorized may be expended for meetings of the Commission's supervisory Board unless such meetings are open to the public in accordance with the Government in the Sunshine Act of September 13, 1976 (5 U.S.C. 552b). This requirement is included because of adoption of regulations by the Board providing for closed meetings, notwithstanding the requirement of the 1976 act, applicable to executive agencies generally, requiring open meetings. The subject was explored fully in the oversight hearings held by the Panama Canal subcommittee on July 28, 1981, and the subcommittee unanimously recommended that open meetings be held in accordance with the Act. The Commission has not acted on that recommendation.●

RESOLUTION IN OPPOSITION TO THE PROPOSED DEFERRAL OF CETA FUNDS

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. HAWKINS. Mr. Speaker, I rise to speak on the subject of the proposed CETA deferrals which the President announced in his message to Congress on March 10, 1981. It is my intention to oppose the deferrals in title II(d), welfare demonstration program, summer youth, YACC, and research and development and evaluation. To that end, I am introducing today a resolution which would disallow these deferrals.

While I will also oppose the CETA PSE title VI rescissions at the appropriate time, today, because of time constraints, I will limit my comments to only the deferrals of title II(d) PSE.

There exists a great urgency particularly in dealing with the President's deferral message as it relates to title II(d) to the fact that a great many CETA prime sponsors find that the new and reduced allocation levels leave them with absolutely no funds with which to continue their II(d) programs beyond March 17. While these prime sponsors were informed by DOL that the expense of giving the customary 2 weeks' termination notices would be covered by the Department, the message is clear that the program will be terminated immediately.

In the case of the city of Los Angeles alone, this means that on March 17 a total of 3,000 termination notices were sent out. Of this total, 1,300 went to persons involved in training and employment programs operated by 29 community-based private nonprofit organizations. All participants were drawn from the structurally unemployed, and 52 percent were hired from local welfare rolls.

For other cities the situation is not much better, and within a few months it is estimated that the title II(d) program will be virtually nonexistent. At the same time, the unemployment ranks will be so inflated by this anticipated action that the Department of Labor has reserved $245 million of its CETA funds to cover the UI liability created by the termination of the PSE title II(d) and VI programs.

Mr. Speaker, the fact that the President's proposals are tantamount to ending programs sanctioned by Congress, without any congressional review is reprehensible; but this, coupled with the fact that the programs he is cutting means the difference between hope and desperation for millions of Americans, is unacceptable.●

PEN, SWORD, AND MIGHT

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. SKELTON. Mr. Speaker, Maj. Gen. W. D. Crittenberger, Jr, USA (ret.), recently brought to my attention an article from the Wall Street Journal pointing out our need for military leaders as opposed to bookkeeping managers. It is entitled, "Pen, Sword and Might."

The article follows:

PEN, SWORD AND MIGHT

Regarding Irving Kristol's Feb. 23 editorial page article "A Letter to the Pentagon":

Mr. Kristol is exactly right about the demoralization of the American military. Before we resigned recently as regular line officers (in the Navy and Army, respectively), we observed examples too numerous to count of the symptoms and effects he describes. Several of our fellow law students are also former military officers, some of rather high rank. To a man they agree that the military's problems stem from the officer corps' obsessive desire to be managers rather than warriors. As James Fallows observed last year in Atlantic Monthly, George Patton probably would never reach general officer rank in today's Army.●

MUST MX BE A SHELL GAME?

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BEDELL. Mr. Speaker, yesterday I introduced House Concurrent Resolution 94, expressing the sense of Congress that the MX/MPS basing system should be halted until we negotiate an effective SALT limitation on Soviet ICBM's and warheads.

The New York Times this morning took up this issue in a lead editorial entitled, "Must MX Be A Shell Game?" The Times editors first noted the primary environmental and cost objections to the current MX basing plans and recommended the so-called SUM submarine alternative. Equally important, however, the editors spoke directly to the issue of SALT, stating that "(t)he shell game makes little sense without SALT limits on the Soviet missile buildup."

I agree fully with the views expressed in this editorial and recommend its reading to my colleagues. The text of the editorial follows:

[From the New York Times, Mar. 18, 1981]

MUST MX BE A SHELL GAME?

Why, Defense Secretary Weinberger has been asking his military advisers, does the mobile MX missile have to be part of a "shell game"? Why must it be based in concrete shelters in Utah and Nevada, tearing up the countryside and fomenting wide public resistance? Why not base it at sea, perhaps aboard small submarines in deep ocean, a few hundred miles off the Atlantic and Pacific Coasts?

The new Secretary says he has found Pentagon minds all made up: the present "shell game" plan with 200 missiles shuttling among 4,600 shelters is the best answer to the vulnerability of silo-based ICBM's. But to his credit, Mr. Weinberger has not settled for that answer. He has now put his questions to a panel of outside defense experts, to report to him in June.

There are two fat objections to the MX plan favored by the military. It did not foresee the surge of public opposition in the Western states. Environmental lawyers could tie things up in court for years. In the background, there is "an element of the unreal," as Mr. Weinberger has noted, in building so complex a system, of almost Rube Goldberg dimensions and costing $34 billion, to conceal such a small number of missiles. Is there no other way?

Yes: Put the MX on submarines, which will provide automatic concealment in two million square miles of ocean.

Then why hasn't the Pentagon gone in that direction already? Because existing submarine-launched missiles are not as accurate as land-based missiles and are not as responsive to command and control. Current missile subs are scattered over the globe and unable to communicate without revealing their location. And shifting MX to submarines would eliminate one leg of the strategic "triad"—bombers, land-based missiles and submarine-launched missiles.

But those arguments do not apply to small offshore submarines, aided by coastal guidance and radio systems. Such vessels should be able to achieve survivability, with missile accuracy and communications at least comparable to a land-based MX system and at no greater cost, according to preliminary findings of a study by the Congressional Office of Technology Assessment.

The study identifies two main problems with this system, known as the small-submarine underseas mobile plan. Some unforeseen breakthrough in antisubmarine warfare might one day create a simultaneous threat to both the Trident and coastal submarines. Shortages of shipyard capacity might delay deployment until the early 1990's.

But the originators of the small-sub concept, Sidney Drell of Stanford and Richard Garwin of I.B.M., are convinced that the small sub is practical. It would differ enough from the big Trident sub so that no single antisubmarine warfare breakthrough would threaten both systems. Also, small submarines are being made in West Germany and some could be bought there until American models are available.

The small-sub idea also has other virtues. It could begin adding invulnerable missiles to the American inventory from the very first submarine deployed. The shell-game system, by comparison, would gain nothing for American security until there were more shelters than Soviet warheads capable of destroying them. To build that many shelters would take nearly until 1990, by which time construction of a small submarine fleet could also be well under way.

Mr. Weinberger is right to take a new look at the small-sub system. The Air Force would not be overjoyed to put its new missiles on Navy vessels. But the system has advantages at a time when the strategic arms treaty is in doubt. The shell game makes little sense without SALT limits on the Soviet missile buildup, which could require 8,250 MX shelters by 1990 and 12,250 by 1995. Small subs could survive a SALT failure.

More important, the small-sub idea offers a valuable bargaining chip. Deployment could be curtailed in return for a favorable SALT agreement. That would save money while adding a reasonable quota of survivable missiles to the American arsenal.●

AGRICULTURAL RESEARCH

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, March 18, 1981, into the CONGRESSIONAL RECORD:

AGRICULTURAL RESEARCH

Most of the talk in Washington these days has to do with cuts in the federal budget. It may be a bit out of step—but it is necessary nonetheless—to point to one item in the budget which should not be cut. In fact, that item—agricultural research—should probably be increased.

Agricultural research goes back at least to the settlers of the 1660's who experimented with Indian corn in order to survive. Presidents Washington and Jefferson argued for improved agriculture and conducted experimental work. President Lincoln launched such research at land grant colleges, and there was a revolution in farm production by the end of the Civil War. A second revolution occurred after World War II. Farm productivity has increased by one-half since 1950, with two-thirds the labor force and the same amount of land under cultivation. Greater productivity has been due primarily to new technologies and practices developed through research.

The federal government supports 47% of the nation's agricultural research. The United States Department of Agriculture (USDA) is spending roughly $800 million on major research this year. About $400 million goes to the USDA's 150 domestic research facilities. Another $200 million, with state monies, funds the cooperative research program at state universities, a program which concentrates on the immediate needs of local agricultural interests. Research in Indiana ranges from agricultural production and marketing to conservation and human nutrition. Work on the erosion of soil, the improvement of soybeans and wheat, the control of insects, and the genetics of animals is also underway.

Federal funds for agricultural research appear to have been spent well. Economists say that consumers and farmers reap a return of nearly 50 cents above costs on every federal dollar so invested. This return compares favorably to that of private industry, which typically earns no more than 20 cents above costs on each dollar it invests in research. The main benefit comes in the form of lower retail prices for food. It may be hard to believe after a trip to the supermarket, but Americans spend less of their income on food than do people in any other industrialized country. This benefit is available despite the fact that spending for agricultural research equals only 2% of the total federal research budget.

The outstanding record of agricultural research has not silenced all critics. Some people contend that current trends in research have made agriculture too dependent on dangerous pesticides that pollute the water and destroy natural predators, on large machines that consume too much energy and encourage the consolidation of farmland, and on techniques of selective breeding that limit genetic diversity and invite catastrophe. While such criticisms cannot be dismissed out of hand, most observers believe that agricultural research has done much more good than harm.

Agricultural research will be facing significant challenges in the years to come. On the one hand, worldwide demand for food is rising. The world's rapidly growing population may number 6.35 billion by the end of the century, and more countries are striving to improve the quality of the food their people eat. On the other hand, meager supplies of grain and higher prices for the

energy used by farmers may lead to shortages of food in many places. Worse still, American agriculture may be reaching a "productivity plateau" from which the yield per acre of basic crops cannot be raised. The reservoir of untapped agricultural technology may be nearly exhausted.

The agricultural boom of the 1950's and 1960's was due mainly to chemical and mechanical innovation and an abundance of energy, soil, and water. As agricultural research seeks to address new challenges, however, it will bump up against several limits. Farm expenditures for petroleum have more than doubled in the past five years, and prices for fuel are expected to increase more than 20% in 1981. Three million acres of farmland are lost to urban sprawl, industrialization, and water projects each year, and an annual average of nine tons of soil per acre is lost through erosion. The national demand for water will be almost half again as great by the year 2000, and much water will be unavailable for farm use on account of pollution and diversion to other uses.

How will the Americam farmer produce more food with fewer resources? More research is the answer, and it is taking many forms. Because of the high cost and adverse environmental effect of chemical pesticides, farm scientists are working to develop "natural" mechanisms for the control of pests. They are investigating how plants might be bred to draw nitrogen from the air, thereby reducing the need for fertilizers. Other research is moving along, too. For areas where the soil is saline, farm scientists are screening varieties of crops that would be able to tolerate salt. They are studying how satellites might be used to gather data on plots of land anywhere in the world.

Research has helped make American agriculture an immensely productive enterprise. We must see to it that investment in such research continues to have priority among federal initiatives.●

NURSING HOME PATIENTS RELIEF ACT

HON. MARTIN OLAV SABO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. SABO. Mr. Speaker, we hear a lot of discussion these days about how States need greater flexibility in administering Government programs. Today I am introducing a bill which would provide some of that needed flexibility while addressing a severe problem faced by older couples.

The bill would amend title XIX of the Social Security Act. It would give States flexibility in establishing income contribution and resource standards for couples to qualify for medicaid when one spouse is in a nursing home.

Under the present system, a person must often forgo income and live in impoverished circumstances when his or her spouse resides in a nursing home and medicaid funds are needed.

The most common example of this dilemma occurs among older couples who have retired on the husband's pension. The husband is often the first to require nursing home care. When he does, HHS guidelines require that most of his pension be used to pay for his care before he is eligible for medicaid. There is then often not enough pension income left over to provide the healthy wife with a decent standard of living.

Even though the couple had been an economic unit with the wife contributing to its sustenance and even though the couple had planned to live out their days sharing the husband's pension, the wife is left with far less than half the couple's income. She often can no longer afford to live on her own and is typically forced to go into a nursing home, too. Such a situation costs the Government money and erodes the freedom and dignity of the healthy wife.

The bill I am introducing today would allow the Secretary of HHS to approve State medical assistance plans which contain more flexible standards than current rules allow. Under this bill, States could pass laws which would allow these couples to qualify for medical assistance while retaining enough income to support the healthy spouse. No State would be required to pass such a law. In States where current rules are adequate, no change need be made. However, in States where the cost of living is high, the legislatures would be able to pass a law providing the necessary flexibility to insure their older couples the medical assistance they need.●

U.S. INTERVENTION IN EL SALVADOR

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. HARKIN. Mr. Speaker, Tuesday, March 24, marks the first aniversary of the assassination of Archbishop Oscar Romero of El Salvador. This month is also the first anniversary of our Government's first military assistance to the government which refused to investigate or prosecute those who were responsible for the archbishop's murder.

The rape and murder of four American churchwomen dispelled whatever illusion was left that the present junta in El Salvador is moderate or responsible. The American people, led by church groups of every faith, have forcefully rejected the official justification for increased U.S. involvement in the civil war in El Salvador. It is time for us, as elected representatives of the American people, to speak out as well.

A government which permits the wanton murder of American churchwomen and American labor advisers, the assassination of the beloved archbishop, the torture, mutilation, and murder of thousands of men, women, and children is no bastion of pro-Americanism. If this kind of government is what the free world has to offer in place of communism, then it is no wonder that the people themselves reject not only our country but our values as well. America stands for something better.

John Kenneth Galbraith discussed the decline of the Soviet Empire over the last 20 years in an article in yesterday's Post. In it, he stressed that Soviet efforts to expand their sphere of influence in the Third World have been a disasterous failure. He also warns U.S. policymakers of making the same kind of heavy-handed mistakes. How ironic it would be if the United States squandered a precious resource—the example our Nation sets in comparison to the Soviet Union—by intervening in El Salvador to prop up a hated government in the name of anticommunism.

I would like to include with my statement the December 16th statement by the Maryknoll Sisters on the deaths of four American churchwomen in El Salvador.

MARYKNOLL SISTERS' RESPONSE TO STATE DEPARTMENT PRESS RELEASE ON SPECIAL PRESIDENTIAL MISSION TO EL SALVADOR

MARYKNOLL, N.Y.—The deaths of Sisters Ita Ford, Maura Clarke, Dorothy Kazel and Miss Jean Donovan have focused international attention on El Salvador. We are profoundly saddened by their deaths; but they are only one example of the thousands of deaths which took place this past year, the great majority of which have occurred at the hands of the security forces. Our concern today is for all the people of El Salvador.

On December 12th, the State Department issued a public statement regarding the actions and findings of the special Presidential Mission to El Salvador. Their report leaves us with many questions; but we would like to respond in a general way to two important statements, which are made therein.

The statement reports:

"The Special Mission reported that thus far there was no direct evidence of who committed the crime especially because of the circumstantial evidence of possible security force involvement in the case. The Mission urged the authorities of El Salvador to conduct a complete, thorough, and professional investigation of these murders so that these questions can be answered and those responsible be brought to justice."

We would remind the U.S. government that from the evidence which we have been able to gather, which includes statements from Church officials, the American Embassy, international organizations and high U.S. government officials, there is a probability that the security forces are involved in the deaths of these four women.

As to whether or not we believe the Salvadoran government would be the indicated authorities to make an investigation, we go to the words of Bishop Rivera y Damas made in a statement on December 6th, in response to the deaths of our Sisters:

"Although those directly responsible for this persecution want to minimize their part in it by invoking the violence of the rightists and leftists without any trouble, or by being backed by a very powerful political-military machine, nevertheless, in the almost four years that the Church has suffered persecution, it has been evident that the majority of the acts of persecution against the Church has been perpetrated by members of the Security Forces and paramilitary organizations. Thus, we deny the versions that at times some members of the government have affirmed, which would blame other social groups for this persecution.

"Therefore, we place the responsibility of the persecution of the Church, and specifically of those assassinated—the pastoral workers as well as the priests—on the security forces and the extreme right-wing groups. And as a consequence, we also lay this responsibility on the government junta, who by exercising the supreme command over the armed forces, is accountable for the actions of their members. We regret that the regimes pervious to the junta and also the revolutionary junta itself, have not fulfilled their promise to investigate the criminal assassinations of Msgr. Romero, the priests, religious and pastoral workers.

"That is why their statements lose credibility and why we cannot accept their excuses, made after the facts, nor the promises of investigations."

The State Department also states they expect there will be changes made within the Salvadoran government structure and that the U.S. is ready to resume its assistance to El Salvador "upon such progress." In response, we state strongly that we do not believe that a reshuffling of the junta members or military would be in any way a sign to resume U.S. aid. Only the immediate end to repression by the security forces could signal any significant progress in El Salvador. Again, we quote and support the same statement of Bishop Rivera y Damas:

"Only an immediate and effective halt to the repression and the persecution would show a decisive will to terminate both, and so to exonerate the junta of their responsibility to some degree. And only the immediate halt to the repression and the persecution would give any credibility to the repeated offers for dialogue to bring peace to the country. In any other way, all possibilities for achieving true peace in the country through non-violent means are being choked off.

"And so, we beg the government of the United States, as did our martyr Archbishop Romero in a prophetic gesture, that it not provide military aid to our government. Because in spite of the declarations as to the intent of the assistance, any military aid only facilitates the repression of the people and the persecution of the Church."●

THE MEANING OF FREEDOM

HON. CARROLL A. CAMPBELL, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. CAMPBELL. Mr. Speaker, I am proud to include in the RECORD today for the review of my colleagues an essay by Tammy Alicia Woolbright, an eighth grade student at D. R. Hill Middle School in Duncan, S.C., titled "The Meaning of Freedom," Tammy's essay truly captures the spirit of America.

Tammy's essay was written in response to the Spartanburg, S.C., Sertoma Clubs' National Heritage Week essay contest. It not only won the individual school contest, but took grand prize in the area contest as well.

My thanks to D. R. Hill Principal James D. Henderson for providing me with a copy of this thoughtful essay, and my congratulations to Tammy and to her mother, Mrs. Jane C. Wilson of Inman. Tammy is a fine citizen and does this Nation proud.

The essay follows:

THE MEANING OF FREEDOM

(By Tammy Alicia Woolbright)

Freedom, a word that we consider just that—a word—is the hope, the joy, the bright light at the end of a dark tunnel for people all over the world. This one idea that emerged from the single want of our forefathers has been nurtured and has grown into the basic principle of a great nation, the United States of America.

In times of crisis such as the recent capture of Americans in Iran, we are forced to realize how fortunate we are. Fifty-two more Americans have shown the remainder of us the true meaning of freedom. They have reminded us of the value of the freedom that our forefathers fought so hard to gain, defend, and keep for themselves and their descendants.

The true meaning of freedom cannot be defined within one phrase. It is, in truth, many meanings to many people. These meanings can be small or large but each is just as important as the word itself. To people in Poland, it means only working five days a week; to children, it means a butterfly floating across a meadow on the wind. To soldiers returning from war, freedom means peace and Old Glory as well as our flag of red, white, and blue. To the hostages, it means being able to walk outside without captors by their sides or blindfolds upon their eyes.

Freedom is the controlling of your life and not having it controlled for you. Freedom is the right to speak as you think, and do things you like, which may be outlawed by communist governments. To artists, it is the right to paint what is really in their hearts. To others, it is the right to worship as one pleases.

Freedom, like every other thing, has its boundaries. The boundaries or laws protect your freedom and other's freedom as well. They restrain freedom from becoming wild and dangerous.

Freedom is a privilege we as Americans all have in common. Are we willing to defend our rights to hold our greatest privilege or are we going to sit back and slowly watch it disappear from our lives? Let us pledge to preserve and defend our freedom as we hope our descendants will. The world is depending upon us alone to preserve the rights of freedom. Will our heritage be remembered in history as a short lived hope and only for a moment a reality?

Let us instill the honorable cause of freedom in our children so it will continue to be the bright light and small candle in a world of darkness and despair. Do not let the future of America die. Today, the choice is ours.●

NONIMMIGRANT ALIENS

HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. NICHOLS. Mr. Speaker, I am joining with the other members of the entire Alabama delegation to introduce legislation which would give the President the power to immediately order deported broad categories of nonimmigrant aliens.

This legislation is necessitated by the recent deplorable events which occurred in Iran when our fellow citizens were taken hostage.

Our research reveals that the Federal courts have unquestionably stated that the Congress has broad constitutional authority to determine what aliens shall be permitted entry into the United States, the period they may remain, and the regulation of their conduct once so admitted.

Our legislation would provide that upon a finding by the President that an act of terrorism or other hostile act has been committed against one of our citizens, corporations, and so forth, by or with the assistance of a foreign government or in a foreign state and with the acquiescence of that government and, also, upon a finding by the President that it is in the Nation's interest to limit entry into or expel from U.S. nonimmigrants or that state, the President may sign an Executive order expelling these nonimmigrant aliens.

Nonimmigrant aliens fall into the following categories: Diplomats, business visitors, tourists, crewpersons, aliens in transit, trade missions, students, representatives accredited to international organizations, fiancees, aliens temporarily performing services of an exceptional nature, foreign press and media, and aliens participating in State Department programs.

I am convinced the people in my district, as well as, throughout the State of Alabama perceived the United States as being completely impotent in dealing with the very hostile Iranian Government. This measure would give to the President greater leverage in correcting this inbalance and we expect our legislation to draw broad bipartisan support.

Thank you.●

OIL CONSERVATION AND UTILITY RATES

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. CORCORAN. Mr. Speaker, I would like to share with my colleagues a thoughtful analysis of some of the

major problems facing the U.S. electric utility industry. The author, Peter Navarro of the Harvard University's Energy and Environmental Policy Center, discusses issues which my colleagues and I who serve on the Energy and Commerce Subcommittee on Energy Conservation and Power debate regularly, but these are questions which ultimately the full House of Representatives must face:

OIL CONSERVATION AND UTILITY RETURNS

(By Peter Navarro)

When the price of oil hurdled past the $30 per barrel barrier in 1979, the electric utility industry crossed an important threshold: It became cheaper to build, operate and fuel new coal or nuclear power plants than it was to continue to operate and fuel existing petroleum power plants. Specifically, at $30 per barrel, it becomes economic to displace roughly two-thirds of utility baseload oil consumption with new coal or nuclear plants. When natural gas prices are decontrolled, the same will be true of baseload gas-fired power plants.

The rational economic response of utilities to this sudden "economic obsolescence" of their petroleum plants should be feverish construction of new coal and nuclear plants to replace them or, where feasible, the conversion of these petroleum-guzzling economic dinosaurs to coal. Such a response would be most welcome both to national policymakers intent on reducing the three million barrels per day of utility petroleum consumption in the U.S., and to ratepayers, who would benefit by lower rates that will result from replacing petroleum with more economical coal or nuclear.

Instead, the industry appears to be largely ignoring the new economics of "petroleum displacement." Indeed, rather than accelerating new construction, it is delaying or canceling previously scheduled capacity. The National Electric Reliability Council (NERC) of Princeton, N.J., reports over half of the new capacity scheduled for 1979 through 1988 was delayed an average of 20 months. That could mean additional petroleum consumption of up to 2.2 billion barrels over the next decade. At the same time, fully two-thirds of economically feasible capacity has yet to be converted.

The obvious question is why has the industry failed to respond to the new economics? Part of the answer is, undoubtedly, difficulties with permitting and environmental laws and uncertainty over petroleum prices. But unquestionably the single most important factor is the dramatic deterioration in the industry's financial health since the Arab oil embargo.

RELUCTANT MANAGEMENT

Whereas previously the industry was characterized by bond ratings predominantly AAA and AA, it now falls predominantly into the A and BBB category, indicating an over 200-basis point increase in its cost of debt capital at today's rates. At the same time the average market-to-book ratio has plunged well below one; thus any new equity issue implies a "dilution" of existing shareholders' stock. The result is that management is very reluctant to issue new equity shares for fear of diminishing the value of existing shareholders' stock and equally reluctant to issue new bonds because of the rise in its cost of capital. Moreover, the lower-rated utilities can't even issue new bonds because of indenture provisions or the "prudent man" rule, which prohibits institutional investors from buying bonds below BBB. The result is a severe capital constraint which has forced the industry to shift its planning objective away from its traditional mandate to provide least cost reliable service to a strategy of minimizing new power plant construction.

What accounts for the industry's dramatic fall from financial grace? Some suggest it is mismanagement, but such an explanation is too facile. While some utilities are in worse shape than others, all are in serious financial straits. Bad management could hardly be that pervasive.

The other obvious candidates are higher energy prices and soaring capital costs. But while inflation is a large part of the problem, the root of the problem is electric utility regulation. Regulation has not—and in some cases simply will not—allow utilities to earn a rate of return (ROR) commensurate with their current cost of capital.

The statistics are startling. Because of regulatory lag, no major regulated utility was able to realize its "allowed ROR" in 1980. Moreover, in almost every case, the realized ROR was below the utility's current cost of capital. But clearly, if a utility cannot earn a current return on new investment, then any capital expenditures subject it to a loss. Thus it is not surprising that utilities are reluctant to build. While such construction would reduce petroleum imports and lower electricity rates, it increases financial risk and reduces shareholders' real income.

Interestingly, many utilities are justifying their failure to build new capacity under a newly unfurled banner of conservation—signaling an apparent convergence between an industry formerly wed to the "hard path" of new construction and energy doves who advocate a "soft path" solution to the "energy crisis." But delaying new power plant construction in the name of conservation ignores the economics of reducing oil use and will lead us not out of the import trap but deeper into it.

From the standpoint of national energy policy, the primary purpose of conservation is to reduce petroleum imports. To the extent that it achieves this goal, conservation is an undeniable "good." Conservation is "bad," however, when it is used as an excuse to curtail otherwise economically rational power plant additions to displace oil.

Unfortunately, many proponents of conservation mistakenly regard it as a substitute for new construction. But one must carefully differentiate between construction necessary to meet load growth and that undertaken to economically displace petroleum. To understand this distinction, observe the risks and rewards of believing the "hard" versus "soft" path forecasts.

NERC has projected an average annual increase in electricity demand of 4.1% over the next decade, implying a 50% increase in capacity. On the other hand, the Solar Energy Research Institute (SERI) has suggested that zero or slightly negative growth rate is possible, implying little "need" for new powerplants.

Suppose that utilities build to meet NERC's forecast and NERC is right. Then, the lights stay on, and our petroleum problem may even improve slightly since the new economic non-petroleum plants will be used more and existing petroleum plants less. But if growth is actually less, then in many areas each new megawatt of non-petroleum capacity will replace a megawatt of petroleum plant; and petroleum consumption, along with electricity rates, will be less than they otherwise would be.

Suppose, however, that the industry believes SERI and builds less. If SERI is right, our petroleum problem gets no worse but neither does it get much better, and regions such as New England and states like California and Florida will continue to rely on petroleum for over half of their electricity.

But what if SERI's forecast turns out to be wishful thinking conservation, and people simply don't respond? What if it underestimates the shift to electric heat or Detroit begins to mass produce electric cars? Unlike with overforecasting, the penalty for underforecasting is real. Both imports and electricity rates will rise sharply as utilities run existing petroleum plants at higher capacity factors to meet incremental demand. Moreover, as the threat of blackouts emerges, there will be a mushrooming of "short construction cycle" oil and gas combustion turbines—a response that will extend import dependence into the next century.

THE REAL POINT

The real point is not which forecast to believe but rather that new capacity does not necessarily trade off with the gains from conservation. While that tradeoff has some validity in regions like the Midwest that use little petroleum to generate electricity, it is equally true that in heavily petroleum-dependent areas the gains from conservation must go hand in hand with the gains from new capacity which produces electricity from non-petroleum sources.

The mistaken notion that conservation is always a substitute for new contruction is most frequently heard in the regulatory arena as a dispute over "reserve margins," which measure the percentage of capacity a utility has over peak demand. The traditional rule of thumb has been 20%; margins above that "safe" level are supposed to signal "goldplating" to boost utility profits. But the new economics of petroleum displacement require a more modern view: The 20% rule should be viewed merely as a lower bound below which no utility should fall for *reliability* reasons, but above which a utility may want to go for *economic* reasons.

The Department of Energy's National Electric Reliability Study has brought this distinction into sharp focus. The study determined what reserve margins provided the least cost electricity to ratepayers in different regions. It found "economic reserve margins" to rise with the amount of petroleum in a region's generation mix. For example, if New England, which depends on oil for over 50% of its electricity, were to build to a 27% "reliability" reserve margin, the cost of electricity generation would be 9.9 cents/kwh; but that cost could be cut in half if it built to an "economic" 78% reserve margin. Similarly, DOE found the economic reserve margin for the Southern California-Nevada region to be 70%, and 49% for the Flordia-Southern Companies region.

These results vividly illustrate that there is economic justification for building new power plants on the basis of petroleum displacement. There is then no difficult choice to make between the soft path of conservation and the hard path of new power plant construction. That is a false dichotomy. There is only a sprint as quickly as possible down the "smart path" that encompasses both options—the pursuit of economically rational petroleum displacement through conservation and new construction.●

LEGISLATION TO GET STARTED ON FILLING UP OUR CRITICAL STOCKPILES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. McDONALD. Mr. Speaker, I am today introducing legislation to purchase certain materials for our strategic and critical materials stockpile. Many critical materials essential to wartime operation of our industry are either not available in the United States or only available in small quantities in the United States. Such items would have to come from overseas and the fact is that the U.S. Navy no longer controls the seas. Even if the U.S. Congress approves the new Reagan defense budget, it will be years before our Navy can return to No. 1 position in the world. Deficiencies in national stockpile, on the other hand, can be remedied in a much shorter time.

The legislation I am introducing today calls for the purchase of three items: silver, platinum, and nickel. According to the stockpile goals of the Federal Emergency Management Agency, we have no nickel in the stockpile. The goal is to acquire 204,335 short tons of nickel. My bill would provide the sum of $12,000,000 for the acquisition of nickel. At today's prices this would provide one-fourth the amount needed. The United States imports 77 percent of its required nickel. Nickel is used in the electroplating and in conjunction with chromium in the manufacture of stainless steel. This bill would also provide $95,000,000 for acquistion of platinum. Platinum is used as a catalyst in the manufacture of gasoline, as well as in the production of fertilizers, and in the electronics industry. Southern Africa has 86 percent of the world's known supply of platinum. In the midst of a possible world war III, there will be no U.S. Navy ships available to escort ships to the United States from southern Africa. Our stockpile is 861,360 troy ounces short of that item for wartime needs.

The last item in my bill is $131,000,000 for the purchase of silver. Silver is not a deficit item in our stockpile, or at least not according to the last administration which has proposed selling it. However, this body has seen fit to reject the sale of silver on several occasions, and this is the correct view, I feel. I am hopeful the Reagan administration will have a different opinion. Silver is a precious metal and is still needed in many weapons—the MX missile among them as well as our submarines. Silver is a precious metal and should also be held as a national reserve for use as currency, if needed, among other things.

In introducing this legislation I am aware that my proposal does not cover all our stockpile shortages, but it is a start. We must be prepared, if need be, to fight a prolonged war. We just cannot afford to let some of our defense industry grind to a halt in wartime over lack of materials.●

GOVERNMENTS CAN TERRORIZE PEOPLE TOO

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. HARKIN. Mr. Speaker, Pat Kinney is a writer at the Ames Daily Tribune, a newspaper which is published in my congressional district in Iowa. He has written a very perceptive column which I would like to share with my colleagues.

Mr. Kinney has noted the fatal flaw in the administration's so-called anti-terrorism campaign. He reminds the administration that they must not gloss over the fact that governments can terrorize people, too.

I insert Mr. Kinney's editorial at this point in the RECORD:

[From the Ames Tribune, Feb. 18, 1981]

TERRORISM

(By Pat Kinney)

The Reagan administration has launched an all-out propaganda campaign against international terrorism, which the administration says is centered in Moscow.

Such rhetoric could be considered saber-rattling, and the motives behind this campaign should be fully explained by the administration.

Hardly anyone doubts the Soviet KGB has done some terrrible things during its existence. It's also reasonable to conclude that anti-American, anti-NATO terrorist groups are aided by nations with similar sentiments, including the Soviet Union.

So what else is new? The Western intelligence community monitors activities of anti-Western terrorist groups and nations which support them.

And let's not forget the record of our own Central Intelligence Agency in wreaking havoc on unfriendly governments. Anti-Western forces don't monopolize covert activity.

Former CIA director William Colby, speaking on ABC-TV's Nightline program Monday night, said combating Soviet-backed terrorism is nothing new. If we've heard all this before, why is the Reagan administration and some members of the news media suddenly beating us over our heads with it again?

Secretary of State Alexander Haig has said international terrorism has become the greatest threat to human rights today. In these days following the hostage crisis, many persons would agree and say it's time to crack down on terrorism.

But is fighting terrorism the Reagan administration's main objective? Or, by making the USSR (and communism) synonymous with terrorism, is the Reagan administration asking us for a blank check to intervene anywhere it says there's a threat?

Will the administration use its "anti-Communist terrorism" campaign to justify increased support for the human rights-violating dictatorships in El Salvador, South Korea, or any other repressive government which serves only our short-term interests?

Hopefully, Reagan administration officials recognize that "anti-Communist" or "anti-terrorist" governments aren't necessarily "pro-humanity." Governments can terrorize people, too.

In the presidential debate, candidate Reagan said we should work to change repressive policies of governments with our sphere of influence. We should hold our new president to that task.

Let's hope our government won't be selective in its campaign against terrorism.●

CUTTING THE FAT OUT OF THE BUDGET

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mrs. SCHROEDER. Mr. Speaker, recently, the Committee on Post Office and Civil Service reported its budget recommendations to the Committee on the Budget. Although the committee found itself unable to comment on reductions in postal subsidies and Federal employee pay because the Reagan administration failed to supply sufficient details, the committee did consider and adopt recommendations lowering the amount of money spent on the civil service agencies of the Federal Government. Overall, the committee recommended a slash of $15.3 million from the Carter budget and $3.3 million from the Reagan budget.

We, on the authorizing committee, know where there is waste, duplication, and fat in the agencies under our jurisdiction. The Committee on Post Office and Civil Service acted responsibly in identifying those areas for the Budget Committee. Today, I am sending to Chairman ROYBAL of the Subcommittee of Treasury, Postal Service and General Government of the Committee on Appropriations a letter describing the cuts recommended by the Committee on Post Office and Civil Service. I hope that this subcommittee considers the views of our committee in marking up the fiscal year 1982 appropriations bill.

I insert a copy of my letter to Chairman ROYBAL in the RECORD at this point:

COMMITTEE ON POST OFFICE
AND CIVIL SERVICE,
Washington, D.C., March 18, 1981.

Hon. EDWARD R. ROYBAL,
Chairman, Subcommittee on Treasury, Postal Service and General Government, Washington, D.C.

DEAR MR. ROYBAL: The Committee on Post Office and Civil Service recently unanimously adopted the budget recommendations of the Subcommittee on Civil Service concerning the appropriate funding levels

for the Office of Personnel Management, the Federal Labor Relations Authority, the Merit Systems Protection Board, and the Office of Special Counsel for Fiscal Year 1982. The sum total of the budget recommendations is significantly lower than the total sum provided in the President's budget request of March 10, 1981.

Specifically, the Committee recommended a salaries and expenses budget for the Office of Personnel Management of $113.9 million with the reductions to come out of staffing services, Civil Service Reform Act evaluation, and technical assistance to state and local governments. The Committee recommended that the Federal Labor Relations Authority receive a budget of $19.8 million to discharge its new and expanded functions and reduce its backlog. Further, the Committee recommended that the budget of the Merit Systems Protection Board be reduced to $13.8 million, with the cuts to come out of Merit System Review and Studies and out of the General Counsel's office. A slight increase in funding for the appeals functions was recommended. Finally, the Committee recommended that the Office of Special Counsel be funded at a level of $5.2 million to handle the cases sure to develop during the Presidential transition.

I would hope that the Committee on Appropriations would consider the views of the Committee on Post Office and Civil Service in establishing funding levels for these agencies. Further details on the proposed spending levels are available.

Warm Personal Regards,

PATRICIA SCHROEDER,
Chairwoman.●

BIGOTRY REARS ITS UGLY HEAD

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. MARKEY. Mr. Speaker, an editorial from the News-Mercury Papers reminds us that bigotry and the destructive acts it fosters still infect our communities. For too long we have relied on civil rights legislation to provide equal education, employment, and housing opportunities. These measures, while essential to defeat discrimination, do not reach the deep feelings of bigotry harbored by many individuals. The growing number of incidents of racial and religious prejudice across our country can be seen as a reflection of this enduring intolerance. I commend the response of my native city of Malden and the publishers of the News-Mercury Papers and offer their actions as an example of how bigotry, especially among the young, must be confronted, if it is to be at all defeated.

The editorial follows:

BIGOTRY REARS ITS UGLY HEAD

Too often has the bigotry of the few besmirched an entire community. The unfairness of such implications is manifest.

Yet, if a community is disposed to ignore such a stain on its reputation and takes no overt action to cleanse itself of defaming elements, it is deserving of censure.

In recent months the City of Malden has been the scene of at least one virulent act of anti-Semitism in the form of vandalism and other verbalized harassment directed at a French-born Jewish shopkeeper operating a small market.

Until recently police investigators were stymied in their probe of a number of incidents including the spray-painting of anti-Semitic slurs on a wall of the market premises. Detectives now have testimony to the effect that two juveniles were responsible.

Parents of the two boys are said to have confessed the wrongdoings of the youngsters and at the same time expressed their sincere regret for these transgressions.

No decision has been made whether shopkeeper Marc Benayer will press charges against the juveniles but the police officer in charge of the case, Lt. John Mastrangelo, intends that a meeting involving the youths, their parents, Benayer and police officials be held to discuss the matter.

Mastrangelo is intent upon this course of action. He is right in his decision not to dismiss this case without first impressing upon the juveniles and their parents the import of the acts of vandalism and harassment for which they are responsible.

All too often these incidents are too lightly glossed over leaving the perpetrators with the impression that their trespasses were of minor consequence.

According to Martin Goldman of the Anti-Defamation League of B'nai B'rith, the Benayer case is one of 37 anti-Semitic attacks or acts of vandalism reported to his agency in 1980. There is no question many more such incidents occurred but went unreported.

There is a disposition among too many victims of anti-Semitic violation, as well as groups such as the Anti-Defamation League to keep such incidents out of publication. We are convinced this is the wrong way to effect any remedy for anti-Semitism, or at least intensely discourage its proliferation.

Perpetrators (juveniles probably excluded in most cases) of anti-Semitic transgressions—in fact those responsible for acts of bigotry inflicted upon persons of any race or religion—should be exposed for what they are and dealt with as dangerous antisocial violators of the law.

Adults who influence youths to commit acts of bigotry are guilty of an even greater crime. It is a form of debauchery that inflicts injury not only on the victim, but the young perpetrator as well.

The City of Malden has demonstrated it will not countenance the evil of anti-Semitism.●

MARCH 15—A TRAGIC ANNIVERSARY FOR ANATOLY SHCHARANSKY; A BLACK DAY FOR HUMAN RIGHTS

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. LENT. Mr. Speaker, this past Sunday was a black day for the cause of human rights. March 15, 1981, marked the fourth anniversary of the arrest of Anatoly Shcharansky, one of the most courageous fighters for freedom in the Soviet Union. It is a tragic anniversary for Shcharansky, whose struggle with the heartless Soviet regime has won the admiration of the world. When he was seized by the Soviet authorities on March 15, 1977, there was a worldwide reaction of shock and outrage. The reaction was so severe that the Soviet authorities waited more than a year before daring to bring Shcharansky to a show trial with trumped-up charges of treason, espionage, and anti-Soviet activity. He was sentenced to a 13-year prison term.

The real reason for the harsh Kremlin action against this heroic dissident was his success in alerting the world to the Kremlin's unrelenting persecution and oppression of Soviet Jews, and his courageous and unrelenting efforts to achieve freedom for himself and his wife.

Anatoly Shcharansky has never stopped fighting for the freedom to practice his religion in the country of his choice, since that day in 1973 when he applied for permission to emigrate to Israel. From that day he became a marked man, a target for harassment, surveillance, and persecution by the Soviet authorities. He underwent repeated questionings by the notorious KGB, the Soviet secret police. He was arrested a number of times. In 1975 the KGB went so far as to warn him that:

Your destiny is in our hands. . . . You have to know that no one in the West is interested in you and all that you are doing here and nobody will say a word in the entire world if there is one more Prisoner of Conscience in the Soviet Union.

The Soviet secret police could not have been more mistaken.

Shcharansky's arrest and imprisonment has brought a torrent of protests from around the world. His fate became a focal point for United States-Soviet relations. Members of Congress, Senators, and even the President of the United States joined to denounce the false charges brought against Shcharansky, and to demand he be set free.

With typical Soviet arrogance, the Kremlin ignored the tremendous outburst of protest against Shcharansky's arrest. In fact, recently, we have received reports indicating that the Soviet authorities have intensified their persecution of this brave man. As if 4 years of confinement have not been sufficient, we learn that Shcharansky has written that all meetings with members of his family have been forbidden for this entire year. He may write only one letter every 2 months, instead of two letters each month as had been previously permitted. Shcharansky's wife, Avital, fears that her husband is being held in solitary confinement, which would mean that his food allotment and exercise privileges have been reduced.

Mr. Speaker, such heartless persecution must not be allowed to continue.

We in the Congress must unite in protesting this brutal treatment of a most heroic man, whose only crime is his desire for freedom. If we allow this sort of inhumane persecution to continue without protest, it will simply encourage the Soviets to increase their persecution of the thousands of Soviet Jews who seek, with Shcharansky, to breathe the sweet air of freedom in Israel. I urge my colleagues to join me in redoubling our demands for freedom for Anatoly Shcharansky and for every Soviet Jew who wishes to leave the Soviet Union. The stronger our protests, the more likely they will be heard, even behind the walls of the Kremlin.●

LEGAL SERVICES COMMITTING SUICIDE

HON. F. JAMES SENSENBRENNER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. SENSENBRENNER. Mr. Speaker, last month, I exposed an extensive lobbying effort was being orchestrated with taxpayers' funds by the Legal Services Corporation staff to secure passage of its reauthorization. At the time, I requested an investigation of these practices by both the General Accounting Office and the Department of Justice.

In the Milwaukee Journal of Sunday, March 15, 1981, columnist James J. Kilpatrick wrote that if the Legal Services Corporation dies, it will have done itself in.

Mr. Kilpatrick has supported the Legal Services Corporation over the years, but apparently the lobbying activity was the final straw in his eyes. So that the Members will have the benefit of Mr. Kilpatrick's wisdom, I am including it in the RECORD.

LEGAL SERVICES COMMITTING SUICIDE

(By James J. Kilpatrick)

This is a hard column to write. For the past seven years, in lonesome opposition to fellow conservatives in Congress and in the press, I have been sticking up for the Legal Services Corporation. Now President Reagan wants to abolish it. It hurts to abandon a favorite cause, but maybe the time has come to let it go.

If Congress concurs, it will be said of the Legal Services Corporation that Reagan and the New Right "killed it off." Don't believe it. This would be a case of suicide, not homicide. The Legal Services Corporation, through its own failure to heed repeated warnings against its own activism, will have done itself in.

STRIVE FOR IMPOSSIBLE

The concept was so good. Call me a starry-eyed idealist if you will, but some American ideals deserve a starry-eyed devotion. One of these is carved in stone above the Supreme Court: "Equal Justice Under Law." It is an impossible ideal, to be sure, but no matter. We ought to strive for the impossible now and then.

The idea behind the Legal Services Corporation was to put some element of balance in those famous scales of justice. The idea was to see that the poor person got a fair shake in his encounters with the civil law. Was he being wrongly evicted from his home? Was he being unfairly persecuted by a creditor? Was he being denied some public benefit that rightfully was his? Was he trapped in some impenetrable maze of regulations?

Almost 40 years ago, as a young reporter, I covered what were known as the Civil Justice Courts. Here was a rough form of stamp style. Every city has such tribunals. Here merchants and doctors and loan sharks sue for unpaid bills. Landlords seek eviction orders. Many defendants never appear at all. Other defendants stand in bewildered resentment. They never heard of a garnishee. "Judgment granted . . . Judgment granted . . . Judgment granted." Ordinarily the poor fellow never stands a chance.

MISSION TO HELP

Thus in 1974 came the Legal Services Corporation, with a mission to help. And it has helped. Through 323 local programs employing 5,000 lawyers, the corporation has gone to bat for thousands of poor persons in need of legal assistance: domestic relations, child custody, housing problems, welfare checks, divorce, employment. Such humble causes are overwhelmingly the business of the LSC.

But the corporation is heavily and unhappily influenced by ideological activists who have grander ideas. They see their role as a remaking of society. Many of the younger LSC lawyers are fresh caught from law school. Often their energy is surpassed only by their immaturity. Their passions cannot be fired by the humdrum fuel of a custody case. They want to be aggressive.

One of the corporation's oldest hands, research director Alan Houseman, circulated a fire-breathing staff memorandum on Dec. 29. He feared for the survival of "committed, aggressive and political staff." He pleaded for "aggressive advocacy," which he defined in terms of "legislative and administrative representation, litigation and community education." He foresaw possible restrictions that would prevent the LSC lawyers from suing local governments.

LOBBYING EFFORT

The Houseman memorandum outlined a comprehensive lobbying effort to preserve not only the Legal Services Corporation but other social programs also. He suggested battle plans for opposing Reagan appointees who might be "hostile to aggressive legal services." He anticipated "severe problems with the Senate." He charted strategies for effective lobbying, and in a companion memorandum he proposed specific lobbying assignments for members of the LSC staff—for Dan, Mary, Mario, Judy, Bruce, Bernie, Gerry, Steve, Alan, Andy and others.

Observers differ on whether the law prohibits the corporation from using public funds for such lobbying. That issue is almost immaterial. The question is whether the corporation, under present law and present leadership, is capable of adhering faithfully to the humble but important duties for which it was created. The Houseman memoranda raise almost insurmountable doubts.

The concept is worth saving. Heaven knows it is! I will cling to the ideal willy-nilly. But perhaps some other mechanism—block grants to the states, or pro bono services by private attorneys—would be better. If the corporation dies, the need will still be there.●

TOWARD A JUST AND LASTING PEACE IN NORTHERN IRELAND

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, within the context of world turmoil and human suffering, the events which continue to occur in Northern Ireland command special attention, and deserve swift action to bring about a just and lasting peace to that troubled land.

It is, therefore, with great pride, that I bring to the attention of the House of Representatives, the efforts of the New York State Assembly, which seeks, through an official legislative resolution, to persuade the world community to work toward a resolution of conflict in Northern Ireland and the restoration of true peace.

I urge all those in positions of leadership to take note of the sentiments and proposals of this resolution, and adopt a similar commitment to the cause of those people in Northern Ireland who seek only to be free.

The resolution follows:

LEGISLATIVE RESOLUTION—STATE OF NEW YORK

Whereas, there have been many contributions made by men and women of Irish ancestry to the State of New York, to the building of our Nation, and to the Cause of Freedom everywhere since the earliest times; and

Whereas, the fact that Ireland is artificially partitioned against the wishes of the overwhelming majority of the Irish people; and

Whereas, The Irish people in the six-county area of Ireland known as "Northern Ireland" are denied basic civil and human rights, and are unable to obtain either adequate protection or equal justice under law; and

Whereas the explosive situation in "Northern Ireland" presents an imminent and realistic threat to the peace and is, therefore, the legitimate concern of all men; and

Whereas, it is in the best interests of the United States that there be a just and equitable solution to this problem in order that peace, order, justice and well-being be restored to that part of the world; and

Whereas, for humanitarian reasons, as well as out of respect for the principles of freedom, liberty, natural law, justice and history, we hereby take notice of the dangerous and deplorable state of affairs in Ireland: Now, therefore, be it

Resolved, That this Legislative Body respectfully, yet firmly, urges, memorializes and petitions the President and the Congress of the United States to manifest our country's traditional position as guardian of freedom and republican-democracy, the dignity of all mankind, freedom of conscience, and mankind's universal natural rights, by taking such affirmative action as will tend

to persuade all concerned parties, and the world commonwealth of nations, to seek a speedy, just and equitable solution to the dangerous situation in the "North" of Ireland, and to formally express the moral opinion that:

"The Irish people ought to be permitted to exercise the Right of National Self-Determination, thus returning the disputed six counties of northeast Ireland to the Irish Republic, unless a clear majority of all the people of Ireland, in a free and open plebiscite, determine to the contrary"; and be it further

Resolved, That copies of this resolution, suitably engrossed, be transmitted to the Honorable Ronald Reagan, President of the United States, to the Honorable Alexander Haig, Secretary of State of the United States, to the President of the Senate of the United States, to the Speaker of the House of Representatives of the United States and to each member of the Congress of the United States from the State of New York.●

WHAT IS HAPPENING IN EL SALVADOR?

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. ROSENTHAL. Mr. Speaker, the American people have great cause for concern about El Salvador and the crisis there. The Reagan administration is not helping us to understand what the fighting is about. It certainly appears that the President and the Secretary of State are determined to commit the prestige of the United States to something they called the established Government of El Salvador. Based upon what I know now, I will oppose such a policy, especially the extension of military aid to this established Goverment's armed forces.

The proper role for the United States in El Salvador is not a partisan question. Both the Carter and Reagan adminstrations decided to support the current government of military officers and token civilians, and to present this junta as the last and best hope for a middle way in a society that has disintegrated and is at war with itself. The key difference between the Carter and Reagan handling of the crisis is the latter's decision to blame the unrest there on the Soviet Union and Cuba, and to use this crisis as the time and place to give international communism a bloody nose.

It is more than likely that the leftwing rebels in El Salvador are armed by the Communist bloc, yet it is foolish to conclude that an arms-supply relationship determines the character of the men and women using the weapons. The United States gives vast amounts of military aid to Saudi Arabia, does that make the Saudis democratically inclined? Obviously not.

El Salvador is a profoundly unfortunate country. It is poor, disease ridden, densely populated, and for more than 150 years it has been badly governed. A succession of tyrannies have ruled in behalf of a privileged class that controlled all the land, commerce, and trade. Within the past 10 years reform-minded politicians, with the aid of the Catholic Church and the trade unions, tried to take control of the country away from the military and the rich.

The contest between those who held the power and the money, and those who wished to raise the living conditions of the people, is the principal reason for El Salvador's current misery. I am inclined to believe that the reformist Salvadorans took their inspiration from the simple and natural desire to see their people healthy and sheltered. The same instincts any of us would have.

Serious attempts at reform began in October 1979, when some 40 young officers in the Salvadoran Army ousted President Carlos Humberto Romero in a bloodless coup. Unfortunately the leaders of the coup disagreed amongst themselves, and the rightwing elements in the army backed by the wealthy business and commercial communities tried to reverse the move toward reform.

Not only have the efforts of the reformers been thwarted, but they and their families have been the objects of terror and murder. Fourteen thousand Salvadorans have been murdered in the last years; compared to the population of the United States, this is equivalent to 750,000 Americans. Among the dead in El Salvador were prominent reform politicians, trade union leaders, respected teachers, and scholars. Even the archbishop of the Catholic Church was murdered while celebrating Mass. Few people dispute the fact that either the Government's troops or the paramilitary forces of the right were responsible for the majority of the killings.

Because the Government of El Salvador is not in complete control of its armed forces, I believe it is unwise for the United States to give it further military aid. We will have no way of knowing to what ends such arms will be used.

The Salvadoran people are now working out what course they want their country to take. I oppose all forms of military intervention, and I believe we should use our good offices to keep El Salvador free of outside military interference. Military aid per se does not insure that. In fact such assistance would only invite more arms supply from the Communist bloc.

El Salvador is not Vietnam. However, I see our Government making mistakes in judgment similar to those we made when we embarked upon military assistance to the Diem regime and its military successors. The President and Secretary of State have accepted the view that the crisis is caused by outsiders without having looked for or considered the indigenous social and economic forces which bred it.

It is important to understand the complexity of Salvadoran politics. We do not have a simple contest between decent moderates and violent leftwing guerrillas. At one time the present junta counted among its leaders prominent Social Democratic politicians. Most of them have left, many to join in an uneasy and highly volatile coalition with the Marxist revolutionaries. In El Salvador today the center has dissolved, and the United States cannot create what the Salvadorans themselves have failed to bring about.

This is not my view alone. It is shared by some members of the State Department, and our former Ambassador to El Salvador. Almost every Latin American nation, and even our NATO Allies, have already communicated to us their displeasure with our policies and their grave reservations about its wisdom.

The American people know too little about this crisis. We should not be asked to pay for any adventure, domestic or foreign, until we are properly informed.●

MIDDLE EAST BASES

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. COURTER. Mr. Speaker, as a member of the House Armed Services Committee, I have had the opportunity to visit a number of nations friendly to us. Our allies and friends are virtually unanimous in the advice given to members of the Armed Services Committee who recently returned from the Far and Middle East. With regard to the Soviet Union, they expect us to act like a superpower. We must get over the Vietnam syndrome and defend our global security interests. In earlier decades, our insularity was a virtual guarantee of our security. We were referred to as Fortress America. Today, it is the United States that is at a geostrategic disadvantage, with allies and resources separated from us by thousands of miles of ocean.

Mr. Speaker, because I believe very strongly in this Nation's need to have the capability to protect its allies and interests, I would like to submit, for the RECORD, a brief article that concerns itself with an important component of our national defense strategy, the need for overseas bases or facilities. I am convinced that this article's message, regarding the strategic value of Israel and Egypt, is important for all of us to read. The article is a re-

print of an editorial appearing in the February edition of the newsletter Jinsa, a publication of the Washington based Jewish Institute for National Security Affairs. Our Senate colleague, RUDY BOSCHWITZ of Minnesota, is one of JINSA's advisers.

MIDDLE EAST BASES

American interest in Middle East bases is back in the news. The new administration in Washington is far from convinced that the plans of the previous administration for a Rapid Deployment Force that could be moved from the United States (CONUS) to a Middle East trouble spot is a satisfactory approach to maintaining the balance of power in the Middle East and Persian Gulf or thwarting Soviet operations against friendly nations in that region. Nor are they necessarily in agreement with the "trip-wire" concept that underlaid the Carter administration's planning. The idea was to move a force, no matter what its size, to face a potential Soviet invasion. Its very presence was planned to be a deterrent. Today there is doubt such a force would slow down a Soviet operation, particularly in a high stakes game involving oil supplies. There is concern, too, that an American force rapidly defeated could lead to unpleasant negotiations that might spell the end of our influence in the Middle East and the disintegration of the Western alliance system.

Which is why there is a new look at the matter of bases. Some urgency is felt in Washington. A stronger U.S. presence in the Middle East as soon as possible might help stabilize the situation and certainly would give us some opportunity to prevent the defeat of our forces should they be needed.

To say this much invites the question: which bases and where. And that in turn raises some knotty questions—among them whether the countries in the region will permit the United States to establish bases. The last administration finessed this matter a little, by seeking "facilities" instead of bases. However, it was left unclear exactly what a "facility" was in fact and whether and under what conditions we could use these assets. During the last days of the Carter administration proposals were floated to fund facilities in Oman and also at Egypt's Ras Banas base. However, no formal agreement seems to exist to cover Ras Banas or the Omani bases, and private "understandings" are equally murky.

Does this mean that the search for bases by the United States is bound to lead to dead ends or shaky arrangements we will not be able to depend on in a crisis? That need not be so.

There are, after all, a wide range of agreements the U.S. can reach with key allies to strengthen our position in the area. Some of the agreements do not require a formal presence of U.S. troops or squadrons of U.S. aircraft. It is not so hard to move either troops or aircraft, after all. Much more difficult is building the infrastructure we need to do a job, and having the equipment and supplies on hand for our fighting men. Certainly we do not have to do all this ourselves.

Israel, for example, has extraordinarily good facilities and excellent technicians trained to handle U.S. equipment of the most modern kind. Because she is a stable country unaffected by the caustic intra-Arab policies.

Making use of Israel as a resource makes sense and saves the American taxpayer money in the bargain.

Money is saved because we do not have to spend millions on costly repair equipment or send technicians and specialists en masse 6,000 miles from home. We do not have to build fuel storage depots, or train men to guard installations and keep them well run. All of that is already there. What we need to do is supplement the facilities already on the ground, and work out specific agreements covering use. We should, of course, not expect any of this for free. But it is a lot less expensive to use what is there.

Working with Israel implies very strongly working with Egypt. Given the problems in the Middle East and the special politics and sensitivities, the initial framework of a three-way alliance needs to be put in place. It is politic today to do this in pieces and parts. It has not, of course, escaped notice that some of the elements are already in place—but it is the American component that has been lacking.

For the past few years Israel has been treated as a certain embarrassment to the United States.

Obviously we have to get beyond that attitude if anything is going to be done to strengthen our strategic hand. The positive attitude of the President implies strongly that action will be taken.

Perhaps the old idea of walking before running applies as well as anything else. By analogy, we have been walking, but in an altogether peculiar way. Our first task is to walk regularly. Specific arrangements as posited above gets us to that plateau. It gives us a grounding from which the bigger matters such as access to key bases (e.g., Ras Banas, Etzion, Haifa, Masira) can be worked out to the satisfaction of all concerned.●

THE FEC'S ABUSE OF POWER

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, I think that sometimes we create new agencies and new bureaucracies which are supposed to deal with a particular problem, but which usually wind up with too much power. We are derelict in allowing the exercise of administrative and judicial power to flow away from the representatives of the people to the unelected "fourth branch" of Government—the bureaucracy.

One ominous example of that abuse of power has come to my attention lately. It concerns the attempt by the Federal Election Commission (FEC) to force a small, independent publisher of newsletters to register with it as a political committee. It is ominous because if the FEC succeeds, it will have repercussions on first-amendment rights throughout the print and broadcast media. It is an abuse of power because evidence suggests the FEC is misapplying the laws in this case while apparently ignoring requests made of it, which it is bound to obey, under provisions of the Freedom of Information Act.

The case concerns Phillips Publishing, Inc., a Washington-based publisher of 10 newsletters which cover a wide variety of topics. One of its publications is a bimonthly newsletter of facts, commentary and opinion called the Pink Sheet on the Left. Nearly a year ago, it criticized the Presidential aspirations of Senator EDWARD KENNEDY, recounted in detail his liberal-left voting record, and encouraged readers to use the information about his record as a way of showing why he should not be President.

Senator KENNEDY's campaign committee complained, claiming the Pink Sheet and Phillips Publishing, Inc., should register as a political committee and be subject to all the burdensome, prying reporting requirements which go with it. The FEC decided it agreed with every one of Senator KENNEDY's charges, and has unrelentingly tried to get the publisher to register.

There is one major problem in all this, however. The law under which the FEC was constituted specifically exempts from FEC regulation legitimate news, opinion, commentary or other editorial matter which is presented in regularly published or disseminated media. The Pink Sheet has been in existence and issued every 2 weeks for almost 10 years. And Phillips Publishing has no ties whatsoever with anybody's political committee, party or candidacy. What's more, the first amendment guarantees Phillips Publishing, Inc., the right to comment as it wishes even in spite of the FEC. But while the FEC has been pursuing Phillips Publishing, Inc., it has so far refused to respond to the company's requests under the Freedom of Information Act to determine whether there is reason to believe the FEC Commissioners assembled and acted illegally when they voted to go after Phillips.

As the widely respected watchdog group, the Reporters Committee for Freedom of the Press, has observed, if Phillips Publishing, Inc., and the Pink Sheet are forced to give in to the bureaucrats, then all newspapers, broadcasters and publishers will be in jeopardy if they express political opinions. The Reporters Committee, in a 13-page brief filed with the FEC, says that its actions constitute nothing more than harassment.

Mr. Speaker, I think this case has serious implications for all of us. Plainly, it is a major concern when the power of Government collides with the rights of the people under the Constitution. It is therefore my opinion that the FEC is well advised to drop its dubious attack on Phillips Publishing, Inc. It should devote itself to handling serious political abuses rather than creating new ones of its own.

Editor & Publisher editorialized against the FEC's abuse of power in its

February 14 issue, and the Washington Post published an article on this subject on February 20, 1981. The articles follow:

[From Editor & Publisher]

PITFALLS IN CAMPAIGN ACT

When the Federal Election Campaign Act of 1971 was passed, then amended in 1974, there was great fear that it might be used eventually to prohibit editorial comment by newspapers on qualifications of candidates. Observers agreed that would be unconstitutional. So Congress excluded from outlawed campaign activities any "news story, commentary or editorial distributed through the facilities of any broadcasting station, newspaper, magazine or other periodical publications, unless such facilities are owned or controlled by any political party, political committee or candidate."

It appears now that some of the original fears were justified—give a federal bureaucrat an opening and he will try to drive a truck through it.

Almost simultaneously the Federal Election Commission has brought action against two publications—Reader's Digest, the largest magazine in the country, and The Pink Sheet on the Left, a political newsletter representing one of the smallest publications. They are not being questioned by the Commission for what they printed but for what they did in conjunction with that publication.

It is beside the point that both publications are involved because of anti-Ted Kennedy material in the last campaign. It might have happened had they been for or against any other candidate. The newsletter, avowedly anti-Kennedy in its content, included that sentiment in its subscription solicitation material seeking funds to help defeat that candidate. The Reader's Digest launched an investigation of the questions still unanswered after Chappaquiddick and before publication did what all magazines do, sending advance copies to print media and videotapes of its research material to broadcasters.

The Federal Election Commission claims both publications violated the law by soliciting funds to defeat a candidate, in the case of the newsletter subscription campaign, and by spending money to distribute the tapes and thus influence an election, in the case of the Digest.

We believe the Commission is trying to do what Congress specifically prohibited—defining editorial comment and opinion, whether it appears in a subscription solicitation letter or in material distributed prior to publication to other media for publicity reasons, as a "campaign contribution."

It is not too difficult to see that the camel's nose is being stuck under the tent. The Federal Election Commission, in our opinion, would like to eliminate any endorsement of a candidate in print or on the air as representing a "campaign contribution," and may find a way to do it in spite of any congressional exclusion to the contrary.

[From the Washington Post, Feb. 20, 1981]

TIME FOR THE FEC TO DECIDE

(By Bill Green)

The Federal Election Commission is tripping over its own procedures and, unless it finds a way out, it could create absurdly distorted political news coverage.

The commission finds itself entangled with Reader's Digest, one of the nation's most widely circulated magazines, and Pink Sheet on the Left, a conservative, anti-communist biweekly publication with a circulation of about 14,000.

Both are in the middle stages of a process that begins automatically when the commission receives a complaint alleging election law violations.

Reader's Digest published an article on Sen. Kennedy and Chappaquiddick early last year. In preparing for the article, the magazine's editors had an engineer and an oceanographer conduct studies. On Jan. 14, copies of the issue and videotapes from one of the studies were sent out to television networks and other media. Both the story and the tapes received national attention.

Seven months later, an Oregon resident complained to the commission that Reader's Digest had violated election laws by making improper corporate political expenditures that had a negative effect on the senator's compaign.

Phillips Publishing Inc., long in business, produces Pink Sheet on the Left. The company sent out a four-page letter to potential and regular subscribers soliciting subscriptions and funds to place the newsletter in college libraries. The letter emphasized the Pink Sheet's opposition to Sen. Kennedy. In March, the Kennedy for President Committee complained to the commission that Phillips Publishing is a political organization opposing a candidate and should, therefore, have registered with the commission.

Legal counsel for both the Reader's Digest and the Pink Sheet denied the allegations and attempted to stop the commission's investigations.

But the commission's machinery, once started in motion, and unless stopped in court, has to run its course like some giant windup leviathan. The key that begins the process is a complaint that anyone can submit. Once received, a copy of the complaint goes to, in these instances, Reader's Digest and Pink Sheet. Thus begins a series of legal queries and responses until, in the last step, the commission may find, or fail to find, probable cause. Then there's conciliation or enforcement, depending on additional legal negotiation.

However, the act that established the commission specifically excludes from unacceptable political expenditures "any news story, commentary or editorial distributed through the facilities of any broadcasting station, newspaper, magazine or other periodical publication, unless such facilities are owned or controlled by any political party, political committee or candidate."

In other words, the commission need never begin investigative procedures involving favorable or unfavorable political news articles, or the normal promotion of such articles, in established media. The costly, labyrinthine process simply does not have to start if the commission would use the authority of its own act when it first receives a complaint. It would be tougher to dismiss a complaint, to be sure, but the commissioners are not appointed to avoid judgment.

If the commission insists on following the pattern it has established, every news organization in the country taking a position on any national candidate could find itself having to prove in exhausting, unnecessary and ridiculous detail that it is not a political entity and has not illegally used corporate funds in performing its clear First Amendment prerogatives.●

THE 125TH ANNIVERSARY CELEBRATION OF THE HOREB LODGE OF B'NAI B'RITH OF NEW HAVEN

HON. LAWRENCE J. DeNARDIS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. DeNARDIS. Mr. Speaker, the month of March has been dedicated to a celebration of the 125 years of existence of the Horeb Lodge of B'nai B'rith of New Haven, Conn.

It is an event of major significance to the Jewish community in New Haven, and one that is being celebrated throughout the month with special activities, religious services, and a grand ball.

B'nai B'rith, an organization that has grown in popularity and prestige over the years, is not just another civic or community organization. It has followed consistently the preamble to its constitution which says:

B'nai B'rith has taken upon itself the mission of uniting persons of the Jewish faith in the work of promoting their highest interest and those of humanity; of developing and elevating the mental and moral character of the people of our faith; of inculcating the purest principles of philanthropy, honor, and patriotism; of supporting science and art; alleviating the wants of the poor and needy; visiting and caring for the sick; going to the rescue of victims of persecution; providing for, protecting and assisting the aging, the widow, and the orphan on the broadest principles of humanity.

The Horeb Lodge is a service organization that is part of B'nai B'rith. Originally founded by Jewish immigrants from Germany, it was later joined by the Eastern European Jews. Their services to their community were originally philanthropic and fraternal with death benefits, sick benefits, and others. They were needed badly by the immigrants of the time, and served a worthwhile purpose.

As B'nai B'rith grew nationally and expanded its basic operations, so the Horeb Lodge grew, expanded, and also changed. Their basic objectives, however, remained the same. Today, Horeb Lodge sponsors Hillel Foundation for Jewish Education, disseminated in college-level young people. They have youth programs, youth camp programs, vocational guidance programs to counsel high school students, and career counseling.

It is Horeb Lodge of B'nai B'rith which helped lay the foundation for what has become the Anti-Defamation League. During World War II, when problems of anti-Semitism developed, B'nai B'rith developed a watchdog type of committee in every city, including New Haven. A group of members of the Horeb Lodge served as guardians of the good name of a Jew, and watched for and reported acts of

discrimination. The interest in this aspect of the work of the lodge brought membership to its highest level.

It was through the Horeb Lodge of B'nai B'rith that the mission of uniting persons of the Jewish faith in the work of promoting their highest interest, and those of humanity, was undertaken. It was—and is—successful.

The work of the Horeb Lodge is of major value to the community it serves. As they continue to grow and expand, the celebration they have planned for March 1981, is well deserved, and one that is shared by all of us who so strongly identify with service to our fellow man and woman.●

ENCOURAGED SUPPORT OF NAIROBI CONFERENCE ON ALTERNATIVE ENERGY—I

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BEDELL. Mr. Speaker, I am beginning today a series of reports on what I believe to be one of this year's most significant international events: The United Nations Conference on New and Renewable Sources of Energy (UNCNRSE), scheduled for August 10–21 in Nairobi, Kenya.

The conference would be an ideal forum for the United States to affirm its commitment to alternative energy development, while alleviating the development problems of underdeveloped counties. I am concerned, however, that this opportunity may be lost for failure to gain the attention and support of the new administration and Congress. Over the coming weeks, then, I intend to highlight the many positive aspects of UNCNRSE including its potential for a cooperative approach to international energy development; the opportunity for private U.S. alternative energy investment abroad; and, perhaps most importantly, the long-term gain for the United States in encouraging energy self-reliance within developing countries.

As many of you are aware, I have been long and deeply involved in renewable energy development here in the United States, particularly alcohol fuels. The Nairobi Conference is unique in that it is the first conference on any aspect of energy that the U.N. has sponsored.

The decision to convene the Nairobi Conference was taken in 1978 at the 33d session of the General Assembly. Its stated objective is to promote an awareness, acceptance, and of new and renewable energy sources. The Preparatory Committee has already agreed to a provisional agenda, and technical preparations are well underway.

The Conference will cover 10 energy sources and 14 related technologies. Eight panels of international energy specialists have identified the present and potential use of solar, wind, geothermal, biomass conversion, ocean energy, fuelwood and charcoal, oil shale and tar sands, and hydropower. Two further studies are being prepared on animal draft power and the use of peat for fuel. In addition, there are six crosscutting panels that will focus on the main obstacles to renewable energy development: Financing; research, development, and technology transfer; information flows; education and training; industrial issues and rural energy. Finally, a synthesis group is meeting to cull the findings and recommendations of the technical and crosscutting panels into a single document.

The Conference itself will serve as the focus of a concerted international effort to promote and develop a wide range of energy alternatives. These efforts deserve our encouragement, and I sincerely hope that my colleagues will offer their support.

For further details, I am pleased to call my colleagues' attention to a recent article, "The U.N. Takes Up the Challenge of the Energy Transition," by Mr. Morris Miller, UNCNRSE Deputy Secretary-General.

THE U.N. TAKES UP THE CHALLENGE OF THE ENERGY TRANSITION

"Humanity now faces one of the most momentous adjustments in modern history, with little time to prepare for it."—Lester R. Brown in the foreword to Rays of Hope: The Transition to a Post-Petroleum World, by Denis Hayes, 1977

THE BACKDROP AND THE OBJECTIVES OF THE U.N. CONFERENCE

Little time to prepare for it? We were already up to our shoulders in "the momentous adjustment" when these lines were written in 1977, four years after the 1973 oil price "shock". Four more years have passed and we are up to our nostrils and the situation gets much worse by the day, driven by a double-barrelled energy "crisis", one revolving around oil and the other around fuelwood.

The decision to convene the U.N. Conference on New and Renewable Sources of Energy (UNCNRSE) in Nairobi in August 1981 can only be understood against the backdrop of the situation which gave rise to it. This Conference might be considered one of the major steps being taken by the world community to navigate the adjustment or the transition to a new energy future which, over the next few decades, must entail a radical shift away from oil and gas. The challenge is to make this shift quickly, yet smoothly and equitably, that is, favoring the poorer developing countries which can least afford the added pains of the adjustments required.

In a few broad-brush strokes one can reveal the dynamics and the desperation of the situation. The oil-importing developing countries are now running an annual balance of payment deficit of about $50 billion and this is projected to increase to about $60 billion over the next two years as the price of oil rises and their energy requirements increase by virtue of the growth of population and the economy. The implication of this is simply that these countries have been going into deeper and deeper debt to finance imports for survival and/or development and have now reached a breaking point in their borrowing capacity, or, to put it differently, lenders and donors have stretched themselves to their limit, or at least, as far as they wish to go or dare to go. Developing countries which need to import oil thus face a dire choice between spending their scarce foreign exchange on oil or on food or other essential imports.

As if this were not enough, if these countries were to grow at the rate they experienced in the years before 1973, their oil imports, by the year 2000, could be expected to triple (from 8 billion barrels per day to 25). Even with much slower rates of growth and much greater economy or efficiency in the use of oil, imports of oil could be expected to double over the next two decades. This spells even more debt, more belt-tightening (especially by the poorest) and incredible strain for the present economic order.

Add to this what some call "a second energy crisis", namely, the one related to fuelwood and the picture is even more bleak and desperate. While oil is essential for the "modern sector" of every nation's economy and now accounts for over half of the world's energy supply, wood which accounts for a much smaller percentage, from 4% to 12% depending on various estimates, is as essential. It fills a "basic need" for the world's poorest, the 1½ billion who live in the "rural sector" and on the periphery of the modern sector in urban slums. For them, the search for fuelwood is a matter of survival, it provides the energy to heat and cook. This scavenging process takes more and more time and accelerates the depletion of the world's forest cover which is going on at a rate of 8 acres per seconds or ⅓ of the total in 20 years. And the rate is accelerating, as a vicious circle sets in: topsoil gets exposed and washed away, soil nutrients are reduced, agricultural productivity and incomes decline, reliance on "free" fuelwood increases . . .

The pressing question is how to slow down, stop and reverse this process. This would call for an effort which, by World Bank estimates, involves the planting of 50 million hectares of fuelwood by the year 2000 just to satisfy the projected demand for wood for heating and cooking, or, to put it another way, a rate of planting which is 5 times present levels taking a global average but which in some countries, calls for a rate of planting 15 times greater.

Both the oil and the related fuelwood crises are intensifying to explosive proportions, especially in the rural areas and urban slums of the poorer oil-importing developing countries where living standards, already abysmally low, are being further reduced.

Under these circumstances, it should be abundantly clear why greater reliance on alternate sources of energy has become an essential cornerstone of hopes for a brighter future. Since 1973 the world community has become painfully aware that the end of the fossil age of energy is in sight. The key question is what would replace these sources of energy.

Coal could become resurgent in its traditional form but it may be impeded by environmental concerns; however, it environmentally is more acceptable as well as more convenient in liquified and gaseous forms;

Nuclear could break out of its stalled trajectory, especially in the form of breeder reactors and fusion though the questions of safety and related issues will remain to constrain its potential;

Solar could once again emerge as the dominant source of energy, a role it played over the millenia before the coming of coal ushered in the fossil fuel era two centuries ago.

Can we consciously make decisions as to these energy options? To do so given the global nature of today's energy network, the decisions call for U.N. involvement. This is the ultimate rationale for the U.N. Conference and for its mandate in terms of time frame and scope.

Given the urgency of the situation, the Conference will focus on the next two decades while keeping the long-term 50-year transition period as a frame of reference. The General Assembly has specified that the focus shall be on a limited list of energy sources labelled "new and renewable", such as solar, biomass, fuelwood and charcoal, hydro, wind, ocean, draught animals, tar sands and oil shale, peat and geothermal (some of which are neither renewable nor new). However, the Conference will consider each of these within a broader energy-development framework within which they will be assessed as alternatives to oil, gas, coal and nuclear power.

Since the Conference is a response to a complex of problems which are global in amplitude, the analysis and discussion will be oriented to the global nature of the energy supply problems, that is, it will be designed to generate proposals for resolving problems which transcend national boundaries and calls for joint action. Proposal of a universal nature which are resolvable by individual countries acting alone will not, of course, be excluded, but the emphasis will be on the global proposals that can constitute items in a Programme of Action which the U.N. and others can be expected to implement.

HOW THE CONFERENCE IS STRUCTURED AND SCHEDULED

The Conference is organized to consider in some depth six of the major institutional constraints which seem to impede the introduction and diffusion of specific alternate energy sources which are judged to be "ripe" (requiring little work on their technological development) or "near-ripe" (requiring research and/or demonstration with a likelihood of being "proven" within the next two decades).

(a) Technical Panels

Eight of these have been organized to consider solar, biomass, hydro, wind, ocean, geothermal, tar sands and oil shale, and fuelwood and charcoal. (Peat and animal draught power are being handled by consultant studies without benefit of panel discussion and revision). Their task is to indicate trends in energy technologies and thereby identify which are promising, that is, judged to be likely to be "significant contributors to the total energy supply. This judgment involves assessment not only of technologies from a scientific/technological perspective but also in terms of (i) costs relative to alternative sources, and (ii) socially and environmentally acceptable.

(b) Ad Hoc Groups of Experts

Six groups of experts are now (during the months of December 1980 and January 1981) in the process of meeting to focus on policies which could influence the rate and manner of introducing the technologies and related programs which the Technical Panels have identified as promising. The Secretariat is preparing background papers which the groups of experts are expected to modify. The emerging documents from each group will spotlight each of the following six major constraints which impede the rapid "market" penetration of the "new" sources of energy:

(i) Financial barriers to funding energy technologies or programs which, because of their newness or scale, are riskier than "proven" technologies;

(ii) Information flow bottlenecks stemming from the newness of technologies or programs;

(iii) Research, development and demonstration inadequacies and imbalances in terms of where the R and D is carried out, to what needs it is oriented, and other associated impediments to this crucial process of technological diffusion;

(iv) Education and training inadequacies and imbalances in terms of where the education and training takes place, what is taught, to whom, etc.;

(v) Rural energy infrastructural system weakness by virtue of geographic dispersion and the back of adequate financial, informational and educational institutions; and

(vi) Industrial sector weakness which makes it difficult to provide components or complete systems for the new energy technologies and to be flexible to expand or change products or processes to take advantage of new energy sources.

From this cross-cutting process of analysis and discussion there should emerge a synthesis which will be discussed by a Synthesis Group in mid February 81. From this, in turn, the elements of a Programme of Action could be identified and discussed at a Preparatory Committee meeting at the end of March.

WHAT CAN REALISTICALLY BE EXPECTED OF THE CONFERENCE

For various reasons it would seem very optimistic to expect all of the sources of energy which the Conference is mandated to examine to contribute more than 10–15% of total (minimal) energy requirements anticipated by the year 2000 and 25% by the year 2030 even if all of the institutional constraints were overcome. But to supply even these percentages would be a formidable challenge involving a tripling or quadrupling of alternate energy output. Nonetheless, this would seem to be a reasonable first goal.

The Conference, however, cannot project the possible or likely contribution of each of these sources since their application is conditional on very regional and time-specific factors, including anticipated projections of costs of oil, gas, coal, nuclear and other alternatives. It suffices for the Conference to try to lower the constraints so that each energy source can realize its fullest potential, whatever that may be. This would call for the Conference to bring forward actionable proposals regarding information and financial flows, research and development, education and training, etc.

Questions will still remain to be answered: where is the rest of the energy supply to come from? What can be done to accelerate the introduction and diffusion of these other sources which, presumably, are deemed to be socially and environmentally acceptable? What are the global energy-environmental relationships? This Conference is but the first step in a long process.●

TRIBUTE TO MR. WILLIAM FRANK

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. TRAXLER. Mr. Speaker, it gives me great pleasure to rise before this distinguished body today to call attention to the exemplary service and citizenship of World War I veteran William Frank of Bay City, Mich. I wish to join with his colleagues of Disabled American Veterans, Robert King, Jr. Chapter No. 9, fellow veterans, area residents, and friends in paying this much deserved tribute to William Frank.

Mr. Frank is among those who have walked the longest mile for this Nation's liberty and security. Since returning to civilian life he has earned the sincere gratitude and affection of all the members of his post and the community. Today, we recognize not only the longevity of his service, but also his dedication and duty to our community interests.

I am proud to offer Mr. William Frank my heartiest congratulations and commendation for his fine record of service. His dedication to our Nation should be emulated by all American citizens.●

NAZI WAR VICTIMS—CLAIMS AGAINST EAST GERMANY

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. WEISS. Mr. Speaker, during the 94th Congress, under the leadership of our colleague, JONATHAN BINGHAM, we enacted legislation, Public Law 94-542, to provide for the settlement of claims against East Germany for the wrongful taking of property due to the racial and religious persecution by the Nazi regime before and during World War II.

Unfortunately, it subsequently became apparent that a large number of persons were unable to successfully make claims against the East German Government under Public Law 94-542 because of a decision which had been made by the East German Government in 1951.

Under Public Law 94-542, claims could be presented to the Commission by persons who were U.S. nationals at the time of the loss of the property. The German Government decreed the "time of loss" to be September 6, 1951, and the Foreign Claims Settlement Commission followed this 1951 date in its determinations. The problem arises, however, because many of the

Nazi war victims living the the United States were not yet U.S. citizens as of September 6, 1951, although most did become citizens by the time Public Law 94-542 was enacted, or by the time when the United States recognized the German Democratic Republic, 1974. Thus, the rights of these permanent, taxpaying U.S. residents who had fled the Nazi horrors were cut off because their citizenship had not yet been finalized.

All legal remedies for these people were also cut off by the East German Government because they were no longer residents of East Germany as of 1951. Thus, because of action by the East German Government, and language used in the enactment of Public Law 94-542, many of these claims have been either not submitted, or denied by the Commission.

To remedy this situation, I am proposing legislation which would allow the filing and consideration of claims against the East German Government by any person who was: First, a permanent U.S. resident as of September 6, 1951, the time of loss, who was waiting to become a U.S. citizen; and second, who, as of the date of the enactment of Public Law 94-542, had become a U.S. citizen. It would, of course, be necessary for the Commission, based upon this changed definition, to reopen the filing period for claims against the East German Government, for a short period. This is also provided for in the proposed legislation.

It should be emphasized that the U.S. Government does not pay these claims itself, and thus, this legislation would not burden the Federal Treasury.

Those of us now in Government can do little to restore the lives or well-being of those millions of people who suffered the outrages and inhumanities of the Nazi regime. We should, however, do what we can, in any small way, to remove the roadblocks to the compensation that may be due some of the victims. It is for these reasons that I urge you to join me in cosponsoring this legislation. A copy of the bill follows:

H.R. 2619

A bill to amend title VI of the International Claims Settlement Act of 1949 (relating to claims of nationals of the United States against the German Democratic Republic) to permit the determination of claims of persons who were aliens lawfully admitted for permanent residence in the United States as of the date of loss and by September 4, 1974, citizens of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "International Claims Settlement Act Amendments of 1981".

SEC. 2. Section 601(1) of the International Claims Settlement Act of 1949 (22 U.S.C. 1644a(1)) is amended—

(1) in subparagraph (a) after "United States" by inserting "or who is an alien lawfully admitted for permanent residence in the United States and by September 4, 1974, a citizen of the United States";

(2) in subparagraph (b) by striking out "natural persons who are citizens of the United States" and inserting in lieu thereof "persons described in subparagraph (a)"; and

(3) by striking out the last sentence.

SEC. 3. Section 602 of the International Claims Settlement Act of 1949 (22 U.S.C. 1644b) is amended—

(1) in the first sentence after "claims by nationals of the United States" by inserting "who were ineligible to have their claims considered by the Commission prior to the enactment of the International Claims Settlement Act Amendments of 1981"; and

(2) in the second sentence by striking out "this title" and inserting in lieu thereof "the International Claims Settlement Act Amendments of 1981".

SEC. 4. Section 609 of the International Claims Settlement Act of 1949 (22 U.S.C. 1644i) is amended after "date for filing of" by inserting "those".●

INCREASED FUNDS FOR RADIO FREE EUROPE AND RADIO LIBERTY

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. ROTH. Mr. Speaker, I would like to express my wholehearted support for the President's decision to increase funding by $4 million to Radio Free Europe and Radio Liberty, and I urge my colleagues to endorse this effort.

Now more than ever, we need to communicate to nations which lie in the path to Soviet expansion, as well as to those currently under Soviet domination, the advantages of freedom.

These efforts are of paramount importance to the continuing peace and stability of the free world. I applaud this new emphasis on carrying the message of freedom to those whose access to information is rigidly controlled.

I know that my colleagues will see the pressing necessity to use every peaceful means to curb the rising tide of Soviet hegemony. Radio Free Europe and Radio Liberty are effective avenues to this end.●

A CHALLENGE FOR TOXICOLOGISTS

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. MARTIN of North Carolina. Mr. Speaker, many scientists have wondered at the political factors that have diverted a great part of cancer research funds away from cancer research, to pay instead for animal testing. The results have been twofold: scares have been created about chemicals generally, even on evidence of very weak effects; and less research attention has been possible for solving the riddles of toxicological effects within animal cells. Testing is not research.

In a recent statement, printed in the March 2, 1981, edition of Chemical and Engineering News, Dr. Joshua Lederberg, a geneticist, Nobel Laureate, and president of Rockefeller University issued a challenge for toxicologists. It is a challenge to science in general, and to Congress as we contemplate science policy.

Dr. Lederberg's comments should be studied for it serves as an important reference in our future considerations of risk-benefit assessment.

His statement was condensed in Chemical and Engineering News, from which this is taken:

A CHALLENGE FOR TOXICOLOGISTS

With all of the enormous expansion both in quality and in quantity—that is, in the variety and total material—of the chemical industry, I believe today that we're in a far healthier position than we were 30 years ago. Thirty years ago, there were fewer substances being emitted, but the abandon that they were being dealt with! You had workers walking knee deep in solvents and paying absolutely no attention to them. Since then, there has been a sharp increase in vigilance. With respect to a wide variety of substances, I am quite confident that the average exposure to many of these chemicals is down by a factor of 100 or 1000 compared to what it was in the early 1950's, just on account of the awareness that has been generated, the public sensitivities about these matters. There is no major industry today that does not now have a deeply ingrained environmetal apparatus—procedures, bureaucracy, and doctrine—with respect to control of environmental problems. This is an enormous advance over what was the case 30 years ago.

We have at this point, of course, the responsibility to work out procedures that will provide for appropriate surveillance of new substances, for prevention of human exposure where it really is of some consequence. This in turn presents an enormous challenge to scientific enterprise; it is just beginning to be met.

If there is any message that I would like to see conveyed it is the gross inadequacy of our present knowledge base to face properly the enormous environmental challenge that we have at the present time.

I think the testing of substances could be greatly improved, improved above all by better understanding of the mechanisms by which these substances work. Right now there is almost no rationale for deciding whether the mouse, the rat, the rabbit, the guinea pig, or the monkey is going to be the better model for effects on human behavior. In fact, very few substances have been tested using more than one species in order to build up a body of theory to project in what way the human is likely to be more or less like other animals.

For that reason I have felt particular priority should be to that discipline that

hardly exists today. Which I would call comparative toxicolgy. When it comes to toxic substances the prevailing doctrine is to find the most sensitive animal and if you can get a toxic effect, there is potenital hazard in man. Therefore, under most circumstances, you need to abolish the substance if you can produce cancer in that animal. Well, I can't argue against that in any affirmative way, with the present state of our knowledge, but it is obviously fraught with all kinds of difficulties and false positives. It is being excessively rigorous in a few cases when there are 10,000 other things that haven't been looked at yet.

First of all, understand that the one or two or three hundred millions of dollars a year that we're now spending on routine animal tests are almost all worthless from the point of view of standard-setting. It may be appropriate for setting alarms.

I would think the most immediate solution is to redeploy some of our resources. The resources are not only money, there is the time and effort. The whole quality of the field of toxicology has been so drowned by the requirement to do these kinds of tests that that, in itself, had made it a less respectable discipline from the point of view of more fundamental biological interests.

The point I am trying to come down to is that it is simply not possible with all the animals in the world to go through new chemicals in the blind way that we have at the present time, and reach credible conclusions about the hazards to human health. We are at an impasse. It is one that has deep scientific roots, and we had better do something about it.●

RED BAITING: NO ANSWER FOR EL SALVADOR

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. OBERSTAR. Mr. Speaker, those of us who oppose military aid to the Government of El Salvador have heard the charge that we are helping the leftists take control of that country. The charge is just plain absurd. I find it difficult to imagine that anyone actually believes that those who oppose U.S. involvement in El Salvador want to see a Communist victory there.

I do want to see moderate, democratic elements strengthened in El Salvador. Sending military aid does not accomplish that goal, nor does it address the history of oppression and poverty of the overwhelming majority of the population of El Salvador. As former Senator Aiken, Republican of Vermont, once said, "No people were ever starved into democracy."

Military aid to El Salvador places the United States in the position, in the words of former Ambassador White, of arming some of the world's most dangerous men, the El Salvadoran security forces who last year killed thousands of their fellow citizens.

The United States cannot afford to let its foreign policy be determined by red baiting, and by the self-serving statements of those who seek to portray political opponents as "soft on communism."

I believe any thinking individual would agree that the Roman Catholic Church is not pro-Communist, either in El Salvador or the Soviet Union. The church in Latin America is a crusader for social and economic justice and, consequently, has suffered the persecution of governments which oppress their own people.

On March 5, Archbishop James Hickey, of Washington, D.C., testified before the House Foreign Affairs Committee on behalf of the United States Catholic Conference. Archbishop Hickey's testimony outlines the basis for a responsible American policy toward El Salvador. He speaks with knowledge and a deep commitment to the people of El Salvador. From Archbishop Hickey comes one of the best examples of commonsense foreign policy that I have read during the entire debate on El Salvador.

I urge my colleagues to read his testimony, which appeared in Mr. EDGAR's statement in the RECORD of March 17, 1981, page 4605.

INTRODUCTION OF COAL INCENTIVES ACT OF 1981

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. SHELBY. Mr. Speaker, Congressmen TOM CORCORAN, KENT HANCE, and CLEVE BENEDICT are joining me today in introducing the Coal Incentives Act of 1980, a bill which would encourage the production and use of domestic coal.

The United States needs to reduce its dependence on imported oil by maximizing the utilization of our domestic resources. Our most abundant domestic source of energy is coal, which constitutes over 80 percent of our fossil fuel energy reserve, yet supplies only 18 percent of our energy needs. In many States, coal miners are unemployed.

In our attempt to deal with the energy problem, we have established numerous schemes to restrain demand, encourage alternative sources of energy, and compel people to switch to abundant fuels. What we have failed to address is the restraint on our ability to utilize coal. One of the major problems in converting to coal is the 1977 amendments to the Clean Air Act. The Clean Air Act should be an important tool in assuring a healthy environment while allowing sustained economic growth and increased use of domestic energy resources. However, in many areas of the country, the 1977 amendments to that act have made it impossible to utilize coal, and in other areas, the 1977 amendments have pushed the cost of using coal to a point where there is virtually no difference between the cost of imported oil and the cost of domestic coal. Thus, industry lacks the economic incentive necessary to convert.

The public health goals of the Clean Air Act are laudable. However, in evaluating the benefits of environmental regulation, we must be aware of their impacts on other areas of national concern. Our reliance on imported energy is a major national security problem which can no longer be ignored. We cannot continue to enact and implement overly restrictive environmental legislation in a vacuum and ignore the energy, economic, and national security implications of what we do.

The bill we are introducing today is designed to balance our energy and environmental objectives. Title I of the bill modifies some of the most restrictive features of the amendments to the Clean Air Act enacted in 1977, features which effectively eliminate coal as a source of energy independence. The bill is intended to strike a balance between the desire for a healthy environment and the need for energy independence without either of these goals precluding our attaining the other.

Among other things, the bill requires cost/benefit analyses, including the energy impact of air quality standards. If a major stationary source satisfies all applicable standards, it would not be subject to more stringent limitations for a 10-year period. The bill would also moderate the standards for local coal exemptions under section 110(f). Sources which voluntarily convert to coal would be given additional time to meet air quality standards.

Title II of the bill provides tax incentives for pollution control equipment, which are necessary to encourage the utilization of coal. The energy tax credits enacted as part of the Energy Tax Act of 1978 and the Crude Oil Windfall Profits Tax of 1980 are generally not applicable to public utility property. The bill would apply these credits to public utility property such as equipment necessary to permit the use of coal in electric generating facilities. The current restriction on energy tax credits for coal preparation plants, which limits the credit solely to plants at the point of use, would be deleted.

Mr. Speaker, Congressmen TOM CORCORAN, KENT HANCE, CLEVE BENEDICT, and I believe that the Coal Incentives Act of 1980 represents a significant step in the direction of encouraging the production and utilization of domestic coal in an environmentally acceptable way. We simply must put this

valuable resource to work for the benefit of all Americans.●

THE FARMER GRAIN PROTECTION ACT

HON. THOMAS E. COLEMAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. COLEMAN. Mr. Speaker, today I am introducing legislation to protect farmers from an extremely unjust situation—that of having grain stored in commercial grain elevators impounded by the courts when those elevators file bankruptcy. This occurred recently in southwest Missouri, and a Missouri farmer who rightfully owned about 30,000 bushels of soybeans was forced to defy Federal marshals to retrieve his grain. This farmer simply could not wait for the intricacies of the law to be examined under our bankruptcy statutes. The courts could not stay Mother Nature. The farmer had to sell those soybeans and pay off his loan at the local bank so he could buy seed and meet his other production costs to plant the next crop. We are not talking about a situation that can be relaxed while lawyers on both sides of the issue decide what to do with the grain, the assets and the creditors of the bankrupt elevator. We are talking about spring planting time—in the Midwest, it is that window of a few weeks when seeds must get into the ground. The time factor for a farmer is critical; the situation in southeast Missouri is not an unusual or isolated case. These bankruptcies occur numerous times during a year, and the Congress must correct it soon.

We cannot afford to have American farmers idled through no fault of their own by a grain elevator company which is either poorly managed or perhaps even undergoing criminal investigations.

My bill—the Farmer Grain Protection Act—would amend the bankruptcy law to allow farmers easy access to their grain when they can produce proof of ownership, at the time of a company's filing bankruptcy. Essentially, this is an insurance policy for farmers who must store their grain off the farm.

In this time when many farmers are hard pressed to keep up with rising production costs and high interest rates, the Congress must take steps to ease other burdens farmers may be forced to carry. Times are not good throughout our economy and situations like the one we have been witnessing in southeast Missouri could very well be only the first of many to come.

It is my hope that the Congress will act quickly on this legislation and will act to alleviate this unreasonable process of the bankruptcy laws as it pertains to grain stored under custodial contract. Thank you, Mr. Speaker.●

SETTLEMENT OF CLAIMS WITH CZECHOSLOVAKIA

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BINGHAM. Mr. Speaker, with my colleagues, Messrs. BONKER and LAGOMARSINO, I am today introducing legislation that would finally settle our long-standing dispute with the Government of Czechoslovakia over private property claims. Under this legislation, U.S. claimants would be paid in full for validated losses of property expropriated by the current regime in Czechoslovakia. That payment would be made from interest on funds that would be realized from the sale of gold belonging to Czechoslovakia. The principal amount received for the gold would be returned to Czechoslovakia after payment of claims from the accrued interest.

This problem, Mr. Speaker, has a long and rather sad history. Twice in the past 20 years the Government of Czechoslovakia and the Government of the United States have entered into good-faith negotiations to settle these claims, and twice our Government has initiated settlement agreements, only to have implementation of those agreements blocked by the Congress. In the meantime, of course, the claimants have received nothing. Many are now quite elderly, and in need of the claims payments due them.

The history of this dispute and the negotiations that have taken place, however, have been dramatically eclipsed by recent events. The sharp increase in the price of gold in 1978–79 has fundamentally changed the parameters of the dispute. Prior to those increases, the value of the Czech gold in our possession was only about $8.4 million, or 8 percent of the total amount of the claims—$105 million, principal and interest. When the price of gold peaked some months ago at about $950 per ounce, the value of that gold had ballooned to $268 million, more than twice the amount of the claims. Even at today's price of about $475 per ounce, its value is $134 million, well in excess of the claims. It would be foolhardy and unfair of the U.S. Government to ignore this change, or to fail to have it reflected in what we consider a reasonable and equitable settlement for our citizens.

A settlement of about 40 cents on the dollar of the principal amount of the claims, although rejected by the Congress, was perhaps not totally unreasonable at a time when we controlled Czech gold assets valued at only about $8 million. But at a time when we have assets worth well in excess of the claims, a mere 40 cents on the dollar could hardly be considered equitable. True, our settlements with other countries, including the most recent one with the Chinese, have averaged about 40 percent of the principal amount of the claims. But in no other settlement have we controlled assets in excess of the total amount of claims as we now do in the case of Czechoslovakia. Whatever the relative amount of our past settlements, they have always closely reflected the absolute amount of any assets we held. In the case of Czechoslovakia, the notion that a reasonable and equitable settlement from our point of view should reflect, among other things, the value of the assets under our control suggests that we can settle for nothing less than full payment of principal and interest. Even having done so, Czechoslovakia stands to get back a substantial sum in gold or cash—more, certainly, than the gold was worth prior to its recent appreciation, and depending upon what happens to the price of gold in the coming months, more even perhaps than it will be paying out to American claimants. That is all the more reason, however, that we should and must insist upon full payment of our claimants.

Mr. Speaker, this bill provides for a unilateral action by the United States to pay the claimants, but it does not preclude a negotiated settlement. Indeed the bill directs the Secretary of State to continue to seeks such a mutually acceptable settlement, and a period of 3 months is provided for such further negotiation before any unilateral action by the United States would be authorized.

Much has been said, Mr. Speaker, about the right of the United States under an agreement to which we are a party with France and Great Britain, and under the principles of international law generally, to liquidate the Czech gold in our possession for purposes of payment of claims, as authorized by this bill. I was once quite skeptical about that myself. I will not try to review all the legal arguments here. They are elaborate and complicated. Suffice to say that the Subcommittee on International Economic Policy and Trade, which I have the honor to chair, and the Subcommittee on Europe and the Middle East, chaired by our colleague from Indiana (Mr. HAMILTON) examined both the legal and practical questions associated with this issue in considerable detail in hearings last year. We concluded at that time, and it is still my conclusion, that the argument made by the State Department that we are obligated to obtain the concurrence of the British and French in any action we take, and that we are thus constrained by our

agreement with those countries from unilaterally liquidating the gold and paying claims, is tenuous at best. Equally compelling legal arguments can be made in favor of our right to unilateral action. Given such parity in the legal arguments, I believe we can and must take the course that delivers the greater equity to our claimants.

I am not without hope, Mr. Speaker, that even in the short time that would be allowed after the enactment of this bill the Czech Government might come to find it in its own interest to enter into an agreement that would fully reimburse American claimants, rendering this legislation unnecessary. Such an agreement would have to be approved by the Congress under section 408 of the Trade Act of 1974. In light of the delays that have occurred and the advanced age of many of the claimants, such agreement would hopefully come soon, for justice much longer delayed will be justice denied these claimants.

Another feature of this legislation, Mr. Speaker, is that it would allow for the consideration of claims of persons who became citizens of the United States after 1945, or whose claims arose after 1958. To adjudicate those claims, the Foreign Claims Settlement Commission would be authorized to reopen the Czech claims program. This legislation would authorize payment of any such claims certified by the Commission.●

CORA P. BEEBE

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. PURSELL. Mr. Speaker, I would like to take a moment to pay a special tribute to a University of Michigan alumnus, Ms. Cora P. Beebe, who has been appointed the Assistant Secretary for Administration in the Department of the Treasury. Ms. Beebe is well known to those of us on the Labor, Health and Human Services, and Education Appropriations Subcommittee for her outstanding contributions to education. As the Director of the Division of Planning and Budgeting in the Office of Education, she was always an excellent witness before our subcommittee, and we valued greatly her expertise concerning Federal education programs. Education's loss is Treasury's gain, and I am sure I speak for all members of the subcommittee in honoring Ms. Beebe and wishing her success in her new position.●

ILLICIT DRUG TRAFFIC

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. SHAW. Mr. Speaker, the first bill that I have introduced in the 97th Congress deals with an issue that I feel deserves immediate attention—the illicit drug traffic in the United States. We must combat the epidemic proportion of drugs pouring through our borders with the most effective defense. To impose high penalties on those involved in the distribution is a fine idea; however, it treats the symptom and not the disease. H.R. 2420 goes right to the source and diminishes the availability of these drugs to our country. This legislation will once again enable countries to use foreign assistance money for the spraying of a herbicide to eradicate marihuana.

To understand this issue, it is necessary to examine its history. Mexico was the first country to use paraquat to combat its large problem with heroin crops. Because of the success of the program, the Mexican Government began to use paraquat on what they considered to be their No. 1 drug abuse problem—marihuana. Due to the fact that 85 percent of the marihuana entering the United States at that time was grown in Mexico, the then Department of Health, Education, and Welfare (now called Health and Human Services—HHS) under Secretary Joseph Califano, created a computer-simulation model of the impact of paraquat treated marihuana on the health of approximately 50 to 100 persons in the southwest region of the United States, who were predictably at risk of suffering irreversible lung damage. A report was released in March 1978, stating:

* * * that marihuana contaminated with the herbicide paraquat could lead to permanent lung damage for regular and heavy users of marihuana and conceivably for other users as well * * *

The National Institute on Drug Abuse released a report and a health warning stating that:

* * * if a person smokes 5 marihuana cigarettes every day for one year, each cigarette containing 500 ppm of paraquat, permanent lung fibrosis would develop * * *

Both of these studies were based on worst case situations. The U.S. Department of Agriculture (USDA) furnished a technical review of the HHS data. The review stated that the USDA scientists reviewed the exposure data and noted that the projection of 50 to 100 marihuana smokers, estimated to be exposed each year to 500 micrograms or more of unaltered paraquat in marihuana smoke, is a worst-case estimate which was arrived at after several computer-simulation assessments were made. Some assumptions utilized in the assessment do not appear valid.

According to the report of the Select Committee on Narcotics Abuse and Control regarding the use of paraquat, HHS made these assumptions:

First, that all of the smoke from a marihuana cigarette is inhaled by the smoker.

Second, that all of the smoke from the cigarette is retained by the smoker.

Third, that all of the unaltered paraquat in the smoke from the marihuana cigarette is available to the lung.

Based on the findings of the HHS simulation model, the International Security Assistance Act was amended stating that its funds may not be made available for the purpose of spraying herbicides to eradicate marihuana plants if the use of that herbicide is likely to cause harm to the health of persons who may use the marihuana.

Based on the information released as a result of these reports, many feel there is sufficient reason to question their findings in relation to paraquat usage. For example, at this time, not one case of herbicide poisoning has been reported. In addition, the United Nations Narcotics Laboratory study of 1978 does not support the notion that paraquat is harmful to one's health.

Since the validity of the HHS findings are being questioned, the issue of health safety was taken into consideration when drafting my bill. As insurance, my bill will direct the Secretary of HHS to monitor and report to the Congress the impact of the paraquat program on the health of those who come into contact with treated marihuana.

The effectiveness of this type of program escapes question. The United Nations Fund for Drug Abuse and Control, along with other drug enforcement officials agree that spraying is the only measure assuring success. The Mexican Government's program is a shining success. The Mexicans can boast a smaller field size, a drastic dropoff of the crop and the shift in position from a primary to a secondary supplier of marihuana to the United States, as a result of the program. In addition, paraquat is environmentally safer, less toxic, and has a shorter knockdown time—the amount of time it takes to kill the plant—than any other herbicide.

After carefully reviewing the HHS report, studying all of the remarks made by drug abuse and control specialists, and studying the effectiveness of such a program, I conclude that H.R. 2420 deserves immediate attention and consideration. The result will be an effective program to combat drug traffic into our country while monitoring the health of our citizens and will enable the United States to

aid other countries who wish to participate in the program.●

DECONTROL TO COST OHIO AS MUCH AS $29.6 BILLION

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. ECKART. Mr. Speaker, I recently received a copy of a report released by the Energy Action Coalition which concerns the probable economic effects of the decontrol of natural gas prices on the Northeastern industrial region of our country. I offer it for submission into the CONGRESSIONAL RECORD and strongly recommend its study by my colleagues.

Immediate decontrol will cost Ohioans between $17.5 billion and $29.6 billion more than current costs over the next 5 years. Furthermore, those same energy costs will have serious indirect effects on food prices, industrial growth, and new home construction. Certainly, these difficulties will translate into even greater national problems.

One final statistic for my colleagues to ponder. Immediate natural gas decontrol will cost Ohio consumers each between $994 and $1,408 per year just to have their heating fuel pumped from beneath ground level to the wellhead. Thank you.

The material referred to follows:

DECONTROL TO COST OHIO AS MUCH AS $29.6 BILLION

WASHINGTON.—According to a study released today by the Energy Action Educational Foundation, "the decontrol of natural gas prices will cost Ohio between $17.5 billion and $29.6 billion more than continued controls between now and 1985."

Comparing the cost of continued controls to two decontrol alternatives (accelerated and immediate decontrol), Energy Action found that the state's industrial users would incur increased gas costs ranging from $6.5 billion to $11.0 billion over the five year period. Residential users would have to pay between $7.6 billion and $12.9 billion over the same period. "This works out," said Energy Action director Edwin Rothschild, "to between $994 and $1,408 per year for the average residential user for just the cost of gas at the wellhead."

In addition, the study found that commercial users in the state would have to pay between $3.1 billion and $5.2 billion more for their gas from 1981 through 1985.

"The effect of higher natural gas prices resulting from decontrol," said Rothschild, "will not only be felt directly by consumers in the form of higher utility bills, but indirectly in the form of higher prices for food, clothing, housing, automobiles, medicine and other necessities of life. This is so because the industries which manufacture these products will pass through the increased cost of gas."

"Decontrol," the study said, "will drain between $35.9 billion and $25.4 billion out of the state's economy and direct it to the major oil companies, producing states and foreign governments. As a result the state's economy will face a reduced industrial base supporting fewer jobs, increased inflation and an increased tax burden for all taxpayers due to the reduced tax base."●

MICHIGAN BEANS GET EXPRESS TRAIN SERVICE TO MEXICO

HON. DONALD JOSEPH ALBOSTA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. ALBOSTA. Mr. Speaker, last year during the debate on the Staggers Act, which substantially deregulated the railroads, many of us expressed our concern about the effect deregulation might have on agricultural shippers and short-line railroads. Today, I am happy to report an early success story from my own district in Michigan which shows that railroads can work with shippers of farm products and with smaller railroads to the mutual benefit of all. Through innovative marketing, the Chessie System, which serves Saginaw, Mich., was able last year to arrange for large shipments in unit trains of a basic food staple to Mexico. This resulted in the opening of a new market for the farmers of Michigan and also relied on the close cooperation of a major rail carrier, the Chessie System, and a number of Michigan short-lines—the Ann Arbor, the Detroit and Mackinac Railroad and the Tuscolo and Saginaw Bay railroads. The Chessie System is to be commended for its imaginative use of the new freedom given to railroads by the Staggers Act.

Last fall the Chessie System began the first of 17 shipments from Saginaw of unit trains full of pinto and black turtle beans grown in Michigan and destined for Mexico. These types of beans are the main staple of the Mexican people's diet and were shipped during the fall months to Mexico because of the severe drought that occurred in that country and, as a consequence, there resulted a critical shortage of these staple food products.

Full credit should be paid to the Chessie System for coordinating these movements. The cargoes of Michigan-grown beans were collected from over 25 separate points on the Chessie System as well as from elevators on the Ann Arbor, the Detroit & Mackinac Railroad and the Tuscolo and Saginaw Bay Railways. These rail lines are in the heart of the rich bean-producing areas of Michigan. The trains that carried these movements averaged approximately 70 cars per train and moved approximately 112,000 metric tons during the months of September through January.

As most of my colleagues know, last year the ICC, in an effort to give the railroad industry more flexibility, deregulated agriculture commodities. The transportation package which was developed by Chessie to make these successful shipments possible incorporated this new approach to rail service. The flexibility permitted by the removal of regulation allowed savings to shippers in transportation costs based on incentive rates and tonnages shipped. These rail shipments effectively utilized the three short-line railroad carriers operating in central Michigan as gathering lines for the unit-train movements. All cars on each train were handled by a single customs house broker at the Mexican border. Permits from connecting southwestern rail carriers were obtained in advance, thus enabling the unit trains from Michigan to enter Mexico without the normal delays.

Again, this whole successful effort was put together primarily because of the excellent cooperation of the Michigan bean shippers, the Chessie System Railroads and the various participating Michigan short-line carriers and offers good evidence that the relaxation of Government controls can in certain cases work to the advantage of agriculture producers, the railroad industry and ultimate consumers.

I would like to commend to the attention of my colleagues the recent article in the winter 1981 issue of Michigan Dry Bean Digest which outlines the success of this program.

[From the Michigan Dry Bean Digest, Winter, 1981]

MICHIGAN BEANS GET EXPRESS TRAIN SERVICE TO MEXICO

(By Howard Robinson)

SAGINAW, MICH.—The State of Michigan's first opportunity to produce Pinto and Black Turtle Beans to cover major contracts with the Mexican Government occurred in 1980 and results have been proclaimed a big success by Michigan farmers and shippers and Mexican consumers.

This was in spite of unfavorable fall weather in Michigan and a decision by the Interstate Commerce Commission to deregulate these food products.

Some 14 inches of rain drenched the bean growing areas of the State of Michigan during the planting/growing/harvesting season between June 1 and October 5. In spite of this abnormal rainfall, Michigan's farmers managed to harvest sufficient tonnage to meet Mexican contract minimums.

The ICC's action, to include dried beans as one of a number of commodities to be exempted from its regulation, was an effort on the part of the agency to give the railroad industry a greater opportunity to compete on equal grounds with other transportation modes.

Of major concern to the Dried Bean Industry was that existing tariff rates published at the time contracts were negotiated were no longer applicable. With this exemption, railroads were then free to increase rates without intervention by the ICC, and transportation costs could be raised substantially above the level provided for in the contracts.

Substantially increased rates did not occur. Instead, a transportation package was created by Chessie marketing specialists

who incorporated a new approach to providing rail service.

The final package, which was worked out in a meeting of contract holders and Chessie, using the flexibility permitted by removal of regulation, provided savings to Michigan's shippers in transportation costs based on volume incentive rates.

One shipping industry observer, commenting on the package, said, "To suggest that solving the problems of getting tonnage into the elevators for bagging and shipping, and negotiating a satisfactory transportation price package was taking care of the tip of the iceberg may be a overstatement."

Many problems still faced the bean shipping industry before its product reached Mexican receivers. A.N.V., Wickes Agriculture, and Michigan Elevator Exchange, the principal Michigan contract holders, were faced with the problem of securing suitable box cars in large numbers. They also had to arrange for permits to move each car through embargoed Texas/Mexico river boundary crossings where upwards of 7,000 carloads of traffic were already lined up waiting to cross. To accomplish these and many other necessary functions in time to have all committed tonnage in Mexico prior to a December 31 deadline, were just a few of the problems they faced.

While this article was written a few weeks before shipping was completed, shippers have no doubt that the terms of each contract involving Michigan's Pinto and Black Turtle Beans will be met, and that all tonnage will be in Mexico by December 31. Basis for this confidence was the creation of a Run-Through train system which was designed to solve many of the contract holders problems of getting its production to market expeditiously.

Implementation of this program by Chessie System marketing specialists was not a "one-man" job, and could only be accomplished with excellent cooperation of such shipper organizations as Valley Marketing, Northern States Bean, Agri Sales, Wickes Agriculture, Michigan Elevator Exchange, and other rail carriers. The others who cooperated in the venture included a number of Michigan railroads—the Tuscola & Saginaw Bay, the Ann Arbor, the Detroit and Mackinac, and the Michigan Northern, which all agreed to participate.

The Chessie marketing/shipping program worked this way:

First, it was decided to collect cars originating on the C&O and participating lines each week and originate a train every Sunday at Chessie's Saginaw Yard. Next, a schedule of alternate routings to be used was drawn up so that permits could be secured well in advance of shipping dates. Carrier Agreements were written and signed with other origin carriers making it possible to include cars from elevators on their lines in Chessie's weekly trains. This afforded shippers the benefits of Run-Through service, the same as would be provided for shippers served by C&O, and would eliminate the need for their shippers to secure individual permits.

Cars from the TSBY were interchanged to the C&O at Vassar, Michigan, from the D&M at Bay City, from the Ann Arbor at Alma, and from the Michigan Northern at Reed City, Michigan, on previously agreed-upon schedules and moved to Chessie's Saginaw Yard for inclusion in that week's Sunday train.

Once the schedule of weekly routings was agreed upon by shippers, Carrier Agreements were signed with railroads participating in the routes beyond Chessie's gateways of Chicago and St. Louis.

These carriers included the A.T.S.F., Southern Pacific and Missouri Pacific, which were contacted by Chessie and asked to supply permits for entire trains instead of individual cars.

These carriers were extremely cooperative in providing permits for each train, and in moving the blocks of cars intact from their interchanges with Chessie at either Chicago or St. Louis to the river crossing designated in the permit they supplied.

This 1980 version of "Express Train," freight service provided by Chessie and its connections from Saginaw to the border took as little as three and one half days to move a distance of more than 1,600 miles.

It was then determined that, if there were no more than two border crossing custom brokers, delays at the borders must be anticipated. To eliminate the possibility of such delays and expedite movements, Chessie approached the contract holders seeking their agreement to utilize the services of only one customs broker at each of the five Texas river crossings—at Presidio, Eagle Pass, El Paso, Laredo, and Brownsville.

The agreements were made. Each week contract holders were given by Chessie's Saginaw coordinator the permit number, the border crossing, the custom house broker, and the specific routing to be used for each train, all necessary information used by contract holders and shippers in treating identical documentation covering the cars moving in each train.

One other potential problem brought to the attention of Chessie personnel involved the distribution of cars after they crossed the border into Mexico.

Cars containing Black Turtle Beans were moved to Mexico City and distribution was coordinated from there. However, Pinto Bean carloads were moved directly to the consumption point, many of which were located short of Mexico City.

To assist Mexican officials in this distribution system Chessie System blocked Black Turtle and Pinto Bean cars prior to their departure from Saginaw Yard. When the trains departed, all Black Turtle cars were at one end of the train, and all Pinto cars were at the other.

Probably the item of greatest concern to Michigan's bean shippers was the railroad's ability to supply cars in numbers greater than would be normal.

The box cars supplied had to be in good condition, be able to handle 60 tons of lading and be available to shippers when requested in order that elevators would be kept in a fluid condition.

Chessie anticipated the weekly box-car needs and moved a continuous flow of cars toward Saginaw. Michigan's other origin carriers were similarly efficient in meeting car requirements.

Chessie representatives had an opportunity to detail the Michigan Bean Shipping Program to Mexican officials at a July meeting in the Mexican Embassy in Washington.

U.S.D.A. officials who were assisting Mexico with their transportation program also were in attendance. Manuel Bravo, of Conasupo, Mexico's food purchasing agency, stressed the urgency of moving this tonnage as rapidly as possible and was most appreciative of the joint shipper/railroad efforts which made Run-Through service from Michigan possible.

As a result of this meeting Chessie arranged to send Conasupo's Mexico office each Monday morning by teletype a full consist of all cars on each train, and agreed to call the Mexican Embassy in Washington each Monday with details of cars and tonnages.

Shipping experts agree to the success of this undertaking as proof that if U.S. shippers and railroads work together, solutions to transportation problems can be found, and opportunities can be used to the mutual advantage of both, whether commodities are exempt or not.

It is expected that 1980's successful joint effort will give the State of Michigan the inside track if Mexico decides to place orders for Pintos and Black Turtles in 1981.●

IN HONOR OF THE NEW ROCHELLE HIGH SCHOOL HUGUENOTS FOOTBALL TEAM BEING NAMED THE NO. 1 FOOTBALL TEAM IN THE STATE OF NEW YORK

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. OTTINGER. Mr. Speaker, I would like to bring to the attention of my colleagues that the New Rochelle Chamber of Commerce and the city of New Rochelle recently saluted the New Rochelle High School Huguenots football team for their accomplishments during the 1980 football season.

I would like to extend congratulations to the New Rochelle High School Huguenots for achieving the distinction of being named New York State's No. 1 football team by the New York State Sports Writers Association, and to their coach, Mr. Harold Crocker, for being named the No. 1 high school football coach.

This is the second time in 4 years that the Huguenots have been so honored. Their continued accomplishments bring distinction to their school and community.●

BIAGGI PRAISES PRESIDENT REAGAN'S ST. PATRICK'S DAY MESSAGE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BIAGGI. Mr. Speaker, as chairman of the 121-member bipartisan Ad Hoc Congressional Committee for Irish Affairs, I wish to call to the attention of my colleagues the fine St. Patrick's Day statement of President Ronald Reagan.

It has long been the contention of the ad hoc committee that the United States can and should play a positive role in advancing the cause of peace and freedom in Ireland. We on the ad hoc committee share the President's

deep concern and opposition to violence and feel it impedes the path of peace.

Along with my colleague, HAMILTON FISH, I have sent a telegram to the President seeking a meeting with the ad hoc committee so we might engage in a dialog on future directions of U.S. policy on Northern Ireland.

The full text of the President's statement as issued from the White House Press Office on March 17 follows:

THE WHITE HOUSE,
OFFICE OF THE PRESS SECRETARY,
March 17, 1981.

STATEMENT BY THE PRESIDENT

St. Patrick's Day is not only the feast day of a great man of God, it is a symbol of the commitment of the Irish people to freedom, to justice and to the values upon which western civilization is built.

We in the United States know the great contribution made by citizens of Irish ancestry. From our Revolution to the present day, Irish-Americans have been at the forefront of the defense of freedom. By their labor and by their sacrifices, they have been a major force in building our Nation.

It is therefore gratifying on this St. Patrick's Day to be able to pay tribute to the great role Ireland and the Irish have played in defending and renewing the values we cherish.

But we are also conscious of the violence, bloodshed and despair which now haunt all the people of Northern Ireland. This tragedy cannot go unnoticed by the United States which owes so much and has such close ties to the Irish.

As an American proud of his Irish ancestry and as President, I recognize the vital importance to our Nation and the western alliance of a peaceful, just and swift solution to current problems in Northern Ireland.

The United States will continue to urge the parties to come together for a just and peaceful solution. I pray and hope that the day will come when the tragedy of history which now afflicts Northern Ireland will be overcome by faith, the courage and the love of freedom and justice of the Irish.

We will continue to condemn all acts of terrorism and violence, for these cannot solve Northern Ireland's problems. I call on all Americans to question closely any appeal for financial or other aid from groups involved in this conflict to ensure that contributions do not end up in the hands of those who perpetuate violence, either directly or indirectly.

I add my personal prayers and the good office of the United States to those Irish—and indeed to all world citizens—who wish fervently for peace and victory over those who sow fear and terror.●

MORATORIUM ON THE KILLING OF WHALES

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BONKER. Mr. Speaker, I am today submitting for myself and Representative JONES of North Carolina a resolution calling for an indefinite moratorium of the commercial killing of whales and otherwise expressing the sense of the Congress with respect to conserving and protecting the world's whale populations.

Since December 1971, when the United States banned all whaling for commercial purposes by U.S nationals, our Government's policy has been to seek a worldwide ban on the commercial exploitation of whales. As chairman of the House Foreign Affairs Subcommittee on Human Rights and International Organizations, which oversees U.S. participation in the International Whaling Commission—IWC—and as a congressional adviser on the U.S delegations to the previous two IWC meetings, I have actively supported our attempts to secure the IWC's adoption of an indefinite moratorium on commercial whaling. This resolution reaffirms our commitment to this goal and endorses other proposals that have been made in the IWC to enhance protection of the world's endangered whale populations.

Other proposals that would make a substantial contribution to the conservation of whales include: strengthening the IWC's management procedures through expanded scientific research, participation by all IWC members in the Commission's International Observer Scheme and improved enforcement of quotas and other regulations, and extending the ban on the use of the cold—nonexplosive—harpoon to include minke whales.

The resolution urges the IWC to continue to collect and study information on the important question of aboriginal/subsistence whaling, and reaffirms the U.S. position that the IWC has the authority to regulate the take of narwhal and beluga whales. Finally, the resolution calls upon the United States to make the fullest use of diplomatic channels and all other available means in promoting these objectives. We would hope that our country's representations on these matters are made at the highest diplomatic levels and that certification procedures under the Pell and Packwood-Magnuson amendments are undertaken in cases of violations.

Mr. Speaker, the continued commercial slaughter of whales by a handful of nations is indefensible. The whale harvest is one of the most inhumane hunts in the world, particularly when the cold harpoon is used. On economic grounds, not only are the whaling industries of Japan and the Soviet Union, which account for nearly three-quarters of the world's commercial whale catch, heavily dependent upon government subsidies, but natural and synthetic substitutes exist for all whale products, including sperm whale oil. In Japan, actual consumption of whale meat amounts to less than 1 percent of total annual protein consumption.

The International Whaling Commission's decision at its 32d annual meeting in 1980 to allow a total commercial take of 13,851 whales in the 1980–81 season is a far cry from the U.S. goal of bringing an end to commercial whaling. I encourage my colleagues to join with me and Representative JONES in cosponsoring this resolution.●

LEGAL SERVICES CORPORATION—A PROGRAM WORTH SAVING

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BROWN of California. Mr. Speaker, I would like to call to the attention of my colleagues two editorials that appeared recently in support of the Legal Services Corporation.

The Reagan administration has proposed to eliminate funding of the Legal Services Corporation and to consolidate this program in the block grant activities of the States. As this proposal would have the effect of emasculating this program, I urge my colleagues to support its continued funding.

The Legal Services Corporation is not a single bureaucratic agency, but rather is the hub of a network of legal aid offices and backup centers. It is probably one of the most efficiently run agencies the Government funds with only 2 percent of its budget going to administrative overhead. It would be impossible to find another federally funded program that has a more dedicated and effective staff whose average income is less than $16,000.

The problem with the Legal Services Corporation is not that it is ineffective but rather that it is too effective in representing the rights of the poor and disenfranchised. Much of the current law protecting tenants' rights, worker safety, voting rights, and other areas of the law, has been the result of the efforts of LSC attorneys.

The administration suggests that increased pro bono work by the legal community will fill the void left by LSC. I find this hard to believe. The combined efforts of LSC and the present pro bono activity meets only 10 percent of the existing legal needs of the poor. The legal community recognizes the need for LSC. The ABA and innumerable bar associations and other legal organizations have endorsed continued support for the Legal Services Corporation.

I urge my colleagues to continue their support for this program.

[From the Washington Star, Mar. 9, 1981]

LEGAL SERVICES: GOVERNMENT AT ITS BEST

(By Edward W. Brooke)

The president and the Congress, in their rush to reduce federal spending, risk terminating one of the most successful public efforts for the poor—the civil legal services program.

As a U.S. senator, I represented hundreds of thousands of poor people, primarily in Massachusetts but elsewhere across the nation, too, who got legal help through the program. I also served on the Appropriations Committee that annually reviewed and approved funding for the national Legal Services Corporation, which is the congressionally created private nonprofit organization that funds over 300 local Legal Services programs in every part of the country.

The civil legal services program has had a profound and lasting effect on the lives of the poor. Operating through no-frills neighborhood offices, talented, committed and grossly underpaid attorneys and paralegals give poor individuals and families a chance to use, and occasionally to alter, our legal system.

The results are dramatic. In Massachusetts, for example, the elderly poor, people with serious illness, tenants whose landlords don't pay bills have been protected against arbitrary utility shutoffs this winter, because of Legal Services.

JOBS, HEALTHY CHILDREN

There are better job incentives for welfare mothers and more possibility for long-term stable employment, because of Legal Services. The chances of little children being poisoned by lead paint in their houses and apartments has greatly been reduced because of Legal Services.

Of all the programs the federal government now supports, Legal Services should be one that Ronald Reagan would rush to defend. It would be difficult to find another public effort that responds so effectively to the President's repeated concerns:

"Making government work for the people." No one in this country is more subject to government regulation than the poor. Their jobs, food, shelter and incomes are affected by daily decisions of local, state and federal bureaucrats and lawmakers. A major part of Legal Services' work is making that system responsive to their clients by cutting through red tape and minimizing interference in their personal lives.

"Minimizing paperwork and eliminating unnecessary bureaucracy." The Legal Services Corporation is the model of administrative efficiency. Overhead costs are less than 3 percent of its total budget. Its application procedures are simple. It does not require a single page of paperwork from state or local officials. Money is appropriated by Congress and flows immediately and directly to those who provide legal services to the poor.

"Eliminating waste, fraud and abuse." Legal Services lawyers are law enforcement officers for the poor. They have repeatedly and successfully challenged mismanagement of public programs and bureaucratic violations of statutes designed to benefit and protect their clients.

"Local control." Legal Services is not run from Washington. Poverty lawyers work for private nonprofit organizations, with boards of directors composed of local attorneys, clients and other interested citizens. Program design, management, and priorities are locally determined. They vary significantly from one community to another, according to local needs and circumstances.

Legal Services is not a big money item and the real pressures on the president to "get Legal Services" are not budgetary. They are political. Our legal system is an adversarial one. It generates controversy. That seems particularly true when it is used effectively for the poor.

TAKING ON THE POWERFUL

The great bulk of Legal Services involves routine matters that never attract any interest beyond the parties immediately involved. However, poverty lawyers have taken on some of the most powerful private and public interests on behalf of their clients. They have successfully challenged unsafe labor practices of corporate agriculture on behalf of seasonal farm workers. They have put a stop to unfair credit practices that unjustly robbed the poor of their meager income. They have required warranties of habitability from slum landlords. And they have forced state and local officials to comply with federal law.

The aggressive representation of poor clients has created powerful political enemies. From the beginning, they have tried to undermine and destroy the program. They had their last best chance in the early '70s, when Howard Phillips was appointed to OEO to dismantle Legal Services. Those same opponents, mobilized through the National Committee to Defeat Legal Services, are intent on getting President Reagan to pick up their banner.

DISTINGUISHED SUPPORTERS

But Legal Services has influential friends as well. In spite of the rhetoric of some extremists this is not a program of some radical fringe. Much of the impetus for its creation in 1965 came from the American Bar Association and the leadership of distinguished Americans like Lewis Powell, now a Republican-appointed Supreme Court justice. It has always enjoyed bipartisan support in the Congress.

It is not insignificant that my views and those of the respected conservative commentator, James J. Kilpatrick, come together in support of Legal Services. It will not be often, I suspect, that our views on political issues so converge. There can be little room, however, for thoughtful conservatives, liberals and moderates to disagree on an issue so fundamental to a society based on law.

The final decision on Legal Services will have minimal budgetary consequences one way or the other. It will have a lasting human impact for the poor, and major consequences for the system of justice in this country.

[From the Washington Post, Mar. 10, 1981]

AN EQUAL CHANCE FOR JUSTICE

The trouble with the Legal Services Corporation is not, as the Reagan administration seems to believe, with what it does or who pays its bills. During the seven years of its existence, this organization has helped thousands of poor people assert their legal rights. But the help it has provided doesn't get to the real problem: the exorbitant cost of justice and legal services in a country that stakes so much on the idea that people must, and will, obey the law.

The system of justice now works like this. The rich—we use that term somewhat loosely—and the corporations are well served; they hire the very best lawyers and pay them fees that often can only be described as mind-boggling; their legal rights are fully and, usually, brilliantly protected. The poor, through the aid this corporation and other publicly funded groups provide, are reasonably well-served; they have at their command a corps of eager lawyers, most of them young, who want to make the country a fairer place in which to live. The citizens who fall in between—the low and moderate-income people—are served hardly at all; they cannot afford the best, they do not qualify for aid, and they generally make do with little or low-quality legal assistance.

The administration's proposal to wipe out federal funding for the Legal Services Corporation would only make this situation worse. It would strip from the poor the key incentive most people have to obey the law and follow the rules: the belief that if you are right and the other person is wrong, the law and the lawyers will see that justice is done.

Maybe this corporation could be folded out of existence as part of a total reform of the way legal services are delivered. Maybe the money for its activities should be provided in a different way. But it would be reckless for the federal government to walk away so abruptly from this project. The poor, having had a taste of what the law can accomplish in their behalf, are not likely to—and should not—accept quietly a return to the old days when their rights counted for nothing.

The ultimate irony in this proposal is that it would cut off legal services to the poor while continuing to subsidize legal services to corporations and many rich people. Legal fees are often business expenses, which are, naturally, tax deductible. Perhaps this administration, with its love for user charges, can think of a device that would channel some of that money or a part of the hefty, six-figure incomes the big-time lawyers take home into providing legal services for the rest of the community. The law—and the lawyers—will not be fulfilling the ultimate promise of this country until everyone has an equal chance at justice.●

TUITION TAX CREDITS—POOR EDUCATIONAL POLICY

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. DIXON. Mr. Speaker, just last week I received a letter from the president of one of our Nation's most prestigious private universities.

I point this out, because his letter outlines a number of reasons why tuition tax credits represent a poor way to aid education or individual students.

At a time when the administration wants to limit eligibility for student loans, it is ironic to float support for tax credits which will cost from $4 to $6 billion, and provide limited access compared with need-based programs.

I would like to share this letter from President Donald Kennedy, of Stanford University, and encourage consideration of his insightful arguments.

STANFORD UNIVERSITY,
Stanford, Calif., March 10, 1981.

Hon. JULIAN C. DIXON,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN DIXON: Although the President has not included Tuition Tax Credits in his first initiative, it is clear from the number of bills already introduced that you will have the responsibility of voting on this issue during this session of Congress. I am writing to you early in the process because I am deeply troubled by several issues raised by this approach to student aid at postsecondary institutions. Let me make it clear that I shall address the issue only from the perspective of higher education.

From that perspective, I can assert with confidence that Tuition Tax Credits cannot be defended either as aid to education or as student aid. As you know it is frequently claimed to be both, simultaneously. That is, to put it charitably, logically impossible. If the proposed $250 credit is to be absorbed in higher education, then it will be of no benefit to students and their families; if, conversely, it is to provide any enhancement to the ability of parents to pay for their children's education, then universities and colleges must set tuition as though the benefit did not exist. There is no way to reconcile the two.

In fact, a $250 tax credit will not assist a single student to come to Stanford or any other independent institution. Neither will it be helpful to most students who choose to enroll at a public college or university, nor can it stand inspection as an aid to higher education. That is why most of the major Associations representing independent and public colleges and universities, after debating the issue thoroughly, have voted to oppose Tuition Tax Credits.

Let me summarize some of the major reasons for this opposition. I believe they are compelling:

1. Current student aid programs can certainly profit from reform—perhaps most notably from the imposition of income ceilings on eligibility for Guaranteed Student Loans. But the central element of those programs, carefully built in by Congress over the last twenty years, is their focus on delivering aid to those students who need it, and/or enabling those students to attend the institution best suited to their interest and aptitudes. Together these provisions constitute a remarkable accomplishment in educational policymaking by the government.

This achievement would be seriously endangered by Tuition Tax Credits. When the Packwood-Roth-Moynihan Bill, the most likely legislative vehicle during the 97th Congress, was introduced on February 24th, reported estimates of its cost ranged between slightly over 4 billion and 6 billion. Most analysts agree that about two-thirds of the cost will be for students enrolled in colleges and universities. It is hard to imagine that 2.7 billion can be given up for Tuition Tax Credits without endangering the current programs which so effectively serve students with real need. Indeed, those programs already appear as targets for devastation in the OMB budget proposals.

I cannot resist noting the irony of placing limitations in the Guaranteed Student Loan Program (projected to save several hundred million) while expressing enthusiasm for Tuition Tax Credits, which have no income cap at all and will cost over 4 billion dollars—all at a time when there is strong bipartisan support for budget reduction.

2. Proponents declare that a great advantage of Tuition Tax Credits is the ease of obtaining the benefit—one line of the tax form. Does this mean no regulations will have to be written? Of course not. On the surface, it may appear simple—but the IRS must determine which institutions and eventually which individuals are eligible. While I have enormous respect for the ability of the IRS to collect revenue, I am not comfortable with its ability to be an arbiter of educational policy, or to simplify the administration of any program. Furthermore, the simplicity argument begs the real issue—which is equity, and not administrative convenience.

3. It has been suggested that an important reason for including colleges and universities is to heighten the chance for success against a court challenge to Tuition Tax Credits for elementary and secondary schools. This may be viewed by some as clever politics, but it surely makes for bad policy. The issues should be faced separately, and college students should not be employed as political shields for this measure.

I would welcome the opportunity to discuss in greater detail the issues raised by Tuition Tax Credits for colleges and universities. At the very least, I urge you to meet with college and university representatives in your district before you decide how to vote on this proposal.

Sincerely,

DONALD KENNEDY,
President.●

HOUSING AS A SPECULATIVE COMMODITY

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. ROSENTHAL. Mr. Speaker, the New York Times for March 18, 1981, contains an article entitled "Housing, Inflation, and Taxes" by Rolf Goetze, which I would like to call to the attention of my colleagues. Mr. Goetze, who will be a witness at hearings to be held by the Subcommittee on Commerce, Consumer, and Monetary Affairs on March 30, 31, and April 1, 1981, on condominium conversion, makes the point that our tax laws help to encourage housing as a speculative commodity. He also discusses the role of tax laws on condominium conversion, the decrease of affordable rental housing, and the impact of housing speculation on inflation. A more extensive discussion of these issues was published by Mr. Goetze in the Boston magazine, "Working Papers," for January-February 1981.

The article follows:

HOUSING, INFLATION, AND TAXES

BELMONT, MASS.—Interest rates, energy scarcity, and demographic changes are widely perceived as principal causes of unaffordable and scarce housing, but the Federal tax code is equally a factor, and is more readily modifiable.

Homeowners' tax deductions for mortgage interest and property taxes are rapidly soaring, from under $10 billion in fiscal 1977 to an estimated $35 billion in fiscal 1982. These deductions, officially called "tax expenditures," have become a major focus in the search for additional Federal revenues.

In regions and areas of greatest housing demand, among them the Sun Belt and rediscovered urban neighborhoods, they no longer stimulate adequate production; instead, they inflate the value of the existing stock, rewarding affluent owners the most.

The Federal income tax encourages overinvestment in home ownership by individuals in the highest tax brackets, and as they buy more housing than they need, as tax shelters, they soak up mortgage credit and leave too little housing for others currently without such tax advantages.

Of the $22 billion in homeowner deductions in fiscal 1980, 25 percent were taken by relatively few households—those with incomes over $50,000. In effect, a high tax bracket reduces the cost of a mortgage to the point where affluent households, instead of investing in reindustrialization, cannot afford not to buy appreciating housing.

Curbing housing-cost inflation is a particularly appropriate goal these days for another reason: The cost of housing strongly influences the Consumer Price Index. In turn, the index directly raises the Federal budget through indexed assistance payments such as Social Security, and also shapes salary and wage increases throughout the economy.

There is considerable experimentation directed at making housing credit more affordable, ranging from tax exempt housing bonds to innovative terms for conventional lending. But seen from the public standpoint, not all housing investments are equally productive.

New construction and upgrading of existing stock are sorely needed and benefit the economy, but the after-restoration trading-up of well-situated "urban treasures certified by preservationists" is speculation in a collectible—but at taxpayers' expense—because home ownership is particulary tax-sheltered. An increasing share of tax expenditures now go to housing as a speculative commodity.

Effective tax policy should encourage productive housing investments while discouraging speculation. Does this require more regulations and call for a greater Government role? Not at all. A simple modification of the Internal Revenue Service's basic income-tax form, the 1040, could largely achieve this. It could replace homeowner tax deductions by a single homeowner tax credit of 25 percent of mortgage interest and property taxes combined, and could cap this Federal tax credit at $2,500 per homeowner so that it would help everyone toward buying or owning a median-priced home.

Such a change in tax policy would foster more moderate-income home ownership, preserve rental apartments by slowing their conversion to condominiums, free up mortgage money, shift investor attention to more-productive investments, reduce the call on direct Government assistance to aid the disadvantaged, and help balance the Federal budget over a period of time. Of course, the only ones harmed by this modification would be those vocal, influential interests that count on inflation to continue, and consider housing a speculative commodity.

Many who take the standard deduction or are in tax brackets lower than 25 percent—both actual and potential homeowners—would benefit. This shift would initially cost

the Treasury no more than the current homeowner deductions, and eventually a lot less. As participation in home ownership broadened, each owner would receive a more modest tax benefit. The substantial tax savings currently claimed by the most affluent would be transferred down the income ladder.

A 25 percent tax credit would reaffirm the basic American commitment to a decent home but prevent giving away so much to the most affluent. While it would not directly address less-tractable rental-housing problems, a $2,500 cap would allow all homeowners to shelter up to $10,000 annually in interest and property-tax payments, helping anyone to own a median-priced home. However, taxing the excess spent above this would ease housing competition, improve the general housing situation, and reduce inflation. As the cap took effect, Federal revenues would increase, improving the prospects of balancing the budget.●

COAL INCENTIVES ACT OF 1981

HON. CLEVE BENEDICT

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BENEDICT. Mr. Speaker, I am pleased to join my colleagues from both sides of the aisle and around the Nation, RICHARD C. SHELBY of Alabama, TOM CORCORAN of Illinois, and KENT HANCE of Texas, in introducing the Coal Incentives Act of 1981. The provisions of this bill will encourage major energy users and utilities to convert to our most abundant energy resource.

Our national security requires that we take immediate steps to reduce our dependence on foreign oil and substitute coal wherever possible. Conversion by utilities now dependent on oil for 37 percent of their electric generation would clearly reduce our imports and remove the present upward pressure on utility rates. Decontrol is not the cause of rising utility rates. The cause is a continued reliance on petroleum for generation.

Since the embargo of 1973 the price of oil has risen 1,100 percent. During the same time period the inflation adjusted price of domestic steam coal has risen a fraction of this amount. Despite this, coal is responsible for about 15 percent of electric generation. Clearly, there are some major obstacles to conversion. The Coal Incentives Act of 1981, which amends the Clean Air Act and the Internal Revenue Code of 1954, is a response to the environmental and economic constraints that have prevented the shift to our most abundant energy resource.●

WORKING TOGETHER—OR WORKING TO WIN ELECTIONS

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. PICKLE. Mr. Speaker, about 6 to 8 weeks ago, I noticed that should a Democrat raise a question about any aspect of the President's economic proposals, he or she would immediately be attacked as disrespectful, uncooperative, and just downright nigh un-American.

The interesting thing about these attacks is I do not feel that they were being orchestrated by the White House, or the President. Just the opposite, in fact, as I feel that the President and his team know that to do the things needed to fight inflation there must be mutual respect and patience. I think that the President knows that there is not a monolithic Democratic view or a monolithic Republican view in Congress.

The attacks seemed to come from strictly new right political groups, or from people who think that they are helping the President by painting all Democrats as mean-spirited and disrespectful toward the President. In the long run, however, this will hurt the President and his programs as votes begin to be cast more in a partisan manner. If this happens, many of his programs will not become law, and as things get worse, he will get just as much blame as Congress.

Recently, James Reston wrote an interesting column about only one aspect of all of this. I submit his column to be reprinted in the CONGRESSIONAL RECORD since it makes some interesting points.

[From the Washington Star, Mar. 12, 1981]

HEARTS, MINDS, AND DEDUCTIONS

(By James Reston)

The Battle of the Budget will be fought on two levels: in the Congress, and between private organizations that support or oppose President Reagan's economic program.

The second level is particularly interesting, for its object is to influence public opinion, and whoever wins could be decisive in the final votes on Capitol Hill.

It would be helpful at the start of this momentous debate to know something about how this expensive exercise outside Congress is to be financed, and specifically whether funds raised to influence public opinion are to be tax deductible.

For example, a group of Reagan's friends and supporters, including Justin Dart and Charles Wick, have created an organization called the Coalition for a New Beginning. Its leader is William Fitzgerald, a 73-year-old Omaha financier who is likely to be co-chairman of the coalition. Anne Armstrong, former U.S. ambassador to Britain, is likely to be his principal associate.

This organization will raise funds, explain the economic condition of the country as they see it and publicize the Reagan administration's proposed remedies through such devices as mass-mailing appeals, speakers' bureaus, Op-Ed page articles, closed television circuits to audiences throughout the country, and various types of direct advertising. Joe Baroody of the Washington public relations firm of Wagner & Baroody is helping with the planning.

Reagan was asked at his last news conference whether the names of financial contributors to such programs would be published. Wouldn't disclosure of the contributors assure the public against any conflict of interest?

The President replied that there couldn't be any conflict of interest because "we didn't have anything to do with it. We know that such a program is going forward and we have no contact with it at all."

Sen. Robert Byrd of West Virginia takes a more suspicious view. The Republicans, he noted, are in a much better position to raise funds than the Democrats. "It smacks of the selling of America to me," he said.

Fitzgerald of the coalition disagrees. He says the program will merely be "informational" and "educational."

No appeals will be made to the voters to lobby their congressmen or punish those who oppose the Reagan policies. The coalition will work through the U.S. Chamber of Commerce, the National Association of Manufacturers and the Grange, and also try through other organizations to broaden its appeal to citizens of all political persuasions.

The possibilities of these private coalitions are immense, as the Democrats discovered in the last election, when private committees helped carry the Senate for the Republicans. Like Reagan, Fitzgerald indicated that there would be no disclosure of the names of contributors, and under present IRS rules, no limit to the tax-deductible funds that could be contributed by corporations.

A BUSINESS EXPENSE

A corporation, for example, could not deduct contributions from its taxes if the coalition engaged in direct "grass-roots lobbying." But it the campaign is for "information" or "education," a corporation can deduct its contribution as a business expense if it has reason to believe that the campaign will improve its business to the extent of its contribution or above it.

This rule of thumb is, of course, subject to interpretation by the IRS, but the coalition leaders are confident that such contributions will be deductible and that this will make a wide appeal not only to businessmen but to a great many middle-class citizens.

The Democrats have another view. What they regard as "education" when they do it is condemned as "lobbying" at public expense when the Republicans do it.

They do not pretend that they can hope to raise anything like the vast sums available to the Republicans—especially in relation to the Reagan economic program, which they feel favors the rich and big business more than it helps the poor or the middle class.

Also, they feel there is a risk of divisiveness in this campaign. For even before the Congress has had a chance to study the Reagan proposals in detail, the coalition, with Reagan's support if not at his initiative, seems to be appealing to the people over the head of the Congress.

As Byrd says, raising millions in hidden contributions from rich corporations to help put over an austerity budget that hurts the poor and distorts representative government

is an odd thing to do in the name of "education."●

SUPPORT FOR THE PRESIDENT

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. HUBBARD. Mr. Speaker, the job at hand is to rebuild America's industrial might, straighten out the economy, and reclaim our preeminence in the world. It will not be easy. Sacrifice will be required. I would like to share with my colleagues the views of my constituent, E. Morton Brashears of Hopkinsville, Ky., about the administration's course of action. Mr. Speaker, I submit the following:

I have been following your statements in the press and on the radio from time to time as you visit in Hopkinsville and western Kentucky. Generally, I'm pleased with your position on most issues, especially with what you said regarding your cooperation with the new President.

There are those among us who are actually trembling over the thought of having their social welfare benefits reduced or taken away, but how can we do otherwise? I believe it was Adam Smith in his "Wealth of Nations" years ago who said, "What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom."

So far, I am one hundred percent behind President Reagan. It's the only program left.

Sincerely,

MORTON BRASHEARS.●

THE WATER PRICING REFORM ACT OF 1981

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. MILLER of California. Mr. Speaker, I am introducing today the Water Pricing Reform Act of 1981, a bill which is as timely in its goals of fiscal responsibility as it is in its thrust at proper management of our Nation's water resources.

This legislation tracks exactly four major policy goals enunciated by the Reagan administration:

First, the bill would strengthen the free enterprise system by removing a massive Federal intrusion into the Nation's agricultural industry, an intrusion based on subsidies which are inconsistent with the free enterprise system;

Second, the bill would utilize realistic pricing as a means of encouraging conservation, much as the administration seeks to achieve with the decontrol of oil and natural gas prices. What is sound economic and resource management policy with respect to energy, it would seem, would also be sound with respect to our federally developed water resources;

Third, the bill would reduce Federal assistance to losers and aid winners by continuing to deliver Federal irrigation benefits to the most healthy and growing agricultural districts, but phasing out generous subsidies to marginally profitable and less productive areas; and

Fourth, the bill would address one of the key problems under challenge from the administration—Federal programs which began with the good intentions of aiding the small or the poor, but which have grown uncontrollably and now benefit a large number of well to do. Irrigation is a program where Federal subsidies just grew and grew, and now we find billions of dollars in Federal taxpayers' money being used to subsidize some of the wealthiest agricultural interests in the United States.

Throughout the county in recent months, the threat of drought has made millions of Americans painfully aware of our limited water resources. In many areas, water shortages are due to insufficient reservoir storage capacity. But in the West, a major reason for water scarcity is profligate use, frequently at public expense, with billions of dollars in subsidies to some of the wealthiest economic interests in the Nation.

Four years ago I first introduced a version of the legislation I am reintroducing today. It is more timely in 1981 than it was in 1977; the public is more aware of the water crisis; and it is more urgent, for fiscal rather than for environmental reasons, that it be enacted at the earliest possible date.

We know that water, like energy, is price sensitive. Presume, if you can, that the biggest energy consumers, knowing of oil shortages, refused to conserve their consumption; that, instead, they built more energy-consumptive plants, and passed along the additional costs of that energy to the general public. Suppose they waived off all efforts to encourage conservation and efficient use, and demanded more public dollars for their own special uses.

Would this Congress approve such expenditures? Would the public support such spending? Would the cost-conscious administration endorse such a ludicrous plan?

Of course not. Yet substitute water for energy in my scenario and you will correctly identify the current water policy situation in much of the West.

Studies have shown that water priced at $1 to $3 an acre-foot—about 325,000 gallons—is used at just 40-percent efficiency. Increase the price to $10 an acre-foot—still a bargain in most areas—and efficiency increases by 50 percent.

The unreasonably low prices for federally developed water costs taxpayers billions of dollars, and the benefits flow to a small number of interests. These projects were authorized and constructed by the Congress not merely to encourage agricultural expansion, but to preserve small family farming.

Following exhaustive studies, we now know that the beneficiaries are often other than small farmers. The recently completed environmental impact statement on the reclamation program, for example, concluded that 0.9 percent of the farm operations—owned and leased—control 20 percent of the land in the reclamation program. The top 2.6 percent of operations, those of 960 acres or more, enjoy 31.4 percent of all the land, while those farming less than 160 acres—74 percent of all operators—control just 23 percent of the land in the program.

The subsidies in the water program are staggering. Many irrigators secured long-term, water service or repayment contracts whose prices were fixed at the time of the preconstruction feasibility study for a period of more than 50 years.

Repayment is not for the entire cost of the project, as is often promised, but is rather nearly discounted by the contractor's payment capacity, another significant public subsidy.

The most sizable subsidy results from the interest-free loans which are extended to irrigators over a 40- to 50-year repayment period.

Of six projects recently studied by the General Accounting Office in its investigation, "Federal charges for irrigation in projects reviewed do not cover costs," March 13, 1981, GAO concluded that irrigators repay no more than 7 percent, and in some cases as little as 2 percent, of the real cost to taxpayers of these profitmaking projects. I appreciate the argument that these Federal investments produce food and fiber which benefit the Nation. I assume that many businesses would be a great deal more productive and profitable if they were underwritten by billions of dollars in taxpayers' subsidies. But that is not our economic system.

The time certainly has passed for us in Congress to perpetuate the fiction that these projects pay for themselves or that they benefit only small farmers. Many of the beneficiaries, in fact, are among the largest farmers in this country. Yet, current practices allow the Interior Department to set their water rate charges as though the farms were 160 or 320 acres. The result is that the "ability to pay" is minimal while the profits are extreme. In the case of the Westlands Water District, Interior has calculated the real cost of unsubsidized delivery at more than $70 an acre-foot, and the district's repayment capacity at over

$50 an acre-foot. Westlands pays only $7.50 an acre-foot, and Interior is now considering a contract which would allow them nearly 1 million acre-feet of water for 27 years at a price of only $9.09 an acre-foot. Even with the interest subsidy, the cost of delivering that water today exceeds $12 an acre-foot. We must act decisively to prevent these fiscal abuses from reoccurring, because each of them binds this Congress, and the Nation's taxpayers, to decades of unjustified and costly public subsidies.

The responsibility for repaying irrigators' subsidies falls not only on the general taxpayer, but on other project beneficiaries who are already carrying their full load. Under current law, irrigation subsidies are paid in part by power users, which is why utility rates in the Central Valley project, in areas like Sacramento, Santa Clara County, Roseville, and Palo Alto, have skyrocketed in recent years and will continue to grow.

Moreover, WAPRS recently unveiled a new pricing scheme which would also require municipal and industrial (M. & I.) users to pay for the subsidies enjoyed by irrigators who, in California, consume 85 percent of our water. This passing of the hat seems particularly unfair since M. & I. users not only already pay fully for their water, but pay an interest rate, too.

My legislation would end these illogical and irresponsible practices by putting the financial responsibilities for future contracts and projects where it has always properly belonged: on the irrigators who profit from these projects.

I want to make it very clear that this legislation in no way addresses the controversial acreage limitation or residency requirements of the Federal reclamation laws. Here we are addressing only the issues of fiscal responsibility and appropriate management of Federal resources. There should be no partisan ideological or regional dissention from the principles outlined in this bill.

A section-by-section description of the bill follows:

SECTION-BY-SECTION DESCRIPTION

SECTION 1. Short title, "The Water Pricing Reform Act of 1981."

SEC. 2. Requirements for contract compliance.

SEC. 3. Preservation of existing contracts.

SEC. 4. (a) Future contracts for existing projects to require recovery of all construction costs allocable to irrigation, plus operation and maintenance (O & M) costs.

(b) New project contracts to require repayment of construction charges, O & M, and interest at a rate of not less than 2% or more than the existing rate on U.S. securities.

(c) Secretarial authority to supplement charges to encourage conservation and efficient use.

(d) Annual re-calculation and readjustment of prices.

(e) Establish 10-year maximum duration period for a water service contract.

SEC. 5. Reduce repayment term and require initiation of repayment on a timely basis.

SEC. 6. Repeal "ability to pay" subsidy.

SEC. 7. Restrict speculative water resales for profits by federal contractors.

SEC. 8. Public participation and congressional review of major water service contracts.

Mr. Speaker, let us not wait for a national water crisis to cripple this Nation before we act to instill commonsense economic order into the Federal water program. Does it make sense to sign away vast quantities of water at $9 an acre-foot, as the Interior Department is now considering, when it costs taxpayers $12 to deliver that water? Should we initiate construction of projects which will use massive public subsidies to irrigate low-quality lands, and which will never be paid for by the beneficiaries?

Would anyone operate their private business so irresponsibly? Would any Member of this House spend his or her own money so wastefully?

The evidence for this legislation has mounted steadily. The pricing system I recommend is similar to that currently used by States, including California, and it is almost the same as one which unanimously passed the House Interior Committee last year.

Just this week, GAO has released a major study which concludes that there are massive and unjustifiable subsidies in many water contracts, and which concludes: "* * * more of the Federal investment could be recovered from the farmers and still allow them a positive net income from the Federal water."

GAO determines, as did the Interior Committee and the Interior Department last year, that "* * * the original rationale[s] for building the Federal projects and increasing the subsidy * * * have been reached and the projects should be reevaluated in the light of current economic and social conditions."

This modernization of water pricing is the timely goal of the water pricing reform act, which I am today introducing.●

ONE HUNDRED YEARS OF A JOB WELL DONE

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. GUARINI. Mr. Speaker, a few short months ago United States Testing Co., Inc. of Hoboken, N.J. celebrated its century birthday. I want to take this opportunity to commend the United States Testing Co. and its many fine employees for a job well done in serving the public over the last 100 years.

It is encouraging to find a company that has so much to celebrate in our present business climate. The story of the United States Testing Co. is a microcosm of American business enterprise. In 1880 the company started with one small lab in the heart of the New York City commercial district. In 100 years it has grown into a diversified company with 900 employees in 31 laboratories, a true success story.

The United States Testing Co. is an independent organization that provides services and products in the fields of testing, research, inspection, surveillance, and testing instruments. Its clients include commerce, industry, and the Government. Often its labs are called upon to render independent judgments on a company's own findings.

Mr. Speaker, we have become increasingly aware in the last few years of the importance of testing. It is essential both to quality and to safety. I am proud to serve a district that includes an organization that contributes to the betterment of our society. I am proud of the achievements of the United States Testing Co. during their 100 years of existence, and I wish them the best for another 100 years.●

THE RIDESHARING TAX INCENTIVES ACT OF 1981

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. EDGAR. Mr. Speaker, I am pleased to introduce the Ridesharing Tax Incentives Act of 1981 to contribute to the development of energy-efficient alternatives to the single-occupant automobile. This bill incorporates several of the provisions from Senate bill S. 239 introduced by Senator DURENBERGER.

During the past 10 years, the United States has been subjected to two interruptions in the supply of crude oil from the Middle East. The threat of future interruptions continues to hang over us. Accompanying these shortages were price increases of unbelievable magnitude that put an enormous strain on our economy and the personal finances of our citizens.

We have good cause to be worried about our petroleum supplies. One-half of the oil we consume is used for transportation and one-half of that amount is used by the automobile. Since significant decreases in the flow of oil can bring the country to a halt, it is imperative that we exercise every option to decrease our need for this expensive and increasingly scarce commodity.

Americans enjoy the highest level of personal mobility in the world thanks to the automobile. The United States

has 663 automobiles per 1,000 population compared to 241 per 1,000 population in Europe and 85 per 1,000 population in the rest of the world. We want to preserve that mobility. However, we have to recognize that the automobile must be used more efficiently in the future. Each day over 80 million Americans travel about 19.4 miles on the round trip to and from work. Approximately 52 million of these commuters make the trip in a single-occupant automobile. Three-quarters of the seats in these commuting vehicles are empty. There is tremendous potential to use these vehicles more efficiently with a minimal impact on the personal mobility of our citizens.

I think it is fair to ask how we got into the present situation. Certainly the most obvious reason is that Americans like their cars and enjoy the freedom and mobility they offer. However, this inclination toward the automobile was reinforced by huge Federal subsidies for highway construction, the neglect of our mass transit systems, the suburbanization of America supported by Federal programs, and the acceptance of free parking as an untaxed benefit. In addition, the regulatory and institutional structure that developed over the years posed formidable barriers to ridesharing. Until a few years ago, vanpooling was illegal in most States, insurance for vanpools was unobtainable, cheap parking and the lack of interest in commuter transportation on the part of employers encouraged people not to pool, and there was no funding program to support collective transportation. In short, we did everything in our power to make sure people drove alone.

I am happy to say that things have dramatically improved. Many of the legal, regulatory, and insurance barriers have been removed, employer interest in commuter transportation has grown, and funds are now available for transit and ridesharing programs. But human nature changes slowly, and we are talking about a fundamental alteration in the lifestyle of most Americans.

Last year, the President's National Task Force on Ridesharing was requested to develop recommendations for actions to hasten the acceptance of ridesharing by the American public. This group was chaired by Mayor Tom Bradley of Los Angeles and included the chief executive officers of several major corporations as well as transportation professionals from the public and private sector. They concluded that much more needed to be done to promote ridesharing and recommended actions for all levels of government as well as the private sector. At the Federal level, they recommended that tax incentives be provided to employers, individuals and third party vanpool contractors. It is this recommendation that will be implemented by the legislation I am introducing today.

Mr. Speaker, over the past few years a number of proposals have been advocated to limit the demand for petroleum. These include decontrol of oil prices, a tax on gasoline, rationing of gasoline, redesign of the automobile, and a synthetic fuels program. All of these cost a great deal of money and in some cases are extremely difficult to administer. My object is not to make value judgments concerning these approaches, but simply to point out that ridesharing can provide significant energy savings at relatively low public cost and can also provide large economic benefits to commuters and employers in the form of lower outlays for gasoline, maintenance, and parking spaces. Ridesharing is not proposed as a substitute for other actions, but it can be an effective complement to any other energy-saving program that is implemented.

A Congressional Budget Office study indicates that in terms of Btu's consumed per passenger mile of commuting, vanpooling is 700 percent more efficient than the single-occupant auto. Put another way, the Federal Highway Administration estimates that each vanpool takes five automobiles off the road and saves 5,000 gallons of gasoline each year. The average vanpool commuter is estimated to save $800 per year over the cost of driving alone.

At a time when we are considering a number of expensive and complicated programs to save energy, I think it is important that we understand the important role that ridesharing can play as a low cost, but significant, contributor to the solution of our energy problems.

Mr. Speaker, title I of the proposed legislation provides a tax incentive to the individual who buys a van—commuter highway vehicle—and uses it for ridesharing. Current law only offers ridesharing incentives to the business which purchases a van for employee programs. The measure I am introducing would amend the 1978 Energy Tax Act to provide the same incentive to the individual for ridesharing that is currently available for the purchase of home insulation or storm windows. Any individual who purchases a van and uses it for ridesharing over a 3-year period would be eligible for a 15-percent tax credit based on the cost of the van.

Title II of this legislation is designed to remove some of the ambiguity in current law regarding employer programs to support and encourage ridesharing and mass transit use by employees. This bill would exclude from taxable income of the employee, any payment by an employer made as a subsidy for the cost of mass transportation, vanpooling or carpooling. If the employer provides busfare or transportation to and from work in a vanpool, the cost of that transportation would not be included as income for tax purposes. This provision will provide equitable treatment for transit riders and poolers vis-a-vis the solo auto driver who has always received free parking as an untaxed benefit.

Title III amends the current law to increase the tax incentive for businesses purchasing or leasing vans for use in employee ridesharing programs. It adds vanpool vehicles to the list of energy properties qualifying for the business energy tax credit and sets the energy percentage at 10 percent. This brings the total investment credits for the purchase of vanpool vehicles to 20 percent.

Title III makes two additional changes in the existing business incentives for ridesharing. Current law restricts the investment tax credit to vehicles used by the taxpayer's employees. Under these provisions, it is not possible for a third party ridesharing management firm to receive the credit for vans leased to the employees of a client company. Third-party ridesharing firms offer great promise for small companies with few employees. Ridesharing management allows the employees from several small firms in one location to be pooled for more efficient commuter transportation. Title III provides an incentive for this arrangement by removing the word taxpayer from the current law.

Current law also restricts the investment credit to vehicles on which 80 percent of the mileage is used for ridesharing purposes. This prevents a business from purchasing a van primarily for business purposes, using it occasionally for pooling, and claiming the credit. This limitation is known as the 80/20 rule.

In many cases, corporations purchase the vans and essentially loan them to the driver. The driver is responsible for maintenance and fuel, for recruiting the riders and collecting the fees. As an incentive to encourage employees to serve as drivers, the company will allow the driver to use the van in nonworking hours for personal and family purposes. The 80/20 rule restricts the attractiveness of driver incentive mileage as an inducement to volunteer as a driver. Therefore, this bill eliminates the mileage condition and requires that the vehicle be used in commuter service for 176 days per year.

Title IV of the bill provides a business tax credit for a series of costs that businesses might incur as administrative overhead for an organized employee ridesharing program. These costs include assigning personnel to manage the program, adjusting working hours to facilitate ridesharing, computer matching of potential riders and drivers, surveying the commuter

transportation habits and needs of the employees, distributing information on ridesharing vehicles, contracting for assistance in managing a ridesharing program, providing liability insurance for ridesharing vehicles and maintaining emergency vehicles for use of employees who commute in ridesharing vehicles to work.

This credit is limited to the amount actually incurred by the company in providing the service or to an amount based on a sliding scale whichever is less. If less than 15 percent of a company's employees participate in a qualified ridesharing program, this credit has no value. However, if more than 15 percent participate, the company is eligible for the credit and the value of the credit per employee increases as the percentage participating increases. Many companies provide administrative assistance to the ridesharing programs organized for their employees. Title IV of this bill offers a powerful incentive for other companies to get involved in ridesharing programs.

A final note about the Commuter Assistance Act is that the tax credits of titles I, III, and IV will be terminated at the end of 1985. I feel that ridesharing will sell itself once people try it. What it needs now is an extra push to get going. Within a few years, ridesharing should take off on its own.

I expect this legislation to generate widespread support from employers, transportation professionals, and transportation operators. I look forward to the passage of this legislation and the positive effects of ridesharing as part of our national energy policy.●

EL SALVADOR

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. MOAKLEY. Mr. Speaker, I am deeply concerned by the increasing bloodshed in El Salvador; violence which has claimed 12,000 lives over the past year. I am equally concerned about our Nation's role in this conflict because I strongly believe that as the world's largest democracy this Nation should be promoting freedom, justice and peace not contributing to violence, terrorism, and political instability.

The United States can and must play a constructive role in El Salvador and I believe this can best be achieved by working for a political settlement rather than a purely military solution. To help work toward this goal, I have joined my colleague, Representative GERRY E. STUDDS, in cosponsoring H.R. 1509, a bill to terminate all U.S. military assistance to El Salvador.

By cutting military aid, America will signal to the Duarte government and to the world that it will not be identified with repression and murder of political, labor, and religious leaders. Nor will the United States accept the coverup of investigations into the murders of the three nuns, a religious lay worker, and the two labor representatives—all of whom were U.S. citizens.

This is a first step. The United States must also seek a solution which will promote the interests of all parties to the conflict in El Salvador as well as protect the strategic concerns of the United States in Latin America. Our Government should work through international organizations, such as the United Nations and the Organization of American States (OAS), and frontline nations of the area to begin the negotiation process at the earliest possible date.

Included in this effort should be an enforcible cease fire and a halt to all arms shipments from any source to El Salvador. By doing this, I believe we can pave the way to a settlement, possibly modeled on the recent successful inclusive nonpartisan conference in Zimbabwe, which led to a government with both national and international support.

We can no longer treat our Nation's backyard as our playground and I will strongly stand behind efforts to bring the dissenting parties to the conference table. Negotiation, not military escalation, is the road to peace and the United States can, by working with its American neighbors, start down this promising road.●

CONGRESS MUST MAINTAIN ITS COMMITMENT TO HIGHER EDUCATION

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. ECKART. Mr. Speaker, as a member of the Postsecondary Subcommittee, I had the opportunity to hear the testimony of Education Secretary Terrel Bell in support of the Reagan administration's proposed amendments to the Higher Education Act of 1965. I heard the Secretary speak of such factors as budgetary control, education and administration costs, and the needs of financial institutions. At no time, Mr. Speaker, did I hear any information about the possible results students themselves would face.

I was particularly appalled at the administration's sweeping assumptions regarding student ability to earn money to help in financing a college education. The administration proposes that in order to qualify for an annual Pell grant, which is the foundation program of Federal student assistance, a student must contribute $750 toward his or her education. I have no qualms with expecting students to put what they can toward the costs of their schooling. However, there is extremely high unemployment among teenagers today—almost 20 percent at last report. For minority students, this figure is more than 34 percent.

The average cost of 1 year at a private 4-year college or university is more than $6,000, and these costs can only be expected to increase. Higher education costs at public universities have also dramatically increased. Fewer and fewer families can afford to carry the full tuition burden of such inflated figures. Living costs add another dramatic amount to the total dollars needed each year by a student pursuing a degree. More and more students will be forced to chase the same dwindling supply of jobs just to stay in school.

In the early 1970's, when I was attending law school, the unemployment rate for my age group was less than one-half its present level. I worked to help finance my education because my father was one of those people earning too much money to qualify for student assistance programs, but was earning too little to take advantage of tax loopholes which would have helped to conserve money for my college tuition. As a result, I joined a union and worked unloading boxcars at what was then a very top wage. Even with the money I was able to save from this labor, I had to take out substantial loans to finance my education.

Mr. Speaker, one particular letter I received from a woman in the Cleveland area really brings all of my concerns into clear focus. Mrs. R. C. of South Euclid, Ohio, put it this way:

DEAR MR. ECKART: I am deeply troubled about the proposed cuts for college student loans. Is there a greater priority than educating our country's youth, the future leaders of our nation? The bright and talented students who happen to be in the struggling middle-class will be discriminated against. Only the wealthy or the poor who qualify for grants will be able to attend college.

As an example, we are poor, yet we are considered middle-class by many standards. We are college educated, earning $30,000 per year with my husband working at three teaching jobs to support our family consisting of children ages 14, 16, and 18. This covers the basic necessities, absolutely no luxuries. It has been impossible to put away any savings for college, let alone retirement, which will come all too soon. My husband is 59 and will be 60 years old when our oldest child enters college. All three of our children are honor students and talented. Because our only asset is the equity in our house, we are considered too well off for grants. Are we expected to mortgage our house at our advanced age to educate our children when my husband has so few years left to work?

Our only hope to educate our children was with the aid of student loans. The consequences of eliminating this aid to millions of deserving struggling families who are in

similar circumstances as we are most disturbing. I urge you to consider our plight. I implore Congress to place a priority on higher education.

Mr. Speaker, students now planning to enter college, students in college, and students seeking advanced educations will be adversely affected by the proposals. This Congress has repeatedly reaffirmed its bipartisan commitment to make higher education opportunities available to our young people. I do not believe this Congress should approve the program recommended by the President without making major changes. The fate of today's youth, our investment in our country's future, as well as the well-being of many small educational institutions hang in the balance. This Congress should not reverse its commitment to higher education opportunities which are a major foundation of our country.●

TRIBUTE TO TOM IORIO

HON. SAMUEL S. STRATTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 11, 1981

● Mr. STRATTON. Mr. Speaker, as chairman of the New York delegation in the House, I want to join—somewhat belatedly—in paying tribute, as many of my colleagues have already done, to Mr. Thomas D. Iorio, former Deputy Sergeant at Arms of the House of Representatives, who passed away only a few days ago.

Tom Iorio first came to the House in 1945 under the sponsorship of our former colleague, Congressman John Rooney of Brooklyn, and in the intervening years Tom came to be known and respected not only by the Members from his State of New York, but by every Member of the House.

Tom's special assignment was to arrange voting pairs for Members who were unavoidably absent when important votes were to occur on the floor. Tom performed that important function in a very commendable fashion and won the confidence of every Member, since Tom Iorio had come to understand the views and interests of hundreds of Members of the House.

Tom also provided much of the leadership for the annual trip of Members and their families to New York City as guests of the city.

In 1976, Tom Iorio received the John W. McCormack Award given to House employees who have rendered outstanding service to the House.

We shall indeed miss Tom's friendly personality in this Chamber.

To his wife, Clara, and to the other members of his family, I extend our deepest sympathy.●

NURSING RESEARCH

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. PURSELL. Mr. Speaker, during times of tight budgets, Government, needless to say, must look to keep its most effective programs and cut back on those that, in a relative sense, do not produce as useful results. This is especially true with respect to various research activities.

One aspect of health research that falls in the category of a very effective program is that of nursing research. Studies in this area are being translated into practical applications in scores of hospitals across the Nation and the potential benefits of such research are almost unlimited.

In this regard, I would like to share with my colleagues an article that appeared recently in the Chronicle of Higher Education.

[From the Chronicle of Higher Education, Nov. 10, 1980]

DESPITE PROBLEMS, RESEARCH INCREASES AT NURSING SCHOOLS

(By Cheryl M. Fields)

At the University of Michigan, nursing researchers found that patients were more successful in keeping their blood pressure down if they signed contracts agreeing to meet specific goals designed to control their hypertension.

At the University of Rochester, an experiment found that the length of hospital stays and recuperation periods after gallbladder surgery could be significantly shortened if nurses provided pre-surgical instruction designed to help patients prepare psychologically for the experience.

At several universities, research nurses found that suffering and anxiety among patients, including those with severe burns, could be reduced by "relaxation therapy"—techniques for controlling pain by conscious relaxation.

Such projects demonstrate the growing involvement of nursing schools in research designed to provide a scientific basis for nursing practice.

Many nursing leaders stress the difference between nursing and medicine. Biomedical research is concerned with the causes of disease and its treatment, they say, while nursing care aims to help patients cope with illness, learn how to care for themselves, and get better more quickly.

SHIFT TO COLLEGES SPURS RESEARCH

The shift of nursing education in recent decades from hospital-based schools of nursing to colleges and universities, the growing number of graduate nursing programs, and the demands of an increasingly complex health-care system have spurred the development of research on nursing care, says Barbara C. Hansen, chairman of the commission on research of the American Nurses' Association.

But the number of nurses trained to conduct research is still relatively small in comparison with the size of the profession and the demands upon it, says Ms. Hansen, who is associate dean of nursing at the University of Michigan's school of nursing, and assistant professor of physiology in the medical school.

Nursing research is increasing, but investigators must vie with biomedical teams and other scientists for funds. They also must fight attitudes that are not always sympathetic to what research nurses are trying to do.

Ms. Hansen serves on a panel in the National Institutes of Health that evaluates proposals for grants in physiology, and, she says, "the problems that nurses are interested in are not seen as high priority by other members."

"For example, few consider the feeding problems of institutionalized elderly patients as high priority. Even if good proposals to study this are submitted, they are not slightly rated; they do not produce as much excitement as proposals that may bring about some kind of cure."

In addition, she says, a lack of postdoctoral training positions for nurses means that evaluators sometimes question the research capabilities of nurses who submit proposals.

On the federal level, there is only one small grant program, in the Health Resources Administration of the Department of Health and Human Services, that is totally devoted to nursing research. President Carter tried unsuccessfully to rescind the $5-million appropriated for that program for fiscal 1980.

Even though Congress refused to cut the funds, Ms. Hansen says, nurses will have to fight hard in the present era of tightfisted budgets to get funds for the program.

Some officials in the Department of Health and Human Services have proposed transferring the program to the National Institutes of Health, which finances the majority of federally supported health research. Nursing researchers have opposed that move, Ms. Hansen says unless the program is listed as a specific "line item" in the institutes' budget. Otherwise, she adds, nurses fear the money would just "disappear"—or be split among the 11 institutes, making each share too small to accomplish much.

Nursing researchers have managed to obtain a few grants from some of the National Institutes of Health, as well as from such agencies as the Center for Disease Control, the Food and Drug Administration, and the Health Care Financing Administration, says Ms. Hansen. But, she says, the researchers have not yet moved aggressively enough in tapping other potential sources of financing.

SMALL GRANTS NEEDED

Officials in the government agencies also need to be more open to the potential value of nursing studies, she says, and there is "a tremendous need for small-grant funding for research projects by young investigators."

Another problem for nursing researchers is that so many other disciplines are involved in health studies, says Joanne S. Stevenson, associate professor of nursing at Ohio State University.

From her service on panels that screen grant proposals, she has concluded that not enough "fundable proposals for studies of nursing-care delivery" are submitted. "Pharmacists and dentists, as well as hospital administrators and doctors, all propose a variety of studies for the provision of nursing care," she says.

Another issue that affects both the competition for federal grants and the nursing

schools' relationships with medical schools and with other disciplines on the campuses is that nursing research often cuts across disciplinary boundaries and may require research techniques drawn from several fields.

Because of this, nurses just entering research often need to bring in consultants from other fields to help them design sound projects, Stephen J. Zyzanski, director of research in the department of family medicine at Case Western Reserve University, told nursing researchers at the recent convention of the American Nurses' Association.

HELP FOR YOUNG INVESTIGATORS

The use of such consultants in evaluating applications for research grants before they are submitted is especially valuable for young researchers, he said, and can help limit the scope of studies to manageable size.

Ms. Stevenson agrees that collaboration is often necessary, but cautions inexperienced investigators to take care in choosing collaborators.

"People at different ages want different things. With academics in the 25-to-35 age group, you need to negotiate quid pro quo's because they are totally absorbed in advancing their own careers," she says. "In the 35-to-45 age group, people are rising on the career ladder and many have some energy available to help others, but they may also be overcommitted.

"From about age 45 on, after they have tenure and are in a more settled position, many faculty members will have energy available to help younger colleagues. . . . From about 55 to 60 they are generally at the height of their prestige and may be excited by working with other disciplines after years of helping students in their own fields. This can be a very useful group for young nurse researchers."

Even careful attention to these facts won't solve all problems, Ms. Stevenson says, noting that for her own research on alcoholism among women, she carefully chose an advisory committee that had experts from other fields, including a biochemist and an exercise physiologist.

One problem, she says, was that she discovered that the older professors who were helping her "do not control the research labs. The lab directors are in the 30-to-40 age group, so even with my advisory committee formed, I still did not have access to the labs I needed.

"The younger men were not interested in nursing research and weren't supportive of my subject. The only time they were interested was when I began talking about how much I would pay them for use of their labs."

Besides the difficulties in getting resources and in winning respect for their work, nursing researchers face obstacles in the dissemination of the results of their research.

At the University of Michigan they are trying to translate the results of nursing studies into practical applications at more than a dozen hospitals in the state.

NO DEGREES FOR 80 PERCENT

Unlike doctors, most staff nurses in hospitals read few or no research articles in nursing journals, says Maxine E. Loomis, professor of nursing. And since about 80 percent of registered nurses do not have baccalaureate degrees, many are not attuned to the importance of translating research into practice.

Jo Anne Horsley, director of the project, says research must be carefully adapted to the particular situation in each hospital.

But she says investigators have found that nursing administrators and staff nurses typically are eager and receptive to sound scientific knowledge when it is available "in a clinically acceptable state."

Despite the obstacles facing nursing research, the potential is tremendous and nurses have the opportunity to enhance their position, says Ada Jacox, professor of nursing at the University of Maryland.

Hospitals are being asked to carry out "quality assurance" programs, she says, but many administrators "do not know research design or how to use computers. Nurses could go in and do the research."●

COAL INCENTIVES ACT OF 1981

HON. KENT HANCE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. HANCE. Mr. Speaker, today I am pleased to join TOM CORCORAN of Illinois, RICHARD C. SHELBY of Alabama, and CLEVE BENEDICT of West Virginia in introducing the Coal Incentives Act of 1981, to encourage the use of domestic coal.

The United States is constantly seeking to reduce its dependence on imported oil by maximizing the utilization of our domestic resources. Our most abundant domestic source of energy is coal, which constitutes over 80 percent of our domestic fossil fuel reserve, yet supplies only 18 percent of our energy needs. We are producing each year 100 million tons of coal less than we are actually capable of producing. In many States, coal miners are unemployed.

In our attempts to deal with the energy problem we have come up with numerous schemes to restrain demand, encourage alternative sources of energy, and compel people to switch to abundant fuels. None of these policies has led to any real increases in coal use because we have failed to address the restraints on our ability to utilize coal. One of the major problems in converting to coal is the 1977 amendments to the Clean Air Act. The Clean Air Act should be an important tool in assuring a healthy environment while allowing sustained economic growth and increased use of domestic energy sources. In many areas of the country, however, the 1977 amendments to the act have made it impossible to utilize coal, and in other areas, the 1977 amendments have pushed the cost of using coal to a point where there is virtually no difference between the cost of imported oil and the cost of coal. Thus, any economic incentive to convert to coal is eliminated.

The public health goals of the Clean Air Act are laudable. In evaluating the benefits of environmental regulations, however, we must be aware of their impacts on other areas of national concern. Our reliance on imported energy is a major national security problem which can no longer be ignored. We cannot continue to enact and implement overly restrictive environmental legislation in a vacuum and ignore the energy, economic, and national security implications of what we do.

The bill I am introducing today is designed to balance our energy and environmental objectives. The bill modifies most restrictive features of the amendments to the Clean Air Act enacted in 1977, features which effectively eliminate coal as a source of energy independence. The bill is intended to strike a balance between the need for a healthy environment and the need for energy independence without either of these goals precluding our attainment of the other.

Among other things, the bill requires cost-benefit analyses, including the energy impact, of air quality standards. If a major stationary source satisfies all applicable standards, it would not be subject to more stringent limitations for a 10-year period. The bill would also moderate the standards for local coal exemptions under section 110(f). Sources which voluntarily convert to coal would be given additional time to meet air quality standards.

The bill provides tax incentives for pollution control equipment which is necessary to permit the utilization of coal and allows coal preparation plants at the mine to be eligible for energy tax credits. The bill adopts the procedure used in previous national emergencies for national defense-related construction. The energy tax credits previously enacted by the Congress, which are generally not applicable to public utility property, would be made applicable to public utility property for equipment necessary to permit the use of coal in electric-generating facilities.●

THE FEDERAL BUDGET AND THE CITIES

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. OTTINGER. Mr. Speaker, the U.S. Conference of Mayors has just released its 10th annual budget analysis entitled, "The Federal Budget and the Cities." This excellent report examines the budget in light of urban needs and national priorities. The report points out gross inequities in the President's fiscal year 1982 budget, noting that the proposed cuts would be a disaster to the Nation's poor and to our cities. Over 60 percent of the proposed cuts in budget authority will

fall on the poor and the working poor and 66 percent of the total cuts in budget authority will fall on our cities.

In the days ahead, we will be making difficult decisions on national spending priorities and I urge my colleagues to study the document prepared by the conference during their deliberations on the fiscal year 1982 budget. To facilitate this process, I am inserting into the RECORD the introductory section from the conference's budget report.

THE FEDERAL BUDGET AND THE CITIES

OVERVIEW

The FY82 budget proposed by the Reagan Administration promises to restore economic health to the nation but is a disaster for the cities. Federal grants to state and local governments would be cut significantly, from $54.9 billion in FY81 to $47.2 billion in FY82, a drop of over 14 percent in outlays and nearly 25 percent after accounting for inflation. This will result in a serious reduction in services to the poor and to the working people in cities across the country.

Reductions in federal assistance to cities are also planned for future years. Grants to states and localities, excluding payments to individuals, would decline from 8.4 percent of the total budget in FY81 to 4.9 percent in FY86.

The Administration's FY82 budget cuts are grossly inequitable with respect to the cities. Although total state and local grants, according to the Office of Management and Budget (OMB), represent only 14.2 percent of the federal budget (including payments to individuals channeled through these governments), fully 66 percent of the total cuts in budget authority proposed by the Reagan Administration would fall on these programs. Thus, while the Administration asserts that this is a "growth" budget with a six percent rise in federal outlays from FY81, it is not a growth budget for the cities.

Moreover, over 60 percent of the proposed cuts in budget authority would fall on the poor and the working poor. Clearly, the "safety net" concept originated by the Reagan Administration is an arbitrary one, failing to count a wide range of programs which aid the poor.

Altogether, President Reagan proposes total FY82 outlays which are $44.0 billion below the level proposed by President Carter in January and $48.6 billion below the level needed to maintain programs at their current service levels. Revenues would be cut by a larger amount—a total of $61.4 billion in FY82—resulting in a somewhat larger budget deficit than that proposed in the Carter budget, but still somewhat lower than last year's.

Such reductions in federal spending and taxes are consistent with President Reagan's announced intention of reducing the scope and role of the federal government by turning over more responsibilities to the private sector and to state and local governments. The Reagan Administration's long-range forecast in the budget is to reduce the relative size of the federal government from 23 percent of GNP in FY81 to 19 percent in FY86, a dramatically sharp decrease with major ramifications for local governments.

The abdication of federal responsibility for a wide range of urban programs and some income transfer programs, which is reflected in the Reagan budget, is troublesome. Cities do not have the resources readily available to offset the decline in federal aid, especially since many cities are confronted with mandatory limitations on spending or revenues. The unfortunate results of federal retrenchments are likely to be sharp reductions in service levels, the termination of benefits for literally millions of needy families, and potentially large increases in property taxes. The negative impact on cities, if all the cuts were to be adopted, cannot be overstated.

The U.S. Conference of Mayors recognizes the need to bring inflation under control. Inflation has hurt our cities terribly. As part of the fight against inflation, we are willing to make our programs more cost-effective. But, we do believe that simply transferring burdens to local governments will do little or nothing to alleviate inflation.

We are concerned about proposed cutbacks in programs which generate employment, especially in view of the rise in unemployment which is forecast by the Administration. The Administration's economic scenario predicts a rise in the unemployment rate to 7.7 percent by the end of the year and the persistence of high unemployment throughout FY82—unemployment which is concentrated in the cities. And yet, despite the fact that the unemployment forecast is the most gloomy part of the Administration's economic projections, there are proposed cutbacks in the Comprehensive Employment and Training Act (CETA) jobs and wide range of other employment-creating programs. By our estimates, the total direct effect of the cutbacks will be a loss of over one million jobs; many more jobs will be affected as the cutbacks reverberate throughout the economy.

In addition, the budget proposes abolition of the Economic Development Administration and a major cutback in Urban Development Action Grants activities. These programs have stimulated private sector investment in cities and created or retained thousands of jobs. The budget cuts will severely affect local governments' ability to form and maintain public-private partnerships, which have been so successful in recent years. Still, these and other such programs are scheduled to be cut or eliminated altogether in the Reagan budget.

The Conference of Mayors has long supported the principle of consolidating categorical programs into block grants with a corresponding reduction in federal mandates. We are concerned that the block grant proposals of the Administration will not simply be consolidated at the state level but will be designed with the active participation of Mayors. In addition, we are hopeful that the structure of these block grants will not ignore the considerable expertise which city halls have developed in administering social service, health and education programs.

There are many proposed reductions in urban programs and benefit programs which concern us. The cutbacks in these programs and their impact on cities are described in the following pages. Among our concerns are the following:

Proposed elimination of over 300,000 CETA public service jobs and over 400,000 employment and training opportunities for young people, through massive reductions in four different youth employment programs.

Proposed cuts of $1.1 billion in FY82 mass transit capital grants, resulting in no funds for future rail starts and major reductions in the Urban Initiatives program and Interstate transfer grants.

Termination of all grant and loan activities of the Economic Development Administration in FY82, and major cuts in FY81, which will eliminate an important tool for cities to create and retain employment.

Proposed elimination of all funds for the Environmental Protection Agency's (EPA) Wastewater Treatment Construction Grant program, a cut of $3.7 billion in FY82 and $1.7 billion this year.

Substantial reductions in federally-assisted housing with $5 billion in FY81 authority rescinded and overall FY82 levels $10 billion lower than FY81 appropriations, resulting in a cut of 90,000 assisted units.

Major reductions in Small Business Administration Loan Programs, and termination of the Community Services Administration business development programs.

Slashes in the Food Stamps program, child nutrition programs. and the Special Supplemental Food Program (WIC)—cuts which will eliminate benefits for 400,000 Food Stamps households, 14.5 million children and 700,000 pregnant women and children.

Failure to request funds for the state share of general revenue sharing and elimination of a refundable tax credit which President Carter had requested to offset the burden of rising Social Security taxes on state and local governments.

Terminate nearly all Interior Department programs of benefit to cities, including the Urban Parks program, the Land and Water Conservation Fund and historic preservation funds.

Significant cuts in aid to state and local education systems as part of an overall restructuring of programs (including Title I of the Elementary and Secondary Education Act) into block grants as well as cuts in vocational education and impact aid, and the withdrawal of any funds for the education portion of the youth initiative proposed by the Carter Administration.

Cuts in airport construction grants, by eliminating all grants for the largest 36 airports.

Elimination of all criminal justice programs for state and local governments, with the elimination of the juvenile justice programs of the Office of Juvenile Justice and Delinquency Prevention, and failure to request any funds for the Law Enforcement Assistance Agency.

Abandonment of a 17-year commitment to provide direct funds to local agencies to stimulate community action and provide legal services to the poor through the Community Services Administration and the Legal Services Corporation.

Reduction in many health programs, including public health programs and Medicaid and a 25-percent cut in programs to be consolidated into the new health and social services block grants.

Cuts in the weatherization programs of the Department of Energy and a wide range of urban energy conservation programs, as well as elimination of funds for the Solar and Conservation Bank.

Major reductions in funds for Conrail, Amtrak, low-volume freight lines, and the Northeast Corridor Rail Program.

Clearly the U.S. Conference of Mayors is and ought to be concerned about these cuts. Reductions of this magnitude in urban programs threaten the redevelopment and viability of our cities and the economic well-being and health of city residents.

Yet, we are hopeful that the Congress will review the proposed budget and take action to achieve greater equity with respect to

cities and the poor. We know it will be a year of budget restraint and cutbacks, but the burdens of such cuts should not be borne disproportionally by any one group. We look forward to working with the Congress to formulate a budget which better meets the needs of our citizens.●

MILITARY AID TO EL SALVADOR SHOULD NOT BE CONTINUED

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. KILDEE. Mr. Speaker, I would like to voice my concern about the administration's decision to send military equipment and American military advisers to El Salvador.

Quite frankly, I think that such an action is sending the wrong signal and may lead to the escalation of violence there. It could make finding a moderate solution to the problems even more difficult.

I would point out that the violence in El Salvador has come from both the right and the left. There is strong evidence that elements of the military have been involved in the violence from the right. It is distressing to see one of the rightist leaders interpreting the provision of military aid as encouragement for a military coup.

It is also distressing to see credence given to the propaganda that anyone in El Salvador who calls for social and economic justice is a left-wing terrorist. It is personally offensive to me when right wing groups in the United States and El Salvador refer to Roman Catholic organizations as guerrilla operations. It was in the poorest of taste when one American group issued a press release implying that the murdered American nuns were advocates of violence and had ties with guerrilla organizations. As the example of Archbishop Romero should demonstrate, demands for social and economic justice are not synonymous with advocacy of violence. He was brutally assassinated during a church service in which his message was to condemn all violence.

By providing military assistance to El Salvador, we may very well be reinforcing elements in the military which have participated in the violence and have no commitment to democratic processes. Furthermore, by supporting the military we may be creating a self-fulfilling prophecy. By reinforcing those who are opposed to democratic change, we may be giving greater credibility to those who advocate violent change.●

THIRD WORLD DEBT IS OURS

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. PAUL. Mr. Speaker, on Monday, March 9, the Chicago Sun Times published an article on the Monetary Control Act which this House passed last March 27. The article, entitled "Third World Debt Is Ours" is must reading for every Member who has been contacted by constituents angry over the cavalier way this body—and the other body, for that matter—passed this act last year.

The article is authored by the dean of the Walter Heller College at Roosevelt University in Chicago, Douglas Lamont. Dean Lamont points out that the Fed can mount a rescue operation of foreign governments under the terms of the Monetary Control Act. Consider the implications of this passage:

Once the Sudanese government [for example] guarantees its debts—that is, puts its sovereign responsibility behind all principal and interest owed, the Fed will purchase Sudan's bonds. Their debt becomes America's debt. Through this financial arrangement, the Fed will monetize Sudan's debt, add it to our own money supply, and breed more inflation. Throughout the third world, government officials are being shown America's new lender of last resort law by commercial bankers. * * * Once their $500 billion in debt is monetized by the Fed—that is, brought into our money supply—we will have no hope of solving our inflation problems.

I urge the Members to read this article and then act to undo the damage we did last year when we passed the Monetary Control Act.

THIRD WORLD DEBT IS OURS

INTERNATIONAL BUSINESS

(By Douglas F. Lamont)

The poor countries of the world are dangerously close to involuntarily defaulting on their $500 billion in debt to western banks and governments.

A reminder of this grim possibility can be found in a little noticed change in the Depository Institutions and Monetary Control Act of 1980. It also gives an important glimpse of how Americans will pick up the tab for these 100 poor countries so the world's financial system will be saved from a chain of bank failures.

Under the act, the Federal Reserve can purchase the debts of foreign governments, their semi-state agencies and their state enterprises. The Fed becomes the lender of last resort to countries that have temporary liquidity problems, such as Sudan and Brazil. It can mount a rescue operation of foreign governments to prevent them from going insolvent.

Sudan, for example, came the closest of any less-developed country to not paying interest on the $450 million owed to western banks. For Americans, there are good foreign policy reasons to see that Sudan, a moderate, western-oriented country just north of communist Ethiopia on the strategic Red Sea, remains stable.

With the Russians setting up a naval base in the Dahlak Islands, a part of Ethiopia's troubled Eritrea province, the West must protect friendly countries from both political and economic subversion. A major confrontation could come between the Soviet Union and the United States over access to this region's resources.

But western reaction so far shows mainly a sensitivity to the financial issues and indicates little shift in perceptions about Sudan's economic future. Leading banks, including Citibank and Chemical Bank, agree to finance new loans totaling $60 million subject to one important condition: Sudan must pay $120 million in overdue interest before April 1. Where will it get the money?

Here's where the Depository Institutions and Monetary Control Act comes in. Once the Sudanese government guarantees its debts—that is, puts is sovereign responsibility behind all principal and interest owed, the Fed will purchase Sudan's bonds.

Their debt becomes America's debt. Through this financial arrangement, the Fed will monetize Sudan's debt, add it to our own money supply, and breed more inflation.

Throughout the third world, government officials are being shown America's new lender-of-last-resort law by commercial bankers. The 1980 Act is the new magic formula for saving these less-developed countries from recognizing that their post-colonial dreams of grandeur are failures.

Once their $500 billion in debt is monetized by the Fed—that is, brought into our money supply—we will have no hope of solving our inflation problems. The signals from the Sudan and Brazil are grimmer than anyone in Washington has led us to believe.●

TERRORISM

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BRODHEAD. Mr. Speaker, I wish to share with my colleagues an editorial from the Detroit Jewish News on the timely and controversial subject of terrorism. This editorial focuses on the alleged relationship between the Soviet Union and the Palestine Liberation Organization, and points out that this relationship represents a threat not only to Israel, but to the peace and stability of the world as a whole. I commend it to the attention of all those who are concerned about the growing problem of terrorism:

[From the Detroit Jewish News, Mar. 13, 1981]

THE ROOTS OF TERRORISM

Without the support and encouragement provided by the Kremlin, the worst of all evils for mankind might never have reached its present stage of terror.

It has never been a secret and now it is becoming more explicitly evident that the chief support for the terrorists is provided by Russia.

It is becoming equally more evident that from Cuba have come the training forces for the PLO and for the forces of evil that are menacing Israel and other areas in the free world.

Media Analysis Center as just made public a chronological record of the USSR ties with the PLO and its chief leaders, notably Yasir Arafat, from June 19, 1977 to Jan. 8, 1981. It provides a list of 97 occurrences of Soviet relationship with the PLO, including many of the most horrifying acts of terrorism.

The Media Analysis Center provides these facts of the evil partnership:

1. This chronological record of USSR-PLO relations attests to the degree of intensity that marks the contacts between the two sides. Arafat visits Moscow often, as do other leaders of the Fatah and of other PLO groups, who either accompanying him or arrive in the USSR or its satellites on their own. Nor is this the only form of ties between the PLO and the USSR; as the survey shows, the Soviet embassy in Beirut is in constant touch with the PLO hierarchy.

2. The high frequency of these contacts and their complex nature on the various planes—against the backdrop of the PLO's relatively low weight on the inter-Arab strategic plane—throw light on the vitality of the connection (for the PLO) with the USSR in order to form a firm image in the eyes of the Arab leaders and of the West.

3. The frequency and complexity of the contacts show also that the PLO is aware of the fact that its essence and the nature of its aspirations are consistent with the essence of the USSR's interests in the Mideast (outside the realm of the Arab-Israeli conflict), whereas they conflict with those of the U.S.

4. The nature of the relations between the PLO and the USSR explains the organization's standing as a means (one of many) in the hands of the USSR (which is an irreplaceable support for the PLO) which uses it to promote its objectives in the region: agitation, harming the conservative and pro-Western regimes that control the oil sources, and undermining the Western strategic interests.

5. With the start of the peace contacts between Israel and Egypt, as the PLO joined the pro-Soviet "rejection front," Soviet support for the PLO increased. This enhanced support stems from Moscow's assumption that the PLO—together with more important radical Arab elements in the Mideast—can serve as a means to torpedo Western moves and achievements. Against this backdrop stands the USSR's readiness to supply military equipment to the PLO and to train the terrorists to operate the equipment can be understood. However, the nature of the relations between them also points up why Moscow is not ready to supply the organization with military equipment in a quantity and quality that would increase its freedom of maneuver.

6. The PLO's activity under the baton of the USSR (and of Syria) aimed at undermining the West's standing in the Middle East is not confined only to the plane of the war against Israel, but characterizes also its support for the Soviet invasion of Muslim Afghanistan—as it lines up in one camp together with the radical and anti-Western states of Syria, Libya, South Yemen and Ethiopia. This irregular stand of the PLO—in relation to the stand of most other Arab states—is consistent with the position adopted by the organization's representative in the Islamic foreign ministers' conference in Dakar. when it defended the USSR against the charge that it had intervened in Africa's internal affairs (Al Ahram, July 11, 1978). Arafat demonstrated another divergent pro-Soviet position when he met on July 4, 1978 with a South Yemen minister in a period when Arab leaders tended to keep their distance from South Yemen, which has colluded with the USSR in an effort to take over Muslim Eritrea (which is so vital to the Western strategic interests in the Red Sea). The organization's involvement in Iran is also coordinated with the USSR, to the point where its closeness to the leftist circles there has caused friction between it and Khomeini and Bani-Sadr (the Economist Foreign Report writes on May 16, 1979 that the USSR is transferring arms to the Iranian left through the PLO).

7. One of the conclusions to be drawn from the above, and from the survey, is that the life expectancy of the USSR-PLO connection does not stem from (nor is it connected with) any temporary policy of the organization or of the USSR, but is a long-term outgrowth of the fundamental substance and ambitions of the two partners.

8. The intensity and complexity of the USSR-PLO connection refutes the Western illusion that to give this organization a state would sever it from Moscow. In contrast to other organizations in Africa and Asia which did not resort to Soviet aid after they realized their immediate goal (independence from unacceptable local or Western rule) and subsequently turned to a certan cooperation with the West; the PLO's essence, the essence of its aspirations, its relatively small weight in the inter-Arab power struggles, and the power struggles and rifts that characterize its organizational structure—all these show why the PLO needs the USSR's closeness, and why the USSR regards any connection with it as a secured long-term investment.

It becomes increasingly clear that the Soviet aid gives comfort to the terrorism, that it is a menace to the world and to the Arabs as well.

An official PLO admission has just confirmed these charges. The admission is that hundreds of Palestinians have graduated from the Soviet Military Academy.

"Scores and hundreds of Palestinian officers eligible to command major sectors such as brigades have graduated from soviet military academies," Brigadier Mohammed Ibrahim al-Shaier, head of the PLO's Moscow office, revealed in a lecture in Beirut and published in Beirut newspapers. He said there are also some 2,000 Palestinians studying in Soviet schools and the PLO received 300 scholarships a year, mostly for scientific and technical studies.

"During PLO chief Yasir Arafat's visit to Moscow last year agreement had been reached on Soviet-Palestinian coordination 'in all matters of joint interest,' Shaier said. There have been recurring reports that the USSR has been training Palestinians."

The exposed facts now emerge as an offical record. The menace is appalling. This is no longer an issue affecting Israel's security. It is also an admonition to the world to act for a halt to such actions. If permitted to continue, the peace of the entire world will be at stake.●

THE WRAPAROUND LOAN—A GOOD DEVICE

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. PICKLE. Mr. Speaker, over the years, one mortgage banker in my community of Austin, Tex., has had the patience to discuss with me how mortgage bankers help finance housing. His name is Hugh Higgins, and I have been impressed with his far-looking concepts of how to have the private sector handle much of our housing needs.

In recent days, I saw an article in the MortgageBanker magazine written by Hugh Higgins, along with a professor from DePaul University, Mr. Richard T. Garrigan. The article makes it clear that the lender can make good money off a wraparound loan. But the figures are clear—the homeowner can make a better deal too.

Our regulatory agencies are pondering how to handle wraparounds in several instances. I think that this is a good article for them to review in making those decisions.

I insert Hugh Higgins' article in the CONGRESSIONAL RECORD at this point:

WRAPAROUND LOANS

(By Richard T. Garrigan and Hugh K. Higgins, Jr.)

The recent turbulent interest rate environment has created unprecedented asset and liability management problems for members of the mortgage lending community. High interest rates combined with efforts by the savings and loan industry to shift much of the interest rate risk to the consumer, however, are creating significant opportunities for those mortgage bankers who service FHA and VA mortgage loan portfolios.

Before considering the financial attributes of conventional, single-family wrap-around mortgage loans, some background information on both the scope of the opportunity and the basic characteristics of wrap-around loans is necessary. Table 1 shows the dollar amount of FHA and VA one-to-four family mortgage loan originations for the years 1974 through 1978. These years were selected for consideration for two reasons: first, the remaining term for loans having an original amortization term of 30 years would range from 23 to 28 years; second, while the maximum allowable interest rate for loans originated during these years was adjusted seventeen times, the rates during this five-year period ranged from a low of 8 percent to a high of 9½ percent.

TABLE 1.—MAXIMUM ALLOWABLE INTEREST RATES AND AMOUNT OF FHA AND VA 1-TO-4 FAMILY MORTGAGE LOAN ORIGINATIONS BY YEAR FOR THE YEARS 1974–78

[Dollar amounts in millions]

Year	Maximum allowable interest rates in effect	FHA	VA	Total
1974	8¼, 8½, 8¾, 9, 9½	$4,532	$7,889	$12,421
1975	8, 8½, 9	6,265	8,836	15,101
1976	8, 8½, 8¾, 9	6,998	10,426	17,424
1977	8, 8½	10,469	14,882	25,351

TABLE 1.—MAXIMUM ALLOWABLE INTEREST RATES AND AMOUNT OF FHA AND VA 1-TO-4 FAMILY MORTGAGE LOAN ORIGINATIONS BY YEAR FOR THE YEARS 1974–78—Continued

[Dollar amounts in millions]

Year	Maximum allowable interest rates in effect	FHA	VA	Total
1978	8½, 8¾, 9, 9½	14,581	16,026	30,607
Total		42,845	58,059	100,904

Source: U.S. Department of Housing and Urban Development.

As revealed in this table, the greatest spread in maximum allowable interest rates during any one year occurred in 1974, which had a low of 8¼ percent and a high of 9½ percent. During both 1975 and 1976, the range was from 8 to 9 percent. In 1977, the two rates in effect were 8 and 8½ percent, while in 1978, the rates ranged from 8½ to 9½ percent. Further examination of this table shows that the level of VA originations exceeded those for FHA during each of the five years. Of greater importance, however, the combined value for total originations increased from $12.4 billion in 1974 to $30.6 billion in 1978. The steady increases in originations during 1975 and 1976 were overshadowed by the sharp increase to $25.3 billion in 1977. While survival rates for these mortgages are not available, given the time frames involved, the bulk of these mortgage loans remain outstanding.

The wrap-around mortgage loan is a junior mortgage lien having as its principal balance the sum of 1) the balance outstanding on an existing first mortgage loan, and 2) the additional funds advanced by the wrap-around mortgage lender. Under a wrap-around loan, the borrower pays debt service payments to the wrap-around lender on the entire debt, and the wrap-around lender agrees to make debt service payments on the underlying debt, but only to the extent that it receives such payments from the borrower. In the hypothetical case given here, the borrower is a buyer of a single-family residence on which there is an existing FHA 203(b) loan, while the wrap-around lender originating the loan is a mortgage banker who is servicing the existing mortgage debt. The wrap-around loan is attractive to the borrower because it is a fixed-rate, level-payment, long-term mortgage loan whose interest rate is less than would be required in typical financing. Although it is a second lien, the loan does not contain either a balloon payment provision or a "Rule of 78" prepayment penalty clause. On the other hand, it is attractive to both the mortgage loan originator and a permanent investor because of its income generating characteristics.

STRUCTURING A WRAPAROUND

Just how a properly structured wrap-around loan can produce both a lower relative cost to the borrower and a higher return to the lender is clarified in Table 2. This table presents the basic assumptions for a hypothetical wrap-around loan. These assumptions depict an existing FHA 230(b) loan carrying an 8.5 percent interest rate. Following three years of monthly debt service payments of $371.39, the original loan amount of $48,300 has been amortized to $47,104.74. The property is sold for $67,000 at this point with the buyer being financed through a high-ratio conventional wrap-around of $61,200 bearing an interest rate of 11 percent. The $591.78 monthly payments on the wrap-around loan will permit its amortization over a term that is identical to the 27 year term remaining on the FHA loan. It is important to note that while the gross loan amount is $61,200, given the $47,104.74 FHA loan remaining outstanding, the net investment by the wrap-around mortgage lender is $14,095.26.

TABLE 2

Property Cost in 1977	$50,336.
Existing FHA 203(b) first mortgage loan:	
Original amount	$48,300.
Amortized balance	$47,104.74.
Original amortization term	30 yrs (360 mos).
Remaining amortization term	27 yrs (324 mos).
Interest rate	8.5 percent.
Monthly debt service	$371.39.
Servicing fee	44 percent.
Property sale price in 1980	$67,000.
Conventional wrap-around mortgage loan:	
Amount	$61,200.
Amortization term	27 yrs (324 mos).
Interest rate	11 percent.
Monthly debt service	$591.78.
Servicing fee	0.375 percent.
Net investment	$14,095.26.

Based on these assumptions, the financial flows for the first month of the wrap-around loan are shown in Table 3. The first part of the table simply presents the breakdown between interest and debt amortization for both the wrap-around and the FHA mortgage loans. The next item shown is the $208.21 net interest earned on the wrap-around loan during the first month. When this amount is divided by the $14,095.26 net investment and multiplied by 12, a high 17.72 percent annual return on investment is derived. Thus, while the borrower is paying an interest rate of 11 percent, the retention of the existing 8.5 percent FHA loan permits the wrap-around lender to achieve a leveraged return of just under 18 percent. This financial leverage and the high return it produces will continue to exist for the life of the wrap-around loan. Some variation in monthly yields will occur, however, because of differences in the level of amortization for the existing and wrap-around loans.

TABLE 3.—WRAPAROUND MORTGAGE LOAN FINANCIAL FLOWS FOR THE MONTH

Wraparound loan:	
Debt service payment	$591.78
Less: Debt amortization portion	30.78
Interest received	561.00
Existing FHA loan:	
Debt service payment	371.39
Less: Debt amortization portion	37.73
Interest paid	333.66
Net interest earned:	
Interest received	561.00
Less: Interest paid	333.66
Servicing fee	19.13
Interest earned	208.21

Yield on net funds advanced: ($208.21 ÷ $14,095.26) × 12 = .1772 (17.72 percent).

MORTGAGE BANKER'S PERSPECTIVE

The development of a conventional wrap-around mortgage loan program by a mortgage banker offers many potential advantages. First, the opportunity exists for the mortgage banker to be a very competitive (perhaps the most competitive) source of fixed-rate mortgage financing in those cases where qualifying existing FHA or VA mortgages exist. Origination fee income and discount points will generally be based on the gross amount of the wrap-around loan. The potential impact upon servicing income is dramatic. Given the harsh realities of the marketplace, when a home financed through an existing FHA or VA mortgage is listed for sale, chances are that the mortgage banker servicing the loan will not be the source of financing for the new loan. Were a wrap-around lending program in place, the mortgage banker would not only stand a good chance of retaining the servicing fee on the existing loan but would also derive an equal or possibly larger servicing fee on the wrap-around loan. For example, during the first year of the hypothetical wrap-around loan's existence, the servicing income of the FHA loan (assuming a .44 percent GNMA pool fee) would be $206.33. Were the wrap-around loan to provide for a .375 percent servicing fee, additional income of $228.88 would result. Therefore, the benefit to the mortgage banker during the 12 months following the wrap-around loan's origination is the difference between zero income and $435.21. Each mortgage banker can readily estimate the annual number of targeted loans required to achieve a significant level of income from an active wrap-around loan program.

A substantial increase in income generally would entail very limited added servicing costs. Given a reasonable number of wrap-around loans, the accounting system requirements are not an impediment. In addition to maintaining the existing impound accounts, the mortgage banker would establish one for private mortgage insurance. The only other requirement would be to establish an account for the wrap-around loan's permanent investor.

So much for the good loans, but what of servicing costs for defaulted loans? In this case, there is obviously a need to mesh the servicing requirements of the private mortgage lender with those of the FHA or VA. The government-insured or guaranteed mortgage servicing requirements, of course, are quite demanding. For this reason, the approach taken in this article is that the lender orginating the mortgage loan is the same lender who is servicing the underlying FHA or VA loan. Potential problems concern the distribution of partial payments, the need for a decision on the part of the permanent investor (and possibly the private mortgage insurer) on whether to keep the underlying loan current, and the requirement by the private mortgage insurer that the lender be in a position to tender good and merchantable title before a private mortgage insurance claim is paid. The mortgage banker establishing a conventional wrap-around mortgage loan program, must, therefore, have policies and procedures in place so that the servicing requirements for wrap-around loans can be effectively met.

One further point deserves mention. In offering these loans to prospective borrowers, the mortgage banker must deal with the fact that two insurance premiums will have to be paid in the case of an existing FHA loan. As an ongoing expense incurred by a borrower, the combined cost of these premiums will be something more than 0.5 percent but less than 0.65 percent. This expense should be considered in establishing interest rates for individual loans. Obviously, in the case of existing VA loans, only the cost of private mortgage insurance need be considered.

PERMANENT INVESTOR'S PERSPECTIVE

The permanent investor will be one who perceives the unique risk/reward characteristics of conventional wrap-around loans insured through private mortgage insurance. Among qualifying investors are federally-chartered savings and loan associations

whose regulations essentially treat wrap-around loans as if they were first mortgage liens. At the other end of the spectrum, pension funds are decidedly a potential source of funds.* Both FNMA and FHLMC are excluded for the specific type of second mortgage financing described here.

In structuring these loans, the mortgage banker should be sensitive to the fact that the high yields are partially a function of the wrap-around mortgage's second lien status. And while the potential rates of return are sufficiently high enough to justify funding fixed-rate investments, the issue of risk of loss of principal should be faced head on. To facilitate the sale of these loans, it is recommended that suitable levels of private mortgage insurance be obtained so that the net investment is at all times protected against risk of loss. Thus, in addition to yield considerations, the amount of net investment should be based on strict standards as to loss exposure. These standards, in turn, are to be based upon the anticipated claim levels likely to be submitted to a private mortgage insurer in the case of defaulted loans. Through proper structuring, the net investment on these loans can be fully insured against loss of principal.

CONCLUSIONS

The overriding point of this article has been to demonstrate that billions of dollars of potential value exist in FHA and VA mortgages because of their low interest rates and "assumable" natures. In general, sellers of homes whose properties are financed with such mortgages would prefer receiving cash for their equities as opposed to selling through land contracts or making seller-financed second mortgage financing available. What many sellers do not fully realize, however, is that their below-market rate FHA or VA loans, while technically liabilities, are in reality assets of considerable value. Wrap-around loans can permit home sellers to tap these values because the lower-cost, fixed-rate financing will permit more prospective buyers to qualify as purchasers, leading to more rapid sales at generally higher prices.

Mortgage bankers have much to gain by meeting this inherent demand for equity financing. The resulting image from the setting up of a conventional wrap-around program is that of a progressive, innovative, consumer-oriented lender. And best of all, the mortgage banker can significantly enhance the value of its servicing portfolio.●

* A discussion of the role of pension funds as permanent investors appears in Richard T. Garrigan's article "Opportunities For Pension Funds in Wrap-around Loans," Real Estate Review, IX (Winter 1980), pp. 30-37.

FEDERAL SUPPORT OF SEX EDUCATION PROGRAMS FOR TEENAGERS

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. WEISS. Mr. Speaker, I believe it imperative for the Congress to confront the needless hardship we will impose upon millions of young people if we follow the administration and eliminate funds for sex education and contraception for teenagers. A report released this week by the Alan Guttmacher Institute indicated that if current trends continue:

* * * 4 in 10 of today's 14-year-old girls will have at least 1 pregnancy, 2 in 10 will have at least 1 birth, and more than 1 in 7 will have at least 1 abortion while still in their teens—despite the fact that the great majority of teen pregnancies are unwanted by the teenagers themselves.

Unless young people are given detailed information about sex and contraception before they are sexually active, they will continue to have increasing numbers of pregnancies, out-of-wedlock births, and abortions, Federal funds for sex education programs are critically needed in the effort to curb what has been termed "the epidemic of teenage pregnancy." The following article, written by Carol Bellamy, president of the New York City Council, appeared in the Washington Post and provides an excellent overview of this problem and compelling reasons for continued Federal support:

THE PERFECT PROGRAM NOT TO CUT

The budget thunder out of Washington these days finds many people running for cover, carrying their favorite programs, like valued possessions, to higher ground in the hope that the coming flood won't wash them away. Most are running scared and confused with no coherent resistance, no principled opposition. The New Deal's out, austerity's in, and woe to those who dally while the budget-cutters sharpen the ax.

For once, New York City may be in a position to offer some advice on budgets; we certainly know a thing or two about how to cut them. And we have learned a lesson: When it comes to cutting the budget, you need the skill of a neurosurgeon, not the sweep of the butcher. Unless cuts are carefully crafted, they may result in greater costs down the road. Simply stated, we have found that an ounce of prevention is worth a pound of cure.

So far, the Reagan administration has not heeded this valuable lesson. One of the most flagrant examples of misguided budget-slashing came recently from Human Services Secretary Richard Schweiker, who called for the elimination of federal funding of sex education and contraception for teenagers, thus ignoring social reality. Teen-age pregnancy is epidemic throughout America; last year in New York City alone, 14,259 teen-agers gave birth. What happens to these mothers? If they survive childbirth, when their chances of dying are 60 percent greater than for women in their 20s, almost three out of every four (72 percent) will end up on welfare. In New York City alone, the yearly welfare costs for these new teen-age mothers is $39 million.

The tragedy is even more dramatic in human terms. Many of these children are inadequately cared for or are abused and end up in foster care, where they languish for years. When child abuse occurs, not only the direct perpetrator will be responsible. So will all of those who remove the thin preventive safety net that now exists for at least some of these teen-agers. Does it make any sense to eliminate the marginal expense of current sex education and contraception programs? Does anyone really believe that prevention isn't the wisest course here?

One wants to give the Reagan administration the benefit of the doubt. But one fears there may be a method in its madness—perhaps this budget-cutting isn't so blind after all. Remember the campaign, and all the Moral Majority-inspired talk about the "decline of the family"? Sex education and contraception, it seems, threaten the family's hegemony and must be stamped out.

If necessary, we can remind the Reagan administration that the challenge for government policymakers today is to mount a concerted response to the tremendous behavioral changes that are redefining the American family. Today, 58 percent of all husband-wife families have two or more wage earners, 32 percent of married couples have no children living at home and one out of seven families is headed by a single parent. It is estimated that more than one-half of the country's 21 million teen-agers over 15, and approximately one-fifth of those under 15, are sexually active.

Withholding information about birth control will not preserve the family. President Reagan would better serve us all by recognizing the changes now taking place in the nature of the family unit and confronting the challenges of the future, rather than looking back to a past that no longer exists.●

BLUEPRINT FOR A HOUSE THAT WORKS: PART III

HON. TRENT LOTT

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. LOTT. Mr. Speaker, last December the President's Commission for a National Agenda for the Eighties released its final report, "A National Agenda for the Eighties." Chapter 5 of that report, entitled "Democracy, Politics, and Institutions in the Eighties," contains an incisive analysis of the current fragmented nature of our Government and thus the difficulty in reconciling competing demands made on the system and in making coherent national policy.

We need look no further than our own House for one of the primary sources of this fragmentation problem that threatens to paralyze our system. As the Commission report notes, our committee jurisdictions are tangled, overlapping, and duplicative, and the multiple referral of bills only exacerbates this problem. The proliferation of subcommittees has further added to the confusion and delay. Finally, our oversight of Federal agencies and programs is uncoordinated, irregular, and lacking in clear priorities.

To address this problem of fragmentation in the legislative branch, the Commission has recommended a reduction in the number of subcommittees, realining committee jurisdictions by function, greater use of ad hoc legislative committees, limiting the multiple referral of bills, and strengthening our oversight and budget processes.

Mr. Speaker, I find myself in agreement with the critique and recommendations of the President's Commission

with respect to the Congress. In fact, my own package of committee improvement amendments, House Resolution 100, closely parallels the recommendations of the President's Commission. My House rules amendments would limit all committees, except appropriations, to no more than six subcommittees, and all Members to no more than four subcommittee assignments; they would eliminate the joint referral of bills while retaining split and sequential referrals; and they would establish a procedure for a more formal consideration and adoption of committee oversight agendas at the beginning of each Congress. Moreover, to further strengthen our committee system, my amendments would require majority quorums for the transaction of business, eliminate proxy voting, require equitable party ratios on committees, and provide for adoption of an overall committee staff ceiling resolution at the beginning of each year.

I am currently circulating for cosponsors of House Resolution 100, which I will reintroduce on April 15, and invite my colleagues to join me on this blueprint for a House that works. A more detailed explanation and the text of my resolution can be found in the March 4 CONGRESSIONAL RECORD at page 3545.

At this point in the RECORD, Mr. Speaker, I include the pertinent portions from chapter 5 of the Commission report, and commend it to the reading of my colleagues. Excerpts from the chapter follow:

[From "A National Agenda for the Eighties," the report of the President's Commission for a National Agenda for the Eighties, December 1980]

CHAPTER 5—DEMOCRACY, POLITICS, AND INSTITUTIONS IN THE EIGHTIES

The Problem of Fragmentation. No society has been able to pursue all of its goals simultaneously, but the establishment of priorities for the United States in the Eighties will be difficult for several reasons. First, the organization and procedures of our institutions make it increasingly difficult for our political leaders to select among hard choices. Second, our people are (with some reason) cynical about the capacity and good judgment of the government and may resist the attempts of leaders to pursue some goals at the expense of others. Finally, the federal government is involved in more aspects of people's lives than ever before, and so there are more opportunities for the public to be disappointed by the government's performance.

An example of the difficulty our national institutions have had in making coherent national policy is in the field of welfare reform. As Chapter 4 points out, the United States has not one but at least five different types of government welfare programs: government aid to members of the poor, government provision of minimum standards, government insurance against loss of income, government aid for purchasing essentials, and government provision of opportunity.

Of course, a multiplicity of approaches need not be bad. A diverse population may require flexibility in bringing welfare to its people. But many critics agree that we have not too much flexibility but too little. The nature of our political process locks us into anachronistic approaches to welfare which limit the nation's ability to deal with modern problems; our social welfare system is a collection of uncoordinated programs, passed on an ad hoc, program-by-program basis. There is widespread agreement that the programs are too profuse and too complex to serve average citizens well. The programs are also criticized because they are marred by inefficiencies, they contain strong work disincentives, and they are increasingly costly.

There are two major reasons for the inability to reform the welfare system: (1) the presence of "iron triangles" or "subgovernments"—informal alliances of organized interest groups, executive agencies, and Congressional committees; and (2) the fragmented organization of Congress and the executive branch. Comprehensive welfare reform has been stymied by the presence of the iron triangles because such alliances are committed to the support of existing programs. More ambitious proposals failed in part because some of the client groups felt that they would not fare as well under new as under existing programs. Over the years Congressional committee members have also developed loyalties to, and built reputations upon, particular programs. The decentralized committee structures have helped to lock legislators into a program-by-program view of social policy. Consequently, representatives have been reluctant to deemphasize these programs in favor of a more comprehensive approach. And, of course, the same commitment to particular programs and clients also characterizes policymakers in the executive branch.

Comprehensive reform has also been difficult to accomplish because of the fragmented organizations of Congress and the executive branch. The complexity of the income security system is inherent in the very structure of the federal Congressional committee system and executive branch. It is estimated that 119 Congressional committees and subcommittees and 17 departments and agencies have some jurisdiction over the welfare system. This situation is exacerbated by the large number of state, county, and municipal government units which share program policymaking, funding, and administrative roles.

This section suggests several strategies for improving national policymaking: strengthening the parties, reforming federal elections, and improving the organization and procedures in Congress and in the executive branch. Putting into effect any of the proposed methods to restore substantial economic growth, or securing the passage of policies for energy conservation and development, welfare, or health, will require stable, coherent, decisive political leadership in government. The President, our only nationally elected leader, is still the person to whom groups turn when their demands are not satisfied elsewhere. But coherent and long-term leadership will, in turn, only become possible in our democracy through the creation of working political majorities—in the parties, in the Congress, in the executive branch, and among the levels of government in the nation at large.

There is a widespread belief that in recent years society has become increasingly fragmented and government increasingly bogged down. We are well aware that correcting this situation requires great subtlety. The line between paralysis of action and tyranny of the majority is much finer than one might think. Great care has to be taken to ensure that in bringing about working majorities, the rights of minorities are fully protected and that Congress, the President, and the political parties are all held accountable for their actions.

Much of the current difficulty in reconciling competing demands can be traced to the transformation of our political parties. In recent years our parties have become so weakened that they have considerable difficulty in carrying out their functions as a medium for compromise. Public support of the two major parties has declined seriously since the mid-1960s. In interviews, fewer adults say that they have strong confidence in the parties. The proportion of citizens of voting age who identify themselves as strong Democrats or strong Republicans has declined, and a larger proportion view themselves as independents. The amount of split-ticket voting has increased.

Unfortunately, even though the national parties have less support among the electorate, nothing else has arisen to replace them as a means of achieving compromise among the conflicting demands of citizens and as a link between citizens and elected officials. There has been a proliferation of interest groups, which can perform some, but not all, of the functions of parties. Such groups are quite valuable in communicating the needs of their members to elected officials. They are also increasingly effective (through grassroots organizing and through their Political Action Committees) at rewarding some officials and punishing others. The one feature of parties that is not shared by these groups is the capacity to reconcile competing interests and to compromise for the good of the nation as a whole.

The parties no longer have the central role they once had in the selection of candidates, either for the Presidency or the Congress. For the Presidency, a multitude of primaries, dominated by media events, has replaced party officals in the selection of nominees. In Congressional campaigns, parties have an even smaller influence on the selection of candidates. Candidates depend on ad hoc reelection committees, committed primarily to their elections, and on the organizational and fundraising abilities of organized interest groups.

The way in which candidates are recruited has made incumbents independent of the parties for their elections. This independence raises serious questions about the ability of Presidents to get unpopular measures passed, even within their own parties. Of course, every President is better able to influence public opinion than the Representatives and Senators are; every President has a "bully pulpit" which is not available to individual members of Congress. Unfortunately, the power to exhort the public is not usually sufficient to get an administration's program passed, because the members of Congress know that their futures are determined independently of the President's.

Incumbents are not judged on the basis of how well the system as a whole operates, but on how well they are able to explain their individual acts. There is an unfortunate tendency for Presidents to blame "do-nothing" Congresses, for Congress to blame "inefficient" bureaucracies. The point is not that our institutions are blameless, but that it is too easy for individuals to escape responsibility for how well the entire government works.

Particularly in Congress, the tendency to deny responsibility for how well the system as a whole works makes it easier for lawmakers to ignore the cumulative consequences of individual decisions. Many observers believe that our present system of policymaking favors policies that distribute tangible benefits, such as large construction projects, to a relatively large number of Congressional districts because such policies are attractive to members of Congress eager "to bring home the bacon." There is a tendency for members of Congress to vote for individual programs without thinking of the long-term cumulative consequences. There has been some progress in reconciling specific programs with overall goals since the formation of the Congressional budget process, but the political process is still not very effective at producing long-term, decisive policy, particularly in areas where the social and economic impacts and consequences of such policy are destined to work to the advantage of some and the corresponding disadvantage of others.

The widespread public perception that our institutions are not working effectively is reflected in increased cynicism and declining participation in traditional forms of political activity. Over the past two decades, the number of people who vote in national elections has dropped substantially at the same time that public disaffection with the government has grown. Several public opinion surveys since the mid-1960s have attempted to analyze citizens' belief in the responsiveness of government to the public. These surveys have shown that between the mid-1960s and the late 1970s the percentage of people who showed disaffection from government almost doubled, from 31 percent in 1964 to 60 percent in 1976.

Much of this disaffection is doubtless a consequence of the changing role of government in the past 50 years—government is involved in more activities than before, so that there are more opportunities for public dissatisfaction to arise. More people are also putting more demands on government than before, and so there is also the potential for alienation when their demands are not met. But some public alienation surely reflects the widespread belief among citizens that the government has responded inadequately to such troublesome problems as energy, inflation, and international economic competition.

Although the focus here is on the performance of our national institutions, individual citizens should also be encouraged to participate in political life. As the Quality of Life Panel points out in its report, unless there is also improved individual participation in the political process and understanding of issues, necessary broad public support for difficult policies (e.g., on energy) simply will not emerge. Encouragement of individual participation in citizenship activities is also needed, for the sake of the citizens themselves and their communities, as well as for the well-being of the nation as a whole.

The Coalition-Building Approach. Our recommendations are aimed at both public and political institutions. The urgent need for strong, reflective leadership does not, however, justify a major overhaul of the Constitution. There is a heavy burden of proof on proponents of Constitutional change to show that the asserted benefits clearly outweigh the unforeseen costs of changing a Constitution that has worked well for so long. The case in favor of Constitutional change is not strong enough to warrant the risks and unintended consequences that it would bring. In the past 50 years, American political institutions and democratic processes have served us remarkably well through a world depression and war, ongoing acrimonious international rivalry with the USSR, the civil disorders of the Sixties, and the major political crisis of Watergate. Our government has often displayed wisdom, resilence, courage, and, perhaps most important, long-term vision and foresight in projects such as the Marshall Plan of 1948.

Changes in our political institutions must also be based on sensitivity to the needs of many different groups, coupled with a commitment to the protection of minority rights. On many serious issues, there is a legitimate commonality of interests among diverse groups. It is important that the process of building coalitions focus on discovering where the shared interests lie on specific issues and on enlarging the base of support for policy alternatives among a broad range of groups. Our goal is to encourage the development of majorities on some of the most vital yet particularly troubling issues of the times. Such majorities could encourage the Congress and the executive branch to take more effective action on specific issues.

Thus, a degree of reform of American political institutions is needed, not in the expectation that any such mechanical correctives will of themselves give birth to more accountable and efficient two-party government, but in the more modest hope that certain changes will reduce some of the current procedural and structural impediments to coalition building.

Congress. Strengthening the parties will not by itself greatly improve the capacity of Congress to make difficult decisions. Because of its decentralized structure, Congress has great difficulty in dealing with important issues decisively and with dispatch. Recent changes in the seniority system have diffused power among a greater number of members of the House of Representatives, yet such disperal has, in turn, sometimes made action even more difficult to take. For different reasons, the number of Congressional subcommittees has proliferated, and each subcommittee carries significant authority in its domain to delay or block legislation. The problem is not that Congress consistently makes bad decisions, but that sometimes decisions are unduly delayed. Congress should make an effort to reduce the number of subcommittees—particularly the number of those with legislative responsibility.

There was a variety of proposals for reorganization at the committee level during the Seventies, but only minor changes have occurred. The Senate proved more willing to reorganize itself than did the House, but it still suffers from an unwieldy structure. It is sometimes difficult to obtain agreement on a policy or a piece of legislation because so many decisionmakers are involved. Moving in the direction of greater organization by function could yield a more effective organization and would also more closely parallel the organization of the executive branch, thus making the task of oversight easier.

In the absence of committee reorganization (which may simply prove too difficult to obtain), it is important that party leaders and caucuses continue to experiment with other means of strengthening party discipline and unity. Mechanisms for ensuring that subcommittees and committees are accountable to party leaders might, for example, include greater use of ad hoc committees, such as the House Ad Hoc Committee on Energy, to shortcut unwieldy or unresponsive committees. Another means for ensuring that timely decisions are made would be to give party leaders the power to set time limits as part of the process of multiple referral of bills. Presently, it is too easy for a single committee to delay important legislation. This is to say that there should not be multiple referrals of legislation—different committees can often bring valuable different perspectives to a piece of legislation—but we need to ensure that decisions are made in a timely fashion.

Finally, two of the most important Congressional tasks are overseeing the administration of the executive branch and allocating the federal budget. In these areas, it is not essential that working majorities emerge so that decisions can be reached. Congress has shown concern for improving its oversight, but there remains room for improvement, notably through closer coordination of oversight functions among committees with overlapping jurisdictions and through the establishment of oversight priorities that would ensure the systematic and regular review of all agencies. The creation of the House and Senate Budget Committees, the Congressional Budget Office, and the use of procedures to reconcile separate appropriations with an overall budget ceiling have helped Congress' ability to control the budget. Congress should, however, initiate at least biennial appropriations (instead of the current practice of yearly allocations) to allow for a more thorough Congressional review of programs and to enable agencies to improve their planning processes.●

DISSENTING VIEWS OF RON PAUL

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. PAUL. Mr. Speaker, I would like to call the attention of my colleagues to the dissenting views which I have filed to the House Banking Committee's semiannual report on monetary policy.

I had hoped that a new administration would lead to a new policy at the Federal Reserve, a policy that would eliminate inflation, record interest rates, and the growing threat of recession and unemployment, but my hopes have been dashed. The Fed has indicated that it intends to continue the same disastrous programs it began last year.

As an alternative I have proposed a three-point program to end inflation and to put us on the road to a sound monetary system. The program is very simple, and it could easily be put into effect, if there were the will, either at the Fed or in the Congress, to do so.

First, the Fed should freeze reserve requirements at their present levels. Lowering the requirements will cause inflation; raising the requirements will cause deflation.

Second, the Fed should cease all buying and selling of securities. Buying securities is inflationary; selling securities is deflationary.

Third, the Fed should close the discount window. Making direct loans from the Fed to depository institutions, whether the loans be at market, below market, or above market rates.

If we are to return to a free society, we must end Government intervention in the economy, particularly the most sensitive part of the economy, the monetary and credit systems.

DISSENTING VIEWS OF RON PAUL

During 1980, we witnessed—and suffered from—the complete failure of monetary policy at the Federal Reserve. For years, the Fed had been focussing on interest rates as the guide to what it should do, and the Fed suffered scathing criticism from the Monetarists for doing so. What the Fed should do, said the Monetarists, is to forget interest rates and concentrate on M growth. The dean of the Monetarist school, Milton Friedman, preferred M_2 as the correct barometer, but other Monetarists insisted that any M would do, since they all move virtually in unison.

On October 6, 1979, the new Chairman of the Federal Reserve Board of Governors, Paul Volcker, announced the Fed's conversion to Monetarism, and stated that henceforth the Fed would be targeting M growth rather than interest rates. The result has been, in Jude Wanninski's phrase, a "gyrating standard." The more the Fed "intervenes to attempt to hit its targets, the more the gyrations, the less the unit of account is worth to the exchange economy. It is as if the Bureau of Weights and Measures, in attempting to maintain the yardstick as standard of measure, erred in the morning and came up with 35 inches, then shot for 37 in the afternoon so the average would come to 36."

We have now seen the horrendous results of this policy, and even Milton Friedman announced that he had changed his mind in the Wall Street Journal for January 30, 1981. He now proposes that the Fed control the monetary base directly, for "the base consists of the Fed's own liabilities, on which it has accurate day-to-day figures." Epistemology has always been a weak point in the Monetarist system, and it now appears that at least one of the Monetarists has begun to realize the importance of a sound epistemology.

Fortunately or unfortunately, there is always a lag between the latest fashion in academic economics and the monetary policy adopted by the government. The Monetarists are changing their minds, but we here in Congress are still trying to make a policy work that brought us stupendous M growth in the five months preceding the election; record prime, mortgage, and Treasury bill rates; and a sense of irrationality in the whole economy.

I would like to suggest something quite different, a policy designed to allow President Reagan to achieve his economic goals, and then some. To quote Jude Wanninski:

"The object of monetary policy should not be to put money into or take money out of the consumer's pocket, but to provide producers—and consumers—with a unit of account that does not change in value, thus permitting goods and services to be traded over long periods of time."

Under the gold standard, bonds were issued with 100 year maturities at 6 percent interest. It is that kind of stability that is necessary for the long range planning of a capitalist society. And it is that kind of stability that has been totally absent under the present monetary regime.

There are several immediate steps that could be taken to achieve this stability. First, freeze all reserve requirements at their present levels. Further decreasing or increasing of such requirements would be either inflationary or deflationary. All discretion on pegging reserve requirements should be removed from the Fed.

Second, the Open Market Committee should be abolished, and the Fed prohibited from buying or selling any securities whatsoever. Buying securities is inflationary; selling is deflationary.

Third, the Fed should close the discount window. Making loans directly from the Fed to depository institutions is always inflationary, whether the loans are made at market, below-market, or above-market rates.

In short, the Fed and the Congress must stop trying to second and third guess the economy. The Monetarists, who are opposed to most government intervention in the economy, are arch-interventionists when it comes to the most sensitive and fragile aspect of the economy, the monetary system. It's such government intervention that must be abolished if there is to be any genuine progress toward deregulation.

Ultimately, of course, the nation's monetary policy should not be decided by the Federal Reserve System at all, but should be monitored by the Bureau of Weights and Measures. A gold dollar, consisting of a weight of pure gold, should be the unit of account of the government, and the government's role should simply be to punish fraud, not to intervene by supplying money and draining off money. Such interventionist policies will always fail.●

HAS THE U.S. EXPORT PROBLEM BEEN SOLVED?

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. AuCOIN. Mr. Speaker, in its rush to trim the Federal budget—a goal that few will dispute—the administration has set its sights on the Export-Import Bank, proposing direct loan reductions of $6.7 billion over the next 5 years. The reasoning is that the Bank provides loans to profitable corporations and therefore such financing is an unnecessary subsidy. Under the guise of our worthy efforts to balance the budget, we are gutting one of the mainstays, America's export program.

Of course, the argument that the Bank is expendable because it only supports profitable corporations is specious; and under closer scrutiny it breaks down.

In a response to this attack, Dr. Penelope Hartland-Thunberg, director of economic research at the Georgetown Center for Strategic and International Studies, has written a concise report. She points out that the long-term decline in U.S. exports has not been reversed and that, in cutting the lending authority of the Bank, the United States faces the real danger of unilateral disarmament at the onset of an insipient export credit war.

Dr. Thunberg, formerly a member of the board of national estimates of the Central Intelligence Agency and the U.S. Tariff Commission, notes that price alone does not win orders, and that conditions of sale are far more important to the successful export effort. Conditions of sale include the competitiveness of our financing any transaction.

The report is a special supplement to the excellent U.S. Export Competitiveness Series, sponsored by CSIS under the executive direction of Ambassador Michael Samuels.

Mr. Speaker, this supplementary report spells out clearly the perils of cutting back on Exim. I commend it to the attention of my colleagues and ask unanimous consent that it be inserted in the RECORD at this point.

The article follows:

HAS THE U.S. EXPORT PROBLEM BEEN SOLVED?

(By Penelope Hartland-Thunberg)

FOREWORD

In the last few weeks, the subject of export credit financing and the role of the U.S. Export-Import Bank has taken on a new dimension in light of the intention of the Reagan Administration to cut drastically the lending authority of the Eximbank over the next few years. Although the Bank's lending programs have a significantly different relationship to the federal budget than the spending programs of other government agencies, the Administration has recommended direct loan reductions of $6.7 billion over the next five years and the virtual elimination of the discount loan programs.

Over the last two years, the Center for Strategic and International Studies in its U.S. Export Competitiveness Project, has conducted a comprehensive study of the decline of U.S. export performance. This project has produced 13 studies to date on the various components of this critical issue and will release seven additional reports in the months ahead. A clear conclusion of this project is that the United States has an urgent export imperative. Maintaining and increasing U.S. exports must be pivotal to the building of a strong international economic policy.

In view of the vital contribution of the Eximbank to U.S. export performance, CSIS is pleased to issue the following report as a special supplement to the U.S. Export Competitiveness series. Dr. Penelope Hartland-Thunberg, a senior economist for CSIS, finds that evidence does not support the claim that the long-term decline in U.S. exports has been reversed. In fact, the probabilities favor a continuation of the present dollar's strength that will act as a sustained depressant on future U.S. exports. By cutting the lending authority of the Eximbank, the United States faces the danger of "unilateral disarmament" at the onset of an export credit war now fomenting among the industrialized nations.

The Center is proud to present this important contribution to the current Eximbank funding debate.

MICHAEL A. SAMUELS,
Executive Director.

March 1981.

HAS THE U.S. EXPORT PROBLEM BEEN SOLVED?

In 1978, the then Assistant Secretary of Commerce, Frank Weil, observed "Each year, within a year or so from the commencement of strong export program, the financial winds change and the balance of payments problem grows less. Thus each time . . . there is a risk that if our current account deficit shrinks, as we hope it will, that the will behind the effort will be sapped away by other priorities.[1]

Indeed, since those words were spoken, current account deficits of about $15 billion dollars in 1977-78 have been replaced by a surplus of $5 billion. U.S. exports have grown by 25 percent or more during each of the past two years, and the U.S. trade gap has declined by nearly $5 billion.[2]

Today in the pressure of budget-cutting in President Reagan's White House, the current healthy level of U.S. exports is being cited as evidence that money can be saved by cutting such export-aids as the loan activities of the U.S. Export-Import Bank. Has the competitive position of U.S. business in world markets really shifted permanently for the better? Or was the Assistant Secretary of Commerce uncommonly prescient in 1978 when he suggested that "other priorities" might once again sap a long-range export effort?

Our examination of the basic determinants of U.S. competitiveness suggests that the sanguine explanation of the improvement in U.S. trade and payments is just that—merely optimistic.

BASIC DETERMINANTS OF COMPETITIVENESS

The competitive position of a nation's exports in world markets is basically a function of its export prices and the uniqueness of its goods. There are very few goods entering world trade today which are truly unique, in the ense that no useable substitute for them exists. Although one item or one supplier may be preferred over another other things being equal, a less preferred item or supplier will be chosen if the price difference is sufficient or if some other consideration compensates for the degree of uniqueness in the preferred item. Certain of the most technologically advanced computers are truly unique for certain purposes, but the number of such truly unique products can probably be counted on one hand. Thus in the vast bulk of international transactions, the determining factor in exports and imports will be price.

The concept of price which is relevant to a consideration of the competitive position of any country is an all-inclusive one, including the time and place of delivery and the time and place of payment.

Differing conditions of sale among different potential suppliers frequently are far more important than the price of the narrowly defined product alone in determining which supplier will win the order. This is especially true for "large-ticket" items like aircraft, telecomunications systems, "turnkey" projects involving factories, dams, power systems or other custom-designed industrial enterprises or systems. Where millions of dollars are involved, differences in design among different suppliers are likely to be minor compared with differences in conditions of sale in determining which bid is accepted. In 1980 Eastern Airlines chose the European-produced Airbus over the Boeing 767, despite the fact that the American product was preferred for its purposes. It did so because the credit terms available with the Airbus made its overall price irresistible. Later Transworld Airlines was induced to order the 767 rather than Airbus because, according to the (London) Economist (February 14, 1981) "Boeing practically gave away" its price thus absorbing the credit differential.

For small-ticket items the condition of sale which is probably most important in determining export competitiveness in today's world is the currency in which payment is to be made. With fluctuating exchange rates, the current strength or weakness of a currency can be the determining factor in the choice among potential suppliers. Soundly based econometric studies have demonstrated the close relationship between currency values and total level of exports.[3] For the United States, for example, it has been established that the volume of exports will rise or fall twelve to eighteen months after a price change which occurs due to an exchange rate shift.

Price competitiveness in this broad sense is very much subject to the influence of differences in government policies among the trading nations of the world. Differences in financial or monetary policies, undertaken for reasons related to the level of employment or inflation within a country, affect interest rates and exchange rates. On a less aggregative level, differences in national policies regarding such internal matters as environmental controls, business taxes of all kinds, human rights regulations, labor standards and protections can in their cumulative effect have a profound influence on price competitiveness. It is now generally recognized that the competitiveness of American business in world markets has suffered a dual disadvantage of increasing intensity during the past decade or so stemming not only from the cost-increasing impact of regulations of the U.S. government but also from the cost-decreasing impact on U.S. foreign competitors of the export support programs of foreign governments.

CURRENT POSITIONS OF U.S. EXPORT COMPETITIVENESS

Both the U.S. Congress and the Executive Branch acknowledge the role of U.S. government policies in depressing U.S. exports; it is therefore expected that major steps will be taken this year to remove or amend a number of the more burdensome laws and regulations. The U.S. tax burden on U.S. businessmen abroad is likely to be reduced and the antiboycott law simplified; the Foreign Corrupt Practices Act will probably be made more realistic; antitrust policy as it applies to U.S. business abroad is likely to be adjusted. In addition, the government-wide review of federal rules and regulations as they add to business costs will result in an additional source of relief for U.S. exporters.

At the same time, however, the executive branch has recommended the emasculation of the one U.S. government effort which has had the effect of helping to counter the competitive disadvantage to which U.S. exporters are subjected by foreign government subsidies of their competitors' export credit terms. The reduction in U.S. Export-Import Bank credits proposed in the 1981 U.S. budget comes at a most unfortunate time. As a recent issue of the (London) Economist noted, (February 14, 1981) "A credit war has broken out among the rich exporting countries of the west." (p. 78). A four-year-old gentleman's agreement among OECD countries to adhere to the same credit terms for certain categories of foreign buyers fell apart last year, in large part because of the intransigence of the French. Thus, just as the time when our chief competitors in Europe and Japan have declared credit warfare by making the terms of their officially-supported credits more liberal and more imaginative, the United States is being asked by the executive branch to declare "unilateral disarmament in the trade field."[4]

The forms of direct and indirect subsidies provided by foreign governments to their exporters vary greatly and recently have become increasingly difficult to identify. The important question, however, is whether other developments affecting U.S. exports favorably are likely to be sufficient to counterbalance the unfavorable effect of the credit war and U.S. "disarmament," so that over-all U.S. exports will not suffer. The executive branch acknowledges that the cuts in lending could hurt U.S. exports, (Journal of Commerce, February 13, 1981) but their citing the current healthy U.S. export level implies that in their thinking other factors will compensate for the injury.

Skepticism about such claims is warranted because it is widely accepted by competent students of the international economy (e.g. Federal Reserve Bulletin, January, 1981, p. 10) that the current improved competitive position of U.S. exporters is the result of the 1977-78 depreciation of the dollar. Since late 1978, however, the dollar has risen slowly and by the end of 1980, the real effective exchange rate (its trade-weighted value allowing for differences in national rates of inflation as computed by Morgan Guarantee Bank) had returned to its 1977 level.

During the second half of 1980 the dollar rose 7 percent on the average and since then has risen even further against most European currencies. The effects of the dollar's strength will appear in trade data for late 1981 and early 1982, in a decline of U.S. exports and an increase in U.S. imports following the well-established lag of 12 to 18 months.

The dollar's recent strength is traceable primarily to extraordinarily high U.S. interest rates, secondarily to slower economic growth during 1980 in the United States than in our major trading partners. Slower U.S. growth depressed U.S. imports more than relatively higher (although slowing) growth rates abroad depressed our exports. The outlook for the next year or two, however, is for a combination of interest rate factors and growth factors both operating to depress U.S. exports.

U.S. interest rates are likely to remain high by historic standards as a result of continued inflationary pressures and the ef-

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[1] Quoted in Hartland-Thunberg, P. Political and Strategic Importance of Exports, Significant Issues Series, (Washington, D.C.: Center for Strategic and International Studies, 1979), p. 18.

[2] Chase Manhattan Bank, International Finance, January 5, 1981.

[3] The seminal article in such studies, for example, was Junz, H. and Rhomberg, R., "Price Competitiveness in Export Trade Among Industrial Countries," American Economic Review, May 1973.

[4] Ambassador Michael A. Samuels in speech before the Scripps Howard Newspaper Editors, Williamsburg, Virginia, September 8, 1980, processed.

forts of the monetary authorities to control them. Further, any decline in U.S. interest rates is likely to be accompanied by declining rates abroad because European governments are currently chaffing at being forced into tighter money policies than they wish because of pressures on their exchange rates. Thus the interest rate differential in favor of the dollar will probably endure, sustaining the attraction to foreigners of dollar investments and thereby keeping the dollar strong. A strong dollar, moreover, contributes to the U.S. fight against inflation by keeping import prices low. The probabilities thus favor a continuation of dollar strength and thus a sustained depressant on future U.S. exports.

High interest rates, moreover, will have serious repercussions on the most rapidly growing developing countries which have become important markets for the manufactured exports of the industrial nations and currently absorb one-third of such U.S. exports. The rapidly growing LDCs have been the big borrowers. A large part of their outstanding indebtedness is on a floating interest rate basis. The sharp rise in rates between 1979 and 1980 added 50 percent to their interest payments and contributed significantly to their financial difficulties. Their imports are already growing more slowly under the combined weight of higher prices for oil imports and interest payments; the trend toward deceleration in U.S. exports to these countries is likely to continue at least for the next year or so.

Economic growth in the major industrial countries during 1981 is expected to decline and to be lower than it was in, 1980.[5] These facts imply that cyclical factors of declining growth abroad will reinforce the depressing effect of exchange rate factors on U.S. exports. Consideration of the aggregative forces affecting U.S. trade thus do not argue in support of a counterpoise to U.S. "disarmament" in the export credit war.

Despite these aggregative trends are there perhaps specific developments that might influence this conclusion? As we have noted export credits are an important element in international competition primarily for the large-ticket items, the very expensive exports. Since most of these are custom-tailored for the requirements of the purchaser, they are less vulnerable to exchange rate changes than are consumer goods. This, however, is another way of saying exchange rate changes are usually smaller than other factors like interest rate differentials which combine to determine price bids including conditions of sale.

Relevant to a consideration of the trend in U.S. competitiveness is the change in the U.S. share of world exports of manufacturers. In fact it was persistent decline in this share from over 20 percent in the 1960s to a low of 17 percent in 1978 that sparked the original concern in the United States over a decline in U.S. competitiveness.[6] The inexorable decline in the U.S. share was finally broken in 1979 when the share rose from 17.0 percent to 17.4 percent. Available preliminary data for the first half of 1980 show a continued improvement. The change in direction, welcome as it is, however is neither sufficiently robust nor of sufficiently long duration to indicate unequivocally that the declining trend has been reversed. In fact there is a serious danger that U.S. "unilateral disarmament" at the onset of an export credit war could bring about a reversal of the reversal that is being so roundly welcomed.

How long are U.S. exports likely to suffer the effects of cut-throat competition from Europe and Japan in the export credit war? No one can answer the question of course, but it seems safe to conclude that the warfare will last longer if the United States is a nonparticipant than it would if this country, accounting for one-quarter of global GNP, were to be a serious combatant. The intransigence of the French, which was the reason for the failure to renew the previous international agreement on minimum credit terms, would probably evaporate quickly if they became convinced that the U.S. Congress and the U.S. Executive were serious about a threat to meet any government-sponsored credit terms offered by U.S. export competitors. Such a threat, backed by action if necessary, would probably cost the U.S. government less in expenditure than "unilateral disarmament" will in lost revenues.

SUMMARY

History appears to be repeating itself. The Reagan White House is recommending a cut in the funding of the U.S. Export-Import Bank. "Other priorities" may once again sap a much needed, long range effort to reverse the trend in the decline of U.S. exports. The reason supporting this cut is the current healthy level of U.S. exports; however, our research suggests that this approach is overly optimistic. The evidence does not support the claim that the long term decline in U.S. exports has been reversed. Accordingly we do not believe it wise for the United States, in the current export credit war, to disarm itself unilaterally by cutting the Eximbank funding.●

[5] OECD, *Economic Outlook*, December 1980.
[6] U.S. Department of Commerce, International Economic Indicators, December 1980.

THE HOUSE SETS AN EXAMPLE

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. DYSON. Mr. Speaker, several weeks ago I sent a letter to President Reagan expressing my opposition to the proposed 16-percent increase in salaries for Members of Congress, Federal judges, and high-level Federal officials. In an affirmation of what I said in that letter to the President I voted against the pay raise. My reasons were simple; We, as America's leaders, have to set an example for the rest of the country.

People all over the United States are being asked by their local, State, and Federal officials to "tighten their belts." The President, in his program for economic recovery, has asked us to restrain ourselves even further as we pare down the Federal budget. There is no question that we are facing austere economic conditions and in my own mind there is no question that with the proper course of action we will overcome our economic difficulties. The real question which faces and will continue to face the Congress is setting an example that the rest of the country can look to and find support.

I am very pleased that the House rejected the pay raise proposal. It is a symbol that the Congress is looking out for the best interests of the country and not for itself. It is also a symbol of the direction the Congress will take in sharing in the task of setting this country back on the right track of prosperity. I know that the people of Maryland's First District are ready to do their share.●

ILLEGAL DRUGS—ROSS PEROT

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. COLLINS of Texas. Mr. Speaker, Ross Perot is leading the fight to end the drug traffic in Texas. We all agree that drugs are the No. 1 social and criminal problem in the United States. Yet, so many times drugs is a subject we talk about and we are not moving in for firm action.

Gov. Bill Clements appointed Ross Perot as chairman of Texans' War on Drugs Committee which is a citizens committee composed of 16 prominent Texans.

Ross is one of the Nation's leading businessmen serving as chairman and chief executive officer of Electronics Data Systems which is a company that he founded. His hard-hitting Navy experience that carries through from his days at Annapolis gives him the drive for leadership in this essential war against drugs. The Dallas Morning News had an excellent summary of Ross Perot's activities. Here is a summary of the high points in the Dallas Morning News story.

[From the Dallas Morning News]

ILLEGAL DRUGS

Illegal drug use is the No. 1 social and criminal problem in the United States. Consider these facts:

Roughly 80 percent of the convicts in the Texas penal system were involved in drug-related crimes, primarily involving theft to support individual drug habits.

Between 75 and 85 per cent of the persons arrested in sting operations are stealing to support drug habits.

Four out of 100 12-year-olds in our state used marijuana in the past month.

One out of eight high school seniors is a daily marijuana smoker.

More than 7,500 medical studies presenting the damage done by marijuana have been published. The medical evidence is overwhelming that marijuana is a powerful, damaging drug, particularly when use by teen-agers whose minds and bodies are still developing. Drugs, including marijuana, interfere with normal growth at the cellular level.

The part of the brain that allows a person to focus, concentrate, create, and conceptualize is adversely affected by the use of drugs, and over a period of time, can be permanently damaged.

Medical studies show permanent, irreparable damage to the female reproductive system with long-term use of drugs, including marijuana.

The immune system is adversely affected, producing a significant increase in infections. A single marijuana cigarette every other day for a year over a period of several months will produce a 41-percent decrease in the white blood cell count.

Drugs, including marijuana, affect the ability to react. A single normal strength marijuana cigarette will result in a loss of 42 percent of a person's driving skills. Two cigarettes will cause a 63 percent decrease in driving skills.

Drugs, including marijuana, reduce our mental capacity. Newly acquired knowledge goes into short-term memory and is then transferred into long-term memory. Use of drugs reduces the ability of short-term memory to retain information and transfer it into long-term memory.

With 62 percent of our 21-25 year-old age group experimenting with drugs, unless we change this trend, our economic structure will deteriorate over a period of time.

The Texans' War on Drugs Committee has concluded that we must do three things to combat drugs in our state effectively.

1. We must educate parents and children throughout the state. Only the parent, working with the child, can effectively prevent the child from experimenting with drugs. We have studied all the prevention programs. Programs in the schools, churches and youth groups can provide support, but the primary responsibility rests with the parent.

Next September, with the help of the Texas Medical Auxiliary, the Junior Leagues, and the Parent Teacher Association across our state, we will be working with the parents of every child in every grade in every public school in Texas to protect our children.

2. We need to enact legislation to reduce the availability of drugs in our state. Our committee has several bills pending before the legislature.

The first bill is Senate bill 393-House Bill 730, which will force drug smugglers to think twice about bringing drugs into Texas. Currently, our state is one of the "easiest" Gulf Coast states for drug smuggling since the penalty for getting caught is not as great as in the other four states. This bill will provide stiff penalties against drug smugglers.

Drug dealers who get caught selling to children will be hit hard if S.B. 397-H.B. 729 is passed. Convicted dealers will be denied probation or suspended sentences, unless a jury recommends otherwise.

3. We need uniform law enforcement and prosecution of major drug dealers in every area of Texas. Wherever we have soft spots in our state, major drug dealers set up operation.

EL SALVADOR

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. FAUNTROY. Mr. Speaker, I enthusiastically join my distinguished colleague from Massachusetts who has provided this body with such fine leadership on the question of El Salvador.

Tragically, the Reagan administration, in pursuit of a military solution in El Salvador, is ignoring the opportunity for a political solution and is further polarizing the situation, isolating the United States from most of the political forces of El Salvador and our friends in the region.

A story in the Washington Post of March 13 indicates that the weight of public opinion and indeed world opinion against such a reckless policy must be bringing the administration to its senses. This is certainly true of the mail and calls I am receiving from my constituents in the District of Columbia which has been unanimous in its opposition to the provision of military assistance to the junta in El Salvador.

The reality is the administration's policy is counterproductive and simply cannot stand the test of public scrutiny.

I congratulate Congressman STUDDS on his leadership and his authorship of H.R. 1509 of which I am a proud cosponsor.●

STATUS OF THE CONGRESSIONAL BUDGET FOR FISCAL YEAR 1981

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. JONES of Oklahoma. Mr. Speaker, the House Budget Committee today is notifying the Speaker of the House of the current levels of congressional action on the budget compared to the spending ceilings and revenue floor established by the second budget resolution for fiscal year 1981. In order to keep Congress advised of the effect of its spending and revenue actions compared to the overall totals set in the most recently adopted budget resolution, periodic reports are required by section 308(b) of the Budget Act. Under the act, a point of order lies against any measure that would cause the spending ceilings or the revenue floor established by a concurrent resolution to be breached.

This report is based on the revised CBO 1981 economic forecast and spending and revenue reestimates for fiscal year 1981. In the January 15, 1981, Presidential budget submission, the estimates of spending and revenues were revised to reflect the latest economic and programmatic information. A complete review of these reestimates has been conducted and agreed upon by the Budget Committees and CBO; the committee will begin the review of the March 10 revisions within the next few weeks. The incorporation of these reestimates will bring current level to $19,595 million over the resolution in budget authority, $27,625 million over the outlays and $3 billion in revenues over the revenue floor. These revised spending levels will prevent any consideration of spending legislation and urgent supplementals requested by the President until the second resolution for fiscal year 1981 is revised.

I expect that a revision to the second resolution for fiscal year 1981 will be reported to the House approximately April 14, 1981, as title I of the first concurrent resolution for fiscal year 1982. The committee is hopeful that the congressional timetable for completion of the first resolution for fiscal year 1982, which will incorporate the revision of the second resolution for fiscal year 1981 will be completed by May 15, 1981.

The spending increases reflected in these reestimates have not been due to actions taken by Congress since the passage of the second budget resolution. The increases are primarily due to changes in the economy, including higher interest and inflation rates than were assumed in the second budget resolution. These factors escalate the cost of Federal programs tied to the economy. Interest alone has gone up $6 billion.

A copy of my letter to the Speaker and of the committee's report are attached:

COMMITTEE ON THE BUDGET,
Washington, D.C., March 17, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: On January 30, 1976, the Committee on the Budget outlined the procedure which it had adopted in connection with its responsibilities under Section 311 of the Congressional Budget Act of 1974 to provide estimates of the current level of revenues and spending. I am herewith transmitting the status report under H. Con. Res. 448, the Second Budget Resolution for Fiscal Year 1981. This report reflects the resolution of November 20, 1980, and estimates of budget authority, outlays, and revenues based on all completed action on spending and revenue measures as of the close of legislative business March 13, 1981.

Sincerely,

JAMES R. JONES,
Chairman.

REPORT TO THE SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES FROM THE COMMITTEE ON THE BUDGET ON THE STATUS OF THE FISCAL YEAR 1981 CONGRESSIONAL BUDGET ADOPTED IN HOUSE CONCURRENT RESOLUTION 448

REFLECTING COMPLETED ACTION AS OF MAR. 13, 1981

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriate level	694,600	632,400	605,000
Current level	714,195	660,025	608,000
Amount over resolution	19,595	27,625	3,000
Amount under resolution			

BUDGET AUTHORITY

Any measure providing budget or entitlement authority for fiscal year 1981, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in H. Con. Res. 448 to be exceeded.

OUTLAYS

Any providing budget or entitlement authority which is not included in the current level estimate and which would result in outlays for fiscal year 1981, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in H. Con. Res. 448 to be exceeded.

REVENUES

Any measure that would result in a revenue loss for fiscal year 1981 of more than $3,000 million, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in H. Con. Res. 448.

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., March 17, 1981.

Hon. JAMES R. JONES,
Chairman, Committee on the Budget,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request, this is to advise you of our most recent estimates for the current levels of new budget authority, outlays and revenues for fiscal year 1981. The tabulation below is based on a comprehensive review of spending and revenue estimates that incorporates Congressional action to date, a changed economic outlook, administrative actions, and new programmatic information. The attached material provides more details on the tabulation below and the results of our comprehensive review of budget estimates.

[In millions of dollars]

	Budget authority	Outlays	Revenues
1. Enacted	614,269	583,293	608,000
2. Entitlement authority and other mandatory items requiring further appropriation action	8,699	9,348	.....
3. Continuing resolution authority	91,227	67,385	.....
4. Conference agreements ratified by both Houses	.....	.....	.....
Current level	714,195	660,025	608,000
Second concurrent resolution	694,600	632,400	605,000
Amounting remaining:			
Over resolution by	19,595	27,625	.....
Over floor	.....	.....	3,000

The current level budget authority and outlay estimates shown above are on a full year basis. Most of the funds normally provided through the foreign assistance, labor, health and human services, and education, legislative branch, and treasury, postal service appropriation bills, however, are now available under continuing appropriations authority contained in P.L. 96-536. This authority expires June 5, 1981. Our estimate of the total budget authority and outlays, with discretionary items funded under P.L. 96-536 estimated only through June 5, 1981, is $699,491 million in budget authority and $650,615 million in outlays.

Sincerely,

ALICE M. RIVLIN,
Director.

PARLIAMENTARIAN STATUS REPORT SUPPORTING DETAIL, FISCAL YEAR 1981 AS OF CLOSE OF BUSINESS MAR. 13, 1981

[In millions of dollars]

	Budget authority	Outlays
I. Enacted:		
Permanent appropriations and trust funds	375,352	346,378
Enacted previous session (96th Congress, 2d session)	315,554	313,552
Offsetting receipts	−76,637	−76,637
Enacted this session	.....	.....
Total, enacted	614,269	583,293
II. Entitlement authority and other mandatory items requiring further appropriation action:		
Function 050:		
Civilian and military pay raises	4,428	4,404
Feed and forage authority	830	689
Function 150:		
Payment to foreign service retirement and disability fund:		
Foreign assistance	2	2
Commerce, State	12	12
Offsetting receipt	−14	−14
Export-Import Bank limitation	.....	1
Function 350:		
Farm Credit Administration limitation	.....	1
Function 370:		
Administrative expense limitation:		
Federal Home Loan Bank Board	.....	3
Federal Savings and Loan Insurance Corporation	.....	(1)
Function 400:		
Highway-related safety grants	.....	9
Federal-aid highways program	.....	789
Federal-aid highway program limitation	.....	7
Trust fund share of other highway programs	.....	(1)
St. Lawrence Seaway Corporation limitation	.....	(1)
Function 500:		
Unemployment insurance trust fund transfer	.....	−15
Function 550:		
Federal hospital insurance trust fund transfer	.....	7
Function 600:		
Child nutrition programs	104	.....
Rail labor assistance	60	60
Subsidized housing programs	.....	89
Unemployment insurance trust fund transfer	.....	129
OASI trust fund limitation	.....	140
Civil service retirement trust fund limitation	.....	2
Railroad retirement trust fund limitation	.....	1
Function 700:		
Veterans readjustment benefits	492	386
Veterans compensation	1,057	960
Veterans insurance and indemnities	5	5
Function 750:		
Federal prison industries limitation	.....	(1)
Function 800:		
Payment to civil service retirement fund	513	513
Offsetting receipts	−513	−513
Function 920:		
Civilian agencies pay raises	1,722	1,669
Total, entitlement authority	8,699	9,348
III. Continuing resolution authority:		
Continuing appropriations (Public Law 96-536): [2]		
Energy and water	155	90
Foreign assistance	7,088	3,040
Offsetting receipts	−26	−26
Labor, Health and Human Services, Education	90,830	71,663
Offsetting receipts	−13,672	−13,672
Legislative branch	1,188	1,058
Treasury, Postal Service, and General Government	8,445	8,011
Offsetting receipts	−2,780	−2,780
Total, continuing resolution authority	91,227	67,835
IV. Conference agreements ratified by both Houses:		
Total current level as of March 13, 1981	714,195	660,025
Second concurrent resolution in the budget (H. Con. Res. 448)	694,600	632,400
Amount remaining:		
Over ceiling	19,595	27,625
Under ceiling	.....	.....

[1] Less than $500,000.
[2] Additional appropriation action is required to continue funding beyond June 5, 1981. The amounts shown represent annual amounts provided under this public law.
Note.—Detail may not add due to rounding.

FISCAL YEAR 1981 BUDGET ESTIMATES
(Mar. 17, 1981)

At the close of the 96th Congress, action had been completed on most of the 1981 budget. Nine of the thirteen regular appropriation bills had been enacted, and spending for programs included in the other four appropriation bills was covered through June 5, 1981, by the second continuing resolution. As shown in Table 1, outlays resulting from these actions, plus spending for certain entitlements and other mandatory items requiring further appropriation action, were estimated to be $630 billion, slightly below the second budget resolution ceiling of $632.4 billion. Revenues were estimated to be $613.4 billion, or $8.4 billion above the second resolution floor of $605 billion. The budget deficit stood at $16.6 billion, well below the $27.4 billion deficit specified by the second budget resolution.

TABLE 1.—BUDGET ESTIMATES FOR FISCAL YEAR 1981

[In billions of dollars]

	Budget authority	Outlays	Revenues	Deficit
Enacted at the close of the 96th Congress, with the continuing resolution through June 5	682.0	623.8	613.4	−10.4
Entitlements and other mandatory items requiring further appropriation action	6.3	6.2	.....	−6.2
Subtotal, current level at close of 96th Congress	688.4	630.0	613.4	−16.6
Additional spending if continuing resolution is extended to September 30	15.5	10.1	.....	−10.1
CBO reestimates due to change in economic outlook and other developments	10.3	19.9	−5.4	−25.3
Revised current level	714.2	660.0	608.0	−52.0
Second budget resolution	694.6	632.4	605.0	−27.4

Without any new budgetary actions by the 97th Congress, however, the budget outlook for fiscal year 1981 has changed sharply during the past few months. The latest estimates show a budget deficit of $52 billion. Most of the increase in the size of the deficit can be attributed to higher outlay estimates. An extension of the second continuing resolution to September 30, the end of the fiscal year, would add an estimated $10.1 billion in outlays. Spending reestimates by the Congressional Budget Office (CBO), based on a changed economic outlook, administrative actions, and new programmatic information, total another $19.9 billion in increased outlays. Finally, 1981 revenues under current law are now expected to be $5.4 billion lower than estimated in December.

NEW ECONOMIC ASSUMPTIONS

The most striking change in the economic outlook for the 1981 fiscal year period is higher interest rates. Interest rates rose sharply in the October-December 1980 quarter, and are now expected to be very volatile but remain at relatively high average levels throughout the remainder of the fiscal year. Inflation is also expected to be somewhat higher during fiscal year 1981 than was assumed for the second resolution, which will raise the costs of indexed programs such as Social Security. The budget reestimates assume, for example, that the July 1981 cost-of-living adjustment for Social Security, will be 12.0 percent, compared to 10.7 percent assumed for the second budget resolution.

TABLE 2.—ECONOMIC ASSUMPTIONS

[Dollars in billions]

	Second budget resolution		Latest CBO scorekeeping assumptions	
	1980	1981	1980	1981
Gross national product:				
Current dollars	$2,570	$2,841	$2,629	$2,933
Constant (1972) dollars	$1,422	$1,437	$1,482	$1,499
Incomes:				
Wages and salaries	$1,332	$1,469	$1,344	$1,481
Nonwage income	$446	$502	$474	$543
Corporate profits	$232	$237	$245	$242
Unemployment rate (percent)	7.3	8.0	7.2	7.8
Consumer Price Index (percent change year-to-year)	13.3	10.3	13.4	10.8
Interest rate, 3-month Treasury bills (percent)	11.0	10.6	11.4	12.5

As shown in Table 2, the latest scorekeeping estimates for the levels of gross national product (GNP) are higher than assumed for the second resolution. This is the result of higher inflation and a major revision in the GNP series announced in December by the Department of Commerce. Real economic growth in 1981 is expected to be about the same as projected for the second budget resolution. Taxable incomes are also expected to be somewhat higher in 1981 than assumed for the second resolution.

REVENUE REESTIMATES

The largest element in the $5.4 billion reestimate of current law revenues for 1981 is a $4.3 billion decrease in estimated windfall profit tax receipts. This decrease is based on lower than expected collections in 1980 and a revised outlook for world oil prices. Corporate income taxes have also been reestimated downwards by $2.5 billion to reflect actual collection experience in 1980. Estimated individual income tax receipts have been lowered slightly, as a result of a technical adjustment in the relationship between income taxes and taxable incomes based on the recent revisions in the GNP series.

The latest estimate for social insurance taxes and contributions is about $400 million above the previous estimate, largely because of the revised forecast for wages and salaries. Estate and gift taxes are also expected to be somewhat higher based on the latest data. Aside from the reduction in windfall profit tax receipts, some increase in other excise taxes is expected because of higher prices. Finally, miscellaneous receipts have been reestimated upwards by approximately $900 million. Federal Reserve profits are expected to be higher than previously estimated because of higher interest rates. In addition, the Panama Canal Commission has been directed to reimburse the Treasury $350 million for monies advanced to the Commission in 1979. Table 3 summarizes the CBO reestimates by major revenue source.

TABLE 3.—REVENUE ESTIMATES FOR FISCAL YEAR 1981

[In billions of dollars]

Major source	Current level at end of 96th Congress	CBO reestimates	Revised current level
Individual income taxes	282.6	−0.6	282.0
Corporation income taxes	70.7	−2.5	68.2
Social insurance taxes and contributions	185.7	.4	186.1
Excise taxes	46.7	−3.7	43.0
Estate and gift taxes	6.3	.6	6.9
Customs duties	7.8	−.4	7.4
Miscellaneous receipts	13.6	.9	14.5
Total revenues	613.4	−5.4	608.0

SPENDING REESTIMATES

A major part of the $19.9 billion in spending reestimates can be attributed to the changed economic outlook for fiscal year 1981. Net interest costs are projected to be $5.7 billion higher than estimated for the second budget resolution. The projected volume of mortgage loans and other asset sales by various revolving funds have also been revised downward because of higher interest rates. The estimated net outlays for these funds administered by the Farmers Home Administration, the Government National Mortgage Association, and the Veterans Administration have been increased by $1.5 billion. Higher interest rates also will raise the costs of the student loan insurance program, by about $300 million.

The immediate decontrol of domestic oil prices announced on January 28 by President Reagan will have the effect of increasing 1981 outlays for the strategic petroleum reserve program by $1.6 billion, assuming no change in the 200,000 barrels per day average fill rate proposed by the Carter Administration. This increase in outlays will occur because the program will have to pay approximately $30 dollars per barrel more for its purchases. Under a continued phase out of controls on domestic oil prices, the program would have been able to purchase price-controlled lower-tier oil.

Higher fuel prices will also add to Defense Department spending. The 1981 Defense appropriation bill contained about $8.2 billion for fuel. More recent estimates indicate that fuel price increases will require an additional $1.2 billion in budget authority and $1.0 billion in outlays. Without further appropriation action, the Defense Department could invoke Feed and Forage Authority (Revised Statutes 3732) to fund these higher fuel costs.

The remaining $9.8 billion in outlay reestimates are based on new information about spending trends and other programmatic developments since the adoption of the second resolution. The major reestimates are described in the following paragraphs. Table 4 summarizes the major spending reestimates by budget function category.

National defense

In addition to the projected higher fuel costs by the Defense Department in 1981, the cost of the October 1, 1980 payraise for Defense employees is estimated to be about $600 million higher than assumed for previous scorekeeping estimates. The latest estimates assume that a smaller part of the October 1 payraise will be absorbed by the Defense Department, based on President Carter's 1982 budget estimates.

Energy

Outlays for various energy programs in 1981 are expected to be $2.5 billion above previous estimates. As stated earlier, $1.6 billion of this increase can be attributed to President Reagan's administrative action in January to immediately decontrol domestic oil prices. In addition, strategic petroleum reserve outlays are expected to be about $300 million higher than previously estimated because of the accelerated fill schedule planned by the Energy Department.

TABLE 4.—SPENDING REESTIMATES FOR FISCAL YEAR 1981

[In billions of dollars]

Function and major program	Budget authority	Outlays
National defense:		
Defense fuel costs	1.2	1.0
Civilian and military pay raises	.6	.6
Other	−.2	−.1
Subtotal	1.6	1.5
International affairs	−.2	.2
General science, space, and technology	−.1	(1)
Energy:		
Strategic petroleum reserve		1.9
Uranium enrichment	1.3	.2
Naval petroleum reserve oil receipts	.2	.2
Other	(1)	.2
Subtotal	1.5	2.5
Natural resources and environment	−.2	−.1
Agriculture:		
Farm price supports		−.4
Agricultural credit insurance fund		.2
Other	(1)	.2
Subtotal	(1)	(1)
Commerce and housing credit:		
Federal Savings and Loan Insurance Corporation		.9
Government National Mortgage Association	.6	.9
National Credit Union Administration		.2
HUD housing programs	.1	.2
Other	.1	.1
Subtotal	.7	2.4
Transportation:		
Penn Central settlement	2.1	2.1
Federal-aid highways (trust fund)		.8
Urban mass transportation fund		.8
Panama Canal Commission	.4	.4
Other	(1)	(1)
Subtotal	2.5	4.1
Community and regional development:		
Community development grants	−.1	.2
Urban development action grants		.2
Disaster assistance (subfunction 453)	(1)	.3
Other	.2	(1)
Subtotal	.1	.7
Education, training, employment, and social services:		
Student loan insurance	.4	.4
Student financial assistance		.4
Other Department of Education	−.1	.3
Social service grants	−.7	.1
Other	(1)	.1
Subtotal	−.3	1.3
Health:		
Hospital insurance trust fund	−.2	.8
Supplementary medical insurance trust fund	.4	.4
Medicaid grants	.1	.2
Other	(1)	.4
Subtotal	.4	1.8
Income security:		
Social security (OASDI)	−1.2	−.6
Unemployment compensation (subfunction 603)	.7	.5
Civil service retirement	.3	.2
Supplementary security income	.2	.2
Assistance payments/Human development services	(1)	.2
HUD housing assistance	−.5	(1)
Other	.1	.2
Subtotal	−.6	.8
Veterans benefits and services:		
Readjustment benefits	.5	.5
Veterans housing programs		.4
Other	(1)	−.1
Subtotal	.5	.8
Administration of Justice	(1)	(1)
General Government:		
Claims and judgments	.1	.1
Other	(1)	.2
Subtotal	.1	.4
General purpose fiscal assistance	−.1	(1)
Interest:		
Interest on the public debt	6.3	6.3
Other interest	−.9	−.9
Subtotal	5.4	5.4
Allowances:		
Civilian agency pay raises	.5	.5

TABLE 4.—SPENDING REESTIMATES FOR FISCAL YEAR 1981—Continued

[In billions of dollars]

Function and major program	Budget authority	Outlays
2 percent reduction, spread to other functions	1.0	.1
Subtotal	1.5	.6
Undistributed offsetting receipts:		
Employer's share, employee retirement	.1	.1
Interest received by trust funds	.3	.3
OCS rents and royalties	−3.0	−3.0
Subtotal	−2.6	−2.6
Total	10.3	19.9

[1] Less than $50 million.

Uranium enrichment outlays are also estimated to be about $200 million higher because receipts from uranium enrichment activities are expected to be lower, and spending on constructing the gas centrifuge plant is proceeding more quickly than previously estimated. The $1.3 billion increase in budget authority for uranium enrichment reflects use of contract authority provided in the 1981 appropriation bill. Naval petroleum reserve receipts for 1981 have been revised downwards primarily as a result of the sale of reserve oil to the strategic petroleum reserve at a lower price than assumed for the second resolution.

Agriculture

Projected outlays for farm price supports have been reduced by over $400 million from previous estimates, largely as the result of larger than expected sales of corn by the Commodity Credit Corporation (CCC) and increased redemptions of corn loans. These larger sales and loan redemptions are estimated to lower CCC outlays by over $700 million. The latest estimates of outlays for the tobacco and soy bean programs are also lower by more than $200 million. Partially offsetting these reductions are increases for dairy price supports and foreign export credits. As a result of more milk production and less consumption than expected, milk price support outlays are now estimated to be $390 million higher than previously projected. Net outlays for export credits will be almost $200 million higher because of lower repayments by Poland.

Net outlays by the agricultural credit insurance funds administered by the Farmers Home Administration are projected to be almost $200 million higher in 1981 because of higher interest costs and fewer sales of assets than previously expected.

Commerce and housing credit

Outlays by the Federal Savings and Loan Insurance Corporation are expected to be higher in 1981 because certain large payments anticipated in 1980 did not materialize. These payments—to purchase the assets of failing savings and loan associations—are now expected to occur in 1981. Additional assistance is also expected to be needed for other thrift institutions experiencing problems during fiscal year 1981 because of high interest rates. The total effect is estimated to add almost $950 million to 1981 outlays.

Net outlays by the Government National Mortgage Association are projected to be over $850 million above previous estimates largely as a result of lower mortgage asset sales and higher discount points. Credit unions are requiring increased assistance because of high interest rates and other economic conditions. As a result, outlays by the National Credit Union Administration have been revised upwards by over $200 million for 1981. Estimated outlays for HUD housing programs have also been increased by over $200 million, reflecting planned expenditures for the renovation of HUD-owned multifamily properties and recent spending trends for the housing for the elderly or handicapped fund.

Transportation

The reestimates in this function include $2.1 billion in budget authority and outlays for settlement of a property dispute between the government and the Penn Central Corporation and its creditors. The settlement payment, made on January 15, covers the negotiated value or properties transferred from Penn Central to the Consolidated Rail Corporation which was formed by the Congress in 1976 to operate rail service previously managed by bankrupt railroads. Last year's rail deregulation legislation allowed the Department of Transportation to borrow the necessary funds from the Treasury, without prior appropriations.

First quarter (October-December) obligations from the highway trust fund occurred at a much higher rate than expected, reflecting pent-up demand by states that had been constrained by the 1980 obligation ceiling. The shift of obligations to early in the fiscal year will result in higher 1981 outlays. CBO's current estimate of outlays for the federal-aid highway construction program is $8.5 billion, which is $840 million higher than CBO's previous scorekeeping estimate. Urban mass transportation fund outlays also have been reestimated upward by over $800 million, based on actual spending patterns during the first quarter and an expected faster first-year spending of new capital grants.

The Panama Canal Commission, pursuant to instructions in the 1981 transportations appropriations bill, will reimburse the general fund of the Treasury for monies provided to the Commission for 1979 operation. This reimbursement, which will amount to $350 million, will be recorded as both a miscellaneous receipt and an outlay in the budget, with no effect on the deficit.

Community and regional development

Outlays for both community development block grants and urban development action grants have been reestimated upwards by more than $200 million as a result of actual spending trends in the first quarter of fiscal year 1981. Small Business Administration (SBA) disaster loan outlays are also expected to be $200 million higher in 1981 than previously estimated. Spending from the 1980 supplemental appropriations bill was slower than projected and, as a result, more will be spent in 1981. In addition, flood insurance outlays are expected to be $75 million higher than previously estimated based on analysis of recent loss experience.

Education, training, employment and social services

Student loan insurance outlays have been reestimated upward by $365 million as a result of higher interest rates and a higher projected new loan volume. Student financial assistance outlays will also be higher in 1981 by about the same amount because actual costs for the 1980-1981 school year were higher than anticipated. The Pell grant program needed approximately $300 million more in 1980 appropriations to fund the program level approved by the Congress; these funds were borrowed from the appropriation for the 1981-82 school year. Other Department of Education programs will also have higher outlays in 1981 than previously estimated. Based on actual spending patterns in 1980 and first quarter outlays for 1981, CBO has revised its outlay estimates for impact aid, handicapped education grants, and other education programs upwards by almost $350 million.

Grants to states for social services are now expected to have outlays of $3.2 billion in 1981, $65 million higher than previously estimated largely as a result of delayed spending from the 1980 appropriation. Budget authority for the program has been reduced by almost $700 million, reflecting a technical accounting change.

Health

Medicare costs have been reestimated upwards by $1.2 billion, largely because of a higher than normal increase in the utilization of hospital and other medical services in 1980, a trend which is expected to continue in 1981. The normal annual increase in hospital days for Medicare patients has been about 3 percent. The actual increase in 1980 was about 7 percent. CBO's latest estimates assume that the increase in 1981 will be about 4.5 percent. The upward spending reestimates for Medicare are partially offset by almost $500 million in estimated savings contained in the 1982 Carter budget. These savings are expected to come from reduced payments for hospital malpractice insurance and from tightening of the reasonable cost limits for hospitals.

Outlays for Medicaid grants have also been raised by over $200 million, based on actual 1980 spending and obligation experience and a revised estimate of 1981 savings from cost management improvements. Outlays for other health programs have been revised upwards by almost $400 million based on more recent information on spending rates.

Income security

Social Security outlays for 1981 have been reestimated downwards by over $600 million, largely as a result of new programmatic information about actual beneficiary levels and average payments. The higher inflation outlook is expected to raise the July 1981 cost-of-living adjustment for Social Security benefits from 10.7 percent assumed for the second budget resolution to 12.0 percent. This will increase 1981 outlays by somewhat more than $300 million, and 1982 outlays by $1.3 billion over previous estimates. The increase for 1981, however, is more than offset by the downward adjustment for new programmatic assumptions.

Unemployment compensation outlays for 1981 are expected to be about $500 million higher than previously estimated, despite the latest economic forecast for somewhat lower unemployment rates than assumed for the second resolution. The reason is a $1.2 billion upward reestimate for trade adjustment assistance outlays. During the past year, many workers in automobile steel and tire/rubber factories have been certified for trade adjustment assistance benefits. Delays in paying these benefits in fiscal year 1980 will result in higher 1981 outlays. In addition, the automobile industry's continuing economic problems are expected to cause currently certified workers to suffer more frequent and lengthier layoffs than originally projected. Estimates for other unemployment compensation benefits have been lowered by about $700 million as a result of assumed lower unemployment, actual first quarter outlays, and various reconciliation act provisions affecting the programs.

Projected outlays from the civil service retirement and disability fund have been raised by over $200 million because of higher than anticipated retirement rates in 1980 which are now expected to continue in 1981. The actual net increase in retired annuitants in 1980 was 10,000 higher than expected. As a result, the 1981 net increase has been revised upwards by 10,000 to 52,000.

Estimated outlays for the supplemental security income program in 1981 have been increased by over $200 million, as a result of the higher cost-of-living adjustment now projected and an updating of programmatic assumptions on beneficiary levels.

The foster care program has been transferred to the human development services account from the assistance payments account. Budget authority and outlays for this program are about $250 million in 1981. Outlays for assistance payments have been revised upwards by about $200 million, based on new programmatic data and new economic assumptions. Most of the increase is due to higher than expected costs of child support enforcement activities.

Veterans benefits and services

The fall 1980 school enrollment by veterans was much higher than expected. As a result, about 200,000 more veterans are now projected to receive GI Bill training benefits in fiscal year 1981 than previously estimated, for a cost increase of almost $500 million. In addition, net outlays for veterans housing programs in 1981 are now expected to be over $400 million higher than previous scorekeeping estimates, largely as a result of fewer asset sales because of high interest rates.

General Government

The latest Administration estimates for claims and judgments are about $150 million above CBO's earlier scorekeeping estimates, largely as a result of increased outlays for Indian claims. In addition, the 1981 outlay effect from the 1980 furniture rescission, which had been recorded in this function, has been distributed to other functions in accordance with the latest Administration estimates.

Interest

Outlays for interest on the public debt are now projected to be $91.9 billion in fiscal year 1981, $6.3 billion above CBO's previous scorekeeping estimate. The increase is caused by higher interest rates and a higher budget deficit than assumed for the second budget resolution.

Interest receipts from off-budget agencies have been reestimated upward by almost $400 million, based on the higher interest rate assumptions. Interest deposits in tax and loan accounts similarly have been reestimated upward by over $200 million. These reestimates have the effect of reducing budget outlays since they are recorded as offsetting receipts. Other offsetting receipts and accounts in the interest function have also been revised upwards by over $300 million, based on the OMB's latest estimates contained in President Carter's 1982 budget.

Allowances

The allowance for civilian agency payraises on October 1, 1980 has been revised upwards by about $500 million from previous scorekeeping estimates, which assumed a greater level of absorption than proposed by the Administration. The 2 percent reduction in the 1981 HUD-Independent Agencies appropriation bill for controllable items and a similar reduction in the Legislative Branch appropriations have been distributed to other functions, based on the latest Administration estimates.

Undistributed offsetting receipts

Sales of oil and gas leases on the Outer Continental Shelf (OCS) are now expected to produce $3.0 billion higher receipts than assumed for previous scorekeeping estimates. The two Gulf of Mexico sales held in September and November produced $1.8 billion more receipts than expected, and the third Gulf of Mexico sale scheduled for July 1981 is now expected also to produce near-record bonuses.

Interest payments received by trust funds are now expected to be $300 million lower than previously estimated because of smaller trust fund balances. The payments by federal agencies to various employee retirement funds are also expected to be somewhat lower in 1981 than previously estimated.●

EL SALVADOR

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. WYDEN. Mr. Speaker, I am grateful for the opportunity to add my voice to the growing number of Americans who are expressing serious reservations about our increased involvement in El Salvador.

No good purpose is served by the shipment of arms and military advisers to this beleaguered country. The solution of El Salvador's internal problems should be decided by the Salvadorans themselves, in an environment free from superpower intrusion.

We all realize that America cannot just look the other way when presented evidence of Soviet involvement in El Salvador, through Cuban proxies. But the appropriate response is not to ship armaments just because they are. This kind of one-upsmanship can only lead to escalated involvement by both superpowers. Have we not learned our lesson?

A proper American response should be one of encouraging the continued implementation of reforms by the Duarte government, while insisting on an end to the gross abuses of human rights by the military and extremist elements.

It is my hope, and the hope of many Oregonians, that the administration will soon realize that we must seek a different course in our policy toward El Salvador.●

TERRORISM IN EL SALVADOR—ITS GLOBAL SIGNIFICANCE

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, the master naval strategist, Sir Winston Churchill, coined the phrase "soft underbelly" to refer to Western Europe's vulnerability to assaults from the south along the Balkan coast of the Mediterranean.

In recent years, America has acquired its own "soft underbelly," and today stands vulnerable on its southern flank.

U.S. naval strategists have long recognized the area implicitly defined by the Monroe Doctrine as vital to U.S. national security interests. Backing policy with power, the United States has traditionally maintained a position of strength in the Caribbean and Central America so secure that no other power could possibly mount a challenge—until recently.

Today, partly as a result of President Carter's policies and partly as a result of Cuban-Soviet strategic and ideological intrusions, the Caribbean and Central America are moving rapidly away from U.S. influence and charting a new and increasingly dangerous course.

With much fanfare, Jimmy Carter assumed the Presidency with a new plan for Latin America and a new generation of policymakers determined to secure its success. In general, the Carter administration advocated U.S. acceptance of Marxist-Leninist regimes in Latin America and assumed that underdevelopment and unrest in the area was caused by American imperialism and intervention. In particular, the President and his advisers urged ideological pluralism, respect for human rights, relinquishment of sovereignty over the Panama Canal, reconciliation with Cuba, recognition of Cuban claims to Guantanamo, reconsideration of the status of Puerto Rico, support for socialist Jamaica, elimination of public and private military aid programs, and withdrawal from U.S. air, Army and naval bases in and around the Caribbean. During the 4 years following Carter's inauguration in January 1977, all of these objectives have been either achieved or attempted.

The result of these policies is devastatingly clear. The geostrategic situation in the Caribbean and Central America has shifted 180 degrees. Throughout the entire region, the United States finds itself on the defensive.

The unfolding of Soviet global strategy centering on the interdiction of oil and nonfuel mineral supplies feeding the economies of the United States, Western Europe, and Japan has also had its impact. The lifeline of the American economy runs from the Middle East through the Indian Ocean—Cape of Good Hope—Atlantic passage and reaches its focal point in the Caribbean rim and basin. Seventy-five percent of all the oil imported into the United States—43 percent of

the total consumption—transits the Caribbean. Moreover, the United States is dependent on other lands for 93 out of 95 strategic minerals. Just as the satellization of Mozambique and Angola in southern Africa jeopardize the West's reserves of cobalt, chrome, and ferromanganese, Soviet-Cuban advances in the Caribbean jeopardize their shipment to the United States and its allies.

The emergence of the Soviet Union as a great naval power gives credibility to this strategy. From what was historically a coastal defense force, the Soviets have built and launched a true blue water capability of global proportions. Whereas the United States has reduced its Navy by over 50 percent in the last 10 years from 976 to less than 450 ships, the Soviet Navy has registered the greatest gains in its entire history. Today, the Soviet Navy is estimated by intelligence sources to be in excess of 2,700 ships.

This fleet has allowed the Soviets to dramatically increase its out of area operations. Soviet naval incursions into the Caribbean, the Indian, Pacific, and Atlantic Oceans—as well as other vital waterways—constitute a direct threat to historic Western and U.S. sealanes. The Soviet capacity to support military land operations in areas such as the Middle East, Southeast Asia, and Africa has already profoundly influenced the course of political events in those areas. Based upon their recently acquired maritime and sea-air logistic muscle, the Soviet Union has established a string of bases and allies which threaten to make the United States a secondary strategic power. The Soviet invasion of Afghanistan and the support of the revolutionary force in Angola and the Horn of Africa—compared with the near complete lack of American strategic resolve—offers the most compelling recent evidence of the shift in the balance of global political power.

In the Western Hemisphere, the Soviet Union, with the assistance of Cuban revolutionary forces, has established a beachhead in Nicaragua for extending its influence throughout Central America with a view of interdicting the vast reserves of 44 billion barrels of oil yet available to America in Mexico. Using neutralist Costa Rica as a sanctuary, Cubans, East Germans, Panamanians, and other international brigades joined the Sandinistas in invading Nicaragua. The Sandinistas were defeated in the field, but the dispatch of U.S. arms to Panama for transshipment to the Sandinistas, U.S. interdiction of Israeli, South African, and Argentine weapons destined for Somoza and the U.S. embargo of munitions for the Nicaraguan National Guard, delivered the Nicaraguan nation to the communist camp.

Since the downfall of Somoza, Nicaragua has become increasingly a Soviet satellite. The Sandinistas have nationalized the banks, insurance companies, mines, fishing, timber, and grain production. Private schools, including religious ones, have been taken over by the Government. Block-committee surveillance structures modeled after the Cuban Committee for the Defense of the Revolution have been established to provide political education, organization, surveillance, and military training. Cuba has provided thousands of teachers to help the Sandinistas adopt a Cuban-style education reform program that seeks to totally remove parental influence and encourage political indoctrination of all citizens from age 6. Free elections have been labeled as "unnecessary and too expensive" and will not be held until "illiteracy has been eliminated and the population properly educated." Moreover, on March 23, 1980, Pravda announced an agreement between Central Committee members Boris Ponomrev, A. P. Kirilenko and I. V. Arkhipov and Sandinista leaders to establish a Moscow-Managua axis.

From this beachhead, the Soviet Union plans to extend its influence in the Western Hemisphere by supporting leftist revolutionary forces presently at work to undermine the Governments of El Salvador, Honduras, Guatemala, and eventually, Mexico.

The crisis presently raging in El Salvador must be seen against the background of global geopolitical developments and, in particular, within the framework of a Soviet attempt to increase penetration of the Western Hemisphere.

During the past decade the Soviet Union has projected a four-tiered approach to the use of military power. First, in response to America's voluntary decision to limit its strategic nuclear delivery systems in favor of arms control, the Soviet Union undertook the most massive buildup in history designed to outclass the United States in every aspect of strategic programs. Second, under cover of this strategic nuclear strength, the Soviet Union sustained the direct combat of Cuban and Vietnamese proxy forces through the use of a whole array of naval forces, long-range air transports, and weapons shipments. This use of force decided the outcome of conflicts in Angola, Ethiopia, and Indochina. Next, clearly bouyed by a new-found confidence that the correlation of forces had turned in its favor, the Kremlin committed substantial conventional forces of its own in the invasion of Afghanistan. Finally, running throughout this entire period, the Soviet Union and its surrogates have provided massive support for terrorists operating in every area of the world.

It is the fourth tier of military power—international terrorism—which today threatens friendly governments in every corner of the globe.

Under the rubric of "national liberation movements" and "struggles for human rights", so called freedom fighters have received the entire infrastructure of terror from the Soviet Union and the KGB. Money, guns, training, background information, communications, propaganda—all have been made available. Israeli military intelligence states that from 1974 to 1979 practically all weapons used by Palestinian terrorists are weapons originating from the Eastern bloc through such intermediaries as Libya, Syria, and Algeria. Extensive guerrilla courses for the Palestinians have been organized in the Soviet Union, East Germany, Czechoslovakia, Hungary, and Bulgaria. Today, Palestinian guerrilla formations total over 16,000 men with hundreds more coming online each month.

For over a decade the PLO has been actively assisting the Sandinista National Liberation Front (FSLN) presently ruling Nicaragua. Founded in 1963, the Sandinistas have been trained not only in Cuba, but also in the subterranean networks of the PLO and its affiliates in the Middle East. Yassir Arafat himself publicly boasted in Managua in July 1980 that the Sandinistas have received training and indeed had fought with the PLO in the Middle East.

At the present time, Nicaragua harbors the terrorism of the PLO for export. During the assault on the Somoza government, thousands of armed terrorist-guerrillas from Argentina, Chile, Colombia, Panama, Honduras, Venezuela, and Mexico joined the Sandinistas forming international brigades paralleling those of the Spanish Civil War. Terrorist training bases were established throughout Nicaragua at Esteli, Montelimar—the former Somoza estate—Somotillo, Ocotal, Tamarindo, Puerto Cabezas, the Island of Soletiname—in Lake Nicaragua—and in several locations in the Punta Cosequina area a short distance from El Salvador. These training camps are presently being used to prepare terrorists for the assault on El Salvador, Guatemala, Honduras, and activity in South America.

The recent U.S. white paper released by the Department of State details the clandestine military support given by the Soviet Union, Cuba, and their allies to Marxist-Leninist terrorists fighting to overthrow the established Government in El Salvador. Before 1980, the guerrilla groups in El Salvador were ill coordinated and ill equipped, armed only with pistols and a varied assortment of hunting rifles and shotguns. Even then, on the basis of their own 1980 reports and contrary to recent misinformation, they claimed the killings of nearly 6,000 persons, including noncombatant in-

formers as well as Government authorities and military.

The U.S. Presidential elections served to stiffen terrorist activities. Fearing that the election of President Reagan would lead to increased assistance for the Duarte regime, the terrorists announced preparations for a final offensive to create an irreversible situation in the country. By mid-January 1981, when the general offensive was launched, they had acquired an impressive array of modern weapons and supporting equipment never before used in El Salvador by either the insurgents or government forces.

Of particular significance is the evidence found in captured documents of the Communist Party of El Salvador linking this offensive to foreign sources. These documents clearly show that in less than 6 months, Cuba and other Communist countries managed to equip the insurgent forces with an arsenal of modern weapons sufficient to launch a well-armed offensive. Weapons originating from the Soviet Union, Eastern Europe, Vietnam, and Ethiopia were sent to El Salvador via Cuba and Nicaragua. Moreover, it cannot be denied that Marxist-Leninist terrorists are playing a central role in the political unification and military direction of the entire effort.

Unquestionably, the terrorist activities in El Salvador represent a classic case of indirect aggression by Communist powers through Cuba. The much publicized "need" for the United States to use the situation in El Salvador to "send a symbolic message of strength to the world" is in fact a real need to respond to the aggression of international terrorists trained and supplied by the Soviet Union and other Communist powers. Also, the U.S. response—contrary to occasional suggestions—is not a mere public relations ploy. Indeed, it is a course of action designed to secure a vital national interest—the protection of the oil and ore lifelines on the U.S. southern flank.

In 1973 Soviet Premier Leonid Brezhnev told a meeting of Warsaw Pact leaders in Prague that the objective of Soviet foreign policy was world dominance by the year 1985, and that the central control of the West's sources of energy and raw material would reduce it to the condition of a hostage of Moscow.

While the timetable is new, the thought is not, Lenin had perceived the connection between the West and its colonial empires as the "weakest link" which, if destroyed, would lead to the economic and political collapse of the West. Khrushchev also saw advantages to such an approach. An aggrieved Third World, stirred by a strong spirt of nationalism and anticolonialism, and motivated by strong negative feelings toward the West, would provide many opportunities for a properly formulated Soviet foreign policy. The Western powers could be destroyed at its weakest point.

As the mission-ability of U.S. strategic and conventional forces have become increasingly problematical, the perception of the United States as a great power has declined. Acting below the threshold of danger, the Soviet Union has become free to range throughout the world at will relying on the use of proxy forces and international terrorist organizations. Such a war constitutes for the U.S.S.R. a low-cost, low-casualty, low-visibility form of attack. It precludes any risk to Soviet people, farms, or factories. It is described simply as "peaceful competition", or "peaceful coexistence", where the danger of superpower confrontation can be controlled and minimized. But to the West, it is a strategy that is deadly.

As has already been witnessed, the Soviets have much influence in Iraq, Syria, Libya, and Mozambique with the new state of Zimbabwe seen tilting more to Moscow than the West. Subversive and covert action activities have been extensively directed at South Africa, Namibia, Zambia, Chad, Zaire, Sudan, and Western Sahara, as well as Turkey, Oman, and Saudi Arabia. In the Caribbean and Central American region, Castro has close ties with Grenada, Guyana, and Nicaragua, and until recently, was on the verge of overthrowing the Government in El Salvador.

What lies behind all this activity? Undoubtedly, the Soviet Union has its eye on the critical oil and nonfuel resources coming from Africa and the Middle East. Without these resources, the Western economies would collapse. Second, the strategic sealanes and the chokepoints of the world's waterways—the economic lifelines of the West—are also targeted. In the Western Hemisphere, the Soviet Union seeks control over the Panama Canal as well as such critical resources as Jamaican bauxite and the vast oil reserves in Venezuela and Mexico.

To be sure, Soviet command of the seas would not only deny Western access to much-needed resources, it would effectively deny any future Western repenetration of the area in which they are available. Should this come about, the Soviet Union would stand poised to impose a new world order over the Eurasian/African land mass, a world order Marxist inspired and Soviet dominated. Moreover, if the Kremlin were to destabilize and effectively penetrate the Caribbean and Central American region, the United States would be forced to assume a fortress America posture. This would not, however, be a strong America. Without the vital resources contained in other areas of the world, the American economic, political, and social order would eventually come unraveled.

In short, there is a pattern behind Soviet activities around the world. For some time, the Kremlin has been engaged in a global geostrategic offensive designed to shift the world's balance of power by striking at the heart of the West's economic and political order. The means are at a low threshold of violence, but the goal is world dominance.

Today, the Western nations—caretakers of Judeo-Christian values preserved and fostered over 2,500 years of human history—stand in imminent peril. Through the appeasement policies of the recent past, the Soviet Union has been afforded a window of opportunity over the West which they are actively and aggressively pursuing. The events occurring in El Salvador are only a part of this larger effort. But, they are a part. Should they all succeed, as they have in many areas of the world, the West could be defeated without having fired a shot.

Only within this larger global context can current strategic developments in the soft underbelly of the Caribbean rim and basin be adequately assessed.●

EL SALVADOR

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. YATRON. Mr. Speaker, I join with my colleagues in support of H.R. 1509, which I believe will mitigate some of the turmoil and violence in El Salvador.

American policy with respect to El Salvador must be aimed at bringing an end to the internal strife and human suffering, establishing long-term stability, and preventing the installment of a Marxist, Soviet-dominated regime in that country. I fully support efforts to prevent Soviet-Cuban weapons from entering that country. However, I also believe that the United States should withhold military assistance to the junta until they end their oppressive tactics against the innocent population. Military aid, at this time, will only serve to aggravate the violence in El Salvador. We simply cannot associate ourselves with the malevolent acts perpetrated by the junta against innocent people.

Preventing the influx of Soviet weapons to the guerrillas and precluding security forces from using American weapons against the population will lessen hostilities, and facilitate instituting the necessary political reforms that will bring a lasting peace to that country. I believe that H.R. 1509

is a major step toward achieving our objectives in El Salvador.●

CURB AUTOMOBILE IMPORTS FROM JAPAN

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. HILLIS. Mr. Speaker, yesterday, Congressman WILLIAM BRODHEAD and I sent President Reagan a letter signed by 41 other Members urging him to support efforts to curb automobile imports from Japan. I am inserting a copy of that letter in the RECORD at this point with the names of every Member who signed it.

Hon. RONALD REAGAN,
President, The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The automobile industry is one of the most important industries to the U.S. economy. The stimulus to growth that the industry provides to the American economy is not often recognized.

It is our understanding that your Administration is nearing a decision on the entire issue of automobile imports. We feel that it is important for you to understand that there is strong sentiment in the Congress for curbing Japanese imports.

The automobile industry accounts for 21% of the demand for American steel, 25% of the market for American cast iron and machine tools, and 22% of our aluminum, not to mention rubber, plastics, textiles, lead, electronic components and automotive glass. In the final analysis, 20% of American jobs depend directly or indirectly on the automobile industry. If your economic recovery program is to be successful, the U.S. automobile industry must be able to compete with Japanese imports and recover their loss of sales over the past two years.

It is apparent to us that the events which led to the near collapse of the industry over the last two years will also produce another year of poor sales in 1981.

Last year, Japanese imports accounted for 21.2% of all cars sold in the United States. So far this year, Japanese cars account for 23% of all cars sold in the U.S. Unless this trend is reversed, we run the risk of not only Chrysler, but Ford and GM facing serious financial troubles in the near future.

As you may know, import limitation bills have been introduced in both the House and Senate. Should the Japanese refuse to adopt some form of voluntary limits sufficiently low to protect U.S. manufacturers, we are confident that legislation will be forthcoming to place mandatory limits on Japanese imports.

We urgently request that you consider the impact of the automobile industry on the entire economy and act to slow the flood of Japanese imports. We fully understand the arguments in favor of free trade. However, the urgency of this situation and the importance of the automobile industry mandate that we act to prevent the industry from being dismantled.

Sincerely,

Mr. Elwood H. Hillis, Mr. William Brodhead, Mr. David Bonior, Mr. Robert Davis, Mr. Robert Young, Mr. Dale Kildee, Mr. Robert Roe, Ms. Barbara Mikulski, Mr. Ronald Mottl, Mr. William Ford, Mr. Lyle Williams, Mr. Dennis Hertel, Mr. John Dingell, Mr. Don Bailey, Mr. Adam Benjamin, Mr. William Broomfield, Mr. Cecil Heftel, Mr. Dennis Eckart, Mr. Donald Albosta, Mr. Andrew Jacobs, Mr. Tony Hall.

Mr. John Seiberling, Mr. Thomas Luken, Ms. Mary Rose Oakar, Mr. Clarence Miller, Mr. John Conyers, Mr. Bob Traxler, Mr. Bernard Dwyer, Mr. Ken Holland, Mr. Marty Russo, Mr. Donald Pease, Mr. Floyd Fithian.

Mr. Carl Purcell, Mr. Harold Hollenbeck, Mr. Howard Wolpe, Mr. William Gray, Mr. Austin Murphy, Mr. Les Aspin, Mr. Samuel Stratton, Mr. Tennyson Guyer, Mr. Philip Sharp, Mr. James Oberstar, Mr. James Blanchard.●

LEGISLATION INTRODUCED TO HALT TAX STRADDLES

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BRODHEAD. Mr. Speaker, the growing use of so-called tax straddles is rapidly becoming one of the most serious abuses of our Federal income tax system. By using this scheme, high-income taxpayers undertake a complicated series of transactions in the commodities market whose sole purpose is the creation of large, artificial tax losses. These transactions involve little or no risk, and provide essentially no potential for gain.

Together with my colleague, BEN ROSENTHAL of New York, I have introduced legislation to halt the use of tax straddles. Our bills, H.R. 1293 and H.R. 1338, would deny tax deductions for these paper losses. Senator PATRICK MOYNIHAN recently introduced similar legislation, S. 626. I am hopeful that this legislation will be enacted this year.

The following article from the Commodity Journal describes how tax straddles work, their enormous potential for tax avoidance, and the damage they cause in the commodities market. I strongly recommend it to my colleagues.

[From the Commodity Journal, March 1981]

TRANSACTIONS COST GOVERNMENT BILLIONS—SILVER STRADDLES: FUTURES TAX DODGE

(By Paul W. Wilderson)

It's that time of the year, once again, when the thoughts of most Americans turn increasingly to a common subject—income tax. And in recent years, as the April 15 deadline has loomed closer, more and more taxpayers have also begun to think of commodities. Although this might seem an odd juxtaposition of interests, it in fact has been grounded for many people in a solid economic base.

The connection between commodities and income tax was made in the early 1970s by the giant brokerage firm of Merrill Lynch, Pierce, Fenner and Smith, Inc. At that time, Merrill Lynch devised a plan by which customers who had experienced large financial gains during the year, could limit their tax liability by participating in certain commodity trades. Known broadly as tax straddles, these transactions are also commonly referred to as silver straddles or silver butterflies, based on the commodity most often involved and on their configuration when diagrammed on paper.

As the effectiveness of silver straddles in reducing taxes became evident, their popularity with taxpayers grew. As their popularity grew, however, the Internal Revenue Service also took an increased interest in them. The result was a 1977 IRS ruling that deductions taken for losses incurred in tax-straddle schemes were not allowable.

MARKET DISTORTIONS

The upshot of all this has been a myriad of pending court cases, none yet resolved, involving taxpayers, the IRS, and brokerage firms. The seriousness with which the tax straddle issue has been taken was evidenced recently with the nomination of Donald Regan as Secretary of the Treasury by President Ronald Reagan.

As chief of the world's largest brokerage firm, Regan possessed unchallengeable professional qualifications. Yet, when his name surfaced, eyebrows shot up and in some quarters serious reservations were expressed about his fitness for the position. The reason—Regan served as chairman of Merrill Lynch, the firm that pioneered the commodity tax straddle, the tax shelter that had cost the federal government billions of dollars. A writer in Barron's likened Regan's appointment to a general changing sides in the middle of a battle. With Regan now heading up the IRS, an equally apt analogy would have been the proverbial fox placed in charge of the chicken coop.

What is clear is that tax straddles have become a highly volatile subject within financial circles. Much of that is due to the fact that straddles have allowed many citizens to avoid paying large amounts of taxes. Just as important, but not as well known, however, are the dysfunctions that silver straddles cause in the commodity markets.

Because commodity tax straddles inject a large volume of fictitious trade into the commodity markets, they distort the statistical picture of those markets. Straddles also give a large element of unreality to the price structure of the markets, because the buying and selling has no real meaning in the markets; it is done merely for tax purposes. In general, the use of commodity tax straddles is a misapplication of the market system, which was designed to provide supply and demand information for commodity users.

SILVER BUTTERFLY

What is a silver straddle? Some refer to it as an "exotic" investment technique, and in truth it can become complex enough so that large brokerage houses refer all such business to specialists. In its basic form, however, the idea of the straddle is simple and straightforward. It involves setting up two silver deals that are mirror images of each other, one to buy and the other to sell. Thus, regardless of whether the price of silver moves up or down, one transaction will make a gain and one a loss. The loss is to be taken in the present year to provide a tax deduction. The gain will be delayed until the following year, when it can qualify for a lower tax rate.

As an example, a straddle participant might buy long—agree to purchase at a fixed price at some month in the future—a certain number of silver futures contracts.

At the same time he would sell short the same number of contracts—agree to deliver at a fixed price the same amount of silver in another future month. Any price change—up or down—will produce offsetting gains and losses in the two sides of this transaction.

If the price of silver falls, the long position will lose money because the investor is locked into an agreement to buy silver at a price higher than the market. He can then close out that position, realize the loss, and use it for the needed tax deduction. On the short side, the investor has locked in his gain because he will be selling silver at a price higher than the market price. That gain will be realized in the following year.

There can be a profit or loss in these transactions, resulting from the differential in prices of the months in which one is contracted to buy and to sell. However, because the two contracts largely cancel each other out, and because there is small chance of a wide price fluctuation, the prospects for a large profit or loss are small.

Because the chance of a large loss (or gain) on one of these transactions is not great, someone trying to create a large deduction to counteract a sizable gain made during the year will probably have his broker put together more than one of these transactions. This is where the complexity begins. When diagrammed on paper, these overlapping straddles often assume the shape of a butterfly, thus the term "silver butterfly."

ALLEGED BENEFITS

The benefits to an individual are numerous. In the first place, a loss for a tax deduction can be created. In addition, a taxpayer's rate can be reduced by as much as 42 percent. Ordinary income—taxed in the highest bracket at 70 percent—can be turned into a long-term capital gain, which is taxed at only 28 percent. Most investments have to be held for a full year to qualify as a long-term capital gain. Commodity investments, however, can qualify after only six months.

A commodity shelter also will defer income to a later year which, according to Jerome Kurtz, former Commissioner of Internal Revenue, is "a significant economic benefit." The taxpayer who accomplishes this, declares Kurtz, "receives the equivalent of an interest free loan from the government for the period of deferral."

The term "silver straddle" is used because, until recently, silver was the commodity most often involved in creating a tax straddle. That was because the price of silver was relatively predictable. When the Hunts moved into the silver market, though, and brought with them the wild fluctuations in price that culminated in the spring of 1980, those interested in tax straddles began to look to other commodities such as gold.

NO TAX DODGE

Although tax straddles are causing major dysfunctions in the commodity markets, it has been the tax issue that has created the major controversy. The IRS began its attack in 1977, but the story begins several years earlier.

In 1972, Merrill Lynch actively began looking for taxpayers with short-term capital gains that would be taxed at a high rate. To facilitate this search, the brokerage sent a promotional recording to its agents, describing the commodity tax straddle and explaining its purpose—"changing short-term situations with high tax rates into long-term, with a maximum tax rate of 25 percent to 35 percent. Said another way, tax straddles enable us to create, for a reasonable cost, the capital gains and losses we need to materially change the tax liability of high-bracket taxpayers."

In 1973, Harry L. Smith and Herbert J. Jacobson found the answer to their needs in the Merrill Lynch tax straddle department. Smith and Jacobson had begun to put up an apartment building on a piece of land that they owned, but sold it for a good profit before it was completed. Had they sold the land without the improvements, they could have qualified for a long-term capital gain. But since the building was begun less than six months earlier, they would be liable for taxes as high as 70 percent.

Merrill Lynch, however, came to the rescue. Two silver straddles were purchased for Smith and Jacobson that taken together formed a butterfly spread. Several days later another silver butterfly was purchased. From these transactions, Smith and Jacobson suffered a loss of just over $95,000. They claimed this immediately on their taxes. The gain side of the straddles, however, amounted to nearly $94,000. This they realized six months and four days later—in the following year—as a long-term gain. Thus they gained a large deduction and also replaced a short-term gain with a long-term gain and cut their tax rate from as much as 70 percent to as little as 25 percent. This they accomplished for an actual loss on the trades of about $1,000, plus $4,000 in commissions.

This was exactly the result Smith and Jacobson wanted. It also was the kind of transaction that proved the viability of the tax straddle department at Merrill Lynch. The IRS, however, was not as pleased, and in 1977 it disallowed the deductions taken in this case. Why? The IRS admitted that each step taken by itself was perfectly legitimate. But the agency went on to declare that "The various purchases and sales, each real without the other, neutralize one another and fairly shout to the world the essential nullity of what was done * * * The complicated and involved method of doing nothing had no purpose, save the erection of [a] facade * * *"

Smith and Jacobson refused to accept the ruling and instead brought suit against the IRS. They also sued Merrill Lynch. The case was set for November 1980, but by that time the plaintiffs had offered to pay some $50,000 in back taxes and drop the case. As it later turned out, Merrill Lynch had offered more than twice that sum to Smith and Jacobson to drop their suit against the broker. Understandably Merrill Lynch did not want a final precedent-setting court decision on this important tax case.

The IRS charged that Merrill Lynch tried to buy off Smith and Jacobson. Judge Arthur L. Nims seemed to feel that some kind of resolution was needed. "Are we going to gear up for trial after trial," he asked, "and have Merrill Lynch coming in at the last eleventh hour getting rid of the case?" Smith and Jacobson were not allowed to drop their suit and the case has been continued.

BILLIONS IN LOST REVENUES

The case of Smith and Jacobson is far from the only one in the courts involving commodity tax straddles. It is only the best known. There currently are hundreds of cases pending involving over $50 million. The IRS has singled out the commodity tax straddle as the number one abusive tax shelter, saying these transactions cost the federal government more than $3 billion a year in lost revenues.

Judge Learned Hand once noted that "anyone may so arrange his affairs that his taxes shall be as low as possible * * *" Jerome Kurtz, who recently resigned as head of the IRS, agrees that taxpayers are free to undertake any legitimate purposeful endeavor which also happens to lessen their tax burden. On tax straddles, however, Kurtz draws the line. Silver straddles and butterflies, he claims, are not undertaken for legitimate market reasons, but only for the purpose of tax avoidance. The major criteria that the IRS has set up for legitimate transactions on which losses can be claimed, are profit potential and risk.

In a statement before the House Subcommittee on Commerce, Consumer, and Monetary Affairs, Kurtz declared, "It is clear to us that transactions such as these are wholly tax-motivated and without any real economic substance." Because a constant spread position was maintained, there was very little chance for profit. Risk also is negligible because of the minimal margin requirements involved. In fact, most purchasers of commodity straddles know almost nothing about the transactions themselves. Their only concern is that they incur a tax loss with little risk—something that the brokers' promotional literature emphasizes and promises.

Roger Gray, a Stanford University professor and leading commodity theoretician who was hired by the IRS, claims that the chances of profiting on a silver butterfly are less than the 36 to 1 odds of winning at roulette. "It is inherently inconceivable," says Gray, "that butterfly spreads in silver futures * * * would have been traded for their profit potential."

NO PROFIT POTENTIAL

Why would anyone make a substantial investment in the commodity markets with little hope of making a profit? The only answer is to gain some other financial benefit. That benefit, of course, is a large tax writeoff. The purpose of the commodity markets, however, is not to provide individuals with tax deductions. When millions of dollars are invested for that purpose, and that purpose alone, a highly artificial situation is created. That money bears no real relationship to actual supply and demand. It only skews the overall market picture, causing a major dysfunction in the commodity markets.

The tax straddle situation has been deemed serious enough to warrant the introduction of a bill in Congress to outlaw the practice. Retired Congressman Charles Vanick (D-Ohio), who authored the bill, called the silver butterfly "the biggest loophole in the federal income tax system." Vanick was among a number of Congressmen who wanted assurances from the new Treasury Secretary that these types of tax avoidance schemes would not be tolerated in the future.

The IRS has, in fact, made a serious effort to crack down. The agency is specifically training tax examiners to look for commodity transactions that might be tax shelters. Returns now are audited on the basis of total positive income before any deductions or adjustments. Under the old system, there was relatively low audit coverage after large deductions were made. Now, anyone participating in a commodity tax straddle transaction is almost certainly assured of having his tax return audited by the IRS.

AFTER-HOURS TRADING SESSIONS

Although brokers are still distributing literature describing the tax straddle, they are not doing it with their previous enthusiasm. Coopers & Lybrand attached the following note to its straddle advertising: "Caution: Straddles could involve significant risks or economic loss as well as commission costs. Further, they are under attack by the IRS." After the 1977 IRS ruling, Shearson Loeb Rhoades, Inc. actively discouraged its customers from participating in tax straddles. Customers who still wish to undertake such a proposition are required to sign a statement that they are not doing so on the advice of Shearson Loeb Rhoades.

Other brokers such as Bache, Halsey, Stuart, Shields and E. F. Hutton have taken similar measures. Merrill Lynch has changed what was formerly its "Tax Straddle Office" to the more mundane and vague "Office of Financial Affairs."

Commodity brokers still insist, however, that there is risk involved with any commodity transaction. A recent article in The Washington Post reported that the futures industry "has organized a legal, legislative and lobbying campaign" to nullify the IRS ruling and prevent passage of the bill in Congress that would make commodity straddles illegal.

Another IRS effort involves the establishment of a liaison with the Commodity Futures Trading Commission, in order to gain information and assistance in tracking down tax straddle schemes. This is particularly crucial, because the CFTC has authority over the commodity exchanges such as New York's Comex, where special after-hours sessions facilitated the trading of silver straddles. These sessions, which had been going on under an "emergency rule" at Comex since before the CFTC was created in 1975, allowed traders to buy and sell silver straddles without competitive bidding. Critics charged that this system allowed brokers to obtain the prices they needed to achieve their desired tax objectives. In the summer of 1980, the CFTC moved to curb these practices at Comex.

MAJOR MARKET DYSFUNCTIONS

Although silver straddles have made headlines recently because of the billions of dollars they are costing the Internal Revenue Service, they should be of equal interest to commodity investors because of the effect they are having on the commodity markets. As noted by Thomas P. O'Hare, head of what used to be Merrill Lynch's Tax Straddle Department, "commodity straddles for tax purposes have come to be a rather large part of the overall commodity business."

Because of their volume and the fact that they have nothing to do with the original purpose of the commodity market, tax straddles prove to be just one more major dysfunction of an already artificial futures system that relies on paper trading of products that don't exist. In the opinion of CFTC chairman James M. Stone, "the use of commodity markets for tax avoidance is harmful to commodity markets." As Stone points out, the markets were designed to help commodity users determine the real supply and demand of goods, so that a fair evaluation of their future value could be made. "Anyone in the market for reasons other than supply and demand decisions," Stone believes, "is a potential source of distortion."

ABT CENSURES STRADDLES IN 1972

Tax straddles received scrutiny and opprobrium by The American Board of Trade long before they came to the attention of the IRS. In a July-August, 1972 Commodity Journal article dealing with badly needed reform in the commodity business, Joseph Bianco, administrative assistant with ABT, wrote: "Contributing * * * to * * * artificial price movements in commodities are 'tax spreads', or the initiation of a completely hedged position between two floor traders for tax purposes only. To the analyst, professional as well as amateur, the distortions in volume and open interest figures that result from tax spreading can be disastrous."

In 1973 a body of proposed legislation on commodity exchange reform was prepared by Yale Legislative Services of Yale University Law School, in conjunction with The American Board of Trade and the American Association of Commodity Traders. As stated at that time in Commodity Journal, one section of those proposals, "in another attempt to curb manipulation as resultant artificial prices, prohibits 'tax spreads' which are completely hedged positions initiated by two cooperating individuals for tax purposes only. These serve to distort market statistics as well as prices, and should be outlawed * * *"

It now looks as though what The American Board of Trade recommended nearly a decade ago as commodity futures market reform, will come to pass as the result of tax reform.●

"GET AMERICA WORKING" WEEK

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. O'BRIEN. Mr. Speaker, Star Publications of Chicago Heights, Ill., a member of the Williams Press newspaper group, owns 15 biweekly newspapers with a combined circulation over 90,000.

Troubled by recent unemployment statistics in Chicago's south suburban area, which it serves, the management of Star Publications has declared April 5 through 11, 1981, "Get America Working" week.

The 30 issues of their papers during that week will contain a job-wanted directory for people seeking employment. Inclusion in the directory will be free of charge to the unemployed in all the communities served by Star Publications.

I believe this idea is a fine example of community service. Star Publications is to be commended for its creativity in responding to the human tragedy of unemployment.●

TRIBUTE TO SCOUTMASTER EDWARD SZCZEPANSKI

HON. ADAM BENJAMIN, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. BENJAMIN. Mr. Speaker, allow me to take this opportunity to ask my colleagues to join with me in commending and congratulating Scoutmaster Edward Szczepanski who is receiving national recognition as Scoutmaster of the Year. Scoutmaster Szczepanski will be honored at dinner on March 21 at the parish center of the St. Stanislaus Church in East Chicago, Ind.

Each year there are only four scoutmasters in the entire country which are selected from various regions to receive this high honor. Scoutmaster Szczepanski has been chosen from a six-State eastern-central region to receive Scoutmaster of the Year for his outstanding service in scoutmaster work by the National Eagle Scout Association of the Boy Scouts.

Edward Szczepanski has been a scoutmaster of troop 7 in connection with St. Stanislaus Parish for 18 years. The distinguished troop is one of the oldest troops in the region, dating back to 1917.

Prior to this, he served as an assistant and committee member of troop 7 for 6 years. His 24 years of unselfish service and devotion to troop 7 have resulted in 51 outstanding young men achieving the rank of Eagle Scout. Of these 51 Eagle Scouts, 5 were his own children.

Scoutmaster Szczepanski is a World War II veteran and is very active in the American Legion Post 369. He has been very involved in community and church affairs and recently served as the president of the Holy Name Society. He is employed as an instrument service technician in the basic oxygen furnace section of Inland Steel Co.

I believe that he has shown exemplary conduct and devotion to his community. I know my colleagues and the citizens of the entire south-side community of East Chicago join with me to wish him even greater success in the future and to encourage him to persevere in his inculcation of the values and attitudes cherished in a free and democratic society.●

WHITE PAPER OR BLANK PAPER

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. EDWARDS of California. Mr. Speaker, I would like to take this opportunity to address my colleagues on the situation in El Salvador. As you may know, I am a cosponsor of Representative STUDDS' bill to cut off military aid to El Salvador and a signatory of several letters to the White House expressing disapproval of their policies. My stand on this issue is clear.

I am extremely disappointed by the way the White House has been able to manipulate the issues at hand in El Salvador. Through the production of a

white paper detailing the supposed Cuban and Soviet complicity in the revolution, they have managed to change the perspective from which we view our role in El Salvador. No longer are we supposed to be concerned with why the people of El Salvador would choose the painful course of revolution. The question is now, Are the Soviets and Cubans trying to send arms into El Salvador? I do not think it would surprise any of us to discover this is the truth. We should expect the Soviets to seize on any opportunity of domestic unrest to try to further weaken American influence abroad. The question remains, Why does the unrest exist in the first place?

There are many statistics which graphically illustrate the disparity of incomes in that country. The 4.8 million people of El Salvador are among the poorest in all of Latin America. The average worker earns under $4 a day, and less than half the work force is employed year round. The 2 percent of the population who own 60 percent of the land are known to enjoy great wealth. Perhaps the most alarming figures are the latest ones which show that there are only 0.3 physicians per 1,000 citizens, while there are 1.9 troops for the same 1,000.

The problems in El Salvador are not military. They are political and economic. However, a continued commitment by our Government to provide further military assistance and advisers threatens to force a military solution to the problems.

I would like to thank my colleague, Congressman STUDDS, for providing me the opportunity to make known my views on El Salvador. In addition, I insert into the RECORD an editorial which appeared in the Los Angeles Times which critically appraises the administration's assertions in the white paper on El Salvador.

WHITE PAPER OR BLANK PAPER?

(By John Dinges)

When the State Department released its report on Soviet-bloc support of guerrillas in El Salvador on Feb. 23, it also released 100 copies of a 1½-inch-thick packet of documents to support the Reagan Administration's decision to increase military aid to the Salvadoran government. The meat of the documents' original raw intelligence consists of 47 pages of handwritten jottings, memoranda and minutes of meetings, culled from confiscated guerrilla files.

Leaving aside the matter of the documents' authenticity, they unquestionably demonstrate that socialist countries have supported the efforts of the opposition to overthrow El Salvador's ruling civilian-military junta, and that immense quantities of arms and ammunition were on their way at the time the Salvadoran guerrillas launched their abortive January offensive.

But these very same documents—in addition to other intelligence reports available to the Reagan Administration that were not included in the White Paper—provide conclusions that fall far short of the Administration's portrayal of El Salvador as an arena of U.S.-Soviet confrontation.

The White Paper charges that 800 tons of arms were promised, and 200 tons were delivered, to the insurgents by the time of the offensive. The captured documents, however, indicate that far less quantities were promised or in shipment, and only about 10 tons ever actually crossed the border.

Battlefield evidence gathered since January, including the statements of a captured Nicaraguan soldier-turned-informer, reveals that the guerrillas were forced to depend on relatively antiquated rifles and other weapons purchased on the international black market.

In contrast to the Reagan Administration's interpretation that the Soviet Union masterminded the arms traffic, the documents reveal that the guerrillas' Communist Party representative encountered a cool reception in Moscow, and was deeply concerned that Soviet "indecisiveness" might jeopardize any promise of arms made by other socialist countries.

According to Robert Pastor, a Latin America expert in the Carter Administration, much of the information used in the White Paper, was in U.S. hands before Reagan took office, and had been taken into account in earlier policy decisions. The threat of an increased arms flow was a key factor in Jimmy Carter's decision to resume shipments of U.S. weapons to the junta shortly before he left office. But the documents did not alter the conclusion of experienced Carter analysts that the guerrillas were an indigenous movement, largely independent politically of outside forces. Nevertheless, citing the same intelligence, the Reagan Administration announced it was sending more military advisers and $25 million in additional military aid to El Salvador.

In historical terms, the White Paper and its support documents could become the functional equivalent of President Lyndon B. Johnson's now-discredited reports to Congress of North Vietnamese attacks on U.S. patrol boats, which led to the Gulf of Tonkin resolution in 1964—and eventually to the war in Vietnam.

Read literally, the Salvadoran documents portray a period of nearly a year in which a relatively haphazard coalition of guerrilla forces and civilian politicians forged a united general command, the United Revolution Directorate; obtained arms and logistical and political backing from socialist countries, particularly Nicaragua and Cuba; confronted serious supply bottleneck problems, and finally launched the offensive that sputtered into isolated skirmishes and sabotage after 10 days.

If the Soviet Union and Cuba were pulling the strings behind the guerrilla movement, as Secretary of State Alexander M. Haig Jr. has charged, evidence of such control is not to be found in the captured documents.

The State Department White Paper says that the documents show "commitments (by the socialist countries) to supply the insurgents nearly 800 tons of the most modern weapons and equipment, (and) the covert delivery to El Salvador of nearly 200 tons of those arms, mostly through Cuba and Nicaragua."

Yet, reading the documents, it is impossible to determine where these numbers come from. The State Department has declined further elaboration on its conclusions, and has stopped providing copies of the original documents. The highest figure mentioned anywhere in the documents is in a handwritten letter, dated Nov. 1, from a certain "Vladimir," who was identified by the State Department as the guerrillas' logistics coordinator in Nicaragua. He wrote that 150 tons of arms had arrived in Cuba, and that "this week" there would be a total of 300 to 400 tons destined for the guerrillas—but that plans to smuggle "109 tons" into El Salvador in November were "almost impossible." Another document, the minutes of a guerrilla general staff meeting in late September, reported that only four of 130 tons of arms in storage had been smuggled into El Salvador.

A U.S. intelligence officer with wide experience in Latin America during the past decade said the tonnages reported in the White Paper were "highly unrealistic . . . unless they slipped in a few tanks," and "hiding the weapons and protecting them from corrosion in tropical El Salvador would make such large quantities a liability."

Neither official battlefield reports nor journalists on the scene have reported large quantities of weapons captured from guerrillas.

Other sources of intelligence that tended to contradict the picture of huge arms shipments were available to Reagan analysts, but were not included in the packet of documents. For example, on Jan. 30, Salvadoran government forces captured a Nicaraguan, Lt. Orlando Tardencilla, who admitted that he led a group of 130 Salvadoran guerrillas in battle. According to Foreign Broadcast Information Service, which is operated by the CIA and distributed to other government agencies, Tardencilla said that the guerrillas received support "at the finance level, mainly so they may buy weapons on the black market . . . (Cuba) gives more money than arms so that the government does not get implicated. Although 12 tons of arms have been sent to El Salvador, this represents only 1% of what is at the disposal of the guerrillas outside the country."

The key document in Reagan's case that the Soviet Union is the mastermind behind the insurgency is a report of Salvadoran Communist Party chief Shafik Handal's tour of Vietnam, Ethiopia, Bulgaria, Czechoslovakia, Hungary, East Germany and the Soviet Union last June and July. It is the only piece of evidence that actually mentions the Soviet Union, with the exception of a passing reference in another document to a "Sov." being present at a meeting in Mexico City with socialist diplomats. According to the White Paper, Handal left Moscow "with assurances that the Soviets agreed in principle to transport Vietnamese arms."

The supporting document, however, reports that Handal "expressed his unhappiness with the denial of a meeting at the proper level and the non-resolution of the request for help." A few weeks later, according to the document, the Soviets granted his request to give military training to 30 (presumably Salvadoran) youths studying in Moscow, but ignored his request to ship the Vietnamese arms. The document concludes, "The Companiero (Handal) expressed his concern that the Soviets' indecisiveness could affect not only the help they might give but also (prejudice) the willingness to cooperate of the other parties of the European socialist camp . . ." There, in mid-sentence, the document provided by the State Department ends.

Carter Administration specialist Pastor said that until late last year intelligence reports showed relatively small amounts of arms entering El Salvador with Cuban help. Then Handal's mission was discovered, Pastor said, and in the second week in January a "quantum leap" in intelligence showed

large amounts of sophisticated weapons in the hands of the guerrillas as they opened their offensive. These reports were a major factor in the Carter decision to resume "lethal" aid—guns, ammunition and helicopters—coupled with an insistence that the junta continue its reform programs.

Pastor takes issue with the Reagan Administration's interpretation of the information cited in the documents. "They say the Cubans are directing it all. We say it is led, organized and directed by the Salvadorans, that the Soviets and Cubans are supporting it . . . exploiting it for their own ends. Even if the Soviet Union and Cuba went away, the problem would not go away."●

TO CELEBRATE 25 YEARS OF SERVICE

HON. MANUEL LUJAN, JR.

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. LUJAN. Mr. Speaker, the month of April marks a significant anniversary for a New Mexico organization which has provided outstanding service to the entire State and risen to the challenge of a demanding profession.

Today I wish to pay tribute to the New Mexico Association of Nurse Anesthetists as it celebrates its 25th anniversary of service. During that time the association has earned a reputation as a dedicated group of professionals who have gone that extra mile to perform medical service for thousands.

The New Mexico Association of Nurse Anesthetists has been particularly valuable to New Mexico's smaller communities. There have been times when there have been no practicing doctors available in these rural areas, leaving the job of providing desperately needed medical service to members of the association.

The tireless efforts by the 1,500 active members in the group to set and maintain high standards for their profession has been an example to the Nation. New Mexico was the first State to require certification for nurse anesthetists through the Nurse Practice Act. The act was adopted at the urging of the association and has served as a model for other States.

Next month's silver anniversary of the New Mexico Nurse Anesthetists Association is an event all New Mexicans join in celebrating. I'm sure my colleagues join with me today in extending congratulations and best wishes for the future to an organization which has made New Mexico and the Nation a better place in which to live.●

FATE OF EDA

HON. DONALD J. MITCHELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. MITCHELL of New York. Mr. Speaker, as Congress endeavors to bring about an economic recovery of our Nation and as we deliberate the fate of the Economic Development Administration, I think it is important for each of us to be aware of the experience and opinions of those individuals who are in the front lines of the battle for economic revitalization—the private businessmen.

Toward that end, I would like to share with my colleagues a letter from Richard L. Karpen, the president of a firm in my congressional district—the Library Bureau of Herkimer, N.Y. The Library Bureau's experience with the Economic Development Administration program has prompted Mr. Karpen to express his strong support for the preservation of EDA.

The letter follows:

LIBRARY BUREAU, INC.,
Herkimer, N.Y., March 10, 1981.

Hon. DONALD J. MITCHELL,
Member of Congress, Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN MITCHELL: As someone who has seen the endless benefits brought into a community by the Economic Development Administration, I am writing to express my full support for retaining this Administration.

Businesses today in need of financial support find it most difficult to compete for dollar assistance strictly through banking channels. This is especially true in New York State where the economy is depressed, and in our area where unemployment is high. These businesses are the backbone of the nation meeting the needs of many people and must be encouraged.

Specifically, I refer to the Library Bureau, Inc. (formerly Library Bureau Division of Mohawk Valley Community Corp.) of Herkimer, N.Y., a 105 year old company. It was formed in 1876 by Melville Dewey, inventor of the famous Dewey Decimal System cataloging method for libraries.

The Library Bureau (LB) is the largest manufacturer of wood and steel products for the library market in the USA. LB's products can be found at places like Notre Dame University, Yale University, Princeton University, New York University (more than a $1 million job), the Library of Congress and at hundreds of elementary and high schools throughout the nation. LB's products also can be found at U.S. Embassies and at U.S. Government Information Agencies around the world. The LB is pursuing the foreign library furniture market more zealously.

Library Bureau exists today because farsighted people from the political and banking sectors, Economic Development Administration, our employees and the community pulled together to save the LB and 276 jobs in the Mohawk Valley after Sperry Rand Corporation's announcement on March 29, 1976 that the LB was to be closed.

LB is a publicly held corporation of 3,500 stockholders who contributed $2,268,652 in equity, arranged bank loans of $1,700,000 with the Oneida National Bank and $400,000 with the Savings Bank of Utica and a $2,000,000 loan with the Economic Development Administration. These financings allowed LB to remain an active company in September 1976.

Since you were instrumental in making this action a part of the Congressional Record, you know the details of the formation of LB as a public company. You, along with John Ladd (Executive Director of the Mohawk Valley Economic Development District) and the United States Economic Development Administration played significant roles in keeping jobs in the Mohawk Valley, as well as assisting in the start up of a steel manufacturing facility in Vineland, New Jersey one year after the formation of LB. Vineland, N.J. is another depressed area in the United States and this steel facility today employs 75 people.

In order to put the EDA loan to LB in perspective, it should be noted that LB has contributed the following to the Mohawk Valley and Vineland areas over the past four years:

Paid gross payrolls of	$15,339,260
Purchased logs, lumber, steel and supplies in the local areas in excess of	10,000,000
Withheld Federal taxes totaling	2,210,044
Withheld FICA totaling	1,778,263
Withheld State taxes totaling	554,843

Reduced the original loans as follows:

(a) Oneida National Bank: from $1,700,000 to $200,000.

(b) Savings Bank of Utica: from $600,000 to $563,407.

(c) EDA Loan: from $2,000,000 to $1,637,806.

(d) NJEDA Loan and Guaranty Bank: from $871,000 to $702,050.

This is a gross loan reduction of $2,067,737.

We have also expended in excess of $500,000 in new machine tools to improve efficiency and decrease our product costs.

I believe, on the whole, that the LB and the EDA story has been a positive one. While it is difficult to measure the value of keeping jobs in a depressed area thereby minimizing unemployment costs, it is obvious from the statistics that the local economies have prospered from this action.

As I stated in the beginning of this letter, I totally support keeping part or all of the EDA, for without that function available, companies like LB in depressed areas would not exist.

Sincerely,

R. L. KARPEN,
President.●

JAY KUILEE: PACIFIC PALISADES' CITIZEN OF THE YEAR

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. DORNAN of California. Mr. Speaker, on Saturday night, March 21, 1981, the Pacific Palisades, Calif., Civic League will hold its 46th annual banquet. On this occasion, they will again present to the community the Citizen of the Year, chosen from

among those nominated for the honor by their fellow citizens.

Breaking with tradition for obvious reasons, the league this year will name two Citizens of the Year. The Palisades' most famous resident, none other than President Reagan himself, will be given the award of Honorary Citizen of the Year.

But the man who the community has singled out as their choice for Citizen of the Year is crime-fighter Jay Kuilee. Jay has been the driving force behind organizing a neighborhood watch anticrime program in the Palisades.

Recognizing the lack of attention the Palisades crime problem was receiving, Jay sponsored four meetings over the last year aimed at increasing public awareness of the problem.

Together with Citizens Against Crime, he has been active in organizing area residents in an effective cooperative effort at crime prevention through neighborhood surveillance. He has broken the city into more manageable units and designated area leaders, who plan to form a grassroots organization on every block in the community.

The idea is that every citizen will be mobilized in the fight against crime by watching for suspicious vehicles and keeping an eye on their neighbors' property.

Jay has also been instrumental in distributing crime prevention information to area residents, including tips on burglar-proofing of homes and suggestions on dealing with strangers.

Another significant achievement of Jay's has been his successful effort to obtain a 24-hour patrol car. Prior to Jay's work on this project, the L.A. police vehicle assigned to the Palisades was available to answer calls in neighboring districts. Now, there is a police car in the Palisades on call to residents at all times.

Mr. Speaker, it is primarily because of his outstanding dedication and enthusiasm for working with the community to make neighborhoods safer for everyone that the people of Pacific Palisades have singled out Jay Kuilee as their Citizen of the Year. It gives me great pleasure to add my congratulations to Jay on a job well done.●

THE ART OF SIMPLICITY

HON. JIM JEFFRIES

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. JEFFRIES. Mr. Speaker, I would like to bring to the attention of this body a column written by Hugh Sidey which appeared in the Washington Star on March 14, 1981. Mr. Sidey does an excellent job of describing the first few weeks of the Reagan administration and its impact on the Federal bureaucracy. Perhaps, implementing simplicity is not an impossible feat after all.

The article follows:

THE ACT OF SIMPLICITY: MR. REAGAN'S METHODS

Ronald Reagan eats fewer jelly beans than contemporary folklore suggests. And he makes more decisions faster with less apparent anguish than has yet been reported. These two commitments are in proper perspective, which has surprised a lot of people.

It is one of the paradoxes of these times that the man judged too "simple" to govern by his late and unlamented political opponent has produced in record time one of the most complex and periliously balanced economic schemes in all history. It may not succeed. But it is what Reagan wants; a filigreed wonder hammered out on his White House production line.

There are other curiosities in the fledgling administration. Political diagnosticians and learned professors have for years declared that it was an immutable fact of bureaucratic life that a president had to have his people placed in 250 key jobs to control the federal government. Before Reagan had appointed 100 persons the bureaucracy had been shaken to its far corners. It is much too early to tell if Reagan will prevail and make the government work efffectively for him. But at this point he has a psychological edge.

THE SYMBOL OF AN IDEA

There are some obvious reasons. Reagan is the symbol of an idea whose time was coming. He has chosen talented and serious men and women who reflect his views. And there is a bit of truth in what Sam Rayburn used to say: "Any jackass can kick a barn down but it takes a carpenter to build one." Reagan's economic mission is to halt restrain and deny.

Yet, Reagan clearly has more going for him. One member of the Cabinet believes Reagan's most valuable leadership trait so far is that very "simplicity" so derided by critics. "He is a man of fixed principles and goals," explains a Cabinet officer. "When things get complicated and confused the president is the one who says, 'Wait a minute, I believe this and I want to do that.'"

It has been one of Washington's enduring curses that any proposal can be argued into oblivion by bureaucrats, congressmen and consultants. The president welcomes dissent. "The person who brings his dissenting views is not an outcast," says Edwin Meese, the man most involved in Reagan's decision process. "After a decision has been made there are no winners and losers."

The president also has mystified the scholars by his hybrid system of cabinet government. It works for him so far, though it does not fit any textbook charts. Reagan eschews deep, dark memoranda, Washington's plasma. "The president is a people person," explains Meese. "He wants to see things spark."

Eyeball to eyeball, Reagan works his way through decisions. They may come in a few minutes or take several days. Reagan assembles his "clusters" of Cabinet members and/or experts and soaks up the oral summations. Once he is satisfied he has the picture he gives an order and expects others to implement it.

There have been mistakes, leaks and trivial diversions along the way, but none have been crippling. The president ruled on each of the hundreds of budget cuts sent to the Hill. He made the specific decisions on just what equipment the U.S. should sell Saudi Arabia for its F-15 fighters (yes on fuel tanks, no on bomb racks). The hardware became a "policy" issue because of the sensitivity of Israel to the weapons. Likewise, the president ruled on the numbers of military advisers sent to El Salvador, but he did not decide how many should be in communications, weapons or operations.

USING THE BUREAUCRACY

Oddly, this man who is determined to subdue the bureaucracy uses it more than his predecessors. "The president has always believed that he should use the structure of government or change it," says Meese. "He does not believe in building a subterfuge." Reagan's managers have thus been instructed to work through the federal apparatus.

Because Reagan does have firm political compass settings, one engaged he likes to pursue a subject to the end. Headed his way now is the issue of new authority for intelligence agencies to counterspy in the U.S. to combat terrorism and espionage. Leaks on preliminary discussions far below the White House level have clouded the issue. Meese seems unperturbed and predicts Reagan will cluster his experts, then in a seamless motion hear the arguments and give his order.

That decision will come as hundreds of others from the president's urge to produce results. It will be about a four-jelly-bean action.●

AMERICANS WANT TO GET TOUGHER WITH CRIMINALS

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. ANDERSON. Mr. Speaker, as you know, I have introduced legislation, H.R. 27, which, when enacted, will provide for a mandatory, minimum 5-year prison sentence for those convicted of committing Federal crimes involving the use of a firearm.

Contained in the March 23, 1981, edition of Newsweek are the results of polls conducted by the Gallup organization which indicates nationwide support for stiffer treatment of lawbreakers and a lack of confidence in our judicial system's present sentencing structure. The polls are as follows:

First, leaving aside those cases in which there is a murder, how do you feel a criminal who carriers a gun when committing a crime should be sentenced?

[Percent]

Life in prison	15
5 to 10 years added to sentence	51
Sentence should not be the same as with no gun	20
Depends on circumstances	8
Don't know	6
Total	100

Second, how much confidence do you have in the courts to sentence and convict criminals?

[Percent]	
A great deal	5
Quite a bit	23
Not very much	59
None at all	11
Don't know	2
Total	100

At you can see, the results of poll No. 1 clearly demonstrate that Americans want to get tougher on criminals, particularly those who use firearms in the commission of a crime. The majority of those polled favor that the 5- to 10-year concept—this is directly in line what H.R. 27 seeks to achieve.

The results of poll No. 2 support the idea that Americans from our urban centers to our rural farmlands are fed up with the courts' leniency on lawbreakers, which indicates to me that the mandatory sentencing concept is an idea whose time has come. When 7 out of 10 of those polled have little or no confidence in the courts to sentence and convict criminals, it is apparent that a change is needed. They want to create an atmosphere, which H.R. 27 provides, whereby criminals know that if they use a gun in the commission of a Federal crime, they will go to jail.

As of today, over 120 of our colleagues have already cosponsored H.R. 27—just 11 weeks into the 97th Congress. It is evident that through the bipartisan support of H.R. 27 has attracted, this is a badly needed piece of legislation. I urge all those who have not cosponsored this significant measure to do so, so that we may begin to control the skyrocketing increase of violent crime now facing this Nation.●

MAYOR ED KOCH

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. COLLINS of Texas. Mr. Speaker, it is always encouraging to see people get smarter as the years go by. It is delightful to hear what Ed Koch has to say. Having served with Ed in Congress, it is hard to realize that this is the same man who used to stand in the well and blast out in behalf of all liberal programs. Now his commonsense remarks have the strength of practical experience.

The Wall Street Journal is a great voice for the free enterprise system. It is surprising, but so interesting, to read the plain-spoken words of New York's new conservative, Ed Koch.

[New York City Mayor Edward Koch was interviewed at length late last week at City Hall by James Ring Adams, a Journal editorial writer, and Thomas J. Bray, associate editor of the Journal's editorial page. Excerpts from that interview.]

WSJ: You got your start as a reform Democrat. You were a pretty liberal Congressman.

Mr. KOCH: "Mayor Culpa," they call me.

WSJ: Now you are a favorite of both the old and the new conservatives. Would you agree you have changed or have they changed?

Mr. KOCH: Both of us, I suspect. I perceive myself still as a liberal, but very pragmatic. There is no question that there is a decided difference in what I did as a Congressman and what I am doing as mayor when it comes to spending money. It isn't a difference in philosophy. It is that I didn't understand what I was doing when I was in Congress because in Congress you spend other people's money. In Congress you are not aware of the cost of the programs because either the federal government is spending it and they print the dollars or, worse, you impose the cost on the cities. You just tell them what to do but you don't give them the money to do it.

So now I'm an executive. I look at what has to be done and I say to myself, how could I have voted for those dumb programs?

WSJ: What federal mandates give you the most trouble?

Mr. KOCH: Special education, where we are spending $300 million and getting $12 million from the federal government to do things that we don't think we can do and responsibly operate our educational system. We are required to have classes for the handicapped that are as small as four students in a class, when the non-handicapped children are in classes of 29 or 30. We think that that should be left to us to decide.

The environmental mandates which require us to build a sludge factory instead of dumping the sludge in the ocean where it doesn't cause any more damage than it would cause if you dumped it on land and, in fact, may cause more damage on land because it is carcinogenic and God knows what it does to the water table. If they put off that mandate for five or six years until they find some other way to deal with sludge that makes more sense, we will save $35 million annually.

Mass transit. Over the next 30 years, we have to take out of whatever dollars they give us for capital funding something like $1.6 billion to make the subway system equally accessible by retrofitting it for the handicapped. It is the dumbest thing imaginable. Five hundred people in wheelchairs—I can bet anything that 500 may use it once and then maybe 10 thereafter, and we are spending this fortune, not extra dollars that the feds will give us to accomplish it, but out of the regular allocation. And that should be changed, and I think it will be.●

MAX FRIEDERSDORF AND COMPANY

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. MICHEL. Mr. Speaker, history will have to be the judge as to the cause of Jimmy Carter's various errors, blunders, follies, and misjudgments. But I am certain that among the major reasons for the Carter administration's failures was its inability—or unwillingness—to establish good relationships with the Congress. By good relationships I do not mean a perpetual state of agreement and harmony between the executive branch and the Congress. That is impossible. But it is possible—and President Reagan is now demonstrating this—to let the Congress know a President is willing to listen and that he wants a fair hearing.

Much of the credit for the current good relations between the Reagan administration and the Congress must go to his talented staff of congressional liaison experts, headed by the talented and energetic Max Friedersdorf. I think Max and his staff deserve all the praise they get. It is, therefore, my privilege to insert a highly complimentary article from the Washington Post, "Reagan Hill Team Gets Rave Reviews", March 17, 1981, in the RECORD.

The article follows:

REAGAN HILL TEAM GETS RAVE REVIEWS

(By Helen Dewar and Lee Lescaze)

Just as a police dispatcher in his windowless office can tell when it starts to rain by the surge of traffic accident calls, Max Friedersdorf can measure each Monday's passing hours by the ringing of his White House office telephones.

Monday mornings, few of the 535 members of Congress over whom Friedersdorf watches as head of congressional relations for the White House are in Washington, but, as they hit the airport returning from their weekends at home, Friedersdorf's telephones blink more insistently, and he begins to place more calls.

After the Carter administration hiatus, Friedersdorf, who is white-haired, courteous bordering on courtly, and could easily be cast as a member of Congress, is back as chief of congressional relations for the White House, the same job he held under President Ford.

From the day after his election triumph, President Reagan spoke of wanting to hit the ground running in Washington. Perhaps his fastest start was in the wooing of Congress.

A week before Friedersdorf signed aboard, Reagan made his first visit to Capitol Hill as president-elect, and came away with rave reviews. Friedersdorf had about seven weeks' head start, and had his staff in place two weeks before Reagan was inaugurated.

It is difficult to find a member of Congress with anything negative to say about the White House's approach to Capitol Hill. Some may not like Reagan's programs, but they have been somewhat thrown off balance, if not disarmed, by the Reagan presentation.

Even many Democrats praise the Friedersdorf operation. "They're smooth, they're on the ball," said Sen. Ernest F. Hollings (D-S.C.), ranking minority member of the Senate Budget Committee, which will have first crack at Reagan's spending cut plan starting with hearings this week.

House Speaker Thomas P. (Tip) O'Neill Jr. (D-Mass.) is another example. President Carter, many of whose goals O'Neill shared, started their relationship off with a series of small slights.

O'Neill could not get extra tickets he wanted to the Carter inaugural. At his first White House breakfast, hearty-eater O'Neill got only a hard roll made even harder to

swallow because O'Neill, like other congressional guests, was billed for the fare.

The result was a headline-making Carter-O'Neill rift that was patched up only later.

Reagan began his relationship with an embrace. The speaker has been to the White House for a private dinner for four with Mrs. O'Neill and the Reagans. He was invited to the Oval office for the president's 70th birthday party, and he has been consulted many other times.

Reagan and his top aides long ago decided that the best strategy often is to hold potential enemies close, so close that they cannot move their arms, one official commented.

O'Neill met Carter's top aide, Hamilton Jordan, only three times in four years, an O'Neill assistant said, while he feels comfortable with Reagan's top advisers, and the only time he needed something from the White House, he got it.

Faced with the possibility of wide-spread Democratic defections on the vote to raise the federal debt limit, O'Neill asked Friedersdorf for a letter from the president to each Democratic member asking for support.

O'Neill was impressed that Friedersdorf promised the letters without checking with Reagan, and doubly impressed that they arrived the next day. "They produced," an O'Neill aide said.

Reagan and his top three White House aides, Edwin Meese III, James A. Baker III and Michael Deaver, are all sensitive to the need for good relations with Congress, which makes Friedersdorf's job easier.

"It is like they have worked in congressional relations before," Friedersdorf said of the three senior Reagan aides. Deaver had the idea of holding a 70th birthday party for Reagan in the Oval Office and inviting congressional leaders, he added.

It does not hurt Reagan or Freidersdorf that they succeed a president whose relations with Capitol Hill began wretchedly and improved only moderately.

Friedersdorf, 51, defines his strategy by two numbers: 51 votes in the Senate and 218 in the House.

If he gets those totals, even though he admits "We'd like a few more," he's a success.

"I don't think politics ever goes out of style," Friedersdorf said. "I don't have a bad connotation of that word. Politics means to facilitate."

To facilitate enactment of Reagan's programs, Friedersdorf and his 12 assistants aim to provide all the service they can to the members of Congress.

Ken Duberstein, Friedersdorf's top aide for the House, said members of his team have paid at least one visit to all 435 House offices. If the member of Congress has been out, they have talked to the staff.

Their emphasis, in their first meetings, Duberstein said, is on letting the legislators know the congressional relations office wants to help.

They are also following up on Reagan's promise that he will not take Congress by surprise and is looking for the reciprocal assurance that the White House won't be blindsided.

At least for now, almost nothing is too small if it helps build a solid foundation for good relations in the future.

"We try to be attentive to the little things, on the theory that if you take care of them, the big things can take care of themselves," said Friedersdorf's deputy for the Senate, Powell Moore, who makes it a point, when asked, to arrange birthday greetings from the president to constituents of senators.

Several members of Congress cited the preparation of Reagan's economic package and of Carter's first energy program as illustrations of the contrast between the Reagan and Carter approaches.

Meese and Baker worked closely with key members of Congress to explain the package and prepare its way before it was made public. The Carter program was handed down without such careful advance preparation.

"I've never been to so many meetings, but that's the way to do it," Hollings said.

Care and feeding of Congress is not limited to elected members. Steve Bell, staff director of the Senate Budget Committee, noted that the chief staffers of the Senate's four principal money committees—Appropriations, Finance, Budget and Banking—were invited to the White House a couple of weeks ago for a first-hand look at what was available to them from the liaison office.

When congressional staff members have had problems with executive agencies, Friedersdorf's people have stepped in to straighten them out, Bell said.

Friedersdorf said he intends to pursue good relations with every member of Congress: "I'm not writing off anybody at all." Even from Democrats who may not back Reagan with their votes, the White House hopes for a willingness to share information.

"A member of Congress needs information. Sharing it promptly often helps," Duberstein said.

The big tests lie ahead on whether the magic numbers 51 and 218 can be won for Reagan's program. The toughest part of the job so far, Friedersdorf said, has been helping the political clearances for White House personnel. For each happy job candidate and happy sponsor there are a lot of unhappy ones, he said.

Despite rough moments over personnel, Friedersdorf has no complaint about the way the president's program is being handled. "There seems to be a good attitude up there," he said.

Republican members of Congress are predictably more enthusiastic about their relations than Democrats. A few liberal Democrats said they had not seen any White House representatives, while most Republicans said they had been given quick and complete cooperation.

Sen. Jesse A. Helms (R-N.C.), who's probably more problems with the administration over nominations than any other Republican, gives "an A+" to the Friedersdorf operation.

"He can't do everything for you, but he gives it the old college try," Helms said. "Call it stroking or whatever, it's absolutely essential."●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, March 19, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MARCH 20

9:00 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Dirksen Building

9:30 a.m.
Finance
To hear and consider the nominations of Norman B. Ture, of Virginia, to be Under Secretary of the Treasury, and Beryl W. Sprinkel, of Illinois, to be Under Secretary of the Treasury for Monetary Affairs.
2221 Dirksen Building

Special on Aging
To hold oversight hearings on the impact of proposed budget reductions in programs affecting the elderly, focusing on income security programs.
1202 Dirksen Building

11:00 a.m.
Foreign Relations
To hold hearings on (Exec. S, 96th Congress, 2d session) the Protocol Amending the Interim Convention on Conservation of North Pacific Fur Seals, Between the United States, Canada, Japan, and the Soviet Union.
4221 Dirksen Building

MARCH 23

9:00 a.m.
Agriculture, Nutrition, and Forestry
To resume hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

9:30 a.m.
Finance
Health Subcommittee
To hold hearings to examine the current medicaid and medicare review requirements of the professional standards review organizations.
2221 Dirksen Building

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Railroad Administration, Department of Transportation, and the National Railroad Passenger Corporation (Amtrak).
1114 Dirksen Building

Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 601, to reduce and simplify certain licensing requirements in the broadcast industry.
235 Russell Building

Energy and Natural Resources
Energy Research and Development Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on fossil and environmental programs.
3110 Dirksen Building

Select on Indian Affairs
To hold hearings to review the administration's proposed budgetary recommendations for the Bureau of Indian Affairs, Department of the Interior, and the Indian Health Service, Department of Health and Human Services, and various Indian related programs of the Department of Education and the Department of Housing and Urban Development.
1202 Dirksen Building

2:00 p.m.
Agriculture, Nutrition, and Forestry
To continue hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

2:30 p.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To continue hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on solar and conservation programs.
3110 Dirksen Building

MARCH 24

9:00 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Foreign Agricultural Service, Office of International Cooperation and Development, Federal Crop Insurance Corporation, Economics and Statistics Service, and the World Food and Agricultural Outlook and Situation Board.
1223 Dirksen Building

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings to review supplemental assistance and restructuring policies for Consolidated Rail Corporation (Conrail), and on proposed authorizations for fiscal year 1982 for the U.S. Railway Association.
235 Russell Building

Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for low-income energy assistance programs.
5302 Dirksen Building

Labor and Human Resources
*Labor Subcommittee
To hold hearings on S. 348, 430, and 658, bills to increase job opportunity by allowing employers to pay young people the minimum wage at a reduced rate.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold hearings to examine current shortages and future supply trends of anthracite coal used for residential heating.
3110 Dirksen Building

Finance
To resume hearings on the administration's proposed spending reduction proposals for economic recovery.
2221 Dirksen Building

2:00 p.m.
Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Drug Enforcement Administration, and prison service programs, Department of Justice.
S-146, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
235 Russell Building

MARCH 25

9:00 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for alternative fuel programs and the Economic Regulatory Administration, Department of Energy.
1114 Dirksen Building

Select on Intelligence
*Budget Subcommittee
To resume closed hearings on proposed authorizations for fiscal year 1982 for intelligence activities of the United States.
S-407, Capitol

9:30 a.m.
Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the office of the Secretary, general administration, Economic Development Administration, and the Regional Action Planning Commissions, Department of Commerce.
S-146, Capitol

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To continue oversight hearings to review supplemental assistance and restructuring policies for Consolidated Rail Corporation (Conrail), and on proposed authorizations for fiscal year 1982 for the U.S. Railway Association.
5110 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on proposed legislation authorizing funds for the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act.
2228 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 348, to increase job opportunity by allowing employers to pay young people the minimum wage at a reduced rate.
4232 Dirksen Building

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Highway Administration, Department of Transportation.
1223 Dirksen Building

Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 681, to provide a comprehensive system of liability and compensation for oil spill damage and removal costs (being held at the Senate desk).
4200 Dirksen Building

Finance
To continue hearings on the administration's spending reduction proposals for economic recovery.
2221 Dirksen Building

2:00 p.m.
Agriculture, Nutrition, and Forestry
To continue hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To resume hearings on S. 45, simplifying the administration of national policy requirements applicable to Federal assistance programs to State and local governments.
3302 Dirksen Building

MARCH 26

9:00 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of the Interior and certain related agencies.
1114 Dirksen Building

9:30 a.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of State; and to review certain foreign assistance programs.
1224 Dirksen Building

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Oceanic and Atmospheric Administration, and the Maritime Administration, Department of Commerce.
S-146, Capitol

Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for certain public health professional education and nurse training programs of the Department of Health and Human Services.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the Power Marketing Administrations of the Department of Energy.
3110 Dirksen Building

Environment and Public Works
Environmental Pollution Subcommittee
To continue hearings on S. 681, to provide a comprehensive system of liability and compensation for oil spill damage and removal costs (being held at the Senate desk).
4200 Dirksen Building

Finance
To continue hearings on the administration's proposed spending reduction proposals for economic recovery.
2221 Dirksen Building

Select on Intelligence
Budget Subcommittee
To continue closed hearings on proposed authorizations for fiscal year 1982 for intelligence activities of the United States.
S-407, Capitol

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
235 Russell Building

MARCH 27

9:00 a.m.
Special on Aging
To resume oversight hearings on the impact of proposed budget reductions in programs affecting the elderly, focusing on health and human services programs.
6226 Dirksen Building

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on tax and tariff proposals to aid the domestic refining industry.
2221 Dirksen Building

*Labor and Human Resources
To resume hearings on proposed legislation authorizing funds for certain health professions block grants.
4232 Dirksen Building

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Highway Traffic Safety Administration, Department of Transportation.
1224 Dirksen Building

Commerce, Science, and Transportation
*Merchant Marine Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal year 1982 for the Maritime Administration, Department of Commerce.
235 Russell Building

MARCH 30

9:00 a.m.
Agriculture, Nutrition, and Forestry
To resume hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

9:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on the implementation of the strategic petroleum reserve.
3110 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on proposed legislation authorizing funds for the Drug Abuse Prevention, Treatment and Rehabilitation Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Aviation Administration, Department of Transportation.
1114 Dirksen Building

Commerce, Science, and Transportation
Communications Subcommittee
To resume hearings on S. 601, to reduce and simplify certain licensing requirements in the broadcast industry.
235 Russell Building

Finance
Taxation and Debt Management Subcommittee
To hold hearings on miscellaneous tax measures, S. 388, 446, 464, 476, 500, 501, and 499.
2221 Dirksen Building

2:30 p.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on magnetic fusion, inertial fusion, geothermal electric energy systems, and nuclear materials security and safeguards.
3110 Dirksen Building

MARCH 31

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Soil Conservation Service, Agricultural Stabilization and Conservation Service, and the Animal and Plant Health Inspection Service, Department of Agriculture.
1223 Dirksen Building

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the International Trade Administration, Scientific and Technical Research Service, and the Patent and Trademark Office, Department of Commerce.
S-126, Capitol

Banking, Housing, and Urban Affairs
Securities Subcommittee
To hold hearings on S. 289, to provide uniform margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. persons where such acquisition is financed by non-U.S. lenders.
5302 Dirksen Building

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings, in closed session, on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings to review the strategic minerals and materials research policy of the United States.
3110 Dirksen Building

Labor and Human Resources
To hold oversight hearings on the implementation of family planning programs.
4232 Dirksen Building

10:00 a.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Management and Budget.
S-146, Capitol

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development; and to continue review of certain foreign assistance programs.
S-126, Capitol

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the White House Office, Office of Administration, official residence of the Vice President, executive residence, special assistance to the President, compensation of the President, and other unanticipated needs.
S-146, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 1

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Bureau of Indian Affairs, Department of the Interior.
1114 Dirksen Building

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Farmers Home Administration, Rural Electrification Administration, and the Farm Credit Administration.
1223 Dirksen Building

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Emergency Management Agency and the Selective Service System.
S-126, Capitol

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the economic and statistical analysis program, U.S. Census Bureau, National Telecommunications and Information Administration, and the Minority Business Development Agency, Department of Commerce.
S-146, Capitol

Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for certain preventive health block grants.
4232 Dirksen Building

10:00 a.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Secretary of the Treasury.
1224 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal year 1982 for the Consumer Product Safety Commission.
5110 Dirksen Building

Rules and Administration
To hold hearings on Senate Resolution 20, providing for television and radio broadcasting of Senate Chamber proceedings.
301 Russell Building

2:00 p.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary, international affairs programs, Bureau of the Mint, Bureau of Engraving and Printing, and Bureau of Government Financial Operations of the Department of the Treasury.
1224 Dirksen Building

Energy and Natural Resources
Energy Research and Development Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on nuclear programs.
3110 Dirksen Building

APRIL 2

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Surface Mining Reclamation and Enforcement, Department of the Interior, and the Smithsonian Institution.
1114 Dirksen Building

9:30 a.m.
*Veterans' Affairs
To hold hearings to receive legislative recommendations for fiscal year 1982 from officials of Paralyzed Veterans of America, Blinded Veterans Association, Military Order of the Purple Heart, Veterans of World War I, and Noncommissioned Officers Association.
457 Russell Building

10:00 a.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Postal Service.
S-146, Capitol

Commerce, Science, and Transportation
Consumer Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1982 for the Consumer Product Safety Commission.
5110 Dirksen Building

11:00 a.m.
*Veterans' Affairs
To hold hearings to receive legislative recommendations for fiscal year 1982 from AMVETS
457 Russell Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development, and certain foreign assistance programs.
S-126, Capitol

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Customs Service, U.S. Secret Service, Federal Law Enforcement Training Center, and the Bureau of Alcohol, Tobacco and Firearms.
S-146, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
5110 Dirksen Building

APRIL 3

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Transportation and related agencies.
1114 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1982 for the Consumer Product Safety Commission.
5110 Dirksen Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings on the implementation of the strategic petroleum reserve.
3110 Dirksen Building

Finance
International Trade Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the U.S. Customs Service, the International Trade Commission, and the Office of the U.S. Trade Representative.
2221 Dirksen Building

12:30 p.m.
Finance
Economic Growth, Employment, and Revenue Sharing Subcommittee
To hold hearings on the use of tax incentives to increase employment, focusing on ways to increase the level of employment by reducing the additional labor costs imposed by Federal taxes.
2221 Dirksen Building

2:00 p.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on the U.S. Synthetic Fuels Corporation, and alcohol fuel programs.
3110 Dirksen Building

APRIL 6

9:30 a.m.
Energy and Natural Resources
Energy Conservation and Supply Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for certain programs of the Department of Energy which fall within the subcommittee's jurisdiction.
3110 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on proposed legislation authorizing funds for the Alcohol and Drug Abuse Education Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Railway Association and Consolidated Rail Corporation (Conrail).
1114 Dirksen Building

APRIL 7

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Food and Nutrition Service, and the Food Safety and Quality Service, Department of Agriculture.
1223 Dirksen Building

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings to review the strategic minerals and materials research policy of the United States.
3110 Dirksen Building

Labor and Human Resources
To hold hearings on proposed authorizations for fiscal year 1982 for the National Science Foundation.
4232 Dirksen Building

10:00 a.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the General Services Administration.
1318 Dirksen Building

2:00 p.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Personnel Management, Merit Systems Protection Board and Special Counsel, Federal Labor Relations Authority, Advisory Commission on Intergovernmental Relations, Advisory Committee on Federal Pay, Commission on Executive, Legislative and Judicial Salaries, and the President's Commisson on Pension Policy.
1318 Dirksen Building

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 8

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary and the Office of the Solicitor, Department of the Interior.
1114 Dirksen Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Science and Technology Policy, Council on Environmental Quality, and the National Regulatory Council.
S-126, Capitol

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building

Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for certain health maintenance organizations of the Department of Health and Human Services.
4232 Dirksen Building

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Department of Transportation.
1224 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Administrative Conference of the United States, Federal Elections Commission, Office of Federal Procurement Policy, Domestic Policy Staff, U.S. Tax Court and the Committee for Purchase From the Blind and Other Severely Handicapped.
1318 Dirksen Building

Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 306, authorizing the Secretary of the Interior to construct, operate, and maintain specified hydroelectric powerplants at various existing water projects.
3110 Dirksen Building

Rules and Administration
To resume hearings on Senate Resolution 20, providing for television and radio broadcasting of Senate Chamber proceedings.
301 Russell Building

APRIL 9

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for strategic petroleum reserve programs, the Energy Information Administration, and naval petroleum reserve programs, Department of Energy.
1114 Dirksen Building

9:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings to review the strategic minerals and materials research policy of the United States.
3110 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on proposals to require a balanced Federal budget.
2228 Dirksen Building

Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for the Domestic Volunteer Services Act.
4232 Dirksen Building

Special on Aging
To hold oversight hearings to determine whether certain energy assistance programs are meeting the financial and health needs of elderly victims of extreme heat and cold.
457 Russell Building

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary, Department of Transportation, and to review overall budget recommendations.
S-126, Capitol

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Internal Revenue Service, and the savings bond division of the Bureau of the Public Debt.
1318 Dirksen Building

2:00 p.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Council of Economic Advisers, National Security Council, and the Council on Wage and Price Stability.
1318 Dirksen Building

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 14

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 16

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 21

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for Forest Service programs, the Office of the Federal Inspector for the Alaska Natural Gas Transportation System, and the Pennsylvania Avenue Development Corporation.
1114 Dirksen Building

9:30 a.m.
Labor and Human Resources
To resume hearings on alleged sex discrimination in the workplace.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 22

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary of Energy.
1114 Dirksen Building

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Food and Drug Administration, Commodity Futures Trading Commission, Agricultural Marketing Service, Federal Grain Inspection Service, Office of Transportation, and the Agricultural Cooperative Service, Department of Agriculture.
1223 Dirksen Building

Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Environmental Protection Agency.
1318 Dirksen Building

Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for certain community/migrant health centers and the National Health Service Corps of the Department of Health and Human Services.
4232 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development, and certain development and regional programs of the Department of State.
S-126, Capitol

APRIL 23

9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for certain social services block grants.
4232 Dirksen Building

*Special on Aging
To hold oversight hearings on the implementation of the Older Americans Act.
5110 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for certain international aid programs of the Department of State.
S-126, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 28

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Endowment for the Arts and the National Endowment for the Humanities.
1114 Dirksen Building

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings on the implementation of the Davis-Bacon Act.
422 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building

Labor and Human Resources
Education Subcommittee
To hold hearings to review certain educational programs.
5110 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international monetary programs of the Department of Treasury.
S-126, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 29

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Consumer Cooperative Bank, and the Consumer Product Safety Commission.
1318 Dirksen Building

Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold oversight hearings on the implementation of the Economic Opportunity Act.
457 Russell Building

Labor and Human Resources
Labor Subcommittee
To continue oversight hearings on the implementation of the Davis-Bacon Act.
4232 Dirksen Building

10:00 a.m.
Labor and Human Resources
Education Subcommittee
To continue hearings to review certain educational programs.
6226 Dirksen Building

APRIL 30

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Park Service, Department of the Interior.
1114 Dirksen Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Science Foundation.
1318 Dirksen Building

Labor and Human Resources
Handicapped Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the developmental disabilities program.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the multilateral development banks of the Department of the Treasury.
S-126, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

MAY 4

9:30 a.m.
Labor and Human Resources
Handicapped Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the developmental disabilities program.
4232 Dirksen Building

MAY 5

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Export-Import Bank of the United States.
S-126, Capitol

MAY 6

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the logical Survey, Department of the Interior.
1223 Dirksen Building

MAY 7

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for conservation and fossil energy programs.
1223 Dirksen Building

9:30 a.m.
Labor and Human Resources
Handicapped Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the developmental disabilities program.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development, and certain international aid programs.
S-126, Capitol

MAY 12

9:30 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Aeronautics and Space Administration.
1224 Dirksen Building
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings on the implementation of the Longshoremen and Habor Workers Compensation Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international security assistance programs of the Department of State.
S-126, Capitol

MAY 13

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Commission of Fine Arts, the National Galley of Arts, and the Bureau of Mines, Department of the Interior.
1223 Dirksen Building

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.
4232 Dirksen Building

MAY 14

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Territorial Affairs, Department of the Interior.
1223 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international programs.
S-126, Capitol

MAY 19

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

MAY 20

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development.
1224 Dirksen Building

MAY 21

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and the Neighborhood Reinvestment Corporation.
1224 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

JUNE 2

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and certain independent agencies.
1224 Dirksen Building

CANCELLATIONS

MARCH 20

9:30 a.m.
Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for certain public health categorical programs of the Department of Health and Human Services.
4232 Dirksen Building

10:00 a.m.
Appropriations
Labor, Health and Human Services, and Education Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Departments of Labor, Health and Human Services, and Education.
1114 Dirksen Building

MARCH 23

9:30 a.m.
Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for national centers for health statistics, health services research and health care technology programs, national research service awards, and medical library assistance programs.
4232 Dirksen Building

MARCH 24

9:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To resume hearings to discuss major intergovernmental issues of the 1980's.
357 Russell Building

SENATE—*Thursday, March 19, 1981*

(Legislative day of Monday, February 16, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Our Father in Heaven who are infinite in wisdom and justice, Thou hast said in Thy word,

If any of you lacks wisdom, let him ask God, who gives to all men generously and without reproaching, and it will be given him.—James 1: 5, RSV.

We pray for wisdom for the Senators as they work through the tensions between budget reduction and the needs and demands of the people and Government. Give them grace to ask for and receive Thy wisdom and guidance. May the Holy Spirit fill the Capitol and offices with divine presence. Infuse hearts and minds with judgment which transcends human reason.

Be gracious, O God, to the personal needs which we so easily conceal. Heal those who are hurting. Strengthen those who are weak. Encourage those who fear. Make resolute those who equivocate. Free those who feel cornered. Lord God, let Thy will be done in the Senate today. Rule and overrule in the affairs of this Nation.

We make these requests in the name of the Lord Jesus Christ. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE—S. 509

Mr. BAKER. Mr. President, as I announced on Tuesday, it was the hope of the leadership that we could pick up the pending amendment to the pending measure and dispose of both on this day. But, after consulting and conferring with the distinguished minority leader, it appeared clear to both of us—I know it did to me—that a number of Senators were going to be necessarily absent today to attend an official function honoring one of our former colleagues. It seemed the better part of discretion, from a scheduling standpoint, would be to continue with the debate on the milk price support bill today and the pending amendment, but to provide that any votes that are ordered on this bill, or any amendments thereto, to be stacked and disposed of on Tuesday next.

If that arrangement is satisfactory to the minority leader, I am prepared now to make a unanimous-consent request in that respect.

Mr. ROBERT C. BYRD. Mr. President, the distinguished majority leader has discussed this matter with me. I wish to say that, on behalf of colleagues on my side of the aisle who have to be absent, I express appreciation to him for his courtesy in scheduling the votes for next Tuesday.

Mr. MELCHER is present in the Chamber. Being the author of the pending amendment, I feel it may be well to seek his reaction on the majority leader's suggestion. As for myself, I am very agreeable to the suggestion the majority leader has made with respect to stacking of votes on Tuesday and with respect to proceeding with debate, as I understand it, in the meantime.

Mr. BAKER. Mr. President, I am happy to yield to the distinguished author of the pending amendment.

Mr. MELCHER. Mr. President, I thank the distinguished majority leader for yielding, and I thank him for his gracious offer. It would indeed inconvenience some of the Senators, I suspect on both sides of the aisle, if critical votes were taken today or tomorrow.

I am delighted with the offer by the majority leader and I thank him for that. I had only one request, that the votes be stacked to occur after noontime on Tuesday.

Mr. BAKER. Mr. President, I thank both the distinguished minority leader and the distinguished author of the pending amendment.

Mr. President, I hope that all of the debate will be disposed of today, that all amendments that are to be offered to the bill can be offered today, and that we can reach third reading of the bill today because next week is going to be a busy week. While there is no time agreement on this bill or any amendment hereto, I would expect that the Senate would be in session as long as necessary to make a diligent effort to try to complete the debate on this bill and the amendments thereto during this calendar day.

UNANIMOUS-CONSENT AGREEMENT

With that expression of hope, I now ask unanimous consent that the vote on this bill on final passage, and any amendments to this bill, or other votes that may be ordered in respect to this bill on today, be deferred until Tuesday next; that such votes be stacked in the order in which they are ordered; that they occur back to back without further debate; that the first vote that may be ordered and stacked be 15 minutes in length and any subsequent votes may be 10 minutes in length, and that such votes not occur prior to the hour of—will the Chair indulge me for just a moment?

Mr. President, I withdraw that portion of my request which I was about to put dealing with the time for the votes to occur, and put my request to the Chair in respect to the stacking of votes to occur on Tuesday, with the full understanding that I will have another statement to make in respect to our preference on the time schedule later.

Might I inquire of the Chair, is the form of the request that I have now put that any votes that may be ordered on this bill, or any amendments thereto, be deferred from today and occur instead on Tuesday next, the first vote to be 15 minutes and the subsequent votes to be 10 minutes each? Is that the extent of the request so far?

The PRESIDING OFFICER (Mr. HAYAKAWA). That is correct.

Without objection, it is so ordered.

Mr. PROXMIRE. Was that request granted?

Mr. BAKER. It was.

Mr. PROXMIRE. I wanted to reserve the right to object. I will not object, but I want to find out whether the leader can inform the Senate whether or not there will be any votes today.

Mr. BAKER. Mr. President, I know of no votes that will occur today, but this request is in respect to votes on this bill or any amendments to this bill. I suppose it is theoretically possible that there will be votes today, but I do not know of any that are planned for today.

I do hope and expect that the full debate on this measure will be continued today and we can reach third reading on the bill before this calendar day is over. But I know of no votes that are to be ordered on other matters.

Mr. ROBERT C. BYRD. Mr. President, I was not listening when the Chair ruled on the request, but did the request include the matter with respect to third reading?

Mr. BAKER. It did not.

Mr. ROBERT C. BYRD. I thank the Senator.

ORDER FOR ROLLCALL VOTES ON TUESDAY, MARCH 24, 1981, AT 2:30 P.M.

(Later the following occurred:)

Mr. BAKER. Mr. President, I ask

unanimous consent that the votes which may be ordered on today in respect to the pending measure and any amendments thereto, which we have already postponed by previous order until Tuesday, occur beginning at 2:30 p.m. on Tuesday, back to back.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. BAKER. Mr. President, might I say that notices I have issued previously to Members on this side, and the schedule I have apprised the minority leader of in respect to sessions of the Senate during these first organizational weeks on Tuesday, Thursday, and Friday, expire this week.

It will be my expectation that the Senate will be in session Monday, Tuesday, Wednesday, Thursday, and Friday of next week, with the possibility of a Saturday session if we have not completed certain matters that I hope we shall address next week, particularly the reconciliation resolution. The reason I say that now is to reiterate the notice that I have sent to Members on this side that that schedule which has obtained to this date no longer applies after the conclusion of the activities of the Senate this week.

Mr. President, one other matter: The notice that has been sent to Members on this side, the schedule of which I have apprised the minority leader of, provided that if there is to be a late-night session of the Senate, it will occur, if possible, on Thursdays. I might suggest that, in view of the fact that we have postponed final determination of this bill on this Thursday until next Tuesday, the possibility of a late night session, if it is necessary, might exist for Tuesday as well. I do not anticipate that. I certainly do not wish for that. But Senators should be on notice that the possibility of a late Thursday session attaches to next Tuesday, since we have postponed final disposition of the milk price support bill.

RESOLUTION OF RECONCILIATION

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I have yielded.

Mr. ROBERT C. BYRD. Could the Senator tell us what the schedule may be, with respect to the resolution of reconciliation, with instructions, as to when the Senate might begin consideration of that measure?

Mr. BAKER. Mr. President, I thank the minority leader. I consulted with the distinguished chairman of the Committee on the Budget today. It is his hope and expectation that the resolution of reconciliation, with instructions, can be ordered reported today. According to my calculations, that would mean that it is not possible to reach that resolution for floor action, given the requirements of the 3-day rule, until next Thursday. It would be my hope that the minority leader might be able to waive, say, 1 day of that 3-day rule and permit the Senate to address that resolution beginning on Wednesday instead of Thursday. I think that will diminish the chances that we might have to be in session on Saturday next week in order to dispose of it.

It is the intention of the leadership on this side to proceed to the consideration of the budget resolution as soon as it is available and as soon as we may do so under the rules and under the provision of the statute.

Mr. ROBERT C. BYRD. I thank the majority leader.

Mr. BAKER. Mr. President, may I also say that, in view of the fact that we are going to be in session all week next week, there will be no pro forma session of the Senate on tomorrow. We will, instead, convene at a time I shall suggest a little later in the day on Monday.

I expect that there will be requests for special orders on Monday, the subject of which may be wide ranging, but some of those special order speeches, I expect, will be on the subject of the budget.

It is my hope that Senators who wish to speak on the budget might take advantage of Monday, because once we get into this bill, and, debate on the bill is severely limited—50 hours, perhaps less, to debate this resolution.

So I invite Senators to consider the possibility that some of their statements with respect to the budget resolution might be made on Monday of next week.

In addition to honoring any requests for special orders, I expect we shall have a very generous period for the transaction of routine morning business on Monday.

I do not expect that other legislative matters will be submitted to the Senate on Monday, unless they are routine matters that can be treated by majority consent.

Mr. PROXMIRE. Mr. President, will the majority leader yield?

Mr. BAKER. Yes.

Mr. PROXMIRE. Will there be rollcall votes on Monday?

Mr. BAKER. I do not expect any.

Mr. PROXMIRE. But it is possible there will be rollcall votes.

Mr. BAKER. I do not anticipate any, but it is possible.

Mr. President, I see the Senator from Georgia is on the floor. I do not know whether I have any time left under the standing order or not. I had planned to yield to him part of my time under the standing order. Instead, since I rather suspect my time may have expired, I suggest that the Senator from Georgia might consider forgoing his statement for just a moment while I yield the floor and permit the minority leader to utilize his time. Then it will be my expectation that I shall ask the Senate for permission to go into a period for the transaction of routine morning business.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The Senator from West Virginia.

SOVIET INFLUENCE IN THE THIRD WORLD

Mr. ROBERT C. BYRD. Mr. President, in response to the Soviet Union's alarming buildup of strategic and conventional weaponry, the Reagan administration rightly has committed the United States to significant increases in defense spending over the coming years. I hasten to add, however, that I will reserve judgment on the administration's defense proposals until I have had the opportunity to ascertain whether or not they actually meet legitimate security needs.

In any event, I share the deep concern of this administration over the present Soviet strategic and conventional military capability. I support this Government's major policy decision to upgrade our own strategic and conventional military posture.

However, I am somewhat unsettled by other aspects of the administration's national security policy, particularly the dubious claim that the Soviet Union has successfully expanded its sphere of influence in the Third World. The facts just do not support this perception. I refer to two recent articles, one written by Joseph C. Harsch for the March 12, 1981, Christian Science Monitor and the other by John Kenneth Galbraith for the March 17, 1981, edition of the Washington Post.

Mr. Harsch, in his article, noted:

> Since World War II, 15 countries have for a time been part of the Soviet power system and then broken away from it. The high point for Soviet World influence was in 1958 when both China and Indonesia were part of that system. There was a second high point around 1970 when Egypt, India, and Iraq were in the Soviet orbit.
>
> Since Egypt pulled out in 1972, India in 1977, and Iraq in 1978, the world range of Soviet influence has been at a minimum. At present that influence is less than at any time since the end of World War II. Moscow has not enjoyed any real "winning streak" since it lost China in 1960.

Professor Galbraith further expands upon the Soviet decline by pointing out:

> One has only to recapture the past to see how great has been the fall—one made greater by statesmen who ascribed more unity than ever, in fact existed. Russia and China have split bitterly apart, one of the most formidable developments of our time. Romania has developed an independent line that, on occasion, has involved overtures to Peking. Hungary has designed its own relatively liberal economic system. The case of Poland calls for no current comment. Albania has returned from an association with China to total ambiguity. Various of the Western Communist parties, and most notably that of Italy, have proclaimed their independence. . . .

Today, out of an estimated 115 countries, those Third World nations which

could be classified as legitimate client states of the Soviet Union include Libya, Afghanistan, Cuba, and South Yemen. Vietnam is using the Soviet Union to balance its traditional emnity toward China and to promote its own expansionist policies in Laos and Kampuchea. Syria has entered into a friendship treaty with the Soviet Union more as a means of obtaining modern military equipment than for any reason of ideological compatibility. Ethiopia relies upon Soviet and Cuban advisers, and military equipment, to deal with rebellions in the Ogaden and Eritrean Provinces. Angola relies upon Cuban advisers, as well as Gulf Oil revenues, to maintain the MPLA in power. The Soviet Union has yet to convince the so-called Marxist government in Mozambique to accord it vital naval bases.

My concern is that this administration has articulated an "us against them" policy as it applies to the Third World. In other words, if the countries of the developing world do not march to our tune, then obviously they are against us and "for them." Obviously, this policy is not based upon any historical perspective. Historically, in the post-World War II era, the developing countries have, for the most part, marched to their own tune.

Within the context of the balance of military power between the world's two superpowers, I am concerned that the United States not be in a position of inferiority. By the same token, I think it is incumbent upon the administration to view the real world as it is and not through ideological blinders which could afford the Soviets opportunities presently denied them.

I ask unanimous consent that the two articles be printed in the RECORD.

There being no objective, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 17, 1981]

20 YEARS OF DECLINE IN THE SOVIET "EMPIRE"

(By John Kenneth Galbraith)

There could be comfort of a sort these days in finding one subject on which the United States and the Soviet Union, or more precisely their governments, agree. And there is; it is that imperialism is the greatest international ambition and consequent threat of our time. Each government routinely accuses the other of imperial design—of present effort and future intention to extend its influence, will and political and economic system beyond its borders and most notably to the poor countries of Asia, Africa and Latin America. Reference to the imperialist powers, meaning the United States, is routine in Soviet official expression. In an early Cabinet meeting, President Reagan is reported as proposing that reference to the Soviet Empire become the normal usage. During Secretary of State Alexander Haig's confirmation proceedings, the more common reference was to Soviet expansionism. This can be taken as a synonym reflecting the tendency to convert anything that is morally unacceptable into an ism.

But if, indeed, the Soviet Union and the United States are engaged in an imperial competition, it is surely the least successful in all history. In the last 20 years both have lost influence and suffered grave reverses beyond their borders. At most the effort has been to see who can lose what is called imperial power the least rapidly. By any calculation we have been losing less rapidly in this respect than the Soviets; and the largest part of our loss of influence has been the result of deliberate policy—of a well-considered effort to build up the economic and political independence of other lands. We are now, in some measure, surprised by the results of our own success.

I would like to turn first to the Soviet imperial achievement or nonachievement of these last two decades. Then in a second article I will come to our performance. And finally I will suggest the reasons, surprisingly similar in the main, why the external influence of both of the superpowers has been in decline, one obvious reason being that what is now called imperialism bears only the most pallid relationship to the forthright exercise of such authority in earlier times.

The year 1960 is a very good one on which to begin. World War II had been over for 15 years; its physical ravages had been repaired; the postwar pattern of international power and influence seemed fully established and totally stable; in that year, or more exactly a few months later, I became the servant of American imperialism as the ambassador to India. In 1960, any imperial strategist in Moscow, looking out on the world scene and ignoring some possible developing flaws, could only have reacted with the most intense satisfaction. The Soviet Union, incomparably the greatest power in Europe, was united geographically and in political and economic faith and system with China, the greatest power in Asia. Along the western marches, in turn, was a seemingly faithful band of Communist states—East Germany, Poland, Hungary, Czechoslovakia, Rumania, Bulgaria, as well as the independent but still stolidly Communist state of Yugoslavia and the *terra incognita* of Albania. Similarly to the east the writ ran on to North Korea and North Vietnam. One marvels now to think of it: an imperium, as it seemed, extending from the Brandenburg Gate to the port of Haiphong. There had been nothing like it since Genghis Khan or, as the Russians might prefer, Rome itself. Quite possibly this structure was more impressively solid when viewed from the outside than from within. In any case, all American references were to the Sino-Soviet bloc; in those years Secretary of State Dean Rusk characterized China as a "Soviet Manchukuo" devoid of any of the essential aspects of sovereignty. All sovereignty belonged to Moscow.

But there was yet more. In Indonesia Sukarno was backed by a large and powerful Communist Party. Egypt, the most influential country of the Arab world, was recipient of an increasing flow of Soviet arms and advisers. As was Ben Bella in Algeria. There was support to Kwame Nkrumah in Ghana. In Italy and France, huge Communist parties seemed in impeccable subordination to Soviet command. Similarly smaller ones elsewhere. More important, perhaps, was the feeling everywhere in the poor lands that socialism was on the wave of the future. How could it be otherwise? Capitalism had not served to break the terrible bonds of poverty. There must be an alternative; the only available one was socialism or communism. Moscow, not Washington (or New York), had custody of the future.

One has only to recapture this past to see how great has been the fall—one made greater by statesmen who ascribed more unity than ever, in fact, existed. Russia and China have split bitterly apart, one of the most formidable developments of our time. Rumania has developed an independent line that, on occasion, has involved overtures to Peking. Hungary has designed its own relatively liberal economic system. The case of Poland calls for no current comment. Albania has returned from an association with China to total ambiguity. Various of the Western Communist parties, and most notably that of Italy, have proclaimed their independence. In Indonesia the Communists were liquidated with a cruelty that no one anywhere could condone. The Soviet advisers have been expelled from Egypt. Tanks originally supplied by the Soviets ousted Ben Bella and returned him to the confinement that, by either the French or his own people, was his near-lifetime career. Nkrumah, unwisely absent from his country, was ousted. And in the poor countries of the world socialism has ceased to be the glowing alternative to poverty—given the terrible weight of the latter, one might only wish that it were. As Marx himself foresaw, socialism becomes an alternative only after the arrival of capitalism. It is a point to which I will return.

Against all this has been the Communist expansion—in Afghanistan to rescue a failing Marxist regime, a country as inhospitable to imperialism in the last two centuries as any in the world. And in Angola, where the MPLA regime is sustained by Cuban soldiers and, in a possibly much more practical way, by revenues from Gulf Oil. And in Ethiopia, where, as Evelyn Waugh once observed, the writ of governments has never run reliably very much beyond the airport, in his day the railway station. As a bastion of communism, Ethiopia is in exchange for Somalia, an earlier bastion of communism, now an outpost of the free world. Such is the 20-year record of the Soviet Empire. Expansionism indeed!

In contrast with that of the Soviet Union, the 20-year record of the United States looks almost heroic. We were expelled from Indochina, but Indochina is a long way from being China. As the Soviets suffered in Egypt, so did we in Iran. Elsewhere our influence has yielded to the discovery of the OPEC countries that they could charge what the market would bear, something that should not have been a great surprise to a capitalist country, an opportunity that could have been discovered from a reading of our better economic textbooks. And, as in the case of Brazil, Mexico and perhaps even India, our influence has suffered from the growing self-confidence that goes with industrial (or agricultural) development. Most of all, it has suffered from the highly successful development of our advanced industrial allies and friends. But all this, as noted, we have sought. With all these countries we remain on reasonably friendly terms. Our disasters have been only in countries, South Vietnam and Iran, where we attempted a much closer military and political embrace. To a further contemplation of the American imperial record over the last 20 years I return in a further article.

[From the Christian Science Monitor, Mar. 12, 1981]

MOSCOW'S "WINNING STREAK," CONTINUED

(By Joseph C. Harsch)

Since World War II 15 countries have for a time been part of the Soviet power system and then broken away from it. The high point for Soviet world influence was in 1958 when both China and Indonesia were part of that system. There was a second high point around 1970 when Egypt, India, and Iraq were in the Soviet orbit.

Since Egypt pulled out in 1972, India in 1977, and Iraq in 1978 the world range of Soviet influence has been at a minimum. At

present that influence is less than at any time since the end of World War II. Moscow has not enjoyed any real "winning streak" since it lost China in 1960.

One of the more interesting things about the rise and fall of Soviet influence in various parts of the world is that the United States played an effective role in only one of the important cases of a country getting itself out of the Soviet embrace. The others who escaped did it mostly on their own, often in spite of US policies which hobbled and delayed them.

Indonesia was the one important case where the escape had US support. The CIA was active in both planning and executing the events of September, 1965, when a communist coup was launched and converted into a communist disaster. The Communist Party of Indonesia was literally massacred. Estimates of the number killed range between 80,000 and 300,000. Indonesia has been in a state of semihostility with Moscow ever since.

China and India are the most populous countries on Earth. Indonesia comes just after the Soviet Union and the United States in population. If Moscow had been able to hang on to the loyalties of China, India, and Indonesia and if Moscow could count them today as members of its power system then Moscow today would be at an all-time peak of power and influence. But all three were lost. In the cases of China and India they were lost by Moscow, not pulled away by Washington.

The Chinese break was delayed by US hostility and was long concealed by the US involvement in Vietnam. The Chinese did not feel free to expose the extent of their differences with Moscow until President Nixon went to China in 1972. After that the Chinese were secure enough to become the leading advocates of a world coalition to "contain" the Soviets.

The United States "tilted" to Pakistan during its 1971 war with India. A US naval task force sailed into the Bay of Bengal, but withdrew when the Indian army inflicted a quick and decisive defeat on the Pakistani forces in eastern Pakistan which then became the new state of Bangladesh. India had prepared for that war by signing a 20-year "friendship and cooperation" treaty with Moscow in August and by placing orders for large quantities of arms. In effect, Moscow "covered" India while India broke up Pakistan. During the next five years India took $1.3 billion in arms from the Soviets.

Later, Soviet support for Vietnam expansion in India's backyard, and Soviet intrusion into Afghanistan helped India to return to a policy of neutrality between Moscow and Washington.

The first important Soviet loss was Yugoslavia in 1948. At the moment of the break the British rushed a shipload of motor fuel to keep that country's highway transport going. The US did nothing, on the assumption that the Soviets would quickly reassert their control.

Egypt became another, and a particularly humiliating, loss to Moscow. President Sadat broke away because he was fed up with the Soviet's arrogance. They had pushed him around too much. Mr. Sadat's switch over to the US side was a dazzling strategic windfall for Washington. Its effect was to push the Soviet fleet almost out of the Mediterranean by depriving it of the use of Alexandria. But it happened, without help from Washington.

In other words, Moscow is its own worst enemy. Its clumsy mishandling of one country after another has driven out of the Soviet orbit enough countries and peoples to dominate the world decisively. It lost China because it refused even to talk about territories taken from China by the Czars. Incidentally, it alienated Japan by refusing to surrender small islands just north of Japan which Stalin had grabbed at the end of World War II.

In all important cases except Indonesia Moscow's loss was due either to changes in the power pattern which made the Soviet relationship a disadvantage, or because the Soviet hand was too heavy. Usually, the United States was a surprised onlooker.

When we are talking about breaking up the Soviet empire Washington has a poor record. Moscow's own heavy and arrogant hand has done more for Washington than Washington's own often misguided efforts.

Let us hope that sending unrequested guns and advisers to El Salvador will not add one more item to the list of mistakes.

Mr. ROBERT C. BYRD. Mr. President, I yield to Senator PROXMIRE such time as he may desire.

Mr. PROXMIRE. I thank my good friend. I shall not take more than 2 or 3 minutes.

Mr. BAKER. I yield 3 minutes to the Senator.

DEALING WITH THE UNSPEAKABLE: RECALLING THE YEARS OF THE HOLOCAUST

Mr. PROXMIRE. Mr. President, to attempt to describe what happened during the holocaust is an attempt to describe something beyond the imagination of mankind. Yet, it is very important that each and every one of us remember just what took place. Mankind must never be allowed to forget that more than 6 million Jews, gypsies, and other so-called "undesirables" perished in the archipelago of Nazi death camps during the Second World War. Where Nazi virulence reached its ugly climax: The medical experiment, the gas chamber, and the crematorium.

It is difficult to believe how far this blatant attempt to commit genocide was allowed to go in the supposedly civilized 20th century. Yet the truth is that not only were the Nazis almost successful in carrying out the goals of the "final solution," but nothing was directly done to stop them. Is it possible that this attempt to commit outright genocide against all of European Jewry was successfully kept secret from the German citizenry, from soldiers, intelligence agents, and the foreign press? According to Walter Laqueur in his volume entitled, "The Terrible Secret," this was partially the case. According to Nazi propaganda, the Jews were not to be executed, just "resettled," "removed," given "special treatment." Still, too many cables were intercepted and codes broken for the world not to be aware of the Nazis' intention to achieve the goals of the "final solution." The holocaust became an open secret. The problem was an acute unwillingness among the knowledgeable to accept the truth of the situation.

A haunting rationale for this epidemic of moral numbness was provided by Willem Visser't Hooft, founding secretary of the World Council of Churches:

> People could find no place in their consciousness for such an unimaginable horror. . . . It is possible to live in a twilight between knowing and not knowing.

Several examples of this unwillingness to acknowledge the Nazis' genocidal intentions come to mind.

While the United States had the capacity, the Roosevelt administration preferred not to bomb Auschwitz or even the train tracks leading there. Instead, the White House ordered rescue by victory—though by the end of the war, only a remnant of Auschwitz' prisoners could be saved. Despite the fact that 70,000 Jews were murdered at Babi Yar, the Soviet Union refused to recognize specific crimes perpetrated against the Jews. And in Britain, Anthony Eden feared that statements about such Nazi slaughterhouses might cause the Germans to harden their hearts.

Mr. President, the most accurate explanation that describes why the Nazis were able to go as far as they actually did is Edmund Burke's dictum:

> The only thing necessary for the triumph of evil is for good men to do nothing.

Today, we have an opportunity to take an official stand on the international crime of genocide. There is no reason why the leading power of the Western World should refrain from officially condemning this most hideous crime. In ratifying the Genocide Convention, the United States of America will inform the world that it will not tolerate a recurrence of what happened during the holocaust. Let us procrastinate no longer and ratify this important convention.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President.

The PRESIDING OFFICER. The minority leader still has time.

Mr. BAKER. Mr. President, if the distinguished minority leader has no further need for his time or if there is any time remaining——

Mr. ROBERT. C. BYRD. Mr. President, I yield back the remainder of my time, if I have any remaining, to the distinguished majority leader.

Mr. BAKER. I thank the minority leader.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, as I mentioned earlier, the distinguished Senator from Georgia has a matter he wishes to take care of and I believe the Senator from Rhode Island has a matter. Therefore, I ask unanimous consent that there now be a period for the transaction of routine morning business not to exceed 30 minutes in length, in which Senators may be permitted to speak not more than 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Georgia is recognized.

SENATE CONCURRENT RESOLUTION 15—ENLARGEMENT OF GRAIN EMBARGO TO INCLUDE ALL COMMERCE WITH SOVIET UNION

Mr. MATTINGLY. Mr. President, I send a concurrent resolution to the desk and ask that it be appropriately referred.

The PRESIDING OFFICER. The resolution will be received and appropriately referred.

Mr. MATTINGLY. Mr. President, today is Agriculture Day 1981, and I should like to take a minute on this special day to remind my colleagues of a few facts:

Agriculture is our Nation's No. 1 industry, with assets of over $927 billion;

Agriculture is our Nation's No. 1 employer—with over 15 million people;

Agriculture is our Nation's No. 1 inflation fighter—with productivity growth five times greater than nonfarm industry over the past 5 years; and

Agriculture is our Nation's No. 1 exporter—exporting over $40 billion worth of produce last year.

In short, while industry loses ground to its scrambling foreign competition, the United States and its farmers are providing the one bright spot in our trade with other nations and a transfusion to the economy just when we need it.

But I remind my colleagues of one other fact: Not all of America's farmers are able to ship their product to the market that wants to buy it. The grain embargo, imposed 15 months ago, has penalized the farmers for the exact qualities we are trying to reward in the rest of the economy: They have a good product, produced in abundance, and aggressively marketed overseas.

I do not think it is fair. And I happen to know that a majority of my colleagues in this body do not think it is fair, either.

So, today I, along with Mr. JEPSEN, Mr. BOREN, and Mr. BUMPERS, am submitting a resolution cosponsored by a majority of other Senators, both Republican and Democrat, from all parts of this country, expressing the sense of the Senate that the U.S. embargo on grain sales to the Soviet Union be expanded to include all goods and services exported to that country—or that no embargo be in effect at all.

There is little doubt in my mind that the original purpose of the grain embargo was valid. It was designed to retaliate against the uncalled for and uncivilized invasion of Afghanistan. But in the last 15 months, it has become clear that the embargo must either be lifted, or expanded to cover all trade with the Soviets.

With this resolution, I am simply saying that if we are to have an embargo of the grain and food which this Nation so abundantly produces, then the embargo is going to be extended further than farm products. It will be extended across the board for all business and for all of our commerce with the Russians.

The American farmer has always been on the very frontline in support of preserving our national security and integrity. The American farmer does not mind shouldering the burden of this embargo for the good of the country if that burden is shared evenly by all. But our farmers are tired. They are tired of doing more than their share. They have been singled out to bear the burden for all of us. I now believe that if we are going to go into the embargo business, we should go in all the way—or not at all.

Mr. President, I agree with those who say that this is not the time to send the wrong kind of signal to the Soviet Union. However, I strongly believe that this embargo has done little more than show the Soviets that we are willing to hurt ourselves greatly in order to hurt them a little. For an embargo to be effective, our people must be willing to pay the price, and impose a penalty on the Soviet Union that might have an effect on their behavior.

This is the goal of all Americans.

All Americans are willing to do their part in reaching that goal.

(The text of the concurrent resolution (S. Con. Res. 15) is printed in the routine morning business proceedings.)

Mr. JEPSEN. Mr. President, I am pleased to join my colleague from Georgia in sponsoring this concurrent resolution. The resolution very simply states that as long as there is an embargo of grain to the Soviet Union, the embargo should pertain to all goods and services.

I cannot stand by any longer and allow the American farmer to bear the brunt of the embargo. This resolution does not debate whether or not the grain embargo is serving a foreign policy purpose—it only debates the fact that 4 percent of our population have been singled out to carry the burden.

Mr. President, over 14 months ago President Carter imposed a unilateral embargo of grain sales to the Soviet Union in response to a step-up in Soviet aggression, especially in Afghanistan. The problem was that the grain embargo was the only substantive action he took. Since the embargoed grain is only about 8 percent of the Soviet's projected needs, the impact on Russia was not great. On the other hand, the impact on the American farmer was catastrophic.

As I stated on January 4, 1980, President Carter shot the farmer in the foot and then said to Russia, "There, take that."

I have long stated that America should never use food as a weapon. Farmers are proud and patriotic people, but what this ineffective grain embargo has done is to make the farmer the whipping boy for Soviet aggression. My State of Iowa, with its high exports, bore the brunt of the grain embargo—but every U.S. farmer also became the victim. They could not understand why they had been singled out to "punish" the Soviets. And what an inadequate punishment it was. We have the facts to prove that.

On June 30, 1980, Lt. Gen. Eugene Tighe, Director of the Defense Intelligence Agency, testified, along with several top Soviet analysts, that the Soviet grain embargo had almost no effect on the Soviet Union. According to the testimony, the Soviets will have a grain shortfall during 1980 of only 3 percent. The testimony continued:

> It will not appreciably affect their economic growth rate . . . We observed that the Soviets very quickly replaced most of the grain that we embargoed from other Western sources, mainly Argentina, although Canada did export some wheat after our embargo.

Clearly, the Soviet Union has not suffered even minimal hardship because of the U.S. sales suspension of grain or other agricultural products. Prior to the sales suspension, per capita meat consumption in the Soviet Union averaged 120 pounds, a figure that no analyst believes will drop by more than 5 to 8 pounds. Senator TOWER has described the impact of the embargo as being tantamount to a "Big Mac" attack. It is difficult, in any case, to measure the precise impact of such a reduction in meat supplies because of the simple fact that food lines and deprivation have always been the norm for Soviet people.

It is true that the United States supplies a majority of the corn that is sold on the world market and that corn is the preferred feed grain. However, sorghum and manioc can be substituted for corn and both of these commodities are often available from Latin America, or Asian suppliers. Further, grain is a commodity that can be easily transshipped from the original destination. Unless we are able to monitor every boxcar, every barge, and every freighter in the world, the Soviets will likely be able to find some witting ally to be their agent.

While the embargo has not had the planned effect on the Soviets, it has had a very negative effect on the United States. The cost of the embargo was borne in several ways. First, of course was the $2.25 billion spent by the Government to purchase the more than 13 million metric tons of grain contracted for by the Soviets in order to "minimize the adverse impact of the embargo on the American farmer." Next, the United States suffered a loss in trade revenues equivalent to that portion of the embargoed U.S. grain that did not slip through to the Soviet Union through third parties or was not otherwise resold by the Government. The United States still has no effective method of preventing U.S. grain from being transshipped through third countries to the Soviet Union. And even if it did, it could not stop other countries from selling their grain to the Soviets and replacing it with U.S. grain.

As of mid June 1980, the Government had managed to sell less than half of the grain it purchased, and some of the sales were at as much as a dollar a bushel less than what the Government had paid for it. Whatever the Government did not sell either to foreign traders or to U.S. traders for export, of course, added to the overall deficit figure for the U.S. balance of trade. This further weakened

the dollar in international monetary circles.

Finally, contrary to the optimistic predictions of Bob Bergland, the commodity markets did not go back to normal in 3 months; it was more like 5 months.

The high interest rates resulting from Carter's inflation caused many farmers to sell their grain to elevators at a loss so they could finance spring planting.

To make matters even worse, Carter in mid-June 1980 informed several large grain trading companies that they could resume selling grain to the Soviet Union as long as it was foreign grain. To grain traders, this was an open admission that the grain embargo had failed and that Carter had no illusions about the 1980–81 trading year. Carter's decision allowed the major grain traders to buy wheat anywhere in the world to meet Soviet demand.

Mr. President, there has been a great deal of discussion about the grain embargo relative to the "signal" it sends to the Soviet Union. I think all Americans want to send a strong message to the Soviet Union. But I do not feel that message needs to be borne by the 4 percent of our population who are farmers. If we want to send a message, then an embargo on all goods and services is a much stronger message than that of a partial grain embargo.

While I still firmly believe the embargo should be rescinded, I will not debate that subject today. Rather, I urge my colleagues to join me in supporting this resolution to embargo all goods and services to the Soviet Union as long as there is a grain embargo. The American farmer is willing to help carry out our foreign policy, but they are not willing to stand alone.

Mr. President, I have talked about this embargo from January 4, 1980, beginning about 8:45 in the evening, 5 minutes after the President of the United States had announced he was placing the embargo in answer to the military aggression of Russia in Afghanistan.

When I was asked about this by the press in a telephone call, my first reaction was that it seemed to me that, in the interests of appearing tough—which we had not done for some considerable period of time—although well intentioned, I am sure, the President of the United States pulled out his six-gun, shot the American farmer in the foot, and said to Russia, "There, take that." The problem was military aggression in Afghanistan.

Mr. President, my remarks contain all of the facts that we all know well, the facts that I have said from one coast to the other and from the Canadian border to the Mexican border, north and south, east and west, over the past 14 months across this Nation.

The grain embargo when it was first imposed was grudgingly accepted by all major farm organizations which said, "Let us give them some time."

The farmers in my State who are very patriotic folks as all farmers are, said, "Well, if it is going to help and it makes a difference, we will reserve our judgment."

But as we all know, it was a failed procedure. It is riddled and punctured just literally, with page, after page, after page of documented misadministration, a lack of communication, and assumptions that were made, for example, that all of the other countries, as we were told, were going to go around and support the embargo with us of course, turned out not to be true. There is the fact that an announcement was made several months after the embargo was put on by the then President who said, "Grain companies, it is all right for you to trade and sell grain to Russia as long as it is not ours." There is the fact that for nearly 90 days after the embargo was imposed we sold fertilizer by the hundreds of thousands of tons to Russia in order that they could put more fertilizers on the land to improve their crops.

But where are we now? We are at a place where today in the United States of America people in the agriculture community, agriculture producers all over this country, among other things, are filing their income tax returns and there is no income to pay tax on. They are buying their chemicals, their seed, and their fertilizer to get ready for planting, and they are faced the second year in a row with a 25 to 35 percent increase in the cost of the materials they need for production. They are faced with nearly a doubling of the cost of the fuel that it cost and they are faced again for the second time in history—we did not believe it could happen—with the highest interest rates that we have seen since the Civil War days.

And I shall say this to this administration and those who are advising the President, who I know personally cares very much and is trying very hard to justify lifting the embargo but is being advised by a few that it would send the wrong signal: I suggest to my colleagues in the Senate and to those in the administration and to the advisers that are suggesting this that they look at and think about the big picture.

No. 1, we are about to embark and we are in fact taking the first step forward in a journey that is going to be tough, that is going to be a journey that will change the direction of this country for the first time in over a half-century, a change in direction that was mandated by the American people on the 4th of November, a chance to get our economy back on track, to get productivity built back into our economy and our basic operation in this country.

To bring that change about, Mr. President, we need the support and the consensus of all Americans and today up until this point the President has enjoyed this and it has been a bipartisan approach that we have been taking to get this job done to do, first, the first step that must be taken and that is to get control on the increase in Government spending.

But, Mr. President, the advisers are saying "Do not lift this embargo because it will send the wrong signal," and I say send the wrong signal to whom? They say because of Poland. I say so what is new? Poland yesterday, El Salvador today, Nicaragua last year, Zimbabwe before that, Angola, Ethiopia, Afghanistan. No; we are not sending the wrong signal when we lift the embargo because we are about to embark on a journey in this country that is going to be a tough one.

To change the economy, to turn around the direction of this whole Nation, we need the consensus of all of our people, and I might suggest to any of the generals who might think that this is a good thing to send the right signal, it is ineffective as it is, to our adversaries or enemies.

I suggest to them that they consider the fact that we are about to enter into a very important domestic battle of changing the direction of this country. We need the support of all their troops, and if you are a general and turn around and you find the troops you are leading are starting to turn and go the other way you have serious problems. And that, Mr. President, is coming close to happening in this country.

That is why we are introducing this concurrent resolution as a sense of the Senate to just simply come up and say:

I made a promise to the American people. This administration made a promise to the American people, and especially to the agricultural community, that the embargo was going to be lifted, and I simply today announce that it is lifted.

Lest one think it is a wrong signal, I do not believe it is, with the events that have taken place, with the posture we have taken, with the budget arrangements that are being made, and with the talk and the concern about attaining and maintaining the level of defense that will keep the peace. Whatever is necessary to do it, let us do it. I do not think anyone has the wrong signal.

I suggest that in the interest of bringing this whole program along we all join together, and it is a two-way street, in getting about this very serious and very tough business of getting the economic program and all of its four steps, namely, first, control of Government spending; second, tax cuts across the board and restructuring for the business community investment to get our productivity going to create jobs; third, to reform our regulatory agencies and bring realism into this; and fourth, have a tight monetary policy, so we can all support this and go down the same road together and give those of us and there are many of us here who represent an agriculture community in the constituency a chance to do so with gusto and enthusiasm, because that is what we have been doing and that is what we want to continue to do. But the embargo must be lifted.

Thank you, Mr. President.

Mr. ABDNOR. Mr. President, I rise briefly to commend our colleagues, the Senator from Georgia and the Senator from Iowa, for introducing this concurrent resolution. It is not only timely but it is really past time. We should not be experiencing the problems we are facing today with the embargo. It should have been lifted long ago. It is doing far, far more harm not only to the farmers of this Nation, but to the country as a whole and in many ways it completely

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contradicts what we are trying to do in the domestic field by what we are doing in the foreign field.

The effect of the embargo as to the good it has done has been nominal at best, and in some respects the effect went even further each day, and the weight is becoming heavier and heavier on the President to lift the embargo. It is becoming increasingly difficult for many of my colleagues to support the administration's proposals on cuts in the agricultural programs when the embargo is doing so much damage to people in the farming business.

We all know we have a challenge to take this country forward and we need a strong economic program to get this country turned around and going in the right direction. But certainly a grain embargo is not the way to go about it.

I know the President has had great pressure put on him by those in the foreign policy field. They have said to him: "Mr. President, if you would lift the embargo now it is a sign of weakness toward Russia." I say that is a lot of hogwash.

The Russians followed the Presidential campaign that we had last fall just as closely as did the American people. They know what the President said in his campaign when he said he would build a stronger defense, he would stand up to our enemies, he was going to work toward a balanced budget, and he was going to take this country forward again and turn the economy around. One other thing he said was he was going to lift the embargo.

So in no way do I think that it would show as a weakness of America toward Russia.

The direct effect it is having on the farmers of this country is so great that above everything else that should be the first consideration, let alone the fact that one of the biggest problems we have is our balance of trade, and the greatest contributors in our balance of trade toward offsetting all the imports we are bringing in, are the farmers of this Nation.

They absolutely cannot be expected to carry the load for the rest of this country and its foreign policy, and to single out 6 million business people—and farmers are business people—who make 2.8 percent of the total population, and think they alone can carry the foreign policy of this country is ridiculous.

I just hope we bring forward this resolution as rapidly as possible.

Once again I want to commend Senator MATTINGLY and Senator JEPSEN for their efforts, on their resolution, and I hope we can expedite consideration of the concurrent resolution and pass it rapidly.

I thank the Chair.

The PRESIDING OFFICER. Is there further morning business?

Mr. PRESSLER. Mr. President, I rise in support of this concurrent resolution, and I should like to speak briefly on it.

I also have an amendment at the desk relating to the milk price support bill. Later today at a proper time I shall call up the amendment. I ask unanimous consent that the amendment I have at the desk be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRESSLER. First of all, I am a cosponsor of the concurrent resolution about which my colleague just spoke.

We have had a funny situation with the Soviet Union. Indeed, we import casein from the Soviet Union which competes with our farm products, yet we cannot export grain to the Soviet Union.

We sell combines, tractors, and machinery to harvest wheat, yet we will not sell wheat to the Soviet Union.

We carry on industrial trade, tourism, and other activities, with the Soviet Union, even an exchange of scholars and diplomats, yet we have asked our farmers not to sell grain there.

I support, and I would support, a total embargo if that is our policy. But it is extremely difficult to support an embargo on one item which all analyses have indicated is not working, and where we are essentially shooting ourselves in the foot, so to speak.

The lost U.S. grain exports have also hurt our urban taxpayers because we have lost foreign currency. Other nations are selling the grain to the Soviet Union, and the Soviet Union is not being hurt. Rather our balance of payments, which causes inflation, is being hurt.

The Soviets are still in Afghanistan. Indeed, many of their troops and equipment are being hauled into Afghanistan in American-built trucks. So once again we have treated the agricultural sector of our economy differently from the way we treat our industrial sector. That has long been a theme of mine and a concern of mine. Therefore, I am a cosponsor of the resolution which has been offered.

I am also a sponsor of the amendment of my colleague from Nebraska regarding the grain embargo. At the proper time, I will be offering my amendment, which I have just asked be printed, which would provide that the changes in the dairy program could not occur unless the grain embargo were lifted.

Mr. President, last October I had an amendment in the Senate which passed 43 to 39 deleting funding from the appropriations bill and asking that the grain embargo be lifted immediately. That effort failed or was voted down on the House side, but it did pass the Senate.

Let me also say it was my clear understanding that President Reagan promised to lift the grain embargo. He said that during the campaign.

I believe it should be lifted, and that our foreign policy objectives would be served by so doing.

As a member of the Committee on Foreign Relations I have been concerned that we are told the grain embargo is serving a foreign policy purpose. It is no longer doing so.

For all those reasons, Mr. President, I join in these efforts. I think we must continue to keep the pressure on to lift the grain embargo. I have not been pleased with the explanations given by the White House, and I shall continue to join in every effort and continue to make the point repeatedly on this Senate floor that it is not a wise policy from a foreign policy formulation point of view or from a practical point of view.

Let me repeat, Mr. President, at the proper time later today I will bring in my amendment to section 201 of the Agricultural Act of 1949, as amended. This amendment will provide that:

> The provisions of this act will not become effective until the restrictions heretofore imposed on the export of U.S. agricultural products to the Union of Soviet Socialist Republics under the authority of the Export Administration Act of 1979 are terminated.

Mr. President, I yield the floor.

Mr. ANDREWS. Mr. President, I rise in support of this resolution, of which I am a cosponsor. For far too long the farmers of America have been asked to carry the entire burden of the action taken against the Soviet Union because of their invasion of Afghanistan. This resolution expresses the sense of Congress that the embargo on grain exports to the Soviet Union be extended to all products or, that such grain embargo be rescinded. Extending the embargo to all products is the least we should do. The American farmer is willing to sacrifice for the good of the country, but he cannot be expected to continue to suffer alone.

Ever since this embargo was put in place by the Carter administration, those of us from farm States have been asking, "Who's suffering more from this embargo, the Russians or the American farmers?" It is becoming more and more clear to my colleagues that what I predicted all along has actually happened. Instead of punishing the Soviets, the President's action has served only to add to the financial distress of an already depressed farm economy and seriously injured our national economy as well.

The Soviet Union has managed rather well without us. They have reduced their own exports of grain to their satellite countries. And, they have increased imports from other producer nations—including some of our best allies. The result has been a rise in international grain prices, yet a severe decline in the price U.S. farmers receive for their grain because they are fenced out of this key market.

Sure, it is important to tell the Soviets that the United States will not tolerate military aggression in the free world. But what has actually happened is that, because of this grain embargo, the Soviets are not paying for their military aggression—the U.S. farmer is.

Our grain exports are not only important to the agricultural sector of our economy, but for the national economic well-being of the entire Nation. Grain exports go a long way toward paying the cost of oil we must import. By exporting a renewable resource, food energy, we then gain the dollars we need to import a vital and nonrenewable resource, fuel energy. It is a good bargain, not just for farm families, but for our economy as a whole.

I think we now recognize that when we stopped the exports of grain last

year, our balance-of-payments problems were magnified, our inflation went up, and our interest rates continued to stay far higher than they should.

In the meantime we continued to ship Caterpillar tractors to Russia so they could farm their land better. We did not embargo fertilizer so they can increase production. The embargo has not worked. I think it is time to move toward other means of putting pressure on the Soviet Union. An across-the-board embargo is one thing, but an embargo confined to grain does not work.

Mr. President, this embargo has been replete with inequities. We gave the huge grain exporters the opportunity to ship grain that was in the pipeline at the time of the embargo to Russia, but we have not embargoed the other products that flow into the Soviet Union. It is time that we go on record saying we cannot tolerate these ineffective, unfair and partial embargoes. We have tried export embargoes on food under Republican administrations; we have tried an export embargo on food under the last Democratic administration. It has not worked. It does not work in the case of Russia.

Mr. President, I think it is about time the Congress points up the fact that we are no longer going to impose food embargoes. We have tried that too many times and it does not work. If we mean business, we must impose a total embargo.

I certainly hope that my colleagues will support this means of letting the President know that he must either lift the grain embargo or make it an across-the-board ban.

The PRESIDING OFFICER. Is there any further morning business?

Mr. DIXON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

IMPACT OF BUDGET CUTS

Mr. DURENBERGER. Mr. President, the March 16 Washington Star contained an interesting combination of articles that I want to bring to the attention of my colleagues.

Page A-3 of the news section had an article detailing the legitimate concern voluntary chartable organizations have over the administration's economic proposals. Brian O'Connell, executive director of Independent Sector, cited the potential loss of direct and indirect Federal assistance, coupled with inflation's impact on private contributions, as problems that budgetcutters and policymakers must deal with in fashioning new directions for public service delivery.

In addition, Mr. O'Connell was quoted as saying—

I caution that we in the (voluntary) sector—and those in the new Administration—not give a false impression that voluntary organizations can substitute for the necessary role of government in a vast array of services, such as public welfare and the enforcement of civil rights.

In the same newspaper—on the opinion pages—Kenneth N. Dayton, chairman of the executive committee of the Dayton-Hudson Corp., took a look at the same problem, but from a different perspective—corporate responsibility to assist in meeting society's social needs.

Mr. Dayton had this to say:

America's "new beginning" challenges all America—but business in particular—to back up its rhetoric with hard dollars where support for voluntary initiative is concerned.

No tax reform bill legislation is needed here. It has always been national policy to encourage corporate contributions by providing tax deductions for contributions of up to 5 percent of pretax income. Sadly, the national average of corporate giving is less than 1 percent.

Mr. Dayton, though, goes beyond urging corporations to merely contribute funds. He makes the point that—

A kept factor in effective corporate philanthropy is focus. Indeed, any contribution program without a carefully planned and clearly articulated funding focus comes dangerously close to "casting money to the winds."

Second, he tells his corporate colleagues that contributions—even targeted contributions—are not enough. The contribution of personnel is imperative:

We also know from experience that even modest resources that are leveraged with the time, talent and professional expertise of our people—and leveraged again with the contributions of like-minded corporate good neighbors—pay off handsomely in addressing local problems.

Brian O'Connell has laid out one of the problems that our society must deal with as we redirect the National Government. Kenneth Dayton has responded with one of the answers.

I hope both will continue to explore the problems and the solutions. As chairman of the Intergovernmental Relations Subcommittee of the Committee on Governmental Affairs, I have committed myself to work for those public policy changes that will foster a rebirth of voluntarism and volunteerism in public service delivery and an increase in private contributed funding of these services.

Mr. President, I ask unanimous consent that the two articles from the Washington Star be printed in today's RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

WILL BUSINESS FILL THE GAP THAT BUDGET CUTS CREATE?

(By Kenneth N. Dayton)

As the new administration sets about the task of trimming government, bringing down inflation and stimulating the economy, its much-heralded ally—business—faces an unprecedented challenge of its own.

After all, business "won" the election, or so goes the popular argument. Now America is waiting to see what business will do with its born-again political clout—and just what responsibility business will claim for itself in revitalizing the country.

Indeed, every snip of Stockman's shears offers business an unparalleled opportunity to help America find non-government alternatives to meet the needs now serviced by the programs facing budget cuts.

To put it more bluntly, America's "new beginning" challenges all America—but businesses in particular—to back up its rhetoric with hard dollars where support for voluntary initiative is concerned. After all, government didn't invent those needs that we criticize it for trying—and failing—to meet. The needs are real, and they aren't going to disappear just because we now want less government.

LOGICAL SOLUTION

Because of its vast resources and its traditional association with the concept of limiting the public sector, business itself provides one very logical solution to help ensure that America's social health is not sacrificed at the expense of attempts to restore its economic health: increased corporate philanthropy.

Not that business can take the place of government; it cannot and it should not. But if we do, indeed, want to "get government off our backs," as the saying goes, business must help America get its hands out of government's pockets—by opening up its own pockets instead.

Moreover, failure to commit substantial private sector resources to help address this nation's needs will surely result in a swift return to dependence on the public sector, with all the regulatory and legislative punishment that such dependence entails.

Indeed, business has many powerful incentives to raise the national standard of corporate giving from below one percent, where it is today, to a more respectable and more effective level. To begin with, building a better environment for the free enterprise system is crucial to its survival, as is building greater public confidence and credibility in the private sector.

More importantly, to protect our business "bottom line," we must be concerned with the environment in which our businesses operate. Crime rates, housing conditions, the quality of education and cultural resources all influence our business success just as surely as productivity and management practices. So increasing corporate giving is also a smart business decision.

Beyond that, the IRS provides what is perhaps the most attractive incentive of all: a tax deduction of up to five per cent of taxable income. No matter what administration is in office, business must ask itself: Why send all that money to Washington and let them decide how to spend it? Why not keep some of it—almost 50 cents on the dollar, up to five per cent—and put it to work solving problems in our local communities?

After all, we've been saying for years that the local level is where problems can be most accurately identified and most effectively addressed. Surely America's business leaders have much to contribute, in expertise as well as corporate resources, to the search for solutions in their local communities.

In Minneapolis, where 45 businesses give at the five per cent level, we know from experience that the personal involvement of our business leaders is a key factor in making our philanthropy pay real dividends for our city. Were it not for the diverse cultural institutions and social service programs made possible by this partnership of contributions and leadership, a city the size of Minneapolis could not hope to attract the disproportionate number of company headquarters it does.

FOCUS

Another key factor in effective corporate philanthropy is focus. Indeed, any contribution program without a carefully planned and clearly articulated funding focus comes dangerously close to "casting money to the winds." For example, several years ago Dayton Hudson identified two areas in which our

company wants to have impact: the arts and social action programs, particularly those that reduce barriers to self-sufficiency for the disadvantaged.

This focus is all the more critical to the effectiveness of our giving, since our company's growth—combined with our formal commitment to give at the five per cent level—now generates an annual contributions budget of over $10 million. As the budget increases, we have learned there is a parallel need to professionalize.

We also know from experience that even modest resources that are leveraged with the time, talent and professional expertise of our people—and leveraged again with the contributions of like-minded corporate good neighbors—pay off handsomely in addressing local problems.

The Minneapolis standard, which is increasingly held up as a national standard, recognizes that the responsibility for solving problems does not rest in Washington alone. Nor does it rest solely in the state capitol or city hall. The responsibility rests with us as people, but most assuredly, with us as business leaders.

IT'S UP TO UNCLE

If business fails to meet the challenge of preserving voluntary effort in this country in the face of the proposed budget cuts, then we will have relinquished authority to government. We will have said, in effect, "Uncle, you do it, because we're too busy."

By contrast, if business launches a concerted effort nationwide to commit more corporate resources to solve local problems and if those resources are properly leveraged with focus and personal involvement—then we can truly launch a "new beginning" for this nation.

Surely our businesses will be more successful for it, our cities healthier, and our nation more secure.

CHARITIES CONCERNED ABOUT BUDGET IMPACT

(By Jim Castelli)

The Reagan administration's proposed cuts in federal social programs place religious and other voluntary charitable agencies in a position one church official describes as "double jeopardy"—they will be asked to serve more people with less money.

Voluntary agencies, particularly in the past several years, have been looking for a larger role, in cooperation with government, in providing social services, and many look forward to support from the Reagan administration.

But these agencies now fear they are being asked to do the government's job as well as their own.

Brian O'Connell, executive director of Independent Sector, an organization representing a broad range of private agencies. says, "I caution that we in the sector—and those in the new administration—not give a false impression that voluntary organizations can substitute for the necessary role of government in a vast array of services, such as public welfare and the enforcement of civil rights."

Patricia Barrett, director of government relations for United Way, says proposed budget cuts in social service programs far outstrip the money—about $1.5 billion—which United Way raised for its 37,000 affiliated agencies last year.

Leaders in the voluntary sector say it is too early to know the precise impact of the proposed cuts because it is not yet clear which local programs and services will be reduced or eliminated. But, these leaders say, the impact will come in a variety of forms.

The most direct will be the loss of federal revenue. Church and charitable agencies now receive hundreds of millions of dollars a year in federal funds for programs ranging from summer feeding to adoption services to Medicaid to public service jobs.

Leaders of charitable organizations say cuts in these programs will mean private agencies will have to choose between serving fewer people or replacing federal money from other sources, primarily voluntary contributions.

O'Connell also warns that private agencies could feel a disproportionate impact from the proposed cuts because government agencies find it easier to cut the money they pay in contracts and fees than to cut their own staff and operating expenses.

Col. Ernest Miller of the Salvation Army says the major impact of the budget cuts will be more "subtle" than direct loss of revenue.

He said the proposed cuts will force a large number of people off public assistance and "as the marginally eligible drop off public assistance, they will need more help from private charities, particularly local churches."

"Our resources are already stretched to the limit," said Matthew Ahmann, who handles government relations for the National Conference of Catholic Charities, the largest private social service system in the country.

The Rev. Ernest Gibson, executive director of the Council of Churches of Greater Washington, says church attendance usually increases during times of economic difficulty, but church revenue does not. He said he anticipates more people coming to their churches for help with the basic needs of food, clothing and housing.

Church groups are particularly concerned about proposed cuts in food stamps and other food programs, according to Nancy Amidei, executive director of the Food Research and Action Center, which is coordinating opposition to those cuts.

The churches believe the food stamp program works, she said, but beyond that, their own emergency food pantries are already strained. "They've gotten the feeling that the administration believes they will pick up the slack after cuts in these programs," Amidei said, "and they don't have the resources to do that."

A number of voluntary agencies are also highly critical of a proposed cut of $250 million to $290 million in postal subsidies to non-profit second and third-class mail users. After the Postal Service was reorganized in 1970, Congress approved a 16-year phase-in of higher rates for non-profit mail users. The administration wants to end that subsidy next Oct. 1, six years before it is scheduled to end.

The Third-Class Non-profit Mailers Alliance, which represents groups such as the Salvation Army, the March of Dimes the National Audubon Society and CARE, says postage costs for members of the National Catholic Development Conference would be increased by $18 million, postage for Billy Graham's organization by $2.6 million and postage for St. Jude's Children's Research Hospital by $1.2 million.

"Attempting to balance the federal budget by making it more difficult for (voluntary) organizations to raise privately donated funds to help the public welfare makes no sense," the coalition said. "It would require an equal or greater reduction in services at the same time all levels of government are reducing the delivery of services and looking to the voluntary sector to provide them."

Voluntary agencies are pursuing a variety of strategies in the wake of the proposed budget cuts. One is to mobilize opposition to specific program cuts. Another, according to Barrett of the United Way, is to reexamine their own priorities and look for alternatives to existing programs and ways to further reduce expenses.

O'Connell and others note that, during the campaign, Reagan supported a proposal to allow taxpayers using the standard deduction to deduct their contributions to charity, a move charities believe would increase charitable contributions by $1 billion or more.

That legislation is needed now more than ever, they argue. But, they add, even that will not be nearly enough to make up for the impact of Reagan's proposed budget cuts.

Mr. DURENBERGER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. GOLDWATER). Is there further morning business?

Mr. STENNIS. Mr. President, if the Senator yielded to me, I first want to thank him.

The PRESIDING OFFICER. The Chair recognizes the Senator.

Mr. BAKER. Will the Senator yield to me?

Mr. STENNIS. I am happy to yield to the distinguished majority leader, Mr. BAKER. I ask unanimous consent that the time for the transaction of routine morning business be extended for not more than 10 more minutes under the terms of the provision previously ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Mississippi.

Mr. STENNIS. Mr. President, I thank the Senator again. I shall certainly not detain the Senate for more than 5 minutes.

THE TENNESSEE-TOMBIGBEE WATERWAY

Mr. STENNIS. Mr. President, one of the matters before Congress at this session will be the question of appropriations for the continued construction of the Tennessee-Tombigbee waterway project, which is already before the committees and some action has been had thereon. Those of us who are familiar with the project and have followed it have given attention to the idea of getting together what we believe are the actual cost figures for completing the project, and also, estimates that relate to other phases which have been mentioned by some Senators regarding the possible termination of the project.

I have in my hand, Mr. President, a "Dear Colleague" letter that has been prepared and signed by the Senator from Tennessee (Mr. BAKER) and the junior Senator from Tennessee (Mr. SASSER); the Senators from Kentucky (Mr. HUDDLESTON and Mr. FORD); the Senators from Alabama (Mr. HEFLIN and Mr. DENTON); the Senator from Mississippi (Mr. COCHRAN), and myself.

I ask unanimous consent that this letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., MARCH 19, 1981.

DEAR SENATOR: This letter is an effort to bring you the facts in dollars and cents regarding the Tennessee-Tombigbee Waterway.

The financial facts concerning this waterway which we believe justify the continued support of the Congress are as follows:

(Data obtained from Army Corps of Engineers)

[In millions]

Total project cost	$1,780
Funds allocated through fiscal year 1981	1,099
President Reagan's revised fiscal year 1982 Budget	201
Balance after fiscal year 1982	480

A few of our colleagues have proposed that this project be terminated at the end of 1981. If the project were terminated, more than $1 billion, which has already been invested, plus over $300 million in contract termination and restoration costs, would be almost totally lost.

[In millions]

Cost estimate of terminating contracts	$122
Cost estimate of restoring land	161
Cost of completing work on navigable portion	45
Total	328

In addition, the economic return which is estimated to be $137 million in average annual benefits would be lost. However, only $17 million in average annual economic benefits would be realized if the project were stopped.

It really comes down to this—there can be a completed Tennessee-Tombigbee Waterway by spending $353 million more than it will cost to stop construction, terminate the contracts, and restore the area.

We believe that these facts clearly support continuation of the investment as proposed by President Reagan. We would like to personally discuss the Tennessee-Tombigbee Waterway with you and answer any questions you may have.

Sincerely,

JOHN C. STENNIS.
HOWARD BAKER.
WALTER HUDDLESTON.
HOWELL HEFLIN.
THAD COCHRAN.
JIM SASSER.
WENDELL FORD.
JEREMIAH DENTON.

Mr. STENNIS. Mr. President, my remarks now will be quite brief. I am not going to take the time of the Senate to read the entire letter. I just call attention to the fact that the word "estimates" is used in here. These are estimates that were made by the Corps of Engineers, at our request but from their actual records, based upon other, similar transactions that they have had in which they are experienced in this field. This undertakes to show the cost of what we have spent so far, the current appropriation request, and then some figures—as I say, estimates—with reference to different phases of what had been mentioned as a termination. We most respectfully call these to the attention of all our colleagues and to the public at large. I believe these figures are correct.

With all deference to everyone, we believe that, really, these figures are unanswerable in that: it shows that an investment has already been made and the funds to complete it are necessary to protect that investment, which is a capital investment for the Nation, and also necessary to make the project into a useful and serviceable project for the entire Nation.

Mr. HUDDLESTON. Will the Senator yield for a moment?

Mr. STENNIS. Yes, I am happy to yield.

Mr. HUDDLESTON. Mr. President, I think the distinguished Senator from Mississippi is to be commended for working up these statistics. All of us are interested in saving money, cutting the Federal expenditures, but I think these demonstrate that, sometimes, it becomes very, very expensive to save money. That can be penny-wise and pound-foolish in many instances, and I believe this is a perfect example.

I hope that as these figures are made known and the Members of this body become more familiar with the exact propositions that are being made, we will see that it is in the best interests of the country and that it is economically sound to continue this very important project.

Mr. STENNIS. I thank the Senator very much for his remarks, his interest, and his assistance.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If there be none, morning business is terminated.

ADJUSTMENT OF PRICE SUPPORT FOR MILK

The PRESIDING OFFICER. The Senate will now resume consideration of the pending business, S. 509, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 509) to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield?

Mr. MELCHER. I yield to the minority leader.

Mr. ROBERT C. BYRD. Mr. President, I express the hope that Senators on my side of the aisle who have amendments will call them up today and proceed with the debate thereon, so that votes, if ordered, can be stacked up in accordance with the request made earlier and agreed to, as propounded by the majority leader.

I suggest that our cloakroom on this side of the aisle inquire of Senators if they have amendments and, if they do, encourage them to proceed at some point during the day to call them up, so that all amendments that will be voted on Tuesday will have been called up and debated.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. MELCHER. I am delighted to yield.

Mr. BAKER. I thank the manager of the amendment for yielding.

Mr. President, I join the minority leader and urge that Members on this side come to the floor as soon as possible and offer any amendments they may have to this measure.

While there is no certainty that we can complete debate on this bill today, we do have votes, as they may be ordered, stacked until Tuesday. It is my hope that we can complete all debate on this measure today, while we are not under any time pressure.

So I will ask our cloakroom to notify Senators that it is the wish of the joint leadership that Members who may have amendments should come to the floor and present them to the Senate for consideration today.

AMENDMENT NO. 8

(FORMERLY NUMBERED UP AMENDMENT NO. 14)

Mr. MELCHER. Mr. President, it is my intention to respond briefly to some of the comments that have been made about the amendment I offered on Tuesday and, having done that, to ask unanimous consent to lay aside temporarily the amendment, so that others may offer amendments if they are ready to do so.

The PRESIDING OFFICER. Does the Senator ask unanimous consent?

Mr. MELCHER. No, I have not asked that as yet. I will do so at the conclusion of my remarks.

Mr. President, the purpose of the amendment is to help the President in his program to decrease Federal outlays.

The bill itself, S. 509, by forgoing the increase in milk price supports on April 1—which would be automatic under the law—means that there will be a saving in Federal outlay of about $147 million. If we add to the bill the amendment now before the Senate, that will save approximately $200 million more in Federal outlay.

What could be wrong with that? That seems to be what we are after. So what are the objections?

First of all, the objection is raised that this would be a step toward protectionism, protecting the American market. The answer to that is, unequivocally, yes, it certainly is. It certainly is a step in that direction, and for very good reason.

Section 22 of the Agriculture Act provides for a mechanism to avoid importing agriculture products to the extent that it would drastically hamper the effectiveness of a domestic agricultural program. Section 22 of the Agriculture Act is for a specific purpose. The specific case we have right now is that we are importing between $330 million and $350 million worth of casein every year. That could be much worse. Casein is a natural protein of skim milk. It is convenient to ship it, and it could be that, instead of importing $330 million to $350 million worth of casein annually, we could be importing much more. Perhaps it would be a half-billion dollars' worth.

Is that bad? Yes, it is. It is time to limit how much we are going to import of this product, because it is in direct competition with the skim milk that is produced here in the United States.

What about the argument that we do not have any casein manufacturing in this country and that this amendment is meaningless in terms of reducing dairy

supplies, that it really has no effect on our domestic dairy producers?

That is not so at all.

First of all, the amendment would limit the casein imports to one-half of the average of the past 5 years. So, we are limiting most but not all of the casein that is going into food.

I think it is fair to give an example or two of what I am talking about as to what casein does go into the food.

Casein, I am told, is the very important, natural occurring protein in skimmed milk. It is easy to handle. It is easy to ship and it is available. When it gets over to this country, the imported casein, for instance, goes into making imitation cheeses, and other products.

How do they do that? They add some oil or some other type of solvent and they come up with imitation cheeses, coffee whiteners, and frozen dessert toppings. Just those three items I mentioned total 64.5 million pounds per year.

This casein goes into the food chain, the foods we eat, foods that are available to be purchased here in the United States.

Not all casein that we import goes into food. If we look at the other side of it, there are 28 million pounds we import every year that go to industrial uses Elmer's glue, I believe, is a casein glue. It goes into other industrial products. We also import casein that goes into medical, nutritional, and pharmaceutical supplies and that amounts to about 5 million pounds.

So if we add up those two areas, they amount to 33 million pounds out of 150 million pounds that we imported last year. This amount does not go into food. All the rest goes into food.

What the amendment seeks to do is reduce half of what we imported and, therefore, reduce most of what goes into actual food products in the United States.

We are told that if we do this this might cost consumers more money. I do not believe that argument is valid at all.

First of all, casein is convenient and cheap to import. It costs about $1.50 a pound. We get it from numerous countries, all of which in one way or another have a subsidized dairy program. So we are not talking about a product that is produced in a completely free market atmosphere. All of the countries that we import casein from have one way or another a subsidized dairy program.

The casein when we get it in here, as I mentioned earlier, is converted into a mixture with vegetable oils or solvents and goes into the food products that I mentioned.

What could have gone into these same food products if we did not import casein? The answer to that is that one of the food products here in the United States, produced by U.S. dairy farmers, is skimmed milk, which would replace the amount of the casein that is mixed with some solvent or vegetable oil to make the food products mentioned.

So it would be the same products, the cheese, the coffee whitener, the frozen dessert toppings, that would all be made by American-produced skimmed milk.

Why does that not happen? First of all, it does not happen because we are importing casein that is coming from countries that all subsidize their dairy industry. We are importing it and we get it at $1.50 a pound. The same amount of skimmed milk to replace that pound of casein would cost $2.75.

What happens, then, since obviously the skimmed milk that is domestically produced is not going to replace the imported casein under current conditions? The skimmed milk that is produced domestically is dried and is purchased by the Department of Agriculture as nonfat dried milk, and it is what goes into storage in the Credit Commodity Corporation stocks.

So there is where we are. Casein is cheaper to buy. So we put it into the food chain here. Because we have a domestic price support program for dairy farmers, the skimmed milk is not used; it is dried, and it goes into storage as dried milk.

What is paid for that? It is $2.75 per pound under the price support program of the United States.

Is it cheaper to have the casein that costs $1.50 to go into the imitation cheeses, et cetera, and at the same time paying our dairy producers $2.75 for the equivalent in dry milk? Of course, it is not. Add the two costs together. The consumers are paying $1.50 but the taxpayers are paying $2.75 for the equivalent that goes into storage.

So who is losing? The taxpayers are losing, and I think by and large they are consumers. It is certainly the U.S. Treasury that is losing on this whole proposition.

The argument is also made that somehow directing action under section 22 to prevent the damage to a domestic agricultural price support program, by limiting the importation of casein to 50 percent of the 5-year average, would interfere or violate our GATT treaty, the Geneva agreement on trade tariffs.

We have had some discussion here on the floor that seemed to say that it would.

I fail to see that. Those who have said that that would be the case have not given any citations and have not presented any convincing brief or indeed any brief at all of which I am aware that that proves their case.

I choose to accept the brief of the attorneys of the National Milk Producers Federation have prepared which has been available and has been presented to the Agriculture Committee in the discussion of this issue in the past weeks. I have a copy of it here. Mr. President, I ask unanimous consent that this brief be printed in the RECORD.

There being no objection, the brief was ordered to be printed in the RECORD, as follows:

BRIEF OF NATIONAL MILK PRODUCERS FEDERATION

During the March 11, 1981 hearings of the Senate Committee on Agriculture, Nutrition and Forestry on dairy programs and the 1981 general farm legislation, questions were raised regarding the proposal to direct Presidential action on milk protein imports under Section 22 of the Agricultural Adjustment Act (7 U.S.C. 624). Of particular concern was the question of whether or not such action would constitute a violation of the General Agreement on Tariffs and Trade.

The proposed directive regarding the use of Section 22 presents no greater nor less a violation of U.S. obligations under the General Agreement on Tariffs and Trade than use of normal Section 22 procedures, creates no additional opportunity for retaliation by other nations, and is supported by precedent.

(1) The Section 22 waiver approved by Contracting Parties to the General Agreement is confined to a waiver of U.S. obligations under Articles II and XI. It is not a waiver of the rights of affected parties to retaliate.

(2) Through a series of amendments and revisions, the Congress has made it clear that Section 22 stands in a superior position to any trade agreement or other international agreement to which the United States is a party. The Congress has expressed this principle in broad terms as it applies to the laws of the United States in general.

(3) The Congress has made it clear that its actions on international trade issues and passage of legislation dealing with these questions do not constitute approval of the General Agreement on Tariffs and Trade.

(4) Precedent for legislation directing Presidential action under Section 22 of the Agricultural Adjustment Act is found in the Trade Agreements Act of 1979 and in the Agricultural Act of 1956. The latter instance is identical to the present situation.

(5) The intent of Congress expressed in Section 22 has been frustrated by inaction and delay. The present amendment is necessary to overcome the failure of action.

(6) The threat of trade retaliation against the United States would be neither increased nor decreased as the result of this proposed action. The waiver afforded Section 22 under the General Agreement does not remove the retaliatory capability under any circumstance. Further, retaliation can be brought even in the absence of a violation of the General Agreement.

The following is a discussion of the points involved in such consideration leading to the conclusion that the proposed action is supported by precedent and is, in fact, necessary as the only available recourse in the face of obvious frustration of the intent of Congress in the enactment of Section 22 of the Agricultural Adjustment Act and the Dairy Price Support Program as part of the Agricultural Act of 1949 (7 U.S.C. 1446 (c) and (d)).

WAIVER OF UNITED STATES OBLIGATIONS UNDER THE PROVISIONS OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE WITH RESPECT TO SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT

In 1955, the contracting parties to the General Agreement on Tariffs and Trade considered a request from the Government of the United States for a waiver of U.S. obligations under Articles II and XI of the General Agreement with respect to Section 22. This waiver was granted. It is permanent in nature and its continuance requires no further action by the contracting parties.

Article II of the General Agreement details the conditions for tariff concessions and the general application of such concessions. Article XI calls for the general elimination of quantitative limitations and sets down certain conditions for and limits on the use of such restrictions where an individual nation finds their use necessary.

Waiver of both Articles with respect to Section 22 covers the two options available to provide the relief under the law. Under Section 22, action may be taken to impose fees, not in excess of 50 percent ad valorem on the product in question or quantitative limitations of up to 50 percent of the quantity of such articles entered into the United States or withdrawn from warehouse for consumption during the representative period.

It should be noted that the waiver does not preclude the right of affected contracting parties to have access to the appropriate provisions of Article XXIII of the Agreement. This article deals with the actions or responses available to contracting parties in the event of nullification or impairment of concessions previously granted. In this respect, any action under Section 22, whether taken under the initiative of the Secretary of Agriculture or directed by the Congress would provide grounds for response from other nations.

In granting the waiver for Section 22, the contracting parties to the General Agreement took particular note of conditions then existing in U.S. agriculture and the steps that were being taken to meet those problems. Among the notes contained in the decision published on the waiver is the following:

"(2) that, to help solve the problem of surpluses of products for which Section 22 import quotas now are in effect, the United States Government has taken positive steps aimed at reducing 1955 crop supplies by lowering support price levels or by imposing marketing quotas at minimum levels permitted by legislation; and that it is the intention of the United States Government to continue to seek a solution of the problem of surpluses of agricultural commodities;"

That statement speaks directly to the issue at hand today. The legislation, S. 509, to which Senator Melcher's amendment is proposed seeks to set aside the mandated increase in the level of dairy price supports on April 1, 1981. The reason for this move is the increase in the level of milk production and the rise in government purchases of surplus dairy products under the price support program. This was a primary element of the consideration in granting a waiver under the terms of the General Agreement in 1955.

SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT HAS STANDING SUPERIOR TO TRADE AGREEMENTS OR OTHER INTERNATIONAL AGREEMENTS

Subsection (f) of Section 22 of the Agricultural Adjustment Act states: "No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section."

By this action, the Congress has clearly stated the view that this law is to be viewed as primary and that its operation or authority shall not be set aside as the result of consideration of any international agreement.

Section 22 has a long history of review and revision by the Congress. First enacted in 1935, it was reenacted in 1937, amended in 1940 and revised and reenacted as Section 3 of the Agricultural Act of 1948. In the 1948 action, Subsection (f) made Section 22 subservient to international agreements of the United States. It stated, "No proclamation under this section shall be enforced in contravention of any treaty or other international agreement to which the United States is or hereafter becomes a party."

This clearly limited the scope of Section 22 and made it subject to what was allowed or might be allowed under the terms of international agreements.

In 1950, as part of Public Law 579, Congress again made extensive revisions in Section 22 and again directed specific attention to this provision. The basic language of subsection (f) was continued as in the 1948 reenactment. However, provisions were added to make it clear that no international agreement or amendment to an existing agreement would be entered into which did not permit the enforcement of Section 22 with respect to the articles and countries with which such agreement or amendment is applicable. The 1950 amendment further provided that any such international agreements or amendments to international agreements must allow the application of Section 22 to the full extent allowed under the General Agreement on Tariffs and Trade.

The most recent Congressional consideration of this question within the framework of Section 22 came with the enactment of the Trade Agreements Extension Act of 1951. Section 8(b) of that Act amended Subsection (f) of Section 22 and placed it in its present form.

Thus, there is a clear record of the intent of Congress in the development of this particular provision. With each consideration, the Congress moved farther from the specific requirement that Section 22 be subservient to international agreements to the present position that gives it primacy over such agreements. (See also *C. Tennant Sons & Co. of N.Y. vs. Dill*, 1957, 158 F.Supp. 63.)

While the question at hand relates specifically to Section 22, the Congress has addressed this principle in broader fashion more recently. Section 3(a) of the Trade Agreements Act of 1979 states: "No provision of any trade agerement approved by the Congress under section 2(a), nor the application of any such provision to any person or circumstance, which is in conflict with any statute of the United States shall be given effect under the laws of the United States." (19 U.S.C. 2504)

This broad statement of principle asserts the primacy of United States law as it relates to international trade agreements. While the Trade Agreements Act of 1979 did not deal with the organic elements of Section 22, the principle set forth in Section 3 (a) is identical to that of subsection (f) of Section 22.

THE GENERAL AGREEMENT ON TARIFFS AND TRADE HAS NEVER BEEN RATIFIED OR ADOPTED AS AN INTERNATIONAL AGREEMENT BY THE UNITED STATES

Since its development in 1947, the General Agreement on Tariffs and Trade has taken on an aura of overriding influence in the sphere of U.S. international trade policy. The fact of the matter is that it has never been adopted as an international agreement by the United States. Congress has, in fact, been very specific about the fact that its actions relating to international trade agreements and legislation dealing with international trade should not be regarded as an acceptance of the General Agreement.

Section 121(d) of the Trade Act of 1974 authorized the appropriation of funds to meet the United States share of expenses of the General Agreement on Tariffs and Trade. The second sentence of that subsection states: "This authorization does not imply approval or disapproval by the Congress of all articles of the General Agreement on Tariffs and Trade." (19 U.S.C. 2131(d)).

Similar provisions are to be found in the Trade Agreements Extension Act of 1951; the Act of July 1, 1954, Public Law 464; the Trade Agreements Extension Act of 1953, Public Law 215; and in Public Law 85–686, the Trade Agreements Extension Act of 1958.

Thus, the Congress has been consistent in its attitude toward the General Agreement on Tariffs and Trade. It provides a useful working structure for nations to gather together to address issues of international trade. There has been the development, however, of the position that domestic law must retain its primary position with regard to the provisions of this and other international agreements. In the specific case of the General Agreement, the repeated specificity of the Congress that its actions must not be viewed as acceptance of its terms and provisions is noteworthy when discussing the relationship of a prospective action by the Congress to an agreement that the United States has not adopted.

THERE IS PRECEDENT FOR THE PROPOSED AMENDMENT

The Trade Agreements Act of 1979 contained specific directives regarding the issuance of Presidential Proclamations to expand import Section 22 limitations on certain cheeses and chocolate crumb.

Section 703(a) of the legislation states: "The President shall by proclamation limit the amount of quota cheese which may enter the customs territory of the United States in any calendar year after 1979 to not more than 111,000 metric tons. Any such proclamation shall be considered a proclamation which is issued by the President under Section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) and which meets the requirements of such section."

Similar instruction was given the President with regard to chocolate crumb in section 703 of the Trade Agreements Act of 1979.

It has been suggested that the present situation is different. In the case of the 1979 legislation, the Special Trade Representative had concluded agreements, as the agent of the President, in which this country had agreed to the proposed expansion of dairy product imports. The Trade Act of 1974, the authority for U.S. participation in the trade negotiations, required creation of and consultation with advisory committees so that any agreements reached would be reflective of the needs of various sectors. The completed agreements were subject to review and affirmation by the Congress.

In the current instance, it has been said that interested parties are being denied the opportunity to be heard and that established procedures are being bypassed.

An examination of the two situations brings them closer into alignment. It is true that in 1975 an Agricultural Technical Advisory Committee for Trade Negotiations on Dairy was formulated and convened for the purpose of providing advice on the conduct of negotiations relating to that sector. In its final report, the Committee stated that the actions regarding expansion of dairy product imports, revision of the countervailing duty statute and acceptance of the use of export subsidies by other nations to assist products in entering this market were counter to their recommendation. The advice of the advisory panel most directly involved was ignored.

There was opportunity for interested parties to appear before the involved Congressional Committees. The Ways and Means Committee and the Agriculture Committee in the House of Representatives and the Committees on Finance and Agriculture, Nutrition and Forestry in the Senate held hearings on the issues involved. These Committees, in fact the entire Congress, were, however, faced with an accomplished fact. The legislation submitted as the Trade Agreements Act of 1979 had to, under the rules set forth for its consideration, be approved or rejected without change.

In the current situation, there has been opportunity for public comment. The Senate Committee on Agriculture, Nutrition and Forestry heard testimony on this issue from interested parties as part of their March 11, 1981 hearing on general farm legislation. Similarly, in 1979, a Subcommittee of the Committee held extensive hearings on the issue. That same year the Dairy and Poultry Subcommittee of the Committee on Agriculture of the House of Representatives also held hearings on this matter. These hearings are at least as extensive as those involving the dairy issues relating to the Trade Agreements Act of 1979.

There is another specific precedent for the use of this procedure. Section 202(a) of the Agricultural Act of 1956 (7 U.S.C. 1852(a)) directed Presidential action under the au-

thority available in Section 22 with regard to limitations on cotton imports. According to Senate Report No. 1966, May 11, 1956, "Subsection (a) provides that the existing import quota on extra long staple cotton established pursuant to Section 22 of the Agricultural Adjustment Act of 1933 shall, hereafter, cover the same types of cotton included in the original quota. The effect is to remove the exemption of cotton having a staple length 1-11/16 inches and longer to bring such cotton back within the quota."

This is a specific Congressional directive on the use of Section 22 as contemplated in the present amendment. The directive was implemented through the issuance of Presidential Proclamation No. 3145 on July 6, 1956 by President Dwight Eisenhower.

THE PRESENT AMENDMENT SEEKS TO OVERCOME THE FRUSTRATION OF THE INTENT OF CONGRESS EXPRESSED IN SECTION 22

Since its initial enactment, Section 22 has had one central purpose—to assure the effective operation of domestic price support programs or similar operations of the Department of Agriculture by preventing interference with them from excessive and unneeded imports. In the case of casein imports, the intent of the Congress has been frustrated by inaction and delay. The U.S. dairy industry has made appeals to the past four Secretaries of Agriculture for action to restrain the imports of casein. The response has ranged from an acknowledgement of the request to a determination to delay action pending completion of studies.

In 1979, the United States International Trade Commission, at the request of the Committee on Ways and Means of the U.S. House of Representatives, conducted a study to determine the current usage of casein and mixtures of casein in this country. As part of that work, the conclusion was drawn that there is no significant replacement of nonfat dry milk by casein in food and animal feed uses. Since that time, the study has been cited as the basis for no action or denial of the dairy industry's request for Section 22 relief.

Unfortunately, the issue has been greatly clouded by repeated discussion of the displacement of nonfat dry milk by casein or the lack thereof. This is not the basic issue. The basic point in question is the displacement of skim milk as was pointed out during the hearings before the Committee on Agriculture, Nutrition and Forestry on March 11, 1981.

In a strong dissent from the opinion of the U.S.I.T.C., its Chairman, the Honorable Joseph Parker, concluded that the Commission lacked the information to draw the conclusions it made. This same attitude was reflected by Secretary of Agriculture Bergland when he directed his Department to conduct its own study on the issue.

This study is now underway; however the design of the study makes it doubtful that conclusions differing from those of the ITC will be forthcoming. The National Milk Producers Federation was asked to comment on the planned study and its design in late 1980. It was pointed out that the outline repeated the same basic error in direction that led the ITC to ignore the basic facts of the issue. Nonetheless, Howard W. Hjort, then Director of Economics, Budget and Policy Analysis for USDA, determined to proceed with the study as designed rather than to make the changes in approach necessary to address the basic question—the degree of displacement of domestic milk by use of these imported products.

Congress has developed Section 22 as a means of assuring the effective operation of domestic price support and similar programs. In developing the law, specific procedures have been provided for carrying out the intent of Congress. This intent has been repeatedly frustrated by inaction and avoidance of the issue at hand.

This is the reason for this issue being placed before the Congress at this time.

Section 22 has, in fact, been used as a means of expanding dairy product imports for the express purpose of depressing prices to farmers. This situation occurred seven times during a 15 month period in 1973 and early 1974. The effect of these actions was a 25 percent loss in the basic farm price for milk in mid-1974. These actions were taken under the emergency provisions of the law with no opportunity for comment by the industry until after the fact. In seeking legal redress of this policy, the dairy industry was denied in *National Milk Producers Federation, et al.* v. *Schultz*, 1973, U.S. District Court for the District of Columbia, Case No. 1465-73.

THE THREAT OF RETALIATION—DOES IT EXIST? IS IT COVERED BY THE WAIVER PROVIDED FOR SECTION 22 UNDER GATT?

Much has been said of the waiver the Contracting Parties to the General Agreement on Tariffs and Trade have provided in the case of Section 22 and the prospect of retaliation against the United States if the normal procedures of Section 22 are not employed.

The Section 22 waiver does not limit, in any manner, the rights of affected Contracting Parties. The waiver states, "Declare that this Decision shall not preclude the right of affected contracting parties to have recourse to the appropriate provisions of Article XXIII;".

Article XXIII of the General Agreement is the provision under which retaliation is authorized. That Article states three specific reasons as grounds for retaliation:

"(a) the failure of another contracting party to carry out its obligations under this Agreement, or

"(b) the application by another contracting party of any measure, whether or not it conflicts with the provisions of this Agreement, or

"(c) the existence of any other situation."

In short, the waiver does not preclude retaliation regardless of the approach used. Further, retaliation itself does not actually require a violation of the General Agreement. It may be taken due to an action ". . . whether or not it conflicts with the provisions of this Agreement" or due to ". . . the existence of any other situation."

The threat of retaliation is automatically raised as an excuse for inaction by the United States in seeking to enforce its specific rights in international trade and has been used as a reason not to enforce domestic law. Enforcement of the countervailing duty statute with respect to subsidized cheese imports from the European Community is a case in point. From 1968 to 1973, the U.S. Department of Treasury refused enforcement of a mandatory statute despite the acknowledged fact that imports of these products carried substantial export subsidies. Court action finally forced agreement that enforcement would take place, at which point the subsidies were removed.

With passage of the Trade Act of 1974, provisions were made for a waiver of countervailing duty collection under certain conditions. With passage of that law, the EC immediately restored its export subsidies and made the case that it thereby qualifies for the waiver. When the U.S. dairy industry objected, the EC raised the specter of a "cheese war" and talked of retaliation against a wide range of products.

This threat was raised, despite the fact that the United States was wholly within its rights in seeking such enforcement, both in terms of its domestic law and the terms of the General Agreement on Tariffs and Trade.

These issues apparently are not so sensitive with other nations. Again, in the case of the European Community, the extensive use of export subsidy programs as a central element of the Common Agricultural Policy is regarded as an internal issue not subject to international negotiation or the terms of any international control.

The variable duty, also a basic element of the Common Agricultural Policy, is used to effectively exclude imports of agricultural commodities such as dairy products or to maintain internal prices substantially above those of exporting nations. Again, this is regarded as an element of internal policy and is accepted as such by the United States.

Other nations employ devises which restrict entry into their markets. Listening and inspection schemes, product standards, and prohibitions on the use of certain agricultural chemicals on crops are subtle, yet effective means of closing borders to imports. These are counter to the terms of the General Agreement on Tariffs and Trade.

Section 22 is the only so-called trade barrier the United States employs in the case of dairy products and the only basis on which it can be employed is the demonstrated interference with the operation of a domestic policy. The history of its application has been such that dairy product imports into the United States have substantially increased since its first application in 1953. In 1953, dairy product imports into the United States totaled 525 million pounds milk equivalent, fat basis. In 1980, they stood at 2,106.8 million pounds, more than 400 percent of the 1953 level. Casein imports during 1979 totaled the equivalent of 5.3 billion pounds of skim milk. The proposed limitation would still allow the import of the equivalent of 2.5 billion pounds of skim milk annually as casein.

Mr. MELCHER. Mr. President, finally, I point out that in cutting all the programs that we intend to cut to try to reach a balanced Federal budget over the next 3 or 4 years we are cutting into some programs that have value and merit and many of us do so very reluctantly. But we do so in order to help the President reach this goal of a balanced Federal budget.

If we can ask Americans to agree, and I think Americans by and large are agreeing to have reduction in a whole host of programs that affect their daily lives, then I think it is also fair to ask in the case of an ongoing dairy price support program, that some foreign suppliers, whether they are New Zealand, Australia, Ireland, Russia, Poland, or any of the other 15 to 16 countries that send casein over here to this country, to also make some sacrifices. I think that is fair.

We, in effect, would be denying a market for those foreign dairy farmers for about $200 million worth of casein per year.

We are telling our own domestic dairy producers in the bill they are going to have less in price supports than what they would otherwise have if we did not repeal this section of the law. The new budget that has come up contemplates another reduction for dairy farmers in the United States in price supports to go into effect beginning October 1, a very real reduction.

We are asking people who receive food stamps to accept a reduction. We are asking people on school lunch programs to accept a reduction.

We are asking for a reduction in medicaid. We are asking for a reduction in the arts and the humanities. We are asking for a reduction in Federal aid to education, and a whole host of programs. We are asking students to take less in Federal programs.

I could go on for quite a while on what we are asking the various segments of American society to take less because we want to decrease Federal expenditures.

Well, I am also asking that we address the problem of telling some of these dairy farmers across the world that we are going to have a reduction in the casein we are buying from them. It is that simple. I think it makes all kinds of sense, all kinds of good, practical commonsense. I think it helps the President's program, and I hope it can be accepted by the Senate, and by the House also, and I feel the President should be delighted to have it.

I hope in the interim he will change his mind before we even come to a final vote on it Tuesday.

I want to point out that in the long run it is obvious that every dollar we spend on unnecessary imports—and this is surely an unnecessary import, since it can be offset by skim milk produced here—decreases the value of the dollar abroad, and results in higher prices for the products we must import, further adding to inflation.

The basic question is one of fairness to our domestic producers. The bill before us limits Government support for milk prices, lowering the return to these dairy producers. All my amendment does is to offset this action by limiting the importation of subsidized casein and other milk protein, thus increasing the size of the domestic market that is open to our American dairy producers. I think this is fair, the American dairy producers think this is fair, and the Senate, by a vote of 53 to 45 on Tuesday, said that this is fair.

This amendment does not undermine the President's efforts to trim the budget as part of his economic program—it helps it by saving the Government and the American taxpayer from $160 to $200 million a year that would otherwise be spent to purchase excess milk production. Those of us who support this amendment are not standing in the President's way—we are actually behind him and pushing. This amendment saves money, encourages greater activity through the private market, and boosts our economy—everything that President Reagan has called for.

What does this proposal do? It directs the President, through the authority provided him in section 22 of the Agricultural Adjustment Act, to proclaim that certain milk protein imports, including casein, caseinates, lactalbumin and whey protein are causing material damage to the domestic milk price support program, and to impose a quota limiting their importation to no more than 50 percent of the average for a representative period—in this case 1976 through 1980.

There can be little doubt that casein imports do materially affect the milk price support system. They have grown from 50 million pounds just a few years ago to 151 million pounds in 1980. I ask unanimous consent at this time to have a table printed in the RECORD showing the level of casein imports for the past 4 years.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

IMPORTS OF CASEIN, MIXTURES OF CASEIN—BY COUNTRY, 1977, 1978, 1979, 1980

[In thousands of pounds]

Country	1977	1978	1979	1980
New Zealand	96,327	84,263	92,095	76,764
Australia	23,127	23,167	21,715	17,923
Ireland	4,299	9,188	14,833	23,977
U.S.S.R.	4,315	4,496	4,794	1,268
United Kingdom	1,669	2,997	2,750	5,575
Poland	4,301	4,307	2,053	3,505
Argentina	6,976	3,008	1,462	2,183
Norway	890	2,016	1,703	1,969
Netherlands	621	1,517	2,547	2,526
Canada	247	1,468	2,609	789
West Germany	450	217	240	573
France	97	55	1,961	8,878
Other	926	436	2,064	5,296
Total	144,245	137,134	150,827	151,226

Mr. MELCHER. In 1979 these casein imports were equivalent to 2.2 billion pounds of skim milk. That volume of skim milk would have produced over 201 million pounds of nonfat dry milk which, when sold to the Commodity Credit Corporation at today's price, would result in increased Government outlays under the dairy price support program of $189 million. An additional 1 billion pounds of skim milk was displaced by casein in products where there was a high probability that skim milk would have or could have been used. The cost to the Government of this displacement was over $87 million more. This certainly can be considered to be "materially affecting" the domestic milk price support program, and to qualify for action under section 22 of the Agricultural Adjustment Act.

It has been argued that we are violating the procedures of section 22 by directing the President, through congressional action, to proclaim the quota. Section 22 does lay down procedures which the President is to follow in invoking his power to set quotas or increase tariffs. The statute nowhere says that Congress cannot direct the President to proclaim import restrictions when he deems such action necessary. In fact, there is precedent to taking action under section 22 without following the procedures outlined there.

For example, section 202(a) of the Agricultural Act of 1956 (7 U.S.C. 1852 (a)) directed Presidential action under the authority available in section 22 with regard to limitations on cotton imports. According to Senate Report No. 1966, May 11, 1956:

> Subsection (a) provides that the existing import quota on extra long staple cotton established pursuant to section 22 of the Agricultural Adjustment Act of 1933 shall, hereafter, cover the same types of cotton included in the original quota. The effect is to remove the exemption of cotton having a staple length of $1\frac{11}{16}$ inch and longer to bring such cotton back within the quota.

THIS WAS A SPECIFIC CONGRESSIONAL DIRECTIVE ON THE USE OF SECTION 22—THE SAME ACTION AS IS CONTEMPLATED IN MY AMENDMENT

There have been other specific cases where the procedures under section 22 have been circumvented. The Trade Agreements Act of 1979 directs the President to adjust import quotas on cheese and chocolate crumb. So that there was no question as to the legitimacy of this directive under section 22, the Act contains the following language:

> Any such proclamation shall be considered a proclamation which is issued by the President under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) and which meets the requirements of such section.

My amendment contains the exact same language as used in the Trade Agreements Act, and thus qualifies, for the same reasons, as legitimate action under section 22.

It is also argued that my amendment may violate the GATT agreement. To put it simply—that is impossible. First, GATT contains a waiver for section 22 actions. However, this waiver is not the authority for actions under section 22—it is only an acknowledgement of the inherent primacy of section 22 actions in our foreign trade dealings. That primacy is established in the section itself, which says in paragraph (f):

> No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section.

That very simply says—and the GATT waiver acknowledges—that no international trade agreement can supersede our right to use section 22 actions to protect domestic agricultural programs.

The Trade Agreements Act of 1979 puts an even broader limitation on the authority of the GATT agreement. It says in section 3 that:

> No provision of any trade agreement approved by the Congress . . . nor the application of any such provision to any person or circumstance, which is in conflict with any statute of the United States shall be given effect under the laws of the United States.

Once again, this is clear evidence of our right to take actions under section 22 without violating the GATT agreement.

Another argument that has been raised is that if the nations exporting casein products "interpret" our actions in approving my amendment as a violation of GATT they can retaliate against us. The facts on the retaliation question are that any action by the United States to limit the importation of casein products is basis for retaliation by the affected nations under the GATT agreement. The GATT agreement permits aggrieved nations to retaliate in cases of "the failure of another contracting party to carry out its obligations under this agreement"; however, it also permits retaliation against "any measure, whether or not it conflicts with the provisions of this Agreement" that affects trade; it even gives nations the right to retaliate because the trade situation changes, whether or not this is due to the inter-

national action of any of the agreement's signatories.

In short, anything and everything can serve as the basis for trade retaliation if that is what other nations want to do.

The key to this question is whether or not the nations exporting casein to the United States want to retaliate against us for taking very limited actions to protect our domestic agricultural programs that are legal, both under our law and GATT, and by doing so risk upsetting our overall trade relations. This question does not hinge on the interpretation of any legal language in the GATT agreement, but on the political and economic realities of our relations with the casein exporting nations.

I have no doubt, personally, that our trade negotiators can explain this action to our trading partners for what it is—a limited, measured, necessary, and fair modification of imports—taken, I might add, as part of a program of limiting agricultural subsidies which is one of the major objectives of the GATT agreement.

Now, I do not blame the exporting countries for calling for the scare tactics of retaliation. It is in their best interest to continue to dump part of their excess dairy production in our markets. It is of great assistance, no doubt, to their own agricultural programs.

Also, the treat of trade retaliation has worked well for our trading partners in the past whenever they have wanted to gain concessions from us. We have a history of almost always giving in.

For example, during the years 1974–79 we did not collect the countervailing duties that were legally called for on subsidized Common Market dairy products. Why? Because the Common Market threatened to retaliate by not negotiating a new set of GATT agreements.

Again, through the 1970's, out antidumping laws and duties were not enforced against Japanese television imports. Why? Because the Japanese might retaliate.

I think that it is time we stopped worrying about what other nations might do because we take legal, limited, legitimate action to protect our own agricultural producers from being undercut by subsidized imports.

As I said earlier, I think our necessary actions to protect our domestic dairy industry can be explained to the casein exporting nations in a way that will make sense to them. One of the "big three" and by far the fastest growing of the casein suppliers is Ireland, a member of the Common Market. Who protects their farmers more in the world than the Common Market? Under the European Economic Community's common agriculture policy, the member nations set artificially high prices for their farmers' products, from wheat to dairy products and, when they produce a surplus, they unload these products by subsidizing exports. Without these subsidies, any European agricultural products would sell at twice the world price.

On the other hand, the Common Market uses a variable tariff on imports of American agricultural products that compete with their own, to set the cost of U.S. products at a level high enough to insure that they are not price competitive. The result is that almost no American wheat or dairy products are imported by the countries of the Common Market, except at their choice and when they decide they need it.

One of America's primary objectives in the last GATT treaty was to eliminate this system of export subsidies and import protection used by the Common Market. The Common Market refused to even discuss the issue, threatening to go so far as break off negotiations on the entire agreement unless this question was dropped. They told us there was no way they were willing to expose their farmers to uncontrolled competition from the United States and other nations.

They claimed the protection of their agriculture was a strictly internal issue, and that such protection must be continued in the name of national security and social order.

Certainly, any nation or group of nations that feels that strongly about the need to protect their farmers will understand the very small action we are proposing to take, in comparison to their protective programs, to assist our dairy producers. If they do not then maybe we had better rethink our trading relations with them.

Other casein exporting nations, outside the Common Market, also have programs through which they protect their agricultural industry, and thus, should understand the need for my amendment.

One of the main problems with casein imports is that the heavy subsidies they receive from the producing nations make it impossible for our dairy producers, who receive no subsidy or price support for casein, to compete. For example, in his dissent to the 1979 ITC Report on casein imports, Chairman Joseph Parker cited USDA data and wrote "under the milk program in effect in the European Community * * * the production of casein benefits from a subsidy which averages about $1.40 per pound."

A March 1981 USDA paper on casein imports found that Ireland's casein subsidy has ranged from $1.28 per pound to 80 cents per pound. Other nations that we import casein from have milk production subsidies as well. I ask unanimous consent that a table be printed in the RECORD at this time listing some of the milk subsidy information I have received from the Department of Agriculture.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Support prices for fluid milk

[Per hundred weight]

Common market	$12.37
Canada	13.09
Japan	19.55
New Zealand	3.66
Australia	3.77
Poland	11.15

Mr. MELCHER. One of the arguments that has been raised against my amendment is that there is no domestic casein industry and therefore imported casein does not compete with American production. This argument is absurd. The reason there is no casein production in the United States today is because anybody trying to compete with the subsidized imports of casein would simply go broke. Before World War II there were over 600 domestic plants producing 50 million pounds of casein annually. I have no doubt that if we limit the amount of subsidized casein imported into this country, the American dairy and American business will make up the slack—and Americans will reap the benefit.

The question of how much imported casein competes with domestic dairy products goes well beyond the direct uses of casein. Increasingly, casein and other milk protein imports are finding their way into the human and animal food chain, thus displacing American milk products. Some of the areas where imported casein is replacing domestic dairy products include: Imitation cheese, coffee whiteners, frozen dessert toppings, bakery products, breakfast foods, diet foods, calf milk replacers, and other animal feeds. I ask unanimous consent that a table showing the various uses of casein and the percentages of these uses be printed in the RECORD at this time.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

CASEIN, CASEINATE UTILIZATION, UNITED STATES, 1976, 1977, 1978, 1979, 1980 [1]

[In thousands of pounds]

	1976		1977		1978		1979		1980 [2]	
	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume
Group A: Food products with definite replacement of milk by casein:										
Imitation cheese	7.7	8,634.9	9.7	13,991.8	14.8	19,747.3	24.3	36,651.0	24.3	36,749.9
Coffee whiteners	15.7	17,606.1	12.8	18,463.4	12.1	16,593.2	11.2	16,892.6	11.2	16,937.3
Frozen dessert toppings	5.0	5,607.1	5.8	8,366.2	6.1	8,365.2	7.2	10,859.5	7.2	10,888.3
Subtotal		31,848.1		40,821.4		44,705.7		64,403.1		64,573.5

Footnotes at end of table.

CASEIN, CASEINATE UTILIZATION, UNITED STATES, 1976, 1977, 1978, 1979, 1980 [1]—Continued

[In thousands of pounds]

	1976		1977		1978		1979		1980 [2]	
	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume
Group B: Food products with probable replacement of milk by casein:										
Bakery products	6.5	7,289.2	7.9	11,395.4	7.4	10,147.9	7.2	10,859.5	7.2	10,888.3
Breakfast foods	[3] 3.7	4,149.2	3.7	5,337.1	[3] 3.7	5,074.0	3.0	4,524.8	3.0	4,536.8
Diet foods	3.9	4,373.5	3.3	4,760.1	2.9	3,976.9	2.6	3,921.5	2.6	3,931.9
All other foods	8.3	9,307.7	6.4	9,231.7	11.1	15,221.9	7.1	10,708.7	7.1	10,737.0
Subtotal		25,119.6		30,724.3		34,420.7		30,014.5		30,094.0
Group C: Other food, feed uses for casein:										
Calf milk replacer	16.2	18,166.8	16.8	24,233.2	13.2	18,101.7	10.2	15,384.4	10.2	15,425.1
Other animal feeds	6.5	7,289.2	7.0	10,097.2	6.4	8,776.6	5.4	8,144.7	5.4	8,166.2
Medical, nutritional, pharmaceutical	3.1	3,476.4	3.3	4,760.1	3.0	4,114.0	3.2	4,826.5	3.2	4,839.2
Subtotal		28,932.4		39,090.5		30,992.3		28,355.6		28,430.5
Group D: Industrial	22.9	25,680.3	23.4	33,753.3	20.4	27,975.3	18.8	28,355.5	18.8	28,430.5
Subtotal		25,680.3		33,753.3		27,975.3		28,355.5		28,430.5
Total, import [4]		112,141.0		144,245.0		137,134.0		150,827.0		151,226.0
5-yr average total imports										139,114.6
50 percent of average										69,557.3

[1] Derived from data developed by U.S. International Trade Commission for U.S. ITC investigation No. 332-105.
[2] 1980 percentages are simply extensions of 1979 data.
[3] 1977 percentage used for 1976, 1978.
[4] May not add due to rounding.

Mr. MELCHER. One final point on the question of the competition of imported casein products with domestic dairy products. Much has been made of the 1979 report by the ITC on this subject. I want to make sure that the full picture on this report is brought before the Senate today and so I want to read the dissenting view, presented by no less than the chairman of the Commission, Joseph O. Parker:

In my judgment, an investigation of the impact of imports of casein will not be complete unless it includes an analysis of the domestic milk price-support program and the production and marketing of milk products in comparison with the conditions under which milk and milk products are produced and marketed by the countries exporting casein to the United States. The report of the Commission, in my opinion does not contain adequate information with respect to these matters to warrant the conclusion stated on page 4 of the report that there is ". . . virtually no relationship between imports of casein and mixtures of casein and purchase of nonfat dry milk under the price-support program in recent years. Likewise, no clear relationship is apparent between imports and domestic production or consumption of nonfat dry milk. Additionally, no clear relationship is apparent between imports of casein and mixtures of casein and other forms of domestic dairy production."

The price-support program of the Department of Agriculture for milk is designed to support the price of milk. Such price support is made effective primarily through acquisition of the products of milk at specified prices. Casein, even though it is not commercially produced in the United States, is a constituent of milk and is indirectly supported under the milk price-support program. Inasmuch as casein is not directly supported, producers obtain greater returns by not producing casein and converting fluid skim milk into nonfat dry milk.

According to information presented at the hearing by a number of domestic witnesses, including witnesses of the National Milk Producers' Federation, a price of about $2.40 per pound would be necessary to induce domestic plants to divert fluid skim milk from the production of nonfat dry milk to the production of casein. Inasmuch as imported casein is being marketed in the United States at about 90 cents per pound, domestic supplies of skim milk cannot be converted to casein and compete with imported casein at the current level of prices. Hence, casein is not currently produced in the United States regardless of the demand therefor.

Although the report does not contain specific information which will permit an analysis of the disparity between the prices of imported casein and the cost of domestic production of casein, this disparity may be the result of a number of factors including price-support programs, subsidies, differences in costs of production, and differences in marketing systems. For example, under the domestic milk price-support program, casein is not directly price-supported and is not protected under section 22 import programs as are other primary products of milk. The Foreign Agricultural Service of the United States Department of Agriculture reports that, under the milk program in effect in European Community, the price of milk is about $13 per hundred pounds and that the production of casein benefits from a subsidy which averages about $1.30 per pound. In New Zealand and Australia, the price of milk is about $4.50 per hundred pounds and the Foreign Agricultural Service reports that it is not aware of any specific subsidy being paid in casein by Australia or New Zealand. The price of milk in the United States is about $11 per hundred pounds. The Department of Agriculture reports that there are no generally accepted data available on the cost or pricing of milk and dairy products in the U.S.S.R.

Casein is delivered by the U.S.S.R., the European Community, and New Zealand and Australia to the United States at about one-third of the price that casein produced in the United States would have to receive under the current milk program. Thus, at present, the open U.S. market and domestic and foreign milk programs serve to induce imports of casein into the United States. In my judgment, more information is required to permit definitive economic conclusions to be made concerning comparative advantage, direct and indirect subsidization, or other causes resulting in the lack of production of casein in the United States and the impact of imports by casein.

Casein imports are trending upward and increasing quantities of imported casein are being used for the production of feed and food products, particularly imitation cheese. This imitation cheese is marketed in direct competition with other U.S. cheese products on the basis of lower prices. To the extent that these imports of casein may be displacing U.S. dairy products or preventing the production of domestic casein, such displacement would appear to have an adverse effect on domestic producers and the domestic milk program. The limited data available in the report on comparative costs, U.S. and foreign government support programs and the interrelationship of the extensive and complex domestic and foreign programs will not permit more detailed analytical judgment of the underlying factors affecting the production and imports of casein into the United States.

Mr. President, the evidence is clear. Imported casein does displace domestic dairy products, and thus adds to the surplus the Government purchase under the dairy price support program.

This brings us to another point. Opponents of my amendment argue that cutting back on casein imports will hamper our industrial users and possibly cause discomfort or even damage the health of some Americans. This is not true. My amendment would limit casein imports to about 69.5 million pounds using 1980 figures. This would be fully adequate to meet the needs for industrial uses (about 28 million pounds per year), food uses such as medical, nutritional and pharmaceutical uses where casein is considered essential (less than 5 million pounds per year), and still provide substantial quantities for other uses. When and if the needs for casein in these areas grow, it can be met by the American dairy industry and American business.

One point remains to be clarified. For years now I have been listening to the argument that any action that inhibits imports would be inflationary. This has been spread through the land as part of the gospel of free trade. It should be re-

membered, however, that this gospel is not a proven fact—it is only a theory. There are many, many factors that go into answering the question of whether or not actions to limit a specific import are, in fact, inflationary. A number of economists in recent years have begun to point out that there is a great difference in inflationary impact of essential and nonessential imports.

Essential imports such as petroleum and some metals and some other materials that we do not have in sufficient amounts in the United States must be paid for with hard currency. Every dollar the United States exports for nonessentials like blouses, televisions, automobiles, and I might add dairy products, cheapens our currency beyond the devaluation that takes place because of dollars we are compelled to export for essentials such as oil. This increases the cost of these essential imports and adds sharply to inflation. Thus, what might appear as a savings on an item in a department store invariably turns up as an extra bulge in the price at the gas pump, the cost of electricity or some other energy-related item.

Shoppers may be deceived into thinking they save money by buying an imported item, and not realize that the so-called savings turns up in the form of a higher price on another product or service.

The question of the inflationary impact of my amendment and similar proposals, whether on autos, textiles, TV's or some other nonessential import, has no simple answer. It cannot be handled by a naive assumption that such import limitations automatically add to inflation. That is just not the case.

Mr. President, the question here is one of fairness.

Fairness for the American taxpayer by cutting Government spending.

Fairness for the American dairy producer, who is making sacrifices to get Government spending under control and our economy back on its feet, only asks for an equal chance to sell his product in the private sector without having to fight subsidized foreign imports that undercut his prices.

Fairness to the American consumer who I know wants us to give American agriculture a fair shake so that, as consumers, they can continue to enjoy the most abundant and lowest cost food supply that mankind has ever known.

This amendment will save the taxpayer money and it will possibly mean the difference between make and break for thousands of American farmers by opening up a domestic market for their products equivalent to the production of upwards of 3,000 average dairy farms.

I hope that my colleagues who saw the fairness of this proposal last Tuesday will continue to support it.

Mr. LEAHY. Mr. President, I ask unanimous consent, if the Senator will yield to me. that he may do so without losing his right to the floor and without it counting as a second speech.

The PRESIDING OFFICER (Mr. SIMPSON). Without objection, it is so ordered.

Mr. LEAHY. Mr. President, I was pleased to hear the remarks of the distinguished Senator from Montana. I think they are well taken. Indeed, the amendment is one that is fiscally—prudent and fiscally frugal, and I would just add one other item that we should not lose sight of.

Basically what we are saying by this amendment is that the free enterprise system is alive and well among the family farmers—dairy farmers who are primarily family farmers—in this country.

What the dairy farmers, family farmers, are saying through this is they will compete with anybody in this country or abroad on fair terms and on equal terms, but that it does become very difficult to compete with somebody abroad who is heavily subsidized by his government at a time when whatever subsidies or price supports coming from our Government do not even begin to match them.

The dairy farmers in my State are willing to compete with anybody as long as it is equal and fair competition, but not when they are playing against a stacked deck.

I commend the Senator from Montana for his position, and I yield back to him.

Mr. MELCHER. Mr. President, as I announced at the outset, it is now my contention, and I do make the request, and I ask unanimous consent that my amendment be set aside temporarily so that other amendments may be considered and brought up.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, there is no more persuasive Member of this body, certainly to the Senator from North Carolina, than my friend from Montana, Mr. MELCHER, and I would reiterate to him that I agree with the substance of his amendment.

I would reiterate also that in committee I assured him that if he would approach this matter legislatively rather than by amendment that we would conduct prompt hearings.

Mr. President, I think it needs to be said again that there are so many reasons why this amendment should not be on this bill. First of all, there is a well-defined administrative procedure under section 22 of the Agricultural Adjustment Act for dealing with situations where imports threaten to interfere with price-support programs.

Adoption of this amendment would place the United States in clear violation of its international obligations, and almost certainly provoke retaliation by our trading partners against other agricultural products we produce, such as soybeans and nonfeed grains.

Mr. President, in the interest of time, I have a factsheet containing a list of reasons, and I ask unanimous consent that this be printed in the RECORD.

There being no objection, the fact sheet was ordered to be printed in the RECORD, as follows:

FACT SHEET

There is a well-defined administrative procedure under Section 22 of the Agricultural Adjustment Act for dealing with situations where imports threaten to interfere with price support programs. That procedure involves much less risk of repercussions for our $47 billion agricultural export trade than does a legislated limitation.

Adoption of the amendment would place the United States in clear violation of its international obligations and will almost certainly provoke retaliation by our trading partners against other agricultural products that we produce such as soybeans and nonfeed grains. The retaliation could exceed $60 million. In lieu of import retaliation, our trading partners may force the United States to grant concessions to compensate them for lost casein exports. These concessions may be granted on products such as beef and lamb.

In 1955 the U.S. obtained a waiver of our obligations under Article XI of GATT (relating to quotas) to cover the imposition of Section 22 quotas on agricultural imports. While this waiver is not a waiver of the right to retaliate, any U.S. action consistent with the waiver is placed in a position of being consistent with our international obligations, and therefore, less likely to be subject to retaliation.

Action to limit casein imports in this manner is premature. The ITC at the request of the House Ways and Means Committee completed a study in 1979 of the affect of casein imports on the domestic dairy support program. This study found that there was virtually no relationship between casein imports and purchases under the dairy price support program.

Current evidence does not indicate that casein imports displace a significant amount of U.S. milk production. It has not been shown that restrictions on such imports can be expected to reduce the large and expensive surpluses of non-fat dry milk currently held by the government.

Furthermore, USDA is presently conducting a study of the casein question which is expected in June and will delve into some matters not covered by the ITC. If there is a basis for restrictions on casein imports under section 22, this study should make the case and allow for initiation of the appropriate procedures for taking such action. Without more specific evidence than is now available, there is not an adequate basis to support action to limit casein imports.

The amendment establishes an unfortunate precedent in that the industry will expect Section 22 actions in the future which totally disregard ITC hearing and other procedures mandated by Congress and required by U.S. international obligations.

The casein import question is not directly related to the problem of S. 509 is designed to help and adoption of the amendment will complicate enactment of that bill since the House Ways and Means Committee will seek jurisdiction.

Mr. HELMS. Mr. President, in connection with that last point, the Senate should bear in mind that I have received a copy of two letters written by Congressman ROSTENKOWSKI, who is the chairman of the House Committee on Ways and Means, one letter to the chairman of the House Committee on Agriculture, and the other to the Speaker of the House of Representatives.

I ask unanimous consent to have those letters printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., March 17, 1981.

HON. E (KIKA) DE LA GARZA,
Chairman, Committee on Agriculture,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: I am enclosing a letter that I have today sent to the Speaker concerning possible amendments to the dairy price support bill currently under consideration by your Committee. Because of the jurisdictional questions involved as well

as the strong substantive interest that several members of the Committee on Ways and Means have expressed in a possible amendment to ban or limit the import of the milk protein, casein, I have requested that the Speaker sequentially refer this legislation to the Committee on Ways and Means if it is reported by the Committee on Agriculture with such an amendment.

In requesting such sequential referral, the Committee does not desire to slow or otherwise impede congressional consideration of the price support legislation. We feel quite strongly, however, that legislative efforts to ban or reduce the importation of any product into the United States should be considered by the appropriate legislative committee. I bring our request to your attention at this time so that you may be aware of our intentions prior to your actual deliberations on this matter.

Sincerely yours,

DAN ROSTENKOWSKI,
Chairman.

COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., March 17, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, U.S. House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: It is my understanding that on Wednesday, March 18, 1981, the House Agriculture Committee will consider legislation to delay the April 1 increase in dairy price supports and that during the consideration of this bill, an amendment may be offered to ban the import of casein, a protein of milk used in foods, health formulas and other products.

Although the exact form of the amendment has not been made available to the Committee on Ways and Means, it is clear that this trade issue in whatever form it is presented is within the jurisdiction of the Committee on Ways and Means. If the amendment is designed to impose a simple quota, it is under the jurisdiction of the Committee on Ways and Means in much the same manner as the Meat Import Quota Act is currently. If the amendment is drafted to in some way invoke section 22 of the Agricultural Act of 1933, the Ways and Means Committee similarly has jurisdiction since the use of section 22 requires an International Trade Commission investigation of the merits of the case. As you know, the International Trade Commission is completely under the jurisdiction of the Ways and Means Committee. In fact, in 1979, it was the Committee on Ways and Means that requested the International Trade Commission study on casein on behalf of the Agriculture Committee.

In addition to the fundamental jurisdictional questions involved in this matter, imposition of any trade restraints on casein at this time would not only impede the passage of the price support bill but would create serious trade problems with certain of our trading partners. Countries where we frequently have trade surpluses would inevitably turn to compensation under the Trade Act of 1974 and the General Agreement on Trade and Tariffs.

Finally, any import limitation such as this would be a violation of the spirit of the International Dairy Agreement, negotiated in the Tokyo Round Multilateral Trade Negotiations under the guidance of this Committee.

Mr. Speaker, if the Agriculture Committee adopts an amendment in some way banning or limiting the import of casein as part of the price support bill, we would respectfully request that this legislation, when reported, be referred sequentially to the Committee on Ways and Means under clause 5 of Rule X of the Rules of the House of Representatives. That clause is interpreted, pursuant to your statement on January 5, 1981, to mean that sequential referral will be based upon the subject matter contained in any amendment recommended by a reporting Committee as well as upon the original text of the bill or resolution.

Respectfully,

DAN ROSTENKOWSKI,
Chairman.

Mr. HELMS. Mr. President, it will be noted that in the letter to the Speaker of the House of Representatives, Chairman ROSTENKOWSKI requested the Speaker to refer sequentially to the Ways and Means Committee any bill dealing with dairy price supports if it contains any amendment banning or limiting the importation of casein. Let me quote a paragraph from that letter just for purposes of emphasis:

In addition to the fundamental jurisdictional questions involved in this matter, imposition of any trade restraints on casein at this time would not only impede the passage of the price support bill but would create serious trade problems with certain of our trading partners. Countries where we fequently have trade surpluses would inevitably turn to compensation under the Trade Act of 1974 and the General Agreement on Trade and Tariffs.

Now, Mr. President, I say again I genuinely dislike having to oppose my friend from Montana on any matter. But the situation is so clear in the instance of his amendment that I am hopeful we can reach a resolution.

I simply do not feel that the majority of Senators want to kill this bill, but the fact is that the Melcher amendment is a killer amendment, and the fact is that this chairman and, I hope, a sufficient number of Senators, will bear in mind the unique circumstances that exist legislatively with respect to the Melcher amendment, and probably with most of the other amendments that I understand may be proposed.

The majority of Senators, including the distinguished Senator from Montana, Mr. MELCHER, want the economy of this country turned around and inflation brought under control. I am persuaded that this bill, S. 509, is an important first step in that direction.

That is why, Mr. President, I regretfully oppose the Melcher amendment, but I oppose it with the greatest of friendship of my colleague from Montana and I know he understands my position.

I thank the Chair and I yield the floor.

Mr. MELCHER. Will the Senator yield?

Mr. HELMS. Certainly.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MELCHER. Mr. President, I want to ask the Senator to yield for a question.

Mr. HELMS. Mr. President, the Senator has the floor. I will be happy to answer the question if I know the answer to it.

Mr. MELCHER. Mr. President, the chairman has just stated that the amendment would hamper action in the House. In fact, the Senator used a very drastic term—"killer."

As the Senator probably is aware the Speaker of the House would determine whether or not there was a sequential referral of a bill. Is the Senator not aware of that?

Mr. HELMS. Mr. President, I think that is correct. I wish to pay my respects to the distinguished leader of the House, because he feels, as we do, that a clean bill should emerge.

Mr. MELCHER. Mr. President, is the Senator also aware that, if the Speaker should consider sequential referral of the bill, he often imposes a time limit on that referral and asks for the bill sequential referred to be reported back during that time limit? Is the Senator aware of that fact?

Mr. HELMS. Mr. President, the distinguished Senator having been a Member of the House, which the Senator from North Carolina has not been, is, of course, more familiar with the House rules than I am. But I am sure the Senator is correct.

Mr. MELCHER. Mr. President, is the chairman aware of the fact that in 1956, on the question of the restriction on the imports of cotton under section 22 of the act which we are using in this amendment, there was not any consideration at all of sequential referral. It was only considered by the Agriculture Committee?

Mr. HELMS. Mr. President, I will have to check on that.

Mr. MELCHER. Mr. President, I thank my chairman for responding.

Mr. HELMS. Mr. President, I cannot answer that.

Mr. MELCHER. Mr. President, I merely wish to establish the point that we are here this week discussing the amendment on March 19. We have had a vote and it was not tabled. It was not allowed to go to a final vote at that time. Opponents wanted more discussion on the amendment and, in order to be fair to Senators who could not be here today, looking at a rather friendly and sentimental journey to the great Northwest to be with a former colleague of ours, Senator Magnuson, we are deferring votes until Tuesday on it. Meanwhile, the House is considering their own version of the bill. So it is moving.

But regardless of what we do on Tuesday, there is still time for the House of Representatives to consider the amendment—our amendment may be attacked—and we will respond back one way or the other. If the House wants a sequential referral and the Speaker wants to hold it at the desk, that is the way it will be held. That is the way the Speaker operates. If he wants it to go to a committee or two, it will go to a committee or two. The Speaker is certainly within his prerogative and within all precedents to have the bill reported back by a certain time. And there is plenty of time, as I have seen the House operate, between next week on Tuesday and the 1st of April for the Speaker to let the House work its will and whatever has to happen to happen and the bill will be on the President's desk by April 1.

I wish to point that out, because I do not want the impression left that somehow we are under such a time constraint that if we allow the Senate to use its best judgment on this amendment, we are somehow hampering the President's

program. In fact, I think the merits of the argument are on our side. If we do adopt this amendment, we are going to really help the President in an additional way to avoid Federal outlays.

Mr. HELMS. Mr. President, my friend has stated his point of view. I would point out to him that next Tuesday will be March 24 and that would leave, as I count it, 5 days until April 1, which is the day that the Secretary of Agriculture must, under the law, announce his decision.

I know that the Senator would probably feel very comfortable about such a constrained time situation, but those of us who are interested in this legislation do not feel so comfortable.

Mr. HUDDLESTON. Will the Senator yield?

Mr. HELMS. Of course. I yield the floor, as a matter of fact.

Mr. HUDDLESTON. I thank the committee chairman.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I wish to comment briefly on two of the assertions that have been made regarding this particular amendment and the bill we are now considering.

It has been said that this amendment is not related to the content or the intent of Senate bill 509. Well, Mr. President, if the purpose of Senate bill 509 is to reduce expenditures, as I believe that is the major purpose, then the amendment by the distinguished Senator from Montana is related because it too is designed and will save Federal expenditures.

We have heard the figures projected in the neighborhood of $160 million. That is somewhat higher than is expected to be saved by the bill itself, S. 509, in denying the scheduled increase for dairy support prices on April 1.

So it is an amendment that does serve the purpose and actually increases considerably the result of cutting Federal expenditures.

Now, also S. 509, for those who seriously look at the dairy price-support program, makes certain changes that some of us believe would be helpful to the program itself, a program that has been successful. It has stabilized prices. It has continued to provide the American consumer with a dependable supply of quality dairy products, but one in which we have seen the cost to the Government increase dramatically over the past couple of years. Those of us who deal with commodity programs and price-support programs know that when a program gets out of balance to the extent that the cost of the Government becomes very large and that program was in jeopardy, some adjustments need to be made to bring it back into line so that its original purpose can be fulfilled without imposing an undue burden on the taxpayers of the country.

So S. 509 does that. It does make that adjustment. It keeps the program from becoming more expensive and more burdensome. It reduces the potential amount of surplus dairy products that would come into the hands of the Federal Government, thereby potentially causing a greater loss as they may or may not be able to dispose of those products at a profitable price.

So S. 509 does deal with adjusting the program.

The amendment by the Senator from Montana also deals with the overall program affecting the dairy farmers of this country. It seems to me that if you are going to take from them with one hand, and you have an opportunity to restore something with the other hand that costs the Government nothing but in fact saves the Government, that it is proper and prudent to attempt to do that. The whole package of dairy legislation and dairy policy should be considered.

So it is a related suggestion that while with one hand we reduce the income, or the potential income, to the dairy farmer, with the other hand we try to provide for them some assistance that would mitigate at least a circumstance under which they are dealing now at a tremendous disadvantage with foreign producers.

Senator MELCHER'S amendment is totally related. As a matter of fact, I do not in good conscience see how you can consider the first issue without considering the second. I would like to see even a more extensive review of the dairy program. We have asked from the administration what their intentions are toward the end of the year or later on as we begin to consider the total farm package and particularly the dairy package, just what their intentions are relating to dairy policy in the country. There are other things that could be considered and could be done that would cost the Treasury nothing but which would be of tremendous help to the dairy farmer. It would give him encouragement, it would increase his income, and it would help hold down the cost of the overall dairy price-support package.

So they are related and very closely related, and should be related and considered, in my judgment, in conjunction with each other.

The Senator from Montana has already responded to the contention that his amendment is a killer amendment, one designed, presumably, to kill the underlying piece of legislation, to prevent it from passing or allowing it to pass in such a manner or in such a condition that it would be unacceptable.

I do not see the logic at all in this supposition. I think the House would accept this amendment.

We certainly do have time, even on next Tuesday, the 24th day of March, to have the House continue its deliberations, complete its deliberations, and go to conference. We have seen how quickly this body and the House together can act when it is urgent to do so. We would have ample time to complete the deliberations on this measure and have it on the President's desk before the April 1 deadline.

I see no reason why this would be a killer amendment in any regard. That is usually a ploy that is used by those who oppose an amendment to a particular piece of legislation which is always suggested or many times suggested, that, "If you accept this amendment, you run the very strong risk of losing the entire bill because of the House" or because it would not be acceptable to somebody. That is stated much more often than it is actually put into effect.

I see no reason for us to be concerned that we are going to kill the overall objective that I think the vast majority of this body agrees with, which is reducing Federal expenditures with this particular amendment. Quite the opposite is true: We will give the administration a great boost in its budget-cutting efforts by adding this amendment which will save more dollars than the original bill itself will save.

I urge that the majority side permit an up-or-down vote on this amendment at the earliest opportunity. I do not know what the outcome will be. A majority of the Members were not willing to table it. They did want the opportunity to consider it. But I do not know what the final outcome will be.

It seems to me the way to expedite this process and the way to make sure we do not get into a time crunch at the end of the month is to go ahead and dispose of this matter with a vote in the Senate, to let the Senate work its will. Then we will be prepared to move on.

Mr. President, I yield to the Senator from Nebraska.

The PRESIDING OFFICER (Mr. PRESSLER). The Senator from Nebraska.

Mr. DOLE. Will the Senator from Nebraska vield me 2 minutes?

Mr. ZORINSKY. I am hapy to yield.

Mr. DOLE. I have listened to the debate and, as I indicated before, I am generally in sympathy with anything proposed by the distinguished Senator from Montana.

It would be my hope that between now and Tuesday we can work out some accommodation. I am not certain just what that might be. Then we could perhaps avoid voting on the merits.

It seems to me that the amendment will be defeated on the merits, but notwithstanding that I think there are things that can be done if the administration is willing to give the right signal. It might not fully satisfy the Senator from Montana, but it might satisfy others. It would be a positive signal to the dairy industry that we understand the importance of the importation of casein and other derivatives.

I just hope that between now and the time set for a vote we might find some compromise which the majority of us might agree upon.

I thank the Senator from Nebraska for yielding.

AMENDMENT NO. 9

(Purpose: To remove the Soviet grain embargo unless the President takes certain action)

Mr. ZORINSKY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Nebraska (Mr. ZORINSKY), for himself, Mr. MELCHER, Mr. ANDREWS, Mr. BURDICK, Mr. BAUCUS, Mr. BOREN, Mr. EXON, and Mr. PRESSLER, proposes an amendment numbered 9.

The text of the amendment follows:

On page 1, immediately after line 5, insert the following:

SEC. 2. (a) Notwithstanding any other provision of law, effective April 30, 1981, the restrictions on the exportation of agricultural products to the Union of Soviet Socialist Republics imposed on January 7, 1980, shall expire unless, prior to such expiration date, the President certifies to Congress that—

(1) the continuation of such restrictions is necessary to further significantly the national security and foreign policy interests of the United States; and

(2) the continuation of such restrictions will not have an undue adverse effect nor unfairly impose a discriminatory burden on the agricultural economy and the farmers of the United States.

(b) If the President does not make the certifications provided for in subsection (a) of this section, the President may, nonetheless, delay for a reasonable time the date of expiration of the restrictions and resumption of normal grain trade with the Union of Soviet Socialist Republics by certifying to Congress, prior to April 30, 1981, that the President intends to negotiate a new bilateral grains agreement with the Union of Soviet Socialist Republics to replace the agreement that expires September 30, 1981.

Mr. ZORINSKY. Mr. President, the amendment I am offering with the cosponsorship of Senators MELCHER, BURDICK, ANDREWS, EXON, BAUCUS, BOREN, and PRESSLER would clarify for our country's farmers the outlook for grain exports during the next marketing year.

As spring approaches, farmers in some parts of the country are beginning to make difficult decisions about how much and which crops to plant. Seed and fertilizer must be purchased, credit obtained, and commitments made. In other parts of the country, the start of the winter wheat harvest is not far off. It is impossible, Mr. President, for a farmer to make a reasonable business decision in the current climate of uncertainty about grain markets.

The embargo on grain sales to the Soviet Union, imposed more than a year ago by former President Carter, has not—despite repeated campaign promises to the contrary—been lifted by President Reagan. Even if it were to be lifted, it is unclear whether any further sales of feed grains and wheat to the Soviet Union would be approved this marketing year. Moreover, the 5-year bilateral grain agreement with the Soviet Union will expire on September 30 of this year, leading to further uncertainty and confusion about the prospect of future sales to the Soviet Union.

The amendment I offer today would allow our country's farmers to assess the market situation, to make reasonable, informed determinations about the demand for their crops, and so to make sound planting and marketing decisions.

By the same token, Mr. President, the Agriculture Committees of both the Senate and House are in the process of developing a new comprehensive farm bill for the next few years. Such basic issues as the level of Commodity Credit Corporation loans, the operation of the farmer-held grain reserve, and whether or not to maintain target prices must be decided in the next few weeks.

Just as it would be impossible for the American farmer to make a sound decision about the demand for his crops, so it would be impossible for the Agriculture Committees and Congress to make reasonable decisions about the shape of farm policy during the next few years, without knowing if the Soviet market will be a factor. Rational policymakers cannot be expected to formulate long-term legislation except in the context of some market predictability.

The absence of a firm decision on the embargo of grain sales to the Soviet Union and the uncertain future of a new bilateral grain agreement may impair the ability of the Congress to develop appropriate and reasonable farm legislation.

The amendment I offer gives the President several options. First, as he has repeatedly promised, he could lift the embargo on grain sales to the Soviet Union by April 30, 1981; second, if the President determines that our country's foreign policy or national security compels the continuation of the embargo, he could continue the embargo by certifying that it is necessary and that it does not unfairly burden our Nation's farmers; and third, if the President intends to negotiate a new bilateral grain agreement with the Soviets, he may delay lifting the embargo for a reasonable period in order to facilitate the negotiations.

The purpose of the amendment is very simple and very straightforward. It will end once and for all the confusion about the availability of the Soviet market.

If the embargo is no longer considered vital, it will be lifted expeditiously and we can begin the long process of reestablishing our position in the Soviet market.

If, on the other hand, President Reagan believes it is in this country's best interests to continue to embargo, so be it. Our farmers will then know that the Soviet market is closed to them, that demand for their grain will be just that much less, and they will plant their crops accordingly.

Finally, if the embargo is a necessary bargaining chip in negotiations with the Soviets on a new, long-term grain agreement, the repeal can be delayed, but American farmers will be assured that the Soviets will again be a reliable customer of U.S. farm goods.

Clearly, Mr. President, some action on the embargo is necessary, and this amendment is designed to prompt it.

A few weeks ago, one of my distinguished colleagues offered a similar amendment to the debt ceiling bill. I endorsed that amendment, as did many of my colleagues. It is unfortunate that the Senate did not have an opportunity to vote on that amendment, but I understand why it was withdrawn. President Reagan indicated at that time that a decision on the embargo would be forthcoming; he promised to confer with Members of Congress on the issue, and indeed he did confer with them. Nevertheless, nearly a month has passed, and no decision has been made.

The American farmer deserves better.

There has been a great deal of talk in these first weeks of the Reagan administration about signals. It has been said that the voters sent a signal to Washington last November. It has been said that passing the bill we are considering today—S. 509—will send a signal to the country that this President and this Congress are serious about balancing the budget. Finally, it has been said that lifting the embargo now would send the wrong signal to the Soviets.

Mr. President, this amendment would send another signal—a signal to the White House to stop procrastinating and to make a decision.

I want to make it clear that this amendment would not in any way tie the President's hands. If the embargo is necessary for foreign policy or national security reasons, the amendment does not require its repeal. If the President believes he needs the embargo to negotiate a beneficial bilateral grain agreement, he may delay lifting it.

The amendment does not restrict the President's options. It simply, Mr. President, requires some definitive action. It asks the question American farmers have been asking for over a year.

And it requires a decision.

Mr. MELCHER. Mr. President, I am pleased to sponsor Senator ZORINSKY's amendment. There has been a great deal of speculation in recent years about the possible use of this country's food production as a diplomatic weapon in the conduct of foreign policy. This issue has been a hot topic of discussion among academicians and foreign policy theorists.

The theory goes like this: Our grain exports to the Soviet Union have increased dramatically in recent years. As a consequence of this development, so the theory runs, the United States can gain diplomatic leverage and punish the Soviets by refusing to sell them American grain.

It is an interesting theory, but nobody bothered to ask our agricultural community what they thought the effects of such a policy would be. If they had, our farmers and ranchers would have told them that an embargo is a double-edged sword; it cuts both ways.

The partial embargo or trade suspension initiated by former President Carter in January 1980 was, in effect, a testing of this foreign policy theory. The test has not been a success; the double-edged sword only cut American agriculture.

Had the theorists checked with our agricultural producers, they would have discovered that American agriculture is not at all enthusiastic about embargoes of any kind. They have been the victims of the earlier embargoes—the soybean embargo of 1973, the Soviet embargo of 1974, and the Soviet and Polish embargo of 1975. These embargoes, carried out under Presidents Nixon and Ford, were in response to concerns over possible shortages of supply.

Many producers feel that these embargoes were carried out to hold down the prices of their commodities. An embargo has a drastic psychological effect on producers because it creates havoc with the stability of the marketplace. Beyond that it causes buyers to look for substitutes or other suppliers—which means the buyer is looking to our international competitors. Another result

is that production is opened up or increased elsewhere, as was the case with the 1973 soybean embargo.

Embargoes do not work unless a country has effective control over a market, or a wartime situation provides the same kind of market control.

The United States is the world's major grain exporter, but there are other exporters. The United States gained most of the growth in agricultural exports in recent years, but that took lots of work and our position at the top of the ladder is not so secure that we cannot fall back a rung or two.

Has the embargo hurt the Soviet Union? The embargo did force the Soviet Union to look for additional suppliers. Because the embargo distorted the world market, it is estimated that the Soviet Union may have had to pay as much as $1 billion more because it had to pay a premium to obtain Argentine grain. The Soviet Union had to go to more buyers and use more ships, causing logistical problems at Soviet ports. And, it is clear that the Soviet Union had to lower its planned increases in livestock production and this ran contrary to the promises of the Communist Party leadership.

Nonetheless, the bottom line is that the Soviets have obtained nearly as much grain on the world market as they would have had there been no embargo. Despite tight world markets the Soviets are easily getting around the embargo by buying elsewhere.

USDA estimates that, last year, the Soviet Union obtained 31 million metric tons on the world market, with the United States being the largest supplier at 7.9 million metric tons under the U.S.-U.S.S.R. grains agreement. USDA expects that this year, the Soviet Union will be able to import around 35 million metric tons. Of this amount, the United States is supplying 8 million metric tons.

The harvest in the southern hemisphere looks quite promising, and, therefore, the Soviet Union may not need to continue paying a premium to obtain Argentine grain. In addition, the Canadians are no longer effectively bound by the embargo, and they will be shipping increased quantities to the Soviet Union.

The embargo has limited our access to the Soviet market, and the world grain market has been redirected and destabilized. In short, the embargo stands like a rock on a beach with the tide and the waves rushing around and over it.

While the expanded export markets in Mexico and China have softened the impact of the embargo on U.S. sales, we clearly are offering our competitors a great advantage in yielding the Soviet market to them. We need to recognize that our competitors are willing to trade with the Soviets in spite of ideological differences.

The discussion since the election and the hesitation of the Reagan administration to follow through on its campaign promises to end the embargo seems to hinge largely on the question of how to appear tough with the Soviet Union. I find it rather discouraging that many of our so-called foreign policy advisors want to be tough with the property of others—our farm producers.

Our farmers do not appreciate being singled out to serve as a pawn in a diplomatic chess game. They particularly do not relish playing a game that cannot be won.

I expect that the Soviets would welcome discussions to negotiate a new grains agreement. Such an agreement could be of benefit to both countries, and lifting the embargo could be used to negotiate a sound agreement. I also hope that the views of our agricultural community would be taken into account in negotiating such an agreement.

I suggest that President Reagan disregard the advice of self-appointed foreign policy theorists such as the American Heritage Foundation, and begin to consult with the Nation's agricultural and trade groups. Our experience of the past 15 months convinces me that an embargo will not work as a tool of foreign policy.

This amendment offers the President several basic options, and it is flexible. However, he needs to realize the urgency of addressing this important issue. I hope he will keep his promises.

We are at an important crossroads on this decision. Our producers and our people deserve some answers.

Mr. ZORINSKY. Mr. President, I yield to the Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I thank the Senator for submitting his amendment.

Mr. President, the amendment that Senator ZORINSKY is offering today would provide the President three options.

First, he could lift the Soviet grain embargo by April 30, 1981;

Second, he could continue the restrictions by certifying to Congress that the continuations of such restrictions is necessary to further significantly the national security and foreign policy interests of the United States, and will not have an undue adverse effect nor unfairly impose a discriminatory burden on the agricultural economy and the farmers of the United States; and

Third, the President could delay for a reasonable time the date of expiration of the embargo by certifying to Congress, prior to April 30, 1981, that he intends to negotiate a new bilateral grains agreement with the Soviet Union to replace the agreement that expires September 30, 1981.

The President has indicated on many occasions that he intends to lift the Soviet grain embargo. It was a repeated campaign pledge. This amendment is flexible, and it gives him a number of ways to carry out his promises.

The first option would mean lifting the embargo by April 30, 1981. Many argue that the embargo has not been very effective, and that it will have even less effect on the Soviets as time goes on. Other countries are supplying more grain to the Soviet Union, and this trend will continue. Argentina expects bumper crops this year, and they will be in a position to export even more grain than last year.

In addition, it should be noted that lifting the embargo would not automatically open up additional sales of wheat and corn to the Soviets. Russia has already purchased the 8 million tons authorized this year under the bilateral grains agreement. Any additional sales of wheat and corn above the 8 million tons would have to be negotiated.

The second option offers the President the opportunity to continue the embargo if he should feel that it is necessary for national security and foreign policy reasons. But, he would have to first consider the effect of the embargo on farmers. He would have to certify to Congress that continuation of the embargo would not impose a discriminatory burden on farmers and the agricultural economy of the United States.

The third option offers the President the opportunity to continue the embargo in order to negotiate a new bilateral grains agreement with the Soviet Union. No time limitation is set, and the amendment only asks that the President indicate that he intends to negotiate a new bilateral agreement to replace the one that expires September 30, 1981.

Mr. President, our producers need some words as to what the administration plans to do so that they will know what to expect with regard to the important Soviet market. They also feel that, under the embargo, they have been singled out to bear the brunt of the Nation's foreign policy. Acceptance of this amendment would provide very valuable assurance to our agricultural community that action to correct the current intolerable situation will be taken.

I hope the Senate sees fit to accept this amendment. It points the President in the direction of resolving this important issue.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COCHRAN. Mr. President, this Senator has opposed the Soviet embargo as vigorously as anyone in this body. I opposed it when President Carter imposed it last spring and I oppose it today.

President Carter should never have put on just a partial embargo. If there were to be an embargo, it should have been a total trade suspension. Farmers are among the most patriotic people in this country, but no one likes to be singled out to bear the burden. They are upset and I do not blame them.

That is why, Mr. President, I joined several of my colleagues in a visit with President Reagan in an effort to encourage him to either lift the embargo or to expand it to a total trade suspension with the Soviet Union.

The President has stated that the embargo will be lifted or expanded, depending on the developing relations with the

Soviets. The ball is in their court. I believe the President will keep his word and act at the appropriate time.

Now is not the time for Congress to force an action on the administration. I am confident that the embargo will be lifted or expanded when the time is right.

Therefore, Mr. President, I urge my colleagues to oppose this amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ZORINSKY. Mr. President, I ask for the yeas and nays on the amendment I have just submitted.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. DOLE. Mr. President, will the Senator from Nebraska withhold that until the Senator from North Carolina comes to the floor?

Mr. ZORINSKY. Mr. President, I withhold the request, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BURDICK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BURDICK. Mr. President, I urge all my colleagues in the Senate to support this amendment pending before us today. The embargo has not worked. It was originally imposed as a response to the Soviet invasion of Afghanistan, in my mind, an empty gesture—as the embargo surely was—is worse than no response at all.

President Reagan promised the American people that, if elected, he would end the embargo. According to newspaper accounts, the President has not made the decision to end the embargo because he was impressed by Secretary Haig's policy of "no concessions to the Soviets." I am not asking that we make concessions in grain sales to the Soviets. In fact, let us not make concessions. Let us sell them the stuff. Let us not give the Soviets any preferential credit or trade conditions. Rather, let us make it cash and carry—no concessions.

Pre-embargo estimates were that the Soviets would need to import 34 million metric tons in 1980 of feed grains, wheat, oilseeds, and protein meals. Soviet intentions were to maintain livestock numbers and improve milk and egg supplies. The Carter administration estimated immediately following the embargo that the Soviets would be able to import only 23 million metric tons. However, the Soviets were able to accquire between 30½ million and 32½ million tons. Additionally, the U.S.S.R. increased its beef imports from Argentina from 2.000 to 5.000 tons per month, thus permitting it to maintain desired livestock numbers. Plus, the 1980 Soviet harvest was about 15 million tons higher than expected.

So, the grain embargo has not been an effective response to Soviet adventurism.

While I do not like embargoes for foreign policy reasons, this amendent contains a feature that would permit the President to continue to embargo if he certifies to Congress that it is needed for foreign policy reasons. I think this feature is important.

The Soviets were able to acquire adequate supplies of grain and meat. To do that, standard trading patterns of the past 10 years were altered somewhat. It could be that those trading patterns will remain, even if the embargo is lifted.

I, for one, wish to see a thorough analysis of what those trading patterns are now, what the alinements of those trading partners are, what the mutual interests and concerns of the new alinements are, and what the future food needs and the capabilities for purchasing adequate supplies are. If such an analysis would show that the new trading patterns serve the interests of the United States, and if continuation of the embargo was needed to foster these patterns, then the President would be well advised to continue the embargo. Otherwise, it should be ended.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ZORINSKY. Mr. President, I ask uanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 9

Mr. ZORINSKY. Mr. President, I ask for the yeas and nays on my amendment to S. 509.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. DOLE. Mr. President, is that with the understanding that the vote on Senator ZORINSKY's amendment will follow any final disposition of the so-called Melcher amendment?

Mr. ZORINSKY. That is correct.

Mr. DOLE. Of course, that will not prejudice the right to table the Senator's amendment.

Mr. ZORINSKY. That is correct.

Mr. DOLE. Mr. President, I ask unanimous consent that that be the agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there a sufficient second? There is a suffcient second.

The yeas and nays were ordered.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the Senator from Michigan (Mr. RIEGLE) be added as a cosponsor of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 15

(Purpose: To amend printed amendment No. 9 to change the effective date)

Mr. ZORINSKY. Mr. President, I send a perfecting amendment in the second degree to my own amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Nebraska (Mr. ZORINSKY) proposes an unprinted amendment numbered 15:

At the appropriate places in the text of amendment No. 9, strike out the phrase "April 30, 1981" both places at which it appears, and insert in lieu thereof "April 15, 1981".

Mr. ZORINSKY. Mr. President, I ask for the yeas and nays on my perfecting amendment in the second degree.

Mr. DOLE. Mr. President, I ask unanimous consent that that be based on the prior agreement.

Mr. ZORINSKY. It will be the same understanding.

Mr. DOLE. It will be the same understanding that we first dispose of the Melcher amendment.

Mr. ZORINSKY. Certainly.

Mr. DOLE. Is it?

Mr. ZORINSKY. Most certainly.

Mr. DOLE. It is. All right.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 2 P.M.

Mr. HELMS. Mr. President, I move that the Senate stand in recess until the hour of 2 p.m.

The motion was agreed to; and the Senate, at 1:43 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. RUDMAN).

Mr. MELCHER. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, as a cosponsor of the amendment offered by my senior colleague from Nebraska I support proposing a termination date for the Soviet grain embargo.

Mr. President, we are all aware that the embargo has not been effective. We are also aware of the pledge made by Presi-

dent Reagan to the farmers of this Nation that if elected he would immediately cancel the grain embargo. I along with other Members of this body met with the President last month in an effort to persuade him to keep that promise made last year and lift the embargo. He has indicated that he will not cancel the grain embargo in the near future; a major shift in his original position on this matter.

Mr. President, this is the first administration in history which has a grain embargo in place and has also taken steps to completely emasculate even minimum agricultural programs. Last night, during the Senate Budget Committee markup of the budget for the Department of Agriculture, I offered a motion to restore funds for the storage facility loan program and the interest waiver on grain reserve loans. These programs have been employed by the Carter administration to try to offset the adverse impact on the farmers caused by the grain embargo especially the interest waiver on reserve loans. My motion failed Mr. President, and the administration's figures phasing out this loan program and the interest waiver on grain in the reserve were adopted.

Mr. President, I suggest that this action is a clear sign that the President and his administration are embarking on a course to dramatically reduce the Government's even minimal farm program during a time when American agriculture is suffering severely from extremely high interest rates, dramatically further increased fuel costs brought about primarily by the President's expedited deregulation of oil, and other escalating production costs of the food producers and other double-digit inflationary pressures. All of this Mr. President at a time when agriculture prices are plunging. It is not generally known but the cattle feeder, right now, is losing between $50 to $100 per head. The hog producer is in about the same proportionate position. The grain farmer is in a precarious position, and for the record I would like to insert in the RECORD at this point, a full and accurate report from the Nebraska wheat growers showing conclusively that our wheat producers are receiving 48 cents less per bushel since the November election and 18 cents less than when the embargo was announced.

Mr. President, I ask that the report from the Nebraska wheat growers, to which I have referred, be printed in the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

HOW DOES THE EMBARGO FIT INTO A FREE MARKET PHILOSOPHY?

Location	Prior to Soviet grain embargo, cash price Dec. 28, 1979	Lowest price since embargo, cash price Apr. 11, 1980	Prior to election and promise of embargo suspension, cash price Nov. 7, 1980	Rumor that embargo will be extended, cash price Feb. 10, 1981	Embargo's impact still being felt, cash price Mar. 10, 1981
Sutherland	$3.71	$3.16	$4.10	$3.73	$3.62
Hershey	3.71	3.15	4.10	3.75	3.65
Paxton	3.71	3.20	4.09	3.67	3.57
Grant	3.63	3.15	4.00	3.63	3.61
Hemingford	3.57	3.10	3.90	3.65	3.49
Do	3.54	2.99	3.88	3.60	3.46
Alliance	3.63	3.00	3.87	3.54	3.47
Do	3.59	2.98	3.88	3.53	3.42
Berea	3.58	3.06	3.88	3.51	3.43
Crawford	3.75	3.10	4.04	3.54	3.38
Chadron	3.75	3.10	3.95	No market	3.64
Gering	3.75	3.21	3.97	3.58	3.46
Morrill	3.77	No bid	3.96	3.57	3.51
Potter	3.85	3.24	4.02	3.65	3.50
Sidney	3.83	3.15	3.96	3.64	3.52
Kimball	3.74	3.28	4.00	3.66	3.55
Chappell	3.74	3.15	4.02	3.63	3.55
Gurley	3.71	3.13	3.94	3.64	3.56
Plymouth	3.88	3.43	4.39	3.90	3.74
Jansen	3.94	3.45	4.38	3.90	3.79
Beatrice	4.01	3.47	4.27	3.90	3.73
Daykin	3.97	3.49	4.38	3.90	3.73
Maywood	3.83	3.16	4.10	3.65	3.62
Imperial	3.73	3.10	3.97	3.67	3.54
McCook	3.69	3.17	NA	----------	----------
Do	3.75	3.10	4.06	3.57	3.58
Do	3.85	3.58	4.10	3.55	3.74
Lincoln	4.15	----------	4.53	4.15	4.00
Minden	3.91	----------	4.11	3.80	3.68
Hastings	4.09	----------	4.34	3.98	3.88
Average cash price for Nebraska	3.78	3.22	4.08	3.70	3.60

"To say the Soviet grain embargo has outlived its usefulness is a gross understatement. The embargo's failure is soundly proven and now acknowledged by the General Accounting Office of the Federal Government," reports John Sullivan, Nebraska Wheat Committee Chairman.

"Certainly, maintaining the embargo falls short of fitting the free market philosophy now being applied to industrial and technical exports to the Soviet Union," adds Sullivan. "Continuing the embargo also seems clearly inconsistent with the deregulation of other major industries for the good of the country."

"Wheat growers started sacrificing in January of 1980. The rest of the country is now asked to tighten its belt but it's already a year behind. Ironically, weakening the agricultural economy hurts the urban American along with the farmer, and grain embargoes serve to kill the country's economic golden goose . . . ag exports," concludes Sullivan.

Mr. EXON. Mr. President, I think it is now time for agriculture to take notice and the alarm must be sounded of what effect the Reagan administration's budget recommendations will do to the agriculture economy and all connected directly or indirectly therewith. I suggest that the administration has no present intentions of adjusting support levels to more acceptable figures. The only thing that can save our agriculture sector from the present intentions of the administration is unanticipated crop failures in other countries.

I believe that the agriculture funding levels recommended by the administration and rubber stamped by the majority of the Budget Committee will allow the Senate Agriculture Committee, charged with the responsibility of recommending a new farm program, virtually no flexibility in terms of the provisions in the farm program. There will be no room for needed higher support prices. There will be no room for meaningful setasides or diversions. There will be no room for conservation, research, or disease control programs. There will be no room, period.

Mr. President, I believe the message must go out to the farmers of this Nation that the President has embarked on a negative course for agriculture. I also believe it necessary for the administration to be put on notice that there is great concern for the survival of family sized agriculture as we know it today.

Mr. President, I speak on this matter with some expertise. I speak also as a Democrat who has established the credentials of nonpartisanship on farm policy. Regardless of party affiliation, there was no Senator who spoke out more forcefully on what I considered ill-advised agriculture policies, or lack thereof by the Carter administration. My point is that the current administration is currently leading us farther down the road to economic ruination for agriculture than was ever possible in the near-term past.

I believe we must adopt this amendment to end the embargo and send a message to the President of the United States that we in this body expect him to make good on his promise and cancel this grain embargo which has caused such harm in our agriculture community, and we will thereby be taking the first step for the legitimate protection of this Nation's most valuable economic asset, our great food-producing plant.

I have strongly supported the President's cutbacks, and the Senate Budget Committee, which has just completed its work, has exceeded the President's cuts by $2.3 billion. But I have serious objections to some of the tentative spending decisions, because in this headlong dash to cut, we have not carefully weighed our priorities. I object to rubber stamping without due consideration of important farm programs.

Mr. President, I yield the floor.

Mr. HELMS. Mr. President, I ask unanimous consent that the pending legislation be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, not to extend past the

hour of 3 o'clock, in which Senators may speak for not to exceed 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TESTIMONY OF SECRETARY OF STATE HAIG ON FOREIGN ASSISTANCE

Mr. PERCY. Mr. President, today, before the Committee on Foreign Relations, Secretary of State Alexander Haig testified for the first time since his confirmation hearing. He testified, appropriately, on the fiscal year 1982 State Department and all foreign assistance authorization requests to be made by the administration. I consider the testimony by Secretary Haig today and his response to Senators to be as creative, imaginative, bold, and incisive as the foreign policy of any administration to date. That foreign policy, as enunciated by the President and by Secretary Haig, has clearly delineated what American interests are and what the interests are of our allies and friends around the world.

Mr. President, a sense of firmness is needed today in a troubled world, where we have an adversary that does have some commonality of interest with the United States. We hope that the common ground between us can be found. We also must show our resolve, however, in areas where the Soviets choose to confront our interests and principles. We cannot let Soviet adventurism go unchallenged.

Mr. President, this brings me to the question of U.S. foreign assistance.

The programs included in the administration's foreign aid requests are designed to meet the Soviet challenge as well as to provide assistance to the needy of the world. Military and security assistance provide friendly nations with immediate assistance in obtaining military equipment for their defense and economic support for domestic stability. Development assistance, both bilateral and multilateral, help developing countries carry out longer term development programs aimed at improving the lives of their people and creating sustained economic growth. Our refugee and disaster assistance programs provide humanitarian support for those struck by circumstances beyond their control. And finally, the State Department authorization allows our diplomatic corps to perform increasingly important and sometimes physically dangerous tasks around the world. Realistically, these programs, which we will be reviewing in detail, must been seen as complementary to the defense budget in terms of their impact on U.S. national security and the nature of the world which our country will face in the future.

As important as these programs are, we also all know we are facing difficult economic circumstances, and it is imperative that we maintain as lean a Federal budget as possible in all areas. The budget proposed by the President for the international affairs function already represents a $1.7 billion reduction from the 1982 fiscal year budget presented a few weeks ago by President Carter. During our series of hearings we will look carefully to see if there are further economies which might be made.

Mr. President, I ask unanimous consent that Secretary Haig's testimony before the Foreign Relations Committee be placed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SECRETARY OF STATE BEFORE SENATE FOREIGN RELATIONS COMMITTEE

It is a great honor to appear before the Senate Foreign Relations Committee as Secretary of State.

As members of this Committee, you are aware that the conduct of foreign policy and exercise of influence requires many tools. It is the role and purpose of one of these tools—security and development assistance—that is the subject for discussion today.

Security and development assistance should be seen in the context of the international challenges that confront us and the foreign policy we have devised to overcome them. Today's world presents the United States with three prominent trends. First, power is diffused widely among many nations and some are prepared to use violence to advance their ends. Second, we and our allies are now more vulnerable to international unrest and violent change. Third and most dangerous, the growth of Soviet military power in now capable of supporting an imperial foreign policy.

The last trend is most alarming. Soviet adventurism in the Horn, in South Asia, in the Persian Gulf, and in Southwest Africa appears to conform to a basic and ominous objective: to strike at countries on or near the vital resource lines of the West.

The depressed world economic condition is equally familiar to you. The spiraling cost of oil has been a punishing blow to all nations. It has been particularly crippling to the developing nations. It is estimated that developing countries paid $50 to $60 billion in 1980 for their oil imports. Adding to this burden is another $50 to $60 billion in trade deficits. All of this comes at a time when world population will increase by half in just the next 20 years—from 4.4 billion in 1979 to over 6.3 billion by the end of the century, with 90 percent of this increase in the poorest countries. Economic dislocations of this magnitude create conditions for violent disruptions, with dangerous political consequences.

Our response to these challenges must incorporate several elements if we are to advance our international objectives. We require:

A strong, prosperous and productive American economy, because we can do little to help others if we are disabled ourselves;

An American defense posture that restores the confidence and determination of friends, and that deters adversaries from pursuing adventures; and

The resources to protect our international security interests and to promote peace and prosperity abroad.

The President has proposed a far-reaching and dynamic program to restore the health of the American economy. I fully support his proposals.

The revised defense budget which the Congress will review in a short time is designed to revitalize our Armed Forces and rebuild our capacity to defend our vital interests.

The third element, resources to promote our security and economic interests, is the reason for my appearance before this Committee today.

Before going into the details of the Administration's foreign assistance request, let me say a few words about the general directions of our economic policy and how we will shape assistance programs to complement these policies.

First, in the formulation of economic policy, in the allocation of our resources, in decisions on international economic issues, a major determinant will be the need to protect and advance our security.

Second, we shall continue to work with other countries to maintain an open and accessible international economic system. This will include efforts to engage the U.S. private sector more fully in the economic development process.

Third, the United States will not forsake its traditional assistance to the needy of this world: the undernourished, the sick, the desperate refugee.

Fourth, there will be neither abrupt nor radical redirection of our international economic policies. Where necessary, policy will be changed in an evolutionary fashion, with minimal disruption and uncertainty.

Fifth, the United States will not abandon institutions and agreements devoted to global economic and political stability. The United States will continue to bear a fair share of the cost to maintain and operate international organizations.

I have asked Jim Buckley to coordinate the allocations of all types of foreign assistance in which the Department is involved. Let me give you an example of what Jim undertook for me in recent days. We wanted to allocate additional assistance to El Salvador and Jim worked with the various offices to put together the package of Economic Support Funds, Development Assistance, PL 480, etc. I see this as entirely consistent with my responsibility, under the President, for overall supervision and direction of our foreign assistance effort.

SECURITY ASSISTANCE

I referred a moment ago to the President's proposals for reconstituting America's defense capabilities. Our security assistance program goes hand-in-hand with this effort, and must enjoy equal priority. This is because the friendly states we support can themselves help us assure our most vital national interests.

For example, many of our security assistance partners enjoy a geographic proximity to the resources our economy demands. Others possess timely knowledge of complex regional events, and are best suited to understand these events and assure that they do not slip beyond responsible control. Finally, many of our partners have military forces trained and experienced in operating in difficult areas.

As we strengthen these states, we strengthen ourselves and, for the reasons just mentioned, we do so more effectively and at less cost. Friendly states can help to deter threats before they escalate into world-shaking crises. The issue is not whether a local state can single-handedly resist a Soviet assault. Rather, it is whether it can make that assault more costly, more complicated, and therefore potentially less likely to occur.

In practical terms, this means that the air defense system we help a friendly state develop could one day serve as a prepositioned shield under which Western relief forces would move. We hope that day never comes, and all of our efforts are aimed at preventing it. However, in judging the economic value of these programs it is necessary to recognize the connection that frequently exists between today's assistance and tomorrow's needs.

In examining our overall security and defense needs, we have tried to balance the requirement for budgetary stringency with the need to revitalize our international position. From this review we concluded that our national interests demand a significant funding increase for our security assistance programs and at increased levels above FY–81.

The President is requesting that the Congress approve $4.27 billion in budget authority to finance a total $6.87 billion security assistance program for FY-82.

Almost 70 percent of the program for FY-82 is for the Middle East, with Israel and Egypt as the largest recipients.

Let me say something about the importance of these two countries.

The security of Israel remains a major U.S. concern and a binding U.S. commitment. We are determined that Israel retain the military capability to deter threats from hostile forces. Moreover we recognize the importance of Israel to our developing regional strategy. Israel constitutes an important deterrent in the region and indeed can play a major role in countering the more serious threats involving the Soviet Union.

Egypt occupies a unique position in the Arab world. Egypt's population, her strategic significance and cultural eminence give her that place. It was an event of extraordinary import for the United States when President Sadat decided to turn away from the Soviet Union and become our friend. President Sadat has had the vision not only to see and deal with the larger Soviet threat but also to join the peace process with Israel. There is no alternative to a strong, Western-oriented Egypt.

Adequate defense capability for Israel, Egypt and other responsible Arab states will not only help deal with outside pressures but will support our objective of a lasting Middle East peace. Individual and regional insecurity undermines every prospect for peace.

Our programs in the Middle East and Persian Gulf area, working with such states as Oman, are designed to deter threats to both regional security and Western energy interests.

Our FMS assistance to Europe will focus on four European nations: Greece, Portugal and Turkey in support of their NATO roles and Spain in connection with our defense agreement and our use of Spanish bases. A sizeable economic support funds program is planned for Turkey as we continue to respond to that country's economic needs in cooperation with other donors.

Turkey and Greece are two of our most important allies. Greece and Turkey are important to each other's defense and as allies and friends both are indispensable to us.

In East Asia, Korea will receive a large amount of FMS financing for force modernization, with significant programs also scheduled for Indonesia, the Philippines, and Thailand.

In Africa, our equipment, training, and/or economic support will help to enhance the security of a selected number of states friendly to the United States.

It is clearly in our interest, for example, to help Sudan and Tunisia withstand pressures from Libya. This is important in its own right and vital to our larger interest. For as the threat to these important states mounts, so too—indirectly—does the pressure on Egypt, with all that means for the prospects for peace and for our broader regional strategy. This suggests a central point: The interrelationship between threats and events in different theatres. If we are to act with coherence and consistency, these interrelationships must be reflected in our own policies.

For Central America, the Caribbean, and South America we are recommending a total program of $212.6 million. Especially noteworthy are our efforts to support the Duarte Government in El Salvador, which we believe offers the best chance for a resolution of that country's conflicts.

The benefits of our security assistance program will be limited unless we have the necessary flexibility to use these resources effectively and efficiently. This includes being responsive to unforeseen and rapidly changing events. It is impossible, in March 1981, to predict with certainty where crises may erupt in the coming months. We are therefore proposing special requirements funds for the Economic Support Fund and Military Assistance Program and a number of amendments to legislation that would facilitate the achievement of our policy objectives. If we have the capability to respond quickly and adequately in those cases where security assistance would make the difference, the need for United States direct involvement might be reduced or eliminated.

I want to stress that giving us the capability to deal with contingencies is not a vehicle for denying Congress its proper and necessary role regarding policy oversight of security assistance programs. Rather, both branches should address seriously the relationship of these programs to our policy objectives and, working together, ensure that relevant legislation and funding authorities facilitate rather than constrain achievement of these objectives.

DEVELOPMENT ASSISTANCE

While security assistance is specifically designed to shape events and address short-term problems in counties and regions of major political importance to the United States, development assistance provides the United States with other opportunities to influence economic, social and political change abroad.

We remain committed to a strong Development Assistance Program as an integral element of our overall policy toward our international economic and security objectives.

US foreign policy interests should guide our allocation of foreign aid. But the humanitarian aspects of the Development Assistance Program should not be overlooked. As a cooperative partner helping to meet the needs of the developing countries we will contribute to the achievement of a variety of key US foreign and economic policy goals.

In our budget submission to Congress, a $1.9 billion AID program is requested.

Over 50 percent of the proposed Development Assistance Program will be used to alleviate malnutrition and hunger.

MULTILATERAL DEVELOPMENT BANKS (MDB'S)

Over the past two decades, a growing percentage of U.S. official aid has gone to support multilateral development banks (MDB's). We intend to meet our existing obligations to these institutions as we move, in an evolutionary way, towards a greater emphasis on bilateral rather than multilateral assistance.

In this process, we shall keep in mind that multilateral institutions carry out two major functions:

First, they mobilize additional capital from other donors for economic progress in developing nations, nations that are important to U.S. security and economic interests.

Second, they foster increasing efficiency in the international economic system by encouraging developing countries to adopt Western, market-oriented development policies that improve productivity.

The President is therefore requesting appropriation of $1.48 billion for MDB subscriptions and contributions for FY 82. Because this request has been held to the minimum it is essential to have your support for the full amount specified.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Voluntary U.S. contributions to International Organizations and Programs are another important element of our foreign development assistance strategy. Among the important efforts in this area are the United Nations Development Program (UNDP) and the UN Children's Fund (UNICEF). These activities provide basic technical, health and educational assistance to developing countries.

STATE DEPARTMENT BUDGET

Before concluding my statement today, I would call your attention to a crucial tool for the execution of our foreign policy; the budget of the Department of State. The Fiscal Year 1982 request for the Department reflects our commitment to economize. The entire $2.5 billion proposed budget is essential if we are to discharge our global foreign affairs responsibilities. The Under Secretary of State for Management, Richard T. Kennedy, will be coming before you to present and explain our authorization request, and he will be at your disposal to answer all of your questions regarding the State Department budget.

CONCLUSION

The program presented to you today represents our best judgment of the resources required to carry out our activities in these austere times. Cuts were made in the Development Assistance Programs totalling over a billion dollars, a 26 percent reduction from the previous budget—equalling if not exceeding reductions proposed for the domestic agencies.

For the past two years Congress has failed to enact a foreign aid appropriations bill. This has caused us substantial difficulties. We have been forced to neglect vital aspects of our assistance programs; U.S. foreign policy interests have been undermined. We should work together in the authorization and appropriation of these fiscal year 1982 foreign aid requests to assure a U.S. partnership with the nations that strengthen our common economic and security interests.

TESTIMONY OF UNDER SECRETARY OF STATE STOESSEL ON EL SALVADOR

Mr. PERCY. Mr. President, on Wednesday, March 18, the Committee on Foreign Relations held hearings on the present difficult situation in El Salvador. Under Secretary of State for Political Affairs Walter J. Stoessel, Jr., and other administration witnesses testified and responded to questions on administration policy.

Secretary Stoessel's clear and eloquent testimony during our hearing persuade me that present administration policy is both reasonable and responsible. Indeed, there are signs that this policy is experiencing some successes. Needless to say, of course, the situation in El Salvador remains difficult and will require our careful monitoring for some time.

Both Secretary Stoessel and Lt. Gen. Ernest Graves of the Defense Security Assistance Agency maintained that the administration believes that the present levels of military assistance to El Salvador (which total $35.4 million for 1981 and $26 million being sought for 1982) will be adequate to equip the Salvadoran military to deal with the guerrilla situation. Secretary Stoessel noted that the flow of arms from Nicaragua appears to have slowed substantially in recent days. We can only hope that this continues to be the case, allowing the moderate government in El Salvador to further consolidate and extend its program of reforms.

All witnesses agreed that the guerrillas' so-called final offensive in January was a failure and that popular sup-

port for the government of civilian President Jose Napoleon Duarte was increasing. Early indications are that phase 1 of the Government's land reform program has been successful and that crop harvests will at least remain at past levels, in spite of the guerrillas' efforts to disrupt the harvest. This is an important sign of the future potential of this program.

In short, Secretary Stoessel and General Graves both argued that they were confident that present limited programs were taking hold successfully; that our involvement in El Salvador would remain at its present low levels and that the Duarte government should be able to consolidate its influence over time.

With respect to the investigations of the murder of the four American religious persons, I was encouraged by the testimony of Frances Mullen of the FBI that the investigation has the full cooperation of the Duarte government. Evidence from the murder site is currently being analyzed in the FBI laboratories here in Washington. This includes several fingerprints from the Americans' van which the FBI is hopeful will permit the Salvadoran Government to identify the assassins.

Mr. President, I would like to share Secretary Stoessel's excellent statement on the present situation in El Salvador with my colleagues. I ask unanimous consent that his statement be placed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ON EL SALVADOR BY THE HONORABLE WALTER J. STOESSEL, JR.

Mr. Chairman and members of this distinguished Committee, I welcome this opportunity to review and discuss with you the measures this Administration is taking with regard to El Salvador. I will summarize their main elements and the rationale for them. Afterwards, my colleagues and I will be happy to respond to your questions and comments.

Our actions with regard to El Salvador have as their goal the reduction of violence and instability in order to facilitate a peaceful transition to an elected government. This is the goal of the Salvadoran people and of their current government, headed by Christian Democratic President Jose Napoleon Duarte, which we strongly support. Having already promulgated a far-reaching agrarian reform and changes in the banking system and export trade, the government last week moved the country closer to elections when President Duarte appointed an Electoral Commission.

These important reforms will contribute to the reduction of violence and political instability in the longer term. In the short-term, however, some landowners availed themselves of traditional ties to local security forces, while Cuban-supported guerrillas attempted to exploit popular resentment of past authorities. Both these extremes sought to undermine the reforms through violence, but for different reasons. The landowners wished to restore the status quo ante; the guerrillas saw that reforms were winning away their popular support and recruitment base.

In recent months, our understanding of the situation in El Salvador has changed with the discovery that large quantities of arms and munitions were being supplied to the guerrillas. Last summer and fall, far away Vietnam, Ethiopia and some Eastern European countries joined Cuba to take the initiative to transform an essentially domestic conflict in Central America into an international confrontation. These outside efforts to impose an unpopular military solution proved unacceptable to the Salvadoran people, who rejected the guerrillas' appeals for support The Carter Administration acted once it acquired the evidence. We have done likewise.

The United States cannot stand idly by while a reformist government comes under attack by externally advised and armed guerrilla groups that lack popular support. If we fail to make clear that the external encouragement of violence and instability in El Salvador will have serious costs, we ensure that other countries seeking domestic solutions to domestic problems will find their efforts thwarted by guerrilla groups advised and armed from abroad. In turn, our failure to respond adequately to externally supported attempts to overthrow governments committed to reforms and to electoral solutions would cause other friendly countries to doubt our ability to help them resist assaults on their sovereignty.

While the guerrillas in El Salvador are externally supported, they also feed on domestic ills. These include years of repressive and unresponsive governments and inequitable distribution of resources and life opportunities. For this reason, the major emphasis of our assistance program for El Salvador is economic rather than military. The government of El Salvador welcomes this emphasis. Since October 1979, Salvadoran authorities have been committed to leading their country to democracy. To that end, the Duarte government is today working to carry out basic economic reforms.

We strongly support these efforts, financially as well as morally. On the economic front, we provided roughly $58.8 million in FY 80 for the government's reforms and its programs for the most needy. The Carter Administration had planned to provide about $63 million in FY 81 to create jobs through public works, to feed the hungry, and to improve health, education, and housing. An intensive interagency study has now concluded that additional economic aid to El Salvador will be necessary. We will be consulting further with the Congress on this. At this point, it appears likely that additional assistance in the range of $60 million will be needed this year. At that level, economic assistance would be more than three times larger than our military assistance. For FY 82, we will request the Congress to make available between $80–$100 million in economic assistance to ensure the continued viability of the reform process.

Our aid is designed to help the Duarte government eradicate the chronic social and economic ills that have fostered unrest. El Salvador's needs are enormous and pressing. We hope that our allies and other friendly countries—many of whom have themselves urged that socio-economic needs not be neglected—will go beyond exhortations and join us in providing economic assistance to El Salvador. The general climate of violence and the guerrillas' purposeful destruction of foodstuffs, electrical installations, communications lines, vehicles and roads have cut deeply into El Salvador's production and growth. The suffering of the Salvadoran people in this chaotic situation requires a compassionate response from us and from all civilized nations.

Now let me address our security assistance efforts. We are providing the necessary military assistance to the Duarte Government in its battle against the externally-supported guerrillas. Let me assure you that we are doing this with the greatest prudence and caution and with the lessons of the past very much in mind. El Salvador is not another Vietnam. Our objectives are limited: to help the government with its problems of training, equipment repair and maintenance, mobility, and resupply. Let me quickly review our assistance effort to date.

Prior to January 16 of this year, the Carter Administration had confined defense aid to El Salvador to nonlethal equipment like trucks and radios. It also had provided training for selected Salvadoran officers and had sent a number of training teams to Salvador. On January 16, after a week of hard fighting initiated by the guerrillas with the aid of externally-supplied arms and munitions, President Carter authorized the provision to El Salvador of some arms and munitions—the first such U.S. shipments since 1977—to replace some of the stocks depleted during the guerrilla offensive. President Carter also provided six helicopters and sent a dozen U.S. military technicians to train Salvadoran helicopter pilots and maintenance specialists.

Since taking office, the Reagan Administration has carefully reviewed and assessed the needs of the Salvadoran armed forces in consultation with President Duarte and his government. We have made a grant of articles and services valued at $20 million and have notified Congress of our intent to reprogram $5 million in additional FMS loan guarantees. This additional assistance includes sending a small number of personnel on temporary duty to help train the Salvadoran army and navy. One six-man team will help with repair of ships and ship-board equipment for coastal patrols; five men have been added to an operations planning assistance team in El Salvador since January; five will supplement the U.S. Military Group in its largely administrative duties; and three teams of five men each will help provide in-garrison training for the Salvadorans' new quick raction force. These additional training specialists will bring the total number of U.S. military personnel working with Salvadoran forces to 54. Although in a country torn by violence no place is totally safe, all U.S. trainers will work in some of the safest places in El Salvador: military garrisons and regional command centers. For FY 82, we are requesting $25 million in FMS financing for purchase of weapons and military equipment and $1 million for IMET training. Additional grant military assistance is not contemplated at this time.

We believe that the level of security assistance we are providing is commensurate with the need; it responds in every instance to the Duarte government's requests. While the January offensive was successfully repelled, the guerrillas continue to pose a serious military threat. Estimates of the number of guerrillas are around 4,000 with approximately 5,000 irregulars. The government's regular armed forces—the recipients of our security assistance—total about 9,000. Various police or constabulary forces have a similar combined strength.

It has been alleged that our support goes beyond minimum requirements, that the armed forces of President Duarte are successfully defeating the guerrillas, and hence that no further U.S. assistance is called for. Experience has shown, however, that for our support to be credible, it must respond not only to the present situation, but to the potential of the other side to create further violence. It takes time for new equipment to be absorbed and training to take effect. We must anticipate future needs rather than being merely reactive. There is, thus, an element of deterrence built into the level of our total support.

In giving military help to El Salvador, we are most mindful of our obligations to you under the terms of the War Powers Resolution. The activities assigned to our military personnel in El Salvador do not call for them to "command, coordinate, participate in the movement of, or accompany" Salvadoran forces at any time or place where involve-

ment in hostilities is imminent. The U.S. personnel are specifically instructed to avoid situations of potential hostilities, and our assessment of the risk at the locations where they will be assigned is that there is no imminent likelihood of hostilities involving these U.S. personnel. The assignment of our training personnel to El Salvador is not, in our view, "an introduction of U.S. armed forces into hostilities or a situation where imminent involvement in hostilities is clearly indicated by the circumstances"—the standard of the War Powers Resolution. We will seek to keep the Congress fully informed of the circumstances in El Salvador affecting the safety of U.S. personnel, and, I repeat, we will always consult with you on U.S. assistance to El Salvador.

Our economic and military assistance are both important for an eventual political resolution of the conflict in El Salvador. A peaceful outcome will require both greater social justice and greater stability under the law. To this end, we continue to impress upon the government the importance of finding and bringing to justice the murderers of the four American Church women and two AIFLD agrarian reform specialists.

We also support President Duarte's offers to discuss with opposition leaders and with business, labor and church groups within El Salvador what structures and guarantees will best ensure open elections next year. We cannot, of course, participate directly in any negotiation process that would compromise the sovereignty of El Salvador and the right of its government to negotiate on its own behalf. We are strongly committed, however, to a peaceful transition to an elected government and oppose any and all attempts to deprive the Salvadoran people of their right to elect a government of their own choosing. We firmly oppose any kind of coup against the centrist government.

In our view, the Duarte government provides the best opportunity for a transition to a political system that will offer the Salvadoran people some measure of control over the decisions that affect their lives. We support it for that reason. In El Salvador, as in any country, we have to deal with the political possibilities as they exist now. There are three alternatives in El Salvador today—the forces of the extreme right, the forces of the extreme left, and the present government. Of these, the Duarte government is the only one that promises to lead a transition to full constitutional order. Should it come to power, the extreme left would probably create a government modelled, like Cuba's, on the Soviet Union. Such governments can vary among themselves, but we do know from history that they have an unusual ability to establish a rigid grip. To passively accept a Cuban-coordinated attempt to impose their kind of political order by force of arms would be to close off all but one narrow path for the future development of the Salvadoran people. This is what we want to help prevent.

In summary, we believe the measured steps we have taken and have proposed are reasonable and responsible. They are carefully designed to contribute to a lessening of the violence and instability that threaten the social and political reforms the Duarte government has courageously undertaken. I hope that we will have the support of the Congress, and of this Committee, as we proceed to develop U.S. policy toward El Salvador and the region.

SALT NEGOTIATORS: TAKE NOTE

Mr. HELMS. Mr. President, on the front page of this past Saturday's Washington Post appeared an interesting article which gives an insight into the Soviet mentality on how to handle even the smallest confrontation.

The essence of the story is that the Soviets tried to import a couple of "ringers" or expert volleyball players in order to defeat the Brazilians in the local Embassy volleyball league. As the story unfolded, I was delighted to see that the Brazilians called attention to the stacking of the deck and the attendant publicity caused the Soviets to reverse tactics.

The volleyball crisis passed, but I hope that all those American diplomats who will sooner or later be negotiating SALT and verification practices and procedures will take note of this incident. For that purpose, Mr. President, I ask unanimous consent that the article from the Washington Post be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IT'S SPORT TO SOVIETS—BRAZILIANS MIFFED AT RIVALS' VOLLEYBALL TACTIC

(By Donnel Nunes)

To hear the Brazilian Embassy volleyball team tell it, it was just about the sneakiest Russian maneuver since the invasion of Afghanistan. To hear the Soviet team captain tell it, it was nothing more than a joke.

Trouble is, no one else is laughing: Not the Brazilians, and certainly not Anna E. Honabach, a kindly and elderly Washington recreation department official who has suddenly found herself in the middle of a not-so-diplomatic squabble.

At stake is the championship of the Embassy Volleyball League, a title that is hotly contested by a half-dozen to dozen embassy teams each year and is routinely won by the Soviets. In fact, not only have they been embassy champions since the mid-1970s, but for four years they have not even lost a game.

That is, until this year when the Brazilians beat them in their first meeting. All the Brazilians have to do to be champs is hold off the Russians in their final confrontation this coming Tuesday.

A few days after the Brazilian victory, however, Honabach, who organizes the league each year and oversees the games that are played in Georgetown's Duke Ellington School, received a revised Soviet Embassy team roster. Two new names—Alexander Savin and Pavel Selivanov—were included.

They didn't mean anything to Honabach, but they sure did to the Brazilians.

Listen to what the September 1978 issue of Volleyball Magazine had to say about Savin:

"Alexander Savin is the most incredible volleyball body on a [Soviet national] team full of them. He is 5' 7", 21 years old, and has logged more air time [as a leaper] than most TWA pilots.

"In career kills he trails only Joseph Stalin in the Russian record books. In the World Championships, Savin unveiled his new hobby, blocking serves. When other teams try tough low serves, he takes a half-step approach, soars well above the net and stuffs the ball before it ever violates Soviet air space . . . so much for tough serves."

The same issue described Selinvanov as 6-foot-4 and one of the Soviet team's "two principal outside hitters."

Outraged, the Brazilians voted to protest formally the Soviet action to Honabach. Silvio Torres, a team member and official hairstylist to the Brazilian ambassador, was drafted to write the protest.

"The letter was written by me because the Brazilian Embassy did not want to get officially involved," Torres said. "But the embassy supported our idea."

Honabach promptly called Soviet team captain Gennadi Vasilenko, a Soviet Embassy press aide.

"I told Mr. Vasilenko that I didn't think it was right," said the motherly Honabach. "He said, well, he could say where there's some things about the Brazilian team that aren't right.

"But I told him I've ruled on it. It's not allowed."

Later, when she gave Vasilenko a copy of the Brazilian hairstylist's letter of protest, Vasilenko read it and laughed.

"He said it was just a joke." Honabach said. "It certainly seemed they were serious at the time."

Yesterday, Vasilenko, who nearly qualified for the 1964 Soviet Olympic team and is a recipient of the Soviet Master of Sport award, was still laughing.

"It was just a joke," he said. "I did it because [other teams had compained in the past] that anytime the Russians lose they get good players from home to help them."

Were by chance Savin and Selivanov going to be in the United States on other business around game time?

"Of course not—unfortunately," said Vasilenko. "If they were, we would have invited them to play. All of the Brazilian team, none of them are members of the embassy. Maybe, for the final, we ask them to bring diplomatic cards.

"I know where they are working and what they are doing."

The Russians do their homework, all right. In fact, only one Brazilian team member is a diplomat, the embassy confirms. The rest are Brazilian nationals who work locally.

The personable Vasilenko may simply be the victim of the longstanding image of Russians as dour and humorless figures on the diplomatic scene. As one Soviet specialist said yesterday, "The Russians don't have a very good sense of humor, so I doubt it was a joke."

"Well, if I'm going to do it next year," said Honabach, "I'm going to have to tighten the rules."

NATIONAL AGRICULTURE DAY

Mr. HELMS. Mr. President, it is most fitting that we set aside a special day to pay tribute to our farmers—who serve this Nation so well throughout the year. Today, March 19, 1981, is National Agriculture Day, and if there is one segment of the American endeavor that should be recognized, should be honored, it is agriculture, the very backbone of this great Nation.

It is my firm conviction that our farmers produce much more than food and fiber, as I have said before. Their efforts have nurtured a spirit of strong individualism that strengthens our country. This spirit was the cornerstone of the foundation upon which this country was built.

American agriculture is our No. 1 industry, No. 1 employer, and No. 1 exporter, accounting for $40 billion worth of trade in 1980. Our farmers and processors are the most efficient in the world, and have proven they can meet not only the food and fiber needs of the American people, but also that of a large portion of the world's hungry and ill clothed.

The Senate Committee on Agriculture, Nutrition, and Forestry, of which I have the honor of serving as chairman, is now engaged in hearings on the 1981 farm

bill. In this effort, we on the committee are dedicated and committed to producing a bill that will ennance the role of the private sector in dealing with the problems of American agriculture and restore profitability to farming.

Vast numbers of our farmers today are on the brink of disaster. We simply cannot let our great agriculture industry falter and stumble, for if that giant upon which we all depend falls to its knees, so do we as a nation.

Let us salute American agriculture, and let us work to preserve it, for as the theme of National Agriculture Day says, and says so well, "It's your heartbeat, America."

FINANCIAL STABILITY

Mr. HELMS. Mr. President, Lewis Lehrman is one of the most capable political economists I have had the pleasure of knowing. He combines an enthusiastic idealism with a practical perspective on our society and our economy.

I first met Mr. Lehrman when he testified last year before the Senate Banking Committee on a bill relating to the sale of gold by the U.S. Treasury. His testimony to the committee has received broad circulation and deserved favorable comment.

Recently, he wrote an article for the Wall Street Journal's February 18 edition entitled, "The Means to Establishing Financial Order." In this article he analyzes the evident incapacity of the Federal Reserve Board to control monetary aggregates. His prescription? A classical monetary policy embodied in a gold standard.

Mr. Lehrman is former president and currently chairman of the executive committee of the Rite Aid Corp. and president of the Lehrman Institute.

His work complements that of a Washington-based public policy research organization, the Institute on Money and Inflation. IMI has provided the necessary information and analysis for the Gold Commission legislation which was enacted last year. This law requires the study of the role of gold in the domestic and international monetary systems and could provide the intellectual basis for substantive monetary reform.

It is my view, Mr. President, that the new commission should listen closely to the words of Lewis Lehrman.

So that those words can reach a broader audience, Mr. President, I ask unanimous consent that his recent article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From The Wall Street Journal, Feb. 18, 1981]

THE MEANS TO ESTABLISHING FINANCIAL ORDER

(By Lewis E. Lehrman)

Recently on this page Milton Friedman wrote: "Despite vigorous efforts by the Fed to implement the [Oct. 6, 1979 Volcker] policy, monetary growth has varied over a wider range since Oct. 6, 1979, than in any period of comparable length for at least the last two decades. That fact is recognized by the Fed itself, by its defenders and by its critics." Prof. Friedman's remarks go to the heart of the problem of the Federal Reserve System.

The Fed's governors honestly believe they can attain a goal that is not within their reach—namely, to fix the specific quantity of money in circulation. They also believe they can fine-tune the world's most complex economy by changes in credit policy and monetary base manipulation. Monetary base manipulation leads to the Fed's daily interventions in the open market for government securities, creating uncertainty and disorder in the credit markets. In recent years Fed open-market operations have led to the systematic expansion of its portfolio of government securities. Not only has this process indirectly financed the government deficits; but, along with reduced reserve requirements, open-market operations have been the primary source of the perennial 8 percent to 9 percent increase in total adjusted Federal Reserve Bank credit—about three to four times the average growth of output. Through this mechanism of open-market operations, the Fed has become the engine of world inflation.

It is important to understand that in a free market order neither the amount of money in circulation, nor its growth rate, can be determined by the central bank. For, quite simply, the Fed does not possess all the necessary market information, the proven operating techniques or the foresight to bring about a predictable rate of growth of money now or in the future. It is true that the Fed does influence conditions governing the supply of money; but it is the users of money in the market who alone determine their demand for it.

AN ELUSIVE ABSTRACTION

Indeed, the money supply cannot be precisely defined or measured. How can the Fed control such an elusive abstraction? Moreover, no money-supply growth rate during a specific market period is necessarily correlated with a specified rate of inflation, deflation or with price stability. For example, during part of 1978 the quantity of money in Switzerland grew approximately 30 percent, while the price level rose about 1 percent. Conversely, in the U.S. in 1979, the money supply grew about 5 percent while the consumer price index rose 13 percent. In 1980, M1A grew at 5 percent, M1B grew 7.3 percent, while the CPI rose 13 percent. It is clear that the Fed cannot precisely control the relationship between the rate of growth of the money supply and the rate of inflation.

This should come as no surprise. Consider the institutional constraints on the Federal Reserve System. First and foremost, it is a bank. More precisely, it is a monopoly—the "bank of issue." The Fed has a monopoly over the issue of paper currency; that is, Federal Reserve notes.

But it also has a balance sheet, which limits even the actions of a government monopoly. The Fed buys assets (Fed credit) with the resources created by its liabilities (largely the monetary base). Total Federal Reserve credit is a precise magnitude which regulates the rise and fall of credit supplied by the Fed to the rest of the banking system. If the credit supplied is actually desired in the market, the price level will tend to be stable. If the new credit created by the Fed is forced on market participants, it will quickly be spent by them at home and abroad, thus tending to cause inflation and a depreciating dollar.

Therefore, in the future, the Fed should allocate credit by using the superior technique of the price mechanism—not the mechanism of open-market operations, a blunt and unwieldy quantity technique. If we must have the central bank, then remobilize the discount rate, which is the price of credit for loans from the Fed to the commercial banks. Recently the amount of this type of Fed credit has ranged from $1 billion to $3 billion—5% to 10% of bank reserves held at the Fed. At 13%–16% the present discount rate constitutes a subsidy rate to substantial commercial bank credit expansion—because it is below market rates. During periods of inflation, the discount rate should be above market rates, for example the rates on Treasury bills or Fed funds. Thus the subsidy would be eliminated. The discount rate, as a market-related technique of central banking, was repudiated long ago by the money-supply fine tuners; and not coincidentally, so was a stable value for the dollar.

The problem of equalizing the supply and demand for credit by means of the discount rate illustrates the fundamental issue of monetary policy and central banking. Instead of fixing a specific quantity of money, the goal of the central bank should be reasonable price stability, or even better, a stable value for the dollar. The means by which to achieve this goal is a remobilized discount rate joined to a true international gold standard.

When excess credit causes inflation, the Fed, by raising the discount rate above market rates, should promptly eliminate the subsidy to bank credit expansion, thus removing the stimulus to inflation. As a result, excess money and credit will be absorbed in order to hit the correct target: the volume of money in circulation should always be equal to the amount of money actually desired in the market. Inflation is caused by excess money. If there is none there can be no inflation. Such a monetary target can be hit so long as the government does not finance its inflationary deficit spending by continually demanding new money at the Fed and at the banks. That is why a balanced budget is crucial. It keeps the government from demanding new money at the Fed and the commercial banks.

To establish financial order, a sound Fed credit policy is a necessary condition of financial order; but it is not sufficient. History and classical economic analysis show that the policy best-suited to ensure stable money over the long run is to define the dollar as a weight of gold. But a domestic gold standard is not enough, because our national economy is fully integrated with the free world economy. It follows that only a world monetary system can provide an impartial, common currency, not subject to sovereign political manipulation. Such a world monetary system is the international gold standard. This is the classical monetary policy.

As a monetary standard, the value of gold compared to other goods in the world economy is determined by its relative costs of production, while the costs of production of one more unit of a paper currency is almost zero. Zero production costs explain why most government currency monopolies have overproduced paper money and thereby destroyed its value. On the other hand, gold is an ideal monetary standard because its real costs of production cause it to have a relatively inelastic supply curve. It cannot be overproduced. Its rate of growth of production over centuries has been about 1.5 percent to 2 percent—proportional, that is, to the rate of long-term economic growth and population growth in the industrial world. It is this unique and stable long-run relationship between the rates of increase of the supply of gold and of economic growth which, among other reasons, makes gold the optimum monetary standard.

GOLD IS LEAST IMPERFECT

Unlike paper and credit money, the supply conditions of gold cannot be fundamentally and swiftly altered by politicians. Supply

conditions for gold depend upon the real-world economics of gold production, which are, in general, not susceptible to scale-techniques of mining. When scale techniques of production are applied to other, more easily mass-produced commodity money standards, oversupply results and the monetary standard depreciates. In an imperfect world, the gold standard is, therefore, the least imperfect of the monetary standards. That is why over the centuries a gold currency was freely selected as money by the market.

Under conditions of modern central banking, a disciplined discount policy at the Fed is only useful for providing elasticity to the supply of credit in the short and intermediate term. But a gold currency is an independent long-run stabilizer of the supply of money and credit in the world economy—the gyroscope, if you will, of a free world-market-order. The true gold standard rules out excessive manipulation of money by politicians and bureaucrats. Therefore, in order to end inflation and to restore trust in the U.S. currency, the dollar must be defined in law as a weight unit of gold. A modernized gold standard would be a guarantee of the purchasing power of money and, therefore, of the future value of money savings. And we know that in the absence of increased savings there can be no long-term economic growth.

Thus, given President Reagan's unequivocal commitment to stable money and a policy of economic growth, it is time for the United States to offer the free world a real money, and to call for monetary reform based on the international gold standard.

"REAL" INTEREST RATES

Mr. HELMS. Mr. President, a recent article in the Wall Street Journal discussed some of the intricate mechanics of interest rates. The March 16 article by David Ranson, of H. C. Wainright Economics, shows that some of the assumptions about interest rates and inflation held by our Keynesian and monetarist friends are highly doubtful.

In fact, Mr. Ranson shows that the Federal Reserve System may be impotent in affecting the real interest rate, and is chiefly effective in causing inflation.

As Mr. Ranson points out, our progressive tax system turns inflation into a greater-than-expected brake on the economy.

What struck me is that the thesis Mr. Ranson puts forth has considerable relevance for monetary policy as well as for tax policy. If the central bank cannot change "real" interest rates, then perhaps its role as economic fine tuner and adjuster of the economy is not what the Keynesians and others think it is. If that is the case, then there is every reason to think that the monetary authority should stick to stabilizing the value of the money.

In other words, Mr. President, the monetary authority can do few things well. We know that it can do little to control real interest rates. What it can do, on the other hand, is keep tabs on the value of the dollar. It can do this by sticking to classical monetary disciplines.

As Mr. Ranson says concerning the phenomenon of the Feds inability to control "real" interest rates, "So the evidence tends to confirm the classical paradigm." so too, the evidence contributes to the argument for a classical monetary reform.

I have offered a bill, S. 6, the Gold Reserve Act of 1981, as a measure that would insure that the stability of the dollar would be the key goal of monetary policy—a classical monetary reform.

Mr. President, I ask unanimous consent that "Taxes and 'Real' Interest Rates" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TAXES AND "REAL" INTEREST RATES

(By David Ranson)

Ecclesiastes says: "There is no new thing under the sun." In economics, according to some members of the Chicago School, "There is nothing new since Irving Fisher." In other words, no basic relationship in economics seems to exist that was not already discovered by Fisher, the premier economist in America during his most prolific period, 1890 to 1930. Just to clinch the point, a Chicago School economist recently announced that the Phillips Curve, the late-lamented tradeoff between inflation and unemployment, had actually been discovered by the American Fisher in 1926, rather than by the Australian A. W. Phillips in 1958 as has traditionally been supposed.

Fisher's work went out of style during the 1930s, when his concept of the business cycle as largely a "dance of the dollar" was discredited. But throughout the 20th Century to the present the famous "Irving Fisher formula" has continued to be accepted by economists of every stripe and enjoys a prominent position in investment thinking. This formula states that high interest rates correspond, on a one-for-one basis, to high expected rates of inflation. As the formula has it: Nominal rate of interest equals real rate of interest plus expected rate of inflation.

Fisher's insight lies behind the calculation, frequently made nowadays, that interest rates are not "really" so high, but largely reflect the fact that we live in a highly inflationary era. Now there must be a grain of truth to this claim, but it does raise an interesting problem. If it is "really" not high interest rates that have shattered the economy in the last couple of years, then what is it?

The widely accepted answer to this question recognizes the 25-year upward trend in interest rates as chiefly a result of advancing inflationary expectations. But around this trend there is also a "cycle" in the interest rate, reflecting variations in the real rate of interest around its equilibrium level. According to this view, for example, housing and auto sales are under pressure currently because the real rate of interest is well above equilibrium. The source of this cyclical movement? The Fed, whose pursuit of alternately "loose" and "tight" money policies is a prime method of fine-tuning the economy.

However authoritative, this view may be in trouble. The first assault on it occurred about five years ago. Eugene Fama, a member of the new Chicago School generation, published evidence that the real rate of interest is roughly constant. Unfortunately, Fama was hamstrung by the fact that he could not measure the real rate of interest directly. In place of the expected rate of inflation, he had only the rate that actually transpired, as calculated from consumer price index changes published after the fact. So his evidence was, to put it bluntly, circumstantial. Inevitably, Fama's pathbreaking paper has been searchingly criticized. But evidence has surfaced recently which strongly suggests that Fama was right.

In scientific work, the most solid advances occur when a theory based on one piece of evidence is corroborated by new evidence from an independent source. Sometimes, as happened in this case, two independent sets of observations, each of which in its own right is far from sufficient, tell identical stories which in combination provide a conclusive answer.

First, we have consumer opinion poll estimates of the expected rate of inflation itself. Ordinarily, opinion polls are not regarded as a reliable source of information by quantitative economists. Too much can slip between the pollster's interpretation of the question he asks and the interpretation implicit in the respondent's answer. But University of Michigan economists, who have administered such a poll an average of three times a year since 1948, have attempted to avoid these potential glitches as far as possible.

Consumers were asked, among other things: "How large a price increase do you expect [for the things you buy]? . . . [W]ould you say that a year from now prices will be about 1 percent or 2 percent higher, or 5 percent or closer to 10 percent higher than now or what?"

The chart compares the average response to such a question, as quantified by UM's Survey Research Center, with a second and independent set of estimates: the U.S. Treasury bill rate. Now interest rates too are an important measure of inflationary expectations, but for completely different reasons. Among other things, they are sensitive to credit market conditions and to tax rates.

As closely as available information allows, the dates at which the polls were taken have been matched with the dates at which the Treasury bill yield was quoted. Similarly, the horizon of the poll question (12 months) has been matched with the maturity date of the bill. To simplify the plot, the poll results and the T-bill quotes for each calendar year have been averaged.

While not perfect, the close correspondence between the two data series establishes Fama's proposition directly and beyond a reasonable doubt. Not only is the trend in the nominal rate of interest associated with shifts in the expected rate of inflation, but so is the cycle. Leaving plenty of room for misinterpretations in the poll data, and unrelated sources of variation in the T-bill rate, the two fit one another like a glove. The real rate of interest does indeed appear to be roughly constant, averaging about 1.75 percent through 1965 and 2.5 percent thereafter.

How can this be? How can the Fed, for all its huffing and puffing, have so little impact on the real rate of interest?

First, consider the way an economist in Irving Fisher's time might have approached the question. The real rate of interest is the price that clears the credit market. Not only the domestic credit market, but credit markets throughout the world.

Although nominal interest rates may vary from one country to another even for equivalent risk and maturity, this variation will reflect only differences in expected inflation for different currencies. Taxes aside, the real rate must be the same throughout the world, because international capital flows could arbitrate any differentials that might ephemerally exist. So to influence the real rate of interest, the Fed's actions would have to be large enough to control the price of credit throughout the world. Is the Fed as powerful as that?

Actually, the case for the Fed"s "real" impotence is even stronger. The real rate of interest is not only the price of credit. It is also the price that clears the market for saving and investment. At the margin, it equals the real return to saving (again, taxes aside) and also the real cost of capital. To control it means to influence substantially the volume of saving and the speed with which capital projects are pursued throughout the world. Surely no one would argue that the Fed is big enough for that.

So the evidence tends to confirm the classical paradigm. It contradicts Keynesian and

monetarist theories of the business cycle, according to both of which the real rate of interest is a cyclical phenomenon. This new logic is, indeed, consistent with the supply-side of incentivist view. It is tax-rate changes, or shifts in the disincentives rather than "real" price changes through which government policies influence the economy.

A major mystery remains. How can the economy be hurt by interest rate fluctuations that are not, in fact, "real"? Why does the stock market frequently get a boost when nominal interest rates decline, as happened last Thursday?

I think the answer to this question supplies a vital insight for a proper diagnosis of the economy's ills. The illuminating ingredient is tied to the characteristics of our tax system. Inflation implies tax bracket "creep." An upward shift in the expected rate of inflation implies an upward revision of the expected rate at which personal and business incomes will be pushed into higher tax brackets. Incentives can, and do, affect economic choices across time. The current level of production and expenditure is in part a function of the balance between current tax rates (at the margin) and the expected level of tax rates in future years

A rise in the expected rate of bracket "creep" shifts that balance. It makes it relatively more profitable to produce and spend today, and to cut back production and expenditure in future years. The empirical relationship between the economy and expected inflation conforms to this hypothesis.

AWARD OF THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE USA (NCOA) L. MENDEL RIVERS AWARD FOR LEGISLATIVE ACTION TO SENATOR WILLIAM L. ARMSTRONG

Mr. THURMOND. Mr. President, once again I am privileged to announce the recipient of the Non Commissioned Officers Association of the USA (NCOA) L. Mendel Rivers Award for Legislative Action. This year's recognition goes to our colleague, Senator WILLIAM L. ARMSTRONG.

The NCOA has made a wise choice in honoring the junior Senator from Colorado. Senator ARMSTRONG deserves recognition for his dogged determination in support of many defense programs and especially his leadership in promoting increases in pay and allowances for our men and women in uniform.

He was the first of a growing number of Senators and defense officials to warn the Nation it was underpaying its military personnel. He alerted us to the circumstances we would confront if Congress did not act.

Of course, Senator ARMSTRONG was chosen for other attributes. He is a patriot and a most able legislator. He is loyal, hard working, and the epitome of all we Americans would like in our elected officials. Most of all, he is understanding and sympathetic.

Senator ARMSTRONG has also been effective in other areas such as promotion of equal per diem payments; exemption of parking fees on certain military installations; and support for a new GI bill for the use of our military recruiters to help upgrade the quality of today's military member.

Senator ARMSTRONG is a worthy recipient of this particular award established in memory of Representative L. Mendel Rivers, former chairman of the House Armed Services Committee. Chairman Rivers was most effective in promoting proper recognition and remuneration for our military enlisted personnel.

Senator ARMSTRONG will be the 10th recipient of this prestigious award. Senator JOHN TOWER, currently chairman of the Committee on Armed Services, received the honor in 1974 and Senator BOB DOLE, current chairman of the Committee on Finance, in 1979. I was privileged to have been the recipient in 1972.

On the House side, former Congressman F. Edward Hébert, now deceased, was the 1973 recipient. Retired Congressman Thomas N. Downing of Virginia was honored in 1975; retired Congressman Bob Wilson of California in 1976; Representative MEL PRICE, current chairman of the House Committee on Armed Services, in 1977; Representative CHARLES E. BENNETT, of Florida, in 1978; and former Congressman Mendel J. Davis of South Carolina in 1980.

The award will be presented to Senator ARMSTRONG on June 13 at the NCOA 20th international convention, to be held at the Hotel Raddison Muehlebach in Kansas City, Mo.

I know my colleagues will join me in saluting Senator ARMSTRONG for his exceptional performance as a U.S. Senator and congratulate him for being chosen the NCOA legislator of the year.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

BUDGET RESCISSIONS AND DEFERRALS—MESSAGE FROM THE PRESIDENT—PM 38

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Commerce, Science, and Transportation, the Committee on Labor and Human Resources, the Committee on Energy and Natural Resources, the Committee on Banking, Housing, and Urban Affairs, the Committee on Environment and Public Works, the Committee on Governmental Affairs, and the Committee on Finance:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report 33 proposals to rescind a total of $2.8 billion in budget authority previously provided by the Congress, and one new deferral of $3.0 million.

The details of the rescission proposals and the deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *March 19, 1981.*

MESSAGES FROM THE PRESIDENT RECEIVED DURING THE RECESS

Under the authority of the order of the Senate of March 17, 1981, the Secretary of the Senate, on March 17, 1981, received messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received on March 17, 1981, are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 11:18 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that pursuant to the provisions of title 22, United States Code, section 276a–1, as amended by Public Law 95–45, the Speaker appoints as additional members of the delegation to attend the Conference of the Interparliamentary Union to be held in Manila, Philippines, April 20 to 25, 1981, the following Members on the part of the House: Mr. PICKLE, Mr. DE LA GARZA, Mr. HAMILTON, Mr. DANIELSON. Mr. BOWEN, Mr. LEVITAS, Mr. RHODES, Mr. BROOMFIELD, Mr. MCCLORY, and Mr. VANDER JAGT.

The message also announced that pursuant to the provisions of section 1 of Public Law 372, 84th Congress, as amended, the Speaker appoints as Members of the Franklin Delano Roosevelt Memorial Commission the following Members on the part of the House: Mr. HOWARD, Mr. ZEFERETTI, Mr. FISH, and Mr. GREEN.

REPORTS OF COMMITTEES RECEIVED DURING THE RECESS

Under the authority of the order of the Senate of March 17, 1981, the following reports of committees were submitted on March 18, 1981, during the recess of the Senate:

By Mr. HEINZ, from the Committee on Banking, Housing, and Urban Affairs, without amendment:

S. 734. An original bill to encourage exports by facilitating the formation and operation of export trading companies, export trade associations, and the expansion of export trade services generally (Rept. No. 97–27).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs;

Donald I. Hovde, of Wisconsin, to be Under Secretary of Housing and Urban Development.

(The above nomination reported from the Committee on Banking, Housing, and

Urban Affairs, with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. ROTH, from the Committee on Governmental Affairs:

Donald J. Devine, of Maryland, to be Director of the Office of Personnel Management.

(The above nomination, reported from the Committee on Governmental Affairs, with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

THE NOMINATION OF DR. DONALD J. DEVINE

The Committee on Governmental Affairs, to which was referred the nomination of Dr. Donald J. Devine, of Wheaton, Maryland, to be the Director of the Office of Personnel Management, having considered the same, reports favorably thereon and recommends that the nomination be confirmed subject to the nominee's commitment to respond favorably to requests to appear and testify before any duly constituted committee of the Congress.

SUBMISSION OF NOMINATION

The Senate formally received the nomination of Dr. Donald J. Devine, of Wheaton, Maryland, to be Director of the Office of Personnel Management on March 5, 1981. The nomination was subsequently referred to the Committee on Governmental Affairs.

TRAINING, EDUCATION AND EXPERIENCE OF DR. DEVINE

Dr. Devine was born in Bronxville, New York on April 14, 1937. He spent his high school years at the Bishop Loughlin School in Brooklyn, New York. He then developed a strong background in both business and Public Administration. Dr. Devine graduated from St. John's University in Brooklyn, New York in 1959 with a B.B.A. in Business Administration. He spent two years at the University of New York from 1963–1965, finishing with a M.A. in Political Science with a field concentration in Public Administration.

The nominee completed his education at Syracuse University in the Maxwell School of Public Administration. He obtained a Ph.D. in Political Science there in 1969, once again with a concentration in Public Administration.

Dr. Devine began working as soon as he graduated from high school. During his college years, he worked with the United States Life Insurance Company in New York City as a cashier. Upon graduation, he took a job in New York City with the Continental Casualty Company as a Senior Claims Adjustor. He was in that position from 1960 until 1964 at the same time that he was pursuing a Masters degree in Political Science. In 1965, Dr. Devine began lecturing at the Brooklyn College in Brooklyn, New York while continuing his studies in Political Science.

Since completing his Ph. D., Dr. Devine has been an Associate Professor at the University of Maryland. While at the University, he has also served as a Special Assistant to Representative Philip Crane in 1972 and to Representative John Ashbrook in 1973.

COMMITTEE ACTION

Under procedures established by the Committee for considering nominations, a detailed biographical and financial information questionnaire was submitted to Dr. Devine. The Committee also requested that the nominee respond to pre-hearing questions in writing. These questions concerned both substantive policy matters relating to the mission of the Office of Personnel Management and specific actions Dr. Devine intends to take as Director of that agency. Both the biographical information and the responses to the prehearing questions are appendices to this report. It is the policy of the committee that a nominee's financial disclosure statement is not reproduced or published as a part of the hearing record. However, this information is retained in the Committee offices for inspection by the public.

Committee procedures call for an independent review of a nominee's background. This includes a review of any investigative reports compiled concerning the nominee, including the Federal Bureau of Investigation's summary report on the background of the nominee and an interview with the nominee. All of these requirements were met during the committee's investigation, and a confidential staff report, which concluded that no further investigation is necessary, was filed with the Chairman and the Ranking Minority Member and made available to all other Members of the Committee.

On March 11, 1981, Dr. Devine appeared before the Committee on Governmental Affairs to testify on his appointment to be Director of the Office of Personnel Management. Dr. Devine was introduced to the Committee by the Senior Senator from Maryland, Senator Mathias.

COMMITTEE RECOMMENDATIONS

Based on its review of the nominee's responses to the biographical and financial questionnaire, the FBI investigative report, the responses to the prehearing questions, personal interview with the nominee, and the testimony and responses to questions at the hearing itself, the Committee believes that Dr. Devine is well qualified by reason of training, education, experience and integrity to be the Director of the Office of Personnel Management.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HEINZ:

S. 734. An original bill to encourage exports by facilitating the formation and operation of export trading companies, export trade associations, and the expansion of export trade services generally; (from the Committee on Banking, Housing, and Urban Affairs on March 18, 1981 under the authority of the order of March 17, 1981.)

By Mr. PROXMIRE:

S. 735. A bill for the relief of Michael Treble Lysenko and Beverly Carol Dancho; to the Committee on the Judiciary.

By Mr. CHAFEE (for himself, Mr. BAKER, Mr. STAFFORD, Mr. RANDOLPH, Mr. DECONCINI, Mr. GORTON, Mr. MCCLURE, Mr. MOYNIHAN, Mr. TSONGAS, and Mr. WALLOP):

S. 736. A bill to provide for the control of illegally taken fish and wildlife; to the Committee on Environment and Public Works, by unanimous consent with instructions that once reported, the bill be referred to the Committee on the Judiciary for not to exceed thirty calendar days.

By Mr. DURENBERGER:

S. 737. A bill entitled the "Basic Industries Reindustrialization Act"; to the Committee on Finance.

S. 738. A bill to amend the Internal Revenue Code; to the Committee on Finance.

By Mr. DURENBERGER (for himself, Mr. PRESSLER, Mr. MELCHER, Mr. BAUCUS, and Mr. DIXON):

S. 739. A bill to amend the Internal Revenue Code of 1954 to make the investment credit for railroad property refundable; to the Committee on Finance.

By Mr. DURENBERGER (for himself, Mr. ANDREWS, Mr. PRESSLER, Mr. ABDNOR, Mr. MELCHER, Mr. BAUCUS, and Mr. BURDICK):

S. 740. A bill entitled the "Railroad Bonding Act"; to the Committee on Finance.

By Mr. DURENBERGER (for himself, Mr. ANDREWS, Mr. PRESSLER, Mr. ABDNOR, Mr. MELCHER, and Mr. BAUCUS):

S. 741. A bill to provide for an equitable resolution regarding leaseholds on abandoned rail line property; to the Committee on Commerce, Science, and Transportation.

By Mr. COHEN:

S. 742. A bill to amend title 38, United States Code, to provide expanded opportunities for individuals to earn educational assistance benefits based on honorable active service in the armed forces, and for other purposes; to the Committee on Veterans Affairs.

By Mr. LEAHY:

S. 743. A bill to relieve General Educational Fund, Inc., of Burlington, Vt., of liability for certain taxes assessed under section 4945 of the Internal Revenue Code of 1954; to the Committee on Finance.

By Mr. MATHIAS (by request):

S. 744. A bill to authorize the District of Columbia to issue and sell general obligation bonds for the purpose of paying certain liabilities of the District, and for other purposes; to the Committee on Governmental Affairs.

By Mr. FORD (for himself and Mr. COCHRAN):

S. 745. A bill to amend the Tennessee Valley Authority Act of 1933 in order to increase the number of members of the board of directors of such Authority to five and to set certain residence requirements; to the Committee on Environment and Public Works.

By Mr. PERCY:

S. 746. A bill for the relief of Lemuek G. Villaneuva, M.D. and Corazon S. Villaneuva, husband and wife; to the Committee on the Judiciary.

By Mr. HATCH:

S. 747. A bill for the relief of Seela Jeremiah Piula; to the Committee on the Judiciary.

S. 748. A bill for the relief of Barbara Crisp, Sean Anthony Crisp, and Andrea Leech; to the Committee on the Judiciary.

S. 749. A bill for the relief of Peter William Brunt and Leonie Elizabeth Dil Brunt; to the Committee on the Judiciary.

By Mr. WALLOP (for himself, Mr. BOREN, Mr. KENNEDY, Mr. PERCY, Mr. LONG, Mr. CHAFEE, Mr. BAUCUS, Mr. TOWER, Mr. PELL, Mr. D'AMATO, and Mr. COCHRAN):

S. 750. A bill to amend the Internal Revenue Code of 1954 to provide nonrefundable tax credits for investments in qualified industrial energy efficiency and fuel conversion projects, and for other purposes; to the Committee on Finance.

By Mr. HATCH (for himself and Mr. THURMOND):

S. 751. A bill to amend titles 18 and 28 of the United States Code to eliminate, and establish an alternative to, the exclusionary rule in Federal criminal proceedings; to the Committee on the Judiciary.

By Mr. BAUCUS (for himself, Mr. LONG, Mr. GOLDWATER, Mr. WILLIAMS, and Mr. LEAHY):

S. 752. A bill to amend the Internal Revenue Code of 1954 to provide for the awarding of reasonable court costs and certain fees to prevailing parties in civil tax actions, and for other purposes; to the Committee on Finance.

By Mr. CRANSTON (for himself and Mr. HAYAKAWA):

S. 753. A bill to clarify the intent of Congress with respect to the exemption of the

economic interests of State and local governments from the crude oil windfall profit tax; to the Committee on Finance.

By Mr. MOYNIHAN (for himself and Mr. SCHMITT):

S. 754. A bill to require that most-favored nation treatment be granted only to the products of countries which have not expropriated U.S. citizens' property without compensation therefor; to the Committee on Finance.

By Mr. HELMS:

S.J. Res. 49. Joint resolution authorizing and requesting the President to proclaim July 4 of each year as "Independence Day"; to the Committee on the Judiciary.

By Mr. DECONCINI (for himself and Mr. DOLE):

S.J. Res. 50. Joint resolution designating July 17, 1981, as "National P.O.W. M.I.A. Recognition Day"; to the Committee on the Judiciary.

By Mr. DOLE:

S.J. Res. 51. Joint resolution authorizing and requesting the President to issue a proclamation observing the 35th anniversary of CARE (the Cooperative for American Relief Everywhere, Inc.), and designating May 10 to 16, 1981, as "CARE Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CHAFEE (for himself, Mr. BAKER, Mr. STAFFORD, Mr. RANDOLPH, Mr. DECONCINI, Mr. GORTON, Mr. MCCLURE, Mr. MOYNIHAN, Mr. TSONGAS, and Mr. WALLOP):

S. 736. A bill to provide for the control of illegally taken fish and wildlife; to the Committee on Environment and Public Works, by unanimous consent with instructions that once reported, the bill be referred to the Committee on the Judiciary for not to exceed 30 calendar days.

LACEY ACT AMENDMENTS OF 1981

Mr. CHAFEE. Mr. President, as noted in this month's National Geographic magazine, wildlife is big business. Affluent nations such as ours have displayed a fascination with wildlife and a willingness to pay exorbitant prices for rare animals and animal products. Illegal traders are willing to circumvent wildlife-protection laws both in this country and abroad to satisfy the demand as well as their own pocketbooks. By perpetuating a market for rare species, illegal trade creates pressures that these fragile populations cannot endure.

Furthermore, grisly tales abound of the illegal wildlife trade's acts of cruelty and wanton disregard of the natural environment. For example, flocks of birds have been blasted from trees with buckshot so that the few who survive can be captured and sold. Entire nesting areas are destroyed by the common practice of cutting down trees and shooting adult birds to harvest the more profitable young birds. Adult chimpanzees, gibbons, and other species are also slaughtered in order to capture their young.

Equally as shocking is the way in which these animals are transported. It is estimated that as many as 90 percent of captured animals die lingering and painful deaths from freezing, overheating, thirst, starvation, overcrowding or suffocation during their transport.

To stem the rising tide of illegal trade in fish, wildlife, and plants, I am reintroducing the Lacey Act amendments which I sponsored in the 96th Congress. This legislation will provide the tools needed to combat and control the massive illegal trade that threatens the survival of numerous species, threatens the welfare of our agricultural and pet industries, and imposes untold costs on the American taxpayer. The bill does not increase the Federal role in managing wildlife nor does it create new areas of criminality or Federal responsibility. Rather, it improves existing Federal tools designed to aid States and foreign nations in enforcing their own wildlife laws.

The current Lacey and Black Bass Acts were enacted in 1900 and 1926, respectively. These statutes make it illegal to import or otherwise trade in fish or wildlife taken, transported or sold in violation of State or foreign laws. They seek to provide Federal assistance to the States and foreign nations in enforcing existing fish and wildlife conservation laws.

Illegal commerce in wildlife has grown into such an enormous and lucrative business that the penalties under the Lacey and Black Bass Acts no longer provide an effective deterrent. The Black Bass Act, for example, provides for a maximum fine of only $200 and no more than 3 months imprisonment. Such a penalty is not going to deter violators who can net many thousands of dollars by trafficking in illegally taken fish.

These laws are also limited in scope because they do not protect some species of wildlife such as coral nor do they protect plants. The State of Arizona annually harvests plants worth $1.8 million under a permit system. It is estimated, however, that an additional $600,000 to $900,000 worth are illegally taken each year. Once those plants leave the State, Arizona authorities are virtually powerless to apprehend and punish the violators. This legislation would enable the Federal Government to effectively assist in controlling such interstate traffic.

Wildlife is often imported with false documents, including false health certificates which make a mockery of our quarantine laws and end up costing the United States millions of dollars. Such fraudulent transactions have spread diseases that would have been detected in legal quarantine periods. An outbreak of Newcastle disease—carried by exotic birds and fatal to domestic poultry—in California in 1971 cost the Federal taxpayer $56 million. In 1979, 14,000 pet birds exposed to the disease had to be killed at a cost of $2 million to the Federal Government. In mid-September 1980, a particularly deadly strain of exotic Newcastle disease was diagnosed at a wholesale pet bird establishment in Miami, Fla. Shipments of approximately 20,000 birds from the Miami wholesaler have been traced by the Federal Government to 45 States, the District of Columbia, the U.S. Virgin Islands, Canada, and the Bahamas. The cost of that outbreak is expected to run into the millions of dollars.

Without the improved enforcement tools of the proposed Lacey Act Amendments of 1981, we can virtually guarantee yearly outbreaks of exotic Newcastle disease. Inevitably, one of these outbreaks of disease will have a catastrophic effect on the poultry industry. Industry representatives estimate that if the disease were to become established in the poultry industry, the yearly cost to the Federal Government would be $1 billion.

The legislation I am introducing today will respond to many of these problems. It proposes the following major changes in the Lacey and Black Bass Acts:

First. The legislation would eliminate inconsistencies now in the law by consolidating the Lacey and Black Bass Acts. The legislation will encompass all species of fish and wildlife which are the subject of Federal, State, or foreign conservation laws.

Second. The legislation extends protection to plants that are subject to State conservation laws. This provision would amend the Lacey Act to provide Federal enforcement assistance to States that have adopted laws regulating the taking and sale of rare and endangered plants.

Third. It would increase the maximum civil penalty to $10,000. The maximum penalty is currently $5,000 in the Lacey Act and $200 in the Black Bass Act.

Fourth. It would increase the maximum criminal penalty to $20,000 and 5 years imprisonment. The existing criminal penalties are $10,000 and 1 year in the Lacey Act and $200 and 3 months in the Black Bass Act.

Fifth. It would conform the criminal culpability standard to that which is found in most criminal laws by deleting a double specific intent standard. The Government will be required to prove that a defendant had knowledge of the underlying conservation statute, but will not be required to prove that the individual also had knowledge of the Lacey Act.

Sixth. The legislation would permit relaxation of the rigid labeling provisions currently in effect for containers in which fish or wildlife are shipped. Under the bill, the Secretaries of Interior and Commerce will promulgate joint regulations regarding labeling which are consonant with the practices of industry and which satisfy the needs of enforcement officers.

Seventh. The legislation will add the regulations of Indian tribes to the substantive provisions of the Lacey Act. This will insure that fish and wildlife conservation regulations that are applicable to Indian reservations will be subject to Federal enforcement.

Mr. President, I believe that this legislation is a welcome and needed addition to existing wildlife law. It provides sufficient safeguards against indiscriminate enforcement efforts while, at the same time, providing the tools needed to control the burgeoning international trade in illicitly taken fish, wildlife, and plants. For these reasons, I urge my colleagues to support this legislation.

I ask unanimous consent that the text of the legislation and the article from the March 1981 issue of National Geographic magazine describing the extent of the international wildlife smuggling problem be printed in the RECORD.

There being no objection, the material

was ordered to be printed in the RECORD, as follows:

S. 736

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Lacey Act Amendments of 1981."

DEFINITIONS

SEC. 2. For the purposes of this act—

(a) The term "fish or wildlife" means any wild animal, whether alive or dead, including without limitation any wild animal, bird, reptile, amphibian, fish, mollusk, crustacean, arthropod, coelenterate, or other invertebrate, whether or not bred, hatched, or born in captivity, and includes any part, product, egg, or offspring thereof.

(b) The term "foreign law" means laws or regulations of a foreign country which regulate the taking, possession, importation, exportation, transportation, or sale of fish or wildlife.

(c) The term "import" means to land on, bring into, or introduce into, any place subject to the jurisdiction of the United States, whether or not such landing, bringing, or introduction constitutes an importation within the meaning of the customs laws of the United States.

(d) The term "Indian tribal law" means any regulation of, or other rule of conduct enforceable by, any Indian tribe, band, or group but only to the extent that the regulation or rule applies within Indian country as defined in section 1151 of title 18, United States Code.

(e) The term "person" includes any individual, partnership, association, corporation, trust, or any officer, employee, agent, department, or instrumentality of the Federal Government or of any State or political subdivision thereof, or any other entity subject to the jurisdiction of the United States.

(f) The terms "plant" and "plants" mean any wild member of the plant kingdom, including roots, seeds, and other parts thereof, but excluding common food crops and cultivars, which is indigenous to any State and which is either (A) listed on an Appendix to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, or (B) listed pursuant to any State law that provides for the conservation of species threatened with extinction.

(g) The term "Secretary" means, except as otherwise provided in the Act, the Secretary of the Interior or the Secretary of Commerce, as program responsibilities are vested pursuant to the provisions of Reorganization Plan Numbered 4 of 1970 (84 Stat. 2090); except that with respect to the provisions of this Act which pertain to the importation or exportation of plants the term means the Secretary of Agriculture.

(h) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, Northern Mariana Islands, American Samoa, and any other territory, commonwealth, or possession of the United States.

(i) The term "taken" means captured, killed, or collected.

(j) The term "transport" means to move, convey, carry, or ship by any means, or to deliver or receive for the purpose of movement, conveyance, carriage or shipment.

SEC. 3. PROHIBITED ACTS.

(a) OFFENSES OTHER THAN MARKING OFFENSES.—

It is unlawful for any person—

(1) to import, export, transport, sell, receive, acquire or purchase any fish or wildlife or plant taken or possessed in violation of any law, treaty, or regulation of the United States or in violation of any Indian tribal law;

(2) to import, export, transport, sell, receive, acquire or purchase in interstate or foreign commerce—

(A) any fish or wildlife taken, possessed, transported, or sold in violation of any law or regulation of any State or in violation of any foreign law, or

(B) any plant taken, possessed, transported, or sold in violation of any law or regulation of any State;

(3) within the special maritime and territorial jurisdiction of the United States (as defined in Section 7 of Title 18, United States Code)—

(A) to possess any fish, or wildlife taken, possessed, transported, or sold in violation of any law or regulation of any State or in violation of any foreign law or Indian tribal law, or

(B) to possess any plant taken, possessed, transported, or sold in violation of any law or regulation of any State;

(4) having imported, exported, sold, purchased or received any fish or wildlife or plant imported from any foreign country or shipped, transported or carried in interstate or foreign commerce, to make or submit any false record, account, label, or identification thereof; or

(5) to attempt to commit or solicit another to commit any act described in paragraphs (1) through (4).

(b) MARKING OFFENSES.—It is unlawful for any person to import, export, or transport in interstate or foreign commerce any container or package containing any fish or wildlife unless the container or package has previously been plainly marked, labeled, or tagged in accordance with the regulations issued pursuant to paragraph (2) of subsection 7(a) of this Act.

SEC. 4. PENALTIES AND SANCTIONS.

(a) CIVIL PENALTIES.—

(1) Any person who in the exercise of due care should know that he is violating any provision of this Act, other than subsection 3(b), may be assessed a civil penalty by the Secretary of not more than $10,000 for each such violation: *Provided*, That when the violation involves fish or wildlife or plants with a value of less than $350, and involves only the transportation, acquisition, or receipt of fish or wildlife or plants taken or possessed in violation of any law, treaty, or regulation of the United States, any Indian tribal law, any foreign law, or any law or regulation of any State, the penalty assessed shall not exceed the maximum provided for violation of said law, treaty, or regulation, or $10,000, whichever is less.

(2) Any person who violates subsection 3(b) may be assessed a civil penalty by the Secretary of not more than $250.

(3) For purposes of paragraphs (1) and (2), any reference to a provision of this Act or to a Section of this Act shall be treated as including any regulation issued to carry out any such provision or Section.

(4) No civil penalty may be assessed under this subsection unless the person accused of the violation is given notice and opportunity for a hearing with respect to the violation. Each violation shall be a separate offense.

(5) Any civil penalty assessed under this subsection may be remitted or mitigated by the Secretary.

(6) In determining the amount of any penalty assessed pursuant to paragraphs (1) and (2), the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited act committed, and with respect to the violator, the degree of culpability, ability to pay, and such other matters as justice may require.

(b) HEARINGS.—Hearings held during proceedings for the assessment of civil penalties shall be conducted in accordance with Section 554 of Title 5, United States Code. The administrative law judge may issue subpoenas for the attendance and testimony of witnesses and the production of relevant papers, books, or documents, and may administer oaths. Witnesses summoned shall be paid the same fees and mileage that are paid to witnesses in the courts of the United States. In case of contumacy or refusal to obey a subpoena issued pursuant to this paragraph and served upon any person, the district court of the United States for any district in which such person is found, resides, or transacts business, upon application by the United States and after notice to such person, shall have jurisdiction to issue an order requiring such person to appear and give testimony before the administrative law judge or to appear and produce documents before the administrative law judge, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(c) REVIEW.—Any person against whom a civil penalty is assessed under this section may obtain review thereof in the appropriate district court of the United States by filing a notice of appeal in such court within thirty days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found or such penalty imposed, as provided in Section 2112 of Title 28, United States Code. If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order or after the appropriate court has entered final judgment in favor of the Secretary, the Secretary may request the Attorney General of the United States to institute a civil action in an appropriate district court of the United States to collect the penalty, and such court shall have jurisdiction to hear and decide any such action. In hearing such action, the court shall have authority to review the violation and the assessment of the civil penalty de novo.

(d) CRIMINAL PENALTIES.—Any person who knowingly engages in conduct prohibited by any provision of this Act (other than section 3(b)) or any regulation issued to carry out such provisions shall, upon conviction, be fined not more than $20,000, or imprisoned for not more than five years, or both; Provided, that when the violation involves fish or wildlife or plants with a value of less than $350, and involves only the transportation, acquisition, receipt, purchase or sale of fish or wildlife or plants taken or possessed in violation of any law, treaty, or regulation of the United States, any Indian tribal law, any foreign law, or any law or regulation of any State, the person shall, upon conviction, be fined not more than $10,000, or imprisoned for not more than one year, or both. Each violation shall be a separate offense. Conviction under this Act shall require proof that the defendant knew that there was conduct in violation of, or unlawful under, any underlying law, treaty or regulation as proscribed in Section 3 of this Act.

(e) PERMIT SANCTIONS.—The Secretary may also suspend, modify, or cancel any Federal hunting or fishing license, permit, or stamp, or any license or permit authorizing a person to import or export fish or wildlife or plants (other than a permit or license issued pursuant to the Fishery Conservation and Management Act of 1976), or to operate a quarantine station or rescue center for imported wildlife or plants, issued to any person who is convicted of a criminal violation of any provision of this Act or any regulation issued hereunder. The Secretary shall not be liable for the payments of any compensation, reimbursement, or damages in connection with the modification, suspension, or revocation

of any licenses, permits, stamps, or other agreements pursuant to this section.

SEC. 5. FORFEITURE.—

(a) IN GENERAL.—

(1) All fish or wildlife or plants imported, exported, transported, sold, received, acquired or purchased contrary to the provisions of Section 3 of this Act (other than subsection 3(b)), or any regulation issued pursuant thereto, shall be subject to forfeiture to the United States notwithstanding any culpability requirements for civil penalty assessment or criminal prosecution included in Section 4 of this Act.

(2) All vessels, vehicles, aircraft, and other equipment used to aid in the importing, exporting, transporting, selling, receiving, acquiring, or purchasing of fish or wildlife or plants in a criminal violation of this Act for which a felony conviction is obtained shall be subject to forfeiture to the United States if (A) the owner or master of such vessel or the conductor, driver, or other person in charge of such vehicle, aircraft, or equipment was at the time of the alleged illegal act a consenting party or privy thereto, and (B) the violation involved the sale or purchase of, the offer of sale or purchase of, or the intent to sell or purchase, fish or wildlife or plants.

(b) APPLICATION OF CUSTOMS LAWS.—All provisions of law relating to the seizure, forfeiture, and condemnation of property for violation of the customs laws, the disposition of such property or the proceeds from the sale thereof, and the remission or mitigation of such forfeiture, shall apply to the seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this Act, insofar as such provisions of law are applicable and not inconsistent with the provisions of this Act; except that all powers, rights, and duties conferred or imposed by the customs laws upon any officer or employee of the Treasury Department may, for the purposes of this Act, also be exercised or performed by the Secretary or by such persons as he may designate. Provided, that any warrant for search or seizure shall be issued in accordance with Rule 41 of the Federal Rules of Criminal Procedure.

(c) STORAGE COST.—Any person convicted of an offense, or assessed a civil penalty, under Section 4 shall be liable for the costs incurred in the storage, care, and maintenance of any fish or wildlife or plant seized in connection with the violation concerned.

SEC. 6. ENFORCEMENT.

(a) IN GENERAL.—The provisions of this Act and any regulations issued pursuant thereto shall be enforced by the Secretary, the Secretary of Transportation, or the Secretary of the Treasury. Such Secretary may utilize by agreement, with or without reimbursement, the personnel, services, and facilities of any other Federal agency or any State agency or Indian tribe for purposes of enforcing this Act.

(b) POWERS.—Any person authorized under Subsection (a) to enforce this Act may carry firearms; may make an arrest without a warrant for any felony violation of this Act if he has reasonable grounds to believe that the person to be arrested has committed such violation; may make an arrest without a warrant for a misdemeanor violation of this Act if he has reasonable grounds to believe that the person to be arrested is committing a violation in his presence or view; and many execute and serve any subpoena, arrest warrant, search warrant issued in accordance with Rule 41 of the Federal Rules of Criminal Procedure, or other warrant of civil or criminal process issued by any officer or court of competent jurisdiction for enforcement of this Act. Any person so authorized, in coordination with the Secretary of the Treasury, may detain for inspection and inspect any vessel, vehicle, aircraft, or other conveyance or any package, crate, or other container, including its contents, upon the arrival of such conveyance or container in the United States or the customs waters of the United States from any point outside the United States or such customs waters, or, if such conveyance or container is being used for exportation purposes, prior to departure from the United States or the customs waters of the United States. Such person may also inspect and demand the production of any documents and permits required by the country of natal origin, birth, or reexport of the fish or wildlife. Any fish, wildlife, plant, property, or item seized shall be held by any person authorized by the Secretary pending disposition of civil or criminal proceedings, or the institution of an action in rem for forfeiture of such fish, wildlife, plants property, or item pursuant to Section 5 of this Act; except that the Secretary may, in lieu of holding such fish, wildlife, plant, property, or item, permit the owner or consignee to post a bond or other surety satisfactory to the Secretary.

(c) DISTRICT COURT JURISDICTION.—The several district courts of the United States, including the courts enumerated in Section 460 of Title 28, United States Code, shall have jurisdiction over any actions arising under this Act. The venue provisions of Title 18 and Title 28 of the United States Code shall apply to any actions arising under this Act. The judges of the district courts of the United States and the United States magistrates may, within their respective jurisdictions, upon proper oath or affirmation showing probable cause, issue such warrants or other process as may be required for enforcement of this Act and any regulations issued thereunder.

(d) REWARDS.—Beginning in Fiscal Year 1982, the Secretary or the Secretary of the Treasury shall pay a reward from sums received as a penalty, fine or forfeiture of property for any violation of this Act or any regulation issued hereunder to any person who furnishes information which leads to a criminal conviction, civil penalty assessment, or forfeiture of property for any violation of this Act or any regulation issued hereunder. The amount of the reward, if any, is to be designated by the Secretary or the Secretary of the Treasury, as appropriate, but shall not exceed the amount of the penalty, fine, or forfeiture collected in a case in which the person was an informant. Any officer or employee of the United States or any State or local government who furnishes information or renders service in the performance of his official duties is ineligible for payment under this subsection.

SEC. 7. ADMINISTRATION.

(a) REGULATIONS.—

(1) The Secretary, after consultation with the Secretary of the Treasury, is authorized to issue such regulations, except as provided in paragraph (2), as may be necessary to carry out the provisions of Section 5 of this Act.

(2) The Secretaries of the Interior and Commerce shall jointly promulgate specific regulations to implement the provisions of Subsection 3(b) of this Act for the marking and labeling of containers or packages containing fish or wildlife in interstate or foreign commerce. These regulations shall be in accordance with existing commercial practices.

(b) CONTRACT AUTHORITY.—To the extent and in the amounts provided in advance in appropriations Acts, the Secretary may enter into such contracts, leases, cooperative agreements, or other transactions with any Federal or State agency, Indian tribe, public or private institution, or other person, as may be necessary to carry out the purposes of this Act.

SEC. 8. EXCEPTIONS.

(a) The provisions of Subsection (a)(1) of Section 3 of this Act shall not apply to any activity regulated by a fishery management plan in effect under the Fishery Conservation and Management Act of 1976 (16 U.S.C. 1801, et seq.);

(b) The provisions of paragraphs (1), (2)(A), and (3)(A) of Subsection 3(a) of this Act shall not apply to—

(1) any activity regulated by the Tuna Conventions Act of 1950 (16 U.S.C. 951–961) or the Atlantic Tunas Convention Act of 1975 (16 U.S.C. 971–971(h)); or

(2) any activity involving the harvesting of highly migratory species (as defined in paragraph (14) of Section 3 of the Fishery Conservation and Management Act of 1976) taken on the high seas (as defined in paragraph (13) of such Section 3) if such species are taken in violation of the laws of a foreign nation and the United States does not recognize the jurisdiction of the foreign nation over such species;

(c) The provisions of Subsection (a)(2) of Section 3 of this Act shall not apply to the interstate shipment or transhipment through a State of any fish or wildlife or plant legally taken if the shipment is en route to a State in which the fish or wildlife or plant may be legally possessed.

SEC. 9. MISCELLANEOUS PROVISIONS.

(a) EFFECT ON POWERS OF STATES.—Nothing in this Act shall be construed to prevent the several States or Indian tribes from making or enforcing laws or regulations not inconsistent with the provisions of this Act.

(b) REPEALS.—The following provisions of law are repealed:

(1) The Act of May 20, 1926 (commonly known as the Black Bass Act; 16 U.S.C. 851–856).

(2) Section 5 of the Act of May 25, 1900 (16 U.S.C. 667e), and Sections 43 and 44 of Title 18, United States Code (commonly known as provisions of the Lacey Act).

(3) Sections 3054 and 3112 of Title 18, United States Code.

(c) DISCLAIMERS.—Nothing in this Act shall be construed as—

(1) repealing, superseding, or modifying any provision of Federal law other than those specified in Subsection (b);

(2) repealing, superseding, or modifying any right, privilege, or immunity granted, reserved, or established pursuant to treaty, statute, or executive order pertaining to any Indian tribe, band or community; or

(3) enlarging or diminishing the authority of any State or Indian tribe to regulate the activities of persons within Indian reservations.

(d) HUMANE SHIPMENT.—Subsection 42(c) of Title 18, United States Code, is amended by striking "Secretary of the Treasury" and inserting in lieu thereof "Secretary of the Interior within one hundred and eighty days of the enactment of the Lacey Act Amendment of 1981."

(e) REWARD.—Subsection 11(d) of the Endangered Species Act of 1973 (16 U.S.C. 1540) is amended to read as follows:

"(d) REWARD.—The Secretary or the Secretary of the Treasury shall pay a reward from sums received as a penalty, fine, or forfeiture of property for any violation of this Act or any regulation issued hereunder to any person who furnishes information which leads to a criminal conviction, civil penalty assessment, or forfeiture of property for any violation of this Act or any regulation issued hereunder. The amount of the reward, if any, is to be designated by the Secretary or the Secretary of the Treasury, as appropriate, but shall not exceed the amount of the penalty, fine or forfeiture collected

in a case in which the person was an informant. Any officer or employee of the United States or any State or local government who furnishes information or renders service in the performance of his official duties is ineligible for payment under this subsection.".

(f) The amendment specified in subsection (9)(e) of this Act shall take effect beginning in Fiscal Year 1982.

(g) The Secretary of the Interior is authorized to pay from agency appropriations the travel expense of newly appointed special agents of the United States Fish and Wildlife Service and the transportation expense of household goods and personal effects from place of residence at time of selection to first duty station to the extent authorized by Section 5724 of Title 5 for all such special agents appointed after January 1, 1977.

SEC. 10. The Secretary shall identify the funds utilized to enforce this Act and any regulations thereto as a specific appropriations item in the Department of the Interior appropriations budget proposal to the Congress.

WILD CARGO: THE BUSINESS OF SMUGGLING ANIMALS

(By Noel Grove)

The whole operation went off like clockwork, with Kannan serving as the mainspring.

P. Kannan, an agent of India's Directorate of Wildlife Preservation, wages a constant war against dealers in illegal reptile skins. A large, well-proportioned, benign-looking man, carrying a briefcase and tending toward open-necked sport shirts, he appears more an accountant than a detective. His shoes make an unstealthy scritch scritch sound, one that must haunt the dreams of more than 20 Bombay merchants he has subpoenaed since early 1979.

The careful planning of the Indian law officer was evident when I stood in a Bombay shop bargaining for a legal jacket of cowhide. A man with a turban as black as his neatly trimmed beard walked in the door and bought a lizard-skin wallet; after pocketing the receipt, he showed the identification of a wildlife inspector.

"You have sold goods that violate the Wildlife Protection Act," he told the startled clerk. "The agent in charge will arrive soon to begin proceedings."

From outside the shop came the scritch scritch of Kannan's shoes, an ominous sound like the creak of a slowly opening door in a horror movie, promising soon-to-be-disclosed details, probably unpleasant.

Unpleasantness for those trading illegally in wild animals and their products is escalating around the world. Within the past decade government after government has passed laws to restrict or prohibit the sale of wildlife seriously depleted by hunting and habitat destruction. With legal channels pinched, animal dealers have resorted to nefarious schemes to continue the flow.

Wildlife is big business. Exotic-bird collectors will pay $10,000 for a hyacinth macaw. At Saks Fifth Avenue in New York I tried on a pair of trendy western boots trimmed in lizard skin. The price? "Two hundred thirty-five," the clerk said, with an archness suggesting that most of his customers didn't bother to ask.

At Harrods department store in London I peered into a display case at wallets of crocodile hide selling for more than £250 apiece (about $600). In Paris, Christian Dior's director of fur design, Frédéric Castet, let me fondle a downy coat made from the belly fur of 17 lynx and priced at $100,000. "We make only two a year because of restrictions on lynx trade," he explained. "But we could sell many more."

These items are being sold legally. But somewhere in the dim beginnings of their trial through commerce, they may have been acquired illegally.

The hyacinth macaw, for example, is found principally in Brazil, which bans its export. Most shipments to the United States come from Paraguay and Bolivia, which have very few. Ornithologists familiar with the area say that most of these macaw shipments were smuggled across the border from Brazil. The lizard boots, the crocodile wallets, and a host of other wild animals or their products may have the same questionable legal history.

According to the latest figures from the U.S. Fish and Wildlife Service (FWS), some 422,000 live birds and more than 1.1 million reptiles and amphibians were imported into the United States in 1979. Raw wildlife hides and skins totaled 11.8 million. Of individual items made from wild animals, 129.6 million were imported that same year.

This fascination with wildlife within the affluent nations of the world adds to the disappearance of animals in the less developed countries. In between stand the illegal traders, willing to circumvent wildlife-protection laws to satisfy the demand and their own pocketbooks.

FWS estimates that for every ten shipments of wild animals or their products that enter the United States by proper channels, at least one and perhaps as many as four shipments enter illegally, at a large profit to the smuggler. The recent trial of a Philadelphia animal dealer revealed that Fiji Islands lizards, purchased illegally in the Far East for $20 a pair, were sold in this country for $550. The U.S. Department of Justice estimates the total value of such entries as anywhere from 50 to 100 million dollars a year.

Wildlife smuggling is costing the U.S. millions of dollars to control and is denying income to the treasury of any nation that would otherwise receive duty from legal imports. It has spread diseases that would have been detected in legal quarantine periods. An outbreak of Newcastle disease—carried by exotic birds and fatal to domestic poultry—in California in 1971 cost 56 million dollars to control. U.S. Department of Agriculture officials say an outbreak of major proportions could cost a quarter of a billion dollars to eradicate.

An irreversible effect of illegal trade could be the extinction of animal species that are finding fewer and fewer places to hide. Of an estimated 13,200 species of mammals and birds known in the 17th century, more than 130 are gone forever and another 240 are considered endangered, together with many reptiles, amphibians, fishes, and invertebraes. Most losses and near losses can be traced to man's activities, either from hunting or habitat destruction.

"No imaginable consumption can threaten animals if they have sufficient habitat into which they can retreat," I was told by William Conway, director of the New York Zoological Society. "But at the rate the world's rain forests are disappearing—50 acres every minute—excessive trade can contribute to the downfall of some.

"The worst thing about the wildlife trade is that it provides things for people who do not need them. No one really needs a leopard coat. And certainly not a toucan."

Wildlife trade is probably as old as currency, and illegal wildlife trade must date to the first conservation laws. In the U.S., the Lacey Act of 1935 prohibited importation into this country of any wildlife acquired illegally in another country. The U.S. Endangered Species Conservation Act of 1969 banned U.S. import of any animals on the Endangered Species List. Other governments passed laws too, but enforcement was rare.

"Until recently, few of us knew one species from another," a U.S. customs officer told me candidly. "You just sort of glanced at the shipping papers that came with them and waved them on through."

The first serious effort to control all wildlife sales and plug the smuggling leaks took place in Washington, D.C., in 1973, when 80 nations met to draft the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The complex mechanism that evolved has been called the most remarkable trade pact ever devised. "It's like issuing passports for animals—dead or alive—that pass from one country to another," a Hong Kong customs official told me.

CITES divided wildlife into three categories, or appendixes:

Appendix I—dangerously threatened with extinction and therefore banned from any commercial trade, such as the rhinoceros and seven of the eight races of tigers.

Appendix II—potentially threatened, but commerce can take place if shipments are accompanied by authorizing documents from the country of export. The American alligator is listed on Appendix II, for example, and can be traded, while the U.S. crocodile is on Appendix I and cannot.

Appendix III—not considered endangered by the world at large, but listed by some countries where they originate, out of concern for their existence there. The scarlet macaw can be shipped from Panama, but Costa Rica bans its export because it is rare in that country.

Any nation that ratifies the treaty is expected to honor the three categories. "It puts the burden of detection on the importing countries," said a convention delegate. "If an item doesn't have the proper papers, don't let it in."

Drafted in 1973, put into effect in 1975, CITES underwent a sluggish start. In March 1979 the delegates met in San José, Costa Rica, and the embers of trade control were fanned into flame. Two years after San José, more than 60 nations have signed and ratified the treaty.

Enforcement worldwide has toughened, and smugglers and illegal traders are getting a taste of what its like to be hunted. An organization called TRAFFIC (Trade Records Analysis of Fauna and Flora in Commerce), supported mostly by the World Wildlife Fund, now monitors the movement of animal products around the world. The information is supplied upon request to government, CITES officials, and conservationists. TRAFFIC offices now operate in London, Washington, and Nairobi; others are planned for Frankfurt and Tokyo.

"Before TRAFFIC there was no single reliable source of data about the amounts of animals and animal products being moved around the world," said Nicole Duplaix, director of the Washington office and one of the founders of the organization. "If the enforcement agencies around the world have been the arm of the law to stop smuggling, we have been the arm of documentation."

With war declared on animal smugglers, photographer Steve Raymer and I made an assessment of the battlegrounds. We visited areas where wildlife is captured, cities where it is collected by animal merchants for dispersal abroad, and the affluent countries where it is purchased.

To those concerned about the wildlife trade, the good news is that stricter enforcement has curbed the activities of smugglers, perhaps cut them drastically. Some who once operated openly were driven underground by CITES, sometimes so deeply that we had to go there to assure ourselves that illegal trade existed.

The bad news: We were able to find it.

"Everybody pick a tree!" Park warden Phil Snyder's whispered warning seemed to chase a swarm of butterflies up my back. Five of us on an antipoaching patrol peered around a clump of foliage into a clearing in central

Kenya's Aberdare National Park. Less than 100 yards away a black rhinoceros stood broadside to us, stamping his three-toed feet angrily, swinging his head quickly in one direction, then another. He sensed the presence of intruders but, with his poor eyesight and upwind position, could not locate us.

I had always thought the two horns growing out of a rhino's nose to be blunt. This fellow's scimitarlike weaponry, typical of the wild black rhino, looked capable of skewering a man like a barbecue spit. That unique protection is also becoming the animal's downfall. Wealthy North Yemenis will pay $6,000 for a jambiyya, the traditional dagger, when the handle is made of rhino horn (page 301). Many Easterners believe powdered rhino horn holds medicinal powers.

Demand for it has reduced the black rhino—once widespread throughout most of equatorial Africa—to scattered remnant populations totaling perhaps 15,000 to 25,000. More than 15,000 existed in Kenya alone in 1969, according to a study by zoologist A. K. K. "Kes" Hillman. Ten years later Kenya's total stood around 1,500 and was still falling.

Elsewhere, the Sumatran, Javan, and great Indian rhinos together probably number fewer than 2,000, and the white rhino, found mostly in South Africa, survives under close supervision. The trend suggests that this nearsighted thick-skinned juggernaut may be the next large mammal to disappear from the earth.

In Kenya the American-born warden Phil Snyder and his patrol were hunting the poachers who hunt the rhinos. We found none that day, and the rhino, not finding us, lost interest and trotted away.

"Without these patrols there would be no rhinos here within three weeks," said Snyder's assistant, Kamaw Hugangin.

Months later and thousands of miles away I was offered rhino horn in a pharmacy on Macao, the tiny Portuguese colony on the South China coast. The young clerks, grinning broadly, produced a whittled chunk of bonelike gray, at a price of $450 an ounce. Many Eastern men consider rhino horn an aphrodisiac, although there exists no evidence to support the belief. It consists of a substance called keratin, which is found on the human body as well. Scientifically, men with waning sexual powers could obtain the same results by eating hair trimmings and chewing their fingernails.

I wandered through alleys in crowded Bangkok until I heard a cacophony of bird sounds behind a high wall. Five dogs rushed the iron gate as I knocked, but polite attendants quieted them and let me in. Inside I found an ark of animals from the shrinking Thai rain forest—tree shrews, pythons thick as my thigh, a tumult of birds, terrified civet cats that spat from dark corners of their cages, slow-moving lorises with round eyes like goblins.

I asked the owner, a well-dressed woman in her 30s, if it would be possible for someone to buy clouded leopards and gibbons from her for shipment to the United States. (Both animals are banned from international commerce under the CITES Appendix I rating.) She looked at me carefully, then looked away. "It would be difficult," she said. "It is prohibited by law."

"Is it possible?"

"It would be difficult."

He looked every inch the successful Singapore businessman—flashy finger rings, gold digital watch, clothes made by the best Oriental tailors.

"I've made a great deal of money in the animal trade," he said. "But I'm getting out of the business. It's getting too difficult, too many regulations."

But he knew exactly how the illegal trading was done, especially with exotic birds from Australia, which bans their export. In a Singapore hotel, he sketched maps tracing the feather trail through the Far East.

"A fishing boat is chartered and sailed to Bali, then to the east coast of Australia, outside the Great Barrier Reef," he said. "From there, twin-engine speedboats make a dash to shore and pick up perhaps 2,000 birds—roseate cockatoos, sulfur-crested cockatoos, and parakeets.

"The smugglers return to Indonesia and buy papers saying that that's where the birds are from. Then the birds are taken ashore under cover in Singapore and sold, mostly to European dealers. After expenses, such a trip can clear a million dollars."

So much for so few birds?

"Bird collectors in Europe and the United States will pay $12,000 for a pair of golden-shouldered parakeets," he said. "Brown parakeets and Naretha bluebonnet parakeets go for $8,000 to $10,000.

"Of course, there is the chance that the trip may make nothing. Each cage has a rope tied to it with a rock at the end. If a patrol boat chases them, the smugglers can dump the birds overboard."

Much of the illicit trade is carried on with the help of people assigned to protect the animals. I asked a young American biologist heading for the jungles of Colombia to contact me if he witnessed illegalities. His report weeks later included personal sighting of ocelot skins en route by canoe to a dealer in the nearest settlement, and Appendix I otter skins being sold to a government agent.

In Panama City a top officer in the department of natural resources admitted that illegal trade from neighboring nations passes through his country, but that he is powerless to stop it. "Some of the people doing it have political connections," he said.

The culprits are not always big operators. On Grand Cayman in the Caribbean, the saleswoman in a gift shop encouraged me to buy jewelry made from the shell of a green sea turtle. Even though this species is grown for market in a shore turtle farm here, all sea turtle products are banned from United States import. "It's very small, easy to hide in your suitcase," the saleswoman said, with a nonchalance that suggested long practice and past success.

Bird-loving Belgians flock each week to the Sunday market in Brussels' Grand' Place to ogle exotic species from the tropics. "Belgians are enthusiastic bird collectors," said a distinguished-looking gray-haired gentleman there, who added that he keeps a backyard aviary of some 50 birds. "Most of these birds are common waxbills and finches, but it is possible to buy others that are very rare, nearly extinct."

"How does one do that?"

"I know," he said with a smile and a wink, "but I cannot tell you."

Perhaps no single product is more synonymous with the illegal wildlife trade than elephant ivory. It touches all the major aspects of the problem—poaching, bribery, high profits, worldwide distribution, and an animal that finds it almost impossible to hide.

One of the world's precious commodities since biblical times, ivory sold for about $10 a kilogram (2.2 lbs.) during the first half of this century. The price shot to $100 a kilo in the mid-'70s before settling back to the present $74. With even a medium-size tusker carrying around some $1,300 on its upper jaw, elephants began dropping like flies all over Africa, usually outside the law.*

Although carved statuary, piano keys, and trinkets may be the ultimate use, much of today's new ivory is being held as a grisly investment, according to Au Ming Chi, chairman of the Hong Kong and Kowloon Ivory Manufacturers' Association. Many people around the world are buying raw tusks and hoarding them because they believe the elephant will become extinct and the price will soar.

Most African countries have limitations on their ivory exports, but official-looking documents can often be bought. After they are sold and resold in international markets, their origin becomes increasingly vague, until no one can say whether a carved figurine for sale in a Hong Kong ivory shop came from an elephant that was legally harvested, was poached with a poisoned arrow, or one that died of natural causes.

Joseph Kioko lives on the front lines of the poaching problem. The 35-year-old Kenyan is warden for the eastern portion of Kenya's Tsavo National Park. To protect the elephants and rhinos, he supervises 53 rangers, a thin force when spread over an area the size of Connecticut.

"We've found groups of as many as ten elephants, fallen close together," he told me one morning as he made the day's patrol assignments at park headquarters. "You could tell they were just mowed down by poachers with automatic weapons."

The body count is not always in animals. Two park rangers and 20 poachers—most of them drought-poor Somalis from Kenya's neighbors to the east—have been killed in shootouts. "It's like a war," said Joe, who has been fired at while flying surveillance of his park in a light plane.

The problems encountered by Joe Kioko are universal. In 1979 two game wardens were killed and five seriously wounded in Thailand, where diminishing rain forests have long been a reservoir of birds, reptiles, and primates for research. "We have 24 wildlife sanctuaries, but only 215 guards," I was told by Pramote Saiwichian of the Wildlife Conservation Division. "We hope to hire and train more, but it all depends on the national budget."

The actual killing or capturing of the animals is usually the work of villagers, who then sell them to dealers. "You have to remember that many locals have always made their living by selling wildlife," said Angel Paucar, head of Ecuador's wildlife section. "For them, it is an economic necessity."

His solution: "We have declared large areas of our Amazon Basin as national parks. The Indians there will undergo training and become salaried as park guards. Instead of killing the animals, they will be paid to protect them . . . if we can get money to finance the project."

"There is a reluctance on the part of governments to spend money on wildlife, because they do not see the immediate economic return," a wildlife official in India told me. "They prefer to spend money on development schemes that bring in big cash."

Kenya banned all hunting in 1974 in hopes of rebuilding the game stocks that draw tourists and trophy hunters. The World Bank has lent them 17 million dollars for the project.

But a hunting ban does not necessarily amount to a trade ban. Ivory, rhino horn, and catskins have continued to leak out of Kenya, sometimes with the help of public officials, Kenya's harshest critics concede, though, that corruption there is decreasing.

Proposed new U.S. legislation would tighten the restrictions on ivory coming into the country. A 1980 bill for elephant protection would allow imports only from those nations that can prove they are practicing strict measures of elephant management. The bill passed the House of Representatives, where it originated, but died in the Senate. It is almost certain to be reintroduced, and possibly broadened to cover all endangered species.

Strict though the measures may be for the African tusks, the United States has another problem to resolve with ivory produced with-

* See Orla Douglas-Hamilton's "Can They Survive?" in the November 1980 National Geographic.

in its own borders—the tusks of Alaskan walruses.

Most of the U.S. ivory-carving industry originated from scrimshaw—the etching of pictures on the teeth of sperm whales by early Yankee whalers. Carvers on the East and West Coasts and the Hawaiian Islands shifted to walrus tusks, then to elephant ivory when walrus kills were regulated. With interstate commerce in sperm whale teeth now banned in the U.S. and elephant-ivory imports reduced, traffic in walrus ivory has escalated. Although the walrus population has been creeping upward, so has the number of walrus kills—to more than 5,000 annually.

Under the U.S. Marine Mammal Protection Act, walrus hunting in Alaska is strictly limited. Walrus tusks may be sold only by native peoples who have worked them into "authentic handicrafts." In the seaside town of Lahaina on the Hawaiian island of Maui, I entered shop after shop displaying walrus ivory etched with seafaring scenes, for sale to tourists. Sailors in striped T-shirts hauled in a mainsail on one tusk. A clipper ship sailed across another piece, which sold for $775. The names of the artists did not sound native Alaskan.

I telephoned the artist who signed the clipper-ship tusk. Is the fresh ivory "worked as an authentic native handicraft" before he gets it from a local importer?

"Sometimes it just has the Eskimo's initials carved at one end," he admitted. "I've even gotten them with ball-point pen scribblings on them."

Wildlife laws are only as good as the officials who inspect shipments in and out of countries. In the United States, customs officers are attending seminars taught by animal experts, and visiting zoos and museums to see and identify exotic species. Tourists as well as big-time smugglers are feeling the new emphasis. I visited an "evidence room" in Honolulu, where hundreds of items seized from individual travelers were piled to the ceiling. They included leopardskin coats, carved whales' teeth, and some 800 hawksbill and green sea turtle shells—all illegal according to CITES and the U.S. Endangered Species Act. "Please, tell people to check regulations before they buy things abroad," pleaded agent James Bartee of the U.S. Fish and Wildlife Service. "We don't like to take these things from them."

Customs and FWS officers make the first contact with wildlife shipments; the National Marine Fisheries Service and the Department of Agriculture may be called in to provide positive identification of the animals being shipped. If any question arises, the agencies refer shipments to outside experts.

I watched customs inspectors Randy Karavanich and Maryanne Noonan at Los Angeles International one day as they checked crates of monkeys imported for research. Everything seemed in order—clean cages, healthy animals, shipping documents.

"The papers say they came from Guatemala," said Randy. "But I've never seen a Guatemala permit before, so I wouldn't know if this one is false. We'd better have Roy take a look at it."

Roy Simpson, the Fish and Wildlife inspector on duty, is a quiet, bookish man, with an eye for detail. He peered at the monkeys and pored over a manual explaining trade requirements. "One man's name, and no other, should be on any shipment from Guatemala," he said. "It's missing from these papers."

The monkeys were confiscated, to be cared for at a nearby holding station while the case was being investigated. If the final decision went against the importers, the animals might later be given to a zoo.

Randy slapped seizure stickers on the cages, at the same time telling the occupants in mock seriousness, "All right, you guys are being seized. You have the right to remain silent. Anything you chatter may be used against you."

Advising monkeys of their rights is a laughing matter, but convicted smugglers are finding little humor in penalties they now receive in the United States. The emphasis changed in August 1979 with a presidential directive calling for more attention to illegal animal trade. A special wildlife section committed to stricter enforcement was created within the Department of Justice. The new section's eight attorneys, headed by lawyer and wildlife expert Kenneth Berlin, aid U.S. attorneys in prosecuting cases at the designated ports where wildlife shipments may enter—New York, Miami, New Orleans, Chicago, Los Angeles, San Francisco, Seattle, Honolulu—and several other cities along the U.S. borders.

In addition, special task forces are being set up around the nation to combine the efforts of Justice, Fish and Wildlife, Customs, National Marine Fisheries, and the Department of Agriculture. "We're committing the expertise of all these agencies to individual wildlife cases, instead of having each one conduct its own investigations," Berlin told me in Los Angeles.

It's working. A case investigated and prosecuted by the task force in that city resulted in a $10,000 fine for the company importing the wildlife, an 18-month jail sentence for the principal defendant, and shorter terms for two associates.

The most celebrated wildlife case so far took place in Philadelphia in 1979, where animal dealer Henry Molt was convicted for illegally importing reptiles into the United States from Fiji and Papua New Guinea. He was sentenced to 14 months in prison and prohibited from importing any reptiles for a three-year probation period. Molt is appealing the verdict.

There is action on the international front as well. "The battle against illegal wildlife trade has encouraged countries to set up the institutions for conservation they didn't have before," said Dr. Gerard Bertrand, who has traveled worldwide for FWS, exporting American conservation techniques. "And there's no question about what started it all—CITES."

This "most remarkable trade pact" has its weaknesses, admits Peter Sand, the high-energy Bavarian lawyer who heads the CITES Secretariat. "The treaty allows members nations to 'take exception' to some trade restrictions," he told me at CITES headquarters in Gland, Switzerland.

"France, Italy, West Germany, Japan, and Switzerland all take exception to the ban on saltwater crocodiles, for example, because they process the skins into leather goods. And since they make most of the world's handbags, shoes, belts, and other crocodile-skin products, their exceptions undermine the CITES attempt to protect the species."

Regulation alone probably cannot stop wildlife trade.

"You can't cut off trade completely when demand exists for the product," a French tanner of crocodile hides told me angrily. "You only drive it underground. The only answer to saving endangered species is to farm them."

Managing wildlife to meet the demand for their products is inevitable, I heard from conservationists, animal dealers, tanners, bureaucrats, and illegal traders.

Management may include as large an operation as the great South African game reserves, where elephants, lions, and other trophy animals are carefully protected and regularly culled to prevent overcrowding. Such a controlled harvest can reap national income from hunting fees and tourism. In Papua New Guinea, crocodile ranching has become a national goal.

"The idea is to encourage villagers to capture the small wild crocs that suffer high mortality anyway and raise them to selling size," said Melvin Bolton, the United Nations' project manager. The U.N. has provided funds and technical assistance for the project. "It's not easy. These are people with traditions of hunting, not day-to-day ranching responsibilities."

Villagers at Mamber, a collection of stilt-legged huts along the broad Sepik River in the northwest, are accepting the new life. Amid clouds of mosquitoes I walked with them to four croc pens enclosed by vertical log walls. Several sets of periscopic eyes peered from muddy pools.

It takes two years for a captured yearling croc fed on netted fish to attain a belly width of 15 inches, proper selling size. Mamber hoped to sell the first crop of 14 for about $150 apiece within a year.

"Eventually we'll sell 20 a year," said villager Moses Gawi. "We'll use the money for improvements to the village, such as a pump to bring a better water supply."

Two large ranching operations, both owned by Papuans and managed by Australians, are under way at Lae and Port Moresby. Both fatten their charges on offal from their own chicken-processing plants, which operate simultaneously. Croc-skin sales for these large-scale operations could number in the thousands annually.

An exception to the CITES ban on saltwater croc sales has been granted Papua New Guinea. The project is seen as a possible pilot. If crocs can be ranched, why not leopards, tigers, or cheetahs?

The problem is one of identification. Who can tell whether a saltwater crocodile skin was raised or poached? Conservationists argue that farming an endangered species creates a market for it and encourages poaching of the animals still running wild. Dealers claim the demand will always be there and might as well be accommodated legally. The world's first green turtle sea farm brought the argument to the courts.

CITES lists the green sea turtle as Appendix I but allows trade if it is born and raised in capacity. Cayman Turtle Farm on Grand Cayman in the Caribbean meets those requirements, said its manager, William Johnson, as we walked past concrete tanks filled flipper to flipper with turtles. Fed high-protein pellets, they reach growth of about 80 pounds within three years before being butchered.

The farm markets the shells as jewelry and wall hangings, the oil for cosmetics, meat for steaks, fatty calipee for soup, and flipper skin for leather goods.

In the farm's early days, Mr. Johnson admitted, eggs were gathered in Suriname, from beaches said to be doomed to erosion. Now, he says, the entire stock comes from the breeding females.

Oval submarines with shells four feet across, they glide through the clear water of the large breeding pool with a smooth flipper motion that resembles flying. The largest weighs about 600 pounds. A sand beach lines one side of the pool, so the females can lumber ashore to lay their eggs, which are gathered and artificially incubated.

In 1978 the U.S. Departments of the Interior and Commerce banned import of all sea turtle products into the United States regardless of origin. The agencies argued that sale of the products created a market that encouraged the poaching of turtles in the wild. They added that success of the Cayman farm might encourage the establishment of similar companies, whose start-up operations might also require collection of eggs from the wild.

The farm filed suit against the U.S. agen-

cies to stop the embargo on their products, arguing that their operation met the requirements of the CITES treaty. As to depletion of wild turtles, they point out that hatching thousands of eggs annually adds to the sea turtle population.

The U.S. argument was upheld; the farm is appealing the decision.

Adequate space exists for both people and wildlife, in the opinion of most biologists, with the establishment of properly enforced game preserves. But no preserve is safe as long as there exists a demand for the creatures and their products, thus encouraging illicit traffic.

As human population pressures continue, many nondefenders of wildlife argue, "Who deserves the space more, people or animals?" Nalni D. Jayal, an Indian government conservationist, does not consider it a matter of choice. He sees wild animals as an important measuring stick for the state of the world. "The earth has developed a successful ecosystem, and the presence of all creatures in it is a sign that it is still healthy," he told me in New Delhi. "When we destroy any part of it, we destroy a bit of ourselves."

In his country, for example, the handbags made from glittering skins of the monitor lizard and the hooded cobra are popular tourist bargains. Why save these reptiles, once a throwback to the age of dinosaurs, both the stuff of nightmares? Because, Mr. Jayal said, they eat rodents, scourge of India's struggle to feed itself. Twenty percent of the annual food production is eaten by rats and mice, none of which are eaten by handbags.

Over months of searching for illegal trade, I found the prey progressively more elusive. Traders and dealers told me they were going out of business or shifting their emphasis to legitimate animals. Time after time I traveled to locations where, I had been told, the trade was particularly heavy and blatant. Time after time it was gone, or forced deep into hiding when I arrived.

At best, the funnel of illegal wildlife became a sieve, in which the holes are slowly being plugged. A drip can empty a vessel, but the slower flow at least buys time for earth's endangered animals.

Can they be saved before time runs out? Or will they be sacrificed to doomsday choices such as whether people or animals deserve to live on the earth?

After I had heard the "people or animals" question posed a third time on as many continents, I decided to submit the idea to cold logic. I imagined a cosmic jury considering the evidence.

On the one hand, the case is argued for the animals, whose ancestors preceded man's on earth, and who for the most part maintained a system of checks and balances on their numbers.

On the other hand, the case of man is brought forth. A relatively helpless creature save for a marvelous brain, this comparatively recent addition brought the ability to articulate an appreciation of the world and developed the potential to ease pain and hardship for all its inhabitants. But man also brought killing for fun and for decoration—killing that began to upset nature's delicate balance.

The evidence is in. Who more deserves the shrinking space on earth, animals or people? As a member of the latter species, I am worried about the verdict.

Mr. BAKER. Mr. President, in light of the action just taken by the distinguished Senator from Rhode Island, and in view of the fact that I am advised that the chairman and the ranking members of the Committee on Environment and Public Works and the Committee on the Judiciary have reviewed the proposed legislation, I ask unanimous consent that a letter in respect to this matter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., March 17, 1981.

Hon. HOWARD H. BAKER, Jr.,
Majority Leader,
Hon. ROBERT C. BYRD,
Minority Leader, U.S. Senate, Washington, D.C.

DEAR LEADERS: We are proposing a unanimous consent agreement for the referral of the Lacey Act Amendments of 1981.

This bill, which would improve existing Federal tools designed to aid enforcement of Federal, State, and foreign wildlife conservation laws, is virtually identical to S. 1882, 96th Congress, which was referred to the Committee on Environment and Public Works. Unlike most laws within the jurisdiction of the Environment Committee, the Lacey Act is codified in Title 18 of the United States Code, at 18 U.S.C. 43. As such, the bill is of interest to the Committee on the Judiciary as well as the Committee on Environment and Public Works. In order to expedite the business of the Senate and without prejudice to future jurisdictional claims of either committee, we are proposing referral of this bill to the Committee on Environment and Public Works with a sequential referral to the Committee on the Judiciary for a period not to exceed 30 days.

Please let us know if this arrangement is satisfactory, as we hope to introduce the bill at an early opportunity.

Sincerely,

ROBERT T. STAFFORD,
Chairman, Committee on Environment, and Public Works.
JENNINGS RANDOLPH,
Ranking Minority Member, Committee on Environment and Public Works.
STROM THURMOND,
Chairman, Committee on the Judiciary.
JOSEPH R. BIDEN, Jr.,
Ranking Minority Member, Committee on the Judiciary.

Mr. BAKER. Mr. President, I ask unanimous consent that the Lacey Act Amendments of 1981 be referred to the Committee on Environment and Public Works and then be referred to the Committee on the Judiciary for a period not to exceed 30 calendar days.

Mr. DIXON. There is no objection on this side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, I thank the majority leader and the minority leader for their consideration with respect to the sequential referral.

By Mr. DURENBERGER:

S. 737. A bill entitled the "Basic Industries Reindustrialization Act"; to the Committee on Finance.

BASIC INDUSTRIES REINDUSTRIALIZATION ACT

Mr. DURENBERGER. Mr. President, in a tax system with adequate incentives for capital formation there would probably be no need for the investment tax credit. Unfortunately, over the past half century the incentives in the Tax Code have gradually swung away from savings and capital accumulation. The code has taxed away income from whatever new source American enterprise could develop without regard for the reinvestment consequences of the tax. In addition—and as distinct from other industrialized nations—our national tax policy has concentrated on raising revenue from the results of capital investment, rather than from the acquisition or consumption decisions of the society using the goods and services produced from the investments.

The President's tax proposal represents a departure from that trend. But it represents only the first step in a long process, and it seems evident that the investment tax credit will continue to be a vital part of America's tax policies throughout the foreseeable future.

The impact of the ITC has been statistically demonstrable in industry after industry. It is a constructive tax subsidy that serves its purpose directly and economically. Companies enjoy the prescribed tax relief—with the resulting positive impact on after-tax earnings and cash flow—only if they actually engage in productive investment. As in the case of accelerated depreciation, the "bang" for the forgone "tax buck" is maximized.

But like accelerated depreciation, the ITC has inherent limitations. Because it is a tax credit, it can only impact on industries that are already yielding profits.

Unfortunately, the industries facing the greatest need for retooling (because they have the oldest physical plant) are also among the economy's least profitable. Steel, automobiles, rail, airlines and mining are good examples. These basic industries have three troublesome factors in common:

First. Each is a true basic industry, employing large numbers of people, and producing a product essential to the Nation's economy.

Second. Each is facing immense capital investment needs as it seeks to modernize aging plants and equipment. It is also generally true that these industries have diverted millions of dollars in investment capital to socially rather than economically productive investments, such as pollution control equipment.

Third. In the face of these growing investment needs, each of these basic industries is facing inadequate earnings on an industrywide basis.

No one would deny that modernization of these basic industries is essential to any reindustrialization plan. But it is equally true that 10-5-3, ITC, and the various other tax reforms being considered by the Finance Committee will have little or no impact on these industries because they lack profitability.

The refundable investment tax credit (RITC) is the only tax reform proposal capable of affecting these basic industries. It is also completely consistent with the theory behind ITC—to render investment dollars a higher priority resource allocation by making every investment dollar worth $1.10. The 10-cent-per-dollar refund granted under refundability is no greater loss to the Treasury than the 10-cent-per-dollar credit being granted to industries that now qualify for the ITC. An industry receiving refunds under an RITC proposal receives no greater benefit than an industry which presently receives the credit. In each case, the benefit rendered

(or tax revenue lost) is identical. Only the form of the benefit/loss differs; that is, refund versus tax writeof.

Without refundability, there are substantial differences between the benefits rendered industries and companies within an industry which qualify and those which do not. The present, nonrefundable ITC creates an anomaly—focusing billions of dollars in Federal assistance on the industries that need it least, while denying any assistance to those industries which need it most. In a sense this overstates the point, since American industry has a general need for tax and investment incentives. But without refundability, the ITC will remain one of this Nation's most poorly targeted tax-planning mechanisms.

This morning I am introducing legislation that will resolve these defects in the ITC, and take a first meaningful step toward developing a tax policy that can meet the unique needs of America's basic industries. It is a bill designed to put the hundreds of thousands of workers who depend on these basic industries back to work. The bill is entitled the Basic Industries Reindustrialization Act. By making the investment tax credit refundable for certain classes of industry, it would extend the benefits of the ITC to those basic industries with the greatest capital investment needs, but the least ability to benefit from other tax measures due to inadequate earnings.

A number of basic industries are declared immediately eligible for the program, and mechanisms are created by which other industries can be declared eligible, or industries originally designated can be removed from eligibility as their profitability improves. The bill is a carefully targeted procedure for assisting an essential portion of America's economy through a time of unique capital crisis. Consistent with that philosophy, the program would sunset after 7 years unless Congress chose to renew it.

The bill would yield multiple advantages for American industry and the workers who depend on it. The last decade has illustrated that when industries begin experiencing financial difficulties, new investment is invariably the first item deferred. Over a period of years this has a cumulative effect. Decreased investment means higher unit costs, and loss of competitive advantage. These factors further weaken the industries' cash position, which magnifies the incentive to defer investment. It is a vicious cycle that has been repeated in most basic industries.

The refundable investment tax credit is the only tax reform proposal that attacks this cycle at the onset, by providing financially troubled industries with both the incentive and the liquidity to maintain adequate levels of capital investment. It is a form of preventive maintenance, which can go a long way toward preventing the kind of complete investment collapse experienced in a number of troubled American industries. It makes more sense to focus such assistance at the point where a company hits break-even level, that is, where the vicious cycle begins, than it does to pour billions of dollars into bailing out industries after they have suffered a complete financial collapse.

The refundable tax credit would have significant primary and secondary employment impact—primary in the industries qualifying, secondary in the industries producing the capital goods needed by these basic industries. By definition, refundable tax credits have a high correlation with new investment. No other form of financial assistance for basic industries gets this big a bang for the buck. In addition, the refundable tax credit gives the Federal Government the ability to have near absolute control over where the refunded dollars are spent. Under a refundable credit system, a company must spend money invested in qualifying property to qualify for the credit. Qualifying property can be defined in any way that Congress deems socially desirable. This makes the RITC a very precise tax-planning tool.

Making the ITC refundable would also counter the present law's inherent tendency to use Federal tax subsidies to widen disparities among members of the same basic industry. As Senators LONG and KENNEDY described the problem in a letter to former Treasury Secretary Blumenthal—

> Two firms in the same industry may purchase identical equipment. Yet, one firm may be placed at a competitive disadvantage, because it is not eligible for the ten percent investment tax credit. It is difficult to understand, for example, why a major Federal subsidy like the Investment Tax Credit should be designed in a way that enables General Motors to pay $90,000 for a $100,000 machine, while requiring American Motors to pay the full $100,000.

From both an economic and a philosophical standpoint, refundable investment tax credits are clearly preferable to the bailouts, subsidies, and import restrictions which have thus far been the only real alternative for assisting reindustrialization of the basic industries.

The Basic Industries Reindustrialization Act is not a mechanism for bailing out failing companies and otherwise healthy industries. It focuses only on basic industries which lack profitability on an industrywide basis. Nor is it accurate to suggest that the benefited industries have been singled out for special treatment. They have already been singled out by their inability to draw significant benefits from the broader tax package we will soon approve in Finance. The bill I offer this morning will simply enable those industries to share in the capital incentives we are about to grant—and in the case of ITC have already granted—other segments of American industry.

Refundability is a tool, and it is important to recognize that this bill is only one approach to using that tool. The coverage of the bill can be expanded to whatever degree the responsible committees deem advisable. Or, by controlling the percentage refundable in any given year, the concept can be fit within any budget parameters. The targeted approach embodied in this bill is designed to focus on the industries in greatest need, while keeping the cost of the bill within reasonable budget parameters. The possibilities for targeting the refundable tax credit are limited only by the ingenuity of those Senators and Representatives on the tax-writing committees.

In offering this legislation, I want to reaffirm the fact that I am solidly in support of President Reagan's tax reform proposals. I share his belief in the need to move the "first" tax package as quickly and as cleanly as possible through the legislative process. But with this goal achieved, we must address the need to resolve the chronic problems facing America's basic industries. The legislation I offer this morning is a workable, cost-efficient means to resolve those problems, and both a worthy and necessary supplement to the general tax package we are about to approve.

I ask unanimous consent that the bill be printed in full in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 737

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SUSPENSION OF LIMITATIONS ON INVESTMENT CREDITS FOR DESIGNATED INDUSTRIES.

(a) SUSPENSION.—Paragraph (8) of section 46(a) of the Internal Revenue Code of 1954 is amended to read as follows:

"(8) Suspension of limitation in the case of certain railroads, airlines, steel manufacturers, automobile manufacturers, and mining businesses—

"(A) IN GENERAL.—Paragraph (3) of this subsection shall not apply to so much of the credit allowed by section 38 as is attributable to application of the regular percentage to qualified investment (determined under subsections (c) and (d)) of a taxpayer in railroad property, airline property, steel manufacturing property, automobile manufacturing property, or mining property in such qualified investment is with respect to the 7-year period beginning with the taxpayer's taxable year ending after April 1, 1981.

"(B) RAILROAD PROPERTY DEFINED.—For purposes of this paragraph, the term 'railroad property' means section 38 property which (i) is used in connection with the trade or business of operating a railroad (including a railroad switching or terminal company) and (ii) is owned by a domestic common carrier by railroad or by a corporation the majority of the voting stock of which is owned directly or indirectly by one or more such common carriers or by persons who were such common carriers before entering proceedings under the Bankruptcy Act.

"(C) AIRLINE PROPERTY DEFINED.—For purposes of this paragraph, the term 'airline property' means section 38 property which (i) is used in connection with the trade or business of the furnishing or sale of transportation of persons or property as a common carrier by air and (ii) is owned by a domestic common carrier by air or by a corporation the majority of the voting stock of which is owned directly or indirectly by one or more such common carriers or by persons who were such common carriers before entering proceedings under the Bankruptcy Act.

"(D) STEEL MANUFACTURING PROPERTY DEFINED.—For purposes of this paragraph, the term 'steel manufacturing property' means section 38 property used by the taxpayer directly in connection with the trade or busi-

ness of the taxpayer in the manufacture or production of steel.

"(E) AUTOMOBILE MANUFACTURING PROPERTY DEFINED.—For purposes of this paragraph, the term 'automobile manufacturing property' means section 38 property used by manufacturers or producers of motor vehicles in connection with the trade or business of the manufacture, production, assembly, sale, or delivery of vehicles intended to be used as motor vehicles (as defined in section 6323(h)(3)) or parts, accessories, or components thereof.

"(F) MINING PROPERTY DEFINED.—For purposes of this paragraph, the term 'mining property' means section 38 property used by the taxpayer directly in connection with the trade or business of the taxpayer of extracting ores or minerals from the ground (or from the waste or residue of prior mining) and treating or processing such ores or minerals to the form in which they are most commonly marketed by the domestic industry.

"(G) CREDITS GENERATED BEFORE APRIL 1, 1981.—The portion of any investment credit carryover attributable to application of the regular percentage to qualified investment in railroad property, airline property, steel manufacturing property, automobile manufacturing property or mining property with respect to taxable years prior to the period described in subparagraph (A) which has not expired prior to the beginning of such period shall be deemed for purposes of subparagraph (A) to be an amount of qualified investment to the extent of the percentages specified below:

Taxable year ends in:	*Percentages:*
1981	14
1982	28
1983	42
1984	56
1985	70
1986	85
1987	100

"(H) ORDER OF APPLICATION.—For purposes of this paragraph, the amount of credit allowed in any taxable year shall be determined by reference first to property to which this paragraph does not apply.

(I) REPORT BY PRESIDENT.—The President shall submit to Congress a report on or before December 1, 1982, and on or before the corresponding date for each year thereafter through 1988, recommending whether—

(i) the 7-year period described in subparagraph (A) of this paragraph should be extended with respect to any or all of the industries described in such subparagraph, and

"(ii) the provisions of subparagraph (A) of this paragraph should be extended to any other industries.

In making such recommendations the President shall take into account to the extent possible in each case the projected level of investment credits to be generated by a particular industry in years subsequent to the report, the investment needs of industry, and the projected ability of such industry to utilize the benefits of the investment credits so generated on a current basis without the benefits of this paragraph."

(b) EXCESSS CREDIT TREATED AS OVERPAYMENT OF TAX.—Subsection (b) of section 6401 of the Internal Revenue Code of 1954 (relating to excessive credits) is amended—

(1) by inserting "38 (relating to investment in depreciable property)," before "39" the first place it appears, and

(2) by striking out "39 and 43" and inserting in lieu thereof "38, 39, and 43".

(c) CONFORMING CHANGES.—

(1) Section 6513 of such Code (relating to time return deemed filed and tax considered paid) is amended by adding at the end thereof the following new subsection:

"(f) TIME INVESTMENT CREDITS CONSIDERED PAID.—For purposes of sections 6511 and 6512, the taxpayer shall be considered as paying an amount of tax on the last day prescribed by law for payment of the tax (determined without regard to any extension of time and without regard to any election to pay the tax in installments) equal to so much of the credit allowed by section 38 (relating to investment credit) as it is treated under section 6401(b) as an overpayment of tax.".

(2) The heading for section 6611(d) of such Code is amended to read as follows:

"(d) Advance Payment of Tax, Payment of Estimated Tax, Credit for Income Tax Withholding, and Time Investment Credits Considered Paid.—".

SEC. 2. TENTATIVE REFUND OF INVESTMENT TAX CREDIT.—

(a) Section 6411(d) of such Code (relating to tentative carryback and refund adjustments) is amended as follows:

(1) By inserting after the words "tentative refund" the words "of so much of the credit allowed by section 38 (relating to investment credit) as is treated under section 6401(b) as an overpayment of tax for the taxable year, or";

(2) By deleting the word "and" at the end of subsection (1)(B);

(3) By inserting immediately after "(C)" in subsection (1) the words "in the case of an application for a refund of an amount treated as an overpayment of tax under section 1341(b)(1),";

(4) By deleting the period at the end of subsection (1)(C)(v), and substituting therefor a comma followed by the word "and"; and

(5) By adding at the end of subsection (1)(C) the following new subsection:

"(D) In the case of an application for a refund of the amount of a credit allowed by section 38 (relating to investment credit) and treated as an overpayment of tax under section 6401(b), set forth such information in such detail and with such supporting data as the Secretary may prescribe by regulation."

(b) Section 6213(b)(3) of such Code (relating to assessments arising out of tentative carryback or refund adjustments) is amended by adding a comma after "carryback" and by inserting immediately before the words "he may assess" the words "or the amount creditable under section 38 and treated as a refund under section 6401(b),".

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

By Mr. DURENBERGER:

S. 738. A bill to amend the Internal Revenue Code; to the Committee on Finance.

ST. PAUL PORT AUTHORITY REVENUE BONDS

Mr. DURENBERGER. Mr. President, this morning I am introducing a refunding amendment to section 103(b) of the Internal Revenue Code, which relates to industrial development bonds. This measure is designed to allow the Port Authority of the City of St. Paul to advance refund prior issues of revenue bonds. Such refundings will relieve the port authority of restrictive covenants, improve its cash flow and thus strengthen the port authority's ability to finance future projects.

Port authority revenue bonds are unique because, unlike typical industrial revenue bonds, port authority revenue bonds are secured by a pledge of almost all of the port authority's revenues derived from facilities owned by the port authority but leased to private companies. This "pooled security" has allowed the port authority to finance many projects which would not attract private financing standing alone. To market the bonds, however, the port authority had to enter into many restrictive covenants which have impacted on the entire operation of the port authority and its ability to issue bonds in the future.

The most serious restriction is a requirement that an additional reserve fund be maintained as additional security for the port authority's "pooled security" bonds. Although the additional reserve fund was needed over 5 years ago when the port authority initially made such bonds available, this requirement is no longer necessary for the marketing of the bonds because of the success of the program. The upshot is that major revenues of the port authority are being trapped in the additional reserve fund rather than used to help fund the port authority's economic development program.

The problem is that refunding the prior issues is the only practical remedy the port authority has of relieving itself of restrictive covenants no longer required by existing market conditions. This remedy, however, is not available to the port authority because of the fact that the interest on such refunding bonds would not be exempt from Federal income taxation under the existing provisions of section 103(b) of the Internal Revenue Code. The proposed bill solves that problem.

The proposed refunding amendment to section 103(b) also allows the port authority to improve its cash flow by requiring that any debt service savings gained by refunding accrue for the benefit of the port authority rather than be passed on to the private companies using the facilities financed by the bonds being refunded. This requirement further enhances the ability of the port authority to finance future bond issues backed by a pledge of revenues derived from port authority facilities.

In short, the proposed refunding amendment solves a problem which is essentially unique to the port authority and, because of the narrow scope of the amendment, would not impact throughout the rest of the country. For this reason, we submit that the Internal Revenue Service should have no objections to the amendment.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 738

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part II of Subchapter B of Chapter 1 of the International Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 103(b)(8) as section 103(b)(9) and by in-

serting after Section 103(b)(7) the following new section:

"(8) ADVANCE REFUND OF QUALIFIED ISSUES.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to a refunding issue if—

"(i) the refunding issue is secured by a pledge of substantial revenues of the issuer derived from 20 or more facilities operated or leased by the issuer,

"(ii) the issuer of such refunding issue is a political subdivision engaged primarily in promoting economic development,

"(iii) the issuer of such refunding issue was created under State law at least 20 years prior to the issuance of such refunding bonds for the express purpose of promoting economic development, and

"(iv) any debt service savings derived from the refunding may be used only for the proper corporate purposes of the issuer and shall not be used to reduce any existing obligations of any person who is not an exempt person (within the meaning of paragraph (3))."

By Mr. DURENBERGER (for himself, Mr. PRESSLER, Mr. MELCHER, Mr. BAUCUS, and Mr. DIXON):

S. 739. A bill to amend the Internal Revenue Code of 1954 to make the investment credit for railroad property refundable; to the Committee on Finance.

RAIL INVESTMENT INCENTIVES ACT OF 1981

Mr. DURENBERGER. Mr. President, this morning I am introducing legislation that will play an essential role in halting the deterioration of this Nation's rail system, and insuring continuing private ownership of the carriers that operate the system. The bill is entitled the "Rail Investment Incentives Act of 1981," and it would provide a system of refundable investment tax credits for the rail industry.

America enters the 1980's with a rail system weakened by nearly $4 billion in deferred maintenance. Power shortages and railbed deterioration touch every region of the country," even on their main lines, few railroads can maintain the operating speed they were accustomed to just three decades ago. Because the bulk of maintenance deferrals occur on the Nation's branch lines, rural communities—which depend so heavily on rail transportation—are paying the greatest price.

The difficulties experienced by Midwestern Farmers in their efforts to ship last year's record harvest provided a dramatic illustration of the interdependence between our regional economies and their transportation systems. We need to recognize that the Nation's railbeds are an indispensable national asset. Yet under present regulatory and tax structures, it is difficult to see how the industry can raise the billions of dollars necessary to preserve that asset over the last two decades of the 20th century.

The refundable investment tax credit is a mechanism to extend the benefits of the investment tax credit to marginal railroads, whose investment needs uniformly exceed those of their more profitable competitors. In doing so, it will fill an important gap in our present rail assistance program.

Although the Federal Government invests hundreds of millions of dollars each year in emergency rail assistance, most of this money is targeted toward subsidizing or rebuilding railroads that are already insolvent.

Unfortunately, most of the damage done to the physical plant of a weak railroad occurs during the "wind down" stage prior to bankruptcy. When a railroad's cash flow declines, the easiest obligation to defer is track maintenance. But as maintenance is deferred, service declines, which forfeits business and further weakens the railroad itself. This is more than a theoretical argument; the cycle has been evident in dozens of railroad bankruptcies across the Nation throughout the past few decades.

The need for investment capital is not a problem unique to the railroad industry. It was the precise problem Congress sought to address by enacting the investment tax credit, and that bill has achieved some dramatic results.

But because it is a tax credit, its impact is confined to the most profitable industries, and the most profitable members within each industry.

By common admission, rail is among the most labor and capital intensive of American industries. But its net return on investment has hovered around 1 percent in recent years, so the ITC has had little effect on the industry as a whole.

Within the industry, ITC has had a particularly skewed impact because of the unique economics of the rail industry. Invariably, when weak railroads cut back on expenditures, they begin by deferring railbed maintenance. As a consequence, the great bulk of the Nation's $4.1 billion in deferred maintenance is concentrated in the Nation's weakest railroads—the ones that draw little or no benefit from the ITC. And deferred maintenance, by weakening service, weakens the rail companies themselves. The Rock Island is the best example of this secondary impact. ITC has strengthened the stronger railroads, but had little impact on the weaker, investment-starved lines. In effect, it has widened disparities within the industry, intensifying the trend toward merger and acquisition.

Rail companies come and go, but the railbeds are an essential national asset. And the RITC is a mechanism to induce failing railroads to maintain their railroad property investment during times of economic difficulty. Under present law, a railroad with, say, $8 million in income and $1 million in obligations will place railbed maintenance at the bottom of its priority expenditure list. But with RITC in place, a dollar invested in railbed rehabilitation yields a 10-percent turn—making this a more desirable source of resource allocation than of the railroads' other debts. The RITC is a crucial incentive for losing railroads to maintain their investment in the railbeds even during times of economic difficulty.

This effort to spread the effects of the ITC to weaker railroads is no corporate bailout. It has a direct impact on the future of the Nation's rural transportation system. Railbeds are a national asset. When railroads begin deferring maintenance, they starve the branch lines first because those lines produce a weaker cash flow. This process focuses the impact of a failing railroad on rural—agricultural areas, creating the type of difficulties experienced throughout the Nation's agricultural areas over the past 24 months.

Railroads are the lifelines that link these agricultural regions with national and international markets. Farmers, consumers, and exporters alike have a stake in preserving those lifelines. By lowering the cost of branch line rehabilitation, the bill would improve the cash flow of every branch line in the Nation. This would do more to preserve branch line service than any program now in existence.

Even from a purely social standpoint, insuring the viability of the Nation's rail system is an essential step in preserving the vitality of rural America. Railroads determined the settlement patterns in much of the country. As elevators were built along branch lines, and settlements sprung up at key junctions. A century later, the economies of these rural towns still depend on their access to rail transportation. Preserving the rural rail system is an indispensable part of the effort to maintain rural vitality.

And at a time when the American public is spending hundreds of billions of dollars in the search for alternative energy sources, railroads remain the most energy efficient form of freight transportation.

By any public criteria, this special investment in the rail industry is a sound investment.

The rail industry needs help, and this amendment is an efficient means to provide an infusion of desperately needed investment capital. During the last decade, we have repeatedly witnessed the immense human and financial costs that follow a major rail bankruptcy. It makes far more sense to provide the industry with some preventive medicine than to face these costs again in the decade ahead.

This is a bill that every farmer, every shipper, and every resident of rural America has a stake in. I hope that every Senator will join in supporting it.

I ask unanimous consent that following this statement the full text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 739

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) subparagraph (A) of section 46(a)(9) of the Internal Revenue Code of 1954 (relating to special rules in the case of energy property) is amended—

(A) by inserting "or the application of the regular percentage to railroad property" after "energy percentage" in clause (i),

(B) by striking out the period at the end of clause (ii) and inserting a comma and "and", and

(C) by adding at the end thereof the following new clause:

"(iii) then with respect to so much of the credit allowed by section 38 as is attributable to the application of the regular percentage to railroad property.".

(2) Section 46(a)(9) of such Code is amended by adding at the end thereof the following new subparagraphs:

"(C) REFUNDABLE CREDIT FOR RAILROAD

PROPERTY.—In the case of so much of the credit allowed by section 38 as is described in subparagraph (A)(iii)—

"(i) paragraph (3) shall not apply, and

"(ii) for purposes of this title (other than section 38, this subpart, and chapter 63), such credit shall be treated as if it were allowed by section 39 and not by section 38.

"(D) RAILROAD PROPERTY DEFINED.—For purposes of this paragraph, the term 'Railroad Property' means section 38 property, which is (i) used directly in connection with the trade or business of operating a railroad company (including a railroad switching or terminal company), and (ii) is owned by a domestic common carrier by railroad or by a corporation at least 80 percent of the voting stock of which is owned directly or indirectly by one or more such common carriers or by persons who were such carriers before entering proceedings under the Bankruptcy Act.

(2) The headings for section 46(a)(9) of such Code is amended by inserting "OR RAILROAD" before "PROPERTY".

(3) Section 56(c) of such Code is amended by inserting before the period at the end thereof ", and without regard to the provisions of section 46(a)(9)".

(b)(1) Each person who, by reason of section 46(a)(9)(C) of the Internal Revenue Code of 1954 or subsection (c)(2), receives a refund of the credit allowed by section 38 of such Code which is attributable to the application of the regular investment percentage to railroad property (within the meaning of section 46(a)(9)(D) of such Code) shall establish and maintain a separate account for amounts so received.

(2)(A) All refunds described in paragraph (1) and subsection (c)(2) shall be credited to the account established under paragraph (1).

(B) No amount may be withdrawn from an account established under paragraph (1) unless the funds are to be used for—

(i) normal maintenance, rehabilitation, or capital improvements made in connection with railroad property,

(ii) acquisition of railroad property, or

(iii) payment of the tax imposed by section 3221 of such Code.

(C) If funds are withdrawn from such an account and are not used for a purpose described in subparagraph (B), then there is hereby imposed on such person for the taxable year in which such amount is withdrawn a tax in an amount equal to such amount.

(c)(1) Except as provided in paragraph (2), the amendments made by subsection (a) shall apply with respect to—

(A) property to which section 46(d) of the Internal Revenue Code of 1954 does not apply, the construction, reconstruction, or erection of which is begun or completed by the taxpayer after December 31, 1979, but only to the extent of the basis thereof attributable to construction, reconstruction, or erection after such date,

(B) property to which section 46(d) of such Code does not apply, acquired by the taxpayer after such date, and

(C) property to which section 46(d) of such Code applies, but only to the extent of the qualified investment (as determined under subsections (c) and (d) of section 46 of such Code) attributable to qualified progress expenditures made after such date.

(2)(A) In the case of an unused credit for an unused credit year ending before January 1, 1980, which—

(i) is attributable to the application of the regular percentage to railroad property which is property not described in paragraph (1), and

(ii) is an investment credit carryover to a taxable year beginning after December 31, 1979,

that portion of the unused credit which would expire after the 7th taxable year following the unused credit year by reason of section 46(b) of such Code shall be treated as if it were a credit allowed by section 39 (and not section 38) of such Code for the 8th taxable year following the unused credit year.

(B) For purposes of this paragraph, the terms "unused credit", "unused credit year", "regular percentage", and "railroad property" have the same meaning as when used in section 46 of such Code.

(d) The Secretary of the Treasury shall reserve such receipt of the tax imposed by section 4986 of the Internal Revenue Code of 1954 as he determines are equal to the decrease in revenues attributable to the amendments made by this section.

(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

By Mr. DURENBERGER (for himself, Mr. ANDREWS, Mr. PRESSLER, Mr. ABDNOR, Mr. MELCHER, Mr. BAUCUS and Mr. BURDICK):

S. 740. A bill entitled the "Railroad Bonding Act"; to the Committee on Finance.

RAILROAD BONDING ACT

Mr. DURENBERGER. Mr. President, State governments now have the authority to issue tax-free industrial revenue bonds for a variety of transportation purposes, including construction of airports, docks, and mass transit facilities. This morning, on behalf of myself and my colleague from Montana, Senator BAUCUS, I am introducing legislation expanding that authority to include rail line rehabilitation.

It is impossible to overstate the degree to which the economics of rural America depend on continued access to rail line service. Railroads determined the settlement patterns throughout much of the West and Midwest as towns sprung up along key branch lines and junctions. Even today, thousands of rural communities and the businesses that support them owe their existence to railroad access. For these communities, the capital shortage afflicting the Nation's rail system is both a social and economic crisis.

The ramifications of that crisis on agricultural production are every bit as severe. Railroads are the lifelines that link America's agricultural regions with national and international markets. If we cannot maintain their carrying capacity, the export potential we have labored so hard to develop will remain nothing more than potential. The same is true for coal-fired utilities, heavy equipment manufacturers, and a host of other industries whose futures depend on the long-haul efficiencies of rail.

The rural rail crisis has a special impact on State governments. For just as railroads are struggling to preserve their route systems, State, and local government's are struggling against growing financial pressure to preserve the integrity of the Nation's highway system. Deferred maintenance on the Nation's highways actually exceeds the cost of maintenance deferrals on the railroads. And with each rail line abandonment thousands of traffic tons are shifted to rural highways. In analyzing the impact of the Milwaukee Road bankruptcy, Minnesota discovered that loss of rail service to a single coal-fired utility would be at least 500 trucks a day on Interstate 94. The consequences of that transfer would be catastrophic. Rail line rehabilitation is far less expensive than highway reconstruction, and few have a stronger stake in rail rehabilitation than the users of the Nation's highways.

Against this background of public necessity the needs of the Nation's rail system are immense. The U.S. Department of Transportation projects that the industry will suffer a $16 billion capital shortfall between now and 1985. Passage of the Rail Deregulation Act will enable the industry to meet some of that shortfall. But sizable needs remain, and we know from sad experience that when facing a capital shortage, railroads invariably starve lower density branch lines first.

It would be naive to suggest that all or even most of the 6,200 miles of branch line now slated for potential abandonment can be preserved. But it would be equally naive to deny that a timely investment could salvage many of these lines. My own State of Minnesota provides an excellent example of how that process works.

Eighteen months ago, the two Milwaukee branch lines in southern Minnesota were slated for abandonment. Neither carried a volume of more than 300 cars per month. But through the efforts of shippers along those lines, a compact was formed between the State, shippers, and the Milwaukee Railroad to rehabilitate both lines. With the help of State guarantees, shippers invested more than a quarter million dollars of their own funds. Rehabilitation is now essentially complete, and the results are remarkable. Volume on the lines has increased more than 400 percent. They are generating a cash flow profit, and the shippers' investment will soon be paid back in full. This process can be repeated on other lines, and in other parts of the country. The key factor is the availability of capital.

Only limited portions of that capital can come from the rail industry, which has rarely achieved better than a 1-percent rate of return in recent years. Federal involvement will continue, but certainly at a reduced rate so long as current budgetary and economic conditions prevail. The future of the rural rail system depends largely on the ingenuity of the States in developing alternative capital funding sources to replace the declining pool of Federal dollars. The bill we introduce this morning offers a workable mechanism to bridge that gap.

States are presently permitted to issue industrial revenue bonds under section 103 of the U.S. Internal Revenue Code. Normally, interest earned on those bonds is subject to the Federal income tax. However, IDB's issued for construction of facilities that have a public purpose—facilities such as airports, docks, and mass transit—have been granted a tax-exempt status under section 103 of the code. But paradoxically, current Federal law does not extend this exemption to bonds for railroad rehabilitation. This has limited their usefulness as a mech-

anism for raising the funds necessary to promote rail rehabilitation at the State level.

The legislation we introduce today will alter that situation. Specifically, it amends title 26, section 103(a)(4) of the United States Code by adding obligations issued to finance certain railroad improvement projects, including the construction, repair, and upgrading of rail beds, trackage, depots, and switching and signaling equipment to the list of tax-exempt facilities.

The reasons for making this change are compelling. The bill will provide State governments with an effective mechanism to meet the capital crisis created by steadily deteriorating lines and decreasing Federal assistance.

Moreover, the approach suggested by the bill is consistent with the progressive shift in responsibility from the Federal to the State level. It encourages States to prioritize their own rail needs. and better utilize State resources to address them.

It is impossible to overlook the absurdity of a system which allows localities to use their bonding power for airports, docks, and industrial plants, but precludes its use for rail rehabilitation on which the communities' commercial existence may depend. It is not our intention to suggest when and if the use of this authority is appropriate. But it is our intention to grant States and localities the power to make that judgment.

This legislation provides one more effective tool for the States to use in combating the capital shortage that afflicts the Nation's' rural transportation system. I urge all Senators to consider the proposal, and give it their full support.

I ask unanimous consent that the bill be printed in full in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD as follows:

S. 740

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (b) of section 103 of the Internal Revenue Code of 1954 (relating to industrial development bonds) is amended by redesignating paragraph (9) as paragraph (10) and by inserting after paragraph (8) the following new paragraph:

"(9) RAILROAD REHABILITATION.—Paragraph (1) shall not apply to any obligation which is part of an issue substantially all of the proceeds of which are used to provide financing for—

"(A) railroad rehabilitation, including the acquisition, construction, reconstruction, or erection of any roadbed, track, trestle, depot, switching and signaling equipment, or any related equipment, but not including rolling stock, or

"(B) acquisition of land or rights-of-way in connection with railroad rehabilitation."

(b) Paragraph (10) of section 103(b) of such Code (relating to exceptions), as redesignated by subsection (a), is amended by striking out "and (7)" and inserting in lieu thereof "(7), and (9)".

SEC. 2. The amendments made by the first section of this Act shall apply to obligations issued after September 30, 1981.

By Mr. DURENBERGER (for himself, Mr. ANDREWS, Mr. PRESSLER, Mr. ABDNOR, Mr. MELCHER, and Mr. BAUCUS):

S. 741. A bill to provide for an equitable resolution regarding leaseholds on abandoned rail line property; to the Committee on Commerce, Science, and Transportation.

RAIL SHIPPERS PROTECTION ACT OF 1981

Mr. DURENBERGER. Mr. President, I introduce legislation today which will protect the rights of grain elevators and other small businesses located on abandoned rail lines.

Elevator operators are often "double losers" when rail line abandonments occur.

First, they lose access to their primary mode of transportation. Worse still, the many elevators constructed on land leased from the railroads run the risk of having that land sold out from under them.

Fortunately, this latter problem can be effectively resolved by a simple change in current abandonment statutes.

Present law does not require the railroad to protect the rights of its lessees when liquidating properties along abandoned rights-of-way. Lessees, particularly grain elevators, make sizable capital investments on those properties.

Railroads encourage those investments and draw substantial benefit from them. But because they lease rather than own the property, elevator operators and other small businessmen have no way to protect the existence of their business should the railroad decide to liquidate the leased land.

The problem arises because railroads often prefer to sell the abandoned rights-of-way as a single unit. Elevators and other small businesses leasing portions of the right-of-way are not given the opportunity to purchase their leaseholds, even when they have the desire and ability to do so. This is more than a hypothetical problem. In Minnesota, we have experienced several cases where a railroad either sold or threatened to sell leased property out from under an operating elevator. In at least one case this resulted in liquidation of the business and substantial loss to its operators.

There is no doubt that railroads have generally made a sincere effort to protect lessees when liquidating these rights-of-way. But there are exceptions, and with 6,200 miles of branch line now scheduled for possible abandonment the problem is likely to increase in the years ahead.

I propose to resolve that problem by simply granting lessees a "right-of-first-refusal" in the event the property they lease is offered for sale. Although the principal beneficiaries would be grain elevators, the rights granted by this legislation would benefit any commercial enterprise leasing property along abandoned rights-of-way.

This legislation costs the Federal Government nothing. It establishes no new bureaucracy. But it protects the investments of thousands of small business, agricultural co-ops, and the farmers who depend on them. I urge you to join me in supporting this legislation so the problems experienced in Minnesota will not be repeated in your State and other parts of the Nation.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 741

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1306 of title 49, United States Code, is amended by—

(1) inserting "(a)" immediately before the first sentence thereof,

(2) inserting at the end thereof the following new subsection:

"(b)(1) When the Interstate Commerce Commission finds under section 10903 of this title that the present or future public convenience and necessity require or permit abandonment or discontinuance, the Commission shall determine the economic impact of such abandonment upon leaseholders, employing 10 or more persons on the site of such leasehold, and the communities in which such lease is held. Where the Commission finds that the termination of such lease will have an adverse effect upon such leaseholder and community the Commission shall provide in the order of abandonment the conditions described in paragraphs (2) and (3).

"(2) Where the Commission makes an affirmative finding under paragraph (1) the order of abandonment shall provide that—

"(A) the carrier shall be prohibited from disposing of such leased property for a period of 180 days after the effective date of the order, unless the properties have first been offered to the leaseholder on terms no less favorable than any other offer made to the carrier on or after the date of the order;

"(B) the carrier shall provide written notice of any proposed sale of leasehold property to the lessee not less than 60 days prior to the anticipated sale of such property;

"'(C) the carrier shall provide not less than 10 days for the lessee to advise the carrier in writing of an intention to make an offer to purchase the leased property; and

"(D) the carrier and the lessee (who has notified the carrier in accordance with subparagraph (C)) agree to terms of sale within 20 days after notice is given to the carrier under subparagraph (C).

"(3)(A) Where a lessee makes an offer which meets or exceeds any other offer the carrier has received for the subject property the carrier shall sell such property to the lessee.

"(B) Where a lessee and a carrier cannot agree to the price for the sale of the subject property the parties shall submit such disagreement to binding arbitration. Such arbitration shall be conducted by a panel of 3 persons, one selected by each party and the third selected by the persons chosen by each party.".

By Mr. COHEN:

S. 742. A bill to amend title 38, United States Code. to provide expanded opportunities for individuals to earn educational assistance benefits based on honorable active service in the Armed Forces. and for other purposes; to the Committee on Veterans' Affairs.

LEGISLATION RELATING TO GI EDUCATION BENEFITS

Mr. COHEN. Mr. President, I am introducing today a new proposal for providing GI education benefits to veterans and members of the Armed Forces. It is called the veterans education and training (VET) program.

The bill is an improvement of one I introduced during the 96th Congress (S. 2020) and reintroduced earlier this year (S. 48). My first proposal was limited in scope. It provided a basic program of education for individuals who served in the Armed Forces for more than 2 years. Longer periods of service, under

the proposal, would increase the individual's benefits.

One shortcoming in the design of my earlier legislation is that it required those in less needed military occupations to serve longer to earn the same benefits as others. While I continue to believe that there is merit in targeting, I believe there should be a basic program of benefits which all military personnel would earn at the same level. If the services want to provide their own "kickers" for those in critical skill or combat positions, that could be done under a separate, Defense Department-administered program.

My new bill will allow persons enlisting or reenlisting in the Armed Forces to earn up to 36 months of education benefits by completing 4 years of honorable service. Those who do not complete 4 years will receive less benefits. However, no benefits will be paid to persons completing less than 2 years of service.

Individuals may begin to use their benefits after they have completed 2 years of service. They will receive the same educational assistance payment as veterans who are training under the Vietnam-era GI bill program. It is important to point out that this payment schedule is smaller than would be provided by other GI education proposals. However, I have chosen to keep it for a number of reasons.

First, we must seek to create a fair GI education program, not an overly generous one. Second, the payment structure and amount of the current GI bill must be considered adequate for our goals. If not, we must admit that Congress and the executive branch have been remiss in our duty to Vietnam-era veterans. Finally, any new program must be kept within the realm of affordability. We can easily adjust upward the payment amounts to suit our needs.

The second major provision of my new bill provides the veteran an opportunity to save for his or her spouse or children's education. I have included this approach because of the strong calls by service representatives for a transferability provision.

Direct transferability of benefits could, I am told, ultimately cost as much as $4 billion per year in addition to whatever benefits are paid to the veteran. That projection is based on payments of only $342 per month to full-time students.

My transferability program deals with the long-term cost problem and it also significantly improves administrative procedures by establishing an official account for all who choose to participate. The program is modeled after the current veterans education assistance program (VEAP). It will allow service members who have more than 6 years in the Armed Forces to contribute $25 to $100 per month. This money would be placed in a fund.

When the member has completed 10 years of service, the Defense Department would add $2 for every dollar in the fund. Contributions made after the service member's 10th anniversary of service would receive the 2-for-1 match on deposit. The individual's contribution would be limited to $6,000, making the maximum Government contribution $12,000.

A student training under this program would receive a benefit of $500 per month for 36 months. Yet, it would cost the service member less than $500 per month if contributions are begun between the member's 6th and 8th year of service. Overall, I expect this portion of my program will cost about $45 million per year group, with a high-year cost of $475 million.

The final major provision of the legislation will allow individuals to take a leave of absence from the Armed Forces to use their education benefits and complete a degree. In return, they would be required to serve 2 months for every month of leave taken. This will greatly enhance retention of service personnel who are seriously interested in education.

I have made one other significant improvement over my original proposal. The measure I am introducing today includes a provision for those serving in the Nation's Reserve Forces to receive GI bill benefits. Reserve personnel would earn 9 months of educational assistance upon completion of 2 years of service. For each 3 months of additional service, they would earn 1 month of educational benefits.

There is little doubt about the need for a new veterans education program. Indeed, the old GI bill should never have been terminated. A plethora of studies demonstrate its value to the armed services, the veteran, and the Nation.

One study shows that as many as 36 percent of the people who joined the Armed Forces before termination of the GI bill enlisted to receive those benefits. Another shows that veterans are generally better educated than their civilian counterparts and usually earn a better wage. Finally, there has been testimony that veterans who train under the GI bill return more to the Treasury in taxes than the United States pays for their education.

One of the recurring themes I have heard as a member of the Armed Services Committee is that a program of educational assistance for those who serve is badly needed. The military services have listed the return of the GI bill as a top priority.

As the first Senator to introduce a GI bill proposal in the 96th Congress and as one of those responsible for the test program of educational benefits included in the fiscal year 1981 defense authorization bill, I do not share the official Defense Department view that we can afford to wait an additional year before approving a new GI bill program. The services have testified that they think an educational benefits program is essential. A 1-year delay in implementing a program to replace the unsuccessful VEAP program could seriously set back efforts to recruit adequate numbers of quality personnel.

Educational assistance could do more than dollars applied to across-the-board pay increases in the effort to attract the individuals the services need to fill critical skill positions. I do not see that anything is gained by waiting a year for the test program to be evaluated. We have a solid program with a proven record in the Vietnam-era GI bill. That program is the basis for my legislation. With the improvements I have made—establishing a minimum service period for benefit eligibility, requiring 4 years of service for full benefits, extending benefits to those in the Reserves, providing a contributory transferability program, and allowing educational leaves of absence—that program should only be strengthened.

I would like to thank the Noncommissioned Officers Association of the USA (NCOA) for their assistance in developing this legislation. I believe the program is a good one. It represents the kind of direction we should be moving in as we seek to strengthen our military forces, and it reflects my firm belief that the Nation should give proper recognition to those who have served in our Armed Forces.

This approach, I believe, merits the fullest consideration by the Congress. I look forward to working with Senator ALAN SIMPSON, chairman of the Veterans' Affairs Committee, and with all of those in the Senate interested in providing a program of educational assistance for those who serve.

By Mr. MATHIAS (by request):

S. 744. A bill to authorize the District of Columbia to issue and sell general obligation bonds for the purpose of paying certain liabilities of the District, and for other purposes; to the Committee on Governmental Affairs.

DISTRICT OF COLUMBIA BOND AUTHORIZATION ACT OF 1981

● Mr. MATHIAS. Mr. President, at the request of the District of Columbia Mayor Marion Barry, I am today introducing legislation which would grant authority to the District to issue general obligation bonds for the purpose of paying eligible operating liabilities. Identical legislation to this bill has been introduced in the House of Representatives by Congressman WALTER FAUNTROY. My purpose in introducing this bill is to allow the Senate ample time to review the proposal in conjunction with the House.

As my colleagues may know, the District was granted the authority to enter the bond market for the purpose of funding capital improvements projects by the District of Columbia Self-Government and Governmental Reorganization Act of 1973, commonly known as the Home Rule Act. The city does not, however, have the power to sell bonds for any other purpose. This legislation would grant them that power with respect to funding operating deficits.

Mr. President, the first full audit of the District of Columbia books has just been successfully completed. The audit rendered an unqualified opinion, thereby removing one of the last major roadblocks in the way of the city's entry into the municipal bond market. At the same time, the audit for fiscal year 1980 did reveal that the city is operating with an accumulated $388 million deficit, a portion of which was discovered when the city switched from its congressionally

permitted cash method of accounting to the accrual method required to inept generally accepted accounting practices.

It is clear that the city cannot continue to operate in the red. Many steps have been taken by the Mayor to slow spending and to bring the city into a fiscally sound state. Prospects for achieving a balanced budget in fiscal years 1982 and 1983 are promising. But additional moneys are necessary to fund fully the accumulated deficit while maintaining services and adequately compensating District employees.

When Congress enacted the Home Rule Act, it set in motion the mechanism by which the District of Columbia was able to achieve a measure of self-government. The city and its leaders have worked diligently ever since to meet its responsibilities under the Home Rule Charter. This legislative proposal is one more example of the District's determination to address its problems in a responsible and timely manner.

While legislation allowing the city to go to the bond market to fund operating liabilities may not be the best answer to the fiscal crunch being experienced in the District of Columbia, this bill represents a starting point from which we in the Congress, the District's leaders, and the citizens of the Nation's Capital can address the city's accumulated fiscal problems. My Subcommittee on Governmental Efficiency and the District of Columbia will review the proposal carefully within the overall picture of sound financial management and a fiscally healthy municipality.

Many questions remain unanswered, including the prospects for an investment grade rating for District bonds. We hope to answer such questions fully during our deliberations on this proposal and to do what we can, in these fiscally tight times for all, to assist the city in eliminating its accumulated operating liabilities.

Mr. President, I ask unanimous consent that the text of the bill and a section-by-section analysis be included in the RECORD at this point in my remarks.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 744

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "District of Columbia Bond Authorization Act of 1981".

DEFINITIONS

SEC. 2. For purposes of this Act:

(a) The term "bonds", except when reference is made to bonds authorized pursuant to the Home Rule Act, means the general obligation bonds of the District authorized to be issued pursuant to section 3 of this Act.

(b) The term "Council" means the Council of the District of Columbia provided for by section 401 of the Home Rule Act (D.C. Code, sec. 1–141).

(c) The term "District" means the District of Columbia.

(d) The term "District revenues" means District revenues as defined in section 103 (10) of the Home Rule Act (D.C. Code, sec. 1–122(10)).

(e) The term "eligible liabilities" means all current liabilities of the District in the general fund, excluding liabilities relating to advance collection of taxes, annual leave due to employees and interest on loans from the United States Treasury, which current liabilities shall be determined as of September 30, 1980, as reported in the Annual Financial Report of the District as audited by an independent auditor in accordance with generally accepted accounting principles.

(f) The term "Home Rule Act" means the District of Columbia Self-Government and Governmental Reorganization Act, as amended (Public Law 93–198).

(g) The term "Mayor" means the Mayor of the District as provided for by section 421 of the Home Rule Act (D.C. Code, sec. 1–161).

(h) The term "net eligible liabilities" means the aggregate amount of eligible liabilities minus the aggregate amount of current assets of the general fund of the District determined as of September 30, 1980, as reported in the Annual Financial Report of the District as audited by an independent auditor in accordance with generally accepted accounting principles. Net eligible liabilities equal $184,000,000.

DISTRICT'S AUTHORITY TO ISSUE GENERAL OBLIGATION BONDS TO PAY ELIGIBLE LIABILITIES

SEC. 3. (a) The District is authorized to incur indebtedness by issuing general obligation bonds for the purpose of—

(1) paying eligible liabilities;

(2) reimbursing the general fund of the District for funds expended after September 30, 1980, to pay eligible liabilities;

(3) paying costs incidental to the issuance of the bonds; and

(4) providing the amounts to be paid from the bond proceeds into a reasonably required debt service reserve fund to the extent provided by the act of the Council authorizing the bonds adopted pursuant to section 4 of this Act.

(b) The aggregate principal amount of bonds issued shall not exceed net eligible liabilities of $184,000,000, plus costs incidental to the issuance of the bonds and the amount needed to provide the debt service reserve fund referred to in subsection (a) of this section.

AUTHORITY TO ISSUE BONDS; REDEMPTION PROVISIONS; APPLICABILITY OF HOME RULE ACT PROVISIONS

SEC. 4. (a) The Council, by one or more acts adopted in the manner provided in the Home Rule Act, may authorize the issuance of all or any part of the aggregate principal amount of bonds, not exceeding the amount of the bonds authorized to be issued pursuant to section 3 of this Act. Any such act shall take effect immediately and the provisions of section 602(c) of the Home Rule Act (D.C. Code sec. 1–147(c)) shall not apply thereto.

(b) Any such act shall set forth a plan for the financing of the amount required annually for the payment of the maturing principal of and interest on the bonds thereby authorized, which plan shall identify—

(1) by type all new or increased taxes or charges proposed;

(2) by source, all new or increased revenues anticipated to be applied; and

(3) proposed expenditure reductions or other reasons justifying the availability of any existing District revenues.

(c) The District may reserve the right to redeem any issue of bonds in whole or in part, before maturity in such manner and at such price as may be fixed by the Mayor prior to the issuance of such bonds.

(d) Except as expressly provided for in this Act, the provisions of the Home Rule Act pertaining to the authorization, issuance, and payment of general obligation bonds, including, without limiting the generality of the foregoing, the provisions of section 603 (b) of the Home Rule Act (D.C. Code, sec. 47–228(b)), and Charter Amendment Numbered 1 (D.C. Code, secs. 1–181 to 1–187), shall not apply to the authorization, issuance, or payment of the bonds.

PUBLICATION OF BORROWING LEGISLATION

SEC. 5. (a)The Mayor shall publish once in at least one newspaper of general circulation within the District any act of the Council authorizing the issuance of bonds, together with a notice of the enactment thereof in substantially the following form:

"NOTICE

"The following act (published herewith), authorizing the issuance of general obligation bonds for the purpose of paying certain liabilities of the District of Columbia incurred on or prior to September 30, 1980, or to reimburse the District for funds expended after such date to pay such liabilities, has become effective. The time within which a suit, action, or proceeding questioning the validity of such bonds can be commenced, will expire twenty days from the date of the first publication of this notice, as provided in the District of Columbia Bond Authorization Act of 1981.

_____

Mayor."

(b) Neither the failure to publish the notice provided for in subsection (a) of this section nor any error in any publication thereof shall impair the effectiveness of any act of the Council authorizing the issuance of bonds nor the validity of any bonds issued pursuant thereto.

SHORT PERIOD OF LIMITATION

SEC. 6. At the end of the twenty-day period beginning on the date of the first publication pursuant to section 5 of this Act or the notice of the enactment of an act authorizing the issuance of bonds:

(a) any recitals or statements of fact contained in such act or in the preambles of the titles thereof shall be deemed to be true for the purpose of determining the validity of the bonds thereby authorized, and the District and all others interested shall thereafter be estopped from denying the same;

(b) such act and all proceedings in connection with the authorization of the issuance of such bonds shall be conclusively presumed to have been duly and regularly taken, passed, and done by the District in full compliance with the provisions of this Act and of all laws applicable thereto; and

(c) the validity of such act and proceedings shall not thereafter be questioned by either a party plaintiff or a party defendant, and no court shall have jurisdiction in any suit, action, or proceeding questioning their validity, except in a suit, action, or proceeding commenced prior to the expiration of such twenty-day period.

ISSUANCE OF BONDS; MATURITY; EXECUTION OF BONDS; DETERMINATION OF TERMS, FORM AND CONTENTS OF BONDS

SEC. 7 (a) At the end of the twenty-day period specified in section 6 of this Act, the Mayor may issue the bonds authorized by the act published pursuant to section 5 of this Act. An issue of bonds is hereby defined to be all or any part of the aggregate principal amount of bond so authorized. The Mayor may sell any issue of bonds at either public or private sale in such manner as he shall determine to be in the public interest.

(b) The bonds of each issue shall be payable in annual installments beginning not more than three years after the date of such bonds and ending not more than thirty years from such date.

(c) Bonds shall be executed by the facsimile signature of the officers designated by the act of the Council authorizing such bonds, to sign the bonds, with the exception that at least one signature shall be manual. Coupons attached to bonds shall be au-

thenticated by the facsimile signature of the Mayor unless the Council shall provide otherwise. All other matters relating to the terms, form, and contents of bonds shall be prescribed by the Mayor.

SEGREGATION OF PROCEEDS; REPORTS

SEC. 8. (a) The proceeds from the sale of bonds shall be deposited in a special account in a federally insured financial institution in the District, shall be segregated from other funds of the District and shall be expended only for the purpose for which such bonds were authorized to be issued. In the event that any portion of such proceeds is not expended for such purpose, such portion shall be applied only to the payment of annual debt service on the bonds.

(b) Any moneys realized on any investment of the proceeds of bonds shall be credited to such special account and shall be used only—

(1) for the purpose for which such bonds were authorized to be issued;

(2) to pay annual debt service on the bonds; or

(3) to pay the expenses of maintaining such special account.

(c) No moneys shall be withdrawn from such special account without prior certification by the Mayor, or his designee, that such amount will be expended in compliance with the foregoing provisions of this section.

(d) The District shall keep an account of all transactions involving the bond proceeds which shall be subject to audit by the General Accounting Office, the District of Columbia auditor, and by independent auditors appointed by the Mayor.

(e) The District shall report annually to Congress on its use of the proceeds of the bonds and as to its payment of the principal of and interest on the bonds.

BONDS SECURED BY THE FULL FAITH AND CREDIT OF THE DISTRICT

SEC. 9. The full faith and credit of the District shall be and is hereby pledged for the payment of the principal of and the interest on all bonds whether or not such pledge be stated in the bonds or in the act authorizing the issuance thereof.

GENERAL AUTHORITY TO PLEDGE DISTRICT REVENUES TO SECURE BONDS

SEC. 10. (a) An act of the Council authorizing the issuance of general obligation bonds of the District, whether adopted pursuant to this Act or pursuant to the Home Rule Act, may pledge any District revenues as additional security for the payment of the bonds authorized thereby. In such event, such act may contain provisions which may be a part of the contract with the holders of the bonds thereby authorized—

(1) describing the particular District revenues pledged as additional security for the bonds;

(2) creating a debt service reserve fund or other special funds:

(3) authorizing the Mayor to execute a trust indenture securing the bonds;

(4) vesting in the trustee under such trust indenture such properties, rights, powers, and duties in trust as may be determined necessary, convenient, or desirable;

(5) authorizing the Mayor to enter into and amend such agreements as may be deemed necessary, convenient, or desirable concerning the custody, collection, use, disposition, security, investment and payment of the bond proceeds and pledged District revenues, and the doing of any act (including refraining from doing any act) which the District would have the right to do in the absence of such agreement;

(6) the remedies of the holders of the bonds in the event of a default; and

(7) authorizing and empowering the Mayor to do any and all other things necessary, proper, or expedient in connection with the issuance, sale, delivery, securing, and payment of the bonds.

(b) Any provision of article 8 of title 28 of the District of Columbia Code to the contrary nowithstanding, any such pledge of District revenues shall be valid, binding, and perfected from the time when such pledge is made without any physical delivery of the collateral or further act, and the lien of any such pledge shall be valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the District irrespective of whether or not such parties have notice thereof. No instrument by which such a pledge is created nor any financing statement need be recorded or filed.

(c) Notwithstanding section 466 of the Home Rule Act (D.C. Code, sec. 47–216), any issue of bonds authorized pursuant to the Home Rule Act which shall be additionally secured by a pledge of District revenues pursuant to this section may be sold by the Mayor prior to the expiration of two years from the last day of the fiscal year of the District during which this Act shall take effect, at either public or private sale in such manner as he shall determine to be in the public interest.

DEBT LIMITATION COMPUTATIONS

SEC. 11. Principal and interest payments due on issued bonds shall not be included in the computation under section 603(b) of the Home Rule Act (D.C. Code, sec. 47–228 (b)), for the purpose of determining whether other general obligation bonds or Treasury capital project loans may be issued within the limitation prescribed thereby.

EXEMPTIONS FROM THE APPROPRIATIONS PROCESS

SEC. 12. The fourth sentence of section 446 of the Home Rule Act (D.C. Code, sec. 47–224) shall not apply to—

(a) amounts obligated or expended from the proceeds (inclusive of accrued interest and premiums) derived from the sale of any bonds;

(b) amounts approved, obligated, or expended for the payment (as to either principal or interest, or both, inclusive of any redemption premium) of any bonds; or

(c) the pledge, transfer, or assignment of any District revenues to secure or otherwise to provide for the payment of any bonds.

TAX EXEMPTION; LEGAL INVESTMENT

SEC. 13. The provisions of sections 485 and 486 of the Home Rule Act (D.C. Code, secs. 47–252 and 47–253) shall apply to all bonds.

EFFECTIVE DATE

SEC. 14. This Act shall take effect on the date of the enactment thereof.

SECTION BY SECTION ANALYSIS

Sec. 1. Provides that the Act may be cited as the "District of Columbia Bond Authorization Act of 1981."

Sec. 2. Defines the terms "bonds", "Council", "District", "District Revenues", "eligible liabilities", "Home Rule Act", "Mayor", and net eligible liabilities," as used in the Act.

Sec. 3. Authorizes the District to issue general obligation bonds for the purposes of paying eligible liabilities, reimbursing the General Fund of the District of Columbia for any payments already made in settlement of eligible liability obligations, paying costs incidental to the issuance of the bonds, and provides for the establishment of a debt service reserve fund.

(b) Establishes that the aggregate principal amount of bonds issued shall not exceed $184 million, plus costs.

Sec. 4. Authorizes the Council to act to issue the bonds authorized by this Act, and eliminates the Congressional lay-over provisions in the Home Rule Act.

(b) Requires that the act authorizing the issuance of the bonds by the Council set forth a plan for the financing of the amount required annually for the payment of the principal and interest on the bonds. The plan shall include:

(1) by type, all new or increased taxes or charges proposed;

(2) by source, all new or increased revenues anticipated to be applied; and

(3) proposed expenditure reductions or other reasons justifying the availability of any existing District revenues.

(c) Provides for the early redemption of the bonds at a price and under terms set by the Mayor.

(d) Provides that except as expressly provided for in this Act, the limitations in the Home Rule Act pertaining to the authorization, issuance, and payment of general obligation bonds shall not apply to the authorization, issuance and/or payment of the bonds authorized by this Act.

Sec. 5. (a) Provides for publication of notice of intent of the District of Columbia to issue bonds and the actual Council Act authorizing the issuance.

(b) Provides that failure to publish notice as described in subsection 5(a) shall not impair the effectiveness of any Act of the Council authorizing the issuance of bonds nor the validity of any bonds issued.

Sec. 6. Limits the period of challenges against enactment or authorization of the bonds to a period of twenty (20) days.

(a) Prevents the District and all others from denying any recitals or statements of fact contained in the bond issuance act and its preambles or titles, unless such are made within the period of twenty (20) days.

(b) Provides conclusive presumption that all proceedings in connection with the authorization and issuance of bonds were done by the District in full compliance with the provisions of this Act unless such proceedings are challenged within twenty (20) days.

(c) Provides that the validity of the bond issuance act and its proceedings shall not be questioned by any party to a lawsuit, and that no court shall have jurisdiction in any action relating to the act, unless such challenges are made within the twenty (20) day period.

Sec. 7. (a) Bonds may be sold at the end of the twenty (20) day period, and may be sold in the whole aggregate or any portion. The Mayor may sell at public auction or through a privately negotiated sale.

(b) Bonds shall be payable in annual installments beginning not more than three years after the date of issuance; the bonds shall be paid in full at the end of not more than thirty (30) years.

(c) Provides for the use of a facsimile signature after one manual signature in executing the bonds.

Sec. 8. (a) Provides that proceeds from the sale of such bonds shall be deposited in a special segregated acount at a federally insured financial institution in the District of Columbia. Further prohibits the use of any excess proceeds for any purpose other than the payment of the annual debt service.

(b) Prohibits the use of any income earned on the investment of proceeds from the sale of the bonds for any purpose other than:

(1) purpose for which said bonds were authorized;

(2) payment of annual debt service

(3) payment of expenses incurred as a result of maintenance of special account

(c) Requires certification by the Mayor that any funds withdrawn are used in compliance with the foregoing provisions.

(d) Requires that an account of all transactions be subject to audit by the GAO, the District of Columbia Auditor, and other independent auditors.

(e) Requires an annual report to the Congress.

Sec. 9. Pledges the full faith and credit of the District to the bonds.

Sec. 10. (a) Provides that the Council may pledge particular District revenues as additional security for payment of the bonds.

(b) Provides that the bonds and anything pledged thereto shall be valid and binding without the formal requirements normally associated with investment securities.

(c) Allows a two (2) year period for issuance of the bonds.

Sec. 11. Provides that the bonds are outside of the District's debt limitation contained in the Home Rule Act. This provision applys only to the bonds authorized by this Act.

Sec. 12. (a) Exempts from the Appropriation Process: Amounts obligated from the proceeds due to the sale of the bonds.

(b) Amounts approved, obligated or expended for the payment of any bond.

(c) The pledge, transfer or assignment of any District revenues to secure or otherwise provide for the payment of any bonds.

Sec. 13. Provides for the tax-exempt status of the bonds, and pursuant to the Home Rule Act makes the bonds a legal investment.

Sec. 14. Makes the Act effective on the date of enactment.●

By Mr. FORD (for himself and Mr. COCHRAN):

S. 745. A bill to amend the Tennessee Valley Authority Act of 1933 in order to increase the number of members of the Board of Directors of such Authority to five and to set certain residence requirements; to the Committee on Environment and Public Works.

LEGISLATION TO EXPAND THE TENNESSEE VALLEY AUTHORITY BOARD FROM THREE TO FIVE MEMBERS

Mr. FORD. Mr. President, when the Tennessee Valley Authority was created in 1933 as a multipurpose regional development agency, little did anyone realize what a critical role the future held from not only a regional, but a national perspective. TVA has grown to become the largest producer of electricity in the Nation, serving an estimated 7 million people. The Corporation's bonded debt and authorized indebtedness have been increased. Rates have been raised, a massive construction program is planned—matters by law left to the full discretion of the Board. This will have a profound effect on the users in the TVA service area.

If the TVA is to be in a posture to fulfill its mandate to the people of the region, it has become apparent to many of us from the Valley that the times demand more policy responsiveness by the Board of Directors. I have serious doubts that a three-member Board can give the proper and balanced representation in the years ahead, particularly in light of the fact that so many of the Board's actions are nonappealable.

To remedy this, I am today introducing legislation to expand the TVA Board from three to five members and, in addition, stipulate that three members at all times be residents of States which consume TVA power. This requirement would serve as a safeguard for the people most affected by the TVA's action.

Oversight hearings before the Senate Environment and Public Works Committee earlier this week brought into clear focus the many complicated decisions with far-reaching implications that the TVA Board will have to wrestle with in the years ahead.

Even though a three-member Board has, as some have said, withstood the test of time over the past 47 years, the fact is that times are changing and more challenging than ever before in the agency's proud history. In my opinion, the structure of the Board must change to guarantee that the TVA States have greater input and greater influence in helping shape those decisions which will directly impact their future.

The next few decades could well turn out to be the most important and challenging in the TVA's history. The changes I am recommending are positive ones and will enable the Board to better fulfill the high expectations we have for it, while at the same time assuring that the Board's primary responsibilities to the people of the valley are not shortchanged.

By Mr. WALLOP (for himself, Mr. BOREN, Mr. KENNEDY, Mr. PERCY, Mr. LONG, Mr. CHAFEE, Mr. BAUCUS, Mr. TOWER, Mr. PELL, Mr. D'AMATO, and Mr. COCHRAN):

S. 750. A bill to amend the Internal Revenue Code of 1954 to provide nonrefundable tax credits for investments in qualified industrial energy efficiency and fuel conversion projects, and for other purposes; to the Committe on Finance.

INDUSTRIAL ENERGY SECURITY TAX INCENTIVE ACT OF 1981

● Mr. WALLOP. Mr. President, today I join with Senators BOREN, KENNEDY, PERCY, LONG, CHAFEE, BAUCUS, TOWER, PELL, D'AMATO, and COCHRAN, in introducing the Industrial Energy Security Tax Incentive Act of 1981. This legislation provides a tax credit incentive to accelerate private investments in industrial energy efficiency. The bill will revise, extend, and make more effective the existing investment tax credits designed to encourage energy conservation and conversion of equipment from the use of oil or gas to the use of alternate fuels. This legislation builds upon the 1978 energy tax credit in an effort to encourage a broad and accelerated effort to use our domestic energy resources more efficiently and reduce our dependence on foreign oil.

Mr. President, this legislation will help promote industrial energy efficiency as an integral part of a symmetrical energy policy in the 1980's. A symmetrical energy policy must not only recognize the need to increase the production of domestic energy resources, but it must also reflect the role that can be played by an aggressive program to achieve optimal energy efficiency levels in U.S. industry.

The Industrial Energy Security Tax Incentive Act is based on the premise that investments in energy efficiency can result in a dramatic near term reduction in U.S. energy requirements, help insulate industry from future energy price shocks, and accelerate the use of abundant domestic fuels. Improvements in energy efficiency are among the most economic, low risk, and most environmentally sound methods of reducing our dependence on foreign oil.

This legislation focuses on energy savings potential in the industrial sector because industry represents nearly 40 percent of U.S. energy requirements, and industry is the fastest growing energy-consuming sector in the U.S. economy. Within the industrial sector, the major process industries such as steel, chemicals, cement, aluminum, refining, and paper account for 70 percent of industrial energy use. The intensity of energy use in the industrial sector, particularly in the major process industries, makes it possible to reap tremendous energy savings per dollar of investment capital. Energy efficiency investments in the industrial sector can provide the biggest bang for the buck of any conservation effort in the U.S. economy.

Mr. President, I should clarify what kind of energy savings we are seeking through this legislation. Industrial energy conservation should not be viewed in the context of reduced production, slowed economic growth, or a lower standard of living for the average American. This legislation calls for energy conservation that centers on increasing energy efficiency so rapidly as to permit a reduction in our oil imports and an increase in industrial productivity. I must emphasize that decreasing energy use in industry does not require plant closings or less production.

Just the opposite is the case. Industrial energy conservation entails costly investments in new equipment and modifications in existing plants to allow more efficient, productive use of our energy resources.

Mr. President, the legislation we introduce today is not a radical departure from tax or energy policy since it builds upon existing law. It will revise, extend, and make more effective the business investment tax credits designed to encourage conservation of energy and conversion of equipment from the use of oil or gas to the use of alternate substances. Such credits, first enacted as part of the Energy Tax Act of 1978, will otherwise expire on December 31, 1982. Only $310 million in credits have been claimed in the 2 years since these special energy investment tax credits were enacted.

Congress originally expected more than $600 million in energy investment tax credits to be claimed over this 2-year period, anticipating that the program would interest many industries. The poor performance of the 1978 energy investment tax credits in stimulating conservation and conversion investments can be traced to the restrictive definitions in the legislative language.

The 12 items of conservation equipment listed under the category of specially defined energy property simply do not apply to the vast majority of major energy efficiency investments that industry is likely to consider. The 1978 act failed to provide a tax incentive for the dynamic response that could come from industry if a broad definition of conservation equipment were provided. Efforts to stimulate conversion to coal and other alternate fuels had limited success since the credit covered only a limited portion of the entire investment required to switch to the use of an alternative fuel.

The Industrial Energy Security Act makes amendments to existing law so that these tax credits can be more effective in stimulating investments in energy efficiency. In the case of specially defined energy property, the legislation provides more complete definitions for many of the items on the current list and adds a variety of new types of qualifying equipment. This provision will open the energy investment tax credit to a wider array of industrial porcesses that have proven their energy saving potential.

The legislation also amends existing law to broaden the definition of recycling equipment. The legislation builds upon the definition of solid waste by including liquid and semisolid materials. By encouraging the recycling of waste in industry we can address both an energy problem and an aspect of waste disposal. Converting waste to energy must be recognized as one of the most significant contributions to meeting the Nation's synfuel energy goals.

By encouraging the conversion of waste to energy we can provide significant amounts of energy to our Nation's urban centers where the feedstock is generated and the demand is greatest for alternative energy. Hopefully this legislation will help stimulate further equity investments in waste-to-energy projects, allowing more of these facilities to be built across the country.

Third, the legislation amends existing law by providing a credit for cogeneration equipment so that mechanical shaft power can qualify for the 20 percent cogeneration credit. It is important to note that that credit is also made available for equipment which utilizes oil or gas as an energy source. This remedies a significant defect in existing law whereby the cogeneration credit is severely restricted with respect to cogeneration facilities using fuels other than coal.

Mr. President, these changes in existing law are not by themselves adequate to capture some of the most dramatic energy savings that can be achieved. It is impossible to list all of the energy saving technologies that have been perfected or might one day be invented. Narrow definitions can exclude many of the investment projects that possess tremendous energy saving potential. To cure this defect in present law the bill creates a new category termed qualified industrial energy property, eligible for the 20-percent investment tax credit. Qualified industrial energy property is defined as property which modifies an existing process or processes at an existing facility, the installation of which results in an annual energy savings of at least 1,000 barrels of energy equivalent (BOE).

To be eligible for the credit the investment must also result in an overall decrease in energy consumed per unit of output by the process. Mr. President, it should be made clear that the availability of the full tax credit in this category is limited to arrange investments. Investments which are highly economic to the taxpayer would receive a limited tax credit. This limits the tax credit to the extent that it is needed to accelerate the installation of energy saving equipment.

On the other end of the scale, the credit is limited so that the Government will not encourage conservation or conversion investments that are so costly that they are not cost effective for the Nation. Thus, the full credit is available only to those investments that would not go forward as quickly without the incentive, and those investments that are cost effective energy conservation purchases for the Nation. The most important aspect of this provision is that no credit will be granted unless the project actually saves energy.

Finally, the legislation also extends the 20-percent investment credit to investments in conversion from oil and natural gas to alternative substances such as coal. The legislation would provide an important incentive to move away from the burning of gas and oil to the wider use of alternative resources such as coal, biomass, and alternative substances. This provision will assist industries in their efforts to shift to safe and dependable domestic supplies of energy. These conversion investments will help diminish our dependence on foreign sources of energy, and help to provide jobs for the production and transport of coal and other alternative energy sources.

The objective of the legislation that I am introducing today is to encourage energy-saving investments in all types of businesses in our diverse economy. It would be very helpful to me and the other members of the Senate Finance Committee if businesses could review the legislation and give us their suggestions as to how we can best achieve this objective. Perhaps modest changes in the precise drafting of this legislation to account for factors that the Senate Finance Committee is not yet aware of will enable us to formulate the most constructive approach possible.

Mr. President, increasing industrial energy efficiency is a goal that transcends party lines or regional energy conflicts. The Senators from both parties who have joined me in sponsoring this legislation represent States with widely disparate energy interests. It is readily apparent why Senators from energy consuming industrial States would support this legislation. In many cases, the workers and factories of the energy dependent States have been idled by international energy price increases that choke their ability to compete. By restoring energy efficiency in these plants and shifting our energy dependence to domestic resources these plants and workers can be productive once again.

Perhaps it is more puzzling to see the number of energy exporting States that are represented by the cosponsors of this bill. Senators from energy producing States understand that the prosperity that comes from energy production may last only as long as these depletable resources are available. The unnecessary consumption of our energy resources only hastens the day when energy-based prosperity will end, for our States and for the Nation.

It is also important to remember that many people do not welcome the side effects that come from the rapid development of energy resources. The people of Wyoming and the Rocky Mountain West are willing to make their contribution to solving the energy problem by producing the oil, coal, uranium and synfuels that this Nation needs. But energy development goes forward hand in hand with competition for precious water resources, threats to environmental quality, and inevitable changes in the character and way of life in the West. We are willing to produce the energy necessary for a secure and prosperous national economy, but why should Wyoming farmers lose water or land to produce energy that is wasted in inefficient industrial plants? We will do our part by producing energy, but the rest of the Nation must work to use those valuable energy resources more efficiently.

WHY TAX INCENTIVES ARE NEEDED

Mr. President, some critics of this proposal may argue that no tax credit incentive for industrial energy efficiency is needed, because energy price increases will force conservation investments to go forward. I anticipate that some will argue that there is no room for Federal incentives of any sort for investments in conservation, efficiency or conversion to domestic fuels. This theoretical approach ignores the ominous energy realities we face as a nation, and it belies the logic of investment decisionmaking in private industry.

The debate on this issue should begin by acknowledging that Federal policies have contributed to the energy problems faced by U.S. industry today. Energy leasing, production, price, and tax policies have discouraged the costly process of exploring for and producing domestic energy. These policies have set the stage for our current predicament of dependence on unreliable and high-priced foreign energy supplies.

Moreover, most of our industrial plants were built when energy cost the equivalent of $5 per barrel. During the decade of the 1970's we saw energy prices driven to previously unimaginable levels. While Japan, West Germany, and other industrialized countries passed on energy price increases to industrial and individual consumers, it was the policy of this Nation to insulate the economy from the true cost of energy. These pricing policies not only discouraged energy production, but they also made it uneconomic to proceed with the industrial energy efficiency investments that were taking place around the world.

Fortunately, the decontrol of oil and eventual decontrol of natural gas will allow us to develop an economy related to the market price of energy. But this leaves industries with processes based on $5 per barrel energy costs in an environment where oil costs $40 per barrel. Higher energy prices certainly create a new impetus to invest in energy efficiency, but high energy prices also rob industry of the capital required to make efficiency or conversion investments. Simply speaking, Mr. President, energy price increases have contributed to the capital shortage in American industry.

The major impediment to investments in industrial energy efficiency is not technology or know-how, but capital. Most of the low-cost industrial energy conservation measures have already been adopted. The significant energy savings of the future will come largely from heavy capital expenditures in energy-efficient plant and equipment. Much of America's investment capital is already directed by Government mandate into investments that insure environmental quality and worker safety. In many cases, the little discretionary capital that is left over is allocated to projects that offer a quick payback or an improved market position. Hence, energy conservation or conversion investments must compete with a long list of investment options, and in many cases energy-efficiency improvements are deferred.

By providing additional financial incentives for industrial energy conservation and efficiency investments, this legislation will allow more of these projects to be initiated in the early 1930's.

There should be no misunderstanding about how this legislation interacts with the President's accelerated capital cost recovery program. Energy tax credits are a supplement to, but in no way a substitute for, broad-based capital formation legislation, such as the President's accelerated capital cost recovery program. The President's depreciation proposal will stimulate productivity-enhancing investments throughout the economy. Broad-based capital formation legislation, combined with the tax credit contained in this bill, will accelerate the timetable under which industrial energy-efficiency investments are made.

It is appropriate to question why it is in the Nation's interest to accelerate investments in industrial energy efficiency. Price changes will eventually force many of these same investments to be made, so what is the rush? My perspective is that any delays in investing in more energy-efficient equipment or converting to the use of abundant domestic fuels means that the United States is wasting energy and needlessly importing oil.

This energy wasted in inefficient plants is as tragic as flaring our natural gas or pumping our domestic oil and dumping it into the ocean. By failing to invest in more efficient plant and equipment we waste energy that could be used to grow food more cheaply or enjoy reasonably priced comforts of heating or air-conditioning. Energy waste means that we import more and more foreign oil that drives up the cost of commuting to work or taking a summer vacation. Mr. President, it is no small matter to this Senator that energy waste is driving the price of oil so high that people cannot afford the price of gasoline to visit the spectacular State of Wyoming.

Certainly waste and inefficiency has certain costs for an energy consuming industry, but it has far greater costs for the Nation as a whole. The continued importation of oil bears a number of side effects that are more costly to the Nation as a whole than to the individual consumer. These costs include the impact of the marginal U.S. oil imports on the world market. If the United States had kept imports at a level of 6 million barrels per day as it was in 1975, instead of 8.5 million barrels per day as it was in 1979, we might not have seen prices reach $40 per barrel.

Prof. Robert Stobaugh and Daniel Yergin of the Harvard Business School calculate that the marginal cost of those several million barrels of oil imports was on the order of $60 to $100 per barrel. Clearly each individual or company pays only the average cost of $35 per barrel, but the Nation as a whole bears the burden of $65 to $100 marginal barrel. Only the Federal Government can provide a tax incentive to help bring down energy demand and prevent future price increases of this magnitude.

Mr. President, the lessons of our recent economic past should not be lost on a nation heading into a strong economic recovery. We have recently seen a tremendous decrease in our energy appetite, but this energy diet occurred when the Nation was in the throes of an economic recession. No wonder energy is saved when factories are shut down and workers need not worry about their daily commute. This situation will quickly change. The major econometric forecasting firms predict that the President's economic package of spending cuts and tax reduction will help send the Nation into an economic recovery beginning toward the end of the year. Our economic recovery will not only bring this Nation out of recession, but it should also invigorate the economies of Western Europe, Japan, and the developing nations with whom our financial and trade links are so strong.

The economic recovery can bring a mixed blessing of increased industrial energy demand and another round of strangling OPEC price increases. Our prosperity and our struggle against inflation can be robbed through another round of predatory oil price increases. There is no need to tolerate this treatment from rapacious oil exporting countries, nor do we need to accept another roller coaster economic recovery.

This Nation can recover from recession, increase industrial production, and decrease industrial energy demand if industry accelerates the process of converting to domestic fuels and achieves greater energy efficiencies. We may not be able to prevent OPEC price increases, but we can reduce the energy demand which makes energy price increases inevitable.

Industrial energy efficiency must also be examined from the standpoint of vulnerability to supply disruptions. Our vulnerability to oil supply disruptions is reduced if our plant and equipment is retrofitted to use energy carefully, and to rely on domestic fuels. In the event of a supply disruption, energy efficient industries will be able to produce vital goods and services for a longer period than our present, less efficient production facilities. I submit, Mr. President, that these national security considerations cannot be calculated by an individual corporation, nor do price levels reflect the national security consequences of delaying investments in industrial energy efficiency. These are just a few of the reasons why it is necessary for the Government to provide a tax incentive to stimulate industrial energy conservation at the earliest possible date. This legislation will complement broad-based capital formation efforts by increasing productivity in conjunction with a decrease in industrial energy demand. The Industrial Energy Security Tax Incentive Act can help structure a new era of prosperity and energy security.

Mr. President, I urge my colleagues to support the passage of this timely legislation.

I request unanimous consent that the text of the bill be reprinted following my statement in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 750

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Industrial Energy Security Tax Incentives Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, such reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. INCREASE IN ENERGY PERCENTAGE FOR CERTAIN ENERGY PROPERTY AND SPECIFICATION OF ENERGY PERCENTAGE FOR QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY.

(a) IN GENERAL.—The table contained in clause (1) of section 46(a)(2)(C) is amended by adding at the end thereof the following new subclauses:

"VII. Certain alternative energy property, specially defined energy property, recycling equipment, and cogeneration equipment.—Property described in section 48(l)(3) (other than clause (viii) or (ix) of subparagraph (A) thereof), section 48(l)(5), section 48(l)(6) or section 48(l)(14).	20%	Jan. 1, 1981	Dec. 31, 1985
"VIII. Qualified industrial energy efficiency property.—Property described in section 48(q).	20%	Jan. 1, 1981	Dec 31, 1985

(b) AFFIRMATIVE COMMITMENTS.—Section 46(a)(2)(C) is amended by adding at the end thereof the following new subclause:

"(v) LONGER PERIOD FOR CERTAIN ENERGY PROPERTY.—Clause (iii) shall apply to energy property described in subclauses VII or VIII of clause (i). However, in applying clause (iii) to such property, 'December 31, 1986' shall be substituted for 'December 31, 1982', 'December 31, 1994' shall be substituted for 'December 31, 1990', 'January 1, 1987' shall be substituted for 'January 1, 1983', and 'January 1, 1990' shall be substituted for 'January 1, 1986'.

SEC. 3. QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY TREATED AS ENERGY PROPERTY.

(a) QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY DEFINED.—Section 48 (relating to definitions; special rules) is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

"(q) QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY.—

"(1) IN GENERAL.—For purposes of this subpart the term 'qualified industrial energy

efficiency property' means property used as a part of a modification to an existing industrial or commercial facility (including the modification or replacement of one or more processes carried on at such facility on January 1, 1981), but only if such modification—

"(A) results in the utilization by such facility, process or processes of less energy per unit of output,

"(B) results in an aggregate annual decrease in energy consumed by such facility, process or processes, based upon levels of output in effect before such modification, of not less than 1,000 barrels of oil equivalent, and

"(C) does not increase the total amount of oil and natural gas (or products thereof other than petroleum coke, petroleum pitch and waste gases) consumed by such facility, process or processes per unit of output.

"(2) LIMITATION.—Property shall be considered as qualified industrial energy efficiency property only if it is property—

"(A)(i) the construction, reconstruction or erection of which is completed by the taxpayer after January 1, 1981, or (ii) which is acquired after January 1, 1981 if the original use of such property commences with the taxpayer and commences after such date,

"(B) with respect to which depreciation (or amortization in lieu of depreciation) is allowable, and which has a useful life (determined as of the time such property is placed in service) of 3 years, or more and

"(C)(i) which results in the utilization described in paragraph (1)(A), or (ii) the installation and operation of which is reasonably necessary to the achievement of such utilization.

"(3) APPLICATION TO PROPERTY WHICH IS ENERGY PROPERTY WITHOUT REGARD TO BEING QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY.—No property shall be treated as qualified industrial energy efficiency property if the taxpayer claims the energy percentage provided by section 46(a)(2)(C)(i) (other than by subclause VIII thereof) with respect to that property.

"(4) COMPUTATIONS PER UNIT OF OUTPUT.—The determinations required by paragraph (1) shall be made by comparing the BTU content of the energy (or of the oil and natural gas in the case of the determination required by subparagraph (1)(C)) used by the facility, process or processes per unit of output prior to the modification with the BTU content of the energy (or of the oil and natural gas in the case of the determination required by subparagraph (1)(C)) used by such facility, process or processes per unit of output upon completion of the modification. Computations under this subparagraph shall be made in accordance with subparagraph (6).

"(5) REDUCTION OF CREDIT WHERE COST OF ENERGY SAVINGS EXCESSIVE OR WHERE ENERGY SAVINGS WARRANT INVESTMENT WITHOUT REGARD TO CREDIT.—Notwithstanding subclause (VIII) of section 46(a)(2)(C)(i), the energy investment credit allowable by section 38 for qualified industrial energy property shall be determined in accordance with the following table:

"If the adjusted BOE cost of the property is—	The energy investment credit is—
Less than $10	The reduced credit amount.
At least $10 but not more than $60.	The section 46(a)(2)(C) amount.
Over $60	The alternative credit amount.

"(6) DEFINITIONS.—For purposes of paragraph (5)—

"(A) ADJUSTED BOE COST.—The term 'Adjusted BOE cost' means, with respect to any qualified industrial energy efficiency property—

"(i) the section 46(a)(2)(C) amount with respect to such property, divided by

"(ii) the annual number of BOE's saved by the modification of which such property is a part.

"(B) ANNUAL BOE'S SAVED BY PROPERTY.—The term 'annual number of BOE's saved' means, with respect to any property, an amount equal to—

"(i) the excess of the average number of BOE's utilized by the facility, process or processes per unit of output during a representative 1-year period before the use of the property commences over the number of BOE's utilized by such facility, process or processes per unit of output during any representative 12 month period occurring within the recomputation period, multiplied by

"(ii) the units of output during such 1-year period prior to the modification.

"(C) REDUCED CREDIT AMOUNT.—The term 'reduced credit amount' means the energy investment credit determined as if the energy percentage equaled the percentage which bears the same ratio to 20 percent as the BOE cost of the property bears to $10.

"(D) SECTION 46(a)(2)(C) AMOUNT.—The term 'section 46(a)(2)(C) amount' means the energy investment credit determined without regard to paragraph (5).

"(E) ALTERNATIVE CREDIT AMOUNT.—The term 'alternative credit amount' means, with respect to any qualified industrial energy efficiency property, an amount equal to—

"(i) $60, multiplied by

"(ii) the annual number of BOE's saved by the modification of which such property is a part.

"(F) BOE—

"(i) IN GENERAL.—One BOE shall be equal to 5.8 million BTU's.

"(ii) BOE FOR ELECTRICAL ENERGY.—In the case of electrical energy, BOE's shall be calculated by using a heat rate of 10,000 BTU's per kilowatt hour.

"(7) SPECIAL RULES.—

"(A) SPECIAL RULE FOR PROPERTY PLACED IN SERVICE WITHIN 2 YEARS AFTER DATE OF ENACTMENT.—In the case of qualified industrial energy efficiency property which is placed in service during the 2-year period beginning on the date of the enactment of this subsection, the table contained in paragraph (5) shall be applied by substituting '$5' for '$10' each place it appears.

"(B) CERTAIN ENERGY SAVINGS DISREGARDED.—For purposes of this subsection, energy savings shall be disregarded which result from—

"(i) the installation of property other than qualified industrial energy efficiency property, or

"(ii) substantial changes in the character of either the output or input of the facility.

"(8) REDUCTION OF CREDIT WHERE CAPACITY INCREASES.—

"(A) IN GENERAL.—In the case of qualified industrial energy efficiency property which directly results in more than a 10 percent increase in the capacity of the facility, process or processes, the energy investment credit attributable to such property shall be an amount which bears the same ratio to such credit (determined without regard to this paragraph) as the capacity of the facility, process or processes prior to the modification bears to the capacity of the facility, process or processes upon completion of the modification.

"(B) CERTAIN CAPACITY INCREASES DISREGARDED.—For purposes of subparagraph (A), reductions in intermediate or finished product waste or reprocessing shall not be considered an increase in capacity.

"(9) TIME OF APPLICATION OF LIMITATIONS ON AMOUNT OF CREDIT.—

"(A) IN GENERAL.—The provisions of paragraphs (5) and (8) shall be applied as of the close of the recomputation period.

"(B) RECOMPUTATION PERIOD DEFINED.—For purposes of this paragraph, the term 'recomputation period' means, with respect to any modification, the period beginning on the date on which the qualified industrial energy efficiency property which is a part of such modification is placed in service and ending on the last day of the first taxable year beginning more than 180 days after such date.

"(C) RECAPTURE OF EXCESS CREDIT.—If the amount of the credit allowed under this subsection (determined without regard to paragraphs (5) and (8)) with respect to qualified industrial energy efficiency property exceeds the credit allowable under paragraphs (5) and (8), the tax imposed by this chapter for the recomputation year shall be increased under section 47 by the amount of such excess.

"(10) EXISTING DEFINED.—For purposes of this subsection, a facility shall be considered an 'existing facility' if industrial or commercial operations were conducted at that geographic location as of January 1, 1981.

"(11) PROCESS CARRIED ON IN A FACILITY ON JANUARY 1, 1981.—A process which was carried on in an existing facility on January 1, 1981, shall not thereafter cease to be treated as such solely because capitalizable expenditures are paid or incurred with respect to such process after January 1, 1981, or the chemical, physical or mechanical action by which the desired result is accomplished is modified.

"(12) REPLACEMENT OF PROCESS.—In the case of a replacement of a process or processes carried on in an existing facility on January 1, 1981, no property shall be treated as qualified industrial energy efficiency property if—

"(A) the replaced property is not retired from service, except for property maintained as standby or temporary replacement property for the qualified industrial energy efficiency property during periods for which such qualified property is inoperable due to an emergency or on account of repairs or maintenance, or

"(B) the replacement property is placed in service on a site other than the site of the replaced property or reasonably adjacent to that site.

"(13) QUALIFIED INVESTMENT.—In determining the amount of the taxpayer's qualified investment in qualified industrial energy efficiency property, for purposes of section 46(c)(1), the applicable percentage shall be 100 percent for items of such property without regard to the useful life of any particular item of such property.

(b) CONFORMING AMENDMENTS.—

"(1) TREATMENT AS ENERGY PROPERTY.—Subparagraph (a) of section 48(1)(2) (defining energy property) is amended by striking out 'or' at the end of clause (viii), by inserting 'or' at the end of clause (ix), and by inserting after clause (ix) the following new clause:

"(x) qualified industrial energy efficiency property.

"(2) QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY DOES NOT INCLUDE PUBLIC UTILITY PROPERTY.—Paragraph (17) of section 48(1) is amended by striking out "and 'cogeneration property'" and inserting in lieu thereof "'congeneration property', and 'qualified industrial energy efficiency property'".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1980.

SEC. 4. AMENDMENTS RELATING TO ENERGY PROPERTY.

(a) AMENDMENTS RELATING TO ALTERNATIVE ENERGY PROPERTY.—

"(1) EQUIPMENT FOR CONVERTING ALTERNATE SUBSTANCES INTO ELECTRICITY ELIGIBLE FOR CREDIT.—Clause (iii) of section 48(1)(3)(A) (defining alternative energy property) is amended by inserting before the comma 'or into electricity, but only, in the case of elec-

tricity, up to (but not including) the electrical transmission stage.

"(2) DEFINITION OF BOILER.—Paragraph (3) of section 48(1) (defining alternative energy property) is amended by adding at the end thereof the following new subparagraph:

"(D) BOILER.—For purposes of subparagraph (A), the term 'boiler' means a system for producing a vapor or high pressure liquid stream from water or some other working fluid. Heat is produced by combustion or otherwise, and is transferred through metal or ceramic tube walls to generate a vapor or higher pressure liquid stream at a positive pressure within the boiler vessel.

"(3) HEAT TREATING FURNACES, MELT FURNACES AND MODIFICATIONS.—

"(A) IN GENERAL.—Subparagraph (A) of section 48(1)(3) (defining alternative energy property) is amended by striking out 'and' and the end of clause (viii) (by striking out the period at the end of clause (ix) and inserting in lieu thereof a comma, and by inserting after clause (ix) the following new clauses:

"(x) heat treating furnaces, the primary fuel for which will be an alternate substance,

"(xi) melt furnaces, if such furnaces use no fuel, or if the primary fuel for which will be an alternate substance, and

"(xii) equipment designed to modify existing equipment in a facility which was using an alternate substance as a primary fuel on October 1, 1978, provided such modification reduces the use of fuels other than alternate substances at the existing facility.

"(B) CONFORMING AMENDMENTS.—

"(i) Paragraph (3) of section 48(1), as amended by paragraph (2), is amended by adding at the end thereof the following new subparagraphs:

"(E) MELT FURNACE.—The term 'melt furnace' includes any device, apparatus, or configuration which directly or indirectly converts solids into liquids or gases through the use of heat.

"(F) HEAT TREATING FURNACE.—For purposes of subparagraph (A), the term 'heat treating furnace' means any device, apparatus, or configuration which heats materials (such as metals) for the purpose of obtaining improved properties (such as through normalizing or annealing).

(ii) Subparagraph (A) of section 48(1)(3) is amended—

(I) by striking out 'or (v)' in clause (vi) and inserting in lieu thereof '(v), (x) or (xi)', and

(II) by striking out 'or (vi)' in clause (vi), (x) or (xi)'.

"(4) CERTAIN SUBSTANCES TREATED AS ALTERNATE SUBSTANCES.—Subparagraph (B) of section 48(1)(3) (defining alternative energy property) is amended by adding at the end thereof the following new sentence: "The term 'alternate substance' includes petroleum coke; petroleum pitch; synthetic fuels; and any other product produced from any alternate substance, whether or not such product has undergone a chemical change in the process of its production."

"(5) PRIMARY FUEL DEFINED.—Paragraph (3) of section 48(1), as amended by paragraphs (2) and (3)(B)(i), is amended by adding at the end thereof the following new subparagraph:

"(G) PRIMARY FUEL.—For purposes of this paragraph—

"(i) IN GENERAL.—An alternate substance shall be considered the 'primary fuel' if any alternate substance or combination of alternate substances accounts for more than 50 percent of the BTU's used by any item of alternative energy property.

"(ii) 50 PERCENT RULE NOT REQUIRED IN CERTAIN CASES.—Notwithstanding clauses (i), (ii), (x), (xi) and (xii) of subparagraph (A), the taxpayer shall not be required to comply with a primary fuel requirement for any taxable year—

"(I) if the taxpayer is unable to obtain the alternate substance for reasons (other than cost thereof) beyond his control, or

"(II) in the case of the 12-month period beginning on the date the boiler, burner, or furnace is placed in service, to the extent a fuel other than an alternate substance is used by reason of start-up conditions. requirements or timing.

"(iii) ELECTRICITY TO SATISFY PRIMARY FUEL REQUIREMENT IN CERTAIN CASES.—Electricity shall be treated as an alternate substance for purposes of the primary fuel requirement in clauses (i), (ii), (x), (xi) and (xii) of subparagraph (A) if—

"(I) the electricity is generated by the taxpayer primarily from an alternate substance, or

"(II) the electricity is purchased by the taxpayer and the taxpayer establishes to the satisfaction of the Secretary that the electricity reduces the need for on-site use of oil or gas and that more than 50 percent of the electricity purchased by the taxpayer for that use is generated from an alternate substance.

(b) AMENDMENTS RELATING TO SPECIALLY DEFINED ENERGY PROPERTY.—

Paragraph (5) of section 48(1) (defining specially defined energy property) is amended to read as follows:

"(5) SPECIALLY DEFINED ENERGY PROPERTY.—

"(A) IN GENERAL.—The term 'specially defined energy property' means—

"(i) a heat wheel,

"(ii) a heat exchanger,

"(iii) a waste heat boiler,

"(iv) a heat pipe,

"(v) an automatic energy control system,

"(vi) a turbulator,

"(vii) a combustible gas recovery system,

"(viii) an economizer,

"(ix) modifications to alumina electrolytic cells,

"(x) industrial insulation,

"(xi) an industrial heat pump,

"(xii) modifications to burners, combustion systems, or process furnaces,

"(xiii) batch operations conversion equipment,

"(xiv) product separation and dewatering equipment,

"(xv) fluid bed dryers and calciners, or

"(xvi) any other property of a kind specified by the Secretary by regulations, the installation of which is for the principal purpose of reducing the amount of energy consumed in any existing industrial or commercial process, processes or activities and which is installed in connection with an existing industrial or commercial facility. The Secretary shall not specify any property under clause (xvi) unless he determines that such specifications meet the requirements of subparagraph (C) of this section. Any property specified by the Secretary under clause (xvi) shall be deemed qualified specially defined energy property as of October 1, 1978.

"(B) DEFINITIONS RELATED TO SUBPARAGRAPH (A).—

"(i) HEAT EXCHANGER.—The term 'heat exchanger'—

"(I) means a configuration of equipment used to transfer energy to incoming combustion air, or lower temperature fluids, gases, or solids with or without the interposition of heat transfer surfaces, and

"(II) includes but is not limited to devices commonly referred to as recuperators, regenerators, and preheaters.

"(ii) WASTE HEAT BOILERS.—The term 'waste heat boiler' means any boiler (within the meaning of paragraph (3)(D)) which uses waste heat from whatever source derived.

"(iii) AUTOMATIC ENERGY CONTROL SYSTEM.—The term 'automatic energy control system'—

"(I) means equipment comprising a system which by automatic controls reduces the energy consumed in environmental space conditioning or in other industrial or commercial processes or activities, and

"(II) includes, but is not limited to, systems which automatically control fuel or electric power inputs to a combustion system or process or the utilization or transfer of energy within a process, or which automatically control process variables (other than energy) in order to minimize energy consumption.

"(iv) COMBUSTIBLE GAS RECOVERY SYSTEM.—The term 'combustible gas recovery system' means equipment comprising a system to recover, and condition for use, unburned fuel or other combustible material from combustion exhaust gases or process streams.

"(v) INDUSTRIAL INSULATION.—The term 'industrial insulation' means any material which—

"(I) is designed to possess a material resistance to the flow of heat, and

"(II) is to be used primarily to retard loss or gain of such heat with respect to pipes, tanks, vessels, equipment, or processes, but not with respect to buildings or structural components thereof.

"(vi) INDUSTRIAL HEAT PUMP.—The term 'industrial heat pump' means equipment which—

"(I) uses the compression and expansion of a contained fluid to extract heat from a gas or liquid and transfer it to another gas or liquid at another temperature, or

"(II) uses nonmechanical means to achieve an equivalent result.

"(vii) BATCH OPERATIONS CONVERSION EQUIPMENT.—

"(I) IN GENERAL.—The term 'batch operations conversion equipment' means equipment to permit conversions from batch operations to one or more continuous processes.

"(II) BATCH OPERATIONS.—The term 'batch operations' means operations where temporary storage of materials in process results in heat transfer to the surrounding environment, or where such handling or temporary storage is accompanied by the waste or reprocessing of more than 5 percent of the material in process.

"(III) CONTINUOUS PROCESS.—The term 'continuous process' means a process which minimizes the handling or temporary storage of the material in process so as to reduce either the amount of heat transfer to the surrounding environment or the amount of waste or reprocessed material.

"(viii) PRODUCT SEPARATION AND DEWATERING EQUIPMENT.—The term 'product separation and dewatering equipment' means equipment designed to separate water or other liquids or volatiles from process materials.

"(ix) FLUID BED DRYERS AND CALCINERS.—The term 'fluid bed dryers and calciners' means equipment in which solid particles are chemically processed by direct heat exchange with a gas or liquid. The gas or liquid passes through a bed of solid particles at sufficient velocity to physically suspend the particles in the gas or liquid stream.

"(C) SPECIFICATION OF ADDITIONAL ITEMS BY SECRETARY.—The Secretary shall specify property under subparagraph (A)(xvi) at this discretion or if—

"(i) such property is recommended for specification to the Secretary by the Secretary of Energy, and

"(ii) there are no generally available and substantial Federal subsidies for such property. The Secretary shall act on a recommendation of the Secretary of Energy within 6 months of its receipt.

(c) AMENDMENTS RELATED TO RECYCLING EQUIPMENT.—

"(1) IN GENERAL.—Subparagraph (A) of

section 48(1)(6), (defining recycling equipment) is amended to read as follows:

"(A) IN GENERAL.—The term 'recycling equipment' means any property which is used exclusively—

"(i) for the unloading, transfer, storage, reclaiming from such storage, sorting, and preparation (including, but not limited to, washing, crushing, drying and weighing) of solid waste, or

"(ii) in the recycling of solid waste.

"(2) INCLUSION OF CERTAIN EQUIPMENT.—

"(A) IN GENERAL.—Subparagraph (D) of section 48(1)(6) relating to inclusion of certain equipment) is amended to read as follows:

"(D) CERTAIN EQUIPMENT INCLUDED.—The term 'recycling equipment' includes any new or replacement property which is used in the conversion or processing of solid waste into a fuel or into useful energy such as steam, electricity, or hot water and any property which is used in the processing of solid waste to recover and store other reusable resources and materials, including but not limited to paper, ferrous metals, non-ferrous metals, and glass.

"(B) APPLICATION WITH SUBPARAGRAPH (B)(i).—Subparagraph (B)(i) of section 48(1)(6) (relating to equipment not included) is amended by striking out 'any' and inserting in lieu thereof 'except as provided in subparagraph (D), and'.

"(3) SOLID WASTE DEFINED.—Section 48(1)(6) is amended by adding at the end thereof the following new subparagraph:

"(E) 'SOLID WASTE' DEFINED.—For purposes of this section, the term 'solid waste' means garbage, refuse, and other discarded solid, semisolid and liquid materials, including materials resulting from industrial, commercial, agricultural and community activities.

(d) AMENDMENTS RELATED TO COGENERATION EQUIPMENT.—Paragraph (14) of section 48(1) (defining cogeneration equipment) is amended to read as follows:

"(14) COGENERATION EQUIPMENT.—

"(A) IN GENERAL.—The term 'cogeneration equipment' means property comprising a system for using the same fuel for the sequential generation of electric power and/or mechanical shaft power in combination with qualified energy at a facility at which, as of January 1, 1980, electricity, mechanical shaft power, or qualified energy was produced.

"(B) QUALIFIED ENERGY.—The term 'qualified energy' means steam, heat, or other forms of useful energy (other than electric power and/or mechanical shaft power) to be used for industrial, commercial, or space-heating purposes (other than in the production of electric power and/or mechanical shaft power).

(e) BIOMASS PROPERTY.—Paragraph (15) of section 48(1) (relating to biomass property) is amended by striking out the word 'and' in subparagraph (i) after the word 'substance' and inserting in lieu thereof a comma, and by inserting after the phrase 'such coal' the following: 'and does not include source separated, separately collected, recyclable waste paper, and'

(f) PUBLIC UTILITY PROPERTY.—Paragraph (17) of section 48(1) (relating to public utility property) is amended by inserting after the phrase 'alternative energy property' the following: 'specially defined energy property, qualified industrial energy efficiency property,' and by inserting before the period at the end thereof the following: ', unless such property is installed in connection with a qualifying small power production facility or a qualifying cogeneration facility (within the meaning of paragraphs (17)(C) and (18)(B) of section 3 of the Federal Power Act).

(g) AMENDMENTS TO DEFINITION OF EXISTING.—Paragraph (10) to Section 48(1) (defining existing) as amended to read as follows:

"(10) EXISTING DEFINED.—For purposes of this subsection,

"(A) EXISTING FACILITY.—When used in connection with a facility, a facility shall be considered an 'existing facility' if industrial or commercial operations were conducted at that geographic location as of October 1, 1978.

"(B) EXISTING PROCESS.—When used in connection with a process, a process shall be considered an 'existing process' if such process was carried on at that facility on October 1, 1978.

"(C) EXISTING EQUIPMENT.—When used in connection with an item of equipment, an item of equipment shall be considered 'existing equipment' if it was placed in service prior to October 1, 1978.

"(D) PROCESS CARRIED ON IN A FACILITY ON OCTOBER 1, 1978.—A process which was carried on in an existing facility on October 1, 1978 shall not cease to be treated as such solely because capitalizable expenditures are paid or incurred with respect to such process after October 1, 1978, or the chemical, physical or mechanical action by which the desired result is accomplished is modified.

(h) REPLACEMENT OF EQUIPMENT OR PROCESS.—Section 48(1) (relating to energy property) is amended by adding the following new section at the end thereof:

"(18) REPLACEMENT OF EQUIPMENT OR PROCESS.—In the case of a replacement of an item of equipment or one or more processes in service or carried on in an existing facility on October 1, 1978, no property shall be treated as energy property if—

"(A) the replaced property is not retired from service, except for property maintained as standby or temporary replacement property for the energy property during periods for which such property is inoperable due to an emergency or on account of repairs or maintenance, or

"(B) the replacement property is placed in service on a site other than the site of the replaced property or reasonably adjacent to that site.

(i) INCREMENTAL COST RULE.—Section 48(1) (relating to energy property) is amended by adding the following new section at the end thereof:

"(19) INCREMENTAL COST RULE.—Property, other than alternative energy property, recycling equipment, qualified hydroelectric generating property, or cogeneration equipment, which otherwise qualifies as energy property under this section but which also substantially increases the operating capacity of the existing process, processes or facility, shall only qualify to the extent of the 'energy component' of the property.

"(A) For purposes of this subparagraph, a substantial increase in capacity is defined as an increase as a result of the installation of the otherwise qualified energy property of more than 10 percent over the capacity of the process, processes or facility prior to the installation of the otherwise qualified property.

"(B) For purposes of subparagraph (A), reductions in intermediate or finished product waste or reprocessing shall not be considered an increase in capacity.

"(C) The term 'energy component' means a prorata allocation of the total cost of the installation of the otherwise qualified industrial energy property, determined by multiplying the total cost by a fraction, the numerator of which is the energy related cost of the equipment and the denominator of which is the total cost.

"(D) In the case of property which qualifies under section 48(1)(3) (alternative energy property) 48(1)(6) (recycling equipment) 48(1)(13) (qualified hydroelectric generating property), and 48(1)(14) (cogeneration equipment), no reductions in the credit otherwise allowable under this section shall be required.

(j) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after the date of enactment of this act, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1954.

SEC. 5. ASSOCIATED PROPERTY.—

(a) IN GENERAL.—Subsection (1) of section 48 (defining energy property) is amended by adding at the end thereof the following new subparagraph:

"(20) ASSOCIATED PROPERTY.—

"(A) GENERAL RULE.—Any property associated with alternative energy property, specially defined energy property, recycling equipment, or cogeneration equipment shall be treated as qualified industrial energy efficiency property.

"(B) WHEN PROPERTY ASSOCIATED.—For the purposes of subparagraph (A), property shall be considered associated if:

"(i) in the case of property associated with alternative energy property, the installation and operation of such property is reasonably necessary to enable the utilization of an alternate substance, or

"(ii) in the case of property associated with specially defined energy property, the installation and operation of such property is reasonably necessary for realization of the reduction of the amount of energy consumed or heat wasted by the process, processes or activity, or

"(iii) in the case of property associated with recycling equipment, the installation and operation of such property is reasonably necessary to achieve the sorting, preparation or recycling, or

"(iv) in the case of property associated with cogeneration equipment, the installation and operation of such property is reasonably necessary to achieve the energy savings intended by the installation of the cogeneration equipment, or

"(v) in the case of property associated with qualified industrial energy efficiency property, the installation and operation of such property is reasonably necessary for the utilization of less energy per unit of output.

(b) CONFORMING AMENDMENTS.—

"(1) ENERGY PERCENTAGE.—Subparagraph (C) of section 46(a)(2) (defining energy percentage) is amended by adding at the end thereof the following new clause:

"(vi) ASSOCIATED PROPERTY.—In the case of property described in section 48(1)(20), the energy percentage shall be the same as the energy percentage determined under clause (i) for the energy property it was installed in connection with.

"(2) ENERGY PROPERTY.—Subparagraph (A) of section 48(1)(2) (defining energy property), as amended by Section 3(b)(1), is amended by striking out 'or' at the end of clause (lx), by inserting 'or' at the end of clause (x), and by inserting after clause (x) the following new clause:

"(xi) associated property,"

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1980.●

● Mr. CHAFEE. Mr. President, I am honored to be an original cosponsor of the Industrial Energy Security Tax Act of 1981.

This legislation expands and extends the existing energy tax credits that are available to businesses which conserve energy or convert from the use of oil and gas to alternate fuels. Currently, businesses are allowed an additional 10 percent nonrefundable investment tax credit for expenditures on certain types of energy property. The bill we are introducing today increases this tax credit from 10 percent to 20 percent and extends the credit from 1982 to 1986. In addition, new categories of equipment, such as industrial insulation, industrial heat pumps, modifications to burners

and combustion equipment are added to the list of eligible expenditures.

The bill also contains an innovative, new approach to energy conservation tax credits for businesses which can demonstrate significant energy savings. Major industrial energy users, such as the steel and aluminum industries, would be required to repay all or part of the value of the tax credit, if their energy conservation measures prove to save energy and be economically beneficial to the company. Thus, tax incentives will be used to help offset the high "front-end" cost of conservation equipment, but will not be used to benefit projects which, once in place, are economically viable.

In my view, energy conservation remains our best opportunity for improving our energy supply situation. The industrial sector consumes 37.4 percent of all energy in our Nation. Indeed, industry is the largest and fastest growing sector of our economy. Industrial cogeneration efforts that are immediately cost-effective have already been taken. Now, it is time to press for capital investment in industrial energy conservation equipment.

I am especially supportive of the provisions in this bill which will help small and medium size businesses reduce energy usage. For example, the textile industry in the New England area has been especially hard hit by rising electricity prices. This bill will help these companies invest in cogeneration equipment and heat pumps. With capital investment in energy conservation equipment, employers and their thousands of employees will be better able to compete.

Mr. President, energy conservation is especially important in New England because this region is heavily dependent upon imported oil. While we consider innovative solutions for the future—such as conversion of utilities to coal and greater use of hydroelectric power—we must do all we can to promote conservation. The bill we introduce today will help the industrial sector of our economy reduce energy consumption and retain important jobs.●

By Mr. HATCH (for himself and Mr. THURMOND):

S. 751. A bill to amend titles 18 and 28 of the United States Code to eliminate, and establish an alternative to, the exclusionary rule in Federal criminal proceedings; to the Committee on the Judiciary.

ELIMINATION OF AND ALTERNATIVE EXCLUSIONARY RULE IN FEDERAL CRIMINAL PROCEEDINGS

● Mr. HATCH. Mr. President, today I am introducing a bill to eliminate and establish an alternative to the exclusionary rule in Federal criminal proceedings. The exclusionary rule is a judicial policy mandating the inadmissibility of evidence obtained in violation of certain fourth amendment rights. For example, a technical defect in a search warrant would prohibit the use of credible and otherwise legally obtained evidence in a judicial proceeding.

The fourth amendment provides:

> The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath and affirmation, and particularly describing the place to be searched, and the persons or things to be seized. (U.S. Constitution, Amendment IV).

It does not expressly offer redress for violations of unreasonable searches and seizures.

Ninety-five years ago, in *Boyd* v. *United States*, 116 U.S. 616 (1886), the Supreme Court aware of the illegal activities of law enforcement agencies, including invasions of the home and privacy of citizens, suggested possible judicial action in the future. The Court, in lieu of any constitutional sanction, instituted the so-called exclusionary rule in *Weeks* v. *United States*, 232 U.S. 383 (1914), as a deterrent to abusive Federal law enforcement practices. The rule, also referred to as the "Weeks Doctrine" or the "Suppression Doctrine," was subsequently extended to encompass the States in *Mapp* v. *Ohio*, 367 U.S. 643 (1961).

Whereas a law enforcement officer acting in violation of the fourth amendment should be held responsible for his actions, the exclusionary rule instead is custom made to deter the prosecutor, not those law enforcement officers guilty of committing the illegal acts. The exclusionary rule is succinctly explained by the distinguished legal authority Dean Wigmore:

> The Doctrine of *Weeks* v. *United States* also exemplifies a trait of our Anglo-American judiciary peculiar to the mechanical and unnatural type of justice. The natural way to do justice here would be to enforce the healthy principle of the fourth amendment directly, i.e., by sending for the high-handed, over-zealous marshal who had searched without a warrant, imposing a thirty-day imprisonment for his contempt of the constitution, and then proceeding to affirm the sentence of the convicted criminal. But the proposed indirect and unnatural method is as follows:
>
> "Titus, you have been found guilty of conducting a lottery: Flavius, you have confessedly violated the constitution. Titus ought to suffer imprisonment for crime, and Flavius for contempt. But no! We shall let you both go free. We shall not punish Flavius directly, but shall do so by reversing Titus' conviction. 8 Evidence § 2184 (3d ed. 1940).

In England, as well as throughout the Commonwealth generally, the illegality of a seizure does not prevent evidence from being admissible in criminal proceedings. Also, police violators of the law are held personally accountable for their transgressions.

In America, however, violations of fourth amendment rights by law enforcement officials always elicit one response from the courts—evidence inadmissible under the exclusionary rule. The rule excludes the convicted criminal as well as the offending law enforcement official from answering for his misconduct. Both malefactors are freed to again break the law.

A number of Supreme Court justices have questioned the usefulness of the exclusionary rule. Mr. Justice Black, in a concurring opinion in *Wolf* v. *Colorado*, 388 U.S. 25 (1949), stated:

> The Federal Exclusionary Rule is not a command of the fourth amendment but is a judicially created rule of evidence which Congress might negate.

Again, in *Linkletter* v. *Walker*, 381 U.S. 618, 648 (1965), Mr. Justice Black said:

> The inference I gather from these repeated statements is that the rule is not a right or privilege accorded to defendants charged with crime but is a sort of punishment against officers in order to keep them from depriving people of their Constitutional rights. In passing I would say that if that is the sole purpose, reason, object and effect of the rule, the court's action in adopting it sounds more like law-making than construing the Constitution.

More recently, Chief Justice Burger stated:

> It creates a damage remedy not provided for by the Constitution and not enacted by Congress,

clearly indicating his view regarding the deleterious effect the exclusionary rule has on justice. In *Bivens* v. *Six Unknown Federal Narcotic Agents*, 403 U.S. 388 (1971), Chief Justice Burger recommended this course of action:

> Reasonable and effective substitutes can be formulated if Congress would take the lead, as it did for example in 1946 in the Federal Tort Claims Act. I see no insurmountable obstacle to the elimination of the Suppression Doctrine if Congress would provide some meaningful and effective remedy against unlawful conduct by government officials.

It seems then that the Supreme Court has thrown down the gauntlet. Now Congress must answer the challenge.

The rule's adamant demand for a perfect trial is without constitutional foundation. In criminal prosecutions, the sixth amendment maintains that the accused be given a speedy and public trial, not necessarily a perfect trial. In addition, the Supreme Court has repeatedly interpreted the due process clause of the 5th and 14th amendments to require that a "fair trial" be provided, not the aforementioned perfect trial. The concept of a fair trial is an important one. Mr. Justice Rehnquist, in *Michigan* v. *Tucker*, 417 U.S. 433 (1974), stated:

> Just as the law does not require that a defendant receive a perfect trial, only a fair one, it cannot realistically require that policemen investigating serious crimes make no errors whatsoever.

The protection of the citizenry is the foremost responsibility of the law enforcement officer; his first priority is to remove nefarious persons such as rapists, murderers, and kidnappers from the streets. In the performance of his duties, the policeman may sometimes err. The exclusionary rule does not distinguish between flagrant violations and accidental errors.

For example, it does not distinguish between clearly unreasonable searches of one's home and simple misstatements of information on a search warrant. Regardless of the magnitude of the error of the policeman, the rule mandates the suppression of evidence obtained in violation of the fourth amendment. The release of a convicted murderer due to an error in a search warrant is necessitated by the exclusionary rule.

Under the rule, evidence considered to have been obtained illegally is not permitted into trial, and if causal connection is determined, even the most credible kinds of evidence may be deemed "tainted" and also excluded from the trial. Causal connection refers to the judicial decision that where additional evidence is believed to have been gathered as a result of illegally seized evidence, it shall be subject to the exclusionary rule. For example, the body of a victim is inadmissible evidence at trial if the body was found as a result of a confession of a pickpocket being held illegally by law enforcement officers.

In our society, differing types of criminal elements are present. There are criminals such as gamblers and pickpockets who seek monetary gain by committing crimes against property. There are also criminals such as rapists and child molesters who commit violent crimes against the person. The exclusionary rule, however, does not differentiate between heinous crimes against the person such as rape, child abuse, or homicide and simple monetary crimes. Its use allows the same reversal for a convicted child molester, on the grounds of the illegality of the search and seizure, as it does a convicted gambler.

Our courts also make a distinction insofar the penalties meted out to the convicted criminal. The Court demarcates misdemeanors and more serious felony crimes. The penalties established are based on the magnitude of the crime committed. Conviction of a misdemeanor elicits a penalty ranging from a fine or probation to 1 year imprisonment in prison. Conviction of a serious felony crime elicits a penalty ranging from 1 year incarceration in a State or Federal penitentiary to the death penalty. Whereas the courts take into consideration the gravity of the crime, the exclusionary rule does not distinguish the misdemeanor from the more serious felony crime. The rule releases a convicted gambler the same as a convicted killer, totally ignoring the gravity of the crime.

The primary reason for the institution of the exclusionary rule was to deter abusive law enforcement practices. However, there is little substantive proof that the exclusionary rule is an effective deterrent. Mr. Justice White, in his dissenting opinion in Stone against Powell, stated:

> As time went on after coming to the bench I became convinced that *Weeks* v. *United States*, (Citations omitted), and *Mapp* v. *Ohio* had overshot their mark insofar as they aimed to deter lawless action by law enforcement personnel and that in many of its applications the exclusionary rule was not advancing that aim in the slightest and that in this respect it was a senseless obstacle to aiming at the truth in many criminal trials. 428 U.S. 465, 537 (1967).

Mr. Justice White also contends that the rule cannot deter unlawful conduct:

> When law enforcement personnel have acted mistakenly, but in good faith and on reasonable grounds, and yet the evidence they have seized is excluded, the exclusion can have no deterrent effect. The officers, if they do their duty, will act in similar fashion in similar circumstances in the future; and the only consequence of the rule as presently administered is that unimpeachable and probative evidence is kept from the trier of fact and the truth-finding function of proceedings is substantially impaired or a trial totally aborted. 428 U.S. 465, at 539.

It has even been suggested that the exclusionary rule promotes illicit conduct by law enforcement officers. Since the rule is conviction oriented it is only brought to play at the trial stage of criminal proceedings when law enforcement officials are seeking a conviction, it permits harassment or seizure of contraband by officers who have no intention of a conviction while providing no direct punishment to the officer who may have violated fourth amendment rights. In some instances, the rule diminishes abidance of the law and compels officers to turn to illegal means of law enforcement; that is, false testimony. Where then lies the protection for the innocent victim of illegal searches and seizures required by the fourth amendment? Assuming an illegal search and seizure is committed upon a law-abiding citizen, the rule offers him little help, remedy, or protection—certainly no compensation.

Prof. Virgil Peterson's thoughts as to the ineffectiveness of the rule in its protection of the innocent are expressed well:

> Rejection of the evidence does nothing to punish the wrongdoing official while it may and likely will, release the wrongdoing defendant. It deprives society of its remedy against one lawbreaker because he has been pursued by another. It protects one against whom incriminating evidence is discovered, but does nothing to protect innocent persons who are the victims of illegal but fruitless searches. (In restrictions of the law of search and seizure, 52 Northwestern Univ. L. Rev. 46 at 55 (1958).

Further proof is found in a report from the American Bar Association's Division of Judicial Administration. A relevant section reads:

> Not only has the rule failed to achieve its stated purpose, but it has imposed substantial costs on society in the process. First, the exclusionary rule affords no protection or remedy to innocent persons whose fourth amendment rights have been infringed. Justice Frankfurter noted that the exclusion of evidence is a remedy which directly serves only to protect those upon whose person or persons something incriminating has been found . . . next it is clear that the exclusionary rule imposes a single, inflexible, and drastic sanction without regard to the nature, circumstances or degree of police misconduct.

To ascertain the validity of the many criticisms of the exclusionary rule, an empirical study was conducted in Chicago in 1971–72. The study was administered by the U.S. Department of Justice and the University of Chicago Law School. The results indicated the ineffectiveness of the rule as a deterrent to abusive law enforcement practices and illustrated the lopsided protections the rule gives for violations of the fourth amendment rights. Instead of protecting the innocent law-abiding citizen, the rule releases the criminal as well as the offending law enforcement official from answering for his misconduct. In a brief (amicus curiae) submitted by the district attorney of Alameda County in the case of People against Cahan, the district attorney stated:

> (The) net result of the exclusionary rule is that the persons who will benefit the most, in fact almost exclusively, are the blackmailer, the kidnapper, the big-time narcotic peddler, the racketeer, the dishonest gambler who preys in devious ways upon a gullible public, the panderer and procurer, the entrepreneur of syndicated prostitution, who like the pimp, lives off the earnings of prostitutes, and other types of organized syndicated crimes. 44 Cal. 2d 434 (1955).

In recent Supreme Court decisions concerning the exclusionary rule, Justices have continued to echo the fact, which was first introduced in *Wolf* v. *Colorado*, 388 U.S. 25 (1949), that the rule is "judicially created and one which Congress might negate." The bill I propose today is in response both to the cries of these Justices of the Supreme Court and to our fellow Americans, who are increasingly becoming victims of violent criminal acts.

My bill, comprised of two major provisions, would eliminate the exclusionary rule, thus permitting evidence not be held inadmissible, when obtained in violation of fourth amendment rights by Federal law enforcement officials, in a Federal criminal trial. Also, my bill would allow for redress for innocent persons of fourth amendment violations. Federal law enforcement officials who violate fourth amendment rights will not be afforded protection by this bill; but they will instead be required to answer for their actions. Both provisions are needed.

The first provision would require the addition of a new section, § 3505 (elimination of the exclusionary rule) in chapter 223 of title 18 of the United States Code. It would eliminate the exclusionary rule as it pertains to Federal criminal proceedings. The proof of innocence or guilt must be based on the truth. In my opinion, truth is denied when courts are not given the opportunity to judge evidence solely on the basis of its reliability. By eliminating the exclusionary rule, all evidence would be available to the trial judge for his determination as to its relevance to the case.

The second provision would add a new chapter, 172 (illegal search and seizure) to title 28 of the United States Code. It would provide a civil tort remedy for individuals whose fourth amendment rights have been violated by Federal law enforcement officials. It would define Federal officials who would be subject to appropriate discipline for violating fourth amendment rights, and it would stipulate that the U.S. Government would be held liable for the actions of its officials who violate fourth amendment rights.

It would also set forth the standards for recovery of actual damages and such punitive damages, up to but not to exceed $25,000, as the court may award. Finally, it would provide the court the opportunity to award any claimant who prevails in such action reasonable attorney fees, and other litigation costs reasonably incurred as the court may deem appropriate. Thus, this second provision would offer the protection guaranteed by the fourth amendment of the U.S. Con-

stitution as well as act as a deterrent to potential violations of searches and seizures by Federal law enforcement officals.

Other bills have been introduced which would redefine and limit the exclusionary rule. These bills attempt to restructure the rule in order that more evidence may be deemed admissible by the courts in a Federal trial. They place great faith in the ability of the courts to readily decide whether the law enforcement official's violation of the fourth amendment was either intentional or substantial, or was flagrant or accidental. In fact, this determination has perplexed the courts for over 67 years. One judge may deem actions by law enforcement officers to be in violation of the fourth amendment when the crime is gambling and yet that same judge may deem the same actions not to be in violation of the fourth amendment when the crime is prostitution.

Another problem these other bills fail to address is a remedy for a law-abiding citizen against unreasonable searches and seizures. The exclusionary rule only comes into play at the trial stage of a criminal proceeding, and does not offer protection for the law-abiding citizen whose fourth amendment rights have been violated.

Congress enacted legislation to allow civil tort actions to be taken against State authorities who abuse their powers, 42 U.S.C. § 1983 (1970):

> Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State or territory, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress.

Congress should offer redress when Federal law enforcement officials violate fourth amendment rights. The bill I propose offers just such a remedy.

The exclusionary rule forces the courts to accept suppression motions on all evidence claimed to have been obtained in violation of fourth amendment rights. This has admittedly doubled the court calendar. The other bills continue to request that courts decide whether the evidence should be admissible in court at a suppression hearing. Thus, the exclusionary rule would remain a time consuming, added burden on the court system.

Even innocent persons subjected to illegal searches and seizures, who are arrested as a result of the illegal searches and seizures, must wait for a date on the court calendar just for a suppression hearing, and then, whether or not the evidence is found to be admissible, they must wait yet another date of the court calendar for their trial. If the innocent person cannot afford bail, he probably will have to wait for his trial date confined in a local jail. On the other hand, if an alleged child molester can afford bail, he will await his trial date back in society among children.

My proposed bill would not allow this injustice to occur. It would free up the courts' calendar by eliminating the need for an extra proceeding prior to trial, thereby allowing the courts to handle cases in a more timely and expeditious manner. The speed with which the courts could handle cases would insure the release of innocent persons faster as well as speed up the removal of criminals from the streets.

The exclusionary rule has not lived up to its expectations. The creators of this misguided rule have themselves asked Congress to rectify its shortcomings. My bill, eliminating the exclusionary rule, would permit Federal courts to pursue the truth by allowing the admission of evidence obtained in violation of the fourth amendment by Federal law enforcement officials at trial.

My bill would also create a much needed working deterrent to fourth amendment violators. Not only would the bill deter potential violators, but it would also provide, by means of a civil tort action, a remedy whereby an innocent person would be protected by the fourth amendment from unreasonable searches and seizures as intended by the framers of the Constitution.

My bill is a workable alternative to the exclusionary rule. Accordingly, I urge the support of my colleagues on this important legislation. I ask unanimous consent that the text of my amendment appear at this point in the RECORD, as well as an excellent analysis of the subject by Prof. Ernest Van Den Haag appearing in National Review magazine.

There being no objection, the bill and article were ordered to be printed in the RECORD, as follows:

S. 751

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 223 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 3505. Elimination of exclusionary rule

"Evidence, otherwise admissible in a Federal criminal proceeding, shall not be excluded on the grounds that such evidence was obtained in violation of the United States Constitution.".

(b) The table of sections for chapter 223 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"3505. Elimination of exclusionary rule.".

SEC. 2. (a) Title 28, United States Code, is amended by adding immediately after chapter 171 a new chapter 172 as follows:

"Chapter 172.—ILLEGAL SEARCH AND SEIZURE

"Sec.
"2691. Definitions.
"2692. Tort claims; illegal search and seizure.
"2693. Sanctions against investigative or law enforcement officers; illegal search and seizure.
"2694. Judgment as a bar.
"2695. Attorney fees and costs.
"2696. Applicability of other tort claims procedures.

"§ 2691. Definitions

"As used in this chapter, and section 1346 (g) of this title, the term—

"(1) 'Federal agency' includes the executive departments, military departments, independent establishments of the United States, and corporations primarily acting as instrumentalities or agencies of the United States, but does not include any contractor with the United States; and

"(2) 'Investigative or law enforcement officer' means any officer of the United States who is empowered by law to execute searches, to seize evidence, or to make arrests for any violation of Federal law, or any person acting under or at the request of such officer.

"§ 2692. Tort claims; illegal search and seizure

"(a) The United States shall be liable for any damages resulting from a search or seizure conducted by an investigative or law enforcement officer, acting within the scope of his office or employment, in violation of the United States Constitution.

"(b) Any person aggrieved by such a violation may recover actual damages and such punitive damages as the court may award under subsection (c).

"(c) Punitive damages may be awarded by the court, upon consideration of all of the circumstances of the case, including—

"(1) The extent of the investigative or law enforcement officer's deviation from permissible conduct;

"(2) The extent to which the violation was willful, reckless, or grossly negligent;

"(3) The extent to which the aggrieved person's privacy was invaded;

"(4) The extent of the aggrieved person's personal injury, both physical and mental;

"(5) The extent of any property damage; and

"(6) The effect of such an award would have in preventing future violations of the United States Constitution.

"(d) Notwithstanding subsections (b) and (c), the recovery of any person who is convicted of any offense for which evidence of such offense was seized in violation of the United States Constitution is limited to actual physical personal injury and to actual property damage sustained as a result of the unconstitutional search and seizure.

"(e) No judgment, award, compromise, or settlement of any action brought under this section shall exceed the amount of $25,000, including actual and punitive damages. The United States shall not be liable for interest prior to judgment.

"(f) Any action under this section shall be brought within the period of limitations provided in section 2401(b) of this title.

"§ 2693. Sanctions against investigative or law enforcement officers; illegal search and seizure

"An investigative or law enforcement officer who conducts a search or seizure in violation of the United States Constitution shall be subject to appropriate discipline in the discretion of the Federal agency employing such officer, if that agency determines, after notice and hearing, that the officer conducted such search or seizure lacking a good faith belief that such search or seizure was constitutional.

"§ 2694. Judgment as a bar

"The remedy against the United States provided under this chapter shall be the exclusive civil remedy for a violation of the United States Constitution by any investigative or law enforcement officer acting within the scope of his office or employment whose act or omission gave rise to the claim.

"§ 2695. Attorney fees and costs

"In any action brought under this chapter, the court may award any claimant who prevails in such action reasonable attorney fees, and other litigation costs reasonably incurred.

"§ 2696. Applicability of other tort claims procedures

"The procedures provided in sections 2672, 2675, 2677, 2678, 2679, and 2680 of this title apply to any action brought under this chapter. For the purposes of such sections, any investigative or law enforcement officer

who conducts a search and seizure in violation of the Constitution shall be treated as if he were an 'employee of the government'.".

(b) The table of chapters for title 28, United States Code, and for part VI of title 28, United States Code, are each amended by inserting immediately after the item relating to chapter 171 the following:

"172. Illegal Search and Seizure------ 2691".

SEC. 3. Section 1346 of title 28, United States Code, is amended by adding immediately after subsection (f) the following new subsection:

"(g) The district courts, together with the United States District Court for the District of the Canal Zone, the United States District for the Territory of Guam, the District Court for the Northern Mariana Islands, and the District Court of the Virgin Islands, shall have exclusive original jurisdiction of any civil action on a claim against the United States, for money damages, brought under chapter 172 of this title.'.

SEC. 4. (a) Section 1402(b) of title 28, United States Code, is amended by inserting after "subsection (b)" the following: "or subsection (g)".

(b) Section 1504 of title 28, United States Code, is amended by striking "section 1346 (b)" and inserting in lieu thereof "under subsection (b) or subsection (g) of section 1346".

SEC. 5. The civil action against the United States provided by the amendments to title 28, United States Code, made by this Act shall only apply to claims arising on or after the date of enactment of this Act.

CRIME OR PUNISHMENT?

(By Ernest Van Den Haag)

Our courts do not do well in enforcing a legal order in which law-abiding citizens can be secure in their lives, their liberties, and their pursuit of happiness. Yet it is "to secure these rights" that "governments are instituted among men." Our courts, rather than concentrating on whether those arrested for a crime are guilty of it, are preoccupied with deciding whether there was "probable cause" for the arrest. They are less concerned with the defendant's guilt or innocence than with whether the evidence for his guilt is admissible. If it isn't—if a policeman made an error in seizing the evidence—the defendant gets off, however many murders he has committed.

The exclusionary rule on which this procedure rests is a late invention of our courts (in no way mandated by the Constitution). A letter to the New York Times illustrates its perverse effects:

". . . I was mugged at the front door of my house in Hollis Hills, Queens. The mugger was caught within three hours of my report to the police. I pressed charges, and six hearings over a span of six months ensued. . . . All the evidence which helped catch the mugger was offered: 1) description of car—year, type, color; 2) license plate number—one number off, M instead of W; 3) $40 in the mugger's pocket in the exact bills I reported missing; 4) an autoharp pick—he did not even know what an autoharp is; 5) an almost exact approximation of his height and weight; 6) accurate description of his clothing, etc. . . . The mugger was freed after the sixth hearing because of *an illegal search of vehicle by the policeman.* [My italics.]

Last night on Channel 5 news, there was an item about the $1 rapist, who was finally caught after raping about 25 women in Queens. His name [was] Leroy Hamlin; [he] was the same man who had mugged me. . . . Mr. Hamlin had several previous arrests prior to mugging me."

Six adjournments! Six months! for a man the police caught in three hours. Unfortunately this is not unusual. Only the persistence of the complainant was. Usually complainants and witnesses are discouraged from testifying by repeated adjournments, if they are not sufficiently intimidated by the threats that offenders—out on bail—can and do make with practical immunity.

Could this be an isolated instance in which the exclusionary rule was misused by a lower court? Consider *U.S.* v. *Montgomery.* Police made a routine traffic stop after suspicion had been aroused by a car's repeatedly circling in the same area. The driver had an arrest warrant outstanding against him; the police searched the car. They found bullets, an unregistered revolver (loaded), an unregistered sawed-off shotgun, and shells. The driver was found guilty in trial court. The court of appeals freed him, saying the policemen's suspicions, however justified they turned out to have been, did not suffice for searching the car. According to the court of appeals, the "probable cause" which authorizes arrest or search requires, in practice, that a crime has already been committed and witnessed. Police are not allowed to prevent it. A man cannot be convicted for having unregistered arms in his car unless he uses or, at least, displays them. And, in this matter, state courts are certainly no better—they can't be, because defendants can appeal to the federal bench.

Joseph W. Bishop Jr., Ely Professor of Law at Yale University, in his review (Commentary) of Justice Macklin Fleming's thorough book *The Price of Perfect Justice,* affords the layman a glance at what happens:

". . . the incarceration of even the most obviously guilty criminal is a task comparable to landing a barracuda with a trout-rod and dry-fly. . . . Justice Fleming itemizes 26 separate state and federal proceedings in which a defendant can challenge the lawfulness of a single search or seizure. Moreover, he can petition for *habeas corpus ad libitum,* hoping finally to find a federal judge who agrees with him and disagrees with all the other judges, for the doctrine or *res judicata*—that an issue finally determined by a court cannot be reopened—does not apply to *habeas corpus.* . . ."

Few criminals are ever caught. And our courts seem to feel that equal protection of the laws requires that they be let go—after all, why single out for punishment the small proportion of the criminal population which gets caught? Even when a reluctant judiciary manages to find a defendant guilty, he is treated—well, the New York Times recently carried the following story. (It often carries analogous stories.)

Davereaux Wiggins, who was accused of hurling a 28-year-old airline stewardess in front of an onrushing subway train last July after he put a knife to her throat and grabbed her handbag, was sentenced to four to twelve years in prison yesterday after pleading guilty to a robbery charge. A charge of attempted murder was dropped, and the sentence was half the maximum that could have been imposed.

Mr. Wiggins reportedly told detectives that the airline stewardess, Anne Picyk, was the fourth subway passenger he had pushed in front of a train that month. . . .

The twenty-year-old defendant had been indicted for an attempted murder and robbery, each of which is a felony carrying a maximum sentence of 25 years in jail. Justice Roberts accepted Mr. Wiggins' guilty plea to the robbery charge, described the defendant's act as "an horrendous crime," and then imposed sentence. Mr. Wiggins will be eligible for parole after four years. . . .

Both of Miss Picyk's legs were fractured in the fall, but she managed to scramble to her feet and hoist herself up the side of the platform. The station was already vibrating with the approach of a train in the distance.

The moment she got her hands over the platform edge, she told police, her assailant kicked her in the face and sent her sprawling back onto the tracks. The train, by then, had almost reached the beginning of the platform. . . .

After Mr. Wiggins pushed her in front of the train, he took the keys to her Columbus Avenue apartment from her purse and was apprehended at the apartment by the police while stealing her clothes and jewelry.

Mr. Wiggins had previously been arrested for pushing a ninety-year-old man onto the tracks of the IRT station at West 181st Street. That charge was dropped when the victim was unable to identify him. . . .

Note: (1) the most serious charge, although accurate, was dropped (trial is quite a risk for the prosecution these days); (2) no charge for the burglary; (3) the judge, aware that the more serious charge had been dropped, and aware that he could have sentenced the defendant to a richly deserved 25-year term on the remaining charge, sentenced him to one-third of the time he could have been given for his "horrendous crime," making parole possible after four years. I guess His Honor doesn't ride the subway.

PRISONER OF IDEOLOGY

By now even official bodies realize the need to reform our criminal justice non-system. According to the New York Times, "A special committee of prosecutors and lawyers [found] current sentencing practices 'erratic and unpredictable,'" so as to "'resemble a lottery'" in which "'mere chance, rather than the rule of law, often governs the way we sentence criminals.'" Wherefore the committee proposed to abolish judicial discretion and parole. (I have urged abolition of both for years.) But however rotten it be, there are always defenders of the status quo. Charles E. Silberman now has come to their aid with Criminal Violence, Criminal Justice (Random House, 1978).

As the author gratefully acknowledges, nearly every Establishment figure in the criminal justice system worked with him on this book. (Some praise their own product on the dust-jacket without letting on; which doesn't seem quite cricket.) Nonetheless, the book is written in a clear journalistic style—although I could do with fewer solecisms such as "not all the minutiae is necessary": these minutiae are. There is no doubt about Silberman's sincerity and good will toward men. Nor about his diligence: the book is crammed with facts and quotations.

The chapters on prison and on juvenile justice do accurately and extensively describe what's going on. This helps—although Silberman does not propose any feasible and effective remedies. He has learned, at least, that rehabilitation does not work and that the juvenile court system doesn't work either. Other liberals learned this earlier (non-liberals have known it all along), but at the Ford Foundation, which funded Silberman's work, it may be news. McGeorge Bundy, its president, "is proud" of Criminal Violence, Criminal Justice. He may well be. For in Charles E. Silberman, McGeorge Bundy has found someone who would run the war against crime as the Administrations he served in the Sixties ran the war in Vietnam. Keep restricting the authority of the troops to fight (or arrest, or consider evidence), while insisting they are not hamstrung and that the rise in crime (or enemy power) has nothing to do with these restrictions. Have optimistic reports written: things are better (at least no worse) than in 1920. Ask for more money, more troops, to be thrown into the fight. There is light at the end of the tunnel . . .

Criminal Violence, Criminal Justice is misleading on a much larger scale than it needs to be for its defense of the status quo. So totally a prisoner of his ideology is Silberman that he does not suspect he has one. The lack of self-awarness keeps him honest, but has the disadvantage of preventing him from understanding his subject.

Vague yet pervasive, Silberman's ideology

may be described as nostalgic reformist-liberal guilt (1960 vintage) with (severely localized) attacks of rationality. Thus, Silberman's overall remedies for our high crime rates are income redistribution and an end to racism and inequality. This charitable sentiment responds to guilt feelings, but ignores facts. Sir Leon Radzinowicz—hardly a conservative—writes in The Growth of Crime that, as affluence spreads, crime follows: "In Sweden, the model of equable prosperity and enlightened law, the [crime] rate went up 44 per cent . . . In the solid and industrious Netherlands, 55 percent." (Sweden and the Netherlands are not well known for racism and inequality.) However, with the help of our courts we do much better: in Manhattan there are more murders every year than in the whole of England and Wales—and Manhattan's murder rate is not high compared to that of other American cities. As elsewhere, in the U.S. a more equal distribution of income and less racism actually have been associated with higher crime rates.

About black criminality, Silberman's naive theories once more suggest displaced guilt feelings but tell us nothing about their object. They appear to justify what they seek to explain. (However, to his credit, Silberman does admit the remarkably high black crime rate—which he blames on past oppression.)

According to Silberman, "it is plain wrong" of me (in my Punishing Criminals) to "rail against 'the fact that so small a proportion of all crimes committed—about 1 per cent—ever lead to imprisonment.'" The actual punishment rate "turns out to be 65 per cent." Silberman neglects to mention that my figure was credited to Ramsey Clark, not generally known as an enemy of judicial leniency or of the exclusionary rule.

Silberman's 65 percent is absurd—only Japan has so high a rate of punishment (and a correspondingly low crime rate). Even in England the punishment rate is only about 4 per cent—four times higher than ours (the crime rate is correspondingly lower), but nowhere near Silberman's 65 per cent. How does he get his figure? He a) confuses my "all crimes" with the seven crimes indexed by the FBI, and b) my "crimes committed" with crimes reported to and by the police (probably about one-third of those committed); then c) he suddenly switches to the porportion punished out of all arrested offenders rather than out of the perpetrators of all "crimes committed" (about 25 per cent of all crimes lead to an arrest); then d) he decides to exclude all crimes committed by juveniles—etc., etc. His 65 per cent is the arithmetically correct end-product of these manipulations, but has nothing to do with "the proportion of all crimes committed [that] lead to imprisonment," which Ramsey Clark and I referred to. The 65 per cent punishment rate is correct—for a highly selected group of convicted felons; Silberman could have been even more selective and reached 90 percent, or 100 per cent. (Indeed, for the group selected, 65 per cent is scandalously low.)

In any case, Silberman's confusion, ignorantly or deliberately, misdescribes the effectiveness of the criminal justice system. The imprisonment rate for all crimes committed unfortunately is "about 1 percent." There is plenty of evidence for this. E.g., of 10,000 persons arrested for robbery (a major crime) in one year in California, only 1,300 were incarcerated (i.e., 13 percent of those arrested for robbery). Only about one-third of all robberies are reported, and about one-quarter of the reports result in arrest. California is not exceptional, and things have not improved.

ESCAPING PUNISHMENT

On a first reading I did not see wherein Silberman's manipulations could do anything but mislead the unwary, including, perhaps, him. But there is method in this madness. Silberman tries to show that judicial foolishness, or leniency, is not to blame, that our courts do well, that "it is not true that significant numbers of guilty offenders escape punishment"; that actually "only a handful of criminals escape arrest, conviction, or punishment because of exclusionary rules, search-and-seizure laws, and other technicalities designed to protect defendants' rights."* Utinam haberetis!

Is it really "not true that significant numbers of guilty offenders escape punishment"? (Why the pleonastic "guilty offenders"? Where are innocent offenders found?) Consider these data. The crime rate rose 144 percent from 1930 to 1970. (Crime rose 176 percent—the difference is accounted for by the rise in population.) In 1930, 118 persons out of 100,000 were in prison. In 1970, 96 were—a drop of 19 percent. Hence the proportion of offenders imprisoned—low to begin with—must have declined sharply. Other data confirm as much. Thus, while crime rates rose 144 percent, the number of convictions decreased from 117 to 95 per 100,000. Silberman will find it hard to persuade anyone familiar with the data that "it is not true that significant numbers of guilty offenders [escaped] punishment." They certainly did. They still do.

According to the New York Times (not a paper known to "rail" against the judiciary—indeed, a paper Mr. Silberman quotes at length when convenient): ". . . the defendant [tends to have] the upper hand in bargaining about sentences in Criminal Court. The repeaters know this from experience. The novice learns it from friends or his lawyer."

Some illustrations? "Hosie S. Turner was convicted of murder after a month-long trial." His prior record included "16 convictions for robbery, burglary, larceny, parole violation, drug possession and sale. . . . He invariably was allowed to plead guilty to a lesser charge."

"Willie Poinsette had a record of 21 previous arrests when, on April 8, 1973, he was charged with robbery and possession of a gun, both felonies. If convicted on these charges he would have faced up to 32 years in prison. Two days later in Criminal Court, Mr. Poinsette pleaded guilty to petit larceny, and was sentenced to two months in city jail."

"Melvin Lewis was 19 and had a record of previous arrests [juvenile arrests are not recorded, of course] when he was charged with possession of a knife and attempted robbery, both felonies. If convicted of these charges, he would have faced up to 14 years in prison. Mr. Lewis pleaded guilty to attempted grand larceny, a misdemeanor, and was sentenced to ten months in city jail. He was conditionally released on parole to a rehabilitation center three months later. Shortly after disappearing from the rehabilitation center on January 21, he was arrested for assaulting two civilians and a police officer. A week later he was charged with wounding a police officer and killing Mr. Walker." Which is why the New York Times reported Mr. Lewis' doings. For these are not isolated instances. They are so typical, so much a matter of routine, that they are not usually reported.

How come Mr. Silberman overlooks what everyone knows? Not surprisingly, the names of Professor Bishop and of Justice Fleming, whom I quoted earlier, do not appear in his index. Both are well known and highly respected—but inconvenient to ideologues. Silberman blithely tells us that the exclusionary rule—which makes evidence obtained by improper methods inadmissible in court—prevents few convictions. He reached this conclusion by looking at trial records and at research reports, the methodology of which he does not describe and has not checked. I can't take these reports or Silberman's interpretation seriously. They contradict what the naked eye can see; and they come from the researchers who for years tried to convince us that deterrence cannot work, and that we should rehabilitate and not punish. They got us where we are.

Evidence, however convincing, comes to court only if the prosecution has some hope that it will be admitted. Offenders will not be prosecuted and trials do not occur if the prosecution knows that the court will exclude the evidence needed for conviction. Thus the main effects of the exclusionary rule are: (a) offenders are not arrested when the police cannot get the evidence or know that it won't be admitted; (b) if arrested, offenders are released by prosecutors when they learn that the evidence won't be admitted; (c) if not released by the prosecutor, they are released on arraignment; (d) in plea bargaining—which, as Silberman notes, decides 90 percent of all cases—prosecutors, when they know that much of their evidence may not be admitted, are compelled to accept guilty pleas for offenses carrying a penalty below that threatened for the crimes actually committed. That is how many of the offenders who are actually prosecuted—a small proportion of all offenders—escape most punishment, even when courts are willing to impose it.

Silberman feels that it is unfair to accuse the courts. Is the exclusionary rule their fault? Indeed it is; the judiciary invented the exclusionary rule in 1914 and imposed it on the states in 1961. The Constitution prohibits unreasonable searches and seizures. Hence, those guilty of such searches and seizures should be punished and held responsible for damages. But not to admit the evidence available in the court—however procured—and then to release guilty defendants for lack of evidence, harms society and does not punish the policemen who committed procedural errors or unlawful acts.

This judicial invention—admittedly not required by the Constitution[1]—does not protect the innocent: it protects only the guilty. Only a guilty defendant can profit from nonadmission of the evidence showing his guilt; an innocent defendant obviously cannot. (And in practice he won't be compensated for an unlawful search; but such compensation would be independent of the exclusionary rule anyway.) The exclusionary rule, the incredible delays in our judicial process, and the infinite complications that Professor Bishop and Justice Fleming only partially list, all were invented by the judiciary, who do not deserve Silberman's encomia—but who in turn gratefully praise his work. He deserves their gratitude; but not that of law-abiding citizens.

Silberman defends plea bargaining as if the issue were to abolish it. It is not. There is nothing wrong with the prosecution and defense anticipating the likely outcome and sparing us the actual trial. (Less sordid, more public, better supervised procedures would help, but let that go.) What is wrong is that the judiciary has so weakened the position of prosecutors that they must habitually agree to inappropriate punishment because they cannot hope to do better by trial. Silberman's views deserve to be quoted here:

"Most important of all, it is *not* true that the guilty escape punishment; when charges

*I have taken the last few quotations from Silberman's own summary of his book in the New York Times, November 14, 1978.

[1] In *Calandra* (1974) the Supreme Court declared the exclusionary rule not "a constitutional right." In 1976 the Court admitted that the rule was irrational, a point made forcefully many years ago by Benjamin Cardoza. (See Steven R. Schlesinger's thorough *Exclusionary Injustice*. New York, 1977.)

are dropped, it usually is because the victim refuses to press charges, or because the prosecutor lacks the evidence needed to sustain [*sic*: you've got to obtain a conviction before it can be sustained—I guess Silberman means "obtain"] a conviction."

Whatever leads Silberman to believe "it is not true that the guilty escape punishment" escapes me. If a victim "refuses to press charges" or a prosecutor "lacks the evidence," does that make the guilty innocent? Or does it cause them to "escape punishment"—whether they are guilty or not? Silberman prudently does not hazard a guess as to why victims "refuse to press charges" (do they fall in love with their robbers, assailants, or burglars?), or why prosecutors "lack the evidence." It might have something to do with the futility of pressing charges and the difficulty of collecting admissible evidence—both obstacles created by the judiciary. Perish the thought.

THE VICTIMS OF PROBATION

About probation, Silberman comments: "The fact that so many probationers ended up behind bars suggests that being sentenced to probation constitutes punishment, too." Really? Probation suspends punishment and permits the probationer to avoid it if he behaves. Since probation supervision is a bad joke, in practice probationers go to prison only when they are caught committing new crimes. That so many of them continue their criminal careers while on probation, and that some are caught and (mirabile dictu) prosecuted, shows not that "probation constitutes punishment, too," as Silberman says, but that the court was wrong in not punishing the offenders when they were convicted in the first place. Instead, the court gave them the opportunity, sedulously used by many, to commit additional crimes. Probation, in these cases, "constitutes punishment, too"—for society and for innocent victims, not for the criminals the courts exist to punish. They are imprisoned only as punishment for additional crimes, which probation gave them the opportunity to commit.

Even if one subtracts demographic factors, our crime rates remain remarkably and quite unnecessarily high. Our punishment rates are remarkably and unnecessarily low—which is one reason why our crime rates are as high as they are. Silberman has misinterpreted the data and concluded that it is not so. "There's none so blind as they that won't see," Swift said. He was right. Crime rates will remain unnecessarily high as long as readers can be persuaded to believe what Criminal Violence, Criminal Justice tells them.●

By Mr. BAUCUS (for himself, Mr. LONG, Mr. GOLDWATER, Mr. WILLIAMS, and Mr. LEAHY):

S. 752. A bill to amend the Internal Revenue Code of 1954 to provide for the awarding of reasonable court costs and certain fees to prevailing parties in civil tax actions, and for other purposes; to the Committee on Finance.

TAXPAYER PROTECTION AND REIMBURSEMENT ACT

● Mr. BAUCUS. Mr. President, the bill I am introducing today, the "Taxpayer Protection and Reimbursement Act," would permit Federal courts and the Tax Court to reimburse private parties who prevail in litigation against unreasonable Government positions in tax cases. This bill is a slightly modified version of S. 1444 that I introduced on June 27, 1979. Several improvements have been made as a result of hearings held last year by the Finance Subcommittee on Oversight of the Internal Revenue Service.

I am especially pleased to note that the distinguished Senators LONG, GOLDWATER, LEAHY, and WILLIAMS have joined me as cosponsors.

Mr. President, we are quite aware of, and certainly are concerned about, the deepening mood of dissatisfaction among the American people with our Government. Nowhere is this mood more apparent than in the way Americans view the tax system. We hear that taxes are too high, that the tax laws are too complicated, and that tax forms and reporting requirements are excessively burdensome.

We also hear IRS is too big, powerful and awesome for a taxpayer to stand up against and successfully vindicate his legal rights—even in those instances where a taxpayer is confronted with an unreasonable IRS position.

The Civil Rights Attorneys' Fees Awards Act of 1979 was to allow the attorneys' fees to be awarded to citizens who prevailed in tax cases. However, this act has had little success in tax litigation because the courts have interpreted the provision very narrowly.

The courts have agreed that fees can be awarded only when the taxpayer is the defendant. However, in most cases, the taxpayer is the plaintiff.

The courts have also agreed that the defendant taxpayer can only recover fees if he shows that the Government acted in bad faith—for purposes of harassment or vexatiously or frivolously. This is a burden few taxpayers can meet.

The Equal Access to Justice Act, which I supported and was passed last session, was the latest piece of legislation to deal with the reimbursement of attorneys' fees. The act allows an individual or small business that prevails to be awarded attorneys' fees in a civil action brought by or against the United States. The provision does not, however, address the particular problems related to Tax Court cases.

The reality facing the taxpayer today is—if they go to court with IRS they will, in most cases, have to pay the court costs and attorneys' fees. Often these expenses equal or exceed the actual amount of money in controversy. Faced with this harsh fact, many taxpayers swallow their legal rights and settle with IRS.

A 1974 Law Review article on awards of attorneys' fees confirms this problem:

> Current practice tends to alter prosecution of even clearly meritorious claims by litigants who could at best recover less than the often high expense of counsel . . . And what is true for plaintiffs also holds true for defendants: the cost of defending against an unjust small claim may easily exceed simply paying what is demanded. The result is distasteful, for it ranks legal rights by dollar value . . . (Court Awarded Attorneys' Fees and Equal Access to the Courts, 122 University of Pennsylvania Law Review, 636, 650).

It is not my desire to penalize IRS or impair the performance of its duties when it is acting reasonably and fairly. However, when it is clear that IRS is maintaining an unreasonable position, the availability of a judicial resolution of the problem should not depend on the size of a taxpayer's wallet. As Donald C. Lubick, former Treasury Assistant Secretary for Tax Policy, said during Senate testimony nearly 3 years ago:

> The voluntary assessment plan system must be viewed as fair and even-handed. Taxpayers without significant resources must not feel incapable of obtaining redress of their grievances against the Internal Revenue Service where the Service has acted unreasonably. (March 13, 1978 statement before the Senate Judiciary Subcommittee on Improvement in Judiciary Machinery).

Mr. President my bill is tailored to alleviate the financial burden for taxpayers who win in court against an unreasonable IRS position. It contains the following basic elements:

First. Federal courts and the Tax Court are given the discretion to reimburse prevailing parties, other than the United States, for reasonable litigation costs, including fees and expenses of attorneys, accountants and other experts, incurred in civil tax actions or proceedings in which the United States is a party.

Second. Reimbursement can be granted in a civil action or proceeding in which the United States is a party, which is brought for the determination, collection, or refund of any tax, interest or penalty, brought by or against the United States under the Internal Revenue Code, except those relating to certain declaratory judgments.

Third. Reimbursement of litigation costs, including fees and expenses of attorneys, accountants and other experts, is available to plaintiffs/petitioners and defendants who prevail against the United States.

Reimbursement could be applied to civil tax cases involving refund actions, deficiency proceedings, collection and enforcement suits, summons proceedings, and wrongful levy actions.

Moreover, permitting prevailing plaintiffs and defendants alike to receive such awards encourages meritorious suits to vindicate private harm and foster the public interest, and discourages the Government from instituting unreasonable suits.

Fourth. Federal courts and the Tax Court can reimburse taxpayers up to $20,000 for incurred court cost.

This ceiling would provide sufficient relief to taxpayers but prevent against overwhelming the courts with an excessive amount of additional litigation.

Fifth. A party can be reimbursed for their litigation expenses, if they satisfy two requirements—they must win the court case either with respect to the amount in controversy, or with respect to the issue or issues presented, and they must prove that the Government's position was unreasonable.

This "prevailing party" standard is both reasonable and equitable since, determining whether its two requirements are met, the court must focus not merely on the formal record before it, but also on the totality of the relevant circumstances surrounding the case.

Such circumstances would include the necessity for bringing the action, whether the party succeeds as to the central matter in dispute, and the con-

duct of the Government with regard to the particular taxpayer.

For example, a court should consider whether, even though IRS' desire to litigate a tax issue may very well be for the public benefit and its legal position may be reasonable, the position of IRS has nonetheless become unreasonable due to its application of the law to a particular taxpayer which wrongfully and unnecessarily forces that taxpayer into court.

Furthermore, the rule that a party can be sustained either by judicial determination or settlement of the parties encourage the parties to settle thereby lessening court congestion, yet prevents the Government from escaping liability for litigation expenses merely by conceding the case before final judgment.

Sixth. Defined, "litigation expenses" would include the fees and expenses of attorneys, accountants, and other experts.

Seventh. An order granting or denying the reimbursement would be incorporated in the court's decision in the case and would be subject to appeal.

Eighth. The reimbursement would be paid out of the losing agency's general funds. I am hopeful this would encourage Government agencies, such as IRS and the Justice Department, to be more cautious and reasonable in their dealings with taxpayers.

Ninth. The bill would apply to Tax Court cases begun after December 31, 1979, and before January 1, 1990. This sunset provision would give Congress and IRS the opportunity to evaluate the effect and success of the reimbursements.

To conclude, Mr. President, this legislation provides much needed improvements to the present law granting awards of reasonable litigation costs in Federal civil tax cases. It provides needed protection and assistance to those who become embroiled in court cases with IRS through no fault of their own, but does not penalize IRS for responsible performance of its duties.

Our tax system must be fair and reasonable—and must be perceived as such by all taxpayers. The Taxpayer Protection and Reimbursement Act would help restore taxpayers' confidence in the fairness of our tax system by placing them on a more equal footing with IRS. I urge speedy consideration by the Senate of this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 752

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taxpayer Protection and Reimbursement Act".

SEC. 2. AWARDING OF COSTS AND CERTAIN FEES.

(a) IN GENERAL.—Subchapter B of chapter 76 of the Internal Revenue Code of 1954 (relating to proceedings by taxpayers and third parties) is amended by redesignating section 7430 as section 7431 and by inserting after section 7429 the following new section:

"SEC. 7430. AWARDING OF COURT COSTS AND CERTAIN FEES.

"(a) IN GENERAL.—In the case of any civil action or proceeding which is—

"(1) brought by or against the United States for the determination, collection, or refund of any tax, interest, or penalty under this title, and

"(2) brought in a court of the United States (including the Tax Court), the prevailing party may be awarded a judgment for reasonable court costs incurred in such action or proceeding.

"(b) LIMITATIONS.—

"(1) MAXIMUM DOLLAR AMOUNT.—The amount of reasonable court costs which may be awarded under subsection (a) with respect to any prevailing party in any civil action or proceeding shall not exceed $20,000.

"(2) ONLY COSTS ALLOCABLE TO THE UNITED STATES.—An award under subsection (a) shall be made only for reasonable court costs which are allocable to the United States and not to any other party to the action or proceeding.

"(c) DEFINITIONS.—For purposes of this section—

"(1) REASONABLE COURT COSTS.—

"(A) IN GENERAL.—The term 'reasonable court costs' includes the reasonable expenses of expert witnesses, the reasonable cost of any study, analysis, engineering report, test, or project which is found by the court to be necessary for the preparation of the party's case, and reasonable fees paid or incurred for the services of attorneys.

"(B) ATTORNEY'S FEES.—In the case of any proceeding in the Tax Court, fees for the services of an individual (whether or not an attorney) who is authorized to practice before the Tax Court shall be treated as fees for the services of an attorney.

"(2) PREVAILING PARTY.—

"(A) IN GENERAL.—The term 'prevailing party' means any party to an action or proceeding described in subsection (a) (other than the United States or any creditor of the taxpayer involved) which—

"(i) establishes that the position of the United States in the civil action or proceeding was unreasonable, and

"(ii) (I) has substantially prevailed with respect to the amount in controversy, or

"(II) has substantially prevailed with respect to the most significant issue or set of issues presented.

"(B) DETERMINATION AS TO PREVAILING PARTY.—Any determination under subparagraph (A) as to whether a party is a prevailing party shall be made—

"(i) by the court, or

"(ii) by agreement of the parties.

"(d) EXCLUSION OF CERTAIN CIVIL ACTIONS OR PROCEEDINGS.—No award for reasonable court costs may be made under subsection (a) with respect to any civil action or proceeding brought under—

"(1) section 7428 (relating to the declaratory judgments with respect to status and classification of organizations under section 501(c)(3), etc.), unless such action or proceeding involves the revocation of the tax-exempt status of an organization described in section 501(c)(3),

"(2) section 7476 (relating to declaratory judgments with respect to qualification of certain retirement plans),

"(3) section 7477 (relating to declaratory judgments with respect to transfers of property from the United States), or

"(4) section 7478 (relating to declaratory judgments with respect to status of certain governmental obligations).

"(e) MULTIPLE ACTIONS.—For purposes of this section, in the case of—

"(1) multiple actions which could have been joined or consolidated, or

"(2) a case or cases involving a return or returns of the same taxpayer (including joint returns of married individuals) which could have been joined in a single proceeding in the same court,

such actions or cases shall be treated as one civil action or proceeding regardless of whether such joinder or consolidation actually occurs, unless the court in which such action or proceeding is brought determines, in its discretion, that it would be inappropriate to treat such actions or cases as joined or consolidated for purposes of this section.

"(f) RIGHT OF APPPEAL.—An order granting or denying an award for reasonable court costs under subsection (a), in whole or in part, shall be incorporated as a part of the decision or judgment in the case and shall be subject to appeal in the same manner and to the same extent as the decision or judgment.

"(g) SOURCE OF PAYMENT.—Payment of any award for reasonable court costs under subsection (a) shall be made by the agency over which the party prevails from any funds made available to the agency, by appropriation or otherwise, for such purpose.".

(b) APPLICATION WITH TITLE 28.—Section 2412 of title 28, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) The provisions of this section shall not apply to any costs, fees, and other expenses in connection with any action or proceeding to which section 7430 of the Internal Revenue Code of 1954 applies.".

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 76 of such Code is amended by striking out the item relating to section 7430 and inserting the following new items:

"SEC. 7430. Awarding of court costs and certain fees.

"SEC. 7431. Cross references.".

(2) Section 722 of the Revised Statutes (42 U.S.C. 1988) is amended by striking out immediately after "Public Law 92-318" the clause "or in any civil action or proceeding, by or on behalf of the United States of America, to enforce, or charging a violation of, the United States Internal Revenue Code.".

SEC. 3. EFFECTIVE DATE.

The amendments made by this title shall apply to civil actions or proceedings filed after December 31, 1980, and before January 1, 1991.●

By Mr. CRANSTON (for himself and Mr. HAYAKAWA):

S. 753. A bill to clarify the intent of Congress with respect to the exemption of the economic interests of State and local governments from the crude oil windfall profits tax; to the Committee on Finance.

EXEMPTION OF ECONOMIC INTERESTS OF STATE AND LOCAL GOVERNMENTS FROM CRUDE OIL WINDFALL PROFITS ACT

● Mr. CRANSTON. Mr. President, last Thursday the distinguished Senator from Wyoming (Mr. WALLOP) introduced, on behalf of himself, myself, my colleague from California (Mr. HAYAKAWA), and the two Senators from New Mexico (Mr. DOMINICI and Mr. SCHMITT) S. 700 to redress unfair or inadvertent financial burdens imposed on State, local, and Indian tribal governments by the windfall profits tax.

I am delighted to be a coauthor of that legislation, and I support with enthusiasm the early adoption of each of the three sections of that bill.

These, respectively, exempt from the windfall profits tax the full State share of the royalty from Federal leases within States; permit deductibility of local ad valorem taxes from the WPT to the same extent as State severance taxes are now deductible and provide equal treatment for severance taxes imposed by Indian tribal governments with severance taxes imposed by State governments, eliminating the discrimination against tribal governments currently in the law; and correct an ambiguity created by the unfortunate use of the term "economic interest" to describe the exempt governmental interest under the WPT, which, when applied to net profit agreements between certain State or local governments and windfall tax-paying oil companies, denied these governments much of the benefits of their intended exemption from the WPT.

Adoption of each of these provisions will substantially improve the WPT, and benefit governmental entities currently subject to unfair or unintended fiscal losses under the windfall tax as originally enacted.

Two of the provisions will additionally benefit tax-paying oil companies by relieving them of the undue burden of double taxation, which the current WPT imposes unevenly.

The Senator from Wyoming, in introducing S. 700, correctly pointed out that State, local, and tribal governments do not reap windfall profits. Rather, they use the resources they have to provide necessary public services to the populations they serve.

At a time when the Federal administration seeks to eliminate Federal financial support for many services provided at State, local, and tribal levels, it is particularly important that the ability of the State, local, and tribal governments to meet the needs of their citizens not be impaired by misuse of the Federal taxing power against these entities.

While I therefore support each of the provisions of S. 700, I want to focus the balance of my remarks on the third section, which is an attempt to rectify a problem particularly important in California.

There a particular construction of the language of the WPT has resulted in a substantial loss of revenues for both the State of California and the city of Long Beach, despite the fact that Congress in enacting the WPT clearly intended that both the State and local governmental interests in oil be exempt from the Federal windfall tax.

I want to express my deep appreciation to my good friend from Wyoming (Mr. WALLOP) for his willingness to include this provision in the bill.

Section 3 of S. 700 is a reworking of legislation I introduced toward the end of the last session of Congress but was unable to get considered in the parliamentary situation that existed at the end of the 96th Congress.

The apparent ambiguity which section 3 would correct arises from the use of the term "economic interest" in crude oil to describe the governmental interest qualifying for exemption from the WPT.

The phrase "economic interest," used for depletion purposes by tax-paying oil companies under well-established Federal income tax law, has acquired a meaning far broader than the company's ownership interest or its interest under a net profits agreement. For example, the long-term contract currently in force at Long Beach between several oil companies and the nontaxable city and State government entities which own the oilfield provides that the government entities retain 95 percent of the net profits from its production.

However, oil companies with a mere 5 percent net profits interest or less are deemed to have an income tax-depletable "economic interest" of 30 percent or more, and, reciprocally, the "economic interest" of the Government agencies, despite 100 percent ownership and 95 percent or more share of both net profits and expenses, may for income tax purposes be 70 percent or less. If the oil company calculated its tax obligation under the windfall tax using the same meaning for "economic interest" as it would for income tax purposes, it will pay a higher windfall profits tax to the Federal Government—based on a 30-percent-plus economic interest, rather than a 5-percent economic interest. The company then deducts the amount paid in windfall tax from the gross profits before distributing to the governmental entities net profits in accordance with the formula in its agreement with the State and local entities.

The effect of this calculation is to pass along to the State and local government 95 percent or more of the additional increment of windfall tax—resulting from using the broader meaning of "economic interest"—thereby depriving these entities—intended to be exempt from the windfall tax—of much of the benefits of this exemption. Section 3 of S. 700 defines "economic interest" for the purposes of the windfall tax in a way different from the definition of this term under income tax law, but consistent with net profits share, so that public tax-exempt entities operating oilfields under net profits agreements will receive their full share of net profits, despite application of the windfall profits tax. In the form included in S. 700, section 3 will apply only to a net profits agreement between a tax-exempt entity and a windfall tax-paying entity.

But, Mr. President, the Treasury Department is concerned that the ambiguity surrounding the term "economic interest" has created a situation under net profits arrangements in which the windfall tax is not imposed uniformly on oil companies benefiting from crude oil price decontrol. This unequal imposition of the tax permits certain private net profits operations to escape the payment of their full share of windfall taxes.

This ambiguity has also created a new loophole through which a few oil companies may evade WPT liability.

This eventuality arises only in the few cases where there is a net profits agreement between two or more taxpaying oil companies, taxable at varying rates under the windfall profits tax: For example, a major oil company and an independent producer.

By increasing the economic interest of the lower rate taxpayer, and decreasing the economic interest of the higher rate taxpayer, the companies can reduce their total windfall tax obligation.

To guard against this eventuality the Treasury Department has suggested language slightly different from the language of section 3 of S. 700.

So that this language will be before the Energy Subcommittee of the Senate Finance Committee, to which S. 700 has been referred, when it considers S. 700, I, along with my distinguished colleague from California (Mr. HAYAKAWA) am now introducing the Treasury Department-approved version of a solution to this problem of ambiguity as a separate bill.

While the Treasury Department has not, to my knowledge, yet indicated support for the first two sections of S. 700, the Department has indicated its recognition of the problem created by this ambiguous use of the term "economic interest" in the original WPT, acknowledged that this ambiguity denies both the State and the city of Long Beach a substantial portion of the exemption intended by Congress in adopting the tax, adoption of the clarifying amendment we are today introducing over any possible administrative solution to this problem.

While the first two sections of S. 700 represent substantive changes improving the WPT, the third section is merely a technical correction clarifying language to prevent congressional intent from being frustrated.

While I fully support adoption of all sections of S. 700, I believe that section 3, in one of its alternative versions, is vital to carrying out the already expressed will of Congress to exempt fully State and local government and should be adopted promptly with or without accompaniment.

Mr. President, I ask uananimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 753

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. ASSIGNMENT OF COST RECOVERY OIL IN ACCORDANCE WITH RESPECTIVE NET PROFITS INTERESTS FOR PURPOSES OF WINDFALL PROFIT TAX.

(a) GENERAL RULE.—

(1) DEFINITION OF PRODUCER.—Paragraph (1) of section 4996(a) of the Internal Revenue Code of 1954 (defining producer) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) NET PROFITS INTERESTS.—Except to the extent otherwise provided by regulations, in the case of any property, all cost recovery oil covered by a net profits agreement (within the meaning of subsection (a)) shall be treated as produced by the parties to such agreement in proportion to their respective shares (determined after reduction for such cost recovery oil) of the production of the crude oil covered by such agreement."

(2) CLERICAL AMENDMENT.—Subparagraph (A) of such paragraph (1) is amended by striking out "subparagraph (B)" and inserting in lieu thereof "subparagraphs (B) and (C)".

(b) NET PROFITS AGREEMENTS; COST RECOVERY OIL.—Section 4996 of such Code (relating to other definitions and special rules) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) TERMS USED IN SUBSECTION (a)(1)(B).—For purposes of subsection (a)(1)(B) and this subsection—

"(1) NET PROFITS AGREEMENT.—The term 'net profits agreement' means an agreement providing for sharing part or all of the production of crude oil from a property where—

"(A) 1 or more persons are to be reimbursed for qualified costs by the allocation of cost recovery oil, and

"(B) 1 or more persons are to receive a share of any production of crude oil from the property remaining after reduction for the cost recovery oil referred to in paragraph (A).

"(2) COST RECOVERY OIL DEFINED.—The term 'cost recovery oil' means crude oil produced from the property which is allocated to a person as reimbursement for qualified costs paid or incurred with respect to the property.

"(3) QUALIFIED COSTS.—The term 'qualified costs' means any amount paid or incurred for exploring for, or developing or producing, 1 or more oil or gas wells on the property.

"(4) SCOPE OF AGREEMENT.—A net profits agreement shall be treated as covering only shares of production of crude oil held by persons who hold economic interests in the property (determined without regard to subsection (a)(1)(B))."

(c) NET INCOME LIMITATION.—Subsection (b) of section 4988 of such Code (relating to net income limitation on windfall profit) is amended by adding at the end thereof the following new paragraph:

"(6) COST RECOVERY OIL COVERED BY NET PROFITS AGREEMENT.—For purposes of paragraph (2), if any person is treated under section 4996(a)(1)(B) as the producer of any portion of the cost recovery oil covered by a net profits agreement (within the meaning of section 4996(h))—

"(A) such person (and only such person) shall include in his gross income from the property the gross income from such portion, and

"(B) the qualified costs allocable to such portion shall be treated as paid or incurred by such person (and ony by such person)."

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to oil removed after February 29, 1980.

(2) NO INTEREST FOR PAST PERIODS.—No interest shall be paid or credited with respect to the credit or refund of any overpayment of a tax imposed by this title, and no interest shall be assessed or collected with respect to any underpayment of the tax imposed by this title, for any period before the date which is 60 days after the date of the enactment of this Act, to the extent that such overpayment or underpayment is attributable to the amendments made by this section.●

By Mr. HELMS:

S.J. Res. 49. Joint resolution authorizing and requesting the President to proclaim July 4 of each year as "Independence Day"; to the Committee on the Judiciary.

INDEPENDENCE DAY

● Mr. HELMS. Mr. President, I find it both interesting and ironic that July 4, perhaps the most significant anniversary date in our Nation's history, has never been proclaimed on a continuing basis as Independence Day.

Numerous other anniversary dates, many of which are of far less significance, have been appropriately designated by proclamation by the President at the request of Congress.

In light of this, I am today introducing, for appropriate reference, a joint resolution authorizing and requesting the President of the United States to issue a proclamation designating July 4 of each year as Independence Day, and calling upon the people of the United States to hold appropriate ceremonies observing the day.

Mr. President, I have done a good bit of research on this matter just as a matter of personal interest, and this research has disclosed that a somewhat similar proclamation was issued in 1950 by President Harry S. Truman, again in 1952 by President Truman, and in 1953 by President Dwight D. Eisenhower. However, each of those proclamations was limited to the particular year in question. The joint resolution that I am today introducing calls upon the President to issue a proclamation of a continuing nature which refers to July 4 of each succeeding year.

This resolution was suggested by the North Carolina District Exchange Clubs, and I am very happy to be associated with its introduction. The National Exchange Club, together with its many affiliates across the Nation, have done an outstanding job preserving and stimulating appreciation of our national heritage.

As many Senators will recall, on September 17, 1947, acting upon the direction of the Congress, President Truman dispatched the Freedom Train containing the historic documents which form much of the foundation of our American heritage to cities and towns all across the country. Reacting to the continuing interest shown by the millions of citizens who visited the train, the National Exchange Club established the Freedom Shrine, comprised of 28 American documents. Among others, it includes a copy of the Declaration of Independence. These shrines are to be found throughout the Nation, in schools, courthouses, and many other public places. In all, more than 5,000 shrines have been presented.

The Freedom Shrine is an exclusive project of the exchange clubs and a very important American citizenship program. It was conceived to be, and it is, a living symbol of the rich heritage of Americans.

To the Tar Heels of North Carolina, the history of our State during the Revolutionary period is very important. North Carolina, for example, was the first colony to adopt a resolution to break its ties with Great Britain—the Halifax Resolves of April 12, 1776. Upon the adoption of that resolution to declare independence from Great Britain, messengers were dispatched to Philadelphia, and the Declaration of Independence of the Thirteen Colonies was proclaimed, of course, on July 4 of that year. Of course, the Mecklenburg Declaration of May 20, 1775, is also well known. The dedicated patriots of what is now the city of Charlotte, N.C., were pressing fervently for freedom. Both of these historic dates appear on the flag of the State of North Carolina as a perpetual reminder of the strong sentiment for freedom and independence in North Carolina.

Indeed, the events in North Carolina leading up to April 12 and July 4, 1776, are demonstrable of the spirit of freedom that our citizens hold so dear. The First Provincial Congress in America was held in New Bern, N.C., on August 25 through 27, 1774. It was called in open defiance of the British Parliament and the Royal Governor, Josiah Martin. Historians rank it as an example "of intercolonial cooperation, of enormous significance"—Lefler and Powell, "Colonial North Carolina—A History," page 262.

At the Edenton Tea Party on October 25, 1774, 51 ladies from Edenton, N.C., and surrounding counties signed an agreement to do all in their power to carry out the wishes of the First Provincial Congress and to support the American cause for independence. It represented the "earliest known instance of political activity on the part of women in the American Colonies"—Lefler and Powell, "Colonial North Carolina—A History," page 259.

The Battle of Moore's Creek Bridge, near Wilmington, N.C., on February 27, 1776, was the earliest victory won by the Americans in the South—

Unquestionably, the victory at Moore's Creek Bridge saved North Carolina from conquest, and it probably postponed the defeat of South Carolina and Georgia for three years. (Lefler and Powell, *Colonial North Carolina—A History*, pages 278, 280).

And July 4 itself has been a very special day in North Carolina. Indeed, the first official observance of July 4 as Independence Day was in the town of Salem, now Winston-Salem, N.C. It was pursuant to a resolution of the general assembly of the State and a resulting proclamation of the Governor. The text of that resolution, which was adopted on May 16, 1783, is as follows:

Resolved, that the fourth Day of July be and is hereby appointed a day of General Thanksgiving and praise to Almighty God for the gracious Interposition of Divine Providence in behalf of this nation; that it hath pleased Him to deliver us from the calamities of War; and crown our wishes with the blessings of Peace; and that his Excellency the Governor notify the same by Proclamation. (The State Records of North Carolina, Collected and Edited by the Honorable Walter Clark, Chief Justice of North Carolina, Vol. XIX, page 358 (1901)).

The resulting proclamation of the Governor of North Carolina read as follows:

[State of North Carolina]

A PROCLAMATION

(By his Excellency Alexander Martin, Esquire, Captain General and Commander in Chief of the State aforesaid)

Whereas the honorable the General Assembly have by a Resolution of both Houses recommended to me to appoint Friday the Fourth of July next being the anniversary of the declaration of the American Independence, as a Day of Solemn Thanksgiving to Almighty God, for the many most gracious interpositions of his providence manifested

in a great and signal manner in behalf of these United States, during their conflict with one of the first powers of Europe:

For rescuing them in the Day of Distress from Tyranny and oppression, and supporting them with the aid of great and powerful allies;

For conducting them gloriously and triumphantly through a just and necessary War, and putting an end to the calamities thereof by the restoration of Peace, after humbling the pride of our enemies and compelling them to acnowledge the Sovereignty and Independence of the American Empire, and relinquish all right and claim to the same.

For raising up a distressed and Injured People to rank among independent Nations and the soverign powers of the world. And for all other Divine favors bestowed on the Inhabitants of the United States and this in particular.

In conformity to the pious intentions of the Legislature I have thought proper to issue this my Proclamation directing that the said 4th Day of July next be observed as above, hereby strictly commanding and enjoining all Good Citizens of this State to set apart the said Day from bodily labour, and employ the same in devout and religious exercises. And I do require all Ministers of the Gospel of every Denomination to convene their congregations at the same time, and deliver them Discourses suitable to the important Occasion, recommending in general the Practice of Virtue and true Religion, as the great foundation of private Blessings as well as National happiness and prosperity.

Given under my Hand and the great Seal of the State at Danbury the 18th Day of June in the Year 1783 and seventh Year of the Independence of the said State.

ALEX: MARTIN.

By his Excellencys Commande: God save the State.

P. HENDERSON, *Pro. Sec.*

"Records of the Moravians in North Carolina." Edited by Adelaid L. Fries, M.A., Archivist of The Moravian Church in America, Southern Province, Vol. IV, page 1919 (1930).)

As one might expect, historical records of that Fourth of July 1783, are scant. Indeed, there is no record of an observance of that Independence Day anywhere in the State except at the town of Salem. Surely other observances probably did occur without a chronicler present to preserve the day for posterity, and with equal certainty we may assume that due to the inadequate communications of the period, many of the citizens of the State never learned of the resolution of the General Assembly or the Governor's proclamation.

But the Moravians at Salem did hear of it, and with characteristic devotion and piety, they observed Fourth of July 1783, as a Day of Thanksgiving. An account of the events of the day written in a diary kept by a member of the congregation survives. It is as follows:

July 4. According to the order of the government of this State we celebrated a day of thanksgiving for the restoration of peace. The congregation was awakened by the trombonists. At the beginning of the preaching service the Te Deum was sung, with trombone accompaniment. The Watch-Word for January 20th, the day on which the Peace Preliminaries were signed, was: The God of Jacob is our refuge, taken from the 46th Psalm, which gave opportunity to use this Psalm as the text for the sermon, which was preached by Br. Benzien. The service closed with the singing of: Glory to God in the highest. At two o'clock there was a happy lovefeast, during which a Psalm of Joy was sung with thankful hearts. In the evening at eight o'clock the congregation again assembled in the Saal, and the choir sang: Praise be to Thee, Who sittest above the cherubim. Then the congregation formed a circle in front of the Gemein Haus, and from there passed in procession through the main street of the town, with music and the antiphonal song of two choirs. The street was illuminated. Returning to the Gemein Haus the congregation again formed a circle, and with the blessing of the Lord was dismissed to rest. Hearts were filled with the peace of God, evident during the entire day and especially during the procession, and all around there was silence, even the wind being still. (Records of the Moravians in North Carolina, Edited by Adelaid L. Fries, M.A., Archivist Of The Moravian Church In America, Southern Province, page 1841 (Vol. IV 1930).)

In the words of Patrick Henry—

No free government, or the blessings of liberty, can be preserved to any people without a frequent recurrence to fundamental principles.

I applaud the action of the National Exchange Club and the North Carolina District Exchange Clubs in establishing numerous freedom shrines which serve as a reminder of the fundamental principles of government and liberty that inspired our forefathers to unite in the struggle that gave birth to the United States of America. I urge my colleagues in the Senate to join with me in supporting the resolution that I am today introducing to give added meaning and significance to Independence Day.

Mr. President, I ask unanimous consent that the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 49

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating July 4 of each year as "Independence Day" and calling upon Government officials to display the United States flag on all Government buildings and the people of the United States to hold appropriate ceremonies on that day.●

By Mr. DECONCINI (for himself and Mr. DOLE.):

S.J. Res. 50. Joint resolution designating July 17, 1981 as "National P.O.W - M.I.A. Recognition Day."; to the Committee on the Judiciary.

NATIONAL PRISONERS OF WAR—MISSING IN ACTION RECOGNITION DAY

Mr. DECONCINI. Mr. President, I am introducing today a resolution to designate July 17, 1981 as "National Prisoners of War—Missing in Action Recognition Day."

The entire Nation shared a sense of joy and relief with the safe return of our hostages from Iran. The aftermath of the euphoria surrounding that event is a particularly opportune moment to reflect upon the tremondous sacrifices endured by our former POW's, their families and the families of those who are still listed as missing in action. Despite physical torture, inhumane living conditions and deprivations of every kind, our POW's maintained total allegiance to their Nation. Despite the severe psychological readjustment suffered by many, their families remained loyal. Despite the agony of not knowing the fate of loved ones, relatives of our MIA's have never lost faith. These sacrifices must not be forgotten.

The horrors of war will never be erased from the minds of the combatants. The additional traumas suffered by POW's, who saw their comrades die as a result of torture, starvation, exposure, disease, and the lack of medical attention, have left emotional scars that can never be truly healed. But this Nation can express its debt of gratitude for their selfless service and it is fitting that we do so.

The numbers of living prisoners of war are not insignificant. The Veterans' Administration indicates that there were approximately 94,176 former POW's still alive on January 1, 1981. These individuals have suffered emotional and long-term health problems as a result of their internment, yet many have found it difficult to prove service connection either because they were not interned for the requisite 6-month period or because there was an absence of adequate medical information available at the time of their repatriation. I am pleased that the Veterans' Affairs Committee will be considering legislation to rectify some of the problems being encountered by our POW's and I urge the Members of this body to give this legislation the serious attention it deserves. In the interim, I call upon my colleagues to support the resolution I am introducing today to designate July 17, 1981 as "National POW-MIA Recognition Day."

We owe an enormous debt of gratitude to all our veterans, but the extreme sacrifices endured by our POW's deserve special recognition. Likewise, let us honor the relatives and families of those whose wartime fate remains unresolved. These are indeed the bravest of the brave.

By Mr. DOLE:

S.J. Res. 51. Joint resolution authorizing and requesting the President to issue a proclamation observing the 35th anniversary of CARE (the Cooperative for American Relief Everywhere, Inc.), and designating May 10 to 16, 1981, as "CARE Week"; to the Committee on the Judiciary.

CARE WEEK

● Mr. DOLE. Mr. President, the Senator from Kansas is pleased to introduce this joint resolution today in the Senate which designates the week of May 11 as "CARE Week" and recognizes 35 years of outstanding service by the Cooperative for American Relief Everywhere, Inc.—better known by most of us as CARE.

CARE was conceived in 1945 by 22 major American organizations made up of cooperatives, relief agencies, religious organizations, and labor, in order to aid the needs of millions of men, women, and children left destitute in Europe after World War II. CARE was a cooperative venture, conceived by cooperatives in

this Nation and today, CARE carries that cooperative spirit through all nations in which they help the sick and hungry.

Since 1945, CARE has grown with assistance from the passage of Public Law 480, providing major supplies of food from the United States and in 1962 CARE branched out into the medical services with the beginning of medico.

Today CARE is more than just feeding hungry people—CARE also provides instruments for self-help and development to farmers and teachers in their communities and villages, education of modern medical techniques and child care, and the implementation of long-range 5-year plans in agriculture in providing loan funds and food-for-work projects.

Partnership programs are now carried out by CARE in nutrition, development, and health care. And, throughout all program and relief efforts, the aim of CARE to help the impoverished help themselves is clearly seen since these efforts undergird the assistance, rather than completely supporting a project.

CARE is the second largest nonprofit, nonpolitical, nonsectarian, nongovernmental agency, and with over 46,000,000 contributions received over the years CARE has continued to grow. The organization of CARE's staff and operations in utilizing contributions is truly outstanding—the CARE organization delivers in excess of $5 worth of aid for each dollar contributed.

Whether feeding hungry children in a Third World nation, or setting up temporary homes after natural disasters, as they did in Italy last year, the Cooperative for American Relief Everywhere, Inc. (CARE) I believe can be held as symbol of pride for this Nation.

Mr. President, I would urge my colleagues to join me in cosponsoring this resolution and to pass it quickly to the President for his signature so the week of May 11 can be designated as "CARE Week" for 1981.●

ADDITIONAL COSPONSORS

S. 38

At the request of Mr. BURDICK, the the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 38, a bill to amend title XVIII of the Social Security Act to authorize payment under the medicare program for certain services performed by chiropractors.

S. 155

At the request of Mr. SCHMITT, the Senator from Oklahoma (Mr. NICKLES) was added as a cosponsor of S. 155, a bill to amend the Internal Revenue Code of 1954 to make additional interest from savings eligible for exclusion.

S. 160

At the request of Mr. SCHMITT, the Senator from South Dakota (Mr. ABDNOR) was added as a cosponsor of S. 160, a bill to authorize the Secretary of Agriculture to convey certain National Forest System lands, under specified conditions, to direct the Secretary of Interior to certify survey monuments within 180 days, and for other purposes.

S. 265

At the request of Mr. PERCY, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of S. 265, a bill to amend the Congressional Budget Act of 1974 to establish procedures for setting targets and ceilings, in the congressional budget process, for loans and loan guarantees under Federal credit programs.

S. 267

At the request of Mr. DECONCINI, the Senator from Nevada (Mr. LAXALT) and the Senator from North Carolina (Mr. HELMS) were added as cosponsors of S. 267, a bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes.

S. 432

At the request of Mr. MATHIAS, the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 432, a bill to establish a Commission on the International Application of Antitrust Laws.

S. 464

At the request of Mr. DURENBERGER, the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 464, a bill to amend the Internal Revenue Code of 1954 to adjust provisions governing private foundations.

S. 473

At the request of Mr. DURENBERGER, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 473, a bill to amend the Internal Revenue Code of 1954 to provide that the amount of the charitable deduction allowable for expenses incurred in the operation of a motor vehicle will be determined in the same manner Government employees determine reimbursement for the use of their vehicles on Government business.

S. 492

At the request of Mr. D'AMATO, the Senator from Mississippi (Mr. COCHRAN), the Senator from Alabama (Mr. HEFLIN), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of S. 492, a bill to increase the income tax exclusion of dividends and interest received by individuals.

S. 517

At the request of Mr. BENTSEN, the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 517, a bill to amend the Clean Air Act to provide for further assessment of the validity of the theory concerning depletion of ozone in the stratosphere by halocarbon compounds before proceeding with any further regulation of such compounds, to provide for periodic review of the status of the theory of ozone depletion, and for other purposes.

S. 570

At the request of Mr. MATHIAS, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 570, a bill to amend title VIII of the Act commonly called the Civil Rights Act of 1968 to revise the procedures for the enforcement of fair housing, and for other purposes.

S. 613

At the request of Mr. THURMOND, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 613, a bill to amend section 1951 of the United States Code, and for other purposes.

S. 649

At the request of Mr. BAUCUS, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 649, a bill to amend the Internal Revenue Code of 1954 to provide that the executor may elect, for estate tax purposes, to value certain items at an amount equal to the adjusted basis of the decedent in such items and to remove certain limitations on charitable contributions of certain items.

S. 660

At the request of Mr. BOREN, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 660; a bill to amend title IV of the Social Security Act to provide for a demonstration program of block grants to States in lieu of Federal matching or aid to families with dependent children.

S. 700

At the request of Mr. WALLOP, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of S. 700, a bill to amend chapter 45 of the Internal Revenue Code of 1954 with respect to the exemption of the State share of Federal royalties from the Crude Oil Windfall Profit Tax and to insure the deductibility of certain severance taxes.

SENATE JOINT RESOLUTION 40

At the request of Mr. RIEGLE, the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from New Hampshire (Mr. HUMPHREY), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of Senate Joint Resolution 40, a joint resolution to designate April 26, 1981, as "National Recognition Day for Veterans of the Vietnam Era."

SENATE CONCURRENT RESOLUTION 4

At the request of Mr. DOLE, the Senator from Illinois (Mr. PERCY), the Senator from New Jersey (Mr. WILLIAMS), the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. COCHRAN), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of Senate Concurrent Resolution 4, a concurrent resolution expressing the sense of the Congress with respect to implementing the objectives of the International Year of Disabled Persons (1981).

AMENDMENT NO. 9

At the request of Mr. ZORINSKY, the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of amendment No. 9 proposed to S. 509, a bill to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually.

SENATE CONCURRENT RESOLUTION 15—CONCURRENT RESOLUTION RELATING TO EXTENDING THE GRAIN EMBARGO ON EXPORTS TO THE SOVIET UNION

Mr. MATTINGLY (for himself, Mr. JEPSEN, Mr. BOREN, Mr. BUMPERS, Mr. ANDREWS, Mr. HATFIELD, Mr. PRESSLER, Mr. BOSCHWITZ, Mr. GRASSLEY, Mr. DOMENICI, Mr. ABDNOR, Mr. GOLDWATER, Mr. WEICKER, Mr. QUAYLE, Mr. MURKOWSKI, Mr. ARMSTRONG, Mr. MCCLURE, Mr. KASTEN, Mr. ROTH, Mr. RUDMAN, Mr. SIMPSON, Mr. WARNER, Mr. PRYOR, Mr. SASSER, Mr. DENTON, Mr. DIXON, Mr. SYMMS, Mr. SPECTER, Mr. BURDICK, Mr. ZORINSKY, Mr. HAYAKAWA, Mr. HATCH, Mr. HART, Mr. DURENBERGER, Mr. GARN, Mr. HELMS, Mr. EAST, Mr. NICKLES, Mr. THURMOND, Mrs. HAWKINS, Mr. BAUCUS, Mr. D'AMATO, Mr. MELCHER, Mr. EXON, Mr. DECONCINI, Mr. PERCY, Mr. TOWER, Mr. INOUYE, Mr. LAXALT, Mr. DOLE, and Mr. SCHMITT) submitted the following concurrent resolution; which was referred to the Committee on Banking, Housing, and Urban Affairs:

S. CON. RES. 15

Resolved, That it is the sense of the Senate that during any period during which there is in effect an embargo on the export of grains to the Union of Soviet Socialist Republics (regardless of the date on which the embargo began) there shall also be an embargo on the export of any other goods or services to such country.

AMENDMENTS SUBMITTED FOR PRINTING

PUBLIC BUILDINGS POLICY, AMENDMENT NO. 10

(Ordered to be printed and referred to the Committee on Environment and Public Works.)

Mr. STAFFORD submitted an amendment intended to be proposed by him to the bill (S. 533) to establish public buildings policies for the Federal Government, to establish the Public Buildings Service in the General Services Administration, and for other purposes.

PUBLIC BUILDINGS ACT OF 1981, AMENDMENT

Mr. STAFFORD. Mr. President, today I am submitting an amendment to S. 533, the Public Buildings Act of 1981. This amendment would replace section 307 of the bill as introduced, as well as make conforming changes in other sections.

The purpose of the amendment, Mr. President, is to take into consideration some of the hearing comments we received on this section which deals with the requirement to construct and design public buildings so that they are fully accessible to handicapped persons. Because of the interest in that section and the amendment which I am now introducing, the Committee on Environment and Public Works would like to receive further public comments on the amendment within the next week so that they can be considered as part of the hearing record on the bill.

Mr. President, I ask unanimous consent that the text of the amendment be printed at this point in the RECORD.

There being no objection, the amendment ordered to be printed in the RECORD, as follows:

On page 6, strike out all on lines 9 and 10 and insert in lieu thereof the following new clause:

(G) the extent to which it is fully accessible to physically handicapped persons in accordance with the Architectural Barriers Act of 1968, as amended,

On page 22, beginning on line 16, strike out all through page 26, line 17, and insert in lieu thereof the following:

SEC. 307. (a) Nothing in this Act (except for the provisions of this section) shall affect the applicability of the provisions of the Act of August 12, 1968, as amended, commonly known and hereinater referred to as the Architectural Barriers Act of 1968, as amended, to any building or facility.

(b) The Architectural Barriers Act of 1968 is amended—

(1) in sections 2, 3, 4, and 4a, by striking out "physically handicapped persons will have ready access to, and use of, such buildings" and inserting in lieu thereof "such buildings are fully accessible to physically handicapped persons";

(2) in section 5, by inserting before the period a comma and "and any contract for all or any part of the design, construction, or alteration involved shall so provide"; and

(3) in section 6—

(A) by inserting "(a)" before "The";

(B) by inserting "(hereinafter in this section referred to as the 'standard-prescribing agency head concerned')" after "section 4a of this Act",;

(C) by striking out "the Administrator or Secretary, as the case may be" and inserting in lieu thereof "the standard-prescribing agency head concerned"; and

(D) by adding a new subsection as follows:

"(b) No action may be taken under this section to modify or waive a standard issued under this Act unless—

"(1) in the case of a waiver, the waiver pertains to a building to be leased (other than a building to be constructed for lease) and the waiver is necessary to meet an emergency situation, or

"(2) in the case of a modification (A) the modification is no broader than necessary, and (B) in the case of a building to be constructed or altered, (i) the need for such modification was not reasonably foreseeable when the design for such construction or alteration was approved, or (ii) the standard-prescribing agency head concerned personally determines, pursuant to regulations prescribed by such agency head, that such modification is essential to achieving the purposes of the construction or alteration."; and

(4) by inserting at the end of the following new section:

"SEC. 8. As used in this Act—

"(1) the term 'physically handicapped person' means any individual with a physical impairment that precludes such person's use of a building to the same extent that an individual with unimpaired mobility can use such building.

"(2) the term 'fully accessible' means the absence or elimination of physical and communications barriers to the ingress, egress, movement throughout, and use of a building by handicapped persons and the incorporation of such equipment as is necessary to provide such ingress, egress, movement, and use and, in a building of historic, architectural, or cultural significance, the elimination of such barriers and the incorporation of such equipment in such a manner as to be compatible with the significant architectural features of the building to the maximum extent possible.".

ADJUSTMENT OF PRICE SUPPORT OF MILK

AMENDMENT NO. 11

(Ordered to be printed.)

Mr. ZORINSKY proposed an amendment to printed amendment No. 9 to the bill (S. 509) to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually.

AMENDMENT NO. 12

(Ordered to be printed and to lie on the table.)

Mr. PRESSLER submitted an amendment intended to be proposed by him to the bill, S. 509, supra.

NOTICES OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce that the Rules and Administration Committee will be holding hearings on Wednesday, April 1, 1981, and Wednesday, April 8, 1981, on Senate Resolution 20, televising the proceedings of the Senate. The hearings on both dates will be at 10 a.m. in room 301, Russell Senate Office Bui ding. The committee will be receiving testimony from Senators, Congressmen, news executives, congressional agencies, and other witnesses.

SELECT COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce that the Senate Select Committee on Small Business will hold a hearing on the nomination of Michael Cardenas to be Administrator of the Small Business Administration.

The hearing will begin at 10:30 a.m., on March 23, 1981, in room 424, Russell Senate Office Building. For additional information please contact Michael Haynes of the committee staff at 224–5175.

ADDITIONAL STATEMENTS

A SALUTE TO THE NATION'S FARMERS ON AGRICULTURE DAY 1981

● Mr. PRYOR. Mr. President, at this time I should like to join my colleagues in recognition of Agriculture Day 1981. It is a most fitting tribute to our Nation's agricultural producers that we designate today, March 19, as Agriculture Day.

America's farms are the most efficient and productive in the world, yielding enough food and fiber to feed and clothe over 230 million Americans with sufficient surplus to make our agriculture industry the Nation's leading exporter.

In 1980 alone, we exported $40 billion worth of American agricultural products—the single most positive factor in our balance of trade. Were it not for these agricultural exports, the impact of this Nation's recent dependence on foreign oil purchases would undoubtedly be more severe.

Agricultural exports provide employment for 1.3 million workers, generating more than $82 billion in domestic economic activity. America's farmers produce 43 percent of the world's supply of corn and 60 percent of the world's soybeans. In addition, America is the leading exporter of rice, wheat, and coarse grain.

Mr. President, I wish to join in the salute to America's 2.4 million farms and

to farm families all across the land, not the least of which are those in my own State. Agriculture is, indeed, the heartbeat of America.●

NATIONAL AGRICULTURE DAY

● Mr. DOLE. Mr. President, I wish to call to the attention of my colleagues the fact that today, March 19, has been proclaimed by Congress, the President, and 46 States as National Agriculture Day. This is a day to pause, reflect, and pay tribute to the several million farmers and ranchers who constitute the "miracle" we call American agriculture.

The purpose of Agriculture Day is to increase the awareness and visibility of American agriculture and to celebrate the achievement and contributions of our total agricultural community. Local organizations throughout the Nation are mounting campaigns to share with the public why agriculture is the heartbeat of America.

Agriculture is our Nation's No. 1 exporter. Agricultural exports totaled a record $40 billion in 1980—by far the leading positive factor in the U.S. balance of trade. America's 2.4 million farms provide enough food and fiber for our domestic population—about 230 million—as well as exporting more than any other nation in the world. With less than 7 percent of the world's land, the United States produces 43 percent of the world's total wheat exports and 71 percent of the world's coarse grain exports.

The productivity growth for agriculture was five times greater than nonfarm industry over the past 5 years. It is indeed interesting to note that one farm worker supplies enough food and fiber for 68 people; the most efficient output in the world.

Mr. President, I would like to emphasize that the American consumer pays a smaller percentage of his disposable income for food than the residents of any developed nation of the world. On the average, the American consumer spends 14 percent of his after-tax income for food, a bargain, as compared to the Soviet Union where 35 percent is spent; India with 50 percent; Brazil, 37 percent; and in Japan 20 percent of disposable income is spent for food.

I should emphasize, in addition, that the American farmer is one of the most important consumers in our economy. Agricultural purchases of equipment, fertilizer, energy and other inputs are essential to the growth and prosperity of those industries. The continuation of a strong agricultural base is therefore as crucial to the American economy as a whole, as the reliable supply of farm products which are made available to the country and to the world.

The American farmer has accomplished impressive achievements, and his story needs to be told. We can all be proud that our farmers are the most productive in the world. Now we must also take steps so that the farmers and ranchers have sufficient incentive and profit to remain in production. We must avoid actions, such as the Soviet grain embargo, which pose disporportionate and undue hardships upon our most productive industry. Instead, it must be our primary objective as the 1981 farm bill is developed, to keep in mind the importance of agricultural exports and the importance of those policies which will enable the producer to receive a fair return at the mark place.

Mr. President, Agriculture Day comes at an appropriate time. Tomorrow is the first day of spring, a fresh new time for growth and for the rich Earth to again be broken to receive new seed. We who celebrate Agriculture Day are also planting a seed, an appreciation of the mutual interdependence of producers and consumers, so that we might continue the bountiful harvest for which American agriculture is known.

The Senator from Kansas wishes to express his personal appreciation to the American agricultural community. On behalf of all Americans, we applaud you and all you have accomplished for our country.●

A SALUTE TO THE GARDEN STATE

● Mr. BRADLEY. Mr. President, although New Jersey is the most densely populated State in the country, our "Garden State" has 8,000 farms and its farmers are first in the Nation in vegetable production per square mile. These farms are located within overnight shipping distance of 80 million people living along the eastern coast of the United States. Our farmers provide fresher products at lower cost and less energy consumption than those from other parts of the country.

New Jersey produces a diversity of fruit, vegetable and grain crops. The number one crop in terms of dollar yield is soybeans and approximately 55 percent of that crop is exported. New Jersey's output of blueberries is second in the Nation and its cranberries and spinach production rank third. It is fitting that we pay tribute to the agricultural community and it is even more appropriate that New Jersey farmers receive special recognition for their contributions to the economy of our State and Nation.

Mr. President, in view of the importance that agriculture has both for feeding our people and for producing a more favorable balance of payments through exports, I am pleased to join my colleagues in the Senate in supporting Agriculture Day 1981.●

FARMERS, WE SALUTE YOU

● Mr. HAYAKAWA. Mr. President, on the occasion of the first official observance of National Agriculture Day, I would like to say a few words in support of the farmers of the United States. They are, indeed, an integral part of society: One which is necessary for our very existence. The farmers' capacity to produce a food supply at the present level, has enabled the United States to become the great Nation that it is today.

As the leading industry in the United States, agriculture plays a vital role in the Nation's economy. For the past decade, the level of agricultural exports has been on the rise and reached a record high of $40.5 billion during fiscal year 1980. This was the leading positive factor in the U.S. balance of trade.

Today, U.S. farmers are the most productive in the world. However, we must look ahead to the future and prepare to confront the increasing need for food here and throughout the world. In order for us to meet growing demands and stay competitive in world markets, we as citizens, must focus our attention and efforts toward the development of agricultural research and mechanization.

As a Senator representing the No. 1 agricultural State, I urge every American to take a few minutes today to reflect upon the importance of agriculture and to pay tribute to the farmers of our country.●

AGRICULTURE: A STRONG AGRICULTURE MEANS A STRONGER AMERICA

● Mr. BAUCUS. Mr. President, I am very pleased to join my colleagues in celebrating our Nation's agricultural heritage today. The Nationwide observance of "Agriculture Day" is part of an important effort to tell the story of what agriculture means to America. For the first time since its inception in 1973, Agriculture Day is being celebrated as an official national observance. People all across our country are joining in a coordinated effort to explain the importance of agriculture to America. Spearheading this effort is the Agriculture Day Foundation. I am proud to note that one of the members of the Board of Directors of the Agriculture Day Foundation is a Montanan—Connie Townsend of White Sulphur Springs, Mont. I welcome Connie to Washington.

There is no more appropriate time than today to join in the effort to explain agriculture's vital contribution to the American way of life. For the past 2 months, the Federal budget has dominated the congressional agenda. For the next several months as we work to bring Federal spending under control and to get our economy moving again, the budget will continue to preoccupy Congress. But in searching for stability in the economy and a reduction in the rate of inflation, we must not lose sight—indeed, we cannot afford to—of the vital role that agriculture plays in our society. Nor can we afford to ignore the needs of our agricultural producers and their contributions to the health of our entire economy.

Most of us in this body are well aware of the significant role that agriculture plays in our society. Agriculture is our Nation's No. 1 industry with assets that total $927 billion. Agriculture is our Nation's No. 1 employer. More than 15 million people labor in some aspect or another of the agricultural industry. Agriculture is our Nation's No. 1 exporter with exports totaling a record $40 billion in 1980.

Yet, today, America's farmers and ranchers face some of the most serious economic conditions since the Dust Bowl

days of the 1930's. Record high interest rates, inflation, high production costs, and low prices, and President Reagan's continuation of the grain embargo all have contributed to one of the most difficult situations in the memory of many farmers. On top of all these woes, farmers and ranchers face potential drought of devastating proportions.

Mr. President, this year looms as an extremely important one to the future prosperity of agriculture. As America's farmers begin planting their spring crops, Members of Congress are breaking ground for the 1981 farm bill. Most of the current array of farm price support and loan programs expire in October of this year, and Congress must act to reauthorize this legislation. And while the budget is the No. 1 item on the minds of many Americans, I want to impress upon my colleagues the importance of our being ever mindful of the problems and needs of our Nation's agricultural producers and their contribution to the economic health of the entire country. Every American, not just farmers, has a stake in the outcome of the 1981 farm bill.

Mr. President, agriculture is vital to my State. It is also my State's No. 1 industry.

I would like to take this opportunity today to share with my colleagues some facts about agriculture in Montana and its relationship to Montana's economy.

As Montana moves into the 1980's, economic concerns loom large in the minds of her residents. Montanans justly are worried about jobs and business prospects. They want Montana to be a place where they can work and prosper. They want to be sure that Montana provides opportunities for their children and grandchildren.

Historically, options for expanding Montana's economic base have been limited. Most successful manufacturing and service businesses have been closely related to natural resources. Unfortunately, resource-based economies have exhibited a tendency to collapse when resources are depleted. Montana's beaver pelt industry, its gold industry, its buffalo hide industry and most recently, its copper industry have retracted as resources ran out Thoughtful Montanans can already foresee the end of the State's coal. oil. and gas, and are wisely preparing for that day.

Agriculture, however, is one sector with potential for real expansion. Based on renewable soil and water resources, agriculture can be a long-term, viable, and stable industry.

Montana's soil. its water. its grass. and rich farmland constitute an exceedingly valuable natural resource. Presently, agriculture generates over one-third of the economic activity in Montana. While the diversity of Montana's agricultural production extends along a wide spectrum of products, two crops dominate the scene. Together, wheat and beef cattle provide roughly 80 percent of Montana's agricultural receipts.

The average Montana farm covers 2,800 acres. Two thousand acres are ranchland and pasture which provide forage for 110 cattle and 23 sheep. Cropland totals 760 acres. Crops include 260 acres of wheat, 55 acres of barley, and 125 acres of hay. About 40 percent of the cropland is left fallow each year to conserve moisture and control weeds.

The average Montana agricultural producer is 51 years old and has been farming or ranching most of his life. In 1979, his farm produced a net income of only $5,226. Family members supplement this farm income by working at outside jobs.

The investment required to produce this modest farm income is a staggering $629,000. Land the farmer owns is valued at $488,000. The farmer has an additional $141,000 invested in equipment, livestock, and working capital. His debts total over $108,000.

The farmer's large equity largely results from relentless increases in land values during the many years he has been farming. This has led to the truism that "farmers live poor and die rich."

Mr. President, Montana's 62 million acres of agricultural land represent a most precious resource. Every Montanan has a stake in programs to stabilize farm income. Variations in Montana's business cycles are closely related to agricultural revenues. A good year for agriculture is a good year for Montana businesses and workers, while a bad year for agriculture reduces business earnings and personal income throughout the State.

Mr. President, agriculture has the potential to be a real growth industry in the coming decade. But this development will require a dedicated partnership on the part of producers, policymakers, and the nonfarm population. Agriculture faces many problems which are neither simple nor short term. To resolve these problems, to develop agriculture's full potential will necessitate that we continue to educate ourselves to the stake we all have in agriculture's prosperity.

Mr. President, I appreciate this opportunity to join in this effort.●

IRVIN R. TCHON

● Mr. PERCY. Mr. President, on December 5, 1980, the Illinois State Senate passed a resolution commending and honoring Irvin R. Tchon of Chicago for his outstanding leadership and distinguished service to the Polish-American community.

I have known Irvin Tchon for many years. His record of public service and devotion to community is surpassed by few others. Mr. Tchon has been honored by the Chicago City Council, Illinois House of Representatives, and other civic organizations.

Mr. President, I ask that the Illinois Senate Resolution No. 729 be printed in the RECORD.

The resolution follows:

SENATE RESOLUTION 729

Whereas, Irvin R. Tchon, registered pharmacist, is an active community and civic leader; and

Whereas, the Senate recognizes his outstanding efforts and achievements in pursuit of excellence in the Polish-American Community, in community consciousness, affirmative action, political education and human relations programs; and

Whereas, Mr. Tchon has an active interest and has participated in special drug awareness and educational programs designed to enhance community preparation, professional competence and quality of geriatric health care being provided to the Polish-American Community; and

Whereas, his distinguished public service has strengthened the democratic form of government, has served to exhibit the finest ideals of those of American heritage and has benefited all Americans; and

Whereas, he has given many years of unselfish service to the ethnic and minority people of Illinois, and has been honorary president of the Drug Abuse and Education Committee and Nursing Home and Geriatric Health Committee of the Polish-American Political League of Illinois; therefore, be it

Resolved, by the Senate of the Eighty-First General Assembly of the State of Illinois, that we commend and congratulate Irvin R. Tchon for his outstanding leadership and distinguished service to the Polish-American Community; that we express the hope that he will continue to serve his community with vision and enthusiasm; and that a suitable copy of this resolution be presented to Mr. Tchon.●

THE APPOINTMENT OF WILLIAM H. COLDIRON

● Mr. BAUCUS. Mr. President, no other department of the Federal Government is more intimately involved in the daily lives in westerners than the Department of the Interior. From the Fish and Wildlife Service to the Bureau of Land Management to the National Park Service, the Department manages, explores, develops, and preserves the millions of acres of Federal land stretching from Montana to New Mexico.

Accordingly, I am particularly pleased President Reagan has nominated William H. Coldiron as Solicitor of the Department of the Interior. Mr. Coldiron is a man who has intimate and extensive knowledge of the problems and the potential of the Western States. Although born and educated in Kentucky, he has long called Montana his home. Most recently, as director and vice chairman of the board of the Montana Power Co., Mr. Coldiron has been involved in projects that seek to tap the energy resources of the West to meet consumers' needs.

The experience Mr. Coldiron would bring to the Department is not, however, restricted to the public utility industry. As a professor at the University of Montana's School of Law from 1947 to 1950 and from 1951 to 1954, he was a respected authority in oil and gas law, water law, and mining law. This background together with his experience in resource management, uniquely qualify Mr. Coldiron to serve as the chief legal counsel for the Department of the Interior.

I look forward to the Senate's consideration of Mr. Coldiron's nomination and am confident it will be promptly confirmed. I am equally confident Mr. Coldiron will carefully discharge his duties, recognizing that he is a steward of the Nation's most valuable natural resource—its public lands. This role calls for careful judgment to assure that these public lands are not needlessly exploited, but are carefully utilized and. where appropriate, preserved for future generations.●

AMENDMENT TO THE TRADE ACT OF 1974

● Mr. MOYNIHAN. Mr. President, earlier today I introduced legislation which would amend the Trade Act of 1974 to preclude the extension of most favored nation trading status to nations which have expropriated or otherwise taken properties of American citizens without providing just compensation.

A number of nations have yet to settle with the United States outstanding debts resulting from their expropriation of American properties. Until agreements providing fair compensation are reached, favorable trading terms ought not to be offered those countries. It is my hope that the International Trade Subcommittee of the Senate Finance Committee will have an opportunity during the 97th Congress to examine the record of all those nations against which U.S. citizens have unpaid expropriation claims or awards, and that remedies to these injustices will be devised.

Of immediate and overriding importance, however, is that the Senate come to terms as soon as possible with one particular expropriation case which last year was the subject of extensive hearings in both Houses. I refer, of course, to the long outstanding expropriation debt owed by the Government of the Socialist Republic of Czechoslovakia to thousands of American citizens who hold certified awards against that nation.

In 1948, shortly after the Czechoslovak Communist Party seized power in a coup d'etat, the government there nationalized every industry and confiscated all foreign-owned property. Among the private foreign investment that was expropriated were land, buildings, factory equipment, and bank accounts belonging to American citizens—a few corporations, mainly individuals.

In 1958, pursuant to a law enacted that year, the Foreign Claims Settlement Commission reviewed claims by Americans against Czechoslovakia, and adjudged $113.64 million worth of the applications to be legitimate claims against the Czechoslovak Socialist Republic. Because the Prague government had not taken any steps toward compensation, Czechoslovak-owned steel mill equipment in the United States was seized and liquidated and the proceeds, about $8.5 million, were distributed among the Commission-certified claim holders.

Czechoslovakia today owes a balance of approximately $105 million to more than 2,600 U.S. citizens who were issued awards by the Foreign Claims Settlement Commission from 1958 to 1962 under the terms of the earlier legislation. Czechoslovakia owes additional sums on other U.S. citizen claims that have not yet been adjudicated, and it is also indebted to the U.S. Government itself for federally-owned properties confiscated after the Communist regime assumed power.

A large number of the private claimants are my constituents, although I understand that there are claimants in at least a dozen States. Many of them are naturally now quite elderly. Quite a few have already passed away without ever having been compensated fairly for the losses they suffered as a result of Czechoslovak expropriation after World War II.

Most of those concerned with this problem, including Senators LONG, SCHMITT, and myself, would have preferred that Czechoslovakia had settled this expropriation debt decades ago on the usual basis of bilateral negotiations. Indeed, each time the matter has been raised during these past 30 years, Congress itself has expressed its desire that the matter be resolved quickly and fairly, yet it has generously provided Czechoslovakia several opportunities to enter negotiations toward a mutually acceptable settlement.

When the original Czechoslovakian claims legislation was enacted in 1958, Congress urged Czechoslovakia to negotiate such a settlement then. In 1974, when Congress adopted section 408 of the Trade Act, entitled "Payment by Czechoslovakia of Amounts Owed United States Citizens and Nationals", Congress again demonstrated its concern, while affording the Government of Czechoslovakia another opportunity to negotiate an acceptable settlement. Last year, legislation similar to that which I am proposing today was introduced in both Chambers and marked up in the House. Supporters of the legislation did not press for immediate enactment because there were signs that serious negotiations were imminent. Again, we were disappointed.

Mr. President, we are no closer to a negotiated settlement today than we were in 1948. For over 30 years, the Government of Czechoslovakia has obstinately refused to negotiate an agreement which even remotely provides fair compensation to the thousands of Americans involved, although Czechoslovakia has enjoyed the benefits of the expropriated properties since 1948.

Fortunately, Mr. President, there is recourse available. Another consequence of the Second World War was the recovery by Allied Armed Forces in 1945 of much of the treasure that the Nazis had stolen from the museums and bank vaults of continental Europe. Included among the rescued wealth were scores of tons of monetary gold that had been taken from the national banks and treasuries of the occupied countries and hoarded in the private coffers of the Third Reich's elite. Following the war, Britain, France, and the United States established a joint commission to see to the return of the gold to its original owners. This was a Tripartite Commission. The Soviet Union found other ways to dispose of the looted wealth its army recovered than to return it to the original owners.

The Tripartite Commission for the Distribution of Monetary Gold, after sorting through the various claims of the postwar European governments, determined, inter alia, that Czechoslovakia was entitled to almost 25 metric tons of the gold that had been recovered, and the participating governments proceeded to transfer approximately 6 tons of the gold to Prague. At that point, in 1948, it was brought to the attention of President Truman that the new Communist government of Czechoslovakia had recently expropriated American property valued in excess of $113 million. Seizing the buck by the horns, the President ordered that all Czechoslovak gold still in the possession of the United States be held until fair compensation was provided to those Americans whose property had been taken. We still have that gold, Mr. President, approximately 9 metric tons, in the Federal Reserve Bank of New York. Since 1948, the British Government has cooperated in this action by also holding 9.5 metric tons of gold belonging to Czechoslovakia.

For most of these 33 years, the gold has been worth a small fraction of the expropriated American property. During the past few years the value of the gold has soared to the point where the Czechoslovak gold in our possession has been worth twice the worth of the property.

Mr. President, it is incumbent upon the Congress to take action to remedy this grave injustice. We have the means at our disposal. Accordingly, when S. —— is considered by the Finance Committee, I intend to offer an amendment that would do the following:

First. The Secretary of the Treasury would be authorized and directed to liquidate, at the highest available prices, approximately 9 metric tons of gold which belongs to the Government of Czechoslovakia but which is physically located in the Federal Reserve Bank of New York where it has been frozen by the United States since the Truman administration as security for Czechslovakia's expropriation debt.

Second. The proceeds of the liquidated gold would then be invested by the Secretary so as to yield the highest available return.

Third. That investment income periodically would be transferred by the Secretary to the Czechoslovakian Claims Fund in the Treasury for pro rata distribution to the American award holders until they are paid in full, with interest. After all U.S. citizens claims are paid from the Fund, the U.S. Government would then be compensated for its own losses.

Fourth. After all outstanding claims and awards are paid in full, the balance of the liquidated gold proceeds would be released to Czechoslovakia. Thus, Czechoslovakia's debt to our citizens would be repaid and Czechoslovakia would ultimately recover the full value of its liquidated gold.

Fifth. Once the gold is liquidated by the Secretary, Czechoslovakia would become eligible for further consideration for most favored nation trading status under the 1974 Trade Act. The liquidation would also make possible the release of additional gold belonging to Czechoslovakia which is physically located in the Bank of England, but which has heretofore been blocked by the United States.

My decision to offer this innovative legislative remedy comes after sober recognition of the fact that, more than 33 years after the seizure of American-owned properties, the Government of Czechoslovakia has demonstrated no inclination to compensate U.S. citizens ade-

quately for their losses, and it appears no closer today to offering an acceptable proposal.

I should point out, in the interests of historical accuracy, that in 1974 the State Department did reach an agreement with the Czechoslovak Government which would have resulted in:

First, payment by Czechoslovakia, over a long period of years, of $20.5 million to settle both the $105 million owed on the outstanding U.S. citizen awards, as well as all other unadjudicated American claims (the amount of which is unknown); and

Second, the immediate release to Czechoslovakia of the full 18.4 metric tons of gold held in the United States and Great Britain as security for the unpaid U.S. claims.

Congress found this arrangement wholly unacceptable and enacted section 408 of the Trade Act directing renegotiation of the settlement and blocking release of Czechoslovakia's gold until a new and adequate agreement was explicitly approved by Congress. I quote from the Finance Committee Report endorsing section 408 (S. Rept. No. 93–1298):

> One-sided agreements of this nature are especially dangerous to the United States and its citizens at this particular time in history when nations in various parts of the world are threatening to expropriate or nationalize U.S. properties worth billions of dollars, while other nations have already taken valuable U.S. holdings without the payment of just compensation. The United States simply cannot afford to proclaim in the face of this trend that expropriations of U.S. properties will quickly be forgotten if the taking nation ultimately offers a relative pittance in return.

More than 7 years have elapsed since Congress rejected the 1974 agreement, yet no visible progress has been made toward its acceptable renegotiation. Meanwhile, the value of the gold has risen sharply. Worth approximately $20 million when it was originally blocked by the United States, the gold is today worth almost $160 million, much more than the size of Czechoslovakia's debt to U.S. citizens.

Two matters of international law should be addressed in this case. The first of these questions has to do with the U.S. obligation to Czechoslovakia arising out of the Paris Reparation Agreement of 1946. The United States has indisputably recognized the right of Czechoslovakia to the gold as of the end of World War II, when it was recovered by American forces from the Nazis.

Today, however, 37 years after the end of World War II, the relevant consideration is the equally clear right of the United States to block the return of the gold (as the United States has done since 1948) and to use it to satisfy the claims of American citizens whose properties have been illegally seized by the Government of Czechoslovakia without just compensation. There exists a rather large and unambigious body of law which asserts the right of the U.S. Government to seize and utilize assets belonging to a foreign nation, but physically located in the United States, after that country has taken illegal expropriation actions against properties of U.S. citizens without making any provision for just compensation. Such, in fact, was the case when the United States in 1958 seized and subsequently liquidated the steel mill equipment belonging to Czechoslovakia in order to use the proceeds as partial payment of these same expropriation claims.

Let me point out that under the terms of my proposal, the United States would be rather more generous to the Czechoslovaks than we were in 1958 when the steel mill equipment was seized outright and sold to the highest bidder. According to the legislation I am proposing, the Czechoslovak Government would receive, in cash, the principal value of its gold—several million dollars—after the interest from its investment is used to pay the American claimants.

The second matter of international law here involved relates to the force and effect of U.S. participation in the Tripartite Commission for the Distribution of Monetary Gold established under the Paris Reparation Agreement of 1946. Paragraph 6 of the executive agreement which established the Commission states that "decisions of the Commission shall be by unanimous agreement of its members"—the United States, Great Britain, and France. Thus, it has been suggested that the United States must obtain the consent of Great Britain and France before it can liquidate Czechoslovakia's gold under the proposed legislation.

That contention is simply not sustainable, because it can reasonably be demonstrated that the mandate for unanimous consent applies exclusively to the original determinations made by the Commission regarding which nations were entitled to shares of the gold recovered from the Nazis during the war. The determination that Czechoslovakia was entitled to 18.5 metric tons of the gold recovered from Nazi Germany was such a unanimous decision. The requirement of unanimity could not sensibly apply to subsequent actions that a member nation of the Commission might undertake unilaterally to remedy subsequent injuries suffered by its own citizens by reason of a beneficiary nation's post-World War II violation of international law.

So far as I am aware, President Truman neither requested nor received the consent of the British and French when he made the decision to block the return of the gold to Czechoslovakia and to link its return to the settlement of that nation's expropriation debt to our citizens. Similarly, Congress did not request or receive the consent of the British and French in 1974 when it blocked the Czechoslovakian gold under section 408 of the Trade Act. Moreover, I am advised that the British have unilaterally blocked and claimed gold belonging to Albania under the Paris Reparation Agreement and the tripartite arrangement in satisfaction of certain British claims against Albania. Thus, while I would welcome the support of our European allies in this matter, I do not believe we are obliged to obtain their explicit assent before resolving this 33-year-old international impasse in the manner I propose.

It remains my hope that the Government of Czechoslovakia will render this legislation unnecessary by negotiating a fair, acceptable settlement providing for the prompt payment of all outstanding U.S. citizen claims and awards. But I am not optimistic. And, as the State Department conceded in a letter to Senators LONG, SCHMITT and me dated January 16, 1981:

> We know the process cannot be allowed to go on much longer . . . there is a compelling need to obtain fair compensation for the American citizens whose property was taken by the Czechoslovak Government.

While I still hope for a diplomatic solution, 33 years of unconscionable delay must teach us not to rest our hopes on such an outcome.

I submit for the RECORD the text of the proposed legislation which, absent an immediate, acceptable settlement, will be offered for enactment at the earliest feasible date.

The material follows:

PROPOSED LEGISLATION TO AMEND THE TRADE ACT OF 1974

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

"That Title IV of the Trade Act of 1974 (Title 19 U.S.C. § 2431, et seq.), entitled "Trade Relations With Countries Not Currently Receiving Non-Discriminatory Treatment," is amended by adding the following new section after Section 408 thereof entitled "Payment By Czechoslovakia Of Amounts Owed United States Citizens And Nationals."

"SEC. 408A. Procedure Whereby Czechoslovakia Would Qualify For Further Consideration of Eligibility For Nondiscriminatory Treatment (Most Favored Nation Status) By Discharging Its Indebtedness To United States Citizens And the United States.

"(a) Findings. The Congress finds that:

"(1) Approximately thirty-three years have passed since the government of the Czechoslovak Socialist Republic expropriated and nationalized properties belonging to nationals of the United States without any provision for just compensation;

"(2) Czechoslovakia has enjoyed the use and economic benefit of those properties over the entire thirty-three year period;

"(3) during approximately the same period of time, the United States has controlled, directly or indirectly, more than eighteen metric tons of gold belonging to the government of Czechoslovakia, the value of which has increased over the years so that the gold is currently worth far more than the amount owed by Czechoslovakia to nationals of the United States for the nationalization and expropriation referred to in subsection (1) above and on account of the additional claims referred to in subsection (5) below;

"(4) approximately six years have elapsed since Congress enacted Section 408 of the Trade Act of 1974 (19 U.S.C. 2438), which blocked the release to Czechoslovakia of the gold referred to in subsection (3) above and required Congressional approval of any agreement which would settle claims of nationals of the United States against Czechoslovakia, but no such agreement has been negotiated or submitted to the Congress since that time;

"(5) a number of United States nationals, who held certified awards against Czechoslovakia issued by the Foreign Claims Settlement Commission of the United States under Title IV of the International Claims Settlement Act of 1949, have died; other United States nationals holding such certi-

fied awards are elderly and in need of just relief without further delay; certified awards of a small number of United States businesses remain unsatisfied; other United States nationals hold claims against Czechoslovakia which must be further adjudicated and determined; additional claims of United States nationals against the Government of Czechoslovakia, which arose on or after August 8, 1958 as a result of Czechoslovakia's nationalization or expropriation of their properties without provision for just compensation, remain to be adjudicated and determined by the Foreign Claims Settlement Commission; other United States nationals hold bonds issued or guaranteed by the Government of Czechoslovakia which must be redeemed; and Czechoslovakia is also indebted to the Government of the United States for certain surplus property sold to Czechoslovakia under an agreement entered into in 1946 and for certain bank accounts of the United States in Czechoslovakian banks which were blocked by the Government of Czechoslovakia;

"(6) the long-standing inability of the United States and Czechoslovakia to negotiate a just, acceptable settlement of those awards and claims of United States nationals and the United States Government against Czechoslovakia has made it impossible for the two nations to enjoy full commercial and economic relationships, a condition that will continue indefinitely unless provision is made for the resolution of the indebtedness of Czechoslovakia.

"(b) PURPOSES.—The purposes of this section therefore are:

"(1) to provide for the payment, without further unnecessary delay, of all certified awards of nationals of the United States against the Government of Czechoslovakia heretofore determined by the Foreign Claims Settlement Commission under Title IV of the International Claims Settlement Act of 1949; for adjudication and payment of additional claims of nationals of the United States against the Government of Czechoslovakia which arose after August 8, 1958; for adjudication and payment of claims against the Government of Czechoslovakia which arose after January 1, 1945 in the case of certain persons who became nationals of the United States on or before February 26, 1948; for payment to other United States nationals who hold bonds issued or guaranteed by the Government of Czechoslovakia; for adjudication and payment of claims against the Government of Czechoslovakia in the case of certain persons who were not nationals of the United States at the time of expropriation, but who became nationals of the United States prior to the date of enactment of this section; and for payment to the Government of the United States for valid claims against the Government of Czechoslovakia through—

"(A) the sale of all gold belonging to the government of Czechoslovakia which is physically located in the United States;

"(B) investment of the proceeds of the sale of such gold in maximum interest-bearing, income-producing accounts, investments or securities;

"(C) utilization of the interest and income earned as a result of such investment to pay, in installments, all such certified awards, bonds and claims;

"(2) after all certified awards, bonds and claims referred to in paragraph (b)(1) have been paid in accordance with this section, to provide for the return of the balance of all such proceeds to the Government of Czechoslovakia.

"(c) Liquidation of Czechoslovakia's Gold in the United States; Investment of Liquidated Proceeds; Payment of Certified Awards and Other Debts of Czechoslovakia to United States Nationals and the United States Government.

"(1) On or as soon as practicable after the date of enactment of this section, the Secretary of the Treasury shall take and exercise full possession, title and control over all gold located in the United States which belongs to Czechoslovakia or which is being held for delivery to the government of Czechoslovakia under Part III of the Agreement on Reparation of January 24, 1946 or otherwise, and to sell such gold in the manner provided in paragraph (c)(2).

"(2) The Secretary of the Treasury shall sell all gold obtained under paragraph (c)(1) in such quantity or quantities as the Secretary may determine, in the United States or abroad, in such manner and at such prices, and on such terms and conditions, as will be most effective in creating the largest possible amount of proceeds in the shortest period possible in order to invest said proceeds as provided in paragraph (c)(3). The Secretary, in his sole discretion, may offer the government of Czechoslovakia the right to purchase such gold, in whole or in part, at the same price or prices at which it would otherwise be sold under the first sentence of this subsection. In the event any such offer is made, failure of the government of Czechoslovakia promptly to accept the offer within the time limit fixed by the Secretary, or to tender timely, satisfactory payment therefor after acceptance, shall constitute a rejection of such offer, and the Secretary may thereupon sell such gold, in whole or in part, to any other purchaser or purchasers on whatever terms and conditions shall be deemed appropriate or necessary.

"(3) The Secretary of the Treasury shall immediately invest, and reinvest as fixed-term investments mature, the proceeds of all gold sold pursuant to paragraph (c)(2) in accounts, investments or securities, here in the United States or abroad, which are safe, proper investments or depositories for fiduciary, trust, or public funds and which will produce maximum available interest or income for full payment, at the earliest possible date, of the awards and claims of United States nationals and the United States Government under the provisions of paragraph (c)(4). The Secretary may, in his discretion, invest such proceeds in maximum interest-bearing securities of the United States or securities of the United States sold at a discount, including bonds, notes certificates of indebtedness, and Treasury bills, and other obligations for the repayment of money, or for interest thereon, which are made, issued, or guaranteed by the United States.

"(4) The Secretary of the Treasury shall cover into the Czechoslovakian Claims Fund created by subsection 402(b) of the International Claims Settlement Act of 1949 (22 U.S.C. 1642a(b)) all interests and other income earned on the investments and reinvestments made pursuant to paragraph (c)(3) as and when such income or interest is received by or credited to the Treasury. Not less than once in every six-month period commencing after the first interest or other income is covered into such Fund, the Secretary shall pay and distribute the entire balance in the Fund at the time of each such distribution as follows and in the following order of priority:

"(A) Pro rata payments computed in the manner specified in Section 413(a)(2) of the International Claims Settlement Act of 1949 (22 U.S.C. 16421(a)(2)) to those nationals of the United States who hold certified awards against Czechoslovakia previously issued by the Foreign Claims Settlement Commission under Title IV of the International Claims Settlement Act of 1949, or awards hereafter issued after redetermination under subsection (d) of this section, until all such certified awards, together with interest on the principal amount of each such award at the rate of six per centum per annum from August 8, 1958 to the date of enactment of this section, are paid in full. Distributions shall be computed and paid by the Secretary under this subsection without reference to awards to be issued after redetermination under paragraph (d)(1) of this section, except such awards as, after redetermination, have been certified to the Secretary under paragraph (d)(6) of this section. After any award has been so certified, the recipient of such award shall participate in the aforementioned pro rata computations, distributions and payments.

"(B) Thereafter, pro rata payments computed in the same manner to nationals of the United States who hold awards hereafter certified to the Secretary under paragraph (d)(2) of this section, until all such awards, together with interest on the principal amount thereof at the rate of six per centum per annum from the date of nationalization to the date of enactment of this section, are paid in full.

"(C) Thereafter, pro rata payments to nationals of the United States on the unpaid balance due and owing to each of them on defaulted bonds issued or guaranteed by the Government of Czechoslovakia until all such bonds are paid in full. The Secretary, by regulations, shall establish a procedure whereby such bonds may be presented for payment and paid under this subsection.

"(D) Thereafter, pro rata payments to nationals of the United States who hold awards hereafter certified to the Secretary under paragraph (d)(3) of this section, until all such awards, together with interest on the principal amount thereof at the rate of six per centum per annum from the date nationalization to the date of enactment of this section, are paid in full.

"(E) Thereafter, the Secretary shall deduct from the Fund and pay into the "Miscellaneous Receipts" account of the Treasury amounts equal to the principal and interest owed by the Government of Czechoslovakia for $7,000,000 in surplus property which the United States sold to Czechoslovakia under an agreement entered into in 1948, and for the current dollar value of two bank accounts of the United States Government in Czechoslovakia blocked by the Government of Czechoslovakia.

"(5) If any person entitled to payment out of the Fund under this subsection is deceased or under legal disability, payments pursuant to this subsection shall be made in the manner provided in Section 413(d) of the International Claims Settlement Act of 1949 (22 U.S.C. 16421(d)).

"(d) Adjudication of Certain Claims.

"(1) The Foreign Claims Settlement Commission of the United States shall, upon application, reopen and redetermine the validity and amount of any claim against the Government of Czechoslovakia which was filed with the Commission in accordance with the provisions of Title IV of the International Claims Settlement Act of 1949 and which was denied by the Commission because the property upon which the claim was based was found by the Commission to have been nationalized or taken by the Government of Czechoslovakia on or after January 1, 1945, but prior to February 26, 1948, or which was denied because said property was not owned by a person who was a national of the United States on the date of such nationalization or taking. The provisions of Section 405 of the International Claims Settlement Act requiring that the property upon which the claim is based must have been owned by a national of the United States on the date of nationalization or other taking by the Government of Czechoslovakia shall be deemed to be met if such property was owned on such date by a person who became a national of the United States on or before February 26, 1948.

"(2) The Foreign Claims Settlement Commission shall also receive and determine, in

accordance with applicable substantive law, including international law, the validity and amount of claims of nationals of the United States against the Government of Czechoslovakia for losses resulting from the nationalization or other taking after August 8, 1958, of properties, including any rights or interest therein, owned at the time of such nationalization or other taking by nationals of the United States.

"(3) The Foreign Claims Settlement Commission shall also receive and determine, in accordance with applicable substantive law, including international law, the validity of claims against the Government of Czechoslovakia by any natural person who became a national of the United States on or before the date of enactment of this section.

"(4) Claims described in paragraphs (d)(1), (d)(2) and (d)(3) shall be redetermined in accordance with other provisions of Title IV of the International Claims Settlement Act of 1949, and regulations thereunder, which are not inconsistent with this section.

"(5) The Commission shall establish and publish in the Federal Register the period of time during which applications for reopening and redetermination of claims described in subsection (d)(1) and claims described in paragraphs (d)(2) and (d)(3) must be filed and the date for completion of its affairs in connection with the redetermination and determination of such claims. Such completion date shall not be later than two years following the final date for the filing of such applications and claims.

"(6) The Commission shall promptly certify to the Secretary of the Treasury the amount of each award issued after redetermination pursuant to paragraph (d)(1) and after determination pursuant to paragraphs (d)(2) and (d)(3) of this section.

"(e) Release of Proceeds to Czechoslovakia; Eligibility of Czechoslovakia for Further Consideration of Most-Favored Nation Treatment.

"(1) After all certified awards and bonds of nationals of the United States and all claims of the United States Government have been paid in accordance with subsection (c) of this section, the Secretary of the Treasury shall deduct from the Czechoslovakian Claims Fund in the Treasury such amounts as are necessary to cover the expenses necessarily incurred by the Treasury Department and the Foreign Claims Settlement Commission in the administration of this section. Amounts so deducted shall be covered into the "Miscellaneous Receipts" account in the Treasury. After such deduction has been made, all proceeds from the sale of gold pursuant to subsection (c), together with any balance remaining in the Czechoslovakian Claims Fund, shall be paid to the Government of Czechoslovakia in accordance with instructions which the Secretary of State shall provide.

"(2) Immediately upon liquidation of Czechoslovakia's gold under paragraph (c)(1) and initial investment of the proceeds thereof under paragraph (c)(2), the Secretary of the Treasury shall submit a report to the President and the Congress indicating that Czechoslovakia is qualified for further consideration, under the provisions of Sections 404 through 407 of this title, of its eligibility for negotiation and execution of a bilateral commercial agreement and extension of nondiscriminatory Most Favored Nation treatment of its products under the Tariff Schedules of the United States referred to in Section 401 of this Title.

"(f) Claims Against the United States. No court shall have any jurisdiction over any claim brought against the United States or any officer or agent thereof with respect to any action taken under this section and nothing in this section shall be construed to create any liability on the part of the United States in favor of the Government of Czechoslovakia, any agency or instrumentality thereof, or any person who is an assignee or successor in interest thereto, or any other liability of any kind against the United States.

"(g) Definitions.

"(1) 'National of the United States' shall have the meaning given such term in Section 401(1) of the International Claims Settlement Act of 1949 (22 U.S.C. 1642(1));

"(2) 'Agreement on Reparation of January 24, 1946' means the Agreement on Reparation from Germany on the Establishment of an Inter-Allied Reparation Agency and on the Restitution of Monetary Gold, signed for the United States on January 14, 1946.

"(h) Repeal of Section 408. Section 408 of Title IV of the Trade Act of 1974 is repealed as the date of enactment of this section, and upon such repeal, this section shall become Section 408 of said Act."●

SALINE COUNTY, ILL.

● Mr. PERCY. Mr. President, the Department of Housing and Urban Development recently decided to invite a number of Illinois communities, who had successfully competed in the preapplication process, to make full application for funding in the small cities community development block grant program. I had the pleasure of informing communities such as Saline County, Ill., that HUD had approved its project and would soon be requesting additional information for further review by the agency. HUD's reservation of $1 million indicates that Saline County has designed a fundable project to provide a much needed regional water system to serve a number of communities in Saline and, possibly in the future, nearby Gallatin County. This portion of Illinois has suffered very dry conditions this winter and water levels, before recent rainfall, had reached a critical level. The construction of a regional water system will help relieve the water supply problems that this area has endured. The value of the block grant concept, that is favored by the Reagan administration, is evident in this proposal, as Saline County officials were allowed to establish priorities for the use of these funds in their community. Pending review of these further submissions by HUD, award announcement is expected in June 1981.

The regional water system is expected to serve Harrisburg, Muddy, Equality, Raleigh, the Raleigh Water District and the Liberty-Ledford Water District. The system will include a complex of three wells, tapping an underground source in the Junction area, with a transmission line running to the area of Equality where the treatment plant-site is located.

Following the announcement of the block grant invitation, Farmers Home Administration also approved a community facilities loan to the Saline Valley Conservancy District in the amount of $6,700,000 to be repaid over 40 years at 5 percent interest to aid in the construction of the wells, water treatment plant, storage tanks, and transmission mains for the water system. An estimated 8,300 residents and commercial users will benefit by this new system.

Mr. William Endsley, chairman of the Saline County Board, and Ms. Shirley Ligon, manager of the Saline Valley Conservancy District, and their respective board members are to be commended on their successful efforts to resolve the problem of water shortage in the Saline County area. I am pleased to have had the opportunity to work with the Saline County officials on this project and congratulate them on their outstanding leadership.●

WHO SHOULD BE AN AMERICAN AMBASSADOR?

● Mr. PELL. Mr. President, the Foreign Relations Committee will soon be considering President Reagan's nominees for Ambassadorships around the world. The new administration has been correctly intent on having Ambassadors who will be able to articulate, defend, and promote support for the administration's policies.

At the same time, however, it ought to be incumbent upon any administration to choose the best people—whether career or noncareer—to serve as Ambassadors. These are critical times, and our country cannot afford to be represented abroad by people who are less than the very best available.

In this connection, Martin F. Herz, a former career Foreign Service officer and Ambassador to Bulgaria, recently wrote a very perceptive article, entitled "Who Should Be An American Ambassador?" which was published in the January 1981 edition of the Foreign Service Journal. I ask that the full text of this article be printed in the RECORD.

The article follows:

WHO SHOULD BE AN AMERICAN AMBASSADOR?

(By Martin F. Herz)

The question is not, and has never been, whether professionals or nonprofessionals ("political appointees") should be ambassadors. It is rather, how one chooses or finds or trains the best people to become ambassadors.

"The best people?" Is there some undertone of *elitism* in that question? Yes and no. If it is elitism to want the best possible surgeon to operate, to want the fastest-running and highest-jumping athlete to compete, to have the best-trained and temperamentally best-suited man or woman as an astronaut, then it is elitism also to want the best man or woman available to represent the United States abroad. But of course it is not elitism in the snobbish sense that is sometimes imputed to that word. It is, rather, a rational recognition that difficult and responsible tasks should be performed by the most highly qualified people.

Certainly the United States—indeed, any country with important interests abroad—requires high quality in its foreign representation. It is only good common sense to want the most vigorously selected, best trained and most highly skilled people to man that first line of defense. But high quality is not a monopoly of Foreign Services professionals.

Also, it is understood nowadays that there are no "unimportant" posts to which one can assign unqualified or poorly qualified ambassadors. As I shall demonstrate, there is plenty of damage that an unqualified man or woman can do in such a post—and in today's world there is no guarantee that an American embassy in a quiet, out-of-the-way country may not suddenly become the

focal point of American interest, perhaps in a wider regional context, which requires expert work of the highest professional quality.

What, then, do we mean by professionalism? Selection, training, experience, plus character and technical skills. If I distinguish between "skills," which are highly important, and the factor of "experience" (which of course helps to develop and sharpen skills), it is because the job of an ambassador requires skills of several kinds, only some of which are transferable from other professions or can be learned rather quickly; and all of them are not always found in one individual. In recent years the managerial aspect of running a large embassy has become so important that executive experience, for instance, the running of a large university, has come to be regarded as a qualification for running an embassy. Managerial skills are certainly more readily transferable than diplomatic skills.

This aspect of the question comes down to the one that has agitated also the medical profession (which I choose for parallels that could be cited with many other professions): Should a doctor or a managerial expert be in charge of a hospital? There are good arguments on both sides, but there is no argument whether a hospital administrator or a surgeon is better qualified to perform major surgery. In diplomacy, the manager of a diplomatic mission is also the surgeon who must "operate" in his conversations with the foreign minister and other elements of the power structure of the country to which he or she is accredited. He must make difficult diagnoses, and sometimes must prescribe (or recommend) risky therapy.

We have said that the managerial functions can be more easily delegated than the diplomatic ones. To come down to specifics: To appoint the governor of a Middle Western state to become United States ambassador to Mexico—a man who did not speak Spanish and had no background in foreign policy in general or Latin America in particular—would be about the same as to expect the governor of a South African province to perform, in the Groote Schuur hospital in Capetown, the heart transplant surgery that was previously performed there by Dr. Christian Barnard. With the difference that the nonprofessional diplomat has at his side a team that covers up for his mistakes and prevents as many as possible; whereas the unfortunate effects of bungled open-heart surgery are more quickly apparent. But it would be appropriate to make a governor who is a good executive the director of a hospital—on the understanding, of course, that he would leave the medical work to doctors.

What is it that makes a good diplomat, and thus a good ambassador, in addition to the factors that were enumerated above? The kind of empathy which comes from years spent in cross-cultural communication. *Fingerspitzengefühl* (the feeling one has in the tips of one's fingers) which is sometimes acquired by amateurs but is more frequently found among people who have had a great deal of experience. To use once more the medical parallel, there are diagnosticians who use all the apparatus of tests and examinations but make their most important decisions by intuition.

A gynecologist, for instance, has a patient who is brought to the hospital because of a suspicion of ectopic pregnancy, a potentially deadly complication. All the customary tests are made, and they are negative. The old professor and chief of the department, i.e., the old professional, says, "I think, nevertheless, that hers is an ectopic pregnancy. Take her to the operating room, we'll open her up." Which is done, and the patient turns out to have ectopic pregnancy, notwithstanding the negative indications given by the tests. The old professor is asked how he knew. He doesn't know himself. But he has over the years seen tens of thousands of pregnant women, including large numbers whose pregnancies were ectopic. He could "smell" the symptomatology, including elements that were not tested but which probably had been present in previous cases that he had seen. Experience paid, and a life was saved.

The same very often holds in the field of diplomacy. The thing that is not present in the equation is noticed by someone who has learned to notice also what is not there; the inflection of the foreign minister in saying something signals an opening to the experienced professional which is missed by the amateur. An obscure reference to past history conjures up the memory of a useful precedent. The right tone, the right word, the right moment are utilized, not only by intellectual judgment but through familiarity with conversations of similar kinds in which things turned out right or went off the rails. A "feel" for what is about to happen may be derived from a lifetime of sniffing the political atmosphere of foreign countries. The crisis, which inevitably is the first diplomatic crisis to the newcomer is, reminiscent in many ways of crises experienced before by the professional—he knows what comes first and what not to worry about and is thus able to concentrate on what matters most. Inevitably, someone who has been through a dozen diplomatic crises behaves differently in one than someone who does not have that experience.

In other words, professionalism *pays*. One can, of course, appoint a businessman or politician to command an aircraft carrier or an armored division, and some may display gifts of strategic intuition which make a crucial difference—and most, being surrounded by professionals, will make no fatal mistakes; but the chances of getting good results are greater if an aircraft carrier or an armored division is commanded by a man with specialized military experience. It can in certain cases be only *related* experience. Admiral Raymond A. Spruance, who had commanded battleships, made an excellent transition to a carrier task force; and some professors of international relations or diplomatic history have made serviceable ambassadors. But the odds are that people trained for the job will give better service. There are exceptions, which we will next discuss—for there have been terrible professionals and some excellent, even very distinguished, American ambassadors who were completely, or largely, inexperienced when they came to the task.

FIRST THE GOOD NEWS

It would thus be a great mistake to say, as fewer and fewer professionals are saying, that *all* American ambassadors must be professionals; and some presidents have chosen wisely among non-professional candidates for ambassadorships.

Roosevelt's choice of Averell Harriman to be ambassador to the Soviet Union was such a choice. It probably helped that Stalin, believing that the United States was run from Wall Street, also believed that Harriman was one of the wire-pullers who controlled the White House. He thus accorded him access of the kind which greatly helped Harriman in the accomplishment of his mission (as did the fact that the U.S. was an ally of the USSR, at that time). Harriman went on to a multiplicity of diplomatic posts in which he acquired additional experience, and there is no question that he acquitted himself with distinction in all of them.

I have served under three distinguished non-professionals: David K. E. Bruce, Douglas Dillon, and Ellsworth Bunker. I have no hesitation in saying that they were more distinguished than most of my career superiors. David Bruce had been a FSO in his youth and came to his first embassy from related work in London and Paris. He was also a historian and had been a sub-cabinet officer. He thus was no neophyte in foreign affairs. He went on to become the only American to have headed our three most important missions in the West (London, Bonn and Paris) plus Peking, NATO, and a highly responsible negotiating assignment. He had ready access to the top, knew how to operate the system, and possessed a personality that radiated the best of American culture. He was a man of the world in the best sense of that term. We don't have enough of this kind, and we can never have enough of them in ambassadorial positions.

Douglas Dillon seemed a mistake when he was appointed ambassador to France. He didn't even speak the language. (His father had originally been sought for the post.) His main qualification seemed to be that his family owned a famous vineyard in the Bordeaux area. But he surprised us by being an extraordinarily quick study, displaying empathy that was equal to that of many professionals, and making decisions and recommendations that could not have been surer and wiser. He went on to become undersecretary of state and secretary of the treasury. He learned on the job, deferred to experts as long as he felt insecure, and when the first crisis came displayed excellent judgment. I would consider him to be an exception because he lacked relevant background and experience even in a related field. (A more recent exception of the same kind may be Geri Joseph, our current ambassador to the Netherlands, who seems to have a natural aptitude for diplomacy in spite of, not because of, her background in journalism.) Exceptions of that kind should make us humble about generalizing.

Ellsworth Bunker is a different case. He was chosen to be ambassador to Argentina at the age of 57, and went on to become one of our most experienced ambassadors, serving also in Rome, New Delhi, in Washington as ambassador to the OAS, then in Saigon for six grueling years, until at 79 he undertook one of the most difficult and demanding negotiating assignments in helping to bring the Panama Canal treaty to completion. I am devoted to him and believe he will not take it amiss when I remark that in his first diplomatic post, where he is credited with "masterful inactivity," he was probably less qualified than would have been a professional and also less qualified than he was in later posts. We can learn something from his case: When someone is superbly gifted in the field of diplomacy, his best accomplishments are apt to come after the customary age of retirement. I would put Bunker at 80 up against any professional aged 50. At 80, in fact, he had longer high-level diplomatic experience than any American professional has ever had at age 50 or even age 60. In his case, too, we can thus say that "experience pays."

Among more recent appointments, who could cavil at the nomination of Senator Michael J. Mansfield to the post of ambassador to Japan where by all accounts he has turned in a superior performance? It may be that a professional like Marshall Green could have done as well; certainly he knows more about Japan—but Mansfield knows more about Washington and he has had 24 years of experience in following Far Eastern affairs from Capitol Hill. (The only irony of his appointment is that Green was retired at 63 whereas Mansfield, his cumulative experience standing him in good stead, became ambassador at the age of 74.) Similarly, though not on the same level, the appointments of Kingman Brewster to London and Robert F. Goheen to New Delhi, each from positions of university president, were distinguished ones. Brewster seems to have worked out well, whereas Goheen was something of a disappointment; but no one can say that either of these men lacked stature or was appointed in return for money or as some other kind of payoff.

NOW THE BAD NEWS

Ambassadorships have also, alas, gone to people who not only lacked any visible qualifications for the job but were clearly awarded the post in return for favors financial, political or both. Let us look first at appointments of the '30s and '40s: The millionaire Joseph P. Kennedy, pro-German and isolationist, was American ambassador to Great Britain at a time when that country had to steel itself against Nazi aggression; the amateur William C. Bullitt, enthusiastic for intimate relations with the Soviet Union, first went overboard in favor of the Soviet Union—only to become so disenchanted that later, as ambassador to France and afterwards, he could see Russia only as an eternal enemy. "General" Patrick J. Hurley, an oil lawyer and millionaire, who had been Hoover's secretary of war, was appointed ambassador to China during World War II under circumstances that have been most aptly summarized by Barbara Tuchman as follows:

Hurley was just what [Generalissimo] Chiang had always wanted in an envoy—a man with direct access to the president and no experience of China, who was easy to manipulate through his vanity. When Ambassador Gauss [a career professional] resigned at the time of Stilwell's departure, Chiang was only too pleased to ask for Hurley as successor . . .

The aftermath involved one of the greatest disasters of American diplomacy (all of which, however, must not be attributed to Hurley). As Tuchman summarized the situation, "Hurley accepted no guidance from his staff. Because he was over his head in the ancient and entangeld circumstances which he proposed to settle, he fiercely resented and refused the counsel of anyone more knowledgeable about China than himself. When the coalition blew up in his face and he found Chinese affairs resisting his finesse, depriving him of the diplomatic success he had counted on, he could find an explanation only in a paranoid belief that he was the victim of a plot by disloyal subordinates . . ." Not only did he help to bring about the ruin of a generation of China Hands but he contributed massively to American public misconceptions about China and Chiang Kai-shek which placed a heavy mortgage on American policy in the Far East for decades.

Perhaps the most notorious appointment of an unqualified ambassador in the years immediately after World War II was President Eisenhower's nomination of Maxwell Gluck, proprietor of a chain of ladies' dress shops, as ambassador to Ceylon, now Sri Lanka; but Gluck was not the worst appointment and became notorious only because the Senate Foreign Relations Committee, in a rare departure from its custom, acutally inquired—very briefly—into his qualifications. Having written extensively on that appointment [Journal, May 1978] I wish to record here that Gluck was not even the worst ambassador the U.S. has sent to Ceylon and many another political appointee, questioned as Gluck was questioned by Senator Fulbright, would have been shown up to be equally ignorant and perhaps even more so. Gluck was asked whether there was any connection between his nomination and the fact that he had contributed $30,000 to the political campaign; he squirmed. He was then asked about Ceylon and turned out to know virtually nothing about it. When asked the name of the prime minister of Ceylon he did not know it; and when asked who was the Prime Minister of India (Nehru) he said he knew but couldn't pronounce the name.

In the colloquy in the Foreign Relations Committee that ensued, Senator Fulbright said he had not wanted to embarrass Gluck by asking him to spell Nehru after the nominee had said he was unable to pronounce it, adding: "Anyway, I am not going to make a big fight about it. I am simply saying that—following up on the chairman's [Senator Theodore Francis Green's] letter, I think the department ought to be a little more concerned about sending—especially to India and that area, Ceylon—a man with no qualifications. That ought to be a position there for a professional man. I will grant that sending a man like that to Belgium can't do much harm, because the Belgians know us and can overlook such things. I don't think the Ceylonese or Indians will overlook a man who is totally unaware of things that are important to our relations with them."

I submit that what Fulbright said to his colleagues after the hearing was much more significant than what transpired between him and the hapless nominee, for it foreshadowed the attitude he took when he became chairman of the Foreign Relations Committee—that there were some countries where qualified ambassadors were desirable and others where their qualifications didn't matter; and later he extended that tolerant view to one which, according to someone who was closely associated with him, boiled down to saying: If the president of the United States wants to appoint a horse's asterisk (or words to that effect) as ambassador, he is entitled to do so. The dereliction of the SFRC in that respect deserves to be highlighted, for it would not have taken many hearings like that of Gluck to persuade the Eisenhower administration—and subsequent administrations—that it is politically risky to nominate unqualified candidates for ambassadorial positions. "Senatorial courtesy" is another problem, especially when members of the committee are themselves beholden to the nominee.

AND THE WORSE NEWS

While there were shocking appointments by the Eisenhower and Kennedy administrations, undoubtedly the worst record in terms of simony was established by the Nixon administration which literally auctioned off ambassadorships (or "chances" for ambassadorships) according to precise information developed in connection with the Watergate investigation. There would be no purpose in mentioning more than a few cases—they were too numerous. Arthur K. Watson, ambassador to France, contributed $300,000 to the Nixon campaign in 1971 and early 1972 but had also made earlier contributions. He was not one of our most successful ambassadors to France. Vincent De Roulet, son-in-law of the owner of the New York Mets, contributed (together with his father-in-law) some $183,000 before and after becoming ambassador to Jamaica where he did major damage to our relations due, inter alia, to an ill-considered public remark that he had the prime minister in his pocket, which of course led to an overturn in the political situation and other unfavorable consequences. Ruth B. Farkas, the wife of a department store executive, gave $300,000 and became ambassador to Luxembourg, following in the footsteps of such previous unqualified political appointees as Perle Mesta, the Washington hostess sent there by Harry Truman; Wiley Buchanan, the Texas millionaire and art collector sent by Eisenhower; and Kingdon Gould, the Washington parking lot magnate appointed by Nixon. (Luxembourg, by the way, had an excellent idea: It finally let it be known—discreetly, of course—that it was fed up with being a dumping ground for unqualified moneybag ambassadors—and as a result got a professional, James G. Lowenstein, who was well familiar with the concerns of that NATO ally.)

The situation had become so smelly that Jimmy Carter, during his 1976 election campaign, vowed that he would put an end to it. In an interview with C. L. Sulzberger of the New York Times in August, 1976 he said he was interested in "improving the quality of our major diplomatic appointments. I want these to depend firmly on merit. I am not under obligation to anyone, and I don't believe people should be paid off for helping elect a president by getting embassies." On November 9, 1976, after he had been elected, he said: "I plan to appoint diplomatic officials who have superb credentials, strictly on the basis of merit, not reward people for political favors. And that's a commitment that I've made on my word of honor. I'm not going to break it."

And then he nominated, among his first ambassadorial appointments, Mr. Philip H. Alston, Jr., a lawyer from Atlanta, Georgia, to be ambassador to Australia; Governor Patrick J. Lucey of Wisconsin to be ambassador to Mexico; Ms. Anne Cox Chambers, chairman of the board of Atlanta Newspapers and of the Cox Broadcasting System, to be ambassador to Belgium; and Governor John C. West of South Carolina to be ambassador to Saudi Arabia. He also appointed to Switzerland a building contractor named Marvin Warner whose only plausible claim to the position was the fact that he had made contributions to the election campaigns of both senators from Ohio plus the then chairman of the Senate Foreign Relations Committee, Senator Sparkman. ("I don't think there will be any question," one senator is supposed to have said about the impending hearings on Marvin Warner; "there better not be." Washington Post, June 7, 1977).

As indicated earlier, some of the Carter appointments were distinguished. In addition to Mansfield, Brewster and Goheen who have already been mentioned, the appointment of Thomas J. Watson, Jr., former president of IBM, to Moscow is interesting because of the reasoning that seems to have underlain it—that in an era of détente, the development of business relations by a businessman-ambassador would be especially felicitous. While there is no question that Mr. Watson is a person of substance, the reasoning behind his appointment overlooked these facts: (1) that even if détente had not run up against the invasion of Afghanistan, the major American concern in relations with the Soviet Union is survival, not money; (2) that sure judgment in the prediction of future Soviet behavior is among the most important contributions of an American ambassador in Moscow; and (3) that the promotion of business, as shown by the Japanese, French and German record, is more effectively entrusted to experienced diplomats than to businessmen. The business of businessmen is business; the business of diplomats is to influence foreign governments; and the "big ticket" items in business can be most effectively promoted by people with intimate knowledge of the workings of foreign governments and who are willing to use political skill to support the work of businessmen. Still, it is certainly true that a businessman-ambassador would probably have an especially high motivation to be of assistance in promoting business.

A novelty of the Carter administration was the creation of a Presidential Advisory Board on Ambassadorial Appointments, chaired first by Governor Reubin O. Askew and more recently by Clark Clifford. The board did not comment on all nominations since the president and the secretary of state decided which countries should go to career officers and which should involve multiple candidacies from non-career persons among whom the board is to choose one for recommendation to the White House. There is no doubt that the idea of the board had potential—it enabled, for one, the president to tell an insistent candidate that he personally would have loved to nominate him but that the board, to his intense regret, had chosen someone else. Also, the board itself, theoretically, could delve into the background and qualifications of nom-

inees and advise the president to desist from sending their names to Capitol Hill (and in some cases this was apparently done). But the composition of the board, which was heavily weighted in favor of politicians, representatives of minorities, and others who knew little or nothing about diplomacy, was disappointing from the beginning, notwithstanding some excellent and well-qualified members in its ranks. The board approved, even recommended, some of the obviously unqualified appointees of the Carter administration such as the Mr. Warner mentioned above, Milton A. Wolf (a construction company president) to Vienna, and the unfortunate Richard Kneip who became ambassador to Singapore and there astounded his staff by such questions as "You mean, there has been a war between India and Pakistan?" and "Did you say there are two separate Koreas? How come?"

WHAT IS TO BE DONE?

If we don't want the best, then nothing need be done. But if we do, we—the readers of this article and others who are concerned and wish to raise a voice in favor of upgrading the quality of ambassadorial appointments—can take into account some of the following considerations:

1. Give Weight to Experience. Career officers do not have a monopoly on qualifications for ambassadorial positions. However, experience in several Foreign Service posts and positions is more likely to point to such qualifications than experience in other work: Among ten candidates from the career service, the odds are that two or three may turn out to be weak or perhaps even misfits. Among ten non-career candidates, the odds are that the number will be considerably greater, especially if they do not come from fields closely related to foreign affairs. Experience counts—therefore, to the extent that potentially outstanding chiefs of mission can be identified early in their careers, to the extent that they can count on having more than one ambassadorship, the odds on developing outstanding ambassadors improve. Bringing along the most brilliant and competent officers to responsible positions in younger years—which is increasingly happening at present—gives the best promise of good results. The same is true, of course, of non-career ambassadors. Only the most outstanding candidates should be considered. Even then, if Thomas J. Watson, Jr., for instance, could have had prior apprenticeships as ambassador to Upper Volta and Bulgaria, he no doubt would have functioned considerably better in his position in Moscow.

2. Consider Character. Nicolson's dictum about character being the most important ingredient of a successful ambassador is still true. Yes, he also has to be an operator, but there is a distinction between skill in the organization game and cutting corners or buying favors or otherwise engaging in sharp practice. Moral courage is the first requirement of a good ambassador. It is found among both career and non-career candidates—but not as often as one might think. The idea that career people are too often "bucking for promotion" (or incentive pay) whereas non-career ambassadors are past such considerations is poppycock. Non-career ambassadors are sometimes more concerned about their "image" than they should be, and too often want so desperately to "succeed" that they violate Talleyrand's warning against exececssive zeal. Case studies of ambassadorial failures on the job (career as well as non-career) would bring this out with telling conclusiveness.

3. Beware of Vanity. It is the greatest enemy of a good diplomat—and of a bad one, too. Even superb professionals have fallen victim to it, letting a personal slight, for instance, color their judgment of the person who administered it; or failing to report (or reporting inaccurately) developments which cast an unfavorable light on themselves. But vanity is found less often in a disciplined career service than among non-career people some of whom become light-headed when addressed as "excellency" and begin to suspect that they are omniscient. A career officer has learned the benefits of staff work and is more likely to listen to professional advice than a non-career appointee. Some of the most horrible gaffes committed by neophyte ambassadors occurred because of their unwillingness to use their staffs. I would be less than candid, however, if I failed to note that there have also been career officers in ambassadorial positions who lost their moorings, displayed symptoms of hypomania, and began to think of themselves as a combination of Jesus Christ, Talleyrand, and Napoleon. Such men—regardless whether career or non-career—must be swiftly brought down to earth, and home.

4. Beware of Ethnic Appointments. It is a fallacy to believe that appointing an American of Polish extraction (such as former Postmaster General John A. Gronouski) to Poland will flatter the Poles; or that appointing someone of Italian descent (say, John A. Volpe) to Italy will flatter the Italians; or that appointing a black will flatter a black African country; or that appointing an American Hispanic (say, Julian Nava) as ambassador to Mexico will flatter the Mexicans. Whether they are flattered will depend on the qualifications of the appointee (quite aside from the question whether flattery is a good reason for any diplomatic appointment). If a Gronouski turns out not to speak Polish and a Nava turns out to know little about Latin American politics, the host country will be adversely impressed. The same goes for appointing a general to represent the United States in a country run either by a military dictator or by a political leader with a military background. When President Kennedy sent General James M. Gavin as ambassador to France, for instance, he no doubt thought that de Gaulle, being a general, would appreciate having an American general to talk with—but de Gaulle did not consider himself a general. He had nothing but contempt for "mere" generals, regarding himself to be far more, namely the embodiment of La France. Charles ("Chip") Bohlen, a man who knew European history backwards and forwards, spoke French fluently, and had met most of the European movers and shakers of the last thirty years, was a much more effective representative in France. He was also a more effective ambassador to the Soviet Union than any non-professional could have been at that time. It is true, on the other hand, that a person of stature will run no risk of being overly impressed by persons of high rank; so there is merit in appointing to a major post someone who has rubbed shoulders with important people. Both career and non-career candidates can fill that requirement.

5. Money Is No Qualification. Should the possession of money (as distinguished from the payment of it) be a qualification for appointment to the large embassies where representational requirements are important? The answer is that the United States is wealthy enough to meet the legitimate expenses of ambassadors—and that it is doing so right now in most cases. The Economist a few years ago, noting that Ambassador Walter Annenberg had said that he spent $250,000 a year of his own money to live in London in the ambassadorial style he considered appropriate, and that he had contributed $1.5 million to refurbish the residence, concluded that "there is no doubt that the job in London is expensive." Writing at that time under a pseudonym, since he was still on active service, the author of the present article suggested in a letter to the editor (printed in The Economist in January, 1973) that

"None of the expensive things that Mr. Annenberg did and which you list in your article seemed essential for the functions of an ambassador, unless you regard his giving of expensive gifts and his lavish entertaining as necessary for the conduct of diplomacy with your leadership. I cannot imagine why an American ambassador needs to prove to his guests by the opulence of his table or the number of footmen that the United States is a wealthy country.

Suppose an American ambassador invited only 12 people to a dinner instead of 64—perhaps that would give him more of a chance to talk with his guests; and as for the maintenance of Winfield House I suppose that if the government had its choice between an ambassador who is an amateur but who keeps the grounds impeccably, or an experienced professional who allows them to run down a little, perhaps it would not follow your implied advice and would opt for the man of intellectual and professional substance, rather than pecuniary substance."

Meanwhile all this has been proven by the successful tenure of Arthur A. Hartman, a career officer with no private fortune, as ambassador to France. Elliot Richardson, not a career officer but also without a personal fortune, was not daunted by the financial requirements in London. Mike Mansfield, and before him Douglas MacArthur II and Edwin Reischauer, managed in Tokyo without personal reserves expended by Robert Ingersoll. Chip Bohlen in Paris was able to make out, perhaps with some discreet support from the department at a time when the House appropriations subcommittee was still especially niggardly with representation funds. In any case, the burden of proof is now on those who believe that one has to be wealthy to be ambassador in one of the world capitals. If I were given such a position and found it impossible to make ends meet, I would cheerfully cancel the Fourth of July in favor of more small luncheons and dinners—without any impairment of relations.

6. Scrap the Board. The Presidential Advisory Board on Ambassadorial Nominations, so promising at first, must be judged a failure. It lacked the qualifications to determine the qualifications of ambassadors, consisting as it did of a large majority of people who never had anything to do with diplomacy (although it did, fortunately, include a few members like Averell Harriman, Dean Rusk, Carol Laise and one or two others who know from first-hand experience what the requirements are). While I have it on good authority that the board managed to serve the president as an alibi for turning aside some "terrible" would-be nominations, enough terrible ones have been certified to discredit the entire enterprise. If or when we have an honest and courageous president it should not be necessary to have a board to protect him against weakness, cowardice, or ignorance. Staffs are supposed to do that. If a president wishes to live up to the Carter statement that he would only appoint people with "superb credentials," "strictly on the basis of merit," he will need a body of a different composition to tell him who they are.

7. Wake Up the Senate. The Senate, and especially its Foreign Relations Committee, has been derelict in not looking into the qualifications of ambassadorial nominees and into undesirable reasons, such as political favors or campaign contributions, that might be behind their nominations. The information is available, in copious detail, that would permit at least a modicum of scrutiny to take place. It is not even necessary for this purpose that the examination of candidates be in great detail. Superficial examina-

tion, as the Gluck case and the gaffes of more recent appointees amply demonstrate, would bring out the most glaring lack of qualifications in a number of candidates. This, in turn, might lead to greater circumspection on the part of the White House and the political leadership of the State Department and would make them put the brakes on the kind of scandalous nominations that have been getting by without so much as a question. As indicated, the custom of "senatorial courtesy" is a problem. One way to solve it would be for the SFRC to adopt a rule whereby any of its members who have been recipients of money from a candidate should automatically disqualify themselves from consideration of his nomination.

8. Support the Chief. Finally, there is a question of the loyalty owed by the deputy chief of mission and the section chiefs and all the rest of an embassy's personnel to the ambassador who is, after all, the personal representative of the president and is entrusted with large responsibilities. This question has been raised in connection, for instance, with the publication by the Foreign Service Journal of a "whistle-blowing" article about the gaucheries, gaffes, and general incompetencies of an egregiously unsuited political appointee. The author of that article had been the ambassador's deputy. Is it right for such a man (or woman), whose very proximity to the chief of mission involves the sharing of knowledge in a position of personal trust, to lift the veil and reveal the feet of clay? In my opinion the answer is no, it is not fair, it is not right, it is an extremity to which one should resort only in desperate circumstances. Presidentially appointed chiefs of mission, even when they are incompetent, should be able to count on the loyal support and discretion of all their subordinates, and especially their DCM—unless it becomes necessary to tell the truth about their incompetence. As Winston Churchill wrote in connection with his appointment to become prime minister early in World War II:

The loyalties which centre upon number one are enormous. If he trips, he must be sustained. If he makes mistakes, they must be covered. If he sleeps, he must not be wantonly disturbed. If he is no good, he must be pole-axed. But this last extreme process cannot be carried out every day; and certainly not in the days just after he has been chosen.

In other words, loyalty to the chief of mission cannot be at the expense of the larger loyalty to the country and to those who govern it. Lest there be any misunderstanding let me make clear that "lifting the veil" on the chief has nothing to do with "lifting the veil" on policies with which one disagrees. An ambassador, or any of his subordinates, who believes such policies to be misguided has a duty to bring his views to the attention of Washington—and there are channels for this. But for the dialogue between Washington and the field to be constructive it must be confidential. "Whistleblowing" or policy criticism in a classified communication to the department of state is one thing, public disagreement with presidentially approved policy is quite another. Those who wish to disagree in public should resign and not expect to be protected by their career status against the consequences of indiscipline. Nothing that has been said about an officer's overriding responsibility to the country should be misinterpreted as recommending license to carry policy disagreements—whether within an embassy or between an embassy and Washington—outside the official family. The president must have continuing good grounds to count on the loyalty of every one of his appointees, and of course every Foreign Service officer is a presidential appointee. The president must also be able to count on their discretion—in not, for instance, rushing into print as soon as someone has left his post and "returned to private life."

Presidential recognition of the absolute loyalty of the Service to any administration—because it is nonpolitical—will also increase presidential confidence in career officers as desirable appointees to man the country's first line of defense, our diplomatic missions abroad.●

SUPPORT FOR THE REAGAN ECONOMIC PROGRAM

● Mr. DOLE. Mr. President, Congress is now dealing with the specific proposals that make up President Reagan's economic program, and it is clear that there will be controversy over many of the details, both with respect to proposed budget revisions and with respect to the administration tax program. But it is increasingly apparent that an overwhelming majority of the American people believe that the Reagan program takes us in the right direction. Our people do want spending brought under control and they do want lower tax rates, and it is up to Congress to follow through.

A fine example of the support the President is receiving is the recent endorsement of this economic program by the Associated General Contractors of America. On March 2, the Associated General Contractors wrote to President Reagan and to each Member of Congress to express their support for the entire administration package of spending and tax reductions. The AGC concluded that the proposed spending cuts would reduce Federal funds for construction by at least $18.2 billion. Nevertheless, the contractors felt that the entire package of spending and tax cuts would so benefit the economy, that every industry, including construction, would be better off if the package is adopted. This is striking evidence that the public is more than willing to accept reductions in Federal benefits provided that those reductions are fairly shared and designed to restore economic growth without inflation. Less Government interference in economic decisionmaking is in everyone's interest.

Mr. President, the Reagan administration has presented us with a balanced, evenhanded program for recovery. As Members of Congress consider possible modifications to the Reagan program, they should keep in mind the need to maintain that evenhanded approach. It is not our job to favor a particular group or sector, but to choose the policies that will do the most to aid the economy as a whole. President Reagan has pointed the direction, and the American people are showing that they want to follow his lead.

Mr. President, I ask that the letter to President Reagan by Mr. Ival R. Cianchette, president of the Association of General Contractors of America, be printed in the RECORD.

The letter follows:

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA,
Washington, D.C., March 2, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The Associated General Contractors of America, comprised of more than 30,000 firms including 8,500 of the nation's leading general contracting firms, pledges its complete support of your entire economic package of spending and tax cuts.

This support is predicated on the belief that the tax incentives you have proposed, combined with the actions you have already taken and propose to lift regulatory burdens from all industry, will benefit the entire U.S. economy and will justify the sacrifices involved in your plans to reduce federal spending.

We estimate that your proposals for spending cuts involve a minimum of $18.2 billion in reduced federal expenditures for construction and we accept this provided that your entire economic package is adopted by Congress.

Accordingly, we are writing each U.S. Representative and each U.S. Senator endorsing your entire economic package of spending and tax cuts and requesting prompt bipartisan approval of your entire economic package.

Sincerely,

IVAL R. CIANCHETTE,
President.

MESSAGE TO ALL MEMBERS OF CONGRESS

On behalf of the Associated General Contractors of America, and with the unanimous approval of the Executive Committee of the Board of Directors, I have today pledged complete support to President Reagan for his entire economic package of spending and tax cuts.

This support is predicated on the belief that the tax incentives proposed, combined with actions already taken by President Reagan and actions proposed to lift regulatory burdens from all industry, will benefit the entire U.S. economy and justify the sacrifices involved in the President's plans to reduce federal spendng.

President Reagan has been advised by me that his proposed spending cuts involve a minimum of $18.2 billion in reduced federal expenditures for construction over the next five years and that our willingness to accept such cuts is predicated on adoption by Congress of President Reagan's entire economic package of tax cuts and spending cuts.

Our endorsement is prompted by concern that some objections to President Reagan's proposals have the potential to eliminate needed tax incentives, retard regulatory reform and further damage our economy by refusing to accept that a reduction in federal expenditures has to be shared equally by all sectors in our economy.

This mailgram is being sent to all AGC National Directors, Chapter Presidents and Managers. I urge each of you to convey your support of President Reagan's proposals to him at The White House. It is important that the construction industry again demonstrate the capability of giving priority to the national interest as more important than our own special interest.

I re-emphasize that our support of President Reagan's program is support based on adoption of his spending cuts and tax cuts in their entirety.

IVAL R. CIANCHETTE,
President, AGC of America.●

FOUR YEARS AFTER THE ARREST OF SHCHARANSKY

● Mr. SPECTER. Mr. President, this weekend, another tragic anniversary was celebrated by Anatoly Shcharansky and his friends and supporters throughout the world. Sunday, March 15, marked the fourth year of his arrest by the Soviet secret police and the subsequent international outcry that followed his trial and sentencing for treason and anti-Soviet agitation and propaganda.

These 4 years have been extraordinarily difficult ones for Anatoly, his wife, Avital, and his mother and brother still in the Soviet Union. Before being tried, Shcharansky had been held incommunicado, unable to see family or friends. His health has rapidly deteriorated to the point where he has trouble reading for more than a few minutes because of painful headaches. Recent indications from Shcharansky and his mother point to his likely placement in solitary confinement—a prison within a prison. All meetings with family members have been canceled, correspondence from family and friends has been severely reduced and restricted. At a time when Shcharansky was to have ended his prison term and begun his more lenient 10-year term in labor camp, he is being subjected to even harsher conditions of confinement.

Mr. President, it is our moral obligation to insure that Soviet predictions are not realized—predictions that Shcharansky would soon be forgotten by Western public opinion and officialdom. It has been entirely too long a period since Shcharansky was first arrested until his continuing imprisonment 4 years later—all the more reason to remind ourselves of his plight and his unending ordeal.

As the Reagan administration conducts its thorough review of the future of United States-Soviet relations, I have no doubt that Soviet actions toward its own citizens, in violation of international law, will affect that review as much as will Soviet actions toward citizens of other nations, in violation of international law.

Shcharansky's name is no longer on the front page of Western newspapers, but his fate has not been forgotten. It is through the concerted efforts of all who remember that this year will be the last year that we celebrate Shcharansky's arrest. It is time to celebrate the realization of Shcharansky's dream to spend "next year in Jerusalem." ●

STUDENT ASSISTANCE

● Mr. PELL. Mr. President, on March 11, William G. Bowen, president of Princeton University, delivered a remarkably thoughtful address to the Princeton Club of Washington on the budget cuts in student assistance. President Bowen stressed the difference between basic and applied research and emphasized the vital importance of having strong participation in basic research if we are to continue our vitality as a nation.

Mr. President, I ask that the text of President Bowen's' address be printed in the RECORD.

The address follows:

REMARKS AT PRINCETON CLUB OF WASHINGTON

(By William G. Bowen, President, Princeton University)

I am very pleased to be here today and to have this opportunity to join with so many of our alumni in honoring those Princetonians who serve this nation so well as members of the Congress.

These are interesting—challenging—times for all of us, and certainly for those with direct and immediate responsibility for determining national priorities.

We meet today—through no prior arrangement on my part, needless to say—in the immediate aftermath of an announcement of the most sweeping budget-cutting intentions ever placed before the Congress. Some of the issues raised are so important for higher education, for the purposes Princeton serves, that I hope you will allow me to comment on two areas of particular concern: Research and student aid. It has not been my practice to use these occasions to discuss pending legislative issues, but I depart from past practice today in the hope of encouraging all of us to think together about longer-term objectives held in common by universities, the government, and the society.

Reducing the rate of inflation and improving the overall performance of the economy are plainly important goals for the universities as well as for the society at large. Indeed, given their "handicraft" nature (with the emphasis at Princeton, for example, on the senior thesis, precepts, and supervised independent work at graduate and undergraduate levels), universities have been especially vulnerable to the inflationary pressures of recent years; thus, they have a direct institutional stake in the success of efforts to reduce the rate at which prices rise.

Of course, there will continue to be lively debate among economists as to the right set of fiscal and monetary policies. (A distinguished economist, now himself out of favor, once said: "Only one man in a thousand understands the currency question, and I meet him every day.") There is, nonetheless, widespread agreement that reductions in Federal expenditures can help, and if a major effort is to be made to reduce spending, it seems clear to me that there should be no sacred cows: programs affecting every sector, including higher education, should be scrutinized carefully. It will not do to say: "Leave us alone; cut everyone but us."

As many of you know, we have worked hard, and successfully, at Princeton to balance our own budget, and I know from our experience both how painful it is to achieve reductions and how important it is to be prepared to cut selectively.

In Washington, as at Princeton, it is necessary to make the most careful choices in deciding which programs to terminate or cut back. It seems to me essential that immediate pressures for instant savings not lead inadvertently to the sacrifice of long-term goals critical to both the material and spiritual health of our society.

In the area of research, for example, it is important to understand the integral role that science and technology play in increasing productivity and the extent to which so many questions facing our society have scientific dimensions. For these reasons, among others, there is much to be said for having an eminently qualified science adviser in the White House. We should also remind ourselves of the contributions that can be made by scholars and advanced students in the humanities, the arts, and the social sciences. While economic circumstances may well require reductions in federal spending in these areas (and I believe that there are savings to be achieved), the ways in which this is done will matter greatly.

Within science and engineering, and in the spirit of being clear about priorities and being willing to make choices, let me stress the importance of distinguishing between basic and applied research—and then recognizing the more fundamental role of government in supporting the former. I believe it makes good sense to rely heavily on private companies to finance research at the applied end of the spectrum. In my view, lagging productivity has been—is—a major part of this country's economy problem; accordingly, new ideas and the capital expenditures needed to translate ideas in improved living standards should be encouraged within the private sector.

Of course, applied research grows from the seeds planted by basic research. And individual companies and industries, however generously motivated, cannot be expected to pay fully for research which by its nature can lead in unpredictable directions and which, if successful, almost certainly will bestow benefits so widely that no one firm or group of firms can capture them entirely for private uses. This simple rationale—the presence of what the economist calls "spill-over benefits"—means that profit-making enterprises cannot be expected to replace government as sources of support for most research at the "basic" end of the spectrum. Our future welfare depends critically on the ever-changing base of knowledge created, as it were, for its own sake, and here government must continue to be an important partner in the national effort.

Unfortunately, the environment for basic research in universities has been weakened by inadequate support for, among other things, facilities and equipment. Thus, I am particularly distressed by one of the smallest "savings" included in the most recent budget proposals—namely deferral of a $75 million program within the National Science Foundation for the upgrading of major research laboratories. These laboratories have fallen far behind the state-of-the-art, and one recent study showed that equipment in university laboratories is now, on average, twice as old as equipment in industrial laboratories. I do not believe that failure to spend relatively modest amounts of money here is a real "saving" at all: on the contrary, I think the result will be further damage to research and training efforts vital to long-term increases in productivity.

One of the great benefits of conducting research in the university environment is that advanced students can simultaneously receive training and contribute their own fresh perspectives to the research enterprise. For almost 30 years, a major expression of this nation's commitment to future scientific leadership has been the merit-based, portable fellowship program of the National Science Foundation that has attracted—and then supported—some of the best young scientific talent in the world. This does not seem to me to be the place, among all places within the educational sector, in which it is wise to seek dramatic economies; thus, I hope the Congress will think hard about the implications of terminating this most successful program before acting on the request of the Administration that no new NSF Fellowships be awarded.

A less obvious, but perhaps significant, ob-

servation is that the community of basic research scholars constitutes a vital national resource for purposes of defense, as the experience of World War II dramatized so vividly. With the memory of radar and other war-time contributions fresh in mind, much support of basic research in the post-war period was clearly meant to conserve and strengthen this national resource. In current discussions of defense, these considerations seem to have faded somewhat; they should not. Nor can we afford, as a nation, to neglect teaching and scholarship in such fields as Near Eastern and East Asian studies.

Much as the United States has benefited historically from an educational system unmatched anywhere, our future will depend even more on creativity and trained intelligence. The field of communications, electronics, and computers offers one particularly dramatic illustration of this point, as Dr. William O. Baker, '39, a Trustee of Princeton and former President of Bell Laboratories, testified before a Congressional committee:

"Talent is the basis for our whole national treasure here. Although materials are vital for the structure of some of the machines, in general the work is characterized by its complete dependence on human talent. There are no oil wells, there are no grainfields, and there are no mineral resources in this field. It is a creation of human imagination and human vision."

If basic research represents a long-term investment in new ideas, student aid is a long-term investment in the human capital of the country—in the individuals who in their turn will provide the leadership, and the citizenship, on which the country must always depend. Current discussion focuses, understandably, on specific program elements. Each component of financial aid should be seen, however, as part of an integrated whole that has been built carefully, with bi-partisan support in successive administrations and successive Congresses, to achieve what are truly national objectives. As we seek to address weaknesses in elements of this financial aid structure, to set sharper priorities, and to correct abuses, we must remember why these programs of student assistance came into being in the first place.

The present combination of Pell Grants (named appropriately in honor of our distinguished alumnus who has done so much to build these programs), Supplementary Grants (which aid needy students at more expensive institutions), work-study programs, federal loan programs, State scholarship programs, and substantial programs of financial aid provided by individual colleges and universities, has been designed to assist students at various income levels to obtain access to educational opportunities that otherwise would be beyond their reach financially—to make it feasible for students from all economic backgrounds to attend the full array of private and public colleges and universities, including the more expensive ones.

One result has been the achievement of a diversity of student backgrounds and perspectives that has been extremely valuable educationally as well as consistent with basic principles of equal opportunity—principles that must be given expression within the educational sector if they are to have meaning elsewhere in American society.

It would be short-sighted in the extreme to waste our most precious resources by in effect denying educational opportunity to talented young people who ask only the chance to develop their full potential. It would be contrary to the national interest to begin re-segregating major universities on the basis of financial means. And it would be very unwise, in my judgment, to disturb a rather careful balance that has been created between the complementary needs of the private and public sectors—especially as we move through a 15-year period when demographic trends are almost certain to create serious new stresses within all of higher education.

Fortunately, there seems to be broad agreement on these general propositions. I hope we shall have the wisdom—and the will—to translate them into sound legislative and administration decisions.

With regard to specific programs, let me begin by noting one area in which I believe savings can be achieved, consistent with basic principles of equity. Consideration should be given, in my view, to elimination of the educational benefits provided to college students under Social Security. These benefits are provided irrespective of financial need, and thus in some cases are provided to students otherwise able to meet their college costs. In many other cases, of course, these benefits are meeting real needs, but those needs can continue to be met through reaffirmation and extension of the government's commitment to need-based grant, loan, and work-study programs.

On my own scale of priorities, some of the changes in the Pell Grants suggested thus far, such as requiring a self-help contribution and looking afresh at the formula for determining the parental contribution, also seem less damaging to long-term objectives than other kinds of cut-backs one might envision in this extremely valuable program. It should be recognized, however, that if the full range of proposals were adopted, some 600,000 currently eligible students could be removed from the program next year. Of even more immediate concern is the fact that a substantial supplemental appropriation will be necessary this year if the maximum grant under this program is not to decline precipitously from its intended level of $1,800 to something in the range of $1,200.

The loan programs, and the changes proposed in them, raise more complex questions that cannot be discussed in full detail in the time we have together today. But I do want to suggest some priorities and principles for consideration.

The Guaranteed Student Loan program (GSL) is very important. If we are to expect each student to contribute to his or her own educational costs, it is essential that well conceived and well administered loan programs be available.

There is a compelling reason for governmental involvement in this particular type of loan program, in contrast with many other situations in which the government guarantees loans for commodities or business purposes of one kind or another. Put simply, when students seek loans for educational purposes, they have no collateral to offer; it is their human capital that is being augmented, but we do not, for excellent reasons, allow individuals to sell themselves or enter indentured servant status. This basic characteristic, so fundamental that it is often overlooked, explains why private capital markets cannot be expected to provide the requisite loan funds for students.

It does seem justifiable, however, to have different terms for different groups of borrowers. On the one hand, it seems proper—indeed important, from the standpoint of assisting needy students to borrow—that students with demonstrated need who simply must incur debt to meet educational costs not be asked to pay interest or accumulate interest obligations while in school. (To illustrate the importance of this provision, without the in-school subsidy the total cost of a Princeton undergraduate education would be increased by some $2,700 for a needy student borrowing under the GSL program, and this would be on top of an already substantial loan burden and an obligation to contribute both term-time and summer earnings. The impact on graduate students would be even greater.)

But considerable savings could be achieved if the in-school subsidy were restricted to need and eliminated for others who borrow to solve problems of liquidity or to extend payments into their working life-times. This latter group of students could be called upon to assume responsibility for interest charges incurred while in college. And it may well be right to allow interest charges for this group of borrowers, as well as for parents, to be set at some reasonable approximation of the market rate. I agree that it is hard to justify allowing individuals with adequate incomes to borrow at artificially low rates—especially when money markets make it possible for some to re-invest the loan proceeds so as to profit personally. There is no way to know how many students are in fact abusing the current program; certainly in our experience most students borrow reluctantly and for entirely legitimate purposes. In any event, allowing interest rates for borrowers above the strictly defined need level to reflect the cost of money more accurately would remove the possibility of abuse and also reduce considerably the cost of the program.

It is essential, however, that *access* to capital, under nonsubsidized terms, be maintained for students and parents (including those who have incomes well above normal notions of "need") who simply must borrow if they are to spread the costs of educational investments over reasonable periods of time. I know students at Princeton whose families simply could not meet expected family contributions without access to Guaranteed Student Loan programs, including some who have one or two brothers or sisters simultaneously going to college. It is difficult for me to believe that we want to discourage this form of investment.

I have been asked repeatedly if the Princeton student body will not become polarized between the very rich and those whose incomes are low enough to qualify for financial aid. So far, this has not happened. Students from families at all income levels are well represented at Princeton, but this has been possible—and will continue to be possible—only through access to loan programs that allow middle income families to invest in the education of their children—and that allow those students whose parents cannot or will not help them (for whatever reasons) to invest in themselves.

Why do those of us at Princeton care so much about all of this? Because of our conviction that the education we offer, and the research done by our faculty, make a difference—a most significant difference—to the life of this country. As Marvin Bressler, Professor of Sociology at Princeton has observed, Princeton has always believed that education is both a private treasure and a public resource. This year, eight seniors at Princeton won either a Rhodes or a Marshall Scholarship to study in England—out of a total of only 62 such awards nationwide. All eight have been receiving scholarships or financial aid in some form at Princeton—and I have no doubt that all eight will repay those investments many times over.

It is up to all of us, both individually and through our government, to see that future generations of young people have the same opportunities. And it is up to us, too, to see that the universities in this country, including Princeton, continue to be the home of ideas—that Val Fitch, in our Physics Department, who won the Nobel Prize this year, will be but one more in a continuing stream of faculty whose insights and vision deepen our understanding of the world and our place within it.

To the many practical arguments for the support of research and education, let me add, in closing, what I believe to be a still more fundamental proposition. I shall use

the words of this year's winner of the Woodrow Wilson Prize, Lewis Thomas '33, Chancellor of the Memorial Sloan-Kettering Cancer Center in New York. Dr. Thomas observed:

". . . As long as we are bewildered by the mystery of ourselves, and confused by the strangeness of our uncomfortable connection to all the rest of life, and dumb-founded by the inscrutability of our own minds, we cannot be said to be healthy animals in today's world.

"We need to know more . . . not for [the sake of] technology, not for leisure, not even for health or longevity, but for the hope of wisdom which our kind of culture must acquire for its survival."

It is this conception of the role of learning that speaks to many of us at deeper levels. For me, at least, it is compelling.●

GROWING MUNICIPAL LIABILITIES AND SECTION 1983

● Mr. HATCH. Mr. President, our cities and local governments, already trying to tread water in an ocean of financial obstacles, were recently dealt new blows by the Supreme Court. In its decisions in Thiboutot and Owen, the Court greatly expanded municipal liability under section 1983 of the Civil Rights Act.

The National Institute of Municipal Law Enforcement Officers is in the process of conducting a survey of member governments to determine the amount of claims pending against them under section 1983. To date, their survey reveals claims against small municipalities in excess of $3 billion, with nearly two-thirds of the survey uncompleted. While recognizing that the survey only represents potential liabilities, the figures are still impressive. The city of Sparks, Nev., for example, a community of 32,000 individuals and a budget of $11 million, has pending section 1983 claims of $15 million. Even a small number of adverse judgments could imperil municipal solvency in this kind of circumstance.

Mr. President, I ask that the institute's survey be printed in the RECORD. I believe that it argues very strongly in behalf of my recently introduced bills, S. 584 and S. 585.

The survey follows:

Partial results of NIMLO survey on current impact of section 1983 claims (March 1, 1981)

(Addendum to supplement to remarks of Aaron A. Wilson)

City and dollar amount of section 1983 claims now pending:

City	Amount
Jackson, Miss	$600,000
Buckhannon, W. Va	250,000
Hutchinson, Kans	1,450,000
Brookfield, Wis	180,000
Beatrice, Nebr	20,000
Peoria, Ill	8,000
Geary, Okla	115,000
Springfield, Mo	2,501,000
Algona, Iowa	2,000,000
Ames, Iowa	1,550,000
Wilson, N.C	7,560,323
Amarillo, Tex	10,100,002
Loudoun County, Va	20,000
Franklin, Tenn	475,000
Waverly, Tenn	200,000
Metheun, Mass	2,000,000
Hurst, Tex	225,000
Fairborn, Ohio	100,000
Newport, R.I	5,000,000
Arlington County, Va	5,000,000
Aurora, Ill	150,000
Clearwater, Fla	$5,150,000
Rostraver Township, Pa	10,000
Central City, Nebr	1,500,000
Duarter, Calif	1,200,000
Enid, Okla	201,500
Smyrna, Del	500,000
Logan, W. Va	600,000
Berea, Ky	141,000
Kalamazoo, Mich	1,500,000
Carroll County, Va	200,000
Hazelwood, Mo	300,000
Berkeley, Mo	7,040,000
Albany, Ga	5,000,000
DeQueen, Ark	500,000
Casper, Wyo	3,800,150
Las Vegas, Nev	1,250,000
Jackson, Tenn	5,000,000
Grand Prairie, Tex	5,880,000
Muskegon County, Mich	250,000
Merriam, Kan	600,000
Fayetteville, N. C	300,000
Golden, Colo	110,000
Grants Pass, Ore	1,218,919
El Paso, Tex	5,757,000
Goldsboro, N. C	1,800,000
Opa-Locka, Fla	300,000
Middletown, Ohio	25,000
Sonoro, Calif	50,000
Sparks, Nev	15,000,000
Plano, Tex	6,500,000
Nashville & Davidson County, Tenn	250,000
Cuyahoga Falls, Ohio	50,000
Anne Arundel County, Md	116,000,000
Northglenn, Colo	450,000
Farmington, N. Mex	1,000,000
Prince George's County, Md	100,000,000
Bernardsville, N.J	133,000
Scarsdale, N.Y	1,780,000
Minnetonka, Minn	1,351,000
Brown County, Wis	35,530,000
Gresham, Oreg	224,636
Sunnyvale, Calif	750
Douglasville, Ga	900,000
Waukegan, Ill	105,000
Vallejo, Calif	3,242,600
Vista, Calif	150,000
Lake Oswego, Oreg	750,160
Arlington, Tex	455,000
Vaucouver, Wash	100,000
Wilmington, Del	500,000
Annapolis, Md	10,000
St. Louis, Mo	40,000,000
South Portland, Maine	140,000
Pasadena, Tex	6,650,000
Greensboro, N.C	32,000,000
Kettering, Ohio	350,000
Volusia, Fla	3,865,000
Humboldt County, Nev	145,000
Del City, Okla	1,907,889
Council Bluffs, Iowa	1,764,610
Hoffman Estates, Ill	50,000
Oak Park, Ill	40,000
Hallandale, Fla	2,100,000
Tempe, Ariz	2,550,000
Dayton, Ohio	29,890,000
Reidsville, N.C	1,100,000
Hagerstown, Md	3,472,000
Jennings, Mo	480,000
Wichita, Kan	9,939,000
Owensboro, Ky	80,000
San Leandro, Calif	1,002,732
Whitefish Bay, Wis	25,000
Carbondale, Ill	60,000
Rochester, Minn	176,000
Sioux City, Iowa	270,000
Jacksonville, Fla	2,816,950
Duluth, Minn	1,800,000
Augusta, Ga	155,000
Norfolk, Va	1,440,055
Deland, Fla	10,000
El Segundo, Calif	7,110,000
El Monte, Calif	1,600,000
Aurora, Calif	25,302,000
Knoxville, Tenn	360,000
Warrensville Heights, Ohio	600,800,000
New Bern, N.C	2,270,261
Montpelier, Vt	140,000
Burbank, Calif	$954,492
Solon, Ohio	22,000,000
Dallas, Tex	59,000,000
Venice, Fla	5,000
Canton, Ohio	13,125,000
Cedar Rapids, Iowa	1,697,251
Portland, Ore	61,505,000
Waterloo, Iowa	200,000
St. Charles, Ill	555,000
Roseville, Calif	4,260,000
Newark, N.J	14,050,000
Powell, Wyo	500,000
Green Bay, Wis	715,000
Grover City, Calif	20,292
Miami Beach, Fla	2,500,000
Grants, N. Mex	2,000,000
Spartanburg, S.C	100,000
Wisconsin Dells, Wis	20,000
Colorado Springs, Colo	10,000,000
Marin County, Calif	5,000,000
Flint, Mich	15,000,000
Omaha, Neb	507,500
Edmond, Okla	2,179,520
Denver, Colo	18,440,000
Gastonia, N.C	155,000
Roanoke, Va	9,961,750
Emporia, Kans	560,000
Tacoma, Wash	45,000
Stockton, Calif	465,000
Orange Cove, Calif	600,000
San Antonio, Tex	7,000,000
Pittsburgh, Pa	180,000
Los Angeles, Calif	200,000,000
Dallas, Tex	58,000,000
Willowbrook, Ill	290,000
Philadelphia, Pa	100,000,000
Baltimore, Md	70,000,000
Washington, D.C	45,000,000
Kansas City, Mo	12,500,000
Los Ange'es, Calif	200,000,000
San Diego, Calif	1,500,000
Los Angeles County, Calif	59,228,000
Houston, Tex	60,000,000
Lincoln City, Nebr	600,000
Waco, Tex	1,625,000
Waterville, Me	10,000
Pembroke, N.C	1,560,000
Chicago, Ill	775,093,000
Salt Lake City, Utah	8,960,398
Tucson, Ariz	1,865,000
New York, N.Y	251,259,465
San Bernardino, Calif	2,260,000
Saginaw, Mich	1,500,000
Plantation, Fla	100,000
Phoenix, Ariz	160,000,000
Portsmouth, Va	1,310,000
Logan, Utah	451,000
Independence, Mo	40,000,000
Oceanside, Calif	630,000
Columbia, Mo	201,000,000
Colonie, N.Y	37,536,169
Total	3,702,212,074

City, State, and punitive damages:

Plano, Tex	1,000,000
Brookfield, Wis	150,000
Franklin, Tenn	5,295,000
Hutchinson, Kan	1,450,000
Cuyahoga Falls, Ohio	420,000
Waverly, Tenn	50,000
North Aurora, Ill	100,000
Smyrna, Del	250,000
Logan, W. Va	300,000
Goldsboro, N.C	1,000,000
Vallejo, Calif	1,000,000
Lake Oswego, Oreg	1,600,000
Tempe, Ariz	1,400,000
Hagerstown, Md	770,000
Jennings, Mo	320,000
Carbondale, Ill	55,000
El Segundo, Calif	1,100,000
Waterloo, Iowa	100,000
Edmond, Okla	1,125,700
Emporia, Kans	1,000,000
Stockton, Calif	600,000
Orange Cove, Calif	150,000
Houston, Tex	200,000
Warrensville Heights, Ohio	100,000,000

Partial results of NIMLO survey on current impact of section 1983 claims (March 1, 1981)—Continued

City	Amount
Saginaw, Mich	$500,000
Portsmouth, Va	525,000
New York, N.Y	346,000,000
Logan, Utah	150,000
Columbia, Mo	100,500,000
Total	567,110,700

INTELLIGENCE ACTIVITIES

● Mr. BIDEN. Mr. President, in the first few months after a new administration has taken office, it is often difficult to tell the ripples from the waves as the new President and his advisers review old policies and initiate new ones. The result is that the Congress, the press and the public may either overreact or underreact to what the new administration is doing or proposing to do.

It appears that we have been undergoing just such a process over the past 2 weeks regarding the Reagan administration's view of the Executive order governing the activities, especially the domestic activities, of the intelligence community.

It began with reports that representatives of the intelligence community had prepared proposals for revising the Executive order to "unleash" the intelligence community from provisions that now restrain spying on American citizens in the United States.

Specifically, so the reports went, the revised Executive order would drop the rule now requiring investigations of citizens to employ the least intrusive methods possible, eliminate the requirement that there be some indication that an American to be investigated is engaged in illegal activities, reduce the authority of the Attorney General to appraise intelligence activities and supervise the implementation of the Executive order, and relieve the intelligence community of its obligation to report to the Attorney General any illegal acts involving intelligence considerations for his determination as to criminal prosecution.

In short, Mr. President, these revisions, if adopted, would largely overturn the recommendations of the post-Watergate Rockefeller Commission appointed by President Ford to eliminate abuses of the rights of Americans at the hands of the intelligence community, as well as attempts such as occurred under the Nixon administration to use the intelligence community for partisan political purposes.

Predictably, there was a prompt and overwhelmingly negative reaction to these reported proposals on the part of Members of Congress, citizens, and organizations concerned with civil liberties. And there were some murmurs from within the Reagan administration that such a response amounted to an overreaction.

It now appears, however, Mr. President, that the negative reaction to those proposals is shared by key officers at the highest levels within the Reagan administration, including the President himself. If such is the case, it is very good news, indeed.

If there was one danger the learned and thoughtful men who devised our Constitution were determined above all else to avoid in the new Nation they were creating, it was the danger of a lawless government. Their profound appreciation of history and their own bitter experience had taught them that a government unchecked by firm and carefully calculated restraints would become—indeed, they believed inevitably would become—the worst oppressor of its own people.

Out of that determination, Mr. President, grew not only the Bill of Rights specifying the immunities of Americans from the actions of their Government, but also the system of checks and balances that lies at the very heart of our Government itself.

As an editorial in the March 12 New York Times reminded us, the Constitution today is not merely a quaint 18th-century document reflecting the archaic anxieties of our forefathers. If we remain faithful to it, it remains an extraordinarily contemporary impediment to the excesses of government.

In evaluating the proposals surfacing from within the Reagan administration, the Times recalled the commitments of both President Ford and President Carter "to maintain effective intelligence without sacrificing American freedoms" and pointed out that under the Nixon administration both the excesses of "Operation Chaos" and the illegalities of the Huston plan were justified—as their anonymous authors justify these more recent proposals—as a response to terrorism.

But, as the Wilmington News-Journal in my home State of Delaware said in a lead editorial last weekend, "the subversion of (the Nixon) era was not of the Nation's internal security but of the CIA itself," and the News-Journal also reminded us that the 1947 National Security Act which established the Central Intelligence Agency says the CIA "shall have no police, subpena, law enforcement powers, or internal security functions."

Mr. President, if we are to counter the threats of our adversaries and survive as a free nation, we must have effective and reliable intelligence, and much of what our intelligence agencies do must be done secretly. Little as Americans have traditionally liked secrecy in their Government, few Americans today would quarrel with that need, as they would not dispute the need at times for intelligence-gathering and counterintelligence activities within the United States itself. But there is no need to violate the law and the liberties guaranteed Americans to accomplish those necessary ends.

Two Presidents and a Presidential commission have agreed that no such license need be given to maintain good foreign and domestic intelligence. The commission headed by Vice President Rockefeller, in fact, concluded unanimously that "Presidents should refrain from directing the CIA to perform what are essentially internal security tasks. The CIA should resist any efforts, whatever their origin, to involve it again in such improper activities."

One of the signatories to that unanimous recommendation was Ronald Reagan, and it is gratifying to read in a March 18 New York Times front page story that, according to Presidential Counselor Edwin Meese 3d, the Reagan White House "is absolutely opposed to the CIA getting into domestic spying." An Associated Press dispatch the same day quoted Attorney General William French Smith as saying that "There is no question the Attorney General is going to play an important role." Even earlier, Deputy CIA Director Bobby Ray Inman, perhaps the most widely trusted man in the whole intelligence community today, had indicated that the proposed revisions would themselves undergo heavy revision before attaining any "official" status within the Reagan administration.

Mr. President, the Wilmington News-Journal concluded its comments by saying, "The lesson of the 1970's must not be forgotten * * * Any effort by citizens and legislators to prevent its recurrence is neither needlessly alarmist nor premature." The recent direction taken in the controversy over these proposals seems to confirm that view.

But, as the New York Times argued, the very consideration of such proposals, at any level within the Reagan administration, demonstrates the need now, more than ever, for Congress to remain alert until the issue has been finally resolved. Despite the assurances now emanating from the Reagan administration, significant ambiguities remain to be clarified in whatever document is finally made officially public.

This controversy, Mr. President, points up once again the defect in leaving the rulemaking for intelligence activities solely in the hands of any President, whose best intentions may be heavily influenced by executive responsibilities for the direct management of the intelligence community. The two Intelligence Committees of the Congress have proved, even by the admission of the present Director of Central Intelligence, that they can exercise legislative oversight of intelligence activities without compromising them. Congress has successfully met that responsibility, but another remains before us.

The wisdom of the Founding Fathers, the recent all-too-well-documented abuses of the intelligence process, and the proven competence of the Intelligence Committees all argue forcefully that the time has come for Congress to meet its responsibility for determining legislatively how domestic intelligence and counterintelligence activities are to be conducted effectively without putting hard-won American liberties at risk.

Mr. President, I ask that the New York Tims editorial, "Son of Operation Chaos," and the Wilmington News Journal editorial, "CIA Must Adhere to Writ," be printed in the RECORD.

The articles follow:

CIA MUST ADHERE TO WRIT

The Central Intelligence Agency, according to the 1947 National Security Act, "shall have no police, subpoena, law enforcement powers, or internal security functions." The CIA's record in the 1970s included calculated White House-inspired violations of that charter.

CIA operatives broke into the office of Daniel Ellsberg's psychiatrist during the Pentagon Papers controversy. A CIA team

burglarized Democratic National Headquarters and precipitated the national political upheaval that has since come to be known simply as Watergate.

Some of the most painful knowledge to come out of that era was the documented exploitation that compromised the integrity of both the CIA and the Federal Bureau of Investigation. Both engaged in covert activities for partisan political purposes that neither was intended to serve.

The necessary secrecy which both require if they are to operate effectively makes it difficult to monitor their compliance with restrictions in their charters. Nevertheless, severe restrictions were placed on the activities of both after the revelations of the 70s and the CIA was forbidden to engage in domestic surveillance, surreptitious entry and other covert operations more properly the function of the FBI.

Adm. Bobby Ray Inman, deputy director of the CIA, acknowledges that the Reagan administration is now considering an executive order restoring such authority to the CIA. Adm. Inman insists that all this is still under discussion but he is clearly not opposed to the idea.

He made it clear that he believes premature revelation of the discussions was prompted by some government bureaucrats in charge of supervising intelligence operations to prevent abuses. Adm. Inman characterized them as "people who are worried about the impact on their current status or jobs."

That might indeed be the case. But it is also very possible that the concern of such persons might be a genuine fear that President Reagan, in his zeal to combat terrorism and foreign espionage, might re-establish the conditions that allowed such cynical abuse of the CIA's mission and its agents.

The lesson of the 1970s must not be forgotten. The subversion of that era was not of the nation's internal security but of the CIA itself. Any effort by citizens and legislators to prevent its recurrence is neither needlessly alarmist nor premature.

SON OF OPERATION CHAOS

In the name of anti-terrorism, some people in the Reagan Administration are pushing a proposal to put the Central Intelligence Agency back into the business of spying on Americans. In the name of decency, the President should shoot it down.

Only that would reaffirm the commitments, made by both Presidents Ford and Carter, to maintaining effective intelligence without sacrificing American freedoms.

The circulating proposal would revive the time, not long past, when the C.I.A. thought nothing of opening the mail of innocent citizens, illegally searching homes and infiltrating political organizations. When Presidents finally cracked down on those abuses it cost the nation nothing in security.

Yet the agency, responding to a Reagan White House call for ideas to combat terrorism, proffered a new executive order that would clearly bend the Constitution.

There is a dismaying callousness implied here. Do those promoting the idea think the nation has already forgotten the Huston plan that figured so prominently in the Nixon impeachment proceedings? Do they think people do not remember Operation Chaos, in which the C.I.A. collected files on 13,000 people and indexed 300,000 names in a fruitless effort to link domestic dissenters with foreign espionage?

Cleaning up after Chaos required a Presidential commission, headed by former Vice President Nelson Rockefeller, which said the C.I.A. had far exceeded its legitimate and lawful function. One commission member (identified by it as a political commentator and former California Governor) was named Ronald Reagan, and he joined in this unanimous recommendation:

"Presidents should refrain from directing the C.I.A. to perform what are essentially internal security tasks. The C.I.A. should resist any efforts, whatever their origin, to involve it again in such improper activities."

That remains good advice for the President and the C.I.A. But look at what has been suggested: Eliminate the rule that requires agents investigating citizens to use the least intrusive means possible . . . Downgrade the Attorney General's role as a check on the legality of spying techniques . . . Scratch the need to show cause that a surveillance target is engaged in subversion.

In the last day or so, some important second thoughts have surfaced. Adm. Bobby Inman, who is leaving the directorship of the National Security Agency to become the No. 2 man at C.I.A., says he fears that some people will hastily commit themselves ideologically before they understand the facts. He is right. But the larger lesson remains unchanged: Such turnabouts dramatize once again the need for having Congress fix the rules, instead of leaving them vulnerable to the stroke of a White House pen.

Those who are pushing the changes say that increased terrorism at home and abroad makes them necessary. But Operation Chaos, and the Nixon Administration's short-lived Huston plan, were also justified as responses to terrorism. The new spying proposal amounts to an open call for Government lawlessness.

At least Tom Huston, who urged President Nixon to permit break-ins and harassment of political dissidents, conceded that his proposals were illegal and, if discovered, a potential source of embarrassment. Does an Administration headed by a former member of the Rockefeller Commission feel no such embarrassment?●

S. 724—TO REMOVE CERTAIN LANDS FROM THE WICHITA MOUNTAINS WILDLIFE REFUGE, OKLA.

● Mr. BOREN. Mr. President, I am pleased to cosponsor legislation offered by my distinguished colleague from Oklahoma, Senator NICKLES, which directs the Secretary of Interior to convey 90 acres of land—part of the Wichita Mountains Wildlife Refuge near Lawton, Okla.—to the Wichita Mountains Easter Sunrise Service Association.

This is identical to legislation which I cosponsored last year with my former colleague, Senator Bellmon. Unfortunately, final action was not completed on the legislation before Congress adjourned sine die.

The legislation provides that this land may be held as long as it continues to be used for public recreational and cultural activities. In the event that the land is no longer used for these purposes, title will revert back to the U.S. Government to be administered as part of the National Wildlife Refuge System.

This land has been used for almost 50 years as the site of a nationally known Easter sunrise service. This service is part of a rich historical and cultural heritage which is cherished by Oklahomans and tens of thousands of out-of-State visitors who travel to Lawton, Okla., each year to view this pageant.

This legislation is necessary to assure that the site is maintained as the location of this famous Easter spectacle.

The Wichita Mountains Easter sunrise service was started by the Rev. Anthony Mark Wallock in 1926 at a different site in the Wichita Mountains. The site was moved in 1933 because the over 20,000 persons who attended could not be accommodated at the smaller location.

From its inception, the pageant has operated by the policy that the service would always be nonsectarian and open to all persons.

When it became necessary to move the site, citizens of Lawton and nearby communities joined with the local chamber of commerce and officials in State government to secure Federal assistance. First, authority was granted by the U.S. Department of Agriculture for use of about 160 acres of land which was then part of the Wichita National Forest. Later, in 1936, the Bureau of Biological Survey of USDA took over control of the land which included "The Holy City," as it was referred to in WPA files.

At still a later date, the entire area of land became known as the Wichita Mountains Wildlife Refuge and was operated by the Bureau of Sport Fisheries and Wildlife, part of the Fish and Wildlife Service of the U.S. Department of the Interior.

A Federal grant of $13,000 was provided to make the site ready and to move props to the new location. Then, U.S. Senator Elmer Thomas and U.S. Representative Jed Johnson went to President Franklin D. Roosevelt with correspondence and resolutions from all of Oklahoma's major cities in an attempt to convince him that the pageant constituted a rich historical event for Oklahomans and all Americans.

A grant of $94,000 from Federal funds was unconditionally set aside for the pageant. It was handled through the Lawton Chamber of Commerce since no organization representing the service had been incorporated up to that time.

The WPA completed buildings on the grounds of the Holy City. A ceremony to celebrate their completion and to dedicate the facilities was held on March 31, 1935.

By this time, the Wichita Mountains Easter Sunrise Association had been incorporated. On December 15, 1936, the association accepted the release of the buildings and improvements from the WPA, accepting full responsibility for maintenance and operation of these facilities.

Several important changes were made in 1938, the year in which over 180,000 people attended and heard Senator Thomas read a personal message from President Franklin D. Roosevelt. Because of the early arrival of so many worshippers, the performance was changed into an all-night service.

Audiences continued to grow. Special buses and trains brought spectators from all directions. In 1939, 30 large buses were used to take visitors out to the "Holy City."

The entire 1939 service, as well as the one in 1940, was broadcast by CBS.

The Reverend Wallock died in 1948, and the pageant was turned over to co-directors who continued the tradition.

Directors have included George Hutchins, Jimmy Hysaw, the Reverend

Lambert Orton, Jack Batten, J. O. Smith, Craig Pierson, Dave Sandstrom, Col. Jack Rhodes, Millard Coody, Wes Miller and L. A. Ellis.

It was the Reverend Wallock's lifelong dream that a statue of Christ be erected as part of the Holy City site. Children of the area were asked to donate pennies toward a fund for this purpose.

In 1970, the association began a new drive to secure funds for the statue. The fund was started with the money which had been saved from childrens' pennies. Dedication of the statue was held on November 9, 1975.

All funds used to operate the pageant are donated by private sources.

Mr. President, this Easter Sunrise Service means a great deal to all Oklahomans and to visitors who attend every year. For many years, the pageant has operated on a use permit granted by the U.S. Department of the Interior. This legislation would provide the association with the assurance that lands on which the Holy City is located could be retained. It offers a degree of certainty to pageant supporters which they have not had up until this time.

I urge my colleagues to join me in supporting this bill.●

BYE, SCHOOL LUNCHES FOR THE TRULY NEEDY

● Mr. BURDICK. Mr. President, I want to bring to the attention of my colleagues an article that appeared in the New York Times recently written by Marshall Matz. Mr. Matz was formerly general counsel to the Senate Select Committee on Nutrition and Human Needs. He has written a very thoughtful article on the impact of cuts in child nutrition programs proposed by the administration. Before we vote on these, I would urge all my colleagues to consider the repercussions Matz has discussed in this article. I ask that the article be printed in the RECORD.

The article follows:

BYE, SCHOOL LUNCHES FOR THE TRULY NEEDY

(By Marshall L. Matz)

WASHINGTON.—While seeking to cut $1.575 billion from the $3.918 billion child-nutrition budget in fiscal 1982, the Reagan Administration has listed school lunches for the "truly needy" as one of seven programs that will not be affected by the drive to reduce Federal spending. On the contrary, poor children will be affected, for millions who qualify for a free or reduced-price lunch under the nutrition program stand to be lopped from it.

Granting that the Administration is proceeding in good faith, it appears that its analysis of the lunch program is being limited to only one dimension: direct Federal support to the states for free lunches.

Students qualifying for a reduced-price lunch are not being considered "truly needy," and the Federal subsidy for such lunches would be slashed substantially. Though some six million middle-class students—those whose family of four earns more than $15,630 a year—are likely to drop out of the program because of dramatic increases in lunch prices, the Administration apparently considers this irrelevant to the availability of the program to the poor. However, as participation drops, many schools, unable to finance the programs or unwilling to continue them because they no longer serve all the students, will end them, and they will be lost to the entire community, including the poor. Overall, of the 27 million in the program, conservatively nine million can be expected to drop out or be forced out.

The Agriculture Department's commodity-support program constitutes a major part of the proposed cutback in general assistance. Commodity support, unlike cash assistance, cannot be divided between free and paid meals. The commodities (such as potatoes, peaches, ground beef) are shipped in bulk to the states and then to schools; it is not possible for cooks to use different amounts of such commodities in preparing free meals and paid meals. Thus, the commodity cut will be felt across the board, affecting poor children receiving free lunches along with everyone else.

Not considered in the President's claim that the $1.575 billion cut will not hurt the "truly needy" is the effect on lunches of the Administration's proposal to deduct the cost of school meals from a person's food-stamp allotment. This request, labeled a "food-stamp cut," seems to be viewed as irrelevant to the lunch program. Other assistance called "nonessential" includes nutrition education and training, as well as equipment assistance to schools, both of which benefit the poor.

Under current law, the general subsidy for each lunch served in the 1981–82 school year (fiscal 1982) will be 39.5 cents per student per meal in cash and commodities. If the Administration's proposals are enacted, the 39.5 cent subsidy will be completely eliminated and the cost of a lunch can be expected to approximately double. It is this cut that represents the bulk of the child-nutrition savings. It is also this modest subsidy to middle-class students that has prevented the lunchroom from becoming economically and, in some cases, racially segregated.

The school-lunch program operates like a business. It receives income from four sources—Federal, state, and local governments, and the students—and if income does not equal expenses, local programs will close. Unlike food stamps or aid to families with dependent children, the lunch program does not involve direct payment to individuals. All income, from whatever sources, goes into the same school-lunch cash register. It is not possible to withdraw $1.575 billion from the child-nutrition budget and reasonably expect that the poor will not be affected.

The Federal effort to eliminate child malnutrition dates back at least to the creation, in 1946, of the national school-lunch program. Since then, the Federal commitment to child nutrition has grown steadily, along with the evidence of its success. When a team of medical doctors returned in the late 1970's to the poor rural counties they had visited 10 years earlier to determine if any progress had been made in combating hunger, they concluded, and reported to Congress: "Our first and overwhelming impression is that there are far fewer grossly malnourished in this country today than there were 10 years ago." Their report attributed the progress directly to Federal nutrition programs.

America's nutrition programs have been amazingly successful, perhaps more than any other social-policy endeavor. The "war on hunger," originally declared by President Richard M. Nixon in 1969, has been an unsung bipartisan success story that has dramatically reduced malnutrition and increased human productivity. It is incumbent on those who advocate cutting back our nutrition programs to show that such changes will not reverse the progress we have made.●

ANATOLY SHCHARANSKY

● Mr. LEVIN. Mr. President, last Sunday, we marked the fourth anniversary of the arrest and imprisonment of Anatoly Shcharansky, the Soviet Jewish activisit whose conviction triggered a lasting political and public outcry.

In 1973, Anatoly Shcharansky first submitted his application for a visa to Israel. At that time, he was refused on the grounds that he possessed classified information. He was repeatedly denied permission to emigrate on the same grounds regardless of the known fact that the institute in which he was working as a computer technologist did not deal with classified information.

He became active in the Helsinki Watch Committee in Moscow in 1976 and was soon the victim of harassment by the Soviet secret police, the KGB. In March 1977, he was arrested on charges of treason and placed in solitary confinement in Moscow's Lefortovo Prison.

Recently, his mother, Ida Milgrom, who I met while I was in the Soviet Union in 1979, has reported that she has learned from Anatoly that all of his family meetings for 1981 have been canceled and that he will be able to write only one letter every 2 months instead of the two letters per month he was previously permitted. He was told that he cannot include messages in his letters to his wife and friends as he has been able to do in the past, and he was told that many of his mother's letters to him are being withheld by the prison authorities.

It appears that Anatoly Shcharansky is being punished more severely than in the past. A recent article in the New York Times, from one of its Moscow correspondents, Anthony Austin, further describes Shcharansky's situation. I ask that the article be reprinted at the conclusion of my statement.

Mr. President, the treatment of Anatoly Shcharansky is demonstrative of the continued disdain of the Soviet Government for the human rights of those persons in the Soviet Union who possess views contrary to those dictated by the Soviet Government. We must continue to focus attention on the problems faced by religious minorities in the Soviet Union and by those who have expressed their desire to emigrate from the Soviet Union and those who wish to be reunited with their family members outside of the Soviet Union.

Perhaps our continued expressions of outrage will encourage the Soviet Union to uphold the agreements they have made with the other nations which have signed the Helsinki accords to recognize and provide basic human rights and religious freedom to its citizens.

The article follows:

[From the New York Times, Mar. 5, 1981]

SHCHARANSKY IS PLACED IN LOCKUP WITHIN HIS LABOR CAMP IN SOVIET

(By Anthony Austin)

Moscow, March 4.—Anatoly B. Shcharansky, a convicted dissident, has been placed in a prison inside the labor camp where he is serving a 13-year sentence on charges of treason and espionage, his brother, Leonid, said today.

"We suspected as much when we received a letter from him recently telling us that he now has more time to read and that he is allowed to write us once every two months," Leonid Shcharansky said. "That is the quota for people in prison. Up to then, he was allowed to write twice a month."

Leonid Shcharansky said he and his mother, Ida Milgrom, inquired two days ago at the Moscow office that administers labor camps, and "they confirmed to us that my brother has been in prison since December."

"They said they did not know why he was put in prison but would ask," he said, "although they added that they would not necessarily pass the information on."

Mrs. Milgrom and Leonid Shcharansky were permitted to visit Anatoly Shcharansky in the labor camp, near Perm, last April. They reported that his health, which earlier had caused them worry, was improving, and that he was learning metalworking.

Anatoly Shcharansky, a computer technician, has been active in the human rights and Jewish emigration movements. Accused in the Government newspaper Izvestia of betraying secrets to the Central Intelligence Agency, he was picked up by the security police in March 1977 and was held incommunicado in Moscow's Lefortovo Prison until his trial in July 1978. He was convicted of treason, espionage and anti-Soviet agitation and was sentenced to three years in prison followed by 10 years in labor camp. A prison term is considered a harsher sentence than a term in labor camp.●

AN ETHICS CODE

● Mr. WALLOP. Mr. President, the Senate Ethics Committee, mandated by Senate Resolution 109, is engaged in a comprehensive review of the Senate Code of Official Conduct. As chairman of the Ethics Committee, the review has given me a chance to reflect on the concept of an Ethics Code. It seems of paramount importance that the Senate maintain and foster a positive concept of ethics for the institution and the public.

An Ethics Code should be a statement of ethical concerns as well as specific prohibitions for their enforcement. Currently, however, this is not the case. Our present Ethics Code, Senate Resolution 110, is basically legalistic and prohibitive in nature, and is devoid of any substantive discussion of ethics.

It is unfortunate that the Senate Ethics Code has come to mean rules or regulations of an accusatory nature which, in some way, are supposed to influence Members to be ethical and deter those who contemplate unethical behavior.

Although the present Code of Rules may have an impact "after-the-fact" as a standard to judge unethical conduct by, it does little to promote a positive understanding of ethics or build a tradition of ethical considerations. The present code only sets forth prohibited conduct without any substantive mention of ethics. I consider this a basic flaw because it confuses the purpose of an Ethics Code.

If the Ethics Committee is to achieve its purpose of protecting and enforcing standards of institutional integrity, an Ethics Code must go beyond the scope of prohibitive rules.

Ethics must be understood as an attitude and a way of thinking rather than merely regulation by rule of law. I am not suggesting that a set of prohibitions is not an ethical standard, but what I am suggesting is that such prohibitions provide a minimum standard for ethics in the Senate. An Ethics Code must go beyond the letter of rules to ethical principles.

A Code of Ethics is in large part a statement of our ethical beliefs. Ethical standards are measured not so much by written words, but more by our individual and collective actions. The ethical character of the Senate is the sum of our individual actions.

In conclusion, I contemplate a Senate Ethics Code as a much broader idea that encompasses not only specific prohibitions, but also positive statements of ethics, helping to rekindle the strong tradition of ethical concern in the Senate. Every Senator has an ethical duty not to compromise the public trust.

Any breach of this duty weakens the fabric of belief, trust, and support which contains the Senate tradition.

It is beyond dispute that the great majority of our conduct is worthy of the highest praise, but we must, as a unified body, reassert our commitment to ethical standards by developing an Ethics Code that we can take pride in and comport with our own without legal counsel to guide us every inch of the way.

A recent article by the Hastings Center on revising the U.S. Senate Code of Ethics has come to my attention as an excellent attempt of thinking through the problems of the present Senate Code of Ethics. I do not endorse every aspect of the Hastings Center article because I do not agree with many of their points of view.

Yet, I think, the article could be very valuable to Senators in taking a different approach to constructing an Ethics Code for the Senate. The observations made in the article may be helpful in our attempt to restate the ethical traditions of the Senate through a new code and new consciousness of principle.

Mr. President, in order to share the Hastings Center article with my colleagues, I ask that their viewpoint be printed in the RECORD.

The article follows:

MODEL CODE OF ETHICS FOR THE U.S. SENATE

PREAMBLE

The Senate of the United States, in order to maintain the integrity of representative government and to sustain the confidence of citizens in their representatives, hereby establishes a Code of Ethics that shall apply to all members.

The Constitution of the United States invests "all legislative power" in the Congress and, together with other laws and customs, provides certain standards of conduct for Senators in the performance of their official duties. Yet the Constitution, law, and custom remain silent on many activities of public life that may be wholly improper or at least morally dubious. Without abrogating the discretion that individual Senators must enjoy in determining the ways in which each fulfills the public trust, the Code of Ethics sets forth rules that, by the authority of the Senate as a whole, shall guide the judgment and govern the conduct of each of its members. While it is not the function of this code to specify the means of its implementation and enforcement, it is a requirement that such means responsibly be maintained by the Senate, and altered from time to time as circumstances require.

The Senate as a body and Senators as individuals are entrusted with extraordinary power and responsibility. With this great power must go greater obligation. Both the Senate as a whole and individual Senators must therefore observe standards that in some cases are more stringent than those that apply to other citizens, to other public officials, and to other public bodies.

This Code of Ethics divides the moral responsibilities of Senators according to the principal functions Senators serve in our system of democratic government. A Senator is, at once, a public official, a representative of his or her constituents, a legislator, a colleague, an employer, and, at times, a candidate for a renewed term of office. This code is based on the understanding that these roles can be, and often are, different from each other, however much they may overlap on occasion. This code does not imply that the obligations of one or more of these roles necessarily always take precedence over others. On the contrary, the competing moral requirements of the different roles are a major source of ethical dilemmas, many of which will admit of no clear resolution.

In the broadest of their roles, Senators are public officials. As such, they have an obligation to obey the laws of the land, and to respect the constitutional basis of American government and the specific constitutional foundations for the office of Senator. In addition, as a public official, a Senator should avoid all conflicting interests and influences that might undermine, or appear to undermine, independent judgment on behalf of the public interest.

A Senator is also a representative and must be accountable to the public and accessible to constituents. The official activities of a Senator must be open to scrutiny by the public and colleagues. Senators must balance their special responsibility to constituents against the more general responsibility to promote the public interest. As a representative, a Senator must represent constituents in a way that ensures fairness, is consistent with the public interest, and avoids even the appearance of the influence of unacceptable special interests.

As a legislator, a Senator must act to protect the integrity of the legislative process, and to promote full and rational discussion.

As an employer who hires and supervises both a personal staff and also other employees of the Senate, a Senator should act in a just manner.

As a candidate, a Senator must observe the standards of civility and fairness that should mark the electoral process by which democratic citizens choose the men and women who will represent them.

No code of ethics can anticipate every moral problem that a Senator may encounter. Nor in every case can a code provide rules of such precision that all uncertainty will be banished. A supplementary body of regulations, to which the code frequently refers, imposes more specific regulations where such specificity is possible and desirable. Each of the rules is accompanied by a comment. The purpose of the latter is to elucidate the meaning of the rule and to provide its underlying philosophical and ethical rationale.

Like all other citizens, a Senator must be guided by conscience and by general moral principles. The purpose of this code is to provide Senators with those more specific moral standards and rules that will serve to guide them in their efforts to remain faithful to their public trust as representatives and legislators. Senators will face difficult choices and conflicting moral demands. An adherence to this code will guide Senators in their moral decisions and will help assure citizens that Senators remain faithful to the pursuit of the public good.

I. The Senator as public official

Obedience to the Constitution and the Law

(1) A Senator shall uphold and obey the Constitution and laws of the United States

of America, and shall cooperate fully in their enforcement. A Senator shall disclose to the appropriate authority information that provides reasonable cause to believe that any person, including another Senator, has committed a substantial violation of law that affects the integrity of the legislative process.

Comment

It is axiomatic that one holding a position of public trust shares the obligation of every citizen to observe the law scrupulously. A formal admonition to Senators to respect this obligation, therefore, may seem to restate a truism, but it serves an important purpose by clearly vesting jurisdiction in the Senate Select Committee on Ethics to investigate allegations of illegal conduct. Such jurisdiction is appropriate, because even violations of law that have no immediately apparent relevance to the discharge of Senatorial duties can significantly impair public confidence in the institutions of government. Through Rule I(1), the Senate preserves the option of imposing its own sanctions on Senators whose conduct manifests their disregard for or defiance of the law, whether or not this conduct has been penalized by other authorities. The use of the term "laws of the United States of America" is intended to include the laws of those states and municipalities that may apply to a particular Senator.

The second section of Rule I(1) addresses the troubling situation of a Senator who has a firm basis for believing that a colleague or an associate has breached the law. Our society has a long tradition of repugnance toward any kind of "informer" principle, and most citizens feel no special obligation to expose misconduct. But public officials should hold themselves to a higher standard. What may appear to a single Senator as an isolated instance of poor judgment could, after systematic investigation, prove part of a pattern of malfeasance with serious consequences for the nation. Thus, Senators are enjoined to reveal illicit behavior that might have such consequences—e.g., bribery or perjury—on the part of lobbyists, staff, and Senate officers as well as fellow Senators. Rule I(1) in no way suggests that Senators should overract to suspicion or rumor, nor is it applicable to trifling infractions. Its purpose is simply to compensate for the natural reluctance to perform a distasteful task by reminding Senators of their duty, in this as in all circumstances, to keep the public interest paramount.

Promotion of the Public Interest

(2) A Senator shall strive to promote the public interest and the common good of all the people of the United States. Senatorial office is a public trust requiring that a Senator shall not subordinate the public interest to the particular interests of any individual, party, region, class, or group.

Comment

Although Senators are elected by the citizens of a particular state, their actions and decisions have a direct and significant effect on all the people of the United States. Therefore, the office of Senator imposes on the indivdiual who holds it a public trust and a public responsibility in the broadest sense. Like other federal officials, Senators must have as their primary concern the well-being of the nation as a whole. In defining this primary obligation, the national scope of a Senator's legislative and policy-making authority, and not the narrower basis of his or her electoral selection, is determinative.

As a practical matter, Senators are faced with the difficult tasks of balancing the different and sometimes conflicting interests of various groups in the society and of assessing the differential impact of laws and policies on various segments of the population. By itself, an injunction to promote the public interest provides neither a formula for simplifying these judgments nor a substantive definition of what "the public interest" requires. This can only be done on a case-by-case basis and must be sensitive to changing circumstances. But as an explicit statement of a Senator's obligation to be constantly attentive to the broadest implications and the wide-ranging impact of his or her official acts, this Rule does define the frame of mind within which a Senator should make these judgments, and it requires that a Senator be on guard against legislative decisions that are consistently and systematically biased in favor of some narrow interests or some particular group.

In legislation and policy pertaining to the conduct of foreign affairs, a Senator's official actions affect not only the citizens of the United States but the citizens of other nations as well. When they are acting on matters of foreign policy, Senators may properly give precedence to the public interest and common good of the people of the United States. However, this responsibility cannot be divorced from the broader objective of promoting justice, peace, and human well-being throughout the world, and a Senator should strive to respect and protect the human rights of all persons independent of their national affiliations.

Use of Office for Private Gain

(3) A Senator shall not use the office for private gain.

(a) A Senator shall not promote legislation or otherwise use the office for the purpose of enhancing personal financial interests or those of his or her immediate family.

(b) A Senator shall not knowingly accept any gift that might influence improperly, or that might reasonably appear to influence improperly, his or her conduct of office; and a Senator shall obey the limitations and disclosure regulations established by the Senate pertaining to the receipt of permissible gifts.

(c) A Senator shall obey the limitations and disclosure regulations established by the Senate pertaining to the acceptance of honoraria.

(d) A Senator shall not maintain, or have maintained for personal use, an unofficial office account; and a Senator shall obey the regulations established by the Senate pertaining to the reimbursement of office expenses.

Comment

The principles of the American democratic tradition demand that government never serve as an instrument for the exclusive benefit of a few but that it serve to promote and enhance the well-being of the nation as a whole. Considerations of personal gain must therefore never be allowed to distort a Senator's commitment to the promotion of the public good. Moreover, a Senator must carefully avoid situations that create the appearance that motives of personal gain are influencing his or her official conduct. The four subparagraphs of this Rule contain specific prohibitions relating to these general concerns.

First, Senators must not abuse their public trust by using the authority, prerogatives, and resources of their official position to further their own financial interests or the financial interests of their immediate family. Subparagraph (a) of this Rule supplements federal bribery statutes and follows the precedent of earlier Senate rules in prohibiting this abuse.

Second, gifts to Senators by parties with a direct interest in the legislative process inherently raise questions of propriety and improper influence. The gift relationship naturally creates sentiments of gratitude and reciprocity in the recipient. In private life these sentiments are important human virtues, and no one would want to discourage Senators from acting on them under the proper circumstances. However, the extraordinary authority and power of a Senator's position in the government invite the misuse of the gift relationship for political ends, and those sentiments of gratitude toward the donor that are laudable in private life may well distort the judgment of even the most conscientious public official.

Therefore, both to protect the public from the improper influence of special interests in the legislative process and to protect Senators from unwarranted suspicions that they have been influenced improperly, it is necessary to circumscribe the receipt of gifts within well-defined and narrow limits. Subparagraph (b) of this Rule provides a general guideline that requires a Senator to be on guard against accepting gifts, from any source, which might reasonably be thought to be offered in an attempt to exert improper influence, and it further requires a Senator to obey the Senate regulations pertaining to gifts.

Third, the acceptance of honoraria, like the receipt of gifts, may raise questions of improper influence and the misuse of office for financial gain. Moreover, activities involving honoraria ordinarily bring a Senator into contact only with the most well-off and advantaged members of his or her constituency, and, without regulation, the receipt of honoraria might create an incentive for a Senator to allocate too much time to this segment of the constituency. [See Rule II-(2)(a).] Thus it is appropriate for the Senate to limit and regulate this practice. Subparagraph (c) of this Rule requires a Senator to obey Senate regulations pertaining to the acceptance of honoraria.

Fourth, the use of private funds and "unofficial accounts" to defray expenses incurred in connection with the conduct of office also raises questions of propriety and creates the appearance of improper influence. Subparagraph (d) of this Rule is based upon the principle that, in general, official expenses should be paid for by public funds specifically appropriated for that purpose. Thus it prohibits the maintenance and use of unofficial accounts and requires that a Senator obey Senate regulations concerning those funds that may be used to defray official expenses.

Performance of Official Duties and Outside Activities

(4) A Senator shall devote full time and attention to the performance of official duties. A Senator shall not engage in any outside business or professional activity or employment, whether for compensation or not, that is inconsistent or in conflict with the conscientious performance of official duties; and a Senator shall observe the regulations established by the Senate pertaining to business and professional activities.

Comment

The complexity and volume of public business that comes before the Senate demand that a Senator devote full time and attention to official duties. Legislation at the federal level is not a part-time or occasional endeavor. Senatorial office demands total commitment and dedication to onerous and time-consuming responsibilities that are an inherent part of that office.

This Rule stops short of imposing a total prohibition on all private business or professional activities. But it does prohibit those activities that involve conflicts of interest and thus are incompatible with the conscientious performance of official duties. And, in the case of permissible outside business or professional activities, it does require

that a Senator not allow such activities to detract from the conscientious performance of official duties. This Rule also requires a Senator to comply with the specific regulations established by the Senate pertaining to outside earned income and private professional activities.

II. The Senator as representative

Public Accountability

(1) A Senator shall be accountable to constituents, colleagues, and other public officials by promoting public scrutiny of official activities and by revealing information that will enable constituents to make informed judgments concerning the Senator's conduct of office.

(a) A Senator shall obey the limitations and disclosure regulations established by the Senate pertaining to financial assets and interests.

(b) A Senator shall disclose, upon reasonable request, his or her vote on any legislative matter.

(c) A Senator shall disclose organizational affiliations and such other matters to the same extent and in the same manner that Congress requires officers of the executive and judicial branches to make them public.

Comment

In a democratic society representatives act, at least partly, as agents of those they represent. While there is room for discretion and judgment on the part of the representatives, Senators must always be responsive to those represented and always accountable for their actions to those on whose behalf they act. In addition, as members of a collective body and as public officials, they must be accountable to their colleagues and other public officials.

It is not sufficient that a Senator believe he or she is acting in accordance with the best interests of constituents or the general public. A Senator must provide the information on the basis of which his or her activities can be independently scrutinized and judgment passed. Such judgment, whether passed by the electorate or a Senator's colleagues, is only reasonable if based on those factors relevant to assessing the conduct of a Senator. Citizens must be able to determine the possible biases that may affect a Senator's judgments and actions.

The requirement of full public financial disclosure is a means to an end and not an end in itself. The evil to be avoided is that official decisions may be motivated by something other than the public interest. One concern is that the personal financial interests of a Senator may influence opinions and votes. It has been suggested that Senators divest themselves of holdings affected by their actions or abstain from voting on issues that affect their financial interests. But the difficulty of delimiting the range of issues that affect a Senator's holdings, as well as the wish not to deprive constiuents of full representation, have led the Senate to disclosure as the preferable method to deter conflicts of interest with respect to financial assets. Quite independently, such disclosure serves to promote public confidence in the integrity of the representative process.

The requirement of disclosure is compatible with there being instances in which a Senator faces such an obvious conflict of interest that the public interest will be best served by abstention from consideration and voting, or by divestiture.

No information can be more relevant to a reasoned judgment of a Senator than his or her voting record. While the practice of voting off-the-record may sometimes be desirable, citizens have the right to know what official position a Senator has taken on important legislative issues. Finally, knowledge of a Senator's organizational affiliations permits colleagues and constituents to form a more complete picture of the interests, pressures, and loyalties influencing a Senator's opinions and decisions.

Protection of Constituents' Interests

(2) A Senator shall protect and promote the legitimate interests of all the constituents he or she represents. A Senator shall strive in all cases to ensure that these interests are given a full and fair hearing in the deliberations of the Senate.

(a) A Senator shall be accessible to all constituents in order to become aware of their views on issues that fall within the jurisdiction of the Senate. A Senator shall take special care to attend to the needs and interests of those individuals or groups that might not otherwise obtain due consideration.

(b) Upon reasonable request, a Senator shall assist all constituents in their transactions with federal agencies. A Senator shall obey the regulations established by the Senate pertaining to such assistance.

Comment

The democratic system of representative government in the United States assumes that Senators will serve the needs and legitimate interests of their constituents. When a Senator acts in an official capacity, he or she acts on behalf of and in the name of constituents; they "constitute" his or her authority. At the same time, a Senator's decisions affect not only his or her own constituents but the nation as a whole, and therefore a Senator must also serve the public interest in the broadest sense. Rule I(2) addresses this latter dimension of a Senator's duty, and the present Rule covers the first of these two dimensions, a Senator's duty to constituents. Three points in the present Rule merit special emphasis.

First, a Senator's representational duty extends to all of his or her constituents. This duty is not limited to a particular class of persons within a state, such as the class of registered voters, the members of one political party, or the most well organized and vocal. A Senator may encounter strong pressures to favor such groups, but these pressures must be resisted because such favoritism violates a basic principle of the democratic system. In that system, once elected, a Senator becomes the representative of all the people in that state, not just the representative of those who voted for or helped to elect him or her. A Senator's failure to uphold this principle, the failure to transform the partiality of candidacy into the impartiality of office, is a serious breach of public trust. It harms members of the electoral opposition and nonparticipants by denying these individuals their right to effective political representation, and it undermines the authority and legitimacy of the Senate as a whole.

Second, an integral part of a Senator's representational duty is that he or she strive to ensure that the interests of constituents are called to the attention of other Senators and given a full and fair hearing in the legislative process. Hence, it is not sufficient that Senators simply use their own vote to protect and promote the interests of their constituents; they must also serve as the voice of those interests during all stages of the legislative process.

Third, a Senator's dual obligation as a trustee of the public interest and as a delegate of constituents' interests requires careful judgment and a conscientious weighing of legislative alternatives. It is the intent of the code that the present Rule and Rule I(2) be interpreted as mutually reinforcing imperatives. Over time, a Senator who consistently promotes the public interest of the nation as a whole will also and thereby serve as an effective custodian of the interests of his or her own special constituents. At the same time, experience has shown that when particular constituencies lack effective and active representation in the federal legislature, policies skewed in favor of those better represented tend to result and the public interest tends not to be served. The ideal then is for Senators judiciously to blend their responsibility as representatives with their responsibility as public officials. However, should a particular instance of irreconcilable conflict arise between the requirements of the public interest of the nation as a whole and the special interests of a Senator's constituency, the present Rule should be interpreted so that a Senator's general trust as a public official and his or her duty to the public interest as set forth in Rule I(2) take precedence.

If Senators are to promote and give voice to the interests of constituents, they obviously must keep informed about those interests and remain accessible to constituents. Subparagraph (a) of the present Rule addresses these responsibilities. As it is a Senator's representational duty to be responsive to the interests of all constituents, so too it is a Senator's duty to be familiar with the broad spectrum of interests and opinions held by constituents. Circumstances may require that a Senator take special steps to discharge this important responsibility since sole reliance on ordinary channels of communication and access may work to the unjust disadvantage of the least influential and the least well-off. Subparagraph (a) of the present Rule requires that a Senator be on guard against this sort of *de facto* disenfranchisement of any constituents.

Often a Senator will be called upon to assist constituents in their dealings with the federal government. Properly undertaken, this is an appropriate service that a Senator should make available to those constituents who request it. Procedural inquiries and other similar, basically informational services usually raise no questions of propriety or of the improper exertion of influence. However, the authority and prestige of Senatorial office is such that interventions concerning matters of substance or the merits of a case must be controlled and regulated because they may distort the deliberative process of government agencies and improperly advantage some interested parties to the detriment of others or the public. Therefore subparagraph (b) of this Rule explicitly reiterates a Senator's obligation to obey existing statutes and present or future Senate rules governing this type of activity.

III. The Senator as legislator

Obedience to Senate Rules and Respect for Colleagues

(1) A Senator shall exercise legislative powers by obeying the Senate rules, respecting the customs of legislative debate, and acting with courtesy and civility toward other Senators.

(a) A Senator shall not obstruct the legitimate procedures of the Senate.

(b) A Senator shall contribute a reasonable and fair share of attention to the collective duties of the Senate.

Comment

While each individual Senator will have particular duties to constituents, the public interest, and his or her conscience, the Senate has collective duties, some of which are specified by the Constitution and some by the requisites of representative democracy. In that respect, the Senate is a collegial body, one that must function as a whole on the most important legislative and representative matters. It cannot effectively or responsibly so function unless Senators recognize the duty and necessity of working in close harmony with each other and of mutually respecting both their individual and collective obligations.

It is recognized that deep political and value differences may exist among Senators,

reflecting similarly deep differences among the general public. That is perfectly proper. Nonetheless, these differences do not abrogate the duty to attend to the effective and fair deliberations of the whole body of the Senate. The deliberations of the Senate cannot be either effective or fair if Senators do not treat each other with respect, courtesy, and civility, however great their political differences.

The traditional practices and parliamentary rules of the Senate permit an individual Senator some measure of control and influence over the legislative process, allowing a small minority of its members to delay a bill they strongly oppose. Such practices and rules may safeguard minority interests and opinions from being too easily overridden by the wishes of a majority and thus build a prudent measure of caution and restraint into the legislative process. At the same time, however, they can be abused by those who find themselves in a position to obstruct legislative activity and who so for reasons of narrow partisanship or political self-interest. When the nation finds itself facing complex and pressing problems that require deliberate yet expeditious legislative action, such abuses threaten the integrity of the legislative process and undermine the credibility of the Senate as an institution. The purpose of subparagraph (a) is to call attention to a Senator's duty to the integrity and credibility of the Senate as a legislative body.

As part of their general duties, Senators also receive various committee and other assignments. Those assignments can be demanding, creating additional pressures upon time and energy. Nonetheless, it is a Senator's duty to bear and discharge a fair share of such assignments. The multiple duties and functions of a Senator require that collective obligations be equitably accepted, shared, and distributed.

Responsibility To Be Well Informed

(2) A Senator shall be informed about public matters that pertain to legislation before the Senate, shall be alert to the need for new legislation, and shall determine whether legislation is being properly and effectively administered.

Comment

Responsible legislative judgment, oversight, and voting are not possible in the absence of adequate information. The information will encompass factual data on legislative issues, knowledge of the positions and views of those who will be affected by legislation, and an assessment of the possible consequences of legislation, both in the short and long term.

It is not sufficient, however, for a Senator to respond only to problems raised by others or to become informed on legislation proposed by colleagues. The responsibilities of the Senate require also a determination of the need for new legislation, and it is thus the obligation of a Senator to be so sensitive to the general needs of the nation, as well as the specific needs of constituents, as to anticipate the need for new legislation. No less important is vigilant oversight of previously enacted legislation, to determine that it has been carried out in conformity with Congressional intent and to determine what changes, if any, should be made.

Exercise of Advice and Consent Powers

(3) A Senator shall exercise the powers of advice and consent with due regard both to the constitutional primacy of the President in the conduct of foreign affairs and in the appointment of senior executive and judicial officials, and to the general welfare of the people of the United States.

(a) A Senator shall not vote on a treaty merely for reasons of partisan, personal, or sectional advantage.

(b) A Senator shall inquire carefully and thoroughly into the objective qualifications, experience, character, and reputation of a Presidential nominee for high federal office. A Senator shall not refuse to confirm a nomination because of any characteristic irrelevant to the nominee's fitness for office, including, but not limited to, race, color, religion, sex, age, national origin, or physical handicap.

(c) A Senator shall exercise the prerogative of Senatorial courtesy in a manner that will insure the appointment of qualified public officials.

Comment

The powers vested in the Senate by Article II, Section 2 of the Constitution play an important role in our tripartite system of government. They reflect the concern of the Framers with the danger of concentrated and unchecked authority in the hands of one person. The Senate, in which every state is equally represented, was deemed the proper body to maintain residual control over Presidential action even in areas where it was acknowledged that the President must have considerable latitude. National debate about the appropriate limits of "advice and consent" has continued since 1787, and no provision of this code can offer a definitive resolution. But Rule III(3) can serve to remind Senators of the rationale for their endowment with these powers and indicate the sense of the Senate as to their ethical use.

Although there is considerable disagreement over the precise parameters of Presidential authority in the realm of foreign relations, few would deny that the President has the primary responsibility for initiating and shaping foreign policy, subject to Congressional approval. It is the President who must exercise the plenary power to speak and listen as a representative of the whole nation in the delicate and complex negotiation of a treaty. Yet there is a definite legislative effect from concluding an agreement with a foreign state, since treaties are designated part of the supreme law of the land by Article VI of the Constitution. In deciding how to vote on a treaty resolution, a Senator should always focus on the overall national interest, and reflect on the implications of that vote for our country's position in the world community. Because the ratification of a treaty can be accomplished only through the affirmative votes of two-thirds of the Senators present, it is essential that no Senator engage in trading what might be a decisive vote on a matter of national importance for personal or political advantage. That is the intention of Rule III (3) (a).

Subparagraph (b) of Rule III(3) is addressed to a number of complex issues. The Framers believed that requiring Senatorial confirmation of those nominated to become ambassadors, judges, and officers of the national government would prevent a President from creating an invincible political machine of loyal and subservant minions. In addition, since the President could not possibly have personal knowledge of the numerous candidates for appointment, the Senate was viewed as a valuable source of reliable information about their qualifications. The actual operation of the confirmation process, however, has been rather different from that contemplated by the Framers. The requirement of Senatorial approval has been extended to well over 100,000 officials and employees of the federal government. Obviously, the Senate cannot and should not subject every nominee for every office to the same degree of searching scrutiny. The scope of a Senator's obligations within the appointment process will vary considerably.

By established tradition, for example, a President ought to be entitled to broad discretion in choosing Cabinet members, since they will serve as confidential advisors and the architects of that administration. Similarly, President nominations for high-ranking office within the departments should not encounter politically inspired opposition. Otherwise, it would be unjust to hold the President accountable for the functioning of the executive branch. Diplomatic representatives also are frequently perceived as envoys of the President, charged with the duty of carrying out a particular program of foreign policy, and thus properly susceptible to somewhat less Senatorial influence. However, Senators may legitimately take a more active and partisan role in the selection of appointees to regulatory agencies and independent commissions, many of which require bipartisan membership as a matter of law.

Senators should be especially sensitive to their responsibilities with respect to the judiciary. The constitutional mandate of judges to preserve the rights of citizens against encroachment by the executive and legislative departments, and to adjudicate conflicts that may arise between the latter, makes it imperative that they in no way depend on political sponsorship or protection from either of the other two branches. Senators should be most careful to eschew purely partisan motives when considering the confirmation of nominees to the Supreme Court or Courts of Appeals, or in proposing candidates for appointment to the District Courts. Finally, a Senator should never permit personal prejudice or bias to distort the process of appointment for any position at whatever level.

The original vision of the Framers was that members of the Senate would exert no independent power of appointment, but would merely review the fitness of Presidential nominees. The development of the system of Senatorial courtesy, addressed in subparagraph (c), has dramatically altered and substantially complicated the process. This custom, by which individual Senators effectively select their own appointees to federal office within their respective states, does enable the people of each state to have some voice in the selection of those federal officials who have the most direct impact on their lives.

And it is entirely reasonable to assume that Senators are likely to be aware of outstanding citizens within their states who are suitable for public office. But the tradition of Senatorial courtesy is not always well understood outside the Senate, and has been criticized as operating to deprive the nation of the best available candidates for public service. Senators must be cognizant of the potential for abuse and guard against any tendency to fill government posts with appointees whose only qualifications are political. While it may often be legitimate to take into account the political activities and attitudes of a proposed nominee, these factors should be considered after it has been determined that the nominees is otherwise competent to fill the position in question. Public appointments should never be based solely on the dictates of narrow partisanship and local patronage.

Oversight of Administrative Agencies

(4) A Senator shall supervise the enforcement of law and implementation of policy by administrative agencies in an informed and dispassionate manner, with due regard for their independence.

(a) A Senator shall not be influenced by, or appear to be influenced by, any personal interest in the consequences of a specific administrative regulation or a specific administrative proceeding.

(b) A Senator shall not intervene in the operations of an agency in such a manner as to contravene the intent of Congress.

Comment

Another legislative responsibility intended as a check on the executive branch is that of legislative oversight. Unlike the "advice and consent" functions, however, the power

to probe into the departments of the federal government in order to discover corruption, inefficiency, and waste is typically exercised in committee, not by the Senate as a whole. In such a small and not always completely representative group, lacking the balance of countervailing forces in the entire body, each Senator must be particularly attentive to the appropriate scope of this prerogative. This Rule is directed toward the substantive, rather than procedural, aspects of a Senator's obligation to use restraint and responsibility in the discharge of this vital function. [The procedural issues are addressed in the more general context of Rule III(5).]

Subparagraph (a) underscores a particular application of the broader prohibition of real or apparent conflicts of interest. Some Senators in the past have actually divested themselves of property, e.g., television stations or airlines, which are subject to regulation by federal agencies. Others have disqualified themselves from reviewing and reporting on agencies that have jurisdiction over industries in which they, or those close to them, have substantial holdings. Without suggesting an inflexible solution to this problem, subparagraph (a) of Rule III(4) makes it clear that it would be highly improper for a Senator to compromise the integrity of legislative judgment by evaluating an agency while he or she has business, e.g., a license renewal request, pending before it.

A Senator must also resist the temptation to use an inquiry into agency operations as a pretext to refight long-lost legislative battles. If Congress and the President have authorized and appropriated the funds necessary to create a government agency, opposing Senators should not harass that agency or use their investigative authority to hinder its legitimate operations. While the exact dimensions of a Senator's role in this area cannot be delineated, Rule III(4)(b) calls attention to the need to seek and abide by reasonable limits.

Conduct of Committee Hearings and Investigations

(5) A Senator shall conduct committee hearings and investigations in a fair and effective manner.

(a) A Senator shall limit the scope of inquiry to those subjects that are amenable to federal legislative action and require fact-finding for a valid legislative purpose. A Senator shall seek only information relevant to potential legislation, and shall avoid any unnecessary inquiry into the private affairs of individuals.

(b) A Senator shall not exploit or abuse the powers of the Senate to compel testimony, to hold in contempt, to institute a lawsuit, or to recommend a grant of immunity, either for personal or partisan advantage or for the harassment or punishment of individuals.

(c) A Senator shall not divulge, in whole or in part, testimony taken or material presented during an executive session, without prior authorization by a majority of committee members.

(d) A Senator shall treat every witness before a Senate committee with courtesy and respect. Witnesses shall be afforded a reasonable opportunity to respond fully to each question and to consult with counsel during their testimony. Persons adversely characterized or discreditably referred to during a Senate inquiry shall be afforded an opportunity to respond, either orally or in writing.

Comment

The goal of a legislative hearing, unlike that of a judicial proceeding, is not the precise reconstruction of past events, but a forecast of the predictable consequences of some proposed action. This difference in purpose significantly alters the range of permissible legislative inquiry. By law, no legislative inquiry is an end in itself; it must be relevant to, and in furtherance of, a legitimate task of the legislative body. The Senate should not attempt to investigate matters that are within the exclusive province of the other branches of government or to usurp their functions and act as a law enforcement or trial agency. A Senator has no right to expose for the sake of exposure, or to delve into the personal life of an individual unless seeking information clearly required for a legislative decision.

The power of a Senate committee equals or excels that of any court. It can ask the Senate to impose sanctions for contempt of its authority on those who obstruct legislative functions or interfere with the conduct of committee business. Senate committees can issue compulsory process, administer oaths to witnesses (who then testify under penalty of perjury), and arrange for grants of immunity to elicit the testimony of one who invokes Fifth Amendment privilege. A Senate committee can even bring suit to enforce compliance with its lawful orders. At the same time, the Speech and Debate clause of Article I, Section 6 of the Constitution relieves Senators from any reason to fear legal reprisal for the abuse of these powers. Senatorial self-discipline, through subparagraph (b) of the present Rule, is virtually the only mechanism for inducing restraint in their application.

Because a legislative hearing is nonadjudicative, it does not require the panoply of due process associated with a proceeding that is determinative of individual status rather than public welfare. There is no constitutional mandate to allow witnesses in a legislative hearing to confront their accusers or have the effective assistance of counsel. Formal rules of evidence need not be observed. But the fact that the law does not afford witnesses before a Senatorial committee much procedural protection does not absolve Senators from obligations of fundamental fairness.

Disclosure of information obtained during a closed hearing, for example, is necessarily partial and selective. It can unjustly harm a witness who relies on the confidential nature of the session and who has no forum to complete the public record. Leaks from a hearing can hamper the future ability of a committee to obtain frank testimony and forthright cooperation. If committee members ignore their own rules, a witness may even be legally justified in refusing to produce evidence. Premature release of a draft or excerpt from an unapproved committee report, before testimony has been concluded and fully digested, may foster an initial public impression difficult to dislodge or correct later, even in the light of subsequently ascertained facts. Such an effect is totally inimical to the rationale for legislative investigation, and is specifically addressed in subparagraph (c).

The final paragraph of Rule III(5) does incorporate some notions derived from due process, but these notions are oriented to the purposes of legislative inquiry rather than to the rights of individual citizens. A Senator's principal interest in any hearing should be to achieve an accurate, balanced, and complete understanding of its subject. A calm and dignified atmosphere, in which a witness need not feel unduly apprehensive or defensive, is most conducive to honest and thoughtful testimony. Again, since a Senate legislative hearing is not accusatory in nature, it is proper for counsel to a witness to play a quite limited advisory role, but that role should not be vitiated by a Senator's impatience. While few witnesses may raise an objection to media coverage of their testimony, Senators should seriously consider the wishes of any witness who believes it could affect his or her capacity to provide a candid appraisal of a legislative question. Senators should never yield to the temptation to allow broadcasting or televising of a hearing solely for the sake of beneficial publicity, particularly if testimony taken during such a hearing may include disparaging references to individuals.

Expenditure of Public Funds

(6) A Senator shall make proper and efficient use of all public funds and resources, especially those designated for fact-finding and the dissemination of information.

(a) A Senator shall obey the regulations established by the Senate pertaining to foreign travel.

(b) A Senator shall avoid excessive use of mail, computer, and broadcast facilities, and shall not use them for purely personal ends.

Comment

As members of a body ultimately responsible for approving the level and types of governmental expenditure, Senators must be particularly scrupulous about their expenditure of funds for legislative purposes. All public officials stand in a fiduciary relationship with citizens and must confine their use of public funds to public purposes. But Senators, whose responsibilities include authorization of funds for their own use as public officials, have a special responsibility to maintain the integrity of governmental spending. Senators must be alert both to the misuse of funds, and to the wasteful use of monies spent for legitimate ends.

Foreign travel, for example, continually arouses public suspicion of the possible misuse of government money. While such travel often has a legitimate purpose, allowing Senators to learn at firsthand information relevant to the conduct of foreign and domestic affairs, there is always the possibility that the travel is undertaken primarily for personal enjoyment and benefit. Thus, a Senator who has been defeated or who is retiring from office and who cannot justify such expenditures in the brief period he or she remains in office is denied government funds for foreign travel.

One of the privileges granted Senators is the use of public funds for the dissemination of information by mail—the postage frank. While it is sometimes difficult to draw the line between material of an official nature and that for purely personal use, a Senator must be alert to the possibility of misuse and, in cases of doubt, draw the line in favor of the public interest.

But even when public funds are being used for legitimate legislative purposes, a Senator has an obligation to guard against the wasteful use of public resources. The frank, computer facilities, and broadcast facilities provided by the Senate can be used properly but wastefully or inefficiently. There is an obligation to use all public funds only as, and just to the extent that, the interests of the public warrant.

IV. The Senator as employer

Fair Treatment of Staff

(1) A Senator shall treat fairly the members of his or her staff, the staff members of the other Senators, and all other employees of the Senate.

(a) A Senator shall not engage in discriminatory employment practices (hiring, firing, promotion, compensation, or conditions of employment) on the basis of race, color, religion, sex, age, national origin, or physical handicap.

(b) A Senator shall assign staff members and other employees of the Senate only those functions and tasks for which they are legitimately employed.

Comment

All employers have an obligation to treat potential and actual employees justly and to make employment decisions based on those characteristics that are directly related to competent job performance. Individuals de-

nied employment or offered unfair terms of employment because of characteristics over which they have little or no control and which are unrelated to successful job performance are denied the equal respect owed to all individuals. Such a denial is a special wrong when inflicted by public officials who have an obligation to treat all citizens with equal respect and concern.

Members of the Senate have a special responsibility in this regard because the coordinate branches of government have no authority to control or review Congressional employment practices.

Rule IV(1)(a) is not intended to deny a Senator's traditional prerogative of choosing among competent potential employees those from a specific location or of a particular political affiliation.

Just as the duties of a Senator can be burdensome and difficult, so also can those of staff members and other employees of the Senate. They cannot effectively discharge their duties, either to individual Senators or to the Senate as a whole, unless they are assigned to exclusively legitimate, official duties. They are public, not private, servants. Nor can they be expected to perform effectively unless their personal rights, and the requirements of their official duties, are respected by Senators.

Responsibility for the Compliance of Staff With Senate Regulations

(2) A Senator shall take all reasonable steps necessary to ensure that staff members under his or her jurisdiction obey the regulations established by the Senate pertaining to staff conduct.

Comment

Rule IV(1) sets forth general norms of fairness and equity designed to govern an individual Senator's treatment of Senate staff employees. Within the framework of these norms, each Senator must be allowed considerable latitude and flexibility in determining the work routine and the type of administrative supervision that will best serve his or her needs. Thus it is entirely reasonable and proper that staff activities in each Senator's office will vary.

The behavior and conduct of staff members, no less than the behavior and conduct of Senators themselves, have an effect on the pursuit of the public interest, the effective representation of constituents, and the proper functioning of the legislative process in the Senate as a whole. Therefore, it is necessary and appropriate that the Senate establish general regulations pertaining to the conduct of all Senate staff employees. Rule VI(1)(b) provides that such regulations be established and enforced. The present Rule requires that Senators cooperate in the establishment and overall enforcement of such regulations, and it specifically charges each Senator with the responsibility of ensuring that these regulations are obeyed by those staff members who are under that Senator's direct supervision.

V. The Senator as candidate

Use of Official Position for Electoral Advantage

(1) A Senator shall not improperly use the privileges of office to gain political advantage in the electoral process. A Senator shall obey the regulations established by the Senate pertaining to mass mailing and the use of computer and broadcast facilities.

Comment

Incumbents have many advantages in attracting voter support. They are able to get media publicity through press conferences and committee hearings, to provide benefits to constituents at election time, and to make their views known by mass mailings. These advantages are inevitable and not necessarily to be judged unfavorably. But the privileges of office are subject to being used in ways that confer illegitimate advantage on incumbency. When a Senator uses the franking privilege to transmit material of a purely political character, it is a misuse of public funds for political benefit. To guard against this misuse the Senate has established limitations on the use of the frank that are in addition to existing statutory restrictions. Since it is often difficult to draw a sharp line between material of an official legislative nature and material of a political nature, the Senate has adopted the strategy of an absolute prohibition on any mass mailing within sixty days of an election in which the Senator is a candidate. In addition, by requiring a system of annual registration of mass mailings and opening the register to public inspection, the Senate seeks to reassure the public that the frank is not being abused.

When the issue is not settled by an absolute rule easily applied or by fairly obvious cases, it will require a Senator (or staff member designated for this task) to make decisions on a case-by-case basis. If it is genuinely unclear whether the material to be mailed is official or political, then the importance of being perceived as acting fairly suggests drawing the line in favor of the integrity of the electoral process. The body designated by the Senate to make such decisions should follow the same principle.

Use of Senate Employees for Campaign Activities

(2) A Senator shall not make improper use of the services of Senate employees for substantial campaign activities, and shall obey the regulations established by the Senate pertaining to their employment.

Comment

The purpose of this Rule is to ensure that Senate employees do not remain on the Senate payroll if they are substantially assisting in campaign activities. Quite legitimately, many of a Senator's activities will be political in nature. But there is a distinction between those activities and the specific activity of campaigning for election. By using the word "substantial," the Rule does not mean to exclude occasional, incidental, and minimal campaign activities on the part of an employee. Neither does the Rule mean to preclude such activities on employees' personal time, nor to preclude their designation to handle campaign funds. However, in the latter case, both an employee and a Senator should be aware of the potential for abuse if an employee is paid a Senate salary for official duties and another salary by a campaign committee for campaign activities.

Personal Use of Campaign Funds

(3) A Senator shall not convert campaign contributions to personal use.

Comment

The reasons for this prohibition are clear and require only a brief restatement.

First, citizens who have donated funds designated as campaign contributions have done so with the expectation that these funds will not be used for personal expenses. These citizens have a right to have their expectations fulfilled.

Second, to permit Senators to make personal use of campaign contributions is to invite situations in which Senators might be said to have used their official position to promote their own personal gain. Under many circumstances, the very fact that an individual is an incumbent Senator enhances that individual's ability to raise campaign funds. Thus campaign funds are a resource linked, if only indirectly, to a Senator's official position and status. This linkage is strong enough to warrant the prohibition contained in the present Rule. With this prohibition firmly and publicly in place and adequately enforced, both the authority of Senatorial office and Senators as individuals will be protected against suspicions of impropriety.

Third, the prohibition contained in this Rule will eliminate one circumstance that could lead to the improper exercise of official influence for the purposes of personal gain, and hence to a violation of Rule I(3). That Rule prohibits the receipt of direct compensation in return for official "favors." If their conversion to personal use were permissible, campaign contributions could serve as a cover for such illicit compensation. The present Rule is designed to close off this possibility and in so doing adds to the force and effect of Rule I(3).

VI. Enforcement of the code

Responsibility for Code Enforcement

(1) The Senate shall maintain effective and appropriate procedures for the promulgation and enforcement of the provisions of this code and the regulations pertaining thereto.

(a) A Senator shall cooperate fully in the enforcement of this code and all Senate rules. A Senator shall disclose to the appropriate authority information that provides reasonable cause to believe that another Senator has committed a substantial violation of this code.

(b) The Senate shall maintain effective and appropriate procedures for the promulgation and enforcement of regulations pertaining to the conduct of Senate staff employees.

Comment

Paralleling each Senator's obligation to obey the Rules set forth in this code, the Senate as a whole has an obligation to insure that these Rules are fairly and effectively enforced. The Constitution gives the Senate sole authority to regulate the official conduct of its members. This authority is a public trust that imposes on the Senate the duty to maintain procedures of self-regulation and self-governance that will ensure the highest ethical standards of conduct. This duty is the basis for this Rule.

Subparagraph (a) of this Rule addresses each Senator's individual obligation to assist the Senate as a whole in carrying out its collective responsibility for self-regulation and self-governance. The effect of any ethical code on the actual behavior of those who subscribe to it depends largely on their willingness to participate in its impartial and consistent enforcement. The Senate is characterized by intricate relationships of long duration and mutual interdependence. Self-regulation in such a context is difficult at best. In the absence of an outside enforcement authority, it is particularly important that individual Senators acknowledge their responsibility to assure conscientious compliance with this code. If a Senator is asked for information or assistance in connection with an inquiry into another Senator's conduct, compliance with that request should be prompt and complete. Likewise, a Senator should be able to call upon fellow members for help in responding to or rebutting any such inquiry. Of the manifold claims on a Senator's time and attention, few should receive higher priority than maintaining the collective probity of the Senate.

The final clause of subparagraph (a) is parallel to the final clause of Rule I(1) of this code, and essentially the same considerations raised in the Comment on that clause are applicable here. Senators should reflect carefully on the eventual ramifications of allowing unethical conduct by their colleagues to escape notice, and must not hesitate to bring to the attention of the relevant Senate committee any serious abrogation of a Senate rule.

Finally, subparagraph (b) of this Rule addresses the Senate's collective responsibility to oversee and to regulate the conduct of staff

members. An individual Senator's responsibilities in this regard and his or her special responsibility for those employees he or she directly supervisss are addressed by Rule IV(2).●

THE ONLY POSSIBLE PUNISHMENT

● Mr. LEVIN. Mr. President, I would like to take a moment to comment on George Will's recent editorial on the death penalty, "The Only Possible Punishment," which appeared in the Washington Post on March 12, 1981, and which focused on the capital crime committed by Steven Judy, who was recently executed by the State of Indiana.

Mr. Will asks us to push aside our moral repulsion to executions by the State and replace it with a sense of moral outrage toward those who take the lives of innocent victims such as Mrs. Chasteen and her three children. He suggests that we cannot be both outraged by violent acts and unwilling to seek vengeance through the death penalty at the same time. Mr. Will would have us believe that the death penalty is the only way to prevent such crimes from occurring and that in the absence of clear proof as to whether or not the death penalty serves as a deterrent to violent crimes, we have to rely upon commonsense which dictates that the fear of death will deter those like Steven Judy from committing such crimes. Moreover, George Will determines in his column that in light of society's suffering as a result of the violent crime, the burden of proof as to whether or not the death penalty acts to deter should be placed upon those who believe it does not.

The March 10, 1981, Washington Post account of Judy's death in Indiana's electric chair reveals that 48 hours before he was to be executed Steven T. Judy was asked whether or not he thought that the death penalty served as a deterrent to crime. "No", he replied. Commonsense would tell us that if the State of Indiana capital punishment law did not deter Steven Judy from committing a crime so heinous it was sure to convince a jury to vote for the death penalty, it is unlikely that it will deter others like Judy who are capable of committing crimes punishable by death.

Perhaps Mr. Will overlooked the March 10 New Times account of Judy's execution which stated:

> Mr. Judy had steadfastly refused to appeal his murder conviction, saying that he would rather die than spend the rest of his life in prison.

So much for the argument that the fear of death deters violent crimes—three of the four men who have been executed in this country since the Furman decision have resisted any efforts being made on their behalf to appeal their own executions. Commonsense might lead one to believe that to the capital offender, the fear of life in prison is greater than the fear of death. There are those who would conclude that if members of society must satisfy the desire for vengeance when these horrendous crimes are committed, greater vengeance could be had by sentencing capital offenders to life in prison with no chance of parole.

I ask that the article by George Will be printed in the RECORD.

The article follows:

THE ONLY POSSIBLE PUNISHMENT

(By George F. Will)

According to his lawyer, Steven Judy was intelligent, witty and kind in conversation but had "this thing about beating up women." The story of how Judy did his thing should stir doubts in those opponents of capital punishment whose minds are not closed as tight as eggs.

Judy, who was executed March 9 by Indiana, committed his first rape when he was 13. Pretending to be selling Boy Scout raffle tickets, he forced his way into a woman's house, raped her, stabbed her more than 40 times (hard enough to break his knife), smashed her on the head several times with a hatchet and cut off her thumb. Miraculously, she survived.

Such is the criminal incompetence of America's criminal justice system, Judy was on parole in Illinois (he had served just 20 months for viciously beating a stranger—a woman) and was free on bond in Indiana (the offense was armed robbery; the bond was just $750, in spite of his lurid record) when he committed what he says was his 13th rape. It certainly was his last.

Pretending that his car was disabled, he got a passing motorist to stop. He raped her, killed her, then drowned her three small children in a creek. He never expressed remorse, and advised the jury to impose the death sentence, lest he someday be released and kill again.

Until recently I opposed capital punishment, categorically, in writing and actions. (I initiated the campaign that culminated in Connecticut"s first commutation of a death sentence.) However, the categorical nature of my position—I believed that evidence was irrelevant—certainly was wrong. And I may have been wrong on the issue itself.

One of two serious arguments for capital punishment is that it almost certainly can be a significant deterrent of significant crimes. If that is so, then refusing to execute killers in certain kinds of cases amounts to refusing to prevent the death of innocent persons, and is clearly immoral.

There now is sophisticated research that strongly suggests a deterrent effect. Furthermore, the principal argument against the deterrent effect is weak. The argument is that in most jurisdictions where capital punishment has been abolished there has been no immediate, sharp increase in what had been capital crimes. But in those jurisdictions, the actual act of abolition was an insignificant event because for years the death penalty had been imposed rarely, if at all. Common sense—which deserves deference until it is refuted—suggests that the fear of death can deter some premeditated crimes, including some murders.

The second powerful argument for capital punishment concerns a need for moral symmetry between crime and punishment. A society practices self-indulgent humanitarianism when it spares the likes of Judy in order to spare itself the unpleasantness of contemplating and administering capital punishment. The visceral reaction most humane people have against capital punishment actually is relevant to the case for that punishment.

Capital punishment is indeed horrible. That is why it can deter, and why, deterrence aside, it is a proper expression of virtuous sentiments. In his book, "For Capital Punishment," Walter Berns argues that the purpose of punishment and dramatic poetry can be similar:

"Capital punishment, like Shakespeare's dramatic and Lincoln's political poetry . . . serves to remind us of the majesty of the moral order that is embodied in our law and of the terrible consequences of its breach. . . . The criminal law must be made awful, by which I mean awe-inspiring, or commanding 'profound respect or reverential fear.' It must remind us of the moral order by which alone we can live as human beings, and in our day the only punishment that can do this is capital punishment."

Whether the authority to impose the ultimate punishment serves the expressive and teaching function that Berns correctly assigns to the law suggests an empirical question. But his position is plausible. And in a society suffering an epidemic of murder and other serious crime, the burden of proof is on opponents of capital punishment.

Rather than dispatch that burden with evidence and argument, many opponents simply assert the impropriety of the sentiments that Berns wants the law to teach by expressing. Part of the program of liberalism involves making people feel ashamed of sentiments essential for a decent society—sentiments such as anger about crime, and the desire for vengeance against criminals. Those are virtuous sentiments when grounded in a sense that the important laws express more than calculations of social utility. Those laws express a natural, life-enhancing moral order.●

INTERVIEW WITH THE SECRETARY OF THE NAVY

● Mr. HOLLINGS. Mr. President, one of the brightest lights of the new administration is its Secretary of the Navy, John F. Lehman, Jr. I am a longtime advocate of a strengthened Navy and have spoken many times on the declining state of our sea power. Thus, I am tremendously encouraged by the appointment of someone who appreciates the needs and understands, as perhaps nobody else in the country, the tactics and mechanics of getting the job done.

In the current issue of Sea Power magazine, Secretary Lehman shares some of his strategic and tactical thinking with us. The interview makes impressive and informative reading, and documents compellingly the kind of policy America must follow in order to achieve an enduring naval preeminence. Our new Secretary combines a unique geopolitical intuition and understanding with an overwhelming nuts-and-bolts knowledge, and this happy circumstance augurs well for his tenure at Navy—and, more importantly, for the future of this country.

For all of us in the Chamber who will be participating in the vital process of rebuilding America's defenses, this article is "must" reading, and I commend it to every Senator. Additionally, for those Senators who may not be totally familiar with John Lehman's background, I also commend the biographical portrait accompanying the interview.

Mr. President, I ask that the interview from the March issue of Sea Power, and the biographical sketch entitled "The New SecNav," both be reprinted in today's edition of the CONGRESSIONAL RECORD.

The material referred to follows:

THE NEW SECNAV

President Reagan announced on 23 January the selection of John F. Lehman, Jr., to be Secretary of the Navy.

Lehman—a businessman, scholar, author, Naval Reserve lieutenant commander and flight officer—was confirmed by the Senate on 29 January, and took the oath of office on

5 February to become the sixty-fifth Secretary of the Navy, and at age 38 one of the youngest men ever to hold that post.

He is also one of the best qualified. Prior to his appointment he had been president of the Abington Corporation, a Washington, D.C.-based management firm that specializes in defense matters.

The new SecNav has been intimately involved in national defense and foreign affairs matters since the late 1960s, moreover, serving consecutively as: a staff member of the Foreign Policy Research Institute at the University fo Pennsylvania (1967–69); special counsel and senior staff member to Dr. Henry Kissinger on the National Security Council (1969–74); a delegate to the MBFR (Mutual Balanced Force Reduction) negotiations in Vienna (1974–75); deputy director of the U.S. Arms Control and Disarmament Agency (1975–77); and (since 1977) chairman of the Republican National Committee's Defense Advisory Committee.

A native of Philadelphia, Pa., Lehman was educated at St. Joseph's College (B.S. in International Relations), Cambridge University in England, as an Earhart Fellow (B.A. with Honours Law and M.A. in International Law and Diplomacy), the University of Pennsylvania (Ph.D. in International Relations), and Johns Hopkins School of Advanced International Studies (Visiting Fellow).

Lehman enlisted in the Pennsylvania National Guard in 1964, transferred in 1966 to the Air Force Reserve, and in 1968 left the Air Force Reserve to accept a direct appointment, in the rank of ensign, in the Naval Reserve. He since has been promoted to the rank of lieutenant commander and designated a naval flight officer (bombardier-navigator) with the Naval Air Reserve Unit, assigned to Medium Attack Wing One, Naval Air Station, Oceana, Va.

Articulate as well as knowledgeable, Lehman has authored or co-authored a number of publications on national and international defense and foreign affairs. Among them are: *The Prospects for Arms Control*, ed, by J. E. Dougherty and J. F. Lehman, Jr. (McFadden: New York, 1965); *Arms Control for the Late Sixties*, ed. by J. E. Dougherty and J. F. Lehman, Jr. (Van Nostrand: Princeton, 1967); *The Executive Congress and Foreign Policy*, by John Lehman (Praeger: New York, 1976); and *Aircraft Carriers: The Real Choices*, by John Lehman (Sage: Beverly Hills, Calif., 1978).

Lehman and his wife, the former Barbara Wieland, live in McLean, Va., with their two children, Alexandra, 3½, and John F., III, 1½.

INTERVIEW WITH THE SECRETARY OF THE NAVY

(Sea Power Editor-in-Chief James D. Hessman and Navy League Executive Director Vincent C. Thomas, Jr., visited Navy Secretary John F. Lehman, Jr., in his office, a few days after the new SecNav was sworn in, to discuss Navy/USMC problems, programs, prospects, and policies. Following is the text of the SEA POWER interview with Secretary Lehman.)

SEA POWER. Considerable coverage was given your and [Chief of Naval Operations] Admiral [Thomas B.] Hayward's contention that the U.S. Navy no longer has the "thin margin of superiority" over the Soviet Union's naval forces. That is, of course, a major departure from the previous contentions of both the present and the immediate past CNOs. Can you elaborate on the specific gains the Soviets have made that have brought about this alarming reevaluation of the change in our relative positions?

LEHMAN. First of all, you have to understand that the answer to the question of who is ahead is a judgmental matter and not inherently quantifiable. I think the CNO articulated quite well in the hearing why he has changed his judgment—which was based on his evaluation of where we stood at the time that he conducted the evaluation, based on the advice of those who were out with the fleets and on their perception of Soviet operations and capabilities and their demonstrated use of the new Soviet weapons we have known have been in the pipeline for a long time. But he can speak to that matter better than I can.

Q. Still, why the difference? Your views in this area have always been strong.

LEHMAN. As you know, I have a different base of experience and judgment. I come at it from a different geopolitical perspective. I came to that same judgment a while ago. As you know, I have testified in previous years to that effect. And that testimony was based on my perception that the real question in naval superiority is this: "Who can succeed in carrying out their naval mission against the adversary's determined opposition?" Today, I believe, the Soviets are in a position to succeed in certain areas of the world for certain periods of time against our determined opposition. Now, it's easy to argue that they have a much simpler job than we do. Their job is to deny us access to resources and allies for periods of time in certain key areas of vital interest to us; it's to interdict the sea lanes and deny us access. Access, a single word, is really the key.

Q. During those same hearings, you recommended a shipbuilding program of at least 30 ships a year, while Admiral Hayward indicated at least 17–18 should be included in the program. Why is there such a wide disparity in numbers, and what will the Navy's ultimate goal be from your point of view at this time?

LEHMAN. I think the 30-ship target—which includes new construction and modernization—is a valid target to restore naval superiority. It remains to be seen how many ships we can get in this year's, and next year's, budgets. It would include major SLEPS [Service Life Extension Programs] and overhauls, and also pulling certain ships out of mothballs like the Oriskany or the Bon Homme Richard or any of the Iowa-class battleships. I think 30 is a valid target and achievable. I'm not sure yet whether we can reach 30 this year or next year. It depends on yard capacity, on which yards can take which ships at which rate, on how fast we can move prudently with the problems of lead ships, etc. We may want to build 10 LSD–41s [landing ship dock amphibious assault ship] or whatever the number is, but it may not be prudent to build them at the rate of four a year.

Q. What about the AEGIS [fleet air defense cruiser] program? You sounded very determined on that.

LEHMAN. AEGIS is one of our highest ship priorities right now, because if we are serious about regaining superiority the key to it is being able to prevail in those high-threat areas against the maximum Soviet threat in the areas of vital interest to us. I don't mean we have to threaten them in every single area around the periphery, but in areas of vital interest to us and our allies we have to be able to go in and take whatever they can throw at us and come off first best, having guaranteed continued access to those vital maritime areas.

Q. So AEGIS is a very high priority. How many ships . . .

LEHMAN. Yes, AEGIS is very high on our list. I think we ought to have a target of two AEGISes per battle group for the future, for the out years. I say this in a speculative sense because this is only my second day on the job. I suspect we may not be able to get that high a rate on AEGIS right away because of the problem of preparing additional yards, or preparing those yards now building them, for that kind of rate. But 30 ships is a valid overall SCN [ship construction Navy] target. I'd like to see us get to it this year. I don't know whether yard capability or the manpower freeze and ceilings will allow us to meet that target right away, but I believe we can meet it in the near future.

Q. In times past you articulated a philosophy that 15 battle groups will be needed. If that's so, does this mean we should get started immediately on a big building program, so that goal can be attained in the foreseeable future? Also, would the big ships have nuclear power?

LEHMAN. My recommendation would be that, first of all, let's settle the nuclear power issue. I believe the case is overwhelmingly for nuclear power for a large aircraft carrier. In my opinion, there's no longer any serious debate over that, as I read the data. So I don't think the power part of it is an issue. I believe that the most expeditious way to go now is for another Nimitz-class carrier, with the survivability modifications that are available, and that we should go for it at the earliest possible date.

Yes, we need more carriers, and I support bringing Oriskany back on the line in a deployable condition, but in a phased stage so that we don't have to do all of the modifications we eventually want right away. However, we should go about reactivating it in the beginning in a way that would give it at least a 15-year deployable life. I think we can get to 15 battle groups before this administration is over.

Q. Will that give you what you want—in battle groups? That would mean asking for a carrier in three of the next four budgets.

LEHMAN. I haven't gotten into it enough to know exactly the pace of new carrier construction, or of the SLEP program, or what we would do with the training carrier, what the Oriskany reactivation schedule would be, or whether we might even want to bring out the Bon Homme Richard. So I'm not too prepared to say what the new construction schedule would be, except to say that there would have to be some new construction, and I'd like to get started on it right away.

Q. In the meantime, you still have a requirement to maintain two carrier task forces in the Indian Ocean. That requirement is having quite an impact on your deployment schedules, on wear and tear on the ships, and on people. How long do you think you can sustain that requirement before you get behind the power curve on overhauls and on maintenance, and also in the impact on morale?

LEHMAN. I intend to take a very hard look at the management and capability side of what that does to our force and make my recommendations very early on, if there are modifications needed to that deployment schedule from my point of view. Any decisions as to whether two task forces are needed there for national security will be taken at levels above my pay grade—and really by the President, ultimately. I will be prepared to recommend to the President modifications of that schedule if the long-term interests of he Navy require it, and if our ultimate objective of maintaining a capability to preserve our access in that part of the world would be affected. In other words, if we have to balance short-term current deployment schedules against long-term requirements for a stabilization of the area, I would opt for the long-term solution.

Q. Would overseas homeporting help by having some of your ships and crews—and their families—based overseas on a more or less permanent basis? It would cut down on the family separation problem.

LEHMAN. One of my personal priorities will be to look into the homeporting issue. Again, I think the CNO has pulled together an excellent data base from which to take another hard look at this. I think homeporting would be attractive in several areas of the world

Q. Including Cockburn Sound, in Australia?

LEHMAN. That's a possible option. I don't lean toward any one place, and won't, until I have had time to really study the area. However, I do lean heavily toward homeporting in principle, even with all of the problems and difficulties that I am well aware of after having been through the Athens exercise [an earlier homeporting controversy] in the past. I know there are risks and costs, but I believe it is going to be necessary to have more overseas homeporting if we are to achieve naval superiority.

Q. One of the biggest impacts of homeporting will be on the retention of personnel. And that brings up a very blunt question: Is the all-volunteer force [AVF] working? If not, what should be done to make it work? Or should we go to a draft, or maybe even shift to a system of universal national service?

LEHMAN. I think the AVF is working insofar as a peacetime armed force is concerned. I have grave doubts about how our forces would perform if tested in some areas, because the combination of the hemorrhage—and that is what it has been—of our trained cadres of career people and of certain quality problems in accessions [recruits] over the last few years do not give us the right mix of skills and capabilities that we need for a fully combat-ready force—that we need in all of the armed services.

But I also think that the all-volunteer concept has not been given a full, fair test. And the President is committed to doing that, to giving it that test. This is not rhetoric. Everybody says, "Let's give it another chance." This would be more than that. It would be a serious effort to test the concept by making sure that the target populations that we want to recruit from—men and women—are indeed given the message about what opportunities are available to them by enlisting. I don't think they are now getting that message.

Q. Why not? Don't you have enough recruiters, or what?

LEHMAN. As I said in my testimony, I have been told that about 30% of American high schools still refuse access to military recruiters. And I called on the committee in my testimony to take legislative action to correct that. I think that's outrageous. It is terribly unfair to those kids, because even though today the compensation and educational benefits and career opportunities are still not what we would like them to be, they are very attractive and in the interests of many high schools kids. The benefits they can get even now would improve their lives greatly.

Q. I know you served on active duty in the Naval Reserve . . .

LEHMAN. My own brother put off going to college for a year to go into the Navy in the 4 x 10 program [one of several Navy recruiting programs which provide special benefits]. He got a tremendous amount out of that experience—going through boot camp, going to "A" School [for special training in a Navy technical skills area], getting his wings as an aircrewman, and flying every summer with the VP [patrol aircraft] community. He thinks it is one of the most valuable experiences he could have had.

But how many high school kids even know there is a 4 x 10 program? I am sure there are many kids just like my brother, who has since graduated from a university near the top of his class, who would greatly benefit from the experience. There are a lot of kids who are being denied that opportunity simply because there are some high school administrators with, I believe, an anti-military bias who are denying kids their rights to get the facts and make their own choice. But the opportunity is still not as attractive across the board as I would like to see it, and I think that's the other part of the problem.

Q. How would you correct that?

LEHMAN. Well, I personally oppose overloading the compensation part of the equation in the lower ranks—in the initial first-tour enlisted ranks. I don't believe that pouring a lot of pay and allowances into that end will solve our all-volunteer force problem. I think that if we can go with restoring the GI Bill and increasing the educational benefits to first-tour enlistees, then that's the way to go. That way you will attract a broader cross section of the kind of people, the intelligence levels you want—a broader cross-section of American society in other words—and you will reward those kids in a more equitable way without front-loading the budgetary impact of an all-volunteer force.

Q. If you had your druthers, how would you set up the system?

LEHMAN. I believe we should have a system with a generous student loan program for people who have completed a two-year enlistment. If they stay in a Ready Reserve unit, doing their 50 drills a year, for every year that they do so after they finish their initial tour they ought to have a substantial portion of the loan forgiven—just as the NDEA [National Defense Education Act] loans for teachers are forgiven. I think there's a lot that can be done, without a huge budgetary impact, that can give the all-volunteer force a much fairer test.

Q. But if that doesn't work?

LEHMAN. Maybe after we've done that, we will look at it again and say: "We still are unable to get in the kind, the quality, and the numbers of people we need." I have an open mind on that. If that is still the end result, then I will be among the first to take a strong position advocating going back to the draft. I believe a peacetime draft is an unpleasant thing to have, but having an unready force is a more unpleasant thing. However, I'm not prepared to go to the first unpleasant thing unless I'm sure that the second unpleasant thing is the only alternative.

Q. In the interim, you still are going to have problems retaining all the skilled people you need. So here's a two-part question on that: (1) Do you still advocate a sizable pay increase for those in the upper echelons of the enlisted ranks; and, (2) Are you giving any consideration to a suggestion we understand was made to you a month or so ago that you explore bringing back retired personnel into the Navy, to give you the skills you need—if only for the time being—to get you over this very large shortage of experienced petty officers?

LEHMAN. Again, emphasizing that this is only my second day on the job, and that what I am giving you is my personal opinion rather than my official studied position—I am not yet in a position to take an official position—I think we have to go as soon as possible, *starting this year*, to get military pay back to the 1973 standard-of-living levels. I would personally favor a one-shot get-well package, but I also am well aware of the overarching need to get our economy back in shape. However, I'm *not* prepared to substitute rhetoric for pay.

Q. As you said, that's next year. What do you see in the way of pay raises this year?

LEHMAN. At most, I am prepared to see the *completion* of a get-well package delayed until the 1983 budget, which would have to include a final, get-back-to-1973-living-standards measure. At a minimum this year, I believe, we are just about dead even with where we were last year. Because as good as last year's 11.7% pay raise was, and the other measures that were taken—and they certainly brought some people ahead of where they were a year ago—overall, I think, people have been left right about where they were, because inflation has gone further than the 11.7%.

Q. That's not good. It's just treading water.

LEHMAN. It's worse than that, really. Our guys, our retention targets, are the very people who are hit hardest in those areas of the CPI [Consumer Price Index] that are hardest to figure—housing and mortgage costs. I think there is a good case to be made that those who get Social Security, for example—and Social Security was hiked about 14% last year—are not in the housing market, whereas our guys who only got 11.7% *are* in the housing market, and very heavily so. So their cost of living problem is probably even greater than the CPI rate would indicate.

Q. Well, the pay raise helped, but it didn't really close the gap?

LEHMAN. I don't think we have gotten our people well with that one hike. There *was* a tremendous psychological benefit just in showing that Congress was serious even against determined administration opposition last year. That message got across to all our troops, so the mood is upbeat. But the worst thing that could happen now would be to have all these great expectations lead to nothing but temporizing in the coming year, and I will do all in my power to see that that doesn't happen.

Q. Is another pay raise your highest people priority then?

LEHMAN. Our very first operational need is to get that retention problem solved, and to stem the outflow of those skilled and dedicated folks that we are losing to the point where, if the hemorrhaging goes too far—and in some areas it already has gone to far—the problem will be almost too hard to solve. Who do you get to train the new guys coming in? Well, we're going to solve it, solve that problem. Pay is the first and foremost condition or thing we have to have before we can start working on the other livability and deployment and family problems. We must give our people a fair standard of living and get out guys out of the welfare lines and off the food-stamps dole. We must pay them fairly to keep them in. It's that simple. So I will push very strongly on that.

Q. I gather the entire Reagan administration is of one mind on that, and that there won't be any problem coming from the other agencies of government.

LEHMAN. No, I don't believe there will be. I have talked with David Stockman [Director of the Office of Management and Budget] about the whole situation and he understands it; he knows what's going on. So I don't foresee any problem in getting approval for a major compensation package to move toward those people goals we've set.

Q. In the interim, though, is there any possibility you might want to get some short-term help from the retired community?

LEHMAN. I know Admiral [Isaac C.] Kidd [former Supreme Allied Commander Atlantic] has made that recommendation. It is a very interesting one that I want to take a look at, because I want to make sure, if it is feasible, that we do it. And by "feasible" I mean I'm not going to be dissuaded from doing something new like that by comfortable bureaucrats who say, "That's just not the 'done' thing." If we can do it, and if the payoff is right, I will do everything possible to get something like that approved.

Q. There's a natural corollary to that, which leads to another two-part question concerning the use of the U.S.-flag merchant marine to help in both the people and the platform areas: (1) Are you considering working much more closely with the merchant marine, perhaps through the ARAPAHO program [a proposal to base ASW helicopters and weapons modules on board merchant ships] which President Reagan seemed to indicate he would favor; and, (2) in any case, how do you plan to solve the

present sealift shortage—which involves both the Navy's amphibious forces and the U.S.-flag merchant fleet?

LEHMAN. Well, I believe that our merchant fleet and all of our commercial maritime activities are an integral part of our maritime supremacy. We've got to view sea power as a whole and I, for one, am going to spend a good deal of time attempting to work with the Maritime Administration and the Department of Commerce Assistant Secretary for Maritime Affairs to attempt to see that the U.S. Navy's considerations are on the right side of the scales when Congress considers legislation to assist American-flag carriers and the merchant marine generally.

As to specific programs, it's too early . . . I think the ARAPAHO program is an interesting concept, but I'm just not far enough along yet to take a considered position on how it could be applied and what marginal increment of maritime superiority it would give us. It's a very interesting concept and could well be pursued. But I don't know; I'm not enough up to speed yet to comment on that specific program.

Q. Over the years, and especially during the last administration, we've seen the Department of Defense involved in all kinds of research in new weapons, communications, and so forth, but the payoff was not as great as perhaps it should have been. During the hearings you were on record as saying "We should chase fewer rainbows in R&D." Could you amplify on that—on what you think we had better do along these R&D lines, particularly along the line of getting more ships and aircraft into the fleet, and maybe having less on the drawing board?

LEHMAN. Well, this is a balance you need. You have to be very careful you do not damage the innovations and the true insights that come from enlightened research activities. Because of the uniqueness of its system the United States will always have a big advantage, an inherent advantage, in technological innovations, and I don't want to hamper the Navy's participation in research and its ability to capitalize on that advantage. But I believe that we—by that I mean the armed services—have spent far too much of our scarce resources going down the engineering development line on top of many programs that never panned out. Even some of those that have panned out have not yielded a big enough increment of additional capability over what they replaced to pay for the non-recurring development costs that it took to get that added capability. I believe that unless there is a demonstrable—an almost "order of magnitude"—increase in capability an entirely new development program is usually not justified, and I would oppose sinking a lot of engineering development funds into programs that do not clearly, by the time they reach full scale development, promise a quantum jump in capability.

Q. That's the Russian philosophy, isn't it? "Better" is the enemy of "good enough"?

LEHMAN. I would rather have higher production rates of weapons and have stockpiles of 30-day—better yet, 90-day—war-fighting levels of weapons systems that may be 5 percent less capable than what we could have had if we had pursued the program longer in R&D. Today we have a lot of sophisticated systems but not enough in the locker. If war should break out we'd be in trouble. I was struck last year at the Farnborough [England] Air Show, looking at what the Free World had done, inventing—redundantly inventing—about five or six new bombing systems on about six different airplanes and each one a reinvention of the wheel. We can't afford that; we can't afford to duplicate non-recurring development costs to the extent that we have.

Don't get me wrong. Competition and some redundancy are useful. Let's say there should be two or three bombing systems in the Free World, but I don't believe it is necessary to have 20 some, which is what we have. I would rather give up that marginal increment of improvement, if it's a small increment, for a new-generation system and get a bigger payoff, at economical rates, from the investment we have already made in systems that are in production so that we can get more of them out into the field.

That does not mean that we can afford to let the Soviets get a generational advantage in weapons systems, either. Again, each area—AEW [air early warning], ASW [antisubmarine warfare], etc.—has to be looked at carefully so that in going for more efficient production we don't yield to any potential adversary a possible qualitative advantage that is unacceptable operationally.

Q. Along these same lines, a congressional panel headed by Congressman [Richard H.] Ichord [D-Mo.] recently recommended shifting, on a pretty broad scale, to multi-year procurement, and estimated you could get perhaps 10 to 15% more for your procurement dollars that way. Do you personally favor such an approach, and do you think the Reagan administration is going to recommend that approach to Congress?

LEHMAN. I would like to defer answering you on that, or giving you a definite answer, anyway. The arguments, to the extent I have followed them in Congress, are very compelling—to me—to go to multi-year procurement. But I would want to become more immersed in the details and see what possible drawbacks there might be. I certainly believe we have to provide defense contractors and suppliers with a more stable business environment than we have over the past 10 years. A lot of smaller subcontractors that make our free enterprise system work have been driven out of the market because they are not big enough to cope with the uncertainties in the seesawing defense procurement program and because of the high number of development programs that get terminated before they reach high production runs—or any production runs. Anyway, those are the rainbows I was talking about. A lot of people have said, "To hell with chasing rainbows, I'm not going to bid on another defense contract."

So we've got to find a way to stabilize the market and make practicable the business that we're offering defense contractors so they can invest prudently in capitalization in order to bid competitively on contracts. Otherwise, we are going to continue to create monopolies among suppliers, and oligopolies—which I think already prevail to an alarming degree on the defense subcontractor level, and some contractors as well. All of that drives the cost up exponentially, so maybe multi-year procurement is one step toward a cure. But I'm not prepared, and I don't know enough about it yet, to take a firm position and say, "Yes, that is definitely something we need to have right now."

Q. Let me ask yet another two-part question, this one about the MX program. There has been a lot of talk about putting the MX to sea. Were this decision to be made, it would give the Navy quite a large share of the defense budget; in many eyes, it would be a disproportionate share. With all you must do to build up our conventional forces, are you concerned that, were it decided that MX would go to sea, you might be hamstrung by attempts to reduce the size of the Navy's budget because it was so large and because others disregarded what obviously must be done to rebuild the Navy?

LEHMAN. No, absolutely not. If I were convinced that the national security required the Navy to have 80% of the budget, I would have no hesitation in going to the mat for every dollar of the 80%. However, on the strategic side, I think, the Navy must discipline itself in a different way.

I mean, for general purpose forces, involving command of the sea, our naval perspective should not be subject to question by the other services. On the other hand, our judgment on how to fight in the Fulda Gap [on the NATO Central Front in Europe] should not be imposed on the Air Force or the Army. But I think that in strategic affairs all the services have to have a purple-suit approach, and forget our one-service perspectives. We in the Navy are custodians of one leg of the deterrent triad. The Air Force happens to be custodian of the other two legs of the triad—that's simply because of the modes of the triad those three legs happen to be in. The Army could just as well, or the Navy could just as well, probably manage the ICBM program—if that was the way it should be done. There is no inherent reason why they couldn't manage it.

Q. You support the present division of labor, then—in strategic forces anyway?

LEHMAN. Well, I'll say it again. The color of our suit should have nothing to do with it. I am a firm believer in the requirement for a triad. I would like a quadad, or a quinad, or whatever more we can get. The more you can complicate the threat to the enemy the greater leverage you have in deterrence. If you simplify the threat and allow them to focus all their R&D in one area, against one kind of threat—the submarine threat, or a land-based ICBM threat, or the bomber threat—obviously they could move much faster and more effectively to counter that threat. But if they have to divide their effort, their R&D effort—and their production, deployment, manning, and training—against five different kinds of threats, well, clearly, they will never get to the point where they can safely say they can defend against all of them. It's beyond common sense to think that they could.

So a triad is a very good multiplier to have against different kinds of threats. I do believe we should keep the triad.

Q. Those are really good points. Relating them to the MX . . .

LEHMAN. The MX involves two separate issues. One is the survivability of the land-based missile leg of the triad, and that is really a question about its basing mode. The other issue involves maintaining parity in counterforce capabilities against Soviet hard targets so there is a rough equality in threat, and hence in payoff, against a surprise attack. Right now they, the Soviets, have a high incentive to launch a surprise attack, because they can probably wipe out today maybe about 90% of our ICBM [intercontinental ballistic missile] force. And that's simply unacceptable. Now if we say the answer to that is, "Well, we'd better launch on warning and fire our missiles before they are destroyed," that would be totally unacceptable. For two reasons: (1) It's impossible, considering human nature, to expect a decision to be made in the flight time of an ICBM. (2) It puts a hair-trigger, mutual-suicide pact in the equation, because those missiles already launched in or against an attack are probably a mixed lot; some would be countervalue, and some not. It would not be practicable to try to retarget all of them for other options in the flight time of an incoming missile, for the vary same reasons that you can't make a decision in the same 45 minutes anyway. So, that scenario just doesn't make sense. I think we can dismiss "launch on warning" or "launch under confirmed attack" as our response.

Q. What would be your response, then?

LEHMAN. Another response would be to rebase our Minuteman missiles and use them in a multiple aim point system. I think probably multiple aim point is the only option we can go to today, because the

above-ground types of mobile missiles are subject to barraging and are not survivable moving around on train tracks or roads or whatever, because they are too vulnerable to barrage and blast-effect kinds of attacks. So you're going to have to go underground. And Minuteman would certainly be one way to go.

But that would solve only one-half of the equation, the survivability half. It would not solve the need to add substantial numbers of hard-target kill-capable warheads to the deterrent force.

Anyway, Minuteman is the second alternative. It might be a desirable option, but it only solves one-half of the problem.

Q. Are those the only alternatives, though? We asked earlier about . . .

LEHMAN. The third option is to put the MX missile to sea. But the problem there is that in effect you are going back to a dyad deterrent and are losing the leverage of a triad. I am personally convinced today that the Trident I and Trident II missiles can give us a hard-target kill capability and we can probably close the gap, the hard-target kill gap, by going ahead with the Trident II. If we deployed "X" times the present number of Trident submarines with "X" times the number of programmed Trident missiles we *would* close the gap. There is no reason why we can't give a hard-target kill accuracy to both the Trident I and the Trident II if we want to, if we want to do it. I myself think, by the way, that we should—in any case, in any scenario. If we solve that half of the equation, at least, we'll have gained quite a lot. All of the options we're talking about—whether it's the SUM program [Shallow Underwater Missile system—an MX alternative] or the Hydra [code name for an undersea missile test program] or whatever—are still subject to the same kind of countermeasures that the Soviets have to work on anyway to counter our SSBN [ballistic missile submarine] force. Just what the right answer is for the MX missile I don't know right now. I have some other thoughts on it, but this isn't Air Force Magazine, so I guess there isn't any point in saying anything more on that particular subject.

Q. We'll close with this one last question: Mr. Secretary, we've discussed ships and missiles. Let's get to a question that should be dear to your heart. What aircraft, including helicopters, do you, as a pilot, see will be the workhorses for the Navy in the next decade. Do you believe V/STOLs [verticle/short takeoff and landing aircraft] have a bright future, for instance, and can go into production, or should they spend a little longer time in the R&D pipeline?

LEHMAN. Well, first of all, let's clarify one thing. There's been a lot of confusion about my status—whether I'm a pilot or an NFO [naval flight officer]—and the reason is that I went through pilot training down at Kingsville [in Texas], but also got NFO wings, at Pensacola. And, in fact, I do fly, I go both ways—I still fly down at Kingsville. But technically I'm an NFO. It's not easy to clarify, I know, but that's the way it is.

But to get to your aircraft question. That is one of the first places where we've got to get the production rates up and get more metal into the fleet. We've also got to get production rates higher in order to get the per unit cost down on the weapons that are now in production. I believe that the F–14 [Tomcat fighter aircraft]—and, in fact, all the programs that are in production today—they all have a useful role in the fleet. The AV–8B [V/STOL aircraft]? The Commandant [of the Marine Corps, General Robert H. Barrow] makes a strong case for the Marines' unique need for that aircraft. And on matters concerning the kinds of weapons systems that the Commandant believes are necessary for the Marines, I believe ultimately that's *his* call, not mine. I can argue with him on things; I can . . . I have the responsibility for balancing competing requirements, but I do not believe I should be in the position of trying to tell either CNO or the Commandant which weapons better meet a recognized requirement. I don't believe that is the Secretary of the Navy's role.

If it were to come down to a straight competition—"you've got to have either one or the other aircraft"—at this point I'm not sure where I would come out on the AV–8B. But again, that's just because I'm not into the details of the job enough yet to know what I need to know about the program, so I'm not yet prepared to take a position on it. I think we need more aircraft in all of the other programs that are now in production. I think we need more F–14s, more A–6Es [Intruder attack aircraft], more EA–6Bs [Prowler electronic countermeasures aircraft] and I think we need higher production rates on the F/A–18 [Hornet fighter and attack aircraft].

Q. Both versions?

LEHMAN. Well, there is really only one version. The name's a misnomer. They consolidated the two versions in one airframe a few years ago. So you're only buying one airplane. How you use it—I mean, that's the advantage of it. It's genuinely a swing fighter. That's one of the potential real advantages. When you have a deck of F–18s or you have light attack squadrons equipped with F–18s, if you go into a high Backfire [Soviet bomber] threat area you can take your light attack squadron and put them out on fighter stations. Conversely, if—and it is an "if"—you have F–18 fighter wings aboard rather than F–14 fighter wings, when you've established clear air superiority you can swing your F–18 fighter squadrons to augment your attack aircraft. So that's the advantage, conceptually, of the swing fighter.

Q. Why do you think the F–18 has gotten such a bad press—in some papers, anyway?

LEHMAN. The big payoff of the F–18 will come in the life cycle costs—this was designed into the program from the beginning. The payoff idea has been to pay more in the beginning, and maybe even sacrifice some performance, to get high reliability and maintainability, and low ratios of maintenance hour per flight hour, higher fuel efficiency, and so forth. So that's where we expect to get the payoff on the program.

But all of our aircraft programs need higher production rates than they now have. We could save a lot of money. You know, we could save on the order of $2.5 million an airplane by achieving even modest increases in production rates.

Mr. Secretary, I see we've run over our time. Thank you again for meeting with us, and best of luck in your job.●

GLOBAL SOLAR TREATY: ENERGY FOR PEACE A PROPOSAL

● Mr. DIXON. Mr. President, it has come to my attention that Mr. Luis Kutner of Chicago, an attorney in that city, has recently published, in the North Dakota Law Review, a thoughtful article regarding solar energy.

I submit for the RECORD for my colleagues' review, in the hope it will stimulate their consideration of our Nation's need for alternate forms of energy.

The article follows:

GLOBAL SOLAR TREATY: ENERGY FOR PEACE A PROPOSAL

(By Luis Kutner*)

I. INTRODUCTION

The world's energy reserves are limited as consumption of energy is increasing at an astronomical rate. Fossil fuels represent a finite reserve which will become less available.[1] Though atomic energy has been regarded as an infinite source of energy, little progress has been made towards the elimination of toxic wastes. The ability to store such wastes is limited. The world's largest disposal area, at Hanford, Washington, encloses a stretch of the Columbia River and a tract of land covering 650 square miles. It has cost more to bury live atoms than to entomb all the mummies of all the Pyramid Kings of Egypt.[2]

Present sources of energy have polluted lakes and streams throughout the world. Niagara Falls has lost its pristine purity, while Lake Erie bears the smell of death and Lake Michigan hovers close to a similar fate. Atomic energy has contaminated the air with radioactive poisons. No scientist fully understands the effect of nuclear explosions upon the atmosphere.

These trends will become magnified as the world's population increases with ever-growing urbanization. Already thirty-eight percent of the world's population is urbanized, with one-fifth in cities of over 100,000 persons. More than 375 million people are concentrated in cities over 1,000,000 in population. If this trend continues, over half the world's population will be living in cities within fifteen years, and within fifty-five years everyone would be urbanized. A world city or Eucumenopolis may well emerge.[3]

Proponents of breeder reactor stations argue that nuclear power is the only viable energy alternative as fossil fuels begin to run out. If nuclear fission were to meet the projected energy demand to the year 2025, about 15,000 reactors, several times larger than the largest currently operating, would have to be constructed. Sustaining these reactors would require the recycling of twenty million kilograms of plutonium annually. Every year enough plutonium would be recycled around the world to fabricate some four million Hiroshima-size bombs.

Clearly, a new source for energy is needed which will be inexhaustible, economical, readily accessible, and which will produce a minimum of waste by-products. Solar energy provides the answer. In a single second, four million tons of solar matter are converted into energy—more energy than man has used since the beginning of civilization—and hurled into space in the form of heat, light, and other radiation. About one-fifth of all energy around the world comes from solar resources: wind power, water power, biomass, and direct sunlight. By the year 2000 such renewable energy sources could provide forty percent of the global energy budget; by the year 2025, humanity could obtain seventy-five percent of its energy from solar resources. Such a transition would not be cheap or easy, but its benefits could far outweigh its costs and difficulties.

GLOBAL SOLAR TREATY

The rewards are very great. The storehouse of solar energy is inexhaustible. Every two days sunlight provides the United States with energy equal to all its remaining fossil fuel reserves.[4] Solar energy has already been used to operate space satellites with compact solar batteries, and temperatures of 5,400 degrees have been focused in an experimental furnace at Mount-Louis in the French Pyrennes by the use of 3,500 small mirrors. A number of consumer items have already been developd which make use of solar energy, including radios, fans, refrigerators, automobiles, boats, and heating units.[5]

The art of solar forecasting is still rather primitive. Scientists are optimistic, however, that in the near future reliable short-range solar prediction will be available, which may suggest a practical method for harnessing

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the enormous energy of the sun for the good of all mankind.[6]

II. PROPOSAL FOR A SOLAR POWER STATION

The May, 1969, issue of Solar Energy contains a paper by Dr. Peter Glaser of Arthur D. Little, Inc., suggesting the application of the technology of the space program to the launching of a solar power station to generate power for use on earth.[7] The feasibility of establishing a satellite with sufficient capacity to supply the entire world (or part thereof) with solar power is no longer in serious dispute. The problem is one of cost and motivation.[8] Changing from centralized breeder reactors and fossil fuels to decentralized solar energy would create fundamental social, economic, and political change.

Apart from the difficulty of financing and the complex international legal problems, the feasibility of solar power stations will depend upon the following prime considerations:

(a) Assembly of a large-area satellite in space from components sent up from the earth. With the recent Apollo successes, this would appear to be feasible, although difficult.

(b) Transmission of the power from the satellite to earth by high-power beamed microwaves using very high efficiency amplifiers. While good amplifiers are presently available, these would need substantial improvement to achieve as near 100 percent efficiency as possible. Another problem is the necessity of a very accurate setting of the transmitting antenna on the satellite, but this would appear solvable in light of modern electro-optics and servo-system technology.

(c) The development of a photovoltaic conversion cell with a high conversion efficiency. Present cells are made of silicon, and have a conversion efficiency of 15 percent. The maximum theoretical efficiency for converters of this type is about 24 percent. Organic photovoltaic effects are known, and their efficiencies are very low. But they are not, in theory, limited to 24 percent, so that theoretically efficiencies of up to 80 percent could be hoped for.[9]

The difficulties in evolving an international solar energy system are formidable, but may be resolved within the capabilities of systems engineering and do not require the discovery or development of new physical principles. Though costs may not as yet be accurately determined, rough estimates may indicate whether large-scale solar power is a viable alternative to nuclear power. The search for solar power is less of a technological gamble than was the effort to land a man on the moon.

The feasibility of such a project, involving the use of a resource of outer space for the benefit of all mankind, is a matter of particular concern to the jurist, whose task should be to anticipate this development and suggest legal mechanisms to assure maximum social benefit. Scientific and technological innovation do not automatically assure social well-being.[10] An international mechanism must be developed to assure the application of technology for the furtherance of human dignity, a universally shared value.

III. PROPOSAL FOR THE INTERNATIONAL USE OF SOLAR ENERGY

The development of a solar energy satellite can be undertaken within the context of the law of outer space. As the late Adlai Stevenson observed, "[i]n outer space we start with a clean slate." [11] Efforts to achieve cooperation in outer space began even before the launching of Sputnik, with the International Geophysical Year in 1957.[12] Space law became a topic for research and discussion by international law societies, and the International Astronautical Foundation was founded. In 1961, in a unanimous resolution, the General Assembly of the United Nations established the basic framework of space law.[13] Various special committees dealing with outer space were established. The resolution also provided that international law, including the United Nations Charter, applied to outer space and celestial bodies, and that outer space and celestial bodies were free for exploration and use by all states in conformity with international law, and therefore not subject to national appropriation.

In 1962, the General Assembly, in another unanimously adopted resolution, reaffirmed these principles, declaring that the exploration and use of outer space shall be carried on for the benefit and in the interest of all mankind. The resolution further stated:

"States bear international responsibility for national activities in outer space, whether carried on by governmental agencies or by non-governmental entities, and for assuring that national activities are carried on in conformity with the principles set forth in the present Declaration. The activities of non-governmental entities in outer space shall require authorization and continuing supervision by the states concerned. When activities are carried on in outer space by an international organization, responsibility for compliance with the principles set forth in this Declaration shall be borne by the international organizations of the States participating in it." [14]

The resolution further provides that in exploring and using outer space states shall be guided by the principles of cooperation and mutual assistance, and shall conduct all of their activities with due regard for the corresponding interests of other states. States conducting activities in outer space which would harmfully interfere with the activities of other states are required to undertake appropriate international consultations. The state which launches an object into outer space retains jurisdiction and control over such object, its component parts, and any personnel aboard while in outer space. Such objects or component parts found beyond the territorial limits of the state of registry shall be returned to that state, which shall provide identifying data upon request. Each state launching or procuring the launching of an object into outer space, or from whose territory or facility an object is launched, is internationally liable for any ensuing damages. The resolution also provides that "States shall regard astronauts as envoys of mankind in outer space" [15] and render to them all possible assistance in the event of an accident.

In 1967 the General Assembly adopted, after a period of considerable negotiation, the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies.[16] The Treaty reaffirms the principles previously enunciated by the General Assembly dedicating outer space to a policy of international cooperation, promoting equality of all subjacent states, and providing for international law to be the focal point for the settlement of disputes. Article IV of the Treaty restricts military activity in outer space, stating that the parties agree not to place in orbit around the earth, install on the moon or any other celestial body, or otherwise station in outer space, nuclear or any other weapons of mass destruction. The parties further pledge that the moon and other celestial bodies shall be used exclusively for peaceful purposes and expressly forbid their use for the establishment of military bases, installations, or fortifications, testing of any type of weapons, or conducting military maneuvers.[17] The Treaty does not forbid the use of military personnel in outer space, and permits the launching of earth satellite for military reconnaissance. The Treaty is unclear in its definition of "station," and its application to aerospace vehicles or to the launching of missiles with a trajectory through space is uncertain. The term "peaceful" is also subject to dispute.[18]

No definition has been formulated as to what constitutes outer space.[19] The General Assembly resolution adopting the Treaty requested a study of the problem, and the Committee on the Peaceful Uses of Outer Space held a number of sessions to consider the problem.[20] One suggested approach would be based on altitude, with the atmosphere divided into four zones: the troposphere—approximately seven miles above the earth's surface; the mesophere—22–50 miles; the thermosphere—55–250 miles; and the exosphere—250 miles and beyond.[21] This approach, however, lacks relevance, as space vehicles do not fly only within certain zones. One space law authority has proposed the "Von Karman Line" as the boundary between outer space and air space, which falls roughly at 52 miles altitude, the point at which an object traveling 25,000 feet-per-second loses its aerodynamic lift and centrifugal force takes over.[22] The exact point, however, would vary with atmospheric conditions, design changes, and other technology affecting flight characteristics. A third proposal is based on the perigee of satellites—that orbital point nearest the earth when the earth is the center of attraction—with the boundary between air space and outer space set as the lowest altitude at which an unpowered satellite will orbit the earth at least once.[23] This point would also vary with constantly advancing technology. Other approaches suggest setting the limit at the point at which state sovereignty ends; where the state ceases to have the ability to control the air space. This, however, would also vary with technological changes.

Another provision in the General Assembly resolutions and the Treaty which remains unclear is the provision that space exploration "shall be carried out for the benefit and in the interests of all nations." In the negotiations preceding the drafting of the Treaty, the United Arab Republic suggested a provision which would have accorded rights to non-space powers to use outer space facilities for their own benefit.[25] The United States takes the position that the language which was ultimately adopted in the Treaty does not imply a distributive largess to the community of nations beyond existing meteorological and other scientific satellite information exchanges and beyond the spiritual benefits conferred by the opening of new vistas of knowledge.[26] The "benefit" is regarded as merely a general concept, a goal and general purpose. No free ride is contemplated which would secure for non-contributing countries the benefits of those bearing the expense; therefore, a United States satellite is not available for use by other states without consent.

The Treaty also provides for the mandatory reporting of space activities to the Secretary General of the United Nations, who is given the duty to disseminate information to the General Assembly.[27] This provision involved considerable negotiation, as th Soviet Union opposed stricter reporting requirements.[28] The Soviet Union also rejected proposals which would have established compulsory jurisdiction of the International Court of Justice and permitted an international organization to be a party to the Treaty. International organizations are recognized to have the right to constituent states bear responsibility for compliance.[29]

The Treaty provides in Article X that states shall consider on an equal basis any requests by other states to build tracking facilities on their territory to observe the flight of space objects which the requesting state has launched. A state is not obliged to

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grant the request unless appropriate mutual arrangements are made. The state on whose territory a tracking station is to be located is free to establish the conditions under which representatives of other states may use its resources. Accordingly, a bilateral agreement would be negotiated by the states concerned.[30]

The law of outer space is also based upon international practice, as derived from a matrix of international agreements between states, many of which are informal and made at the interdepartmental level.[31] The programs of the National Aeronautics and Space Program have involved the close cooperation of other states, including the use of territory for tracking stations, communication points and facilities, data acquisition centers, and recovery facilities and personnel.[32] This has included both the meteorological satellite projects and satellite communications. States have reported the launching of satellites and space findings to the United Nations.[33]

NASA experiments resulted in development of a communications satellite system. In 1963, the International Telecommunications Union held an Extraordinary Administrative Radio Conference (EARC) in Geneva, Switzerland, to consider the allocation of frequencies for communications satellite service.[34] In 1962, the United States Congress enacted the Communications Satellite Act, which created a private corporation, the Communications Satellite Corporation (Comsat), to participate in the global telecommunications system.[35] Comsat is subject to regulation by the Federal Communications Commission, the Attorney General, and the State Department.[36] The International Telecommunications Satellite Consortium (INTELSAT) was conceived to act as a group of joint venturers, public and private, combining their technical and financial resources to establish and operate facilities which each participant uses to provide services within its defined market area. The operating entities did not merge their separate and distinct legal personalities. INTELSAT is an organ for cooperation and consultation, rather than an operating agency making international decisions which are binding on nations.[37] The European countries formed a single entity, the European Conference on Satellite Telecommunications (CETS), to resolve differences among them.[38]

In 1964, the United States signed a multilateral agreement with ten other countries,[39] and Comsat signed a separate multilateral agreement with ten other communications entities, public and private.[40] A quota was devised for investment by each member in the project, and an Interim Communications Satellite Committee was established, with responsibility for the design, development, construction, establishment, maintenance, and operation of the space segment of the system. Comsat was designated as the manager. Contracts on behalf of the consortium are entered into by Comsat in its own name acting on behalf of INTELSAT. Comsat seeks prior approval from the FCC before acting within the Committee.[41] The Committee and INTELSAT do not have a separate legal entity, although they are designated as "international organizations" for certain purposes under United States law. The Committee and its assets, although immune from taxation, are not immune from suit and judicial process, and the officers and employees of the Committee do not enjoy immunity for acts performed in their official capacity, although the representatives of signatories serving on the Committee do enjoy immunity.[42] INTELSAT is immune only from taxation.[43]

Comsat's quota in the consortium was originally set at 61 per cent, and will not be reduced below 50.63 per cent. The percentages of ownership by participating countries is based primarily on the volume of long-distance telephone traffic of the respective countries suitable for satellite communication. No signatory, with the exception of Comsat, has a quota exceeding 8 per cent, and membership on the Committee requires a quota of at least 1.5 per cent. There are seventeen representatives of signatories on the Committee. In addition to themselves, they represent twenty-three signatories which are not Committee members. Votes on the Committee are proportionate to the quota allocated to the signatory represented or to the combined quotas of a group of signatories represented. For the most part the Committee has functioned without formal votes. On certain issues action may be taken by Comsat plus representatives of signatories totalling 12.5 per cent voting in favor of a proposal. If a decision is not reached within 60 days, action may be taken by a vote of Comsat plus 8.5 per cent.

In addition to INTELSAT, a number of other independent programs have been launched. The Soviet Union has a domestic and international program. Communications satellites are also an important tool for communications and education in the developing countries, particularly those with large land mass, such as India, Pakistan, and the African countries.[44] The present INTELSAT arrangement, however, leaves many of the undeveloped countries unrepresented on the Committee. A major problem in the future will be the role these countries are to play in the system.

American officials have sought the participation of the Soviets in seeking to develop a single satellite system. There has been considerable cooperation between the two countries on satellite communication experiments. At the time of the discussion with Russian officials concerning membership in INTELSAT, the Soviet Union did not have substantial international traffic in telegraphy or telephone communications and therefore its investment quota would have been as low as one or two per cent, which had serious political implications for a great world power. The official Soviet attitude toward INTELSAT became even more critical after the agreements establishing the consortium were signed. Soviet critics attacked the influence of Comsat and the system of weighted voting. Soviet spokesmen, however, currently favor a single coordinating system. The arrangement must be amended, however, to permit Soviet participation.[45]

Space law clearly requires international cooperation, and may provide guidelines for the international use of a solar space station. The need for making the benefits of solar energy available to all mankind is manifest. The concept would be particularly beneficial in providing an immediate source of power to the developing nations. Solar power from one satellite station could encompass the energy needs for an entire region, transcending national boundaries. At the same time, the ability to develop and launch a solar satellite is limited to perhaps two world powers, while fuel supplies and other energy sources are unevenly distributed.[46] Clearly, a means must be devised for the international distribution of this resource.

One approach would be for the United States to proceed to develop solar space stations and, by a series of bilateral and multilateral agreements, distribute the solar power to other nations, perhaps on the basis of rate charges. The United States could provide safeguards, as in distributing isotopes for atomic energy,[47] that would prevent the use of solar energy for military purposes. INTELSAT provides a precedent for this approach. If the Soviet Union also develops solar power stations, a rivalry could ensue in distribution of the energy, or the two powers could formulate an agreement for distribution, thereby perpetuating world domination.

This approach, however, would tend to create distrust and resentment among the smaller nations. The ability of the United States and the Soviet Union alone to develop and distribute solar energy would appear to the rest of the world to establish these powers in a position of imperium. These nations may choose to opt out of the system rather than submit to such domination. Implicit in the United Nations resolutions on space law is the universally shared value of maximizing the international participation of all peoples.

Accordingly, a multilateral approach is preferable, which would insulate the use of outer space and the resulting benefits from big-power rivalry. A supra-national authority should be envisioned to develop solar power satellite stations and distribute solar energy. Precedent for this approach lies in the proposal made by Bernard Baruch in 1946, calling for the establishment of an International Atomic Energy Authority[48] to control all potentially dangerous atomic activities, and in the subsequent establishment of the International Atomic Energy Agency.[49]

Such an authority could be empowered to enter into arrangements with the United States and the Soviet Union for the experimentation and development of solar space satellites. Both powers would engage in the project as a joint venture. Financing could be undertaken by an international corporation receiving contributions from participating states, assessed *pro rata* according to population, need for power, and gross national product. Shares of stock and debentures could be sold to individual investors, and additional financing might be obtained from the International Bank for Reconstruction and Development.

The supra-national authority could formulate regulations to provide safety devices and other precautions in the use of solar energy. It could set rates and determine priorities. Solar energy would be dispensed only for peaceful uses. It would not be developed and used as a weapon for destruction, nor utilized for the production of implements of war. Moreover, the authority would be empowered to deny solar benefits to states which engage in aggressive war or refuse to abide with the principles of the United Nations Charter or with peacekeeping resolutions. Accordingly, the ability of a United Nations authority to dispense solar energy would enable it to impose sanctions to promote international peace.

The proposed solar energy agency could be established pursuant to a treaty entered into through the auspices of the General Assembly. A resolution would proclaim the principle of international use of solar energy and call for the negotiation of a solar energy treaty. After negotiation, the treaty would be adopted by General Assembly resolution and submitted to the member states for ratification. Adherence by the two super powers and at least twenty states, including a certain number of states on the Eur-Asian, African, or Latin American continents, could establish the operation of the authority. The appended proposed draft treaty might be used as a model to establish the international authority.

APPENDIX

Draft treaty for a global solar energy authority

Preamble

The Parties, in accordance with Resolutions of the General Assembly of the United Nations and the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, declare that solar energy, as a resource of outer

Footnotes at end of article.

space, be used for the benefit of all mankind and for peaceful purposes.

Article I

The Parties agree to form an International Solar Energy Agency, which shall be comprised of an Assembly, a Council, and a Secretariat.

1. The Assembly shall be comprised of all states that adhere to this Treaty and shall meet at least annually. The Assembly shall consider and set forth general policy for the development of solar space satellites and for the distribution of solar energy. Voting shall be in accordance with contributions to the authority determined by a formula to be set out herein.

2. The Assembly shall designate a Council of fifteen members, who shall have the duties of directing the Agency and of resolving any disputes which may arise among the States adhering to this Treaty with regard to the application of any of its provisions. The Directors shall include the five permanent members of the Security Council of the United Nations and ten other members, who shall serve for terms of three years.

3. The Secretariat shall prepare the agenda for all Assembly and Council meetings, receive and transmit communications, collect and disseminate technical information, and advise the Assembly and Council regarding all technical matters. The Secretariat shall implement all directives of the Assembly and the Council, license the use and distribution of solar energy, and conduct inspections.

Article II

The Agency is empowered to establish a Solar Energy Corporation to undertake the development, launching, and operation of solar space satellites and to distribute power therefrom. The said Corporation shall be entitled to own and sell real and personal property, and to acquire and hold patents, trademarks, and copyrights. The Corporation shall seek capitalization through the sale of shares to states and other political entities, corporate entities and associations, and individuals. The Corporation may borrow money and engage in other forms of funding.

Article III

Each State adhering to this Treaty shall agree to contribute to the capitalization of the Solar Energy Corporation in accordance with an agreed upon formula based upon gross national product, population, and need for power. The directors of the Corporation shall be the members of the Solar Energy Agency Council.

Article IV

The Corporation shall act on behalf of the Agency in contracting for new development, operation, and use of solar energy satellites, and may thereby contract with national and regional space authorities.

Article V

All solar energy acquired by the use of space satellite stations in accordance with the provisions of this Treaty and regulations issued pursuant thereto may be used only for peaceful purposes. No such solar energy may be used as, or for the development of, weapons of mass destruction, nor may such energy be used for the development or production of items intended for military use. This provision does not preclude the use of such energy for the development and deployment of items intended for use by an international peacekeeping authority under the aegis of the United Nations.

Article VI

The Agency is empowered to dispatch personnel periodically to note compliance with the provisions of Article V and with other provisions of the Treaty.

Article VII

The Agency and the Corporation may deny any State the benefits of solar energy upon the directives of the Security Council of the United Nations if the said State refuses to comply, as determined by the Security Council, with the peacekeeping provisions of the Charter and with Security Council resolutions.

Article VIII

The Agency and the Corporation shall cooperate and coordinate their activities with the Economic and Social Council of the United Nations, the United Nations Secretariat, the International Atomic Energy Agency, and other specialized agencies.

Article IX

Disputes regarding the application of this Treaty may be referred by the Council, with the concurrence of the parties involved, to the International Court of Justice.

FOOTNOTES

*LL.B., J.D.; Member, Illinois Bar; former Visiting Associate Professor, Yale Law School; Chairman, World Habeas Corpus Committee, World Peace Through Law Center; former Consul, Ecuador; former General Consul, Guatemala; Special Counsel to the Attorney General of Illinois; author of numerous legal articles and books, including *The Admiral, World Habeas Corpus*, and *I, The Lawyer*. The research assistance of Ernest Katin, Ph.D., is acknowledged.

[1] TIME-LIFE INC., ENERGY 193 (rev. ed. 1967).

[2] Ritchie-Calder, *Polluting the Environment*, CENTER MAGAZINE, May, 1969, at 12.

At Hanford, the live atoms are kept in tanks constructed of carbon steel, resting in a steel saucer to catch any leakage. These are enclosed in a reinforced concrete structure and the whole construction is buried in the ground with only the vents showing. In steel sepulchers, each with a million gallon capacity, the atoms are very much alive. Their radioactivity keeps the acids in the witches' brew boiling. In the bottom of the tanks the temperature is well above the boiling temperature of water. There has to be a cooling system, therefore, and it must be continuously maintained. In addition, the vapors generated in the tanks have to be condensed and scrubbed; otherwise a radioactive miasma would escape from the vents. Some of the elements in those high-level wastes will remain radioactive for at least 250,000 years. It is most unlikely that the tanks will endure as long as the Egyptian pyramids.

Id.

[3] TIME, May 23, 1976, at 45–46.

[4] ENERGY, *supra* note 1, at 182.

[5] *Id.* at 185.

[6] *See* 120 CONG. REC. 21450–52 (1974); 120 CONG. REC. 17763–68 (1974); 119 CONG. REC. 35305–06 (1973); 119 CONG. REC. 33845–48 (1973); 119 CONG. REC. 17791–92 (1973); 119 CONG. REC. 12343–44 (1973); *Australia Looks to Sun for Energy*, N.Y. Times, Dec. 9, 1973, at 8, col. 1; Hosenball and Hartman, *Dilemmas of Outer Space*. 60 A.B.A. J. 298 (1974); *Solar Energy: Legal Powers See the Light*. Chicago Tribune, Oct. 14, 1979, § 17, at 18, col. 4; TIME, May 23, 1976, at 45–46.

[7] Glaser, *Satellite Solar Power Station*, SOLAR ENERGY, May, 1969.

[8] Letter from H. Tabor, Director of the National Physical Laboratory of Israel, to Luis Kutner (June 17, 1969).

[9] Dr. Glaser's analysis assumes this figure. *Id.*

[10] In 1912 the illusion existed in some minds that development of the airplane would itself prevent war. B. VON SUTTNER, DIE BARBARISIERUNG DER LUFT 1 (1913).

[11] 46 DEP'T STATE BULL, 181 (1962). It has been noted, however, that keeping space development peaceful may be difficult:

The limitation of the use of outer space to peaceful pursuits can be divided into two subsidiary problems: (1) keeping space from becoming another and even more terrifyingly swift and brutal avenue of mass destruction on earth, as the seas and the air have become, each in turn, as war technology developed, and (2) keeping outer space from becoming still another theatre for great power rivalries in peacetime and hence another source of hatred, fear, competitive power disadvantage, conflict and war. This is the dual problem of peace in space.

H. TAUBENFELD & R. TAUBENFELD. MAN AND SPACE: POLITICS, LAW, ORGANIZATION 6 (1946). *See also* Reece, *The Solar Blackout*, MOTHER JONES, Sept./Oct., 1980, at 28.

Reece's article notes that several large corporations, such as Exxon, American Smelting and Refining Corporation (ARCO), Dyneer Corporation, Libby-Owens-Ford, Mobil Oil, Optical Coating Laboratory, and Shell Oil, have recently moved into solar energy development. A push by giant corporations to acquire independent solar technology firms began picking up steam after the establishment of federal research and development programs in 1973. Solar programs are also being developed internally by several large corporations. Wall Street solar investment counselor Anthony Adler has predicted that once the solar market matures it will be totally dominated by large corporations and utilities. *Id* at 30.

The question remains whether solar investments by oil companies are designed to retard solar development or stimulate it. During the 1970s, a series of meetings took place between government and corporate executives. While their goal was to devise a new energy policy for the United States, including a program of solar development, the impact was to "[d]eter the public from identifying solar energy as a possible means of altering the present economic and geopolitical structure of the United States." *Id* at 34.

[12] von Rauchhaupt, *The Space Law: 1957–1967*, PROCEEDINGS OF THE 10TH COLLOQUIUM ON THE LAW OF OUTER SPACE 222 (1967) [hereinafter cited as 10TH COLLOQ.].

[13] G. A. Res. 1972, 16 U.N. GAOR, Supp. 17, at 6, U.N. Doc. A/5100 (1961). An outline of the United Nations' accomplishments is presented in Committee on the Peaceful Use of Outer Space, Review of the Activities and Resources of the United Nations, of its Specialized Agencies and of the other competent International Bodies Relating to the Peaceful Uses of Outer Space, U.N. Doc. A/AC. 105/L29 (1966).

[14] G.A. Res. 1962, 18 U.N. GAOR, Supp. 15, at 15. U.N. Doc. A/5515 (1963).

[15] *Id.*

[16] Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space. Including the Moon and Other Celestial Bodies. Jan. 27, 1967. 18 U.S.T. 2410. T.I.A.S. No. 6347.

[17] Comment, *The Treaty on Outer Space: An Evaluation of the Arms Control Provisions*, 7 COMM. TRANSNAT'L L. 259, 260–63 (1968).

[18] *Id.*

[19] *Id.*

[20] G.A. Res. 2222, 21 U.N. GAOR, Supp. 16 at 13, U.N. Doc. A/6316 (1966).

[21] Committee on the Peaceful Uses of Outer Space (47th mtg.) 23, U.N. Doc. A/AC 105 PV 47 (1967) [hereinafter cited as Committee on Outer Space].

[22] Haley, *Survey of Legal Opinions on Extra-terrestrial jurisdiction*. Senate symposium in WORLD PEACE THROUGH SPACE LAW 160 (J. Morenoff ed. 1967).

[23] Committee on Outer Space, *supra* note 21, at 23.
[24] Galloway, *The Definition of Outer Space*, 10TH COLLOQ., *supra* note 12, at 268.
[25] Brooks, *International Organization Aspects Affecting Space Law*, 10TH COLLOQ., *supra* note 12, at 173.
[26] *Id.* at 172.
[27] U.N. CHARTER art, 98.
[28] Brooks, *International Organization Aspects Affecting Space Law*, 10TH COLLOQ., *supra* note 12, at 174.
[29] Galloway, *Interpreting the Treaty on Outer Space*, 10TH COLLOQ., *supra* note 12, at 143.
[30] *Id.*
[31] Vereshechetin, *Scientific and Technical Agreements on Space. Do They Constitute a Source of Space Law?* 10TH COLLOQ., *supra* note 12, at 157.
[32] A. FRUTKIN, INTERNATIONAL COOPERATION IN SPACE 41–47 (1965).
[33] Brooks *International Organization Aspects Affecting Space Law*, 10TH COLLOQ., *supra* note 12, at 173.
[34] Colino, *INTELSAT, Doing Business in Outer Space*, 6 COMM. J. TRANSNAT'L I, 17, 30 (1967).
[35] 47 U.S.C.A. §§ 701–53 (1962 & Supp. 1980).
[36] Trooboff, *INTELSAT, Approaches to Renegotiation*, 9 HARV. INT'L. CLUB I. 21–43 (1968).
[37] Colino, *supra* note 34, at 35.
[38] *Id.* at 37.
[39] Agreement Establishing Interim Arrangements for a Global Commercial Communications Satellite System, *opened for signature* Aug. 20, 1964, 15 U.S.T. 1705, T.I.A.S. No. 5646.
[40] Special Agreement, *opened for signature* Aug. 20, 1964, 15 U.S.T. 1745, T.I.A.S. No. 5646.
[41] Trooboff, *supra* note 36, at 75–82.
[42] *Id.* at 9.
[43] *Id.*
[44] *Id.* at 12–13.
[45] *Id.* at 75–82. Similar views have been expressed by European spokesmen. *See* Woetzel. *International Co-operation in Telecommunications for Educational and Cultural Purposes*, 61 PROCEEDINGS AM. SOC. INT'L L. 29, 32–33 (1967).
[46] ENERGY, *supra* note 1, at 193.
[47] Gorove. *Controls Over Atoms for Peace: U.S. Bilateral Agreements with Other Nations*. 4 COLUM. J. TRANSNAT'L L, 181, 187–88 (1966).
[48] 14 DEP'T STATE BULL. 1057 (1946).
[49] *See* Gorove. *Humanizing the Atom: Establishment of the International Atomic Energy Agency*, 3 N.Y.L.F. 245 (1957).●

ORDER OF PROCEDURE

Mr. PERCY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. BAKER. Mr. President, certain negotiations are now going on, in an attempt to expedite the final disposition of this measure. While those matters are being explored, there is no good purpose to be served by the Senate continuing in session for the moment.

So I ask unanimous consent that the Senate now stand in recess subject to the call of the Chair.

There being no objection, the Senate, at 2:27, recessed, subject to the call of the Chair.

The Senate reassembled at 2:52 p.m., when called to order by the Presiding Officer (Mr. RUDMAN).

The PRESIDING OFFICER. The Chair recognizes the majority leader.

ORDER OF PROCEDURE ON MONDAY

Mr. BAKER. Mr. President, I believe that it is unlikely that we can accomplish much more today on the debate on the milk price support bill or other matters that may properly come before the Senate. In a few moments I am going to ask unanimous consent that the Senate stand in recess until Monday.

Before I do that, Mr. President, might I inquire of the Chair when we reconvene on Monday, and after the expiration of the time allocated to the two leaders under the standing order, plus any special orders, what will be the business before the Senate?

The PRESIDING OFFICER. The business before the Senate at that time will be S. 509.

Mr. BAKER. I thank the Chair.

Mr. President, after the routine details of the Senate have been taken care of on Monday, it would be my expectation that much of the day would be devoted to debate on the pending business or any amendments or other matters in respect thereto.

Since we have already provided that any votes that were ordered on today would be stacked on Tuesday beginning at 2:30 p.m., I ask unanimous consent, that when the Senate returns to the consideration of S. 509 on Monday next, any votes that may be ordered thereon or in respect thereto be stacked in sequence following any votes that are ordered today on that measure and related thereto and under the same terms and conditions as previously ordered.

Mr. ROBERT C. BYRD. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9 A.M., MONDAY, MARCH 23, 1981

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, which it is about to do—and I urge any Member who has any further business to transact to come to the floor at this time—it stand in recess until the hour of 9 a.m. on Monday, March 23, 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR CERTAIN ACTION UNTIL 5 P.M. TODAY

Mr. BAKER. Mr. President, I ask unanimous consent that during remainder of the day today, until 5 p.m., Senators be permitted to introduce bills, resolutions, and statements, and that committees be authorized to file reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that on Friday, March 20, 1981, between the hours of 9 a.m. and 3 p.m., committees be authorized to file reports.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I do not think I will have any objection.

Mr. President, I have no objection.

Mr. BAKER. Mr. President, I thank the minority leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR CERTAIN ACTION DURING RECESS

Mr. BAKER. Mr. President, I ask unanimous consent that during the recess of the Senate over until Monday, March 23, 1981, messages from the President of the United States and the House of Representatives may be received by the Secretary of the Senate and appropriately referred, and the Vice President, the President pro tempore, and the Acting President pro tempore be permitted to sign duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS ON MONDAY, MARCH 23, 1981

Mr. BAKER. Mr. President, are there any special orders in favor of Senators already entered for Monday next?

The PRESIDING OFFICER. There are none.

Mr. BAKER. I thank the Chair.

Mr. President, I ask unanimous consent that on Monday next, following on after the recognition of the two leaders under the standing orders, that there be special orders for not to exceed 15 minutes in favor of the Senator from Tennessee (Mr. BAKER), the Senator from New Mexico (Mr. SCHMITT), the Senator from North Carolina (Mr. HELMS), the Senator from Kansas (Mr. DOLE), the Senator from Oregon (Mr. HATFIELD), the Senator from Wyoming (Mr. SIMPSON), the Senator from Nevada (Mr. LAXALT), the Senator from Idaho (Mr. MCCLURE), the Senator from New Mexico (Mr. DOMENICI), and the Senator from West Virginia (Mr. ROBERT C. BYRD).

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, as I indicated earlier, in a few moments I will ask that the Senate stand in recess until Monday next. Before I do that, I wish to state that the Senate will not be in session on tomorrow or Saturday, but that

beginning next week the Senate will be in session on Monday beginning at 9 o'clock, at which time the Senators will be recognized under special orders heretofore provided for.

I expect that there will be fairly generous time allocated for the transaction of routine morning business on Monday.

At the close of morning business, as the Chair has advised us, the Senate will resume consideration of S. 509 and matters related thereto. According to the order just entered, any votes which may be ordered on matters related to this business will be stacked until the following day on Tuesday, to follow on after the votes ordered this date, and to begin after the conclusion of those votes which will begin at 2:30 in the afternoon.

The Senate will be in session on Tuesday, on Wednesday, on Thursday, on Friday, and perhaps on Saturday.

It is my hope, Mr. President, that the Senate can turn to the consideration of the Resolution of Reconciliation and Instructions, which I believe may be ordered reported by the Senate Budget Committee today. That, of course, will depend on when that report is received by the Senate, when it is available under the rules of the Senate, including the 3-day rule. I will reiterate it is the intention of the leadership on this side to proceed to the consideration of that resolution as soon as it is available under the rules, or as soon as it may be reached by an earlier unanimous-consent agreement.

Mr. President, there may be other matters that could be brought before the Senate on Monday, Tuesday, Wednesday, or Thursday. The Senate will dispose of those matters as they are available and may be dealt with by unanimous consent or become available to the Senate on either the Executive Calendar or the Calendar of General Orders for legislative business.

Mr. President, I observe that the distinguished Senator from Arizona is on the floor. If he has business to transact, I am prepared to provide another period for the transaction of routine morning business if that would be helpful.

Mr. DECONCINI. Mr. President, that would be helpful.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business to extend not longer than 15 minutes, in which Senators may be permitted to speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE RESOLUTION 97—TO "CAP" SENATE STAFF AND PREVENT MORE SENATE OFFICE BUILDINGS

Mr. DECONCINI. Mr. President, I am pleased to be an original cosponsor of Senate Resolution 97 which will, for the first time, put a ceiling on Senate employment while, at the same time, prohibit the construction of any new Senate office buildings in the future. My distinguished colleague, Senator PROXMIRE, is to be commended for bringing this resolution to the floor at a time when the Architect of the Capitol is about to unveil a capital improvement master plan that, if fully implemented, could cost the American taxpayers $500 million. As the Architect's master plan will indicate, the basic, fundamental reason why additional office buildings will be needed in the future is the continuous growth of House and Senate staffs. Now, I am certainly not being critical of the Architect of the Capitol for putting together this master plan.

He was directed by the Congress to do so and he did his job. But what his final product tells me is that if the Congress continues to let its staffs grow and grow and grow, we are going to need to build a small metropolis to house all of the House and Senate employees. The Architect's master plan is nothing more than testimony to the fact that if staffs continue to grow, even at half their historical, 20-year rate, we are going to have to build at least five new House office buildings and a new Senate office building complex across the street from the existing Dirksen and Russell Senate Office Buildings.

Mr. President, there is no dodging the issue. The major reason these new office buildings will be needed down the road is the proliferation of congressional staff. Senate staff, for example, has grown from 1,943 in 1955 to approximately 6,550 at the end of last year—an increase of 237 percent in the last 25 years. I understand that the Architect has indicated that the present level of Senate staff, including those currently working in various satellite offices across the street and in other office buildings, can be accommodated in the existing Russell, Dirksen Senate Office Buildings and the Hart Senate Office Building, once it is completed. However, if staff continues to grow at its historical rate, soon staffers will be shoulder-to-shoulder in cramped quarters again, and another Senate office complex will be on the drawing board.

This resolution that we are introducing will address the real problem right at the source, by capping the growth of staff and saying no to any more Senate office buildings. I would also hope that my colleagues on the House side would take note of this initiative in the Senate and rethink its plans for future construction of House office buildings on the other side of Independence Avenue.

Mr. President, the fight against the construction of new Senate office buildings is not a new fight for either the Senator from Wisconsin or the Senator from Arizona. In 1979, Senator PROXMIRE, myself, and a number of my colleagues on both sides of the aisle fought the final appropriation for the completion of the Hart Senate Office Building. On July 18, 1979, by a narrow vote of 49 to 46, the final $57.5 million appropriation was approved for the completion of the Hart Building. I voted against that appropriation and still believe that the Hart Building has been an unnecessary waste of the taxpayers' money. Also, in 1979, I cosponsored Senator PROXMIRE's resolution. (S. Res. 216), that called for "no more Senate office buildings after the Hart Building was completed." That particular resolution had over 25 cosponsors, but was never reported out of the Rules Committee to the full Senate for a vote.

So, Mr. President, the idea of prohibiting the construction of new Senate office buildings is not a new idea—only a timely and appropriate one. Adding a cap on Senate staff addresses the critical missing link that must accompany a ban on future office building expansion. I would hope that my colleagues in both parties will recognize the necessity of showing the American taxpayer that we are serious about controlling our own bureaucracy here on Capitol Hill and willing to say no to any new construction of office buildings in the Senate. The adoption of this resolution will send a loud and clear signal to the American public that we are willing and able to make the tough, economic sacrifices that are necessary to control the cost of Government. I urge the adoption of this resolution.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended to not later than 3:30 p.m. this afternoon, under the same terms and conditions as previously ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEATH OF FORMER SENATOR PETER H. DOMINICK OF COLORADO

Mr. ARMSTRONG. Mr. President, I seek recognition on a sad mission. It is my duty, with utmost regret, to announce the untimely passing of our dear friend and former colleague Peter Dominick, who passed away last night in Florida.

At the appropriate moment, I will have much to say about the inspiration of Peter Dominick's life. I just learned of this a quarter of an hour ago.

As I was riding over here on the subway, many things came to mind. One recollection of this great citizen of our State and great American that flashed to my mind was the first time I met him in Colorado when he was running for public office. He came up to me and stuck out his hand and said, "Hi, I'm Pete Dominick."

There was something about the manner of this man, who was then a State representative—this was before he was elected to the Congress of the United States—that impressed me, as it did many thousands of people in our State, that he was a person destined for greatness, as indeed it turned out he was.

Members of this body and his many friends in Washington will recall that, having served with distinction in the State legislature in Colorado, he came to Washington as a Member of the U.S. House of Representatives, beginning in 1960, and 2 years later was elected to the Senate; and I am sure that many of those who now serve in this body will recall with affection and the utmost regard his service here.

Peter Dominick was a man of great physical vitality. He was a tennis player, an athlete, and a scuba diver until just a few years ago, when a most unfortunate illness sapped him of most of his ability to take part in the normal physical activities of day-to-day life.

It was in the last year, as he battled with that illness, after he had left the Senate, after he had slipped from the public's view, that he exhibited the quality for which most of us will remember him for a long time to come, and that is the courage which was an integral part of his character.

In face of an illness which would have completely demoralized a lesser man, Peter Dominick fought back to the very end, retained a keen interest in the affairs of our Nation, in the work of the U.S. Senate, and in the people around him.

I saw Pete Dominick last at a dinner, an appreciation dinner in his behalf, just a few months ago. On that occasion, a former Member of this body and the then chairman of the Republican National Committee, Bill Brock, came out to lead several hundred of Peter's friends in celebration of his life and service. It was an opportunity to express to him the deep sense of obligation and the gratitude that many of us felt.

On that occasion, it so happened that I was privileged to hand to Peter and to his wife, Nancy, a bound volume which included letters and congratulatory statements and telegrams from many Members of this body.

Mr. President, Peter Dominick's service and dedication and life itself were a great inspiration to me personally and to all the people of my State. I shall miss him greatly. My family and I will remember, in our prayers, Nancy and the others of the family who loved Peter, and I know that many Senators will wish to do the same.

Mr. BAKER. Mr. President, it was with great sadness that I heard the announcement of the death of our former colleague and my good friend, Peter Dominick.

Memories flood back in my mind of his service here, his contribution to this Chamber and to his State—indeed, to the Nation.

For me, there is a special personal feeling, because Peter Dominick was one of my earliest friends in the Senate. I knew him before I came to the Senate. He encouraged me to run for the Senate. He came to Tennessee and campaigned for me when I ran for the Senate.

I looked to Peter Dominick for guidance and friendship during my earliest years in the Senate. It was with great sadness, then, that I learned that he passed away.

I extend my sympathy to his wife, Nancy, and to his family, particularly his children. I wish them well.

I join the Senator from Colorado in expressing, I am sure, the sentiments of every Member of the Senate when we say that we will miss him.

Mr. HART. Mr. President, together with all our colleagues, I was deeply saddened to learn of Senator Peter Dominick's death.

In his 12 years in the Senate, Peter Dominick combined all of the qualities a good legislator should have: Intelligence, dedication, skill, background, and a willingness to apply himself to the most difficult tasks.

Senator Dominick demonstrated time after time both in the Senate and in the State he loved, the courage of his convictions. He fought vigorously for what he believed in and he served Coloradans in the noblest way at all times.

Senator Dominick was a gallant man who showed us the meaning of courage. He will be deeply missed by his colleagues and by the people of Colorado. His legacy will live on.

Our prayers are with Nancy Dominick and her famly.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I know of no further business to come before the Senate.

We have provided, I believe, for the introduction of statements and bills and the filing of reports by committees until 5 p.m. today. Is that correct?

The PRESIDING OFFICER. The understanding of the majority leader is correct.

RECESS UNTIL 9 A.M., MONDAY, MARCH 23, 1981

Mr. BAKER. Mr. President, under those conditions, as a mark of respect to the memory of the deceased Hon. Peter H. Dominick, late a Senator from the State of Colorado, I move that the Senate stand in recess until the hour of 9 a.m. on Monday next.

The motion was agreed to; and at 3:29 p.m., the Senate recessed until Monday, March 23, 1981, at 9 a.m.

NOMINATIONS

Executive nominations received by the Secretary of the Senate March 17, 1981, under authority of the order of the Senate of March 17, 1981:

COMMODITY CREDIT CORPORATION

Seeley Lodwick, of Iowa, to be a member of the Board of Directors of the Commodity Credit Corporation, vice Dale Ernest Hathaway, resigned.

William Gene Lesher, of Virginia, to be a member of the Board of Directors of the Commodity Credit Corporation, vice Ray V. Fitzgerald, resigned.

DEPARTMENT OF AGRICULTURE

Seeley Lodwick, of Iowa, to be Under Secretary of Agriculture for International Affairs and Commodity Programs, vice Dale Ernest Hathaway, resigned.

John B. Crowell, of Oregon, to be an Assistant Secretary of Agriculture, vice Malcolm Rupert Cutler, resigned.

William Gene Lesher, of Virginia, to be an Assistant Secretary of Agriculture, vice Alex P. Mercure, resigned.

DEPARTMENT OF DEFENSE

Fred Charles Ikle, of Maryland, to be Under Secretary of Defense for Policy, vice Robert W. Komer, resigned.

William H. Taft IV, of Virginia, to be General Counsel of the Department of Defense, vice Togo D. West, Jr., resigned.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Emanuel S. Savas, of New Jersey, to be an Assistant Secretary of Housing and Urban Development, vice Donna Edna Shalala, resigned.

DEPARTMENT OF JUSTICE

Rudolph W. Giuliani, of New York, to be Associate Attorney General, vice John H. Shenefield, resigned.

Carol T. Dinkins, of Texas, to be an Assistant Attorney General, vice James W. Moorman, resigned.

D. Lowell Jensen, of California, to be an Assistant Attorney General, vice Philip B. Heymann, resigned.

Theodore B. Olson, of California, to be an Assistant Attorney General, vice John M. Harmon, resigned.

DEPARTMENT OF THE INTERIOR

William H. Coldiron, of Montana, to be Solicitor of the Department of the Interior, vice Clyde O. Martz, resigned.

Executive nominations received by the Senate March 19, 1981:

DEPARTMENT OF ENERGY

R. Tenney Johnson, of Maryland, to be General Counsel of the Department of Energy, vice Lynn R. Coleman.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

John J. Knapp, of New York, to be General Counsel of the Department of Housing and Urban Development, vice Jane McGraw.

SMALL BUSINESS ADMINISTRATION

Michael Cardenas, of California, to be Administrator of the Small Business Administration, vice Arthur Vernon Weaver, Jr., resigned.

HOUSE OF REPRESENTATIVES—*Thursday, March 19, 1981*

The House met at 11 a.m.

Rabbi Sidney S. Guthman, D.D., Temple Shalom, Seal Beach, Calif., offered the following prayer:

Lord of the Universe, Author of Liberty, to Thee we pray.

Let there be for bigotry no sanction, for intolerance no assistance.

For Thy bountiful blessings upon this land, we are indeed grateful beyond words.

We now humbly implore Thee to continue to favor us with Thy divine guidance. Do Thou inspire our legislators to reaffirm the principles of the Founding Fathers and to embody them in wise laws.

We beseech Thee, O merciful Father, to bless our country. May it ever be opulent but generous, strong but just, firm but wise, a shining example for all mankind to emulate.

Long may our land be bright with freedom's holy light. Great God our King.

May this be Thy will. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

RABBI SIDNEY S. GUTHMAN

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, on behalf of the people of the Long Beach, Calif., area, I would like to welcome a friend of mine to Washington and to these Chambers today. Dr. Sidney Guthman has long been one of the most active and concerned community leaders and I want to thank him for leading us in the invocation this morning.

In fact, there is probably no greater measure of his concern than the fact that he would interrupt his transit from sun-drenched Israel to balmy southern California in order to come to cold Washington, D.C., to take care of his business here.

In the course of my civic involvement in southern California, I have repeatedly crossed paths with Rabbi Guthman—he has been a veritable dynamo of personal involvement in civic and local government activities back home—so it is highly appropriate that we should be graced with a man of his caliber this morning.

It is fair to say that Dr. Guthman is himself an institution in Long Beach. During the past 6 years as rabbi at Temple Shalom in Seal Beach, his 15 years of service as chaplain of the VA hospital in Long Beach, and his 20 years as rabbi at Temple Sinai in Long Beach he has demonstrated a level of civic involvement that is rare, to say the least.

He has for many years served as a director of the Long Beach Symphony Association and has worked for a full decade on the Long Beach Commission on Community Improvement.

Seldom have I met an individual of such energy and commitment, and I am pleased and honored that Dr. Guthman could be with us here today to deliver the invocation before the House.

Welcome to Washington, Rabbi Guthman, and do not be too disheartened by these cold, Canadian winds that are blowing through the city today.

ADMINISTRATION'S DRUG DEREGULATION POLICIES MAY HAVE DAMAGING EFFECT ON CONSUMERS

(Mr. GORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GORE. Mr. Speaker, the administration has professed to the Congress and the public its desire to encourage competition and reduce costs in private industry by eliminating unwarranted Government regulation. This is a laudable goal, but the reality of some early administration policies unfortunately contradicts these pronouncements.

An example is to be found in Health and Human Services Secretary Schweiker's decision to stay the Food and Drug Administration's approval of any new generic drugs until further notice. This prevents new competition in the pharmaceutical industry until further notice. For several years, FDA has allowed generic drug manufacturers to rely on existing scientific data to document the safety and efficacy of much less expensive generic versions of previously approved brand name drugs. This policy, by avoiding lengthy, duplicative, and very expensive retesting, has encouraged generic drug competition, and has begun to dramatically reduce prescription drug costs to consumers. In addition, paper NDA's have facilitated cost-lowering efforts in publicly funded drug reimbursement programs, such as medicaid. It is an antiregulatory, procompetition policy that makes eminent sense in this period of high inflation and sagging industrial performance.

Nevertheless, Secretary Schweiker, who is highly knowledgeable about various aspects of drug regulation and who compiled an outstanding record on health issues in his years of distinguished service in the Senate, has suspended this policy to allow himself additional time for review. Last week, I chaired a hearing before the Oversight and Investigations Subcommittee of the Energy and Commerce Committee that further probed the reasons behind this action.

Evidence presented to the subcommittee raised serious questions concerning the administration's ultimate intentions with regard to the paper NDA policy. Clearly, this action has grave economic implications for consumers.

DEFENSE SPENDING AND BUDGET CUTTING

(Mr. SYNAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SYNAR. Mr. Speaker, it is obvious to most of us that the American people are demanding reductions in Federal spending, and the President has challenged us in Congress to approve nearly $50 billion in budget cuts. The people of my district are prepared to accept reductions in Government services, so long as all Federal spending programs are scrutinized for waste and inefficiency. We owe it to the American people to review every spending program, including the Department of Defense.

I was interested to see that Elmer Staats, the Comptroller General of the United States, recently advised the Secretary of Defense of 15 areas of waste and inefficiency which, if corrected, could save the taxpayers up to $4 billion per year by 1985. He also identified several other areas where additional economies within Defense could increase that total annual savings to $10 billion per year.

Most of us in both parties are committed to real increases in defense spending this year. And I plan to support sizable increases this year and in the future. But as we add to the Pentagon's budget, we must be sure we are

getting the lean and mean, efficient defense we are paying for.

I hope that Secretary of Defense Weinberger will take a close look at the Comptroller General's recommendations. We cannot tolerate wasteful, inefficient Government spending, whether it be in defense or domestic programs.

TV SERIES ON MIA'S GIVES FALSE HOPES TO AMERICAN FAMILIES

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, ABC News is running a series of three programs indicating that Americans missing in action still could be found in Southeast Asia who are being held captive in this faraway land.

Mr. Speaker, I think I know something about this subject. I think I know this subject as well as any American, having served as chairman of the House Select Committee on Missing Persons, serving on the Presidential commission that went to Vietnam, and also having gone to Vietnam 12 times myself.

There is no hard evidence that any Americans are still alive who want to come home, and the Defense Department only yesterday issued a statement saying it has no good evidence that any Americans are still being held captive in Southeast Asia. The sad part of the ABC series is that it gives the American families of the missing false hopes that their loved ones are coming home.

DEFICIT CLONING

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. SCHROEDER. Mr. Speaker, the bright promise of genetic engineering has found its way into the Reagan administration's proposed economic package.

The administration's defense budget will grow us another complete deficit, perhaps larger than the deficit we are allegedly getting rid of. One would have thought that balancing the budget meant counterpoising outlays against revenues. No. It means replacing one set of outlays with another set.

Or, to look at it from a new perspective, deficit cloning.

Rather than anything so complicated as recombinant DNA, the formula is quite simple: Cut nondefense spending, much of which is problematic because the numbers are based in part on optimistic economic figures and questionable assumptions about legislative actions, then increase defense spending, but only by a fraction of what the real increase will be, again, because the numbers are built on economic and legislative contingencies, none of which are anywhere near certain.

The result will be a new deficit, perhaps larger than the old one.

Michael R. Gordon, in the National Journal, "The Inflation Factor," March 14, 1981, and Leonard Silk, in the New York Times, "A Risky Course on Forecasting," March 18, 1981, have additional details:

THE INFLATION FACTOR

The Defense Department's latest quarterly acquisition report is not exactly exciting reading. It's chock-full of figures and carries no exhortation about the need to strengthen U.S. defenses to meet the challenges of this "dangerous decade," as Reagan Administration officials refer to the 1980s. But as Congress gets down to examining the Administration's plans to send defense expenditures soaring, it should take a close look at this relatively obscure document. For a reading of the report, released two weeks before the Reagan defense budget, suggests that the tab for the Administration's defense plans may well exceed the $1.4 trillion in projected outlays during the next six years.

What prompts such a conclusion are some disturbing statistics about the impact of inflation on defense procurement. The report notes that the cost of 47 major weapons systems has risen to $310.2 billion, a $47.6 billion jump since the last acquisition report was released in September. In large part, this increase is simply the result of replacing the Carter Administration's inflation projections with more realistic forecasts supplied by defense contractors.

The cost of procuring the F-18 fighter, for instance, has climbed to $37.9 billion from $29.7 billion in September. Some $4 billion of this increase, the report states, is the result of using the higher inflation projections. The same procedure adds $2 billion to the M-1 tank and $2.3 billion to the "fighting vehicle systems" armored personnel carrier.

Increases of this magnitude are confirmed by other studies that show costs in the defense industry running ahead of the general inflation rate. A recent report on the F-18 by the General Accounting Office, for example, quotes a Navy official as saying that "the fiscal 1981 budget submission for 60 aircraft would have been 15 per cent higher" if the Defense Department had used the aerospace industry's inflation projections instead of those supplied by the Office of Management and Budget.

In his first appearance before the Senate Armed Services Committee as Defense Secretary on Jan. 28, Caspar W. Weinberger revealed that one reason for the Reagan Administration's request for additional funds for fiscal 1981 and 1982 was the Carter Administration's inflation assumptions. "The inflation rates upon which [the Carter spending requests] have been based seem to me to be underestimated," Weinberger said. "They reflect, I think, desires rather than realistic rates of inflation."

As disturbing as these underestimates may be, the problem may soon get worse. For despite Weinberger's initial testimony, the Administration is now basing its defense budget on inflation projections that are far more optimistic than the Carter Administration's or the acquisition reports.

The following table indicates just how optimistic the Reagan budget planners are. It lists the inflation assumptions used by the Reagan and Carter Administrations for six fiscal years, along with a projection by the Congressional Budget Office (CBO) on the rate of inflation in defense procurement.

	Percent					
	1981	1982	1983	1984	1985	1986
Reagan	10.0	8.7	7.3	6.2	5.5	5.5
Carter	10.4	9.7	8.6	8.0	7.2	6.4
CBO	10.4	10.4	11.0	10.2	9.4	8.6

In fiscal 1981 and 1982 alone, the Administration's downward "inflation adjustment" would lop $3.8 billion off defense costs compared with the Carter estimates.

In political terms, there's no mystery about the Administration's inflation assumptions. Acknowledging the prevailing rates of inflation in the defense industry might hurt the Administration's plan to change inflationary expectations and could contribute to the public perception that defense spending is free of budgetary constraint. Already, according to the Reagan recipe, defense outlays will climb from 24.1 per cent of the federal budget in fiscal 1981 to 36.8 per cent in fiscal 1986.

And, to be fair, it is entirely possible that the use of multi-year contracting, favored by many Pentagon officials, will help contain inflation in the defense industry. If the Reagan defense budget fuels a dramatic expansion of that industry's productive capacity, that will lessen inflation too.

But it is at least equally likely that the increase in defense spending—whatever the prospects of the Administration's over-all economic plan—will further inflate the costs of scarce materials used in defense production and aggravate present production bottlenecks, raising costs.

Given the massive increases the Administration seeks in procurement, an error of a percentage point or two in the inflation prediction could lead to an underestimate of billions of dollars in defense spending needs. That, in turn, could breed inefficiencies.

One time-honored way of dealing with an unexpected scarcity of funds is to stretch out the purchase over a longer period, increasing unit costs. The acquisition report notes, for example, that "funding shortfalls caused in part by low prior estimates of inflation contributed another $2 billion," in addition to the $8.3 billion resulting directly from the current use of higher inflation projections, to the costs of the F-18 fighter, the M-1 tank and the armored personnel carrier.

Unexpected procurement needs could escalate costs even further. The cost of a land-based MX missile system is pegged conservatively at $50 billion. But that could rise to well over $100 billion if the Soviet Union exceeds the SALT II arms limits and the United States responds by expanding the MX network or coupling it with an expensive antiballistic missile system.

Senior Administration officials are aware of these potential pitfalls and have assured the Pentagon that they will support requests for more funds if their forecasts are wrong.

In examining the defense budget, Congress would do well to consider whether it, too, is prepared to back requests for even more funds for defense in a few years or

whether it should do some cutting now to avoid problems later.

A RISKY COURSE ON FORECASTING

Thorstein Veblen, renowned as the author of "The Theory of the Leisure Class," was once asked how he would distinguish between history and conjectural history. "It's like the difference," he said, "between a horse and a sawhorse." Without resorting to analogies, one might say that history is what actually happened, according to the best evidence available, and conjectural history is what some author says might have happened.

A similar difference is developing between forecasting and conjectural forecasting—that is, between statements about the future based on evidence drawn from the past and those based on the conjectures or hopes of some economist or politician, advocating a particular program.

Obviously, no economic forecast can be made with 100 percent certainty that it will occur. All forecasts are based on certain assumptions, including the assumption that relationships that occurred with some degree of consistency in the past will occur in the future. If that key assumption is false, all economic forecasting is worthless.

But, by the market test of the sums of money business is willing to pay for forecasting (one of the growth industries of the postwar period) economic forecasts are not worthless. Beyond the market test, statistical analyses of the records of past forecasts by reputable and objective analysts, such as Prof. Victor Zarnowitz of the University of Chicago, confirm the business judgment that, while the forecasts are virtually never right on target, they have been consistently reliable enough to justify further use. The test of any theory, in economics as in the natural sciences, is how useful it is for prediction.

Businessmen, however ideological they may be when it comes to politics, are as devoted to getting the most accurate possible predictions as any scientist. Indeed, the leading modern philosopher of capitalism, Joseph A. Schumpeter, maintained that the emergence of business calculation in the late Middle Ages was responsible for developing scientific rationality.

"In this respect," he said, "it is highly significant that modern mathematical experimental science developed, in the 15th, 16th and 17th centuries, not only along with the social process usually referred to as the Rise of Capitalism, but also outside the fortress of scholastic thought and in the face of its contemptuous hostility."

The fortresses of scholastic thought—the monasteries and medieval universities—saw rationality as a threat to faith and the established order. But businessmen regarded quantitative rationality as the key to determining costs and increasing profits.

Businessmen and investors, in their profit-seeking activities, try to see life just as it is. If long-term triple-A bonds are selling to yield about 13.5 percent—as they are now—that means that the market expects inflation to continue at an average rate of 10 percent or more over the coming decade or longer.

Admittedly, the market might be wrong, and many even hope it is wrong. In its heart of hearts, the market may eagerly want the Reagan Administration to succeed in reducing the rate of inflation to 4.2 percent by 1986, as the Administration says it will; but the market is clearly not putting its money where its heart is. Instead, it is putting its money where its mouth is—and where the mouths of its advisers are.

For business corporations are continuing to pay heed to the private economists and econometric forecasting services that are telling them to stay cautious about the outlook. The Federal Reserve, they warn, is likely to stay in a tough tug-of-war with fiscal policy. In fact, worse budget deficits than the Reagan Administration is projecting seem to lie ahead.

The Congressional Budget Office says that Federal outlays in the 1982 fiscal year are likely to be $20 billion higher than the Administration is saying, and hence the budget deficit will more likely to be $65 billion than $45 billion. Alice Rivlin, the head of the office, under heavy attack by some conservative Republicans, continues to call the numbers as she sees them.

Mr. Reagan's budget director, David A. Stockman, denounces the private econometric business services, such as Data Resources, Inc. and Chase Econometrics, as "cynical and destructive," charging that they produce gloomier analyses than the Administration's because they have "a vested interest in the politics of the past."

Are the econometricians really being political, at the unlikely risk to their own business interests? Or is it the full-time politicians who have replaced Professor Schumpeter's "fortresses of scholastic thought" as the principal foes of capitalist rationality? If so, this is a risky course that could lead not only to poor forecasts but to wrong-headed and dangerous policy decisions in government as in business.

INTRODUCTION OF RESOLUTION CALLING FOR INVESTIGATION OF MURDERS OF AMERICAN MISSIONARIES IN EL SALVADOR

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, today I am introducing a resolution calling on the President of the United States to demand a swift and satisfactory completion of the investigation into the brutal murders of the four American missionaries in El Salvador last December, and to initiate investigations of the murders and disappearance of three other U.S. citizens.

It is evident that since January our State Department has placed a low priority on this investigation. Apparently policy has been more important than people.

Moreover, the current administration has in recent months displayed a disgraceful lack of concern and solicitude in making information available to the families and communities of the slain missionaries, and to the public as well.

I am asking the President to expedite this investigation and to report its progress regularly to the House of Representatives, because the American people place a high priority on this matter.

Furthermore, I am asking the President to commission the FBI to investigate allegations of the involvement in these murders of certain Salvadoran nationals residing in the United States. To allow a Salvadoran "mafia" to conduct its own war against social reform from our own shores is an outrage.

A satisfactory conclusion of this investigation will have three significant effects in restoring faith in U.S. foreign policy:

First, it will convince extremist elements that our antiterrorist policy is sincere and evenhanded.

Second, it will convince the Salvadorans themselves that we also place a value on the lives of the 15,000 or more Salvadorans slaughtered there in the last year and a half.

Third, it will announce to the Government of El Salvador that if they cannot reduce the internal violence in their country, we will not continue to supply assistance that has no hope of benefiting the people of El Salvador.

I urge my colleagues to support this resolution. American involvement in El Salvador is, ultimately, the responsibility of this body of Representatives. Let us make our voices known.

HELP FOR SOMALI REFUGEES

(Mr. WALGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALGREN. Mr. Speaker, I would like to underscore the serious plight of the Somali refugees in east Africa who have fled Ethiopia. House Concurrent Resolution 68, sponsored by the gentleman from Connecticut (Mr. MOFFETT) and the gentleman from Pennsylvania (Mr. GOODLING), urges private agencies in the United States to provide immediate humanitarian assistance to Somalia to aid these refugees. The resolution also calls on the President and appropriate Federal agencies to work with other nations to come to the aid of the Somali refugees.

As of January 1, over 1 million refugees have entered the Somali Democratic Republic. Most of these refugees are living in refugee camps, homemade huts in semidesert land. Ninety percent of these refugees are women and children under the age of 15. Death of children from measles and diarrhea is common. Malnutrition is rampant.

Somalia, with a normal population of 4.5 million people, is one of the poorest countries in the world, with 1 doctor per 12,000 people. The Somali Government, with extremely limited resources, has provided what it can, but it is not equipped to handle this huge influx of people. The refugee problem in Somalia would be the equivalent of 45 to 50 million refugees entering the United States in 1 year.

We cannot expect this tiny country to absorb—and feed—all of these needy people.

Though we Americans have a great humanitarian tradition and have shared our resources with many unfortunate and distressed people, the United States alone cannot take on the total task. This is why our resolution specifically urges the President and other executive branch officials to seek assistance from other nations in providing food, medicine, and other resources to the Somali. Helping Somalia would not only be a generous act on the part of the United States and other countries, it would also lead to new ties of friendship in the world among the countries involved.

Mr. Speaker, I hope that the Members of the House will join me in supporting this resolution so that we might do our part to fulfill the humanitarian obligation of decent nations everywhere to the Somali refugees.

NO U.S. MILITARY SALES TO SAUDI ARABIA

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, the President's proposed military sale to Saudi Arabia violates a 1978 agreement with Congress and reveals the administration's willingness to submit to Saudi demands.

The Saudi-owned F-15's which the administration plans to outfit should not have been provided 3 years ago. Now the President is compounding this mistake by allowing that nation to hold us in international constraints with threatened cutoff of Saudi oil. The Saudi kingdom's demands for friendly support are unreasonable and the United States should not bow to them.

Saudi Arabia is our largest supplier of oil, but has not helped us build up our strategic petroleum reserve. Neither does Saudi Arabia support our peace efforts in the Middle East, and it opposes the sovereignty of the Jewish State of Israel. Yet President Reagan is offering this nation the offensive military equipment which would make it possible for the Saudis to launch an air attack on Israel. And though the President has said he wants to put an end to terrorism, these military supplies will be going to a nation which refuses to denounce the most widely known terrorist group, the PLO.

It is essential that for both moral and strategic reasons the Congress insist that the President adhere to our 1978 agreement and not sell this equipment to Saudi Arabia.

HOUSE SUBCOMMITTEE ACTION WOULD THWART RELIEF ON DAIRY PRICE SUPPORTS

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, yesterday an agriculture subcommittee walked through fire, crossed mountains, and forged raging rivers to avoid President Reagan's urgent request for relief on dairy price supports.

Seldom have we seen such drastic steps taken to do such drastic damage to the President's program. The subcommittee actually adopted a mimeographed piece of paper that had not even been filed as a bill.

The mimeographed instrument now incorporated into the text of the bill introduced by the gentleman from Iowa (Mr. HARKIN), calls for a 4-year dairy price support program, a 4-year extension of a special veterans and armed services program and a change in the permanent appropriation on commodity purchases. Since there have been no public hearings or knowledgeable analysis of this dairy lobby proposal that was suddenly and surprisingly sprung yesterday, I hesitate to offer any analysis of its eventual damage to the taxpayers, consumers and to the dairy industry itself.

Let there be no mistake about the message in this action, Mr. Speaker. The milk lobby had its way with one of our committees. Other lobbies will attempt similar subterfuge in other committees and we have to be on our guard. This is a vivid example of the raw power of special interest lobbying. I hope the full committee and the full House will exercise better judgment.

□ 1115

INVITATION FOR PHILOSOPHICAL AND ECONOMIC DIALOG CONCERNING TAXES

(Mr. CONABLE asked and was given permission to address the House and to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, today again, I would like to invite philosophical and economic dialog about taxes in a special order that I have reserved immediately following this session. It will be an opportunity to put aside at least at this stage in the proceedings political and strategic considerations in an effort to understand the real tax options that face this country and the impact they are likely to have on the economy both in the short and the long term.

Tax changes are in the air, Mr. Speaker, and it is wise for my colleagues and all concerned Americans to understand the full implications of the options that do face us. I hope we will have participation by other Members in this dialog and that it will continue right up to the point where we have to decide what direction we are going to take in taxes. Please come to the special order if you are interested.

EDUCATION AND LABOR COMMITTEE SHOULD LEARN TO READ

(Mr. BAILEY of Missouri asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAILEY of Missouri. Mr. Speaker, on Tuesday my Democratic colleagues on the Education and Labor Committee criticized President Reagan for being unclear on budget cuts, and then promptly voted for a budget that exceeded even former President Carter's proposals. As an example, President Reagan proposed $2.4 billion for child nutrition programs. The Carter administration had called for $3.8 billion for child nutrition and the committee with incomprehensible insouciance recommended $4.2 billion. For another example, the committee voted to increase spending for public service jobs, including CETA, by about 12 percent over the former President's budget. As a member of the Education and Labor Committee, I was disappointed by this clear lack of commitment by the majority to fiscal responsibility.

The Education and Labor Committee should learn how to read. The administration's proposals clearly outline a comprehensive plan to decrease Education and Labor's contribution to our monsterous Federal deficit. Had my free-spending colleagues read these proposals, they might have learned that eliminating high-income families from college student grant programs will not decrease to any large degree college student enrollments. Had they read the proposals and listened to their constituents, they would have understood that cutting back on spending for the arts and humanities is not a priority concern of grassroots America when compared to our concern to be able to meet more basic human needs. And had the committee adequately studied the administration's proposals and spoken to affected constituencies, I am sure that they might have learned that those constituencies will support savings and never dreamed they would get more.

Perhaps when the committee has had time to exercise their reading skills a bit more and reflect more calmly on our fiscal crisis, they will give more responsible consideration to the President's proposals, and with an opportunity to study the Senate's proposals perhaps we in the House will even learn to count.

NATIONAL AGRICULTURE DAY

(Mrs. SMITH of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Speaker, today, March 19, has been officially designated as "National Agriculture Day." I hasten to join with my colleagues from leading agricultural areas of the Nation in stressing the importance of this day.

It gives us an opportunity to point with pride to the many unsung contributions agriculture makes, day in and day out, to a free economy and a healthy populace.

The theme for agriculture's day in the sun is: "Agriculture—It's Your Heartbeat, America." This theme is well chosen because any qualified person charting the anatomy of the American economy would diagram agriculture as its heart.

What else provides the lifeblood of vital elements for economic well-being? Consider these facts: Agriculture is the No. 1 industry in the United States with assets of $927 billion. It is the Nation's No. 1 employer, providing employment to over 15 million people. It is the Nation's No. 1 inflation fighter with productivity growth five times that of nonfarm business over the past 5 years. And agriculture is the Nation's No. 1 exporter, sending over $40 billion in agriculture products overseas in 1980.

The heartbeat of the American economy is strong and robust because the men and women involved in the production of food and fiber on our farms and ranches are dedicated to a livelihood that has advanced productivity to where each farmer produces for himself and for 58 others at a cost of 17 percent of the after-tax income of the average American worker.

My State of Nebraska shares a leading role in this production bonanza. The Cornhusker State is the fifth largest agriculture State in the Nation and is always among the top 10 States in cash receipts for crops and livestock.

Nebraska is No. 1 in the Nation in the production of alfalfa, popcorn, and Great Northern beans. It is No. 2 in fed cattle and calves, cattle on feed, commercial cattle slaughter, and commercial livestock slaughter. Nebraska is No. 3 in the production of corn for grain, sorghum for grain, and all cattle and calves. It is No. 4 in Winter wheat.

The 63,000 farmers and ranchers in our State have a proud record of doing their part in making this the best fed Nation on Earth; and in providing supplies of food and fiber that we can sell around the world and offset some of the billions we pay out for imported oil.

They have a right to be honored on this National Agriculture Day. Our distinguished Governor, the Honorable Charley Thone, well known to the Members of this body as a staunch friend of agriculture who left his mark on legislation and programs, has issued an official proclamation about Nebraska's participation and observance. Business firms and agriculture associations in the State are engaged in special efforts to salute the importance of agriculture to the State and the Nation.

I ask all of those in this body to also join in the recognition we are making today of the Nation's biggest and most important industry—agriculture. It deserves all the good things we do in its behalf today.

AMERICAN FARMER IS APPLAUDED ON AGRICULTURE DAY 1981

(Mr. REGULA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REGULA. Mr. Speaker, it is appropriate that this day is set aside as Agriculture Day, and I am especially pleased to have the opportunity to praise American farmers and the agricultural industry. My own State of Ohio is perennially among the top 10 or 12 States in the production of agricultural products and ranks ninth in agricultural exports, so I am delighted to be able to add my comments to those of my colleagues on this special day.

Those of us whose roots are in agricultural communities are keenly appreciative of the quietude and sense of belonging we find there. Especially since we are concerned about the family in America, we should look to this community where such families have always been part of its great strength. Perhaps it is those and other qualities that have long made the farming areas of our country a favorite subject of poets. Nor can the more tangible importance of rural America be overstated. The productivity of American farmers satisfies food needs in the world as well as within our own country's boundaries.

Domestic demand for food has expanded, and growth in world population has meant an ever increasing global dependence upon the U.S. agricultural industry. Exports of U.S. farm products in fiscal year 1981 are expected to reach a record $47 billion. Certainly this provides us with an opportunity for a humanitarianism unmatched in history, and agricultural exports continue to provide the one bright spot in an otherwise dismal balance of trade picture.

The agricultural industry is our Nation's largest employer and biggest industry. Its 14 to 17 million workers utilize assets totaling $927 billion, equal to about 88 percent of the capital assets of all manufacturing corporations in the United States. This is especially impressive since farmers have come through an extremely tough decade. Inflation, interest rates, and energy costs have all skyrocketed. Although farm production costs have increased a staggering 84 percent in the last 10 years, food remains a bargain in America. In 1960, the average American spent 28½ percent of his income on food; today we spend only 16 percent.

These figures are ample testament to the strength of American agriculture—a strength that the people of this Nation depend upon. So, on Agriculture Day, 1981, I applaud the American farmer and wish him continued success in the future.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAFALCE). The Chair desires to make an announcement.

Pursuant to the provisions of House Resolution 81, the Chair desires to inform Members that the official picture of the House while in session will be taken immediately after the approval of the Journal when the House convenes on Thursday, March 26, 1981.

TOO BIG A STAFF—TOO MUCH SPENDING

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLLINS of Texas. Mr. Speaker, the first vote in the House that we are going to take which is a major challenge for this year is, Are we going to cut the staff budget? What we really need to know is, Are we going to cut the budget for our own congressional committee staff? Committees have too big a staff. We have too much spending for staff expense, so here is our opportunity to provide an inspiration for America.

There are so many committee staffs that need to be cut, such as Rules, Ways and Means, Merchant Marine, District of Columbia, but I want to refer to my own, the Commerce Committee, which in 1974 had a staff of 58, and this year Commerce is asking for 177. Last year it was an overspending committee. Last year Commerce spent $3,659,477. This year the Committee on House Administration has approved for Commerce a $4,043,000 budget. A 20-percent cut would make the committee much more efficient.

If Congress is going to provide an example for America, we need to cut the subcommittees like the one I serve on. I am the ranking member on Communications. We have 1 Republican staffer, but they have 18 Democrat staff.

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The Democrats do not need 18. We know they might need a few more to understand the issues, but Democrats do not need 18 if we can understand the issues with 1 staffer for the Republicans.

Our country has more government than it needs. We have more regulations than we want. And we have more taxes than we can afford to pay.

Reducing the size of committee staff is the place to start, because smaller staffs will do their work and not dream up new laws, new regulations, new agencies just to keep busy and justify their job.

NATIONAL CYSTIC FIBROSIS WEEK

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, today as I did in the last Congress, I am introducing a resolution that will designate the week of September 20-26, 1981, as "National Cystic Fibrosis Week."

It is not often that we have the opportunity to bring hope to a group of America's youth without spending a penny of the taxpayer's dollars. By setting aside a special week devoted to the problems and needs of those afflicted with cystic fibrosis, we will increase the public's awareness. Hopefully, the public will take our lead and provide the support to eventually whip this disease.

Through my work with the Cystic Fibrosis Foundation, I have come to appreciate what it means to be born with this disease. To a person with cystic fibrosis, each day brings an agonizing succession of therapy treatments, a multiplicity of pills, and the threat of long hospital stays. Each day also brings a chilling emotional distress to the patient and family because they know that this regimen of therapy will only delay the inevitable—early death.

Therefore, Mr. Speaker, I urge my colleagues to join with me in supporting this legislation in order that we may demonstrate our concerns for this debilitating disease and our hope that it will be eradicated.

I request unanimous consent to revise and extend my remarks.

AMERICANS ARE AWAKENING TO THE REALIZATION THAT GOVERNMENT CANNOT BE THE ANSWER TO ALL OUR PROBLEMS

(Mr. SMITH of Alabama asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Alabama. Mr. Speaker, the folks in my Alabama congressional district elected me on the promise I would work diligently to bring excesses in Government waste, spending, and regulation under control. Since coming to Washington I have received hundreds of letters from constituents who are very close to unanimous in their support for President Reagan's economic plan. The letters are supportive even when implementation might mean sacrifice because people are frightened by the continued downward spiral of our economy.

I am convinced my district is typical in this regard, and that all across this land Americans are awakening to the sobering realization that Government cannot be the answer to all our problems. Urgent change is mandatory if we are to pull ourselves up from our present sad state. The results of the last election give evidence of the electorate's cry for help.

I thought that cry had been heard in Washington and that all my colleagues would realize the advisability of supporting reforms, if only for political reasons. Unfortunately, that is not the case. The majority in the House of Representatives are requesting funding increases for committee investigatory staffs, that are almost totally within majority party control.

I want to formally register my alarm regarding these funding increase requests. How can Congress ask the American people to make sacrifices while continuing to escalate congressional costs? I worry this series of votes is symbolic and demonstrates a continued indifference to the will of the voters.

Syndicated columnist Don Lambro testified this week before the Budget Committee regarding waste within Congress. Although these comments by the author of "Fat City" deal with needed reforms beyond the particular scope of the committee staff increase legislation, the comments are relevant, and I commend them to the attention of my colleagues.

And I think Congress would do well to start in its own backyard by getting rid of unnecessary expenditures and agencies such as the Office of Technology Assessment, much of the Congressional Budget Office, automatic elevator operators, the congressional gymnasiums, end the subsidies on the Senate and House restaurants, slash the franking privilege for promotional campaign mailings, stop the handouts of Agriculture and Interior Department yearbooks and other giveaways, abolish or merge the subcommittees that hold few if any hearings, get rid of unnecessary staff positions such as press secretaries, end the congressional florist service, and get rid of chauffeured-driven cars for the leadership.

Clearly we should be looking for ways to limit spending. I urge my colleagues who support increases to consider full well the implications and potential repercussions of such a vote.

One of the most flagrant aspects of the committee increases under consideration is the Post Office and Civil Service Committee plan to establish a redistricting data center, complete with computers, to advise Members of the House of Representatives with regard to redistricting. This is an abuse of public trust and my objections are logical and numerous.

To begin with, the Constitution clearly provides that redistricting authority be given to the States. Thus, a congressionally controlled computer represents a usurpation of State jurisdiction. It is meddling clear and simple.

The potential for abuse is obvious. Such a center would give unfair advantage to incumbents and I have no doubt it would be used to influence the redrawing of political boundaries.

The funding request for this center is 360,000 hard earned taxpayer dollars. I cannot begin to imagine how support for the redistricting center and the staff increases could be justified to constituents who are suffering so from inflation. This is not a legitimate expenditure.

I am very proud of the freshman class of the 97th Congress because the freshmen have spoken with one voice in opposition to these increases in funding. The freshmen know the will of the people and will not ask the American people to make inequitable sacrifices.

Again, I urge my colleagues in support of these abusive measures to reconsider.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I ask for this time for the purpose of inquiring of the acting majority leader the program for next week.

Mr. SKELTON. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I will be happy to yield.

Mr. SKELTON. The program for next week beginning on Monday, March 23, is that the House will meet at noon for a pro forma session; that on Tuesday, March 24, the House will meet at noon for another pro forma session; on Wednesday, March 25, the House will meet at 3 p.m. At that time the House will consider the House Committee funding resolutions. Of course, this is subject to a rule being granted by the Committee on Rules.

On Thursday, March 26, the House will meet at 11 o'clock.

I might point out to the gentleman that there will be a call of the House at that time.

The official photograph, I might add, of the Members of the 97th Congress will be taken on the House floor immediately following the call of the

House on that day, Thursday, March 26.

Also, we will be taking up the dairy price supports bill, which is in the Committee on Agriculture today. That, of course, as the gentleman well knows, is subject to a rule being granted.

Further, there will be three resolutions which would seem to be uncontroversial, one dealing with the Vietnam veterans' commemorative day, one dealing with National Diabetes Week, and one dealing with Jewish Heritage Week.

I also advise the gentleman that on Friday, March 27, the House will not be in session. I hope that answers the gentleman's inquiry.

Mr. MICHEL. I thank the gentleman.

I might make inquiry of the gentleman whether or not he has any intelligence as to what kind of rule will be granted for the House Committee funding resolution? The gentleman will recall that they were originally scheduled as individual resolutions several weeks ago and put off that week as well as last week.

It is my understanding that they are probably going to be all grouped together in one resolution, which then prompts an inquiry from our side as to under what kind of rule we will be considering that resolution. Will the rights of the minority be protected to the extent that a substitute could be offered from our side, or at least a motion to recommit with instructions? Is the gentleman prepared to respond to that kind of inquiry?

Mr. SKELTON. I can say to the gentleman that as he undoubtedly already knows, the Committee on House Administration has already reduced the total authorized amounts for the House Committee funding in 1981 to a figure below the authorized levels of 1980. It is my understanding that a floor amendment will be offered by the Democratic leadership which will make further reductions in authorized amounts for 1981, which would add up to a total cut of some 10 percent from the total 1980 authorized amounts.

In answer to the gentleman's question as to what the rule might be, I am not sure that anyone not on the Committee on Rules, or even members of that committee, could answer that correctly. I think we might point out that in the past the rights of the minority have been protected.

Mr. MICHEL. I might simply say to the gentleman that a 10-percent reduction from an authorized level of last year is not satisfactory to the minority side. We would, I am sure, be much more inclined to go with a 10-percent reduction from the expenditure level of last year.

We would hope that when the measure comes before the Committee on Rules that they might be amenable to our request for an opportunity to vote on that either as a substitute or a motion to recommit.

Mr. SENSENBRENNER. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Wisconsin.

Mr. SENSENBRENNER. I thank the gentleman for yielding. Just so that the understanding is clear, would the gentleman from Illinois please explain the difference between the 10-percent cut from the authorized level and the 10-percent cut from the actual 1980 expenditures?

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Mr. MICHEL. I cannot give the gentleman specific figures, but it has been traditional around here to have a particular authorized level of expenditure for the committees that is pretty much in excess of what we really know as a practical matter will be spent.

Therefore, a reduction in the level of authorization would be, in my opinion, a phony reduction. That type of reduction would amount to a strawman in this case as it would have no real relation to what is actually spent and would not necessarily amount to any savings from last year. If you really want to make a significant reduction to be commensurate with what we are asking the rest of the country to do, then you would take the operating levels of the expenditures for last year and cut that 10 percent to make a meaningful reduction. That would be my response to the gentleman's inquiry.

Mr. SKELTON. I appreciate the gentleman's comments. I will be sure, sir, that the gentleman's thoughts are passed on to the Rules Committee.

Mr. MICHEL. I am deeply grateful to the distinguished gentleman from Missouri.

ADJOURNMENT TO MONDAY, MARCH 23, 1981

Mr. SKELTON. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Monday, March 23, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. SKELTON. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

STUDENT LOAN PROGRAMS

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous matter.)

Mr. PEYSER. Mr. Speaker, today I want to enter into the RECORD messages, letters from colleges; one from the district of the gentleman from North Carolina (Mr. HEFNER), Pfeiffer; Baylor College in the district of the gentleman from Texas (Mr. MATTOX); Holy Redeemer College, in the district of the gentleman from Wisconsin (Mr. ASPIN); Catholic University in the district of the gentleman from Washington, D.C. (Mr. FAUNTROY); and Bryn Mawr, in the district of the gentleman from Pennsylvania (Mr. COUGHLIN).

The message, Mr. Speaker, is the same in all of them. It says that if we go ahead with the cuts that are being proposed, the slashes that are being proposed in student aid programs throughout this country, we are going to be doing more to hurt the youth of this country than any action this Congress has ever taken in recent years.

I am hopeful, Mr. Speaker, that we will not fall prey to that and we will stand and be loyal to the students who we have made commitments to now and in the past.

PFEIFFER COLLEGE,
Misenheimer, N.C., February 27, 1981.

Hon. PETER A. PEYSER,
U.S. Congress,
Washington, D.C.

DEAR CONGRESSMAN PEYSER: This will acknowledge with appreciation your interest in maintaining a viable approach to financing student choice and access to higher education. Rest assured that this institution and I stand ready to present our concerns to appropriate Congressmen at such time as is most valuable. We, of course, have discussed with our friend, Congressman Bill Hefner of the Eighth District here in North Carolina, our concerns and feel confident that he and his staff stand ready to consider the position of Pfeiffer College with reference to the several student aid programs.

In the meantime, our best wishes to you and others who are joining with you in this campaign.

Sincerely yours,

CAMERON WEST,
President.

BAYLOR COLLEGE OF DENTISTRY,
Dallas, Tex., March 2, 1981.

Congressman PETER A. PEYSER,
Committee on Education and Labor,
Washington, D.C.

DEAR CONGRESSMAN PEYSER: Thank you very much for your letter of February 22, 1981 concerning the possible cut backs in the area of federally supported student loans.

Without doubt, cut backs in the student loan program, particularly for students coming from middle income and low income families, could have a disastrous effect on higher education. As costs of education escalate it will be more important than ever to have financial support available for those students who are in need.

I certainly applaud your efforts on behalf of the student loan program and will look forward to working with you in this regard.

Sincerely,

RICHARD E. BRADLEY, D.D.S.,
President and Dean.

HOLY REDEEMER COLLEGE,
Waterford, Wis., March 4, 1981.

Hon. PETER A. PEYSER,
House of Representatives,
Washington, D.C.

DEAR MR. PEYSER: Thank you for your letter of February 22, expressing your concern about suggested cuts in the national budget in student assistance programs. I, my colleagues and the students of our College share your concern that these cuts do not seriously harm higher education which forms a very critical factor in maintaining the well-being of our Country, both economic and intellectual.

Any suggestions which your office may have for how we can participate in helping Congress and the Administration deal realistically with student assistance programs will be gratefully received by us and energetically pursued.

Sincerely,

Rev. J. ROBERT FENILI,
Acting President.

THE CATHOLIC UNIVERSITY OF AMERICA
Washington, D.C., March 16, 1981.

Hon. PETER A. PEYSER,
House of Representatives,
Washington, D.C.

MY DEAR MR. PEYSER: Thank you for your recent letter pointing out the threat to student loans and basic opportunity grants in the current efforts to balance the federal budget. I am happy to respond to your request to assist in your efforts as a member of the Education and Labor Committee to sustain these programs.

It is encouraging to know that you, and others in Congress, are supportive of the student assistance programs which are so essential to our students and to the institutions of higher education they attend. To assist in your efforts, data from our institution for the current year might be useful:

Program	Number of students (duplicated)	Amount
Basic educational opportunity grants	639	$670,262
Supplementary educational opportunity grants	342	273,809
College work study	756	756,168
Guaranteed student loans awarded	530	1,526,838
Pending [1]	1,890	5,932,743
National direct student loans	666	608,814
States student incentive grants	196	122,781
Total	5,019	9,891,415

[1] Some of these students are not attending this semester and/or have canceled their applications.

These figures clearly indicate the essential importance of these programs to a large proportion of our students. (Total enrollment 8,031; FTE 5,554). Their significance for the financial condition of our University budget, which is currently $44,000,000, is also painfully apparent.

I hope these statistics will help in your efforts to ward off one of the most serious threats to both private and public higher education. Clearly, the major impact will be on private institutions. There is the real possibility that a significant number of private institutions will be seriously damaged or closed as a consequence of discontinuance of these loans and grants.

The future of our nation is dependent upon the education of its future citizens. In a democratic society, both public and private institutions should thrive. The projected cuts would destroy the healthy balance between institutions of higher education in this country and deprive large numbers of worthy students of the education they seek and need to become productive members of our society.

If there are further ways in which you think we can be helpful, please let me know. Many thanks for your interest in this important issue.

With all good wishes,

Sincerely,

EDMUND D. PELLEGRINO, M.D.,
President.

BRYN MAWR COLLEGE,
Bryn Mawr, Pa., March 13, 1981.

Hon. PETER A. PEYSER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN PEYSER: Thank you for your letter of March 4, 1981. It is reassuring to know that you will take an active role in defending the higher education loan programs and Basic Educational Opportunity Grant and Supplemental Education Opportunity Grant programs.

I have written to Senators John Heinz and Arlen Specter and Congressman Lawrence Coughlin to encourage them to consider the impact of the proposed cuts on the higher educational community. Using some figures from Bryn Mawr College, I hope to have demonstrated the importance of the grant and loan programs for our students and, consequently, for the institution itself. A copy of the letter to Senator Heinz is enclosed for your information.

Please keep us informed of approaches you feel are effective for us to take in the next few months.

Sincerely yours,

MARY PATTERSON MCPHERSON.

Enclosure:

BRYN MAWR COLLEGE
Bryn Mawr, Pa., March 13, 1981.

Hon. JOHN HEINZ,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HEINZ: I write on behalf of Bryn Mawr College to urge you to act on the supplemental appropriation to maintain funding of Pell Grants and Direct Loans for FY 1981 and to consider the impact of the proposed cuts in student aid programs for FY 1982 and subsequent years.

At this time of the year finances dominate our attention and time for we have just concluded preparation of the 1981-82 budget and brought it to the Board of Trustees for their approval. Our Board took a surprising action which I relate to you for it has bearing on current actions in Washington designed to alter federal support for higher education. The Board rejected our proposed tuition levels for undergraduate and graduate students in favor of higher levels. They did this in order to increase the amount of financial aid available to needy undergraduates and to allow us to begin to close the gap between the rise in the cost of living and the increases we have been able to make in faculty salaries over the past twelve years.

As all reasonable people do, we at Bryn Mawr College know that the rate of inflation must be cut; therefore we regret having to raise the costs of the education we provide. But private colleges and universities are, as you know well, both consumers of high-cost commodities (for example, energy, books, faculty) and tuition-dependent for their operating revenues. In 1981-82 student fees will account for 61% of our revenues, yet because tuition will cover only 55% of educational and general expenses, all students do, in a sense, receive financial aid.

Colleges like Bryn Mawr could probably have student bodies comprised entirely of those able to pay their educational costs in full. But the result would be a vastly different Bryn Mawr College, with students more similar in background, more homogeneous in interests and ambitions, and, in many cases, less gifted. The character and quality of the classroom experience and daily life would change for the worse, for it is the variety and diversity in the backgrounds and natures of their fellow students to which students and faculty respond and which contribute to the distinctive character of our institution. This diversity is something for which we must pay. In order to have students who come from all parts of the country and from all economic levels, as well as from abroad, we must provide scholarship and loan support. This year $2,000,000, an amount equal to about 10% of the budget and from the College's own sources, has been awarded to about one-third of the students. Almost twice as many students meet the costs of their education with federal help in the form of Pell Grants, Supplemental Educational Opportunity Grants, National Direct Student Loans and Guaranteed Student Loans. Some 863 students (more than half the student body) borrowed through the Guaranteed Student Loan Program, including 425 undergraduates whom the College was unable to aid directly. Undoubtedly many of our currently enrolled students will be seriously affected by the proposed changes in federal loan programs. Based on currently available figures, we have been able to estimate a cut of 15-30% in Pell Grant levels and 16% in National Direct Student Loans. The impact of the cutback in the Guaranteed Student Loan Program is difficult to estimate until we know the eligibility standards. Because of the numbers of our students benefited by the program, we anticipate a very serious impact on our enrollments if the program is cut as proposed.

Certainly we do not expect the federal government to guarantee the survival of private higher educational institutions by providing monies to their students equal to the higher tuition and residential costs. But Supplemental Educational Opportunity Grants and Basic Educational Opportunity Grants are necessary if we are to continue to make private higher education available to students from low- and middle-income families; and Guaranteed Student Loans, even with tighter eligibility standards, will be essential for many others. When the opportunity for abuse is trimmed, rightly, out of the Guaranteed Student Loan Program, the fine basic concept of the program should remain to guarantee access by the majority of the college-bound population to a wide variety of alternatives. This, in turn, will help preserve the diversity in our higher educational institutions, a diversity—it was reassuring to read—in which President Reagan believes.

For these reasons I respectfully urge your thoughtful consideration of the impact

which the proposed cuts in the higher education funding programs will have.

Sincerely yours,

MARY PATTERSON MCPHERSON.

VOICES OF THE PEOPLE ARE HEARD ON BUDGET CUTS

(Mr. GARCIA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GARCIA. Mr. Speaker, just briefly I would like to say that every day from here on in I will be introducing into the RECORD the concern of those persons who are today the silent majority. It seems that the silent majority has become the majority and all I can say is that I will enter into the RECORD every day those voices from throughout America who are opposed to the budget cuts, to the insensitivity of the President and the insensitivity of the Houses on both this side and the other side, and that these will appear in the RECORD so that historians, as they look upon the CONGRESSIONAL RECORD, will see very clearly that there were Americans in 1981 who were very much opposed to what is taking place.

Mr. Speaker, recently we have heard from the Reagan administration the fanfare relative to the supposed favorable support they are receiving regarding their budget cuts.

Let me just say that I did not believe it then and I do not believe it now, that response to these cuts has been as favorable as reported. People in my district and from around the country have been contacting me voicing their displeasure and concern over these drastic cuts. I insert for the RECORD the following remarks from my constituents as they relate to the budget cuts:

ASSOCIATION OF NEW YORK
NEIGHBORHOOD HEALTH CENTERS, INC.,
New York, N.Y., March 2, 1981.

Hon. ROBERT GARCIA,
223 Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN GARCIA: On behalf of the sixty-five Community and Migrant Health Centers in the State of New York, serving 300,000 persons, I am writing to you to ask your support in retaining this very essential program.

The very existence of the Health Center program is now being threatened by the President's proposal to consolidate it along with 34 other programs, as well as to reduce the spending level by 25 percent. Congress created this program specifically to meet the health needs of medically underserved areas. Underserved areas are characterized by a complete lack of or a shortage of physicians and/or health facilities, high rates of infant mortality, large populations of elderly citizens, high levels of poverty and Americans who are unable to pay for their medical services.

Because of your concern in the Congress, today there are 1,083 centers which serve five and one-half million Americans. These centers are located in every State and 73 percent of all congressional districts have at least one such Health Center.

The Community Health Center program, we believe, deserves your continued support for several reasons:

They are critical to the populations they serve. About two-thirds of the Health Centers are located in rural areas and one-third in urban. Without the Health Centers these individuals and families would not have access to any health care.

Under the block grant approach proposed by the President, it is estimated that between 50 percent to 75 percent of these programs would close. While it may be wise to block grant to the States some categorical programs, such as the small categorical prevention programs, the Health Centers should not be included in this proposal.

The Health Centers have proven to be highly effective and efficient when costs for health services are compared to other providers. For example, Health Centers have reduced hospitalization for their patients by 25 percent to 50 percent thereby saving millions of dollars of public and private health care expenditures. Comparing the cost per visit for a Health Center patient to that of a Medicaid patient or other insured patient, Health Center costs were 41 percent less. The Health Center program is probably the most cost efficient and cost conscious program in the entire Federal system.

Keeping in mind the President's concern for providing incentives for the private sector to be involved in the delivery of services.

The Health Center program is in fact part of the private sector. Health Centers are fully incorporated, as not-for-profit entities (as are many hospitals) that provide services to portions of your constituents in your respective districts that perhaps have no other source of quality health care.

Should the President's proposal to cap Medicaid be approved, many states would be tempted to make up their projected shortfall by using dollars from the consolidated health programs. Since the proposed dollars for the consolidated health programs would be only 75% of 1981 levels, then even less would be available for the consolidated programs should they opt to bolster their Medicaid programs. Hospitals, many of which are already in a financial crunch will be further in debt, and their ability to provide services to the uninsured will be non-existent. I raise the point because it is to these same troubled hospitals—rural and urban—that those in need of Health care must turn. This can only pose tremendous financial burdens upon the states, which eventually will bring the pressure from the states back upon you in Congress for relief. Cost wise, it will then be unrealistic trying to start up funding again for these programs.

President Reagan has gone on record supporting the fact that local communities must have a real say in what they need, and how their dollars will be spent; well here is a model that is based on local governance. When there is a problem in the Center, the consumers turn to their respective representatives on the Center's governing board for amelioration of their problem. In America there is today an environment where the expectation of consumers to be involved in matters affecting their lives has been raised, and that expectation should not be reversed.

The Health Center program indeed meets the concerns that are held by all of us. They are cost effective, deliver high quality care, reduce the dollar expenditure, are controlled locally, and are within the private sector.

We urge you to support the continuing authorization of Secs. 328, 329 and 330 of the Public Health Service Act (amended 1979) at an appropriation level of:

Sec. 328: $7 million.

Sec. 329: $48 million.

Sec. 330: $390 million.

We respectfully request your written support to your respective Health Committee Chairperson to insure that the existing Health Centers maintain their present level of health care to the 5,500,000 Americans, who would otherwise have no health services.

Very respectfully yours,

PAUL MEJIAS,
Executive Director.

The Health Center program depends on grant support from several sources, National Health Service Corps, Maternal and Child Health, Family Planning, Social Services, and Medicaid, and they must be considered in total context rather than as a 25% cut in one program alone. The multiple impact of these proposed cuts taken as a whole mean that the losses would be much greater. For example, if all cuts were enacted at once and block grant took effect October 1st, 1981 it would mean that services to 3,000,000 patients will end and 560 programs would be terminated including some 5,200 contracts with local hospitals, pharmaceutical suppliers, speciality physicians, banks, and local vendors, totaling in excess of $200,000,000.

Block Grants would require States to hire personnel to administer programs at the state level while not providing the additional funds to do so, thereby further reducing the amount of funds available for services (i.e. programs support levels which are a separate line appropriation are eliminated).

If the Health Centers are included in Block Grants the impact of the President's proposal will be:

The loss of services to 2,008,000 people in medically underserved areas.

The closing/termination of 394 community-based private non-profit Health Centers.

The elimination of between 3,970 and 4,040 jobs in the health professions in local areas.

The Health Center program was created specifically to meet the deficiencies of the private and public sectors, i.e. meeting the health needs of the uninsured or those in remote rural migrant areas. It does not compete with the private sector. The private sector does not provide health care to a person who is unable to pay and the majority of private practitioners do not accept medicaid.

Health centers reduce hospitalizations as 6 studies clearly show and are more cost effective than other providers. For example, without a Health Center these people will flood outpatient departments where costs are 50% higher—and someone will foot the bill. Or they will go without health care until the condition is serious enough to require hospitalization where costs will be at least 500% higher.

Additional state levels of administrative agencies will be required (larger than their federal counterparts (10 regions vs. 50 States). This is no reduction, but rather an increase in the overall U.S. cost of health care. Moreover, the accomplishments and effectiveness of State administered programs cannot be effectively monitored.

In addition to the above:

Services in the Migrant Health Centers will be terminated for 172,550 migrant and seasonal farmworkers who by virtue of their transience and two-parent family structure will be unable to qualify for State medical assistance. This includes total elimination of the hospitalization program which covers inpatient care for 3,800 people.

The elimination of 2,120 jobs in the health professions, through local health centers.

The closing/termination of 52 migrant health centers or projects.

As with community health centers, when total funding is considered, these programs depend on numerous resources proposed by the Administration for cuts and delegation to the States. Thus if President Reagan's proposal is adopted in full, it would mean the termination of 80 Migrant Centers and services to 300,000 patients would no longer be available.

COALITION OF NEW YORK CITY JUDGES IN SUPPORT OF THE LEGAL SERVICES CORPORATION,
New York, N.Y., March 11, 1981.

Hon. ROBERT GARCIA,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN GARCIA: Because of our unique responsibility to ensure that justice is administered equally and fairly, we as Judges have a stake in Congressional reauthorization of an adequately funded Legal Services Corporation. Both the orderly administration of justice, and the fairness of the outcome in individual cases, are generally dependent upon adequate representation. The programs funded by the Legal Services Corporation have provided much of this needed representation in New York City for the past thirteen years. In addition, thousands of needy people who have nowhere else to turn for advice and counsel prior to litigation in civil claims rely upon the services provided by the legal services programs funded by the Legal Services Corporation.

The President's proposal to eliminate all funding for an independent Legal Services Corporation is particularly abhorrent to us as members of the judiciary. We likewise oppose any reduction in the program's funding or a move to discretionary funding by the states. Accordingly, we urge continued authorization of the Legal Services Corporation at levels necessary to provide the services needed.

Limitations on or elimination of funding are not the only perils facing the legal services program, however. Other perils are proposals which would impose unreasonable restrictions on the legal service permitted, such as on representation of migrant workers and aliens, and on representation before administrative and legislative bodies on policy matters affecting needy clients. Such limitations deprive needy persons of necessary representation and cripple the morale of the dedicated staff who are committed to meeting the local needs of their clients.

In addition, there are proposals to allocate a substantial proportion of the federal funds to the private bar, often mislabeled "judicare". Characterizing such proposal as "judicare" implies an element of judicial approval which is untrue and therefore misleading. Although the private bar has and must continue to make substantial contributions to the representation of the disadvantaged, it cannot adequately duplicate the structured commitment and continuity of an independent and non-partisan staff devoted exclusively to the service of disadvantaged clients.

Accordingly, as judges, we support continuation of the Legal Services Corporation in its present form, and oppose the President's recent budget recommendation to eliminate this essential program.

Sincerely yours,

Housing Court Judge Arthur Aaron, Acting Supreme Court Justice Myriam Altman, Housing Court Judge Anthony Andreacchi, Supreme Court Justice Sidney Asch, Civil Court Judge Pelham St. George Bissell III, Supreme Court Justice Arthur Blyn, Civil Court Judge John A. K. Bradley, Housing Court Judge Antonio Brandween, Acting Supreme Court Justice Herman Cahn, Appellate Division Justice John Carro.

Civil Court Judge Beverly S. Cohen, Acting Supreme Court Justice Leonard N. Cohen, Civil Court Judge Jay Cotler, Housing Court Judge Jay Dankberg, Civil Court Judge Ethel Danzig, Family Court Judge Nanette Dembitz, President of the Family Court Judges Association Leon Deutsch, Family Court Judge Elrich A. Eastman, Acting Supreme Court Justice Shanley Egeth, Supreme Court Justice Betty Ellerin.

Civil Court Judge Lester Evens, Appellate Division Justice Arnold Fein, Acting Supreme Court Justice Anne G. Feldman, Civil Court Judge Shirley Fingerhood, Family Court Judge Kevin Fogarty, Civil Court Judge Helen E. Freedman, Court of Appeals Judge Jacob Fuchsberg, Supreme Court Justice Hortense Gabel, Civil Court Judge Ira Gammerman, Housing Court Judge Dianne Gasworth.

Housing Court Judge Harriet George, Civil Court Judge Kristin Booth Glen, Family Court Judge Mortimer Goetzels, Acting Supreme Court Justice Budd G. Goodman, Acting Supreme Court Justice Louis Grossman, Acting Supreme Court Justice Nat Hentel, Family Court Judge Bruce Kaplan, Supreme Court Justice Bentley Kassal, Civil Court Judge Solomon Katz.

Civil Court Judge Martin B. Klein, Family Court Judge Shirley Wohl Kram, Civil Court Judge Richard S. Lane, Housing Court Judge Diane Lebedeff, Family Court Judge Daniel Leddy, Civil Court Judge Edward Lehner, Family Court Judge Isidore Levine, Acting Supreme Court Justice Sheldon Levy, Family Court Judge Gertrude Mainzer, Civil Court Judge Orest V. Maresca, Family Court Judge Leah R. Marks.

Family Court Judge Reginald S. Matthews, Supreme Court Justice William McCooe, Family Court Judge M. Holt Meyer, Family Court Judge Edith Miller, Civil Court Judge Lorraine S. Miller, Family Court Judge Donald F. Mohr, Civil Court Judge Stanley Nason, Family Court Judge Richard M. Palmer, Housing Court Judge Ferdinand Pellegrino, Civil Court Judge Michael Pesce.

Family Court Judge John F. Pollard, Acting Supreme Court Justice Eve Preminger, Civil Court Judge Richard Lee Price, Family Court Judge Cesar Quinones, Family Court Judge Sheldon Rand, Family Court Judge Philip D. Roache, Supreme Court Justice Ernst Rosenberger, Supreme Court Justice Israel Rubin, Civil Court Judge Norman Ryp, Appellate Division Justice Leonard Sandler.

Acting Supreme Court Justice Walter Schackman, Supreme Court Justice Alvin Schlesinger, Acting Supreme Court Justice Seymour Schwartz, Acting Supreme Court Justice Felice K. Shea, Acting Supreme Court Justice Kenneth Shorter, Civil Court Judge Thomas V. Sinclair, Acting Supreme Court Justice Stanley Sklar, Housing Court Judge Ralph W. Sparks, Acting Supreme Court Justice David Stadtmauer, Supreme Court Justice Martin Stecher.

Civil Court Judge Margaret Taylor, Family Court Judge Mara Thorpe, Acting Supreme Court Justice Albert Tomei, Family Court Judge Frank Torres, Family Court Judge Jack Turret, Family Court Judge Rena K. Uviller, Supreme Court Justice Richard Wallach, Civil Court Judge Elliot Wilk, Civil Court Judge Henry Williams, Acting Supreme Court Justice Eugene Wolin, Civil Court Judge McM. Bruce Wright, Family Court Judge Ruth Jane Zuckerman.

Supreme Court Justice Thomas R. Jones, Supreme Court Justice Beatrice Shainswit.

DR. MARTIN LUTHER KING, JR., HEALTH CENTER,
Bronx, N.Y., *March 11, 1981.*

Hon. ROBERT GARCIA,
U.S. Congress, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN GARCIA: I am writing to urge your support of the full 1981 budget for the Health Systems Agency of New York City and in opposition to the administration's proposed cuts. In addition I urge full funding for the 1982 fiscal year for the HSA program.

It seems to me that several examples can be given of the contribution which HSA's have made to the field of health and the public. Local area HSA's have published information showing the death rates resulting from open heart surgery by hospital. An important result of that has been that hospitals with low survival rates in connection with this operation have voluntarily closed down their program. The HSA's have also published information showing the number of beds used in specialty areas i.e. obstetrics and pediatrics and where the use of these beds have fallen below the critical level needed to maintain excellence, hospitals have voluntarily closed these services. In short, HSA's have achieved important goals despite not having regulatory authority.

Finally, while the HSA's have not been successful in preventing hospitals from pursuing their acquisition of CAT Scanners, they have made the public aware of the tremendous costs in medical technology and the necessity for rationalizing its use. Certainly the HSA system has not been as successful as its proponents would have wished but there can be little question that it has made contributions far and beyond what its critics concede. Finally, at least in our areas of the country, the HSA's have played a critical role in introducting the voices and roles of women, minorities and the poor into the health care field. This can be seen clearly from the stress that HSA plans have put

on the provision of ambulatory primary health care as a priority.

Fully 70% of the American health care dollar goes to hospitals. HSA's have shown capacity for reducing and containing hospital costs. We hope you share our view that the HSA system is cost effective and should be maintained.

Sincerely,

RAPHAEL O. LEWIS,
Executive Director.

MISERICORDIA HOSPITAL MEDICAL CENTER,
Bronx, N.Y., March 6, 1981.

Hon. ROBERT GARCIA,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN GARCIA: My organization wishes to inform you of our outrage regarding the administration's intent to severely reduce funds for health planning in FY 1981 and eliminate such funding in FY 1982.

Action of this nature by the administration would be a severe blow to health planning efforts in New York City. The history of the New York City Health Systems Agency has been one in which consumers play a vital role. Its process has also provided major concern for cost containment, more equitable distribution of resources, and overall better health planning.

Such efforts should not be discouraged or sifted at a time in which certain health care goals must be reduced through health planning mechanisms such as the Health Systems Agency.

Sincerely,

RICHARD IZQUIERDO, M.D.,
Vice Chairman.

SETTLEMENT HOUSING FUND, INC.,
New York, N.Y., March 13, 1981.

Hon. SAMUEL PIERCE,
Secretary of HUD, U.S. Department of HUD,
Washington, D.C.

DEAR SECRETARY PIERCE: I am writing to express my concern about the proposal to increase rent in HUD-assisted Section 8 projects from 25 to 30 percent of income. Such policy, if enacted will not result in significant cost savings to the federal government but will impact negatively on family budgets of persons already struggling hard to survive.

Section 8 funds are reserved for the maximum contract rents, as if tenants pay nothing. The tenants' contributions are placed in an escrow account to cover future increases in operating costs or decreases in tenant contributions due to loss of income. Thus the increase to 30 percent of income means an increase in the escrow fund, not a reduction in spending.

The families at the higher end of the income limits are most affected, because the absolute dollar increase is larger for them. For example, in New York the highest income for a family of 4 at initial occupancy is $19,950. Assuming that there are two children in the family, the rent would go from $403 to $484 a month. It is easily possible that this family would leave the project and be replaced by a family earning $4,000, who would pay $71 at 25 percent of income or $85 at 30 percent of income. Obviously the eventual cost (to the escrow fund) of subsidizing the lower income family will be much higher.

In short, by forcing unconscionably high rents on lower income families, HUD would be raising the eventual cost of the subsidy program. The possibility of achieving an income mix would be much less likely and the overall effect extremely unfortunate.

I would urge you to reexamine this plan in view of the effect on the tenants and the probability that cost savings would not be achieved.

Sincerely yours,

CLARA FOX,
Executive Director.

TAX PROPOSALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. CONABLE) is recognized for 60 minutes.

Mr. CONABLE. Mr. Speaker, I am anxious today to continue the discussion of taxes from a philosophical and economic viewpoint which I initiated more than a week ago in a similar special order.

At that time, I talked about the four major categories of tax options that were facing the Congress during this spring's tax effort. The first was, of course, depreciation reform. I described that as being the one element in a potential tax bill that seemed most clearly to have a consensus behind it.

Second, rate cuts, the heart of the President's proposal.

Third, the possibility of targeted savings plans of one sort or another.

Fourth, the so-called Gephardt proposal which would provide an income tax credit for a portion of the social security tax paid.

I wish not to ignore, but to discard for the purposes of the discussion this morning, the first and fourth options and to concentrate on the relative advantages and disadvantages of rate cuts as opposed to targeted savings plans of one sort or another.

It seems likely to me, Mr. Speaker, as the debate unfolds here in the course of the spring, that the probable area of compromises between the President's men and the President's opponents are going to be between the targeted savings plans and the rate cuts. I personally support the President's plan, but I think it is important that the Members understand the advantages and disadvantages of these two options so that they will be able to participate with a sense of priority in the inevitable process of compromise.

Many of us on the Republican side of the aisle have in the past sponsored targeted savings plans of one sort or another. I have participated actively in designing several of them and am the prime sponsor of some of them. They represent a special type of tax reform.

In talking about them this morning, I wish to set aside also those issues which have to do with individual inequities in the tax system. Among these issues of equity are the marriage penalty tax and the Gephardt-Conable charitable bill.

While these things are very attractive options that I am sure the Congress will want to consider this spring, they are nonetheless not the type of alternative to rate cuts that would be of a primarily economic significance, like the targeted savings plans.

The proponents of rate cuts and the proponents of the targeted savings plans start with a consensus that there is something wrong with the economy, that our tax policy has been too oriented toward encouraging consumption and not enough toward encouraging savings. There is no disagreement about that among the adherents of these two major alternatives.

It is claimed by those who are in favor of the targeted savings plans that rate cuts do not insure that tax reductions will be used primarily for savings and therefore that tax reductions are inadequate to meet the economic need that has developed over the years as we have encouraged consumption and discouraged savings.

The rate cut advocates, on the other hand—favoring an across-the-board type of tax reduction as opposed to the practice that we have followed in redistributive tax reform over the past 12 years—say that since you are giving after-tax increases to middle- and upper-class taxpayers with an across-the-board rate cut, it is probable such people will use these increases in greater degree for savings and investment than those at the lower end of the scale. That is, of course, one of the issues between the redistributive tax reform people and the across-the-board rate cut people: Those who believe in redistributive reform talk about the equity of giving bigger tax cuts to poor people, even though they acknowledge that poor people with very severe income limitations are likely to improve their standards of living with increased after-tax income rather than saving it.

Well, President Reagan has said that we must concern ourselves with equitable issues but that first we must get the economy moving again. He has urged us not to ignore, but to postpone, consideration of the problems of poor people. Saying that redistributive tax reform has not worked, he wants to get the economy creating jobs first, promising structural changes affecting tax equities afterward.

It is easy to argue that there has not been any real solid economic evidence adduced for the effect of across-the-board rates cuts and the encouragement it will give to savings and investments. We have all heard complaints about the "rosy scenario." But logic is with the President. If people of adequate income are getting tax cuts they are much more likely to save and invest than people of inadequate income who must, of necessity, look to increased consumption to improve their lot.

The targeted savings plan people, in other words, are saying to the President: If savings is the problem, let us design a tax system which will condition tax cuts on the money being saved. We can do that by excluding from taxation certain types of economic income providing they are directed into bank accounts, insurance policies, segregated trust funds, or equity investment of one sort of another.

By such targeting we can be sure the specific economic needs of the country are met by conditioning the whole tax cut on savings.

Now let me say, Mr. Speaker, that it is obvious that the targeted savings plan people are not concerning themselves any more for the poor people than are those who are talking about across-the-board rate cuts. Poor people on subsistence allowances are not going to get any tax reduction at all unless they save, and it is obvious that if they have limited purchasing power, they are not going to be in any position to save in order to get the tax cut.

□ 1145

For them, if they pay any tax at all, at least rate cuts are sure and are conditioned. Saving may for them be a very uneconomic operation, because they cannot defer their consumption.

The issue, then, of inequity should not really be a major issue between those who favor targeted savings plans and those who favor across-the-board rate cuts. It is in each case a different legislative response to the perception that the economy is not functioning well because we have inadequate saving and investment, and in either case equitable considerations are deferred to economic tax reform opportunities.

Now, let us look at what the basic circumstances are in our tax system nowadays, because that has something to do with the way the public will respond to rate cuts and to targeted savings plans.

First of all, I think we should acknowledge that the 1978 tax figures show that in fact poor people pay comparatively little income tax. The bottom 46 percent of the taxpayers, those who earn $10,000 or less, pay 4 percent of the income tax. Poor people pay very substantial taxes; they pay more taxes than they did 10 years ago, but they do not pay more income taxes because of years of redistributive tax reform. They have been virtually dropped off the bottom end of the income tax scale.

The effect of this, as bracket creep forced middle and upper income people into higher and higher tax brackets, was to create a tax system which was increasingly progressive. We reduced taxes for low-income people, but we let taxes go up for middle and upper income people as a result of the impact of inflation on the graduated income tax, the phenomenon known as "bracket creep," and the result was that we increasingly raised the marginal tax rates for those in the middle and upper income. That, of course, is considered to be the long-term condition which has discouraged savings and investment among people of substantial earning power or with substantial capital for investment.

The effect of rate cuts then, while minimal among low-income people, will be to reduce the marginal tax rates for everyone else, and in reducing the marginal tax rates the group of very sturdy new economists called the supply siders feel that they have given a very strong incentive to investment and to savings. They may have over-stressed the economic effects of rate cuts, but there is a good deal of truth in what they say.

You can make a case for greater actual savings resulting from targeted savings plans, but I do think that the targeted savings plans will have some rather unfortunate effects on the tax system, and ultimately on the total economy. The rate cuts do not narrow the tax base at all. The same people will be paying taxes who were paying taxes before, and economic income will still be subject to tax but at a lower rate.

Thus, the marginal rates will come down but the tax base will remain the same. In contrast, the targeted plans, in almost every case take a portion of the Nation's economic income outside the tax system either through deferral or through exemption, and therefore narrow the tax base for the income tax. That is something we have been doing for a long time here, Mr. Speaker. It is easy to confer benefits on people by removing their interests or their income, from taxation. We have increasingly tended to do that as a means of problem-solving rather than appropriating money from the Treasury directly to apply through the processes of this body to Government programs.

Through tax exemption, tax deferral, tax preference, we have tended to provide specific areas of problem-solving—many say in not a very efficient way—but that is one of the modes of problem-solving that this body has elected time and again.

Now, if you take some portion of the economic income of the country outside of the tax system, the tax base narrows, and that means that what remains subject to tax must be taxed at a higher rate in order to raise the staggering sums of money the Government is spending on goods and services.

That particularly is true with respect to earned income. One of the reasons that the unions, through collective bargaining, have been bargaining mostly for fringe benefits is, this is the only way they can protect themselves from high marginal tax rates as more and more of the unearned income has gone outside the tax system through preference. Earned income, other than fringe benefits, has had to carry a greater and greater burden. So, we find our working people struggling to try to negotiate tax-deferred or tax-exempt fringe benefits in order to protect themselves from high marginal rates in much the same way unearned income has protected itself from high marginal rates by specific types of tax privilege designed to take their economic income outside the tax system.

It may appear to be a perfectly acceptable way of reducing taxes, this taking of economic income outside the tax system, but it does, of course, have the effect of distorting, ultimately, the tax burden that the Nation has to carry. In one way or another, it creates tax havens that reflect discreditably on Government, and it also means that economic income subject to tax is going to be taxed at a higher marginal rate than it needs to be if we maintain a broad tax base. I think it is important for people to understand that, because I frequently am told: What is wrong with reducing taxes by taking money outside the tax system? There is nothing wrong with it, but it does have some long-term distorting impact. It does have some long-term discouragement for those economic activities which are still subject to taxation because it raises the residual basic taxes unnecessarily high.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I came to the floor for another purpose, and I want to get in a 1-minute speech a little later on, but as I sat here and listened I could not help but be impressed by the scholarly speech which the gentleman is now making. I want to compliment him. I want to go back and read this in the RECORD a little later on.

Also, as I listened, I guess I am a proponent of the so-called targeted savings tax plan to increase savings, in that I put in a bill which would increase the exemption from taxation on interest on savings deposits up to $10,000. I am not under any apprehension that Congress is going to pass a bill like that today or tomorrow, but I did want to dramatize the fact that in the United States, among all the industrial countries, the amount of disposable income which goes into savings deposits is the lowest. It is highest in Japan, and Japan does not tax interest on savings deposits.

Mr. CONABLE. If the gentleman will yield briefly on that, it is interest-

ing to note that most countries' tax systems are very different from one another, but that most of the rest of the developed world does provide very specific incentives to savings and investment of the sort the gentleman is describing as being subject to his sponsorship. Japan this past year had about a 20-percent savings rate. Germany, France, and England had somewhere in excess of 10 percent, as did Canada. The United States during the past year had a 5.6-percent savings rate, and it has been as low in this country as 3 percent. Of course, many of these other countries have inflation rates comparable to ours, and so it is misleading to say that the only reason for us to have such a low savings rate has been our level of inflation, although that also discourages savings. Nobody wants to sit on a big pile of eroding cash. But obviously the tax incentives built into these other countries' systems are relevant also at arriving at the higher savings rate than we have.

Mr. WYLIE. Well, yes, of course, and that is a very cogent observation. Also I might say that in the case of West Germany, West Germany thought there was a direct tie-in between the amount of capital which was available for investment in the private marketplace and the amount of savings deposits, long-term savings, so they passed a law which stated that if you left the money in for 5 years and drew interest on it during that period, that the West German Government would match it. It was such a good move on the part of West Germany that I think they are going to have to repeal that. It was a little more than they thought it might be.

Of all the industrial countries, the United States is the lowest in the amount of savings which goes into regulated financial institutions, and I use that phrase advisedly—regulated financial institutions—because our thrift institutions are in some difficulty because they do not have money to loan out on a long-term basis, as you know. Some of the commercial banks are in some difficulty also.

So, I do think we need to address this problem. I thought this would be a dramatic way in which to do it. Also, this is the kind of approach which could have widespread appeal and is easily understood. The phrase "double taxation" comes to mind. People who have put their money in savings institutions have already paid taxes, so it just seems to me that it is an easily understood way to get some money into investment portfolios or into financial institutions, and possibly invested money into the private market. Anyhow, I would like to have the gentleman consider that seriously in his deliberations.

Mr. CONABLE. Obviously, it is going to be considered. As I said, in all probability the ultimate bill will involve some sort of trade-off between rate cuts and targeted savings plans. Down the road, if we continue to put economic income in this country outside the tax system, we are going to have such a narrow base and burden of taxation for the remaining taxable income in the country that we will find the income tax no longer is a suitable way of financing Government operations. At the end of that road we will face a broadly based consumer tax like the value-added tax, which I personally would very much regret.

For that reason, I hope this body will move with some restraint in taking economic income outside the tax system. The process of doing that inevitably so erodes the income tax that we will have to fall back on some other essentially non-American type of taxation not based on ability to pay, but in all probability more suitable for politicans in that it will include a whole lot of economic activity and be sufficiently responsive so that it will be submerged at a fairly low level in a very wide tax base of some sort.

□ 1200

We have to be careful not to overdo the preference, exclusion, exemption, and deferral aspects of taxation because they could be quite destructive in terms of the tax philosophy that has guided this country ever since the constitutional amendment which permitted the income tax to be the major vehicle of our financing.

Mr. Speaker, I yield to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Speaker, I thank the gentleman for yielding, and I only wish to say that I do appreciate the contribution he is making. That is the point I wanted to make.

Mr. PARRIS. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Virginia.

Mr. PARRIS. Mr. Speaker, would the gentleman care to make an observation, consistent with his discussions that he just had with the gentleman from Ohio (Mr. WYLIE), as to whether the reduction of the maximum tax on unearned income from 70-percent to 50-percent has some certain appeal that could fit into the category of the narrowing of the tax base the gentleman alluded to?

Mr. CONABLE. Mr. Speaker, that is analogous to a rate cut. The same income that is subject to the 70 percent tax would be subject to the 50 percent tax.

Let me say to the gentleman that the possibility he is mentioning, which was espoused by some of our leading liberals this past week in the cosponsorship of bills reducing the maximum tax on unearned income from 70 percent to 50 percent, is one of the beneficial side effects of rate cuts, and, therefore, in sponsoring this measure they have found a way to get one of the benefits of rate cuts without supporting rate cuts. It is a benefit from a tax reform viewpoint to reduce the maximum tax on unearned income from 70 to 50 percent because then you have the same maximum tax on earned and unearned income and a tax rate very close to the corporate tax rate, and thus you have sharply reduced incentives to tax sheltering and toward the type of manipulation which tries to convert one type of income into another type of income, either unearned income into earned income or individual income into corporate income, for the purpose of tax minimization.

Because we have had such sharply escalating progressivity in our tax system, we have put a premium on the types of tax manipulation which would offset very high marginal tax rates with artificial tax losses of one sort or another, and much of the tax reform this Congress has gone through since 1969 has been designed to catch the big fish that slips through the net completely by uneconomic activity of a tax-avoidance nature.

In other words, much of our tax reform has been designed to prevent sheltering. It has greatly complicated the tax code.

In that respect, let me say that that is another unfortunate effect of the targeted savings plans. The targeted savings plans, every one of them, adds a new complexity to the tax system, requiring a whole new set of regulations and tax rules for the circumstances under which that type of economic income will be excluded from taxation.

In other words, it adds to the complexity of an already terribly complex system, while rate cuts, if anything, make the system more simple, eliminating the necessity for the type of sheltering which has been the whole reason back of much of the complex tax legislation over recent years.

Mr. Speaker, does the gentleman from Virginia (Mr. PARRIS) have a further request? I yield to the gentleman.

Mr. PARRIS. Mr. Speaker, I appreciate the gentleman's yielding, and I would like to add my plaudits along with those of the gentleman from Ohio (Mr. WYLIE), to the gentleman from New York (Mr. CONABLE) on his statement today. It is consistent with the thorough and thoughtful comments that we have come to expect from the distinguished gentleman from New York, who in my view at least is one of the Nation's true experts on tax policies as they affect the Nation's economy, I commend the gentleman for his service to the Nation and to his colleagues in bringing us this statement his morning.

Let me just make mention of some material that was presented to us at a hearing this morning in the Subcommittee on Housing and Community Development of the Committee on Banking, Finance and Urban Affairs by a distinguished former colleague, Mr. David A. Stockman, the Director of the Office of Management and Budget. I would like to review just very briefly with the gentleman from New York some of the comments made at that time and discuss some of the issues on which he is so knowledgeable and experienced.

You will recall, Mr. Speaker, that when the President took office only two months ago, the economic picture confronting us was grim. Inflation had grown from 1 to 1½ percent a year in the early 1960's to about 13 percent in the past 2 years. Not since World War I had we previously experienced 2 years of back-to-back, double-digit inflation. At the same time, the rate of economic growth the most important single measure of ability to improve our standard of living, dropped significantly in the last decade.

In the past 3 years productivity has actually fallen, interest rates have reached a level of more than 20 percent, interest rates are 15 percent for those who would borrow money to buy homes, there are almost 8 million people out of of work and the threats of lay-off and unemployment hang over millions of others. All who work are frustrated by their inability to keep up with inflation. Our national debt is approaching a trillion dollars. Interest on the public debt this year will be over $90 million. And unless we change the proposed spending for the fiscal year beginning October 1, we will add another almost $80 billion to the debt.

The President's overall program for economic recovery delivered to us on February 18 is designed to break the inflationary psychology that now grips the Nation's economy and to restore investment, job creation, and economic growth to our economy.

This serious set of economic problems has been exacerbated by the Government itself. The Federal Government—through tax, spending, regulatory, and monetary policies—has sacrificed long-term growth and price stability for ephemeral short-term goals. In particular, excessive Government spending and overly accommodative monetary policies have combined to give us a climate of continuing inflation. Such inflation has, itself, helped to sap our prospects for growth. In addition, the growing weight of haphazard and inefficient regulation has weakened our productivity growth. High marginal tax rates on business and individuals have discouraged work, innovation, and the investment necessary to improve productivity and longrun growth. The resulting stagnant growth has contributed to further inflation in a vicious cycle which can only be broken with a plan that attacks broadly on all fronts.

There are four essential elements to the President's plan:

First, budget reform actions that will produce a sharp downward shift in Federal spending growth rates from an average of 16 percent in the last 2 years to 6.1 percent from 1981 to 1982, requiring fiscal savings of $48.6 billion in fiscal year 1982.

Second, a major tax reduction, including a 3-year, 30-percent reduction in individual income tax rates and a significant modification of depreciation schedules for plant and equipment.

Third, a far-reaching regulatory reform program to alleviate excessive cost and compliance burdens, and

Fourth, a stable monetary policy to steadily reduce the growth of money and credit.

The budget reform portion of the President's plan outlines a comprehensive multiyear program for ending the recent unsustainable upward spiral of Federal spending and borrowing. Achieving control over Federal spending is an essential cornerstone of the President's overall economic recovery program.

The effects of the President's economic program will be a significant lowering of inflationary expectations and a dramatic improvement in the underlying economy. Once again economic choices—involving working, saving, and investment—will be based primarily on the prospect of real rewards for those productive activities that improve the true economic well-being of our citizens. It is our firm belief that adoption of the President's plan will spur economic growth and development through increased productivity, stimulation of private investment, and the creation of additional jobs.

I will not take the gentleman's time to go on, but I will be happy to make additional material available to the gentleman from New York.

I would simply say that I sincerely hope that the gentleman from New York will continue his dialog on the floor of this House to attempt to bring the attention of the Members to the fact that we cannot continue to persist in the inflationary and economic tax programs that we have witnessed for the past decade.

Mr. CONABLE. I thank the gentleman from Virginia (Mr. PARRIS) for his contribution, and I will read the material with considerable interest.

Mr. Speaker, there is one other advantage of rate cuts over targeted savings plans that I would like to mention. This was called to my attention by the distinguished gentleman from New York (Mr. KEMP) the other day, and it was a point that I had not thought of before.

Savings in this country are derived from after-tax earnings. In other words, a new saver must save some money out of his earned income and must pay a paid tax on it first. In this sense investment income is taxed twice, because it has to be taxed before it can be saved—it is after-tax income that goes into savings—and then, when it begins to provide an economic return as a result of the investment, it is taxed again.

The targeted savings plans eliminate only one aspect of this tax process. You are saving only the tax on the unearned income resulting from the investment. If you reduce the rate of tax generally and across the board, you are then providing, first of all, some relief for the earned income which provides the source of savings, and you are also providing relief from the tax that is attributed to the unearned income resulting from your savings. You have a bigger pool of potential savings, and more incentive to save.

In this sense, then, an across-the-board rate cut provides a double tax wallop for savers. It is not true of targeted savings plans. The source of money or the money which must go into whatever tax-exempt or tax-deferred savings is provided by the targeted savings plan must first be earned and must be subject to taxation, quite possibly at a more steeply progressive rate, because of the fact that you are taking increased unearned income out of the tax system via the targeted savings plan.

I guess, Mr. Speaker, what I am saying here today more than anything else is that I hope people will consider the long-term economic effects and tax reform effects of the type of change we make. Each has its advantages. I should say in this respect that one of the most interesting advantages of the targeted savings plans is the very thing for which Congress is getting a bad name.

We are alleged to be too subservient to special interests. Well, there are lots of special interests that have a particular advantage to be derived from the targeted savings plans, and I do not think that is bad. For instance, the targeted savings plans relating to bank accounts will have the banks all out promoting them. That is not a bad idea.

The fact that banks will benefit from the tax preference we create is not undesirable, because it means we are more likely to get more savings than we would if the banks were not willing to do the promoting for their own self-interest. In fact, then, one of the disadvantages of the across-the-board rate cuts is that since they benefit everybody but do not benefit in a special way any one of our institutions in this country, they do not have promoters backing them.

The great pressure is toward the targeted savings plans because there are organized economic interests that will benefit from the targeted savings plans, and I want to repeat that I do not think that is necessarily bad. We can have the most economically constructive tax preferences on the books

that are available, and they will not have anywhere near the effect they could have unless the people know they are on the books and know how to take advantage of them via the promotional activity that special interest groups can give them.

It is not a bad idea that we have savings encouraged by people who stand to benefit from them. Bankers, brokers, segregated fund managers, the insurance companies, and so forth, are there to provide service, and if the Government has provided an opportunity for service by tax exclusion of some sort, by tax preference of some sort, the effect may be to have ultimately a larger amount of savings than we would have had were the Government to have been immaculate in the process and done nothing that could possibly benefit an interest group incidental to the granting of the preference.

Now, in mentioning that, I do think, however, that it is apparent that one of the big disadvantages politically that the rate cuts have at this point is that there is nobody, other than the President himself and that small but vocal group of supply side economists who think rate cuts are the way to go. There is no other group pushing rate cuts, while there are many interest groups out pushing the targeted savings plans since they would stand to benefit particularly from them. Maybe rate cuts would be better for the people, but we will never know unless the people bestir themselves in uncharacteristic fashion, to outlobby those economic interests who can benefit from special types of savings. At this point, the President seems to be the prime lobbyist for the people.

Mr. CAMPBELL. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from South Carolina.

Mr. CAMPBELL. Mr. Speaker, I thank the gentleman for yielding.

The point the gentleman is making is, I think, a very crucial point, in that the targeted savings actually only shifts moneys, existing savings. It does not create a new pool of money for savings, whereas a tax cut in and of itself can create additional funds in the marketplace that could go into savings.

Is that a correct assumption of what the gentleman is saying?

□ 1215

Mr. CONABLE. That is one of the things I am saying, yes, and I think it is an important point to make. Much of what we do in special-interest tax legislation of one sort or another is to shift the flow of funds already existing in one form or another into a different form of savings or investment. That is not necessarily bad; but it means that the Government is performing a manipulative role rather than a creative role. It is allocating capital through taxes just as it does by Government-guaranteed loans and things of that sort, as well as by appropriations.

So I think it is important that we see that there is a much more basic change going on through rate cuts than there is through the creation of a new preference which will take already existing funds from one form into another.

Mr. CAMPBELL. Exactly. I totally agree with the gentleman. Let me ask him one more question, if I might. As we seek to reduce the marginal tax rates and at the same time are subjected to the arguments from many people that a tax reduction is inflationary, is it not true that we are not creating new dollars, and that in fact the argument that the people are then going to spend or save their own money is inflationary—which is what some people argue—whereas if the Government kept it and spent it, it is not inflationary? Is it not true that we are talking about the same dollars? We are not creating new dollars. There is no new money coming in through a tax cut. It is merely a change or a shift from Government to individual.

Mr. CONABLE. That is absolutely true, if in fact it is accompanied by an expenditure reduction on the part of the public authorities, which otherwise would be spending money we have left for the people.

Mr. CAMPBELL. Absolutely. Of course the balance of the program is such that when we do reduce the Government expenditures and in fact cut the marginal tax rate and encourage savings in this country, then we have in fact put into being a program that has to have a downward push on inflation, which is the objective that we are all seeking; is that a fair statement?

Mr. CONABLE. I think so. I think we have to be realistic about the time frames involved, and sometimes we are overenthusiastic about how quickly we can bring about increased productivity through increased savings.

Mr. CAMPBELL. I totally agree with the gentleman. It is almost as if we were steering a giant ocean liner, and we may turn the wheel. We may only turn it one degree and that degree may be in the right direction. It may take quite a time to make the total turn, but we are seeking that degree; is that correct?

Mr. CONABLE. The important thing is that we bring about a change in direction, even if it takes some time. We are dealing with very long lead-times here, but the problem has been that for a long time we have been headed in the wrong direction. Up until now we have spent most of our time on short-term considerations, and have eroded our national capital to the point where we are eating our own seed corn.

Mr. CAMPBELL. The gentleman is, I am sure, keenly aware that if we become bogged down in minutia, if we lose sight of the fact that we are seeking a fundamental change of direction, then and at that point we do subject ourselves to merely tinkering with an economy, merely shifting existing savings, merely targeting or reallocating scarce resources, being the monetary supply, instead of doing anything that would have a basic change.

Mr. CONABLE. I agree with the gentleman absolutely. I do think that targeted savings plans go beyond mere tinkering because in some cases they will have the effect of encouraging people to defer consumption and to put their money instead directly into savings—and that is the basic problem we are trying to deal with here.

However, even though that may be one effect of the targeted savings plans, I find inadequate appreciation here in our body of the long-term result of taking economic income outside the tax system in increasing amounts, which I am afraid will have a tremendously distorting and ultimately stultifying effect on an economy which has to raise its taxes in some way. I personally prefer the graduated income tax, if it is not too progressive, to all the regressive alternatives in the form of consumer taxes or value-added taxes as I said, they are at the end of the road, unless we maintain a broad tax base with lower rates rather than excluding from taxation specifc items of economic income.

Mr. CAMPBELL. So if I understand the gentleman correctly, then he is arguing that, first, we have to have a reduction in marginal tax rates; second, our followup could then be the possibility of some targeting, but if you were to target at this time, you might be getting the cart before the horse and not really solving the problem, and may never solve it.

Mr. CONABLE. I think the gentleman makes the point I am trying to make. I personally at this point prefer the rate cuts for reasons I have adduced. I think it is time for fundamental change and not for modest adjustment. That being the case, the rate cuts seem at this time to be an appropriate approach. I do not preclude the possibility of allocating our savings in some way that will be particularly beneficial to the public interest, and I do expect this confrontation between rate cuts and targeted savings plans to be the central issue in the tax debate this spring.

Since there are strong adherents on both sides, since there is a political surcharge on this debate which involves the major parties in confrontation over it, and since the President's program has been categorically de-

scribed in terms of rate reduction rather than in terms of trying to improve the rate of savings, regardless of how we do it, it will be interesting to see how the spring goes. It is my hope that my colleagues on both sides of the aisle will consider the long-term as well as the short-term implications of the potential tax cures for an economy which everybody agrees has insufficient savings, insufficient investments, and long-term factors which have left our productivity curve flat on the floor, and our goods increasingly noncompetitive with the goods of other developed countries.

Mr. Speaker, I yield back the remainder of my time.

GEORGE ED OVERBEY, SR.

(Mr. HUBBARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUBBARD. Mr. Speaker, I would like to compliment my colleague, the gentleman from New York (Mr. CONABLE), for his excellent remarks regarding taxation. He is an outstanding member of the Committee on Ways and Means.

Mr. Speaker, my remarks today are in honor of the late George Ed Overbey, Sr., who died February 20 at the age of 68 in his hometown of Murray, Ky.

This outstanding Kentuckian was a senior partner in the Murray law firm of Overbey, Overbey & Overbey, which included my deceased friend and his two attorney sons, George Ed Overbey, Jr., and William Donald Overbey.

Through the years I have admired and appreciated George Ed Overbey, Sr.

This longtime friend of mine served in the Kentucky State Senate for three terms—1947-51 and 1955-63. Senator Overbey served as president pro tem of the Kentucky State Senate and served in the earlier years of his law career as Calloway County attorney. One of his many outstanding accomplishments is his being one of the founders of the first radio station in Murray. He is survived by his lovely wife, Dorothy Overbey, and a third talented son, Robert Key Overbey, of Calvert City, Ky.

Naturally, I extend to the family and many friends of George Ed Overbey, Sr., my sympathy upon the death of this beloved friend of mine.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Chirdon, one of his secretaries.

IMPOUNDMENT CONTROL ACT RESCISSIONS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-34)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report 33 proposals to rescind a total of $2.8 billion in budget authority previously provided by the Congress, and one new deferral of $8.0 million.

The details of the rescission proposals and the deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *March 19, 1981.*

CITY OF COLUMBUS, OHIO, RAISES MONEY FROM CITIZENS TO AID IN STOPPING MURDER OF ATLANTA'S CHILDREN

(Mr. WYLIE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYLIE. Mr. Speaker, I rise to speak of the terrible tragedy now affecting the city of Atlanta. The senseless and brutal murder of Atlanta's children is an unspeakable crime of the first magnitude. Its implications go far beyond that city's boundaries. It is an ongoing problem we all must seek to solve.

Along these lines, I am proud to report that the city of Columbus, Ohio, which I represent, last Tuesday presented Mayor Jackson with a check for $41,000 to aid in the investigation of the murders. The money was raised from volunteer contributions of many, many people in central Ohio who wanted to help end this awful situation. This is more money than any other city in the United States has raised for this purpose. I commend my constituents and the originator of the drive, Mr. Clifford Tyree, for their spectacular efforts.

LEGISLATION TO GIVE MILITARY PERSONNEL A TAX BREAK

(Ms. FIEDLER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. FIEDLER. Mr. Speaker, for the last few months my staff has been discussing an important concept with me on the members of the military. Today, Secretary Weinberger announced the concept publicly, and, therefore, I have today introduced my piece of legislation aimed at making service to our country more desirable.

For years we have been seeing a loss of qualified men and women in our armed services. For example, less than half of our officers reenlist. Our Ready Reserves are 700,000 men short. And, over one-third of those newly enlisted never finish their first enlistment. A large portion of this problem is centered on the fact that we have failed to adequately compensate our servicemen and servicewomen. The continuing stories of military families on food stamps and the reports that our servicemen in Germany are forced to take handouts from the German people is a national disgrace.

Therefore, today I have introduced legislation to give our service personnel a tax break as an incentive to retaining them in the military and as an incentive to young people to enlist, thereby negating the need for a draft. The legislation is very simple. It excludes the first $1,000 per month a member of the service earns from being taxed. That means a maximum of $12,000 per year per person would be exempt from income taxes. If our fighting men and women are given an incentive to enlist and to stay in the service, our manpower problems will soon disappear.

□ 1230

DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. SKELTON) is recognized for 20 minutes.

Mr. SKELTON. Mr. Speaker, were we to go to an army base somewhere in America and see a young busy soldier raking the leaves, we might ask—why is he not taking parachute training? Why is that young soldier not working as a mechanic on a tank? Why is that uniformed young American not doing something constructive so we as a nation may be better militarily prepared?

Today, I wish to speak of a little known aspect of military readiness—the need for defense civilian personnel. As we all know, President Reagan, as part of his economic recovery program, has proposed a reduction of 60,000 civilian employees from the Federal Government's rolls. What is not as well known is that within this overall decrease in Federal civilian employment is a recommendation for a fairly substantial increase in civilian employees for the Department of Defense.

It is not a particularly attractive step to advocate increases in Federal civilian employees. However, I want to state my support for the willingness to

recognize the facts of life in this area of national defense by requesting an increase of approximately 39,000 civilian employees for the Department of Defense for fiscal year 1981 and fiscal year 1982.

Since the pre-Vietnam buildup period civilian employment in the Department of Defense has decreased by almost 200,000 personnel. Over the same period, agencies in the Federal Government outside the Department of Defense were increasing in civilian employment by more than 250,000. So, while Federal Government employment figures have remained fairly constant, a major shift within the Government has occurred from the Department of Defense to other Federal agencies, such as HEW and the like. I am including the following table that illustrates the point.

EXECUTIVE BRANCH CIVILIAN EMPLOYMENT

[In thousands]

	Fiscal years—		
	1964	1974	1980
Department of Defense	1,176	1,098	990
Other	886	999	1,142
Total	2,062	2,097	2,132

Mr. Speaker, this shift in Federal employment has not been without effect in the Department of Defense.

The reductions have had a serious impact on military readiness. I recognize that linking civilian strength in the Department of Defense to readiness seems contradictory. The fact is, Mr. Speaker, civilians today perform some of the most critical tasks in insuring that our military forces are ready to fight. Let me give you some examples.

The technology of most sophisticated military equipment—particularly the bulk of our combat aircraft—is now designed so that maintenance crews on the flight line do not actually repair damage equipment. When sophisticated hardware needs repair, it is now in a self-contained unit—a black box—which is simply removed and a new one substituted. The black box itself or the aircraft in its entirety, when necessary, are then sent to central maintenance depots in the United States where the actual repairs are accomplished by civilian employees. The task of upgrading and overhauling tank engines and turrets is done by civilians. The components of combat helicopters are maintained by civilians, as is the overhaul of our naval vessels.

In fact with the shortages in experienced petty officers in the Navy, a very small but nevertheless very important part of the work done to maintain aircraft on our carriers now deployed in the Indian Ocean is done by civilians who work on the ships. Today, no U.S. carrier leaves port without approximately 30 civilians aboard to train and assist Navy personnel.

The simple fact is that our military aircraft, ships, and tanks cannot operate in peacetime—to say nothing of wartime—without this civilian support. Shortages of civilians have contributed to the allegations we have all heard that too large a percentage of our equipment is not ready to perform.

These depots are one of the two places the additional civilians for the Department of Defense will show up. The other is in the Army where today, because of past reductions in civilian personnel, the Army must dedicate almost two full divisions of active duty personnel every day in substitution for these lost civilians. This borrowing of military personnel impairs the Army's readiness for combat.

Military personnel, to be effective, must train not only to improve their individual skills, but they must train with units because effective units are the key to successful combat operation. Borrowing personnel—often key noncommissioned officers—prevents Army units from performing effective training. Also, at the Army training bases themselves only 70 percent of the instructor positions are manned because the NCO's supposed to be training soldiers are being used to perform functions on the base normally performed by civilians. Mr. Speaker, the additional civilians will truly assist readiness.

There is one further area where additional civilian personnel are still needed—military medical facilities. There is probably no single part of the military structure that has more impact on a service member's morale and feeling of being well-treated for themselves and their families than the medical care system. We ask great sacrifices of our servicemen—serving overseas in areas far from their family—to sail in the Indian Ocean for many months at a time away from any contact with their loved ones. In such conditions, military personnel can face such sacrifices as long as they know their families are well taken care of. In large part, this means good medical care.

In an effort to improve the military medical care system, the Congress passed new legislation increasing bonuses for military physicians last year. The purpose of the bonus is to assist in retaining more of these doctors to improve medical care delivery in the military. However, additional pay alone will not be enough, nor will keeping doctors alone solve the problems in the military medical care system.

There is a shortage in civilian military personnel that permit the medical system to function. The civilians set up appointments and provide clerical assistance to the doctors. The assistance of these personnel considerably expands the capability of the doctor to use his time effectively, as well as provide the administrative support that permits the medical system to serve its patients more fully.

The Congress can—and should—urge that some of these additional civilians be used in the medical care system.

Although the proposed increase in civilians is more than justified, as part of my support for this increase for additional civilians, I will urge that the Congress carefully monitor the Department's program to insure that these additional civilians actually end up at the operating levels where they are needed. In any government agency, good intentions do not always reach the intended target. The Congress can and should oversee the allocation of this civilian increase to insure it is really used to improve military readiness.

In conclusion, Mr. Speaker, in a very real sense, the additional funding the President has requested this year to improve the posture of our military forces cannot be effectively spent and we would be wasting the taxpayer's money if we provided it without these additional civilians that will permit our armed services to increase their readiness, and, as we all know, readiness is the greatest element to deterrence.

AGRICULTURE DAY, 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. DE LA GARZA) is recognized for 60 minutes.

● Mr. DE LA GARZA. Mr. Speaker, I ask all Members of the House and, for that matter, all Americans to join in recognizing today as Agriculture Day, 1981.

This is a recognition of the fact that American agriculture is a basic element in the welfare of every one of our citizens. When agriculture is efficient, progressive, and productive—as ours has been—all of our citizens are better off. When the 3 percent of the population which supplies our food and fiber suffers from economic distress, however, it is a warning signal of potential problems for all the rest of us in the future.

We are celebrating Agriculture Day at an appropriate time. In our House Agriculture Committee, we are currently at work on a major farm bill. We hope that legislation will be developed on a bipartisan basis and will point the way to an economically healthy, profitable agriculture in the future.

It is not surprising, Mr. Speaker, that many of our citizens do not think much about the role which agriculture plays in their lives.

People normally do not think much about water until the well runs dry. We have a habit of taking for granted many of the things on which we depend for comfort, for convenience, and for life itself.

We take food for granted, because American farmers and farmworkers have made sure that we have plenty of it.

When we do that, we are making a mistake. When we take things for granted, we may ignore the fact that if we want to guarantee an adequate supply of food and fiber in the future, we will need to assure the continuation of progress in agriculture.

The meaning of this day goes far beyond our own borders. American food is a vital element in the lives of millions of people in all parts of the world. The importance of our food in preventing world hunger is very great now, and we know that it will be even greater in the future.

With less than 7 percent of the world's land, the United States is producing about 43 percent of the world's corn and about 60 percent of the world's soybeans. This country supplies nearly half of the world's wheat exports and an amazing 71 percent of the corn and other coarse grains which flow into world trade.

These are numbers, and numbers are sometimes not exciting. What I think we should do today is to look at what these numbers mean.

The simple fact is that if American farmers and their workers were not so amazingly efficient and productive, millions of people would be faced today with malnutrition and even starvation. The fact is that the rest of our economy would be in far worse shape than it is.

Our agricultural exports brought in some $40 billion in receipts last year. When you consider the number of dollars we have been sending abroad to pay for imported oil and other products, you must realize that the American dollar would be in sad shape without the dollars which flow back to pay for our farm products.

Our farmers amount to less than 3 percent of our population today. But that is not the total of the impact of agriculture on our domestic economy.

Overall, more than 15 million Americans today have jobs in some phase of agriculture. Nearly 4½ million people work on farms, and up to about 10 million more men and women are working in processing, storing, transporting, and merchandising our food and fiber. When you add it up, some form of agriculture or agriculture-related industry accounts for about one of every five jobs in our economy.

For consumers, there is good reason to celebrate Agriculture Day as a second national day of thanksgiving. American agriculture has given us the world's best diet at, by and large, a very low cost.

Food prices have risen in recent years. But when we complain about that, let us take time to realize that the average American's food bill has not gone up as fast as his earning power. The average factory worker, for example, can buy about 50 percent more bread with 1 hour's labor these days than he could 30 years ago. Facts like that may be blurred at times in concern about today's inflation problems—but they are facts which demonstrate that the American farmer has done his share and more for the welfare of his fellow citizens.

I was glad to be among the sponsors last year of House Joint Resolution 560 which designated today as Agriculture Day, 1981, and which authorized the President to issue a formal proclamation of the day.

The proclamation was issued by President Reagan on February 13, and Agriculture Day is being celebrated today in many ways in hundreds of communities and big cities across the Nation. I am glad we are paying this deserved tribute to all of our citizens involved in agriculture. I hope we all keep their contributions in mind all through the rest of the year.●

MR. JOSEPH ROSENTHAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PHILLIP BURTON) is recognized for 5 minutes.

● Mr. PHILLIP BURTON. Mr. Speaker, this evening in San Francisco, a reception is being held for Pulitzer Prize-winning photographer Mr. Joseph Rosenthal. This event marks his retirement from the San Francisco Chronicle after a distinguished career spanning 35 years with this fine institution.

On this occasion, I want to share with my colleagues some reflections on Mr. Rosenthal's retirement. While his artistry with the camera has won him acclaim worldwide, especially his memorable and most inspiring photograph of the flag raising on Iwo Jima, it has been that special ability of his to capture the human experience in its most native sense that continually impresses viewers of his work. Mr. Rosenthal has indeed a rare gift and talent, one that I hope even in retirement he will continue to use.

It is my pleasure to call this to the attention of my colleagues as Mr. Rosenthal and his work are very much part of our Nation's heritage and so much a part of what makes San Francisco the great city that it is.●

EDUCATION FOR THE HANDICAPPED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. TAUKE) is recognized for 5 minutes.

● Mr. TAUKE. Mr. Speaker, the number of letters streaming into my office each day over the past 4 weeks clearly indicates that many people are concerned that in our zeal to halt inflation and get our economy turned around we may neglect the critical needs of some people.

When I served on the Education and Labor Committee, I had the opportunity to carefully review the legislation providing educational funds to the handicapped. This program in particular has been very beneficial to many people. It is the type of program which should continue in order to help people become as self-sufficient as possible.

I support the thrust of the President's proposals to reduce Federal spending, stop the skyrocketing growth of Government, and send signals to the American public that serious solutions to the problems of our national economy are being attempted. At the same time, however, I want to be certain that Congress insures essential programs, particularly those that affect the poor, disabled, and elderly. Therefore, in analyzing the proposals, we should only eliminate those programs that are wasteful and least cost effective.

With this thought in mind, I hope to support block grants to the States for the handicapped education programs. But I will be watching to be sure that these programs are not short changed. We have a responsibility to help the handicapped become productive members of our society.●

UNEMPLOYMENT INSURANCE EXTENDED BENEFITS IMPROVEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 10 minutes.

● Mr. LAFALCE. Mr. Speaker, the current Federal program, administering the payment of extended benefits to unemployed workers who have exhausted their regular unemployment benefits, is replete with inequities and fails to consistently provide necessary funds to areas which suffer chronically high unemployment. The present Federal law which controls the payment of extended benefits requires that the fate of unemployed workers in all States is inextricably tied to the overall national picture of unemployment. This is, indeed, a harsh blow to many regions which suffer greater joblessness due to worsening conditions in some sectors of the national economy, but do not share in the economic boom in other regions of the country.

The Federal-State Unemployment Compensation Act of 1970 mandates

that the Nation, as a whole, is triggered on to the extended benefits program when the insured unemployment rate (IUR) for the entire country is 4.5 percent or greater. When the national IUR falls below 4.5 percent, an individual State may remain triggered on if the State's own IUR equals at least 4 percent and is 120 percent of the average State IUR in the corresponding period in the previous 2 years; or, at the State's option, it reaches a flat 5 percent level.

The anomalous result of such a system is that States with chronically high levels of unemployment may not meet the independent criteria for remaining triggered on—while other State's with much lower levels of real unemployment, but which are comparatively worse off than they were during the previous 2 years, do qualify to continue receiving extended benefits.

Mr. Speaker, today I am introducing legislation which would rectify the faults in the system which prevents extended benefits from being paid to many deserving workers. My bill contains provisions which would abolish the inequities which currently permeate the system and it would also save money in the current fiscal year. These revisions in the current law embrace some of President Reagan's proposals to deal with the unemployment insurance program, and also change the law so that workers in States which suffer chronically high levels of unemployment will be sure to receive much-needed extended benefits.

The bill which I introduce has essentially two features. First, the bill would abolish the national trigger mechanism. As I have mentioned, the national trigger has caused great hardship to jobless workers whose fate rests upon fluctuations in the Nation's economy, totally beyond the control of their State of residence. Workers in many States have found, when the Nation has triggered off, that their extended benefits are summarily terminated because the national unemployment picture has improved—despite the fact that the job situation in their own State has worsened. This has been the case even though the deeper joblessness in such a State is caused by national factors. For example, the present decline in automobile sales is clearly a problem which manifests itself in national car-buying trends. Obviously, however, this problem creates much greater burdens for workers in those States which are heavily involved in auto-related industries. Repealing the national trigger will put an end to this inequitable treatment of many workers.

Second, my bill would establish a State IUR level of 3 percent in order to trigger on a State to the extended benefits program. This change is necessary for essentially two reasons. In the period since the Federal-State Unemployment Compensation Act has been in effect, the coverage of the program has, wisely, been expanded to include many public service employees. However, since these persons generally incur lower rates of unemployment than workers in the private sector, the calculation of IUR has been skewed by including the relevant employment figures of these public service employees. Therefore, the currently required IUR levels which must now be met are simply no longer appropriate given the nature of the program. In addition, stark economic realities of the past decade mean that we now face higher underlying levels of unemployment than when the extended benefits programs was first initiated. Thus, the relevant IUR levels must be adjusted if this program is to remain a viable one—providing assistance where it is needed most.

Because the current law provides benefits to all States when the Nation is triggered on, rather than targeting funds to areas of high unemployment, the present program leads to excessive expenditures by the Federal and State governments which share, equally, the costs of the extended benefits program. I am pleased to note that compared to current law, my bill would allow savings of over $400 million in Federal and State expenditures in fiscal year 1981.

Ultimately our goal must be to provide the needed stimulus to boost the economy and return workers to their jobs. In the meantime, we must not permit workers in some States to be penalized by improved economic conditions in other States. We have a duty to provide needed aid to persons who are out of work due to factors beyond their control. We must also formulate a plan which directs taxpayers dollars to those areas most in need of such money. This bill marks a significant step in achieving these aims.●

EXPORT-IMPORT BANK FINANCING NOTIFICATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 5 minutes.

● Mr. NEAL. Mr. Speaker, I am referring to the House today a notification from the U.S. Export-Import Bank on proposed financing to assist in the sale of jet aircraft valued at $230,175,000 to the Government of Israel for use by El Al Israel Airlines or by a new Government-owned airline.

The Eximbank is prepared to authorize a direct credit of $172,631,250 and a financial guarantee of $23,017,500 to make possible this sale of two new Boeing Co. 737-200 jet aircraft, the U.S.-made components of four new Boeing 767-200's, spare engines, and related parts.

This Eximbank notification was referred to me as chairman of the Banking Committee's Subcommittee on International Trade, Investment and Monetary Policy. Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, requires that the Eximbank notify Congress of proposed loans or financial guarantees, or combinations thereof, of $100 million or more. Unless the Congress determines otherwise, the Eximbank may give final approval to the transaction after 25 days of continuous session of the Congress after notification.

I am submitting for the RECORD at this time the Eximbank's notification, which provides the terms and details of the proposed financing. I would welcome any comments or questions my colleagues might have about this proposal.

The Eximbank material follows:

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., March 12, 1981.

Hon. STEPHEN L. NEAL,
Chairman, Subcommittee on International Trade, Investment and Monetary Policy, House Banking Committee, U.S. House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, I have reported to the President of the Senate and the Speaker of the House of Representatives on an application currently pending consideration by the Bank. I am taking the liberty of providing you with a copy of this statement.

Sincerely,

NANCY S. PIGMAN,
Congressional Relations Officer.

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., March 12, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives, The Speaker's Room, U.S. Capitol, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the House of Representatives with respect to the following transaction involving U.S. exports to Israel.

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to authorize a direct credit of $172,631,250 and a financial guarantee of a supplier credit in the amount of $23,017,500 to the Government of the State of Israel (Government) to facilitate the purchase in the United States of two new Boeing 737-200 jet aircraft, the U.S. components of four new Boeing 767-200 jet aircraft, spare engines and related spare parts. The total U.S. export value for this transaction is estimated to be $230,175,000.

2. Identity of the parties

The Government of the State of Israel, the borrower, has been involved either as borrower or guarantor in numerous transactions with Eximbank since the inception of the State of Israel and its repayment record has been excellent. The Government is the borrower because El Al Israel Airlines, Lim-

ited may be reconstituted or superseded by another Israeli flag-carrier, owned by the Government, and the latter entity may be the user of the 6 aircraft.

3. Nature and use of goods and services

The principal goods to be exported from the United States at this time are two Boeing 737-200 short/medium range jet aircraft, the U.S. components (including installed engines) of four Boeing 767-200 medium range jet aircraft, spare engines for both models, airframe spares, engine spares and ground support equipment. The airframes and related spares will be manufactured by The Boeing Company of Seattle, Washington. The engines and related spares will be manufactured by the Pratt & Whitney Division of United Technologies, Inc. in Hartford, Connecticut. These two companies will subcontract with numerous U.S. companies for major portions of the airframe and engine manufacture.

These aircraft will replace aging, fuel inefficient aircraft now being operated by El Al. They will not be operated on routes normally served by U.S. carriers but mainly on Israeli/European and Israeli/Egyptian routes. Deliveries for the 737's are scheduled in September and October 1982 and deliveries for the 767's are scheduled in August and November 1983 and March 1984 (two aircraft). The non-U.S. components of the 767 jet aircraft will be financed by local Israeli bank borrowings.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

Airbus competition has been alleged to exist in connection with this transaction but not proven. However, during the pre-purchase discussions, Airbus Industries did approach Arkia Israel Inland Airlines, Ltd., a private Israeli carrier which is considering expanding its fleet, and made to Arkia an attractive financing offer. This offer was of course known to the Government and El Al. In fact over the past few years El Al has been approached by Airbus but the former has decided to buy Boeing aircraft principally on the basis of competitive financing then provided by Eximbank.

It should be noted that the Government is endeavoring to require the user of the aircraft to conduct its commercial operations much like nongovernment airlines: profitable operations, avoidance of featherbedding and sound debt management, even in a difficult environment of accelerating fuel and other inflationary costs. Because a large number of Israel's commercial aircraft are fuel and route inefficient, the Government seeks Eximbank financing assistance to purchase fuel efficient, smaller short and medium range jet aircraft to replace the aging 707's and 747-100's.

The Boeing Company estimates that the export of the U.S. goods will provide 5,000,000 man/hours for Boeing, its subsidiaries and its sub-suppliers. Additional benefits which will flow to the United States from the transaction include sizeable follow-on exports of spare parts, and ground support and other related equipment.

2. The financing plan

The financing plan for the total U.S. procurement supported by the Eximbank direct credit and the financial guarantee of the supplier credit, to be provided by The Boeing Company or one of its subsidiaries at the same rate as for the Eximbank direct credit, is as follows:

	Percent of U.S. cost	Amount
Cash payment	15	$34,526,250
Supplier credit[1]	10	23,017,500
Eximbank direct credit	75	172,631,250
Total	100	230,175,000

[1] Guaranteed by Eximbank.

(a) Eximbank Charges

The Eximbank direct credit will bear interest at the rate of 9¼% per annum, payable semiannually. Eximbank will charge a commitment fee of ½ of 1% per annum on the undisbursed amounts of the Eximbank direct credit; a guarantee commitment fee of ⅛ of 1% on the undisbursed amounts of the supplier credit; and a guarantee fee of ½ of 1% on the disbursed amounts of the supplier credit.

(b) Repayment Terms

Aggregate disbursements under the supplier credit and the Eximbank direct credit will be repaid by the Government in three repayment schedules of 20 equal semiannual installments beginning (i) April 30, 1983, for aircraft and spares delivered during the period ending March 30, 1983; (ii) May 31, 1984, for aircraft and spares delivered during the period April 1, 1983 through April 30, 1984; and (iii) September 30, 1984, for aircraft and spares delivered during the period May 1, 1984 through July 31, 1984. Under each of the repayment schedules the first two installments and part of the third installment will be applied to the repayment of the supplier credit and the balance of each schedule will be applied to the repayment of the Eximbank direct credit.

Attached is additional information on Eximbank activity in and economic data on the country involved in this transaction.

Sincerely,

JOHN L. MOORE, Jr.

ATTACHMENT 1.—EXIMBANK EXPOSURE IN ISRAEL

[As of Dec. 31, 1980; in thousands of dollars]

	Outstanding	Undisbursed
Direct loans and CFF loans	180,997	312,155
Financial guarantees	149,725	292,229
Bank guarantees and other	8,200	N/A
Insurance:		
Medium term	4,400	N/A
Short term	6,600	N/A
Total for Israel	349,922	604,384

DEFAULTS AND RESCHEDULINGS

In the past ten years there have been no defaults or rescheduling of Export-Import Bank direct credits for U.S. export sales in Israel.

ISRAEL—KEY ECONOMIC INDICATORS

[All values in Israeli pounds (IL) billion, unless otherwise stated]

	1978	1979	Estimated 1980	Percent change 1978–79
Income, production and employment:				
GNP, current prices	223.9	416.9	N/A	86.2
GNP, 1979 prices	397.0	416.5	433.8	4.9
Per capita, GNP, current prices (IL) [1]	60,661.0	110,174.0	N/A	81.6
Plant and equipment investment, current prices	20.0	38.1	N/A	90.5
National income/capita, current prices (IL) [2]	45,083.0	81,052.0	N/A	79.8
Industrial production index (1978=100) [1]	100.0	[2] 104.9	N/A	4.9
Civilian labor force (thousands) [3]	1,258	1,280	1,305	1.7
Average unemployment rate	3.6	2.9	4.2	−19.4
Money and prices:				
Money supply [3]	27.2	32.8	N/A	20.6
Interest rate (big banks) [3]	3.8	9.0	N/A	136.8
Wholesale price index (1977=100) [1]	153.2	274.2	N/A	79.0
Consumer price index (1976=100) [1]	202.7	361.4	N/A	78.3
Balance of payments (millions of dollars):				
Gold and foreign exchange reserves (IMF definition) [3]	2,678.0	3,120.0	N/A	16.5
Foreign debt [3]	12,882.0	14,999.0	17,100.0	16.4
Average exchange rate against U.S. dollar, IL [1]	17.48	25.43	N/A	45.5
Balance of payments, goods and services	−3,349.0	−3,767.0	−5,065.0	12.5
Merchandise exports FOB	3,921.0	4,553.0	5,625.0	16.1
Exports to United States	685.0	749.0	N/A	9.3
Merchandise imports CIF	5,843.0	7,471.0	9,300.0	27.9
Imports from United States	1,103.0	1,512.0	N/A	37.1

[1] Annual average. [2] Estimate. [3] End of period. N/A—Not available.

Note.—As of March 1980, Israel introduced a new currency unit, the shekel. 1 shekel is equal to 10 Israeli pounds (lirot). Shekels are only gradually replacing pounds in transactions and the unit of account is still the pound for the most part. Therefore all figures quoted in this report are in Israeli pounds.

Main imports from the United States in 1979 (millions of dollars): machinery and electrical equipment—386; agricultural products—352; transport equipment—260; chemicals—94; rough diamonds—84; metal products—80; optical and measuring instruments—59; textile and clothing—48; paper and paper products—36; rubber and plastic products—36.

Source: Foreign economic trends report, May 15, 1980.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GRISHAM) to revise and extend their remarks and include extraneous material:)

Mr. TAUKE, for 5 minutes, today.

Mr. PARRIS, for 20 minutes, March 23, 1981.

(The following Members (at the request of Mr. SKELTON) to revise and extend their remarks and include extraneous material:)

Mr. SKELTON, for 20 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. LAFALCE, for 10 minutes, today.

Mr. NEAL, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. GRISHAM) and to include extraneous matter:)

Mr. CARMAN.
Mr. WAMPLER.
Mr. KEMP.
Mr. GILMAN in two instances.
Mr. RINALDO.
Mr. MCCLORY.
Mr. FRENZEL in three instances.
Mr. SAWYER.
Mr. GREEN.
Mr. BAFALIS.
Mr. TAUKE.
Mr. CARNEY.
Mr. LOTT.
Mr. MADIGAN.
Mr. DERWINSKI.
Mr. NELLIGAN.

(The following Members (at the request of Mr. SKELTON) and to include extraneous matter:)

Mr. CONYERS.
Mr. ROSENTHAL.
Mr. HALL of Ohio.
Mr. BREAUX.
Mr. OBERSTAR.
Mr. RODINO.
Mr. APPLEGATE.
Ms. MIKULSKI.
Mr. HUGHES.
Mr. HUBBARD.
Mr. MINETA.
Mr. BEDELL.
Mr. WAXMAN.

ADJOURNMENT

Mr. SKELTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 42 minutes p.m.), under its previous order, the House adjourned until Monday, March 23, 1981, at 12 noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

843. A letter from the Chairman, U.S. Nuclear Regulatory Commission, transmitting a draft of proposed legislation to amend the Atomic Energy Act of 1954, as amended to authorize the Commission, upon determination that such action is necessary in the public interest, to issue an interim operating license authorizing fuel loading, low-power operation and testing of a nuclear power reactor in advance of the conduct of a hearing; to the Committee on Interior and Insular Affairs.

844. A letter from the Acting Assistant Secretary of the Army (Civil Works), transmitting a Corps of Engineers report on the Richard B. Russell Dam and Lake (pumped storage), Ga. and S.C., in partial response to resolutions of the Senate and House Committees on Public Works adopted January 14, 1966, and May 5, 1966, respectively (H. Doc. No. 97-35); to the Committee on Public Works and Transportation and ordered to be printed.

845. A letter from the Director, Office of Technology Assessment, transmitting the annual report of the Office for calendar year 1980, pursuant to section 11 of Public Law 92-484; to the Committee on Science and Technology.

846. A letter from the Secretary of Health and Human Services and the Secretary of Housing and Urban Development, transmitting notice of a delay until August 1, 1981, in the submission of the report on shelter and basic living needs of chronically mentally ill individuals, required by section 802 of Public Law 96-398; jointly, to the Committees on Energy and Commerce and Banking, Finance and Urban Affairs.

847. A letter from the Comptroller General of the United States, transmitting a report on the value added tax (PAD-81-60, Mar. 3, 1981); jointly, to the Committees on Government Operations and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. Report on monetary policy for 1981 (Rept. No. 97-10). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MICHEL:

H.R. 2629. A bill to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually; to the Committee on Agriculture.

By Mr. BAFALIS (for himself, Mr. MARLENEE, and Mr. SENSENBRENNER):

H.R. 2630. A bill entitled "Tax Credit for the Elderly Improvement Amendments of 1981"; to the Committee on Ways and Means.

By Mr. BINGHAM (for himself, Mr. BONKER, and Mr. LAGOMARSINO):

H.R. 2631. A bill to provide for the payment, out of the proceeds of gold belonging to the Government of Czechoslovakia, of certified awards of nationals of the United States against the Government of Czechoslovakia and to provide for the release of such proceeds to Czechoslovakia after all such awards and certain other debts are paid; to the Committee on Foreign Affairs.

By Mr. BOLAND (for himself, Mr. MINETA, and Mr. CONTE):

H.R. 2632. A bill to amend Public Law 96-36 to authorize additional funds to plan for the development of the area south of the original Smithsonian Institution Building adjacent to Independence Avenue at 10th Street SW., in the city of Washington; to the Committee on House Administration.

By Mr. BREAUX:

H.R. 2633. A bill to amend section 924(c) of title 18, United States Code, to strengthen existing mandatory penalties for using or carrying a firearm in the commission of a felony; to the Committee on the Judiciary.

By Ms. FIEDLER:

H.R. 2634. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income certain amounts of the military compensation of members of Active or Reserve components of the Armed Forces of the United States; to the Committee on Ways and Means.

By Mr. FISH:

H.R. 2635. A bill to allow the termination and modification of certain fixed-price procurement contracts between the United States and small business concerns because of increases in the price of rare and precious metals; to the Committee on Small Business.

By Mr. GILMAN:

H.R. 2636. A bill to provide for the distribution within the United States of the International Communication Agency film entitled "In Their Own Words"; to the Committee on Foreign Affairs.

H.R. 2637. A bill to regulate commerce and to prohibit unfair or deceptive acts or practices in commerce, and for other purposes; jointly, to the Committees on Energy and Commerce and the Judiciary.

By Mr. GINGRICH:

H.R. 2638. A bill to provide mandatory social security coverage for Members of Congress; to the Committee on Ways and Means.

By Mr. GREEN (for himself, Mr. HORTON, Mr. VENTO, Mr. ZEFERETTI, Mr. ADDABBO, Mr. BONKER, Mr. FORSYTHE, Mr. SCHEUER, Mr. STARK, Mr. BENJAMIN, Mr. ROE, Mr. YATRON, Mr. SIMON, Mr. ROSENTHAL, Mr. IRELAND, Mr. SCHUMER, Mr. MURPHY, Mr. BAFALIS, Mr. SOLARZ, Mr. BURGENER, Mr. FAZIO, Mr. MARKEY, Mr. COTTER, Mr. FISH, Mr. CORCORAN, Mr. CORRADA, Mr. BINGHAM, Mr. RICHMOND, Mr. GUARINI, Mr. STOKES, Mr. HUGHES, Mr. CROCKETT, and Mr. PEPPER):

H.R. 2639. A bill to enhance the detection of motor vehicle theft and to improve the prosecution of motor vehicle theft by requiring the Secretary of Transportation to issue standards relating to the identification of vehicle parts and components, by increasing criminal penalties applicable to trafficking in stolen vehicles and parts, by curtailing the exportation of stolen vehicles, and by establishing penalties applicable to the dismantling of vehicles for the purpose of trafficking in stolen parts, and for other purposes; jointly, to the Committees on Energy and Commerce, Foreign Affairs, the Judiciary, Post Office and Civil Service, and Ways and Means.

By Mr. HEFTEL (for himself, Mr. OTTINGER, Mr. MARTIN of North Carolina, Mr. ROUSSELOT, Mr. DOWNEY, Mr. JEFFORDS, Mr. STUDDS, Mr. SAWYER, Mr. EVANS of Georgia, Mr. MURPHY, Mr. FAZIO, Mr. GEJDENSON, Mr. NEAL, Mr. YATRON, Mr. WOLPE, Mr. DIXON, and Mr. MAVROULES):

H.R. 2640. A bill to amend the Internal Revenue Code of 1954 to provide nonrefundable tax credits for investments in qualified industrial energy efficiency and fuel conversion projects, and for other purposes; to the Committee on Ways and Means.

By Mr. LAFALCE:

H.R. 2641. A bill to revise the trigger provisions of the Federal-State extended unemployment compensation program; to the Committee on Ways and Means.

By Mr. MADIGAN (for himself, Mr. CORCORAN, Mr. DANNEMEYER, Mrs. FENWICK, Mr. GARCIA, Mr. GREEN, Mr. GUARINI, Mr. LENT, Mr. RINALDO, and Mr. SPENCE):

H.R. 2642. A bill to authorize the use of heroin for terminally ill cancer patients; to the Committee on Energy and Commerce.

By Mr. MINETA (for himself, Mr. HOWARD, Mr. ANDERSON, Mr. LEVITAS, Mr. OBERSTAR, Mr. NOWAK, Mr. FARY, Mr. YOUNG of Missouri, Mr. RAHALL, Mr. APPLEGATE, Ms. FERRARO, Mr. ATKINSON, Mr. BONER of Tennessee, Mr. DE LUGO, and Mr. SUNIA):

H.R. 2643. A bill to provide for the improvement of the Nation's airport and airway system, and for other purposes; jointly, to the Committees on Public Works and Transportation and Science and Technology.

By Mr. MURPHY (for himself and Mr. SIMON):

H.R. 2644. A bill to extend authorizations of appropriations for programs established in the Alcohol and Drug Abuse Education Act; to the Committee on Education and Labor.

By Mr. RODINO (for himself and Mr. MCCLORY):

H.R. 2645. A bill to authorize additional judicial positions for the courts of appeals and district courts of the United States; to the Committee on the Judiciary.

By Mr. SAWYER:

H.R. 2646. A bill to amend section 1963 of title 18 of the United States Code to create a rebuttable presumption about the forfeiture of property of persons convicted of racketeering offenses involving violation of drug laws, to provide that the property forfeited in connection with such racketeering offenses, and the proceeds from such property, be used for local, State, and Federal drug law inforcement, and to provide that certain profits or proceeds of persons convicted of racketeering offenses involving violations of drug law are subject to forfeiture; to the Committee on the Judiciary.

By Mr. SCHULZE:

H.R. 2647. A bill to amend the Internal Revenue Code of 1954 to equalize the dollar amounts of income tax withholding on gambling winnings from horseracing, State-conducted lotteries, and certain other wagers; to the Committee on Ways and Means.

By Mr. VOLKMER:

H.R. 2648. A bill to amend the Internal Revenue Code of 1954 to reduce individual and business income taxes; to the Committee on Ways and Means.

By Mr. BAFALIS (for himself, Mr. COLLINS of Texas, Mr. JEFFRIES, Mr. BUTLER, Mr. BENJAMIN, Mr. DANNEMEYER, Mr. WHITEHURST, Mr. MCDONALD, Mr. MADIGAN, Mr. GINGRICH, Mr. WILSON, Mr. WHITTAKER, Mr. LOTT, Mr. IRELAND, Mr. LIVINGSTON, Mr. LUNGREN, Mr. EVANS of Georgia, Mr. KRAMER, Mr. LEE, Mr. SOLOMON, Mr. MOORE, Mr. DUNCAN, Mr. HANSEN of Idaho, Mr. GOLDWATER, Mr. SPENCE, Mr. MOTTL, Mr. ROBERT W. DANIEL, JR., Mr. MITCHELL of New York, Mr. LAGOMARSINO, Mr. CHAPPELL, Mr. SNYDER, Mr. ROBINSON, Mr. BURGENER, Mr. CAMPBELL, and Mr. YOUNG of Florida):

H.J. Res. 211. Joint resolution proposing an amendment to the Constitution to alter Federal fiscal decisionmaking procedures; to the Committee on the Judiciary.

By Mr. CONTE:

H.J. Res. 212. Joint resolution to designate the third week of September as "National Cystic Fibrosis Week"; to the Committee on Post Office and Civil Service.

By Mr. HOLLENBECK (for himself, Mr. SANTINI, Mr. ROE, Mrs. FENWICK, Mr. LENT, Mr. KOGOVSEK, Mr. CORRADA, Mr. FORSYTHE, Mr. GUYER, Mr. SOLARZ, Mr. ANNUNZIO, Mr. OBERSTAR, Mr. FLORIO, Mr. KINDNESS, Mr. LEBOUTILLIER, Mr. SCHEUER, Mr. LAGOMARSINO, Mr. SMITH of New Jersey, Mr. BOWEN, Mr. MOLLOHAN, Mr. MCCLORY, Mr. WOLPE, Mr. WINN, Mr. BEARD, Mr. NOWAK, Mr. ROTH, Mr. MADIGAN, Mr. HUGHES, Mr. VENTO, Mrs. HOLT, Mr. TRAXLER, Mr. SOLOMON, Mr. WHITEHURST, Mr. EDGAR, Mr. HOWARD, Mr. FRANK, Mr. PEPPER, Mr. PANETTA, Mr. LUNGREN, Mr. JEFFORDS, Mr. CORCORAN, Mrs. MARTIN of Illinois, Mr. MOFFETT, Mr. RINALDO, Mr. WIRTH, Mr. SUNIA, Mr. BONIOR of Michigan, Mr. JACOBS, Mr. ROUSSELOT, Mr. ARCHER, Mr. LIVINGSTON, Mr. FROST, Mr. MCGRATH, Mr. JONES of Tennessee, Mr. NEAL, Mr. DE LA GARZA, Mr. WEBER of Minnesota, Mr. ATKINSON, Mr. DOUGHERTY, Mr. PORTER, Mr. PURSELL, Mr. PRICE, Mr. LOTT, Mr. CONTE, Mr. FORD of Tennessee, Mr. FISH, Mr. COLLINS of Texas, Mr. MARKEY, Mr. ROSE, Mr. DYSON, Mr. KILDEE, Mr. SHARP, Mr. DONNELLY, Mr. YOUNG of Alaska, Mr. ALEXANDER, Mr. HAMMERSCHMIDT, Mr. CLAUSEN, Mr. MATSUI, Mr. FAZIO, Mr. GOLDWATER, Mr. MOORHEAD, Mr. DORNAN of California, Mr. BROWN of Colorado, Mr. LOWERY of California, Mr. TAUKE, Mr. YATRON, Mr. MILLER of Ohio, Mr. FRENZEL, Mr. ZEFERETTI, Mr. SMITH of Alabama, Mr. CARMAN, Mr. LOEFFLER, Mr. BETHUNE, Mr. AKAKA, Mr. KRAMER, Mr. SAWYER, Mr. ALBOSTA, Mr. VOLKMER, Mr. ADDABBO, Mrs. CHISHOLM, Mr. DAUB, Mr. ERLENBORN, Mr. EVANS of Delaware, Mr. BREAUX, Mr. COURTER, Mrs. SCHNEIDER, Mr. PATTERSON, Mr. YOUNG of Florida, Mr. LONG of Maryland, Mr. EARLY, Mr. WAMPLER, Mr. FINDLEY, Mr. GUARINI, Mr. MATTOX, Mr. FOWLER, Mr. RICHMOND, Mr. EDWARDS of Oklahoma, Mr. MONTGOMERY, Ms. MIKULSKI, Mr. EVANS of Georgia, Mr. WALGREN, Mr. PAUL, Mr. WATKINS, Mr. AUCOIN, Mr. MCDADE, Mr. PHILIP M. CRANE, Mr. JOHNSTON, Mr. MINISH, Mr. ST GERMAIN, Mr. MURPHY, Mr. WON PAT, Mr. RODINO, Mr. BONER of Tennessee, Mr. OTTINGER, Mr. WALKER, and Mr. BAILEY of Pennsylvania):

H.J. Res. 213. Joint resolution designating July 17, 1981, as "National P.O.W.-M.I.A. Recognition Day"; to the Committee on Post Office and Civil Service.

By Mr. MARRIOTT (for himself and Mr. MYERS):

H.J. Res. 214. Joint resolution to authorize the President to issue a proclamation designating the week beginning on November 22, 1981, as "National Family Week"; to the Committee on Post Office and Civil Service.

By Mr. BONKER (for himself and Mr. JONES of North Carolina):

H. Con. Res. 96. Concurrent resolution calling for an indefinite moratorium on the commercial killing of whales and otherwise expressing the sense of the Congress with respect to conserving and protecting the world's whale populations; to the Committee on Foreign Affairs.

By Mr. NEAL:

H. Con. Res. 97. Concurrent resolution declaring the sense of Congress regarding periods of silence in public schools; jointly, to the Committees on the Judiciary and Education and Labor.

By Ms. OAKAR:

H. Res. 112. Resolution calling for completion of the investigation into the murders of four U.S. missionaries in El Salvador in December 1980; to the Committee on Foreign Affairs.

By Mr. ST GERMAIN:

H. Res. 113. Resolution creating a select committee to conduct an investigation of the nationalization of the oil industry; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CORRADA:

H.R. 2649. A bill for the relief of Vera Zabala Clemente, Roberto Clemente, Jr., Luis Roberto Clemente, Roberto Enrique Clemente, Luisa Walker Clemente, Maria M. Reyes Vda. Lozano, Angel R. Lozano, Jr., Wanda Ivellize Lozano, Angel Gabriel Lozano Morales, Mayra Lizette Lozano Baez, Antonio Narvaez, Margarita C. Matias, Ana Margarita Matias, Francisco Matias, Jr., Lourdes Margarita Matias, Jose Francisco Matias, Francisco Javier Matias, and Dolores Lugo; to the Committee on the Judiciary.

By Mr. WALGREN:

H.R. 2650. A bill for the relief of John W. Graham; to the Committee on the Judiciary.

By Mr. BREAUX:

H. Res. 114. Resolution to refer the bill, H.R. 2337, to the Chief Commissioner of the Court of Claims; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 85: Mr. PANETTA, Mr. MINETA, and Mr. WIRTH.

H.R. 224: Mr. WEBER of Minnesota.

H.R. 374: Mr. HAWKINS, Mr. DOWNEY, Mr. FOWLER, Mr. PORTER, Mr. GEPHARDT, Mrs. FENWICK, Mr. KASTENMEIER, Mrs. CHISHOLM, Mr. DONNELLY, Mr. PATTERSON, Mr. BONIOR of Michigan, Mr. COTTER, Mr. VENTO, Ms. FERRARO, Mrs. SCHNEIDER, Mr. LEHMAN, Mr. IRELAND, Mr. DELLUMS, Mr. STUDDS, and Mr. BROWN of California.

H.R. 375: Mr. MCHUGH, and Ms. MIKULSKI.

H.R. 1031: Mr. LUKEN, Mr. COTTER, and Mrs. SCHNEIDER.

H.R. 1294: Mr. DASCHLE, Mr. SEIBERLING, Mr. FAZIO, Mr. MCHUGH, Mr. SYNAR, and Mr. BURGENER.

H.R. 1353: Mr. JOHN L. BURTON, Mr. CORRADA, Mr. COTTER, Mr. DONNELLY, Mr. LAFALCE, Mr. RATCHFORD, Mr. RUSSO, and Mr. ZEFERETTI.

H.R. 1376: Mr. YATES, Mr. MINISH, Mr. DERWINSKI, Mrs. CHISHOLM, Mr. FLORIO, Mr. KEMP, Mr. SCHUMER, Mr. DWYER, Ms. MIKULSKI, Mr. WAXMAN, Mr. MCCLOSKEY, Mr. LEHMAN, Mr. MCGRATH, Mr. FAZIO, Mr. GARCIA, Mr. AUCOIN, Mr. SCHEUER, Mr. BEARD, Mr. FOGLIETTA, Mr. DOUGHERTY, and Ms. FIEDLER.

H.R. 1397: Mr. MURPHY, Mr. GARCIA, Mr. KOGOVSEK, Mr. BAFALIS, Mr. PETRI, Mr.

JAMES K. COYNE, Mr. DE LUGO, Mr. GINGRICH, and Mr. SIMON.

H.R. 1400: Mr. LEHMAN.

H.R. 1574: Mr. CONYERS and Mr. WYDEN.

H.R. 1651: Mr. ADDABBO, Mr. AKAKA, Mr. ANDREWS, Mr. BARNES, Mr. BONIOR of Michigan, Mr. BRODHEAD, Mr. BROWN of California, Mr. JOHN L. BURTON, Mr. PHILLIP BURTON, Mr. CLAY, Mr. CROCKETT, Mr. DASCHLE, Mr. DELLUMS, Mr. DIXON, Mr. DOUGHERTY, Mr. DWYER, Mr. ECKART, Mr. EDGAR, Mr. EDWARDS of California, Mr. FAZIO, Ms. FERRARO, Mr. FLORIO, Mr. FOGLIETTA, Mr. FRANK, Mr. FRENZEL, Mr. GEJDENSON, Mr. GONZALEZ, Mr. GRAY, Mr. GREEN, Mr. HAWKINS, Mrs. HECKLER, Mr. HOWARD, Mr. KASTENMEIER, Mr. KILDEE, Mr. LANTOS, Mr. LEHMAN, Mr. LOWRY of Washington, Mr. MARKS, Mr. MINISH, Mr. MURPHY, Mr. PANETTA, Mr. PATTERSON, Mr. RATCHFORD, Mr. RICHMOND, Mr. RODINO, Mr. ROSE, Mr. ROSENTHAL, Mr. SAVAGE, Mr. SCHEUER, Mrs. SCHROEDER, Mr. SIMON, Mr. STARK, Mr. STOKES, Mr. SWIFT, Mr. UDALL, Mr. VENTO, Mr. WEAVER, Mr. WEISS, Mr. WILLIAMS of Montana, Mr. WIRTH, Mr. WOLPE, Mr. YATES, and Mr. ZEFERETTI.

H.R. 1703: Mr. YOUNG of Alaska, Mr. LUJAN, Mr. PAUL, and Mr. MCDONALD.

H.R. 1809: Mr. GUARINI, Mr. FROST, Mr. MURPHY, Mr. MOFFETT, Mr. GLICKMAN, Mr. HUGHES, Mr. BARNES, Mr. FRANK, Ms. MIKULSKI, Mr. DOUGHERTY, Mr. VENTO, Mr. SEIBERLING, Mr. FAZIO, Mr. LAFALCE, Mr. PORTER, Mr. ROSE, Mr. BEDELL, Mr. BEREUTER, Mr. FORD of Tennessee, and Mrs. BOUQUARD.

H.R. 1918: Mr. DUNN and Mr. MCEWEN.

H.R. 1964: Mr. RUSSO, Mr. MOORE, and Mr. ALBOSTA.

H.R. 2024: Mr. LAFALCE.

H.R. 2142: Mr. MINETA.

H.R. 2385: Mr. BEARD and Mr. HILER.

H.R. 2488: Mr. BEDELL, Mr. HEFTEL, and Mr. CONYERS.

H.J. Res. 5: Mr. GRAY, Mr. SHARP, Mr. SEIBERLING, Mr. DANIELSON, Mr. RITTER, and Mr. LUKEN.

H.J. Res. 14: Mr. SOLOMON.

H.J. Res. 174: Mr. WHITEHURST, Mr. FAUNTROY, Mr. RATCHFORD, Mr. LAGOMARSINO, Mr. HAWKINS, Mr. WINN, Mr. FORSYTHE, Mr. SAVAGE, Mr. WASHINGTON, Mr. RITTER, Mrs. HOLT, Mr. MURPHY, Mr. GUARINI, Mr. EDWARDS of California, Mr. BONIOR of Michigan, Mr. PANETTA, Mr. HALL of Ohio, Mr. VENTO, Mr. FASCELL, Mr. AKAKA, Mr. JENKINS, Mr. MOTTL, Mr. BROWN of California, Mr. MAZZOLI, Mr. WON PAT, Mr. HORTON, Mr. DWYER, Mr. HUGHES, Mr. ANDREWS, Mr. FROST, Mr. CLAY, Mr. MADIGAN, Mr. WILSON, Mr. JEFFORDS, Mr. FISH, Mr. SCHEUER, Mr. DE LUGO, Mr. OBERSTAR, Mr. STOKES, and Mr. WIRTH.

H.J. Res. 182: Mr. SPENCE, Mr. FITHIAN, Mr. RUDD, Mr. EVANS of Iowa, Mr. SKELTON, Mr. COATS, Mr. WHITTEN, Mr. SEIBERLING, Mr. BLANCHARD, Mr. LIVINGSTON, and Mr. ROBERT W. DANIEL, JR.

EXTENSIONS OF REMARKS

HUNT FOR SILVER—PART II

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. McDONALD. Mr. Speaker, today I am inserting into the CONGRESSIONAL RECORD part II of the article entitled, "Hunt for Silver" which appeared in American Opinion magazine of December 1980, in my furthering effort to achieve some balance in the record of the reason for the fall of the silver market last year. Part I appeared in the RECORD of March 17, 1981, on page 4607. Part II follows:

HUNT FOR SILVER—PART II

Throughout 1979 the price of silver had risen dramatically. By Labor Day it had reached $11 an ounce. But the price kept rising, up to the $15 to $16 level in October. Acting on behalf of the shorts, the Commodities Exchange (Comex) of New York and the Chicago Board of Trade (CBOT) began to raise margin requirements.[1] This action was intended to discourage new buyers of futures contracts and to encourage traders to sell the contracts they were holding. Each time margin requirements were raised, the small traders had more trouble holding on to their positions and were forced to sell. Whereas before a trader could buy or sell a 5,000-ounce silver futures contract worth $25,000 at $5 an ounce for only $1,000, by Labor Day the exchanges required him to pay $2,000 for the same 5,000-ounce contract. Eventually, as traders were required to put up more and more margin, a point was reached when as much as $75,000 in margin deposit was required for one 5,000-ounce contract! This is quite a hike from $1,000. Trustman explains how this inevitably squeezed the small traders out of the market:

"The rationale was plausible, if not sound. Tiny, as it was, initial margin of $1000 had been deemed an 'appropriate' cushion against a possible drop in price when the price of silver was $5 an ounce and the 5000 ounces cost $25,000. But, now that the price was $15, and the 5000 ounces cost $75,000, the initial margin of $1000 was deemed inadequate. And the changes were retroactive. If you had put up $1000 initial margin when you bought and they bumped the requirement to $10,000, you had to put up the other $9000 or you were subject to a margin call and the sale of your futures contract.

"The little people who had pyramided in accordance with existing rules, and bought more and more futures, had to put up a lot of additional margin—or sell some of their futures. Which was the purpose of the new rule, of course—to force them to sell their futures. When people have to sell, sell at any price, the price tends to go down."

[1] Margin is an amount of money deposited with a commodities broker to protect against loss if the price should move in the wrong direction—that is, against the direction the trader is betting on in his futures contract.

Despite the series of margin increases made by the exchanges, however, the price of silver did not fall. The rule changes hadn't worked. Only the little traders were forced to sell—and they didn't own very much silver compared to the big investors. The price of silver stayed up around the $15 to $16 range in October. The insiders on the exchanges, millions of ounces "short," were now desperate. And silver began to climb once more, closing at $18.82 in November, zooming through $20 by December twelfth, $25 by December twenty-sixth, $34.45 on December thirty-first, and then, $38.85 on January second. A spectacular climb! The Hunts were doing very well indeed, but those who were short the market were contemplating a leap from their penthouses.

The response of the exchanges? Change the rules some more, and keep changing them, to cheat the Hunts. Within a period of two weeks, three new rules were imposed. On January eight, the exchanges laid down position limits, decreeing—with retroactive force—that no trader could own more than 2,000 futures in all months, or 500 in any month. This was designed to force the big traders to sell their "excess" contracts. And, with this new retroactive rule suddenly imposed on them, the Hunt brothers found themselves holding a great many more futures positions than the new exchange rules would now permit. Then the exchanges lowered the monthly limits for January and February to only fifty contracts!

But, while the price of silver did dip a few dollars, it began to recover its upward trend. The Hunts had found a way around the rule changes and position limits. They sold their "excess" futures to Engelhard Minerals and Chemical Corporation, a company that was heavily short the market and hence was delighted to buy the long position to offset its shorts. Along with this was a private arrangement in which Bunker and Herbert agreed to buy from Engelhard, within sixty days, 19,000,000 ounces of silver at $35 an ounce ($665 million). This silver was to come from Engelhard's inventory and not from the futures market where Engelhard was short.

Now the price of silver shot up through $40 an ounce and then, on January seventeenth, briefly broke $50 an ounce. The shorts were in a panic and screaming for relief from their contracts. Thereupon the exchanges imposed two more new rules. First, they said that buyers could not demand delivery of their silver at the maturity of their futures, even though it was their right as stipulated in the terms of their futures contracts. Alan Trustman reveals that this and subsequent rules which contravened the terms of commodities contracts were knowingly approved by James Stone, the activist chairman of the Commodity Futures Trading Commission. Mr. Trustman observes:

"This created an anomaly. If you owned more than fifty contracts, you would still have to make payment on the due date unless you sold your extras, but you couldn't demand delivery on more than the fifty futures. Holders were given until January 31 to get their positions in line. What? That's right. Ten whole days. Could the exchanges really do it? Wasn't it illegal? Unconstitutional? Isn't there something in the Constitution about impairing the obligations of contracts?

"Chairman Stone made speeches declaring what was fair and for the general good; it was the function of the CFTC to declare the policy and purpose of the markets, and the sole purpose of the markets, the chairman now decreed, was to provide an opportunity for makers and users to hedge against rising or falling prices, and not an opportunity to own the underlying commodities, and never mind what the futures contracts said, or that you had to have an underlying delivery contract to make the contracts meaningful, or that you needed speculators who were willing to take delivery in certain cases to have a working market. It was perfectly all right to make the buyers pay while lifting the delivery requirement from the sellers."

The exchanges and the shorts had been playing a game of fractional-reserve commodity trading; there wasn't nearly as much silver on deposit at banks and warehouses as was represented by the futures contracts held and traded. The supply of silver overhanging the commodities market amounted to about 400 million ounces of above-ground bullion for trading purposes, plus whatever the exchanges were willing to sell short at the risk of having delivery demanded as provided for in the terms of the contracts. With the new rule, the shorts were no longer under the discipline of facing the possibility of demands for delivery; they were free to sell silver that wasn't there. This meant that the effective supply of silver became potentially infinite in terms of the paper contracts. What a way to drive the price of silver down to Hades!

Then, the final touch to sabotage the silver market: the third of the three rule changes. On January 21, 1980, the New York Comex again changed the rules in the middle of the game by suspending all trading *except for liquidation purposes* (and no deliveries) while raising margin requirements to their highest level in the history of the exchanges. The Chicago Board of Trade imposed similar restrictions the next day.

This meant you couldn't sell unless you were long—and you couldn't buy unless you were short. Even if you were willing and able to put up the $50,000 initial margin the exchanges were demanding, you would not be permitted to buy except to cover your short position. Longs were not permitted to buy in the new market. They were excluded—stacking the deck in favor of the short sellers who wanted the price to drop down far enough so they could get out of their positions. This effectively killed the silver futures market in America. The shorts—which Congressional Hearings later revealed to include members of the exchanges and members of the Commodity Futures Trading Commission itself—had used their influence to intervene and sabotage the market to swindle the Hunts.

As Bunker Hunt was later to lament: "There was no way to sell anything except at a distress price. The shorts were sitting on the Comex board, and we were sitting down here in Dallas long, trusting them."

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Greatly disenchanted by the whole outrage Bunker Hunt observes: "All those exchanges are run by the shorts, and with the connivance of the shorts. There are 23 people on the Comex board. I've heard at least half of them made a huge amount of money. They positioned themselves the day before the big January 21 liquidation vote. They didn't even have the silver bullion. They just sold short. They knew they could break the market because they were the guys voting."

Herbert Hunt's analogy about the referees at a football game changing the rules in the fourth quarter was right as far as it went. Now players from the other side had climbed into costume as referees to make absolutely certain their team won. Suddenly the game was being run with all the fairness and equity of a lynching.

The series of margin hikes and position limits was bad enough. These drove out small buyers, and forced large traders to dispose of their contracts. The effect was to make the market increasingly illiquid and cash poor. Between September 28, 1979, and February 1, 1980, the number of outstanding contracts had dropped fifty-three percent on the Comex and more than sixty-nine percent on the CBOT. But the "liquidation only" rule was the final move of the vested insiders to rescue themselves as short players and sandbag the Hunts.

One of those vested insiders—and a character who played a key role in arranging for the Comex to adopt the "liquidation only" rule—was Dr. Henry Jarecki. A former Yale Medical School professor, Jarecki is a member of the Board of Governors of the New York Commodity Exchange and serves as chairman of its margins committee. It is very interesting to note that Henry Jarecki is also chairman of the board of Mocatta Metals Corporation, which was one of the major players heavily short the market, and who thus had a strong interest in forcing down the price of silver by whatever means necessary. Jarecki helped to arrange just the right scenario.

An irony in this story is that it was the Hunts who had bailed Mocatta Metals out of a potentially fatal predicament only a few months earlier in October of 1979. At that time Mocatta was heavily in debt to banks from which it had borrowed to finance its short position on the Comex. In fact, according to Green's Commodity Market Comments, Mocatta owed more than $400 million, and was worth only about $40 million. The Hunts allowed Jarecki to reduce Mocatta's short position rather than go deeper into debt as the price of silver rose.

In an interview with Fortune magazine (August 11, 1980) Herbert Hunt recounted the episode: "Chairman Henry Jarecki was in complete turmoil; he was getting eaten alive by margin calls. Between us, Bunker and I had put up 10.7 million ounces of silver with Mocatta, for which we had obtained loans totaling $50 million. But the loan agreement was so fouled up we didn't have the right to pay it off without Mocatta's permission. In fact, we didn't even realize that Mocatta could borrow against our bullion. It was perfectly legal, but suddenly I discovered that he had hocked our silver for as much as the banks would loan him—about $185 million, I believe."

When they realized that Mocatta was having big money problems, Herbert and Bunker Hunt flew up to New York to visit with Dr. Jarecki. They stayed several days. Bunker recalls: "When the price of silver is going up, Jarecki will give you almost a religious speech about how he is fully hedged. But let me tell you, I was concerned about getting our silver back before he blew it."

Although Jarecki now claims that Mocatta's solvency was never in jeopardy, Herbert Hunt remembers Jarecki rushing into his office and announcing: "When it hits $22.90 I am broke—Mocatta is insolvent." A few minutes later, according to Herbert, Jarecki came back in and anxiously admitted, "I have miscalculated. The figure is a litte lower."

The Hunts finally settled with Mocatta through an "exchange for physicals" transaction. The brothers matched up some of their long positions with Mocatta's short positions, canceling them out and reducing Mocatta's margin requirements. Also, Mocatta sold 23 million ounces of silver to International Metals Investment Corporation, a Bermuda-based company the Hunts owned jointly with several Arab partners. The cash from that sale was used by Jarecki to pay off the bank loan he had taken out against the 10.7 million ounces of Hunt silver. Did the Hunts ever get their 10.7 million ounces back from Mocatta? Not exactly. They had to settle for a combination of some bullion, silver leases, and bags of silver coins. A bag of silver coins with a total face value of a thousand dollars can contain anywhere from 715 to 727 ounces of silver metal, depending on how worn the coins are. Bart Cousins, Herbert Hunt's attorney, comments: "Jarecki insisted on getting credit for 725-ounce coins. He got the best of us by three or four ounces per bag."

As beneficial as this deal was for Mocatta, Jarecki seems to hold a grudge against Bunker Hunt. According to Fortune, Jarecki had remarked to a friend that, "Bunker Hunt cost me a lot of sleep. But for every hour he's cost me I'm going to make him lose ten!"

Bunker's reaction? "I want you to know I'm a very good sleeper," drawls the Texas billionaire. "I may lose money, but I don't lose sleep."●

BUDGET CUTS

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. HUBBARD. Mr. Speaker, with what now appears to be a trend in the Congress to check Federal spending, I wish to insert a letter from my constituent, Mrs. Anna R. Page of Russellville, Ky., about the proposed budget cuts.

Mr. Speaker, I submit the following:

As you may recall, I corresponded with you on several occasions last year when we were trying to get a Basic Grant for my son, Mark Page, to go to college. You were most kind and helpful to my family and me and we are indeed grateful.

By working, borrowing, and with the meager help we could give him, Mark went to college last fall and is there at the present time. He would like to get a degree, possibly even a masters, in computer science, but, at the present time, his future in college looks rather bleak.

As his father is disabled, Mark is receiving student benefits from social security. He also has a NDSL and a GSL, and, after much effort, he received a small BEOG. It seems that Mr. Reagan is very determined to cut all of these programs. We are hopeful that the Democrats in Congress will be able to protect the poor people who so desperately need these programs.

I hope I am not being altogether selfish in my concern, for I realize that the Food Stamp Program, and others, are also facing cut backs. Possibly, even probably, all of these assistance programs have been abused, but they have also been of much help to people who had no other hope.

The price of gasoline is escalating and we are told that the price of natural gas will double if the controls are removed from that.

Again, the poor suffer.

Thank you for your time and help in the past and for any help you are able to give the poor people of this country.

Respectfully yours,

ANNA PAGE
(Mrs. James T. Page).●

DOMESTIC VIOLENCE PREVENTION AND SERVICES ACT

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Ms. MIKULSKI. Mr. Speaker, I am glad to submit for the CONGRESSIONAL RECORD the names of the 63 new cosponsors of H.R. 1651, the Domestic Violence Prevention and Services Act.

It has been very gratifying to hear from so many Members of Congress so soon after the introduction of this desperately needed legislation. It serves notice to the House of Representatives that the horrible tragedy of spouse abuse has not faded from the public consciousness. The support for this bill comes from both sides of the aisle, and represents a broad range of political views.

While that may strike some people as surprising, given the political climate and the administration's economic plans, I see this bill as perfectly consistent with the President's goals. The administration has announced that stopping terrorism is its top priority—but if we do not get rid of terrorism in the home, how are we ever going to stop it in the rest of the world?

The administration has announced that it supports the right to life—and nowhere is the right to life greater than in one's household.

The administration has announced that this Government will be run according to the principles of fiscal responsibility and local control—and this bill is sunset, with complete responsibility for allocation of grants in the hands of the States.

The administration has announced that we must be protected from violent crime—and statistics show that women are in greater danger of violent

injury or death in their own homes than out in the street.

So today I am proud—but not at all surprised—to announce and thank the Members of Congress who have joined Congressman GEORGE MILLER, Congresswoman LINDY BOGGS, and myself, and cosponsored H.R. 1651 thus far. I urge the rest of my colleagues to do the same, and provide protection for thousands of battered women, children, and senior citizens.

The list of additional sponsors follow:

ADDITIONAL SPONSORS

Joseph P. Addabbo, Daniel K. Akaka, Ike F. Andrews, Michael D. Barnes, David D. Bonior, William M. Brodhead, George E. Brown, Jr., John L. Burton, Phillip Burton, and William Clay.

George Crockett, Thomas A. Daschle, Ronald V. Dellums, Julian C. Dixon, Charles F. Dougherty, Bernard J. Dwyer, Dennis E. Eckart, Robert W. Edgar, Don Edwards, and Vic Fazio.

Geraldine A. Ferraro, James J. Florio, Thomas M. Foglietta, Barney Frank, Bill Frenzel, Sam Gejdenson, Henry B. Gonzalez, William H. Gray III, S. William Green, and Augustus F. Hawkins.

Margaret M. Heckler, James J. Howard, Robert W. Kastenmeier, Dale E. Kildee, Tom Lantos, William Lehman, Mike Lowry, Marc L. Marks, Joseph G. Minish, and Austin J. Murphy.

Leon E. Panetta, Jerry M. Patterson, William R. Ratchford, Frederick W. Richmond, Peter W. Rodino, Jr., Charles Rose, Benjamin S. Rosenthal, Gus Savage, James H. Scheuer, and Patricia Schroeder.

Paul M. Simon, Fortney H. Stark, Louis Stokes, Allan Byron Swift, Morris K. Udall, Bruce F. Vento, James H. Weaver, Ted Weiss, Pat Williams, Timothy E. Wirth, Howard Wolpe, Sidney R. Yates, and Leo C. Zeferetti.●

HAPPY BELATED ST. PATRICK'S DAY

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. NELLIGAN. Mr. Speaker, I am sure you realize that Tuesday, March 17, was St. Patrick's Day.

This special day honors St. Patrick, the patron saint of Ireland, and it is a joyous occasion to be celebrated by Irish and non-Irish alike. In one sense, St. Patrick's Day is the celebration of a culture developed through the centuries and enduring to this day. It is the celebration of a culture rich in tradition, and proud of its heritage.

But, as we are all painfully aware, violence and confusion still exist in the north of Ireland. The situation continues to be grave and it deserves a great deal of careful attention from all Americans. Thus, amidst this year's observance of St. Patrick's Day, it was also my fervent hope that the many problems of Ireland may be solved and peace restored to the Emerald Isle. There could be no better celebration than that occurring in a peaceful Ireland.

Yet, despite any adversity, I am confident that Irish people throughout the world will continue to enjoy the festivities of St. Patrick's Day. I consider this a tribute to the inherent optimism of the Irish people and their strong conviction that better times must always lie ahead.●

MONEY SPILLING ONTO THE FLOOR

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. BEDELL. Mr. Speaker, last week I stood before the House and took note of several news items.

First, I noted that Standard Oil of Ohio has made an apparently successful bid of $1.8 billion for the Kennecott Corp., the largest copper company in the United States. Second, Standard Oil of California has proposed the largest merger in history, offering $4 billion for Amax Inc., the Nation's third largest coal mining company. Third, each of these bids was at a price more than double the going stock market price.

Finally, in my remarks last week, I observed that this was strange behavior indeed for companies that are said to be in an industry that has a desperate need for more money. At least that is what the administration tells us, for that is the chief explanation they gave for hastening the decontrol of petroleum products, and that is what they are beginning to say about decontrolling natural gas prices.

Every time the price of gasoline goes up 1 cent at the pump, it costs consumers an extra $1 billion a year. The average price of gasoline has gone up approximately 8 to 10 cents per gallon since decontrol in early February. Thus, we already know that the oil companies will enjoy at least $8 billion in added revenue this year.

Of course, some of the money taken in by the oil companies will be paid to the Government in the form of windfall profits tax. And some will be paid to the OPEC countries for the crude oil we import into this country. But the main reason higher gasoline prices are needed, we are told, is that this will stimulate greater exploration for oil and other energy resources.

Now, when I hear talk about exploring for oil, the image that comes first to my mind is that of a couple of guys in cowboy boots and Stetsons toiling in the heat of the desert or, conversely, a few hardy souls bundled in parkas who are at some forlorn outpost in the Arctic. The last image that would come to mind is that of some well-heeled lawyers in three-piece suits on the floor of the New York Stock Exchange.

Nonetheless, that is precisely what is coming across now in the news reports we are receiving. It seems that the big oil companies are doing their most serious prospecting on Wall Street. How else can we explain the fact that in less than 1 week two oil companies have made offers totaling almost $6 billion to acquire other companies?

One of the logical places to look for explanations of this sort of phenomenon is the Wall Street Journal. And, in fact, a feature story in the March 13 edition provides a very good overview of the recent moves by various oil companies to buy up those mining concerns that have not already been acquired.

The Wall Street Journal quotes a securities analyst at E. F. Hutton & Co. He explains the recent acquisition efforts by the oil companies this way:

> If you have so much money that it is spilling onto the floor, you have to put it somewhere.

That is a rather vivid description of the financial condition of some of the oil companies, but it is remarkably similar to how the Washington Post describes the situation. That paper's news account of the Sohio-Kennecott merger began this way:

> Standard Oil Co. of Ohio, dripping with cash from Alaskan oil, agreed yesterday to pay $1.8 billion for Kennecott Corp., the Nation's largest copper company.

Mr. Speaker, I fear that what we are witnessing is not a pair of isolated incidents. Rather, we will see even more acquisitions by the big oil companies in the near future.

According to a study released last month by the Democratic Study Group, the major oil companies together accounted for 40 percent of all profits reported by publicly traded manufacturing companies in the United States.

I believe the implications of this situation are very serious and merit our further consideration. Consequently, from time to time, I will continue bringing relevant information to the attention of my colleagues and the public through this forum.

At this point in the RECORD, I wish to insert the text of an article that appeared in the Wall Street Journal on March 13, 1981.

MINING COMPANIES BECOME TARGETS OF OIL INDUSTRY'S DRIVE TO DIVERSIFY

(By Maria Shao)

Companies flush with oil profits are shopping around for bargains, and look at what they've turned up:

Amax Inc. at $4 billion bid.

St. Joe Minerals Corp. at $2 billion bid.

Kennecott Corp. at $1.77 billion bid, and accepted, yesterday.

Possibly Newmont Mining Corp., Phelps Dodge Corp. and most of the rest of the U.S. mining industry, at prices the guessing of which will keep Wall Street traders and

securities analysts happily, if not gainfully, employed for many months.

"It's a wipeout of the industry," says Robert Kilmarx, a Washington mining consultant and official at the Center for Strategic and International Studies at Georgetown University.

Oil companies have been buying mines and metals for years. This past week the players and the stakes made the game a lot more impressive. Standard Oil of California took after Amax Inc., sending Amax share prices up by $20 or so in a single swoop. Seagram Co., loaded with cash from the sale of oil assets last year, bid for St. Joe Minerals. St. Joe's shares soared, too. Standard Oil of Ohio agreed to buy Kennecott at $62 a share, about $35 above its closing price on Wednesday; Kennecott shares weren't traded yesterday.

The big mining and mineral companies have become especially tempting, vulnerable targets now because their profits have hit hardrock bottom, their shares in many cases have been trading way under book value, and a sharp turnaround seems to be in the works.

"It's like Mount St. Helens," says Peter Ingersoll, a securities analyst at E. F. Hutton & Co. "It's been building up. The plug blows with Socal making a giant bid, and everyone else does it. Then it's boom, boom, boom."

"People are saying, 'Let's get in on the ground floor before the stock prices go up,'" Mr. Kilmarx says.

"This sector of the economy is extremely undervalued. Buyers are looking for these assets just before a major recovery," says Peter Anker, a securities analyst at First Boston Corp. The recovery is expected to take place after 1981.

"If you've got so much money that it's spilling onto the floor, you have to put it somewhere," says Hutton's Mr. Ingersoll.

In 1977, Atlantic Richfield bought Anaconda Co., then the second largest U.S. copper producer. By now, oil companies produce some 35% of the nation's copper, 25% of the uranium and 25% of the coal. Socal actually made its first purchase of Amax shares back in 1974. Socal's chairman said then, "In view of the current economic conditions" facing the oil industry "and the uncertainties of future governmental action, we feel it is prudent the company devote some part of its future activity to other natural resources."

If the oil companies "have to diversify," says Louis Perlman, president of Consolidated Research Inc., the New York arm of Commodities Research Unit Ltd. of London, "the nearest cousin is other natural resources." Oil and mining both involve geological expertise, costly exploration, drilling, and heavy processing.

But while oil has prospered, mining has gone on the rocks. Even the commodities boom of the late 1970s produced only one notably profitable year, 1979. Low metals prices, inflationary costs and big spending on antipollution measures have kept the industry depressed and short on cash.

If the prospect for mining and metals is improving, to exploit the upturn by starting new mining operations would be enormously expensive. "What one is paying for assets like Amax's and St. Joe's "is relatively cheap compared with starting from scratch," Mr. Perlman says. "If I buy them, I am buying capacity at well below its replacement cost."

Oil executives apparently believe the atmosphere in Washington is more favorable for their diversification. Although the sheer size of some of the potential acquisitions could raise antitrust questions. "The companies perceive they will have a freer hand to make conglomerate acquisitions than under Carter," says David Healy, a securities analyst at Drexel Burnham Lambert Inc.

Also, the Reagan administration has pledged to open federal lands to new mining exploration. The administration's defense spending will increase the demand for metals in weapons and technology.

All that "is going to make this industry more attractive in the 1980s and 1990s," Mr. Kilmarx says.

The prospect for a steady rise in coal demand helps make Amax and St. Joe attractive; both are large coal producers.

Kennecott has long lingered near the top of the list of securities analysts' takeover candidates. Standard Oil of Ohio long has been considered one of Kennecott's most interested potential acquirers.

Phelps Dodge has been on the takeover list for two years. Supposedly, Consolidated Gold Fields Ltd. and Harry Oppenheimer, chairman of the Anglo American Corp. and of De Beers Consolidated Mines Ltd., have considered acquiring Phelps Dodge. They also have been rumored at times to be seeking Newmont Mining Corp., the big copper and gold producer.

Trading in all those target companies' shares has been heavy in recent days, as it has also been in Asarco Inc., the silver producer; and prices on many mining and metals shares rose sharply yesterday.

"Sure, they're trading Phelps Dodge, Newmont and Asarco like crazy," a Wall Street takeover-stock specialist said yesterday. "Who would have ever thought you could have three big mining companies go in the same week. It looks now like anything could happen."●

MARCH 19—AGRICULTURE DAY, 1981

HON. WILLIAM C. WAMPLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. WAMPLER. Mr. Speaker, today is Agriculture Day, 1981.

It is a special day to salute and recognize the story of what agriculture means to America—a story every American can and should be proud of.

The year 1981 marks a very special year for Agriculture Day. For the first time in its 8-year history, it is being celebrated as an official national observance as a result of enactment of House Joint Resolution 560, which passed last October 9.

I am delighted to say that this official designation has helped the observance realize some very significant growth. The Agriculture Day Foundation, sponsors of the observance, reports record participation in program activity and nationwide visibility.

The theme for the observance is "Agriculture: It's Your Heartbeat, America!"

Volunteers from all segments of the food production chain and from every State have joined together today to present this message to top decisionmakers, the news media, and urban audiences nationwide.

It is my pleasure to share some of the results already in:

A total of 47 States have proclaimed Agriculture Day at the State government level.

Distribution of creative materials to communicate the "heartbeat" theme has reached record levels, running five times greater than distribution for last year's observance.

News and public service media visibility has been very extensive—helping spread Agriculture Day messages to consumers in cities and suburbs across the country.

An exciting agenda of program activities is being implemented to dramatize agriculture's story—commodity, livestock, and equipment displays, farm tours, conducting school classes, and so forth—all to reach urban consumers on a 2-to-1 basis.

Agriculture Day volunteers are to be commended for the time and effort they have contributed to build better understanding of our Nation's most basic industry. They are helping the American people understand that the health of the U.S. economy is linked directly and substantially to the health of its agricultural production and distribution system—a message vital to America's future.

I'd like to especially commend the outstanding job the Agriculture Day Foundation has done in coordinating the 1981 observance. Their board of directors includes: Robert Lanphier III, Dickey-John Corp., Auburn, Ill., president; Connie Townsend, American National CowBelles, White Sulphur Springs, Mont., secretary; John Davies, International Harvester, Chicago, Ill., treasurer; Gene Akins, Catalytic Generators, Norfolk, Va.; Dave Bennett, Doane Agricultural Service, St. Louis, Mo.; C. W. Blodgett, Hunt-Wesson Foods, Fullerton, Calif.; Rod Brannen, Ad/Creation Dekalb AgResearch, Dekalb, Ill.; Kent Christensen, Food Marketing Institute, Washington, D.C.; Noah Perry, West Virginia Department of Agriculture, Charleston, W. Va. and Don Tindall, Southern States Cooperative, Richmond, Va.

Staffing and program administration for the project are provided by the Agriculture Council of America as part of its overall job in serving as a communications link between the farm and nonfarm public. Jim Eskin of the ACA staff is Agriculture Day staff coordinator.

Saluting the story of modern agriculture is extremely important and timely in our urban society, because agriculture is the heartbeat of America—an industry that means so much to our Nation's past, present, and future. And we need at least 1 day

each year to remind the American people of this important message.●

STIFFENED PENALTY FOR CRIMES COMMITTED WITH A FIREARM

HON. JOHN B. BREAUX

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. BREAUX. Mr. Speaker, I am increasingly alarmed by the statistics showing the number of crimes committed with firearms in this country. Daily one reads of violent, brutal acts involving fireams. So numerous have they become that one local paper at one time had a front page column entitled, "Today's Violent Crime."

In many urban areas, this problem has reached such proportions that it now takes an act of courage to even walk the street. Obviously when this becomes the case, high-minded talk about freedom and civil liberties makes little sense. One can hardly be free or practice his guaranteed civil liberties when he jeopardizes his life by going out for the morning paper.

Many have argued that stricter gun control laws are needed to combat this problem. The most serious flaw with this argument is that it presumes that all people are not responsible enough to own firearms and that firearms should therefore, be registered or controlled. The logical extension of this argument is that the individual cannot be held fully accountable for his actions and that, inasmuch as firearms can be dangerous and can kill, all people should be relieved of the possibility of possessing them. Once again is a seemingly benign argument offered which reinforces the concept that the individual is not responsible for all of his actions. Others have used this argument in the past, most notably the defenders of Nazi criminals at the Nuremberg trials following World War II.

I have today introduced legislation which takes a different tack in assuming that one can and should be held accountable for his actions, especially if it is a question of a criminal act involving the use of a firearm. In the past those convicted of this type crime automatically received a sentence of not less than 1 and not more than 10 years. My bill would make this penalty a mandatory 5 years, without possibility of parole or pardon, to be served in addition to any other penalties connected with the crime.

My honorable colleague from Hawaii, Mr. HEFTEL, introduced earlier similar legislation and I intend to work closely with him on it.●

CONGRESSMAN TONY P. HALL SPEAKS ON THE STATE OF THE AMERICAN AUTO INDUSTRY

HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. HALL of Ohio. Mr. Speaker, on March 17 I had the honor and the privilege of addressing the UAW National CAP Conference. Along with Senator DONALD RIEGLE, and Representatives PARREN MITCHELL and JAMES BLANCHARD, I was invited to participate in a discussion of "The Auto Industry and Economic Recovery."

In view of the urgent need for Federal action to help the ailing American auto industry, I would like to share my remarks before the UAW National CAP Conference with my colleagues:

REMARKS OF CONGRESSMAN TONY P. HALL

Ladies and gentlemen, I am honored to have the chance to participate in this panel discussion on the present state of the American auto industry. I hope that your conference here in Washington will be productive and that all of you will be successful in bringing your concerns about the auto-related industry in this country to the attention of the new Administration and the Congress.

I don't think I need to take much time to review the current state of the American auto industry. You and I both know that the general economic decline, high interest rates, and foreign competition have combined to create a dramatic downturn in the sales of U.S. cars and trucks. Sales last year were at their lowest levels since 1961. About 24 percent of the automotive work force was on indefinite layoffs at the end of last year, and an estimated 1,600 car dealerships were forced to close in 1980.

The auto manufacturers in the United States reported losses totalling $4.2 billion for last year. At the same time, sales of imports have been taking a greater percentage of the U.S. market. Imports accounted for about 27 percent of all cars sold in this country.

Most of these imports—80 percent, in fact—came from Japan. In 1979, we sold Japan about $200 million worth of motor vehicles and parts. They exported to us $9.3 billion in vehicles. That means our trade deficit with Japan in the automotive area is $9.1 billion! Clearly, the automotive trade between our two countries is a one-way street: they send and we buy.

These statistics I've cited confirm what you have experienced firsthand; the sales of U.S.-made cars and trucks have dropped sharply and foreign imports—principally Japanese—are taking over more of the shrinking market. What, then, should the Federal government do about this?

There are some economic observers who don't believe the Federal government should do much to help the auto industry. They don't want to see the government intervene in what they believe is the "free market."

I contend—and I think my colleagues on this panel will agree—that we do not have free and fair trade with Japan with respect to motor vehicles. It also is important to keep in mind that the Japanese enjoy a $1,000 to $1,500 per car cost advantage. Experts believe that it will take the United States auto industry about five years to match that productive cost advantage.

In my opinion, the Federal government has an obligation to help the American auto industry. The auto-related industry is not just another industry in this nation. One out of every six jobs is related to the auto industry. More than 4 million people directly owe their employment to the automobile: 800,000 in direct manufacturing, 1.4 million in supplier industries, and 2.6 million in sales and servicing.

A healthy and productive auto-related industry is essential to the economic well-being of the entire nation. When a key economic sector like the auto industry suffers, truly a national response is needed. In many ways, it is a matter of national security.

The Federal government already is involved in this crisis through payments of unemployment and trade adjustment benefits. So it is entirely appropriate for the Federal government to take action to head off the problem that requires these payments to be made in the first place. Indeed, unless the government acts, at least 500,000 more jobs could be lost in the auto industry within this decade. These jobs would be lost in Michigan, Ohio, Pennsylvania, New York, Indiana, and Illinois—the six States that account for 90 percent of all vehicle and parts production.

To give the American auto industry the breathing room it needs to get back on its feet, retool, and begin to reduce the productive cost advantage the Japanese have, I believe the Administration should immediately negotiate an import quota agreement with the Japanese government. Since there has been some disagreement in the past about the extent of the President's authority to enter into such negotiations, the Congress should quickly pass H. J. Res. 5, the Albosta resolution which I have cosponsored, which would make it clear that import quota limitation negotiations are authorized and should go forward.

There has been several reports in the media recently that the Japanese are willing at this time to enter into voluntary quota negotiations. They reportedly would like to have this matter settled before Japanese Prime Minister Suzuki meets with President Reagan in May.

I hope you will urge the Administration to move decisively on these negotiations, particularly if the Japanese are indeed willing to cooperate in this regard. Evidently, there is a battle going on among top Administration officials about import limitations. In my opinion, the President ought to listen to the eight Republican governors who have called for quota negotiations, rather than those advisers of his who persist in thinking there is some kind of "free and fair" auto trade between our nations.

If the Administration fails to pursue quota negotiations, I think there will be a strong push in Congress for unilaterally imposed import restrictions. In view of the apparent willingness of the Japanese to conduct these negotiations soon, it would make more sense for the Administration to take the initiative instead of leaving it up to Congress.

Even if an import quota agreement is concluded with Japan, there still must be an incentive for American consumers to buy the new, fuel-efficient U.S. cars In the absence of foreign competition, the high prices of the new cars and the high interest rates will

continue to discourage our citizens from buying cars.

To help solve this problem, I have introduced H.R. 2208, a bill which would provide a refundable tax credit to individuals for the purchase of new cars and light trucks based upon their percentage of domestic content. The tax credit would be calculated by taking 10 percent of the purchase price of the car or light truck, up to a limit of $1,000. This figure would then be multiplied by the percentage of domestic content of the vehicle. The more U.S. parts and labor used in the vehicle, the higher tax credit allowed.

Several bills have been introduced to provide tax credits for U.S.-made cars. If you will permit me to take a moment to put in a plug here: mine is the only one which would make the credit dependent upon domestic content percentages.

The bill would encourage consumers to buy domestically-produced cars and light trucks, and it would also encourage manufacturers—both American and foreign—to use more U.S. parts. As most of you know, more American automakers are starting to practice more "outsourcing," that is, they are using more foreign parts and labor to make American cars. My bill would help to discourage this and to encourage foreign automakers to build more cars in the United States and use more U.S. parts in the cars they build overseas.

The principal objection to my bill—and to all the tax bills relating to the automobile industry—is the question of cost. While any tax credit involves an initial loss of revenues to the Treasury, economic projections indicate that domestic auto tax credits would result in the sale of hundred of thousands of vehicles. Every four or five extra cars built helps to create an American job. The addition of these extra workers would result in increases in Federal income taxes paid by the employees, increases in Social Security taxes paid, and increases in corporate income taxes paid. Further, the States would realize increases in State income taxes paid and in State sales tax revenues.

At the same time, unemployment compensation and trade adjustment assistance payments would decrease, resulting in billions of dollars of savings to the Treasury. I would prefer to see the government provide tax credits to help American consumers buy fuel-efficient American-made cars and light trucks than have to pay out more benefits to help laid-off American auto workers.

Regardless of foreign competition, the key to the recovery of the American auto industry is sales. Even if import quotas were in effect, even if Federal regulation of the industry were relaxed, and even if Federal loan guarantees or subsidies were provided to the industry as a whole, an increase in sales would be necessary to improve employment and to provide the capital needed to revitalize the American auto industry.

Domestic content tax credits would be a cost-effective way of boosting sales and rewarding manufacturers who use the most American parts and labor. I am pleased that the United Auto Workers have endorsed the domestic content concept of my bill. I hope that we can get the House Ways and Means Committee to include the domestic content tax credit approach as an element of any overall package to assist the auto industry.

Earlier, I stated that a healthy and productive auto industry is a matter of national security. In closing, I would like to read to you some observations from the Transportation Department's report, "The U.S. Automobile Industry, 1980," which emphasize that point:

"Our strategic position could be gravely undermined were we to depend on others for our basic manufactured goods. As we have learned with our oil supplies, our national security can be threatened as much by a vulnerable position in international economic competition as by a direct military threat."

We must begin now to develop a national policy to address the problems facing the American automobile industry. All Americans should understand that the challenges facing the auto workers are theirs as well. Let it be clear that the threat is to the U.S.A., not just the U.A.W.●

U.S. DRUG TRAFFIC

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. SAWYER. Mr. Speaker, drug trafficking in the United States is increasing at an alarming rate fostered by enormous profit potential—a staggering $64 billion in 1 year alone, 1979.

In my view, Federal efforts to contain the drug abuse problems which are seriously effecting our Nation's young people must be redirected to get at these illegal profits.

The bill which I am introducing today would require the seizure and forfeiture of all of a drug trafficker's personal assets—the businesses which are operated with profits from the drug trafficking business, vacation homes, yachts, and other assets—unless the drug trafficker could prove by a preponderance of the evidence the assets were acquired from legal sources of income.

This approach would hit traffickers where it hurts most—their pocketbooks. It would dry up sources of capital which would put drug traffickers and their organizations out of business. With this type of penalty we can reduce the profit motive and increase the risks for those involved in illegal activity.

In addition, my proposal would allow Federal law enforcement officials to use the return from the sale of forfeited assets in a positive manner to pay for additional Federal, State, and local drug enforcement programs. This will eliminate the tremendous financial advantage which the drug traffickers and their organizations presently have over law enforcement officials.

This legislation is being proposed at a very critical time. Just last week Peter Bensinger, Director of the Drug Enforcement Administration, appeared before the House Judiciary Crime Subcommittee, of which I am ranking member. Mr. Bensinger outlined a serious developing situation with regard to an upcoming uncontrolled influx of Southwest Asian heroin, with a bumper crop expected imminently. Sources here are not controlled and the changing political climate in Afghanistan and Iran makes further problems likely.

An accelerated program of taking the profits and proceeds away from the drug trafficking organizations can be a significant contribution toward solving our national crime problem. I look forward to pushing for enactment of this proposal which will immobilize drug traffickers' assets and provide taxpayers with relief while at the same time stepping up badly needed drug enforcement activity.●

INTRODUCING AIRPORT AND AIRWAY IMPROVEMENT ACT OF 1981

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. MINETA. Mr. Speaker, today I am introducing the Airport and Airway Improvement Act of 1981, a bill to renew the airport and airway assistance programs. The bill is cosponsored by Mr. HOWARD, chairman of the Public Works and Transportation Committee, and by my colleagues on the Public Works Committee, Mr. ANDERSON, Mr. LEVITAS, Mr. OBERSTAR, Mr. NOWAK, Mr. FARY, Mr. YOUNG of Missouri, Mr. RAHALL, Mr. APPLEGATE, Ms. FERRARO, Mr. ATKINSON, Mr. BONNER, Mr. DE LUGO, and Mr. SUNIA.

There is an urgent need for prompt passage of this legislation. The airport development program (ADAP) was last renewed in 1976 for a 5-year period through fiscal year 1980. In the last Congress, the Public Works Committee reported a bill to renew the program, H.R. 6721, but due to a disagreement with the Senate the legislation never passed. As a result, the authorizations in the program have lapsed and critically needed airport development is not being undertaken. At the same time, most of the user taxes supporting the program—the major one being the tax on airline passengers—continue to be collected. However, the revenues from these taxes now go into the general fund rather than into the aviation trust fund.

The bill I am introducing is very similar to the bill which the committee reported last year. Recognizing the need for tight fiscal controls, we have reduced the funding levels for all programs considerably. However, the reductions are not as great as those proposed by the Office of Management and Budget. If the OMB reductions were implemented there would be a serious deterioration in the capital plant of our national airport and airways systems. The system would be incapable of handling the demands placed upon it. There would be congestion

and delays for airlines and their passengers, and a substantial waste of fuel. The overall costs to the national economy would considerably exceed the short-term budget savings from reduced funding. Indeed, these savings are highly illusory since, as I will demonstrate, the needed development can be funded entirely from revenues from taxes on the users of the system.

During the next 5 years, substantial development will be required to insure that our airport system is safe and able to accommodate the increased traffic which is expected. FAA forecasts that between fiscal years 1979 and 1991 there will be a 61-percent increase in air carrier enplanements and a 170-percent increase in commuter carrier enplanement. During the same period, the hours flown by general aviation will also increase considerably. Substantial airport development will be required to accommodate these increased levels of traffic.

FAA's most recent estimate is that airport development needs will total $8.7 billion during fiscal years 1981 through 1985. These estimates are based on 1979 dollars and make no allowance for inflation. The OMB proposal of $2.25 billion for ADAP during the next 5 years falls far short of these needs.

The safety needs of the system will also be great. During the next 5 years FAA expects to undertake substantial replacement of tube-type radar and other equipment which has been in place for the last 20 years. The replacement equipment will be solid state and more efficient in terms of manpower and energy. Additionally, the next 5 years will be a critical period for the development of a new computer system which will be needed to replace the computers now in use, which were developed in the 1960's. During the next 5 years, FAA also plans an expensive modernization of its flight service stations, including automation of flight plan filing and the processing of weather information used by general aviation. Further FAA plans include the development and installation of the discrete address beacon system (DABS) which will be the backbone of a collision avoidance system.

FAA has recently estimated that $8.5 billion is the minimum F. & E. investment over the next decade needed to prevent serious deterioration. Unless this development is undertaken, FAA estimates that the delay costs for airlines and their passengers, which exceeded $500 million in 1979 at the largest 24 hub airports, will be in the billions of dollars by 1990. Yet, despite these needs, OMB proposes only $323 million for F. & E. for fiscal 1982.

The funding levels in the introduced bill are lower than we would have liked. However, they are adequate to prevent deterioration of aviation's capital plant. The introduced bill establishes funding levels for fiscal 1982 of $750 million for the ADAP program and $400 million for the acquisition of capital equipment under the facilities and equipment program. These amounts are increased through subsequent fiscal years in an effort to approach the minimum levels recommended by the FAA studies I have discussed.

Because the introduced bill has lower funding levels for ADAP than last year's reported bill, it has also been necessary to reduce the entitlements in the bill to preserve a reasonable level of discretionary funds to go where the needs are greatest.

The introduced bill follows the approach of last year's bill of increasing the contribution of users to the costs of operating and maintaining the air traffic control system. Under the 1980 authorization for O. & M., the general taxpayer paid 82 percent of these expenses, and users of the system paid 18 percent. The introduced bill contemplates that users will pay 50 percent of O. & M., recognizing that the airways system benefits both users and the general public.

The recommended funding levels in the introduced bill can be covered by revenues from users of the system. During the first 10 years of the program, 1970–80, users contributed more than $10 billion to the aviation trust fund, of which only $7 billion was spent. There is now a surplus in the trust fund of more than $3 billion.

I am not yet committed to any particular tax program for the next 5 years and do not expect to recommend a program until after we have had hearings. However, it is clear that we can adopt a reasonable tax formula which will enable us to fund all necessary development from the trust fund. For purposes of illustration, FAA has estimated, at my request, that with the passenger ticket tax at 5 percent and the fuel tax at 8½ cents a gallon, we could fund the programs in the introduced bill for 10 years. Under this assumption, the trust fund surplus would be nearly eliminated by the end of the 10-year period.

As I have indicated, most of the details of the bill are the same as in last year's reported bill. These details are fully discussed in House Report 96-887, part 2, and I will not repeat them at this time.

It should be noted that the reported bill continues the eligibility of all airports for funding. This contrasts with the bill introduced in the Senate in which the 69 largest airports are made ineligible for funding, even though their passengers would continue to pay user charges. Under the Senate approach, the tail of the airport system would be wagging the dog. The smaller airports which would have only 10 percent of total enplanements and contribute only 20 percent of passenger ticket tax revenues would receive 100 percent of the funding. Apart from the obvious inequity of this proposal, its practicality is highly questionable. The assumption appears to be that because the airports to be "defederalized" are large, they could negotiate with the airlines and obtain all the funds needed for capital development. In point of fact, many of the larger airports have contracts with the airlines which provide that the airlines using the airport cannot be required to pay increased fees for capital development unless a majority of the airlines consent. Given the airlines' present financial difficulties and the increased competition they are facing under the Deregulation Act, the airlines are not likely to support much capital development in the next few years.

I have recently stated my reasons for opposing defederalization in detail and I would respectfully refer those interested in this issue to my remarks at page 1182 in the CONGRESSIONAL RECORD of January 28, 1981.

Although I do not favor defederalization, I believe that if airports are made ineligible for Federal aid, the Federal Government should not prohibit these airports from generating revenues through a "head tax" on airline passengers. Accordingly, the introduced bill provides that the ban on head taxes in the Federal Aviation Act will not apply to any airport made ineligible for ADAP funding. While I am hopeful that the Senate will see the wisdom of preserving the eligibility of large and medium hub airports for the ADAP program, I have included a head tax provision so that the conference will be able to consider this option.

Mr. Speaker, it is important that this legislation be passed promptly so that there will be no further delays in airport development. The Public Works Committee will process this legislation promptly and I look forward to early passage of this needed legislation.●

1981 RECIPIENTS OF THE SOUTH BAY MEDAL OF VALOR

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. ANDERSON. Mr. Speaker, on Thursday, March 26, a very important luncheon will be held at the Hyatt House Hotel in Westchester, Calif. There, recipients of the seventh annual South Bay Police and Fire Medal of Valor will be announced and presented with this coveted medal. The Medal of Valor is highly regarded by all police officers and firefighters,

as it represents the highest caliber of bravery and personal selflessness in the course of duty. This year, two men are being honored, and I would like to outline for my colleagues the events which led to these men receiving their medals.

Officer Newland Hingley is a 16-year veteran of the El Segundo Police Department, and was in the midst of writing a speeding ticket on March 26, 1980, when a man shouted that several people had just broken into his house. Officer Hingley reported the burglary, and having spotted a car speeding away, took up the chase on his motorcycle. Noticing his lights and siren, the car accelerated even faster. Officer Hingley followed the auto, until it stopped some blocks away.

Believing that the driver had submitted to his pursuit, Officer Hingley parked his motorcycle about 10 yards behind the car. Suddenly, the driver shifted into reverse and slammed into Officer Hingley, throwing him off his motorcycle 5 feet away. In this fall, he suffered a broken wrist and a bruised collarbone, including other injuries. Yet Officer Hingley got up, and followed the car on foot. The suspects crashed into a parked car, and he was able to catch them. Although Officer Hingley ordered the three out of the car, one attempted to escape, and thrust his hand behind his back, as if to draw a weapon. Hingley interpreted this gesture as such, and fired one shot in his direction. Subsequently, all three men surrendered, and were arrested. They were charged with suspicion of assault with intent to kill, and suspicion of burglary.

When Officer Hingley was nominated for the medal of valor, El Segundo Police Chief J. H. Johnson said of his actions:

> Officer Hingley * * * can serve as an example for all who wear a police badge.

And, Mr. Speaker, this is my sentiment exactly. Newland Hingley, despite his several injuries, thought not of himself but of the suspects who had encroached on the lives of area citizens with their criminal behavior. He surpassed the call of duty, and for this he is supremely qualified to receive the South Bay Medal of Valor. I commend him for his actions, and on behalf of the entire South Bay, thank him for his selflessness. It is citizens like Officer Hingley that help make our area what it is, Mr. Speaker, for without Newland Hingley and other committed men and women, our lives would be overrun by miscreants and criminals.

The other recipient of the South Bay Medal of Valor, Mr. Speaker, is Redondo Beach Firefighter Thomas Kiesewetter. His story is one of saving two innocent people from the raging seas near the breakwater at King Harbor Marina on February 2, 1980.

These two individuals, a young man and a 10-year-old boy, had been swept out into the rough waters during an early morning swim. Firefighter Kiesewetter arrived on the scene with two paramedics, and was told that because of the 10-foot waves it would take a patrol boat up to a quarter of an hour to reach the drowning people. Scaling the seawall, Kiesewetter and his paramedics were able to see them, as were about 20 fishermen who were at the scene as well.

With disregard for his own life and personal safety, Kiesewetter stripped off his uniform and dove into the water. He swam through the rough, high waves, was able to reach them, and guided them to the safety of the shore. The victims were immediately taken to a nearby hospital for treatment, suffering from exhaustion and exposure to the 57° water temperature.

Because of Firefighter Kiesewetter's actions, these people were saved. He acted at no one's behest, and without any hesitation whatever.

The victims would probably have suffered death or additional injuries had it not been for Thomas Kiesewetter. In his nomination, the Redondo Beach Fire Department said:

> Firefighter Kiesewetter has distinguished himself by conspicuous bravery.

It is by this selfless disregard for his own life in saving the lives of others that Thomas Kiesewetter is an inspiration to all the firefighters who are called on to save those placed in danger by fire, water, or any of the other natural or manmade elements. I commend this man, Mr. Speaker, for having acted so quickly and bravely. It is reassuring to know that individuals such as Thomas Kiesewetter are nearby in case of emergency, for without him and his associates, we would all suffer immeasurably from the tragedies that can befall us. Thomas Kiesewetter has helped alleviate such tragedy, and his Medal of Honor is certainly well deserved.

My wife, Lee, and I, congratulate these two men for the outstanding honor which has been bestowed upon them. We wish them all the best in their respective careers, certain that these medals represent but a part of their illustrious years of public service.●

NEED FOR CORPORATE CHARITABLE FUNDING

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. FRENZEL. Mr. Speaker, Mr. Kenneth N. Dayton, the chairman of the executive committee of the Dayton-Hudson Co., a Minneapolis based firm, wrote an article for the Washington Star entitled "Will Business Fill the Gap That Budget Cuts Create?" In his article, Mr. Dayton outlines the need for increased participation on the part of corporations in the funding of philanthropic activities.

At present, the national average for corporate charitable contributions is less than 1 percent of pretax earnings. In contrast, the Dayton-Hudson Corp. donates 5 percent of its pretax earnings to a variety of causes. As a result of the leadership of Ken Dayton, and others like him, 45 firms in the Minneapolis area now contribute 5 percent of their pretax earnings as well. During this time of fiscal austerity, when Federal funding of many worthwhile projects will be sharply reduced, Dayton-Hudson's example needs to be emulated on a broad scale.

I commend Ken Dayton's article to my colleagues and urge them to bring his message to the business leaders in their own districts:

WILL BUSINESS FILL THE GAP THAT BUDGET CUTS CREATE?

As the new administration sets about the task of trimming government, bringing down inflation and stimulating the economy, its much-heralded ally—business—faces an unprecedented challenge of its own.

After all, business "won" the election, or so goes the popular argument. Now America is waiting to see what business will do with its born-again political clout—and just what responsibility business will claim for itself in revitalizing the country.

Indeed, every snip of Stockman's shears offers business an unparalleled opportunity to help America find non-government alternatives to meet the needs now serviced by the programs facing budget cuts.

To put is more bluntly, America's "new beginning" challenges all America—but business in particular—to back up its rhetoric with hard dollars where support for voluntary initiative is concerned. After all, government didn't invent those needs that we criticize it for trying—and failing—to meet. The needs are real, and they aren't going to disappear just because we now want less government.

LOGICAL SOLUTION

Because of its vast resources and its traditional association with the concept of limiting the public sector, business itself provides one very logical solution to help ensure that America's social health is not sacrificed at the expense of attempts to restore its economic health: increased corporate philanthropy.

Not that business can take the place of government; it cannot and it should not. But if we do, indeed, want to "get government off our backs," as the saying goes, business must help America get its hands out of government's pockets—by opening up its own pockets instead.

Moreover, failure to commit substantial private sector resources to help address this nation's needs will surely result in a swift return to dependence on the public sector, with all the regulatory and legislative punishment that such dependence entails.

Indeed, business has many powerful incentives to raise the national standard of corporate giving from below one per cent,

where it is today, to a more respectable and more effective level. To begin with, building a better environment for the free enterprise system is crucial to its survival, as is building greater public confidence and credibility in the private sector.

More importantly, to protect our business "bottom line," we must be concerned with the environment in which our businesses operate. Crime rates, housing conditions, the quality of education and cultural resources all influence our business success just as surely as productivity and management practices. So increasing corporate giving is also a smart business decision.

Beyond that, the IRS provides what is perhaps the most attractive incentive of all: a tax deduction of up to five per cent of taxable income. No matter what administration is in office, business must ask itself: Why send all that money to Washington and let them decide how to spend it? Why not keep some of it—almost 50 cents on the dollar, up to five per cent—and put it to work solving problems in our local communities?

After all, we've been saying for years that the local level is where problems can be most accurately identified and most effectively addressed. Surely America's business leaders have much to contribute, in expertise as well as corporate resources, to the search for solutions in their local communities.

In Minneapolis, where 45 businesses give at the five percent level, we know from experience that the personal involvement of our business leaders is a key factor in making our philanthropy pay real dividends for our city. Were it not for the diverse cultural institutions and social service programs made possible by this partnership of contributions and leadership, a city the size of Minneapolis could not hope to attract the disproportionate number of company headquarters it does.

FOCUS

Another key factor in effective corporate philanthropy is focus. Indeed, any contribution program without a carefully planned and clearly articulated funding focus comes dangerously close to "casting money to the winds." For example, several years ago Dayton Hudson identified two areas in which our company wants to have impact: the arts and social action programs, particularly those that reduce barriers to self-sufficiency for the disadvantaged.

This focus is all the more critical to the effectiveness of our giving, since our company's growth—combined with our formal commitment to give at the five percent level—now generates an annual contributions budget of over $10 million. As the budget increases, we have learned there is a parallel need to professionalize.

We also know from experience that even modest resources that are leveraged with the time, talent and professional expertise of our people—and leveraged again with the contributions of like-minded corporate good neighbors—pay off handsomely in addressing local problems.

The Minneapolis standard, which is increasingly held up as a national standard, recognizes that the responsibility for solving problems does not rest in Washington alone. Nor does it rest solely in the state capitol or city hall. The responsibility rests with us as people, but most assuredly, with us as business leaders.

IT IS UP TO UNCLE

If business fails to meet the challenge of preserving voluntary effort in this country in the face of the proposed budget cuts, then we will have relinquished authority to government. We will have said, in effect, "Uncle, you do it, because we're too busy."

By contrast, if business launches a concerted effort nationwide to commit more corporate resources to solve local problems—and if those resources are properly leveraged with focus and personal involvement—then we can truly launch a "new beginning" for this nation.

Surely our businesses will be more successful for it, our cities healthier, and our nation more secure.●

THE CONSUMER FRAUD ACT

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. GILMAN. Mr. Speaker, I rise to inform my colleagues that I have introduced H.R. 2637, a bill to regulate commerce and to prohibit unfair or deceptive acts or practices in commerce, and for other purposes, the Consumer Fraud Act of 1981.

The bill has four main elements:

First, it would define consumer fraud.

Second, consumer fraud would constitute grounds for cancellation of a contract betweeen an individual consumer or a small businessman and a seller. If a consumer suffered a loss as the result of a fraud, treble damages could be recovered from the responsible party.

Third, State attorneys general could sue, as parens patriae of the citizens of their State, to enjoin the continuation of any consumer fraud and to recover damages, which may be distributed to damaged parties under the direction of the court. The Attorney General of the United States could also bring such suits.

Fourth, consumer fraud would be a Federal crime, which either the U.S. Justice Department or State attorneys general could prosecute in State or Federal court.

I have proposed this legislation in response to the incredible volume of consumer fraud being perpetrated on the American public. This legislation would provide effective tools to protect the consumer, and to compensate him when damage has been done.

This bill will neither establish new Federal agencies or authorize appropriations, nor does it increase the power of existing agencies except the Justice Department and the several States to institute legal proceedings.

Accordingly, Mr. Speaker, I urge my colleagues to join me in cosponsoring this legislation, and I insert a copy of the bill in the RECORD at this point:

H.R. 2637

A bill to regulate commerce and to prohibit unfair or deceptive acts or practices in commerce, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Consumer Fraud Act of 1981".

DEFINITIONS

SEC. 2. For purposes of this Act:

(1) The term "commerce" means trade, traffic, commerce, or transportation—

(A) between a place in a State and any place outside such State;

(B) which affects trade, traffic, commerce, or transportation described in subparagraph (A); and

(C) within the District of Columbia or within any territory or possession of the United States.

(2) The term "consumer" means any individual who is offered or supplied any goods or services for personal, family, or household purposes, and any small business concern which is offered or supplied any goods or services for use in connection with the business of such concern.

(3) The term "goods" means personal and real property, but such term does not include securities or interests in securities.(4) The term "organization" means an entity, other than a government, established or organized for any purpose, and includes a corporation, company, association, firm, partnership, joint stock company, foundation, institution, trust, estate, society, union, club, church, and any other association of persons.

(5) The term "sale" means any transfer of goods or services in exchange for anything of value.

(6) The term "services" means any benefit resulting from the labor, skill, or time of another person or from the use of property, including labor, professional service, transportation, telephone, mail, other public service, electricity, gas, other public utility service, banking, accommodations in hotels, restaurants, or other places, admission to exhibitions, performances, or other places, and the use of property owned by another person.

(7) The term "small business concern" shall have the meaning given it in section 3 of the Small Business Act (15 U.S.C. 632).

(8) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and any other territory or possession of the United States.

(9) The term "State attorney general" means the chief legal officer of a State, or any other person authorized by State law to bring actions under section 4 or section 5. Such term includes the Corporation Counsel of the District of Columbia. Such term does not include any person employed or retained—

(A) for a contingency fee based on a percentage of the monetary relief awarded in the action involved; or

(B) on any other contingency fee basis, unless, in the case of actions brought under section 4(a)(1), the amount of the award of a reasonable attorney fee to a prevailing

plaintiff is determined by the court under section 4(d)(1).

(10) The term "statement" means any representation in any form of advertising, any oral or visual presentation, or any other representation, presentation, or conduct which is communicated to consumers.

(11) The term "supplier" means any person who is in the business of making goods or services available to consumers.

(12) The term "unfair consumer practice" means any of the following:

(A) offering or advertising goods or services for sale to a consumer and not selling such goods or services as so offered or advertised, or without ability to supply reasonably expectable public demands, unless the offer or advertisement clearly and conspicuously discloses the limitation;

(B) making false or misleading statements with respect to goods or services which are offered for sale or sold to a consumer with respect to—

(i) the need for such goods or services;

(ii) the need for repair or replacement of such goods or services;

(iii) rights, privileges, or remedies, in connection with the purchase of such goods or services;

(iv) prior ownership of such goods or services;

(v) the grade, age, quality, style, standard, or model of such goods or services; or

(vi) price or quality comparisons with similar goods or services offered for sale to consumers by the same or another supplier;

(C) making a statement that goods or services offered for sale, or sold to consumers, have sponsorship, approval, origin, safety or performance characteristics, ingredients or components, uses, features, benefits, or qualities which the goods or services do not have;

(D) accepting consideration for goods or services and failing to deliver such goods or perform such services as promised or failing to return or refund deposits or advance payments for goods or services which are not rendered in absence of any default or breach of obligation on the part of the consumer making such deposits or advance payments;

(E) using physical force, threat of physical force, tortious threats or harassment, or misrepresentation of law in the course of a sale or attempted sale to a consumer of goods or services or in the course of collection of the purchase price or any portion of the purchase price of goods and services from a consumer;

(F) making a statement that goods are original or new if such goods are deteriorated, altered, reconditioned, reclaimed, or otherwise used; or

(G) making any false or misleading statement with respect to the reasons for, existence of, or amount of, any price reduction in connection with the sale of any goods or services.

SANCTIONS RELATING TO UNFAIR CONSUMER PRACTICES

SEC. 3. (a) Any contract or agreement in commerce which provides for the purchase of goods or services and which results from a transaction involving an unfair consumer practice by a supplier may be voided by the affected consumer.

(b) Any person who induces a consumer to enter into a contract or agreement pursuant to or in furtherance of an unfair consumer practice shall be liable to such consumer in an amount equal to 300 percent of the damage or loss sustained, together with an amount equal to the cost of any legal action required (including a reasonable attorney fee). Such amount may be recovered in a civil action in an appropriate district court of the United States or in any State court of competent jurisdiction.

(c) The district courts of the United States may have jurisdiction of any action brought under this section without regard to the citizenship of the parties or the amount in controversy. An action under this section may be brought not later than three years after the date on which the unfair consumer practice was discovered or reasonably should have been discovered.

ACTIONS BY STATE ATTORNEYS GENERAL

SEC. 4. (a)(1) Any State attorney general may bring a civil action in the name of the State, as parens patriae on behalf of consumers residing in the State, in any district court of the United States having jurisdiction over the defendant or in any State court of competent jurisdiction, to secure monetary relief as provided for in this section for any damage or loss—

(A) which is sustained by such consumers by reason of any unfair consumer practice; and

(B) with respect to which an action may be brought by any injured party under section 3.

(2) An action under this section may be brought not later than three years after the date on which the unfair consumer practice was discovered or reasonably should have been discovered.

(3) The court shall exclude from the amount of monetary relief awarded in any action brought under paragraph (1) any amount of monetary relief which—

(A) duplicates amounts which have been awarded for the same damage or loss; or

(B) is properly allocable to consumers who have excluded their claims in accordance with subsection (b)(2).

(4) The court shall award to the State as monetary relief an amount equal to 300 percent of the total damage or loss sustained, together with an amount equal to the cost of the action (including a reasonable attorney fee).

(b)(1) In any action brought under subsection (a)(1), the State attorney general shall, at such times, in such manner, and with such content, as the court may direct, cause notice of such action to be given by publication. If the court finds that notice by publication would deny due process of law to any person, the court may direct further notice to any such person according to the circumstances of the case.

(2) Any person on whose behalf an action is brought under subsection (a)(1) may elect to exclude from adjudication the portion of the State claim for monetary relief attributable to such person by filing notice of such election with the court not later than the end of the period specified in the notice given under paragraph (1).

(3) The final judgment in any action brought under subsection (a)(1) shall be res judicata as to any claim based upon an unfair consumer practice under this Act by any person on behalf of whom such action was brought and who fails to give the notice specified in paragraph (2) before the end of the period specified in the notice given under paragraph (1).

(c) Any action brought under subsection (a)(1) may not be dismissed or compromised without the approval of the court. Notice of any proposed dismissal or compromise shall be given in such manner as the court directs.

(d) In any action brought under subsection (a)(1)—

(1) the amount of any attorney fee to the prevailing plaintiff shall be determined by the court; and

(2) the court may, in its discretion, award a reasonable attorney fee to a defendant upon a finding that the State attorney general has acted in bad faith, vexatiously, wantonly, or for oppressive reasons.

(e) Any monetary relief recovered in any action brought under subsection (a)(1) shall—

(1) be distributed in such manner as the district court in its discretion may authorize; or

(2) be deemed a civil penalty by the court and deposited with the State as general revenues;

subject to the requirement that any distribution procedure adopted by the court shall afford each person involved a reasonable opportunity to secure his appropriate portion of the net monetary relief.

INJUNCTIVE RELIEF

SEC. 5. The Attorney General of the United States, the appropriate United States attorney, or the State attorney general of any State in which a prohibited act or practice occurred (as parens patriae of the people of such State, after notifying the Attorney General of the United States) may, upon a finding that any person is engaged or is about to engage in any act or practice which constitutes an unfair consumer practice, bring an action in the appropriate district court of the United States, or in any State court of competent jurisdiction, to enjoin such act or practice. Such courts shall have jurisdiction over such actions and shall provide appropriate relief. Such courts may grant a temporary restraining order, or a preliminary or permanent injunction without bond.

AMENDMENTS TO TITLE 18, UNITED STATES CODE

SEC. 6. (a) Chapter 63 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1344. Unfair consumer practices

"(a)(1) Whoever, in connection with the sale, attempted sale, or distribution of goods or services to a consumer, or in connection with the collection or attempted collection of the purchase price or any portion of the purchase price of goods or services by the use of any means or instrumentality of transportation or communication in commerce including the use of the mails, willfully or negligently engages in an unfair consumer practice, shall be fined not more than $100,000 if an individual, or not more than $500,000 if an organization, or imprisoned for not more than three years, or both.

"(2) For purposes of this subsection, the terms 'commerce', 'consumer', 'goods', 'organization', 'sale', 'services', and 'unfair consumer practice' have the meanings given them in section 2 of the Consumer Fraud Act of 1981.

"(b)(1) Each State attorney general shall have authority to bring an action, in the name of the United States, in an appropriate district court of the United States or in any State court of competent jurisdiction to enforce the provisions of this section.

"(2) In any case in which a State attorney general brings an action under paragraph (1), the State attorney general shall give notice of the commencement of such action to the United States by—

"(A) submitting a copy of the complaint involved to the Attorney General of the United States (by registered mail or certified mail) and to the United States attorney

for the district in which such action is commenced; and

"(B) submitting a written disclosure of any evidence or information in his possession which is material to the effective prosecution of such action, to such United States attorney or by registered mail or certified mail to the Attorney General.

"(3)(A) The Attorney General may enter an appearance in any action brought under paragraph (1) during the 45-day period following the receipt of notice under paragraph (2). The State attorney general involved may prosecute such action if the Attorney General fails to enter such an appearance before the end of such period, or notifies the court in writing during such period that the Attorney General will not enter such an appearance.

"(B) If the Attorney General enters an appearance in an action in accordance with subparagraph (A), then the action shall be prosecuted by or under the direction of the Attorney General. The Attorney General shall not be bound by any action taken by the State attorney general involved, and may proceed in such action as if such action had been commenced by the Attorney General.

"(C) If the Attorney General fails to prosecute an action with due diligence during the six-month period following the entry of an appearance by the Attorney General in accordance with subparagraph (A), or during such additional period as the court after notice may allow, then such action may be prosecuted by the State attorney general involved in accordance with paragraph (1).

"(4) For purposes of this subsection, the term 'State attorney general' means the chief legal officer of a State, or any other person authorized by State law to bring actions under this subsection.".

(b) The table of sections for chapter 63 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"1344. Unfair consumer practices.".●

HISTORIC AGREEMENT BETWEEN DEBORAH HEART AND LUNG CENTER AND THE GOVERNMENT OF POLAND

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. FLORIO. Mr. Speaker, Deborah Heart and Lung Center of Browns Mills, N.J., celebrates on Tuesday, March 24, a historic agreement with the Government of Poland.

At a luncheon ceremony in Philadelphia, officials of Deborah and Poland will sign an agreement that will inaugurate a program in which Polish children, who require pediatric cardiac surgery, will be treated at the center.

The importance of this agreement was noted recently by His Holiness, Pope John Paul II, who expressed his gratitude for the program's generosity.

Among those who will attend Tuesday's ceremony is a 6-year-old Polish boy who in January underwent a successful operation at Deborah.

Others who will attend Tuesday's ceremony include the Polish Ambassador to the United States, United Nations representatives, and pediatric cardiologists and surgeons.

Founded in 1922, Deborah Heart and Lung Center is respected internationally for the quality of its staff and its exceptional facilities. It is recognized as one of the Nation's leading centers for heart surgery.

One of Deborah's most unique aspects is that in its entire 58-year history not one of its patients has received a bill. Continuing in this tradition, the cost of treating young patients from Poland will be covered by contributions to the Deborah Hospital Foundation.

As an honorary trustee of Deborah, I am particularly proud to be associated with this new program that not only will treat afflicted Polish children, but also give Polish physicians and medical personnel the opportunity of observing the work of Deborah's expert surgeons.

I believe this new initiative between Deborah and the Government of Poland is an inspiring example of American achievement and compassion.●

FOIA HURTS OUR INTELLIGENCE AGENCIES

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. McCLORY. Mr. Speaker, applying the Freedom of Information Act to the CIA and FBI may not constitute a kind of casual madness, as our foreign allies contend, but it certainly does not serve as a good recommendation for our Nation's collective sanity. Not only does this law in its present state provide fewer and fewer benefits and greater and greater administrative burdens, but more importantly it significantly undercuts the ability of our intelligence agencies to perform the most fundamental task which the President assigns to them and the Congress endorses: The collection of sensitive, intelligence information. For, as long as FOIA is permitted to remain unamended, it will continue to erode our ability to gain the necessary trust of foreigners and allied foreign intelligence services. Without this trust, we simply cannot expect to be provided with the information upon which we can base our predictions of hostile government intentions and, therefore, our own security.

The problems I have mentioned have been repeatedly illuminated through examples when intelligence agency officials have appeared before the Permanent Select Committee on Intelligence, upon which I have the great pleasure to serve. Some people have claimed that the agencies make up all of these stories and simply oppose openness in government.

Mr. Speaker, in rebuttal, I would like to draw the attention of my colleagues to a recent article in the Washington Star in which Mr. Jack Valenti outlined his view of the situation. Mr. Valenti, who served as counsel to President Lyndon Johnson, has spoken directly with foreign officials, and from his own experience, he writes tellingly of the problems with FOIA.

In his article, Mr. Valenti calls on the Congress to take action—and that we must do. Both the Government Operations and Intelligence Committees, in their continuing oversight of FOIA, should seek changes which will accommodate the real needs of our intelligence agencies so that they can have all of the tools to do the job they have been asked to do.

Mr. Speaker, I commend Mr. Valenti's article to my colleagues, and insert it in the RECORD at this point:

[From the Washington Star, Mar. 13, 1981]

TOO FREE WITH OUR INFORMATION

(By Jack Valenti)

I spent some time recently in Western Europe chatting with key European officials, including several in the intelligence services of Great Britain and France. They seem persistently nonplussed by peculiarities in the American spirit, centered mostly on our Freedom of Information (FOI) Act and the porous quality it confers on the FBI and the CIA.

As one foreign official put it to me, "I daresay none of my colleagues today would pass on to the Americans sensitive data about the work of our operatives on the Continent—or even hint at anything which would identify agents we have in the field. It would be suicide for our people. It is already deadly to your own."

Another said, "How on earth can you possibly collect and hold intelligence which may slip into foul hands simply because someone you do not know writes in and asks for information? How you can have an intelligence organization that routinely gives away its files passes my understanding."

It isn't enough, they complain, that material extracted from the FBI and CIA with Freedom of Information requests is put through a sifter that supposedly culls out secret material. They point out that people are processing so many requests that human error makes it literally impossible to expunge all that is not designed to be made public. Slippage is inevitable—and when it happens, the irretrievable occurs.

The intent of the FOI Act is laudable. Light thrown on dark crannies of the government usually illuminates a good many practices that should be corrected. But a balance is required, say these Europeans.

CASUAL MADNESS

It is one thing, they point out, to probe the Department of Labor or Transportation for information, but to uncork the files of the FBI and the CIA is a kind of casual, and they hope momentary, madness.

The FBI received some 18,800 requests for information in 1979, and the CIA recorded some 14,000 requests since 1975. No one can be certain how many of the CIA requests come from foreign governments operating through cover names. And there is a difference between sending along a file of newspaper clippings, and parceling out documents with lines blacked out, with no one in the Agency quite certain that all that should be excised has been.

Most people would acknowledge that criminals, both organized and unorganized, are filing requests by the long ton to the FBI to learn what the feds may have on them that might be embarrassing or damaging—and to act on what they learn. Fragments of information are as valuable as the complete dossier.

Unhappily, some past events have convinced a good many people that the FBI and the CIA skulk about doing rude acts not countenanced by our own laws. Public suspicion about two enterprises, without whose vigilance we might be more anxious than we are now about our future security, stirs our unease.

In the war against terrorism in Europe, the intelligence services of the West Europeans find it necessary to foresee violent designs before they are hatched. The only known method to do that is to collect information so that if a design is forming it may be thwarted before it occurs—or at the very least to pick up the spoor of those sponsoring the skulduggery before they kill somebody.

AN INSTITUTIONALIZED LEAK

What the public doesn't know, and probably cannot know until it is too late, is how well our police and intelligence services are prepared to act before some violent deed is done. We have so institutionalized the "leak" in this country that nothing is truly safe from prying eyes. Granted that we may too often stamp Top Secret on a formula for dried milk; granted also that much of what is delivered to someone asking for information is valueless. But it is nonetheless true that in handling literally thousands of requests, brief lapses in scrutiny run throughout the whole costly process.

It is not the cost of handling these requests that should cause us concern. It is the disposition of crucial material, often collected at great risk from sources who believe it is sacrosanct, who suddenly discover to their horror and fear that it is not. All of which causes our colleagues in Europe to shake their heads.

This unease among our friends is not evidence of paranoia. As William Burroughs put it, "A paranoid is a man in possession of all the facts."

The work of the FBI and the CIA is by nature shadowy. But they labor to ensure the security of the nation. Most Americans assume that work is going forward with dispatch, skill and diligence. But many European friends of this country are queasy not so much about the quality of the labor, but of the impermanence of its safety.

One can only pray that the Congress and its oversight committees can figure out some common-sense balance which places off-limits sensitive information which is now leaked or routinely given away. There is legitimacy in the phrase "national security information."●

U.S. POSTAL AND CUSTOMS SERVICES DELIVER ON TIME

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Ms. FERRARO. Mr. Speaker, I would like to direct the attention of my colleagues to the cooperation and sincere efforts of two Federal agencies in locating six missing parcels and insuring that St. Patrick's Day arrived as scheduled for two dozen school children. The odyssey began over 2 years ago as the parents of, and children in the Cu Chullain Bagpipe Band decided to raise the money necessary to outfit the band with traditional tartan kilts. After all, every real band has a uniform and after years of practice on the bagpipes, this was a real band.

A fabric manufacturer was located in Scotland, money changed hands, and the kids and parents anxiously awaited the delivery of the kilts for the band. As luck would have it, the Scottish manufacturer went out of business, and the funds committed had to be written off.

But the members of the Cu Chullain Bagpipe Band were determined. More funds were raised, and a new manufacturer was located. The orders were placed again. All parties involved anxiously awaited delivery in time for this year's St. Patrick's Day festivities.

Again, fate intervened. Although the kilts had entered the United Kingdom's Postal Service on February 11, a month passed without delivery. As St. Patrick's Day neared the kilts were nowhere to be found, and the kids and parents readied themselves for another letdown.

On March 10 I brought this matter to the attention of the U.S. Customs Service and the U.S. Postal Service. These agencies went to work immediately to try to locate the kilts for the band. By March 12, half of the parcels were located. Two more were located on March 14, and the final parcel was located on March 16, the day before St. Patrick's Day.

I think this matter is worthy of mention because all too often we hear horror stories about the faceless, nameless bureaucracy. I do not know the names of all the employees and officials who worked to locate the parcels. I would not recognize their faces if I saw them today. But I certainly do recognize and appreciate their efforts and abilities.

The situations which caused the delay in delivery were beyond the control of either U.S. agency. The parcels languished in the British Postal System for 2 weeks. The Scottish exporter failed to ship the parcels by priority air mail. The parcels were improperly marked "Sample—No Commercial Value," and the goods were shipped in six separate parcels in an apparent attempt by the foreign exporter to reduce customs duty.

Despite these problems caused by external forces, U.S. Postal and Customs employees succeeded in locating the missing kilts in time for St. Patrick's Day.

Two important lessons may be learned from my experience. First, I found the much-maligned Federal work force to be staffed with real flesh and blood individuals who care about people. When we talk about eliminating Federal jobs, we are talking about the livelihood of these dedicated civil servants who provide the kind of service which kindles pride. We are also saying the public is going to have to give up this service.

Second, this first-rate service is often provided despite the errors and improper methods of mail users and those who export to our country.

This is a very special St. Patrick's Day for me. I am delighted that the kilts were located for the band in time for the parades. However, I am also pleased and proud of the many fine public servants who delivered for the kids in time for St. Patrick's Day.●

WHAT IS AT STAKE IN CUTBACK OF EXIMBANK LOAN AUTHORITY

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. BONKER. Mr. Speaker, the administration's proposal to cut Eximbank's lending authority will greatly affect many businesses, large and small, and jobs around the country. The Boeing Co., which was America's largest exporter in 1979 and possibly 1980, relies heavily on Exim financing. About $3 billion of Exim financing generated $5 billion of sales of commercial jet transports last year. Each billion dollars in exports creates 40,000 U.S. jobs thus Exim financing helped create 120,000 jobs in this case alone.

About 53 percent of each 747 is subcontracted. Loans granted to Boeing have a great impact on the "invisible exporters", with skills, people, technology, and research capabilities that also depend on foreign markets.

George E. Taylor, president of the Washington Council on International Trade in Seattle, aptly presents the arguments in favor of maintaining current funding levels in the following article which appeared in the Seattle Times on March 13, 1981.

Article follows:

WHAT'S AT STAKE IN CUTBACK OF EXIMBANK LOAN AUTHORITY

(By George E. Taylor)

When is a budget cut not a budget cut? Very simple. It is when David Stockman reduces the authorization of the Export-Import Bank to raise money from the private credit market, and the public thinks he is saving the taxpayer money and forcing sacrifices on the big corporations.

The taxpayer is not actually involved, because this is a cut in authorization, not a cut in an appropriation. The corporation is very much involved, because the administration's half-nelson on the Eximbank endangers—to take a local example—Boeing's share of the foreign market for planes and therefore the future of many hundreds of jobs in the State of Washington.

What is the Eximbank? When it began in the early days of the New Deal, like the Export Guarantee Department set up by the British in 1932, its main function was to insure against political and commercial risks. Now the bank carries out three main functions under the general supervision of the secretary of the Treasury. It assists American exports by arranging for medium- and long-term direct loans; by guaranteeing private credits, and by insuring against political and commercial risks. Today, every major trading county has something corresponding to the Eximbank. But the United States is alone in suspending the direct loan authority (Cooperative Finance Facility) of its Eximbank and in proposing to cut loan authority by one-third when it is restored.

What, then, is at issue? The issue is a matter of the application of general economic theory to a specific case. If we accept their premises, the theorists of the administration have a logical case. Norman Ture, now undersecretry of the Treasury, who develops the main case in his Heritage Foundation's "Mandate for Leadership," starts from the proposition that the Treasury spends too little time on its domestic responsibilities and too much time "doing a lot of work investigating, monitoring and manipulating markets or economic entities that do not need to be investigated, monitored or manipulated."

Ture suggests that the Treasury should not intervene in the marketplace unless the market fails to provide a desirable service or it is clear that the government can do a better job than the market. He says that "the balance of trade, the exchange rate of the dollar, and the value of the dollar as a financial asset are chiefly influenced by fundamental U.S. domestic policies regarding taxation, regulation, and money creation." Domestic energy policy also plays a role.

In other words, you cannot exploit international factors in order to solve domestic problems; and if we put our own house in order, there will be less need to interfere internationally.

It follows naturally from these premises that there would be no need for an Eximbank if we strengthened the domestic economy and eliminated export disincentives and impediments. The argument is that by lending money at one to two percentage points below its average domestic cost, Eximbank is subsidizing the purchaser of U.S. exports. The subsidy certainly helps the foreign consumer. According to Ture, if the subsidies are absorbed by American exporters, the taxpayer is subsidizing those exporters.

Such subsidies are not necessary, runs the argument, to help with the balance of payments, because we operate on a floating exchange rate and the accounts should automatically balance. American real income is therefore reduced, because we loan money to foreigners at interest rates below the yield on capital invested domestically. So if Eximbank loans money at less than the market's equilibrium rate, there will be a private market "shortage."

According to this argument, the government lowers interest rates and creates excess demand so that it can justify its presence because of the excess of demand. In the meantime, the Eximbank borrows from the private credit market, thus raising interest rates, and helps to redistribute income from U.S. taxpayers and businesses to corporations and governments abroad.

Another of the administration's theorists, Prof. E. Dwight Phaup of Union College, says that "no justification exists for the Eximbank, and it should be discontinued or allowed to operate as a private concern with no ties whatever to the U.S. government." That could be one answer.

The amount of money involved is substantial, but it is not taxpayers' money except in the most farfetched theoretical sense. According to Carter administration figures, the balance of Eximbank loans and guarantees at the end of fiscal 1981 will come to $14.4 billion and $7.95 billion, respectively. The bank paid no dividend to the Treasury for 1980 and will lose money in the present year. But it has reserves to carry it through for several years of losses, due to high interest rates. If interest rates come down and Eximbank is still alive, the bank might even become profitable again and pay dividends to the Treasury.

What does this mean for Seattle? The Boeing Co., to take the biggest concern, contends the Eximbank is vital to the aerospace industry. There is no doubt that Boeing's sales abroad have benefited from the Eximbank loans to foreign customers. That is why some critics have said the Eximbank gives most of its money to help the big companies. Quite true, but it is also true that a Boeing airplane is made with the help of several thousand smaller companies, located in many states.

It is also true that Eximbank financing of direct loans or guarantees in an overall ratio of $2 of exports for every $1 of support, goes far to explain the huge share of the world market for commercial aircraft that Boeing has conquered.

The share is now in danger, because things have changed over the past few years. Interest rates have gone up so high that Eximbank assistance is more important than ever. Competition with the European Airbus is intense; we no longer have the decisive technological lead. Large export markets are essential for economies of scale as well as for the resources to maintain leadership. The market strategies of the multi-government-supported Airbus are hard for a private corporation to oppose successfully. Airbus sales are increasing rapidly. The private manufacturers cannot match European government-subsidized financing, it is argued, without Exim support.

Administrative theorists have stated that if foreign governments are stupid enough to subsidize exports, we should let them do so, use our resources elsewhere, and get more value for the goods we export in payment for subsidized foreign goods. This view stems from the proposition that expenditures for international affairs are subject to the same criteria employed in assessing domestic expenditures. Foreign-policy considerations can be taken into account, but only on a strict cost-benefit contractual basis. Would that the world fit the model, but it does not.

The ideological purity of an economic model has little to do with the facts of international life. When we leave the domestic model, we move into an international scene without law and order and with a *minimum* of enforceable international agreements. From the domestic scene the international scene differs in kind as well as in degree. The economic competition in international affairs is a vital aspect of the struggle for national survival, and dominance in aerospace is a factor to national security.

The U.S. government has been rightly attempting for several years to negotiate an international agreement to eliminate subsidized export financing. But until the Organization for Economic Cooperation and Development agrees, there is every reason for us to keep some sort of device to give the U.S. exporter, at least for strategic goods, an equal footing in the "international credit war."

In the meantime, as Norman Ture puts it, "let us first strengthen our own economy and eliminate export disincentives and impediments."●

A TRIBUTE TO MR. EDWARD J. DILLON

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. APPLEGATE. Mr. Speaker, I would like to take this opportunity to congratulate a constituent of mine, Mr. Edward J. Dillon, on his retirement from 36 years of outstanding service to the Boy Scouts of America in Columbiana County, Ohio.

The success and growth of the Columbiana County Boy Scouts is in great measure due to the efforts and leadership of Mr. Dillon. In the 36 years he has served the Boy Scouts, he instituted a number of programs for the benefit of Columbiana County. He increased the membership from 36 units serving 901 boys to 76 units serving 1,809 boys; he increased the fund raising levels from $7,800 to $26,000 annually; he had a direct part in the acquiring and development of 6 Boy Scout camps.

As a member of a number of civic organizations, Mr. Dillon brought considerable expertise to his work. His dedication and ideals have helped enrich the lives of all those young men who participated in the Boy Scout programs.

We owe a great deal to Mr. Dillon. We are proud of his achievements. We are proud of him. We will miss him and most of all, we thank him.●

HEALTH PROGRAMS AMENDMENTS OF 1981, H.R. 2562

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. WAXMAN. Mr. Speaker, on March 17, 1981, I introduced omnibus legislation which reauthorizes eight program areas. The bill, H.R. 2562, consists of five titles: control programs, a prevention block, health services programs, research and statistics, and medical libraries. The authorizations for these programs are substantially lower than those of fiscal year 1981 and lower than 1981 appropriations.

The administration has proposed a radical departure from the existing practice of targeting Federal health dollars for specific health programs. In simple terms, the administration is requesting the abolition of categorical programs, and the creation of what is in essence another revenue sharing program. Two so-called block grants would be established, lumping together all the various diverse and unrelated health programs, and funding them at only 75 percent of this year's level.

I am prepared to meet the administration more than half way. The legislation I have introduced, H.R. 2562, does cut the funding for these programs. In fact, the five titles that are contained within the Health Programs Amendments of 1981 cut by almost 50 percent the levels Congress authorized for fiscal year 1981. Congress authorized $1.3 billion for these same programs for fiscal year 1981; this year, we are only recommending $777.5 million. Wherever a cut could be made, we made it.

However, this legislation does not accept the administration's recommendation to establish two block grants. I am concerned that this proposal, if adopted, would result in a fundamental retreat from our commitment to and responsibility for Federal health programs, and a lack of accountability on the part of the States as to how these Federal funds are spent. I am also concerned at the number of unanswered questions that have yet to be addressed by the administration with regard to this proposal.

The first title of this bill provides limited funding for three disease control programs which have a particular claim upon Federal attention—even at a time of cutbacks and austerity. However severe restraints must be, as a Nation we cannot afford epidemics.

Federal efforts to immunize children and to prevent and control tuberculosis and veneral diseases have been demonstrably effective in the past: The incidence of childhood diseases—polio, diphtheria, whooping cough, and tetanus—has decreased dramatically. Until very recently, the numbers of cases of tuberculosis have steadily diminished. And while the numbers of cases of veneral diseases are of astounding proportions, the Federal control programs are our strongest protection against the explosion of this epidemic.

Each of these programs is of national significance. Infectious diseases do not respect State borders and State health officers are powerless to control diseases that cross State lines. Each of these programs is, moreover, dependent upon a constant nationwide survey of the incidence of disease. The centers for disease control (CDC) now provide this epidemiological study in a manner unequaled by any agency in the world. Such full surveillance simply cannot be done on a State-by-State basis.

Finally, these programs provide a national network of skilled personnel. Working through a cadre of physicians, epidemiologists, and laboratory scientists, CDC supplies States and localities with expertise which the States and localities could not buy, hire, or contract for themselves. Because of their importance, the control program authorizations in this bill are $93 million, $97.5 million, and $103 million for fiscal years 1982, 1983, and 1984, respectively.

The second title of this bill also deals with disease prevention and control, but with diseases or problems, which are local and noncontagious. The Federal programs involved—project grants for preventive health services for hypertension, control of rodents, fluoridation, and lead poisoning—have each been successful in the past. But at a time when budgetary and regulatory problems are the subject of heated debate, if we are to retain those programs which can be managed only at the national level, we must consolidate those others which might be appropriately run by State and local governments. Title II combines these categorical grant authorities, reduces authorization to approximately two-thirds of current appropriations, and provides for a block grant to the States to finance preventive health programs as each State finds appropriate. This block grant is authorized at $60 million for each of the fiscal years 1982 through 1984.

The migrant health center program and the community health center program make primary health care available to medically underserved populations. In addition, the hospital-affilated primary care center program and the primary care research and demonstration projects provide other program grants for the development of medicare-certified home health agencies in underserved areas. Funding for all of these authorities expires this fiscal year.

Given current budgetary constraints, it is necessary to maximize the effectiveness of Federal health outlays. Title III reflects this priority. It proposes an extension of funding for the community health center and migrant health center programs for the next 2 fiscal years. In view of budget constraints, however, the primary care research and demonstration projects would be phased out during the next fiscal year, and no new funding would be authorized for the hospital-affiliated primary care program, the home health services grant program, and the technical assistance demonstration grants and contracts authority. In this manner, the bill allocates the limited Federal dollars available to existing programs that are delivering needed primary care.

Current authorizations for these primary care programs total $587 million; total fiscal year 1981 appropriations are $376.4 million. Just to maintain current services in the face of inflation would require funding of approximately $410 million. This bill proposes a total primary care authorization level for fiscal year 1982 of $362.5 million—some $14 million below current appropriations, and about $48 million below the amount needed to accommodate inflation next year at current service levels.

This is a real cut. It will result in the closure of some community health centers, the reduction of services at others, and the loss of access to primary care by some of the current users of those centers. However, I am confident that these reduced authorizations will not do major damage to current programs upon which millions depend for primary care.

The migrant health centers program, authorized by section 329 of the PHS Act, provides grants to public and private nonprofit entities that provide primary care to migrant and seasonal farmworkers. These centers are located in areas that experience a high seasonal influx of workers during the growing and harvest seasons. Because of the importance of this program to the health and productivity of migrant and seasonal farmworkers, title III proposes to extend if for the next 2 years. The authorization levels—$49.5 million in fiscal year 1982 and $56.5 million in fiscal year 1983—reflect an adjustment of the current appropriations level to account for inflation. These levels would not allow any increase in the number of centers but would allow centers to maintain their current level of services. The bill does not propose any substantive revisions in the migrant health center authorities.

The community health center program, authorized by section 330 of the PHS Act, provides grants to public and private nonprofit organizations to provide primary care to medically underserved populations. Centers are locat-

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ed in urban and rural areas with high levels of poverty, high proportions of elderly people, high infant mortality rates, and a shortage of physicians and other health providers. The community health center program, now going on its 16th year, must be continued if we are not to abandon our commitment to those with no alternative sources of primary care. Accordingly, title III of the bill proposes to extend program authorizations for an additional 2 years. The proposed funding levels are $310 million for fiscal year 1982 and $325 million for fiscal year 1983. I would note that these authorizations represent a substantial reduction from fiscal year 1981 appropriations of $325 million and the amounts that would be required to maintain current service levels.

I have carefully examined the goals and the performance of each of these programs. This case-by-case review has led me to the following conclusions. First, these programs, as a group, have worked. While there is always room for improvement—indeed, this bill suggests several—these programs are making quality primary care available to millions who would otherwise go without. Second, despite this accomplishment, many disadvantaged people in both urban and rural areas remain without access to primary care at current program funding levels. Real health care needs far outstrip current program resources. Finally, some of these programs are more effective than others at meeting the needs of the medically underserved. I continue to believe that the Federal Government has an important role to play in making primary care available to underserved urban and rural populations. Historically, the needs of these people, most of whom are poor or near poor, have not been met by the private sector or by the States. Federal assistance fills this gap.

Title IV of the bill revises and extends the statutory authorities for the National Center for Health Services Research, the National Center for Health Statistics, and the National Center for Health Care Technology. These Three Centers together constitute the focus of Federal efforts to better understand, and to improve the efficiency and effectiveness of the Nation's $250 billion health care system.

The National Center for Health Services Research (NCHSR) supports research on problems in the organization, delivery, and financing of health care services. It coordinates health services research within the Public Health Service and insures that the findings of such research are relevant and reliable. The Center is responsible for comprehensive and systematic efforts to develop new options for health services delivery and to test the assumptions on which current and proposed health policies are based. H.R. 2562 provides authorizations for the NCHSR of $25 million, $27.5 million, and $30 million for fiscal years 1982, 1983, and 1984, respectively. The $25 million authorization for fiscal year 1982 is a 20-percent reduction from the fiscal year 1981 appropriation. Funding at these levels will continue a decade long trend which has reduced real dollar support for the NCHSR to 25 percent of its level in 1974.

The National Center for Health Statistics (NCHS) provides data on virtually every aspect of health and medical services. The NCHS monitors births and infant mortality, the prevalence of disease and disability, personal health expenditures, coverage by health insurance, the utilization of health services, and the causes of death. NCHS data gives us the ability to measure the success or failure of our medical and public health programs. H.R. 2562 extends the authorizations for the NCHS at the level appropriated in fiscal year 1981.

H.R. 2562 also extends the authorizations for the National Center for Health Care Technology (NCHCT). The NCHCT has the responsibility for monitoring the development of new health care technologies, supporting the assessment of a limited number of priority technologies, and providing recommendations to medicare concerning payment for new medical procedures. H.R. 2562 extends the authorizations of appropriations for the NCHCT at $5 million, $6 million, and $7 million for fiscal years 1982, 1983, and 1984, respectively. This compares with an appropriation of $4 million in fiscal year 1981. With hospital costs now increasing by more than $15 billion a year, and with up to 75 percent of these increases attributable to new services, $5 million is an appropriate amount to invest in technology assessment which can help to hold down the costs of our health care financing programs.

Title V of H.R. 2562 extends the authorizations for the medical library assistance and national research service award programs for 1 year. These programs will be reviewed next year when the subcommittee reconsiders the statutory authorities for the National Institutes of Health. The authorization for medical libraries is set at $9 million, the amount appropriated for fiscal year 1981. The NRSA program is continued at a substantially reduced level from the fiscal year 1981 spending level; $153 million is authorized. At this level, NIH would be required to make some reductions in support for institutions which sponsor NRSA training. The bill revises the NRSA authority by allowing young researchers up to 1 year of support without incurring a payback obligation. This change is designed to increase the attractiveness of entering the field of health research to young physicians.

When Congress is asked to create a new program, Members expect a thorough analysis of the need for the program and the data to justify any claims made about such a need and the projected costs. The demand for analysis and data are no less great when an existing program is proposed to be discontinued or restructured. The administration is proposing a major restructuring of 26 separate Federal health programs, but in the budget documents made public to date the administration has not provided any supporting analysis or data.

I believe every Member is entitled to a comprehensive analysis of the proposed block grants before we pass judgment on them, an analysis which, at the very least, addresses the following:

First, the duplicative and unnecessary administrative requirements which are supposed to offset the proposed 25-percent cut in current appropriations—would not each State have to duplicate the Federal bureaucracy and will blocking these programs reduce administrative savings or simply shift them to the States?

Second, the capacity of the States to manage program grants and whether they are capable of delivering the services currently provided by private organizations.

Third, the probably impact upon persons dependent on the services who live in States that cannot absorb the proposed reduction in Federal financing.

Fourth, how accountability for the use of Federal tax dollars by the individual States would be assured.

Fifth, the ways, if any, in which allocation of block grant funds to the States will take into account the relative fiscal and health needs of each State.

Sixth, the feasibility of the States' making the budgetary, legislative, and administrative changes necessary to implement the block grant proposal on October 1, 1981, the administration's target date.

The administration has suggested that if Congress is not prepared to accept its programs, then Congress should be prepared to come forward with alternatives. H.R. 2562 is just such an alternative. As I have indicated in the questions I have posed and the concerns I have raised, I believe the challenge still lies with the administration. Ideology is not an adequate substitute for analysis. However, when that process is completed, I am prepared to discuss with the administration, with an open mind, those categorical health programs that rationally lend themselves to the block grant approach.●

WORLD FREEDOM DAY RALLY

HON. WILLIAM CARNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. CARNEY. Mr. Speaker, our distinguished former colleague who represented Long Island's Fifth Congression District so ably for 18 years, John W. "Jack" Wydler, recently participated in a World Freedom Day rally in the Republic of China.

People from all over the free world gathered in the Sun Yat-Sen Memorial Hall in Taipei for that rally which included Jack among its speakers.

One of the major addresses at the meeting was delivered by Dr. Ku Cheng-Kang, honorary chairman of the World Anti-Communist League.

I believe Dr. Ku's remarks about the 1980's prospects in the struggle between the forces of freedom and democracy against communism deserve careful study by the Members of this body, and I include them for the RECORD:

SPEECH OF DR. KU CHENG-KANG

Premier Sun, Distinguished Guests, Ladies and Gentlemen:

NEW DECADE OF JOINT ENDEAVOR

We are on the threshold of a new age in the course of history's development. Both the decade of the 1980s for the whole world and that of the 70s of the Republic of China have started. All the Chinese and others who stand for freedom and democracy have hand in hand stepped into an era of joint endeavor. This World Freedom Day Meeting here today represents the great new unity of such people in the new age, determined to fight on against Red totalitarians.

The 1980s shall see further rise of forces for freedom and democracy. It will be the decade of Communist fall. The ROC's 70s shall see China's reunification in freedom and democracy. The "World Freedom Day" Movement is the major driving force of this new situation.

PRESENT RISE OF FREE DEMOCRATIC FORCES

The present rise of international forces for freedom and democracy is moving in these four major directions.

As regards the bipolar confrontation by freedom and democracy against Communist autocracy, Russia's invasion of Afghanistan and continuous advances into the Mediterranean as well as the Indian Ocean and the Western Pacific have been accompanied by all-out Red Chinese infiltration to create rifts and armed rebellions in free countries, but these moves have made free democratic nations rise speedily with positive military readiness against Red aggression and expansion and better countermeasures against subversion. Unity and cooperation will be further enhance among free nations. The whole free camp is being consolidated for collective steps to safeguard freedom and democracy.

In the race involving the two camps, the free world progress, prosperity, freedom and well-being are in growingly sharper contrast with the backwardness, poverty, autocracy and suffering under Communism. Greater than ever impacts will be created in the 1980s. More and more people in the free world will discard Communism, and more people behind the Iron Curtain will rise against Red tyranny. Identical thinking will bring unity of purpose and spur joint steps. In the face of a greater awakening of humanity and confronted by the determined surge of people everywhere for well-being, Communism will tread its path to downfall.

Changes within the Red bloc will further expose the failure of Communist rule, widen the rift between revisionists and doctrinaires, and bring sharper clashes for power and hegemony. The struggle waged by Teng Hsiao-ping and other Red Chinese powerholders against the Gang of Four and its followers is widening the crack that will make the Red rule fall apart. The widespread strikes by Polish workers are bringing similar results. Communist regimes will come to their end amidst theoretical bankruptcy and opposition of gallant Iron Curtain masses.

Developments of the free world have been such that people have learned enough from the mistaken policies of appeasement and compromise in the 1970s. Those policies succeeded only in bringing rampant Red expansion, but the exposed Red aggressiveness made the free world wide awake and spurred the rise of righteous forces for anti-Communist campaigns. A surge is shaping up for the destruction of Red tyranny in the 1980s.

CHINA'S UNIFICATION IN FREEDOM AND DEMOCRACY

The rising free democratic forces are the mainstream of the 1980s. Unification of China in freedom and democracy will be the guiding force of history in the decade ahead.

The 900 million people on the Chinese mainland have been plunged in despair by Red rulers and no longer pin any hope to Communism. Even before getting under way, the so-called "four modernizations" started producing four bitter fruits: production suspension, economic withering, currency inflation and social confusion. The trial of the Lin Piao and Chiang Ching cliques came recently as an attempt to heap blames on a few past leaders. By condemning these scapegoats, the regime wants to fool the people under it and divert the attention of the world outside. But the trial, aside from foreboding even fiercer power struggle, has exposed the wickedness of Mao Tse-tung and Chou En-lai, testified to the crimes of Teng Hsiao-ping and others now in power, and proven that the days are numbered for Marxism, Leninism and Communism. The opposition of the mainland masses to the regime will intensify.

In Taiwan, the Republic of China has implemented democratic constitutional rule, brought, about great progress through policies of well-being for all, and succeeded in glorifying China's great cultural heritage. Our society has been built as one that is free, democratic, open and prosperous. A bright vista has thus been created for all of China. Tremendous attraction and influence are being exerted. The 900 million people on the mainland are receiving great encouragement for their anti-Communist struggles to win freedom, democracy and human rights. Their calls for emulation of the Taiwan economy example are evolving into demands for learning from the ROC in politics and for return to the Three Principles of the People. This is enhancing the march to China's unification in freedom and democracy in the 1980s.

The Republic of China will never compromise with the Chinese Reds or contact the Soviets. The firm ROC stand of never departing from the democratic camp has positively contributed to the building of peace and freedom in Asia and the world. The nation continues as a vanguard in man's struggle to safeguard freedom and democracy. Unification of China in freedom and democracy will add 900 million people to the free democratic camp and put all the oppressed masses behind the Iron Curtain on their feet for action to terminate Communist rule.

WHAT FREEDOM FORCES MUST NOW DO

Ladies and Gentlemen: The 1980s will usher in victories for freedom and democracy. This highly advantageous turning point of history must be fully grasped so that struggles for freedom, democracy and human rights will triumph before long. To meet this demand, I hereby on this glorious World Freedom Day advance the following calls:

We maintain that the newly-established Reagan Administration resolutely ends the humiliating U.S. policy of detente and compromise with Red forces. The awakened Americans support President Reagan's effort for national renewal. The United States is powerfully demonstrating that she will, with strength, safeguard freedom and peace and, with justice and righteousness, lead the free world.

President Reagan said clearly in his inaugural address that the U.S. would strengthen her ties with free nations and assure them of America's support and firm commitment, matching loyalty with loyalty. The Republic of China has had long-standing cordial historic ties with the U.S. She used to be regarded as an American ally. She is one of America's Asian-Pacific neighbors. She always has been a loyal friend, and the United States used to have commitment in her. We have reasons to request the new U.S. Government to take concrete steps to promote normalization with the ROC and abandon the dangerous mistaken tactics of "allying with the Chinese Reds for the checking of the Soviets" so that America "will again be the exemplar of freedom and a beacon of hope for those who do not now have freedom." The 900 million people on the Chinese mainland are in misery without freedom. America absolutely should not join hands with those Red rulers who have deprived the Chinese mainland people of their freedom.

Strategic interests are such that any U.S. attempt to pit the Chinese Reds against the Soviets will spur the latter's expansion on many fronts. Furthermore, the U.S. inevitably will be dragged into wars regardless of whether the two Red regimes engage in open clashes or become reconciled.

We heartily agree that, as President Reagan said, the will and moral courage of free men and women is a weapon the adversaries of free nations do not have. America's mission today is to bring free nations together and safeguard freedom with this weapon.

We maintain that free nations come to the unequivocal understanding that because of their failure to unite and cooperate as one, the Communists have become so rampant. Free nations therefore should speedily develop common defense cooperation and, with collective strength, check Red expansion and assure regional security.

We maintain that free nations take forceful steps to support the heroic Afghan war against Soviet aggressors, help the Polish workers and other East Europeans cope

with Moscow's threat to their campaigns for freedom, aid the Indochinese, the Cubans and the North Koreans who are struggling to be free, and give strength to the Africans for successful fights against subversion, aggression and communization.

We maintain that free nations together encourage the 900 million Chinese mainland people's anti-Communist struggles to regain freedom, democracy and things Chinese. Support should be given the people on both sides of the Taiwan Straits who are striving for China's unification under the Three Principles of the People.

We maintain that our 900 million compatriots on the Chinese mainland fully grasp the regime's current conflict and confusion and rise for a wide-spread anti-Communist revolution to overthrow the Red tyranny.

Ladies and Gentlemen: The history of man's struggle for freedom is written in blood and tears. The road to freedom has to be opened and leveled with firm steps of multitude. We will in the decade ahead break through the Communist mist and build a broad avenue of freedom for all mankind.●

FIND A DOMESTIC SOLUTION

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. FRENZEL. Mr. Speaker, under the headline, "Find a Domestic Solution," the Journal of Commerce's four part editorial of March 14 points out further disadvantages in counterproductive suggestions to limit imports of automobiles from Japan.

The common thread running through this editorial, and other thoughtful objections to stopping world trade, is that we have a problem at home which we must solve at home.

Scapegoating may make a Member of Congress feel good, but we are not going to put auto workers back to work until we find a domestic solution to our domestic problem.●

MARTIN LUTHER KING, JR., CONVOCATION: APRIL 4, 1981

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. CONYERS. Mr. Speaker, this April 4—the 13th anniversary of the assassination of Dr. Martin Luther King, Jr.—seminars, dialogs, and teach-ins will take place across the Nation and in Washington, D.C., to rediscover and build upon Dr. King's political courage and his moral purposes.

Representing Americans in all walks of life—the religious community, the labor movement, civil rights institutions, women's organizations, minority communities, and among public interest organizations—the Martin Luther King events will set about to rediscover the King legacy for a new generation of Americans. In doing this, all of us will have to confront what is wrong with the politics of the present and move toward a new blueprint for social and political action that can transform the country.

I want to share with my colleagues the following documents that explain the nature and purposes of the King April 4 events and the organizations and individuals who at this point have agreed to participate in the events.

The documents follow:

REDISCOVERING MARTIN LUTHER KING, JR.'S IDEAS AND POLITICS IN THE 1980'S

On April 4, 1981—the anniversary of the assassination of Dr. Martin Luther King, Jr.—seminars, teach-ins, and informal meetings will take place across the nation and in Washington, D.C to rediscover and build upon Dr. King's political genius and moral purposes.

Twenty-six years ago in Montgomery, Alabama, King launched a new politics in America, and forged the broadest and most positive political coalition in recent history. He addressed the leading issues of his day, which remain the issues in our lives—full employment and economic justice; equality of opportunity; the safeguarding of the rights of working men and women; peace in the world and a halt to violence at home; and the abolition of racism. Linking these issues with new forms of political action, Dr. King created, in its totality, a new politics of hope and empowerment for millions of Americans and peoples throughout the world.

The historic coalition that King nurtured a generation ago needs to be rebuilt today. Millions of Americans feel frustration, helplessness and fear. Insidious tendencies toward polarization are afoot. Liberals and progressives are experiencing isolation, indecision, and drift. We need a new coalition to preserve and improve upon the human resource programs that a whole generation fought to create, to challenge the militarization of foreign policy, and to confront the orchestrated conservative attack on human rights at home and throughout the world.

Representing Americans in all walks of life, in the religious community, the labor movement, the women's movement, civil rights institutions, and in minority communities, we issue this call to reclaim Dr. King's genius for this generation of Americans, rebuild the great progressive coalition, and fashion the new ideas and programs that can transform America.

On Saturday, April 4, the Congressional Black Caucus, the Martin Luther King, Jr. Center for Social Change, and the other organizations listed, will sponsor in Washington, D.C. a series of seminars on rediscovering Dr. King's politics: a seminar on King, full employment, and economic justice, that will convene in 1100 Longworth House Office Building; a seminar on King, civil and human rights, that will take place at the Howard University Law School; and a seminar on King and global concerns, that will convene at the Institute for Policy Studies.

The seminars will convene at 10:30 a.m., include panels of distinguished leaders, and will generate broad discussion among all segments of the community. The proceedings will be published and widely distributed.

Similar teach-ins and meetings will take place in towns and cities across the nation. In rediscovering Dr. King's politics and ideas, all of us will have to confront what is wrong with the politics of the present, engage in dialog on alternatives, and move toward a new blueprint for social and political action.

We call for continuing discussion beyond April 4th among citizens and leaders to develop further actions to bring to bear the power and inspiration of Martin Luther King, Jr. We are convinced that if we meet, share counsel, and act together now, we can bring the nation back to the pursuit of justice, equality, and peace.

As a first step, we urge your participation in the King events in Washington, D.C. and in other cities on Saturday, April 4, 1981.

Further information on these events can be obtained from the Congressional Black Caucus in Washington, D.C. (202-225-1691) or the office of Congressman John Conyers (202-225-5126.)

ENDORSERS OF THE APRIL 4, 1981, KING EVENTS

Congressional Black Caucus.
Martin Luther King, Jr. Center for Nonviolent Social Change.
United Auto Workers.
Oil, Chemical and Atomic Workers International Union.
Amercians for Democratic Action.
New Democratic Coalition.
American Civil Liberties Union.
Office of Governmental Affairs, Lutheran Council, U.S.A.
National Assembly of Women Religious.
National Black Independent Political Party.
Southern Christian Leadership Conference.
National Catholic Conference for Interracial Justice.
National Organization for Women.
National Women's Political Caucus.
Women's Strike for Peace.
Coalition of Black Trade Unionists.
National Association of Neighborhoods.
Institute for Policy Studies.
Joint Center for Political Studies.
United Methodist Church Board of Church and Society.
Unitarian-Universalist Association.
United Presbyterian Church, Washington Office.
Kappa Alpha Psi Fraternity.
National Urban Coalition.
National Lawyers' Guild.
Nation Institute.
Fund for Open Information and Accountability.
National Bar Association.
National Association of Afro-American Museums.
National Pan Hellenic Council.
Hon. Don Edwards, Hon. Ted Weiss, Hon. Robert Drinan.
Hon. Millicent Fenwick, Hon. Peter W. Rodino, Jr., Hon. Robert W. Kastenmeier.
National Black Caucus of State Legislators.
National Black Caucus of Local Elected Officials.
National Caucus on Black Aged.
National Committee Against Discrimination in Housing.
League of United Latin-American Citizens.
National Council of La Raza.
American Jewish Committee.
Clergy and Laity Concerned.
Democratic Socialist Organizing Committee.
Operation P.U.S.H.
National Education Association.

Children's Defense Fund.
Hon. Henry B. Gonzales.
Hon. Hamilton Fish, Jr.
National Association for the Advancement of Colored People.
National Urban League.
Coalition of Labor Union Women.
Association of Community Organizations for Reform Now.
National Association of Social Workers.
International Association of Machinists & Aerospace Workers, AFL-CIO.
Sierra Club.
Friends of the Earth.
Environmentalists for Full Employment.
Hon. Anthony Toby Moffett.
National Center for Economic Alternatives.
Service Employees' International Union, AFL-CIO.
Coalition for a People's Alternative.
American Federation of State, County, and Municipal Employees, AFL-CIO.
Coalition for a New Foreign and Military Policy.
National Tots and Teens, Inc.
United Food and Commercial Workers International Union, AFL-CIO.
S.A.N.E.—Committee for a Sane Nuclear Policy.
Hon. Walter E. Fauntroy, Hon. Shirley Chisholm, Hon. William Clay.
Hon. Cardiss Collins, Hon. George W. Crockett, Jr., Hon. Ronald V. Dellums.
Hon. Julian C. Dixon, Hon. Mervyn M. Dymally, Hon. Harold E. Ford.
Hon. William H. Gray III, Hon. Augustus F. Hawkins, Hon. Mickey Leland.
Hon. Parren J. Mitchell, Hon. Charles B. Rangel, Hon. Gus Savage.
Hon. Louis Stokes, Hon. Harold Washington, Hon. John Conyers, Jr.●

HAPPY BIRTHDAY, EARTH DAY

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. HUGHES. Mr. Speaker, Earth Day 1981 will be celebrated on March 20, and I think this event worthy of note. Too few of us appreciate the marvels of our great spaceship—its beauty, its mysteries, and its bounteous resources. Thus, I think I would be on safe ground to propose that we take the time for a down-to-earth tribute for our crusty old friend.

In doing so, we will join my constituents in Bridgeton, N.J., who were pioneers in the Earth Day celebration. Led by John McConnel who, with the late Margaret Meade, cofounded the Earth Society Foundation 11 years ago, Bridgeton citizens will this year focus on "water—our most precious resource." Bridgeton citizens plan to mark Earth Day with recreational and educational activities emphasizing this often abused resource. Aquaphiles of all ages will gather in Bridgeton for festivities and, I hope, the citizens across the country will follow their fine lead.

The city of Bridgeton has drafted a most eloquent proclamation honoring our long-suffering planet, which I present below. It is a good way to begin our celebration of Earth Day 1981.

EARTH DAY PROCLAMATION

Whereas the greatest potential power on Earth is the power of the human heart, when it is engaged in a clear and important work of love. And the most important task for those who love is now the love and care of Earth, and

Whereas mankind's disregard for nature and the laws of Nature has brought about a global crisis of population, pollution and poverty, and

Whereas seeds of change have, nevertheless been planted, here and there people who love the Earth are demonstrating ways to meet human need through harmony with Nature . . . without polluting, wasting and destroying the Earth, and

Whereas instead of continuing the road to chaos and oblivion we can by our united actions save, revive and redeem our endangered planet and that by an all-out effort now and in succeeding years we can by the year 2000, our Bimillennium, make the dreams of a golden age come true.

Be it therefore resolved, that our citizens, young and old, will join on Earth Day, March 20, in a salute to our planet Earth. When the United Nations Peace Bell rings, at the moment of the Equinox, we ask that our church and temple bells will also ring. And that we, joined by others around the world, will turn our hearts to silent prayer, meditation or personal vows for Earth's renewal. That instead of preparing for war, as we have in the past, we will seize this grand moment in history and vigorously begin to prepare for the Millennium, knowing that once the Millennium is in our hearts and minds we will work fervently to obtain a peaceful, healthy planet . . .

Now, therefore, I, Donald H. Rainear, Mayor of the City of Bridgeton, County of Cumberland and State of New Jersey, do hereby proclaim, Friday, March 20, 1981 as Earth Day.

In Witness, Whereof, I have hereunto set my hand and caused the seal of the City of Bridgeton to be affixed at Bridgeton on this 20th day of March, 1981.

DONALD H. RAINEAR,
Mayor.●

HEROIN AS A PAIN RELIEVER

HON. EDWARD R. MADIGAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. MADIGAN. Mr. Speaker, heroin is widely recognized as an extremely effective pain reliever. A small proportion of terminal cancer patients who would derive great benefit from the controlled use of injectable heroin must do without its analgesic effects. Under present law, legitimate medical us of heroin (diacetylmorphine) is prohibited despite its acknowledged efficacy.

The Harrison Narcotics Act of 1914 restrained the availability of previously unregulated narcotics. The worthy objective of the act was to limit available opiates to those necessary for medical and scientific use. At that time, narcotics were freely dispensed and addiction was becoming a pressing social problem. A physician was still able to prescribe and distribute opiates within the course of regular practice under the Harrison Act.

The Supreme Court restricted the rights of medical doctors to prescribe narcotics for the treatment of addiction in two important decisions. These judicial precedents became an effective ban on any manner of heroin prescription.

In 1924, Congress passed a law prohibiting the importation of crude opium for the purpose of manufacturing heroin. This ban continues to this day.

At present, morphine is the standard analgesic of choice for cancer patients experiencing severe pain. In the absence of limiting circumstances, oral administration is preferred initially both for its effectiveness and for the extent to which it permits a patient to function in a relatively normal fashion. As certain types of neoplastic disease progress, however, adequate pain relief through oral administration may become impossible and parenteral (injected) medication may become necessary.

Several factors may cause a need for administration of analgesics by injection. The pain may be so intense that it fails to respond even to large doses of oral morphine or other analgesics. The patient in severe pain who is unable to obtain adequate relief with the highest effective dose of oral morphine often needs injected medication every 3 or 4 hours. Injections may also be required due to unrelieved nausea and vomiting which prevent the full absorption of oral medications. Finally, during the last hours of life, a patient's increasing debility may make the oral route difficult if not impossible.

For the emaciated patient with severe muscle wasting, the relative insolubility of morphine poses a special problem, for the administration of a higher dosage at frequent intervals must be accomplished by means of high volume injection. Under such circumstances, the use of a small volume injection is clearly the most humane practice. Thus, heroin is the better choice for it is possible to administer heroin in a far smaller volume than morphine. Heroin salts are more potent and are inherently more soluble than morphine salts.

This question of solubility underlies the need for legislation. In the recognized absence of an equipotent analgesic of equivalent solubility to heroin, I believe that Congress should make heroin available to the thousands of terminal cancer patients who need it each year. It is our responsibility to see that the dying do not suffer needlessly.

I think it unfortunate that heroin, one of the most potent pain remedies known to medicine, is presently banned from even limited legitimate use. I can think of no compelling argument that exists for a continued ban on the use of this powerful analgesic in the very limited circumstances of certain advanced cancers. As a result, I have reintroduced legislation to modify the prohibition on the medical use of heroin. I am pleased to note that nine of my colleagues have chosen to join me in the reintroduction of this bill.

Our bill transfers heroin from schedule I to schedule II of the Controlled Substances Act, acknowledging that this drug does indeed have an accepted medical use contrary to its present legal status. In addition, our bill establishes specific practitioner regulation standards and terms for the controlled use of his drug in qualified hospitals and hospices. It sets forth diagnostic guidelines, including restrictions on the definition of terminal cancer, and provisions for appropriate medical review following accepted standards. It further directs the Attorney General to promulgate necessary regulations in accordance with the legislation, and provides for the suspension or revocation of practitioner licenses on findings of noncompliance. The bill also amends the Controlled Substances Import and Export Act to permit the legitimate importation of crude opium for the purpose of manufacturing heroin. Finally, the bill directs the National Cancer Institute to take necessary action to insure that heroin can be distributed for proper medical use.

The bill which I introduced in the 96th Congress, H.R. 7334, was considered in a hearing before the Subcommittee on Health and the Environment, September 5, 1980. A record of that hearing is available for the consideration of Congress and the public.

I urge our careful consideration of this needed legislation. The medical use of heroin for the relief of terminal cancer pain is a compassionate concept too long overlooked by Congress.

H.R. 2642

A bill to authorize the use of heroin for terminally ill cancer patients

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (b) of schedule I in section 202(c) of the Controlled Substances Act (21 U.S.C. 812) is amended by striking out clause (10) and redesignating clauses (10) through (22) as clauses (9) through (21), respectively.

(b) Paragraph (b) of schedule II in such section is amended by adding at the end the following:

"(22) Heroin.".

SEC. 2. (a) Section 303(f) of the Controlled Substances Act (21 U.S.C. 823(f)) is amended (1) by striking out "(f) Practitioners shall" and inserting in lieu thereof "(f)(1) Except as provided in paragraph (2), practitioners shall", and (2) by adding at the end the following:

"(2)(A) A practitioner shall be registered for the dispensing of heroin if the Attorney General determines that—

"(i) the practitioner is authorized under the law of the State in which the practitioner practices to dispense controlled substances in schedule II;

"(ii) the practitioner will dispense heroin in accordance with subparagraph (B); and

"(iii) the practitioner will comply with requirements established by the Attorney General under subparagraph (C).

A registration issued under this subparagraph shall be in effect for such period (not in excess of one year) as the Attorney General may prescribe. Such a registration may be renewed under the same terms as applied to its initial issuance.

"(B)(i) Heroin may only be dispensed for an individual who is an inpatient of a hospital or hospice and who is diagnosed in accordance with clause (ii) as terminally ill with cancer. An individual shall be considered to be terminally ill with cancer if—

"(I) there is histologic evidence of a malignancy in the individual,

"(II) the individual's cancer is generally recognized as a cancer with a high and predictable mortality, and

"(III) there is no treatment recognized by experts as safe and effective for the cancer or therapies recognized by experts as safe and effective have been exhausted and further treatment of the cancer would not reasonably be expected to benefit the individual.

"(ii) A diagnosis that an individual is terminally ill with cancer shall be made before heroin is dispensed for the individual and shall be made as follows:

"(I) The diagnosis shall be initially made by the attending physician of such individual.

"(II) The diagnosis of the attending physician must be attested by an oncologist and reviewed and approved by the medical review board of the hospital or hospice in which the individual is an inpatient.

"(C) To protect against the diversion into illicit channels of heroin to be dispensed in accordance with this paragraph, the Attorney General shall, within six months of the date of the enactment of this paragraph, by regulation prescribe requirements respecting the manufacture, storage, distribution, and dispensing of heroin.".

(b) Section 304 of such Act (21 U.S.C. 824) is amended—

(1) by adding at the end of subsection (a) the following: "A registration under section 303(f) to dispense heroin may be suspended or revoked by the Attorney General upon a finding that the registrant failed to comply with any requirement under such section."; and

(2) by inserting after "303(g)" in the second sentence of subsection (d) the following: "or a requirement under section 303(f)".

(c) Section 307(c)(1)(A) of such Act (21 U.S.C. 827(c)(1)(A)) is amended by inserting "is heroin or" after "unless such substance".

SEC. 3. The last sentence of section 1002(a) of the Controlled Substances Import and Export Act (21 U.S.C. 952(a)) is amended by striking out "manufacturing heroin or".

SEC. 4. The Director of the National Cancer Institute shall take such action as may be necessary to secure an exemption from section 505 of the Federal Food, Drug, and Cosmetic Act for heroin to be used in an investigation sponsored by the Institute of the safety and effectiveness of heroin for the treatment of pain.

SEC. 5. The amendments to the Controlled Substances Act and the Controlled Substances Import and Export Act made by this Act shall take effect upon the expiration of the ninth month beginning after the date of the enactment of this Act.●

GREEN FIGHTS AUTO THEFT

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. GREEN. Mr. Speaker, I am today introducing the Motor Vehicle Theft Law Enforcement Act of 1981, which is designed to provide law enforcement authorities with a needed tool to fight the increasing problem of professional auto theft.

The annual number of reported motor vehicle thefts exceeds 1 million. Unfortunately, the recovery rate of stolen motor vehicles decreased significantly during the most recent decade.

Until relatively recently, amateurs, or juvenile joyriders, accounted for most car thefts. However, in 1979, for the first time, there were more adults than juveniles stealing cars. Many of these adults are professional thieves who steal the autos in order to chop them into major component parts for sale. Such illicit chop shop activity is popular and lucrative because it is done with relatively little risk and enjoys a ready market with unknowing consumers. As a result, auto theft has grown to a $4 billion-a-year problem, which the American taxpayer funds through increased law enforcement costs and through higher insurance costs.

The House Commerce and Foreign Affairs Committees spent several days in the last Congress holding hearings on my bill, studying the problem, and amending my legislation. The bill I am introducing today is essentially in the form it was reported from the House Commerce Committee September 25, 1980. Certain minor and technical changes have been made. The committees produced overwhelming evidence to indicate that additional vehicle identification numbers (VIN's) on major component parts would have a substantial effect on professional theft and would be very cost-effective.

The purposes of this bill are to:

First, improve the identification numbering systems for motor vehicles and their major parts and components;

Second, increase the Federal criminal penalties imposed upon persons trafficking in stolen motor vehicles and their parts and components;

Third, establish procedures to reduce opportunities for exporting stolen motor vehicles; and

Fourth, establish a task force to study problems relating to the theft of off-highway vehicles.

Testimony by law enforcement officers, convicted auto thieves, and other experts indicated that additional VIN's will discourage auto theft, aid law enforcement organizations in identifying stolen property, and aid prosecutors in convicting those who operate chop shops.

Fifty-seven Members of the House cosponsored the bill in the last Congress, and the House Commerce Committee approved it late in the session 22 to 1. Further, my legislation has been endorsed by the Justice and Transportation Departments, the International Association of Chiefs of Police, the Consumer Federation of America, legitimate parts recyclers, the insurance industry, and others.

I believe that my bill represents a responsible and popular approach to a costly and violent problem which is growing at an alarming rate. Consequently, I hope that the House will take prompt and positive action on my legislation.●

SAVIMBI OFFERS WEST SECOND CHANCE IN ANGOLA

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. DERWINSKI. Mr. Speaker, columnist Smith Hempstone has just returned, safe and sound, I am glad to say, from a visit to Angola. Except for an event such as the capture in Angola last November of two Soviets, an Air Force pilot, and an engineer, the press does not contain much news about Angola. Mr. Hempstone has written of the relatively unknown war being waged by Jonas Savimbi against the Communists in Angola, including Soviet, Cuban, and East German forces.

I am reprinting for the Members a series of four columns on his Angola visit, by Mr. Hempstone, appearing in the South Bend Tribune on February 23 and 27, and March 2, and 3. The final article was entitled, "Savimbi Offers West Second Chance in Angola."

[From the South Bend Tribune, Feb. 23, 1981]

JUST GETTING TO ANGOLA IS ADVENTURESOME

(By Smith Hempstone)

LIKUA, ANGOLA.—After a chance meeting in Washington in 1979 with Jonas Savimbi, leader of UNITA, the nationalist movement fighting Angola's Cuban-supported Marxist regime, I'd told the 46-year-old guerrilla leader I'd like to visit the liberated area of his war-ravaged West African nation.

When early last year Reader's Digest agreed to finance the adventure, I quickly discovered that getting there was easier said than done.

Friends in the Central Intelligence Agency were interested and sympathetic, but dared not help. Their British cousins were equally standoffish.

Over the next few weeks, I tried through many channels to get in touch with Savimbi; none worked. Finally, through the intercession of an American friend in Paris, I made telephone contact with Jeremias Chitunda, Savimbi's agent in France.

There followed over the next six months a series of cryptic trans-Atlantic telephone calls, and a meeting with Chitunda in a Washington bar. The problem was to find a time when an airplane was available to spirit me past Russian MiGs into Angola to a jungle strip near where Savimbi was operating.

Finally, on Sept. 12 of last year, I was on my way to the capital of an African republic near Angola. My instructions were to check into a specific hotel and wait for a call from a man named Mongo.

On such assignments, it is healthier not to linger along the way. I lunched in Paris, and 10 hours later arrived at my African destination.

With the exception of brief forays into the hotel swimming pool, I stayed in my room for the next 48 hours. No Mongo.

Finally, the evening of Sept. 15, the telephone in my room rang. I jumped about a foot out of my chair.

"This is Mongo," announced a disembodied voice, "may I come up?" Indeed he might.

Mongo was a brisk young Angolan who held the rank of major in Savimbi's army, and ran UNITA's intelligence net in the African republic.

He warned me to stay in the hotel and keep my mouth shut: the city was riddled with Angolan and Communist bloc intelligence agents. There would be a plane for me sometime within the next three or four days; that was good news, since the alternative was walking several hundred miles to reach Savimbi.

Time passed slowly. Two nights later, Mongo called at last to say we'd leave at dawn the following day. I rechecked my shoulderbag for essentials—maps, compass, flashlight, camera, mosquito net, tape recorder, hunting knife, malaria suppressant, antibiotics—called my wife in Maryland (it took six hours to complete the call) to tell her I was going in, and grabbed a couple of hours' sleep.

A bleary-eyed Mongo was waiting for me in the deserted lobby at dawn.

At a decrepit African hotel in the native quarter of town, we gulped a cup of bitter coffee, switched cars and headed for the airport.

We turned off the potholed highway short of the passenger terminal, sped across the apron and screeched to a halt beside a venerable DC-4. There was a small metal ladder and a knotted rope hanging from its open hatch.

The 46-year-old plane was hot as an oven. The interior was stripped down, but four seats has been fixed in the rear; a jumble of freight was piled forward. There were small holes in the fuselage. No toilet. The emergency exists were marked in Danish: This was a plane that had been around.

Two shirtsleeved white men were in the cockpit, checking the instrument panel. Oblivious to the smell of gasoline, both were smoking. The pilot said the plane belonged to him, and that he would get $35,000 from Savimbi for the illegal flight into Angola.

I slept fitfully, dreaming of home. Seven hours later, we changed course abruptly and dropped to 1,500 feet. From the position of the sun, I could tell we were flying west, into Angolan air space. The old DC-4, its throttles wide open, was shuddering as it chased its shadow across waterless country the color of a lion's pelt. While trying to appear nonchalant, I kept eyeing the sky for MIGs.

Suddenly there was the scar of a dirt airstrip beneath us. We circled the strip twice, waggling our wingtips as a recognition signal. Then we went into a steep landing approach.

"Here goes nothing," I thought, crossing myself.

We braked to a stop and Mongo pushed open the hatch. There were Africans beneath us—some in uniform, some not—waving their Kalashnikov automatic rifles and smiling up at us. As the engines coughed twice and died, I could hear African women trilling a chant of welcome.

I had made it to Jonas Savimbi's guerrilla kingdom, one of the few places in the world where free men were engaged in combat against Russians, East Germans and their Cuban surrogates. And, as the DC-4's pilot gave the thumbs up signal, cranked his engines and took off into the sunset, I felt very much alone. I had a feeling I was going to earn my writer's fee.

[From the South Bend Tribune, Feb. 27, 1981]

IT'S A HARD LIFE FOR ANGOLA'S GUERRILLAS

(By Smith Hempstone)

LIKUA, ANGOLA.—At the bush airstrip in guerrilla-held southeastern Angola, where my chartered plane had left me, I was met by Maj. Jean Bock.

Bock, a terrier of a man scarcely five feet tall, was missing his left forearm, a somewhat inauspicious omen in an African who described himself as a demolition expert. In remarkably good English, he welcomed me to that third of this West African republic wrested from the Luanda government and its 20,000 Cuban troops by Jonas Savimbi's UNITA fighting men.

As we jolted along in a captured East German Star truck over a dirt track that was little more than a game trail, he explained the local situation to me:

The 46-year-old Savimbi, who'd fought Portuguese colonialists for a decade and since 1975 has waged war against the Communist regime the United States does not recognize, was far away; but I would certainly meet him during my stay. Most of Cuando-Cubango province was in UNITA hands, but there was likely to be a major guerrilla attack soon on the town of Mavinga, 70 miles to the north.

Heavy fighting was going on along the length of the Benguela railroad, from Zaire to the Atlantic Ocean, but it would take me a month's march to reach the railroad. The Cubans, who had sustained 3,000 casualties in the early years of the fighting, now confined themselves largely to the big cities.

At a UNITA roadblock, our truck lurched to a stop in one of the clouds of dust that was to be my constant companion for the next two weeks. Ahead, in a grove of leafless thorn trees, I could see the flickering flames of torches.

These were held by African women and children who, on our disembarkation from the truck, broke into a long, repetitious song of welcome for the stranger who had come to them from so far away. In the preliterate society that much of rural Angola still is, despite 400 years of Portu-

guese rule, songs and poetry take the place of newspapers, books and radio broadcasts. The singing of women and children in the camps, and of Savimbi's guerrillas on the march, was always with me in the days that followed.

Bock led me down the ranks of singing women to a square grass hut set by itself in the grove of trees.

"This will be your home while we're here," he explained. "There's a latrine behind it. Be careful where you step: There are snakes. Salome will bring you a canteen of water, a lantern and food if you're hungry. You must be tired, so we'll talk tomorrow."

My 12-foot square hut, which was constructed without benefit of a single nail, was made of bundles of reeds and grass lashed to wooden poles with strips of bark. It contained a large bed, a table and two benches, made of the same materials and dug into the sandy soil.

On the bed was a rough blue blanket to supplement the blanket and poncho I'd brought with me. As I was to discover in the days to come, these cool and airy huts are the perfect architectural response to a climate that is hot and dry, with daytime temperatures seldom falling below 90 degrees (yet it could be bitterly cold in the predawn hours).

Where there is no electricity, one lives by the cycle of the sun. I awoke at dawn to the melodious sound of the laughter of African women, and the smell of wood smoke. Soon Salome—a middle-aged woman with a shy smile—was at the doorless entry to my hut with a mug of sugared but milkless tea (we never had coffee) and a plate of surprisingly tasty fried dough. As she swept the dirt floor of the hut with a bundle of twigs, she explained that her three assistants would wash and sew for me, and that I should ask if there was anything I wanted.

To be the guest of guerrillas is, in a sense, to be their prisoner. I was dependent upon them for food, water and transport. When I walked around the camp, an armed guard followed me. If I wanted to talk to Major Bock, a runner was sent for him. I could not leave Angola until they were ready to let me go. My safeguard was the fact that their interest was parallel to mine: to get me out of Angola alive so I could tell their story.

Whether in camp or on the march, we were never hungry. But thirst was our constant companion. In the bush of Cuando-Cubango, there are few rivers or streams. Water from the swamps, often black as coffee, we flavored with the juice of the passion fruit.

On the move, we traveled either by truck or on foot, over trails hacked out of the bush. So rough are these trails that vehicles average no more than eight mph. With us went the African women, most of them the wives of UNITA guerrillas. At night, if there was a camp nearby, we slept in huts; otherwise, we slept under shelter-halves or scraps of canvas. The earth, broken with a machete and covered with grass, served as our bed.

Discipline was strict, and there was no drunkenness. Cigarettes were in short supply, but morale seemed high; the men sang as they marched, praise-songs of Savimbi, recitations of their victories and chants derisory of the Marxist government of Eduardo dos Santos and his Cuban supporters.

The days faded into one another. And then one morning a smiling Major Bock brought the good news: UNITA guerrillas were ready to attack the town of Mavinga, one of the last government strongholds in Cuando-Cubango, and we were to join them.

Within an hour, we had broken camp and were on our way. The days of waiting were over.

[From the South Bend Tribune, Mar. 2, 1981]

ANGOLA'S SAVIMBI FORCE TO BE RECKONED WITH

(By Smith Hempstone)

MAVINGA, ANGOLA.—Fernando Augusto de Silva Figueiredo, the commandant of Mavinga, never knew what hit him.

De Silve Figueiredo, an Angolanborn Portuguese leftist, realized, of course, that his position was exposed. Earlier in 1980, Jonas Savimbi's anti-Communist UNITA (Union for the Total Independence of Angola) guerrillas had overrun the nearby towns of Luengue and Rivungo; indeed, half the 1,100 government troops under his command were the survivors of those garrisons.

What the commandant did not know, as witnessed by the fact he did not bothered to lay minefields or string barbed wire around his entrenchments, was that three regular battalions of Savimbi's forces—1,400 men—under the command of Col. Antoine Rinalto, had been moving into position around Mavinga since early in September.

Antoine had with him batteries of 82 mm. mortars, Chinese bazookas, American 75 mm. recoilless cannons and two captured Russian "Stalin Organs" (multiple 122 mm. rocket lanchers). Special five-man UNITA reconnaisance teams, dressed in captured government leopard-spot dungarees, had infiltrated Mavinga and returned with the location of every gun position in the town.

Rinalto waited until the big Russian Antonov transport plane had made its weekly Mavinga run, resupplying the garrison with everything from soap to SAM missiles.

Then, at 5 a.m. on Sept. 19, Rinalto blew his whistle and the UNITA gunners unleashed a devastating 400-round barrage. The Communist guns replied, but were soon knocked out. Under the cover of a final salvo of shells and rockets, the three UNITA battalions charged Mavinga's entrenchment.

A few of the government troops fought bravely, but the settlement's 800 civilians, fleeing down the bed of the Cubia River, were soon followed by the bulk of the garrison. Most of them fled in such a hurry they left their boots behind.

When I entered Mavinga with support troops hours after the assault, ammunition was still exploding in burning buildings. Stray dogs were howling mournfully for their departed masters. Vultures wheeled high overhead, eyeing the bloating bodies of the 60 government dead.

The four UNITA dead and 27 wounded had been removed from the battlefield. Away to the west, in the direction of government-held Cuito Cuanavale, one could hear the popping of small arms as Antoine's troops finished off those survivors unable to keep up with the remnant of the fleeing garrison.

"Many will die on the way," said Antoine. "It's a 100-mile walk, and they have no water. All the wounded will die because the Cubans dare not bring in helicopters to pick them up."

The booty of Mavinga, by guerrilla standards, was a rich haul: 14 14.7 mm. dual purpose ack-ack guns, five 82 mm. mortars, five SAM-7 missiles, more than 300 rifles, 12 trucks, thousands of rounds of ammunition and tons of food, medicine, clothing and equipment. Almost enough to equip a full battalion of Savimbi's guerrillas.

Mavinga was, to put it mildly, no Stalingrad. But its fall was indicative of a new strength on Savimbi's part. While his troops still lack the anti-tank and anti-aircraft guns necessary to seize and hold major population centers, his 16,000 regular troops and 5,000 militia are more than a match for the government's forces in the bush and small towns.

Even the 20,000 Cuban troops, 3,000 East Germans and 1,500 Russians, having sustained some 3,000 casualties in the early years of the Angolan fighting, now confine themselves largely to the big cities, where they are harassed by the 46-year-old Savimbi's urban guerrillas.

That is no small accomplishment for a nationalist movement that, by the end of 1975, deprived of American and South African help, had to abandon all Angola's population centers to the Communists and pull back into the bush.

In the main, Savimbi has accomplished this on his own. The few million dollars in American help he received in 1975 was cut off the following year with the passage of the Clark amendment, an unprecedented self-denying ordinance that had the effect of turning Angola over to the Russians.

Savimbi gets some money from the diamonds and ivory in the third of Angola under UNITA control. Other funds come from conservative African and oil-rich Arab states, which have no wish to see the Russians entrenched on the flank of the tanker route from the Persian Gulf around the Cape of Good Hope to Western Europe and America.

A few UNITA officers, like Savimbi himself, have been trained in Communist China. A handful were trained by the South Africans. But the great majority receive their instruction in Morocco, whose conservative monarch, King Hassan II, himself is fighting a war against Algerian-based (and Libyan-financed) Polisario insurgents.

UNITA agents, traveling on diplomatic passports provided by friendly African nations (Savimbi paid incognito visits to a dozen such states in 1980), shuttle between Paris and Peking, Rome and Bonn, London and Washington, in search of understanding and support.

Savimbi asserts that with such support he could turn Angola into a Vietnam for the Soviet Union and its Cuban surrogates. And he could be right: The war, which is costing Moscow $1.6 million a day, is being fought (in contrast to the conflict in Afghanistan) far from the locus of Russian power. Neighboring Zaire, Zambia and South African-administered Namibia could provide supply routes and sanctuaries for Savimbi's guerrillas if encouraged by Washington.

The prospects are that, with or without American aid, Savimbi will keep on fighting. After all, he's been doing just that for more than 14 years. And as the ruins of Mavinga testify, he has once again become a force to be reckoned with.

[From the South Bend Tribune, Mar. 3, 1981]

SAVIMBI OFFERS WEST SECOND CHANCE IN ANGOLA

(By Smith Hempstone)

MUCUSSO, ANGOLA.—After a spine-jolting, three-day truck ride through the bush, I caught up with Jonas Savimbi at a training camp just north of the Cuito River in the

rough tsetse fly country of southeastern Angola.

The 46-year-old anti-Communist guerrilla leader was addressing a 500-man battalion of his UNITA forces that had finished its training and was about to go into action against the troops of Angola's Marxist government and its Cuban allies.

Physically, Savimbi is an impressive man, barrel-chested and narrow-hipped, clear-eyed, with teeth that are large, white and very even. Standing just under six feet, which is tall for an Ovimbundu, he has a broad nose, skin the sheen of well-rubbed ebony and a curly, black beard. He walks on the balls of his feet, like a black panther stalking its prey.

Savimbi, who speaks rapid, unaccented English, was dressed like the soldier he is: camouflage trousers tucked into combat boots, short-sleeved khaki shirt adorned with green epaulets bearing the three stars of a lieutenant general, green beret. On his left hip, the grip reversed, was a .38 revolver; to his right thigh was strapped a hunting knife.

Jonas Savimbi by any standards is an effective and unusual nationalist leader, in that he believes in fighting rather than talking. Born in Munhango in central Angola on Aug. 3, 1934, Savimbi is the son of a railroad stationmaster who was converted to Christianity by an American missionary.

As a young man, studying medicine in Portugal (which ruled Angola for 400 years until 1975), Savimbi joined Holden Roberto's National Front for the Liberation of Angola (FNLA). Harrassed by the Portuguese secret police, Savimbi fled to Switzerland, where he completed his studies, earning a doctorate in political science. In 1962, he became Roberto's "foreign minister."

In 1964, as he explained to me later that evening, Savimbi left the FNLA "because I wanted to fight for Angola's freedom, not just talk about it in Europe and America."

Virtually unarmed, Savimbi's followers attacked Portuguese police posts with bows and arrows, capturing the weapons they needed for battle. Gradually support grew for the new movement.

For 10 years UNITA troops fought the Portuguese army, clashing occasionally with MPLA and FNLA units. In 1974, with an anti-war government installed in Lisbon, Savimbi, Roberto and Marxist Agostino Neto agreed to share cabinet portfolios equally among them, and to hold elections when the Portuguese withdrew in November of 1975.

But the MPLA, which was (and is) led by mixed-blood Marxists and hence has little tribal support, soon broke the accord, attacking MPLA and FNLA forces with the help of Castro's troops using sophisticated Russian weapons.

Roberto's forces were driven back into Zaire, he went into French exile and his movement quickly collapsed. But Savimbi, while unable to hold major population centers in the face of Cuban tanks and East German-piloted MiGs, pulled back into the bush, switching from conventional to guerrilla warfare.

In the earlier stages of the fighting against the Cubans (who sustained an estimated 3,000 casualties), Savimbi had been assisted by a column of 1,200 South African troops from Namibia. But when the Western powers withdrew their diplomatic support, South Africa pulled out its troops, which Cuba did not. At the same time, the U.S. Congress, still in a state of shock after the fall of Saigon earlier in the year, cut off all aid to Roberto and Savimbi, an ill-advised move that President Gerald Ford aptly described as "a deep tragedy" and an "abdication of responsibility."

That UNITA did not collapse like the FNLA is a tribute both to Savimbi's charismatic leadership and to the underlying strength of his movement. Gradually, with a little assistance from conservative African and Arab states, Savimbi forced regular battalions and went to the offensive.

But without guaranteed access to a flow of more sophisticated anti-aircraft weapons, Savimbi cannot hope to rout the 25,000 Cubans, 3,000 East Germans and 1,500 Russians who prop up the MPLA regime, which the U.S. does not recognize.

During his election campaign, Ronald Reagan cited Savimbi's anti-Communist movement as the sort of group the United States ought to be supporting. But with El Salvador apparently selected by the administration as the first place to test Soviet and Cuban intentions, it is not yet clear how soon and in what way the President's sympathies will be translated into policy.

Savimbi, when we talked in the days that followed, made no secret of his contempt for past American policy toward Africa.

"The makers of the Carter administration's African policy thought America's prestige in Africa was high. It is not; it is low. All the applause has been coming from those who are not your friends. Your friends—the Senghors, Hassans, Mois and Houphouets—all fear you may drop them as quickly as you have dropped some of your other friends."

It certainly can be argued that the 1975 Western backdown in Angola, distant from either the Soviet Union or Cuba, convinced the Kremlin the U.S. would not respond to Communist aggression anywhere, and that this, coupled with the debacle in Iran, ultimately led to the Soviet invasion of Afghanistan and Cuban adventurism in Central America.

With Savimbi in the field and Reagan in the White House, the West has a second chance now in Angola. But as I shook hands with Savimbi and boarded the blacked-out plane that was to fly me out of UNITA-held territory, I was by no means sure there was enough boldness in Washington to seize the opportunity bought for us with the blood of men willing to fight to be free.●

TELEPHONICS CREATES JOBS

HON. GREGORY W. CARMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. CARMAN. Mr. Speaker, I am pleased to announce that a Long Island corporation, Telephonics of Huntington, has been awarded a new contract of at least $100 million by the IBM Corp. for work on a U.S. Navy project. The first segment of the contract, which extends through 1986, is worth over $16 million and will be used in the production of avionics systems for the U.S. Navy's new Seahawk helicopter.

Because of the size of the award, Telephonics expects to supplement it's existing plant capacity with another 140,000 square feet. It is expected the new production facility will be put up on a 30-acre site, adjacent to the company's existing complex in the Huntington, N.Y. area. The company also expects to add a significant number of technical personnel, at all levels, to its current staff * * * Workers that will support the people are already involved in the project.

Mr. Speaker, at a time when unemployment is far too high, I am happy that new jobs will be created on Long Island in the Third Congressional District. These are not make work jobs, but productive positions, which will help strengthen the U.S. military while boosting the economy of Huntington, Suffolk County and Long Island.●

ETERNAL BUREAUCRACY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. GILMAN. Mr. Speaker, an ancient adage has it that "the more things change, the more they remain the same." This could not have been demonstrated more convincingly than it was by the continuing relevance of an article recently sent to me by a constituent, Gilbert C. Nourse of Monroe, N.Y. Mr. Nourse wrote:

I am a collector of trivia and for some reason I kept a copy of the 1936 Reader's Digest. President Reagan has announced a program to control the Government bureaucracy—others have tried. The enclosed article from the 1936 January Reader's Digest might be of interest even though it is 45 years old. As the saying goes, there is nothing new under the sun. The Book of Ecclesiastes says there is a time and place for everything—but that was long before Government bureaucracy was developed.

The article Mr. Nourse sent me was condensed from the December 1935 Country Gentleman. Entitled "They Never Die," by Senator Bennett Champ Clark of Missouri, it decries the growth of, inter alia, the Department of Agriculture, which had at that time reached a spending level of $300,000,000. Now, of course, that Department spends many billions of dollars, the difference being due only in part to inflation.

Mr. Speaker, the Government carries on many useful activities that are essential to modern American life. I am a friend of the Government employee, who often serves at a financial sacrifice to preserve the public order, safety, and welfare. But the pendulum has swung a bit too far toward big government, and I intend to assist the administration's effort to make some prudent cutbacks.

Mr. Speaker, I ask that the article by Senator Clark be printed at this point in the RECORD, so that my col-

leagues can see just how far we have progressed since 1935.

THEY NEVER DIE

(By Bennett Champ Clark)

Some years ago a veteran member of the House of Representatives, retiring from that body after 18 years' service to become governor of a great state, sagely remarked that the secret of his success had been never to vote for a tax or against an appropriation. Sadly enough, this viewpoint, not quite so blatantly expressed, pervades the executive departments of our Government, is quite prevalent in the legislative branch, and has assisted mightily in building up what, for lack of a better term, is called "Bureaucracy."

Bureaucracy is state and local as well as Federal. It may be defined as a vast organization of administrative officials of every category, who, once on the public payroll, devote their efforts, rarely in unison but always persistently, to increasing the public expenditure. The fact is that we have never created a government department, commission or bureau which did not immediately start in to multiply itself by discovering new fields for its regulatory or inquisitorial authority over the ordinary citizen—and new necessities for increased personnel and greater appropriations. Very few of the new jobs created are ever abolished, and when they are abolished, two or three new jobs are created in their places.

Although a part of the executive branch of the Government, the bureaucracy is something apart from the President. It is a permanent, aggressive force. And in the matter of reducing its numbers or doing away with its activities, Presidents have found themselves as helpless as Congress.

Some of these bureaus are of mushroom growth like the NRA and the AAA. Others have been of slower growth, like the Department of Agriculture which started in 1839 as a modest bureau with an appropriation of $1,000 to collect agricultural statistics. Today its annual appropriations for ordinary activities, exclusive of the AAA, run close to $300,000,000 and it comprises literally hundreds of divisions and bureaus within itself. One of these, the Office of Solicitor of the Department of Agriculture, is among the most powerful offices in the Government, employing scores of lawyers, clerks and investigators. Astonishingly, it was never created by Congress at all, but like Topsy has just "growed"—from a thousand-dollar item for a law clerk slipped into an appropriation bill back in the '80's.

These bureaus have one characteristic in common. They never die. Let a bureau be once established, let it go through its normal growth for a brief period, let it get its personnel well fixed upon the payroll, and the task of ending it is appalling.

After the NRA had been declared unconstitutional by the Supreme Court, Congress authorized its continuance in "mere skeleton form" for the collection of information. Two months later this skeleton was still employing nearly 5,000 persons, with a payroll of nearly a million dollars of the taxpayers' money a month.

And despite the fact that the NRA had originally been limited by law to two years, a fact known to every employee from the start, a demand went up as a matter of right that employes laid off by the NRA should be taken care of in other Government agencies. In addition, officials of the NRA promptly came to Congress with a scheme for its resurrection in a slightly different form, and lobbied actively—and will continue to lobby—for its passage.

The bulwarks of bureaucracy are a powerful and active lobby and an enormous engine of propaganda, supported by the taxpayers' money.

There has for many years been a law against using directly or indirectly any part of any appropriation to pay for any personal service (which of course includes salaries), advertisement, telegram, telephone, letter, printed or written matter, or other device, intended to influence a member of Congress. Exception is made for recommendations to Congress through proper channels.

This salutary statute has been flagrantly disregarded. Today nearly every branch of every department maintains a publicity department of its own ostensibly for making information of governmental activities convenient to the public, but more largely used to create public sentiment in favor of their pet legislative measures. Tons of literature are sent out, hundreds of hours of radio time are consumed, multitudinous speaking tours of the country made.

As for their personal lobbying, the corridors of the Capitol are thronged almost as much by officeholders as by office seekers—each trying to get something for himself or his department.

It is by no means to be understood that there is coordination between the activities of bureaucracy. Far from it. Innumerable instances might be cited of bureaus, departments and administrations spending the taxpayers' money in pursuit of divergent or even conflicting aims. One perennial row is between the Reclamation Service of the Department of the Interior and the Biological Survey of the Department of Agriculture. The former is attempting to reclaim arid or unusable lands for cultivation; the latter is trying to restore to water certain ancient nesting places for migratory birds in order that the species may not be extinguished. In their latest battle, over the bitter protest of the Biological Survey the Reclamation Service insisted on draining a large lake in a western state on the ground that is would furnish rich wheat land—to find, after large expenditure in draining, that all the lake bed with the exception of the edges consisted of peat, which speedily took fire and has been afire ever since.

While the AAA and other agencies are taxing the consumers of the United States vast sums to retire land from cultivation, on the theory that this will help the deplorable farm situation, the Reclamation Service strides sturdily ahead bringing new land into cultivation to wring from the soil products to replace those retired by the AAA. And in so doing it is only performing its plain duties under the law.

President Coolidge once said: "Of all forms of government, those administered by bureaus are about the least satisfactory. Being irresponsible, they become autocratic. Unless bureaucracy is constantly resisted it breaks down representative government and overwhelms democracy."

For instance, the effort is now being made to reach down to regulate the smallest and most insignificant transaction in the most inaccessible village in the nation. Some clerk in Washington is to determine the price for pressing a pair of pants in Bluebell Valley, Nevada. For be it remembered that when such powers are granted to the President, he cannot perform them. He turns them over to an administrator, who turns them over to a deputy administrator, who turns them over to a division chief, who turns them over to a subdivision chief, who turns them over to some clerk.

Now the clerk will be as thoroughly imbued with his bureaucratic authority as the administrator himself, and so he proceeds with gusto to pass on the lives and well-being of our people.

Who is to blame? Well, the Executive is to blame (and when I say Executive I mean a long line of Presidents and their advisers) for always boring in for new powers. And Congress is to blame for meekly yielding, and for occasionally creating or expanding agencies of its own.

Congress is also to blame for its supineness before the forces of propaganda. Every time it is proposed to abolish or curtail an agency, Congress is bombarded by the friends and relatives of everyone on the payroll, and even more so by the special beneficiaries of that agency's activities. Then, of course, we have the pressure of the great forces of organized propaganda, the farm organizations, the manufacturers' organizations, etc., etc., each of which has its pet agencies in the bureaucracy.

The remedy? There is no remedy until the taxpayers of the United States awaken to a factor which contributes so greatly to the intolerable tax burden and enforce their will for reform. And even then, with the country thoroughly aroused, it will be a gigantic task for any group of elective officials to rout the entrenched forces of bureaucracy.●

BOB MICHEL SUGGESTS FREE WORLD TALKS

HON. TRENT LOTT

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. LOTT. Mr. Speaker, over a year ago, our colleague, the distinguished leader of the Republicans in the House, BOB MICHEL, made a speech in which he called for a "conference of the industrial democracies." Recently, columnist Bob Wiedrich of the Chicago Tribune has written about that speech and it is clear to me that what BOB MICHEL said over a year ago is as true today as it was then. In tribute to the far-seeing wisdom of our good friend and colleague, I insert in the RECORD, "Michel Suggests Free World Talks" by Bob Wiedrich, the Chicago Tribune, March 18, 1981:

MICHEL SUGGESTS FREE WORLD TALKS

(By Bob Wiedrich)

Since World War II, the Soviets have forged a captive alliance that holds nearly half of Europe in its grip.

They have built a powerful military machine. They have expanded their political impact throughout the world. By wile, treachery, subversion, and lies, they have made their influence felt in many Third World countries.

When the Western democracies have been confronted by political or economic adversity, the Russians have done their best to turn developing or underdeveloped nations against the major powers.

At the same time, they have enjoyed the domestic benefits from détente by turning it

into a one-way street not readily apparent to gullible lovers of peace at any price.

They have committed aggression, either with their own forces, as in Afghanistan, or through surrogates, as in El Salvador.

And the democracies, for the most part, have sat on their hands, powerless or unwilling to counter Soviet moves that threaten them, except to appeal for relief to the United Nations through its largely powerless machinery.

When OPEC threatened, the West was unprepared. It was equally caught off balance by the Islamic revival. The Soviets took advantage in both instances because of lethargic Western reflexes.

That is why Rep. Robert H. Michel of Peoria, the House Republican leader, is renewing his year-old call for a conference of industrialized democracies, so that future responses to Soviet threats will be well thought out and swift.

He is taking to heart Benjamin Franklin's admonition to the signers of the Declaration of Independence, "Well, gentlemen, we had better all hang together or most assuredly we will all hang separately."

It is a compelling thesis and one at least worth entertaining.

According to Michel, such now aging international mechanisms as the UN, European Common Market, Organization of American States, and other collective security agencies are nearing the end of their usefulness.

They all suffer limitations from their origins and purposes, he said. So, something new is needed to meet the requirements for mutual safety of the industrial democracies in the next 20 years and more.

"I suggest that we form a conference of the industrialized democracies in a loosely knit fashion that would not bring about the formulation of staff, a headquarters, and regular meetings in a formal setting," Michel said.

"There are, in my opinion, far too many tightly structured international organizations in existence today. What I have in mind is simply a conduit for continual and swift communication among the free, industrialized nations and a means of better coordinating their positions."

Michel said the Soviet Union and the OPEC nations are not the greatest obstacle to the creation of such an organization. Rather, it is the refusal of the industrialized democracies to realize the time has long passed when a nation could go its own way and still have a chance to survive modern day threats.

Many American allies, he charged, are living in a dream world in which they still can do business as usual with the Soviets, despite the Afghanistan invasion.

Instead of supporting the United States in its lead role as a defender of free world Persian Gulf interests, they have resorted to "discreet silence," he charged.

"France says she does not want to lose the special trade relationship with the Soviet Union," Michel said. "West Germany wants to pursue the policies of ostpolitik.

"But what will their trade policies and their ostpolitik be worth when the Soviet Union, through a combination of military-economic pressure all over the world, isolates the Western nations and picks them off, one by one?"

As a prelude to convening such a conference, Michel suggests that the U.S. must reassert itself with the strength, determination, and commitment of a world leader.

Then—and then only—will the Western democracies be capable of framing a strategy for shared responsibility and mutual protection against communist threats.

As an agenda for periodic meetings, Michel suggests these four major issues:

The condition of the industrial, agricultural, and military capabilities of member nations.

Current threats to the economic stability, political freedom, and desire for peace of the free world.

Devising ways to effectively communicate the philosophy of freedom to the rest of the world.

Reviewing scientific discoveries, social movements, and demographic changes that might affect security or self-interests.

Had there been such an organization seven years ago, the industrial nations might have been able to more quickly formulate policy toward OPEC demands, Michel said. There might also have been a joint trade policy with which to respond to Soviet aggression, such as in Afghanistan.●

CONDO CONVERSIONS AFFECT CHILDREN

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. ROSENTHAL. Mr. Speaker, in connection with the Subcommittee on Commerce, Consumer, and Monetary Affairs' investigation into the impact of Federal programs and activities on the conversion of rental housing to condominium and cooperative ownership, I have become aware of problems arising from these conversions all across the country and in every age and racial group. Many people adversely affected are elderly, low- or moderate-income residents. Increasingly, however, I am learning of adverse impacts of conversions on the young and on racial minorities. I am submitting for the record a statement sent to me by the executive director of the Fair Housing for Children Coalition in Santa Monica, Calif. In the statement, Ms. Dora Ashford describes how black families were displaced from their houses in Culver City, Calif., because of a conversion they could not afford. Whites replaced them. Other examples in Tarzana and the city of Carson in California are cited of many people displaced by the nightmare of conversion.

Ms. Ashford's statement follows:

STATEMENT OF FAIR HOUSING FOR CHILDREN COALITION

Dora Ashford does state:

1. I am the Executive Director of the Fair Housing for Children Coalition and have worked in the area of housing discrimination against families with children for the past five years. In this capacity, I have seen the devastation that conversions wreak on low and moderate income renters, especially families with children.

2. As an example, in 1978 our Coalition was involved in an effort to stop the wholesale eviction of hundreds of renter families in Culver City, California. Approximately 90% of the families were Black; most could not afford to purchase the $60,000 condos which previously rented for $330 a month. Most families could not find housing in Culver City because the vacancy rate was below 1%. They were uprooted and their children had to leave their friends and schools. Racial discrimination was suspected when it was discovered that even those Black families who wanted to buy were given different financial information than White families. After the conversion, the majority of residents were White.

3. Another example of how extensively conversions reduce housing opportunities was compiled by the Tara Village Tenants Association, Tarzana, California. Their survey of their community showed that over 1,000 apartment conversions in process. That's 1,000 lost apartments in just one small area of the County of Los Angeles. The Tenants Association has been fighting the conversion because over 85% of the tenants would be unable to purchase their units.

4. One final example of the difficulties encountered by victims of condominium conversions is from the City of Carson, California. The city established a special project to relocate 153 families displaced by a condominium conversion. (The families could not afford to purchase the $60,000 condos.) With professional help from housing experts and several thousand dollars each in relocation funds from the converter, it still took over 10 months to relocate these families—and many did not find comparable units.

5. It is a myth that conversions help tenants to achieve the dream of home ownership. Conversions are a nightmare for most tenants and result in massive upheavals. No tenants dream of conversions. That is left for those who profit enormously from this gold-mine approach to housing. No new units are provided and the converter can take the money and run to the next conversion.

6. Assurances are necessary that condominium conversions will not continue to take housing away from good tenants who have paid their rent faithfully and helped their landlord buy the apartment building in the first place.

Executed on March 13, 1981, at Los Angeles, California.

I declare under penalty of perjury that the foregoing is true and correct.●

FORMER CONGRESSMAN GEORGE OUTLAND DIED

HON. BOBBIE FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Ms. FIEDLER. Mr. Speaker, I rise today to inform the House that one of our former colleagues George Outland passed away on March 2. Congressman Outland served the citizens of California in the 78th and 79th Congresses. He was born in Santa Paula, Calif., on October 8, 1906. Congressman Outland attended public schools in Whittier, Calif. He received his B.A. degree from Whittier College in 1928, his M.A. degree from Harvard in 1929, and his Ph. D. in 1937. He also attended for a time the University of Southern Cali-

fornia in Los Angeles. Congressman Outland served as assistant director of boys' work at Denison House in Boston and at Neighborhood House in Los Angeles. He was supervisor of boys' welfare for the Federal Transient Service of Southern California. Later Congressman Outland served as director of New Haven, Conn., Community College and an instructor at Yale University, Santa Barbara State College, and the University of California at Berkeley. After serving in the House, Congressman Outland lived in San Francisco. I am sure, Mr. Speaker, that my colleagues will join me in sending our sincere condolences to former Congressman Outland's family.●

INCREASED JUDGESHIPS

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. RODINO. Mr. Speaker, on behalf of the Judicial Conference of the United States, I am today introducing legislation that would authorize 35 permanent and 9 temporary positions for the U.S. district courts and the circuit courts of appeals.

Eleven permanent and three temporary positions would be allotted among 8 of the 11 judicial circuits. Twenty-four permanent and six temporary positions would be distributed among 25 of the 95 Federal judicial districts.

In asking for this increase, the Judicial Conference said that it had carefully screened requests for additional judgeships and is seeking only those necessary to continue to serve the public adequately.

As chairman of the Committee on the Judiciary, I promise full and fair consideration of this request. I want to stress, however, that I have yet to be convinced that continuing growth of the Federal court system is the wisest way in the long run to address the problem of overloaded courts. Expansion has not and will not of itself cure the overload. The new judges soon become buried under backlogs. In addition, I fear constant enlargement will create a large bureaucracy and will make recruitment of highly qualified persons more difficult.

Additional mechanisms to complement the Federal courts must be found. We have attempted in the past to find these ways, and we will continue to do so in this Congress.

Let me say, finally, that my misgivings about judicial expansion are not new or partisan. In our report on the omnibus judgeship bill of 1978, the Judiciary Committee expressed sentiments and concerns similar to those I state here today.●

AMENDING THE FOREIGN CORRUPT PRACTICES ACT

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. RINALDO. Mr. Speaker, ever since the passage of the Foreign Corrupt Practices Act in 1977, American businessmen overseas have been forced to abandon markets and walk away from contracts. European and Asian competitors have been only too happy to fill the void, since they are not bound by similar laws. Clearly this is a situation which needs to be corrected. It is time for Congress to take a close look at the Foreign Corrupt Practices Act (FCPA) and to remedy those provisions which have caused interpretive and enforcement problems, while preserving the prohibition of bribery of foreign officials in order to obtain business.

I have recently introduced H.R. 2530, the Business Accounting and Foreign Trade Simplification Act, which will provide a number of important changes in the statute without compromising the original intent of the act. Joining me as cosponsors of this bill are Congressmen COLLINS of Texas, BROWN of Ohio, LAFALCE, ALEXANDER, and ROUSSELOT.

THE PROBLEM

In a report issued earlier this month, the General Accounting Office was highly critical of the administration and enforcement of the FCPA. The report agrees with industry that the United States is losing business abroad because of this statute. Among the major findings was that ambiguity and uncertainty associated with the antibribery provisions make compliance difficult and costly. Added to the growing confusion is the controversy over accounting standards and the degree of precision required by them. About 55 percent of the companies responding to a GAO survey believed that the costs of the new accounting standards outweighed the benefits. It should be noted that all domestic businesses are required to comply with the accounting provisions regardless of whether they are doing business abroad.

The Carter administration characterized the FCPA as a leading export disincentive. In September 1980, the Department of Commerce and the Office of U.S. Trade Representative pointed out that the FCPA—

Caused companies to withdraw from joint ventures for fear they would be held responsible for the acts of their foreign partners,

Forced companies to incur substantial legal and investigative costs to check the backgrounds of their sales agents abroad,

Resulted in lost contracts simply because of the time needed to investigate sales agents and institute safeguards, and

Caused companies to withdraw from existing markets and to decline to enter new markets.

While Government regulators indulge in hair-splitting arguments about whether a remittance is a commission, a security deposit, or a grease payment, U.S. businesses are losing foreign contracts and the jobs that go with them. Hardest hit are the labor-intensive construction industries, commerical aircraft companies, and the telecommunication equipment industry. But every sector of the economy has been hurt because so many American jobs depend on foreign trade.

BUSINESS ACCOUNTING AND FOREIGN TRADE SIMPLIFICATION ACT

This bill would continue the present prohibition of bribery of foreign officials, which would be punishable by both criminal and civil penalties. It would eliminate many of the statute's present ambiguities and would allow guidelines for compliance to be provided to U.S. companies. The Justice Department would be the sole enforcer of the corrupt practices provisions, while the Securities and Exchange Commission would administer the accounting standards provisions. A more detailed summary of the bill's provisions follows these remarks.

I would also like to call to the attention of all Members an article in the March 16, 1981, issue of Time which provides detailed information about problems under the present statute. The article appears in the RECORD at the end of these remarks. In addition, I refer Members to the very helpful and informative GAO report entitled "Impact of Foreign Corrupt Practices Act on U.S. Business," AFMC-81-34, March 4, 1981. I am sure all Members would find this worthwhile reading.

It is time for Congress to take steps to remedy the export disincentives caused by the FCPA. This bill will provide precision, clarity, and simplicity so that businesses will know what they can and cannot do both here and abroad and will increase American exports and jobs. I urge the early review of the FCPA and the consideration of this bill by the House of Representatives.

A summary of the bill and the Time article follow:

BUSINESS ACCOUNTING AND FOREIGN TRADE SIMPLIFICATION ACT—H.R. 2530

MAJOR PROVISIONS

Changes the name of the Foreign Corrupt Practices to the Business Accounting and Foreign Trade Simplification Act. This is a more accurate description of what the law is all about. (Sec. 3).

Accounting provisions of the law would be in conformance with Generally Accepted Accounting Principles (GAAP) instead of the ambiguous and overly detailed standard

that now exists. The new standard would be subject to cost/benefit criteria.

In addition, violation of the record-keeping and accounting controls provision would occur only if it was knowing and willful. (Sec. 4 and 6(a)).

Jurisdiction for antibribery enforcement would be transferred from the Securities and Exchange Commission to the Department of Justice. (Sec. 5(a)).

Rewrite of Sec. 104, prohibition against bribery of foreign officials so as to clarify what is permitted and what is not. (Sec. 5 (b)).

Clarification of antibribery provisions, to exclude customary gifts, routine business expenses and conduct lawful in foreign countries. (Sec. 6(b)).

This Act would be the exclusive substantive statute governing overseas bribery. (Sec. 7).

Department of Justice actions to assist with compliance would include guidelines describing specific types of conduct which would be permissible. Following these guidelines would create a rebuttable presumption of compliance with the Act. (Sec. 8).

Expresses the sense of Congress supporting bilateral and multilateral agreements on international business practices so that competitive disadvantages against U.S. businessmen would be eliminated. (Sec. 10).

[From Time, Mar. 16, 1981]

(By Christopher Byron)

BIG PROFITS IN BIG BRIBERY

At a table in Mexico City's Camino Real Hotel, a foreign businessman and a middle-ranking government official are talking quietly in a corner. Midway through the conversation, the foreigner casually places an envelope on a chair next to him. When the foreigner rises to leave, the envelope remains behind. The government official slips it into his coat pocket a few minutes later and departs.

That is the way all too much of the world's most important business is done these days. From the shrewdly sophisticated kickback schemes of the Middle East and Latin America, to the virtual Mafia-style and shakedowns of sub-Saharan Africa and Indonesia, the universal game of bribery in the pursuit of profit goes on and on.

Is this a game that U.S. businessmen should be allowed, and even encouraged, to play? Or should they instead be compelled to wash their hands of it entirely, leaving the spoils to competitors in other lands? Those are some of the difficult questions that were addressed last week when the General Accounting Office released a detailed study of the impact on American business of the 1977 Foreign Corrupt Practices Act.

The act sprang from the nation's Watergate-era revulsion at the global bribery excesses of such well-known American companies as Lockheed, Northrop and Gulf Oil. During the mid-1970s those companies, and others, made headlines almost weekly as sensational disclosures surfaced about their roles in paying megabuck bribes to high foreign officials to clinch deals.

In an effort to stop such corruption, revelations of which rocked the government of Takeo Miki in Japan and disgraced Prince Bernhard in The Netherlands, the Foreign Corrupt Practices Act made it a criminal offense to pay bribes of any sort to foreign officials to secure or retain business abroad. Punishment could be a prison sentence of up to five years and fines of as much as $10,000 for individuals and $1 million for corporations. The legislation also set up accounting procedures designed to make it virtually impossible for companies to disguse such "sensitive payments" or to hid them elsewhere in the corporate books.

There is little doubt that the passage of the 1977 act has made U.S. businessmen think twice about bribing abroad. At Lockheed Corp., whose very name was synonymous with payoffs and freebies for foreign officials in the 1970s, the company now no longer picks up even hotel bills for customers visiting its California headquarters for contract talks.

By contrast, "caution" to some U.S. companies simply means figuring out clever new bribery schemes that are harder to spot. One way is to join up with a foreign company that is not prohibited from making the necessary payments, and let it do the dirty work instead.

The major problem of any law on bribery is that in much of the less-developed world what some Westerners might regard as commercial corruption of government and business has always been looked upon as an inescapable fact of everyday life. The stylized arrangements for giving and taking payments are often perfectly normal and legal under local law and custom.

Nevertheless, foreign officials usually design schemes to hide the transactions as much as possible, since few, if any, are willing publicly to admit taking the payoff. Likewise, foreign businessmen are equally queasy about being discovered offering the gift in the first place.

One reason for the generalized embarrassment is the sheer magnitude of the funds involved. In recent years, the worldwide explosion of oil prices has sent hundreds of billions of dollars cascading into some of the poorest nations on earth. These countries have set out on instant-industrialization programs and often spend money as quickly as it is earned.

The typical major case of bribery involves a large project in an industry that is highly competitive, but with little significant difference among the products. The size of the project allows both parties to hide the payoff in the price without undue notice. The number of competitors means that the seller and the buyer can more easily bargain for deals. These conditions, for example, are found in contracts for the sale of telecommunications equipment or aircraft and for most construction programs. Says Jules Kroll, a New York-based consultant on white-collar crime: "If there's only one or two companies bidding on a deal, it might go down very straight. But if you've eight buyers who can do it, then people are going to get creative."

The Persian Gulf has now become a romper room of business corruption. In Saudi Arabia, a key government minister is widely reported to have collected upwards of $500 billion in "commission fees" in connection with foreign business ventures in the past year alone. To do business in Saudi Arabia, it is essential to be connected, via an agent or middleman, to a member of the royal family, which controls not just the government but business as well. Says a veteran U.S. businessman bluntly. "Everyone needs a prince." Finding one is not hard: there are 5,000 princes in the royal family in this underpopulated nation of 6 million.

Bribery in that part of the world, though, can still be a complicated affair. According to a Justice Department complaint, in 1976 two U.S. businessmen, Roy Carver and R. Eugene Holley, coowners of a tax haven oil company in the Caribbean, allegedly paid the Oil Minister of Qatar a bribe of $1.5 million for exploration rights in that country. But when the lease expired, a new minister had taken over and he refused to renew it. The indignant oilmen thereupon protested to the local American ambassador, who informed the Justice Department. The department in turn obtained a federal court injunction in 1979 preventing the men from violating the Corrupt Practices Act, which was by then U.S. law.

Mindful of the spreading Islamic disgust at the sort of corruption that helped topple the Shah of Iran two years ago, the Saudi regime has recently begun a well-publicized clean-up drive. The campaign, though, is largely cosmetic; payoffs continue unchecked. One method is fifty-fifty partnership arrangements between foreign companies and Saudi locals. Complains a Dutch industrialist: "It's all very well arranged, with profit-sharing arrangements set up for this purpose. But it is still bribery."

In the developing nations of Africa, foreign visitors have been bestowing gifts on local potentates since time began. Nothing much has changed except the value of the trinkets, which these days are more likely to be yachts and sports cars than beads and mirrors. In many sub-Saharan nations, a favorite scheme is to create a lucrative job in a project for an official's relatives or friends. For years the British-based Lonrho Ltd. trading house kept its Kenyan operations running smoothly with President Jomo Kenyatta's son-in-law as its head. When Kenyatta died in 1978, that connection no longer counted for much. Complains a foreign businessman in Nairobi: "Now there is a whole new set of people to deal with—and they all are asking for far more money."

In Latin America corruption is pandemic from the Rio Grande to Tierra del Fuego. Bribing in Mexico is handled with the stylized flair of a Latin seduction, beginning with dinner at an expensive restaurant like La Hacienda de los Morales, and climaxing with a weekend jet-jaunt to Punta Cancun or Acapulco. The target of such lavish hospitality is most often the head of purchasing in one of the Mexican government's state ministries, who oversees procurement and importing.

In Brazil bribery is often not just figuratively but literally a matter of seduction. Says a top West German businessman there: "Lavish entertainments with women—that is very effective." In the booming industrial megalopolis of São Paulo, a favorite spot to nurse along a deal is La Licorne, a discreetly mirrored nightclub with a striptease show, where call girls cost $120 a night, and foreign businessmen pick up the tab.

By contrast, love objects in Argentina run more toward postimpressionist paintings from pricey Buenos Aires galleries like Wildenstein, or jewelry selected by government officials for their wives from a famed jewelry shop like Ricciardi, a favorite haunt of the late Evita Perón. Those bills too, of course, are paid by the deal-hungry businessmen.

For really big South American deals, one Italian-based construction company is building an entire luxury real estate development on Uruguay's Punta del Este coastline. Yet none of the development is so far for sale to the public; instead, plots are being doled out like candy drops to favored Latin-American officials.

Leading European electric companies reportedly paid as much as $140 million in payoffs and kickbacks to win a share of the business in the construction of the $10 billion Itaipu Dam that is being built jointly by Brazil and Paraguay. Reports a U.S. business executive who watched the bidding unfold: "The European managers had unlimited authority. They paid cash into half a dozen Swiss bank accounts, and the money trickled down."

While the goal of bribery is the same in Asia, the style is often very different. In Malaysia, aspiring foreign businessmen reward government officials by making use of the Malaysian mania for gambling. A common approach is to invite a minister or government official for an afternoon of golf, bet heavily and then spend the next three hours swatting the ball into sand traps. An only slightly more straightforward method is to get into an after-dinner poker game with a key civil servant and lose heavily.

In Indonesia, corruption is so family-oriented that in the early 1970s, President Suharto's wife Tien was known as "Mrs. Ten Percent." These days scandal surrounds one Haji Achmad Thahir, a drab Indonesian government employee who never made more than $9,000 per year in salary in his life. But relatives fighting over his estate discovered him to have a bank account of nearly $35 million. The Indonesian state oil company, Pertamina, has charged in court that two German companies, Siemens and Klockner Industrie, paid Thahir the money in connection with the construction of a $500 million steel mill near Djakarta.

While the U.S. took a firm moral stand against corruption with the 1977 legislation, the governments in most leading West European countries either openly condone bribery or look the other way. A confidential West German memorandum by the Federal Office for Foreign Trade Information advises companies to be prepared in difficult deals to fork over as much as 20% of the contract price to corrupt foreign officials. All such expenditures, which can run into the millions of dollars on large engineering and construction projects, are completely tax deductible as a necessary cost of business. Italy passed a law in 1980 stating that payments to foreign officials to get business are perfectly legal for Italian companies. France has no law at all on foreign bribery. Explains the head of a medium-size French company doing extensive business in the Middle East: "The French authorities know quite well that you cannot deal in those countries without payoffs."

The attitude is similar for leading Asian exporting countries. In Japan, paying off foreign officials to secure business is regarded as normal. Likewise, in Korea, the government takes the attitude that businessmen should not be hamstrung in their efforts to develop export markets and get overseas contracts.

Corruption exists, and probably always will, in this obviously imperfect world. But should the U.S. participate in it? Bribery on the global scale that is now occurring is costly, saps political vitality and can eventually undermine a people's trust in government. The regimes of the Shah in Iran or General Anastasio Somoza in Nicaragua are testimonies to the problem.

Last week's GAO study, however, makes plain that the current American law is riddled with complicating ambiguities and shortcomings. Many of the problems arise from confusion over what constitutes a bribe. So-called grease payments, such as fees to get low-level civil servants to perform their bureaucratic duties of stamping documents and processing licenses, are specifically permitted on the grounds that petty corruption is unavoidable almost anywhere. But there is a large gray area between that sort of bureaucratic paper shuffling and the discretionary authority of local officials to withhold approval for a project or license, and thereby extort not $50 or $100, but perhaps $10,000 or even $500,000 from a victimized company.

American businessmen also complain that the complex law keeps them out of many profitable deals. Says Robert Malott, chairman of Chicago's FMC Corp., a leading manufacturer of chemicals and machinery (1980 sales: $3.5 billion): "The law has American export companies thoroughly confused. We simply cannot get clarification on what is legal and what is not."

Dubbed by one Wall Street wag the "Accountants' Full Employment Act of 1977," the legislation has forced companies not only to beef up their internal auditing staffs but to check and double-check the propriety of even the most inconsequential payments. Example: in Xerox's Cairo office, local staffers had to get permission from a senior corporate officer in the U.S. before they could pay $8 a month in tips to Egyptian telex and telephone repairmen.

More confusion surrounds a company's liability under the act for the actions of its foreign agents. If the local representative uses even a part of his commission, as often happens, to bribe officials to keep a deal on track, the act asserts that the U.S. company is responsible if the executives had reason to know what the agent was doing. The GAO study recommends that Congress rewrite the law to give clearer guidance to businessmen as to what they can and cannot do to curry favor with foreign customers. It suggests that Congress repeal the criminal penalities connected with the accounting provisions of the law and that the Department of Justice and the Securities and Exchange Commission clear up the ambiguities in the act's antibribery provisions.

Senate Republican John Chafee of Rhode Island is expected to reintroduce a bill this week that would make some such changes in the Foreign Corrupt Practices Act. Chafee lauds the law as an "important step toward the objective of prohibiting bribery of foreign government officials." But he also says that it is "difficult to decipher, hard to implement, and its ambiguities have bred confusion."

The Reagan Administration has already signaled its dissatisfaction with the act, and particularly its tendency through loose wording to cast a chill over the willingness of U.S. businessmen to push into foreign markets and thereby help boost U.S. exports.

Instead of taking the politically foolish position of calling for repeal of the act, and thus appearing to be in favor of worldwide bribery by American business, the Administration seems to be indicating, whether intentionally or otherwise, that it is prepared to let enforcement of the act languish. Indeed, the President's transition team on the workings of the Securities and Exchange Commission, which shares enforcement jurisdiction over the act with the Justice Department, has recommended decriminalization of bribery.

Such a stance by the Administration toward foreign bribery would itself cause problems. By failing to enforce the act as written, the Administration not only would leave the legislation's ambiguities unresolved, but would show a disrespect for the law, which is itself corrupting. Since the U.S. has adopted a moral position with regard to foreign bribery, neither the Administration nor Congress can now afford to let the subject wither away without compromising its principles in the process.

MUM'S THE WORD

A bribe is a bribe by any name—and the more euphemistic the name for it, the better. Baksheesh, currently in wide use in the Middle East, is a Persian word that is also found in Turkish and Arabic. It actually means a tip or gratuity given by a boss to his underling. The word was first used extensively to mean a bribe in connection with the money that a new sultan gave his troops. In most Spanish-speaking countries, el soborno means a payoff, but in Mexico payola is aptly described as the bite (la mordida). The Germans call it Schmiergeld (grease money), though export traders usually simply say N.A. for nützliche Abgabe (useful contribution). In France, where there is veritas in the vino, a payoff is called a pot-de-vin or jug of wine. The Italians refer to a bribe as a bustarella (little envelope). Under-the-table payments in East Africa go by the sobriquet chai, Swahili for tea. In onetime British colonies, the words vary widely: a bribe in Nigeria is called dash, in India a backhander. The popular Japanese word for bribe is wairo, but corruption is poetically called kuroi kiri, or black mist.●

NEW BALANCED BUDGET AMENDMENT INTRODUCED

HON. L. A. (SKIP) BAFALIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. BAFALIS. Mr. Speaker, today I am pleased to offer with 34 of my colleagues a joint resolution calling for an amendment to the U.S. Constitution to promote fiscal responsibility. This resolution is to be distinguished from another somewhat similar measure I introduced earlier this Congress.

Essentially, this new resolution is a procedural amendment; it sets forth a process by which we can achieve a balanced budget and thereby restore fiscal integrity to our Government.

I should like to point out that this proposal does not limit the prerogatives of the Congress by writing specific economic policy into the Constitution. Instead, by requiring a recorded vote every time Congress wants to increase either spending or taxation, it insures that congressional decisionmaking with regard to balancing the budget is made responsible to the American public.

Key to this amendment is the principle whereby if Congress, for whatever purpose, intends to spend money, it should and must have the funds already in its possession with which to pay for the necessary goods and services. By this we mean to reestablish the relationship between Government

receipts and expenditures, and thereby eliminate the current bias toward raising the level of spending and continued deficit spending.

This amendment does not prescribe an absolute limit on the amount which Congress can spend. If Congress wants to increase spending in proportion to its revenues, it can, but only by a three-fifths vote of the Members or, in the event of war, a majority vote.

Furthermore, this amendment, under section 2, stipulates that taxes must not increase at a rate greater than the growth of our national income. It is clear that under our present tax structure Congress benefits from the phenomenon known as bracket creep, whereby taxpayers are pushed into higher marginal tax rates due to rising inflation. Nevertheless, whether it is inflation or real growth that causes this to occur, the proposal I am introducing today aims to remove the tendency for Congress to continue unstopped these automatic tax increases. If passed, the amendment would allow taxes to increase to offset deficit spending only by a rollcall majority vote of the Members.

The American people have clearly expressed their support for efforts to restore discipline to the Federal budget: 30 States have passed legislation urging the Congress to summon a constitutional convention on the subject of a balanced budget amendment, and legislative bodies in four other States have made similar petitions.

However, I believe this particular resolution, which limits both spending and taxation, will work to bring about sound, responsible fiscal policy without predetermining precisely what those policies will be.

As this same amendment is an outgrowth of a bipartisan consensus in the Senate and has received wide support from Members of that body, I encourage my colleagues here in the House who are unfamiliar with this proposal to give it every consideration. I am hopeful that they will want to join us in this effort to restore the confidence of the American people in Congress desire for a balanced budget.●

LIMIT SALES OF IMPORTED AUTOMOBILES

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. FRENZEL. Mr. Speaker, on March 16 several national associations sent the President a mailgram protesting possible action by the Government to limit sales of imported automobiles. I commend the contents of the letter to my colleagues as an example of public concern for possible voluntary or legislated quotas.

[Mailgram]

President RONALD REAGAN,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The resolution of the current dispute over automotive trade policy will have consequences that far transcend any single industry or product, or even the relationship between the United States and any single country. Many will view this issue as a test of the Aministration's resolve to let market forces stem inflation and increase productivity.

We recognize the serious difficulties presently faced by our domestic automobile industry. However, we believe that an objective economic analysis will show that automobile imports are essentially a symptom of the problem, not the cause. A decision at this time to restriet imports of automobiles would not be a substantial help to the domestic industry and could undermine the fragile structure of world trade.

The undersigned organizations, representing various segments of our economy, urge you to review this issue with extreme caution within the context of the broad national interest. Once the United States raises trade barriers as a special favor to a troubled industry, other industries will demand similar treatment, and other nations will swiftly follow suit. A protectionist response to the automobile problem would jeopardize future U.S. exports, penalize U.S. consumers, and, in general, retard growth in the U.S. economy.

Signed:

American Importers Association, American Soybean Association, Consumers for World Trade, Imported Hardwood Products Association, National Corn Growers Association, National Council of Farm Cooperatives, National Customs Brokers & Forwarders Association, National Grange, U.S. Feed Grains Council.●

DINGELL CONDEMNS DOE BUDGET CUT ON ENFORCEMENT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. DINGELL. Mr. Speaker, on March 12, the Oversight and Investigations Subcommittee I chair on the Energy and Commerce Committee conducted a hearing on the outrageous budget cut of the Department of Energy's Enforcement Division.

Over the last 5 years this subcommittee has conducted investigations and held numerous hearings on the adequacy of resources devoted to the enforcement effort of the Department of Energy. In the last 2 years, the effectiveness of the enforcement effort has improved to the point where the special counsel has alleged overcharges by the major oil companies of over $10 billion. Additional hundreds of millions of dollars in overcharges have been levied against the nonmajors. The Department of Justice is currently presenting criminal cases developed by the Energy Department to grand juries. Justice relies heavily on DOE auditors and investigators during the grand jury phase. Other criminal cases are being pursued in the courts. In addition, the Energy Department is in the final stages of referring criminal conspiracy cases to the Justice Department involving the country's largest oil companies.

In the face of this activity, the Reagan administration is cutting the heart out of the Energy Department's enforcement budget effectively granting amnesty to these price gougers and potential criminals.

Now under the guise of balancing the budget, the administration has proposed reducing the Department's enforcement spending by over $40 million. This will reduce the current level of about 1,300 auditors, attorneys, clerical and administrative personnel to about 300 people in fiscal year 1982, which begins in October.

The practical effect of this reduction will be the virtual elimination of the enforcement sections as an effective force. Audits of oil companies for the last 2 years are far from complete. Meanwhile, we have seen in this 2-year period the greatest rise in oil prices in history and, we expect we will find the largest overcharges.

The DOE has a number of oil companies under investigation for civil and possible criminal penalties for participation in these inline transfers.

What is the Reagan administration's response to this flurry of law enforcement activity—but to wield their unthinking, meat ax budget approach to eliminate the budget and staff that can pursue these cases. So much for the much publicized Reagan attack on fraud and abuse in the Federal Government.

Under the administration's plan, these audits will never be completed. With the certain knowledge that time was on their side, companies that have been charged with billions of dollars in violations based on audits from earlier years have no desire to settle these cases as many have done in the past. Rather, they only delay with the certain knowledge that their accusers will soon be abolished. Moreover, the ability of the Department of Justice to proceed in existing criminal cases would also be undercut and future referrals of even the most blatant ripoffs would be out of the question. In a word, the Reagan proposal is amnesty for oil companies.

It is not as if the oil companies need the money. Following the banner year of 1979, when the oil industry enjoyed the largest increase in profits in its history, the industry recorded a further 30-percent increase in 1980. According to a report by the Democratic Study Group, oil company profits accounted for a staggering 40 percent of all the profits earned by all U.S. manufacturing firms in 1980. In other

words, some 30 oil companies made almost as much profit as the 9,000 other major U.S. companies. They did so at the expense of those 9,000 companies.

The first irony in the administration's plan is that the budget cuts are generally being touted as measures that will reduce inflation. This assumes that Government spending and not rising energy prices is responsible for inflation. In fact, skyrocketing energy prices have been the largest cause of increased inflation in the last 2 years. Direct and indirect energy costs have contributed about one-third to the total inflation in consumer prices in 1979 and 1980. Put another way, but for the increases in energy prices, the rate of inflation in the last 2 years would have been about 8 percent, or roughly the same level as in 1978.

The second irony of the budget cut so far as the DOE compliance elements are concerned is that it is a false economy. DOE audits have recouped more money for consumers and the U.S. Treasury than it cost the taxpayers to fund the auditors. Thus, the proposed budget cuts will not only sweep massive overcharges and possible criminal violations under the rug, they also will cost consumers money.

Such a policy is indefensible, fiscally irresponsible, and just plain wrong.●

"THE LAWMAKERS"

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. ROSENTHAL. Mr. Speaker, "The Lawmakers" is one of the most informative and yet truly entertaining programs now on television. Correspondents Linda Wertheimer, Paul Duke, and Cokie Roberts present a lively, thorough weekly summary of congressional issues and activities. Through clips of hearings and debates, through personal interviews, and thoughtful analysis, this exceptional news team provides a unique insight into the work and workings of Congress.

With agressiveness and imagination, the staff explores the facts and arguments of important public policy issues more deeply than commercial television ever has. "The Lawmakers" is testimony to the value and importance of public television in providing critical alternative programing. It is bright, it is fast-paced, it is educational, and it is good—qualities which few commercial shows seem to possess.

"The Lawmakers" is made possible in part by a grant from the Corporation for Public Broadcasting. CPB is the primary vehicle for providing Federal financial assistance to the 217 radio and 170 television stations that currently comprise the noncommercial broadcasting system. President Reagan is now proposing a 25-percent cut in 1982 funds for CPB with additional reductions to be made in 1983 and 1984. Mr. Reagan maintains that Federal support has led public television, as well as many organizations in the arts and humanities, to become dependent on public money rather than private contributions. Yet, by reducing the corporation's budget so quickly, the President is providing no lead time for the development of private funding. Such immediate and severe cuts could have a devastating effect on public television and on the quality programing it provides.

"The Lawmakers" provides an invaluable public service both to us as legislators and to our constituents. Through the discerning presentations of the correspondents and the extraordinary commentary of former Congressman Otis Pike, this program manages to convey a true picture of the congressional process.

"The Lawmakers" sets an example of excellence which I believe will, in time, help to upgrade the quality of television programing across the board. This show should be recognized and praised for a job well done.●

DEREGULATION OF CONSUMER INTEREST RATES

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 19, 1981

● Mr. LaFALCE. Mr. Speaker, I recently received a survey prepared by the New York State Banking Department on New York State's experience after usury ceilings on consumer loans were lifted late last year. New York, as you recall, had caps on the interest rates that could be charged on consumer credit. Because of the high inflation we have been experiencing, the State's low usury ceilings seriously affected the availability of consumer credit. The legislature met in emergency session last November to lift the limits and allow the marketplace to determine the interest rates and fees that would be charged for consumer credit.

The survey shows that, initially at least, the roof has not fallen in on New York State's consumers since the usury ceilings were ended. Muriel Siebert, the State superintendent of banks, reported that while interest increased as expected, consumer credit became more available and lending institutions began to engage in vigorous competition on the interest and fees that they charged for that credit. The experience so far represents a balance between the needs of lenders and borrowers. Let us hope that it remains the rule rather than the exception.

At this time, I insert a summary of Ms. Siebert's report, released March 4, 1981, in the RECORD:

BANKING SUPERINTENDENT RELEASES REPORT ON CONSUMER CREDIT RATES AND CHARGES AND ON DEREGULATION OF CERTAIN INTEREST RATES

Muriel Siebert, New York State Superintendent of Banks, today released the Banking Department's report on its survey of interest rates and charges on consumer credit. The survey was conducted in order to develop information on the initial experience of deregulation of consumer credit interest rates under the Omnibus Banking Bill.

Superintendent Siebert indicated that there were three major findings evident from the survey:

1. The deregulation of interest rates on consumer credit has resulted in an increase in those rates at financial institutions and automobile dealers. This was to be expected since the previously existing level of interest rate ceilings was unrealistically low and led to a drying up in the availability of consumer credit for New Yorkers during much of last year.

2. There has been an increase in the availability of consumer credit as a number of financial institutions which had previously placed limits on their consumer lending have actively re-entered the market, liberalized their credit standards and raised their credit line limits. There was also some indication from automobile dealers of increased availability of financing for the average consumer.

3. Lenders are charging a wide range of interest rates and fees, thereby providing consumers with alternative choices which they can take advantage of by shopping for credit. Substantial variations in rates and fees on consumer loans were evident at banks in New York City and in each of the major metropolitan areas upstate: Albany, Utica, Syracuse, Rochester and Buffalo.

Superintendent Siebert also stated that since passage of the Omnibus Banking bill, the Banking Department has embarked on a campaign to educate the public about the new law and to urge that people shop for credit. As part of this campaign, the Department developed a brochure called "Shopping for Credit—A Consumer Guide for Credit in New York State", of which more than 3½ million copies have been distributed.

In addition, through the assistance of the Outdoor Advertising Association of New York State, free billboard space has been provided throughout the State with messages urging consumers to shop for credit and announcing release of the Department's brochure. The savings banks and commercial banks industries have joined the outdoor advertising campaign by preparing billboard posters, with free billboard space once again being made available through the efforts of the Outdoor Advertising Association, with the theme that consumers should shop for credit.

Moreover, the New York City Transit Authority, as a public service, is providing free advertising space on subway cars for a three-month period, with the same theme as the billboards.

The Banking Department has also submitted a report to the Legislature recommending further deregulation of specific interest rate provisions in State law and other conforming amendments pursuant to the action taken in the Omnibus Banking Bill.●

HOUSE OF REPRESENTATIVES—*Monday, March 23, 1981*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O God, we reach out to You in prayer for ourselves and those most near to us, thanking You for Your presence with us and Your nearness to us in all the moments of life. This day we also extend our prayer for those needy in all parts of our world—to those who live in communities where crime and killing persists, to those who live under government that does not allow the freedoms of choice or determination, to those in different lands who do not have the opportunity of work and security and know only frustration or fear. Protect Your people, O God, wherever they are, and give them that measure of hope, grounded in Your love, that they may know Your peace and presence. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

CONGRESS URGED TO PROTECT ITS COLLEGE STUDENTS

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PEYSER. Mr. Speaker, we all know how difficult it is to get the public to turn out on a Saturday morning at 10 o'clock for any real reason. This past weekend in Yonkers, N.Y., I had asked for a meeting on student aid.

Over 400 parents came out to a meeting at 10 o'clock to express their deep concern over what is about to be happening if the Congress gave way to the Reagan administration's slashes in the student aid budgets.

Mr. Speaker, this morning I am putting into the RECORD a letter from North Carolina Agricultural and Technical State University, in Congressman JOHNSTON'S district; a letter from Christopher Newport College in Congressman TRIBLE'S district; and a letter from University of Wisconsin-Parkside, in Congressman ASPIN'S district. All of these letters point out the tragedy that would take place if these cuts were allowed to go through. I hope Congress will vote soon and protect its students.

Mr. Speaker, the letters follow:

NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY,
Greensboro, N.C., March 9, 1981.

Hon. PETER A. PEYSER,
House of Representatives,
Washington, D.C.

DEAR MR. PEYSER: Thank you very much for your letter of February 25, 1981, concerning the new Administration's proposed cuts in the area of student assistance programs. It is assuring to know that you and some other members of Congress support the student assistance programs and are prepared to initiate action to sustain these programs.

This University's total enrollment, based on the Revenue Journal, is 5,303; of that number 74 percent of the students are receiving some form of financial assistance. If reductions in the student assistance programs are enacted, North Carolina Agricultural and Technical State University will be negatively affected.

The ramifications of the proposed reductions on this University are numerous. The reduction in the maximum award for the Basic Opportunity Grant and/or the failure of Congress to pass supplemental appropriations legislation will render the University ineffective in terms of meeting the financial needs of its students thereby increasing the probability that the University will experience a marked decline in enrollment.

Further with reductions in student assistance programs, many qualified students will be denied access to higher education which may ultimately minimize their societal contributions throughout their adult lives.

Since it is recognized that these reductions will have a detrimental effect on higher education specifically in the present, and society generally in the future, the University Community at North Carolina Agricultural and Technical State University is willing to join you and your colleagues in your efforts.

Kindest regards.

Sincerely,

CLEON F. THOMPSON, Jr.,
Acting Chancellor.

CHRISTOPHER NEWPORT COLLEGE,
Newport News, Va., March 6, 1981.

Hon. PETER A. PEYSER,
U.S. House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN PEYSER: In response to your request of February 27, 1981 asking for my assistance in supporting the continuation of the student assistance programs I am happy to help in any way I can.

As an index of my concern on this matter, I am enclosing a copy of letters to Congressmen Daschle, Trible, Natcher, Schmitt, Whitehurst and Warner on the Veterans Cost of Instruction Payments program.

Please let me know, specifically, what I can do to further this cause.

Sincerely yours,

JOHN E. ANDERSON,
President.

CHRISTOPHER NEWPORT COLLEGE,
Newport News, Va., February 25, 1981.

Hon. THOMAS A. DASCHLE,
Chairman, Congressional Vietnam Veterans Caucus, Russell Office Building, Washington, D.C.

DEAR CONGRESSMAN DASCHLE: Through the Veterans Cost of Instruction Payments (VCIP) program, this college has assisted thousands of military veterans in numerous ways. The VCIP program, as you may know, is now in serious jeopardy of being terminated.

Specifically, the Carter Administration earlier asked the Congress to rescind funding for approximately $34 million in programs aiding colleges in fiscal year 1981, which included $12.039 million for the Veterans Cost of Instruction Payments (VCIP) program. Should this occur, Christopher Newport College, as well as more than one thousand other colleges throughout the United States will be forced to terminate outreach, recruiting, and counseling services to military veterans, especially Vietnam era veterans.

At Christopher Newport College, the Office of Veterans Affairs has assisted more than 3,000 Vietnam era veterans annually since 1976, when we received our first VCIP grant. Although some 400 veterans now attend the College, a myriad of services have been made available to the more than 20,000 military veterans who reside within our service area.

These area military veterans have had our Office of Veteran Affairs staff to help them with V.A. payment problems, claims for medical and dental benefits, and other problems that would have been handled by the Veterans Administration's Veterans' Representatives (Vet Reps) on Campus. This past year, the remaining thirteen hundred (1300) Vet Reps, placed on college campuses by the V.A. in 1974 to assist with reporting the status of veterans in school have been removed because of the V.A.'s own budget problems. With the Vet Rep program gone, VCIP staffers have occupied a similar role as those Vet Reps, helping to assure that overpayments to veterans are kept to a minimum. If VCIP is terminated, overpayments to veterans nationwide will reach the one-half billion dollar mark.

With continued funding of the VCIP program and a $2.3 million supplemental increase in this funding (to maintain the current FY-80 funding level of $14.38 million annually), these urgently needed services to veterans will continue to be provided.

I urge your support of the VCIP program. This is undoubtedly one federal program whose funding has continued to provide much needed services to the millions of U.S. military veterans, both in school and out.

I might parenthetically add that if we are in deed and fact interested in demonstrating as a nation our commitment to the often ne-

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□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

glected Vietnam veteran, the continuation, if not increase in this VCIP service, with appropriate publicity, is a superb candidate for such commitment.

Sincerely,

JOHN E. ANDERSON, Jr.,
President of the College.

UNIVERSITY OF WISCONSIN-PARKSIDE,
Kenosha, Wis., March 11, 1981.

Representative PETER A. PEYSER,
Cannon House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE PEYSER: Thank you for your letter of February 27 and your expression of concern for student assistance programs. It is a concern I share. I have already written to Wisconsin's two senators and to our Congressional representative, Les Aspin. In writing to our Congressional delegation I stressed the impact of the proposed student financial aids reduction at UW-Parkside. I am enclosing a copy of one of the letters for your information.

Your committee will play a key role in determining the level of support for needy students who wish to attend college. If I can help you in that role, please let me know.

Sincerely,

ALAN E. GUSKIN,
Chancellor.

UNIVERSITY OF WISCONSIN-PARKSIDE,
Kenosha, Wis., February 25, 1981.

Senator WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PROXMIRE: I am writing to express my strong concern for the plight of many of our students currently dependent on federally sponsored financial aids packages to attend UW-Parkside. My concern is for the present need to pass supplemental appropriations for the 1981 fiscal year to avert a critical shortage and to assure that the proposed Reagan administration budget cuts in this area for the 1982 fiscal year not be adopted by Congress. I know that restoring money to these programs flies in the face of the prevailing winds, yet I feel compelled to protest the cuts.

Specifically, the reductions will affect our campus financial aids program in the following areas if supplemental relief is not provided for the 1981 fiscal year:

1. BEOG/Pell: 200 of our current 850 students receiving such assistance will be denied money necessary for them to attend the University. Of those remaining eligible under the program, their grants may be reduced by $400 per student at a time when we are experiencing double-digit inflation.

2. NDSL: 100 of our 355 students receiving these loans will be eliminated.

Since many of our students are adults with families or come from lower or middle income families, loss of this source of funds effectively forces these students out of college.

The effects of the proposed Reagan cuts are even more devastating:

1. NDSL: The proposal to eliminate this program over four years at a rate of 25% per year means that we stand to lose more than 350 students who have the academic ability to attend college, but not the financial resources.

2. Social Security Benefits (18-22 year olds): If eliminated as proposed, another 50 UW-Parkside students will be affected.

3. GSL: While it may be necessary to increase the interest charged for these loans, the Reagan proposal's drastic increase, coupled with a more restrictive calculation of student financial need may reduce by as much as 50% the number of eligible recipients. At UW-Parkside that means that as many as 250 students may be directly affected by the changes.

As you can see, for a campus of 5,500 commuter students the negative impact of not supplementing the current funding levels and of adopting the Reagan proposals is significant. For a state which has always prided itself, even during difficult economic times, on the widest possible access by its citizens to a college education, the cuts could be devastating. I urge you, therefore, to oppose such sharp cuts and to pass the supplemental appropriations bill now before the Congress.

Sincerely,

ALAN E. GUSKIN, *Chancellor.*

REPORT TO ACCOMPANY HOUSE RESOLUTION 115, PROVIDING FOR EXPENSES OF INVESTIGATIONS AND STUDIES TO BE CONDUCTED BY STANDING AND SELECT COMMITTEES OF THE HOUSE

Mr. ANNUNZIO, from the Committee on House Administration, submitted a privileged report (Rept. No. 97-11) on the resolution (H. Res. 115) providing for the expenses of investigations and studies to be conducted by the standing and select committees of the House, which was referred to the House Calendar and ordered to be printed.

UNITED STATES MUST IMPROVE ITS AIR DEFENSES

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, our air defenses have been neglected since the 1960's.

Air defense is part of that little known and almost forgotten area known as strategic defense.

As we stand here today, our borders are vulnerable to an attack from Soviet Backfire bombers. This is not a scare tactic, this is a fact. Our bomber radar systems can be penetrated.

Most of our bomber interceptor fighters are outdated and no match for the technically superior Backfire bomber. Our interceptor forces have decreased from 2,600 aircraft in the early 1960's to less than 275 today. Over 1,000 surface-to-air missiles protected our cities 20 years ago; today not a single SAM performs that service in the United States.

The current arms race is geared toward highly sophisticated offensive weaponry. I propose that the United States also begin a national defense system aimed at protection. One step in that direction is to improve our greatly weakened air defenses.

EL SALVADOR—SYMPTOM OF A SICK FOREIGN POLICY?

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, on February 3, I wrote to Secretary of State Alexander M. Haig, Jr., concerning the question of military aid to El Salvador and the fact that it did not appear to be conditioned on the Government of El Salvador taking vigorous steps to discipline its national security forces, to investigate atrocities, including, of course, the murder of the American Catholic nuns, and to further implement the agrarian reform program. I urged the Secretary to take steps to impose such conditions on any further military aid.

On February 20, I again wrote Secretary Haig noting that the administration, according to news accounts, had explicitly ruled out any link between military aid and progress by the Duarte government toward elimination of the excesses perpetrated by Salvadoran national security forces. In that letter I said:

> The failure of the United States to insist that the Duarte Government seek a political solution to the violence in El Salvador as a condition for the granting of U.S. military aid would create a situation which may well increase, rather than end, the violence in that country.

I did not receive a reply to either letter until March 13. The reply was in the form of a letter from Mr. Alvin Paul Drischler, Acting Assistant Secretary for Congressional Relations. Mr. Drischler's letter was somewhat reassuring in that he stated:

> The U.S. has expressed its concern over such abuses and will continue to press the government privately for progress in this area. We believe that in this manner we will be more effective in obtaining results.
>
> The U.S. continues to support strongly these reforms which include agrarian and banking reforms, promotion of employment, and encouragement of the private sector. In FY 80 and 81, the U.S. provided over $123 million in economic assistance, primarily to help the GOES implement these reform programs.
>
> We continue to impress upon the GOES the importance of controlling violence, whatever its source.

I offer my letters and Mr. Drischler's reply for printing in the RECORD at the end of these remarks.

Despite the assurances in Mr. Drischler's letter, the letter also implies that the military component of U.S. aid to El Salvador continues to have first priority. Remarks by Secretary Haig and other administration spokesmen and the talk of sending another $25 million in weapons and additional military advisers to El Salvador give the clear impression that the administration is still emphasizing a military solution in El Salvador.

The push for further military aid seems to be at odds with news accounts that indicate that the flow of weapons to the insurgents in El Salvador is drying up, thanks, it must be said, to the very firm stance the administration has taken against actions by Cuba or other countries facilitating the flow of such weapons to the insurgents. It is also at odds with statements by former Ambassador Robert White to the effect that the Duarte government has the military situation under control and statements by President Duarte himself indicating that further military aid is not necessary at this time.

Mr. Speaker, I have not joined in sponsoring any of the resolutions which have been circulated demanding a complete cutoff of further military aid to El Salvador, even though I think no case has been made as to the necessity for such aid at this time and even though I think such aid sends the wrong signals to the military elements in El Salvador who appear to be the principal sources of violence in that country. It may well be that a situation will arise warranting further such aid to El Salvador. In such case, I could support additional military aid, if the Government there shows a substantial commitment to curbing the excessive and indiscriminate violence of the military and paramilitary elements and if it is making significant progress toward economic, social, and political reform.

Undoubtedly violence from the terrorists of the extreme left continues to be a real menace in El Salvador. The Reagan administration is to be commended for its efforts to choke off the flow of arms to these groups. However, by far the greatest violence and indiscriminate slaughter has come from the extreme right. Providing military aid to the Duarte regime unconditionally and beyond the minimum necessary will only intensify actions of violence by military and right-wing death squads against innocent people in El Salvador and will, in turn, increase rather than decrease armed resistance to the Duarte government.

Unfortunately, the Reagan administration gives the impression that it intends to impose additional weapons and military advisers on El Salvador for reasons of its own and not because they are either needed or desired by President Duarte. It is not clear whether this policy is merely the result of the desire of the Reagan administration to make a political point at home or abroad, is the result of manipulation of policy by the Pentagon, as implied by former Ambassador Robert White, or is simply an example of Secretary Haig's propensity for choosing military solutions to political problems.

In any event, the most disturbing aspect of the Reagan administration's posture with respect to El Salvador is that it is part of a larger pattern which plays down support for human rights and economic aid in favor of military support for even the most despotic governments so long as they are rightist rather than leftist in their political orientation. One would think that past experience with such regimes as that of Batista in Cuba, the shah in Iran, and Somoza in Nicaragua would have driven home a lesson that not even the most hard shell militarist or right-wing zealot could ignore. These governments collapsed for one simple reason: They had committed so many outrages against their own people that they finally lost the support of the middle-class business community in their countries, as well as the masses of the poor and working people. Until that point was reached, no Communist or other revolutionary movement had much chance of success. But once it was reached, U.S. military aid was powerless to prevent the collapse of the regime. In fact, most notably in the case of the shah, U.S. military aid was seen by the people as helping to perpetuate the despotic regime and to facilitate its barbarities, thereby adding to the popular revulsion not only against the regime but against the United States as well. Much of the Iranians' hatred and bitterness against the United States, which enabled the fanatics in Iran to seize our Embassy and hold the hostages and made it impossible for moderate elements to negotiate an early end to the crisis, arose from this fact.

Of course, each country's situation is different. Nevertheless, the apparent movement of the Reagan administration toward renewal or expansion of military aid to the tyrannical regimes in Argentina, Chile, and Guatemala foreshadows a comparable series of disasters, unless such aid is conditioned on genuine commitments and significant progress toward respect for basic human rights.

Moreover, unless there is a substantial component of economic assistance, whether through bilateral aid, international financial institutions, or private investment, accompanying military aid programs in less developed countries, the perception will be that the United States lacks a genuine interest in the people of the country and in helping eliminate the incredible poverty which usually is the root cause of most political unrest.

Without going into the specifics of the Reagan administration's developing policies toward Africa, I would say only that they seem to provide further evidence of the administration's insensitivity, indeed blindness, to the moral and political concerns of the people in the developing countries. There is no question about the importance of maintaining U.S. and NATO military strength versus the Soviet Union and its Eastern bloc allies. But to configure our foreign policy with respect to Latin America, Africa, and other Third World countries as though they were mere pawns in the East-West military conflict is, in my view, a tragic misreading of the nature of the problem we face in these parts of the world. If it continues, it is likely to lead to further instability and failures of the kind that we have experienced in the recent past.

The letters referred to follow:

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 3, 1981.

Hon. ALEXANDER M. HAIG, Jr.,
Secretary of State, U.S. Department of State, Washington, D.C.

DEAR MR. SECRETARY: I am writing to express my concern about the new lethal military aid package being sent to El Salvador.

As you know, there appears to be substantial evidence that elements within El Salvador's national security forces have been responsible for politically motivated harassment and murder perpetrated against innocent civilians in El Salvador. I recognize that the politcal situation in El Salvador, coupled with U.S. national security interests in Central America, presents no easy solution to El Salvador's internal problems. I am also aware of reports indicating that the insurgent movement in El Salvador has received military aid from Cuba and from sympathizers in other Central American countries.

Nevertheless, I am disturbed by the fact that the current lethal military aid package contains no requirement that the government of El Salvador take vigorous steps to discipline its national security forces, investigate alleged atrocities committed by either the left or the right, and further implement the agrarian reform program. The absence of strict conditions on the granting of lethal military aid to El Salvador may well provide direct encouragement to the forces of repression in El Salvador.

In order to make it clear to the Duarte government that we cannot continue sending aid to El Salvador if its national security forces continue kidnapping and murdering innocent civilians, I urge you to take steps to make military aid to El Salvador conditional upon certification by the government that it is taking concrete steps to curb excesses by its national security forces, is working to bring to justice those responsible for political murders in the country, and is vigorously pursuing the land reform program.

Sincerely,

JOHN F. SEIBERLING.

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 20, 1981.

Hon. ALEXANDER M. HAIG, Jr.,
Secretary of State, U.S. Department of State, Washington, D.C.

DEAR MR. SECRETARY: As you may recall, I wrote to you on February 3 urging you to impose strict conditions on the granting of U.S. military aid to El Salvador.

Though I have not yet received a reply to my earlier letter, I am writing again because, according to news accounts of Tuesday's congressional briefing on U.S. aid to El Salvador, the Administration has explicitly ruled out any link between current or future military aid and progress by the Duarte government toward elimination of

the excesses perpetrated by Salvadoran national security forces.

The unconditional granting of U.S. military aid would be, in my view, a singularly unfortunate step, and could well serve to encourage further actions of violence by paramilitary oranizations or elements within the national security forces against the population of El Salvador. As a Washington Post editorial of February 18 points out, any "military" solution to the problems in El Salvador must be accompanied by a political solution as well. The failure of the United States to insist that the Duarte government seek a political solution to the violence in El Salvador as a condition for the granting of U.S. military aid would create a situation which may well increase, rather than end, the violence in that country.

I believe any policy of unconditional military aid to El Salvador should be carefully reviewed in th light of the above-mentioned considerations.

Sincerely,

JOHN F. SEIBERLING.

DEPARTMENT OF STATE,
Washington, D.C., March 5, 1981.

Hon. JOHN F. SEIBERLING,
House of Representatives.

DEAR MR. SEIBERLING: I am responding to your letters to Secretary Haig of February 3 and February 20 regarding your belief that the U.S. should impose conditions on military aid to El Salvador and that we should not seek a military solution to the problems facing that country.

Concerning the question of imposing conditions on the Duarte Government in return for our assistance, we do not believe that an effective relationship with that government can be built upon the linkage of U.S. aid to a specific set of demands. Experience has shown that direct linkage of this sort arouses the resentment of the aid recipient and does not accomplish the ends the donor wishes to achieve.

Specifically, with respect to the indiscriminate violence and abuses being committed by elements of the Salvadoran security forces, the Duarte Government has begun to take steps to bring this problem under control. The U.S. has expressed its concern over such abuses and will continue to press the government privately for progress in this area. We believe that in this manner we will be more effective in obtaining results.

You also refer to the Washington Post editorial of February 18 which dealt with the necessity for a political solution in El Salvador to accompany efforts to achieve a military solution. Our policy toward El Salvador has both a military and political component. El Salvador is in the middle of a major struggle to preserve its very existence from the threat of a terrorist insurgency supported from the outside. The government's most immediate priority, therefore, is to ensure the stability and security of the country. Our focus on the security issue in recent weeks stems from this objective reality.

The Salvadoran Government remains committed to carrying out basic economic and political reforms including elections in 1982-83. The U.S. continues to support strongly these reforms which include agrarian and banking reforms, promotion of employment, and encouragement of the private sector. In FY 80 and FY 81, the U.S. provided over $123 million in economic assistance, primarily to help the GOES implement these reform programs.

The successful implementation of these reforms would provide the GOES with broad popular support and facilitate a transition to an elected government. Until the violence is controlled, however, such a transition is difficult to make. That is why the GOES is concentrating its efforts on countering the terrorist forces.

Violence is the enemy of all democratic change, of individual rights and of economic progress. Those who are responsible for the violence and terrorism, with arms support from Cuba and other countries are the real obstacle to negotiations. We continue to impress upon the GOES the importance of controlling violence, whatever its source.

In El Salvador, an end to the present suffering and violence would permit that nation to get on with the task of economic reconstruction and progress. The United States, with its long tradition of democratic change, recognizes the need for and supports peaceful and democratic change in El Salvador.

Sincerely,

ALVIN PAUL DRISCHLER,
Acting Assistant Secretary for Congressional Relations.

PUBLIC TELECOMMUNICATIONS ACT OF 1981

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr COLLINS of Texas. Mr. Speaker, I am introducing today the Public Telecommunications Act of 1981. The purpose of this legislation is to extend the authorization for the Corporation for Public Broadcasting (CPB) and to make certain very fundamental changes in the way CPB and public broadcasting is organized and financed.

President Reagan has proposed reductions for CPB in the amount of funds which it receives from the Federal Government. I strongly support the President in his effort to reduce Government spending, and the cuts for CPB are entirely appropriate, particularly when cuts are planned in nearly every other Federal program.

The public broadcasting establishment is fighting these cuts in an all-out fashion. This group apparently believes that is should be insulated from any cuts and should not share in the effort to gain control of the Federal budget. I think nothing more clearly manifests this position than the testimony of CPB before the Subcommittee on Labor, Health, Human Services and Education of the House Appropriations Committee on March 17, 1981, in which, rather than show any fiscal restraint, it asked for fiscal year 1984 appropriations of $293 million. This amount is $183 million more than the Reagan budget projections and, incredibly, even $106 million more than the Carter budget. Higher and higher Federal spending is in direct conflict with the mandate given to both President Reagan and the Congress to cut Federal spending. The present budget is $172 million. President Reagan asks for austerity but CPB asks for $293 million.

The argument against President Reagan's efforts was that his recommended rescissions for fiscal year 1982 and 1983 violated the principle of advanced appropriations begun in 1975. This practice is one that I have no real quarrel with, under ordinary circumstances, but this year the economy needs substantial reductions in Federal spending. This is imperative if inflation is to be controlled and interest rates are to be reduced. This goal of a sound economy is a far higher principle than advanced appropriations for public broadcasting.

Advanced appropriations, it is claimed, provide political insulation for public broadcasting. By being given 2-year advanced appropriations, it is contended that public broadcasting is protected from political reprisals against their appropriations in response to possibly politically unpopular programing. The argument is ridiculous, because in order to keep the funding at a 2-year-in-advance pace, appropriations for CPB are voted on each year, at which time political reprisal would then be available. The only way to truly eliminate this possibility is to eliminate the Federal role in financing.

Even though I could not be more fully supportive of the President's efforts to cut spending, the reauthorization legislation for CPB, which my Energy and Commerce Committee must report by May 15, 1981, can and should mitigate the effects of these spending cuts. This is one of the prime purposes of my legislation.

I find two things happening which I believe border on the incomprehensible: First, that anyone has the temerity to argue that their public broadcasting budget should not be cut when many much higher priority Federal programs are being cut; and, second, that people are actually paying attention and giving support to these efforts. Public broadcasting should bear its share of the efforts at economic recovery.

MAJOR FEATURES OF THE PUBLIC TELECOMMUNICATIONS BILL OF 1981

FIRST: AUTHORIZATION LEVELS

The Corporation for Public Broadcasting (CPB) is reauthorized for a 3-year period—fiscal years 1984, 1985, and 1986—thus continuing the concept of advanced authorizations. The fiscal year 1984 level is $110 million, and the fiscal year 1985 level is $100 million, as recommended by the President. The authorization level for fiscal year 1986 is $90 million.

SECOND: PUBLIC BROADCASTING STATION FUNDING

Current law requires that at least 50 percent of the Federal funding be flowed through to the stations. Last year, fiscal year 1981, 60 percent of

the Federal funding was allocated to the stations. My legislation changes the amount required to be distributed to the stations to at least 80 percent in fiscal year 1982, rising to 85 percent in fiscal year 1983. By increasing the percentages, the public broadcasting stations receive essentially the same amount as they would have received under the Carter budget for fiscal year 1982 and fiscal year 1983.

THIRD: LIMIT ON COMMUNITY SERVICE GRANTS

In fiscal year 1981, seven public broadcasting stations received in excess of $1 million from CPB in the form of community service grants. They are, for that year:

KCET, Los Angeles, $1,886,169.
KQED, San Francisco, $1,187,102.
WTTW, Chicago, $1,141,443.
WGHB, Boston, $2,452,474.
WNET, New York, $4,740,636.
WHYY, Philadelphia, $1,097,426.
WQED, Pittsburgh, $2,172,705.

Grants to stations would be limited to not more than $1 million. This would retain $7.7 million for distribution to stations which are far needier than these stations in major markets. The Federal funding, at current levels, represents only between 7 and 12 percent of the total income of these stations.

FOURTH: INSTITUTIONAL ADVERTISING

This legislation permits stations, on a voluntary basis, to sell institutional advertising on a limited basis. This advertising cannot be of a product or service-specific nature; it cannot interrupt programing; it can be aired any time throughout the broadcasting day, so long as it does not interrupt programing; no single spot can be for longer than 30 seconds; and collectively, these spots can be for no more than 2 minutes at a time. This will especially aid the larger stations whose grants are limited to the $1 million level.

FIFTH: CORPORATION FOR PUBLIC BROADCASTING

Under this legislation, CPB will have only two remaining responsibilities: national programing and distribution of funds to stations.

In fiscal year 1982, 24 percent of CPB funds went to national programing, and was estimated to decline to 22 percent by fiscal year 1983. Under my bill, in fiscal year 1983 and subsequently, 15 percent of the Federal funds will be available to CPB. The only expense item which they will have, other than national programing, is administrative expenses, which can be substantially reduced under current levels due to the fact that many current responsibilities will be eliminated under this legislation.

Additionally, the current 15-member CPB Board is reduced to 7 members, and the requirement is eliminated that CPB impanel an advisory board to evaluate its program decisions.

SIXTH: FACILITIES

Consistent with the budget of President Reagan, the facilities program administered by the National Telecommunications and Information Administration of the Department of Commerce is not reauthorized.

ADMINISTRATION SAVES $40 MILLION, LOSES $5.5 BILLION

(Mr. GORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GORE. Mr. Speaker, in one of the administration's budget cuts that I believe to be misguided, they are proposing to save $40 million by cutting out 80 percent of the lawyers, investigators, and auditors investigating the oil companies' illegal overcharges during the period of price controls that is now over.

This issue does not involve price controls. It involves law enforcement. By saving $40 million the administration will lose $5.5 billion in identified overcharges that could be returned to consumers; and all criminal cases pending will have to be dropped.

One of the next persons on the audit list was the head of the administration's transition team for the Department of Energy. Three of the six oil company executives just appointed to the advisory board of the Department of Energy are targets of pending investigations and a fourth one just settled out of court last year.

I call on the administration to restore that $40 million and help the public recover the $5.5 billion in identified illegal overcharges and to see that we have equal justice under law.

APPOINTMENT AS MEMBERS OF COMMISSION CONCERNING ROLE OF GOLD IN DOMESTIC AND INTERNATIONAL MONETARY SYSTEMS

The SPEAKER. Pursuant to section 10(a) of Public Law 96-389, the Chair appoints as members of the Commission Concerning the Role of Gold in Domestic and International Monetary Systems the following Members on the part of the House:

Mr. REUSS of Wisconsin;
Mr. NEAL of North Carolina;
Mr. WYLIE of Ohio; and
Mr. PAUL of Texas.

THE 29TH SESSION OF THE UNITED NATIONS COMMISSION ON NARCOTIC DRUGS

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 10 minutes.

● Mr. GILMAN. Mr. Speaker, the 29th session of the United Nations Commission on Narcotic Drugs recently completed its deliberations in Vienna, Austria, on February 2-11, 1981. The U.S. delegation, which was led by Roger Kirk, Chief of the U.S. Mission to United Nations System Organizations in Vienna, consisted of Clyde D. Taylor, Deputy Assistant Secretary of State for International Narcotics Matters; Gene Haislip, John Warner, and Mark Golubock of the Drug Enforcement Administration; Dr. Jean Paul Smith of the National Institute on Drug Abuse; Dr. Stuart Nightingale, Acting Commissioner for Health Affairs of the Food and Drug Administration; Walter V. Hall, Narcotics Affairs Counselor of the U.S. Mission in Vienna; Victor Jacobson, Customs Attaché at our Embassy in West Germany; and Dianne Hurley Graham of the State Department.

Although I was unable to attend the Commission's 29th session, through the good offices of Ambassador Kirk, I presented a statement on the global dimensions of narcotics trafficking and drug abuse that was distributed to the delegates attending that session.

In my paper, I discussed the apathy toward combating drug abuse, the urgency for a comprehensive, coordinated global drug strategy, the need for the U.N. to consolidate its diverse drug programs, policies, and organizations into a single, highly visible anti-narcotics commission or committee, and the low level of contributions to the United Nations Fund for Drug Abuse Control (UNFDAC).

Given the global dimensions of drug trafficking and drug abuse—an epidemic that has reached into the hundreds of billions of untaxed dollars in drug trafficking and that has caused misery for unknown millions of individuals who are dependent upon or addicted to drugs, I am appalled that leaders throughout the world, including many in our Nation, are unwilling to admit—or choose not to admit—the existence of this problem. Given that narcotics trafficking and drug abuse is a crisis comparable to the international energy crisis, double-digited inflation and the fragile state of the international economy, I am appalled that the drug problem is relegated to such a low priority on our domestic agendas and international forums.

The United Nations Educational, Scientific, and Cultural Organization's 3-year budget for 1981-83 amounts to $625,374,000, of which less than two-tenths of 1 percent—or $1,142,900—is devoted to educating citizens throughout the world on the dangers of drug abuse. The $1,142,900 represents UNESCO's miniscule global commitment to drug education for the next 3 years. Similarly, drug abuse programs for the International Labor Organization amounted to a paltry $108,000 for 1978 and 1979, and the Food and Agriculture Organization allocated from its regular budget in 1978-80 an estimated $20,000 each year for its drug programs.

Although I have not received the final report of contributions to the United Nations Fund for Drug Abuse Control (UNFDAC), the preliminary report, as of September 30, 1980, shows that only 29 nations—or 19 percent of the 152-member states of the U.N.—contributed a meager $4,621,690 to the U.N. Fund; private contributions amounted to $454,327, for a total of $5,075,017. In 1978, 38 nations contributed $7,296,200. This is a dismal record for a global war on drug abuse. It is also indicative of the low level of priority granted to the drug problem by government leaders and their representatives to the U.N. I understand that as of February 1981, the following 11 nations have contributed slightly more than $2.3 million to UNFDAC: Australia, $100,000; Austria, $5,300; the Federal Republic of Germany, $1,000,000; France, $100,000; Hong Kong, $20,000; Italy, $111,110; Japan, $300,000; Malaysia, $2,000; Norway, $65,000; Sweden, $500,000; and the United Kingdom, $110,000.

Mr. Speaker, what does it take to shake the apathy, the complacency, from leaders of our Nation and those of other nations into realizing that drug abuse has become a global problem undermining the institutions of all nations and destroying the health of citizens throughout the world? What does it take before leaders the world over will act in a concerted manner to wage war on drug trafficking and drug abuse? As I stated in my paper:

Until all of the member-States of the U.N. realize that it is in their best interest to pool their resources, personnel, equipment and funds, then the war on drug abuse will surely be lost and the human misery for millions of drug abusers will continue unabated.

Mr. Speaker, in an effort to inform my colleagues of the global dimensions of narcotics trafficking and drug abuse, I am inserting at this point in the RECORD the following items: First, the complete text of my statement before the U.N. Commission on Narcotic Drugs; second, a list of contributions and pledges to UNFDAC as of October 31, 1980; and, third, the statement of David Caldwell, our Representative to the U.N. General Assembly's Third Committee, urging that committee's support of a West German resolution pertaining to international cooperations in drug abuse control:

STATEMENT OF HON. BENJAMIN A. GILMAN

Mr. Chairman, distinguished representatives to the Twenty-ninth Session of the United Nations Commission on Narcotic Drugs, for several years I have had the pleasure of sharing with you my thoughts and the thinking of many of my colleagues in the United States Congress regarding efforts by the international community to combat narcotics trafficking and drug abuse. I welcome once again, this opportunity to share with you our thoughts as you deliberate during this session the complex problems of preventing and controlling drug abuse and drug trafficking.

Drug trafficking and drug abuse have reached epidemic proportions throughout the world. Interdicting narcotics trafficking, eradicating the illicit production of drugs at their source, alerting the world's citizenry to the dangers of drug abuse, and preventing, treating and rehabilitating those who have become dependent upon or addicted to drugs is a staggering, global problem.

No nation, regardless of its political ideology or socio-economic status is immune to the devastating and debilitating effects of drug abuse or from the insidious drug merchants who profit from human suffering. Every region of the world—from North America to Latin America, from Europe, Africa and the Middle East to the Orient and Oceania—has become a victim to drug trafficking and drug dependency. And in every region there can be found major narcotic distribution hubs and financial centers for international narcotic syndicates.

GLOBAL DIMENSIONS OF NARCOTICS TRAFFICKING AND DRUG ABUSE

The battle against heroin, cocaine, marihuana, hashish, Phencyclidine (commonly known as PCP or "Angel Dust") and other dangerous drugs is never-ending in its confrontations with this illicit multibillion dollar business. In the United States alone, drug trafficking in 1979 escalated to an estimated $64 billion in street sales, compared to the illegal $48 billion drug sales back in 1977. The global dimensions of drug trafficking, for which accurate statistics are unfortunately unavailable, reach into the *hundreds of billions of dollars*, causing untold human suffering for unknown millions of our world's citizenry.

The excellent compilation of data being considered by this Commission entitled, Review of the Illicit Traffic in Narcotic Drugs and Psychotropic Substances During 1979, E/CN. 7/660, 20 November 1980, clearly depicts the worldwide dimensions of drug trafficking. It reports the global seizures of nearly 60 tons of narcotics for 1979, a 46 percent increase from the slightly more than 41 tons of narcotics seized worldwide in 1977; the more than 7 tons of cocaine seized in 1979, compared to nearly 4 tons seized in 1977; and the increased seizures frequently by the boat load and plane load by law enforcement authorities of marihuana, LSD, stimulants, depressants, hallucinogens and other dangerous drugs.

With respect to the worldwide demand for illicit drugs, the report entitled, Review of Drug Abuse and Measures to Reduce Illicit Demand, E/CN. 7/661, 10 November 1980, discusses the alarming increase of drug dependency by citizens in every region of the world. A portion of that report indicates the magnitude of the global drug problem:

"Heroin abuse has further spread, mainly among young people in urban areas, in most countries of Western Europe and also in a number of countries of North America, the Middle East, South East Asia and Oceania. Other opiates, such as synthetic narcotics and morphine, are widely abused in most regions but to a lesser extent; unlike heroin these drugs are frequently obtained by illegal means from licit sources. Traditional opium consumption involving addiction persists principally among the middle aged populations of both rural and urban areas in a number of countries of Asia and the Far East and the Middle East."

* * * * *

"A further increase in the abuse of amphetamine-like substances, such as methampetamines, is observed in a number of countries in all regions and in some is reaching serious proportions."

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"The abuse of cocaine hydrochloride in North and South America and Europe continues to rise. There is some expansion of cocaine abuse in the Middle East and Oceania, but on a much smaller scale."

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"An increasing trend to abuse barbiturates, non-barbiturate sedative-hypnotics and benzodiazepines is observed in many countries of all regions. Such abuse, either by injection or orally, contributes to a rise in drug-related deaths."

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"Multiple drug abuse, often in combination with alcohol, is emerging as a principal pattern in many countries."

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"Recorded drug abuse predominantly affects the youth, although populations of all age groups and all social strata are encountered as abusers. While abuse of drugs remains in most countries much more common among men, there has recently been an increasing trend to abuse drugs by women."

Obviously these reports on the extent of worldwide narcotics trafficking and drug abuse depict only the tip of the drug problem. The data in these reports do not and cannot account for the amount of illicit drugs that escape detection by law enforcement officials. These statistics do not account for the unknown number of abusers who are not reported as drug addicts. The reports cannot include those who are not registered in drug treatment centers or who are physically and psychologically dependent upon amphetamines, barbiturates, tranquilizers or who are cross-addicted to pills and alcohol. The data does, however, reflect what we all know: that narcotics trafficking is a worldwide multi-billion dollar business that knows no boundaries, no political ideologies or competing economic systems; and that it adversely affects the health and well-being of all of our citizens.

To wage "war" on the drug problem, nations of the world must submerge their competing political and economic differences. Just as the world cannot survive nuclear confrontation, so too it cannot long endure "victories" by international drug traffickers * * * the international criminal syndicates, the independent entrepreneurs, and the so-called "respectable" citizens whose sophisticated and well-financed business operations reach into every corner of our societies. Such illicit business activities undermine our institutions, jeopardize the health of our citizens and destroy the roots of our societies—our youth. No nation or its citizens are immune to this devastation.

Leaders from all sectors of the international community must recognize that narcotics trafficking and drug abuse is not going to go away today or tomorrow, that drug abuse prevention and control is a never-ending battle requiring dedicated and coordinated action by the entire family of nations.

APATHY TOWARDS COMBATING DRUG ABUSE

All of the distinguished representatives gathered at this session are familiar with the grim statistics depicting the global dimensions of the drug problem, and the devastating effects that it causes to our citizens. The drug problem is as severe and urgent as the international energy crisis, the escalating rates of inflation and the fragile state of the international economy. Since we all recognize that we live in an interdependent world it is difficult to understand the apathy by many leaders throughout the world, including some in my own country, regarding the urgent need to effectively wage "war" on drug abuse. Why is drug trafficking and drug abuse relegated to such a low priority on our domestic agendas and in the international forums?

It is appalling that there is no sense of urgency within the UN regarding narcotics trafficking and drug abuse. I am appalled by the absence of a real commitment from leaders of the international community and from representatives to the UN General Assembly and other UN drug-related units to provide the kind of substantial resources needed to the "war on drugs". It is incredible that so many leaders throughout the world fail to realize (or choose not to realize) that drug abuse is a major social and economic problem adversely affecting the health and well-being of the entire international community.

Permit me to be more specific by noting that the United Nations Educational, Scientific and Cultural Organization's (UNESCO) drug education efforts is virtually nonexistent. Out of its total budget of $303 million for the 1979–80 biennium, a paltry $735,000 (or less than three-fourths of one percent) was devoted to the "global" effort of educating citizens throughout the world on the dangers of drug abuse. Such a minuscule sum would not even sustain a mass media national drug education campaign. Furthermore, of the $735,000 for UNESCO's drug education program, the UN Fund for Drug Abuse Control (UNFDAC) underwrote $528,000 or 72 percent; the remaining $207,000 (or less than 0.07 percent of UNESCO's total budget) came from UNESCO's Regular Budget.

Although I have not seen UNESCO's recently approved three-year budget for 1981–83, which I understand amounts to $625,374,000, the originally proposed budget of $620,378,000 for 1981–83 included a meager $1,129,000 for that organization's drug education program, or which $1,050,000 (or 93 percent) would have been underwritten by UNFDAC and the remaining $79,000 (or 7 percent) by UNESCO's Regular Budget. Although the size of UNESCO's approved budget increased markedly from an average of $151.5 million for the two-year period of 1979–80 to an average of nearly $208.5 million for the three-year period of 1981–83, its drug education program was increased by a paltry $13,900 for a 3 year total of $92,900. Its drug education budget for the triennium 1981–83 totals $1,142,900 of which $1,050,000 (or nearly 92%) is underwritten by UNFDAC and the remaining $92,900 (or 8%) by UNESCO's regular budget. In short, during the next three years, UNESCO intends to devote an annual average of nearly $381,000 or less than two-tenths of one percent of its total resources for educating citizens throughout the world on the dangers of drug abuse. Given the global dimensions of narcotics trafficking and drug abuse, it is shocking that out of more than *$625 million*, UNESCO's total commitment to drug education represents a meager few hundred *thousand* dollars.

The meager drug abuse programs of the International Labor Organization (ILO) and the Food and Agriculture Organization (FAO) are also discouraging. The ILO's drug abuse control activities for 1978 and 1979 amounted to a paltry $108,000 (or an average of $54,000 for the two-year period); FAO allocated from its Regular Budget an estimated $20,000 per year for 1978–80.

If the international community means what it says about preventing and controlling drug abuse, obviously, then, the UN drug-related agencies must elevate the narcotics issue to a higher level of priority on their agendas, and must allocate more of their resources to the "war effort".

URGENCY FOR A COMPREHENSIVE GLOBAL DRUG STRATEGY

It is encouraging that this Commission will be considering a draft document entitled Strategy and Policies for Drug Control, E/CN.7/658 (Part One and Part Two), 13 October 1980.

Given the political instability in the Middle East, the difficult task of the central governments of Southwest Asia (Afghanistan, Iran and Pakistan) and the Golden Triangle (Burma, Laos, and Thailand) to control the illicit production of opium, and given reports of increased illicit opium production from the Golden Triangle, and the vast heroin, marihuana and cocaine traffic originating from Latin America, there is an urgent need to formulate a comprehensive, coordinated global strategy to prevent and control drug abuse. Such a strategy must be aimed at interdicting narcotics trafficking, eradicating the illicit production of drugs at their source, educating citizens throughout the world on the dangers of drug abuse, and treating and rehabilitating those who have become dependent upon or addicted to drugs.

I would hope that such a strategy would be more than a mere declaration . . . more than mere words in a glowing account . . . but would provide sufficient resources to implement the strategy. Lofty resolutions condemning narcotics trafficking and drug abuse are meaningless without sufficient funds, personnel and equipment.

Surely the 152 member-nations of the UN have sufficient resources and expertise to wage an all-out "war" on drug abuse. Just as Chapters VI and VII of the United Nations Charter pertain to situations "likely to endanger international peace and security" or constitute a "threat to the peace," "breach of the peace," or "acts of aggression," so too does narcotics trafficking and drug abuse constitute a clear and present danger to the entire family of nations requiring collective action to combat this scourge of all mankind.

CONSOLIDATING U.N. DRUG EFFORTS

Since the UN approach to the drug problem is fragmented among numerous organizations, boards, commissions, councils, and the like . . . a problem not uncommon to some nations working in the drug field, including my own country, I would also urge that the diverse drug programs, policies and organizations be consolidated into a single, highly visible, anti-narcotics committee or commission from existing UN personnel that would formulate, implement and coordinate a comprehensive global drug strategy.

CONTRIBUTION TO UNFDAC

With regard to financial contributions to UNFDAC, I find it disheartening that as the UN Fund celebrates its 10th anniversary, only a handful of nations have contributed $100,000 or more to the Fund. In 1979, 44 nations (or 29 percent of the 152-member nations to the UN) contributed a meager $4,621,387 to the Fund, a sharp decline of nearly 1.7 million dollars from that $7,296,200 contributed to UNFDAC in 1978. Private contributions to the Fund in 1979 amount to $304,521 for a total "global" effort of $4,925,908 for that year.

Preliminary reports for 1980 indicate a continued decline in contributions to the UN Fund. As of September 30th, 1980, 29 nations contributed or pledged a meager $4,621,690 to UNFDAC; private contributions amounting to $454,327 resulted in a total of slightly more than $5 million.

From 1971, when UNFDAC was created, until the third quarter of last year, 75 nations sporadically contributed $46,937,752 to the Fund, which, when added to the $951,374 from private contributions and $1,307,656 from the interest on income (as of 31 December 1978) amounted to a pathetic total of $49,196,782, or an annual average of slightly more than $5.4 million for the nine-year world-wide "campaign" to combat drug abuse.

As I stated last year in my remarks before the Sixth Special Session of this distinguished Commission:

"We cannot wage a global assault on narcotics on such a paltry budget. Such limited financing will not provide the equipment, the personnel and the programs needed to combat the international drug traffickers' sophisticated operations that reach into every corner of the world. We cannot effectively eradicate the illicit production of drugs at its source, educate our citizens on the dangers of drug abuse, and treat and rehabilitate those individuals who have become dependent upon or addicted to drugs on such a pathetically small budget. It is appalling that those nations that have substantial drug problems have made minuscule, if any, contributions to UNFDAC. Nations that can afford to contribute to the UN Fund have made only token pledges of less than a few thousand dollars or are conspicuously absent by not contributing a single penny to wage 'war' on drug abuse."

Furthermore, voluntary contributions to UNFDAC should not underwrite the operations or activities of the specialized UN drug-related organizations. Rather, these activities should be supported by the Regular Budgets of the affected agencies.

Two years ago, the UN Joint Inspection Unit's Report on the Organization and Management of Drug Abuse Control Activities in the United Nations (E/1979/10, 22 February 1979) stated that UNFDAC is carrying a large proportion of the financial burden for drug activities in the UN system, and

"* * * the specialized agencies, such as FAO, UNESCO, WHO, and ILO, could justifiably be asked to include in their regular budget programs some drug abuse control projects in their special area of competence, rather than relying on UNFDAC as a source of funds to the extent that they now do."

The report also stated: "The intentions behind the Fund's existence are frustrated if it has to function as a substitute for the regular budget of the United Nations or of a specialized agency," and it observed that the UN Fund is "functioning more as a substi-

tute for the regular budget than as a supplement to it."

CONCLUSIONS

At a time when narcotics trafficking and drug abuse have become such a vast multibillion dollar business, when customs inspectors throughout the world are seizing substantial amounts of currency from organized crime's attempt to launder funds obtained from their nefarious drug transactions, when nearly every region of the world is reporting increased seizures of heroin, cocaine, marihuana, PCP and other dangerous drugs, and when increased numbers of their citizens are being reported to hospital emergency rooms for drug overdose, it is incredible that UN drug-related agencies are allocating only minuscule amounts of funds from their Regular Budgets to combat drug abuse.

Mr. Chairman, it is discouraging to witness year after year the twin impediments eroding our efforts to effectively combat drug abuse: the low level of priority granted to the drug problem by government leaders and their representatives to the UN and the dismal record of voluntary contributions to the UN Drug Fund.

In the course of this session, let us consider—

How we can effectively combat the onslaught of the illicit drug trafficking that is causing so much misery for so many citizens;

How we can help raise the consciousness of our citizens regarding the dangers of drug abuse;

How we can help raise the profile regarding the seriousness of narcotics trafficking and drug abuse within the UN General Assembly and other agencies of the UN; and

How we can satisfactorily respond to these issues when leaders throughout the world apparently misperceive the magnitude of the drug problem (or perhaps do not want to admit the existence of the drug problem).

Preventing and controlling drug abuse requires that the entire family of nations recognize the seriousness of the drug problem and the urgency to (A) elevate this problem to a high level of priority, (B) pool their resources and act in a concerted, cooperative manner, (C) formulate a comprehensive, coordinated global drug strategy, and (D) implement that strategy with sufficient resources to effectively wage "war" on this scourge of all mankind.

Until all of the member-States of the UN realize that it is in their best interest to achieve the above goals, then the "war" on drug abuse will surely be lost and the human misery for millions of drug abusers will continue unabated. If that tragedy occurs, then the world will gradually sink into becoming a drug-oriented society.

Mr. Chairman, the time to act is upon us. The health and well-being of all of our nations demand that we recognize the urgency of the drug problem and unite to resolve it. We can no longer be complacent about this problem. We must elevate this issue to a top priority status and commit our resources to wage an effective "war" against the drug traffickers and to help those who are drug abusers. When that has been accomplished, then the world will be a better place for all of us.

UNITED NATIONS FUND FOR DRUG ABUSE CONTROL—CONTRIBUTIONS AND WRITTEN PLEDGES AS AT OCT. 31, 1980 [1]

[In U.S. dollars]

Country	1971–79	1980
Algeria	7,995	
Argentina	42,000	10,000
Australia	723,131	575,675
Austria	153,718	63,839
Bahamas	2,500	
Barbados	750	
Belgium	75,000	
Bolivia		1,000
Brazil	18,000	5,000
Canada	1,480,722	
Chile	6,000	3,000
Cyprus	6,582	
Denmark	707,035	27,382
Egypt	1,000	
Finland	49,962	26,641
France	805,500	100,000
Germany, Federal Republic of	1,231,384	1,149,425
Greece	15,884	2,000
Guyana	487	
Holy See	1,000	
Hong Kong	102,559	20,080
Iceland	11,000	3,000
India	7,000	
Indonesia	2,000	
Iran	44,942	
Iraq	10,251	4,758
Ireland	15,000	
Israel	4,500	
Italy	203,200	124,339
Ivory Coast	2,000	
Jamaica	6,080	
Japan	1,501,787	300,000
Jordan	2,000	
Kenya	9,400	
Kuwait	26,000	
Libyan Arab Jamahiriya	16,460	
Liechtenstein	5,000	
Luxemburg	1,000	
Madagascar	2,034	2,365
Malaysia	4,000	2,000
Malta	1,277	286
Mauritius	2,000	500
Mexico		10,000
Morocco	16,275	3,000
New Zealand	186,617	35,280
Nigeria	14,778	
Norway	4,433,659	1,194,496
Oman	997	
Pakistan	2,013	*
Philippines	13,102	
Portugal	7,000	1,000
Qatar	32,000	10,000
Republic of Korea	5,500	2,000
Rwanda	1,066	
San Marino	1,500	
Saudi Arabia	332,000	
Senegal	6,204	
Singapore	2,000	
South Africa	26,378	6,159
Spain	20,000	
Sri Lanka	500	
Sudan	1,000	
Surinam	2,000	
Sweden	1,331,003	471,586
Switzerland		62,500
Thailand	9,000	
Togo	200	
Trinidad and Tobago	1,000	
Tunisia	12,142	
Turkey	9,781	
United Arab Emirates	12,000	
United Kingdom	486,497	116,400
United Republic of Cameroon	422	
United States of America	28,000,000	1,120,000
Uruguay	1,000	
Venezuela	8,000	2,000
Viet Nam	1,000	
Yugoslavia	31,288	
	42,316,062	5,455,711
Private contributions	497,047	454,369
Interest income (to December 31, 1978)	1,307,656	
Total	44,120,765	5,910,080
Grand total	[2] 50,030,845	

[1] Includes cash payments and written pledges for the period 1971–80. Pledges made orally at the sixth special session of the Commission on Narcotic Drugs and not subsequently confirmed in writing are excluded.
[2] Includes unpaid written pledges totaling $4,661,388.

SPECIAL CONTRIBUTION TO UNDP FOR NARCOTICS-RELATED PROJECT

	U.S. dollars
Netherlands	500,000
Contributions in kind to date:	
Australia	[1] 62,422
India	[1] 5,000
Kuwait	[1] 290,000
Malaysia	[1] 15,000
Netherlands	[1] 209,440
Poland	[1] 50,000
Switzerland	[1] 40,000

[1] Estimated cash value.

GOVERNMENT CONTRIBUTIONS [1] TO UNFDAC-SUPPORTED PROJECTS AND ASSOCIATED DRUG CONTROL PROGRAMS

Country (duration of project)	U.S. dollars
Afghanistan (January 1974 to October 1980)	1,527,882
Argentina (December 1976 to November 1980)	200,000
Bolivia (December 1975 to June 1980)	4,500,000
Burma (May 1976 to April 1981)	6,985,016
Egypt (August 1977 to December 1978)	28,571
Laos (December 1977 to December 1981)	500,000
Lebanon (June 1973 to December 1976)	260,000
Malaysia (October 1978 to October 1980)	22,680,900
Pakistan (May 1976 to April 1981)	2,447,774
Peru (January 1976 to June 1981)	2,547,159
Portugal (July 1977 to July 1979)	80,000
Thailand (December 1971 to December 1982)	8,125,000
Turkey (March 1975 to December 1980)	45,000,000

[1] Estimates made by the governments concerned and included in project agreements. Include operating and other costs (personnel, transport, equipment, buildings, etc.) related to drug abuse control program in each country. Amounts in local currency have been converted into U.S. dollars at rate of exchange on date of signature of project agreement.

STATEMENT BY DAVID CARDWELL, U.S. REPRESENTATIVE IN THE THIRD COMMITTEE

The U.S. has been a longtime advocate of greater UN involvement in drug abuse prevention and control. We believe that only through a concerted global effort to eradicate drug abuse and all of its corresponding problems—illicit production, illicit trafficking, use and abuse of narcotic and psychotropic subtsances—can the international community even begin to envision feasible solutions and results to this deleterious problem. The U.S. is therefore pleased to cosponsor the initiative of the delegation of the Federal Republic of Germany in its campaign to acquire broad support for this resolution.

I would like to refer briefly to several specific provisions of the resolution now before us. The first regards operative paragraph 3 calling for close collaboration with the INCB and other narcotics bodies in the UN. The need for close collaboration by member governments with the INCB, and particularly the need to supply all relevant data regarding national trends in drug abuse, cannot be overemphasized. Without the vital statistics from member governments regarding current trends, the UN drug agencies cannot effectively carry out their work, nor will they be able to implement the new international strategy of drug abuse control which will be presented to the Commission on Narcotic Drugs in February. We would urge all members to cooperate with the UN agencies in supplying the information requested by the agencies and the UN system.

Operative paragraph 9, relates to the global strategy document that is now being prepared by the Division on Narcotic Drugs. This international program for drug abuse control has been in the making for three years. When complete, it should provide clear guidelines for actions by the member governments, by the specialized agencies of the UN system as well as the UN agencies

themselves. We are all anxious that this document be completed and its provisions put into effect, and so we call special attention to the urgency with which this task should be addressed. Indeed, we would hope that a global strategy paper is not the final product. We can easily envision the great value of annual or biennial national strategy papers, produced by every member of the UN. And we can envision as well annual or biennial strategy papers, produced by the various specialized agencies and other multilateral organizations that have opportunity to deal with drug abuse problems. We raise this now so that members might give this concept serious review as we consider methods of putting the global strategy paper into effect.

Finally, I would like to underscore the appeal made in this resolution for increased support to the United Nations Fund for Drug Abuse Control. Without sustained and increased contributions, the Fund cannot realistically continue to support those projects particularly the multisectoral projects in several Asian countries that is has funded and overseen. These are projects that have produced positive results in such areas as crop substitution, education and treatment and rehabilitation. Compared to other UN agencies and bodies, the Fund is very small. But it is a highly necessary ingredient to the global attack on drug production, trafficking and abuse. National programs are essential, and bilateral cooperative programs are necessary. But a multilateral action program—one that can stimulate both national and bilateral activities, one that can go places and do things that other programs cannot—is absolutely indispensible. The UN Fund for Drug Abuse Control is now so small that it is in danger of faltering. It needs help. It needs encouragement, but it also needs more than words. It needs money, and my government appeals to all member governments to take heed of the problem raised in this resolution and to contribute generously to the work of the UN Fund.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GREGG) to revise and extend their remarks and include extraneous material:)

Mr. DANNEMEYER, for 30 minutes, March 24.

Mr. GILMAN, for 10 minutes, today.

Mr. COLLINS of Texas, for 30 minutes, March 24.

(The following Members (at the request of Mr. BRINKLEY) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. LANTOS, for 60 minutes, on March 26.

Mr. BLANCHARD, for 60 minutes, on March 31.

Mr. FOWLER, for 60 minutes, on March 31.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. GREGG) and to include extraneous material:)

Mr. DANNEMEYER.

Mr. RITTER.

Mr. GILMAN in two instances.

Mr. MICHEL in two instances.

Mr. FINDLEY in two instances.

Mr. BETHUNE.

Mr. COLLINS of Texas in three instances.

(The following Members (at the request of Mr. BRINKLEY) and to include extraneous material:)

Mr. MAZZOLI.

Mr. HUTTO.

Mr. SHANNON.

Mr. RANGEL.

Mr. WYDEN.

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. JONES of Tennessee in 10 instances.

Mr. BONER of Tennessee in five instances.

Mr. ECKART.

Mr. HALL of Ohio.

Mr. RODINO.

Mr. LEHMAN in two instances.

Mr. OBEY.

Mr. OTTINGER in two instances.

Mr. SCHUMER.

ADJOURNMENT

Mr. BRINKLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 14 minutes p.m.), the House adjourned until tomorrow, Tuesday, March 24, 1981, at 12 noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

848. A letter from the Assistant Secretary of Defense (Comptroller), transmitting the justification for the operations and maintenance budget estimates submitted for fiscal year 1982, pursuant to 10 U.S.C. 138(e); to the Committee on Armed Services.

849. A letter from the Acting General Counsel of the Department of Defense, transmitting a draft of proposed legislation to authorize supplemental appropriations for military construction for fiscal year 1981; to the Committee on Armed Services.

850. A letter from the Acting General Counsel, Department of Defense, transmitting a draft of proposed legislation to authorize certain construction at military installations for fiscal year 1982, and for other purposes; to the Committee on Armed Services.

851. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the laundry function at Nellis Air Force Base, Nev., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

852. A letter from the Acting Administrator of General Services, transmitting a draft of proposed legislation to authorize certain transactions involving the acquisition and disposal of strategic and critical materials for the National Defense Stockpile; to the Committee on Armed Services.

853. A letter from the Deputy Secretary of the Treasury, transmitting a draft of proposed legislation to dissolve the National Consumer Cooperative Bank, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

854. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a statement describing a proposed transaction involving nuclear facilities with the National Power Corporation of the Philippines, pursuant to section 2(b)(3)(iii) of the Export-Import Bank Act of 1945, as amended; to the Committee on Banking, Finance and Urban Affairs.

855. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting the sixth annual report of the Corporation's Office of Consumer and Compliance Programs, pursuant to section 18(f)(6) of the Federal Trade Commission Act, as amended; to the Committee on Banking, Finance and Urban Affairs.

856. A letter from the Secretary of Education, transmitting a draft of proposed legislation to make certain amendments to the Higher Education Act of 1965; to the Committee on Education and Labor.

857. A letter from the Chairman, National Commission for Employment Policy, transmitting a report on increasing the earnings of disadvantaged women, pursuant to section 505 of the Comprehensive Employment and Training Act of 1973, as amended; to the Committee on Education and Labor.

858. A letter from the Secretary of Energy, transmitting the annual report on activities under the Powerplant and Industrial Fuel Use Act of 1978 and section 2 of the Energy Supply and Environmental Coordination Act of 1974, pursuant to section 806 of Public Law 95-620; to the Committee on Energy and Commerce.

859. A letter from the Acting General Counsel, Department of Energy, transmitting notice of a meeting relating to the international energy program to be held on March 24, 1981 in Paris, France; to the Committee on Energy and Commerce.

860. A letter from the Acting Administrator, U.S. Environmental Protection Agency, transmitting a draft of proposed legislation to amend the Solid Waste Disposal Act; to the Committee on Energy and Commerce.

861. A letter from the Secretary, Interstate Commerce Commission, transmitting notice of the Commission's further extension of the deadline for reaching a decision in Docket No. 37276 (Sub-No. 1), *Coal, Wyoming to Redfield, Arkansas,* and Docket No. 37456, *Arkansas Power and Light Co., et al. v. Burlington Northern, Inc., et al.,* pursuant to 49 U.S.C. 10707(b)(1); to the Committee on Energy and Commerce.

862. A letter from the Comptroller General of the United States, transmitting a report on the financial status of major acquisitions of the U.S. Government (MASAD-81-13, Mar. 20, 1981); to the Committee on Government Operations.

863. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting a report on the Corporation's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

864. A letter from the Chairman, Federal Home Loan Bank Board, transmitting a report on the Board's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

865. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

866. A letter from the Acting Inspector General, Department of Health and Human Services, transmitting a report in response to a complaint filed with the Special Counsel of the Merit Systems Protection Board, pursuant to 5 U.S.C. 1206(b)(5); to the Committee on Post Office and Civil Service.

867. A letter from the Acting Director, Federal Emergency Management Agency, transmitting a draft of proposed legislation to amend the Disaster Relief Act of 1974, as amended, to authorize the appropriation of additional sums to carry out the act, and for other purposes; to the Committee on Public Works and Transportation.

868. A letter from the Board of Directors, Tennessee Valley Authority, transmitting the 47th annual report of the agency, covering fiscal year 1980, pursuant to section 9(a) of the Tennessee Valley Authority Act of 1933, as amended; to the Committee on Public Works and Transportation.

869. A letter from the Acting Administrator, National Aeronautics and Space Administration, transmitting proposed amendments to the NASA authorization bill previously submitted; to the Committee on Science and Technology.

870. A letter from the Special Assistant, Office of the Secretary of Defense, transmitting a report covering fiscal year 1980 on Defense Department procurement from small and other business firms, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

871. A letter from the Acting Administrator of Veterans Affairs, transmitting a report on the utilization of educational entitlement by veterans of the post-Korean conflict and Vietnam era, pursuant to section 304(b)(1)(A) of Public Law 95-202; to the Committee on Veterans' Affairs.

872. A letter from the Acting Administrator of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes; to the Committee on Veterans' Affairs.

873. A letter from the Secretary of Education, transmitting a draft of proposed legislation to make certain amendments to the act of September 30, 1950 (Public Law 874, 81st Congress) and Public Law 93-380; to the Committee on Education and Labor.

874. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to amend section 7227, title 10, United States Code, to provide for the furnishing of routine port services at no cost to naval vessels of a friendly foreign country, when, by agreement or custom, such services are provided reciprocally to visiting naval vessels of the United States; to the Committee on Armed Services.

875. A letter from the Acting Assistant Attorney General (Legislative Affairs), transmitting a draft of proposed legislation to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes; jointly, to the Committees on Judiciary, Energy and Commerce, Foreign Affairs, and the Permanent Select Committee on Intelligence.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ANNUNZIO: Committee on House Administration. House Resolution 115. Resolution providing for the expenses of investigations and studies to be conducted by the standing and select committees of the House (Rept. No. 97-11). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MICHEL:

H.R. 2651. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2652. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2653. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2654. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2655. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2656. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2657. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2658. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2659. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2660. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2661. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2662. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2663. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2664. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2665. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2666. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2667. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2668. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2669. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2670. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2671. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32),

transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2672. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2673. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2674. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2675. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2676. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2677. A bill to rescind certain budget authority contained in the message of the President of March 10, 1981 (H. Doc. 97-28), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2678. A bill to rescind certain budget authority contained in the message of the President of March 10, 1981 (H. Doc. 97-28), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2679. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2680. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2681. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2682. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2683. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2684. A bill to rescind certain budget authority contained in the message of the President of March 10, 1981 (H. Doc. 97-28), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2685. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2686. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2687. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2688. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2689. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2690. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2691. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2692. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2693. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2694. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2695. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2696. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2697. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2698. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2699. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2700. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2701. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2702. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2703. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2704. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2705. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2706. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2707. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2708. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2709. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2710. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2711. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2712. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2713. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32),

transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2714. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2715. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2716. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2717. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2718. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2719. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2720. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2721. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2722. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2723. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2724. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2725. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2726. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2727. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2728. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2729. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2730. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2731. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2732. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2733. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2734. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations

H.R. 2735. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2736. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2737. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2738. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2739. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2740. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2741. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2742. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2743. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2744. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2745. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2746. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2747. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2748. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2749. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2750. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2751. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2752. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2753. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2754. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2755. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32),

transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2756. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2757. A bill to rescind certain budget authority contained in the message of the President of March 19, 1981 (H. Doc. 97-34), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2758. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2759. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2760. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2761. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2762. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2763. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2764. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2765. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2766. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2767. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2768. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2769. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2770. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2771. A bill to rescind certain budget authority contained in the message of the President of March 17, 1981 (H. Doc. 97-32), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

H.R. 2772. A bill to rescind certain budget authority contained in the message of the President of January 29, 1981 (H. Doc. 97-16), transmitted pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations.

By Mr. BETHUNE:

H.R. 2773. A bill to transfer to the Secretary of Agriculture certain functions relating to fish research; to the Committee on Merchant Marine and Fisheries.

By Mr. COLLINS of Texas:

H.R. 2774. A bill to amend the Communications Act of 1934 to extend certain authorizations of appropriations relating to the Corporation for Public Broadcasting, and for other purposes; to the Committee on Energy and Commerce.

By Mr. FRENZEL (for himself, Mr. HOLLAND, Mr. PERKINS, and Mr. ERLENBORN):

H.R. 2775. A bill to amend the Internal Revenue Code of 1954 to clarify provisions prohibiting discrimination in vesting standards under plans governing qualified trusts, and for other purposes; to the Committee on Ways and Means.

By Mr. LEWIS:

H.R. 2776. A bill to help States provide financial assistance to innocent victims of crime; to the Committee on the Judiciary.

By Mr. LUKEN:

H.R. 2777. A bill to amend the Flammable Fabrics Act to require the Secretary of Commerce to study the necessity and feasibility of establishing Federal standards relating to fire prevention and control, and for other purposes; jointly, to the Committees on Energy and Commerce and Science and Technology.

By Mr. PERKINS (for himself and Mr. MCEWEN):

H.R. 2778. A bill to authorize construction of a modification of the Gallipolis Locks and Dam, Ohio River, Ohio and W. Va., and to insure that this work shall be completed expeditiously; to the Committee on Public Works and Transportation.

By Mr. SMITH of Iowa:

H.R. 2779. A bill to direct the Secretary of the Army, acting through the Chief of Engineers, to carry out a water resources development project on, and along, a certain segment of the Des Moines River, Iowa; to the Committee on Public Works and Transportation.

By Mr. WYDEN (for himself, Mr. FOLEY, and Mr. AUCOIN):

H.R. 2780. A bill to modify the Bonneville Lock and Dam project to provide that the Secretary of the Army, acting through the Chief of Engineers, is authorized to construct a new lock; to the Committee on Public Works and Transportation.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 142: Mr. DINGELL, Mr. KILDEE, Mr. RUSSO, Mr. WILLIAMS of Ohio, Mr. BONIOR of Michigan, Mr. FORD of Michigan, Mr. CROCKETT, Mr. LAFALCE, and Mr. BUTLER.

H.R. 146: Mr. FORD of Tennessee.

H.R. 153: Mr. GUARINI.

H.R. 269: Mr. BENNETT, Mr. LUJAN, Mr. ROBERTS of South Dakota, and Mr. SHELBY.

H.R. 909: Mr. CONYERS, Mr. KASTENMEIER, Mr. PEPPER, Mr. ZEFERETTI, Mr. FORD of Michigan, Mr. MOTTL, Mr. CROCKETT, Mr. FORD of Tennessee, Mr. GORE, Mr. RODINO, Mr. ST GERMAIN, Mr. ANDERSON, Mr. BINGHAM, Mr. DYSON, Mr. PHILLIP BURTON, and Mr. NEAL.

H.R. 910: Mr. CONYERS, Mr. HOWARD, Mr. KASTENMEIER, Mr. PEPPER, Mr. ZEFERETTI, Mr. FORD of Michigan, Mr. MOTTL, Mr. CROCKETT, Mr. FORD of Tennessee, Mr. GORE, Mr. RODINO, Mr. ST GERMAIN, Mr. ANDERSON, Mr. BINGHAM, Mr. DYSON, Mr. PHILLIP BURTON, and Mr. NEAL.

H.R. 911: Mr. DE LA GARZA, Mr. BEREUTER, and Mr. FORSYTHE.

H.R. 912: Mr. CONYERS, Mr. KASTENMEIER, Mr. PEPPER, Mr. ZEFERETTI, Mr. FORD of Michigan, Mr. JAMES K. COYNE, Mr. MOTTL, Mr. CROCKETT, Mr. FORD of Tennessee, Mr. GORE, Mr. ST GERMAIN, Mr. ANDERSON, Mr. BINGHAM, Mr. RODINO, Mr. DYSON, Mr. BONIOR of Michigan, and Mr. PHILLIP BURTON.

H.R. 914: Mr. FAUNTROY, Mr. KASTENMEIER, Mr. PEPPER, Mr. WEISS, Mr. MITCHELL of Maryland, Mr. BEILENSON, Mr. CLAY, Ms. MIKULSKI, Mr. ZEFERETTI, Mr. CROCKETT, Mr. RODINO, Mr. ST GERMAIN, Mr. ANDERSON, Mr. BINGHAM, Mr. RANGEL, Mr. STOKES, Mr. PHILLIP BURTON, and Mr. BARNES.

H.R. 915: Mr. CONYERS, Mr. KASTENMEIER, Mr. PEPPER, Mr. ZEFERETTI, Mr. FORD of Michigan, Mr. BEDELL, Mr. MOTTL, Mr. CROCKETT, Mr. FORD of Tennessee, Mr. ST GERMAIN, Mr. ANDERSON, and Mr. BINGHAM.

H.R. 1015: Mr. CARNEY, Mr. JOHNSTON, Mr. ROSE, and Mr. SKEEN.

H.R. 1016: Mr. HORTON and Mr. KRAMER.

H.R. 1017: Mr. HORTON and Mr. KRAMER.

H.R. 1100: Mr. NEAL.

H.R. 1147: Mr. NEAL.

H.R. 1293: Mr. GUARINI and Mr. BEDELL.

H.R. 1325: Mr. BEARD, Mr. BARNARD, Mr. MCDONALD, Mr. WHITTAKER, Mr. HINSON, Mr. LEATH of Texas, Mr. GUYER, Mr. COLLINS of Texas, Mr. HANSEN of Idaho, Mr. MOORHEAD, Mr. ROBINSON, Mr. MARTIN of North Carolina, Mr. PAUL, Mr. HAMMERSCHMIDT, Mr. SPENCE, Mr. BAFALIS, Mr. LONG of Maryland, Mr. DANIEL B. CRANE, Mr. RUDD, Mr. HOPKINS, Mr. BAILEY of Missouri, Mr. WAMPLER, Mr. EDWARDS of Oklahoma, and Mr. YOUNG of Florida.

H.R. 1364: Mr. DERRICK, Mr. KILDEE, Mr. MARTIN of North Carolina, Mr. ROUSSELOT, and Mr. WOLPE.

H.R. 1400: Mr. EVANS of Indiana.

H.R. 1713: Mr. DOWNEY, Mr. BENJAMIN, Mr. JONES of North Carolina, Mr. MURPHY, Mr. WON PAT, Mr. STUMP, Mr. MCCLOSKEY, Mr. PANETTA, Mr. DUNCAN, Mr. GINN, Mr. ERTEL, Mr. HINSON, Mr. LEVITAS, Mr. YOUNG of Alaska, Mr. LOTT, Mr. CORRADA, Mr. MILLER of California, Mr. WINN, Mr. DANNEMEYER, Mr. GUARINI, Mr. ROE, Mr. COELHO, Mr. YATRON, Mr. PEPPER, Mr. BAILEY of Pennsylvania, Mr. DOUGHERTY, Mr. BEDELL, Mr. WILSON, Mr. LIVINGSTON, Mr. SHUMWAY, Mr. JONES of Oklahoma, and Mr. GOODLING.

H.R. 1853: Mr. GRAMM, Mr. COLLINS of Texas, Mr. RINALDO, Mr. FROST, Mr. STENHOLM, Mr. DUNCAN, Mr. LEATH of Texas, Mr. HUBBARD, Mr. EVANS of Georgia Mr. DOUGHERTY and Mr. MITCHELL of New York.

H.R. 1954: Mr. YOUNG of Missouri, Mr. MOTTL, Mr. BONIOR of Michigan, Mr. WILLIAMS of Ohio, Mr. BENJAMIN, Mr. HERTEL, Mr. ROE, Mr. DAVIS, Mr. FORD of Michigan, Mr. KILDEE, Mr. BAILEY of Pennsylvania, Ms. MIKULSKI, Mr. CROCKETT, Mr. HUNTER, and Mr. CONYERS.

H.R. 1983: Mr. HOLLAND.

H.R. 1995: Mr. FAZIO and Mr. MCHUGH.

H.R. 2312: Mr. BARNARD and Mr. PORTER.

H.R. 2385: Mr. PARRIS, Mr. VANDER JAGT, and Mr. MOORE.

H.R. 2400: Mr. BLILEY, Mr. CLAUSEN, Mr. ERDAHL, Mr. HYDE, Mr. KEMP, Mr. MCEWEN, Mr. SOLOMON, and Mr. WYLIE.

H.R. 2456: Mr. MOORE, Mr. SUNIA, Mr. DERWINSKI, Mr. LAGOMARSINO, Mr. WEBER of Minnesota, Mr. SPENCE, Mr. FUQUA, Mr. GOLDWATER, Mr. MCDONALD, Mr. JEFFRIES, Mr. BONKER, Mr. WHITEHURST, Mr. HERTEL, Mr. FORSYTHE, Mr. DOUGHERTY, Mr. WYDEN, Mr. PORTER, and Mr. SOLOMON.

H.J. Res. 160: Mr. CLAY, Mr. RAHALL, Mr. DUNCAN, Mr. WYLIE, Mr. DINGELL, Mr. HUTTO, Mr. LAGOMARSINO, Mr. CORRADA, Mr. FROST, Mr. SUNIA, and Mr. VENTO.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

40. By the SPEAKER: Petition of the City Council, Wheeling, W. Va., relative to allowing construction and improvements to properties within a flood plain; to the Committee on Banking, Finance and Urban Affairs.

41. Also, petition of the Board of Supervisors, Amite County, Miss., relative to funding for community health centers; to the Committee on Energy and Commerce.

SENATE—*Monday, March 23, 1981*

(Legislative day of Monday, February 16, 1981)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Let us pray.

Father in heaven, who are able to keep us from falling, whose grace is always sufficient, protect Thy servants in the Senate from evil influences—so pervasive, so corrupting, so seductive, so relentless—that would neutralize their influence, drag them down to infamy, and destroy their families. Strengthen them against unworthy critics who have no purpose but to tear down. Sensitize them to criticism that will make them more effective at their tasks. Guard them against debilitating sickness. Keep them and their loved ones well and strong.

We thank Thee for the recovery and return of the Secretary of the Senate, William F. Hildenbrand.

Thank you, Father, for Dr. Cary and his staff who take so seriously the responsibility for the health of the Senators.

Lord God, let the mantle of Thy love and grace envelop this place. Let Thy glory be manifest here. Let Thy presence be felt and Thy will be done.

We ask this in the name of Him who in love gave Himself for us all. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I thank the Chair. I ask unanimous consent that the Journal of the Proceedings of the Senate be approved to date.

The PRESIDING OFFICER (Mr. SYMMS). Without objection, it is so ordered.

CHANGE IN SEQUENCE IN ORDERS FOR RECOGNITION OF SENATORS

Mr. BAKER. Mr. President, there are a number of special orders entered this morning. I ask unanimous consent to change the sequence of those special orders as follows: Senator BAKER, Senator SCHMITT, Senator DOMENICI, Senator DOLE, Senator HELMS, Senator SIMPSON, Senator LAXALT, Senator MCCLURE, Senator ROBERT C. BYRD, Senator HATFIELD, and Senator COHEN.

My request as well includes the conditions and circumstances described in the request on Thursday last.

The PRESIDING OFFICER. Without objection, the order will be changed, and the order will be entered for the recognition of the Senator from Maine (Mr. COHEN).

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that when the two leaders have executed the time allocated to them under the standing order, and the completion of the special orders as heretofore provided for, there be a period for the transaction of routine morning business not to exceed 1 hour in length with Senators permitted to speak therein for not more than 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SCHEDULE OF THE SENATE

Mr. BAKER. Mr. President, I wish to reiterate the schedule for the benefit of all Senators. On the completion of the time allocated to the two leaders under the standing order, the completion of the special orders, and the close of routine morning business, the Senate will return to the consideration of S. 509 and the consideration of the so-called Melcher casein amendment, the Zorinsky second-degree amendment, and other amendments and matters which might come up in connection with that bill.

The Senate will not be able to complete action on the bill today since votes have been ordered for tomorrow.

I repeat, we will not be able to finish S. 509 today in light of the fact that the Senate made provisions for votes on that measure on Tuesday next, tomorrow. But if other matters can be routinely done and by unanimous consent become available from the Calendar of General Orders or the Executive Calendar, the Senate will turn to their consideration.

The Senate will be in session tomorrow. The schedule of the Senate adopted earlier this year was meant to accommodate the requirements of committees which needed maximum time to consider new matters brought before them, and to report legislation as it became available from those committees. The policy that the Senate meet in active session on Tuesdays, Thursdays, and Fridays as necessary, ended last week. All Senators are on notice that the Senate will now be in session for the regular full schedule of the Senate Monday through Friday, and Saturdays as necessary.

It is still the intention of the leadership on this side to try to maintain the hourly schedule of the Senate to provide that if a late session is necessary in the course of the week, whenever possible every effort will be made to schedule that late session for Thursday. That will not always be possible, but the leadership will make its best effort to do so.

Since votes on this past Thursday were stacked until this coming Tuesday, there is a possibility that the Senate will be in late this Tuesday as a carryover from last Thursday. I hope not, however, and I expect not.

BUDGET RESOLUTION OF RECONCILIATION

Mr. President, it is my understanding that the Senate Budget Committee has this morning filed its report in connection with the action on a resolution of reconciliation and instructions. It is my hope that this report can be returned from the Public Printer as promptly as possible, and that we can turn to the consideration of that measure on Thursday of this week.

Mr. President, I will reserve any further comments I have, especially in connection with the budget resolution, until that time provided by special order for me to speak later in the morning.

I am prepared now, Mr. President, to yield any time I have remaining to the distinguished minority leader.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The Senator from West Virginia.

DO NOT SELL THE AMERICAN ECONOMY SHORT

Mr. ROBERT C. BYRD. Mr. President, in recent weeks there has been a great deal of discussion about the importance of a sound, vigorous, and competitive economy. To the extent the debate has resulted in the productive exchange of ideas, many of us here in the Senate

have welcomed it. However, some have spoken about the economy as though the sky were falling. This, I believe, is counterproductive. Politically generated hysteria cannot form a solid basis for economic policy planning.

No single ingredient is more essential to the healthy performance of a free-market economy than confidence. Confidence—from both consumers and producers—is the grease which turns our economic wheels. It promotes savings—a key to investment. And it stimulates investment—the key to future growth. Ultimately, to slay the inflation dragon, we must produce more, and increased savings and investment will help to achieve that goal.

I believe that the President and the Congress have a shared responsibility to develop confidence in our economy and in our future. Building trust, however, will mean leaving behind campaign rhetoric that portends economic disaster and military weakness. It will mean recognizing our strengths, which are ample and enduring. It will also mean seeing our problems as challenges, with a sense of perspective and a sense of purpose. Let us realistically take stock of our situation, and decide where we are and where we want to go.

Early on in his economic address to the Nation, President Reagan began using the year 1960 as the benchmark after which things began to go wrong for America. By comparing the year 1980 to 1960, the President concluded, "We all know we are very much worse off." The facts clearly establish otherwise. As a whole, Americans are better off today than they were 20 years ago. And, to some degree, people enjoy a higher standard of living because they have benefited from Government programs. This is not to say that all Government programs should be spared the budget ax. We should indeed put our fiscal house in order. But Americans are, in many ways, better off today than they were in 1960. After adjusting for taxes and inflation, average per capita income is up by two-thirds. For the population as a whole, average real disposable income has more than doubled.

The benefits of economic growth have been reasonably well distributed. The percentage of Americans living in poverty has been cut in half over the last 20 years. Today, some 1 out of 10 people are living below the poverty level; in 1960, twice as many people lived in poverty.

The most basic measure of the standard of living is the quality of life itself. Americans are healthier today than they were 20 years ago, in part because of the money that has been pumped into public health—into hospitals, medical education and research, as well as programs such as sewage treatment, rat control, and community outreach projects designed to educate the public.

The average person's life expectancy is now nearly 74 years, almost 4 years longer than in 1960. The infant mortality rate has declined by 46 percent: From 26 deaths per 1,000 to 14 per 1,000. More women are receiving medical care and proper nourishment while pregnant. And Americans in general are eating better. They eat more meat, fish, poultry, and fresh vegetables per capita than they did in 1960.

There are other reliable indicators of our improved standard of living: More Americans own their own homes today, and many more own automobiles.

The quality of housing has improved substantially. The number of families living in physically inadequate housing has declined steadily: From more than 20 percent of all households to about 8 percent. Less dramatic, but substantial progress has been made in reducing overcrowded housing units. Today, the United States has the lowest average number of persons per room of housing than any other country in the world.

Today, Americans are better educated. More people have graduated from high school, more people have gone to college, and more people have pursued graduate studies. In 1959, nearly 16 percent of the labor force had less than an eighth grade education; by 1979, less than 5 percent had not completed at least 8 years of schooling.

Americans are better protected against uncertain futures. In 1960, only 48 percent of our workers had regular health insurance; today more than 68 percent are insured. Twenty years ago, less than 58 percent of all workers had life insurance coverage; today almost 80 percent of the work force is insured.

There are other less quantifiable gains. Cleaner air, cleaner water, improved safety in the workplace, and improvements in the quality of certain goods and services all contribute to higher living standards. These economic benefits often escape traditional economic analysis. While we all have attacked heavy-handed or unreasonable Government regulation, we must remember that some regulation represents a legitimate response to meeting real needs.

Let us look at the facts. In his economic address, President Reagan said, "The percentage of your earnings the Federal Government took in taxes in 1960 has almost doubled." That is not what the facts tell us.

The total amount of Federal personal income taxes and social security taxes paid in 1960 accounted for 13 percent of total personal income. In 1980, they accounted for 15.9 percent. In 1960, the average worker with three dependents paid 9.6 percent of his or her earnings in Federal taxes. In 1980, that worker paid 12.3 percent. In large part, the tax rise that occurred during this 20-year period went to pay for social security. In 1960, Federal personal income taxes were 10.8 percent of total personal income. In 1980, they were 11.9 percent.

If we examine national income, and all Federal receipts including corporate tax revenues and various business duties, we discover that in 1960, Federal receipts were 22.8 percent of national income, and 20 years later, they were 24.5 percent.

If we examine the relationship of all Federal taxes and fees to the gross national product, we see that in 1960, they were 18.7 percent of the GNP, and 20 years later, they were 19.8 percent.

While the level of Federal expenditures has grown, we must remember that the size of the Federal work force has fallen in relation to our growing population. In 1960, we had 1,808,334 nonpostal civilian employees, or 1 percent of the population. In 1980, we had some 2,215,852 employees, or 0.97 percent of the population.

The public debt has been falling in terms of our gross national product. In 1960, the public debt stood at 56.9 percent of the GNP. Twenty years later, the debt stands at about 35 percent of the GNP. In other words, in 1960, the entire productive capacity of our economy would have had to work more than 6 months to retire the national debt. In 1980, it could—theoretically—be retired in just over 4 months. Of the leading industrial nations, the United States has one of the lowest deficits as a percentage of GNP—West Germany, Japan, and other countries all run higher deficits. France is the only industrialized country to run a comparably low budget deficit.

In his speech, President Reagan said that U.S. industry is being taxed so hard, it is "being priced out of the world market." Between 1977 and mid-1980, U.S. exports grew 35 percent. It is estimated that they were actually 22 percent higher in 1980 than in 1979. The dollar is relatively strong. Our trade balance is improving, despite massive oil bills.

President Reagan began his economic address by telling the American people that "we are in the worst economic mess since the Great Depression." During the Great Depression, 25 percent of the people were unemployed, the banks were closed, and the country was fighting deflation—an abnormal decline in prices—rather than inflation.

Today, our banks are secure. In the last decade, employment grew by 25 percent and in the last 4 years, by 11 percent. The massive influx of new workers into the labor force will slow now that the baby boom has come of age. The work force will be more mature, better educated, and better skilled, and more productive.

During the last 3 years, investment as a percentage of GNP was higher than in any other similar period in the last 3 decades. The GNP expanded at a 5-percent annual rate in the fourth quarter of 1980, a healthy jump. Assuming investment continues at a healthy rate, the ratio of labor to capital will improve, further spurring worker productivity.

In painting a realistic picture of the American economy, we must recognize that inflation is a major problem. It breeds uncertainty—people feel less able to mark their progress or gage their future needs. We cannot conquer inflation until we stop sending more than $80 billion annually out of the country for the purchase of foreign oil. I do not believe that the private sector has the capability to shoulder this burden without incentives and other assistance from the public sector. Federal spending can be pared to the bone and everyone can be given a substantial tax cut, but these actions will not end this country's dependence upon foreign oil.

Some people within the administra-

tion have suggested that our society faces an "economic Dunkirk." Some have used the fear of impending doom to urge Americans to sacrifice the economic and social progress which has set this country apart from the other nations of the world. The American economy is strong and still growing, but it needs a program for revitalization which should be developed from clear and rational public debate. Public policy should not spring from a climate of alarmist cries, which may themselves become self-fulfilling prophecies.

It is my expectation that the Congress will act on the President's economic program as promptly as prudent foresight allows.

There is broad bipartisan consensus that Congress should complete work on the President's program by midsummer. It would be unwise if the President's program were to be stampeded through Congress, with warnings of economic calamity. It is my hope that President Reagan's proposals can be examined in a realistic environment, with a steady eye on past accomplishments, present strengths, and future goals.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. I yield to the distinguished Senator from Wisconsin 3 minutes.

CONTEMPLATION BY A SURVIVOR ON AUSCHWITZ AND ITS REALITIES

Mr. PROXMIRE. Mr. President, I bring to the attention of the Senate a remarkable book by Jean Amery, called "At the Mind's Limits: Contemplations by a Survivor on Auschwitz and Its Realities." Jim Miller of Newsweek describes it as a collection of restrained, yet moving meditations on the nature of Jewish identity, the feelings of a homeland, and the limits of the intellect in a place like Auschwitz.

Amery was born in 1912 in Austria, the only child of a Catholic mother and a Jewish father. In 1935, he married, fled to Belgium, and joined the resistance movement. He was captured, and sent to a series of concentration camps. Despite living daily with death, Amery left the camps just as he had entered them—as an agnostic. He preserved his intellectual passions, yet suffered deep spiritual wounds and emotional displacement.

According to Miller, Amery possesses "the ear of a poet and the eye of a novelist," and "vividly communicates the wonder of a philosopher" over the horrors he sees. Amery does not pretend to make sense of the Nazi terror, or to view his experiences with full comprehension or clarity. On the contrary, he writes that "clarification would also amount to disposal, settlement of the case, which can then be placed in the files of history. My book is meant to aid in preventing precisely this."

Recollections of holocaust survivors often end this way. Amery's memoirs are especially stirring, but the message is the same: "Never forget." It implores us to confront the terrible crime of genocide directly, and not merely to consign it to the realm of the unthinkable or unmentionable.

Mr. President, how many victims must bear witness before we can get this message? The Genocide Treaty is not eloquent, or profound, or stirring, but it does get to the point. It states that all signing nations agree that genocide is an international crime against all humanity, and pledge to enact laws to prevent it. Approved by both the American Bar Association and the American Civil Liberties Union, designed not to infringe on U.S. sovereignty, supported by every President, Republican and Democrat, from President Harry Truman, when it was first approved by the United Nations, to President Ronald Reagan, the treaty still languishes before a Senate that chooses to take no action.

Jean Amery argued that the horror of torture lay both with the physical pain and with the fear that no one else in the world can help. He notes that "with the first blow from a policeman's fist, against which there can be no defense and which no helping hand will ward off, a part of our life ends and it can never again be revived."

We can begin to provide the expectation of help by ratifying the Genocide Convention. The time for this first step is long overdue.

RAOUL WALLENBERG

Mr. PROXMIRE. Mr. President, last night the story of Raoul Wallenberg, a remarkable Swede, who devoted his life to saving the lives of Jews, was told very vividly on the CBS television program "60 Minutes."

This is one of the most widely watched programs in our country on television. It was a very moving story of Raoul Wallenberg, a young Swede—not Jewish—who went behind the Nazi influence and saved the lives of thousands of Jews from being exterminated by Hitler. Mr. President, the wife of the distinguished Senator from New York, Senator MOYNIHAN, has written an article about Raoul Wallenberg and his remarkable human efforts.

I ask unanimous consent that the article from the Washington Post, dated March 22, 1981, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHERE IS RAOUL WALLENBERG?

(By Elizabeth B. Moynihan)

It is a bitter irony that Raoul Wallenberg is becoming a symbol of injustice because of his fate when he should be a symbol of humanity because of his heroism. Wallenberg's story is as mysterious as it is tragic.

In 1944, when the Nazis defeat was certain, Adolph Eichmann madly pursued the "final solution" by deporting Hungarian Jews to Nazi extermination camps. At the request of the U.S. War Refugee Board, the Swedish government sent Wallenberg to Budapest on a rescue and relief mission. Defying Eichmann, he saved at least 20,000 people from deportation trains and another 70,000 from violent death in the ghetto. His methods were daring and dramatic, and the personal risk was enormous. But Wallenberg seemed to have a charmed life until January 1945, when the Russians entered Budapest and almost immediately took him into custody.

Although previously disclaiming knowledge of Wallenberg, in 1957 the Soviet Foreign Ministry reversed itself, stating that he had died of a heart attack in prison in 1947. Neither the Swedish government nor Wallenberg's family accepted this statement because it came without the usual documents and because his name was misspelled on the single note provided as evidence.

Most Americans who knew about Wallenberg presumed he was dead until released Soviet prisoners claimed he was still alive in the Gulag. These assertions stunned Hungarian-American Jews, among them Rep. Tom Lantos, who was saved by Wallenberg. In July 1979, Lantos and his wife encouraged Wallenberg's sister to come to the United States to seek help. Sens. Frank Church, Claiborne Pell, Daniel P. Moynihan and Rudy Boschwitz agreed to serve as co-chairmen of the Wallenberg Committee, which has operated with a small working group. As our goal was to secure the release of Wallenberg—not to generate anti-Soviet propaganda—it was felt that diplomatic and private means of resolving the mystery should be exhausted before any large public campaign was organized.

Official American support was immediate: President Carter raised the Wallenberg question, and the State Department pressed the inquiry. The 96th Congress passed a concurrent resolution honoring Wallenberg and called on our delegation to raise his case at the Madrid Conference on Security and Cooperation in Europe. In Madrid, Sen. Pell joined the American delegation led by Max M. Kampelman in an appeal for Wallenberg. When the Soviets responded to any of these inquiries, they merely repeated the 1957 statement.

As the Soviets know the prisons and cells in question, they could identify the inmates if, as a Soviet official suggested, former prisoners had mistaken their identity.

There are now active Wallenberg committees in six countries, for people everywhere seem genuinely moved by his story, and the Soviet silence fans public outrage. At international hearings co-sponsored by the International Sakharov committee in Stockholm in January, a panel reviewed evidence and heard testimony regarding Wallenberg's imprisonment. The resolution presented to the Swedish foreign minister stated there was every reason to believe he is still alive.

No public charges have been made against him, and it is not known if Wallenberg, who would now be 69, was actually sentenced. If he was, why couldn't the Soviets commute his term on humanitarian grounds because of his age? Then the world could honor him as he deserves rather than protest his fate. Why would the Soviet government allow the mystery of Raoul Wallenberg to become a divisive international issue?

Mr. PROXMIRE. Mr. President, I understand that this week a resolution will be introduced in the House to make Mr. Wallenberg an honorary American citizen, inasmuch as his efforts on behalf of European Jews was at the instigation of the United States and the Swedish Government has not been successful in getting him out of Russia.

Mr. President, I will do my best to call this to the attention of the Senate, too. I hope we will pass that resolution and certainly if we pass that resolution we should act on the Genocide Treaty. At least, I certainly hope so.

Mr. President, I yield the floor.

Mr. ROBERT C. BYRD. Mr. President,

does the Senator from New Mexico wish any additional time? I can yield him some of mine.

Mr. SCHMITT. No, the Senator from New Mexico does not need any additional time. I believe I have a special order.

Mr. ROBERT C. BYRD. Very well. I yield back the remainder of my time.

RECOGNITION OF SENATOR BAKER

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Tennessee, Mr. BAKER, is recognized for not to exceed 15 minutes.

SPENDING REDUCTIONS

Mr. BAKER. Mr. President, as we begin our deliberations this week, I wish to take just a moment to express my admiration of and my appreciation to the membership of the Senate Committee on the Budget, particularly, the chairman of that committee, the Senator from New Mexico (Mr. DOMENICI) and the ranking member of the committee, the Senator from South Carolina (Mr. HOLLINGS).

I do so as a citizen, as a colleague, and as one fortunate and honored to have been chosen as the Republican leader of the Senate. One of the first pledges I made to the Senate, the Nation, and myself upon becoming majority leader this past January was to have the Senate move thoughtfully, yet expeditiously, on President Reagan's economic recovery programs.

My distinguished friends, Senator DOMENICI and Senator HOLLINGS, and the other members of the Budget Committee have made me appear quite adroit in that regard and have redeemed that promise for me in this instance; and I am most grateful.

I particularly want to make note of the extraordinary leadership of my colleague, Senator DOMENICI. As much as our friends across the aisle have had to become accustomed to minority status, so have we had to come to terms with the realities and the responsibilities of majority status. In view of that, and considering the unprecedented magnitude of the President's spending reduction proposals, Senator DOMENICI has done an absolutely outstanding job.

This past year, for instance, in the final sessions of the 96th Congress, the Senate labored for more than 6½ months in an effort to reduce Federal spending authorizations and outlays. And despite the best efforts of Senators on both sides of the aisle those changes amounted to $4.5 billion. But this year the deliberations of the Senate Budget Committee has approved reductions in budget outlays totaling $86.9 billion—$2.8 billion for the balance of fiscal 1981, $36.4 billion for fiscal 1982, and $47.7 billion for fiscal 1983.

What the Budget Committee has done constitutes a unique and remarkable accomplishment, of which that committee, this Senate, and the entire Nation can be justly proud.

It will be my intention to speak on this matter again later in the week. For now, however, as we begin our consideration and discussion, I would suggest to my colleagues that we view the work of the Budget Committee, splendid as it is, not as a culmination of our labors, nor as the final crowning achievement for it is neither.

Rather, we have made a beginning, a most auspicious beginning to be sure, but still, just a beginning. Other spending reductions must follow. They will be still more wrenching and more difficult. But they must come in the months and years ahead.

We must still act this year on comprehensive tax reduction and reform legislation. We have shown in our Budget Committee and will show on this floor this week, I am sure, that we are determined to reduce Federal spending. Thus, we can and must in good conscience act this year, I believe, to reduce the crushing tax burden on this Nation.

We must still act this year and every year to strip away the burdensome and stultifying regulations which so often stifle our productivity.

All of this will come in time, I trust. But for today and for this week, we in the Senate can be proud of the Budget Committee, of the Budget Act, of Members on both sides of the aisle, and the process which has just begun.

Mr. President, I yield back any time I have remaining under the special order.

RECOGNITION OF SENATOR SCHMITT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from New Mexico, Mr. SCHMITT, is recognized for 15 minutes.

TAMING THE FEDERAL BUDGET: STEP ONE

Mr. SCHMITT. Mr. President, I appreciate the remarks of the distinguished majority leader and associate myself with them, particularly in praise and compliments to the distinguished senior Senator from New Mexico, Mr. DOMENICI, and his colleague, the ranking member of the Budget Committee, the Senator from South Carolina, Mr. HOLLINGS.

Mr. President, it is obvious, if one just looks at the historical record since 1974 when we passed the Budget Act, that we have not succeeded in controlling the Federal budget. In particular, we have not succeeded in preventing an annual deficit in the range of $60 to $70 billion each of the years since that time and we have not succeeded in controlling other Federal borrowing, the so-called off-budget borrowing, of the Federal Government which now amounts to well over $100 billion total.

This borrowing, this competition by the Federal Government in the private sector for the moneys that you and I and anyone else in this country needs in order to increase their personal and business activities, has resulted not only in extraordinary pressure on interest rates—the price of which we are paying dearly today—but has underlying mechanisms that make it the principal cause of inflation.

So the problem is, Mr. President, we have not succeeded. The Budget Act, although it may have reduced the level of deficit in borrowing, nevertheless, has failed. All one has to do is look at the economy of today with double digit inflation of 12 percent at least, the prime interest rate still hovering up close to 20 percent, unemployment steady at almost 7½ percent, maybe rising, and a gross national product that is not growing one iota.

Those kinds of statistics are very dangerous, particularly since this country is the only major champion of freedom in the world today.

As we look at the problem, we must ask ourselves: Why has it not worked? I do not think we can say it has been solely the fault of the Budget Committee. They have roughly met their schedules. They have tried to give the Senate and the House, the Government in general, guidelines to follow that, had we been able to follow them, clearly would have reduced, if not eventually eliminated, the Federal borrowing.

I think, rather, Mr. President, the problem has been in the reaction of the Congress as a whole, and the committees more specifically, to the budget process.

There has been a de facto incompatibility between the actions of the Budget Committee, the Appropriations Committee, and the Finance Committee. Those three committees represent the essence of the financial control mechanism within the Congress.

As everyone will recall, almost invariably the appropriations process and the processes under the jurisdiction of the Finance Committee have followed rather than led the budget process. It is my belief that the budget process envisioned by the Budget Act of 1974 will only work if the Appropriations Committee and the Finance Committee report their actions to the Senate and to the House prior to any finalization of budget action by the Budget Committee.

As chairman of the Appropriations Subcommittee on Labor, Health and Human Services, and Education, I am well aware that in the past the bill under the jurisdiction of that subcommittee has been one of the last, if not the last, bill to be handled by the Senate, and usually very late in the session in each year. In fact, last year we did not even handle that bill. There was not even a markup. We are operating today on a continuing resolution dealing with that and many other important matters.

Mr. President, we cannot allow that process to continue. If it does continue, the budget process will continue to fail. With this situation in mind, the distinguished chairman of the Senate Appropriations Committee (Mr. HATFIELD) has encouraged the subcommittee chairmen and the Appropriations Committee as a whole to move quickly and vigorously to do its job in parallel and in anticipation of the actions of the budget process.

It is my belief that this is the only way in which we will ever get control in the Congress of that process.

The Budget Committee should not be expected to act either on resolutions such as is before us today dealing pri-

marily with the fiscal year 1981 expenditures, or with its normal resolutions dealing with fiscal year 1982 expenditures, without definitive, detailed judgments being provided by the Appropriations and Finance Committees in a timely manner.

This year, the Appropriations Committee began its process early, that is, late in January, through a set of oversight hearings dealing with the economy, and then the subcommittees have gone to work to understand the basic budget parameters under their jurisdiction with an eye toward providing detailed recommendations to the Budget Committee in a timely manner. This, I believe, has been done. The budget numbers that are before us today do reflect that kind of deliberation and reflect a growing working relationship between the Appropriations Committee and the Budget Committee, one which I think holds a promise of finally bringing this juggernaut under control.

Today the Senate Budget Committee has filed its report on reconciliation for spending in 1981, including its recommendations to the Senate Appropriations Committee that overall spending under the jurisdiction of that committee be reduced by $13.5 billion.

This is an extraordinary number, one which I believe is achievable, but only through continued diligent efforts on the part of the individual subcommittees of the Appropriations Committee, of that committee, itself, and eventually on the part of the Senate.

Actually, this is a very important step in enacting the President's economic recovery program and one which I am sure members of both parties will support in the final analysis, although details may be adjusted.

The Senate Appropriations Committee will now proceed to refine its activities with respect to this budget resolution and should be able to report to the Senate a rescission bill that will comply with the dates contained in the committee's instruction. That reply, of course, will be to the full Senate. It is my hope, as I am sure it is the chairman's hope, that we will be able to meet the $13.3 billion number contained therein.

This rescission effort, however, is just one step in the total budgetary process, for the Senate Budget Committee must now turn its attention to the first concurrent budget resolution, which is an advisory resolution that is only as good as the advice it has received from the various authorizing and appropriations committees.

The Budget Committee has scheduled a markup session on that resolution to take place prior to the Easter recess. I encourage them to make that schedule for they have before that committee detailed information from most of the committees of the Senate upon which to base their first set of recommendations to the Senate.

The March 15 report produced by the Appropriations Committee contains a far more substantive look at the matters under its jurisdiction than has been previously the case. I commend that report to the Budget Committee as a good basis for the recommendations that they will send to the full Senate in the form of the first concurrent budget resolution due May 15.

Mr. President, I ask unanimous consent that there be printed at this point in the RECORD that section of the Congressional Budget and Impoundment Control Act of 1974, Public Law 93-344, section 301(c), which provides the instructions to other committees in their support of the budget process.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

(c) Views and Estimates of Other Committees—On or before March 15 of each year, each standing committee of the House of Representatives shall submit to the Committee on the Budget of the House, each standing committee of the Senate and the Joint Economic Committee and Joint Committee on Internal Revenue Taxation shall submit to the Committees on the Budget of both Houses—

(1) its views and estimates with respect to all matters set forth in subsection (a) which relate to matters within the respective jurisdiction or functions of such committee or joint committee; and

(2) except in the case of such joint committees, the estimate of the total amounts of new budget authority and budget outlays resulting therefrom, to be provided or authorized in all bills and resolutions within the jurisdiction of such committee which such committee intends to be effective during the fiscal year beginning on October 1 of such year.

The Joint Economic Committee shall also submit to the Committees on the Budget of both Houses, its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House or Senate may submit to the Committee on the Budget of its House, and any other joint committee of the Congress may submit to the Committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsection (a) which relate to matters within its jurisdiction or functions.

Mr. SCHMITT. Mr. President, this year the Appropriations Committee held 4 days of economic overview hearings, from January 27 to January 30, 1981. A detailed report of those hearings was given to the Senate by Chairman HATFIELD, myself, and other members of the committee the week following those hearings. I commend that information to the Senate, not only because it contains, I think, some very good estimates on the near future of the economy, but also because it does represent a commitment on the part of the Appropriations Committee to do its part now in assisting the Budget Committee in the formulation of workable, realistic estimates of what the economy is going to do and what the impact of the economy will be on various programs and projects under the committee's jurisdiction.

The committee heard from newly appointed administration economic advisers as well as four private sector economic forecasters. These private sector economists were chosen to present a balance from a wide range of economic thought. Fortunately, several of these witnesses also brought to the Appropriations Committee the experience of previous public service, particularly what has worked and what has not worked.

One of the more prevailing recommendations that all economists made under questioning as well as voluntarily was that we should be pessimistic about the economy rather than optimistic, as has been the case in the past.

They did not advise that we look at the absolutely worst case that could happen should all things go badly for the economy, for the American people, but that we should not assume that everything is going to go as wishful thinking would devise.

In that regard, the committee's recommendations on inflation, interest rates, unemployment, and other matters related to the economy are somewhat more pessimistic than those of the administration in the budget that they have presented to the Congress.

All this means is that if the Senate follows the recommendations of the Appropriations Committee, we are going to have to find more areas for cut and we may have to adjust the timing of various cuts and tax incentives to match what is the more likely somewhat more pessimistic view of the economy for the remainder of this year and next year.

The Appropriations Committee also sought the advice of several present and former administration officials as to the controllability of the Federal budget and its impact on our committee deliberations. There was, I think, a unanimity of opinion that, unless the budget became more controllable—that is, fewer entitlement programs—we were very likely doomed to failure.

The PRESIDING OFFICER. The 15 minutes of the Senator has expired.

Mr. SCHMITT. Mr. President, I make an inquiry of the Chair: Who has the next special order?

The PRESIDING OFFICER. The Senator from Kansas (Mr. DOLE) has the next 15 minutes.

Mr. SCHMITT. Mr. President, the Senator from Kansas is not here. I ask unanimous consent that the special order that will be under the control of my colleague (Mr. DOMENICI) be transferred to my control.

The PRESIDING OFFICER. The Senator is correct. Without objection it is so ordered.

Mr. SCHMITT. Mr. President, out of the 4 days of hearings held by the Committee on Appropriations in late January, there came many important insights for the committee. One important point, supported by virtually every witness, was the significant impact that fluctuations in the basic economic conditions will have, a tremendous effect, on the Federal budget. For example, an upward change of 1 percentage point in the unemployment rate can add $5.5 billion to the cost of running the Federal Government and, in addition, will add tremendous cost to the total economy. far above this $5.5 billion figure. So you can see that a misestimate of the unemployment rate for fiscal year 1982. as with a misestimate of the rate of growth of the Consumer Price Index, or of the interest rates the Government must pay to borrow money for its various programs. will have a tremendous impact on just what the num-

bers turn out to be at the end of that fiscal year.

One of the basic problems we have had with these kinds of projections is that we have tended to be optimistic—too optimistic—and have found it necessary, late in the fiscal year, as will be necessary this fiscal year, to revise further, to provide supplementals, further to disrupt continuity of the economy. It is this Senator's recommendation that we be more pessimistic than optimistic so that that does not have to occur. If we have been overly pessimistic, then, so much the better.

I realize that no one can accurately predict all of the changes that affect the economy, nor can the budget be fully insulated from changes in economic conditions, both those that might be under our control and those which are not yet under control, particularly in the international arena. These changes, which in recent years have usually entailed more pessimistic estimates of economic performance, are reflected in significant increases in the costs of services that the Government has made a commitment to provide to the American people. Members of the Appropriations Committee, to a person, are seriously concerned about the resulting effect those demands will place upon the availability of funds for other priorities in the fiscal year should we wrongly anticipate them at this time.

The Committee on Appropriations, in its report, encouraged the review of programs which are considered uncontrollable or mandatory. We shall be making continued recommendations to the authorizing committees on what programs seem to be most desirable as candidates for increased controllability. This uncontrollability that we have today is due in large part to commitments made through prior-year budget authority and spending necessary for entitlement programs.

In addition, Mr. President, we have considered certain aspects of our national defense program as "uncontrollable." I think it is safe to say that the Defense Appropriations Subcommittee, as well as the full committee, will be looking at some of those areas very, very closely this year, as well as in succeeding years. There is no question in the mind of our committee that our national defense has deteriorated and must be repaired; but there is some question, even some disagreement, apparent with the administration's proposals on just how best that can be done and at what price.

In addition, Mr. President, recent attention has been directed to problems resulting from the automatic indexing for inflation of numerous entitlement programs. This automatic indexing is only a problem when inflation is running so out of control as it is today, but clearly is something the committee must look at. I am personally not sure whether there is a great deal to be gained by changing the indexing formula and its impact on various programs. but, still, we are obligated to look at that issue and look at it very closely. The economists who met with our committee in January were almost unanimous in saying that some revision of the Consumer Price Index formula should be made. This has not, of course, been the recommendation of the Reagan administration, but the weight of those recommendations must be considered in light of other economic and political realities.

In various ways, Mr. President, it is estimated that 77 percent of the outlays in the fiscal year 1982 budget are uncontrollable; that is, currently beyond the control of the Congress or of the administration.

Spending associated with entitlement programs explicitly indexed for inflation is estimated to make up 30 percent of the total budget outlays. The Congressional Budget Office estimates that, without including any more programs under automatic indexing, the percent of total outlays that these programs will require will be 32.7 percent in 1986, a steady, seemingly uncontrollable rise.

In addition to the programs that are explicitly indexed, other entitlement programs, such as medicaid and medicare, which are directly affected by inflation, contribute to the upward pressure of uncontrollable expenditures because of the nature of those programs and the nature of the expenses that States and other providers must endure as a result of inflation and increasing interest rates.

Even the 23 percent of the budget that is defined as relatively controllable is clearly less discretionary than it would appear. This relatively "controllable" portion of the budget includes items such as military and civilian pay.

The Committee on Appropriations, more specifically, has only 60 percent of budget authority and 62 percent of outlays of the total Federal budget for consideration within its spending jurisdiction. Of that amount, approximately 55 percent of budget outlays is uncontrollable; the remaining 45 percent is what can be technically defined as controllable. However, of the 45 percent considered controllable, 60 percent is for nonmandatory defense expenditures and 1 percent is for civilian pay items.

In this present international climate and in view of the deterioration of our national defense structure, it is hard to say that the majority of our defense expenditures are candidates for major cuts; the percentages I have just mentioned translate into only $193.3 billion, out of a total budget well in excess of $600 billion, that can be considered relatively controllable, within the jurisdiction of the Committee on Appropriations. Defense spending makes up $116 billion and pay items are $1.8 million, which leaves only $75.5 billion of the total $193.3 billion that is truly discretionary within the jurisdiction of the Appropriations Committee.

The question of whether any budget outlays are controllable by the Committee on Appropriations is a discussion for another time and forum.

But clearly in budget authority we have some work to do.

I and other members of the Appropriations Committee intend to find every economy available in both the proposed supplemnetal request and previously enacted legislation. However, overestimation as to the amounts of money that can be withdrawn without serious consequences to the operation of the Government is a serious problem, particularly when we are faced with only effectively one-quarter of fiscal year 1981 to which rescissions can be applied.

All too often the "fat" in budgets are believed to have been trimmed by economies only to find such is not the case. In trimming that so-called "fat" in previous years, programs of great national importance have suffered unduly.

The technological basis and the scientific base of this country have not grown to match the demand that is upon us in terms of our national security relative to potential adversaries and in terms of our economic security relative to our economic partners and competitors in the free world.

Recent hearings by my Subcommittee on Science, Technology, and Space of the Commerce Committee have documented, as have others, that the current annual shortfall of scientists and engineers with advanced degrees is on the order of 15,000, and that is 15,000 advance degree personnel on top of an already large deficiency of technical and scientific activities related to our national defense as well as to our national economy.

Many of these areas that are in the national interest are beyond the capacity of State and local governments to provide funds and as a result the Federal Government is going to have to be more deeply involved in the creation of this pool of renewable resources, a pool that is composed of highly trained people.

In addition, our technology base has been eroding because it has been considered "fat" over the last several years until we now find that our international competitors are beating the pants off of us.

For instance, the United States, once the leader in space exploration and now on the eve of launching the Space Shuttle, may give up its participation in international cooperative efforts such as the Solar-Polar mission and the mission to investigate Halley's comet. In the former program, 15 European institutions have invested millions of dollars in monitoring equipment for participation via the European Space Agency. A formal protest has been lodged with the State Department over this economy. The Halley's comet mission cancellation has caused the U.S.S.R. to expand its own mission with expanded international cooperation thus scoring large propaganda points at our expense.

As we go through the exercise of cutting the budget, we need to identify our national defense needs with greater clarity to include missions such as these for they do contribute not only to scientific knowledge but also to our defense effort.

But not all research efforts, even in space-related areas, should be so included. One of the administration reductions that I have supported was that I have supported was that which reduced NOAA's budget for remote sensing.

Given my specialized background, I am extremely concerned about Federal support for energy and technological advancement. Probably more than any

other Member of Congress, I have consistently advocated private sector involvement in this area, yet I realize there are certain areas where Federal support is essential. These expenditures are investments in our future. The micro-chip processors and our booming electronics industry are directly related to past Federal research and development expenditures, primarily in the space program. For instance, any delays in implementing an operational remote sensing system relinquishes U.S. leadership in the new and expanding markets of applications of space technology.

I continue to believe the private sector ought to play a major role in the establishment, management and operation of a remote sensing system. The reduced funding provides an opportunity to reexamine the role of NOAA in managing an operational system and provides an opportunity to expand private sector involvement at the earliest possible stage leading to reduced governmental cost in system development of an operational system.

During the last Congress, I introduced legislation on this point (S. 875) and will undoubtedly do so again during the 97th Congress.

Mr. President, in closing I would like to say that we have many challenges ahead in our effort to reduce Federal spending. There is no question that the Federal Government has tried to do too much. The States and local governments must accept responsibility for some of what Washington has done heretofore. At the same time, regulations which unduly complicate their efforts must be dramatically eased so that reduced Federal taxes are not absorbed in increased local tax bills issued to increase funds for programs transferred to local government units.

A new economic recovery program includes, in my view:

Reduced Federal spending, especially in the areas of transfer payments which exceed the "social safety net";

Continued Federal support for sound research and development as such expenditures are investments for the future;

Substantial deregulation of the American economy with a regulatory reform bill, including a legislative veto provision;

A revitalized national defense; and

Tax reductions which are tied to incentives to save and invest the extra money available to taxpayers.

Such a program will guarantee our success.

The PRESIDING OFFICER. The 15 minutes of the Senator from New Mexico has now expired.

Mr. SCHMITT. Mr. President, I yield the floor to the Senator from Utah.

The PRESIDING OFFICER. The next order is for the Senator from Kansas (Mr. DOLE).

Mr. HATCH. Mr. President, we are trying to get the Senator from Kansas here so he may speak.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I ask unanimous consent that the time reserved for Senator DOLE be set aside and that Senator HELMS be recognized for his special order time.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR HELMS

The PRESIDING OFFICER. The Senator from North Carolina is recognized for 15 minutes.

Mr. HELMS. Thank you, Mr. President, and good morning.

THE FIRST CONCURRENT RESOLUTION AND RECONCILIATION

Mr. HELMS. Mr. President, there must be major cuts. There must be substantive reductions—above and beyond the $48 billion the President has discussed. The cuts he has proposed are really not much more than holding the dollar figures the same for many problems.

Every day, there are folks who come to my office and say, "Senator, I know that we must cut, and I support the President, but there must be one or two exceptions and my program should be one of them." I will tell you, to the great credit of many of those who come to Washington to plead their case, that they will say that they are lobbying not so much to insulate their program but to minimize the size of the cuts. I recognize their views, and I believe those people are sincere. They are convinced that their pet programs are worthy ones. I also recognize that the cuts have to be spread as evenly as possible.

I recognize that the budget cutting cannot stop at the programs the President has listed. The cuts also have to go into other programs. The problems of the social security program, already a basket case, will have to be faced. The great unfunded liability of various retirement programs must be dealt with in the next few years.

But, in the process of cutting, how can our political institutions handle the two key problems of helping the truly needy, and neutralizing the lobby that has a vested self-interest in the continuation and expansion of some of these programs?

First, not many argue with the President's pledge that we should maintain the safety net for those who cannot care for themselves.

But I believe that tax-rate cuts will help us. Tax-rate cuts will help get the economy moving. The tax cuts, if they are deep enough, and if they are soon enough, will mean more jobs and more opportunities for more people: more jobs and less unemployment. More opportunities mean lessened dependence on the "safety net." A faster growing economy means that the welfare lobbyists will soon be representing a smaller constituency.

Is it not ironic, for example, that in the past 2 years, the tax-rate cuts adopted in Puerto Rico have resulted in greater economic growth in that island Commonwealth? The economic boom has meant more jobs, more opportunities. And—would you believe it—it has meant for the past 2 years that more Puerto Rican-born Americans have moved to Puerto Rico and out of New York than have come to New York.

What do you think happens to the ability of a Spanish Harlem welfare lobbyist who tries to argue for an expanded program when all his clients have flown back to jobs in San Juan?

An oversimplification, perhaps. But what happens to the ability of a community to finance its own capital improvements when we have economic growth, and its tax base expands? Why, we find that fewer cities come appealing for Federal handouts.

I could say the same about auto companies. What happens if taxes are reduced so firms can modernize, and can attract needed capital for higher productivity? What happens when people have higher real incomes to be able to afford another car? My guess is that with economic growth, you will see fewer Chrysler Corp.'s coming to the Federal trough.

Mr. President, the Budget Committee's report, as the saying goes, contains some good news and some bad news.

The good news is that its recommendations, approved by a 20 to 0 vote, represent $2.9 billion in reduced Federal spending in fiscal 1981, $36.4 billion in cuts for 1982, and $47.7 billion in cuts for 1983. Needless to say, this is considerably preferable to the action of the House Committee on Education and Labor, which has rejected the Reagan administration's efforts to cut Federal spending. That rejection borders on being total.

As the distinguished chairman of the Budget Committee has pointed out, even the most liberal members of the Budget Committee have sensed that the American people have grown weary of the business as usual policies which have produced double-digit inflation and soaring interest rates.

In 1969, when the Federal Governmental expenditures were only $184 billion, 548 million, the national unemployment rate stood at 3.5 percent, and the consumer price index rose only about 5 percent—from 104.2 to 109.8. In a little over a decade, we have grown to a proposed expenditure amounting to over 3½ times the 1969 Federal spending. Unemployment now exceeds 7 percent and inflation during the past calendar year was 11.7 percent.

In view of the massive increase in the misery index during this period, can anyone seriously suggest that our additional $500 billion represents money well spent?

The Budget Committee's recommendations represent a tentative first step toward slowing the growth of the Federal

Government and its tremendous drag on the economy.

But in the view of this Senator, it does not go nearly far enough. The President's proposal, even if it is fully enacted, will not decrease the size of the Federal Government, but will merely slow the growth of the Federal Government to a rate of 6 percent during 1982. Economist Lewis Lehrman has estimated that it would take a Federal budget cut of $100 billion to achieve the scope of economic recovery which this Nation really needs.

So what does all this mean? It means that at a minimum it is absolutely critical that this Senate perform its independent function of searching out major cuts in Federal spending which go even beyond those recommended by the President.

I mentioned the good news. Now the bad news.

The bad news in the Budget Committee's report was that, unfortunately, in many areas, it was not even able to maintain the President's recommendations.

In the area of elementary and secondary education, $653 million was added to the President's figures. There can be fewer areas in which Federal governmental efforts have been so clearly counterproductive as in the area of elementary and secondary education. While our expenditures for programs such as environmental education, health education, women's equity projects, bilingual education, population education, the arts and education, and prelegal education have continued to increase, every statistical indicator of the ability of American schoolchildren has continued to decline. We have used our Federal leverage to shift States away from the skills which really matter to our children, and instead required the States to concentrate on the latest Washington trend in education.

And that is demonstrably, Mr. President, sheer folly.

In the area of legal services, the committee has added $100 million to the President's recommendations. Ironically, this decision was made on the heels of the publication by the distinguished senior Senator from Idaho of a Legal Services Corporation memorandum laying out a massive unlawful lobbying plan on behalf of that corporation's reauthorization. That memorandum concedes that the Legal Services Corporation has lost the support of large numbers of clients and poor people. It proceeds to attempt to remedy this situation by, among other things, collecting dossiers containing data on Senators and Representatives.

Other areas in which long-overdue Reagan cuts have been overridden including funding for the Export-Import Bank, various youth job training and handicap programs which in fact destroy institutions which service the populations intended to be benefited, and the Corporation for Public Broadcasting.

And if we think it was difficult to hold the line on the Reagan budget in the Senate, this is only a fleeting premonition of the difficulties we will have when we begin to negotiate with the House of Representatives.

So I say again, Mr. President, there is good news and there is bad news. Things could be better and things could be worse. For my part, I am going to continue to work for the Reagan cuts in spending but I am going to work for further cuts in Federal spending as well.

I hope that my colleagues will be attentive to the need to think of some forgotten people in this country, the taxpayers.

Mr. President, I yield the floor and I reserve the remainder of my time.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GRASSLEY). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR DOLE

Mr. DOLE. Mr. President, a parliamentary inquiry. We are on the special order on reconciliation?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. Mr. President, does the Senator from Kansas have any allotted time?

The PRESIDING OFFICER. The Senator from Kansas has 15 minutes previously allotted to him.

RECONCILIATION INTENTION

Mr. DOLE. Mr. President, I might say, first of all, that I just left the discussion with the committee chairman, the Republican chairman of the Senate on the reconciliation. I would indicate, as I did in that meeting, that we need to move very quickly in the Senate and House on the reconciliation instruction that was ordered by the Senate Budget Committee last week.

Earlier this morning, I had the privilege of speaking to an association of realtors—hardworking men and women, middle-class Americans who work and work and pay and pay their taxes. I was surprised with the speed at which they passed a resolution—and I assume there were Democrats, Republicans, and Independents in the audience—supporting the President's program. In fact, I commented that I only wish Congress would move as quickly as their association.

But they are concerned about spending. We are all concerned about spending. Everyone agrees we must make some changes. But there is disagreement when we try to determine where the cuts should be made.

I would indicate, as I will later on in the week, that I have a few areas I think should be modified. I am not totally satisfied with the nutrition instructions.

As chairman of that subcommittee in the Agriculture Committee which deals with WIC and food stamps and school lunch programs, it may be that we can make some changes there without violence to the President's efforts.

But I think it is well to point out that I watched what was sort of presented as a documentary last night on the CBS network about the student loan program.

They did not interview a single student who did not leave the impression that they were going to lose their benefits if the Reagan package were passed.

With this one-sided reporting, it is rather difficult for anybody who views that program to have anything but a biased view.

Here is a program that has gone up in cost tenfold since 1970, nearly $6 billion today as opposed to $576 million in 1970.

The President is not suggesting that we do away with the program; he is just suggesting we stop the growth and maybe reduce the total cost by $1 billion. That can be done in most cases without doing violence to any student who truly needs a scholarship, a Pell grant, or a guaranteed loan.

It is these distortions that we are finding in the press from time to time that make it very difficult to get Government spending under control. I would assume that many Americans are beginning to wonder are we, in fact, doing violence to the poor; are we in fact denying needy young Americans a college education?

I would add that if the facts are told, which is not a bad idea from time to time, that I think the American people will continue to understand the need for a change, and certainly that time has come. I think we will find Republicans and Democrats alike joining in efforts to try to stop the hemorrhaging of the economy and start an economic recovery program.

If you are satisfied with 17-percent interest rates, if you are satisfied with 12- to 13-percent inflation, if you are satisfied with 8-percent unemployed, if you are satisfied with the myriad of regulations that cover up many small business people, if you are satisfied with the monetary policy that has gone up and down—I think now it is much better and I applaud Chairman Volcker for his efforts in trying to get some help from Congress and the administration—if you applaud all the things that have brought us where we are today, then, of course, you would not want to move very quickly on the reconciliation. You would want to delay it, to pick it to death, to pick it to pieces, lose the confidence of the American people and the support of the American people.

It is the view of this Senator that it is time for all of us to take a hard look, make some hard choices, and cast some hard votes. It may impact our States, it may impact people in our States, but rather than a sacrifice it seems to me we have an opportunity to make a contribution, a contribution to an ailing economy, a contribution that might help economic recovery.

As chairman of the Finance Committee, I am not so certain that I agree with everything in President Reagan's tax package. We are free spirits in the Congress of the United States. It is his responsibility to make the proposition and it is ours to make the disposition of legislation. There will be changes made. There are bound to be changes made in the budget package. But the point is

I think we ought to try to keep an eye on the goals outlined by the President as far as budget cuts are concerned and tax reductions are concerned.

I would hope that we can convince the American people when it comes to the tax reduction that they, in fact, will invest or save what money might be coming back to them through tax reductions. Otherwise, it will be hard to persuade many of us that the tax cut is not inflationary.

The economic data of the last several months and, indeed, the last few years suggests strongly that a change in course is needed. Double-digit inflation and high unemployment have become all too, common in our country. Over the last 12 months prices have increased by 12.3 percent and unemployment has averaged 7.2.

To say that these high levels cannot be tolerated is belied by the fact that we have tolerated them for several years. In 1979, unemployment averaged 5.8 and the CPI increased by 13.3 percent; 1978 was not much better.

CAUSES OF ECONOMIC WOES

The seeds of our current economic woes have been in the soil a long time. These seeds are an explosion in Government spending, a tax system that too often penalizes incentives, work and production, overregulation and monetary policy that has sometimes been erratic. The reconciliation instruction that we are discussing today is an attempt to come to grips with the first of these problems. Our desire to change economic directions in this country will not succeed unless, in the next few months, we tackle all four.

I might say, as I said to the chairman of the Budget Committee, the Finance Committee does not wish to become a subcommittee of the Budget Committee. We have no intention of doing that. We have no intention of trading any jurisdiction with the Budget Committee. But it seems to me that they are acting within their authority, that they have acted within their authority; that they have laid out certain targets, and we will have certain options in our committee.

Controlling the growth in national spending should clearly be one of our highest priorities. During the 10-year period from 1971 to 1980, Federal Government outlays grew from $211 billion to almost $580 billion.

That is where the focus should be. It almost tripled in about 10 years. The American people, the American taxpayers, I do not believe fully understand the magnitude of the increase in spending in the last decade. That is why the taxes remain high. That is why we have inflation. That is why interest rates are out of sight. That is why Americans cannot buy a home.

Unless we are willing in a bipartisan way to turn that around, and we are going to start the reconciliation process and hopefully conclude it in the Senate Thursday or Friday of this week, then the American people will be looking at the Congress and those in this Congress who do not want to change, who want to do business as usual, who want to say, "I am for cuts but I do not want to cut any of these programs."

It just seems to me that that time has passed. We cannot have it both ways in the Congress of the United States. We have had it that way long enough and the people who have suffered have been the American taxpayers, plus, I might add, low-income Americans.

I know of no group that suffers more from inflation than those on low incomes, than those on welfare, than those on SSI, than even some of those on social security.

I would hope that we can preserve many of the programs we have and make them worthwhile and meaningful, then while we do something about spending and inflation.

In 1981, spending is estimated to reach $655 billion and even in the Reagan budget it is estimated to be $695 billion next year. By contrast to the Reagan budget, the current policy estimate for fiscal year 1982 is $735.9 billion in Federal spending. This current policy number is more than double Federal outlays as recently as 1976. During the last 2 years Government spending has grown by an average rate of 16 percent.

No one needs to be reminded that while spending has grown deficits have also been a major problem. During the last two decades we have had 1 year when our Federal budget was not in deficit. In the years 1971 to 1980 we have deficits over $40 billion five times. It is significant that prior to this 10-year period we only had a deficit as big as $40 billion during World War II. This fiscal year the deficit is estimated to run near $60 billion.

ECONOMIC EFFECTS OF SPENDING

The explosive growth of Federal spending has had an adverse effect on this country in a number of ways. It has tended to tilt the balance of power in Federal-State relationships toward Washington and away from the States, further distorting our Federal system. The growth of spending has also tended to increase the intrusion of Government into the life of every American. Every Senator has had constituents complain about seemingly unnecessary Federal regulations and bureaucratic interference.

The most pernicious effect of the growth in Federal spending, however, has been the adverse consequences it has had for our economy. The incredibly high levels of spending have added pressure to keep taxes high, thus stifling investment incentive and ultimately productivity. Federal spending has led to the huge Federal budget deficits which have fed inflation by sending the Government to the capital markets to borrow and too often, to the printing presses.

SENATE BUDGET COMMITTEE ACTION

The Senate Budget Committee is to be applauded for its work in recent years and particularly the marathon sessions that lead to its ordering reported this revised second concurrent budget resolution and reconciliation instruction. I observed some of those meetings and can testify to the hard work and determination of the chairman and ranking member as well as all the other Budget Committee Senators.

The vote was unanimous, 20 yeas and no nays being cast on the budget reduction.

The Budget Committee recommends that the Committee on Finance be instructed to reduce its direct spending by $200 million in BA and $800 million in outlays in fiscal year 1981, $4.4 billion in BA and $8.8 billion in outlays in fiscal year 1982, and $4.5 billion in BA and $10.9 billion in outlays in fiscal year 1983. These are totals that we feel we can live with, although cutting entitlement programs by these amounts will not be easy. Indeed the Committee on Finance voted unanimously to recommend similar totals for fiscal year 1982 to the Budget Committee. We, of course, are not bound to any particular proposal in arriving at these figures.

We believe we can live with these totals. In fact, I am not certain that we cannot find more areas to reduce spending in our committee. The Finance Committee has jurisdiction of about $380 billion. Over half of the budget comes to our committee. I would again point out that of this figure, about $385 billion to $390 billion that we have jurisdiction of in the Finance Committee, that we are talking, out of those hundreds of billions of dollars, of a reduction in fiscal 1982 of outlays of about $8.8 billion.

Mr. President, if you keep everything in perspective, you will understand that we are not asking to turn the clock back. We are simply trying to get a handle on spending, to reduce the rate of growth of spending for the sake of our economy and for the sake of the American taxpayer.

REVENUES IN RECONCILIATION

This Senator is pleased that the Budget Committee voted not to include a revenue reduction target in the reconciliation instruction. The purpose of reconciliation is to reduce budget deficits by recommending cuts in spending and, where necessary, recommending increases in taxes. Recommending tax cuts is wholly inconsistent with this purpose.

I might suggest that when that vote was taken in the Budget Committee it was almost unanimous not to tamper with that.

The level of revenue is set in the first and second budget resolutions but the Congress does not need to use reconciliation to cut taxes.

The Senate Budget Committee has met its responsibility to recommend a major cut in spending to the Senate. It is now up to the rest of us, both in this body and in the House, quickly to modify it where appropriate and to pass it.

The Finance Committee has already begun legislative hearings on the proposals that can implement these budget figures. These hearings will continue this week and next week. We hope to begin markups soon thereafter. If we all meet our responsibility as well as the Budget Committee did, a change in direction in this country will be inevitable.

I would just hope that we would not do this just to support the President of the United States, though that is not a bad idea either, but to do this because it is the right thing to do, to do this because it is not a Republican thing or a Democratic thing but the right thing to do.

If we work together in the Congress, there is no reason we cannot complete action on this entire package by mid-year, hopefully by not later than mid-July.

CONTROLLING TRANSFER PAYMENTS

As I have noted over the last week, the Senate Finance Committee has been holding hearings on the spending reduction proposals within its jurisdiction. One of the witnesses at our hearing, Mr. Erich Heinemann, presented an interesting analysis of Federal spending problems by breaking the budget into its two main components—purchases of goods and services and transfer payments. For the calendar year 1980, Federal purchases of goods and services came to about $108 billion in real 1972 dollars, which is roughly 6 percent below the level of Federal spending for goods and services in the first year of the Eisenhower administration. This drop, Mr. Heinemann noted, is largely owing to the drop in real military outlays. This means that over a span of almost 30 years there has been no increase—in fact a decline—in the Federal Government's demands on the human and material resource base of the economy.

The near doubling in real Federal expenditures since the early 1950's is directly traceable to the rapid rise in the level of real transfer payments. In this framework, the Federal Government's contribution to inflation comes, not from bidding scarce resources away from the private sector, but rather by shifting resources from savers to consumers and by driving the monetary authorities to excessive monetary expansion through large budget deficits.

Thus, if we are going to bring the Federal budget under control, we must act to stem the growth of transfer payments. Since a great number of the transfer payment programs fall within the Finance Committee's jurisdiction, we have a particularly pivotal role in bringing about this fundamental change in direction. I am optimistic that the committee will rise to the task.

I am hopeful that the 20 members of the Finance Committee will have nearly unanimous support for many of the efforts we make. I guess if you look at it from the straight political view, we are all in politics and most of us like to survive. I do not know of anybody who likes to go out and announce we are going to reduce the growth of any program.

Again, I would close as I started. What are the alternatives? What are the alternatives? I would hope that those in the media will take a look at the facts and not, maybe unintentionally, distort the package to make it appear in some case that everybody is going to be taken off food stamps, that no one will be entitled to medicaid, that no one will be entitled to student loans. I would hope that we will see more balanced reporting on some of these items in the weeks and months ahead as we begin the debate.

It is easy to single out some cases, and there may be some unintentionally who may be impacted by the budget cuts. But I would hope that in the final analysis the economy recovers, the economy strengthens, that inflation is reduced, that interest rates are reduced, and up and down the economic scale in this country the American people will learn that with strong leadership from the White House and strong leadership and hopefully bipartisanship in the Congress, we can stop the hemorrhaging of the economy, that we can help those low-income Americans and all other Americans turn this economy around for the good of our country.

It is a new beginning. It is time we started now. The die has been cast. The President has sent us the proposal; it is our responsibility now to make some rapid disposition of that proposal. If we do not agree with everything, we can change certain things, but let us not forget the goals he has set forth.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. LAXALT). The Chair suggests the absence of a quorum. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SIMPSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

BUDGET RECOMMENDATIONS OF THE COMMITTEE ON VETERANS' AFFAIRS

Mr. SIMPSON. Mr. President, I am most pleased to report that President Reagan's program for economic recovery will encounter no significant obstacles in the critical area of veterans affairs. The Committee on Veterans' Affairs, which I chair, has issued budget recommendations in harmony with the administration's recommendations and the Budget Committee has agreed to accept those recommendations.

Now that the committee has acted in that fashion, I trust that this body will proceed with the same dedication and singleness of purpose to back those actions.

President Reagan's belief, one that I most certainly share, is that we must begin to balance the Federal budget. To do so, Congress and every single committee must make significant cuts in programs that affect all of us—veterans and non-veterans alike. The popular mandate that catapulted President Reagan into office and changed the numbers in the Senate reflects a very real and pervasive mood of national self-restraint. It is now our duty as legislators—not just out of political whim or some sadistic budget-cutting pleasure—to give prompt effect to that mandate by making appropriate cuts as equitably as is possible.

Of course, Mr. President, we do not lose sight of the tremendous debt that this country owes to its 30 million veterans, their 58 million family members, and the 4 million survivors of deceased veterans. With respect to the most deserving of our veterans, any cut in vital benefits or services would clearly be unconscionable. We have avoided that result. We have taken care to preserve and protect the compensation and pension benefits of all of those veterans with service-connected disabilities, as well as those of truly needy wartime veterans who suffer non-service-connected permanent and total disabilities or those who are over age 65. These described programs, in fact, will enjoy full cost-of-living increases, currently estimated to be 11.2 percent by the Office of Management and Budget and 12.3 percent by the Congressional Budget Office.

Nor will we diminish the level of services offered by the VA health care system. To indicate otherwise is certainly an erroneous assumption, since those health care services are crucial to the continued protection and maintenance of our most deserving veterans.

To accomplish these important goals, Mr. President, President Reagan has proposed a total VA budget for fiscal year 1982 that is significantly higher than that projected for 1981 by President Carter. To be quite specific, President Reagan's proposed 1982 budget calls for $24.2 billion in budget authority and $23.6 billion in outlays, as compared with President Carter's 1981 projections of $23.2 billion in budget authority and $22.5 billion in outlays. That is a very evident increase.

What is lost in the process of discussion is that we have a $1.1 billion increase in the Veterans' Administration budget. That is substantial. But it still falls a bit below the level of funding that would be required to maintain each and every single existing VA program, while still taking on the full and necessary cost-of-living increases. It falls short of that full funding level by $744 million in budget authority and $831 million in outlays. As a consequence, the Veterans' Affairs Committee and this Congress must find further cost savings in major construction projects, general operating expenses, and a number of yet unspecified areas. On that latter item, we have our work cut out for us in every respect.

Obviously, Mr. President, although all of us on this floor know, deep in our hearts, that we must trim this budget in every reasonable way, it is inevitable that, for every single such cut recommended, there will rise up a corresponding outrush of pain and anguish from those most directly affected. There is no doubt that these proposed cuts in VA spending will require a certain degree of reemphasis and possible sacrifice.

Quite naturally and historically, the national veterans' organizations may feel compelled to speak out. That is as it should be. But I am confident that individual veterans, in their capacity not just as veterans as I am, and also a lifetime member of the VFW, but as citizens of this proud country in a time of national economic distress, will recognize that the greatest possible good for all veterans and for all Americans can only be achieved with the restoration of a vigorous economy and that they and their national organizations will be willing to accept limitations upon the growth of certain less essential programs. Truly, Mr. President, we are in this one together, soldiers in the fray.

Mr. President, the Veterans' Affairs Committee has made and the Budget Committee has, by its actions, endorsed the following recommendations. First, we have accepted President Reagan's

March recommendations for each appropriation fund or account that is unchanged from President Carter's January recommendations wherever we found such an appropriation or fund account was not based upon any specific legislative proposal.

Second, we have neither accepted nor rejected President Reagan's assumptions concerning the appropriate eventual cost-of-living rates of increases as to compensation and pension benefits. We directly recommend that the Budget Committee compute its own assumptions to assure the appropriate cost-of-living increases in pension and compensation without adversely affecting any other veterans program in the event that the President's economic assumptions might be inconsistent with current economic estimates.

Third, we believe that the President's recommended cut for general operating expenses may be based upon an inadequate saving assumption and that it might otherwise prove to be incapable to fund certain critical veterans benefit programs.

I should note that the committee rejected the administration's proposal to cut $45.4 million in 1982 by suggesting a centralization of certain benefit services. The committee endorses the centralization as a savings concept but does not feel that such centralization or any corresponding savings may be realized until fiscal year 1986.

Indeed, we shall ask the Veterans' Administration to prepare a benefit services centralization plan for the Budget Committee's review before fiscal year 1982. Such a plan would effect centralization of specific benefit services into one or more locations by the end of fiscal year 1985 and would incorporate the necessary features to take full advantage of the implementation of the TARGET computer system.

We also recommended the restoration of $2.7 million in order that the VA might update the vocational rehabilitation program mandated by Congress in Public Law 96-466. The Committee on Veterans' Affairs does, however, recommend an overall $16.4 million reduction in the Department of Veterans' Benefits, $3 million of that amount through the consolidating of insurance operations in Philadelphia, and other administrative changes alone, and $8.8 million through decreasing payments to the State approving agencies, which is a reduction that was rejected in the appropriations process last year.

Fourth, we endorse the President's request for a $96 million reduction in outlays for veterans life insurance programs. To accomplish this, the Veterans' Administration will increase from the present 5-percent rate to 11 percent the interest rate charged to individuals who borrow on the cash value of their veterans' life insurance. Such an increase in interest rates will be accomplished without legislative action and will result in a most significant reduction in borrowing activity and a tremendous protection to the insurance beneficiaries who are denied the full proceeds of the policy because of the loan.

Fifth, the committee felt that the $6.653 billion in outlays proposed by the administration for medical care in fiscal year 1982 is inadequate to provide an appropriate level of health care for eligible veterans. The committee is particularly concerned about the personnel staffing level proposed by the administration. The committee, therefore, is recommending outlays of $6.762 billion to fund medical care in fiscal year 1982. That is an increase there of $109 million. This funding will allow the Veterans' Administration to maintain nearly the same medical staffing levels as authorized by Congress for fiscal year 1981, and not any rumored reduction of 7,000 medical trained personnel. Included in this amount is $8.8 million that the committee feels is required by three essential programs, the hospital based home care program, urodynamic laboratories, and staff augmentation to rehabilitation centers for catastrophically disabled veterans.

Also included in the committee's recommendation is $25 million to fund the continued operation of the VA's readjustment counseling program, the so-called "storefront" counseling centers for Vietnam veterans, in anticipation of legislative extension of the eligibility period for entry into the program.

I think all of us have read what I have come to respond to as unfortunate misinformation about the taking away of that particular program and the essence of determining its real worth by the Veterans' Administration. There is some problem in determining that worth and we find that many of those centers, although most are acceptable, and appropriate, some have become small cliques of support groups funded by the Federal Treasury. There is nothing wrong with that, but let us admit that that is where we may be headed when those persons with those problems, at that age of their lives, are simply relying on a support system, when true professional care is available through the existing Veterans' Administration health care system. We must assist them in breaking the support system umbilical cord—and do that in a way which contributes to their worth and self-esteem.

The committee endorses the President's recommendations for other medical accounts, with the sole exception of medical administration and miscellaneous operating expenses. For this account the committee recommends outlays of $60.2 million which includes a restoration of some $1.8 million in order to assure adequate funding for development of the computerized health care information system.

Sixth, the Committee on Veterans' Affairs has indicated that President Reagan's recommended $91 million reduction in outlays for major construction projects should be modified. This will be accomplished by canceling a new hospital construction project and by postponing an unspecified number of other major projects.

One of the curious things that occurred in my freshman year here was the discussion of the construction budget. We were presented with one authorization for $16 million for a veterans hospital, and I thought that would be actually quite adequate, finding then, later, that that was only for the engineering studies and the survey costs and that the hospital itself would cost 265 million bucks.

The committee accepts the need for a reduction of $80 million but considers such a proposed reduction simply as a target and not as a specific recommendation concerning any one particular construction project. The administration recommendations concerning specific project cancellations and postponements are still under review by the Veterans' Affairs Committee. The President's proposal to reduce funding for minor construction by $8 million was accepted by the committee.

Finally, our recommendations are also based upon some major assumptions:

First, that Congress may enact legislation at a cost of no more than $25 million in fiscal year 1982 to provide certain benefits for former prisoners of war.

Second, that Congress will enact legislation which will provide for $325 million in additional and, as yet, unspecified cost savings in order to achieve the full spending levels proposed by the President for fiscal year 1982. Here, now is a very important fact upon which this entire matter hinges. It is important to observe that the President, for good and valid reasons, has not yet nominated an Administrator, a Deputy Administrator, or an Inspector General of the Veterans' Administration. Obviously, then, we cannot yet expect the Veterans' Administration to be able to effectively develop or even consider specific cost savings proposals until these appointments have been made, and that of a General Counsel also. Clearly, however, it is not unreasonable to expect that these reductions can be made without impairing the ability and the mission of the Veterans' Administration to adequately meet the needs of our Nation's veterans. Indeed, the $325 million savings is only about 1½ percent of the VA's total annual budget of nearly $24 billion.

The Committee on Veterans' Affairs is aware of and in its minutes and hearings has discussed several areas in which those reductions can be made but does not choose at this moment in time to make any specific recommendations for the reasons I have previously noted.

It should also be pointed out that the committee feels that it should not consider any further cost-savings legislation that would result in reductions below the President's recommendations, unless all other authorizing committees are required to undertake similar such reductions.

Regarding accounts shared with other committees, the Committee on Veterans' Affairs agrees with the President's request, and the committee does wish to indicate that the Disabled Veterans Outreach program (DVOP) has been an extremely successful program as administered by the Department of Labor's Veterans Employment Service.

That program is specifically designed to assist disabled and the Vietnam-era veterans in finding suitable employment.

The committee strongly urges that the integrity of this program be maintained without reduction from the levels mandated by Public Law 96–466.

Those are the committee recommendations, recommendations to assist this new administration. We Members all recognize that budget matters affecting veterans are historically an extremely sensitive issue and in these times of particular economic woe, the political pressures associated with these matters can be particularly intense and they only make it harder to arrive at the tough decisions that should be made. Was it ever thus? It is true in this area of responsibility as in any other.

We have reached that moment of truth in our Nation's history as was so well expressed in the President's address. He stated: "We can no longer afford things simply because we think of them."

I trust that the full Senate will accept our recommendations and in the spirit in which they were hammered out, with an equal concern for the ever-compelling interest for our Nation's fine veterans and for the swift and lasting economic recovery that this Nation now cries out for, knowing also that every single one of us in this Chamber and in this land must surely recognize that economic recovery is indeed a goal of the very highest national priority.

Thank you very much, Mr. President.

RECOGNITION OF SENATOR LAXALT

The PRESIDING OFFICER (Mr. RUDMAN). Under the previous order the Senator from Nevada is recognized for a period not to exceed 15 minutes.

Mr. LAXALT. I thank the Chair.

RECONCILIATION—ECONOMIC RECOVERY

Mr. LAXALT. Mr. President, as we begin our historical debate today for the reconcilation bill—in essence, the President's proposed Federal budget reductions—I wish to outline for a few moments what we are truly undertaking under the course of this debate and the assumption of this program.

The hot political rhetoric over details that will fill this Chamber over the next few days may obscure the broad picture as so often is the case here.

But it seems to me that by keeping the important issues in focus I believe that only one outcome to the vote on the reconciliation is possible. By that I mean an overwhelming endorsement of the President's program for economic recovery.

No one can question that for the first time in decades we have a President who has rejected "politics as usual," and I think it has been a source of great mystery and surprise particularly here in this cynical town to have a President who is actually going to carry out his campaign promises.

Whether you look at foreign affairs or domestic policy, it is obvious that President Reagan is not tied to the failures and dogmas of the past. He has shown his willingness and enthusiasm to look for a new approach.

As a matter of fact, I think that he considers his election last November to be a mandate for a new approach, a mandate for fundamental change.

So as a result of all of that, he is stepping out boldly, concerned not with past policies or special interests, but only with that which is best for the American people. And the American people are responding, confident that at last the occupant in the White House is a creative, dynamic individual with the welfare of the whole Nation as his guiding principle.

Now, within the last few days we have been informed here that there is a devastating Gallup poll to the effect that this President is receiving, in terms of opposition, more opposition at this point in his career than preceding Presidents over a long period of time.

That is not surprising to this Senator at all. What is surprising to me is really that the percentage of opposition is not even stronger, because when you consider that this President during these few days in office has stood for more fundamental change, for more redirection in basic policies in relation to this Federal Government, coalescing at an early point those who are opposed to change Washington style, it is truly amazing to this Senator, as I have indicated, that that degree of opposition is not even more severe.

Nowhere has this willingness to break with the failures of the past been more forcefully demonstrated than in the President's program for economic recovery.

The President's program abandons the shopworn traditions that threaten the economic well-being of our Nation. It focuses, I think, on the right problem. It tackles the problem in a comprehensive way by proposing sound, social, and economic alternatives and, if enacted by this Congress, it will provide an economic foundation of prosperity that every American will share.

I believe the President has provided Congress with a framework for a better tomorrow. The choice is now up to each of us. Do we really want to be part of a better tomorrow?

Do we want to guarantee the economic future of our children's children? Or do we want to see our Nation sink into a sea of Government-induced, massive stagflation? Do we want to maintain "business as usual" with all that that implies: High inflation, high unemployment, crumbling economic markets, and increasing Government burdens on individual freedom? Mr. President, I do not see that we have much of a choice.

The President's program for economic recovery will be a success because it focuses on the right problem.

Our economic difficulties primarily stem from the past policies of our Federal Government. Our problems cannot be solved if the Government continues to overregulate, overspend, overtax, and overprint money, and then point fingers at private industry, wage rates or international factors as the cause of our difficulties.

This President refuses to do that. Instead he has boldly asserted that he will first tackle the problems with Government, knowing full well that once our own house is in order, others will fall into place.

The Federal Government is the primary cause of inflation in this country. For those of us who participate in hearings, particularly with the money committees, we hear a lot of phony, esoteric theories setting forth the reason why we have that, and we are told about OPEC, and told about this factor, and told about that factor. The fact is that the principal and fundamental cause of inflation in this country is excessive spending on the part of this Government. This President sought to change this for a long time. He talked about this when I was a fellow Governor with him back in the 1960's, when it was not fashionable to do so, when the fashion at that time was to come here to Washington and look for new Federal programs, look for additional spending of money, and hope eventually the problems out in the private sector and elsewhere would dissolve.

Well, they did not. He spoke to these matters back in the 1960's, when a lot of people felt that he and others who spoke in this fashion, like Senator GOLDWATER, were products of a Neanderthal era, and simply were not with it.

High taxes have soaked up resources into nonproductive uses. They have destroyed the incentive to produce, and have driven millions of Americans into the underground economy. All over our country, small groups of taxpayers are organized, and refusing to pay taxes. If anyone mistakenly believes that taxes can be continually raised without difficulty, he or she is absolutely wrong. We should realize that if only 5 percent of our Nation's taxpayers refuse to pay what is asked of them, our tax collecting system would be in chaos. One squeeze too many from the Federal Government may result in a widespread tax rebellion with untold consequences.

Skyrocketing Federal spending levels have caused massive deficits while fostering waste, fraud, and unnecessary programs.

It has been indicated in the press the last few days that this is going to be fraud-and-waste week here in Washington in terms of this administration, with this President leading the charge. Deficits, in turn, force massive borrowing which drains our capital markets. Resources are forced to flow from productive uses to nonproductive ones, as the economic foundations of our economy erode. Deficits also cause the Federal Reserve to print more money to pay them, forcing billions of dollars into our economy and causing inflation.

Overregulation causes businesses, both large and small, to place still more resources into nonproductive uses, and to raise their prices in order to cover the increased costs of compliance. Some studies estimate that up to $100 billion is needed each year to comply with Government regulations. Those costs, in turn, are paid for by every consumer. That is, I think, the underlying reason why we had this tremendous cry from all sectors of our economy, irrespective of region,

crying out for regulatory reform, because while all of us would love dearly to have 100 percent safety conditions, 100 percent clean water, and clear air, it is now becoming quite apparent to millions of consumers in this country that it costs billions of dollars to maintain those levels, and that is why we have had the great pressure exerted on this Congress through this administration to institute massive regulatory reforms to lessen the burden upon not only business and industry, but to lessen the costs eventually to consumers.

These are the causes of inflation that the President's plan will eliminate. The President is not seeking to hide behind finger-pointing rhetoric. He is tackling the No. 1 cause of inflation—Government, the Federal Government—head on. And once the monster of Government is back in its cage, I think we will discover that the other blamed causes of inflation will not turn out to be as serious as we have been led to believe.

The President's program for economic recovery is a comprehensive set of policies designed to solve these problems. It is a farsighted approach, designed to attack all the aspects of governmental mismanagement of the economy. It is not just a program which piecemeals one failed half-measure after another, but rather a logical, consistent plan of action moving toward a clear goal.

It is important, it seems to me, for those of my colleagues who are listening over their various speakers in their offices today that we focus on the fact that this is comprehensive and that its impact, its effectiveness, will determine whether or not it is truly comprehensive, because it appears to me that while we could be successful in one of the many aspects of this campaign and not in others, the whole will fall.

So it seems to me in terms of the overall effectiveness of this program that we are all seeking to achieve we must, in fact, pass a comprehensive program.

The overall program for economic recovery on the part of the President rests on four major ingredients: First, a comprehensive tax cut, which is going to be hotly controversial around this town and in these Chambers because it has been often said, and repeated to me, "How in the world can you consider declaring a dividend when we are going broke?" That is not the theory at all. The theory is that the money is best spent in the real world, in the private sector, much better than it is here by the bureaucrats in Washington.

Admittedly, as we grind through this process in the weeks and months to come, that is going to be hotly controversial, a hotly controversial issue, and I suspect probably in terms of its passage will be more difficult than, perhaps, the spending reductions.

In addition to the tax cut, we will have the spending reductions, we will have regulatory reform, and we will have close cooperation between the executive branch and the Federal Reserve.

This Senator, along with many other colleagues, is constantly being told, "Why in the world does not the Federal Reserve decrease pressure because these inflationary rates, the high interest rates, that are now being posed in the economy are causing severe stress on the part of just millions and millions of small-business-type people who simply do not have the resources to even floor their inventory these rates?"

The plain fact of the matter is, in justice to Mr. Volcker of the Federal Reserve, that until recently they have been the only game in town, the only inflationary deterrent we have had here in town.

I hope now that this President has moved as aggressively as he has toward attempting to do something meaningful in the inflationary areas, coupled with a firm resolve on the part of Congress, that that will be a clear enough signal to the Federal Reserve, independent agency that it is, to be responsive and, perhaps, cause some easing in terms of our interest rates.

Today we are considering the first part of the President's package—the spending cuts. While each prong is essential, I believe that the spending reductions are the most essential component. Spending cuts signal most clearly to the American people an end to "business as usual." By voting for the reductions, Congress will show its commitment to the American people, and not to Capitol Hill special interests. We will show, by our votes, how responsive we are to the common good that unites our country.

It is important, at the same time, that everyone understands just what the cuts entail. We are not advocating the dismantlement of the basic core of programs, which today make up what the President has referred to as our social safety net. The needs of the poor, the sick, the aged, the handicapped, and the disadvantaged will continue to be met. In fact, even the size of the overall budget will continue to grow. The Reagan budget for fiscal year 1982, after all the cuts, is still $40 billion more than the budget for fiscal year 1981. It is hard to give any credence to claims that a budget of $695.3 billion is inadequate to meet our Nation's needs. To claim that the Government needs an additional $48 billion, as President Carter proposed, is to surrender to fiscal madness.

Mr. President, we are meeting the social needs of our Nation, and we will continue to do so under the Reagan administration. In the long run, we are doing much more. We can only meet our social obligations when our economy is strong enough to provide for everyone in our economy. How long would those in need be cared for if inflation was allowed to continue and push our economy over the brink? Not very long, I would bet. The best investment for the needy in our society is a strong economy producing enough goods and services to provide for all.

The American people understand this. They are way ahead of us in these areas; way ahead of us. If you do not believe it, just read our mail. They know that the choice is a simple one. Either we must use our resources in productive ways so that everyone can share in the benefits, or we will continue to divert resources from production to nonproductive Government uses, leaving less and less for everyone. The economy is not static. Either the economy is growing or it is shrinking. And if we allow it to shrink, we are dooming our children to a lower standard of living. That is the decision, it seems to this Senator, that we must face. If we allow Government spending to continue to swell, then we are sacrificing our future for today. On the other hand, if we do curb our current appetite and simply slow the growth of Government spending, we insure for our children a healthy, prosperous future.

In short, Mr President, any rhetoric stating that the President's program for economic recovery will hurt the American people is false. We are providing for all the legitimate needs of our people today, and we are providing for a better tomorrow. "Business as usual" will no longer work. By continually increasing Federal spending, we limit our future options. I do not believe it is humane to increase benefits to Americans, only to have them devoured by inflation. Instead, I favor an investment in our national economy.

Mr. President, I am exceedingly pleased by the actions of the Senate Budget Committee. I will be frank to say that I would have been delighted the other day by a 12-to-8 vote or a 16-to-4 vote, anything indicating a fairly clear majority. But to have a 20-to-0 vote come out of that committee is the most reassuring thing, I think, we have seen in this Congress since the Presidential inauguration. Under the sound leadership of Chairman DOMENICI and Senator HOLLINGS, the ranking minority member, the committee has handled a tough political issue, and done an outstanding job. They demonstrated that we can act not as parochial-minded individuals, but rather as concerned legislators trying to serve the whole country. I am confident that the entire Senate will act in a like manner. Together we will put "business as usual" to rest forever, and we will join together with the administration for a new beginning.

RECOGNITION OF SENATOR McCLURE

The PRESIDING OFFICER. Under the previous order, the Senator from Idaho is recognized for a period not to exceed 15 minutes.

THE NEED FOR A BOLD NEW COURSE OF ACTION

Mr. McCLURE. Mr. President, 1 month ago the President of the United States came to Capitol Hill and spoke to the Members of this Congress a simple truth we have all known, but for one reason or another have been unable or unwilling to face up to as a body for far too long. In President Reagan's own words that truth is—

> We can no longer procrastinate and hope things will get better. They will not. If we do not act forcefully, and now, the economy will get worse.

Really, Mr. President, little else needs to be said as we begin what I am sure will be a most historic week of deliberation and action in the Senate of the

United States. "If we do not act forcefully and now, the economy will get worse." That is the simple truth. So we must begin to work on a bold new course of action to rescue our Nation from economic and social ruin.

Later this week, we will take up on the Senate floor a concurrent resolution reported by the Senate Budget Committee instructing the committees of the House and Senate to cut $36.4 billion from the size of increased spending for the fiscal year ending September 30, 1982. And I want to emphasize that it is not a reduction in spending as much as it is a reduction in the increase in spending. If enacted, it will result in the most massive single reduction in spending in our Nation's history, even though the budget will continue to rise in total. It is a proposal of historic magnitude and unprecedented importance.

I certainly wish to commend the members of the Senate Budget Committee for their diligent work in reporting this package so expeditiously. To have been able to accomplish this task in such an efficient manner is, again, unprecedented in the Halls of Congress, and I hope the rest of us will learn from their example that it can be done, and that we will move ahead on the timetable we all know is so critical—while the American people still have confidence we can get the job done. That is, Mr. President, essentially the point I would hope to make today. It is that we must pass this legislation intact and in time.

I have never felt that it is or ever should be our role as Members of Congress to merely rubberstamp what the President wants to have done. Regardless of the political party to which a President belongs, to do so would, in my judgment fail to meet our constitutional responsibilties as the policymaking branch of government.

But I am without doubt that the first item on the national agenda—and the second, and the third as well—is to stop inflation; and I am also without doubt that these sharp spending cutbacks the President has called for are essential in order to reduce the Government's excessive demands on this Nation's resources. Again, I want to emphasize that it is not a reduction in spending as much as it is a reduction in the size of the increase of spending.

Inflation, as measured by the Consumer Price Index doubled within the single decade of the 1970's, and would have doubled again within only a half decade if the pace of early 1980 had been maintained. No one can deny the close connection between the doubling of prices and the upsurge of deficit financing over the past decade. The combined Federal deficits of the 1970's reach $315 billion—about the same as the total of all deficits recorded in the Nation's entire earlier history. In fiscal year 1980, the deficit reached a near-record $59 billion. Can there be any doubt that year after year of multibillion dollar deficits have had a negative effect on our economy?

It has got to stop, Mr. President. I cannot say it forcefully enough—we must bring the Federal budget under control.

We all know what the economic situation is doing to our Nation and to our people to their ability to earn a living. We have all heard the statistics, but no statistics can tell of the misery of workers who have lost their jobs. No statistics can explain the fear of senior citizens whose life savings are gone. Ten years ago, in 1970, the median income of American families was $9,750. In 1980, it was $19,950. But if you subtract from that the effect of inflation, and remove the trebled payroll taxes, and the automatic increases in taxes of all kinds caused by inflation, the real, take-home pay of that family actually dropped by about $912 in 1980 dollars. That is a cut in real after-tax wages of about 5 percent.

Is there any wonder working men and women across this Nation are asking for a change? And I am speaking now especially to my colleagues on this side of the aisle that frustration with our Nation's past course is in large part responsible for putting many of you in office and our party in the majority in this body. I fear for the future of our Nation if we should not be able to stand together to bring about the change in direction we have led the American people to expect from us. There is, of course, no guarantee the President's program will work. But we know very well what has not worked, and we have seen no plan better than the President's offered from any other quarter. And given the clear failure of past thinking, it is refreshing to have an idea that offers hope for recovery. The big question now is whether or not we will have the nerve to carry it out. Whether we will be motivated by petty political consideration, or whether we will at last, with new purpose and confidence in our ability to lead, look to the long view as the Senate was intended to do.

All of us have our favorite programs, our own ideas and priorities about how Federal dollars should be spent. There are aspects of the President's spending proposals with which I personally do not agree. The Budget Committee has, in fact, made my own task even more difficult than the administration would have by virtue of its actions with regard to the strategic petroleum reserve, and I am not sure how that will be resolved. But the bottom line is that I am ready and willing to support the President fully at this time, in order to see what I consider to be an absolutely essential economic program enacted. I know it will be difficult, but I admonish and encourage my colleagues on both sides of the aisle to do the same.

Even before President Reagan revealed the details of his planned budget cuts, the chorus of special pleading from various interest groups fearful of finding themselves among his targets began. I suspect that was only a mild foretaste of what the next few weeks will be like. The charge inevitably arises that these spending cuts will favor the rich at the expense of the poor. But that is, Mr. President, nothing but consummate nonsense. Even if it were true that these cuts would really hurt the truly needy, a failing economy and raging inflation would be harder on the poor than anything the administration has suggested. And those who stand to lose specific Federal subsidies for business, labor, or welfare have a very real chance to recoup their losses, and more, from an economy restored to health.

The truth of the matter is, Mr. President, that the increase in expenditures for so many of the social welfare programs our friends on the other side of the issue argue are so essential to the Nation are often rooted as much in political expedience as in genuine increase in human need. They are essential not to the Nation but to their own political well-being as they perceive it.

Take, for example, the AFDC program. Total expenditures for aid to families with dependent children increased from something under $2 billion in 1967 to nearly $8 billion in 1981. The President has proposed a number of changes in the AFDC program which are designed to determine welfare needs more accurately, improve the administration of the programs, reduce fraud and waste, and decrease Federal and State costs. For example, the income of a child's stepparent would be used in determining the child's eligibility for benefits.

I have heard many comments to the effect that virtually all of the families whose AFDC payments would be reduced or eliminated are below the poverty line and should be considered truly needy. But in fact a majority of the families affected are not poor. Fifty-seven percent of the families that will no longer be eligible and 58 percent of the families whose benefits will be reduced have incomes above the poverty line. By way of contrast, only 13 percent of current AFDC families that will continue to receive benefits are above the poverty line. Among the families below the poverty line that will be reduced, nearly three-quarters will be affected by two proposals that are designed to remove people who are not needy from the rolls. Most of those cases are AFDC families that live with step-parents or with other providers of income. Such families would not be poor if the resources of the whole household were considered. The other families have 18-, 19-, and 20-year old students who will no longer be covered by AFDC.

Another example of an idea gone totally out of control is the food stamp program. Expenditures for food stamps jumped from under $100 million in 1967 to nearly $11 billion in 1981. On November 8, 1979, Senator EAGLETON, as chairman of the Appropriations Subcommittee on Agriculture, asked the investigations staff of the full committee to review the food stamp program. The findings of this study were published in November, 1980. Although copies of the report were not well circulated, some of the findings are shocking. Among them was that fraud by recipients, errors by program workers, and loopholes in food stamp regulations resulted in waste of as much as 20 percent annually, or about $1.8 billion in 1980. That is precisely the amount President Reagan has asked us to save in the food stamp program. And people are still arguing that it spells disaster for poor people. Baloney. Frank-

ly, I think we could go much deeper and still not hurt the truly needy, but it is at least a beginning in bringing under control a program which has run absolutely wild and unchecked.

Mr. President, recent history shows us Government-run welfare programs have not and cannot work. They do not help the people they are intended to help with the kind of help they need. The basic idea behind them—that Government should intervene in our lives for our benefit through regulations, social agencies, and spending programs—creates serious inequities. I note that my distinguished colleague from New York (Mr. MOYNIHAN) has been quoted on the Budget Committee's action in the Wall Street Journal, charging that they have, "undone 30 years of social legislation in 3 days." Certainly those who have been responsible for the last 30 years of legislative history have had good intentions. Those who promote or have promoted Government welfare programs have acted out of concern for others, but noble objectives do not necessarily bring noble results. Using Government to achieve the "noble objectives" of welfare programs means trying to do good with someone else's money, and nobody spends somebody else's money as carefully as he spends his own, and you cannot do good with someone else's money unless you take it away from him first. The result has been more and more people paying more and more money in taxes for more and more waste. The end result is the welfare state in which the government tries to take care of everybody, with loss of initiative, independence, and personal liberty for all.

The point is, Mr. President, that we should not think of this exercise in terms of hardship and loss, but rather optimistically in terms of revitalizing our Nation's energies and making Government work better for all of us. We were not elected to repeal the New Deal—we were elected because we are united behind the only strategy that can get this country on track and moving again.

We have the opportunity to achieve, once again, a healthy, growing economy and full employment without inflation. The issue today is not capital versus labor, rich versus poor, black versus white, consumer versus producer, or conservative versus liberal. The issue is getting this country moving again, restoring the American dream, not just for some but for all. We should all be anxious to get on with the job at hand.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, might I inquire of the Chair, are there remaining unexecuted special orders?

The PRESIDING OFFICER. The Chair advises the majority leader that there are, in fact, two, the minority leader, who is in the Chamber, and the chairman of the Appropriations Committee (Mr. HATFIELD).

Mr. BAKER. I thank the Chair.

Mr. President, I am advised that the distinguished chairman of the Appropriations Committee, Senator HATFIELD, has indicated that it is not possible for him to be on the floor at this time. He may wish to speak during morning business, which will follow on after the special orders.

Mr. President, I ask unanimous consent that the special order in favor of the Senator from Oregon (Mr. HATFIELD) be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. HATFIELD, delivered during the period for routine morning business, are printed at this point, by unanimous consent.)

THE RECONCILIATION PROCESS

Mr. HATFIELD. Mr. President, the reconciliation process is a painful one. Not only are we called upon to make sacrifices in truly worthwhile programs, but the function of reconciliation significantly diminishes the responsibility of the authorizing and Appropriations Committees for setting their own priorities. In these unprecedented economic times, reconciliation has been a necessary procedure. However, I do not expect this process to repeat itself. I am confident that our committees will exercise the restraint necessary to avoid reconciliation in the future.

The Appropriations Committee is responsible for and fully capable of scrutinizing its share of the budget and putting into effect a sound fiscal program of spending cuts which will improve the economy. Title 10 of the Budget Act establishes a procedure for rescission of budget authority and making spending cuts. It is with this traditional tool that such cuts could be accomplished. However, because of the uniqueness of this budget year and the urgency for implementing the President's program, I agreed with the majority leader that the Appropriations Committee should be instructed.

Our instructions are to cut $13.3 billion in budget authority for fiscal year 1981 and $1.5 billion in outlays. That is our goal and the Appropriations Committee will make every effort to meet that target, reporting those savings to the Senate floor by the June 5 deadline. However, I must warn the Senate that the goal will be difficult to achieve. The level of reduction in current year outlays called for can put unrealistic constraints on a budget that is already very lean. I think we will learn that some of our favorite projects will have to be cut, if not eliminated, and so be it.

Mr. President, I must observe that one committee escapes reconciliation. It is certainly no secret that the Budget Committee has recommended zero reductions in funded authority for the armed services in fiscal year 1981, 1982, or 1983.

I am greatly concerned that such lack of instructions will produce a cavalier disregard for achieving necessary savings in military spending. The administration plans to more than double the Pentagon's $171 billion annual budget to $368 billion in fiscal 1986. For fiscal 1982 alone, budget authority would rise $25.8 billion. That increase in defense authority consumes more than 50 percent of the decrease in some 300 Federal domestic programs that the Budget Committee has instructed other committees of the Senate to carry out.

In his recent State of the Union speech, President Reagan rightfully decried the mounting Federal deficit which is approaching $1 trillion. He illustrated how large a sum this was by saying it constituted a stack of thousand-dollar bills 67 miles high. It might be pointed out that a similar stack equal to the Reagan defense expenditures in the next 5 years would reach 100 miles high.

This enormous commitment to weapons and personnel poses profound questions, and some potentially enormous dangers.

Mr. President, I fear we are ignoring an excellent chance to build a more efficient defense establishment. Instead, we have fallen prey to the same mistakes we have made with social problems. They cannot be solved just with sums of money.

In examining the package proposed by the Budget Committee, I also must note my disappointment and very serious concern over the lack of emphasis on entitlements.

Just weeks ago, the Appropriations Committee held a series of overview hearings in which nationally renowned economists with views ranging from the more traditional laissez-faire theory to the extreme of the Keynesian viewpoint gave their versions of the Nation's economic ills. I have found, Mr. President, as you may have, that these authorities rarely agree. However, they were in accord, in fact, adamant, that to ignore the issues of indexation and entitlement is foolhardy. If we are truly serious about controlling Federal spending, we must come to grips with that increasingly uncontrollable portion of the Federal budget.

As the entitlement portion of the budget continues to escalate, our options in Congress shrink. We no longer have the flexibility to respond to the changing economic circumstances and changing national priorities. We are bound by automatic indexation and rigid formulas. I urge my colleagues to consider the serious ramifications of the failure to confront this issue.

Those concerned with the flexibility of Federal spending should also be concerned with the outyear reductions in funded authorization levels. Substantial reductions are called for in discretionary programs, except for defense. These reductions could amount to as much as $23 billion in fiscal year 1982. That is money Congress spends on health research, park maintenance, space exploration, agricultural research, water projects, veterans hospitals, fish hatcheries, and the like.

If it is the decision of Congress to reduce Federal spending by eliminating discretionary programs rather than controlling the so-called uncontrollables, then so be it. But I do not believe the mechanism for that decision should be a provision in this resolution calling for funding reductions in the outyears. Such a procedure is not contemplated by the

Budget Act. Reconciliation was designed to bring spending in line with the budget ceiling for a particular year, not future years. We can achieve the reductions necessary in fiscal year 1982 and fiscal year 1983 by lowering the total budget ceiling for those years when we enact the budget resolutions. Attempting to force those reductions now, prior to consideration of the budget resolution for those years, does violence to the Budget Act and robs Congress of the flexibility it must have if Federal spending is going to be controlled and fiscal policy be manageable.

I would hope we could demonstrate more confidence in ourselves and our commitment to reduce Federal spending, and not resort to a budgetary straitjacket in our eagerness to support the President's program. I support that program, but I do not wish to totally sacrifice the authority of the authorizing and appropriations committees in the procedure to do so.

Thank you, Mr. President.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I will inquire of the distinguished minority leader if he intends to speak pursuant to his request.

Mr. ROBERT C. BYRD. Mr. President, I do not intend to speak, and I am ready to yield back the time if no Senator asks me to yield. I see no such indication. I yield back my time.

Mr. BAKER. Mr. President, I believe this morning I may have asked for a special order in favor of the distinguished Senator from Maine (Mr. COHEN) in an abundance of caution.

I ask unanimous consent that any special order in favor of the Senator from Maine (Mr. COHEN) be vitiated at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 1 hour, during which Senators may speak for up to 10 minutes each.

JAPANESE AND GERMAN DEFENSE POLICY

Mr. EXON. Mr. President, there is a growing consensus that our national level of effort for defense must be increased in view of the potential threats we face and I endorse this need. Indeed, here in the United States, we are in the process of dramatically realining the Federal budget to reduce the overall rate of spending increases while significantly increasing the defense budget.

However, the United States cannot and should not shoulder the burden of protecting Western interests alone. As the leader of the free world, I concur that the United States must set the example in this regard and I believe that we are so doing. However, it is disturbing to me that our NATO and Japanese allies are not, in my view, meeting their end of the bargain.

Recently I have heard statements to the effect that Japan cannot spend greater than 1 percent of its gross national product on defense and that the Federal Republic of Germany is not allowed to deploy its armed forces outside of the prescribed NATO area. The question arises as to whether these statements are based on constitutional prohibitions, legal restraints, or political realities. Therefore, I requested that the Law Library of the Library of Congress evaluate these issues and report to me. This has been accomplished and I request at this time that their study be printed in the RECORD at the conclusion of my remarks, so that my colleagues, the administration, our allies, and all other interested parties may have benefit of this professional analysis.

The PRESIDING OFFICER (Mr. HATFIELD). Without objection, it is so ordered.

(See exhibit 1.)

Mr. EXON. Mr. President, in addition to evaluating the constitutional, legal and political issues involved in the level of effort which may be expended on defense in these two countries, this study also reviews those aspects in relation to the possible deployment of forces overseas and prohibitions on the development of certain types of weapons. This analysis speaks for itself; however, the key point is that there seem to be no constitutional or legal prohibitions in either Japan or the Federal Republic of Germany which would hinder either nation from increasing their defense efforts in the manner which most of us would like to see—for example, enhancing their efforts in their own areas of the world so that U.S. forces can increase our capabilities in areas of mutual interest where we are uniquely capable of doing so.

According to the Secretary of Energy, Japan, and Western Europe rely on Persian Gulf oil for about two-thirds of their oil imports while the United States relies on that region for about one-quarter of our oil imports. The Secretary also predicted that the free world's dependence on Persian Gulf oil is unlikely to change significantly during this decade. While the United States is making great strides in insuring that this oil supply remains uninterrupted, our allies must assist in this effort in a mutually agreed division of labor.

Deputy Defense Secretary Frank Carlucci made this point at the recent Verkunde Conference in Munich when he said that:

> In this situation, the United States cannot be expected to improve and strengthen U.S. forces in Europe, unless other allies increase their own contributions to the combined defense effort. Nor can the United States, unaided, bear the burden of promoting Western interests beyond Europe.

Mr. Carlucci also said that Congress and the American people will be asking what new accompanying sacrifices the allies are going to make while the United States embarks on massive new defense increases. I should like to underscore these points, as I have ever since coming to the U.S. Senate.

Recent reports of West Germany reducing its long-term military spending goals and Japan's lower-than-expected defense increases appear to me to be unacceptable in light of the current world situation. I certainly hope that the new administration's plans for increased consultation with our allies will lead to an enhanced and improved mutual defense effort. For surely if we cannot work better together in a harmonious spirit, we will all suffer greatly together. If history tends to repeat itself, then a new direction is of the utmost importance.

EXHIBIT 1

THE JAPANESE CONSTITUTION AND SELF-DEFENSE FORCES

INTRODUCTION

By virtue of the so-called no-war clause of the Constitution of 1947,[1] Japan is prohibited from maintaining armed forces as well as from developing a war potential. Article 9 of the Constitution provides:

> Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes.
>
> In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

The outbreak of the Korean War in June 1950 and the establishment of the Japanese National Police Reserve Force in July of that year, however, raised the question of whether Japan should again arm herself for self-defense. Several Japanese groups demanding rearmament indicated the advisability of restudying the Constitution to determine whether it perhaps needed to be revised.[2]

In June 1954, the Police Reserve Force was renamed the Self-Defense Forces (hereinafter referred to as the SDF) pursuant to the enactment of the Self-Defense Forces Law.[3] At the same time, the Defense Agency, headed by a civilian Director-General, was established as an external organ of the Prime Minister's Office under the Law Concerning the Establishment of the Defense Agency.[4]

The SDF's mission is spelled out in Article 3 of the Self-Defense Forces Law, which states that they are charged with guarding "the nation's peace and independence" and defending "the nation against both direct and indirect invasion in order to preserve the safety of the nation." However, the main activities of the SDF have been relief and rehabilitation tasks in local communities stricken by natural disasters.

Japan's SDF exists today in spite of Article 9 and without revision of her Constitution. The principal political parties opposing the government consider the SDF to be unconstitutional, but successive governments have taken the position that Article 9 of the Constitution cannot take away Japan's inherent, sovereign right of self-defense. Successive governments have also interpreted Article 9 as not prohibiting the establishment of a minimum force necessary to sustain the right of self-defense, and that a defense force in excess of the minimum considered necessary for such purposes would constitute "war potential" which is banned under Article 9.[5] It is upon this interpretation that Japan's present self-defense system has been built.

Footnotes at end of article.

JAPANESE DEFENSE POLICY AND RESTRICTIONS ON DEFENSE SPENDING

Japan's defense policy is based on the Basic Policy for National Defense adopted at a Cabinet Meeting in May 1957. This basic policy calls for (1) the promotion of international cooperation and efforts for peace, (2) the establishment of a basis for national security through domestic political stability, (3) the gradual establishment of an effective defense capability, and (4) the maintenance of security arrangements with the United States.[6]

Utilizing the 1957 Basic Policy, the Japanese Government formulated four consecutive defense build-up plans for a period of three to five years, from FY 1958 (April 1958 to March 1959) to FY 1976. These plans are as follows: The First Plan (FY 1958–60); the Second Plan (FY 1962–66); the Third Plan (FY 1967–71); and the Fourth Plan (FY 1973–76). These plans were designed to gradually enhance the nation's defense capability commensurate with Japan's strength and position.

With the completion of the fourth defense plan during FY 1976, the government adopted the National Defense Program Outline at the Cabinet meeting on October 29, 1976. Unlike the previous four defense plans, the Outline does not set any fixed period during which to improve defense capability, but lays down the guidelines for Japan's future defense plan and provides the basis of administration and operation of the SDF. Thus, from FY 1977, the defense build-up as structured along the 1976 Outline, is designed to be planned on an annual basis in order to determine what is needed each year. After the temporary suspension of the previous five-year build-up plans, the government again proposed to prepare a new five-year plan from FY 1980 through FY 1984.[7]

Neither the Constitution nor any specific law contains provisions stating that a specified percentage of the Gross National Product (GNP) is to be spent on defense. From FY 1961 and thereafter, the percentage of defense spending, however, was set on a five-year basis as outlined in the defense build-up plans. During this period, the Defense Agency Director-Generals argued before the National Defense Council and before the Cabinet for an increase in defense expenditures of up to 2 percent of the GNP. Their requests for a larger portion of the GNP were based on the economic growth of Japan, the extremely low levels of defense spending, and the reduction in the United States' forces in and around Japan.[8]

On several occasions, the Defense Agency was opposed by the Ministry of Finance, the Ministry of International Trade and Industry, and the Economic Planning Agency on the grounds that the present rate of defense spending was not necesary and might interfere with their plans for economic growth. On each occasion, economic planners prevailed and the Defense Agency Director-Generals were unable to convince the Prime Ministers and Cabinet Ministers that 2 percent, rather than 1 percent of the GNP was necessary to build-up and maintain the SDF. It has been difficult for the Defense Agency to make a stronger case for a larger share of the budget.[9]

In the Cabinet meeting held on November 5, 1976, the Miki Cabinet decided to keep Japan's defense-related costs for each fiscal year at 1 percent of Japan's GNP.[10] Since then, succesive Cabinets have made it clear that they would continue this policy. In FY 1980, the total defense budget was 2,230.2 billion yen, wnich was 0.9 percent of the initially estimated GNP and 5.2 percent of the General Account Budget[11] (for previous figures, see Appendix).

As the FY 1981 defense budget is currently being prepared, there has been a growing demand within the ruling Liberal-Democratic Party and in business circles, as well as in the United States, for expansion of defense spending to more than 1 percent of the GNP. On November 12, 1980, Prime Minister Suzuki told the Special Committee on Security, Okinawa and Northern Territory Problems, that his government will hold Japan's defense spending is within 1 percent of the GNP.[12] On November 28, 1980, the Prime Minister again told foreign correspondents at his official residence that Japan will not expand its defense spending to more than 1 percent of the GNP. He pointed out that the desire to maintain defense expenditure at 1 percent was a national consensus and that "any further expansion of the spending beyond this limit would touch off fears among the members of the Association of Southeast Asian Nation."[13]

OVERSEAS DEPLOYMENT OF THE SELF-DEFENSE FORCES

On numerous occasions,[14] spokesmen for the Japanese government have reiterated the view that an overseas assignment of the SDF in excess of the limit of the right of self-defense would not be permissible under the Constitution. In their view, overseas deployment for the purpose of conducting military action within the territorial confines of other states—whether conducted by ground forces, ships or planes—would exceed the limit of the right of self-defense, thus contravening the Constitution.

In reply to the question of whether or not the SDF's participation in a UN force would be constitutional, a government spokesman stated in 1961 that Japanese participation in a UN action such as occurred in Korea would violate the Constitution, but that a role for Japan in a situation such as occurred in Lebanon would be permissible.

The Korean case was characterized as one wherein each participating nation fought as a sovereign nation although nominally under the UN flag. In the case of Lebanon, in which action was taken by the UN in response to a crisis in that country, the situation was describe as one wherein actions were taken at the command of the Secretary-General in supporting the internal security of Lebanon and these actions did not constitute involvement by sovereign nations. Participation by Japanese nationals as individual volunteers in UN actions would not raise constitutional questions unless the will of the state were in some way involved, e.g., any supportive actions taken by the government.[15]

In 1966, however, another spokesman stated that although Japan's participation in a UN action such as was taken in Lebanon would be permissible under the Constitution, it would still be repugnant to the existing SDF law.[16] According to a more recent pronouncement of the government (1978), it would not be possible to deploy the SDF overseas to participate in a UN force without revising the existing SDF Law and that at present the government did not intend to amend the SDF law for such purposes.[17]

On October 28, 1980, a similar government view was expressed to the extent that under the Constitution, Japan is allowed to send the SDF personnel overseas for non-military purposes. The government also stated that it is constitutional for Japan to participate in the UN peace-keeping forces if the SDF are not engaged in military actions; however, the existing SDF law neither allows Japan to deploy its forces overseas nor permits them to join UN peace-keeping activity.[18]

RESTRICTIONS ON THE DEVELOPMENT OF WEAPONS

The government has long maintained that the possession of offensive weapons such as ICBMs, IRBMs, MRBMs and SLBMs and long-range bombers (B–52s) would be a violation of the Constitution. The basic assumption is that any weapons, nuclear or not, which are designed primarily for attacking purposes are prohibited. On the other hand, F–86 fighter-bombers, F–4 phantom jets, Nike ground-to-air guided missiles, and HAWK missiles are considered to be defensive weapons and thus permissible under the Constitution.[19] In February 1978, the government justified the purchase from the United States of F–15 interceptor-fighter and P–3C anti-submarine warfare aircraft States on the grounds that they were defensive weapons.[20] The government has not published a list indicating what constitute offensive and defensive weapons. Some of the above distinctions were made in the Diet when pressed by members of the opposing political parties.

Government officials have conceded that war potential is banned by the Constitution. They have stated, however, that defensive needs are determined by the international situation, the nature of contemporary technology and various other factors. Thus, in the view of the government, the concept of a self-defense capability is flexible and changing, and there are no objective or constant criteria. The guiding principles have always been the minimum degree of military capability necessary for self-defense.

With respect to nuclear weapons, government officials have stated repeatedly since 1957 that the Constitution does not ban all types of nuclear weapons, but only those which are deemed to be offensive weapons.[21] In the view of the government, the possession and/or production of nuclear weapons is not forbidden. However, such possession and/or production of nuclear weapons would contravene the Basic Atomic Energy Law which provides that "the possession, development and utilization of atomic energy shall be limited to peaceful uses" and that the results of such atomic energy shall be limited to peaceful uses" and that the results of such atomic energy-related activities must be made public.[22]

Apart from the legality of the problem, government officials have consistently stated that Japan would not possess any nuclear weapons as a matter of policy; this policy is based on the "three nuclear principles." According to these three principles, Japan would not produce, possess, or permit the stationing of nuclear arms on Japanese soil. When Japan became a signatory country of the Nuclear Non-Proliferation Treaty in 1976, the government also cited this treaty as banning the possession and deployment of any nuclear weapons.[23]

It should be noted that the government tends to explain the limitation regarding offensive nuclear weapons in terms of the Constitution itself, the Atomic Energy Basic Law, the government policy and treaty, rather than as stemming from the scope of the right of self-defense.

Footnotes at end of article.

APPENDIX

CHANGES IN DEFENSE EXPENDITURES (ORIGINAL BUDGET)

[Unit: Y 1 billion, percent]

	GNP (initial forecast) (A)	General account (original) (B)	Growth from previous year	Defense budget (original) (C)	Growth from previous year	Ratio of defense budget to GNP (C/A)	Ratio of defense budget to general account (C/B)
Fiscal year:							
1955	7,559	991.5	0.8	134.9	3.3	1.78	13.61
1960	12,748	1,569.7	10.6	156.9	.6	1.23	9.99
1965	28,160	3,658.1	12.4	301.4	9.6	1.07	8.24
1970	72,440	7,949.8	17.9	569.5	17.7	.79	7.16
1971	84,320	9,414.3	18.4	670.9	17.8	.80	7.13
1972	90,550	11,467.7	21.8	800.2	19.3	.88	6.98
1973	109,800	14,284.1	24.6	935.5	16.9	.85	6.55
1974	131,500	17,099.4	19.7	1,093.0	16.8	.83	6.39
1975	158,500	21,288.8	24.5	1,327.3	21.4	.84	6.23
1976	168,100	24,296.0	14.1	1,512.4	13.9	.90	6.22
1977	192,850	28,514.3	17.4	1,690.6	11.8	.88	5.93
1978	210,600	34,295.0	20.3	1,901.0	12.4	.90	5.54
1979	232,000	38,600.1	12.6	2,094.5	10.2	.90	5.43

FOOTNOTES

[1] The Constitution of Japan, Nov. 3, 1946; came into force May 3, 1947.

[2] For this purpose, the Commission on the Constitution was established from 1957 to 1964.

[3] Law No. 165, June 9, 1954, as last amended by Law No. 87, July 5, 1978.

[4] Law No. 164, June 9, 1954, as last amended by Law No. 97, Dec. 27, 1977.

[5] Japanese Defense Agency, *Summary of Defense of Japan,* Tokyo, Foreign Press Center, 1980, p. 11.

[6] *Ibid.*, p. 10.

[7] *Ibid.*, p. 13–14.

[8] Martin E. Weinstein, *Japan's Postwar Defense Policy, 1947–68,* New York, Columbia University Press, 1971, p. 126.

[10] Boeicho [Defense Agency], *Nihon no boei* [Defense of Japan], Tokyo, 1979, p. 81.

[11] *Ibid.*, p. 234.

[12] *Asahi shimbun,* Nov. 30, 1980.

[13] *Foreign Broadcast Information Service, Daily Report, Asia & Pacific* [hereafter: *FBIS*], Nov. 28, 1980, p. C7.

[14] The government interpretations and views were expressed during the Diet debates in response to interpellations by opposition parties.

[15] Shuglin Gaimu Iinkai Chosa Shitsu, *Shuglin Gaimu Iinkai Yosan Iinkai ni okeru ampo rongi* [Security Debates before the Committees on Foreign Affairs and Budget], Feb. 1967, p. 365–369.

[16] *Ibid.*, p. 453–455.

[17] *Boei nenkan, 1979* [Defense Yearbook, 1979], Tokyo, Boei Nenkan Kanokakai, 1979, p. 90–99.

[18] *FBIS,* Oct. 28, 1980, p. C5

[19] *Boei nenkan,* p. 127–131.

[20] *Ibid.*, p. 169.

[21] *Ibid.*, p. 123.

[22] Law No. 186, Dec. 19, 1965, as last amended by Law No. 86, June 5, 1978.

[23] *Nihon no boei,* p. 64.

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FEDERAL REPUBLIC OF GERMANY

I. CONSTITUTIONAL LIMITATIONS ON TROOP DEPLOYMENTS OUTSIDE THE FEDERAL TERRITORY

A. Issue: What limitations exist in German law on the permissibility of troop deployments outside of the Federal territory, in particular, outside the NATO region, as described in article 6 of the North Atlantic Treaty?

B. Conclusion: The Constitution of the Federal Republic of Germany contains no specific provision that prohibits the deployment of German troops outside the Federal territory. The authorities agree that such deployment would be constitutional within the limits foreseen in article 6 of the North Atlantic Treaty, but it can be argued that a historical interpretation of the Constitution and an interpretation of its articles 26, 87 a, paragraph 2 and 115 a–115 1 prohibit a deployment of German troops ouside the German territory and the NATO region, unless such deployment is undertaken to defend an attack on Germany or its NATO partners. However, these provisions could also be interpreted to the effect that they contain no such general prohibition, and that such deployment is constitutional, unless undertaken in a manner apt to disturb the peace or prepare for an act of aggression and with specific intent of achieving these goals.

C. Analysis:

1. Arguments in support of unconstitutionality.

Statements made in the second half of 1980 by Chancellor Helmut Schmidt [1] that it would be unconstitutional for German troops to be deployed in the Persian Gulf have not included an analysis of these Constitutional issues; however, the following arguments can be made in support of his position: [2]

Historical interpretation

When the Constitution was drafted in 1948, it excluded the issue of defense almost entirely.[3] Aside from certain provisions touching on the military, such as the right of individuals to be conscientious objectors, it contained no legislative or executive powers over defense and no system for the formation of armed forces. These omissions were in keeping with both the intent of the population and with the will of the occupying powers. The Constitution's preamble contains a peace-loving ideology, and article 26 renders acts of aggression and their preparation, in particular a war of aggression, unconstitutional and mandates the legislature to make such acts a punishable offense. Constitutional provisions for the reconstruction of a defense system were only included in 1954 and 1956,[4] as a consequence of Germany's accession to the North Atlantic Treaty. The legislative history of the Constitution reveals the pacifist ideology of some of its drafters,[5] and a strictly historical interpretation of the Constitution might severely limit the capacity of the German Government to engage in military activities. The legislative materials show particularly, in the discussion of article 26 of the Constitution (see below), that some of its drafters considered that anti-military safeguards as going well beyond the inclusion of a provision that prohibits the waging of war.[6]

Article 26 of the Constitution

Another argument for the unconstitutionality of troop deployments outside of the NATO region can be made from article 26,[7] paragraph 1, of the Constitution. It provides as follows:

Acts tending to and undertaken with the intent to disturb the peaceful relations between nations, especially to prepare for an aggressive war, shall be unconstitutional. They shall be made a punishable offense.

A rigid interpretation of this Article could justify doubts on the constitutionality of troop deployments aside from the defense of the German territory and that of its NATO partners.

Support for such a position is contained in a statement by Karl Hernekamp.[8] In discussing article 87a, paragraph 2, of the Constitution he states:

Article 87a, paragraph 2, prevents the *Bundestag* [9] from deciding the occasion for a deployment of troops at its own discretion. Instead, this power is reserved to the constitution-amending legislature. Because of the absolute barrier of the prohibition of aggression (article 26 in conjunction with article 1, paragraph 2, and article 79, paragraph 3) such authorization can concern only international mandates to establish order (for example, German participation in United Nations troop contingents) or deployment possibilities within the territory.

Also, there is no doubt that acts that could touch on the prohibitions of article 26, paragraph 1, are subject to judicial review by the Constitutional Court. Menzel, the renowned constitutional scholar, states this view as follows: [10]

The ascertainment of whether an endangerment of the peaceful coexistence of the nations—not purely of peace—lies within the free judicial determination which, however, must be exercised under consideration of the practice of foreign states.

In interpreting article 26, paragraph 1, Hernekamp characterizes the peaceful coexistence envisioned by this provision as a coexistence characterized by the absence of any military force. He further states that the mandate to keep peace does not go beyond the prohibition to use force found in the Charter of the United Nations.[11]

Article 87a, paragraph 2, of the Constitution

Yet another argument for the unconstitutionality of German troop deployments outside the NATO region can be made on the

Footnotes at end of article.

basis of article 87a, paragraph 2, which provides:

Apart from defence, the Armed Forces may only be used to the extent explicitly permitted by this Basic Law.

This provision was included in the Constitution by an amendment in 1968 that primarily provides the acceptable occasions when a state of defense or of tension may be declared in Germany and outlines the concomitant issues of power of command, declaration of war, and the entering into effect of emergency powers.[12] Whereas most commentators agree that the primary purpose of article 87a, paragraph 2, looks inward, i.e., to refer to the permitted uses of the Armed Forces inside of Germany in the manner permitted by various constitutional provisions,[13] a limitation of the peacetime deployment of troops abroad may be found in the term defense.

One constitutional scholar, E. Klein, investigated this issue on the occasion of a potential German participation in armed peacekeeping missions of the United Nations.[14] He examined the meaning of the term defense in this constitutional provision; and, since there is no legal definition in the Constitution itself, he rejected a very restrictive interpretation that would permit defense measures only after a state of defense is declared (article 115a, see below). But, he also found that the term defense cannot justify participation in military operations anywhere in the world outside of a direct relationship to territorial defense or the defense of an ally.

Article 115a of the Constitution

Article 115a of the Constitution provides that a state of defense is to be declared in a formal parliamentary proceeding, and only upon its declaration may certain measures described in sections 115a through 115l enter into effect. (These measures include a transition of the command over the armed forces from the Federal Minister of Defense to the Federal Chancellor.) A state of defense can be declared only if the Federal territory is being attacked by an armed force or if such an attack is imminent.

This provision clearly aims at establishing when a transition from peacetime law to emergency law can take place, and there is a consensus that measures of defense as envisioned in article 87a, paragraph 2, can be undertaken without such a declaration.[15] However, in analyzing the possibility of German participation in UN peacekeeping missions, Klein found such participation at least politically questionable; it might violate the intent of article 115a that stresses parliamentary participation, since such peacekeeping actions might lead to more serious involvements of the Federal Republic without the parliament ever having been involved in the decision-making process.[16]

2. Arguments upholding the constitutionality of troop deployments.

a. A recent analysis of the issue:

Chancellor Schmidt's statements on the constitutional limitations with regard to a potential troop deployment in the Persian Gulf have been criticized in several recent newspaper articles. One very interesting analysis of the Constitution was undertaken by G. Gillessen, in an article in the Frankfurter Allgemeine Zeitung, entitled "The Basic Law does not mention the Indian Ocean."[17] His conclusion that a participation of the Federal Republic in an international armed endeavor outside the NATO region is permitted under the Constitution is based on the following reasoning:

Historical interpretation

He concedes that a historical interpretation of the Constitution reveals that the provisions dealing with defense were issued primarily under the assumption that they will deal only with territorial defense, but he rejects a historical interpretation as the proper ultimate analysis.

Article 115a

He then proceeds to examine the provisions of article 115a, i.e., the formal declaration of a state of defense as a prerequisite for emergency powers; however, he sees the exclusive purpose of this provision in deciding when a peacetime system of government has to be replaced by emergency measures.

Article 87a and 26

In analyzing article 87a of the Constitution, Gillessen finds that its concept of defense is limited only by the prohibitions of aggressive acts according to article 26. To determine the content of article 26, he relies on some statements made in a very authoritative commentary to the Constitution, i.e., that published by Maunz, Dürig, Herzog, and Scholz.[18] He summarizes their comments as follows:

The Basic Law prohibits the Federal Republic from taking an attitude hostile to peace. In a crisis the organs of state retain considerable leeway in judging the political situation. Whether their political, diplomatic, or military measures hope to prevent a crisis development in the individual case or whether they deliberately contribute to its occurrence because they are convinced that it is inevitable in view of the malice of the other side, remains of no consequence as long as they themselves are free from a malicious intent bent on disturbing the peace. Therefore, in judging actual defense policy from the point of view of constitutional law, the intent is decisive, not the form of military measures or their preparation. In this context, defense is to be understood as the opposite of a war of aggression.

Article 24

Gillessen then proceeds to find in the German participation in NATO and its constitutional authorizations in article 24 of the Constitution proof that defense can mean more than mere territorial defense. Article 24, paragraph 2, provides as follows:

For the maintenance of peace, the Federation may enter a system of mutual collective security. In doing so it will consent to such limitations upon its rights of sovereignty as will bring about and secure a peaceful and lasting order in Europe and among the nations of the world.

He finds that the Constitution would not prohibit the Federal Republic from instigating an expansion of the NATO operational region in the NATO Council, and it would not prohibit the Federal Republic from making a political show of its Armed Forces outside the NATO region, as long as this action is undertaken with a peaceful intent. He also mentions German troop deployments that have been undertaken within the NATO regions, i.e., in North Norway and near the Greco-Turkish border. The constitutionality of these deployments was not questioned.

Issues of international law

From the point of view of international law, Gillessen equates the blocking of maritime straits for the delivery of oil to a maritime blockade of a European port. He considers measures to overcome these problems as permissible under international law.[19]

Furthermore, he states that since the NATO region is not a constitutionally defined term, deployments outside the area are also permissible.

Political versus legal decision

Gillessen concludes by finding that statements on the constitutional prohibitions for overseas troop deployments shift the discussion from the political forum where it belongs to the legal forum, thereby cutting off a desirable political debate.

b. Other considerations:

Historical interpretation

Whereas the Constitution as originally enacted in 1949 contained no provisions for a system of defense, shortly after its enactment both the German Government and the occupation powers found it desirable that the Federal Republic be rearmed in order to contribute to the defense of Western Europe. Originally it was envisioned that this be accomplished within the framework of the European Defense Community. This project ultimately failed because France did not want to relinquish the amount of sovereignty called for in this proposal. Ultimately, the Federal Republic of Germany acceded to the North Atlantic Treaty in 1955.[20]

The proposed German defense contribution led to an intense constitutional struggle during which the Constitutional Court was invoked several times; and numerous briefs, responses, and advisory opinions were written. This well-documented constitutional dispute showed clearly that at that time, i.e., 1950–1954, the opinions of scholars and politicians were sharply divided on how pacifist and opposed to a system of defense the Constitution actually was.[21]

2. Judicial review of foreign policy decisions.

In the above described dispute, it is interesting to note that the Constitutional Court, when called upon to decide the issue, which according to German law was justiciable, in fact delayed rendering a substantive decision until the issue was resolved politically.[22]

The Constitutional Court was again, thereafter, called upon to review a foreign policy decision, i.e., the constitutionality of the Saar Agreement. The Court confirmed the policy of the Government.[23] A similar occasion arose in 1958 when the issue of the permissibility of nuclear weapons on German soil (within NATO) was at stake. In this case the Court acted very quickly to help the Government by prohibiting an informal phebiscite planned in some of the laender. These decisions may justify the general statement that the Court will tend not to interfere in the Government's conduct of foreign policy. Whereas some scholars criticize the positions that the Court took,[24] others find its self restraint commendable.[25]

Article 26

Since the interpretation of article 26 of the Constitution is a key issue in deciding the constitutionality of troop deployment abroad, whether it is considered as the only criterion or in conjunction with other constitutional provisions, a closer look at the very perceptive analysis of this provision as contained in the Maunz-Durig Commentary to the Constitution is of interest.[26] This analysis is remarkable since it investigates article 26 in the light of political realities.

These comments stress that article 26 must be interpreted in a restrictive manner, since otherwise the very broad wording contained therein would bring it close to an absolute prohibition of war, which was not the intent of the framers. This commentary points out the difficulties of distinguishing a war of aggression from a defensive one in international law, and the even greater difficulties in deciding which actions outside of war should be characterized as disturbing peaceful relations. It continues to state that:

Without doubt hardly any act is conceivable that could not lead in some way to international discord. If a methodology adopted in its interpretation that, in accordance with the wording, takes into consideration all possible results and this were coupled with the principle of causation of condition sine qua non, almost any public and private activity would become unconstitutional.

The Commentary then proceeds to interpret the provision as considering the war of aggression as the main and typical example of a prohibited act and that the Constitu-

Footnotes at end of article.

tion does not prohibit any use of international means of pressure, but only a malicious kindling of the flames.

In analyzing the hostile motive required to make policy decisions unconstitutional, the Commentary states that the Constitution merely prohibits an attitude that is opposed to peace. But the Constitution does not prohibit otherwise neutral acts merely because hostile states could make them the occasion to start a dispute. As long as the state organs of the Federal Republic lack the peace-disturbing intent, their actions remain constitutional, even when a crisis is deliberately brought to a climax, if this is considered as inevitable in view of the conduct of the opponents.

Article 87a and 115a

A convincing opinion on the meaning of defense as stated in article 87a, paragraph 2, is given by K. Ipsen.[27] He represents the view that defense measures do not necessarily require a state of defense according to article 115a or a state of tension according to article 80a, since this is not stated in the Constitution. He shows the absurdity of the opposite view by describing a hypothetical case: If a naval vessel of the Federal Republic were attacked on the high seas, this would not constitute a state of defense, yet defense measures to counteract it would be needed. In his opinion, external defensive measures are permissible if they do not violate article 26, when an attack according to article 6 of the North Atlantic Treaty is given, and the attack makes collective or individual defense permissible according to article 51 of the United Nations Charter.

He then notes that the power to set such defensive acts lies with the executive branch of government. From the legislative history of article 115 a and its predecessor, article 59 a (now repealed), he derives that the lack of parliamentary involvement in the setting of external defensive acts according to article 87 a, paragraph 2, was not an oversight of the drafters but intended.

3. Political outlook:

Whereas there is considerable room for dispute about the existence of constitutional limits for an involvement of German troops in the Persian Gulf, most German politicians consider such an involvement as politically unwise. For instance, the German candidate for Chancellor of the Christian Democratic Union and Christian Socialist Union in the 1980 elections stated in September of 1980 and in January of 1980 that the protection of the oil deliveries from the Persian Gulf region was of concern to Germany, but that these interests should be protected by major maritime powers. He felt that Germany should not engage itself outside the NATO region but perhaps assume additional NATO responsibilities to compensate [28] for its lack of action in the Persian Gulf.

II. LIMITATIONS ON THE DEVELOPMENT OF WEAPONS BY THE FEDERAL REPUBLIC

Limitations concerning the production of weapons exist in the Federal Republic in the Constitution, in statutory law, and through international treaties.

A. Constitutional Limits:

Article 26, paragraph 2 of the Constitution provides the following:

Weapons designed for warfare may not be manufactured, transported, or marketed except with the permission of a Federal Law. Details shall be regulated by a Federal Law.

B. Limits by international agreements:

The Federal Republic of Germany is bound by international agreeemnt to refrain from manufacturing in its territory nuclear, chemical, and biological weapons. The Federal Republic is also bound by international agreement to refrain from producing certain other weapons such as warships and long-range missiles. This latter prohibition, however, is subject to modification of the parties to the agreement.

These restrictions came into force in the course of Germany's accession to the Brussels Treaty and the North Atlantic Treaty and it was accomplished in a series of Protocols and Appendices that were signed in Paris on October 23, 1954.[29] In Appendix I to Protocol No. II., the Federal Chancellor of the Federal Republic declared that the Federal Republic will refrain from manufacturing in its territory atomic, chemical, and biological weapons as described in Appendix II. He also declared in Appendix I that the Federal Republic will refrain from manufacturing in its territory the weapons described in Appendix III, including long-range missiles, influence missiles, and warships, with the exception of smaller ships for defense purposes, and bomber aircraft. Modifications concerning these armaments, however, can be made by the Council of Western European Union. In Protocol No. III the contracting parties, i.e., the members of the Brussels Treaty, accepted the declaration of the German Chancellor.

The armaments described in Appendix III have been modified several times in the manner foreseen by the agreement.[30]

Further limitations on the production of weapons are also found in the following treaties to which the Federal Republic is a party:

Treaty on the Prohibition of the Emplacement of Nuclear Weapons and other Weapons of Mass Destruction in the Sea-Bed and the Ocean Floor and in the Subsoil thereof; [31]

Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space, and Under Water; [32]

Treaty on the Non-Proliferation of Nuclear Weapons.[33]

C. Limits of Statutory Law:

In compliance with article 26, paragraph 2, of the Constitution, the Statute on the Control of War Weapons was enacted in 1961.[34] It describes as war weapons those listed in an Appendix to the Statute. Part A of the Appendix describes the weapons covered by Protocol III modifying the Brussels Treaty (see supra page 16), and Part B contains a detailed and exhaustive list of other substances and objects that are considered as war weapons in Germany. The statute further provides the administrative framework for the authorizations required for any production, marketing, or transportation of the listed weapons within the territory of the Federal Republic.

III. CONSTITUTIONAL LIMITS ON SPENDING LEVELS FOR DEFENSE

Like all expenditures of the Federation, the expenditures for defense purposes are subject to the general budgeting provisions of articles 104a–115 of the Constitution. Article 110 provides that all expenditures of the Federal Government shall be included in the budget that must be enacted into law by the Federal parliament. The budget may be enacted either for one year or for longer periods. Once enacted, the budget is binding on the executive department as statutory law. However, articles 111 and 112 contain provisions enabling the Government to continue spending if the budget is not passed in a timely way and that permit Government to incur overruns. A constitutional limitation of expenditures foreseen in the budget is contained in article 109 of the Constitution and provides that the fiscal planning of the Federation must take due account of the requirements of overall economic equilibrium.

In addition to these general provisions concerning the budget, the Constitution contains a specific provision for the manner in which the armed forces must be reflected in the budget. Article 87a, paragraph 1, provides that the numerical strength and the organizational structure of the armed forces shall be shown in the budget.

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FOOTNOTES

[1] Interview with Helmut Schmidt, *Issues and Answers* (Sunday, November 16, 1980), ABC News.

[2] Due to the limited time available for preparing this report, no exhaustive review of the literature bearing on this issue could be made. Also, at least one up-to-date source on German Constitutional Law had to be ordered especially for this report and has not arrived to date: T. Maunz, G. Dürig, and R. Herzog, *Grundgesetz. Kommentar*. 5. Auflage, (München, 1980). However, the reviewed sources are representative of the different possible interpretations. Should a more detailed analysis be required, this can be done if sufficient time is provided.

[3] Grundgesetz für die Bundesrepublik Deutschland vom 23, Mai 1949, *Bundesgesetzblatt* [BGB1., official law gazette of the Federal Republic of Germany] p. 1.

[4] Gesetz zur Ergänzung des Grundgesetzes vom 26. März 1954, BGB1. I, p. 45. Gesetz zur Ergänzung des Grundgesetzes vom 19. März 1956, BGB1. I, p. 111.

[5] H. Rumpf, *Der ideologische Gehalt des Bonner Grundgesetzes* 24 (Karlsruhe, 1958).

[6] Menzel in *Bonner Kommentar* [BK] p. 3 to article 26 (Hamburg, 1950–).

[7] A translation of the provisions of the Constitution that deal with defense as contained in *Basic Law of the Federal Republic of Germany* (Press and Information Office, Government of the Federal Republic of Germany, 1974) is included as *Appendix I*. Included are in particular: arts. 17 a, 24, 26, 35, 45 a, 45 b, 65 a, 73, 80 a, 87 b, 110–115, and 115 a – 115 l.

[8] Karl Hernekamp, in 3 *Grundgesetz-Kommentar* [GG–K] 325 (München, 1978).

[9] Representative Chamber of the German Parliament.

[10] Menzel, in BK, at p. 8 of the comments to art. 26.

[11] 2 GG–K, at 149–150 (München, 1976).

[12] Siebzehntes Gesetz zur Ergänzung des Grundgesetzes vom 24. Juni 1968, BGB1. I, p. 709. This amendment also added the provisions on emergency powers contained in arts. 80 a and 115 a—115 l. (*See Appendix I.*)

[13] BK, p. 18 of the comments on art. 87 a (22. Lieferung, January 1969).

[14] E. Klein, "Deutsche Beteiligung an UN-Streitkräften," in 34 *Zeitschrift für ausländisches und öffentliches Recht* 429 (1974).

[15] Knut Ipsen, "Die rechtliche Institutionalisierung der Verteidigung im atlantisch-westeuropäischen Raum," 21 *Jahrbuch des öffentlichen Rechts* (1972).

[16] *Supra* note 14, at 440.

[17] *Frankfurter Allegemeine Zeitung*, October 3, 1980, p. 6.

[18] *See supra* note 2. However, in the first edition of this work, published as: T. Maunz, and G. Durig, *Grundgesetz* (Munchen, 1963–), comments to art, 26, contain similar if not the same statements.

[19] The constitutional scholar, E. Klein, expressed agreement with Gillessen's opinion that blockage of the transportation of oil is the equivalent of an aggressive blockade according to international law. Whereas he finds that Gillessen goes too far in subordinating to defense any act that is not an aggression, he finds that the blocking of the maritime traffic of essential goods constitutionally justifies a deployment of German troops: E. Glein, "Deutsche Streitkrafte am Persischen Golf," *Fankfurter Allgemeine Zeitung*, 6 November 1980, p. 11.

[20] A short account of these events is contained in M. Bathurst *and* J. Simpson, *Germany and the North Atlantic Community*

163–172 (London, 1956), which is included as *Appendix II.*

[21] *Der Kampf um den Wehrbeitrag* (München, 1952, 1953).

[22] A good analysis of these cases and the events leading to them may be found in Karl Loewenstein, "The Bonn Constitution and the European Defense Community Treaties," 64 *Yale Law Journal* 805 (1955), included as *Appendix III.*

[23] Decision of the Bundesverfassungsgericht of May 4, 1955, 4 *Entscheidungen des Bundesverfassungsgerichts* 168 (1955).

[24] Loewenstein, *supra* 21.

[25] H. Laufer, "Politische Kontrolle durch Richtermacht," in *Verfassung, Verfassungsgerichtsbarkeit, und Politik,* 103 (Frankfurt, 1976); also, H. Laufer, *Verfassungsgerichtsbarkeit und politischer Prozess,* 397–446 (Tubingen, 1968).

[26] *Supra* note 18.

[27] *Supra* note 15.

[28] *Frankfurter Allgemeine Zeitung,* January 19, 1980, p. 1 and September 29, 1980, p. 2.

[29] Protocol Modifying and Completing the Brussels Treaty, Protocol No. II on Forces of Western European Union, Protocol No. III on the Control of Armaments, including Appendices, I–IV, Protocol No. IV on the Agency of Western European Union for the Control of Armaments, Treaty between Belgium, France, Luxemburg, the Netherlands, and the United Kingdom of Great Britain and Northern Ireland, i.e., Brussels Treaty as Modified by the Protocols of 23 October 1954, 211 UNTS 342. These agreements were promulgated in Germany in BGBl., II 256 (1955). A copy of this promulgation that contains the English text is included as *Appendix IV.*

[30] Now in effect in the version of Bekanntmachung vom 6. Juli 1972, BGBl. II, p. 767. (*See Appendix V.*)

[31] Signed in Washington, 11 February 1971, 23 UST 701: TIAS 7337; ratified by the Federal Republic 12 March 1972 BGBl. II, p. 325.

[32] Signed in Moscow, 5 August 1963, 14 UST 1313; TIAS 5433; 480 UNTS 43; ratified by the Federal Republic 29 July 1964, BGBl. II, p. 906.

[33] Signed in Washington, D.C., 1 July 1968, 21 UST 483; TIAS 6839; 729 UNTS 161; ratified by the Federal Republic 4 June 1974, BGBl. II, p. 785.

[34] Ausführungsgesetz zu Artikel 26, Abs. II des Grundgesetzes (Gesetz über die Kontrolle von Kriegswaffen) von 20, April 1961, BGBl. I, p. 444, as last amended by Gesetz vom 31. Mai 1978, BGBl. I, p. 641.

PERCENTAGE ANNUAL CHANGES IN DEFENSE SPENDING IN REAL TERMS [1]

	Average, 1966–75	1976	1977	1978	1979	1980 [2]
Belgium	4.6	6.8	2.6	6.7	2.2	----------
Canada	−.4	2.6	3.8	−.2	−.9	----------
Denmark	.5	1.7	3.7	4.1	.2	----------
France	[3]	[3]	[3]	5.2	2.4	3.5
Germany	1.4	.2	−.6	3.1	1.7	2.8
Italy	2.4	−.9	4.5	2.6	6.0	----------
Luxembourg	3.9	7.1	−2.4	7.9	3.5	----------
Netherlands	1.6	−1.0	11.0	−5.3	5.0	----------
Norway	1.8	.4	1.6	7.7	1.9	----------
Portugal	3.3	−18.4	−7.2	1.7	2.7	----------
United Kingdom	−1.6	−2.1	−2.4	−.6	3.0	2.5
United States	−2.1	−3.6	.5	1.6	3.4	3.8

[1] Based on the NATO definition of defense spending. (For the United States, this includes military assistance, outlays for the Coast Guard, and weapons programs funded by DOE.)
[2] Data for 1980 are estimated.
[3] No data.
Source: Defense Department.

QUORUM CALL

Mr. EXON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. QUAYLE). Without objection, it is so ordered.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AT LAST A NEWSPAPER REPORT GIVES THE DAIRY FARMER HIS DUE

Mr. PROXMIRE. Mr. President, after more than 20 years in this body I have learned that many of the most important fights are won or lost—not on their merits and not necessarily on who does the best lobbying job—by who gets there fustest with the mostest, to paraphrase General Forrest's observation. No, often the big fights are won in the press, the media, by the perception the American public gets from what they read in their morning paper and see on their evening TV news.

And on this bill—this dairy price adjustment bill, I have despaired because until one story appeared one day last week the media had been relentlessly, brutally, unanimously unfair to the dairy farmer. The New York Times, the Washington Post, even Wisconsin papers had run one grossly unfair, one-sided story after another reporting that the 80-percent price support was too costly to the taxpayer and the consumer and that it was making the dairy farmer rich. CBS news did a classic one-sided hatchet job on the dairy farmer. And that pained me because the CBS morning news is one of the most competent and fairest on the air. The only farm CBS showed in their report on the dairy price support milk fight was a New York State farm with 300 cows. Three hundred! That happens to be exactly 10 times as big a herd as the average dairy farm in this country on which there are 30 cows.

You will not find 1 dairy farm in 100 or in 1,000 that has 300 cows.

The impression the TV viewer received was that all dairy farmers are rich and prosperous and producing too much milk because the price is so high.

And then last week, a story appeared, not in a Wisconsin publication, or a farm publication, but in the Wall Street Journal—the Wall Street Journal, Mr. President—that told the truth about the dairy farmer—how very hard and long he works, how remarkably efficient he is, what an investment he makes, and what a unique sacrifice he already makes at present prices to make a living.

Mr. President, I had been prepared to come on the floor and challenge the newspapers or the TV to send a reporter out to a typical dairy farm, to get up with the farmer at the crack of dawn and out to a cold barn, to watch the remarkable effort of the farmer, his wife and his kids as they do the hard, tough, skillful job that dairy farming requires. I was intending to point out how papers send reporters to Afghanistan or El Salvador to cover controversial stories far removed from our borders. But here is a great story right here in America that no one had told.

Last Friday, Lawrence Ingrassia of the Wall Street Journal told the story.

Mr. President, that story is so impressive that I do not intend simply to put it into the RECORD but to read it verbatim so Members of the Congress will get some taste, some smell, some understanding of why the dairy farmer deserves and needs a break.

I point out that this story reports on a dairy farmer who happens to disagree with me on the basic issue in the pending bill—the continuation of the 80-percent price support level. We obviously will lose on that issue tomorrow, the bill will, unfortunately, pass, but the story I am about to read indicates why this action cutting a third of the dairy farmer's income will be a mistake.

The bill will probably pass overwhelmingly, maybe by a voice vote.

The story I am about to read indicates why this action cutting one-third of the dairy farmer's income will be a mistake.

The story, as I say, is written by Lawrence Ingrassia, a reporter I do not know. I do not know his work, but he did a bangup job here, and if I had any Pulitzer Prize, I would give it to him.

The report is from Jim Falls, Wisc.

DESPITE THE DRUDGERY, A MIDWEST DAIRYMAN STICKS WITH HIS COWS—CALVIN MAIER LOVES THE LIFE, BUT MANY OTHERS FORSAKE ETERNAL DAILY MILKINGS—BAD NEWS FROM WASHINGTON

(By Lawrence Ingrassia)

JIM FALLS, WIS.—Calvin Maier milked his first cow in 1940, when it was done by hand. Fields were plowed with horses, and manure was shoveled out of the barn.

Machines do all this today, but one thing hasn't changed. The cows must still be milked morning and night, seven days a week, 365 days a year. Even with modern conveniences, Mr. Maier is tied to his farm just as his father was.

He has had one vacation in 15 years and usually gets away for only a couple of weekends a year. The 45-year-old dairyman spends so much time with his cows, he says matter-of-factly, that "you could blindfold me and sit me beside a cow, and if I felt her udder I could very likely tell you her name."

Despite laboring long hours, often in bone-

chilling cold or sweltering heat, in a dreary and pungent barn. Mr. Maier loves dairy farming. But fewer and fewer dairy farmers are up to this daily drudgery, especially when they see many of their country cousins—farmers who raise only grain, for instance—heading to Florida for fun in the sun each winter and jetting to farm conventions now and then.

Farmers have been getting out of dairying in droves. There are currently about 170,000 U.S. dairy farms, down 35% since 1969, and a proposal by the Reagan administration to hold down dairy price supports could hasten the departure of more dairymen.

That doesn't mean that the children of America will go without milk. Although fewer, the remaining dairymen have become so efficient that they produce more milk than Americans drink. Rising farm productivity in the U.S. is well known, but perhaps nowhere is it more evident than on dairy farms. The average bossy produced 11,813 pounds of milk last year, up from 5,842 pounds in 1955, because of improved breeding and feeding.

That is more than doubling the production per cow of milk, from 5,842 pounds to 11,813 pounds in the last 25 years because of improved breeding and feeding.

That is not just automatic. That is because the dairy farmer is smart, because he is efficient, because he has done a great job.

For all the complaints about sagging farm income, dairymen have prospered. Increased productivity and higher prices helped raise the average profit before taxes of Wisconsin dairy farmers to $19,635 in 1979, up 76 percent from 1977, according to Truman Graf, a University of Wisconsin agriculture economist.

Mr. President, I hesitate on that point. They say prospered. We should put that in quotes. Nineteen thousand dollars is a nice income. Most people in America do not make $19,000.

Mr. President, this is not the income of one person. This is the income of about six people who work very hard, who work an average, according to the University of Wisconsin, of 130 to 150 hours per week for that.

They make an investment of $250,000. The return on that investment is nil.

Their income is $2.89 per hour of work, skilled work, hard work, tough work.

WATCHING WASHINGTON

But President Reagan's plan to eliminate a scheduled April 1 increase in dairy price supports would skim the cream off the farmers' profits. Under the program, the price of milk rises with inflation because the government offers to buy milk at the support price—which lately has been increased twice a year—and thus forces other buyers to meet that price.

Forgoing the April price-support increase would cost Wisconsin dairymen, for example, an average of $5,850 a year, Prof. Graf estimates.

I want to point out that $5,850 a year is a one-third cut in their income. No other group in America is being asked to take a one-third cut in their income because of the budget cuts this year. It is a one-third cut in their net income. They will drop $2 an hour for the hours they put in.

But it also would save money for shoppers. It's estimated that if Congress rejects Mr. Reagan's proposal milk prices will rise about 7½ cents a gallon, cheese 9 cents a pound and butter some 10 cents a pound. Despite heavy dairy-lobby opposition, the proposal is moving through the House and Senate and is expected to be approved by April 1. The House Agriculture Committee approved the Reagan plan yesterday.

In the past, any threat to price supports would have touched off intense lobbying by the politically potent dairy industry. But this time the protests have been somewhat muted, at least in some segments of the industry. With high prices encouraging dairymen to produce too much milk. "Most dairy leaders in the country recognize that some adjustments must be made," concedes Hollis Hatfield, director of the American Farm Bureau Federation's dairy department.

Mr. Maier reluctantly agrees. President Reagan's plan won't so much reduce his income as keep him from making up to $7,000 more in 1981 (his milk production is a little higher than average). "I'd like higher prices, sure, but I won't go out of business because of it," he adds.

Mr. Ingrassio is wrong. It will reduce his income. As the economist from the University of Wisconsin pointed out, his analysis shows it will cut his income by $5,850 a year.

PAST 2 YEARS WERE GOOD

Indeed, 1979 and 1980 were two of Mr. Maier's best years, with net income of about $24,000 a year.

I shall point out in a minute that this is not a typical farm. This is a farm which has 50 cows, which is about one-third more than the average dairy farm in Wisconsin and two-thirds more than the average dairy farm in the country.

Out of Maier's total sales of about $127,000 last year (including $103,000 from the sale of milk and $24,000 from the sale of cattle for meat and milk production) come all his cash operating expenses, plus depreciation on everything from the barn to the family pickup truck.

That is important. Anybody who has ever been in a business knows that you do not take your gross and figure that that is your net. You have to pay for your equipment over time. You have to pay your taxes, you have to pay all kinds of expenditures. When the dairy farmer is through with that, as I say, he has a very, pitifully small hourly income.

In addition, like any small businessman, Mr. Maier can deduct from taxable income the costs of such combined business-personal expenses as trips to state fairs, part of his telephone and electric bills and $110 a month in allowances his children get for their work. "I guess we make a little money," Mr. Maier says, "but we're entitled to it. It isn't a get-rich-quick scheme. I got ahead because I'm out here doing a man and a half's work all the time."

Mr. Maier bought his farm here in 1966, after saving enough money by working in dairies as a foreman and later as a government inspector. He confesses to being a country boy at heart. "A $100,000 salary wouldn't be enough to get me to live in Chicago," he says.

Mr. Maier paid $39,000 for 160 acres, an aging farmhouse, a barn, a machine shed, a small silo and 30 black-and-white Holstein cows, to which he added five cows that had been kept for him on his father's farm nearby. The Maiers now milk 50 cows and farm 240 acres; they have plowed nearly all their earnings back into their farm. It's worth about $350,000 today, Mr. Maier figures. His debt is $70,000.

For the Maiers, and for many farmers here in the rolling dairy country of northwestern Wisconsin, dairying isn't just a way to make a living; it's a way of life. In Jim Falls, a hamlet of about 150 and home of Falls Dairy Co., such evening activities as Lion's Club dinner meetings and school parent-teacher conferences never start before 8 p.m., so farmers have time to finish their chores.

Mr. MOYNIHAN. Will the Senator from Wisconsin yield on that point?

Mr. PROXMIRE. Yes, Mr. President, I am delighted to yield.

Mr. MOYNIHAN. The distinguished Senator knows that my home in New York is on a milk farm. I may, in some formulation, be thought the only dairy farmer in the Senate. I am not a dairy farmer; I am privileged to live among them in Delaware County. The farm we bought years ago, which has been the base of our family ever since, is used by my neighbor, Bernald Briggs. I met young Mr. Briggs just at a time, just after President Kennedy's assassination, that we went up and bought this place. He was just starting out in business, in farming. He asked if he could rent our farm for a nominal fee, which he did. He uses the barns, he uses the fields.

He was a young man, then. He is a young man now, in some respects. He soon thereafter married and went for a honeymoon in Niagara Falls. That would be, I believe, 1964. That was the last vacation, to my knowledge, Bernald Briggs has ever had. It may have been the last day he has had off. It has to have been the last day he had off, because he milks every day. He milks on Christmas morning, he milks on New Year's Eve.

He has five wonderful young boys who help him now, who can begin to drive tractors and do things like that. His wife works in the fields alongside him, doing the hard labor in those fields.

The winters in upstate New York are not any milder than those in Wisconsin. They are bitter. At 6 o'clock in the morning, it is bitter cold. And you milk; you make your way, you break your way. The ice is in the pails. You milk at 6. You feed all day, work all afternoon, then milk again and finally get to bed in order to get up at 5:30 in the morning. It never stops.

Bernald Briggs has never taken a penny from any one, not a nickel from any one. He has a fine family to show, a good family to show. But, my Lord, the work that goes into milk farming. No other work in America is the same. Nobody—coal miners have Sundays off, steeplejacks get down from the top sometimes. Even Senators have an occasional recess. Milk farmers never get a day. I do not think anybody appreciates how that work is done. I wanted to share that.

Mr. PROXMIRE. Mr. President, I want to thank my good friend from New York. This is a facet of the Moynihan personal experience I did not know about. I am glad to hear it. I know, of course, that he has been a great diplomat at the United Nations, he has served in various capacities with great distinction in the executive branch; he is a superlative U.S. Senator, a great professor. I had no idea he had a dairy farm. He rises even higher in my estimation.

You are now at the apex, PAT.

Mr. President, I think what Senator MOYNIHAN has reported to us is the truth. Anybody who has been out to a dairy

farm, who has worked on a dairy farm, knows this. I had the privilege, a few years ago, of working on a dairy farm in Marathon, Wis., the biggest dairy farm in the country. It was an experience, believe me, an experience I shall never forget. I have worked at a foundry all day; that is tough. But working on a dairy farm is so unrelenting, so steady, so constant.

I want to go on to make that point.

The Maier children belong to the Junior Holstein Association, not the Boy or Girl Scouts. Instead of golfing in the little spare time they have, Mr. Maier and his friends gather at meetings of the Dairy Herd Improvement Association.

Running the farm is a family affair. About 6 o'clock each morning, a bleary-eyed Mr. Maier shouts upstairs to get Tom, 16, Shari, 14, and Steve, 13, up and out to the barn. (Mary, nine, and Tim, five, get to sleep longer, but they will help later.) Tammy, 19, goes to college but has to pitch in on weekends when she's home. Mr. Maier's wife, Eunice, 42, handles the household chores. She worked in the barn too when the children were younger.

The Maiers spend endless hours in the musty, cramped barn, which never gets above a nippy 48 degrees or so in winter and always smells of cowhide and manure. The Holsteins are waiting patiently every morning in their narrow, straw-filled stalls. Dairy cows must be milked twice a day at about the same time. Otherwise their udders, engorged with milk, hurt and they bellow for relief.

They also dry up, of course, and you lose your producer.

SOAP AND WATER

Even with automatic milking machines, the task is tiring and time-consuming. Tom, who helps Mr. Maier with the milking, first washes each cow's udder to meet strict sanitation standards. Each milking machine (the Maiers have four) has four stainless steel suction cups that must be attached individually to the cow's teats. The milk is pumped through plastic tubes into overhead pipes, which carry it to a refrigerated tank in a separate clean room in the barn. It takes five to ten minutes to milk each cow, or a minimum of about two hours in both the morning and evening.

All the while, Steve and Shari lug 50-pound bales of hay to feed about 60 calves and heifers that are raised as replacements. The children head into the house at 7:30 to get ready for school. Their evening chores start at 4:30 and last till about 9, with an hour off for supper at 5:30.

The Maier children sometimes grumble about their never-ending duties. "It makes me mad," Shari says. "After school some of my friends go swimming or work out at the gymnasium. They go to movies all the time." Tom and Steve play football in the fall, and Shari is the manager of a girls' basketball team in the winter, but they don't get out of their chores. They just end up working later.

And there's more to dairy farming than milking and feeding cows. The barn must be cleaned, calves checked, machines fixed, new straw bedding put down and fields plowed, planted, fertilized and harvested. Each winter morning Mr. Maier spends a bone-numbing hour on his tractor spreading manure on his fields. Inside the barn a conveyer belt in a gutter, placed strategically behind the cows, carries it to the spreader.

ARTIFICIAL BREEDING

Like most dairymen, Mr. Maier has spent years improving his herd through breeding. His cows average 17,070 pounds of milk a year, compared with 12,500 pounds in 1970. To keep track of production and for help in breeding, Mr. Maier gets a computer printout each month (for $75) showing such statistics as how much milk and butterfat each cow is producing, the day it last calved and its age.

Each cow is bred every year, by artificial insemination. Mr. Maier selects from a list put out by vendors the bull semen he thinks will produce the best calf out of each cow. The cows are milked until six to eight weeks before calving, when they are allowed to "go dry" so they can build up their strength before delivery.

About three-fourths of Mr. Maier's cows are four years old or younger, but his oldest cow, 10-year-old Flec, is one of the best; she yields more than 20,800 pounds of milk a year. And one of her granddaughters, Fancy, a five-year-old, is the best producer of all.

Mr. Maier sells about 25 percent of his cows each year, replacing the poorer producers with offspring of his better cows. One hamburger candidate this spring; Gail, who's producing about 14,000 pounds of milk a year. But Faith, a two-year-old great-granddaughter of Flec who is producing at a rate of 11,600 pounds a year, will be given another year to improve. "When a cow's got a good family, you don't kick her out without giving her a chance," he explains.

HOME EVERY DAY BY 4

Modern equipment enables the Maiers to run a bigger farm now with the same amount of work it took before. But the size also makes it hard to get away because it would take several outsiders to run the farm. This rankles Mrs. Maier, who grew up in Colfax, about 30 miles west of here. Usually a jovial woman, she talks glumly about the year-round demands of dairying.

"When we get together (with my family) for the holidays, we have to come home at 4 o'clock to milk the cows," Mrs. Maier says. "My sisters (who aren't married to farmers) have a different kind of life. Two of them just came back from weekends in Las Vegas."

Since buying the farm the Maiers have taken just one vacation, to Colorado in 1978 as chaperons for a group of 4H children; Tammy stayed home and ran the farm with two relatives. Most years the Maiers get away for just a couple of weekends to the Minnesota and Wisconsin state fairs, usually leaving Tammy and Tom behind.

For Mr. Maier, who says he has few interests outside of dairying, this life is worth enduring the austerity. He cherishes being his own boss and watching his children grow up. Five-year-old Tim, for example, faithfully follows his father throughout the day, craning to see Mr. Maier help a cow deliver her calf one moment and tossing hay with a pitchfork the next. "I'll know my boy better than any father in town ever will," he says proudly.

Mr. Maier's zest for dairying has rubbed off on Tammy and Tom, who plan to dairy farm, the grueling schedule notwithstanding. For them, going into dairy farming is natural." "I never had very much free time when I was a kid, so I don't think I'll miss it when I'm older," says Tom. "I would rather be doing something in the country than sitting behind a desk." Tammy adds, "I don't know anything else but dairy farming."

Mr. President, that story by Lawrence Ingrassia in the Wall Street Journal is a tribute to the Wall Street Journal and to Mr. Ingrassia.

As I have said many times we have the best newspapers in the world, and there is no question about it. I am still working on my doctoral dissertation which I started more than 30 years ago on developing standards on evaluating the political content of the American newspaper, and I have learned that the newspapers have been improved enormously in this country in the last 100 years, and they are far better than they are in any other country in the world, but they are very far short in reporting stories of this kind.

So, for the life of me I cannot understand why it took so long with all the reports they have on this dairy bill before us before we finally found a newspaper and a reporter with the ingenuity to go out to a dairy farm and see what it is, see how tough that life is, how hard those people work and how enormously efficient they are.

Talk about intellect and capital. When we lose these people who understand equipment, and believe me that equipment is hard to maintain, who understand animals and the health of those animals is the very lifeblood of their operation, who understand soil chemistry and understand how to operate a farm, how to manage a farm, how to keep books, we lose something that is very precious in this country and very vital.

There is a great difference between this country and the Soviet Union. The difference is not in our factories, it is not in our commerce; it is in our agriculture. We have 4 percent of our population on farms and the Soviet Union has 30 percent.

It is because these people own the farm. They own their animals. They own their equipment. They have this marvelous motivation and are doing a superb job and simply not getting the kind of recognition or the kind of support they deserve.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a comment?

Mr. PROXMIRE. I yield.

Mr. MOYNIHAN. Mr. President, the gentleman, Mr. Maier, who the Senator was describing, seems to be getting about 17,000 pounds a year out of his herd, his milkers. If I am not mistaken, a decade ago a good farmer, as he obviously is, would have been getting about 12,000 pounds.

Mr. PROXMIRE. That is exactly right. He got about 12,000 a decade ago.

As I said earlier, the typical farmer in 1950 was getting between 5,000 and 6,000 pounds, and today the typical farmer—this is an exceptional one—gets a little over 11,000 pounds. So there has been more than a doubling in the efficiency of our dairy farmers. But this farmer is doing quite well but doing well because he is extraordinary. If he were in business with this kind of skill, there is no telling what he would be doing.

Mr. MOYNIHAN. How many evenings have we spent in the Chamber in the last 4 years talking about the decline in productivity in America? And here is one of the most elemental of all efforts. I mean there is no more ancient enterprise in the agrarian, be they in the Ganges Valley or northern Wisconsin, than looking after cattle and living off the milk, meat, and hide. There is this most spectacular change and improvement in productivity in the American economy in this whole period. These people are superb technicians as well as great farmers.

One has to like those cattle and we also have to understand their biology.

Mr. PROXMIRE. I thank my good friend from New York very, very much.

I once again pay tribute to Lawrence Ingrassia and the Wall Street Journal. I think they are doing a real service. I think if the people of this country were told this story more fully they might have had a chance to maintain 80-percent price supports. I think one can make a devastating case on that issue, but it is gone. The Agriculture Committee has acted on it. There is no point in me trying to blow smoke. We are going to lose on that issue.

I hope when we come to the big bill, the major agriculture bill and decide on what kind of a price support system we are going to have for the dairy farmers that we recognize this is the program that has been in effect since 1949. It has worked and worked extremely well.

The Federal Government does not do everything wrong. They do many things wrong but not this. The farm credit program, the technical assistance program, the county agent program, the research programs, and the farm price support programs make it possible for family farms to remain. These are good programs that deserve our support in the longrun.

Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, as there appears to be a moment's pause in the Senate's discussion today of the milk price support question, I shall continue some of the remarks I was making in an exchange with my distinguished friend the senior Senator from Wisconsin.

It may indeed be the fact that I am the only dairy farmer in the Senate at this point. It is also the fact that I would be presuming on the credulity of the Chamber to suggest that I actually deserve so honorific a title. But it is the case that for almost 20 years now, our home has been a dairy farm in Delaware County, in the State of New York.

This was bought with the purpose of spending such time as we could get out of the city into the country. Its great attraction to me was that there was an old, one-room schoolhouse on the corner of McDougal Road and Prosser Hollow Road which had been built in 1835 or so, with the understanding that when it ceased to be used as a schoolhouse, it would revert to the farm from which a little snippet of land was taken. It was used as a one-room schoolhouse until 1945, when the central school was built in Davenport.

So everything a person could ask in the way of peace and quiet, to read and to write, was there at the crossroads, and that was an attraction to me. To my wife, the attraction was the herb garden she was soon able to plan, as well as the glories of the wild flowers and the birds and the life generally.

To our children, the glory of that farm were the cows, which continued—as they have done for a century and a half at least—to use the meadows and to go up the hillside in the morning, to come back down at night, and to be fed not only from the grass that grows naturally but also from the corn and silage that is grown in the meadowlands by the farmers using this land.

In the course of what is now almost 20 years, I have come to know that hollow very well, I think. I am listed in the Congressional Directory as living at Pindars Corners, but more than once I have made the point that that is where I vote, which is about a mile away, and where I live is in Prosser Hollow.

The whole of the life of the hollow is the milk farm—some of it a very simple family operation, some of it much more extensive.

I have described the work of my friend and neighbor, Mr. Bernald Briggs, who, from the day he married some 18 or 19 years ago, has worked his farm and the land of our acres 365 days a year, and raised four wonderful young boys. But with what effort, with what extraordinary attachment to an enterprise.

I do not believe that an urban American can have any idea either of the pleasures or the labors of that work: A February morning in Prosser Hollow, at 5:30 a.m., up before breakfast to feed 60 cows and milk 60 cows in the icy wind and blasting cold, is something most Americans have no conception of. The idea of doing it 365 days of the year, in one circumstance or another, and every year of your life, is something I think few Americans could contemplate.

It is no longer the case that the whole of one's life is taken up with this labor. Mr. Briggs is the son of Mr. and Mrs. Mahlon Briggs, who also live in the valley. As they came to retirement age, social security, among other things, and their own savings from a lifetime of work have enabled them to take off a few months in the winter to go south and avoid the rigors of the New York winter. But come spring and the plowing, they are back, all through the summer, into the haying, which starts in June and never stops until the corn crop starts coming in, in late September and early October; and then there is plowing again, to be ready for the spring.

We have another neighbor across the hill who uses a part of the Banner farm, as we describe a second property we bought some years ago. The value of this land is very little, and only persons of heroic enterprise could make a living out of it. These men do. In this case, Mr. Meyerhoff, a farmer of the most enterprising and dynamic kind, has built himself, from very small beginnings, large herd, has installed the most advanced machinery—such as Senator PROXMIRE spoke about earlier today—the most careful computer analysis of the production and productivity, which is the ratio, of his herd.

This is a service provided by Cornell University, one of the great centers of agricultural research, particularly dairy farming research.

If Mr. Meyerhoff were to liquidate—as they say in business—his property, sell off his herd, sell his farm, and his machinery, he could realize a very considerable sum of money, such that I would not be surprised that if invested in Treasury bonds, it would insure him higher annual earnings than he has now; and yet, he would not consider such a move.

It would seem to him altogether inappropriate not to be working, not to be saving, because he is a man of some substance today, not through inheritance but through the steady accumulation each year of a little saving, a little more saving, reinvestment, reinvestment, saving, and reinvestment and technology and keeping up and working hard the days that milking starts as early for him as anyone and the day's chores end as late as for anyone.

He does it because it is a way of life that embodies those things which matter most to him, which is industry and husbandry, and fathering. One of his sons is with him on the farm and I gather he hopes to stay with him and one day take it over. It is an extraordinary sight, those two, as it is to see the Briggs children with their parents and to see the Meyerhoffs on monster machines, never stopping a task until finished, never leaving anything half done, never thinking to come back later and work it all out, but rather roaring through their work from the earliest glimmer of light until the solid darkness of the day, never pausing, never relenting, and taking such a huge joy in it such as to make you realize you are in the presence of very special persons, part of a very special aspect of American agriculture.

It is the element, agriculture, since we ceased to be a nut-and-berry-gathering species. The first of the animals to be domesticated, no doubt, was the dog. And the purpose of the dog was, as much as anything else, to look after the cow.

I can remember over in Ireland my grandfather's brother—getting very ancient, this would be 30, 35 years ago—going back, as the Irish say, such that he was lapsing into Gaelic which was his native language and the only one on the farm who understood Gaelic was his old dog. And he would talk to him and go out and send the dog running around after the cows.

The cultivation of cattle, their care, and their association with civilized nations is as old as the agriculture civilization itself. It precedes planting. It is the first fact of a human economy as against simply a human ecology. It stays with us; it is deep in us.

I had the privilege for several years of living in India, from whence the Aryan race, as it is called, originates. There the sacredness of the cow is a matter which one has to see to understand how humane and how normal and how natural an attachment there is to this animal. It is, as I say, from the first human economy as against the mere ecology and was one in which we raised herds, milked, butchered, tanned, and became something more than beasts of the field in the company of this most extraordinary creature, with which anyone having the least association—as I say, I have all these years now lived on a dairy farm—cannot but become involved with.

Any nation as fortunate as we in the dairy farmers of this country ought to take the greatest care to see that they prosper and to see that they continue in their extraordinary development of an industry as old as man itself, but only in

our time coming into the extraordinary productive levels of American herds.

We are dealing with a problem today that is the problem of the success of our farmers in increasing by 50 percent in two decades the amount of milk produced per cow in our herds. We would do well to attend to that extraordinary efficiency and enterprise that brought it about.

I think it is important, Mr. President, also to note that in the State of New York, certainly, which I believe is the third largest dairy State in the country, the President's proposals not to have an April adjustment in dairy price supports are not opposed in principle by farmers and they are not opposed by any organization which I am aware of, the statement being made that if this is something the economy requires, it is something the dairymen can sustain.

I have been in public life long enough and sufficiently long in this body to recognize the implacable drive of the self-interests that verges all too often on selfishness on the part of economic interests everywhere. Without exception, economic interests are self-interests. And it is really quite extraordinary to see the dairymen of my State, or their representatives, stating that if this is something that has to be done, we will live with it; not bellowing, not charging, not complaining, and not asking that they be exempted from anything else than what would be required of everyone else.

It is an example that ought to be called to the attention of others, because it is an example that can most usefully be emulated.

Mr. President, I see that the distinguished chairman of the Agriculture Committee is on the floor. He has risen and, in his characteristically generous way, has not chosen to interrupt, but rather patiently wait until the end of this discourse. I am happy at this time to thank the Chair and thank the chairman for his patience in hearing out his friend the dairy farmer from New York.

Mr. HELMS. Mr. President, I thank the Senator.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 86–380, appoints the Senator from Tennessee (Mr. SASSER) to the Advisory Commission on Intergovernmental Relations.

MILTON D. STEWART

Mr. NUNN. Mr. President, I want to call attention to the fact that one of our most dedicated and competent public servants, Mr. Milton D. Stewart, has left Government service to pursue a career in private industry.

Mr. Stewart served as the first Chief Counsel for Advocacy of the Small Business Administration with a vitality and enthusiasm few persons bring to any job. As the first head of a newly created office, his task required the definition of the role of that office as much as the execution of formal duties.

Mr. Stewart took the initiative to actively pursue better relations between small businesses and Government. Primary among these initiatives was his development of the White House Conference on Small Business, which served as a forum for all parties interested in the health and continued success of individual enterprise in America.

During his tenure as Chief Counsel for Advocacy, he made over 200 speeches to over 40,000 small businesses and women. Two themes ran throughout those speeches. First, the importance of small business to the American economy; and, second, the need for small businesses to get involved in the Government and the legislative process.

Mr. Stewart, who testified over 30 times before Congress on legislative matters, worked hard to increase the reponsiveness of the Federal Government to the small business community. Those efforts paid off. During the past Congress five major pieces of legislation on regulatory flexibility, paperwork reduction, patent reform, equal access to justice, and small business economic policy were all enacted into law to make the 96th Congress the most important small business Congress ever convened. One of these bills—the Regulatory Flexibility Act—grew from a concept Milt Stewart developed 12 years ago.

Mr. Stewart's pursuit of coordination between Federal, State, and local governments, along with activities with regional small business groups, was a farsighted effort to use a Government office to reduce redtape and other obstacles at all levels for innovative firms in energy, environmental, and other fields.

The Office of Advocacy, which now handles over 100 individual cases for small business per month in the areas of health, energy, environment, transportation, media, agriculture, housing, and labor, has developed under Stewart's leadership into a viable and valuable link between Government and small business.

Working with businesses, the Office of Advocacy, has held hearings and thoroughly studied problems pervasive throughout the small business communities. The subjects of these indepth studies were economic stability, innovation, mergers, Government operation, and small business continuity, many of which directly resulted in the more than 50 publications issued by the Office of Advocacy during Mr. Stewart's tenure.

When Congress created the Office of Advocacy, there was some doubt as to whether the Office could function as Congress intended. Clearly, the role of the chief counsel was to act as a strong independent voice for small business both within the Congress and within the administration. On numerous occasions the Office has taken various positions on legislation and regulations that were contrary to those of some Government officials. Each time Mr. Stewart testified before Congress, he came forward with hard facts, data, and comments which represented the views of small business. We are pleased to report that after a 2½-year experiment, the chief counsel has allayed those earlier doubts. No one could have set a better example for chief counsels to follow.

Mr. President, I think that not only small business and the Congress, but also the American people are grateful to Milton Stewart and his staff for the outstanding job they did in unifying the small business community and ascertaining the interests of small business within the Federal Government.

Mr. Stewart's tireless efforts to improve relations between all areas of Government and small business, his spirited search for ways to assist the general public, and his unswerving dedication to his office are all worthy of special recognition. We wish Mr. Stewart well in his new role as editor of Inc. magazine.

MILTON D. STEWART

Mr. MOYNIHAN. Mr. President, the distinguished Senator from Georgia, Mr. NUNN, has called attention to the Senate today of the departure from Government of Mr. Milton D. Stewart, one of the distinguished public servants of our time.

Mr. Stewart served as the first chief counsel for advocacy of the Small Business Administration and, as Senator NUNN recounts, did an extraordinary job in that role.

I would simply like to add my own appreciation to Mr. Stewart's work. It happens that we have been associated in one way or another through a quarter century of public affairs in America. Mr. Stewart was assistant counsel to the Governor of the State of New York, Averell Harriman, at the time I was assistant secretary to the Governor. In those roles, we knew each other closely and have known each other since.

No one that I know of his talent and ability has so devoted himself to the role of small business in this country as a matter of principle and of national concern. His judgment in small business was not that it was simply an area of activity in which American profits may be made and losses sustained, but rather that it is a form of activity which is essential to American life.

It is the proven experience over how many generations now that technological innovation in the American economy, as in other economies like ours, in the greatest measure emerges from small firms. There is something the matter with bigness that kills off creativity.

You may only look at those every time a giant corporation announces that it has produced a research laboratory and engaged the most trendy architect of the age to build them, you may be pretty sure that not much research will be done any longer by that corporation. Ideas come out of back rooms and garages and basements. Even in an advanced technological nation, they continue to. This conception of Milton D. Stewart has sustained him in what is now more than two decades of effort in this field.

I join Senator NUNN in wishing Mr. Stewart well in his new role as head

of INC magazine, and we remind him of our old days in putting our publications for the Democratic Party in the State of New York which were not nearly so successful.

He has distinguished his post and he leaves behind him a standard of performance which I hope and I am sure his successor will maintain.

THE NATIONAL ECONOMY

Mr. MOYNIHAN. Mr. President, the administration has repeatedly challenged critics of the President's economic program to suggest a plan of their own. In his speech on February 18, Mr. Reagan said:

(M)ay I direct a question to those who have indicated unwillingness to accept this plan for a new beginning: an economic recovery? Have they an alternative which offers a greater chance of balancing the budget, reducing and eliminating inflation, stimulating the creation of jobs and reducing the tax burden?

At least one organization has an alternative; it is the AFL–CIO. The union described its plan recently in a policy statement about the national economy. The AFL–CIO executive council issued the statement 3 weeks ago, after its midwinter meeting in Bal Harbour, Fla.

I invite everyone with an interest in the economic policy debate to read it. The statement is well written. It is full of ideas.

I should say that the union and the administration differ little over objectives. Both want to reduce unemployment and to control inflation. But the union would do it differently, in part because it believes that the poor have little room for additional sacrifice, in part because it prefers to direct resources to specific industries and to specific areas rather than to provide a general stimulus.

Mr. President, I ask unanimous consent that the statement—"The National Economy"—be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE AFL–CIO EXECUTIVE COUNCIL ON THE NATIONAL ECONOMY

America needs economic policies that deal effectively and equitably with the causes of inflation and the weaknesses that prolong unemployment.

Such policies must base any sharing of austerity in the fight against inflation on the ability to sacrifice, and not demand even more sacrifice from those who know only austerity. They also must include adequate resources to provide needed investment in specific industrial and geographic sectors within an overall employment program.

Based on these key principles, the AFL–CIO supports economic policies that:

First, reduce interest rates. The high cost of money spreads throughout the economy and is built into the cost of all goods and services. High interest rates choke the economy and prevent expansion. High interest rates and high unemployment are the major contributors to a high budget deficit.

Second, dampen actual inflationary forces directly rather than attempting to depress demand in the hope that this generalized approach may eventually cool the causes of inflation as the entire economy is thrust into a deep freeze.

Cutting federal expenditures to balance the budget is not a cure-all for inflation. Budget cuts will not protect the economy from spiraling energy and food costs, nor will they bring down housing costs.

At a time like the present, when large portions of plant capacity stand idle and when a big segment of the labor force is unemployed, federal budget cuts will only aggravate already sluggish economic conditions. When both labor and capital resources are fully used, then a balanced budget makes sense.

Third, reduce unemployment by providing training and job opportunities for those specific population groups that have neither and encourage the rebuilding of the economy, especially in industries and geographic areas hardest hit by unemployment. The ranks of the jobless will not be diminished by undermining the wages, standards and safeguards of those who already hold jobs. Rather, there must be a policy that improves the ability of American industry to compete in the world economy by modernizing outdated plants and equipment and by modernizing outdated foreign trade policies.

Reducing unemployment is the most effective method of reducing the federal deficit. Yet, the current unemployment rate is 7.4 percent, a level that was surpassed in the post-World War II years only by the 1975–76 recession. Each one percent decline in joblessness increases federal revenues and decreases social costs a total of $30 billion. Putting one million jobless workers back to work would balance the previous Administration's proposed fiscal 1982 budget.

Fourth, use an effective combination of targeted taxing and expenditure programs to reverse the damage caused by inflation and unemployment. Individual tax cuts should be used to restore consumer buying power. Business tax cuts should be used to stimulate investment where it is needed the most. Government revenues should be used to sustain consumer spending during periods of unemployment.

A tax cut that fuels inflation by encouraging the wealthy to buy more luxuries or speculate in commodities is not an answer to the nation's economic woes. A general across-the-board business tax cut or depreciation speedup would provide large windfalls to sectors of the economy that are already prosperous while ignoring critical industry and area investment capital needs.

Today's problems of unemployment and inflation cannot be measured by "averages" or solved by aggregate across-the-board policies. The impact of unemployment and inflation are distributed unevenly across different sectors, regions, and demographic groups. The solution to these problems, therefore, does not lie in macroeconomic policies that are applied in an unfocused manner. The nation needs to address its problems in a manner that alleviates the underlying forces pushing up inflation and unemployment.

As we have said in the past: if an overall program of price and income controls becomes necessary to fight inflation, we are prepared to cooperate provided controls are fair and equitable and applied to all prices and all forms of income.

Specifically, the AFL–CIO calls for adoption of the following program:

I. LOWERING HIGH INTEREST RATES

Credit controls should be authorized by the President and instituted by the Federal Reserve Board. Funds and credit should be targeted to certain sectors of the economy for productive industrial development and needed housing expansion. Existing credit control procedures should be used and new tools developed to tighten credit for speculative activities and made available to productive uses.

II. ANTI-INFLATION POLICIES

To reduce inflation in energy

Mantain controls on natural gas to moderate price increases.

Continue presidential authority to control oil prices and invoke rationing in time of need.

Expand development of alternative sources of energy to prevent short-term and long-term shortages that artificially increase prices.

Assist utilities to convert from high-priced oil to coal.

Equalize utility rate structures to end the subsidy consumers are providing for large industrial users and institute peak-load pricing.

Expand energy conservation programs, especially the weatherization of schools, hospitals, public buildings and low-income housing.

Establish a U.S. oil import agency to purchase and distribute oil imports, thus assuring the nation an adequate supply of oil at a fair price.

To reduce inflation in housing

Expand the supply of low- and middle-income housing to alleviate the housing shortage that is driving up prices and rents.

Reduce mortgage interest rates by expanding the use of so-called "tandem plans" that provide below-market interest rate mortgages for low- and middle-income buyers.

Encourage home mortgage financing by union pension funds invested in long-term, fixed-payment mortgages guaranteed by the government.

Discourage the conversion of rental housing structures to condominiums in tight housing markets.

Restrict the export of logs which is causing shortage-induced domestic price increases for lumber.

To reduce inflation in food

Restrict the export of commodities in short supply.

Remove restrictions on the planting of crops.

Limit price support programs to small- and moderate-sized farms that are owned and worked by resident farm families.

Establish a National Grain Board, similar to the Canadian Wheat Board, to handle foreign sales of U.S. grain.

To reduce inflation in health care

Enact hospital cost containment.

Encourage expansion of Health Maintenance Organizations, which have a proven record of lower health care costs.

Use cost-reducing practices, such as second opinions before elective surgery and support for health planning to eliminate duplication of costly equipment and services.

Provide medical care for Medicare and Medicaid recipients under HMO programs using per capita payments for total health care services rather than more costly fee-for-service payments.

Reform health insurance practices to eliminate cost-plus reimbursement of hospitals and nursing homes by using prospective reimbursement and negotiated fee schedules.

Reform the health care system through national health insurance.

III. REDUCING UNEMPLOYMENT AND REBUILDING THE ECONOMY

Reindustrialization

Business, labor and government should participate in a Reindustrialization Board. Under this Board, a Reconstruction Finance Corporation would invest public and private funds in necessary reindustrialization projects.

The RFC should have authority to allocate $5 billion in depreciation allowances, investment tax credits, or other business tax

changes targeted to where they are most urgently needed.

The RFC should be allotted an additional $5 billion to: encourage new industries that have difficulty obtaining necessary financing; and assist older industries with special capital needs for modernization, expansion and restoration of their competitive position. The RFC should also direct its resources to specific geographic areas of the country that are most in need.

The nation's transportation network needs to be upgraded for people and goods to move more efficiently. Railroads, highways, port facilities and airports are in desperate need of rehabilitation. Urban mass transit systems need to be extended and modernized.

The urban infrastructure of sewers, water systems, streets and bridges needs to be renewed. Public investment of this nature would greatly improve economic efficiency and potential output of goods and services.

There should be a thorough review and analysis of existing investment tax "incentives" in the light of reindustrialization goals. The capital gains exclusion, rapid depreciation, oil depletion allowances, and investment tax credits have all been enacted as tax "incentives" to investment. Tens of billions of federal dollars are lost through these provisions, and it is time to restudy their value to the economy.

The multi-billion dollar tax subsidies available for overseas operations—such as the Domestic International Sales Corporation, foreign tax credits and the deferral of taxes on overseas profits are in direct conflict with national needs and restrict the availability of needed capital at home. They should be repealed. The Overseas Private Investment Corporation should also be ended, as it encourages U.S. firms to invest abroad by insuring such investments against political risks.

The tax benefits of state and local industrial development bonds should be curtailed and integrated into the overall approach to reindustrialization.

Employment and training programs

The unemployed men and women who cannot find jobs in the private sector should be put to work on the various public service and public works projects that expand the services and facilities needed for a healthy economy. The skills and abilities of the unemployed must be put to productive purposes and not go wasted. These programs can be targeted to increase supply and economic efficiencies in key areas, thereby moderating price increases, while reducing unemployment.

There should be expanded training programs for adult workers and youth. Training programs should provide new job skills and lead to employment opportunities.

Direct, targeted jobs programs tailored to the specific needs of unemployed workers are two to four times more effective in creating jobs than generalized tax cuts.

IV. RESTORING BUYING POWER

Federal taxes

The AFL-CIO calls for enactment of a refundable tax credit equal to 20 percent of the employee's and 5 percent of the employer's Social Security tax. Thus, the benefits would be concentrated on middle and low-income wage earners, those who have suffered the most from high inflation. It would more than offset the recent increases in Social Security taxes on workers and have no adverse effect on the financial stability of the Social Security trust fund.

Under such a tax program, a four-person family with a $12,000 per year income would receive a $160-a-year tax reduction compared with $92 under the first year of the Kemp-Roth proposal. At $25,000, the cut would be $332 compared with $305 under Kemp-Roth. At $30,000, relief is about the same, and above those levels, the maximum relief is limited by Social Security payments and, thus, would not provide the open-ended, ever-growing windfall to the wealthy that Kemp-Roth would provide.

This individual Social Security tax credit would cost the Treasury approximately $16 billion, or about half of the first-year cost of Kemp-Roth. The employer Social Security tax credit would cost the Treasury about $4 billion, and benefit employers in labor intensive industries.

Income support programs

Basic income support programs for the unemployed, the poor and the elderly must be maintained and improved to restore buying power lost to inflation.

When people are jobless, a minimum level of buying power is sustained by basic income support mechanisms such as unemployment insurance, trade adjustment assistance and food stamps. When inflation is high, the elderly and the poor, who are forced to rely on government, also need their income protected by Social Security, welfare and Medicaid.

In order to curb inflation, reduce unemployment and solve fundamental problems, the resources of the country must be redirected. Additional capital investment is needed in many, but not all industries and areas. Tax burdens should be lightened for many but not all individuals. The problems of the poor in our society must be solved, not aggravated.

BUDGET COMMITTEE MARKUP SESSIONS

Mr. MOYNIHAN. Mr. President, I rise to note in the Saturday edition of the New York Times a commentary on the recent markup, as we say in the Budget Committee, of the reconciliation instruction, that in the 4 days in which that process required, I was absent one evening and during that evening nine votes were cast, some of them tie votes, and these were described as also being key votes.

Mr. President, I wish first to establish the record here. There were eight rollcall votes that evening of which there was only one with a tie and that was a motion by my good friend, Senator EXON, of Nebraska, that would have eliminated Saturday urban mail delivery. It failed. Being a tie vote it failed, and I would have voted against it, which also means it would have failed.

Mr. President, at this point, I ask unanimous consent to have printed in the RECORD a letter from Stephen Bell, staff director of the Budget Committee, which describes those facts.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., March 23, 1981.

Hon. DANIEL P. MOYNIHAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MOYNIHAN: There were eight roll call votes taken during markup of the reconciliation instruction Tuesday evening (March 17, 1981). Only one of them was a tie: an Exon motion increasing the authorization cut for the Governmental Affairs Committee by eliminating Saturday urban mail delivery which failed 6/6.

Sincerely,

STEPHEN BELL,
Staff Director.

Mr. MOYNIHAN. Mr. President, I also ask unanimous consent to have printed in the RECORD a list of the actual votes that did take place on the evening of Tuesday, March 17.

There being no objection, the list of votes was ordered to be printed in the RECORD as follows:

VOTES

ENVIRONMENT AND PUBLIC WORKS

(1) Domenici, reductions in direct spending. Passed, voice vote.

(2) Metzenbaum, restore part of EDA cut and all of Regional Commissions cut. Failed 2 to 15.

(3) Riegle, restore part of EDA cut. Failed 8 to 9.

(4) Domenici, President's proposal. Passed, voice vote.

ENERGY

(5) Exon, restore DOE Alcohol Fuels cut. Failed 4 to 12.

(6) Hart, restore half of Solar Bank cut. Failed 4 to 13.

(7) Quayle, restore part of DOE Alcohol Fuels cut. Failed 8 to 9.

(8) Kassebaum, cut federal expenditures for Strategic Petroleum Reserve and further cut payments in lieu of taxes. Passed 13 to 4.

GOVERNMENT AFFAIRS

(9) Domenici, reductions in direct spending. Passed, voice vote.

*(10) Exon, eliminate Saturday urban mail delivery. Failed 6 to 6.

(11) Grassley, eliminate October 1, 1981, federal pay raise. Failed 5 to 7.

(12) Domenici, President's proposal. Passed, voice vote.

Mr. MOYNIHAN. Mr. President, finally, in that regard, I wish to observe that I was indeed absent on that occasion and, in a situation which is all too well known to the Members of this body, I was supposed to be in more than one place at one time.

During the middle of the day on Wednesday, in point of fact, I was absent as I am vice chairman of the Select Committee on Intelligence, and a matter of very urgent nature came up and we were required to meet in the Senate dome as we do and I, accordingly, left the proceedings in the Dirksen Office Building.

On Tuesday evening, the simple fact is that our new U.S. Permanent Representative to the United Nations was giving the first dinner that she has given at the U.S. mission residence in the Waldorf Towers and asked me to be present as the guest of honor. Invitations were extended to a wide number of persons in the political corps.

This was meant to be a statement of a certain kind, as these occasions invariably are, and I was torn between the duty to be in the Budget Committee and the duty to be at the Ambassador's dinner. I chose the latter, for the very simple reason that it is a rule that the Budget Committee invariably observed under all of our chairmen to date, that until the final action upon a reconciliation instruction or a budget resolution any member may ask that any vote once taken be taken a second time and for that matter a third, fourth, or fifth time until finally the committee has reached an agreement on its outcome and we are ready to vote on final passage.

*Tie vote.

Had there been any vote taken Tuesday evening which my vote might have reversed, it would have been a most elementary move on my part Wednesday morning simply to ask that the vote be reconsidered as it would have been done.

As the distinguished Presiding Officer, who is a member of the Budget Committee, will recall, on one occasion Thursday afternoon I did ask that the whole of the votes on the Veterans' Administration affairs be reconsidered, as indeed they were, and to no one's great surprise the outcome the second time was the same as it was the first time.

I make that point simply that it be understood that it is not always possible for us to be on hand at these committee meetings. It is, accordingly, the practice of most committees of which I am a member to allow matters to be reconsidered until a final measure is reported by the committee.

I further note, Mr. President, that this was March 17, and I missed the St. Patrick's Day parade in New York in order to be at the committee during the day. That strikes me as perhaps an even more grievous transgression, but I will not go further into the matter.

I thank the Chair for his courteous attention.

THE ANNUAL REPORT OF THE OFFICE OF TECHNOLOGY ASSESSMENT

Mr. THURMOND. Mr. President, as the President pro tempore of this body, I have received the annual report of the Office of Technology Assesssment for the calendar year 1980. This report, which has been submitted pursuant to the Technology Assessment Act of 1972, is available for review in my office.

CONCLUSION OF MORNING BUSINESS

Mr. HELMS. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

ADJUSTMENT OF PRICE SUPPORT FOR MILK

The PRESIDING OFFICER. Under the previous order, the clerk will state the pending business.

The legislative clerk read as follows:

A bill (S. 509) to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support of price of milk be adjusted semiannually.

The Senate resumed the consideration of the bill.

AMENDMENT NO. 8

The PRESIDING OFFICER. The clerk will state the pending amendment.

The legislative clerk read as follows:

Amendment No. 8. Proposed by the Senator from Montana (Mr. MELCHER) for himself and others.

The amendment is as follows:

On page 1, after line 5 insert a new section 2 as follows:

"SEC. 2. (a) Congress finds that milk protein products, including but not limited to casein, caseinates, lactalbumin, and whey protein concentrates or mixtures containing 5 percent or more of these products, are being imported into the United States in such quantities as to render or tend to render ineffective, or materially interfere with, the dairy price support program conducted by the Secretary of Agriculture under the Agricultural Act of 1949.

"(b) To ensure that the entry into the United States of milk protein products will not render or tend to render ineffective, or materially interfere with the dairy price support program conducted by the Secretary of Agriculture under the Agricultural Act of 1949, the President shall by proclamation impose, under the authority of section 22 of the Agricultural Adjustment Act (7 U.S.C. 624), a quota limiting the amount of milk protein products including but not limited to casein, caseinates, lactalbumin, and whey protein concentrates or mixtures containing 5 percent or more of these products, that may enter the customs territory of the United States in any calendar year after 1980. The quota so proclaimed by the President shall be in an amount equal to 50 percent of the average of the total imports of such milk protein products into the United States during the five-year period 1976 through 1980. The proclamation shall be considered a proclamation issued by the President under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) meeting the requirements of that section.".

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, the imports of subsidized casein have sharply increased in the last few years, interfering with the operation of the dairy price support program and needlessly costing the U.S. Government millions of dollars. There are a couple of points I would like to make in that regard.

Once casein was imported as an industrial chemical. Casein is now used to produce highly fabricated foods which are stealing the traditional markets of American dairy farmers.

In other words, those of us who have been led to believe that casein is for industrial uses, and that is its principal use, simply have to catch up with the facts, which are that casein now is used to produce fabricated foods.

Let me give one or two examples.

In 1980 we imported 36,749,000 pounds of casein that went into making imitation cheese. We imported, in the same year, 1980, almost 17 million pounds of casein that went into coffee whiteners, and an additional 11 million pounds of casein that went into frozen dessert toppings.

That adds up to over 64 million pounds of casein that we imported in 1980 for food purposes.

There is another group of products that uses casein that is also a food group. What are these? They are bakery products and breakfast foods, and that totals over 15 million pounds of casein.

What does this mean to the dairy program?

What it means to our domestic dairy program is, that all of these foods I have mentioned—imitation cheese, coffee whiteners, frozen dessert toppings, the bakery products, and the breakfast foods—could have used skimmed milk produced in this country instead of casein.

If we are going to operate a price-support program for domestic milk products, we have to defend the integrity of that program. What we are doing with casein is importing it in such quantities it is interfering with the program right now.

If the pending amendment, which would reduce the amount of casein that would be imported into this country by 50 percent of the past 5-year average, is agreed to, we would take a step forward to defend the integrity of a dairy program for domestic milk producers.

If that seems rather vague or if that does not grab you, let me tell you what it would mean in saving taxpayer dollars. It would save $230 million, approximately, in Federal outlays every year. Why? Because, instead of the imported casein for these food products, domestic skim milk would be used, and that would take it off the market and the dairy farmers would not be selling it to processors to process as nonfat dry milk, which would go into storage after purchase by the Government, and become part of the Commodity Credit Corporation stocks.

I think it is rather obvious, then, that a casein amendment is in the best interest of national fiscal responsibility, rather than S. 509, which is before us, just curtailing the price increase for domestic producers and saving, as the President's advisers claim, $147 million. We would add over $200 million in additional savings.

When we are asking all of our citizens to tighten their belts because of the urgent need to cut back the cost of the Federal Government, we must remember to sacrifice equally. The old, the poor, the indigent, and the children in this Nation are all asked to forego important Federal programs which have helped to sustain them. Dairy farmers have been reasonable in their acceptance of S. 509. It is only reasonable that foreign dairy producers take their cut as well.

I want to enlarge on some of these points a little bit. The administration currently is asking for a reduction in medicaid. Congress is asked for a reduction in the arts and humanities. The President's budget is asking for a reduction in Federal aid to education. And there are all sorts of other programs that are being suggested by the President and by the Budget Committee of the Senate to be cut, including student loans.

I would like to go on quite a while on those various programs that the administration is asking us to cut, and which the Senate Budget Committee is recommending that the Senate cut, but I have to echo what I know to be the case with my constituents, and I think rather generally, with all the citizens of this country, that we are intent on reducing Federal expenditures, attempting to reach a balanced Federal budget.

When S. 509 was in the Senate Agriculture Committee, where it was approved by a vote of 14 to 2, a rather lopsided vote, the amendment to reduce casein imports was defeated by a tie vote of 8 to 8. Since then we have improved

on the amendment in the hope of gaining a majority vote here on the floor.

What we are telling the dairy farmers of this country in S. 509 is that they are going to have to forgo a price-support increase. Is there anything wrong, then, in tying in with that a notice to dairy farmers in other parts of the world, to tell them that the United States has to make a reduction in the market for the milk product that they are producing to sell here in the United States, to tell them that that market is going to be reduced in the case of casein by 50 percent?

It seems to me that that is not an unreasonable position for the United States to take.

It would affect those dairy farmers who have been sharing this market in the United States, producing milk in their own countries and having it manufactured into casein and selling it to the United States, where it is made into food products here. It seems to me it is not unreasonable to tell those dairy farmers in various parts of the world, in other countries, that they are not going to have as much market for their product in the United States as they have enjoyed in the past because the United States has a surplus; the United States has to protect its own dairy price-support program.

The United States has currently in stock $1.5 billion worth of dairy product, and it is projected by the Department of Agriculture that before the year is out we are likely to have $2 billion worth of dairy stocks in storage, purchased by the U.S. Government and stored by the Commodity Credit Corporation in their warehouses.

If we do not do anything about this amendment, we are indeed going to see an increase of substantial proportions in the purchases by the Federal Government to support the U.S. dairy program, the domestic dairy program, the domestic industry.

So what the amendment is attempting to do is say we are going to forgo, we are going to prevent some of that Federal outlay. We are buying up milk here, in the United States, and having it processed into dry nonfat product and then stored and purchased by the U.S. Government. We are going to forgo some of that; we are going to make some savings in Federal outlay, and we are going to reduce some of the product that is imported—that is, casein—that goes into food products in this country, in order to accomplish that, thereby saving $200 million, perhaps $230 million per year in Federal outlay.

It is obvious that there is another point to be made, too. Every time we spend $1 on unnecessary imports—and this is surely an unnecessary import, the amount of casein that we are importing right now, since it can be offset by skim milk produced here—every dollar that we spend on imports that we really do not need depreciates the value of the dollar abroad and increases the amount of product we must import, further adding to inflation.

This does not undermine the President's effort to trim the budget. It helps it by saving the Government and the American taxpayer the $200 to $230 million a year that I have mentioned.

This amendment clearly saves money, increases greater activity through the private market, and boosts our economy. That is everything that President Reagan has called for in his program in budget cuts.

Mr. President, the argument is made that the casein amendment is somehow going to interfere with GATT. Let me put that to rest. This amendment is compatible with the intention of the U.S. policy on GATT agreements and with all the legal precedents that we can find. Let me point out that section 22 of the Agricultural Adjustment Act was enacted by Congress to limit imports of agricultural products which interfere with price support programs.

Second, the contracting parties to GATT agreed to a waiver recognizing the superiority of section 22 to trade agreements.

Third, precedent for section 22 actually is found in the Trade Agreements Act of 1979 and the Agricultural Act of 1956.

To emphasize that, Mr. President, I ask unanimous consent to have printed in the RECORD this list of precedents that establish the procedures, normal section 22 procedures, which, when used, create no additional opportunity for retaliation to other nations, the precedents I have referred to.

There being no objection, the list of precedents was ordered to be printed in the RECORD, as follows:

The proposed directive regarding the use of Section 22 presents no violation of U.S. obligations under the General Agreement on Tariffs and Trade than use of normal Section 22 procedures, creates no additional opportunity for retaliation by other nations, and is supported by precedent.

(1) The Section 22 waiver approved by Contracting parties to the General Agreement is confined to a waiver of U.S. obligations under Articles II and XI. It is not a waiver of the rights of affected parties to retaliate.

(2) Through a series of amendments and revisions, the Congress has made it clear that Section 22 stands in a superior position to any trade agreement or other international agreement to which the United States is a party. The Congress has expressed this principle in broad terms as it applies to the laws of the United States in general.

(3) The Congress has made it clear that its actions on international trade issues and passage of legislation dealing with these questions do not constitute approval of the General Agreement on Tariffs and Trade.

(4) Precedent for legislation directing Presidential action under Section 22 of the Agricultural Adjustment Act is found in the Trade Agreements Act of 1979 and in the Agricultural Act of 1956. The latter instance is identical to the present situation.

(5) The intent of Congress expressed in Section 22 has been frustrated by inaction and delay. The present amendment is necessary to overcome this failure of action.

(6) The threat of trade retaliation against the United States would be neither increased nor decreased as the result of this proposed action. The waiver afforded Section 22 under the General Agreement does not remove the retaliatory capability under any circumstance. Further, retaliation can be brought even in the absence of a violation of the General Agreement.

Mr. MELCHER. Mr. President, I think it is important that we lay to rest as many arguments used against this commonsense amendment as possible. I think this one clearly has been overemphasized by those who oppose the amendment.

Other arguments are, why not wait for administration action on this matter? There have been promises of studies and section 22 administrative action. They are just delaying tactics. The dairy farmers have been waiting for relief from unfair casein imports through four Secretaries of Agriculture. The message the American dairy farmer is getting is that there is a do-nothing policy by the Federal Government. To explain this a little more clearly, I ask unanimous consent to have printed in the RECORD an article recently prepared by the National Milk Producers Federation, which describes how long they have been waiting, and why there is no use in waiting any longer.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE MELCHER AMENDMENT MUST BE PASSED—CASEIN IMPORTS MUST BE CONTROLLED

PLACING A LIMIT ON CASEIN

In recent years, imports of casein have increased sharply from the historical level of 100–115 million pounds annually. At the same time, there has been a sharp increase in use for food and animal feed products and a decline in industrial uses such as the production of paints, paper coatings, plastics and adhesives. Over 80 percent of the casein used in the U.S. now goes into food and feed products compared with less than two percent in the 1950s.

Casein Imports, 1976–80, 1,000 lbs.

1976	112,141
1977	114,245
1978	137,134
1979	150,827
1980	151,226

In many of these food and feed uses, casein replaces domestically produced milk. This milk, in turn, is processed into nonfat dry milk which is sold to the Commodity Credit Corporation under the Dairy Price Support Program. The imports, therefore, have a two-fold impact. They take away markets for domestic production and they increase government costs under the price support program.

Based on data developed by the International Trade Commission, National Milk Producers Federation has estimated that in 1980 64.6 million pounds of casein went into food products which definitely displaced domestic milk production. This included products such as imitation cheeses, coffee whiteners, frozen desserts and whipped toppings. Another category of products where there is probably displacement of milk utilized 30.1 million pounds of casein. This includes such things as bakery products, breakfast foods and other food items.

An additional 56.9 million pounds of casein were used in industrial products and food and feed uses where displacement of milk likely did not take place.

But the 94.7 million pounds of casein that did displace milk represents the equivalent of 3.4 billion pounds of skim milk. This volume of skim milk, made into nonfat dry milk and purchased by CCC under the Dairy Price Support Program, represents almost 315 million pounds of nonfat dry milk and CCC outlays of over $295 million.

A SOLUTION IS AVAILABLE

The dairy industry has petitioned the last four Secretaries of Agriculture to place limitations on these imports under Section 22 of

the Agricultural Adjustment Act. That law requires such action if imports of a product interfere with the operation of a domestic price support program. No action has been taken to meet this directive.

Senator John Melcher of Montana has been joined by 13 other Members of the Senate in sponsoring an amendment to S. 509 that would place a Section 22 limit on these imports at 50 percent of the past five year average—about 69.5 million pounds per year.

S. 509 is legislation which would eliminate the scheduled April 1 adjustment of the dairy price support level. The Melcher amendment would provide an import level more than adequate to meet the needs for products where casein is essential. It would also provide substantial government savings through reduction in CCC costs under the Price Support Program. Conservative estimates place these savings at $200 million a year, more than the $147 million savings the administration projects from eliminating the April 1 price support adjustment.

THIS DOES NOT VIOLATE U.S. TRADE AGREEMENTS

A major argument made against the Melcher amendment is that it would be a violation of the U.S. trade agreements. A careful review of the situation indicates that it would not be a violation of the General Agreement on Tariffs and Trade (GATT). The following points must be considered.

(1) Section 22 itself states that the law must not be superceded by any international agreement entered into by the United States.

(2) There is precedent in the Trade Agreements Act of 1979 and the Agricultural Act of 1956 for Congressional action directing the establishment of Section 22 import restraints.

(3) The U.S. has never ratified the GATT.

(4) There is a waiver under the GATT for the operation of Section 22.

(5) The right of other countries to retaliate against the U.S. for actions under Section 22 is not waived. This is the specter raised if the Congress takes this action. Actually, the GATT allows countries to retaliate in instances where there is no violation of trade agreements, and in ". . . any other situation."

WHY WE MUST NOT WAIT AND GAIN THIS ACTION BY ADMINISTRATIVE MOVES

USDA is presently conducting a study into casein use and its effect on the Dairy Price Support Program. It has been suggested that it would be better to wait until this is complete and proceed with a Section 22 action administratively.

That study was designed, frankly, to develop arguments for not doing anything. When USDA officials responsible for the work were told this in late 1980, they proceeded with the work anyway. The study is a duplicate of the U.S. ITC study of 1979 which concluded that there is no significant displacement of nonfat dry milk by casein. The Chairman of the Commission argued that there was not enough information to make this conclusion and the point of the entire question is not the displacement of nonfat dry milk, but the displacement of milk.

WHAT IS THE STATUS OF THE MELCHER AMENDMENT?

The Senate debated the Melcher amendment on Tuesday, March 17. At that time, Senator Howard Baker, the Majority Leader, offered a motion to table the amendment, thereby killing it. That motion was defeated 45–53. The record of that vote is included.

Immediately following that vote, further consideration of S. 509 and the Melcher amendment was suspended.

A vote on the amendment and the bill is now set for Tuesday, March 24.

SENATE VOTE ON MOTION TO TABLE THE MELCHER AMENDMENT

Opposed to Melcher amendment:

Armstrong, Baker, Bradley, Chafee, Cochran, Cohen, D'Amato, Danforth, Denton, Dole, Domenici, East, Garn, Goldwater, Gorton.

Hatch, Hatfield, Hawkins, Hayakawa, Helms, Humphrey, Jepsen, Kassebaum, Laxalt, Lugar, Mathias, McClure, Moynihan, Murkowski, Nickles.

Packwood, Percy, Quayle, Roth, Rudman, Schmitt, Simpson, Specter, Stevens, Symms, Thurmond, Tower, Wallop, Warner, Weicker.

Supporting the Melcher amendment:

Abdnor, Andrews, Baucus, Bentsen, Biden, Boren, Boschwitz, Bumpers, Burdick, Byrd, Harry F., Jr., Byrd, Robert C., Cannon, Chiles, Cranston, DeConcini, Dixon, Dodd.

Durenberger, Eagleton, Exon, Ford, Glenn, Grassley, Hart, Heflin, Hollings, Huddleston, Inouye, Jackson, Johnston, Kasten, Kennedy, Leahy, Levin, Long.

Matsunaga, Melcher, Metzenbaum, Mitchell, Nunn, Pell, Pressler, Proxmire, Pryor, Randolph, Riegle, Sarbanes, Sasser, Stafford, Stennis, Tsongas, Williams, Zorinsky.

Mr. MELCHER. Mr. President, there is another point that we have not discussed. Casein has been imported from foreign countries that are still struggling with hoof and mouth disease. Let me list those we are importing casein from: Russia, Poland, Argentina, the Netherlands, West Germany, and France. Why would we be risking this dreadful disease coming into the United States by importation of casein products from these countries that still have hoof and mouth disease? Mr. President, I cannot answer that question, but it does give me great concern. It really does give me great concern.

I think we perhaps all have taken it for granted that, in the process of producing casein, the hoof-and-mouth virus simply cannot live. Well, I want to read excerpts of an article by J. J. Callis and P. D. McKercher entitled "Dissemination of Foot-and-Mouth Disease Virus Through Animal Products." McKercher works at Plum Island Animal Disease Center, northeastern region, the Agricultural Research Service, in the Department of Agriculture. Callis cooperates with him.

Their article, which is about 2 years old, raises a point that hoof-and-mouth disease, prevalent in many countries around the world, is a very grievous and serious threat to this country. Only a portion of their article that I am going to read refers to the danger of casein in the importation of the virus.

Traditionally, meat and livestock products have been produced principally for domestic market. It has been estimated that only about 5 percent of the world's supply of carcass meat enters the international trade. There are, however, wide varieties of meat products and by-products such as hides, glands, casein, etc., on the international market. Any and all of them, when they originate in a country having an animal disease that does not exist in the importing country, could serve as a means of introducing the disease into the latter.[5] The disease agent may be carried in a product from an infected animal (primary contamination) or, in the case of processed items, contamination could even occur after processing (secondary contamination).

Footnotes at end of article.

Mr. President, that is a paragraph out of the article that I am reading into the RECORD to lay the groundwork for my personal concern and, I hope, the concern of all of us, that casein, indeed, could be the vehicle for introducing hoof-and-mouth disease into this country.

Going on, reading further into the article, I read a part of the article under the heading of "milk."

MILK

As indicated above, cattle infected with FMD shed the virus through various pathways. This includes mammillary secretions. As a result, milk and milk products from infected animals are of special concern to animal health authorities. During the 1967–68 outbreak of FMD in Great Britain, observations were made on the involvement of the milk in the spread of the virus. Samples of milk taken from milk collection trucks were shown to contain virus even from premises where the disease had not been diagnosed and from milk on store shelves. This observation led to a study which demonstrated high concentrations of virus in milk from infected cows before the appearance of signs of the disease. In addition, the virus may persist in mammary tissue of convalescent cows.[6]

The inactivation of FMDV in milk has been studied by various workers. This includes milk to which virus is added and milk from infected animals. FMDV in milk from infected animals may be extracellular or intracellular. The majority of the virus in milk is inactivated by Pasteurization, 72° C for 15 seconds; however, there is a small fraction which persists.

Mr. President, for emphasis, let me repeat that:

The majority of the virus in milk is inactivated by Pasteurization, 72° C for 15 seconds; however, there is a small fraction which persists. This resistant fraction is also not inactivated by evaporation, the production of casein or caseinate, or the production of some cheeses.

Now, Mr. President, I am quoting from an article by two of the foremost authorities on control of foot-and-mouth disease virus and preventing it from coming into the United States. I am quoting the best reference that I know of on the subject. What they have stated in their article can be further read in more detail in an article published in 1975 by Callis, Hyde, Blackwell, and Cunliffe, entitled "Survival of Foot-and-Mouth Disease Virus in Milk and Milk Products."

I think it is a rather serious oversight, it is an extremely serious oversight, that we are importing into this country casein from countries that have hoof-and-mouth disease. These are countries from which currently, either this year or last year, or the past several years, we have imported casein which are hoof-and-mouth countries, including Soviet Russia, Poland, Argentina, the Netherlands, West Germany, and France.

Mr. President, why would we take this chance? For the same reason, Mr. President, that we are allowing our domestic milk support price program to be threatened by imports. The imports are simply too loose, absolutely too lose. They just make the deal, the product comes in.

For the same reason that the Department of Agriculture says they want to study the matter some more; they simply have not gotten around to doing the right thing. I do not know what interferes with

them, whether it is the State Department or somebody else in the administration gets in their way, from making a scientific judgment, from making a proper judgment, a commonsense judgment, saying, we have to decrease some of these imports.

Nevertheless, we are taking a chance, a very, very grievous chance, on the importation of casein in light of the fact that some of the casein comes from countries that have hoof and mouth disease.

Turning to a different subject, Mr. President, is there anything wrong in saying to some of our trading partners, "Well, we just do not have as good a market as we have had for you before in terms of casein, so you are going to have to be restricted"; saying to them, "You can sell about half of what you have been selling, or you can sell all of what you have been selling, provided you get the market first. But when that limit is reached, you are out for that year."

Is there anything wrong with saying that? I do not think so. I do not think so at all, for reasons I have established before: We have to protect our own program, we have to save up to $200 million a year in Federal outlays because we cannot afford it any longer, because we have too much surplus. The surplus of our own products is mounting so much that we are going to have between $1.5 billion and $2 billion of dairy products in surplus ourselves, just stored in the Commodity Credit Corporation.

I do not think there is anything wrong in saying that. I think it is only fair for our taxpayers that we do say it, we do enact it, we do agree to the amendment so that we can enhance the President's program, help the President's program find, under this additional savings, $200 to $230 million in Federal outlay.

MELCHER AMENDMENT TO S. 509

● Mr. D'AMATO. Mr. President, let me suggest to my colleagues today, that the amendment offered by the distinguished Senator from Montana, Senator MELCHER, is not an amendment designed to benefit the dairy industry, but, in fact, an attempt to embarrass the Reagan administration as it embarks on the course mandated by the American people last November.

As a Senator from one of the leading dairy States in this Nation, let me assure my colleagues on both sides of the aisle that the dairy industry has vociferously made its views known to me regarding the importation of casein. I have met with leaders of the New York dairy industry in an effort to understand the problems with which they are faced. They have urged me to support the Melcher amendment. I have reviewed the many letters and telegrams that I have been beseiged with for the better part of the past few weeks.

By an overwhelming margin, they have urged me to support the Melcher amendment. Nevertheless, I remain unconvinced that the reduction of casein imports into this country is necessary to protect the dairy industry in New York and throughout the United States. To date, the evidence simply does not support the premise embodied in the amendment before us.

Just over 1 year ago, the International Trade Commission studied the matter and found no evidence of U.S. damage from casein imports. This most recent and extensive study of the issue does not support the contention that casein imports damages our domestic milk industry and should be restricted. The fact of the matter is that casein is not even manufactured in the United States because it is not eligible for price supports, and therefore is not profitable.

I am also concerned with the effects of this amendment on our trade relations. The Senate Agriculture Committee heard testimony from the Deputy Secretary of Agriculture warning that legislation limiting casein imports would risk almost certain action against the full range of U.S. exports under the general agreement on tariffs and trade (GATT). Australia, New Zealand and Ireland have already communicated to us their concern about limiting the importation of casein.

Despite the evidence presented to the Senate which indicates that we should not adopt the Melcher amendment, let me say that I eagerly await the Department of Agriculture's latest study to determine the effects of casein imports, which is to be completed by July 1, 1981. Let me assure the dairy industry in New York, that if the study shows a very definite adverse impact on the surplus of domestic milk, I will carefully consider sponsoring legislation to place some limits on casein imports.

However, as I said earlier, this entire matter of reducing casein imports is not important for the reasons the dairy industry believes. Rather the importance of the vote on this amendment lies in terms of whether or not we can forge a consensus to achieve the task handed us by the people in the last election: fiscal discipline. This vote is a vote of confidence in the Reagan administration's program for economic recovery.

The people of this Nation sent a message to Washington last year; that message was loud and clear. They no longer want the affairs of State to be conducted as "business as usual." We must heed their wishes. Many of us were elected as a result of the fiscal discipline theme which President Reagan articulated so clearly throughout his campaign and which became the heart of the campaigns of many of my freshmen colleagues. Now the President has asked the Congress to take the first step in restoring fiscal discipline to the operation of the Federal Government. The time is now for us to put aside individual concerns for the greater good: bringing fiscal restraint to the Nation.

As I have made clear, New York is a leading dairy State and I have been concerned with the impact of price support cuts. And I want to commend the dairy industry for taking the first step on the long and difficult road to fiscal restraint.

But this amendment is obviously a carefully crafted attempt to embarrass the administration by creating a time-consuming jurisdictional dispute in the House of Representatives. The importation of casein is not really an issue, but if the amendment should pass this body, it could signal the beginning of the end for any hope of bringing fiscal restraint to the United States.

Mr. President, we must have the courage to bring about fiscal discipline. It is not always politically popular to take such a position. We must put an end to the platitudes which have prevailed in recent times and realize that we cannot conduct business as usual. I do not believe that this administration came into office to continue conducting the business of this Nation as it has been done. Certainly, this Senator was not elected to preserve the status quo.

The American public expects us to act. In so doing, let us bear in mind that there is a larger constituency than any one State; that constituency is this Nation. I urge my colleagues to defeat this untimely amendment.●

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BOREN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Without objection, it is so ordered.

Mr. BOREN. Madam President, I ask unanimous consent that the pending amendment be temporarily set aside so that I might offer an amendment at this time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 16

(Subsequently numbered amendment No. 13)

(Purpose: To embargo imports of agricultural commodities from the Soviet Union under certain conditions)

Mr. BOREN. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oklahoma (Mr. BOREN) proposes an unprinted amendment numbered 16.

Mr. BOREN. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, immediately after line 5, insert the following:

"SEC. 2. Notwithstanding any other provision of law, effective April 1, 1981, no agricultural commodities produced in the Union of Soviet Socialist Republics may enter the United States during any period during which the President imposes restrictions on, or prohibits, the export of grain or any other agricultural commodity to the Union of Soviet Socialist Republics (including the restrictions on the exportation of agricultural products to such country initiated on January 7, 1980).".

Mr. BOREN. Madam President, at this time I ask for the yeas and nays on the

amendment and ask that the vote occur after that on the other amendments for which votes have already been scheduled tomorrow.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. BOREN. Very well. I will withdraw the request at this time and renew it at a later time.

Madam President, the amendment which I am offering simply states that we should cease the importation of any agricultural products from the Soviet Union as long as the grain embargo remains in effect.

I am certainly in support of the two amendments which have already been offered to the pending measure, the amendment of the Senator from Montana which would curtail the imports of casein in the United States, saving the taxpayers money, since these imports displace domestically produced milk, particularly skim milk. I am also strongly in support of the amendment of the Senator from Nebraska (Mr. ZORINSKY), which calls upon the President to end the grain embargo and sets up procedures which have to be followed if the grain embargo was continued in the future.

During the discussion of the dairy support program in the Agriculture Committee, I was shocked to learn that we are continuing to import not only casein but other agricultural products as well from the Soviet Union. It is absolutely incredible to me that our Government, on the one hand, denies to our farmers access to the Soviet market, while, on the other hand, we are keeping our markets open to the Soviets.

I am sure that many farmers would raise the question, particularly those who produce wheat and grain, as to whose economic interest the U.S. Government is really looking out for.

During the course of last year, we imported from the Soviet Union approximately 1.3 million pounds of casein at a cost of close to $1 million. This $1 million could have rightly gone to U.S. farmers. Other agricultural products were imported from the Soviet Union as well.

I would like to state a few of those products. The figures which I am citing are drawn from the U.S. Foreign Agricultural Service, which reports that last year we imported from the Soviet Union almost $10 million worth of agricultural products, including $6,479,000 in fur skins; $1,455,000 of tobacco; $979,000 of casein; $334,000 of tea; $175,000 worth of sugar and tropical products, and lesser amounts of fruits and vegetable products, alcoholic beverages, chocolates, seeds and other grain products, and honey.

Again, while the amount of money is not large, I think the principle involved is extremely important. How can we possibly defend the Government's current policy?

I would say that I make these comments not in criticism of the current administration. These policies were begun under the past administration. But as one of the farmers said to me over the weekend when I was in my home State, "We used to refer to the embargo as being the embargo of the last administration, but if these policies which are now being followed are not rapidly reconsidered and changed by the current administration as the months roll on, it will become the policy of this administration."

I think it would be very unfortunate if this administration does not act immediately to correct the policy mistakes of the past.

If the administration is not going to lift the grain embargo—as I hope it will—I believe that we should halt the importation of all Soviet agricultural products for as long as the embargo on the sale of grain produced by American farmers is continued.

This is the least that we can do for our farmers who have already suffered an unfair burden as a result of American foreign policy. Why should we be benefiting Soviet farmers and ignoring our own?

I yield the floor, Madam President.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOREN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOREN. Madam President, at this time I renew my request for the yeas and nays on the amendment I have just offered and ask that the vote on the amendment occur after the votes on the others which have been offered.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 11—EMBARGO ISSUES

Mr. ZORINSKY. Madam President, I would like to deal with several issues raised about my amendment. These questions have been raised in some cases to assure that my amendment is not considered on its merits.

First, we should have a clean bill to send to the House. This approach gives S. 509 the standing of one of the Ten Commandments. We do not know what the House will do with S. 509. They might amend the bill in the House, and my amendment could help them pass the bill.

Second, we should not send a message of any kind to the Soviets regarding the embargo. This attitude would leave the embargo issue completely up to the executive branch, and I do not propose to do that. My embargo amendment would offer three clear options for the President. The Soviets know about this issue, our producers know about it, and it will not go away. We are not fooling anyone by this approach.

Third, we should not try to commit the President or tie his hands. My amendment is flexible, and it offers the President a path to get rid of the embargo if he wants to do so. I point out that 43 Senators, including 33 Republicans, voted last year for the Pressler amendment that was much more restrictive than my amendment.

Madam President, I hope that the President will view this amendment as a flexible approach to get rid of the embargo. It is an issue, and, regardless of the outcome of this amendment, he will at some point have to deal with it. Hiding one's face in the sand will not help it to go away.

Madam President, the adoption of my amendment will not have an adverse effect on S. 509. The purpose of S. 509 is very simple—to reduce the Federal budget for fiscal year 1981. My amendment will not have any effect on the Federal budget.

Under my amendment, if the President decides to extend the Russian grain embargo in a manner that does not discriminate against U.S. farmers, he can do so without any outlay of funds.

If, on the other hand, he chooses to lift the embargo, or to move toward renegotiating the bilateral grains agreement with Russia, it can be expected that grain markets will react positively and grain prices will be stronger. If this happens, the need for farmers to rely on USDA farm programs will be lessened. This, in turn, could result in a reduction in USDA outlays.

Also, it must be remembered that farmers rightly feel that, with the grain embargo, they have been unfairly singled out to bear the sacrifice involved in the President's national policy decision relating to our foreign relations with Russia.

With S. 509, it appears that farmers have once again been singled out—this time to be the first to lose benefits as a result of the President's implementation of the public mandate to reduce the Federal budget.

Because farmers are once again being put first in line to bear the cost of a national policy decision, it is singularly appropriate to include in S. 509 provisions to help farmers cope with problems they already face as a result of being the first, and practically only, group to bear the consequences of the earlier national policy decision.

For these reasons, I urge the Senate to reject the argument that my amendment is not appropriate for inclusion as part of S. 509.

Madam President, I have a copy of a letter from Mr. Jim Billington, president of the National Association of Wheat Growers, to President Reagan dated March 5. The Wheat Growers letter outlines the concern of America's wheat farmers with the continued restriction of wheat sales to the Soviet Union, and urges the President to take immediate steps to negotiate a new grain supply agreement with the Soviet Union.

The National Association of Wheat Growers letter states:

> The lack of any definitive statement by your administration regarding the future of US-Soviet grain trade leaves farmers with no idea of export sales prospects.

I ask unanimous consent, Madam President, that a copy of the letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF WHEAT GROWERS,
Washington, D.C., March 5, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The National Association of Wheat Growers urges you to take immediate steps to open negotiations with the Soviet Union which can lead to the successful conclusion of a new Grain Supply Agreement.

U.S. wheat sales to the USSR have been restricted for 14 months, and the nation's farmers have been isolated from Soviet demand while competing export firms have been free to sell third country grain to the USSR through their affiliate organizations. Soviet imports of wheat, notwithstanding the U.S. sales suspension, will reach a record of 16.5 million metric tons (605 Million bushels) during the July-June period of 1980–81, 37 percent more than the 1979–80 level.

The ineffective U.S. sales suspension has produced a shift in world grain trade patterns, and competing nations which have been allowed to displace the U.S. in this important market are expanding their wheat acreage and will strive to maintain their enlarged market share in future years. This means that U.S. farmers will continue to be disadvantaged in world trade, unless they are able to regain access through the renegotiation or extension of the 1975 US-Soviet Grain Supply Agreement which expires on October 1, 1981.

Lifting the Carter Administration embargo is a necessary first step to restoring US-Soviet grain trade, but this promised action will have little value unless it is coupled with clearance of new U.S. wheat sales for shipment before October 1 and initiatives to continue the arrangement between the U.S. and the USSR on grain sales.

Currently, the lack of any definitive statement by your administration regarding the future of US-Soviet grain trade leaves farmers with no idea of export sales prospects. Access to the Soviet market and the potential level of trade figure decisively into wheat farmer income, and we urge you to take prompt action towards re-establishing commercial grain sales.

Sincerely yours,

JIM BILLINGTON,
President.

Mr. ZORINSKY. Madam President, I ask unanimous consent that a copy of a Washington Star article dated March 13, 1981, authored by Representative PAUL FINDLEY, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EMBARGO "PROTECTION" COULD BOOST FARM SUBSIDIES

(By PAUL FINDLEY)

In the back rooms of Capitol Hill, and in lobbying offices throughout the city, one of the linchpins of President Reagan's economic program is slowly being worked loose. Surprisingly, presidential indecision is the instrument of its undoing.

The president's farm program, which is expected to call for massive cuts in federal farm subsidies and a greater emphasis on market economics and self reliance, is in danger. Instead of less federal involvement in the farm sector, we could see more. Making matters worse, the effort could be spearheaded by farm-state congressmen from the president's own party.

Why? Because the president's foreign policy contradicts his domestic policy. And while some members of his cabinet fail to see the contradiction, it is abundantly clear to the many farmers who supported Republicans in 1980.

A critical issue in the 1980 farm vote was the suspension of grain sales to the Soviet Union. During the campaign, President Reagan said that one of his first acts to help the ailing farm economy would be to end the embargo.

Meanwhile, Republican congressmen and senators who went to the wall for candidate Reagan in 1980 are being pushed to the wall in 1981 by President Reagan. It is particularly uncomfortable for congressmen who vocally supported Mr. Reagan prior to the Republican convention.

NOW IT'S HIS

The Carter embargo is fast becoming the Reagan embargo. The president promised to reduce government involvement in agriculture with its attendant protections (and costs), in exchange for more access to markets.

Congressmen on both sides of the aisle are willing to work for programs which reduce government spending—or at least hold the line on it. But in an economic segment like agriculture, where production costs over the past two years have risen twice as fast as prices farmers received, there is tremendous pressure, given the embargo atmosphere, to maintain government programs which keep people on the farm. This is done through price-supports, aggressive market development, or both. If you want a market-oriented domestic policy, you should have a market-oriented foreign policy.

Making matters worse, to date the embargo has done little more than show the Soviets that we're willing to hurt ourselves greatly in order to hurt them a little. Damage to the Soviet economy has been minimal. Soviet grain imports in the year ending July 1981 are expected to total a record 34.5 million tons, Soviet livestock numbers on Jan. 1 of this year stood at near-record levels.

While the growth rate in livestock slowed to its lowest level in at least four years, there was no evidence of the massive herd liquidation predicted when the embargo originally was invoked. In short, the Soviets have managed the embargo well.

That doesn't mean things are rosy in the USSR. The Soviets harvested a poor crop in 1980, the second poor crop in a row. Soviet livestock were slaughtered at lighter weights last year, resulting in a 400,000 ton (2.6 per cent) decline in meat products. Milk production was down; however, poultry production was up.

We also should remember that in 1975, when Under Secretary of State Charles Robinson attempted to link U.S.-Soviet grain sales to discounts on Soviet oil sold to the U.S. Soviet Foreign Trade Minister Nikolaichev responded that the Soviet people would "starve to death" before they succumbed to such political pressure.

The Soviet Union has now issued a public invitation for a new grain agreement. The longer Mr. Reagan delays, the more domestic pressure will arise—and not just from the farmers.

EMBARGOED JOBS

Labor is beginning to realize that American jobs are being embargoed, too. Thousands of man-days of work in trucking, storing, drying, barging, processing and shipping grain are being banned from the United States.

For example, the Soviet Union is now importing dramatic quantities of processed items—mainly flour and soybean meal. The volume of each category will exceed one million metric tons during the current year. And the processing represents an enormous input of labor. Except for the embargo, those jobs would be mostly U.S. jobs. Because of the embargo, Europeans, Canadians and Latin Americans get the work.

So, the issue for the Reagan administration becomes: What now? If the president fails to lift the embargo, farm state congressmen and senators will be under heavy pressure to write an "embargo protection" provision in the 1981 farm bill. This probably would take the form of substantial price support increases. The additional budget outlay could damage the president's economic program. It might even wreck it, if it provided the precedent for other interests to gain funding increases for their pet projects.

On the other hand, lifting the embargo would not necessarily result in additional shipments of U.S. grain to the Soviets during the next six months.

FIVE-YEAR AGREEMENT

Under our five-year grain agreement with the Soviet Union, we are committed to selling up to 8 million tons of wheat and corn to them each year, regardless of the embargo. The Soviets have already purchased the 8 million tons allowed, so if they wish to purchase more, they must consult with us. These consultations could be used to negotiate the conditions that would be associated with increased grain sales as well as any other item of mutual interest.

For this reason, ending the embargo would give nothing to the Soviets. It would not weaken the President's hand in dealing with them.

In the October 1980 Communist Party Plenum, Soviet President Leonid Brezhnev stated that improving the food supply is the first priority is improving the living standards of the Soviet people. This would imply a willingness to negotiate, if the process could be moved from the public arena to private consultations. It should be clear that hard-liners in the Kremlin will never publicly concede U.S. embargo pressures.

That leaves U.S. policy makers facing a stalemate that is hurting the Reagan administration. For the president, the embargo albatross is getting heavier. He should shed it quickly.

● Mr. HUDDLESTON. Mr. President, I have previously during this debate commended the distinguished Senator from Nebraska (Mr. ZORINSKY) for introducing his amendment.

The adoption of the amendment by the Senate would go far in depoliticizing the debate on whether the embargo of U.S. grain sales to the Soviet Union that was imposed more than a year ago by President Carter and renewed by him in January 1981 should be lifted or continued.

Certainly, of all the national security and foreign policy actions taken by the United States to impress the Soviets with the seriousness with which our Nation regarded their breach of international law and world stability in invading Afghanistan, none was more dramatic than the grain embargo.

There are, I am sure, many persons—including Senators on both sides of the aisle—who would agree with the remarks President Reagan made in his major agricultural address of the 1980 campaign. In that address, which was delivered on September 30, 1981, at the Lounsberry farm in Nevada, Iowa, Mr. Reagan stated that the grain embargo—and I quote his exact words—

Has damaged the credibility of American farmers as reliable suppliers of wheat, of corn, of soybeans—of all farm products, by embargoing agricultural exports to the Soviet Union. The result has been costly to American farmers and ineffective in our foreign policy. I am pleased that the U.S. Senate

voted last Friday to shut off funds to implement or enforce the embargo. This Senate action was a vote of no confidence in President Carter's embargo policy. The canceling of our grain contracts was Jimmy Carter's way of sending a "Message to Moscow." All he succeeded in doing was hurting U.S. farmers and the U.S. taxpayer.

Likewise, I am certain that there are many persons—again including Senators on both sides of the aisle—who would disagree with Mr. Reagan's assessment. There are, in fact, many western experts who have concluded that the effects of the U.S. sales suspension—although difficult to isolate from the Soviets' own agricultural shortcomings—presented Soviet planners with a troublesome element, and that the economic impact has been more than trivial.

At his March 6 press conference, President Reagan stated that the administration had not reached a decision on whether to lift the grain embargo. I ask unanimous consent that the text of the question the President was asked and his response be printed at this point in the RECORD.

Q. Mr. President, at your first press conference you were asked about the Soviet grain embargo and you said there were really only two options, either to abandon it or to broaden it. Can you tell us which it's going to be and, if you haven't reached a decision yet, can you tell us what factors are still at play here?

P. We haven't reached a decision. I think all of us would like to lift the embargo. I still think that it has been as harmful to the American farmer as it has been to the Soviet Union. But the situation has changed from the time when it was first installed. I was against it at the time. I didn't think it should have been used as it was, that if we were going to follow that road we should have gone across the board and had a kind of quarantine. We didn't but now we have to look at the international situation the way it is and see what would be the effect, not just on the use of grain, but the whole effect and what would it say to the world now for us to just unilaterally move.

We're hopeful that we can arrive at a settlement and a decision on this and one that will benefit our farmers.

But whatever may be one's views on the effect of the embargo, it is important to note that Senator ZORINSKY's amendment is flexible and gives the President a number of ways to resolve this important issue. The amendment does not in any way force the President to take precipitous action.

Under the amendment, the President is afforded three options:

First, the President could elect to lift the Soviet grain embargo by April 15, 1981; or

Second, the President could continue the restrictions by certifying to Congress that the continuation of such restrictions is necessary to further significantly the national security and foreign policy interests of the United States, and will not have an undue adverse effect nor unfairly impose a discriminatory burden on the agricultural economy and the farmers of the United States; or

Third, the President could delay for a reasonable time the date of expiration of the embargo by certifying to Congress, prior to April 15, 1981, that he intends to negotiate a new bilateral grains agreement with the Soviet Union to replace the agreement that expires September 30, 1981.

It should be noted that if the President elects to lift the embargo, such lifting would not automatically open up additional sales of wheat and corn to the Soviets. Russia has already purchased the 8 million tons authorized this year under the bilateral grains agreement. Any additional sales of wheat and corn above the 8 million tons would have to be negotiated.

The second option offers the President the opportunity to continue the embargo if he feels that it is necessary for national security and foreign policy reasons. But, he would have to first consider the effect of the embargo on farmers. He would have to certify to Congress that continuation of the embargo would not impose a discriminatory burden on farmers and the agricultural economy of the United States.

The third option offers the President the opportunity to continue the embargo in order to negotiate a new bilateral grains agreement with the Soviet Union. No time limitation is set, and the amendment only asks that the President indicate that he intends to negotiate a new bilateral agreement to replace the one that expires September 30, 1981.

I emphasize again that Senator ZORINSKY's amendment does not force the President to take precipitous action. The amendment merely requires the President to resolve the grain embargo issue in a careful and responsible manner.

I urge all my colleagues to support the amendment.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED OR HELD AT THE DESK

As in executive session, the acting president pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees or held at the desk.

Mr. BAKER. Mr. President, I ask unanimous consent that the nomination of Lionel H. Olmer and G. Ray Arnett be held at the desk until the close of business Tuesday, March 24.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON ADVERSE IMPACT ON COMMUNITIES IN AREAS IN WHICH MAJOR NEW MILITARY FACILITIES ARE CONSTRUCTED—MESSAGE FROM THE PRESIDENT—PM 39

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Armed Services:

To the Congress of the United States:

Section 803(b) of the Military Construction Authorization Act of 1980 (PL 96-418) called for "a thorough study of the adverse impact on communities in areas in which major, new military facilities are constructed with a view to determining the most effective and practicable means of promptly mitigating such impact."

I am submitting herewith a preliminary report of this study which is being conducted by an interagency task force of the President's Economic Adjustment Committee. Additional portions of the study are underway, and will be reflected in a final report which I will forward to the Congress as early as practicable. I will defer offering any recommendations on organizational and budgeting approaches to community impact assistance until that time.

The study's initial findings suggest that the near-term local economic benefits of a major new military base may not be sufficient to offset the cost of required additional community facilities and services, and that special Federal assistance to affected States and localities may sometimes be justified. At the same time, States and localities should be expected to meet their share of community facility and service costs in defense growth areas.

As a general proposition, therefore, any special Federal community assistance should be limited to the minimum level required to mitigate the adverse effects of extraordinary growth directly resulting from major new bases. In addition, I would oppose any such assistance taking the form of Federal guarantees of State or municipal indebtedness where the interest is not subject to Federal income tax.

With specific reference to the MX weapon system and the East Coast Trident base, Section 802 of the Military Construction Authorization Act contains a wide range of authorities to provide impact assistance for affected areas. If additional legislation is required, I will request it at a later date.

I am pleased to note that representatives of the States and affected communities of Nevada, Utah, Georgia, and Florida have participated fully in preparation of this report. I am confident that, working together, we can meet legitimate State and local concerns about defense growth impacts, while at the same time satisfying national security requirements.

RONALD REAGAN.

THE WHITE HOUSE, *March 23, 1981.*

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-613. A communication from the Deputy Secretary of Agriculture transmitting a draft of proposed legislation relating to increasing

the interest rates on loans for water and waste disposal and essential community facilities; to the Committee on Agriculture, Nutrition, and Forestry.

EC–614. A communication from the Deputy Secretary of Agriculture transmitting a draft of proposed legislation to remove the 2 percent interest rate for insured loans under the Rural Electrification Act; to the Committee on Agriculture, Nutrition, and Forestry.

EC–615. A communication from the Deputy Secretary of Agriculture transmitting a draft of proposed legislation to recover costs related to certain commodity inspection and licensing; to the Committee on Agriculture, Nutrition, and Forestry.

EC–616. A communication from the Deputy Secretary of Agriculture transmitting a draft of proposed legislation relating to cost recovery for services by the Federal Grain Inspection Service; to the Committee on Agriculture, Nutrition, and Forestry.

EC–617. A communication from the Clerk of the U.S. Court of Claims, transmitting, pursuant to law, a copy of the Court's judgment order in the case of Caddo Tribe of Oklahoma, et al. v. United States; to the Committee on Appropriations.

EC–618. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report on certain proposed rescissions and deferrals previously transmitted to the Congress by the President; jointly, pursuant to the order of January 30, 1975; to the Committee on Appropriations and the Committee on the Budget.

EC–619. A communication from the Director of the Office of Management and Budget, transmitting, pursuant to law, the cumulative report on monthly rescissions and deferrals proposed by the President; jointly, pursuant to the order of January 30, 1975; to the Committee on Appropriations and the Committee on the Budget.

EC–620. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on a proposed foreign military sale to Saudi Arabia; to the Committee on Armed Services.

EC–621. A communication from the Assistant Secretary of the Air Force for Research, Development, and Logistics, transmitting, pursuant to law, a report on a decision made to convert an operation and maintenance function at Nellis Air Force Base, Nev., to performance under contract; to the Committee on Armed Services.

EC–622. A communication from the Assistant Secretary of the Air Force for Research, Development, and Logistics, transmitting, pursuant to law, a report on a decision made to convert shelf-stocking and custodial services at Pease AFB, N.H., to performance under contract; to the Committee on Armed Services.

EC–623. A communication from the Acting Under Secretary of Defense for Research and Engineering, transmitting, pursuant to law, data to accompany a report previously submitted (pursuant to law) costs incurred on negotiated and bid and proposal defense contracts; to the Committee on Armed Services.

EC–624. A communication from the Acting Assistant Secretary of the Army for Installations, Logistics, and Financial Management, transmitting, pursuant to law, a report on a decision made to convert laundry and drycleaning functions at Fort Riley, Kans., to performance under contract; to the Committee on Armed Services.

EC–625. A communication from the Acting Assistant Secretary of the Army for Installations, Logistics, and Financial Management, transmitting, pursuant to law, a report on a decision made to convert the laundry and dry cleaning service at Fort Meade, Md., to performance by contract; to the Committee on Armed Services.

EC–626. A communication from the Assistant Secretary of the Air Force for Research, Development and Logistics, transmitting, pursuant to law, a report on a decision made to convert the family housing maintenance function at Moody Air Force Base, Ga., to performance by contract; to the Committee on Armed Services.

EC–627. A communication from the Acting Assistant Secretary of the Army for Installations, Logistics, and Financial Management, transmitting, pursuant to law, a report on a study made regarding conversion of certain in-house functions to performance by contract; to the Committee on Armed Services.

EC–628. A communication from the Assistant Secretary of the Air Force for Research, Development, and Logistics, transmitting, pursuant to law, a decision made to convert commissary shelf-stocking and custodial services at Malmstrom Air Force Base, Mont., to performance by contract; to the Committee on Armed Services.

EC–629. A communication from the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics, transmitting pursuant to law, a report on selected reserve recruiting and retention incentives; to the Committee on Armed Services.

EC–630. A communication from the Acting General Counsel of the Department of Defense transmitting a draft of proposed legislation requesting authority for supplemental appropriations for fiscal year 1981 for the Department of Defense; to the Committee on Armed Services.

EC–631. A communication from the Assistant Secretary of the Air Force for Research, development, and Logistics, transmitting, pursuant to law, a report on a decision made to convert the range maintenance at Gila Bend Air Force Auxiliary Field, Ariz., to performance by contract; to the Committee on Armed Services.

EC–632. A communication from the Secretary of Labor transmitting, pursuant to law, a report on exemplary rehabilitation certificates awarded for calendar year 1980; to the Committee on Armed Services.

EC–633. A communication from the Assistant Secretary of the Air Force for Research, Development, and Logistics, transmitting, pursuant to law, a report on a decision made to convert commissary shelf-stocking and custodial services at Seymour-Johnson AFB, N.C., to performance by contract; to the Committee on Armed Services.

EC–634. A communication from the Acting Under Secretary of Defense for Research and Engineering, transmitting, pursuant to law, a report on independent research and development and bid and proposal costs; to the Committee on Armed Services.

EC–635. A communication from the Assistant Secretary of the Air Force for Research Development, and Logistics, transmitting pursuant to law, a report on a decision made to convert the ground maintenance function at March Air Force Base, Calif., to performance under contract; to the Committee on Armed Services.

EC–636. A communication from the Secretary of the Navy, transmitting a draft of proposed legislation relative to furnishing of routine port services to visiting naval vessels of friendly foreign countries if same are provided reciprocally to vessels of the United States; to the Committee on Armed Services.

EC–637. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "DOD Participation in the Space Transportation System: Status and Issues"; to the Committee on Armed Services.

EC–638. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Air Force and Navy Plans to Acquire Trainer Aircraft"; to the Committee on Armed Services.

EC–639. A communication from the Chairman of the Federal Deposit Insurance Corporation, transmitting, pursuant to law, the first annual report of the Corporation on the Change in Bank Control Act of 1978; to the Committee on Banking, Housing, and Urban Affairs.

EC–640. A communication from the Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report of the Board on the administration of the Change in Bank Control Act of 1978; to the Committee on Banking, Housing, and Urban Affairs.

EC–641. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, information on reports to be submitted to the Congress by the Department in the next two months; to the Committee on Banking, Housing, and Urban Affairs.

EC–642. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report with respect to a transaction involving United States exports to Israel; to the Committee on Banking, Housing, and Urban Affairs.

EC–643. A communication from the Executive Director of the Neighborhood Reinvestment Corporation, transmitting a draft of proposed legislation to extend the authorization of appropriations for the Neighborhood Reinvestment Corporation; to the Committee on Banking, Housing, and Urban Affairs.

EC–644. A communication from the Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the sixth annual report of the Board on the Board's functions with respect to Section 18(f) of the Federal Trade Commission Act; to the Committee on Banking, Housing, and Urban Affairs.

EC–645. A communication from the Vice President for Government Affairs of the National Railroad Passenger Corporation, transmitting, pursuant to law, a report on the average number of passengers per day and the on-time performance of each train operated by the Corporation for the month of January 1981; to the Committee on Commerce, Science, and Transportation.

EC–646. A communication from the Vice President for Government Affairs of the National Railroad Passenger Corporation, transmitting, pursuant to law, a report on the average number of passengers per day and the on-time performance of each train operated by the Corporation for November 1980; to the Committee on Commerce, Science, and Transportation.

EC–647. A communication from the Vice President for Government Affairs of the National Railroad Passenger Corporation, transmitting, pursuant to law, a report on the average number of passengers per day and the on-time performance of each train operated by the Corporation for December 1980; to the Committee on Commerce, Science, and Transportation.

EC–648. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–649. A communication from the Acting Chairman of the Interstate Commerce Commission, transmitting, pursuant to law, the annual report of the Commission on the effectiveness of the Rail Passenger Service Act of 1970; to the Committee on Commerce, Science, and Transportation.

EC–650. A communication from the Acting Chairman of the United States Con-

sumer Product Safety Commission, transmitting, pursuant to law, an amended budget estimate for the Commission for fiscal year 1982; to the Committee on Commerce, Science, and Transportation.

EC–651. A communication from the Secretary of Energy, transmitting, for the information of the Senate, that a report of the Department on the Use of Alcohol In Fuel will be submitted on or about May 15, 1981; to the Committee on Energy and Natural Resources.

EC–652. A communication from the Secretary of the Interior, transmitting, pursuant to law, an annual report on the current status or completion or revision of general management plans for each unit of the National Park System for calendar year 1980; to the Committee on Energy and Natural Resources.

EC–653. A communication from the Secretary of the Interior, transmitting, pursuant to law, a report entitled "Report of Review and Revision of Royalty Payments for Fiscal Years 1979 and 1980 for Federal Onshore and Outer Continental Shelf (OCS) Oil and Gas Leases"; to the Committee on Energy and Natural Resources.

EC–654. A communication from the Chief of the Forest Service, Department of Agriculture, transmitting, pursuant to law, a copy of the Development and Management Plan, Legal Description, and Map for the St. Joe River, Idaho; to the Committee on Energy and Natural Resources.

EC–655. A communication from the Secretary of Energy, transmitting, pursuant to law, the annual report on the Strategic Petroleum Reserve, dated February 16, 1981; to the Committee on Energy and Natural Resources.

EC–656. A communication from the Secretary of the Interior, transmitting, pursuant to law, a report on an application for repayment of excess gas royalties paid by the Phillips Petroleum Company; to the Committee on Energy and Natural Resources.

EC–657. A communication from the Comptroller General, transmitting, pursuant to law, a report entitled "Federal Charges For Irrigation Projects Reviewed Do Not Cover Costs"; to the Committee on Energy and Natural Resources.

EC–658. A communication from the Chairman of the Nuclear Regulatory Commission, transmitting, pursuant to law, the Report to Congress on Status of Emergency Response Planning for Nuclear Power Plants; to the Committee on Environment and Public Works.

EC–659. A communication from the Chairman of the Nuclear Regulatory Commission, transmitting a draft of proposed legislation to amend the Atomic Energy Act to clarify that no prior public hearing is required for applications for amendment which involve no significant hazards consideration and for other purposes; to the Committee on Environment and Public Works.

EC–660. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Action Needed To Resolve Problem Of Outstanding Supplemental Security Income Checks"; to the Committee on Finance.

EC–661. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "More Diligent Followup Needed To Weed Out Ineligible SSA Disability Beneficiaries"; to the Committee on Finance.

EC–662. A communication from the Secretary of Labor, transmitting a draft of proposed legislation to amend the Federal-State Extended Unemployment Compensation Act of 1970 to eliminate the national trigger for extended compensation, change the State trigger, to provide for a qualifying requirement, and for other purposes; to the Committee on Finance.

EC–663. A communication from the Acting Secretary of the Treasury, transmitting, pursuant to law, the annual report of the Department of the Treasury's Office of Revenue Sharing for fiscal year 1980; to the Committee on Finance.

EC–664. A communication from the Chairman of the National Commission on Social Security, transmitting, pursuant to law, the final report of the Commission; to the Committee on Finance.

EC–665. A communication from the Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to authorize appropriations for fiscal years 1982 and 1983 for the Department of State; to the Committee on Foreign Relations.

EC–666. A communication from the Acting Secretary of the Treasury, transmitting, pursuant to law, a request of the Administration for prompt action on two draft bills submitted on January 17, 1981; to the Committee on Foreign Relations.

EC–667. A communication from the Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, international agreements, other than treaties, entered into by the United States in the sixty day period prior to March 12, 1981; to the Committee on Foreign Relations.

EC–668. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "U.S. Assistance To Egyptian Agriculture: Slow Progress After Five Years"; to the Committee on Foreign Relations.

EC–669. A communication from the Acting Administrator of the Agency for International Development, transmitting, pursuant to law, the "1980 Women In Development" report; to the Committee on Foreign Relations.

EC–670. A communication from the Acting Director of ACTION, transmitting, pursuant to law, final regulations for certain programs of ACTION; to the Committee on Governmental Affairs.

EC–671. A communication from the Employee Benefits and Risk Manager, Office of Joint Services, Farm Credit Institutions, transmitting, pursuant to law, a report on an amended retirement plan for Farm Credit Institutions in the Fourth District; to the Committee on Governmental Affairs.

EC–672. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, a follow-up report and recommendations on the report of the Board of Visitors to the U.S. Naval Academy for September 27, 1978 and September 26, 1979; to the Committee on Governmental Affairs.

EC–673. A communication from the Secretary of the Postal Rate Commission, transmitting, pursuant to law, a report on the implementation of the Sunshine Act during calendar year 1980; to the Committee on Governmental Affairs.

EC–674. A communication from the Deputy Assistant Secretary of Housing and Urban Development (Administration), transmitting, pursuant to law, a report on a proposed amendment to a system of records for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–675. A communication from the Acting Commissioner of Social Security, transmitting, pursuant to law, a notice of a proposed new system of records for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–676. A communication from the Vice President of the Chesapeake & Potomac Telephone Co., transmitting, pursuant to law, a statement of receipts and expenditures of the Chesapeake & Potomac Telephone Co. for 1980; to the Committee on Governmental Affairs.

EC–677. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, a report detailing the results of an investigation requested by the Office of Special Counsel, Merit Systems Protection Board; to the Committee on Governmental Affairs.

EC–678. A communication from the Chairman of the Federal Deposit Insurance Corporation, transmitting, pursuant to law, the report of the Corporation on compliance with the provisions of the Government in the Sunshine Act for calendar year 1980; to the Committee on Governmental Affairs.

EC–679. A communication from the Chairman of the National Transportation Safety Board, transmitting, pursuant to law, the annual report of the Board on the administration of the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–680. A communication from the Acting Assistant Secretary of Commerce (Administration), transmitting, pursuant to law, the annual report of the Department on activities under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–681. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report and recommendation concerning the claim of Staff Sergeant Anne M. Fisher, United States Army Reserve; to the Committee on the Judiciary.

EC–682. A communication from the Acting Director of the International Communication Agency, transmitting, pursuant to law, the annual report of the Agency on activities under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–683. A communication from the Acting Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, the annual report of NASA on activities under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–684. A communication from the Acting Director of the Federal Emergency Management Agency, transmitting, pursuant to law, the annual report of the Agency on activities under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–685. A communication from the Director of the Administrative Office of the United States Courts, transmitting a draft of proposed legislation to amend section 3006A of title 18 of the United States Code to provide protection against personal liability to the officers and employees of certain defender organizations providing representation under the Criminal Justice Act; to the Committee on the Judiciary.

EC–686. A communication from the General Counsel, Office of the Federal Inspector, Alaska Natural Gas Transportation System, transmitting, pursuant to law, enclosures to accompany the annual report of the Office on activities under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–687. A communication from the Secretary of Health and Human Services, transmitting, for the information of the Senate, notice that the submission of the special report on the impact of the change in the definition of developmental disabilities has been delayed; to the Committee on Labor and Human Resources.

EC–688. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report on section 340a of the Public Health Service Act; to the Committee on Labor and Human Resources.

EC–689. A communication from the Chairman of the United States Railroad Retirement Board, transmitting a draft of proposed legislation to repeal the first section of the act entitled "An Act to amend the Railroad Retirement Act of 1974 to extend certain cost-of-living increases"; to the Committee on Labor and Human Resources.

EC–690. A communication from the Secretary of Education, transmitting, pursuant to law, final regulations—Pell Grant Program; Revision in the 1981–82 Family Contribution Schedules; to the Committee on Labor and Human Resources.

EC–691. A communication from the Chairman of the United States Railroad Retirement Board, transmitting, for the information of the Senate, notice of administration support for two drafts of proposed legislation submitted prior to January 20, 1981; to the Committee on Labor and Human Resources.

EC–692. A communication from the Chairman of the Federal Election Commission, transmitting, pursuant to law, a copy of the revised budget request of the Commission for fiscal year 1982; to the Committee on Rules and Administration.

EC–693. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Better Guidelines Could Reduce VA's Planned Construction Of Costly Operating Rooms"; to the Committee on Veterans' Affairs.

EC–694. A communication from the Acting Administrator of the Veterans Administration, transmitting, pursuant to law, a report on certain cases recommended for equitable relief; to the Committee on Veterans Affairs.

EC–695. A communication from the Acting Administrator of the Veterans Administration, transmitting, pursuant to law, a report entitled "Report To Congress On Health Care For Veterans In Puerto Rico And the Virgin Islands"; to the Committee on Veterans' Administration.

EC–696. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a cumulative report on budget rescissions and deferrals for the month of February 1981; pursuant to the order of January 30, 1975, referred jointly to the Committee on Appropriations and the Committee on the Budget.

EC–697. A communication from the Deputy Assistant Secretary of Defense for Installations and Housing, transmitting, pursuant to law, a report on architect-engineer contracts awarded to the 10 architect-engineering firms receiving the largest dollar total of contracts in the categories of civil works, military construction, and work for foreign governments for fiscal year 1980; to the Committee on Armed Services.

EC–698. A communication from the Chairman of the Federal Home Loan Bank Board, transmitting, pursuant to law, a copy of a study on moving the Federal Home Loan Bank of Little Rock to the Dallas SMSA; to the Committee on Banking, Housing, and Urban Affairs.

EC–699. A communication from the Comptroller of the Currency, transmitting, pursuant to law, the annual report on consumer activities of the Comptroller of the Currency; to the Committee on Banking, Housing, and Urban Affairs.

EC–700. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Urban Mass Transportation Act of 1964 to provide authorizations for appropriations, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs

EC–701. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Federal Capital Budgeting: A Collection Of Haphazard Practices"; to the Committee on the Budget.

EC–702. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Rail Passenger Service Act to authorize additional appropriations for the National Railroad Passenger Corporation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–703. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, to amend the Highway Safety Act of 1966 to authorize appropriations, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–704. A communication from the Acting Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, proposed amendments to the previously submitted budget request of NASA for fiscal year 1982; to the Committee on Commerce, Science, and Transportation.

EC–705. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Federal Investment In Amtrak's Assets Should Be Secured"; to the Committee on Commerce, Science, and Transportation.

EC–706. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize the Secretary of the department in which the Coast Guard is operating to establish fees for Coast Guard services and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–707. A communication from the Secretary of the Interstate Commerce Commission, transmitting, pursuant to law, a proposed extension to the deadline on the case "Docket No. 37276 (Sub-No. 1) Coal, Wyoming to Redfield, Arkansas" and "Docket No. 37456, Arkansas Power and Light Co., et al., v. Burlington Northern, Inc., et al."; to the Committee on Commerce, Science, and Transportation.

EC–708. A communication from the Chairman of the National Transportation Safety Board, transmitting, pursuant to law, the annual report of the National Transportation Safety Board for 1980; to the Committee on Commerce, Science, and Transportation.

EC–709. A communication from the Acting General Counsel of the Department of Energy, transmitting, pursuant to law, notices of meetings related to the International Energy Program; to the Committee on Energy and Natural Resources.

EC–710. A communication from the Acting Administrator of the Environmental Protection Agency, transmitting, pursuant to law, a report on the study of the effect of the Industrial Cost Exclusion on the construction grants program; to the Committee on Environment and Public Works.

EC–711. A communication from the Chairman of the United States Nuclear Regulatory Commission, transmitting a draft of proposed legislation to amend the Atomic Energy Act of 1954, as amended, to authorize the Commission, upon determination that such action is necessary in the public interest, to issue an interim operating license authorizing fuel loading, low-power operation and testing of a nuclear power reactor in advance of the conduct of a hearing; to the Committee on Environment and Public Works.

EC–712. A communication from the Chairman and Directors of the Board of Directors of the Tennessee Valley Authority, transmitting, pursuant to law, the forty-seventh annual report of the authority for fiscal year 1980; to the Committee on Environment and Public Works.

EC–713. A communication from the Acting Administrator of the United States Environmental Protection Agency, transmitting, pursuant to law, a report to estimate the costs of construction of publicly owned wastewater treatment facilities needed to carry out the provisions of the Clean Water Act and to estimate these costs on a State-by-State basis; to the Committee on Environment and Public Works.

EC–714. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Value-Added Tax—What Else Should We Know About It?"; to the Committee on Finance.

EC–715. A communication from the President of the United States, transmitting, pursuant to law, notice of his intention to issue an Executive order proclaiming all members of the Andean group and of the Association of South East Asian Nations shall be treated, respectively, as one country for purposes of the Generalized System of Preferences; to the Committee on Finance.

EC–716. A communication from the Acting Director of the Office of Personnel Management, transmitting a draft of proposed legislation to amend chapter 83 of title 5, United States Code, to provide for annual cost-of-living adjustments; to the Committee on Governmental Affairs.

EC–717. A communication from the Acting Inspector General of the Department of Health and Human Services, transmitting, pursuant to law, a report of an investigation submitted to the Special Counsel, Merit Systems Protection Board; to the Committee on Governmental Affairs.

EC–718. A communication from the Mayor of the District of Columbia, transmitting a draft of proposed legislation to amend the District of Columbia Self-Government and Governmental Reorganization Act with respect to the rate of compensation of the City Administrator; to the Committee on Governmental Affairs.

EC–719. A communication from the Acting Assistant Administrator of the Environmental Protection Agency (Planning and Management), transmitting, pursuant to law, the annual report of the Agency on the disposal of foreign excess property; to the Committee on Governmental Affairs.

EC–720. A communication from the Chairman of the Federal Home Loan Bank Board, transmitting, pursuant to law, the annual report of the Board on activities under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–721. A communication from the Acting Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, a report stating that NASA did not grant any requests for extraordinary contractural adjustment during calendar year 1980; to the Committee on the Judiciary.

EC–722. A communication from the Secretary of Housing and Urban Deevlopment and the Secretary of Health and Human Services, transmitting, for the information of the Senate, notice that there will be a delay in the submission of the report regarding shelter and basic living needs of chronically mentally ill individuals, due on January 1, 1981, until August 1, 1981; to be Committee on Labor and Human Resources.

EC–723. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Low Productivity In American Coal Mines: Causes and Cures"; to the Committee on Labor and Human Resources.

EC–724. A communication from a member of the Office of Technology Assessment, Congress of the United States, transmitting, pursuant to law, the annual report on the activities of the Office for calendar year 1980; to the Committee on Rules and Administration.

EC–725. A communication from the Acting Administrator of the Veterans Administration, transmitting a draft of proposed legislation to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans: to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes; to the Committee on Veterans' Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–30. A concurrent resolution adopted by the Legislature of the State of North Dakota; to the Committee on Appropriations:

"SENATE CONCURRENT RESOLUTION No. 4034

"Whereas, there has been a decrease in the amount of federal funds appropriated to the states in the form of grants; and

"Whereas, federal regulations governing the expenditure of those moneys have not decreased; and

"Whereas, moneys dispensed in the form of block grants would reduce federal regulations and allow the state to decide how federal grants can best be utilized in state programs;

"Now, therefore, be it resolved by the Senate of the State of North Dakota, the House of Representatives concurring therein:

"That the Forty-seventh Legislative Assembly urges the United States Congress to appropriate and authorize expenditure of federal moneys in the form of block grants to the several states; and

"Be it further resolved, that copies of this resolution be forwarded by the Secretary of State to the North Dakota Congressional Delegation, the Secretary of the Senate of the United States, the Clerk of the House of Representatives of the United States, the Office of Management and Budget, and the President of the United States."

POM–31. A petition from a citizen of Baltimore, Maryland, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–32. A petition from a citizen of Culver City, California, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–33. A petition from a citizen of Burbank, California, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–34. A petition from a citizen of Edmonds, Washington, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–35. A petition from a citizen of Arleta, California, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–36. A petition from a citizen of Arleta, California, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–37. A petition from a citizen of La Canada, California, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–38. A petition from a citizen of San Marino, California, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–39. A petition from a citizen of Glendale, California, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–40. A petition from a citizen of Winchester, Massachusetts, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–41. A petition from a citizen of Winchester, Massachusetts, urging congressional support for the efforts of the Reagan Administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–42. A concurrent resolution adopted by the Legislature of the State of Utah; to the Committee on Foreign Relations;

"A CONCURRENT RESOLUTION No. 2

"Whereas, the Governor of Utah and the Utah Legislature fully recognize the importance of international trade, and the benefits accruing to the state from tax revenues, job creation and general economic stimulation that result from bilateral foreign trade;

"Whereas, the production of steel is one of Utah's most important industries, employing some 5,000 men and women at U.S. Steel's Geneva Works, near Provo, and other fellow citizens at coal mines, ore mines and limestone quarries in the state;

"Whereas, Utah steelmakers, management and labor, have achieved a nation-wide reputation for cooperative action and innovation to overcome the disadvantage of distance to major western markets, mainly on the West Coast, and to ensure the future of their industry;

"Whereas, despite this performance, the future operation of Geneva Works, one of only two integrated steel plants west of the Rocky Mountains, is seriously threatened today by imports of foreign steel which have claimed in 1980 nearly 40 percent of the total steel market in the 13 Western States;

"Whereas, the Governor of Utah and the Utah Legislature have received communications from employees, employers, and labor leaders of the Utah steel producing and steel fabricated products industry requesting presidential and congressional action to control the alarming increase of low priced foreign steel imports into the western marketing area;

"Whereas, many foreign producers are owned or subsidized by their home governments, which has enabled them to sell their products on the West Coast for less than the cost to produce and ship them to this country, or below the price charged in their home countries, in violation of the nation's trade laws;

"Whereas, this practice, known as dumping, has had a devastating impact on the competitive position of Geneva Works and other western domestic producers, resulting in a loss of jobs, employment opportunity, modernization and growth potential; and

"Whereas, Utah steelmakers seek no special protectionism or special favors of government, but only the opportunity to compete on an equal footing in cost, quality and service with other producers, foreign and domestic.

"Now, therefore, be it resolved, that the General Session of the 44th Legislature of the State of Utah, the Governor concurring therein, memorializes the Congress of the United States and the new Reagan Administration to take whatever actions may be necessary to strengthen and enforce the Federal laws enacted to ensure fair competition in the international marketing of steel and to prevent unfair trade practices by foreign steel producers in the western market.

"Be it further resolved, that the International Steel Committee, of which the United States is a member nation, be strongly urged to deal forthrightly with the issues involved to firmly establish fair trade among steel producing nations.

"Be it further resolved, that the Lieutenant Governor of Utah forward a copy of this resolution to each member of the state's congressional delegation, to the President of the Senate and the Speaker of the House of the United States Congress, and to the President of the United States."

POM–43. A joint resolution adopted by the Legislature of the State of Montana; to the Committee on the Judiciary:

"HOUSE JOINT RESOLUTION No. 15

"A joint resolution of the Senate and the House of Representatives of the State of Montana calling for the Congress of the United States to propose and submit to the States an amendment to the United States Constitution that would protect unborn children.

"Whereas, the United States Supreme Court has nullified the laws of various states concerning abortion and has interpreted the United States Constitution in a way that permits the destruction of unborn human life; and

"Whereas, millions of abortions have been performed in the United States since the abortion decisions of the Supreme Court of the United States on January 22, 1973; and

"Whereas, the Congress of the United States has not to date proposed, subject to ratification, an amendment to the United States Constitution that would protect unborn children; and

"Whereas, the Montana Legislature endorses the concept of protecting unborn children, except when an unborn child threatens the life of the mother or is the result of rape or incest; and

"Whereas, under Article V of the Constitution of the United States, amendments to the United States Constitution may be proposed by the Congress whenever two-thirds of both Houses consider it necessary.

"Now therefore, be it resolved by the Senate and the House of Representatives of the State of Montana:

"(1) That the Congress of the United States is hereby requested to propose and submit to the states an amendment to the Constitution of the United States which would protect unborn children, except when an unborn child threatens the life of the mother or is the result of rape or incest.

"(2) That copies of this resolution be sent to the Secretary of State and presiding officers of both houses of the Legislatures of each of the several states in the Union, the Speaker and the Clerk of the United States House of Representatives, the President and the Secretary of the United States Senate, and to each member of the Montana Congressional Delegation."

POM–44. A concurrent resolution adopted by the Legislature of the State of South Dakota; to the Committee on the Judiciary:

"HOUSE CONCURRENT RESOLUTION No. 1006

"Whereas, the noble gesture of placing flowers on the graves of the war dead began May 30, 1868; and

"Whereas, the grand patriot General John A. Logan called that day "Decoration Day" to honor the heroes who fell in order that the Union would be preserved; and

"Whereas, the Union veterans of the Civil War continued this tradition until the torch was passed to the American Legion following World War I; and

"Whereas, May thirtieth has become known as Poppy Day since the first World War; and

"Whereas, Memorial Day now serves as a time to remember by parades, floral tributes and lowered flags the brave citizens who gave their lives in defense of democracy; and

"Whereas, this observance took place on the thirtieth day of May for one hundred three years before changing the observance to the last Monday in May:

"Now, therefore, be it resolved, by the House of Representatives of the Fifty-sixth Legislature of the state of South Dakota, the Senate concurring therein, that the Congress of the United States return the observance of Memorial Day to the thirtieth day of May.

"Be it further resolved, that copies of this resolution be sent to the South Dakota Congressional delegation, the Clerk of the United States House of Representatives and the Secretary of the United States Senate."

POM-45. A resolution of the City Council of Youngstown, Ohio, urging the United States Senate and House of Representatives to retain the Urban Development Action Grant Program in support of the distressed areas in the City of Youngstown; to the Committee on Banking, Housing, and Urban Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DOMENICI, from the Committee on the Budget, with amendments, and with an amendment to the title:

S. Con. Res. 9. Concurrent resolution revising the congressional budget for the United States Government for the fiscal years 1981, 1982, and 1983 (with additional and supplemental views) (Rept. No. 97-28).

JOINT REFERRAL OF BILL S. 682

Mr. BAKER. Mr. President, I ask unanimous consent that S. 682, introduced in the Senate on March 10, be referred jointly to the Committee on the Judiciary and the Committee on Commerce, Science and Transportation.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HUMPHREY:

S. 755. A bill to revise the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 and the Drug Abuse Prevention, Treatment, and Rehabilitation Act; to the Committee on Labor and Human Resources.

By Mr. HOLLINGS:

S. 756. A bill to amend Military Selective Service Act to provide for the reinstitution of the registration and classification of persons under such act and to reinstate the authority of the President to induct persons involuntarily into the Armed Forces, and for other purposes; to the Committee on Armed Services.

By Mr. JACKSON:

S. 757. A bill to amend title 10, United States Code. to authorize medical and dental care and related benefits for reservists and members of the National Guard who contract a disease or become ill while on duty for 30 days or less, and for other purposes; to the Committee on Armed Services.

S. 758. A bill to amend title 10, United States Code, to authorize medical and dental care for dependents of reservists and members of the National Guard, and for other purposes; to the Committee on Armed Services.

S. 759. A bill to amend titles 10, 32, and 37, United States Code, to authorize medical and dental care and related benefits for reservists and members of the National Guard under certain conditions, and for other purposes; to the Committee on Armed Services.

By Mr. McCLURE:

S. 760. A bill to authorize the Corps of Engineers to assume the responsibility for maintenance of a flood control project, and for other purposes; to the Committee on Environment and Public Works.

S. 761. A bill to authorize a national program to encourage dam safety; to the Committee on Environment and Public Works.

S. 762. A bill to amend the Communications Act of 1934 to prohibit the broadcast of the results or projections of the results of an election to choose the electors of the President and Vice President of the United States until all polling places in the United States are closed; to the Committee on Commerce, Science, and Transportation.

S. 763. A bill to authorize and direct the Secretary of the Interior to convey, by quitclaim deed, all right, title, and interest of the United States in and to certain lands that were withdrawn or acquired for the purposes of relocating a portion of the city of American Falls out of the area flooded by the American Falls Reservoir; to the Committee on Energy and Natural Resources.

S. 764. A bill to provide for protection of the John Sack Cabin Targhee National Forest in the State of Idaho; to the Committee on Energy and Natural Resources.

By Mr. MOYNIHAN:

S. 765. A bill to clarify the definition of the term "local furnishing" in the Internal Revenue Code of 1954; to the Committee on Finance.

S. 766. A bill to amend the Internal Revenue Code to clarify when the costs of maintaining an office at home may be deducted; to the Committee on Finance.

S. 767. A bill to amend the Internal Revenue Code to provide that, for purposes of the Federal estate tax, amounts contributed to certain cemetery companies may be deducted from the gross estate; to the Committee on Finance.

S. 768. A bill to amend the Internal Revenue Code to provide that certain research and development expenditures will not be taken into account for purposes of the "small issue exemption" from the industrial development bond rules; to the Committee on Finance.

S. 769. A bill to amend section 280 of the Internal Revenue Code of 1954 to exclude from the application of such section expenses incurred by an author of a book or similar property in the writing of such book or property; to the Committee on Finance.

S. 770. A bill to amend the Energy Tax Act of 1978 with respect to the manufacturers excise tax on buses; to the Committee on Finance.

S. 771. A bill to amend the Internal Revenue Code to increase the dependent and child care credit and to make it refundable; to the Committee on Finance.

S. 772. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income of an employee the value of public transit passes provided by his employer, to provide a refundable tax credit to an employer in an amount equal to five percent of the cost of public transit passes provided by such an employer to his employee, and for other purposes; to the Committee on Finance.

By Mr. HUMPHREY:

S. 773. A bill for the relief of Edwin S. Greble; to the Committee on the Judiciary.

By Mr. THURMOND (for himself and Mr. HART) (by request):

S. 774. A bill to authorize appropriations for construction at certain military installations for fiscal year 1981, and for other purposes; to the Committee on Armed Services.

By Mr. SCHMITT:

S.J. Res. 52. Joint resolution to authorize and request the President to designate July 4, 1981, as "Honor Our Vietnam Veterans Day"; to the Committee on the Judiciary.

By Mrs. KASSEBAUM:

S.J. Res. 53. Joint resolution to provide for the designation of September 6, 1981, as "Working Mothers' Day"; to the Committee on the Judiciary.

By Mr. HEINZ (for himself, Mr. NUNN, Mr. DURENBERGER, Mr. GOLDWATER, Mr. BOSCHWITZ and Mr. JEPSEN):

S.J. Res. 54. Joint resolution proposing an amendment to the Constitution to protect the people of the United States against excessive governmental burdens and unsound fiscal and monetary policies by limiting total outlays of the Government; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HUMPHREY:

S. 755. A bill to revise the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 and the Drug Abuse Prevention, Treatment, and Rehabilitation Act; to the Committee on Labor and Human Resources.

COMPREHENSIVE ALCOHOL AND DRUG ABUSE AMENDMENTS OF 1981

● Mr. HUMPHREY. Mr. President, today, I am introducing legislation to reauthorize both the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act, and the Drug Abuse Prevention, Treatment and Rehabilitation Act. This proposal calls for a continued Federal presence in the areas of alcohol abuse, alcoholism and drug abuse. A strong Federal presence is appropriate in view of the serious consequences of alcohol and drug abuse, and the negative impact of such abuse on education, work and interpersonal relationships.

Under this proposal, the National Institute on Alcohol Abuse and Alcoholism (NIAAA) and the National Institute on Drug Abuse (NIDA) would be maintained as separate entities, and they would focus their resources on research, training, national prevention and education activities, information collection and dissemination, the provision of technical assistance to the States, and the encouragement of demonstration programs.

The Reagan administration has recommended that Federal funding for alcohol and drug abuse health care services be included in the proposed block grant framework, out of the belief that maximum authority and flexibility should be given to the States. Furthermore, block grants promise to reduce significantly Federal regulations, paperwork, and what many have seen as unnecessary Federal interference. Obviously, many details regarding the block grant approach remain to be determined, and I look forward to contributing to this process. The bill introduced today does not, therefore, address the issue of block grants directly. The bill simply assumes a block grant framework for the bulk of the alcohol and drug abuse treatment programs.

The bill focuses current project grants and contracts on model and demonstration programs, and other activities appropriate for the Federal Government. Under this new approach, funds could no longer be accessed by State governments—their funding would come via the block grants—individual grantees could receive awards for a maximum of 5 years, and no award could cover more than 75 percent of the costs of a given project in any year. Furthermore, at least 25 percent of project funds would be channeled to prevention activities.

Finally, the proposal would allow funds received from NIAAA to be used for projects aimed at drug abuse as well as alcohol abuse and alcoholism. Similar flexibility is authorized for NIDA grants. In a society where substance abuse frequently means concurrent abuse of alcohol and other drugs, it seems appropriate that the Federal response be flexible. Nevertheless, alcohol abuse and drug abuse have many unique features, and this fact must not be overlooked.

In the case of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act, the bill maintains separate language authorizing grants to States to encourage passage and implementation of the Uniform Alcoholism and Intoxication Act which decriminalizes public intoxication and commits individual States to providing a continuum of care for those afflicted by the disease of alcoholism. As under current law, a State could receive grants under this program for a maximum of 6 years. The amount of individual grants would be determined by the Secretary of Health and Human Services.

For research aimed at alcohol abuse and alcoholism, a single authorization for the national research centers and all other research activities is provided. In the case of NIDA research, the bill would authorize projects aimed at developing less addictive pain and medications, long-lasting blocking agents for treatment of heroin addiction, and new detoxification agents to ease the physical effects of withdrawal, as well as investigations related to other drug prevention, treatment, and rehabilitation activities.

Mr. President, the Subcommittee on Alcoholism and Drug Abuse has scheduled hearings on Federal drug and alcohol abuse programs. On March 25 at 9:30 a.m. in room 2228 Dirksen Senate Office Building, the subcommittee will consider those programs dealing with alcohol abuse and alcoholism. On March 30 at 9:30 a.m. in room 4232 Dirksen Senate Office Building, the subcommittee will focus on comparable drug abuse programs. At these hearings, comments regarding the proposed block grant framework for the distribution of Federal funds for alcohol and drug abuse health care services will be most welcome. Furthermore, we will be interested in views regarding what is the appropriate Federal role in the area of alcohol and drug abuse, and how NIAAA and NIDA have been performing.

The legislation would reauthorize Federal alcohol and drug abuse programs only through fiscal year 1982. My intent is to hold extensive oversight hearings in the months ahead in order to be in a better position to chart the future course for these Federal programs. A 1-year reauthorization will force us to take a fresh look at Federal alcohol and drug abuse programs next year, and I think this is the best approach to take in view of the tremendous changes brought about by the November elections.

Mr. President, I ask unanimous consent that the text of my bill be inserted in the RECORD following these remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 755

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Comprehensive Alcohol and Drug Abuse Amendments of 1981".

TITLE I—ALCOHOL ABUSE AND ALCOHOLISM PREVENTION, TREATMENT AND REHABILITATION

REFERENCE

SEC. 101. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970.

FINDINGS AND PURPOSE

SEC. 102. Section 2 is amended to read as follows:

"FINDINGS AND PURPOSE

"SEC. 2. (a) The Congress finds that—

"(1) alcohol abuse and alcoholism are serious national problems requiring a Federal response;

"(2) alcohol abuse and alcoholism impair the physical and psychological well-being of individuals, and thereby lead to an unfortunate waste of human talent and energy; and

"(3) alcohol abuse and alcoholism interfere with education, work, and interpersonal relationships, causing great harm to families, communities, and the Nation.

"(b) It is the policy of the United States and the purpose of this Act to provide a Federal response to alcohol abuse and alcoholism which—

"(1) is constructive, cost-effective and well coordinated;

"(2) reserves to the States as much authority and flexibility as practicable;

"(3) encourages the greatest participation by the private sector, both financially and otherwise; and

"(4) concentrates on carrying out functions which are truly national in scope.".

ALCOHOL ABUSE AND ALCOHOLISM AMONG GOVERNMENT AND OTHER EMPLOYEES

SEC. 103. Section 201(b)(2)(B) is amended by striking out "single State agencies designated pursuant to section 303 of this Act" and inserting in lieu thereof "the State agencies responsible for the administration of alcohol abuse prevention, treatment, and rehabilitation activities".

TECHNICAL ASSISTANCE

SEC. 104. (a) Section 301 is amended to read as follows:

"TECHNICAL ASSISTANCE

"SEC. 301. (a) On the request of any State, the Secretary, acting through the Institute, shall, to the extent feasible, make available technical assistance for—

"(1) developing and improving systems for data collection;

"(2) program management, accountability, and evaluation;

"(3) certification, accreditation, or licensure of treatment facilities and personnel;

"(4) monitoring compliance by hospitals and other facilities with the requirements of section 321; and

"(5) eliminating exclusions in health insurance coverage offered in the State which are based on alcoholism or alcohol abuse.

"(b) Insofar as practicable, technical assistance provided under this section shall be provided in a manner which will improve coordination between activities supported under this Act and under the Drug Abuse Prevention, Treatment, and Rehabilitation Act.".

(b) Sections 302 and 303 are repealed.

SPECIAL GRANTS

SEC. 105. (a) Section 310(a) is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

(b) The first sentence of section 310(c) is amended to read as follows: "The amount of any grant under this section to any State for any fiscal year shall be determined by the Secretary.".

GRANTS AND CONTRACTS

SEC. 106. (a) The section heading for section 311 is amended to read as follows:

"GRANTS AND CONTRACTS FOR THE DEMONSTRATION OF NEW AND MORE EFFECTIVE ALCOHOL ABUSE AND ALCOHOLISM PREVENTION, TREATMENT, AND REHABILITATION PROGRAMS".

(b) Section 311(a) is amended—

(1) by adding at the end of clause (1) "and with particular emphasis on identifying new and more effective alcohol abuse and alcoholism prevention, treatment, and rehabilitation programs,";

(2) by inserting "and" after the comma the last place it appears in clause (2);

(3) by striking out clauses (3) and (5) and by redsignating clause (4) as clause (3); and

(4) by striking out the comma and "and" at the end of clause (3) (as redesignated by clause (2) of this subsection) and inserting in lieu thereof a period.

(c)(1) Section 311(c)(2)(A) is amended—

(A) by striking out "designated under section 303 of this Act, if such designation has been made" in the first sentence and inserting in lieu thereof "responsible for the administration of alcohol abuse and alcoholism prevention, treatment, and rehabilitation activities";

(B) by striking out "the" before "State comprehensive plan" in the third sentence and inserting in lieu thereof "any"; and

(C) by striking out "under section 303" in the third sentence.

(2) Section 311(c)(3) is amended—

(A) by inserting "and" after the semicolon in clause (B);

(B) by striking out the semicolon and "and" at the end of clause (C) and inserting in lieu thereof a period; and

(C) by striking out clause (D).

(3) Section 311(c)(4) is amended to read as follows:

"(4) The Secretary shall encourage the submission of and give special consideration to applications under this section for programs and projects aimed at underserved populations such as racial and ethnic minorities, native Americans, youth, the elderly, women, handicapped individuals, and families of alcoholics.".

(4) Section 311(c) is further amended—

(A) by redesignating paragraph (5) as paragraph (6);

(B) by inserting after paragraph (4) the following new paragraph:

"(5)(A) No grant may be made under this section to a State or to any entity within the government of a State.

"(B) No grant or contract may be made under this section for a period in excess of 5 years.

"(C) The amount of any grant or contract made under this section may not exceed 75 percent of the cost of carrying out such grant or contract."; and

(C) by adding at the end thereof the following new paragraph:

"(7) Nothing shall prevent the use of funds provided under this section for programs and projects aimed at the prevention,

treatment, or rehabilitation of drug abuse as well as alcohol abuse and alcoholism.".

AUTHORIZATION OF APPROPRIATIONS—PROJECT GRANTS AND CONTRACTS

SEC. 107. (a) The first sentence of section 312(a) is amended by striking out "and" after "1980," and by inserting before the period a comma and "and $20,000,000 for the fiscal year ending September 30, 1982".

(b) The second sentence of such section is amended by striking out "and" after the semicolon the first place it appears and by inserting before the period a semicolon and "and of the funds appropriated under this section for the fiscal year ending September 30, 1982, at least 25 percent of the funds shall be obligated for such grants".

AUTHORIZATION OF APPROPRIATIONS—RESEARCH

SEC. 108. Section 503 is amended by adding at the end thereof the following new sentence: "There are authorized to be appropriated for carrying out the purposes of sections 501, 502, and 504 $25,000,000 for the fiscal year ending September 30, 1982.".

TECHNICAL AMENDMENTS

SEC. 109. (a) Section 101(a) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(b) Section 103(b)(1) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(c) Section 201(e) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(d) Section 334 is amended by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services".

TITLE II—DRUG ABUSE PREVENTION, TREATMENT, AND REHABILITATION

REFERENCE

SEC. 201. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Drug Abuse Prevention, Treatment, and Rehabilitation Act.

CONGRESSIONAL FINDINGS

SEC. 202. Section 101 is amended to read as follows:

"§ 101. Congressional findings.

"The Congress finds that—

"(1) drug abuse is a serious national problem requiring a Federal response;

"(2) drug abuse impairs the physical and psychological well-being of individuals, and thereby leads to an unfortunate waste of human talent and energy; and

"(3) drug abuse interferes with education, work, and interpersonal relationships, causing great harm to families, communities, and the Nation.".

DECLARATION OF POLICY

SEC. 203. Section 102 is amended to read as follows:

"§ 102. Declaration of national policy.

"It is the policy of the United States and the purpose of this Act to provide a Federal response to drug abuse which—

"(1) is constructive, cost effective, and well coordinated;

"(2) reserves to the States as much authority and flexibility as practicable;

"(3) encourages the greatest participation by the private sector, both financially and otherwise; and

"(4) concentrates on carrying out functions which are truly national in scope.".

ADDITIONAL DRUG ABUSE PREVENTION FUNCTIONS

SEC. 204. (a) Section 406(a) is amended—

(1) by inserting "and" after the semicolon in clause (2);

(2) by striking out the semicolon and "and" at the end of clause (3) and inserting in lieu thereof a period; and

(3) by striking out clause (4).

(b) The section heading for section 406 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(c) The item relating to section 406 in the table of sections for title IV is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

FORMULA GRANTS

SEC. 205. (a) Section 409 is repealed.

(b) The table of sections for title IV is amended by striking out the item relating to section 409.

GRANTS AND CONTRACTS

SEC. 206. (a)(1) The section heading for section 410 is amended to read as follows:

"§ 410. Grants and contracts for the demonstration of new and more effective prevention, treatment, and rehabilitation programs.".

(2) The item relating to section 410 in the table of sections for title IV is amended to read as follows:

"§ 410. Grants and contracts for the demonstration of new and more effective prevention, treatment, and rehabilitation programs.".

(b)(1) The first sentence of section 410(a) is amended to read as follows: "The Secretary acting through the National Institute on Drug Abuse, may make grants to and enter into contracts with individuals and public and private nonprofit entities—

"(1) to provide training seminars, educational programs, and technical assistance for the development, demonstration, and evaluation of drug abuse prevention, treatment, and rehabilitation programs;

"(2) to conduct demonstration and evaluation projects, with a high priority on prevention and early intervention projects, and with particular emphasis on identifying new and more effective drug abuse prevention, treatment, and rehabilitation programs, including improved drug maintenance and detoxification techniques; and

"(3) to determine the cause of drug abuse in a particular geographic area and prescribe methods for dealing with drug abuse in such area.".

(2) Section 410(a) is further amended by adding at the end thereof the following new sentence: "Furthermore, nothing shall prevent the use of funds provided under this section for programs and projects aimed at the prevention, treatment, and rehabilitation of alcohol abuse and alcoholism as well as drug abuse.".

(c) Section 410(b) is amended by adding at the end thereof the following new sentences: "For carrying out the purposes of this section, there are authorized to be appropriated $20,000,000 for the fiscal year ending September 30, 1982. Of the funds appropriated under the preceding sentence, at least 25 percent of the funds shall be obligated for grants and contracts for primary prevention and intervention programs designed to discourage individuals, particularly individuals in high risk populations, from abusing drugs.".

(d)(1) Section 410(c)(1) is amended by striking out ", or to State agencies over local agencies".

(2)(A) The first sentence of section 410(c)(2) is amended by striking out "designated or established under section 409" and inserting in lieu thereof "responsible for the administration of drug abuse prevention activities".

(B) The third sentence of such section is amended—

(i) by striking out "the" before "State comprehensive plan" and inserting in lieu thereof "any"; and

(ii) by striking out "under section 409".

(3) Section 410(c)(3) is amended—

(A) by inserting "and" after the semicolon in clause (B);

(B) by striking out the semicolon and "and" at the end of clause (C) and inserting in lieu thereof a period; and

(C) by striking out clause (D).

(e) Section 412(d) is amended to read as follows:

"(d) The Secretary shall encourage the submission of and give special consideration to applications under this section to programs and projects aimed at underserved populations such as racial and ethnic minorities, native Americans, youth, the elderly, women, handicapped individuals, and families of drug abusers.".

(f) Section 410 is further amended by adding at the end thereof the following new subsection:

"(g)(1) No grant may be made under this section to a State or to any entity within the government of a State.

"(2) No grant or contract may be made under this section for a period in excess of five years.

"(3) The amount of any grant or contract made under this section may not exceed 75 percent of the cost of carrying out such grant or contract project.".

RECORDS AND AUDIT

SEC. 207. Section 411(a) is amended by striking out "409 or".

ENCOURAGEMENT OF RESEARCH DEVELOPMENT

SEC. 208. (a) Section 503(a) is amended—

(1) by striking out "and" after the semicolon in clause (3);

(2) by striking out the period at the end of clause (4) and inserting in lieu thereof a semicolon and "and"; and

(3) by inserting after clause (4) the following new clause:

"(5) drug prevention, treatment, and rehabilitation.".

(b) Section 503(b) is amended by striking out "and" after "1978," and by inserting after the period a comma and "and $50,000,000 for the fiscal year ending September 30, 1982".

TECHNICAL AMENDMENTS

SEC. 209. (a) Section 205 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(b) Section 302 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(c)(1) Section 405 is amended by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services".

(2) The section heading for section 405 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(3) The item relating to section 405 in the table of sections for title IV is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(d) Section 408(g) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(e) Section 501 is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".●

By Mr. HOLLINGS:

S. 756. A bill to amend Military Selective Service Act to provide for the reinstitution of the registration and classification of persons under such act and to reinstate the authority of the President to induct persons involuntarily into the Armed Forces, and for other purposes; to the Committee on Armed Services.

LEGISLATION TO REINSTATE MILITARY DRAFT

Mr. HOLLINGS. Mr. President, I rise today to introduce legislation reinstituting the military draft. We need the draft—we need it in order to field a credible fighting force, and we need it in order to remain true to the ideals which built this country. Early in the 1970's, with America's morale sapped by our involvement in Vietnam, we bought the idea that there was an easy way for America to defend itself without personal sacrifice. Gone was the injunction of John F. Kennedy—"Ask not what your country can do for you: Ask what you can do for your country." In its stead was the barren idea that somehow we could painlessly provide for the defense of freedom. So we instituted the Volunteer Army, and with that problem moved beyond arm's length, we put the whole defense problem beyond arm's length. Now America is caught with its defenses down. That Volunteer Army which no longer touches every neighborhood is forgotten in appropriations, and the families of our service men and women line up for food stamps.

Back when we voted to institute the All-Volunteer Force, I warned that the proposed army would only institutionalize the inequities of the draft—inequities which could have been remedied with much less dislocation. Specifically, the poor, the black, and the disadvantaged who were fighting in Vietnam would constitute the bulk of the Volunteer Force. This is precisely what happened. The decision of 1973 insured that our Nation's defense burden would rest with the poor, the black, and the disadvantaged for years to come. And without a cross-section of representation, we had no cross-section of support. Rather than an equal call on all, we perpetuated the rich man's undemocratic lie: "We will pay for it."

The fact is we can never pay for it. We can appropriate to cure the pay deficiencies, as we did with the Nunn-Warner pay and benefits package, but the fact is that was only a halfway measure that did not address our long-term needs. On one end we have the equivalent of a military Job Corps where our mercenaries are paid subminimum wage and as many as 100,000 of them qualify for welfare. On the other end, we have commissioned officers who will shortly be taking home paychecks larger than those of a U.S. Senator. Now we hear proposals to exempt their first $20,000 in income from Federal taxation, which does nothing to address the fundamental pay and incentive problems of the All-Volunteer Force.

Let us look at our real problem. During fiscal year 1979, armed services recruiting fell short of requirements by about 23,000 people. The Army missed its targets by 17,000. The Marine Corps met its objective only because it accepted a cut in authorized strength. And the Air Force, which during the All-Volunteer period has enjoyed more recruiting success than the other services, fell short by 1,500. There are those who point out that in times like today, with unemployment high and the economy sluggish, we will meet our manpower requirements. I say it is a sad commentary when we have to bank on a recession in the economy to man America's fighting forces. Even bigger problems are just around the corner, for all the demographic indicators warn that the pool of 17- to 21-year-old males—the largest grouping of potential recruits—is going to fall off sharply. The baby boom is history, and the prognosis is for a rapidly shrinking recruiting pot.

In terms of quality, only the Air Force has held its standard at least constant. The quality of recent volunteers in the other services is a matter for grave concern. Fewer Army recruits in recent years have demonstrated reading skills above the eighth-grade level. And the quality of Navy and Marine Corps recruits is not much better. This is especially disconcerting because the military's technical operations and complex equipment demand greater skill and judgment of our servicemen. If we fail to face up to the quality problem today, we will depend more and more on less-educated soldiers to carry the weight of our conventional military force tomorrow.

In a nutshell, the All-Volunteer approach has been a failure. It has failed to provide the necessary number of troops. It has failed to provide a quality defense force. We have failed to appropriate for it. And we have failed, as a people, to fairly and equitably distribute the burden of our national defense. Our Volunteer Forces are sadly unrepresentative of the society they serve. Almost one-quarter of all new recruits are black—double their proportion in the population. The number of other minorities, especially Hispanics, is growing. The minority soldiers are over-represented in combat formations such as tank, artillery, and infantry outfits, raising the specter of disproportionate casualties among minorities in wartime. And, more than a racial problem, it is a class problem. For even the white recruits are drawn from the poorer and less-educated segments of society.

The cross section approach of an equitable draft solves this problem. The burden would be shared by all. Exemptions can and must be kept to a minimum. Just prior to the institution of the All-Volunteer Force, and in response to the inequitable deferment and exemption standards which had been in place, we tightened eligibility standards and greatly limited deferments and exemptions. Under the proposal I am introducing today, we would observe those necessary and tightened standards. Specifically, deferments and exemptions would be limited to: First, persons on active duty, in the Reserves, or in advanced ROTC study; second, surviving sons or brothers of those killed in war or missing-in-action; third, conscientious objectors and ministers; fourth, professions necessary to national health, like doctors; fifth, judges of courts of record and elected officials; and sixth, for students, short-term postponement of their military obligation. Those in high school could be deferred until they graduate, but in no case extending beyond age 20. And those in college could continue studying until the end of the semester or, if in their senior year, until the end of that school year. We all share the benefits of life in America; under my plan, we insure that we all help shoulder the burden of defending it.

Our military manpower is below par. Our sincerity in meeting foreign obligations and our commitments to NATO and to our allies is seriously questioned. In fact, we are one of the few nations in NATO that depends solely on volunteers as the source of military personnel. Most of NATO's other members—excluding Canada and Great Britain—have military conscription and theirs is an equal call on all. That equal call translates into a forceful demonstration of national resolve and willpower. America needs that.

Mr. President, if we are to be taken seriously by our allies and our adversaries, we must have the military wherewithal to meet our commitments and protect our interests. This mandates military conscription. And for that reason, I introduce S. 756, to provide for the reinstitution of registration and classification and to reinstate the authority of the President to induct persons into the Armed Forces.

The direction of our foreign policy, the power of our newest weaponry, and the number of dollars in the defense budget are meaningless unless we, as a people, are committed to the task of protecting our Nation and aiding our allies.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 756

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Military Selective Service Act (50 U.S.C. 453 App.) is amended by inserting "(a)" before "Except" at the beginning of such section and by adding at the end thereof the following new subsection:

"(b) The President shall, at the earliest practicable date, but not later than 180 days after the date of the enactment of this subsection, begin the registration and classification of citizens and other persons described in subsection (a) of this section.".

SEC. 2. Section 17(c) of the Military Selective Service Act (50 U.S.C. App. 467(c)) is amended by striking out "July 1, 1973" and inserting in lieu thereof "September 30, 1986".

Mr. HATFIELD. Mr. President, as much as I am tempted to respond to the Senator from South Carolina on this subject that he has just discussed this morning, I shall exercise all my restraint in doing so and take up one subject at a time. There will be another day in which I will address that subject, and I think the Senator perhaps provided us with a good vehicle upon which to make a rather significant national debate.

By Mr. JACKSON:

S. 757. A bill to amend title 10, United States Code, to authorize medical and dental care and related benefits for reservists and members of the National Guard who contract a disease or become ill while on duty for 30 days or less, and for other purposes; to the Committee on Armed Services.

S. 758. A bill to amend title 10, United States Code, to authorize medical and dental care for dependents of reservists and members of the National Guard and for other purposes; to the Committee on Armed Services.

S. 759. A bill to amend titles 10, 32, and 37, United States Code, to authorize medical and dental care, and related benefits for reservists and members of the National Guard under certain conditions, and for other purposes; to the Committee on Armed Services.

LEGISLATION RELATING TO MEDICAL AND DENTAL BENEFITS FOR MEMBERS OF THE GUARD AND RESERVE

● Mr. JACKSON. Mr. President, today I am introducing three measures which I have sponsored in previous Congresses to provide additional medical and dental benefits to members of the National Guard and Reserve. Previously this legislation has been combined into one bill; however, I believe that it will facilitate consideration of these proposals if they are separated so that each may be considered on its own merits.

The first bill would provide medical and dental coverage for injuries to members during travel to or from a required training assembly. In the past there have been cases of injuries for which there should have been compensation but none was authorized.

The second bill would extend medical and dental benefits under CHAMPUS to the survivors of guardsmen and reservists who are killed in the line of duty during an authorized training period.

The third bill would provide medical and dental care for reservists and guardsmen who become ill while on duty for 30 days or less if the illness is service connected. Current law assumes that any illness contracted by a member during such a brief duty period must be unrelated to service. This is an erroneous assumption and my bill would provide coverage when a connection is established.

Mr. President, the legislation I have proposed would provide guardsmen and reservists with the same benefits which would be available to military personnel on active duty under similar circumstances. I believe that these three bills fill gaps in medical and dental coverage for guardsmen and reservists which represent inequities in the present system. The Guard and Reserve are an important part of our military readiness posture and I hope that the Congress will move to correct these deficiencies which impair our ability to attract the necessary personnel to service in the Guard and Reserve.●

By Mr. McCLURE:

S. 760. A bill to authorize the Corps of Engineers to assume the responsibility for maintenance of a flood control project, and for other purposes; to the Committee on Environment and Public Works.

MAINTENANCE OF A FLOOD CONTROL PROJECT

Mr. McCLURE. Mr. President, I am today introducing legislation that has been passed by the Senate previously; this bill, however, never became law due to the failure of the full Congress to enact an omnibus water resources bill.

The first section of this bill authorizes the Chief of Engineers to assume responsibility for the annual maintenance requirements for a project in Idaho known as Heise-Roberts. This shift in responsibility is justified because maintenance costs have risen far beyond the level anticipated, due to poor project design. Quite simply, the corps failed to recognize the nature of streams and erosion in that area. The result has been regular damage to the flood levees, damage at a rate far greater than was anticipated by local interests.

It is, therefore, my judgment that it is legitimate for the Federal Government to assume these costs over and above the costs anticipated by local interests. This section, therefore, requires that the initial $25,000, in any year—the level anticipated—shall be borne by local interests, but that the added cost shall be paid by the Federal Government.

Section 2 of the bill amends the authorization for Lucky Peak Dam, which is located near Boise, Idaho. This change will allow local interests to go forward and construct a hydroelectric plant there.

Lucky Peak Dam was built with a single water outlet. In 1976, the Congress authorized the construction of a second outlet in order to improve operations. That second outlet has not been built.

This section authorizes any local interests holding a Federal Energy Regulatory Commission permit to construct a second outlet of up to 23 feet in diameter, but directs the corps to reimburse local interests for what it would have paid to construct the smaller, authorized outlet. Thus, the Federal Government will have no expense greater than that envisioned by the 1976 law. But this amendment enables the dam to be operated far more efficiently, producing new energy for the people of Idaho and the Pacific Northwest.

Mr. President, I ask unanimous consent that a copy of this bill be printed at this point in the RECORD.

S. 760

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the project for flood control for Heise-Roberts, Idaho, approved in section 10 of Public Law 81–516, is hereby modified to provide that the operation and maintenance of the project shall be the responsibility of the Secretary of the Army, acting through the Chief of Engineers, *Provided,* That local interests shall pay the initial $25,000, in cash or materials, of any such costs expended in any one year.

SEC. 2. The project for Lucky Peak Lake, Idaho, authorized by the Flood Control Act of 1946 (Public Law 526–79), as modified by the Water Resources Development Act of 1976 (Public Law 94–587), is further modified to provide for an increase in the diameter of the additional dam outlet, authorized by Public Law 94–587, to twenty-three feet, and provide that the Secretary of the Army shall (1) authorize any entity, having the necessary license from the Federal Energy Regulatory Commission, to construct such outlet in accordance with the said entity's plans, as approved by the Secretary of the Army, and to use such outlet for the generation of electricity, (2) provide that all property rights in such outlet, subject to the provisions of this section, shall be conveyed to and remain with the United States, and (3) reimburse such entity for an amount equal to the estimated cost, as determined by the Secretary of the Army as of the time of the construction of the twenty-three-foot outlet of the outlet authorized by Public Law 94–587.

By Mr. McCLURE:

S. 761. A bill to authorize a national program to encourage dam safety; to the Committee on Environment and Public Works.

DAM SAFETY OF 1981

Mr. McCLURE. Mr. President, I am today introducing legislation that was passed by the Senate during the 95th Congress, was considered favorably in the Committee on Environment and Public Works during the 96th Congress, but has yet to become law. This failure stems from the inability of Congress to enact comprehensive water resources legislation since 1976.

This bill authorizes an ongoing program to assist the States in developing and implementing dam safety programs. The language is nearly identical to what the Senate has passed previously.

Essentially, this bill creates an opportunity for the Federal Government to assist the States in developing effective, continuing dam safety programs. In return, the States must meet certain basic criteria, such as preconstruction safety reviews and inspections every 2 years.

I recognize that modest changes in the bill could prove helpful. For example, this bill adds new sections 9 and 10 to the basic dam safety law. These sections may no longer be as necessary as they were at the time of the original passage of this bill. Yet, a discussion of dam insurance and Federal assistance in upgrading the safety of dams must be a vital component in any discussion of this issue. And I remain convinced that the basic components of the bill are sound, necessary, and essential.

The Federal Government, through the Army Corps of Engineers, has recently inspected 9,000 dams for safety. The corps estimates that 26 percent of these dams are unsafe in varying degrees.

Much of this corps activity was subcontracted to the States, which carried out the work. But the authority for this program expires at the end of this fiscal year. A need exists to continue such a program. This bill achieves that goal, transferring the basic responsibility to the States.

It is appropriate to transfer this responsibility to the States. But it also is appropriate to provide Federal assistance to the States in carrying out this important work.

Mr. President, I believe this bill offers a responsible approach to a difficult challenge. I ask unanimous consent that a copy of the bill be printed at this point in the RECORD.

S. 761

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 92-367 (86 Stat. 506) is amended as follows:

SIZE OF DAMS

(a) Section 1 is amended by deleting the final sentence.

RIGHT OF ENTRY

(b) Section 2 is amended (a) by inserting "(a)" immediately after the words "the Chief of Engineers shall carry out a national program of inspection of dams for the purpose of protecting human life and property.", and by striking the "and" after "inspection" and striking the period after "property" and inserting the following: "and (5) dams located within a State having an approved program under section 8 of this Act," and (b) by adding at the end thereof the following new subsections:

"(b) In order to carry out the purposes of this Act, the Secretary, or his authorized representative, upon presenting appropriate credentials to the owner, operator, or agent in charge is authorized—

"(1) to enter without delay and at reasonable times any damsite, structure, appurtenance, or any work area, or other area used in connection with operation of the dam; and

"(2) to inspect and investigate during regular working hours and at other reasonable times, and within reasonable limits and in a reasonable manner, any such damsite and all pertinent conditions, structures, machinery, apparatus, devices, equipment, and materials therein or thereon; and to require any owner, operator, agent or employee, or designer, contractor or builder, to provide information regarding the design, construction, operation, and maintenance of the same; and to have access to any records, blueprints, plans, or other pertinent documents pertaining to the design, construction, operation, and maintenance of the same.

"(c) Except as to cases the court considers of greater importance, any judicial proceedings involving this Act before a district court of the United States, and appeals therefrom, take precedence on the docket over all cases and shall be assigned for hearing and trial or for argument at the earliest practicable date and expedited in every way.".

CONTRACTOR LIABILITY

(c) Section 6 is amended by inserting a new paragraph (2) as follows, and by renumbering paragraph (2) as paragraph (3):

"(2) to create any liability for agents or contractors for damages caused by such action or failure to act in excess of the amount of the contract entered into pursuant to the Act;".

STATE ASSISTANCE PROGRAMS

(d) Following section 6, add the following new sections:

"SEC. 7. There is authorized to be appropriated to the Secretary of the Army, acting through the Chief of Engineers (hereafter in this Act referred to as the 'Secretary'), $15,000,000 for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985. Sums appropriated under this section shall be distributed annually among those States on the following basis: One-third equally among those States that have established dam safety programs approved under the terms of section 8 of this Act, and two-thirds in proportion to the number of dams located in each State that has an established dam safety program under the terms of section 8 of this Act to the number of dams in all States with such approved programs. In no event shall funds distributed to any State under this section exceed 50 per centum of the reasonable cost of implementing an approved dam safety program in such State.

"SEC. 8(a) In order to encourage the establishment and maintenance of effective programs intended to assure dam safety to protect human life and property, the Secretary shall provide assistance under the terms of section 7 of this Act to any State that establishes and maintains a dam safety program which is approved under this section. In evaluating a State's dam safety program, under the terms of subsections (b) and (c) of this section, the Secretary shall determine that such program includes the following:

"(1) a procedure, whereby, prior to any construction, the plans for any dam will be reviewed to provide reasonable assurance of the safety and integrity of such dam over its intended life;

"(2) a procedure to determine, during and following construction and prior to operation of each dam built in the State, that such dam has been conducted and will be operated in a safe and reasonable manner;

"(3) a procedure to inspect every dam within such State at least once every two years;

"(4) a procedure for more detailed and frequent safety inspections, if warranted;

"(5) the State has or can be expected to have authority to require those changes or modifications in a dam, or its operation, necessary to assure the dam's safety;

"(6) the State has or can be expected to develop a system of emergency procedures that would be utilized in the event a dam fails or for which failure is imminent together with an identification for those dams where failure could be reasonably expected to endanger human life, of the maximum area that could be inundated in the event of the failure of such dam, as well as identification of those necessary public facilities that would be affected by such inundation;

"(7) the State has or can be expected to have the authority to assure that any repairs or other changes needed to maintain the integrity of any dam will be undertaken by the dam's owner, or other responsible party; and

"(8) the State has or can be expected to have authority and necessary funds to make immediate repairs or other changes to, or removal of, a dam in order to protect human life and property, and if the owner does not take action, to take appropriate action as expeditiously as possible.

"(b) Any program which is submitted to the Secretary under the authority of this section shall be deemed approved one hundred and twenty days following its receipt by the Secretary unless the Secretary determines that such program fails to reasonably meet the requirements of subsection (a) of this section. If the Secretary determines such a program cannot be approved, he shall immediately notify such State in writing, together with his reasons and those changes needed to enable such plan to be approved.

"(c) Utilizing the expertise of the Board established under section 11 of this Act, the Secretary shall review periodically the implementation and effectiveness of approved State dam safety programs. In the event the Board finds that a State program under this Act has proven inadequate to reasonably protect human life and property, and the Secretary agrees, the Secretary shall revoke approval of such State program and withhold assistance under the terms of section 7 of this Act until such State program has been reapproved.

"SEC. 9. (a) In order to assure that owners of dams will be able to obtain liability insurance at reasonable rates, and to protect persons located downriver of dams, the Secretary, or the head of any agency of the United States designated by the Secretary, shall provide to any insurer, subject to conditions established by regulation, reinsurance or guarantees of any insurance provided to the owner of a dam to protect such owner from liabilities incurred in the event of the failure of such dam. Reinsurance or guarantees provided under this section shall reimburse an insurer for those liabilities in excess of an amount agreed upon between the Secretary, or his designee, and the insurer.

"(b) Any reinsurance or guarantees provided under this section shall be available only in a State which has an approved dam safety program under the terms of section 8 of this Act.

"(c) Agreements on reinsurance or guarantees under this section shall provide that the failure of the owner of any dam to carry out expeditiously any modification or procedure required by a State under the terms of its dam safety program shall result in the cancellation of any reinsurance or guarantee provided by the Secretary, or his designee.

"(d) There is authorized to be appropriated such sums as may be necessary to carry out this section.

"(e) Not later than eighteen months after enactment of the Dam Safety Act of 1980, the Secretary and the Secretary of the Treasury shall report jointly to the Congress with an analysis of the effects of this section, together with any recommendations for a more comprehensive dam safety insurance program to assure the availability of insurance to owners of dams inspected under a State program approval under section 8 of this Act, in an effort to lessen or eliminate the need for any disaster assistance in the event of the failure of such a dam.

"SEC. 10. There is authorized to be appropriated and remain available the sum of $20,000,000 to be placed in a revolving fund by the Secretary, such funds to be available for loans, on terms established by the Secretary, to any owner for any dam required to make repairs, to replace, or to make other safety improvements in such dam under any safety program approved under section 8 of this Act, if such owner can demonstrate to the Secretary that other funds are not reasonably available, and such owner agrees to repay such funds and at a rate of interest on terms agreed to with the Secretary.

"SEC. 11. (a) There is authorized to be established a Federal Dam Safety Review Board (hereinafter referred to as the 'Board'), which shall be responsible for reviewing the procedures and standards utilized in the design and safety analysis of dams constructed and operated under authority of the United States, and to monitor State implementation of this Act. The Board is authorized to hire necessary staff and shall review as expeditiously as possible the plans and specifications on all dams specifically authorized by Congress prior to initiation of construction of such dam, and file an advisory report on the safety of such dam with the appropriate agency, the appropriate State, and the Congress. The Board is authorized to utilize the expertise of other agencies of the United States and to enter into contracts for necessary studies to carry out the requirements for this section. There is authorized to be appropriated to the Board such sums as may be necessary to carry out this section.

"(b) The Board shall consist of nine members selected for their expertise in dam safety, including one representative each from the Department of the Army, the Department of the Interior, the Tennessee Valley Authority, and the Department of Agriculture, plus five members, appointed by the President for periods of five years, on a rotating basis, who are not employees of the United States. At least two members of the Board shall be employees of the States having an approved program under section 8 of this Act. The Chairman of the Board shall be selected from among those members who are not employees of the United States.

"SEC. 12. The head of any agency of the

United States that owns or operates a dam, or proposes to construct a dam in any State, shall, when requested by such State, consult fully with such State on the design and safety of such dam and allow officials of such State to participate with officials of such agency in all safety inspections of such dam.

"SEC. 13. The Secretary shall, at the request of any State that has or intends to develop a dam safety program under section 8 of this Act, provide training for State dam safety inspectors. There is authorized to be appropriated to carry out this section $1,000,000 for the fiscal year ending September 30, 1982, and $500,000 during each of fiscal years ending September 30, 1983, September 30, 1984, and September 30, 1985.

"SEC. 14. The Secretary, in cooperation with the National Bureau of Standards, shall undertake a program of research in order to develop improved techniques and equipment for rapid and effective dam inspection, together with devices for the continued monitoring of dams for safety purposes. The Secretary shall provide for State participation in such research and periodically advise all States of the results of such research. There is authorized to be appropriated to carry out this section $1,000,000 for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985.

"SEC. 15. The Secretary is authorized to maintain and periodically publish updated information on the inventory of dams authorized in section 5 of this Act.".

REPORTING OF DAM SAFETY

SEC. 2. Any report that is submitted to the Committee on Environment and Public Works of the Senate or the Committee on Public Works and Transportation of the House of Representatives by the Secretary of the Army, acting through the Chief of Engineers, or the Secretary of Agriculture, acting under Public Law 83-566, as amended, which proposes construction of a water impoundment facility, shall include information on the possibility of failure of such facility due to geologic or design factors, the potential impact of the failure of such facility, and information on the design features that would prevent, lessen, or mitigate such.

SHORT TITLE

SEC. 3. This Act shall be known as the "Dam Safety Act of 1981".

By Mr. McCLURE:

S. 762. A bill to amend the Communications Act of 1934 to prohibit the broadcast of the results or projections of the results of an election to choose the electors of the President and Vice President of the United States until all polling places in the United States are closed; to the Committee on Commerce, Science, and Transportation.

ELECTION BROADCAST ACT OF 1981

Mr. McCLURE. Mr. President, on the day Congress reconvened after the general election in November, I introduced the Election Broadcast Reform Act of 1980, which would prohibit the broadcast of results or the projection of results of Presidential elections until all the polls across the Nation are closed. Like so many of my colleagues, I had just returned to Washington from having spent the election period in my home State; and while the memories of election night were still fresh in our minds, I wanted to focus attention on the manner in which the major broadcast networks had covered the election results and particularly their unduly early determination and announcement of the winners. The subject is one about which I had felt strongly for some time, but my own experience in voting in Idaho underscored for me the need to do something about it.

My wife and I left our home in McCall, Idaho, by car on the afternoon of November 7 to drive the relatively short distance to Payette, where we have traditionally voted, to cast our ballots. By the time we arrived in Payette, about 5:30 in the afternoon, the networks had already determined the election was decided and President Carter was ready to concede defeat.

Make no mistake about it, Mr. President, I was and am absolutely delighted with the results of the election. I have been and continue to be a strong supporter and admirer of President Reagan, and my friendship and admiration for Vice President Bush go back many years. But I am also concerned, as I know they are, that the right of every American citizen to cast a ballot assured that his or her vote makes a difference, is important, and is worth making the effort for, is protected. I believe people should be free to make a choice based on their own convictions and judgment without the undue influence of what the networks say is going to be the result.

I can think of no better way to reduce voter turnout or to discourage participation in the election process than to allow this practice to continue. Voter turnout was only approximately 53 percent this year, the lowest figure since 1948. The State of California, in the Pacific time zone, was expecting voter participation of 85 percent this year, but a full 13 percent fewer voters showed up at the polls. People in my State, which in the northern part is 3 hours behind the east coast, are angry. I would venture to say the same is true in other Western States.

The Legislature of the State of Idaho recently passed a joint memorial calling on Congress to take action to address this situation.

Mr. President, the right to vote in a free society is so very precious and important. Our elections are so much more than media events or mere television specials. I can see no reason or justification that the election results must be known instantaneously across the land. Really the greatest advantage I see is to the network ratings. I believe the right to vote is more important.

Since the day I introduced my bill last November, I have received many letters about it from virtually every part of the United States. The overwhelming majority of those letters were written from citizens in support of my proposal. Naturally the bill has caused a good deal of interest and concern among those in the broadcast field. I expected that would be the case and I have welcomed their comments. An especially interesting article by Mr. Elmer W. Lower appeared in the January 17 issue of TV Guide. It is well worth reading, and I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

I am, of course, well aware that my proposal is one of several which have been suggested to address the problem of which I have spoken, but I still believe it presents the most complete solution. There has been some discussion that the way to address this situation is to provide that the polls remain open during the same period of time across the country. But in my judgment, this proposal is bound to lead to inconvenience in one part of the country or another, and would in fact result in even smaller voter turnouts. People naturally want to vote during the time before or after work. Why should the time of voting for millions of Americans be adjusted to meet the demands of the broadcast media? Does it not make more sense that the media adjust its programing for the needs of those voters and the good of the country? It would be well if the networks would take this step on their own initiative, but quite frankly, I do not expect that to happen.

Another suggestion has been to in effect seal all ballot boxes, or to prohibit disclosure of voting results by election officials until a specific time across the country. Perhaps that step should be taken to discourage voting irregularities anyway, but it would not solve the problem of the network projections which are based in large part on surveys of voters as they leave the polls.

My esteemed colleague and friend from California, Senator HAYAKAWA has introduced a series of bills which address the problem from several different approaches, and I certainly compliment and support his efforts in this regard. I am very pleased that some attention is being focused on the problem and as a member of the Senate Rules Committee, I shall encourage our chairman to hold hearings on the subject at some point during the year. It was never my intention to be unalterably tied to the specific terms of my own bill, but rather to encourage Congress to look at the situation with some care.

But I also still believe the matter should be looked at from the standpoint of its being a broadcast problem as well as a Federal election law problem. I am accordingly reintroducing my bill which amends the Communications Act to prohibit the broadcast of results or projections of the results of Presidential elections until all the polls are closed. I sincerely hope the Commerce Committee will also consider holding hearings on the subject.

I recognize that the approach I propose touches on the constitutional guarantees of freedom of the press and freedom of speech, but I believe the proposal would pass constitutional muster. It has been concluded through a long series of decisions that these rights are not absolute, and my proposal does not go so far as to prohibit speech or publication altogether but rather delays it a matter of hours. It entails a reasonable manner of achieving a justifiable purpose with a minimum infringement on the rights in question. I, of course, recognize that the bill I am introducing is in need of some perfecting. It does not, for example, ad-

dress the question of Senate and House races, nor does it anticipate all possible loopholes. But it does focus our attention on the problem.

Something must be done, Mr. President, as difficult as it seems. We must reenfranchise that significant portion of our population living and voting in the later time zones.

I ask unanimous consent that the text of my bill, an article, and a joint resolution of the Legislature of Idaho be printed at this point in the RECORD.

There being no objection, the bill, article, and joint resolution were ordered to be printed in the RECORD, as follows:

S. 762

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that part I of title III of the Communications Act of 1934 (47 U.S.C. 301–330) is amended by adding at the end thereof the following new section:

"Section 331. PROHIBITION AGAINST BROADCAST OF PRESIDENTIAL ELECTION RESULTS UNTIL POLLS ARE CLOSED

On any day in which an election is held to select electors of the President and Vice President of the United States, no station licensee shall broadcast, or permit the broadcast of the results of or any projections of the results of such election prior to the official closing of all polling places (other than those places where only absentee ballots may be cast) at which votes may be cast in such election. Any station licensee which violates this section shall be subject to a fine of not more than $10,000."

INAUGURATION DAY: YOU'LL SEE IT ALL

(By Elmer W. Lower)

Those comments were only three of the hundreds provoked by NBC News when on Election Night it declared Ronald W. Reagan the next President of the United States at 8:15 P.M., Eastern Time. West Coast and Rocky Mountain voters—also those in Alaska and Hawaii—still had from one to three hours in which to cast their ballots. Many believed at that moment that they had lost their votes.

The arguments are certain to continue. Legislation has already been introduced. The questions that have arisen are not easily answered.

How do the networks make projections? What did NBC News do that ABC News and CBS News did not?

What effect do early projections have on Western voters who haven't yet cast ballots? Are projections based on key precincts accurate? What about those based on interviews with voters as they leave the polls?

Should Congress establish a uniform poll-closing time for all precincts in the 50 states and the District of Columbia? Or is there some other solution?

Since the early 1960s the three commercial television networks have projected the results of voting in each state—for President, senator and governor—by using a small sample of precincts that reflects the state's voting behavior. For example, ABC's 66 key precincts in Missouri have mirrored how the state's 4050 precincts vote.

The projections have usually been accurate. In 1976, the networks made only two incorrect calls all year; their records during the 1980 primaries were perfect, but they did make several incorrect projections on Nov. 4.

In 1980, all networks used extensive interviews outside selected polling places in an effort to tell their viewers why voters voted as they did. But NBC News carried these exit interviews one step further. It used them to make its projections of the results in each state, in some cases, reportedly, without waiting for the key precincts and the raw vote tabulated by the cooperative News Election Service.

This enabled NBC to project that Reagan would win Ohio's 25 electoral votes at 7:31 P.M., one brief minute after polls had closed, and to do the same in Missouri (with 12 electoral votes) at 8:02. Other projections were made so quickly that soon NBC anchorman John Chancellor announced—at 8:15—that Reagan would be the next President of the United States, having been projected to win more than the required 270 electoral votes.

NBC News trumpeted its victory in full-page newspaper advertisements, and Les Crystal, senior executive producer for election coverage, argued: "If tonight isn't proof that exit polls are useful, I don't know what is." NBC conceded that it had decided some states on exit polls alone, not waiting for the actual tabulation from key precincts.

ABC and CBS, both fielding exit interviewers at some 400 precincts, had similar information, but delayed their projections until they received the actual vote tallies from their key precincts. ABC called Reagan the winner at 9:52 P.M. and CBS at 10:32.

So what's wrong with being the first to tell American television viewers who their next President will be? The problem is that it may interfere with voting in nine Western states, not only in the Presidential race, but also in lesser—but still important—contests at the bottom of the ballot. Those states were still balloting when NBC announced that it was all over.

"Nobody goes to the ball game in the ninth inning when the score is 100 to 0," remarked Truman Campbell, California Republican chairman. Both he and Clinton Reilly, a California Democratic campaign director, felt that NBC's early call and President Carter's unusually early concession had turned voters from the polls and caused both parties to lose Congressional and state assembly races. A final CBS News-New York time post-election poll reported that 10 per cent of those who didn't vote in the West said they didn't because they had heard either network projections or Mr. Carter's concession.

"What does exit polling do to further the democratic election process?" asked Reilly, arguing that laws should be passed to keep interviewers at least 500 feet away from the polls.

Other critics question the accuracy of exit interviews. In a Reagan landslide they were right on the money. But are they, in a close election? Do voters tell the truth as they leave the polls? Do the interviews represent a true cross section?

Reagan's landslide was not the first in the television era. Eisenhower won big and early in 1952 and 1956, Lyndon Johnson was an early victor in 1964, and so was Richard M. Nixon in 1972. After the networks' early projections of Johnson's 1964 landslide victory over Sen. Barry M. Goldwater, remedial legislation was introduced in Congress, but it died in committee.

So what are the solutions for the 1980s and beyond? Here are some of the proposals that have been made:

That uniform poll-closing hours be established, so that all the 178,000 precincts in the 50 states and the District of Columbia would close simultaneously. Then network projections, however speedy, would no longer have any effect on voting in the West.

That a law be passed requiring that news interviewers be kept at least 500 feet from polls. There is some doubt that such a law would be constitutional, but those who favor it contend that if party workers can be kept from electioneering too close to the polls, news interviewers can be required to keep at least a 500-foot distance. This would make it easier for voters to avoid being interviewed if they wished.

That voting results in states that have finished voting early be withheld, and be released to news organizations only after all polls have closed.

That Election Day be shifted from the first Tuesday after the first Monday in November to the first weekend in November, in an effort to produce a larger turnout; and couple this with a uniform poll-closing time.

That split-day voting be established in the Western states. Polls would open on the first Monday night of November to accommodate persons who vote after work, and then open again on Tuesday. Polls would close at 6 P.M. Tuesday, Pacific Time, to synchronize with 9 P.M. in the East. All polls in every state would close simultaneously.

Congress can take a big step in solving the problem in its next session. It can establish uniform poll-closing hours everywhere. That is the simplest immediate solution.

But even that would not restrain news organizations—notably those of the big television networks—from interviewing voters as they left the polls and making projections based on those results. As one Midwestern newspaper remarked, NBC "could have called the election at 10 o'clock in the morning if it had been brazen enough."

A law restricting the rights of reporters outside polling places might raise First Amendment objections and be bad public policy. Instead of legislation, the answer might be an act of network-news statesmanship: voluntary self-restraint. The networks could abandon the mad race to be first just to boast of it in full-page advertisements; let the voters everywhere cast their ballots without outside influence.

What form should voluntary restraint take? At the very least, all news organizations should withhold projections in states having staggered poll-closing hours until all the states' precincts have completed voting. (Thirteen states still have such staggered hours.)

All news organizations should agree not to use exit-interview polls as the sole basis for projections. They should use them only for developing demographic information about voting patterns.

If any news organization insisted on using exit interviews for projections, it should frankly reveal the precise data on which it based its predictions. An anchorperson might say, for example:

"XYZ News projects that Candidate A will win Missouri's 12 electoral votes. As the Missouri polls closed only 60 seconds ago, we do not yet have actual vote tallies. We base our projection on how 300 Missouri voters *said* they voted during interviews as they left the polls." The public could then decide whether to believe the XYZ News data.

If Congress established uniform poll-closing hours and if news organizations ceased making projections based on exit interviews, there could be no posssible interference anywhere with the voting process. But if voting hours remain the same, the problems will continue—even without projections.

The News Election Service tabulates the raw vote so swiftly that a Presidential winner in a landslide year is almost certain to be known by 8:30 P.M., Eastern Time, an hour at which seven to nine Western states are still balloting. And we have had *five* such races in the eight Presidential elections of the television era.

There are those who believe that neither legislation nor voluntary restraint will work. The solution will come, they say, when some news organization gets badly burned using exit-interview polls. What worked for NBC

News in the Reagan landslide could lead to disaster in a close race.

As Idaho's Sen. James McClure says, "Our elections are much more important than a media event or a mere television spectacular."

IN THE SENATE, SENATE JOINT MEMORIAL NO. 101 BY STATE AFFAIRS COMMITTEE

A joint memorial to the Honorable Senate and House of Representatives of the United States in Congress Assembled, and to the Honorable Congressional Delegation Representing the State of Idaho in the Congress of the United States

We, your Memorialists, the Senate and the House of Representatives of the State of Idaho assembled in the First Regular Session of the Forty-sixth Idaho Legislature, do hereby respectfully represent that:

Whereas, the outcome of the recent election for President and Vice President of the United States was predicted early in the evening of November 4, 1980, by the national broadcast media, before the polls closed in Idaho and other western states; and

Whereas, the broadcast media based their predictions on election returns released by election officials of eastern and midwestern states after the polls closed in those states; and

Whereas, there is strong evidence that the predictions discouraged many citizens in the western states from voting and thus affected the outcome of many important and close state and local issues and contests; and

Whereas, there is a need for national legislation that will lessen the impact of election returns from eastern and midwestern states on voters in the western states and that will recognize and respect the constitutional rights of the media to report the news.

Now, therefore, be it resolved by the members of the First Regular Session of the Forty-sixth Idaho Legislature, the Senate and the House of Representatives concurring therein, that we urge the Congress of the United States to study and consider seriously the effect the release of election returns from eastern and midwestern states has on voting in the western states.

Be it further resolved that we urge the Congress of the United States to enact legislation that will minimize the impact of election returns from eastern and midwestern states but will not discourage any citizen from exercising one of the most precious rights of an American: the right to vote.

Be it further resolved that the Secretary of the Senate be, and she is hereby authorized and directed to forward copies of this Memorial to the President of the Senate and the Speaker of the House of Representatives of Congress, and the honorable congressional delegation representing the State of Idaho in the Congress of the United States.

By Mr. McCLURE:

S. 763. A bill to authorize and direct the Secretary of the Interior to convey, by quitclaim deed, all right, title, and interest of the United States in and to certain lands that were withdrawn or acquired for the purposes of relocating a portion of the city of American Falls out of the area flooded by the American Falls Reservoir; to the Committee on Energy and Natural Resources.

S. 764. A bill to provide for protection of the John Sack Cabin Tarshee National Forest in the State of Idaho; to the Committee on Energy and Natural Resources.

LEGISLATION RELATING TO CERTAIN PUBLIC LANDS IN IDAHO

Mr. McCLURE. Mr. President, today I am reintroducing two bills the 96th Congress began to consider. By the end of the session both had passed the Senate. Time was the limiting factor in the House consideration of these bills. I hope that the early introduction this year will enable both the Senate and House to consider and vote favorably on these bills.

The first is a bill to authorize and direct the Secretary of the Interior to transfer to the city of American Falls, Idaho, title to its city parks. Title which has been mistakenly retained by the Federal Government since 1925. When the original American Falls Dam was constructed by the Bureau of Reclamation in 1925, the old city of American Falls was moved from its low lying location behind the new dam. The new city, which was platted on land purchased from private owners, included a number of city parks.

The city has developed the parks and has used them over the years without knowing they continued to be owned by the Government. American Falls residents have paid taxes to maintain the parks for the past 55 years, and the parks have been treated as city property.

A recent search turned up the fact that the Federal Government apparently owns the city golf course, the central city square, and several other smaller parks. Rather than having to lease the parks from the Government, the Bureau of Reclamation has suggested to the city officials that legislation giving title to the city would be the way to solve the problem.

I am accordingly introducing this measure to accomplish that purpose. I see no reason that it should be controversial; it involves only a small amount of land which has in any case been treated as city property for some time. The Bureau of Reclamation has helped to draft the language I am introducing; and has no objection to its adoption. Correction of this oversight is long overdue.

The second bill I am reintroducing provides for the protection of a unique structure located in the Targhee National Forest in Idaho. Known as the Johnny Sack Cabin, this structure and surrounding smaller structures have become something of a local historic landmark. Constructed about 1932, the cabin is nestled in the trees overlooking Big Springs, a natural springs emitting warm, geothermally heated water year round. The setting of the cabin, the water wheel nearby, and the springs combine to provide a rare esthetic beauty which has been enjoyed by countless thousands over the years. Countless artists and photographers have reproduced the scene many times since 1832.

The esthetic beauty of the area, including the cabin, is not the only reason for seeking its preservation, however. The original builder and owner of this cabin Johnny Sack, was himself a unique individual.

A German immigrant, Johnny Sack stood only 4 feet 11 inches tall. Over the years, following his settlement in the area around 1931, Johnny Sack constructed the main cabin and later the various other structures nearby, including a water-powered pumphouse, built around 1940.

Legend has it that Johnny Sack lived primarily off the land and, during the summer, held a variety of odd jobs. During the winter, he occupied himself with making improvement on the cabin and constructing furniture. Perhaps the cabin is most unique for its interior woodwork, which is of very high quality characterized by an interesting and attractive planed-bark finish. It remains today in excellent condition. Much of the original furnishings were also built by Sack, utilizing the same bark finishing technique. The workmanship exhibits considerable skill, imagination and attention to detail.

While many have seen the cabin from the outside, generally from a parking area located across Big Springs, relatively few have seen the magnificent interior of the structure. It has been the intent to open the inside of the cabin for public use. Since I first introduced this bill in 1979, the John Sack Cabin has been registered on the National Register of Historic Places. Also, interested local residents have established the Island Park Interpretative Association to maintain and operate the cabin. The association has successfully raised the funds needed to maintain the cabin and has more importantly, raised the interest and commitment of many people to carry on with the cabin's operation.

Specifically this bill does nothing more than require the Forest Service to preserve and maintain the Johnny Sack Cabin and associated structures in their present form. It also requires the Forest Service to consult local interest organization, such as the Island Park Interpretative Association, concerning the management and operation of the cabin and immediate area; and in fact, allows the Forest Service to enter into a cooperative agreement for the management and protection of the area for the public use.

Mr. President, both of these bill are still needed, and are noncontroversial. I ask unanimous consent that the text of both bills be printed in the RECORD at the end of my remarks.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 763

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is hereby authorized and directed to convey by quitclaim deed to the city of American Falls, Idaho, without cost, the following real property located within or adjacent to the city limits of said city of American Falls, reserving all right-of-way and oil and gas of in land to the United States:

(a) The area identified as the Campbell Stebbins Park, containing approximately 41.5 acres, including the park area located between the Oregon Trail Highway and the Oregon Short Line Railroad, and the area identified as a Public Square, containing approximately 8.8 acres, all as shown on the official plat of the Reclamation Addition to the city of American Falls approved October 18, 1923, and recorded in the county of Power, Idaho, as instrument No. 32042.

(b) Block 44 of the original townsite of American Falls; containing approximately 3.3 acres,

(c) A tract of land containing 11.7 acres, more or less, described as follows:

Beginning at the northwest corner of the

southwest quarter of section 21, township 7 south, range 31 east, Boise meridian;

thence south 45 degrees 16 minutes east, a distance of 1,870.3 feet, more or less, to the southeast corner of said southwest quarter;

thence north 58 degrees 28 minutes west, a distance of 96.3 feet;

thence north 68 degrees 17 minutes west, a distance of 1,339.2 feet, more or less, to a point on the west section line of said section 21, said point being 548.2 feet north of the southwest corner of said section;

thence north along the west section line a distance of 770.5 feet, more or less, to the northwest corner of the southwest quarter of said section 21, the point of beginning.

(d) A tract of land containing 8.79 acres more or less in the south half of the southwest quarter, section 28, township 7 south, range 31 east, Boise meridian, Idaho, and more particularly described as follows:

Beginning at the southwest corner of said section 28;

thence north 44 degrees and 38 minutes east, 1,868.6 feet to the 16/17 corner of said section;

thence east along the north boundary of the southeast quarter southwest quarter of said section 28, 367.2 feet to a point;

thence south 324.9 feet to a point;

thence north 89 degrees and 59 minutes west, 92.8 feet to a point;

thence south 49 degrees and 23 minutes west, 361.9 feet to a point;

thence south 78 degrees and 34 minutes west, 708 feet to a point;

thence south 26 degrees and 55 minutes west, 333.7 feet to a point;

thence south 61 degrees and 51 minutes west, 271.6 feet to a point;

thence south 43 degrees and 29 minutes west, 280.3 feet to a point on the south boundary of said section 28;

thence south 89 degrees and 59 minutes west along the south boundary of said section 28, 34.9 feet to the place of beginning.

(e) A tract of land containing 8.0 acres, more or less, located in the west half of the southwest quarter, section 28, township 7 south, range 31 east, Boise meridian, Idaho, and more particularly described as follows:

Beginning at the southwest corner of section 28;

thence north 44 degrees 38 minutes east, a distance of 1,886.6 feet to the northeast corner of the southwest quarter southwest quarter, of section 28;

thence north a distance of 1,320 feet to the northeast corner of the northwest quarter southwest quarter of section 28;

thence west, a distance of 30 feet to a point on the east edge of Hillcrest Avenue;

thence southwesterly along a curve on the side of Hillcrest Avenue a distance of 2,955 feet to a point on line between sections 28 and 29;

thence south 65.0 feet to the southwest corner of section 28, the place of beginning.

Such property shall be conveyed subject to the reservation of rights-of-way for ditches, canals, and pipelines constructed by the authority of the United States and to other existing rights-of-way of record. The conveyance of such property shall contain a reservation to the United States of all oil and gas in the land, together with the right to prospect for, mine, and remove the same under such regulation as the Secretary of the Interior may prescribe.

S. 764

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of providing for the public use and enjoyment of the John Sack Cabin, Targhee National Forest, State of Idaho, and to protect and preserve such cabin as a unique example of craftsmanship, the Secretary of Agriculture, in consultation with the Island Park Interpretive Association and other interested organizations, shall take such action as may be necessary in order to provide for the protection and maintenance of the John Sack Cabin and associated structures. In carrying out the requirements of this Act, the Secretary is authorized, in accordance with existing law, to enter into a cooperative agreement with, or to issue a special use permit to, an appropriate person or organization pursuant to which such person or organization shall provide such protection and maintenance.

By Mr. MOYNIHAN:

S. 765. A bill to clarify the definition of the term "local furnishing" in the Internal Revenue Code of 1954; to the Committee on Finance.

LEGISLATION TO CLARIFY THE DEFINITION OF "LOCAL FURNISHING" IN THE TAX CODE

Mr. MOYNIHAN. Mr. President, my bill would let New York City tap the gas that is produced by decomposing garbage, have private companies supply it to city residents, and finance the endeavor with tax-exempt "industrial development bonds." Any other city can do this now. New York City cannot because of its unusual political structure—it has five boroughs.

I introduced the same bill last year. It was S. 2660 then. The Senate Finance Committee held a hearing on it on June 24, but there was no other action.

As a general rule, industrial development bonds are taxable, not tax exempt. However, section 103(b)(4)(E) of the Federal tax code makes an exception for bonds that are used to finance "facilities for the local furnishing of electric energy or gas." The interest an investor earns on such bonds is not taxed.

The question is what is a facility for the "local furnishing"? Section 103 was placed in the code in 1968. But nowhere in the committee reports, in the transcript of the floor debate, or in the statement of the conferees is the term "local furnishing" defined.

The Internal Revenue Service takes the position that the facility must serve an area no larger than two contiguous counties. According to its regulations—

(t)he term "facilities for the local furnishing" . . . means property which . . . is part of a system providing service . . . in one or more communities or municipalities, but in no event more than two contiguous counties (or a political equivalent).

But the service area may be one city and one contiguous county where the city is an independent entity, like Baltimore, Md.:

For purposes of this subdivision, a city which is not within, or does not consist of, one or more counties (or a political equivalent) shall be treated as a county.

In 1978, Congress added a new sentence to the code. In effect, the new sentence defines local furnishing as either two contiguous counties or one city and one contiguous county, whether the city is an independent entity, like Baltimore, or not. But the statutory definition applies only to facilities for the furnishing of electricity. The bill I am introducing today would extend it to gas.

Under the present rules, Mr. President, every city, except New York, can build a facility to supply gas to its residents, and finance it with tax-exempt "industrial development bonds." Every city, except New York, is either a municipality within a county, or an independent unit. New York is disqualified because it has five boroughs, or "counties."

The present rules make a mockery of the word "local." It is a "local furnishing," for example, to supply gas to Jacksonville (766 square miles) or to Oklahoma City (636 square miles), but not to New York City (300 square miles), a city much smaller in geographic size.

I submit that local jurisdiction should be treated the same, whatever their political arrangements.

In addition, the term "local furnishing" should have the same meaning for plants that generate electricity and for ones that produce gas. The phrase is used once, in one sentence, as an adjective for both.

The Treasury Department supported the electricity amendment in 1978, after agreeing that furnishing power to a city and one contiguous county is sufficiently "local" that whatever bonds are issued should be tax exempt. As Don Lubick, the Assistant Secretary for Tax Policy, wrote me at the time—

(s)ince a city is a single governmental unit, even if it embraces more than one county, the requisite local character of the furnishing is as much met by the standard you propose as by the current two-county standard. For reasons of consistency in the treatment of local jurisdictions for purposes of the "local furnishing" test, we therefore support your amendment.

I hope that the Treasury will look favorably on a second, similar amendment to cover facilities that produce gas. I ask unanimous consent, Mr. President, that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 765

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. 103(b) of the Internal Revenue Code of 1954 (relating to projects for which tax-exempt "industrial development bonds" may be issued) is amended by inserting the words "or gas" between "energy" and "from" in the last sentence of paragraph (4).

SEC. 2. The amendment made by this Act shall apply to obligations issued after the date of enactment.

By Mr. MOYNIHAN:

S. 766. A bill to amend the Internal Revenue Code to clarify when the costs of maintaining an office at home may be deducted; to the Committee on Finance.

LEGISLATION RELATING TO TAX DEDUCTIONS FOR MAINTAINING AN OFFICE AT HOME

Mr. MOYNIHAN. Mr. President, one of the bills I am introducing today would clarify when a taxpayer may deduct the cost of maintaining an office at home.

I believe the Internal Revenue Service is misinterpreting the law.

At present, a taxpayer's expenses are deductible only if his office at home is used exclusively and on a regular basis as the taxpayer's "principal place of business." The law on this subject is at

section 280A of the Internal Revenue Code. There are other requirements, as well. But what I am most concerned about is the rule that the office must be the taxpayer's "principal place of business."

It is not clear what that means. For instance, where is the principal place of business of a university professor who has an office on campus for teaching, and an office at home for private consulting?

The IRS says that it is the office on campus, if teaching is how the professor earns most of his income. The IRS looks for the principal place of the taxpayer's principal business. According to it—

A taxpayer may have only one principal place of business regardless of the number of business activities in which the taxpayer is engaged. When a taxpayer engages in business activities at more than one location, it is necessary to determine the principal place of the taxpayer's overall business activity.

I am reading from proposed regulations that the IRS issued on August 7.

I do not think that is what Congress intended. Rather, I believe we felt that a taxpayer would have a principal place of business for each trade or business in which he is engaged. I am using the phrase "trade or business" as it is used in Code section 162.

My bill, therefore, would rewrite the statute so that there is no longer any ambiguity or room for misunderstanding.

There are three reasons why I think my interpretation of the law is correct. First, it is consistent with what Congress was trying to accomplish. Congress enacted section 280A because it wanted to provide a set of definitive rules to guide taxpayers on the deductibility of their home office expenses. The law at the time was unclear. The IRS understood the existing statute to mean one thing and the tax court understood it to mean another.

Congress also had as its aim keeping the tax deduction from being abused. Deductions were being claimed by individuals whose only business use of the home was to work occasionally at the kitchen table or in the den. What these people were writing off, however, were some of their living expenses and not business expenses, since their rent, their property taxes, and their gas and electricity bills were no higher because of the occasional work being done at home than they would have been otherwise. There was no incremental business expense.

In section 280A, Congress spelled out what elements must be present before one can say with certainty that a business use of the home has produced an incremental expense.

This was done primarily by requiring that the home office be used exclusively and on a regular basis for business. If a room is used exclusively for business, there can be no disguising living expenses as business costs. If the room also is used on a regular basis for business, one guarantees that no taxpayer will be able to claim a tax deduction for an empty room merely by taking his work there once or twice.

Nothing much is gained by insisting, in addition, that the room serve as the taxpayer's principal place of business. It does help to insure, however, that the business use is significant, which it is if the home office is the base for a trade or business.

Another reason why I think Congress meant "principal place of a trade or business" is that the Joint Tax Committee staff suggested that as the standard in a pamphlet it prepared for the Ways and Means Committee in 1975.

The pamphlet spoke of the need to limit taxpayers with offices at home to deductions for incremental business expenses. It added that—

In the case of certain business uses of the home, it is more readily demonstrated that incremental costs are incurred by reason of the business use, e.g., where a portion of the home is exclusively used as a shop or business office in actively conducting a trade or business.

The standard proposed was a trade or business. It was not, as the IRS has suggested, the principal place of the taxpayer's overall business activity.

Finally, the U.S. tax court has said the IRS is wrong. Judge Tannewald, writing for the court in the *Curphey* v. *Commissioner*, 73 T.C. 61 (1980), said the IRS—

* * * approach of requiring that the home office be the principal place at which the taxpayer's principal business is conducted would disallow otherwise allowable deductions in connection with the use of a home office which is a principal place of business. We do not believe that Congress intended such a result.

According to the judge, what Congress wanted was for the IRS to inquire—

whether, with respect to a particular business conducted by a taxpayer, his home office was his principal place for conducting that business.

My bill would rewrite section 280A to make that clear.

The other fact that I should mention about my bill is that it also would clarify what is meant by the phrase "exclusively used."

The office at home must be "exclusively used" as the taxpayer's principal place of business. Does that mean, for example, that the taxpayer must use the office only for the business he runs at home?

The IRS has said no, that the office may be used for more than one business purpose. I believe that is the correct interpretation. My bill would change the order of several words to rule out future misunderstandings.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 766

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Subsection (c) of section 280A of the Internal Revenue Code of 1954 (relating to exceptions for certain business or rental use) is amended by striking out paragraph (1) and inserting in lieu thereof the following—

"(1) CERTAIN BUSINESS USE.—Subsection (a) shall not apply to any item to the extent such item is allocable to a portion of the dwelling unit which is exclusively used on a regular basis by the taxpayer as a place of business and—

"(A) is the principal place of a trade or business of the taxpayer,

"(B) is used by patients, clients, or customers in meeting or dealing with the taxpayer in the normal course of his trade or business, or

"(C) is a separate structure which is not attached to the dwelling unit.

In the case of an employee, the preceding sentence shall apply only if the use referred to in the preceding sentence is for the convenience of his employer."

SEC. 2. The amendments made by this Act shall apply to taxable years beginning after December 31, 1975.

By Mr. MOYNIHAN:

S. 767. A bill to amend the Internal Revenue Code to provide that, for purposes of the Federal estate tax, amounts contributed to certain cemetery companies may be deducted from the gross estate; to the Committee on Finance.

LEGISLATION TO PERMIT A TAX DEDUCTION FOR MONEY LEFT TO A NONPROFIT CEMETERY ASSOCIATION

Mr. MOYNIHAN. Mr. President, I am introducing legislation today to permit a tax deduction to be taken by the estate of anyone who has left money in his will to a nonprofit cemetery association.

Let me say that I am prompted to do this by a decision by the second circuit court of appeals in the case *Child* v. *United States*, 540 F.2d 579 (1976).

In Child, a woman, Elizabeth Haas, had died in 1966 and had left a significant portion of her estate to two nonprofit cemeteries. The Grove Cemetery was given $25,000, partly for the perpetual care of a family burial plot. Another $2.5 million went to the Watertown Cemetery as a general bequest.

The executor tried to deduct both sums from Ms. Haas' estate before paying the estate taxes, on grounds that the cemeteries were charitable or religious organizations. Gifts to such organizations are tax deductible under section 2055(a) of the Federal Tax Code.

But the court said the cemeteries were neither charitable nor religious and denied the deductions.

The important point is this. Had Ms. Haas made the gifts during her lifetime, they probably could have been deducted from her income taxes. The income tax laws make contributions to charitable or religious organizations deductible, just as gifts to those groups are deductible for estate tax purposes. Such groups are known as 501(c)(3) organizations.

Gifts to "cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit" also are deductible for income tax purposes. Specific provision is made for them in section 501(c)(13). But nothing is said about such groups in the estate tax laws.

The court noted this and said it would leave "to congressional wisdom the apparent anomaly establishing different treatment of nonprofit cemetery associations for income and estate tax purposes."

I see no reason for such an anomaly.

Indeed, I see good reason why there should not be one. I believe we deny individuals equal protection of the law if we permit one person to leave money, free from estate taxes, to the church-run cemetery where he wants to be buried, but deny this to another person who wants to be buried in a private, nonprofit cemetery, instead.

My bill would make bequests to a nonprofit cemetery company tax deductible for estate tax purposes, provided the cemetery company is either owned and operated exclusively for its members or prohibited by its charter from engaging in any business other than burials. The bill would do this for bequests made by individuals who die after December 31, 1980. I ask unanimous consent, Mr. President, that the text of the measure be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 767

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Subsection (a) of section 2055 of the Internal Revenue Code of 1954 (relating to transfers for public, charitable, and religious uses) is amended by striking out "or" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or", and by inserting after paragraph (4) the following new paragraph:

"(5) to or for the use of—

"(A) a cemetery owned and operated exclusively for the benefit of its members, or

"(B) any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose,

"if such company or corporation is not operated for profit and no part of the net earnings of such company or corporation inures to the benefit of any private shareholder or individual."

SEC. 2. Subsection (e) of section 2055 of such Code is amended by adding at the end thereof the following new paragraph:

"(4) No deduction shall be allowed under this section for any amount of any bequest, legacy, devise, or transfer to or for the use of any organization described in subsection (a)(5) to the extent such amount is allowable as a deduction under section 2053."

SEC. 3. The amendments made by this Act shall apply to estates of decedents dying after December 31, 1980.

By Mr. MOYNIHAN:

S. 768. A bill to amend the Internal Revenue Code to provide that certain research and development expenditures will not be taken into account for purposes of the "small issue exemption" from the industrial development bond rules.

LEGISLATION TO AMEND THE INTERNAL REVENUE CODE WITH RESPECT TO CERTAIN RESEARCH AND DEVELOPMENT EXPENDITURES

Mr. MOYNIHAN. Mr. President, we have heard a great deal recently about venture capital firms and how the United States needs more of them if we are to compete with the Japanese and West Germans. These are small companies, set up by individuals who have worked for high-technology giants like IBM and ITT, but who have ideas of their own that they want to develop and market. Venture capitalists started the microchip boom in the 1970's. They are already heavily involved in the next growth industry, biotechnology. In short, they are terribly important to the American economy.

That this is the case is well understood. But what is not generally known is that the Federal tax laws discriminate against venture capitalists. We let cities borrow money, at tax-exempt rates, for small stores and small factories, but not for venture capital firms or, for that matter, for any small business that spends a large part of its budget on research and development.

This difference in treatment arises because of the way the Internal Revenue Service has interpreted section 103 of the Tax Code. I am, therefore, proposing legislation that would change the code. If cities can borrow for small manufacturers, they should also be able to borrow for venture capital firms.

Technically, the question is how two words used in the "small-issue exemption" for industrial development bonds should be defined. IDB's are a type of municipal bond, but they have certain distinctive features. For one, a city issues a municipal bond to borrow money for itself to build a hospital, school, or other public project. But it issues an IDB to borrow for someone else, usually a private company. In this way, the city can induce a company to set up shop nearby and to provide jobs for local workers.

Another difference is that municipal bonds are tax exempt. IDB's are not, although there are exceptions, one of which is the "small-issue exemption." The exemption is very complicated. Unfortunately, it can be stated only in mathematical terms. I will say it slowly. IDB's issued by a city are tax exempt if the face amount of the bond issue plus the "capital expenditures" of the company in the 3 years preceding and the 3 years following the issue date do not exceed $10 million.

Venture capital firms rarely, if ever, can take advantage of the exemption. Other small businesses can. The reason is the IRS has defined the term "capital expenditures" in a way that excludes venture capitalists. "Capital expenditures" are obviously such items as the cost of land, buildings, machinery, and other depreciable assets. But the IRS maintains that research and development expenses also are covered.

This makes it difficult, if not impossible, for companies in rapidly changing, high-technology fields to take advantage of IDB financing. It is not unusual for even small venture capital firms to spend millions of dollars in research over a period of several years. These companies must develop their own products. Companies that merely buy their inventory from others have no problem. Since they can ignore the money invested in product development by others, they are less likely than venture capital firms to exceed the $10 million limit on "capital expenditures."

Surely this is an oversight by Congress. If not, it is appalling economic policy. My bill would correct for it by making clear that research expenses are not "capital expenditures." I ask unanimous consent, Mr. President, that the measure be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 768

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that—

(a) Paragraph (6) of section 103(b) of the Internal Revenue Code of 1954 (relating to exemption for certain small issues) is amended by adding at the end thereof the following new subparagraph:

"(J) RESEARCH AND EXPERIMENTAL EXPENDITURES NOT TAKEN INTO ACCOUNT.—For purposes of applying subparagraph (D)(ii), research and experimental expenditures (within the meaning of section 174) shall not be taken into account."

(b) The amendment made by subsection (a) shall apply—

(1) to obligations issued after the date of the enactment of this Act in taxable years ending after such date, and

(2) with respect to capital expenditures made after December 31, 1980.

By Mr. MOYNIHAN:

S. 769. A bill to amend section 280 of the Internal Revenue Code of 1954 to exclude from the application of such section expenses incurred by an author of a book or similar property in the writing of such book or property; to the Committee on Finance.

LEGISLATION TO AMEND THE INTERNAL REVENUE CODE WITH RESPECT TO EXPENSES INCURRED BY AN AUTHOR

Mr. MOYNIHAN. Mr. President, the bill I am introducing today would clear up a misunderstanding about section 280 of the Tax Code.

Section 280 requires the production costs associated with "films, sound recordings, books, and similar property" to be capitalized. That is to say, such costs must be deducted over the period when the property is generating income, rather than in the year they are incurred.

Production costs are capitalized according to a special formula. The formula requires that one keep a separate account for each movie, record, or book, and estimate how much income will be made from it. One's costs are deducted at the same rate the income is received. Thus, if 75 percent of the income from a movie is to be received in year one, then 75 percent of the production costs may be deducted in the same year.

The section was put in the Tax Code in 1976. It was supposed to shutdown so-called production company tax shelters, a form of shelter favored by wealthy individuals investing in movies. In such shelters—

> A limited partnership is formed to produce a film. . . . The partnership enters into an agreement with a studio, with a distributor or with an independent producer to produce a particular film. The partnership uses the cash method of accounting and writes off the costs of production as they are paid. Typically, the partnership is heavily leveraged and significant costs are paid with borrowed funds. The principal elements of this form of motion picture shelter are . . . deferral and leverage.

I am reading from the Senate Finance Committee's report on the 1976 Tax Reform Act.

The committee said it had evidence that "the production company shelter

may be expanding into other areas, such as the publishing field." Hence, it wrote a provision that applied to books and records, and not just to movies. The conferees agreed to what the Finance Committee proposed, with one change. They wanted production costs to be capitalized, but not the "distribution costs" associated with movies.

One thing is clear. Section 280 was aimed at the tax shelter investor; it was not aimed at the bona fide writer or author.

Yet, that is not how the IRS has interpreted it. The IRS stated its position in a letter ruling on October 30.

A retired attorney had asked whether he can claim that his "trade or business" is writing. Expenses connected with a "trade or business" are deductible; those connected with a hobby are not.

The attorney had written a chapter in a law manual and he was in the process of writing an entire book. He had received an advance for the book from a publisher.

The IRS reviewed the facts. It concluded that the attorney was now a professional writer. But it added—

While expenses incurred in connection with your writing are deductible, these expenses are subject to the provisions of section 280(a) of the Code.

This disturbs me—for several reasons. First, the IRS has misconstrued the statute. A careful reading of the legislative history should persuade anyone that section 280 does not apply to writers and authors. Their expenses are not the sort of "production costs" that Congress had in mind.

Second, this is only sensible. Figuring out one's taxes is difficult enough without having to keep segregated accounts for each writing project. One tolerates a certain amount of complexity in our tax laws where it is needed to prevent tax avoidance. But to extend section 280 to bona fide writers is to require complicated rules for no good reason.

Third, writers should be treated in the same way as members of other professions. A lawyer need not capitalize his expenses with respect to each case. Think of the administrative nightmare. An individual whose trade or business is writing should not have to do so with respect to his articles or books.

My bill is easy to describe. I view it as a technical correction. It would state plainly that section 280 does not apply to the production costs that a writer or author incurs in the creation of his own works.

The measure would take effect retroactively to tax years beginning after December 31, 1975. That was the effective date of section 280.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 769

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 280 of the Internal Revenue Code of 1954 (relating to deductibility of certain expenditures incurred in production of films, books, records, or similar property) is amended by adding at the end thereof the following new subsection:

"(d) CERTAIN PRODUCTION COSTS OF AUTHORS EXCLUDED.—The provisions of this section shall not apply to amounts attributable to the production of a book, article or similar property to the extent such amounts are expenses incurred by the author of such property in the research for, or writing of, such book, article, or similar property.".

SEC. 2. (a) The amendments made by the first section of this Act shall take effect as if included in the amendment made by section 210(a) of the Tax Reform Act of 1976.

(b) Notwithstanding any other provision of law—

(1) the period for filing a claim for refund for any taxable year to which the amendment made by the first section of this Act applies shall, to the extent such claim for refund is attributable to such amendment, not expire before the date which is 1 year after the date of the enactment of this Act, and

(2) the period for assessing a deficiency with respect to any taxable year shall, to the extent such deficiency is attributable to a claim for refund filed as a result of the extension of any period under paragraph (1), not expire before the date which is 1 year after the date of the filing of the claim for refund.

By Mr. MOYNIHAN:

S. 770. A bill to amend the Energy Tax Act of 1978 with respect to the manufacturers excise tax on buses; to the Committee on Finance.

PROPOSED AMENDMENT TO ENERGY TAX ACT OF 1978

Mr. MOYNIHAN. Mr. President, the bill I am introducing today is an amendment to the Energy Tax Act of 1978.

The Energy Tax Act repealed the manufacturers excise tax on buses. Until 1978, buses were subject to a 10-percent tax; this tax was collected when the bus was sold by the manufacturer to the dealer or to the bus company that was going to use it. Generally speaking, the repeal applied only to buses sold after November 9, 1978.

But there were several special rules. And one of these explained what happens when a bus was actually purchased before November 9, but the buyer was still paying for it by installment and had not yet acquired title to the vehicle when the Energy Tax Act became law.

In that case, one was to assume that the tax was being paid ratably as part of each installment. And that part of the tax that was paid after November 9 was to be refunded to the manufacturer, on condition that he pass it along to the dealer or ultimate purchaser.

Congress wanted to encourage people to buy more buses or, for those who had already bought them, to keep paying the installments. The theory was that this would save fuel.

Unfortunately, the statute has a technical flaw. The following case is a good example.

Holland Industries, a bus company in New York City, purchased new buses direct from the MCI Corp., the manufacturer. However, immediately after Holland Industries bought the buses, MCI sold the installment contract to its subsidiary, the MCI Acceptance Corp. Both events took place before November 9, 1978.

By law—section 4216(d) of the Tax Code—the excise taxes immediately fell due, in full, when the installment contract was sold.

The 1978 Energy Tax Act, meanwhile, said that taxes associated with installment payments would be refunded only when they are "due and payable" after November 9, 1978. And these taxes were not, even though Holland Industries continued to pay installments that were partly for the buses, partly for interest, and partly for taxes. MCI Corp. could not get a refund. And as a result, it had nothing to pass through to Holland Industries.

This is not what Congress intended. MCI Corp. merely transferred the installment contract on its books to a subsidiary. In the process, Holland Industries lost its refund. We simply did not foresee this sort of technical problem.

The bill I am introducing today would rewrite subsection 231(g) of the Energy Tax Act. My purpose is to make that subsection easier to understand. The only substantive change I would make is the addition of a sentence at the end:

Finally, that portion of the tax that is computed on payments made after November 9, 1978 shall be considered "due and payable" after that date, even though the installment account, on which the payments are made, was sold or otherwise disposed of on or before that date.

This would give the MCI Corp. a refund for the excise taxes that were computed on installment payments the company received after November 9, 1978. However, this refund would have to be passed along to Holland Industries and to MCI's other customers.

If the bill passes, an injustice will have been undone. Mr. President, I ask unanimous consent that the complete text of it be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 770

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 231(g) of the Energy Tax Act of 1978 (relating to the effective date for removal of the excise tax on buses) is amended by striking paragraph (3) and inserting in lieu thereof the following new paragraph:

"(3) In the case of—

"(A) a lease,

"(B) a contract for the sale of an article providing that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments,

"(C) a conditional sale, or

"(D) a chattel mortgage arrangement providing that the sale price shall be paid in installments,

entered into on or before November 9, 1978, payments made after that date shall be considered payments made for an article sold after that date, if the lessor or vendor establishes that the post-November 9 payments have been reduced in amount by the share of the tax that is due or payable after November 9, 1978. If the lessor or vendor does not establish that the payments have been reduced, then the payments shall be treated as if made for an article sold on or before November 9, 1978. Finally, that portion of the tax that is computed on payments made after November 9, 1978, shall be considered 'due and payable' after that date, even

though the installment account, on which the payments are made, was sold or otherwise disposed of on or before that date."

(b) The amendment made by this Act shall apply to payments (and the taxes computed thereon) made after November 9, 1978.

By Mr. THURMOND (for himself and Mr. HART) (by request):

S. 774. A bill to authorize appropriations for construction at certain military installations for fiscal year 1981, and for other purposes; to the Committee on Armed Services.

SUPPLEMENTAL MILITARY CONSTRUCTION AUTHORIZATION ACT, 1981

Mr. THURMOND. Mr. President, by request, for myself and the senior Senator from Colorado (Mr. HART), I introduce for appropriate reference, a bill to authorize appropriations for construction at certain military installations for fiscal year 1981, and for other purposes.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the RECORD immediately following the listing of the bill.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 774

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Supplemental Military Construction Authorization Act, 1981."

(a) The following amount is authorized in addition to the amounts specified for the public works projects authorized by Title I of the Military Construction Act, 1981 (Public Law 96-418, 94 Stat. 1561):

UNITED STATES ARMY, EUROPE

Various locations, $1,800,000.

(b) There is authorized to be appropriated for the purpose of this section an amount not to exceed $1,800,000.

SEC. 2. (a). The following amount is authorized in addition to the amounts specified for the public works projects authorized by Title II of the Military Construction Authorization Act, 1981, (Public Law 96-418, 94 Stat. 1752):

UNITED STATES MARINE CORPS

Marine Corps Air Station, El Toro, California, $2,000,000.

(b) There is authorized to be appropriated for the purpose of this section an amount not to exceed $2,000,000.

SEC. 3. (a) The following amounts are authorized in addition to the amounts specified for public works projects authorized by Title III of the Military Construction Authorization Act, 1981 (Public Law 96-418, 94 Stat. 1757):

AIR TRAINING COMMAND

Laughlin Air Force Base, Texas, $4,700,000.

STRATEGIC AIR COMMAND

K. I. Sawyer Air Force Base, Michigan, $540,000.

SPECIAL PROJECT

Various locations, Special Project, $50,000,000.

(b) The Secretary of the Air Force is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $860,000 in addition to the amount specified for minor construction projects by section 303 of the Military Construction Authorization Act, 1981 (Public Law 96-418, 94 Stat. 1759).

(c) There is authorized to be appropriated for the purposes of subsection (a) an amount not to exceed $55,240,000.

SEC. 4. The Secretary of Defense is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $900,000 in addition to the amount specified for minor construction projects by section 403 of the Military Construction Authorization Act, 1981 (Public Law 96-418, 94 Stat. 1761).

SEC. 5. In addition to the funds authorized to be appropriated by section 510(a)(2) of the Military Construction Authorization Act, 1981 (Public Law 96-418, 94 Stat. 1767), there is hereby authorized to be appropriated for use by the Secretary of Defense, or the Secretary's designee, an amount not to exceed $16,022,000, authorized by law for suppport of military family housing, including operating expenses, leasing maintenance of real property, payments of principal and interest on mortgage debts incurred, payment to the Commodity Credit Corporation, and mortgage insurance premiums authorized under section 222 of the National Housing Act (12 U.S.C. § 1715).

SEC. 6. The Secretary of Defense may establish or develop facilities for Air National Guard of the United States in an amount not to exceed $6,500,000 in addition to the amount specified in section 701(3)(A) of the Military Construction Authorization Act, 1931 (Public Law 96-418, 94 Stat. 1774).

SEC. 7. Authorizations contained in this Act shall be subject to the authorizations and limitations of the Military Construction Authorization Act, 1981 (Public Law 96-418, 94 Stat. 1749), in the same manner as if such authorizations had been included in that Act. For the purposes of the limitations set forth in section 603 of the Military Construction Authorization Act, 1981 (Public Law 96-418, 94 Stat. 1768), the amounts authorized to be appropriated, by title, in that Act shall be deemed to be increased by the additional amounts authorized to be appropriated by this Act.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., March 19, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation to authorize supplemental appropriations for military construction for Fiscal Year 1981. The additional construction is required to increase readiness, to improve our ability to recruit and retain personnel, and to modernize military facilities. The Office of Management and Budget has advised that the enactment of this bill would be in accordance with the program of the President.

This bill would authorize an additional $67,300,000 for military construction needs, of which $1,800,000 is for the Department of the Army, $2,000,000 for the Department of the Navy, $56,100,000 for the Department of the Air Force, $900,000 for the Defense Agencies, and $6,500,000 for the Air National Guard. In addition, this bill would authorize $16,022,000 for essential operations and maintenance of the military family housing inventory.

Your support of this supplemental military construction requirement is requested.

Sincerely,

L. NIEDERLEHNER,
Acting.

By Mr. SCHMITT:

S.J. Res. 52. Joint resolution to authorize and request the President to designate July 4, 1981, as "Honor Our Vietnam Veterans Day"; to the Committee on the Judiciary.

HONOR OUR VIETNAM VETERANS DAY

● Mr. SCHMITT. Mr. President, in 1921 an American soldier—his name "known but to God"—was buried in Arlington National Cemetery on a site overlooking the Potomac River. Burial of this unknown World War I soldier was in recognition of the high esteem which the people of this Nation held for all of the American men and women who answered the call of their country. Similar ceremonies took place after World War II and the Korean War.

This Nation was built by the continuing sacrifice of brave men and women, from the Revolution through the Vietnam era, who responded to the call for service to this Nation.

Some years ago this Nation ended America's direct involvement in the Southeast Asian conflict. More than 2½ million veterans served in Vietnam and another 6 million served elsewhere during those years. Many made enormous personal sacrifices and many suffered injuries that will disable them for the rest of their lives. In all, 57,414 Americans died in Southeast Asia. All these brave men and women deserve our utmost respect and admiration for their service to this country.

Veterans' Day is one way Americans demonstrate their respect for those men and women who have endured hardship and sacrifice in serving this country so ably. However, it has painfully been called to our attention that the returning Vietnam veteran was not accorded the honors and recognition for his or her service in a manner similar to that given to previous military service personnel. On every Veterans' Day we reflect on the past and celebrate the hopes and promises of the future. We are reminded that no one abhors war more than those who have been called to fight, and that none have a greater right to enjoy the freedoms and benefits of American citizenship than those individuals who have taken up their country's arms.

We are at peace today. Our gratitude for that blessing is owed in part to those veterans who have served in the past to make peace accessible.

In keeping with our national tradition of honoring those brave citizens who served their country, I am introducing today a joint resolution authorizing and requesting the President to designate July 4 of this year as "Honor Our Vietnam Veterans Day."

A law passed in 1973 provides for the interment of an unknown American who lost his or her life in Southeast Asia during the Vietnam era. I feel it would be particularly fitting to carry out this special recognization, if possible, on July 4 of this year.

Admittedly, Vietnam was an unpopular war which created sharp divisions among many of our people, but the GI who served in Vietnam has the right to hold his head just as high as any serviceman who answered the call of this great Nation. This special day of recognization is a long overdue acknowledgement by the American people of the sacrifice and service of the Vietnam veteran.

Mr. President, I ask unanimous consent that the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 52

Whereas the people of the United States have a long-standing commitment to honor and care for individuals who have borne arms in defense of their country;

Whereas during the period of the Vietnam conflict 8,500,000 individuals served in military service, and 2,800,000 of those individuals served in the Vietnam theater;

Whereas the 2,800,000 individuals who served in the Vietnam theater honorably performed their duty to their country in a long and divisive conflict;

Whereas the veterans of the Vietnam conflict were not accorded the same recognition that has been accorded to veterans of earlier wars;

Whereas although the Vietnam conflict has become part of history for most Americans, some veterans continue to bear the physical, emotional, and psychological scars of that conflict; and

Whereas it is appropriate to honor the patriotism and sacrifice of all the individuals who faithfully and honorably served their country during the Vietnam conflict: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating July 4, 1981, as "Honor Our Vietnam Veterans Day" and to call upon Federal, State, and local government agencies, and the people of the United States to demonstrate with appropriate programs, ceremonies, and activities the appreciation of the American people for the men and women who honorably served their country in the Vietnam conflict.●

By Mrs. KASSEBAUM:

S.J. Res. 53. Joint resolution to provide for the designation of September 6, 1981, as "Working Mother's Day"; to the Committee on the Judiciary.

WORKING MOTHER'S DAY

Mrs. KASSEBAUM. Mr. President, today I am introducing a joint resolution to designate the Sunday before Labor Day as "Working Mother's Day." I am pleased to join Representative CARDISS COLLINS in this effort to provide special recognition to the millions of American women who are serving double duty as homemakers and as participants in the paid labor force.

For a number of reasons, female participation in employment outside the home has undergone dramatic and steady increases in the recent past. By all indications, this trend will continue. Last year, 56.6 percent of all mothers with children under age 18 worked in paid employment. Although most working mothers are married, it is significant to note that approximately 20 percent of all working mothers are household heads. In fact, it comes as no surprise that mothers in one-parent families have a much higher rate of labor force participation—67 percent—than those in two-parent families.

As women move into the work force, they continue to assume primary responsibility for child rearing. The demands on the time and energy of these women are tremendous. Making the adjustments necessary to establish an appropriate balance between home and work responsibilities is a constant struggle. To the extent that these women are able to operate in a supportive environment, their ability to successfully cope with their multiple roles is substantially enhanced.

It is appropriate that we recognize the unique contributions made by working mothers to both the growth of the economy and the strength of the American family. I see "Working Mothers Day" as an excellent opportunity to show our appreciation to these dedicated women and invite my colleagues to join me in extending this expression of thanks.

Mr. President, I ask unanimous consent that the text of my joint resolution be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S.J. RES. 53

Whereas more than sixteen million American women are employed outside the home and have children under the age of eighteen;

Whereas these working mothers are making unique and substantial contributions, to both the growth of the economy and the strength of the American family; and

Whereas working mothers deserve special recognition for fulfilling their exceptional responsibilities in the home and in the world of commerce: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating September 6, 1981, as "Working Mothers' Day," and calling upon families, individual citizens, labor and civic organizations, the media, and the business community to acknowledge the importance of the working mother and to express appreciation of her role in American society.

By Mr. HEINZ (for himself, Mr. NUNN, Mr. DURENBERGER, Mr. GOLDWATER, Mr. BOSCHWITZ, and Mr. JEPSEN):

S.J. Res. 54. Joint resolution proposing an amendment to the Constitution to protect the people of the United States against excessive governmental burdens and unsound fiscal and monetary policies by limiting total outlays of the Government; to the Committee on the Judiciary.

PROPOSED CONSTITUTIONAL AMENDMENT TO LIMIT FEDERAL SPENDING

Mr. HEINZ. Mr. President, because of a drafting error not picked up in final proofreading, I am today reintroducing in modified form the Heinz-Nunn constitutional amendment limiting Federal spending. I ask unanimous consent that the text of this joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 54

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after its submission to the States for ratification:

"ARTICLE

"SECTION 1. (a) Total outlays of the Government of the United States during any fiscal year shall not rise more than the rate of increase in gross national product in the last calendar year that ended before such fiscal year.

"(b) For purposes of subsection (a), total outlays includes both budget and off-budget outlays, but does not include redemptions of the public debt or emergency outlays authorized under section 3 of this article.

"SEC. 2. When, for any fiscal year, total revenues received by the Government of the United States exceed total outlays, the surplus shall be used to reduce the public debt of the United States until such debt is eliminated.

"SEC. 3. Following declaration of an emergency by the President, the Congress may authorize, by a two-thirds vote of both Houses of Congress, a specified amount of emergency outlays in excess of the limit prescribed by section 1 for the current fiscal year.

"SEC. 4. The limit on total outlays prescribed by section 1 may be changed by a specified amount by a three-quarters vote of both Houses of Congress. The change shall become effective for the fiscal year following approval.

"SEC. 5. The Congress may not by law require or authorize any agency of the Government of the United States to require, directly or indirectly that State or local governments engage in additional or expanded activities without compensation equal to the necessary additional costs."

ADDITIONAL COSPONSORS

S. 267

At the request of Mr. DECONCINI, the Senator from New Jersey (Mr. WILLIAMS), and the Senator from South Dakota (Mr. PRESSLER) were added as cosponsors of S. 267, a bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes.

S. 294

At the request of Mr. GLENN, the Senator from Georgia (Mr. NUNN), and the Senator from Nebraska (Mr. ZORINSKY) were added as cosponsors of S. 294, a bill to establish an Interagency Committee on Arson Control to coordinate Federal antiarson programs, to amend certain provisions of the law relating to programs for arson investigation, prevention, and detection, and for other purposes.

S. 574

At the request of Mrs. KASSEBAUM, the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 574, a bill to amend the Internal Revenue Code of 1954 to allow the estate of a decedent a deduction for certain bequests of interests in property used in farms or other trades or businesses, and for other purposes.

S. 732

At the request of Mr. NUNN, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 732, a bill to insure the confidentiality of information filed by individual taxpayers with the Internal Revenue Service pursuant to the Internal Revenue Code and, at the same time, to insure the effective enforcement of Federal and State criminal laws and the effective administration of justice.

SENATE JOINT RESOLUTION 38

At the request of Mrs. KASSEBAUM, the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of Senate Joint

Resolution 38, a joint resolution to provide for designation of the first Friday of March as "Teacher Day, United States of America."

SENATE CONCURRENT RESOLUTION 10

At the request of Mr. HATFIELD, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of Senate Concurrent Resolution 10, a concurrent resolution expressing the sense of the Congress concerning the continuing permanent conversion of productive agricultural lands to nonagricultural uses.

SENATE RESOLUTION 44

At the request of Mr. MOYNIHAN, the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. JEPSEN), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Hawaii (Mr. INOUYE) were added as cosponsors of Senate Resolution 44, a resolution relating to the convening of an international conference to amend certain international agreements concerning the privileges and immunities of diplomatic and consular agents.

AMENDMENT NO. 8

At the request of Mr. RIEGLE, his name was added as a cosponsor of amendment No. 8 proposed to S. 509, a bill to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually.

AMENDMENTS SUBMITTED FOR PRINTING

DELETION OF REQUIREMENT THAT SUPPORT PRICE OF MILK BE ADJUSTED SEMIANNUALLY

AMENDMENT NO. 13

(Ordered to be printed.)

Mr. BOREN proposed an amendment to the bill (S. 509) to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually.

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY CONSERVATION AND SUPPLY

Mr. WEICKER. Mr. President, on March 17 I announced a hearing before the Energy Conservation and Supply Subcommittee. At this time, I would like to reschedule the hearing at 9 a.m. rather than 9:30 a.m. as previously announced. The hearing will be held on April 6, 1981, in room 3100 of the Dirksen Senate Office Building.

SUBCOMMITTEE ON JUVENILE JUSTICE

Mr. SPECTER. Mr. President, the Subcommittee on Juvenile Justice of the Committee on the Judiciary will hold a hearing on April 1, 1981, at 9 a.m. in room 2228 Dirksen Senate Office Building to discuss the proposed phaseout of the Office of Juvenile Justice and Delinquency Prevention of the U.S. Department of Justice.

Persons wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on the Judiciary, Subcommittee on Juvenile Justice, room 253 Russell Senate Office Building, Washington, D.C. 20510. For further information regarding the hearing, please contact Jonathan Levin at 224–4254.

AUTHORITY FOR COMMITTEES TO MEET

SELECT COMMITTEE ON SMALL BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Small Business be authorized to meet today until 12:30 p.m. to consider the nomination of Michael Cardenas to be the Administrator of Small Business Administration.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources, Subcommittee on Energy Research and Development, be allowed to meet today as scheduled while the Senate is in session to hold a hearing on the Department of Energy's fiscal year 1982 authorization request.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate today to hear testimony from witnesses regarding the 1981 farm bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE EXPORT TRADING COMPANY ACT OF 1981

● Mr. HEINZ. Mr. President, on Thursday, March 12, the Committee on Banking, Housing, and Urban Affairs marked up S. 144, the Export Trading Company Act of 1981, and ordered reported an original bill embodying the amendments to S. 144 approved by the committee. The committee report, along with the original bill, S. 734, were filed March 18.

In its markup, the committee did not change the basic provisions of S. 144. but it did adopt 24 amendments, most of them technical, a few of which make substantive changes in particular parts of the bill. For those who have been following this legislation closely, I would like to list briefly the more substantive changes in S. 144 made by the committee.

First. The committee reduced the amount of money authorized in section 106 of the bill for EDA and SBA loans and loan guarantees from $20 million per year to $10 million per year for 5 years.

Second. The committee added a new section 108, proposed by Senator RIEGLE, creating a program which would help small businesses not previously significantly involved in exporting hire an export manager by providing for Federal payment of half the manager's salary for the first year. The cost of this amendment is $2 million per year for 3 years. It is the same amendment which the Senate adopted on the floor last year in its consideration of S. 2718, the predecessor of S. 144.

Third. The committee adopted two amendments initially proposed by Senator CHAFEE which would: (a) Permit a trading company to have the same name as its banking organization investor if the latter owns a majority of the stock of the trading company; and (b) provide the bank regulatory agencies greater flexibility in dealing with violations of section 105(c)(3) of the bill relating to taking positions in commodities, securities or foreign exchange. Both these amendments were recommended by the Comptroller of the Currency.

Fourth. With respect to title II of the bill, the antitrust provisions the committee agreed to an amendment which would permit existing Webb-Pomerene Associations to continue to operate under current law if they so chose rather than being forced to seek certification under the new system created by this bill. Such associations, of course, would also retain the option of seeking certification under the same standards and procedures applicable to everyone else.

The other amendments, Mr. President, were technical in nature, correcting typographical or reference errors or making other minor changes in language, in most cases at the reqeust of the administration. So that all these changes are clear to everyone concerned, Mr. President, I shall ask that the complete text of S. 734, the original bill reported by the Banking Committee, be printed in the RECORD at the conclusion of my remarks.

Reporting this bill represents another important step in our progress toward enacting this legislation and thereby giving American businesses interested in exporting another set of tools to use to successfully market and sell abroad. The committee held 3 days of hearings on this bill this year, in addition to the many days held in 1979 and 1980, and I anticipate that the printed record of the 1981 hearings will be available to Senators and the public shortly. I am also pleased to see that the House is also moving forward with this legislation, the House Judiciary Committee having scheduled hearings on it and other related measures for March 26. The next step should be Senate floor action, which I hope will come soon.

The bill follows:

S. 734

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—EXPORT TRADING COMPANIES

SHORT TITLE

SEC. 101. This title may be cited as the "Export Trading Company Act of 1981".

FINDINGS

SEC. 102. (a) The Congress finds and declares that—

(1) tens of thousands of American companies produce exportable goods or services but do not engage in exporting;

(2) although the United States is the

world's leading agricultural exporting nation, many farm products are not marketed as widely and effectively abroad as they could be through producer-owned export trading companies;

(3) exporting requires extensive specialized knowledge and skills and entails additional, unfamiliar risks which present costs for which smaller producers cannot realize economies of scale;

(4) export trade intermediaries, such as trading companies, can achieve economies of scale and acquire expertise enabling them to export goods and services profitably, at low per unit cost to producers;

(5) the United States lacks well-developed export trade intermediaries to package export trade services at reasonable prices (exporting services are fragmented into a multitude of separate functions; companies attempting to offer comprehensive export trade services lack financial leverage to reach a significant portion of potential United States exporters);

(6) State and local government activities which initiate, facilitate, or expand export of products and services are an important and irreplaceable source for expansion of total United States exports, as well as for experimentation in the development of innovative export programs keyed to local, State, and regional economic needs;

(7) the development of export trading companies in the United States has been hampered by insular business attitudes and by Government regulations; and

(8) if United States export trading companies are to be successful in promoting United States exports and in competing with foreign trading companies, they must be able to draw on the resources, expertise, and knowledge of the United States banking system, both in the United States and abroad.

(b) The purpose of this Act is to increase United States exports of products and services, particularly by small, medium-size, and minority concerns, by encouraging more efficient provision of export trade services to American producers and suppliers.

DEFINITIONS

SEC. 103. (a) As used in this Act—

(1) the term "export trade" means trade or commerce in goods produced in the United States or services produced in the United States, and exported, or in the course of being exported, from the United States to any foreign nation;

(2) the term "goods produced in the United States" means tangible property manufactured, produced, grown, or extracted in the United States, the cost of the imported raw materials and components thereof shall not exceed 50 per centum of the sales price;

(3) the term "services produced in the United States" includes, but is not limited to accounting, amusement, architectural, automatic data processing, business, communications, construction franchising and licensing, consulting, engineering financial, insurance, legal, management, repair, tourism, training, and transportation services, not less than 50 per centum of the sales or billings of which is provided by United States citizens or is otherwise attributable to the United States;

(4) the term "export trade services" includes, but is not limited to, consulting, international market research, advertising, marketing, insurance, product research and design, legal assistance, transportation, including trade documentation and freight forwarding, communication and processing of foreign orders to and for exporters and foreign purchasers, warehousing, foreign exchange, and financing, when provided in order to facilitate the export of goods or services produced in the United States;

(5) the term "export trading company" means a company, whether operated for profit or as a nonprofit organization, which does business under the laws of the United States or any State and which is organized and operated principally for the purposes of—

(A) exporting goods and services produced in the United States; and

(B) facilitating the exportation of goods and services produced in the United States by unaffiliated persons by providing one or more export trade services;

(6) the term "United States" means the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands;

(7) the term "Secretary" means the Secretary of Commerce; and

(8) the term "company" means any corporation, partnership, association, or similar organization, whether operated for profit or as a nonprofit organization.

(b) The Secretary is authorized, by regulation, to further define such terms consistent with this section.

FUNCTIONS OF THE SECRETARY OF COMMERCE

SEC. 104. The Secretary shall promote and encourage the formation and operation of export trading companies by providing information and advice to interested persons and by facilitating contact between producers of exportable goods and services and firms offering export trade services.

OWNERSHIP OF EXPORT TRADING COMPANIES BY BANKS, BANK HOLDING COMPANIES, AND INTERNATIONAL BANKING CORPORATIONS

SEC. 105. (a) For the purpose of this section—

(1) the term "banking organization" means any State bank, national bank, Federal savings bank, bankers' bank, bank holding company, Edge Act Corporation, or Agreement Corporation;

(2) the term "State bank" means any bank or bankers' bank which is incorporated under the laws of any State, any territory of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Virgin Islands;

(3) the term "State member bank" means any State bank which is a member of the Federal Reserve System;

(4) the term "State nonmember insured bank" means any State bank which is not a member of the Federal Reserve System, but the deposits of which are insured by the Federal Deposit Insurance Corporation;

(5) the term "bankers' bank" means any bank insured by the Federal Deposit Insurance Corporation if the stock of such bank is owned exclusively by other banks (except to the extent directors' qualifying shares are required by law) and if such bank is engaged exclusively in providing banking services for other banks and their officers, directors, or employees;

(6) the term "bank holding company" has the same meaning as in the Bank Holding Act of 1956;

(7) the term "Edge Act Corporation" means a Corporation organized under section 25(a) of the Federal Reserve Act;

(8) the term "Agreement Corporation" means a corporation operating subject to section 25 of the Federal Reserve Act;

(9) the term "appropriate Federal banking agency" means—

(A) the Comptroller of the Currency with respect to a national bank or any bank located in the District of Columbia;

(B) the Board of Governors of the Federal Reserve System with respect to a State member bank, bank holding company, Edge Act Corporation, or Agreement Corporation;

(C) the Federal Deposit Insurance Corporation with respect to a State nonmember insured bank; and

(D) the Federal Home Loan Bank Board with respect to a Federal saving bank.

In any situation where the banking organization holding or making an investment in an export trading company is a subsidiary of another banking organization which is subject to the jurisdiction of another agency, and come from of agency approval or notification is required, such approval or notification need only be obtained from or made to, as the case may be, the appropriate Federal banking agency for the banking organization making or holding the investment in the export trading company;

(10) the term "capital and surplus" shall be defined by the appropriate Federal banking agency;

(11) an "affiliate" of a banking organization has the same meaning as an "affiliate" of a member bank under section 2 of the Banking Act of 1933, and, with respect to a bank holding company, includes any bank or other subsidiary of such company, the term "subsidiary" has the same meaning as in section 2 of the Bank Holding Company Act of 1956;

(12) the terms "control" and "subsidiary" shall have the same meanings assigned to those terms in section 2 of the Bank Holding Company Act of 1956, and the terms "controlled" and "controlling" shall be construed consistently with the term "controlled" as defined in section 2 of the Bank Holding Company Act of 1956, except that for purpose of the Export Trading Company Act of 1981, the determination of control as provided in section 2(a)(2) of the Bank Holding Company Act of 1956 shall be made by the appropriate Federal banking agency; and

(13) for the purposes of this section, the term "export trading company" means a company which does business under the laws of the United States or any State and which is exclusively engaged in activities related to international trade, whether operated for profit or as a nonprofit organization: *Provided, however,* That any such company must also either meet the definition of export trading company in section 103(a)(5) of this Act, or be organized and operated principally for the purpose of providing export trade services, as defined in section 103(a)(4) of this Act: *Provided further,* That any such company, for purposes of this section, (A) may engage in or hold shares of a company engaged in the business of underwriting, selling, or distributing securities in the United States only to the extent that its banking organization investor may do so under applicable Federal and State banking law and regulations, and, (B) may not engage in manufacturing or agricultural production activities.

(b)(1) Notwithstanding any prohibition, restriction, limitation, condition, or requirement of any law applicable only to banking organizations, a banking organization, subject to the limitations of subsection (c) and the procedures of this subsection, may invest directly and indirectly in the aggregate, up to 5 per centum of its consolidated capital and surplus (25 per centum in the case of an Edge Act Corporation or Agreement Corporation not engaged in banking) in the voting stock or other evidences of ownership of one or more export trading companies. A banking organization may—

(A) invest up to an aggregate amount of $10,000,000 in one or more export trading companies without the prior approval of the appropriate Federal banking agency, if such investment does not cause an export trading company to become a subsidiary of the investing banking organization; and

(B) make investments in excess of an aggregate amount of $10,000,000 in one or more export trading companies, or make any investment or take any other action which causes an export trading company to become a subsidiary of the investing banking orga-

nization or which will cause more than 50 per centum of the voting stock of an export trading company to be owned or controlled by banking organizations, only with the prior approval of the appropriate Federal banking agency.

Any banking organization which makes an investment under authority of clause (A) of the preceding sentence shall promptly notify the appropriate Federal banking agency of such investment and shall file such reports on such investment as such agency may require. If, after receipt of any such notification, the appropriate Federal banking agency determines, after notice and opportunity for hearing, that the export trading company is a subsidiary of the investing banking organization, it shall have authority to disapprove the investment or impose conditions on such investment under authority of subsection (d). In furtherance of such authority, the appropriate Federal banking agency may require divestiture of any voting stock or other evidences of ownership previously acquired, and may impose conditions necessary for the termination of any controlling relationship.

(2) If a banking organization proposes to make any investment or engage in any activity included within the following two subparagraphs, it must give the appropriate Federal banking agency ninety days prior written notice before it makes such investment or engages in such activity.

(A) any additional investment in an export trading company subsidiary; or

(B) the engagement by any export trading company subsidiary in any line of activity, including specifically the taking of title to goods, wares, merchandise, or commodities, if such activity was not disclosed in any prior application for approval.

During the notification period provided under this paragraph, the appropriate Federal banking agency may, by written notice, disapprove the proposed investment or activity or impose conditions on such investment or activity under authority of subsection (d). An additional investment or activity covered by this paragraph may be made or engaged in, as the case may be, prior to the expiration of the notification period if the appropriate Federal banking agency issues written notice of its intent not to disapprove.

(3) In the event of the failure of the appropriate Federal banking agency to act on any application for approval under paragraph (1)(B) of this subsection within a period of one hundred and twenty days, which period begins on the date the application has been accepted for processing by the appropriate Federal banking agency, the application shall be deemed to have been granted. In the event of the failure of the appropriate Federal banking agency either to disapprove or to impose conditions on any investment or activity subject to the prior notification requirements of paragraph (2) of this subsection within the ninety-day period provided therein, such period beginning on the date the notification has been received by the appropriate Federal banking agency, such investment or activity may be made or engaged in, as the case may be, any time after the expiration of such period.

(c) The following limitations apply to export trading companies and the investments in such companies by banking organizations.

(1) The name of any export trading company shall not be similar in any respect to to that of a banking organization that owns any of its voting stock or other evidence of ownership except where a majority of the outstanding voting stock or other evidences of ownership of the company is owned or controlled by such banking organization.

(2) The total historical cost of the direct and indirect investments by a banking organization in an export trading company combined with extensions of credit by the banking organization and its direct and indirect subsidiaries to such export trading company shall not exceed 10 per centum of the banking organization's capital and surplus.

(3) A banking organization that owns any voting stock or other evidences of ownership of an export trading company may be required, by the appropriate Federal banking agency, to terminate its ownership or shall be subject to limitations or conditions which may be imposed by such agency, if the agency determines that the company has taken positions in commodities or commodities contracts, in securities, or in foreign exchange, other than as may be necessary in the course of its business operations.

(4) No banking organization holding voting stock or other evidences of ownership of any export trading company may extend credit or cause any affiliate to extend credit to any export trading company or to customers of such company on terms more favorable than those afforded similar borrowers in similar circumstances, and such extension of credit shall not involve more than the normal risk of repayment or present other unfavorable features.

(d)(1) In the case of every application under subsection (b)(1)(B) of this section, the appropriate Federal backing agency shall take into consideration the financial and managerial resources, competitive situation, and future prospects of the banking organization and export trading company concerned, and the benefits of the proposal to United States business, industrial, and agricultural concerns (with special emphasis on small, medium-size and minority concerns), and to improving United States competitiveness in world markets. The appropriate Federal banking agency may not approve any investment for which an application has been filed under subsection (b)(1)(B) if it finds that the export benefits of such proposal are outweighed in the public interest by any adverse financial, managerial, competitive, or other banking factors associated with the particular investment. Any disapproval order issued under this section must contain a statement of the reasons for disapproval.

(2) In approving any application submitted under subsection (b)(1)(B), the appropriate Federal banking agency may impose such conditions which, under the circumstances of such case, it may deem necessary (A) to limit a banking organization's financial exposure to an export trading company, or (B) to prevent possible conflicts of interest or unsafe or unsound banking practices. With respect to the taking of title to goods, wares, merchandise, or commodities by any export trading company subsidiary of a banking organization, the appropriate Federal banking agencies may, by order, regulation, or guidelines, establish standards designed to ensure against any unsafe or unsound practices that could adversely affect a controlling banking organization investor. In particular, the appropriate Federal banking agencies may establish inventory-to-capital ratios, based on the capital of the export trading company subsidiary, for those circumstances in which the export trading company subsidiary may bear a market risk on inventory held.

(3) In determining whether to impose any condition under the preceding paragraph (2), or in imposing such condition, the appropriate Federal banking agency must give due consideration to the size of the banking organization and export trading company involved, the degree of investment and other support to be provided by the banking organization to the export trading company, and the identity, character, and financial strength of any other investors in the export trading company. The appropriate Federal banking agency shall not impose any conditions or set standards for the taking of title which unnecessarily disadvantage, restrict, or limit export trading companies in competing in world markets or in achieving the purposes of section 102 of this Act. In particular, in setting standards for the taking of title under the preceding paragraph (2), the appropriate Federal banking agencies shall give special weight to the need to take title in certain kinds of trade transactions, such as international barter transactions.

(4) Notwithstanding any other provision of this Act, the appropriate Federal banking agency may, whenever it has reasonable cause to believe that the ownership or control of any investment in any export trading company constitutes a serious risk to the financial safety, soundness, or stability of the banking organization and is inconsistent with sound banking principles or with the purposes of this Act or with the Financial Institutions Supervisory Act of 1966, order the banking organization, after due notice and opportunity for hearing, to terminate (within one hundred and twenty days or such longer period as the appropriate Federal banking agency may direct in unusual circumstances) its investment in the export trading company.

(5) On or before two years after enactment of this Act, the appropriate Federal banking agencies shall jointly report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives their recommendations with respect to the implementation of this section, their recommendations on any changes in United States law to facilitate the financing of United States exports, especially by small, medium-size, and minority business concerns, and their recommendations on the effects of ownership of United States banks by foreign banking organizations affiliated with trading companies doing business in the United States.

(6) The appropriate Federal banking agency may, by regulation or order, exempt from the collateral requirements of section 23A of the Federal Reserve Act any loan or extension of credit made by a national or State bank to an export trading company affiliate if the agency determines such exemption is necessary to finance the operating expenses of an affiliated export trading company and does not expose the bank to undue financial risks. This paragraph does not apply to bank affiliates currently exempt from the requirements of section 23A.

(e)(1) Any party aggrieved by an order of an appropriate Federal banking agency under this section may obtain a review of such order in the United States court of appeals within any circuit wherein such organization has its principal place of business, or in the court of appeals for the District of Columbia Circuit, by filing a notice of appeal in such court within thirty days from the date of such order, and simultaneously sending a copy of such notice by registered or certified mail to the appropriate Federal banking agency. The appropriate Federal banking agency shall promptly certify and file in such court the record upon which the order was based. The court shall set aside any order found to be (A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; (B) contrary to constitutional right, power, privilege or immunity; (C) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right; or (D) without observance of procedure required by law.

(2) Except for violations of subsection (b)(3) of this section, the court shall remand for further consideration by the appropriate Federal banking agency any order set aside solely for procedural errors and may remand for further consideration by the appropriate Federal banking agency any order set aside for substantive errors. Upon remand, the appropriate Federal banking agency shall have no more than sixty days from date of issuance of the court's order

to cure any procedural error or reconsider its prior order. If the agency fails to act within this period, the application or other matter subject to review shall be deemed to have been granted as a matter of law.

(f)(1) The appropriate Federal banking agencies are authorized and empowered to issue such rules, regulations, and orders, to require such reports, to delegate such functions, and to conduct such examinations of subsidiary export trading companies, as each of them may deem necessary in oder to perform their respective duties and functions under this section and to administer and carry out the provisions and purposes of this section and prevent evasions thereof.

(2) In addition to any powers, remedies, or sanctions otherwise provided by law, compliance with the requirements imposed under this section may be enforced under section 8 of the Federal Deposit Insurance Act by any appropriate Federal banking agency defined in that Act.

(g) Nothing in this section shall at any time prevent any State from adopting a law prohibiting banks chartered under the laws of such State from investing in export trading companies or applying conditions, limitations, or restrictions on investments by banks chartered under the laws of such State in export trading companies in addition to any conditions, limitations, or restrictions provided under this section.

INITIAL INVESTMENTS AND OPERATING EXPENSES

SEC. 106. (a) The Economic Development Administration and the Small Business Administration are directed, in their consideration of applications by export trading companies for loans and guarantees, and operating grants to nonprofit organizations, including applications to make new investments related to the export of goods or services produced in the United States and to meet operating expenses, to give special weight to export-related benefits, including opening new markets for United States goods and services abroad and encouraging the involvement of small, medium-size and minority business or agricultural concerns in the export market.

(b) There are authorized to be appropriated as necessary to meet the purposes of this section $10,000,000 for each of the fiscal years 1982, 1983, 1984, 1985, and 1986. Amounts appropriated pursuant to the authority of this subsection shall be in addition to amounts appropriated under the authority of other Acts.

GUARANTEES FOR EXPORT ACCOUNTS RECEIVABLE AND INVENTORY

SEC. 107. The Export-Import Bank of the United States is authorized and directed to establish a program to provide guarantees for loans extended by financial institutions or other private creditors to export trading companies as defined in section 103(5) of this Act, or to other exporters, when such loans are secured by export accounts receivable or inventories of exportable goods, and when in the judgment of the Board of Directors—

(1) the private credit market is not providing adequate financing to enable otherwise creditworthy export trading companies or exporters to consummate export transactions; and

(2) such guarantees would facilitate expansion of exports which would not otherwise occur.

The Board of Directors shall attempt to insure that a major share of any loan guarantees ultimately serves to promote exports from small, medium-size and minority businesses or agricultural concerns. Guarantees provided under the authority of this section shall be subject to limitations contained in annual appropriations Acts.

ASSISTANCE FOR SMALL BUSINESS EXPORT MANAGEMENT

SEC. 108. (a) The Secretary is authorized to make grants to subsidize the employment of export managers by small business manufacturing firms which have not previously been exporters in substantial amounts. The amount of such a grant may not exceed the lesser of (1) 50 per centum of the salary and other expenses related to the employment of a full-time export manager for a period of one year, or (2) $40,000.

(b) To be eligible under this section, each firm must submit to the Secretary an application which—

(1) demonstrates that the firm has not derived more than an average of five per centum of its sales volume (in monetary terms) from exports during the 5 most recent years and does not currently employ an export manager;

(2) demonstrates that the firm is a small business manufacturing firm, as defined by the Secretary after consulting with the Administrator of the Small Business Administration;

(3) describes the qualification of a person proposed to be hired as the firm's export manager on a full-time basis for a period of at least one year, and describes the terms and conditions of that person's employment by the firm and the amount of the grant applied for to subsidize the costs of that employment; and

(4) describes the products and services considered by the firm to be suitable for export and the general outlines of the export program to be undertaken under the direction of the export manager.

(c) In selecting firms to receive grants under this section, the Secretary shall consider the desirability of determining the feasibility of this approach to export promotion in each of the regions of the Department of Commerce and in relation to a variety of products and services which, in the opinion of the Secretary, have export potential.

(d) There are authorized to be appropriated to the Secretary not to exceed $2,000,000 for each of the fiscal years 1982, 1983, and 1984, to carry out the program established by this section.

(e) The Secretary shall develop a plan to evaluate the cost-effectiveness of the program of export promotion established by this section and its effectiveness as compared with other export promotion programs, including the amount of export sales generated by small businesses assisted under this section. For the purpose of the evaluation the Secretary is authorized to require any firm receiving assistance under this section to furnish such information as is deemed appropriate to complete the required evaluation. The Secretary shall make recommendations concerning continuation or expansion of the program and improvements in the program structure. Such evaluation and recommendations shall be submitted to the Congress prior to October 1, 1983.

TITLE II— EXPORT TRADE ASSOCIATIONS

SHORT TITLE

SEC. 201. This title may be cited as the "Export Trade Association Act of 1981."

FINDINGS: DECLARATION OF PURPOSE

SEC. 202. (a) FINDINGS.—The Congress finds and declares that—

(1) the exports of the American economy are responsible for creating and maintaining one out of every nine manufacturing jobs in the United States and for generating $1 out of every $7 of total United States goods produced;

(2) exports will play an even larger role in the United States economy in the future in the face of severe competition from foreign government-owned and subsidized commercial entities;

(3) between 1968 and 1977 the United States share of total world exports fell from 19 per centum to 13 per centum;

(4) trade deficits contribute to the decline of the dollar on international currency markets, fueling inflation at home;

(5) service-related industries are vital to the well being of the American economy inasmuch as they create jobs for seven out of every ten Americans, provide 65 per centum of the Nation's gross national product, and represent a small but rapidly rising percentage of United States international trade;

(6) small and medium-sized firms are prime beneficiaries of joint exporting, through pooling of technical expertise, help in achieving economies of scale, and assistance in competing effectively in foreign markets; and

(7) the Department of Commerce has as one of its responsibilities the development and promotion of United States exports.

(b) PURPOSE.—It is the purpose of this Act to encourage American exports by establishing an office within the Department of Commerce to encourage and promote the formation of export trade associations through the Webb-Pomerene Act, by making the provisions of that Act explicitly applicable to the exportation of services, and by transferring the responsibility for administering that Act from the Federal Trade Commission to the Secretary of Commerce.

DEFINITIONS

SEC. 203. The Webb-Pomerene Act (15 U.S.C. 61–66) is amended by striking out the first section (15 U.S.C. 61) and inserting in lieu thereof the following:

"SECTION 1. DEFINITIONS.

"As used in this Act—

"(1) EXPORT TRADE.—The term 'export trade' means trade or commerce in goods, wares, merchandise, or services exported, or in the course of being exported from the United States or any territory thereof to any foreign nation.

"(2) SERVICE.—The term 'service' means intangible economic output, including, but not limited to—

"(A) business, repair, and amusement services;

"(B) management, legal, engineering, architectural, and other professional services; and

"(C) financial, insurance, transportation, informational and any other data-based services, and communication services.

"(3) EXPORT TRADE ACTIVITIES.—The term 'export trade activities' means activities or agreements in the course of export trade.

"(4) METHODS OF OPERATION.—The term 'methods of operation' means the methods by which an association or export trading company conducts or proposes to conduct export trade.

"(5) TRADE WITHIN THE UNITED STATES.—The term 'trade within the United States' whenever used in this Act means trade or commerce among the several States or in any territory of the United States, or in the District of Columbia, or between any such territory and another, or between any such territory or territories and any State or States or the District of Columbia, or between the District of Columbia and any State or States.

"(6) ASSOCIATION.—The term 'association' means any combination, by contract or other arrangement, of persons who are citizens of the United States, partnerships which are created under and exist pursuant to the laws of any State or of the United States, or corporations, whether operated for profit or organized as nonprofit corporations, which

are created under and exist pursuant to the laws of any State or of the United States.

"(7) EXPORT TRADING COMPANY.—The term 'export trading company' means an export trading company as defined in section 103 (5) of the Export Trading Company Act of 1981.

"(8) ANTITRUST LAWS.—The term 'antitrust laws' means the antitrust laws defined in the first section of the Clayton Act (15 U.S.C. 12), sections 5 and 6 of the Federal Trade Commission Act (15 U.S.C. 45, 46), and any State antitrust or unfair competition law.

"(9) SECRETARY.—The term 'Secretary' means the Secretary of Commerce.

"(10) ATTORNEY GENERAL.—The term 'Attorney General' means the Attorney General of the United States.

"(11) COMMISSION.—The term 'Commission' means the Federal Trade Commission.".

ANTITRUST EXEMPTION

SEC. 204. The Webb-Pomerene Act (15 U.S.C. 61–66) is amended by striking out section 2 (15 U.S.C. 62) and inserting in lieu thereof the following:

"SEC. 2. EXEMPTION FROM ANTITRUST LAWS.

"(a) ELIGIBILITY.—The export trade, export trade activities, and methods of operation of any association, entered into for the sole purpose of engaging in export trade, and engaged in or proposed to be engaged in such export trade, and the export trade, export trade activities and methods of operation of any export trading company, that—

"(1) serve to preserve or promote export trade;

"(2) result in neither a substantial lessening of competition or restraint of trade within the United States nor a substantial restraint of the export trade of any competitor of such association or export trading company;

"(3) do not unreasonably enhance, stabilize, or depress prices within the United States of the goods, wares, merchandise, or services of the class exported by such association or export trading company;

"(4) do not constitute unfair methods of competition against competitors engaged in the export trade of goods, wares, merchandise, or services of the class exported by such association or export trading company;

"(5) do not include any act which results, or may reasonably be expected to result, in the sale for consumption or resale within the United States of the goods, wares, merchandise, or services exported by the association or export trading company or its members; and

"(6) do not constitute trade or commerce in the licensing of patents, technology, trademarks, or knowhow, except as incidental to the sale of the goods, wares, merchandise, or services exported by the association or export trading company on its members

shall, when certified according to the procedures set forth in this Act, be eligible for the exemption provided in subsection (b).

"(b) EXEMPTION.—An association or an export trading company and its members are exempt from the operation of the antitrust laws with respect to their export trade, export trade activities and methods of operation that are specified in a certificate issued according to the procedures set forth in this Act, carried out in conformity with the provisions, terms, and conditions prescribed in such certificate and engaged in during the period in which such certificate is in effect. The subsequent revocation or invalidation in whole or in part of such certificate shall not render an association or its members or an export trading company or its members, liable under the antitrust laws for such export trade, export trade activities, or methods of operation engaged in during such period.

"(c) DISAGREEMENT OF ATTORNEY GENERAL OR COMMISSION.—Whenever, pursuant to section 4(b)(1) of this Act, the Attorney General or the Commission has formally advised the Secretary of disagreement with his determination to issue a proposed certificate, and the Secretary has nonetheless issued such proposed certificate or an amended certificate, the exemption provided by this section shall not be effective until thirty days after the issuance of such certificate.".

AMENDMENT OF SECTION 3

SEC. 205. The Webb-Pomerene Act (15 U.S.C. 61–66) is amended—

(1) by inserting immediately before section 3 (15 U.S.C. 63) the following:

"SEC. 3. OWNERSHIP INTEREST IN OTHER TRADE ASSOCIATIONS PERMITTED.", and

(2) by striking out "Sec. 3. That nothing" in section 3 and inserting in lieu thereof "Nothing".

ADMINISTRATION: ENFORCEMENT: REPORTS

SEC. 206. (a) IN GENERAL.—The Webb-Pomerene Act (15 U.S.C. 61–66) is amended by striking out sections 4 and 5 (15 U.S.C. 64 and 65) and inserting in lieu thereof the following sections:

"SEC. 4. CERTIFICATION.

"(a) PROCEDURE FOR APPLICATION.—Any association or export trading company seeking certification under this Act shall file with the Secretary a written application for certification setting forth the following:

"(1) The name of the association or export trading company.

"(2) The location of all of the offices or places of business of the association or export trading company in the United States and abroad.

"(3) The names and addresses of all of the officers, stockholders, and members of the association or export trading company.

"(4) A copy of the certificate or articles of incorporation and bylaws, if the association or export trading company is a corporation; or a copy of the articles, partnership, joint venture, or other agreement or contract under which the association or export trading company conducts or proposes to conduct its export trade activities, or contract of association, if the association or export trading company is unincorporated.

"(5) A description of the goods, wares, merchandise, or services which the association or export trading company or their members export or propose to export.

"(6) A description of the domestic and international conditions, and factors which show that the association or export trading company and its activities will serve a specified need in promoting the export trade of the described goods, wares, merchandise, or services.

"(7) The export trade activities in which the association or export trading company intends to engage and the methods by which the association or export trading company conducts or proposes to conduct export trade in the described goods, wares, merchandise, or services, including, but not limited to, any agreements to sell exclusively to or through the association or export trading company, any agreements with foreign persons who may act as joint selling agents, any agreements to acquire a foreign selling agent, any agreements for pooling tangible or intangible property or resources, or any territorial, price-maintenance, membership, or other restrictions to be imposed upon members of the association or export trading company.

"(8) The names of all countries where export trade in the described goods, wares, merchandise, or services is conducted or proposed to be conducted by or through the association or export trading company.

"(9) Any other information which the Secretary may request concerning the organization, operation, management, or finances of the association or export trading company; the relation of the association or export trading company to other associations, corporations, partnerships, and individuals; and competition or potential competition, and effects of the association or export trading company thereon. The Secretary may request such information as part of an initial application or as a necessary supplement thereto. The Secretary may not request information under this paragraph which is not reasonably available to the person making application or which is not necessary for certification of the prospective association or export trading company.

"(b) ISSUANCE OF CERTIFICATE.—

"(1) NINETY-DAY PERIOD.—The Secretary shall issue a certificate to an association or export trading company within ninety days after receiving the application for certification or necessary supplement thereto if the Secretary, after consultation with the Attorney General and Commission, determines that the association and, its export trade, export trade activities and methods of operation, or export trading company, and its export trade, export trade activities and methods of operation meet the requirements of section 2 of this Act and will serve a specified need in prompting the export trade of the goods, wares, merchandise, or services described in the application for certification. The certificate shall specify the permissible export trade, export trade activities and methods of operation of the association or export trading company and shall include any terms and conditions the Secretary deems necessary to comply with the requirements of section 2 of this Act. The Secretary shall deliver to the Attorney General and the Commission a copy of any certificate that he proposes to issue. The Attorney General or Commission may, within fifteen days thereafter, give written notice to the Secretary of an intent to offer advice on the determination. The Attorney General or Commission may, after giving such written notice and within forty-five days of the time the Secretary has delivered a copy of a proposed certificate, formally advise the Secretary and the petitioning association or export trading company of disagreement with the Secretary's determination. The Secretary shall not issue any certificate prior to the expiration of such forty-five day period unless he has (A) received no notice of intent to offer advice by the Attorney General or the Commission within fifteen days after delivering a copy of a proposed certificate, or (B) received any noticed formal advice of disagreement or written confirmation that no formal disagreement will be transmitted from the Attorney General and the Commission. After the forty-five day period or, if no notice of intent to offer advice has been given, after the fifteen-day period, the Secretary shall either issue the proposed certificate, issue an amended certificate, or deny the application. Upon agreement of the applicant, the Secretary may delay taking action for not more than thirty additional days after the forty-five day period. Before offering advice on a proposed certification, the Attorney General and Commission shall consult in an effort to avoid, wherever possible, having both agencies offer advice on any application.

"(2) EXPEDITED CERTIFICATION.—In those instances where the temporary nature of the export trade activities, deadlines for bidding on contracts or filling orders, or any other circumstances beyond the control of the association or export trading company which have a significant impact on its export trade, make the ninety-day period for application approval described in paragraph (1) of this subsection, or an amended application approval as provided in subsection (c) of this

section, impractical for the association or export trading company seeking certification, such association or export trading company may request and may receive expedited action on its application for certification.

"(3) AUTOMATIC CERTIFICATION FOR EXISTING ASSOCIATIONS.—Any association registered with the Federal Trade Commission under this Act as of January 19, 1981, may file with the Secretary an application for automatic certification of any export trade, export trade activities, and methods of operation in which it was engaged prior to enactment of the Export Trade Association Act of 1981. Any such application must be filed within 180 days after the date of enactment of such Act and shall be acted upon by the Secretary in accordance with the procedures provided by this section. The Secretary shall issue to the association a certificate specifying the permissible export trade, export trade activities, and methods of operation that he determines are shown by the application (including any necessary supplement thereto), on its face, to be eligible for certification under this Act, and including any terms and conditions the Secretary deems necessary to comply with the requirements of section 2(a) of this Act, unless the Secretary possesses information clearly indicating that the requirements of section 2(a) are not met.

"(4) APPEAL OF DETERMINATION.—If the Secretary determines not to issue a certificate to an association or export trading company which has submitted an application for certification, or for an amendment of a certificate, then he shall—

"(A) notify the association or export trading company of his determination and the reasons for his determination, and

"(B) upon request made by the association or export trading company, afford it an opportunity for reconsideration with respect to that determination.

"(c) MATERIAL CHANGES IN CIRCUMSTANCES; AMENDMENT OF CERTIFICATE.—Whenever there is a material change in the membership, export trade activities, or methods of operation, of an association or export trading company then it shall report such change to the Secretary and may apply to the Secretary for an amendment of its certificate. Any application for an amendment to a certificate shall set forth the requested amendment of the certificate and the reasons for the requested amendment. Any request for the amendment of a certificate shall be treated in the same manner as an original application for a certificate.

"(d) AMENDMENT OR REVOCATION OF CERTIFICATE BY SECRETARY.—

"(1) The Secretary on his own initiative shall, upon a determination that the export trade, export trade activities or methods of operation of an association or export trading company no longer comply with the requirements of section 2 of this Act, revoke its certificate or make such amendments as may be necessary to comply with the requirements of such section.

"(2) Prior to revoking or amending a certificate, the Secretary shall—

"(A) notify the holder of the certificate in writing of the facts or conduct which may warrant the action, and

"(B) provide the holder of the certificate an opportunity for such hearing as may be appropriate in the circumstances.

"(3) Before revoking or amending a certificate pursuant to this subsection the Secretary may in his discretion provide the holder of the certificate an opportunity to achieve compliance within a reasonable period of time not to exceed ninety days, except that nothing in this paragraph shall affect any action under section 4(e) of this Act.

"(e) ACTION FOR INVALIDATION OF CERTIFICATE BY ATTORNEY GENERAL OR COMMISSION.—

"(1) The Attorney General or the Commission may bring an action against an association or export trading company or its members to invalidate, in whole or in part, its certificate on the ground that the export trade, export trade activities or methods of operation of the association or export trading company fail or have failed to meet the requirements of section 2 of this Act. Except in the case of an action brought during the period before an antitrust exemption becomes effective, as provided for in section 2(c), the Attorney General or Commission shall notify any association or export trading company or member thereof, against which it intends to bring an action for invalidation, thirty days in advance, as to its intent to file an action under this subsection. The district court shall consider any issues presented in any such action de novo and if it finds that the requirements of section 2 are not met, it shall issue an order declaring the certificate invalid or any other order necessary to effectuate the purposes of this Act and the requirements of section 2.

"(2) Any action brought under this subsection shall be considered an action described in section 1337 of title 28, United States Code. Pending any such action which was brought during the period any exemption is held in abeyance pursuant to section 2(c) of this Act, the court may make such temporary restraining order or prohibition as shall be deemed just in the premises.

"(3) No person other than the Attorney General or Commission shall have standing to bring an action against an association of export trading company or their respective members for failure of the association of export trading company or their respective export trade, export trade activities or methods of operation to meet the eligibility requirements of section 2 of this Act.

"(f) COMPLIANCE WITH OTHER LAWS.—Each association and each export trading company and any subsidiary thereof shall comply with United States export control laws pertaining to the export or transshipment of any goods on the Commodity Control List to controlled countries. Such laws shall be complied with before actual shipment.

"(g) JUDICIAL REVIEW.—Final orders of the Secretary under this section shall be subject to judicial review pursuant to chapter 7 of title 5, United States Code.

"SEC. 5. GUIDELINES.

"(a) INITIAL PROPOSED GUIDELINES.—Within ninety days after the enactment of the Export Trade Association Act of 1981, the Secretary, after consultation with the Attorney General, and the Commission shall publish proposed guidelines for purposes of determining whether export trade, export trade activities and methods of operation of an association or export trading company will meet the requirements of section 2 of this Act.

"(b) PUBLIC COMMENT PERIOD.—Following publication of the proposed guidelines, and any proposed revision of guidelines, interested parties shall have thirty days to comment on the proposed guidelines. The Secretary shall review the comments and, after consultation with the Attorney General, and Commission, publish final guidelines within thirty days after the last day on which comments may be made under the preceding sentence.

"(c) PERIODIC REVISION.—After publication of the final guidelines, the Secretary shall periodically review the guidelines and, after consultation with the Attorney General, and the Commission, propose revisions as needed.

"(d) APPLICATION OF ADMINISTRATIVE PROCEDURE ACT.—The promulgation of guidelines under this section shall not be considered rulemaking for purposes of subchapter II of chapter 5 of title 5, United States Code, and section 553 of such title shall not apply to their promulgation.

"SEC. 6. ANNUAL REPORTS.

"Every certified association or export trading company shall submit to the Secretary an annual report, in such form and at such time as he may require, which report updates where necessary the information described by section 4(a) of this Act.

"SEC. 7. OFFICE OF EXPORT TRADE IN DEPARTMENT OF COMMERCE.

"The Secretary shall establish within the Department of Commerce an office to promote and encourage to the greatest extent feasible the formation of export trade associations and export trading companies through the use of provisions of this Act in a manner consistent with this Act. The Office of Export Trade in the Department of Commerce shall report to the congressional committees of appropriate jurisdiction on an annual basis, all East-West trade transactions requiring validated licenses, and any other relevant information on the role of United States export trading companies or subsidiaries thereof in East-West trade.

"SEC. 8. CONFIDENTIALITY OF APPLICATION AND ANNUAL REPORT INFORMATION.

"(a) GENERAL RULE.—Portions of applications made under section 4, including amendments to such applications, and annual reports made under section 6 that contain trade secrets or confidential business or financial information, the disclosure of which would harm the competitive position of the person submitting such information shall be confidential, and, except as authorized by this section, no officer or employee or former officer or employee, of the United States shall disclose any such confidential information, obtained by him in any manner in connection with his service as such an officer or employee.

"(b) Disclosure to Attorney General or Commission.—Whenever the Secretary believes that an applicant may be eligible for a certificate, or has issued a certificate to an association or export trading company, he shall promptly make available all materials filed by the applicant, association or export trading company, including applications and supplements thereto, reports of material changes, applications for amendments and annual reports, and information derived therefrom, to the Attorney General or Commission, or any employee or officer thereof, for official use in connection with an investigation or judicial or administrative proceeding under this Act or the antitrust laws to which the United States or the Commission is or may be a party. Such information may only be disclosed by the Secretary upon a prior certification that the information will be maintained in confidence and will only be used for such official law enforcement purposes.

"SEC. 9. MODIFICATION OF ASSOCIATION TO COMPLY WITH UNITED STATES OBLIGATIONS.

"At such time as the United States undertakes binding international obligations by treaty or statute, to the extent that the operations of any export trade association or export trading company, certified under this Act, are inconsistent with such international obligations, the Secretary may require the association or export trading company to modify its respective operations, and in so doing afford the association or export trading company a reasonable opportunity to comply therewith, so as to be consistent with such international obligations.

"SEC. 10. REGULATIONS.

"The Secretary, after consultation with the Attorney General and the Commission, shall promulgate such rules and regulations as may be necessary to carry out the purposes of this Act.

"SEC. 11. TASK FORCE STUDY.

"Seven years after the date of enactment of the Export Trade Association Act of 1981, the President shall appoint, by and with the advice and consent of the Senate, a task force to examine the effect of the operation of this Act on domestic competition and on United States international trade and to recommend either continuation, revision, or termination of the Webb-Pomerene Act. The task force shall have one year to conduct its study and to make its recommendations to the President.".

(b) Redesignation of Section 6.—The Act is amended—

(1) by striking out "Sec. 6." in section 6 (15 U.S.C. 66), and

(2) by inserting immediately before such section the following:

"SEC. 12. SHORT TITLE.".

EFFECTIVE DATE WITH REGARD TO EXISTING ASSOCIATIONS

SEC. 207. (a) GENERAL RULE.—The amendments to the Webb-Pomerene Act set forth in sections 203, 204, 205, and 206 of this Act shall become effective with regard to an existing association described in subsection (b) only at such time as the association may elect to be certified pursuant to subsection (c).

(b) Election to Continue Under Prior Law.—Application of the antitrust laws to any association which as of January 1, 1981, had filed with the Commission the information specified under section 5 of the Webb-Pomerene Act as in effect immediately prior to the date of enactment of this Act shall continue to be governed by the standards set forth in that Act, unless such association elects to seek certification under subsection (c).

(c) Election to Apply for Certification.—Any association to which subsection (b) applies may, at any time after the effective date of this Act, file an application for certification with the Secretary containing the information set forth in section 4(a) of the Webb-Pomerene Act, as amended by section 206 of this Act. The Secretary shall consider and act upon such application in the manner provided in section 4(b) of the Webb-Pomerene Act, as amended by section 206 of this Act. The association filing an application pursuant to this subsection shall continue to be subject to subsection (b) of this section until the Secretary issues a certificate and such certificate has been accepted by the association; the association must decide whether or not to accept such certificate no later than thirty days after the Secretary's determination with respect thereto has become final.●

EXPORT TRADING COMPANY LEGISLATION—VII

● Mr. HEINZ. Mr. President, the Export Trading Company Act, ordered reported by the Banking Committee last Thursday, should play a significant part in revitalizing our Nation's ailing position in the international marketplace. By facilitating the establishment of export trading companies, the bill would provide for a mechanism through which small- and medium-sized manufacturers could sell their products abroad. I would like to call my colleagues' attention to the testimony of Mr. W. Paul Cooper, chairman of the Board of the Acme-Cleveland Corp. before the Subcommittee on International Finance and Monetary Policy.

The Acme-Cleveland Corp. is a medium-sized manufacturer of machine tools. As Mr. Cooper explains in his testimony, Acme-Cleveland serves as an example of a company whose exports plummeted in the past decade and one whose exports stand to surge in the next if this legislation is enacted. Mr. Cooper provides firsthand evidence of how individual enterprises and ultimately the U.S. economy in general will benefit from the Export Trading Company Act. Mr. Cooper also provided a comprehensive and compelling discussion of the need for bank participation in or control of export trading companies.

Mr. President, I ask to have printed in the RECORD Mr. Cooper's testimony.

STATEMENT OF W. PAUL COOPER

I. INTRODUCTION

Good morning, my name is W. Paul Cooper. I am Chairman of the Board of Acme-Cleveland Corporation. Accompanying me today is Mr. James H. Mack, Public Affairs Director of the National Machine Tool Builders' Association (NMTBA), the national trade association of which Acme-Cleveland is one of over 400 member companies.

Although we are of course pleased to be of service to this Subcommittee, we are here today with somewhat mixed emotions in that it was nearly a year ago that we appeared before a similar panel in the other house. At that time, we conveyed nearly the same message that we will convey to you today. Improved export policy is an area of vital interest to both my own corporation and the U.S. machine tool industry as well as the U.S. economy generally.

The legislation which we will be commenting on today, Senator Heinz's bill, S. 144, is very similar to the legislation which this Subcommittee reported last year, S. 2718. We strongly supported that legislation, and we strongly support this year's bill. At this time we would like to address some of the objections raised to last Congress' legislation, S. 2718, in the hopes of allaying the fears of those who attempted to block export trading company legislation during the 96th Congress.

To some extent this may be preaching to the choir. The Senate passed S. 2718 during last Congress by an overwhelming vote of 77–0. Nevertheless, we believe it is important to reiterate the reasons why export trading companies are of vital importance to our national interest, in order that a strong and complete record might be built upon which to base passage of export trading company legislation early in the first session of the 97th Congress. Specifically, we would like to particularly emphasize the importance of drafting this legislation so as to allow U.S. banking institutions to become directly involved as integral parts of export trading companies. Of course, as we are all aware, it was the inclusion of such direct banking involvement provisions in last year's bill which unfortunately blocked passage of ETC legislation in the House of Representatives, even after the Senate had overwhelmingly passed S. 2718. For this reason, we believe it is even more imperative this session of Congress that the Senate take as early an aggressive lead in developing and passing export trading company legislation, in order that the objections raised to S. 2718 last year, which will undoubtedly again be raised to S. 144 this year, will be addressed so as to develop a consensus which will ultimately lead to enactment into law of this vitally needed export trading company legislation.

Again, for the sake of completeness of the record, before proceeding with my comments, we would first like to briefly outline Acme-Cleveland's activities in the metalworking manufacturing industry, as well as the corporation's recent experience in the export market.

Acme-Cleveland, a New York Stock Exchange listed corporation, has existed in its present form since 1968. However, several of its predecessor companies and present major components have long histories in the industry, dating back over one hundred years in some cases. The corporation is in the business of manufacturing the tools of metalworking productivity: machine tools, cutting and threading tools, foundry tooling and equipment, electrical and electronic controls, and automated production systems. Currently, these products, including replacement parts, are manufactured by six operating divisions, supported by two service companies with a combined domestic employment of approximately 5,700 workers.

In addition to these domestic U.S. operations, Acme-Cleveland also consists of a number of foreign subsidiaries. Finally, relationships with several foreign licensees and one overseas joint-venture round out the corporation's worldwide business activity.

Acme-Cleveland views foreign trade as an extremely significant part of what has come to be recognized as a worldwide machine tool market. Even prior to Acme-Cleveland's worldwide expansion, several of its predecessor companies enjoyed long and active involvement in foreign trade. A high point of this foreign activity occurred in 1975 when over one fifth (21.5 percent) of Acme-Cleveland's domestic production had its destination in the export market. Unfortunately, however, even with an overall increase in total business volume there has been a steady decline in export sales, until in 1979 only 6.0 percent of domestic production was shipped overseas, for an annual average of 10.3 percent for the years 1975 through 1979.

Shifting from my own corporation's experience to that of the industry generally, it is important to point out that while the domestic U.S. machine tool market has been oscillating with very little real growth since the middle 1960's, the world market has grown substantially. Unfortunately, most of this worldwide expansion has been absorbed by our foreign competitors, eroding our market share.

In the middle 1960's, the American machine tool industry supplied approximately one-third of the total global market. In other words, one out of every three machine tools consumed in the world was produced by an American machine tool builder. However, according to American Machinist, as of the end of 1979, that portion had fallen to only 17.1 percent. In short, over the past 13 years, our share of the world market has plummeted by almost 50 percent.

This dramatic decline is the result of two factors. First, our domestic market has been invaded by foreign competitors on a scale never before dreamed of. For example, since 1964, America's imports of foreign machine tools have more than tripled, growing from 7% of total consumption 15 years ago to over 25% in 1980. It is obvious that, because the United States is the largest open machine tool market in the world, our foreign competitors have pulled out the stops and are aiming their export marketing efforts directly at America.

Second, and this is the aspect that we wish to focus on at this time, our share of the export market has also declined. When we look at the dollar value of our exports, the results of our efforts look encouraging. But if we look at American exports as a percentage of all of the machine tool exports in the world, the results are indeed very discouraging. We have been losing export market share at an alarming rate. Our share of the world's machine tool exports fell from 21% in 1964 to just 7% last year, placing us well behind West Germany and Japan as a machine tool exporting nation.

Finally, and perhaps most alarmingly, in

1978 the United States suffered its first machine tool trade deficit in history, with imports exceeding exports by some $155 million. And, to make matters even worse, this deficit trend continued through 1980. Even though our exports grew by 15.8% over 1978 levels, imports soared by more than 45% to produce an even larger trade deficit of almost $400 million in 1980.

The National Machine Tool Builders' Association is a national trade association representing over 400 American machine tool manufacturing companies, which account for approximately 90% of United States machine tool production. Although the total machine tool industry employs approximately 110,000 people with a combined annual output of around four billion dollars, most NMTBA member companies are small businesses with payrolls of 250 or fewer employees.

While relatively small by some corporate standards, American machine tool builders comprise a very basic segment of the U.S. industrial capacity, with a tremendous impact on America. It is the industry that builds the machines that are the foundation of America's industrial-military strength. Without machine tools, there could be no manufacturing; there would be no trains, no planes, no ships, no cars; there would be no power plants, no electric lights, no refrigerators and no agricultural machinery.

II. NATIONAL MACHINE TOOL BUILDERS' ASSOCIATION EXPORT PROMOTION ACTIVITIES

NMTBA and its member companies have devoted considerable time and effort to increasing exports.

NMTBA, on behalf of the American machine tool industry is devoting its own resources to the development and maintenance of international markets everywhere in the world. The Association has two people who spend virtually their full time overseas promoting United States machine tool exports with considerable assistance from the Department of Commerce.

NMTBA develops seminars and workshops to train our members' people on international financing, export licensing, or any other subject that will benefit a machine tool builder. We conduct market research to locate new and promising markets for industry development. We have conducted roughly thirty Industry Organized, Government Approved (IOGA) trade missions to help gain a foothold in these new markets, and approximately half a dozen are planned for 1982 and 1983. We sponsor foreign exhibitions so that our members will have more opportunities to display their products overseas. In addition, we often work in close conjunction with the Commerce Department on such activities as recruiting exhibitors for export promotion events such as catalog shows, video tape shows and technical seminars. We organize reverse trade missions to bring foreign buyers to our plants. And we bring large groups of foreign visitors to the International Machine Tool Show in Chicago every two years. The Commerce Department has worked closely with us in the development and implementation of these programs, as have the commercial officers in our embassies and trade centers around the world.

III. BANK INVOLVEMENT IN EXPORT TRADING COMPANIES

In an economy which has until only recently been primarily oriented to the domestic market, it is not hard to understand why export trade has been deprived of significant financial resources. Because of such an overwhelmingly domestic orientation, the investment and entrepreneurship to establish export trading companies on an economical scale has been difficult.

With a gigantic domestic market to produce for, many American businessmen have shied away from what they often perceive to be the complex world of international trade. While countries like Canada export 25% of their gross national product, Germany 22.6%, and the United Kingdom 23%, the U.S. consumes all but 7.5% of domestic production. Recent statistics indicate that only 8% of this country's 250,000 manufacturers ship their goods abroad and, of those, a mere 100 industrial giants account for more than half of all U.S. exports. And while it is true that our enormous trade deficit is caused primarily by oil imports, it is striking to note that had we maintained the share of manufactured exports that we enjoyed in 1960 we could be paying for our oil bill in 1981 without a trade deficit. Since 1960, the U.S. share of manufactured exports has slid from 22.8% to 17.4% of the world total.

We, therefore, commend you Mr. Chairman for your sponsorship of S. 144, a bill designed to stimulate exports, by spurring the creation of large scale American trading companies that would provide a much needed export vehicle for small and medium-sized businesses, and also facilitate joint-ventures and barter deals by already big exporters. To accomplish these goals, S. 144 attempts to stimulate initiative from at least three possible sources: (1) accelerated internal growth by existing U.S. export management or export trading companies; (2) formation of independent export trading companies fostered by major corporations with international trade experience; and (3) investments by U.S. banking institutions in new or existing export trading companies. This third source of increased stimulus—specifically the provision that banks may have ownership participation in export trading companies—is the aspect of the bill which has been the most controversial and has drawn the criticism of those who believe that commerce and banking should continue to remain separate activities.

Presumably, this legislation was inspired to some extent by Japanese "sogo shosha," multi-billion dollar trading conglomerates with huge asset bases and close ties to government, bankers and manufacturers. These "sogo shosha" in addition to their trading companies, each have numerous subsidiaries in such areas as auto, steel and textiles. The trading arm in turn has its own subsidiaries in manufacturing, farming and resource development, and it draws on the entire conglomerate organization for products to sell and for assistance in financing them.

Moreover, the trading company isn't limited to its organization. It will also buy or sell products from any other source wherever it finds the opportunity. With some 80,000 employees spread around the globe drumming up billions of dollars worth of business, the "sogo shosha" as a group account for more than 50% of Japan's exports and imports, and 30% of GNP.

Because fundamental differences between our two societies should discourage the belief that America can or should attempt to duplicate the Japanese model for its own economy, we concur in the belief of most trade experts that the U.S. must develop its own brand of trading company that is consistent with our nation's tradition of competitiveness rather than consensus. This, we believe, is what S. 144 is designed to do.

We believe that banks can bring not only financial resources, but almost all of the supporting facilities and services which U.S. exporters now most lack by contrast with their foreign competitors. They will make it possible for American companies to combine their resources in a variety of ways and configurations in the interest of more competitive overseas marketing of American products and services. More importantly, banks can encourage and help exporters develop a long term view of, and presence in, export markets. Moreover, bank affiliated trading companies would have special effect on encouraging more medium and small exporters who are now discouraged by the remoteness and strangeness of foreign markets and buyers, exchange risks, and by the complexity and expense of documentation.

Although NMTBA supports the general principal of separation of banking and commerce, we believe there is good, sufficient, and, indeed, compelling reason to make an exception on a controlled basis for limited and conditional bank ownership of export trading companies in order to strengthen U.S. capacity to meet non-traditional international trade competition. Moreover, we further believe that as drafted, S. 144 contains prohibitions, restrictions, limitations, conditions and requirements more than ample to meet each of the objections raised concerning bank ownership of export trading companies.

In our view, any legislation purporting to encourage U.S. exports through the facility of export trading companies, which does not permit bank participation and (in some cases) the right of bank control is only a half step. Adequate financing is one of the most critical elements of export promotion. To continue to prohibit bank participation in export trading companies is to continue a halfway policy of half steps leading to halfway results.

In this regard, the following comments are addressed to the specific requirements of S. 144 which we believe are the most advantageous provisions concerning direct bank involvement in export trading companies.

A. Provisions designed to protect the financial integrity of banks participating in ETCs

Title I of S. 144 contains numerous provisions which are specifically designed to safeguard the financial integrity of banks. By definition, the bill precludes export trading companies from being used as vehicles for investment in domestic industries. Furthermore, U.S. government banking regulatory agencies would have clear authority to prevent ETCs from violating this restriction, since any significant investment by bank-owned ETCs would require prior approval from these agencies.[1]

Additionally, the many safeguards against undue risks by bank-owned ETCs will insure against the type of public policy concerns which have traditionally been associated with bank involvement in non-banking activities. Moreover, S. 144 has adopted the specific recommendations of the Federal Reserve by incorporating the same restrictions contained in Sec. 23A of the Federal Reserve Act.[2]

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[1] Senate Bill 144, Sec. 103(a)(9) states: the term "appropriate Federal banking agencies" means—(A) the Comptroller of the Currency with respect to a national bank or any District bank; (B) the Board of Governors of the Federal Reserve System with respect to a State member bank, bank holding company, Edge Act corporation, or Agreement Corporation; (C) the Federal Deposit Insurance Corporation with respect to a State non-member insured bank, except a District bank; (D) the Federal Home Loan Bank Board with respect to a Federal savings bank.

Moreover in any situation where the bank organization holding or making an investment in an export trading company is a subsidiary of another banking organization which is subject to jurisdiction of another agency, and some form of agency approval or notification is required, such approvals or notifications need only be obtained from or made to, as the case may be, the appropriate Federal Banking agency for the banking organization making or holding the investment in the export trading company.

[2] Sec. 23A of the Federal Reserve Act generally prohibits member banks from lending or investing more than 10% of their capital and surplus in any one affiliate, and more than 20% of their capital and surplus in all affiliates.

Specifically, Sec. 105 of S. 144 contains the following general guidelines for bank involvement in ETCs:

(1) Banks may invest up to an aggregate amount of $10 million in one or more export trading companies without prior approval of the appropriate federal banking agency, if such investment does not cause an export trading company to become a subsidiary of the investing bank.

(2) Banks may make investments in excess of an aggregate amount of $10 million in one or more export trading companies or make any investment which would cause an export trading company to become a subsidiary or which would cause more than 50% of the voting stock of the export trading company to be owned or controlled by the bank only with the prior approval of the appropriate federal agency.

(3) The total cost of the direct and indirect investment by a bank in an export trading company combined with extensions of credit by the bank to the trading company shall not exceed 10% of the bank's capital and surplus.

(4) Appropriate federal banking agencies may impose such conditions as they deem necessary to limit a banking organization's financial exposure to an export trading company or to prevent possible conflicts of interest or unsound banking practices.

(5) And finally, nothing in this bill would in any way prevent any state from adopting a law prohibiting banks chartered under the laws of such state from investing in export trading companies or applying conditions, or restrictions on investments by banks chartered under the laws of such state in export trading companies in addition to any conditions, limitations, or restrictions provided under the federal law itself.

B. Provisions designed to protect against unfair competitive advantages by bank-owned ETCs

In addition to expressing concerns about the potential for impairment of the financial integrity of banking institutions, critics of direct bank involvement in ETCs also expressed the fear that bank-owned ETCs will have unfair competitive advantages over ETCs owned by non-banking firms. Additionally, there is the worry that big banks and big companies would form joint-ventures, increasing what some perceive as an already dangerous trend toward concentration of economic power. However, to allay these fears S. 144 contains provisions which will specifically ensure that such unfair competitive circumstances will not develop.

Under S. 144 bank-owned ETCs will be much more heavily regulated than ETCs owned by non-banking firms. The legislation specifically prohibits banks and their affiliates from making preferential loans to any ETC in which they have an equity interest, including customers of any such ETC. Specifically incorporating the request of the Federal Reserve, S. 144 prohibits a banking organization or any of its affiliates from extending credit "to an export trading company or to customers of such company on terms more favorable than those afforded similar customers under similar circumstances, and such extension of credit shall not involve more than the normal risk of repayment or present other unfavorable features." [3]

Moreover, prohibitions on direct bank involvement in ETCs will put banks (of all sizes) at a serious disadvantage with so-called "near banks" (such as money market mutual funds), since under such restrictions near banks would be allowed to invest directly in ETCs while regular banks would not. And perhaps most importantly from a competitive perspective, with over 1,400 banks in the United States (certainly not all of which will be investing in ETCs) there will be more than ample financing alternatives for non-bank owned ETCs.

Certainly, if the risks of direct bank involvement in ETCs were so great there should be an experience of foreign failures resulting from unwise operation of trading affiliates. Instead, the reverse appears to be true. Therefore, we see no reason why if foreign banks can manage these risks, U.S. banks, which would be under the close scrutiny and supervision of numerous federal regulatory agencies, would not be able to do so also.

C. Currrently existing export management firms and financing alternatives are inadequate to compete effectively with foreign based export trading companies

Finally, opponents of direct bank participation in export trading companies have alleged that such vehicles as are proposed by S. 144 are not needed, because there are already existing export management firms or brokers which can adequately handle the needs of U.S. exporters. More specifically, it has also been argued that there is no need for direct bank participation in ETCs because the Export-Import Bank of the United States (Eximbank) already is capable of meeting the financial needs of U.S. exporters. In response to these two erroneous contentions we would point out that although the Department of Commerce estimates that there are about 3,800 export management firms or brokers in the United States, most are quite small (92 percent employing fewer than 5 people). Moreover, these firms normally limit themselves to a specific product line for a geographic area. Additionally, it is also very important to note that one of the major reasons these firms have not continued to grow is that they are normally severely under-capitalized. Banks as a result are unwilling to give them substantial lines of credit. While Japanese trading companies have debt/equity ratios of 15 or 20 to 1, small U.S. companies cannot operate anywhere near that level.

Addressing the argument that bank-owned ETCs are not necessary, because the Eximbank is already capable of providing sufficient export financing assistance, we begin by pointing out that Eximbank is an independent agency of the U.S. Government that works in cooperation with commercial banks to provide special financing services for U.S. exporters. In contrast, bank-owned export trading companies, as foreseen by S. 144, would be private entities with the internal ability to both finance and market goods in foreign commerce. While in no way depreciating the important role that Eximbank plays in furthering U.S. exports in world markets, it is obvious from the above two descriptions that the Eximbank and bank-owned ETCs are generically dissimilar entities with different goals and objectives. Simply stated, Eximbank is designed to offer targeted government financial assistance in special exporting circumstances, whereas bank-owned ETCs would provide U.S. exporters with a one-stop financing and marketing package designed to address a much broader range of export trade opportunities.

However, one response to this position has been to suggest that many, if not all, of these advantages are already currently available via Eximbank assistance, with the supposedly logical conclusion being that there is no need currently unfulfilled by Eximbank to be met by bank-owned ETCs.

Admittedly, Eximbank has a financing network with hundreds of U.S. and foreign financial institutions. Nor is there disagreement that these close working relationships have made it possible to further extend Eximbank's resources in cases where it is critical for American exporters to be able to offer financing which is competitive with that available to government-leveraged foreign sellers. However, although Eximbank may to some extent have access to the financial resources of private banking institutions, a critical factor governing the utilization of these resources is the funding level of Eximbank. Indeed, in the two most recent years for which complete data is available (1978 and 1979) Eximbank financed exports have amounted to only 1.5% of total U.S. exports. These figures clearly point out the limited, albeit vital, role Eximbank is designed to serve. Indeed, Eximbank's statutory authorization itself states that "the Bank in the exercise of its functions should supplement and encourage, and not compete with private capital." [4]

Moreover, although Eximbank is primarily a self-sustaining U.S. corporation required to provide adequate earnings to cover costs—just like any other business—it is, nevertheless, also a government institution subject to official United States policy and regulations in a variety of spheres ranging from foreign policy to economic concerns to environmental considerations. Given these additional considerations, Eximbank is therefore inherently less flexible than bank-owned ETCs would be in similar commercial circumstances.

As a matter of fact, the very future of Eximbank and its ability to promote U.S. exports is under serious attack as we meet here today. Even if the proposed cuts in Eximbank's lending authority (cuts, which, I might add, will effectively shut down the Bank's role as a major player in the export process) are not enacted, the projected needs of Eximbank are almost certain to go unfilled. Thus, to expect an under-financed (or perhaps even an *un*-financed) Eximbank to provide a major source of credit for U.S. exports is but a fool's dream. Many of S. 144's strongest opponents are also the strongest and loudest critics of the Eximbank. How do they expect to finance U.S. exports?

Finally, it appears almost self-evident that the major resource available to Eximbank is the very resource that bank-owned ETCs would tap one step closer to the original source, the financing capacity of private banking institutions. But just as important, bank-owned ETCs would also be able to provide the critical export marketing services necessary for successful export trade. Such export marketing services, which are beyond the capacity and purpose of Eximbank, would be an integral and vital part of bank-owned ETCs

To reiterate, the Eximbank is a very important effort by the United States Government to give targeted official assistance furthering U.S. overseas trade, and as such is highly commendable. Its lending authority should be increased, not cut back, as some have proposed. However, there remain vast export trade opportunities which for the reasons already stated would be much more effectively pursued via privately operated bank-owned export trading companies.

D. Reasons for bank ownership of ETC's

Mr. Chairman, to this point in our testimony we have to a great extent been on the defensive, that is attempting to rebut arguments of the opponents of direct bank participation in export trading companies. At this point we believe it is important to state affirmatively some of the benefits that we see accruing to the United States by virtue of export trading companies as envisioned under S. 144.

We would begin by emphasizing that our domestic laws separating banking and commerce are designed to preserve domestic competitive equality, not to meet the relatively recent challenge of foreign competition. However, because of this new foreign

[3] Senate Bill 144, Sec. 105(c)(4).

[4] The Export-Import Bank Act of 1945, as amended through November 10, 1978, 12 U.S.C. 635(b).

competition direct bank involvement in ETCs is absolutely necessary for American business to be competitive abroad.

In this regard, S. 144 would alter the laws separating banking and commerce only as they apply to the area of export trade, an area where the United States has always recognized the need for special rules to meet foreign competition (e.g., the Eximbank, Commodity Credit Corporation, Webb-Pomerene and DISC legislation, etc.). Thus, S. 144, rather than unnecessarily involving banks in commercial activities, actually follows the long tradition in U.S. law of not applying domestic rules to export trade activities, when to do so would only impede U.S. competitiveness in world markets.

Clearly, bank expertise would be both transferable and important to ETC management, organization and operation. Indeed, banks, with their international offices, experience in trade financing, business contacts at home and abroad, and international marketing knowledge are the most likely source of leadership in forming export trading companies.

Currently, a number of European banks operate some of the largest trading companies, and are able to supply those ETCs with almost all of the supporting facilities and services which U.S. exporters now most lack by contrast with these competitors.

What often happens is that foreign ETCs employ U.S. banks as intermediaries in arranging and financing initial transactions with U.S. exporters. However, after the initial contact with these American firms has been made, the foreign ETCs substitute their own internal financing for that of the original U.S. bank intermediary. The result of this procedure is a short term profit, but a long term loss for both the U.S. bank and America generally. Although more American-made goods are exported (a result we obviously support as highly desirable) export service fees are needlessly being shipped overseas along with U.S. products, with a resulting loss in income and jobs to American financial institutions.

Therefore, NMTBA strongly urges the direct involvement of U.S. banks in U.S. export trading companies. Such direct bank participation is the fuel needed to power the ETC vehicle. Direct incorporaton in U.S. ETCs of the many export services that American banks are able to offer would be of great competitive assistance to U.S. exporters who now incur additional delays and expense in obtaining similar service. Furthermore, certain services now either unprofitable or illegal (e.g., putting buyers in touch with sellers for a fee, or providing credit and political risk insurance to U.S. manufacturers) would also be available under this approach.

For all of these reasons, we strongly urge support for the banking provisions of S. 144 in comprehensive U.S. export trading company legislation.

IV. ANTITRUST LAW MODIFICATION PROPOSALS

The Webb-Pomerene Act, enacted in 1918, allows American companies to join together in developing foreign sales while enjoying limited immunity from the U.S. domestic antitrust laws. The current statute is administered by the Federal Trade Commission (FTC).

Unfortunately, the role of Webb associations has declined drastically over the years. From a high-water mark of about 19% of total U.S. exports between 1930 and 1935, Webb associations have slipped to less than a 2% share today.

Within the past year the merits of the Webb-Pomerene Act have been reexamined by the National Commission for the Review of Antitrust Laws and Procedures. At the conclusion of this study it was the Commission's recommendation that Congress reexamine the Act, and modify it where necessary.

In enacting the Webb-Pomerene Act, Congress envisioned an eager American business community availing itself of the opportunity to pool its facilities, resources, and expertise in such a fashion as to implement an ambitious joint exporting program. As we have seen that vision never materialized. One of the major reasons for the lack of development of export trading companies under the existing Webb-Pomerene Act has been the continuing uncertainty of the American business community as to what would or would not be within the scope of the Webb-Pomerene antitrust exemption.

Throughout the history of the Webb Act there have been a number of advisory opinions issued by the Federal Trade Commission, which in a case by case fashion have attempted to draw the parameters of the law's antitrust exemption.

Further clarification as to the parameter of the antitrust exemption provided under the Webb Act has been gained through adjudication of a number of cases brought by the Department of Justice.

The opinion of the court in the case of United States v. Minnesota Mining Mfg. (District Court, Massachusetts, 1950) provides the most authoritative interpretation of the scope and rationale of the antitrust exemption under the Webb-Pomerene Act. As stated by the Court:

"Now it may very well be that every successful export company does inevitably affect adversely the foreign commerce of those not in the joint enterprise and does bring the members of the enterprise so closely together as to affect adversely the members' competition in domestic commerce. Thus every export company may be a restraint. But if there are only these inevitable consequences, an export association is not an unlawful restraint. The Webb-Pomerene Act is an expression of Congressional will that such a restraint shall be permitted."

Title II of the Export Trading Company Act of 1981, S. 144, modifies the Webb-Pomerene Act in a way that will permit many more American firms to make use of its update provisions to promote exports. Title II does the following:

(1) It makes the provisions of the Webb-Pomerene Act explicitly applicable to the exportation of services. (The National Commission for the Review of Antitrust Laws and Procedures made this same recommendation in its report to the President.)

(2) It expands and clarifies the Act's antitrust exemption for export trade associations, and provides an antitrust exemption for export companies formed under Title I of the Act.

(3) It requires that the antitrust immunity be made contingent upon a preclearance procedure.

(4) It transfers the administration of the Act from the FTC to the Department of Commerce.

(5) It creates within the Department of Commerce an office to promote the formation of export trade associations and trading companies.

(6) Finally, it provides for the establishment of a task force whose purpose will be to evaluate the effectiveness of the Webb-Pomerene Act in increasing U.S. exports and to make recommendations regarding its future to the President.

We note that, as pointed out by Senator Danforth in his comments upon introduction of this legislation, with the exception of the requirements in paragraphs (1), (4), and (6), of section 2(a) of the Act (provisions which impose additional criteria for eligibility in addition to those found in the standards of the current Webb-Pomerene Act) the substantive law of antitrust as modified by the amended Webb-Pomerene Act has not been altered by S. 144. Instead, these amendments are simply a codification of court interpretations of the Webb-Pomerene exemption to the domestic antitrust laws. Also, according to testimony by a spokesman for the Antitrust Division of the Justice Department during hearings on last Congress' legislation, these amendments are consistent with the present enforcement policy of both the Department of Justice and the Federal Trade Commission.

However, we are aware that during debate on S. 2718 last year critics questioned the needs for amending this section of the Webb Act if, as we have just stated, these amendments are nothing more than a codification of not only current judicial understanding of Sec. II of the Webb Act but also the enforcement intent of both the Department of Justice and the Federal Trade Commission.

In response to this criticism, we would point out that the record clearly evidences that these amendments are necessary in order to provide certainty to the business community in their international trade activities, assuring them that their activities do not run afoul of domestic antitrust laws. This we believe will alleviate as a deterrent to broader utilization of the Webb-Pomerene Act what has previously been perceived by the business community as the Department of Justices', as well as the Federal Trade Commission's thinly veiled hostility toward Webb-Pomerene associations.

Closely allied with the issue of certain antitrust law exemption for export trading companies formed under the auspices of S. 144 is the question of who would be able to bring an antitrust complaint against such an export trading company. Sec. 4(e)(3) of the Act provides that only the Department of Justice or Federal Trade Commission has standing to bring a cause of action in court against a trading company or Webb association for violation of sec. 2 of the Act. Therefore, apart from the complained against activity being ultravires to the certification, a private party has no standing to bring suit. We fully support these provisions.

Additionally, Sec. 205 of S. 144 authorizes the Secretary of Commerce, with the concurrence of the Attorney General and the Chairman of the Federal Trade Commission, and after a period of public comment, to formulate and publish proposed guidelines to be applied in determining whether an association, its members, and its export trade meet the statutory requirements that would be established by this bill.

Additionally, we strongly support the expanded export trading company concept embodied in S. 144. We believe that S. 144's expansion of the scope of export trading companies current activities under Webb-Pomerene to include both goods and services is a major and significant improvement. It is apparent from this provision that the sponsors of this legislation have recognized that a greater and greater portion of the U.S. economy deals in the service sector, and, therefore, it is entirely appropriate that such service activities be included under the provisions of this legislation.

Finally, we commend and strongly support the requirement of confidentiality for applications and annual reports required under S. 144.

V. CONCLUSION

In conclusion, we commend you Mr. Chairman, as well as the other cosponsors of S. 144 for your legislative initiative in this area.

The expansion of currently permissible activities under Webb-Pomerene to include services in addition to goods is of vital importance if the U.S. is to remain an aggressive and effective competitor in the ever expanding global economy. Additionally, clarification of the antitrust laws in this area, specifically those concerning which government agencies will be empowered to enforce such laws, will remove the legal uncertain-

ties which heretofore have posed significant, and for many insurmountable, barriers to active involvement in the export market.

As we have stated, by restructuring the contours of export trading company activities, this legislation will provide the vehicle for increased export activity. However, the active and integral involvement of banks and other financial institutions in export trading companies is the absolutely essential element needed to power this vehicle. We believe that these two elements working together are the necessary and sufficient requirements of an effective export trading company bill.

We have noted that earlier versions of this legislation contained a third title which would have extended the tax deferral available under the DISC (Domestic International Sales Corporation) provisions of the tax code to exports of export trading companies, including exports of services. Moreover, it would also have allowed in some cases the use of the subpart S of the tax code which permits certain passthroughs to shareholders to closely held corporations. However, we understand that the sponsors of S. 144 have for jurisdictional reasons this time decided not to include Title III in this particular piece of legislation, instead apparently anticipate introducing a revised version of Title III as a separate bill. In our testimony on these provisions during last Congress' hearings on S. 2718 we for the most part felt very favorably toward the addition of such provisions to the Internal Revenue Code and continue to do so.

Finally, we thank this subcommittee for affording us the opportunity to relate the experiences of Acme-Cleveland and the U.S. machine tool industry in the export market. We believe that the proposals contained in the bills we have addressed today, in conjunction with the improved export administration controls and executive branch international trade reorganization plan will do much to encourage and promote overseas trade by both experienced and new exporters. We thank the Subcommittee for its attention and would be happy to respond to questions.

EXPORT COAL: THE GREAT LAKES ALTERNATIVE

● Mr. GLENN. Mr. President, the world coal study recently concluded that even moderate economic growth worldwide over the next 20 years will require tripled world coal use and a tenfold to fifteenfold increase in world steam coal trade in order to meet energy needs.

At present, however, America's ability to meet heightened demand for coal exports is being impaired by congestion at U.S. coastal ports and by competitive disadvantages caused by excessive delays in the loading of coal onto ships.

The recent surge in steam coal exports has created severe problems. With demurrage charges ranging upward from $10,000 to $20,000 daily, the cost of delaying a vessel for days or weeks can be enormous. Let me stress that these are not future problems; they are with us today. We continue to receive reports of dozens upon dozens of ships—often totaling 100 or more—waiting their turn to load export coal at major east coast ports.

This situation is more than just unfortunate; at a time when our coal industry has unused capacity and numerous unemployed workers, it is completely unacceptable. The demand for coal is clearly growing. But if we are to meet that demand, we must upgrade our transportation infrastructure and be better able to move our coal to ports with sufficient capacity. Successfully marketing U.S. coal overseas requires that we be able to convince potential buyers that the problems of congestion and inadequate facilities can and will be resolved.

Unfortunately, previous efforts to upgrade our coal-loading capacity have overlooked the substantial contribution that can be made through the ports of the Great Lakes and the St. Lawrence Seaway.

A recent study prepared by the Maritime Administration's Great Lakes Region states:

The demand for export U.S. steam coal is increasing. Consideration should be given to alternative U.S. coastal routes in order to meet this increased tonnage and to maintain the U.S. competitive position in the world market place. As the market for steam coal increases the most logical first step in meeting that demand is to use all competitive existing port facilities and transportation routes including the Great Lakes-St. Lawrence Seaway System.

Mr. President, Seaway Review is the excellent magazine of the Great Lakes-St. Lawrence Seaway transportation system. In the winter 1981 issue, there appears an excellent article by D. Ward Fuller, executive vice president of the American Steamship Co. Mr. Fuller presents an alternative solution to our present problems—the Great Lakes-St. Lawrence Seaway alternative. I ask that Mr. Fuller's article be printed in the RECORD, and I commend it to the attention of my colleagues.

The article follows:

EXPORT COAL: THE GREAT LAKES ALTERNATIVE

(By D. Ward Fuller)

The United States presently exports more coal than any other country in the world, and with over 30 percent of the worldwide reserves, it is well positioned to maintain its leadership position far into the next century.

In 1980 we witnessed an explosion in demand for steam coal to Europe and Far Eastern utilities brought upon by a combination of circumstances including the Iranian crisis, a doubling of OPEC oil prices, growing concerns over nuclear power, as well as a commitment by the free world to shift away from imported oil.

But as demand has accelerated, numerous questions have been raised about the ability of America's domestic transportation system and its port facilities to handle current export coal traffic, let alone the anticipated growth in this valuable export commodity. From Forbes to Fortune we have read about the congestion at our Atlantic ports, and numerous task forces and studies have analyzed the East and West Coast and the Gulf, searching for solutions to meet this growing demand and alleviate the current pressures. However, one viable solution has been largely overlooked by those seeking answers to this transportation bottleneck, i.e., the Great Lakes/St. Lawrence Seaway alternative.

It is a transportation system that is in place today, well experienced in the movement of coal, and capable of moving millions of tons to foreign buyers at meaningful cost savings over comparable movements in 1980.

The long-awaited demand for this frequently overlooked energy resource finally surfaced in 1930. The National Coal Association forecast for overseas exports of U.S. coal in 1980 stands at 70 million tons, an increase of over 50 percent over 1979. By 1990, this figure is estimated to be between 125 and 150 million tons annually.

And according to the Director of the International Energy Agency, the U.S. could be exporting 300 million tons of coal annually by the year 2000. A European Economics Community report issued in 1980 said the community's coal consumption would double by the year 2000 while its coal imports would reach 280 million tons annually by the year 2000, or quadruple the 1980 imports.

Finally, the World Coal Study, compiled by 16 nations, estimated that even moderate economic growth worldwide over the next 20 years would require tripled world coal use and a 10 to 15 fold increase in world steam coal trade to fulfill energy needs. Thus it would appear that the growing demand for steam coal is real and here to stay.

Inability to transport. But just as real is the large number of colliers lying at anchor at East Coast ports collecting demurrage fees upwards of $20,000 per day.

The impact has been not only to stifle the free flow of export coal but also to unnecessarily raise its price in the world marketplace. During the fall of 1980, it was reported that well over 100 colliers were waiting in line to load export coal at East Coast ports. And the average waiting time was not days, but weeks, and in a number of instances as long as one and one-half to two months with average demurrage rates amounting to $10 per ton and up.

That is a sad commentary for an industry that currently has excess capacity, hundreds of mines shut down and thousands of workers unemployed—all at a time when our country is striving to improve its national economy and its foreign balance of payments.

The barrier is certainly not demand but the inability to transport the coal once it is sold. The problems of the traditional East Coast and Gulf exporting ports appear to be a combination of limited drafts, lack of ground storage and, by modern standards, relatively slow and antiquated coal loading equipment.

A number of industrial and governmental groups have actively sought solutions to overcome the deficiencies in our transportation infrastructure and port facilities so as to alleviate this bottleneck for export coal. The International Energy Agency set up a Coal Industry Advisory Board.

The White House organized an Interagency Coal Export Task Force. The American Coal Exchange was formed by the investment community and the Senate Energy and Natural Resources Committee held hearings throughout the summer. Legislation has been sponsored, books have been written and a plethora of articles have appeared in a wide array of publications.

Unquestionably, progress has been made and numerous investment plans have been announced for St. Louis, New Orleans, Savannah, Moorehead City, Hampton Roads, Baltimore and Philadelphia. Unfortunately, these plans will require large amounts of both time and capital to bring them to fruition.

An alternative and an opportunity. But in spite of all the research, the studies, the task force groups and the discussions, one very logical remedial alternative has largely been overlooked—the Great Lakes/St. Lawrence Seaway alternative.

SUMMARY DELIVERED PRICES—ESTIMATED PRICE OF U.S. EXPORT COAL TO WESTERN EUROPE

Great Lakes port	Origin State	Rail route	Ocean-port	Maximum vessel size (dead-weight tons)	Delivered price[1]
Western coal:					
Superior, Wis.	Wyoming	Burlington Northern	Quebec City	100,000	[2] $44.56
			Direct ocean top-off	33,000	[2] 44.77
(St. Louis)	do	do	New Orleans	45,000	48.35
Appalachian coal:					
	Pennsylvania	B. & L. E. /Chessie	Baltimore	60,000	51.36
	Ohio	do	do	60,000	52.68
	do	do	Newport News	60,000	54.18
Erie, Pa.	Pennsylvania [5]	(Truck)	Quebec City	100,000	[2] 55.38
	Ohio	N. & W	Norfolk	80,000	55.47
Conneaut, Ohio	do	B. & L. E	Quebec City	100,000	[2] 56.65
Toledo, Ohio	do [5]	Chessie	do	100,000	[4] 57.72
Sandusky, Ohio	do [5]	N. & W	do	100,000	[2] 58.26
Ashtabula, Ohio	do [5]	Conrail	do	100,000	[3] [4] 58.46
	do [5]	B. & L. E./Conrail	Philadelphia	35,000	60.10
Toledo	do	Chessie		33,000	[2] 60.70
Conneaut	Pennsylvania	B. & L. E.		33,000	[2] 60.86
	Ohio	Conrail	Philadelphia	33,000	[2] 61.47
Sandusky	do	N. & W		33,000	[2] 62.47
Ashtabula	do	Conrail		33,000	[3] [4] 62.67

[1] Includes price f.o.b. mine, inland transportation, and water carriage to destination.
[2] 33,000 dwt top-off at Quebec.
[3] Lake feeder (25k dwt) to Quebec 100k dwt.
[4] Proposed rail rate.
[5] Proposed service.

As Carl Bagge, President of the National Coal Association, so candidly acknowledged last December to a group of Great Lakes port directors, "We have made a study of the port problem, but frankly, we never looked at the potential of the Great Lakes. We simply haven't; its been off our radar scopes."

Perhaps it would be easy to criticize Mr. Bagge for having such a limited range on his radar scope, but we would be remiss if we did not accept a large part of the responsibility ourselves.

Those of us within the Great Lakes shipping community know the advantage and capabilities of the system to move Eastern, Midwestern and Western coal to Europe in a reliable and cost effective manner—we must now begin to do a better job of imparting this information to the foreign buyers and coal exporters, as well as our own coal producers and transportation specialists.

One of the principal advantages of the Great Lakes/St. Lawrence Seaway System for the movement of coal to Europe is that it is in place today, capable of moving steam coal to Europe in 1981. It may come as something of a surprise to many people that Toledo, the most westerly coal port on Lake Erie, is closer to most North European ports than Baltimore and over 1,000 miles closer than the Port of New Orleans.

The standard Great Lakes vessel is a self-unloading, dry bulk vessel that provides the least expensive mode for moving bulk material available in the United States. It is also the most fuel-efficient and environmentally clean mode of transportation. Additionally, a number of traditional oceangoing vessels come into the System each season.

The Great Lakes has a wealth of experience in the storage, transshipment and transportation of coal—a commodity moved within the system since the turn of the century. And the Great Lakes takes great pride in its innovative transportation concepts. Contained within the system is the world's most modern, automated and sophisticated intermodal transportation system for the movement of coal.

This system encompasses the intermodal movement of Western coal from Decker, Montana to Superior, Wisconsin, by Burlington Northern's 110-car unit trains and then from Superior to Detroit Edison's St. Clair, Michigan, power plant by American Steamship Company's specially designed supercolliers that automatically unload themselves at 10,000 net tons per hour.

The entire 1,700 mile rail-water movement from Montana to Michigan takes less than five days. To effect the rail-water transfer at Superior, Dr. Tobey Yu of Orba Corporation designed the Midwest Energy Coal Terminal that has the world's largest and fastest underground feed-reclaim system and a shiploader rated at 11,000 net tons per hour.

It is a coal transportation system that has proven itself to be both a conceptual and operational success.

And what about transporting clean burning Western coal to Europe? A recent Maritime Administration study concluded the Superior-Great Lakes-St. Lawrence Seaway route to be the lowest cost route when compared to the St. Louis-New Orleans-Gulf route.

Six coal handling facilities in operation. Superior is only one of six coal handling facilities on the Great Lakes. Rail-to-Water at East Chicago on Lake Michigan serves the Midwestern coal market which includes Northern Indiana, West Kentucky and Southern Illinois.

They can accommodate over five million tons annually and currently have available capacity. Lake Erie has four coal receiving ports including Toledo, Sandusky, Ashtabula and Conneaut which serve the Ohio, Pennsylvania, Kentucky, Tennessee, Virginia and West Virginia coal producing regions. Coal handling capability has recently been added at Erie, Pennsylvania, and Buffalo, New York which can handle limited amounts of coal and is studying the feasibility of a major coal transshipment facility.

Toledo has been a major coal port for over 25 years, reaching an annual peak of over 34 million net tons in 1965. There are two coal docks in Toledo, the larger, Presque Isle Docks operated by the Chessie System, can handle 20 million tons of coal annually but operated at only 55 percent capacity in 1980.

This facility provides for direct transfer of coal from hopper cars to vessel. It is served by the Chessie, C&O, B&O and Conrail, all of which have "catch all" rates similar to export rates.

The modern Conneaut facility is owned by the Bessemer & Lake Erie Railroad and provides over five million net tons of ground storage with a maximum annual throughput of 14 million net tons. B & LE serves the Appalachian coal trade between Conneaut and interior points in the State of Pennsylvania and connects with Conrail in Ohio and Pennsylvania.

Supporting its aggressive marketing effort to export Eastern coal, last summer the B & LE published a reduced level of export rates from B & LE origins and Conneaut became the first Great Lakes facility to ship coal for export to Europe.

The B & LE's export rates have been further enhanced by support from Conrail in publishing joint rates with the B & LE from Conrail origins in Ohio and Pennsylvania. B & LE has also indicated a willingness to design rail rates to meet the customers' needs through long range contracts. In addition to ground storage and blending capabilities, Conneaut has a high speed shiploader as well. All of the Great Lakes coal ports have available throughput capacity and stand ready to serve the export market.

Once the coal arrives at a Great Lakes receiving port, the coal can be transported to Europe via two transportation alternatives.

The first alternative would be to ship the coal in a self-unloading Seaway size vessel (between 21,000 and 27,000 net tons) to one of the deep water ports at the Northern end of the St. Lawrence Seaway system.

Quebec City is the only St. Lawrence River port that is currently involved in the movement of export U.S. coal. It has 1.5 million tons of ground storage with plans to expand to 3 million tons. The port can load a 100,000 dwt. vessel at a 50 ft. draft and has available throughput capacity.

Contrecour offers 60,000 tons of active ground storage and can accommodate a Panamax size vessel.

Both Montreal and Sept Iles could potentially participate in the export coal market if warranted by demand. In addition to these existing St. Lawrence ports, consideration is being given for major new transshipment facilities to be located at Gross Cacouna and Pointe Noire in Quebec.

The second alternative would be to ship coal received on the Great Lakes directly to Europe in a major Seaway-size collier or have an ocean vessel take on a partial load at a Great Lakes port and then "top off" at a St. Lawrence River port to its maximum capacity.

The advantage of running direct to Europe would be the elimination of the St. Lawrence transshipment fee as well as a European transshipment fee for coal destined for one of the 49 European ports receiving coal with restrictions similar to the St. Lawrence Seaway or ports unable to receive the jumbo colliers. At this time, only four European ports can accept colliers whose drafts exceed fifty feet—Rotterdam, Hamburg, LeHavre and Fos Sur Mer. The economic advantage of the first alternative versus the second would depend on the particular European destination.

Distinct savings via Lakes. Exactly what are the economics of the Great Lakes/St. Lawrence Seaway alternatives? To help answer this question, the Port of Toledo prepared a comparative economic analys's using both alternatives, i.e., transshipping in the lower

St. Lawrence versus sailing direct to Europe from Toledo.

In analyzing the first alternative, comparisons were made of an annual movement of 660,000 net tons of coal to Antwerp moving over Toledo for transshipment at Quebec City versus moving the same tonnage through Hampton Roads.

Both scenarios presumed use of 63,200 dwt. ocean bulker carrying 60,000 net tons at $15,000 per day excluding fuel. A delay factor of 30 days was used at Hampton Roads versus two days at Quebec City, a realistic assumption based on 1980 operating experience. Due to the excessive delay time and longer distance from Hampton Roads (over 500 miles), the vessel in our example could only make six round trips in a year out of Hampton Roads compared to 11 round trips from Quebec City.

Thus, while the vessel could carry the full 666,000 net tons out of Quebec City, the same vessel could only carry 360,000 net tons out of Hampton Roads, necessitating the use of a second vessel for five more trips.

After calculating in the cost of moving the coal from Toledo to Quebec City in a self-unloading vessel, the Seaway tolls, and the transshipment fee at Quebec City, the movement out of Toledo would effect a savings to the coal purchaser in excess of $7.50 per net ton or almost $5 million on the entire movement in our example.

In analyzing our second alternative, direct to Europe from Toledo, actual cost figures were made available from a shipper after he became aware that his vessel could have been loaded at Toledo rather than Norfolk. The small spot contract shipment from Norfolk to Leghorn in a 19,400 dwt. bulker could have been loaded at Toledo effecting a savings in excess of $10 per ton after factoring in the actual amount of demurrage paid.

Although the amount of savings may vary one way or another depending on the actual delay experience of a particular vessel, these examples do strongly indicate that the Great Lakes/St. Lawrence Seaway is a viable alternative for transporting coal to Europe. The findings of these examples are supported by a recent Maritime Administration study which indicated that if a $5 to $10 per ton vessel demurrage charge was to be added to the East Coast delivered price, the Great Lakes would be extremely cost competitive in all cases analyzed. Additionally, the Maritime Administration concluded that Great Lakes ports could be even more competitive if a lower level of export coal rail rates were established from origin mines to Great Lakes ports.

This is not to suggest that the Great Lakes/St. Lawrence Seaway System replace the East Coast or Gulf ports; they are needed as are the proposed improvements and modifications.

It is intended to suggest, however, that the Great Lakes/St. Lawrence Seaway System can be an active and beneficial participant in the export coal movement. With the projected forecasts for export coal, there should be enough demand for all of our port facilities to participate. And logic would seem to dictate that the more efficiently and effectively we can transport our coal to foreign buyers, the lower the ultimate cost.

And the lower the ultimate cost, the greater the likelihood that the international market will purchase more of our coal. In short, everybody wins if we utilize all of our port facilities—the coal industry, the railroads, the ports, the shippers and the buyers.

The System is now functional, it is experienced in handling coal, and the economic incentives are apparent. 1980 was the year the media and our elected officials rediscovered export coal; hopefully, 1981 will be the year they rediscover America's Fourth Seacoast.

MAJOR COAL IMPORTING COUNTRIES

Coal, Algeria, Argentina, Australia, Belgium, Brazil, Canada, Chile, Denmark, Egypt, France, Guatemala, Indonesia, Ireland. Italy, Japan, Lazaro Cardenas Mx, Netherlands, Netherlands Antilles, New Caledonia, Norway, Peru.

Philippines, Port Talbot, Rep. of South Africa, Republic of China, Republic of Korea, Romania, Spain, Sweden, Turkey, United Kingdom, Venezuela, West Germany, Yugoslavia.

COKE

Balboa, Brazil, Canada, Colombia, Denmark, France, Ghana, India, Italy, Jamaica, Japan, Mexico, Netherlands, Norway, Romania, United Kingdom, Venezuela, West Germany, Yugoslavia.

WHY NOT A GREAT LAKES TRADE COMMISSION ON COAL?

The Great Lakes/St. Lawrence Seaway System may just be the best kept international transportation secret in the world today.

Perhaps now is the appropriate time to form a Great Lakes Export Coal Trade Commission comprised of port directors and vessel operators to put together a detailed presentation delineating the entire system and its many fine advantages and attributes.

Special attention could be given to its existing capability to accommodate the movement of Eastern, Midwestern and Western coal to Europe in an economical and expedient manner. After initial presentations to our domestic coal producers, our elected representatives and appropriate agencies in Washington, D.C.—not to mention those brokers and exporters in Manhattan—could travel to Europe to meet with foreign coal buyers in Sweden, Norway, Denmark, the Netherlands, West Germany, Belgium, France, England, Ireland, Portugal, Spain and Italy.

We have a good story to tell and the Trade Commission just may find a number of interested listeners, both at home and abroad.

COPING WITH TERRORISM

Mr. SCHMITT. Mr. President, the Reagan administration has put the world on notice that the United States will not tolerate terrorism against our citizens. This Senator supports that policy. The danger, however, is that we may not be prepared to effectively prevent or deal with terrorist acts.

We have become accustomed to classifying hostage taking, skyjackings, and the bombing of buildings as major terrorist activities. The fact is that terrorism spans a whole spectrum of activities, many of which are far more extensive in their damage and far more difficult to control. As time passes, these types of terrorist activities will become more and more possible and attractive to terrorist groups.

Robert Kupperman, executive director of the Georgetown University Center for Strategic and International Studies, discusses some of these possibilities and the need for contingency planning in this area in an article which appeared in the March 18 issue of the New York Times. Mr. Kupperman is eminently qualified in this field and is the coauthor of "Terrorism—Threat, Reality, Response" and served as director of the Reagan transition team for the Federal Emergency Management Agency (FEMA).

Mr. Kupperman argues that we are entering into a period of what he calls low-intensity warfare. While a tough policy is needed to deter terrorism, just as important is the need to understand the motivation of terrorists and to have the necessary tools to combat them. The last thing we want to do is to provide a President with only the options of giving in to terrorists or responding with a major military action. FEMA, our intelligence community, law enforcement authorities, and various other agencies of Government must begin planning for the possibilities of terrorism being used against U.S. citizens on American soil.

The article in the New York Times serves to initiate a discussion of these various issues. It is now the responsibility of the administration and the Congress to begin formulating policies in this area.

Mr. President, I submit for the RECORD the article by Robert Kupperman entitled "Coping With Terrorism."

COPING WITH TERRORISM

(By Robert H. Kupperman)

WASHINGTON.—The United States has not yet experienced anything like the full potential of international terrorism. And we are quite unprepared to absorb that impact because of our current attitudes, lack of organization, and lack of contingency planning.

Terrorist operations are becoming more sophisticated and, at times, more technologically oriented. While nuclear or biological terrorism may be discounted in the near future, it is difficult to ignore the possibility that Palestinian terrorists or other groups will attack highly vulnerable networks, such as an electric-power grid, and darken a large metropolitan area for weeks. The United States Government has given little thought to preventing or dealing with extraordinary acts of terror.

Toughness is the generic prescription but no dogmatic policy is feasible. Proffering a magical remedy merely increases the risk of terrorists' accepting the Government's challenge, changing the nature of their tactics, and placing the United States in an untenable situation.

It may be painful but correct to say that the United States never again will pay tribute to hostage-takers—and, as a result, write off the lives of future hostages. However, it is foolhardy to believe that a rigid, no-concessions, punitive policy would succeed if terrorists were threatening a large city with a nuclear weapon or biological agent.

The principal security problem of this decade is low-intensity warfare, especially terrorism. President Reagan and Secretary of State Alexander M. Haig Jr. have made terrorism a crucial issue. They have correctly taken a tough line, promising swift retribution against nations or groups taking Americans hostage, and indicting the Soviet Union for sponsoring international terrorism.

Whatever the degree of Soviet support of terrorist groups, there is no question that the Soviet Union has for years sought to destabilize Western governments, and that now terrorism has proved cost-effective in achieving that end. While Americans should be outraged, moral indignation about well-known Soviet practices is of marginal value. Rather, the United States must recognize terrorism for what it is and deal with it realistically.

If the United States and other Western democracies are to cope with terrorism, they

must understand that it cannot be eradicated without the prospect of inflicting serious self-injury. Terrorism is a theatrical, well-choreographed drama exploiting the mass media in order to disrupt government and generate fear.

What can be done? Part of the prescription lies in attitudes—the United States must deal with international and domestic terrorist attacks as national-security problems, not just isolated acts of violence.

Good intelligence-gathering appears fundamental. Yet, even timely information may not be enough by itself to avoid situations with only two choices: to turn the other cheek, or take a disproportionately large military action. No President should be faced with such extremes and have no intermediate course of action.

It has been suggested by various Government officials, present and past, that the United States must have an agile special-operations force, as well as reliable diplomatic and logistical support, in order to take covert action against terrorist camps in any part of the globe and to deal adroitly with other proxy-warfare operations such as insurgencies. Such operations must be undertaken with the utmost discretion and care. For example, they must signal regimes aiding terrorists that the United States will take drastic action if they support terrorism within the United States.

Contingency planning is basic if America is to meet the challenges ahead. Despite our best efforts, the United States may be assaulted. More hostage situations could occur, a commercial jetliner might be shot down with a rocket, or a city's electrical power might be attacked, as was attempted in Rome after the Red Brigades' slaying of Aldo Moro, the former Prime Minister.

Paranoia about terrorism need not prevail, for coping with the consequences of a major terrorist act is analogous to dealing with those arising from other emergencies, such as natural disasters and large industrial accidents. At present, the United States is prepared to deal effectively only with terrorist incidents of little consequence.

We need to overhaul our counterterrorism effort. A small task force of experts outside of the Government should review the program and make practical recommendations. If, as the Carter Administration did, President Reagan were to ask the antiterrorism bureaucratic machinery to review itself, we would receive a pablum-like report suggesting that nearly all is well. Unfortunately, it is not.●

COMMENDATION OF DR. ERNST WYNDER

● Mr. D'AMATO. Mr. President, I rise to commend Dr. Ernst Wynder, who because of distinguished accomplishments in medical research is the recipient of the first annual New York State Health Education and Illness Prevention Award. Dr. Wynder was accorded this great honor on February 25 of this year by Gov. Hugh Carey of my State.

Currently, Dr. Wynder is serving as president of the American Health Foundation in New York, and as professor of clinical medicine at New York Medical College. Over the years he has distinguished himself as a pioneer in cancer research and preventive medicine, and has written more than 300 publications on those subjects.

Thirty-one years ago, Dr. Wynder carried out the first epidemiological study which linked lung cancer with cigarette smoking, and also was a leader in studying the relationship between nutritional deficiencies and cancer and heart disease.

We owe a great debt to men such as Dr. Wynder. Because of the advances they have made in preventive medicine, Americans are living longer and healthier lives. Preventive medicine is our best hope to hold down the spiraling costs of health care to our people and our Government.

Mr. President, it is with great pride that I recognize the accomplishments of this fellow New Yorker and pay tribute to this outstanding American physician for all he has done to help our people.●

REAGAN SHOULD ADD GOVERNMENT CORRUPTION TO HIS HIT LIST

● Mr. DECONCINI. Mr. President, I would like to call the Senate's attention to an article which appeared in the February 26, 1981, edition of the Boston Herald American. Authored by Clark Mollenhoff, a journalism professor at Washington and Lee University and former national correspondent for the Des Moines Register well known to most of us, and Greg Rushford, a Washington-based freelance writer, the article makes a succinct and convincing argument in favor of President Reagan adopting a strong policy toward combating organized crime and, in particular, government corruption.

Without question, and I am sure my colleagues will agree with this assessment, a forceful policy against organized criminal activity in the United States has been absent from the Federal Government since the days of Attorney General Robert F. Kennedy. I would like to echo the sentiments contained in this article, and strongly urge the President to adopt this battle as a top priority. With that in mind, I ask that the article be reprinted in the RECORD.

The article follows:

REAGAN SHOULD ADD GOVERNMENT CORRUPTION TO HIS HIT LIST

(By Greg Rushford and Clark Mollenhoff)

If Lincoln Steffans, the pioneering investigative reporter who muckraked American cities at the turn of the century were to return today, he would feel right at home. Steffans could update his "shame of the cities" series to include entire states and the federal government.

Where politicians and public building contracts have been concerned, the Massachusetts special corruption commission report convincingly demonstrated that the state has long been "for sale." This is only a small part of a disturbing national pattern.

In recent years there have been equally convincing exposes of entrenched corruption, ranging from the traditional "mob" to crooked political and business establishments, in such states as New York, New Jersey, Pennsylvania, Louisiana, Arizona and California.

These are more than isolated local problems.

Specialists in organized crime and political corruption investigations see many nationwide links. To show how the mob operates in California, last year the San Francisco Bay Guardian took readers on a whirlwind national tour of swindles and shakedowns from Boston to Honolulu—and even across the Pacific to the Philippines.

In recent years organized crime has moved into dominant positions in segments of major industries that touch the lives of all Americans: trucking, food, banking, clothing, perhaps 10,000 businesses, according to some estimates. Illicit drug profits alone are estimated at $40 billion and considerably higher, making narcotics more profitable than any major oil company.

To compound the above dismal portrait, cynicism has been fostered when local reform efforts have been frustrated by politicians, lawyers, reluctant prosecutors and judges.

Massachusetts citizens have watched the slow pace of reforms in the aftermath of the latest blue ribbon commission. They could exchange knowing glances with their counterparts in places like New York and Pennsylvania, where special prosecutors have been openly fired by frightened politicians and corrupt legislatures. While all these exposes gather dust, corruption continues.

The answers to these frustrated reform efforts ultimately depend upon a myriad of local struggles. But there is much that could be done at the national level to help spark effective reforms.

President Reagan, if he sees the opportunity and decides that organized crime is an issue worth spending presidential time on, could make a difference.

Consider the situation the new President inherits.

The Federal Government Services Administration is riddled with corruption. The Justice Department, as Sen. Orrin Hatch, R.-Utah, has pointed out, has mishandled a long string of criminal prosecutions. Sen. Dennis DeConcini, D.-Ariz., has exposed serious weaknesses in the drug enforcement agency. Sen. Sam Nunn, D.-Ga., has done likewise in the Labor Department, which has a long track record of being unwilling to crack down on organized crime in labor unions.

None of these legislators has been able to create the kind of nationwide concern about corruption as did the late Sen. Estes Kefauver and Robert Kennedy in their crime probes of the 1950s and '60s.

But a President, particularly one with the flair for seizing an issue like Ronald Reagan, can make himself heard. If Reagan speaks out—and follows through by initiating a housecleaning in the tarnished federal agencies—he could set off a wave of reforms coast to coast. The recent flurry of attention when Chief Justice Warren Burger aired his ideas concerning the criminal justice system would pale by comparison.

Any President's time is limited. There are only so many broad themes that even a President can address and hope to be reasonably effective. President Reagan has made a good start by focusing attention on the bloated federal budget and wasteful social expenditures.

It remains to be seen whether the President will recognize how deep-seated and important the corruption issue really is, and speak and act forcefully.●

CONCORD, N.H., HONORS VIETNAM VETERANS

● Mr. HUMPHREY. Mr. President, I rise today to express my support for a resolution introduced by my esteemed colleague from Michigan, Senator RIEGLE, to designate April 26, 1981, as "National Recognition Day for Veterans of the Vietnam Era." I am proud to be a cosponsor of this resolution.

As a country, we have never appropriately recognized the contributions and sacrifices of those men and women who served their country during a difficult period in our history. Many of them con-

tinue to suffer both the physical and emotional scars of that era. While there are still serious issues for the Congress to address which affect the Vietnam veteran such as the yet unresolved question of those listed as missing in action, the GI bill, and the agent orange, perhaps this gesture of a day of recognition will help to relieve some of the feelings of abandonment and resentment.

Such a day will provide an excellent opportunity for Americans to show to the Vietnam veterans their support and understanding. We should all be proud of our Vietnam veterans.

As one indication of the widespread local recognition of the need to honor our Vietnam veterans, I would submit for the RECORD a series of resolutions passed by the city of Concord, N.H., earlier this year.

The resolutions follow:

RESOLUTIONS

Resolution relative to recognizing Vietnam era veterans.—

Now therefore be it resolved, That the City Council of Concord wishes to thank the three million men and women who served their Country during a very trying time in our history.

Be it further resolved, That the City Council wishes to give special thanks to the men and women of Concord and New Hampshire for their service to our Country in its time of need.

Resolution relative to the possibility that North Vietnam still has American Prisoners of War.—

Now therefore be it resolved, That the City Council of Concord respectfully requests the Congress of the United States to: Investigate and insure that no Americans are presently held by the North Vietnamese. If at all possible to resolve the Missing in Action question. (1,359 still unaccounted for)

Resolution relative to Thanking Vietnam era Prisoners of War.—

Now therefore be it resolved, That the City Council of Concord recognizes the extreme suffering and deplorable conditions under which these Brave Men survived.

Be it further resolved, That the City Council wishes to express its sincere thanks for the services these Brave Men rendered at a very difficult time in the history of our Great Land. By the following:

Declaring March 29 as a special day to commemorate the release of the last group of Prisoners of War from North Vietnam, and that henceforth on said date all flags in the control of the City of Concord shall be lowered to Half-Staff for five minutes at noon.●

SENATOR CRANSTON'S EFFORTS ON BEHALF OF NUCLEAR NONPROLIFERATION

● Mr. PELL. Mr. President, on March 17 the distinguished senior Senator from California, Mr. CRANSTON, made an important statement in the Senate outlining his concerns about the nuclear programs of Iraq and Pakistan. In that statement, Senator CRANSTON called upon the administration to seek cooperation from our European friends and allies in placing more effective safeguards on nuclear cooperation with Iraq and Pakistan. I support this recommendation and hope that others of my colleagues will as well.

Today's issue of the Los Angeles Times contains a very thoughtful editorial on this subject, and I commend it to my colleagues. In order that my colleagues may have an opportunity to be made aware of the views of the Los Angeles Times on this subject, I ask that the full text of today's editorial be printed in the RECORD.

The editorial follows:

THE FRIGHTENING FUTURE

Sen. Alan Cranston (D-Calf.) warned the other day that Iraq has launched a crash program to develop nuclear weapons and that Pakistan will be able to produce a nuclear arsenal by the end of 1982.

The prospect is frightening. The Indians would react to a Pakistani A-bomb by building a nuclear arsenal of their own. And, if the Iraqi program results in giving a nuclear cast to the Arab-Israeli confrontation, the dangers to world peace are obvious.

Although the timetable that Cranston described is a bit shorter than most earlier projections, the Iraqi and Pakistani nuclear programs have been a matter of deep concern for some time. But little has been done about them, and probably won't be now.

An official of the Nuclear Regulatory Commission has confirmed the thrust of Cranston's remarks about Iraq.

It has obtained stockpiles of uranium from Portugal weapons-grade reactor fuel from France and sensitive equipment from Italy. France and Italy are training large numbers of Iraqi scientists in Europe, and the two countries have several hundred skilled technicians working on nuclear research projects in Iraq.

Iraq does not even have the excuse of needing all this for a commercial nuclear power program; it has none. The French reactor under construction is a research facility.

Cranston, who indicated that his information came mostly from U.S. government sources, acknowledged that Iraq has only a theoretical capability of building a single A-bomb this year; for several years Iraq would not be able to do much more.

However, Pakistan—which has also depended on the overt and covert importing of key materials and technology from Europe for its nuclear program—is about five years further along. Some analysts believe that the Pakistanis already have designed a nuclear weapon and are moving rapidly toward the capability to produce them.

Cranston, putting the finger on European suppliers for being dangerously careless in their nuclear aid and export programs, repeated a charge that these countries hotly deny: that Iraq successfully "blackmailed" them into trading sensitive nuclear materials and technology for oil.

The California senator urges the Reagan Administration to seek cooperation from the Europeans in placing more effective safeguards on nuclear cooperation with Iraq and Pakistan. He argues that if such cooperation is not forthcoming, American nuclear fuel and hardware should be withheld from the Europeans.

Considering the perils that would be posed by a nuclear arms race in Southwest Asia and the Middle East, it is not an unreasonable proposal. But the Administration, though worried by the situation, is in no mood to pick a serious quarrel with its NATO allies over this issue. U.S. leverage may not be strong enough at this late date to assure that such tactics would work, anyway.

The dangers spotlighted by Cranston are frightening real, nonetheless. If President Reagan and Secretary of State Alexander M. Haig Jr. are as worried about the problem of terrorism as they say, they cannot avoid the responsibility for making a major new effort to avert the catastrophe that would be posed by the spread of nuclear weapons in one of the world's most volatile areas.

If friendly coercion isn't practical, it's up to the Administration to come up with something that will work.●

REPORT OF THE SELECT COMMISSION ON IMMIGRATION AND REFUGEE POLICY: A SHORTSIGHTED EFFORT

● Mr. SCHMITT. Mr. President, The Select Commission on Immigration and Refugee Policy has recently issued its final report to the President and Congress. Unfortunately when reviewing the problems caused by illegal migration, the Commission focused almost exclusively on enforcement of existing law without any substantive analysis of what that would mean. The Select Commission failed to discuss the impact of a strict immigration policy on Mexico and the strategic implications that would flow from such a policy. The Commission's report also refused to seriously treat the issue of domestic labor shortages for certain types of employment. These are complex issues and the short shrift given to them in the Commission's report—2½ pages out of a 453-page report—does not do justice to the arguments on either side.

During this statement, I am going to discuss the section of the report which discusses the temporary worker program alternative and amplify the discussion, where appropriate, with particular reference to S. 47, the United States-Mexico Good Neighbor Act of 1981, which I introduced on January 5, and now cosponsored by Senators GOLDWATER, HATFIELD, LAXALT, LUGAR, and MCCLURE. Furthermore, over 60 percent of undocumented workers in the United States emigrate from Mexico, the discussion will deal solely with workers from that country.

I. THE SELECT COMMISSIONS' REPORT

The Select Commission stated—

The Commission has heard testimony in favor of and opposed to the introduction of a new temporary worker program as a solution to undocumented/illegal migration. Some persons have argued that an expanded temporary worker program would help ensure the success of the proposed legalization and enforcement programs and even that a large scale temporary worker program could substitute for them. They have reasoned that a large-scale program would give employers access to a supply of low-skilled, seasonal workers, and would cushion the impact of enforcement on major sending countries whose nationals would no longer have access to the U.S. labor market through illegal channels.

This does describe some of the major reasons why a temporary worker program should be adopted. The Commission, however, then went on to state arguments against such a program saying—

Others who testified before the Commission have maintained, however, that a large-scale temporary worker program would still fail to satisfy the pressures for migration in these countries. Some experts have pointed to the failures of the bracero program, the United States previous experience with a large-scale temporary worker program. This program employed between four and five million Mexican agricultural workers over a 22 year period. Although the program was instituted with strict provisions guaranteeing worker rights and privileges, these provisions fre-

quently were violated. In addition, the existence of a large-scale temporary worker program did not stop employers from hiring undocumented workers. The flow of these migrants continued until a massive repatriation program—Operation Wetback—was begun and the bracero program was greatly expanded. Experts have further testified that temporary workers in European countries—so called questworkers—who were brought in during times of economic growth often became permanent additions to the host societies, even when their labor was no longer needed. They argue that temporary worker programs have often precipitated additional illegal movement when families tried to reunite in the host country and that these programs have also created internal, political and social problems. In general, these opponents find any large-scale temporary worker program, especially when entry is limited by marital status, geography and the nature of the proposed employment, an ineffective means of reducing undocumented/illegal migration.

This analysis, which is intended to negate the policy behind S. 47, fails for three reasons:

First. S. 47 is not structured like the often abused bracero program. No employee-employer contract is required by S. 47.

Second. S. 47 does not resemble European plans disregarding cultural differences.

Third. Most importantly, the present-day illegal aliens are already conforming to the migratory incentives of the temporary worker program without threat of enforcement. This final issue will be discussed in more detail later.

Finally, the report presented socio-economic arguments as follows:

The Commission has also heard arguments that the economic and social effects of temporary worker programs must be weighed apart from their effects on illegal migration. Supporters of such programs have testified that U.S. workers are not readily available for many jobs and that the employment of foreign workers is the only alternative to labor shortages. In response, their opponents have argued that U.S. sources of labor do exist, but employers prefer foreign workers because they are more docile and will accept lower wages and/or inferior working conditions. Large-scale temporary worker programs have also been criticized by those who believe that such programs tend to identify some kinds of work, generally perceived to be undesirable, with certain foreign nationals or particular ethnic groups. The Commission has carefully weighed these arguments. Most Commissioners has concluded that the Commission should not recommend the introduction of a large-scale temporary worker program.* Some oppose the concept of such a program under any circumstances. Others believe that until the precise effects of the proposed recommendations to deal with undocumented/illegal migration are known, the institution of a new temporary worker program would be inadvisable.

To control illegal migration, the Commissioners proposed:

Better border and interior controls;

Economic deterrents in the workplace; and

Once new enforcement measures have been instituted, legalization of certain undocumented/illegal aliens who are already in this country.

*See Recommendation VI.E. for Commission proposals regarding changes in the current H–2 program.

These proposals are, in my opinion, shortsighted for they are:

Unnecessarily expensive; projected to cost in excess of $60 million, but in fact would need to be far greater;

Will cause great harm to many small businesses who will be without labor and then forced out of business;

Employer sanctions will cause an increased regulatory/enforcement burden on American businesses at a time when the Reagan administration is attempting to reduce that burden;

The sanctions approach will probably fail since the undocumented workers will use counterfeit identity documents; and

The Commissioners completely ignore the foreign policy implications of stringent enforcement at this time on Mexico.

II. MIGRATORY CAUSES AND EFFECTS

Nowhere else in the world does such an industrialized nation as the United States share such a lengthy land border with a significantly less developed country like Mexico. This naturally has a decided impact on the migration problem. Because of a very young population and unequal opportunity at home, Americans tend to emphasize the fact that many Mexicans are "pushed" to leave home in search of work. Those who view this so-called push factor as the primary cause of illegal migration believe Mexico should do more to relieve its internal problems and not use migration as a "safety valve."

Mexican policymakers, however, believe that migration would not take place if there was no need for the migrants labor. Thus they are "pulled north" by the promise of better jobs. Like most policy arguments, both factors undoubtedly contribute to the migratory problem. Poor economic conditions do "push" many Mexicans to look elsewhere for work and better unfilled jobs in the United States "pull" them in our direction.

The most unusual fact revealed by modern research on this subject—notably, "Mexican Migration to the United States: Causes, Consequences and U.S. Responses," by Dr. Wayne Cornelius, now of the University of California at San Diego—is that most migrants do not come to stay. Recent studies indicate the return rate is very close to 90 percent (see Cornelius at p. 25). The typical migratory worker is a young male with a sixth grade education who comes alone. These young men are the group most likely to attempt to evade increased enforcement efforts. Thus migration should not be viewed as a steady increase in permanent residents, as the Commission does, but more realistically as an ebb and flow with some returning, some coming. The difficulty in recrossing the border undoubtedly causes part of the permanence problem, that is, migrants becoming permanently but illegally located in the United States.

The Commission did corroborate what a number of other studies have previously confirmed; namely, that illegal aliens do not place a substantial burden on social services. The Commission noted that the undocumentados have a high rate of taxpayment and pay for medical services in generally the same percentage as the domestic population.

Finally, the Commission notes that economists are divided on whether the presence of illegal aliens depresses domestic wages or displaces U.S. workers. As stated earlier, some economists maintain that the illegal alien often preserves some business' success, thus assisting in job maintenance. Certainly, products are introduced into the consumer system which otherwise would not be or would cost far more to produce.

III. S. 47 THE UNITED STATES-MEXICO GOOD NEIGHBOR ACT OF 1981

The viability of S. 47 is enhanced by the fact that it reflects reality and would, in large part, be self-enforcing. Since most migrants return home now after an average stay of 5½ months, there is no demonstrated reason to doubt that visa holders would unduly abuse their 240-day legal stay in this country any more than as illegals.

By freeing workers to seek work nationwide—except in those areas certified by the Secretary of Labor to have adequate domestic workers—the abuses prevalent under the bracero program would be eliminated. A legal status would guarantee the visa holder full protection of U.S. law, especially important in wage rates and safety conditions. Such workers would be free to unionize as well. The legal status would thus insure no adverse domestic wage depression or job displacement effects. By diverting an illegal stream of migrants into a legal program, scarce enforcement assets could be more efficiently utilized. Along with other Immigration and Naturalization Service improvements, such a program over the next 10 years would, in my opinion, do a better job of controlling illegal migration with far less of a negative strategic impact than the Commissions proposals.

Finally, some have argued that a temporary worker program creates a permanent underclass of cheap labor degrading U.S. citizens of that ethnic background. Such a view of S. 47 would be a mistake. The bill has a 10-year sunset provision so that it would automatically expire. This section gives Mexico fair notice that the migration safety valve will end soon. Meanwhile, a decade is given to cushion the adverse domestic and international impact certain to flow from a decision to terminate the use of Mexican nationals in the U.S. economy.

Mr. President, I request that S. 47 and a factsheet explaining the bill be printed in the RECORD.

S. 47

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, That this Act may be cited as the "United States-Mexico Good Neighbor Act of 1981.

FINDINGS

SEC. 2. The Congress finds that—

(a) strong economic and political cooperation between the United States and Mexico will benefit not only the people of these countries, but will also help to eliminate western hemisphere tensions;

(b) the root cause of illegal migration from Mexico into the United States is the lack of reasonable alternatives for economic well-being in Mexico relative to those in the United States;

(c) the mutual benefit of past economic cooperation through legal work programs and investment opportunities is well documented;

(d) in order to eliminate the present large and uncontrolled influx of undocumented workers a system of temporary legal admissions should be established;

(e) the vast majority of jobs that will be taken by Mexicans are in the agricultural and service industries where jobs are not now greatly in demand by American workers;

(f) many of the short-term economic needs of Mexicans and the short-term labor needs of American agricultural and service industries can be met by a temporary worker visa program for Mexicans seeking temporary employment in the United States;

(g) the value to Mexico of temporary employment of Mexican workers in the United States is in the direct flow of dollars into its economy and in the increase in skills within its labor force;

(h) a program of temporary worker visas would encourage the existing temporary nature of most Mexican migration into the United States;

(i) attempts to seal our vast border with Mexico to the flow of migrants are doomed to failure and only increase the exploitation of such workers by smugglers and unscrupulous employers;

(j) employer sanctions against the hiring of illegal Mexican migrants could result in discrimination against Hispanic Americans and/or in an unprecedented national identification system; and

(k) it is necessary to establish a legal framework for Mexican labor in the United States in order to harmonize the use of such workers, to prevent abuse of them by smugglers and unscrupulous employers, to better protect American workers from unfair competition, to reduce the flow of illegal migrants, and to permit a better understanding of the scope of the opportunities and problems related to Mexican workers in the United States and Mexico.

ESTABLISHMENT OF VISA PROGRAM

SEC. 3 Section 214 of the Immigration and Nationality Act is amended by adding the following new subsection at the end thereof:

"(e)(1) The Attorney General, in consultation with the Secretary of State, shall by regulation establish a program for the admission as nonimmigrants into the United States under section 101(a)(15)(M) of Mexican nationals who desire to temporarily perform services or labor in the United States. The regulations shall establish methods for establishing monthly and annual numerical quotas for the issuance of temporary worker visas in accordance with subsection (g). Visas shall be made available on the basis of such quotas to qualified applicants in the chronological order for which they are applied. Such visas shall permit each alien to temporarily perform services or labor within the United States for a period not to exceed 240 days during any calendar year, such period not necessarily a 240 day consecutive period. Such aliens shall not be required to obtain a petition of any prospective employer within the United States in order to obtain such a visa. Such visas shall not limit the geographical areas within which the alien may be employed nor set any limitations on the type of employment for which the alien may be employed, except as provided in subsection (f).

"(2) Any alien who obtains a visa under the program established under paragraph (1) who (A) violates the restrictions with respect to the amount of time for which the alien is allowed to remain in the United States, or (B) violates any restriction required under subsection (f), shall be ineligible to obtain another visa under such program for a period of 5 years. Any alien who, after the inception of this program, enters the United States unlawfully shall be prohibited from obtaining a visa under such program for a period of 10 years.

"(f) The Attorney General, upon request from the Secretary of Labor, shall place specific restrictions on employment of aliens holding temporary work visas under this program at a specific business or agricultural site if employees or employers demonstrate that such aliens will displace available, qualified, and willing domestic workers. The Secretary of Labor shall establish the criteria under which such restrictions may be requested.

"(g) When appropriate, the Attorney General shall seek the assistance of the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of Labor in establishing the regulations under subsection (e), and in computing the annual and monthly numercial quotas for temporary worker visas, based upon the number of seasonal or cyclical workers sought by employers in the United States. In computing such quotas, the Attorney General shall also consider historical needs, availability of domestic labor, and the projected needs of prospective employers.".

UNITED STATES CONSULATES IN MEXICO

SEC. 4. (a) The Secretary of State is authorized to take such steps as are necessary in order to establish and expand the United States Consulates in Mexico in order to implement the program established in section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act.

(b) The Secretary of State shall coordinate with appropriate officials of Mexico in order to insure maximum awareness in Mexico of the nature and restrictions of the program established in section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act.

(c) The Secretary of Labor shall undertake to insure, to the extent practicable, that the nature and restrictions of the programs established in section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act are known to aliens of Mexican citizenship residing in the United States.

NONIMMIGRANT CATEGORY

SEC. 5. Section 101(a)(15) of the Immigration and Nationality Act is amended by adding at the end thereof the following:

"(M) a Mexican national who has no intention of abandoning his or her residence in Mexico who is coming to the United States for a period of not to exceed 6 months during any calendar year, for an indefinite number of such periods, to temporarily perform services or labor.".

EFFECT OF DEPORTATION

SEC. 6. Section 212(a) is amended—

(1) by inserting before the semicolon at the end of paragraph (16) a comma and the following: "except that the Attorney General shall not consent to the reapplying for admission of an alien described in section 101(a)(15)(M)"; and

(2) by inserting before the semicolon at the end of paragraph (17) a comma and the following: "except that the Attorney General shall not consent to the applying or reapplying for admission of an alien described in section 101(a)(15)(M)".

PROHIBITION ON ADJUSTMENT OF STATUS UNDER TEMPORARY WORKER VISA PROGRAM

SEC. 6. Section 245(c) of the Immigration and Nationality Act is amended—

(1) by striking out "or", and

(2) by inserting immediately after "section 212(d)(4)(C)" a semicolon and the following: "or (4) any alien described in section 101(a)(15)(M)".

REPORT TO CONGRESS

SEC. 8. The Attorney General shall report semiannually to the Congress on the temporary worker visa program established in section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act, and shall include in that report a summary of the number of visas issued under the program, the effectiveness of the program, enforcement problems related to the program, and any recommendations for legislative change in the program.

BILATERAL ADVISORY COMMISSION

SEC. 9. It is the sense of the Congress that the President should negotiate with the appropriate officials of the government of Mexico to establish an Advisory Commission on the Mexico-United States Temporary Worker Visa Program to consult with and advise the Attorney General in establishing the regulations, and in computing the monthly and annual numerical quotas, for the temporary worker visa program established under section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act.

AUTHORIZATIONS

SEC. 10. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this title.

TERMINATION

SEC. 11. This program shall terminate ten years after the date of enactment.

THE UNITED STATES-MEXICO GOOD NEIGHBOR ACT OF 1979

This bill would amend the Immigration and Nationality Act to establish a temporary worker visa program between the United States and Mexico. Under the program, workers would be issued six month visas which would allow them to enter the United States to seek employment.

THE CURRENT IMMIGRATION SITUATION

The United States shares a 2,000 mile border with Mexico. In no other part of the world does a developing country with severe economic problems border such a technologically advanced country. The combination of unfilled jobs in this country and substantial unemployment and underemployment in Mexico has created a massive migration to the United States. Changes in the immigration law have caused much of this migration to become illegal. From 1942 to 1964, the bracero program admitted large numbers of Mexican workers to perform agricultural work in the United States. The end of this program and the imposition of a ceiling of 20,000 immigrant visas per year in 1976 have contributed to the problem.

Most illegal workers enter this country to seek temporary employment. They come for short periods of time, work to meet specific economic needs and then return to Mexico. They have no intention of permanently migrating to the United States.

The workers normally take jobs which are unattractive to American workers who have unemployment compensation and welfare as an alternative. While over two-thirds of illegal aliens contribute to Social Security and pay income taxes, fewer than one-tenth collect unemployment or welfare benefits, enroll their children in public schools or receive free medical assistance in the United States.

This illegal migration benefits Mexico by absorbing workers who would otherwise be unemployed or underemployed. It also helps slow migration to the overcrowded cities. Finally, Mexican workers in the United States send large portions of their income home, providing income for their families and improving Mexico's balance of payments.

PROVISIONS OF THE BILL

Findings. This section recognizes the necessity of establishing a legal framework for Mexican labor in the United States and points out the advantages of this program over other proposals.

Establishment of Visa Program. Section (e)(1). This section directs the Attorney General to establish the program in consultation with the Secretary of State. The section specifically mandates that the visas shall "permit each alien to temporarily perform services or labor within the United States for a period not to exceed 240 days during any calendar year". Further, the section disallows the requirement of a petition from a prospective employer. Finally, the section prohibits any limitations on geographical area or type of employment.

Section (e)(2). This section sets a penalty for violation of the visa restrictions of ineligibility for five years. It also sets a ten year ineligibility as a penalty for illegal entry into the United States.

Section (f). This section allows the Attorney General to put specific restrictions on employment under this program at the request of the Secretary of Labor. This request would follow a demonstration by employers or employees that aliens would displace domestic workers at a specific site.

Section (g). This section directs the Attorney General to set numerical quotas for visas, considering such factors as the number of workers sought, the availability of domestic labor and the projected needs of prospective employers.

United States Consulates in Mexico. This section authorizes the Secretary of State to expand the Consulates to implement the program (paragraph A) and act with Mexican officials to insure awareness of the program (paragraph B). It also directs the Secretary of Labor to take steps to inform Mexican aliens in the United States about the program (paragraph C).

Nonimmigrant Category. This section amends the classes of nonimmigrants in the definitions section of the Immigration and Nationality Act, 8 U.S.C. 1101 (15).

Effect of Deportation. This section amends 8 U.S.C. 1182 to prohibit the Attorney General from consenting to the readmission of an alien deported for violating provisions of this program.

Prohibition on Adjustment of Status under Temporary Worker Visa Program. This section amends 8 U.S.C. 1255 to prohibit the Attorney General from adjusting the status of a temporary worker to that of a permanent resident.

Report to Congress. This section requires the Attorney General to report to Congress semi-annually about the program.

Bilateral Advisory Commission. This section proposes the establishment of an Advisory Commission to advise the Attorney General in establishing the program.

Authorization. This section authorizes the necessary appropriations.

Termination. This program would terminate 10 years after enactment.

THE EFFECT OF THE PROGRAM

This program will bring a large proportion of Mexican labor within the law, increasing the credibility of the immigration law. As legal workers, Mexicans can insist on adequate wages and decent working conditions. By eliminating the need for smugglers and dangerous border crossings, the program will attract those workers who are currently entering the country illegally.

The program will allow U.S. employers to obtain needed workers in a free market system. At the same time, it will benefit domestic workers by changing an exploitable competitor into a legal work force, competing on equal terms. The restriction of certain worksites will insure that domestic workers are not displaced by the temporary workers, while avoiding the abuses of a prearranged contract system.

This bill recognizes that a significant number of Mexicans supplement their income by temporary work in the United States and that this country has need for such short term labor. The temporary worker visa program provides a legal framework for this situation.●

ORDER OF BUSINESS

Mr. BAKER. Madam President, is there an order for the convening of the Senate on tomorrow?

The PRESIDING OFFICER. Yes, there is; 11 a.m.

Mr. BAKER. I thank the Chair.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Madam President, in view of the fact that there are a number of requests for special orders in the morning, I ask unanimous consent that the time of the convening of the Senate on tomorrow be changed to 9:30 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATORS ON TOMORROW

Mr. BAKER. Madam President, I ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, that there be special orders of 15 minutes each in favor in the following Senators in the following order: Senator PACKWOOD, Senator BOSCHWITZ, Senator BAKER, Senator STEVENS, Senator MCCLURE, Senator TOWER, and Senator ROBERT C. BYRD.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Madam President, I observe that the distinguished minority leader is in the Chamber.

I inquire of him if the minority is in a position to consider the two nominations on today's Executive Calendar.

Mr. ROBERT C. BYRD. Madam President, those two nominations are cleared on this side of the aisle.

Mr. BAKER. I thank the distinguished minority leader.

EXECUTIVE SESSION

Mr. BAKER. Madam President, I ask unanimous consent that the Senate proceed into executive session for the purpose of considering the nominations appearing on today's Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The legislative clerk read the nomination of Donald I. Hovde, of Wisconsin, to be Under Secretary of Housing and Urban Development.

(By request of Mr. ROBERT C. BYRD the following statement was ordered to be printed in the RECORD:)

● Mr. PROXMIRE. Mr. President, I am pleased the nomination of Donald I. Hovde is now before the Senate. He has been very successful in all of his endeavors, including establishing his own real estate firm in Madison, Wis., and serving as president of the National Association of Realtors. I support this nomination and urge my colleagues to vote for his confirmation.

The Banking, Housing, and Urban Affairs Committee has completed a thorough review of Mr. Hovde's background and suitability to be Under Secretary of HUD, and its members also conclude that his nomination should be confirmed. I took it upon myself to contact Madison residents who know Mr. Hovde's work in order to get their impressions of his suitability for the No. 2 job at HUD. They spoke highly of his civic consciousness and commitment to local fair housing.

My constituents' approval of Mr. Hovde and his own responses to questions I put to him at the banking hearing were very important to alleviating a single concern I had about his nomination. HUD's Under Secretary must have a clear commitment to furthering fair housing. Mr. Hovde's statement that "we need an amendment to the Civil Rights Act * * * a way in which the aggrieved party can seek redress in the court system" is something to which I will hold him as we work to get a fair housing enforcement bill passed early in this session.●

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Madam President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

OFFICE OF PERSONNEL MANAGEMENT

The legislative clerk read the nomination of Donald J. Devine, of Maryland, to be Director of the Office of Personnel Management.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Madam President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Madam President. I ask unanimous consent that the President be immediately notified that the Senate has given consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Madam President, I ask unanimous consent that the Senate re-

turn to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Madam President, on tomorrow the Senate will convene at 9:30 a.m.

After the recognition of the two leaders under the standing order, seven Senators will be recognized under special orders for not to exceed 15 minutes each, as previously outlined and provided for.

After the recognition of the seven Senators under the special orders just mentioned, it is the intention of the leadership to provide for a period for the transaction of routine morning business.

I inquire of the Chair: After the close of routine morning business is provided for, assuming that the same is disposed of as I have just suggested, what will be the business before the Senate?

The PRESIDING OFFICER. The business before the Senate will be S. 509.

Mr. BAKER. I thank the Chair.

Madam President, the Senate then, of course, will resume the consideration of that measure. The milk price support bill will still be open to amendment. It is my understanding that a number of amendments have been stacked and will occur beginning at 2:30 in the afternoon on tomorrow. Am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Will the Chair advise me as to the number of amendments that have been provided for in that way?

The PRESIDING OFFICER. There are four amendments that have been provided for at this time.

Mr. BAKER. And rollcall votes have been ordered in each instance?

The PRESIDING OFFICER. That is correct.

Mr. BAKER. So on tomorrow there will be rollcall votes on at least four amendments, unless the order for the yeas and nays is vacated by unanimous consent.

I fully expect that on tomorrow there will be a call for the yeas and nays on final passage of this bill, if indeed we reach final passage tomorrow, as I hope we will. There may be other amendments as well.

After the disposition of that measure the Senate will turn to such other business as may come before it by unanimous consent or which may be done without objection and in a routine way.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Madam President, it is clear to me now that there are no further amendments that can conveniently be offered this afternoon to the pending bill; and since provision already has been made for the further disposition of the amendments thus far debated, I know of no useful purpose to be served by the Senate remaining in session further this afternoon.

So, in accordance with the order previously entered, I move that the Senate stand in recess until 9:30 a.m. tomorrow.

The motion was agreed to; and at 3:02 p.m. the Senate recessed until tomorrow, Tuesday, March 24, 1981, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate March 23, 1981:

DEPARTMENT OF COMMERCE

Joseph Robert Wright, Jr., of New York, to be Deputy Secretary of Commerce, vice Luther H. Hodges, Jr., resigned.

Lionel H. Olmer, of Maryland, to be Under Secretary of Commerce for International Trade, vice Robert E. Herzstein, resigned.

DEPARTMENT OF STATE

Robert D. Hormats, of Maryland, to be an Assistant Secretary of State, vice Deane R. Hinton.

DEPARTMENT OF THE INTERIOR

G. Ray Arnett, of California, to be Assistant Secretary for Fish and Wildlife, Department of the Interior, vice Robert L. Herbst, resigned.

FEDERAL AVIATION ADMINISTRATION

J. Lynn Helms, of Connecticut, to be Administrator of the Federal Aviation Administration, vice Langhorne McCook Bond.

U.S. ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. Robert Gibbons Gard, Jr., 449–36–3971 (age 53), Army of the United States (major general, U.S. Army).

U.S. AIR FORCE

The following named officer for promotion in the United States Air Force, under the appropriate provisions of Chapter 839, Title 10, United States Code, as amended.

LINE OF THE AIR FORCE

Major to lieutenant colonel

Wiles, James K., xxx-xx-xxxx.

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, Title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

To be captain

Clymer, Gregg N., xxx-xx-xxxx.
Fowler, Donald R., xxx-xx-xxxx.
Gerhardt, Robert L., xxx-xx-xxxx.
Higgins, Kevin S., xxx-xx-xxxx.
Mandros, Harry R., xxx-xx-xxxx.
Medlin, John M., xxx-xx-xxxx.
Milan, Donald W., xxx-xx-xxxx.
Minze, Larry D., xxx-xx-xxxx.
Sobol, Anthony J., III, xxx-xx-xxxx.
Sokolowski, Frank P., xxx-xx-xxxx.
Weinzierl, Thomas C., xxx-xx-xxxx.

To be first lieutenant

Abbott, Darwin W., xxx-xx-xxxx.
Abernathy, Dale E., xxx-xx-xxxx.
Adair, John J., Jr., xxx-xx-xxxx.
Adams, David G., xxx-xx-xxxx.
Adams, Philip E., xxx-xx-xxxx.
Adams, Richard S., xxx-xx-xxxx.
Albert, Vincent L., xxx-xx-xxxx.
Alexander, Gary R., xxx-xx-xxxx.
Alicea, Joseph M., xxx-xx-xxxx.
Allen, Philip B., xxx-xx-xxxx.
Allen, Shelley M., xxx-xx-xxxx.
Allen, Thomas E., xxx-xx-xxxx.
Allred, Doyle E., xxx-xx-xxxx.
Almeida, Richard L., Jr., xxx-xx-xxxx.
Alquist, Richard J., xxx-xx-xxxx.
Alsbrooks, John R., xxx-xx-xxxx.
Alvis, David W., xxx-xx-xxxx.
Amerine, William E., xxx-xx-xxxx.
Anaya, Minerva, xxx-xx-xxxx.
Anders, Melvin R., xxx-xx-xxxx.
Anderson, Allen F., xxx-xx-xxxx.
Anderson, Donald J., Jr., xxx-xx-xxxx.
Anderson, John M., III, xxx-xx-xxxx.
Andrews, William B., II, xxx-xx-xxxx.
Angell, Gregory S., xxx-xx-xxxx.
Anzalone, Chris T., xxx-xx-xxxx.
Apple, Kent K., xxx-xx-xxxx.
Archambeault, Bruce R., xxx-xx-xxxx.
Archambeault, Gary R., xxx-xx-xxxx.
Armstrong, Frank A., xxx-xx-xxxx.
Armstrong, John C., xxx-xx-xxxx.
Arnold, Robert M., xxx-xx-xxxx.
Ashby, Evan H., III, xxx-xx-xxxx.
Attard, Steven L., xxx-xx-xxxx.
Austin, Jeffrey S., xxx-xx-xxxx.
Averill, Reid J., xxx-xx-xxxx.
Avery, Mark R., xxx-xx-xxxx.
Baca, Eugene R., xxx-xx-xxxx.
Bailey, Charles W., xxx-xx-xxxx.
Bailey, Charles, xxx-xx-xxxx.
Bailey, Frank, xxx-xx-xxxx.
Bailey, Rosanne, xxx-xx-xxxx.
Baillargeon, Joseph G., Jr., xxx-xx-xxxx.
Baker, Allen D., xxx-xx-xxxx.
Baker, John H., xxx-xx-xxxx.
Baker, William E., Jr., xxx-xx-xxxx.
Baldwin, Gregory D., xxx-xx-xxxx.
Bandy, Cheryl A., xxx-xx-xxxx.
Bannerman, David C., xxx-xx-xxxx.
Barbero, Russell C., xxx-xx-xxxx.
Bardo, Garry M., Jr., xxx-xx-xxxx.
Barker, William D., xxx-xx-xxxx.
Barnes, Keith L., xxx-xx-xxxx.
Barnoske, David M., xxx-xx-xxxx.
Barr, John W., xxx-xx-xxxx.
Barrett, John A., xxx-xx-xxxx.
Bass, Carla D., xxx-xx-xxxx.
Batista, Pedro D., xxx-xx-xxxx.
Batteas, Frank W., xxx-xx-xxxx.
Bauerle, William L., xxx-xx-xxxx.
Baugh, Harold J., Jr., xxx-xx-xxxx.
Baxley, Coy S., II, xxx-xx-xxxx.
Baxter, Dennis A., xxx-xx-xxxx.
Baxter, James C., xxx-xx-xxxx.
Beach, James L., xxx-xx-xxxx.
Beach, Paul R., xxx-xx-xxxx.
Bean, Robert F., xxx-xx-xxxx.
Beck, William J., Jr., xxx-xx-xxxx.
Becker, Bruce W., xxx-xx-xxxx.
Becker, Larry J., xxx-xx-xxxx.
Beddome, Michael A., xxx-xx-xxxx.
Bejsovec, Glenn J., xxx-xx-xxxx.
Belair, Arthur, xxx-xx-xxxx.
Beldin, Bernard E., xxx-xx-xxxx.
Bell, John S., xxx-xx-xxxx.
Belongia, Carol A., xxx-xx-xxxx.
Belongia, Kenneth J., xxx-xx-xxxx.
Beltz, Ronald K., xxx-xx-xxxx.
Ben, Robert, xxx-xx-xxxx.
Benner, Philip E., xxx-xx-xxxx.
Benson, Kurt A., xxx-xx-xxxx.
Benson, Scott W., xxx-xx-xxxx.
Bentkowski, Roy E., xxx-xx-xxxx.
Bentzien, Lynnette L., xxx-xx-xxxx.
Berehulka, Arthur R. S., xxx-xx-xxxx.
Berehulka, Susan M., xxx-xx-xxxx.
Bettes, James M., xxx-xx-xxxx.
Betts, Bruce L., xxx-xx-xxxx.
Bez, Duane R., xxx-xx-xxxx.
Binkley, Richard D., xxx-xx-xxxx.
Birdsall, Elizabeth Y., xxx-xx-xxxx.
Bishop, Mark A., xxx-xx-xxxx.
Bitler, Mary B., xxx-xx-xxxx.
Blackwell, Stuart W., xxx-xx-xxxx.
Blair, Gene E., xxx-xx-xxxx.
Blaylock, Michael E., xxx-xx-xxxx.
Blevins, Robert D., xxx-xx-xxxx.
Blizzard, David M., xxx-xx-xxxx.
Bodenhamer, Todd A., xxx-xx-xxxx.
Bofinger, James, xxx-xx-xxxx.
Bohun, Michael H., xxx-xx-xxxx.
Bonkofsky, Thomas B., xxx-xx-xxxx.
Bontrager, Mark E., xxx-xx-xxxx.
Boots, Mark L., xxx-xx-xxxx.

Boozer, David R., xxx-xx-xxxx
Borges, Scott K., xxx-xx-xxxx
Bosler, Clayton D., xxx-xx-xxxx
Bostick, Steven S., xxx-xx-xxxx
Boudreaux, Vincent C., xxx-xx-xxxx
Bouffard, William J., xxx-xx-xxxx
Boughman, James W., xxx-xx-xxxx
Bouley, Joseph R., xxx-xx-xxxx
Bourne, Cynthia A., xxx-xx-xxxx
Bowen, Sherry L., xxx-xx-xxxx
Bower, Steven M., xxx-xx-xxxx
Bowers, Donald B., xxx-xx-xxxx
Bowling, Gary L., xxx-xx-xxxx
Brackett, David S., xxx-xx-xxxx
Bradshaw, Carl W., xxx-xx-xxxx
Brady, John E., xxx-xx-xxxx
Braley, Claude C., xxx-xx-xxxx
Bray, Carolyn F., xxx-xx-xxxx
Brett, David R., xxx-xx-xxxx
Brewer, John B., xxx-xx-xxxx
Bridgman, James H., Jr., xxx-xx-xxxx
Briggs, James P., Jr., xxx-xx-xxxx
Bright, Daryl C., xxx-xx-xxxx
Brocki, Sheila B., xxx-xx-xxxx
Brooks, Bruce K., xxx-xx-xxxx
Brown, Donell, xxx-xx-xxxx
Brown, Jerry D., xxx-xx-xxxx
Brown, Lavell W., III, xxx-xx-xxxx
Brown, Mary R., xxx-xx-xxxx
Brown, Ralph W., xxx-xx-xxxx
Brown, Thomas C., III, xxx-xx-xxxx
Brumfield, Thad., Jr., xxx-xx-xxxx
Brunson, Carolyn, xxx-xx-xxxx
Buchanan, Doyle P., xxx-xx-xxxx
Buckley, William J., xxx-xx-xxxx
Budde, Michael J., xxx-xx-xxxx
Buettner, Ronald P., xxx-xx-xxxx
Bunda, Rosauro, xxx-xx-xxxx
Bungay, Robert V., xxx-xx-xxxx
Bunning, Paul M., xxx-xx-xxxx
Bunton, Howard W., xxx-xx-xxxx
Burg, James R., xxx-xx-xxxx
Burke, James R., xxx-xx-xxxx
Burks, Mark E., xxx-xx-xxxx
Burleson, William O., xxx-xx-xxxx
Burlew, Michael E., xxx-xx-xxxx
Busto, Sandra A., xxx-xx-xxxx
Bzik, John P., xxx-xx-xxxx
Cahoon, William T., xxx-xx-xxxx
Callender, James T., xxx-xx-xxxx
Callicutt, Kenneth S., xxx-xx-xxxx
Calloway, Ronald J., xxx-xx-xxxx
Campbell, David C., xxx-xx-xxxx
Campbell, Deborah L., xxx-xx-xxxx
Campbell, Pamela L., xxx-xx-xxxx
Campbell, Ted R., xxx-xx-xxxx
Camps, Jeffrey L., xxx-xx-xxxx
Capehart, Steven R., xxx-xx-xxxx
Card, Kathleen M., xxx-xx-xxxx
Carey, Lance, xxx-xx-xxxx
Caron, Gerard John, xxx-xx-xxxx
Carpenter, Floyd L., xxx-xx-xxxx
Carpenter, Michael R., xxx-xx-xxxx
Carrero, Davy A., xxx-xx-xxxx
Carrero, Nidia S., xxx-xx-xxxx
Carter, Thomas J. III, xxx-xx-xxxx
Carty, Robert C., xxx-xx-xxxx
Cashio, Mark D., xxx-xx-xxxx
Castro, Felipe Jr., xxx-xx-xxxx
Caufield, Clyde C., xxx-xx-xxxx
Cebula, Karen E. W., xxx-xx-xxxx
Chambers, James D., xxx-xx-xxxx
Chambers, Michael N., xxx-xx-xxxx
Chandler, Larry S., xxx-xx-xxxx
Chapman, Mark D., xxx-xx-xxxx
Chapman, Suzann, xxx-xx-xxxx
Charlton, Howard A., Jr., xxx-xx-xxxx
Chaves, Manuel A., xxx-xx-xxxx
Chavis, Richard W., xxx-xx-xxxx
Cicotello, Christine, xxx-xx-xxxx
Clark, Otis F., xxx-xx-xxxx
Clark, Rita F., xxx-xx-xxxx
Clark, Terrance J., xxx-xx-xxxx
Clay, Maureen M., xxx-xx-xxxx
Clearwater, Burton J., xxx-xx-xxxx
Clement, Steven, xxx-xx-xxxx
Clendenen, William S., xxx-xx-xxxx
Cleveland, Glenn D., xxx-xx-xxxx
Cloer, Donald R., Jr., xxx-xx-xxxx
Clyburn, James P., xxx-xx-xxxx
Cochran, Douglas R., xxx-xx-xxxx
Cochran, Robert M., xxx-xx-xxxx
Cogdell, Darrell, xxx-xx-xxxx
Cohen, Martin R., xxx-xx-xxxx
Cohen, Samuel D., xxx-xx-xxxx
Coit, Thomas M., xxx-xx-xxxx
Cole, David S., xxx-xx-xxxx
Cole, Norman E., xxx-xx-xxxx
Cole, Richard M., xxx-xx-xxxx
Coleman, Phyllis K., xxx-xx-xxxx
Collins, David J., xxx-xx-xxxx
Collins, Joseph H., xxx-xx-xxxx
Colon, William, Jr., xxx-xx-xxxx
Coloney, Steven J., xxx-xx-xxxx
Colvin, John T., xxx-xx-xxxx
Conley, Michael L., xxx-xx-xxxx
Conn, Michael G., xxx-xx-xxxx
Conrad, Janice M., xxx-xx-xxxx
Contreras, Raymond, xxx-xx-xxxx
Cook, Ava Nell, xxx-xx-xxxx
Copeland, William R., xxx-xx-xxxx
Corbett, Thomas P., xxx-xx-xxxx
Cordes, Gregory J., xxx-xx-xxxx
Corley, Cathy A., xxx-xx-xxxx
Corley, Jerry T., xxx-xx-xxxx
Corppetts, Hezekiah, xxx-xx-xxxx
Cosner, James P., xxx-xx-xxxx
Costa, David M., xxx-xx-xxxx
Counihan, Michael A., xxx-xx-xxxx
Courson, David A., xxx-xx-xxxx
Coutee, Paul W., xxx-xx-xxxx
Couzins, James J., xxx-xx-xxxx
Craig, Michael R., xxx-xx-xxxx
Crawford, Steven J., xxx-xx-xxxx
Cribbs, William A., xxx-xx-xxxx
Crisler, Tommy C., xxx-xx-xxxx
Crouse, Samuel V., xxx-xx-xxxx
Croushore, Sandy, xxx-xx-xxxx
Crownover, Bruce W., xxx-xx-xxxx
Cruz, Gregory, xxx-xx-xxxx
Culpepper, Louis S., Jr., xxx-xx-xxxx
Cummings, Robert A., xxx-xx-xxxx
Cummins, Charles K., Jr., xxx-xx-xxxx
Cunningham, Ronnie W., xxx-xx-xxxx
Curley, James P., xxx-xx-xxxx
Curry, Kevin E., xxx-xx-xxxx
Curtis, Leland S., xxx-xx-xxxx
Curtis, Lewis G., xxx-xx-xxxx
Cyr, Guy E., xxx-xx-xxxx
Czapor, Peter W., xxx-xx-xxxx
Daffern, Nicholas F., xxx-xx-xxxx
Dalpias, Ernest A., xxx-xx-xxxx
Daly, John D., xxx-xx-xxxx
Dandridge, Melvin L., xxx-xx-xxxx
Daneu, Karen, xxx-xx-xxxx
Danielson, Camden, xxx-xx-xxxx
Danielson, James T., xxx-xx-xxxx
Darnell, Michael L., xxx-xx-xxxx
Davidson, Paul A., xxx-xx-xxxx
Davis, Jeffrey M., xxx-xx-xxxx
Davis, Jeffrey A., xxx-xx-xxxx
Davis, Jimmy A., xxx-xx-xxxx
Davis, Michael B., xxx-xx-xxxx
Dawson, James F., Jr., xxx-xx-xxxx
Deacy, Michael K., xxx-xx-xxxx
Deberry, Melissa S., xxx-xx-xxxx
Deberry, Paul C., Jr., xxx-xx-xxxx
Decenso, Michael L., xxx-xx-xxxx
Decurtis, Francis A., xxx-xx-xxxx
Degenhart, Kenneth R., xxx-xx-xxxx
Deloney, Thurmon L., II, xxx-xx-xxxx
Deppe, Thomas F., xxx-xx-xxxx
Despinoy, Dean J., xxx-xx-xxxx
Desrosiers, Mark E., xxx-xx-xxxx
Detzel, John E., xxx-xx-xxxx
Devore, Charles R., xxx-xx-xxxx
Devoto, Donald A., xxx-xx-xxxx
Dewind, Gilbert J., xxx-xx-xxxx
Dickes, Raymond N., III, xxx-xx-xxxx
Dickey, David E., Jr., xxx-xx-xxxx
Diehl, Debra A., xxx-xx-xxxx
Dieken, John H., xxx-xx-xxxx
Diew, Herbert L., xxx-xx-xxxx
Digiovanni, Jerome, xxx-xx-xxxx
Dilbert, Thomas F., xxx-xx-xxxx
Dilorenzo, Peter V., xxx-xx-xxxx
Dinning, David L., xxx-xx-xxxx
Dirago, Joseph B., Jr., xxx-xx-xxxx
Dodson, Kent K., xxx-xx-xxxx
Doles, Joanne T., xxx-xx-xxxx
Donaldson, Sherill Lee, xxx-xx-xxxx
Donley, Raymond G., III, xxx-xx-xxxx
Doody, James M., xxx-xx-xxxx
Dorgan, Thomas, xxx-xx-xxxx
Dorsey, Gary J., xxx-xx-xxxx
Doucette, Robert G., xxx-xx-xxxx
Dougless, Grady L., xxx-xx-xxxx
Doumit, Patrick F., xxx-xx-xxxx
Dowdle, Terence L., xxx-xx-xxxx
Dowmont, Mary S., xxx-xx-xxxx
Downing, Alfonso Q., Jr., xxx-xx-xxxx
Doyle, William J., III, xxx-xx-xxxx
Driggs, Stuart R., xxx-xx-xxxx
Drinkard, Jeffrey I., xxx-xx-xxxx
Drinkwater, Peter L., xxx-xx-xxxx
Drobezko, Joseph M., xxx-xx-xxxx
Dron, Lucy M., xxx-xx-xxxx
Dron, Steven B., xxx-xx-xxxx
Druckenbrdot, Richard L., xxx-xx-xxxx
Dubray, Joseph M., III, xxx-xx-xxxx
Ducey, Roger H., III, xxx-xx-xxxx
Duffin, Andrew V., xxx-xx-xxxx
Dugan, Richard A., xxx-xx-xxxx
Dukauskas, Gerald J., xxx-xx-xxxx
Duke, Charles G., III, xxx-xx-xxxx
Dukes, Janet M., xxx-xx-xxxx
Duncan, Katrina A., xxx-xx-xxxx
Duncan, William K., xxx-xx-xxxx
Dunivin, Karen O., xxx-xx-xxxx
Dunivin, Stephen M., xxx-xx-xxxx
Dunn, Jane M., xxx-xx-xxxx
Dunn, John T., xxx-xx-xxxx
Duran, Henry F., xxx-xx-xxxx
Dye, Anita F., xxx-xx-xxxx
Dyer, Donald D., xxx-xx-xxxx
Dyer, Thomas T., xxx-xx-xxxx
Eacker, Orville L., Jr., xxx-xx-xxxx
Easley, Nathan S., xxx-xx-xxxx
Eastman, George J., xxx-xx-xxxx
Eastman, Ross F., Jr., xxx-xx-xxxx
Eckert, Larry A., xxx-xx-xxxx
Edelen, Philip B., xxx-xx-xxxx
Edger, Lawrence W., xxx-xx-xxxx
Edmundson, Jerry H., xxx-xx-xxxx
Edwards, Johnny P., xxx-xx-xxxx
Egginton, Jack B., xxx-xx-xxxx
Egloff, Mark D., xxx-xx-xxxx
Eldridge, Willie E., xxx-xx-xxxx
Elliott, Lance E., xxx-xx-xxxx
Ellis, Douglas A., xxx-xx-xxxx
Ellis, William R., xxx-xx-xxxx
Emery, Kenneth R., II, xxx-xx-xxxx
Emmons, Kathleen M., xxx-xx-xxxx
England, James M., xxx-xx-xxxx
English, Wilson L., xxx-xx-xxxx
Eonta, John P., xxx-xx-xxxx
Erickson, Denise D., xxx-xx-xxxx
Erickson, Kim E., xxx-xx-xxxx
Ernst, Ellen C., xxx-xx-xxxx
Escobedo, Janet J., xxx-xx-xxxx
Eshleman, Mark O., xxx-xx-xxxx
Eslaire, Robert W., xxx-xx-xxxx
Evan, Gary J., xxx-xx-xxxx
Evans, David L., xxx-xx-xxxx
Everitt, Andrea S., xxx-xx-xxxx
Fachetti, Donna J., xxx-xx-xxxx
Faenza, Bernard J., xxx-xx-xxxx
Farr, Russell D., xxx-xx-xxxx
Faulkner, Daniel P., xxx-xx-xxxx
Fearneyhough, Jack M., xxx-xx-xxxx
Feightner, Donald L., xxx-xx-xxxx
Feirick, Paul R., xxx-xx-xxxx
Felker, Edward J., xxx-xx-xxxx
Ferguson, Gary A., xxx-xx-xxxx
Ferguson, Joan S., xxx-xx-xxxx
Fernandez, Jorge A., xxx-xx-xxxx
Ferrato, William P., xxx-xx-xxxx
Ferrell, Kirk A., xxx-xx-xxxx
Ferrell, Mark E., xxx-xx-xxxx
Ferris, Richard F., xxx-xx-xxxx
Fetter, Clifford C., xxx-xx-xxxx
Fiene, James E., xxx-xx-xxxx
Filios, Patricia R., xxx-xx-xxxx
Finnern, Frank Robert, Jr., xxx-xx-xxxx
Finnerty, Christopher S., xxx-xx-xxxx
Fischer, David L., xxx-xx-xxxx
Fitterer, Arthur L., xxx-xx-xxxx
Flaugher, Jonathan S., xxx-xx-xxxx
Fleenor, John K., xxx-xx-xxxx

Flom, John A., xxx-xx-xxxx.
Floyd, Horace J., Jr., xxx-xx-xxxx.
Foerster, Sheryl A., xxx-xx-xxxx.
Ford, Lila K., xxx-xx-xxxx.
Ford, Mary R., xxx-xx-xxxx.
Foresman, Craig L., xxx-xx-xxxx.
Forsen, Janice H., xxx-xx-xxxx.
Fortenberry, Curtis B., xxx-xx-xxxx.
Foster, Kathleen J., xxx-xx-xxxx.
Fouche, Eldred J., xxx-xx-xxxx.
Fowlkes, Robert F., xxx-xx-xxxx.
Fox, Teresa A., xxx-xx-xxxx.
Francis, Charles A., xxx-xx-xxxx.
Francis, Stanley W., xxx-xx-xxxx.
Frank, Larry R., xxx-xx-xxxx.
Frederick, John J., xxx-xx-xxxx.
Freiberger, Lawrence J., xxx-xx-xxxx.
Freund, Darral J., xxx-xx-xxxx.
Friar, James A., xxx-xx-xxxx.
Frye, Stephen L., xxx-xx-xxxx.
Fryer, Richard L., xxx-xx-xxxx.
Fults, William W., xxx-xx-xxxx.
Funk, Brian D., xxx-xx-xxxx.
Futrell, Dena Z., xxx-xx-xxxx.
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Stansberry, Robert C. xxx-xx-xxxx.
Steele, Mark D. xxx-xx-xxxx.
Stein, Joseph A. xxx-xx-xxxx.
Stevenson, Ronald W. xxx-xx-xxxx.
Stewart, James N. xxx-xx-xxxx.
Stipp, Mark R. xxx-xx-xxxx.
Storey, David J. xxx-xx-xxxx.
Straw, Robert A. xxx-xx-xxxx.
Strodtbeck, Douglas W. xxx-xx-xxxx.
Stump, Brian W. xxx-xx-xxxx.
Svrcek, Steven P. xxx-xx-xxxx.
Swenson, David J. xxx-xx-xxxx.
Teel, Lester W., Jr. xxx-xx-xxxx.
Teverbaugh, Larry D. xxx-xx-xxxx.
Tice, Jeffrey S. xxx-xx-xxxx.
Tinkler, Richard D. xxx-xx-xxxx.
Trapp, James S. xxx-xx-xxxx.
Travnicek, Patrick L. xxx-xx-xxxx.
Trimmer, Glenn A. xxx-xx-xxxx.
Turner, Frederic S. xxx-xx-xxxx.
Vassilopoulos, John G. xxx-xx-xxxx.
Vonberckefeldt, Richard W. xxx-xx-xxxx.
Waitte, Michael J. xxx-xx-xxxx.
Walker, William C. xxx-xx-xxxx.
Walton, Leonard J. xxx-xx-xxxx.
Ward, Bradford E. xxx-xx-xxxx.
Ward, David K. xxx-xx-xxxx.
Weiler, Thomas G. xxx-xx-xxxx.
White, Andrew J. xxx-xx-xxxx.
Whitten, Thomas R. xxx-xx-xxxx.
Williams, Samuel H. xxx-xx-xxxx.
Willis, Simon L., Jr. xxx-xx-xxxx.
Wilson, Edward G. xxx-xx-xxxx.
Winter, Rodney G. xxx-xx-xxxx.
Wroble, Guy G. xxx-xx-xxxx.
Young, Thomas D. xxx-xx-xxxx.

The following officer for appointment in the Regular Air Force, in the grade indicated, under the provisions of section 8284, Title 10, United States Code, with a view to designation under the provisions of section 8067, Title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

NURSE CORPS

To be first lieutenant

Bishop, Stephanie S. xxx-xx-xxxx.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 23, 1981.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Donald I. Hovde, of Wisconsin, to be Under Secretary of Housing and Urban Development.

OFFICE OF PERSONNEL MANAGEMENT

Donald J. Devine, of Maryland, to be Director of the Office of Personnel Management for a term of 4 years.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

DAVID KEARNS OF XEROX SPEAKS ON PRODUCTIVITY

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. OBEY. Mr. Speaker, I am inserting in the RECORD today a speech delivered by David T. Kearns, president and chief operating officer of the Xerox Corp. before the National Governors Association Conference on Technological Innovation. Although the speech is lengthy, I strongly recommend it to the Members because it cuts through a great deal of the rhetoric on both sides of the productivity issue and focuses attention on some of the basic problems we face as a society.

There is no question that we must save more and invest more if we are to survive as a viable competitor on world markets. We must have a government that regulates intelligently and avoids regulation wherever possible. But those issues should not obscure all other aspects of the productivity question. We must develop a far more constructive attitude between labor and management about issues involving efficiency. We must get corporate managers to look past the next quarters profit margin, 5 to 10 years into the future. Perhaps more important than all of the above, we must break out of our current obsession with confrontation politics at every level and on every issue. If Americans view each other as their No. 1 enemy on one issue after another, there will be little energy left to make this country more efficient and productive. It will be impossible if we are not prepared to shed the rhetoric on both and left and the right which simply blames the other guy for the problem.

David Kearns makes a significant contribution toward developing the kind of dialog in which all Americans can participate without rancor and with serious thought about a future which belongs to all of us.

The speech follows:

A SPEECH BY DAVID T. KEARNS

Few of us can translate the Latin inscription on the back of our dollar bill: Annuit coeptis—be favorable to bold enterprises.

Benjamin Franklin chose the seal, and that motto for the seal. Franklin was a man of many marvelous talents . . . statesman . . . businessman . . . scientist . . . inventor. He knew that new ventures, new enterprises, were the basis of a healthy American economy. He was at heart an innovator. He knew that a good idea doesn't keep. Something has to be done with it.

It has been said that before America was a country, it was an idea. It is said, now, that time is running out on that idea, and something has to be done with it soon.

We all, now, confront the most dangerous economic crisis since President Roosevelt took office 48 years ago. What the great depression was to the 1930's, says economist Walter Heller, the great inflation is to the 1980's.

That's a bold challenge. But we are a bold people. We have turned some of the toughest challenges in history into the most successful nation on earth.

And with all our frailties, and all our faults, there is still no nation on earth that is our equal.

I detect a new mood of renewed hope, now, across the country. But there is a residue of lost hope in still too many Americans who have forgotten—or worse, have lost their conviction—that progress is our natural condition.

The old idea of progress was nothing less than a faith in our own ability to think our way out of our problems, to think of new ways to solve them. It was reaching out to shape the future, not waiting passively to see how it all turns out.

Somebody once said that even the future isn't what it used to be. Well, I'm more optimistic than that. I want to talk to you, today, about solutions, which obviously are not going to be found in the problems of our economy, but in its restoration to full health.

To begin with, let us once and for all rid ourselves of the notion that we are not as rich a country as we once were, and we're all going to have to settle for less.

It's true that natural resources are finite, and some of ours are beginning to run low. But I've been trying to remind people for some time, now, that we aren't a wealthly nation just because we were lucky enough to be blessed with rich farmlands and vast stores of oil, gas and coal.

The wealth of this nation isn't in the ground. It's in our hearts and minds—and that's a renewable source.

Certainly, we should be less wasteful of our natural resources and conserve more. But what troubles me more than that is the way we waste our real wealth—the power to generate new ideas. Instead of looking for solutions, we look for excuses to make and villains to blame.

There seems to be something in our national attitude that encourage us, every time a new problem is discovered, to look at least as hard for villains as we do for solutions.

If the problem is productivity, there is the automatic inclination to blame it on lazy workers—this despite the fact that more and more people are working at two jobs so they can support their families.

If the problem is a dirty environment, the convenient villain is corporate irresponsibility.

And if the problem is inflation, you get a choice, depending on your perspective. The villain is either greedy labor unions making unreasonable wage demands or greedy businesses raising prices unconscionably.

A certain amount of contention is both natural and healthy. It seems to be a part of the American character. We even built it into our constitutional structure and its federalism, with checks and balances between the three branches of the central government.

But we may have carried it too far.

As a nation, we can't afford to take it for granted any more that management and labor are natural enemies. We're competing with countries that hold the exact opposite view, and whose economies are growing stronger relative to ours every day.

In the same way, we should stop accepting the idea that the environmentalist and the industrialist must make war on each other. The great battleground of that war is in this city, and the soldiers of that battle are the legions of lawyers and lobbyists. The founding fathers would be appalled at the degree to which we suffer legislation and define our progress by the standards of pressure groups.

But our biggest battle is not with each other. Above all, we must come to grips with inflation, which is both the prime cause and the chief effect of virtually all of our economic problems, most notably, our sagging productivity. Or in reverse, our sagging productivity is causing and fueling inflation.

The steady decline in American productivity in the last 20 years endangers our ability to generate new wealth at home and undermines our competitive position abroad. No longer can the poor and disadvantaged count on working their way to a better life. And no longer do Americans share the great expectations of generations past.

Our children may well be the first generation of Americans who will not live better than their parents. We've never had to deal with that kind of political and societal problem.

The economist, Barry Bosworth, says that this society has never had a consensus on anything except the notion that, "I'm doing better than I did before." And that, he says, is what's kept the system together.

So, if the system is falling apart, who's going to fix it? Clearly, it will take a new coalition of business, labor and government. But let's not lose sight of one thing. The system is based on business. And management runs businesses. So, let's look there.

In business, management's first responsibility to its employees, stockholders and customers is good management. Yet, the United States is strewn with sad evidence of wholesale managerial failure.

Whole industries—automobiles, steel, consumer electronics and others—have fallen victim to more aggressive, more efficient and better managed overseas competitors.

Don't look in the stores for an American-made radio or tape recorder. We don't make them any more.

One-half of all the automobiles in California showrooms this year will be imports, mainly Japanese.

More than half of our exports to Japan are food, fuel and crude materials. More than two-thirds of our imports from Japan are finished high-technology goods.

Until 1970, the United States had not run a deficit in foreign trade for 50 years. In 1978, our deficit with Japan alone was $13.5

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

billion. In our entire history, we have never grown even half as fast as the Japanese.

Those economic realities represent a major management challenge. The chairman and co-founder of the Sony Corporation, Akio Morita, says the trouble with American management is that we worry too much about short-term profits . . . and too little about our employees.

The Japanese approach to innovation and labor management is not a cultural eccentricity. Sony's U.S. plants—with Californians in San Diego and Alabamans in Dothan—are now almost as productive as they are in Japan.

Our problem is that American businessmen have grown up with a short-sighted mentality tied to the quarterly earnings report instead of the future. Risk—the very cornerstone of our capitalistic system—has become too risky. So long as American corporate boardrooms avoid risks, America's use of capitalism will remain weak and troubled.

We might all learn something from the experiences of the four young authors who wrote the new book, "The Official Preppy Handbook." They never dreamed that their little guide to Eastern preppiness would become the number one paperback best seller. But listen to this. Only one of the four is earning any royalties. She took a chance and signed a royalty contract. She got no money upfront. The others took the safe way out and got a flat fee of $1,000 each.

I think American management is stuck on that same safe way out. Playing it safe does nothing for productivity or the cooperative spirit we're trying to bring about in this country. Playing it safe is not in the best interest of the employees, the stockholders or the customers. Playing it safe is in management's selfish interest, and that sure hasn't gotten us very far.

The almost wholesale refusal of American business to invest in its own future has depressed productivity growth, raised our operating costs and pushed inflation higher. The safe way out leads nowhere.

Every single business in trouble in this country today has been devoid of surprises for years. Without question, American business has to come up with ways to recognize and reward the intelligent risk—totally apart from the success or failure that attends that risk.

Taking risks, however, is only one aspect of improving overall business productivity.

This is a conference on technology and innovation, and James Brian Quinn of Dartmouth has described the important role of new technology in sustaining our growth:

"It will be impossible to live as well tomorrow as we do today," he says, "without significant inventions, innovations and institutional changes."

Yet, according to the National Science Foundation, investment in research and development in the United States from 1968 to 1978 increased—in constant dollars—only four per cent.

We clearly have a problem sustaining technological advances, and we have to increase our national investments in that area.

That means greater investment in research and development. That means greater investment in modern, productive systems and machinery. That means more plowback, and an effort to show our employees, stockholders and customers that their real interests lie in the long term health of our technical base.

However, if we are to be the leading technological country at the end of the decade—and I believe we can be—we must face the problem, now, of how to apply our technology in an intelligent way to restore productivity growth.

Government officials have a special obligation to help lead the nation in finding new solutions—and implementing them—to help restore productivity.

Government, itself, is a major example of a large, contemporary institution, struggling to improve its productivity. Americans want more accountability from government. They want their governments—state, local and federal—to tighten up operations, improve services and put an end to useless bureaucratic paper shuffling.

It follows, then, that a government that is responsive, as well as responsible, ought to be actively looking at new ways to streamline its daily operations. Whether you realize it or not, most of the work in government is in the information sector. The biggest percentage of government employees are office workers whose jobs are to collect, manipulate, create and disseminate information—they are information workers. To give you an idea of how many people that is, in the federal government, there are 2.5 million civilian workers—and 80 percent are in the information sector.

That's an extreme example of a general trend in this country. The number of Americans employed in the manufacturing sector has fallen from 65 percent in 1950 to less than 35 percent today. During that same period, the number of people in the information sector of the economy rose from just 17 percent to over 55 percent—a staggering increase.

Now, information is my business, too, and before I go any further, I want to make it clear that I'm not here to sell you a Xerox office system. But new office technology is here. It can improve productivity and you should implement it. There's no question in my mind about that.

But I believe technology is far less important than how you apply it. There is a tendency in government, and in many parts of private industry, as well, to look at the wrong thing. Most people have put the bulk of their office automation expenditures into mechanizing routine operations. But the object is not to improve the output of clerks. It is to change the poorly structured work of managers, professionals and administrators—because they represent 78 percent of office labor costs.

That's one caution. But there's another that's equally important. Office technology is developing so rapidly that traditional boundaries are disappearing. Many pieces of equipment that once served a single purpose are giving way to multi-purpose machines that do several jobs at once. So, offices will need to be restructured . . . and so will jobs. New attention will have to be given to interpersonal relationships, work habits, promotion paths and job satisfaction.

That's a difficult bridge to cross. It will require unique sensitivity by management to the resistance to change that lies within all of us. From labor, it will require a new sense that there is new purpose in the public interest.

I do not pretend to be an expert on government management. But as a private citizen, who is deeply concerned about the health of the republic, I would recommend this to you:

As you consider new technology, look very hard at how you can streamline the process at the points it comes into contact with the general public. By all means, study and improve your own management processes. Look at your internal systems, assess all of your regulations and consider what it will take to procure major new innovative systems. But do so looking outward at how you can serve people better when they come to your agencies for help.

It seems to me that in a time of declining confidence in government performance, it would be important for the states to set up more responsive systems for dealing with their customers . . . to treat the public as if they were clients.

I really believe you could make tremendous improvements in productivity—as well as your own standing with the public—by pushing your efforts in that direction. It would be an important example of how technological innovation contributes to the productivity of government—as a business.

George Gilder, who wrote "Wealth And Poverty," says capitalism justifies itself, not merely by its unrivaled ability to create new wealth, but by its investment of that wealth back into society.

I believe capitalism has always regarded the American working man and woman as the sinew of our economic system. I am not sure, however, that labor and management have made capitalism work for each other.

There are a number of companies in this country that have gone under, because labor and management couldn't accommodate each other. Innovation will not take hold in Amercian corporations until managment understands something that labor already knows. Employees have a lot to contribute.

Without that basic assumption, management is denying itself its most important resource—its people. Problems on the manufacturing floor will be solved quicker and better if the people on the manufacturing floor are involved in the solution.

Lester Thurow of MIT suggests that improving productivity requires fundamental changes. Giving up coffee breaks isn't important, he says. What is important is an interest by employees in ferreting out more efficient production processes, and a willingness by them to embrace technical change.

But employees have to know that they're not going to innovate themselves out of their jobs. Here, I can draw from experience inside my own business.

Our North American Manufacturing Division just outside Rochester, New York produces our copiers and duplicators.

By the end of the year, we'll have 600 employees there involved in groups designed to improve quality—groups knows as quality circles. Every one of those persons goes through a formal course on how to solve problems, analyze data and test the results. It's a 40-hour course, and 12 of those hours are donated by the employees. Now, I'm talking about employees on the manufacturing floor. I'm not talking about management.

A new suggestion program for hourly employees has saved us $1 million in 18 months. But my favorite example is the one about the 37 employees who suggested a number of improvements in their own manufacturing operation.

Their suggestions eliminated five of their jobs. They could do that . . . they could look for ways to make themselves more productive . . . because they knew they would eliminate jobs—not each other. Accommodation between management and labor is not an unnatural act.

There has to be a fundamental understanding on employment security. Otherwise, there will be no motivation from within to drive productivity as high as we have to. And I'm not talking about two or three percent higher. We have to set our sights at productivity improvements 40 or 50 per cent—perhaps even 100 per cent—higher than our current levels.

I heard a story the other day about what the Japanese automobile companies think about American automobile companies. They think General Motors is well run, and that the billions of dollars GM is investing will result in low-cost, high-quality automobiles for Americans.

Having no doubt that GM will succeed, the Japanese have now set new goals on how to compete—not with the GM that exists today, but with the new GM they'll have to face tomorrow.

Former Labor Secretary and U.S. Ambassador to Japan James Hodgson says that in Japan, adversary is out. Consensus is in, and it has been for centuries. The Japanese, he says, do not consider 51 per cent a majority, at least not a workable majority.

The have a well-developed process that permeates their politics, their economics and their society. It involves everyone in the development of policy.

In business, labor gets involved in management decisions, and management works closely with labor. Leadership becomes, not a personality cult, but a genuine process in which allegiances are developed to the institutions that foster it. For the Japanese, productivity is not a problem—it is one of their great achievements.

Labor and management in this country must begin to look at each other differently. Our houses need not be divided. Automatic animosity by labor toward management—and vice versa—is outdated and destructive in every sense. The belief each of us should have in our systems is a belief each of us can express in our actions.

Recently, Ken Ohmae of McKinsey and Company in Japan wrote about the unusual role of Japan's government as the mind setter. That is, government policies and actions promote one set of shared values—one mind-set that contributes to economic development.

You have to be very cautious when drawing inferences from the Japanese experience. But there are some useful lessons.

To begin with, the educational system plays a key role. In the first three years of school, the children mainly learn how to play and work together—building a tradition of harmony and teamwork. Very bright Japanese students do not skip ahead to the next class. Instead, their extra brainpower is used to work out interpersonal relationships and help slower-moving classmates.

Second, the Japanese government also serves as a mind-setter in outlining national industrial strategies. In the early 50's, the government declared that "steel is the nation." We all know how successful they were building their steel industry. And once revitalized, that steel industry contributed to the growth of a host of related industries—particularly ship building and automobiles.

Just as steel was a key component in building up heavy industry, Japan has now identified a new technology as the next key ingredient—very large scale intergrated circuits, or VLSI. It's the next rich frontier of electronic technology. In Japan, they call it the new "rice industry."

At a major technical conference on solid circuits being held this month in New York, one-half of the papers have been contributed by Japanese authors.

They're coming on, and they're coming on faster than any of us realize. They have set VLSI as a national priority. The sectors of their economy will now start to move, in step, in one unified direction, knowing that their government will support them.

Thirdly, the government of Japan serves as a mind-setter in establishing international trade as a way of life. And as we all know, since the second world war, much of Japan's growth has been through trade—promoted and supported throughout government and industry.

The Japanese understand that the productivity battle is worldwide. I believe more of us in this country are beginning, now, to understand that.

The embattled farmer was the first to fire a shot for America. Now, the embattled American worker must fight a tough new fight of international competition for trade.

But we have trapped the American worker between the proverbial rock and a hard place.

American goods no longer meet the test of quality in the world market—and the future belongs to those who sell quality products to the world.

We now see foreign manufacturers moving into our country in precisely the way we used to move into undeveloped countries. Professor William Barret of New York University says that, "in a sense, we are now like an undeveloped country."

But this is no time to close our borders to foreign goods. Trade barriers—however well intentioned—don't make U.S. goods any better. Like it or not, the U.S. domestic market is part of the global market. It does not stand apart.

Cries for trade barriers constitute an admission of failure, because they say the only way we can compete is to eliminate the competition. I don't want to provoke our trading partners into putting up impassable trade barriers. Competition leads to better products at lower prices. Competition will force us to move ahead faster.

A Japanese executive told The New York Times that American managers are now beginning to realize that we're in a war of survival. He offered this analogy.

When Japan attacked Pearl Harbor, the United States had the seventh largest navy in the world. By the end of World War II, the American Navy was the biggest in the world.

"Americans can respond vigorously," he said. "Ultimately, that is what your nation will probably do about its current economic problems."

And then be offered this bit of advice. "Your corporate managers must lead that vigorous response."

He's right, but we can't do it alone. We need labor's full cooperation—and government's, as well.

Let me turn to government and its direct relationship with business. And let me say immediately what I believe. Much has been said—too much, I think—about the pros and cons of excess regulation. For too long, now, we've been making big government the big excuse for our business failures.

I have written, and I'll restate it here today, that American businessmen are hiding behind government regulations.

Some of the complaints are valid, there's no doubt about that. But I'm tired of hearing about them, and I don't think we should keep using them to get ourselves off the hook.

If all government and regulations were eliminated tomorrow, most companies would face the same problems they face today.

Having said that, I don't think we ought to let bureaucracy and over-regulation off the hook, either.

Before Nelson Rockefeller left the vice presidency in 1977, he talked about how the government's attitude had changed since he put in his first tour of federal service in 1940 as President Roosevelt's Latin American aide.

Back then, he said, government people considered themselves partners, friends, helpers of the private sector. But in our time, he complained, many government agencies seem to view the private sector as the enemy. It's all out of whack, he said, and America faces no more important task than to straighten it out.

Governor Brown commented on the same theme—the need to improve relations between business and government, in the public interest.

He observed last week that, "the normal idea is that you just slash away at government and government regulation without regard to the social order. But I reject that notion," he went on, suggesting that, "partnership between government and industry is inevitable."

I share that view, and I hope this conclave is more than just another step in the right direction. It is, indeed, that, but we need more than that. We need action, and we need action now.

I'm reminded of a story about Pope John XXIII.

Shortly after his installation in 1958, he gave word that he wanted to have a Vatican council by 1963, just five years away. An aide told Pope John about all the tremendous difficulties ahead in organizing such a conference. He said, "we can't possibly have a Vatican council by 1963." Pope John answered, "then, we will have one by 1962." And they did.

To those who say, we can't possibly turn our economy around in four or five years, let's tell them we'll do it in two or three. And we can, if we do it together. Government, business, labor. Our individual goals will only be met in the spirit of cooperation.

That shouldn't be hard. It's the same spirit that raised barns, plowed the prairies, founded cities, built bridges and highways and defended our shores.

Let's put it to work again.

Together.●

MEDICARE IMPROVEMENT

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. LEHMAN. Mr. Speaker, on March 18, I introduced H.R. 2598, a bill which would expand medicare coverage and make medical care more affordable for the elderly.

In recent years, we have gradually liberalized the medicare program, but I believe we must go further still. Adequate health care must not be denied our elderly poor, many of whom are already forced to choose between food and medicine.

This legislation would eliminate deductibles, coinsurance, and medicare taxes so that all benefits would be financed from general revenues.

Eye and dental care would be covered under medicare as well as items such as hearing aids, prescription drugs, and prosthetics. Certain psychological services and services provided by registered nurses would also be included.

H.R. 2598 also gives preventive care a high priority. One physical examination per year would be covered by medicare, and tests such as those used for detecting breast cancer would be provided free of charge to the patient.

I recognize that during these budget-cutting times, it will be difficult to broaden the medicare program in the way I have proposed. This bill, however, represents what medicare can and should become in the future, a comprehensive Government-sponsored program of health care for the elderly.●

WHICH ECONOMIC ROAD DO WE TAKE?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. MICHEL. Mr. Speaker, you may have noticed, as I have, that there are increasing attacks being made on the supply-side economics at the heart of the Reagan economic program. You do not have to be a born-again supply sider to realize many of these attacks are self-serving since they seem to be based on assumptions left over from the kind of policies that got us into economic difficulty in the first place. Paul Craig Roberts, Assistant Secretary of the Treasury for Economic Policy believes that the first thing we have to do is to understand that the economic assumptions of the Keynesians are no longer relevant.

I need not remind you, Mr. Speaker, that although we are speaking of theories, we are not dealing with what most of us would call theoretical problems. The inflation, unemployment, high interest rates, and general economic deterioration we are enduring are a result of the very real failures of Keynesian economics. Those failures have brought this country to a deplorable state. Mr. Roberts suggests that the Keynesians now criticizing supply-side theory either have not learned the tragic economic lesson of the past 10 years or that they refuse to.

At this point I insert in the RECORD, "The Keynesian Attack on Mr. Reagan's Plan" by Paul Craig Roberts, the Wall Street Journal, March 19, 1981:

THE KEYNESIAN ATTACK ON MR. REAGAN'S PLAN

Every morning when I pick up my New York Times I expect to read in Steven Rattner's reports that I have abandoned supply-side economics. After all, he even reported that Jack Kemp himself had abandoned his own bill in disagreement over an inconsequential detail.

Mr. Rattner has established himself as leader of a corps of reporters trying to drive permanent wedges into any crack of disagreement that policy discussion inevitably generates. The object is to isolate the supply-siders. Last week Hobart Rowen, a Washington Post commentator long identified with the liberal Keynesians, said it wouldn't be long before supply-side economics is back on the shelf. Critics sense that if they can blunt and deflect the intellectual cutting edge of the Reagan program, the rest of it can gradually be chopped up with the familiar interest-group and income-redistribution arguments.

But in spite of all the journalistic smoke, the supply-siders still have on their side the Office of Management and Budget, Treasury, and the President—not exactly what you would call a hunkered-down position. And the Reagan tax bill is still very much alive. The problem isn't in controlling the policy but in controlling the explanation of it.

While supply-siders have been busy making the policy, stalwart representatives of the status quo like Walter Heller and other leftover economists from a bygone era have been busy explaining the policy in Keynesian terms. When you hear supply-side economics interpreted by a demand-side economist, it sounds scary indeed.

EXPLAINING INFLATION

The policy will be "actively inflationary," warns Otto Eckstein of Data Resources Inc., an economic consulting firm. Supply-side analysis, chimes in Mr. Heller, is a "fairy tale." The true story, he charges, is that supply-siders are unleashing the wolf of inflation to devour the country. Because both these demand-siders have been so thoroughly associated with the policies that have inundated us with inflation, people think they must be inflation experts.

It is nevertheless a fact that neither Mr. Eckstein nor Mr. Heller has ever been able to explain why it is inflationary when people spend their own money, but not when the government spends it for them. Yet it is easy enough to understand why supply-side tax cuts aren't inflationary. All you have to do is to stop thinking like a Keynesian.

The administration wants to cut personal income tax rates, not in order to give people more money to spend, but in order to increase incentives to earn more taxable income. Today people are taxed at unprecedented high rates on any additional income that they earn, either from work effort, saving or upgrading their skills. The inevitable results of little reward for extra effort are worsening work attitudes, high absenteeism rates, reluctance to work overtime and to assume risks, and the lowest personal saving rate in anyone's memory.

For the supply-side policy to work, taxpayers don't have to respond to lower marginal tax rates by giving up vacations, going on a double-shift and saving all of their income. When you have a work force of more than 100 million people, small individual responses result in a large aggregate effect. If the average number of hours worked per week rises from 35 to 35.5, GNP rises by $24 billion. If the absentee rate declines by one-half percentage point, GNP rises by about $10 billion. If the personal savings rate rises from about 5.5 percent about 7.5 percent as it did after the Kennedy tax rate reductions, private savings increase by $42 billion annually at current income levels. The increased savings together with the revenue "reflows" and the budget cuts more than pay for the tax cuts, thus making possible "crowding in," or increased capital formation.

If you are a Keynesian, however, you don't think about any of this, because in the Keynesian model tax cuts have only a single purpose—to increase demand. Therefore, Keynesians focus only on the question: What are people going to do with the tax refunds that they get back on their existing earnings? The answer is that what they do with them is much less important than how they respond to the changed incentives. If savings, investment and work effort do not respond to higher after-tax rewards, then the policy will have no effect on the economy, and the downside risk is simply: no change.

Keynesians, however, should have their question answered, even if it is irrelevant. Polls indicate that people plan to use more than half the tax refund to build savings and pay off debts. But suppose they spend it all. Keynesians would say that total spending has increased and, therefore, the tax cuts are inflationary. But the government is spending less, so how has total spending increased?

At this point the critics claim that Congress will cut taxes, but not spending. Surely then the tax cut would be inflationary. No, not unless the Federal Reserve prints more money.

A tax cut without a spending cut can result in a budget deficit, but a deficit is not inflationary unless the Fed monetizes it. If the Treasury finances the deficit by selling bonds to the public, it recovers by borrowing what it handed back in tax refunds, and total spending does not change. That's why supply-siders insist that it is not necessary to offset a tax cut with a budget cut in order to avoid inflation. The supply-side rationale for the budget cut is to prevent the increase in private savings from being used up financing the growth in government spending. Supply-siders want the increased savings to go into private capital formation and not into government bonds.

Tax cuts are associated in people's minds with higher demand and inflation because that is the way it works in the Keynesian policy to which they are accustomed. In the Keynesian policy the purpose of a tax cut is not to alter incentives but to create a budget deficit. The Fed is then pressured to monetize the deficit in order to increase aggregate demand. But since the Reagan administration is not cutting taxes in order to stimulate demand, it will apply no pressure on the Fed to monetize debt.

Indeed, it is applying the opposite pressure, which has confused some of the Keynesians in the Fed. Your policy will have no effect at all, they say. The fiscal stimulus you are providing with the tax cut will be offset by the tight monetary policy you are urging on us, and the policy will be a wash. We hope the Fed catches on sooner rather than later that we are not trying to provide a fiscal stimulus.

PERSONAL VS. BUSINESS

Once people catch on to the supply-side, they will realize that the old categories of personal versus business tax cuts don't make any sense. The proposed reduction in the personal income tax rates is a business tax cut too. It automatically reduces the

maximum capital gains tax from the present 28 percent. It increases the rate of return to investment income across the board. It lowers the tax rates on partnerships and unincorporated business income. It increases savings. It improves work attitudes, lowers wage demands and contributes to better labor productivity. What "business tax cut" does more?

People will learn also that supply-side economics doesn't have a "Phillips Curve"—the idea that you can't have higher economic growth without higher inflation. To get a "Phillips Curve" you have to mix together demand stimulus and supply disincentives like high marginal tax rates and inadequate capital cost recovery. Thus when The Washington Post charges that President Reagan's "scenario lies far beyond the limits of any past experience in this country or any other industrial democracy" it is wrong for two reasons. It ignores the policy context of the past experience in this country, and it overlooks Japan. In 1974 the Japanese had a real economic growth rate of −0.2 percent and an inflation rate of 24.5 percent. Five years later real growth was 6.1 percent and inflation was 3.6 percent.

Now that's what I would call a real rosy scenario. President Reagan's is a piker by comparison. Do the "prestige press" and congressional Democrats really believe that the U.S. economy can't perform even half as well as the Japanese? Supply-siders see nothing to be gained from writing off America at the start.●

ACCURATELY JUDGING THE SOVIETS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. OTTINGER. Mr. Speaker, I am today inserting in the RECORD an excellent analysis of recent Russian actions and their implications for U.S. policy which recently appeared in the New York Times. It was written by the foremost American Russian expert and former U.S. Ambassador to the U.S.S.R., George Kennan.

Mr. Kennan eloquently comments on the need for sound judgments of Soviet intentions based on realistic considerations of their society. Too often our perceptions of Moscow are based on oversimplification and exaggerations, and this could be extremely dangerous.

I commend Mr. Kennan's analysis to the attention of my colleagues:

EXAGGERATION PLUS OVERSIMPLIFICATION EQUALS TROUBLE WITH MOSCOW

(By George F. Kennan)

"Take but degree away, untune that string, And, hark! what discord follows. . . .—"Troilus and Cressida"

These deeply perceptive words by Shakespeare have their relevance to a sizeable section of United States opinion, official and private, on the Soviet Union.

It is not that there is no truth in many of the things that people say and believe about the Russians; it is rather that what they say and believe involves a great deal of exaggeration and oversimplification. And this is serious, because there are times when exaggeration and oversimplification, being harder than falsehood to spot, can be fully as pernicious.

We are told that the official Soviet outlook is one of total cynicism and power-hungry opportunism. Is this view wrong? Not entirely. But it is overdrawn. The way in which the outlooks of the present Soviet leaders, tempered as these outlooks are by the discipline of long political experience and responsibility, relate to the sanguine ruthlessness of the pure Leninist doctrine as conceived some 60 years ago in the heat of the revolutionary struggle is complicated. There is traditional lip service to established doctrine; there is also considerable inner detachment.

The Soviet leadership, we are told, is fanatically devoted to the early achievement of world revolution. Is this allegation wrong? Partly, and it is certainly misleading. It ignores the distinction between what Soviet Communists think would be ideally desirable and what they see as necessary or possible to try to achieve at the present moment. It also ignores the distinction between what they claim they believe will ultimately occur and what they actually intend to bring about by their own actions.

We hear much about the menacing scale of Soviet military programs and the resulting tilting of the arms balance in our disfavor. Wrong? Again, not entirely, but often exaggerated. Part of this view rests on "worstcase" calculations, particularly regarding conventional armaments. Often, it ignores our own contribution to the adversely developing balance—by our unrestrained inflation and by the various unnecessary deficiencies of our conventional forces. Much of it is corrupted by the fundamental error of measuring armaments, weapon for weapon, against another country's armaments instead of against one's own needs, as though the needs of any two great countries were identical and any statistical disparity between their arsenals was a mark of somebody's superiority or inferiority.

We hear of the menace of Soviet expansionism or "adventures" in the third world. Is this all wrong? No, not all. The Soviet presence in Cuba, in which we should never have tacitly acquiesced in the first place, is not indefinitely compatible with our vital interests. Soviet collaboration with, and support for, Col. Muammar el-Qaddafi, the Libyan leader, is a signal disservice to the stability of the Near East. The occupation of Afghanistan has created serious international complications. Yet, in general such Soviet efforts have not been very successful. The Soviet Union's position in the third world is actually weaker than it was years ago, before the disruption of Moscow's relationships with Peking, Cairo, and Jakarta. And the methods by which Moscow recently has been trying to gain influence in the third world, primarily the dispatch of arms and military advisers, resemble too closely our own for us to indulge gracefully in transports of moral indignation.

It is alleged that the Soviet leaders never respect international agreements. Right? Mainly not. Their record in the fulfillment of clear and specific written obligations, especially those that avoid questions of motivation and simply state precisely what each side will do and when, has not been bad at all. Vague assurances of high-minded general purpose, on the other hand, such as those embedded in the Helsinki agreements, are viewed by them with the same cynicism they attribute to the other party who signs such documents.

It is asserted that no useful collaboration with the Soviet Union is possible. True? Not really. There is indeed an extensive area within which what we would consider normal and intimate relations are not possible, their being precluded by Soviet ideological commitments, procedural habits, and other oddities, not to mention a few of our own. But there is another area, admittedly limited, involving certain forms of travel, trade, scholarly exchange, and collaboration in cultural and other nonpolitical fields, where things are different. And it is important that this area not be neglected, for interaction of this sort, in addition to increasing our knowledge and understanding of Soviet society, serves as an indispensable cushion, absorbing some of the shock of the misunderstanding and conflicts that may occur in other fields.

In a relationship of such immense importance as the Soviet-American one, there should be no room for such extremisms and oversimplifications. Not only do they produce their counterparts on the other side, but they confuse us. They cause us to see as totally unsolvable a problem that is only partly so.

Soviet society is made up of human beings like ourselves. Because it is human, it is complex. It is not, as many of the oversimplifications would suggest, a static, unchanging phenomenon. It too evolves, and the direction in which it evolves is influenced to some degree by our vision of it and our treatment of it.

What is needed on our part is not an effort to prove our own virtue by dramatizing Soviet iniquities, but rather a serious effort to study Soviet society in all its complexity and to form realistic, sophisticated judgments about the nature and dimensions of the problem it presents for us. If we do this, there is no reason to suppose that the conflicts of interest that divide these two great countries, so different in geography, in history, and in tradition, should lead to the sort of disastrous climax that modern weapons, most tragically, now make possible.●

BLUEPRINT FOR NATO COOPERATION

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. FINDLEY. Mr. Speaker, Deputy Secretary of Defense Frank Carlucci delivered, on February 21, 1981, in Munich, Federal Republic of Germany, an important address on threats to NATO and the steps the alliance must take to meet those threats. Mr. Carlucci's remarks provide a clear blueprint for alliance responsibilities not only in Europe and the United States but also in the Persian Gulf. As the Deputy Secretary stated:

The threat to vital Western interests in key areas, such as the Persian Gulf, can be met only if all concerned share the burden and find new ways to make greater contributions in support of our common interests. Western Europe's stake in the security and stability of the Persian Gulf is enormous and well-recognized. What is perhaps less

well understood is the great contribution the Western European members of the Alliance could make to help protect the security of this region so vital to them.

In the coming year, a U.S. dialog with its allies on shared responsibilities in assuring their common interests in the Persian Gulf will be critical. I believe that Deputy Secretary Carlucci's address contributes significantly to that dialog and would like to call it to the attention of my colleagues.

REMARKS OF HON. FRANK C. CARLUCCI, DEPUTY SECRETARY OF DEFENSE, TO THE 18TH ANNUAL WEHRKUNDE CONFERENCE, MUNICH, GERMANY, SATURDAY, FEBRUARY 21, 1981

I am honored and pleased to be here today. Honored to address so distinguished an assemblage. Pleased to return in an official capacity to Europe, where I spent some of the most interesting and satisfying years of my career in public service.

Europe holds a special place in the hearts of Americans. We draw from you much of our cultural heritage, our language, even our religious traditions. In this century, peace and security in Europe have become inseparable from peace and security for the United States. Three decades ago, we joined with our European friends in an unprecedented alliance of free peoples, an alliance whose raison d'etre is as clear and persuasive today as it was when the North Atlantic Treaty was signed.

Our common commitment to the goals of the Alliance is undiminished. As allies, we believe now, as we did then, that an attack against one of us is an attack against us all. We believe now, as we did then, that we must maintain and develop our individual and collective capacity to resist armed attack.

Some of the challenges that confront us in the 1980s are those that forged our Alliance in the 1940s—the menacing and continuing growth of Soviet military power in Europe. Yet, in many ways, the context for even these familiar challenges has changed. The Soviet buildup in Europe clearly exceeds any rational requirement for defense. It bears all the marks of an offensive military capability, consistent with Soviet military doctrine. This steady and cumulative expansion of conventional, chemical, and theater nuclear forces has been accompanied by a long-term and major shift in the strategic nuclear balance, from one of unquestioned U.S. superiority to essential equivalence, and the prospect, if appropriate steps are not taken, of possible inferiority. The twin results of this shift are that the United States no longer enjoys a strategic edge to compensate for other deficiencies and that Soviet ability to use the threat of conventional force for political purposes could be significantly enhanced. On all levels of military capability, the trends are ominous.

The United States must recognize its responsibilities in this mature alliance. All too often in the past we have talked of consultation and acted on our own. Too frequently we have urged the need for consistency, yet presented our allies with what at times must have seemed like annual changes in priorities and programs. The new Administration is aware of these dangers. We are determined to avoid them.

Europe, too, should recognize its responsibilities. Like the East-West balance, the relationship between the United States and Western Europe also has shifted dramatically over 30 years. The United States no long produces and consumes 50 percent of the world's GNP. Europe is no longer shattered, impoverished, and disunited. Indeed, Western Europe's total GNP exceeds that of the United States. In this situation, the United States cannot be expected to improve and strengthen U.S. forces in Europe, unless other Allies increase their own contribution to the combined defense effort. Nor can the United States, unaided, bear the burden of promoting Western interests beyond Europe.

There is, I might add, great concern in the U.S. Congress over the issue of burden-sharing, concern that was brought home quite clearly and explicitly to Secretary Weinberger and to me in our confirmation hearings. This concern is a political fact of life for us, and that should be understood by all concerned.

An integral element of this mature Alliance is an expanded concept of European security. Only by meeting and mastering Soviet challenges both inside Europe and in areas of critical interest beyond, can European security be maintained. Only then can the possibility of a more constructive East-West relationship in Europe be held open.

Let me suggest three areas for concentrated effort.

First, what the United States can do.

Second, what we as Allies can do in Europe.

Third, what the United States and Europe can do outside Europe.

WHAT THE UNITED STATES CAN DO

This Administration's agenda is as clear as the results of last November's election.

We are unequivocally committed to a major and sustained increase in military capability and therefore in defense spending. We will use these resources to ensure the following objectives:

We will increase confidence in our strategic nuclear forces.

We will maintain momentum behind theater nuclear force modernization.

We also need to continue the progress we have made in rationalization, standardization, and interoperability of weapons and munitions production. These programs have resulted in elimination of much duplication, reduction in costs, and increases in overall capability. As part of our family of weapons concept, we reached an agreement in August 1980 whereby the Europeans would produce a short-range air-to-air missile and the United States would build a medium-range air-to-air missile. Dual production of weapons systems reduces duplication in research and development. We are currently dual producing the F-16 fighter, the ROLAND Air Defense System, as well as other important weapon systems.

Again, we want to work closely with Europe in developing common arms control positions in areas of special concern to you. As in other areas of common interest, we must not let the Soviets benefit from any appearance of disunity, or let them gain leverage as a result of European pressures on the United States to proceed before we are ready, to pursue unrealistic objectives, or to make unnecessary concessions.

WHAT EUROPE AND THE UNITED STATES CAN DO OUTSIDE EUROPE

Generally, we all understand well what needs to be done within Europe. The challenge there is to marshall the political will to generate the resources required to get on with the job. But it will require fresh vision, as well as renewed political will, to come to grips with the threats to European security from outside this continent.

What is needed first is an expanded private and public dialogue on these issues. We have begun the process of consultations at senior levels of allied governments, and this will take on new intensity in coming weeks. I also hope that this conference and many other efforts in the months ahead can promote wider public awareness of the threats to European security in regions outside of Europe and will generate new understanding and new motivation to deal with these threats.

The threat to vital Western interests in key areas, such as the Persian Gulf, can be met only if all concerned share the burden and find new ways to make greater contributions in support of our common interests. Western Europe's stake in the security and stability of the Persian Gulf is enormous and well-recognized. What is perhaps less well understood is the great contribution the Western European members of the Alliance could make to help protect the security of this region so vital to them. For obvious reasons, I am not speaking here of a formal role by NATO. I have in mind individual, but complementary, efforts by the members of our Alliance.

Close political relations with nations throughout Southwest Asia can be activated to strengthen understanding of Western objectives in the region and of our common interest in resisting Soviet aggression.

Security arrangements between European Allies and countries in Southwest Asia can help our friends in that region to strengthen their capability for self-defense.

The hard truth is that none of us can have social welfare and economic prosperity unless our Alliance is strong enough to maintain the peace and to protect our access to vital energy sources and raw materials. And those of you here in this meeting know full well that the relative military strength of the Alliance has been declining for far too long.

Let us face the facts honestly and begin now to take the necessary action together.●

INTEREST RATES

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. HUBBARD. Mr. Speaker, as the Congress continues to deal with spiraling inflation, I would like to share the thoughts of my constituent, Frank R. Mitchell, Mitchell Equipment Co., Clay, Ky., about interest rates and curbing inflation.

Mr. Speaker, I submit the following:

Interest is the key to curbing inflation! There are some secondary things like foodstamps, welfare to people who don't deserve it, grants, etc., but I think President Reagan will take care of these in time.

My plan on interest is as follows, the Congress or the President should place a freeze on interest rates that the government will pay on any further issues of bonds, federal funds, etc. First, start out at the highest rate they are paying at the present time and reduce it each month until we get back down to where inflation is only four or five per cent per year. By making a gradual de-

cline, the banks, the people, and the world will have time to adjust to the decrease.

There are several advantages to this plan:

1. Our tax dollars would go further because our interest debt would be less. The savings in interest could be spent on defense without raising taxes.

2. Large corporations, like Chrysler, General Motors, Ford, International Harvester, etc., and small businesses, like car dealers, farm equipment dealers, or *anyone* who borrows money would not have to raise prices to cover the extra cost of interest. This would curb inflation, stimulate business and help unemployment.

3. This would increase the buying power of the dollar at home and overseas. Rather than a decline of buying power, it would be a turn-around and headed back in the right direction. An example of this is in buying foreign oil. The only reason this oil goes up is because the U.S. dollar will not buy what it did in the past. We are only kidding ourselves if we think the price of oil goes up because there is a scarcity with the OPEC nations.

There are many more advantages, but they would be similar to the ones listed above.

The only disadvantages would be to the people or companies to whom the interest is being paid. They would have less money, but it would be worth more.

I know the United States should not default on the obligations it has already made, but this plan would be only on new borrowing. If this were put before the general public, as a vote, for, or against, it would pass by approximately 95% margin. It would help the majority of the people, the tax payer, the working man, the consumer, our country, our dollar and you could go on and on and on.

Very truly yours,

FRANK R. MITCHELL.●

PROVIDING SAFETY AND SECURITY WHILE CONTROLLING MONEY AND INTEREST: ROLE OF THE MONEY MARKET INSTRUMENT

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. FAUNTROY. Mr. Speaker, I am pleased to introduce legislation which would amend the Federal Reserve Act to further facilitate the control of the money supply and the regulation of interest rates by authorizing the imposition of reserve requirements only on those money market funds which offer their investors the use of a transaction account.

The legislation would also address several other issues which many believe are associated with the sudden rise in the popularity of these money market funds. There is, first of all, the issue of whether or not these funds are safe for investors. While all of the funds do appear to be well managed, one must always be concerned with whether or not they have adequate liquid assets to redeem their shares when such redemptions may be made through a third-party negotiable instrument. The legislation which I have introduced addresses this concern by imposing a liquidity requirement on any fund which has a transaction account. As a part of my concern for the safety and security of these funds, I have authorized the Federal Reserve Board to appoint examiners who shall examine each money market fund not less than twice each year.

The purchase of commercial paper, anticipation notes, and other short-term corporate debt, while encouraged, do have substantial risks of which less sophisticated investors may be unaware. Examination and liquidity requirements are appropriate measures to meet these risk in money market acounts.

Another issue which has been raised concerns whether or not these funds are investing in our communities. As you know, substantial asset shifts have taken place from the local thrifts and small banks into these funds. Potentially, this result has been to jeopardize the ability of small and rural financial institutions to meet the investment and credit needs of their communities and remain prudently managed. In addressing this concern, I have required that every fund which offers an investor the use of a transaction account to disclose the name and home office location, by city and State, the number and dollar amount of investments which have been purchased. I do not suggest that these funds should not make any investment which the fund believes is safe and sound. I am only requesting that they allow their customers to decide whether or not they wish to place their assets into a fund which may not be investing substantially in their own communities. In conjunction with that concern, I have provided in my bill certain exemptions for those funds which invest in the general obligations of local governments. I want to encourage our local governments to seek out these funds and I want to encourage, consistent with prudent management, that these funds invest in local obligations.

Finally, I am concerned with the investment yields of these funds. Each fund has various advisors and managers who are paid a fee. While these fees are disclosed in the prospectus, there is no continuing monitoring of the activities such as might be provided by oversight through the Depository Institutions Deregulation Committee. I have accordingly, provided for such oversight and amended the membership of DIDC to include, as a nonvoting Member, the Chairman of the Securities and Exchange Commission.

The Nation's money market funds have expanded to a record $101.21 billion which represents a 90-percent increase since December 1979. Their present average yields of 15.7 percent make them immensely more popular than the passbook accounts with which they often compete. They have small purchase requirements, they are liquid, and they do not impose withdrawal penalties. As a result, for many people, particularly the elderly and others who have limited cash assets, these funds enable them to pool their resources to participate in the higher yields that a communal investment can achieve. I applaud and support this innovation. Nothing in this bill—and nothing which might be reported by the committee, I am sure—will diminish the ability of an individual to buy the securities of such a fund. Neither do I believe that anything would be done which would substantially change the ease with which one can withdraw his assets.

I do, however, believe that similar kinds of accounts should receive similar treatment. Thus, if one invests in these accounts with the intent to use it as a transaction account, that person is entitled to all of the protections which are applied to the transaction accounts managed by the federally insured depository institutions. The present discriminatory treatment which allows MMMF's to offer transaction accounts without abiding by the requirements for reserves, liquidity, and community investment, simply tends to promote both inflation and high interest rates. Responsibility for control of our economy then falls disproportionately to the smaller and more traditional depository institutions. That is unfair; it is also unwise. Thus, I have authorized the Federal Reserve to impose a reserve requirement.

Our financial institutions are fundamentally sound. They must, however, be given the opportunity to compete more fully and equitably. When the Congress passed the Depository Institutions Deregulation and Monetary Control Act of 1980, it was intended that similar accounts be treated in a similar fashion. This bill achieves that without changing any of the decisions reached in deregulating various depository institutions. If we fail to act responsibly in meeting this challenge to our financial systems, the potential costs of failing institutions will far outweigh any momentary gain we receive.

My bill meets that challenge. It does not impose any additional requirements on anyone or any fund which offers an excellent and well-managed investment. It does, however, impose requirements which are similar to those imposed on other institutions where a fund offers a transaction account. Hearings are scheduled to begin on April 8, 1981.●

CONGRESSMAN TONY P. HALL SPEAKS AGAINST OFFENSIVE EQUIPMENT FOR SAUDI F-15 JETS

HON. TONY P. HALL
OF OHIO
IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. HALL of Ohio. Mr. Speaker, I am greatly disturbed by the administration's intention to sell to Saudi Arabia AIM-9L air-to-air missiles and Fuel and Sensor Tactical (FAST) packs for the 62 advanced F-15 aircraft purchased by Saudi Arabia from the United States in 1978. The F-15 is our firstline fighter aircraft, and the AIM-9L is the most improved version of the Sidewinder air-to-air missile. The FAST pack more than doubles the combat radius of an F-15 and permits the plane to carry a heavier bomb load to distant targets.

Such sales would violate the original understanding made in 1978 when the F-15 sale was proposed. In a letter to Chairman John Sparkman of the Senate Foreign Relations Committee, Secretary of Defense Harold Brown wrote:

> The aircraft can carry three external fuel tanks, but the plane requested by Saudi Arabia will not be equipped with special features that could give it additional range.

The letter of understanding further stated:

> Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F-15.

Now it appears that the assurances and commitments made in 1978 are going to be abandoned.

I do not understand why this sale of offensive equipment for the F-15 to Saudi Arabia is being sought at this time. I would ask what Saudi Arabia has done recently to be less of a threat to Israel now than 3 years ago.

Indeed, Saudi Arabia continues to be a leading opponent of the Camp David accords and the ongoing peace process that has flowed from the accords. Moreover, Saudi Arabia has even called recently for a "jihad" or holy war against Israel. It is not clear what Saudi Arabia means by its use of this concept. What is clear is that Saudi Arabia continues to be an intransigent and unpredictable foe of Israel.

The latest Saudi request seems to be yet another test of American friendship. But do real friends force each other to undercut their friendship with other trusted and close friends? If we acquiesce to this request, what form will the next "test" take? A genuine friendship should not have to be subjected to repeated trials and probings.

It also should go without saying that friendship is a two-way street. It is not proper for one friend to arbitrarily test the other and set new standards for redefining the friendship. It should be clear, too, that true friendship and lasting support cannot be acquired through arms shipments.

Peace and stability in the Middle East are not served by an arms race in the region. It would not be a sensible foreign policy for the United States to fuel the escalation of such an arms race.

Given Israel's triple-digit inflation, the United States should avoid forcing Israel into additional defense spending to provide countermeasures to offensively equipped Saudi F-15's. As Israeli Foreign Minister Yitzhak Shamir has warned:

> The State of Israel will not be able—if for economic reasons alone—to stand up to this terrible race.

Although there has been some confusion in the media lately about the Israeli position on the F-15 equipment sale to Saudi Arabia, both the Begin government and the opposition Labor Party have issued statements in opposition to this proposed arms shipment.

I would urge the administration to reconsider moving forward with this sale. However much we might value Saudi friendship, we should not allow ourselves to be maneuvered into a policy decision that could pose a threat to the security of Israel and renew the arms race in the Middle East. We must make it understood that we will not be pressured into compromising the original terms of the Saudi F-15 sale in 1978.

For the benefit of my colleagues, the full text of Secretary Brown's letter of May 9, 1978, to Chairman Sparkman follows:

SECRETARY OF DEFENSE,
Washington, D.C., May 9, 1978.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: During recent conversations with you and other members of your Committee, a number of questions have been raised regarding the characteristics of the F-15 aircraft we propose to sell to Saudi Arabia and reassurances as to the purposes for which Saudi Arabia will use the aircraft. I would like to respond to these questions and attempt to resolve any uncertainties that members may have felt regarding the proposed sale.

I. THE F-15 AIRCRAFT

The F-15 we plan to sell to Saudi Arabia will have the same configurations as the interceptor model approved for the United States Air Force. During the developmental phase of the F-15, initial plans called for giving the aircraft a ground attack capability. However, the availability of other aircraft with superior strike capabilities led the Air Force to alter its plans and to limit the role of the F-15 to that of an air superiority fighter. Consequently, the development of new ground attack systems for the F-15 was discontinued in 1975.

Saudi Arabia chose the F-15 because of its extended patrol capability and superior air defense characteristics (including an advanced, all-weather air-to-air radar system). The F-15 best meets Saudi Arabian requirements for the air defense of a vast territory. In choosing the F-15, Saudi Arabia rejected aircraft with powerful ground attack capabilities such as the F-16.

As Saudi Arabia has selected the F-15 to defend its national territory, it would be folly, as the Chairman designate of the JCS, General David Jones, USAF, observed in testimony, to use the F-15 offensively against neighboring countries. This is particularly so vis-a-vis Israel, whose air strength is, and will be, so much greater. Not only would the F-15 be relatively ineffective in an offensive mode, and the risk of loss of the aircraft high, but its use away from Saudi Arabia would leave vital oil facilities, urban centers and military installations without necessary air defense cover. From the standpoint of military planning, it would make no sense whatsoever for Saudi Arabia to acquire an aircraft with the characteristics of the F-15 with an idea of using it as a ground attack aircraft. I am confident the Saudis have no such intention.

Like the USAF model, the F-15 for Saudi Arabia will be equipped with air defense armament, namely four AIM-9 Sidewinder air-to-air missiles, four AIM-7 Sparrow air-to-air missiles and a 20 mm gun.

The aircraft can carry three external fuel tanks, but the plane requested by Saudi Arabia will not be equipped with special features that could give it additional range. Specifically, the planes will not have conformal fuel tanks ("fast packs") i.e., auxillary fuel tanks that conform to the body of the plane, and Saudi Arabian KC-130 tankers do not have equipment for air refueling of the F-15.

Saudi Arabia has not requested that the plane be outfitted with Multiple Ejection racks (MER 200) which would allow the plane to carry a substantial bomb load. The U.S. will not furnish such MERs, and testing and certification of a MER system for the F-15 would not be feasible by another country without U.S. authorization. While aircraft could conceivably carry three standard MK 84 bombs, they would each replace an external fuel tank; this would greatly shorten the aircraft's range and increase its vulnerability. Moreover, in contrast to the F-16, the F-15 does not have a radar system designed for bombing.

Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F-15.

Pursuant to our national security disclosure policy, certain highly sensitive subcomponents of the U.S. Air Force version of the F-15 (e.g., cryptologic equipment and some special electronic capabilities) will not be sold to Saudi Arabia.

In sum, it is clear that the F-15 will help Saudi Arabia deter and defend against those nations that are hostile to its role as a leading moderate Arab state.

II. ASSURANCES

The Government of Saudi Arabia has assured us that it has no aggressive intentions against any state, that it will use the F-15 aircraft only in furtherance of its legitimate self-defense, and that it will not employ the aircraft offensively. The Saudi Arabian Government has similarly assured us that it will not transfer the F-15 aircraft to any third country or permit the nationals of such country to train on the F-15 aircraft, serve as pilot, or otherwise to have access to

the aircraft without the authorization of the United States.

We have specifically discussed these restrictions on use and prohibitions on transfer with the Government of Saudi Arabia. They have assured us that they intend scrupulously to comply with these prohibitions and restrictions. The record of Saudi Arabia in this respect is excellent. However, should the assurances be violated, the United States can take appropriate action, including suspension of services and of delivery of spare parts and other military equipment. Without such services the usability of the F-15 would degrade rapidly.

It is also important to note that the sales agreement reserves to the United States the right to suspend or cancel deliveries at any time "when the national interest of the United States so requires." Further, under Section 21(c) of the Arms Export Control Act, no U.S. person employed under Foreign Military Sales contracts in Saudi Arabia or any other country would be permitted to perform services in support of combat operations.

Questions have been raised concerning the possible basing of the F-15 aircraft at Tabuk Air Base. I would like to repeat to you the assurance given to me and other United States officials by the Saudi Arabian Government that Saudi Arabia will base the F-15 aircraft, not at Tabuk, but at Dhahran, Taif and possibly at Riyadh or Khamis Mushalt. Basing the F-15 at the vulnerable Tabuk base could place in needless jeopardy these vital aircraft which will form the heart of the Saudi Arabian air defense system. In addition, Tabuk is not equipped to serve as an operating base for the F-15, and could not be so equipped without extensive U.S. assistance which would not be provided. These practical considerations, of which Saudi Arabia is well aware, strengthen the assurance that the F-15s will not be based at Tabuk.

The question has also been raised whether the Government of Saudi Arabia intends to acquire additional combat aircraft from other countries. The Saudi Arabian Government has assured us that it does not intend to add to its inventory any combat aircraft from other countries while it is preparing for and receiving the sixty F-15s. The shortage of trained personnel in Saudi Arabia would severely constrain Saudi Arabia's ability to utilize any additional new aircraft beyond the F-15 during this period.

With respect to the security of the aircraft the Government of Saudi Arabia has expressed its determination to provide carefully for the physical protection of the aircraft, manuals and other material related to it. Prior to the delivery of the aircraft, we will work with the Government of Saudi Arabia to ensure that adequate safeguards are in place to prevent unauthorized persons from obtaining access to the aircraft or information about it.

The proposal with respect to Saudi Arabia, like all such proposals, stands on its own merits, and I hope the foregoing information will be helpful to you and that you and the members of your Committee will join in support of the Administration's proposals to sell aircraft to Israel, Egypt and Saudi Arabia.

Sincerely,

HAROLD BROWN.●

MAKE RAOUL WALLENBERG AN HONORARY CITIZEN

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. SCHUMER. Mr. Speaker, the disappearance of Raoul Wallenberg behind the Soviet Iron Curtain over 36 years ago still weighs heavily on the conscience of the entire world. We witness today renewed efforts to determine the fate of this brave man, who time and time again risked his life in saving countless thousands of Jews during the final days of the Nazi terror. Fresh reports continually surface that he was seen years after the official Soviet report of his death, and may still be alive somewhere in the depths of that country's vast prison system. His case is of great concern to the residents of my district, many of whom are survivors of the Holocaust. One of them, Mr. Benjamin Steinberg of Brooklyn, has offered a poem dedicated to the spirit of justice which Raoul Wallenberg represents, and to the hope that he might yet one day be freed:

Why were you imprisioned, man of compassion and peace?
Does the Soviet Union deem yours the unpardonable crime,
For rescuing Jews from Hitler's police,
From his ovens and pits of lime?
These, the despised, were then to live,
Because you, a Christian, prevented their purge.
When will your warders understand and forgive
Your innate humanitarian urge?
The years have passed and still not a word
From your far-off prison and your lonely cell.
Though a non-person, unseen and unheard,
Survive you must, this silent hell!
Take heart! One day soon, you will bide
With us anew, unshackled and unbowed. For then,
When Heaven's command dare not be denied,
Raoul Wallenberg will be free again!
The world with great honors will greet
You, with speeches and noble phrases employ,
And those whom you saved, will lay at your feet,
Their countless tears of joy!

The case of Raoul Wallenberg touches not only those who directly experienced the unimaginable horror of the holocaust, but to all who seek to protect human dignity and freedom. I urge my colleagues to join with me in supporting the bill which will be introduced this week by the Honorable TOM LANTOS to make Raoul Wallenberg an honorary American citizen. Such action on the part of Congress will help to keep worldwide attention focused on his case, and to pressure the Soviet Union to make a full accounting of the fate of Raoul Wallenberg.●

REAGAN'S ASSAULT ON SALT

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. OTTINGER. Mr. Speaker, I am including in today's RECORD an excellent article by Mr. Arthur Macy Cox, a policy consultant to the American Committee on East-West Accord, which appeared in the New York Times. Mr. Cox addresses U.S. attitudes and misconceptions that have obstructed negotiations to limit nuclear arms.

I commend this article to the attention of my colleagues:

REAGAN'S SALT GOAL

(By Arthur Macy Cox)

WASHINGTON.—President Reagan has criticized the SALT II treaty because it does so little toward reducing nuclear weapons. In a White House interview with five reporters last week, he again stated his position on strategic arms limitation talks with the Russians: "Anytime they want to sit down and discuss a legitimate reduction of nuclear weapons, I'm willing to get into such negotiations." What is interesting about this is that Leonid I. Brezhnev also has been seeking a substantial reduction in the two countries' nuclear arsenals for many months. One of the great myths about SALT is that the Soviet Union is opposed to deep cuts in strategic weapons.

This myth got started when the Russians rejected the so-called comprehensive SALT proposal that Jimmy Carter sent to Moscow in March 1977, shortly after he took office. The proposal was rejected, not because it called for deep cuts but rather because it was heavily weighted to the advantage of the United States. It called for significant cuts in the numbers of land-based intercontinental ballistic missiles with multiple warheads. Seventy-five percent of the Soviet strategic capability is in ICBM's; the United States has less than 30 percent of its nuclear capability in ICBM's. The comprehensive proposal also called for a 50 percent cut in the Soviet Union's heavy ICBM's; the United States has no heavy ICBM's. Thus, there should have been no surprise when the Soviet Union rejected the Carter package on the spot.

The comprehensive proposal was a hastily designed scheme for reducing the looming vulnerability of the United States' ICBM force. It would have accomplished that objective by limiting Soviet ICBM's to a point where they could not seriously threaten our Minuteman missiles by a first strike. But the proposal did not contain equal benefits for the Soviet Union by offering to cut or restrain those strategic systems where the United States has the advantage.

What is not generally known is that the former Secretary of State, Cyrus R. Vance, had a fallback position that would have authorized him to discuss controls on the B-1 bomber, cruise missiles, and the Trident submarine missiles. That never came to pass because the United States proposal was so

one-sided that it was not even considered by the Soviet Union as a basis for negotiation.

The SALT process was nearly destroyed by the clumsy United States maneuver, and the possibility for deep cuts was never explored.

The Soviet Union, however, has made it clear that it is interested in equitably deep cuts. When President Brezhnev signed the SALT II agreement in Vienna on June 18, 1979, he also signed the joint statement of principles and basic guidelines for subsequent SALT negotiations.

Those guidelines call for negotiations based on "the principle of equality and equal security." They establish the following objectives for the next round of negotiation: "(1) significant and substantial reductions in the numbers of strategic offensive arms" and "(2) qualitative limitations on strategic offensive arms, including restrictions on the development, testing, and deployment of new types of strategic offensive arms and on the modernization of existing strategic offensive arms."

These objectives and principles provide the basis for negotiating a genuine reduction in strategic arms.

President Reagan says he wants "to reduce the numbers of nuclear weapons to a point that neither side threatens the survival of the other."

The Soviet Union has stated that it has the identical goal.

The Russians would have preferred to have the SALT II treaty ratified by the Senate, but if President Reagan agrees to adhere to the SALT II terms while negotiations proceed, it should be possible to cut the two countries' nuclear forces by as much as 50 percent, over a period of five years. Such a cut combined with qualitative controls would eliminate the threat of counterforce (the capability of destroying the other side's nuclear weapons) and of fighting a so-called limited nuclear war.

The opportunity to make deep cuts exists now, but it won't after the next round of strategic weapons has been deployed. Today, as the former Secretary of Defense, Harold Brown, says, the two strategic forces are "essentially equivalent." The best approach would be to agree to a freeze at current levels and start negotiations for deep cuts based on the principles of equality and adequate verification of compliance.

Such a negotiation should not take long because all of the technical work has been completed during the exacting talks of the last seven years. In addition, all of the details have been worked out for reaching agreement on a comprehensive nuclear-test ban.

A deep-cut SALT agreement combined with a test ban would accomplish the goal that Mr. Reagan says he wants, thus advancing considerably the security of the United States, while saving tens of billions of dollars.●

THE TRANSFER OF THE STUTTGART FISH FARMING STATION

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. BETHUNE. Mr. Speaker, today I am introducing legislation to effect the transfer of the Stuttgart Fish Farming Experimental Station in Stuttgart, Ark., from the Fish and Wildlife Service of the Department of the Interior to the Department of Agriculture. This facility was established under Public Law 85-342, and is currently operated by the U.S. Fish and Wildlife Service with FWS resource funds and with Department of Commerce National Marine Fisheries Service contract funds.

Mr. Speaker, this facility has provided invaluable assistance to the fish-farming industry of this country in the development of warm-water fish farming. It is time to recognize this contribution and transfer this program to the Department of Agriculture for administration with other aquaculture programs presently at USDA.

The legislation which established the fish farming experimental Station, as introduced, provided for the program to be administered by the Department of Agriculture in recognition of the special nature of the program in the development of the aquaculture industry. However, because the Department of the Interior had an already-established fisheries program, Congress placed the program under the U.S. Fish and Wildlife Service. Now that USDA has aquaculture programs. I believe it is time to place this facility where it belongs.

Mr. Speaker, this facility truly is a national facility. Persons or agencies in 22 States are consulting with the station on a regular basis. Additionally, the facility receives many requests from foreign countries for information that is otherwise unobtainable.

Mr. Speaker, warm-water fish farming has not always been a viable industry. In the early sixties, the fish-farming industry tried to grow, but the producers found that husbandry methods and ancillary support did not exist. To provide the necessary and needed research, extension, and diagnostic services to the commercial fish-farming industry, the Stuttgart facility was established.

Some of the accomplishments of the facility include the determination of nutritional requirements of several commercial fishes, and development of efficient, low-cost feeds for those fishes; development of practical spawning and far-reaching techniques that provide sufficient low-cost seed stocks for the growing industry; pond management techniques to insure good water quality, fish quality, and profitable production; fish disease prevention, techniques, and the drugs for treatment; efficient harvest and processing techniques; and nationally known extension and diagnostic assistance to the new and practicing farmer.

A national laboratory for warm-water fish farming—aquaculture—research/development/technical services is needed for full development of this industry. This facility should be located near the industry so that user needs and technical findings can be freely exchanged. A national laboratory with its stability of personnel and funds would offer the continuity of a program so essential for many research studies such as selective breeding, nutrition, drug identification and registration, and others. It would also offer to planners a facility at which programs for long range/future needs could be studied before these became imminent problems. Obviously, it would permit research and development on national problems that confront all fish farmers to some degree, but for which the research is too expensive for any one State facility to assume alone. Other advantages of a national laboratory will be apparent to others.

The Fish Farming Experimental Station has much to offer the commercial fish-farming industry. With adequate fiscal support, personnel, and facilities, the laboratory—and various cooperators—can go far in expanding fish farming to a degree adequate to meet our Nation's needs for fishery production. Besides providing much-needed food, we can maintain managed/intensively farmed recreational fisheries near population centers. It goes without saying that the $2 billion deficit of payments for fishery products would be diminished with the availability of adequate amounts of good quality fish produced in the United States.

Mr. Speaker, it is clear that this facility is providing needed services to the Nation's fish farmers. It is essential that we provide the support necessary for his facility. I strongly urge my colleagues to join me in transferring the administration of this facility to the Agriculture Department where it rightfully belongs.●

STARMAN 50TH WEDDING ANNIVERSARY

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. ECKART. Mr. Speaker, I wish to pay special tribute to Bertha and Charles Starman who recently celebrated their golden wedding anniversary on February 28.

Their marriage exemplifies the true meaning of the marital vows and stands as a stabilizing force in American society. The foundation of their marriage has weathered the storms and remains durable, strengthened by their mutual dedication and commitment.

I share with their family and friends in saying thank you for the love and support they have given over the years. We extend our heartiest con-

gratulations on this joyous occasion. May they continue to accumulate the momentos and keepsakes of life together.●

A FARMER WHO WISHES TO BE FREE OF GOVERNMENT CONTROLS

HON. LARRY McDONALD
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. McDONALD. Mr. Speaker, Mr. Gene Miller, a peanut farmer of Lumpkin, Ga., appeared before the Senate Committee on Agriculture, Nutrition, and Forestry on March 10, 1981, and made a ringing plea for freedom from Government controls and a bid for independence. He wants the free enterprise system to determine the price of peanuts. I could not agree more. May his number increase. His statement should be read by every thoughtful Member of both bodies as we consider the future of the Federal Government in farming. Therefore, I commend it to the attention of my colleagues.

I am Gene Miller, peanut farmer from Stewart County, Ga. Although I plant soybeans, milo, corn, wheat, oats, rye and sorghum as cash flow crops, and have engaged in the cattle and hog business, my primary farming endeavor is peanuts.

My purpose in appearing before you is to present a positive position from an actual dirt farmer—someone who is actively engaged in the day to day, week to week, month to month, and year to year business of growing peanuts, basically to make a profit.

With no disrespect to those others who have appeared earlier concerning the peanut program, I came to Washington of my own accord, paying my own way without any financial backing from any of the various lobbying groups interested in peanuts. It is my contention that it is time for farmers as individuals to speak to you, so that our unique concerns and our individual positions and opinions might be transmitted directly to our duly elected officials, specifically those in charge of our livelihood.

I ask you to Free Float Peanuts as you did cotton some years past. Do away with peanut allotments, poundage, quotas, government pricing, the various curtailments and restrictions of honest individual enterprise and the hundreds of do's and don'ts in the present peanut program.

Let the free enterprise system have a go at peanuts. Let the market place determine the various ramifications of peanut production. Government serves best when it simplifies rather than complicates.

It is clearly apparent that the last several years of government controlled peanut production and marketing have been anything but satisfactory to the actual peanut farmer.

The peanut farmer, beset with the jigsaws and complications of the awesome rules and regulations of the present government program, and subject to the evils of an escalating inflation in production costs, peanut rents, and also fully at the mercy of a controlled and seemingly immovable price ceiling on his peanut poundage, has found himself in the worst financial bind ever. Of course, some of this was brought about by poor crop years, but not altogether. The inequities of the 1977 Peanut Program caused many peanut farmers to be in poor financial position even before last year's drought. Everything the peanut farmer buys for the making of his crop is on an escalator. He never knows what will happen to fuel prices throughout the year—or to the prices of seed, fertilizer and necessary chemicals. Everything the peanut farmer must have is on an escalator going up, up, up, during the crop year, and from crop year to crop year. Everything is on an escalator except me, and I feel that as a poor peanut farmer burdened with a fixed price ceiling for my crop, I am holding up the whole price escalator on my shoulders.

To me, it appears that past peanut programs were not designed for the benefit of the peanut farmer. Rather, they benefited peanut shellers, peanut handlers and buying points. The farmer, who planted the seed, prayed for rain, labored beyond belief, paid the production costs (including the excessive annual rent for allotment acres), agonized over his growing or not growing crop, fought the onslaught of insects as well as fungus and mold, sweated out the multitudinous losses that can occur at harvesting, and finally struggled to market with his crop, was the "forgotten man" in the government peanut program.

Let us take a look at the so-called peanut price support. For years it hovered at around $400 to $420 per ton. Then, last year it was moved to $455. There was never an inflation factor fed into the peanut price—never even a cost of living factor fed into the computer for peanut farmers. Everything the farmer used, everything he bought, everything in farming advanced ten, fifteen, twenty, twenty-five percent and more—that is, everything except the government's price ceiling on his ton of peanuts. That is what today's government peanut price is—not a support price, but a price ceiling—a price cap with the middleman in the peanut business receiving some three to four times more per ton than the farmer—as much as $1400 to $1600 per ton. In fact, the last releases from the GFA in Camilla, Georgia, indicated that they had not sold any 1980 crop Seg 1 peanuts for less than $1400 per ton.

Remove this OPA ceiling from the peanut farmer's crop and let the market place seek its level. Do citrus, lettuce, celery, tomatoes or soybeans have a government OPA price ceiling on them?

What a charade! I do all the gambling, take all the risk in peanut farming (and it is a gambling game bigger than any at Reno, Las Vegas or Atlantic City), make a crop, sell some of my peanuts for $455 a ton with the "additional additional" peanuts bringing only $250 a ton and the middleman selling my same crop for $1400 to $1600 a ton.

There is also irony in the fact that the dirt farmer has to pay an absentee land owner from $100 to $300 for one year's use of a peanut allotment acre. The allotment acreage system now in force is so formulated that approximately seventy percent of the peanut allotment acres are owned by persons or entities sometimes far removed from peanut farming except for the annual rent they collect from the peanut farmers.

Furthermore, in Georgia certain remnants of the feudal system remain in effect, wherein middlemen in the peanut business (the buyers, handlers or shellers) have gained control of many of the allotment acres in an area. They then dole out these allotments to the dirt farmer, charging him through the nose and implying rather strongly that he had better bring his harvested crop back to the dispenser of allotted acres. Of course, along with such feudal systems comes the sale of fertilizer and lime, farm supplies, seeds and other agri-supply items, all tied in to the allotment provider.

In addition to the jigsaw puzzles of peanut rules and regulations which beset the farmer, there is also the astronomical expense of administration which the taxpayers assume. Most ASCS offices in the peanut belts devote nearly full time to the peanut program with more different forms, maps, measurements, poundage quota cards and peanut red tape than one can imagine. And if an error is made at the peanut buying point, inadvertently or otherwise, the peanut farmer is subject to severe penalties. I fail to understand the logic of fining a poor farmer for an error made at the peanut buying point without his knowledge and without any malice or deviousness. It is somewhat like being fined or put in jail for someone colliding with your properly parked vehicle and you're not even in it. If peanuts were free floating, all of the awesome penalties for a simple error in addition or computation would become null and void.

The peanut program has resulted in a massive maze and the dirt farmer and the taxpayer are both caught up in its complicated channels and avenues. There is just no way to estimate what it costs the government in paper work alone to administer the present peanut program. Why, the government even furnishes the farmer with ten to twenty plastic cards (similar to an American Express Card) but you can't charge a soft drink on one or sell a peanut without one.

Here is one example of the inequities of the peanut paper work complications. This year (1981) the owners of allotted acreage received a seven percent increase in allotment. However, the poundage quota was reduced some five percent from last year. This means there will be more of the farmer's peanuts sold for $250 a ton unless you and the Secretary of Agriculture take some corrective steps. What a deal? Give me more allotment acres on one hand to plant, making more peanuts, then reducing my peanut poundage quota so I'll have more peanuts to pass on to the middleman at $250 a ton, who perhaps can then ship them up here to the Washington ball park for $2,000 a ton.

It is time for the government to get its expensive hand out of the peanut program. The sad plight of most peanut farmers is proof positive that the past and present government peanut programs were dismal failures insofar as being of help to the man behind the plow. I honestly believe it to be best for America to get the government out of all farm programs except for food purity inspection, research, conservation and farmer education. I believe it certainly will be best for the peanut farmer.

I do not need to tell you that the farmer is disappearing. He is tired of being the low man on the price totem pole all over the world for the food he has worked so hard to produce. The big profit middlemen are going to eliminate the producing farmer. Farm land in America is also fast disappearing. The urban sprawls, planted pine trees and other varied land uses are reducing the total acres in cultivation each year.

Take away the hard working farmer—take away the farm land—where is the food for the hungry millions in these United States

and the hungry millions of the world going to come from? Unless the farmer starts making more of a living soon, realizing a profit from his labor, then in my opinion we'll be in an extremely tight belt situation regarding food come 1990.

Won't you please give the free enterprise system a chance? it made this nation great. I sincerely believe it can keep all of us from going hungry.

I ask you most respectfully to free float peanuts. Take off the government hamstrings. Remove the peanut OPA price cap or ceiling. Rid the dirt farmer of all the red tape and plastic cards of the peanut program. Release us from quotas, additionals and "additional additionals," allotments, ceilings, and get rid of the government gobbledygook and the administrative costs thereof.

Save the taxpayers money. Turn the farmers loose. Let free enterprise and the supply and demand of the market place hold forth.●

ALCOHOL FUELS IMPERATIVE

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. FINDLEY. Mr. Speaker, the U.S. National Alcohol Fuels Commission recently published its final report, "Fuel Alcohol, An Energy Alternative for the 1980's." After 18 months of study, the Commission concluded that gasohol can help to decrease petroleum consumption in the United States, and that the Nation must proceed to develop available domestic resources to produce both ethanol and methanol.

Shortly afterward, the Reagan administration proposed that Congess rescind loan and loan guarantee funding for the construction of alcohol fuels plants.

This news has caused great concern among the citizens of this country who already have committed substantial resources toward feasibility studies, plant designs, and acquisition of land and capital for the construction of alcohol plants. One of the Nation's leading proponents of alcohol fuels and a very good friend of mine, Alvin Mavis, felt compelled to come to Washington to visit with me in person about his concerns.

Among the points Al raised was that the mountains of nonfat dry milk now in Government storage could be used to produce alcohol. This could substantially reduce Government expenditures for the milk price support program.

To give Members of the House a chance to review some of the information on alcohol, I insert excerpts of a recent article in Smithsonian magazine in the RECORD.

There is no reticence in the soul of Alvin M. Mavis. During the Bicentennial festivities, he rode a horse for 83 days from Springfield, Illinois, to Valley Forge, Pennsylvania, and he doesn't think that refueling America is going to be much more strenuous than that ride. He sits in his small office (near a framed proclamation praising him for "unquenchable enthusiasm" and "unsurpassed fervor"), a phone in one big hand and a flyswatter in the other, listening to the sweet hum of the machine in the next room as it makes corn into the juice that runs his car, and he conjures up a glorious future.

"If we don't get a lot of liquid fuel, America will have to change its way of life and that means going backward," he says. "But we want big cars, we want them air-conditioned, we want a market for agriculture, and we can have it all."

Alvin Mavis, retired cavalry colonel, farmer and executive director of Agri Stills of America, based in Springfield, Illinois, is talking about alcohol. To Mavis, alcohol is the magic fuel that will wash away America's oil blues, replacing dependence on Arabs with independence for U.S. farmers.

"We can put one or more of these stills in every town in the country," he asserts. (Once started, he runs along without prompting as enthusiastically as one of his 500-gallons-per-day stills.) "We can get this thing decentralized and get our hands on that liquid fuels situation, and we're going to have more meat at a better price, and more food than we've ever had. We'll have real economic growth, we can completely eliminate our deficit balance of payments, and we'll reduce our inflation rate. It's like going West!"

Al Mavis owns a big, air-conditioned car—a 1975 Ford LTD—which runs entirely on 190-proof alcohol. The car is not perfectly adapted yet; on a recent promotional drive the car zipped along vigorously, like its owner, then stalled without warning at the corner of Walnut and Monroe streets in Springfield. But such occasional proofs of the uncertainties that loom ahead for alcohol proponents don't bother Mavis at all.

"You'll find contradictions to what we say all over the country," he acknowledged, "but we don't care because we're right."

On at least one point Mavis is right: the whole brew of the alcohol fuels' future is turbulent with contradictions. Although it is obvious a new industry is being born, no one yet agrees on its future size, shape, speed of development or how much it can really do to free us from dependence on oil. The only thing most authorities agree on is that it is taking off.

"There is a boom factor here," says Lloyd Costley, general counsel with a Congressional/Presidential organization called the U.S. National Alcohol Fuels Commission. The Commission has compiled a list of 300 proposed large-scale alcohol production plants which, if all were built, would produce a total of approximately three-and-a-half billion gallons every year. The Bureau of Alcohol, Tobacco and Firearms reports that more than 100 of the builders of these proposed facilities have already applied for the necessary permits, while some 8,600 permits have been issued for small stills (under 10,000 gallons per year). Several major oil companies, among them Texaco and Ashland Oil, have recently announced plans to begin producing alcohol with which to make gasohol, a fuel which in the past couple of years has gone on the market in almost every state in the Union. A year ago a government-set goal of 500 million gallons of alcohol fuel per year by the end of 1981 looked hopelessly optimistic; now that quantity appears likely to be exceeded. "In the gasoline business," an oil marketing newsletter reports, "alcohol is perhaps the fastest comer since unleaded took off in the early Seventies."

However, 500 million gallons of alcohol, which might be enough to fill a few swimming pools in Beverly Hills if they ran out of champagne, is a thimbleful compared to our gasoline habit, which consumes more than 100 billion gallons a year. And expert opinions on alcohol's potential beyond that amount differ so widely they might refer to different planets.

A recent study by the Gasohol Study Group of the Department of Energy's Energy Research Advisory Board (ERAB) concluded gloomily last spring that agricultural alcohol production could displace less than one percent of U.S. gasoline consumption after 1985. But the force of ERAB's report was somewhat tempered by controversy over the fact that one of the seven members was a research manager with a major oil company more committed to synthetic fuel than alcohol. At about the same time Dr. Barry Commoner, noted environmentalist and erstwhile Presidential candidate, testified before the National Alcohol Fuels Commission that with a restructuring of agricultural production similar to that which integrated soybeans into a corn-dominated system, American farmers could produce 50 billion gallons of fuel alcohol per year "without reducing food or feed production," and without increasing soil erosion (see p. 120). While the ERAB report leans toward coal as a better source for the fuels of the future, Commoner suggested that with the development of alcohol production from woody plants and waste the United States could produce the fuel equivalent of 150 percent of the present annual gasoline consumption, and nutritive material as well.

Other reports are similarly varied. The General Accounting Office cautiously observed that "it appears entirely feasible for the nation's vehicle fleet to be operating on a ten-percent ethanol, 90-percent gasoline blend (gasohol) by the year 2000," which would mean an annual ethanol production of about ten billions gallons. And even the Department of Energy is a house divided on this issue: in contrast to ERAB's gloomy views, the Department's Office of Alcohol Fuels (OAF) is only slightly less buoyant than Alvin Mavis. After the November elections, a spokesman for the OAF, William Holmberg, who likes to talk about the "revitalization of rural America," waved the banner of alcohol with all the fervor of a born-again cold warrior:

"From a national security point of view," he said, "in dealing with international Communism or Soviet imperialism, there is no stronger defense than a peaceful offense involving prosperous farmers, vitalized rural communities and free-enterprise-driven community businesses."

Although Mavis, Commoner and Holmberg are obviously not political comrades, their shared zeal for this source of energy is typical of the broad reach of the alcohol enthusiasm.●

WHO IS MOST HURT BY TAX CUTS?

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. GINGRICH. Mr. Speaker, when my colleagues vote on the President's proposed tax cuts and spending cuts, I hope they will do so based on fact rather than fantasy.

The current myth that has been circulating is that spending cuts will primarily affect programs that help the poor. There are many who believe programs that help businesses and people of middle to upper incomes will go untouched.

That is just not true. The fact is that far more is being cut from programs that help the well-to-do.

Many of the people who are criticizing the President's program apparently have not studied it in detail. However, Robert Akerman, a columnist for the Atlanta Journal, has studied the proposals.

The text of his conclusions, printed in the Journal March 10, 1981, follows:

WHO IS HURT BY THE CUTS?

(By Robert Akerman)

I have done something that very few critics of President Reagan's proposed federal budget cuts have bothered to do—that is, go through all 83 programs he wants to cut in an attempt to judge how much of the burden will fall upon poor people.

The charge is that most of it does. To some extent it is a matter of how you define aid to the poor and aid to the rich, but I think that if you look objectively at programs in which the impact can be clearly allocated to one group or the other, you may be in for a surprise.

One way to get at it is to group those programs which make having a relatively low income the main key to receiving federal help. President Reagan proposes to cut the following programs in fiscal 1982 by the amounts indicated: food stamps, $1.822 billion; Aid to Families with Dependent Children, $520 million; Medicaid, $1.013 billion; subsidized housing rentals, $232 million.

That's a total of $3.587 billion to be trimmed from programs in which low income is the principal criterion for eligibility. In none of these programs does the President propose to spend less than was spent in the previous year by President Carter; he only proposes not to raise them as much for the next year as Carter proposed. You cannot honestly include as a count against Reagan the cuts in disability insurance and a few other programs which Carter also had proposed but had not been able to get through Congress; in any event, they do not necessarily impact on the poor.

Now compare that total of $3.587 billion to the list of cuts in programs that primarily benefit middle- and upper-income people. Eliminating the subsidy now given to airport and airways users (by taxing them for services now financed out of general revenue) would save $1.882 billion in fiscal 1982—in itself more than the amount to be cut from the food stamp program. I consider this airport and airway users subsidy to be one that principally benefits middle- and upper-income people because poor people fly only occasionally, in an emergency, whereas affluent people fly regularly on business or vacation trips.

Ending the subsidy of $100 million to boat and yacht owners clearly affects upper-income people. That would be done by charging user fees for Coast Guard and other government services.

The only transportation-related cut which hurts poor people more than the affluent is the one proposed in mass transit operating subsidies, and I oppose that one.

Ending the subsidy to so-called rural electric cooperatives would save some $1.142 billion in fiscal 1982. Today most of the beneficiaries of this subsidy are relatively affluent people in the surburbs; no means test is involved. I know, because I get my electricity through an REMC. I'm not a member of the nearby country club, but most of my neighbors are and I doubt that anybody in this subdivision is eligible for food stamps.

President Reagan proposes to cut the following amounts in fiscal 1982 from programs that directly aid big business interests: $410 million from the Export Import Bank, $258 million from waterways subsidies, $300 million from Conrail, $29 million from Amtrak (plus $114 million from it in fiscal 1981), $50 million in direct airline subsidies, $95 million from the Northeast Corridor Improvement Project (to speed up train service), $864 million from subsidies to synthetic fuel projects, $361 million from fossil energy development, $365 million from solar energy development, $156 million from alcohol fuel development and $149 million from solar energy trax credits.

The point, at this moment, is not whether all these cuts are wise. I have doubts, for example, about cutting Amtrak. But the point is that it is aid to business, and to argue that aid to private corporations in the development of products or services will eventually help the general public is to adopt the very "trickle-down" theory which critics of Reagan profess to reject. That also applies to most urban development plans.

Now these cuts which primarily affect business groups and upper-income people amount to a total of more than $6 billion—quite a bit more than the $3.587 billion to be cut from programs which primarily aid the poor.

The proposed cut in the school lunch program would not affect the truly poor, those below 130 percent of the poverty level. But if you still want to throw some of the $1.575 billion to be cut from that in on the side of cuts that hurt the poor, then you have to throw in on the other side most of the $1.095 billion to be cut from dairy subsidies, since most of it will go to big operators. And so it goes. Indeed, in all the 83 programs there is little beyond the $3.587 billion I have cited that will impact primarily on the poor.

We can argue about whether overall policies of the Reagan administration will help the rich more than the poor, but judgments about this really should be postponed. As far as the budget cuts are concerned, the balance looks much more even to me than Reagan's critics would lead us to believe.●

TRIBUTE TO WES UNSELD

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. MAZZOLI. Mr. Speaker, I would like to commend to the attention of my colleagues in the House of Representatives the outstanding achievements of one of Louisville's most accomplished native sons, Wes Unseld.

Wes, a hero of the Washington Bullets basketball team, has announced his retirement after 13 years of all-star caliber play in the National Basketball Association.

That Louisville is proud of Wes is no secret. He is indeed someone for all Americans to admire. His determination and drive, his ability to control his position against men several inches taller, are examples of the qualities of the American spirit universally admired by the American people.

I wish Wes and his wife, Connie, the best of health and happiness in the years to come.●

HELPING THE YOUNGER GENERATION

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. MICHEL. Mr. Speaker, at the heart of President Reagan's philosophy of government is the belief that those who need help benefit most when private initiative replaces, or at least supports, tax-supported services. Recently, Michael L. King, a reporter of the Wall Street Journal, wrote an article that suggests President Reagan's philosophy if not, perhaps, every aspect of his program is in tune with what many thoughtful Americans believe. Mr. King suggests that his generation of black Americans should get involved with the current college generation of black youth. He finds this generation cynical, dispirited, and suspicious. His solution to this problem is that successful black Americans who fought the civil rights battles of the 1960's should take time to encourage and help today's black students.

I ask unanimous consent to insert "An Alienated Generation of Black Students" by Michael L. King, from the Wall Street Journal, March 9, 1981, in the RECORD.

[From the Wall Street Journal, Mar. 9, 1981]

AN ALIENATED GENERATION OF BLACK STUDENTS?

(By Michael L. King)

TUSKEGEE, ALA.—If the students here at Tuskegee Institute are typical, young blacks

preparing for professional careers are astonishingly alienated.

This alienation stems partly from the disparity between black America and white America. Black youths resent hearing whites talk about how much progess blacks have made, because they don't think racism has lessened. They fear—no, they are almost convinced—that racism will prevent them from finding a meaningful job in American business.

Despite what the students think, there has of course been progress, and one of its more obvious signs in the emergence in recent years of a black professional class. Trouble is, that class seems as inaccessible to the students as the master's mansion on a Mississippi plantation once did to the field hands.

I discovered this recently when I spent three days talking to students here at predominantly black Tuskegee Institute. I was here as part of a youth motivation task force organized by the National Alliance of Business. The program matches black, Chicano and American Indian professionals with college students who are members of those same minority groups. NAB is financed cooperatively the federal government and industry. Expenses of taskforce participants are paid by their employers.

THE SAME QUESTIONS

I talked to more than 200 students here, individually, in large classes and in small groups. Many asked the same questions: Why would Dow Jones let you come here to talk to us? How did you get your job? Are the people you work with racists? What kinds of questions will a job interviewer ask me? Last summer I couldn't find any other job, so I took a job sweeping floors; did I make a mistake? Should I have gone to summer school instead?

My answers were honest, if predictable: Take advantage of every opportunity to get work experience. An employer will want to know how well you will handle responsibility, and college grades and previous work experience are good indicators. Don't wear a party dress or disco shoes to a job interview. Yes, there are some racists in business and you will run into racism in your careers. Life isn't easy or fair but with hard work others have managed to succeed and you can, too.

Most of these students seemed bright and ambitious, but lacking in the social skills they need to get and keep a professional-class job in white America. To attain any measure of success, blacks typically must learn two distinct cultures—their own, and that of the white majority.

But the young blacks I met think learning the majority culture is a waste of time. They are convinced that America has hardened its heart towards them. They dream, but don't make much effort toward realizing their dreams because they fear it is futile. They feel despised by whites and spurned by black professionals.

On a plane back to Atlanta I sat next to Patricia Blackmon, a district staff manager with American Telephone & Telegraph Co.'s Southern Bell unit. She was on the Tuskegee task force, too, and she came away with similar feelings. "I am really afraid when I think what's going to happen when they graduate," she said sadly. "When they apply for jobs and don't get them they'll think it's racism. But I wouldn't hire most of them either."

Ms. Blackmon and I puzzled about how and why these students—only 10 to 15 years younger—are so different from those of us who came of age in the 1960s. We ruminated about our own experiences growing up black and poor—she in Newnan, Ga., and I in Greenville, Miss.

Our generation, we agreed, had grown up with little television and much responsibility. From our earliest years we'd been actively involved in everything around us. We had chores to do after school, but there was never a hint of getting paid for them. Ms. Blackmon's father was a storekeeper, and after school she was required to work in the store.

I recalled to her that on Sunday nights my sister Esther would play the organ, while my father, my sister Helen, my two brothers and I served as the church choir. "That was us," she said excitedly, also remembering. "That was me playing the organ."

But the students' memories are sparser and paler. For some reason—too much television, I suspect—they are passive in many ways. Without that bent toward active participation, they have little sense of origination, conclusion or accomplishment.

My generation always seemed to have a sense of purpose, even when—as frequently occurred—we charged off in the wrong direction. We spend our days demonstrating against racial injustice, and our nights boning up on revolutionary rhetoric by studying the writings of Jomo Kenyatta and Frantz Fanon. Reading was a joy, because to wrestle successfully with such concepts as colonialism and nationalism gave us a sense of accomplishment and precluded feelings of isolation.

We even managed to pass our college courses. We were too onery to flunk. Administrators told us that failure was certain for students who committed such vile acts as imprisioning the chancellor's family in their own residence at the University of Mississippi, or taking school trustees hostage at Tuskegee. We were determined to prove them wrong, and we did.

By contrast, the students I met seemed to have no clear sense of purpose and no unswerving determination to accomplish anything.

Most important, we who grew up in the Sixties felt a sacred indebtedness to those who had gone before us. Our successes, we believed, occurred in large part because we'd been hoisted high atop the shoulders of the generations past. When my mother was a small girl, my grandparents lived and worked on a plantation in the Mississippi delta. They ran afoul of the plantation boss when my grandmother decided my mother should attend school. The plantation boss felt that children of the field hands also owed him a day's work. My grandparents disagreed. So they crammed their meager possessions in a broken-down wagon and moved on. If my grandparents had done otherwise, I thought years later, my own career goals and life accomplishments would have been far lower.

That today's black college students seem to feel cut off from their predecessors, rather than linked to them, says much about the shortcomings of my generation. We haven't done very well by younger blacks. To many of us, social responsibility has come to mean a yearly contribution to the United Fund, an every-other-year contribution to the United Negro College Fund, and an occasional trek into the inner city for ribs. Evidence of our aloofness is that the eight persons who traveled here for the youth motivation task force were less than half of those the NAB asked to participate.

Both Ms. Blackmon and I were adults before we met blacks who hold the kind of jobs we now hold. In those days there weren't many black professionals and most of them were physicians.

MORE INTERACTION NEEDED

Now, there are many. But we haven't interacted with black youth as we should have. In the white culture there is much interaction between youth and professionals. Often this interaction—around the neighborhood, in churches, family get-togethers—is unintentional and simply is part of the milieu in which white youths grow up. In much of the black community, such coincidental interaction isn't possible. It must be planned. And thus far, we've failed to do that.

I don't worry about the Tuskegee students I met. Most of them will make it. But I am deeply worried about the students who have no encouragement and no one with whom to share their plans.

Once, at Tulane University, I spent the better part of a Saturday in the library sweating over chemistry books. By evening, I had resigned myself to failing the exam the following Monday. I walked downstairs in the University Center to get a glass of beer. Before I entered the Rathskeller I was approached by a janitor whom I knew only as Joe. "How's it going?" Joe asked.

"Bad," I groaned. "This chemistry course is getting the best of me."

Joe wrapped his arm around my shoulder. "It ain't bad as you think," he said. "You know, when I was a boy they wouldn't let me near this place. If I crossed Jefferson Street they'd put me in jail. It ain't that hard. You'll make it. You gotta."

I was too choked up to drink beer. I went back to my room and studied for the remainder of the weekend. I made an A on that exam—partly, I think, because someone was there to encourage me and to keep me from quitting.

I'm glad I participated in NAB's program at Tuskegee. I believe such programs change lives, and I wish that other black professionals would recognize this and find a way to get involved.●

RED CROSS MONTH—100 YEARS OF SERVICE

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. RITTER. Mr. Speaker, May 21, 1981, marks the 100-year anniversary of the American Red Cross and, since this month is Red Cross Month, I would like to pay tribute to the magnificent service that the people of the American Red Cross have rendered to their fellow citizens during the past century.

In a nation with a fine tradition of citizens helping each other, the work of the American Red Cross has come to represent the very best in unselfish and effective volunteer service.

Indeed, the range of different services provided by the Red Cross is so vast that most citizens have only a limited appreciation of just how incredibly diverse is the role of the Red Cross. The more than 1.4 million U.S. Red Cross workers serve not only on

the commonly known context of disaster assistance, when people who have lost everything desperately need emergency help, but also in such daily activities as health and safety education, community services, and, of course, the vitally important Red Cross blood drives. In fact, the Red Cross collects, processes, and distributes more than half the Nation's total volunteer blood supply.

In my own district in Pennsylvania, Red Cross workers have become a trusted, needed, and well-respected part of our communities. The half million people of the Lehigh Valley have good reason to be deeply grateful for them. Today, I join in paying a much-deserved tribute to the wonderful people of the Red Cross.

We can only hope, as we pass through the 1980's and beyond, that our families may continue to support and rely on the American Red Cross—an organization based on the volunteer spirit which eases suffering, teaches, serves, and, above all, cares for fellow human beings in need.●

PROGRAM FOR ECONOMIC RECOVERY

HON. THOMAS J. BLILEY, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. BLILEY. Mr. Speaker, support for the President's program for economic recovery has been overwhelming among my constituents, I am confident that Members on both sides of the aisle, as well as in the other body, have found a similar response from their constituents. On March 4, one of my constituents, a member of the Richmond City Council and one who will have to directly confront the problems of reduced Federal spending at the local level, placed a letter in the Richmond News Leader strongly endorsing the President's program and criticizing those who would tear it apart. I would like to share that letter with you:

DEAR CONCERNED CITIZENS: I am tired of Americans who do nothing but critized American leaders!

I am tired of hearing that my country "oppresses" its women, its minorities, and its poor. I am tired of hearing that my county "neglects" its cities, "abuses" its environment, and "endangers" the peace of the world through its "war-mongering."

But, most-of-all, I am tired of all those special-interest, self-serving Americans who have endlessly harped on these themes—and who conveniently forget that no other nation in all of history has offered as many Freedoms, as much Abundance, as many Opportunities to its peoples as has America!

But the fact is, that this great America—not perfect, but the most perfect this world has yet seen—is now in serious trouble.

Our new President, a man of rare perception, ability, and courage, sees the problem, evidently knows what to do about it, and has the plain old country guts to go out and do it! His recently-announced programs are the beginning of Ronald Reagan's remedy for our country's problems. But these programs are already running into heavy fire.

The same selfish self-serving special-interest groups which have pushed America down the road to external weakness and internal ruin are pushing again. They don't want the Reagan programs. They're grabbing the feet of every Senator and Congressman in Washington and holding them to the hot fire of misrepresented public opinion, exerting all the pressure they can to force the gutting or the killing of our President's proposals. Do you want * * * reduced Government spending * * * reduced personal income taxes * * * controlled, then reduced, rate-of-inflation * * * stronger national defense?

Then you want the enactment as presented of Ronald Reagan's proposals! So tell him so! And tell your Senators and Congressmen, the members of the President's cabinet, and the Press! Tell them so! Use the telephone, the Postal Service, Western Union! But tell them so! Tell them now! Tell them often! Join me and say

"I am tired * * * tired of self-servers running my country for their own special interests! I want my country run by its elected leaders for all of its people! And, furthermore,

I am tired * * * of waiting! I want it to begin to happen now! And I believe it will through the immediate enactment of all of the President's programs! Work for them! Vote for them! And I will work and vote for you!"

If, like me, you are tired, you'll write, phone, or wire today. And, I, and our posterity, will thank you!

CAROLYN C. WAKE.

Mr. Speaker, I too am tired, as are my constituents, and the vast majority of Americans of special interest groups running our Nation. The people have spoken. It is now up to us to act. I urge my colleagues to join me in wholeheartedly supporting the President's program. Let us return government to the people. That is what they want and that is what they deserve.●

IN TRIBUTE TO THE LATE HONORABLE JACOB H. GILBERT

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. ROSTENKOWSKI. Mr. Speaker, it is with a sense of great loss and sorrow that I now pay tribute to the late Honorable Jacob H. Gilbert. On February 27, Jack lost his private struggle with cancer.

Having served for 10 years in the New York State Legislature prior to coming to Washington, Jack was a man who dedicated his life to public service. He was a true statesman who in an undramatic, workman-like manner accomplished much. In his 10 years of service to this body, Jack was highly successful in promoting legislation which bettered the lives of the elderly, poor, handicapped, and disadvantaged.

I would like to make special mention that Jack and I were neighbors on the seventh floor of the Longworth Building. There I had a chance to realize that Jack Gilbert was not only a helpful, but also, a genuinely kind individual. I also had the pleasure of serving with Jack on the Ways and Means Committee and on the committee he demonstrated ability as a capable participant in the often complicated environment of tax policy.

Jack Gilbert—a dedicated public servant, a man of integrity, a dear friend—will long be missed by this Member of Congress.●

SISTERS OF ST. JOHN THE BAPTIST

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. RODINO. Mr. Speaker, this Sunday, March 22, in my home city of Newark I joined the parishioners of St. Lucy's Church at Mass to celebrate the 75th anniversary of the Sisters of St. John the Baptist in the United States.

The first Sisters of St. John the Baptist in America arrived in Newark from Italy in 1906. They came with several orphan girls, and the parish of St. Lucy's Church welcomed them. Since then the Sisters have tended to the needs of the Newark community with saint-like dedication. I am a lifetime member of St. Lucy's parish and I can remember as a boy benefiting from the Sisters' personal acts of kindness.

For over three generations, the Sisters have provided friendship to the lonely and hope to the despondent. They have sheltered the homeless, taught in our schools, nursed our sick, comforted those in prison, helped the elderly and the handicapped, and assisted immigrants in adapting to American life.

The Sisters run St. Lucy's Grammar School and St. John's Girls Residence in Newark. They are among 160 Sisters serving in 16 communities in America, under American Provincial Sister Margaret Mary.

The history of the Sisters of St. John the Baptist dates back to 1878 in the small town of Angri in southern Italy where a group of religious women and a local priest pooled their resources to buy a horse stable and converted it into an orphanage. The Sisters of St. John the Baptist have continued to support and operate the orphanage ever since. Right now, the orphanage is providing vital help to children left homeless by the recent earthquake.

This constant service to God and mankind is exemplified by the Sisters at St. Lucy's parish in Newark. Their record of dedication was recognized in 1978 when a lifetime member of St. Lucy's parish, Sister Alberta Stango, was chosen Mother General for the entire order of the Sisters of St. John the Baptist. Sister Alberta Stango is now stationed in Rome, but the other Sisters who have meant so much to the Newark community continue to serve at St. Lucy's Church. Sister Vincent is 80 years old and has been at St. Lucy's for 60 years; Sister Celeste has spent over 40 years helping children at St. Lucy's; and Sister Francis Marie, who is principal at St. Lucy's School, is carrying on this tradition of caring and commitment to young people.

On Sunday I joined the other parishioners of St. Lucy's to pay tribute to this tradition. Father Joseph Granato, pastor of St. Lucy's concelebrated Sunday's Mass with Bishop Pechillo, vicar for Hudson County who is representing Archbishop Gerety; Bishop Marconi, vicar for Union County; Bishop Pernicone, retired Auxiliary Bishop to Cardinal Cooke in New York; and Father Joseph Nativo of St. Lucy's Church.

It was a time for us to give thanks for all that the Sisters of St. John the Baptist have meant to the families of Newark. I join with the countless others who have been blessed by their kindness, and I am thankful for their continued role in our community.●

CETA PROGRAMS CAN WORK PROPERLY

HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. SHANNON. Mr. Speaker, I would like to share with my colleagues an article on CETA which appeared in the Lowell Sun recently. With all of the criticisms of CETA, it is refreshing to know that such programs can work when properly administered:

MOTHER STRUGGLED TO GET OFF WELFARE—NOW SHE'S CHILDREN'S LIBRARIAN

(By Ann Shaw)

LOWELL.—Lela Boykins has proved that things can be changed if you're determined enough to make them. One might say this young woman had three strikes against her only five years ago: She was an unwed mother of two children, lacked a high school diploma and was black.

Today as the children's librarian at Lowell City Library, Lela has completely changed her life around and now looks forward to her future with all the enthusiasm of a first draft choice for the major leagues.

Lela is another example of today's woman in transition. She knew she didn't want to be a welfare mother the rest of her life and realized the change would depend entirely on herself.

Things began to materialize for her in January 1975 when she became a CETA (Comprehensive Employment Training Act) employee at the City Library. By that time she had returned to high school and was graduated. Her baby was only three months old while her other daughter was still a tot.

But she knew things had to be done. She also knew she had a lot of pride. Her family was very supportive and helped out in many ways, both materially and emotionally. She did minor typing and clerical work for the first couple of months, moving on to the children's department under the guidance of former children's librarian Louise Dunn.

"It was Louise Dunn's birthday," recalls Lela, "and she told me kiddingly that she didn't know if she'd keep her birthday present or not."

That's when Lela began to really enjoy her job. Dunn was an excellent teacher and Lela soaked-up what she was taught like a star student. "Miss Dunn accepted me for what I was, not what some may have thought I should be. Sometimes society forces people to accept roles they're given. Then you become society's child. Miss Dunn helped me realize I was living below my capabilities," reasons Lela.

Lela says her old philosophy was that a single black mother can't make it in Massachusetts. That was before she realized she wasn't "created" by society—that she had her own mind and could set her own goals. "You have to be determined to be successful before you can be," she smiles.

In those early days at the library she grossed $122 for 35 hours. She could barely make ends meet, having an apartment at the Northern Canal complex. Lela wasn't accustomed to providing for her two daughters, she confesses, saying it's difficult to give-up the support your family has provided. As one of 10 children, the family ties remain strong, but she has grown to be an independent woman who is instilling the importance of family and achievement in her own children.

In 1977 she started attending night school at Northern Essex Community College, borrowing cars from friends like Louise Dunn and others to get there. She received an associate's degree in library science for her efforts.

Lela was a CETA worker until November of 1977 when she was laid off for three months. When she returned it was as the assistant children's librarian, being approved for the job by the library board of trustees.

She is now attending the University of Lowell for her degree in criminal justice as another tool for the future. "The only thing I've ever wanted to do is work with children," she says.

Her next goal is to earn her master's degree in library science from Simmons College in Boston.

Lela takes her job at the library extremely seriously and believes her role here can have a great impact on a child's future. She said her aim is to help every boy and girl who uses the library in some way.

"Their young minds hunger for knowledge, otherwise they wouldn't be here. I want to satisfy that need," she explains.

She views Lowell as having many underprivileged children and many with special needs. She strives to reach out to such young people. One of her work-related goals is to establish an outreach program with nearby Lowell Day Nursery. She has already established one with CTI (Community Teamwork, Inc.) that she coordinated last year.

She believes children should be given "reasonable" responsibilities and rewarded for their efforts, through praise or an award of sorts without making them materialists.

Lela remembers a lot of the prejudice she encountered over the years, both while living as a child in North Carolina and in Lowell when she was subjected to such things as using the basement toilet facility at the library that was earmarked for transients. She preferred leaving the building and going to her French Street apartment instead. She is determined that her children will be given the opportunities she was denied because of the color of her skin. She is also instilling in them a deep respect for education, in many ways using herself as a role model.

"I want my daughters to be able to express themselves, and not afraid to be ambitious. I don't expect them to be subservient, but to conduct themselves as ladies," she said.

A member of New England Pentecostal Church of God where she is also a choir member, Lela refers to church as "her life" now. She enjoys all aspects of church and gives a lot of herself to it. A great believer in prayer, Lela says she prays many, many times every day. "Prayer changes things," she says with enthusiasm. "Church is my hobby and my entertainment," she offers, saying she's there five days a week, missing only two nights to go to school.

Lela says she is just beginning to live.●

HUNT FOR SILVER—PART III

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. McDONALD. Mr. Speaker, today I am inserting the final part of the article "Hunt for Silver." Parts I and II appeared March 17, page 4607 and on March 19, page 4826 respectively. This final part details the machinations that took place against Mr. Hunt and shows why he was not the cause of the abrupt drop in the price of silver last year. I commend this matter to the attention of my colleagues.

It was Mocatta chairman Henry Jarecki—along with other shorts operating through the exchanges—who stabbed the Hunts in the back and ruined the silver market in the United States. It was they who engineered the rule changes which made it virtually impossible for longs to buy and ultimately led to a massive, if temporary, price collapse. A market consisting only of sellers—as decreed by the exchanges—would of course have to collapse. On March 27, 1980, it did. It was the commodity exchanges and the Commodity Futures Trading Commission that were responsible for the silver debacle.

But of course the rapid and extreme rule changes were not the only factors involved in creating the silver crash. There is, in fact, a great deal more that is suspicious here. Interest rates were rocketed and loans from the banks for "speculative" purposes were severely curtailed. Of course high interest rates tend to draw investment money out of the precious metals and into attractive short-term Treasury bills.

Many analysts, observing that the prime rate peaked at precisely the point at which the price of silver plummeted to its lowest

level, theorize that the Federal Reserve (under C.F.R. member Paul Volcker) may have been working in concert with the big banks and insiders on the exchanges to pull the rug from under the Hunts. Viewing the Hunt silver play and its possible future hard-money implications as a dangerous threat to their paper-money empire, the international manipulators may have conspired to bring down the Hunt's huge silver position and, if possible, destroy them.

In the commodities futures market, a great deal of the buying is done with borrowed money. When interest rates are high, it is more difficult and less attractive to borrow money to purchase new positions or to furnish additional margin. If the big banks—which set the prime lending rate—wanted to help the shorts and clobber the Hunts, they could do what they did—push the prime rate to twenty percent and discourage people from borrowing money to compete in the commodities futures market. As a result, investors would sell out their positions, and the price of silver would drop.

Did it happen that way? Note that, in the months subsequent to the silver crash, interest rates which had been forced to an all-time high plummeted faster and further than at any time in history. A drop in the prime rate from twenty percent to twelve percent in three months represents a forty percent drop. Normally, the prime won't vary more than a point or two in a year. Of course, these are uncertain times and this could all be coincidence.

Realizing the difficulties in getting large sums of money in the United States under the Paul Volcker policy at the Fed, Bunker Hunt decided to try European lending institutions. After all, European financial institutions have long been more eager to make loans with precious metals as collateral than banks in the United States. Hunt now found to his dismay that the U.S. Federal Reserve had sent out a form letter to all the major banks in the world requesting that they not make any loans to Americans for "speculation" in gold or silver. Representatives of the Federal Reserve were even flown overseas from Washington, warning the foreign banks not to lend substantial sums of money to Americans—and specifying Bunker Hunt.

Mr. Hunt was acquainted with a number of the people at key foreign banks, and he asked them, "What do you people care what the Federal Reserve says? You're not Americans; the Federal Reserve doesn't run you." They explained that they didn't dare cross the Federal Reserve because they had branch offices or other interests in the United States and the Fed could make things very tough on them. Bunker hunt comments: "That came as quite a surprise to me, because I didn't realize they had that kind of power. But they really do."

There was never any question about the ability of the Hunts to remain solvent. But, as a consequence of record interest rates imposed by the Fed and the big banks, and the huge margin deposits suddenly required by the commodity exchanges, the Hunts found themselves caught in a liquidity squeeze that would have bankrupted many nations.

Due to the rule changes made by the exchanges and a great deal of public selling of old silver, the price of silver had already begun to drop from its January seventeenth peak of about $50 an ounce. As they became increasingly pressed for cash, their broker (Bache Halsey Stuart Shields) began making large margin calls to the Hunts to secure their positions. In an apparent effort to push the price of silver back up and to raise cash to help relieve the situation, Bunker Hunt announced from Paris on March twenty-sixth that he and two Arab partners would issue interest-bearing international bonds backed by their silver holdings.

The effect of this announcement was to fuel the rumor mills in the financial markets where it was misinterpreted as a desperate call for help to raise cash. Traders began to panic and dumped silver contracts like they caused cancer. The delighted shorts watched the price fall and covered their short positions.

On that very day, Bache informed Herbert Hunt in Dallas that the brothers faced a staggering margin call of more than $100 million. It was a call that was later to total some $300 million. Due immediately. "They had always met their calls until this week," said Bache's executive vice president Elliot Smith. But they now declined immediately to do so and Bache began to liquidate Hunt bullion, futures contracts, and stocks, including huge positions in Texaco, Gulf Resources, Louisiana Land, and First Chicago Corporation.

By this time, rumors were spreading like quicksilver. One tale claimed that Bache had issued a margin call for one billion dollars—and the Hunts couldn't make it. A full-scale panic had been triggered. According to Elliot Smith, "It was a classic blowout. It was the culmination of the news that a major silver buyer was being liquidated, of the pressures of high margin rates, of all the inflation and recession talk. Everybody worried about being able to get their money out of the market, and people were just selling irrationally."

Bache announced that the margin calls had not amounted to a billion but only $300 million, that the Hunts had already paid two-thirds of the tab, and that Bache would make up the balance the next day. These assurances helped to stem the selling panic, but silver had already fallen to $10.80 on the morning of March twenty-seventh. It was Silver Thursday.

Because they had bought most of their silver bullion at under $10 an ounce, however, the Hunts were still ahead of the game in terms of their holdings in the actual metal. But the value of their bullion had dropped by nearly four billion dollars since January as the price of silver began falling in response to the quickie rule changes imposed by the exchanges. In the futures market, they had lost over a billion dollars on silver contracts they had bought when the price of silver was in the neighborhood of $35 an ounce. And, of course, they still had the agreement with Engelhard to buy 19 million ounces at $35 an ounce, a deal made before the precipitous decline in silver.

On the Sunday following Silver Thursday, Bunker Hunt flew in from Saudi Arabia and met with Herbert and representatives of Engelhard Minerals. The rug had been pulled from under the Hunts and they moved to negotiate with Engelhard on the huge silver purchase at a marathon day-and-night session involving representatives not only from Engelhard, but also of the big banks—Citibank, Chase Manhattan, Morgan Guaranty Trust, Bank of America, Manufacturers Hanover Trust, and the First National Bank of Dallas. Also wandering in and out of this top-level meeting was none other than Federal Reserve Chairman Paul A. Volcker . . . wearing pajamas. Evidently the big bankers believed they had the Hunts where they wanted them.

The upshot was that the Hunts settled with Engelhard by giving them 8.6 million ounces of silver bullion and, in addition, valuable drilling rights for oil and gas in Canada—a bargain settlement for Engelhard that may now seem less than brilliant with the Canadian Government moving to nationalize oil.

Also, the Hunts negotiated a big loan from the banks totaling $1.1 billion. In order to get this huge loan, however, the Hunt brothers had to put up virtually all their income-producing assets as collateral—including silver, oil, cattle, race horses, art, and securities. According to Herbert, these collateralized assets have a market value of eight to nine times the amount of the loan—which means that even after the biggest swindle in history the Hunts are worth around nine billion dollars.

Many have wondered why the Insider megabanks would—with the approval of Federal Reserve Chairman Paul Volcker—come to the aid of their mortal enemies the Hunts. Evidently the big bankers were afraid that the temporary Hunt liquidity crisis might precipitate a major domino effect culminating in a mammoth collapse of the entire banking system. Banks, brokers, and creditors were in danger of insolvency if Bunker and his brother were cash-squeezed and unable immediately to pay their obligations. They did not want to be dragged under. Having victimized the Hunts, the Establishment then guaranteed their liquidity—not because of guilt or charity, but out of fear that their own empires might go down while the Hunts were righting their ship.

In April, two weeks after the big loan to the Hunts was signed, Fed Chairman Paul Volcker announced to the press that one of the conditions of the loan was that the Hunt brothers would have to liquidate their entire silver stock and promise not to buy precious metals in the future. This was not encouraging news for the silver market in the United States. Alan Trustman pointedly observes: "An odd statement for Mr. Volcker to make. Knowledgeable as he is, and he unquestionably is knowledgeable, he had to know the impact his statement was likely to have—and did have—on the shell shocked precious metals markets, before he decided on the following day to qualify what he had said. What was he trying to accomplish? Save the dollar as we know it?"

Despite Volcker's pronouncement, the requirement that the Hunts dispose of their silver holdings was never a condition of the loan.

Meanwhile, not everyone had lost in the roller-coaster ride that had been afforded to silver. Some had sold short before the big plunge. One of the "lucky" sinners was Occidental Petroleum chairman Armand Hammer, whose father had been a major founder of the Communist Party in the United States. Hammer revealed that his company had gone short in both silver and gold in January when prices were high, just before the big drop. Occidental wound up with a profit of $119 million.

Had Armand Hammer acted on inside information? Is a five-pound mosquito fat? Even Hammer would not have dared risk Occidental's corporate funds in the futures market unless he had been assured that he was getting in on a sure thing. Had the price of silver gone to $60 instead of plummeting, Hammer would have gone to the slammer in an act of poetic justice.

Mr. Hammer's "good fortune" was not simply brilliant speculation. The Big Boys

were dividing up the pie and apparently cut Armand Hammer in for a piece of the action on what is known in horse-racing circles as a "boatride." It was a fixed race. Others doubtless did as well as Hammer, but did not call a press conference to gloat.

Another big winner was Norton Waltuch, vice president of Conti-Commodity Services Inc. in New York. Waltuch emerged from this hustle with a personal profit believed to be more than ten million dollars. Although he strutted confidently around the Comex silver pit, exuding assurance in the soaring price of silver, Norton Waltuch later let his clients go down the drain when he sold short. In the frank opinion of one of his former associates: "Norton betrayed us."

Congressional investigations of the silver swindle were soon launched. Hearings held by Senator William Proxmire's Senate Banking Committee have turned up substantial evidence of conflict of interest on the part of members of the exchanges and possibly certain members of the C.F.T.C. also. Based on data provided to the Committee by the Commodity Futures Trading Commission itself, Proxmire revealed that at least nine of the twenty-three members of the Board of Governors of the Comex were holding enormous short positions which would have required them to deliver more than 38 million ounces of silver bullion, worth about $1.9 billion in January when silver was still near its peak. This amounts to one of the greatest plunders by conflict of interest in financial history.

Bunker Hunt guesstimates that, on paper, some fifteen to twenty billion dollars may have changed hands between the time silver was at or near its peak of $50 and the time it dropped to $10.80. This includes all of the traders involved, the whole market, not just the Hunts.

Bunker acknowledges that he was aware all along that the Comex and the CBOT had the power to make rule changes any time they wanted—but any such rule changes, he explains, were supposed to be neutral in their effect on the market players. The extreme and rapid rule changes by the exchanges were anything but market neutral! On that basis, the Hunts are contemplating a legal suit against the Comex for its role in the silver debacle. The Comex may someday be renamed the Hunt Commodities Exchange.

The whole episode demonstrates the classic tendency of government regulatory agencies to take sides with special interests within the industry under regulation. Government intervention is *never* "market neutral," and can only help some at the forced expense of others. The commodity exchanges made their disruptive rule changes—in conflict with previous contract obligations—with the knowing approval of the Commodity Futures Trading Commission. The culprits in this financial episode were not the Hunt entrepreneurs, but those engaged in collusion between the government's C.F.T.C. and special interests in the exchanges.

Through all of this the major media have nonetheless attempted to make the Hunts look like sterotypical capitalist villains consumed by their own greed. Bunker Hunt, who has no use for the media moguls of the "Liberal" Establishment, understands the game very well. As he put it: "The same guys that were able to break the market were also able to get the media to attack its victims—which happened to be us." From the point of view of the *Insiders* of international banking and their kept press, the Hunts represented a colossal threat to a power structure based on paper money. They still do.

But now all the world has seen the character of Bunker Hunt. He surely saw the trap that the bandits running the Comex were preparing for him. He could have dumped and run, as others did—but he had urged a great many of his friends to follow him in investing in silver. He could not bail out without betraying those friends. So Nelson Bunker Hunt retained his integrity under circumstances said to have cost him four billion dollars. That hurts even when you have other billions on which to get by.

Mr. Hunt's satisfaction in all of this comes in the fact that while he may have lost a battle, there is no question that he will win the war. Bunker Hunt reportedly has 63 million ounces of silver left, even after being robbed of some 30 million ounces. The basic factors of supply and demand in the world silver outlook have not changed. The same reasons which led the Hunts to invest millions of dollars in silver apply more than ever today. Ever more silver is being consumed than is being mined; government deficits and monetary inflation still ravage the currency; and, hard-money experts realize that as inflation grows the American people will abandon paper and return to a money system based on precious metals.

At current silver price levels, Nelson Bunker Hunt is already well ahead of the game. And he still fully expects that one day the silver-to-gold price ratio will be one to five. This would mean that an ounce of silver would have a price equal to one-fifth the price of one ounce of gold. If gold were $800 an ounce, for example, silver should have a price of $160 an ounce. If the price of gold were $1,500 an ounce, silver might be around $300 an ounce.

Even at the approximate historical ratio of one to twenty, silver has a lot of catching up to do before it can begin to fulfill its great potential. But silver, the "poor man's gold," has a bright future. And so has Nelson Bunker Hunt.●

CUTTING FRAUD AND ABUSE OF THE FOOD STAMP PROGRAM

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. GINGRICH. Mr. Speaker, it is hard to believe just how much fraud and abuse exists in the food stamp program until you hear about it from caseworkers themselves. One of the caseworkers from my district, Sue Pearson, has put together several suggestions to return the food stamp program to its original purpose: to help provide nourishing food for the truly needy. I would like to share her letter with my colleagues.

The letter follows:

DEAR MR. GINGRICH: I am writing to you regarding proposed cuts in the Food Stamp Program. The initial intent of this program was very good and I certainly do not feel it should be eliminated. I am a casework Supervisor and have been with the Department of Family and Children's Services for 16 years and feel I, as well as my caseworkers, can suggest ways to cut the program and not hurt the needy.

I offer these suggestions:

1. Cut retroactive benefits totally. When a client comes into our office on the last day of the month, if found eligible, he or she is entitled to the entire month's coupon allotment. Most of the time these people get in excess of $400 to $500 in coupons, and most of these people have already been helped by the Salvation Army or churches. It would save a great deal of money to eliminate this regulation and no one would be hurt.

2. Food Stamps could be like unemployment: after drawing for a certain length of time, they can't draw for awhile. We have people on stamps who have been on since the program began, not elderly folks, but self-employed or working folks. Also, those who claim no income all these years: we can't prove they have no income and they will bring in statements from relatives who say they have been helping all these years. We are obligated then to certify them.

3. We should do away with the regulation that clients do not have cooking facilities (they can live in a car, a tent or camper at KOA Campground) and get food stamps. All they have to verify is residence and identity. This is done by a note, often from anyone who can write and say their car, tent or etc. is in their yard and within three days (if they have no income), we give them a full month's allotment. More than once these folks are gone in a day or two and hit another county.

4. Stolen coupons should not continue to be replaced. We have to replace the amount they tell the police they had stolen. If they bring in a police report every month, we give them replacement every month. The police have told us we are getting "ripped off" that these folks are not really getting coupons stolen but they don't have staff to investigate and they have to write up the police report as it's given to them. We are then obligated to take the police report as an honest statement from the client and give whatever amount they got the month before. Family and Nutritional Services said they could have saved them from the month before.

5. Do away with separate household allowance. If the client decides after eating with his or her mother-in-law and father-in-law for years that he and his family aren't going to eat together anymore, they can apply as a separate household and get stamps. This happens a lot when the entire family income is over the scale for stamps, in a day or two they decide to eat separately and reapply for stamps.

6. Crack down on those who are self-employed. These people can make $40,000 for the first six months of the year and come in when they have a bad month and are eligible for the maximum amount of Food Stamps.

The elderly are not getting the benefit of the Food Stamp program. Because their houses are paid for, they usually have no shelter cost deducted. Most of them get an average of $10 to $30 a month in coupons; whereas the self-employed man can get hundreds in food stamps.

The regulations tend to make the caseworker out to be the one not telling the truth and the client's word is taken for every-thing. The regulations are also complex and change daily. There should be simple "cut and dry" rules that let the caseworker determine eligibility.

I have only touched on a very few of the areas of concern that all caseworkers are having. You would do well to talk to the caseworkers to see what problems the regu-

lations cause. They are "on the front line" and can help.

I have enclosed some statistics that show some elderly persons' budgets on food stamps and some other cases.

Please be assured of our interest and concern as well as out support in getting some much needed change.

Very truly yours,

SUE PEARSON.

ACTUAL CASES

1. Lady 71 years old, Social Security Income of $272.80 per month.

Expenses:	
Medicare	$9.60
Hospital insurance	13.00
Monthly drugs	44.88
Phone	12.62
Electricity—did not verify	36.96
Gas—did not verify, we couldn't count	115.00
Sewer	5.00
Insurance	13.16

Drives 1967 Ford—house is paid for. She drives to doctor 30 miles round-trip. Gets $25.00 per month in food stamps. Owes hospital bill and doctor bill for cancer surgery, amount that medicare does not cover.

2. Age 89—Income $239.70 Social Security, Supplemental Security Income $18.30.

Expenses:	
Gas	$105.22
Electricity	25.02
Phone	12.69
Home insurance and taxes	15.75

Must pay taxi to go to doctor or to grocery store. Gets $11.00 per month in food stamps.

3. Couple ages 70 and 63. Combined income of $596.00.

Expenses:	
Medicare	$19.20
Gas bill (he has cancer and must keep house warm)	170.59
Taxes and insurance (on house which is paid for)	18.36
Phone	12.57
Electricity	26.71
Water	4.42

Have to pay what medicare doesn't pay on doctor and hospital bill. Have to pay gas for 1975 truck to get to and from doctor.

This couple is ineligible for Food Stamps or Medicaid.

4. Man and wife aged 31 and 33 respectively with five children aged 13, 10, 8, 6, and 11 months.

Expenses:	
House note	$385.00
Electricity	35.16
Water	30.00
Garbage pickup	12.00
Gas	80.00

He makes good money as drywall, sheetrocker, up to $400.00 per week. Not much work at current time. States no income—verifies it by note from friend who swears to this.

Gets $367.00 per month in Food Stamps.

5. Man and wife aged 34 and 33 respectively with seven children. Some children hers by a previous marriage, but no child support. His income is $996.30 per month.

Expenses:	
House note	$405
Phone	20
Electricity	48
Gas	50

They get $293.00 per month in Food Stamps.

6. 71-year-old lady earns $309.50 per month in Social Security.

Expenses:	
House rent (from children)	$33.00
Phone	12.50
Electricity	15.71
Gas	45.00

Pays for doctor and drugs. Did not verify for these. She has to pay someone to take her places because she has no car.

She get $10.00 per month in Food Stamps.

One final note: the elderly have houses paid for and don't get a deduction. If the others go out and over obligate themselves for a house payment, they are rewarded with food stamps.●

MANA-ZUCCA

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. LEHMAN. Mr. Speaker, it has been said by those who were growing up when Mana-Zucca was performing and thrilling audiences all over the world with her own compositions and singing that, along with being glamorous, beautiful, and talented, she projected a great excitement—in her musical works and performances, and in being Mana-Zucca, herself.

The aura of Mana-Zucca, composer-pianist, shall remain long after her recent death. She has left with us great legacies: Her compositions, which total over 1,000, and the exciting memories of her glamorous and full life.

The Miami Herald has written an article on Mana which I would like to share further by having it included in the CONGRESSIONAL RECORD. The article follows:

MUSIC MATRIARCH MANA-ZUCCA DIES

(By James Roos, Herald music editor)

Composer-pianist Mana-Zucca, who for more than half a century was a major local musical figure, died Sunday at her home on Miami Beach. her age is estimated at 97, because, according to her son, Miami lawyer Marvin Cassel, she long ago destroyed all official documents relating to her true age.

Mana-Zucca was undeniably Miami's musical matriarch. She was the composer of "I Love Life," the song that helped make her famous, and more than 1,000 other compositions, from concertos and sonatas to songs and chamber music.

From the 1920s through the mid-1950s, her mansion, Mazica Hall, on what today is the Jordan Marsh complex at Omni, was a meeting spot for some of the world's greatest artists.

Misha Elman, Josef Hoffmann, Jose Iturbi, Fritz Kreisler, Alma Gluck, Efrem Zimbalist and many more, played at her concerts each Tuesday, when audiences of 300 filled her 80-foot living room, and where over the seasons more than 500 concerts, for and by young people, were held.

More recently, in her less palatial yet spacious Miami Beach home, she was surrounded by the trophies of a lifetime: Meisen brica-brac, a collection of more than 200 miniature pianos, two grand pianos, elegant tapestries, rugs and Tiffany lamps.

One of six children, Mana, as she was known to friends, gave her first public "concert," unbeknownst to her parents, at 2½, singing on the stoop of her New York home. She played her first notes on a toy piano at three, and by the age of 8, she was playing Beethoven's First Piano Concerto with Walter Damrosch and the New York Philharmonic. At 13 she was studying piano and playing in Berlin under the alias Augusta Zukerman, a name she said she disliked as much as her real one, Gizella Zucca-Mana. "I hated to see those names on programs," she once noted, "but when I reversed Zucca-Mana to Mana-Zucca I thought it was fine." So she kept it that way.

Composing came naturally, she insisted, and, in fact, she wrote her Concerto for Piano and Orchestra at the age of 17.

Her best composition, she was fond of saying, is her only son, Marwin, who gave her three grandchildren. But the public has proclaimed "I Love Life" its favorite song.

Her serious music was marked by superior craftsmanship, melodic lines often flecked with tart harmonies and the brilliance of her instrumental writing appealed to virtuosos including Jascha Heifetz, Misha Elman and Shura Cherkassky, who earlier this season appeared in a Miami recital and performed some Mana-Zucca pieces. Among her many pupils was Miamian Ruth Greenfield, founder-director of Miami-Dade Community College's Lunchtime Lively Arts Series, which paid tribute to Mana-Zucca with a special concert two seasons ago.●

AMERICAN RADIO RELAY LEAGUE SUPPORTS H.R. 2203, THE FCC VOLUNTEERS BILL

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. DANNEMEYER. Mr. Speaker, the American Radio Relay League is the national, nonprofit organization of amateur radio operators. The ARRL represents more than 160,000 individuals licensed by the Federal Communications Commission.

I am in receipt of a letter from Richard L. Baldwin, secretary of the organization, in which he informs me that at its recent board of directors meeting a resolution was passed in which the ARRL members were urged to support my bill, H.R. 2203. This legislation would permit the use of volunteers by the Federal Communications Commission to monitor amateur radio and citizens band station transmissions.

The bill addresses a growing problem of lack of effective enforcement of FCC regulations. This is particularly of immediate interest in light of possible reductions in the budget for the FCC's Field Operations Bureau. The amateur radio community has an excellent history of self-policing the ranks of their hobby group. This legislation, by removing legal barriers now in statute, will allow for greater coordination between the FCC and the volunteer groups.

As the major national organization of amateur radio operators, I suggest very strongly that the ARRL is in a position to speak with authority on the merits of this legislation. Accordingly I am pleased to have their support and hope my colleagues will reflect on the resolution of support of the ARRL. Mr. Speaker, I ask unanimous consent to insert the full text of the letter at this point in the RECORD:

THE AMERICAN
RADIO RELAY LEAGUE, INC.,
Newington, Conn., March 17, 1981.

Hon. WILLIAM E. DANNEMEYER,
Longworth House Office Building,
Washington, D.C.

DEAR MR. DANNEMEYER: It is with the greatest of pleasure I convery to you, from the record, a Resolution adopted by the Board of Directors of the American Radio Relay League, Inc., during its annual meeting March 11-12, 1981:

"The Board of Directors of the American Radio Relay League extends thanks to U.S. Representative William E. Dannemeyer for his support of the Amateur Radio Service. The Board urges all ARRL members to express their written support for House Bill HR-2203 to permit the use of volunteers by the Federal Communications Commission so as to facilitate the administration of FCC services to radio amateurs."

We would be honored to have this resolution recorded as an extension of remarks in the Congressional Record or to have it placed in the files of the Subcommittee on Telecommunications, Consumer Protection and Finance in support of HR-2203. We would like to testify for the bill when it reaches the hearing stage.

Sincerely yours,

RICHARD L. BALDWIN,
Secretary.●

THE NATION AND THE PACIFIC NORTHWEST BOTH NEED A NEW LOCK AT THE BONNEVILLE DAM

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. WYDEN. Mr. Speaker, today I, along with my colleagues Mr. FOLEY of Washington and Mr. AUCOIN of Oregon, am introducing legislation to authorize construction of a new navigation lock at Bonneville Dam on the Columbia River. The lock is estimated to cost $150 million and will remove a bottleneck in the Columbia-Snake waterway system that is frustrating increased barge traffic.

This project is necessary if the Columbia-Snake River system is to mature and realize its potential as one of the world's great waterway systems. When fully developed, the Columbia-Snake River system will be a tremendous national asset, aiding in the movement of cargo from the resource-rich Northwest and adding to our national security by providing a northern transportation route not depending on passage through the Panama Canal.

As such, this is not a regional issue, but an issue of national importance.

The Columbia-Snake River system now moves 3.2 billion tons of waterborne commerce annually, valued at $25 billion in revenue. Most of the tonnage is in bulk commodities. The Columbia-Snake River system feeds, among others, the Port of Portland, the west coast's leading port in export tonnage. With an improved, modern lock at Bonneville, the system can do even more duty.

These are the economic reasons for a new lock at the Bonneville Dam:

It will eliminate a costly and time-consuming bottleneck now occurring at the present lock at Bonneville Dam. This lock is at the end of a seven lock river system. The Bonneville Lock is the oldest and smallest of the seven locks on the Columbia-Snake River waterway system forcing barge traffic to break up into smaller tows to lock through the Bonneville Dam. This delay causes congestion and costs shippers $2 million annually.

The lock was built in 1938 and has not had any rehabilitation work since 1963, even though it handles 25 percent of all U.S. wheat exports. Wheat exports favorably impact our balance of payments. Wheat exports are in increasing demand in Asian Pacific Rim countries, who now account for 55 percent of all U.S. grain exports.

The completion of the new lock will save shippers $2.50 per ton, favorably influencing the cost of commodities and other products consumed in this country and exported abroad.

The new lock will aid the movement of America's coal exports from the West.

The new lock will aid expanding containerized cargo movements through the Columbia-Snake River system which totaled 187,000 tons in 1980. These containerized shipments will double by 1990.

The new lock will enhance the development of a multimodal transportation network and increase opportunities for Midwest and other overland shipments that use rail-barge and motor carrier-barge shipments on the Columbia-Snake River system. These overland-waterway multimodal shipments will give shippers alternative western route systems easing the flow of traffic on the Mississippi River system and traffic which now must travel through the Panama Canal. It also should have a favorable impact on competitive freight rates in the region.

Construction of the new lock will have a positive environmental impact on the Columbia River by reducing turbulence, high oxygen levels and other negative marine pollution caused by congestion of barges and tows waiting to lock through the dam.

Construction of a new lock will help in protecting the natural scenic beauty of the Columbia River Gorge by balancing the use of the various transportation alternatives.

The new lock will aid in the shipment of waterborne transit which uses half the energy necessary to do the same job by rail and is nine times more energy efficient than motor carriers doing the same job. This energy savings becomes more significant when one considers that 49 percent of the commodity traffic uses the Columbia River system.

Finally, this project has a positive cost-benefit ratio, one of the key criteria being used by this administration to assess public expenditures. This project will return a minimum of $5 to every Federal dollar invested. This Federal investment will leverage an estimated $500 million private investment creating new employment opportunity along the Columbia-Snake River waterway system.●

THE BUDGET A MISTAKE TO RUSH TO JUDGMENT

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. RANGEL. Mr. Speaker, this morning's New York Times carried a column by Anthony Lewis, entitled "Economics or Politics?" Lewis makes the case that the Reagan budget, although heralded as one which insulates the truly needy indeed does cause additional financial problems for those at the lowest end of the economic ladder. The story about the husband and wife, both of whom are disabled, who have seven children is vividly illustrative of a truly needy family falling through the safety net.

As the Congress continues its work on the budget, I believe it is critically important that we scrutinize all the budget reductions in order to make certain that the evenhanded approach that the administration claims they adopted is in fact present. I, for one, am vigorously opposed to placing the budget proposal on a fast track here in the Congress. It is clear in reviewing testimony of individuals coming before the Ways and Means Committee that there is a great deal of disagreement among economists as to the effects of the budget reductions and tax modifications the President is proposing.

Additionally, the President wants to change the structure of many of these programs, by returning them to the States. As the reason why the Federal Government got involved in these programs initially was due to the lack of largess on the part of the States, I am not convinced that a return to them is a good idea.

Currently the authorizing committees are taking testimony from individuals on these proposals. It is my belief that the witnesses coming before these committees are providing important information which will serve as a basis for us reaching a conclusion on the wisdom of these basic policy changes. To act on this package prior to the receipt and deliberate review of this material would be the height of irresponsibility.

I hope that the Members take time to review the Lewis column in order to have a fuller understanding of the import of our actions. The article follows:

ECONOMICS OR POLITICS?

(By Anthony Lewis)

BOSTON, March 18.—When challenged on the human impact of his proposed budget cuts, President Reagan defends them as economically essential. He and his aides argue that only by cutting across the board can they get the budget under control and open the way for economic growth. Every interest has to share the burden, they say. The only exception is the "truly needy."

Those are the arguments. The facts, as they have begun to emerge in Congressional hearings, are different. It is clear now that the Reagan cuts would hurt people who by any definition are needy—and would spare juicy targets among the better-off. And the decisions on what to cut were not so much economic as political.

Consider this amazing fact: The United States Government now spends about $1 billion a year on health payments to elderly persons who have annual incomes of more than $30,000. Is the Reagan Administration proposing any cuts in or ceiling on those payments to the non-poor? No. The figures on Medicare recipients and their incomes appeared in a fascinating story by David E. Rosenbaum in The New York Times. About 1 million Americans over 65 have incomes above $30,000, he wrote. On average they get $1,000 a year in Medicare payments. Of course many rely on that money. But in a world of financial limits they are not "truly needy."

The same story told about a husband and wife, both disabled, who have seven children and survive on public assistance. Richard Schweiker, the Secretary of Health and Human Services, was asked on a television program what would happen to them under the Reagan program. They "wouldn't have to worry about being cut," he replies, because they were "a classic case of . . . the truly needy."

But Administration budget experts said the family would love at least $6 a week for each child in school, under Reagan proposals to cut food stamps for children getting free school lunches. Assuming four children in school, the family would lose $24 a week in food stamps: a painfully significant amount for people who scrimp to get along on beans and macaroni.

That family, and others like it, would lose not only stamps. The Reagan budget proposes cuts in fuel assistance for the poor, grants to the states for welfare, Medicaid and other programs. Administration spokesmen fence with the figures, but there can no longer be any doubt that some truly desperate Americans will be worse off.

Public assistance programs are not sacrosanct. But there is a striking contrast between those budget cuts and ones that President Reagan chose not to make—a contrast in both equity and amount.

For example, there is widespread, nonpartisan concern about the growing cost of adjusting Social Security and Federal pension payments annually to reflect increases in the Consumer Price Index. This week Republican senators proposed that the payments be pegged instead to prevailing wage rates. That change would save $3.8 billion a year—more than twice the $1.8 billion the Administration wants to cut from food stamps.

When the senators took the idea to the President, he rejected it out of hand. He had made a campaign promise, he explained, not to change the cost-of-living increases. The reason, in short, was political.

When Reagan campaigned, he did not talk about cutting food stamps or making most of the other substantive reductions he has now proposed. He spoke of saving what had to be saved by ending "waste." In office he decided he had to make real domestic cuts to allow for a huge rise in defense spending. And he naturally avoided targets among those likely to be part of his constituency.

His budget proposed a 20 percent tax on fuel for private and corporate airplanes, which would have cut down on an enormous subsidy. But when the owners and pilots screamed, the proposal was withdrawn. They were Reagan voters.

None of this is surpirsing. Ronald Reagan and David Stockman can say, fairly enough, that they have no political hope of changing the budget if they take on the pilots and the Medicare recipients and the pensioners. But is it sad if a fiscally reformist Administration loses a chance to reform in outrageous subsidies and in programs that are really out of control.

It would be nice, anyway, if Stockman & Co. were less pious about the budget they hammered together in a few weeks. They sound sometimes as though they thought it had been handed down to Mount Sinai. It is a human effort, and a highly political one.

The realities of the Reagan program, as they become clear, also caution against rushed Congressional action. Under the guise of economic theory, the Administration is trying to push through a good deal of ideology: not just in cutting this budget or that but in eliminating whole programs repeatedly authorized by Congress, such as legal services for the poor.

Senator Daniel Patrick Moynihan warned the other day that the budget process was being perverted. "We're changing 30 years of social legislation," he said, "in three days of budget markups."●

CONFUSING PARTY CROSSWINDS IN CONGRESS

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. DINGELL. Mr. Speaker, I address my colleagues today as a member of the Democratic leadership, as part of this broader colleagial body, and as a citizen of this great Nation. For weeks, I have been reading newspaper articles headlining "Confusing Party Crosswinds in Congress" and "Democrats Totally Off Balance" or "Still Blowin' in the Wind." I have listened to my colleagues harangue at one another across the center aisle—Republicans at Democrats for being "the last of the big spenders," Democrats at Republicans for trying to balance the budget "on the backs of the poor, the aged, minorities, and the environment." Enough is enough. I think it is time to set the record straight.

Tuesday afternoon March 10, I received a copy of President Reagan's final proposed budget, the infamous "blue book." That revised $695 billion budget for fiscal year 1982 entails reductions of $55.9 billion, involving approximately 200 programs. A lion's share of those programs come under the jurisdiction of the Committee on Energy and Commerce which I chair. Our Subcommittees on Health and the Environment, and Commerce, Transportation, and Tourism are particularly hard hit.

I am not opposed to balancing the budget or even to the $55.9 billion in cuts. We will take our fair dollar share of that $55.9 billion in cuts. However, I believe that we as Democrats have to keep in mind our constituencies and our agenda for the 1980's. A review of those items and of our own programs should produce even greater productivity and efficiencies than the Reagan budget proposals. A review of our energy programs has already produced important and useful results, and others are confidently anticipated. In that regard, this committee's agenda in the 97th Congress alone calls for concentration in five major areas of concern:

(1) MEASURES TO STRENGTHEN THE U.S. ECONOMY, RESTORE COMPETITION, REDUCE INFLATIONARY PRESSURES, ENHANCE EMPLOYMENT, AND IMPROVE THE U.S. POSITION IN FOREIGN TRADE

Revitalization of America's productive capacity and improvement of the nation's ability to compete successfuly in world markets are vital to reduce the staggering inflationary pressures in this country and improve the nation's economic performance. A renaissance of self-confidence, resourcefulness and risk-taking among Americans must be sparked for the reindustrialization of America to succeed. This Committee has undertaken to coordinate programs within its broad jurisdiction to work toward these goals.

At the heart of the Committee's effort is an in-depth study of how capital is formed in the United States today, the first such study in modern times. This will be integrated with studies of the capital formation problems of specific industries such as utilities, many of which are threatened with possible large scale bankruptcies, and small businesses, distressed by hemorrhaging economic ills. Concurrently, the Committee will be working to remove barriers to free competition in health, energy, communications, and domestic and foreign commerce.

In this regard, for example, the Committee, among other things, is working on measures to assure U.S. dominance in the rapidly growing communications technology field, to deal with the international uranium cartel and to remove barriers to internation-

al commerce in energy resources such as coal, the most abundant and potentially profitable U.S. energy resource.

(2) MEASURES TO MINIMIZE OR REDUCE FEDERAL REGULATION

This Committee has jurisdiction over Federal regulations affecting energy, securities, exchanges, finance, communications, transportation, health, the environment and public safety. The effects of this regulation reach virtually every American and every business in the United States, from the giant auto companies and crucial money markets, to community hospitals and the corner drug store.

There can be no question that this regulatory structure, laboriously constructed by Congress over the past century, has made an enormous contribution to the quality of life in America. As a direct result, for example:

The mother buying food for her family or medicine for her child can do so with a degree of confidence in the quality, safety and efficacy of these products that is unmatched by consumers anywhere in the world;

Millions of ordinary people throughout America are able to invest in the securities which capitalize the nation's industry with confidence that they will be protected against fraud and exploitation; and

Businesses, small and large, throughout the nation are protected from unfair competition, whether it be from financial marauders or deceptive market practices.

Over the past decade, on the other hand, there have been growing complaints that some Federal regulation has had an adverse impact on the economy and individual initiative. There is convincing evidence that some regulation is outdated, some is too burdensome, some may be unnecessary and much is ineffective.

The Administration is calling for a sweeping reorganization of Federal regulatory policy. Across the country, business leaders are applauding the Administration's plans to simplify the maze of Federal regulations that, they say, discourages investment, aggravates inflation and suffocates productivity. The Committee shares the beliefs that reform is necessary but its enthusiasm is tempered by a concern that the Administration program may be regressive. The proposals it has reviewed appear selective, and special interests may be expected to use the crusade call of reform to advance policies for their own individual benefit and thus do serious injury to millions of American consumers and businessmen, particularly the owners of small businesses, throughout the country.

It is significant to note that when the Administration announced the decontrol of gasoline (an authority ceded to the Executive by Congress) its spokesman assured the public that the cost would only rise by $0.03 to $0.05 per gallon. Now American drivers find themselves paying over $1.50 per gallon with average increases ranging from $0.10 to $0.15. (At the time of decontrol, this Committee had predicted increases of at least $0.10 per gallon.)

Now the Administration has indicated that it proposes abruptly to end all controls on oil and natural gas. Experience with home heating oil prices in the Northeast proves that this can have a devastating impact on tens of millions of American families, particularly in the colder regions.

It is now clear that whatever may be the case with respect to the economy and inflation, energy issues are not responsive to simplistic economic theories. All Members urgently need to have access to comprehensive and reliable analyses of the impact of proposed energy initiatives by the Executive in order to protect the interest of their constituents.

The Committee believes that it is vital to Members that it have the resources to evaluate the multiplicity of regulatory reform proposals put forth by the Executive and others and to advise Members of the potential effects of each proposal upon their constituents and the nation as a whole.

(3) MEASURES TO CONTROL OR REDUCE FEDERAL SPENDING, IMPROVE GOVERNMENT EFFICIENCY, AND ELIMINATE WASTE, ABUSE OR FRAUD IN MAJOR PROGRAMS

This Committee does not have responsibility for a large number of "big ticket" Federal spending programs, but the programs it does control, taken together, have direct effects upon the lives and welfare of virtually every American.

Over the past six years, there has been a growing effort to control Federal spending, root out waste and fraud, eliminate gravy and make the government do what it should do more efficiently.

Now, the current Administration is proposing draconian cuts in all Federal spending. This Committee supports the overall spending reduction goal and believes that virtually every Federal program under its jurisdiction can produce significant savings for the taxpayer.

The Committee has two concerns, however, which it believes all Members will share.

First, the Committee is concerned that the costs associated with the reduction must be shared equally by all Americans, rich and poor, farmer and urban dweller, consumer and businessman. It is the constitutional duty of each Member to protect the interests of all his constituents; that duty may not be ceded to the Executive.

Second, the Committee is deeply concerned that some of the spending cuts proposed by the Executive may effectively alter or abrogate existing law without formal legislative action by the Congress, and thus violate the spirit and, perhaps, the letter of the Constitution. For example:

The proposed cut in the Federal Trade Commission's antitrust budget will have the effect of significantly modifying authorities limiting monopolistic business practices and will virtually repeal important provisions of a wide range of statutes including the Robinson-Patman Act, the Clayton Act, the Sherman Act, the National Energy Conservation Policy Act (NECPA), and the Energy Security Act Amendments to NECPA;

The drastic reductions in funding for important rail services will have the effect of dramatically revising national transportation priorities and will have a serious impact on efforts to revive the economy of the nation and, indeed, have potentially severe implications for national security;

Cuts that eliminate funds for unemployment insurance radically alter the existing social compact of the nation with its working men and women.

We are a nation of laws, and under the Constitution the Executive Branch has a responsibility faithfully to execute the laws. If the Administration proposes to make such significant changes in *substantive* law and *national policy*, it should make these recommendations to Congress in the form of legislative proposals. It must not seek to achieve such changes through the back door in the guise of "budget cutting." Any promise to send up legislative proposals later is not justification for acting as if the laws were already altered.

It is in the interests of every Member to assure that the Committee has the resources to protect the vital interests of the legislative branch in shaping Federal policy.

(4) MEASURES TO OVERHAUL U.S. HEALTH AND ENVIRONMENTAL LAWS

During the first session of the 97th Congress, the Committee will be called upon to advise the House on the actions to be taken in regard to 19 laws dealing with health matters and six major environmental laws which are due for reauthorization.

The Administration proposes to reduce sharply Federal responsibility for financing health care and for determining the appropriate programs to provide health care programs for the poor, and, as a consequence, to shift a greater responsibility to the States.

This will provide the framework for the first sweeping reexamination of national health care policy in over a decade and the results of this reexamination will have a direct, personal and major impact on tens of millions of Americans in every region.

Over the past century, the Federal government has assumed an increasing responsibility for providing health care for those who otherwise would have inadequate, or no access to care. The Congress accelerated this policy over the past three decades, culminating in the enactment of Medicaid in 1965. Recently a growing concern has been expressed over the cost and efficiency of the Federal policy.

The same history and concern exist with regard to the traditional programs that Congress designed to deal with specific health problems ranging from childhood immunization to cancer, cardiovascular and pulmonary diseases, and hypertension.

During the 97th Congress, the Committee will also be called upon to advise the House on actions to be taken on major legislation affecting the environment, including the Clean Air Act, the Toxic Substances Control Act, the Noise Pollution Control Act, the Safe Drinking Water Act, the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund"), and the Hazardous Materials Transportation Act.

Balancing costs and benefits of all these programs is a complicated process requiring highly developed skills. The results will not only have an important effect on the quality of life in this nation over the next decade or so, but will also have a significant impact on the economy.

It is vital to all Members that the legislative branch of government play a meaningful role in shaping these decisions and this can happen only if this Committee has the resources to deal effectively with the issues and to advise Members of the long-range consequences of adoption of the Administration proposals and of alternatives to those proposals.

(5) MEASURES TO MINIMIZE U.S. VULNERABILITY TO ENERGY AND MATERIALS SUPPLY INTERRUPTIONS AND TO STRENGTHEN NATIONAL SECURITY THROUGH INDEPENDENCE IN ENERGY AND MATERIALS SUPPLY

Even though the United States appetite for foreign oil has decreased by almost two million barrels per day over the past 2 years, consumers are still paying foreign producers a whopping $100 billion annually—more than double what the Nation paid only two years ago.

This is a crippling drain on our economy and probably the biggest single factor behind our chronic inflation. Equally serious, the nation's security is jeopardized by the fact that we depend on foreign producers for nearly half the oil we consume. Any significant interruption in supply could bring our economy to a grinding halt and cripple our national defense capability. In light of the political problems facing a number of major oil producing nations, the possibility of interruption of supply must be a major factor in all our national planning until we can find ways to reduce our dependence . . . and ways to reduce dependence must be a major goal of national policy.

There are a number of paths to the goal of independence and all fall within the expanded jurisdiction of this Committee.

One important path is to increase domestic production of energy sources. The United States has been called, with some truth, "the Saudi Arabia of coal." The predecessor Committee pioneered in measures to increase domestic coal use and to develop coal-based synthetic fuels to replace oil, but a great deal remains to be done.

Even though the Nation's coal reserves are vast and there is great potential for export, in addition to meeting our domestic needs, there are serious transportation problems. Rail has traditionally been the predominant method for moving coal, but the fact is that our rail systems are deteriorating rapidly. There are also weak links in our port systems, which maintain insufficient coal handling facilities for loading coal into ships. Energy independence, our competitiveness in world markets, and our transportation systems are interrelated, and are all related to basic national security requirements.

Another important path is to develop other energy alternatives, such as energy from waste, biomass production, alcohol fuels, energy from wood and from peat, as well as geothermal energy and other renewables such as solar energy, including wind energy, and other synthesized energy forms, such as methanol from coal.

All these programs will take time and the Committee must balance the cost of accelerated development against the benefits to be derived, a complicated and demanding project, which requires dramatically expanded resources and accounts for some $302,000 of the increase in salaries in this year's Committee budget.

Another important path to energy independence is conservation, which most experts agree will give this nation the biggest and fastest reduction in energy consumption. Recently there have been complaints that conservation threatens uncomfortable changes in the American way of life and would impose unwanted hardship upon the American consumers. Some argue that conservation decisions should be left to the "marketplace."

The Committee believes that dramatic energy savings can be won with virtually no inconvenience to, or sacrifice by, the consumer. It further believes that Americans have found the conservation imposed by the actions of the marketplace through skyrocketing gasoline and home heating oil prices very uncomfortable indeed.

Many of the energy conservation programs with which the Committee is concerned involve saving not only energy, but also money. Low Income Weatherization Assistance, the Solar Energy and Energy Conservation Bank, the efficiency standards programs for buildings, appliances and automobiles, and the Residential Energy Conservation Service (provided under the National Energy Conservation Policy Act) are all aimed at efficient investment of Federal dollars to obtain more efficient use of energy. The Nation can "produce its way to greatness" using less energy, but using it more wisely, and discomfort need not be a factor.

The Committee believes that all Members will want to have the information that will enable them to make crucial decisions in energy matters that are of critical importance to all Americans and to their nation's security.●

VIETNAM VETERANS ON THE BRINK

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1981

● Mr. MURTHA. Mr. Speaker, I was pleased last week to join as a cosponsor of Congressman DON EDWARDS' bill to extend the Veterans' Administration's Operation Outreach program. I believe this program is essential to our Vietnam veterans.

These centers help provide readjustmant counseling and related mental health services to any veteran who served on active duty during the Vietnam era. Increasingly, we see that the mental stress of that tour of duty is one of the biggest problems facing these young veterans. Having served for 1 year in Vietnam myself, I certainly understand the problems these veterans face and the need for this kind of program.

I am pleased to note Congressman EDWARDS now has some 78 cosponsors of the bill. Whatever I could say about it, however, is said better in the following article written by Mr. Peter Leo on March 16 in the Pittsburgh Post-Gazette.

The article follows:

VIET VETS ON BRINK OF BEING ALONE AGAIN

We don't like to think about Vietnam vets. They remind us of a war we'd like to forget.

Steve Rooney tried to forget. He succeeded for 10 years until the moment last November when he walked into a storefront operation Downtown on Penn Avenue called the Vet Center.

He doesn't know exactly why he did it. He does know it's among the toughest things he's done in his 34 years. Maybe even tougher than risking his life in Vietnam.

At his first counseling session with other Vietnam vets, he tried to speak. But each time he opened his mouth, he burst into tears. It was like an internal explosion.

In weekly fragments over the next four months his year in Vietnam spilled out—the horror, the fear, the pain.

Rooney had last talked about Vietnam when he came home in 1970. Ten minutes with his parents. That was it. Then he went about the business of living. Compulsively and successfully.

Since then, he has never known a moment of unemployment. He works with his father selling radio air time. A committed family man, he lives comfortably in the suburbs with his wife and two daughters. Life has been good for Steve Rooney.

So why the Vet Center?

They were unique among American fighting men. The youngest to go to war, they dropped their pencils and picked up their rifles. Their average age was 19. In World War II it was 26.

World War II vets went over and back on troop ships with their units. They knew each other well and wound down together on the way home.

Vietnam vets, replacement troops, went to war alone, came home alone. It was 72 hours from battle-torn rice paddy to family living room. No time to heal. No one to heal with. The flights home did not shake with raucous celebration. There was only the silence of starting to forget.

At home, they were treated not as warriors but as killers. They didn't have reunions; they avoided each other. The VA psychiatrists weren't able to ease the pain of men who had stuck bayonets in the throats of other human beings, watched buddies turned to blood and gore in an instant, lived with the constant fear of death. How could they know what it was like?

Dave McPeak knows what it was like. He was there, an altar boy at St. Canice one year, a combat Marine the next. Now he is a therapist at the Vet Center. "They find out they're not alone, they're not weak. They decompress each other. They heal themselves."

To survive in war, the vets plugged up their emotions, blocked out the experience. They were deprived of the healing that comes with reliving their experience with others who understand.

But the pressure—delayed stress syndrome was the name given the only recently understood phenomenon—had to be relieved sometime, usually years later, and in some way, usually nightmares and flashbacks.

"Talking about it, it doesn't hurt as much as it did," says Steven Rooney. "People go crazy thinking they're alone."

Now Vietnam vets are on the verge of finding themselves alone again. The Reagan budget cutters believe VA hospitals can do the job of the 92 vet centers around the country. The money runs out April 10. After that, who knows?

"The VA is terrific at benefits, at medical and psychiatric care," says Dave McPeak. "But I don't believe they can do what we can do." Some 1,000 vets have come through its doors at 954 Penn Ave. since the center opened last April. Many are Steve Rooneys who will make it without a Vet Center. But there are others just emerging from their loneliness, just beginning to draw strength from the troop ship they have formed, making some sense of their lives for the first time. For some, its a matter of life and death.

"I could give the names of a hundred guys who came in suicidal," says McPeak. "Most are working, cutting their grass, paying their taxes, listening to their wives, taking their kids to the zoo."

That's what Pittsburgh is getting for about $100,000. It's what the country's getting for $9 million. That's what it costs to manufacture one tank.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a

system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, March 24, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MARCH 25

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for alternative fuel programs and the Economic Regulatory Administration, Department of Energy.
1114 Dirksen Building
Armed Services
Sea Power and Force Projection Subcommittee
To hold closed hearings on proposed authorizations for fiscal year 1982 for the Naval research and development program of the Department of Defense.
212 Russell Building
Select on Intelligence
*Budget Subcommittee
To resume closed hearings on proposed authorizations for fiscal year 1982 for intelligence activities of the United States.
S-407, Capitol

9:30 a.m.
Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the office of the Secretary, general administration, Economic Development Administration, and the Regional Action Planning Commissions, Department of Commerce.
S-146, Capitol
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To continue oversight hearings to review supplemental assistance and restructuring policies for Consolidated Rail Corporation (Conrail), and on proposed authorizations for fiscal year 1982 for the U.S. Railway Association.
5110 Dirksen Building
Foreign Relations
To continue hearings on proposed authorizations for fiscal year 1982, focusing on the International Development Association (VI), and the African Development Bank.
324 Russell Building
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on proposed legislation authorizing funds for the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act.
2228 Dirksen Building
Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 348, to increase job opportunity by allowing employers to pay young people the minimum wage at a reduced rate.
4232 Dirksen Building

10:00 a.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Highway Administration, Department of Transportation.
1223 Dirksen Building
Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 681, to provide a comprehensive system of liability and compensation for oilspill damage and removal costs (being held at the Senate desk).
4200 Dirksen Building
Finance
To continue hearings on the administration's spending reduction proposals for economic recovery.
2221 Dirksen Building

11:00 a.m.
Foreign Relations
Business meeting, to consider proposed authorizations for the International Development Association (VI), and the African Development Bank.
324 Russell Building

2:00 p.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building
Environment and Public Works
Nuclear Regulation Subcommittee
To hold hearings to examine alleged delays in the Nuclear Regulatory Commission's licensing requirements for the operation of new nuclear power plants, and to examine the impact of the recent *Sholly* v. *NRC* decision by the U.S. Court of Appeals for the District of Columbia Circuit, to require that hearings be held prior to NRC issuing amendments to nuclear power plant licenses.
4200 Dirksen Building
Foreign Relations
To hold hearings on the nomination of Thomas W. Paunken, of Texas, to be Director of the ACTION Agency.
324 Russell Building
Governmental Affairs
Intergovernmental Relations Subcommittee
To resume hearings on S. 45, simplifying the administration of national policy requirements applicable to Federal assistance programs to State and local governments.
3302 Dirksen Building

MARCH 26

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of the Interior and certain related agencies.
1114 Dirksen Building

9:30 a.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of State; and to review certain foreign assistance programs.
1224 Dirksen Building
Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Oceanic and Atmospheric Administration, and the Maritime Administration, Department of Commerce.
S-146, Capitol

10:00 a.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building
Armed Services
Open and closed business meeting, to hear and consider the nominations of Fred C. Ikle, of Maryland, to be Under Secretary of Defense for Policy, and William H. Taft IV, of Virginia, to be General Counsel of the Department of Defense; and to consider proposed changes to the Committee rules of procedure for the 97th Congress, Committee's proposed budgetary recommendations on national defense to the Committee on the Budget, and routine military nominations.
212 Russell Building
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the Power Marketing Administrations of the Department of Energy.
3110 Dirksen Building

Environment and Public Works
Environmental Pollution Subcommittee
To continue hearings on S. 681, to provide a comprehensive system of liability and compensation for oil spill damage and removal costs (being held at the Senate desk).
4200 Dirksen Building

Finance
To continue hearings on the administration's proposed spending reduction proposals for economic recovery.
2221 Dirksen Building

Foreign Relations
To continue hearings on proposed authorizations for fiscal year 1982 for foreign assistance programs, focusing on Europe.
4221 Dirksen Building

Judiciary
To hold hearings on proposed authorizations for fiscal year 1982 for the Department of Justice.
2228 Dirksen Building

Select on Intelligence
Budget Subcommittee
To continue closed hearings on proposed authorizations for fiscal year 1982 for intelligence activities of the United States.
S-407, Capitol

11:00 a.m.
Foreign Relations
To continue hearings on proposed authorizations for fiscal year 1982 for foreign assistance programs, focusing on Asia.
4221 Dirksen Building

2:00 p.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
235 Russell Building

MARCH 27

9:00 a.m.
Special on Aging
To resume oversight hearings on the impact of proposed budget reductions in programs affecting the elderly, focusing on health and human services programs.
6226 Dirksen Building

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on tax and tariff proposals to aid the domestic refining industry.
2221 Dirksen Building

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Highway Traffic Safety Administration, Department of Transportation.
1224 Dirksen Building

Commerce, Science, and Transportation
*Merchant Marine Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal year 1982 for the Maritime Administration, Department of Commerce.
235 Russell Building

Foreign Relations
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of State.
4221 Dirksen Building

Judiciary
To hold hearings on the nominations of Rudolph W. Giuliana, of New York, to be Associate Attorney General, Theodore B. Olson of California, to be an Assistant Attorney General, D. Lowell Jensen of California, to be an Assistant Attorney General, and Carol E. Dinkins of Texas, to be an Assistant Attorney General, all of the Department of Justice.
2228 Dirksen Building

MARCH 30

9:00 a.m.
Agriculture, Nutrition, and Forestry
To resume hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

9:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on the implementation of the strategic petroleum reserve.
3110 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on proposed legislation authorizing funds for the Drug Abuse Prevention, Treatment and Rehabilitation Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
Energy and Water Development Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Aviation Administration, Department of Transportation.
1114 Dirksen Building

Commerce, Science, and Transportation
Communications Subcommittee
To resume hearings on S. 601, to reduce and simplify certain licensing requirements in the broadcast industry.
235 Russell Building

Finance
Taxation and Debt Management Subcommittee
To hold hearings on miscellaneous tax measures, S. 388, 446, 464, 476, 500, 501, and 499.
2221 Dirksen Building

2:00 p.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building

Armed Services
Strategic and Theater Nuclear Forces Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Defense, focusing on civil defense programs.
224 Russell Building

Commerce, Science, and Transportation
To hold hearings on proposed legislation authorizing funds for the Marine Protection, Research, and Sanctuaries Act.
235 Russell Building

2:30 p.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on magnetic fusion, inertial fusion, geothermal electric energy systems, and nuclear materials security and safeguards.
3110 Dirksen Building

MARCH 31

9:00 a.m.
Environment and Public Works
Nuclear Regulation Subcommittee
To resume hearings to examine alleged delays in the Nuclear Regulatory Commission's licencing requirements for the operation of new nuclear powerplants, and to examine the impact of the recent *Sholly* vs. *NRC* decision by the U.S. Court of Appeals for the District of Columbia Circuit, to require that hearings be held prior to NRC issuing amendments to nuclear power licenses.
4200 Dirksen Building

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Soil Conservation Service, Agricultural Stabilization and Conservation Service, and the Animal and Plant Health Inspection Service, Department of Agriculture.
1223 Dirksen Building

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the International Trade Administration, Scientific and Technical Research Service, and the Patent and Trademark Office, Department of Commerce.
S-126, Capitol

Banking, Housing, and Urban Affairs
Securities Subcommittee
To hold hearings on S. 289, to provide uniform margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. persons where such acquisition is financed by non-U.S. lenders.
5302 Dirksen Building

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings, in closed session, on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings to review the strategic minerals and materials research policy of the United States.
3110 Dirksen Building

Labor and Human Resources
To hold oversight hearings on the implementation of family planning programs.
4232 Dirksen Building

10:00 a.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Management and Budget.
S-146, Capitol

Foreign Relations
To resume hearings on proposed authorizations for fiscal year 1982 for foreign assistance programs, focusing on military assistance.
4221 Dirksen Building

1:30 p.m.
Appropriations
Labor, Health and Human Services, and Education Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Labor.
1114 Dirksen Building

2:00 p.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building

Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development; and to continue review of certain foreign assistance programs.
S-126, Capitol

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the White House Office, Office of Administration, official residence of the Vice President, executive residence, special assistance to the President, compensation of the President, and other unanticipated needs.
S-146, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 1

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Bureau of Indian Affairs, Department of the Interior.
S-128, Capitol

Judiciary
Juvenile Justice Subcommittee
To hold hearings to discuss the proposed phaseout of the Office of Juvenile Justice and Delinquency Prevention of the Department of Justice.
2228 Dirksen Building

Labor and Human Resources
To hold hearings on proposed authorizations for national centers for health statistics, health services research and health care technology programs, national research service awards, medical library assistance programs, and the National Health Service Corps of the Department of Health and Human Services.
4232 Dirksen Building

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Farmers Home Administration, Rural Electrification Administration, and the Farm Credit Administration.
1223 Dirksen Building

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Emergency Management Agency and the Selective Service System.
S-126, Capitol

Appropriations
Labor, Health and Human Services, and Education Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Health and Human Services.
1114 Dirksen Building

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the economic and statistical analysis program, U.S. Census Bureau, National Telecommunications and Information Administration, and the Minority Business Development Agency, Department of Commerce.
S-146, Capitol

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on the administration's proposed budgetary recommendations for the Immigration and Naturalization Service of the Department of Justice.
412 Russell Building

10:00 a.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Secretary of the Treasury.
1224 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal year 1982 for the Consumer Product Safety Commission.
5110 Dirksen Building

Rules and Administration
To hold hearings on Senate Resolution 20, providing for television and radio broadcasting of Senate Chamber proceedings.
301 Russell Building

1:30 p.m.
Appropriations
Labor, Health and Human Services, and Education Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Health and Human Services.
1114 Dirksen Building

2:00 p.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary, international affairs programs, Bureau of the Mint, Bureau of Engraving and Printing, and Bureau of Government Financial Operations of the Department of the Treasury.
1224 Dirksen Building

Commerce, Science, and Transportation
To hold hearings on the nomination of Raymond A Peck, Jr., of the District of Columbia, to be Administrator of the National Highway Traffic Safety Administration.
235 Russell Building

Energy and Natural Resources
Energy Research and Development Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on nuclear programs.
3110 Dirksen Building

APRIL 2

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Surface Mining Reclamation and Enforcement, Department of the Interior, and the Smithsonian Institution.
1114 Dirksen Building

9:30 a.m.
Appropriations
Labor, Health and Human Services, and Education Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Education.
Room to be announced.

Labor and Human Resources
To hold hearings on proposed authorizations for fiscal year 1982 for health professions block grants, and preventive health block grants.
4232 Dirksen Building

*Veterans' Affairs
To hold hearings to receive legislative recommendations for fiscal year 1982 from officials of Paralyzed Veterans of America, Blinded Veterans Association, Military Order of the Purple Heart, Veterans of World War I, and Noncommissioned Officers Association.
457 Russell Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for U.S. Navy and Marine Corps construction programs, Department of Defense.
1224 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Postal Service.
S-146, Capitol

Commerce, Science, and Transportation
Consumer Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1982 for the Consumer Product Safety Commission.
5110 Dirksen Building

11:00 a.m.
*Veterans' Affairs
To hold hearings to receive legislative recommendations for fiscal year 1982 from AMVETS
457 Russell Building

1:30 p.m.
Appropriations
Labor, Health and Human Services, and Education Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Education.
Room to be announced

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development, and certain foreign assistance programs.
S-126, Capitol

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Customs Service, U.S. Secret Service, Federal Law Enforcement Training Center, and the Bureau of Alcohol, Tobacco and Firearms.
S-146, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
5110 Dirksen Building

APRIL 3

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Transportation and related agencies.
1114 Dirksen Building

Commerce, Science, and Transportation
To hold hearings on proposed legislation authorizing funds for the Marine Mammal Protection Act.
1202 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1982 for the Consumer Product Safety Commission.
5110 Dirksen Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings on the implementation of the strategic petroleum reserve.
3110 Dirksen Building

Finance
International Trade Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the U.S. Customs Service, the International Trade Commission, and the Office of the U.S. Trade Representative.
2221 Dirksen Building

12:30 p.m.
Finance
Economic Growth, Employment, and Revenue Sharing Subcommittee
To hold hearings on the use of tax incentives to increase employment, focusing on ways to increase the level of employment by reducing the additional labor costs imposed by Federal taxes.
2221 Dirksen Building

2:00 p.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on the U.S. Synthetic Fuels Corporation, and alcohol fuel programs.
3110 Dirksen Building

APRIL 6

9:00 a.m.
Energy and Natural Resources
*Energy Conservation and Supply Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for certain programs of the Department of Energy which fall within the subcommittee's jurisdiction.
3110 Dirksen Building

9:30 a.m.
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on proposed legislation authorizing funds for the Alcohol and Drug Abuse Education Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Railway Association and Consolidated Rail Corporation (Conrail).
1114 Dirksen Building

Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 720, authorizing additional funds for the Corporation for Public Broadcasting for fiscal years 1984, 1985, and 1986.
235 Russell Building

APRIL 7

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Bureau of Land Management, Department of the Interior.
1114 Dirksen Building

Office of Technology Assessment
The Board, to hold a general business meeting.
Room EF-100, Capitol

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Food and Nutrition Service, and the Food Safety and Quality Service, Department of Agriculture.
1223 Dirksen Building

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings to review the strategic minerals and materials research policy of the United States.
3110 Dirksen Building

Labor and Human Resources
To hold hearings on proposed authorizations for fiscal year 1982 for the National Science Foundation.
4232 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for U.S. Air Force construction programs, Department of Defense.
1224 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the General Services Administration.
1318 Dirksen Building

2:00 p.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Personnel Management, Merit Systems Protection Board and Special Counsel, Federal Labor Relations Authority, Advisory Commission on Intergovernmental Relations, Advisory Committee on Federal Pay, Commission on Executive, Legislative and Judicial Salaries, and the President's Commission on Pension Policy.
1318 Dirksen Building

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 8

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary and the Office of the Solicitor, Department of the Interior.
1114 Dirksen Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Science and Technology Policy, Council on Environmental Quality, and the U.S. Regulatory Council.
S-126, Capitol
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building
Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for certain public health professional education and nurse training programs of the Department of Health and Human Services.
4232 Dirksen Building
10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Department of Transportation.
1224 Dirksen Building
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Administrative Conference of the United States, Federal Elections Commission, Office of Federal Procurement Policy, Domestic Policy Staff, U.S. Tax Court and the Committee for Purchase From the Blind and Other Severely Handicapped.
1318 Dirksen Building
Commerce, Science, and Transportation
Communications Subcommittee
To resume hearings on S. 720, authorizing additional funds for the Corporation for Public Broadcasting for fiscal years 1984, 1985, and 1986.
224 Russell Building
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 306, authorizing the Secretary of the Interior to construct, operate, and maintain specified hydroelectric powerplants at various existing water projects.
3110 Dirksen Building
Rules and Administration
To resume hearings on Senate Resolution 20, providing for television and radio broadcasting of Senate Chamber proceedings.
301 Russell Building

APRIL 9

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for strategic petroleum reserve programs, the Energy Information Administration, Naval petroleum reserve programs, emergency preparedness and gas rationing programs, Department of Energy.
1114 Dirksen Building
9:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings to review the strategic minerals and materials research policy of the United States.
3110 Dirksen Building
Judiciary
Constitution Subcommittee
To resume hearings on proposals to require a balanced Federal budget.
2228 Dirksen Building
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for the Domestic Volunteer Services Act.
4232 Dirksen Building
Special on Aging
To hold oversight hearings to determine whether certain energy assistance programs are meeting the financial and health needs of elderly victims of extreme heat and cold.
457 Russell Building
10 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for Guard and Reserve Forces construction programs, Department of Defense.
1224 Dirksen Building
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary, Department of Transportation, and to review overall budget recommendations.
S-126, Capitol
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Internal Revenue Service, and the savings bond division of the Bureau of the Public Debt.
1318 Dirksen Building
2:00 p.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Council of Economic Advisers, National Security Council, and the Council on Wage and Price Stability.
1318 Dirksen Building
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building
3:00 p.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To continue oversight hearings, in closed session, to review the strategic minerals and materials research policy of the United States.
S-407, Capitol

APRIL 14

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 16

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 21

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for Forest Service programs, the Office of the Federal Inspector for the Alaska Natural Gas Transportation System, and the Pennsylvania Avenue Development Corporation.
1114 Dirksen Building
9:30 a.m.
Labor and Human Resources
To resume hearings on alleged sex discrimination in the workplace.
4232 Dirksen Building
10:00 a.m.
Appropriations
District of Columbia Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building
2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 22

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary of Energy.
1114 Dirksen Building
9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Food and Drug Administration, Commodity Futures Trading Commission, Agricultural Marketing Service, Federal Grain Inspection Service, Office of Transportation, and the Agricultural Cooperative Service, Department of Agriculture.
1223 Dirksen Building
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Environmental Protection Agency.
1318 Dirksen Building
Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for certain health maintenance organizations of the Department of Health and Human Services.
4232 Dirksen Building
10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for NATO

infrastructure/European construction programs.
1224 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development, and certain development and regional programs of the Department of State.
S-126, Capitol

APRIL 23

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Heritage Conservation and Recreation Service, and the Indian Health Service, Department of the Interior.
1114 Dirksen Building

9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for certain social services block grants.
4232 Dirksen Building
*Special on Aging
To hold oversight hearings on the implementation of the Older Americans Act.
5110 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building
Commerce, Science, and Transportation
Business meeting, to consider pending calendar business.
235 Russell Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for certain international aid programs of the Department of State.
S-126, Capitol
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 28

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Endowment for the Arts and the National Endowment for the Humanities.
1114 Dirksen Building

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings on the implementation of the Davis-Bacon Act.
422 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building
Labor and Human Resources
Education Subcommittee
To hold hearings to review certain educational programs.
5110 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international monetary programs of the Department of Treasury.
S-126, Capitol
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 29

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Consumer Cooperative Bank, and the Consumer Product Safety Commission.
1318 Dirksen Building
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold oversight hearings on the implementation of the Economic Opportunity Act.
457 Russell Building
Labor and Human Resources
Labor Subcommittee
To continue oversight hearings on the implementation of the Davis-Bacon Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for Middle East/rapid deployment force (RDF) construction programs, and to receive a briefing on intelligence matters.
1224 Dirksen Building
Labor and Human Resources
Education Subcommittee
To continue hearings to review certain educational programs.
6226 Dirksen Building

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for conservation and solar energy programs of the Department of Energy.
1114 Dirksen Building
Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for Middle East/rapid deployment force (RDF) construction programs, and to receive a briefing on intelligence matters.
1224 Dirksen Building

APRIL 30

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Park Service, Department of the Interior.
1114 Dirksen Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Science Foundation.
1318 Dirksen Building
Labor and Human Resources
Handicapped Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the developmental disabilities program.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the multilateral development banks of the Department of the Treasury.
S-126, Capitol
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

MAY 4

9:30 a.m.
Labor and Human Resources
Handicapped Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the developmental disabilities program.
4232 Dirksen Building

MAY 5

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Export-Import Bank of the United States.
S-126, Capitol

MAY 6

9:00 a.m.
Appropriations
*Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Geological Survey, Department of the Interior.
1224 Dirksen Building

MAY 7

9:00 a.m.
Appropriations
*Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for fossil energy programs, domestic energy supply programs, and Federal leasing, Department of Energy.
1224 Dirksen Building

9:30 a.m.
Labor and Human Resources
Handicapped Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the develpmental disabilities program.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development, and certain international aid programs.
S-126, Capitol

MAY 12

9:30 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Aeronautics and Space Administration.
1224 Dirksen Building
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international security assistance programs of the Department of State.
S-126, Capitol

MAY 13

9:00 a.m.
Appropriations
*Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Commission of Fine Arts, the National Gallery of Art, and the Bureau of Mines, Department of the Interior.
1224 Dirksen Building

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.
4232 Dirksen Building

MAY 14

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Territorial Affairs, Department of the Interior.
1223 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international programs.
S-126, Capitol

MAY 19

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

MAY 20

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development.
1224 Dirksen Building

MAY 21

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and the Neighborhood Reinvestment Corporation.
1224 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

JUNE 2

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and certain independent agencies.
1224 Dirksen Building

CANCELLATIONS

MARCH 25

9:00 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

2:00 p.m.
Agriculture, Nutrition, and Forestry
To continue hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

MARCH 26

9:00 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

HOUSE OF REPRESENTATIVES—*Tuesday, March 24, 1981*

The House met at 12 o'clock noon.

The Reverend Dr. Calvin V. French, pastor, Massachusetts Avenue Congregation of the Reorganized Church of Jesus Christ of Latter Day Saints, Washington, D.C., offered the following prayer:

Our Father, who has watched over this Nation from generation to generation, and has brought us to this time and this place, help us to sense the honor of our calling and be worthy of that trust.

Make our lives more eloquent than our speech—remind us in our deliberations that the character of this body is determined by the character of all who serve here.

Keep us at tasks too hard for us, that we must turn to Thee for strength and counsel.

May we not fail our own—or the coming generations in our dedication to brotherhood and justice.

Give us clear heads, clean hands, and pure hearts, that we may be faithful to our mission—in service to our fellow men, our Nation, and to Thee.

We ask this in the name of Jesus Christ our Lord, who went about doing good. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

THE REVEREND DR. CALVIN V. FRENCH

(Mr. HARKIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARKIN. Mr. Speaker, I would like to take just a few moments this morning to thank the Reverend Dr. Calvin French for his opening prayer, and for his rich words of wisdom to guide us as we begin today's session.

Dr. French, as many of us know, is the pastor of the Massachusetts Avenue Congregation of the Reorganized Church of Jesus Christ of Latter Day Saints here in Washington.

I am proud to note, also, that he has strong ties to the State of Iowa—and to Iowa's Fifth Congressional District—in particular.

He studied, and earned his A.A. degree at Graceland College in Lamoni, where his daughter, Kelsey, is currently a sophomore. He received his B.A. from the University of Iowa, a masters from Temple University in Philadelphia, Pa., and his doctorate from Drake University, in Des Moines. His son, Colin, is now a law student there. His advanced theological studies have been done at Harvard University in Massachussetts.

For 11 years, Dr. French was the pastor at the Central Congregation of the Reorganized Church of Jesus Christ of Latter Day Saints in Des Moines, which is where I came to know him through his extensive community work. His wife, Lavone, is an attorney who worked in the Polk County attorney's office in Des Moines, worked often with my wife, Ruth, while she was the Story County attorney in Ames.

Dr. French is a clinical member of the American Association of Marriage and Family Therapists—the premier American association of family counselors, and has also served as pastor at the Boston and Philadelphia Central Congregations.

He is a good friend, a wise man and a distinguished religious leader, who has dedicated his life to work on behalf of a better quality of life for all humans.

I thank him for taking the time from his busy schedule to join us today.

VIETNAM AFTERSHOCKS

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, on the front page of today's Washington Post appears a report of a study that has been made with respect to the effects still lingering upon veterans of the Vietnam war. The report concludes that those who suffered combat duty, and particularly those who suffered repeated exposure to enemy fire, seem for one reason or another more prone than other Americans to have psychological problems lingering in their lives. Many of these men feel rejection, and that may be understandable in view of the way in which American society received them so blithely and with so little regard for their feelings, their sacrifices or their heroism.

For that reason, it seems to me particularly inappropriate that we should discontinue the one innovative thing that has been created expressly to serve the needs of Vietnam veterans and their requirement to be rehabilitated into our society.

Storefront rehabilitative facilities have been provided in some 91 locations throughout the United States. They were set up 2 years ago on a pilot basis. They are manned by Vietnam veterans. The counseling they give is expressly for Vietnam veterans. It seems to me the results they have obtained speak well for them, and that the little amount of money this program costs—just $32 million in fiscal 1982—ought to be retained in our budget. This innovative approach is the only thing that we have done expressly to try to redress the glaring imbalance of the welcome received by veterans of other wars as against the shameful lack of welcome—indeed, the indifference—the Nation extended to veterans of the Vietnam war. It should be retained. These young Americans served their country with as much devotion and as much personal sacrifice as any who ever fought under the American flag. The least we can do now, in even this belated expression of our appreciation, is to continue our support for this program.

NUCLEAR GAMBLE MUST STOP

(Mr. LANTOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANTOS. Mr. Speaker, the specter of nuclear proliferation looms ominously before us: The radical and unstable regime in Iraq has begun an alarming escalation of atomic weapons development. Pakistan, India, and Libya are stepping up their own nuclear armaments programs. A dangerous potential exists in the explosive Middle East for nuclear arms takeover by PLO terrorists.

Some of our European allies—France, Italy, and Portugal—supply essential hardware and technology to Iraq and Pakistan without stringent controls on their use. Through energy blackmail, Iraq barters high-priced oil for uranium stockpiles, sensitive technology, and sophisticated nuclear equipment. Intelligence reports indi-

cate that both Iraq and Pakistan will marshal their nuclear capability not for commercial purposes but for creation of a powerful nuclear arsenal.

In the interest of international security, European nations must cooperate with the United States to restrict the supply of nuclear equipment to volatile regimes and insist upon inspection of nuclear facilities by the International Atomic Energy Agency.

I call on the administration to take immediate and effective action to remind our European friends to stop their ill-conceived propagation of nuclear weapons. We must safeguard human existence on this Earth from the horror of nuclear holocaust.

REVISING THE FEDERAL REGULATORY PROCESS

(Mr. SYNAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SYNAR. Mr. Speaker, this morning, our distinguished colleague from California, GEORGE DANIELSON, began hearings in his Subcommittee on Administrative Law on the Regulatory Procedure Act of 1981. This bill is the product of months of Judiciary Committee consideration in the last Congress, and is substantially the same bill which the committee approved last year. I rise today to call this important bill to the attention of my colleagues and to urge their support for its early passage.

No one in this Chamber needs to be reminded of the pressing national need for meaningful regulatory reform. All of us have heard from our constituents about the endless barrage of new rules and regulations pouring out of Washington. And as troubling as the sheer number of regulations, is the public perception that the rules are unnecessary, overly costly, and counterproductive to an expanding national economy. Something must be done to bring this situation under control, and it must be done quickly. The Regulatory Procedure Act of 1981, H.R. 746, offers us the opportunity to act rapidly and wisely on this problem. I urge my colleagues to recognize the work the Judiciary Committee has already done on this legislation and support GEORGE DANIELSON'S efforts to enact H.R. 746 as quickly as possible.

THE IMPACT OF CUTS IN STUDENT AID

(Mr. PEYSER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and to include extraneous matter.)

Mr. PEYSER. Mr. Speaker, each day we learn a little more about the impact of the slashes that the administration is making in student aid.

We now have finally gotten the information that the Pell grants or the educational opportunity grants which are for the neediest of our students will be cut across the board by at least $100 for each grant. We also learned that the guaranteed student loan, which is the program the Congress passed to aid middle-income families with students in school, will have a reduction by the interest-in-school factor of at least $225 a year, and growing each year as the loan increases.

Mr. Speaker, today I am entering into the RECORD a letter from Wells College, which is in Congressman LEE'S district; a letter from Pikes Peak Community College, which is in Congressman KOGOVSEK'S district; and a letter from the University of Missouri, which is in Congressman BAILEY'S district. Each of these letters speak clearly for itself, outlining the terrible problems that will be created if the Congress goes along with these cuts in student aid.

Mr. Speaker, the letters to which I referred are as follows:

WELLS COLLEGE,
Aurora, N.Y., March 5, 1981.

Representative PETER A. PEYSER,
Cannon House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE PEYSER: Your concern over the Administration's cuts in the higher education budget are shared by all of us. We are pleased to know that you can be counted on for support in Congress.

I am enclosing a copy of our analysis of the problems we envision at Wells. This was sent to all our students, staff and faculty, and our students were asked to share this information with their parents. Our student government is actively working on information sessions and letter writing.

I have before me case studies of students who will not be able to return to school in the fall if these cuts are allowed. No college can afford to pick up the gap of $650 to $2,300 that students will lose. The middle income group will suffer the most and they are the backbone of our student body.

Thank you for your help.

Sincerely,

MARY M. HOPKINS,
Executive Assistant to
President Peterson.

Enclosure.

MEMORANDUM

FEBRUARY 25, 1981.

To: The Wells College Community.
From: Patti McGill Peterson, President.

As you are all aware student financial aid is one of the targets of the Reagan budget cuts. There are also large cuts which were inherited from the Carter administration about which little appears in the press. For example, inadequate funding of Pell Grants (formerly Basic Grants) has reduced awards to our students by $27,000 this academic year.

As the Carter budget requests made last March was inadequate to meet the needs this year, money has been borrowed from fiscal year 1981 funds to pay fiscal year 1980 awards. The potential shortfall of $627 million is needed in a supplemental appropriation to correct this. Wells students could lose as much as $95,000 in federal funds in the Pell Grants alone in 1981-82 without immediate action.

We also estimate that 20-30 students will be forced out of the National Direct Student Loan Program unless federal capital contributions for fiscal year 1981 are increased to at least fiscal year 1980 levels. This will mean that many of our neediest students will not be able to finance their education since many banks are reluctant to extend credit to low-income students.

The legislative revisions proposed for the Guaranteed Student Loan program are even more threatening. All loans would be based on need after grants and other forms of aid are considered, the federal interest subsidy would be eliminated and the new Parent Loan interest would increase from 9% to the prevailing market rate.

At present approximately 65% of our students depend on Guaranteed Student Loans to finance part of their education and over 100 of these students have loans as their only source of aid. At many independent institutions 75% of all students depend on GSL's to meet expenses.

Representative Paul Simon, Chairman of the House Postsecondary Education Subcommittee has told the American Council on Education that the impact of budget shortfalls and loan changes will force 25% of the nation's college students to give up their studies. In the independent institutions it could be as high as 50%. In the spirit of attempting to limit inflation Wells College is not asking for more, more, more. We are, however, asking for a much more carefully considered plan which acknowledges that we cannot undo economic problems overnight that have been years in the making. What has been proposed is a wholesale slash which can subject a single student to three or more significant aid losses.

Action is needed. We trust that you will communicate your concerns to your Senators and Congressional representatives.

PIKES PEAK COMMUNITY COLLEGE,
Colorado Springs, Colo., March 10, 1981.

Hon. PETER A. PEYSER,
House of Representatives, Cannon House
Office Building, Washington, D.C.

DEAR REPRESENTATIVE PEYSER: I, too, share your concern about the budget cuts recommended by the new administration. In my judgment, students enrolled in colleges and universities are well served by the current student financial aid programs; e.g., Pell Grants, Supplementary Educational Opportunity Grants, Student Loans, and College Work Study Programs. To tamper with these programs by reducing budgets would be devastating to both lower and middle income students.

The Guaranteed Student Loan Program has permitted students to substitute loans for parental contribution. To provide students with Guaranteed Student Loans only for remaining need after other sources of aid were considered and at the same time to eliminate the in-school interest subsidies would drastically affect the middle income student. The Guaranteed Student Loan Program proposals may virtually shut the program down.

The Education Amendments of 1980 authorize a $2,100 maximum Pell Grant in fiscal year 1982. The budget calls for a $1,800 maximum Pell Grant. Such a reduction will definitely have an effect on the needy student's aid package. Also, if Congress does not pass a supplemental appropriation to meet a shortfall in fiscal 1980,

the maximum Pell Grant in 1981-82 would be about $1,000—even more of a reduction.

I believe it is very important that you and your colleagues give immediate attention to the proposed administrative cuts. The enactment of the Education Amendments of 1980 provided all of us in the postsecondary educational community with the legislation necessary to enable us to better serve the needs of our students. Not to fund this legislation would be an injustice.

Thank you for your letter regarding student assistance programs and your support in an effort to sustain these programs.

Sincerely,

DONALD W. MCINNIS,
President.

UNIVERSITY OF MISSOURI,
Columbia, Mo., March 11, 1981.

Hon. PETER A. PEYSER,
House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR REPRESENTATIVE PEYSER: Under date of February 25, you addressed letters to the Chancellors of the four campuses of the University of Missouri seeking information on the impact of the proposed reductions for student assistance in the federal budget.

I am deeply appreciative of your interest and concern about bringing the leadership of higher education into play on this critical issue. The cuts proposed by the Reagan budget, if they prevail, will be devastating for many students.

We have prepared some figures on the impact of the proposed cuts on students at the University of Missouri which you may find useful (enclosed).

This information is being shared with the leadership in the national associations headquartered in Washington and with the members of the Missouri Congressional Delegation, particularly Representative Tom Coleman who is a member of the House Subcommittee on Post Secondary Education. We shall continue to work with the aforementioned groups and individuals to bring the urgency of this matter to the attention of the administration.

With appreciation for the initiative you are taking in this matter,

Sincerely,

JAMES C. OLSON,
President.

UNIVERSITY OF MISSOURI—STATUS REPORT ON PROPOSED FEDERAL SPENDING CUTS IN STUDENT FINANCIAL AID PROGRAMS

(Prepared by the Office of Scholarships and Student Financial Aid Services)

BACKGROUND

The Reagan Administration has announced budgetary cuts and regulatory rescissions which will directly affect the UM system and our students. In some areas the cuts are worse than first expected, in other areas some suggestions are liveable. These summaries were compiled from various sources and were accurate as of Tuesday, March 3, 1981.

I. Regulatory rescissions

A. Regulations implementing the Educational Amendments of 1980.—The Carter Administration worked long hours to publish final regulations implementing the Educational Amendments of 1980. These regulations published in final form, appeared in the Federal Register on December 30 and 31, 1980. Upon taking office President Reagan immediately signed an executive order delaying the implementation of all regulations for 60 days. At the present time we are therefore operating all federal student aid programs reauthorized in 1980 without final regulations. We are using the final law as published and our best judgments to try and stay within the law. In a few cases the federal government has written letters explaining portions of the law. The results of these rescissions if they continue much longer will be at best confusion and at worst possible violations of the law. During April we must have some guidance from the government prior to packaging new students.

B. Pell Grant (Basic Educational Opportunity Grant) Formula Rescission.—The Reagan Administration has withdrawn the formula for computation of Pell Grants for 1981-82. Without this final formula no grant can be awarded since need has not been determined. The Administration wants to reduce the cost of the program (currently about $2.4 billion) by doing the following:

1. Expect an additional $750 in self-help (summer jobs, savings) from all students. Whether or not the students have the savings or can find a job may not be taken into consideration.

2. Eliminate deductions in the formula for state and local taxes paid by student and family.

3. Increase the taxation rate applied against a family's disposable income from the current 14 percent to 20 percent.

4. Establish a maximum income of $25,000 on eligibility for the Grant. Currently all students with need receive funds—no matter their income.

These four changes would reduce the Pell Grant for a "typical" family with $20,000 from $1,000 to about $560.

The major problem with the formula rescission is that it takes time for any new formula (no matter how bad) to work through the regulatory process. Briefly, the delay is as follows:

Regulations Rescinded—Mid-February.

New Regulations published in Federal Register—April 1st.

Mandatory 45-day Congressional comment period begins (does not include periods of Congressional recess—Easter recess usually is for two weeks)—April 1st.

End of mandatory Congressional comment period—May 30th.

National Processor begins to process and mail four million student eligibility reports (SER's) to students nationwide—June 1st.

Students receive SERs in mail and begin to send them to the University—June 15-July 1.

Final awards returned to students—July 15-August 15.

Please recall that the Pell Grant is the floor program on which all other aid programs are based. While some tentative awards could be made, a final offer must precede any distribution of funds to students.

II. Budgetary cuts

A. Pell Grant Program.—The Pell Grant Program is officially an entitlement program—that is the government must pay all eligible students during a given year. During 1980-81 the Secretary of Education "borrowed" about $1 billion to fund this year's students. In order to fully fund recipients at a maximum $1,750 level it is projected that the government must have a supplemental budgetary appropriation of $1.2 billion. If the supplemental appropriation is not made then the maximum grant at high cost institutions would fall from $1,750 to $1,150. At the University of Missouri the maximum Pell Grant would fall from $864 (average) to $543 (or a loss of about $3.3 million systemwide). This reduction does not take into consideration the changes in the formula listed in I, B. above. Those cuts would be in addition to this possible reduction.

B. Guaranteed Student Loan Program.—The largest of all the federal aid programs has been targeted for substantial reductions by both the Carter and Reagan Administration. This program provides 9% loans to students which are repaid over a 10-year period of time. This year within the UM system 11,500 students will receive $29 million in GSL loans.

The government proposes to cut the cost in this program in the following ways:

1. Impose a $40,000 income ceiling on parents of dependent students or independent students to reduce borrowing.

2. Require that the maximum student loan cannot exceed the cost of education (the appropriate budget for that student) less the family's expected contribution, the student's expected contribution and any other financial aid available.

3. Require parents who do not have the "expected contribution" and have no other sources of funds to borrow from the Parents Loan Program. The loans would be at 3% over the current Treasury Bill rate and would begin to be re-paid immediately.

4. Eliminate the in-school subsidies paid by the government by allowing lenders to either collect the interest while the student is in school or to add the interest to the principal when the student leaves school.

The effects of these four proposals are as follows:

Increase the paper work required in the aid offices since all applicants would have to submit a need analysis.

Decrease the size of the loans making them less attractive to commercial lenders. Add to this the effect of having to "bill" for interest while the student is in school and we may see substantial numbers of lenders leave the program.

Make the loans more difficult for students to get and more expensive over the year.

Discourage most parents from borrowing under the Parents Loan Program due to the high interest rate.

C. National Direct Student Loan.—The NDSL program while not yet included in the Stockman black or white books is due for a $100 million reduction due to a smaller request for federal capital in the program. If the program is not eliminated by some future budget cut we can expect at least a 15% reduction in available funds within the system for 1981-82.

III. Effects on the university and UM students

We can project that the entire range of possible program cuts will have the following effects:

A. On the UM students—

1. See decreased numbers of professional, graduate and independent (older) students able to secure adequate financing to attend.

2. See increased pressure for the available dollars in student aid by all groups on campus.

3. See pressure by "new" students or transfer students who can no longer afford to go to private schools or to residential campuses. Urban campuses and community colleges should experience dramatic growth—but with severely stretched resources.

4. See great pressures from students, parents and others to have an early commit-

ment of aid at a time when that is not possible.

B. On the UM System—

1. See shifts in types of students attending the various campuses. These shifts will be dramatic, probably short-lived and unpredictable.

2. See expectations that the University will do even more than it is currently doing in the area of student aid.

3. See a general decline in middle-class students attending the University.

Attached you will find a chart which projects the potential loss in student aid by campus. This information was provided by the Directors of Student Financial Aid and is current.

UNIVERSITY OF MISSOURI—POSSIBLE CUTS IN FEDERAL STUDENT AID PROGRAMS

[Projected as of Mar. 4, 1981; corrected Mar. 5, 1981]

Program	Campus				Total
	Columbia	Kansas City	Rolla	St. Louis	
Pell grant:					
1980–81 students aided	4,370	1,200	1,500	1,520	8,590
Amount awarded	$3,843,000	$1,121,000	$1,226,000	$1,234,000	$7,424,000
1980–81 students with incomes over $25,000	501	77	300	149	1,027
Amounts	−$273,000	−$42,350	−$90,000	−$87,000	−$492,350
1980–81 average award	$880	$934	$817	$813	$864
Potential 37% shortfall average award	$553	$587	$513	$511	$543
Amount [1]	−$1,703,443	−$461,799	−$610,400	−$533,419	−$3,309,061
Potential Pell Grant loss	−$1,976,443	−$504,149	−$700,400	−$620,419	−$3,801,411
Guaranteed student loan:					
1980–81 students aided	6,410	2,472	1,800	564	11,224
Amount awarded	$15,147,500	$8,575,000	$3,600,000	$1,103,350	$28,425,850
1980–81 students with incomes projected to be over $40,000 [2]	3,749	800	600	400	5,549
Amount	−$9,313,000	−$2,775,080	−$1,000,000	−$825,000	−$13,913,080
Total students affected by cuts [3]	4,250	877	900	549	6,576
Total amount	−$11,289,443	−$3,279,229	−$1,700,400	−$1,445,419	−$17,714,491

[1] Projected only on Pell Grant recipients with income under $25,000.
[2] Projection based on those students who have no reported incomes on file—generally lower income students will submit an application for other forms of aid. Projection could deviate by ±10%. Projected cuts do not include the amount of funds which would not be available due to "need only" requirement.
[3] Only includes Pell Grant recipients with incomes over $25,000 and GSL recipients with incomes over $40,000. All Pell Grant recipients would suffer a 37% reduction without supplemental funding.

INTERIM REPORT ON STUDENT FINANCIAL AID BY CAMPUS FOR MAJOR SELECTED FEDERAL AND STATE PROGRAMS

	BEOG		SEOG IY		SEOG RY		MSG		NDSL		FISL/GSL		CWS		Totals	
	Dollars	Number of students	Dollars	Number of students	Dollars	Number of students	Dollars	Number of students	Dollars	Number of students	Dollars	Number of students	Dollars	Number of students	Dollars	Number of students
Columbia	3,843,925	4,370	383,040	951	332,474	703	322,000	1,768	1,848,525	2,601	15,147,534	6,409	1,753,761	1,968	23,631,259	18,770
Kansas	1,121,000	1,200	120,223	167	99,007	109	269,076	710	846,033	636	8,575,000	2,450	639,376	420	11,669,715	5,692
Rolla	1,226,981	1,500	48,100	160	47,625	120	275,000	750	399,166	510	3,600,000	1,800	146,156	366	5,743,028	5,200
St. Louis	1,233,828	1,517	131,700	287	70,950	134	288,716	757	411,000	644	1,103,350	564	289,240	340	3,528,784	4,243
Total	7,425,734	8,587	683,063	1,565	550,056	1,066	1,154,792	3,985	3,504,724	4,391	28,425,884	11,223	2,828,533	3,094	44,572,786	33,911

Note.—
BEOG—Basic educational opportunity grant.
SEOG IY—Supplemental educational opportunity grant—initial year.
SEOG RY—Supplemental educational opportunity grant—renewal year.
MSG—Missouri student grant.
NDSL—National direct student loan.
FISL/GSL—Federally insured student loan/guaranteed student loan.
CWS—College work-study.
Amounts and numbers reported by campus directors of student financial aid are actual as of Monday, February 9, 1981. Private scholarship, university student employment (non-CWSP), health professions, etc., programs are not included in this report.

Source: The Office of Scholarships and Student Financial Aid Services, 306 Clark Hall.

UNIVERSITY OF MISSOURI, COMPARISON OF SYSTEM-WIDE STATISTICS—1979–80 TO 1981–82

	1979–80	1980–81	Percent change from 1979–80
A. Dependent students:			
1. Average income	$18,404	$20,920	+13.7
2. Average real estate value nonliquid assets	27,206	29,716	+9.2
3. Cash, savings, and checking	3,158	3,085	−2.3
4. Expected family (dependent) contribution for education	733	865	+18.0
5. Expected student (dependent) contribution for education	809	823	+1.7
6. Expected total family and student (dependent) contribution	1,542	1,688	+9.5
7. Average need (institutional budget minus total family and student contribution)	2,206	2,730	+23.7
8. Average basic educational opportunity grant eligibility index number	1,230	[1] 1,831	+48.9
B. Independent students:			
1. Average income	5,466	5,159	−5.6
2. Total assets (liquid and nonliquid)	2,664	2,109	−20.8
3. Total student contribution	5,462	5,116	−6.3
4. Average need (institutional budget minus total student contribution)	3,631	4,351	+19.8

UNIVERSITY OF MISSOURI, COMPARISON OF SYSTEM-WIDE STATISTICS—1979–80 TO 1981–82—Continued

	1979–80	1980–81	Percent change from 1979–80

C. Summary 1979–80 and 1980–81:
1. Dependent students: Family income increased by 13.7 percent and nonliquid assets increased 9.2 percent (probably as a result of inflation). Liquid assets (savings, etc.) decreased by 2.3 percent. Both family and student expected combined contribution increased by 9.5 percent but the average need increased by 23.7 percent. The basic educational opportunity grant index increased by 48.9 percent which meant a smaller average grant to University of Missouri students.
2. Independent students: Independent students' income decreased by 5.6 percent and their total assets decreased by 20.8 percent. Independent students' contribution for aid was 6.3 percent lower in 1980–81 than in 1979–80 while their overall need for financial aid increased by almost 20 percent.

[1] The higher the index number the smaller the grant.

Note.—The University of Missouri system includes campuses in Columbia, Kansas City, Rolla and St. Louis. Enrollment within the University is approximately 60,000.

Source: Office of Scholarships and Student Financial Aid Services, University of Missouri.

CONCURRENT RESOLUTION URGING WHITE HOUSE NOT TO INVITE SOUTH AFRICAN OFFICIALS

(Mr. DIXON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DIXON. Mr. Speaker, today I have introduced a House concurrent resolution with the support of over 40 of my colleagues in the House urging the President not to invite the Prime Minister of South Africa, or any high level official of that Government, to the United States until that country renounces its system of apartheid.

There have been reports that the State Department and the White House are considering the possibility of inviting Prime Minister Botha for an unprecedented visit to the United States.

This is just one of many alarming signals that President Reagan may seek to totally reverse our policies toward South Africa and the region in general.

Just last week it was reported that a five-member South African military delegation had entered the country without the knowledge or approval of the United States, and were asked abruptly to leave the country.

Just today it was disclosed that President Reagan's Ambassador to the United Nations, Jeane Kirkpatrick, met with the top South African military intelligence officer. This contradicts public assurance by the State Department that no such meetings took place.

South Africa has been justly isolated in the world community for its system of apartheid, a legalized web of racism, where the 16-percent white minority oppresses the black and colored majority.

We believe that the invitation of Prime Minister Botha would send the wrong signal to our many allies on the continent of Africa. It would announce that the United States no longer cares about the oppression ongoing in South Africa, or the rights of all individuals regardless of color.

I would like to share the text of this resolution and its sponsors with our colleagues in the Congress.

H. Con. Res. 98

Whereas the Republic of South Africa's policy of institutionalized and legalized racism, known as apartheid, is one of the cruelest forms of human rights abuse in the world today, involving a combination of discriminatory rules and practices by which 16 percent of the Republic's population dominate the majority;

Whereas abhorrent and pervasive human rights abuses, including degrading treatment and punishment and the use of torture—all in gross violation of the United Nations Declaration on Human Rights—persist in the Republic of South Africa in spite of efforts by the world community to influence the Government of the Republic of South Africa toward change;

Whereas the Government of the Republic of South Africa continues to rule in Namibia in spite of the termination of its mandate to administer that territory and continues to resist the implementation of the United Nations plan for independence for Namibia;

Whereas the United States has worked constructively during the past several years in a worthwhile effort to seek respect for the rights of all South Africans to participate in the political process in South Africa without discrimination based on race;

Whereas no South African Prime Minister has ever been invited officially to visit the United States because of our disapproval of the indefensible policy of apartheid; and

Whereas such a visit would likely be read by Africans and all the world as a signal that the United States accepts the practice of apartheid and, therefore, would certainly undercut the progress we have made in our relations with nations throughout Africa: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the President and the Secretary of State should not invite the Prime Minister of South Africa or any high level official of that Government to visit the United States until it can be demonstrated that the South African Government has abandoned totally its policy of apartheid and commited itself to granting social justice and full participation in the political process to all South Africans regardless of color.

Sponsors of House Concurrent Resolution 98

Mr. Dixon, Mr. Wolpe, Mr. Solarz, Mr. Gray, Mr. AuCoin, Mr. Bedell, Mr. Bingham, Mr. Brodhead, Mrs. Chisholm, Mr. Clay.

Mrs. Collins of Illinois, Mr. Conyers, Mr. Crockett, Mr. Dellums, Mr. Downey, Mr. Dymally, Mr. Edwards of California, Mr. Fauntroy, Mr. Fazio, Mr. Ford of Tennessee.

Mr. Hawkins, Mr. Lehman, Mr. Leland, Mr. McHugh, Mr. Mitchell of Maryland, Mr. Moffett, Mr. Oberstar, Mr. Pease, Mr. Rangel.

Mr. Ratchford, Mr. Richmond, Mr. Sabo, Mr. Savage, Mr. Schumer, Mr. Simon, Mr. Stokes, Mr. Studds, Mr. Vento, Mr. Walgren, Mr. Washington, Mr. Waxman, and Mr. Weiss.

A TRIBUTE TO THE LATE ALLARD K. LOWENSTEIN ON THE ANNIVERSARY OF HIS DEATH

(Mr. WALGREN asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and to include extraneous matter.)

Mr. WALGREN. Mr. Speaker, Saturday a week ago marked the first year after the death of Allard Lowenstein. On that occasion a number of his friends and family gathered at the Arlington National Cemetery, and our distinguished colleague, Mr. Michael Barnes, of Maryland, gave a moving eulogy in Al's memory. I would like to insert that eulogy in the Record for the consideration of the Members and the many friends of Al Lowenstein across the country. It is as follows:

Remarks by Michael D. Barnes, of Maryland, in Remembrance of Allard K. Lowenstein, Arlington National Cemetery, March 14, 1981

It was only a year ago that Al was taken from us, and yet, look at what's become of the country since then.

I was visiting a friend's office recently, and noticed a poster hanging on the wall. It was "vintage Vietnam War," and though the poster has noticeably aged—dog-eared and tattered, like Al and like many of us whose political awareness began during that war—its message startled me for a moment. It hardly seemed thirteen years old. The words went something like this:

The wealth of the nation is squandered on cruelty . . .
United States economy and safety threatened by excessive weaponry;
United States sending military advisors to Latin America; tensions growing in Cambodia, Bolivia, Guatemala, Korea.
Hostility and violence growing in American cities; avenues of hope are lost in violence and armaments.
A city without hope may burn itself in racial sickness;
Nuclear war may be the final pathology of ideology and armaments.

It would not have been so frightening, I think, except that the litany of horrors in 1968 may seem tame in comparision to the inventory which we could take in 1981. I shudder each morning when I hear the "thump" of the newspaper landing on my doorstep. What new retreat from decency will it disclose?

CIA instructed to spy on Americans at home.

President decides that if you can't afford a lawyer, you aren't entitled to justice.

A thousand middle-income children caught eating subsidized school lunches; Administration terminates program for millions of poor.

Secretary of State declares "combating international terrorism" to be top foreign policy priority . . . lifts sanctions against Chile for government-sponsored murder on streets of Washington.

President claims food stamps are "waste of taxpayers' money" * * * dines at Jockey Club.

Administration proposes tax-cut to relieve the downtrodden * * * those making $200,000 or more to benefit.

Under Secretary of State reported to have remembered where Africa is.

It gets worse, but I need not go on. Anyone who shared a struggle with Al Lowenstein—anyone who shared a cause with him—knows too well how different the world of today is from the world which he sought to craft * * * knows too well that we are sliding back from the minimal distance which we had pulled ahead.

We gather here today to remember Al Lowenstein. But the real question is whether he is buried in this soil. Have we indeed buried Al Lowenstein and put him behind us? Or did we bury only his body, but put him within us?

The *Kaddish*, which I know hearts are reciting today, declares:

"The departed, whom we now remember, behold they have entered into the peace of life eternal, but they still live on earth in the acts of goodness they performed and in the hearts of those who cherish their memory."

Only we, "we hearty band of fellows," can determine whether Al Lowenstein still lives on earth. Too many of his acts of goodness have been laid to waste and negated * * * too much of the progress to which he spurred his country is now being reversed. Al will thus live on only if those of us, "who cherish his memory," will cherish it so deeply that his cause—no, truly I must say, his causes—will not die.

On the tenth anniversary of Robert Kennedy's death, Al wrote a message which is as valid today as it was then:

"* * * the awful fact of his unnatural death will shadow events as long as we are a part of them. And in that shadow we will still struggle with the problem connected to so many others—the problem of how to revive enthusiasm and excite energies"—G-d, how much easier it would be if we still had Al, the quintessential recruiter and mobilizer—"of how a spirit once aborted can be born again. Old battle cries drift back, but they are harder to hear now. * * *

"The mind wanders past jaded words. There is not radiance; nothing is clear cut. We have learned that Camelot was not quite Camelot, and that America is neither

as innocent nor as easily changed as we once thought. It has become sensible to be cynical.

"But anybody who thinks about it knows that it is sensible, too, to remember that greater sophistication is not the same thing as greater wisdom . . . that an immobilizing cynicism is no cure for what has gone wrong.

"And anybody who finds himself wishing on this occasion that Robert Kennedy were still around knows what Robert Kennedy—or Al Lowenstein—"would be saying if he were here—knows that we have dallied long enough, and that it is past time to try again to do better, to make a difference * * * past time to dream again of things as they ought to be, and ask again why they are not."

As Peter Yarrow would remind us, it is truly past time to "weave the sunshine out of the falling rain * * * to weave the hope of a new tomorrow" and fill our cups again.

That poster I spoke about, it continued:

The solutions must spring from individuals on this planet.

We can identify ourselves clearly by speech and by action;

We can advertise for peace, locally and nationally.

We can pray for peace * * * vote for peace candidates * * * work for peace.

We can create a community of consciousness.

We must not be party to a mandate of fear, or the trees and the flowers, the birds and the children may burn with the metropolis.

Today is a beautiful day to act.

It will not be as easy this time, though surely it was not easy the last time. But it will be more difficult now precisely because so many have grown so cynical. So many have had their hopes raised, only to be thrown down. So many have followed brave leaders, only to see those leaders brought down.

Ted Kennedy said last year that "All by himself, Al was more effective than an organization of thousands. He was a one-man demonstration for civil rights. Even when he walked alone, he was a multitude marching for peace." But we shall have to renew the struggle now without Al, and where he by himself was thousands, we shall have to be thousands. And where he was a multitude, we shall have to mobilize multitudes, and act with the passion and strength of multitudes.

I quoted Al on Robert Kennedy. Here, so near to Bobby's grave as well, perhaps I should also quote him on Al. He wrote:

"For Al, who knew the lessons of Emerson and taught it to the rest of us: 'They did not yet see and thousands of young men as hopeful, now crowding to the barriers of their careers, do not yet see that if a single man plant himself on his convictions and then abide, the huge world will come round to him.'"

Al did plant himself and then abide. And now we, crowding to the barriers, must take the stands which Al is no longer here to take. We must take a stand against those who would arm us into conflagration. We must take a stand against those who see as "East-West" the struggle of those whose challenge is "from the bottom, up." We must take a stand—we must be the strength and the voice of those who are the weakest and most voiceless. We must be the reminders to all Americans about what America is supposed to be all about.

And so I would ask you—you hearty and loyal souls who are hearty and loyal enough to come here today: will you keep him alive, and *not* leave him buried in this soil? Will you *not* surrender the causes to which Al rallied us? Will you refuse to accept injustice and inhumanity?

Will you leave this hallowed ground today and promise that, when you are at home late at night * * * comfortable and resting * * * and the telephone rings—promise me, please, that you will rally when a young and hesitant voice says: "Al Lowenstein told me to call this number."

You will be needed.

EL SALVADOR

(Mr. LEHMAN asked and was given permission to address the House for one minute and to revise and extend his remarks and include extraneous matter.)

Mr. LEHMAN. Mr. Speaker, last year the administration requested that our Appropriations Subcommittee on Foreign Operations approve the reprograming of $5.7 million to provide nonlethal military equipment to the Government of El Salvador. I voted for the reprograming because the information available to us at the time indicated to me that the junta in El Salvador held out the greatest hope for order and stability combined with necessary economic reforms and political freedoms. I thought the equipment would help the junta both by signifying U.S. support for moderation and reform and by helping to professionalize the military and reduce the level of violence in the country. If the junta should fall due to lack of U.S. support, I saw no alternative but civil war between the far right and the far left, and greatly increased misery and violence for the people.

Nearly 1 year has passed, and I have closely watched the situation in that unhappy country. Now, faced with another reprograming request—this time for lethal equipment—I cannot support the administration.

First, over the last year, the Government of El Salvador has not made sufficient progress in controlling the violence by the right, including elements of the Government's own forces. The death toll has continued to rise, and even in the areas most symbolic of improvement—the junta's inability to keep Colonel D'Aubuisson in custody last summer, or the unsatisfactory investigation into the deaths of the American churchwomen—the signs are disappointing.

Second, I am troubled that El Salvador is seen as the setting for an East-West confrontation. The internal issues seem to me much more compelling, and much more likely to affect the outcome, than the posturing of the major world powers. The influx of arms supplied by Communist nations is disturbing, but our response must not be extreme and should not concentrate on military supplies and training.

Third, whatever our subcommittee does this afternoon, $20 million in weapons and services will be provided to El Salvador under the special emergency authority of section 506(a) of the Foreign Assistance Act. I believe $20 million is more than enough. I am far from convinced that the extreme left in El Salvador is as strong as it has been painted to be, either in numbers or in arms. This is indicated by testimony received by our subcommittee and by the failure of the left's final offensive in January, despite the lack of any U.S. military assistance to the Government.

Finally, I believe the best solution for El Salvador—and other nations of the region have called for this approach—is negotiation. To place too much emphasis on a military solution strengthens the Salvadoran military and plays down the importance of civilian government and civilian solutions. This may permit even greater excesses on the part of the violent elements of the security forces. Only such an increase in right wing violence will cause the left's ranks to swell and make the much publicized Communist weapons a threat.

We cannot walk away from El Salvador. Instead, we must emphasize economic assistance and diplomatic initiatives to continue the reforms and encourage peaceful negotiations. I understand the State Department is today announcing its intention to double the level of economic assistance to El Salvador. While I have not seen details of the proposal, and I do not know what other countries will be cut to provide the higher level, I would be inclined to support such an approach. But I do not believe the proposed $5 million in military assistance will help bring an end to the turmoil and suffering in El Salvador, and I will not support it as proposed by the administration.

Mr. Speaker, the following three editorials from the Miami Herald present a thoughtful and realistic discussion of what our options are in El Salvador. I know my colleagues will find the commentary helpful as they assess what their own positions should be concerning the direction of U.S. policy in Central America.

The articles follow:

[From the Miami Herald, Feb. 4, 1981]

HIGH STAKES IN EL SALVADOR

Robert White's removal as U.S. ambassador to El Salvador may not constitute a declaration of Reagan Administration policy, as a State Department spokesman emphasized. Mr. White's firing does, however, signal the direction that the Administration's policy may be taking as it undergoes review.

To the extent Mr. White's removal represents a mere change of personnel, it warrants one kind of response. To the extent his firing heralds a turning away by the Reagan team from commitment to the kinds of political, economic, and social reforms in El Salvador that Mr. White championed, it warrants quite another response.

A career Foreign Service officer, Mr. White was given a hard, thankless, and dangerous job when the Carter Administration sent him to El Salvador. In working to implement United States policy of backing reforms, which angered extremists on left and right, Mr. White served his nation well.

In early December, leaks to the press from the Reagan transition team marked Mr. White as one ambassador who would be replaced as soon as Mr. Reagan took power. Mr. White complained through the press in response that such statements weakened his authority at a time when he was trying desperately to do his job in the midst of a civil war.

Administration spokesmen say Mr. White was removed because he complained through the press instead of through channels. It may not be fair, but given Mr. White's too-controversial and too-high profile, it probably is best that he be replaced now, even if for the wrong reasons. A new diplomat may be better able to work effectively.

The urgent and far more important question is. What will the Reagan Administration's policy be toward that war-wracked Central American nation? Some key concerns need be kept uppermost in mind as that policy is being drawn.

Foremost among them is that the United States easily could harm, not serve, its own national interest. It will harm itself if it permits itself to become the military defender of a right-wing, military dictatorship that is hated by El Salvador's people and opposed by the world's democracies.

That is not the situation now, but the danger clearly exists. The current Salvadoran government is portrayed as a centralist alliance between military and civilian reformers. As the terrorism grows worse, however, the ruling junta seems to grow more rightist, more militarist, more violent. If the junta is so centrist, why do its forces kill only leftists and peasants?

The Carter Administration was dedicated to agrarian reform in El Salvador so that the masses would not need to rebel. It also stressed human rights.

As the Reagan Administration steps up military aid to the Salvadoran junta, it must not lose sight of those just and human objectives. And as it formulates its position, it should be careful to coordinate its thinking with the other Latin American democracies, and with Mexico and Venezuela in particular. Support for the junta must not be blind. The future of all Central America may swing on El Salvador's hinges.

[From the Miami Hearld, Feb. 27, 1981]

VIETNAM'S SPECTER LOOMS BEHIND SALVADOR POLICIES

President Reagan's policies regarding El Salvador remain cause for serious concern, despite his recent vow that he has "no intention" of allowing the United States to bog down in another Vietnam like quagmire there.

Intentions, after all, are one thing, and policies quite another. Ever-more worrisome reports continue to issue from Washington. The Pentagon has pushed hard for over a year for dispatch of U.S. combat troops to "advise" El Salvador's army, according to former U.S. Ambassador Robert White. The Reagan Administration is considering deployment of such military "advisers" there, as well as possible naval blocades to stem the flow of weapons to leftist guerrillas.

Once the United States begins to assume a role of active military involvement, where will that stop? The direct parallels emerging with how the United States was drawn ever deeper into Vietnam need not be belabored—yet.

Even more troubling is the way the Reagan Administration is defining the struggle in El Salvador. The line being sounded ever louder posits that surrogate Soviet adventurism is to blame. "You have to begin drawing the lines" somewhere, explains James Brady, the President's press secretary. Classic domino-theory logic, applied wrongly once again to misleadingly simplify a complex civil war. The Vietnam syndrome strikes again.

The Administration seems obsessed with the notion that the Kremlin is ultimately behind the turmoil in El Salvador. Teams of diplomats recently paid sales calls on West European and Latin American capitals, carrying portfolios of "captured documents" allegedly proving that Salvador's guerrillas have obtained massive arms aid from Communist nations around the world, delivered through Cuba and Nicaragua.

The point is not that there are no foreign Communists trying to fan El Salvador's flames. Doubtless there are. It should come as no surprise either that they are supplying weapons to leftists there—just as the United States is arming the governing junta.

The point is twofold. First, the essential truth must not be forgot that El Salvador's war originates not in Moscow, but in its own ugly history. Until recently, the top 5 per cent of Salvador's population received 38 per cent of the nation's income, and fewer than 2 per cent owned more than half the farmland. The oligarchy used the army to squash peasant demands for justice.

Today's violence is essentially class rebellion springing from that history. Keeping foreign Communists and arms out would not end it. Blocking arms flows to guerrillas and checking their military offensives is not enough.

That is the second point: The Reagan Administration seems to be overemphasizing military tactics as though they were solutions. It shows dangerous signs of unqualified support for the governing junta, despite that junta's rightward swing and its suspect inability to curb right-wing "death squads."

If the Reagan Administration is to win for the United States the future favor of Latin Americans—its proper strategic goal in El Salvador—it must go beyond military aid and simplistic anti-communism. It should be pressuring the junta vigorously to speed its promised social, economic, and land-distribution reforms. And it should be pushing the junta, together with Mexico, Venezuela, and other allied nations, to negotiate a political settlement. Victory in El Salvador will be won in the people's hearts and minds, not on the battlefield. American finesse is required, not American force.

[From the Miami Herald, Mar. 5, 1981]

LET DIPLOMACY'S FORCES TRY TO HEAL EL SALVADOR

Instead of seeking an illusory military solution to El Salvador's problems, the Reagan Administration should be turning this nation's diplomatic muscle toward fostering substantive negotiations to end the war there. To fail to do so would be wrong, dangerous, and shortsighted.

Even El Salvador's increasingly right-wing civilian-military junta insists it needs the economic aid it will get more than the weapons. Salvadoran President Jose Napoleon Duarte says he wants to talk about a Socialist International offer to mediate the bloody dispute.

Bernt Carlsson of Sweden, general secretary of that international group of Social Democratic parties, says many important leftist and guerrilla groups in El Salvador already have accepted the mediation offer. Latin American Social Democratic parties and governments, including vitally important Mexico, now favor negotiations. So does Christian-Democratic Venezuela.

No mediation is likely to succeed, however, if the State Department maintains the disdain that spokesman William Dyess displayed on Tuesday. Even as Mr. Carlsson was in Washington to see senior State Department officials, Mr. Dyess said the United States would not attempt to tell El Salvador what to do.

"El Salvador is not a client of the United States," said Mr. Dyess, blithely ignoring the Reagan Administration's plan to send military advisers and increase military aid there. If the Administration can assist the Salvadoran junta militarily without making it a client, why cannot it urge negotiations?

It can, of course; it simply has chosen instead to beat its breast rather than talk. The folly of that choice can only become more evident with each step the United States takes into the Salvadoran quagmire.

All in all, the possibility may exist to make all key combatants negotiate in good faith, on pain of isolation. The United States should adjust to the changed circumstances. At least initially, mediation through the Social Democrats' international could skirt the guerrillas' insistence that they must negotiate directly with the United States on grounds that the junta is superfluous.

With massive U.S. aid, a junta military victory may well be possible—tens of thousands of deaths hence. There is the equal danger that the Administration could blunder into pushing El Salvador's war-weary masses into supporting the Marxist guerrillas, with the opposite result.

Enduring peace will not come to El Salvador so long as its society and economy remain grotesquely inequitable. In the orgy of killing, the vital reforms needed to achieve social justice become less and less achievable. Indeed, President Duarte said Tuesday that the most important part of the land reform will take another five to 10 years. By then, his nation may have drowned in blood.

□ 1215

BUDGET CUTS AND OUR NATIONAL INTEREST

(Mr. FUQUA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FUQUA. Mr. Speaker, the Federal research and development budget represents the American people's investment in their future. The administration's treatment of science in its revised budget belies its oft-stated goals of a new economic beginning. Major cuts at the National Science Foundation and the National Institutes of Health will only inhibit our ability to unlock the secrets of nature and provide the kind of innovation necessary

to stimulate our economy and build the Nation.

It makes no sense to delay the modernization of our research laboratories so that they can be useful and on the cutting edge of science. It makes no sense to cut those parts of the National Science Foundation that might unlock the secrets of research that gives us tools to better expand our economy. It makes no sense to deprive our citizens of the scientific education that has helped us match and surpass the Soviets after Sputnik. And, Mr. Speaker, it makes no sense to restrain the health research enterprise that has conquered so many diseases and that leads the fight on the disease people hate more than war—cancer.

We owe it to the American people to carefully review and examine all of these budget decisions to determine whether or not they are truly in our long-term national interest.

THE ADMINISTRATION HAS CHANGED THE RULES FOR DISASTER ASSISTANCE

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, with only about one-half of the disaster loans for farmers having been processed, the administration has changed the rules for disaster assistance to deny about half the farmers the assistance which was intended to be delivered as a result of the 1980 drought, the worst in history.

A recent letter from my State says that unless the farmers get these emergency loans, many will lose their farms and livelihood, and there will be much suffering.

Mr. Speaker, today I am introducing a bill which says that notwithstanding any provision of the law, no change in the regulations shall apply to any disaster loan application which was pending on the date the rules were changed—March 19, 1981.

ASSURE SENIOR CITIZENS RETIREMENT BENEFITS WILL NOT BE REDUCED

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, recent press reports have indicated that some Democrats are leaning toward a budget proposal which would cut future benefits for social security recipients.

Now, we know who the Democrats are talking about when they come to this floor and claim that President Reagan's economic program favors the rich. The rich are evidently, according to some Democrats, our elderly on social security, who the President says should be protected. At least, it is the elderly they plan to attack.

It appears that House Democrats are so intent on saving social welfare programs for those who refuse to work that they are willing to cut benefits for those who worked all their lives and now depend on social security to sustain their retirement.

Maybe there is a misreading of Democratic Party intentions here. If so, our Nation's elderly deserve to be assured that they are not going to have their benefits slashed.

House leaders have assured big business that it will get its retroactive tax cut. Why not assure our senior citizens in the same manner that they can expect this year's budget to guarantee them that retirement benefits will not be reduced.

Many of us in this House will eagerly await such an announcement. More important, the Nation will be waiting, too.

POSTAL SERVICE TO ADVERTISE NINE-DIGIT ZIP CODE SYSTEM

(Mr. SOLOMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SOLOMON. Mr. Speaker, I was disturbed to learn in recent days that the Postal Service is planning a media advertising blitz to promote its plan to implement a nine-digit ZIP code system.

I have learned that this effort will include sending a flyer to every postal patron in the country, as well as an extensive ad campaign.

Mr. Speaker, over 80 Members of this House and a majority of the Senate have expressed their clear-cut opposition to the nine-digit ZIP code. And I am convinced that the overwhelming majority of the American people are opposed to it.

In view of this opposition—not to mention the fact that just 2 days ago the Postal Service raised the cost of a first class stamp from 15 cents to 18 cents—I think it is ridiculous and unwise for the Postal Service to spend millions of dollars to try to sell the American people on this foolish plan.

That is why I introduced legislation yesterday to, not only deny funds to the Postal Service for implementing the nine-digit ZIP code, but to deny funds for this wasteful advertising effort as well.

I urge all my colleagues to join me in this effort.

CRITICS OF THE PRESIDENT'S EL SALVADOR POLICY

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, 1 day last week 21 Democratic Members came to the well of this House to make 1-minute speeches against the President's policies toward El Salvador.

It is time someone called their bluff. I would like any or all of these critics to answer the following questions:

First, do you want to see the Marxist-Leninist guerrilla movement set up a government in El Salvador?

Second, do you disagree with the assessment of Roman Catholic Archbishop Rivera of San Salvador that the guerrillas are now rejected by a majority of people in El Salvador because they tend toward "the conquest of power for its own sake"?

Third, do you agree or disagree with the El Salvadoran Government's practice of land reform?

Fourth, since all of these critics bring up the Vietnam tragedy, let me ask them: Have any of them spoken to a victim of Vietnamese Communist reeducation camps, or the surviving boat people? In short, if they were wrong about the Communists in Vietnam, what makes them think they are right about Communists in El Salvador?

It is time these critics put up or shut up. Either they have a solution to El Salvador that will lead toward human rights or they do not. Do not be bashful, critics—you have nothing to lose in admitting you are wrong, again.

IMMIGRATION POLICY IN SHAMBLES

(Mr. BEARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEARD. Mr. Speaker, I think all of my colleagues in this House would agree with me that our immigration policy—if, indeed, we can call it a policy—is in a shambles. Accordingly, I am introducing the Immigration and National Security Act today, and I hope its broad reforms will be enacted by this House just as soon as possible.

I feel that the most important reform to come out of this bill will be through the provision that will declare it a crime for any person to hire an illegal alien. A growing wave of sweatshops in this country are cruelly exploiting those aliens while at the same time preventing millions of American citizens from gaining employment. The mechanism for enforcement will be through more secure social security cards and a new computer program within the existing social security system.

I am also asking that the border patrol be strengthened and that we reduce the present immigration ceilings to 350,000 per year. There would also be a provision for granting amnesty to many long-term aliens who have

become productive members of this society. Thank you.

THE 160TH ANNIVERSARY OF GREEK INDEPENDENCE

(Mr. NELLIGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, it gives me pleasure to honor the 160th anniversary of Greek independence. On March 25, 1821, a small band of Greek patriots revolted against the oppressive Ottoman Empire. Outnumbered by the Turks, the Greeks saw their initial revolt fail, but it led to freedom 8 years later.

This was not the only time Greece had been subjugated as a nation; for over 400 years Rome had buried the standard of freedom enjoyed by Greece during the Golden Age. The Greeks' hard won independence also survived the invasion of World War II and a Communist postwar threat.

The entire Western World is indebted to Greece for the contributions she has made to civilization. The concepts of freedom and democracy first laid down by the ancient Greeks are the same concepts our Government was founded on and are the same privileges both of our countries enjoy today.

EL SALVADOR

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, I heard the remarks of our distinguished colleague, the gentleman from Illinois (Mr. MICHEL), on El Salvador. I would just like to suggest to him and my other colleagues that if they want to get a more balanced view, they can look at yesterday's CONGRESSIONAL RECORD on page 4856 at some remarks that I put there under the heading "El Salvador, Symptom of a Sick Foreign Policy?"

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore (Mr. MURTHA) laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., March 23, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in the Rules of the House of Representatives, I have the honor to transmit a sealed envelope from The White House, received in the Clerk's Office at 12:26 p.m. on Monday, March 23, 1981 and said to contain a message from the President wherein he transmits a preliminary report on the Community Impact Assistance Study.

With kind regards, I am,
Sincerely,

EDMUND L. HENSHAW, Jr.

PRELIMINARY REPORT ON COMMUNITY IMPACT ASSISTANCE STUDY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Armed Services:

(For message, see proceedings of the Senate of Monday, March 23, 1981, page S2478.)

LATEST POSTAGE RATE INCREASES

(Mr. GOLDWATER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOLDWATER. Mr. Speaker, if you have gone down to your local post office this morning, you have probably seen the new postage stamp—for 18 cents. As of midnight March 21, the 15-cent first-class postage stamp is as extinct as the dinosaur.

The Postal Service tells us they need higher rates because of inflation. In fact, even before the latest rate increase was approved, there was talk of a 22-cent stamp before the fall of 1982. Instead of simply increasing postage rates whenever they feel like it, I suggest they look at creative alternatives to higher rates.

I have introduced a bill which would allow advertising on postage stamps as a revenue-raising measure. The revenue raised would be used to offset the taxpayer dollars which subsidize the Postal Service every year and to reduce, or at least delay, future periodic rate increases.

The taxpayer is telling us loud and clear that he has had enough; enough of high taxes, enough of inflation, enough of eroding purchasing power. I believe the taxpayer wants, and deserves, some help. I and my 17 colleagues who have cosponsored this creative legislation, realize we must do something for the taxpayer. I urge that the Committee on Post Office and Civil Service hold hearings on this bill.

□ 1230

IN MEMORY OF CHESTER BITTERMAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANNEMEYER) is recognized for 30 minutes.

Mr. DANNEMEYER. Mr. Speaker, Chester Bitterman was a graduate of Columbia Bible College in Columbia, S.C. It was there he decided to become a linguist. He subsequently spent three summers in linguistic training—two at the University of North Dakota and one at the University of Texas in Dallas—and 3 months learning jungle survival in Mexico, thus fulfilling the requirements for his life's work.

Accompanied by his wife, Brenda, and his daughter, Anna Ruth, now 3, Mr. Bitterman went to Colombia in August 1979 to translate the Bible into Indian languages. A second daughter, Esther Elizabeth, now 18 months old, was born in Colombia. The family was living in Lomalinda, 85 miles southeast of Bogota, preparing to begin work with the Carijona tribe when Mr. Bitterman suffered a gall bladder illness and had to fly to Bogota for surgery. On January 19, he was abducted by terrorists, held hostage for 6 weeks and then killed.

Mr. Bitterman was a translator for the Summer Institute of Linguistics. This organization is a subsidiary of Wycliffe Bible Translators, based in Huntington Beach, Calif., which is an organization that specializes in developing a written language for remote peoples of the world. The folks at Wycliffe seek primitive communal groups whose languages are unwritten and work with them to develop an alphabet, primers, and dictionaries. Their ultimate goal is to translate the Scriptures, usually the Gospel according to St. John, into the tribe's native language, a process that usually takes 10 to 15 years. The Wycliffe organization has 209 people working in Colombia and in February 1981, the organization had 4,000 workers translating the Bible into 750 languages in 36 countries.

Chester Bitterman died on March 7, 1981, with a bullet through his heart. He was not the first nor will he be the last victim of the conflict raging throughout the world between the gospel according to Karl Marx and the Gospel according to St. John. When he was kidnaped by members of the M-19 or April 19 movement, the terrorists were actually looking for Alva Wheeler, the Colombian director of the institute. The gunmen took Mr Bitterman instead. M-19 accused Mr. Bitterman of being a spy and demanded that the Summer Institute of Linguistics leave Colombia.

Wycliffe Bible Translators, or the Summer Institute of Linguistics, is only in countries with the consent of the host government. A good question can develop as to why governments of countries where these remote tribes are located permit these translators to come into their countries and do their work. The answer to this question also explains why the proponents of Karl

Marx want to roadblock the bringing of written language to these remote peoples. Governments around the world have learned that, as a result of the development of a written language, and also having the Gospel according to St. John translated as a part of the effort, these remote people not only begin to learn the rudimentary aspects of civilization but, in those instances where Christianity works its message and changes people by making them peaceful rather than warlike, it permits these remote people to be a constructive part of a nation rather than a hostile, noncooperative and noninterested outpost. When tribes take on this beginning of civilization, they are less interested in the Gospel according to Karl Marx, and this explains why revolutionary terrorists of the Communist type such as M-19 are working so diligently to remove people like Mr. Bitterman, and his colleagues, from Colombia.

The suggestion that the Summer Institute of Linguistics or the Wycliffe Bible Translators are in any way connected with the U.S. Government is a joke. Neither of these organizations has a charter from the U.S. Government, nor is it required of them to obtain one. They function in a free society, which exists in the United States of America, and they are not in any was answerable to the U.S. Government for what they do. The false charge that asserts that there is some connection between the work of these organizations and the U.S. Government is nothing more than an effort on the part of those who oppose their work to discredit them.

During Mr. Bitterman's 6-week captivity, the Bitterman family maintained that the institute could never acquiesce to the terrorists' demands for the missionaries to leave the country. Capitulation would embolden terrorists elsewhere in the world, Mrs. Bitterman said.

At home in Lancaster, Pa., the missionary's parents accepted the news of his death with the same quiet faith that they said had sustained them during the 6 weeks of captivity. Chester Bitterman, his father, said:

> We believe God allowed this to happen for reasons of His own. We do not always understand God's purpose, but we can accept it.

One of Mr. Bitterman's brothers, Chris, 18, praised the courage of the Summer Institute of Linguistics and its missionaries in Colombia.

> Chet himself said one life isn't worth all the hundreds of Indians who would have never heard the Word. This is what he said even before he was kidnapped.

It is altogether fitting that we pay respect to the memory of Chester Bitterman as one who gave up his life for his fellow men. He is one of the great heroes of our era, and he should be recognized as such.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I rise today to pay tribute to my constituent, the late Chester Bitterman III, whose untimely and tragic death at the hands of leftist guerrillas in Colombia is condemned as a despicable and cowardly act by every peace-loving citizen of the world. That Chet's death was brought about by violence is in marked contrast to his way of life and his mission of spreading peace and enlightenment to remote peoples of the world.

I gratefully acknowledge and concur with my distinguished colleague from California who recognized Chet as one of the great heroes of our era. To that I would like to add my admiration and respect for Chet's family—his wife and daughters, his parents and his brothers and sisters, for they too have acted courageously throughout this ordeal and can also be called heroes.

Chet's employment with the Summer Institute of Linguistics, a subsidiary of Wycliffe Bible Translators, was the fulfillment of a dream the Bitterman family had waited a lifetime to realize. Coming from a devoutly Christian family, Chet was prepared for and eagerly accepted his assignment to Colombia where he would join his wife's family and begin his work of setting down a written language for Colombian Indian tribes for the ultimate purpose of translating the Bible into their language.

But Chet never had a chance to begin that work. On January 19, some 18 months after he had arrived in Colombia to prepare for and await the start of his assignment, a splinter faction of the M-19 or April 19 terrorist movement kidnaped him from the institute's headquarters in Bogota and 47 days later, in the jungles of Colombia, took his life with a single bullet through his heart.

This disgusting act of inhumanity illustrates the depravity of those, who by force, seek to impose their will on others. It was these actions that Chet and his employers wanted to overcome, not through covert means, as alleged by his murderers who called him a spy, but by offering enlightenment and hope through a written language to remote peoples of the world.

Throughout these 47 agonizing days, unsure of Chet's physical condition, his safety from bodily harm or even his future here on Earth, the Bitterman family demonstrated the kind of moral and spiritual courage which, throughout history, has far better protected the liberties free people hold dear than all the arsenals of the world. They recognized that giving into terrorist blackmail or attempting negotiations for Chet's life with his kidnapers could seriously endanger the lives of other missionaries in the future in Colombia and elsewhere around the world and were, therefore, the first to ask that our Government not interfere.

The importance of Chet's work and that of those who will surely follow continues to be foremost in the thoughts of the Bitterman family. Their prayers are said now for the lives and safety of other missionaries. And despite Chet's brutal murder, the family extends only charitable thoughts and concern, not hatred, to his terrorist kidnapers.

Even upon learning of Chet's death the Bittermans have continued to demonstrate their inherent selflessness by remaining firm in their conviction that God's will be done. They have made it clear to everyone with whom they have had contact that they view Chet's death as God's will, and therefore, something good will come from it.

That good may be worked by the Bitterman family itself. Where others might seek to lay blame for the events which claimed their son's life, the Bittermans have offered their help in the fight against international terrorism by sharing their experiences with any forum desiring to listen.

And they have offered hope for the future. The Bitterman family is confident that through others, Chet's mission will be fulfilled. Their unswerving faith in the future is summed up in a verse from Revelations which they quoted after Chet's death was confirmed:

> And I heard a great voice out of the heaven saying, behold the dwelling place of God is with men and He will dwell with them and they shall be His people and God himself shall be with them and be their God.
>
> And God shall wipe away all tears from their eyes; and there shall be no more death, neither sorrow, nor crying, neither shall there be any more pain. For the former things are passed away.
>
> And He that sat upon the throne said, behold, I make all things new. And He said unto me, write; for these words are true and faithful.

God has blessed this Nation to put in its midst people like the Bittermans—a son who has died brutally in a distant country, but a family who is determined to see that his death shall not have been in vain. The work of bringing hope to the world has just begun.

Mr. DANNEMEYER. I thank the gentleman.

Does the gentleman from Texas desire recognition?

Mr. COLLINS of Texas. I would like to ask the gentleman to yield, and say I commend him.

I want everyone in the country to know that our hearts have gone out to the family and our admiration has

gone out to Chet Bitterman for what he did as a missionary serving abroad.

HOUR OF MEETING ON WEDNESDAY, MARCH 25, 1981

Mr. DE LUGO. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 12 o'clock noon tomorrow, Wednesday, March 25, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from the Virgin Islands?

Mr. WALKER. Reserving the right to object, Mr. Speaker, am I correct that what we are doing is changing the time of opening session tomorrow from 3 o'clock to 12 o'clock?

Mr. DE LUGO. The gentlemen is correct.

Mr. WALKER. Is that not being done a little late, given the fact that we are to consider some extremely important committee funding resolutions tomorrow? There may be Members who have not come to town as a result of a pro forma session on yesterday and today who may be planning to bring flights into town to arrive for a 3 o'clock opening of the session tomorrow and, therefore, would be in a position of not being able to participate in the opening 3 hours of the session if that is the way their plans were made?

The SPEAKER pro tempore. The Chair understands that the minority leader has cleared the request.

Mr. WALKER. I, too, understand that the minority leader and the minority whip have cleared the request, but it still raises a question in my mind about bringing to the House at this late date this kind of a change when we have some of the first major legislation that we have taken up in this session to come before the House, and to all of a sudden change the opening time of the session. I would hope that we are not going to see a pattern develop here—and while I do not plan to object today, on any future instances of this type where we get notice the day before, you can expect that I will object.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from the Virgin Islands?

There was no objection.

ALTERNATE COMMITTEE FUNDING RESOLUTION PROCEDURE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS), is recognized for 30 minutes.

Mr. COLLINS of Texas. Mr. Speaker, tomorrow we have coming before us a staff funding motion which is different than what has come before us previously. As we approve the committee funding resolutions, instead of getting to approve each of them individually, as we always have in the past, this year they are coming up in one big lump sum.

Now, the reason that the majority has carried the rule that way is because they are anxious to save some of these committees, that otherwise would be voted down individually, and by putting them in a package, carry the whole ball game forward.

□ 1245

What we need to do is to look forward to tomorrow, because all America is looking to Congress to cut expenses. There is not a hometown in America but what tells Congressmen we have too much government, we have too much spending, that inflation is killing them. Tomorrow, we have an opportunity to take a step forward. We have an opportunity to cut expenses, to provide an example of frugality for every Federal agency in this country.

The showdown vote is this: On what was spent for committee staff funding last year, will we cut it 10 percent? We are going to get all kinds of terms, talking about what they authorized last year. It does not matter. The question is, what did committees spend last year. We need to cut the total spending by 10 percent.

Let me give you some figures that are indicative of the doubletalk that we can anticipate tomorrow. The first thing that happens, any time you have a funding resolution which cuts, which they anticipate, they just ask for a little more. That way, you can take a minimum cut and do not hurt yourselves. So, when all committees came in, even after their trims, so-called trims, they asked for $47 million. When they came out of the Accounts Subcommittee of the House Administration Committee, they have cut that down to $42.8 million.

Now, $42.8 million, what does that mean? What it means is, in addition to this $42.8, they already have $24.7 for statutory, which is another way of getting the money. They are now spending over $67 million for committees.

Now, how does that $67 million compare? Look at is this way: The investigative committees in 1971 totaled $9.9 million; in other words, $9.9 million 10 years ago. We were spending $9.9 million, and now they are in asking for $40 million for investigative committees alone. That means they are asking for four times as much.

Being on the Republican side of the aisle, we realize that the big burden to reduce will come on the Democratic side of the aisle, because we have a tradition in the House—the Democrats have established a tradition—of taking a large proportion for themselves. Now, in the other body it is the tradition that it is 2 to 1. Last year, when the Democrats controlled, it was 2 to 1 Democrat. This year, when the Senate is Republican, it is 2 to 1 Republicans. The ratio of the House staffs today is 5.5 to 1—5.5 to 1. For every Republican staffer there are 5.5 Democrats here. So, what we are going to ask is that the Democrats outnumber the Republican 4 to 1. We ask that they reduce the size of this overloaded, bloated staff.

Just to look at a few basic examples, the first one that always comes to my mind is the District of Columbia Committee, because you really ask yourself, do we need a separate District of Columbia Committee? It ought to be a subcommittee of Government Operations Committee. The other body gets by with just 7 people on their staff, but it takes 41 over here to handle the District of Columbia issues. We all know that the District of Columbia now is a separate entity, a separate government. Congress does not run it anymore. We just simply have some oversight functions.

Let me compare for you some figures which I think are very interesting because it shows how far Congress has grown with these investigative committees. I want to compare 1974 and what the Democrats are recommending for 1981.

On the Banking Committee, it was $1,082,165 in 1974; now, it is $2,457,600.

On the Foreign Affairs Committee, it was $590,945; now, it is $1,888,600—nearly four times as much in 7 years.

On Government Operations, it was $991,998; now, it is $2,461,900—all of this just during 7 years.

The Energy and Commerce Committee was $903,271, and now it is $4,043,700. I serve on the Commerce Committee, and I would like to say that we do not need $4 million. A few years ago we had a staff of 58. Now, they say they need 170. They do not need all those people.

Merchant Marine had $245,692; now, they have $1,700,400. That is seven times as much for the Merchant Marine.

The Rules Committee, back in 1973 and 1974 combined, both years combined, was $5,530. Now, they want $530,000 just for the year of 1981.

Science and Technology was $400,777; now they want $1,896,800.

The Ways and Means Committee was $124,568. Now it is $2,450,800. What is that, about 20 times as much?

As you go down the line on all these committees, you ask yourself this question: How can we call for less spending by people on food stamps, people who are handicapped, people interested in education, people interested in arts and humanities, how can we ask them to make sacrifices unless we provide an example right here in this House, where we should make real financial sacrifices?

So, the showdown vote is coming tomorrow. This vote tomorrow will be

this: Are we going to take the expenses that we had last year, and are we going to cut those expenses by 10 percent, because a 10-percent cut is a real cut? Will we cut the expenditures for committee staff by 10 percent when the issue comes to the floor tomorrow?

Mr. Speaker, tomorrow, we will see whether this House is serious about cutting waste in the Federal Government. The committee investigative budgets will be considered in one omnibus resolution by the full House of Representatives.

Tomorrow, we will be told by liberal Democrats that we are cutting the budgets of the committees. However, it is important that no one be deceived by cuts which are not real. The committees of the U.S. House of Representatives spent $39,971,551 in investigative expenditures in 1980. This amount was totally separate and in addition to the $24 million the committees were given in statutory funds. There will not be any true cuts in committee spending until the committee authorizations are held below the nearly $40 million in investigative expenditures in 1980.

It is important that we look at some specific examples of bloat that were included in those 1980 investigative expenditures. These facts should make it clear to all that substantial cuts can be made from 1980 expenditures.

My committee, Energy and Commerce, had almost three times the staff in 1980 that it had in 1973—146 compared with 56. Twenty-three of these employees were paid over $40,000 per year. The House Administration Committee recommended $4,043,722 for the Energy and Commerce Committee for 1981. This is almost $400,000 more than the committee spent in 1980.

The Ways and Means Committee spent $69,790 for investigative funding in 1973. Six years later, the expenditures were 25 times higher at $1,863,051. Last year expenditures by the committees increased again. It is difficult for me to believe that cuts in expenditures cannot be made from the Ways and Means Committee which paid 11 of its investigative employees salaries of better than $40,000 per year in 1980.

The Rules Committee spent $457,434 of its investigative budget in 1980. In 1973, the Rules Committee spent only $1,744 of its investigative budget. The Rules Committee's staff is six times as large as it was 6 years ago.

The Merchant Marine and Fisheries Committee is in a similar situation. It spent seven times as much in 1980 for its investigative staff as it did just 7 years ago. Last year, the investigative expenditures of the Merchant Marine and Fisheries Committee were more than double the expenditures of the Armed Services Committee which has jurisidiction over a tremendous share of the Federal budget.

These are just a few of the unnecessary expenditures that were made by certain House committees in 1980. Let no one misunderstand on which side of the aisle this waste exists. Eighty-five percent of the investigative staff positions are filled by Democrats.

Yet, the Democratic leadership has decided this year not to allow the full House to approve or disapprove of the budgets of each committee individually. We will be forced to consider all of the budgets together. Frugal committees will be lumped together with wasteful committees. Members who are opposed to wasteful Government spending will have one logical choice—vote against passage of the resolution funding the investigative budgets of all committees.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. COLLINS of Texas. I will be glad to yield to the gentleman from New York.

Mr. STRATTON. Mr. Speaker, I am glad I had an opportunity to get in on the gentleman's discussion, because I think he is making a very interesting point. The gentleman recognizes, does he not, that the Armed Services Committee, which is one of the most important committees in the House, as I am sure the gentleman will agree, has one of the smallest funding requests of any major committee? I hope he will bear that in mind in connection with his legislation.

Mr. COLLINS of Texas. I am glad the gentleman from New York spoke out, because, as Mr. STRATTON has so well expressed it, Armed Services is one of the great committees. It has been one of the most efficient committees we have in Congress. There were three that stood out. They were Armed Services, Veterans' Affairs, and the Committee on Standards of Official Conduct. Of all the committees, Armed Services stood out as the most efficient. In fact, on the Republican side of the aisle, when they are coming through with their recommittal motion tomorrow, they are recognizing that Armed Services should be raised. In other words, the 10-percent cut should not be across the board.

House Administration Committee has already cut its spending by 20 percent. There are a lot of others that should be cut. I think there are many that should be cut by 25 percent, but Armed Services deserves a raise. That is one of the best managed and most efficient committees in Congress.

Mr. STRATTON. I appreciate the gentleman's comments, and I do hope that the House will bear in mind that the Armed Services Committee is charged with the oversight of the budget of the Department of Defense, yet the House committee that oversees that department, with its massive expenditures, is itself living at a very austere and abstemious level.

Mr. COLLINS of Texas. The gentleman has done well to bring this out, because, of course, defense is one of our major congressional objectives for next year. The example, the way that the efficient administration of Armed Services here in the House is an example of how well we are going to see Defense carried forward for the Nation. Dollar for dollar, they have less committee staff in Armed Services than any branch of our congressional offices.

Mr. STRATTON. That is very true, and, as I say, I do appreciate the gentleman giving me an opportunity to make the point succinctly.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, I would like to thank the gentleman for the work he has put into this and the figures he has put before us today in preparation for the important vote tomorrow. The symbolism of what the Congress does, as he says, is going to disclose a lot to the American people. I hope the Congress will back him all the way so that we can see some real cuts in staffing here, proving that the intent here in Congress is a serious one relative to Government spending.

I fear that those who like to talk about economy, when faced with their own committee operations here in the Congress may falter or may not accept the fine leadership the gentleman has suggested.

I appreciate very much the work Mr. FRENZEL, the gentleman from Minnesota, and Mr. BADHAM, the gentleman from California have put into this. It has been an extremely valuable contribution to good government.

Mr. COLLINS of Texas. I think the gentleman from New York (Mr. CONABLE), has taken the lead on the Republican side as our leader in working to have tax cuts for Americans. The way we are going to have tax cuts is when we cut expenses, then we in turn are going to be able to cut taxes. Everyone wants to see taxes reduced.

I want to add that Mr. BADHAM and Mr. FRENZEL have done a great, great piece of work on behalf of all of us in Congress in carrying this matter down to the wire. So, tomorrow when on the key vote, I hope everyone votes for the recommittal motion, which will mean that we will cut expenses, cut committee staff 10 percent below what was expended in 1980.

CAN AMERICAN INDUSTRY BE BORN AGAIN?

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

● Mr. REUSS. Mr. Speaker, I enclose the text of my remarks yesterday at the 100th anniversary of the Wharton School of Finance at the University of Pennsylvania, as part of their centennial on an industrial policy for America. The text of my remarks follows:

CAN AMERICAN INDUSTRY BE BORN AGAIN?

The Wharton School could hardly find a better theme on which to celebrate a hundred years of excellence than this—what kind of policy should we adopt toward American industry?

We have just passed through a decade of economic turmoil. We have not come close to solving our chief economic problems—high inflation, high unemployment, high interest rates. The rate of economic growth has slowed, and the rate of productivity growth has stopped. International economic competition has taken over a substantial portion of the American market for a wide range of industrial goods—from steel and autos to the newer high technology industries.

Many proposals to resuscitate American industry are on the table:

1. Backing losers—bailing out troubled firms or industries by government subsidies, refundable tax credits, orderly marketing agreements, renegotiated wage contracts, new federal banks.

2. Picking winners—selecting individual industries, firms, or product lines for a broad range of government support, as in Japan's effort to foresee world trends.

3. The Reagan program—tight money; a reduced federal sector by slashing spending; and massive cuts in marginal personal income tax rates heralded to encourage "work, savings, and investment."

4. The March 2, 1981, report of the Joint Economic Committee Democrats—building upon our earlier supply side work to develop a comprehensive strategy for investment and jobs.

Let us look at each of the four proposals:

1. BACKING LOSERS

Backing losers has been a popular governmental occupation.

Not all of the government's rescue attempts have ended in failure. The $250 million of loans guaranteed to Lockheed have been repaid, and the company survives. On a smaller scale, the Small Business Administration, the Economic Development Administration (EDA), and the Farmers Home Administration have given financial assistance to hundreds of struggling firms, most of which remain in business.

But too often the bail-out approach simply sends good money after bad. EDA guaranteed over $50 million of loans to Wisconsin Steel in 1979 to finance modernization and pollution control equipment at an aging Chicago plant. Within months a lengthy strike at International Harvester, Wisconsin Steel's largest customer, drove the company into bankruptcy.

EDA fared even worse on a series of loans it guaranteed to the Seatrain Shipbuilding Corporation for building large tankers in the old Brooklyn Navy Yard. As the cost overruns mounted, so did the infusions of guaranteed credit. By the time Seatrain had sold two tankers, the market had dried up. Seatrain finally filed for bankruptcy this February, leaving EDA with $60 million of debts.

And 15 months after the Congress bailed out Chrysler, the company is still teetering on the edge of collapse. The arguments that the bailout would save hundreds of thousands of jobs and billions of dollars in transfer payments were quickly proven false. Chrysler has had to close plants and fire more than half its 120,000 workers anyway. On top of a general slump, the combination of high car prices and high interest rates continue to undermine the company's recovery.

Already, Chrysler has used $1.2 billion of the $1.5 billion of federally-guaranteed credit. Its best hope of averting bankruptcy is to attract new equity through a merger or foreign joint venture. This could have happened without the taxpayers risking $1.5 billion to give the current management another chance. I reluctantly supported the Chrysler loan guarantees because they were the only game in town. A far more useful governmental role would have been to provide retraining and supportive services to workers displaced in a Chrysler reorganization.

These ad hoc governmental tinkerings would not, in my judgment, be much improved by regularizing them into a new Reconstruction Finance Corportion to salvage the losers. Advocates of an RFC hope to free it from the kinds of political pressure that dominated the debate on Chrysler. I'm not at all sure that transferring the decision-making power to an RFC would purge the process of the politics that polluted Wisconsin Steel and Seatrain. Worse, I fear that an RFC would only institutionalize the process of government bailouts, sink even greater resources into inefficient, non-competitive industries, and thus simply postpone the structural reforms that our economy needs.

2. PICKING WINNERS

Can our federal government do a better job than the market in deciding what products, firms, and industries will prosper in the future?

I doubt it.

The advocates of picking winners usually point to the industrial policies of foreign countries. But the record is not particularly encouraging. Despite the commitment of vast sums of money and a near monopoly of the government market, the British are still struggling to break into the world computer market. The Germans and French have been equally unsuccessful. In the case of Japan, the government favored some industries, and those industries have prospered. But so have a number of industries that were not the targets of government largesse.

Agriculture is the one area in which the United States government has played a broad-based role. Building on our rich base, the government influences everything from the course of agricultural research to the actual marketing of farm products overseas. It is the one area in which we have become most Japanese.

But we are ill-prepared by either our philosophy or our past to embark on a path of detailed intervention across the industrial spectrum.

Not that the government has not had a major impact on the nature and size of American industry. Major post-war expenditures on defense and space contributed a great deal to the evolution of the domestic aircraft and computer industries. Subsidies, tax benefits, and trade protection have benefited many industries.

But this military-space experience, where government is the market, has not prepared the government to judge the vagaries of changing technology or shifting markets. When it comes to picking private sector winners, humility becomes us.

3. THE REAGAN PLAN

Mainly, it proposes to increase saving and investment through a massive personal income tax cut, largely to the affluent. The beneficiaries of the tax cut, we are told, will not divert the cuts to inflationary personal expenditures, particularly of luxury imports. Nor will they use the proceeds to bid up the price of existing real estate, commodities and collectibles. Instead, the tax cut will somehow be channeled into the productivity-enhancing inflation-fighting new plant and equipment that we clearly need.

Let us give the proposal the benefit of an enormous doubt. Let us assume that it will by itself bring about large-scale new business fixed investment.

We still have to ask two questions.

First, why will not the high interest rates resulting from the President's and the Federal Reserve's restrictive monetary policy, and from the continued budget deficit, in large part undo the pro-investment effect of the income tax cut?

Second, can hyped-up business fixed investment succeed unless it is accompanied by those very structural programs—a good infrastructure, training for real jobs, support for research and development—that the Reagan budget would weaken?

The Reagan program, then, makes contact with the problem of reindustrialization in only the most preliminary way.

4. A COMPREHENSIVE STRATEGY FOR INVESTMENT AND JOBS

This brings us to the last, best hope of earth—the strategy for industrial regeneration of the Joint Economic Committee Democrats. This strategy moves us away from an exclusive focus on any one element of the economy. Even something as vital as new plant and equipment is only part of the picture. After all, the lastest robot is only as good as the trained programmer hired to run it. What is needed is a many-sided approach:

a. New plant and equipment

Our need for new capital has been rising.

America's capital stock has been growing older. Almost half our industrial plant and equipment was built before the oil shock in 1973, and much of the rest was designed on the assumption of cheap, abundant oil.

Moreover, the labor force has grown rapidly as the baby boom came of working age and more women entered the labor market. With more workers, we need more and better machines if economic opportunity is to be open to all.

And growing international competition has forced many domestic industries to run faster if they want to continue to run at all—and that often means more or better or newer capital equipment.

Despite the evident need, we actually invested a smaller proportion of our national income in the 1970's than we did in earlier decades. It is no wonder that our productivity performance has been so poor.

In the recent 1981 annual report, Democrats and Republicans alike urge that firms be allowed to depreciate their equipment more rapidly. In my view, such a true supply-side measure is needed today, not in the sweet bye-and-bye when Congress can make up its mind on the cosmic implications of Kemp-Roth.

b. Research and development

We should be equally concerned about the current trend in our commitment to re-

search and development. Working smarter, bringing new products and processes to the world market are crucial elements in maintaining the competitive strength of the American economy.

And, again, the key word is comprehensive. We need to maintain the public commitment to funding basic research and updating the quality of our research facilities. The recently established industry technology centers in the Department of Commerce can help focus the efforts of academic researchers on the particular challenges facing American industry.

And the challenge is there. For many years we led the industrial world in the share of national income devoted to commercial research and development. That has changed. Germany and Japan now devote a higher percentage of their total resources to research and development than we do and France and Britain are not far behind.

The Administration's program does take one small step in the right direction by allowing research equipment to depreciate over three years, with a 6 percent investment tax credit.

R & D, both public and private, need far greater support.

c. Developing new markets

A comprehensive approach to investment and jobs is the key element in an effective U.S. international trade policy. New factories will help meet foreign competition; new products will bring new customers to our door.

In a competitive era, we will have to do more. We need to take our better mousetraps to the world's door and make sure that door is open to American products. We have a definite interest in the economic health of our trading partners. Slow growth in Europe or the developing world will have a severe effect on U.S. exports.

d. Infrastructure

Our industrial development depends on an adequate and properly maintained infrastructure—including roads, bridges, railroads, ports, sewer and water systems, utilities, and other physical support systems. It has been allowed to deteriorate, particularly in our older cities. One in five American bridges should be replaced, and more than half of the nation's roads require major repairs. The future costs of water and sewage treatment are astronomical.

Despite the urgency of the needs, state and local governments have reduced their investment in infrastructure over the last decade. Financially strapped cities have increasingly chosen to delay new construction or repairs on existing facilities.

Before the accumulated effects of such postponements overwhelm us, we must strengthen the ability of state and local governments to respond to their infrastructure needs. Your ideas for encouraging such investments could be of great value to us.

e. Human resources

Similarly, investment in human resources must be a central focus of a comprehensive investment strategy. Millions of potential workers now fail to find stable employment in the private sector. Some lack the most basic educational skills. Others, the victims of poverty and discrimination, are trapped in decaying inner cities. The available jobs are usually temporary, low-paying, and dead-end, and too often unlikely to offer a better standard of living than welfare.

We cannot rely on general economic improvement to remedy this underinvestment in human beings. We will need a combination of measures that upgrade workers' skills, provide relevant training, and lead to permanent jobs at reasonable wages.

This should not entail a proliferation of new government programs—or the steadfast retention of all existing ones. The poor track record of some CETA programs should prompt a search for better alternatives, that result in lasting gains in employment and earnings. A well-run public employment program could provide useful public services and worthwhile job experience for the hard-to-employ.

We lack effective methods of tapping the resources of private industry for our human investment programs. The current employment tax credit program is poorly designed, and few employers have bothered to use it. But surely, as part of an investment-oriented tax cut, we can look for ways to strengthen financial incentives for employment and training.

The current attack on the Trade Adjustment Assistance program should encourage us to consider more general ways to deal with worker dislocation, whether caused by trade or technological change. Instead of concentrating on income maintenance, such a program should explicitly encourage training or other actions that improve employability. We will need to experiment with different combinations of services, to learn just what government can do to smooth the adjustment process for workers. But the case for government involvement is a strong one. Good adjustment programs will reduce the pressures for ill-fated rescues of "losing" industries.

f. Labor-management-Government cooperation

The comprehensive approach I have outlined—combining investment in plant and equipment, research and development, public infrastructure, and human resources—should form the basis for a rational industrial policy.

In each of these areas, attention should be given to the special needs of the small business sector, typically the source of our most innovative and most rapidly growing industries.

The inner city ventures of the Control Data Corporation, for example, illustrate one promising way of making urban areas commercially attractive to small business. The company has enlisted public and private backing for its projects to establish business development centers in low-income neighborhoods. The centers provide training, computer, and mailing services, and other shared facilities that new businesses need but often cannot afford on their own.

When tried in St. Paul, Minnesota, such a center attracted dozens of new businesses which proceeded to grow rapidly. By addressing the specific impediments to small business growth, such public/private activities will accomplish much more than broad tax breaks intended to lure firms to economically distressed areas.

Government should be facilitating cooperative efforts by business and labor to improve productivity and foster industrial development. In scores of plants, labor-management committees have worked out solutions to specific industrial problems outside the scope of collective bargaining. Some of the more ambitious initiatives produced new training programs to alleviate skill bottlenecks; others led to the design of more efficient production processes. In local communities such as Jamestown, New York, joint committees have encouraged these activities at the plant level and greatly strengthened labor-management relations. With modest government resources, we can assist a variety of labor-management initiatives and increase awareness of their achievements.

We of the Joint Economic Committee intend to pursue a Comprehensive Strategy for Investment and Jobs. This Symposium will advance our thinking, and contribute useful ideas to the endeavor. I look forward to learning from you.●

NATIONAL EFFORT TO COMBAT DRUNK DRIVING—PART I

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. BARNES), is recognized for 5 minutes.

● Mr. BARNES. Mr. Speaker, on March 12 I was joined by 24 distinguished colleagues in introducing H.R. 2488, a bill calling for firm action in confronting our No. 1 highway safety problem—drunk driving.

Drunk driving is a national epidemic which kills nearly 70 persons every day in the United States. Nearly 26,000 Americans are killed and more than 1 million crippled or seriously injured in drunk driving incidents every year. The economic cost created by the drinking driver surpasses $5 million annually.

On March 9, Rhode Island Senator CLAIBORNE PELL and I held a news conference to expose the drunk driving epidemic which poses one of the greatest threats to our children. Senator PELL, who has championed action against drunk driving for several years, introduced S. 671, legislation identical to H.R. 2488, with cosponsors Senators GLENN, GOLDWATER, and HUDDLESTON.

Also participating in our news conference were several cosponsors of H.R. 2488 and victims of drunk drivers, including the national officers of MADD—Mothers Against Drunk Drivers—founder and President Candi Lightner of California and Vice President Cindi Lamb of Maryland. Representatives of State Governors' task forces on drunk driving and from the medical profession appeared to urge passage of legislation to bring to a halt these senseless tragedies on the Nation's highways.

The Pell-Barnes legislation would combat drunk driving by encouraging the States to set mandatory minimum standards to deter drunk driving and to punish and rehabilitate violators.

Mr. Speaker, I submit for the RECORD a copy of H.R. 2488, the statements at the news conference of Senator PELL and myself, and subsequent news articles from Newsday, Long Island, N.Y., and the Montgomery Journal, Chevy Chase, Md.:

H.R. 2488

A bill to amend section 402 of title 23, United States Code, relating to establishment by each State of comprehensive alcohol-traffic safety programs as a part of its highway safety program

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 402(b)(1) of title 23, United States Code, is amended by adding at the end thereof the following new subparagraph:

"(H) provide for comprehensive alcohol-traffic safety programs to reduce the incidence of driving while under the influence of alcohol, including (i) mandatory enforcement programs which require, at a minimum, that any person found to be driving a motor vehicle on a public highway when the percentage of alcohol by weight in the blood of such person is 0.10 per centum or higher shall be deemed to be driving while under the influence of alcohol for purposes of such programs and that any person convicted of driving while under the influence of alcohol (I) perform not less than ten days of community service and, in the case of a person convicted of driving while under the influence of alcohol more than once in any five-year period, such person be imprisoned for not less than ten days for each such conviction after the first, (II) participate in a traffic safety or alcohol treatment program, and (III) have his license or privilege to operate a motor vehicle suspended or revoked for not less than one year, except that, in the case of a first offender who needs such license or privilege for work-related or other essential purposes, the license or privilege of such offender may be restricted for not less than one year in lieu of such suspension or revocation, (ii) alcohol treatment programs, (iii) traffic safety programs, (iv) a driver record system which identifies repeat offenders and is readily accessible to the courts in such State, and (v) monitoring programs to assure compliance with court ordered imprisonment and community service.".

SEC. 2. The amendment made by the first section of this Act shall become effective the day after the last day of the two-year period beginning on the date of enactment of this Act.

STATEMENT BY SENATOR CLAIBORNE PELL

We are here this afternoon to launch a campaign against America's number one highway safety problem—the drunk driver—who represents a threat to every one of us. It is easy to dismiss this as a problem that has little relevance in our daily lives, until you take a look at the odds that a drunken driver will directly affect your life or the life of a member of your family.

Studies by the Department of Transportation have shown that, in some cities, as many as one out of every ten drivers on the road on a typical Friday or Saturday night is legally drunk. In fact, of the next 100 persons born in the United States, one of them can expect to die in a traffic accident caused by a drunk driver—unless we act to prevent it.

These statistics are difficult to comprehend both in sheer volume and in the actual misery they represent. The experiences of those whose lives have been touched by the drunken driver is even more shocking.

With us this afternoon to tell of her experience is one of the many victims of drunk driver accidents, as well as several people who have lost loved ones to these largely unpunished criminals.

Like most people, I gave little thought to this problem. Then, in the space of just 18 months, two of my valued aides were killed in separate accidents due to the actions of drunken drivers.

On November 16, 1974, Elizabeth Powell of my staff was slaughtered by a man whose car went out of control, crossed a median strip and struck the automobile in which she was riding. The man had been drinking. Elizabeth was killed instantly. After several delays in the case, the man who struck Elizabeth pleaded guilty to the charge of Manslaughter by Automobile, and he received a one year suspended jail sentence.

On September 27, 1975, Stephen Wexler, the Chief Counsel to the Senate Education Subcommittee and my close friend and associate for ten years, was struck down by a drunk driver who was drag racing with another car. Steve left a young widow and an infant son. The driver of the car that hit Steve was charged with drunk driving, and both he and the driver of the other vehicle were charged with Manslaughter by Automobile. Again, after innumerable delays, both drivers were convicted of Manslaughter and received suspended sentences.

Both accidents were well publicized, and—just as when any accident occurs involving drinking and the loss of young lives—there was a sense of outrage and, on the part of some, a call for swifter, stronger penalties. But all too often, except for the immediate families and friends of those killed, the image of the tragic accident fades quickly, along with the recognition that our laws must be changed.

I believe the federal government is not powerless to attack the drunk driver problem. The legislation which Congressman Barnes and I will introduce will establish a strong national deterrent which will ensure that drunken drivers in all states receive both punishment and rehabilitation. Our bill will replace the currently uncertain and infrequent system of punishing drunk drivers. Using a combination of weapons—jail sentences, community service, rehabilitation, improved record keeping and revocation of driving licenses—it will set a uniform minimum standard for all of the states.

Our bill, of course, is just a part of the larger efforts which must be made at all levels of government. Local legislation, improved public education campaigns, and better targeted efforts to rehabilitate the alcoholic driver are essential. But these alone will not be nearly enough unless the Congress sends a strong and clear signal to every courthouse in America—let's get serious about the drunk driver problem."

STATEMENT OF CONGRESSMAN MICHAEL D. BARNES, LEGISLATION CONFRONTS THE NATIONAL DRUNK DRIVING EPIDEMIC, MARCH 9, 1981

Thank you Senator Pell for your very precise account of this terrible and needless tragedy caused by drunk drivers. All of us concerned about resolving this national crisis appreciate your tremendous leadership.

West Virginia Governor Jay Rockefeller will not be able to be with us this afternoon due to prior commitment. However, in his own state he recently set up a statewide task force to combat on the state level the problem we are addressing here today.

I introduced legislation identical to Senator Pell's late in the 96th Congress when I first learned in detail from victims, like the national leaders of "Mothers Against Drunk Drivers" who are with us today, just how serious a threat drunk drivers pose to the health and safety of citizens on the nation's highways. As Senator Pell pointed out, statistics clearly indicate that none of us are immune from this threat to life and health.

Nearly 70 Americans died in alcohol-related auto crashes yesterday. Nearly 70 more citizens will be killed in drunk driving incidents today. Nearly 70 more unsuspecting persons will be killed in the United States due to the thoughtless drinking driver tomorrow. More than one quarter of a million Americans have been killed in drunk driving incidents over the past decade, averaging about 26,000 lives and the million crippling and other serious injuries every year. There is no greater threat to the lives of our children than that posed by the drinking driver. The economic hardships created by drunk drivers every year in the United States, according to the most conservative estimates, surpasses an astounding $5 billion. Clearly, every American is threatened by drunk drivers every day. The human suffering hidden so well behind these statistics can never be measured. This national epidemic will continue unabated unless there is responsible and reasonable action to confront the drinking driver problem—the nation's number one highway safety problem.

As a parent, a citizen, and a member of Congress, I refuse to stand by and allow this holocaust on our highways to continue. In the District I represent in Congress, Montgomery County, Maryland, we have more than 45,000 problem drinkers. The threat of the drinking driver is one of the most pressing problems in my community. I have literally heard from thousands of my constituents who support federal action to shut off this very real threat. This problem is a critical issue in my state of Maryland. A recent study by the Maryland State Police, submitted to Governor Hughes' special task force on drunk driving, indicates that in 1978 deaths to drivers of motor vehicles accounted for 52 percent of all fatalities. Some 50 percent of all drivers killed were found to have been intoxicated at the time of death. But, most striking is that of those drivers killed, a drinking driver was found to have been at fault in 90 percent of the cases. Obviously, the drunk driving problem is not confined to my community or state. Drunk drivers destroy lives and limbs in every community across the nation. I am convinced that citizens nationwide want action to stop this neglected national disgrace.

We are here today, Republicans and Democrats alike, to offer an answer to concerned citizens who ask how long this carnage on our highways must continue. Our legislation confronts the national drunk driving problem by offering a strong, uniform deterrent to help assure that drunk drivers are treated stringently in every state. We are encouraging states to set up comprehensive alcohol-traffic safety programs, in close cooperation with the local communities, to deter drunk driving and to punish and rehabilitate those who continue to drink and drive. Our legislation includes mandatory minimum standards, such as a ten-days' loss of freedom for anyone convicted of drunk driving, and participation in alcohol treatment or traffic safety programs. Our legislation also calls for the automatic suspension of the driving privilege, and a statewide record-keeping system to track repeat offenders. Our legislation provides one of the most important answers to my state's drunk driving problem, that is the legal definition of driving while intoxicated. One provision calls on Maryland and

Mississippi, the only two states allowing a blood-alcohol concentration level more lenient than .10 percent, to come into line with the rest of the nation by defining intoxication at a BAC level no higher than .10 percent.

Let it be understood that this legislation does not create a new federal program, or involve appropriations of new federal funds. But, our legislation would encourage each state to take firm action, or risk losing its share of federal highway safety funds. Our intent is to encourage uniform standards, but leave the states with enough flexibility to adjust to diverse local circumstances.

From my own experience as a graduate student studying in Switzerland, tough laws, stringent enforcement, and effective public information campaigns work. We understood that you just did not drink and drive. Our legislation seeks to create that same attitude in the United States.

I am fully aware that this effort at the federal level alone will not turn the tide against the national drunk driving epidemic. I heartily endorse and encourage the ceaseless efforts of citizens groups like "Mothers Against Drunk Drivers" to confront this issue in every community in the nation. I support the initiatives of states like Maryland, New York, California, and most recently in West Virginia, where statewide task forces have organized to focus on the state's specific drunk driving problems and to design workable solutions to those deficiencies. Our legislation is not a panacea for a problem that our society has allowed to continue and worsen. I am convinced, however, that with passage of this legislation, action by state legislatures to adopt it, and cooperation of the nation's lawmakers, law enforcers, judges, prosecutors, citizens groups and the public generally, we will be able to create significant changes to save lives and reduce crippling injuries.

Today, we are calling on the Congress to take a serious and hard look at this national problem. We are calling on the Congress to hold public hearings to further explore this most complex, life threatening problem. Thank you.

[From Newsday, Mar. 10, 1981]

BILL TOUGHENS U.S. STANCE ON DRUNK DRIVERS

(By Myron S. Waldman)

WASHINGTON—The state senator from New York whose daughter had been killed was there. The woman from Lincoln, Calif., whose two daughters and two nieces had been killed was there. The school teacher from Waldorf, Md., who is paralyzed from the chest down was there.

They and others whose lives have been radically affected by drunk drivers were in the big room in the Capitol to hear Sen. Claiborne Pell (D-R.I.) and Rep. Mike Barnes (D-Md.) announce the introduction of a bill calling for mandatory jail terms, fines and the creation of alcohol-treatment programs for drunk drivers. The measure is to be introduced in both houses, probably this week.

"Nearly 70 Americans died in alcohol-related auto crashes yesterday," Barnes told a news conference. "Nearly 70 more citizens will be killed in drunk-driving incidents today. More than one quarter of a million Americans have been killed in drunk-driving incidents over the past decade, averaging more than 26,000 lives and one million cripplings and other serious injuries every year." His statistics came from the National Highway Traffic Safety Administration and National Safety Council.

For Pell, there were personal reasons behind his sponsorship in the Senate. "On Nov. 16, 1974, Elizabeth Powell of my staff was slaughtered by a man whose car went out of control," he said. "The man had been drinking . . . [He] pleaded guilty to the charge of manslaughter by automobile and he received a one-year suspended jail sentence.

"On Sept. 27, 1975, Steve Wexler, a friend and the chief counsel to the Senate Education subcommittee, was struck down by a drunk driver who was drag racing with another car . . . Both drivers were convicted of manslaughter and received suspended sentences."

Sentences such as these are not enough to deter drunk driving, according to Barnes, Pell and a half-dozen Republican and Democratic cosponsors. The bill calls for a mandatory 10 days of community service plus fines for first offenders and, for repeat offenders, at least 10 days' imprisonment plus fines. Both first offenders and repeaters would have their drivers' licenses suspended for at least one year.

The bill also calls for a uniform intoxication standard of .1 percent alcohol in the blood, improved records to track offenders and a variety of education and enforcement procedures.

States would not be required to enact laws to implement the standards. However, the Department of Transportation could withhold a state's share of the $200 million of federal highway safety funds if it did not comply.

Barnes and Pell had introduced the legislation last year. A Senate subcommittee held hearings, but the bill never even got a hearing in the House. This year, spokesmen for the House Public Works and Transportation Committee said it would be studied carefully.

State Sen. William T. Smith (R-Big Flats), who has been active in combatting drunk driving since his daughter, Judith Kelemer, 27, was killed, said that at least some of the bill's proposals are in effect in New York, but that state law is easier on first offenders. A big problem in New York, Smith said, is enforcement of the statutes now on the books.

Also making statements supporting the legislation were members of Mothers Against Drunk Drivers (MADD), including Pat Owen of Lincoln, Calif., who was near tears as she told of the deaths of her two teenage daughters, two nieces and the paralysis of a third niece as the result of a hit-and-run accident involving an alleged drunk driver.

And Dr. Henry Betts, medical director of the Rehabilitation Institute of Chicago, recalled the "national hysteria" when 300 people died every year from polio. When 26,000 die annually from drunken driving, he said, "it is an epidemic."

[From the Montgomery Journal, Mar. 11, 1981]

VICTIMS OF DRUNKS TELL OF ORDEALS

(By Mike M. Ahlers)

Marion Puryear is one in a million.

That is roughly the number of persons injured every year in accidents involving drinking drivers. Another 26,000 people die every year as a result of drunk driver incidents.

But it wasn't statistics that prompted the Waldorf resident, crippled in a 1978 car wreck, to appear before a news conference held Monday by Montgomery County Rep. Michael Barnes (D-Md.) on proposed reform of drunk driver laws. It was a desire to tell the story behind the statistics.

"No one can really understand this kind of tragic impact on an individual and a family unless they experience it," she said as she sat in her wheelchair before half a dozen TV cameras.

"For three months I was in traction with a metal band screwed into my skull and weights hanging from the back of my head—totally immobile. My privacy was gone. Someone else had to take care of my entire body and its functions," she said.

"This still continues to this day. For five more months (after getting out of traction) I began the agony of trying to make a paralyzed body move. This has been the hardest, most depressing experience I have ever had to endure."

"My teenaged children were in a state of shock," she said. "My husband suddenly had to become all things to us. It was overpowering, far beyond human endurance."

Puryear's experience was but one of a dozen highlighted at the press conference. There was Cindi Lamb, a 24-year-old Mt. Airy, Md., woman whose five-month-old baby became a quadruplegic after she was hit by a drunk driver with 35 prior traffic violations, including three arrests for drunk driving.

And there was Candy Lightner, a California resident whose 13-year-old daughter Cari was struck down and killed by a repeat offender drunk driver while she was walking to church one Saturday afternoon. Lightner is founder and president of Mother's Against Drunk Drivers (MADD), the organization largely responsible for the push to stiffen drunk driving laws nationally and locally.

Locally, state legislators have introduced more than 100 bills in Annapolis aimed at drunk drivers. Nationally, a bill co-sponsored by Sen. Claiborne Pell (D-R.I.) and Barnes would require that states set minimum fines and penalties for drunk drivers as a condition of receiving federal highway safety funds.

The law was first introduced last October—too late in the session to hold public hearings, according to congressional aides. Monday, accompanied by support from a number of professional and social organizations, it was re-introduced.

Under the proposed law, first offenders would face a mandatory minimum sentence of 10 days of community service in addition to fines and participation in an alcohol treatment or highway safety program. First offenders would also stand to lose their licenses for up to one year.

Repeat offenders would be given a mandatory sentence of at least 10 days in addition to treatment or safety schooling. They would also lose their licenses for at least one year.

The proposed law would require states to keep records enabling them to easily identify repeat offenders. And states would be required to adopt a .10 blood-alcohol concentration as their legal standard for drunkenness.

Among the states that would be effected by the latter requirement is Maryland, which currently has a .15 blood-alcohol level for intoxication and a .10 level for driving while impaired.

Ironically, the number of deaths per 100 million miles traveled on Maryland highways is among the lowest in the nation, ac-

cording to William Bricker, administrator of the state's Department of Motor Vehicles.

"Our studies indicated that while the state laws of other jurisdictions give the impression of toughness, the application of those laws fall dismally short and are frequently subverted by plea bargaining and other evasive tactics that ultimately fail to identify and deal with the drinking driver," he said.●

SPECIAL USE VALUATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

● Mr. BEDELL. Mr. Speaker, today I am introducing legislation which is intended to make clear to the Internal Revenue Service that when the Congress states something in the laws it enacts, it means it.

I think that the IRS has to be made to understand that the Congress expects it to make an earnest attempt to determine and follow congressional intent on a particular measure, as expressed in the legislative history of the law and the law itself, rather than try to find a means of ignoring the will of the Congress.

My bill is the result of the interpretation which the IRS gave to the so-called special use valuation provision of section 2032A of the Internal Revenue Code, enacted with passage of the Tax Reform Act of 976, Public Law 96-455. Briefly, the relevant portion of section 2032A provides for a farm or business to be valued for estate tax purposes at its productive value, rather than its fair market value, if the farm or business is inherited by a relative of the deceased and maintained as an active family operation by the heir.

Section 2032A says, in part, that family farms and businesses may qualify for the special use valuation if, in 5 out of the 8 years preceding the decedent's death, "there was material participation by the decedent or a member of the decedent's family in the operation of the farm or other business." Certainly there is little ambiguity in this language.

In the "General Explanation of the Tax Reform Act of 1976," prepared by the staff of the Joint Committee on Taxation, the following passage is found:

Qualifying real property.—Real property may qualify for special use valuation if it is located in the United States and if it is devoted to either (1) use as a farm for farming purposes or (2) use in a trade or business other than farming. In the case of either of these qualifying uses, the Congress intended that there be a trade or business use. The mere passive rental of property will not qualify. However, where a related party leases the property and conducts farming or other business activities on the property, the real property may qualify for special use valuation. For example, if A, the decedent, owned real property which he leased for use as a farm to the ABC partnership in which he and his sons B and C each has a one-third interest in profits and capital, the real property could qualify for special use valuation. However, if the property is used in a trade or business in which neither the decedent nor a member of his family materially participates, the property would not qualify.

The Internal Revenue Service, in regulations it issued subsequent to enactment of section 2032A, stated that, for purposes of determining which types of property qualified for the special use valuation, "the mere passive rental of property will not qualify. The decedent must own an equity interest in the operation." Period. The IRS failed to notice, or chose to ignore, not only the language of the law mentioned earlier, but also the Joint Committee's explanation, cited above, where it is stated, quite explicitly, that:

Where a related party leases the property and conducts farming or other business activities on the property, the real property may qualify for special use valuation.

It is common for retired farmers in my district, or their widows, to cash rent their farms to their children, who then actively continue to operate the family farm. It is also very common for retired farmers in northwest Iowa, as elsewhere, I would presume, to enter into crop share agreements with their children in which the retired farmer receives a portion of the crop raised on the farm as payment for the rental of the land.

The practical effect of the IRS's interpretation of section 2032A is to say that those who had cash rented their farms to their heirs will not qualify for the special estate tax reduction, while those who had crop share arrangements with their heirs do get the break. Certainly the Congress never intended for this distinction to be made.

My bill would simply clarify what the IRS should have known from even a cursory, but objective review of the legislative history of the special use valuation provision. Estates that otherwise qualify for the special use valuation would receive an estate tax reduction, regardless of whether the deceased had rented the farm to an heir on a cash or crop share basis.

Mr. Speaker, the Internal Revenue Service's whimsical interpretation of section 2032A is exactly the sort of bureaucratic boldness that gives credence to the argument that the Congress should have the authority to veto every regulation that comes out of the executive branch. I think it is time that the Congress put the IRS on notice that it is not going to be allowed the discretion to subject every tax law approved by the Congress to its own highly subjective interpretation.

I am confident that my colleagues will join me on this particular matter in reaffirming not only congressional support for family farms and businesses, but also the desire on the part of Congress to have its laws subjected to a literal interpretation.

H.R. 2783

A bill to clarify the application of section 2032A of the Internal Revenue Code of 1954 with respect to qualification of certain property for valuation based on use, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TREATMENT OF MATERIAL PARTICIPATION BY FAMILY MEMBER ON AVAILABILITY OF VALUATION BASED ON USE OF CERTAIN FARM, ETC., REAL PROPERTY.

(a) IN GENERAL.—Nothing in section 2032A of the Internal Revenue Code of 1954 (relating to valuation of certain farm, etc., real property) shall be construed—

(1) to prevent otherwise qualified real property from being treated as qualified real property by reason of the rental of such property by the decedent to a member of decedent's family; or

(2) to require an additional tax to be imposed under subsection (c) of such section by reason of the rental of such property by a qualified heir to a member of the qualified heir's family.

(b) MEANING OF TERMS.—Terms used in this section shall have the same meaning as when used in section 2032A of the Internal Revenue Code of 1954.

(c) EFFECTIVE DATE.—The provisions of this section shall apply to the estates of decedents dying after December 31, 1976.

SEC. 2. REQUIREMENT OF MATERIAL PARTICIPATION BY DECEDENT.

(a) GENERAL RULE.—Subsection (e) of section 2032A of such Code is amended by adding at the end thereof the following new paragraph:

"(12) MATERIAL PARTICIPATION BY DECEDENT REQUIRED.—Real property which meets the conditions of subsection (b)(1)(C)(ii) on the basis of material participation by a member of the decedent's family shall be treated as qualified real property only if during any 8-year period ending on or before the date of the decedent's death there have been periods aggregating 5 years or more during which there was material participation by the decedent or the decedent's spouse in the operation of such farm or other business."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to the estates of decedents dying after the date of the enactment of this Act.●

1980 ELECTION NOT A MANDATE FOR DESTRUCTION

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. SEIBERLING. Mr. Speaker, we continually hear the refrain from the President and his supporters that the 1980 election was a mandate to adopt the President's budget recommendations. Of course, it was no such thing.

Mr. Reagan won the election with only 51.6 percent of the vote. Undoubtedly, there was a large element of protest against inflation, unemployment, and what the public perceived

as weakness and vacillation in foreign affairs. If the election meant anything it was that Carter lost, not that Reagan won.

In a recent article by Richard Cohen, the Washington Post columnist, reprinted in the Akron Beacon Journal of March 17, Mr. Cohen notes this fact and states that while he did not vote for Jimmy Carter, what he voted for was a change—not a revolution. Mr. Cohen asks those who voted for Mr. Reagan if they really intended to vote to reduce food stamps, end legal services for the poor, make an uproar about El Salvador, vote for bloc grants to the States so that they could do as they please with Federal money, cripple national public radio, and so forth.

He points out, for example, that the proposal to end Federal funding of legal services for the poor is not a budget decision, it is a policy decision. He notes that it is wrong to tell poor people that because of their poverty that they have less rights and that these were not the sort of issues that were presented to us in the election.

Mr. Speaker, people are calling and writing my office with increasing frequency stating, in substance, that they would not have voted for Mr. Reagan if they had known that he was going to support some of the changes that he is now promoting. I must say that, if one looked at Mr. Reagan's pronouncements, before and during the campaign, it was fairly clear what his philosophy was and what kind of priorities he espoused. As one who differed with his priorities and believed in the social goals of the National Democratic Party, I did my best to point out to the voters last fall the implications of a Reagan Presidency. Perhaps that is one reason why Mr. Reagan did not carry my congressional district. However, it is now quite clear that not everyone was listening, either to Mr. Reagan or the Democrats.

Mr. Speaker, there are some in our party who have been so shocked by the last election and the public support for Mr. Reagan's general budget cutting goals that they are prepared to go along with his specific revisions. I do not think that this will turn out to be as politically expedient as it may appear at present. More important, I think such an approach would be an abdication of responsibility to the American people.

The elections were clearly a mandate to curb runaway Government spending and to get inflation under control. They were not a mandate to wipe out 30 years of major social and environmental legislation in 3 days, as Senator MOYNIHAN has so aptly put it.

Our colleague, DON PEASE has shown by his statesmanlike alternative budget proposal that it is possible to preserve basic programs, build up our military defenses, revitalize American industry and go the President one better by actually producing a balanced budget in fiscal year 1982. While I would not presume to say that his approach is the only feasible one, he has shown that it can be done.

As the House Budget Committees and Appropriation Committees begin their deliberations, I trust that our colleagues are not going to abdicate to the OMB and are going to undertake the difficult task of sifting through the tremendous mass of programs and activities supported by Federal funds and continue adequate support for those which serve basic human needs and important national goals.

Mr. Speaker, the full text of the Richard Cohen article follows these remarks:

WAS NOVEMBER ELECTION FOR CHANGE OR OVERHAUL?

(By Richard Cohen)

WASHINGTON.—Excuse me and pardon me, but I have something to ask you. Did you vote for what's happening?

Did you vote to reduce food stamps, make it rougher on poor people and even get rid of the 108-year-old national aquarium?

Did you, when you voted for Ronald Reagan, have in mind making a big todo about El Salvador and did you think that we had to dump a whole ton of money into the Defense Department so that we will spend $55 million on military bands but nothing for legal services for the poor?

Did you vote for block grants to the states so that they could do with federal money (not state money) pretty much what they want? Was it your intention when you went into the voting booth to eliminate the tiny national water project which costs $1.5 million a year and which helps local governments with their water and sewer problems? How about National Public Radio? Did you think you were voting against it?

I know I didn't vote for any of this. I didn't vote for Jimmy Carter, either, but what I voted for was a change—not a revolution. I voted for a bit more backbone in our foreign policy and maybe a little toughness in the budgeting process.

I wanted someone to get hold of the economy and do something about inflation. If that meant making some hard decisions, that was fine with me. But I did not vote against poor people and I did not vote to repeal the lessons we learned in blood in Vietnam.

I think I was typical. After all, for all the talk about a Reagan landslide, he only won with 51.6 percent of the vote—hardly the groundswell it is now made out to have been. If there was a statement in those results it was that Carter lost, not that Reagan won—certainly not that he won big and certainly not that he won with a mandate to fundamentally change the relationship of the government to the people.

What was expected was some minor changes, some tinkering, less liberalism, maybe, but not a crash course in conservatism. You knew with Reagan that there would be less government but not, I think, less heart.

But the decision to end federal funding of legal services for the poor is not a budget decision. It is a policy decision. Sure, legal services cost money. So does trial by jury. Legal services cost, in fact, $300 million a year, and while that's not peanuts, it is not what is known in Washington as Big Bucks.

Money, though, is not the issue. You don't scrimp on basic rights. You don't tell one segment of society that the government cannot afford to protect its rights. You don't tell poor people that, because of poverty, they have less rights. These were not the sort of issues that were before us in the election. For that, the press must take some blame. In two highly touted debates—one with John Anderson, the other with Jimmy Carter—Ronald Reagan was not asked a single question about either legal services or food stamps or, in specifics, how he was going to reduce the welfare burden.

Always, the assumption seemed to be that Reagan accepted the premise of the New Deal and the era of social legislation that followed and that his differences with Carter were only of shading, emphasis—a dollar here, a dollar there. Even when the press got specific, Reagan responded with bromides and anecdotes.

If you are one of the people who saw through that, who knew all along what Ronald Reagan intended, then the morning papers must bring good news indeed. But for a whole lot of us, we pick it up, scan the headlines, scratch our heads and ask, "Did we vote for this?"

The answer is no. But the question no longer matters.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. YOUNG of Alaska (at the request of Mr. MICHEL) for the balance of the week on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DE LUGO) to revise and extend their remarks and include extraneous material:)

Mr. REUSS, for 5 minutes, today.

Mr. BARNES, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. WEISS, for 60 minutes, on March 26.

Mr. BEDELL (at the request of Mr. DANIELSON) for 5 minutes today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. FIELDS), and to include extraneous material:)

Mr. FORSYTHE.

Mr. PHILIP M. CRANE.

Mr. GILMAN.

Mr. CORCORAN.

Mr. FINDLEY.

Mr. DORNAN.

Mr. ARCHER.

Mr. GREEN.

Mr. EMERY in two instances.
Mr. GUNDERSON in two instances.
Mr. BETHUNE.
Mr. DERWINSKI.
Mr. FRENZEL.
Mr. WORTLEY in two instances.

(The following Members (at the request of Mr. DE LUGO) and to include extraneous matter:)

Ms. MIKULSKI.
Mr. WOLPE in two instances.
Mr. RICHMOND.
Mr. ZABLOCKI.
Mr. FAZIO in two instances.
Mr. FRANK.
Mr. ROE.
Mr. MAZZOLI in two instances.
Mr. REUSS.
Mr. KILDEE.
Mr. MATTOX.
Mr. GUARINI.
Mr. WAXMAN.
Mr. STARK.
Mr. MOAKLEY.
Mr. WEISS.
Mr. HOWARD.
Mr. HUBBARD.
Mr. AUCOIN.

ADJOURNMENT

Mr. DANIELSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 55 minutes p.m.), under its previous order, the House adjourned until Wednesday, March 25, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

876. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend section 110(b) of the Agricultural Act of 1949 to eliminate the requirement that the Secretary of Agriculture waive interest on loans made on 1980 and 1981 crops of wheat and feed grains placed in the farmer-held grain reserve program; to the Committee on Agriculture.

877. A letter from the Deputy Assistant Secretary of Defense (Military Personnel Policy), transmitting the annual report for calendar year 1980 on special pay to military officers holding critical positions, pursuant to 37 U.S.C. 306; to the Committee on Armed Services.

878. A letter from the Acting Director, Federal Emergency Management Agency, transmitting a draft of proposed legislation to authorize appropriations for civil defense programs for fiscal years 1982 and 1983, and for other purposes; to the Committee on Armed Services.

879. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Housing Act of 1949 to make discretionary the power of the Secretary of Agriculture to provide interest credit subsidy to low and moderate income borrowers, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

880. A letter from the Chairperson, National Advisory Council on Indian Education, transmitting the seventh annual report of the Council, pursuant to section 442(b)(6) of Public Law 92-318; to the Committee on Education and Labor.

881. A letter from the Acting Administrator, Energy Information Administration, Department of Energy, transmitting reports covering the month of December 1980, on changes in market shares for refined petroleum products and retail gasoline, pursuant to section 4(c)(2)(A) of the Emergency Petroleum Allocation Act of 1973; to the Committee on Energy and Commerce.

882. A letter from the Acting Chairman, Interstate Commerce Commission, transmitting a report on the effectiveness of the Rail Passenger Service Act of 1970, pursuant to section 308(c) of the act, as amended; to the Committee on Energy and Commerce.

883. A letter from the Chairman and Chief Executive Officer, Consolidated Rail Corporation, transmitting a report analyzing the effects upon the Corporation and its employees of alternative changes in labor agreements and related operational changes, pursuant to section 703(c) of Public Law 96-448; to the Committee on Energy and Commerce.

884. A letter from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting a comprehensive plan for the improvement of all intercity rail passenger service provided in the Amtrak basic system, pursuant to section 305(f) of the Rail Passenger Service Act, as amended; to the Committee on Energy and Commerce.

885. A communication from the President of the United States, transmitting a report on progress toward conclusion of a negotiated solution of the Cyprus problem, pursuant to section 620C(c) of the Foreign Assistance Act of 1961, as amended (H. Doc. No. 97-36) to the Committee on Foreign Affairs and ordered to be printed.

886. A letter from the Acting Director, Peace Corps, transmitting a draft of proposed legislation to authorize appropriations for the Peace Corps, and for other purposes; to the Committee on Foreign Affairs.

887. A letter from the President, Inter-American Foundation, transmitting a draft of proposed legislation to amend the Foreign Assistance Act of 1969, to authorize the sum of $12 million for fiscal year 1982, and such sums as may be necessary for fiscal year 1983; to the Committee on Foreign Affairs.

888. A letter from the Acting Inspector General, Department of Health and Human Services, transmitting the quarterly report on the activities of his office, covering the period ended December 31, 1980, pursuant to section 204(b) of Public Law 94-505; to the Committee on Government Operations.

889. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize an Under Secretary of Commerce for Economic Affairs; to the Committee on Post Office and Civil Service.

890. A letter from the Secretary, Panama Canal Commission, transmitting a draft of proposed legislation to authorize appropriations for the Panama Canal Commission for fiscal years 1982 and 1983; to the Committee on Merchant Marine and Fisheries.

891. A letter from the Acting Administrator, Small Business Administration, transmitting the annual report of the agency for fiscal year 1980, pursuant to section 10 of the Small Business Act, as amended; to the Committee on Small Business.

892. A letter from the Acting Administrator, U.S. Small Business Administration, transmitting a draft of proposed legislation to amend the Small Business Act; to the Committee on Small Business.

893. A letter from the Acting Administrator of Veterans Affairs, transmitting a draft of proposed legislation to limit payment of special pay authorized eligible Veterans' Administration physicians and dentists under section 4118, title 38, United States Code, and for other purposes; to the Committee on Veterans' Affairs.

894. A letter from the Acting Administrator of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to revise and clarify eligibility requirements for reimbursements of expenses of travel for Veterans Administration health care, and for other purposes; to the Committee on Veterans' Affairs.

895. A letter from the Acting Comptroller General of the United States, transmitting the fifth report on the Government's program for classifying national security information under Executive Order 12065 (PLRD-81-3, Mar. 23, 1981), jointly, to the Committees on Government Operations, Armed Services, and the Permanent Select Committee on Intelligence.

896. A letter from the Acting Comptroller General of the United States, transmitting a report on the examination of financial statements of the National Consumer Cooperative Bank for fiscal year 1980, pursuant to section 115 of Public Law 95-351 (AFMD-81-45, Mar. 13, 1981) (H. Doc. No. 97-37); jointly, to the Committees on Government Operations and Banking, Finance and Urban Affairs, and ordered to be printed.

897. A letter from the Comptroller General of the United States, transmitting a report on natural gas planning for high-priority and critical uses over the mid and long term (EMD-81-27, Mar. 23, 1981); jointly, to the Committees on Government Operations and Energy and Commerce.

898. A letter from the Comptroller General of the United States, transmitting a report on the energy conservation program for schools and hospitals (EMD-81-47, Mar. 23, 1981); jointly, to the Committees on Government Operations and Energy and Commerce.

899. A letter from the Comptroller General of the United States, transmitting a report on strengthening the Federal budget process (PAD-81-36, Mar. 3, 1981); jointly, to the Committees on Government Operations and Rules.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DE LA GARZA: Committee on Agriculture. H.R. 2594. A bill to amend the dairy provisions of the Agricultural Act of 1949, and for other purposes; with amendment (Rept. No. 97-12). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 618. A bill to convey certain interests in public lands to the city of Angels, Calif. (Rept. No. 97-13). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 1528. A bill to provide an exception to the requirements of the act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 945), with regard to certain lands in Riverside County, Calif. (Rept. No. 97-14). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLLING: Committee on Rules. House Resolution 116. Resolution providing for additional procedures during the consideration of House Resolution 115, providing for the expenses of investigations and studies to be conducted by the standing and select committees of the House (Rept. No. 97-16). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 117. Resolution providing for the consideration of H.R. 1986, to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually (Rept. No. 97-17). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 1543. A bill to confirm a conveyance of certain real property by the Central Pacific Railway Co., and Southern Pacific Co., to A. C. Taber and his wife, Mary Taber (Rept. No. 97-15). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H.R. 2781. A bill to amend the Small Business Act to provide that any change in regulations affecting the disaster loan provisions of such act shall not apply to applications for disaster loan assistance received before the effective date of the change; to the Committee on Small Business.

By Mr. BEARD (for himself and Mr. COELHO):

H.R. 2782. A bill to amend the Immigration and Nationality Act to more fully limit and control immigration to the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. BEDELL:

H.R. 2783. A bill to clarify the application of section 2032A of the Internal Revenue Code of 1954 with respect to qualification of certain property for valuation based on use, and for other purposes; to the Committee on Ways and Means.

By Mr. CONTE:

H.R. 2784. A bill to authorize the disposal of a certain quantity of silver from the National Defense Stockpile; to the Committee on Armed Services.

By Mr. CORRADA:

H.R. 2785. A bill to provide financial assistance for the transportation of petroleum and petrochemical products and agricultural commodities between ports located in the continental United States and Puerto Rico; to the Committee on Merchant Marine and Fisheries.

By Mr. PHILIP M. CRANE:

H.R. 2786. A bill to suspend for 3 years the duty on P-Chlor Meta Cresol (CAS 59-50-7); to the Committee on Ways and Means.

H.R. 2787. A bill to amend the Internal Revenue Code of 1954 to allow certain married individuals who file separate returns to be taxed as unmarried individuals; to the Committee on Ways and Means.

By Mr. DERWINSKI:

H.R. 2788. A bill to amend title 39 of the United States Code to require that any extension of the ZIP code be part of a voluntary service option with a reduced rate; to the Committee on Post Office and Civil Service.

By Mr. EDWARDS of California (for himself, Mr. ANDERSON, Mr. BADHAM, Mr. BEILENSON, Mr. BROWN of California, Mr. BURGENER, Mr. JOHN L. BURTON, Mr. PHILLIP BURTON, Mr. CHAPPIE, Mr. CLAUSEN, Mr. COELHO, Mr. DANIELSON, Mr. DANNEMEYER, Mr. DELLUMS, Mr. DIXON, Mr. DORNAN of California, Mr. DREIER, Mr. DYMALLY, Mr. FAZIO, Ms. FIEDLER, Mr. GOLDWATER, Mr. GRISHAM, Mr. HAWKINS, Mr. HUNTER, Mr. LAGOMARSINO, Mr. LANTOS, Mr. LEWIS, Mr. LOWERY of California, Mr. LUNGREN, Mr. MCCLOSKEY, Mr. MATSUI, Mr. MILLER of California, Mr. MINETA, Mr. MOORHEAD, Mr. PANETTA, Mr. PASHAYAN, Mr. PATTERSON, Mr. ROUSSELOT, Mr. ROYBAL, Mr. SANTINI, Mr. SHUMWAY, Mr. STARK, Mr. THOMAS, and Mr. WAXMAN):

H.R. 2789. A bill to designate the "Bizz Johnson Trail" in the Susan River Canyon, Lassen County, State of California; to the Committee on Interior and Insular Affairs.

By Mr. EMERY:

H.R. 2790. A bill to amend title 38, United States Code, to provide expanded opportunities for individuals to earn educational assistance benefits based on honorable active service in the Armed Forces, and for other purposes; jointly, to the Committees on Armed Services and Veterans' Affairs.

By Mr. EVANS of Georgia:

H.R. 2791. A bill to provide for the exercise of congressional power, pursuant to article I, section 8, "to raise and support armies . . . to provide and maintain a navy . . . to make rules for the Government and regulation of the land and naval forces," and all the Armed Forces subject to the jurisdiction of the United States by providing that the courts of the United States shall not have jurisdiction with respect to questions involving the constitutionality of statutes providing different treatment on the basis of sex in the composition of the Armed Forces or in criteria for induction, for training or service in the Armed Forces; to the Committee on the Judiciary.

By Mr. FORSYTHE (for himself and Mr. BREAUX):

H.R. 2792. A bill to amend title II, title IV establishing a Fishermen's Contingency Fund, and title V of the Outer Continental Shelf Lands Act Amendments of 1978; to the Committee on Merchant Marine and Fisheries.

By Mr. GILMAN (for himself and Mr. SOLARZ):

H.R. 2793. A bill to help eliminate world hunger and malnutrition and promote global security; jointly, to the Committees on Foreign Affairs, Banking, Finance and Urban Affairs, and Ways and Means.

By Mr. GLICKMAN (for himself, Mr. FRENZEL, Mr. MOLLOHAN, Mr. STANTON of Ohio, Mr. BUTLER, Mr. GINN, Mr. O'BRIEN, Mr. PRITCHARD, Mr. MCCLOSKEY, Mr. MAVROULES, Mr. WHITEHURST, Mr. PANETTA, Mr. LUJAN, Mr. KINDNESS, Mr. HEFTEL, Mr. DORGAN of North Dakota, Mr. YOUNG of Missouri, Mr. JOHNSTON, Mr. WILSON, Mr. WHITTAKER, Mr. BONKER, Mr. JACOBS, Mr. LOWRY of Washington, Mr. DORNAN of California, Mr. WEAVER, Mr. LUNGREN, Mr. TAUKE, Mr. EDGAR, Mr. ERDAHL, Mr. ROEMER, Mr. RITTER, Mr. LAGOMARSINO, Mr. YATRON, Mr. WIRTH, Mr. BETHUNE, Mr. BEDELL, Mr. WEBER of Minnesota, Mr. SEIBERLING, and Mr. MARTIN of North Carolina):

H.R. 2794. A bill to amend title 44, United States Code, to reduce the gratuitous distribution of the Congressional Record; to the Committee on House Administration.

By Mr. GREEN (for himself, Mr. STANTON of Ohio, Mr. PRITCHARD, Mr. MCCLOSKEY, Mr. WHITEHURST, and Mr. FORSYTHE):

H.R. 2795. A bill to amend title II of the Social Security Act to improve the long-range financing of the old-age, survivors, and disability insurance program by gradually increasing the minimum retirement age (for unreduced benefits) from 65 to 68; to the Committee on Ways and Means.

By Mr. HANCE (for himself, Mr. ANTHONY, Mr. ENGLISH, and Mr. SYNAR):

H.R. 2796. A bill to amend the Internal Revenue Code of 1954 to exempt from the crude oil windfall profit tax oil from stripper well properties; to the Committee on Ways and Means.

By Mr. JONES of Oklahoma (for himself and Mr. FRENZEL):

H.R. 2797. A bill to amend the Internal Revenue Code of 1954 to permit the use of restricted stock options and to eliminate the exercise of restricted stock options as an item of tax preference; to the Committee on Ways and Means.

By Mr. NEAL:

H.R. 2798. A bill to amend the Internal Revenue Code of 1954 to eliminate percentage depletion in the case of domestic crude oil; to the Committee on Ways and Means.

By Ms. OAKAR:

H.R. 2799. A bill to establish a Council on Judicial Tenure in the judicial branch of the Government, to establish a procedure in addition to impeachment for the retirement of disabled Justices and judges of the United States, and the removal of Justices and judges whose conduct is or has been inconsistent with the good behavior required by article III, section 1, of the Constitution, and for other purposes; to the Committee on the Judiciary.

H.R. 2800. A bill to amend the Atomic Energy Act of 1954 to provide that no licenses for the construction or operation of nuclear reactors at nuclear powerplants shall be issued or renewed until completion of a study of the safety of such plants by the Office of Technology Assessment, and to amend the Energy Reorganization Act of 1974 to provide that the Secretary of Energy shall not construct nuclear waste disposal facilities within or near to densely populated areas; jointly, to the Committees on Interior and Insular Affairs and Energy and Commerce.

H.R. 2801. A bill to authorize the Secretary of the Treasury to make annual contributions to local governments to defray a portion of the long-term debt incurred by such local governments to finance projects

to preserve and restore certain facilities; to the Committee on Banking, Finance and Urban Affairs.

H.R. 2802. A bill to promote the domestic recruiting of teachers for teaching positions in overseas dependents' schools of the Department of Defense, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. SCHEUER:

H.R. 2803. A bill to authorize appropriations for atmospheric, climatic, and ocean pollution activities of the National Oceanic and Atmospheric Administration for the fiscal year 1982, and for other purposes; to the Committee on Science and Technology.

H.R. 2804. A bill to authorize appropriations for environmental research, development, and demonstrations for fiscal year 1982, and for other purposes; to the Committee on Science and Technology.

By Mr. SOLOMON:

H.R. 2805. A bill to prohibit funds to be used to advertise or implement a nine-digit ZIP code system; to the Committee on Post Office and Civil Service.

By Mr. STRATTON:

H.R. 2806. A bill to extend the current period of the suspension of the Vinson-Trammell Act profit-limitation provisions from October 1, 1981, to July 1, 1982; to the Committee on Armed Services.

By Mr. WAXMAN:

H.R. 2807. A bill to amend the Public Health Service Act to extend the programs of assistance for family planning and programs relating to genetic diseases, to extend the program of assistance for pregnant adolescents, and for other purposes; to the Committee on Energy and Commerce.

By Mr. WEAVER:

H.R. 2808. A bill to amend the Internal Revenue Code of 1954 to eliminate the requirement that unemployment benefits be reduced by the amount of certain retirement benefits; to the Committee on Ways and Means.

By Mr. DIXON (for himself, Mr. WOLPE, Mr. SOLARZ, Mr. GRAY, Mr. AUCOIN, Mr. BEDELL, Mr. BINGHAM, Mr. BRODHEAD, Mrs. CHISHOLM, Mr. CLAY, Mrs. COLLINS of Illinois, Mr. CONYERS, Mr. CROCKETT, Mr. DELLUMS, Mr. DOWNEY, Mr. DYMALLY, Mr. EDWARDS of California, Mr. FAUNTROY, Mr. FAZIO, Mr. FORD of Tennessee, Mr. HAWKINS, Mr. LEHMAN, Mr. LELAND, Mr. MCHUGH, Mr. MITCHELL of Maryland, Mr. MOFFETT, Mr. OBERSTAR, Mr. PEASE, Mr. RANGEL, Mr. RATCHFORD, Mr. RICHMOND, Mr. SABO, Mr. SAVAGE, Mr. SCHUMER, Mr. SIMON, Mr. STOKES, Mr. STUDDS, Mr. VENTO, Mr. WALGREN, Mr. WASHINGTON, Mr. WAXMAN, and Mr. WEISS):

H. Con. Res. 98. Concurrent resolution expressing the sense of the Congress that the United States should not invite officials of the Republic of South Africa to visit until apartheid is ended; to the Committee on Foreign Affairs.

By Mr. MURPHY:

H. Con Res 99. Concurrent resolution expressing the sense of Congress that the Secretary of Health and Human Services, acting under the Child Abuse Prevention and Treatment Act, and other Federal officials should cooperate with State and local officials in their efforts to solve the recent murders of black children in Atlanta, Ga., and to provide for the safety and well-being of children in Atlanta who are threatened by this crisis; jointly to the Committees on Education and Labor and the Judiciary.

MEMORIALS

Under clause 4 of rule XXII,

29. The SPEAKER presented a memorial of the Legislature of the State of North Dakota, relative to a balanced Federal budget; to the Committee on Government Operations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. FORD of Tennessee introduced a bill (H.R. 2809) for the relief of Bronislava Dorfman, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 38: Mr. SIMON.

H.R. 67: Mr. LEBOUTILLIER and Mr. ROUSSELOT.

H.R. 68: Mr. LEBOUTILLIER.

H.R. 73: Mr. BENEDICT.

H.R. 82: Mr. ROUSSELOT.

H.R. 92: Mr. ROUSSELOT.

H.R. 269: Mr. GOLDWATER, Mr. HUBBARD, Mr. RUDD, and Mr. SHUMWAY.

H.R. 501: Mr. AUCOIN, Mr. BONER of Tennessee, Mr. CLAY, Mr. CROCKETT, Mr. DE LA GARZA, Mr. DIXON, Mr. EDGAR, Mr. FASCELL, Mr. FLORIO, Mr. FOLEY, Mr. FRANK, Mr. GLICKMAN, Mr. HALL of Ohio, Mr. HAMILTON, Mr. HATCHER, Mr. KILDEE, Mr. KOGOVSEK, Mr. LAFALCE, Mr. LEHMAN, Mr. LOWRY of Washington, Mr. LUNDINE, Mr. MCDONALD, Mr. MAVROULES, Mr. MOFFETT, Mr. MURPHY, Mr. NATCHER, Mr. NOWAK, Mr. OBERSTAR, Mr. OTTINGER, Mr. PEYSER, Mr. PRITCHARD, Mr. REUSS, Mr. RITTER, Mr. SCHEUER, Mrs. SCHNEIDER, Mr. SEIBERLING, Mr. SHANNON, Mr. SHELBY, Mr. STENHOLM, Mr. STOKES, Mr. WEISS, Mr. WOLPE, Mr. YATES, Mr. YATRON, Mr. BARNES, Mrs. BOUQUARD, Mr. DONNELLY, Mr. GUARINI, Mr. HAWKINS, Mr. JONES of North Carolina, Mr. KEMP, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Mr. NEAL, Mr. PORTER, Mr. RODINO, Mr. ROE, Mr. PRICE, Mr. GORE, Mr. WON PAT, Mr. ATKINSON, Mr. HANCE, Mr. IRELAND, Mr. HOLLENBECK, Mr. ASHBROOK, Mr. BEREUTER, Mr. BROWN of Ohio, Mr. BROYHILL, Mr. BUTLER, Mr. CAMPBELL, Mr. CARNEY, Mr. CLAUSEN, Mr. COATS, Mr. CONTE, Mr. CORCORAN, Mr. COUGHLIN, Mr. COURTER, Mr. PHILIP M. CRANE, Mr. DANNEMEYER, Mr. DOUGHERTY, Mr. DOWNEY, Mr. DUNCAN, Mr. DUNN, Mr. EMERY, Mrs. FENWICK, Mr. FORSYTHE, Mr. FRENZEL, Mr. GINGRICH, Mr. GINN, Mr. GOLDWATER, Mr. GRADISON, Mr. GREEN, Mr. GREGG, Mr. HARTNETT, Mrs. HECKLER, Mr. HILER, Mr. HYDE, Mr. JEFFORDS, Mr. JEFFRIES, Mr. JOHNSTON, Mr. KINDNESS, Mr. KRAMER, Mr. LAGOMARSINO, Mr. LEE, Mr. LENT, Mr. LOEFFLER, Mr. LOTT, Mr. LOWERY of California, Mr. LUNGREN, Mr. MCCLORY, Mr. MCEWEN, Mr. MCGRATH, Mr. MADIGAN, Mr. MARKS, Mr. MARLENEE, Mr. MARRIOTT, Mr. PARRIS, Mr. PASHAYAN, Mr. PAUL, Mr. PETRI, Mr. QUILLEN, Mr. RAILSBACK, Mr. REGULA, Mr. RINALDO, Mr. ROBERTS of South Dakota, Mr. ROUSSELOT, Mr. RUDD, Mr. SAWYER, Mr. SENSENBRENNER, Mr. SHUMWAY, Mr. TAUKE, Mr. VANDER JAGT, Mr. WALKER, Mr. WAMPLER, Mr. WEBER of Minnesota, Mr. WHITEHURST, Mr. WHITTAKER, Mr. WILLIAMS of Ohio, Mr. WINN, Mr. WOLF, Mr. MINETA, Mrs. COLLINS of Illinois, Mr. TRAXLER, Mrs. CHISHOLM, Mr. BLILEY, Mr. DANIEL B. CRANE, Mr. EMERSON, Mr. GUYER, Mr. LEBOUTILLIER, Mr. MITCHELL of New York, Mr. MORRISON, Mrs. SNOWE, Mr. SOLOMON, Mr. WEBER of Ohio, and Mr. SPENCE.

H.R. 560: Mr. RINALDO and Mr. BINGHAM.

H.R. 615: Mr. DREIER.

H.R. 704: Mr. COLLINS of Texas, Mr. SHARP, Mr. CONABLE, Mr. KOGOVSEK, Mr. ROBERTS of South Dakota, Mr. JACOBS, Mr. BAFALIS, Mr. ERLENBORN, Mr. GOLDWATER, Mr. HILER, Mr. JEFFORDS, Mr. MCCLORY, Mr. WOLPE, Mr. KRAMER, and Mr. LUNGREN.

H.R. 705: Mr. COLLINS of Texas, Mr. CONABLE, Mr. KOGOVSEK, Mr. ROBERTS of South Dakota, Mr. JACOBS, Mr. BAFALIS, Mr. ERLENBORN, Mr. GOLDWATER, Mr. HILER, Mr. JEFFORDS, Mr. MCCLORY, Mr. WOLPE, Mr. KRAMER, Mr. LUNGREN, Mr. FRENZEL, Mr. KINDNESS, and Mr. GORE.

H.R. 706: Mr. CROCKETT, Mr. DE LUGO, Mr. ROSENTHAL, Ms. MIKULSKI, Mr. OBERSTAR, Mr. GINGRICH, Mr. GARCIA, Mr. MOTTL, Mr. ROUSSELOT, Mr. HYDE, Mr. JEFFRIES, Mr. MCCLORY, Mr. CARMAN, and Mr. KEMP.

H.R. 708: Mr. JOHNSTON.

H.R. 713: Mr. WYLIE, Mr. GOODLING, Mr. HORTON, Mr. EVANS of Iowa, Mr. HYDE, Mr. LENT, Mr. GINGRICH, Mr. REGULA, Mr. MORRISON, and Mr. EMERSON.

H.R. 1250: Mr. CONABLE, Mr. DUNCAN, Mr. ARCHER, Mr. VANDER JAGT, Mr. PHILIP M. CRANE, Mr. FRENZEL, Mr. MARTIN of North Carolina, Mr. BAFALIS, Mr. SCHULZE, Mr. GRADISON, Mr. ROUSSELOT, Mr. HOLLAND, Mr. HANCE, Mr. KRAMER, Mr. DOUGHERTY, Mr. KOGOVSEK, Mr. COLLINS of Texas, Mrs. HECKLER, Mr. PORTER, Mr. ROE, Mr. HILER, Mr. NEAL, Mr. GLICKMAN, Mr. MCDONALD, Mr. EVANS of Delaware, Mr. GINGRICH, Mr. BARNARD, Mr. BURGENER, Mr. MORRISON, Mr. DICKINSON, Mr. LAGOMARSINO, Mr. FARY, Mr. DAUB, Mr. BEREUTER, Mr. EMERY, Mr. CHENEY, Mr. HOWARD, Mr. HARTNETT, Mr. LEWIS, and Mr. SHAW.

H.R. 1518: Mr. FORD of Michigan, Mr. CROCKETT, Mr. DAVIS, Mr. NOWAK, Mr. WHITEHURST, Mr. RITTER, Mr. YOUNG of Missouri, Ms. OAKAR, Mr. PURSELL, Mr. GUYER, and Mr. BROWN of Ohio.

H.R. 1519: Mr. BRODHEAD, Mr. FORD of Michigan, Mr. CROCKETT, Mr. DAVIS, Mr. NOWAK, Mr. YOUNG of Missouri, Ms. OAKAR, Mr. PURSELL, and Mr. GUYER.

H.R. 1531: Mr. PATTERSON.

H.R. 1541: Mr. DOUGHERTY.

H.R. 1640: Mr. DYMALLY, Mr. JACOBS, and Mr. HERTEL.

H.R. 1644: Mr. STENHOLM.

H.R. 1649: Mr. SIMON.

H.R. 1650: Mr. PATTERSON.

H.R. 1663: Mrs. COLLINS of Illinois, Mr. STOKES, Mr. YATES, Mr. MOFFETT, Mr. PEPPER, Mr. FORSYTHE, Mr. FAZIO, Mrs. CHISHOLM, Mr. WON PAT, Mr. GRAY, Mr. SCHUMER, Mr. ZEFERETTI, Mr. DWYER, Ms. MIKULSKI, Mr. CROCKETT, Mr. GILMAN, Mr. RODINO, Mr. APPLEGATE, Mr. DIXON, Mr. PRITCHARD, Mr. CLINGER, Mr. BARNES, Mr. EDGAR, Mr. PHILLIP BURTON, Mr. NEAL, Mr. FISH, Mr. CONYERS, and Mrs. SCHNEIDER.

H.R. 1850: Mr. ADDABBO, Mr. BOLAND, Mr. DOUGHERTY, Mr. STOKES, Mr. HORTON, Mr. YATRON, Ms. FERRARO, Mr. HOWARD, Mr. FINDLEY, Mr. FRANK, Mr. JEFFORDS, Mr. STUDDS, Mr. WHITEHURST, Mr. FLORIO, Mr. NOWAK, Mr. MITCHELL of Maryland, Mr. MURPHY, Mr. HEFNER, Mr. DONNELLY, and Mr. MOAKLEY.

H.R. 1912: Mr. STUMP.

H.R. 2052: Mr. VENTO, Mr. FORD of Tennessee, Mr. FRANK, Mr. PORTER, Mr. OTTINGER, and Mr. BARNES.

H.R. 2082: Mr. GORE.

H.R. 2142: Mr. CLAUSEN.

H.R. 2219: Mr. FOGLIETTA.

H.R. 2234: Mr. FRENZEL, Mr. LAGOMARSINO, Mr. MOLLOHAN, Mr. STANTON of Ohio, Mr. BUTLER, Mr. GINN, Mr. O'BRIEN, Mr. PRITCHARD, Mr. MCCLOSKEY, Mr. MAVROULES, Mr. WHITEHURST, Mr. PANETTA, Mr. LUJAN, Mr. KINDNESS, Mr. HEFTEL, Mr. DORGAN of North Dakota, Mr. YOUNG of Missouri, Mr. JOHNSTON, Mr. WILSON, Mr. WHITTAKER, Mr. BONKER, Mr. FORSYTHE, Mr. JACOBS, Mr. LOWRY of Washington, Mr. DORNAN of California, Mr. WEAVER, Mr. LUNGREN, Mr. TAUKE, Mr. EDGAR, Mr. ERDAHL, Mr. ROEMER, Mr. YATRON, Mr. WIRTH, Mr. BETHUNE, Mr. BEDELL, Mr. WEBER of Minnesota, and Mr. SEIBERLING.

H.R. 2235: Mr. FRENZEL, Mr. LAGOMARSINO, Mr. MOLLOHAN, Mr. STANTON of Ohio, Mr. BUTLER, Mr. GINN, Mr. O'BRIEN, Mr. PRITCHARD, Mr. MCCLOSKEY, Mr. MAVROULES, Mr. WHITEHURST, Mr. PANETTA, Mr. LUJAN, Mr. KINDNESS, Mr. HEFTEL, Mr. DORGAN of North Dakota, Mr. YOUNG of Missouri, Mr. JOHNSTON, Mr. WILSON, Mr. WHITTAKER, Mr. BONKER, Mr. JACOBS, Mr. LOWRY of Washington, Mr. DORNAN of California, Mr. WEAVER, Mr. LUNGREN, Mr. TAUKE, Mr. EDGAR, Mr. ERDAHL, Mr. ROEMER, Mr. YATRON, Mr. WIRTH, Mr. BETHUNE, Mr. BEDELL, Mr. WEBER of Minnesota, and Mr. SEIBERLING.

H.R. 2262: Mr. BARNARD, Mr. FLORIO, Mr. MINETA, Mr. RICHMOND, and Mr. SUNIA.

H.R. 2326: Mr. LAGOMARSINO, Mr. STARK, Mr. YOUNG of Missouri, Mr. ST GERMAIN, Mr. DE LA GARZA, Mr. BONKER, Mr. FRENZEL, Mr. BINGHAM, Mr. GIBBONS, Mr. JOHNSTON, Mr. SHAMANSKY, Mr. SAVAGE, Mr. WHITEHURST, Mr. GLICKMAN, Mr. VENTO, Mr. FORSYTHE, Mr. EVANS of Georgia, Mr. DWYER, Mr. MAZZOLI, Mr. FRANK, Mr. SAWYER, Mr. ZABLOCKI, Mr. BADHAM, Mr. PATTERSON, Mr. NEAL, Mr. COLLINS of Texas, and Mr. BAFALIS.

H.R. 2348: Mr. ROTH, Mr. NEAL, Mr. AKAKA, Mr. HUGHES, Mr. STOKES, Mr. JEFFORDS, and Mr. SCHEUER.

H.R. 2445: Mr. MCEWEN.

H.R. 2451: Mr. MARRIOTT, Mr. SANTINI, Mr. HUNTER and Mrs. SCHNEIDER.

H.R. 2488: Mr. PORTER, Mr. WAXMAN, and Mr. FAZIO.

H.J. Res. 18: Mr. LEBOUTILLIER.

H.J. Res. 84: Mr. WOLF and Mr. GOODLING.

H.J. Res. 128: Mr. ARCHER, Mr. BAILEY of Missouri, Mr. BEREUTER, Mr. BONER of Tennessee, Mr. CORCORAN, Mr. CRAIG, Mrs. FENWICK, Mr. HANCE, Mr. HUTTO, Mr. JEFFRIES, Mr. MCDONALD, Mr. NATCHER, Mr. ROBINSON, Mr. ROE, Mr. VOLKMER, Mr. WINN, Mr. YOUNG of Alaska, and Mr. LOTT.

H.J. Res. 159: Mr. FITHIAN.

H. Con. Res. 50: Mr. PRITCHARD, Mr. RANGEL, Mrs. SCHNEIDER, Mr. MCCURDY, Mr. ATKINSON, Mr. COUGHLIN, Mr. DWYER, Mr. MINETA, Mr. ROE, Mr. STOKES, Mr. WEAVER, Mr. RUDD, Mr. LOWERY of California, Mr. ARCHER, Mr. MARKS, Mr. WIRTH, Mr. KRAMER, Mr. WILLIAM J. COYNE, Ms. FERRARO, Mr. SHAW, Mr. WALGREN, Mr. COURTER, Mr. EDGAR, Mr. DORNAN of California, Mr. KOGOVSEK, and Mr. WHITEHURST.

H. Con. Res. 55: Mr. SIMON.

H. Con. Res. 90: Mr. LEBOUTILLIER.

H. Res. 14: Mr. LEBOUTILLIER.

H. Res. 93: Mr. FRENZEL, Mr. LAGOMARSINO, Mr. STANTON of Ohio, Mr. BUTLER, Mr. O'BRIEN, Mr. PRITCHARD, Mr. MCCLOSKEY, Mr. MAVROULES, Mr. WHITEHURST, Mr. PANETTA, Mr. LUJAN, Mr. KINDNESS, Mr. HEFTEL, Mr. DORGAN of North Dakota, Mr. YOUNG of Missouri, Mr. JOHNSTON, Mr. WILSON, Mr. WHITTAKER, Mr. BONKER, Mr. JACOBS, Mr. LOWRY of Washington, Mr. WEAVER, Mr. TAUKE, Mr. EDGAR, Mr. PEASE, Mr. ERDAHL, Mr. ROEMER, Mr. YATRON, Mr. WIRTH, Mr. BETHUNE, Mr. SEIBERLING, Mr. MOLLOHAN, and Mr. DORNAN of California.

H. Res. 98: Mr. CHENEY and Mr. MILLER of Ohio.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

HOUSE RESOLUTION 115

By Mr. WRIGHT:

Strike section 2 and insert in lieu thereof the following:

SEC. 2. The committees and amounts referred to in the first section are: Select Committee on Aging, $1,183,680; Committee on Agriculture, $1,184,840; Committee on Armed Services, $952,223; Committee on Banking, Finance and Urban Affairs, $2,414,919; Committee on the District of Columbia, $275,187; Committee on Education and Labor, $2,565,448; Committee on Energy and Commerce, $3,750,000; Committee on Foreign Affairs, $1,800,119; Committee on Government Operations, $2,229,402; Committee on House Administration, $1,219,000; Committee on House Administration—House Information Systems, $7,509,560; Permanent Select Committee on Intelligence, $938,700; Committee on Interior and Insular Affairs, $1,219,615; Committee on the Judiciary, $1,350,410; Committee on Merchant Marine and Fisheries, $1,581,241; Select Committee on Narcotics Abuse and Control, $540,000; Committee on Post Office and Civil Service, $902,500; Committee on Public Works and Transportation, $1,806,373; Committee on Rules, $530,738; Committee on Science and Technology, $1,820,928; Committee on Small Business, $776,000; Committee on Standards of Official Conduct, $450,000; Committee on Veterans' Affairs, $352,490; and Committee on Ways and Means, $2,252,000.

Section 6, subparagraph 1, after the word "expenses" insert the following: "(not in excess of $7,509,560)".

SENATE—*Tuesday, March 24, 1981*

(Legislative day of Monday, February 16, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Let us pray.

Almighty God, sovereign Lord of history, from whom, through whom, and to whom are all things, if a sparrow does not fall without Your knowledge, certainly the issues facing this body this week concern Thee.

Thy word assures us that Thou dost "work in everything for good to those who love Thee and are called according to Thy purpose." May that confidence guide the Senators as they seek equitable and just solutions to complicated problems which influence the destiny of every American. Give wisdom to discern, courage to decide, and let Thy will be done in the Senate as in heaven.

Bless the faithful men and women who manage the machinery of the Senate, without whom this institution could not function. We thank Thee for their efficient and productive labors.

Fill this place with Thy love and peace, we pray in the name of the Messiah. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the acting majority leader is recognized.

THE JOURNAL

Mr. WARNER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. WARNER. Mr. President, I ask unanimous consent that, following the time allocated to the two leaders under the standing order as well as the series of special orders which have been entered into for this morning, there be a period for the transaction of routine morning business not to exceed 30 minutes in length, with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. WARNER. Mr. President, I reserve the remainder of the time for the majority leader.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The Chair recognizes the acting minority leader.

Mr. ZORINSKY. Mr. President, I reserve the remainder of the time for the minority leader.

(Later Mr. ROBERT C. BYRD made the following remarks which are printed at this point in the RECORD by unanimous consent.)

A NEW TRANSATLANTIC BARGAIN

Mr. ROBERT C. BYRD. Mr. President, the growing Soviet challenge to the West highlights the importance of reassessing the goals of the Western Alliance. Is there a mutually shared perception of the challenges confronting us and the policies needed to meet them? Are the present mechanisms for consultation, cooperation, and decisionmaking adequate? Just where is the alliance headed?

The Reagan administration has proposed increasing the portion of our national budget directed to defense from 24 percent to fully 32 percent, amounting to an annual real growth rate in defense outlays of 7.6 percent through fiscal year 1984. At the same time, the administration has put strong pressure on our allies to follow suit, and to commit more of their forces outside the NATO area. The Soviet Union is now engaged in a major diplomatic offensive to forestall the development of such a consensus in the alliance. These pressures have exacerbated strains within the alliance, particularly in regard to U.S. arms control policy.

The question of burden sharing within the alliance has been an issue for many years, and is of concern to many of us here in the Senate. The administration's policies insure that this issue will receive increased attention.

Some of the best minds on both sides of the Atlantic have produced a thought-provoking paper on the state of the alliance. Released this past week, the report was a joint project of four highly respected private institutions in the United States, the United Kingdom, Germany, and France. The consensus statement offers a number of recommendations to address the problems now confronting the alliance. Among other things, it suggests the development of new consultative and decisionmaking machinery which should be of particular interest as we turn our attention to the needs of the alliance in the 1980's.

I believe the report, "Western Security: What Has Changed? What Should Be Done?" will be of interest to all my colleagues. I ask unanimous consent that it be printed in the RECORD in its entirety.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

WESTERN SECURITY: WHAT HAS CHANGED? WHAT SHOULD BE DONE?

(By Karl Kaiser, Winston Lord, Thierry de Montbrial, and David Watt)

Note: Policy directions and recommendations are in *italics*.

I. WHY THIS REPORT?

I.1 As Western nations enter the difficult 1980s, the challenges they face are formidable and often unprecedented.

I.2 First, in sharp contrast to only ten years ago, when the prospects for the 1970s were of détente and successful arms control negotiations with the East, the period now beginning is marked by increased tensions between East and West and enhanced Soviet military threats both in Europe and in Third World regions.

I.3 Second, the West will also be facing an increasingly unstable and volatile Third World upon which it will depend more and more for its economic survival. This is particularly true of the Persian Gulf region, which provides around 15 per cent of US oil consumption, 60 per cent of European consumption (and over 70 per cent of Japanese). In effect, the new importance of the Third World for Western security is such that an extensive and prolonged interruption of oil supplies today would provoke a world economic crisis of a greater magnitude than the Great Depression of the 1930s. In this context, Western security can no longer be limited to events and threats occurring in the NATO region alone. Nor is it possible to isolate European security from crises arising in other regions vital for the West.

I.4 Third, the period ahead will also be one of prolonged economic crisis worldwide. It will be characterized in the West by very low growth rates combined with high inflation and high unemployment rates. These economic difficulties can be expected to sharpen North-South tensions, increase competition among Western nations themselves, and produce potentially dangerous social tensions within Western democracies.

I.5 The resulting domestic political difficulties already constrain in some European countries the ability of governments to devote more resources to defence and aid efforts needed to respond effectively to external challenges. Such a situation, characterized by serious discrepancies between those countries which manage to increase their defence efforts despite economic hardship, and those which do not do so to the same extent, can be expected to trigger new strains in the Alliance over the traditional question of "burden sharing".

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

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I.6 The cumulative impact of all these issues constitutes in itself a difficult challenge for the 1980s. What renders this challenge even more formidable is the fact that although interests common to all Western nations are at stake, the West is itself seriously divided on many of these issues. Indeed, a key characteristic of the current international situation is precisely that the West is undergoing a phase of strain and dissension at the very time when it also has to deal with a crisis with the East, crises in the Third World, and a prolonged economic and energy crisis on a global scale. European-American divisions and quarrels during most of 1980 following the Soviet invasion of Afghanistan illustrate this situation. Not only did the Afghan affair divide the West as to an appropriate response to the Soviet move; it also acted as a catalyst for earlier transatlantic tensions and disagreements. As a result, the latter took on a new dimension.

I.7 Disagreements on defence and its corollary, arms control, increased. Despite the decision laboriously reached by NATO in December 1979, the modernisation of long range theatre nuclear forces (LRTNF) in Europe remains in doubt; given the political resistance evinced in certain European countries, its practical implementation cannot be assumed. Controversy over defence also spilled over into economic issues, as most European nations failed last year to achieve the commitment made in 1977 to maintain a real increase of 3 percent in defence expenditure.

I.8 Similarly, disagreements over the Middle East and policy toward Iran also sharpened as instability in the region grew after Afghanistan and the Iran-Iraq war, and as Europeans became even more threatened by their dependence on oil supplies from that region. While less divisive for the time being, the situation created by internal events in Poland and the possibility of Soviet military intervention in that country, could cause further strains in the Alliance.

I.9 To be sure, tensions or even disagreements are scarcely new in the Western Alliance. After all, NATO as a grouping of independent democratic nations has always been—perhaps necessarily—a "troubled partnership". Severe crises have erupted in the past, as in the case of Suez in 1956 and the 1973 October War, not to mention the persistent quarrels of the 1960s on the Multilateral Nuclear Force and on France's withdrawal from NATO's integrated military command.

I.10 Nonetheless, the current transatlantic crisis cannot be considered as just one of a series of short-term episodes. It is more far-reaching:

First, current differences between Europeans and Americans involve all the Europeans, particularly the Germans, and not only the French, as was the case in the 1960s.

Second, divergences bear not just on isolated problems, but on a whole spectrum of issues, ranging from defence to economics and basic foreign policy.

Third, the present crisis is new in the amount of public disagreement that has been aired on all the issues mentioned. The publicity of these various quarrels, widely expressed in the press on both sides of the Atlantic, has in turn contributed to increasing mutual suspicions, misperceptions and misunderstandings. As a result, accusations such as "self-neutralisation" or "self-finlandization" on one side, and policies of "incoherence" and "zig-zag" on the other, have widened the gap between Americans and Europeans. They have made the crisis even worse.

I.11 Because of the magnitude of these disagreements and divisions, actual and potential, and because they coincide with immediate major challenges and threats to all Western nations, the authors have decided jointly to write this Report. We hope that this collective undertaking will contribute to a better mutual understanding on both sides of the Atlantic. This is all the more important at a time when new leaders have recently been elected (in the United Kingdom, Germany, and the United States) or will shortly be elected (in France).

I.12 This Report does not attempt to provide a comprehensive analysis of each issue to be faced during the 1980s. The central focus is on East-West relations in Europe and the Third World, as they affect European-American relations. Although economic problems are of major importance in shaping international politics, this Report is primarily concerned with political and security issues.

I.13 Our objective is to analyse how the various challenges facing the West in the next few years can best be met.

I.14 Accordingly, the Report is divided into four parts:

A diagnosis of the current transatlantic crisis;

Western relations toward the Soviet Union;

Security concerns in the Third World and their impact on East-West and European-American relations;

Ways to improve the coordination of policy among the key Western nations, particularly in situations outside NATO's geographical boundaries.

II. DIAGNOSIS

Short-term factors

II.1 The current European-American tension finds its roots in historical and structural trends as well as in short-term, coincidental factors. To be sure, the latter have played an important role recently in exacerbating transatlantic quarrels and bringing them into the open. Poor management and policy errors by the American leadership in the past few years have clearly reduced European confidence in U.S. statesmanship. At the same time, Europeans were reluctant to act vigorously in the recent crises, thereby inducing impatience in the United States. Moreover, these factors have led at times to further tensions between the two sides of the Atlantic at the highest levels of government, thereby adding a "personal" element to an already strained relationship.

II.2 These short-term factors, however, fail to explain the magnitude and true nature of current transatlantic problems. It would be dangerously erroneous in particular to believe that once the international situation quiets down, the difficulties between Europe and America will simply disappear. They find their roots in deeper, historical and structural trends.

Historical and structural trends

II.3 Some of these elements have to do with wider societal developments in America and Europe, including the change of generations and the appearance of the new political elites. On the American side, there has been a gradual evolution of the United States away from a European-centered foreign policy, to a more global approach in which other regions (especially Asia and the Middle East) compete with Europe in U.S. preoccupations. To a certain extent this is paralleled by the gradual reduction in influence of a certain East coast, European-oriented elite which was highly knowledgeable and sensitive about European history and politics. Clearly, new American elites drawn from other regions (the South, the West) are, like the media, less concerned and informed about Europe. More important, perhaps, has been the emergence in the recent past of an increasingly nationalistic mood in the United States, born in part as a reaction to the decline of America's stature in the world since Vietnam. This new nationalism is reflected in a growing irritation and impatience with the Third World as a whole (particularly following the Iran hostage crisis) as well as with Soviet behaviour. A similar irritation has been noticeable toward the European allies, which are often perceived in the United States as "not doing enough" to fulfill their share of the collective Western burden.

II.4 A parallel evolution has been taking place in Europe. US prestige has declined in the eyes of younger European elites, particularly as a result of the Vietnam war, and as European nations became stronger economically. Europeans have tried to assert their own voice in world affairs, at times in ways that conflict with US policy, as in the case of the Venice initiative on the Middle East. At the same time, Europeans devoted increasing attention to Community matters (enlargement of the EEC, cooperation with African and Arab nations) and became more Euro-centered (in developing more political and economic relations with Eastern neighbours).

The transatlantic balance of power

II.5 This evolution is linked to the structural transformation of both the internal balance of power (between the US and Europe) and the external balance of power (between the US and the Soviet Union). The common denominator is the relative decline of US power over the past decade and a half (in political and economic terms in the first instance, in military terms in the second).

II.6 Internally, the transformation of the balance of power between Europe and America has been most spectacular in the economic field. Here the American supremacy of the immediate post-war period has been replaced by a situation in which the European Community as a whole has become as rich as the US and often more competitive on the world market. As a result, the ability of the United States to influence European policy in accordance with its own interests has sharply declined. Conversely, the Europeans have shown a greater willingness and ability to defend their own interests against those of the United States, where these have diverged. Examples are the German-American quarrel over the "locomotive theory" and the European-American controversy over nuclear energy and non-proliferation. In the monetary field, the creation of the European Monetary System was aimed to a large extent at shielding Europe from the consequences of the decline of the dollar-based international monetary system. Similarly, in November 1978, the Europeans obtained a direct influence on US economic policy, as the United States was forced to defend the dollar following strong pressures from European central banks.

II.7 However, the growth of European economic power, relative to America's, has not been accompanied by a similar transformation of the security relationship between the Allies. Militarily, Europe as a whole remains dependent on the nuclear guarantee provided by the United States since the end of World War II. This dependence is modified in the case of Britain and France both of which have independent nuclear forces. Nonetheless, it is the US guarantee which safeguards the integrity of France's and Britain's neighbours. In that sense, the US nuclear guarantee remains essential to the preservation of European security as a whole. Indeed, as Soviet military strength increased both in nuclear and conventional

terms since the late 1960s, European dependence has in fact increased. This has sharpened the contradiction in a transatlantic relationship in which the protégé has become as rich as the protector and more reluctant to follow its lead, and yet does not assume the political and military responsibilities which come with its newly acquired economic might. So far, despite the existence of two nuclear powers in Western Europe, and of a strong German conventional army, the Europeans have not been willing or able since 1954 to move toward a more independent European defence posture. This failure has inhibited Europe's ability to play a more significant role in world affairs. In addition, there has been reluctance in some European nations to make an adequate defence contribution to NATO. Having been addicted to a regime of "security on the cheap" by being protected from the outside, certain European countries tend to resist serious efforts aimed at increasing their defence role and expenditures; indeed, when they have agreed to do so, it has more often been to placate the United States than to contribute to their own defence.

II.8 Politically, the development of the transatlantic relationship has been equally unbalanced. European political cooperation in the field of foreign policy has improved during the past decade, but Europe has yet to become a consistent actor in its own right on the world scene. Europe has often tended to criticize US diplomatic moves without presenting a credible alternative, given its own military weakness and its internal divisions. The end result has been to damage political relations between the allies further, without reinforcing the stature of the West as a whole in world affairs.

II.9 In short, the relative decline of US leadership has not been compensated by a substitute European leadership and consequently Western power has been diluted. Small wonder that such an unbalanced transatlantic relationship, in which no clear leadership emerges, produces strains and frustrations on both sides.

The Soviet-American balance of power

II.10 These tensions are magnified by the consequences of the other historical trends—namely, the change in the US-Soviet balance of power. The key dimension is the growth of Soviet military strength. Its impact has been particularly painful in terms of transatlantic relations: increased Soviet pressures and leverage in Europe, as well as doubts about the credibility of the US security guarantee, have led to even more tension and strains among the allies.

II.11 In the security areas, the fragile "balance of imbalances" (whereby the Warsaw Pact's conventional superiority was to be compensated by Western superiority at the nuclear level) upon which NATO's flexible response posture has been based since the 1960s has been altered—some would say broken—by the magnitude of Soviet military expansion at every level over the past decade.

II.12 At the conventional level, the 1970s saw an aggravation of the military situation. As the military balance shifted further in favour of Soviet forces this was no longer offset by NATO's qualitative superiority. Indeed, in certain areas Soviet weapons are now superior (armoured vehicles, artillery), and in others (such as anti-tank weapons, tactical aviation) the gap is being closed.

II.13 At the theatre nuclear level, NATO's long-standing advantage in battlefield weapons has been eroded by obsolescence and the introduction of new Soviet systems. At the level of long-range theatre systems, the Soviet advantage has been increased since the mid-1970s by the introduction of the long-range Backfire bombers and Mirved MRBMs (the SS20).

II.14 At the strategic level, the Soviets have achieved "parity" in central systems since the early 1970s. Having deployed at least three new types of heavy ICBMs (the SS17, 18 and 19), they will, in theory, be in a position by the late 1980s to destroy most American ICBM silos in a first strike. This imbalance should, however, be corrected toward the end of the decade by the deployment on the US side of new mobile MX ICBMs, as well as Trident II SLBMs, and possibly a new strategic bomber.

II.15 The combined impact of these factors has been to call into question the validity of NATO's strategy of flexible response. As the increased Soviet conventional superiority is no longer compensated by US nuclear superiority at higher rungs of the escalation ladder, the Europeans may have in fact become even more dependent on US first use of nuclear weapons. This "solution" could become less credible, given strategic nuclear parity and the absence, for some years, of an effective LRTNF force on NATO's side. Nor is it very desirable for the Europeans to be excessively dependent on first use, since they would have to bear the consequences of "limited" nuclear exchanges on their continent.

II.16 This shifting military balance, and the resulting doubts about the credibility of the US security guarantee, have also played an important role in worsening the climate of transatlantic relations as a whole. American leaders, while recognizing this problem, have called for greater European efforts on defence and a greater solidarity with the United States in checking Soviet expansion. To a certain extent, such American criticisms—to the effect that Europe does not carry its share of the defence burden—are unfair, as they ignore the fact that the European share in total NATO expenditure has risen from 22.7 per cent in 1969 to 41.6 per cent in 1979. Conversely, while Europeans have been accustomed to paying a political or economic price for their protection, they have found that their protection has declined but that the price to be paid has increased. All these trends, if further developed, could increase the temptation in some European quarters, though in a minority, to envisage other types of security arrangements on the Continent.

Détente, arms control and the Third World

II.17 Europeans have tended lately to give more emphasis to the other aspects of security, namely negotiations and arms control, in particular with respect to LRTNF and confidence-building measures. Their hope has been that the dialogue with the Soviet Union would be kept going and that such discussions would eventually check the growing imbalance of their defence posture. This renewed European interest in arms control talks, which is noticeable even in France, coming at the very time when the US has become increasingly disenchanted with such negotiations, has caused further transatlantic strains, as with the failure to ratify the SALT II Treaty.

II.18 Similar tensions occurred in the political area, in the aftermath of the Soviet invasion of Afghanistan, with Americans and Europeans openly disagreeing as to the nature and future of détente. In contrast to Americans, for whom détente with the Soviet Union in recent years has been primarily a military and global geostrategic matter, détente has had a much more tangible and direct meaning for Europeans. For certain European nations, in particular Germany, détente translates into political relations, but also into economic and human day-to-day relations. In short, the United States has more of an option than the Europeans of discarding previous concepts of détente, playing down arms control and seeking alternative ways toward a stable relationship with the USSR, including an increase in the American defence budget. For most Europeans, however, the end of détente in Europe would result in a political, economic, human, and security price. Rightly or wrongly, most European governments and public opinions as a whole have thus far been reluctant to pay it.

II.19 The crisis triggered by the Soviet invasion of Afghanistan also served to highlight another set of transatlantic dissensions involving the whole question of how to respond to challenges to Western security arising in the Third World. Far from generating a new sense of cohesion within the Western Alliance in the face of a blatant military action by the Soviet Union in a country formerly non-aligned and situated close to a region vital to the West as a whole, Moscow's intervention in Kabul sharpened divisions and tensions within the West and forced them into the open. Not only did Afghanistan catch the West unprepared, but for several months after the invasion itself Western reactions to the crisis appeared to be chaotic and often contradictory. Initially, America and Europe, as well as Europeans themselves, were publicly divided on most counts: on the significance of the Soviet move itself; on its impact on East-West détente, particularly in Europe; on the type of response that was called for (economic sanctions, symbolic boycott of the Moscow Olympic Games, military presence in the Persian Gulf area).

II.20 To a certain extent, the Afghan crisis has served as a painful learning process for the Alliance. By the beginning of 1981, a certain degree of cohesion has been restored within the West. There is now a growing realisation of the seriousness of the security threat in the Persian Gulf region. The Soviet invasion of Afghanistan underlined the magnitude of Soviet military presence and capabilities in the immediate periphery of that area and the deficiencies of the Western military posture in a region vital for Western economic survival. The Soviet threat to Western interests compounds the local instabilities evidenced by the Islamic Revolution in Iran and by the Iran-Iraq war, both of which have a potential for increasing East-West confrontation in the region.

II.21 Nonetheless, strong differences remain between the United States and Europe, as well as among the Europeans themselves, on the political and military implications of security challenges arising in the Third World. At stake is the extent to which Europeans are to involve themselves militarily in the management of such threats. Politically, a key issue, yet to be answered, relates to the impact of Third World crises on European détente. Here, the problem of "divisibility of détente" is likely to create further tensions between the two sides of the Atlantic, as well as, perhaps, between major European nations.

Policy implications

II.22 The main conclusion to be drawn from the above analysis is that the crisis in American-European relations is the product of complex historical and structural trends, involving societal, political, economic and military dimensions. It will not go away by resorting to short cuts and other political or military "quick fixes".

II.23 Perhaps the most important policy implication therefore is that the days of the old "Atlantic" system, based on U.S. predominance and its corollary, European reluctance to take wider responsibilities, are over. Given today's international realities, neither the United States nor Europe can be expected to face the challenges of the 1980s on its own. This means that a new Alliance relationship has to be built and that it will have to be based on a more equal

participation on both sides. In short, NATO must for the first time become a real alliance, not just one characterized by U.S. dominance and European passivity. Clearly, a great deal of skill and effort will be needed in order to establish a new framework of co-responsibility such as is proposed in this Report. For such a relationship implies that diversity—and at time disagreements—will occur. However, it is important to recognize at the outset that diversity can be reconciled with a modern alliance among democratic nations in the nuclear age. Indeed, diversity may also benefit the collectivity, as individual members provide their experience and special competence for the common good of the whole alliance.

II.24 In preparing for this new relationship, it is also important to be fully aware of the obstacles on both sides of the Atlantic. The quarrels of the past few years have left severe scars on both sides. This explains a tendency evident in Europe, as well as in America, to present the problem of the transatlantic relationship in conflictual and generally over-simplistic terms. It is particularly striking to note that the prevailing debate over the future of American-European relations (as well as East-West relations) revolves around two opposite nostalgias:

II.25 On the European side, it is the nostalgia for the far-reaching détente hoped for in the early 1970s, which would allow the Europeans to continue to enjoy the benefits of their peace whatever happens in the rest of the world, and whatever the Soviet Union does elsewhere. Hence, the temptation in some quarters in Europe to want to continue détente at any cost; to underestimate the Soviet military threat on the Continent; to play down events occurring in Third World regions; and to consider American reactions to Afghanistan as a short-lived sign of displeasure or as an overreaction to be shortly followed by a new era of US-Soviet détente.

II.26 A similar phenomenon is at work in the United States. Here, a growing aspiration is to return to the era of US supremacy and absolute leadership in world affairs. This is translated in the resurgent tendency to consider every event in the world in purely East-West terms, and the use of force as the panacea for most such issues. In this context, the behaviour of Europeans is viewed with increasing irritation as evidence that Europe is already sliding toward "appeasement", "finlandisation", or "self-neutralisation" with the Soviet Union. Given such perceptions, there is in some American circles the temptation to pressure Europe into action and, failing that, to leave it to its own fate.

II.27 There is a clear danger that such tendencies at work on both sides of the Atlantic, if left unchecked, could lead to a collision course. It is therefore urgently necessary to define common objectives and to coordinate the various Western policies with respect both to the Soviet Union and the Third World. At the same time, it is equally important to establish as soon as possible the new consultation and co-ordination mechanisms necessary to achieve these goals and implement these policies.

III. WESTERN SECURITY AND THE FUTURE OF EAST-WEST RELATIONS

The challenge

III.1. An unprecedented accumulation of challenges threatens Western security. The traditional East-West conflict has assumed new proportions at the global and European level. For the West, future Soviet policy will remain a central concern for the coming years. No doubt, the Soviet Union is characterised by striking weaknesses. As a historical experiment, Communism has failed, given its continued repression of the individual and its dismally bad economic performance. The allegiance of the different non-Russian nationalities within the Soviet Union remains doubtful and so does its hold on its socialist allies. Nevertheless, the Soviet Union has performed strikingly well in the military field, where it has been amassing power to a degree that a shift of the world military balance in its favour has been occurring. Its military capabilities pose a threat to its neighbours and can increasingly be projected on a global scale.

III.2. Given the basic unattractiveness of the Communist model the problem does not consist of the traditional threat of world revolution. Nor is the danger of an imminent attack on Western Europe the most pressing problem. Rather there are risks of turmoil in Eastern Europe as a result, for example, of Soviet intervention in Poland. There are also increased dangers arising from Soviet involvement in Third World areas, some of them vital to the economic survival of the West. The interaction of local instabilities and exploitation by the Soviet Union could threaten the economic lifelines of the West. A spillover into Europe of actions like the invasion of Afghanistan can never be excluded.

III.3. It is by no means clear how the Soviet Union is going to use its capabilities and what its intentions are likely to be. Moreover, since the succession to the present leadership may produce change, one can at this stage at best only speculate about future Soviet policy. However, past Soviet behaviour has shown that the USSR is willing to use its military power not only within the Warsaw Pact, but as was the case with Afghanistan, also outside, suggesting a greater willingness to take risks than in the past.

III.4 In view of these uncertainties it remains the task of prudent Western policy to be aware of the Soviet Union's internal weaknesses and, indeed, to use them for selective co-operation if this can induce moderate Soviet behaviour and mutually advantageous arrangements. At the same time it cannot be ruled out that a pessimistic view of the future may come true. *Consequently the West must be prepared for the eventuality that the considerable Soviet military capabilities may, in fact, be used inside or outside Europe. Through its own policy the West must, above all, seek to deter and counter such use in the traditional East-West arena and beyond.*

III.5 It is the combination and accumulation of different threats that make the present crisis so profound. In some cases, such as Europe, the West is dealing with well-known issues, though each presents new and dynamic aspects. But in other cases, such as Soviet intervention in the Third World, the interaction of local instability and the East-West conflict as well as the Western oil supply means that the West is dealing with essentially new problems for which it has no established institutions or habits of co-operation, let alone well-thought-out policies. *In essence the West is, therefore, called upon to redefine and expand the basic rules and institutions of its security system.*

111.6 In addressing these questions our countries have to take into account that the new problems often uncover differences in perspective and interest within the West which have to be taken seriously. *Consequently, the management of internal diversity, allowing for some differential approaches must be a necessary corollary to the concerted response to the external threats which our strong common interests dictate.*

Past policies

III.7 For more than a decade the West has tried to respond to the Soviet challenge by a combination of defence policy within the Alliance and a policy of selective co-operation with the Soviet Union generally referred to as "détente policy". The underlying assumption of the West's policy vis-a-vis the East always was that a military balance would be the prerequisite for an active détente policy. In reviewing the achievements of this period it must be said that although arms control policy became one of the key elements of détente policy, it produced only limited results. While it led to some agreements in the field of strategic weapons, the policy failed to induce the USSR to limit the overall momentum of its strategic build-up or to show restraint in areas of the Third-World. In Europe the Vienna negotiations on mutual troop reductions reached no binding results. It was, however, during this period of Western détente policy and efforts at arms control that the Soviet Union went through an extraordinary expansion of its military armaments at the strategic nuclear, theatre nuclear and conventional levels.

III.8 Yet it would be wrong to forget the dividends that détente has brought about, notably in Europe. It resulted in the Four-Power Agreement on Berlin and thereby stabilised what used to be a constant crisis spot. The movement of persons between East and West considerably increased, particularly between the two German states, where prior to the Polish crisis about 8 million West Germans annually visited the East and more than a million East Germans visited the West. The Eastern trade of West European countries grew drastically during this period; so did American trade, though to a lesser degree and with a larger share of grain exports, while European trade focussed on machinery and equipment in exchange for growing imports of raw materials and energy.

III.9 During the phase of détente, relations between the United States and the Soviet Union improved for a limited period, notably in connection with various bilateral agreements on nuclear weapons and the expansion of trade. The emigration of Russian Jews increased considerably. The Final Act of Helsinki concluded an important round of multilateral negotiations involving all European countries, the United States and Canada. For the first time, this document defined basic rules of East-West relations which, even when not fully observed, at least provide a yardstick for measuring the behaviour of states. Public opinion and governments in the West, as well as dissidents and forces aiming at change within the East, in fact successfully used the Helsinki Act to bring pressure to bear on the Soviet Union.

III.10 Between the United States and Europe considerable differences in perceptions exist with regard to the impact and future prospects of détente. In the case of arms control the opinion prevails in the United States that it was not only relatively unsuccessful but that it contributed in a major way to the neglect of important requirements of defence and partially explained the decrease of defence expenditure, as well as the relative decline of American military power during the 1970s. In Europe, however, arms control, despite its limited results, is generally regarded both as a means to assure political support for defence and as a political means to communicate with the Communist countries. Détente policy in general is seen in Europe as having had positive results; while it literally affected millions of Europeans—Germans in particular—détente did not affect the average American and has therefore been generally perceived as a failure.

III.11 When East-West relations deteriorated in recent years, particularly under the impact of Soviet actions in Third World regions, these different experiences often produced mutual misgivings. It has led to American allegations that Europeans selfishly protect their gains of détente while leaving the burdens of confrontation with

the Soviet Union to the United States. It has led to European concerns over American cavalier treatment of detente. Europeans hesitated to risk achievements which they considered not only to their own advantage, but to that of the West as a whole.

III.12 Throughout the 1970s the security policy of the Alliance as a group focussed on Europe. Wherever East-West issues arose outside the NATO area, it was the United States that primarily dealt with them. The Arab-Israeli war of 1973 made Europe and the West as a whole aware of its dependence on Middle-East oil. Although already at that time the possibility of an East-West conflict growing out of an American-Soviet confrontation in that area was clearly visible, the lesson was either forgotten or relegated by the Alliance to the level of the superpower relationship. The invasion of Afghanistan by the Sovite Union has fundamentally changed this perspective. Whatever the motives for the Soviet move, its consequences are obvious: it brings the Soviet Union nearer to an area of fundamental importance to the West and of inherent instability. The invasion has therefore produced a new arena of the East-West conflict outside the traditional NATO area and imposed it on the existing regional conflicts.

Problems of the military balance

III.13 The effectiveness of nuclear deterrence remains crucial for the preservation of peace. At the level of *strategic nuclear weapons* it is well-known that the Soviet Union has been able to achieve parity. In fact, during the 1980s it will acquire the theoretical possibility of destroying the land-based American ICBMs in a first strike, although opinions differ both within the United States and Europe as to the probability and relevance of such an eventuality. *Various plans are under consideration—such as the construction of a new MX missile and of the Trident II, as well as efforts to decrease the vulnerability of land-based ICBMs—which aim at the preservation of the credibility of the US deterrence system. The evolving American strategic doctrine is intended to serve the same purpose. It is essential that the United States make the necessary efforts to assure a strategic nuclear balance.*

III.14 *At the same time, the continuation of the* SALT process *is desirable. Before entering a new round of SALT negotiations, the new Administration should carefully review its defence policy and long-term arms control objectives. Given political realities, the SALT II Treaty will need some modification; the protocol which is due to expire at the end of this year should be re-examined to see if the issues it deals with can be resolved in a longer-term arrangement. A strategic dialogue between the superpowers enhances East-West stability. This dialogue should not block US programs needed to maintain a strategic balance. At the same time it could help prevent an unchecked growth of nuclear capabilities which could undermine the credibility of nuclear deterrence. It could inject greater predictability and verifiability in the arms programs of both sides. It could produce agreements that might lessen the cost of the arms race and allow the West to devote more resources to other urgent defence needs. Moreover, in view of the widening difference of perception between Washington and Moscow as to what the basic purposes of strategic arms control should be, it is important that there be a dialogue between the two superpowers on conceptual principles and strategic doctrines. Such a dialogue should be conducted on the US side in such a way as to respect the interests of its Western allies.*

III.15 There has been a continuous growth in the Soviet Union's capacity for the full range of theatre and tactical nuclear weapons, in particular *long range theatre nuclear forces*, notably the SS-20, for which there is no equivalent on the West European side, and the Backfire bomber. These have been perceived as an increasing threat to Western security. With the realisation of parity at the strategic level, an excessive imbalance in Europe could undermine the credibility of the American deterrent. Moreover, a continued growth of the Eastern arsenal might—through its mere threatening proportions—undermine the psychological basis of stability in Europe.

III.16 In failing to respond to the signals of concern which the West has addressed to the East since 1977 on LRTNF weapons, the USSR has disregarded basic prerequisites of stability in the nuclear age. The negotiation proposals which the Soviet Union advanced shortly before the NATO decision of December 1979 on LRTNF only revealed an intention to split the Western Alliance rather than to reduce its superiority or to reach an agreement aiming at equal security for both sides.

III.17 The NATO decision of 1979 providing for a parallel approach to produce 108 Pershing-II and 464 ground-launched cruise missiles and to begin to deploy them four years later unless successful negotiations with the Soviet Union permit a reduction of these figures, represents a sensible and politically practicable approach to dealing with the problem created by the Soviet Union.

III.18 There may, however, be differences of perspective between the United States and Western Europe which could pose serious problems in implementing the LRTNF program. To many Europeans the program is primarily a vehicle to get the Soviet Union to the negotiating table rather than one that will have to be implemented to some extent in any case. They often view the process of negotiations as a substitute for an adequate nuclear deterrence. By contrast, in the United States there is some tendency to focus on the procurement part of the NATO decision and to pay less attention to the arms control offer, thus underestimating the precariousness of the domestic compromise behind this decision is a number of West European countries.

III.19 *It is therefore essential that the members of the Atlantic Alliance pursue the implementation of both elements—weapons deployment and arms control negotiations—of the NATO LRTNF decision. The Alliance should support the concept that Germany should not become the sole country to station these weapons so as to maintain the multilateral character of defence and to preserve incentives for other European countries not to slip into a withdrawal from a responsible contribution to European defence. For these reasons, it is important that the United States, backed by its NATO allies, makes an honest and determined effort to pursue arms control negotiations, and that Belgium, Britain, Germany, Italy and the Netherlands effectively contribute to and prepare for the deployment of the systems to the extent necessary. Protracted and basically unsuccessful arms control discussions must not delay beginning the deployment of these weapons beyond the end of 1983. Indeed, only the clear resolve of the West to proceed is likely to stimulate serious negotiations.*

III.20 The issue of LRTNF cannot be seen in isolation from the situation at the level of strategic weapons. An attempt to maintain the effectiveness of nuclear deterrence in the European theatre through a mixture of arms control and deployment of weapons only makes sense if at the strategic level an approximate parity can be preserved. *It is therefore essential that the United States takes all steps necessary to maintain the credibility of its deterrence, through defence programs and doctrines as well as efforts to reach arms control agreements.*

III.21 A renewed malaise about the use of nuclear weapons in Europe is likely to characterize the domestic politics of various European countries and could result in opposition to the deployment of nuclear weapons and to the option of a first use of nuclear weapons. This is a recurrent issue, for each generation has to contemplate for itself the horrible prospect of nuclear war and come to grips with the relevance of nuclear deterrence for the preservation of peace. *However, the opposition to the nuclear option must be confronted with the fact that a decrease in reliance on nuclear weapons could only be achieved through an enlargement of conventional options lest deterrence be undermined. Such a shift would be possible only if significantly larger resources were allocated to the conventional sector, even though that course would be rendered more difficult by the cost of modern weaponry and the downturn of our economies.*

III.22 As to the level of *conventional forces* in Western Europe, present trends in the military balance continue to favor the Warsaw Pact. This must be a cause of serious concern and should lead to a resolute response on the part of NATO. Small and even slow changes over a period of years are having a cumulative effect. There were 26 Soviet divisions in Eastern Europe in 1967 while now there are 30, and they have become larger in size. NATO has traditionally sought to offset numerical Warsaw Pact advantages in manpower by a qualitative superiority in its conventional weapons. But in recent years the Warsaw Pact has been modernizing and expanding its conventional arms more rapidly and effectively than has NATO. In some areas (for example, surface-to-air missiles, certain armored vehicles and artillery) Soviet weapons are now superior, while in other fields, such as tactical aircraft, the gap in quality is being closed. The advent of new weapons systems, particularly precision-guided munitions and new anti-tank and air defence missiles, may cut into the Warsaw Pact's advantage in tank and aircraft numbers, but in general the pattern is one of a military balance moving steadily against the West.

III.23 The temporary diversion of Soviet military forces toward internal policing in the wake of the Polish crisis, accompanied by the possible unreliability of the Soviet Union's allies in joining in any aggressive design against the West, may, for the time being, reduce the risk of a surprise attack on Western Europe. However, this situation is unlikely to modify the long-term military balance.

III.24 *It is therefore important that all members of the Alliance fulfill the pledges made by NATO members in 1977 to increase real spending on defence by 3 per cent per annum.* Not to maintain the commitment would have deleterious consequences for NATO military capabilities. It would also send the wrong signal to the Soviet Union. The effect of such a failure upon the United States must also be given serious consideration. If at a time that a new American Administration increases US defence spending substantially, the Europeans are seen as sliding backwards, there could be growing resentment. Such a debate about troops and "burden sharing", coming on top of other differences between Europe and America, could have grave consequences for public support for the basic American commitment to European security.

III.25 *At the same time, we should not be mesmerized by any magic figure. What really matters is the effective contribution to defence.* Furthermore, many Americans, in accusing Europeans of an insufficient contribution in defence, are not aware of the fact that it is the United States which, as a result of a decade-long decrease of defence expenditure (in real terms) until 1978, is in burning need of catching up again, whereas most Europeans have, during the same period,

consistently increased their defence expenditure.

II.26 Given American-European differences on what constitutes an overall and adequate contribution to security policy, on the necessary shares and on the NATO commitment to increase defence spending, *we recommend the following efforts:*

First, that there be a review within NATO countries and with Japan of what constitutes a contribution to Western security (such as defence, aid, special measures), and how each has performed in the past;

Second, that all NATO countries continue the Long Term Defence Programme to produce greater military readiness, improve reinforcement capacities, increase reserve forces and mobilization techniques and make greater savings through improved military cooperation and rationalization of weapons research, development and production;

Third, that the United States urgently undertake a review of its military manpower policies so as to be able to raise the calibre and number of its military personnel. The shortage of experienced personnel with critical skills and the decline in reserves should be addressed through better compensation. But if the all-volunteer armed forces cannot provide adequate numbers of qualified military manpower, there should be a return to some form of compulsory nondiscriminatory military service.

The role of arms control

III.27 *In the nuclear age, burdened by growing conventional military capacities and increasing political conflicts, arms control must continue to have an important place in Western policy. Despite understandable disappointment about its modest success in the past, the West should continue to pursue a policy that seeks to prevent the outbreak of war, dampen an ever more costly arms race, and enhance predictability and stability. A failure to pursue such a policy would also seriously undermine the legitimacy and political support of Western defence policy, especially in Europe, where the idea of arms control has taken strong roots. However, the West must be more realistic about the potential of arms control. It is meaningful only if placed in the context of a sensible security policy. In the future, arms control initiatives have a chance of unified Western support only if they clearly contribute to security. NATO must attempt to integrate security and arms control in its approaches to the Soviet Union, as was attempted in the December 1979 decision on LRTNF.*

III.28 *Besides negotiations on limitations of strategic weapons and LRTNF (dealt with above), arms control in the conventional field focussing on Europe should be pursued. MBFR should abandon its emphasis on factors such as numbers of soldiers and focus on real military capabilities, notably of launching surprise attacks, as was done in the Western proposals for the Vienna negotiations of December 1979. The French proposal of confidence-building measures in the first phase of a Conference on Disarmament in Europe would extend the geographic reach of such measures to include the Western part of the Soviet Union and could therefore improve stability in Europe.*

East-West relations and trade

III.29 Many of the hopes and assumptions underlying détente have been shattered. East-West relations, after having deteriorated during the last years, are in a crisis. Détente has been undermined further since December 1979 by the invasion and continued military occupation of Afghanistan and by the threatening Soviet posture to invade Poland to reverse internal developments there. The measures of the German Democratic Republic to decrease intra-German human contacts, combined with threats to withdraw from agreements securing free access to West Berlin and intra-German co-operation, also threaten important Western interests.

III.30 The question of how to conduct East-West trade, credit policy, technology transfer and participation in economic boycotts has been particularly divisive between the United States and Europe. This is explained in part because of differences in situation: the share of foreign trade as a percentage of GNP is several times higher in Western Europe than in the United States, and this is true in particular for the share of Eastern trade. Europe primarily exports industrial plant and machinery, and the United States, grain. In terms of exports, each is therefore vulnerable in different ways to abrupt changes due to political decisions.

III.31 The role of trade, in particular imports, in the evolution of East-West relations is also viewed differently in a philosophical sense on the two sides of the Atlantic. One school, which is prevalent in the United States and also has some support in Europe, would argue that trade favours the Soviet Union; its discontinuation should be used as an instrument of retaliation or deterrence to influence Soviet behaviour. An increase of trade creates a one-sided dependence which could be exploited by the Soviet Union to put pressure on Western countries. Dependence on energy makes a country much more vulnerable than dependence on machinery. A further growth of East-West trade should be avoided. This school is increasingly concerned with the West's growing dependence on Soviet energy and views negatively an increase of gas supply from the Soviet Union to a number of West European countries. An opposing school, whose views are prevalent in Europe, would argue that trade relations are beneficial to *both* sides; they create an interdependent relationship in which Soviet interest in Western machinery corresponds to West European interest in importing energy. This school would argue that the Soviets are unlikely to exploit their delivery of raw materials to put political pressure on West Europeans since this would undermine its crucial imports of Western technology. If the USSR were to cut the supply, it could only happen under extreme circumstances for which the West must have emergency procedures. Moreover, this school argues that if trade links are cut off, an essential motive for moderation in Soviet behaviour vis-á-vis the West will be taken away and those forces inside the Soviet Union who advocate autarky will be strengthened.

III.32 There has been considerable disagreement over economic sanctions, their relevance and effectiveness after they were proposed and implemented in the wake of the Soviet Union's invasion of Afghanistan. In fact, the controversies as well as the sanctions, such as the grain embargo of the United States, continue and create divisions among both Europeans and Americans, although it has been the United States government which pressed most vigorously for a tighter policy. Today there is a general willingness on both sides of the Atlantic and in Japan to tighten the export controls on technology that can be used for military purposes and not to undercut US sanctions. Moreover, there seems to be a basic agreement among NATO countries to apply economic sanctions in case of a Soviet invasion of Poland.

III.33 *In the current circumstances, CO COM restrictions on technology with a direct military bearing should be maintained and even tightened. There is a striking absence of inter-allied dialogue on these issues at the highest political level. It is not enough to address these problems in COCOM. They should be placed in the broader context of a long-term policy vis-a-vis the Soviet Union. We therefore recommend that the Western governments make a special effort to review the relevance of trade, credit policy, technology transfer and joint ventures in East-West relations in order to shape a long-term strategy and create a better understanding in the political, business, and agricultural communities, as well as in the public, for these issues and for the legitimacy of whatever measures may be necessary in the future. These questions should be reviewed at the seven-nation summits.*

Poland

III.34 The West is now faced with a crisis in Poland. The improvement of East-West relations in the 1970s contributed to the liberalisation and evolution in Poland which is now at stake. A Soviet operation to stop by brute force what is obviously a desire for change of the Polish population could not fail to create the most dangerous and unpredictable situation in Eastern Europe, as well as strong reactions from Western Europe and the United States. Such a move would be viewed as a threat to European security by Americans and Europeans who have deep historical links and feelings of solidarity with the Polish people. They would regard such Soviet behavior as gross violation of the Final Act of Helsinki and of international law.

III.35 *In order to prevent a further decline of the economic situation in Poland which might eventually precipitate chaos and Soviet intervention, the West should give aid to Poland, while clearly signaling to the Soviet Union that it would have to carry the sole burden of supporting Poland if ever it were to invade.*

III.36 In order to help deter the Soviet Union from invading Poland, the West must—as it has begun to do—make clear in advance that such a step would have grave consequences for the Soviet position in the world and relations with the West. The mistake of not communicating possible Western reactions to an invasion of Afghanistan prior to the event must not be repeated. In the event of a Soviet intervention in Poland, the West should withdraw from the Madrid follow-up conference of the CSCE and sever scientific contacts useful for the Soviet Union. In addition, the West would have to cut down drastically economic interaction with the Soviet Union. This should mean a continuation of the export ban on grain for the United States and an equivalent reduction of European and Japanese exports to the Soviet Union. It is important that a policy of sanctions, if applied, distributes the cost in a fair and effective way. Other steps should be considered jointly by the United States, Western Europe, and other major countries such as Japan. If an invasion takes place, we recommend that a NATO summit convene immediately to consider measures appropriate to the new international security situation.

U.S.-Soviet relations

III.37 Few factors are as important for the preservation of world peace as the American-Soviet relationship. Both in resisting Soviet expansion through appropriate means and through co-operation and dialogue that seek a limitation to conflicts, the United States will be a decisive factor in determining the course of global developments. *In our judgement, a substantial improvement in the United States' capacity to act worldwide is necessary. This does not mean that the United States need aim at the restoration of its overwhelming superiority of the post-war period, nor that American allies abdicate their own responsibilities. It would be unfortunate if the present and proper desire to restore American strength should rule out a serious dialogue between the two superpowers. Indeed, the restoration of strength should be seen as a foundation for making such a dialogue more equal and constructive.*

Reconciling security policy in the Middle East and Europe

III.38 Western security is increasingly threatened by conflicts in the Middle East. As will be explained below, local conflicts or internal instability threaten the oil supply of the West and may lead to consequences of catastrophic proportions, while

at the same time offering new options for the Soviet Union to expand its influence by indirect means or direct intervention. Local conflicts can therefore escalate to an East-West conflict in that area and might possibly spill over into Europe. Two consequences follow:

III.39 First, neither NATO, which focuses on defense of the Atlantic area, nor the American-Japanese security treaty, which deals with the defence of Japanese territory, is adequate to deal with the new challenges to Western security. Additional approaches are needed, which we propose below.

III.40 *Second, the West must carefully consider what connection can and should exist between East-West relations in the Middle East and in Europe. At the political level, no distinction should be made between the Middle East and Europe when it comes to assessing offensive Soviet behavior and its impact on Western policy. Since an expansion of Soviet influence in the Middle East does effect Western security, the Soviet Union must be held accountable in general political terms, and Western steps in the political and economic fields, including the general range of East-West relations, must be considered.*

III.41 *When it comes to any connection between the Middle East and Western Europe at the military level, the West has an obvious interest in maintaining an option of limiting any possible military conflict between East and West to the Middle East, and of preventing its automatic spill-over to Europe. That means that the necessary preconditions be created to keep the option of such a separation of military conflict. It lies in the logic of a policy of geographical limitation of military conflict in the Near East that Europeans and Amercans maintain a military capacity either within the Middle East or available in regions outside the European theatre in order to act without automatically using forces stationed in Europe. Such forces should be designed to deter a conflict and contain it if necessary, as well as to help achieve political objectives in the region.*

Domestic support

III.42 The present challenge to Western security policy is fundamental and requires a reconsideration of basic rules and institutions of Western security policy. Moreover, scarce resources have to be reallocated and new responsibilities shouldered in a situation where the political willingness may be low and the economic possibilities limited. *It is therefore necessary that a full-fledged debate in which our publics are squarely faced with the new realities be started by political leaders. For these reasons, these questions must not remain an arcane subject of governments. but should be introduced as a matter of public discourse in parliaments and the media.*

IV. THE SECURITY SITUATION IN THE THIRD WORLD

The definition of Western interests

IV.1 We have already noted that many of the most urgent and difficult issues that arise between Europe and the United States lie outside the main European theatre. The instability of the developing world during the last decade has coincided with two other important trends in world affairs—first, the increased dependence of the developed world upon the developing for its sources of raw materials and energy; and second, the growing pretension of the Soviet Union to global power, which causes the Russians to take a direct interest in situations which they would previously have considered beyond their sphere. We have already discussed in broad terms the difficulties that this conjuncture causes as the result of a general tendency of the United States and the European countries to give different weights to the various regional factors and to the Soviet threat.

IV.2 Divergences also occur because of differences in the relative importance of particular areas to the interests of the United States and its partners. Central America and the Caribbean, for instance, are regarded by the United States for obvious geographical reasons as crucial, whereas to most Europeans they are somewhat peripheral. Southern Africa, on the contrary, because of historical factors and long economic connections, is of more interest to Britain, Germany, and France than to the United States. Even where there is a high degree of common interest, those differences that exist may be of considerable significance. An interruption in the flow of oil from the Middle East, for instance, would cripple European and Japanese industry in a very few months, whereas the United States, with its more diverse sources of supply, could survive for rather longer. The perception of this fact makes Europeans more nervous than Americans about the short-term consequences of military operations launched in the area by the West; though we note below that the US economy is, in reality, deeply dependent upon Gulf oil.

IV.3 There are, of course, many parts of the world over which there is no divergence at all, and others where divergence, if it occurs, need cause no great concern. Where there is no strong Western interest and no Soviet interest either, there is no need to argue. We can also agree to take a relatively relaxed view about a number of so-called "Marxist" regimes in the Third World whose relationship with the Soviet Union is tenuous and cynical. Speaking merely in ideological terms, the Soviet drive in the Third World has been unsuccessful, even where underpinned by arms sales and political relations. Moreover, from an economic point of view the Soviet cupboard is bare and unattractive, and there are many countries whose political label as such does not hurt Western interests.

IV.4 More acute problems arise in two areas. The first is where the Soviet Union intervenes in a Third World country and threatens its neighbours either through its own military pressure or through surrogates, such as the Cubans or Vietnamese. We have seen in recent years a disturbing series of such interventions in Africa, the Middle East and parts of Asia. There are different perceptions in the West about the strategic significance of these actions, but specific Western interests, such as vital mineral resources, can be put at risk by them.

IV.5 *Where Western interests are at stake, Europe and the Unietd States should agree on the need for a Western capacity to intervene and should take steps to improve their machinery for doing so. Where no immediate interests are threatened, it may well be that the United States and certain European countries will wish to resist the Soviet threats on geopolitical grounds, whereas other European countries will see no such necessity. Some such divergences seem to us inevitable and not necessarily disastrous.* The case of the Vietnam war showed that even on a subject of very high political sensitivity, governments and public opinions on both sides of the Atlantic were prepared to accept, in practice, that unanimity within the Western world is as impossible as unanimity within the United States.

IV.6 The second category of problems arises where Europe and the United States share vital interests in an area, and may be in dispute not only about how they can best be defended but also about how the cost of defending them is to be divided. At present the main region in this category is that of the Middle East and the Gulf. The United States, Europe, and Japan share a vital interest in keeping Middle East oil flowing. Europe's and Japan's dependence on oil from the Gulf hardly needs further emphasis. But it would be entirely false to regard the secure supply of this oil as exclusively a European or Japanese matter. The loss of this source would also have calamitous consequences for the United States, both in its effects on the American economy and because the blow which it would inflict to the entire Western economic position would strike at the heart of America's security. It is not simply "European oil" that the United States is being asked to defend in the Middle East.

IV.7 The threats to ths supply come from four main directions:

The menace of Soviet military power: This Russian threat to the Gulf region is not unique in the past hundred years, nor, given the difficulty of the terrain, is it easy from the Russian point of view, to put into effect In recent years, however, a greatly increased Soviet arilift capability and increased presence in and around the region enhances Soviet capacity to move military forces into the area. The invasion of Afghanistan has shown that this is a capacity which the Soviet Union is prepared to use in certain circumstances. Moreover, the Iranian Revolution and the Iraq-Iran war have created conditions in which the Soviet Union might be tempted to intervene (and would certainly find it easier than in the days of the Shah to do so).

National and ethnic rivalries: The tensions which produced the Iraq-Iran war are by no means the only ones in the area that could at some time lead to open hostilities in the region and consequent disruption of oil production.

Revolution or internal disruption: There are at least half a dozen countries in the area whose regimes must be regarded as precarious in a ten-year perspective. Any of these upheavals could lead to interruption of oil supplies.

A new Arab-Israeli war: In case of a new conflict it should be assumed that the West would continue to supply Israel with materiel and the Arab states would retaliate with at least a partial oil embargo against the West. It is also true that even without a resumption of hostilities, the failure to solve the Palestinian problem is a permanent contribution to the instability of the whole area.

The role of military force

IV.8 The exact role which military force should play in deterring these threats, or in coping with them if they materialise, is debatable. While the arguments are in part dependent on the detailed scenarios envisaged, a Western military presence would in itself, for certain countries in the region, have a positive political effect and a reassuring impact. Many in the West believe that there should exist a large Western capacity to confront the Soviet army in the area. This would not necessarily entail a large Western presence permanently stationed in the Gulf region—rather an ability to deploy a very considerable force rapidly in case of a large Soviet invasion. The main argument in favour of provision on this large scale is that no small capability would be able to hold the position without early recourse to nuclear weapons. This latter is undesirable in itself and possibly lacking in credibility. On the other side, it can be maintained, first, that even a substantial expeditionary force would be at a serious geographical disadvantage and that the nuclear threshold might have to be crossed in any case; and second, that it might aggravate the situation of the West in the area by necessitating large bases and a general "visibility" which some of the countries involved do not desire at present.

IV.9 *Whatever is thought of these arguments, it is clear that, given the immense uncertainties in the region, there is a need for some Western forces. The Soviet leaders have shown themselves extremely reluctant in the past to get into a direct military confrontation with the other superpower. Their knowledge that an American force with Euro-*

pean and Japanese support, however inadequate for prolonged hostilities, was poised and ready to throw itself in the path of the Soviet advance would therefore have an important deterrent effect. A Western force might also prove invaluable in the face of other threats than that of Soviet military intervention. In the case of national rivalries leading to war in the Gulf area a Western naval task force able to keep open the Straits of Hormuz might well be required. In the case of domestic turmoil threatening Western interests we should need a capacity to intervene on the side of any friendly power which called for help. There are also many possible eventualities calling for a quick deployment into the area for defence of oil fields.

IV.10 *If it is conceded to be in the interest of all Western countries that some Western capability for deployment should exist, it follows that those who benefit should bear some of the cost of its maintenance.* The question is, what constitutes a significant and appropriate contribution? The problem here is to some extent one of public opinion, which in America tends to see Europe's willingness to take part actively in the protection of "European" oil in the Middle-East as a major touchstone of the present relationship. *From this point of view the more visible and directly related to the Middle East problem the European contributions, the better. Even marginal assistance from Europeans would be symbolically important in maintaining alliance cohesion, in demonstrating to the Soviets and the countries of the region that the West is united, and in persuading American public opinion of the utility of a major US effort in the area. From a European point of view it is also necessary to ensure, by direct involvement, that the arrangements should be based on shared responsibility and truly collective decision-making.* A new reality needs to be given to these principles where the vital interests of the whole Western world are at stake. In the following section, we put forward proposals to achieve this goal.

IV.11 *These considerations point to active European military participation on the ground and at sea in the Middle-East.* There are political and practical difficulties about this approach. The non-American powers have very limited resources available for long-range operations, and it is arguable that for them to try, at this stage, to create a capacity which would make any appreciable difference to the military situation would cost money that would be better spent on improving the quality of their forces in the NATO sector. Moreover, in the case of Germany and Japan there are considerable misgivings inside and outside these countries about whether they should assume a global military role for the first time since the end of World War II.

IV.12 *For these reasons it seems best to adopt a mixed policy whereby the main burden of putting together a rapid deployment force falls on the United States, but the Europeans make some contribution in terms of men and materiel where this is appropriate (as in the case of Britain and France) and/or provide en route facilities for the American rapid deployment force, contribute to the enhancement of the existing Western bases in the area, permit some American resources to be released for the Middle East.* A European presence in the area would be politically and symbolically important. It would underline to European publics their stake in the area; it would greatly help to gain American Congressional and public support for a major US effort in the area; and it would therefore improve American-European relations.

Nonmilitary policies

IV.13 Military methods are not, however, the only ones on which the West must rely in order to maintain stability in the Middle-East. Other persuasions, such as economic and technical assistance, political support, and mutually acceptable financial arrangements with the oil-producing states, play an equally important part; it is indeed here that the European states have their main historical expertise. *The overall strategy (which has to be shared) ought to include the strengthening of all economic relations, especially trade, with the Arab countries; an increase in economic aid to be distributed to the strategic countries of the area—particularly to Turkey, Pakistan, and Egypt; the judicious use of arms sales. The entire West has a major interest in an intensive, cooperative approach to the recycling of Arab oil revenues.* The expense involved in such programmes could be very considerable (the economic support of Turkey, one of the most crucial countries in the area from the Western point of view, cost the German Government DM 1.1 billion in 1979 and 1980). Hence the European countries will find it hard to maintain the effort politically if they receive no credit for it from the American government or American public opinion.

IV.14. *It is urgently necessary that the new US Administration and its European partners reach an understanding as to what is meant by "burden sharing" and what is to be "counted" in any calculation of contributions. Once the ground rules are broadly agreed, it is also essential that the Administration take some responsibility for persuading the Congress and the American public that in their view a "fair" contribution is being made.* "Burden sharing" should not mean American soldiers and European money. Nor should it mean American and European men and money and American reproaches.

The Arab-Israeli conflict

IV.15 The other, more controversial, contribution which the European countries can make to stability in the Middle East is in relation to the Arab-Israeli dispute. The conflict has already resulted in four bloody wars since 1948, all having repercussions far beyond the immediate area of hostilities. Quite apart from the possible consequences of another outbreak, the prolonged crisis is a permanent embarrassment to the West. The issue can always be used as a stick to beat us with, and every Arab government favourable to the West is thrown on the defensive by their own feelings as much as by the knowledge that there are 650,000 Palestinians dispersed throughout the Gulf area. Failure to solve the Palestinian problem therefore presents a constant major obstacle to stabilisation of the region. At the same time it must be recognised that a solution of the problem would not of itself restore stability to the Middle East or ensure a flow of oil.

IV.16 In recent times the question of the best approach toward an Arab-Israeli peace settlement has become a matter of controversy between Europe and America. Significant differences do exist, yet in the final analysis they are based more on tactics and negotiating strategy than on fundamentals. On both sides of the Atlantic there is an understanding of the need to:

Continue urgently to work toward a political settlement;

Recognise the legitimate rights of the Palestinians to some form of self-determination (whether on the basis of the Camp David Agreements or the Venice declaration);

Safeguard the existence of the state of Israel with secure boundaries;

And keep Soviet influence in the area limited.

IV.17 Yet many Europeans argue that American administrations are politically unwilling to put adequate pressure upon the Israeli government to make necessary, but in their view justifiable, concessions. Motivated by a desire to improve their relations with the Arab states, to make their own contribution to the peace process, and out of a certain sense of urgency, the Europeans have undertaken a number of independent initiatives, most notably in the Venice declaration of the European Economic Community in June 1980. The Americans tend to see separate European initiatives as meddling in an already highly complex and sensitive negotiating process. They view such European initiatives as unhelpful and they point out that it is the United States, not the Europeans, which has the economic, political and military assets to support the negotiating process.

IV.18 Clearly there is now a pressing need to revitalize the peace process. While the peace agreement between Egypt and Israel was a considerable achievement, the Camp David Agreements have neither been the major breakthrough that was once euphorically acclaimed, nor the total failure that some have professed.

IV.19 *Additional approaches and new ideas are needed. The United States should be more attentive to European contributions. The Europeans, in turn, should seek to enhance, rather than make more cumbersome, the already difficult quest for peace.*

Other factors

IV.20 It should be noted that there are some very distinct assets for the West in the Middle East. The biggest of these is the feeling of fear and hostility which the activities of the Soviet Union arouse in most parts of the region. This is not simply the result of the apprehension of Soviet military power, but is firmly rooted in an Islamic distaste for "godless" communism. To the Arab world the Soviet invasion of Afghanistan was a religious as well as an international outrage. *We believe that the West should give encouragement and military assistance to the liberation movement in Afghanistan which is still fighting Soviet occupation. At the same time, the West should support diplomatic approaches which would result in Soviet withdrawal and a guaranteed non-aligned status for the country. The maintenance of Pakistan's security should be an important part of Western security.*

IV.21 Long-standing political and economic ties of the United States and Europe with most Middle Eastern countries, and European Community economic and trading links of all kinds also present a counterweight to Soviet influence. *It is clearly in our interests to foster these assets as much as possible, not only because they contribute to the political stability of the area but because military operations, if they ever became necessary, could only be satisfactorily conducted with the cooperation of the countries involved.*

IV.22 It cannot be in the interests of the West as a whole to be so dependent on a single area for its economic security. This dependence can only be reduced, however, on two conditions. *The first is that the United States, Europe and Japan make greater efforts to build up their stockpiles and to agree on how to share alternative sources of oil supply, particularly in time of crisis. The existing mechanism is too weak and should be complemented by a general crisis management mechanism. The second is that all the Western economies should make determined and indeed dramatic efforts to diversify out of oil and into other kinds of energy. This must include nuclear energy.* These are not processes that can be left entirely to the natural forces of supply and demand. The removal of regulations inhibiting the exploitation of oil and gas resources, particularly in the United States, should improve supply. But a good deal of purposeful intervention in the market by governments is also essential. *This cannot be achieved without a willingness on the part of political leaders*

in America, Europe and Japan to press farsighted and often unpopular policies.

V. CONSULTATIONS AND CO-ORDINATION

The need for new approaches

V.1 *The West, faced with the new and more demanding world described above, needs to improve its consultations and policy co-ordination. Present institutions are inadequate and at times lack relevance for the 1980s. We need to create new mechanisms for truly collective decision-making, and make them efficient. At the global and strategic level, heads of state and government must give more concentrated attention to fundamental long-term considerations. At the regional level, we need to devise new methods for the management of crises as well as for making assessments of evolving political and security situations. Finally, we need to develop better methods of co-ordination with NATO, between NATO and the groups of principal nations as proposed below, and with the European Community.*

V.2 As we have suggested, political and security considerations are becoming increasingly interconnected at the global level. Many of the most sensitive issues for Western Europe and the United States will emerge in the Third World, especially when local or regional disputes become entwined with global East-West competition. Yet there are no well-developed processes for continuous European-American discussions on political security problems outside the limited geographic area prescribed by the North Atlantic Treaty Organization. If there had been more effective consultations on Afghanistan in the months before the Soviet invasion, the Western response would have been marked by less friction and more coherence.

V.3 Recent developments have also served to uncover and accentuate differing perspectives and interests within the West on policy toward Eastern Europe and the Soviet Union. Some divergence is natural, given the changes in the world and the Atlantic Alliance since the creation of NATO at a time of a widely perceived direct Soviet military threat to Western Europe. It is a mistake to ignore those differences or paper them over. A first step toward a more healthy Alliance is to recognize them. A more differentiated approach in dealing with the array of political, economic and military issues may well be in order. But we need also to define better the overriding common interests of the West and how best to promote them. We can then proceed to bridge differences or manage them. We can reconcile policies, including differentiated ones, to produce a more concerted wetern posture.

V.4 This requires a more intensive system of consultation and policy co-ordination than we have today. Of course, improved consultations will not eliminate real differences. Effective mechanisms will not guarantee good policies. No single innovation or reform of existing institutions will provide a "quick fix." And a bureaucratic preoccupation with procedures can drain attention from our substantive challenges. But without better cooperation, our challenges will be magnified and our responses will be poorer. *We need to cultivate a new process, perhaps through a period of trial and error, that is flexible and works at several levels.*

V.5 *In creating new mechanisms it is essential that we be sensitive to the interests of all Western nations, particularly some of the smaller members of the Alliance which will not always be included.* Their concerns must, of course, be taken into account, but it should be recognized that in fundamental ways their concerns are not separate from those of the major members of the Alliance. And we expect that the need to limit the nations participating in some consultations, on the basis of those which have greater responsibilities or roles to play, will be understood by all.

The role of NATO

V.6 *With regards to NATO, there must be closer co-ordination of Western policies toward the East, especially* before *separate national decisions are taken. The experience with the imposition of political, economic and technological sanctions on the Soviet Union following the invasion of Afghanistan underlines this need. There should be improved management within the Alliance so as better to co-ordinate and interrelate the spectrum of political, military and economic policies. NATO is more than a military grouping. It is a political alliance of like-minded states. Economic security is of increasing importance to its members, but economic policies should not be allowed to undermine overarching political concerns. The allied governments, at a higher political level, must develop a more comprehensive approach toward the protection of their interests, one not narrowly based upon considerations of the military threat.*

V.7 *We do not propose that NATO undertake major institutional innovations, concerning political and security developments in the Third World.* To enlarge formally its geographical responsibility would require fundamental amendment of the Treaty and ratification in fifteen parliaments. Such change would be highly contentious. It would also detract from the prime purpose of NATO, to defend the territories of its member states.

V.8 At the same time, the organization must be more concerned with the growing threats to Western security from developments in the Third World. *Accordingly, NATO should expand the process of joint assessments and consultations on those Third World developments which directly affect the security interests of its member states.*

The seven-nation summits

V.9 The seven-nation summits of leaders of the advanced industrialized countries, which began in Rambouillet in 1975, are another useful forum. They have certain advantages: they engage the political will that only heads of state and government can supply; they include Japan, Italy, Canada, as well as the President of the Commission of the EEC; and they are being regularized. On the other hand, they occur too infrequently to provide continuous co-ordination, and their high level limits them to general discussion. *The summits should continue to deal with vital economic and energy problems but the national leaders should also take the opportunity to discuss systematically broad geopolitical concerns and security matters.* At the Venice summit in spring 1980, for example, the leaders only discussed the urgent issues of Afghanistan and contacts with the Soviet Union outside the formal agenda.

V.10 *We propose that the seven-nation summits should from now on be devoted at least as much to political and security concerns as to economic ones. Political and security issues have become, in any case, increasingly inseparable from economic ones, and the summits could serve to link better the approaches in the two spheres. The political/security discussions should be about fundamentals. They should center on conceptual issues and overall strategy rather than the more tactical and technical questions which are the staple of NATO and other forums. A few illustrations suffice: the nature of the Soviet threat, as well as the longer-term strengths and vulnerabilities of the Soviet system; the issue of "linkage" between East-West arms control and Soviet global activities; the question of East-West economic relations; the role of China; the nature of changes in various regions of the Third World and the appropriate policy responses. The leaders could thereby provide a general sense of direction for subsequent discussions and implementation. These meetings should take place at least once a year. Special summits should be convened when the international situation requires it.*

V.11 *For these summits to be productive and to deal expeditiously but in some depth with important problems, it is essential that they be systematically prepared. This will require a clearer designation of the responsible government officials and perhaps some type of a permanent, though small, secretariat.*

The principal nations approach

V.12 *NATO and the seven-nation summits, even with these elaborations, are insufficient forums for consulting on political/security issues outside the Central Front. The primary mechanisms should be a group of the small number of principal nations which are concerned and prepared to take a direct role in dealing with a particular problem. The organizing principle would be to include only those countries which are able and willing to accept concrete obligations within the troubled area. Participation would be linked to the capacity and responsibility for action.* The question remains open whether some types of crisis, involving indirect threats but occurring within the European boundaries, might require similar procedures. We recognize that at least one such mechanism already exists, the Berlin working group of four nations, and that it has at times broadened its discussions beyond its original scope. However, in what follows the proposed approach focuses on Third World contingencies.

V.13 *The principal nations will vary according to the issue at hand. Nevertheless, we expect that the core group will usually include the United States, Britain, France, Germany, and Japan. Flexibility should be the watchword. A crisis in the Mediterranean, for example, should involve Italy and possibly other Southern European countries. One in the Pacific might well include Canada and Australia. Sometimes a principal nation group should be formed to deal wtih a specific crisis, and it would normally be disbanded once the crisis is over. In other instances, a principal nation group should be established to keep watch on a potentially troublesome area, undertake contingency planning, and deal wtih a crisis if it erupts. A "watch-group" might continue in being for some years but, like a crisis-related group, it would be wound up once the reasons for its existence no longer prevailed.*

V.14 We believe that Japan has now reached the economic and political stature whereby it must be fully recognized as an important world power. This brings to Japan new responsibilities as well as opportunities. Clearly it has a major interest in developments in the Persian Gulf region, even though it cannot be expected to undertake a military role in the area at this time. *Japan should be encouraged to participate* in the Western security system in such a way *as not to create difficulties for its Asian neighbours.*

V.15 *Specifically, we urge that a principal nations group be established immediately to deal with developments in the Gulf and South West Asia. This group should be of a continuing "watch" nature. According to the organizing principle suggested above, we recommend that the participating nations be the United States, Britain, France, Germany and Japan.*

V.16 *The new groups we propose should be kept separate from NATO. In any event some of the likely participants are not members. Nevertheless, the full North Atlantic Council, as well as the EEC, should be kept closely informed of the activities of any principal nations group.*

V.17 The important advances the EEC countries have made in coordinating their foreign policies must be recognized and

encouraged in the interests of the West as a whole. The activities of any principal nations group should not be seen as competitive to political co-ordination within the European Community. *At the same time we believe that this intra-European process should be complemented by early consultations and co-ordination with the United States, and sometimes Japan.*

V.18 *Principal nations groups should have two primary functions—crisis management and joint assessments. During a crisis, the group would co-ordinate policies and plan next steps; military officials might often be involved. Short of a crisis the role of the group should be the joint assessment of evolving political/security conditions in critical Third World areas. This would involve regularly scheduled consultations and contingency planning. The process could take place at three levels. One would be senior foreign policy officials with broad responsibilities. Second, and particularly helpful, would be those directly responsible for a specific region, such as the Middle East, Africa, or Asia—at present there are no regular effective mechanisms for continuing consultations among such officials. Third, the current, practice of meetings among officials responsible for Atlantic affairs should be continued. Where the international situation requires it, the heads of state and governments might meet on short notice.*

V.19 *A principal nation group dealing with an area should convene at the regional level at least twice a year with the more senior officials meeting at least once a year. Frank, in-depth discussions and exchange of appraisals are especially helpful before a crisis erupts so that longer-term issues can be identified and addressed.* In this manner, the habit of consultation and co-ordination will be inculcated. Governments thereby will be better informed of each other's views before national policies are completely formulated. When a crisis occurs, governments will be more likely to concert their actions. During a crisis the group, already established, can be quickly convened.

V.20 An additional advantage of such a process would be for the development of a better understanding of geopolitical appraisals and policy perceptions on both sides of the Atlantic. As the West Europeans make a larger contribution to the defence of Western interests outside NATO, the Americans can be expected to give substantially greater attention to European policies and interests, leading to genuinely shared arrangements and joint decision-making.

V.21 Public awareness of the consultations process would help create the domestic support for the sacrifices and collective actions which may be needed. *Obviously confidentiality must be maintained; it is not possible to conduct foreign policy without adequate secrecy. Along with effectiveness and a willingness to undertake responsibility, secrecy is one of the arguments for small groups. An important distinction should be drawn, however, between the substance and the process of consultations. It is important that our national publics and parliaments understand that the responsible nations are dealing jointly with political/security questions outside Europe and the NATO area.* This will help instill in our societies a sense of shared interests and common responsibilities which is insufficient today. At heart, we are talking about a process of public education which is necessary to the foreign policy requirements of the present and future.

ORDER FOR THE RECOGNITION OF SENATOR EXON

Mr. EXON. Mr. President, I ask unanimous consent that notwithstanding the present schedule I be allotted 10 minutes as if in morning business for the purpose of a rather short speech with regard to the introduction of a bill.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. EXON. I thank the Chair.

(The remarks of Mr. EXON relating to the introduction of legislation are printed under "Statements on Introduced Bills and Joint Resolutions.")

RECOGNITION OF SENATOR PACKWOOD

The PRESIDING OFFICER. Under the previous order, the Senator from Oregon is recognized for a period of time not to exceed 15 minutes.

ORDER FOR CONTROL OF TIME OF SPECIAL ORDERS BY SENATOR PACKWOOD

Mr. PACKWOOD. Mr. President, is there a series of special orders entered?

The PRESIDING OFFICER. There is a series.

Mr. PACKWOOD. Could I have the names of those to whom they are allocated?

The PRESIDING OFFICER. Following the Senator from Oregon under the previous order, the Senator from Minnesota (Mr. BOSCHWITZ) is recognized for a period of not to exceed 15 minutes; under the same order the Senator from Tennessee (Mr. BAKER) is recognized for a period not to exceed 15 minutes; likewise under the order the Senator from Alaska (Mr. STEVENS) is recognized for a period not to exceed 15 minutes; following that the Senator from Idaho (Mr. MCCLURE) is recognized for a period not to exceed 15 minutes; likewise the Senator from Texas (Mr. TOWER) is recognized for a period not to exceed 15 minutes; and following that the Senator from West Virginia (Mr. ROBERT C. BYRD) is recognized for a period not to exceed 15 minutes.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that all of the special orders listed for this morning, with the exception of that of the Senator from West Virginia (Mr. ROBERT C. BYRD) and the Senator from Texas (Mr. TOWER) be under my control.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

SALE OF F-15 AIRCRAFT ACCOUTERMENTS TO SAUDI ARABIA

Mr. PACKWOOD. Mr. President, we are about to consider the possibility of the sale of accouterments to the F-15 aircraft to Saudi Arabia, and I think before we enter into this agreement with Saudi Arabia it is wise to look back over what we have already agreed to do, what we hoped we would receive in exchange for what we have agreed to do, and what has happened.

In 1978, after extended debate on the floor of the Senate, we agreed to sell Saudi Arabia F-15 planes. They would be equipped with the AIM-7 Sparrow missile, and the AIM-9P3 Sidewinder missile. That was in 1978.

At that time, Secretary of Defense Brown said, and I am quoting:

> Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of F-15.

At that time our willingness to enter into the sale of the F-15's and those missiles to Saudi Arabia was posed as a test of our good will and friendship with Saudi Arabia. They indicated to us if we were not willing to sell those planes they would certainly have to take that into account in their relations with the United States.

We hoped that Saudi Arabia would provide a moderate balance in the Middle East. We hoped that if we sold them the planes we might have some leverage to encourage them to further the peace process and the stability of the Middle East.

I would like to quote from some of the statements of Senators during that time. The senior Senator from South Carolina, Senator THURMOND, in supporting the sale:

> On balance, I believe these sales will give to the United States greater leverage in its efforts to bring about peace and stability in the Middle East and better protect Israel.

Senator HARRY F. BYRD, JR., the senior Senator from Virginia:

> The Saudis consider the fulfillment of such promise a basic test of whether their friendship with the United States and their policy is worthwhile.

Senator Henry Bellmon from Oklahoma:

> In my judgment, this action, which does not jeopardize the security of Israel, will help create a more favorable climate for negotiations and assist in the achievement of a lasting peace settlement.

Senator George McGovern:

> We need their continued good will and cooperation in restraining oil prices, stabilizing international monetary issues, and in moderating radical tendencies throughout the Middle East.

Mr. President, at that time, I opposed the sale of the planes to Saudi Arabia and I made the following statement:

> Saudi Arabia does not need the F-15's. In and of themselves, they do not need them for their self-defense. Whatever problems they may have in terms of internal security, whatever problems they may have with dissidents, whatever problems they may have with revolution are not going to be solved with F-15's. They may need Piper cubs and halftracks and machine guns and walkie-talkies, and the ability to search house to house, but they are not going to do that with an F-15.

When I called this to the attention of the Senate, it was long before the seizure of the grand mosque in Mecca when, indeed, advanced fighter aircraft were utterly of no use to Saudi Arabia.

I continued my statement in 1978 by wondering when this country was ever going to learn that you do not further the interest of this country by subjecting ourselves to blackmail.

In 1978, Saudi Arabia had already increased the price of oil six times from roughly $2 to $12 a barrel. That was an example of their friendship.

They indicated in 1978 that they

would not look kindly on us if we refused to sell them the F–15's. I said at that time, "Will this country never learn that appeasement does not work?" I said I thought we would have learned that in 1938 at Munich when somebody said "All I want is the Sudetenland." We, unfortunately, learned that he wanted much more.

In 1978, the Saudi Arabians said, "All we want are the F–15's." All they were asking us to do was to barter away our integrity for energy. We did not think they needed the F–15's. Any rational assessment of their defense needs in 1978 did not include F–15's. But we were afraid that they would cut off our oil supplies if we would not sell them the planes and so we prepared to barter integrity for energy.

I concluded with this statement:

The demands are not going to stop with these plans or with this country. If we approve the sale of these planes tonight, it is not just a sad day for Israel: it is a sorry day for America because we will have forgotten the lesson of Munich and instead we will now have to learn the lesson of Riyadh.

What has Saudi Arabia done for us, for peace in the Middle East and elsewhere since the sale in 1978? They have condemned the Israeli-Egyptian peace treaty. They have broken relations with Egypt. They have led the Arab political and economic boycott of Egypt. They oppose the use of the Suez Canal by Israeli ships. They call for a holy war against Israel. They finance the PLO and other terrorist organizations and they have increased the price of oil from $12 a barrel to roughly $30 a barrel in the intervening 2 years.

Now they are going to cut their oil production because they are afraid there is a glut of oil in the market and unless they cut their production there might be a tendency for prices to drop. This is what Saudi Arabia has done.

This is what Saudi Arabia has done for us in response to our act of generosity in agreeing to sell them the planes. I hesitate to think what they might have done had we not sold them the planes.

Now they refuse to even negotiate with Israel for peace.

In the Washington Post this morning is the following story:

SAUDI GOVERNMENT REJECTS SUGGESTION OF PEACE TALKS

RIYADH, SAUDI ARABIA, March 23.—Saudi Arabia today rejected any direct or indirect peace negotiations with Israel before it completely withdraws from lands occupied in 1967.

In a statement broadcast by state-run Riyadh Radio, Saudi Information Minister Mohammed Adbo Yamani said the kingdom "has no desire to negotiate either directly or indirectly with Israel before the Zionist enemy's total withdrawal from occupied Arab lands."

Yamani was responding to a weekend statement by Israeli Labor Party leader Shimon Peres, who against the background of the Israeli election campaign suggested that Riyadh should join Middle East peace efforts.

It reminds me about the old canard about negotiating with the Communists: They will negotiate. What is theirs is theirs; what is yours is negotiable.

Now, with that background of having done almost everything to destabilize peace in the Middle East since 1978, the Saudi Arabians come back and ask for what they said they did not want to ask for in 1978 and we are prepared to sell them what we said we would not sell them in 1978. We are going to sell them what are known as the conformal fuel tanks, fuel tanks that are added to the plane to substantially increase its range. The F–15 today has a range of about 600 to 800 miles. With the fuel tanks added, about 1,500 additional gallons of fuel, it increases the range from 30 to 80 percent, depending upon the flying conditions and the payload that you are carrying.

Mr. TOWER. Will the Senator yield for a question?

Mr. PACKWOOD. Yes. Not on my time.

Mr. TOWER. Mr. President, will the Senator tell me whether or not the Saudis are currently charging the OPEC price for oil or an amount greater than the OPEC price?

The PRESIDING OFFICER. Will the Senator suspend so that the Chair can propound a question to the Senator from Texas?

Is it the Chair's understanding that the Senator from Texas acquiesces, in questioning the Senator from Oregon, that the question will be propounded on the time of the Senator from Texas?

Mr. TOWER. The question will be propounded on my time.

The PRESIDING OFFICER. I thank the Senator from Texas.

Mr. TOWER. Mr. President, I wonder if the Senator from Oregon would tell us whether or not the Saudis currently charge more than the OPEC price, charge the OPEC price, or less than the OPEC price for oil; whether or not Saudi production was not increased to make up for the deficit in oil suffered as a result of the Iraq-Iran war; and, indeed, if Saudi oil production is not greater than what their economic requirements are?

Mr. PACKWOOD. Mr. President, the Saudis are currently charging $30, sometimes $32 a barrel, which will vary a bit from week to week. They have announced that they are going to decrease their production, because their production at the moment is above what they regard as their economic necessity.

Mr. President, we are going to sell them, or at least they are asking and we intend to sell them, these fuel tanks to dramatically extend their range. We are going to sell them the new Sidewinder missile, known as the AIM–9L. This missile has a great advantage over the other missiles that we agreed to sell them in 1978.

Although they are heat-seeking missiles, the new one that we plan to sell them in so sensitive to heat that it can tell the difference in heat caused by the leading edge of the wing of an airplane. Consequently, you can shoot straight at an airplane and the missile is so sensitive it can hit the plane going head on.

The old Sidewinder missiles were not that sensitive to heat and you had to maneuver yourself behind the plane in order to be able to shoot at the exhaust from its jet. I do not need to tell anyone who is listening to these comments the difference in the fighting capability between a missile that can be fired from the front or the back and one that requires your maneuvering behind an enemy airplane before you use it.

We now also plan to sell Saudi Arabia some type of airborne early-warning aircraft. We have two types, what is known as the E–2C Hawkeye and the E–3A AWAC. The AWAC is perhaps the more advanced of the planes in that it can be refueled in the air. It allows radar surveillance of areas 200 miles or more.

In essence, it would allow Saudi Arabia from the air to monitor all of Israel if they want to. If they want those, we will sell them. It has not been agreed yet which kind we will sell them because they have not decided which kind they will mostly need.

And we are going to sell them tanker aircraft. Again, it has not been decided what kind. It will allow the F–15's, in addition to the fuel tanks that will be added to them, to be refueled in the air and further extend their range.

Interestingly, bomb racks, racks that are added to the plane to allow the carrying of either 18 or 22 bombs for air-to-ground bombing, we are not going to sell them at this time. Interestingly, the administration has said it is not considering selling the bomb racks, but I will recall to memory what we said in 1978 about what we were not going to sell the Saudi Arabians. I will predict that if we sell the F–15's and the new Sidewinder missiles, the fuel tanks and everything else that they want, we will one day also sell them the bomb racks.

I will further predict this: It will not be the last request that Saudi Arabia asks of us, and we will give in, we will give in, and we will give in again. If there is another war in the Middle East, the equipment that we sell to Saudi Arabia will be used against the Israelis by Syria or Iraq who will obtain it from the Saudis. If that is our idea of peace in the Middle East and furthering peace in the Middle East. I fail to grasp it. Now that Egypt and Israel have signed what we hope is a lasting peace accord, the biggest single stumbling block to peace in the Middle East is Saudi Arabia.

If Saudi Arabia would be willing to negotiate with Israel in the hopes that peace might be obtained, it would not be long before Jordan would also negotiate.

If Saudi Arabia would quit financing the PLO, quit financing the purchase of weapons of war by other intransigent nations, there would be peace in the Middle East.

Mr. President, my standard as to whether or not we should sell planes to Saudi Arabia is not whether they think they need them for their defense. It is, Have they given any indication of wanting to help the peace process in the Middle East? That would be the thing that would be most helpful to our foreign policy as we try to draw a line against the Soviets. I have seen no indication at all that Saudi Arabia has any desire to further that peace negotiation and initiatives.

Mr. PRESSLER. Will the Senator yield?

Mr. PACKWOOD. I yield 5 minutes to the Senator from South Dakota.

Mr. PRESSLER. Mr. President, I would like to applaud my colleague from Oregon, and I thank him for yielding. I, too, am opposed to the sale of the F–15 and related equipment.

Mr. President, the dissemination of arms in the Middle East should proceed only after the most careful analysis has been given to the possible consequences of such a decision to United States, Israeli, and other interests.

I am frankly concerned about the sale of extremely sophisticated fighter plane equipment to nations in the Middle East.

The proposed sale to Saudi Arabia includes AIM–9L air-to-air missiles and sensor tactical packs (FAST) which would greatly increase the range and the firepower of the 60 F–15 fighter planes purchased in 1978 by Saudi Arabia. This new equipment thus doubles the combat range of these planes to about 1,000 miles and strengthens their offensive capability to almost the equivalent of U.S. F–15's and F–16's.

Mr. TOWER. Will the Senator yield for a question?

Mr. PRESSLER. I will yield on the time of the Senator from Texas.

Mr. TOWER. Let me ask the Senator from South Dakota if the AIM–9L, which we propose to sell to Saudi Arabia, is a more sophisticated weapon than the AIM–7 Sparrow with which the Israeli F–15's are armed.

Mr. PRESSLER. My response to my good friend from Texas would be that in terms of a discussion of sophisticated weapons he is probably better informed on the immediate question than I am, but it has been my feeling that Saudi Arabia could very easily become another Iran, in my view. Whatever the level of sophistication, I am very hesitant to sell more military equipment to them at this time. I have consistently opposed sending into the Middle East weapons of this type.

Mr. President, Senators PACKWOOD and BOSCHWITZ also have spoken strongly on this matter. I think one of them will be addressing more specifically the details of the particular airplanes. I would like to proceed, again on my own time, Mr. President, with my statement.

I congratulate these Senators from Oregon and Minnesota for taking leadership roles on this issue of arms sales to the Middle East. Like the 23 Senators who have served South Dakota since statehood was achieved in 1889, they have tried to offer U.S. foreign policies alternatives which might maximize peace objectives in other areas of the world by minimizing the introduction of new offensive weapons into crisis situations.

As a veteran of the military conflict in Vietnam, I have felt that the world is always made safer or better by the strengthening of our alliances with those countries who have proven to be our allies. To be sure, freedom always needs strengthening and the protection of human dignity and decency may at times require major weapons investments, but military arms may not be the best way to obtain solutions in all cases. Political, diplomatic, and economic development efforts are needed to attain a lasting Middle East peace solution.

This latter effort will require support from not only the United States but all of those developed nations which depend on stability in the Middle East. The United States cannot go it alone in bolstering its many friends in the Middle East. Certainly it is legitimate to expect our NATO allies, Japan, and other prosperous countries to contribute more to Middle East peace and development efforts. Perhaps their recognition of our great common interest in a nonmilitary solution to the problems in that region would help much more than increased armaments to achieve our common goal.

Mr. President, let me summarize my feelings at this time by saying very firmly that I oppose this sale and I oppose the sale of the related parts.

Let me also say that I think that if we were to go into such a sale, we should have certain commitments from Saudi Arabia as to when the planes would come off the ground and, indeed, if our country were challenged in that area of the world, would they be willing to assist us. Do we have those sorts of commitments? I do not see those kinds of commitments.

Also, let me say that it has long been my feeling that our one staunch ally in that area of the world is Israel, one that we can count on.

The people of my State have not appreciated the repeated rounds of oil increases.

The PRESIDING OFFICER. The time yielded by the Senator from Oregon to the Senator from South Dakota has expired.

Mr. PACKWOOD. I yield 1 additional minute.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for an additional period of 1 minute.

Mr. PRESSLER. I thank the Chair.

The people of my State of South Dakota have been increasingly outraged by the continually increasing prices of oil. We have been put into a blackmail position.

Mr. TOWER. Will the Senator from South Dakota yield for a question?

Mr. PRESSLER. I do not have time to yield at this time. I have less than 30 seconds left.

Mr. President, that concludes my statement on the Middle East.

I believe I have used up my time. I yield back any remaining time to my friend from Oregon.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. I believe the Senator from North Dakota wanted 3 minutes. I yield.

Mr. BURDICK. Mr. President, I wish to add my voice to those who have expressed opposition to this sale.

In looking at U.S. interests, in studying U.S. requirements, one cannot escape the conclusion that this sale, as it stands, does not serve American purposes or advance American interests. Moreover, it threatens the security of Israel and fuels an arms race which can escalate to the point where it could end in an explosion. And no explosion, no war, will serve American interests in peace and stability.

Enhancing the capabilities of the F–15's the United States sold to Saudi Arabia 3 years ago contradicts the uses to which Congress and the American people were assured they would be put. We were assured they were to be defensive weapons; now they are being modified to serve in an offensive capacity.

Furthermore, the sale calls into question the commitments of the U.S. Government. In 1978, the U.S. Government justified its sale of F–15's to Israel by saying that offensive equipment would not be shipped to Saudi Arabia. It made the same assurances to the Congress. Now, 3 years later, the executive branch is asking that offensive equipment be sold. Whatever assurances made this time will have less meaning than the ones made the last time. The word of the United States becomes uncertain.

I add, too, that the Saudis are under no real threat of invasion from their neighbors. With Iran and Iraq preoccupied with their war, the threat which once emanated from those two countries is virtually nonexistent. Soviet forces in Afghanistan are more than 1,000 miles from Saudi Arabia's borders. Even if the Soviets should move toward the Gulf, it is U.S. forces in the Indian Ocean which would bear the burden of stopping such aggression.

It is conceivable that the present Saudi regime may have to face internal strife, but that kind of internal strife would not be eradicated by the Saudi's purchase of additional sophisticated arms.

As I mentioned previously, the Saudi arms buildup does present a threat to Israel. While Saudi Arabia would not move alone against Israel, Saudi arms could well be transferred to others.

Finally, there are those who argue that we must approve this sale in order to show our good will toward the oil-rich Saudi nation. However, after the original sale of the F–15's, Saudi Arabia threatened to cut back on the world supply of oil if the United States continued filling its strategic petroleum reserve.

Now, because of an oil glut on the world market, Saudi Arabia is threatening to cut its production. There is no available evidence that this sale or any other sale will have the effect of insuring American oil supplies.

For all the reasons I have outlined in my statement, Mr. President, I oppose this sale, and I hope my colleagues in this Chamber will join my opposition.

Mr. PACKWOOD. Mr. President, I yield 1 minute to the Senator from Missouri.

Mr. EAGLETON. I thank my colleague.

SAUDI ARABIAN ARMS SALES

Mr. EAGLETON. Mr. President, I rise today to join my Senate colleagues in denouncing the pending sale of equipment to Saudi Arabia intended to enhance the offensive capability of the F-15's that the United States will provide Saudi Arabia as part of the 1978 Middle East arms sale package.

When I voted to support the proposed

sale, I characterized my decision as being "more agonizing than any other I can recall since coming to the Senate." Acknowledging that the Saudis exercise domain over one-fourth of the free world's known oil reserves, I stated:

Better that we provide a means for the Saudis to defend that vital resource themselves than face the possibility of someday being forced to commit our own military forces.

I wish to emphasize the word "defense" today as I did then.

Mr. President, I can appreciate that the Soviet invasion of Afghanistan heightens tensions in an already turbulent region of the world. However, it was clearly understood by the President, the Congress, and the American people that the sale of the F–15's to the Saudis was for purely defensive purposes. To modify now the Saudi F-15's so as to give them an offensive capability would be a direct violation of that understanding.

It is just the type of equipment the Saudis are seeking that sparked heated debate during Senate consideration of the proposed sale. As one who reluctantly supported the sale of the planes—and only after receiving assurances from the administration that no attempt would be made to increase the range of ground attack capability—I am dismayed that any such request has not been rejected outright.

I shall not belabor the point, Mr. President, but I should like to enter into the RECORD two letters I authored—one written to President Carter and one written to President Reagan—that I feel adequately express my feelings on this matter.

Mr. President, I have written to two Presidents of the United States on this subject matter: On June 19, 1980, six then Members of the Senate—Senators Magnuson, EAGLETON, MATHIAS, LEAHY, INOUYE, and Culver—all six of whom voted for the F–15 sale, but voted for it with the firm assurance that those F–15's would not be enhanced to have an offensive capability—wrote to then President Carter protesting that sale at that time.

A second letter was sent February 6, 1981. Three Members of the Senate—EAGLETON, INOUYE, and LEAHY—wrote to President Reagan to the same effect.

I ask unanimous consent that the two letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

COMMITTEE ON APPROPRIATIONS,
Washington, D.C., June 19, 1980.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are gravely concerned about reports that the Administration is considering a request by Saudi Arabia to purchase modification equipment for the F–15 aircraft the U.S. agreed to provide as part of the 1978 Middle East Arms Sale package. We urge you to deny this request.

It is this type of equipment—namely additional fuel tanks and bomb racks—that sparked heated debate during consideration of the proposed sale. The major contributing factor to Senate approval of the sale was a clear understanding that, as Secretary Brown stated in his 9 May 1978 letter to Chairman Sparkman, "Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F–15." Any modification of the planes to enhance offensive capabilities would be a direct violation of that earlier understanding.

We appreciate that heightening tension in the Middle East and Persian Gulf is cause for Saudi concern, and we can understand that these new tensions necessitate a Saudi review of its defense needs. Nonetheless, we point out that the spirit of the Arms Sale agreement precludes the transfer of any offensively-enhanced F–15s to Saudi Arabia.

We hope that you will clarify to the Saudi Government the nature of the agreement reached during Senate consideration of this matter, and reject without delay their request for aircraft modifications.

Very respectfully,

CHARLES MCC. MATHIAS, JR.,
U.S. Senator,
WARREN G. MAGNUSON,
U.S. Senator,
PATRICK J. LEAHY,
U.S. Senator,
THOMAS F. EAGLETON,
U.S. Senator,
DANIEL K. INOUYE,
U.S. Senator,
JOHN C. CULVER,
U.S. Senator.

COMMITTEE ON APPROPRIATIONS,
Washington, D.C., February 6, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: During the course of his February 3rd news conference, Secretary Weinberger indicated that he views with sympathy the controversial Saudi Arabian request to purchase modification equipment for the 60 F–15 Eagle aircraft the U.S. has agreed to provide them. As three members of the Senate who voted to support the 1978 Middle East Arms Sale package only after receiving assurances that Saudi Arabia would not receive such equipment, we are compelled to express our concern.

It is a matter of record that the major contributing factor to the Senate's close vote of approval of the sale was a clear understanding that, as former Secretary of Defense Harold Brown stated in his 9 May 1978 letter to then Chairman John Sparkman, "Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F–15."

As we informed President Carter by a letter at the time this request first surfaced, we consider any modification of the planes to enhance offensive capabilities to be a direct violation of that earlier understanding.

We appreciate that heightening tension in the Middle East and Persian Gulf is cause for Saudi concern, and we can understand that these new tensions necessitate a Saudi review of its defense needs. Nonetheless, we point out that the spirit of the Arms Sale agreement precludes the transfer of any offensively enhanced F–15s to Saudi Arabia.

We hope that you will clarify to the Saudi Government the nature of the agreement reached during Senate consideration of this matter, and reject without delay their request for aircraft modification.

Very respectfully,

THOMAS F. EAGLETON,
U.S. Senator.
DANIEL K. INOUYE,
U.S. Senator.
PATRICK J. LEAHY,
U.S. Senator.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum without——

Mr. TOWER. If the Senator will withhold that request, Mr. President, I yield myself 2 minutes of the time allotted to me under the order and reserve the remainder of that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. The speakers have failed to note that the Saudis have increased their production, and incurred serious criticism at home for having done so, to make up for the deficit as a result of the Iran-Iraq war. In fact, they have been a moderating influence on holding prices below what they would be otherwise and do currently sell their oil below OPEC prices.

Another thing that has been ignored by the speakers is that the situation has vastly changed since 1978. They pretend that there is no change, that the threat has not increased. I simply say, Mr. President, that the principal threat in the area is the Soviet Union. In 1978, they were not in Afghanistan. In 1978, we had a strong ally in Iran. In 1978, Israel was still threatened by the possibility of its large neighbor, Egypt, once again waging war against it. The situation has changed dramatically.

In fact, Mr. President, we had better improve the capability of the indigenous forces in that area to defend their interests, or else, what has been suggested by the Senators who have been speaking is that we must do it with American Forces instead.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. Mr. President, I yield 3 minutes to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. KASTEN. Mr. President, I appreciate the Senator's yielding.

Mr. President, there are those who seek to make this issue a matter of partisan confrontation. If such a struggle is allowed to dominate our consideration, there will be no winner; not Israel, not Saudi Arabia, not the administration, not the Congress, and certainly not the United States. This is an occasion not for open conflict based on partisanship, but for rational and sensitive efforts to reconcile our differences. Any U.S. decision in this area will have far-reaching implications for ourselves and for our allies, and certainly for the security and stability of this vital region of the world. It is imperative that we weigh our choices carefully, that we not act in haste, but that we do act with prudence and foresight.

With that in mind, I join my colleagues in an expression of concern based on a number of problems we see in the proposed sale of fuel tanks and Sidewinder missiles to Saudi Arabia. Many of these concerns are familiar, but they bear repeating.

In 1978 Congress was told that the sale of F–15's was necessary for the defense of Saudi Arabia, and that the Saudi request for these airplanes was a litmus test of the U.S. relationship with that country. Approval of the sale would encourage moderate and supportive policies from Rivadh, while disapproval risked pushing them toward accommodation with the Soviets. There were assurances that the

Saudis would be more supportive of the Middle East peace process; they would soften their public attitude toward Egypt and President Sadat's courageous policies; they would back off from their support of the PLO; and they would exercise a moderating influence within OPEC on oil price increases.

It is now 2 years later——

Mr. TOWER. Will the Senator yield for a question?

Mr. KASTEN. Mr. President, I prefer to yield when I have finished my statement. I shall be pleased to yield at that time on any questions anyone may have.

It is now 2 years later and, unfortunately, we have seen little from the Saudi Government which would back up those assurances. In addition, they condemned our rescue mission to Iran and permitted the shipment of Soviet supplies through their territory to Iraq. They also have been less than helpful in our efforts to establish U.S. facilities in the gulf region, while allowing Soviet overflights of their country.

Mr. President, despite this record, we are hearing the same arguments in favor of providing Saudi Arabia with systems that substantially enhance the F–15's capabilities. Again, we are being told that this is a litmus test of our relationship with the Saudis. I believe it is incumbent upon this administration to make it unmistakably clear that such litmus tests are two-way matters, and, frankly, I wonder whether or not the Saudi Government has forgotten that.

We are historically obligated and morally committed to the State of Israel. Her value as a strategic asset and stable ally is unquestioned and irreplaceable. Any action by the United States that undermines her security is intolerable. Moreover, any action that might be seen by others as a lessening of our commitment to Israel is unacceptable. In this regard, it must be clearly understood that, for the first time, when this sale goes through, Saudi Arabia will become part of Israel's strategic consideration. This would undoubtedly require additional strategic plans which will place another defense burden on her.

Mr. President, in closing I wish to express the necessity that this sale be part of plans now being developed for a U.S. strategic approach to this region.

I recognize, and we all do, the concerns of the Senator from Texas that this region and our interests there have in fact changed.

It is this strategic approach which is meant to thwart Soviet thrusts in the area, which is of paramount concern to us all. This is a time of optimism in Israel and in the United States for a renewed and revitalized commitment to shared goals and policies. It is a time to move forward together in political, military, and economic cooperation.

It would be tragic if this opportunity were lost.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum and ask unanimous consent that it not be chargeable to allocated time.

The PRESIDING OFFICER. Is there any objection to the request of the Senator from Oregon that a quorum call be made and that the time be charged to neither side? Hearing no objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oregon controls the time.

Mr. DURENBERGER. Mr. President, will the Senator from Oregon yield me 5 minutes?

Mr. PACKWOOD. I yield 5 minutes to the Senator.

Mr. DURENBERGER. I thank the Senator.

SALE OF F–15 UPGRADES TO SAUDI ARABIA

Mr. President, there are few regions more vital to United States and free world interests than the Middle East and the Persian Gulf. It is in this area that three continents—Africa, Asia, and Europe—intersect in a vital strategic crossroads. It is this area that provides a land bridge linking much of the world's population.

It is from this area that many of the mineral resources on which we depend originate. And it is therefore in this area in which we have a longstanding interest in stability and peaceful commerce. Our interests and those of the nations of the Middle East and Persian Gulf are and will continue to be fundamentally interconnected.

During the past few years, we have witnessed an extraordinary series of events which demonstrate both the importance and the volatility of this region. In terms of the overall international balance of power, we have seen the brutal invasion of Afghanistan and the threat which this poses to nations which must now contemplate Soviet troops within a few hundred miles of their borders. Moreover, this has occurred within the context of the grotesque collapse of U.S. policy in Iran.

In terms of the regional balance of power, we have witnessed both the continuing hostility between Israel and several of the Arab States, and the dramatic and threatening war between Iraq and Iran.

Finally, within many of the states which comprise this region, we have seen instance after instance of crises induced by the strains of modernization, fed by long-standing cultural and religious clashes, and sustained by Soviet scavenging.

In short, Mr. President, we have in this region a unique combination of the strains caused by East-West competition and North-South relations. It is these strains which continually threaten our overriding interest in regional stability, and which ultimately threaten the material interests of the Western democracies. It is these strains which threaten as well the security of Israel, a nation which has repeatedly demonstrated both its friendship with and its fundamental importance to the United States.

Yet, the situation which I have described is by no means new. It was as true in 1970 as it is now, and as true in 1960 as it was in 1970. We face a crisis, it is true, and we must confront the realities of Iran and Afghanistan. But we are challenged by the same basic problems which have pertained throughout this region for the entire postwar era. It is good that we have been forced to recognize these problems and their potential for disruption of U.S. interests, but we must not be led astray by the kind of rhetoric and quick reaction which characterized the past 4 years in general and the haphazard erection of the so-called Carter doctrine in particular.

In other words, Mr. President, unlike the situation elsewhere, we are not confronted by a novel or dramatically altered situation which requires immediate and hasty action. What we need is a clear elaboration of overall U.S. policy toward the Middle East and the Persian Gulf, a policy which addresses both the ongoing challenges of the past and the new realities of the present. We need, and I am confident that we will soon see, a clear, coherent and comprehensive policy that precludes future tests of our resolve and that promises long-term stability in terms of international, regional, and local events.

Thus, in terms of the pending request for offensive weaponry for Saudi Arabian F–15 aircraft, I am not convinced of the wisdom of granting such a request. As we all know, this is by no means a new issue. Three years ago, we in Congress were specifically assured that the sale of F–15's to Saudi Arabia would not entail a sale, either then or subsequently, of the equipment which would upgrade these aircraft for long-range air-to-ground missions. Just last summer, an overwhelming number of Senators wrote to President Carter stating our continued belief that Saudi F–15's should be sold only under the original terms and not with equipment for upgrading.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. DURENBERGER. I yield for a question on the Senator's time.

Mr. TOWER. Does the Senator believe that if the enhancement package is sold to Saudi Arabia that the Saudi F–15's will be more capable than the Israeli F–15's?

Mr. DURENBERGER. The Senator does not have an opinion on that subject.

Mr. TOWER. I can assure the Senator they will not be.

Mr. DURENBERGER. I thank the Senator for that.

Mr. President, as I said, I am not convinced that the issue has changed since 1978, or since last summer. There was no compelling case for augmenting the F–15's then, and there is none now. This is a longstanding demand, and a longstanding issue, and it is one on which the United States has spoken clearly and I believe carefully. It is not a new demand. nor is it a new issue, nor have circumstances changed sufficiently, in my opinion, to justify a change in our policy.

One thing, however, has changed dramatically, and that is that we now have some real leadership in the White House. We are demonstrating once again that

we as a nation understand the importance of a coherent foreign policy, that we recognize the reality of power, and that we will not shirk from our obligations. It is this change which should hearten the nations of the Persian Gulf and the Middle East above all else, for it is in this change, and not in new equipment, that their security, as our own, will ultimately lie. In other words, if the case for extra weaponry was weak 3 years ago, it is even weaker now that the United States has resumed its historic role in the Middle East.

Consequently, Mr. President, I cannot support the sale of extra weaponry in the form which is now contemplated. While it might be possible to offset the effects of such a sale with other measures, I must wait until such other measures have been discussed.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. DURENBERGER. If I have time to yield, I yield on the Senator's time.

Mr. TOWER. The Senator is apparently suggesting that instead of building indigenous forces there, we maintain a higher level of American presence there. So what he is saying is it is better to risk more American lives than to build the capability of the indigenous forces to defend our interests in that area. Is that correct?

Mr. DURENBERGER. The Senator is not suggesting that at all. The Senator is suggesting that there is a potential for a new American foreign policy with regard to the Middle East which is not necessarily to be measured on the standards of the old foreign policy.

The current proposals strike me as neither in the interests of the United States nor likely to promote stability within the region which we all recognize is so crucial. If the proposal was weak during a period of American weakness, it is weaker still during a period of American strength.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. Mr. President, I yield 1 minute to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, President Reagan has proposed to cure all that ails U.S. relations with Saudi Arabia by injecting state-of-the-art offensive capabilities into the fleet of 62 F–15s which the Saudis bought from us 3 years ago. The President's cure illustrates how in his first efforts to restore the glow of health to U.S. foreign policy he is falling prey to the practice of treating complicated policy ailments with simple military medicines. The practice bodes ill for the President's patients, and one of his first victims may be the delicate peace between Arabs and Israelis.

President Reagan's military potion of fuel tanks and smart missiles is no cure for Middle East maladies. It is a formula that can infect the region with more violent bouts of instability and war.

The new administration has been trying to bury challenges to U.S. political ingenuity and diplomacy under an avalanche of military hardware and bravado. This pattern shows up in the administration's response to the struggle in El Salvador, in its plans to recoup its right to stir up new tensions in Angola, and in its response ot the insecurity of our Saudi Arabian ally, the subject of our colloquy today. President Reagan and his foreign policy team are demonstrating a self-imposed blindness to the difficulties of conducting an effective foreign policy in a complicated world.

Military means occupy an important place in the arsenal of U.S. foreign policy, but used in the wrong way or at the wrong time, they can misfire. Military instruments are effective only if they are used to serve a strategic objective. They cannot substitute for political means when the latter are required. The key question about military means is not whether they can properly be used by the United States but how to use them properly. In El Salvador, the Middle East and potentially in Angola, the administration is establishing a poor record on the proper use of military means. Its actions permit bad military initiatives to drive out good political ones.

President Reagan is driving out prospects for restoring fundamental Saudi confidence in the United States as an ally by pacifying the Saudis with military gifts that convey only superficial devotion. Sending arms is not a substitute for providing assurance to our allies. Indeed, the Saudis have a right to be suspicious of this substitution. It tells the Saudis that it is foolhardy to rely on the United States as a guarantor of its security. First, our actions offer a poor example of how we guard the security interests of a major ally such as Israel. If we dismiss so cavalierly Israel's survival and our promises to its people, now can the Saudis expect us to treat them better? Second, caving in to Saudi demands for F–15 equipment is a repeat performance of our infirmity concerning Saudi demands that we abandon our vital interest in a strategic petroleum reserve. By once again surrendering our strategic interests to the threats of our weaker client, we undermine our credibility as that client's guarantor.

By caving in to Saudi demands on F–15 equipment we bring them the disconcerting news thtat they have a bodyguard without a backbone. That brings me to the third point. The Saudis know that in the final analysis only U.S. strength can protect them against the aggression of the Soviet Union or any other likely hostile external power. Yet we propose to sell them fuel tanks and missiles for their planes on the pretense that it will form their line of defense against the Soviets and other external threats. If the Saudis buy this logic, they will recognize—with some alarm I imagine—that they are being offered enhanced F–15's that would be of little value in repelling a full Soviet attack in lieu of effective U.S. protection.

Instead of sending the Saudis the wrong message about American interests and commitments, we should send them the right ones. We should respond to their requests for F–15 equipment by telling them:

First, no, we cannot sell it because to do so would endanger a longtime U.S. ally, and the United States will always protect the interest of all its allies.

Second, the Saudis must act on what they already know—that they share with Israel a common interest in ending Arab-Israel conflict and repulsing Soviet influence in the region. The United States will work with all its allies in the region to strengthen these objectives, and expects their active cooperation in this endeavor. Accordingly, we will stress high visibility for the United States in the region, including an enhanced naval presence and base facilities. We welcome the support of our allies in sustaining the U.S. presence politically—and if necessary financially.

Ironically by telling the Saudis what it is that we want, rather than telling them what they tell us they want to hear, we will be telling them what they really want to hear—that the United States is a staunch ally, secure in its power and courageous in its commitments to its friends.

Having outlined what I view as the flaws of the emerging administration foreign policy framework, and its dangerous consequences for relations with our allies in the Middle East, I will detail the reasons why the administration's argument that the equipment sales are no threat to Israel and required for Saudi defense are not persuasive.

The Reagan administration's sale to Saudi Arabia of AIM–9L air-to-air missiles and fuel and sensor tactical (FAST) packs will dramatically increase the firepower and range of the 62 F–15's purchased by Saudi Arabia in 1978. An offensive capability for these aircraft—already the most advanced fighter-bomber in the world—is counterproductive to U.S. interest in peace and stability for Saudi Arabia and Israel.

The improved F–15's that Saudi Arabia will have will impair security in the Persian Gulf region. Equipped with AIM–9L's and FAST packs they will undermine Israel's air superiority and enable Saudi Arabia to hit any Israeli target with greater force from bases located much deeper within Saudi Arabia.

There is no threat facing Saudi Arabia which justifies this sale. Sixty two enhanced F–15's would not protect Saudi Arabia against a full Soviet attack. Only the United States could do this. To leave the defense of the Arabian Peninsula to Saudi Arabia alone, would be to concede this area to the Soviets.

The administration's' contention that the sale of equipment is necessary to preserve regional stability, defend Saudi Arabia and restore U.S. credibility with our Saudi ally does not hold water. On the contrary, the sale will undermine these objectives. For this reason I oppose the sales.

Mr. PACKWOOD. Mr. President, I yield 3 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. CHILES. Mr. President, I wish to join with the distinguished Senators who are speaking this morning, the distinguished Senator from Oregon, the distinguished Senator from New Jersey,

and others, expressing concern about the U.S. arms sales to Saudi Arabia.

Being one of the Senators who voted against the sale of the F–15 jet fighters in 1978, I felt at that time in 1978 that that was not a wise move that we made at that time. Of course, everyone remembers at that time the provisions of the sale were that these F–15's were not given a large offensive capability. The Saudis said that they only sought the planes for being able to use them for part of their defense, that they would not put additional armament or additional capability on those planes so that they would have a larger effective capability, and it was a great concern at that time on the part of the Israelis and on the part of many of us who had a concern that we were introducing a highly sophisticated weapon into that area and that because of that there were going to be continual conflicts.

In fact, I think we talked about at the time of the sale that at first we will start off and we will have what is to be a defensive plane and then there will be a move to upgrade that plane, and many of us had a concern that the plane could be upgraded itself without the consent of the United States by other arms manufacturers who would be able to put on the wing tanks and put on the additional capabilities.

Now we find that the United States is going to upgrade the plane and going to give it a much greater offensive capability.

I stand where I think most of the Members of this Senate stand, and that is we want to be able to provide the Saudis with the capability of defending themselves and defending the strategic oil that they have in that region, but to go further than that and to introduce now with this package of armaments that we are talking about now a highly offensive plane concerns me.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. CHILES. I yield.

Mr. TOWER. Is it the Senator's belief that the enhancement package that we propose to sell to the Saudis will give their F–15's a greater capability than the F–15's in the Israeli Air Force?

Mr. CHILES. My understanding is that it gives them a capability. I do not know that it is greater, but it certainly gives them an offensive capability in the plane. It changes greatly the configuration of that plane.

Mr. TOWER. Does the Senator believe that the Sidewinder missile that the Saudis have asked for their F–15's is a better system than the Sparrow missile that the Israeli F–15's are armed with?

Mr. CHILES. No, I do not think it is a better system than the Israelis are armed with. But again I do not think that we are also trying to get into an escalation of where we are going to say that we are continuing and now we are going to give the Israelis a greater weapon than we have given them now.

I think what we talked about in the original sale in 1978 was a defensive airplane. I think with this package now my concern is that we are truly making it an offensive plane and adding to the capability.

Mr. TOWER. Does the Senator believe there has been no change in the threat situation there since 1978?

Mr. CHILES. I beg the Senator's pardon.

Mr. TOWER. Does the Senator believe that there has been no change in the threat situation in the Middle East since 1978?

Mr. CHILES. I think there have been changes in the threat situation, and I think the United States has made a lot of moves in connection with those threat situations. I think there has also been a deterioration or there has also been a greater threat or will be by the introduction of offensive weapons to the security of Israel which also adds to our problems if that comes about.

Mr. MOYNIHAN. Mr. President, will the distinguished Senator from Florida yield for two questions?

Mr. CHILES. I yield.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PACKWOOD. Mr. President, I yield the Senator 2 additional minutes.

Mr. MOYNIHAN. Mr. President, I ask the Senator this question: Has the State of Israel declared its intention to destroy the State of Saudi Arabia, to the best of the Senator's knowledge—yes or no?

Mr. CHILES. They have not.

Mr. MOYNIHAN. Has Saudi Arabia declared its intention to destroy the State of Israel? I say to the Senator that it has.

In that context it seems to me the Senator's remarks are altogether appropriate, and I wish to congratulate him for them.

Mr. CHILES. Mr. President, I again reiterate my concern that we are adding to the tensions in this area, that we will be introducing sophisticated armaments that we are talking about in this package, and it seems to me now is not the time to be doing that.

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. I yield 10 minutes to the Senator from New York.

Mr. MOYNIHAN. I thank my friend from Oregon.

Mr. President, I congratulate the Senator from Florida for his remarks. I wish to continue the theme of my question.

Mr. President, there is not a Member in this Chamber of whom I am aware who does not share the concern that has been central to American policy in the Middle East for many years now with the military and the political security of the State of Israel, the remaining democratic society in that part of the world. And it comes as an unwelcome surprise that the first decision in foreign policy in that area by the new administration—and I wish the Senator from Oregon would hear me on this because he is in charge of the Republican Senatorial Campaign Committee and will in time be asked, I think, to explain this—is to arm a state that in the aftermath of the Camp David accords has escalated to unprecedented levels its commitment to the destruction of the State of Israel.

Mr. President, I do not know that the American people have followed as carefully as they might the degree to which Saudi Arabia has associated itself with the most extreme, and, to date, unprecedented assaults on the very legitimacy, the very existence, of the State of Israel.

The Islamic Conference in late January of this year, hosted by the Saudis, held at Taif in Saudi Arabia, called for a Jihad, a holy war, against the State of Israel. It issued a declaration, to which Saudi Arabia subscribed, that referred to Israel as a "usurpation." And it took the most extreme position yet taken in a long progression of such positions, declaring that the whole of the city of Jerusalem—not the old city, not a quarter of the old city, but the entire city—was annexed territory and must be given up by the State of Israel, leaving it a country without a capital. Israel's very purpose is symbolized by a united Jerusalem, and yet the Islamic Conference demanded that Israel surrender it outright.

The Taif conference, Mr. President, was followed by the nonalined conference in New Delhi February 9 to February 12, where the most extraordinary assertions yet to be made at an international conference on this subject of the Middle East were completely supported by Saudi Arabia.

The conference declared that the Negev and Galilee are annexed territories not belonging to the State of Israel, even though these territories have been part of Israel from the moment it was founded. First Jerusalem is not the capital, then the Negev is not part of the state, then the Galilee is not part of the state, and very shortly there will be no such state.

The Saudis have associated themselves completely with this enterprise. They have associated themselves with the ultimate rejection of the Camp David accords.

Moreover, they continue to arm the Palestinian Liberation Organization, which is nothing save the instrument of the Soviet policy in the Middle East and yet this administration wants to provide to Saudi Arabia the capacity to attack the State of Israel.

Mr. President, my colleagues and I understand the importance of Saudi security to the United States, and we will support the administration as it seeks to stabilize this shaky region. We will support the administration as it tries to develop a so-called consensus of strategic concerns among friendly states in the Middle East. And we understand that Israel's security can also be strengthened when the United States strengthens such friendly states, and enlarges its own role in the region. But surely we have to ask what the administration has in mind when it proposes to provide this amendment to Saudi Arabia at a time when Saudi statements and policies seem to be drifting ever further from our own. Is this the way to build a consensus? Does this show Saudi Arabia that we are serious about our interests? Or, for that matter, about theirs?

If the Saudis would associate themselves with the quest for a consensus in the Middle East, if they associated themselves with Egypt's desire for peace, if they would associate themselves with Israel's legitimate right to exist, then we would move as we are doing with some confidence.

But they do not. In the name of all that is true and holy does the administration truly think it wise to make this show of support for a state at the very instant when it declares itself intent upon the destruction of our ally, the State of Israel?

Mr. President, this matter is not concluded. It is lamentable that this administration should have sought to give these weapons in return, as best we can tell, for nothing, not one thing, not even a protest by the Department of State at the incredible pronouncements at Taif, followed by the yet more incredible ones at New Delhi. The Secretary must make clear where the United States stands. This clarity will be the most important, the indispensable element of a successful policy.

If we have decided to abandon the Israelis in the name of oil or geopolitics or what, let us say so. But since we do not mean to abandon them, let us do nothing that suggests we will.

Let us not tell a power that has declared its intent to destroy the democratic State of Israel that we do not object. Above all, let us not give them the idea that we may give them the power to do so with American weapons.

I hope the administration, while it still has time, will recognize that there is not the support in this Chamber to persist in this course.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. MOYNIHAN. I am happy to yield.

Mr. PACKWOOD. Could the Senator yield on the Senator's time? I have about six more Senators who desire to speak.

Mr. TOWER. I will ask my questions on my own time.

Does the Senator from New York believe that selling this enhancement package will give the Saudis a military superiority over the State of Israel?

Mr. MOYNIHAN. No.

Mr. TOWER. Does the Senator from New York believe indeed that this enhancement package is not defensive when considering the fact that the threat may be launched from Iran?

Mr. MOYNIHAN. If there is one state that the Government of Saudi Arabia has declared its implacable enmity against, its intention to destroy, that State is Israel. Saudi Arabia has never said a word about Iran or Iraq or Kuwait. Let us remember what they say and do.

Saudi Arabia supports the Palestine Liberation Organization, a terrorist group, which carries out the foreign policy of the Soviet Union, and it has said one thing: It wishes to destroy the State of Israel, and we are giving it American arms which would help it try to do so.

Mr. TOWER. Does the Senator think the Saudis would commit suicide by launching an inferior system against the superior system of the Israelis?

Mr. MOYNIHAN. I do not know what I think about the Saudis or about how they intend to defend their own interests. What is one to say about a people who, in the aftermath of Camp David, an exposed monarchy on top of all that wealth, that fragile society, would declare a holy war against Israel and leave Egypt abandoned by the Islamic world? Saudi Arabia needs to see what its true interests are.

Mr. TOWER. Let me ask the Senator from New York just one more question: Does he believe the security of Israel would be enhanced if we do not sell either the F–15 to the Saudis or the enhancement package, and they turn instead to the French and they bought the French Mirage 4000; would that constitute a lesser security threat to Israel?

Mr. MOYNIHAN. I am familiar enough with that argument that we must do it or else the French will get the contract.

But something more important is at stake here. We have to show both Saudi Arabia and Israel that we know how to stand by an ally, the State of Israel. Nor is this my idea of how to stand by the State of Egypt. It is the Egyptians who took the risk for peace.

Mr. TOWER. Is not the central issue the security of Israel, so should we not consider all aspects of it?

Mr. MOYNIHAN. There is nothing more important, sir, to the security of Israel than the idea of its legitimacy as a state, of its right to exist.

The State of Saudi Arabia has repeatedly associated itself with claims that Israel has no right to its capital, has no right to Galilee, has no right to the Negev, and so forth. In this way, the State of Saudi Arabia makes it very difficult for us to defend them, and to promote our common interests as we would wish to do.

I have said my piece and I thank the Senator from Texas for his courtesy in asking me questions.

I thank the Chair.

Mr. PACKWOOD. Mr. President, I yield 3 minutes to the Senator from Michigan.

Mr. LEVIN. Mr. President, the proposed sale of offensive equipment for the F–15's for Saudi Arabia is wrong. It is bad public policy and it contains within it the seeds of tragedy.

While I believe we have an obligation to foster better relations between our country and Saudi Arabia, that relationship should be based on reality; based on the real needs of their nation and our Nation. And in that context, it becomes very apparent that the transfer of offensive equipment is neither in our interest nor theirs.

Some have pointed to the Soviet threat, as represented by their invasion of Afghanistan, and the instability of the region as evidence that the Saudis now need the offensive punch that this equipment provides. But, Mr. President, as one who has returned just 3 months ago from a tour of the region, I say that the threat the Saudis face—and they do face a threat—will not be deterred or countered by this equipment.

Just as we should examine our defense budget in light of the source and nature of the threat we face, so too ought we look at the threat facing the Saudis in order to determine what military needs we should be concerned with. I would suggest that a realistic assessment indicates that there are three distinct potential threats: Internal instability typified by Moslem fundamentalists of the kind that seized the mosque in Mecca; external commando-like raids against their oil fields.

Finally, the least likely one is an invasion from Iraq or Iran and even less likely by the Soviets.

In none of these three cases will the offensive equipment contemplated in the President's request be used as either a deterrent or a weapon.

Obviously, the enhancement package is not useful in countering internal instability. Nor would it be needed to deal with commando raids on the oil fields. And in terms of dealing with a potential invasion—from any source—the enhancement package has limited utility. Certainly, it will not deter the madmen in Iran. Iraq has already displayed a high disregard for sophisticated military calculations in determining its own combat strategy as their willingness to invade Iran demonstrates. And in terms of the Soviets, and any potential direct threat they pose, I have no reservations in concluding that the enhancement package adds only marginally to Saudi strength—and that marginal addition does not come even close to creating either a deterrent or a meaningful counterforce to the relatively overwhelming Soviet might.

No, Mr. President, realistically the only threat this sale responds to is not a threat against the Saudis but rather a threat by the Saudis. This sale is motivated by the fear that if we do not agree to it, then the Saudis will be more willing to use their oil weapon against us. But that calculation of Saudi willingness only adds up if one ignores a most meaningful factor in the equation of national intent. Our fear of independent Saudi action is based on what we know they might be able to do to us—it totally ignores what they know we might be able to do to them.

When I was in the Middle East, I spent sometime with President Sadat. He is a brilliant man and one of the points he made was that American policy was too often made in response to the power other nations hold and not in a recognition of the power we hold. He suggested, specifically, that the Saudis need us as much as we need them if they are to preserve their monarchy, their oil, and their way of life. He indicated that our policies had too often spoiled the Saudis, catered to them, instead of treating them as a sovereign nation which has entered into a reciprocal relationship with us.

Failure to approve this sale might have a slight impact on our relationship with Saudi Arabia, granted. But it will not be devastating.

It will, however, be devastating if we approve that sale in several specific ways. First, it will reduce American credibility. When the original sale was negotiated, we made a solemn promise that those

jets would not be equipped with offensive capabilities. As a candidate Mr. Reagan himself identified the credibility of American commitments as a key element in our foreign policy. In his speech to the B'nai B'rith he said that in terms of playing a role in reaching a peaceful resolution of the region's problems, the "most important" thing we could do was to "rebuild our lost reputation for trustworthiness." He illustrated that point by referring specifically to the jet sale issue. He said:

In 1976, Candidate Jimmy Carter said: "I am concerned with the way in which our country, as well as the Soviet Union, Britain and France have poured arms into certain Arab countries—five or six times more than Israel receives."

But it was Mr. Carter who agreed to sell 60 F–15 fighters to Saudi Arabia. To get the Congress to go along, he assured these aircraft would not have certain offensive capabilities. Now, the Secretary of Defense tells us he cannot say whether this commitment to Congress will be honored.

I agreed with his analysis then. And I agree with it now. We should keep the commitment the President made to the Congress and that the candidate made to the people during the election.

That concern for fidelity of commitment was what motivated over 60 Senators to sign a letter to President Carter, last July, urging him not to approve any sale of offensive equipment for the F–15's. Since our Government is ongoing, I would submit that the same arguments made then apply now—and I ask unanimous consent that the full text of the letter and a list of its signers be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., June 27, 1980.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: According to recent news reports, Saudi Arabia has asked to purchase from the United States additional military equipment related to the 1978 sale of 60 F–15's. It is our understanding that included in this request are such items as multiple-ejection racks, conformal fuel tanks, KC–135 aerial refueling tankers, AIM 9–L air-to-air missiles, and AWACS. We would like to remind you of assurances given by your Administration concerning such military equipment and to register our firm opposition to the Saudi request.

When the proposed F–15 sale was debated more than two years ago, major concerns were voiced in Congress as to the aircraft's potential offensive capability. In response to these concerns, officials of your Administration provided the Congress with a series of assurances and understandings that emphasized the defensive role and restricted the potential offensive threat posed by the F–15's. In particular, a letter from Secretary Brown on May 9, 1978, to Senator John Sparkman, then Chairman of the Senate Foreign Relations Committee, stipulated the following:

"The F–15 we plan to sell to Saudi Arabia will have the same configurations as the interceptor model approved for the United States Air Force."

"The plane requested by Saudi Arabia will not be equipped with the special features that could give it additional range. Specifically, the planes will not have conformal fuel tanks ("fast packs"), i.e., auxiliary fuel tanks that conform to the body of the plane, and Saudi Arabian KC–130 tankers do not have equipment for air refueling of the F–15."

"Saudi Arabia has not requested that the plane be outfitted with multiple ejection racks (MER 200) which would allow the plane to carry a substantial bomb load. The United States will not furnish such MER's."

"Saudi Araba has not requested, nor do we intend to sell any other systems or armaments that could increase the range or enhance the ground attack capability of the F–15."

In addition, in testimony before the House Foreign Affairs Committee on May 9, 1980, Secretary of Defense Brown was asked whether the United States was planning to provide the Saudis with an aerial refueling capacity for the F–15's. In response, Secretary Brown said: "The F–15 does have a receptacle, but the Saudis don't have an aerial refueling capability with a probe, so they will not be able to refuel the F–15."

Moreover, a separate letter was sent on February 16, 1978, from Assistant Secretary Bennett to Congressman Lee Hamilton in which the following statements were made concerning the AIM 9–L and AWACS:

"The Saudi Air Force is not scheduled to get the AIM 9–L all-aspect sidewinder missile which will be carried on the United States Air Force F–15's."

"An F–15 sale will not lead to the sale of E2C or E3A (AWACS). The F–15 has an excellent radar. Were the Saudis to purchase an aircraft with less effective radar than the F–15, they would be more than likely to seek an airborne radar system."

We feel that the sale of additional military equipment which would increase the range or otherwise enhance the offensive capability of the F–15's sold to Saudi Arabia would not be consistent with the above assurances and understandings given to the United States Congress. Therefore, we urge you to reject any such requests by Saudi Arabia for the sale of the additional weapons and equipment as reported in the press.

Sincerely,

Signed by Senators: Armstrong, Baker, Baucus, Bayh, Bellmon, Biden, Boren, Boschwitz, Bradley, Bumpers, Chafee, Chiles, Church, Cohen, Cranston, Culver, Danforth, DeConcini, Durenberger, Durkin.

Eagleton, Ford, Hart, Hatch, Heflin, Heinz, Huddleston, Humphrey, Inouye, Jackson, Javits, Jepsen, Kassebaum, Kennedy, Laxalt, Leahy, Levin, Lugar, McGovern, Magnuson.

Moynihan, Mathias, Matsunaga, Metzenbaum, Mitchell, Morgan, Nelson, Packwood, Pell, Pressler, Proxmire, Pryor, Riegle, Roth, Sarbanes, Sasser, Schweiker, Simpson, Stevens, Stewart, Stone, Tsongas, Warner, Weicker, Williams, Zorinsky.

Mr. LEVIN. But, Mr. President, while a part of my opposition to this sale is based on my concern for our commitment, a larger part is based on the fact that the rationale for that commitment still remains. The offensive equipment, as I have suggested, does the Saudis little good. And, as I am about to suggest, it will do the region a great deal of harm.

The effect of the sale on the region is twofold. First, it directly increases the threat to Israel with all that portends. The Saudis may have become our allies and our friends, but they still remain an implacable adversary of Israel. There has been no moderation—even as negotiations for this sale were ongoing—in the Saudi support of and calls for a jihad or holy war against Israel. Their backing for the PLO has not diminished. Their behavior in the United Nations has not moderated. Giving such a country the offensive capability to strike directly against Israel is an act of pure folly.

And, to a certain extent, I believe that folly is implicitly recognized in the administration's arms sale plan. Not only do we give the Saudis the capacity to strike against Israel but we also then promise to provide the Israelis the means to defend, at least theoretically, against that strike.

Mr. President, this absurdity simply guarantees that the kind of destructive arms race we all want to avoid will take yet another turn around the track and bring all of us a few steps closer to the finish line we all seek to avoid.

Let me then summarize my arguments. First, providing the Saudis with this offensive equipment will not make them any more secure. Second, we do not need to provide them with the equipment in order to feel secure ourselves in terms of any oil threat—that security comes from a mutual need and interdependence which is quite separate from the offensive hardware we propose to sell. Third, the sale is inconsistent with the promises made to the Congress and to the world when the original F–15's were sold to the Saudis. And, finally, this sale simply serves to increase the arms race and bring us closer to the kind of miscalculation we can neither afford or encourage.

This sale, then, Mr. President, is wrong. It is built on false assumptions of need, rooted in misunderstandings of power, flawed by its break with past promises, and tainted by its support for an expensive and destabilizing arms race.

Mr. PACKWOOD. Mr. President, I yield 7 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota has been yielded 7 minutes.

Mr. BOSCHWITZ. Mr. President, I also rise to speak in opposition to the enhancement package that is being suggested for the Saudis.

The enhancement package has been spoken of as a litmus test when it was presented to us in the Foreign Relations Committee. As my part of this colloquy this morning, I would like to list some of the other litmus tests or some of the other equipment that we have sold to Saudi Arabia in just 2 years. I am not sure I can get through the entire list for the 2 years. But the litmus test is often applied and the litmus test has often been satisfied; that we are indeed friends of the Saudis, that we should, indeed, continue to be friends of the Saudis, and that the Saudis have an important and significant role in the free world.

Mr. President, let me read some of the items that we sold the Saudis in 1978. Of course, there was the sale of 60 F–15 Eagles. At the time of the original purchase of the F–15's, there was a letter from Secretary Brown, which I am sure others in this colloquy have mentioned, specifically excluding the type of equip-

ment that we are speaking about today as the enhancement package. In 1978 there were also 14 F–5E jet fighter planes. There were 4 KC–130 tanker aircraft; 240 AIM–7F Sparrow air-to-air missiles; 240 AIM–9J air-to-air missiles; four hundred 43 Redeye antiaircraft missiles; 400 23–B Hawk ground-to-air missiles; 28 advanced missiles and other aircraft—some of them, Mr. President, coming from Britain. The sales include a large number of armored vehicles and tanks, some of which came from France and Italy, as well as the United States.

That is the essential list of weapons that were purchased by Saudi Arabia in 1978. Indeed, it is a very impressive list.

So is the overall list of military goods and services purchased by the Saudis. It totals $18.2 billion from the United States since the end of 1973. In addition, the Saudis purchased another approximately $8 billion worth of military items from other nations in the world.

The list of U.S. purchases includes 110 F–15 jet fighter bombers. Since 1979, a list of armaments sold by the United States to Saudi Arabia for these planes includes: 3,000 laser-guided air-to-ground bombs; 1,000 Maverick air-to-ground missile "smart bombs"; and 2,000 more Sidewinder air-to-air missiles. The Senator from Texas is not present in the Chamber. He knows the names and numbers better than I.

The sales list also includes antiaircraft weapons, from France, Sweden, and the United States; 136 antiaircraft cannons; 400 more Hawk antiaircraft missiles; 400 more MM–43A Red Eye antiaircraft missiles; 117 Harpoon multipurpose naval missiles; and 150 M–60A1 tanks.

So, Mr. President, the list of military equipment sold by our country on a perhaps litmus-test basis, as this sale is now being heralded, is indeed long.

We have been friends with Saudi Arabia. We should continue to be friends of this important nation. But to sell an enhancement package of equipment, some of which is not yet deployed even on our own aircraft does not lend itself to the stability, to the continuance of peace in the Middle East. It only heightens the arms race and brings an element, indeed, of instability to the Middle East. So I will oppose the sales. Thank you, Mr. President.

Mr. PACKWOOD. Mr. President, I yield 3 minutes to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington has been yielded 3 minutes.

Mr. GORTON. Mr. President, in all that has been said about helping Israel to maintain a balance in its defenses, I have seen little or nothing about the problem created for that country when it is placed by our actions in the position of having to increase its economic commitment to national security functions. Israel is constantly fighting a losing battle against the ravages of inflation. Its current inflation rate is 133 percent. Almost everything in the national economy, wages, prices, and so forth, is indexed to this disastrous rate.

The administration proposes to offer $600 million in increased credits for fiscal year 1983 and fiscal year 1984 at a 12- to 13-percent rate of interest. The service on this additional debt will run to $1,436,000,000 in 10 years. As some Israelis have said, this is like offering a junkie another shot of heroin.

While we add to the armaments of Saudi Arabia, questionable from the standpoint of its defense needs and from our strategic needs as I believe that to be, we run the very real danger of adding the finishing touches to the destruction of the Israeli economy. What country can continue to stand the strain of such a firestorm of inflation and what kind of a favor are we offering to Israel to make this contribution to that inflation.

Does it not make more sense for the administration and the Congress to reconsider these sales to Saudi Arabia, until better assurances are received that they will actually result in a stronger and more open support for our peace efforts, a reduction of interregional tensions and that they will not adversely affect the military security and economic strength of other friendly nations within the region which are essential to the area's overall security?

We know that Israel's consumer price index ran at the rate of 133 percent last year. We know that its inflation rate has been running at from 7 to 9 percent per month. How can we add to that burden until we know that the Saudis' need for additional military materiel has a genuine basis in defense needs.

In the final analysis, the security of Saudi Arabia depends on the United States and the security of the region as a whole will be aided most by a reduction of tensions and upon peaceful relations between states in that region.

I am not yet persuaded that the security of Saudi Arabia's oil installations will be increased by the addition of F–15 fighters with sophisticated equipment to the mountain of armament that we, France, Italy, Britain, and Sweden have already delivered to Saudi Arabia in the last 3 years. In addition, Saudi Arabia is hiring Pakistani mercenaries to add to its security. Now we propose to add accessories to the F–15 which changed it from a defensive to an offensive weapon.

What quid pro quo do we receive? Another increase in the price of oil? Or will we get a sincere diminution in calls for a holy war against what Crown Prince Fahd, in his speech before the Islamic Summit Conference at Taif, on January 26, called a "racist entity" and demanded an "Arab Jerusalem" as its "eternal capital."

Mr. TOWER. Will the Senator yield for a question?

Mr. GORTON. Yes.

Mr. TOWER. Mr. President, are not the Saudi oil prices actually below the OPEC price and have they not increased their oil production substantially beyond what is economically practical and feasible for them in an effort to make up for the oil deficits as a result of the Iraq-Iran war?

Mr. GORTON. Mr. President, I do not believe that for one moment. The price of oil is set by Saudi Arabia. The amount of oil which it produces at any given time is based entirely——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PACKWOOD. Mr. President, I ask unanimous consent for an additional 15 minutes to be allocated to me under the special orders.

The PRESIDING OFFICER. Is there objection?

Mr. TOWER. Mr. President, will the Senator amend that request to give me an additional 15 minutes under my control?

Mr. PACKWOOD. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORTON. Mr. President, do I have the floor?

Mr. PACKWOOD. Yes.

Mr. GORTON. Mr. President, my answer to the question is that it is my view that the price of oil set by Saudi Arabia and the production levels set by Saudi Arabia are set purely by that country in its own interest. That is because it is the largest such producer and has constantly been in the forefront of seeing to it that prices are increased.

Mr. TOWER. Will the Senator yield for a question?

Mr. GORTON. I yield.

Mr. TOWER. If that level is in their own interest, why is it there is so much internal criticism in Saudi Arabia for their having raised that production far beyond their economic requirements, and why is it that they cannot recycle the petrodollars that they are earning as a result of that increased production? Is the Senator not aware that the Saudi price is $4 below the OPEC price?

Mr. GORTON. The Saudi price may well be below the OPEC price and the price set by other smaller producers, but those prices, in turn, are based upon what the Saudis themselves want to do. Whenever the Saudis believe it to be in their own interest to cut production, they cut production. When they believe it to be in their own interest to increase production, they increase production.

To continue with my statement:

Will we, by making this sale of F–15's to Saudi Arabia, receive support for the peace making efforts on which we have spent so much effort, time, and money?

I am aware of the tensions and the turmoil in what Prince Fahd calls "the Islamic Nation." But is it too much to expect that they can reduce the shrillness of their rhetoric; reduce the vast contribution they continue to make to the Palestine Liberation Organization, or privately exert effective efforts to turn the PLO from the path of international terrorism to one of peaceful negotiation?

The path of statesmanship is open to the leaders of Saudi Arabia. All they have to do is to grasp the nettle and exert courage in the face of opposition that, all too often in the recent and distant past, has refused to face reality and to act wisely. They must realize that leaders may not run ahead of the mob and still proclaim themselves leaders. Is it too much to ask that they use their influence to moderate the position of the PLO, with respect to that organization's stand on the status of Israel

as an independent entity and with respect to the provisions of U.N. Resolution 242?

Until that kind of leadership is shown, why should we encourage present trends by making concessions without return?

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Oregon.

Mr. PACKWOOD. Mr. President, I yield 3 minutes to the Senator from Arizona.

Mr. DECONCINI. Mr. President, it is my firm belief that the administration's decision to sell to Saudi Arabia equipment to upgrade what is already the most sophisticated fighter-bomber in the world, the F–15, may ultimately prove detrimental not only to the security of Israel, but to the general stability of the Middle East.

This is most certainly not a partisan issue. I urged the Carter administration to reject the Saudis' request for sale of this equipment in July of last year—indeed in 1978 I vigorously opposed the sale to Saudi Arabia of the F–15's, themselves. The upgrading of the Saudis' 60 F–15's is an all too tempting way to try to encourage the Saudis to promote American strategic interests in the Persian Gulf and American economic interests in the international oil market. The psychology of the sale seems to be that we are not selling them a new weapons system, only upgrading a system that they already have. Unfortunately, given that the Saudis are shrewd capitalists and that they have their own perceptions of the strategic makeup of the Persian Gulf, it is likely that the upgrading of the F–15 will—at best—have a short term effect on the Saudis' attitude toward the United States.

Moreover, in the long run the sale significantly enhances Saudi military capability and is the impetus for another round of the arms race in the Middle East. The equipping of the most sophisticated fighter-bomber in the world with extra fuel tanks, advanced radar, and AIM 9L air-to-air missiles makes the F–15 a lethal threat 1,000 miles from its takeoff point—that is, anywhere in the Middle East. The scenarios for use of these planes by the Saudis are not reassuring.

Assuming that the current Saudi Government remains in power and assuming that it continues to try to maintain a mutually advantageous relationship with the United States—and of course we know from the example of Iran how tenuous these assumptions are—the Saudis could use the upgraded F–15's to respond to an external attack. But given the size of Saudi Arabia and the strength of its potential aggressors, the F–15's—upgraded or not—will not enable Saudi Arabia to defend itself successfully.

Given the inadequacy of the F–15's in serving as a credible deterrent for the Saudis, we must look at the offensive purposes to which the F–15's could be employed. One possibility is that the Saudis might want to use the upgraded F–15's to settle old scores in the Persian Gulf. Certainly such a scenario does not fit in the U.S. search for stability in the Middle East. Another possibility is that they could be used against Israel. I challenge the administration or anyone in this body who supports this sale to say that he or she guarantees that in the case of a change in power in Saudi Arabia or in the case of another Arab-Israeli war or even in the case that another Arab-Israeli war was perceived to be imminent, that the Saudis could resist the temptation to use their American supplied and upgraded F–15's against Israel or to transfer its planes to another Arab nation for this purpose.

Mr. TOWER. Will the Senator yield for a question? What other old scores might they be likely to settle?

Mr. PACKWOOD. Does the Senator yield on the time of the Senator from Texas?

Mr. DECONCINI. I am glad to yield to the Senator on his time.

Mr. TOWER. What old scores would they like to settle?

Mr. DECONCINI. I think there are many old scores in the history of the Saudis and the Persian Gulf. I think the Senator from Texas is aware of the volatileness in that area, of the disruption which has been fomented in that area by Iraq, by Iran, and the Saudis have had to choose sides time and time again. I think that is quite clear, at least to this Senator.

Mr. TOWER. Is the Senator suggesting that they might be used offensively against Iraq?

Mr. DECONCINI. That Senator is suggesting that I do not know where they might be used. The Senator is suggesting that to provide a lethal weapon that has a penetration of 1,000 miles when there has been a commitment by the last administration that this would not be done, is not in the best interests of the United States, or Saudi Arabia.

Mr. TOWER. Has anything changed in the Middle East since 1978? Have there been no changes there, in the political situation, perhaps?

Mr. DECONCINI. Have there been any changes? Of course there have been some changes. I think the Senator from Texas is very aware of that, and I think the Senator from Texas is trying to indicate that because of some changes in Iran and Iraq this would justify a change in this country's firm commitment not to supply.

To conclude my remarks:

That the United States is stimulating the arms race in the Middle East by making this sale is tacitly recognized by the administration. To offset the upgrading of the Saudi F–15's it is my understanding that the Reagan administration plans to offer Israel 15 additional F–15's at preferential financial terms as well as other concessions as a quid pro quo for the Saudi sale. Despite the preferential pricing, this quid combined with the cost of an additional early warning system and whatever other equipment that the Israelis may perceive to be necessary to counterbalance the enhanced Saudi threat will place another burden on the already highly strained Israeli economy. And, of course, there are no guarantees that the Saudis will not come back to us asking for other types of arms.

Mr. President, I believe that this situation is a case in which we should leave well enough alone. Although it is fraught with dangers, there is peace in the Middle East. I encourage my fellow Senators to recall the written guarantee which the Carter administration gave this body when it approved the sale of the F–15's to Saudi Arabia. At that time the Carter administration pledged that no additional equipment which could "increase the range and enhance the ground attack capability of the F–15's" would be supplied to Saudi Arabia. The Saudis accepted this limitation as a condition of the sale, and I do not believe that the Senate would have approved the sale without this assurance. I urge my colleagues to return this administration to the provisions of this pledge by opposing this sale.

I ask unanimous consent at this time, Mr. President, to have printed at this point in the RECORD a letter I wrote to President Reagan on this issue.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, D.C., March 18, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Your decision to sell AIM–9L air-to-air missiles and Fuel and Sensor Tactical (FAST) packs for installation on the 62 F–15s purchased by Saudi Arabia in 1978 may ultimately prove detrimental not only to Israeli security interests but to the general stability of the Middle East.

The F–15 is already the most sophisticated fighter-bomber in the world. The addition of these items will substantially increase the offensive capability of these aircraft. No reasonable analysis of the potential threats facing Saudi Arabia yields the conclusion that such an offensive F–15 capability is justified. Indeed, it would seem that the Saudi's true purpose is to have the capability of threatening Israel.

It is my sincere hope, Mr. President, that you will reconsider this decision in light of its potentially destablizing effects. I am confident that the United States can demonstrate its special relationship and friendship with Saudi Arabia in a host of other ways that do not impinge so directly on the interests of America's most enduring ally.

Sincerely,

DENNIS DECONCINI,
U.S. Senator.

The PRESIDING OFFICER. The time of the Senator from Arizona has expired.

Mr. PACKWOOD. Mr. President, I yield 3 minutes to the Senator from Maryland.

The PRESIDING OFFICER (Mr. KASTEN). The Senator from Maryland.

Mr. MATHIAS. Mr. President, in 1978 when the plane package deal for Egypt, Israel, and Saudi Arabia was approved, Secretary of Defense Brown testified,

Saudi Arabia has not requested, nor do we intend to sell, any other systems or armaments that could increase the range or enhance the round attack capability of the F–15.

The plane package deal was accepted because of those assurances. I repeat the word "package" because it has been said that this administration does not consider that it is a package. But as we considered it, as we approved it, it was a package.

In the last year of the Carter administration, I sensed a move to renege on

that commitment. Now the Reagan administration confirms a decision, citing changed circumstances in the region to justify selling some, though not all, of what the Saudis have requested. There is no doubt that circumstances in the region have changed. Iran is no longer under the Shah. It is in chaos. It is also at war with Iraq. The Soviet Union occupies Afghanistan and is probing vigorously elsewhere in the region.

But the package in 1978 included specific commitments.

I reminded President Carter of this last year and made the same point to the Reagan administration officials. If any changes are to be made in the commitments, they must be made with the agreement of all the parties concerned, the whole package—the Congress, the executive branch, the Israelis, the Egyptians, and the Saudis.

For all parties to agree, then Israel's defense against an enhanced Saudi threat must be strengthened. As far as I can judge, only the most preliminary sort of an administration effort in that direction has thus far revealed itself.

I yield back the remainder of my time.

Mr. PACKWOOD. I yield 3 minutes to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas.

ENHANCING THE SAUDI F–15'S: DOES IT GET ANYONE ANYWHERE?

Mr. DOLE. Mr. President, the Senator from Kansas has serious concerns about the plan to sell enhanced offensive equipment to Saudi Arabia. In the past, I opposed the sale of these F–15's to our major foreign oil supplier. But, we must keep in mind that Saudi Arabia is the world's major oil supplier and the United States has a need to enhance our geopolitical interests and security in the Middle East. What we must ask is whether enhancing the firepower and range of the 62 F–15's purchased by the Saudis in 1978—over strong congressional opposition—will significantly contribute to either American or Saudi security.

Congress originally agreed to the sale on the condition that such offensive upgrade equipment not be included in the transfer. That point has just been made by the Senator from Maryland. We do realize there are threats to Saudi Arabia and its crucial oil fields that, if carried out, the United States would view with extreme alarm, and U.S. intervention then would be a likely possibility. Under such conditions, how does the enhanced capability of the F–15's add to Saudi internal security? On the other hand it is very evident that the new firepower and range of the F–15's makes a noticeable and significant difference toward our longtime ally, Israel.

Since World War II, Saudi forces have fought against the State of Israel three times. Each time, these forces were part of a coordinated, pan-Arab attack. In the future, facing a circle of well-supplied, oil-financed enemies, an Israel strained to the utmost to provide for its national defense would be forced to consider the likelihood of pinpoint strikes by heavily armed, long-range Saudi F–15's. Without an Israeli preemptive strike to eliminate this threat, Israel's now crucial air superiority would be in jeopardy. At the same time, Saudi awareness of a preemptive attack on its soil would encourage its inclination to join in joint Arab aggression.

WHERE DOES IT GET US?

It seems to the Senator from Kansas that unless the United State is willing to abandon its long and faithful ally, Israel, selling this equipment creates new problems for the United States without any new, obvious benefits. It does little to make a real increase in Saudi security, while contributing to Israeli insecurity and vulnerability, and endangers the instability of the region.

If the F–15 sale is intended to "buy" some kind of good will or influence in Riyadh, then the United States must provide a countercapability to Israel so that at least the F–15's do not pose an increased hazard to our allies. Perhaps some kind of sense can be made from supplying both sides in an escalating arms race if we could point to real gains or concessions that will result from the transaction. There are many conflicting and competing goals in the conduct of American foreign policy, where our chief concern must be the reality of Soviet imperialism. Nevertheless, what are the prospects of any gains to America or the West by making this addition to the Saudi arsenal?

THE STRATEGIC PETROLEUM RESERVE

For a long time, this Senator has advocated that our national security and our energy policy needs would be best served by the filling of the strategic petroleum reserve as soon as possible. Such a reserve would diminish the threat of an OPEC oil embargo. Saudi Arabia has taken the lead in threatening the United States with reduced production of daily oil supplies if Washington attempts to fill the reserve. Without a specific quid pro quo on this sensitive, political, and economic issue, is there yet any indication that Saudi policy will be any less threatening to U.S. interests if we follow through on our plan on SPRO?

THE CAMP DAVID PEACE

The greatest threat to Mideast stability is the failure of any of Israel's enemies to join Egypt in the peace talks and the settlement of the West Bank issues. The United States is heavily committed to this peace progress. Saudi Arabia has failed to indulge in anything that could be construed as constructive to the goal of peace. It continues to be the major banker for the terrorist PLO groups. Only last month, Saudi leaders again were calling for a jihad, or holy war, against Israel. Is there any prospect that the sale of this weaponry to the Riyadh regime will lead to Saudi participation in the peace negotiations? Will the Saudis reconsider their financial support of the PLO?

In our attempts to face the Soviet challenge in the Mideast and the threat to Persian Gulf oil supplies, the United States has engaged in a naval buildup and the creation of a Rapid Deployment Force. The option of basing forward units, forward supplies, and even American forces in the western Indian Ocean littoral has been suggested as one possibility. The Saudis have consistently opposed American base arrangements in the Arabian Peninsula. If the F–15 enhancement sale goes through, is there any prospect that this attitude will change?

I say that a number of us who certainly want to support this administration are going to have to have some indication, somebody to give us some assurance on behalf of the Saudis that there will be certain—maybe "concessions" is not the right word, but certain considerations by Saudi Arabia.

SAUDI GOODWILL MEANS WHAT?

Mr. President, this sale clearly raises some key policy questions that the administration should address. In light of the problems the sale seems to raise, and the failure of Saudi Arabia to support key U.S. policies, we need to take another look at whether or not there is a real need for offensive weapons like these. There may be substantial policy and geostrategic interests that will be served by the proposed sale. If so, these need to be articulated in the context of thc questions the Senator from Kansas and others here today have brought forward.

It just seems to me that we all have a great deal of difficulty endorsing a transaction that might contribute to Israeli insecurity and damage Mideast peace and stability, if the only purpose is to acquire Saudi goodwill—when no suggestion is made that there is a good chance Saudi policies will soon change. There are plenty or areas open to the Saudis to demonstrate in deeds what their good will toward the United States is claimed to mean, if they are serious about cooperation with American policies.

Whether it is the Camp David peace accord or SPRO or whatever, it seems to this Senator that the Saudis have at least not publicly indicated any great desire to be helpful.

As I suggested in my statement, having opposed the F–15 sale in the first instance, I am not in any great rush to support enhancement unless some questions are answered that I think have been raised properly by many who have spoken here this morning, to the satisfaction of the majority of the Members of this body.

Mr. PACKWOOD. Mr. President, I yield 3 minutes to the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, the administration's decision to sell offensive weapons and equipment to Saudi Arabia is a most unfortunate one—for Israel, for peace and stability in the Middle East, and ultimately for us. I opposed the Carter administration's 1978 decision to sell F–15 aircraft to Saudi Arabia, and I think, as others have mentioned, we all recall the finding commitments that were made at that time that the aircraft would not be equipped with these advanced offensive systems through later sales. The current proposed sale violates those commitments, which were, admittedly made by another administration.

I think it is fair to say, however, that many Senators supported the aircraft sale in 1978 on the assumption that this other advanced equipment would not be

attached. I expect, therefore, that many more Senators will join the opposition to this current proposal which so clearly increases the level of threat existing against Israel.

I believe other Senators have made clear why this equipment is particularly dangerous for Israel—both because of its characteristics of extending the aircraft's range and its advanced missile technology; and because of the absence of any clear threat to Saudi Arabia other than the one they perceive from Israel. In the past 32 years Saudi forces have engaged in armed conflict four times—three of them against Israel. It is folly to believe the weapons we are selling would not be used for the same purpose again, should the opportunity arise.

Rather than these immediate tactical questions, however, I would like to comment briefly on some of the broader policy issues this proposed sale raises.

First, and foremost, is our relationship with Israel, our steadfast ally in a troubled part of the world for 33 years. President Reagan himself during the campaign recognized the strategic value of Israel as a firm friend and ally and potential stabilizing force in a region characterized by constant changes of government and swerves in policy.

Our continued economic, political, and military support is essential if Israel is to play this role. And the fundamental foundation of our policy has been and must continue to be full and strong support for Israel so it will feel free and confident to negotiate a peaceful settlement directly with its Arab neighbors—a settlement negotiated from strength rather than weakness, a settlement leading to peace not continued turmoil.

It is ironic if this is our policy and our objective that we are doing the very thing designed to make Israel less secure, less confident and therefore less willing to negotiate. We are arming an adversary of Israel with the most modern of weapons, and thereby are forcing Israel to stay in step by obtaining more equipment from us, at great cost to an already strained economy. In doing so we are making Israel more dependent on us—economically and militarily—which has a profoundly disturbing similarity to the Carter policy of trying to buy peace by giving aid and weapons to all sides. This is a dangerous policy in my view, not only because it increases dependence and further strains an already hard-pressed economy, but because it inevitably increases the likelihood of violence and the scale and scope of that violence when it comes.

Not the least of the problems of this policy is the economic burden it places on the Israelis by forcing another round in the Mideast arms race. In the past we have congratulated ourselves on our generosity in "allowing" Israel to buy weapons from us on lenient credit terms. From the Israeli point of view, however, allowing someone to go even deeper in debt is hardly a favor, particularly when it was our action that necessitated the borrowing in the beginning. Clearly if this proposed sale is allowed to go through, then additional weapons systems must be made available to Israel on a grant basis so as not to disadvantage them even further than we have already done.

Second, this sale has serious implications for our relations with Saudi Arabia. It has been said by some that this sale must go through because the Saudis regard it as a test of our relationship. In fact, that is true, but not in the way they mean it. The real test is one of whether our bilateral relations are going to be truly based on reciprocity rather than a series of threats and bluffs.

Much has been made of Saudi Arabia's moderate position, based largely, in my view, on the Government's conservative nature and its professed distaste for communism. In short, our approach has been, anybody who does not like the Russians must be OK. In fact, Saudi policies in many respects have been inimical to our interests and to the interests of peace. It has consistently been one of the major financial backers of the PLO and other terrorist groups. It has broken diplomatic relations with Egypt and withheld economic support because of the Camp David agreements—one of the few diplomatic successes of the Carter administration. It refuses to join the peace negotiations. It has regularly rejected American proposals for a base on the Arabian Peninsula. And finally it bears a major share of responsibility for OPEC pricing policies that have created devastating economic pressures in both the Western developed nations and the lesser developed world.

These facts are particularly disturbing in light of the current tendency to regard this sale as something we owe the Saudis for past favors. In fact, if they have done anything for us at all, it has been to shoot us in the leg rather than the neck. It may be a little less painful but the wound can be serious nonetheless.

I would suggest, as an alternative, that it is past time for our bilateral relations with Saudi Arabia to reflect true reciprocity, and this sale ought to have been approved only after receiving appropriate quid pro quos to insure a more benign or constructive attitude on the part of the Saudis.

Finally, this proposed sale has broad implications for our longer term strategy to bring peace to the Middle East. The most significant effect of this sale is likely to be the beginning of a new round in a Mideast arms race. The F–15's, a serious threat in themselves, nonetheless had limited utility against Israel when based away from the northern border and when lacking the equipment we are now about to provide. Now these weapons systems become a threat that will have to be countered, particularly in light of the recurring questions about the long-term stability of the Saudi monarchy. This is a region noted for its political volatility, and regardless of how responsible and restrained one may consider the Saudi Government, Israel and the United States must always be prepared for the very real possibility that next week it will be gone and a different one will be in its place with different attitudes and policies, but the same military equipment.

Preparing for these contingencies is expensive and distracting. It will cost an already weakened Israeli economy millions of dollars to strengthen its defenses, and a U.S. offer of more loans is not much help. And it will distract both governments from the real issue, which is how to make peace rather than war.

This is also a problem for the Reagan administration—how to restore momentum to the peace process. Recognizing that any significant developments will probably not occur until after the upcoming Israeli elections, the new administration here has an opportunity to do some thorough advance thinking and planning outside a crisis atmosphere. The proposed sale does not suggest it has done so, for it is hard to see how the negotiating process can usefully be served by supplying advanced weapons to the Saudis and thereby decreasing their incentive to participate in the peace process. It is fundamental human nature to expect people to seek compromise when the benefits of doing so outweigh the benefits of noncooperation. So long as we effectively reward the Saudis for their intransigence, we should expect no cooperation from them.

Nor should we expect them to be very helpful in stabilizing the region and deterring Communist advances. They are already providing major financial support to the most destabilizing of forces—the PLO—and are unwilling to accord us a physical presence in the region. This attitude is a vivid reminder that we have only one firm ally in the Mideast—Israel—and that our policies would be best devoted to strengthening it rather than challenging it.

I had hoped, Mr. President, that the change in administrations would bring to an end 4 years of weakness and inconsistency in foreign policy which have cost us heavily. Thus far, President Reagan has shown every sign of being a strong and effective leader with a clear vision and a willingness to act in pursuit of it. Not everyone here shares that vision in its totality. I have my own areas of disagreement. But it particularly pains me to see a decision such as this one which does not meet any of the President's own objectives. It does not stabilize the region. It does not strengthen Israel. And it is unlikely to have any long-term favorable impact on Saudi oil policy. In short, it brings us—and the Middle East—little but trouble. Although its ill effects on Israel could be ameliorated through greater provision of grant military assistance, its longer-term impact on our relations with Israel and Saudi Arabia and the harm it does to the peace process will be much more difficult to repair. The President would do well to reconsider this unfortunate decision.

Let me repeat two very brief points, Mr. President. It seems to me that what we are doing, whether we like it or not—and many of us do not—is arming an adversary of Israel with the most modern of weapons and that, in turn, is going to force the Israelis to stay in step by obtaining more equipment and that equipment will come from us, and it is going to come from us, if we sell it on

our normal terms, at great cost to an already strained Israeli economy.

The other things we are doing, as a result of this sale and driving Israel toward us for more arms, is making Israel still more dependent on us—economically and and militarily. That, particularly where selling arms first to the Saudis and then arms to the Israelis, has a distinctly familiar—disturbingly so—sound to it. It sounds like the old Carter administration policy of trying to buy peace by selling arms to both sides. I do not think, Mr. President, that that is really the solution.

I am also concerned that this sale has very broad, longer range implications for our policy to bring peace in the Middle East. Apart from the serious threat of the F–15's themselves, I think we have to recognize that there are recurring questions about the stability of the Saudi monarchy.

This is a region noted for its political volatility and, regardless of how responsible and restrained one may consider the Saudi Government, Israel and the United States must always be prepared for the very real possibility that, next week, the Saudi Government will be gone and a different one will be in its place, with different attitudes and policies, but the same military equipment.

In sum, Mr. President, we are talking about some contingencies the preparation for which is expensive and distracting. I hope that we might focus, Mr. President, not so much on how to make war but on how to make peace.

The PRESIDING OFFICER. The 3 minutes yielded to the Senator from Pennsylvania have expired.

The Senator from Oregon.

Mr. PACKWOOD. Mr. President, I yield 3 minutes to the Senator from New York.

Mr. D'AMATO. Thank you, Mr. President.

The PRESIDING OFFICER. The Senator may proceed.

Mr. D'AMATO. Mr. President, I take this opportunity to ask my colleagues to consider whether or not an arms sale to Saudi Arabia really serves our national interest.

The relationship between the United States and Saudi Arabia during the past several years has not been a pleasant one.

The American people have felt the Saudi Arabian effect on energy costs, inflation, and our entire economy. Now, after the "squeeze" that they have placed on our economy, we are being asked to part with some of the most advanced weaponry that our Nation has. Let us seriously ask ourselves, "Are the Saudis such good friends that we want to arm them with our most sophisticated weapons for, as they say, protection? Will these weapons be used solely for protection?

The arms that are being discussed for possible sale can best be described as "top of the line" items: Airborne warning and control systems, which are more than mere early warning systems with their capacity to direct and control interceptor action; fast pack fuel tanks to enable the range of the F–15 to be doubled so that more weapons can be carried longer distances; and the Sidewinder AIM 9L air-to-air missile, which is capable of head-on attack and, when combined with the AWACS, is an awesome interceptor. These arms present a real challenge to whoever holds air superiority in the region in which they are deployed. In this case, it's Israel

Let us ask ourselves again if we really want to sell these arms to the Saudis, keeping in mind that they have not been helpful in working toward a mid-East peace. Saudi Arabia is opposed to the Egypt-Israel peace and has supported the terrorist PLO with hundreds of millions of dollars. They not only have threatened our allies in Oman, but they have called for an outright "holy war" against Israel. Are these the people we want to share our most sophisticated weaponry with?

The situation in the Middle East is pivotal, to say the least. Let us consider whether this arms sale to the Saudis might tip the Middle East balance and ingnite a waiting timber box.

The internal situation in Saudi Arabia does not lend itself to stability when we consider their constant internal squabbles over royal family succession, the seizure of the Grand Mosque in Mecca, and the human rights violations of the Shiites.

Mr. President, allow me to indicate that Israel is a strong ally of the United States; an ally capable of defending herself; an ally who has provided us valuable intelligence information through the capture of Soviet Mig's, tanks, and missiles. In a possible Soviet-United States confrontation, Israel can be counted on to stand on our side. She is a strong ally who should not be compromised by the proposed sale of these weapons to Saudi Arabia, which would effectively strip Israel of her air superiority in the region. This is no way to treat a strong ally.

We must also consider the security of our military technology. The airborne warning and control systems are certain to attract Soviet attempts to compromise the Saudis either through espionage, crew defection, or radical takeover. We must consider the possibility that our technology might fall into unfriendly hands.

If this proposed sale of weapons reaches the floor of this body, I urge all of us to consider its impact on the delicate balance that exists in the Middle East and its impact on a good and loyal ally of this Nation, Israel. The proposed sale is not in our best interests and will only fuel the tension that already exists in the Middle East. These facts I respectfully ask my colleagues to consider.

In short, this sale does nothing to advance the cause for political or military stability in the Middle East.

The PRESIDING OFFICER. The 3 minutes for the Senator from New York have expired.

The Senator from Oregon.

Mr. PACKWOOD. Mr. President, I yield 3 minutes to the Senator from Pennsylvania.

Mr. SPECTER. Mr. President, while there is yet much to be heard and considered on the proposals to supply fuel tanks and missiles to the Saudi Arabians on the F–15's, I think it is useful at this time to express my personal reservations on having the United States supply such equipment.

The 1978 sale of the F–15's by the United States to Saudi Arabia was approved by the Senate on the strict condition that such equipment was not to be made available in order to provide guarantees that the F–15's would be used only for defensive purposes. Accordingly, in my view, there is a heavy burden of persuasion on those who would now seek to supply such equipment.

I am concerned that appropriate assurances be provided by Saudi Arabia to the United States that the F–15's with such additional equipment would be used under appropriate circumstances to promote the interests of the United States in the Mideast, even if our interests conflict with those of one or more other Arab nations.

Such equipment, with potential for military offensive purposes, poses an obvious threat to Israel in the face of the Saudis' continued support of the PLO, their opposition to the peace initiatives embodied in the Camp David accord and hostile statements by Saudi Arabia against Israel, such as King Khalid's call for a holy war at the Islamic summit meeting last January.

It may be that commitments by Saudi Arabia, backed by corroborating deeds, could satisfy these concerns; but these are threshold questions which should be resolved before giving serious consideration to providing the fuel tanks and missiles.

Mr. TOWER. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. Mr. President, it appears that I have been the devil's advocate here today. I have taken a position that is certainly politically unpopular, and I know that I take political risks in doing so. But I believe that I must advocate those positions which are designed to preserve and protect the national interests of the United States of America. Indeed, our foreign policy must be based on clear perceptions of national interest.

In my view, it is in our national interest to preserve the political and territorial integrity of Israel. Beyond that, we have a strong moral obligation to Israel, and I am not one who would see the United States treat its friends lightly.

I believe that the Israelis are a valued ally, that they are a country that has great military, political, and strategic importance in the eastern Mediterranean area and the Middle East. Certainly, the strength of Israel is something the Soviets have to calculate in pursuit of any of their objectives in the Middle East.

I would not support anything that I seriously believed would jeopardize the security of Israel. In fact, this sale would not. It has been suggested that the administration is being precipitate, that they are being hasty, in making this decision. Quite to the contrary, this is something that I am certain the admin-

istration has agonized over for a long time. In fact, the hastiness has been in the knee-jerk response of the opposition to the sale, because it appears that a number of my colleagues are still thinking of the threat in 1978 terms rather than in 1981 terms. Let us look at what has happened since then.

To begin with, the threat to Israel from her most powerful neighbor, Egypt, has been removed by the Camp David accords.

Second, Iran, as a result of revolution, has turned from ally to adversary. We no longer have a powerful Iran with a sophisticated armed force to defend our interests in that area.

The Soviets have occupied Afghanistan. The activity in the states around the Persian Gulf that are Soviet surrogates has increased. Look at South Yemen. Look at Ethiopia. Look at Colonel Qadhafi and his projection of power into Chad and the threat to the Sudan. Look at the links that are being established by Soviet surrogates.

The Saudis clearly perceive the Soviets, not Israel, as the principal threat to their own security. They are not likely to waste their military resources in a hopeless war against Israel, and that is what it would be.

One thing that the speakers here today have not brought out is the fact that the AIM–9L Sidewinder is not as capable a weapon as the AIM–7 Sparrow, with which the Israeli F–15's are armed.

One Saudi military man said to me, "We would be fools to attack the Israelis. They would chew up our F–15's, and they would come back and bomb every one of our airfields within range." The Saudis recognize the military capability of Israel.

Let us say a word about Saudi policy. I have no sympathy with and I do not advocate the Saudi posture toward Israel. In my view, it is totally improper and incorrect, and I could not disagree more strongly.

I sat in Riyadh a few weeks ago and had an insulting and abusive tonguelashing for 2 hours from a member of the Saudi Government on Israel and the Palestinian problem. I must say that it tried my patience considerably. I disagreed profoundly with their positions.

However, we cannot always be afforded the luxury of only associating ourselves with those countries with whose policies we agree. We cannot always impose our policies on other countries which happen to share mutual interests with the United States.

In terms of the jihad that has been mentioned here today, I can assure you that that is more rhetoric than substance. I do not believe any of those states—even those with a greater animus toward Israel than Saudi Arabia has—are prepared to take Israel on at this point.

I believe that we always should make sure that the Israelis are armed with the best equipment possible. As a matter of fact, I have been willing to give the Israelis more than some previous administrations have, because I believe it is in our interests that they possess this military capability. But we must recognize the changed dimension of the threat. We must not always think of it just in Arab-Israeli conflict terms. We have to think of it now in other terms.

What has been suggested here today is that we not enhance the capability of the gulf states, not enhance the capability of the indigenous forces to defend themselves against the Soviet threat.

It appears that we are more prepared to raise the American force level and the American presence over there and risk American lives, rather than take some action that, on the face of it, might appear to pose some threat to the security of Israel.

Mr. President, thinking in terms of Israeli security, if we oppose the enhancement package sale to Saudi Arabia, we contribute nothing to the security of Israel. In fact, are we going to be influenced by emotional arguments, some politically motivated, or are we going to be influenced by a real and perceptive look at the long-range security interests of Israel?

In fact, the Saudis now are the dominant figure in the Gulf Cooperation Council. There are six gulf states that have organized, not to fight Israel, but to establish a mutual security effort against the Soviet threat and whatever threat is posed by the conflict between Iraq and Iran.

Our AWACS aircraft are over there now to work with the Saudis, to work with our fleet units, to work with British and French fleet units, trying to defend our vital interests over there. That is why they are there.

So there is a clear recognition of what the threat is.

When we talk about offensive capability in terms of the enhancement package for the Saudi F–15's what we are really talking about is a defensive capability against the more immediate threat posed by the Soviet presence in the Middle East and posed by Iran.

When we posture the enhancement package against that immediate threat, it is not an offensive capability. It is a defensive capability.

If we do not provide this enhancement package, what the Saudis will do in the interest of defending themselves against what they perceive to be the greatest threat, and that is the Soviet Union, is buy the French Mirage 2000 or 4000 aircraft. The Mirage 2000 or 4000 will have an armament package that is more offensive capable than what we propose to sell to go along with the F–15's.

Does that make any sense in the security of Israel?

Furthermore, that is a force that could be rationalized with the force of Iraq that also possesses Mirage aircraft.

I yield myself 4 additional minutes.

And there would be an enormous pressure placed on Saudi Arabia in the event of a conflict between other Arabian states and Israel to incorporate a Saudi Mirage force into the Iraqi force. It would pose, over the long term, a greater threat to Israel.

In my view, we minimize the threat to Israel when the gulf states arm and defend themselves by providing them with our equipment which requires our spare parts, our technical assistance, and our supply train.

Do not tell me we do not influence the use of those systems. Obviously, when the supply train was cut off to Iran they could not fully employ the most sophisticated aircraft we sold them, the F–14, against Iraq. That is an example of what happens when foreign countries possess American equipment and Americans do not support what they are doing.

So let us think in terms of the real security of Israel.

As disagreeable as the Saudis have been on matters pertaining to Israel, they have been a moderating influence among Arab States that are far more hostile, far more virulent in their opposition to Israel.

Moreover, to say that the Saudis have done nothing for the United States is simply not true.

I recognize they have gone along with OPEC price increases, but they have tended to moderate those increases and currently they sell their oil at below the OPEC price.

Let me note further that they are producing now roughly twice as much oil as they need for their income and many Saudis are very critical of the Kingdom's high oil production policies. They feel that Saudi Arabia's only natural resource is being wasted and that there are insufficient viable investment opportunities for the income that is in excess of the Saudis' domestic needs.

So I think we have to look at the positive side of what Saudi Arabia has done.

Let me note also that they give a very high percentage of their GNP to foreign assistance, much higher than we do, and that assistance is going to such countries as Morocco, the Sudan, North Yemen, Somalia, and Jordan, all countries that are either friendly to the United States or countries that we want to be our friends. The Saudis are prepared to continue such help and have indicated that they might give assistance also to Turkey and to Tunisia, friends and allies of the United States.

I might note the Saudis have consistently supported the dollar. Currently a large proportion of their more than $100 billion of foreign official assets is in dollar instruments, and I might note further that Saudi Arabia led the Islamic world in condemnation of the Soviet invasion of Afghanistan.

Certainly we disagree with their policies toward Israel. Certainly we disagree with their failure to accept the Camp David accords.

Remember, they are now part of an organization of the Gulf Cooperation Council which contains one important state, Oman, that has supported the Camp David accords.

If we fail to supply the indigenous forces in that area with military equipment they need to protect themselves against a threat both to our interest and theirs, then we have made a very foolish decision indeed.

Mr. President, I reserve the remainder of my time.

Mr. PACKWOOD. Mr. President, will the Senator yield for a question?

Mr. TOWER. I yield.

Mr. PACKWOOD. Mr. President, when the Senator was recently in Saudi Arabia in meeting with Government officials did he pose to them the question of why they refuse at all to negotiate with Israel on a peace treaty?

Mr. TOWER. I believe the Saudis feel that the internal political consequences for themselves within Saudi Arabia and in the broader fraternity of the Arab world would be inimical to their long-term interest. I feel that Saudi Arabia is going to be the key to the ultimate settlement of the Middle East problems, but I think that we have to permit them some latitude and consider the internal political forces that are at work in that part of the world.

I think it is pretty obvious that all of the Arab States over there fear the Palestinians. They have a great problem with the Palestinian presence in so many of these countries, and they earnestly desire to get the Palestinian issue solved, to get that issue off of their backs so they can focus more on what the real threat is in that area.

But I think we must understand the internal political forces at work on some of these governments.

If we pushed the Saudis or any other government for that matter into a position that provided a political hazard for the survival of that Government, we might see that Government or other governments in a similar situation replaced by governments far more hostile to the United States.

Mr. PACKWOOD. Do I understand that answer to mean that the Saudis feel that their Government is so shaky that even to enter into negotiations would cause their downfall?

Mr. TOWER. I think the Saudis are thinking in terms not just in their own internal situation but in terms of what might happen in other countries of the Arab world. Remember, they are in a pretty nasty neighborhood right now. They have South Yemen on their flank; they have Iraq on their flank. So they are in a position where a too apparent softening of an attitude could result in an exploitable situation for the Soviets, who do not like the Saudi Government, to bring that Government down.

Mr. PACKWOOD. Mr. President, the Senator from Texas has made reference several times to the moderation of the Saudi Government in the sale of oil and the production of oil.

There is an interesting column in the Christian Science Monitor on March 5 by Mr. C. L. Cranford reporting on a speech that Oil Minister Yamani made in Saudi Arabia, and in a question and answer period he was asked the question as follows:

> The Saudi citizen sees the oil policy of the Kingdom of Saudi Arabia as one under which we produce more than the needs of our economy and sell at a price less than that of others, including those of the Gulf countries. In response to these efforts, we find that we are under attack in the media and by the heads of state of Western countries.

Yamani, in response to the question, said as follows:

> If we were to force the Western countries to invest large sums of money in alternative energy resources, it would take seven to 10 years to bring about some results of these investments, which would reduce oil demand to a level that would affect Saudi Arabia, which at that time would not find enough markets to sell its oil to meet its economic demands.

Sheikh Yamani then goes on to indicate he can understand why Algeria or other countries want to sell oil at the highest price possible immediately. Algeria will not be able to export any oil after 1990. Saudi Arabia has ample oil. It is not in their interest to force the United States and other Western countries by prices so high into a position of turning to alternative forms of energy so that we will no longer need Saudi Arabia's oil.

Sheikh Yamani continues:

> The interest of the Kingdom of Saudi Arabia is that we extend the life of oil to the largest extent possible to allow us to build our economy in the most diversified manner including industry and agriculture.

He predicted that Saudi production, presently at 10.3 million barrels a day, might drop to as low as 5 million barrels by 1982.

Mr. President, all Sheikh Yamani is saying is that Saudi Arabia's policy is going to be carried out in Saudi Arabia's interest, not our interest, not Western Europe's interest, not Japan's interest; their interest. And that is as I would expect it would be, just as our policy should be carried out in our interest.

I come back to concluding with the premise that I started with. The best thing that could happen to the Middle East in terms of a unified protection against the Soviet threat is peace in the Middle East; a unified Egyptian, Saudi Arabia, Jordanian, and Israeli presence in the Middle East; united in peace, agreeing on their boundaries, agreeing on their territories, and united against the Soviet threat. Saudi Arabia is the key to that peace. Egypt has agreed to it. Jordan would agree if Saudi Arabia would agree.

And yet I am told by the Senator from Texas that one of the most powerful countries in the Arab world, one of the richest, one that has been the most able, with a limited, reasonably homogeneous population, cannot do what Egypt was able to do, a country that is poverty stricken, a country that over the years has been through a variety of revolutions, while the Saudis have not.

I am saying that until Saudi Arabia realizes that its interests, the Middle East's interests, Israel's interests, and our interests all coalesce in terms of being united for peace in the Middle East against the Soviet threat that the Senator from Texas makes reference to—until they are willing to do that, and especially if their regime is as unstable as the Senator from Texas indicates—then I think we would be very unwise to place in their hands the most sophisticated weaponry that this Nation possesses.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, the Senator from Oregon has suggested that Sheikh Yamani has indicated that it is in the Saudi national interest to increase the production of oil and keep the price down. I would expect that he would make that argument at home. I would not expect that he would try to sell the Saudis on the notion that it should be done for altruistic reasons.

I also assume that my friend from Oregon expresses his concern over Israel because he believes the preservation of Israel is in our national interest. I would not think the Senator from Oregon would contend it is not in our national interest, but something we should do anyway. Obviously that is the rationale for supporting Israel and not just selling them equipment but giving it to them as well.

We do it. Why? For altruistic reasons? Partially, but largely because it is in our national interest to do so.

We would all like to see this Middle East problem resolved, but I suggest we had better not try to dictate the terms of the resolution of this problem because we might find that in trying to do so we have exacerbated the problem.

I have no use for the PLO. It is a terrorist organization; it is an implement of Soviet policy, and I think we should continue to be critical of Saudi policy in supporting the PLO.

But I can say that the Arab States have seized on the PLO simply because they see it as the only viable representation of the Palestinians. I hope we can find more responsible leadership among the Palestinians in order to achieve some sort of rational settlement in the Middle East.

Once that problem goes away, the Soviet threat will still be there. They will try to find other things to exploit, so we must understand that once that is accomplished the Soviet threat does not go away, and it is essential that the indigenous forces in that area have the capability to do something in their own defense.

They want to do it. I think that, perhaps, the scope of the internal problem for Saudi Arabia and other states is underestimated. Saudi Arabia does not now have simply a homogeneous population. There are 5.5 million Saudis and 2.5 million foreigners in Saudi Arabia right now. There are 100,000 Palestinians there now and an even higher number of other Arab State nationals. They do pose a problem, and we have got to be understanding of that problem, while disagreeing with the posture Saudi Arabia has taken.

In the final analysis we cannot talk of the threat in 1978 terms. We have to think of it in 1981 terms, and the dimensions there have changed dramatically. In my view it would be tragic if we did not give indigenous forces in the area the ability to help defend themselves and to defend our vital national interests.

Mr. President, I am prepared to yield back the time if the Senator from Oregon is prepared to do so.

Mr. PACKWOOD. Mr. President, I have Senators MITCHELL and HART who have requested 1 minute each.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time allotted to me be allotted to Mr. BAUCUS so that he may further yield it, I understand, to the distinguished Senator from

Maine (Mr. MITCHELL), who will want 3 or 4 minutes. So I yield it to Mr. BAUCUS to control, if that is agreeable.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oregon.

Mr. PACKWOOD. How much time do I have left?

The PRESIDING OFFICER. The Senator has 54 seconds.

Mr. TOWER. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes and 15 seconds.

The Senator from Oregon.

Mr. PACKWOOD. I yield the remainder of the time I have left to the Senator from Maine.

Mr. MITCHELL. I yield to the Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 3 of the 15 minutes that the minority leader yielded to me to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized for 3 minutes.

Mr. MITCHELL. Mr. President, I am concerned about the recent reports that the administration will recommend the sale to Saudi Arabia of equipment to expand the range and offensive capabilities of the 62 F–15 airplanes she is buying from the United States.

The sale of this equipment would add another element of destabilization to an already uncertain political climate in the Middle East.

When the Saudis first requested these airplanes in 1978, a narrow Senate vote approved the sale, only after the strongest assurances from the executive branch that the intent of the sale was to upgrade the Saudi defensive capability only. At that time, Congress—and our friends in the Middle East—were assured that there was no intention on the part of the Saudis to request further capabilities for these planes, and no willingness on the part of the American Government to provide any such equipment.

In 1980, when the Saudis again requested the offensive equipment that had earlier been denied, over two-thirds of the U.S. Senate joined in a letter to President Carter, urging that the request be denied. A decision was delayed until after the election. Now we learn that the administration plans to approve that request and send it to Congress for approval.

A careful assessment of the military and diplomatic situation in the Middle East at present reveals no compelling evidence that this sale of offensive equipment is warranted by Saudi defense needs.

The fuel packs which the Saudis seek and the administration wishes to provide, will have the effect of more than doubling the range of the F–15 from 450 miles to over 1,000 miles. Thus, from a defensive mode, the F–15's will be transformed into a striking force capable of hitting any part of Israel from deep within Saudi territory. Yet the Soviet presence, which is cited as a reason for the sale, is located well over 1,000 miles distant, in Afghanistan.

The other major component of the equipment package to be approved for sale is the advanced version of the Sidewinder missile, the AIM–9L. This is the most advanced air-to-air missile in the U.S. armory. It is only now being deployed on our own F–15's.

Any objective review of Saudi Arabia's defense needs today must conclude that its ability to deter—let alone defeat—a Soviet attack is nil. The only force capable of withstanding a full-scale Soviet attack is our own.

The threat from South Yemen has been amply countered by the substantial Saudi tank purchases and by the original configuration of the F–15's.

The threat from Iraq has substantially vanished with the involvement of that country in its continuing war with Iran.

I recognize and share the administration's desire to assure international stability and order. But I question whether the arming of Saudi Arabia with an inherently offensive capability will be perceived by any of her neighbors—particularly Israel—as a contribution to stability in the Middle East. Rather, it seems to me, it might well be viewed as an inherently destabilizing factor in a region already ridden with tension.

Decades of wars in this area should have demonstrated to us by now that the only secure and lasting road to stability in the Middle East is through the political process of negotiations leading to agreements for restraint. The buildup of arms in Iran should have been a lesson to us that the regimes we arm have no more inherent ability to stay in power than those we fail to arm.

The fact is that the lethal and escalating arms race in the Middle East is an element of instability in itself. If it can be restrained, at least the potential of unpredictable disaster is somewhat lowered.

Under the circumstances, I hope the administration will reconsider and not ask that this equipment be approved for sale. It will add nothing to Saudi Arabia's legitimate defensive needs, and it has the potential for detracting from her long-range security as well.

Mr. President, I thank the Senator from Montana for yielding me the time.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 30 seconds to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. Mr. President, in 1978, when the Senate debated the sale of airplanes to Saudi Arabia, at that time, as Senators will recall, a commitment was made that further enhancement of the capabilities of those aircraft in a manner that might make them a threat to the Government of Israel was absolutely opposed even by those who were proponents of the sale of the aircraft. Now, some 2 or 3 years later, we have the very fact that was feared most by those of us who opposed that sale at the time and by the Government of Israel.

Mr. President, I oppose the administration's proposal to enhance the power and range of the F–15 fighter planes sold to Saudi Arabia in 1978 because I do not feel the proposed arms sales advances the interests of the United States in the Middle East.

When I opposed the original sale of the F–15's to the Saudis in 1978, I stated as my guiding principle that any foreign policy action we take in the Middle East must advance, rather than retard, the chances for peace between Israel and the Arab States. That same principle underlies my opposition to the administration's proposal to sell the Saudis conformal fuel tanks, AIM–9L air-to-air missiles, and aerial refueling and airborne surveillance systems. At the time of the original sale our Government pledged that the F–15's would never be so equipped. Because the proposed arms sale represents a major shift in U.S. policy and commitment the burden of proof on how this sale will advance the prospects of peace must be on those who advocate it. They have not convinced me these sales will serve the interests of the United States.

I have always supported U.S. commitment to the security of Israel and will continue to do so because I believe a strong Israel is in the national security interests of our own Nation. The arms sale would significantly increase the military threat to Israel and thus jeopardize the military balance in the Middle East. In 1978, the F–15's represented a potential threat to the security of Israel, our truest friend and most dependable ally in the Middle East. The new sale clearly increases this threat. The conformal fuel tanks more than double the combat range of the Saudi F–15's. And the air-to-air missiles, aerial refueling and airborne surveillance systems are substantial force multipliers which also enhance the offensive power of the Saudi aircraft. The Saudi's best intentions are no guarantee that F–15's will not fly against Israel in the future. No one can guarantee who will command the Saudi arsenal tomorrow or the next day. We must never be willing to hazard the guess.

The proposed arms sale raises other considerations not the least of which is further burdening Israel's economy with even greater requirements for arms. The administration's quid pro quo of extending additional credit to Israel for the purchase of more military hardware is hardly the solution for a nation already overwhemed by defense costs.

The arms spiral means not more security but even greater economic struggle for Israel and greater instability in the Middle East. Whatever the immediate benefit of improved relations with Saudi Arabia they are no bargain if their price is Israel's military or economic security.

In addition, the sale would violate specific commitments made to Congress just 2 years ago not to sell Saudi Arabia these systems for its F–15's. In a letter to the chairman of the Senate Foreign Relations Committee, Defense Secretary Brown stipulated—

The plane requested by Saudi Arabia will not be equipped with the special features that could give it additional range. Specifically, the planes will not have conformal fuel

tanks (fast packs), i.e., auxiliary fuel tanks that conform to the body of the plane, and Saudi Arabian KC-130 tankers do not have the equipment for air refueling of the F-15.

Our national interests are not served by a policy that seeks to promote peace and stability in the Middle East by reversing previous commitments and by increasing the capabilities for war.

The administration's justification for its new course of action is that Soviet advances in the region have radically changed the complexion of the region and the administration must adopt a new perspective on the region's problems in light of these dangers. The Soviet challenge and the West's need for continuing access to the region's resources are indeed important concerns, but so are the value of U.S. pledges and the increasing danger imposed by the introduction of sophisticated weapons, especially in the absence of any movement toward political progress.

Saudi Arabia is a friend, and we share common security concerns. We must not forget, however, that the arms we are giving her are being introduced into an environment in which there has been no progress toward alleviating tensions between Israel and its neighbors. Saudi Arabia has if anything been more bellicose in recent weeks, leading the way for Arab and Moslem countries to issue radical declarations calling for boycotting Israel and waging holy wars to liberate Jerusalem.

The Saudis' decision to seize upon this equipment package as a test of our friendship is unfortunate. This is the worst argument in favor of the new sale. The original F-15 sale was described the same way. The administration satisfied the Saudi request, but for the United States the relationship did not improve and the "tests" continued.

This sale would not enhance the security of Saudi Arabia, a nation increasingly threatened by internal instability. Pouring arms into this region will in fact only increase instability.

Nor would the sale strengthen the Arab-Israel peace process. Saudi Arabia has been a leading opponent of the Camp David accords, and there is no evidence the Saudis will be willing to work toward a lasting peace in the Middle East in exchange for this sale.

For the reasons I have outlined, I believe the proposed arms sales do not advance the interests of the United States in the Middle East. I oppose the sales, and I urge my colleagues to do likewise.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, I yield 2 minutes to the Senator from Arizona, Mr. GOLDWATER.

Mr. GOLDWATER. Mr. President, I wish to address myself to the subject of the F-15 aircraft proposed to be sold to Saudi Arabia. This matter has waxed hot and cold in the press. It goes up one day, down the next.

I am in favor of selling Saudi Arabia F-15's. In fact, I think it is time that we began to think a little bit more about the Islamic presence as a part of the world, whether we like it or not, that we are probably going to become more and more engaged in.

In fact, just the other day the Secretary of State indicated that he could see the day when American forces might occupy that part of the world that I am talking about.

Now, just a word about this F-15 aircraft. It is an air superiority fighter, Mr. President. It is not—I repeat—it is not a ground support aircraft.

If I were a member of the Israeli Government and another country, a potential enemy, were being delivered ground support aircraft, it might be a little different thing. But this airplane is not a ground support aircraft, although I have to admit that there are members of our Joint Chiefs of Staff who have urged upon McDonnell Douglas to make a strike version of it. I doubt that it will be successful. I even doubt that the Armed Services Committee will approve it, because the F-15 does not have a good flying tendency near the ground. It does not pull as sharply as it should. It has a tendency to settle a bit before it starts up.

But, Mr. President, Saudi Arabia is one of the few friends we have left. Israel is certainly our friend.

Mr. President, there is no question about our loyalty to Israel. Even though we have no signed treaty with her, we have an understanding that we will come to her protection and I think that will be observed and honored by every Member of Congress.

But to say no to the one big friend we have in that part of the world would be a bad mistake. We are going to have to rely more and more and more on Saudi Arabia for ports, for airfields, for support, not to mention her oil. I think we can forget about that, because now that we have deregulated oil and gas I think we are going to become self-sufficient ourselves.

But I believe we made the right decision to sell them these airplanes and thereby cementing our friendship a little more. I think, in the long run, it will prove beneficial to Israel, rather than detrimental. I thank my friend from Texas for yielding.

ARMS SALE TO SAUDIS

Mr. COHEN. Mr. President, as a member of the Senate Armed Services Committee, I am keenly aware of the importance of maintaining peace—and an atmosphere which fosters peace—in the Middle East.

The Seapower and Force Projection Subcommittee, which I chair, has held a series of hearings on the Rapid Deployment Force and on the need for protecting the U.S. interests in Southwest Asia. There is no question about the strategic significance of that region to our Nation.

Because of this, it is especially important that our Government carefully weigh possible courses of action which affect the political stability of the Middle East. Before we undertake any step, it is imperative that there be a full airing of the full range of implications which that step could entail.

In this regard, I think that today's colloquy about the administration's proposal to provide sophisticated weapons to Saudi Arabia serves a healthy purpose. It puts on the public record some of the considerations which must be taken into account as the administration proceeds on this matter.

I am confident that most of us in this body would fully support helping the Saudis to strengthen their capability to defend against either internal subversion or the threat of attack or invasion by a hostile force. The relationship of the Saudis and our Government has been one of cooperation, and I know we will want to continue to work together toward goals or mutual interest and concern.

We must proceed with caution, however, on the sale of any weaponry which could, under certain circumstances, be used for purposes counter to those of peace in that region. In my view, the case for the sale of the offensive weapons is not yet clear or convincing.

In 1978, when the decision was made to sell F-15 fighter-bombers to Saudi Arabia, Congress was given specific assurances that no additional equipment which would enhance the capability of the F-15's would would be requested or provided to the Saudis. The Carter administration sought to provide the Saudis with equipment to upgrade the F-15's equipment last year, and I was one of 68 Members of the Senate who opposed that sale. I continue to have reservations about undertaking this kind of action.

The equipment involved in the proposed sale is exactly the type which Congress in 1978 was assured would not be requested. The conformal fuel tanks would increase the range of the F-15 dramatically, and the Sidewinder AIM 9-L air-to-air missiles would enhance the firepower of the F-15. The AWACS (advance warning and control system) observation plans would significantly enhance the Saudis' intelligence-gathering and command and control capability.

These items could affect the strategic balance in the region. The Israelis are concerned that with the fuel tanks, every city and town in Israel would fall within Saudi Arabia's range. The AWACS system would, says Israel's deputy defense minister, allow the Saudis to monitor all of Israel's military activities, locating troops, aircraft, tanks, and artillery pieces.

As the proposed sale is considered, then, attention should focus on whether the interests of the Saudis, and of our Nation, might not be better served by a different mix of weaponry. The threat from the Soviets and the efforts of radical elements to overthrow all pro-Western regimes are clear cause for assisting the Government of Saudi Arabia. But that assistance could be more valuable to the Saudis if it addresses their defense needs. That, rather than the sale of offensive weaponry which could one day be turned against our allies, would seem to be a course which deserves greater thought.

As the administration considers its course, and as we in Congress review the administration's actions, the goal of enhancing the prospects for long-term peace in the region must be paramount. Our stake in maintaining Mideast peace

is a large one. But it is equally large for the Saudis, the Israelis, and our other allies in the region.

Any action which carries with it the possibility of upsetting the balance needed for preserving the peace is an action which bears with it additional responsibility for all of us. That is why I welcome this colloquy, and why I look forward to working with the administration and my colleagues in the Senate to see that we act responsibly on this question.

The PRESIDING OFFICER. The Senator from Montana has the remaining time.

Mr. BAUCUS. Mr. President, I yield back the remainder of my time.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond 30 minutes, and Senators may speak therein up to 5 minutes.

The Senator from North Carolina.

Mr. HELMS. I thank the Chair.

PETE DOMINICK—A SENATOR'S SENATOR

Mr. HELMS. Mr. President, the news of the death of former Senator Peter H. Dominick leaves all of us saddened, and deeply so. Pete Dominick was a great American and a great Senator. He was, in fact, a Senator's Senator because he had an abiding respect for this institution and its meaning.

I served only a couple of years with Pete Dominick, but that was sufficiently long for me to understand that here was a man who approached his every responsibility with dedication. He did his homework, and he followed a set of principles that established him as one of the Nation's leading defenders of the free enterprise system.

I have so many memories of Pete's friendship. I recall his coming to North Carolina during my 1972 campaign, and appearing with me at a rally at the historic old Battery Park Hotel in Asheville. That was the last public event held in that hotel before it closed. I remember that Pete was experiencing severe discomfort that evening from a back ailment, but that did not deter him from making a trip to help a friend.

Mr. President, I join Pete Dominick's many other friends in saluting a gallant American. Dorothy joins me in extending our deepest sympathy to Nancy and her family.

AIRLINE DEREGULATION

Mr. PRESSLER. Mr. President, I would like to offer some comments on the sad state in which airline deregulation has left many regions of our country. The argument is frequently made that if the marketplace operates unfettered, we would have the best of both economic worlds: Business would be able to operate profitably; and the needs of the American public would be met. In the case of airline deregulation, this has not been the case. There are vast regions of the United States which have been left without service, or with service which is inadequate to meet both passenger and freight needs.

As an example, let me detail the current situation in my home State of South Dakota. Let me emphasize that I am using this example solely because it is the one with which I am most familiar.

There is one flight per day from Washington to Pierre, South Dakota's capital. This flight makes three stops, there is a change of planes, and the total travel time is 6 hours. Or take the case of Sioux Falls, our largest city, with a population of 81,232. This trip requires a change of planes, a limited flight availability and the trip takes at least 6 hours, although it would only be a 3½ hour trip if a direct, nonstop flight existed between Washington and Sioux Falls.

At least South Dakota still has service to many towns, albeit via cumbersome routes. Many other small- to medium-size cities around the country have lost service altogether. Nevertheless, there is one additional drawback to even this inconvenient service: the cost.

I am sure you have all seen the large ads in the major east coast newspapers which boast about flights to the west coast and back for approximately $300 round trip. Logic might suggest that since it is farther to the west coast than it is to South Dakota, it should cost less to fly between Washington and Pierre or Sioux Falls. Logic, however, no longer applies in the postderegulation era. The coach fare for a round trip ticket between Washington and Pierre is $522. For a round trip flight between Washington and Sioux Falls it is $456. Apparently the people of my State are being permitted to pay more money for less service. This makes no sense to me, nor does it make sense to my constituents.

We are still being told that commuter carriers will step in and fill the void when a major carrier leaves a service area. South Dakota is in the process of losing certificated carrier service to towns, and we are having difficulty finding a commuter carrier willing to serve these routes.

This brings me to another related point: The sunsetting of the Civil Aeronautics Board. The current discussion seems to focus on whether it will be possible to speed up the process of eliminating this agency, not whether it is wise to do so. Not enough attention has been paid to the assumption of certain CAB duties we cannot afford to lose. I have grave doubts about the ability of the marketplace to replace service we are losing. So far it has not, and unless some Federal body takes over this task from the CAB, I doubt that it will ever happen.

I question what interest the CAB has in continuing to carry out its functions during its final days. Most of the employees, I am led to believe, are primarily concerned with finding new employment and not with implementing the deregulation program passed by Congress. This is to be expected; it is human nature. Nevertheless, should we not be concerned about the many crucial decisions which the CAB must make in its last few years?

One of the most critical of these decisions is the ongoing competitive marketing case. This is an issue which will have a profound effect on whatever type of air transport system the CAB leaves behind. The future of thousands of travel agents is tied to whatever the CAB may decide. I do not believe it is proper for a Federal agency to implement an experimental program of such vast scope just prior to disappearing from the regulatory scene. This does not necessarily mean that I wish to retain the CAB past its proposed sunset date. However, unless oversight is provided for future review of the actions CAB is likely to take, then perhaps the CAB should not be pursuing an investigation with such potentially monumental economic consequences.

There are over 17,000 travel agents in the United States. Most of them are small businesses. It would be foolish to threaten this existing network in favor of some unknown system of travel service distribution. There is much speculation that an alternative system could offer the American public great financial savings. I also recall similar speculation during the debate on airline deregulation. Where are the savings which were envisioned for the people of my State under deregulation? And what happened to the service we used to receive?

What reason is there to think that this case will be different; that if the existing network of independent travel agents is dismantled we will somehow end up with a more efficient and less costly system? I am not convinced there would be greater benefits. Let me suggest that until we have a system in place to handle the regulatory problems which are bound to arise in the post-CAB world, perhaps the CAB should refrain from making such basic and far-reaching changes in what remains of this country's transportation network.

With these concerns in mind, I recently sent a letter to the Chairman of the Civil Aeronautics Board, and I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION,
Washington, D.C., March 17, 1981.

Mr. MARVIN COHEN,
Chairman, Civil Aeronautics Board,
Washington, D.C.

DEAR MR. COHEN: Recently I was visited by a group of travel agents from my home state of South Dakota. Among the topics we discussed was the ongoing competitive marketing case which is before the Board.

The purpose of this letter is to not only pass along the concerns expressed by these individuals, but also to let you know that I, too, am alarmed by the possible consequences of this investigation. You are undoubtedly aware that for many of us in primarily rural states the airline deregulation experiment has been a disaster. I voted against the measure, but with the deregulation tide peaking, there were few of my colleagues who joined me. However, I know that with the benefit of experience there are many more of my colleagues who now feel as I do.

The point of this is that we must be very careful not to make the same mistake in the case of the marketing travel services. We now have a very workable system which has proven itself after many years of trial. It would be foolish, I think you will agree, to sweep the system aside in favor of something untried and uncertain.

This is not to say that improvements could not be made to the existing system. But without a continuing government oversight and management system in place to monitor the effects of whatever changes are made, we could end up with another collapsing system similar to the existing air transport system in many rural states.

I ask that as you proceed with this case, every effort be taken to make sure whatever changes result do not reduce the current availability, range and quality of service travel agents provide. As we learned from the airline deregulation experiment, it is better to err on the side of being too cautious than too flamboyant.

Sincerely,

LARRY PRESSLER,
U.S. Senator.

Mr. PRESSLER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 2 P.M. TODAY

Mr. BAKER. Mr. President, there are certain meetings that are about to begin that relate directly to the matter that will be before the Senate later today, and other matters that will require the attention of the Senate later this week, and perhaps next week.

There will be meetings on both sides of the aisle. They are urgent, they are important, and they will facilitate the work of the Senate.

In order to provide time for those meetings to occur, I ask unanimous consent that the Senate now stand in recess until the hour of 2 p.m. this afternoon.

There being no objection, the Senate, at 12:06 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. LUGAR).

IRS SHOULD RECONSIDER

Mr. PERCY. Mr. President, last December the Internal Revenue Service issued Revenue Procedure 80–55. Under this procedure, banks would be prohibited from deducting as a business expense the interest they pay on time deposits collateralized by tax-exempt securities.

IRS action reserves tax policy that has been in force since 1954, yet not a single day of public hearings was held on this procedure. IRS has the authority to interpret the Tax Code, but I believe they have overstepped their bounds in this case.

Consequently, I have added my name as a cosponsor to S. 321, which would prohibit this procedure from taking effect on June 1, 1981, as is now scheduled.

State and local government would be greatly affected by this procedure, as it would have the effect of undermining revenues immediately. It would also have the effect of further drying up the market for municipal securities, already hard hit by the sky high interest rates of the past year.

Financial institutions are the major purchasers of tax-exempt securities of State and local governments. According to the National League of Cities, commercial banks hold 45 percent of outstanding State and local debt. Moreover, 33 States—including my own State of Illinois—require banks to secure public deposits with State and local bonds.

If interest on these accounts were suddenly not deductible as a business expense, banks would have very little reason to purchase securities and a major source of capital for State and local governments would dry up. It has been estimated that Illinois alone would lose as much as $30 million a year in interest income on State time deposits in commercial banks.

It is not just large financial institutions that would be affected by this procedure, but any institution that accepted State funds in a time deposit. In Illinois, the State deposits its funds in 1,100 different financial institutions.

Mr. President, I have received an excellent, conscise letter from Governor Thompson of Illinois about this procedure and the effect it would have on our State. I ask unanimous consent that it be printed in the RECORD at the close of my remarks.

I hope the new administration will recognize the major changes this procedure would bring to State and local government finance and withdraw it so this legislative remedy will not be necessary. Tax policy should be made by Congress, after a careful assessment of who will be affected by a proposal. Procedure 80–55 is not a mere technical change and IRS should reconsider and withdraw it.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF ILLINOIS,
Springfield, Ill., January 22, 1981.

Hon. CHARLES PERCY,
U.S. Senate,
Washington, D.C.

DEAR CHUCK: On December 15, the Internal Revenue Service issued Revenue Procedure 80–55, which will prohibit banks from deducting interest paid on time deposits of state and municipal governments which are secured by tax-exempt obligations. This ill-advised position will significantly reduce the ability of Illinois state and local governments to fund much-needed capital projects. I urge you to request that the IRS withdraw this ruling.

The costs to Illinois in terms of higher borrowing and lower returns on deposits will be considerable. In addition, we are deeply concerned by the manner in which this procedure, reversing long-standing interpretations of law, was issued. It is particularly disturbing that this ruling was published without any effort to consult with state or local governments.

The procedure will affect the right of state and local governments to set standards for securing deposits of their own funds. As a Governor, I am concerned by the tendency of the federal government to take actions which limit the authority of state governments to pursue their daily business.

I will appreciate any assistance you can give us on this important issue.

Sincerely,

JAMES R. THOMPSON,
Governor.

BOBBY UNSER APPEARS AT ALCOHOL FUELS MEETING

Mr. PERCY. Mr. President, Bobby Unser, twice winner of the Indianapolis 500 automobile race, was the leadoff witness at a hearing on the future of alcohol fuels before the Senate Governmental Affairs Subcommittee on Energy, Nuclear Proliferation, and Government Processes.

He was introduced by Senator JACK SCHMITT. Also present at these hearings were Astronaut Gordon Cooper, who flew in from California, using 100-percent alcohol as fuel.

Through concentration on the vital role alcohol fuels play in many parts of American society and around the world, the hearing demonstrated the capacity of alcohol to provide enhanced energy security to the United States by displacing imported petroleum.

In view of the administration's decision to withdraw its loan and loan guarantees program for alcohol fuels, we need fresh approaches that will reassure private investors that alcohol fuels are viable and that they can play an important role in American energy policy now.

Few Americans realize that since 1965 alcohol fuel (methanol) has been the exclusive fuel used at the Indianapolis 500 because of its substantial power and safety advantages. I am especially pleased that we are able to profit from Bobby Unser's expert analysis of the particular contributions of alcohol fuels to racing. Unser has worked with the U.S. Environmental Protection Agency as an engine emissions adviser. He has an extensive race laboratory in his own home. He is undoubtedly one of the best informed and most articulate spokesmen for alcohol fuels in the racing world.

In addition to Bobby Unser, the following witnesses participated in the March 24 hearing:

Dr. Mario Garnero, a founder of the Brazilian National Alcohol Fuels program. About 400,000 pure alcohol-powered vehicles are expected to operate on Brazilian highways by the end of 1981.

Mr. Gerhard E. Delf, a chief engineer for Volkswagen of America. Delf described Volkswagen's participation in a

new methanol pilot program for passenger vehicles in West Germany, as well as the company's success in developing pure-alcohol vehicles for the California Energy Commission.

Dr. Serge Gratch, director of the Ford Motor Co. Chemical Services Laboratory. Gratch, a member of the National Alcohol Fuels Commission, discussed Ford's experimentation with alcohol-powered vehicles as well as the recommendations of the Commission.

Robert Jackson, senior commercial representative for Conoco Coal Development Co. Jackson addressed the feasibility of producing large quantities of methanol from American coal reserves.

Glen D. Alexander, superintendent of the Curecanti (Colorado) National Recreation Area. Over 70 National Park Service vehicles under his supervision are using a 25-percent blend of ethanol and gasoline, while 8 others are operating on pure ethanol.

S. 570—FAIR HOUSING AMENDMENTS ACT

Mr. MATHIAS. Mr. President, I ask unanimous consent that the text of S. 570, the Fair Housing Amendments Act, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the bill is as follows:

S. 570

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Fair Housing Amendments Act of 1981".

SHORT TITLE FOR 1968 ACT

SEC. 2. The Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by inserting immediately after the comma at the end of the enactng clause the following: "That this Act may be cited as the 'Civil Rights Act of 1968'.".

SHORT TITLE FOR TITLE VIII

SEC. 3. Title VIII of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by inserting immedately after the title's catchline the following new section:

"SHORT TITLE

"SEC. 800. This title may be referred to as the 'Fair Housing Act'.".

AMENDMENTS TO DEFINITIONS SECTION

SEC. 4. (a) Section 802(f) of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by striking out "section 804, 805, or 806" and inserting this title "in lieu" thereof.

(b) Section 802 of such Act is amended by adding at the end the following:

"(h) 'Handicap' means, with respect to a person, (1) a physical or mental impairment which substantially limits one or more of such person's major life activities, (2) a record of having such an impairment, or (3) being regarded as having such an impairment. Such term does not include any current alcohol, drug abuse, or any other impairment which would be a direct threat to property or the safety of others.

"(i) 'Aggrieved person' includes any person who claims to have been injured by a discriminatory housing practice or who believes that he or she will be irrevocably injured by a discriminatory housing practice that is about to occur.".

DISCRIMINATORY HOUSING PRACTICE AMENDMENTS

SEC. 5. (a) The catchline of section 804 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by adding at the end the following: "AND OTHER PROHIBITED PRACTICES".

(b) Section 804 of such Act is amended by adding at the end the following:

"(f)(1) To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of a handicap of a prospective buyer or renter or of a person or persons associated with such buyer or renter unless such handicap would prevent a prospective dwelling occupant from conforming to such rules, policies, and practices as are permitted by clause (2).

"(2) To discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of a handicap. For purposes of this subsection, (A) discrimination shall include: (i) refusal to permit reasonable modifications of premises occupied or to be occupied, by persons with a handicap when such modifications are necessary to afford such handicapped persons access to premises substantially equal to that of nonhandicapped persons, if, with respect to the rental of premises regularly occupied as a landlord's personal residence, such handicapped persons have agreed to return such premises to their original condition if requested to do so by the landlord, or (ii) refusal to make reasonable accommodations in policies, practices, rules, services, or facilities when such accommodations are necessary to afford handicapped persons enjoyment of dwellings substantially equal to that of nonhandicapped persons; but (B) discrimination shall not include (i) refusal to make alterations in premises at the expense of sellers, landlords, owners, brokers, building managers, or persons acting on their behalf, (ii) refusal to make a modification of generally applicable rules, policies, practices, services or facilities where such modification would result in unreasonable inconvenience to other affected persons, or (iii) refusal to allow architectural changes to, or modifications of, dwellings which would materially alter the marketability of a dwelling or the manner in which a dwelling or its environs has been, or is intended to be, used.

"(g) For any employee or agency of a State or local government to take any action, or to deny any privilege, license, or permit, and thereby prevent the establishment of any community residence operated for the purpose of providing residential services or supervision for eight or fewer persons who have a handicap, unless such community residence or its proposed use—

"(1) would not meet an established, applicable Federal, State, or local health, safety, or program standard; or

"(2) violates, or would violate a comprehensive land use plan or zoning ordinance for the geographical area for which the employee or agency has jurisdiction and such land use plan or zoning ordinance as enforced would permit the establishment of such community residence in other equally suitable locations. The granting or denying of variances in the past shall be deemed a part of such plan or ordinance.

"(h) For a person in the business of insuring against hazards to refuse to enter into, or to discriminate in the terms, conditions, or privileges of a contract of insurance against hazards to a dwelling because of the race, color, religion, sex, handicap, or national origin of persons owning, or residing in or near, the dwelling.".

(c) Subsections (c), (d), and (e) of section 804, and section 806 are each amended by inserting "handicap," immediately after "sex," each place it appears.

(d) Section 805 of such Act is amended to read as follows:

"SEC. 805. After the date of enactment of the Fair Housing Amendments Act of 1981 it shall be unlawful for any person or other entity whose business includes the making, purchasing, or insuring of loans, or the selling, brokering, or appraising of real property, to deny or otherwise make unavailable a loan or other financial assistance which is for the purpose of purchasing, constructing, improving, repairing, or maintaining a dwelling, or to discriminate in the fixing of the amount, interest rate, duration, or other terms or conditions of such loan or other financial assistance, because of race, color, religion, sex handicap, or national origin.".

FUNCTIONS OF THE SECRETARY

SEC. 6. (a) Section 808(c) of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended—

(1) by inserting "(1)" after "(c)";

(2) by striking out "hearing, determining, ordering," in the first sentence;

(3) by striking out the second sentence;

(4) by striking out the last sentence; and

(5) by adding at the end the following new paragraph:

"(2)(A) There is established the Fair Housing Review Commission (hereinafter referred to as the 'Commission'). The Commission shall be composed of three members who shall be appointed by the President, by and with the advice and consent of the Senate, from among persons who by reason of training, education, or experience are qualified to carry out the functions of the Commission under this title. Not more than two members of the Commission may be members of the same political party. The President shall designate one of the members of the Commission to serve as Chairman.

"(B) The term of office of members of the Commission shall be six years, except that (i) the members of the Commission first taking office shall serve, as designated by the President at the time of appointment, one for a term of two years, one for a term of four years, and one for a term of six years, and (ii) a vacancy caused by the death, resignation, or removal of a member prior to the expiration of the term for which he was appointed shall be filled only for the remainder of such unexpired term. A member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

"(C) The Chairman shall be responsible on behalf of the Commission for the administrative operations of the Commission. The principal office of the Commission shall be in the District of Columbia. Whenever the Commission deems that the convenience of the public or of the parties may be promoted or that delay or expense may be minimized, it may hold hearings or conduct other proceedings at any other place.

"(D) The Commission shall appoint such administrative law judges and other employees as it deems necessary to assist in the performance of the Commission's functions and to fix their compensation in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates. The assignment, removal, and compensation of administrative law judges shall be in accordance with sections

3105, 3344, 5372, and 7521 of such title, and the assignment of administrative law judges to individual cases shall take place on a fair and impartial basis in accordance with a system established by the Commission. The Commission may obtain the services of administrative law judges from other agencies on a reimbursable basis.

"(E) For the purpose of carrying out its functions under this title, two members of the Commission shall constitute a quorum and official action can be taken only on the affirmative vote of at least two members.

"(F) Every official act of the Commission shall be entered of record, and its hearings and records shall be open to the public. The Commission is authorized to make such rules as are necessary for the orderly transaction of its proceedings. Proceedings of the Commission shall be in accordance with chapter 5 of title 5, United States Code.

"(G) Not later than 180 days after a majority of the Commission has taken office, the Commission shall—

"(i) promulgate a code of ethics to assure the independence of administrative law judges employed by the Commission; and

"(ii) promulgate rules of discovery for the orderly conduct of its proceedings consistent insofar as is practicable with the Federal Rules of Civil Procedure.

"(H) For the purpose of considering an appeal from a proposed order of an administrative law judge, the Commission shall sit in review of such decision. The Commission may approve, reject, or modify, in whole or in part any proposed order under section 811 of this title, or may vacate and remand such order with directions for further proceedings. The Secretary is not authorized to modify any order under section 811 of this title or any decision of the Commission.

"(I) Within thirty days after the issuance of a proposed order of an administrative law judge, any party may apply to the Commission for review of such proposed order. Such order shall not become final until such period of thirty days has expired, or the Commission has acted on such application, if applicable.

"(J) Except as otherwise provided in this title, the administrative law judges shall be subject to the laws governing employees in the classified civil service, except that appointments shall be made without regard to section 5108 of title 5, United States Code. Each administrative law judge shall receive compensation at a rate not less than that prescribed for GS–16 under section 5332 of such title.

"(K)(i) The Chairman of the Commission shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code.

"(ii) The other members of the Commission shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.".

(b) Section 808(d) of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by inserting "(including any Federal agency having regulatory authority over financial institutions)" after "urban development".

(c) Section 808(e)(3) of such Act is amended by inserting "financial and" immediately before "technical".

ENFORCEMENT CHANGES

SEC. 7. The Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by striking out sections 810 through 815 and inserting in lieu thereof the following:

"ADMINISTRATIVE ENFORCEMENT; PRELIMINARY MATTERS

"SEC. 810. (a)(1) Whenever an aggrieved person, or the Secretary on the Secretary's own initiative, files a charge alleging a discriminatory housing practice, the Secretary shall serve a notice of the alleged discriminatory housing practice on the party charged (hereinafter in this title referred to as the 'respondent') within ten days after such filing, and shall make an investigation thereof. Upon receipt of such charge, the Secretary shall serve notice upon the aggrieved person acknowledging receipt of the charge and advising the aggrieved person of the time limits and choice of forums provided under this title. At any time after the filing of a charge, the Secretary shall attempt, to the extent feasible, to resolve such charge by informal methods of conference, conciliation and persuasion. If both the aggrieved person and the respondent consent to binding arbitration, the Secretary shall refer such charge to an arbitrator who shall be made available by the Community Relations Service of the Department of Justice. Nothing said or done in the course of such informal endeavors may be made public or used as evidence in a subsequent proceeding under this title without the written consent of the persons concerned. Any employee of the Secretary who shall make public any information in violation of this provision shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned not more than one year. Such charges shall be in writing under oath or affirmation and shall contain such information and be in such form as the Secretary requires. An aggrieved person shall file a charge under this section with the Secretary not later than one year after the alleged discriminatory housing practice occurred or terminated. The Secretary may also investigate housing practices to determine whether charges should be brought under this section. In consultation with other appropriate Federal agencies, the Secretary shall issue new rules and regulations to implement the policies, purposes, and provisions of this title within one hundred and eighty days after the enactment of the Fair Housing Amendments Act of 1981.

"(2)(A) In connection with any investigation of such charge, the Secretary, at reasonable times, shall have access to, and the right to copy, any information that is reasonably necessary for the furtherance of the investigation. The Secretary may issue subpenas to compel such access to or the production of such information, or to compel the appearance of persons, and may issue interrogatories to a respondent to the same extent and subject to the same limitations as would apply if the subpenas or interrogatories were issued or served in aid of a civil action in the United States district court for the district in which the investigation is taking place. The Secretary may administer oaths.

"(B) Upon written application to the Secretary, a respondent shall be entitled to the issuance of a reasonable number of subpenas by and in the name of the Secretary to the same extent and subject to the same limitations as subpenas issued by the Secretary under subparagraph (A) of this paragraph.

"(C) Witnesses summoned by a subpena of the Secretary under this title shall be entitled to the same witness and mileage fees as witnesses in proceedings in United States district courts.

"(D) The Secretary or other party at whose request a subpena is issued under this title may enforce such subpena in appropriate proceedings in the United States district court for the district in which the person to whom the subpena was addressed resides, was served, or transacts business.

"(E) Any person who willfully fails or neglects to attend and testify or to answer any lawful inquiry or to produce records, documents, or other evidence, if it is in such person's power to do so, in obedience to the subpena or lawful order of the Secretary under this title, shall be fined not more than $1,000 or imprisoned not more than one year, or both. Any person who, with intent thereby to mislead the Secretary, shall make or cause to be made any false entry or statement of fact in any report, account, record, or other document produced pursuant to the Secretary's subpena or other order, or shall willfully neglect or fail to make or cause to be made full, true, and correct entries in such reports, accounts, records, or other documents, or shall willfully mutilate, alter, or by any other means falsify any documentary evidence, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

"(3) Whenever a charge alleges a discriminatory housing practice within the jurisdiction of a State or local public agency which has been certified by the Secretary under this paragraph, the Secretary shall refer such charge to that certified agency before taking any action with respect to such charge. Except with the consent of such certified agency, the Secretary, after that referral is made, shall take no further action with respect to such charge unless the certified agency has not acted in a timely fashion following the date such charge was received or unless the Secretary determines that the certified agency no longer qualifies for certification under this paragraph. No agency may be certified under this paragraph unless the Secretary determines that the substantive rights protected by such agency, the procedures followed by such agency, the remedies available to such agency, and the availability of judicial review of such agency's action, are substantially equivalent to those created by and under this title. Before making such certification, the Secretary shall take into account the current practices and past performance, if any, of such agency. The Secretary shall not require, as a condition of making such certification or of providing any financial or other assistance, that the State or local public agency agree formally or informally to waive, in whole or in part, its exclusive processing authority over charges which allege a discriminatory housing practice that is referred to the agency.

"(4) The Secretary and other Federal agencies having authority to prevent housing discrimination shall cooperate and seek to avoid duplication of effort in the exercise of their several authority. The Secretary is authorized to enter into agreements to permit such other Federal agencies to carry out the provisions of this paragraph within their respective jurisdictions. Not later than 180 days after the date of enactment of the Fair Housing Amendments Act of 1981, the Secretary shall enter into agreements with the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board, to carry out this paragraph with respect to depository institutions which are subject to the jurisdiction of such agencies.

"(b) If the Secretary concludes, after a preliminary investigation of a charge, that the Secretary is unable to obtain voluntary compliance and that prompt judicial action is necessary to carry out the purposes of this title, the Secretary may refer the matter to the Attorney General. The Attorney General may bring an action for appropriate temporary or preliminary relief pending final disposition of such charge. Any temporary restraining order or other order granting pre-

liminary or temporary relief shall be issued in accordance with Rule 65 of the Federal Rules of Civil Procedure. It shall be the duty of a court having jurisdiction over proceedings under this paragraph to assign such proceedings for hearing at the earliest practical date and to cause such proceedings to be in every way expedited. An application for relief under this paragraph shall not affect the initiation or continuation of administrative proceedings under this section and section 811 of this title.

"(c)(1) If the Secretary determines, after an investigation under this section, that reasonable cause exists to believe the charge is true, the Secretary shall—

"(A) file, on behalf of the aggrieved person filing the charge, a complaint under the procedures provided under section 811 of this title; or

"(B) refer the matter to the Attorney General for the filing of an appropriate civil action under section 813(b) of this title.

"(2) Notwithstanding paragraph (1) of this subsection the Secretary shall refer charges involving the legality or validity of any State or local zoning, or other land use law or ordinance, or any novel issue of law or fact or other complicating factor, as determined by the Secretary, to the Attorney General for appropriate action under section 813(b) of this title.

"(3) After each investigation under this section, the Secretary shall provide to each aggrieved person and each respondent a copy of the report of such investigation.

"(d) Neither the Secretary nor any other officer or employee of the United States may utilize the services of any person, or provide direct or indirect assistance to any individual or organization, to induce violations of this title (testers), except where such action is undertaken for the purpose of verifying a violation of this title which the Secretary has reason to believe has occurred.

"ADMINISTRATIVE ENFORCEMENT; HEARING PROCESS

"SEC. 811. (a) Upon filing an administrative complaint, the Secretary shall cause a copy of such complaint to be served on the respondent, together with a notice of opportunity for a hearing on the record at a place and time (not less than thirty days after the service of such complaint) specified in such notice. On the request of the respondent and with the consent of all other parties, a hearing may be rescheduled for a time earlier than the time specified in such notice. Any resolution of a charge or complaint by means of conciliation shall require the consent of the person who filed the charge, and any such resolution following the service of complaint under this subsection shall also require the approval of the Secretary. The respondent shall have the right to file an answer to the administrative complaint, to appear in person or otherwise and give testimony at a hearing on the record, and to obtain a reasonable number of subpenas in the manner set forth in section 810(a)(2)(B). Any aggrieved person may be allowed to intervene in the proceeding, to appear in person or otherwise, to obtain the issuance of a reasonable number of subpenas in the manner set forth in section 810 of this title, and to present testimony. After the conclusion of such hearing, the administrative law judge shall make findings of fact and conclusions of law, and may issue an order providing for such relief as may be appropriate (including compensation for out of pocket loss incurred by the aggrieved person as the result of the discriminatory housing practice), and may impose a civil penalty of not to exceed $10,000. Any order issued under this subsection is subject to review in accordance with section 808(c) of this title and subsection (c) of this section.

"(b) The findings of fact and conclusions of law made with respect to a final order issued under subsection (a), together with a copy of such order, shall be served on each aggrieved person and each respondent in the proceeding.

"(c) Any petition for judicial review of a final order under subsection (a) shall be filed in the appropriate court of appeals not later than sixty days after the entry of such final order. Such judicial review of a final order shall be in the manner provided under chapter 158 of title 28 of the United States Code. For the purposes of judicial review of such an order, any aggrieved person shall be deemed a party in the administrative proceedings reviewed. The findings of fact shall be conclusive if supported by substantial evidence in the record considered as a whole. No objection not urged at the appropriate stage of the administrative hearing process shall be considered by the court unless the failure or neglect to urge such objection should be excused because of extraordinary circumstances.

"(d)(1) Any person who violates a final order under subsection (a) shall be subject to a civil penalty assessed by the administrative law judge of not more than $1,000 for each day during which such violation continues after the date on which such final order becomes unreviewable.

"(2) For the purposes of paragraph (1) of this subsection, a final order becomes unreviewable.

"(A) if a petition for review has not been filed in the appropriate reviewing court, on the day sixty days after the entry of such final order; or

"(B) on the date on which the last appellate court's decision becomes final and not subject to any further appellate proceeding.

"PRIVATE ENFORCEMENT

"SEC. 812. (a)(1) An aggrieved person may commence a civil action in an appropriate United States district court or State court at any time not later than two years after the alleged discriminatory housing practice occurred or terminated.

"(2) After an aggrieved person has commenced a civil action under this section, the Secretary may not commence or continue proceedings toward the issuance of a remedial order based on such charge.

"(3) An aggrieved individual shall not commence a civil action under this subsection with respect to a charge made by that individual to the Secretary if the Secretary (or a State or local agency to which the Secretary refers such charge) has commenced a hearing on the record with respect to such charge.

"(4) Upon timely application the Attorney General may intervene in such civil action if the Attorney General certifies that the case is of general public importance.

"(b) Upon application by an aggrieved person any trial or appellate court may appoint an attorney for such person and may authorize the commencement or continuation of the action without the payment of fees, costs, or security if in the opinion of the court such person is financially unable to bear the costs of such action.

"(c) If, in a civil action under this section, the court finds that an alleged discriminatory housing practice has occurred, is occurring, or is about to occur, the court shall award such relief as may be appropriate. Such relief may include money damages, equitable and declaratory relief, and punitive damages.

"ENFORCEMENT ROLE OF ATTORNEY GENERAL

"SEC. 813. (a) Whenever the Attorney General has reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of resistance to the full enjoyment of any of the rights granted by this title, or that any group of persons has been denied any of the rights granted by this title and such denial raises an issue of general public importance, the Attorney General may bring a civil action in an appropriate United States district court.

"(b) The Attorney General may bring a civil action in an appropriate United States district court: (1) to enforce any final order under this title that is referred for enforcement by the Secretary; (2) to collect any civil penalty assessed under section 811 of this title; and (3) to remedy any discriminatory housing practice (A) with respect to which the Secretary has made a finding that reasonable cause exists under this title, and (B) which the Secretary refers to the Attorney General for enforcement under this subsection.

"(c) The court may award such relief in any civil action under this section as is authorized in section 812(c) of this title.

"(d) A person may intervene in any civil action commenced under this section which involves an alleged discriminatory housing practice with respect to which such person is an aggrieved person.

"ANCILLARY AND PROCEDURAL MATTERS RELATING TO ENFORCEMENT

"SEC. 814. (a) In any action or proceeding under this title, the court, in its discretion, may allow a prevailing party (other than the United States with respect to attorney fees) reasonable attorney and expert witness fees as part of the costs, and the United States shall be liable for such costs the same as a private person. Such costs may also be awarded upon the entry of any interlocutory order which determines substantial rights of the parties.

"(b) In any administrative proceeding based on a charge under section 810(a) of this title, any prevailing party (other than the United States with respect to attorney fees) may be awarded reasonable attorney and expert witness fees as a part of a final order under section 811(b) of this title.

"(c) Any court in which a proceeding is instituted under this title shall assign the case for hearing at the earliest practicable date and cause the case to be in every way expedited.

"(d) Any sale, encumbrance, or lease executed before the issuance of any order under this title, and involving a bona fide purchaser, encumbrancer, or tenant without actual notice of the existence of the filing of a complaint or civil action under this title shall not be affected by such court order.

"EFFECT ON OTHER LAWS

"SEC. 815. (a) Nothing in this title shall be construed to invalidate or limit any law of a State or political subdivision of a State, or of any other jurisdiction in which this title shall be effective, that grants, guarantees, or protects the same rights as are granted by this title; but any such law that purports to require or permit any action that would be a discriminatory housing practice under this title shall to that extent be invalid.

"(b) Nothing in this title shall be construed to repeal, supersede or diminish the protection provided to handicapped persons by any other Federal law.".

INTERFERENCE, COERCION, OR INTIMIDATION

SEC. 8. Section 817 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90-284, approved April 11, 1968) is amended by striking out "section 803, 804, 805, or 806." and inserting "this title." in lieu thereof.

CONFORMING AMENDMENTS TO TITLE IX OF 1968 CIVIL RIGHTS ACT

SEC. 9. Section 901 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90-284, approved April 11, 1968) is amended by inserting ", handicap

(as defined in section 802 of this Act)," immediately after "sex" each place it appears

CONFORMING AMENDMENTS TO TITLE 28, UNITED STATES CODE

SEC. 10. (a) Section 2341(3) of title 28, United States Code, is amended—

(1) by striking out "and" at the end of subparagraph (B);

(2) by striking out the period at the end of subparagraph (C) and inserting "; and" in lieu thereof; and

(3) by inserting the following new subparagraph:

"(D) the Commission, when the order was entered by the Fair Housing Review Commission.".

(b) Section 2342 of such title is amended—

(1) by striking out "and" at the end of paragraph (5);

(2) by striking out the period at the end of paragraph (6) and inserting "; and" in lieu thereof; and

(3) by adding immediately after paragraph (6) but before the final sentence, the following:

"(7) all final orders under section 811 of the Fair Housing Act.".

RETROFITTING COST AND NEED STUDY

SEC. 11. (a) One year following the fiscal year ending September 30, 1981, the Architectural and Transportation Barriers Compliance Board shall provide a report to the Congress concerning—

(1) the extent to which architectural barriers and other obstacles to accessibility of housing are operating to deny handicapped persons access to a reasonable housing choice in the private market;

(2) the extent to which public, private, or cooperative public and private efforts have been undertaken to increase housing choice for the handicapped in the private market; and

(3) the projected cost of retrofitting an adequate supply of existing housing units to make such units suitable for occupancy by handicapped persons.

(b) The Board shall include in its report recommendations concerning further legislative or other action necessary to provide an adequate private market housing supply for handicapped persons, including the Board's recommendations regarding how costs associated with actions should be borne.

BUDGET AUTHORITY

SEC. 12. This Act and the amendments made by this Act shall not be construed to authorize the enactment of new budget authority for the fiscal year ending September 30, 1980. Effective October 1, 1981, there are authorized to be appropriated such sums as may be necessary to carry out this Act and the amendments made by this Act.

ORDER FOR RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. BAKER. Mr. President, I am about to propound a unanimous-consent request for the recognition of certain Senators on tomorrow. I might say I expect there may be other requests as well, since all of these requests come from our side of the aisle. While the distinguished minority leader is not on the floor at this time, I anticipate that he may wish to add to the list. Since there are 24 names on this list already, it appears that tomorrow will be special order day.

I say for all those who care to listen that it may be necessary to adjust the convening time of the Senate on tomorrow in order to accommodate the requests of several Senators who have made their requests known. For the time being, Mr. President, I ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order and after the transaction of routine morning business if the same is ordered to follow after the recognition of the two leaders, the following Senators be recognized for not more than 15 minutes each:

Mr. HATCH, Mr. THURMOND, Mr. COCHRAN, Mr. GRASSLEY, Mr. TOWER, Mrs. HAWKINS, Mr. JEPSEN, Mr. GOLDWATER, Mr. D'AMATO, Mr. ROTH, Mr. ABDNOR, Mr. WALLOP, Mr. HUMPHREY, Mr. HAYAKAWA, Mr. DENTON, Mr. SYMMS, Mr. GORTON, Mr. MURKOWSKI, Mr. ANDREWS, Mr. BOSCHWITZ, Mr. KASTEN, Mr. SPECTER, Mr. STAFFORD, and Mr. PERCY.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

RECESS UNTIL 2:25 P.M. TODAY

Mr. BAKER. Mr. President, the Senate, as a practical matter, cannot conduct any business at this moment. Certain meetings and conferences are going on with Members on both sides of the aisle in preparation for the proceedings of the Senate later this week. Because of that, I ask unanimous consent that the Senate now stand in recess until the hour of 2:25 p.m.

There being no objection, the Senate, at 2:03 p.m., recessed until 2:25 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. LUGAR).

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

ADJUSTMENT OF PRICE SUPPORT FOR MILK

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the pending business, which will be stated by the clerk.

The assistant legislative clerk read as follows:

A bill (S. 509) to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support of price of milk be adjusted semiannually.

The Senate resumed the consideration of the bill.

Mr. BAKER. Mr. President, might I inquire, is there an order for a vote on the Melcher amendment to occur beginning at 2:30 p.m.?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. It is now 2:25. I will be happy to yield the floor if anyone has any debate. Otherwise, I am prepared to suggest the absence of a quorum.

Mr. DOLE. Will the Senator yield?

Mr. BAKER. I yield.

Mr. DOLE. I would like to ask the chairman or the majority leader a question if I may. It is my understanding that the President will direct the International Trade Commission to make a study under section 22 of the Agricultural Adjustment Act as to whether or not imports of casein interfere with the dairy price support program and impact on the dairy industry in this country. Has that happened?

Mr. HELMS. Mr. President, that is my understanding. I will ask the majority leader if that has occurred.

Mr. BAKER. The answer is yes. I was given the message by the White House earlier today that the President would indeed request such a study.

Mr. DOLE. I might say to the majority leader and the chairman, I think that, in itself, is an indication of the President's concern about imports that might impact adversely on the dairy industry. I would hope that those who have a concern about this will understand that this is a positive step by the President, that he will proceed under section 22, that the ITC will make a study, that they will report the findings, and appropriate action taken. I thank the leadership, the majority leader and the chairman of the committee, Senator JEPSEN and others, for obtaining that result.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated March 23, 1981, to the President, and signed by Senators DURENBERGER, BOSCHWITZ, JEPSEN, ABDNOR, HATCH, PRESSLER, and me, as chairman.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON FINANCE,
Washington, D.C., March 23, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: For the past several days the Senate has been considering S. 509, a bill to delete the requirement that the support price of milk be adjusted semiannually. During these deliberations several Senators have raised the longstanding issue of imports of casein and their impact on the domestic dairy producers. These Senators are concerned that imports of casein, a milk byproduct, are displacing competitive domestically produced milk products in the U.S. market and are causing the Federal Government to increase its purchases of these milk products under the dairy price-support program.

There is no question that imports of casein and casein mixtures have risen in the last several years. From 1976 to 1980 such imports increased from 112 million pounds to 152 million pounds. During this period the Department of Agriculture increased its price support purchasers of nonfat dry milk from 157 million pounds to 634 million pounds, an all time high. Since U.S. production of whole milk continues to increase, the distinct possibility exists that the Government will be forced to purchase increased quantities of nonfat dry milk. The amount which must be purchased by the Government could well be increased by the continued growth in casein imports.

Given these conditions we believe it would be appropriate for the Secretary of Agriculture to initiate an investigation under Section 22 of the Agricultural Adjustment Act of 1933 to determine whether he has reason to believe that casein and casein mixtures are being imported in such quantities as to tend to render ineffective or materially interfere with the domestic price support program. If the Secretary so determines and so advises you, the International Trade Commission can be requested to make an investigation to determine the facts and make nonbinding recommendations to you. Upon com-

pletion of an ITC investigation and recommendations, import restraints can be imposed. As a result of a waiver obtained from our trading partners in 1955 specifically for actions taken under Section 22, it is unlikely that the United States would be subject to retaliation or forced to pay compensation for any restraints imposed.

In our judgement, an investigation by the Secretary of Agriculture would be preferable to legislative action such as that which has been proposed as an amendment to S. 509. While this amendment may not be approved by the Senate, the extent of the concern with the casein problem cannot be underestimated. A proceeding under Section 22 would provide both casein producers and consumers with an impartial forum in which to present their respective views. It would also provide a means of reassuring agricultural interests in general that established legal procedures can be invoked to provide them with an opportunity to seek redress for their problems in a timely manner.

Sincerely yours,

BOB DOLE, *Chairman.*
DAVID DURENBERGER.
RUDY BOSCHWITZ.
ROGER W. JEPSEN.
JAMES ABDNOR.
ORRIN G. HATCH.
LARRY PRESSLER.

● Mr. MITCHELL. Mr. President, the problems of our economy today demand that Congress take swift and sometimes difficult action to reduce the growth in Federal spending.

One such opportunity is before us today in S. 509, legislation which will eliminate the semiannual price support increase for dairy products.

The dairy price support program has been successful in its goals: It was established to assure a stable and adequate supply of perishable dairy products for the Nation's consumers, and it has admirably fulfilled that goal. American consumers are fortunate in paying among the lowest prices in the world for milk, cheese, butter, and other dairy products. The American dairy industry is a model of efficiency and productivity.

The fact is, however, that the success of the dairy program can no longer blind us to the costs that the Government and consumers have to pay at this time. This is a period of economic retrenchment in many Federal programs and agencies. The fact that the semiannual milk price support increase is due on April 1, and without congressional action cannot be legally prevented from going into effect, means that we must act now to bring the costs of this program into line with the budgetary stringency that will be imposed on all Federal programs.

The productive capacity of the American dairy farmer has meant that the semiannual milk price support increase last year cost the Federal Government almost $1 billion. Without action to eliminate one of the price adjustments, the cost this year will be $1.5 billion. This means that the Government will buy the equivalent of 8 billion pounds of milk, a quantity that translates into massive stockpiles of butter, cheese, and nonfat dry milk. The school lunch program can use only 3 billion pounds of this product.

At the end of the 1978–79 marketing year, the Government had on hand 147 million pounds of butter and 448 million pounds of nonfat dry milk. This year, if the April 1 milk price support increase goes through, the Government will have on hand 562 million pounds of butter, 479 million pounds of cheese, and 970 million pounds of nonfat dry milk. The cost of this purchase would run to $1.5 billion—and the storage costs would rise from their current half-million dollars daily to three-quarters of a million dollars a day.

Dairy farmers ought not carry the full burden of balancing the budget—and they will not be the only ones asked to make a sacrifice. Many other groups—in and out of agriculture—will be affected by the forthcoming budget cuts. But unless we act now, before the rest of the budget decisions can be made, the April 1 price rise will go into effect, and the Government will spend an additional $147 million this year to purchase the production of a product which is in more than ample supply.

At a time of fiscal stringency, such a Government outlay cannot be defended. When we are asking many members of our society, many productive sectors of our business and agricultural communities to make individual sacrifices for the common good, we must, at the very least, make certain that this budgetary saving is made.

Elementary fairness requires that:

I will, therefore, support the President's request to eliminate the semiannual price support adjustment for dairy products. It is one immediate step we can take today to demonstrate that we are willing to make politically unpopular spending cuts and, more importantly, it will stop the spending of $147 million tax dollars immediately. The American people have been demanding fiscal discipline and responsibility of the Congress. This bill asks no less and, certainly, we can respond with no less than our full support.

I also support passage of the amendment to limit casein imports.

Casein is a milk product derivative. It can be made from the same dairy product for which our Government now pays support prices.

This amendment would not eliminate the entire importation of casein. That relatively small percentage now used in industrial and medical areas would be adequately available from the one-half of current import levels permitted into the country.

Since the casein now imported is substituted for a domestic product, this amendment would more than double the savings proposed by the administration's bill by making it unnecessary for the Federal Government to buy some 200 million pounds of nonfat dry milk in the coming years.

Much of the skim milk for which the dairy industry is unable to find a market is now processed into dry milk which the Government must purchase under the dairy price support system.

In 1979, about 65 million pounds of casein were used in products as a replacement for 2.1 billion pounds of skim milk. That quantity of skim milk would convert to 201 million pounds of nonfat dry milk at a cost to the Federal Government of $189 million. So the savings we make by forgoing the April 1 dairy price support increase will be more than doubled by the limitation of casein imports. By voting for this amendment we vote to reduce Federal spending by $189 million. This is a substantial saving which must be made in this time of fiscal restraint.●

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ZORINSKY. Mr. President, I understand that some folks are suggesting that the Mattingly-Jepsen resolution would adequately deal with the embargo question, and that my amendment should be passed over in favor of the resolution.

I would point out to my colleagues who find it convenient to accept this sort of reasoning that the two approaches are not synonymous. My amendment does require a decision by the President. But it does not presume to impose a foreign policy decision on him.

The Jepsen-Mattingly resolution, on the other hand, simply expresses the sense of the Senate that any embargo of grain shipments should be a total embargo. It does make a foreign policy judgment and it does not require a decision by the President.

Surely by now President Reagan is aware that it is the sense of the Senate that the embargo should not be restricted to grain. More than a month ago, I and a number of my colleagues impressed that point on him at a White House meeting. Yet no decision has been made—either to escalate or to end the embargo.

Our country's farmers are tired of hearing that we have told the President how we feel. They are tired of hearing that we have urged, cajoled, and suggested some action to him. They want to know where they stand and so do I.

Mr. DECONCINI. Mr. President, although I have consistently favored the grain embargo of the Soviet Union and continue to do so, I would like to express my support for Senator ZORINSKY's amendments to S. 509, and explain my rationale for doing so.

First, I think the Nation's farmers have the right to know what this administration's views are vis-a-vis the grain embargo. It has certainly sent conflicting signals in this regard. While the Secretary of Agriculture has expressed his support for the immediate termination of the embargo, the President has indicated that the foreign policy implications of such an action need to be thoroughly reviewed. While I can appreciate the fact that any new administration needs time to evaluate existing policies, it has been almost 5 months since President Reagan was elected and more than 2 months since he assumed office, yet no final determination has been made with regard to the embargo. The lack of de-

finitive action on the part of the administration places both the agricultural community and Congress in an impossible situation. Not only does it prevent farmers from making reasonable decisions with regard to planting, it makes it impossible for Congress to make informed decisions with regard to the omnibus farm bill.

Second, I believe the Zorinsky amendments provide the President with sufficient flexibility with regard to the grain embargo. He can extend the embargo beyond either April 15 or the April 30 deadlines contained in the Zorinsky amendments by simply informing Congress that it is necessary for foreign policy and national security reasons and that it will not have an undue adverse impact on farmers, and the President has an additional option available to him.

If he believes that it is necessary to keep the embargo in place while the administration reviews our bilateral grain agreement with the Soviet Union, which is due to expire on September 30, 1981, he can do so simply by advising Congress. If the President intends to negotiate a new agreement with the Russians, which I sincerely hope he will not do, it is imperative that the Congress and the Nation's farmers be informed of his intent.

The time has come to end the confusion and uncertainty regarding the embargo. I believe Senator ZORINSKY's amendments are eminently reasonable and fair to all concerned parties and urge my colleagues to join me in supporting them.

THE REAGAN GRAIN EMBARGO: THE TIME FOR DECISION IS NOW

● Mr. BAUCUS. Mr. President, I am very pleased to join my distinguished colleague from Nebraska, Senator ZORINSKY, in cosponsoring this amendment. Nearly 15 months have lapsed since President Carter invoked the grain embargo. Nearly 8 months have passed since Mr. Reagan, then a candidate for President, promised to lift the grain embargo if he were elected. And, nearly 2 months have gone by since Mr. Reagan, now President, pledged to review the grain embargo and to decide whether to end it or to continue it.

Mr. President, any further delay in clarifying the outlook for grain exports during this next marketing year can only make it difficult, if not impossible, for agricultural producers to make reasonable, informed decisions about the demand for their crops and in turn, to make sound planting determinations.

At the same time, the agricultural committees, and Congress, will find it difficult, if not impossible, to make reasonable decisions in shaping the comprehensive 1981 farm bill without some assurance of the long-term predictability of the Soviet grain market.

It is imperative that there be action to dispel the confusion and uncertainly about the embargo and future grain exports to the Soviet Union. This amendment accomplishes that purpose. It will lift the embargo on April 30, 1981, unless President Reagan certifies to Congress that our national security compels its continuation.

I hope the President will decide to end the embargo. I believe he should. American farmers deserve no less.

When the grain embargo was first imposed in response to the Soviet invasion of Afghanistan, American farmers patriotically accepted it. They asked only that the embargo meet the criterion of fairness, evenhandedness, and that it work in halting food exports to the Soviet Union.

But, the embargo has not been fair, or evenhanded. The embargo stopped the probable sale of 17 million tons of grain to the Soviet Union. It did not stop the sale of Coca-Cola, tractors, or computers to the Soviet Union. Although the previous administration vowed to make every effort to maintain farm prices in light of the embargo, the grain market suffered a serious price-depressing effect. Many experts see the embargo as a major factor contributing to an estimated 40-percent decline in farm income during the second quarter of this year.

Nor, Mr. President, has the grain embargo worked. Although the embargo did force the Soviet Union to seek alternative grain supplies, the fact remains that the Soviets did obtain nearly as much grain on the world market as they would have had the grain embargo not been in effect. The Soviets accomplished this through some not so ingenious maneuvering on the world market. To underscore this point, I ask at this time for unanimous consent to insert in the RECORD a recent article from the New York Times by Paul W. MacAvoy, entitled "The Leaks in the Grain Embargo." Incidentally, Mr. MacAvoy was a member of former President Ford's Council of Economic Advisers.

Mr. President, in addition to being unfair and impractical, continuation of the grain embargo could seriously threaten and imperial the availability of the Soviet market to U.S. agricultural exports in coming years. If past agricultural embargoes are any example—the soybean embargoes that Presidents Nixon and Ford imposed upon the Japanese—the Soviet Union is likely to take steps to minimize its dependence on the United States for wheat and feedgrains.

In the past decade, our Nation has spent a great deal of money in developing foreign markets for agricultural products. Today the United States is the world's major grain exporter. But if this embargo is continued, if this embargo is allowed to reflect a major change in the use of food exports for U.S. foreign policy and diplomatic purposes, not only will our position in the world market suffer, but we will be denying all the investment and progress made in the past 10 years. Since 1970, the value of our agricultural exports has grown from $7 billion to over $40 billion. As we embark upon an economic recovery program, we simply cannot afford to signal to the world that we are dramatically changing the farm trade policies developed over the past several years.

Mr. President, I wholeheartedly support this amendment and I hope my colleagues will, too. This past January, I wrote to President Reagan urging him to fulfill his campaign promise to lift the grain embargo. Just last week, I received a reply from the administration. In essence, the administration is simply continuing to review the situation. But, the decision on the grain embargo should not be delayed any longer. Without objection, Mr. President, I ask that my correspondence with the administration be included in my statement.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Mar. 15, 1981]

THE LEAKS IN THE GRAIN EMBARGO

(By Paul W. MacAvoy)

On Jan. 4, 1980, President Carter imposed an embargo on grain sales to the Soviet Union in reaction to the invasion of Afghanistan. As was the habit of the Carter Administration, economic sanctions were imposed as a diplomatic response. But it is poor logic and bad practice to trade economic apples for diplomatic and strategic oranges. Worse than that, the economic apples may not be any good.

The embargo limited sales to the Soviet Union to 8 million tons of wheat and corn in the 1979–80 crop year, an amount already under contract in a five-year, United States-Soviet trade agreement. Since the Russians were seeking 25 million tons, the embargo was designed to reduce their purchases by 17 million tons. With a poor home crop of feed grains, the Soviet Union would be punished for its Afghanistan venture by reduced supply of bread and meat for home consumers.

The theory is that, along the lines of the Organization of Petroleum Exporting Countries in the oil trade, the United States in grain can raise or lower world supply, thereby affecting prices and sales levels of all exporting nations.

Because we are the world's major grain supplier, and our trading partners in Australia, Argentina and Western Europe would voluntarily comply with the embargo, the Soviet Union would not obtain the supplies it wanted. Its demand for 17 million tons would evaporate as our supply was withheld, and the rest of trade would go on as a matter of course.

If demand evaporates and supply is withheld, someone is left with the inventory. American farmers quickly perceived that they were left holding the bag and so the Department of Agriculture promised to purchase grain and carry out storage so as to maintain the market just as if the Soviet demand for 17 million tons had not evaporated.

In fact, however, the Soviet Union refused to be embargoed. Based on a sophisticated understanding of how world commodity markets work, it undertook a series of complicated and indirect transactions. But three of its steps are important and obvious, and should have been anticipated if American diplomats knew anything about how markets operate.

First, the Soviet Union made up a substantial portion of its needs by purchases from other grain-supplying countries. The other suppliers were as a consequence unable to meet the demand of their regular customers, so those customers came to the United States. While Soviet demand for United States grain exports was reduced, demand from elsewhere increased.

Of course those running the embargo were not quite so naive as to have missed the leakage. The Department of Agriculture acknowledged at the end of the 1979–1980 crop year that 11 million tons of the 17 million-ton embargo had been made up by sales of other exporting nations.

Second, the Soviet Union took advantage of the fact that it is an exporter as well as an importer of grain. Its practice was to export 3 million to 4 million tons each year to Eastern Europe. If it reduced such exports, the Eastern Europeans could simply turn to the world market. And, indeed, Department of Agriculture trade statistics indicate that purchases of Eastern European countries in world markets increased by 3 million tons while the purchases from the Soviet Union were reduced by 3 million tons. This gambit probably reduced the impact of the embargo to only 3 million tons.

The third method of evasion is the most direct, and thus the easiest to overlook. Since grain is to be used to feed cattle and hogs, the obvious method for compensating for reduced grain imports is to import more meat. Soviet importts of meat in the 1979–1980 crop year shot up by 425 million tons from the previous year's 185 million tons. If this did not compensate for the last vestiges of the embargo, then it increased the sum total of grain and meat imports to a level higher than that before the embargo began.

Where does this leave the Soviet Union? Certainly the Russians must have been irritated. Given all the trouble we made them go through to work around the embargo, they experienced increases in purchase and transportation costs. But they were not required to reduce inventories or meat consumption insofar as can be determined.

Their livestock inventories are now higher than ever, while per capita meat consumption has held steady at 1978–79 levels. They are now in the second poor crop year in a row, and their grain inventories are holding while their imports are increasing substantially. Indeed, they have apparently found very helpful trading partners in Argentina and Spain, willing not only to provide additional supplies but also to find long-term trade agreements to keep the supply level much higher than in the last decade.

But we should be much more than irritated by this whole exercise. Recall that the Agriculture Department bought substantial amounts of grain to compensate for the loss of Soviet demand—which did not materialize.

Thus the Federal authorities added $2 billion to demand in world trade. This raised prices, perhaps by as much as $1 a bushel, and thus American inflation. This effect may have been transitory, as other countries reduced their stocks in reaction. Even so, American consumers paid more for bread and hamburger for awhile, even though Soviet consumers most probably did not.

The lesson to be learned from theory versus facts is that selective embargoes of specific countries in world commodity trade do not work. This is no surprise to shrewd Soviet traders, or to economic analysts familiar with the history of such embargoes (including the fiasco of the OPEC embargo against the United States in the world oil trade in 1973–1974).

But this is only a lesson in economic affairs. The lesson in diplomatic affairs is serious. It is difficult to trade an economic for a diplomatic initiative and it is impossible to do so when the economic initiative is ineffective.

My expectation is that the United States is being laughed at for its economic foolishness in diplomatic circles across the world. Not in Argentina and Spain, however. We put pressure on them to make an impossible scheme work, and ended up attaching them even more strongly to the Soviet trading bloc in grain. Squeezing other nations diplomatically to do the economically impossible in place of a diplomatic initiative on Afghanistan is bad political economy.

HOW THE RUSSIANS GOT THEIR GRAIN

On Jan. 4, 1980, President Carter announces a partial embargo on grain sales to the Soviet Union, limiting them to 8 million tons in the 1979–80 crop year. That leaves the Soviet Union with an expected shortfall of 17 million tons. In order to protect American farmers from the shrinkage in demand, Washington promises to buy enough grain to offset the lower level of exports to Moscow.

The Soviet Union buys grain from other exporters such as Argentina and Spain. This provides an estimated 11 million tons. It also cuts its grain exports to Eastern Europe, making up another 3 million tons. And it imports far more meat, thus helping to compensate for the loss of feed for its own livestock.

Customers of the other grain exporters turn to the United States, thus increasing demand. Eastern Europe steps up purchases on the world market, further increasing demand. Washington fulfills its agreement to buy American grain, also increasing demand.

In the United States, with demand so high, prices rise, so American consumers pay more for both grain and meat and the inflation rate goes up. In the Soviet Union, with some grain supplies made up elsewhere and meat imports subsituted for other supplies, consumers feel little discomfort.

U.S. SENATE,
Washington, D.C., January 29, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am writing to express my concern about the status of the partial embargo of grain sales to the Soviet Union. I read with great interest Mr. Block's comments on the Cabinet-level review you have scheduled on this issue.

As you know, few issues have caused as much concern among farmers as the embargo. Your campaign pledge to lift the embargo was heavily supported in Montana and other farm states.

However, the lack of a clear and unequivocal reiteration of that pledge since the election is causing alarm and concern among farmers.

As you noted several months ago, any limitation on farm exports is nothing more than a government action to hold down farm income. It is unconscionable to ask agricultural producers to sacrifice more than other Americans.

I urge you to avoid further delays and lift the embargo immediately. I hope a Cabinet level review does not mean the Administration will back away from this position.

In October of last year, a majority of the Senate voted with me to end the embargo. If it is not lifted in the near future, there will be increased pressure to take similar action again this year. I hope that will be unnecessary.

I appreciate your consideration in this matter.

With best personal regards, I am
Sincerely,

MAX BAUCUS.

THE WHITE HOUSE,
Washington, D.C., March 9, 1981.

Hon. MAX BAUCUS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BAUCUS: The President has asked me to thank you for your January 29 letter regarding the Soviet grain embargo.

We understand and share your concern about the economic impact of the embargo on the American farmer. We must, however, view this issue in its broadest context, taking into account foreign as well as domestic policy considerations. Therefore, a review has been initiated within the Administration to assess many diverse factors including: the costs of the embargo to American farmers and domestic economy; the impact on the USSR; the effect on cooperative efforts by our allies and other grain producers; the situation in Afghanistan; and the continuing threat to Poland. Also, any action taken with respect to the embargo will be interpreted at home and abroad as a possible signal of the future course of United States-Soviet relations. A decision by the United States, either to lift or to continue the embargo, must logically await completion of this policy review.

The President has not forgotten the commitments on the embargo that he made during the campaign. Secretary of Agriculture John Block has repeatedly pointed out to all of us that, as we approach the 1981 harvest season with a potentially record wheat crop, and as the time is at hand for corn and soybean planting, it is increasingly important that farmers know whether sales will continue in the future. During the past crop year the U.S. sold eight million tons of grain to the Soviets. For these reasons the policy review on this important issue is being given a very high priority.

We appreciate knowing your views on this matter. You may be assured that we will give them our most careful consideration during the review process.

With cordial regard, I am
Sincerely,

MAX L. FRIEDERSDORF,
Assistant to the President.●

● Mr. RIEGLE. Mr. President, I have had very strong reservations about the grain embargo since it was first announced. While the embargo may have hurt the Soviets, it has probably hurt our own economy far more. The initial price disruptions here in the U.S. markets were chaotic and grossly unfair to our farmers.

Once this policy was established, however, the exact timing and nature of its termination will carry with it very important and sensitive international ramifications. The situation in Poland at this precise moment is particularly sensitive, given the military exercises now underway in Poland by the Soviet Union and Warsaw bloc nations. I am reluctant to have the Senate take an action at this moment that might serve to upset the extremely delicate and dangerous situation in Poland.

While I favor the termination of the grain embargo, an immediate termination might be interpreted by the Soviets that we are unconcerned about their activities in Poland, and we must avoid this mistaken inference at this time. Despite my longstanding opposition to the embargo the President should be given the flexibility to handle the issue with the Soviets as he sees fit. For this reason I have voted "present" to indicate that I continue to be opposed to the embargo, while feeling it is not appropriate to instruct the President on the matter at such a delicate moment.

I am hopeful that President Reagan will lift the embargo soon without jeopardizing our strategic national interests.●

The PRESIDING OFFICER (Mr. SPECTER). Under the previous order, the Senate will now proceed to vote.

Mr. MELCHER. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 8

Mr. MELCHER. Mr. President, I have become aware that the distinguished majority leader and the chairman of the Finance Committee, the distinguished Senator from Kansas, had a colloquy discussing the intention of the President to instruct the International Trade Commission to start a study under section 22 to limit the importation of casein.

Mr. President, I think that exactly makes our case. That is exactly where we were a couple of years ago. That instruction to the International Trade Commission to start a procedure under section 22 will trigger the mechanism that will take 1 year's time.

What we are asking in the amendment is simply to recognize that we are in an emergency, that the law requires the purchase of surplus milk, and it is going into the storage of the Commodity Credit Corporation.

It is indeed a serious and critical situation.

I do not think we have that year's time. We have $1.5 billion worth of milk and milk products in storage now. It will add up to $2 billion this year.

What the amendment seeks to do is to reduce the amount of casein imports so that we can save in Federal outlays approximately $200 million to $230 million per year and, therefore, enhance the President's program of cutting down on the budget.

● Mr. HAYAKAWA. Mr. President, 3 weeks ago most people did not know the meaning of the word casein. Today. it is practically a household word and the cause of much concern within the dairy industry. I would like to take a few moments to express my thoughts on the casein import issue.

I am a cosponsor of S. 509, legislation to delete the semiannual adjustment of the dairy price support program. Because production is continuing to increase while consumption is on the decline, I believe we must send a strong signal to the dairy industry to cut back on production. In order to bring Federal spending under control, changes in the program must be made and the time to act is now.

I also believe it is highly inappropriate to place any limitations on the importation of casein at this time. The affects of this hastily made decision would be serious and far-reaching. I urge all Senators to take this into consideration and to vote against the Melcher amendment that is before us today.

On June 1 of this year, the USDA will anounce the results of their intensive investigation into the problems casein imports cause our domestic dairy industry. It is at that time that we should give further consideration to the issue of casein imports.●

Mr. DURENBERGER. Mr. President, last Tuesday the Senate—by rejecting a tabling motion—refused to cut off debate on the impact of casein imports on the Nation's dairy farmers. Despite the controversy that followed the tabling motion, I am convinced that the Senate acted properly.

By rejecting the motion to table, the Senate provided dairy farmers with a forum to state their case on an issue affecting the livelihood of thousands of farming families, as well as the States and communities that depend on them. That issue is the need for American markets for American agriculture. The forum in the importation of casein. Casein is the natural protein derivative of skim milk. It is essential to the production of glues and a variety of pharmaceutical products, and no one questions the need to continue a level of import sufficient to fill this nonfood need.

But unfortunately for the American agricultural community, imported casein is also used in place of milk in items such as immitation cheese, coffee, whitener, and frozen dessert topping. Casein has certain properties that adapt well to long-term storage, and some use in frozen food is inevitable. But there is no getting around the fact that a significant portion of the 150 million tons of casein imported annually falls into direct competition with domestically produced skim milk.

Americans pay for these imports in two ways. Obviously, the Nation's dairy farmers pay through lost markets and lost income. But farmers and farm communities are not the only Americans that pay the price for this competition. Under the price support program, the Department of Agriculture purchases the surplus domestic skim milk, processing it into dry milk and placing it in storage in CCC stockpiles. American taxpayers end up paying $2.75 for each pound of domestic milk displaced by casein and placed in CCC storage. Standing alone, the cutbacks in milk price supports contained in S. 509 would save taxpayers $147 million.

In the casein amendment were passed in its present form, the bill could save an additional $200 million in subsidies for a possible Federal spending reduction of $347 million. The bottom line is that whether through lost markets or tax subsidies, everybody pays for casein competition.

The dairy community has attempted without success to bring this issue before the Congress for a number of years. To simply table the Melcher amendment, and cut off debate on the issue, would have been unjustifiable. The casein amendment presents a legitimate issue and it deserves a vote on the merits.

The Senate's decision to permit further debate and resolve the issue on its merits rather than through the expediency of a tabling motion was not—as some have suggested—a backdoor effort to kill the President's proposed reductions in dairy price supports. I am totally behind the President's proposal, as are most of the Senators who rejected the tabling motion. In fact, as I pointed out earlier, addition of the casein amendment could more than double the cutbacks in Federal spending contained in the administration's bill.

Nor is there validity to the suggestion that attaching this amendment to S. 509 will cause the bill to be sequentially referred, and thus delayed indefinitely in the House. Under the rules of that body, the Speaker has nearly absolute authority to determine the course of referral. This is not the first time the House of Representatives has considered a section 22 matter. A similar bill governing cotton imports was considered in 1956. At that time the Speaker did not use a sequential referral, and directed the bill only to the Agriculture Committee. The Speaker has the same authority to take identical action today.

In addition, the Speaker has the authority to place any limitation he chooses on the time a committee has to consider a bill and report it to the floor. The point of all ths should be obvious. If the Speaker wants to advance the bill by April 1, he has the authority to do so. If he wants to kill the bill, he does not need the excuse provided by the amendment to insure its defeat. The Melcher casein amendment is not an indirect device to kill the price support reduction. It is an issue distinct from that reduction, and it should be considered on its merits.

As important as this amendment may be in its own right, it is really only one aspect of a much broader issue confronting the 97th Congress. For in a real sense, we are considering the future role of the dairy industry in this country, as well as the role Government will play in preserving that industry's viability.

Generations of American policymakers have renewed their commitment to preserve the dairy industry because as a nation we cannot afford to lose that industry. Milk is the basic unit in any food cycle. Even in emerging nations, agricultural policy begins with policies designed to assure stable milk supply. Price supports form a part of those policies, but only a part. They cannot be treated in isolation from the cost and marketing issues that make up the whole of this Nation's agricultural policy. And the truth is that the rapid increase in outlays for dairy price supports is largely the result of our failure to deal effectively with these cost and marketing factors.

Over the years we have allowed a variety of foreign milk substitutes to seize an ever increasing share of the domestic market. Because these products are heavily subsidized by foreign competitors, they compete on favorable terms with American milk products. This creates an indefensible situation in which American consumers pay twice for every pound of imported milk substitute—once for the substitute itself, and once for the tax subsidy to compensate American producers for lost sales.

While witnessing this invasion of domestic markets, we have done an inadequate job in promoting foreign markets for our own surplus dairy products.

Poor policy coordination between dairy programs and other farm assistance programs has also played a major role in increasing subsidy outlays. There are few entry barriers to dairy farming. Whenever income falls in other types of farming, thousands of farmers shift their operations to dairy farming so they can take advantage of the price support subsidies. But of course, dairy farmers do not have the same entry and exit options vis-a-vis other branches of agriculture.

The result has been inadequate market growth, increasing surpluses, and of course, increasing outlays to maintain the price support level. We can address the symptoms of this process by cutting back the price support level, as President Reagan proposes to do. And I have no reservations about supporting his proposal. But until we address the problems of rising cost and inadequate market growth, we will neither protect the industry's viability nor strike back at the factors that have caused the increase in support expenditures over the past decade.

I do not believe that limiting the imports of casein can solve the entire problem. But it represents a first step toward addressing the industry's problems by expanding markets rather than increasing subsidies. This is the only policy that offers any long-term relief for the industry, the consumer, or the taxpayer. And by casting my vote on behalf of the Melcher casein amendment, I want to draw the attention of both the administration and congressional policymakers to the need for a comprehensive review of the Nation's dairy policies.

The Melcher casein amendment is not a test vote on the price support issue, and support for that amendment is perfectly consistent with support for the administration's program. As my distinguished colleague from Kentucky Senator HUDDLESTON, pointed out during floor debate last week—

S. 509 . . . keeps the (price support) program from becoming more expensive and more burdensome.

It reduces the potential amount of surplus dairy products that would come into the hands of the Federal Government . . .

The amendment by the Senator from Montana also deals with the overall program affecting dairy farmers of this country. It seems to me that if you are going to take from them with one hand, and you have an opportunity to restore something with the other hand that costs the government nothing but in fact saves the government, that it is proper and prudent to attempt to do that. The whole package of dairy legislation and dairy policy should be considered.

I am in complete support of the President's proposal to repeal the automatic price support increase that is scheduled to take effect April 1. I also support this effort to preserve American markets for the products of American agriculture.

I ask unanimous consent that a letter written to the President by Senator DOLE, Senator BOSCHWITZ, and myself be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON FINANCE,
Washington, D.C., March 23, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: For the past several days the Senate has been considering S. 509, a bill to delete the requirement that the support price of milk be adjusted semi-annually. During these deliberations several Senators have raised the longstanding issue of imports of casein and their impact on the domestic dairy producers. These Senators are concerned that imports of casein, a milk by-product, are displacing competitive domestically produced milk products in the U.S. market and are causing the Federal Government to increase its purchases of these milk products under the dairy price-support program.

There is no question that imports of casein and casein mixtures have risen in the last several years. From 1976 to 1980 such imports increased from 112 million pounds to 152 million pounds. During this period the Department of Agriculture increased its price support purchases of nonfat dry milk from 157 million pounds to 634 million pounds, an all time high. Since U.S. production of whole milk continues to increase, the distinct possibility exists that the Government will be forced to purchase increased quantities of nonfat dry milk. The amount which must be purchased by the Government could well be increased by the continued growth in casein imports.

Given these conditions we believe it would be appropriate for the Secretary of Agriculture to initiate an investigation under Section 22 of the Agricultutral Adjustment Act of 1933 to determine whether he has reason to believe the casein and casein mixtures are being imported in such quantities as to tend to render ineffective or materially interfere with the domestic price support program. If the Secretary so determines and so advises you, the International Trade Commission can be requested to make an investigation to determine the facts and make no-binding recommendations to you. Upon completion of an ITC investigation and recommendations, import restraints can be imposed. As a result of a waiver obtained from our trading partners in 1955 specifically for actions taken under Section 22, it is unlikely that the United States would be subject to retaliation or forced to pay compensation for any restraints imposed.

In our judgment, an investigation by the Secretary of Agriculture would be preferable to legislative action such as that which has been proposed as an amendment to S. 509. While this amendment may not be approved by the Senate, the extent of the concern with the casein problem cannot be underestimated. A proceeding under Section 22 would provide both casein producers and consumers with an impartial forum in which to present their respective views. It would also provide a means of reassuring agricultural interests in general that established legal procedures can be invoked to provide them with an opportunity to seek redress for their problems in a timely manner.

Sincerely yours,

BOB DOLE,
Chairman.
DAVID DURENBERGER.
RUDY BOSCHWITZ.

Mr. HEINZ. Mr. President, I would like to take this opportunity to discuss my views on the Melcher amendment which the Senate is considering today. This amendment would require that the President recognize the effects that casein imports are having on American dairy operations, by setting a quota on these imports.

The dairy farmer desperately needs to have his problems properly considered by the Congress. Indeed, with the introduction of this year's farm bill, I fully expect that we will take the necessary steps to insure that the dairy farmer's problems are not swept under the rug or blatantly ignored, but rather are given full exposition and effectively resolved.

The dairy farmers of America are our lifeblood. Nowhere will you find a segment of our population that is harder working or more dedicated to preserving the vitality of our country.

This bill currently before us, is yet another example of the dairy sector's resolve to make sacrifices on behalf of national interests. I have been greatly impressed by the willingness of so many dairy farmers in my State to share in the sacrifice that is necessary to revitalize our economy.

While I do not necessarily oppose the idea of restricting casein imports with respect to the Melcher amendment, I cannot support this amendment under the circumstances in which it is presented to us today. As a member of the Senate Finance Committee, I believe it is essential that the committee which has jurisdiction over international trade questions, have the opportunity to fully investigate and review the potential impact of the approach suggested by Senator MELCHER.

It may well be that our conclusion will indicate that the Melcher approach is the proper approach; certainly, I am very sympathetic to the concerns that motivated Senator MELCHER. But we simply must have a chance to follow regular Senate procedures, and permit the committee which knows the most about this issue to look into it.

Clearly, the question of a violation of the GATT agreement, which the Office of the U.S. Trade Representative believes to be the case, must be one factor foremost in our minds. In addition, the possible ramifications of a casein import quota for the products we export to casein-producing countries must be fully considered.

The International Trade Commission, a body for which I have the greatest respect, has concluded in a study completed in December 1979 that there is no injurious relationship between imports of casein and our domestic price support program for dairy products. Disputes on this matter continue, but I believe it is important that such a relationship be established before restrictive action is taken. The USDA is conducting its own study, due in June of this year, which will address many of the same issues.

It is my understanding that President Reagan today has agreed to invoke section 22 of the Agricultural Adjustment Act, and begin his own analysis of the casein imports question. Having had some reservations over the findings of the earlier ITC study, I applaud the President's actions and urge the swift completion of his investigation.

While I have procedural objections about the way this amendment has been brought to the floor, I do feel that this is an issue which deserves our full attention. Set in the proper context, the problem of casein imports must be fully investigated through those channels created to handle such problems.

Mr. President, I believe that a healthy dairy farm industry is a vital part of America. To that end I pledge my support to an early resolution of both the casein import question and a national farm and agriculture policy sensitive to the difficult circumstances of our dairy farmers.

Mr. BAKER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAKER. Mr. President. what is the question before the Senate?

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to vote in relation to the amendment of the Senator from Montana. The yeas and nays have been ordered and the clerk will call the roll.

Mr. BAKER. Mr. President, before the clerk begins, will the Chair state the nature of the amendment?

The PRESIDING OFFICER. To establish a section 22 quota on the importation of casein products into the United States.

Mr. BAKER. I thank the Chair.

Mr. HELMS. Mr. President, I ask unanimous consent that I may be permitted to proceed for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

Mr. President, the sponsors of this amendment argue that it is a fair amendment, designed to help the Government save money. The amount of savings claimed varies, but the most recent claim is $163 million. And, that is in addition to the saving from foregoing the April 1 increase in milk price supports.

On its face, it sounds reasonable and sensible. But, can it stand scrutiny? I think not. It hangs on so many important assumptions and involves so many risks that it deserves very, very careful examination.

In fact, no one has really made the case that imported casein displaces even 1 pound of domestic milk. There is no domestic casein—none is produced. Why? Because U.S. milk producers can get two or three times as much for their skim milk if they convert it to nonfat dry milk and sell it to the Government than they could if it went for casein. Imported casein comes in because U.S. producers have walked away from the domestic casein market. Or, to be more accurate, the Government has lured them away through the price-support levels for nonfat milk.

Imported casein goes into markets U.S. milk producers cannot fill at current prices. But, what if there were no imported casein? Would not U.S. milk products then fill those markets?

The sponsors of this amendment argue that domestically produced products that now go into Government stocks would, instead, go into products now made from imported casein. In general, that argument ignores the fact that at current milk price support levels, no U.S. milk products would replace imported casein except at much higher prices—casein prices probably in the range of 120 percent higher than they are now. At those prices, what would happen to casein use?

Many markets for casein would simply disappear if the price went up 120 percent. Another protein would be used, perhaps one made from soybeans or some other vegetable source. In other cases. the product now made from casein would become so expensive that its use would fall sharply. In all cases, I would expect a price increase as great as 120 percent would sharply curtail casein use.

However, we do not have specific estimates of how much use would be cut by such an increase in price and neither does the author of this amendment, based on the information I have seen. I have seen assertions that this or that share of the imitation cheese market would be supplied by domestic milk products, or this or that share of bakery product or speciality food uses would continue. But such assertions are a far cry from the hard facts needed for such an important determination. As far as I know, solid information on this issue will not be available until the Department concludes its study, about June 1. There may be some displacement of domestic milk products by imported casein. But until we have estimates that will stand careful scrutiny, it would be dangerously premature to restrict imports.

I say dangerously premature. The danger comes from two directions. First, by sharply restricting imports and increasing the cost of casein-based food products, we will be increasing costs U.S. consumers pay for food by many millions of dollars. I could support such a cost increase if it were necessary to protect our dairy industry, or to protect our dairy programs, but we cannot make such a claim. Milk price supports protect farmers' prices whether imports come in or not. And, the hard facts with regard to the impact of imports on the programs still must be determined.

The second risk, and the really important one, is the damage this amendment could do to our international trade. We expect to sell $47 billion worth of agricultural products overseas this year—with a $29 billion positive trade balance. By limiting casein imports through legislation rather than following the well-defined "Section 22" procedure, we make ourselves extremely vulnerable to those who would argue that we are not fulfilling our commitments under the general agreement on tariffs and trade. If our trading partners retaliate, they can damage that trade flow. Even a very small reduction of market access can have far-reaching and hugely expensive implications.

Technically, we would be liable for damages equivalent to the value of trade lost. However, our real concern is the risk of losing access to important markets. That loss could easily and quickly exceed any calculation of direct damages.

That risk is unnecessary. The Department is measuring the impacts of casein imports. If the Secretary finds reason to believe the imports materially interfere with the milk price support program, he has promised to recommend action under section 22. By careful investigation under the section 22 rules, we can minimize the danger of retaliation by our trading partners.

Finally, this amendment has little to do with the bill under consideration. Restricting casein imports would not remove the need to avoid giving producers a costly and unnecessary signal to increase milk production in the face of our huge surplus. There will be full opportunity to consider the casein question in the course of the farm bill debate.

And while I hate to say this, I suspect that the casein amendment is nothing more than a killer amendment designed to focus attention away from the President's recommendation and to cloud the simple issue the administration bill is designed to address.

Because the time before April 1 is short, we must pass this bill quickly without amendment if it is to accomplish anything. For those who would work to kill the bill by this device, I urge you to deal with these important issues on their merits. For these reasons, I urge you to join me in rejecting this amendment.

Mr. President, I yield back the remainder of my time and call for the vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Alaska (Mr. STEVENS) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Connecticut (Mr. DODD) is necessarily absent.

The PRESIDING OFFICER. Are there any Senators in the Chamber who have not voted who wish to vote?

The result was announced—yeas 38, nays 60, as follows:

[Rollcall Vote No. 34 Leg.]

YEAS—38

Abdnor	Evon	Metzenbaum
Andrews	Ford	Mitchell
Baucus	Grassley	Pressler
Bentsen	Hart	Provmire
Boren	Heflin	Pryor
Bumpers	Huddleston	Randolph
Burdick	Jackson	Riegle
Byrd, Robert C.	Johnston	Sarbanes
Cannon	Kasten	Sasser
Chiles	Leahy	Stafford
DeConcini	Levin	Stennis
Durenberger	Long	Zorinsky
Eagleton	Melcher	

NAYS—60

Armstrong	Gorton	Nickles
Baker	Hatch	Nunn
Biden	Hatfield	Packwood
Boschwitz	Hawkins	Pell
Bradley	Hayakawa	Percy
Byrd, Harry F., Jr.	Heinz	Quayle
Chafee	Helms	Roth
Cochran	Hollings	Rudman
Cohen	Humphrey	Schmitt
Cranston	Inouye	Simpson
D'Amato	Jepsen	Specter
Danforth	Kassebaum	Symms
Denton	Kennedy	Thurmond
Dixon	Laxalt	Tower
Dole	Lugar	Tsongas
Domenici	Mathias	Wallop
East	Matsunaga	Warner
Garn	Mattingly	Weicker
Glenn	McClure	Williams
Goldwater	Moynihan	
	Murkowski	

NOT VOTING—2

Dodd	Stevens

So Mr. MELCHER's amendment No. 8 was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 11

Under the previous order, the Senate will now vote on the amendment in the second degree offered by the Senator from Nebraska to that Senator's amendment in the first degree. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Alaska (Mr. STEVENS) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Connecticut (Mr. DODD) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 33, nays 65, as follows:

[Rollcall Vote No. 35 Leg.]

YEAS—33

Abdnor	Eagleton	McClure
Andrews	Exon	Melcher
Baucus	Ford	Pell
Bentsen	Grassley	Pressler
Boren	Hart	Pryor
Bradley	Heflin	Riegle
Burdick	Huddleston	Sarbanes
Chiles	Inouye	Sasser
DeConcini	Kennedy	Symms
Dixon	Leahy	Tsongas
Dole	Levin	Zorinsky

NAYS—65

Armstrong	Gorton	Moynihan
Baker	Hatch	Murkowski
Biden	Hatfield	Nickles
Boschwitz	Hawkins	Nunn
Bumpers	Hayakawa	Packwood
Byrd, Harry F., Jr.	Heinz	Percy
	Helms	Proxmire
Byrd, Robert C.	Hollings	Quayle
Cannon	Humphrey	Randolph
Chafee	Jackson	Roth
Cochran	Jepsen	Rudman
Cohen	Johnston	Schmitt
Cranston	Kassebaum	Simpson
D'Amato	Kasten	Specter
Danforth	Laxalt	Stafford
Denton	Long	Stennis
Domenici	Lugar	Thurmond
Durenberger	Mathias	Tower
East	Matsunaga	Wallop
Garn	Mattingly	Warner
Glenn	Metzenbaum	Weicker
Goldwater	Mitchell	Williams

NOT VOTING—2

Dodd	Stevens

So Mr. ZORINSKY's amendment in the second degree (No. 11) to his amendment in the first degree (No. 9) was rejected.

UP AMENDMENT NO. 17

(Purpose: To express the sense of the Senate regarding the Soviet grain embargo)

Mr. JEPSEN. Mr. President, I send to the desk a substitute amendment to the amendment by the Senator from Nebraska and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Iowa (Mr. JEPSEN), for himself, Mr. DOLE, and Mr. MATTINGLY, proposes an unprinted amendment numbered 17 to Zorinsky amendment numbered 9:

In lieu of the matter intended to be proposed by Mr. ZORINSKY insert the following:

Sec. 2. It is the sense of the Senate that the restrictions on the exportation of agricultural commodities to the Union of Soviet Socialist Republics should be terminated.

● Mr. PERCY. Mr. President, I am supporting the Jepsen substitute resolution for the Zorinsky amendment because it signals the President our collective desire to see the grain embargo ended. This resolution is nonbinding and, in effect, advisory only.

As we all know, the President is currently reviewing all the facts and circumstances pertaining to the grain sales suspension to the Soviet Union. He may determine that the embargo is necessary for foreign policy reasons. If this is the case, it is my feeling that all trade, across the board, should be suspended. The farmers and our Nation's agricultural community should not continue to bear the full burden of this action.

I cosponsored a similar resolution last week that asks of the President either to remove the embargo or extend it to all trade.

With this resolution, we are simply saying that if we are to have an embargo of the grain and food which this country produces so abundantly, then the embargo should be extended further than farm products.●

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa to the amendment of the Senator from Nebraska. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. EXON (when his name was called). Present.

Mr. HEFLIN (when his name was called). Present.

Mr. RIEGLE (when his name was called). Present.

Mr. ZORINSKY (when his name was called). Present.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

Mr. BAKER. I announce that the Senator from Alaska (Mr. STEVENS), is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Connecticut (Mr. DODD), is necessarily absent.

The result was announced—yeas 58, nays 36, as follows:

[Rollcall Vote No. 36 Leg.]

YEAS—58

Abdnor	Cochran	Garn
Andrews	D'Amato	Gorton
Armstrong	Danforth	Grassley
Baker	Denton	Hart
Baucus	Dixon	Hatch
Boren	Dole	Hatfield
Boschwitz	Domenici	Hawkins
Burdick	Durenberger	Hayakawa
Byrd, Harry F., Jr.	Eagleton	Heinz
	East	Helms
Jepsen	Murkowski	Simpson
Kassebaum	Nickles	Specter
Kasten	Percy	Stafford
Kennedy	Pressler	Stennis
Laxalt	Proxmire	Symms
Leahy	Pryor	Thurmond
Lugar	Roth	Tower
Mattingly	Rudman	Wallop
McClure	Sasser	Warner
Melcher	Schmitt	

NAYS—36

Bentsen	Glenn	Metzenbaum
Biden	Goldwater	Mitchell
Bradley	Hollings	Moynihan
Bumpers	Huddleston	Nunn
Byrd, Robert C.	Humphrey	Packwood
Cannon	Inouye	Pell
Chafee	Jackson	Quayle
Chiles	Johnston	Randolph
Cohen	Levin	Sarbanes
Cranston	Long	Tsongas
DeConcini	Mathias	Weicker
Ford	Matsunaga	Williams

ANSWERED "PRESENT"—4

Exon	Riegle	Zorinsky
Heflin		

NOT VOTING—2

Dodd	Stevens

So the amendment (UP No. 17) was agreed to.

Mr. BAKER. Mr. President, what is the next item pending before the Senate?

The PRESIDING OFFICER. The next question is on agreeing to the amendment of the Senator from Nebraska as amended by the substitute amendment offered by the Senator from Iowa.

Mr. BAKER. Mr. President, have the yeas and nays been ordered on the amendment?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. HELMS. Why do we not do it by voice vote?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BAKER. Mr. President, I wonder if the Senator would consider withdrawing the request for the yeas and nays?

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the order for the yeas and nays be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, what is the next order of business before the Senate?

AMENDMENT NO. 9, AS AMENDED

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska as amended by the substitute amendment offered by the Senator from Iowa.

[Putting the question.]

The PRESIDING OFFICER. The ayes appear to have it. The ayes have it.

The amendment (No. 9) as amended, was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARRY F. BYRD, JR., subsequently said: Mr. President, a short while ago, the Senate, by a voice vote, adopted the Zorinsky amendment as amended by the amendment offered by the Senator from Iowa (Mr. JEPSEN). I have voted for the substitute offered by the Senator from Iowa. However, had a recorded vote been taken on the motion to approve the

Zorinsky amendment as amended by the Jepsen amendment, I would have voted in the negative.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Oklahoma (Mr. BOREN).

The yeas and nays have been ordered.

UP AMENDMENT NO. 18

(Purpose: To express the sense of the Senate regarding imports of agricultural commodities from the Soviet Union under certain conditions)

Mr. BAKER. Mr. President, I send to the desk an amendment to the amendment of the Senator from Oklahoma and ask that it be stated.

The PRESIDING OFFICER. The amendment wil be stated.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER) proposes unprinted amendment numbered 18 to the Boren amendment numbered 13.

Mr. ROBERT C. BYRD. Mr. President, may we have order so we can understand what the amendment is about?

The PRESIDING OFFICER. The Senate will be in order.

The clerk may proceed.

The legislative clerk resumed reading as follows:

In lieu of the matter intended to be proposed by Mr. BOREN insert the following:

SEC. 2. It is the sense of the Senate that no agricultural commodities produced in the Union of Soviet Socialist Republics should enter the United States during any period during which the President imposes restriction on, or prohibits, the export of grain or any other agricultural commodity to the Union of Soviet Socialist Republics (including the restrictions on the exportation of agricultural products to such country initiated on January 7, 1980).

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MELCHER. Mr. President, may we have the amendment explained by the author?

Mr. BAKER. Mr. President, I ask unanimous consent to proceed for 30 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, the sole purpose of this amendment to the Boren amendment is to convert it from its status as an amendment to this bill to a sense-of-the-Senate resolution attached to this bill.

Mr. MELCHER. I thank the majority leader.

Mr. BOREN. Mr. President, I ask unanimous consent that I may be given 60 seconds in which to address a question to the author of the substitute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOREN. Mr. President, I wish to ask the majority leader or the manager of the bill is there authority under present law? If we pass the sense of the Senate resolution saying we should not be importing Soviet agricultural products during the embargo, is there power under the present law for the President to stop immediately short of us enacting it the importation of Soviet agricultural products during the time the embargo is in effect? In other words, would it have any teeth in it?

Mr. HELMS. I am advised he can on a temporary basis.

Mr. ROBERT C. BYRD. What is meant by "temporary basis"?

Mr. HELMS. I say to my friend that everyone knows what "temporary" means.

[Laughter.]

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may have 30 seconds to get the answer.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. The majority leader—oops, the minority leader—has asked a question to which I frankly do not know the answer.

Mr. BAKER. The minority leader.

Mr. HELMS. The minority leader. Look at that grin.

[Laughter.]

Mr. ROBERT C. BYRD. The Senator does not know the answer?

Mr. HELMS. That is correct, not at the moment. Counsel is researching the matter, but I confess that I do not know.

Mr. ROBERT C. BYRD. All right.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee to the amendment of the Senator from Oklahoma.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. EXON (when his name was called). Present.

Mr. HEFLIN (after having voted in the affirmative). Present.

Mr. PRYOR (when his name was called). Present.

Mr. ZORINSKY (when his name was called). Present.

Mr. BAKER. I announce that the Senator from Alaska (Mr. STEVENS) is necessarily absent.

Mr. CRANSTON. I announce that Senator from Connecticut (Mr. DODD) is necessarily absent.

The PRESIDING OFFICER. Is there any other Senator in the Chamber who desires to vote?

The result was announced—yeas 80, nays 14, as follows:

[Rollcall Vote No. 37 Leg.]

YEAS—80

Abdnor	Durenberger	Laxalt
Andrews	Eagleton	Leahy
Armstrong	East	Lugar
Baker	Ford	Mathias
Baucus	Garn	Mattingly
Bentsen	Goldwater	McClure
Biden	Gorton	Melcher
Boschwitz	Grassley	Metzenbaum
Burdick	Hart	Mitchell
Byrd, Harry F., Jr.	Hatch	Murkowski
	Hatfield	Nickles
Cannon	Hawkins	Nunn
Chafee	Hayakawa	Pell
Chiles	Heinz	Percy
Cochran	Helms	Pressler
Cohen	Hollings	Proxmire
D'Amato	Humphrey	Randolph
Danforth	Inouye	Riegle
DeConcini	Jackson	Roth
Denton	Jepsen	Rudman
Dixon	Johnston	Sarbanes
Dole	Kassebaum	Sasser
Domenici	Kasten	Schmitt
Simpson	Symms	Wallop
Specter	Thurmond	Warner
Stafford	Tower	Weicker
Stennis	Tsongas	Williams

NAYS—14

Boren	Glenn	Matsunaga
Bradley	Huddleston	Moynihan
Bumpers	Kennedy	Packwood
Byrd, Robert C.	Levin	Quayle
Cranston	Long	

ANSWERED "PRESENT"—4

Exon	Pryor	Zorinsky
Heflin		

NOT VOTING—2

Dodd	Stevens

So Mr. BAKER's amendment (UP No. 18) was agreed to.

AMENDMENT NO. 13, AS AMENDED

The PRESIDING OFFICER (Mr. ABDNOR). The question is on agreeing to the amendment of the Senator from Oklahoma (Mr. BOREN), as amended by the substitute amendment offered by the Senator from Tennessee (Mr. BAKER). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Pennsylvania (Mr. HEINZ), the Senator from Nevada (Mr. LAXALT), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Connecticut (Mr. DODD) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 90, nays 6, as follows:

[Rollcall Vote No. 38 Leg.]

YEAS—90

Abdnor	Garn	Metzenbaum
Andrews	Glenn	Mitchell
Armstrong	Goldwater	Murkowski
Baker	Gorton	Nickles
Baucus	Grassley	Nunn
Bentsen	Hart	Pell
Biden	Hatch	Percy
Boren	Hatfield	Pressler
Boschwitz	Hawkins	Proxmire
Bradley	Hayakawa	Pryor
Bumpers	Heflin	Randolph
Burdick	Helms	Riegle
Byrd, Robert C.	Hollings	Roth
Cannon	Huddleston	Rudman
Chafee	Humphrey	Sarbanes
Chiles	Inouye	Sasser
Cochran	Jackson	Schmitt
Cohen	Jepsen	Simpson
D'Amato	Johnston	Specter
Danforth	Kassebaum	Stafford
DeConcini	Kasten	Stennis
Denton	Kennedy	Symms
Dixon	Leahy	Thurmond
Dole	Levin	Tower
Domenici	Long	Tsongas
Durenberger	Lugar	Wallop
Eagleton	Mathias	Warner
East	Mattingly	Weicker
Exon	McClure	Williams
Ford	Melcher	Zorinsky

NAYS—6

Byrd, Harry F., Jr.	Matsunaga	Quayle
	Moynihan	
Cranston	Packwood	

NOT VOTING—4

Dodd	Laxalt	Stevens
Heinz		

So Mr. BOREN's amendment (No. 13), as amended by Mr. BAKER's substitute amendment (UP No. 18), was agreed to

Mr. HELMS. Mr. President.

Mr. MELCHER. Mr. President.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. I move to reconsider the vote by which the amendment was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I ask for the yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

POTENTIAL UNITED KINGDOM HOOF-AND-MOUTH DISEASE

Mr. MELCHER. Mr. President, yesterday I had printed in the RECORD some explanatory material demonstrating that of the countries from which we import casein, there are a number that are afflicted with outbreaks of the so-called hoof-and-mouth disease. The reason that is important is that in the processing of milk to prepare casein, it is pasteurized at 72 degrees centigrade for 15 seconds. Most of the virus of hoof-and-mouth, which is passed from infected animals in milk products, is killed by pasteurization. But not all.

Yesterday, I had printed in the RECORD information explaining that fact. As of yesterday, those countries from which casein is imported and have experienced outbreaks of hoof-and-mouth include France, Italy, the Netherlands, West Germany, Argentina, Russia, and Poland. As of yesterday, a new country has been added to that list, the United Kingdom.

Mr. President, the United States does import substantial quantities of casein from the United Kingdom. The new outbreak of hoof-and-mouth reported just yesterday in the United Kingdom is in the Isle of Wight. I have asked the Department of Agriculture to tell me today if there is any milk produced in the Isle of Wight that gets into casein products imported into the United States. They have been unable to answer that question today. They are attempting to run down information from the United Kingdom and supply it to me as rapidly as possible.

The Department of Agriculture, in guarding against contamination in any of the casein that does come into this country from countries having hoof-and-mouth disease, goes through a series of procedures that they feel—that they feel—will prevent the virus from getting into either cattle or hogs or other animals that could cause a devastating outbreak of that disease in this country.

For the information of my colleagues, this country has been free from hoof-and-mouth disease for a good number of years; in fact, several generations. We hope we never have another outbreak, but we guard zealously against importation of any product or any animal from an area that has disease that might bring the live virus to this country and cause an outbreak here. The method that is used in protection against the virus being in casein is not entirely satisfactory to me at all. Nevertheless, there is a procedure that the Department follows. Obviously, in a situation with an outbreak reported yesterday in the United Kingdom's Isle of Wight, there is no effective means of even identifying the possibility, at this time, that there is any milk product from infected animals that may have gotten into casein that is being imported into this country.

Mr. President, I hope that the Department can give us an immediate report, first of all, on how much milk is produced in the Isle of Wight, from where the disease has been reported; and second, has any of that milk gone into a processing plant that develops and is sending casein—or has sent that casein—recently to the United States? I think it is important that we know that and find it out immediately.

I have no amendments to offer at this time, Mr. President. To the managers of the bill and to the majority leader, I respectfully suggest that maybe we do not want to vote passage of the bill tonight.

Mr. President, I have described the circumstances with regard to the outbreak of hoof-and-mouth disease in the United Kingdom yesterday and my concern about it. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. MELCHER. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator may not reserve the right to object.

Mr. MELCHER. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there any objection?

Mr. MELCHER. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will call the roll.

CALL OF THE ROLL

The assistant legislative clerk called the roll, and the following Senators entered the Chamber and answered to their names:

[Quorum No. 5 Leg.]

Abdnor	Denton	Lugar
Andrews	Dole	Melcher
Armstrong	East	Nunn
Baker	Garn	Packwood
Bentsen	Hayakawa	Quayle
Boschwitz	Helms	Rudman
Burdick	Huddleston	Simpson
Cranston	Inouye	Specter
D'Amato	Jepsen	Wallop
DeConcini		

The PRESIDING OFFICER. A quorum is not present.

Mr. BAKER. Mr. President, I move that the Sergeant at Arms be instructed to invite the attendance of absent Senators, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee to instruct the Sergeant at Arms to invite the attendance of absent Senators. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Colorado (Mr. ARMSTRONG), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Connecticut (Mr. DODD) is necessarily absent.

The PRESIDING OFFICER (Mr. ROTH). Are there any other Senators wishing to vote?

The result was announced—yeas 94, nays 2, as follows:

[Rollcall Vote No. 39 Leg.]

YEAS—94

Abdnor	Garn	Metzenbaum
Andrews	Glenn	Mitchell
Baker	Gorton	Moynihan
Baucus	Grassley	Murkowski
Bentsen	Hart	Nickles
Biden	Hatch	Nunn
Boren	Hatfield	Packwood
Boschwitz	Hawkins	Pell
Bradley	Hayakawa	Percy
Bumpers	Heflin	Pressler
Burdick	Heinz	Proxmire
Byrd, Harry F., Jr.	Helms	Pryor
Byrd, Robert C.	Hollings	Quayle
Cannon	Huddleston	Randolph
Chafee	Humphrey	Riegle
Chiles	Inouye	Roth
Cochran	Jackson	Rudman
Cohen	Jepsen	Sarbanes
Cranston	Johnston	Sasser
D'Amato	Kassebaum	Schmitt
Danforth	Kasten	Simpson
DeConcini	Kennedy	Specter
Denton	Laxalt	Stafford
Dixon	Leahy	Stennis
Dole	Levin	Symms
Domenici	Long	Thurmond
Durenberger	Lugar	Tsongas
Eagleton	Mathias	Wallop
East	Matsunaga	Warner
Exon	Mattingly	Williams
Ford	McClure	Zorinsky
	Melcher	

NAYS—2

Goldwater	Weicker

NOT VOTING—4

Armstrong	Stevens	Tower
Dodd		

So the motion was agreed to.

The PRESIDING OFFICER. With the addition of Senators voting who did not answer the quorum call, a quorum is now present.

Mr. BAKER. Mr. President, I wonder whether I may have the attention of the distinguished Senator from Montana.

I understand his concern about the report of an outbreak of hoof-and-mouth disease in the United Kingdom. It is my understanding of his position that he wishes to delay third reading and final passage of this bill until he can obtain a report from our Department of Agriculture in respect to that story.

The Senator from Montana understands that we have been on this bill for some time and that the leadership on this side—I even presume to suggest perhaps the leadership on both sides—would like to move this bill and get it over with. However, in deference to the very legitimate concern of the Senator from Montana, I wonder whether he would consider another arrangement which I should like to propose now, informally; and if he thinks well of the suggestion, perhaps we could offer it as a unanimous-consent agreement.

In view of the fact that it appears that there are no other amendments—none that I am aware of and none we have been made aware of—other than the amendment that may be offered by the Senator from Montana, I suggest that we agree to put this bill over until the morning—say, to convene the Senate around 9:30—and that we go back on this bill after the recognition of the two leaders under the standing order; that we would have a vote on final passage of this bill, to the exclusion of all other amendments, except one amendment which may be offered by the Senator from Montana in respect to hoof-and-mouth disease, not later than 11 o'clock tomorrow.

That would be the request I would propound, if the Senator from Montana thinks favorably of that proposal.

I observe that the distinguished chairman of the Agriculture Committee is in the Chamber as well, and I am prepared to yield to either or both of them, so that they can express their preference.

Mr. MELCHER. Mr. President, will the majority leader yield?

Mr. BAKER. I yield.

Mr. MELCHER. I say from the outset that the proposal the majority leader has made is entirely satisfactory to me.

I should like to describe very briefly why I have such concern. The outbreak of hoof-and-mouth disease in the United Kingdom was just reported yesterday. It is on the Isle of Wight. My question to the Department today is this: "Is there any milk produced in the area that would get into the chain going into a casein plant and then possibly come into the United States?"

The reason why I think this is significant is this. Permit me just to quote briefly from some material I submitted for the RECORD yesterday, from the outstanding authorities on hoof-and-mouth disease and the chance of spreading it through milk products. I quote:

As indicated above, cattle infected with FMD shed the virus through various pathways. This includes mammillary secretions. As a result, milk and milk products from infected animals are of special concern to animal health authorities. During the 1967–68 outbreak of FMD in Great Britain, observations were made on the involvement of the milk in the spread of the virus. Samples of milk taken from milk collection trucks were shown to contain virus even from premises where the disease had not been diagnosed and from milk on store shelves. This observation led to a study which demonstrated high concentrations of virus in milk from infected cows before the appearance of signs of the disease.

In other words, cows that appear normal, that are not sick but are incubating the virus and will become diseased, are shedding the virus even before there is any sign of the disease in the cows.

In addition, the virus may persist in mammary tissue of convalescent cows.

The inactivation of FMDV in milk has been studied by various workers. This includes milk to which virus is added and milk from infected animals. FMDV in milk from infected animals may be extracellular or intracellular. The majority of the virus in milk is inactivated by Pasteurization, 72° C for 15 seconds; however, there is a small fraction which persists.

That is a small fraction of the inactive virus, and that 72 degrees centigrade or 15 seconds, which is pasteurization, is exactly the process that is used in milk in preparation for casein. So it is possible—and it has been checked out numerous times—that casein can contain the virus.

The threat is so serious that I believe it is imperative that we have a report from the Department of Agriculture indicating that they have identified where the disease is in the United Kingdom, on the Isle of Wight, and whether the milk produced from that area could be coming into the processing of casein that is imported—or, for that matter, other dairy products—being imported into the United States from the United Kingdom.

We do import a sizable amount of casein from the United Kingdom. I would like to be assured by the Department that all safeguards have been taken and identified; that no milk products from the Isle of Wight, where the outbreak of foot-and-mouth disease has occurred, is destined for the United States. I believe we can receive that assurance from the Department of Agriculture by tomorrow. If satisfactory, that would satisfy my concerns.

Mr. BAKER. I thank the Senator from Montana.

I yield now to the distinguished chairman of the Agriculture Committee.

Mr. HELMS. I thank the distinguished majority leader.

Mr. President, the Senator from Montana certainly is right in his concern.

I believe that the proposal by the majority leader is excellent. I assure the Senator from Montana that we are pushing for the information he has requested of the Department of Agriculture; and I hope, with the majority leader, that we may have it before we leave here this evening.

Mr. BAKER. I thank the Senator from North Carolina.

Mr. President, in view of these representations, and based on other inquiries I have made, I now ask unanimous consent as follows——

Mr. President, I withhold the request momentarily.

I join the distinguished Senator from Montana in urging that the Department of Agriculture and all other agencies and Departments of this Government inquire diligently and promptly into the matter suggested by the Senator from Montana.

It is my intention to propound the unanimous-consent request essentially as I have described it, after certain other details have been attended to.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, not to extend beyond 10 minutes, in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATOR HEFLIN'S VOTE ON THE JEPSEN SUBSTITUTE FOR THE ZORINSKY AMENDMENT

Mr. HEFLIN. Mr. President, in regard to the Jepsen substitute for the Zorinsky amendment, I voted "present," and I should like to inform the Members of the Senate my reasons for voting "present" rather than voting "yea" or "nay."

The Zorinsky amendment, in my judgment, was an intelligent approach to the issue of whether or not the grain embargo should be continued or lifted. It called for the removal of the embargo unless the President, by April 15, 1981, certified to Congress two things: First, that the continuation of the embargo was necessary in the national security or the foreign policy interests of the United States; and second, that the continuation of such embargo will not have an adverse effect or discriminatory burden on this Nation's farmers.

The Jepsen substitute was not really an amendment to the bill before us but rather was a sense of the Senate resolution. Such a resolution has no teeth. It does not have the force and effect of law, whereas an amendment to the bill would have such force and effect. The Jepsen substitute, in my judgment, was toothless and would accomplish nothing. I am very much in favor of the Zorinsky amendment, for his amendment takes a sound approach and does something. It does have teeth. I am in favor of lifting the grain embargo, because I feel that the farmers have borne an undue and adverse burden in regard to this issue. On the other hand, I am not in favor of doing anything which would harm the national security interests or the foreign policy interests of the United States.

I believe that the Zorinsky amendment was the proper approach to resolve these competing but not mutually exclusive issues. It called on the President to report to Congress the two things I mentioned. I believe we should hear from the President, directly and clearly, whether or not he thinks the embargo is in the national interests.

The President should be given the power, in my judgment, to make the farmers whole and to see that the farmers do not suffer adversely and that no discriminatory practices are carried out against them. That is what the Zorinsky amendment would do. It would let our Chief Executive execute the congressional mandate.

Mr. President, the President and the Secretary of State are privy to classified

information which we in the Congress do not have access to on a day-to-day basis He is in the best position to make timely decisions about matters such as these. The United States today has many problems with Russia, particularly in Afghanistan and in Poland, and in my judgment, many of the problems in El Salvador can be traced to the Soviet Union. The President has at his disposal up-to-the-minute information about what the Russians are or are not doing in these trouble spots.

By voting "present," I do not vote against lifting the embargo. By voting "present," I think that I reserve the right to be better informed in regard to whether the national interest or the foreign interest of the United States might be affected.

I think a resolution that merely lifts the embargo is not the proper way to approach it. I think that we ought to approach it from an intelligent and knowledgeable basis of whether it is in the national interest and this can be supplied to us by the administration. There are methods by which the farmer can be made whole and I think they must and will be pursued. Therefore, I feel that my vote of "present" was the proper vote under the circumstances.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENTS BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, in accordance with Public Law 93-618, and upon the recommendation of the chairman of the Committee on Finance, and on behalf of the President pro tempore appoints the following Senators as official advisers to the U.S. delegation to international conferences, meetings, and negotiation sessions relating to trade agreements:

Official advisers—ROBERT DOLE, BOB PACKWOOD, WILLIAM ROTH, RUSSELL LONG, and LLOYD BENTSEN.

Alternate official advisers—JOHN DANFORTH, JOHN CHAFEE, JOHN HEINZ, MALCOLM WALLOP, DAVID DURENBERGER, WILLIAM L. ARMSTRONG, STEVEN D. SYMMS, CHARLES GRASSLEY, HARRY F. BYRD, JR., SPARK MATSUNAGA, PATRICK MOYNIHAN, MAX BAUCUS, DAVID L. BOREN, BILL BRADLEY, and GEORGE MITCHELL.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER MODIFYING THE PREVIOUS ORDER FOR THE RECOGNITION OF CERTAIN SENATORS ON TOMORROW

Mr. BAKER. Mr. President, I suggest there was an order entered to provide for the recognition of certain Senators, I believe 24 in number, to begin after the recognition of the 2 leaders under the standing order and after the close of morning business if morning business is ordered.

I ask unanimous consent now to modify that so that if the Senate resumes consideration of the milk price support bill the special orders commence after the conclusion of the Senate action on that measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ANDREWS). Without objection, it is so ordered.

ADJUSTMENT OF PRICE SUPPORT FOR MILK

Mr. BAKER. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER. Consideration of S. 509, with amendments adopted by the Senate.

Are there further amendments?

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded; and before the Senator objects, I want to say a word or two about this situation, and then we will go back into a quorum, if he wishes.

I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I have spent a good bit of time now in trying to negotiate arrangements to complete consideration of this measure. It had been my expectation that we could finish this bill tonight. I know of no other amendments, with the possible exception of an amendment by the distinguished Senator from Montana dealing with hoof-and-mouth disease in the United Kingdom.

I am perfectly willing to consider that amendment tonight. I know that it is late and that some Senators may already have gone about the business of trying to fill their commitments for this evening. However, I should like to see us finish this bill tonight, and I believe we can, including the consideration of any amendment that may be offered by the Senator from Montana.

The Senator from Montana indicated that he would like to have some more information about the alleged outbreak of hoof-and-mouth disease in one of the English Channel islands. The distinguished Senator from North Carolina, who is chairman of the Agriculture Committee, joined the Senator from Montana in trying to gain as much information as possible on that subject; and I believe they did succeed, to some extent at least, with some information on that subject, perhaps a great deal of information on that subject.

Even so, in what I hope was a gesture of consideration, I suggested that if the Senator wanted this matter to go over until tomorrow, which was the first suggestion by the Senator from Montana, I was willing to do that, if we could arrive at a time certain to reach a vote on final passage.

I described the unanimous-consent request I was prepared to propound, to provide that the Senate would return to consideration of this matter in the morning and that the vote on final passage would occur at 11 o'clock; that no other amendments would be in order, except one amendment which may be offered by the Senator from Montana. It is my understanding that that was not agreeable, that there is an objection to a time certain to vote in the morning.

I suggested that perhaps we could vote tomorrow afternoon or perhaps any time tomorrow. As I understand the information that came back, it was that an objection would be lodged unless we could vote on final passage sometime Thursday.

Mr. President, we have been on this bill for a long time, off and on. Frankly, there are other matters that simply must be addressed by the Senate, matters such as the consideration of the report on the budget resolution of reconciliation instructions reported by the Committee on the Budget of the Senate.

In addition, we have a deadline for consideration of this measure. We can have an automatic milk price support increase on April 1 unless it is acted on by the two Houses, unless the bill can reach the President's desk in advance of that time.

So for those reasons and a variety of other reasons, it is simply not practical and it is not possible from our standpoint to put over the final consideration of this bill until Thursday.

Mr. President, that leaves us with the unhappy situation of either continuing on the consideration of this measure tonight or arriving at a reasonable time for its final disposition on tomorrow, and I reiterate my hope that we can conclude this bill tonight and I am willing to consider any other suggestion within reason to do that to reach that conclusion not later than some time during the day on tomorrow.

It is now 6:15 in the evening, and I would be loath to continue the Senate in session for a long period of time to complete the consideration of this bill tonight, but I am prepared to attempt to do so.

Mr. FORD. Mr. President, will the Senator yield?

Mr. BAKER. I am happy to yield.

Mr. FORD. Mr. President, I understand what the Senator is trying to do, and I am willing to stay as long as it is necessary this evening to complete this piece of legislation.

I might bring to the distinguished majority leader's attention that he announced the the schedule for the Senate and the days we would be in session and the days we would not be in session, the late night sessions and pro forma sessions on Friday, and he has been extremely good at this. We have been proceeding now for almost 3 months along this line, and it has been very good. Not only colleagues on my side but colleagues on the majority leader's side have been using that schedule in order to make their schedules. The majority leader will find that for many who are interested in dairy products and the dairy legislation tomorrow is just not a good day.

So, it seems that it would only take a few minutes on Thursday, if that does not interfere with the budget resolution, to take a vote some time early Thursday and allow Senators who will not be here to vote tomorrow.

The majority leader is jeopardizing some pretty decent Members, and I say "decent" in reference to their attendance. They have been faithful in their attendance and by the schedule that was announced. I understood that Friday during the pro forma the announcement was made that we would probably stay in all week, but that was on the basis that we thought the budget resolution would come on Friday but it did not come Friday. It came Monday, and that skewed the schedule some. I understood the announcement was going to be that we were going to be in on Saturday and there was a possibility of the Senate in on Saturday and now probably the majority leader is going to be good to the Senate and let the Senate out on Saturday and we will have no votes.

So it is a bit confusing to some of those who have been adhering to the majority leader's schedule on which I compliment him. It has been very good.

I understand there is just one individual maybe who has an amendment as it relates to the problem in Great Britain on hoof-and-mouth disease. That is a significant thing for him in his area and for apparently the distinguished chairman of the Agriculture Committee.

So I hope that we might be able to make arrangements.

Let me ask the majority leader this question: Is there no way we could have a time certain on Thursday to vote and not deprive or jeopardize the budget resolution for more than, say, 30 minutes?

Mr. BAKER. Mr. President, let me turn the question around. Is there no way that we cannot have the vote tonight, some time at a time certain, because on Thursday we are going to reach that budget resolution at a fairly early time during the day? I am sure a great number of Senators will be in a position or have to spend a great deal of time preparing for that and even if we began at 8 or 8:30 in the morning on Thursday I, frankly, think it is not the best part of scheduling discretion to put the final passage of this measure plus the consideration of one amendment in ahead of a matter of such monumental importance.

Mr. FORD. Mr. President, I think most Senators will have their minds made up by Thursday, and it should not be much of an imposition on any Senator to come in and to vote very quickly on one amendment and final passage.

I cannot see where it would jeopardize the budget resolution, only for a short period of time.

Second, apparently there is a very serious question as it relates to hoof-and-mouth disease in casein and other imports into this country. All the information is not available. It puts a fairly large responsibility on those who are attempting here in this short period of time to get this information, and it is something that has not been known for a long time, as I understand it, the problem that we have had.

Mr. MELCHER. Mr. President, will the majority leader yield?

Mr. BAKER. Mr. President, I thank the Senator from Kentucky for his remarks, and I will be happy to yield the floor to the Senator from Montana in just a moment.

I have the responsibility for the moment of scheduling the affairs of the Senate and exercising my best judgment and discretion in that respect just as my counterpart and colleague, Senator ROBERT C. BYRD, had for so long.

I regret really having to deviate from my professed intention to save late night sessions of the Senate for Thursday nights where possible. But in the initial communication with the Republican Members of the Senate, and I trust that a copy of that letter was delivered to Democratic Senators as well, because I supplied a copy to the distinguished minority leader, I pointed out that this is a schedule we would keep in the absence of extraordinary circumstances. But this is an extraordinary circumstance. We have been on this bill a long time. We have made a good-faith effort to conclude the consideration of this measure over that period of time.

We are perfectly willing to do that tonight at a time certain or without a time certain, or to do it tomorrow.

Mr. President, my responsibility, I believe, is to try to order the affairs of the Senate in a rational and reasonable way, and I do not believe it would be a reasonable and rational decision to try to finish this bill along with the commencement of the budget resolution on Thursday.

Mr. President, I will first yield to the Senator from Montana, but in a few moments I will put a unanimous-consent request that we proceed to final consideration of this measure not later than some hour during this evening, but before I do that so that Members may have a chance to come to the floor and so that the Senator from Montana may speak I yield the floor.

Mr. MELCHER. Mr. President, I wish to say to the majority leader that I think his concern in trying to arrive at a mutual or a satisfactory time for tomorrow has been very good. I sympathize with all the problems that the majority leader has to put up with in terms of making sure that no one's rights are violated and we can do the best job we can to protect everyone's interest.

Of course, this question of being present for a vote is one of the toughest decisions that a majority leader has to make, when someone tells him on either side that he cannot make a vote if it is scheduled for a certain time, when that Senator cannot be there.

I do not really want to inconvenience any Member of this Senate on this particular vote. However, I think it is rather serious that we know whether or not this recent outbreak of hoof-and-mouth disease reported only in the United Kingdom yesterday has had proper safeguards instituted by our Department of Agriculture to make sure that none of the infected products, that is, the products containing the virus, come into this country.

The sensitivity of my concern in this matter is predicated on some knowledge of how easy it is to have the live virus in a milk product exposed to some animals that are susceptible to the disease and they, therefore, contract the disease in that manner.

The fact is that we do import milk products from a number of countries that have hoof-and-mouth disease. So what difference does it make if we have one more country added to that list, in this case the United Kingdom, where the outbreak was first reported yesterday?

The problem is this, Mr. President, that in order to get safeguards in place to protect against the likelihood of importing the live virus and therefore spreading the infection to animals in this country, the most dangerous time is right at the initial outbreak.

What is necessary is for our people in the Department of Agriculture, cooperating with veterinarians in England, to make sure, first of all, that milk products from infected cows are not being placed into products that will be imported into the United States in such a manner that they would contain the live virus.

Pasteurization under the normal procedures, that is heating milk to 75 degrees centigrade for 15 seconds, will not kill all of the hoof-and-mouth virus. Some of that virus will survive pasteurization.

So it is extremely important that we can be sure that our safeguards are in place.

I am anxious for tomorrow to have a report from the Department of Agriculture describing the measures they have taken and the steps they have taken to make sure they have traced the various milk products that might be coming from the area, in this case the Isle of Wight, a part of England, where the outbreak occurred, are not in the process of coming into this country without proper protection.

I think it is an extremely serious matter. We have not had hoof-and-mouth disease in this country for several generations. When we had it in the early 1900's the cost to the country was in the hundreds of millions of dollars and with the change in the price of livestock now I suspect if not strictly controlled in this country we could lose billions of dollars worth of livestock.

The animals that are readily affected by hoof-and-mouth disease are clove and hoof animals which, of course, includes hogs, cattle, and sheep and also includes wildlife that are clove and hoof.

A few months ago there was a mock demonstration of what might happen if the hoof-and-mouth virus were introduced into this country undetected for a matter of 3 weeks and what might happen in the case of the spread of the disease during that period of 3 weeks was staggering. It was as if it were a war game played by our military. Our Federal veterinarians ran a mock test of the hoof-and-mouth virus actually introduced into the United States and undetected for a 3-week period of time and what might happen. It was devastating.

The safeguards that we have imposed upon ourselves have been effective during the past several decades. I said several generations. It has probably been about 65 years since we had an outbreak of hoof-and-mouth disease in this country. The safeguards we have put in place have been excellent.

I just want to be sure that we have all the safeguards in place in this particular instance. It is not an attempt to hold up the bill. It is an attempt to ascertain from the Department of Agriculture in the one clear way we can in the Senate or in the House of Representatives by saying to them we are waiting for a report and the whole body is waiting for a report for them to tell us just what safeguards they have taken and on that basis we are going to determine whether they are adequate.

From my own standpoint, I would prefer that the veterinarians in the Department of Agriculture and the animal, plant, health, and inspection service specifically, would have more rigid requirements and safeguarding against dairy products imported from hoof-and-mouth disease countries. I do not think their protections are rigid enough.

Be that as it may, the point is that in a few hours, the first 72 hours in the first 96 hours after an outbreak in a country, the chance of dissemination of the virus is at its worst.

It is true that the United Kingdom is a long way away from us, and it is true probably that the outbreak is localized in just a few communities. I hope that is the case. I do not think that is clear yet.

But the fact is that in modern day transportation and interchange in food products between the United Kingdom and here it is possible that the virus could be introduced very easily.

The fact is that pasturization does not kill all the virus. The fact is that veterinarians at Plumb Island in our research laboratory there who safeguard this country against hoof-and-mouth disease importation, have identified that the virus can and does survive in casein, for instance, for 84 days. For 84 days the virus can survive in casein that has been prepared from milk that has been pasturized. That is hardly reassuring at this time.

But we need to know, and it does not hurt this body to wait a day or 2, though I realize the serious handicap it imposes on the majority leader and on the minority leader trying to accommodate everyone so they have a vote when they can be present. I realize that.

The risk we are taking is great, Mr. President. For that reason, I will do what I can do to make sure that we do not wrap this bill up tonight until we have that report from the Department of Agriculture.

I repeat, I know the serious problems this imposes on the majority leader and the minority leader. But I also know that the bill is not going to be voted out of the House before Thursday. I think we could wait until tomorrow or Thursday morning. I am willing to do anything on the amendment itself tomorrow in the way of hurrying it up so all we would have to do is vote on final passage. I draw that to the attention of the majority leader and the minority leader if that helps in any way.

I yield to the majority leader.

Mr. BAKER. Mr. President, I thank the Senator for yielding. I have to confess, however, that I was in conversation with the minority leader. I wonder if the Senator would repeat himself.

Mr. MELCHER. Mr. President, I ask unanimous consent that I may yield without losing my right to the floor.

Mr. ROBERT C. BYRD. Without objection, it is so ordered.

Mr. MELCHER. I would do anything about making an arrangement to convenience anybody tomorrow on the amendment that might be offered. Just being assured by the report that the Department of Agriculture provide us with the information showing there is no need for the amendment, I would do anything I could within my power to clear that up tomorrow if that would somehow convenience everybody else just on voting on final passage on Thursday on the bill itself.

Mr. BAKER. Mr. President, as I indicated earlier, I would very much like to finish this measure tonight. As I understand, they are in contact right now with the United Kingdom to see if they can get the information the Senator requires before we recess tonight. That is my first preference.

If we can do that, I would hope that would resolve the dilemma. If we cannot do that, as I indicated earlier, I am prepared to agree to a time-certain vote with only one amendment in order during the day on tomorrow.

I think it is worth our while now just to wait a little, to continue to debate and to see whether or not we get some more information on this subject.

I would urge the Senator to propound his amendment. I do not know what disposition the Senate might make of it but at least we would have an opportunity to know what he is driving at. I have not seen the amendment. I have not had it described to me. I wonder if the Senator would consider submitting an amendment at this time.

Mr. MELCHER. I thank the majority leader for the suggestion. I will consult with the Department. I will have to draft the appropriate amendment and I will perhaps offer it later this evening.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr DURENBERGER). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I understand that there have been rather extensive negotiations between the distinguished Senator from Montana and others, including the distinguished Senator from North Carolina, the chairman of the Committee on Agriculture (Mr. HELMS). It appears that we are making good progress on trying to gain the information the Senator from Montana wishes. The minority leader has indicated to me in private conversation that there is some possibility that we can arrange for a time certain to dispose of this matter on tomorrow. I think that is a good arrangement.

Mr. President, I wish now to propound a unanimous-consent agreement for their consideration. I observe that the Senator from North Carolina is on the floor, as are the Senator from Montana and, of course, the minority leader.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD AND SENATOR EAGLETON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that, after the recognition of the two leaders under the standing order, the Senate turn to the consideration of the listing of 24 special orders in favor of Senators as previously described.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I inquire of the distinguished minority leader if there is any need for additional special orders on his side.

In addition to the 24 that have been provided for, Mr. President, I ask unanimous consent that there be added the Senator from Missouri (Mr. EAGLETON) for not to exceed 15 minutes; and the

distinguished minority leader, Mr. ROBERT C. BYRD, for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. 509 AT 3:30 P.M. AND FOR A VOTE THEREON AT 4 P.M. TOMORROW

Mr. BAKER. Mr. President, notwithstanding those special orders, I ask unanimous consent that the Senate return to the consideration of this measure, S. 509, at 3:30 p.m. on tomorrow and that the Senate proceed to a final vote on this bill at 4 p.m.; and that no other amendment be in order except one amendment which may be offered by the distinguished Senator from Montana (Mr. MELCHER) dealing with hoof-and-mouth disease; and that paragraph 4 of rule XII be waived.

Mr. ROBERT C. BYRD. Reserving the right to object, Mr. President, I wonder if the distinguished majority leader would provide assurance for some time on Mr. MELCHER'S amendment, because, under the agreement as presented, Mr. MELCHER might not get the floor until 4 o'clock, the time at which the rollcall vote would occur on the bill, and he would have no time for debate on his amendment.

Mr. BAKER. Mr. President, I shall be happy to do that.

I wonder if the Senator from Montana would be agreeable to, say, a guarantee of half that time to be provided, to go on the bill at 3:30 and to provide that 15 minutes of the 30 minutes from 3:30 to 4 o'clock be under his control?

Mr. MELCHER. Will the Senator yield?

Mr. BAKER. Yes.

Mr. MELCHER. I thank the majority leader. That is perfectly agreeable with me.

Mr. President, I want personally to thank the majority leader and the minority leader and the distinguished chairman of the Committee on Agriculture for their patience. It is very good of them to do that, all three of them.

I also thank all of the staff and the distinguished Senator from Minnesota, now in the chair, for their patience through the inconvenience of being held here. It is only on the basis that I think this matter is very serious and that it is absolutely essential that we have some report assuring us of the consequence and the degree of spread of the disease in the United Kingdom and what effect it might have on dairy products that might be permitted to come to this country that I base my sensitivity and my strong desire to have this amount of time.

Mr. BAKER. Mr. President, if the Senator will permit me to say, I have never doubted for a moment his sincerity in this amendment. It is indeed an important matter. I think the time we have spent since a little earlier today has been well spent, because we have provided an opportunity for a careful and prudent examination of this problem. We have provided now for a firm disposition of this measure. I think both of those things are much to be desired.

Mr. President, I thank the Senator from Montana for his cooperation. I thank the distinguished minority leader for his, and I express my gratitude to the distinguished chairman of the Committee on Agriculture (Mr. HELMS) for his assistance throughout the day.

Mr. HELMS. Will the Senator yield?

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Reserving the right to object.

Mr. HELMS. Mr. President, I thank the distinguished majority leader for his comments.

I say to the Senator from Montana that he has properly exercised his concern. I think it is going to be resolved to his satisfaction. I might report for the RECORD that we are getting British officials out of bed. It is now about 5 minutes past 1 in London and they are checking on the casein production there. I believe the answer that he will receive tomorrow morning, or perhaps later this evening, will be satisfactory to him.

I commend him for raising the question, because it is an important one. To whatever extent he has brought this matter to the attention of the Senate and, more particularly, the Agriculture Department, the better. I thank him. I appreciate what he has done.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I shall not object, I thank the distinguished Senator from Montana for pursuing the matter in a very serious way. His concern is not a frivolous one. It is a very conscientious and serious concern. He is attempting to secure certain information which, as the distinguished Senator from North Carolina (Mr. HELMS) has pointed out, is very difficult to receive at this hour.

There were two or three Senators on this side who will be inconvenienced by the vote which will occur at 4 o'clock tomorrow, but they have been contacted and we have the understanding that they would prefer that we proceed to set the vote for tomorrow, even though they will be inconvenienced, rather than go farther into the night. I think that the agreement that has been worked out is the best that can be secured and I, therefore, state that there is no objection on this side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the minority leader. I think that is a good arrangement. I am grateful to him, as I have previously said, to the Senator from Montana, and to the Senator from North Carolina. I also express my appreciation to Senators on both sides of the aisle, who are being inconvenienced from a scheduling standpoint. Members have expressed their willingness to proceed with this matter on tomorrow, notwithstanding that some of them will not be present. Without naming them, I should like the record to show that all of us, I am sure on both sides of the aisle, are grateful to them for their sense of cooperation and that degree of sacrifice.

Mr. BAKER subsequently said:

Mr. President, there is one element of the agreement that was reached by the distinguished minority leader, the Senator from Montana, and myself, that was not included in the original request. I now amend that request. I ask unanimous consent that the vote on the Melcher amendment, if such is offered, be an up-or-down vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That Senate will resume consideration of S. 509 at 3:30 p.m. on Wednesday, March 25, 1981 with 15 minutes of the time between 3:30 and 4 p.m. under the control of the Senator from Montana (Mr. MELCHER) and 15 minutes under the control of the majority leader or his designee.

Ordered further, That the only amendment in order be one to be offered by the Senator from Montana on hoof-and-mouth disease with an up-and-down vote on that amendment.

Ordered further, that final passage of S. 509 occur at 4 p.m.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow, the Senate will convene at 9:30 a.m. The two leaders will be recognized under the standing order. Following that, a series of special orders in favor of 26 Senators will commence. That sequence will be interrupted at 3:30 in the afternoon, at which time, the Senate will return to consideration of S. 509. A final vote on that measure will occur at 4 p.m. The intervening 30 minutes will be divided in accordance with the usual form and 15 minutes of that time will be under the control of the distinguished Senator from Montana.

Mr. President, after the Senate completes the consideration of this measure, it will return to the execution of several standing orders if they have not been completed. It is anticipated that, during the course of the day, there will be a time for the transaction of routine morning business. The Senate will be in tomorrow until fairly late in the afternoon or the early evening.

On Thursday, it is anticipated that the Senate will return to consideration of the report of the Budget Committee and the resolution of reconciliation and instructions which has been reported by that committee. I feel that the consent to do that or the motion to proceed to that item will occur at approximately 11 a.m.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. I am happy to yield.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader for providing, for the vote in connection with the Melcher amendment, that it will be an up-or-down vote on the amendment. That was the understanding as the majority leader and I discussed it and it is in accordance with the wishes of the author of the amendment if it is offered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask that there now be a period for the transaction of routine morning business not to exceed 5 minutes, in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

GRANT OF POSTHUMOUS HONORARY CITIZENSHIP TO DOUGLAS CLYDE MACINTOSH

Mr. BAKER. Mr. President, I send to the desk a resolution on behalf of Mr. DANFORTH, Mr. WEICKER, Mr. DODD, and Mr. HART, and ask that it be considered.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 55), granting honorary citizenship posthumously to Douglas Clyde Macintosh.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration and, without objection, the joint resolution will be considered to have been read the second time at length.

Mr. DANFORTH. Mr. President, I am pleased today to reintroduce a joint resolution to grant honorary citizenship posthumously to Douglas Clyde Macintosh, a distinguished theologian and respected teacher, late of Yale Divinity School. I am honored to be joined in this effort by the two Senators from Connecticut, Senator WEICKER and Senator DODD, and by Senator GARY HART.

In 1941, the U.S. Supreme Court—by a vote of 5 to 4—affirmed a Federal district court decision which denied citizenship to Douglas Macintosh, a native of Canada, because he would not promise to bear arms in defense of the United States unless he believed the war to be morally justified. Chief Justice Charles Evans Hughes dissented, in an opinion joined by Justice Holmes, Justice Brandeis, and Justice Stone. "There is abundant room for enforcing the authority of law." Hughes argued, "* * * without demanding that either citizens or applicants for citizenship shall assume by oath an allegiance to God as subordinate to allegiance to civil power."

Fifteen years later, the Supreme Court overruled the Macintosh decision, but, by then, Professor Macintosh had suffered an incapacitating stroke and could not renew his petition for naturalization. He died without receiving vindication for his sufferings.

Mr. President, the story of Professor Macintosh's case is well told in William Harbaugh's book, "Lawyer's Lawyer: The Life of John W. Davis." Mr. Davis argued the Macintosh case before the Supreme Court in 1931. I ask that an edited version of Mr. Harbaugh's narrative be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LAWYER'S LAWYER—THE LIFE OF JOHN W. DAVIS

(By William H. Harbaugh)

SELECTIVE CONSCIENTIOUS OBJECTION

Douglas Clyde Macintosh was an old-school Baptist by inheritance, training, and conviction. Born in Ontario in 1877, he was ordained a Baptist minister at the age of thirty. In 1909, the same year he received a Ph.D. from the University of Chicago, he was appointed to the faculty of the Yale Divinity School. Macintosh was not, and never had been, a pacifist. During World War I he volunteered for the Canadian Expeditionary Force as a chaplain, serving at Vimy Ridge and in the Battle of the Somme before returning to the United States on a speaking tour for the Allies. He then went back to France to run an American Y.M.C.A. hut behind the lines at St. Mihiel. After the war he resumed teaching at Yale as Timonthy Dwight Professor of Theology.

Dr. Macintosh wore pince-nez and high starched collars, spoke in clipped accents, and was reserved among strangers and casual acquaintances. Although proud, stubborn, and independent-minded, he was neither vainglorious nor conceited. Intimates valued him for his warmth, unswerving devotion to principle, and inspiring qualities as a teacher. "The more passionately Mac felt about a position, the softer his voice became. When he started to whisper it was time to head for the hills." His doctrinal outlook was conservative, but his methodology was liberal. He established himself as a philosopher of note with *The Problem of Knowledge* in 1915 and as a theologian of distinction with *Theology as an Empirical Science* four years later. In 1928 Macintosh offended many of his co-religionists by contending, in a series of lectures in Calcutta, that non-Christian philosophies were often infused with religious values. Yet he considered himself a staunch defender of evangelical Christianity, and he maintained his Baptist connections throughout his life.

Dr. Macintosh took out first citizenship papers in 1925. Four years later he joined 185 other applicants for naturalization in a crowded federal courtroom in New Haven. One of the other petitioners had been arrested three times in the preceding eighteen months; two would acquire criminal records during the following three years; one would be brought before the Humane Society for gross abuse of her children; and several were, or would become, prostitutes. All except Macintosh would be granted United States citizenship.

Dr. Macintosh was determined not to fight in an immoral war. As he said on his written application, he wanted "to be free to judge the necessity" of bearing arms, he did not believe in having his moral opinions settled by the majority, and he could not promise to act against what might be the best interests of humanity:

"I do not undertake to support 'my country, right or wrong.' . . . I am not willing to promise beforehand, and without knowing the cause for which my country may go to war, either that I will or that I will not 'take up arms in the defense of this country' however 'necessary the war may seem to the Government of the day.' ".

Under interrogation by the court on June 24, 1929, Macintosh amplified those views. His counsel, Dean Charles E. Clark of the Yale Law School, then argued for his admission on the ground that Dr. Macintosh's age made the question of military service moot. But District Judge Warren B. Burrows, a simple, patriotic Baptist who was to resign to run for the state attorney generalship the next year, denied the petition. No matter how estimable Macintosh's character, said the Judge, if men of his beliefs were naturalized there would be no one to fight "when the powder begins to burn and the bullets to fly"; patently, the Reverend Doctor was "not attached" to the Constitution of the United States.

Had Macintosh applied for citizenship before World War I, he probably would have been naturalized as a matter of course, for the right of conscientious objection was long established. The original colonies had all exempted members of recognized pacifist bodies from bearing arms, and the Fundamental Constitution for the Province of East New Jersey (1683) had not even required formal religious attachments. In ratifying the United States Constitution, North Carolina and Virginia had suggested that "any person religiously scrupulous of bearing arms, ought to be exempt, upon payment of an equivalent to employ another to bear arms in his stead"; and Madison had included a similar statement in his original draft of the First Amendment. Although both that draft and a revision incorporating the phrase, "or to infringe the rights of conscience," were struck out, apparently in the interests of brevity, the rights of conscientious objectors were understood by many to be implicit in the final version.

Judge Burrows' refusal to naturalize Dr. Macintosh in July 1929 evoked an impassioned editorial endorsement in conservative nationalist circles. The New York Herald Tribune predicted that "national suicide" would result if citizens refused to surrender their will in crises of life and death. The Memphis Commercial Appeal announced that good citizenship could "permit of no reservations." Other newspapers thanked Burrows for saving the country from "anarchism." Almost alone among major dailies, Walter Lippmann's New York World attacked the ruling. "The absoluteness of this doctrine," it declared, "is as naive as it is intolerable. The majority of wars in which any great Power engages are not life-and-death struggles in which its existence is at stake, but little wars of policy, interest, or accident. It is absurd to lay down a rule which makes it the absolute obligation of the citizen to give unquestioning support to every war. . . . The Herald Tribune's position is nothing more or less than a challenge to the principle of a moral responsibility."

Within hours of Judge Burrows' ruling against Macintosh, Professor Jerome Davis of the Yale Divinity School had asked his old friend Allen Wardwell to take the case, on the theory that it would be better if a leading Wall Street office handled the matter. He added that, although Macintosh was limited in means, he was one of the most distinguished theologians in the world. Four days later Professor Davis reminded Wardwell that "faith in God and Freedom of Conscience" were fundamental American traditions and that Macintosh was "merely upholding the principle for which our forefathers came to this country." Wardwell, a prominent Episcopal layman of strong liberal convictions, did not need to be reminded. After conferring with Dr. Macintosh, he recommended to John W. Davis that they take the case without fee.

Not only did Davis approve, he said with rare fervor that he wanted to argue the appeal himself.

Davis' partners believed that he took the appeal because it was brought to him, because it presented a debatable issue under law, and because it afforded him an opportunity to express his deep feeling for personal rights against governmental power. As he caustically remarked at the time, the framing of Question 22 by the Naturalization Service rather than by Congress made the question "a pure bureaucratic innovation . . ., an adornment and embroidery of the act which Congress itself had passed." He may also have been influenced, if only subconsciously, by a desire to purge himself of the illiberal statements he had made in his World War I cases, the tone of which had been wholly out of keeping with his abiding concern for the right of conscience. But however that may be, he felt more keenly about this case than almost any he ever argued.

Davis thrust hard on the practical aspects of the case in his opening argument in the ornate federal courtroom in the old Post Office Building at Broadway and Park Row.

He extolled Macintosh's character, emphasized that he was not a dangerous propagandist, and challenged the essence of an oath. It was doubtful, he observed, that any man had ever sworn allegiance "without making some reservation which would leave him some freedom of action." Near the end he moved the bench to laughter:

"If war ever came again to this country, I for one would not sleep any sounder if I knew that I was being defended by an army of middle-aged Baptist ministers with conscientious scruples against fighting."

Davis also seized the advantage when Judge Hand asked the befuddled government counsel if he believed that an act of Congress necessarily expressed the will of God. Would counsel, demanded Davis, bar naturalization to an alien who opposed the Prohibition Amendment? Finally, he declared that the Constitution "plainly does not require anyone to set aside his conscientious religious beliefs" and that it was "unconscionable to require an alien . . . to bind himself to conditions not imposed upon American-born citizens."

Davis was persuasive. On June 30, in an opinion which paraphrased or incorporated large sections of both the brief and the oral argument, Judge Manton, for a unanimous court, reversed Judge Burrows' decision. He affirmed Davis' contention that naturalized citizens should receive the same privileges as native-born citizens.

Davis altered his strategy in no essential in arguing against the appeal before the Supreme Court in April 1931. He told the bench with all his usual pungency that "the idea that a priest in his cassock, a nurse in her gown, a woman with her children hanging to her skirts, and a paralytic in his chair must all swear to bear arms before they become citizens reduces the process of naturalization to an absurdity." He declared that "what we want now is not more men who agree with the majority but [more] who are willing to go against the majority on occasion." And he pounded hard on the inconsistency of the government's adherence to the Kellogg Pact and its warlike demands upon Dr. Macintosh.

Four weeks later, in an opinion almost unique for its indifference to the First Amendment, Justice Sutherland overruled the Court of Appeals for a five-to-four majority. He declared that Davis' contentions that exemption of conscientious objectors was "a fixed principle of our Constitution" and that applicants for naturalization were being discriminated against were "astonishing." Congress, not the Constitution, gave them such rights as they possessed, and Congress could remove them at will. Unlike the native-born citizen, Macintosh was "unwilling to rely . . . upon the probable continuance by Congress of the long-established and approved practice of exempting the honest conscientious objector." Passing over the Kellogg-Briand Pact altogether, Sutherland then reduced one of the most uncompromising endorsements of the war power ever made by a member of the Supreme Court, "Unqualified allegiance to the Nation and submission and obedience to the laws of the land . . . are not inconsistent with the will of God"; the only limitations on the war power were those in the Constitution or in international law:

"To the end that war may not result in defeat, freedom of speech may, by act of Congress, be curtailed or denied so that the morale of the people and the spirit of the army may not be broken by seditious utterances; freedom of the press curtailed to preserve our military plans and movements from the knowledge of the enemy; deserters and spies put to death without indictment or trial by jury; ships and supplies requisitioned; property of alien enemies, therefore under the protection of the Constitution, seized without process and converted to the public use without compensation and without due process of law in the ordinary sense of that term; prices of food and other necessities of life fixed or regulated; railways taken over and operated by the government; other drastic powers, wholly inadmissable in time of peace, exercised to meet the emergencies of war."

Not until 1954 would Davis again be so outraged by an opinion of the Supreme Court. "Dear Dr. Macintosh," he said in a one-sentence letter to the theologian, "I blush for my country." The finding of the majority, he acidly remarked in other letters, was as wrong in law as it was in policy. It would doubtless meet the approval of 100 per cent Americans, most of whom would not fight if "there were any way in the world to wiggle out of it"; but by any thoughtful measure it was "a sad reflection on the intelligence of Congress and the country."

In his book-lined study in Timothy Dwight College at Yale, where a reporter sought him out on the afternoon of the decision, Dr. Macintosh said that he had rather expected the result. He brightened momentarily on learning that Chief Justice Hughes had written a forceful dissent in which Holmes, Brandeis, and Stone had concurred. But he responded grimly when asked if he would modify his position in order to gain citizenship: "I'm not budging from my stand one bit. I will make no further attempt to obtain citizenship if my point of view is unacceptable."

Not until 1942, when Congress amended an act of 1940 by authorizing the naturalization of conscientious objectors then serving in the armed forces in a non-combatant capacity, was the way opened for a possible reversal of the *Macintosh* decision.

Within a year, James Louis Girouard, a French-Canadian Seventh-Day Adventist, filed final naturalization papers in Massachusetts. Asked the usual questions, Girouard replied that he would serve as a non-combatant but would not bear arms. Over the vigorous protest of the naturalization examiner, the District Judge admitted him to citizenship. The government secured a reversal on appeal, after which the Supreme Court granted certiorari.

In an opinion which drew heavily on Hughes' dissent in *Macintosh*, Justice William O. Douglas reversed the lower court's ruling against young Girouard and overturned *Macintosh*, in the process. Dismissing the notion that Congress' failure to change the oath implied that it supported the government's construction of it, Douglas said that it was "treacherous to find in congressional silence alone the adoption of a controlling rule of law." Furthermore, the "affirmative recognition" in the 1942 amendment, that one could be attached to the principles of the government without bearing arms, negated any inference that might be drawn from Congress' earlier silence. He added a moving coda to Hughes' dissent in *Macintosh:* "Throughout the ages, men have suffered death rather than subordinate their allegiance to God to the authority of the State, Freedom of religion guaranteed by the First Amendment is the product of that struggle."

Mr. DANFORTH. Mr. President, the purpose of this resolution is to right the wrong done Professor Macintosh 50 years ago. A similar measure—sponsored by Senator Ribicoff—passed the Senate last year, but there was not sufficient time to consider it in the House of Representatives. To my knowledge, it is not controversial, and I am hopeful that it can be considered and passed by the Senate today.

The joint resolution (S.J. Res. 55) was ordered to be engrossed for a third reading, was read the third time, and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

S.J. R. 55

Whereas Douglas Clyde Macintosh, a native of Canada and a Baptist minister, distinguished himself as an outstanding theologian and respected teacher in more than thirty years of service on the faculty of the Yale Divinity School, and as a visiting lecturer in philosophy and religion at the Universities of California, Chicago, Calcutta, and Harvard;

Whereas in World War I Douglas Clyde Macintosh voluntarily saw service as a chaplain with the Canadian army at Vimy Ridge and in the Battle of the Somme, lectured on behalf of the Allies in the United States, and operated an American Y.M.C.A. outpost at the front until the Armistice in 1918;

Whereas in 1931 the Supreme Court of the United States, in the case of United States versus Macintosh (283 U.S. 605 (1931)), affirmed the decision of the Federal District Court of Connecticut denying Douglas Clyde Macintosh's petition for naturalization as a citizen of the United States because he would not promise to bear arms in defense of the United States unless he believed the war to be morally justified;

Whereas in proceedings before the District Court Douglas Clyde Macintosh stated that he was ready to give to the United States all the allegiance he had ever given or ever could give any country, but could not put allegiance to the government of any country before allegiance to the will of God;

Whereas in 1946, in the case of Girouard versus United States (328 U.S. 61 (1946)), the Supreme Court of the United States overruled the decision of United States versus Macintosh;

Whereas Douglas Clyde Macintosh suffered an incapacitating stroke in 1942 making him unable to renew his petition for naturalization;

Whereas one of the cardinal principles upon which this nation was founded is the unalienable right to the free exercise of religion, according to the dictates of conscience; and

Whereas Douglas Clyde Macintosh died in 1948 without receiving vindication for his personal sufferings on behalf of that principle: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and directed to declare by proclamation that Douglas Clyde Macintosh is an honorary citizen of the United States.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

JOINT REFERRAL OF NOMINATIONS

Mr. BAKER. Mr. President, I have a series of requests here that I understand have been cleared by the minority. I shall proceed to state them.

Mr. President, as in executive session, I ask unanimous consent that the nomination of Lionel H. Olmer, of Maryland, to be Under Secretary of Commerce for International Trade be jointly referred to the Committee on Finance and the Committee on Banking, Housing, and Urban Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, as in executive session, I ask unanimous consent that the nomination of G. Ray Arnett, of California, to be Assistant Secretary for Fish and Wildlife, Department of the Interior, be jointly referred to the Committee on Environment and Public Works and the Committee on Energy and Natural Resources.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CURRENT PLIGHT OF THE FARMER

Mr. THURMOND. Mr. President, I rise today to bring to the attention of the Senate the crisis situation afflicting the agricultural community of my State of South Carolina. Although the drought of 1980 is over, its devastating effects still plague the farmers of my State.

Mr. President, in 1980 the farmers of South Carolina were subjected to one of the worst droughts in the State's history. Although this drought was not limited to South Carolina alone, few, if any, other States suffered as severely as mine. Losses of tremendous proportions were incurred. Many farmers were unable to meet their debt commitments and either had to liquidate their farms or, when possible, refinance their 1980 debt. Reduced income and increased debt pushed the debt-to-net income ratio to over 8-to-1 by year end.

As a result of strong export demand and reduced national production, depressed commodity prices rebounded during the latter half of 1980. Subsequently, net national farm income projections improved considerably over earlier projections. However, South Carolina farmers had little or no crops to sell; and thus, were unable to take advantage of the higher crop prices.

Mr. President, large numbers of farmers in South Carolina were forced to turn to the Farmers Home Administration and the Small Business Administration for financial assistance as a result of the heavy losses they encountered in 1980. However, delays in the processing of disaster and operating loans have created serious cash-flow problems for these beleaguered farmers. This already bad situation is now further aggravated by the arrival of planting time in South Carolina.

Corn producers have been particularly hard hit by this unfortunate situation. Although planting time has come, they lack sufficient funds to sow their fields. Those fortunate enough to have acquired adequate capital to purchase the supplies necessary to prepare and plant their fields are now finding themselves short of funds for fuel, fertilizer, and nitrogen—all necessary for crop cultivation and an ultimate good harvest. As the planting dates for other commodities draw near, producers of these commodities are likely to encounter similar situations. A continuation of these circumstances does not bode well for prospects of recovery from last year's disaster, and may well bring about yet another disaster year for many farmers.

Mr. President, I ask unanimous consent that a resolution adopted by the South Carolina General Assembly memorializing the President, the Secretary of Agriculture, and Congress to take immediate action to relieve the economic hardship of the American farmers and agribusinessmen be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

CONCURRENT RESOLUTION

A concurrent resolution to memorialize the President, the Secretary of Agriculture and Congress to take immediate action to relieve the economic hardship of the American farmers and agribusinessmen which was brought on by the drought and extended scorching heat of the summer of 1980

Whereas, the American farmer has been able to adequately feed and clothe our people, even under the disastrous conditions of heat and drought during the summer of 1980; and

Whereas, the American farmers are the foundation of this Nation's economic prosperity, whereby four percent of the people feed the other ninety-six percent, which frees this large percentage for employment in industry, commerce, service professions and the arts and sciences; and

Whereas, the American farmer has paid the price for this national security against hunger and food shortages through enormous investments in mechanized equipment, fertilizers and chemicals and yearly operating expenses; and

Whereas, the cost of these investments has steadily risen under the pressure of inflation; and

Whereas, many of the farm lenders in South Carolina and the Nation are faced with numerous foreclosures and forced sales of farms and farm businesses due to reduced farm incomes caused by the drought.

Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

That the President, the Secretary of Agriculture and Congress are memorialized to take immediate action to relieve the economic hardship of the American farmers and agribusinessmen which was brought on by the drought and extended scorching heat of the summer of 1980.

Be it further resolved that the President is urged to use his discretionary authority to approve a three-year moratorium on principal payments for the 1977 agricultural disaster loans made through the Farmers Home Administration and the Small Business Administration and subordinate such loans to allow farmers to secure long-term bank loans and make low-interest disaster loans available to all farmers who have been adversely affected by the drought by suspending the "credit elsewhere" requirement normally used for Farmers Home Administration loan eligibility.

Be it further resolved that Congress is urged to provide for the extension by the Agricultural Stabilization and Conservation Service (ASCS) of direct disaster relief payments to farmers for drought losses to all crops with such payments made at one hundred percent of the production costs based "target prices" on one hundred percent of a farmer's normal yield and that ASCS emergency feed purchases assistance payments be made available for all feed purchases required to replace pastures, forage and feed grain lost due to the drought and not for feed only on hand at the time of a farmer's application and to allow the provision that eligibility be based on an alternate method of estimating the feeding period by using estimated crop yield and crop disaster payments whenever a farmer still has unharvested crops and provide that payments may be made immediately upon determination of eligibility using the alternate method and to take action to provide that ASCS emergency feed assistance payments may also be made available to poultry farmers.

Be it further resolved that the Farmers Home Administration implement a low-interest irrigation loan program to insure against future natural disasters due to drought.

Be it further resolved that action be taken to allow federal funds to be made available to drought-stricken states for development of irrigation projects under the Soil and Water Conservation Districts Watershed Development Program.

Be it further resolved that copies of this resolution be forwarded to the President, the Secretary of Agriculture and to each member of Congress representing South Carolina.

ADM. JOHN S. McCAIN, JR., NAVAL LEADER AND AUTHORITY ON SEA POWER

Mr. HELMS. Mr. President, the U.S. Navy in its long history since the founding of the United States has produced many heroes, leaders, and statesmen, among them Adm. John S. McCain, Jr., who died on Sunday, March 22, 1981, on board a military aircraft while returning from a visit in Europe.

Following a distinguished naval career, including submarines during World War II, he rose steadily through subordinate positions and finally became U.S. Commander in Chief, Pacific, 1968–72, with enormous responsibilities in connection with the Vietnam war.

It is significant that his early assignments included duty in submarines stationed at Coco Solo, C.Z., which experiences enabled him to become familiar with the Panama Canal and some of its major problems as well as to become an authority on the great subject of sea power.

Upon retirement from active service in the Navy in 1972 at a time when the future of the Panama Canal was becoming a subject of major national debate, he did not rest on his oars but started upon a sustained program of highly informative lectures on sea power in various parts of the Nation. In them and during appearances before congressional committees he vigorously opposed the surrender of the canal and strongly urged its retention under the undiluted sovereign control of the United States as a vital element in American sea power.

Mr. President, as Admiral McCain's career should serve as an inspiration to the youth of our great country, I ask unanimous consent for the obituary of him as published in the March 24 issue of the Washington Star be printed in the RECORD.

There being no objection, the obituary was ordered to be printed in the RECORD, as follows:

[From the Washington Star, Mar. 24, 1981]

ADM. JOHN McCAIN JR. DIES; PACIFIC COMMANDER 1968–72

Retired Navy Adm. John S. McCain Jr., 70, commander in chief of U.S. Pacific forces at the height of the Vietnam War, died Sunday aboard a C–5 military aircraft after suffering a heard attack while returning from Europe to the United States. A Washington resident since his retirement in 1972, he lived on Connecticut Avenue NW.

Adm. McCain and his wife, Roberta, had been in Spain and Portugal where he was on a business and pleasure trip. This plane was scheduled to land at Dover Air Base, Del., but after the admiral was stricken landed in Loring Air Force Base, Maine, where he was pronounced dead.

From 1968 to 1972 McCain was commander of all U.S. military forces in the Pacific, including the troops then fighting in Vietnam. His was the single largest military command in the country's history, including more than a million soldiers, sailors and airmen and covering 85 million square miles.

Before he became commander of the Pacific forces, Adm. McCain was military representative to the United Nations for two years and then commander of naval forces in Europe in 1967 and 1968.

The son of a four-star Navy admiral, Adm. McCain lived in Washington for part of his youth and was a graduate of old Central High School here. He was graduated from the U.S. Naval Academy in 1931 and served aboard the old battleship Oklahoma.

He next went to submarine school in New London, Conn., and during World War II commanded three different submarines which sank 20,000 tons of Japanese shipping. On one occasion, he settled his submarine on the ocean floor for 72 hours while a Japanese destroyer dropped depth charges from above before finally giving up.

Adm. McCain also served in the Atlantic, one of his submarines serving as the beacon ship for the Casablanca landings in North Africa. During the war he was awarded a Silver Star and a Bronze Star for his exploits as a submarine commander.

On the day the peace treaty was signed in Tokyo harbor. Adm. McCain met his father, John S., also a four-star admiral, who was to participate in the signing ceremonies on the battleship Missouri that afternoon.

After the ceremony the senior McCain flew home to Coronado, Calif., where he died shortly after arrival. His father had been commander of the Fast Carrier Task Force under Adm. William F. Halsey during the war.

During the Korean war, Adm. McCain was second in command of the heavy cruiser St. Paul and also participated in shore bombardment in support of U.N. troops. After the war he became chief of congressional liaison for the Navy. One of his sons, Capt. John S. III, a prisoner of war in Hanoi for five years during the Vietnam War, now is Navy liaison to the Senate, a post similar to that held by his father and also, after World War I, by his grandfather.

Promoted to admiral in 1959, he became chief of information for the Navy and later as an amphibious specialist was appointed commander of the Atlantic Amphibious Training Command.

As vice admiral he commanded the Navy's Atlantic amphibious forces and also commanded American landing forces in the Dominican Republic crisis in 1967. For that operation he was awarded the Distinguished Service Medal. His next assignment was commander of naval forces in Europe.

Besides his wife and son, John S. III of Washington, he leaves another son, Joe, of Bethesda; a daughter, Alexandria of Houston; a brother, Gordon, of Corcoran, Calif.; and a sister, Catherine, of Coronado.

Services will be held at 10 a.m. Friday in the new Fort Myer Chapel, with burial in Arlington Cemetery.

The family suggest that expressions of sympathy be in the form of contributions to the Navy Relief Fund.

Mr. MATHIAS. Mr. President, will the Senator yield to me?

Mr. HELMS. I yield.

Mr. MATHIAS. Mr. President, I wish to join with the Senator in his tribute to Admiral McCain.

When I was a Member of the other body Admiral McCain was the Navy liaison officer on Capitol Hill, and one of the most famous events that occurred during those years was when Admiral McCain would give his sea power lecture.

Later I visited him in Norfolk when he was commander of amphibious forces, Atlantic, and he had perfected the sea-power lecture to the point where it was a very realistic exercise in what could be done by Navy forces.

That was typical of Admiral McCain. He thought Navy. He lived Navy. His spirit was Navy and he had to infect others. He had to inspire other people because of his enormous dedication to the concept of the U.S. Navy as a place where people could serve their country.

He is one of the distinguished sailors of this century and his passing will be noted with sorrow by thousands of people with whom he was associated in his many years in the U.S. Navy.

Mr. HELMS. I thank the Senator.

Mr. President, I know the family of Admiral McCain will appreciate the eloquent remarks of the distinguished Senator from Maryland.

URBAN DEVELOPMENT ACTION GRANTS

Mr. TSONGAS. Mr. President, President Reagan has come forward with a comprehensive program for the Nation's economic recovery which is designed to create jobs and stimulate badly needed reinvestment in our economic infrastructure. At the same time, despite rhetorical assurances to the contrary, we have every reason to believe that we are facing de facto abolition of the Urban Development ACTION grant program—a program which has demonstrated extraordinary success as a stimulus for private investment, job creation, and increased revenues to stabilize our most distressed cities and towns. As I understand it, a large number of urban programs, including the ACTION grant program, will be "folded into" the community development block grant program, with no money for fiscal year 1982. My colleagues on the Budget Committee have proposed to eliminate the balance of the funding for fiscal year 1981 as well. This approach has been described by my colleague from the Fourth District in Massachusetts, as "less redtape and less green paper."

Let us not delude ourselves that "folding in" the ACTION grant program, and taking away the funds for that program, is anything other than elimination of the program, plain and simple.

Let me briefly highlight the accomplishments of this program in its first 2 years of operation. ACTION grants have targeted $2 billion in assistance to support 1,000 projects. This has resulted in nearly $12 billion in private commercial industrial and neighborhood investment—over $6 for every dollar of ACTION grant funds. In addition, ACTION grants have created or retained almost one-half million jobs—including the creation of 287,000 new, permanent jobs at an average one-time cost of $6,000. ACTION grants have also generated $324 million in new, annual revenues for local governments—almost 17 cents for every dollar of ACTION grant funds.

To be eligible for ACTION grant funds is, of course, a mixed blessing. I wish that we did not have 56 cities and towns eligible for these funds in Massachusetts. It is a clear indication of the level of physical and economic distress that older communities in our State are experiencing.

Of these 56 cities and towns, 22 have received a total of 51 ACTION grants. These funds total $140 million, and have a private return of $500 million. The number of new permanent jobs created is 16,500, the jobs retained is 5,000, and the construction jobs are 10,000. These Massachusetts projects will generate over $10.9 million in desperately needed new annual tax revenues.

To my colleagues who doubt the "action" nature of this program, I extend an invitation to tour the Wang Laboratory Building, which was completed and occupied 16 months after the ACTION grant was announced.

The President's economic program ignores the ACTION grant. Instead of being eliminated, ACTION grants should be an integral part of our efforts to revitalize and reindustrialize this Nation's infrastructure.

In closing, let me say that the ACTION grant program has provided a model for the careful use of scarce Federal resources to support private sector development of high poverty, unemployment, and fiscal distress. Infusion of ACTION grant funds to assist in the reindustrialization and revitalization of these areas represents a wise Federal investment in our economic future. I strongly urge my colleagues to support this program, and specifically to support the President's budget with respect to fiscal year 1981 and to keep a separate and significant amount of funding for this program in fiscal year 1982.

SENATE BILL 421 AND THE PRESIDENT'S CALL FOR SAVINGS IN FILMMAKING AND PUBLICATIONS

Mr. DECONCINI. Mr. President, I was pleased and encouraged to read over the weekend that President Reagan intends to issue an Executive order this week requiring Federal agencies to cut back on publications and films and not publish or issue any new publications or films without OMB approval. This activity is exactly the type of low priority, nonessential Government spending that can, and should be, reduced and reduced sharply both this year and in years to come.

Mr. President, I am particularly pleased to find the President zeroing in on these areas of waste in Government only a little over 1 month after I introduced S. 421, the General Government Expenditure Control and Efficiencies Act of 1981, which called for general Government savings totaling $3.9 billion next year, including $250 million in audiovisual activities, filmmaking, production, and $150 million in public affairs, public information, and advertising.

As I mentioned in my floor statement of February 5, the Federal Government, according to the National Audiovisual Center within the General Services Ad-

ministration (GSA) spends approximately $450 to $500 million a year on audiovisual activities, including over $53 million on motion picture, TV, and video tape and audio production activities. The Department of Defense alone spends well over $410 million a year on audiovisual production, duplication, equipment, and supplies.

The National Audiovisual Center at GSA also reports in its fiscal 1979 report on audiovisual activities that the Federal Government owned or leased 1,519 audiovisual facilities, totaling 8.9 million square feet of space in fiscal year 1979. The Department of Agriculture alone owned or leased 62 such facilities; the Veterans Administration, 181 facilities; and the Department of Defense, 1,074 audiovisual facilities. In fiscal year 1979, 11 departments and 23 agencies owned or leased their own facilities. Since 1978, the Office of Management and Budget has been attempting to force agencies to consolidate or even eliminate audiovisual facilities that may be underutilized or nonessential to the Government's missions. However, it does not appear that OMB's directives as outlined in Circular A–114 have had much effect to date. Again, I am pleased to see that OMB intends to try again.

Mr. President, as I mentioned on the Senate floor last month, many of these Government-sponsored productions are useful, but in a year when we need to cut back nonessential Government activities, these audiovisual and filmmaking activities are prime candidates for the budget ax. After reviewing some of the films that have been produced at taxpayer's expense, my first impression is why has it taken the administration so long to discover this pocket of waste in Governmentt? Here are a few examples of films and productions that have been produced over the past several years by Uncle Sam:

Tent Flaps and Flapjacks: Portrays the recreational opportunites in the national forests in the north-central states.

Squirrel Cage Rotor Principles: Describes the laws of magnetism and induced electromotive force, explains how in squirrel-cage rotors electrons flow up magnetic poles.

Silver Fox Rodeo: Shows the Navy Attack squadron at work and play. Also shows enlisted personnel and officers flying over the Sierras, riding broncos and wild burros, and milking wild cows.

Sign of Profit: Depicts the dreams of a farmer and his wife; explains how these dreams for bettering farming are not so far off if the farmer has the incentive to work for them.

Blondes Prefer Gentlemen: Shows proper and improper etiquette on a dinner date.

26 audiocassettes on teaching Swahili.

Conducted Tours: Shows some of the things that commonly go wrong with conducted tours.

Faces of Freedom: A story about our hostages in Iran? No way. This film traces the history and purpose of the National Portrait Gallery since its founding.

The Autobiography of a Jeep: Gives a look at that most all American of vehicles, the jeep. Celebrates our national love affair with the automobile, transferred here to a remarkable little machines which would become a symbol of America's presence throughout the world.

Feelings—A Way to Better Letter Writing: Compares two kinds of letter writing—one simple, easy to read and to the point; the other wordy, pedantic and complicated; suggests how agencies should correspond with the public in a simple style to say what needs to be said.

I Like the Overhead Projector Because: Designed to offer ideas to teachers on how to use the overhead projector.

Hidden Beauty: Shows that a profitable junkyard business need not be an eyesore to highway users.

These are just a sampling of the hundreds of films produced over the years on topics ranging from art to zoology. To make matters worse, there is little indication that the number of those who actually use these films or the effect of the message communicated justifies the cost. The President has apparently received the same message that we received several months ago when we were looking for and discovering many general Government savings that could be immediately cranked into next year's budget plan.

The President has also apparently decided to cut back on the number of Federal publications that are churned out by Federal agencies by the ton, many of which are merely self-promoting booklets used to justify their programs or even their very existence. Many of these publications come under the category of "public relations, public affairs, or public information" proving without a doubt that Government is big, big business. S. 421 calls for reducing Federal spending for public affairs, public information, and public relations by $120,000,000, plus another $30,000,000 in advertising expenses.

As I said to my colleagues on February 5, I have no problem with the private sector using its capital for such activities—after all, businesses are in business to make money, promote their products, and sell their services. But I do not believe that Uncle Sam should be in the business of promoting Federal agencies or their programs at the taxpayer's expense.

It has been estimated that the cost of Government public relations, self-promotion, and other public information activities could be as high as $1.5 billion a year, including $400,000,000 for public relations, public affairs, and personnel that run these so-called "PR" programs for the Government agencies. Certainly not all of this amount is directly spent on publications, but one need only take a look in any Senator's "in" box for any given day to see glossy paper booklets, promoting everything from housing programs overseas to full-colored brochures on the benefits of the space program.

Many of these publications serve a useful purpose in informing the public about ways the Federal Government can be of assistance to the needy, the aged, or the unemployed. But a cutback of the magnitude suggested in my legislation, I believe, would go a long way toward distinguishing those publications that are helpful from those which merely serve to pat Federal agencies on the back.

Mr. President, again, I am pleased to see that the administration is prepared to take an active role in rolling back spending in these two important areas of filmmaking and publications. I believe that the savings in these two activities that I spelled out in S. 421 45 days ago are achievable. I would welcome the support of the President and my colleagues for S. 421 and the savings objectives it is intended to achieve in the coming fiscal year.

AMERICANS WHO DIED FIGHTING COMMUNIST TERRORISM IN RHODESIA

Mr. HELMS. Mr. President, courage and heroism are distinctive American virtues even when, as has often happened in our history, they are expended for the benefit of those who live in other countries. I am reminded of this fact by a letter I recently received from Mr. Kevin F. Dwyer of Wheaton, Ill., whose brother, Stephen Michael Dwyer of 3 Commando, 1 Battalion, Rhodesian Light Infantry, was killed in action against Communist terrorists on July 16, 1979, at the age of 27 years.

Trooper Dwyer gave his life so that Rhodesians, both black and white, would have the opportunity to live unmolested and in freedom. Tragically enough, the opportunity to do so, which was all but a certainty until Western politicians subverted it by refusing to recognize the Muzorewa government, has been lost and now the newly metamorphosed nation of Zimbabwe is Marxist in all but name.

Stephen Dwyer, writes his brother—

Had served 4 years with the U.S. Marine Corps. He was honorably discharged after serving his Corps and his country both faithfully and well. He was intelligent, brave, and a patriot.

Mr. President, three other Americans gave their lives in Rhodesia's long and hard fought battle against Communist terrorism. The names of these Americans are: Sgt. Hugh McCall, New York, N.Y.; Trooper Joseph Byrne of Ridgefield Park, N.J.; and Trooper Joseph Battaglia of Florida. I mention these names today in the Chamber and take cognizance of their supreme sacrifice so that the historical record will be complete.

MESSAGES FROM THE HOUSE

At 9:46 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that pursuant to section 10(a) of Public Law 96–289, the Speaker appoints as members of the Commission Concerning the Role of Gold in Domestic and International Monetary Systems the following Members on the part of the House: Mr. REUSS, Mr. NEAL, Mr. WYLIE, and Mr. PAUL.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–726. A communication from the Secretary of Agriculture, transmitting a draft of proposed legislation to eliminate the requirement for waiving interest on certain wheat and feed grain loans; to the Committee on Agriculture, Nutrition, and Forestry.

EC–727. A communication from the Acting Administrator of the General Services Administration, transmitting a draft of pro-

posed legislation authorizing disposal of certain materials from the national defense stockpile, to the Committee on Armed Services.

EC–728. A communication from the Acting General Counsel of the Department of Defense, transmitting a draft of proposed legislation authorizing supplemental appropriations for military construction for fiscal year 1981; to the Committee on Armed Services.

EC–729. A communication from the Deputy Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics (Military Personnel Policy), transmitting, pursuant to law, the annual report concerning officer responsibility pay; to the Committee on Armed Services.

EC–730. A communication from the Acting General Counsel of the Department of Defense, transmitting a draft of proposed legislation entitled "Military Construction Authorization Act, 1982"; to the Committee on Armed Services.

EC–731. A communication from the Deputy Secretary of the Treasury, transmitting a draft of proposed legislation to dissolve the National Consumer Bank; to the Committee on Banking, Housing, and Urban Affairs.

EC–732. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report on a Bank transaction involving U.S. exports to the Philippines; to the Committee on Banking, Housing, and Urban Affairs.

EC–733. A communication from the Chairman of the Federal Deposit Insurance Corporation, transmitting, pursuant to law, the annual report of the Corporation's Office of Consumer and Compliance Programs; to the Committee on Banking, Housing, and Urban Affairs.

EC–734. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "An Economic Overview of Bank Solvency Regulation"; to the Committee on Banking, Housing, and Urban Affairs.

EC–735. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize an Under Secretary of Commerce for Economic Affairs; to the Committee on Commerce, Science, and Transportation.

EC–736. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to reauthorize use of the Airport and Airway Trust Fund, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–737. A communication from the Acting General Counsel of the Department of Energy, transmitting, pursuant to law, notice of a meeting related to the international energy program; to the Committee on Energy and Natural Resources.

EC–738. A communication from the Secretary of Energy, transmitting, pursuant to law, the annual report under the Powerplant and Industrial Fuel Use Act; to the Committee on Energy and Natural Resources.

EC–739. A communication from the Acting Administrator of the U.S. Environmental Protection Agency, transmitting a draft of proposed legislation to amend the Solid Waste Disposal Act to eliminate resource conservation and recovery panels; to the Committee on Environment and Public Works.

EC–740. A communication from the Acting Director of the Federal Emergency Management Agency, transmitting a draft of proposed legislation to authorize funds to carry out purposes of the Disaster Relief Act of 1974; to the Committee on Environment and Public Works.

EC–741. A communication from the Chairman of the Foreign Claims Settlement Commission, transmitting, pursuant to law, a report on the freedom of information activities of the Commission for calendar year 1980; to the Committee on the Judiciary.

EC–742. A communication from the Chairman of the Tennessee Valley Authority transmitting, pursuant to law, the report of the Authority under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–743. A communication from the Chairman of the Federal Deposit Insurance Corporation transmitting, pursuant to law, a report under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–744. A communication from the Acting Assistant Attorney General, Department of Justice, transmitting a draft of proposed legislation to authorize appropriations for fiscal year 1982 for the Department of Justice; to the Committee on the Judiciary.

EC–745. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Financial Status of Major Federal Acquisitions September 30, 1980"; to the Committee on Governmental Affairs.

EC–746. A communication from the Acting Commissioner of the Immigration and Naturalization Service, transmitting, pursuant to law, a report on certain visa petitions accorded third and sixth preference classification; to the Committee on the Judiciary.

EC–747. A communication from the Secretary of Education transmitting a draft of proposed legislation relating to the Federal impact aid program; to the Committee on Labor and Human Resources.

EC–748. A communication from the Secretary of Education transmitting a draft of proposed legislation to amend the Higher Education Act of 1965; to the Committee on Labor and Human esources.

EC–749. A communication from the Special Assistant, Office of the Secretary of Defense, transmitting, pursuant to law, a report on Department of Defense procurement from small and other businesses; to the Select Committee on Small Business.

EC–750. A communication from the Assistant Secretary of the Air Force for Research, Development, and Logistics, transmitting, pursuant to law, a decision made to convert the laundry function at Nellis Air Force Base, Nev., to performance under contract; to the Committee on Armed Services.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–46. A resolution adopted by the City Council of Wheeling, W. Va., requesting modification of the rules and regulations under the National Flood Insurance Act so as to allow construction and improvements to properties within the flood plain; to the Committee on Banking, Housing, and Urban Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

H. Con. Res. 85. A concurrent resolution congratulating the government and people of Spain on their commitment to democracy.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. WE"CKER, from the Select Committee on Small Business:

Michael Cardenas, of California, to be Administrator of the Small Business Administration.

(The above nomination, reported from the Select Committee on Small Business, with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PERCY, from the Committee on Foreign Relations:

O. Rudolph Aggrey, of the District of Columbia, to be a Foreign Service officer of the class of career minister, a consular officer, and a secretary in the diplomatic service of the United States.

(The above nomination reported from the Committee on Foreign Relations with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

AFFIDAVIT

Socialist Republic of Romania, Municipality of Bucharest, Embassy of the United States of America.

Before me appears O. Rudolph Aggrey, who, being sworn, deposes and says as follows:

Following is the political contribution information requested by the Senate Foreign Relations Committee:

Contributions, amount.
Self: O. Rudolph Aggrey, none.
Spouse: Francoise F. Aggrey, none.
Daughter: Roxane R. Aggrey, none.
Parents: Deceased.
Grandparents: Deceased.
Brother: Kwegyir Aggrey, none.
Spouse: Thelma H. Aggrey, none.
Sister: Abna A. Lancaster, none.
Spouse: Spencer W. Lancaster, none.
Sister: Rosebud D. Aggrey, single, none.

By Mr. THURMOND, from the Committee on the Judiciary:

William Francis Baxter, of California, to be an Assistant Attorney General.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MOYNIHAN:

S. 775. A bill to amend the Internal Revenue Code to reduce the tax effect known as the marriage penalty; to the Committee on Finance.

By Mr. HUDDLESTON (for himself, Mr. CHILES, Mr. RANDOLPH, Mr. JOHNSTON, Mr. FORD, Mr. PRYOR, Mr. SASSER, and Mr. COCHRAN):

S. 776. A bill to amend the Immigration and Nationality Act to more fully limit and control immigration to the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. TOWER (for himself and Mr. BENTSEN):

S. 777. A bill to amend the Federal Water Pollution Control Act to restrict the jurisdiction of the United States over the discharge of dredged or fill material to those discharges which are into navigable waters, and for other purposes; to the Committee on Environment and Public Works.

By Mr. GOLDWATER (for himself and Mr. JACKSON):

S. 778. A bill to amend Public Law 96–36 to authorize additional funds to plan for the

development of the area south of the original Smithsonian Institution Building adjacent to Independence Avenue at Tenth Street, Southwest, in the city of Washington; to the Committee on Rules and Administration.

By Mr. STAFFORD (for himself and Mr. LEAHY):

S. 779. A bill to amend title 38, United States Code, to authorize the Veterans' Administration to furnish memorial headstones and markers to commemorate veterans who by choice are buried at sea, who donate their bodies to science, or who are cremated and have their ashes scattered without interment; to the Committee on Veterans Affairs.

By Mr. EXON (for himself and Mr. ZORINSKY):

S. 780. A bill to prohibit the use of Federal housing assistance with respect to certain aliens; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. TSONGAS:

S. 781. A bill for the relief of Hanna E. Aboufarah; to the Committee on the Judiciary.

By Mr. COCHRAN:

S. 782. A bill to amend the Internal Revenue Code of 1954 to exempt from taxation the pay received by members of the National Guard or of Reserve components of the Armed Forces to the extent that such pay does not exceed $5,000; to the Committee on Finance.

S. 783. A bill to amend section 3104 of title 38, United States Code, to permit certain service-connected disabled veterans who are retired members of the Armed Forces to receive compensation concurrently with retired pay, without deduction from either; to the Committee on Veterans' Affairs.

By Mr. PERCY (by request):

S. 784. A bill to authorize appropriations for fiscal years 1982 and 1983 for the Department of State; to the Committee on Foreign Relations.

S. 785. A bill to provide for continuing participation by the United States in the International A bill to provide for continuous participation by the United States in the International Bank for Reconstruction and Development, and for other purposes; to the Committee on Foreign Relations.

S. 786. A bill to provide for continuing U.S. participation in the International Development Association, to provide for U.S. participation in the African Development Bank, and for other purposes; to the Committee on Foreign Relations.

By Mr. KENNEDY:

S. 787. A bill to amend the Internal Revenue Code of 1954 to provide nonrefundable tax credits for investments in qualified industrial energy efficiency and fuel conversion projects, and for other purposes; to the Committee on Finance.

By Mr. MITCHELL:

S. 788. A bill to provide unemployment insurance converge for certain U.S. workers; to the Committee on Finance.

By Mr. D'AMATO:

S. 789. A bill to amend the Federal Water Pollution Control Act to provide that the limitation on the use of grants for publicly owned treatment works for treatment, storage, or conveyance of flows of industrial users shall not take effect until November 15, 1984; to the Committee on Environment and Public Works.

By Mr. RIEGLE:

S. 790. A bill to amend section 44 of the Internal Revenue Code of 1954 to allow a credit against tax for the purchase of certain new principal residences, and for other purposes; to the Committee on Finance.

By Mr. MITCHELL (for himself, Mr. MATHIAS and Mr. HEFLIN):

S. 791. A bill to amend the Internal Revenue Code of 1954 to exclude certain service performed on fishing boats from coverage for purposes of unemployment compensation; to the Committee on Finance.

By Mr. MELCHER (for himself, Mr. BURDICK, Mr. HATFIELD, Mr. INOUYE, Mr. GOLDWATER, Mr. MATSUNAGA, Mr. BAUCUS, Mr. DOMENICI, and Mr. DECONCINI):

S. 792. To promote the development of Native American culture and art; to the Select Committee on Indian Affairs.

By Mr. DOMENICI:

S. 793. A bill to facilitate collection of defaulted loans under the United States Government direct and guaranteed loan programs to individuals, and for other purposes; to the Committee on Governmental Affairs.

By Mr. BAKER (for Mr. DANFORTH (for himself, Mr. WEICKER, Mr. DODD, and HART):

S.J. Res. 55. Joint resolution to grant honorary citizenship posthumously to Douglas Clyde Macintosh.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOYNIHAN:

S. 775. A bill to amend the Internal Revenue Code to reduce the tax effect known as the marriage penalty; to the Committee on Finance.

REDUCTION OF MARRIAGE TAX PENALTY

● Mr. MOYNIHAN. Mr. President, I am introducing a bill today that offers a new and, I think, very practical approach to the problem of the marriage penalty. The bill is the work of the tax section of the American Bar Association, and it carries their endorsement.

The marriage penalty, of course, is the difference between what a working married couple and two single individuals would pay in taxes on the same total income. Very often under present law, the couple's taxes are higher.

Angela and David Boyter, a Maryland couple who are now divorced but who still live together, testified before the Finance Committee last summer that dissolving their marriage has saved them $15,000 in taxes since 1975. Ms. Boyter said:

> If we both work until age 65 at our current salaries, our lifetime marriage penalty would exceed $130,000. I am afraid that I believe such a price is too high to pay for legal marital bliss.

The Boyters are not the only taxpayers who are aware of the penalty. When I appeared on a call-in interview program in New York last July, fully 20 percent of the individuals who called wanted to ask questions about it.

Three bills have been introduced on the subject in the Senate; they fall into two broad categories. One would let a husband and wife pay taxes as if they were still single. This is an optional separate filing proposal. There are another two measures that would give a couple with both spouses working a tax deduction for some share of the lesser-paid spouse's earnings. The deduction might cover, for example, 10 percent of that spouse's first $30,000 in income.

The plan I am proposing fits into neither category. It combines the best features of both, while addressing certain technical difficulties that may make the other proposals hard to use and administer.

My plan is simply stated: I would give each couple a tax credit for the amount of marriage penalty, if any, on its earned income. The IRS would compute the penalties for each tax bracket and publish a table. A taxpayer need only match up his wages, along the top margin, with those of his spouse, on the left-hand side, to determine his credit.

My staff has prepared a table of the sort I have in mind. Mr. President, I ask unanimous consent that that table be included at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD as follows:

MARRIED EARNERS CREDIT (SAMPLE TABLE)

	Earned income of spouse No. 1 (thousands of dollars)										
	0	5	10	15	20	25	30	35	40	45	50
Earned income of spouse No. 2 (thousands of dollars):											
0	0	0	0	0	0	0	0	0	0	0	0
5	0	186	198	170	0	0	0	0	0	0	0
10	0	198	351	515	591	622	637	627	454	439	389
15	0	170	515	843	1,128	1,394	1,619	1,681	1,736	1,721	1,691
20	0	0	591	1,128	1,626	2,052	2,349	2,639	2,694	2,699	2,699
25	0	0	622	1,394	2,052	2,549	3,074	3,364	3,439	3,474	3,474
30	0	0	637	1,619	2,349	3,074	3,564	3,874	3,979	4,014	4,014
35	0	0	627	1,681	2,639	3,364	3,874	4,174	4,279	4,314	4,314
40	0	0	454	1,736	2,694	3,439	3,979	4,279	4,334	4,369	4,369
45	0	0	439	1,721	2,699	3,474	4,014	4,314	4,369	4,394	4,394
50	0	0	389	1,691	2,699	3,474	4,014	4,314	4,369	4,394	4,394

Mr. MOYNIHAN. Mr. President, my plan has two virtues. It is simple. There is no need to compute one's taxes twice to determine whether filing separate returns would save money. A taxpayer would just look at the table.

The plan is also simple because it would apply only to the penalty on a couple's earned income, that is to say its wages, less the standard deduction (or zero bracket amount) and personal exemptions. Without such a limitation, a husband and wife could apportion their interest and dividends, and itemized deductions between them in a way that would minimize their taxes. The allocation rules that one would need to prevent this would make the provision terribly complicated. There is an excellent discussion of this problem in the Joint Tax Committee's recent report on the marriage penalty, "The Income Tax Treatment of Couples and Single Persons," at page 47.

My plan has a second virtue. It is efficient. A couple's credit would be its actual marriage penalty, not some vague approximation of it. Last year, the Senate Finance Committee voted to let two-wage-earner couples deduct a percentage of the wages of the lesser-paid spouse. In 1981, the deduction would have been 5 percent of the first $30,000 in wages. In 1982 and beyond, it would have been 10 percent.

Like mine, the committee's plan was a simple one. But it would have distributed relief in a haphazard fashion, increasing the marriage bonuses of some taxpayers and only offsetting the marriage penalties of others.

I have a table that shows what effect the plan would have had. Mr. President, I ask unanimous consent that it, too, be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FINANCE COMMITTEE PLAN

	Share of lesser-earning spouse										
	0	5	10	15	20	25	30	35	40	45	50
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total family income:											
$5,000	−260	−240	−190	−138	−98	−68	−28	(0)	0	0	0
$7,000	−348	−315	−252	−189	−126	−66	−10	(65)	98	147	168
$10,000	−495	−370	−275	−180	−85	(0)	(100)	162	182	200	202
$15,000	−340	−515	−328	−148	(32)	132	183	220	236	243	251
$20,000	−1,092	−760	−460	−160	(42)	150	238	300	355	381	391
$25,000	−1,385	−1,055	−630	−268	−30	160	310	447	535	594	611
$30,000	−1,389	−1,334	−749	−334	−26	214	439	644	785	875	903
$40,000	−2,881	−1,821	−939	−338	(177)	667	1,031	1,329	1,564	1,644	1,692
$50,000	−3,344	−2,094	−1,094	−286	(454)	1,133	1,731	2,121	2,439	2,574	2,674
$100,000	−3,464	−1,214	(359)	1,691	2,699	3,474	4,014	4,314	4,369	4,394	4,394

Note: The numbers in the table are the actual marriage penalities and marriage bonuses that one finds under current law. Marriage penalties are positive; marriage bonuses are negative. Couples in the area marked "x" would be unaffected by the Committee's plan. They now have a marriage bonus. Couples in the area marked "o" now have a marriage penalty, but would have that converted into a marriage bonus. Couples to the left of the "o's" would have a larger marriage bonus than at present. Couples to the right of the "o's" would have a smaller marriage penalty.

Mr. MOYNIHAN. Mr. President, under my bill, a couple's credit would be its actual marriage penalty.

The bill I am introducing is virtually identical to S. 3032, the measure I sponsored last year. There has been one change. Last year, I would have had the IRS determine the marriage penalty, if any, on each couple's "taxable earned income." And "taxable earned income" was defined as wages, less two personal exemptions. The new bill amends the definition to read wages, less three personal exemptions.

A third exemption has been added because the IRS must make some assumption about how many children the average couple has. Otherwise, it cannot prepare a table. And it seems fair to assume that the average is one child. Remember that we are talking about couples with both spouses working and with an income split of at least 20/80. The lesser paid spouse earns at least 20 percent of the couple's income.

Finally, let me say that any one who has studied the marriage penalty knows that the penalty cannot be gotten rid of in a way that will satisfy every taxpayer. The plan I offer is a reasonable and workable compromise. It has the support of the American Bar Association.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 775

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting immediately after section 44E the following new section:

"SEC. 44F. MARRIED EARNERS CREDIT.

"(a) GENERAL RULE.—In the case of married individuals each of whom has earned income during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the section 44F amount for such taxable year.

"(b) SECTION 44F AMOUNT.—

"(1) IN GENERAL.—For purposes of this section, the term 'section 44F amount' for any taxable year means the excess of—

"(A) the amount of tax imposed under section 1(a) on an amount of taxable income equal to the sum of the earned income of both married individuals less three personal exemptions,

over

"(B) the sum of the tax imposed under section 1(c) on—

"(i) an amount of taxable income equal to the earned income of the higher-paid married individual less two personal exemptions, and

"(ii) an amount of taxable income equal to the earned income of the lesser-paid married individual less one personal exemption.

"(2) TABLES.—Where appropriate, the Secretary shall prescribe tables which reflect the amount of the section 44F amount for all married individuals.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) EARNED INCOME.—The term 'earned income' means—

"(A) personal service income (within the meaning of section 1348(b)(1) without regard to subparagraph (B) thereof) other than wages,

"(B) wages (within the meaning of section 3401(a) without regard to paragraphs (1), (2), (5), (6), (9), (13), (16,) and (17) thereof), and

"(C) earned income (within the meaning of section 401(c)(2)(A)).

"(2) PERSONAL EXEMPTION.—The term 'personal exemption' means the exemption allowed a taxpayer under sections 151(a) or 151(e).

"(3) MARITAL STATUS.—Marital status shall be determined under section 143.

"(4) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—In the case of married individuals filing separate returns, each individual shall be entitled to a credit equal to one-half of the amount of the credit determined under this section.

"(d) LIMITATIONS.—

"(1) AMOUNT OF TAX.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation than this section, other than credits allowable by sections 31, 39, and 43.

"(2) MAXIMUM TAX.—If section 1348 applies to married individuals for any taxable year, the amount of the credit allowed by this section shall be reduced by an amount equal to the excess of the tax imposed by section 1 on the taxable income of such individuals without regard to section 1348 over the tax computed under section 1348.".

(b)(1) The table of sections for such subpart is amended by inserting after the item relating to section 44E, the following new item:

"Sec. 44F. Married earners credit.".

(2) Subsection (b) of section 6096 of such Code is amended by striking out "and 44E" and inserting in lieu thereof "44E and 44F".

SEC. 2. The amendments made by this Act shall apply to taxable years beginning after December 31, 1980.●

By Mr. HUDDLESTON (for himself, Mr. CHILES, Mr. RANDOLPH, Mr. JOHNSTON, Mr. FORD, Mr. PRYOR, Mr. SASSER, and Mr. COCHRAN):

S. 776. A bill to amend the Immigration and Nationality Act to more fully limit and control immigration to the United States, and for other purposes; to the Committee on the Judiciary.

IMMIGRATION AND NATIONAL SECURITY ACT OF 1981

● Mr. HUDDLESTON. Mr. President, for several years the Members of this body have heard me discuss this country's immigration problems. Others have often joined me in exploring various topics involving immigration, including our loss of control over our immigration, the impact of immigration on our lowest income and least fortunate citizens, and the tremendous hidden costs of immigration, which drive up Federal spending by billions of dollars each year.

On March 1, the congressionally established Select Commission on Immigration and Refugee Policy issues its long-awaited report. Unfortunately, the Commission did not supply the answers to many of the questions the American people have about our immigration policies. Nor did it make specific recommendations on a number of the more difficult issues.

Today, however, I will not dwell on the problems we all know and hear so much about. Today, I come to offer some solutions. Today I am offering specific proposals, not as a complete reform of our immigration system, but as a sorely needed way of insuring that our immigration problems do not continue to grow worse as we move forward on this problem.

The United States faces rapid acceleration of its immigration problems in the future. I hope to stop, or at least slow that momentum. Having conferred with many experts in this field, including the distinguished Senator from Wyoming, the chairman of the newly reinstituted Subcommittee on Immigration and Refugee Policy, I feel that we now have an opportunity to move on this issue. We must seize this chance for action and do something about immigration this year.

I have reviewed the report of the Select Commission on Immigration and Refugee Policy. The report is incomplete. It avoids some areas of intense controversy, and in other areas, does not reflect the feelings of the majority of American people. It is based far too much on what aliens want and not enough on what Americans need.

However, the report does have some useful conclusions. The Commission recognized that the United States cannot become a "land of unlimited immigration." Father Theodore Hesburgh, the Chairman of the Commission, echoed my assessment of the situation in declaring that illegal immigration is "out of control."

And the Commission recommended some useful actions. It said that the Immigration and Naturalization Service should be administratively improved, and that it should be given adequate resources to do its job. It recommended that the immigration laws be enforced, reversing the nonenforcement pattern of the last few years. It recommended that knowing employment of illegal aliens be prohibited, and that some system of more secure worker identification be instituted to assist employers. And it recommended against a massive new guest worker program, recognizing that minor improvements in present programs would be sufficient for virtually all areas.

Overall, however, the Commission's recommendations were not helpful. The Commission recommended increasing the legal quotas for immigration by two-thirds and further increasing the loopholes for entry outside the quotas. If these recommendations had been followed in 1980, our legal immigration would have been almost 1 million. Surveys indicate overwhelming public sentiment against such huge immigration levels. A 1980 Gallup poll found more than 80 percent of those polled wanted legal immigration brought below 400,000.

The Commission also recommended that millions of illegal aliens now in the United States be given amnesty and permanent resident status. There was no assessment of the impact of adding millions of eligible people to the food stamp, social security, and welfare rolls, or of their impact on the unemployment rate. The only saving feature of this recommendation is that the Commission recommended that the amnesty be delayed until increased enforcement measures were instituted.

The Commission was silent on some of the toughest issues we face. What should the United States do if huge numbers of foreign citizens, including hundreds of criminals, again appear on our shores? What kind of identification or authorization system is practical to use to enforce prohibitions against employing illegal aliens? How can Congress regain its historical control over immigration and reverse the recent trend of transferring power to the Executive?

We are still left with many unanswered questions that must be addressed immediately. In a few years the problem will be worse than it is today. We no longer decide which or how many immigrants we shall take; our immigration decisions are made in Havana, Hanoi, Tehran, and in a hundred other foreign cities. Other nations force us to take criminals, terrorists, and people we will have to support for the rest of their lives. No other country in the world would tolerate such insults, yet we seem powerless to do anything about them.

One of the reasons we got into this mess is a dramatic, but unnoticed shift in our immigration policy 16 years ago. The 1965 amendments to the immigration laws are often justly cited as having removed racism from our immigration policy.

But they had a more pernicious effect as well. They shifted our immigration system from one in which we chose who and how many to admit to the United States, to a system in which anyone who arrives here can stay, unless we can find some explicit reason to exclude or deport them. We have made immigration to the United States a new "right" allegedly held by anyone in the world. Skyrocketing immigration since that time has been the logical and predictable result.

Our own citizens know that this policy is wrong, and they are calling for action. For years national opinion polls have been reflecting how united the American people are on this issue. We all know how hard it is to get a consensus on any comprehensive policy. Yet, in both 1977 and 1980 the Roper poll found 91 percent of the American people wanted "an all-out effort to stop illegal immigration." Eighty percent wanted legal immigration reduced below 400,000 a year. Last year Gallup found that 72 percent supported a prohibition against the knowing employment of illegal aliens. We cannot ignore this unified sentiment any longer.

Yet there are those who believe that admitting unlimited numbers of persons to this country is a humanitarian goal. There are those who worry about discrimination or renewed racism in immigration decisions. There are those who say that we are a Nation of immigrants and we must continue to take all of those who want to come here because we did so at the turn of this century. There are those who see immigrants, legal and illegal, as a source of cheap and uncomplaining labor. There are even some who claim that illegal immigrants are the salvation of the social security system, ignoring the fact that there is no bar to illegal aliens receiving social security benefits once they reach the age of eligibility or become disabled.

But none of these excuses justify continued inaction on this issue. We are not going to solve our problems by delay. We cannot take everyone in the world who either wants to come here or who is dissatisfied with conditions in another country. No matter how successful a reindustrialization of America may be, and I hope it will be successful, we just do not have enough resources to support the world's excess population in our 50 States.

Conditions have changed since the turn of the century, when we allowed free immigration. Resources are more scarce, labor is more expensive, and our country has many more people than in 1910. Yet in 1980 we took in more immigrants, both legal and illegal, than in any year in our history. We cannot let the policies of the 1900's guide our immigration decisions any more than we can let the transportation policy of that day guide our space program.

And to those claiming unlimited immigration is a humanitarian necessity for this country, let me point out that it is far better that we make our policy decisions now, in whatever calm reflection we can manage. Otherwise, we face the specter of a massive backlash, as many of our people turn against all immigrants. We have seen growing resentment over the privileges and assistance given to refugees and new immigrants. In Texas, Colorado, and Florida that resentment has turned to violence. If we avoid thoughtful action now, that resentment may grow to the point where cries to cut off all immigration become overwhelming.

But by acting now, we can move ahead to formulate immigration policy ration-

ally and with an eye toward keeping this the most generous country in the world for immigration. And we are the most generous country in the world; we take more immigrants than all other nations combined.

I know of no one legitimately involved in immigration reform who wants to cut off immigration entirely, and my proposals do not suggest that, but we must set some limits on our generosity. It is where we set those limits, how they are enforced, and how they are to be structured that are the important decisions which have to be made.

So let us, Mr. President, look at how we can answer those tough questions. There are certain items on which we find almost a national consensus; we should move on those items immediately. Four major areas for immediate action come to mind.

The first is a return of congressional control to this issue. Our recent history has shown that when Congress abandons its constitutional prerogatives in this area, the Executive has been unable to withstand the immense short-term pressures for more immigration. Thus we must establish the kind of long-range, forward-looking policies which we, through extensive debate and discussion, can establish far more efficiently than a beleaguered Executive.

A second area is the need for more immigration law enforcement. Virtually everyone recognizes that the INS is badly managed and poorly funded. Yet, in this time of economic crisis, we cannot just offer a blank check. What we should do is insure that budget changes which are made for INS give priority to immigration law enforcement over providing more service benefits to aliens. The protection of our citizens is far more important than granting benefits to aliens.

Of course, more resources are not enough to insure better immigration law enforcement. Equally important is the leadership and commitment of the Department of Justice and the INS to immigration enforcement. We cannot guarantee those qualities by an action of this branch of government, but we should make our wishes known to the new administration. I noticed with some interest that Attorney General Smith, appearing recently before the House Judiciary Committee, heard from virtually every member of the panel on the need to move forcefully and quickly to help INS and enforce the immigration laws.

The third major area of consensus on immigration reform is for the establishment of an absolute ceiling on immigration. That ceiling must be consistent with our own national interest, with consideration of, but not controlled by, worldwide pressures to immigrate here. Our own needs should determine our immigration policies and admission numbers. There should be no loopholes in the ceiling, but there should be sufficient flexibility to respond to emergency situations.

Only with this kind of strong, firm congressional action can the President stand up to other nations and require them to share the burdens of controlling refugee and immigrant flows. Last year the Senate voted to establish a limit for fiscal year 1980. Now is the time to establish a ceiling for future years.

The fourth area of immigration reform is to institute a prohibition against the knowing employment of illegal aliens. Unemployment is predicted to remain over 7 percent this year. Surveys find the average salary of apprehended illegal aliens last year was far above the minimum wage in many instances; in Los Angeles for example, the average wage of illegal aliens was $5.25 an hour.

Estimates of the number of illegal aliens in this country go above 10 million. And those Americans displaced by immigrants are those who cost the Treasury the most. The Congressional Budget Office estimated in 1979 that each unemployed person costs the Treasury $7,000 a year.

The primary attraction for illegal immigration is economic: jobs. The most effective way to control illegal immigration is to restrict access to American jobs. Many experts believe that a prohibition against the employment of illegal aliens, with sufficient powers of enforcement is the best available means to substantially reduce illegal immigration.

I believe my proposals reflect these four areas of national consensus. I am introducing two bills, one primarily technical, making minor remedial reforms in the immigration laws in an effort to ease the burden of enforcement, and the other, the Immigration and National Security Act of 1981, which contains most of the substantive propositions I have discussed.

I would like to thank my able cosponsors, and also the many immigration reform experts who helped form these concepts into practical proposals. The distinguished Senator from Florida, Senator CHILES, played a particularly important role in developing the strengthened asylum provisions.

There are three major elements in the Immigration and National Security Act of 1981, Mr. President. It provides first for more enforcement of the immigration laws; second, for a flexible ceiling on all immigration; and third, for a gradual introduction of an enforceable prohibition against the knowing employment of illegal aliens in American jobs. These proposals do not constitute a new immigration structure for the United States; they merely allow us to more rationally and purposefully plan for overall immigration reform.

The immigration laws passed by Congress must be enforced, and American jobs must be protected. We can no longer tolerate statements like that given by a White House official during the Cuban boatlift who said, "we found it counterproductive to enforce the laws." We can no longer tolerate the Attorney General, as Mr. Civiletti did last year, banning enforcement of the immigration laws, and then restricting supplies to the INS so severely that the Border Patrol ran out of gas.

The second large area covered by the INS Act is a ceiling on immigration. The ceiling set forth is flexible enough to allow rapid responses to emergencies, yet firm, without loopholes that allow hundreds of thousands of persons unrestricted entry. Still, under this legislation, the United States will continue to be the most generous country in the world for immigration, but we recognize the need for some kind of absolute ceiling.

We are setting the number higher than in most of our history. Our ceiling is higher than the average admissions for the last 70 years, and is far higher than the average yearly admissions for the period 1920–70. The level is even higher than the present statutory level. And it is the same as the 350,000 initial figure offered by the Select Commission, but without the loopholes.

I do not agree with the 65 percent of those polled by the Gallup poll last year who want all immigration stopped until unemployment falls below 5 percent. I think we can continue with a large number. I think that number should be 350,000 admissions a year.

Some say that this figure is too low, that in 1980 we admitted more than 800,000. I would respond that one-third of a million people is a big number. Although official figures are not available, it is probably greater than the admission for permanent residence of all other countries combined, and greater than we admitted in 50 of the last 70 years.

If we continue our present course, annual immigration in excess of 800,000 would add at least 35 million people to our population in the next 20 years.

It is not that 350,000 a year is too small, but that 800,000 is far too large. A lower ceiling will reduce Government spending. A lower ceiling will lessen burdens on our resources, our environment, our economy and on our lowest income citizens. Those 35 million new citizens would need land, water, energy, and food. Where are we going to find those resources, Mr. President, unless we ask our own citizens to sacrifice more?

And what will all those people do for work? We have almost 8 million people unemployed. The President is appealing to private industry to make jobs available for those newly unemployed by the cutback in public service jobs and unemployment benefits. The creation of 2 million jobs a year was a historical record, yet we are planning to bring in enough people to take a substantial portion of those jobs right away, while illegal immigrants take even more. Think of the costs to the Treasury: $7,000 for each unemployed American. Again, Mr. President, the American people are right: immigration is far too high for our economic situation.

We must set a ceiling on immigration that reflects an understanding of our own problems and our own needs here at home. In its editorial response to the Select Commission report, the New York Times said:

> Who should decide which foreigners are allowed into the United States, the foreigners or the United States? In a responsible society, the question would answer itself. But that's not the way things now work in the United States.

How should things work in the United States, or, in other words, how do we establish a proper ceiling? Is it to be set on the basis of demand, the number of those the Times called foreigners de-

manding to come to the United States? Or is it to be set by us, the people of the United States, after consideration of how we would like this country to grow, how we would like to address our economic and resource problems, our cultural and socioeconomic problems? I think the latter course is better. We should decide on the basis of our own national interest.

Michael Teitelbaum recently titled an article on immigration "Right Against Right." I think he was correct. We must make a choice between two difficult alternatives. We cannot satisfy both; neither our Treasury nor our country contains enough to provide for everyone in the world. Who, then, shall we listen to in deciding our immigration policy?

The third major provision of the bill would implement a prohibition against the knowing employment of illegal aliens. Everyone seriously concerned with immigration realizes the necessity for such a prohibition. The Select Commission proposed such a prohibition, and public opinion polls consistently show high support among the general public.

The reasons such a prohibition is needed include all of the problems caused by illegal immigration. As new data has emerged over the last few years, we have debunked many of the old myths about illegal immigration.

Today's average illegal alien is relatively well educated by the standards of his own country. He is financially well off there, at least wealthy enough in many instances to afford to pay $1,000 or more to a smuggler to come here. He has had a substantial amount of work experience already, and probably was holding a well-paying job when he decided to come to this country. He is from an urban area, and is going to an American city to work in a manufacturing, construction, or service job. His job pays well above the minimum wage. And he is not coming for political, religious, or cultural reasons; he is coming for that job.

Most experts on immigration agree that to stop illegal immigration, we must restrict the access of illegal aliens to American jobs. But the major question is how to restrict that access with the least intrusion and the least cost for Americans, yet make it effective. My answer is called fair hiring procedures. The most cost-effective means of establishing fair hiring procedures is through a gradual approach.

Fair hiring procedures concentrate immigration enforcement on just one aspect of the entire work environment, the point of hire. By focusing on that point, we can introduce enforcement measures without dislocation of industries or work forces, and limit the impact on Americans. We will not change the present INS enforcement techniques of examining all suspected immigration law violators wherever found, but fair hiring procedures require action only when a person applied and is hired for a job.

The basic element in the procedure is to make it unlawful to knowingly hire an illegal immigrant. As a practical matter, INS officials know fairly well which employers hire illegal aliens. If this were a more perfect world we could leave out further provisions in this bill. We could count on voluntary compliance and spot checking by INS to insure that the law was being carried out.

Unfortunately, we all know that laws not enforced are laws often ignored. And we also know that the Government, on rare occasions, has made mistakes. So we must go further in our legislation. On the one hand we must insure that the Attorney General has the ability to successfully prosecute willful or flagrant violators of the law. We must establish some method of providing proof of intent.

But on the other hand, we must give employers absolute security against being prosecuted for inadvertent or unknowing violations. On both counts, some courts will be satisfied with the simple knowledge requirement, but other courts may require stronger evidence. Thus, the soft path proposals I am offering today provides practical means for effective enforcement, and also protect innocent employers with a minimum of effort.

Two other considerations were included in designing these fair hiring procedures. Whatever system evolves to enforce these provisions, it must not put any substantial burden on employers. My proposals today require nothing more from a complying employer than a simple telephone call.

We must also be careful to avoid the possibility of fostering discrimination in the workplace. For some time, whenever immigration policy was deliberated, certain groups would automatically charge that whatever result was contemplated would harm minority Americans. Of course, the real harm done to minority Americans was from unfair competition from illegal aliens. But these charges have delayed contemplation of any reforms of immigration law.

Mr. President, I believe it is time we stopped being sidetracked by misleading arguments. There is an incredibly simple means of avoiding discrimination against American minority groups, and that is to have everyone do the exact same thing when applying for a job. Thus there is no benefit involved in discrimination. We will not solve the discrimination problem with this bill, but we will not exacerbate it either.

But now to the elements of the fair hiring procedures. The basic element is the prohibition against employing an illegal alien. The first step is to require every applicant for employment to sign an affidavit, under penalty of perjury, that he or she is eligible to accept employment in the United States. All citizens and legal resident aliens may accept employment here; a few other aliens have been authorized by the immigration laws or the Attorney General to accept employment. Other aliens are not eligible for American jobs.

While simply signing an affidavit does not sound like a very effective deterrent, studies have shown that illegal aliens are reluctant to lie about their legal status, especially when faced with a possible perjury charge. Los Angeles County alone saves $46 million a year in welfare costs by simply requiring an affirmation of citizenship or legal status from welfare applicants.

The affirmation can be made a part of the existing W–4 witholding form all employees must fill out, or part of a standard application for employment, removing any additional paperwork burden. In this first phase of fair hiring, if an employer has a signed affidavit on file for an employee, he or she enjoys a presumption of compliance with the law.

In the second phase of the program, beginning soon after the bill becomes law, each applicant for employment must give a social security number to the employer. The employer must telephone the appropriate agency, perhaps the Employment Security Administration of the Department of Labor or the Social Security Administration itself, and report the number and the name of the person offering the number. The agency will inform the employer whether the number is valid and assigned to that name. If the number is valid, the employer will receive an authorizing or transaction code, signifying both that the employer called the number in and that the number was valid. If an employer has that transaction code for an employee, he or she will enjoy a complete defense against prosecution for violating the prohibition. This procedure is basically the same as that used by merchants in regard to most credit card purchases.

Of course, an essential part of this process is the improvement of the social security records, basically a process involving internal computer cross-checking to establish a number's validity. This is the beginning of "secondary verification," upon which the integrity of the system rests.

Secondary verification is the examination of the records and other information about a social security number which shows whether that number is valid or invalid. It is necessary to avoid fraud or misrepresentation, and should have the additional benefit of improving overall social security recordkeeping.

In the third and last phase of fair hiring, beginning perhaps 4 years after the enactment of this legislation and culminating 5 years later, new, secure social security cards will be issued. In order to obtain one of these new cards, however, a person must provide sufficient proof that he or she is eligible to accept employment in the United States.

This is the more secure form of secondary verification. Not everyone would need this new, secure card, only those people who want to change jobs. The new card would have a unique identifying element, such as a serial number, to insure that it cannot be forged.

When these cards are issued, the employers continue telephoning the social security numbers to the agency, but now simply offer the identifying element as well. There would be no additional burden on the employer, but the applicant for employment would need to show the card to the employer before the number is called in. This system should be secure enough to protect employers from inadvertent mistakes and Americans from competition from illegal alien workers.

In order to reduce costs involved in implementing fair hiring procedures, it could be introduced over a period of

years and with targeted enforcement concentrating in those areas with large illegal alien populations. And, I am introducing measures in the Immigration and National Security Act which will actually produce substantial amounts of revenues for the Treasury, far in excess of any costs from these proposals. But authorizing the imposition of certain fees and charges for immigration services and benefits, none of which would exceed $10, the INS can generate as much as $380 million a year in direct revenue. And let us not forget that displaced Americans cost the Treasury billions of dollars each year; if only 150,000 illegal aliens are replaced by unemployed Americans as a result of the Immigration and National Security Act, the Treasury will save $1 billion a year.

These three areas make up the Immigration and National Security Act of 1981, Mr. President. I believe that this year we can move forward on immigration proposals, after many long years of neglect. The American people want something to be done now. Our problems will only get worse if we do nothing. Thus, I urge my colleagues to support this bill, while we still have a chance to regain control of our immigration.

I ask unanimous consent that a section-by-section analysis of this bill be inserted in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

FACT SHEET AND SECTION-BY-SECTION ANALYSIS

THE IMMIGRATION AND NATIONAL SECURITY ACT OF 1981

Section 1: This section entitles the legislation as the Immigration and National Security Act of 1981.

Section 2: Provides a preamble to the Immigration and Nationality Act for the guidance of courts and others in interpreting the Act's provisions. The preamble recognizes the need for a generous immigration policy, but emphasizes also the need for controlled and limited immigration.

Section 3: Strengthening of Border Patrol—Requires expansion of the Border Patrol to at least 6,000 officers, and provides for the procurement and use of the most modern equipment and support available. It also provides the authorization for a new, more secure alien identification card. The effect of this section would be to increase the resources available to enforce the immigration laws.

Section 4: Numerical Limitations—Establishes a flexible ceiling on legal immigration admissions. The ceiling is set at 350,000, including all immigrants. In an emergency, and only after consulting with Congress, the President may "borrow" admissions from the next year in case of emergency, and/or may disregard internal statutory limits below the overall ceiling.

The President must report to Congress each year the projected number of admissions, and the Secretary of Labor must report an opinion to Congress on whether that level of admissions will affect the U.S. workforce. The effect of this section will be to limit legal immigration to the target set by Congress in 1975, and exceeds average immigration for the past 70 years. This level also exceeds the total immigration for permanent residence of all other countries in the world combined.

Section 5: Asylum—This section provides first that an applicant for asylum show that the qualifying persecution or fear of persecution is due to conditions prior to departure from his or her homeland, and not due to the actual fact of departure alone. This section also defines the "entry" into the U.S. of an applicant for asylum, as a means of returning the level of procedural rights afforded an asylum seeker to the same level as is used in other civil immigration proceedings. And third, this section requires the drafting of contingency plans to handle future large groups of asylum seekers, including the establishment of reception centers outside the U.S.

The effect of this language will be to make asylum more difficult for some aliens to achieve, but will reduce the adjudication burden on the government and the support costs for local and state governments from asylum procedures, such as those now being experienced in Florida.

Section 6: Parole Limitation—The Attorney General's parole authority was originally intended to be used in individual emergency situations when it was necessary to bring an alien into the United States temporarily. However, this authority has been distorted by prior attorneys general who have admitted large groups of aliens. This provision would restore the original intent of the authority.

Section 7: Record of Admission—Under specified circumstances, those illegal aliens who qualify would be permitted to obtain permanent resident status. This would be accomplished by amending an existing section which granted the same staus to illegal aliens who had entered the country prior to June 30, 1948.

The requirements would include continuous residence since January 1, 1978, registration within six months of the implementation of a secure Social Security card system, financial sponsorship similar to that required of applicants for legal immigration, a showing of undue hardship if forced to leave the U.S. and admissibility in accordance with Section 212(a).

Section 8: Fair Hiring Procedures—This section would prohibit the knowing employment of illegal aliens. It would provide graduated civil and criminal penalties for violations. Authority would be given to the Attorney General, Secretary of Labor and Secretary of HHS to implement a gradually phased-in program.

In the first phase, an applicant for employment would be required to sign an affirmation that he or she is eligible to work in the United States. The affidavit could be made part of the already existing W-4 withholding form each employee must already fill out. This easily and rapidly initiated procedure, along with increased enforcement procedures envisioned by Sec. 3, would provide immediate relief from the flood of illegal alien labor while the more extensive national fair hiring procedures in Phases Two and Three are implemented.

Phase Two would be an institution of a verification system to improve the security of the social security numbers now required to be used by all applicants for employment. Such a system would include the initial crosschecking of the existing social security data for obvious errors, such as that of several employees having identical numbers.

Further, there would be a check of social security numbers submitted by new employees for fradulent or erroneous numbers. This latter verification could be accomplished through a system whereby an employer could simply call in a prospective employee's social security number and receive almost instant verification. Initially, this would possibly have to be done on a random basis. If the number were found to be invalid, the prospective employee would be required to correct the problem before his employment would be confirmed.

If the Employment Security Administration of the Department of Labor, with 2600 offices nationwide, were incorporated into the system, the verification and correction process probably would be expedited. When a social security number was valid, the employer would receive a transaction or authorization code, showing that the number was valid and that the employer reported as required.

Section 8: Phase three would involve the issuance of a new and more secure social security card which would be based on positive proof that the individual is a citizen or legal resident. The new card would have some type of unique identifying element, such as a serial number or photograph. The data from these cards would again be submitted for verification when an individual applied for a new job. However, there should be adequate facilities by this time to verify immediately every new applicant for employment.

Section 9: Fees and charges—This section would clearly establish the authority of the Attorney General to prescribe a uniform schedule of fees and charges for immigration related procedures, which would help defray the cost of the new enforcement procedures.●

● Mr. CHILES. Mr. President, I am pleased to join today with my distinguish colleague, Mr. HUDDLESTON, in introducing the Immigration and National Security Act of 1981.

Our immigration policy is clearly out of control. The people of Florida will tell you that our immigration policy is out of control and that the social and financial costs have been tremendous. Immigration is out of control when a foreign government can dictate our immigration policy; when we allow that foreign government to determine who will come to our country. Immigration is out of control when the Federal Government lacks the resources and the willingness to enforce our immigration laws already on the books, and it is out of control when the Federal Government, including the Congress, is not prepared to make the hard decisions that must be made to reform our immigration laws. I think the residents of Florida and U.S. citizens across our land are asking themselves, "What about my rights?", "Who is going to help me find a job, who will help me find adequate housing, and who will pay for my medical needs?"

The Select Commission on Immigration and Refugee Policy has submitted its final report after 19 months of research and study, and after hearing over 700 witnesses who testified at 12 regional public hearings. The Commission's report will be a good basis for debate and comment, and I am pleased that Senator SIMPSON has indicated that the Senate Subcommittee on Immigration and Refugee Policy will begin hearings on the report in the near future.

The report is a good starting point, but I believe that it does not go far enough in tackling some of the severe problems we face with our immigration laws. To begin with, the Select Commission recommended that we increase our immigration quotas from its present level of 270,000 to 350,000, plus an allowance for an additional 100,000 aliens per year for 5 years to clear up the backlog of visa applications worldwide. It further recom-

mends we continue to accept 50,000 refugees per year, plus unlimited additional numbers, in consultation with Congress, for special humanitarian purposes. When you add all that up, it does not appear to be much of a change from our present policy at all.

In 1978 and in 1979, total legal immigration to the United States stood at over 600,000 and in 1980 over 800,000 legal immigrants and refugees were admitted to our country. Legal immigration is now at its highest level in 50 years and at its highest level in our Nation's history when you count illegal immigration. The United States is by far the world's largest recipient of refugees and immigrants.

I believe the time has come to place a cap on annual immigration. The Immigration and National Security Act places a reasonable ceiling on legal immigration. The bill will limit legal immigration to the United States to the target figure set by Congress in 1975—350,000 per year. In an emergency, and only after consulting with Congress, the President may "borrow" admissions from the following year, or he may disregard internal statutory limits below the overall ceiling. The President must report to Congress each year on the projected number of admissions, and the Secretary of Labor must report an opinion to Congress on whether the level of admissions will affect the U.S. work force.

To regain control of our immigration policy, we must also remove the magnet which attracts the millions of undocumented aliens in our country: The ability to find a job. Under our present Federal law, it is not a crime to employ an illegal immigrant. The Immigration and National Security Act would make it unlawful for any employer to hire an alien in the United States who has not been lawfully admitted for permanent residence.

Employers who knowingly violate the law would be subject to civil penalties of up to $1,000 per alien. Continued violators would be subject to a fine of up to $20,000 or by imprisonment of up to 3 years, or both. To make this system fair to the employer and to the applicant applying for a job, the Attorney General, the Secretary of Labor, and the Secretary of Health and Human Services are authorized to implement a gradually phase-in worker verification system, linking enforcement measures with implementation of this system.

In phase 1 of the worker verification system, 6 months after the bill is signed into law, each employer in the United States will require that each applicant for employment submit a written statement certifying that the applicant is a citizen of the United States or is an alien legally in our country. This could be made part of the existing W–4 withholding form each employee must already fill out. The written statement would be retained by the employer for each applicant he employs and would be presented, upon request, to the Attorney General.

Beginning not less than 6 months or no later than 2 years after this bill becomes law, the Attorney General, acting in cooperation with the Secretaries of Labor and Health and Human Services, would establish a system to verify the validity of the social security account numbers of applicants for employment. Notice of this system would be published in the Federal Register. Beginning 90 days after this notice, each employer will submit, in accordance with the procedures, the social security account number of each person thereafter applying for employment and will record whether the Attorney General has verified the validity of the number.

The third and final stage which will take place no more than 5 years after enactment of the act, all citizens and legal aliens will be issued a new employment social security card with a unique identifying element such as a serial number or photograph. Again, a notice of the availability of these revised social security cards and the procedures which employers would use in examining these cards would be published in the Federal Register. The data from these cards would be submitted for verification when an individual applies for a new job. By the time this third stage goes into effect, there should be adequate facilities to verify immediately every new applicant for employment.

I have reviewed the various options that are available to discourage the employment of undocumented workers, including a separate work permit card and a call-in data bank. In examining the impact of these and other systems from the perspective of cost to the taxpayer, the impact on employers, the impact on workers, and the degree of effectiveness, I believe that the fair hiring provisions of this bill are the best approach.

One of the most serious immigration problems of particular importance to Florida is the continued arrival of large numbers of undocumented aliens seeking political asylum in the United States. Our refugee laws never envisioned the United States being the country of first asylum. The last 11 months have been particularly trying to the people of my State and especially to Dade County.

Of the 125,000 Cubans who began arriving in Key West April 21, 1980, over 86,000 or 72 percent have settled in Florida. Ninety percent of the 11,000 Haitians who arrived between April 21 and December 31 have settled in Florida. Florida continues to be the recipient of large numbers of undocumented aliens. While the figures vary from week to week, Florida has received over 5,000 Haitians since the October 10, 1980, cutoff date for Cuban-Haitian entrant status, and 500 Haitians arrived during an 8-day period in March alone.

Undocumented aliens currently arriving are now subject to exclusion hearings that have been occurring at the rate of approximately 10 per day. The very fact that exclusion hearings are moving forward is a victory of sorts for those who have followed with concern the continued legal battles which have literally tied the hands of the Federal Government from enforcing its own laws.

The Immigration and National Security Act has several key provisions that will tighten up the asylum process, making it more difficult for some aliens to receive asylum, while protecting the rights of those who truly are political refugees. The changes will also reduce the adjudication burden on the Government. The effect of these provisions will be to return the level of procedural rights for asylum seekers to the same level that is used in other civil immigration proceedings. The alien seeking "entry" will be entitled to the same rights as any other alien seeking entry to our country, no more and no less. The intent will be to create a procedure where large numbers can be processed in a way that will not allow the process to drag on for years.

The bill also requires the drafting of a contingency plan to handle large groups of asylum seekers including the establishment of reception centers outside the United States. We have a situation right now in Florida where there just is not any more room to handle large numbers of undocumented aliens. Incredible as it may seem given the events of the last 11 months, the Federal Government still does not have a contingency plan to place and process large numbers of newly arriving aliens.

We have right now in Florida a processing center that is way over capacity. At this center, Krome North, there are approximately 590 aliens, twice the population it should be given the current staffing ability of the Immigration and Naturalization Service. Because our drug enforcement efforts have been so successful, the Immigration and Naturalization Service has even had to give up half of its space at the Federal correctional institution. Just where does the Federal Government expect the district director in Miami to place the next boatload or the next planeload of aliens? We absolutely have to have a contingency plan in place.

According to a June 1980 Roper poll taken last year, 91 percent of the American people believe that an all-out effort should be made to stop illegal immigration. I do not think the people of Florida are surprised by that. In my travels throughout the State the message has come to me loud and clear. Our country must regain control of our immigration policy. The bill being introduced today will go a long way in regaining that control.●

Mr. JOHNSTON. Mr. President, I am pleased to announce that I am a cosponsor of the Immigration and National Security Act of 1981 which is being introduced today by my colleague Senator HUDDLESTON. This bill improves our current immigration policy by placing a reasonable ceiling on the number of immigrants allowed to legally enter this country each year. More importantly, it establishes a system of graduated civil and criminal penalties on employers who knowingly hire illegal aliens.

The Immigration and National Security Act of 1981 establishes a unique registration system, tied in with our social security system. Every person in this country will be issued an identification card with some unique item on it such as a photograph or a serial number. A job applicant must present this card as he must now provide his social security number when applying for a job. The information contained on this card would

then be verified by the Social Security Administration for authenticity.

This approach to control illegal employment may seem novel in this country; however, identification cards of this nature have been required in European countries for a long time. France, West Germany, Belgium, Italy, and Luxembourg all use such cards to control employment of illegal aliens. By establishing an identification card for all citizens and legal aliens, civil rights advocates could not argue that this effort to regulate the flow of illegal aliens will unduly burden ethnic Americans.

It is widely believed that the major attraction of foreigners entering the United States illegally is the availability of employment. A system which makes the employment of such illegal aliens highly difficult or impossible diminishes this attraction and concurrently increases opportunities either for Americans or for those who comply with the legal prerequisites for work visas and temporary resident status.

It is estimated that there are between 3.5 and 12 million illegal aliens currently in the United States. During fiscal year 1979 the Immigration and Nationalization Service located over 1,000,000 aliens who were deportable under the Immigration and Nationality Act. Of these people 93 percent had entered the country illegally and 7 percent had violated the terms of their legal entry. Furthermore, approximately 93 percent were Mexican nationalist and at least 30 percent were repeat offenders.

Part of the responsibility for this large influx of illegal immigrants must be borne by our current outdated social security registration program. The system should be updated to control the influx of illegal aliens into our Nation's work force. This legislation improves the administration of social security by implementing procedures to prevent duplicative and false registration numbers. These improvements coupled with other provisions of this bill calling for a strengthening of our national border patrol and a tightening of the asylum procedures for immigrants wishing to permanently enter this country should effectively cut down the number of illegal aliens within our country.

Finally, this legislation establishes procedures to effectively regulate the large numbers of illegal aliens who now reside in our country by establishing procedures enabling them to obtain permanent resident status.

Because of their underground work status, many illegal aliens are willing to accept less than minimum salary and work in substandard conditions in return for protection by their employers from deportation. By providing a degree of legitimacy to these aliens we will reduce the unfair advantages such employers hold over those who do not hire illegal aliens.

Mr. President, I commend Senator HUDDLESTON for taking the lead in restricting our immigration procedures and am pleased to join him as an original cosponsor. I urge my other colleagues to pass favorably upon these proposed improvements in our immigration and social security registration systems. Laws which are not effectively enforced denigrate and undermine the fundamental principle that ours is indeed a nation of laws and not men.

● Mr. SASSER. Mr. President, during the markup of the fiscal 1981 reconciliation resolution in the Budget Committee last week, I voted—as did all my colleagues on the committee—for cutbacks of billions of dollars in Federal spending. These dollars would have gone to thousands upon thousands of American citizens who need assistance with food, housing, medical care, and other necessities of life. I am willing to make these drastic cuts because I feel that these people, and everyone else in this country, will be better off in the long run if we can restrain spending and reduce inflation. But it hurt.

We have a lot of hard choices facing us in the days ahead, choices that force us to try to draw that fine line between what we absolutely must do, and what we would like to do if we could afford it. And that is the same choice that faces us in the matter of immigration, in the numbers of people from around the world we admit to this country every year. There is not one among us who does not take pride in our historic role as a nation of immigrants, as a beacon of hope and a promise of freedom to less fortunate citizens of other lands. There is not one among us who wants to deny the opportunity for a full, productive life to another human being. But the choice must be made, and the time is now. We simply cannot continue to bring almost a million additional people per year—800,000 in 1980 alone—into the United States. At the moment, we do not have the economic resources to assist all the immigrants that wish to locate in our country.

I am therefore announcing today my cosponsorship of the Immigration and National Security Act of 1981, introduced by Senator HUDDLESTON. This legislation puts an overall limit of 350,000 on the annual number of immigrants, with stringent requirements on any proposal to increase that number; it makes significant improvements in border patrol operations; it prohibits the knowing employment of illegal immigrants; and it provides for amnesty of certain aliens with sufficient community ties and residence.

The problem in our existing system is not with the current limitation; the problem is in the categories of unlimited admission, the two largest of which are immediate families and refugees. This legislation will continue the rightful priority enjoyed by family members, but by giving them priority within the limitation—not putting them in an unlimited category. This legislation will allow a flexible response to a true refugee crisis and to victims of oppression and persecution, by allowing the President to increase the number of specifically described consultations with Congress—but only with full documentation of the projected effects on the American populace.

I do not like living with the idea that the bounty of this Nation is finite, that there are limits on our ability to bring in those people who so desperately want to earn a living wage and live a decent life but cannot do so in their own countries. This bill is a recognition of those limits and it is a commonsense approach to getting this problem under control.

I can envision a time when our employment rate, our productivity, our demographic composition, and our entire infrastructure are at a stage where we can expand these numbers. But as we pointed out with such clarity in the Senate Budget Committee last week, and as most of the country knows, we are not there yet.

This legislation is an important step—among many we must take in the days ahead—toward the goal of putting our economic affairs in order.●

By Mr. TOWER (for himself and Mr. BENTSEN):

S. 777. A bill to amend the Federal Water Pollution Control Act to restrict the jurisdiction of the United States over the discharge of dredged or fill material to those discharges which are into navigable waters, and for other purposes; to the Committee on Environment and Public Works.

LEGISLATION RELATING TO DISCHARGE OF DREDGED OR FILL MATERIAL

Mr. TOWER. Mr. President, I am today introducing with Senator BENTSEN legislation that will curtail the seemingly never-ending growth of the bureaucracy and will clarify the Corps of Engineers' authority over State water resources. Federal agencies have far overstepped their bounds in their interpretation of what constitutes a "navigable stream" under Public Law 92-500.

The bill would restrict expansion of Federal authority over nonnavigable waters under section 404 of the Federal Water Pollution Control Act, which authorizes the corps to issue permits for activities in navigable waters involving the discharge of dredged or fill material.

Mr. President, the intent of the bill I introduce today is not new to Congress. I attempted in 1975 and 1977 to obtain congressional mandate to instill commonsense in the Corps of Engineers' permit procedures by limiting its jurisdiction over waters which are neither navigable nor critical to navigation. Both attempts failed by only a narrow margin.

But, Mr. President, the country continues to be faced with a growing regulatory scheme covering not just the wetlands of the Nation, but virtually all surface waters. Prolonged delays and piles of redtape continue to prevail, precipitating a further erosion of public confidence in and support of the legitimate objectives of the clean water effort.

In particular, section 404 of the 1792 act has been cited by the corps for the actions it has taken both in denying owners the right to discharge material on their own property-wetlands and in denying public citizens navigation districts and municipalities what the corps broadly interprets as the right to undertake flood control projects that would affect the "waters of the United States."

Now in the 97th Congress I seek once again the definition of "navigable waters" to mean what it meant in the River and Harbors Act of 1889. Quite

simply, the words "navigable waters" are stipulated to mean "waters navigable in interstate or foreign commerce, shoreward to their ordinary high water mark, including all waters which are subject to the ebb and flow of the tide shoreward to their mean high water mark."

By definition, then, the Army Corps of Engineers would lose jurisdiction over wetlands, since wetlands are not navigable. This change alone should eliminate most of the problems that have been caused by present corps policy and regulations. However, I, too, share concern that nonnavigable waters—often referred to as "wetlands"—have some degree of protection. A major provision of my bill allows the Governor of any State, with the concurrence of that State's legislature, to provide the Secretary of the Army with a written request to extend application of this act to those waters, other than navigable waters.

Mr. President, I strongly endorse the right of a State to make this determination to seek Federal assistance if it so chooses. Wetlands adjacent to navigable waters can then be evaluated and protected on a local basis.

Again, I am pleased that Senator BENTSEN is joining with me in sponsoring this bill. I invite my colleagues to join us, and trust that the Senate Environment and Public Works Committee will give serious consideration to this bill as we reexamine clean water legislation this Congress.

Mr. President, I ask unanimous consent that the text of the bill and a resolution adopted by the Texas Legislature relating to the subject be included in the RECORD at this point.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 777

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS

SECTION 1. The Congress finds that the procedures mandated by, and regulations issued pursuant to, the Federal Water Pollution Control Act and the Act of March 3, 1899, have delayed the construction of needed energy water resource and other development projects without commensurate benefit to the Nation.

PERMITS FOR DREDGED OR FILL MATERIAL

SEC. 2. (a) Subsection (a) of section 404 of the Federal Water Pollution Control Act is amended to read as follows:

"(a) (1) The Secretary shall issue a permit to an applicant, after notice and opportunity for a public hearing, for the discharge of dredged or fill material into the navigable waters at a disposal site or sites specified by the applicant, unless the Secretary determines that such disposal site or sites cannot be specified through the application of the guidelines or other considerations in accordance with subsection (b). Not later than the fifteenth day after the date an applicant submits all the information required to complete an application for a permit under this subsection, the Secretary shall publish the notice required by this subsection.

"(2) For purposes of this section, the term 'navigable waters' means all waters which are used, or are susceptible to use in their natural condition or by reasonable improvement, as a means to transport interstate or foreign commerce shoreward to their ordinary high water mark, including all waters which are subject to the ebb and flow of the tide shoreward to their mean high water mark.

"(3) Notwithstanding any other provision of law, except as provided in subsection (g), the discharge of dredged or fill material in waters other than navigable waters is not prohibited by or otherwise subject to regulation under this Act, or section 9, 10, or 13 of the Act of March 3, 1899 (33 U.S.C. 401, 403, or 407), or any other Act of Congress.".

(b) Subsection (b) of section 404 of such Act is amended by striking out "by the Secretary".

STATE REQUEST FOR FEDERAL JURISDICTION OVER NONNAVIGABLE WATERS

SEC. 3. Subsection (g) of section 404 of the Federal Water Pollution Control Act is amended to read as follows:

"(g) At the written request of the Governor of any State, concurred in by the legislature of such State in accordance with State law, the Secretary shall extend application of the provisions of this Act to those waters, other than navigable waters, within such State which are listed and defined by the Governor of such State in his request.".

REPEAL OF OPTIONAL STATE PERMIT PROGRAM

SEC. 4. Section 404 of the Federal Water Pollution Control Act is amended by striking out subsections (h), (i), (j), (k), and (l) thereof, and by redesignating subsections (m) through (t) (and all references thereto) as subsections (h) through (o), respectively.

NINETY-DAY REQUIREMENT FOR PERMIT DECISION

SEC. 5. The second sentence of section 404 (l) of the Federal Water Pollution Control Act (as redesignated by section 4 (b) of this Act) is amended by striking out ", to the maximum extent practicable,".

MISCELLANEOUS AND CONFORMING AMENDMENTS

SEC. 6. (a) Section 404(o) of the Federal Water Pollution Control Act (as redesignated by section 4(b) of this Act) is amended to read as follows:

"(o) Nothing in this section shall preclude or deny the right of any State or interstate agency (or any entity designated by such State or interstate agency) to control the discharge or dredged or fill material in any portion of the waters, including the navigable waters, within the jurisdiction of such State, including any activity of any Federal agency, and each such agency shall comply with such State or interstate requirements both substantive and procedural to control the discharge of dredged or fill material to the same extent that any person is subject to such requirements. This section shall not be construed as affecting or impairing the authority of the Secretary to maintain navigation.".

(b) Section 205(g)(2) of such Act is amended by striking out "or 404".

(c)(1) Section 208(b)(4)(B)(ii) of such Act is amended by striking out ", which shall complement and be coordinated with a State program under section 404 conducted pursuant to this Act".

(2) Section 208(b)(4) of such Act is amended by striking out subparagraph (C) thereof and by redesignating subparagraph (D) as subparagraph (C).

(d) Section 308(a) of such Act is amended by striking out "404 (relating to State permit programs),".

(e)(1) Section 309(a)(1) of such Act is amended by striking out "or 404".

(2) Section 309(a)(3) of such Act is amended by striking out "or in a permit issued under section 404 of this Act by a State".

(3) Section 309(c)(1) of such Act is amended by striking out "or in a permit issued under section 404 of this Act by a State".

(4) Section 309(d) of such Act is amended by striking out "or in a permit issued under section 404 of this Act by a State,".

(f) Section 404(m) of such Act (as redesignated by section 4(b) of this Act) is amended by striking out "or a State program approved under this section,".

RESOLUTION RELATING TO THE DISCHARGE OF DREDGED AND FILL MATERIALS UNDER SECTION 404 OF THE FEDERAL CLEAN WATER ACT

Whereas, Section 404 of the Federal Clean Water Act allows the U.S. Army Corps of Engineers, under Environmental Protection Agency supervision, to issue permits for the discharge of dredged and fill materials into the waters of the United States; and

Whereas, Section 404 of the Clean Water Act and Sections 9, 10, and 13 of the 1899 Rivers and Harbors Act have delayed the construction of needed energy and water development projects and have deprived citizens of the use and enjoyment of private property without due process of law; and

Whereas, the jurisdictional limits of Section 404 are excessive, extending beyond navigable waters into areas where justified federal interests are not apparent; and

Whereas, the Fish and Wildlife Coordination Act of 1934, as amended in 1958, has been used by certain federal agencies to demand excessive concessions from applicants for federal permits, including Section 404 permits; and

Whereas, the coastal wetlands of Texas are of critical importance to the economy and environment of the State;

Now, therefore, be is resolved that Section 404 of the Clean Water Act be amended to limit federal jurisdiction to waters which are presently used, or are susceptible to use in their natural condition or by reasonable improvement as a means to transport interstate or foreign commerce shoreward to their ordinary high water mark, including all waters which are subject to the ebb and flow of the tide shoreward to their mean high water marks; and be it

Resolved, that Section 404 be amended to require that no permit may be denied or conditioned for any reason other than that the discharge of dredged or fill material would not comply with the applicable provisions of the Clean Water Act concerning water quality requirements and to provide that a permit may not be denied nor conditions required for any reason relating to the effects of diversions, storage, or consumption of water authorized pursuant to state water allocation decisions; and be it

Resolved, that Section 404 be amended to allow any state at the written request of the Governor concurred in by the Legislature of such state to extend application of the provisions of Section 404 to those waters other than navigable waters within such state that are listed and defined by the Governor of such state in his request; and be it

Resolved, that Section 404 be amended to provide that discharges subject to Section 9, 10, or 13 of the Rivers and Harbors Act of March 3, 1899 be regulated by Section 404, and not subject to the Rivers and Harbors Act, except as to effect on navigation and anchorage; and be it

Resolved, that the State of Texas, through the Texas Energy and Natural Resources Advisory Council and other appropriate agencies, recognize and accept responsibility for the management and protection of all coastal wetlands.

Mr. BENTSEN. Mr. President, today I am joining with my distinguished colleague from Texas, Senator TOWER, in introducing a bill to revise the currently complex and disruptive bureaucratic nightmare of redtape of the Clean Water Act section 404 dredge and fill permit program.

My colleagues will well remember that this is not the first time Congress has had to deal with the issue. In 1976 and again in 1977 Congress failed to change section 404 of the act to draw a clear line between those dredge and fill permit requirements that are in the national interest and those that represent Federal encroachment on the everyday lives of this Nation's citizens.

Under current law every farmer and rancher who wants to alter the use of his land, every city that wants to lay a waterline, every county that wants to construct a drainage ditch could need a Federal permit.

In 1977 the Congress attempted to respond to problems with the 404 program that were resulting in unreasonable time delays for permits, Federal control of traditionally State responsibilities, and Federal infringement on the water rights of private landowners through a definition of "navigable" waters that had been broadened to extend to all waters of the United States. We were told during floor debate on amendments to section 404 program that the modifications—which have now become law—would "* * * dispel the widespread fears that the program is regulating activities that were not intended to be regulated." Sadly, this is not the case.

In 1977 it took the average 404 permit application 125 days to be reviewed. Proponents of the current law argued that time limits were set within the law to limit review time to 90 days. What has happened since then? A recent GAO study of three corps district offices revealed that average permit processing time ranges from 120 days to 300 days. Permit delays are worse today than they were 4 years ago. And they are going to get even worse as budget cuts and staff reductions at the key permitting agencies are implemented and take their toll.

In 1977 we were told that the current law provided for States to take permitting responsibility for the so-called phase II and phase III waters. And that this delegation to the States would reduce involvement. I said at that time that—

> EPA, the corps, and the fish and wildlife service, each retains an effective veto over any State proposal, I fail to see how we can realistically claim much in the way of progress. . . . I sincerely question whether many States will accept delegation of 404 power under such conditions.

Mr. President, my fears have become reality. Not a single State has been delegated 404 responsibility.

In 1977 we were told that the problems of Federal encroachment on the rights of private landowners would be resolved by specific activities exemptions and delegation of the phase II and phase III waters regulatory authority to the States. But this approach never really faces the key question—the definition of Federal jurisdiction in the regulation of dredge and fill activities. It makes every landowner with any bit of water subject to the maze of Federal regulation and power of the Federal Government whenever he wants to alter the use of water on his land. Let me give you a telling example. Much of the arid West has small bodies of water that exist periodically after rainfall. In my part of the country they are called "playa" lakes. There are 10,000 of these lakes. Most have no discharge. Almost all are privately held and used by their owners for agriculture purposes. Recently, the Fish and Wildlife Service convinced the Environmental Protection Agency to declare these private lakes subject to the 404 process. This far exceeds the concept of dredge and fill permitting that Congress intended. Yet, under the sweeping and uncontrolled authority of current law, it may well be allowable.

Clearly, with the 404 program loosely structured—as it is under current law—it lends itself to misinterpretations in the courts and abuse by the bureaucracy. The time has come for Congress to reestablish its will and define a clear and workable program. The bill that Senator TOWER and I are introducing today is a step in that direction.

By Mr. GOLDWATER (for himself and Mr. JACKSON):

S. 778. A bill to amend Public Law 96-36 to authorize additional funds to plan for the development of the area south of the original Smithsonian Institution Building adjacent to Independence Avenue at 10th Street SW., in the city of Washington; to the Committee on Rules and Administration.

SMITHSONIAN QUADRANGLE PLANNING AUTHORITY

● Mr. GOLDWATER. Mr. President, I am introducing today for myself and the senior Senator from Washington (Mr. JACKSON) a bill to authorize additional funds to the Smithsonian Institution for planning associated with development of the Quadrangle south of its original building.

The budget submitted to Congress in January included a request for $24,135,000 for construction of the Smithsonian's proposed South Quadrangle project. The project, located along Independence Avenue south of the Smithsonian Castle, would provide a permanent site on the Mall for the Museum of African Art, a center for the study and exhibition of Eastern art associated with the Freer Gallery, and subsurface structures for educational activities for schoolchildren during the day and resident associate classroom activities during the evening.

The total cost of the project has been estimated at $49.1 million, and its financing has been viewed as a joint enterprise in which Federal and non-Federal funds would be used in approximately equal parts to complete construction. The Board of Regents of the Smithsonian, on which we serve, has already approved the use of approximately $1.9 million of nonappropriated trust funds for planning and design purposes, and the Governments of Japan and Korea have each provided $1 million toward construction of the Eastern Art Center.

In the budget amendments proposed by President Reagan, the request for construction funding has been supplanted by a request for $1 million in planning funds. The Smithsonian currently has authority (Public Law 96-36) for $500,000 for planning purposes, but requires additional legislation to raise the figure to $1 million.

If the legislation we are introducing is approved and funding is provided, the Smithsonian will be able to complete working drawings, and would then hope to seek authority and funding for construction in the budget request for fiscal year 1983. The design concept for this project has been approved by the Commission of Fine Arts and the National Capital Planning Commission.●

By Mr. EXON (for himself and Mr. ZORINSKY):

S. 780. A bill to prohibit the use of Federal housing assistance with respect to certain aliens; to the Committee on Banking, Housing, and Urban Affairs.

PROHIBITING THE USE OF FEDERAL HOUSING ASSISTANCE TO CERTAIN ALIENS

Mr. EXON. Mr. President, today I am introducing legislation designed to insure that the benefits of the Federal subsidized housing programs will remain available to those Americans who are most in need. This measure would prohibit illegal aliens from taking advantage of public housing assistance to the detriment of many eligible low-income Americans by providing the Department of Housing and Urban Development with the necessary statutory authority to inquire into the citizenship status of persons applying for Federal housing subsidies.

An internal study by the GAO has found that there have been substantial numbers of illegal aliens in federally assisted housing projects. Although nearly all Federal assistance programs such as medicare, supplemental security income, food stamps, and public service employment require that participants be permanent, or at least legal residents of the United States, Congress deleted a citizenship requirement from the housing subsidy program in 1952.

Mr. President, as part of the general effort to control long-term Federal Government spending, the administration has proposed to reduce the planned number of additional subsidized housing units available after 1982. Given these limitations, it seems necessary that the Congress act to insure that the subsidized housing program be "fine tuned" to benefit the intended low-income citizens of this Nation.

The officials of HUD lack the necessary authority to inquire as to the citizenship status of persons applying for Federal housing subsidies. This lack of authority poses a difficulty in obtaining hard facts as to the extent to which illegal aliens are taking advantage of public housing assistance. The long waiting lists for existing public housing demonstrates that many eligible citizens are not currently receiving needed assistance.

The bill I have introduced would amend

section 214 of the Housing and Community Development Act of 1980, and would require that, to be eligible for Federal housing assistance, an alien must be a resident of the United States, lawfully present in this country. The programs affected by this proposal include the U.S. Housing Act of 1937 which established both the traditional public housing and the section 8 rental housing assistance programs, in addition to sections 235 and 236 housing, and section 101 housing of the Housing and Urban Development Act of 1965. Last year, Congress amended section 214 to limit nonimmigrant student aliens from receiving Federal housing assistance.

In 1976, the U.S. Supreme Court in Mathews against Diaz, held that, in the exercise of its broad power over naturalization and immigration, Congress may provide for such restrictions. The Court stated:

> The fact that Congress has provided some welfare benefits for citizens does not require it to provide like benefits for all aliens.

The Court continued by pointing out:

> Neither the overnight visitor, the unfriendly agent of a hostile foreign power, the resident diplomat, nor the illegal entrant, can advance even a colorable constitutional claim to a share in the bounty that a conscientious sovereign makes available to its own citizens.

The Court concluded:

> It is unquestionably reasonable for Congress to make an alien's eligibility depend on both the character and the duration of his residence.

Congressman WAYNE GRISHAM, of California, has introduced this measure in the House of Representatives. His bill, H.R. 1643, is identical to the measure being introduced here in the Senate today.

Mr. President, Congressman GRISHAM has indicated that recent GAO interviews with various resident managers of public housing projects in southern California have revealed that significant numbers of illegal aliens are enjoying rental assistance from U.S. taxpayers. One manager of a 487-unit project estimated that illegal aliens comprised 36 percent of the population of the project. Another manager of a 685-unit project estimated that 100 to 125 units were occupied by illegal aliens.

I would urge the Senate to consider this measure, to provide for the needs of our citizens within the limits of current budget constraints. In view of the limited amount of Federal housing funds available for assisting eligible citizens, I believe that an appropriate response is to provide HUD with the authority for inquiring into the citizenship status of persons applying for Federal housing subsidies. This action would be in the best interests of those truly needy Americans for whom such assistance was intended to benefit.

I ask unanimous consent that the text of this bill be printed in the RECORD, and that the bill be appropriately referred, which I now send to the desk at this time.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 780

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 214 of the Housing and Community Development Act of 1980 is amended to read as follows:

"RESTRICTION ON USE OF ASSISTED HOUSING

"SEC. 214. (a) Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may not make financial assistance available for the benefit of any alien unless he or she is a resident of the United States and is—

"(1) an alien lawfully admitted for permanent residence as an immigrant as defined by sections 101(a)(15) and 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15) and 8 U.S.C. 1101(a)(20)), excluding, among others, alien visitors, tourists, diplomats, and students who enter the United States temporarily with no intention of abandoning their residence in a foreign country;

"(2) an alien who entered the United States prior to June 30, 1948, or such subsequent date as is enacted by law, has continuously maintained his or her residence in the United States since then, and is not ineligible for citizenship, but who is deemed to be lawfully admitted for permanent residence as a result of an exercise of discretion by the Attorney General pursuant to section 249 of the Immigration and Nationality Act (8 U.S.C. 1259);

"(3) an alien who is lawfully present in the United States pursuant to an admission under section 207 of the Immigration and Nationality Act (8 U.S.C. 1157) or pursuant to the granting of asylum (which has not been terminated) under section 208 of such Act (8 U.S.C. 1158);

"(4) an alien who is lawfully present in the United States as a result of an exercise of discretion by the Attorney General for emergent reasons or reasons deemed strictly in the public interest pursuant to section 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(5)); or

"(5) an alien who is lawfully present in the United States as a result of the Attorney General's withholding deportation pursuant to section 243(h) of the Immigration and Nationality Act (8 U.S.C. 1253(h)).

"(b) For purposes of this section the term 'financial assistance' means financial assistance made available pursuant to the United States Housing Act of 1937, section 235 or 236 of the National Housing Act, or section 101 of the Housing and Urban Development Act of 1965.".

SEC. 2. An alien who is lawfully present in the United States as a result of being granted conditional entry pursuant to section 203(a)(7) of the Immigration and Nationality Act (8 U.S.C. 1153(a)(7)) before April 1, 1980 because of persecution or fear of persecution on account of race, religion, or political opinion or because of being uprooted by catastrophic natural calamity shall be deemed, for purposes of section 214 of the Housing and Community Development Act of 1980, to be an alien described in section 214(a)(3) of such Act.

Mr. ZORINSKY. Mr. President, will my colleague from Nebraska yield for a comment?

Mr. EXON. I yield to my senior colleague from Nebraska.

Mr. ZORINSKY. I compliment my colleague from Nebraska on his articulate presentation of a problem that has become a greater burden upon the taxpayers of this Nation than was initially apparent at the outset of these programs, and I commend him for his recognition of this problem and for bringing it to the attention of this country, and specifically on those who fund the bill for the operation of this program, and that is the taxpayers of America; and I commend him for his initiative in attempting to resolve this problem.

I ask unanimous consent that my colleague from Nebraska include me as a cosponsor of his bill.

Mr. EXON. I ask unanimous consent that the Senator from Nebraska be added as a cosponsor, and I thank my friend and colleague from Nebraska.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. PERCY (by request):

S. 784. A bill to authorize appropriations for fiscal years 1982 and 1983 for the Department of State; to the Committee on Foreign Relations.

AUTHORIZATION OF APPROPRIATIONS FOR DEPARTMENT OF STATE

● Mr. PERCY. Mr. President, by request, I introduce for appropriate reference a bill to authorize appropriations for fiscal years 1982 and 1983 for the Department of State.

This legislation has been requested by the Department of State, and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the section analysis of the bill and the letter from the Assistant Secretary of State for Congressional Relations to the President of the Senate dated March 11, 1981.

There being no objection, the bill, letter, and analysis were ordered to be printed in the RECORD, as follows:

S. 784

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—DEPARTMENT OF STATE

SHORT TITLE

SEC. 101. This title may be cited as the "Department of State Authorization Act, Fiscal Years 1982 and 1983".

AUTHORIZATION OF APPROPRIATIONS

SEC. 102. There are authorized to be appropriated for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States and other purposes authorized by law, the following amounts:

(1) For "Administration of Foreign Affairs", $1,318,754,000 for the fiscal year 1982 and $1,248,059,000 for the fiscal year 1983.

(2) For "International Organizations and Conferences", $563,806,000 for the fiscal year 1982 and $554,436,000 for the fiscal year 1983.

(3) For "International Commissions", $22,508,000 for the fiscal year 1982 and $22,432,000 for the fiscal year 1983.

(4) For "Migration and Refugee Assistance", $553,100,000 for the fiscal year 1982, and $460,000,000 for the fiscal year 1983.

SELECTIVE NON-IMMIGRANT VISA WAIVER

SEC. 103(a) Section 212(d) of the Immigration and Nationality Act (8 U.S.C. 1182 (d)) is amended by adding at the end thereof the following new paragraph:

"(9)(A) The requirement of paragraph 26 (B) of Subsection (a) may be waived by the Attorney General and the Secretary of State, acting jointly, in the case of an alien who—

(i) is applying for admission as a non-immigrant visitor for business or pleasure for a period not exceeding ninety days;

(ii) is a national of a country which extends, or is prepared to extend, reciprocal privileges to citizens and nationals of the United States; and

(iii) has been determined not to represent a threat to the welfare, safety, or security of the United States.

"(B)(i) For the period beginning on the effective date of this paragraph and ending on the last day of the first fiscal year which begins after the effective date of this paragraph, a country shall be considered to be within the purview of subparagraph (A)(ii) of this paragraph if, in the last fiscal year preceding the effective date of this paragraph, such country had a non-immigrant visa refusal rate, as determined by the Secretary of State in such manner as he shall by regulations prescribe, of less than two percent.

(ii) For each fiscal year following the period specified in subparagraph (B)(i), a country considered to be within the purview of subparagraph (A)(ii) during such period shall not be considered to remain within the purview of subparagraph (A)(ii) unless, in the fiscal year immediately preceding such fiscal year, it had a rate of exclusion and withdrawal of application for admission and rate of violation of non-immigrant status, as determined in both cases by the Attorney General in such manner as he shall by regulations prescribe, which did not exceed one percent. Determinations required by this subparagraph shall be made as soon as practicable after the end of each fiscal year.

(iii) If, in any fiscal year following the period specified in subparagraph (B)(i), a country not previously considered within the purview of subparagraph (A)(ii) shall have a non-immigrant visa refusal rate, as determined in the manner provided for in subparagraph (B)(i), of less than two percent, such country shall be considered to be within the purview of subparagraph (A)(ii) for the next following fiscal year and shall thereafter be treated in the manner specified in subparagraph (B)(ii).

"(C) Notwithstanding the provisions of subparagraphs (A) and (B) of this paragraph, no alien shall be admitted without a visa pursuant to this paragraph if he has previously been so admitted and failed to comply with the conditions of his previous admission."

(b) Section 214(a) of the Immigration and Nationality Act (8 U.S.C. 1184(a)) is amended by changing the period at the end thereof to a colon and by adding thereto the following:

"Provided, That no alien admitted to the United States without a visa pursuant to Section 212(d)(9) shall be authorized to remain in the United States as a temporary visitor for business or pleasure for a period exceeding ninety days from the date of his admission."

(c) Section 245(c) of the Immigration and Nationality Act (8 U.S.C. 1255(c)) is amended to read as follows:

"(c) The provisions of this Section shall not be applicable to (1) an alien crewman; (2) an alien (other than an immediate relative as defined in Section 210(b)) who hereafter continues in or accepts unauthorized employment prior to filing an application for adjustment of status; (3) an alien admitted in transit without visa under Section 212(d)(4)(C); or (4) an alien admitted as a temporary visitor for business or pleasure without a visa under Section 212(d)(9)."

(d) Section 248 of the Immigration and Nationality Act (8 U.S.C. 1258) is amended by inserting after the word "except" the following:

"An alien admitted as a temporary visitor for business or pleasure under Section 212(d)(9),".

PASSPORT FEES AND DURATION

SEC. 104. (a) Section 1 of the Act of June 4, 1920, as amended (22 U.S.C. 214), is amended by striking out the first sentence and inserting in lieu thereof, "There shall be collected and paid into the Treasury of the United States a fee, prescribed by the Secretary of State by regulation, for each passport issued and a fee, prescribed by the Secretary of State by regulation, for executing each application for a passport."

(b) Section 2 of the Act of July 3, 1926, as amended (22 U.S.C. 217a), is amended:

(1) by striking out "five" in the first sentence and inserting in lieu thereof, "ten";

(2) by inserting before the period at the end of the second sentence "in an individual case or on a general basis pursuant to regulation"; and,

(3) by striking out the third sentence, and substituting in lieu thereof, "A passport issued subsequent to the effective date of this section shall be valid for a period of ten years from the date of issue except where such passport is or has been limited by the Secretary of State to a shorter period."

LIVING QUARTERS FOR THE STAFF OF THE U.S. REPRESENTATIVE TO THE UNITED NATIONS

SEC. 105. Section 8 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287e), is amended:

(1) by striking "the representative of the United States to the United Nations referred to in paragraph (a) of Section 2 hereof" and inserting in lieu thereof, "the representatives provided for in Section 2 hereof and of their appropriate staffs", and

(2) by adding at the end thereof the following: "Any payments made by United States Government personnel for occupancy by them of such leased or rented premises shall be credited to the appropriation, fund, or account utilized by the Secretary for such lease or rental, or to the appropriation, fund or account currently available for such purposes."

INTERNATIONAL ORGANIZATIONS IN VIENNA

SEC. 106. Amend Section 2 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287) by adding at the end thereof the following new subsection:

"(h) The President, by and with the advice and consent of the Senate shall appoint a representative of the United States to the Vienna office of the United Nations with appropriate rank and status who shall serve at the pleasure of the President and subject to the direction of the Secretary of State. Such person shall, at the direction of the Secretary of State, represent the United States at the Vienna office of the United Nations, and perform such other functions there in connection with the participation of the United States in international organizations as the Secretary of State from time to time may direct."

BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

SEC. 107. In addition to the amounts authorized to be appropriated by section 102(a) of this Act, there are authorized to be appropriated to the Secretary of State $3,700,000 for the fiscal year 1982 and $3,700,000 for the fiscal year 1983 for payment of the United States share of expenses of the science and technology agreements between the United States and Yugoslavia, and the United States and Poland.

EX GRATIA PAYMENT

SEC. 108. Of the amount appropriated under paragraph (1) of Section [illegible] of the "Department of State Authorization Act, Fiscal Years 1982 and 1983", $81,000 shall be available for payment ex gratia to the government of Yugoslavia as an expression of concern by the United States Government for the injuries sustained by a Yugoslav national as a result of an attack on him in New York City.

PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY

SEC. 109. Paragraph (1) of Public Resolution 42, 74th Congress, approved August 2, 1935, as amended (22 U.S.C. 273), is amended by deleting, "not to exceed $200,000 annually,".

INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW AND HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW

SEC. 110. Section 2 of P.L. 88–244, approved December 30, 1963, as amended (22 U.S.C. 269g–1), is amended by deleting ", except that in no event shall any payment of the United States to the Conference or the Institute for any year exceed 7 per centum of all expenses apportioned among members of the Conference or the Institute, as the case may be, for that year"

PAN AMERICAN RAILWAY CONGRESS

SEC. 111. Section 2(a) of P.L. 30–794 approved June 28, 1948 as amended (22 U.S.C. 230k), is amended by striking out "not more than $15,000 annually" and inserting in lieu thereof "such sums as may be necessary"

DEPARTMENT OF STATE,
Washington, D.C., March 11, 1981.

Hon. GEORGE BUSH,
President of the Senate,
U.S. Senate.

DEAR MR. PRESIDENT: In accordance with Section 16 of the Act of August 1, 1956, as amended (22 U.S.C. 2680), there is transmitted herewith proposed legislation to authorize appropriations for the Department of State to carry out its authorities and responsibilities in the conduct of foreign affairs during the fiscal years 1982 and 1983 and for other purposes contained in this bill.

The primary purpose of the bill is to provide authorization of appropriations for (1) "Administration of Foreign Affairs", which supports the operation of the United States diplomatic and consular posts abroad and the Department of State in the United States; (2) "International Organizations and Conferences", which includes contributions to meet obligations pursuant to treaties, conventions or specific acts of Congress; (3) "International Commissions", which enable the United States to fulfill treaty and other international obligations; United States annual contribution to the International Committee of the Red Cross and various refugee assistance programs. A section analysis further explaining the proposed legislation is also enclosed.

The Department has been informed by the Office of Management and Budget that there is no objection to the presentation of this proposed legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary
for Congressional Relations.

SECTION ANALYSIS

SECTION 101—SHORT TITLE

This title may be cited as the "Department of State Authorization Act, Fiscal Years 1982 and 1983".

SECTION 102—AUTHORIZATION OF APPROPRIATIONS

Subsection (a)—This subsection provides an authorization of appropriations for the Department of State in accordance with the provisions of Section 15(a) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2680) as amended. The proposed Act authorizes funds to be appropriated under this legislation for the fiscal years 1982 and 1983 by category.

Category (1)—authorizes appropriations under the heading "Administration of Foreign Affairs" for fiscal years 1982 and 1983. This category provides the necessary funds for the salaries, expenses and allowances of the officers and employees of the Department, both in the United States and abroad. It includes funds for executive direction and policy formulation, conduct of diplomatic relations with international organizations, domestic public information activities, central program services, and administrative and staff activities. This category also provides for representational expenses in accordance with Section 905 of the Foreign Service Act of 1980. Further, it provides funds for such activities as the acquisition, operation and maintenance of office space and living quarters for American staff abroad; funds for relief and repatriation loans to United States citizens abroad and for other emergencies of the Department; a buying power maintenance appropriation; and payments to the Foreign Service Retirement and Disability Fund, and the American Institute in Taiwan.

Category (2)—Authorizes appropriations for fiscal years 1982 and 1983 under the heading "International Organizations and Conferences". This category provides the necessary funds for United States contributions of its assessed share of the expenses of the United Nations and other international organizations of which we are a member. In addition, provision is made for funding of official United States Government participation in regularly scheduled or planned multilateral intergovernmental conferences, meetings and related activities, and for contributions to international peacekeeping activities in accordance with international multilateral agreements.

Category (3)—Authorizes appropriations for fiscal years 1982 and 1983 under the heading "International Commissions." This category provides funds necessary to enable the United States to meet its obligations as a participant in international commissions and includes expenses of the American Sections (U.S. and Canada), the International Boundary and Water Commission (U.S. and Mexico) and the International Fisheries Commissions.

Category (4)—Authorizes appropriations for fiscal year 1982 and 1983 under the heading "Migration and Refugee Assistance" to enable the Secretary of State to provide assistance to migrants and refugees, both on a multilateral basis, through contributions to organizations such as the Intergovernmental Committee for Migration, and through the United Nations High Commissioner for Refugees designated by the President, as authorized by law.

SECTION 103—SELECTIVE NONIMMIGRANT VISA WAIVER

This proposal would amend the Immigration and Nationality Act to authorize the Attorney General and the Secretary of State to waive the non-immigrant visa requirement, on a reciprocal basis, for short-term business and pleasure visitors who are citizens of countries with the best record of compliance with our immigration laws. In addition, such a national would be required to complete immigration forms as are prescribed by regulation, and be the holder of a round-trip, non-refundable, non-transferable, open-dated transportation ticket with a carrier that has agreed to transport the alien out of the United States at the end of the alien's visit. It would extend the treatment now given citizens of Canada, the Bahamas, and certain British nationals (residing in Bermuda, the Cayman Islands, and the Turks and Caicos Islands) to citizens of approximately thirty countries, primarily in Western Europe.

SECTION 104—PASSPORT FEES AND DURATION

Subsection (a) would permit the Secretary of State to determine the execution and issuance fees for United States passports. It would eliminate the statutory issuance fee of $10.00 and provide flexibility in adjusting passport issuance as well as application fees. It would thus permit the Secretary of State to apply the same kind of process in determining passport fees as is applied in consular and other fees, in accordance with the policy and standards set out in 31 U.S.C. 483a. The Department intends to establish passport fees in accordance with the user charge principle provided for in title V of the Independent Office Appropriation Act of 1952.

Subsection (b) would set a ten-year duration for passport validity, extending the period from the present five years from the date of issuance. In addition, it would permit the Secretary of State to establish a shorter period either in a particular case or on a general basis pursuant to regulation. This will provide flexibility to deal with particular categories of cases which require that the period of a passport's validity be less than ten years (e.g., infants whose appearance will change greatly over a ten-year period).

SECTION 105—LIVING QUARTERS FOR THE STAFF OF THE U.S. REPRESENTATIVE TO THE UNITED NATIONS

This section would provide authorization for the lease or rental of living quarters for use of the staff of the United States Representative to the United Nations. This amendment is necessary to: 1) cope effectively with the housing market; and 2) eliminate substantial, out-of-pocket expenses and insure that economic hardship does not adversely affect the ability to attract the best qualified individuals for service at the United States Mission to the United Nations. To reduce expenditures of appropriated funds, the payments made by employees to occupy these living quarters would be credited to and used by the appropriation or account from which the Department's lease or rental is financed.

SECTION 106—INTERNATIONAL ORGANIZATIONS IN VIENNA

This section will enable the U.S. to combine the direction and management of its offices to International Organizations in Vienna into one mission.

Previously, the U.S. had representation in two units of the U.N. Secretariat, United Nations Industrial Development Organization (UNIDO) and the U.N. Scientific Committee on the Effects of Atomic Radiation (UNSCEAR); the International Atomic Energy Agency (IAEA), the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) located in Vienna, the United Nations Fund for Drug Abuse Control, the Division of Narcotic Drugs, the Social Affairs Division, the International Trade Law Branch, and the Center for Social Development and Humanitarian Affairs.

SECTION 107—BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

This section authorizes appropriations to Secretary of State to make payments for the United States share of expenses for United States bilateral science and technology agreements with Yugoslavia and Poland.

SECTION 108—EX GRATIA PAYMENT

This section provides an *ex gratia* payment to the Yugoslav Government on behalf of a foreign national of Yugoslavia who was injured as the result of an attack while on assignment at the Yugoslav mission to the U.N. in New York City.

SECTION 109—PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY

This section would delete the limitation on the U.S. contribution to the PAIGH which is $200,000 annually. The U.S. contribution has been assessed at $274,005 since 1979. This amendment would permit the U.S. to pay the difference between past assessments ($148,010 cumulative arrearage for 1979 and 1980) and the $200,000 limitation.

The U.S. first participated in the Institute of Geography and History in 1935 and has been a member in good standing ever since. In order to meet the assessments applied to the U.S. as a member, the Department of State has had to request periodically an increase in the ceiling on annual contributions. To end such adjustments, it is requested that the ceiling be lifted completely, especially in view of the fact that the PAIGH General Assembly only meets once every four years and determines budget levels for the four years.

SECTION 110—INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW AND HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW

This amendment would provide legal authority for the United States to pay arrearages in its assessments for 1979 and 1980 and to meet anticipated assessments in 1981 and beyond.

SECTION 111—PAN AMERICAN RAILWAY CONGRESS

This amendment would provide legal authority for the United States to pay fully its assessment for 1981 and to meet anticipated assessments in 1982 and beyond.●

By Mr. PERCY (by request):

S. 785. A bill to provide for continuing participation by the United States in the International Bank for Reconstruction and Development, and for other purposes; to the Committee on Foreign Relations.

S. 786. A bill to provide for continuing U.S. participation in the International Development Association, to provide for U.S. participation in the African Development Bank, and for other purposes; to the Committee on Foreign Relations.

LEGISLATION RELATING TO U.S. PARTICIPATION IN INTERNATIONAL DEVELOPMENT BANKS

● Mr. PERCY. Mr. President, I am introducing today at the request of the administration two bills concerning U.S. participation in multilateral development banks. One bill authorizes the U.S. subscription of $8.8 billion to the General Capital Increase of the International Bank for Reconstruction and Development (World Bank). The other bill authorizes the U.S. contribution of $3.24 billion to the Sixth Replenishment of the International Development Association, provides for U.S. membership in the African Development Bank, and amends other provisions of law pertaining to U.S. participation in multilateral development banks.

Legislation to authorize U.S. membership in the African Development Bank and the U.S. contribution to the Sixth Replenishment of the International Development Association was passed by the Senate last year by a vote of 53 to 24. Unfortunately, the House of Representatives did not take a vote on the measure prior to adjournment.

Early action by the Congress this year on IDA and AFDB is essential to avoid a

lapse in lending in the case of IDA, and the expiration of U.S. procurement opportunities in the case of the AFDB. Accordingly, the Foreign Relations Committee, which I chair, is planning early hearings and markup of legislation covering these two matters.

Mr. President, I ask unanimous consent for the texts of the two bills and summaries prepared by the Department of the Treasury, together with a letter from the Honorable R. T. McNamar, Acting Secretary of Treasury, to be printed in full in the RECORD.

There being no objection, the bills summaries, and letter were ordered to be printed in the RECORD, as follows:

S. 785

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SEC. 1. The Bretton Woods Agreements Act (22 U.S.C. 286 *et seq.*) is further amended by adding at the end thereof the following new section:

"SEC. 39. (a) The United States Governor of the Bank is authorized

"(1) to vote to increase by three hundred and sixty-five thousand shares the authorized capital stock of the Bank; and

"(2) to subscribe on behalf of the United States to not more than seventy-three thousand and ten shares of the capital stock of the Bank: *Provided, however,* that any subscription to additional shares shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there are hereby authorized to be appropriated, without fiscal year limitation, $8,807,561,350 for payment by the Secretary of the Treasury.".

SEC. 2. This Act shall take effect upon enactment, except that funds authorized to be appropriated by this Act shall not be available for use or obligation prior to October 1, 1981.

SUMMARY

The bill authorizes the United States Governor to vote for increases of 365,000 shares in the authorized capital stock of the International Bank for Reconstruction and Development (IBRD). It also authorizes the U.S. Governor to subscribe up to 73,010 shares of IBRD capital stock and authorizes the appropriation of $8,807,561,350 to pay for the U.S. subscription. The bill provides that subscriptions to capital stock shall be effective to such extent or in such amounts as are provided in advance in appropriations acts.

The provisions of the bill are necessary because Section 5 of the Bretton Woods Agreements Act provides that authorization from the Congress must be obtained for the United States Governor to vote for an increase of the capital stock of the Bank which involves an increased U.S. subscription and for the U.S. Governor to subscribe to additional shares of capital stock. Moreover, legislation is required in order to authorize the appropriation of the necessary amounts to pay for the U.S. subscription.

The IBRD was established in 1945. Its capital is subscribed by its 135 member countries, and it finances its lending operations primarily from its own borrowings in world capital markets. Bank loans generally have a grace period of five years and are repayable over 20 years or less. Unlike loans from the International Development Association which focus exclusively on the poorest of the developing countries, a large proportion of IBRD loans are directed toward developing countries at more advanced stages of economic and social growth. The interest rate the Bank charges on its loans is calculated in accordance with a formula related to its cost of borrowing.

During fiscal year 1980 the IBRD approved 144 projects in 49 countries involving total commitments of $7.6 billion. On a cumulative basis, 1,875 projects totaling $59.3 billion have been approved through June 30, 1980. Since U.S. paid-in capital subscriptions to the IBRD totaled $935 million through 6/30/80, the Bank has in effect extended more than $63 in loans for every dollar of U.S. paid-in subscriptions.

Important as the transfer of resource function is for the Bank, its critical role in the development process also reflects the way Bank projects have become catalysts for growth and contributed to rational sector and macro-economic policies in developing countries. The Bank also has a key role in the transfer of technology and in providing sound advice on economic policy associated with its lending activity. This contribution to "institution building" and "human capital formation" permeates the process of project preparation and implementation and is perhaps the greatest contribution made by the Bank to the long-term economic prospects of the developing countries.

Economic growth in the developing countries is an important U.S. objective, in terms of both strategic and humanitarian concerns and as a source of strength to the global economy as a whole. The IBRD is critical to the development effort—and to the maintenance of economic and political stability in each of the major regions of the world and in key countries. One need only scan the list of the largest bank borrowers in FY 80—Brazil, Colombia, Indonesia, Korea, Mexico, the Philippines, Romania, Thailand, Turkey, and Yugoslavia—to grasp the importance of the Bank to U.S. security by way of its contributions to growth and material well-being, and thus to stability in vital regions of the world.

In June 1979, following two years of negotiations, the Executive Directors of the World Bank voted in favor of submitting a resolution for a $40 billion increase in the capital stock of the Bank to the Board of Governors for approval. Of the new stock to be subscribed, a 7.5-percent portion, amounting to approximately $3 billion, is to be paid-in to the Bank. The remaining 92.5 percent will be added to the subscribed capital which is callable only to meet the obligations of the Bank to holders of its securities. The Bank has never made a call on its callable capital, and any such calls are highly unlikely in the future.[1]

The IBRD capital expansion will approximately double total Bank resources. It was designed to permit the Bank to raise its loan commitments by about 3–5 percent annually in real terms through the mid-1980's, although higher than expected inflation now makes this quite unlikely. The negotiated expansion of Bank lending reflected an international consensus that while the economic record for developing countries over the past few decades shows clear progress, formidable development problems remain.

Poverty still exists on a large and pervasive scale and there are serious widespread deficiencies in health and nutrition, literacy and education, life expectancy, and in the overall physical environment. The growth of population continues to add to the immense problems of unemployment and underemployment, and rural to urban migration has also fueled a rapid increase in the number of urban poor. These serious development problems have been severely compounded by current world economic conditions. Surging energy prices, worldwide inflation, slower growth in the industrial countries, and growing constraints on the access of some developing countries to external capital have combined to cast a long and serious shadow over development prospects for the 1980's.

In response to these conditions, the Bank has sharply increased its lending for agriculture and basic needs in the poorest developing countries. More recently the United States and other developed countries encouraged the Bank to take major initiatives in the energy area; from this initiative, a number of proposals have emerged including further expansion of existing IBRD programs and establishing an energy affiliate with its own capital structure. Another initiative has been to assist the adjustment process by making non-project loans which combine financing with a set of corrective economic actions and policy measures. This program will probably have to expand sharply in the next few years to help cope with both the recycling and increased development problems of the 1980's.

Donor countries have recognized that to the extent that Bank operations contribute to sustained economic growth in borrowing countries, they also contribute to the health of the overall world economic environment and the economies of the industrial countries such as the United States. In a recent two-year period, for example, it was estimated that, for each dollar paid into the IBRD and the other multilateral development banks by the United States, our Gross National Product increased by three dollars as a direct result of bank-financed activity.

The General Capital Increase was approved in January 1980 when favorable votes from 127 countries with 77 percent of the voting power had been received. The vote of the United States—with 21.47 percent of the vote—was not cast, due to the need to first meet U.S. legislative requirements. Subscriptions under the GCI will be accepted beginning September 30, 1981.

The U.S. share in the $40 billion General Capital Increase would be $8.78 billion, or 21.95 percent of the total. This proportion is in line with the present U.S. share of the IBRD's subscribed capital. It represents a significant decline from the 34 percent U.S. share in the original subscription to World Bank capital in 1945, and is the minimum required to maintain the U.S. veto in the Bank over Charter amendments. Other countries with large shares of subscriptions include France (5.0%), Germany (5.0%), Japan (5.0%), and the United Kingdom (7.3%). The paid-in portion of the U.S. subscription would be $658.3 million. U.S. subscription to its full GCI share will provide the United States immediately with full voting power benefits, but budget outlays will be spread out over seven years and entail annual outlays of $65.8 million (FY 82), $84.4 million (FY 83), $84.1 million (FY 84), $94.0 million (FY 85), and $110 million (FY 86, 87 & 88).

Callable capital is guarantee authority for bank borrowings in private capital markets. The U.S. liability in respect to callable capital stock is highly contingent. The IBRD has never made a call on its callable capital and, because of the Bank's prudent financial management and its large liquid reserves, any such calls are highly unlikely in the future. Congress has already appropriated more than $8 billion in callable capital subscriptions to the IBRD, none of which has

[1] A companion resolution increasing the authorized capital stock of the Bank by $4.0 billion, none of which is to be "paid-in", was also favorably recommended to the Governors. The purpose of the additional increase was to allow each member to subscribe to 250 shares of callable capital ($30 million). Without this provision, the General Capital Increase would have had the unintended effect of reducing the voting power of the smaller member countries. It was agreed that this second increase would not be used to support additional IBRD lending.

ever resulted in an outlay of U.S. funds, but which is available should a call ever be made.

In recognition of the above factors, it is proposed that U.S. subscriptions to callable capital of $8,179,414,945 be made after program limitations on, rather than appropriations for, those subscriptions are enacted in Foreign Assistance and Related Programs Appropriations Acts.

The proposed appropriations treatment of U.S. subscriptions to IBRD callable capital is consistent with the provisions of legislation enacted in 1980 (Public Law 96-259) which authorized U.S. callable capital subscriptions under the Fifth Replenishment of the Inter-American Development Bank to be made on the basis of program limitations in appropriations acts. In two Continuing Resolutions approved by the 96th Congress for FY 1981, it was also decided to provide for this budgetary approach for the treatment of U.S. callable capital subscriptions to the multilateral development banks. The proposed appropriations treatment is essential to allow implementation of the President's FY 1982 Budget which proposes enactment of program limitations in the FY 1982 Foreign Assistance Appropriations Act for U.S. subscription to callable capital in all the banks.

Favorable Congressional action on this legislation is vital to growing U.S. political, economic, and strategic interests in the developing world. In helping developing countries continue to grow, the Bank makes a major contribution to international economic and political stability. The fact that such growth also helps expand demand for overseas goods and services is particularly important for the United States, for whom the developing countries now comprise the largest and most rapidly expanding export market. The largest Bank borrowers are also strategically centered in terms of U.S. security interests.

U.S. development assistance gets maximum impact when channeled through the IBRD because the cost of providing development assistance is shared with other countries, because the banks leverage paid-in contributions from the United States and other countries through much larger borrowings in world private capital markets backed by "callable" capital, and because the banks, through increased purchases of U.S. goods and services, return substantial economic benefits to the U.S. economy. As a result of the GCI, the IBRD will—through the combination of cost sharing and use of callable capital—be able to lend more than sixty dollars for each dollar paid-in by the United States. The IBRD is thus a particularly useful institution for furthering U.S. objectives in the developing world in this period of budgetary austerity.

A Special Report of the National Advisory Council on International Monetary and Financial Policies on the General Capital Increase of IBRD resources will be transmitted to the Congress separately.

S. 786

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—INTERNATIONAL DEVELOPMENT ASSOCIATION

SEC. 101. The International Development Association Act, as amended (22 U.S.C. 284 et seq.), is further amended by adding at the end thereof the following new section:

"SEC. 17. (a) The United States Governor is hereby authorized to agree on behalf of the United States to pay to the Association $3,240,000,000 as the United States contribution to the sixth replenishment of the Resources of the Association: *Provided, however,* That any commitment to make such contributions shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contributions provided for in this section, there is hereby authorized to be appropriated, without fiscal year limitation, $3,240,000,000 for payment by the Secretary of the Treasury.".

TITLE II—AFRICAN DEVELOPMENT BANK

SEC. 201. This Title may be cited as the "African Development Bank Act".

SEC. 202. The President is hereby authorized to accept membership for the United States in the African Development Bank (hereinafter referred to as the "Bank") provided for by the agreement establishing the Bank (hereinafter referred to as the "agreement") deposited in the archives of the United Nations.

SEC. 203. (a) The President, by and with the advice and consent of the Senate, shall appoint a governor and an alternate governor of the Bank. The term of office for the governor and the alternate governor shall be five years, subject at any time to termination of appointment or to reappointment. The governor and alternate governor shall remain in office until a successor has been appointed.

(b) No person shall be entitled to receive any salary or other compensation from the United States for services as a governor or alternate governor, except for reasonable expenses to attend meetings of the Board of Governors.

SEC. 204. (a) The governor, or in the governor's absence the alternate governor, on the instructions of the President, shall cast the votes of the United States for the director to represent the United States in the Bank.

(b) The director or alternate director representing the United States, if citizens of the United States, may, in the discretion of the President, receive such compensation, allowances, and other benefits as, together with those received from the Bank and from the African Development Fund, will not exceed those authorized for a chief of mission, under the Foreign Service Act of 1980.

SEC. 205. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286b), shall apply with respect to the Bank to the same extent as with respect to the International Bank for Reconstruction and Development and the International Monetary Fund. Reports with respect to the Bank under paragraphs (5) and (6) of section 4 of the said Act, as amended, shall be included in the first and subsequent reports made thereunder after the United States accepts membership in the Bank.

SEC. 206. (a) Unless authorized by law, neither the President, nor any person nor agency, shall, on behalf of the United States—

(a) subscribe to additional shares of stock of the Bank;

(b) vote for or agree to any amendment of the agreement which increases the obligations of the United States, or which changes the purpose or functions of the Bank; or

(c) make a loan or provide other financing to the Bank, except that funds for technical assistance may be provided to the Bank by a United States agency created pursuant to an Act of Congress which is authorized by law to provide funds to international organizations.

SEC. 207. Any Federal Reserve bank which is requested to do so by the Bank shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

SEC. 208. (a) The President is authorized to agree to subscribe on behalf of the United States to 29,820 shares of the capital stock of the Bank: *Provided, however,* That the subscription shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

(b) There is hereby authorized to be appropriated, without fiscal year limitation, for payment by the Secretary of the Treasury of the initial United States subscription to 29,820 shares of the capital stock of the African Development Bank, $359,733,570.

(c) Any payment or distributions of monies from the Bank to the United States shall be covered into the Treasury as a miscellaneous receipt.

SEC. 209. For the purposes of any civil action which may be brought within the United States, its territories or possessions, or the Commonwealth of Puerto Rico, by or against the Bank in accordance with the agreement, the Bank shall be deemed to be an inhabitant of the Federal judicial district in which its principal office within the United States or its agent appointed for the purpose of accepting service or notice of service is located, and any such action to which the Bank shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States, including the courts enumerated in title 28, section 460, United States Code, shall have original jurisdiction of any such action. When the Bank is defendant in any action in a State court, it may at any time before the trial thereof remove the action into the appropriate district court of the United States by following the procedure for removal provided in 28 U.S.C. 1446.

SEC. 210. The agreement, and particularly paragraph 5 of article 49 and articles 50 through 59, shall have full force and effect in the United States, its territories and possessions, and the Commonwealth of Puerto Rico, upon acceptance of membership by the United States in the Bank. The President, at the time of deposit of the instrument of acceptance of membership by the United States in the Bank, shall also deposit a declaration as provided in article 64, paragraph 3, of the agreement that the United States retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the Bank to United States citizens or nationals.

SEC. 211. The seventh sentence of paragraph 7 of section 5136 of the Revised Statutes of the United States, as amended (12 U.S.C. 24), is further amended by striking the word "or" after the words "the Inter-American Development Bank" and inserting a comma in lieu thereof, and by inserting after the words "the Asian Development Bank" the words "or the African Development Bank".

SEC. 212. (a) Any securities issued by the Bank (including any guarantee by the Bank, whether or not limited in scope) in connection with raising of funds for inclusion in the Bank's ordinary capital resources as defined in article 9 of the agreement and any securities guaranteed by the Bank as to both principal and interest to which the commitment in article 7, paragraph 4(a), of the agreement is expressly applicable, shall be deemed to be exempted securities within the meaning of paragraph (a)(2) of section 3 of the Act of May 27, 1933, as amended (15 U.S.C. 77c), and paragraph (a)(12) of section 3 of the Act of June 6, 1934, as amended (15 U.S.C. 78c). The Bank shall file with the Securities and Exchange Commission such annual and other reports with regard to such securities as the Commission shall determine to be appropriate in view of the special character of the Bank and its operations and necessary in the public interest or for the protection of investors.

(b) The Securities and Exchange Commission, acting in consultation with such agency or officer as the President shall designate, is authorized to suspend the provisions of subsection (a) at any time as to any or all securities issued or guaranteed by the Bank during the period of such suspension. The Commission shall include in its annual reports to Congress such information as it shall deem advisable with regard to the operations and effect of this section and in connection there-

with shall include any views submitted for such purpose by any association of dealers registered with the Commission.

SEC. 213. Section 701(a) of Public Law 95–118 (22 U.S.C. 262d) is amended by striking the word "and" following the words "the African Development Fund" and inserting the words "and the African Development Bank," following the words "the Asian Development Bank".

SEC. 214. Section 801(a) of Public Law 95–118 (22 U.S.C. 262f) is amended by striking the word "and" following the words "the African Development Fund" and inserting the words "and the African Development Bank," following the words "the Asian Development Bank".

SEC. 215. Section 51 of Public Law 91–599, as amended (22 U.S.C. 276c–2) is further amended by striking the word "and" following the words "the Asian Development Bank" and inserting the words "and the African Development Bank," following the words "the African Development Fund".

TITLE III—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND ASIAN DEVELOPMENT BANK

SEC. 301. Section 27(a)(2) of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286e–1f), is further amended by striking "That any subscription to additional shares shall be made only after the amount required for such subscription has been appropriated." and inserting in lieu thereof "That any subscription to additional shares shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.".

SEC. 302. Section 22(a) of the Asian Development Bank Act, as amended (22 U.S.C. 285s), is further amended by striking "That any subscription to additional shares shall be made only after the amount required for such subscription has been appropriated." and inserting in lieu thereof "That any subscription to additional shares shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.".

TITLE IV—INTER-AMERICAN DEVELOPMENT BANK AND ASIAN DEVELOPMENT BANK

SEC. 401. The Inter-American Development Bank Act, as amended (22 U.S.C. 283 et seq.), is further amended by adding at the end thereof the following new section:

"SEC. 30. (a) The United States Governor of the Bank is authorized on behalf of the United States to contribute to the Fund for Special Operations $70,000,000: *Provided, however,* That any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for a portion of the increase in the United States subscription to the capital stock of the Bank provided for in section 29(a) and for the United States contribution to the Fund for Special Operations provided for in this section, there are authorized to be appropriated, without fiscal year limitation, for payment by the Secretary of the Treasury (1) $274,920,799 for the United States subscription and (2) $70,000,000 for the United States contribution to the Fund for Special Operations.".

SEC. 402. The Asian Development Bank Act, as amended (22 U.S.C. 285 et seq.), is further amended by adding at the end thereof the following new section:

"SEC. 24. (a) The United States Governor of the Bank is authorized to contribute on behalf of the United States $66,750,000 to the Asian Development Fund, a special fund of the Bank: *Provided, however,* That any commitment to make such contribution shall be made subject to obtaining the necessary appropriations.

"(b) In order to pay for the United States contribution to the Asian Development Fund provided for in this section, there are authorized to be appropriated, without fiscal year limitation, $66,750,000 for payment by the Secretary of the Treasury.".

TITLE V—EFFECTIVE DATE AND AVAILABILITY OF FUNDS

SEC. 501. This Act shall take effect upon enactment, except that funds authorized to be appropriated by any provision contained in Title IV are not available for use or obligation prior to October 1, 1981.

SUMMARY

INTERNATIONAL DEVELOPMENT ASSOCIATION

Title I of the bill authorizes the United States Governor of the International Development Association (IDA) to agree to pay to the Association $3.24 billion as the United States contribution to the Sixth Replenishment of the resources of the Association. The bill requires any commitment to contribute these funds to be made subject to obtaining the necessary appropriations. The bill also authorizes the appropriation of $3.24 billion for payment by the Secretary of the Treasury.

The provisions of the bill are necessary because Section 5 of the International Development Association Act (P.L. 86–565, as amended) provides that authorization from the Congress must be obtained for the United States Governor to agree to provide financing for the Association. Moreover, legislation is required in order to authorize the appropriation of the necessary amounts to enable the United States to contribute to IDA.

The International Development Association is a member of the World Bank Group with membership similar to that of the World Bank. IDA was established in 1960 at the initiative of the United States to provide development financing on highly concessional terms to the poorest of the less developed countries. These countries confront enormous development problems and, in addition, have been hard hit by inflation, rising energy costs, and the economic slowdown in developed countries. IDA loans go only to countries with per capita incomes of less than $680; moreover, almost 90 percent of those loans go to countries with incomes of less than $350 per capita. Over 80 percent of IDA's total lending has been to countries in South Asia and in Africa south of the Sahara, the poorest and most disadvantaged regions of the world.

As of June 30, 1980, IDA had committed approximately $20.7 billion in development credits. About half of these commitments are in agriculture and rural development with the remainder distributed among other sectors such as energy, transportation, urbanization, and water supply and sewerage. IDA's lending activities are concentrated on projects which, in addition to contributing to economic growth and development, also, to the maximum extent possible, directly assist the poor to become more productive, and to assure an equitable distribution of basic services to them. This two-pronged approach has been encouraged and supported strongly by the United States.

The Association began discussions in June 1978 on the Sixth Replenishment of IDA resources to finance IDA operations beyond June 1980 when it was anticipated that resources from IDA's Fifth Replenishment would be fully committed. The issue of the overall size of the Replenishment was intensively reviewed at several IDA VI negotiating sessions. Although the Association's management initially recommended an IDA VI of $15 billion, many donor countries—including the United States—emphasized the need for a more realistic balance between the many critical development requirements of IDA recipients and the budgetary constraints of donor countries and other considerations.

An agreement was reached in December 1979 among 33 donor countries to recommend to the Executive Directors a $12 billion Replenishment for a three year period. On the basis of current expectations regarding global inflation, the $12 billion replenishment level will permit IDA to continue lending at roughly the same real rate as in recent years. In mid-January 1980, IDA's Executive Directors recommended approval of the Replenishment to the Board of Governors. The Resolution enabling IDA to accept the resources under the replenishment was approved by the Governors in March 1980. However, the ability of the United States to participate—which is necessary to bring the replenishment into effect—depends on prior Congressional action authorizing and appropriating funds for that participation.

The proposed United States contribution is 27 percent of the total or $3.24 billion. It represents a decline in the United States share from 42 percent at the inception of IDA and 31 percent in the Fifth Replenishment. Other developed countries will provide over $7.7 billion with substantial increases in the German and Japanese shares.

The United States contribution to IDA VI would be made in three equal annual installments of $1,080 million each, starting in FY 81, although the replenishment resolution permits stair-stepping of the contribution with a minimum first installment of the United States of $940 million. Outlays would be spread over a ten-to-twelve year period. Assuming timely Congressional approval of the required appropriations, the outlay effect is expected to be about $20 million in FY 81 and $100 million in FY 82.

A draft bill which included provision for United States participation in IDA VI was transmitted to Congress early in 1980. The Senate passed the bill (S. 2422) in June. Although favorably reported by the House Banking, Finance and Urban Affairs Committee, the legislation was not considered on the House floor before adjournment of the 96th Congress.

Under the IDA VI replenishment arrangements, the replenishment cannot become effective without U.S. participation. With IDA V funds already committed and the implementation of IDA VI delayed, all new IDA lending had to be suspended last summer for lack of funds. As an interim arrangement, a limited amount of new lending is now being approved financed by $1,519 million in advance contributions from 14 donors. However, the temporary financing from this "bridging" arrangement is scheduled to expire in February 1981 with IDA lending operations once again likely to be suspended. The possibility of additional advance contributions appears remote in the absence of progress on the proposed legislation by the United States.

IDA is the principal source of external assistance for the poorest countries in the world. Many of its borrowers are located in sub-Saharan Africa and South Asia and include countries such as Kenya, Sudan, Pakistan, and Sri Lanka. A cessation of IDA lending on March 1 would have serious implications for the economies of those countries. Such a development would also have serious consequences for U.S. foreign policy. It would disrupt the North-South dialogue and damage our relations with other key donors who are our allies. Not making our contribution to IDA IV as agreed would necessarily extend that damage to other areas of our relations with the allies.

For these reasons, continuation of U.S. support for IDA is essential. Prompt Congressional action is critically important since, as stated above, IDA VI cannot become effective without U.S. participation.

A Special Report of the National Advisory Council on International Monetary and Financial Policies on the Sixth Replenishment of the resources of IDA will be transmitted to the Congress separately.

AFRICAN DEVELOPMENT BANK

Title II of the bill authorizes the President to accept U.S. membership in the African Development Bank.

The African Development Bank (AFDB) was established in 1964 to make loans on near market terms for the economic and social development of its fifty African members individually and through regional cooperation. To meet the challenge of Africa's poverty, loans are provided primarily to strengthen the agricultural sector and to finance critically needed infrastructure projects. The Bank's lending activities, like those of the World Bank and the other regional development banks, are financed primarily through the paid-in capital subscriptions of member countries and borrowings in international capital markets.

While the United States and other non-regional countries are members of the AFDB's concessional loan affiliate, the African Development Fund, membership in the Bank has to date been restricted to African nations. The limited resources of its African members have severely restricted the Bank's access to the private capital markets and limited its lending program. As a result, in May 1979, the Governors of the Bank invited non-regional countries to join their institution. At that time, resolutions were submitted to the African members of the Bank which would amend the agreement establishing the Bank to enable non-African countries to become members, provide for an increase in the Bank's capital, and set forth general rules for admission of non-regional countries. Most non-regional countries are expected to be in a position to join the AFDB at the Bank's next annual meeting in May 1981.

Non-regional membership will broaden the capital base of the Bank and increase its access to financial resources. The presence of non-regional countries will enable the Bank to borrow greater amounts of private capital on more favorable terms, thereby permitting the Bank to contribute more effectively to Africa's development by expanding its lending program to a level more commensurate with Africa's needs.

In conjunction with non-regional membership, the capital of the Bank would be increased to $6.3 billion from $1.5 billion, with non-regional countries providing $2.1 billion. The overall increase would be expected to sustain the Bank's lending program for the next five years.

The attached bill authorizes the President to accept membership for the United States in the African Development Bank, and to agree to subscribe 29,820 shares of the capital stock of the Bank. The bill provides that such subscription shall be effective only to such extent or in such amounts as are provided in advance in appropriations acts. The bill also authorizes the appropriation, without fiscal year limitation, of $359.7 million for such subscription. The bill provides that the President, by and with the advice and consent of the Senate, shall appoint a governor and an alternate governor of the Bank and the governor, on the instructions of the President, shall cast the votes of the United States for the director to represent the United States in the Bank.

The proposed U.S. subscription, totaling $359.7 million, would represent 5.68 percent of the Bank's total capital and 17.04 percent of the $2.1 billion non-regional subscription. A U.S. share of non-regional capital of this magnitude is roughly equivalent to its share of the current replenishment of the African Development Fund and balances our interest in cost-sharing with the increased importance of Africa in U.S. foreign policy. Twenty-five percent of capital subscriptions would be paid-in with the balance being callable capital. Thus, over the next five years, out of the total proposed U.S. subscription of $359.7 million, $89.9 million would be for paid-in capital, which would result in budgetary outlays, and $269.8 million would be for callable capital, which we propose be provided through program limitations in appropriations acts.

U.S. membership in the Bank would be a tangible contribution to the cause of African development. It would also represent highly visible U.S. support for a regional institution which is expected to play a larger role in future years. It would signal our increased political, economic and strategic interests in Africa and our concern for the security and well-being of its countries.

A Special Report of the National Advisory Council on International Monetary and Financial Policies on United States membership in the African Development Bank will be transmitted to the Congress separately.

CALLABLE CAPITAL

Title III of the bill amends provisions of the Bretton Woods Agreements Act and the Asian Development Bank Act which require that appropriations be obtained prior to U.S. subscriptions to the 1977 Selective Capital Increase of the International Bank for Reconstruction and Development (IBRD) and the Second Capital Increase of the Asian Development Bank (ADB). Under these provisions, as they now stand, subscriptions to callable capital stock must be preceded by appropriations. Callable capital is guarantee authority for bank borrowings in private capital markets. The U.S. liability in respect to callable capital stock is highly contingent. None of the multilateral development banks has ever made a call on its callable capital, and any such calls are highly unlikely in the future. Congress has already appropriated $11 billion in callable capital, none of which has ever resulted in an outlay of U.S. funds.

In recognition of the contingent nature of the U.S. subscription to callable capital of the IBRD and ADB, it is intended that future subscriptions to IBRD and ADB callable capital be made after program limitations on, rather than appropriations for, those subscriptions are enacted in Foreign Assistance and Related Programs Appropriations Acts.

The amendments provide that subscriptions to capital stock shall be effective "only to such extent or in such amounts as are provided in advance in appropriation acts." Under these amendments, subscriptions to IBRD and ADB callable capital stock can be made after program limitations on the subscriptions are enacted in Foreign Assistance and Related Programs Appropriations Acts. (It is intended to continue to seek appropriations for subscriptions to IBRD and ADB paid-in capital stock.)

The proposed amendments would bring the statutory terms under which U.S. subscriptions to IBRD and ADB callable capital stock can be made into line with those provided in legislation enacted in 1980 (Public Law 96–259) authorizing U.S. subscriptions under the Fifth Replenishment of the Inter-American Development Bank and with those provided in Title II of this bill for the initial subscriptions to the capital stock of the AFDB. In continuing resolutions approved twice by the 96th Congress for FY 1981 appropriations, it was decided to provide for this budgetary treatment of U.S. callable capital subscriptions to these institutions. The proposed amendments are essential to allow implementation of the President's FY 1982 Budget which proposes enactment of program limitations in the FY 1982 Foreign Assistance Appropriations Act for U.S. subscriptions to callable capital stock in the multilateral development banks, including the IBRD and ADB.

INTER-AMERICAN DEVELOPMENT BANK AND DEVELOPMENT FUND

Title IV of the bill authorizes the appropriation of $274,920,799 in United States subscriptions to the capital stock of the Inter-American Development Bank (IDB). It also authorizes the United States Governor of the IDB to contribute on behalf of the United States $70,000,000 to the Fund for Special Operations (FSO), and authorizes the appropriation of this $70,000,000 contribution. Title IV also authorizes the United States Governor of the Asian Development Bank (ADB) to contribute on behalf of the United States $66,750,000 to the Asian Development Fund (ADF), a special fund administered by the ADB, and authorizes the appropriation of this $66,750,000 contribution.

The proposed legislation would complete the authorization for United States participation in the Fifth Replenishment of the resources of the IDB and the Second Replenishment of the Asian Development Fund. The first stage of the authorizing legislation was enacted in June 1980 (P.L. 96–259).

The Fifth Replenishment increased IDB capital resources by $7,969 million (exclusive of unassigned shares) of which $598 million (7.5 percent) was paid-in capital. The share of this increase allocated to the United States was $2,749 million—34.5 percent of the total—comprised of $2,543 million of callable capital and $206 million of paid-in capital. For the FSO, the increase amounted to $1,750 million of which the United States' share is 40 percent of the total ($700 million). The increase in IDB resources was characterized by three important advances—increased cost-sharing by the non-regional and advanced developing member countries, a further shift in lending emphasis from concessional FSO to capital resources, and agreement to direct 50 percent of total lending to low income groups in recipient countries.

Public Law 96–259 enacted on June 3, 1980, authorized United States subscriptions to 227,896 shares of IDB capital stock (the number of shares provided for the United States under the Replenishment) but authorized the appropriation of only $2,474,287,189 instead of $2,749,207,988 to pay for the United States subscriptions. Contributions to the FSO in an amount of $630 million were also authorized. This resulted in a shortfall of $274,920,799 in the amounts negotiated for the United States subscription to IDB capital and $70,000,000 for the United States contribution to the FSO. President Carter and Secretary Miller undertook to seek authorizing legislation from the 97th Congress for these amounts. (President Carter's letter to Congressman Cavanaugh (D-Nebr.) is annexed to this summary.)

The IDB Board of Executive Directors expressed its grave concern with regard to the situation and its hope that the legislation could be obtained by October 31, 1981. At a special meeting of Governors in August 1980, the participants also voiced serious concern over the U.S. action and emphasized the importance of countries being able to participate in the replenishments as negotiated.

The IDB plays an important role in the economic and social development of Latin America and the Caribbean. Its largest borrowers include countries like Brazil and Mexico which have important commercial ties to the United States. The Bank is also a critical source of support for the smaller economies of Central America and the Caribbean. Prompt Congressional consideration and approval of this legislation would be a concrete commitment to overall United States political, economic, and strategic interests in this critical region. It would also avoid what could be a contentious renegotiation of the Fifth Replenishment. A renego-

tiation could result in the loss of the important achievements the U.S. negotiated under the terms of the replenishment and in a further disruption in the Bank's lending operations. Favorable action on this legislation is required as soon as possible.

Public Law 96-259 enacted on June 3, 1980, authorized a United States contribution of $378,250,000 to the ADF, but left a shortfall of $66,750,000 in the United States contribution of $445 million which had been negotiated for the Replenishment.

The proposed bill for a U.S. contribution of $66,750,000 to the ADF will, therefore, complete authorization for United States participation in the Second Replenishment of resources of the ADF. The size of the basic replenishment agreed to in a July 24, 1978 resolution adopted by the ADB Board of Governors is $2.0 billion, of wnich the U.S. share was $445 million. However, the replenishment resolution allows donor countries to make supplementary contributions, over and above their basic contributions, in order to facilitate a concessional lending program of $2.15 billion over the four-year period 1979-82. Certain donor countries (Australia, Austria, Germany, Japan, Switzerland and the United Kingdom) have made such additional pledges to raise the total of basic and supplementary contributions to $2.15 billion. The U.S. share of this larger amount is 20.7 percent, which compares with Japan's 36.8 percent share.

The United States, in replenishment negotiations, successfully pursued several concerns that had been expressed by the Congress. There has been increased cost-sharing on the part of other donor countries. There have also been significant increases in the flow of resources to the poorest and least developed member countries in Asia and the Pacific, and an increased emphasis on lending for projects intended to meet the needs of the poorest peoples in these countries. Among the countries assisted are Pakistan, Thailand and the Philippines.

After enactment of the legislation authorizing U.S. participation in the Replenishment at a level lower than had been anticipated, the ADB convened a meeting of the contributor countries to the ADF to consider how to deal with the situation in light of the exhaustion of ADF resources and the inability of the United States to make its contribution in accordance with the terms negotiated. Strong sentiment was expressed by other donors that there should not be a reallocation of the cost sharing arrangements. Questions were raised whether other donors should insist on reducing their shares or whether a way could be found that would be less damaging to the lending program of the Bank.

The key to resolving the impasse was the United States commitment to seek authorization for the $66,750,000 shortfall as soon as possible. However, other donors also agreed that if the authorization was not obtained by the end of 1981, the other donors would review the situation and consult on the release of their contributions.

The lending operations of the ADF are an effective way for both spurring development in the poorest countries of Asia and supporting basic United States foreign policy interests in the region. Each dollar of the U.S. contribution is matched by almost four dollars from other donor countries, and when the resources contributed by co-financing and mobilized from the domestic savings of the developing countries are included, the U.S. contribution is leveraged ten-fold. This is a fine example of multilateral cost-sharing which is applied to well-conceived and well-executed development projects. Speedy Congressional authorization is important to avoid further disruptions in ADF lending and to enable the United States to contribute a fair share of the financial resources required for a realistic and successful Bank program.

A Special Report of the National Advisory Council on International Monetary and Financial Policies on the Fifth Replenishment of the resources of the IDB and the Second Replenishment of the Asian Development Fund will be transmitted to the Congress separately.

AVAILABILITY OF FUNDS

Title V of the bill provides, in accordance with the procedural requirements of Section 402(a) of the Congressional Budget and Impoundment Control Act of 1974, that funds authorized to be appropriated in the bill for the Inter-American Development Bank and the Asian Development Fund cannot be used or obligated before October 1, 1981. Because it is important that contributions to IDA and subscriptions to AFDB be made in fiscal year 1981, a waiver of the requirements of Section 402(a) would have to be sought with regard to Titles I and II.

CONCLUSION

The multilateral development banks are widely recognized as proven instruments for promoting economic growth with equity in developing countries. They are well-managed and efficient, with lending operations based on the application of economic and financial criteria designed to insure that each project is justified in terms of producing tangible benefits. In recent years, these lending operations have been focused on particularly critical sectors such as energy and food production.

U.S. participation in the multilateral development banks is cost-effective. We share the costs for providing economic assistance with other donor countries. For each dollar which the United States pays into the banks, other countries provide three dollars. In addition, the banks raise more than 90 percent of their conventional lending resources from borrowings in private capital markets, thus reducing budgetary costs for the United States and other member countries to a fraction of total lending programs. In the case of the World Bank, each dollar paid in by the United States has resulted in bank lending of more than $50.

U.S. participation in the multilateral development banks also provides substantial benefits for the U.S. economy. In a recent two-year period, it was estimated that for each dollar paid into the banks by the United States, our Gross National Product increased by three dollars as a direct result of bank-financed activity.

The indirect economic benefits are even greater because the banks, by encouraging economic growth in less developed countries, help expand overseas markets for U.S. goods and services. Less developed countries now comprise the largest and most rapidly expanding export market for our goods and services. They take nearly thirty percent of our total exports, including substantial amounts of agricultural products, and provide critically needed raw materials such as chrome, bauxite and manganese. In helping less developed countries continue to grow and in making a material contribution to international economic stability, the multilateral development banks directly support the most fundamental of U.S. economic self-interests. It is essential that we take action to maintain our international credibility and continue our participation in these important programs.

[From the Congressional Record, May 21, 1980]

THE WHITE HOUSE,
Washington, May 20, 1980.

Hon. JOHN CAVANAUGH,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CAVANAUGH: Thank you for your letter regarding the Multilateral Development Bank legislation. I appreciate your concern that the Administration's acceptance of any reduction in the negotiated replenishments for the regional banks would create a very bad precedent. However, I do not believe that a two-step replenishment authorization process, in which the Administration would ask the next Congress to fill the initial shortfall, constitutes diminished American support for these institutions; nor do I accept this as a precedent for World Bank and IMP legislation. We will do our utmost to assure that the full U.S. shares in IDA VI and the IMF quota increase are authorized.

As you know, a further rejection by the House of the U.S. subscriptions to the regional banks would be disastrous. Both Secretary Miller and I understand the risks involved with the Conference Report, but after wide consultation, we believe it is the best approach possible. Therefore, I believe that the Conference Report deserves support as the best of the options available at this time.

I hope that ultimately you will be able to support the Conference Report with the explicit understanding that we are not accepting less than full funding for our negotiated replenishments and that we will do everything possible to help you and other bank supporters in seeking full funding for IDA VI and the IMF.

If you cannot support the Conference Report, then I hope you will not actively oppose it, because failure of the Conference Report this week will almost certainly mean no regional bank bill or IDA VI legislation this year. Although we may not agree on the best way to approach the problem, I think we would both agree that a result of no legislation this year would be the worst possible outcome.

Sincerely,

JIMMY CARTER.

John, you have been a staunch & courageous ally in this fight, & I need you in these closing rounds.

Thanks.

J.

THE SECRETARY OF THE TREASURY,
Washington, March 10, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: On January 17, two draft bills were transmitted to the Congress "To provide for continuing participation by the United States in the International Bank for Reconstruction and Development, and for other purposes" and "To provide for continuing participation by the United States in the International Development Association, to provide for United States participation in the African Development Bank, and for other purposes."

The Administration has reviewed this draft legislation within the context of projected foreign aid budget levels. The need for a tightly disciplined national budget and the importance of the multilateral development banks both to the international economic system and to overall U.S. interests were carefully assessed.

As a result of the review, the Administration is requesting prompt and favorable Congressional action on the two draft authorizing bills. The bills are a high priority element of the Administration's foreign economic assistance program. They are an integral part of our efforts to establish a strong and coherent foreign policy in partnership with our allies. Authorization of the full amounts requested is essential to this effort. It will demonstrate the intention to reassert U.S. leadership in our international relations. In the case of the International Development Association, authorization of the full U.S. contribution is required before the Sixth Replenishment agreement can become effective. It would therefore be appreciated if you could undertake the necessary steps to assure that this proposed legislation receives prompt consideration by the House.

While the overall amounts of the authorization requests for the banks have not been changed, U.S. funding for the multilateral banks has not been exempted from the President's budget reduction program. The Administration is recommending that contributions and subscriptions on the major elements of the authorization requests be made over a longer period of time than was envisioned in the budget submitted by the previous Administration. Specifically, the Administration is requesting funding for U.S. subscriptions to the General Capital Increase of the World Bank over six years (FY 1982–1987) instead of seeking funding for the full subscription in FY 1982. We are also seeking graduated appropriations ($540 million, $850 million and $1,850 million in FY 1981–83 respectively) for the U.S. contribution to the Sixth Replenishment of the International Development Association instead of $1,080 million in each of those years.

The funding adjustments recommended by the Administration will cause programming problems for the banks. These adjustments are necessary, however, to enable the United States to carry out internationally negotiated agreements at the lowest possible cost.

The Office of Management and Budget has advised that the enactment of these legislative proposals would be in accord with the program of the President.

Sincerely,

R. T. McNAMAR,
Acting Secretary.●

By Mr. KENNEDY:

S. 787. A bill to amend the Internal Revenue Code of 1954 to provide nonrefundable tax credits for investments in qualified industrial energy efficiency and fuel conversion projects, and for other purposes; to the Committee on Finance.

REFUNDABLE ENERGY CONSERVATION TAX INCENTIVE PROGRAM FOR BUSINESS

Mr. KENNEDY. Mr. President, earlier today I had the honor of joining with my colleagues Senator WALLOP, Senator BOREN, Senator PERCY, and six other Senators in cosponsoring the Industrial Energy Security Tax Incentive Act of 1981. I am also introducing today legislation entitled "The Energy Productivity Act of 1981." This legislation is basically the same legislation I cosponsored this morning along with Senator WALLOP. It differs in one important aspect. In this legislation I have made the special investment tax credit for energy conservation refundable.

I have long believed that investment tax credits should be refundable because I believe that all firms, regardless of their status as taxpayers, should have Federal incentives available to them. Especially in an area such as energy conservation, it is just as important to the Nation that companies that are not making profits save oil as it is that profitmaking companies save oil. In fact, those companies that are not making profits are probably less likely to be investing money in energy conservation improvements than those who are making profits.

By Mr. MITCHELL:

S. 788. A bill to provide unemployment insurance coverage for certain U.S. workers; to the Committee on Finance.

UNEMPLOYMENT INSURANCE COVERAGE FOR AMERICAN WORKERS AT ROOSEVELT-CAMPOBELLO INTERNATIONAL PARK

● Mr. MITCHELL. Mr. President, I am introducting a bill to extend unemployment insurance coverage to the American workers at the Roosevelt-Campobello International Park.

The International Park was established in 1964 to preserve the summer home of President Franklin Delano Roosevelt. The park is jointly administered by the United States and Canada, Campobello Island being Canadian territory. Pursuant to the basic agreement that established the park, both Canadian and U.S. workers are employed by the Park Commission.

The American employees of the Commission pay Federal income taxes and payroll taxes. They are eligible for old age, survivors, and disability insurance benefits under the social security system. In all respects except one, they are treated as any other workers employed in U.S. territory.

The bill I am introducing today would adjust that one minor anomaly by treating work for the Park Commission as "covered employment" for the purposes of the Federal Unemployment Tax Act. Passage of this bill would permit the State of Maine to extend unemployment insurance coverage to these workers.

The situation that now exists has been the subject of extensive discussions between our Treasury Department and the Canadian Government. This proposed legislation is the Treasury Department's suggested solution to the problem. It will entail no additional Federal spending and places no added regulatory burden on any U.S. enterprise or business.

It would have the effect of making certain that the Canadian and U.S. citizens employed by the Park Commission are treated alike by their respective governments.

I urge prompt consideration of this measure.●

By Mr. D'AMATO:

S. 789. A bill to amend the Federal Water Pollution Control Act to provide that the limitation on the use of grants for publicly owned treatment works for treatment, storage, or conveyance of flows of industrial users shall not take effect until November 15, 1984; to the Committee on Environment and Public Works.

PROPOSED LEGISLATION TO AMEND CLEAN WATER ACT INDUSTRIAL COST EXCLUSION PROVISIONS

● Mr. D'AMATO. Mr. President, today I am pleased to introduce legislation which amends the Federal Water Pollution Control Act to provide that the limitation on the use of grants for publicly owned treatment works for treatment, storage, conveyance of flows of industrial users shall not take effect until November 15, 1984.

In October of last year, Congress amended the Clean Water Act, changing the funding formula through which municipalities receive appropriations for the construction grants program. This change, which was mandated by Public Law 96–483, poses a great threat to the goals set forth in the Clean Water Act, to rid our Nation's water of harmful pollutants through the prohibition of industrial discharges into our lakes, rivers, and streams. It also poses tremendous difficulties for many of our municipalities and communities.

The new authorization formula, industrial cost exclusion (ICE), rules out the Federal Government's 75-percent share of the costs of publicly owned treatment works for the portion of industrial users that contribute more than 50,000 gallons per day of sanitary waste. As a result, it leaves municipalities with funding and completing the enormous task of fulfilling the Federal mandates of the Clean Water Act. However, because doubts existed with the passage of this legislation, the amendment also authorized a study by the Environmental Protection Agency (EPA) to determine the effects of industrial cost exclusion. This report was delivered to Congress on March 15, 1981.

EPA REPORT ON ICE

The EPA report concludes that ICE will be harmful to great numbers of municipalities and industries. Apparently, ICE could cause industries either to close permanently or move to other municipalities which have suitable publicly owned treatment works (POTW's). The loss of industries would have serious effects on the unemployment problem of many of our communities.

In addition to increased unemployment rates in these communities, residents and industries remaining in these cities would have to contribute to the construction and maintenance of the POTW through increased property taxes. While some more prosperous and larger communities will be able to fund this added burden, most municipalities cannot afford these costs, and will see their industries move away, tax base decrease, and unemployment rise. Two such communities adversely affected by ICE are Gloversville and Johnstown in New York State.

The city of Gloversville-Johnstown Treatment Facility has a population of approximately 18,000 persons and the city of Johnstown has a population of approximately 9,000 persons. Fulton County, within which they are located, has a total population of approximately 50,000 persons within the area of 533 square miles. The economic base of Fulton County is almost entirely dependent on the manufacturing jobs located within the two cities and has been declining for many years.

There are no significant State or Federal installations and no large institutional employers. More than half of the manufacturing jobs are in the leather industry, and these are primarily tanneries. There are also textile dyeing and finishing plants and miscellaneous individual factories producing adhesives, phonograph records, refrigration equipment, and marine hardware. Present records indicate that most of the 30 factories would exceed the 50,000 gallons per day sanitary waste equivalent cut-

off. In fact, the primary reason for these firms to be located in Fulton County is the excellent quality and quantity of water available for industrial use.

The Gloversville-Johnstown Joint Wastewater Treatment Facility is currently involved in an upgrading and expansion under the 201 program. To understand the magnitude of the impact on these communities it is necessary to compare the Federal share before and after the passage of Public Law 96-483. The cities' consulting engineers made a preliminary cost estimate of $25.000.000 in the first quarter of 1979. A Federal share at 75 percent of the total would be $18,750.000. If just the 17.7 percent of domestic use is funded at 75 percent, the Federal share would be only $3,318,750, a difference of $15,431.250.

According to the mayor of Gloversville, Louis Nicolella, the increased cost to the city is an intolerable burden. In a letter to me, he states:

What we have in our community is a potential crisis of overwhelming proportions. Could we expect small family-owned corporations to commit themselves to waste-treatment allocations of greater dollar value than their own physical plant and equipment? Yet we would be forced by National Pollutant Discharge Elimination System (NPDES) enforcement to drive them away if we chose not to upgrade. Gloversville and Johnstown's combined sewer budgets exceed $2 million for 1981. Bonding all the non-Federal costs of upgrading at current interest rates of 9% or more will double these budgets. We would be particularly likely to have a domino effect. If one firm left, the costs to the remaining would increase. Gradually at first and accelerating with time the costs would climb beyond the resources of even the strongest firms.

COSTS AND IMPACT

Of course, this is just one example in New York State. But it is illustrative of many of the problems ICE is posing for communities throughout the country, as the EPA report makes clear. Instead of saving money, ICE will cause additional funds to be spent because it requires communities with major industries to seek alternative financing for the capacity assigned to industrial users having flows greater than 50,000 gallons per day of equivalent sanitary waste. The time necessary to work out these arrangements will impose the costs of delay upon affected projects. These costs of delay include inflation, increased finance charges, and higher administrative costs.

As inflation persists, the absolute cost of a project, both the Federal and non-Federal share increase. Localities must pay greater financing charges on the larger sums they borrow to pay for their portion of the project. In addition, the administrative cost of exploring ways to finance the affected industrial portion and of negotiating new agreements with industries will mean an added cost for the municipalities.

What are some of the potential impacts of ICE on POTW's? If the construction cost to pay for the industrial share is subsidized by the local community, there may be an inability to borrow funds or high debt service costs. Should the industry decide to self-treat the wastewater, the advantages of economy of scale would be lost. And it is obvious that if industry shuts down or decreases production, there will be a concomitant loss of jobs and a decline in the community's tax base.

There are other problems which the EPA report also addresses. Over 70 percent of the affected projects are in communities smaller than 50,000 persons. These figures suggest a rural and small city bias in the ICE.

A number of municipalities feel that application of existing deadlines for industrial flow eligibility would create inequities between communities with some ability to offer low cost treatment of industry while others could not. This is a particular concern to communities which feel that they would miss the deadline for eligibility because of slow processing of facility plan approvals by EPA or State offices.

The 50,000-gallon-per-day cutoff would affect communities unequally. For example, under the ICE provision, a community with many small industries, each with flow under 50,000 gallons per day, could receive funding for all of its industrial flow, while another community with only one industry, but above the 50,000-gallons-per-day limit, would not receive funding for its industrial flow, even though the total industrial flow in the second community was smaller.

Communities are also concerned that the 50,000-gallon-per-day limit would require them to treat their industrial users inequitably. They feel that they might be faced with charging industrial users widely different rates when the only difference between them was amount of flow. Other communities are concerned that some industries would have relatively low rates because they would use previously completed facilities while newer industries in "development" areas would be facing higher rates or self-treatment costs.

EFFECTS OF POSTPONING ICE

This bill does not offer a solution to the problems of funding the construction grants program. There seems to be no end in sight to this program which has already received authorizations of $44 billion, the largest nonmilitary public works program since the Interstate Highway System. Rather, this proposed legislation gives our communities the opportunity to plan properly for the future, without having to change their course in midstream because the Federal Government has decided to change the rules in the middle of the game.

I do not advocate a return to industrial cost recovery permanently, as this approach has its drawbacks as well. I also point out that this bill does not call for increased funding for the construction grants program. But, I believe that we must make the authorizing process a fair one. Finally, it provides Congress with the opportunity to reauthorize the construction grants program later this year in order to arrive at an adequate program for the future. As the EPA report demonstrates, industrial cost exclusion is not the proper response at this time to the problem of funding the construction grants program provided for in the Clean Water Act.●

By Mr. RIEGLE:

S. 790. A bill to amend section 44 of the Internal Revenue Code of 1954 to allow a credit against tax for the purchase of certain new principal residences, and for other purposes; to the Committee on Finance.

EMERGENCY HOME PURCHASE AND INVENTORY REDUCTION ACT OF 1981

● Mr. RIEGLE. Mr. President, I am introducing today a bill that would provide desperately needed relief to some of the Nation's most hard-pressed homebuilders.

The bill would provide a 5-percent tax credit on the purchase price of a qualifying new home up to a maximum of $5,000.

Qualifying new homes would be those that have remained unsold in the housing inventory for more than 1 year.

The bill would immediately help clear the unsold housing inventory, which in large regions of the country has remained at untolerably high levels.

It would ease the burden of financing this inventory at extremely high interest rates—a burden that is rapidly driving large numbers of homebuilders toward bankruptcy.

The bill would target assistance on homebuilders and homebuyers who, through no fault of their own, were caught by the sudden and unforeseeable rise in interest rates. Many of the qualifying homes were built for prospective buyers who subsequently found that Federal tight money policies had forced the mortgage payments beyond their ability to pay.

As a result, many homebuilders in States like my own State of Michigan stand to lose businesses that they had built with years of hard work. The recession in our State has reduced the number of prospective homebuyers. The continuing high interest rates are draining capital from the firms at an extraordinary rate.

Mr. President, study after study has found that the boom and bust housing cycles do lasting harm to our home construction industry and ultimately drive up the cost of housing for all Americans. Many homebuilders are now facing a crisis that is worse than any they have seen in the past. This bill will provide modest but real relief.

This bill draws on the precedent of section 208 of the Tax Reduction Act of 1975, which was successful in easing the housing crisis of 1974 and 1975. Expert analysis indicates that the cost would be modest in comparison to the benefits. About 55,000 units would qualify, and the cost is estimated to be less than $180 million nationwide.

Since some new construction activity would be generated and the operating losses of many homebuilders would be reduced, there would be significant offsetting revenue gains to the Treasury.

Mr. President, I ask unanimous consent that the text of my bill and a copy of a section-by-section analysis be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 790

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Emergency Home Purchase and Inventory Reduction Act of 1981".

SEC. 2. CREDIT FOR PURCHASE OF NEW PRINCIPAL RESIDENCE.

Section 44 of the Internal Revenue Code of 1954 (relating to credit for purchase of new principal residence) is amended to read as follows:

"SEC. 44. PURCHASE OF NEW PRINCIPAL RESIDENCE.

"(a) GENERAL RULE.—In the case of an individual there is allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 5 percent of the purchase price of a new principal residence purchased by the taxpayer.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) may not exceed $5,000.

"(2) LIMITATION TO ONE RESIDENCE.—The credit under this section shall be allowed with respect to only one residence of the taxpayer.

"(3) MARRIED INDIVIDUALS.—In the case of a husband and wife who file a joint return under section 6013, the amount specified under paragraph (1) shall apply to the joint return. In the case of a married individual filing a separate return, paragraph (1) shall be applied by substituting '$2,500' for '$5,000'.

"(4) CERTAIN OTHER TAXPAYERS.—In the case of individuals to whom paragraph (3) does not apply who together purchase the same new principal residence for use as their principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals as prescribed by the Secretary, but the sum of the amounts allowed to such individuals shall not exceed $5,000 with respect to that residence.

"(5) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under sections 33, 37, 38, 40, 41, and 42.

"(c) DEFINITIONS.—For purposes of this section—

"(1) NEW PRINCIPAL RESIDENCE.—The term 'new principal residence' means a principal residence (within the meaning of section 1034), the original use of which commences with the taxpayer, and includes, without being limited to, a single family structure and a residential unit in a condominium or cooperative housing project.

"(2) PURCHASE PRICE.—The term 'purchase price' means the total contract price of the new principal residence which is set forth in the contract for purchase on the date of the acquisition thereof.

"(3) PURCHASE.—The term 'purchase' means any acquisition of property, but only if—

"(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267 (b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

"(B) the basis of the property in the hands of the person acquiring it is not determined—

"(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(ii) under section 1014(a) (relating to property acquired from a decedent).

"(d) RECAPTURE FOR CERTAIN DISPOSITIONS.—

"(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), if the taxpayer disposes of property with respect to the purchase of which a credit was allowed under subsection (a) at any time within 36 months after the date on which he acquired it as his principal residence, then the tax imposed under this chapter for the taxable year in which the replacement period under paragraph (2) with respect to the disposition terminates is increased by an amount equal to the amount allowed as a credit for the purchase of such property.

"(2) ACQUISITION OF NEW RESIDENCE.—If, in connection with a disposition described in paragraph (1) and within the applicable period prescribed in section 1034, the taxpayer purchases a new principal residence, then the provisions of paragraph (1) shall not apply and the tax imposed by this chapter for the taxable year following the taxable year during which disposition occurs is increased by an amount which bears the same ratio to the amount allowed as a credit for the purchase of the old residence as (A) the adjusted sales price of the old residence (within the meaning of section 1034), reduced (but not below zero) by the taxpayer's cost of purchasing the new residence (within the meaning of such section) bears to (B) the adjusted sales price of the old residence.

"(3) DEATH OF OWNER; CASUALTY LOSS; INVOLUNTARY CONVERSION; ETC.—The provisions of paragraph (1) shall not apply to—

"(A) a disposition of a residence made on account of the death of any individual having a legal or equitable interest therein occurring during the 36-month period to which reference is made under such paragraph,

"(B) a disposition of the old residence if it is substantially or completely destroyed by a casualty described in section 165(c)(3) or compulsorily and involuntarily converted (within the meaning of section 1033(a)), or

"(C) a disposition pursuant to a settlement in a divorce or legal separation proceeding where the other spouse retains the residence as principal residence.

"(a) PROPERTY TO WHICH SECTION APPLIES.—

"(1) IN GENERAL.—The provisions of this section shall apply to a new principal residence—

"(A) the construction of which began before February 15, 1980,

"(B) which is acquired and occupied by the taxpayer after February 15, 1981, and before January 1, 1983, and

"(C) which was acquired by the taxpayer under a binding contract entered into by the taxpayer before January 1, 1982.

"(2) BINDING CONTRACT.—For purposes of this subsection, a contract for the purchase of a residence which is conditioned upon the purchaser's obtaining a loan for the purchase of the residence (including conditions as to the amount or interest rate of such loan) is not considered nonbinding on account of that condition.

"(3) CERTIFICATION MUST BE ATTACHED TO RETURN.—This section does not apply to any residence unless there is attached to the return of tax on which the credit is claimed a written certification (which may be in any form) signed by the seller of such residence that—

"(A) construction of the residence began before February 15, 1980, and

"(B) the purchase price of the residence is the lowest price at which the residence was offered for sale after January 1, 1980.

For purposes of this paragraph, a written certification filed by a taxpayer is sufficient whether or not it is on a form prescribed by the Secretary so long as such certification is signed by the seller and contains the information required under this paragraph.".

SECTION-BY-SECTION ANALYSIS OF S. 790

THE EMERGENCY HOME PURCHASE AND INVENTORY REDUCTION ACT OF 1981

The bill is similar to section 208 of Public Law 94–12, the Tax Reduction Act of 1975, which was codified as section 11 of the Internal Revenue Code. Section 44 allowed a credit against Federal income taxes in an amount equal to five percent of the purchase price of a new principal residence purchased or constructed by a taxpayer if it was acquired and occupied between March 12, 1975 and January 1, 1977.

Section 1 of the bill declares that it may be cited as the "Emergency Home Purchase and Inventory Reduction Act of 1981."

Section 2 of the bill would amend section 44 of the Internal Revenue Code. Subsection (a) of the bill would provide for a credit against Federal income taxes in an amount equal to five percent of the purchase price of a new principal residence purchased by the taxpayer. Unlike Public Law 94–12, this bill would not allow the credit for residences constructed by the taxpayer.

Subsection (b) would limit the maximum credit to $5,000. The credit would only be allowed for one residence of the taxpayer, and married couples would be limited to a $5,000 credit per couple. If the couple filed separate returns, only a $2,500 credit could be taken on each return. If unmarried individuals jointly purchased a principal residence, the Internal Revenue Service would be authorized to prescribe regulations as to how the $5,000 credit would be allowed per residence. The credit would not be refundable, and it would be applied against income tax liability after the foreign tax credit, the tax credit for the elderly, the investment tax credit, the work incentive credit, the political contributions credit, and the section 42 general tax credit (which ceased to apply to tax years after 1978).

Subsection (c) would establish the following definitions. First, "new principal residence" would mean a principal residence (within the meaning of Code section 1034) that had never been used until the taxpayer occupied it. The definition would include, without being limited to, single family structures and residential units in condominiums or cooperative housing projects.

Second, "purchase price" would mean the total contract price of the new principal residence which is set forth in the contract for purchase on the date of acquisition. Third, the definition of "purchase" is written to prohibit use of the credit by taxpayers who acquire their principal residence from certain related persons (including spouses, ancestors, lineal descendants, certain corporations, certain trusts, and certain partnerships) and by taxpayers who acquire their principal residence by gift or inheritance.

Subsection (d) of the bill would provide for recapture of the credit if the taxpayer disposes of the home within three years after the date of acquisition. This means that the amount of the credit would be added to income in the year of disposition (sale). There are two exceptions to this rule. First, the recapture rule would not apply if the taxpayer purchased a new principal residence within 18 months of the disposition of the home on which the credit was allowed, providing that the second new principal residence cost more than the first was sold for. If the second principal residence was less expensive than the sales price of the first, then part of the credit would be recaptured. Second, the recapture rule would not apply if one of the following occurred: death of

one of the owners; destruction of the home as a result of a casualty such as fire, storm, etc.; condemnation; or divorce where one spouse retains the home as a principal residence.

Subsection (e) would require that the principal residence be constructed before February 15, 1980. The taxpayer must acquire and occupy the residence after February 15, 1981, and before January 1, 1983, and the taxpayer must enter a "binding contract" to purchase before January 1, 1982. A contract conditioned upon the purchaser's obtaining financing would not be considered nonbinding for that reason.

In order to qualify for the credit, the taxpayer would have to furnish a certification signed by the seller stating that construction of the residence began before February 15, 1980 and the purchase price of the residence was the lowest price at which the residence had been offered for sale since January 1, 1980. The form of the certificate is unimportant providing it is signed by the seller and contains the required information.●

By Mr. MITCHELL (for himself, Mr. MATHIAS, and Mr. HEFLIN):

S. 791. A bill to amend the Internal Revenue Code of 1954 to exclude certain service performed on fishing boats from coverage for purposes of unemployment compensation; to the Committee on Finance.

LEGISLATION RELATING TO UNEMPLOYMENT TAX FOR MAINE FISHERMEN

Mr. MITCHELL. Mr. President, I am today introducing a bill which, if enacted, would solve a problem that Maine fishermen are having with the unemployment tax.

The current Federal Unemployment Tax Act (FUTA) recognizes that crew members on many fishing boats cannot easily be classified as "employees" for the purposes of FUTA. FUTA exempts all workers on fishing boats except: Workers on halibut and salmon commercial fishing boats and workers on vessels over 10 net tons. Often, commercial fishing ventures resemble joint ventures more than employer-employee situations. The crews are frequently "pick up" crews or are family members and relatives.

Since the United States adopted the 200-mile limit, many fishermen in Maine and other States have found it more economical to move to larger boats. Some boats have exceeded the 10-ton limit and are consequently facing greater financial and administrative burdens due to the FUTA tax liability, even though the program is not well-suited for their situation. Even though the boat owners are paying the tax, crew members tend not to collect the benefits.

The proposed solution is to exempt crew members from FUTA if they are self-employed, as defined for the social security tax and for income tax withholding purposes The criteria for self-employment require that the worker receive only a share of the catch or a share of the proceeds from the sale of the catch, and that the crew of the boat be fewer than 10 workers. Under current law, if crew members meet those conditions, boat owners do not have to withhold income or social security taxes. Under the bill, if the crew members met these conditions, the boat owner would not have to pay FUTA taxes. The bill would not repeal the two existing criteria; rather, it would add a new exception to FUTA that fishing vessels could use. This is done to avoid inadvertently denying some other fishing vessels the use of the current exception.

The measure I am introducing today has two advantages. First, it lifts what is clearly an inappropriate unemployment tax burden from the fishing vessel owner or operators in Maine and other States. Second, it promotes uniformity by applying the same criteria for self-employment for FUTA, social security, and income tax withholding.

By Mr. MELCHER (for himself, Mr. BURDICK, Mr. HATFIELD, Mr. INOUYE, Mr. GOLDWATER, Mr. MATSUNAGA, Mr. BAUCUS, Mr. DOMENICI, and Mr. DECONCINI):

S. 792. To promote the development of native American culture and art; to the Select Committee on Indian Affairs.

NATIVE AMERICAN CULTURE AND ART DEVELOPMENT

● Mr. MELCHER. Mr. President, during the 96th Congress, I introduced S. 2166, a bill for the preservation and development of native American art and culture. The Select Committee on Indian Affairs held several hearings on that legislation, including a field hearing in Santa Fe, N. Mex. The hearings brought to light a number of issues which required clarification before the committee could act on the bill. However, due to the committee's busy agenda, final action on S. 2166 was postponed.

Today, I am introducing another version of the native American art and culture bill. This legislation incorporates many of the suggestions made by Indian as well as non-Indian witnesses during the committee hearings in 1980, and provides for the establishment of a national institute through which Indian art and culture will be preserved, revitalized and disseminated.

Mr. President, the artistic and cultural heritage of this Nation has been influenced by many societies, peoples, and countries. Yet, the United States has only one genuinely native art form and cultural heritage and that is derived from the Indian people. For many years the cultural and artistic expression of Indian people has been eroded to both their detriment and that of the entire Nation. Such erosion must stop.

The unique aspects of American Indian culture and artistic contributions must be treated with great concern and sensitivity. To do otherwise would threaten the very existence of many Indian institutions and diminish greatly the artistic and cultural richness of our Nation. I believe the legislation I am introducing demonstrates the Nation's sensitivity to the cultural, artistic, and humanistic expression by its native peoples.

Mr. President, current Federal initiatives in the area of Indian art and culture are fragmented and inadequate. By establishing a national cultural and artistic institution capable of serving the entire Indian community and the Nation, we will be creating not only a focal point for the recognition of Indian art and culture, but also a vehicle through which Indian people can communicate and share their feelings and perceptions with each other and with non-Indians. The resulting enhancement and preservation of this Nation's native art and culture will have a fundamental influence in raising the level of self-realization of the American people.

The establishment of an institute encompassing the art and culture of Indian people is not a new concept but, I believe, it is one whose time has come. The Senate Special Subcommittee on Indian Education in its 1969 report, "Indian Education: A National Tragedy—A National Challenge," recommended the creation of such an institute and emphasized that—

> The information such an institute could disseminate, as well as the research which it would conduct, would greatly increase public knowledge and understanding of the American Indian (Senate Report 91-501, p. 126.)

Twelve years have passed since the Senate received that recommendation. With the introduction of this bill, the Senate will finally have the opportunity to consider this proposal.

Mr. President, the Institute of Native American Art and Culture Development is described in the bill I am introducing today in relatively broad terms. The legislation is primarily designed to establish a structure through which the Federal Government can support, foster, and encourage the development of Indian art and culture. I am hopeful that extensive hearings on the bill will provide a clearer focus of the Institute's direction and long-term objectives.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 792

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Native American Culture and Art Development Act".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) American Indian art and culture has contributed greatly to the artistic and cultural richness of the Nation;

(2) American Indian art and culture occupies a unique position in American history as being our only native art form and cultural heritage;

(3) the enhancement and preservation of this Nation's native art and culture has a fundamental influence on the American people;

(4) although the encouragement and support of Indian arts and crafts are primarily a matter for private, local, and Indian initiative, it is also an appropriate matter of concern to the Federal Government;

(5) it is appropriate and necessary for the Federal Government to support research and scholarship in Indian art and culture and to complement programs for the advancement of Indian art and culture by tribal, private, and public agencies and organizations;

(6) current Federal initiatives in the area of Indian art and culture are fragmented and inadequate; and

(7) in order to coordinate to the Federal Government's effort to preserve, support, revitalize, the disseminate Indian art

and culture, it is desirable to establish a national institute of Native American Culture and Arts Development.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "Indian art and culture" includes, but is not limited to, the traditional and contemporary expressions of Native American language, history, customs, belief, music, architecture, drama, dance, rituals, and crafts.

(2) The term "Institute" means the Institute of Native American Culture and Arts Development established by this Act.

(3) The term "Indian for Native American" means any person who is a member of an Indian tribe or is a Native Hawaiian.

(4) The term "Indian tribe" means any tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village pursuant to the Alaska Native Claims Settlement Act, which is recognized as eligible for special programs and services provided by the United States to Indians because of their status as Indians.

(5) The term "Native Hawaiian" means any descendant of a person who, prior to 1778, was a native of the Hawaiian Islands.

(6) The term "Secretary" means the Secretary of the Interior.

ESTABLISHMENT OF INSTITUTE

SEC. 4. There is established the Institute of Native American Culture and Arts Development, which shall be under the direction and control of a Board of Trustees (hereinafter referred to in this Act as the "Board") established in accordance with section 5.

BOARD OF TRUSTEES

SEC. 5(a) The Board shall be composed of 18 members as follows:

(1) twelve members appointed by the President of the United States from among individuals from private life who are Native Americans widely recognized in the field of Indian art and culture;

(2) Secretary of the Interior (or his designee);

(3) Secretary of Education (or his designee);

(4) Secretary of the Smithsonian Institution (or his designee);

(5) Chairman, National Endowment of the Arts (or his designee);

(6) Chairman, National Endowment of the Humanities (or his designee); and

(7) Librarian of Congress (or his designee).

The President of the Institute shall serve as an ex officio member of the Board.

(b) In making appointments pursuant to paragraph (1) of subsection (a), the President of the United States shall—

(1) consult with the Indian tribes and the various organizations of Native Americans; and

(2) give due consideration to the appointment of individuals who will provide appropriate regional and tribal representation on the Board.

(c) The term of office of each member of the Board appointed pursuant to paragraph (1) of subsection (a) shall be six years, except that of such members first appointed, four shall serve for a term of two years, four for a term of four years, and four for a term of six years, as designated by the President as of the time of appointment. Any member of the Board appointed to fill a vacancy occurring prior to the expiration of the term to which his predecessor was appointed shall be appointed for the remainder of the term. No member of the Board appointed pursuant to paragraph (1) of subsection (a) shall be eligible to serve in excess of two consecutive terms, but may continue to serve until his successor is appointed.

(d) The President of the United States shall designate the initial Chairman and Vice Chairman of the Board from among the members of the Board appointed pursuant to paragraph (1) of subsection (a). Such Chairman and Vice Chairman so designated shall serve for twelve calendar months. The Chairman and Vice Chairman shall thereafter be elected by the members of the Board appointed pursuant to paragraph (1) of subsection (a) and shall serve for terms of two years. In the case of a vacancy in the office of Chairman or Vice Chairman, such vacancy shall be filled by the members of the Board appointed pursuant to paragraph (1) of subsection (a) and the member filling such vacancy shall serve for the remainder of the unexpired term.

(e) Unless otherwise provided by the bylaws of the Institute, a majority of the members of the Board shall constitute a quorum.

(f) The Board is authorized—

(1) to formulate the policy of the Institute;

(2) to make such bylaws, rules, and regulations as it deems necessary for the administration of its functions under this Act, including the organization and procedure of the Board;

(3) to obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, and to accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(4) to solicit, accept, and dispose of gifts, bequests, devises of money, securities, and other properties of whatever character, for the benefit of the Institute;

(5) to receive grants from, and enter into contracts and other arrangements with, Federal, State, or local governments, public and private agencies, organizations, and institutions, and individuals;

(6) to acquire, hold, maintain, use, operate, and dispose of such real property, including improvements thereon, personal property, equipment, and other items, as may be necessary to enable the Board to carry out the purposes of this Act; and

(7) notwithstanding section 3618 of the Revised Statutes (31 U.S.C. 487), or any similar provision of law, to use any funds or property received by the Institute to carry out the purposes of this Act.

(g) Members of the Board appointed pursuant to paragraph (1) of subsection (a) of this section shall, for each day they are engaged in the performance of the duties under this Act, receive compensation at the rate of $125 per day, including traveltime. All members of the Board, while so serving away from their homes or regular places of business, shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

PRESIDENT; EMPLOYEES

SEC. 6. (a) The Board shall appoint a President of the Institute. The President of the Institute shall serve as the chief executive officer of the Institute. Subject to the direction of the Board and the general supervision of the Chairman, the President of the Institute shall have the responsibility for carrying out the policies and functions of the Institute, and shall have authority over all personnel and activities of the Institute.

(b) The President of the Institute shall be compensated at an annual rate not to exceed that prescribed for GS-18 of the General Schedule under section 5332 of title 5, United States Code.

(c) The President of the Institute, with the approval of the Board, shall have the authority to appoint and fix the compensation and duties of such officers and employees as may be necessary for the efficient administration of the Institute. Such appointments and compensation may be made without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and chapter 51 and subchapter III of chapter 53 of title 5, United States Code.

FUNCTIONS OF THE INSTITUTE

SEC. 7. (a) There shall be established within the Institute—

(1) a Center for Culture and Art Studies to be administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include, but not be limited to, Departments of Arts and Sciences, Visual Arts, Performing Arts, Language, and Literature;

(2) a Center for Native American Scholars to be administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include, but not be limited to, research programs, fellowship programs, and publications;

(3) a Center for Cultural Exchange, administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include an inter-American Indian program, marketing and promotion of Indian crafts, promotion of Indian art, exhibits and shows; and

(4) a Museum of Indian Arts, administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include, but not be limited to, the acquisition of Indian art and the curation and exhibition of Indian art.

(b) In addition to the centers and programs described in subsection (a), the Institute shall develop such programs and centers as the Board determines are necessary to—

(1) foster research and scholarship in Indian art and culture;

(2) complement existing tribal programs for the advancement of Indian art and culture; and

(3) coordinate efforts to preserve, support, revitalize and disseminate Indian art and culture.

(c) The Institute shall catalog the items relating to Indian art and culture which are available in museums, archives, libraries and other collections within the United States.

TRANSFER OF FUNCTIONS

SEC. 8. (a) There are transferred to the Institute and the Institute shall perform the functions of—

(1) the Institute of American Indian Arts established by the Secretary of the Interior in 1962; and

(2) the Indian Arts and Crafts Board established by the Act entitled "An Act to promote the development of Indian arts and crafts and to create a board to assist therein, and for other purposes", approved August 27, 1935 (49 Stat. 891).

(b) (1) All personnel, liabilities, contracts, personal property, and records as are determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function transferred under the provisions of this Act, are transferred to the Institute.

(2) Personnel engaged in functions transferred by this Act shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions, except that such transfer shall be without reduction in classification or compensation for one year after such transfer.

(c) All laws and regulations relating to the Institute of American Indian Arts and the Indian Arts and Crafts Board transferred to the Institute by this Act shall, insofar as such laws and regulations are applicable, remain in full force and effect. With respect to such transfers, reference in any other Federal law to the Institute of American Indian Arts and the Indian Arts and Crafts Board, or any officer so transferred in connection therewith, shall be deemed to mean the Institute.

ANNUAL REPORT

SEC. 9. The President of the Institute shall submit an annual report to the Congress and to the Board concerning the status of the Institute during the twelve calendar months preceding the date of the report. Such report shall include, among other matters, a detailed statement of all private and public funds, gifts, and other items of a monetary value received by the Institute during such twelve-month period and the disposition thereof as well as any recommendations for improving the Institute.

HEADQUARTERS

SEC. 10. After a period of consultation with the Indian tribes and various organizations of Native Americans, the Board, in conjunction with the Secretary, shall designate an existing facility which is under the jurisdiction of the Secretary as the headquarters of the Institute. The Secretary is authorized to transfer the real property and any improvements thereon which comprise such facility to the Institute.

ADVISORY COMMITTEE

SEC. 11. (a) The President of the Institute shall establish an Advisory Committee which shall make recommendations to the Board on any matters relating to the Institute.

(b)(1) The Advisory Committee shall be composed of students of the Institute and parents of such students appointed by the President of the Institute.

(2) The number of members of the Advisory Committee and the terms of service of such members shall be determined by the President of the Institute.

(3) In making appointments to the Advisory Committee, the President of the Institute shall consider individuals who will provide appropriate representation of the students of the Institute and the parents of such students.

(c) The Advisory Committee shall elect a Chairman and shall have the authority to make any necessary rules regarding the procedures of the Advisory Committee.

COMPLIANCE WITH OTHER ACTS

SEC. 12. The Institute shall comply with the provisions of the American Indian Religious Freedom Act (92 Stat. 469) and the Archeological Resources Protection Act (93 Stat. 721).

AUTHORIZATION

SEC. 13. There are authorized to be appropriated, for the fiscal year beginning October 1, 1981, the sum of $4,000,000 to carry out the purposes of this Act, and for each fiscal year thereafter, such sum as may be necessary to carry out the purposes of this Act.●

By Mr. DOMENICI:

S. 793. A bill to facilitate collection of defaulted loans under the U.S. Government direct and guaranteed loan programs to individuals, and for other purposes; to the Committee on Governmental Affairs.

DEBT COLLECTION AND MANAGEMENT

● Mr. DOMENICI. Mr. President, the most glaring sign of fiscal irresponsibility is laxity in collecting and managing debts. The Federal Government is guilty of this form of mismanagement.

The Boston Herald American in a recent article elucidated the magnitude of the problem. I ask unanimous consent that the article "Deadbeats Among Us" be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEADBEATS AMONG US

Because the federal government has an apparently never-ending source of money from taxes, and borrowing, or printing, it seems no more concerned over defaulted debts owed the US Treasury than it is over an average multi-billion-dollar deficit. Little effort is being made to collect billions of dollars owed to Uncle Sam by all too many citizens who have no conscience when it comes to repaying the government.

As the Reagan administration takes a bead on reducing the deficit, the waste, and the needless spending, it should lose no time in going after delinquent debtors. For example, the General Accounting Office recently discovered 14,000 audit reports gathering dust that showed at least $4 billion due and recoverable from contractors and grantees who misspent government funds.

According to the Office of Management and Budget, a staggering $175 billion is owed the government, of which $47 billion is currently due, and $25 billion is long overdue. A recent OMB report estimates debt losses as high as $9 billion. The losses from defaulted loans would pay all the operating costs of the Justice and State Department, the Congress and still leave $500 million left over.

Surprisingly, the Internal Revenue Service, which most taxpayers regard as the ravaging tiger of all bill collectors, is owed almost $16 billion. Of this huge sum, the IRS is actively seeking recovery of less than $4 billion.

The Department of Housing and Urban Development has 55,000 delinquencies in its loan programs. The GAO recently found 58 percent of those whom the Veterans Administration had written off as bad debts were, in fact, sufficiently affluent to have paid in full. Myriad farm and student loan programs are awash with uncollected receivables.

Washington is so careless as a lender that many of its loan programs have come to be outright giveaways.

With the national debt standing at almost one trillion dollars, it is preposterous for Washington to lend out money at very low interest rates that it must first borrow at very high interest rates and then carelessly forget about collections. The little-noticed rip-off of taxpayers from bad debts has gone on far too long and, we repeat, should become one of the first orders of business for the Reagan administration.

Mr. DOMENICI. Mr. President, while I understand that debts owed the Federal Government may represent a gold mine with no gold, in that these debts are largely uncollectable, the perception that the Government is not concerned with collecting its debts only engenders individuals to avoid payment of these obligations.

The legislation I introduce today does three things to require good sound business procedure be used by the Government in managing its debts. First it would require that various agencies report to the Budget Committee debts outstanding to the United States including uncollected balances and payments 90 days or more in arrears. This will provide the Congress with an accurate accounting of debts due. It will also allow for the orderly writing off of debts determined to be uncollectable and establish a track record for agencies as to which, if any, are making loans, and what percentages are being defaulted on.

Second, it would require the Federal Government to disclose to consumer reporting agencies those individuals who have defaulted on Federal loans. Individuals will then have their overall credit rating reflect their obligations to the Federal Government. Today an individual can have a strong credit rating yet be in default to the Government.

The last portion of this bill would allow the head of a Federal agency to collect moneys in default on a Federal obligation from a Federal employee by deduction from his pay of installment payments.

Mr. President, the time has come when the Federal Government must act responsibly in not only spending money, but also in collecting debts.●

ADDITIONAL COSPONSORS

S. 20

At the request of Mr. SASSER, the Senator from Wyoming (Mr. SIMPSON), was added as a cosponsor of S. 20, a bill to amend title 18 of the United States Code to prohibit the robbery of a controlled substance from a pharmacy.

S. 46

At the request of Mr. THURMOND, the Senator from Nevada (Mr. CANNON), was added as a cosponsor of S. 46, a bill to amend title 5 of the United States Code to permit present and former civilian employees of the Government to receive civil service annuity credit for retirement purposes for periods of military service to the United States as was covered by social security, regardless of eligibility for social security benefits.

S. 144

At the request of Mr. HEINZ, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of S. 144, a bill to encourage exports by facilitating the formation and operation of export trading companies, export trade associations, and the expansion of export trade services generally.

S. 186

At the request of Mr. DOLE, the Senator from Florida (Mr. CHILES), was added as a cosponsor of S. 186, a bill to provide financial assistance to the States to undertake comprehensive criminal justice construction programs to improve the criminal justice system of the States, to provide that the Secretary of the Treasury is authorized to make interest subsidy payments on criminal justice facility construction bonds, and for other purposes.

S. 307

At the request of Mr. COCHRAN, the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 307, a bill to amend the Internal Revenue Code of 1954 to exempt from the windfall profit tax oil produced from interests held by or for residential child care agencies.

S. 388

At the request of Mr. HATCH, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 388, a bill to reinstate the tax treatment with respect to annuity contracts with reserves based on a segregated asset account as they existed prior to issuance of Revenue Ruling 77-85.

S. 432

As the request of Mr. MATHIAS, the Senator from Washington (Mr. GORTON), the Senator from Illinois (Mr. DIXON), and the Senator from Hawaii (Mr. INOUYE) were added as cosponsors of S. 432, a bill to establish a Commission on the International Application of Antitrust Laws.

S. 725

At the request of Mr. WALLOP, the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 725, a bill to amend the Internal Revenue Code of 1954 with respect to the treatment of certain shale property for the purposes of the energy investment credit.

S. 750

At the request of Mr. WALLOP, the Senator from Arizona (Mr. GOLDWATER) and the Senator from Wisconsin (Mr. KASTEN) were added as cosponsors of S. 750, a bill to amend the Internal Revenue Code of 1954 to provide nonrefundable tax credits for investments in qualified industrial energy efficiency and fuel conversion projects, and for other purposes.

S. 756

At the request of Mr. HOLLINGS, the Senator from West Virginia (Mr. RANDOLPH) was added as a cosponsor of S. 756, a bill to amend Military Selective Service Act to provide for the reinstitution of the registration and classification of persons under such act and to reinstate the authority of the President to induct persons involuntarily into the Armed Forces, and for other purposes.

SENATE JOINT RESOLUTION 29

At the request of Mr. HEINZ, the Senator from Delaware (Mr. ROTH), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Montana (Mr. BAUCUS), and the Senator from Utah (Mr. HATCH) were added as cosponsors of Senate Joint Resolution 29, a joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning with the first Sunday in June of each year as "National Garden Week."

SENATE JOINT RESOLUTION 31

At the request of Mr. GOLDWATER, the Senator from South Carolina (Mr. THURMOND), the Senator from New Mexico (Mr. SCHMITT), the Senator from Arizona (Mr. DECONCINI), and the Senator from Kansas (Mr. DOLE) were added as cosponsors of Senate Joint Resolution 31, a joint resolution to establish procedures regarding the termination of, or withdrawal from, treaties of military alliance, defense, or national security by the United States, and for other purposes.

SENATE RESOLUTION 17

At the request of Mr. SASSER, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of Senate Resolution 17, a resolution concerning revision of the monetary policies of the Board of Governors of the Federal Reserve System.

SENATE RESOLUTION 87

At the request of Mr. HEINZ, the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of Senate Resolution 87, a resolution expressing the sense of the Senate that the Congress not enact legislation to tax social security benefits, and for other purposes.

NOTICES OF HEARINGS

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES

Mr. COCHRAN. The Subcommittee on Agriculture, Rural Development, and Related Agencies of the Committee on Appropriations will be holding hearings with nondepartmental and congressional witnesses on Monday, March 30, and Wednesday, April 1, 1981, from 1:30 p.m. until 4:30 p.m. At that time we shall receive testimony on matters pertaining to the fiscal year 1982 Agriculture appropriations bill.

Recommendations pertaining to budgetary priorities or expenditure reductions are welcome. They may be provided in writing or by testifying at the hearings.

Those who wish to testify may contact Ms. Irma Hanneman of the subcommittee staff on 224–7240 to arrange for the time.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. HELMS. Mr. President, I advise the Senate that the Committee on Agriculture, Nutrition, and Forestry has scheduled confirmation hearings on Seeley Lodwick, John B. Crowell, Jr., and William Lesher, all of whom have been nominated for positions at the U.S. Department of Agriculture. The hearings will be held on Tuesday, March 31, at 9 a.m. in room 324, Russell Building.

Mr. Lodwick has been nominated for the position of Under Secretary for International Affairs and Commodity Programs; Mr. Crowell for the position of Assistant Secretary for Natural Resources and Environment; and Mr. Lesher for the position of Assistant Secretary for Economics.

Anyone wishing further information should contact John McCarthy or Denise Alexander of the Agriculture Committee staff at 224–2035.

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Mr. WARNER. Mr. President, I would like to announce for the information of the Senate and the public, that the oversight hearing on the strategic minerals and materials policy of the United States originally scheduled for Tuesday, March 31, has been changed to Wednesday, April 1 at 9:30 a.m. in room 3110 of the Dirksen Senate Office Building.

Testimony will be received from the Secretary of the Interior.

For further information regarding this hearing, you may wish to contact Mr. Bob Terrell at 224–3086.

SUBCOMMITTEE ON ENERGY REGULATION

Mr. HUMPHREY. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommittee on Energy Regulation.

The hearing is scheduled for Thursday, April 2, 1981, beginning at 9 a.m. in room 3110 of the Dirksen Senate Office Building. The subject of the hearing is the Department of Energy authorization for fiscal year 1982 for the Federal Energy Regulatory Commission, the Office of Conservation and Solar Energy (building energy performance standards and appliance standards programs) and the Economic Regulatory Administration.

Testimony will be received from administration witnesses.

For further information regarding the hearing, you may wish to contact Mr. Howard Useem or Marilyn Burkhardt at 224–5205.

SUBCOMMITTEE ON ENERGY REGULATION

Mr. HUMPHREY. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of public hearings before the Subcommittee on Energy Regulation.

The hearings are scheduled for Wednesday, April 22 and Thursday, April 23, 1981, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building to consider amendments to the Powerplant and Industrial Fuel Use Act.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, Subcommittee on Energy Regulation, room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding the hearings, you may wish to contact Mr. Howard Useem or Ms. Marilyn Burkhardt at 224–5205.

ADDITIONAL STATEMENTS

A NATIONAL OUTRAGE: DRUNKEN DRIVERS KILL 26,000 EACH YEAR

● Mr. PELL. Mr. President, I would like to share with my colleagues an excellent article which appeared in the Washington Post on Sunday, March 22. The article, entitled, "A National Outrage: Drunken Drivers Kill 26,000 Each Year," is a grim reminder of the loss of human life which occurs on our Nation's highways each and every day. Until we decide to act, drinking and driving will continue to be an accepted part of our daily lives.

I believe that we are not powerless to stop the needless slaughter on our highways, and have introduced legislation (S. 671) to attack the drunk driver problem through uniform, mandatory criminal sanctions. Drunk driving is a problem that is truly national in scope, and deserves the attention of every Member of Congress.

I urge my colleagues to take a moment and examine the tragic extent of this problem, as vividly described in the Washington Post article, and consider the need for a sensible solution. Mr. Presi-

dent, I ask that the text of the Washington Post article be printed in the RECORD.

The article follows:

"A NATIONAL OUTRAGE"—DRUNKEN DRIVERS KILL 26,000 EACH YEAR

(By Joseph D. Whitaker)

It's been three years now since Carol and Doug Weiger received the visit that haunts them to this day. Your son, the police officer said, has been hit by a car.

Half an hour later, their son was dead. A year later, the Weigers learned that the man who killed him had pleaded guilty to a drunken driving charge—and had been fined $600.

Today the Weigers are angry—angry at the sentence that they assail as obscenely lenient and angry that what happened to 16-year-old Peter Lewis Weiger has happened to so many thousands of America's sons and daughters.

Nearly 70 persons a day—about 1 every 23 minutes—are killed in drunken crashes—the nation's single greatest killer of people under 34, according to the National Highway Traffic Safety Administration.

Nearly 26,000 persons die in the United States each year in drunken driving incidents—the nation's leading cause of highway deaths.

Over the last decade, more than 250,000 Americans have died because of drunken drivers on U.S. highways, more than four times the number of Americans killed during a decade of fighting in the Vietnam War.

The more than 1 million crippling and other serious injuries attributable to drunken driving cause economic losses estimated at more than $5 billion a year in this country.

One of every two Americans will be involved in an alcohol-related auto crash in his or her lifetime.

On a Saturday night, one in 10 drivers on America's streets and highways will be legally drunk.

While only one out of every 2,000 drunken drivers will be arrested—and far fewer will ever receive stiff punishment for their crime—an estimated one out of every 100 babies born this year will die in a crash with a drunken driver.

"The drunk-driving problem in this country has reached epidemic proportions," said John Moulden, a research psychologist with the National Highway Traffic Safety Administration. "It's a national outrage that even when thousands of people are being killed each year by drunk drivers, our society continues to accept drinking and driving as a normal part of daily life."

Peter Weiger, a popular sophomore at Thomas J. Wootton Senior High School in Rockville, Md., was walking down a winding country road on the night of Oct. 8, 1977, when a neighbor in a pickup truck ran over him and kept going. The driver of a car following the truck copied the tag number and the driver was promptly arrested.

The Weigers rushed to Suburban Hospital in Bethesda, expecting to find their son badly injured, but alive. Instead, a doctor told them Peter had died of massive head injuries shortly after he reached the hospital. His battered body had already been taken to the hospital morgue.

Now, every time a fire engine or ambulance passes their home, the Weigers—who have a 13-year-old daughter and a 21-year-old son—say they relive the night of Peter's death.

"We think about Peter and we look around for the other kids just to be sure they're safe," said Carol Weiger. "We couldn't bear to lose another child."

"He really was a great kid," Douglas Weiger said. "He loved people. He enjoyed loud music, parties and girls. He was a 4-H Club member and a Boy Scout. It makes me angry every time I think that someone took my child's life."

What has left the Weigers even more bitter and distressed, they say, is the sentence meted out to the driver, their former neighbor Edgar Garfield Rogers.

The outcome: According to court records, Rogers pleaded guilty in Montgomery County District Court to driving while impaired by alcohol and to hit and run, and was fined a total of $610.

"There were 1.3 million drunk-driving arrests in the United States last year," said Moulden of the national highway agency. "The few statistics available show that not many drunk drivers ever receive serious punishment for their crime.

"A lot of prosecutors, judges and jurors put a low priority on drunk-driving cases," he said. "When they see a drunk driver, in a lot of ways they tend to see themselves and take the philosophical view that, 'But for the grace of God, there go I.'"

Last year, 950 drivers were arrested on drunken-driving charges in Montgomery County. A total of 1,001 cases—including 41 cases unresolved in 1979—went to court.

In court, 574 drivers were found guilty. Judges gave 189 drivers "probation before judgment," a device in Maryland state law that permits judges to place a person on probation and erase all records of the original charge. Sixty-six drivers were tried by jury and 42 of these were found guilty. The state's attorney dismissed 130 cases.

"I'm dissatisfied with the sentences judges hand out in general," said Montgomery County State's Attorney Andrew Sonner. "But I think overcrowded jails have given judges a legitimate reason to lock up fewer drunk drivers. Five years ago, 100 percent of our convicted armed robbers were sent to state prisons. Now at least 40 percent of them must be sent to the county detention center."

Judge Robert S. Heise of Anne Arundel County District Court said penalties placed on drunken drivers often are too harsh, and that he rarely finds it necessary to impose jail terms in such cases.

"The philosophy of some people is that you have to make the punishment fit the crime," he said. "But that's the wrong way to look at drunk drivers. These are social drinkers who went a little overboard. They're not alcoholics or criminals. Most of the time they've done nothing dangerous, but have merely violated a law."

Judge Heise said there is not much evidence that a jail term is appropriate punishment for a drunken driver, even for alcohol-related fatalities.

"I just feel that some of these people [convicted of drunken-driving deaths] have already suffered more than I could impose on them," Heise said. "Besides that, the state prison system has told me they're overcrowded and that I shouldn't send them anyone else. When I have to choose between sending an armed bank robber or a drunk driver to jail, I think it's more important to send the robber."

Barbara Gilman, 18, was driving home from a church picnic on Aug. 19, 1979, when her car was hit on a curve near her Upper Marlboro home and forced off the road. She died instantly. The other driver was not injured.

Just a month before her death, Gilman—the youngest of 12 children—had been at a family reunion with her parents. Shortly before that, she had participated in an older sister's wedding.

"Barbara loved sports. She enjoyed music and played the French horn," remembers her mother, Emily Gilman. "Her death has left a big vacuum in our lives. It's tough to adjust to what's happened.

"I am not bitter or angry. You have to try to accept the will of God," she said. "But it seems like the drunk drivers get off so easily. They just go back out and hurt somebody else."

The outcome: According to court records, the police found beer cans in the other driver's car and charged him with driving under the influence of alcohol, passing in a no-passing lane and automobile manslaughter. As is his right, the driver refused to take tests that would have established the alcohol content in his blood. He was acquitted of drunken driving and the charge of illegal passing, but was convicted of vehicular manslaughter and was sentenced to three years in prison—18 months of which were suspended, according to the court records.

The District of Columbia—distinguished as the capital of the United States—also has the dubious distinction of having the second highest level of liquor consumption in the country.

In 1979, Washingtonians and their guests drank 5.95 gallons of alcohol for every man, woman and child in the city, according to the Distilled Spirits Council of the United States. That was second only to Nevada's rate of 6.25 gallons per person.

District police arrested 3,439 drivers on drunken-driving charges last year, and there were 46 alcohol-related traffic deaths in the city, which has one of the nation's toughest law enforcement programs against drunken driving.

The D.C. corporation counsel took 3,395 cases to court. Of that number, 411 drivers pleaded guilty to driving while under the influence of alcohol. Fifty-four went to trial on drunken-driving charges. Thirty-five of those were convicted and 19 were acquitted. In 477 cases, all charges were dismissed.

In about 1,500 cases, those charged with driving under the influence of alcohol were allowed to plead guilty to the less serious charge of reckless driving.

Of eight negligent homicide cases—most of them alcohol-related—handled by the U.S. Attorney's Office in the District last year, two were found guilty by jury, two cases are awaiting trial and four drivers pleaded guilty.

Among the drivers who have pleaded guilty to negligent homicide in D.C. is Lester Lee Mackey Jr., a former Marine charged in the death on Dec. 22, 1979, of 63-year-old Earl S. Mathews.

Mackey, 36, said he remembers driving down 11th Street NW. near Rhode Island Avenue when he saw a man several blocks away step off the curb and start to cross the street at an angle.

"I had decided to speed up and hurry on by the man when all of a sudden he turned and ran straight into my lane of traffic," Mackey said. "When he ran to my side of the street, I knew I would have to hit him. There was no way I could stop."

Mathews, a resident of Northwest Washington, was killed immediately.

"I had drank a little whiskey and a few beers, but I wasn't drunk," said Mackey, a Vietnam veteran, who added that he was disabled in 1978 when a stranger shot him in the back and injured his spine. "I feel within myself there was nothing I could have done to avoid the accident except not be there.

"I try not to think about [the fatal accident] that much," said Mackey, who works part time as a hair stylist. "I've seen a lot of people die in Vietnam and even on the streets of Washington. All I can say is God forgive me."

The outcome: Mackey, who said he lobbed the can of beer he'd been drinking out of the car seconds before police arrived at the scene, was originally charged with involuntary manslaughter. He pleaded guilty on Jan. 11, 1980, to the lesser charge of negligent homicide. He was sentenced to six months in jail. The jail term was suspended and Mackey was placed on two years' probation.

Charles and Irma Jacobsen of Arlington, Va., had celebrated George Washington's birthday last month by going on an early morning shopping trip. When they returned home that afternoon, she begun preparing dinner while he disappeared into the basement.

Moments later, a car careened across the Jacobsen's front lawn, mowed down a row of azaleas, uprooted a pine tree, knocked down a brick wall before coming to rest on top of the Jacobsens' car.

"I heard an awful crash. I ran to the window and saw the man's car had knocked down the brick wall," said Irma Jacobsen, a native of Italy who married her husband there seven years ago. "I started calling my husband. I thought he was still in the basement. I wanted him to come up and help me call an ambulance because I thought the driver may have been hurt."

She was still looking for her husband when she went outside where neighbors had gathered on her driveway.

"Someone shouted, 'Mrs. Jacobsen, your husband is over here.' I thought my husband was behind the car helping an injured person," she said. "I took a look and saw that he had been crushed in the accident."

Six hours later, Charles P. Jacobsen IV, 33, died at the hospital from internal bleeding.

The outcome: According to Arlington County court records, the driver, Walter John Anholt, has pleaded guilty to driving while intoxicated and is awaiting an April 6 trial on a charge of involuntary manslaughter.

Arlington County recorded 1,965 drunken-driving arrests and three alcohol-related deaths last year. A conviction rate of more than 80 percent was achieved primarily by reducing drunken-driving charges to lesser offenses.

The Fairfax County General District Court processed 4,725 drunken-driving cases in 1980. About 200 of those were dismissed, and 4,527 defendants were convicted on guilty pleas or jury verdicts. Jail terms—although largely suspended in most cases—were meted out in 1,368 cases.

Both Fairfax and Arlington counties resolve most of their drunken-driving cases by allowing most of the offending drivers to enroll in the Alcohol Safety Action Program (ASAP), an eight-month program of treatment and education. After the driver successfully completes the program, the drunken-driving charge is automatically reduced to the less serious reckless-driving charge.

Fairfax County Commonwealth's Attorney Robert F. Horan said ideally he would like to see drunken drivers who kill someone with their automobile convicted of manslaughter. "But it is almost impossible for us to get a manslaughter conviction when the incident involves alcohol," Horan said. "We must convince a jury that the driver's behavior exemplified a willful, wanton and reckless disregard for human life. And it's rare that we are successful with that approach to the prosecution."

Most often, Horan said, alcohol-related cases that otherwise would be considered manslaughters—carrying a penalty of one month to five years in state prison—are reduced to reckless driving, a charge that carries a lesser penalty. That penalty, Horan said, can range up to one year in county jail, but judges rarely impose the maximum.

John R. Pierce, a former employe of The Washington Post, and his wife and daughter were driving home from a New Year's Eve party in upper Northwest Washington during the early morning hours of last Jan. 1. At one moment, Pierce was making a left turn from Wisconsin Avenue onto Woodley Road. Seconds later, he was scrambling from the wreckage of his mangled automobile. His daughter Barbara, had been seriously injured. His wife, Jean, a Washington Post employe, had been killed almost instantly.

A 16-year-old driver—who was also returning from a party—had sped through a red light and struck the Pierces' car broadside. The youth escaped injury in the crash.

"I'd seen the headlights coming a block away," said Pierce, 71, of Northwest Washington. "My natural instinct was that [the on-coming driver] would stop. Someone in the car said, 'He's coming awfully fast.' Next thing I knew, we'd been hit."

It was particularly ironic, Pierce said, that his wife was killed by an automobile. "Over the years, a number of our friends had been killed in automobile accidents, [and] Jean had developed a real fear of the automobile as an instrument of destruction. When we used to walk down the street, she would be afraid to step off the curb to cross the street. She'd ask me, 'How do you know the cars are going to stop?'

"I would jokingly tell her, 'You can't stand on the corner all of your life,' and we would cross the street together."

The outcome: The youth was originally charged with drunken driving, speeding and running a red light. The drunken-driving charge was dismissed after blood alcohol tests showed he had a .08 blood-alcohol level—two points below the city's legal limit of .10.

D.C. Superior Court sources said negligent homicide charges against the youth were were reduced in juvenile court to reckless driving, to which the youth pleaded guilty. He was placed on probation. The speeding and red light charges are both civil charges that can be resolved with the payment of a fine.

In all but two states, a person is considered legally drunk when his or her blood-alcohol content registers .10 percent. To achieve this limit, a 150-pound man would have to consume four one-ounce shots of 100-proof liquor or drink four 12-ounce beers in one hour, according to the Distilled Spirits Council of the United States. This level, local medical officials said, is sufficiently high to eliminate social drinkers.

Laws in Maryland and Mississippi allow a blood-alcohol content of .15 percent, which amounts to six shots of liquor or six 12-ounce beers in on hour for a man who weighs 150 pounds.

Revisions in the drunken-driving laws under consideration by Maryland legislators would lower the legally permissible blood-alcohol level to .10.

Legislation introduced recently on the federal level by Sen. Claiborne Pell (D-R.I.), and Rep. Michael D. Barnes (D-Md.), would make a 10-day jail term mandatory for drunken drivers convicted of the offense two or more times within five years. A repeat offender would also lose his or her driver's license for a mandatory one year.

Last July 12 had been an exciting day of fishing in the Chesapeake Bay for Tommy Sexton, 15, and two other youths. As Sexton drove home with his neighbors and their father, a car swerved across the center line and collided with theirs. The driver at fault was not hurt. The two youths and their father escaped with only minor injuries. But Tommy Sexton was killed.

"You feel a lot of outrage when something like this happens. You wish there was some way you could strike back," said his father, Thomas Sexton. "He was such a kind kid. He loved to go fishing. But he didn't have the heart to kill the fish. He'd always throw them back."

"We consider that our son died as the result of a senseless crime," added Dottie Sexton. The Sextons also have a daughter, 12, and a son, 7. "In this instance, we do not feel that the criminal has been fairly punished for what he did."

The outcome: A month after his son's death, Thomas Sexton, who lives in Bowie, Md., sat in Calvert County District Court and watched a judge pronounce sentence on two men in two separate cases.

The first man, charged with stealing a pickup truck, was sentenced to two years in the county jail.

The second was David William Watkins, Jr., who hit the car in which Tommy Sexton was riding. He pleaded guilty to a charge of homicide by motor vehicle while intoxicated. Watkins was sentenced to two years in prison, with all the jail time suspended. The judge then ordered Watkins to pay a $1,000 fine, of which $800 was suspended.

Watkins paid the $200 and was placed on two years' probation, court records show.

"I think the biggest outrage is that the courts seem to place a much higher priority on a loss of personal property than they do on the loss of human life when it comes to drunk-driving cases," said Dottie Sexton, fighting back the tears as she talks.

"We still cry when we think about what's happened to our son. We look at his school pictures often. One of the hardest things to accept is that his [picture] will never change. We haven't touched his room—but we know he won't be back."●

ARE WE WASTING BRAINS?

● Mr. CRANSTON. Mr. President, how can the Nation make best use of the talents and experience of Government officials after they leave public office?

How can we continue to benefit from their thinking and from the knowledge they have accumulated through years of public service?

How can we, at the same time, honor these outstanding men and women for their contributions to our Republic?

Flora Lewis, in a column in the March 13, 1981, issue of the New York Times, proposes an "Academy for National Policy, to which a fixed number, say 40 or 50, of the most eminent former public servants would be named for life."

They would receive no pay and have no authority beyond that of acknowledged intellect, but membership itself would be a high award. It would give a kind of American Nobel status, but a non-monetary prize of great distinction.

Ms. Lewis has fleshed out in some detail an idea that someone puts forward in more general terms every now and then. It happens to be a concept that I have personally been mulling over, and discussing with others, through the recent winter. I do not know if the formula Flora Lewis suggests is the most feasible. But her proposals—and the concept generally—deserve widespread attention and serious consideration.

For that reason, I ask that Ms. Lewis' article be reprinted at the conclusion of my remarks.

I hope my colleagues will give me their reactions and suggestions. I also plan to seek the views of some eminent Americans, among them some who might well qualify for such an "Academy for National Policy."

We need a constant influx of fresh faces and new ideas in Government. But we cut the links to the wisdom and experience of the past at our Nation's peril.

For good government, we need a balance of both the new and the old, the pioneer and the pragmatist, people with ideas and people who have learned how to transform ideas into practical, effective action.

Ms. Lewis' column makes stimulating reading.

The article follows:

AN ECONOMY OF BRAINS

(By Flora Lewis)

The reshuffling of tenants in Government offices is nearly completed now, until the next time. The former Washington ins are out.

Now that it's accomplished, a moment has come to reflect on the extravagant human wastage. Many years of experience and expertise gained in the only possible way, learning from mistakes, are shut off and virtually thrown away.

Some of the people whom the voters have pushed aside go into business and the dense Washington set of lawyers and lobbyists, a reminder that the American system has scarcely any way of conferring high honor outside of power or money. Others go into academia and think tanks, a reminder that we have no other forum in which to tap the insights of the outs.

Most other countries get better service from their elder and not-so-old but former statesmen. There really should be a way of avoiding this brain disposal process. Of course, the U.S. cannot imitate Britain's House of Lords with its powers and titles, nor would it suit to copy France's Academy.

But an American manner of recognizing especially valued service could be combined with an American system of conserving wisdom, and the time to establish it is at the start of a new administration.

A lot more people in high positions are aware of the problem than is generally known. Quietly, behind scenes, at least a few of the top Reagan team have been calling up predecessors for advice. They don't necessarily take it, but they ask because the smart ones know there are always booby traps in a new job that can be avoided with foreknowledge.

It would be perfectly feasible to set up an institution to use discarded experience and to honor outstanding merit at the same time. An idea that appeals to me is the foundation of an Academy for National Policy, to which a fixed number, say 40 or 50, of the most eminent former public servants would be named for life.

They would receive no pay and have no authority beyond that of acknowledged intellect, but membership itself would be a high award. It would give a kind of American Nobel status, but a non-monetary prize of great distinction.

And it would provide a platform for debate and discussion of the gravest issues, with both total independence and assured attention. Members would have no constituency but their own conscience. So they would be under no pressure to sway with fashionable notions and emotions. The function is largely performed now by TV and press commentators. But ours is a different kind of experience and we really aren't the best placed for the role.

The sole responsibility of academy members would be to live up to their recognized standing. To achieve the dignity it needs, this academy should be a public, not a private group, with no outside ties. That means establishment and support from Congress.

Members should be nominated by the President and elected by Congress, which would also appropriate the minimal funds needed to provide meeting rooms and a small administrative staff.

Since the academy would be a public institution but extra-official, shielded from the pressures of power, members who return to Government would be expected to resign so as not to compromise its status. It would be up to them to organize their meetings and decide what they should consider.

Nobody would have to accept their views, but they would constitute a pool of respected people who could be called upon to take part in special commissions of overwhelming national importance, such as the Warren Commission after the assassination of President Kennedy or the commission that investigated the Pearl Harbor disaster in World War II.

In a way, it was this felt need to provide some institutional tempering of the passions released by democracy that led the founding fathers to establish the Senate in its current form. In those days senators were elected indirectly, not by popular vote, and its very substantial powers made that change wise and necessary.

Still, its absorption into practical politics has left a vacuum of the authority of pure reflection. The search for moral intellectual guidance is a compulsive human urge, rising tangibly again in this country. Such an academy would not displace any of the other founts of thought, the pulpits, the universities, the research centers, but it could give a point of reference for the swirling arguments that dizzy us.

It isn't hard to think of people who deserve to be in it. Nor would it matter how many agree with those who are chosen. They should provide a broad spectrum of opinion, from both major parties and nonpartisans.

How useful it might be to hear Henry Kissinger and George Ball and William Fulbright and Harold Brown and Clark Clifford and, yes, Gen. William Westmoreland, and former Ambassador Anne Armstrong arguing among themselves but in front of the rest of us on how to face the questions of El Salvador, the Americas and East-West relations. They no longer owe anything to anyone, but they've learned a lot about how and why things go wrong.

Information comes in floods now, but we haven't installed a way to use the brains with the capacity to filter and distill it.●

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36 (b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of a proposed sale shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. I ask that the official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that such notifications have been received—one on March 11 and three on March 12, 1981.

Interested Senators may inquire as to the details of this preliminary notification at the office of the Committee on Foreign Relations, room 4229, Dirksen Building.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 11, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 12, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 12, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country for major defense equipment tentatively estimated to cost in excess of $7 million.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 12, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to an American Republic tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Lieutenant General, USA, Director.●

PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36 (b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of a proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is available to the full Senate, I ask to have printed in the RECORD at this point the notifications which I have received.

The notifications follow:

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., March 6, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act we are forwarding herewith Transmittal No. 81–27, concerning the Department of the Air Force's proposed Letter of Offer to Turkey for defense articles and services estimated to cost $33 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C (b) of that statute.

Sincerely,

ERICH F. VON MARBOD,
Acting Director.

[Transmittal No. 81–27]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Turkey.

(ii) Total estimated value:

	(*Millions*)
Major Defense Equipment*----------	$ 0
Other ----------	33
Total ----------	33

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of articles or services offered:

Cooperative logistics supply support for follow-on spares and supplies in support of C–130H, F–4E, F/RF–5A, F–100C/D/F, F/RF–104G, T–33, T–37C, and T–38 aircraft, and other systems and subsystems of U.S. manufacture.

(iv) Military department: Air Force (KBG).

(v) Sales commission, fee, etc., paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: None.

(vii) Section 28 report: Included in report for quarter ending 31 December 1980.

(viii) Date report delivered to Congress: March 3, 1981.

POLICY JUSTIFICATION

Turkey—cooperative logistics supply support arrangement:

The Government of Turkey has requested the purchase of follow-on spares and supplies in support of its U.S. origin aircraft and other systems and subsystems of U.S. manufacture at an estimated value of $33 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Turkey; furthering NATO rationalization, standardization, and interoperability; and enhancing the defenses of the Western Alliance.

This cooperative logistics supply support arrangement is necessary to maintain the flow of spare parts to support U.S. origin aircraft and other systems and subsystems. It will not affect the regional military balance.

Procurement of these items and services will be from the many contractors who provide similar items and services to the U.S. forces.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Turkey.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

UNDER SECRETARY OF STATE
FOR POLITICAL AFFAIRS,
Washington, D.C.

Pursuant to Section 620C(d) of the Foreign Assistance Act of 1961, as amended, and the authority vested in me by section 1(a) (1) of the Department of State Delegation of Authority No. 145, I hereby certify that the provision of spare parts for military aircraft to the Government of Turkey is consistent with the principles contained in Section 620C(b) of the Foreign Assistance Act of 1961, as amended.

This certification will be made part of the certification of the Congress under section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

DAVID D. NEWSOM.●

DEPARTMENT OF DEFENSE ANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS

● Mr. TOWER. Mr. President, as required by law, the Department of Defense has submitted to the Senate a report on funds obligated in the chemical warfare and biological defense research programs during fiscal year 1980.

The length of this particular report is such that, in order to save the expense of printing, I will not ask that the full report be placed into the RECORD. Rather, it is available for review in the offices of the Committee on Armed Services, and those interested in seeing the report may do so by contacting the committee staff.●

URBAN DEVELOPMENT ACTION GRANT PROGRAM

● Mr. WILLIAMS. Mr. President, the urban development action grant program is one of the most innovative and successful urban programs the Federal Government has made available to distressed communities. Its concept is simple—to provide the funds necessary to make private investment attractive in economically troubled areas. In embodying this concept, the program takes a most conservative approach. It relies heavily on the private sector. It requires that the private funds committed to a project go to work before the Federal contribution is drawn down. It targets its benefits on the neediest of communities and neighborhoods. It accords wide leeway to localities to fashion their own UDAG programs.

The program has compiled an extraordinary record. Up to January 1981, UDAG has awarded about 1,000 projects in large and small distressed communities, created or retained 470,000 jobs, and generated over $11.5 billion in private investment. A number of studies and reviews, such as those conducted by the Urban Land Institute, the House Appropriations Committee surveys and investigations staff, and the Princeton Urban and Regional Research Center have attested to the program's value, and the public's vigorous opposition to the President's recommendation to reduce, revise, and ultimately eliminate the program reveals the program's wide popularity.

In my home State of New Jersey, I have seen firsthand how the program has provided new hope to communities faced with the steady loss of jobs and the erosion of tax bases. From neighborhood rehabilitation projects in Newark and Bayonne, to major commercial and industrial expansion in New Brunswick, Perth Amboy, and Morristown, the program has worked. It has pumped the lifeblood of private investment into dying neighborhoods and downtown areas, stimulating an economic revival that these areas had once thought impossible.

Mr. President, since the administration first announced its intention to cut back the program's funds and fold it into the community development block grant program, I have received numerous telephone calls and letters of protest from local officials and others. They cannot understand why a program of such obvious merit, a program that works so well, would be marched off to the chopping block. Frankly, I cannot understand it, either. If the budget reduction exercise in which the Congress is now engaged is designed in part to foster more efficient, effective government, the attack on UDAG hardly advances that purpose.

Mr. President, I ask that several newspaper editorials along with several communications I have received urging support for the UDAG program be printed at this point in the RECORD.

The material follows:

[From the Princeton Weekly Bulletin]

PROFESSOR STUDIES UDAG EFFECTIVENESS

The Urban Development Action Grant Program seems to have been spared the Reagan administration's budget axe so far because of pressure brought to bear by big-city mayors, says Assistant Professor of Politics and Public Affairs Jerry A. Webman, who recently completed a study on the program.

The UDAG program has channeled federal money designed to encourage private investment to the cities that need it most, Web-

man concluded in his study, which is contained in a report published by the Princeton Urban and Regional Research Center. The report, entitled The Urban Development Action Grant Program: Papers and Conference Proceedings on its First Two Years of Operation, was edited by Webman and Richard P. Nathan, director of the center.

In addition to Webman's paper, the PURRC report also contains a statistical profile of the UDAG program in its first two years and a transcript of a national conference on UDAG held here in November 1979. The conference brought together officials from the U.S. Department of Housing and Urban Development (which administers UDAG), and state and local governments, as well as public policy researchers and representatives of the private investment community.

The UDAG program was designed to provide funds to local governments for public improvements that are necessary before private development projects can go forward, and for subsidies to private investors.

Enacted in October 1977, six months before President Carter announced his proposals for a national urban policy, the program had an annual budget of $400 million in 1978 and 1979. The striking differences between the UDAG program and the earlier urban renewal program, terminated in 1974, are pointed out in Webman's report. Instead of clearing land and hoping private developers would bid to use it, Webman explains, UDAG funds projects that investors have already agreed to develop once physical or financial obstacles have been cleared away with government help.

Using data supplied by HUD, Webman found that "the more distressed cities win more grants, and their grants tend to be as large as less distressed cities. The combined effect is that UDAG funds are concentrated to a significant degree on the nation's most severely distressed cities."

Nathan commented that UDAG is "one of the nation's most valuable programs for helping cities revitalize their local economies." The program has been administered by a small group of "results-oriented managers," Nathan added, and is "tough, tight and effective."

Webman referred to case studies of eight UDAG projects in five New Jersey cities in examining the question of whether the help provided by UDAG grants was enough to steer private investment to places where it might otherwise not have occurred. He concluded:

"The kinds of places where commercial and industrial UDAG projects are locating are very similar to the kinds of places where commercial and industrial firms are making unsubsidized investments. But this fact does not mean that businesses benefitting from UDAG aid are getting windfalls for doing what they would have done anyway. Instead, what seems to be happening is that action grants may influence the location of investments, but will do so within the bounds of dominant nationwide patterns of economic development."

UDAG is not big enough to reverse the trends that have seen a decline in manufacturing in many older central cities, especially those in the Northeast and Midwest, Webman observes. But, he adds, it has helped many cities to build on their continued strengths in the commercial and professional sectors of their economies.

"UDAG worked for two reasons," says Webman. "One, because it was centrally administered by people in Washington who knew what they were doing and could select among potential projects. Two, because the money was concentrated, going to projects that needed it most rather than being spread around." The program will almost certainly be reorganized, Webman adds, and its future success will depend on how faithful it remains to its original concept of channeling funds where they will do the most good.

"It appears now that UDAG may be combined with the Community Development Block Grant Program, with probably some reduction in funding," Webman predicts. "Something like UDAG is going to continue, although it might have a different name and be administered slightly differently. If they really run the program very differently," he states, "they might as well not run it at all."

IRVINGTON, N.J.,
February 9, 1981.

Hon. HARRISON WILLIAMS,
U.S. Senator, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR: Attached is a copy of a letter I sent to the President of the United States, Mr. Martin Anderson and Mr. David Stockman relative to the Urban Development Action Grant Program.

I would appreciate it very much if you too would use your influence so that Irvington, New Jersey would be one of the recipients of "full funding," for 1981 and 1982.

Sincerely yours,
ROBERT H. MILLER,
Mayor.

HOBOKEN, N.J.,
February 6, 1981.

Hon. HARRISON WILLIAMS,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR WILLIAMS: Enclosed is a draft copy of a telegram sent to President Ronald Reagan, Domestic Affairs Assistant Martin Anderson, and OMB Director David Stockman urging the continued funding of the Urban Development Action Grant Program at current fiscal levels. As Mayor of a distressed industrial city, I cannot emphasize enough the importance of the UDAG program to the City's economic revitalization.

For Hoboken, a $300,000 UDAG grant for the Universal Folding Box Company has resulted in the retention and creation of nearly 200 permanent private industrial jobs and in the investment of more than $1.8 million in private capital. A second UDAG grant, recently awarded to the City, has also raised hopes in a downtrodden neighborhood for the rehabilitation of at least 30 homes and 12 commercial enterprises.

Without the full continuation of the UDAG program, I fear that Hoboken and the other urban areas of New Jersey will suffer irreparable damage to their economic viability. As Mayor, I am fully aware of your prior record of commitment and assistance to the cities of New Jersey and the Nation and your support for the UDAG program is crucial at this time.

If there is any way in which I or my staff can be of assistance to you in the struggle to keep critical urban programs like the UDAG program intact, please do not hesitate to call upon me.

Sincerely yours,
STEVE CAPPIELLO,
Mayor.

CITY OF TRENTON,
Trenton, N.J., February 19, 1981.

Hon. HARRISON A. WILLIAMS, Jr.,
Russell Senate Office Building, Washington, D.C.

DEAR SENATOR WILLLIAMS: It is our understanding that the Administration is proposing to cut off funding for the Urban Development Action Grant Program for the balance of this fiscal year. Such an abrupt funding cutoff would prevent a very important, long planned project in Trenton from coming to fruition. This project, called the Chambersburg Shopping Center, includes the construction of an Acme Supermarket and a K-Mart store on a site which had been declared blighted by the City.

The blight designation of the City was later challenged in Court. The City was successful, however, in fighting this legal challenge. Now, after considerable expense and much delay, the City is anxious to proceed with implementation of the project which will only be possible with the Urban Development Action Grant. We had anticipated announcement of the Grant in April of this year.

The City had also submitted an Urban Development Action Grant application to lower interest costs to homeowners borrowing funds from private lending institutions for energy saving improvements. This proposal will also be put in jeopardy if UDAG funds are cut off at this time.

We had hoped that the UDAG Program, with its emphasis on private sector development and job creation would have enjoyed the support of the new Administration. It also happens to be one of the least bureaucratic federal programs, and very little of program funds are used to administer the program either federally or locally.

We would hope that you would carefully review the merits of the UDAG program and, out of special consideration for important pending projects in Trenton, support the continuation of the program to at least allow for funding of projects in the current fiscal year.

Very truly yours,
Eugene E. Kalinowski, President; Carmen J. Armenti, Councilman at Large; Anthony P. Carabelli, East Ward Councilman; James E. Mitchell, North Ward Councilman; Gerard S. Naples, Councilman at Large, Jennye W. Stubblefield, West Ward Councilwoman; Joseph F. Yuhas, South Ward Councilman.

FEBRUARY 6, 1981.

Hon. RONALD W. REAGAN,
President of the United States, White House, Washington, D.C.

DEAR MR. PRESIDENT: As Mayor of an older industrial city, I strongly recommend full funding of the Urban Development Action Grant Program at current fiscal levels for both fiscal 1981 and 1982.

In my community, UDAG has been crucial in enabling private industrial expansion and retention efforts by manufacturing firms. These efforts have resulted in new permanent private sector jobs and a strengthened industrial production capacity in Irvington. Without UDAG, which offers unique practical incentive for private investment, there would be a substantial threat to my city's economic and industrial base.

Respectfully,
ROBERT H. MILLER,
Mayor.

NEWARK ECONOMIC
DEVELOPMENT CORPORATION,
Newark, N.J., February 11, 1981.

Hon. HARRISON A. WILLIAMS, Jr.,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR WILLIAMS: Enclosed please find a summary of U.D.A.G. projects in Newark and a copy of a telegram that was sent to President Reagan.

The program is an important adjunct to the City of Newark's revitalization and any assistance that you can give us in retaining this program will be greatly appreciated.

Sincerely yours,
ALFRED L. FAIELLA,
Executive Director.

(Telegram)

President RONALD W. REAGAN,
White House, Pennsylvania Avenue, Washington, D.C.

PRESIDENT RONALD W. REAGAN: I would like to encourage you to retain the Urban Development Action Grant Program as part of your economic recovery plan for the nation.

U.D.A.G. participation has been crucial garnering private sector investments for Newark. Without that help, none of the ten funded U.D.A.G. projects in our City could have been possible. We view the continuation of the U.D.A.G. program as vital to our developing the necessary base for Newark's economic recovery.

It is my recommendation that U.D.A.G. be continued in its present form and at the current funded levels.

Sincerely,

KENNETH A. GIBSON,
Mayor, City of Newark.

NEWARK ECONOMIC DEVELOPMENT CORPORATION,
Newark, N.J., February 6, 1980.

Felise, Murphy and Company (B–79–AA–34–0130): A U.D.A.G. of $107,000 enabled the making of a twenty year, 3% subordinated loan for the rennovation and rehabilitation of 100,000 s.f. of light industrial space. Prior to the rehabilitation, this building was vacant for over ten years.

The project received a private commitment of $327,000 and generated 80 construction jobs. It is expected that upon full occupancy, 220 new permanent jobs will be created and $10,000 in new taxes.

RAR developers (B–79–AA–34–0129): U.D.A.G. contributed $1,000,000 for the acquisition of 1,200,000 s.f. of floor space for the creation of an industrial park. With this help, the Developers secured an additional private commitment of $4,800,000 thereby successfully rehabilitating 519,000 s.f. of space and the creation of at least 57,000 s.f. of new construction.

Alling Street (B–79–AA–34–0126): Receiving $438,974 from U.D.A.G., $2,100,000 of private financing was leveraged in the conversion and rehabilitation of 49,500 s.f. of vacant industrial space into a first class modern office building in Newark's Central Business District.

This project created 31 construction jobs, 228 new permanent jobs and will generate $40,176 annually as new taxes to the City. The building has also become an attractive addition to the City.

New community corporation (B–79–AA–34–0135): $200,000 of U.D.A.G. assistance brought $900,000 in private commitments and an 18,500 s.f. day care center and office building for the management company of nearby housing projects.

Actual project costs are near $2,000,000 and has to date created 35 construction jobs. It is anticipated that 49 new permanent jobs will be created as well as $5,000 in new taxes. The project will also house valuable community services to an area in the midst of a recovery from outright devestation.

One Washington Park (B–80–AA–34–0124): This project will be Newark's first major office building constructed in nearly a decade. The building will be 418,000 s.f. and will be built at an estimated $36,000,000 including $10,000,000 of U.D.A.G. assistance.

New Permanent employment is expected to result in 665 jobs and the development will bring the City $557,327 in new taxes. The project will be a big step in Newark's meeting the rising demand for prime office space in the City.

University Shopping Plaza (B–79–AA–34–0136): U.D.A.G. will contribute $450,000 to a private commitment of $1,900,000 for the construction of a 50,000 s.f. shopping center in Newark's Central Ward.

As a result of this injection, a 35,000 s.f. supermarket will service a neighborhood in dire need of these services. The project will also create 60 new permanent jobs and $36,000 in new taxes annually.

Snyfax (B–79–AA–34–0136): $290,000 from U.D.A.G. will allow an existing firm to expand its operations in a modern 37,500 s.f. light manufacturing plant in Newark's Meadowlands. The project was carried out at a cost in excess of $2,100,000.

As a result, 50 construction jobs were created and an estimated 45 new permanent jobs will also be generated. The development will mean $29,600 in new taxes to the City as well.

Schnoll (B–78–AA–34–1015): Neighboring Synfax, Schnoll benefitted from $296,000 U.D.A.G. used for acquisition of property and a construction loan. Combined with private commitments of $2,000,000, this chicken packaging firm will be able to move into a modern and attractive light manufacturing building to meet its expanding needs.

The building will be approximately 32,000 s.f. and should bring to the City 70 new permanent jobs and $29,600 in new taxes.

Neighborhood improvement program I (B–78–AA–34–0108): This program combined $1,000,000 from U.D.A.G. and $4,000,000 of private investments to assist 521 families with their housing needs.

The rehabilitation of existing housing allowed residents to maintain their present residences, stabilize their neighborhood and reverse the neighborhood's trend of decline. The majority of the benefit from the program benefits low and moderate income families. Also a benefit received were the 257 construction jobs generated.

Neighborhood improvement program II (B–80–AA–34–0133): This phase will further the successful work accomplished in NIP I with the help of $2,235,194 from U.D.A.G. and a private commitment of $10,000,0000. It is estimated that this phase will bring Newark $1,600,000 in annual new taxes.

PRESTON K. MEARS,
Chatham, N.J., February 7, 1981.

Hon. HARRISON WILLIAMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WILLIAMS: According to the newspapers one of Mr. Stockman's targets for elimination is the Urban Development Action Grants program of H.U.D. We feel that this proposed elimination is a terrible mistake and hope you will do all that you can to protect the program.

All of us are against sin and waste but this particular program is highly virtuous and particularly free of waste and extravagance. To the contrary it is one of the most productive and cost effective programs ever devised in the Federal Government.

As you know, under this program a relatively small Federal grant triggers private sector investment many, many times greater. The results are substantial private capital investment, immediate increased construction trades employment, establishment of new or expanded business enterprises, with more permanent local employment—all with the concomitant benefits associated with productive private enterprise. And at the same time recovering blighted urban areas!

We know that most, if not all, of the targets for proposed cuts will have their own strong defenders and that reductions in Federal expenditures having been promised by Mr. Reagan will ensue. We just want you to know that we feel the UDAG program is one of the very best to have ever come out of Washington and should be strengthened—not weakened. We do hope you agree and will work for its continued success.

UDAG is not a give-away—it is a get-going!

Sincerely yours,

MARION AND PRESTON MEARS.

MAYORS AGREE THAT UDAG MUST REMAIN

(By Lee Alexander and Richard Carver)

The Times editorial of Feb. 5, "Are Urban Action Grants Expendable?" makes assumptions that are misguided and dangerous for cities.

First, your distinction between the Urban Development Action Grant program and "direct help for distressed people and distressed cities" is false.

UDAG directly provides jobs for people and tax dollars for cities. It is probably more efficient at doing that than any other single Federal program. Since April 1978, when the program began, $1.9 billion in action grants have directly created $11.6 billion in private investment commitments, have generated or retained 463,218 jobs, including 286,887 new permanent jobs, and have added $324 million a year in new property or other local tax revenues.

Second, substituting community development block grant funds for UDAG funds to trigger private investment is not, under current regulations, as easy as you suggest.

Even if the regulations are changed, the money would be spread so thinly across the country under the block grant formula that it would be difficult to put together in any one city enough funds to attract significant private investment. We would also have to spend almost a fifth of our community development funds, already committed to other efforts, to make up for the loss of the UDAG appropriation. This would inevitably mean sacrifices in housing, neighborhood development and other essential projects that would be as destructive to our cities as UDAG has been beneficial.

Third, your suggestion that action grants be "exchanged" for enterprise zones is ill-considered.

Action grants could play a critical role in making the enterprise zone concept work, because they provide actual capital, not just incentives, to stimulate investment in cities. The two ideas belong together. In addition, it will be some time before a workable enterprise zone plan is presented to Congress by the Administration, and even more before one is passed. To kill UDAG in the meantime would cripple public-private investment partnerships in cities around the country and turn back the momentum of economic development which is our only real hope for the future.

Fourth, your inference that in cutting the budget we must choose among action grants, general revenue sharing and food stamps is disturbing.

There are differences between Democratic and Republican mayors on some urban aid programs. But action grants, revenue sharing and a tightly administered food stamp program are among those on which there is a bipartisan, cross-country consensus. None of them should be candidates for elimination. We must bear the cost of fighting inflation, but we need not dismantle the productive resources of our cities nor strike blows at the truly needy among us. UDAG is important because it provides incentives for inner-city private commercial development—a major goal of the Reagan Administration.

[From the Baltimore (Md.) News American, Feb. 5, 1981]

URBAN ACTION GRANTS: THE CRUELEST CUT OF ALL

One of the Reagan administration's early surprises is budget director David Stockman's plan to eliminate an urban development program that has pumped $1.9 billion into distressed cities across the country and has helped Baltimore become the renascent city it is today. It is no surprise that Mr. Stockman is looking to achieve the tax cuts Ronald Reagan promised during his campaign, but it is a surprise that the four-year-old Urban Development Action Grant (UDAG) program could be getting the ax.

UDAG, one of the most successful urban programs of the Carter presidency, has generated $7 in private investment for every $1 that the federal government has awarded. UDAG funds, by the way, usually are paid back to the government, with interest.

Baltimore is a good case of UDAG's success. An investment of $47.4 million here has stimulated nearly half a billion dollars from private sources, and that does not count the ripple effect UDAG money creates. For example, construction of the Hyatt Regency Hotel in the Inner Harbor was financed in part by $10 million in UDAG money. That hotel alone is a substantial boon to the city, but the other development it has spawned isn't even addressed by federal statisticians. "Who knows how much construction of the Hyatt had to do with Rouse's decision to build Harborplace?" says David Cordish, the Baltimorean who has run UDAG for several years.

The program's record has prompted some officials in Washington to wonder aloud why this of all programs has been earmarked for extinction. "What's shocking is that UDAG is very conservative," Mr. Cordish says. "It's such a Republican-type program. It requires a lot of private investment.

UDAG is certainly in line with the kind of stimulation President Reagan has endorsed for ailing urban areas; indeed, it squares nicely with his notion of establishing urban "enterprise zones" where the federal government would encourage private investment. The bipartisan support UDAG has received in Congress has been little less than phenomenal—as it should be, considering the $12 billion in private investment it has garnered nationwide, and during a recessionary period, too.

So why is it being cut? The administration's answer is misleading. Mr. Stockman argues that benefits under UDAG would not be lost in any case, because its funds would be distributed through Community Development Block Grants (CDBG). Word in Washington, however, is that Mr. Stockman favors cutting that program as well—and by as much as 10 to 25 percent. And as good as the CDBG program is, even with its current budget it would only have provided Baltimore with an extra $3 to $4 million—instead of the $17.4 million it got—had the UDAG program been merged with it from the start.

Yet there is reason for optimism. Because UDAG funds were authorized by Congress for the current fiscal year as well as the next, the Reagan administration must go back to Capitol Hill if it hopes to eliminate the program. Unless everyone on the Hill is crazy with budget-cutting fever—and we do mean crazy—our guess is that UDAG will survive.●

JAMES DOWNEY'S ARTICLES IN THE IRISH TIMES ON NORTHERN IRELAND

● Mr. KENNEDY. Mr. President, in a series of four articles last month in the Irish Times of Dublin, Mr. James Downey, deputy editor of the newspaper, analyzed some of the most important aspects of the conflict in Northern Ireland and the implications of the recent meeting in Dublin between Prime Minister Haughey of Ireland and Prime Minister Thatcher of Great Britain.

In these articles, entitled "A View From the Summit," Mr. Downey discusses the meeting between the Prime Minister and subsequent developments, including the Irish Government's role, British attitudes toward Ireland, the question of Irish neutrality, and the role of the Protestant community in Northern Ireland.

Mr. President, I believe that all of us who are concerned about the cause of peace and an end to the violence in Northern Ireland will find these articles of interest, and I ask that they be printed in the RECORD.

The articles follow:

[From the Irish Times, Feb. 23, 1981]

THE ANGLO-IRISH DIMENSION

(By James Downey)

For the British Government in the latter part of 1980, Mr. Charles Haughey was the right man in the right place at the right time.

The British, in their attitudes towards Ireland, tend to oscillate between cynicism and self-delusion. One of their milder and briefer phases of self-delusion was ending; they were ready to take a new course which, if not exactly cynical, would be based on a cool and hard-headed appraisal of their own interests and of what was possible of achievement. And Mr. Haughey, as they knew, was more than prepared for them.

Again and again during the '70's, the British had attempted, with varying degrees of effort, sincerity and imagination, to bring about an "internal settlement" in Northern Ireland. The major initiatives—there were minor ones as well—were the suppression of the Stormont Parliament by Mr. Edward Heath; the Sunningdale conference and its creation, the power-sharing Executive; and Mr. Merlyn Rees's Constitutional Convention. In 1980 the Humphrey Atkins initiative made a fourth.

UNIONIST REFUSAL

Like all the others, the Atkins proposals perished on the rock of Unionist refusal to allow Catholics a share in government. But unlike several of the others—notably the collapse of the Executive and the failure of the Constitutional Convention—they were not followed by a period of dismay and inaction. This time there was something to put in their place.

For several years the British had been urged (by people ranging from Mr. John Hume to Sir John Peck, the former Ambassador in Dublin, to important figures in the establishment in London) to change and widen the context in which a Northern Ireland settlement was being considered: to move it out of the artificial and stultifying Procrustean bed of the six counties.

OTHER WAYS

The commonest proposal for a changing of the context was that they should withdraw the guarantee to the Unionists that Northern Ireland could not cease to be a part of the United Kingdom without the consent of a majority within Northern Ireland. But there were other ways in which the problem could be approached. One was to take the interests, sometimes common, sometimes divergent, of the two islands—or, as the British preferred, of the Governments of the United Kingdom and the Irish Republic. Another was to consider the implications (again involving interests which were sometimes common and sometimes divergent) of our common membership since 1973 of the European Community.

Merely to restate the question in such terms carried large implications. What stood in the way of better and more profitable relations between the Governments and peoples of the two islands? The answer, for the Unionists, had to be stark.

If there was no majority leader in the North with whom the British could do business, what of Dublin? Mr. Haughey's accession to power at the end of 1979 had caused misgivings in London, where a more "republican" line was feared. These misgivings revived a few months later during the "Donlon affair," when Mr. Haughey unsuccessfully tried to move the Ambassador in Washington to the United Nations. It was not so much that the British saw the move as an attempt to change policy as that they viewed it as a clumsy piece of mishandling. But by then Anglo-Irish relations had already gained a new footing, firm enough for the Donlon affair to cause little more than a hiccup.

CLEAR IDEA

Much, though by no means all, of the credit for that situation belongs to Mr. Haughey. If you are lucky in your timing, and have a reasonably clear idea of where you are going and how you mean to set about it, a great deal can be achieved in politics. The new Taoiseach had both the luck and the clear idea.

The timing could hardly have been better. Mr. Haughey had made clear his view that Northern Ireland was finished as an entity, but he had done nothing to impede the Atkins initiative. By the time the British had taken the Rev. Ian Paisley "up the mountain" and found he was not prepared to pay the price they asked for the "kingdoms and cities" they showed him, Mr. Haughey had his proposals ready for a change in the context.

He had also prepared his ground in two important ways. When he came to office, the British had feared a slackening in co-operation between their security forces and ours. The fear was groundless. For the most obvious reasons, no Taoiseach can afford to diminish Border security co-operation. Besides, under both the Cosgrave and Lynch Governments, liaison—for example, at the personal and technological levels—had been so developed and made so intimate that by December 1979 the process would have been all but impossible to reverse. Nevertheless, the British were both delighted and surprised when they found that co-operation was being not only maintained but improved; and in the event, liaison and good relations have not been damaged even in the face of the worst border murder campaign that has been seen during the present troubles.

NOT SOULMATES

Secondly, the Taoiseach took pains to study the character and convictions of the British Prime Minister so as to set about establishing a good personal and political relationship with her. In this he succeeded, though the relationship is by no means as warm and close as is sometimes thought. Mr. Haughey and Mrs. Thatcher are not soulmates, nor do they share a common philosophy on Ireland or very much else. They are tough politicians who believe they can work together for their joint benefit. They are not free of suspicion of each other, and their good relations do not preclude the possibility of serious misunderstandings. But they are good enough to have survived a great deal of threat and strain in the last few weeks.

Thus armed, Mr. Haughey was able to approach the Dublin Castle meeting on December 8th with confidence. He left the Castle, it is not too much to say, in triumph. It has been said that had it not been for the exaggerated reaction of Mr. Paisley—and to a lesser extent of other Unionist personalities—the meeting and its outcome would have been seen as matters of much less importance than the Taoiseach would have wished. The terms of the communiqué do not bear out that view.

Certainly some parts of the communiqué are obscure, perhaps even worrying. The much-debated—and much misunderstood—phrase, "institutional structures", is a good example. It is known that Irish and British officials studied in advance the terms of the institutional arrangements that exist for close Franco-German cooperation and consultation. But France and West Germany are, roughly speaking, equals; Ireland and Britain are very far from equal. It is easy enough to imagine Anglo-Irish institutional arrangements which would be dominated by Britain.

But the key phrase was "totality of relationships within the two islands". It is not a phrase which admits much room for argument, much nicety of interpretation. The word "totality"—inserted, it is said, by the British and not the Irish side—was in itself a major success for Mr. Haughey.

Taking the terms of the communiqué along with the weight of the British delegation in Dublin, and the British abandonment of any further attempts at an "internal settlement" in the North, it would be perverse to interpret the Dublin Castle meeting as anything but a significant new departure. The context had been changed, and with a vengeance.

WHAT HOPES?

When Mr. Haughey met Mrs. Thatcher in Dublin Castle—and when their respective officials met both previously and subsequently—what did each side hope to gain from the talks? And how clear was each side about the objectives?

At one level, things were fairly straightforward. The desirability of better, friendlier, more relaxed and normal relations between the Irish and British Governments and peoples is self-evident. Improving trade and economic cooperation between Ireland and Britain and between North and South is equally so. (If Northern Ireland, regardless of its constitutional status, were a peaceful area, attracting investment and generating wealth, Britain would save money and the Republic would make profits.) That British citizens living in the Republic may not vote in general elections, unlike their Irish counterparts in Britain, is unjust and absurd—though some of the problems stem from the difficulty of finding out who is or is not a British citizen.

JOINT POLICIES

As to security cooperation, the general satisfaction being proclaimed with the present position cannot hide the fact that massive long-term problems remain, which must sooner or later be discussed between the two Governments.

At another level, it makes excellent sense for the two Governments to work together on the difficulties and opportunities presented by our common EEC membership: to devise joint policies where the two countries' interests are seen as convergent, to ease the difficulties where they manifestly are not, as is notoriously the case with the Common Agriculture Policy.

But what are the ultimate objectives of the process that includes the Prime Ministerial meetings, and the joint studies by officials from the two sides? And to what extent is there agreement on what these should be?

The answer is easy where Mr. Haughey is concerned—and where the officials of the Taoiseach's Department and the Department of Foreign Affairs are concerned. The objective is a united, or more precisely a federal, Ireland. Of this, more hereafter; meanwhile, the Taoiseach is gratified at what he sees as his success in raising discussion to the "higher plane" about which the greater part of the Dublin political and official world—including highly-placed sympathisers of his own—were extremely skeptical only a few months ago.

[From the Irish Times, Feb. 24, 1981]

BRITAIN WANTS OUT—BUT NOT SO FAST

(By James Downey)

On the British side, matters are a little more complete than in Dublin, for reasons that have much to do with the personality of Mrs. Thatcher herself.

By now there can hardly be much doubt in the minds of objective onlookers that the majority view (or the majority amorphous feeling) of the public, and far more important, of the establishment, is in favour of disengagement and eventually of some form of united Ireland. This has been stated time and again by Dr. Garret FitzGerald who, both as Foreign Minister and as leader of Fine Gael, has probably been given more and stronger indications of the feeling than any other Irish politician. The view—coupled nowadays with expressions of the regard in which Mr. Haughey is held—is constantly made obvious to anyone who has dealings with British politicians and officials. It emerges from a perusal of such organs of the establishment as the Economist and the Financial Times. It has probably been strengthened by the recent showings of Irish history programmes on television.

There are important exceptions. Although the last two Labour Prime Ministers were in favour of Irish unity—Mr. James Callaghan much more equivocally than Sir Harold Wilson—some Irish officials are deeply suspicious of the Labour Party.

Support for the Irish cause has been stronger on the right and left wings of the Labour Party than in the centre. The left, under Mr. Tony Benn, have come out in favour of troop withdrawal—but Mr. Benn is not well liked or understood in Ireland. The right, or social democrats—sometimes denounced by Mr. Merlyn Rees as "Gladstonian" or "Asquithian" Liberals—favour unity but not dramatic unilateral action. If they split from the party and succeed in making an alliance with the Liberal Party, they will be much cultivated by the Irish.

THE CENTRE

The centre arouse deep suspicions in the Republic. Their alliance with the Unionists in the last parliament—promoted by the then Prime Minister, Mr. Callaghan, and the present party leader, Mr. Michael Foot—still rankles. Both Mr. Rees and Mr. Roy Mason, during their terms as Northern Ireland Secretary, were considered much too pro-Unionist; and Mr. Rees caused offence by making it clear to Irish politicians that he did not believe them to be serious about unity (though his view is shared by a good many people in Ireland). Some of their colleagues are felt not to be entirely free from a tinge of old-fashioned anti-Catholicism.

On the Conservative side, support for Irish unity has been gaining ground ever since the Heath Government in the early '70s reversed its original policies and accepted Dublin as a partner in the search for a Northern Ireland settlement. The historical links between the Conservatives and the Unionists have been enormously weakened, though not yet entirely broken. Powerful members of the present Cabinet have let it be known that they view a united Ireland as the desirable, if not the only, ultimate solution.

But there is still a Unionist wing in the Tory Party. It may not consist of the most prominent or articulate people, and the quixotic Unionism of the Catholic MP Mr. John Biggs-Davison is the exception, not the rule; but there is a gut-feeling which may have to be reckoned with.

STRAIGHT LINES

None of this is a problem at all comparable to that of Mrs. Thatcher's own personal attachment to the Union. It is real, and her assurances to Mr. Paisley and others on the constitutional status of Northern Ireland are perfectly genuine. In Merrion Street a feeling exists that her intelligence is not matched by her imagination; that she thinks too much in straight lines.

Partly because of Mrs. Thatcher's Unionism, partly because a demand for the abrogation of the constitutional guarantee is not at present seen as practical politics, it is accepted in Dublin that the footwork must be exceptionally neat. Accordingly, the view is presented that the "higher plane"—the removal of the problem from the six-county to the Anglo-Irish context, represents not an abrogation but (as one highly-placed source puts it) "a supersession" of the guarantee.

In official quarters in London, one easily finds people who share that view. Where they disagree with Dublin, it is likelier to be on the timescale than the substance. In Merrion Street the word is "full steam ahead," but in Whitehall people talk of the work of a generation. One comment, characteristic enough, was: "If the Provisional IRA just went away quietly—but unfortunately they won't—and if everybody in Dublin sang dumb, you could have a united Ireland by the end of the century."

DONE ENOUGH

And another: "Haughey doesn't have to achieve unity or anything close to it, does he? He's started this thing going, it's under way now. To be the man who started the final push, that's enough to give him his place in history."

That, of course, is not how Mr. Haughey sees things. He is a man with great faith in himself (and very little in other Irish politicians). He wants the talks to achieve a lot, and quite soon. He also wants to be re-elected, and he hopes they will help him to win a general election. He will not want to play as long a game as the British would like.

But in any case the reaction of the Rev. Ian Paisley could have the effect of taking the timescale out of both his and Mrs. Thatcher's hands, and drastically shortening it.

BRITISH BETRAYAL

The theme of British betrayal is no new tune for Loyalist politicians. It has been heard a good many times in history, and in recent times it has often been played by Mr. Paisley himself. Self-reliance, the God of our Fathers, keeping our powder dry, acceptance of the verdict of the British people if they wish to expel Northern Ireland from the United Kingdom; we have heard it all before.

But the Dublin Castle talks gave it a new plausibility, greatly reinforced by Mrs. Thatcher's refusal to make a statement in the House of Commons. That refusal was eagerly seized on by Mr. Paisley, with a batch of headline-grabbing consequences: the new Covenant, the marches and rallies, the drilling on the Antrim hillside, the suspension from Parliament.

The reasons for his tactics and timing are obvious, not to say blatant. Mr. Paisley wants to become the undisputed Unionist and Protestant leader. He is already half way there. A success in the local elections in May will bring him even closer to the goal. The Unionists are disunited and badly led. They

are split between devolutionists and integrationists, and with devolution effectively off the agenda they look likely to be pushed more and more into the integration corner. That would leave them in a hopeless position, even if Mr. Paisley were not around to keep things on the boil.

And keeping things on the boil is just what he is best at. He has every interest in raising the political heat, in maintaining and deepening the Unionist divisions. Without him the local elections would be, like all Northern elections, a referendum on the union, he plans to make them, instead, a referendum on who is to lead the Protestants.

OPPORTUNITY

We shall hear more, much more, of Mr. Paisley. But first the question must be asked: "Why did the British present him with such an opportunity, which they must have known he would seize?"

Several reasons have been advanced to explain why Mrs. Thatcher refused a House of Commons statement. One is the passion on the Irish side for confidentiality—understandable in view of the way previous Irish leaders, notably Mr. Jack Lynch, suffered from British "leaks". Another is the distrust in which Mr. Michael Foot is held, for widely differing reasons, on both sides. The Irish dislike him for his dealings with the Unionists in the last Parliament, while Mrs. Thatcher is said to regard him as "a raving Bolshie". It may appear strange if she cannot tell the difference between this venerable parliamentarian and the wilder fringes of the Labour left, but after all she has said as much about Mrs. Shirley Williams, no less.

Are these sufficient explanations for Mrs. Thatcher's coyness? They seem feeble enough. It is not surprising that Mr. Paisley should conclude that people are keeping quiet because they have something to hide.

Of course, in the immortal words of Ms. Mandy Rice-Davies, "he would, wouldn't he?" But is he right?

SECRECY

One does not have to accept the terms in which Mr. Paisley poses the argument: to suspect betrayals, sellouts, dishonourable secret dealings. There are, however, matters of direct import, as well as long-term implication, involved in the talks which both Governments would naturally wish to keep confidential.

For one thing, the phrase "totality of relationships" surely has to mean that the constitutional future of Northern Ireland can at some stage be open for discussion. However genuine Mrs. Thatcher may be in her assurances on the guarantee to the Unionists, one can readily understand why she would not wish to be drawn too far on this point.

More specifically, there are two areas which have been the subject of constant speculation both before and since the Dublin Castle meeting, and which, if they contain any substance, would claim the highest possible priority for secrecy.

The first concerns the shape of future relationships between Ireland—the whole or the parts—and the United Kingdom. The joint study groups are considering Anglo-Irish "institutional structures". What does that mean?

JOINT BODIES

What it does not mean, Dublin insists with greatest firmness, is the reintegration of the United Kingdom, or Ireland's rejoining the Commonwealth, or a Confederation of the British Isles with (as has been proposed under one scheme) the capital on the Isle of Man. What it could mean, and is certainly up for discussion, is the creation of joint governmental and/or official bodies to oversee important areas of common interest, of which the most crucial and sensitive is security. If agreement were reached on this point, some people would see the creation of an Anglo-Irish Council, to oversee not just that but all matters of common concern, as a logical step.

The second question is that of the possibility of a defence pact between Ireland and Britain. This is inseparable from the general question of Irish neutrality, and the argument about defence pacts in recent weeks has reopened the general debate on neutrality. It is a topic full of confusion and misapprehensions.

[NOTE: Following the meeting between the Taoiseach and the British Prime Minister Mrs. Margaret Thatcher in Dublin on December 8th 1980, a communique was released. That part of the communique's text dealing with Anglo-Irish relations is restated below.

"4. The Taoiseach and the Prime Minister agreed that the economic, social and political interests of the people of the United Kingdom of Great Britain and Northern Ireland and the Republic are inextricably linked, but that the full development of these links has been put under strain by division and dissent in Northern Ireland. In that context, they accepted the need to bring forward policies and proposals to achieve peace, reconciliation and stability; and to improve relations between the people of the two countries.

5. They considered that the best prospects of attaining these objectives was the further development of the unique relationship between the two countries.

6. They accordingly decided to devote their next meeting in London during the coming year to special consideration of the totality of relationships within these islands. For this purpose they have commissioned joint studies covering a range of issues including possible new institutional structures, citizenship rights, security matters, economic cooperation and measures to encourage mutual understanding.

7. The Taoiseach and Prime Minister recalled the statements issued on behalf of their Governments on December 4th about the situation in the H-Blocks, and reiterated the hope that the statement made by the Secretary of State for Northern Ireland on December 4th would provide the basis on which the issues could be resolved.

8. The discussions were regarded by both sides as extremely constructive and significant."]

[From the Irish Times, Feb. 25, 1981]

A BENEVOLENT NEUTRALITY

(By James Downey)

Ireland, to state the case bluntly, is not a neutral country. The Government still pays some lip service to our refusal to join NATO because of Britain's presence in the North, but neither it nor its neutralist opponents see that factor as having much relevance nowadays.

What does have relevance is the ghastliness of nuclear war and its consequences. Is Ireland to allow itself, or any part of it, to be involved directly or indirectly in such a war, or are we to use our influence in Europe in the interest of lowering East-West tension generally, and particularly in the interest of lowering troop and armament levels?

Public opinion, and the political parties, are deeply divided on how we should approach the question. There is a clear majority against the stationing of nuclear weapons—or nuclear installations of any kind—on Irish soil; but there the consensus begins and ends.

On the left, there is a small minority in favour of our abandoning all contact with the Western Alliance, leaving the EEC and joining the Non-aligned Movement. Mr. Sean MacBride—who supported Common Market entry—does not go as far as that. He believes that we should use, not the European Community but the Council of Europe as the vehicle for pushing for a European line in favour of disarmament and independence from the power blocs. In recent years he has unsuccessfully urged the Department of Foreign Affairs to support initiatives pressed by European countries, like Switzerland and Austria, which are not members of any alliance but equally not members of the Non-aligned Movement.

INDEPENDENT ATTITUDE

Fine Gael, by contrast, see the European Community (in which we have a voice on the Commission, in the Council of Ministers and in the European Parliament) as the vehicle for such action. They believe that Ireland can give a lead to the other small members of the EEC which would encourage them to press the French and Germans towards a more independent attitude and oppose the bellicosity and excessively pro-American stance of the British. A smiliar line, roughly speaking, would be favoured by the Labour leadership.

Fianna Fail's view is altogether more hardnosed—and more pessimistic. Mr. Brian Lenihan (vox Lenihan, vox Haughey) has lately restated policy as follows: we would take action if the territory of a fellow-member of the Community were attacked, we would be prepared to join a military alliance in the event of European union. This, said Mr. Lenihan, was a hypothetical case.

That was an understatement. Multilateral defence alliances simply do not arise at present. The attitude of the Fianna Fail Government to Irish political policy in Europe is more to the point. And the present Government see nothing to be gained by the approach of either Mr. MacBride or Dr. Garret FitzGerald. They thing realpolitik will prevail, and that there is little Ireland can do about it.

This summary of party attitudes, however, has not taken into account the important divisions which exist in all the main parties on the subject. The Labour Left, for example, would like Ireland to leave the EEC and join the Non-aligned Movement. In Fianna Fail there is a considerable pro-neutrality faction, whose opposition to defence alliances is based on idealistic grounds; opposition to nuclear weapons, or maintenance of the historical de Valera-Aiken line, or both.

But it is Fine Gael who are the most interesting case. This party probably contains the highest proportion of people who favour the total abandonment of neutrality and joining the Western Alliance (a view also held by some powerful members of the extraparliamentary establishment in Dublin). But it also contains passionate traditional nationalists and neutralists, of whom the most notable is perhaps Mr. Ritchie Ryan.

For some time, Mr. Ryan has been unhappy about what a number of people see as evidence that Ireland has been drawn increasingly into some form of unofficial participation in the Western Alliance. To support them, there have been a great many straws in the wind. Although Ireland is the only EEC country which is not a member of NATO, our representatives take part in EEC political co-operation. The Government supported the ineffective Olympics boycott and sanctions against Iran. Ireland has been consulted about NATO decisions.

Over a period, the neutralists had seen what they believed to be signs that Irish officials now regarded us as members of the Western Alliance in all but name. The issue came into the open when Mr. Ryan was chided by an Irish diplomat for stating what he understood to be the traditional and accepted neutralist view—and reacted angrily.

The incident helped to revive the neutrality debate. It also helped to unite Fine

Gael, publicly at least in a way favourable to the neutralists. Matters were much accelerated when rumours became current of the possibility of an Anglo-Irish defence pact arising out of the Haughey-Thatcher meetings in Dublin Castle and previously in London, or out of the joint studies. By condemning "secret deals", Dr. FitzGerald appears to be taking a more neutralist position than Fianna Fail, the party that invented neutrality.

Defence arrangements, bilateral and multilateral, are still in the melting-pot. But if there is substance in the speculation about a bilateral pact there is certainly a compelling reason for Mr. Haughy and Mrs. Thatcher to keep their discussions confidential for the time being.

MORAL QUESTION

Neutrality is a moral, as well as a practical, question. In the nuclear age and for a country as relatively small and powerless as Ireland it is more a moral than a practical question.

A bilateral pact, on the other hand, has more to do with tactics than principle. And it also belongs more in the context of an ultimate Anglo-Irish settlement than in that of an Irish approach to European and world affairs—though the two cannot be separated.

CONCESSIONS

Although the subject has been little analysed, it has long been taken for granted that as part of the creation of a united or federal Ireland—involving a transfer of sovereignty—far-reaching concessions must be made to the Unionists. There has been even less discussion of what concessions might have to be made to the British, but at the very least they would have to be assured that whatever new constitutional arrangements were made in Ireland could pose no threat to them in the context of defence.

The possible form of the guarantee is obscure. There would be intense opposition in Ireland to the siting of nuclear missiles in the North, even while it remains part of the United Kingdom. There would be grave unease, to put it no more strongly, about the prospect of the stationing of foreign armed forces on Irish soil. But it is fairly safe to say that a substantial majority of the Fianna Fail and Fine Gael parties (though not of the Labour Party) would see no ideological objection to entering into a bilateral defence agreement if Britain demanded it as part of an acceptable settlement.

Is this now, or it is likely to be later, a British demand? And is it an important card in the Irish pack? The British are themselves far from unanimous on Ireland's strategic value. One defence expert in London dismissed the whole question, bilateral and multilateral, as "irrelevent". He took the hypothetical case not of a nuclear war but of a situation of greatly heightened tension in Central Europe brought about by a Russian invasion of Poland—or, very much worse, Yugoslavia. In that case, he said, what would matter would not be the Western Approaches but the position "at the sharp end", in Germany. And in any case, the Irish, whether or not they were members of any alliance, would simply have to do as they were told. (It would have been enjoyable to hear de Valera's response to comments like these.)

A very different view was advanced by Mr. Michael Mates in an interview on RTE: he considered the Anglo-Irish defence question very important indeed. And Mr. Mates, although he is only a back-bencher, is one of the best-informed and most influential Tory MPs where Ireland is concerned—more so, probably, than most Cabinet Ministers. It is likely that his opinion is much closer to Mrs. Thatcher's than that of the defence expert quoted above.

The obvious conclusion is that there is a significant Irish card to play. But in the last few weeks rumours reached Fine Gael—rumours which were current in some knowledgeable quarters outside the Dail—that the card was being played, not at the end of the game but at the beginning: that the question of a bilateral pact had already been raised, and not by the British but by the Irish side.

BELLICOSE STANCE

Since Mrs. Thatcher is famed for her interest in defence—or, to put it more bluntly, for her bellicose pro-American and anti-Russian stance—they concluded that Mr. Haughey must have counted on the defence issue to attract her. If so, they believe that he made a tactical error, in that a defence agreement should come, if at all, at the very end of the long process towards an Anglo-Irish and North-South settlement, and not before.

They may well be right in this belief. They are, however, almost certainly wrong in thinking that they can turn the argument to domestic political advantage. It is hard to assess to what extent "the national question" can sway the next general election, but it is certainly going to be a factor, and a factor highly advantageous to Fianna Fail. It is very much to be doubted whether the onslaught on Fianna Fail on the "secret deal" line can offset that advantage greatly, if at all.

Meanwhile, a question which bears some relation to that of defence and neutrality, but is even more germane to the problem of a stable and satisfactory settlement, is not being debated at all in public—though it is one of the major issues on the agenda of the Anglo-Irish joint studies. This is the issue of internal security.

ACCEPTABLE LEVEL

Before the recent increase in the rate of murders and attempted murders, the British might be said to have achieved what the late Reginald Maulding, in a notorious phrase, called "an acceptable level of violence" (amended by one British official to "an accepted level of violence"). But in spite of some internal Northern security successes, and the improvement in cross-border cooperation which so gratifies the British, only the most complacent or callous could call the situation satisfactory.

It may be tolerable for the British. It is not tolerable for the harassed and intimidated Catholics in the North's ghettoes. It is not tolerable for the Border Protestants who live in daily and nightly fear of their lives. It is not tolerable for the Republic, which spends far too much on security and still sees policemen shot.

All this is bad enough. What of a situation in which the British had withdrawn their troops and handed over responsibility to some other authority?

AMNESTY

Whether that authority resided in Dublin or Belfast, it is beyond question that the existing security forces in the island would not be sufficient. Few doubt that an independent North, or even an attempt at an independent North, would come rapidly to catastrophe. Twenty-Six County Governments have done much, and the Government of a united or federal Ireland could do very much more, to put down IRA violence. In the best case, the Provisional IRA could be faced with a simple choice: to fold their tents and steal quietly away (in which case the British and the Unionists would have to be persuaded to reintroduce the word "amnesty" into their vocabulary) or to be suppressed with considerable ruthlessness. But the biggest problem now, as historically, is not IRA violence. It is the threat, or imminent possibility, of Protestant violence.

SECURITY FORCES

Since 1969—when the RUC were temporarily disarmed, the "B" Specials abolished, and the Ulster Defence Regiment set up—very little serious and effective consideration has been given to the question of the future shape of security forces in the North. The UDR are little more efficient and no more acceptable to the Catholics than the "B" Specials were. The RUC have made progress, but not enough. Some brave souls in the SDLP (the source of most serious political thinking in Northern Ireland) are prepared to murmur another naughty word, "militia"; but experience is discouraging. And in the context of a change of sovereignty, the problem would necessarily be far more acute.

Yet the problem must be faced—or rather, not merely faced but solved. After Unionist intransigence, the difficulty of effective security arrangements is the greatest obstacle in the way of a settlement. One could put it another way: If Unionist obduracy creates the security problem (and if the Unionist position rests ultimately on the threat of Protestant violence) both must be settled together.

An Anglo-Irish council, whether it confined itself to security or took in other topics as well, could usefully tackle this tangled question.

[From the Irish Times, Feb. 26, 1981]

A PROTESTANT PARLIAMENT FOR A CATHOLIC PEOPLE

(By James Downey)

Supposing—and it is a very large supposition—that the two Governments can agree on the constituents of the Anglo-Irish and North-South problem, and from there go on to proposals for political and security arrangements consonant with their individual and common interests, what of the people most closely involved? What of the interests of the "double minority", the Northern Protestants and the Northern Catholics? And is Mr. Paisley's increasing power a help, or a hindrance, to a settlement?

For several years—and not merely since his success in the Euro-election of 1979—many politicians in the North and the Republic have been convinced that Mr. Paisley must emerge as what he himself claims to be, the undisputed leader of the Northern Protestants.

Some may deplore his success, and sigh for a few more John Robbs, another Brian Faulkner, or a lead from the trade union movement. But they know this is wishful thinking.

Others greet the prospect of Mr. Paisley's rise to pre-eminence with equanimity. These include, most significantly, Mr. Haughey and Mr. John Hume.

REACTION

The Anglo-Irish talks have already, as planned, changed the context in which a settlement of the Northern question has to be attempted. Mr. Paisley's violent reaction changes it even more dramatically. If he really is convinced, and can convince his followers, that a British betrayal is in prospect—and if he emerges the winner of the May local elections—the conditions, in this view, will exist for a North-South rapprochement in which the long-condemned constitutional guarantee will be, to all intents and purposes, irrelevant.

But the SDLP, at any rate, know that the situation contains as much danger as opportunity.

Mr. Paisley is a consummately skillful politician. His followers regard him as a model of consistency, although he has in fact shifted his ground several times in his career. (At various times, for example, he has flirted with the ideas of integration with Britain and of "voluntary", power-sharing.)

The logic of his present position—claiming that the Prostestants are being pushed out of the United Kingdom, but will have nothing to do with the Republic—is that he must go for independence for Northern Ireland. But he is by no means fully committed to independence. He has tried to leave himself room for manoeuvre—a sidestep back towards Britain, or perhaps a sidestep towards the Republic?

PRIVATE ARMIES

He is not a man to hide his light under a bushel. He loses no opportunity to emphasise the "muscle" at his command: his power, for instance, to subvert the security forces. And part of his tactics lately has been to frighten his adversaries by threatening violence, and demonstrating that he has Protestant private armies at his disposal.

That power should not be underestimated. His 500 hillside men, brandishing their firearms certificates, may have seemed more comic than menacing. They are not the ones who matter.

There is already a pro-independence political party in Northern Ireland, and a pro-independence armed force; and they are one and the same. No matter that the people who do the talking call themselves the New Ulster Political Research Group, and the people who do the killing call themselves the Ulster Freedom Fighters. They are both "wholly owned subsidiaries" of the Ulster Defence Association.

The position of the UDA is full of paradoxes. Its leaders (though not the rank-and-file or sympathisers) tend to dislike and distrust Mr. Paisley. In their independent Ulster, they offer elaborate guarantees—but not power sharing—to the Catholics. More, they envisage a coming together of their State and the Republic in some sort of confederation "in a generation or two" (a timescale that finds a curious echo in some SDLP quarters).

They say they have nothing against Catholics in general, and they manifestly enjoy talking to Southerners. Unlike Mr. Paisley, they favour closer North-South co-operation, and they see nothing sinister in the Anglo-Irish talks.

Yet they also say privately that if "Big Ian" achieves the position he seeks as the unchallenged Protestant leader, they can envisage themselves being obliged to provide the physical force to establish him as Prime Minister of "their" independent Ulster. In other words, they can envisage outright civil war, with themselves as the Protestant storm-troopers.

Can Mr. Paisley, the UDA, and others, be prevented from setting out on this road to nowhere? Mr. Haughey and the SDLP are optimistic; they believe that, instead, Mr. Paisley can be involved at an appropriate time in the process of peaceful settlement. But here all parties, and especially Mr. Haughey, face an acute problem of timing.

The Taoiseach may wish—does wish—to proceed very much faster than the British, with their "work of a generation" view. But with Mr. Paisley setting the pace, events could soon move much too fast for comfort.

Eventually an Irish Government must get down to negotiations with, and offers to, the Unionists. Mr. Haughey, of course, would like that government to be led by himself. But he might have liked the joint studies to be considerably advanced before making a firm approach. He must also take into account the dates of his own general election, and of his next meeting with Mrs. Thatcher (probably in mid-summer).

Now, however, he must consider making a direct approach to Mr. Paisley if the latter enjoys his expected success in the May elections. He could do this privately—though it is a delicate business, in which he would be hampered by a severe shortage of lines of communication—or he could consider making a public offer to the Unionist population and their leaders which, in addition to an invitation to talks, might include making clear, in more specific terms than hitherto, what is "on the table" for them in a federal Ireland.

COWARDLY

For a federal Ireland is definitely what is in question. Many in the Republic—and not a few in the North, including some Protestants—regret that. To them the federal option is too much like a cowardly "cop-out", too much like a proposal for two sectarian States, too open to "Irish solutions to Irish problems."

Federalism would, they believe, very largely be a negation of real Republicanism, which aims at the creation of an open, pluralist, united Ireland in which the best of the differing traditions on the island would mingle; in which diversity would be a source of strength.

But it is accepted, albeit often reluctantly, by most Dublin politicians who have studied the question, that in practical terms Dublin's offer to the Unionists would have to include their own local assembly and administration, disposing of very substantial powers.

Assuming that such an offer were made and accepted, where would that leave the Northern Catholics? An Anglo-Irish Council, as well as overseeing satisfactory security arrangements, could also act as guarantor of civil liberties for both Protestants and Catholics. But how could the SDLP—who have hitherto insisted on full power-sharing for Catholics at the top level—accept what looks so much like a return to Protestant domination in the six-county area?

Some prominent SDLP members have considered the question, have come up with an answer that could be regarded as extremely bleak, or amazingly generous, or both.

They say that in return for a tranfer of sovereignty, they would consider a federal system in which the North remained under Protestant domination "for a generation or more."

Their argument runs something like this: With the British presence removed, the IRA would be deprived of their raison d'etre, and the Protestants would gradually lose their fears of their Catholic neighbours and of the South. Besides, the Protestants, in addition to enjoying their own local assembly and administration, would participate in all-Ireland institutions, and over a period their notorious "siege mentality", having nothing to feed on, would disappear.

The way would then be open for a much closer coming-together of the two parts of the island, based on openness and equality and free of suspicion and misunderstanding. Eventually a truly united and pluralist Ireland would replace the federal system.

That scenario sounds not merely generous, but over-optimistic and even quixotic. The average Northern Catholic might feel that he has little enough to gain by it. And how would the average Northern Protestant take to it? Would bigotry based on fear really wither away, even in two generations?

As to the Protestants, how long would they take to learn generosity, even in circumstances that permitted them to be generous? As to the Catholics, is it enough to say that they would have gained what a majority of the Irish people wish: first unity of a sort, later a genuine unity?

Perhaps not. But magnanimity on the part of the Catholics—who have come through the fire, and who are in some ways closer to their Protestant neighbours than they are to the rest of us—could set an example that might catch on. They might act as a bridge between the former Unionists and the rest of the island.

It has often been held that the ex-Unionists would run the united Ireland of the future. That idea was disputed several years ago by Mr. Austin Currie of the SDLP. It was the Northern Catholics, he said, who would do the running. He just might be right.●

THE ANNIVERSARY OF ARCHBISHOP ROMERO'S DEATH

● Mr. KENNEDY. Mr. President, it is a moment of great sadness in which we remember the assassination a year ago today of Archbishop Oscar A. Romero of San Salvador. As we review the ensuing year since Archbishop Romero was brutally murdered while offering Mass in a hospital chapel, we have witnessed even more senseless killing in El Salvador, and even more calculated terror and brutality against those dedicated to principles of justice and equality.

Only a few months ago, American religious missionaries and labor leaders were murdered in El Salvador. These tragedies have been compounded by the absence of a thorough and complete investigation of their deaths and definitive steps to bring those responsible to justice.

Thousands of other killings have taken place in El Salvador, killings of men and women guilty of nothing more than legitimate aspirations for life, liberty, and the pursuit of happiness denied them by an oligarchy and its henchmen seeking to maintain an unjust social order.

Churches in El Salvador have paid with the blood of priests and ministers, sisters and lay workers for standing up for the people and for their basic human rights.

What was apparent a year ago is even clearer today: That American policy toward El Salvador is tragically mistaken in its provision of unconditioned military assistance to that country. Outside military intervention from any quarter is not going to redress the fundamental problems of El Salvador. As Archbishop Romero prophetically foresaw, outside arms supplies only make the situation worse. When Archbishop Romero wrote President Carter on February 17, 1980, to protest the possibility of military assistance to the junta, he also was protesting the possibility of U.S. advisers training the Salvadoran army. Thirteen months later, we are confronted with the provisions of grenades, ammunition, rifles, mortars, machine guns, and helicopters, as well as advisers, to that same army.

Archbishop Romero knew that he might be killed for his courageous stand in defense of his people. The threats against him had come all too frequently. Yet he believed that no other course was available to him as a bishop of the church and as a citizen of El Salvador. Before he was murdered, Archibishop Romero said:

As a Salvadoran, I am obliged by divine law to give my life for those I love, for the entire Salvadoran people, including those Salvadorans who threaten to assassinate me. If they should go so far as to carry out their threats, I want you to know that I now offer my blood to God for justice and the resurrection of El Salvador.

As we commemorate Archbishop Romero's life and his witness for his people, all Americans should ponder deeply the present course of the American policy toward El Salvador. Let us heed his authentic voice crying out for an end to the killing. Let us join in working for peace and reconciliation in a country too long torn by violence and destruction.●

THE RECEIPT OF THE THIRD ANNUAL REPORT ON THE FAIR DEBT COLLECTION PRACTICES ACT, MARCH 24, 1981

Mr. THURMOND. Mr. President, as the President pro tempore of the Senate, I have received the third annual report on section 815 of the Fair Debt Collection Practices Act of 1977. This report, which has been submitted by the Federal Trade Commission, is available in my office for review by my colleagues.

U.N. UNIT ERRED IN REPORT ON PALESTINIAN BODIES

● Mr. HEINZ. Mr. President, I wish to bring to my colleagues' attention a recent Associated Press report stating that the United Nations unit apparently erred in reporting that Israeli forces had blown up the bodies of five dead Palestinian guerrillas. I am pleased that this matter has been clarified, for despite the many problems that exist in the Middle East, this kind of activity certainly does not accurately characterize the Israelis in any way.

So I was particularly pleased when this article appeared, and want to express my appreciation to Mr. Arthur Baer of Coatesville, Pa., who has brought this article to my attention. Mr. President, I ask that the article appear at this point in the RECORD.

The article follows:

WALDHEIM SAYS U.N. UNIT ERRED IN REPORT ON PALESTINIAN BODIES

UNITED NATIONS.—U.N. Secretary-General Kurt Waldheim admitted yesterday that Dutch U.N. peacekeeping troops had erred in reporting that Israeli forces had blown up the bodies of five Palestinian guerrillas killed in southern Lebanon on Christmas Day.

Waldheim said in a statement issued here that a three-man military board of inquiry he appointed last month had "not found evidence to support the account" given to the press by the U.N. Interim Force in Lebanon (UNIFIL).

The secretary-general, who arrived in New Delhi, India, yesterday to attend a conference of the nonaligned movement, said the board had unanimously agreed that "UNIFIL soldiers had no intention of deliberately making incorrect statements."

Waldheim added a note of censure, saying he "deeply regrets that UNIFIL issued a press bulletin (on Dec. 31) containing an incorrect statement of the facts and wishes the record to be corrected, in keeping with the standards of integrity and objectivity that must characterize the peacekeeping efforts of the United Nations."

The Israeli mission to the United Nations issued a statement saying it was pleased to note that, in the U.N. report of inquiry, "Israeli's position has been fully vindicated."

The UNIFIL report of the incident was issued after an Israeli raid into southern Lebanon, and the allegations were denied by the Israeli army.

Israel's U.N. Ambassador Yehuda Z. Blum previously had sent Waldheim what was described as a "sharp" written protest of the "false information given by UNIFIL." To the Israelis, the Dutch report appeared as further evidence of what they consider a pro-Palestinian bias by the United Nations and its peacekeeping forces.

In extenuation of the original UNIFIL report, Waldheim said the board of inquiry believed that "distance, angle of observation, smoke resulting from the explosions when the (Israel) soldiers blew up the ammunition and equipment of the Palestinian armed elements, and the prevailing tension all contributed to the Dutch soldiers of UNIFIL reporting what they thought they had seen, rather than what actually occurred."

The secretary-general faulted the Dutch battalion and UNIFIL headquarters at Naqoura, in Southern Lebanon, for accepting the report of the alleged incident "without taking adequate measures to verify the details." ●

ALTERNATE TAX PROPOSALS

● Mr. PELL. Mr. President, the distinguished senior Senator from Ohio, Senator GLENN, in an article published in today's New York Times, has presented a thoughtful and persuasive critique of the tax reduction proposals submitted to the Congress by President Reagan. In the article, Senator GLENN offers constructive proposals for alternate tax cuts designed to increase investment, production, and productivity.

Mr. President, I commend Senator GLENN's article to my colleagues and ask that it be printed in the RECORD.

The article follows:

ALTERNATE TAX PROPOSALS

(By JOHN GLENN)

WASHINGTON.—Although I share President Reagan's determination to resuscitate our economy, I am increasingly doubtful that his tax proposals will do the job.

America faces an acute shortage of investment capital—a shortage that may well be the greatest single inhibitor of industrial productivity, modernization, and new-job creation. Generating an average industrial job now requires a $55,000 to $60,000 investment. In high-technology industries, even greater investment soon will be required simply to maintain existing employment levels, let alone increase the number of new jobs available. In more-mature industries, a large-scale capital infusion is mandatory. To modernize and regain its competitiveness in world markets, the steel industry needs $30 billion in investments over the next five years; the auto industry requires an eye-popping $80 billion. Small business, which provides 55 percent of all private-sector employment, is faced with imminent capital starvation.

If our problems are largely on the supply side, it is puzzling why the Administration has proposed an economic program in which the Federal budget deficit will remain in excess of $50 billion in fiscal 1981 (thus continuing to crowd an already tight money market) and in which only 20 percent of the total tax cut is earmarked for direct supply-side support. The White House argues that since its cuts, unlike previous Administrations', are skewed in favor of taxpayers in middle- and upper-income brackets, more money will go into investment than consumption. Indeed, Administration spokesmen have said that they assume that 50 to 70 percent of the individual tax cuts will wind up being invested.

That is a mighty big assumption, particularly since only 20 to 30 percent of all previous personal tax cuts were transformed into investment dollars. Moreover, except for the wealthy, increased Social Security taxes will all but neutralize the benefit of decreased marginal tax rates: After the new withholdings are factored into the equation, a family of four earning $25,000 comes out ahead by $23. The same family earning $50,000 will save $91. How many industrial bonds or stock certificates will $91 buy?

What happens if we fall short of the Administration's 50 to 70 percent investment target? What if, as many economists predict, a 10 percent tax cut for individuals results in a $60 billion increase in aggregate demand—a sum larger than the proposed budget cuts and business tax reductions combined? Quite simply, our economy could easily be in far worse shape than it is today. In the President's words, "too many dollars chasing too few goods" would ignite an explosive new round of inflation. Insufficient capital investment would leave our industries uncompetitive, create fewer new jobs, and provide lower tax revenues with which to balance the Federal budget.

Why must we gamble that personal cuts will eventually spill over into investment? Why not provide a more modest tax cut for individuals, and target what is truly required directly to the supply side? Assuming that we can formulate adequate safeguards to ensure that businesses use the extra capital for productive, job-promoting investment (rather than for, say, the acquisition of other companies), we might consider the following:

Amending the proposed 10-year, 5-year, 3-year depreciation schedule to 10–5–3–1, adding a one-year write-off for expenses incurred for pollution control.

Providing greater tax incentives for industrial research and development, perhaps even a bottom-line tax credit for certain kinds of research.

Structuring even-faster depreciation schedules for high-technology industries that must be given the opportunity to write off their equipment in less than five years.

Offering investment tax credits, or even refundable tax credits, for industries willing to invest on-site in economically distressed areas. Such inducements might prevent further deterioration and community dislocation in major urban areas.

Giving more immediate effect to the proposed cuts in capital-gains taxes. Such cuts would be particularly helpful to small business.

Reducing the rate at which interest income is taxed. To encourage small savers as well as large, we could even exclude from taxation the first several thousand dollars of such income.

These suggestions are not comprehensive but they do provide a foundation for discussion, and clearly address the problems of capital formation and job creation head-on. Obviously, the ogres of inflation and unemployment cannot be slain through tax cuts alone. Budgetary restraint, regulatory reform, reduced dependence on foreign energy sources, and greater cooperation among industry, labor, and government must all be part of our long-term economic program. But for now, whatever happened to supply-side economics? ●

BILINGUAL EDUCATION

Mr. HAYAKAWA. Mr. President, Americans have become emotional, vocal, and politically active about English as the primary language in the schools. President Carter fueled these fires with his proposed ruling last year to force local schools to teach non-English-speaking students in their native language.

I am pleased to report that the Reagan administration rescinded the Carter ruling. As Sheldon Steinbeck, counsel for the American Council for Education says:

The Federal Government can provide guidance and assistance for bilingual education, but not a heavy-handed mandate. Local school boards need flexibility in implementing a national policy.

Well said, Mr. Steinbeck.

We must not forget, however, that the supporters of this ruling have not vanished. We must be aware of their views on this explosive subject.

On my left, we see immigrants, mostly Hispanics, who define bilingual education as a more or less permanent two-track educational system—involving the maintenance of a second culture and an emphasis on ethnic heritage, I must add that we are dealing with many refugee, immigrant and entrant groups. The most vocal and politically active, however, are the Hispanics. They supported the Carter ruling.

On my right, we see local school officials and State administrators, who, for the most part, define bilingual education as the teaching of English to new immigrants. They prefer a loose Federal definition which allows them to formulate their own programs, according to local needs. The Carter ruling ignored their definition, and required special teaching in English along with transitional instruction of other subjects in a student's first language.

The State of Virginia retaliated last December and decided that its schools would not obey the Carter ruling. The State approved Fairfax County schools' English-as-a-second-language program, which used English only, in teaching immigrants.

Surprisingly, the Feds accepted the all-English program. The Department of Education concluded that "achievement test scores of students in the program showed they had made consistent and significant progress through intensive English classes and concluded that the system's teaching methods were an acceptable alternative to Federal rules requiring school districts to provide special classes in foreign languages to students who do not speak English as a primary language."

Virginia scored a substantial victory. First, the Department of Education admitted that its mandates had room for improvement. Second, it raises the possibility of every county in the country, including Los Angeles and San Francisco, going all English in their bilingual programs.

Mr. President, I ask that Charles McCabe's two-part series of articles from the March 9 and 10 San Francisco Chronicle be printed in the RECORD. Mr. McCabe explains in more detail the politics and problems affecting bilingual education in the United States.

REAGAN AND TWO TONGUES

(By Charles McCabe)

I shall use as a touchstone for the early Reagan administration the way it and its leader are handling the problem of bilingual teaching in our educational establishment. Since our educational system is heavily under federal subsidy, the problem is the president's, as is bilingualism's parent problem, the immigration crisis.

The core of the problem is Spanish-speaking children and whether they should be taught in their own language or in English. This is a matter that has become, by indecisiveness on the part of previous administrations, emotion-ridden and politically explosive.

There have been several interesting developments since the last time I wrote on the subject. For one thing, public opinion has become very vocal about English as first language in the schools.

This year, if President Carter had not been defeated, a rule by the new U.S. Department of Education making bilingual education mandatory would have gone into effect. Under it, local public schools would be forced to educate non-English-speaking students in their mother tongue.

That proposed rule had many local school officials up in arms because it would require special teaching in English along with transitional instruction of other subjects in a student's first language. Cost of program: As much as $591 million, with Washington picking up one-third of the nut. It would affect an estimated 3.5 million children.

Early last December the state of Virginia decided it would have none of the U.S. Department of Education program. The Virginia education department decided that Fairfax County schools need not teach foreign-speaking students in their native language. This action was the resolution of a five-year fight between public officials and the county, with the government threatening to withhold up to $18 million in funds.

The feds, unexpectedly, accepted the all-English program. The USDE, in a letter to Fairfax County school authorities, said it was much impressed with the results of the county's $2 million program to teach English to foreign-speaking students.

The letter said, according to UPI, "achievement test scores of students in the program showed they had made 'consistent and significant progress' through intensive English classes, and concluded the system's teaching methods were an acceptable alternative to federal rules requiring school districts to provide special classes in foreign languages to students who do not speak English as a primary language."

The importance of the Virginia initiative can hardly be overestimated. First, it got USDE to agree that its August 1980 guidelines were far from infallible. Second, and perhaps more important, it demonstrated that if one county in Virginia could go all-English, there is no reason why every county in the country, including San Francisco and Los Angeles, could not do the same thing.

Effort and the support of the federal government are all that is required. That, and a brisk handling of the politicians, Chicano and otherwise, who stand to gain most from introducing this immense boondoggle into the public schools.

And finally, President Reagan, who reportedly wants to abolish the USDE, has lent a receptive ear to the Virginia action. The decision to go all-English is much more easily made by a president of the U.S. than by a governor of California, where a Chicano cabal appears intent on setting up a huge Spanish-speaking enclave in this state. They would do this in the name of civil rights, whereas such a program as proposed by USDE would almost certainly, with the help of the politicians, result in illiteracy in two languages.

REAGAN AND TWO TONGUES—PART 2

A true story. This chap is a former Middle School Spanish teacher in San Francisco. He is a native Spanish speaker who was graduated from a South American high school before earning a B.A. at Cal, with a minor in Spanish and a major in Math.

Recently this man took the written test given to applicants in his school district for a job in the local bilingual program. He flunked the test!

I am reliably informed that last year's test contained no questions dealing with Spanish or Central or South American culture, customs or literature. There WERE questions about the current leadership in the Chicano community, their identity and role and achievements, matters that were of no interest to our former Spanish teacher.

Bilingual teaching in California has been politicized to a fare-thee-well. Under rules that now prevail, community activists and their friends are given jobs as teachers and the district is conned by Chicano politicians into arranging temporary credentials from the state.

It is even rumored that there are a number of persons on the bilingual payroll who are neither in the classroom nor actually doing anything connected with the program.

The number of those needing bilingual education is regularly inflated. This results in an English-speaking program, using Spanish as the first language, that mostly produces, in the words of one bitter critic "third class education from third class teachers."

Under our system, it is notorious that Johnny can't read. What about Juanito?

The monstrous educational boondoggle, proposed by President Carter's Dept. of Education, would have forced local public schools to educate non-English-speaking students in their mother tongue, and at a cost of $591 million. Early last month President Reagan's new secretary of education, T. H. Bell, revoked Carter's proposed regulations and reinstated 1975 guidelines that do not have the force of law.

The wretched thing about the new brand of "mother tongue" educational program is that it is wholly legal. The U.S. Supreme Court in 1974 cited the Civil Rights Act of 10 years earlier in ruling that students are discriminated against, because of national origin, if schools fail to provide special help in teaching English. Two years ago the Carter government signed an agreement in a federal court case, agreeing to issue the regulations.

I happen to think the Supreme Court was wrong. So does nearly every school administrator in the country. And it is entirely possible to "provide special help in teaching English" without making the "mother tongue" the first medium of instruction. Go back to the old system of assimilation that made so many immigrants fluent in the language of their adopted country.

There are, it must be admitted, some Spanish-speaking students who need a limited, repeat, limited exposure to an English as a second language program.

Some of that $591 million, with the Feds picking up a third, could be used to strengthen this ESL program when it is indisputably needed. Many of our child immigrants from Mexico are illiterate in Spanish.

Secretary Bell called President Carter's federal rules on bilingual education "harsh, inflexible, burdensome, unworkable and incredibly costly." Further, "the rules are fiercely opposed by many, supported by few."

Says Sheldon Steinback, counsel for the American Council on Education and a member of Reagan's "transition team:" "The federal government can provide guidance and assistance for bilingual education, but not a heavy-handed mandate. Local schools boards need flexibility in implementing a national policy." The "mother tongue" idea needed killing. Good riddance.●

THE POOR: PROFILE OF FAMILIES IN POVERTY

● Mr. MOYNIHAN. Mr. President, if the administration spokesmen are accurately reflecting the administration's social policy decisions, we are being presented with an extraordinary change in the purposes of public assistance.

I refer to the March 19 statement of Mr. Edwin L. Dale, Jr., spokesman for the Office of Management and Budget, as quoted in the New York Times of March 20, 1981, that—

> The policy decision is that welfare is a safety net and not an income-supplement program.

Mr. Dale was commenting on a new report by the Center for the Study of Welfare Policy of the University of Chicago, entitled "The Poor: Profiles of Families in Poverty," which analyzes the impact on low-income families of certain of the administration's proposed budget reductions and program changes. The study examined the aggregate impact of changes in six Federal programs (aid to families with dependent children, medicaid, food stamps, low-income energy assistance, public housing, and comprehensive employment and training) on families in 10 States. Several of its findings merit attention, among them the conclusion that the administration's proposals would narrow—and in some cases eliminate—the income gap between welfare recipients who work and those who do not work, thereby reducing—and in some cases perhaps eliminating—the incentive to work.

The policy is whether a welfare recipient who works should be better off than one who does not. If there is no economic gain from working, there is no economic reason—although there may be other reasons—to do so.

For 14 years, the program we know as aid to families with dependent children has embodied the principle that welfare recipients who are able to work should have an incentive to work. The Social Security Amendments of 1967 established what is known as the "$30 and a third earned income disregard." This means that a welfare recipient who works can "keep" the first $30 of each month's earnings, plus one-third of all additional earnings, plus whatever is required to pay for work-related expenses and children's day care. The welfare check is reduced by the amount of earnings in excess of those disregarded under this formula.

In New York State, for example, an AFDC family of four (mother and three children) with no outside earnings receives $373 a month in cash assistance plus $150 in food stamps. Should the family head take a part-time job paying $396 a month (and assuming monthly work expenses, including day care, of $200 a month), the family's net cash income would be $667, plus $40 in food stamps. Thus the family as a whole would be $191 beter off each month as a consequence of the mother's employment than it would be if she stayed at home.

The result is that a significant number of welfare recipients do work. In 1977, some 21.8 percent of all AFDC families in the Nation had income other than their welfare benefit. That represents a population of 763,000 families (65,000 of them in New York) who are both economically better off as a consequence of working and in which the children are growing up with the awareness that one who works is better off than one who does not.

The administration proposes changes that would all but eliminate this incentive. In the 10 States sampled by the University of Chicago, the average difference in monthly incomes between welfare recipients who work and those who do not is $126. Under the administration's proposals, this would shrink to $29. In New York, the average monthly income of AFDC recipients who work would fall from $704 to $533, just $15 more than the average income of nonworking families. In Louisiana, the difference would vanish entirely. In California the difference would shrink from $188 to $15.

This is ironic, to say the least, for this is an administration that in other pronouncements appears committed to the proposition that welfare recipients must work. Indeed, another of the "reforms" that has been proposed would reinstitute the practice (which has been on the Federal statute books since 1964 but has been "suspended" since 1968) of requiring welfare recipients (except those with very young children) to engage in community service in return for their monthly check.

All this bespeaks a politically fashionable but fundamentally inaccurate view of public assistance. The program we know as aid to families with dependent children is first and foremost a program to aid dependent children. Of the 10.3 million individuals receiving AFDC benefits in 1979, only 3.1 million were adults; 7.2 million were children, 4.2 million of them under the age of 10.

The typical AFDC recipient is a child living in a fatherless home. Fatherless for any of a number of reasons: Death, desertion, divorce, illegitimacy. But as a child, nevertheless.

The number of such children is growing. According to data that I published in the spring issue of the Journal of the Institute for Socioeconomic Studies, approximately one-third of the children being born this year will live in a female-headed household that receives AFDC benefits at some time before their 18th birthday. One child in three. That makes AFDC second only to public education as the Government program with the widest impact on American children.

Recent history is not encouraging. Only 7 percent of the children born in 1940 could expect to spend a portion of their minority in a female-headed family receiving AFDC benefits; 17 percent of those born in 1950; 22 percent of those born in 1960.

These are dependent children. And AFDC exists in order to keep roofs over their heads, food in their mouths, and clothes on their backs. It embodies the response of society to the elemental needs of dependent youngsters.

It is not a lavish program. In New York State, for example, the average monthly cash benefit today for a family of four is $373. Other than a slight increase in the "shelter allowance," this is the same benefit as was provided in 1974. That means its purchasing power has been eroded 64 percent by inflation in the 7 years since it was established at its present level.

But for all its inadequacies, it is first and foremost a program for children. And changes in it should be evaluated in terms of their impact on dependent children. That is why one grows weary of debates about "welfare policy" that are couched in terms of the behavior of adults. It is not a program for adults. That some adults are also supported by it—96 percent of them husbandless women with children—is a consequence of the fact that most dependent children live with one parent.

Of course some of those adults can work. This is amply demonstrated by the fact that more than one in five of them does work. That we would like all who can work to work is attested to by the existence (since 1967) of the work incentive program, which requires adult recipients to register for work and, when jobs are available, to take them. Taking away the economic incentive to work will not reduce dependency. To the contrary. Does it not risk consigning AFDC recipients to permanent dependency? Does it not reverse two decades of progress in American social policy? It should be resisted. I, for one, will resist it.●

THE EQUAL ACCESS TO COMMUNICATIONS ACT OF 1981

● Mr. WEICKER. Mr. President, I am pleased to cosponsor S. 615 and S. 616, introduced by my distinguished colleague from Vermont (Mr. LEAHY). I congratulate him on his concern for the deaf citizens of the United States and will work with him again this year for enactment of this important legislation.

The Equal Access to Communications Act of 1981, S. 616, promises to make the telephone a useful communicative tool for hearing-impaired Americans. It would do so by establishing a matching grant program for the installation for teletypewriters in local, State, and Federal governments. The teletypewriter, or TTY, allows the hearing- or speech-impaired individual to "talk" over regular telephone lines. After attaching a telephone headset to the TTY, the individual can type a message that is simultaneously printed by a TTY at the other end of the telephone connection.

Mr. LEAHY's bill would also require five key Federal agencies to install TTY's in their main and regional headquarters and would provide Members of Congress with a TTY in their Washington offices. These terminals would register urgent inquiries, complaints, and other messages from deaf persons who could not otherwise contact these offices by phone.

Another feature of this legislation that would benefit the deaf community is its proposed tax deductions and credits for

installation, servicing and other costs associated with the purchase and use of TTY's.

Some of these devices retail for up to $1,700, a hefty investment many deaf people cannot afford. And, since TTY's require about twice the time to convey their typewritten message as does the human voice, long-distance calls on TTY's place a further financial burden on those who need to use them.

The second bill, S. 615, which I am also happy to cosponsor would provide a tax credit toward the costs of buying and using television captioning equipment, equipment that would transform a deaf person's television from a silent screen to a subtitled source of information and entertainment. Taken together, these bills address the special needs of our hearing-impaired constitutents, some 14 million people.

Mr. President, in October of 1977, my offices in Hartford and Bridgeport were the first congressional offices anywhere to install teletypewriters. For 3 years now, hearing-impaired Connecticut residents have had ready access to members of my staff. Alternatives—forcing deaf persons to rely on letters or third-person callers—often delay action on urgent problems and all too frequently the deaf person simply gives up and drops out of the democratic process. I submit that this result has tragic ramifications not only for that individual but also for our political system. Government needs the ideas and participation of the physically handicapped. We can encourage rather than discourage their involvement by enacting legislation that will help the hearing-impaired to be heard. I, therefore, urge my colleagues to support the Equal Access to Communication Act of 1981.●

REPORT BY SENATOR CARL LEVIN ON A TRIP TO THE MIDDLE EAST/PERSIAN GULF, DECEMBER 13–22, 1980, UNDER THE AUSPICES OF THE SENATE COMMITTEE ON ARMED SERVICES

● Mr. LEVIN. Mr. President, late last year I traveled to the Middle East/Persian Gulf under the auspicies of the Senate Committee on Armed Services. I did so to study firsthand the complex issues involving that region which have such important ramifications for our own national security.

I would like to take this opportunity to share with my colleagues my main conclusions and reflections from that trip, which took me to Saudi Arabia, Oman, Jordan, Israel, Lebanon, and Egypt.

In doing so, I would note that this report reflects the situation in that region as it existed last December. Events have occurred since then which alter slightly certain specifics regarding some of the issues I address. Even in these instances, I believe the thrust of my remarks remain current.

My report follows:

REPORT BY SENATOR CARL LEVIN

As a member of the Senate Committee on Armed Services, I recently returned from a 9-day Committee-sponsored trip to six nations in the Middle East/Persian Gulf area. This report contains my reflections on the lessons of that trip and on U.S. policies toward that crisis-prone region.

I was privileged to meet during my journey with, among others: Prince Abdullah, Second Deputy Prime Minister and Commander of the National Guard of Saudi Arabia; Colonel (Prince) Fahd-Bin Abdullah, Director of Operations of the Royal Saudi Air Force; Oman's Foreign Minister Qais Abdul Munim Zawawi; Deputy Foreign Minister Yusuf al-Alawi; Wing Commander Harry Guile, Air Member Joint Staff, Omani Ministry of Defense. Also Jordan's King Hussein; Foreign Minister Marwin al-Kasim; Army Commander-in-Chief, Lt. General Zeid Bin Shakir; and Minister of Information Adnan Abu Odeh;

Prime Minister Menachem Begin, and his possible successor in that office, Shimon Peres of Israel; Foreign Minister Yitzhak Shamir; and Maj. General Natan Sharoni, Chief of Plans, Israeli Defense Force;

Lebanon's President Elias Sarkis; Defense Minister Joseph Skaff; Military Chief of Staff (Maj. Gen) Munir Tarabay; and former Prime Minister Salim al-Hoss.

Egypt's President Anwar El-Sadat; Deputy Prime Minister and Foreign Minister Kamal Hassan Ali; and the then Defense Minister, the late General Ahmed Badawi.

I had extensive discussions with our Ambassadors and teams of experts in each of our embassies in these nations, as well as with American businessmen in Saudi Arabia and an official of ARAMCO, the major oil producer there.

For the first time in many years, a U.S. Senator visited Lebanon—a tragic microcosm of all the conflicts of the Middle East. In addition to meeting with the civilian and military officials listed above, I flew to the headquarters of the United Nations Interim Force in Lebanon (UNIFIL) in Naqurah, Southern Lebanon. There, I talked with the force's Deputy Commander, Norwegian Brigadier General Odegaard, and to American Army officers assigned to his staff.

I was able to land aboard one of our two aircraft carriers on station in the mouth of the Persian Gulf—USS Ranger (CV–61)—observe the launch and recovery of her full range of combat aircraft, and talk with her officers and men. In Riyadh, Saudi Arabia we observed the operations of our Airborne Warning and Control (AWACS) aircraft and talked to the officers and enlisted men and women sent to that nation to help it defend its oil resources from hostile air strikes.

I flew to the Musandam Peninsula at the Strait of Hormuz, the very tap on the Persian Gulf oil keg which contains more than half the world's petroleum resources. And lastly, I flew over much of Israel by helicopter to observe that nation's strategic defenses. I was able to land on the west bank of the Jordan River, on the Golan Heights, at an Israeli Air Force fighter base, and also to fly over the existing air bases in the Sinai Desert and the new facilities being constructed in the Negev Desert by the United States for Israel.

These are my principal reflections from these endeavors:

First, the United States has traveled a long way since December, 1979, when the brutal Soviet invasion of Afghanistan underscored the need to improve our military capabilities in the Middle East/Persian Gulf. But these efforts to improve our military capabilities must be accelerated, for we still have a long way to go. Most importantly, there needs to be an immediate renewal of the U.S. commitment to defend our vital interests in the region by whatever means necessary, including force.

That commitment, a proper one in my view, was undercut when many of President Carter's critics contended we lacked the military muscle to keep it. I disagreed with those crticisms then, and my trip further convinced me we have that capability now, although we clearly must improve it further.

Nevertheless, the statements by trumpeteers of doom have created misperceptions about our commitment. Wherever I went on my trip, with whomever I spoke, there was agreement that the Soviet Bear thirsts for Persian Gulf oil, and that only one great power can stand in her way—the United States. There is certainty that a Soviet seizure of Persian Gulf oil would threaten our security, and that of the rest of the Free World, as much as any direct military move Russia might make against us elsewhere.

From my investigations before and after my trip, and from my observations while in the region, there is, at worst, no clear certainty regarding the outcome of any Russian thrust into the Persian Gulf area. U.S. military forces, projected into the region to halt a Russian advance, may, by themselves, be capable of defeating the threat. Moreover, the Russians must consider the role that regional powers, particularly Turkey and Israel, might play.

The sailors, Marines and soldiers—officers and enlisted personnel—that we have on duty in the region at present, and those we could deploy to the area in a crisis—possess significant and powerful military capabilities.

Special mention must be made of the Navy men of the carrier RANGER, in the Arabian Sea, and of the Air Force men and women of the 552nd Airborne Warning and Control Wing (Tinker AFB, Okla.) operating our sophisticated AWACs aircraft out of Saudi Arabia.

The RANGER was a tight, well-run ship, with high morale and a dedicated crew. The 552nd AWCW showed equally high professionalism. The confidence that these Navy and Air Force personnel displayed in their abilities to successfully accomplish their defense mission was impressive.

Since these and our other forces have been operating in the region, these abilities have been enhanced as important operational lessons have been learned, especially in the areas of tactical coordination and command, control, and communications (C^3), according to those military professionals with whom I spoke.

It must furthermore be pointed out that our allies have deployed major naval forces to the region, and that together with our ships, the naval combat capabilities these forces embody outweigh—qualitatively and quantitatively—those of the Soviet naval presence in the area.

That our present military capabilities in the region need improvement is not in question, but there should be no miscalculation and no misunderstanding by the Soviets that America (and her allies) can go to war tomorrow in the region and face them with an imposing array of forces. Campaign rhetoric about supposed American military weaknesses must be put aside and the commitment President Carter made in his State of the Union message a year ago renewed. That commitment, and what it means for the Free World, should transcend politics.

Second, the basic thrust of our current military efforts to address the Persian Gulf/Middle East threats both from external and regional sources appears to be the correct one, although there are certain programs which we should explore, and certain improvements we should consider, to accelerate our near-term posture.

Acceleration of our planning and implementation of the Rapid Deployment Force initiatives is required to give this commitment greater meaning. Programs to better organize, train, equip, and make ready the Rapid Deployment Force should receive high priority. Military construction to improve the utility of our naval/air installation at Diego

Garcia and of the facilities in Oman, Somalia, and Kenya to which we have been granted access should proceed as rapidly as possible.

"Facilities use" agreements, rather than establishment of "permanent bases," seem to be the most acceptable and effective arrangements at this time.

This is especially so in Egypt, where I believe at this time that Congressional insistence on a formal, signed agreement between ourselves and that nation about facilities does not secure any real benefits, and if pressed, ultimately could be self-defeating.

We should accept President Sadat's offer to use airfield and port facilities at Ras Banas (on the Red Sea) for prepositioning equipment and for emergency operations, and we should promptly begin upgrading those facilities.

However, President Sadat told me he would be "crippled" if we seek to make Ras Banas a regular base or insist on a written agreement embodying our limited access.

There is little doubt in my mind that President Sadat is correct—such is the bitter legacy of colonialism in Egypt and elsewhere in the region. We might as well accept that, and the Executive Branch should undertake a renewed, special effort to articulate this more effectively to those in Congress who have insisted on such a written agreement before approving use of funds to upgrade Ras Banas.

U.S. law should be changed, if necessary, so as not to require such an agreement before Congress appropriates money to improve our rapid deployment capabilities overseas. To protect our taxpayers from premature investment of large sums of money, we might consider phasing the military construction program differently.

The new Administration must hammer home the point to Congress that, by dickering about a written agreement for Ras Banas, we already have delayed too long beginning the military construction required to effectively support projection of American military power into the Persian Gulf.

In addition, there were many of us in Congress and the Executive Branch who had harbored hopes or plans that, instead of Ras Banas, we might use for our RDF, Etzion, the existing Israeli air base in the Sinai Desert, which will be returned to Egypt.

President Sadat rejects such use of Etzion, because he wants Egyptian sovereignty in the Sinai uncluttered when that authority is finally reestablished by 1983.

President Sadat says "no" firmly enough, and he has said it often enough, that we should accept his decision and use the next best alternatives instead of pursuing rejected options.

President Sadat also suggests that the Saudis need our presence so much—to protect their Moslem state and monarchical form of government against Soviet threats—that we should be able to insist successfully on at least pre-positioning equipment in Saudi Arabia. The Saudis told me strongly that they will not permit this at the present time, but the new Administration should be sensitive to President Sadat's advice and encourage such an option for the future.

We also should investigate the possibilities of home-porting an additional U.S. Navy aircraft carrier closer to the region.

We should proceed with our near-term pre-positioning program aboard naval vessels and at certain port/airfield locations as fast as possible.

We should renew our investigation of more alternative sites for such pre-positioning and for increased access rights and overflight rights—both in nations currently being considered, but in others as well. These could include Djibouti, Turkey, Pakistan, Bahrain, Israel and Egypt.

Third, we must also revamp our command structure in the Persian Gulf region.

Our Pacific and European Commands (CINCPAC and CINCEUR) presently divide the responsibility for operating forces in the region.

The dividing line is the Iran-Afghanistan border on land and the Strait of Hormuz at sea.

Our Middle East forces needs one military commander—not two. That area is more critical to our security than most areas of the world. We need one command to study and plan for its defense. We need one command to coordinate the operation of our forces. That single command should take responsibility for all of the lands and waters in the Near East, i.e., Persian Gulf, Middle East, Southwest Asia, and the Horn of Africa.

Currently, we have five ships inside the Strait of Hormuz, i.e., in the Persian Gulf itself, controlled by the Commander-in-Chief, U.S. Forces, Europe, CINCEUR, while the two aircraft carrier battle groups a short distance away, just outside the Strait in the Arabian Sea, are operationally controlled by the Commander-in-Chief, U.S. Forces, Pacific, CINCPAC. This is an invitation to confusion at a critical moment when close coordination could decide the outcome. If another example be needed, our four AWACS aircraft in Saudi Arabia are under the operational control of CINCEUR, while on the carriers a few hundred miles away, the tactical aircraft that might respond to the threats which the AWACS' aircraft sensors perceive, are controlled by CINCPAC.

There is no excuse for less than total organizational clarity of command of forces on the same mission in a single interrelated area of such vital importance to the national security of the United States.

The present deliberations by the Joint Chiefs of Staff about the command structure are late in coming, but welcome at last, although inter-service rivalries threaten the decision process.

We should take one other preventative action in the Gulf. Because one of the most effective ways to close the Strait of Hormuz to oil tanker traffic is to mine it (sinking a ship or two won't do it—it is 26 miles wide), we should expand our own efforts to improve our mine countermeasures capabilities and our collaboration with other nations which already are well-established in this field. Serious consideration should be given to accelerating our building a new class of mine countermeasures ships and to taking other measures to counter the threat.

Fourth, our top civilian defense and military leaders should improve their dialogue with their counterparts in that region and with our allies who already are supporting us in this regard, in an effort to better coordinate planning, programming and operations for the defense of the Persian Gulf.

As both a symbol of Free World determination to help the nations of the region protect themselves and as a real mechanism to increase military effectiveness, senior civilian defense officials and military personnel of all these nations should meet regularly to discuss cooperative initiatives.

If possible, the conduct of multi-national military exercises also ought to be considered to augment the lessons learned from past, and to be learned from future, bilateral joint operations. This latter point was stressed by several leaders of nations in the area.

Fifth, as a demonstration of our continued high level commitment to defend our vital interests in the Persian Gulf, we should dispatch the Secretary of Defense and Secretary of State to consult with their counterparts in the Gulf States.

During the Carter Administration, the Secretary of Defense and the Chairman of the Joint Chiefs of Staff both visited the region, and such missions by their successors would provide important symbolic and substantive continuity to our Persian Gulf policies. A complaint I heard during my journey was that no American Secretary of State had visited the region recently, and we should remove this irritation.

Sixth, turning to the prospects for a lasting peace in the Middle East. Because the United States has perhaps the best chance to encourage a settlement between Israel and her Arab neighbors, the President must involve himself deeply in the peace process. American leadership is an essential ingredient in crafting an acceptable, durable peace settlement in this region.

Our historic commitment to Israel, a commitment firmly rooted in the recognition of the vital role she plays as the only democratic state and as our strongest ally in the region, should not be altered in that process. Clearly, Camp David taught us that peace can be achieved by strengthening our friendship with Arab nations without weakening our relationships with Israel.

Camp David taught us more than that. It taught us that peace is possible and that miracles still can take place. The first miracle was breaking the circle of hostility surrounding Israel since its inception in 1948. The agreement between Israel and Egypt has tended to be overshadowed by the difficulties in implementing the accords. But those difficulties cannot be allowed to diminish the significance of the agreement itself. It is precisely that significance which gives us some hope for a second miracle—a framework for resolving the Palestinian issue.

In this context, the difficulties are clearly reflected in the four "principles" for a Palestinian solution supported by many Arab leaders:

1. Withdrawal of Israel from "occupied territories."

2. "Self-determination" for the Palestinians.

3. Recognition of the Palestine Liberation Organization (PLO) as the spokesman for the Palestinians.

4. Secure borders for all the states in the area (presumably including Israel—but that is left to implication).

The internal contradiction of these principles creates problems for Israel's security, and some already have sought to suggest one possible way of dealing with them: direct talks between Jordan and Israel. This approach would, in effect, take the baton away from the Camp David marathoners and pass it to a new combination of runners seeking the finish line of peace. I do not believe such an approach will work at this time no matter how desirable it may ultimately be.

King Hussein will neither join the Camp David process now nor negotiate with Israel. He told me strongly that Camp David is a "dead horse" whose very mention creates a negative reaction in the Arab World. Nor will he bargain separately with Israel. He believes that Sadat's "sin" was recognizing the reality of Israel. Hussein believes that, when Sadat agreed to a separate peace between Israel and Egypt, he removed the real pressure point which could have forced Israel to agree to an "acceptable" solution to the Palestinian problem. Additionally, Hussein is vehement when he claims that no other Arab state will make a separate peace with Israel and that the Palestinians, represented by the Palestinian Liberation Organization, must be a participant in any regional peace process.

It would be ironic indeed if Camp David, which split Arab unity on the fundamental issue of Israel's existence, produced greater

unity among the remaining Arab states relative to a solution of the Palestinian dilemma.

There may be a way to "end run" the problem of how to proceed. While we continue to try to move ahead with the Camp David process between Israel and Egypt, I believe it would be desirable if we shift our Jordanian focus from attempts to involve them in the process to an attempt to try to involve them in defining the shape of a final product or agreement.

King Hussein told me that a few years ago he and the Palestinians discussed what form of government might emerge from a peace seettlement. I found this comment striking since it is at variance with his oft-repeated public position that his interest is solely in securing a process of pure self-determination and not in what that process produces. His discussions with Palestinians included "product," not just "process."

I asked him if he was going to continue such discussions. His response was neither negative nor positive. It is an issue we should explore with him, and I hope the President will arrange such a meeting as soon as possible.

My hypothesis is this: Hussein's exploration of the ultimate shape of an agreement, when combined with previous indications that he favors a confederation with Jordan as the "best" solution to the Palestinian problem, as opposed to an independent West Bank state, suggests a possible approach which might help by-pass some of the sticky "process" issues. We may be able to leap-frog the critical unresolved concern with "how" to negotiate and get right to the act of negotiating. If such an act led to a general agreement on the shape of a Palestinian solution—and agreement between Jordan and the Palestinians and Israel even though they never sat down to discuss it—then the pressure for implementing such a consensus solution might create an environment in which the process problems were less severe and more manageable.

I do not know if this approach will work. But I do know that no approach will work without the active involvement of the United States. Every leader with whom I spoke—including Hussein, Begin and Sadat—agreed that, without the deep involvement of the United States: 1) There would be no second "miracle" and 2) the United States can only be involved effectively if the President personally is involved in the process.

The political and personal risks we are asking the leaders of these nations to take is credible only if the President of the United States is willing to match those risks himself.

The search for the next step to peace will be elusive. It will be like—in the words of one Jordanian leader—looking for a soft spot on a porcupine. (One of the graphic symbols of the political complexity is that Jordan's official maps of the region either leave a blank space where Israel is or call Israel "occupied Palestine.")

But the President must take the risk. The road to peace goes through Washington before it can reach Amman and ultimately to all the nations involved. Only the Russians benefit when the caldron keeps boiling in the Middle East.

My seventh recommendation deals with the complex issue of arms sales to nations in the Middle East and Persian Gulf. My principal impression is that American security assistance programs in the Middle East will continue, for the foreseeable future, to be plagued by conflicting objectives. The military capabilities of key Arab nations (Egypt, Saudi Arabia, Jordan, and Lebanon) need to be enhanced to increase their own self-defense capabilities, particularly against real threats from Soviet surrogates. Yet, we must be concerned about not upsetting the military balance between Israel and her Arab neighbors and about escalating arms inventories in the region.

We seek, through our arms sales, to strengthen our allies without upsetting any regional military balance. Often those who request such sales do so as much from a need to seek physical symbols of our support as from a realistic need for the arms themselves. Our decisions in this delicate area must be based on our goals and not on the psychological (as opposed to real) needs of other nations. Those psychological needs can be satisfied in other ways; our primary need for strength and stability can only be achieved through rational and restricted arms sales. The situations in Saudi Arabia, Lebanon and Jordan may help illustrate my point.

In 1978, the Congress approved the sale of 60 F–15's to the Saudis, after explicit commitments to the Congress that such planes would not be enhanced with offensive equipment so as to present a threat to Israel.

Such offensive equipment included bomb racks and specifically fitted fuel tanks for long-range capability. The Saudis are now requesting the enhancement equipment despite those clear commitments made in 1978.

Sixty-eight members of the Senate, including many who voted for the 1978 sale, signed a letter to President Carter urging him to deny the request for enhanced equipment. President Carter, during the campaign, vowed not to approve any equipment for the F–15's which would give the aircraft "offensive" capability. President Reagan clearly implied the same position during his own campaign.

The threats to the Saudis (and their oil) are many. First and foremost are internal threats from Muslim fundamentalists such as those who took over the Mosque in Mecca, and from some of the Palestinians who work in the oil fields and who are now placated by public statements of support (and money) from the Saudis for the PLO. Offensive armaments for the F–15's will not be useful against such internal threats.

The second most serious threat is an external, commando-like raid against the oil fields.

The fact, re-emphasized to me on my visit to Saudi Arabia, is how difficult it is to protect key points in the oil pipelines running to the tanker ports on the Saudi coast. These are the difficulties which make the Saudis vulnerable to a commando-like assault against which the F–15's are of little value.

A third possible threat is an invasion by Iraq or Iran.

The F–15's, if given greater offensive capability, may be of some greater value as a deterrent to such an invasion. But the deterrent effect of retaliatory air capability was of limited value in preventing an invasion of Iran by Iraq, and Iran's revolutionary madness apparently is not affected by such retaliatory threats, as seen by the hostage seizure and by Khomeni's attempts to stir up the Shia in Iraq and Saudi Arabia to overthrow their "evil" governments.

Giving the Saudis F–15's offensive capability also would threaten Israel and require additional defensive measures on her part to meet the additional threat. Only if one discounts the continuing avowed threats to Israel by Saudi leaders and their continued major financial support of the PLO and its terrorist activities against Israel, and the fact that the Saudis have participated (albeit often late and weakly) in the three Arab wars against Israel, can one be sanguine about the potential use of offensively-capable F–15's against Israel.

The Congress obviously was concerned about that threat in 1978. (The Saudi military argued to me that the 1978 commitments never should have been made in the first place).

The Saudis need our protection as much as we need their oil. Their sheltered way of life, their religious orthodoxy and their monarchy with its billions of dollars of investments abroad can't survive under the domination of Russia or her surrogates.

(This observation also applies to the Strategic Petroleum Reserve. We should get on with filling it. It represents no real competitive threat to the Saudis—it would contain but a few months supply. What it does provide is some limited security for the U.S. against an interruption in supply, and therefore it renders us less of a hostage to those who would interrupt that supply.)

The oil weapon threat must be put in its place. The Saudis must know that we know they need our protection and if they cut off oil to us in response to our filling our Strategic Petroleum Reserve, or in retaliation against us for some other American action of which they do not approve, we would have that much less incentive to protect them against the threatening world they face.

The military sales picture in Lebanon is even more complex. The always precarious balance between Muslim and Christian communities in Lebanon has been upset, perhaps permanently. Lebanon is bleeding to death. The hemorrhaging is caused by the "occupation" and control of parts of Lebanon by the Palestinians, the Syrians, the Christian militias, and Major Haddad, all of whom are more powerful in their areas than the Lebanese Army. The United Nations peacekeeping force is there by the sufferance of those armed elements, and it operates under constraints so narrow as to make it impossible for it to carry out its mandate—to disarm armed elements and keep the peace in the area of their activity.

The future is bleak in Lebanon. There will be no military solution without a political solution to the Palestinian problem, and then only "maybe". The Syrians will have to leave also, as part of any solution.

The Lebanese will be asking for a huge increase in U.S. military assistance. Could such arms sales, for instance of tanks, win back control of Lebanon for the army of the central government? The consensus of the people I spoke with is "no". The most a gradual build-up will provide is an army ready to fill the vacuum in case a political settlement is reached.

We must build up the Lebanese army sensibly, and we must continue to press for a political settlement. But we must recognize how difficult it will be to make even slow progress.

The life of this beautiful nation, a microcosm of the Middle East's problems, is literally at stake. We have neglected Lebanon. Its peoples' sufferings are as obvious as the Syrian tanks which fortify Syrian checkpoints all over the roads.

The UN role and position in Lebanon must be strengthened and the U.S. should initiate discussions in the UN Security Council to determine the possibilities for accomplishing this.

In Jordan, the issue of U.S. arms aid also occupied much of my discussions, and complaints about the late delivery of equipment already agreed-upon by both nations echoed those heard earlier in Oman, and later in Lebanon. Another particularly sensitive issue with the Jordanians is the upgrading of their armored forces with American sub-components and new tanks.

I came away from such discussions frustrated that it has relatively little effect to respond to complaints of late deliveries by explaining the limitations of the U.S. defense industrial base and the fact that even our own forces must wait too long for delivery of needed equipment. There is little understanding of the justified American reluctance to divert needed weapons from our own military inventories to send overseas in foreign military assistance.

There also is the concern expressed in Israel, that sale of additional sophisticated tanks to Jordan could contribute to altering the ground balance of military power between these two nations, and between Israel and the rest of the Arab world.

The complexity of the arms sales issues in Saudi Arabia, Lebanon and Jordan illustrates the competing claims that can be offered both for and against such sales. But those arguments can best be analyzed if we keep in mind that a sale of arms does not inherently enhance American military interests, nor does a denial of arms inherently negate the political relationship that a nation has with the United States. There are other ways to serve the political and military needs of nations; ways which do not involve a threat to the military balance which the United States has a vested interest in preserving in this troubled region of the world.

One major form of such relatively nonthreatening military assistance is the U.S.'s International Military Education and Training Program (IMET). This is perhaps the most cost effective, and least costly, form of U.S. security assistance available. Not only does it *not* entail transfer of more threatening, lethal equipment which might upset a regional military balance, but the exposure to American military and societal values experienced by the foreign students broadens their understanding of our nation and its form of democracy.

Therefore, in considering revisions to the U.S. security assistance budget for fiscal 1982 and the future, we should expand the IMET program for Oman, Jordan, Egypt and Lebanon.

These, then, are the principle recommendations which I have developed from my trip. There are, in addition, several concerns which my experiences in this region lead me to believe should be better explained to the American people.

We must understand the strategic position and external threats to our friends from their perspective. For instance, Oman, "guarding" the Strait of Hormuz to her north has no economic need to keep it open—her oil is shipped from ports located below the Strait. But she is threatened to her west by South Yemen, supported by Russia and Cuba. Another example: Egypt is not pre-occupied with threats from Israel—she is very much concerned about her mortal enemy Libya, which has a power-mad dictator and oil riches to arm herself with Soviet weapons to threaten stability in the region, in general, and in Sudan. Chad and Egypt in particular. Sudan contains a great stretch of the Nile River, before that waterway reaches Egypt. And Egypt considers herself dependent on the Nile for her very life's blood, since her population lives almost exclusively along its banks (the other 98 percent of Egypt is desert).

We must understand the internal dynamics of our allies. The future of Camp David is less likely to be determined in the short run by negotiations between the parties as it will be by Israeli elections (where Begin may try to paint Peres as a supporter of an independent Palestinian state on the West Bank, and Peres will try to paint Begin as someone who, because of an inflexible manner, received too little credit for Israel while giving away much at Camp David). I have already alluded to internal dynamics in Saudi Arabia and Egypt regarding U.S. permanent bases and access rights.

We must unshackle ourselves from some self-imposed restrictions in light of the threat to our interests in the Middle East. For instance, Oman wants our help training its internal security personnel and police. Our domestic law prohibits us from providing such training, although we are allowed to help train its army. I would hope our law could be changed so justifiable exceptions could be allowed, on a case-by-case basis and upon notice to the Congress.

We must seek to avoid sterotypes. For instance, Arab states are much more different from each other than many Americans realize. The totally closed society of Saudi Arabia, fearful of even the slightest "western" influence and dominated by religious orthodoxy, is as different from Jordan as Canada is from Mexico. Another example: stereotypes about the Palestinians place them huddled in refugee camps, and while there are too many of those, other Palestinians have become economically powerful in many Arab lands to which they have emigrated. They are a potent economic force as well as a political lightening rod in the Middle East.

Persian Gulf/Middle East security problems are more complex than many in public and the Congress realize. They extend far beyond the "U.S. vs. U.S.S.R." and "Arabs vs. Israel" to include:

Arab vs. Arab
Religious factions
Modernization strains
Islamic fundamentalism
Resentment still to former colonialism
Palestinians—not only vis-a-vis Israel, but within many nations in region.

Our solutions have to be evaluated from these perspectives as well as the popularly recognized ones.

We have to consider expanding aid in the non-military areas, and coordinate this and diplomatic efforts better with our major European allies and Japan.

Military programs, alone, will not ensure the stability of the Persian Gulf/Middle East. In fact, alone, if not well considered, they can exacerbate the problems.

The basic aspirations of most people involve housing, food and survival. The Strait of Hormuz and Rapid Deployment Forces mean little to the masses of Egypt or to the desperate Lebanese. They are struggling against more immediate threats, and we should help their governments in their efforts to cope with them while we seek their assistance to deal with common problems.

Increased "economic supporting assistance" as part of the FMS program, could help improve the economic development and transportation networks of these nations. There are important to military capability also. Our allies must be encouraged to provide more aid in these non-military areas, along with more direct defense efforts.

Some nations of the region must do more to distribute their oil wealth among their populations, as well as better reconcile the competing desires of their peoples for more democracy with the desires of the rulers to maintain their more monarchical forms of government.

Lastly, we have to recognize that even if we solve some of the many problems plaguing this part of the world, the others, individually or in combination, could well defeat our efforts to promote regional stability.

The complexity of the problems in this region encourage such a pessimistic assessment.●

THE IMPACT OF OIL DECONTROL ON CONSUMER PRICES

● Mr. PELL. Mr. President, the latest Consumer Price Index presents clear evidence the decision to immediately decontrol oil was a huge miscalculation by the administration. The statistics show that energy price increases following decontrol caused another sharp spurt in the inflationary spiral.

Mr. President, according to the Bureau of Labor Standards data released today, the Consumer Price Index (CPI) was 11.3 percent higher than in February 1980. The CPI for all urban consumers rose by 1 percent in February 1981 and data provided by the Bureau of Labor Standards (BLS) indicates that the rising cost of energy—gasoline. motor oil, fuel oil, nautral gas, and electricity, accounts for 60 percent of the increase in the February CPI. In two of the key sections measured by BLS, housing and transportation, the energy factor accounts for the largest percentage of the increase. Unquestionably in the other key area, food costs, the rising energy cost was the biggest factor in any increase.

Mr. President, shortly after President Reagan's decontrol order, the New England Congressional Caucus estimated that immediate decontrol would cost the average New England household an additional $75 prior to October 1 of this year. More recent estimates by several consumer groups, including the Citizen Labor Energy Coalition, have indicated that immediate decontrol will cost the average family an additional $100 to $200 for heat and gasoline this year.

In Rhode Island, Mr. President, the impact of immediate decontrol over the past 8 weeks has been quite clear. Since the administration's decision to decontrol crude oil and gasoline, Rhode Island families have been hard hit with dramatic increases in the cost of both heating oil and gasoline. Where the average price in January for home heating oil, prior to decontrol, was just over $1.20 a gallon, and $1.29 for a gallon of regular gasoline, it is now $1.29 a gallon for heating oil and $1.39 for a gallon of gasoline.

Electric rates are another area contributing to the spiraling cost of energy. Rhode Island electric rates are approximately 160 percent above the national average. It is also my understanding that the rates consumers pay for electricity in Rhode Island are currently the highest in the Nation.

Mr. President, the decision by President Reagan to decontrol oil immediately was unnecessary and has resulted in a heavy burden for many families whose budgets are already stretched to the limit. The latest inflation statistics are ample proof that the President's decontrol of oil has added greatly to the burden of inflation.●

WHAT IS GOING ON AT VIRGINIA MILITARY INSTITUTE

● Mr. SYMMS. Mr. President, with the need for upgrading the military status of our Nation, it is essential that the future leadership of that military be America's best. Some of that leadership will come from military academies such as the Virginia Military Institute (VMI).

Unfortunately, a proposed superintendent of VMI would not lead to the future combat military officers we direly need. Fortunately, for my colleagues in the Senate, I have obtained an advance copy of a magazine article dealing with the background of this proposed superintendent. The article will be contained in the April 1 issue of the Review of the News. under the title, "Military Politics," by Susan L. M. Huck, Ph. D. It deals with the proposed superintendent, Josiah O. Bunting.

As I write this introduction, Mr. Bunting is under fire. He should be. So that my colleagues and those in touch with VMI graduates may know the true story of Josiah Bunting, I earnestly entreat all to read this background and pass the word.

A more likely candidate would be Gen. George S. Patton III, whose father attended both West Point and VMI.

I submit the article for printing in the RECORD.

The article follows:

MILITARY POLITICS

(By Susan L. M. Huck)

Suppose you had sunk a fortune into a ball club loaded with expensive star players and it kept losing. Would you accept the explanation of your expensive coaches and managers that "Times are changing"? Not likely. But if you were to accept that explanation for 30-odd consecutive years, you would surely deserve to be flat broke.

Losing performances have been turned in by our lavishly funded Department of Defense ever since it took that name. The players on the field have changed many times over, but the management team has always been of the same school. So it seems fair enough to cast a critical eye upon that situation.

Readers will be spared a review of my earlier work on the extent to which members of the Eastern "Liberal" Establishment use the Council on Foreign Relations to play musical chairs with top command policy-making positions in the Department of Defense. For details see my articles in *American Opinion* for October 1977 and July-August 1980.

It is important to note that C.F.R members also try to manipulate our military and defense thinking. They do this by placing one member after another in charge of the United States Military Academy, dominating the Social Science Division of the Academy, and trying to have their people in command of the war colleges grouped under Defense University. Besides this, C.F.R. members staff and direct the research institute symbiotically attached to DoD.

Now, just as the country is regaining its Conservative balance, the "Liberal" blight may be spreading to the non-federal military colleges. As we go to press it seems that Virginia Military Institute might soon have a veteran Council on Foreign Relations member (1975–1979) named Josiah O. Bunting III as its new Superintendent. Another candidate for the post, General Sam Walker, was a C.F.R. "military fellow." Under this program, the federal government actually sends high-ranking officers to the headquarters of this private "Liberal" club and then pays the club tuition to learn the thinking of Council members.

As you see, this is a very special private club.

Josiah Bunting is an alumnus of V.M.I. who graduated as first captain and won a Rhodes Scholarship. He makes a favorable impressive appearance. But examination of subsequent glitter reveals a good deal of tinsel, as we shall see.

First let us note that V.M.I., like The Citadel of South Carolina, is in a class with the better-known service academies in the production of top quality officers for our Armed Forces. Not being federally control'ed, they have not yet been strong-armed into going coed, their honor systems have held up better under the waves of propaganda, and in general they have been better able to maintain standards and traditions they consider desirable. We need such schools as V.M.I. because we need good officers, and they are hard to find.

So it is a matter of more than parochial concern when the distinguished general officers available for the Superintendency of V.M.I. are apt to lose out to a man who made his biggest splash in life by feeding the "anti-military" propagandists supporting the Vietcong back in 1972.

Since then, two overlapping networks have taken care of him, wafting Josiah Bunting of Philadelphia from one comfortable and prestigious position to another. One is the Rhodes Scholar network, and the other heavily overlapping the first, is the aforementioned Council on Foreign Relations. How else would college presidencies continue to rain down upon a man with only a Master's degree and but four years of teaching experience?

On the basis of his fine record as a V.M.I. student, Josiah Bunting III received a Rhodes Scholarship, and spent the years between 1963 and 1966 earning a Master's degree from Oxford at what can only be called a very languid pace—and, alas, becoming quite a snob, as is all too evident from his books. Thus did Oxford ruin a good officer.

Those in and out of the Establishment who are alert to manifestations of the tremendous high level effort to create an elitist New World Order know the purpose of the Rhodes Scholarship program. Cecil Rhodes, a key architect of the British Empire, stated openly that the purpose of his program was to groom and indoctrinate non-British citizens so that his One World schemes could, through them, be promoted around the globe. Rhodes Scholars are encouraged to think of themselves as an elite especially qualified to run the world, and they know that their careers will be boosted along by those already in high places.

Heady stuff for a young man. Small wonder that when it came time to go on active duty Bunting found his fellow officers to be crashing bores, uncultured and uncouth, unimaginative, sycophantic, conformist, and so forth.

Bunting's one-year tour of duty in Vietnam would seem enviably privileged to others. He was a company commander for about half the time, and was then promoted to major and became an operations officer at divisional headquarters. It was here that he must have received a massive wound to the ego, because he has been nursing it ever since, at the expense of the Army as a whole.

Not every major can look forward to three years as a West Point professor, but that's the sort of thing which does happen to Rhodes Scholars. As a further sign of high-level favor, Bunting was picked up by the radical Aspen Institute for Humanistic Studies in 1970. A study by the Freeman Institute, drawn from publications of the Aspen Institute, establishes beyond question that this organization feels privileged not only to design the political structure but even the religion for a World Government. One need hardly add that those who propose such things also expect to run the system.

While teaching history at West Point, Bunting was also writing his first "novel," The Lionheads. In common with his later book, The Advent Of Frederick Giles, Bunting's fictional efforts are so autobiographical that you have to wonder which parts are not. (That includes the coarser episodes, too.)

The Ninth Division becomes the Twelfth Division, with the same locaton and misson at the same time as the real-life Ninth, and one can only conclude that Bunting's own objective was to smear some real-life people, particularly his commanding general. This sort of thing is not well received in the Army, so Bunting resigned to become a "Liberal" hero and was duly hailed in Life magazine as a brilliant "man of Letters" who couldn't bear those bloodthirsty clods, his fellow officer, a minute longer.

If one believes the critics and the jacket blurbs, Bunting is saying that his Private First Class Everyman died because the general seeking favor in Washington, moved his unit into place by boat instead of helicopter. When you read the book you discover that the hapless private's misfortune had nothing to do with his means of arrival: Curious.

And here is Bunting feeding lilies to the "anti-military" Leftist book critics by having one otherwise normal officer say that "the nice thing" about some automatic weapons is its slow rate of fire, which ensures that "they can feel each bullet going in." The "Liberal" reviewers loved that, thrilling to its nuances, instead of cynically inquiring as to why the sicko did not use a semi-automatic weapon.

The year 1972 was one of major transition for Bunting—soldier to civilian, to publicly acclaimed intellectual and man of letters, and of course the darling of many people whose hearts belonged to Hanoi.

But not enough of those received the word. On campus after campus where refusal to hire an avowed Communist would lead to vast uproars about academic freedom, Bunting's application for professorial or administrative work was doomed by the Liberal Communist united front that was showing thumbs-down on *all* American officers. Bunting told *Life* magazine,

"It's grotesque. Up here at West Point I'm a running dog commie, and down there I'm a fascist pig."

The "down there" to which Bunting particularly referred was Washington College, in Maryland. The president of Washington College at the time was Charles Merdinger, who had been contacted to help Bunting and was trying to create the position of "assistant to the president" in order to hire him.

Here's how it works. Rhodes Scholar and Council on Foreign Relations member Colonel Amos Jordan, who had spent nearly all his Army years teaching at West Point, and who was retired in 1972 with the rank of brigadier general, put out the word through the network. Merdinger, Rhodes Scholar and retired Navy captain, tried to create suitable employment for distressed Scholar Bunting.

Charles Merdinger declares that prejudice against military officers prevented him from doing so, although he also says that the faculty feared Bunting because "he could have taken any of their jobs."

Since neither the Navy captain nor the Army major were prepared to fight to guarantee former American officers the same rights as Communists, they were routed by half a dozen V.C. sympathizers and their deluded student rabble. But it all worked out for the best, Merdinger says, because Rhodes Scholar and Council on Foreign Relations man Stansfield Turner came through. Vice Admiral Turner was then president of the Naval War College at Newport, Rhode Island.

Despite the written objections of many top officers at the Naval War College—objections which seem to have been read by Bunting, despite having been addressed to Turner—Josiah Bunting was granted "a full chair in history." Discussing the matter with a sympathetic interviewer, Bunting described what protesting officers "saw to be my various sins against the country and the Army." Nevertheless, although "they think I'm the antichrist up there," Bunting was ensconsed at the Naval War College. Naturally he did not tell anyone how it was arranged through the Rhodes Scholar network.

In 1973 the certifiably "Liberal" Bunting was made president of Briarcliff College, a girls' school outside New York City . . . suggest that it was the network again. Bunting kept in the public eye by being interviewed by Bill Moyers (C.F.R.) on public broadcasting, by having Mayor John Lindsay (C.F.R.) grace the campus, by being named

a "contributing editor" of Harper's magazine on the basis of one (1) article, and so forth. He was admitted to the Council on Foreign Relations in 1975.

When under his care Briarcliff went bankrupt in 1977 and was purchased by Pace University, Bunting moved on to the presidency of Hampden-Sydney, a small all-male college in Virginia.

One caution about Bunting is that he has never stayed put very long. He represents an investment to the "Liberal" networks which have been moving him along, and they may decide, for example, that he would do them more good on the political scene.

What would Josiah Bunting do to V.M.I. if afforded the post of Superintendent? Quaintly, Charles Merdinger reminisced about how he had himself wanted to transform Washington College into a little Oxford, and suggested that Bunting shared his dream. Nothing came of it, in that case, but it's a thing to watch. In both his books and public statements, Bunting keeps jumping up and down on the subject of bringing culture to the officer corps.

Now culture is a very good thing, unless what is really meant is typical "Liberal" snobbery. We have mentioned Bunting's snobbery. His second book, *The Advent Of Frederick Giles*, contains a treasure house of examples. For instance, we discover that nobody worth a fig ever came from Oklahoma, Kansas, South Dakota, or even suburban Chicago.

When Bunting wishes to create a "Middle American," his acute powers of observation flit and hang in a closet, bat-like, until he is finished. Bunting uses his straw-man's American flag tie-clasp like a bell, tinkling it to get "Liberal" glands salivating in anticipation of the great intellectual slaughter Bunting is about to wreak upon its wearer.

The wearer of the American flag tie-clasp, who also doesn't like Commies and says so in mixed company, is *exposed* by author Bunting, you see, as a *poseur* who fakes his familiarity with literature and philosophy. Bunting catches him mouthing a comment off the *dust jacket* of a book, and discovers that he engages in premeditated vocabulary building.

But what have we here?

When Bunting is being a music snob, he can tell me anything. I only know that *obbligato* looks better with two B's. That's minor compared to the fact that, in Bunting's books, invitations are "wrangled," opinions "live," and women even carry "pockabooks"! Well, well, who is the ignorant oaf now? The first compassionate reaction is to ask why the entire editorial and proofreading staffs of a major publishing house were out to lunch when those bloopers went by. A compassionate follow-on thought is that perhaps they were not out to lunch at all, but lying on the floor exhausted after catching countless other fluffs.

It is the *level* of the bloopers that is most appalling. Can you imagine the president of Briarcliff College thinking that women carry *pockabooks*? So much for the flawed foundation of Bunting snobbery.

Aside from that, a reading of his written output leads to the conclusion that he has been playing "Liberal" chopsticks for the past 10 years, hitting the same few notes with the same two fingers. Too bad. If he hadn't been carried off to Oxford, he might have remained an officer and a gentleman and made a very fine Superintendent of the great Virginia Military Institute. ●

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I know of no further business to come before the Senate. I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 9:30 a.m. tomorrow morning.

The motion was agreed to and, at 7:13 p.m., the Senate recessed until tomorrow, Wednesday, March 25, 1981, at 9:30 a.m.

EXTENSIONS OF REMARKS

IN SUPPORT OF AN APRIL ADJUSTMENT

HON. STEVE GUNDERSON
OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. GUNDERSON. Mr. Speaker, on Thursday of this week the House will consider H.R. 2594 to eliminate the April adjustment in dairy price supports. I am gravely concerned that consideration of the adjustment alone without concurrent consideration of all other factors that influence the dairy industry may lead the Congress into making a hasty decision which it will regret in the not too distant future.

I would, therefore, like to bring all of the relevant economic factors to the attention of the House so they may see why the elimination of the April price adjustment is unwise and, yes, unwarranted.

Mr. Speaker, we are today at the crossroads of our country's economic future. In recent years our fiscal policy has promoted excessive Government spending and has led to skyrocketing inflation. Our monetary policy has promoted high interest rates. The American people and their economic systems cannot long endure this duel pressure.

I sense a strong commitment on the part of the American people to change our current economic situation. Yet, if we are, in fact, to realize a new beginning for our country, the farmer must be the cornerstone of our efforts.

Have we ever really considered how fortunate we are to live in a country with efficient, productive farmers? The productivity of the American agricultural community has helped the American consumer in his battle against inflation by providing a sufficient supply of wholesome agricultural commodities at a reasonable price. Additionally, any extra production has assisted our balance of trade in a time when foreign imports far exceed American exports.

Because of the crucial role the farmer plays in the American economy, it is important that the Congress does not enact legislation that would restrict, inhibit, or discourage the agricultural sector.

But that is exactly what H.R. 2594 will do if it, indeed, becomes law—discourage the young and beginning farmer from entering or continuing in the farming industry. This would be particularly devastating to the dairy farming community since the average age of dairy farmers is now 55 years old.

This point was exemplified in a March 20 front page article of the Wall Street Journal which stated:

> Farmers have been getting out of dairying in droves. There are currently about 170,000 U.S. dairy farmers, down 35 percent since 1969, and a proposal by the Reagan Administration to hold down dairy price supports could hasten the departure of more dairymen.

Nevertheless, the administration insists that the elimination of the April price adjustment is necessary to cut down on the cost of the dairy price support program and to limit the overproduction which has resulted in Government stockpiles of dairy products.

It is a simple economic fact that the proposed elimination of the April price adjustment will not accomplish what it is advertised to do. Further, any action, such as the elimination of the April price adjustment, that might cause a major shift in U.S. dairy production could also have a very negative impact on consumer prices in this country in the future.

Dairymen and economists both agree that maintaining the present price support level or, for that matter, lowering the current price level will not decrease production in the short run—8 to 12 months—as predicted by the USDA. Bred dairy animals simply do have a financial viable alternate use. They will freshen and be milked. Additionally, overhead costs continue.

Simply stated, production will increase in the short run so as to recover the decreased commodity profit over a greater amount of production. Needless to say, this will negate a good portion of the projected savings to the Federal budget in the immediate future.

This can only spell further trouble for the dairy price support program. When the arbitrary stopgap measure proposed by H.R. 2594 fails to accomplish its intended purposes of cutting dairy production and Federal spending, the next proposal will probably be a reduction in dairy price supports to 60 or 65 percent of parity.

In short, those of us who seek to preserve a fair price support program, of benefit to the farmer and consumer alike, are being thwarted by those who are unwilling to consider all of the issues that affect the dairy farmer as a package.

Mr. Speaker, there is a way in which we can reduce the present Government stockpiles of dairy products and the Federal cost of the dairy price support program without injuring the productivity of the American farmer or discouraging the young and beginning farmer from entering the farming industry.

First, the April price adjustment must not be eliminated. Rather, the entire price support system must be considered as a package with, not separate from, the following points.

Second, immediate action should be taken to stop the unrestricted importation of casein for human consumption. The use of casein as a substitute for dairy products has a direct effect on the cost of the dairy price support program and the current Government stockpile of dairy products.

Third, greater attempts must be made by the Federal Government to promote and export American dairy products. A recent trade mission to Mexico and Central America by Wisconsin Secretary of Agriculture Rhode indicated that a potential market exists for nonfat dry milk in this area because of the changing world supply situation. Such exports of American dairy products could occur with a very limited subsidy. Needless to say, such exports would greatly diminish present Government stockpiles and prevent such stockpiles from occurring in the future.

Fourth, the buy-back level for dairy commodities should be increased. In today's current economic and high interest rates, it is unrealistic for the Federal Government to sell commodities back to the manufacturer at 105 percent of the purchase price. The amount should be increased to at least 110 percent. This will encourage more products to be in private hands as well as greater sales efforts of those products. Government costs will also be reduced accordingly.

Fifth, the request for a hearing on proposed changes in the Federal milk marketing orders as they relate to reconstituted milk should be denied. There is already a sufficient option to the consumer with the fast-mixing powder which is widely available in the regular food distribution chain presently.

Finally, it is important to emphasize that the dairy price support program has worked for the purpose it was intended. It has guaranteed an adequate supply of wholesome dairy products to the consumer. It has further guaranteed that the price of dairy products is reasonable and free of wide shifts in price which often occur with commodities. One only needs to look at the market for peanut butter and citrus fruits this year to realize how important it is to the consumer's interest to avoid wide shifts in price.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Therefore, I urge the House not to take any action on dairy price supports and, particularly, the April price adjustment without completely considering all of the points I have raised as an entire package. They are, indeed, all interrelated.●

THE CHILDREN OF ATLANTA

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. MAZZOLI. Mr. Speaker, today, the American people are confronted with an unfortunate human tragedy; 23 black children linked by brutal murder or disappearance are the center of national concern. However, this is not solely a black problem; it is a national problem.

There is little or no evidence leading to the murder or murderers of these children. Thus, young children and families in Atlanta and throughout the Nation are held hostage to their fears and apprehensions.

I would add that these brutal murders come during a period where violence against minorities has increased dramatically. This violence has taken an emotional and psychological toll on the minority communities affected.

We do not know whether the killings in Atlanta are racially motivated. But we do know that they are tragic, regardless of the color of the victims or the murderers. We also know that these murders must be stopped.

I commend the administration or President Ronald Reagan for increasing Federal activity in conducting the investigation of the deaths of the children in Atlanta and for providing needed financial assistance.

Following, is a brief speech delivered by 9-year-old Erika Lomax of Keene Elementary School in Northeast Washington, D.C., at a memorial service for the slain children.

It is only fitting that the words of a child could bring us closer to the meaning and impact of the deaths of these children.

The speech follows:

COMMENTS OF ERIKA LOMAX AT THE MEMORIAL SERVICE FOR THE SLAIN AND MISSING ATLANTA CHILDREN

Distinguished Guests, Families, and Friends, I am truly honored that I have been given the opportunity to speak to you today.

I am only sad that we are not here for a joyous occasion, but one that has shocked the Nation and filled our hearts with grief.

But in my own way, I feel that I must speak out to say only what is in my heart.

I am a child, special in my own way, as unique as each star that shines in the heavens.

I look forward in my life to growing up. I will someday graduate from school, go to college, have a career, a marriage, and children. A cycle that must go on, for this is the way of the world. But stop for a moment, and think of the children of Atlanta the harmless children, who have died a cruel death at the hands of some unfeeling monster. That someone who to this very day roams free to kill children, that someone who has made us all afraid. Afraid of the stranger who walks behind us on the way from school, who brings fear when we are alone for a moment away from the protecting eyes of our families.

I think about those children who have died in Atlanta. I know that they will never graduate from school, go to their first dance, to college, have a career, a marriage, or families. I say to myself, Dear Lord, who has the right to take away the joys of childhood? And isn't it a shame that this killer haunts us like a shadow in the night? That killer will teach us many things, like how to be afraid, how not to trust, and how to hate, because we don't understand why someone would kill. We are taught that bad people die, does that mean that those little children were bad? I don't think so.

Never forget the children of Atlanta, they were just like me, they were your son's, your daughter's, your brother's, your sister's, the little kid next door, the playmate on a rainy day, someone you could tell your secrets to, or argue with, about any little thing. They were children who could laugh, cry, dance, and above all, Love.

Never forget that most of the things that children want from life, are the simple things.

We just want to learn, have fun, make friends, and have people love us, and most of all, we want to grow up!

I would like to close by saying this to the children that have died in Atlanta.

We shall not forget you, we shall forever mourn your loss, perhaps you have gone on to a better world, for you are, and forever shall be children of God.

No one will hurt you now, no one will cause you tears, for I know deep in my heart that you rest in the arms of the Lord, and there you will be children again.

Play in the skys of heaven, dance in the clouds and the wind, let the angels be your playmates, and know you are forever loved.●

MASSACHUSETTS STATE SENATE ADOPTS RESOLUTION ON EL SALVADOR

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. FRANK. Mr. Speaker, people around the country are questioning the wisdom of the administration's policy of military support for the junta in El Salvador. If we review the magnitude of the violence during the last year, and the role of the military and paramilitary forces in perpetrating that violence, it is not hard to understand why U.S. support for the regime should be curtailed. U.S. support for the Government of El Salvador is tantamount to U.S. endorsement of the regime's abhorrent human rights record. Besides this important moral factor, support for the existing regime strengthens that arm of the Government over which the President has the least control—the military. Do we really wish to condone the continuing violence of the military that we can expect with this flow of arms?

The people of Massachusetts, by means of a resolution adopted by the State senate, has called on the Congress "to withdraw further United States support to the military junta in El Salvador, and to cease any military intervention by arms or other support . . ." I commend the resolution's author, Senator Jack H. Backman, and urge my colleagues to consider this compelling statement. The resolution follows:

RESOLUTION MEMORIALIZING THE PRESIDENT AND THE CONGRESS OF THE UNITED STATES TO WITHDRAW MILITARY AND OTHER ASSISTANCE FROM THE PRESENT GOVERNMENT OF EL SALVADOR

Whereas, eight United States citizens, and over eight thousand civilians, including the archbishop of San Salvador have been killed in El Salvador in the past year; and

Whereas, many of those killed were the victims of the military and paramilitary forces of the military junta which has taken control of the Government of El Salvador; and

Whereas, Archbishop Romero, before he was assassinated, made a special plea to the United States Government to cease its support of the military junta of El Salvador; and

Whereas, direct and indirect United States intervention will lead to serious regional warfare, increasing the already acute suffering of the majority of the citizens of that embattled nation; and

Whereas, the present military junta in El Salvador is not supported by a majority of the population, but relies for its survival on the strength of the military forces; now therefore be it

Resolved, that the Massachusetts Senate requests the President of the United States and the Congress of the United States to withdraw further United States support to the military junta in El Salvador, and to cease any military intervention by arms or other support; and be it further

Resolved, that the Massachusetts Senate appeals for a cessation of further violence and for establishment of full respect of human rights in El Salvador; and be it further

Resolved, that copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the members of the congressional delegation from the Commonwealth and the Secretary of State.●

GENESEE CHAPTER DAR PRESENTS ITS GOOD CITIZEN AWARDS

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. KILDEE. Mr. Speaker, each year the National Society of the Daughters of the American Revolution presents its Good Citizen Award

to outstanding high school students. The Genesee Chapter DAR, located in Genesee County, Mich., recently presented its awards to 25 area high school students led by Ernane Jung of Carman High School, the State winner. I offer my congratulations to these young Americans who have been honored by the Genesee Chapter DAR. The other winners, and their high schools, are: Beth Boyer, Swartz Creek; Cheri Cain, Hamady; Duane Chizmadia, LakeVille; Catherine Collins, Capac; Rhonda Councilor, Our Lady of the Lakes; Kimberly K. Dean, Flushing; Mary Desrochers, Flint Central; Shelly Edgerly, Kearsley; Jeanne Fowler, Flint Northern; Beth Heinrich, Ainsworth; Curtis Jablonski, Mt. Morris; Deidre Lentz, Bendle; Eileen Merrell, Bentley; Cathleen Miller, Genesee; Maureen Miller, Atherton; Julie Ann Nasser, Clio; Cindy Reinhart, Hill-McCloy; Tenee Smith, Flint Northwestern; Gwen Athene Tarbox, Flint Academy; Regina Watson, Powers; Monica Wooley, Beecher; Theresa Ann Worrell, Michigan School for the Deaf; Carolyn Yurko, Yale; and Judy Kay Zurakowski, Richmond.●

INTRODUCTION OF FAMILY PLANNING LEGISLATION

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. WAXMAN. Mr. Speaker, today I am introducing a bill to reauthorize the family planning, adolescent pregnancy, and genetic disease programs. These programs are exceptionally important because they focus on the education and counseling of young people to avoid unwanted dangerous pregnancies and to assure healthy babies when pregnancy occurs.

The sections dealing with the family planning program (title X of the Public Health Service Act—PHS Act—make no changes in the statute, simply reauthorizing funds for fiscal years 1982 through 1985. I have reduced the authorization from approximately $408 million in fiscal year 1981 to $281 million in fiscal year 1982, a reduction of 31 percent. In these times of budgetary constraints, it is important that we authorize no more that is necessary for the efficient operation of the programs. The prohibition on the use of title X funds for abortion is continued.

Family planning is an important program and is cost effective both in human and monetary terms. It is estimated that there would be an additional 900,000 pregnancies a year were it not for this program. This would mean many more unwanted children, a larger number of people on the medicaid rolls, and more abortions—none of which are desirable or indeed acceptable.

I believe it is also necessary that family planning remain a Federal rather that State program. Is is mainly an education and counseling program, rather that one providing treatment. These fuctions should not be performed haphazardly. There should be a uniform Federal policy. It is unlikely that the program will be self-supporting: the population the program services is generally without discretionary income; they need to be encouraged to understand and seek services rather than face financial barriers to receiving them.

Further, the data base must be national for us to determine the effectiveness of the program and the need, if any, for continuing it past 1985.

Section 2 of this bill deals with the Genetic Diseases Act. It authorizes funds for fiscal years 1982 through 1985, without substantive change. The 1981 authorization of $35.5 million reduced to $18 million, a decrease of 49 percent. This section also makes clear that Congress considers sudden infant death syndrome to be included in the definition of genetic diseases.

The genetic diseases provides testing, counseling, and treatment for individuals. Through this program, we are learning more about the factors which may cause a child to inherit a particular disease, which diseases may be genetically related, and how to treat and ultimately prevent such diseases. An important part of this program is testing and counseling for pregnant women. Discovering the presence of or potential for a particular disease while a fetus is in the womb can allow a physician to treat the fetus or to send the prospective mother to the proper medical facility when she gives birth. The child will have a much better chance of survival and leading a productive life if the necessary specialists and equipment are available at the time of delivery.

The genetic diseases program also allows parents to receive prenatal counseling so that they will be better prepared to deal with any abnormalities found at birth and any that might be expected to develop later on. Also, for some parents, the advance information that their child will be born with a horrible and incapacitating defect may mean that they will be able to consider the option of terminating the pregnancy. We all have heard heartbreaking stories of the mother waiting to be told she has a healthy baby only to find the baby has a condition which could have been treated before birth or immediately thereafter. Instead, the parents and child may suffer life-long agony needlessly or the child may die. There are few things more tragic or harder to accept than those which could have been prevented, and the resulting feeling of dispair and guilt must be unbearable. It is unacceptable that people should suffer in this way when we may have the means to prevent it.

Section 3 transfers the adolescent pregnancy program from title VI of the health services and centers amendments of 1978 to title X of the Public Health Service Act, where it logically belongs. A number of technical changes were included, although no requirements were changed. We did, however, delete section 601, the findings and purposes, because if needed at all, it belongs in the report language to clarify congressional intent rather than in the statute.

As in the other programs, we have reduced the authorization for adolescent pregnancy significantly. The 1981 authorization of $75 million is decreased to $14 million for fiscal year 1982, a reduction of 81 percent. The prohibition on the use of these funds for abortions is continued.

The adolescent pregnancy program focuses on assisting communities to provide counseling and treatment to pregnant adolescents in the hope of assuring healthy babies. The program also provides counseling to adolescent parents and parents-to-be to help prepare them for parenting, referral to appropriate educational and vocational services, adoption counseling and referral, and referral to appropriate pediatric care. Supplemental services of child care to enable the adolescent parent to continue her education or work, consumer education and homemaking, counseling for family members—such as the parents of adolescent parents—and transportation are also included in the program. Provision of these services will result in healthier children, prepare adolescents to be better parents, and assist in keeping them off the welfare rolls.

I strongly believe the programs contained in this bill to be both valuable and cost effective. These programs have been consistently supported by Members on both sides of the aisle. I hope and expect that support will continue.●

LEGISLATION TO RAISE THE SOCIAL SECURITY RETIREMENT AGE

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. GREEN. Mr. Speaker, today I am introducing the Retirement Age Reform Act of 1981, which has the support of five of my colleagues. It is apparent that the social security system will be experiencing serious financial problems as we move into the next century, and I believe it is neces-

sary to make proposals which will remedy the long-run situation without hurting today's senior citizens. I believe my bill, which would gradually raise the retirement age from 65 to 68, is a reasonable and necessary solution to the financial problems which the system will be facing in the coming decades, and will make the system sound for the retirees of the next century.

Demographic changes in the makeup of our Nation have created a need for a thorough examination of the social security system. When the system was first created in 1935, there were 11 workers paying into the system for every 1 drawing out. Today, there are three workers paying for every one. By the year 2030, when the children of the post-World War II baby boom will have passed the age of 65, there will be 1½ workers supporting each retiree. Our system is destined to collapse unless some action is taken to offset the changes which are expected to take place in the nature of our population.

The legislation I am introducing proposes to raise the minimum age at which an individual may collect maximum social security benefits by 3 months every year for a period of 12 years, beginning in the year 2000. In this way, the increase would not affect anyone who is currently retired or is contemplating retirement within the next few years. At the same time, it recognizes that individuals live longer, healthier lives than they did when the system was first created. This proposal would shorten the number of years which an individual spends as a retiree by postponing the year at which an individual may collect benefits. In this way, it shortens the number of years for which the system is currently obliged to pay. Earlier retirement after age 62 would continue to be available with actuarily reduced benefits.

This change also recognizes that in the future, relatively few people would otherwise be paying into the system, and a relatively great number taking out. I think it makes sense to work a bit longer and be secure with the knowledge that benefits will not be cut, nor will taxes be increased. I urge my colleagues today to consider my legislation carefully, as I feel it seeks to make the social security system sound and secure for retirees of the next century.●

THE INSTITUTE OF INTERNATIONAL EDUCATION

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. ARCHER. Mr. Speaker, on the occasion of their annual national council meeting in Washington on April 26-28, 1981, I would like to call to the attention of the House the Institute of International Education. The IIE is an example of an organization which provides an extremely valuable service to the Nation and it is particularly appropriate to make new Members aware during this period of transition of the value of such organizations in building a positive U.S. image abroad. At a time when the Soviet Union spends twice as much as we do on programs of educational exchange and public diplomacy, the efforts of private organizations such as IIE to build productive U.S. relations with other countries should be actively encouraged. Its activities are coordinated by the institute's national headquarters in New York City and carried out by U.S. regional offices in Atlanta, Chicago, Denver, Houston, San Francisco, and Washington, D.C., and by overseas offices in Latin America and Asia.

IIE was founded in 1919 in the aftermath of World War I. Its assigned task was the promotion of international understanding through international educational exchange. Today IIE carries out this mission through the exchange of students and scholars, knowledge, and skills between the United States and 130 countries.

IIE is perhaps best known for its administration of the U.S. International Communication Agency's mutual educational exchange program, the Fulbright fellowships for U.S. and foreign students at the predoctoral level. Year after year IIE is successful in attracting hundreds of thousands of dollars of support for this program from universities, corporations, and other nongovernmental sources, a remarkable record of public and private sector cooperation for the public good.

The Institute of International Education also conducts some 200 additional programs for other U.S. Government agencies, foreign governments, international organizations, foundations, corporations, and educational institutions. Altogether IIE assisted some 8,500 American and foreign students, distinguished international visitors, and research professionals on technical assistance projects overseas during the 1980 academic year—a notable record for a private nonprofit agency and a major contribution to the development of international understanding.

In addition to its role in the mutual educational exchange program of the U.S. International Communication Agency, IIE administers a portion of USICA's international visitors program, which brings distinguished foreign visitors to the United States from over 100 nations each year. The intent of the program is to increase the knowledge of the United States of influential citizens of other lands. Alumni of the program have occupied hundreds of cabinet positions around the world.

IIE offices in Washington, D.C., Denver, and Houston are particularly active in support of the USICA international visitors program which relies on community agencies to organize the local contracts of its participants. These three offices each year assist over 2,000 distinguished visitors from other lands. They insure a positive exposure to U.S. communities as well as a productive professional experience for distinguished foreign government officials, university professors, journalists, labor leaders, and representatives of many other walks of life. There efforts significantly affect the U.S. image in over 100 countries.

IIE assists the "Green Revolution" centers, the international agricultural research centers around the world that have developed the miracle grains which hold the best hope of adequate food supplies for the less-developed nations. The institute administers many projects for the Ford Foundation, and is active as well on behalf of the Agency for International Development, the Rockefeller Foundation, and numerous other supporters of educational cooperation and of developmental assistance.

By administering programs for such sponsors, IIE is able to make a major impact on international relations through cultural diplomacy. Its programs expose both the current and the next generation of leaders of other nations to the values of American society, and offer training other countries need to build their own societies. Research conducted through IIE-related projects is having a major impact on increasing the world's food supply.

IIE also serves the public and American higher education through its educational services—public service activities supported through contributions. Through educational services, IIE brings information and counseling to some 200,000 American and foreign students each year and provides over 50,000 copies of its many publications to students, educational institutions, counseling centers, and libraries all over the world.

IIE's educational services include conference programs, scholarship programs, and many other activities that bring needed assistance to organizations and individuals concerned with international educational exchange. As the central clearinghouse for information about exchange in the United States, the Institute of International Education plays an important role in making productive educational relationships a reality.

IIE has a special relationship with American colleges and universities, some 500 of which are affiliated with the institute as IIE Educational Asso-

ciates. IIE assists American higher education in many ways.

The institute's overseas offices in Latin America and Asia provide on-the-scene assistance in interviewing and screening applicants overseas for American colleges and universities, and dispense information on U.S. higher education to tens of thousands of foreign students each year. They offer orientation programs, testing facilities, libraries, and catalog collections, and in general act as overseas ambassadors for American higher education.

IIE's regional offices in the United States function strongly as service agencies in international affairs for the areas in which they are located. Originally these offices were founded to link IIE more closely with the colleges and universities throughout the United States that are the institute's partners in educational exchange, and to bring together local citizens and international students in activities that would give these students a better knowledge of this country and improve Americans' understanding of other cultures.

The growing need in today's world to increase all citizens' awareness of international affairs has broadened the focus of IIE's regional offices. Seminars and conferences, programs for schools and rural communities, exhibits, presentations are among the citizen education programs of IIE's regional offices. This is in addition to the ongoing assistance to colleges and universities. Regional offices advise and consult about international education; work closely with campus study-abroad advisers, foreign student advisers, admissions officers, and the individual student, and make available the full range of IIE publications and information services.

The Institute of International Education, its staff in the United States and around the world, and the thousands of volunteers who give of their time and energy on behalf of international cooperation together form a significant national asset.

It gives me special pleasure to salute the Institute of International Education and to express the hope that this fine organization will continue its tradition of effective service to the Nation and the world for many years to come.●

A CITATION WELL DESERVED TO VIRGINIA T. TORELLI

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. WORTLEY. Mr. Speaker, in these times of global strain and stress, it is well to note individuals, especially praiseworthy, whose efforts ease tensions, educate young minds, provide comfort, break down barriers of ignorance, allay problems with resolve and hope, and exemplify the brotherhood of man.

Such a person is Virginia T. Torelli of Manlius, N.Y. She is the director of the international student office at Syracuse University and, I am proud to say, a constituent of mine.

Her work is the principal reason, perhaps, the only reason, for the successful program for foreign students at the university.

In a manner which is at once tender and firm, Mrs. Torelli has been a friend and counselor to foreign students during traumatic moments. She has been to them a source of strength through episodes of fear and duress, and to the community she has been an intelligent adviser and an effective administrator.

She does her work quietly, calling no attention to herself. It is fitting that we Members of Congress recognize her eminent example and excellent achievements and that Syracuse will soon award her a citation for distinguished service. The honor is indeed deserved.●

ELIMINATING AN ADJUSTMENT WILL NOT DIMINISH PRODUCTION

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. GUNDERSON. Mr. Speaker, yesterday I attended a field hearing of the Livestock, Dairy, and Poultry Subcommittee of the House Committee on Agriculture in Dubuque, Iowa. At that time testimony was received from Mr. Corliss J. Hendrickson of Beldenville, Wis., as to the effect of the elimination of the April price adjustment on the average dairy farmer in Wisconsin.

Mr. Hendrickson pointed out that, according to a report in the December 29, 1980, U.S. News & World Report, the price of whole milk increased 6.9 percent during 1980. Needless to say, much of this increase went to wholesalers and retailers rather than the dairy farmer.

Mr. Hendrickson then noted the following changes in the cost of production of his dairy farm from March 1980 to March 1981 based upon prices at the Farmers Union Cooperative in Ellsworth, Wis.:

ELLSWORTH FARMERS UNION COOPERATIVE RETAIL PRICE COMPARISON

Product	March 1980	March 1981	Percent increase
Superlube 518 oil 30 gallon drum	$104.20	$118.59	13.8
Regular gas	1.19	1.32	10.9
Diesel fuel	1.03	1.20	16.5
18.3–34 rear tractor tire	381.05	402.80	5.7
Thimet insecticide (lb)	0.72	0.87	20.8
Aatrex 80 W herbicide (lb)	1.81	2.17	19.9
Sutan plus herbicide (gal)	16.75	20.20	20.6
Drinking cups (ea)	20.95	26.43	26.2
TBZ	14.49	16.60	14.6
Combiotic penicillin	6.25	7.20	15.2
Super 721 alfalfa seed (lb)	2.10	2.35	11.9
Ladino clover (lb)	2.40	3.50	45.8
0–0–60 fertilizer (ton)	128.00	140.00	9.4

The proponents of the elimination of the April adjustment in dairy price supports insist that dairy production will go down as a result of their efforts. Such an assumption ignores the obvious.

With skyrocketing costs of production, such as those experienced by Mr. Hendrickson, the dairy farmer will have no choice in the shortrun but to increase production so as to recover the diminished commodity profit over a greater amount of production. This will, of course, only add to the current Government stockpiles of dairy products.

In short, the elimination of the April price adjustment will have just the opposite effect of its intended purpose.●

FREEDOM OF INFORMATION ACT

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. MAZZOLI. Mr. Speaker, I commend to the attention of my colleagues the following article by Jack Valenti which appeared in the March 13, 1981, Washington Star, entitled "Too Free With Our Information."

Mr. Valenti makes valid points about problems caused by the Freedom of Information Act to the Nation's intelligence agencies.

The Freedom of Information Act needs to be amended and hearings on this issue, supplementing those held last year, will be conducted in the weeks ahead by the House Intelligence Committee.

The article follows:

TOO FREE WITH OUR INFORMATION

I spent some time recently in Western Europe chatting with key European officials, including several in the intelligence services of Great Britain and France. They seem persistently nonplussed by peculiarities in the American spirit, centered mostly on our Freedom of Information (FOI) Act and the porous quality it confers on the FBI and the CIA.

As one foreign official put it to me, "I daresay none of my colleagues today would pass on to the Americans sensitive data about the work of our operatives on the Continent—or even hint at anything which

would identify agents we have in the field. It would be suicide for our people. It is already deadly to your own."

Another said, "How on earth can you possibly collect and hold intelligence which may slip into foul hands simply because someone you do not know writes in and asks for information? How you can have an intelligence organization that routinely gives away its files passes my understanding."

It isn't enough, they complain, that material extracted from the FBI and CIA with Freedom of Information requests is put through a sifter that supposedly culls out secret material. They point out that people are processing so many requests that human error makes it literally impossible to expunge all that is not designed to be made public. Slippage is inevitable—and when it happens, the irretrievable occurs.

The intent of the FOI Act is laudable. Light thrown on dark crannies of the government usually illuminates a good many practices that should be corrected. But a balance is required, say these Europeans.

CASUAL MADNESS

It is one thing, they point out, to probe the Department of Labor or Transportation for information, but to uncork the files of the FBI and the CIA is a kind of casual, and they hope momentary, madness.

The FBI received some 18,800 requests for information in 1979, and the CIA recorded some 14,000 requests since 1975. No one can be certain how many of the CIA requests come from foreign governments operating through cover names. And there is a difference between sending along a file of newspaper clippings, and parceling out documents with lines blacked out, with no one in the Agency quite certain that all that should be excised has been.

Most people would acknowledge that criminals, both organized and unorganized, are filing requests by the long ton to the FBI to learn what the feds may have on them that might be embarrassing or damaging—and to act on what they learn. Fragments of information are as valuable as the complete dossier.

Unhappily, some past events have convinced a good many people that the FBI and the CIA skulk about doing rude acts not countenanced by our own laws. Public suspicion about two enterprises, without whose vigilance we might be more anxious than we are now about our future security, stirs our unease.

In the war against terrorism in Europe, the intelligence services of the West Europeans find it necessary to foresee violent designs before they are hatched. The only known method to do that is to collect information so that if a design is forming it may be thwarted before it occurs—or at the very least to pick up the spoor of those sponsoring the skulduggery before they kill somebody.

AN INSTITUTIONALIZED LEAK

What the public doesn't know, and probably cannot know until it is too late, is how well our police and intelligence services are prepared to act before some violent deed is done. We have so institutionalized the "leak" in this country that nothing is truly safe from prying eyes. Granted that we may too often stamp Top Secret on a formula for dried milk; granted also that much of what is delivered to someone asking for information is valueless. But it is nonetheless true that in handling literally thousands of requests, brief lapses in scrutiny run throughout the whole costly process.

It is not the cost of handling these requests that should cause us concern. It is the disposition of crucial material, often collected at great risk from sources who believe it is sacrosanct, who suddenly discover to their horror and fear that it is not. All of which causes our colleagues in Europe to shake their heads.

This unease among our friends is not evidence of paranoia. As William Burroughs put it, "A paranoid is a man in possession of all the facts."

The work of the FBI and the CIA is by nature shadowy. But they labor to ensure the security of the nation. Most Americans assume that work is going forward with dispatch, skill and diligence. But many European friends of this country are queasy not so much about the quality of the labor, but of the impermanence of its safety.

One can only pray that the Congress and its oversight committees can figure out some common-sense balance which places off-limits sensitive information which is now leaked or routinely given away. There is legitimacy in the phrase "national security information."●

DEBORAH HEART AND LUNG CENTER SIGNS AGREEMENT TO AID POLISH CHILDREN

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. FORSYTHE. Mr. Speaker, today in Philadelphia an historic event will take place. The Deborah Heart and Lung Center, which I am proud to have in my congressional district in Browns Mills, N.J., and the Government of Poland will sign an agreement inaugurating a program for the care of Polish children.

The Deborah Heart and Lung Center will provide pediatric cardiac surgical treatment to Polish children in need of this treatment. A great many Polish children suffer from cardiac disorders and are unable to obtain the medical care they need because Poland has a shortage of physicians trained in pediatric cardiac surgery. In an additional effort to help correct this problem, Polish physicians and medical personnel will also be able to observe the techniques and procedures used by the medical staff at the Deborah Heart and Lung Center.

I am proud that this program with Poland is made possible through the generosity of private contributions to the Deborah Hospital Foundation, which has been serving the New Jersey area for 58 years. Happily, the free care provided our children is now being extended to Poland's needy children.

The joy healthy children bring to their family and friends is universal. So, too, is the heartbreak that is suffered by those same families and friends when the child is ill. Today, as the agreement is signed for the pediatric cardiac surgical program, the Polish people will be continuing their internal struggle to create a society in which they can live freely and safely. These brave people have troubles enough without adding to them the anguish caused by knowing an ill child cannot be cured because of lack of medical facilities and personnel. While we cannot fight the Polish peoples' internal political battle, we can at least hope that their children will return from the Deborah Heart and Lung Center healthier and happier and that their families and friends will be strengthened and encouraged by these children.●

TRANSPORTATION ISSUES IN THE 96TH CONGRESS

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. WEISS. Mr. Speaker, I am submitting today for the RECORD my summary of transportation issues in the 96th Congress:

The 96th Congress produced a disappointing record on transportation issues of greatest concern to New Yorkers and other urban residents. Enactment of well-publicized bills to deregulate railroads and the trucking industry could not obscure the failure to provide a fairer formula for funding mass transit, require at least some form of passive safety restraint in automobiles, and halt the spending of billions for wasteful projects such as the Tennessee-Tombigbee Waterway.

Off the floor of Congress, the battle over the proposed Westway highway continued, and General Accounting Office staff began a probe—at my request—of New York City's purchase of new Grumman buses under an $89 million federal grant. The buses were withdrawn from service after discovery of widespread structural defects, and the extent of repairs to be paid for by the manufacturer remained unclear at the end of 1980.

One of the great disappointments of the Congressional session involved the failure to enact the Surface Transportation Act of 1980, which would have significantly increased mass transit funding for all major urban areas. New York City's share of all federal mass transit subsidies would have grown from 15 to 20 percent, up $87.8 million a year.

The new formula was based on miles of rail and bus service an area provides, not on population, as under current law. The change would have brought 72 cents per vehicle mile of mass transit to every major city in the nation, except New York—which would have received 58 cents per mile. That share per mile was smaller due to a limit on the federal assistance any one city could be provided. But the formula still represented a great improvement, one that may not be possible in the new Congress.

Both the House and Senate has passed bills with this new funding formula. But in spite of the outstanding efforts of Rep. James Howard (D-NJ), Chairman of the Surface Transportation Subcommittee, too little time remained to reconcile other dif-

ferences between the two bills, and the legislation died as time ran out on the 96th Congress.

The measure's most controversial section dealt with requirements for access to public transportation for handicapped persons. I opposed an amendment by Rep. James Cleveland (R-NH) which would have removed the obligation of localities under existing law to provide service for the handicapped. That amendment was defeated, and a compromise substitute passed that preserved the basic assurance of service, and required that prompt alternative services be provided. At the same time, the substitute amendment would have made today's stringent federal requirements flexible enough that local governments could provide service while planning for the most cost-effective means of access in the future.

Efforts to require use of air bags as passive safety restraints in new automobiles before 1983 failed on several occasions in the 96th Congress. But the bill which finally became law still requires installation of air bags by 1983 in at least one line of small cars sold by each manufacturer in the U.S. market, as an option for the car buyer.

Congressional approval of accelerated funding for the $3 billion Tennessee-Tombigbee Waterway came despite evidence that the project will only subsidize barge companies and duplicate an existing transportation network on water and rail. Indeed, the majority of companies claimed by the U.S. Army Corps of Engineers to benefit from the project either do not exist, or have stated they would not use the canal. Stopping the project now would save the American people many times more dollars than the several hundred million already spent.

Deregulation of both trucking and railroad industries passed Congress during the summer of 1980. These landmark bills represent steps toward removing government regulation from areas of commerce where efficiency, and lower prices, were thought best promoted by less restraint. Regulation is retained in areas where possible monopolistic practices pose significant dangers to the consumer's interests.

Hearings were held at my request in New York City by both the U.S. Department of Transportation (DOT) and a Congressional Subcommittee on my legislation to halt proposed federal regulations that would allow transport of nuclear waste through major cities. Local officials and community activists joined me in urging the DOT to withdraw its proposals. If implemented, the regulations would once again allow transport of lethal nuclear waste through the heart of our city across the Queensborough Bridge, up Third Avenue, over to Amsterdam Avenue, on to the Cross-Bronx Expressway, and across the George Washington Bridge to New Jersey.

A General Accounting Office study of the purchase and testing of 837 Grumman Flexible buses by New York City is underway at the request of myself and Rep. John L. Burton (D-Cal.), chairman of the House Subcommittee on Government Activities and Transportation. Investigators will determine whether tests before delivery should have detected the structural defects that forced the city to remove the entire fleet of new vehicles from service. In addition, the GAO will examine warranties obtained by bus purchases in New York and other cities to find whether the public is being adequately protected in cases where the product proves to have serious deficiencies.

I asked for the GAO study in August after the small openable windows included on the buses failed to provide adequate ventilation when air conditioning broke down. As a result, many buses were idled during the summer. Yet testing of the window design—installed after City Councilwoman Carol Greitzer and myself had objected to the totally sealed windows originally proposed—had not been completed when the buses were delivered.

The GAO team will examine the U.S. Urban Mass Transit Administration's requirements that mandate sealed windows and other items on buses, regardless of local conditions, to see whether different procedures for testing and selection of optional features are warranted.

The movement against Westway continued strongly, as 22 elected officials in New York joined me in asking the U.S. Army Corps of Engineers to deny a permit needed for construction of the extravagant roadway. Three U.S. agencies—the Fish and Wildlife Service, Environmental Protection Agency, and National Marine Fisheries Service—also took a stand against the permit, which is necessary to allow dredging and filling of a 2.8 mile-long section in the Hudson River along the West Side of Manhattan that Westway's design would require.

A tour of the proposed Westway corridor was sponsored by myself and 34 other elected officials in October, 1980, along with 47 community leaders and activists and representatives from 40 local and national organizations. The tour took note of the valuable businesses and neighborhoods Westway would destroy or adversely affect.

The future of Westway under the new Reagan administration is uncertain. Advisors to the new President have recommended a review of segments of the Interstate highway system which remain unbuilt to determine their cost effectiveness. Westway is the most expensive of all those projects. The highway is now estimated at more than $2 billion, or over $8,700 an inch—the most expensive highway ever proposed. I have argued that the trade-in of those highway monies for mass transit purposes makes the most sense. Finally, the EPA took a courageous step last summer when it proposed disapproval of New York State's plan to fight air pollution in the metropolitan area. EPA correctly criticized the state for failing to seek out funding for mass transit from all possible sources. Such funding is critical to air quality: improved mass transit should induce drivers to leave the road, reducing pollution caused by automobiles. As of this writing, no solution has been agreed to and no final action has been taken.●

RETIRING AMBASSADOR REPORTS FAVORABLE TRENDS IN ITALIAN PUBLIC OPINION

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. ZABLOCKI. Mr. Speaker, in a Los Angeles Times interview on the eve of his departure last month, retiring U.S. Ambassador Richard N. Gardner offered some interesting, and hopeful, comments about recent political developments in Italy.

According to Ambassador Gardner, there has been a definite shift in Italian public opinion over the past 4 years away from the Marxist-Leninist concepts of the Communist Party and in favor of the values shared by the United States and other Western European nations. The Italian Communist Party (PCI) has, in fact, suffered some significant reverses during this period, despite severe economic difficulties, the continuing plague of domestic terrorism, and the devastation caused by a major earthquake.

This encouraging trend, I believe, results in large measure from the prudent and realistic approach to Italian-American relations, which was consistently followed by the previous administration, despite some intermittent criticism, and which I hope will be adhered to by Secretary Haig and his colleagues in the years ahead. Simply stated, this involves, in the Ambassador's words, "a policy of noninterference in the internal affairs of allies, but of stating openly its preference that Communists not participate in the governments of allies."

While contacts have been broadened to some extent between American diplomats and Communist Party officials, the distinction between enhanced communication and approval has been made consistently and effectively—with apparently quite positive results.

Mr. Speaker, I include in the RECORD at this time the full text of the final interview with Ambassador Gardner and commend it to the attention of my colleagues, as well as to those in the Reagan administration who reportedly are engaged in a comprehensive review of U.S. relations with our European allies.

The article follows:

[From the Los Angeles Times, Feb. 11, 1981]

ITALY TURNING AWAY FROM COMMUNISTS, RETIRING U.S. AMBASSADOR SAYS

(By Louis B. Fleming)

ROME.—There has been a fundamental shift in Italy over the last four years, away from the Marxist-Leninist concepts of the Communist Party and in favor of the values shared by the United States and other Western nations, according to U.S. Ambassador Richard N. Gardner.

"This is the most satisfying thing I have seen happen in these four years," Gardner said, discussing his term as ambassador here.

He is leaving Feb. 27 and returning to the academic world. His replacement has not been named.

"Four years ago I was distressed to find how much Marxist-Leninist thinking had penetrated the high schools, universities, the intellectual press, the arts and culture here," he said in a farewell interview. "The penetration was greater than with any other ally."

He noted that he was referring to Marxist-Leninist concepts in order to draw a sharp distinction with the Marxism still ostensibly practiced by the Italian Socialist Party, regarded by the United States as a constructive partner in the new Italian government.

A new corner is being turned, Gardner went on. "The near hegemony of Marxist-Leninist thought is being broken. There is a resurgence of non-Marxist liberal thought."

Looking at the political situation itself, he called attention particularly to Communist Party electoral losses over the last four years.

"The Communists are on the defensive for the first time, and I hope they stay that way," he said.

The shift has been accompanied by increased interest in and respect for the values of freedom and liberty associated with the United States, he said.

"There is no country in the world where the common man retains greater affection for the United States and what it stands for than Italy," he said.

Gardner, who has made a priority of gaining greater respect and recognition for Italy among American policy makers, expressed his personal gratification at the way the new Administration in Washington has dealt with Italy. He noted that one of President Reagan's first phone calls following inauguration was to the Italian prime minister, Arnaldo Forlani, and Reagan's first meeting with a high Western European official will be Thursday with Italian Foreign Minister Emilio Colombo.

"It is gratifying that the new Administration is signaling its recognition of the very great importance of Italy in the Atlantic alliance," Gardner said. "Whether measured in terms of its geopolitical position, its political and economic importance or its real contribution to the alliance, Italy deserves to be in the inner circle of the alliance."

He singled out for special recognition the decision of Italy in 1979 to accept missiles under the North Atlantic Treaty Organization's new theater nuclear forces plan. Chancellor Helmut Schmidt of West Germany had made his acceptance of the missiles conditional on the acceptance by another European continental nation and Italy provided that.

"Furthermore, the 6th Fleet could not operate effectively without the home port facilities in Italy," Gardner said.

But he acknowledged that Italy remains vulnerable to communism, to terrorism, to its dependence on energy imports—more than any other Western nation—to its economic difficulties and the everpresent earthquake problem.

"On balance I would say Italy is somewhat less vulnerable than it was four years ago," the ambassador said. "Some of the dangers of four years ago have receded, temporarily at least, but I do not mean that we can be complacent or that the fundamental problems have been solved."

The ambassador expressed satisfaction with the political reverses of the Italian Communist Party, which has had declining support since it polled a record 34.4% in the national elections of 1976.

"In the 1979 elections they lost one out of nine voters and those results were confirmed in the elections of 1980," he said. "Equally important, these elections showed for the first time that the Communists were doing less well with the 18-to-25-year-old group than with other voters."

Gardner broadened contacts between American diplomats and Communist Party officials, a process that began under President Gerald R. Ford, but he continued to exclude high party officers from official embassy functions.

Gardner became the first American ambassador to meet Communist Party Secretary Enrico Berlinguer.

They had a five-minute coversation over coffee at a dinner given by President Sandro Pertini for then-President Jimmy Carter last summer.

Gardner also accepted, for the first time, invitations to attend dinners and receptions where he came in direct contact with senior Communists. Previously the contacts had been handled by other embassy staff members. And he entertained some Communist intellectuals, including the historian-journalist Giuseppe Boffa, as part of an energetic program of entertaining many segments of Italian society.

"A cautious dialogue with the Communist Party clearly serves the national interests of the United States so long as it is always made clear that communication does not mean approval," Gardner said.

"This enables the United States to understand better what is going on inside the party and it gives an opportunity to try to influence them over the long term in directions favorable to us."

Beginning in 1977, the United States has followed a policy of pledging non-interference in the internal affairs of allies but of stating openly its preference that the Communists not participate in governments of allies.

The policy was articulated by then-President Carter following controversy over allegations that the U.S. Embassy here had played a direct political role in earlier years.

Gardner said he saw only a remote possibility that the Communists would change on the fundamental questions of accepting true Western concepts of democracy and in living up to full obligations of NATO membership.

"Many American scholars make the mistake of thinking of the Communist Party as an individual who can change his mind quickly," Gardner said. "It is an institution, with a complex bureaucracy, deeply conditioned by its past and profoundly resistant to change."

He was critical of Communist Party opposition to American and NATO operations in Italy, including the stationing of Pershing II missiles under the theater nuclear forces accord. That is one of the issues likely to come up during Foreign Minister Colombo's visit to Washington. Italy has yet to designate the missile sites, a decision likely to stir fresh parliamentary debate.

Gardner and his wife, Danielle, will fly to Washington Feb. 27, then return to Italy in April, when Gardner will begin a two-month visiting professorship at the European University sponsored by the 10 Common Market nations in Florence. He will lead seminars at the Aspen Institute in August and return in September to his post as Henry Moses professor of international law and organizations at Columbia University.●

U.S. TRADE WITH THE MIDDLE EAST, 1978–80

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. FINDLEY. Mr. Speaker, the Commerce Department has released figures on U.S. trade with the Middle East in 1978, 1979, and 1980. This trade was as follows:

U.S. TRADE WITH THE MIDDLE EAST 1978–80

[Dollars in millions]

	Exports (including reexports)			Imports		
	1980	1979	1978	1980	1979	1978
Arab countries	$13,502.7	$11,053.5	$9,412.1	+$30,270	+$22,368	+$15,681.6
Percent of world	6.12	6.09	6.56	12.6	10.84	9.12
Algeria	$541.8	$404.1	$374.0	$6,576.8	$4,940.2	$3,481.6
Bahrain	$196.7	$159.5	$157.1	$15.5	$10.6	$28.8
Djibouti	$11.6	$8.0	$4.0	(1)	(1)	(1)
Egypt	$1,873.6	$1,432.9	$1,134.1	$458.4	$381.0	$105.0
Iraq	$724.3	$441.6	$316.6	$352.3	$618.4	$243.4
Jordan	$407.3	$333.7	$235.0	$2.5	$4.1	$0.6
Kuwait	$886.1	$764.7	$744.8	$471.9	$86.8	$49.6
Lebanon	$303.0	$227.4	$142.2	$32.6	$14.6	$14.8
Libya	$508.8	$468.1	$425.0	$7,124.0	$5,256.0	$3,799.3
Mauritania	$20.1	$7.0	$8.0	$0.4	(1)	$1.0
Morocco	$344.4	$271.3	$406.4	$35.3	$39.9	$43.5
Oman	$94.9	$87.9	$65.1	$344.3	$316.7	$354.0
Qatar	$128.8	$138.3	$76.7	$236.6	$279.1	$318.0
Saudi Arabia	$5,768.5	$4,875.0	$4,369.9	$12,508.8	$7,983.4	$5,307.1
Somalia	$55.8	$32.0	$21.0	$0.4	(1)	(1)
Sudan	$142.5	$103.0	$157.0	$17.3	$16.0	$14.0
Syria	$239.2	$229.3	$142.5	$25.9	$165.2	$36.8
Tunisia	$173.5	$175.1	$83.0	$59.9	$95.4	$21.1
UAE	$997.9	$666.8	$493.2	$1,987.8	$2,155.1	$1,857.9
Yemen (Aden)	$6.5	$13.7	$25.9	$18.5	$4.0	$4.7
Yemen (Sanaa)	$77.4	$214.1	$30.6	$0.8	$1.5	$0.4
Israel	$2,045.0	$1,854.9	$1,925.1	$934.1	$749.1	$719.5
Percent of world	0.9	1.02	1.34	0.39	0.36	0.42
Other non-Arab countries	$715.6	$1,586.8	$4,108.5	$611.8	$3,111.7	$3,166.4
Percent of world	0.32	0.87	2.86	0.25	1.51	1.84
Afghanistan	$11.3	$66.0	$17.0	$5.9	$13.0	$12.0
Cyprus	$69.5	$42.0	$25.0	$5.6	$5.0	$6.0
Ethiopia	$71.9	$104.0	$24.0	$86.8	$109.0	$96.0
Iran	$23.1	$1,020.8	$3,684.5	$338.9	$2,783.7	$2,877.4
Turkey	$539.8	$354.0	$358.0	$174.6	$201.0	$175.0
Middle East total	$16,263.3	$14,495.2	$15,445.7	+$31,815.9	+$26,228.8	+$19,567.5
World total	$220,548.7	$181,637.0	$143,577.0	$240,834.3	$206,326.0	$171,978.0
Middle East percent of world	7.4	8.0	10.8	13.2	12.7	11.38

[1] Less than $50,000.

Source: U.S. Department of Commerce, Bureau of the Census, Washington, Feb. 4, 1981.

Although the value of U.S. exports to this region were up significantly in 1980 over 1978, going from $9.4 billion to $13 billion, the value of U.S. imports almost doubled in the same period, going from $15.7 billion in 1978

to $30.3 billion in 1980. This latter fact, of course, is largely because of the rising cost of oil.

This table of trade figures demonstrates just how important it is to the United States to expand its exports to this region to diminish the great trade imbalance we are now suffering.

An important step to improving our trade competitiveness in the Middle East and elsewhere is the removal of U.S. tax law disincentives to exports. The American Businessmen's Group of Riyadh prepared, in 1980, a position paper on "America's Loss of Business in the Middle East." This paper focuses on several trade disincentives which place U.S. businessmen at a disadvantage compared with European, Japanese, and other competitors. Foremost among these trade disincentives according to this paper, are U.S. tax laws affecting Americans working overseas.

Since exports mean jobs for U.S. workers and a strong U.S. economy, it is critical for the Congress and the Reagan administration to work together to make reform of U.S. tax law disincentives to trade a top priority of our 1981 agenda.

Excerpts follow from the American Businessmen's Group of Riyadh paper which demonstrates why this task is so urgent:

AMERICA'S LOSS OF BUSINESS IN THE MIDDLE EAST

U.S. COMPANIES OPERATING IN THE MIDDLE EAST ARE AT A COMPETITIVE DISADVANTAGE WITH EUROPEAN AND ASIAN FIRMS BECAUSE OF U.S. LEGISLATION AND EXECUTIVE ACTION WHICH RESTRICTS AND IS OFTEN PUNITIVE AS COMPARED TO GOVERNMENTAL SUPPORT BY OTHER NATIONS FOR THEIR COMPANIES OVERSEAS

We call on the United States Congress to recognize this situation and to enact immediate legislation which would—

Eliminate taxes on American expatriates which force U.S. firms to hire foreigners or price themselves out of the market:

Provide financing for American firms which would put them on a competitive footing with foreign firms; and

Rationalize anti-trust, anti-boycott, anti-corruption and other laws which penalize U.S. firms abroad without advancing any significant policy objectives.

The Kingdom of Saudi Arabia is in the world's largest single market for construction and other contracted services, for the related consulting and design fields, and for the attendant materials and equipment. As such it is also the most competitive single market for these labor and production intensive services in the world. It is likely to remain so for at least the decade of the 80's.

U.S. firms are losing ground rapidly in Saudi Arabia. While fully 9 percent of all construction projects in the Kingdom were awarded to U.S. contractors in 1975, our share dropped to 6 percent in 1978 and continues to decline with only 3 percent of construction going to U.S. firms in 1979.

Even the civil and military construction contracts let by the U.S. Army Corps of Engineers on behalf of the Saudis are going substantially to foreign firms. In fact, the U.S. share of such work has plummetted dramatically from 35 percent in 1975, to 5 percent in 1978 and then to 2 percent in 1979.

As a result, the total U.S. exports to Saudi Arabia show no real dollar growth, 1979's $4.9 billion being, in fact, a decline from 1978's $4.4 billion when adjusted for a 12-percent inflation rate. Moreover, the U.S. portion of the Kingdom's enormous import bill, averaging 22 percent over the period 1975–79 is beginning to show a noticeable decline.

The health of this market affects all Americans, because U.S. firms buy American products. According to the Associated General Contractors of America, 90 percent of the material and equipment used by U.S. contractors are U.S. products. The U.S. Department of Labor estimates that every billion dollars in exports generates 30,000 domestic jobs. The U.S. Commerce Department puts the figure at 40,000 jobs per billion dollars of exports, and a study conducted by Aramco shows 53,000 U.S. jobs created by the same one billion dollars. Thus, the Saudi Arabian market is responsible for between 145 and 260 thousand domestic U.S. jobs.

U.S. firms are not losing ground in Saudi Arabia due to attitudinal hindrances on the part of either ourselves or our hosts, as some assert. The Saudis still desire American goods and services; they are simply no longer willing to pay the ever-growing premiums for buying American over European or Asian. Certainly the very existence of our group attests that U.S. firms are interested in this market; sufficiently interested to dedicate their full efforts and resources to working here in the Kingdom.

The fact is that we can no longer successfully compete with foreign firms who receive support from their respective governments. This support ranges from effective subsidies to outright ownership, control and supply of labor. The policies of most foreign governments with respect to assistance to their own firms in foreign markets renders U.S. legislation highly disincentive by comparison. If the U.S. wishes to reverse the current trend, to regain lost foreign sales and the resultant income and tax revenues, to improve our enormous trade deficits, and to return to a leading position in the world marketplace, U.S. firms operating overseas must be allowed to confront foreign competitors on a more equal footing.

The single item most often cited by U.S. firms operating overseas and by independent investigators as a cause for the dwindling U.S. share of international business is the current text and interpretation of the individual foreign earned income legislation, Sections 911 and 913 of the Internal Revenue Code. No other industrial nation taxes the overseas earning of its citizens as rigorously and no other major industrial power taxes such earnings at all. It is more than a coincidence that it is just these same powers—South Korea, West Germany, the U.K., Japan, Italy, Canada and France—to whom U.S. firms are losing work at present.

The direct effects of the present legislation are two-fold. First, bids tendered by U.S. firms are inflated by the projected excess cost of maintaining taxed American personnel and are thus unsuccessful. A study made by the Associated General Contractors of America of an actual bid shows that the projected cost of using American staff was nearly twice that of using comparable British staff. 75 percent of that difference was found to be the result of taxing the American individuals' foreign earned income. This resulted in a total bid 3 percent higher for the American-staffed U.S. firm. A 2.3-percent spread in offers prevailed at the time and the U.S. firm did not receive the work. Zero work means zero income for the U.S. economy and zero tax revenues.

Second, these taxes are forcing U.S. firms to replace American staff with British, Irish and other English speaking expatriates who are not taxed on income earned abroad. Mr. Abdullah T. Dabbagh, Commercial Counselor at the Embassy of Saudi Arabia in Washington states that the proportion of U.S. citizens employed by U.S. firms in the Kingdom declined from 65 percent in 1976 to 35 percent in 1980 due to the 1976 tax law. The findings of the Middle East Marketing Research Bureau Ltd. investigating U.S. firms in Riyadh, showed a 10-percent drop in U.S. citizen employees of U.S. firms over the period 1977–78 with heavier losses in the numerous mid-sized firms. This corroborates a report by Chase Econometrics Associates, which estimates a further 10 percent drop for 1980.

Beyond the obvious loss of income and revenues attendant to declines in the hiring of U.S. citizens to work abroad, there is also the fact that people tend to direct business to their countries of origin due to familiarity with home specifications and products as well as to a modicum of nationalism. In Saudi Arabia, where nearly everything is imported, this phenomenon is most pronounced. Over the past five years, the character of importing to the kingdom has changed drastically. While at one time, items were usually imported for a specific project, local dealers and vendors now preimport vast quantities of materials and equipment for sale on the local market. Our collective experience has shown us that, given this ever increasing local availability, people will procure the products of their countries of origin whenever possible. A very telling example of this is the fact that export of U.S. heavy equipment to Saudi Arabia fell 5.5 percent from $200 million in 1978 to $189 million in 1979.

Further, our experience shows conclusively that the days when only U.S. products could met U.S. firms needs and U.S. or U.S. based specifications are sadly, over. Both Japan and Korea produce many items to American standards, and much of Europe produces substitutes acceptable even to the Corps of Engineers.

With respect to taxing U.S. corporations' foreign income we direct attention to the benefits given to our competitors by their respective governments.

Italy and Japan do not tax the overseas earnings of their firms at all. The Republic of Korea affords its contractors a 50-percent exemption on income from abroad. France, West Germany and the U.K. allow their corporations partial exemptions and/or tax payment deferrals to bolster operations.

We must point out that operating in a developing country such as Saudi Arabia is inherently different from operating in, say, Western Europe. Most Saudi Arabian government regulations are complex, time-consuming and variable. Even in the capital and other major cities, employees cannot reasonably be expected to enter the local housing market and must be provided for. Outside of the cities, food and often water must also be provided. Communication, both internal and international, utterly necessary for the direction of business to the U.S., is extraordinarily expensive. Thus operating costs and overheads are enormous and require large quantities of cash to be constantly available. In consideration of this and the fact that the vast majority of con-

tracts in the Kingdom are multi-year in term, we request the U.S. Government allow job-based accounting methods to calculate corporate tax due, scaled for percentage of completion to be utilized. Such a plan would facilitate use of capital without significantly altering the ultimate liability incurred. Without such a minimal concession as this, our totally exempt foreign competitors will continue to benefit at our expense.●

EXIMBANK SUPPORTS JOBS

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. AuCOIN. Mr. Speaker, while hacking away at the Export-Import Bank's lending authority, opponents of the Bank have glossed over one of the most important contributions that it makes to our economy: jobs. The administration is trying to sell unilateral trade disarmament under the guise that export assistance only helps "profitable corporations" and "business must do its part" in sacrificing along with the rest of the country. Even if we were to accept the premise that American business needs no assistance in meeting predatory financing in the international marketplace, even if we ignore the continuing decline of American products in world competitiveness, we cannot forget that the companies that export employ American workers. Simply, exports mean jobs. Recent figures show that one in nine manufacturing jobs in the United States are export dependent. And in my own State of Oregon, over 10 percent of the manufacturing workers are paid by exports.

Before my colleagues accept the argument that it is American business that is sacrificing through cuts in Eximbank, I would remind them once again that Eximbank means jobs, productive jobs. I know of few Members who would knowingly and willingly sacrifice the livelihoods of their constituents and the long-term economic health of the country on the basis of such rhetoric.

That is why, Mr. Speaker, I call to my colleagues' attention figures which show the amount of exports Exim supported in each State over the last 3 fiscal years.

More important, however, the figures also show the estimated number of job-related Eximbank activity. I commend this information to the Members' attention and hope they will consider it carefully before deciding the fate of Exim and the fate of workers in their districts.

The table follows:

U.S. EXPORTS FINANCED BY EXPORT-IMPORT BANK BY STATE AND ESTIMATED JOBS ASSOCIATED THEREWITH, FISCAL YEARS 1978–79

[In millions of dollars]

	U.S. contract value	Eximbank authorized amount	U.S. jobs
Alaska:			
1978	0	0	0
1979	0	0	0
1980	0	0	0
Total	0	0	0
Alabama:			
1978	10.6	8.5	424
1979	4.5	4.0	180
1980	12.3	11.6	492
Total	27.4	24.1	
Arkansas:			
1978	21.8	21.8	872
1979	24.0	23.9	960
1980	23.2	23.1	928
Total	69.0	68.8	
Arizona:			
1978	3.6	3.0	144
1979	15.9	14.6	636
1980	40.0	33.0	1,600
Total	59.5	50.6	
California:			
1978	463.0	330.1	18.520
1979	1,396.2	936.3	55,848
1980	2,072.2	1,509.7	82,888
Total	3,931.4	2,776.1	
Colorado			
1978	10.7	7.6	428
1979	4.6	4.4	184
1980	5.0	4.5	200
Total	20.3	16.5	
Connecticut:			
1978	160.7	73.5	6,428
1979	176.1	98.1	7,044
1980	751.0	632.4	30,040
Total	1,087.8	804.0	
District of Columbia:			
1978	28.0	23.6	1,120
1979	29.5	28.4	1,180
1980	32.7	32.5	1,308
Total	90.2	84.5	
Delaware:			
1978	108.0	52.0	4,320
1979	104.6	59.6	4,184
1980	244.1	114.1	9,764
Total	456.7	225.7	
Florida:			
1978	78.5	64.7	3,140
1979	117.4	101.3	4,696
1980	206.6	186.8	8,264
Total	402.5	352.8	
Georgia:			
1978	52.9	50.7	2,116
1979	109.7	85.2	4,388
1980	139.0	105.3	5,560
Total	301.6	241.2	
Hawaii:			
1978	.3	.3	12
1979	2.4	2.4	96
1980	2.2	2.2	88
Total	4.9	4.9	
Iowa:			
1978	9.3	8.7	372
1979	25.0	15.4	1,000
1980	60.1	28.6	2,404
Total	94.4	52.7	
Idaho:			
1978	.1	.1	4
1979	109.5	93.0	4,380
1980	0	0	0
Total	109.6	93.1	
Illinois:			
1978	606.1	512.2	24,244
1979	1,179.9	847.3	47,196
1980	1,689.5	1,033.1	67,580
Total	3,475.5	2,392.6	
Indiana:			
1978	68.0	52.5	2,720
1979	58.1	30.9	2,324
1980	70.7	63.3	2,828
Total	196.8	146.7	
Kansas:			
1978	25.5	22.2	1,020
1979	50.8	40.2	2,032
1980	76.8	53.7	3,072

U.S. EXPORTS FINANCED BY EXPORT-IMPORT BANK BY STATE AND ESTIMATED JOBS ASSOCIATED THEREWITH, FISCAL YEARS 1978–79—Continued

[In millions of dollars]

	U.S. contract value	Eximbank authorized amount	U.S. jobs
Total	153.1	116.1	
Kentucky:			
1978	4.2	4.2	168
1979	9.3	8.5	372
1980	13.3	12.1	532
Total	26.8	24.8	
Louisiana:			
1978	24.9	20.3	996
1979	16.1	13.6	644
1980	85.4	75.6	3,416
Total	126.4	109.5	
Massachusetts:			
1978	66.6	61.2	2,664
1979	152.6	92.9	6,104
1980	326.0	202.6	13,040
Total	545.2	356.7	
Maryland:			
1978	11.4	10.5	456
1979	17.6	15.7	704
1980	26.2	24.5	1,048
Total	55.2	50.7	
Maine:			
1978	.1	.1	40
1979	0	0	0
1980	1.9	1.9	76
Total	2.0	2.0	
Michigan:			
1978	441.3	224.8	17,652
1979	183.5	143.7	7,340
1980	524.7	346.8	20,988
Total	1,149.5	715.3	
Minnesota:			
1978	104.4	78.7	4,176
1979	202.1	139.4	8,084
1980	269.2	118.0	10,768
Total	575.7	336.1	
Missouri:			
1978	34.5	26.4	1,380
1979	43.8	30.7	1,752
1980	50.2	46.0	2,008
Total	128.5	103.1	
Mississippi:			
1978	15.3	15.2	612
1979	15.0	15.0	600
1980	19.9	17.6	796
Total	50.2	47.8	
Montana:			
1978	0	0	0
1979	0	0	0
1980	0	0	0
Total	0	0	
North Carolina:			
1978	126.0	97.8	5,040
1979	35.1	29.8	1,404
1980	62.3	53.1	2,492
Total	223.4	180.7	
North Dakota:			
1978	10.5	0	420
1979	11.3	6.2	452
1980	11.8	6.7	472
Total	33.6	12.9	
Nebraska:			
1978	2.3	1.8	92
1979	3.7	3.3	148
1980	12.2	11.0	488
Total	18.2	16.1	
New Hampshire:			
1978	.4	.3	16
1979	.2	.2	8
1980	5.3	4.5	212
Total	5.9	5.0	
New Jersey:			
1978	142.5	122.8	5,700
1979	674.2	515.8	26,968
1980	342.9	255.3	13,716
Total	1,159.6	893.9	
New Mexico:			
1978	0	0	0
1979	.3	.3	12
1980	1.8	1.7	72
Total	2.1	2.0	
Nevada:			
1978	0	0	0
1979	0	0	0
1980	0	0	0

U.S. EXPORTS FINANCED BY EXPORT-IMPORT BANK BY STATE AND ESTIMATED JOBS ASSOCIATED THEREWITH, FISCAL YEARS 1978–79—Continued

[In millions of dollars]

	U.S. contract value	Eximbank authorized amount	U.S. jobs
Total	0	0	
New York:			
1978	1,808.1	1,219.4	72,324
1979	2,132.0	1,437.3	85,280
1980	3,463.5	2,448.0	138,540
Total	7,403.6	5,104.7	
Ohio:			
1978	221.0	102.5	8,840
1979	185.5	136.7	7,420
1980	240.5	182.9	9,620
Total	647.0	422.1	
Oklahoma:			
1978	56.4	44.7	2,256
1979	38.5	32.1	1,540
1980	40.3	38.2	1,612
Total	135.2	115.0	
Oregon:			
1978	18.5	17.8	740
1979	49.3	29.4	1,972
1980	26.7	21.3	1,068
Total	94.5	68.5	
Pennsylvania:			
1978	351.5	225.7	14,060
1979	556.9	595.8	22,276
1980	533.0	352.2	21,320
Total	1,441.4	1,173.7	
Puerto Rico:			
1978	.7	.6	28
1979	.4	.4	16
1980	.7	.7	28
Total	1.8	1.7	
Rhode Island:			
1978	22.3	19.6	892
1979	50.0	41.5	2,000
1980	77.5	69.0	3,100
Total	149.8	130.1	
South Carolina:			
1978	7.2	6.1	288
1979	14.4	11.6	576
1980	18.2	15.2	728
Total	39.8	32.9	
South Dakota:			
1978	0	0	0
1979	.2	.2	8
1980	.2	.2	8
Total	.4	.4	
Tennessee:			
1978	34.0	30.0	1,360
1979	21.7	18.4	868
1980	19.2	14.6	768
Total	74.9	63.0	
Texas:			
1978	1,050.6	595.2	42,024
1979	635.9	256.4	25,436
1980	705.9	413.8	28,236
Total	2,392.4	1,265.4	
Utah:			
1978	.1	.1	4
1979	6.4	5.7	256
1980	1.4	1.1	56
Total	7.9	6.9	
Virginia:			
1978	26.0	22.7	1,040
1979	15.8	14.0	632
1980	29.4	28.2	1,176
Total	71.2	64.9	
Vermont:			
1978	0	0	0
1979	0	0	0
1980	3.1	2.9	124
Total	3.1	2.9	
Washington:			
1978	661.4	246.1	26,456
1979	2,331.2	1,138.0	93,248
1980	3,364.0	1,889.0	134,560
Total	6,356.6	3,273.1	
Wisconsin:			
1978	414.5	200.9	16,580
1979	451.5	246.4	18,060
1980	797.4	438.8	31,896
Total	1,663.4	886.1	
West Virginia:			
1978	0	0	0
1979	.6	.6	24
1980	1.1	1.1	40
Total	1.7	1.7	
Wyoming:			
1978	0	0	0
1979	.1	.1	4
1980	0	0	0
Total	.1	.1	
Unallocable by State:			
1978	3,596.6	2,749.0	143,864
1979	2,748.6	2,126.0	109,944
1980	1,926.6	1,674.4	77,064
Total	8,271.8	6,549.4	

Notes.—The above figures reflect the degree of detail included in Eximbank's records. However, because subcontractors, and even separate manufacturing sites in the case of a nationwide supplier, are not usually broken out in the information supplied to Eximbank at time of authorization, some States actually have higher values than shown above; and some have lower values.

The "Unallocable by State" totals above include transactions for which a U.S. bank or other institution is shown as "exporter of record" (primarily discount loans and insurance) but which cover a number of U.S. suppliers who are not specifically identified to Eximbank.●

IN PRAISE OF CETA BUDGET CUTS

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. CORCORAN. Mr. Speaker, I would like to bring to the attention of my colleagues a letter I recently received from a resident in my district praising President Reagan's proposed budget cuts. It is worthy of special attention because it is written by someone whose program is scheduled for drastic budget rescissions. I am speaking of the CETA program, one which has recklessly expanded, as has much of the Federal bureaucracy, and has lost sight of the reason for which it was created—to train the chronically unemployed for jobs in private industry. CETA was never intended to create permanent public service jobs, but subsequent additions to the original program do just that. The two areas which will be phased out are those which provide public service jobs with no future purpose. They do not contribute to the long-range benefits of the workers or our economy, while elimination of them will help return CETA to its primary function and save millions of taxpayers' dollars. I commend Mr. Hauser and am pleased to insert his letter in the RECORD:

KANE COUNTY CETA SERVICES,
Geneva, Ill., March 11, 1981.

Congressman TOM CORCORAN,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN CORCORAN: I have been the Fiscal Manager for the Kane County CETA program for the past six years. I wrote you in August 1978 concerning the reauthorization of the CETA Act and my opinions. My views have not changed since that time.

As of this writing President Reagan has submitted a proposal to phase-out the II-D and VI Public Service Employment (PSE) programs of the CETA Act by September 30, 1981.

I strongly support this action and urge you to vote in agreement with President Reagan.

CETA must return to its original purpose as a training program for the purpose of placing the hard-core unemployed into private sector jobs. PSE does not accomplish this purpose so it must be phased-out now.

If the CETA Act is to be re-authorized during F/Y-1982, it must be re-enacted as a training program for the truly needy so they might have lasting and permanent jobs.

Thank you for your time and consideration. May the Lord Jesus bless you and guide you as you serve in Washington.

Sincerely,

JAMES W. HAUSER,
Fiscal Manager.●

FEDERAL GOVERNMENT SERVICE TASK FORCE

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. BARNES. Mr. Speaker, several weeks ago I sent my colleagues a letter inviting them to join the Federal Government Sevice task force, an organization of House and Senate Members working to develop a greater understanding of Federal employee issues. As task force chairman, I am pleased to report that a number of our ablest colleagues from both sides of the aisle and representing every region of the country have joined in the effort to insure the kind of Federal workforce the American people expect and want.

As Members consider participating in the task force, I hope they will review the variety of services the task force offers. As an information conduit working to supplement the efforts of the authorizing committees with timely data and analysis, the task force can provide information and responses to constituent problems and inquiries that otherwise would have required significant staff time. For example, in connection with its work on the President's hiring freeze, executive pay, cost of living adjustments, and proposed reductions in-force, the task force has already aided Members offices with memoranda prepared upon request and sample constituent correspondence.

Because Members may also be interested in figures reflecting the combined total of Federal employees and retirees by State, the task force staff has prepared a table providing such information. No fewer than 16 States have more than 100,000 citizens who either work or have worked in the Federal Government. California, Maryland, New York, Texas, Virginia,

and the District of Columbia have a quarter million or more Federal employees and retirees.

I insert the table for Members' information:

TOTAL NUMBER OF FEDERAL EMPLOYEES AND RETIREES BY STATE

Alabama	107,038
Alaska	29,122
Arizona	61,588
Arkansas	30,399
California	501,974
Colorado	85,820
Connecuticut	30,420
Delaware	8,195
District of Columbia	378,316
Florida	131,998
Georgia	135,448
Hawaii	47,578
Idaho	17,896
Illinois	156,363
Indiana	63,051
Iowa	27,798
Kansas	37,307
Kentucky	60,114
Louisiana	52,176
Maine	14,372
Maryland	240,302
Massachusetts	89,226
Michigan	81,446
Minnesota	44,314
Mississippi	45,347
Missouri	111,010
Montana	21,872
Nebraska	24,539
Nevada	15,963
New Hampshire	25,148
New Jersey	108,143
New Mexico	48,699
New York	243,511
North Carolina	68,907
North Dakota	14,407
Ohio	146,069
Oklahoma	84,746
Oregon	45,608
Pennsylvania	212,584
Rhode Island	15,639
South Carolina	55,094
South Dakota	17,541
Tennessee	100,657
Texas	257,091
Utah	65,772
Vermont	6,614
Virginia	268,733
Washington	104,268
West Virginia	25,141
Wisconsin	38,251
Wyoming	10,953
Grand total	4,743,751

Mr. Speaker, the millions of Americans who make up a Federal work force have just as great a stake and just as powerful a commitment to the Nation as the people they serve. That in recent years their efforts have not been well received reflects a record for which this body must bear some responsibility.

One senior civil servant, who happens to be a constituent of mine, wrote to President Reagan on March 6, to express bitterness and frustration that is spreading throughout all ranks of Government. David S. Pollen had a fine career in the private sector, when he saw "an opportunity to help this country improve itself," and entered the Federal Government. Seventeen years later Mr. Pollen found himself one of a "group which is the butt of every conceivable kind of disparaging remark from those who hold office." I submit Mr. Pollen's letter for the RECORD.

Also, I would like to call to the attention of Members who have not yet had a chance to seriously consider joining the task force two articles about the organization which appeared recently in the Washington Post and the Federal Times. I invite Members wishing further information about the task force to contact our offices at 225-9120.

The letter from David Pollen and the two articles follow:

ROCKVILLE, MD.,
March 6, 1981.

The PRESIDENT OF THE UNITED STATES,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: As a senior career civil servant with more than 17 years of civil and military service, I harbor bitter thoughts about my decision to devote my professional life to the cause of better government.

I am not one of those who was promoted up the civil service ladder on the basis of length of service. I had a fine career in the private sector which I gave up to enter the Federal government at the supergrade level because I saw an opportunity to help this country improve itself.

Before entering Federal service I had made an enormous investment in education and experience. That investment included time, money, and a great deal of hard work. For the past 17 years I have capitalized on that investment to produce results for my employer, the people of this country.

What is my return on this investment and effort? (1) economic strangulation which has reduced my purchasing power to below the point at which it stood when I first entered government in 1965 (every other group in the country has received some adjustment for performance and inflation over this same period of time); and (2) membership in a group of a few thousand executives upon which this government depends for reliable operation, day after day, a group which is the butt of every conceivable kind of disparaging remark from those who hold office

Mr. President, please take the time to read the list of specific job titles of those in the senior civil service. You will find there the most crucial, complex, and demanding type of job assignments imaginable: air force target selector, nuclear safety officer, social security actuary, research laboratory director, etc. We cannot be replaced with safety by the trained, experienced people necessary for good job performance unless salaries are brought into line, i.e. raised to the market level of those kinds of skills. The country can fool itself only so long before it pays the penalty of a dry-rotted civil service which cannot do the job. If we do not care, we rot.

We are economic men as much as everyone else in the country. We are dying on the vine; so are our functions, and so will the government.

Sincerely,

DAVID S. POLLEN.

[From the Federal Times, Mar. 16, 1981]

NEW HILL CAUCUS SCANS FEDERAL WORK PROBLEMS

(By Keith A. Sinzinger)

A bipartisan congressional task force on federal employee issues has become operational this year under the leadership of Rep. Michael D. Barnes, D-Md.

It is the first caucus to focus on legislation and executive action affecting federal workers and job installations.

Barnes, who convened the Federal Government Service Task Force late in the 96th Congress, said it will serve as an information clearinghouse and a link between federal groups and Capitol Hill.

It will follow and supplement, but not duplicate, the work of congressional authorizing committees, he said.

The task force, which attracted 35 members last year and 33 so far in the 97th Congress, has an open membership. But it is concentrating its recruiting efforts on congressmen with high concentrations of federal employees in their districts and has a goal of 70 members this year.

Staff director Robert Honig said there are 78 House members with 20,000 or more federal constituents—not including retirees, postal workers or the military. More than 150 representatives have federal constituencies of 10,000 or more, he said. "They are a sizable and knowledgeable voting bloc," he added.

Among issues on the task force agenda are the administration's hiring freeze and proposed staff reductions, proposed cost-of-living cuts for retirees, civil service and Hatch Act reforms, universal social security coverage and affirmative action.

Guiding the group with Barnes are vice chairmen Stan Parris, R-Va., and Vic Fazio, D-Cal., and executive board members James Howard, D-N.J., Tom Lantos, D-Cal., Harold Washington, D-Ill., and Fortney (Pete) Stark, D-Cal. Parris will serve as the task force liaison with the Office of Management and Budget and other administration officials.

An aide to Parris said the group hopes to persuade the administration that federal workers will be its best allies in the fight against waste in the bureaucracy.

Staff director Honig, formerly with the Senate Labor Committee, and Jerry Anderson, who worked with ACTION and state government in Ohio, will lead the efforts of a small staff that includes volunteers and student interns.

The caucus will be funded by member dues ($125) and clerical contributions, plus donations.

Honig said the task force has had "very open and extensive" contract with federal union and professional groups and is "extending its reach" to the research community.

Its main activity so far has involved briefing members on federal issues—such as the hiring freeze—through short memos, Honig said.

Originally formed as a House organization, the group recently amended its bylaws to include senators. Sen. John Warner, R-Va., has joined the caucus and other key senators have expressed interest in doing so, Honig said.

In a statement, Barnes said he initiated the task force last year because "it had become very apparent that government would have to re-examine its role and its functions.

"It seemed imperative to us that Congress maintain a balanced approach to reform by reasserting a commitment to the men and women who, as much as anyone, desire to serve the public and achieve public confidence."

As one of its first public activities, the task force will publish a four-page newslet-

ter on a trial basis. It will be available to outside parties by subscription at a yet-undetermined price. Tentative plans call for 20 issues a year.

[From the Washington Post, Mar. 6, 1981]

NEW HILL TASK FORCE FOR FEDERAL EMPLOYES

(By Mike Causey)

Members of Congress representing 1.2 million jittery taxpayer-voters (who get their paychecks from Uncle Sam) are forming a task force to monitor the Reagan administration's plans to cut back federal programs and whack jobs.

Coalition members come in all racial, ethnic, regional and political hues. But they have a couple of things in common. They are politicians who would like to keep getting reelected, and they represent people who make up 42 percent of the federal work force from states and congressional districts where feds are a major political force. Legislators are most anxious that their constituents, who pump millions of dollars into hometown economies, don't wind up on welfare or in unemployment lines.

Object of the Federal Government Service Task Force: To serve as an information net work on issues—jobs, retirement, reorganization—of interest to U.S. workers, and to advise key members of Congress that they represent lots of federal and postal employes. Staff director Robert Honig says at least 75 House members come from districts with 20,000 or more federal workers. The typical congressional district has 500,000 people—men, women and children—so a voting bloc of 20,000 or more is something to consider every other November.

Rep. Mike Barnes (D-Md.) chairs the group, which includes Reps. Vic Fazio (D-Calif.), Barbara Mikulski (D-Md.), Stan Parris and Frank Wolf (R-Va.), Tom Lantos (D-Calif.), Morris Udall (D-Ariz.), William H. Gray (D-Pa.), Roy Dyson (D-Md.), Robert Matsui (D-Calif.), Norman Dicks (D-Wash.), Robert Roe (D-N.J.), Julian Dixon (D-Calif.), Glenn Anderson (D-Calif.), Edward J. Derwinski (R-Ill.), Benjamin Gilman (R-N.Y.), Thomas Bliley (R-Va.), Marjorie Holt (R-Md.), William Whitehurst (R-Va.), and Tony Coelho (D-Calif.). Other members are D.C. delegate Walter Fauntroy, and resident commissioners A. B. Won Pat of Guam and Baltasar Corrada of Puerto Rico.

The Task Force will begin a Senate recruiting drive today. (Sen. John Warner (R-Va.) is the only member so far.) Pamphlets explaining the importance of the federal-postal-retiree population in each state will go to the 99 nonmembers in the Senate, and they should open some eyes. Consider some numbers:

Alabama has 60,000 federal workers and 25,000 civilian federal retirees . . . California, more than 290,000 federal workers and 138,000 government retirees . . . Florida, 80,000 feds and 86,000 retirees . . . Illinois, 101,000 U.S. workers and 35,000 retirees . . . Maryland, 131,000 workers and 50,000 retirees . . . Virginia, 144,000 workers, 66,000 retirees . . . District of Columbia, 207,000 workers, 42,500 U.S. retirees . . . Michigan, 54,000 and 13,000 . . . Missouri, 64,000 workers, 25,000 retirees . . . New York, 157,000 feds and 63,000 retirees . . . New Jersey, 68,700 feds and 30,000 retirees . . . Washington State, 61,000 U.S. employes and 33,000 retirees . . . West Virginia, 15,800 feds and 6,400 retirees . . . Pennsylvania, 126,000 U.S. workers and 44,000 retirees . . . Massachusetts, 56,000 feds and 30,000 retirees, and Texas, 148,000 federal workers, and 66,400 retirees.

Task Force members hope to come up with proposals that would spare the twice-yearly cost-of-living raises that federal, postal and military retireees get. President Reagan has proposed cutting retirees back to one inflation adjustment each year. They plan to work closely with the Senate Governmental Affairs Committee and the House Post Office-Civil Service Committee, which have jurisdiction over most federal-postal employe matters.

Staff director Honig says the task force hopes to convince Congress that it doesn't make sense to beat bureaucrats on the head and then expect them to go joyfully about their important business. Politicians sometimes forget that feds are people too, that they have the same dislike of red tape and waste as other taxpayers! ●

FEDERAL BANKING REGULATIONS

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. BETHUNE. Mr. Speaker, I was pleased to note that my colleague on the Banking Committee, Congressman DAVE EVANS, and others introduced a resolution recently to require Federal banking regulators to take a look at capital adequacy requirements for small versus large commercial banks. I hope the regulators will take heed of our concern that financial institutions be given a fair shake in terms of banking regulations in these highly competitive times.

Data from a recent study indicate that banks in my State of Arkansas are subject to different capital requirements. In fact, the study shows that Arkansas banks under $100 million maintain an average capital-to-asset ratio of 8.20, while larger banks have a significantly lower average. I understand that these requirements affect the pricing of a banks services and can put a banker at a competitive disadvantage.

In that this is a national issue, affecting our entire banking structure, I once again commend the gentleman from Indiana for the introduction of House Concurrent Resolution 82, and hope that it will inspire banking regulators to review this important issue.●

SOUTH BAY POLICE AND FIRE MEDAL OF VALOR RECIPIENTS FOR 1981

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. DORNAN of California. Mr. Speaker, on Thursday March 26, 1981, the seventh annual South Bay Police and Fire Medal of Valor luncheon will be held in Westchester, Calif. The luncheon honors all police and fire departments from nine South Bay area cities. But it will especially single out two outstanding individuals who have distinguished themselves by risking their lives in the performance of their duties: 1981 Medal of Valor recipients Newland Hingley, El Segundo police officer, and Thomas Kiesewetter, Redondo Beach firefighter.

Officer Hingley is being honored for his persistence in pursuit of three burglary suspects. On March 26, 1980, Hingley was writing a speeding ticket when he heard a man call out that someone had broken into his house. He reported the burglary over his radio and then noticed a suspicious vehicle turning onto the street from an alley. With sirens wailing, Hingley pursued the car on his motorcycle. The driver sped through the neighborhood with Hingley close behind.

At one point the car suddenly stopped as if in response to the siren. Before Hingley could park his motorcycle, the driver slammed the car into reverse. Hingley was struck and thrown to the ground, breaking his wrist.

The driver of the car then raced off as Hingley chased him on foot. The car went out of control and crashed into a parked car. Hingley confronted the driver and two passengers as they got out of the car and ordered them to freeze. One of the men reached behind his back as if to draw a weapon. Hingley fired one shot at the suspect and the three immediately surrendered. They were taken into custody on suspicion of burglary.

The firefighter's Medal of Valor will be awarded to Redondo Beach fireman Thomas Kiesewetter for his quick thinking in the rescue of two potential drowning victims.

On February 2, 1980, Kiesewetter and two paramedics were called to the breakwater in Redondo Beach's King Harbor. On the scene, he was told that two people had fallen from the seawall, and the harbor patrol officer suggested that it would take 15 minutes to get a patrol boat on the scene.

After scaling the seawall, Kiesewetter saw two figures struggling in the 57-degree water. Immediately, he dove into the water toward the drowning pair. He successfully pulled to shore both a 24-year-old man and a 10-year-old boy, who were exhausted and suffering from exposure.

Kiesewetter's quick reaction saved the two from almost certain death as five people have been severely injured, and one killed, under similar circumstances.

Mr. Speaker, the heroic acts of these brave men are representative of the selfless dedication and devotion to duty of their entire departments. I am extremely proud of the courageous

force of individuals who make up the South Bay fire and police departments.●

WARNINGS ON EL SALVADOR

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. LaFALCE. Mr. Speaker, the administration's new policy initiatives toward El Salvador have produced a great deal of controversy both at home and abroad. Critics are fearful that these initiatives are giving the wrong signals to right-wing dictatorships throughout the world, by encouraging internal repression and discouraging social and economic reforms.

While there is abundant evidence that external assistance is being provided to the anti-junta forces, the roots of the civil war lie in decades of exploitation by the ruling class. Therefore, the only true long-term solution to the civil war is real social and ecomomic reforms; and that realization appears to be missing in the administration's statements on El Salvador. Without those reforms, which President Duarte of El Salvador has publicy supported, military assistance would be counterproductive and ineffective.

In two thought-provoking editorials in its March 15 and 16 editions, the Niagara Gazette has explored some of the aspect of the new policy on El Salvador. The first, entitled "El Salvador Role Viewed Dimly," emphasizes the hostile response which this new policy has encountered in foreign circles. The second, entitled "Robert White's Warnings," details what happened to a member of the foreign service when he courageously refused to adopt the new line on El Salvador. I hope that my colleagues will heed the warnings expressed in both of these editorials.

The editorials follow:

EL SALVADOR ROLE VIEWED DIMLY

The Reagan administration's support of the ruling junta in El Salvador came in for strong criticism in leftist and liberal European newspapers last week. Many expressed fears of another Vietnam war; some disputed the American charges that the Soviet Union and its allies were responsible for the fighting in the little Central American country.

In West Germany, the left-leaning Westfaelische Rundschau of Dortmund dismissed assurances from Secretary of State Alexander Haig that the United States would not get involved in another Vietnam. "The beginning of the escalation in Indochina was also marked by the arrival of American advisers," the paper pointed out.

Denmark's B.T., and independent-Conservative tabloid, said "President Reagan's accusations of foreign arms deliveries to the guerrillas are precisely like the Soviet leaders last year excused the invasion of Afghanistan by claiming that the rebels were getting weapons from the United States and China. What is the difference?"

Other comment gathered by the Associated Press:

West Germany—Essen Westdeutsche Allgemeine, liberal: "It was not the communist countries that created the revolutionary situation in El Salvador. Rather, it evolved as a result of social structures to which Washington contributed in maintaining."

Britain—The Guardian, liberal: A second Vietnam-type war is "not likely and inherently improbable," and a threat to détente is "not on the cards since the Russians have no desire to be involved," but President Reagan's handling of the situation "has significantly alarmed America's friends and allies. What, for example, will happen when there is a crisis which more directly affects the interests of western Europe?"

France—Le Monde, independent: President Reagan appears to be testing the members of the North Atlantic Treaty Organization and the Latin Americans as well as Soviet President Leonid Brezhnev.

Norway—Arbeiderbladet, leftist: "There is widespread fear that El Salvador could become another Vietnam. The conflict cannot be solved by military means, only by political means."

Denmark—Ekstra Bladet, independent-Liberal: "A comparison between El Salvador and Vietnam is almost too natural. That Reagan and Gaig deny every comparison is no surprise, but their political actions contradict these denials."

Politiken, independent-liberal: "The United States has a clear right to put a stop to Cuban influence by . . . halting weapons supplies to the guerrilla front. But it is also the United States' duty to force the junta to stop its repressive policies and to open the way for far-reaching economic and social reforms."

In Thailand, the conservative, English-language Bangkok Post also attacked the Reagan administration, saying America's friends and allies were dismayed because it was paying "not a flicker of attention to other trouble spots" and was "pouring good money to prop up what the democrats have called a corrupt and ruthless junta."

ROBERT WHITE'S WARNINGS

Governments, especially those headed by people who have all the answers, don't like to hear criticism from within of what has been stated as official government policy. Criticism can lead to questioning of that policy and that can lead to the impression that the government may not have all the answers it claims to have.

So people in government who criticize the policies of superiors don't stay in government very long. Ways are found to silence the critics and one simple way is to fire them. Government employees worry about job security just like anyone else and so, aware of the consequences, those same employees tend to keep their mouths shut.

Robert White is an exception. He has, in no uncertain terms, told the Reagan administration that it is pursuing a dangerous course in El Salvador. He has also dared to criticize the government of his host country for covering up a murder plot. So Robert White, a man in a position to know what's going on and a man in a position to know how to shape U.S. government policy, has been fired as ambassador to El Salvador. More than that, he has been ousted from the foreign service, ending a 25-year career.

White told a House committee the other day that he was fired for two reasons: his disagreement with the Reagan administration's "ready-made doctrine" on El Salvador and his challenge of the administration's statement that the Latin American country was investigating the murder of three American nuns and a church worker last December. On the latter issue, he said "If the price of keeping a job is to participate in the continuing cover-up of those responsible for this barbaric act, that price is too high for me to pay."

White said his firing is a clear signal to career foreign service employees: "Do not send in reports that conflict with preconceived theories, and tailor your recommendations to what Washington policymakers want to hear."

His firing is also a clear indication of the change in direction of U.S. foreign policy—a shift from emphasizing the importance of human rights to an emphasis on combatting terrorism. The former policy does not require allegiance from or to the left or the right. The latter forces one to choose sides, and the choice is not always clear.●

HIGHER LEARNING

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. HUBBARD. Mr. Speaker, I am sure you agree that we must balance the need for national fiscal responsibility with the importance that higher education has for our American system. As the House deals with matters affecting higher education, I would like my colleagues to take note of the views of my constituent, Leslie Ann Freels of Cadiz, Ky. Mr. Speaker, I submit the following:

As a student of senior standing in a Kentucky institution of higher learning, I am becoming increasingly alarmed at the financial status of our nation's colleges and universities. I realize the nation's economic crisis and give all my support to the reformation of this crisis. However, I would like to express my concern about any adverse affects that efforts to relieve our present economic situation might have upon education.

I urge you to consider the importance of educated Americans in reviving our present economy and furthering the American cause. I also encourage you to vote favourable concerning any issue that supports our American educational system.

Sincerely,

LESLIE ANN FREELS.●

ECONOMICS OR POLITICS?

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. MOAKLEY. Mr. Speaker, the Congress is presently in the midst of a painful but very necessary process of reducing the Federal budget. No message has come across any clearer from last year's election than that the growth of the Federal budget must

slow down, and the economy must improve.

Unfortunately, the distinction that seems to have disappeared under the cloak of that mandate is the distinction between what is economics and what is purely political. There certainly are economic reasons for cutting the Federal budget, but most of the decisions as to where the cuts should come are very political decisions.

And, in keeping with long Republican tradition, the cuts are coming at the exclusive expense of the bulk of American citizens—middle- to low-income people—while those privileged few in the upper-income brackets are left untouched. Not only will they suffer virtually no cuts in Federal programs that benefit them, but they will also be the major beneficiaries of the administration's proposed tax cuts.

Worse yet, for all the sacrifices they are being asked to make, it does not look as though the American people will even get the one thing they said in November that they wanted—an economy in control. Instead, what is being proposed is a program that even Peter G. Peterson, Secretary of Commerce in the Nixon administration and now chairman of Lehman Brothers Kuhn Loeb calls "too much of an all-or-nothing gamble, too much of a high-wire act." Mr. Peterson also warned that if even a few of the administration's assumptions about unemployment, inflation and interest rates are wrong, the deficit for the fiscal year 1982 could readily climb to $100 billion, the largest in history.

The Democratic House does not wish to be obstructionist, Mr. Speaker, but neither will we stand idly by while social and economic progress that has been achieved slowly and painfully over the last half century is swept aside on the whim of a few millionaire members of Mr. Reagan's "kitchen cabinet," and of assorted other young administration gurus who may be bright but who have little conception of the responsibility of government.

No less a conservative commentator than George Will observed sometime ago that:

> It is politically difficult and morally questionable to "reform" laws, rules, incentives and disincentives to which powerful interests and vulnerable lives have conformed, and on which they depend. A large state is rendered conservative in the sense that it must face the fact that society is not a Tinkertoy that can be tinkered with casually.

Finally, Mr. Speaker, I would like to share with my colleagues an excellent article by Anthony Lewis of the New York Times, March 19, 1981, which spells out the need for Congress to critically review the Reagan budget proposals before us:

ECONOMICS OR POLITICS?

(By Anthony Lewis)

BOSTON, March 18.—When challenged on the human impact of his proposed budget cuts, President Reagan defends them as economically essential. He and his aides argue that only by cutting across the board can they get the budget under control and open the way for economic growth. Every interest has to share the burden, they say. The only exception is the "truly needy."

Those are the arguments. The facts, as they have begun to emerge in Congressional hearings, are different. It is clear now that the Reagan cuts would hurt people who by any definition are needy—and would spare juicy targets among the better-off. And the decisions on what to cut were not so much economic as political.

Consider this amazing fact: The United States Government now spends about $1 billion a year on health payments to elderly persons who have annual incomes of more than $30,000. Is the Reagan Administration proposing any cuts in or ceiling on those payments to the non-poor? No. The figures on Medicare recipients and their incomes appeared in a fascinating story by David E. Rosenbaum in The New York Times. About 1 million Americans over 65 have incomes above $30,000, he wrote. On average they get $1,000 a year in Medicare payments. Of course many rely on that money. But in a world of financial limits they are not "truly needy."

The same story told about a husband and wife, both disabled, who have seven children and survive on public assistance. Richard Schweiker, the Secretary of Health and Human Services, was asked on a television program what would happen to them under the Reagan program. They "wouldn't have to worry about being cut," he replied, because they were "a classic case of . . . the truly needy."

But Administration budget experts said the family would lose at least $6 a week for each child in school, under Reagan proposals to cut food stamps for children getting free school lunches. Assuming four children in school, the family would lose $24 a week in food stamps: a painfully significant amount for people who scrimp to get along on beans and macaroni.

That family, and others like it, would lose not only food stamps. The Reagan budget proposes cuts in fuel assistance for the poor, grants to the states for welfare, Medicaid and other programs. Administrative spokesmen fence with the figures, but there can no longer be any doubt that some truly desperate Americans will be worse off.

Public assistance programs are not sacrosanct. But there is a striking contrast between those budget cuts and ones that President Reagan chose not to make—a contrast in both equity and amount.

For example, there is widespread, nonpartisan concern about the growing cost of adjusting Social Security and Federal pension payments annually to reflect increases in the Consumer Price Index. This week Republican senators proposed that the payments be pegged instead to prevailing wage rates. That change would save $3.8 billion a year—more than twice the $1.8 billion the Administration wants to cut from food stamps.

When the senators took the idea to the President, he rejected it out of hand. He had made a campaign promise, he explained, not to change the cost-of-living increases. The reason, in short, was political.

When Reagan campaigned, he did not talk about cutting food stamps or making most of the other substantive reductions he has now proposed. He spoke of saving what had to be saved by ending "waste." In office he decided he had to make real domestic cuts to allow for a huge rise in defense spending. And he naturally avoided targets among those likely to be part of his constituency.

His budget proposed a 20 percent tax on fuel for private and corporate airplanes, which would have cut down on an enormous subsidy. But when the owners and pilots screamed, the proposal was withdrawn. They were Reagan voters.

None of this is surprising. Ronald Reagan and David Stockman can say, fairly enough, that they have no political hope of changing the budget if they take on the pilots and the Medicare recipients and the pensioners. But it is sad if a fiscally reformist Administration loses a chance for reform in outrageous subsidies and in programs that are really out of control.

It would be nice, anyway, if Stockman & Co. were less pious about the budget they hammered together in a few weeks. They sound sometimes as though they thought it had been handed down from Mount Sinai. It is a human effort, and a highly political one.

The realities of the Reagan program, as they become clear, also caution against rushed Congressional action. Under the guise of economic theory, the Administration is trying to push through a good deal of ideology: not just in cutting this budget or that but in eliminating whole programs repeatedly authorized by Congress, such as legal services for the poor.

Senator Daniel Patrick Moynihan warned the other day that the budget process was being perverted. "We're changing 30 years of social legislation," he said, "in three days of budget markups."●

DEATH OF A VA HOSPITAL

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. GUARINI. Mr. Speaker, we are all aware of the need to make government more efficient. Many of us have preached that waste must be eliminated, and that the only way for government to survive and prosper is for each level, local, county, State, and Federal, to work together to insure that each dollar is properly spent.

Under the old definitions a project was judged by the need for the project and the proven cost effectiveness of the solution proposed. However, now, under the guise of economic austerity, we have a movement to end some projects even though they meet the strictest tests of need and cost effectiveness.

One such project is the proposed VA hospital in Camden, N.J. The Reagan administration is asking Congress to rescind the fiscal year 1981 appropriated money that would make the Veterans' Administration hospital in Camden a reality. In the next 2 months I hope that you will listen carefully to my New Jersey colleagues about why approval of this rescission would be a vote for waste and inefficient government.

For several years now the New Jersey delegation has worked with the Veterans' Administration to bring a geriatric medical center to south Jersey. Most recently, this work has been advanced by my colleague JIM FLORIO of Camden. The Veterans' Administration found that there were 300,000 veterans in south Jersey and 700,000 veterans in the south Jersey-Philadelphia metropolitan region. Demographic studies show that the number of veterans over the age of 65 will double in the next 10 years, and that by the year 1990 veterans will comprise 60 percent of the U.S. male population over 65.

As you can see, the planning for this hospital was not done in a vacuum. The Veterans' Administration had long come to realize that with the aging of the veterans population there would have to be a shift in the types of care provided. With congressional support the VA began a program to designate national geriatric research and education centers, of which Camden was one.

But now if President Reagan and the OMB have their say there will be no geriatric hospital in south Jersey to serve veterans. In a small but important hearing conducted by Congressman FLORIO the Veterans' Administration stated that the need is still there for this hospital. They also stated that there were no studies showing this approach to be anything but necessary for the future. In fact, the VA did not learn about the cancellation of the project until after OMB informed Congressman FLORIO.

What we must make fellow Members of Congress understand before they vote on this rescission of funds is what will be lost if this project is not completed. The Federal Government has already spent $7 million of the $75 million appropriated for this project. The lack of a geriatric hospital serving the needs of veterans will force expansion of current facilities that will run far greater than the $75 million cost of the specialist Camden unit.

But the loss of Government funds does not stop there. The loss of the Camden VA facility will mean the loss of 10 years of planning the urban redevelopment of Camden around the health care industry. The Federal Government will now have to step in and provide urban redevelopment funds instead of stimulating private sector initiatives to urban renewal. For you see, Mr. Speaker, against the promises of the VA hospital various private and public agencies have become involved in an ever-expanding program to serve the health care needs of New Jersey and revitalize the area. To quote from a review of the Camden VA Geriatric Medical Center, "Since 1972 the private sector and public sector in New Jersey has acted decisively and in good faith on repeated assurance that the Federal Government would deliver its piece of this innovative partnership plan."

Working with the VA in pursuit of this plan, the State of New Jersey appropriated $9 million for a new medical education building in Camden and Cooper Medical Center rebuilt and reequipped its building at a cost of $45 million. The State medical school and the Cooper Medical Center were to stand with the Veterans' Administration Hospital as a triad in the research and care of the geriatric veteran.

This project is urgently needed. The veterans of Pennsylvania and New Jersey need it, the national research community on geriatrics needs it, the business community of South Jersey needs it, the health firms which have spent millions of dollars preparing for the center need it, and all of us who have spoken against waste and the need for efficient government need it as an example of what government at all levels can do in conjunction with private enterprise.

Do not defeat this showcase of government promise. The life of more than a hospital hangs with the rescission vote, we are voting on the health of a community and our veteran population.●

CHIEF WILLIAM TOBIN HONORED FOR SERVICE

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. HOLLENBECK. Mr. Speaker, Chief William Tobin, who has compiled 35 years of distinguished service with the Dumont Police Department, is retiring from his position. I wish to join the members of his force and his law enforcement colleagues in recognizing the achievements of his distinguished career.

Chief Tobin, a lifelong resident of Dumont, joined the department in 1946 and rose through the ranks to his present position in 1974. He is a recognized authority in forensic investigation and the laws of search and seizure and rules of arrest.

In addition to fulfilling his responsibilities for the safety of the citizens of his community, Chief Tobin has maintained active involvement in the Bergen County Chiefs Association Executive Board, the New Jersey Chiefs, and the International Chiefs Association. He is a member of the New Jersey State Identification Officers Organization and of Police Benevolent Association Local No. 83. For many years, Chief Tobin has instructed young officers in law enforcement procedures at the Bergen County Police Academy.

For his commitment to the community of Dumont and to the enhancement of the quality of his profession, he has earned our deep respect and sincere gratitude.

I am proud to extend to Chief Tobin my congratulations on a job well done and my very best wishes for happiness and good health in retirement.●

IN HONOR OF CALIFORNIA'S COUNTY AGRICULTURAL COMMISSIONERS

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. FAZIO. Mr. Speaker, agriculture is California's No. 1 industry. In 1979, the fertile soils of California supported over 200 different crops, which were valued at over $14 billion and shipped throughout the United States and foreign countries. Weather, water, and good farmers are some of the major factors contributing to California's bountiful crops. One other prime factor in California's agricultural success has been the presence of California agricultural commissioners.

California County Agricultural Commissioners will celebrate their first 100 years during their annual convention to be held in May 1981 in Santa Cruz, Calif. No other State in the United States has the agricultural commissioners system, which has been in existence in California since 1881. It is fitting that the California agricultural commissioners be recognized and honored for their contributions to the well-being of California and our Nation.

As prescribed by State law, the county agricultural commissioner is responsible for the local administration of statewide enforcement programs which promote and protect the agricultural industry of the State and protect the public health, safety, and welfare. In fulfilling this responsibility, the objectives of the county agricultural commissioner are:

To serve the citizens of their respective counties and of the State of California by protecting and promoting the agricultural industry in the interests of health, safety, and welfare; and to maintain a viable system of production and delivery of an abundant supply of wholesome food and fiber to domestic and export consumers.

In order to achieve these objectives and to maintain the integrity of the purpose of the country agricultural commissioner's office, it is the policy of each agricultural commissioner to:

1. Protect the agricultural resources and the environment of California in a manner that will result in the greatest longterm benefit to all;

2. Preserve local determination in administering statewide laws and regulations, and insure that all interagency and joint policies

provide adequate flexibility to accommodate overriding local concerns and resources;

3. Protect the agricultural industry, the public, and the environment through enforcement of existing laws and regulations and the support of new legislation only when existing laws are inadequate;

4. Protect the agricultural industry and the environment from the introduction and spread of damaging pests by the judicious use of regulatory authority;

5. Abate pest infestations based on statutory authority when it is in the public interest and welfare;

6. Encourage and promote the suppression of pests by biological, cultural, mechanical, chemical or any combination of these methods and use regulatory authority to suppress pests by the interruption of biological cycles;

7. Protect people, animals, property and the environment from exposure to harmful pesticides by the enforcement of all laws and regulations which provide for the appropriate, safe and efficient use of essential pesticides;

8. Protect consumers from fraud and deception and assure equality of competition between producers and shippers in the marketing of fruits, nuts, vegetables, eggs and honey by the uniform enforcement of minimum standards of quality, packaging and labeling established for these commodities;

9. Encourage development of alternate disposal methods for substandard commodities which will prevent waste of these resources;

10. Publish an annual report of each county's agricultural production and production facilities to establish a basis for the logistical support of the agricultural industry and compile special reports to other agencies when required; and

11. Provide without political bias, effective, uniform and objective administration of the responsibilities and functions over which the County Agricultural Commissioner has jurisdiction.

The agricultural commissioners are today enforcing legislation of the basic quarantine sections that have stood for over 90 years. It has been the enforcement of these quarantine laws that has helped to keep California agriculture free from most of the major insect and plant diseases found in other parts of the world.

The work of the agricultural commissioners is to be commended as their presence, dedication, knowledge, professionalism, and hard work has insured an adequate food supply for millions of people and a healthy economy for the State of California. Our Nation's residents as well as citizens of other nations are the beneficiaries of an amazing supply of agricultural products grown throughout the year in California. California, her farmers, and agricultural commissioners can be proud of the first 100 years of service.●

STATEMENT BY THE AFL-CIO EXECUTIVE COUNCIL ON POLAND

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. DERWINSKI. Mr. Speaker, the Executive Council of the American Federation of Labor & Congress of Industrial Organizations (AFL-CIO), during its mid-winter meeting in Bal Harbour, Fla., adopted the following resolution on Poland. I enter it in the RECORD for the information of the Members.

STATEMENT BY THE AFL-CIO EXECUTIVE COUNCIL ON POLAND, FEBRUARY 17, 1981, BAL HARBOUR, FLA.

The historic achievement of the Polish Workers in creating and sustaining the first free and independent trade union movement in the communist world has excited the deep admiration of free trade unionists everywhere.

Since its birth in the strikes of last August, Solidarity's membership has rapidly swollen to ten million—three times the membership of the Polish Communist Party. With the collapse of the old official "unions," abandoned by the workers, Solidarity now incontestably represents the workers of Poland. This triumph is a tribute to the courage, skill and discipline of Lech Walesa and the Solidarity leadership, and the valiant working people of Poland.

The AFL-CIO salutes the brave men and women of Solidarity, and pledges full support of their cause in whatever ways they deem useful.

The Executive Council is proud to note that the Polish Workers Aid Fund, established by the General Board last September, has raised over $200,000, which is being used, in accordance with Solidarity's wishes, for the purchase of much-needed office equipment and supplies. This Fund, built from contributions from every level of our trade union movement, demonstrates the strong solidarity of American workers with the struggle of their Polish brothers and sisters.

The Polish government continues to throw up obstacles to Solidarity. The government has still not lived up to its side of the 21-point agreement signed in Gdansk on August 31, 1980. Media censorship has not been eliminated; Solidarity has been denied the means of publishing a weekly magazine; provincial chapters of Solidarity have been harassed by authorities; the government has refused to publish trade union legislation; members of KOR (the Social Self-Defense Committee, allied with Solidarity) are being persecuted; the government has dragged its feet in implementing the agreement on free Saturdays and a 40-hour workweek.

These actions can only fuel worker unrest. The Polish Communist Party appears intent either on provoking a confrontation or on undermining Solidarity's position.

Adding to the tension, the Soviet Union and its Warsaw allies have conducted a relentless campaign of intimidation aimed at frightening the Polish workers. Some 20 Soviet divisions have been amassed along the Polish border, while the Soviet propaganda apparatus fires verbal threats, attacks on Solidarity's leadership, and denunciations of "subversive, anti-socialist forces" in the Polish unions.

In recent months the Soviet Union and its satellites have launched a massive and slanderous propaganda attack on the AFL-CIO because of its assistance to the Polish workers. We will be no more intimidated by these predictable tactics than the Polish workers have been.

The Polish economy is on the verge of bankruptcy, the result of mismanagement by the Polish government and the inefficiencies inherent in the Soviet-imposed economic system. Yet, Poland's economic troubles are cited to counter Solidarity's demands for a 40-hour week, better wages and lower prices.

Because we share the aspirations of Poland's workers for a better life and for an economic climate more conducive to Solidarity's success, the AFL-CIO is prepared to support an extension of Western credits to Poland, but only under conditions that safeguard the rights and interests of the workers.

Poland's debt to the West already amounts to more than $20 billion, the largest of the East bloc countries. To ensure repayment, the international banking community has in the past pressured the Polish government into policies of austerity, which have been borne by the workers in higher prices and longer work weeks. The extension of credits or rescheduling of Poland's debt could intensify the exploitation of Polish workers and threaten their hard-won gains.

The AFL-CIO will support additional U.S. aid to Poland only if it is conditioned on the adherence of the Polish government to the 21 points of the Gdansk Agreement. Only then can we be assured that Polish workers, through their free unions, will be in a position to defend their gains and to struggle for a fair share of the benefits of Western aid.●

UNITED STATES GIVES THE EDGE TO FOREIGN FIRMS

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. WORTLEY. Mr. Speaker, as the Congress considers American industry and foreign competition, we must examine not only the theory but also the reality of present circumstances and future action.

Chris J. Witting has studied the problem and proposed a solution. He is the chairman and chief executive officer of Crouse-Hinds Co. in Syracuse, N.Y., and is a constituent of mine.

Mr. Witting recently made his argument and recommendation in a commentary, which follows:

[From the Washington Star, Mar. 4, 1981]

U.S. GIVES THE EDGE TO FOREIGN FIRMS

(By Chris J. Witting)

Like most American businessmen I am a staunch supporter of free trade. But I am also disturbed by the glut of foreign goods that has invaded our shores. Sixteen per cent of the bicycles, 23 per cent of the cars, 88 per cent of the black and white TV sets and 99 per cent of the radios bought by

Americans last year were made in foreign factories.

This happened because we have the lowest tariff barriers in the world; because production costs, including labor, are often far lower overseas; and because other governments zealously protect, favor and subsidize their industries—while the U.S. government takes a perverse pleasure in making life as costly as possible for its businessmen.

Our government appears to have only the dimmest perception of the realities of international trade. It continues to act out of a bias that may have been admirable in the trust-busting days of Teddy Roosevelt, but is totally out of place today. In its obsession with monopolistic practices, it burdens American industry with costly rules and regulations, while our overseas competitors encourage the creation of trading companies and cartels.

FTC STEPS IN

The current attempts of the Federal Trade Commission to regulate the way in which American industry sets its standards serve as a crucial case in point. Under our capitalistic system most industry standards are set by voluntary groups free of government control. In the electrical industry, for example, Underwriter's Laboratory and the National Protection Association, both nonprofit organizations, generate standards that govern the design, production and installation of products.

It is because of those standards that (from an electrical standpoint) the federal government appears to have only the dimmest perception of the realities of international trade. American residential, commercial and industrial buildings are the safest in the world. But here comes the FTC with proposed rules that would govern the way standardmaking bodies go about their task. In addition to being costly and complex, most of the proposed FTC rules would be counter-productive. If adopted, they would stifle innovation and result in a decrease in the output of new standards.

The FTC says it is afraid voluntary standard-making bodies behave in an arbitrary way that serves vested interests and restrains domestic trade. In short, it wants to make sure that the giants of industry do not run roughshod over small and moderate sized firms by controlling the standard-making process.

But as the chief executive of a moderate-sized electrical manufacturing company, I am not in the least concerned about my larger competitors seizing the standard-making regulations to the detriment of my company. But I am seriously concerned about the erosion of American standards in my industry to the point where foreign competitors can flood the domestic market with cheap and inferior goods.

Right now American standards that govern everything from circuit breakers to chicken coops are under attack in the name of free trade. A few years ago the 85 nations who are signatories to the General Agreement on Tariff and Trade (GATT) agreed in principle to eliminate standards that serve as barriers to trade. Early last year Congress passed the Trade Agreement Act of 1979, which (among other things) includes the GATT code on standards, and the president signed it.

This law says that wherever appropriate, governments and the private sector must abide by international standards—which now supersede domestic ones.

EUROPEAN RULES

At the moment nobody knows exactly what "international standards" means. But it is a fact that many of the international standards now in existence reflect European practices. Under the GATT code, then, American manufacturers are being asked to abide by standards familiar to our competitors and foreign to us.

To be sure, there is that "wherever appropriate" escape clause. For example, we don't have to abide by international standards if they undermine national security, threaten health and safety, contribute to deceptive practices, or affect the climate or geographical conditions. But we all know that exceptions are the sugar coating that makes it easier to swallow the pill. The plain fact is that those exceptions can be interpreted as loosely or as stringently as officials under fire desire.

RETALIATION

It doesn't take much imagination to foresee our trading partners clamoring for the right to bid on public projects in this country on the basis of international code. They surely would not hesitate to remind our government that it agreed to enforce GATT. And they will suggest that if the American government doesn't live up that treaty, then they will be forced to take retaliatory steps by raising additional tariff and nontariff barriers of their own.

All GATT signatories share one point in common. They're all interested in the lucrative market that reaches from the Atlantic to the Pacific Oceans and runs from the Great Lakes to the Gulf of Mexico. It's the richest market in the world, as rich as all the European markets combined. Anything they can do that will make it easier for them to penetrate this market—without unduly abandoning their own protectionist policies—they're bound to do.

American industry need not stand by helplessly and watch its hardearned standards wither away. We can buttress our own codes, enforce them, improve them and introduce new ones as technologies emerge.

What's more, we have it in our power to raise international standards to our sights and expectations. But to do that we need at the very least the understanding and cooperation of officials in Washington. Instead of trying to subvert our voluntary standard-making process, they ought to be taking steps to support and strengthen it.●

ELIMINATE FEDERAL UNEMPLOYMENT-PENSION OFFSET

HON. JAMES WEAVER

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. WEAVER. Mr. Speaker, I am today introducing legislation that would completely eliminate the Federal unemployment-pension offset. The controversial full unemployment-pension offset was modified by Public Law 96-364. Unfortunately, these changes did not go far enough. Most UI claimants receiving social security benefits will still be subject to the pension offset because of the base-year employer contribution provisions.

The National Commission on Unemployment Compensation has recommended complete repeal of the offset. They reason that UI and pensions both compensate for services rendered at an earlier date; risks covered are not duplicative and protection is appropriate for each. The offset is not consistent with the changes in mandatory retirement law. The modified offset will be extremely difficult for the States to administer. Offset legislation would be best left to the individual States. In fact, the complete offset of the prior law was conformed to by only 14 States—8 of which were conditional on the Federal legislation.

In my home State we are confronted with a unique problem. The Oregon Legislature only meets biennially, and our constitution prohibits State statute predicated on Federal law. Thus our retired-unemployed are still subject to the full offset provisions of the old Federal statute. Should Congress delay until next year—when the enforcement complications and inequities of the modified offset become too obvious to ignore—the further modification or repeal of the unemployment-pension offset Oregonians would again suffer unnecessarily.

The original pension-unemployment offset was formulated to eliminate a perceived abuse of the UI program. It was found that some persons were unemployed and pensioned by the same firm and were not available or willing to work—they were truly retired. These persons should be disqualified from benefits by the State UI division because they are not available and willing to work. A blanket provision that penalizes older workers who work from necessity and are subjected to involuntary unemployment—nearly 5,000 in my State alone—is a poor method to penalize those few who abuse the system.●

THE FLOOD OF ILLEGAL ALIENS MUST BE CONTROLLED

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. BEARD. Mr. Speaker, today I am introducing, along with Mr. COELHO, the Immigration and National Security Act of 1981, a bill which offers a comprehensive approach to one of this country's most serious problems: the increasing flood of illegal aliens into America.

It is now estimated that there are anywhere from 5 to 10 million illegal aliens living in America, many holding jobs. In the last several years the Border Patrol has apprehended over a million illegal aliens per year attempting to enter the country. Since those apprehended usually represent only a fraction of those actually entering, the

enormity of the problem is easily discerned.

What are the implications of this silent invasion? The problem can be broken down into several areas:

In the economic area, illegal immigration clearly exacerbates unemployment, especially among America's poor. The presence of millions of illegal aliens who will work cheap and work scared is a temptation to many employers who would rather hire illegals than Americans. I reject the argument that American citizens will not accept the jobs illegal aliens will. If there were no illegal alien labor force, working conditions and wages would have to be attractive enough to draw American citizens. Moreover, I believe the huge unemployment rate among America's poor youth is directly related to their inability to find entry-level jobs because of competition from millions of illegal aliens.

Illegal aliens do not just hold agricultural sector or entry-level jobs. They are increasingly found in highly paid construction and manufacturing positions. In fact, former Secretary of Labor Ray Marshall states that if the millions of illegal aliens were removed from the work force, the American unemployment rate would drop to 4 percent immediately. Why should American workers have to compete with the world's poor millions for jobs in their own country?

That illustrates another cost of illegal immigration. Every percentage point of unemployment costs the taxpayers billions of dollars in unemployment compensation, food stamps, and other payments. We have also learned recently that illegal aliens increasingly are receiving Government benefits, such as public housing and medical care.

In the environmental area, our rate of illegal immigration gives our country the highest rate of population growth of any industrialized nation. We will never have environmental stability in this country as long as our population grows that fast, because the demands on our dwindling supply of open land and natural resources are intensified.

Uncontrolled immigration is also a threat to the national security of this country. When Fidel Castro can decide to dump with impunity tens of thousands of undesirables on us, our national sovereignty is violated. Secure borders are an integral part of sovereignty. No other industrialized country in the world allows its borders to be violated on such a massive scale as the United States. Nor do I accept the argument that we in America must act as a safety valve for those countries which cannot—or will not—moderate their population growth. As long as foreign nations can use America in that fashion, they have no incentive to secure control of their population. And the American taxpayer and unemployed should not have to be the victims of other countries' population explosions.

My bill, which is identical to one being introduced by Senator HUDDLESTON, would do four things essentially: it would increase enforcement of the immigration laws, prohibit the knowing employment of illegal aliens, place a ceiling on the total amount of legal immigration, and offer amnesty to certain aliens with sufficient community ties and residence.

I want to emphasize that no unfair burden is being placed on employers to serve as enforcers of the law. When the act is fully in effect, the responsibility of employers will be no more than is currently required to check out the validity of a credit card via telephone call-in.

Nor does the act establish some form of national identity card system. It merely seeks to use the social security number as a means for employment. The act also does not affect any present or future bracero type of program for those sectors of the economy where such a program is needed.

Following is a section-by-section summary of the bill and an article by William Raspberry of the Washington Post on the harmful effects of illegal immigration on America's poor and jobless—entitled "Their Tired, Their Poor—Our Jobs."

The bill and article follow:

THE IMMIGRATION AND NATIONAL SECURITY ACT OF 1981

SECTION 1

This section entitles the legislation as the Immigration and National Security Act of 1981.

SECTION 2

Provides a preamble to the Immigration and Nationality Act for the guidance of courts and others in interpreting the act's provisions. The preamble recognizes the need for a generous immigration policy, but emphasizes also the need for controlled and limited immigration.

SECTION 3: STRENGTHENING OF BORDER PATROL

Requires expansion of the Border Patrol to at least 6,000 officers, and provides for the procurement and use of the most modern equipment and support available. It also provides the authorization for a new, more secure alien identification card. The effect of this section would be to increase the resources available to enforce the immigration laws.

SECTION 4: NUMERICAL LIMITATIONS

Establishes a flexible ceiling on legal immigration admissions. The ceiling is set at 350,000, including all immigrants. In an emergency, and only after consulting with Congress, the President may "borrow" admissions from the next year in case of emergency, and/or may disregard internal statutory limits below the overall ceiling.

The President must report to Congress each year the projected number of admissions, and the Secretary of Labor must report an opinion to Congress on whether that level of admissions will affect the U.S. workforce. The effect of this section will be to limit legal immigration to the target set by Congress in 1975, and exceeds average immigration for the past 70 years. This level also exceeds the total immigration for permanent residence of all other countries in the world combined.

SECTION 5: ASYLUM

This section provides first that an applicant for asylum show that the qualifying persecution or fear of persecution is due to conditions prior to departure from his or her homeland, and not due to the actual fact of departure alone. This section also defines the "entry" into the U.S. of an applicant for asylum, as a means of returning the level of procedural rights afforded an asylum seeker to the same level as is used in other civil immigration proceedings. And third, this section requires the drafting of contingency plans to handle future large groups of asylum seekers, including the establishment of reception centers outside the U.S.

The effect of this language will be to make asylum more difficult for some aliens to achieve, but will reduce the adjudication burden on the government and the support costs for local and state governments from asylum procedures, such as those now being experienced in Florida.

SECTION 6: PAROLE LIMITATION

The Attorney General's parole authority was originally intended to be used in individual emergency situations when it was necessary to bring an alien into the United States temporarily. However, this authority has been distorted by prior attorney generals who have admitted large groups of aliens. This provision would restore the original intent of the authority.

SECTION 7: RECORD OF ADMISSION

Under specified circumstances, those illegal aliens who qualify would be permitted to obtain permanent resident status. This would be accomplished by amending an existing section which granted the same status to illegal aliens who had entered the country prior to June 30, 1948.

The requirements would include continuous residence since January 1, 1978, registration within six months of the implementation of a secure Social Security card system, financial sponsorship similar to that required of applicants for legal immigration, a showing of undue hardship if forced to leave the U.S. and admissibility in accordance with Section 212(a).

SECTION 8: FAIR HIRING PROCEDURES

This section would prohibit the knowing employment of illegal aliens. It would provide graduated civil and criminal penalties for violations. Authority would be given to the Attorney General, Secretary of Labor and Secretary of HHS to implement a gradually phased-in program.

In the first phase, an applicant for employment would be required to sign an affirmation that he or she is eligible to work in the United States. The affidavit could be made part of the already existing W-4 withholding form each employee must already fill out. This easily and rapidly initiated procedure, along with increased enforcement procedures envisioned by Sec. 3, would provide immediate relief from the flood of illegal alien labor while the more extensive national fair hiring procedures in Phases Two and Three are implemented.

Phase Two would be an institution of a verification system to improve the security of the social security numbers now required to be used by all applicants for employment.

Such a system would include the initial cross-checking of the existing social security data for obvious errors, such as that of several employees having identical numbers.

Further, there would be a check of social security numbers submitted by new employees for fraudulent or erroneous numbers. This latter verification could be accomplished through a system whereby an employer could simply call in a prospective employee's social security number and receive almost instant verification. Initially, this would possibly have to be done on a random basis. If the number were found to be invalid, the prospective employee would be required to correct the problem before his employment would be confirmed.

If the Employment Security Administration of the Department of Labor, with 2,600 offices nationwide, were incorporated into the system, the verification and correction process probably would be expedited. When a social security number was valid, the employer would receive a transaction or authorization code, showing that the number was valid and that the employer reported as required.

Phase three would involve the issuance of a new and more secure social security card which would be based on positive proof that the individual is a citizen or legal resident. The new card would have some type of unique identifying element, such as a serial number or photograph. The data from these cards would again be submitted for verification when an individual applied for a new job. However, there should be adequate facilities by this time to verify immediately every new applicant for employment.

SECTION 9: FEES AND CHARGES

This section would clearly establish the authority of the Attorney General to prescribe a uniform schedule of fees and charges for immigration related procedures, which would help defray the cost of the new enforcement procedures.

[From the Washington Post, July 4, 1980]

THEIR TIRED, THEIR POOR—OUR JOBS

(By William Raspberry)

MIAMI.—Black Americans are suffering a severe case of mixed emotions with regard to the tidal wave of Cuban refugees that threatens to inundate this south Florida city.

On the one hand, there is bitter resentment over the fact that the Cubans have been treated much better than Haitian refugees who also want to come to America. On the other, refugees of all sorts and colors are viewed as unfair—potentially disastrous—competition to America's own struggling blacks.

Margaret Bush Wilson, chairman of the board of the NAACP, played both these themes in her Monday night keynote address to open the organization's 71st annual convention here.

She questioned the logic, accuracy and fairness of classifying the fleeing Cubans as "political refugees" (as though economic hardship were no part of their motivation) and fleeing Haitians as "economic refugees" (as though political repression were no part of theirs).

But the racial overtones of U.S. immigration policy go far beyond the Caribbean.

"There are eight million refugees in the world, three million of them on the African continent," Wilson told convention delegates. "But while America is outreaching to Asia and to Europe to invite refugees to receive the benefits and economic support for new life in this nation, we are suddenly made to face the harsh but subtle reality of racism in international relief and refugee assistance.

"The United States is not only paying for European and Russian refugees to come to the United States, but paying the cost of their immigration to Israel and to other Middle East and European countries. It is ironic that in the midst of the concern about the cost of the recent incoming of Cuban refugees, one suggestion was that $10 million of the already paltry aid to the countries of the African continent, where more than one-third of all refugees are to be found, would be devoted to Cubans."

But while Wilson, a St. Louis attorney, was calling for equitable treatment among refugees, she also expressed her fear that the influx of all refugees will excerbate the already dire employment problems of black Americans.

The recent riots here, she said, were a warning that "if an accommodation is not soon made between refugee accommodation and domestic unemployment, there is going to be increased tension and trouble.

"While we say, 'Give us your tired, your poor,' to those outside," she said, "we say also: give jobs to those inside so that they will receive the refugees as fellow humans and brothers and sisters, rather than as competitors for scarce jobs in a shrinking employment economy.

"We need an immigration and refugee policy which can control the flow of immigrants so as to better match the demand for labor and avoid unnecessary competition for entry-level jobs that are so desperately needed by our youth."

If there is one overriding theme to this convention, it is the desperate economic plight of the bottom-of-the-barrel black Americans. And their situation is growing worse as the result of entry-level competition of Cubans, Southeast Asians, Haitians and Mexicans—including the uncounted hordes of illegal aliens.

And even while NAACP officials are agonizing over the problem, other Americans are calling for blanket amnesty for the "undocumented workers"; already here—often on the ground that they are willing to take the dirty, demeaning and low-paid jobs that the American home-grown poor are unwilling to take.

Roger Conner, executive director of the Federation for American Immigration Reform (FAIR) has met that argument with two key points. First, a lot of Americans are working at those jobs, which means that the illegal aliens represent unfair competition, particularly since they are frequently willing to work at less than legal wages.

Second, by no means are all the aliens employed at sub-par jobs. "Illegal aliens have been found working as painters on the Statue of Liberty, earning union wages, and as construction workers on the District of Columbia's subway, earning a minimum of $16,000 annual salary," Conner told the Select Commission on Immigration and Refugee Policy meeting last December in San Antonio.

"I know of no one who argues that American workers should have to compete with the world's labor force for jobs in their own country."

But while Conner discusses the problem in terms of legal equity, Benjamin L. Hooks, NAACP executive director, talks about it in terms of its explosive potential, a warning that takes on special urgency in this city so recently torn by racial strife.●

A REAL SUPPLY-SIDE TAX CUT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. LaFALCE. Mr. Speaker, one of the most disreputable aspects of the U.S. tax code is the marriage penalty tax on married working couples. This penalty imposes an inequitably higher tax burden on married working couples than on single taxpayers, which means that families are being penalized for their married fidelity.

The elimination of this penalty would not only serve the interests of fairness, but it would also have an immediate and substantial impact on the supply side of the economy. Married working couples are the most likely to plow tax relief back into investments and savings, because they are the households with a long tradition of saving for the proverbial rainy day.

Yet, this real supply-side tax cut has been relegated to the amorphous second tax cut bill by the administration, while it proceeds with its Keynesian across-the-board tax cut.

Nancy S. Barrett, an economist with CAB, has written an excellent case for an immediate end to the marriage tax penalty in an article for the Washington Post in its March 19 edition, entitled "Working Couples Could Use the Break." I hope that all of my colleagues will remember her arguments as we approach the omnibus tax bill later this year.

The article follows:

WORKING COUPLES COULD USE THE BREAK

In view of the Reagan administration's strong commitment to the supply-side philosophy of tax reduction, it is curious that its 1982 budget proposal passes up a potentially powerful supply-side opportunity: lowering the marginal income tax rate for a married couple's second earner. Also known as the "marriage penalty," taxation on the basis of a couple's joint income imposes a much higher marginal (and average) rate of tax on the second earner than if the tax were computed on the basis of that person's individual income. Lowering this tax would provide a much stronger impetus for supply-side growth than across-the-board tax cuts, adding both to saving and to work effort.

According to supply-side theory, a tax cut can actually reduce inflation as it increases real growth if it provides an incentive for increased work effort and saving. First, regarding work effort, common sense—not to mention a myriad of statistical studies—suggests that second earners have far more discretion than single earners in the choice of whether or not to work and for how many hours per week. If a reduction in marginal tax rates is to have any impact on work effort at all, it is likely to have a far greater effect on second earners than on any other group. Yet these individuals, under the current system, have the highest marginal tax rates of any group.

It is noteworthy that the labor force participation rate of Swedish women increased by roughly 10 percentage points following a

change from joint to individual taxation. In Sweden, however, the majority of these married women work part-time, suggesting that the supply-side effect was to increase work effort while permitting wives to combine paid employment with child care and other family responsibilities.

Turning to the impact on saving, again there is overwhelming evidence that many households can afford to save only if there is a second earner. Median earnings of two-earner married couples are about $25,600, compared with $18,100 for single-earner couples. The only way most families have been able to keep up with inflation since the early 1970s has been increasing labor force participation and hours worked of second earners. Declining productivity combined with the oil drain (as skyrocketing prices of imported oil have transferred income to OPEC nations) would have meant a huge drop in family living standards had this supply-side response not occurred.

When incomes fail to keep up with inflation, most people attempt to maintain living standards by reducing savings and even going into debt. Obligations such as a mortgage and car payments must be met. And families who have not responded to inflation by having a second earner at work will save less than two-earner families. Thus, a tax policy that encourages a supply-side response by families burdened with inflation will mean greater overall savings, as fewer families need to dip into bank accounts or go into debt to meet their needs.

Clearly, the Reagan administration wants to minimize the tax loss associated with any supply-side policy. (Alternatively, of course, the aim could be simply to relieve excessive tax burdens on everyone—probably a very sound policy.) But for real supply-side bang for the buck, tax cuts should be targeted where they are most likely to encourage saving and added work effort. Reducing taxes on second earners is clearly such a policy.

And there are alternative ways to accomplish it: either a tax credit against part of the second (lower) income, as proposed in the Carter budget, or optional individual filings for two-earner married couples, as suggested by Rep. Millicent Fenwick. Neither proposal would increase taxes for single-earner families. And such a tax reduction would avoid costly windfalls to individuals whose supply-side response is likely to be negligible.●

CHESTER MUTRYN'S INDUCTION INTO XAVIER UNIVERSITY ATHLETIC HALL OF FAME

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Ms. OAKAR. Mr. Speaker, on February 28, 1981, Chester Mutryn, former all-football pro from Cleveland, Ohio, was inducted as an original charter member into the Xavier University athletic hall of fame. Out of the thousands of Xavier students who have attended Xavier since the turn of this century, Chester Mutryn was among the first elected to Xavier's hall of fame—quite an honor.

Chet Mutryn earned a name for himself in football when he played at Cleveland Cathedral Latin High School and won the title of all-scholastic quarterback. While at Xavier, the Toledo Touchdown Club named him as the most outstanding player in Ohio. In 1941, Mutryn led the State in scoring and took the Xavier football team to a 9-1 record. Cincinnati football fans will always remember Mutryn as an exciting player who gained all-American honors for 2 consecutive years before he left Xavier.

After serving in the Armed Forces for 2 years, Chet Mutryn began his pro football career in 1946 when the Cleveland Browns signed him and sent him to play in Buffalo, where he stayed 4 years. Mutryn earned all-American Football Conference honors in 1948 and 1949 and missed only one game in 5 years. When Mutryn retired from pro football in 1950, he ranked fourth among all the pros of the 1946-59 era in average yards gained per carry.

Chester Mutryn now owns a real estate business in Garfield Heights, Ohio, which community I am proud to represent. He has been active in the affairs of many civic groups and is currently vice president of the Cleveland Society of Poles, an organization made up of professionals and businessmen of Polish descent.

I wish to congratulate Chester Mutryn and his wife, Isabelle, and two daughters, Barbara and Deborah, on his induction into the Xavier University Athletic Hall of Fame. All of Cleveland and Ohio is proud of you, Chet.●

A SHIPBUILDING SUCCESS STORY

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. EMERY. Mr. Speaker, I believe I would be quite accurate in stating that the American maritime industry, like its sister industries, the U.S. automotive industry and the U.S. housing industry, has been engulfed in a severely depressed state of affairs for the past several years.

During this time, new ship construction orders, both Navy and commercial, have been extremely low, further exacerbating the perilous state of our naval forces and the dwindling capabilities of our Merchant Marine.

The Reagan administration's program for rebuilding our Navy is a positive step which I believe should be supported by the Congress. I am confident that the new administration will work equally hard to reestablish our Merchant Marine over the next 4 years. However, the ills that currently plague our shipbuilding industry cannot be cured overnight. Nor can they be corrected by a simple projected shipbuilding plan or a promise to take definitive action. The industry will need time to recover from its difficulties.

Yet, through all the black clouds looming ominously over the shipbuilding industry, I am happy to report that there is at least one bright star which is demonstrating what a healthy industry can do for this Nation and its economy. That star is the Bath Iron Works.

Situated on the southern coast of Maine adjacent to the Kennebec River, the Bath Iron Works shipyard, with its current team of aggressive, highly capable, and farsighted managers, and its labor force of some 6,000 dedicated and highly skilled shipbuilders, has achieved construction milestones unprecedented in modern shipbuilding history.

Taking a shipyard with a backlog of $125 million in "unfavorable" contracts in 1975, the BIW management team, headed by Mr. John Sullivan, chairman of the board and chief executive officer of Bath Iron Works, and supported by the aggressive and long-ranged policies of Mr. Byron Radaker, chairman of the board and chief executive officer and Mr. Eddy Nicholson, president and chief operating officer of the Congoleum Corp., turned the shipyard into a highly successful operation with a backlog of nearly $800 million worth of contracts today.

Having been awarded the lead ship contract for the FFG-7 class guided-missile frigate, and subsequently 17 additional frigate contracts, Bath Iron Works has responded by delivering its first 6 ships an average of 16 weeks ahead of contracted schedules and at a projected savings to the Navy, and the American taxpayer, of nearly $30 million.

Mr. Speaker, no other shipyard at this time can boast of such a tremendous performance record. In fact, so noticible has the success story at Bath been lately, that I am happy to share with my colleagues the following article which appeared in the March 6 edition of the Journal of Commerce.

Despite the problems of our maritime industry, the Congress and the American people can take heart with the performance of the Bath Iron Works. I believe the mangement and work force at the Shipyard deserve a hardy round of applause for a job thus far well done.

BATH IRON WORKS: A SUCCESS STORY

BATH, MAINE.—The chairman of Bath Iron Works Corp. says three things are responsible for the firm's turnaround from an ailing shipyard with a backlog of $125 million in "unprofitable" contracts in 1975 to a money-making operation with a $767 million backlog today.

The factors are modern management, extensive planning and a good work force, said John F. Sullivan Jr., a former chemical en-

gineer who became president and chief executive officer of the Gongoleum Corp. subsidiary in June, 1975 and chairman earlier this year.

In a wide-ranging interview at his office this week, Mr. Sullivan also voiced optimism on the future of the American shipbuilding industry under the Reagan administration, warned that abolition of federal ship-construction differential subsidies could "destroy" the industry, and predicted the U.S. Navy will divide contracts for six new guided-missile frigates between Bath Iron Works and Todd Shipyards Corp.

The backlog of ship orders at the Bath yard is the largest the 97-year-old shipbuilder has had since World War II and in dollar terms, possibly its largest ever, company officials said. But six years ago, it was a different situation.

At that time, Mr. Sullivan said, the yard's backlog consisted of contracts that lacked proper cost-escalation clauses and thus were costing the yard money. Bath's work force numbered about 2,500. Productivity was minimal. The absenteeism rate was high.

Then Mr. Sullivan, the executive vice president of operations at Hayes-Albion, a manufacturer of automotive products was named president of Bath.

STRONG MANAGMENT

"The thrust of what I did was build a strong management team, develop modern management practices and implement them," Mr. Sullivan said.

That included the use of management by objectives, a system in which top executives and their subordinates talk together, set individual and specific objectives each year, then monitor performance against them. Mr. Sullivan said he took the system a step further, monitoring performance on a monthly basis and adding additional objectives.

He also stressed long-range planning, including a 10-year plan for facilities and a 10-year marketing plan. It takes five to seven years for a Navy ship, for example, to move from the inception stage to final planning stages, he said, and it is "better not to wait till the sixth year" to begin gearing up a shipyard.

Mr. Sullivan said he also encouraged communication "up and down, and it had a profound effect." A cost-reduction program, in which employees receive awards for suggestions that save money, was begun. An energy management program and a strong apprenticeship program were established. Heavy use was made of industrial engineers for the design of greatly expanded facilities.

MASS PRODUCTION

Emphasis was put on a smooth "mass production" style flow of work. The yard builds ships in individual modules that contain some 70 percent of the needed equipment, rather than building and launching a shell of a ship first.

The results included an eight-fold increase in productivity and a drop in absenteeism. The work force grew to about 6,000 and applications still pour in—some 3,500 since Jan. 26 alone, according to company officials. And the bottom line came not only in productivity, but in a performance record that is the yard's proudest boast.

"Since that time (1975), we have not been late on any ship, Navy or commercial," Mr. Sullivan said.

Nor, he added, has the yard gone over budget. Three merchant ships were built and delivered a total of 37 weeks early. The yard's first five guided-missile frigate—FFGs—were delivered a total of 62 weeks early and a total of more than $28 million under contract.

Bath Iron Works has 12 more of the FFGs to deliver, the chairman said, "We're targeting delivering them 17 weeks early—each," he said.

Mr. Sullivan, a native of Pasco, Wash., gives a great deal of credit to his Maine work force.

"This is a shipbuilding and shipping community and there's a great deal of pride, he said. "When the ships go down the (adjacent Kennebec) river, there's a great deal of pride, and this makes a great difference."

The yard has been heavily oriented to Navy construction in the last few years, but company spokemen said the sought-for mix is half-and-half Navy and, merchant marine. In the backlog now are two tankers, a dredge ship and a 643-foot, ocean-going barge.

Contracts soon will be let on six more of the FFGs, however, and Mr. Sullivan said he hopes the yard gets its "fair share." New York-based Todd Shipyards in recent weeks has called for a fair share for its Los Angeles and Seattle yards, too, warning that a move by the Navy to let the contracts on the basis of price alone could badly damage Todd.

The warnings underline a difference brought out in the independent Kaitz report issued a year ago, Mr. Sullivan said: Bath produced FFGs for about $53 million each, while Todd produced them for about $68 million each.

But, he said, "I doubt very much if (the Navy) would award all of them to one yard. If they did it strictly on price, yes. But it's probable the Navy will want yards on both coasts."

He admitted, however, that "as a taxpayer, I think we should buy ships where we get the best buy for our money."

The Bath chief said he is optimistic at the future for both his yard and the American shipbuilding industry in general.

"I think the Reagan administration means what it says. I think they are going to increase the size of the Navy, increase the size of the merchant fleet, and encourage (shipbuilding) rather than discourage it, as the previous administration did," he said.

The future of federal construction differential subsidies, which help make up the cost difference between building ships in American yards and in cheaper yards overseas, is not in doubt "from what I've heard," Mr. Sullivan said.●

TRIBUTE TO WES UNSELD

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. FAUNTROY. Mr. Speaker, I am very proud to bring to the attention of my colleagues that one of America's outstanding athletes is being saluted and honored for his distinguished contributions to professional basketball and the communities where he lives and works. I speak of Wes Unseld, who recently announced his retirement as a player for the Washington Bullets basketball team. He will remain with the organization as a vice president, an achievement of special significance. Only one other black person, Wayne Embry of the Milwaukee Bucks, has become a vice president of a National Basketball Association team.

While Wes Unseld successfully completed his career as a player and prepares to reach new successes as a management official, he also maintains his commitment to contributing his time and energies to help others.

For his work in Baltimore, and in our Nation's Capital, on behalf of the sick and the needy, the United Black Fund will honor Wes Unseld on Wednesday, March 25 at the Capital Center.

And on Sunday, March 29, in the final home game of the season for the Bullets, which has been designated as "Wes Unseld Appreciation Night," a portion of the proceeds from that night will go to two of the concerned people programs to which Wes Unseld gives his service in love—Baltimore's Kernan Hospital and Children's Hospital in Washington.

I want to join the United Black Fund and the many organizations and individuals in paying tribute to Wes Unseld, an extraordinary disciplined athlete who is also an extraordinary man of dedicated devotion to the well-being of his fellow human beings.

I have attached information regarding Wes Unseld's career and the comments of the Bullet organization in announcing his retirement. I know you will join me in wishing Wes Unseld and his family God's blessings and much success in the years ahead.

WES UNSELD ANNOUNCES RETIREMENT

Wes Unseld, a man whose name has become synonomous with Bullets' basketball, announced he will retire at the end of the 1980–81 season.

"It's time to quit," Unseld said explaining his decision. "I've had problems with both of my knees this year. Even with the offseason, I don't know if I could play next season or not."

The man who everyone equates with bone-jarring picks and fullcourt outlet passes, has missed 14 games this year because of knee problems. He had major surgery on his left knee during the 1973–74 season and played in just 56 games that year. Unseld's right knee has bothered him this season and forced him to miss three of the last seven contests.

"Wes has been the heart and soul of the Bullets' franchise from the first day he stepped onto the court in 1968," Bullets' President Abe Pollin said. "He has truly been a credit to the game of basketball. I've never known a finer human being in my life."

The 6-7 Unseld was chosen by the Bullets on the first round of the 1968 NBA draft, the second player selected overall, after twice earning All-American honors at the University of Louisville.

He was an instant success! In his initial NBA season, Unseld was chosen both Rookie-of-the-Year and the League's Most Valuable Player. He and Wilt Chamberlain are the only players to have won both the same season. Unseld was also selected to the NBA All-Star Game, his first of four ap-

pearances. The Bullets did well too, improving their record from 36-46 the previous year to 57-25.

The Bullets, who had never experienced a winning season before he arrived, have recorded 10 plus-.500 seasons since. Unseld has been a major force in sending the Bullets to 12 consecutive playoff appearances. He was voted the Most Valuable Player of the 1978 NBA Championship series that brought Washington its first sports title in 36 years.

In his 13-year NBA career, Unseld has achieved numerous accomplishments. He ranks sixth all-time in rebounding; is one of only a handful of players who have both scored 10,000 points and pulled down 10,000 rebounds; ranks third all-time among playoff leaders in rebounds and is the Bullets' all-time leader in games played, rebounds, minutes played and assists.

Although he's a man who doesn't discuss such things, Unseld's achievements off the court are monumental also. In 1975, he was the first recipient of the Walter Kennedy Citizenship Award, given annually to the NBA player or coach making the greatest civic contribution to his community. A past Vice-President of the NBA Players' Association, he began working as a volunteer at Kernan Hospital soon after joining the Bullets and has continued that association through the years. Recently, Unseld was named to the Mt. St. Mary's College Board of Trustees. Much of his free time is devoted to assisting his wife, Connie, at the Unseld's Developmental Center for Children which she opened last winter.

WES UNSELD

Sixth all-time in rebounding.

Third all-time in playoff rebounding.

One of only two players to have won Rookie-of-the-Year honors and the NBA Most Valuable Player the same season.

Played in 12 playoffs; the second highest number of any center in NBA history.

Played in four All-Star Games.

The Bullets' recordholder in games, minutes played, rebounding and assists.●

LATIN AMERICA

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. GARCIA. Mr. Speaker, I would like to enter into the CONGRESSIONAL RECORD an article I recently wrote for El Diario-La Prensa, a New York Spanish language daily, on March 24, 1981.

LATIN AMERICA

The presence of American military advisers in Central America does not reflect what I consider to be a perceptible response to Latin American realities.

Supposition, innuendo, and an avalanche of contrary evidence have confused and muddied the issues at hand. Simply stated, what have we to gain, besides an escalation in rethoric and violence, by increasing our military commitment to El Salvador; furthermore, what are the implications for our future involvement throughout Latin America? The American people I believe, are being asked to gamble on the conflicting judgments of military dictators, leftist guerrillas, CIA counter-intelligence agents, presidential advisers, and a plethora of lesser noble figures, each intent upon maintaining a partisan image—be it the threat of Communist insurgency or the banner of a nationalist revolution.

My reservations should not be misconstrued as the misgivings of a post-Vietnam isolationist, quite the contrary. I whole heartedly believe the United States must have a fundamental role in world affairs, but a fundamental role in what direction, and to whose benefits? By what criteria do we say "nay or yea" to a regime seeking aid of our arms? I'm not satisfied with the answers I have received, more importantly, I'm not satisfied with the information forth coming from this Administration. In the absence of hard facts, facts incontrovertibly free of partisan viewpoints, the American public is being treated to a fractured vision of Latin America.

How, I wonder, is it possible to pursue an aggressive foreign policy in Latin America, with any degree of understanding, when we have yet to understand and confront the problems facing the over 19 million Hispanics presently living in the United States? In the United States the average income of most Hispanics is one-third to one-half that of their non-Hispanic counterparts, while the percentage of Hispanic families living below poverty level is nearly four times the national average. In terms of unemployment, the number of unemployed Hispanics is nearly double the national average. How can this Administration presume to understand the complex problems facing Latin Americans in El Salvador, when they have yet to comprehend the problems facing Hispanics here at home?

By the 1990's, the U.S. Census Bureau estimates Hispanics will be the second largest minority in the United States. Reverend Mario Vicaino, head of the Roman Catholic Church's Southeastern regional office for Hispanics in Miami brings home the point of the size of the Hispanic population in this country in an unconventional way. He argues that the U.S. is the fifth largest Hispanic country in the world, in terms of population after Mexico, Spain, Argentina and Colombia.

Our priorities for dealing with the world are skewed and fundamentally flawed. Where is the logic in providing military assistance to a repressive and corrupt Salvadoran military junta, when at home Hispanics are disenfranchised, ostracized, and generally shut-out by an ignorant and frequently belligerent Anglo world?

Foreign and domestic policy must be constructed in a manner that reflects the interests of the people it is affecting; a long-term perspective is not only imperative it is an obligation the Reagan Administration owes to this and future generations. The commitment to democracy, I believe, must begin at home, not in our neighbor's backyard, and certainly not at the point of the gun.

The winning of "hearts and minds" is an important goal, a goal that needs to be pursued both here and abroad. The question is, can we afford to aggressively confront an increasingly volatile Latin America while we passively ignore the festering problems of America's growing Hispanic community?●

THE KEYNESIAN ATTACK ON PRESIDENT REAGAN'S TAX STRATEGY AND DR. CRAIG ROBERTS DEVASTATING RESPONSE

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. KEMP. Mr. Speaker, one of the finest minds among the neoclassical critics of Keynesian theory belongs to Dr. Paul Craig Roberts, Assistant Secretary of the Treasury for Tax Policy. Recently in the Wall Street Journal, Dr. Roberts outlined the fundamental flaws of the Keynesian theory—on which the Keynesian critique of President Reagan's economic program is based.

Roberts shows why the Keynesian criticism falls because the Keynesians have failed to answer President Reagan's deceptively simple question: "Why is it inflationary when you spend what you earn, but not inflationary when the Government spends what you earn?" A change in tax rates does not change the amount of money in the economy, and does not change aggregate demand. Therefore, the notion that President Reagan's cut in marginal tax rates could be "inflationary" is nonsense.

Moreover, the classical economists have shown how tax cuts do work—only by changing people's incentives. Cutting marginal tax rates, the only kind of tax which people face in the real world, increases the incentives to work and invest. Tax cuts which do not lower marginal rates have no effect but to produce a deficit.

This is not the first time this critique has been leveled against the Keynesians. But it is remarkable that no Keynesian theorist, to my knowledge, has publicly answered this devastating critique, much less refuted it. Until the Keynesians turn themselves to this flaw in their theory, their arguments, exemplified by the editorials of the New York Times and the Washington Post, amount to so much hot air.

I commend Dr. Roberts' excellent article to my colleagues.

[From the Wall Street Journal, Mar. 19, 1981]

THE KEYNESIAN ATTACK ON MR. REAGAN'S PLAN

(By Paul Craig Roberts)

Every morning when I pick up my New York Times I expect to read in Steven Rattner's reports that I have abandoned supply-side economics. After all, he even reported that Jack Kemp himself had abandoned his own bill in disagreement over an inconsequential detail.

Mr. Rattner has established himself as leader of a corps of reporters trying to drive permanent wedges into any crack of disagreement that policy discussion inevitably

generates. The object is to isolate the supply-siders. Last week Hobart Rowen, a Washington Post commentator long identified with the liberal Keynesians, said it wouldn't be long before supply-side economics is back on the shelf. Critics sense that if they can blunt and deflect the intellectual cutting edge of the Reagan program, the rest of it can gradually be chopped up with the familiar interest-group and income-redistribution arguments.

But in spite of all the journalistic smoke, the supply-siders still have on their side the Office of Management and Budget, Treasury, and the President—not exactly what you would call a hunkered-down position. And the Reagan tax bill is still very much alive. The problem isn't in controlling the policy but in controlling the explanation of it.

While supply-siders have been busy making the policy, stalwart representatives of the status quo like Walter Heller and other leftover economists from a bygone era have been busy explaining the policy in Keynesian terms. When you hear supply-side economics interpreted by a demand-side economist, it sounds scary indeed.

EXPLAINING INFLATION

The policy will be "actively inflationary," warns Otto Eckstein of Data Resources Inc., an economic consulting firm. Supply-side analysis, chimes in Mr. Heller, is a "fairly tale." The true story, he charges, is that supply-siders are unleashing the wolf of inflation to devour the country. Because both these demand-siders have been so thoroughly associated with the policies that have inundated us with inflation, people think they must be inflation experts.

It is nevertheless a fact that neither Mr. Eckstein nor Mr. Heller has ever been able to explain why it is inflationary when people spend their own money, but not when the government spends it for them. Yet it is easy enough to understand why supply-side tax cuts aren't inflationary. All you have to do is to stop thinking like a Keynesian.

The administration wants to cut personal income tax rates, not in order to give people more money to spend, but in order to increase incentives to earn more taxable income. Today people are taxed at unprecedented high rates on any additional income that they earn, either from work effort, saving or upgrading their skills. The inevitable results of little reward for extra effort are worsening work attitudes, high absenteeism rates, reluctance to work overtime and to assume risks, and the lowest personal saving rate in anyone's memory.

For the supply-side policy to work, taxpayers don't have to respond to lower marginal tax rates by giving up vacations, going on a double-shift and saving all of their income. When you have a work force of more than 100 million people, small individual responses result in a large aggregate effect. If the average number of hours worked per week rises from 35 to 35.5, GNP rises by $24 billion. If the absentee rate declines by one-half percentage point, GNP rises by about $10 billion. If the personal savings rate rises from about 5.5% to about 7.5%, as it did after the Kennedy tax rate reductions, private savings increase by $42 billion annually at current income levels. The increased savings together with the revenue "reflows" and the budget cuts more than pay for the tax cuts, thus making possible "crowding in," or increased capital formation.

If you are a Keynesian, however, you don't think about any of this, because in the Keynesian model tax cuts have only a single purpose—to increase demand. Therefore, Keynesians focus only on the question: What are people going to do with the tax refunds that they get back on their existing earnings? The answer is that what they do with them is much less important than how they respond to the changed incentives. If savings, investment and work effort do not respond to higher after-tax rewards, then the policy will have no effect on the economy, and the downside risk is simply: no change.

Keynesians, however, should have their question answered, even if it is irrelevant. Polls indicate that people plan to use more than half the tax refund to build savings and pay off debts. But suppose they spend it all. Keynesians would say that total spending has increased and, therefore, the tax cuts are inflationary. But the government is spending less, so how has total spending increased?

At this point the critics claim that Congress will cut taxes, but not spending. Surely then the tax cut would be inflationary. No, not unless the Federal Reserve prints more money.

A tax cut without a spending cut can result in a budget deficit, but a deficit is not inflationary unless the Fed monetizes it. If the Treasury finances the deficit by selling bonds to the public, it recovers by borrowing what it handed back in tax refunds, and total spending does not change. That's why supply-siders insist that it is not necessary to offset a tax cut with a budget cut in order to avoid inflation. The supply-side rationale for the budget cut is to prevent the increase in private savings from being used up financing the growth in government spending. Supply-siders want the increased savings to go into private capital formation and not into government bonds.

Tax cuts are associated in people's minds with higher demand and inflation because that is the way it works in the Keynesian policy to which they are accustomed. In the Keynesian policy the purpose of a tax cut is not to alter incentives but to create a budget deficit. The Fed is than pressured to monetize the deficit in order to increase aggregate demand. But since the Reagan administration is not cutting taxes in order to stimulate demand, it will apply no pressure on the Fed to monetize debt.

Indeed, it is applying the opposite pressure, which has confused some of the Keynesians in the Fed. Your policy will have no effect a tall, they say. The fiscal stimulus you are providing with the tax cut will be offset by the tight monetary policy you are urging on us, and the policy will be a wash. We hope the Fed catches on sooner rather than later that we are not trying to provide a fiscal stimulus.

PERSONAL VS. BUSINESS

Once people catch on to the supply-side, they will realize that the old categories of personal versus business tax cuts don't make any sense. The proposed reduction in the personal income tax rates is a business tax cut too. It automatically reduces the maximum capital gains tax from the present 28%. It increases the rate of return to investment income across the board. It lowers the tax rates on partnerships and unincorporated business income. It increases savings. It improves work attitudes, lowers wage demands and contributes to better labor productivity. What "business tax cut" does more?

People will learn also that supply-side economics doesn't have a "Phillips Curve"—the idea that you can't have higher economic growth without higher inflation. To get a "Phillips Curve" you have to mix together demand stimulus and supply disincentives like high marginal tax rates and inadequate capital cost recovery. Thus when The Washington Post charges that President Reagan's "scenario lies far beyond the limits of any past experience in this country or any other industrial democracy" it is wrong for two reasons. It ignores the policy context of the past experience in this country, and it overlooks Japan. In 1974 the Japanese had a real economic growth rate of −0.2% and an inflation rate of 24.5%. Five years later real growth was 6.1% and inflation was 3.6%.

Now that's what I would call a real rosy scenario. President Reagan's is a piker by comparison. Do the "prestige press" and congressional Democrats really believe that the U.S. economy can't perform even half as well as the Japanese? Supply-siders see nothing to be gained from writing off America at the start.●

REFUGEE CRISIS IN EAST AFRICA

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. WOLPE. Mr. Speaker, on March 19, 1981, the Foreign Affairs Subcommittee's on Africa and Human Rights and International Organizations jointly sponsored a thorough and comprehensive hearing on the African refugee crisis. The problem of African refugees is a most serious and shocking one which has received very little attention by our public officials and the media. In light of the magnitude of the refugee crisis I would like to draw to the attention of my colleagues my opening remarks before the Foreign Affairs African Refugee hearing:

OPENING STATEMENT OF HON. HOWARD WOLPE, CHAIRMAN, SUBCOMMITTEE ON AFRICA

Today, the Foreign Affairs Subcommittee's on Africa and Human Rights and International Organizations are jointly holding a hearing on the refugee crisis in Africa. This represents the first of the Africa subcommittee's hearings on the Administration's Fiscal Year 1982 Foreign Assistance request.

During the past year, public officials and the media have focused an enormous amount of attention on the plight of the Indo-Chinese refugees, the Haitian boat people and, more recently, the Afghan refugees in the Near East. Very little attention, however, has been devoted to what has become the world's most serious and shocking refugee problem—the problem of African refugees.

Today, Africa has the largest refugee population of any continent in the world. According to the United Nations High Commissioner for Refugees (UNHCR), Africa has just under half of all the world's refugee population. Moreover, the number of African refugees has jumped sharply over the past four years and continues to increase at an alarming and uncontrollable

rate. In December of 1977, the UNHCR reported that the number of African refugees residing outside of their own countries was approximately 828,000. By December of 1978, the figure had more than doubled to nearly two million. And today, non-UN observers estimate the number of African refugees at four million—again, the figure has doubled in just over a two year period.

The principal cause for the large number of African refugees continue to be civil strife in various parts of Africa. Currently, there are no less than five wars raging throughout Africa; in Namibia, the Western Sahara, Chad, the Ogaden and Eritria. All of these conflicts have produced large flows of refugees into neighboring countries. In the past year, fighting in Chad has produced over 100,000 new African refugees. Continuing instability in Uganda following the elections in that country has produced a large number of refugee who have fled into the southern Sudan and Zaire. If the Namibian conflict is not resolved soon, the number of Africans fleeing the northern part of that country will swell.

However, most dramatic has been the number of refugees fleeing the country of Ethiopia as a result of the conflict in the Ogaden. Three years ago, the number of Ethiopian refugees in Somalia was less than 80,000. Today, the number of refugees in Somalia is estimated at 1.5 million and, according to a senior official at Oxfam, as many as 3,000 refugees enter the Somali refugee camps on a daily basis. Although the situation in Somalia is most critical, it certainly is not atypical of patterns to be found throughout Africa.

Despite the magnitude of the Africa refugee problem, the U.S. Government has not responded to the African problem in the way it has to those in the Near East and Indo-China. Although it is difficult to obtain a breakdown of the amount the United States spends per capita on the refugees it assists in other regions of the world, it would appear that refugees outside of Africa fare much better than those on the continent. In fiscal year 1981, the U.S. Government requested $54 million for African refugees and $324 million to Asian refugees. On a per capita basis, this is approximately $28 per African refugee and in excess of $300 for Asian refugees on a per capita basis. While it certainly could be argued that the requirements and needs of refugees in different regions of the world vary, this great disparity greatly concerns the Subcommittee and cannot and should not continue.

Moreover, even though the number of African refugees has nearly doubled in the past two years, the overall funding levels for African refugees has lagged far behind the assistance for refugee programs for other regions. It is in the context that the Subcommittee will review the figures presented by the Administration for Fiscal Year 1982. I understand the amount proposed for African refugee programs if $77 million. In light of the magnitude of the refugee crisis in Africa, and the upcoming refugee pledging conference in Geneva, I hope that we can begin today the process of assessing the adequacy of the Fiscal Year 1982 request for African refugees. Additionally, I am hopeful that the Administration will address itself to the question of the US representation at the Geneva Conference. The members of the Subcommittee on Africa feel very strongly that the Administration send the highest level delegation possible. This is particularly important since the American representation at the 1980 Geneva Conference on Indo-Chinese refugees was led by former Vice President Mondale. Consequently, representation at any lower level would be viewed by many African and United Nations officials as an indication that we in the United States are not really concerned about African refugees.

I want to take this opportunity to commend the Subcommittee, and its most able leader during the 96th Congress, my good friend and colleagues Steve Solarz, for its successful efforts to secure increased assistance for African refugees. As long as the problems remains as critical as we find it today, the Subcommittee will continue to fight for increased US funding levels for the African continent. Traditionally, the US has been one of the principal supporters of humanitarian refugee assistance worldwide. That tradition of assistance should not stop short of Africa's door. We have all witnessed the success of the international relief effort in Kampuchea. I am confident that if the same amount of attention can be focused on the situation in Somalia, we can avert what could easily become a great human tragedy.●

MUNICIPAL CAPITAL ASSISTANCE ACT OF 1981

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Ms. OAKAR. Mr. Speaker, today, I am reintroducing a bill that I submitted to the House during the last Congress. Except for some modification due to our economic condition today, the Municipal Capital Assistance Act of 1981 is, in essence, the same legislation with the same goals and objectives that my 1979-80 proposal intended to accomplish.

Basically, the Municipal Capital Assistance Act of 1981 is a bill designed to tackle the very serious problem of dealing with the dangerous deterioration of the basic infrastructure—the underlying capital stock of our cities and towns while, at the same time, recognizing the legitimate budgetary constraints due to the overall economic realities we are faced with today.

Mr. Speaker, many of our older cities are on the brink of physical disaster because local authorities have put off attending to the problem of deteriorating infrastructure because there were and continue to be other urgent needs. Admittedly, restoration is a very expensive proposition. However, it is clearly cost effective in the sense that complete replacement will cost much more in the future. Furthermore, our cities and towns can no longer afford to delay in coming to grips with this serious situation.

My own city of Cleveland is plagued by a water system that is in dire need of repair; by bridges, approximately one-fifth of which are in such poor condition that they qualify for Federal bridge replacement funds, and by a sewer system that frequently overflows. Pittsburgh has a serious problem with its crumbling bridges. In Boston, it is the disappearance of a large fraction of its water supply, and in New York, street maintenance is so far behind that it would take 150 years in its present replacement cycle to get the streets all restored.

Mr. Speaker, I could go on and on with other examples. But, the important thing is that now is the time for a solution. Let me emphasize that I believe that restoration of basic infrastructure is primarily a job for local governments, themselves. But, the cost is prohibitive at present and the Federal Government must be willing to lend a helping hand. Moreover, to underscore my belief that local governments must help themselves, an underlying premise behind my legislation is that the municipal bond market is functioning well and the cities and towns that would qualify for a Federal grant under my bill must be creditworthy.

I believe, Mr. Speaker, that my bill provides a way to tackle a most serious problem without a major or intolerable strain on either local or Federal budgets or on the Nation's capital markets.

Specifically, the Municipal Capital Assistance Act of 1981 establishes a financing device known as a debt-service grant which is a contract by the Federal Government to pay a stated portion of the total principal and interest of specific bond issues to finance specific restoration work on basic infrastructures. The Federal payments would be spread over the life of the bonds with a maximum of 20 years and a minimum of 10. My bill specifies debt-service grants of 25 percent of the total interest and principal on these bonds. The bond issues would be normal tax exempt local debt with no Federal guarantee—only a pledge to make annual payments amounting to 25 percent of the total debt service. My bill would authorize debt-service grants on $25 billion principal amount of bond issues over 5 years or $5 billion a year.

The total Federal payment amounting to $12 to $13 billion would be spread over 25 years. This is the proper way to pay for such capital expenditures.

Mr. Speaker, as stated earlier, restoration of basic infrastructure is a costly business and while there are limits on our resources, we cannot be paralyzed by current budgetary constraints that may spell doom for the future of cities and towns throughout our country. I urge my colleagues to have vision and support the Municipal Capital Assistance Act of 1981.●

VETERANS EDUCATION AND TRAINING ACT OF 1981

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. EMERY. Mr. Speaker, I am introducing legislation today to provide a new "veterans education and training" (VET) program for servicemembers and veterans of our Nation's Armed Forces.

This program will provide education and training opportunities to persons who enlist and reenlist in the Armed forces. It also provides a limited assistance program to help career servicemembers provide for the education of dependents. It allows members of the Armed forces to take a leave of absence to complete their education and then return to service without loss of tenure or other penalty.

I am introducing this legislation to Benefit the veteran, to improve recruiting and retention in the Armed Forces and to benefit the Nation.

You may ask how one bill can accomplish all these things and I will tell you that history provides the answer. Several studies have shown that the veteran is better educated and earns more than his nonveteran counterpart. A 1975 Army study found 25 percent of all persons who entered the Army were specifically motivated by the GI bill. The same study found that 24 percent would not join without a GI bill. Subsequent research shows that recruiting would improve if the GI bill was returned. Finally, the United States will always benefit from higher public education among its citizens, but in this case, the U.S. Treasury concedes that a veteran who trains under the GI bill returns more than the cost of training to the Treasury in taxes on higher earnings made possible by a GI bill education.

The vet program is fairly simple to understand. Any person who enlists or reenlists in the Armed Forces and serves honorably for 2 years will receive a basic education benefit of 18 months. If the person serves for 4 years, the number of months of educations payments will increase to 36 months. The amount of payments will be the same as that provided to Vietnam era veterans training under the old GI bill, $342 per month.

The second part of my bill creates a savings program for career servicemembers who wish to provide for their dependent's education. This, too, is a simple program which allows servicemembers to contribute $25 to $100 per month to an education fund. The service will, after the servicemember has completed 10 years of service, add $2 for every $1 the member has contributed to the fund. The maximum contribution from the member is $6,000, making the maximum service contribution $12,000. I estimate the cost of this program to be in the $45 million per year range; far less than the mutibillion dollar cost potential of a directly transferable education benefit.

Finally, the bill includes a leave of absence program. This will allow service members to take time, the time necessary to complete college without having to leave the service or lose their tenure. I believe that this provison will greatly enhance the retention of highly motivated and highly qualified individuals whose only option at the present time is to leave the service and attend school.

Mr. Speaker, this bill is the product of a great amount of thought and research. A large portion of the work was done by the Noncommissioned Officers Association of the U.S.A. (NCOA) and I extend to them my gratitude. I also want to thank my staff and others on the Hill who have contributed to the research and drafting of this bill.

This bill is the companion measure to S. 742 that was introduced in the Senate last week by my colleague from Maine, Senator BILL COHEN. I am most pleased to sponsor this bill in the House of Representatives.

As a member of the House Armed Services Committee, I have repeatedly heard testimony that the armed services sorely need a return to a program for educational benefits to attract and retain individuals who can fill critical high skill positions. This type of GI bill program is essential if this Nation does not want to return to a draft. It is a priority that must be addressed this year, and not postponed while studies and evaluations demonstrate what we already clearly know.

This bill is a thoughtful, realistic and fair approach to alleviating some of the manpower problems that plague our Armed Forces. It demonstrates our commitment to provide for those who serve their Nation, while at the same time not diminishing the role played by the Vietnam era veteran. In my opinion, no other contribution to this Nation is more valuable than that given by the patriotic young men and women who voluntarily give a portion of their youth to the defense and readiness of this Nation.

As a body, Congress has been remiss in rewarding their contribution in recent years. Accordingly, I urge my colleagues to join me in support of this GI bill program, "The Veterans Education and Training Program Act of 1981 (VET)." Its swift consideration and passage will answer a great need and reflect our rededication to providing for the servicemember and veteran who serve this great Nation.●

CALL TO CONSCIENCE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, Herschel Auerbach, an outstanding American, a personal friend, and a constituent, is a long-time supporter of the ideals for which this great Nation stands. He is an advocate of America's exportation of those ideals. He recognizes that the United Nations was established to espouse those same ideals, in the interest of positively influencing the world's nations to promote peace and freedom. Mr. Auerbach, however, shares the concern many of us hold, that the United Nations is no longer the champion of freedom its charter declares. More and more frequently, the United Nations has failed to represent an approach to global problems which encourages peaceful solutions. Actions taken in and accepted by the General Assembly that endorse violence are contrary to the U.N.'s Charter and only serve to make more painful the efforts of conflicting parties to resolve their differences. Endorsement of the PLO and resolutions which brand Zionism as racist are appalling examples of what is happening to the international body to whom most nations turn for mediation. Such actions are disgusting.

Mr. Auerbach's concern for the direction the United Nations is heading has lead him to become instrumental in organizing the Committee for U.N. Integrity. On February 2, 1981, the committee bought a half page in the Chicago Tribune to enumerate its alarm for the future of the United Nations. That article is reprinted here for the benefit of my colleagues, and I commend it to your attention:

[Advertisement from the Chicago Tribune, Feb. 2, 1981]

CALL TO CONSCIENCE

We are representatives of the international academic, arts and science communities who voice alarm at the growing danger to world peace resulting from the erosion of the United Nations.

The United Nations was established 35 years ago in the wake of the devastation of World War II to promote peace among the nations and the well-being of all their peoples. It came into being with a mandate to oppose violence and to prevent war, to fight hunger and disease, to explore and advance the human condition.

But the United Nations is no longer the guardian of social justice, human rights and equality among nations. Indeed, perverted by irrelevant political machinations, it is in danger of becoming a force against peace itself.

Nowhere is the failure of the United Nations more tragic than in the Middle East. The Soviet invasion of Afghanistan, the war between Iran and Iraq, the prolonged incarceration of American Hostages in Teheran, grave crises in Indochina and elsewhere are

inadequately challenged while the United Nations pursues a course of action destined to undermine the principles on which the organization was founded.

We bear witness to the assaults orchestrated by the Soviet and Arab blocs in their campaign to isolate and discredit Israel. The United Nations condemns the historic Egyptian-Israeli peace treaty and exalts PLO terrorists. Those who vow to eliminate the State of Israel and refuse to make peace are permitted to sit in the councils of the peacemakers, while Israel, a member state created in fidelity to the principles of the United Nations, is slandered and faced with the threat of delegitimization.

The United Nations resolution which branded Zionism, the national liberation movement of the Jewish people, with the false label of racism must bear some reponsibility for the scourge of anti-Semitism now reappearing in many parts of the world.

In its preoccupation with Palestinian rights, the United Nations neglects the plight of millions of men, women and children in other parts of the world who are in immediate danger of death from famine, disease and war.

The manipulation of the world forum has reached beyond the halls of the General Assembly and has politicized—and thereby crippled—many of the United Nations' specialized agencies. The campaign to ostracize Israel has obstructed the efforts of the International Labor Organization, the World Health Organization, the United Nations Educational, Scientific and Cultural Organization, among others, all dedicated to promoting higher standards of living, social and economic progress, international cultural and educational cooperation. It has made an international charade of their labors to extend freedom of speech and press, to help the working man and woman, to meet the needs of children, to achieve equality for women.

In devotion to the fulfillment of the United Nations' humanitarian and peaceful goals, we cannot remain silent while forces which incite hatred and foment war betray our hopes for world peace and progress. We call upon the United Nations—and each member nation—to embrace once again the ideals of the United Nations Charter and to restore the promise that the United Nations can achieve a better world for all humanity.

Morris B. Abram; Christian B. Anfinsen, Nobel Laureate; Juan Jose Arevalo, Guatemala; Efraim Schacht; Aristeguleta, Venezuela; Kenneth Arrow, Nobel Laureate, Stanford University; Robert Merle, d'Aubigne, Paris; Julius Axelrod, Nobel Laureate; Katherine Balfour; Jose Leon Barandiaran, Peru; John Bardeen, Nobel Laureate, University of Illinois; Salo W. Baron, Columbia University; Simon Bauer, Cornell University; Simone de Beauvoir, France; Daniel Bell, Harvard University; Paul Berg, Nobel Laureate, Stanford University; Sir Isaiah Berlin, All Souls College, Oxford.

Leonard Bernstein; Marver Bernstein, President, Brandeis University; Hans A. Bethe, Nobel Laureate, Cornell University; Bruno Bettelheim, Stanford University; David A. Bickimer, Pace University; Max Bill, Switzerland; William Birenbaum, President, Antioch College; Felix Bloch, Nobel Laureate, Stanford University; Walter H. Brattain, Nobel Laureate, Whitman College; Herbert C. Brown, Nobel Laureate, Purdue University; Robert F. Byrnes, Indiana University; Herbert Callen, University of Pennsylvania; Arthur Cantor; Sol C. Chaikin, President, ILGWU; Paddy Chayefsky; Claude Clivenstein, France.

Gerson Cohen, Chancellor, Jewish Theological Seminary; Saul B. Cohen, President, Queens College; Wilbur Cohen, University of Texas; Cy Coleman; Henry Steele Commager; Leon N. Cooper, Nobel Laureate, Brown University; Irwin Cotler, McGill University; Andre F. Cournand, Nobel Laureate, Columbia University; Michael Curtis, Rutgers University; Midge Decter; Alan M. Dershowitz, Harvard University; Ralph Mason Dreger, Louisiana State University; Father Robert F. Drinan; Sir John Eccles, Nobel Laureate, Great Britain; A. Roy Eckardt, Lehigh University; Oscar Secco Ellauri, Uruguay; Benjamin K. Epstein; Carlos Sabat Ercasti, Uruguay.

Emil Fackenheim, University of Toronto; Jose Figueres, Costa Rica; Hamilton Fish, Jr.; Father Edward H. Flannery, Providence, R.I.; Paul J. Flory, Nobel Laureate, Stanford University; Gerold Frank; Milton Friedman, Nobel Laureate, Hoover Institution; Frank Gervasi; Bernard Gifford, Russell Sage, Foundation; Eli Ginzberg, Columbia University; Donald A. Glaser; Nobel Laureate, University of California, Berkeley; Nathan Glazer, Harvard University; Sheldon Glashow, Nobel Laureate, Harvard University; Marshall Goldman, Wellesley College; Leo A. Goodman; University of Chicago; Fred Gottheil, University of Illinois.

Alfred Gottschalk, President, Hebrew Union College; Pierre Grosjean, Belgium; Chaim Gross; Ben Halpern, Brandeis University; Milton Handler, Columbia University; Rev. Donald S. Harrington, Community Church; Celia Heller, Hunter College; Arthur Hertzberg, Columbia University; Gerhard Herzberg, Nobel Laureate, Canada; Robert Hofstadter, Nobel Laureate, Stanford University; Robert W. Holley, Nobel Laureate, Salk Institute; Gerald Holton, Harvard University; Sidney Hook, Hoover Institution; Benjamin L. Hooks, NAACP; Irving Louis Horowitz, Rutgers University; Irving Howe, City College of N.Y.; Eugene Ionesco; Suzanne Keller, Princeton University.

Peter B. Kenen, Princeton University; Robert Kibbee, Chancellor, CUNY; Georges Klein, Nobel Laureate, Sweden; Lawrence R. Klein, Nobel Laureate, University of Pennsylvania; Lane Kirkland, President, AFL-CIO; Milton R. Konvitz, Cornell University; Arthur Kornberg, Nobel Laureate, Stanford University; Boris Kozolchyk, University of Arizona; Polykarp Kusch, Nobel Laureate, University of Texas; Simon Kuznets, Nobel Laureate, Harvard University; Seymour P. Lachman, CUNY; Norman Lamm, President, Yeshiva University; Gerald Leinwand, President, Oregon College of Education; Louis Lerner; Bernard-Henri Levy, France.

Robert Leuenberger, Switzerland; William N. Lipscomb, Jr., Nobel Laureate, Harvard University; Seymour Martin Lipset, Hoover Institution; Rev. Franklin H. Littell, Temple University; Mario Vargas Llosa, Peru; Sophia Loren; Stanley Lowell; Andre Lwoff, Nobel Laureate, Paris; Donal E. J. MacNamara, John Jay College; Theodore Mann; Frank E. Manuel; Brandeis University; Edwin M. McMillan, Nobel Laureate, University of California, Berkeley; Zubin Mehta; Reuben Merenfeld; Veneuela; Robert K. Merton, Columbia University; Stanford Moore, Nobel Laureate, Rockefeller University; Daniel Patrick Moynihan; Robert S. Mulliken, Nobel Laureate, University of Chicago.

Ernest Nagel, Columbia University; Daniel Nathans, Nobel Laureate, Johns Hopkins University; Msgr. John M. Oesterreicher, Seton Hall University; Sir Mark Oliphant, Great Britain; George E. Palade, Nobel Laureate, Yale University; Eduardo Palmas, Uruguay; Jan Peerce; Arno A. Penzias; Nobel Laureate, Bell Laboratories; Richard E. Pipes, Harvard University; Norman Podhoretz; Irwin Polishook, CUNY; Harold Proshansky, President, City University Graduate School; Theodore K. Rabb, Princeton University; Dorothy Rabinowitz; Isaiah E. Robinson, N.Y.C. Commissioner on Human Rights.

Robert Rosenzweig, Stanford University; Henry Rosovsky, Harvard University; Eugene V. Rostow, Yale University; Bayard Rustin, A. Philip Randolph Institute; Abraham L. Sachar, Chancellor, Brandeis University; Harold A. Scheragle, Cornell University; William R. Sears, University of Arizona; Emilio G. Segre, Nobel Laureate, University of California, Berkeley; Donna Shalala, President, Hunter College; Albert Shanker, President, AFT; Sargeant R. Shriver; Benjamin M. Siegel, Cornell University; John Silber, President, Boston University; Beverly Sills; George Sluizer, Netherlands; Jerry Stiller and Anne Meara; Herbert Stroup, Brooklyn College.

Rabbi Marc H. Tanenbaum; Raymond Tanter, University of Michigan; Edward Teller, University of California, Berkeley; Sister Rose Thering, Seton Hall University; Barbara Tuchman; Michael Walzer, Institute for Advanced Study; Ben Wattenberg, American Enterprise Institute; Wilse B. Webb, University of Florida; Steven Weinberg, Nobel Laureate, Harvard University; Leo Weitz, Pace University; Elie Wiesel, Boston University; Shelley Winters; Herman Wouk; Rosalyn S. Yalow, Nobel Laureate, VA Hospital; Vladimir Yankelevich, France; Oscar Zeichner, City College, N.Y.

Affiliations for identification purposes only.

Committee for U.N. Integrity, 9 East 40th Street, New York, N.Y. 10016.

Chicago Officers: Hershal Averbach, Chairman, P.O. Box 881, Palatine, IL 60067.

Prof. Oscar Miller, Co-Chairman, P.O. Box 4348, Chicago, IL 60680.●

BUDGET CUTS WILL DENY VETERANS HOSPITAL AND MEDICARE CARE

HON. JIM MATTOX

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. MATTOX. Mr. Speaker, as reported in the Washington Post of Thursday, March 19, 1981, Mr. Art Fellwock, commander in chief of the Veterans of Foreign Wars, has accused the Reagan administration of "balancing the Veterans' Administration budget on the breaking backs of the veteran, his widow, and orphan."

This is more important than everyday press-release rhetoric. what makes it so significant is that the VFW is the organization which last year broke with 80 years of precedent by endorsing a Presidential candidate—Ronald Reagan. Now Mr. Fellwock says the President's budget proposals, which would eliminate more than 7,000 medi-

cal personnel from the fiscal 1981 and 1982 budgets, will deny medical and hospital care to veterans in need.

I applaud Mr. Fellwock's courage in pointing out so forcefully the yawning gulf that exists between the President's statements of last summer and his budget proposals of this spring. The President's flip-flop on veterans' issues is an excellent example of how dangerous it can be to blindly accept his scenarios without question, as we have been asked to do. As the VFW and other veterans' organizations can attest, some of the President's rosiest scenarios can be subject to radical change.

It behooves us all, as participants in the constitutional process, to reflect carefully on this issue as a highly illustrative aspect of the current economic debate. I recently chaired a hearing of the Budget Committee's Task Force on National Security and Veterans, at which one of my colleagues made an excellent point: "If the administration can be so radically wrong on this one particular area. I think it mandates us who are on the Budget Committee to look very closely at some other programs."

At that hearing, spokemen from the major national veterans' groups roundly denounced the President's proposals. Insofar as it elaborated on Mr. Fellwock's basic premise, the VFW's statement was of particular interest, and I submit it for the RECORD so that I can share it with my colleagues.

STATEMENT OF DONALD H. SCHWAB OF THE VFW

Mr. Chairman and Members of the task force: Thank you for the privilege of appearing before this distinguished forum to present the views of the Veterans of Foreign Wars of the United States. This is for me an auspicious occasion for it is the first time to my knowledge that the various veterans' organizations have been permitted to appear before the Budget Committee.

My name is Donald H. Schwab and it is my privilege to serve the more than 1.9 million men and women of the Veterans of Foreign Wars as their National Legislative Director.

Mr. Chairman, the basic fiscal year 1982 budget submitted by the Carter Administration was probably the most realistic one in several years in that it provided $24.9 billion in budget authority and $24.4 billion in outlays for the Veterans Administration. That is not to say there were not several areas which concerned us deeply.

We now have, I believe, the Reagan Administration's proposed amendments to the Carter Administration's fiscal years 1981 and 1982 budgets for the Veterans Administration. Briefly, Mr. Chairman, the present Administration would reduce the fiscal year 1981 budget by more than $200 million and $831 million in fiscal year 1982 for a cut of more than one billion dollars for the two years. Personnel reductions (FTEE'S) amount to 1,837 in fiscal year 1981 and 7,995 in fiscal year 1982 for a total loss of 9,832 personnel.

As previously promised by the new Administration, and to its credit, there is to be no change contemplated in the basic entitlement to either compensation payable to veterans with service-connected disabilities or in the pension program for veterans in need due to their non-service-connected disabilities and their survivors. There is however, a projected decrease in the cost-of-living increase to be effective October 1, 1981 for those in receipt of compensation from 12.3 percent to 11.2 percent for a savings of some $96 million. In all fairness, we cannot take exception to the proposed compensation increase at this point in time since we do not know what the inflation rate will be when enacting legislation clears Congress. Our primary concern in this area is that this benefit not be eroded by inflation and that the increase granted is proportionate to that reflected by the Consumer Price Index.

The pension program is, of course, indexed to the CPI and increased proportionately and concurrently with the social security benefit increase each July. As is a matter of record, the V.F.W. has never been happy with the new pension program established by Public Law 95-588 since, in our opinion, the assured income levels are too stringent. Presently a veteran alone is assured an annual income of $4,460 including all other income from all sources, including social security benefits which is a mere $69 per annum above the Orshasky update of the poverty line of $4,391 for a single person alone.

With respect to educational benefits for Vietnam veterans under the GI Bill, it is intended by this Administration to completely eliminate both correspondence training and flight training and retain the present 10 year delimiting date for completion of GI Bill benefits. Although we have opposed the elimination of flight training and correspondence training, the latter in particular for Vietnam veterans who are housebound and have no other means to advance their education, the complaints we have received with respect to reduction or termination of these benefits have been almost without exception from those who operate the schools.

Most disturbing is the fact that the Administration proposes to reduce outpatient medical visits by veterans in need with non-service-connected disabilities by 1.7 million and, in addition, to apply a $5 deductible payment by the veteran for beneficiary travel while seeking needed medical attention. Although the original intent was to charge a $10 deductible fee, we are, again, hurting those most who are in real financial need. These provisions will greatly reduce access to VA medical care to veterans and increase the number who must seek community care and, to our shame, line-up with welfare recipients, aliens and yes, even draft dodgers and unwed mothers.

Alarming, Mr. Chairman, is that the Administration has canceled construction of the 400 bed acute care hospital at Baltimore, Maryland and the 242 bed intermediate care hospital at Camden, New Jersey consisting of 120 nursing care beds and 122 extended care beds of which four were to have been intensive care beds. The need for the Baltimore hospital of 400 beds consisting of 200 internal medicine, 120 surgical and 60 psychiatric beds has been fully justified. The Camden hospital originally consisting of 480 beds, 300 of which would have been medical, surgical and neurological, 60 acute psychiatric beds and a 120 bed nursing home was also fully justified. Figures available at the time indicated that the national average of VA beds per 1,000 veteran population was 3.2 beds. The ratio in the Philadelphia/South New Jersey area was 0.7 beds per 1,000 veteran population. Financial constraints reduced that facility to 242 beds as previously described. In addition, there are nine other construction deferrals as follows:

1. Denver, Colorado—one-year deferral of addition to existing facility.
2. New Orleans, Louisiana—two-year deferral of addition to existing facility.
3. Washington, D.C.—two-year deferral of a nursing home and parking facility.
4. Long Beach, California—two-year deferral of addition of research and education.
5. Palo Alto, California—two-year deferral of addition of surgical and related functions.
6. East Orange, New Jersey—two-year deferral of renovation project.
7. St. Albans, New York—two-year deferral of laundry facility.
8. Gainesville, Florida—two-year deferral of expansion for research and education.
9. Chillicothe, Ohio—two-year deferral of a clinical addition and modernization.

The one- and two-year deferrals of these other construction projects with on-going double digit inflation will make them even more costly. Quite frankly, we fear the eventual cancellation of these projects also.

Coupled with the above, Mr. Chairman, there is a planned revision of personnel ceilings and an announced reduction in VA personnel (FTEE's) of 11,704 through 1986 of which 6,767 will be cut from indirect medical care predicated upon 1980 base figures.

Needless to say, Mr. Chairman, we of the V.F.W. are shocked almost to disbelief with the cancellation of the Baltimore and Camden facilities and the deferral of other construction projects.

While campaigning last August, President Reagan addressed our national convention in Chicago, Illinois and stated among other things ". . . to me, it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health-care personnel within the VA." Amplifying this commitment the Republican party platform reads in part:

"We will maintain the integrity of the Veterans Administration. We will seek to keep it separate and distinct from other federal agencies as the single agency for the administration of all veterans' programs. In particular we feel it is of vital importance to continue and expand the health programs provided to veterans through the Veterans Administration hospitals. Here we see the need for increased access to care, especially for older veterans.

"We further advocate continued and expanded health-care for our Vietnam veterans and consider it vital for the Veterans Administration to continue this program for the rehabilitating of the disabled as well as its job training efforts."

Adding greatly to our concern is the planned reduction through fiscal year 1986 in the Veterans Administration's Department of Medicine and Surgery of 6,767 indirect medical care personnel which can only lead to one thing, and that is the closing of additional hospital beds, more wards or even entire hospitals. Hospitals and beds cannot be operated by hands-on medical personnel alone, but only with the support of a full compliment of indirect medical care personnel. The planned reduction of the VA system to 78,900 operating beds in fiscal year 1982 approaches the figure many believe will make the system not cost effective and surely not a viable back-up for the Department of Defense hospital system. In addition, we understand new personnel reduc-

tions will require the closing of approximately 60 wards and reducing the daily hospital census from a little over 67,000 to 64,000. As a matter of fact, one highly placed and knowledgeable VA official stated entire hospital closings are inevitable.

Mr. Chairman, we have stated for years that one of the primary objectives of the Office of Management and Budget is to close up the VA hospital system by letting facilities deteriorate and starving it with inadequate funding and personnel, just exactly what happened to the Public Service Hospitals. Our assertion has been denied and even ridiculed by the Office of Management and Budget. However, that this is in fact the case is unquestionably confirmed by a memorandum which has come into my possession bearing the heading "Executive Office of the President—Office of Management and Budget—March 5, 1981," the appropriate portion of which is herein quoted: "However, in current economic conditions, some delays can be in the hospital construction program can be accommodated without significant shortrun damage to the VA medical system. The ones chosen here do not have imminent hazards in existing structures and do not affect bed levels significantly. In addition, the existence of excess medical care capacity in many areas of the United States make questionable the need for a separate VA medical system. (Underscoring supplied.) This Administration will conduct a complete review of alternative methods for providing readily available, quality medical care for eligible veterans. The continuation of currently planned construction in overbedded areas may add to the excess and prove to be a wasteful Federal expenditure."

Obviously, Mr. Chairman, and most unfortunately, the Reagan Administration has fallen into the trap laid by the social welfare planners in the National Academy of Sciences and the Heritage Foundation who recommended eliminating the VA hospital and medical care system and, also, a proposed resolution of the American Medical Association to mainstream veterans healthcare by treating those with service-connected disabilities in community hospitals and those with non-service connected disabilities on a welfare basis.

Mr. Chairman, and let me make this abundantly clear, the Veterans of Foreign Wars of the United States will fight this proposed dismantling of the VA hospital and medical care system with every resource at our disposal. We will fight this outrage in every county, parish, district and precinct across this nation. We will fight this betrayal of our nation's wartime veterans at the polls in 1982 if that is what it takes. Make no mistake about our dedication to this end. We who have fought battles in the past are well prepared and quite able to fight this battle, too.

As our Commander-in-Chief testified before the full Committee earlier this month, that although we applaud the President's goal to reestablish a stable economy, the Veterans Administration has already sustained disproportionate budgetary and personnel cuts. Operating hospital beds have been slashed from 121,000 in the 1940's when there were only 15 million veterans to a planned 78,900 in fiscal year 1982 with a veteran population of over 30 million and a reduction in daily patient census in VA hospitals from the current level of 67,000 to less than 64,000.

The Reagan Administration also plans to reorganize the Department of Veterans Benefits by consolidation of claims processing and loan guaranty function into a centralized operation, whatever that is. Along with this action is a projected reduction of 4,697 personnel between now and 1986. To us this would indicate that not many years hence, there will no longer be 58 Veterans Administration Regional Offices, but merely satellite or contact offices in the 10 Federal regions with all adjudication of claims accomplished by VA Central Office personnel.

Other proposed insidious actions to destroy our veterans' hospital and medical care system and veterans' benefits include, but are not limited to the following:

1. To cap the special and incentive pay of VA physicians and dentists authorized by Public Law 96-330, passed by both houses over the veto of the President, by paying no more than 12 percent of the total funding appropriated.

2. Failure to include in the budget not one cent to fund the scholarship program for VA health-care professionals also authorized by Public Law 96-330, which could reduce or eradicate the shortage of physicians, dentists and nurses.

3. The closing of all 91 outreach facilities to assist Vietnam veterans with psychological, drug or alcohol related problems as authorized by Public Law 96-22.

Mr. Chairman, the V.F.W. will not sit idly by and watch this attack on nearly the entire spectrum of veterans' benefits without a fight, the like of which you may have never witnessed. We look to this Committee, the Veterans' Affairs Committee and the Appropriations Committee to be our champions in dealing with the President's Office of Management and Budget and in the halls of Congress and save our veterans' hospital and medical care system.

As our National Commander-in-Chief, Arthur Fellwock, stated in testimony before both Senate and Hosue Veterans' Affairs Committees earlier this month, "We must never forget, nor permit the nation to forget, that those of us who served during periods of war and hostility have rendered a very special service to our great nation. We have given years of our lives, we have given years from our families and we have given years from our personal endeavors, if not also our physical and mental health."

A quote in the current edition of the Readers Digest by Jose Narosky states the case most eloquently: "In war, there are no unwounded soldiers."

Again, Mr. Chairman, permit me to reiterate the appreciation of the V.F.W. for the privilege of appearing for the first time before this forum to present our views on this most crucial matter of the Veterans Administration budget.

Thank you.●

MONTHLY STATEMENT OF EXPENSES AND FUND BALANCE OF CONGRESSIONAL STEEL CAUCUS FOR THE FOURTH QUARTER OF 1980

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Ms. MIKULSKI. Mr. Speaker, I am submitting for the RECORD the monthly statement of expenses and fund balance of the Congressional Steel Caucus for the fourth quarter of 1980:

MONTHLY REPORT, STATEMENT OF EXPENSES AND FUND BALANCE STATEMENT, U.S. HOUSE OF REPRESENTATIVES, CONGRESSIONAL STEEL CAUCUS

Statement of Expenses, October 1980

Salaries	$5,122.48
Travel	
Stationery: Donation, Mr. Bevill	72.11
Postage	
Telephone	59.68
Publications	
Equipment	163.35
Printing	
Miscellaneous	26.70
Total expenses for October 1980	5,444.32

Fund Balance Statement, October 1980

Balance forward (as of Sept. 30, 1980)	433.92
Total revenue (clerk hire and donations)	5,194.59
Total	5,628.51
Less expenses: October 1980	5,444.32
Balance of revenue	184.19
Plus interest deposit	28.31
Balance	212.50

Statement of Expenses, November 1980

Salaries	2,521.51
Travel	
Stationery	
Postage	
Telephone	40.21
Publications	12.60
Equipment	165.00
Printing	
Miscellaneous	
Total expenses for November 1980	2,739.32

Fund Balance Statement, November 1980

Balance forward (as of Oct. 31, 1980)	212.50
Total revenues (clerk hire)	2,521.51
Total	2,734.01
Less expenses: November 1980	2,739.32
Balance	5.31●

MINORITY VIEWS OF HON. BILL FRENZEL, HON. WILLIAM L. DICKINSON, HON. ROBERT E. BADHAM, HON. NEWT GINGRICH, HON. WILLIAM M. THOMAS, HON. GARY A. LEE, HON. JAMES K. COYNE, AND HON. LYNN MARTIN

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. FRENZEL. Mr. Speaker, the following minority report of House Administration Republicans will be a handy reference for debate on committee budgets:

MINORITY VIEWS OF HON. BILL FRENZEL, HON. WM. L. DICKINSON, HON. ROBERT E. BADHAM, HON. NEWT GINGRICH, HON. WILLIAM M. THOMAS, HON. GARY A. LEE, HON. JAMES K. COYNE, AND HON. LYNN MARTIN

During the past decade, the total authorization for committee budgets in the House

of Representatives increased astronomically. Standing committee budgets rose from approximately $6.3 million in 1970 to $30.7 million in 1980; budgets for the various select committees climbed from $1.2 million in 1970 to $3.4 million, 10 years later. Despite this phenomenal growth, these budgets have, for the most part, been routinely approved.

1981, however, represents a marked contrast. Committee budgets rather than being accorded a perfunctory review, have been subjected to intense scrutiny. What was once perceived as a mundane "housekeeping" matter, has been the focus of legislative concern since the opening days of the 97th Congress.

With the results of last November's mandate still fresh, with the public demanding reductions in government spending, with a new administration striving for significant economies, it would be expected that the House of Representatives would direct close attention to the costs of its internal operations. To that end, the *Minority on House Administration—seriously concerned over the ever-escalating committee costs—established a goal of reducing committee budgets overall to a level 10 percent below the expenditures incurred in 1980.*

We expect that committees of the House would recognize the pressing need for fiscal restraint during these times of austerity. It was with understandable shock and dismay that we witnessed committees submit "business-as-usual" budgets to House Administration—budgets which topped $37.8 million, an astounding $7.6 million or 25 percent over last year's expenditures.

SENATE EXPERIENCE

Ironically, while the budgets of House committees displayed an insatiable desire for more money, the Senate assumed a radically different posture. Last December, the Senate Republican Conference adopted a resolution with the purpose of achieving at least a 10 percent reduction in committee budgets.

We watched with admiration the actions of our counterpart Committee in the Senate—Rules and Administration—in pruning committee requests to achieve its 10 percent reduction target, an action which the full Senate ratified on March 3. This contrasted vividly with the profligate reality of the House where budgets pleaded for more staff, more travel, more equipment, more of everything purchaseable.

Although the Senate effort serves as a model, dissimilarities in the funding process as well as the distinctive needs of the two chambers necessitate an alternative approach. While the Senate sought a 10 percent decrease from last year's authorizations, we seek a more stringent reduction—10 percent from last year's expenditures. In large measure this reflects the fact that a significant portion of committee staff costs (those for salaries of so-called "statutory" personnel, for which $27 million has been appropriated to date in fiscal 1981) are not subject to review in the funding process. With such a sizable amount of committee costs unaccountable, more severe reductions are necessary in the budgets presented to the House.

AUTHORIZATION LEVELS

Even though we sought an overall 10 percent cut in expenditures, the reductions were not universally applied. One panel—the Committee on Armed Services—presented a compelling justification for a budget increase; we therefore supported the amount recommended by the Subcommittee on Accounts. Likewise, we were in accord with the Majority Members of the Committee in providing Standards of Official Conduct with the authorization level requested. The Committee on Public Works and Transportation has demonstrated yeoman efforts at holding costs down over the last several years; as a result we recommended an authorization level which reflected no cut from last year's expenditures.

The Subcommittee on Accounts was able to trim $4 million off of the bloated committee requests, and an additional half million from House Information Systems. Initially, the Subcommittee seemed likely to adhere to a formula which would have ensured hefty increases in committee budgets; however, once the genuine concern of Republican Members about the spiraling costs of committee budgets was recognized, the formula was discarded and more rigid standards applied.

In particular, the Minority would like to commend the new Chairman of the Subcommittee on Accounts, Rep. Frank Annunzio, for his successful efforts to hold the line on committee costs, and for his pledge to carry out a vigorous oversight program so the Subcommittee will have better information for next year's budget assessment.

Nevertheless, the Minority Members believe that the cuts made, although representing a good first step, are still insufficient. We urge that an additional $6.5 million be cut from the budget totals recommended by the Committee on House Administration, thereby establishing an overall budget level of $27,363,322 for House committees. The HIS budget should also be reduced by more than one million. We offered amendments to this effect in committee. Regrettably, these were rejected on party line votes. The following table illustrates our recommended authorizations on a committee-by-committee basis.

TABLE A.—BUDGET RESOLUTIONS APPROVED BY THE COMMITTEE ON HOUSE ADMINISTRATION

Committee	Authorization 1980	Expenditures 1980	Request 1981	10 percent cut in 1980 authorization (Senate model) [1]	House Administration recommendation	Percent increase/decrease		Proposal of GOP members House Administration
						1980 authorization	1980 expenditure	
Aging	1,233,000.00	1,153,838	1,322,000	1,109,700	1,233,000	0	+6.9	865,382
Agriculture	1,247,200.00	1,115,440	1,307,398	1,122,480	1,294,187	+3.8	+16.0	1,003,896
Armed Services	827,000.00	683,920	1,042,000	744,300	952,223	+15.1	+39.2	952,223
Banking, Finance and Urban Affairs	2,560,287.00	2,224,100	2,591,105	2,304,258	2,457,631	−4.0	+10.5	2,001,690
District of Columbia	289,670.00	248,843	316,624	260,703	288,719	−.3	+16.0	186,632
Education and Labor	2,522,000.00	2,271,839	2,769,980	2,269,800	2,635,901	+4.5	+16.0	2,044,655
Subcommittee on Labor-Management Relations (Pension Task Force) [2]	207,200.00	177,543	256,862	186,480	196,186	−5.3	+10.5	159,789
Energy and Commerce	3,750,000.00	3,659,477	4,700,000	3,375,000	4,043,722	+7.8	+10.5	3,293,530
Foreign Affairs	1,875,123.53	1,627,760	2,049,948	1,687,612	1,888,609	+.7	+16.0	1,464,984
Government Operations	2,274,900.00	2,080,253	2,648,267	2,047,410	2,461,885	+8.2	+18.3	1,872,228
House Administration	1,744,500.00	1,513,161	1,219,000	1,570,050	1,219,000	−30.1	−19.4	1,219,000
Intelligence (Permanent Select)	972,420.00	882,014	938,700	875,178	938,700	−3.5	+6.4	793,813
Interior and Insular Affairs	1,316,679.00	1,116,392	1,448,214	1,185,011	1,295,293	−1.6	+16.0	1,004,753
Judiciary	1,406,677.71	1,282,733	1,432,540	1,266,009	1,417,519	+.8	+10.5	1,154,460
Merchant Marine and Fisheries	1,682,171.00	1,538,836	1,850,476	1,513,954	1,700,414	+1.1	+10.5	1,384,953
Post Office and Civil Service	950,000.00	846,475	1,639,000	855,000	978,530	+3.0	+15.6	761,827
Public Works and Transportation	1,870,000.00	1,614,668	2,175,000	1,683,000	1,870,000	0	+15.8	1,614,668
Rules	615,000.00	457,434	599,300	553,500	530,738	−13.7	+16.0	300,011
Science and Technology	1,896,800.00	1,849,068	2,346,900	1,707,120	1,896,800	0	+2.6	1,664,162
Standards of Official Conduct	5,000.00	420,533	450,000	450,000	450,000	−10.0	+7.0	450,000
Small Business	776,000.00	726,747	776,000	698,400	776,000	0	+6.8	654,073
Veterans' Affairs	352,490.00	309,891	514,880	317,241	359,550	+2.0	+16.0	278,902
Ways and Means	2,252,000.00	1,928,611	2,918,109	2,026,800	2,450,782	+8.8	+27.1	1,735,750
Narcotics Abuse and Control	600,000.00	557,713	551,173	540,000	551,173	−8.1	−1.2	501,941
Subtotal, House committees	[3] 33,721,118.00	[3] 30,287,289	37,863,476	30,349,006	33,886,562	+.5	+11.9	27,363,322
House Information Systems [4]	9,881,000.00	9,684,262	9,531,000	8,892,000	9,000,000	−8.9	−7.1	7,148,250 (7,975,000)
Total (including HIS)	[3] 43,602,118.00	[3] 39,971,551	47,394,476	39,241,906	42,886,562	−1.6	+7.3	34,511,572 (35,338,322)

[1] The Senate achieved a 10-percent cut in overall authorizations; the percentage cuts, however, varied on a committee-by-committee basis. This column illustrates how a 10-percent cut in authorization would appear if applied equally to all HOuse committees.

[2] Although the subcommittee requested separate funding for its study of pension plans, the Committee on House Administration consolidated the subcommittee request within the budget of the subcommittee's parent committee—Education and Labor.

[3] The totals do not include authorizations or expenditures for 2 select committees which expired in early 1980: OCS and Committee on Committees. Authorization for OCS was $116,000; for Committee on Committees, $287,857. Combined expenditures were over $300,000.

[4] The amount of $7,148,250 was recommended in subcommittee and represents a 25-percent reduction from the original request of $9,531,000. The amount of $7,975,000 was offered in full committee and represents a deletion of funds for all new proposed activities, and will be recommended on the floor.

Our efforts to reduce committee budgets should not be interpreted solely in terms of dollar savings to the American taxpayer. The ever-increasing infusion of cash to House committees also bears negative consequences from an institutional standpoint. The increase in committee budgets has spawned the growth of innumerable subcommittees which breed their own staff bureaucracies and fragment the coherent consideration of policy issues. There is a real danger that our staff is growing so rapidly in size and influence that it may soon, like the Senate staff, be making policy for us.

The increase in committee budgets has fed the demands for more and more staff. In 1970, less than 400 staff members were hired by moneys provided in standing committee funding resolutions. By 1980, nearly 1,000 committee staff were hired pursuant to these resolutions. Although select committees demonstrated only a moderate climb from 70 staff in 1970 to just over 100 in 1980; House Information Systems (which did not exist in 1970) added another 198 personnel to the congressional staff population.

The advantages of committee staff assistance has diminished as the increase in staff has been too fast, too large, and too inefficiently distributed. The bulk of the moneys in funding resolutions represent staff salaries; these resolutions therefore, provide a means to manage and limit staff expansion.

TRANSFERABILITY

At the early stages of the Committee's deliberations, we advanced amendments to impose a limit on the amount of money which could be expended on salaries in each resolution.

Presently, committees are authorized a lump sum amount in the funding resolution and, with certain exceptions (specialized training, procurement of consultants, reimbursement of computers and related services from the House Information Systems), there is no restriction on the transfer of funds from one committee account to another.

The salary limitation amendment encompassed a twofold purpose. First, it would eliminate the possibility of transferring money from non-salary items such as travel or equipment for use in hiring additional staff. Second, and more significantly, it would establish some rough line-item differentiation between salary and non-salary items—thereby imposing greater accountability and rationality on the committee budget process.

These amendments similarly were rejected on party line votes.

MINORITY STAFFING

We also proposed amendments to the funding resolutions which would have provided the minority with one-third of the funds allocated for staff salaries. Such amendments, however, were not offered to those Committees with unitary or nonpartisan staffs—Armed Services, Intelligence, and Standards of Official Conduct.

Although a one-third standard applies to "statutory" staff, no such guidelines apply to staff hired pursuant to funding resolutions. As a consequence, only about 15 percent of the staff hired pursuant to funding resolutions are assigned to the minority. Even if statutory staff are incorporated in the ratio, the total minority share hovers at a low 20 percent. This ratio is manifestly inequitable for a body in which Republicans constitute 44 percent of the membership.

We have been amazed at the disparity in investigative staff ratios for many of the committees which have appeared before the Subcommittee on Accounts. On the Committee on Rules, for example, only 1 of 17 investigative staff was allocated to the minority; on the Committee on Foreign Affairs, only 3 of 55; and on the Committee on Energy and Commerce, only 15 of 135. Improvements in staff ratios, as contemplated in the proposed budgets, appear to be only minimal.

The Senate in 1977 adopted a rule to provide the minority with one-third of the committee staff positions. During the recent transition, this standard was retained. Twice in the past decade, in 1970 and 1974, the House adopted amendments stipulating that the minority be earmarked a one-third share of committee funding resolutions allocated for staff hire. Regrettably, in each case, the Democratic Caucus subsequently nullified the minority staffing provision.

Understandably, House Members, in the wake of the staff explosion during the 1970's and its attendant cost, are reluctant to approve any provision which might fuel any further expansion of staff. Yet the issue of staff growth and the issue of establishing standards for minority/majority staff allocations are uniquely separable items. Equitable minority treatment does not presume any escalation in staff growth. Rather it would be a beneficial complement not only to the capabilities of the minority party, but more importantly to the institution as a whole. For the staff disadvantage now evident is simply counterproductive. It shortchanges the minority, it shortchanges the legislative process.

COMMITTEE REVIEW

Of the 25 funding resolutions considered by the Committee on House Administration only 3—Standards of Official Conduct, Armed Services, and House Administration—received the unanimous endorsement of the full Committee.

Of particular relevance is the budget presented by the Committee on House Administration. The Committee requested—and was granted—an authorization of $1,219,000. This represents a decrease of not only 30.1 percent from last year's authorization, but more remarkably, a decrease of 19.4 percent from last year's expenditures. We congratulate our Chairman for substantially reducing costs and pledge our continued support to that end. However, it is regrettable that the Committee's budget was not a model, but rather an obvious exception, to this year's funding process.

Several of the committee budgets raised issues apart from cost which deserve some attention.

Committee on Rules.—In 1975, the Committee on Rules operated with a funding resolution of $30,000, and with the able assistance of 18 staff members. By 1981, the Committee had amassed 45 staff members—and if this resolution is adopted, will be granted a budget authorization of $530,738.

It might be argued that some restraint has been displayed since this year's authorization is modestly lower than the one adopted in 1980. However, this ignores the fact that the 1981 authorization level represents a 16-percent increase over 1980 expenditures.

An amendment was offerd during full committee consideration on February 25, to reduce the authorization by the amount of annual compensation for individuals designated as "associate committee staff". Currently, the Committee on Rules sets aside a portion of staff slots to allow Members to personally appoint an individual to assist with committee work. This is an inappropriate and unnecessary use of staff, particularly for an exclusive committee whose Members have but that one assignment. The amendment, which would have lowered the authorization by 34 percent from last year's expenses, was rejected.

Committee on Post Office and Civil Service.—By far, this was the most controversial resolution considered by the Committee on House Administration. The key point of contention involved a proposed $200,000 (plus an additional $116,000 in salaries) for a Redistricting Data Center to provide Members with information and consultation regarding reapportionment. As redistricting is a state responsibility, not a Congressional one, the value of such a center operated by a congressional panel appeared dubious; its purpose—illegal.

After rejecting amendments to prohibit this service, the Committee ultimately reconsidered its action on the resolution, and then deleted the $200,000 in funding for the Center, adding language to the resolution prohibiting use of funds for that purpose.

Unfortunately, the Committee did not delete the $116,000 for personnel to manage the service, so the Post Office Committee gets a free gift of unneeded staff. It had previously been given another free gift of unneeded staff when it requested extra positions for its Franking Commission duties.

Select committees.—Funding for three Select Committees—Aging, Narcotics Abuse and Control, and Intelligence—was reviewed by House Administration. We acknowledge that special circumstances often require the creation of select committees; yet we are concerned that, unless due care is exercised, such committees may interfere with the effectiveness of the standing committee system.

We suggested greater spending cuts for Aging and Narcotics Abuse and Control because of their lack of legislative jurisdiction. It is our intent to attentively examine the monthly activities reports of the select committees to ensure that they are a complement to, and not a duplication of, the standing committees which exercises legislative authority in the relevant areas.

House information systems.—No more perplexing budget was received than that of HIS. For two months the HIS budget proposal was scrutinized by the Policy Group on Information and Computers. A bewildering array of statistics was presented; supplementary materials provided appeared more likely to obfuscate than enlighten. Indeed, on the day before the HIS budget was to be considered by the Subcommittee on Accounts, a new budget was delivered which evidenced little correlation with the previously supplied material.

The minority's only recourse was to offer various amendments, all defeated, reducing the authorization. Our goal was to prevent beginning new programs costing over $1 million until our Committee understood what HIS was doing with its existing programs. We acknowledge that HIS has been of considerable benefit to the House, inspiring and promoting technological advances which have strengthened our resource capabilities. However, HIS has also displayed a penchant for pursuing programs of questionable value and limited applicability. It is our view that to embark on new programs, before any thorough review is undertaken, would be unwise.

Beginning last year, committees were required to reimburse HIS for services provided. Although there remain some difficul-

ties in the implementation of the reimbursement policy, we believe this is a good step, and one which should be extended in the future.

PARLIAMENTARY IMBROGLIO

In the past, the House has considered each committee's funding resolution separately on the floor. Although rarely was it permissible to offer amendments, there was always the opportunity to debate the merits of each funding resolution and vote on each one individually.

Now we are confronted with a new procedure designed to prevent careful Congressional scrutiny of each Committee's budget. All the funding resolutions have been conveniently grouped into one omnibus resolution. No longer will there be separate consideration and a separate vote. Whatever debate time will be provided will be limited at best. The intent is to make the whole package carry the big-spending Committee budgets—Rules, Post Office and Civil Service, Energy and Commerce—each of which might fail in an isolated vote.

This procedure is another form of "gag-rule", ill-suited to careful deliberation. It only hampers the responsible exercise of our legislative duties. We hope and expect that the House would reject this departure from traditional practice.

CONCLUSION

Committee Republicans believe that the committee funding process is one which cries out for greater accountability, equity, and fiscal control. Granting that progress has been made this year, we strongly urge the following improvements:

Elimination of the distinction between statutory and investigative staff, requiring that all staff costs be incorporated in the funding resolutions;

Integration of the Appropriations Committee and the Budget Committee into the committee budget review and oversight process;

Continued reductions in committee spending, to stem the previously uncontrolled growth in committee budgets;

Incorporating a one-third minority staffing provision in the funding resolutions, to establish a fair share allocation of staff resources;

Elimination of "associate committee staff" (now utilized by Rules, Appropriations and Budget);

Review of Rule XI, clause 5(d) which requires fractionalized subcommittee staffs.

Another goal, newly added to the list, is to restore the traditional practice of considering committee funding resolutions separately and on their own merits—and not as an indistinguishable part of an omnibus resolution.

On the single Resolution reported by the Committee on House Administration, we will ask the House to amend it to meet our target of a total 10-percent reduction under last year's expenses. If that amendment is not adopted, we urge defeat of the resolution.

In the week ahead, the House will have an opportunity to address the heretofore uncontrollable cost of its own committee structure. We believe that the House must demonstrate that it also is ready to participate in the sacrifice it is seeking of all Americans. We will be measured by our example.●

ELEANOR PRECH'S RETIREMENT

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Ms. OAKAR. Mr. Speaker, on February 13, 1981, the citizens of the Greater Cleveland community marked the retirement of a beloved and respected journalist—Eleanor Prech, who retired as nationalities writer for the Cleveland Press. Eleanor Prech leaves behind 44 years of distinguished journalistic writing for the Press, where she served at different times as editor of a "Round the World" in Cleveland column, editor of "War Zone Department" during the Second World War, editor of the "Women's Pages," and then nationalities writer upon the retirement of Mr. Theodore Andrica in 1973.

Before joining the Press in 1937, Eleanor attended Miami University in Oxford, Ohio, Cleveland College of Western Reserve University, and Columbia University. In 1956, Eleanor received a special honor by winning a $5,000 grant from the former New York Herald Tribune to study in Europe for 1 year, where she gained a firsthand knowledge of the lives of European women.

Once she had become nationalities writer in 1973, Eleanor devoted virtually all of her time and efforts in reporting the activities of Cleveland's 64 nationality groups. By her interest and involvement in these activities and by her desire to communicate in a colorful and descriptive style the customs of Cleveland's nationality groups, Eleanor helped to build better community understanding among all Greater Clevelanders in a direct and personal way.

Eleanor's nationalities column always brightened the pages of the Press and brought smiles to the faces of countless readers. I will miss reading her column, but I am grateful to Eleanor Prech for having expanded my horizon in understanding other peoples and cultures.●

REAGAN'S BUDGET CUTS: DEVASTATING IMPACT ON THE POOR

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 24, 1981

● Mr. RICHMOND. Mr. Speaker, I know my colleagues will be interested in an excellent study of the impact upon the poor of President Reagan's proposed budget cuts. The study was prepared by Tom Joe, Cheryl Rogers, and Rick Weissbourd of the Center for the Study of Welfare Policy of the University of Chicago, which is widely known and respected for its authoritative, accurate, and nonpartisan social welfare research and analyses.

The most alarming finding of this study is that the administration's proposed cuts in Federal spending will reduce the income level of the poor—in some cases to less than 50 percent of the poverty standard—and those hit hardest of all will be the working poor. The President claims that he has left a safety net for low-income Americans, but this study clearly and convincingly demonstrates that this is not so.

Mr. Speaker, this study dramatically underscores the need for Congress to develop alternative budget cutting proposals that will not harm the poor, the elderly, mothers with children, and others in our society who are least able to withstand a loss in services and benefits. For the information of my colleagues, the executive summary of the study "The Poor: Profiles of Families in Poverty" follows:

THE POOR: PROFILES OF FAMILIES IN POVERTY

(By Tom Joe, Cherly Rogers, and Rick Weissbourd)

EXECUTIVE SUMMARY

The Administration's proposed reductions in federal spending will exact a high price from low-income Americans. Substantial cutbacks are slated for the means-tested programs that provide the primary lines of defense for the poor against destitution: Aid to Families with Dependent Children (AFDC), food stamps, Medicaid, energy assistance, public housing and the Comprehensive Employment and Training Act (CETA). In some cases, the combined impact of the Administration's budget proposals will reduce the income level of the poor to less than 50 percent of the poverty standard.

Although the merits of combatting inflation by reducing federal spending are debatable, this report does not address this issue and is in fact premised on the inevitability of spending reductions. The following analysis, instead, serves to underscore the need for alternative budget cuts. This paper provides no such alternatives; it serves a prior purpose in portraying the alarming consequences of the Administration's recommendations on the poor.

President Reagan's proposals to reduce federal spending for these public assistance programs have two critical flaws: they strip low-income families of their already meager resources while inflation continues to erode the value of their incomes, and they shift significant fiscal burdens onto states and localities whose budgets are already in the red. In order to show the stark effects of the cuts on the poor, we have presented a number of profiles of typical low-income families under the current system and under the proposed changes in the six programs listed above. The following provides a brief synopsis of our findings.

Over half of the states provide combined income from AFDC and food stamps below 75 percent of the poverty standard, and in few states does the combined income equal the poverty level. On top of these already low benefit levels, the Administration's proposals regarding AFDC and food stamps will result in several additional hardships for

the poor. First, the monthly disposable income of all AFDC and food stamp recipients will be reduced. Non-earners will drop several percentage points while earners fall an average of 21.5 percentage points in the states selected for study. Secondly, the proposals will discourage work by making it less profitable to maintain earnings. In one state, a working AFDC mother earning average wages will receive the same monthly disposable income as a nonworking AFDC mother. In all states, the difference between the total income of an earner and nonearner decreases dramatically under the Administration's proposals. A third effect will be to subvert the positive value of work through a punitive workfare program that does little to lessen dependency.

The average annual Medicaid expenditures for an AFDC family of three in FY 1978 was $1,140. The President has proposed $100 million in savings in 1981 and a cap of 5 percent on 1982 expenditures. Although no specifics have been made public, it is likely that Medicaid recipients who lose some or all of their Medicaid benefits will not have the income necessary to cover losses up to $1,140.

Low-income energy assistance payments, which in FY 1981 already failed to meet the average increased cost of heating fuel, will be cut by 25 percent. Average annual payments in nine states would decrease from $158 to $114 while energy prices continue to escalate.

For low-income persons living in federally subsidized housing, the Administration proposals will further reduce their income by 5 percent over the next 5 years. The national average monthly contribution per tenant in Section 8 housing in FY 1979 was $92.43. Under the Administration proposals, this will rise to $108.70 in FY 1986. Although the difference between these numbers appears small, it represents an 18 percent payment increase for a low-income family whose budget is well below the poverty standard. For low-income families whose incomes are already being diminished by other assistance cuts, increased rental payments only magnify the economic hardship they are likely to face.

On top of these income and service reductions, employment opportunities through Public Service Employment (PSE) programs are being eliminated. Of the more than 300,000 people to be affected by this, many can be expected to return to public assistance rolls or unemployment insurance, thereby increasing the burden on government in terms of rising benefit payments and a reduction in tax revenues.

The cumulative effect of these budget cuts on low-income families threatens to severely undermine their already weak purchasing power. As a result, states and localities will be forced to assume increasing responsibility for low-income persons. This is likely to cause serious political, administrative and financial problems for state and local governments. Politically, they will be forced to limit eligibility or reduce services for one group over another if they cannot raise local revenues. Administratively, they will be faced with several new technical problems such as those associated with establishing and operating mandatory work programs and administering multiple programs through block grants. States and localities will also be forced to assume an additional cost burden as many current recipients in federal-state matching programs will have to be covered by General Assistance and served in county hospitals which are funded entirely through state and local revenues.

Alternative budget cuts must be developed that require sacrifices from segments of the population that can sustain a loss in services and benefits. The poor, it needs to be known, cannot.●

SENATE—*Wednesday, March 25, 1981*

(Legislative day of Monday, February 16, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the Honorable FRANK H. MURKOWSKI, a Senator from the State of Alaska.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Bless the Lord, O my soul; and all that is within me, bless His holy name! Bless the Lord, O my soul, and forget not all His benefits, who forgives all your inequity, who heals all your diseases, who redeems your life from the pit, who crowns you with steadfast love and mercy, who satisfies you with good as long as you live. Psalms 103: 1–5 (R.S.V.)

Gracious, loving God, forgive the indifference with which we receive life's common blessings Thou dost lavish upon us daily. We enjoy love of family while many families are broken by persecution and oppression. We have more than we need to eat while millions never have enough and thousands starve to death each day. We live in warm, comfortable homes while millions languish in refugee camps.

Father in heaven, receive our inexpressible gratitude and fill us with compassion for the poor, the oppressed, the homeless, and the hungry.

We ask this in the name of Him whose love and care includes all. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 25, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable FRANK H. MURKOWSKI, a Senator from the State of Alaska, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. MURKOWSKI thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, in a few moments, we will begin a sequence of special orders in favor of 26 Senators. Before we do that, I have two matters I should like to address.

First, I ask unanimous consent that the order for the special orders be modified so that the distinguished Senator from Missouri (Mr. EAGLETON) may receive the first special order.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, if the Senator from Missouri will withhold for just a moment and if the distinguished minority leader will permit me, I will shortly send to the desk a resolution and ask for its immediate consideration, in respect to a change in rule XXV paragraph 3, of the Standing Rules of the Senate, with respect to the Small Business Committee. I believe it has been cleared on both sides.

SENATE RESOLUTION 101—CHANGING STATUS OF COMMITTEE ON SMALL BUSINESS TO THAT OF A STANDING COMMITTEE

Mr. BAKER. Mr. President, I send to the desk a resolution in respect to a rules change and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 101) to change the status of the Committee on Small Business to that of a standing committee, and for other purposes.

Mr. BAKER. Mr. President, I ask unanimous consent that reading of the resolution be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Is there objection to the present consideration of the resolution?

Mr. ROBERT C. BYRD. I have no objection.

Mr. WEICKER. Mr. President, as chairman of the Small Business Committee, I rise in support of this resolution. I would like to thank the joint leadership for their support and cooperation in this effort to change the status of the Small Business Committee.

Although the Small Business Committee has had all of the powers and authority of a standing committee of the Senate since it acquired legislative authority in 1976, it has continued to be labeled a "select" committee. By taking this action today, the Senate is sending a clear signal to the American people that the problems of small business are not to be ignored or forgotten, but that small business and its advocate, the Small Business Committee, are here to stay.

This resolution in no way alters the committee's current authority or jurisdiction, and will have no impact on the ability of any committee member to serve on this, or any other committee in the Senate.

Today, as the Small Business Committee takes its rightful place among the standing committees of the Senate, is a truly significant and long-awaited day for small businesses across this Nation.

HISTORY OF THE SMALL BUSINESS COMMITTEE

The Senate Small Business Committee was created as a select committee during the 81st Congress to study and survey "by means of research and investigation all problems of American small business enterprises, and to obtain all facts possible in relation thereto which would not only be of public interest, but which would aid the Congress in enacting remedial legislation."

The committee was empowered from time to time to report to the Senate, by bill or otherwise, its recommendations on matters referred to the committee or otherwise within its jurisdiction. At the time of its creation, the committee was not granted legislative authority, nor was a termination date specified. Despite this lack of legislative authority, the Small Business Committee throughout these earlier years continued to reflect the needs of small business through its legislative mandate.

On April 29, 1976, the Senate passed Senate Resolution 104, which gave the Select Committee on Small Business legislative authority over the Small Business Administration, to take effect when Congress reconvened in January, 1977. The committee continues to have and exercise that authority.

Mr. President, today's action by this Senate is particularly ironic when you consider that in 1979, a serious attempt was made to abolish this committee entirely.

That today we are not only reaffirming our faith in this committee, but are further recognizing its ongoing importance by making it a permanent, standing committee shows clearly the progress small business has made.

Giving the committee permanent status as an advocate for small business is the culmination of a growing appreciation and recognition of the contributions small business has made and will continue to make, and of the clout the small business community has come to have.

Further proof of this clout is in the growing interest in having membership on this committee. Originally set at 9 members, the committee size nearly doubled to 17 at the beginning of the 96th Congress, when Senators, recognizing the breadth of the small business constituency, showed increased desire to sit on the committee.

SMALL BUSINESS IN THE AMERICAN ECONOMY

The importance of small business in our economy is clear. The facts speak for themselves. Small businesses account for 43 percent of the gross national product, 58 percent of private employment, and 75 percent of all new jobs. Finally, after many years of neglect, these economic facts are being translated into political clout.

I might add it is about time. And not a moment too soon. We are witnessing a growing concentration of economic power. If our free enterprise system is to survive, a reversal in Federal tax and regulatory policies must occur.

The top Fortune 100 firms now control the same share of manufacturing assets that the top 200 did 30 years ago. Put simply, this means that today the same amount of the Nation's assets are concentrated in half as many hands. The top 200 firms now control 61 percent of the Nation's manufacturing and mining assets, which is the same percentage share owned by the top 1,000 enterprises at the start of World War II. Meanwhile, small- and medium-sized businesses today control less than 27 percent of this country's corporate assets, whereas they owned nearly twice as much in 1960.

This increased economic power in the hands of a few of our Nation's largest businesses has not come about due to efficient operations. Instead, it has come about due to the purchase of small businesses by larger businesses. Nearly 74 percent of those businesses acquired by merger or acquisition in 1976 had assets of less than $1 million, while almost half of the acquiring companies had assets in excess of $100 million.

Clearly, small businesses are being swallowed up. At a certain point in their growth, small business owners have found it more attractive to sell out than to continue to try to exist as a private independent interest. Taking into account existing economic structures, it is understandable. Small businesses are finding it increasingly difficult to survive. Fifty-five percent of all businesses in the United States fail in the first 5 years. With interest rates for short-term borrowings hovering around 20 percent, a growing number of small firms are being forced into bankruptcy.

As chairman of the Small Business Committee, I believe we have an important role to play as an advocate for the small business community. A large part of that role is to see that this kind of trend toward failure and surrender does not continue. I intend that this committee act as a legislative watchdog, reviewing bills from the small business perspective, and assessing their impact on this diverse and important business sector.

In this advocacy role, I introduced, earlier this year, S. 360, the Omnibus Small Business Capital Formation Act. This comprehensive legislation, cosponsored by Senators LURENBERGER, NUNN and 19 others, was offered so as to insure that the questions of small business tax relief will be seriously considered at the earliest stages of deliberation on tax cut legislation. I intend to bird dog the progress of this bill every step of the way in an effort to obtain fair and equitable tax treatment for small businesses.

Members of the Small Business Committee know well the seriousness of the problems facing small businessmen and women. Their advocacy role has been ongoing; it does not just start now.

In addition to the tax reform legislation I mentioned a moment ago, this committee has begun active oversight of the SBA, with a number of hearings on programs and policies already planned.

Yesterday we held a confirmation hearing on Michael Cardenas, the President's choice for Administrator of the SBA, and just this afternoon we completed deliberations on that nomination by approving Mr. Cardenas for that weighty and highly demanding job.

We intend to work closely with Mr. Cardenas in the months ahead as we continue our oversight activities with regard to the SBA, something I, as chairman, set as one of our top priorities at the beginning of this year.

We are also committed to seeing that the Regulatory Flexibility Act, the Equal Access to Justice Act and the Patent Reform Act—all important laws enacted last year—are fully implemented and administered effectively. We will likely be holding hearings in the coming weeks and months to fulfill that aim.

We have been and we will continue to be advocates for small business. As advocates, we appreciate the support the Senate has given us today and the message they have sent to the country. Small business is here to stay, and as of today, so is this committee.

Mr. NUNN. Mr. President, I support the resolution amending the Standing Rules of the Senate to elevate the status of the Select Committee on Small Business to a full standing committee.

Since the creation of the Small Business Committee on February 20, 1950, it has played a significant role in the jurisdiction on par with other standing legislation of interest, need, and concern to the small business community.

However, it was not until the passage of Senate Resolution 104 in April 1976 that the committee received legislative jurisdiction on par with other standing committees of the Senate.

The Senate's action today will merely clarify the fact that the Small Business Committee, like its sister permanent committees in the Senate, is a full standing committee.

The resolution makes no change in the jurisdiction of this, or any other committee.

The resolution makes no change in the ability of present members to serve on the Small Business Committee, and does not impact service on any other committee.

The resolution creates no new committee in the Senate.

The resolution requires no additional expenditures by the Senate.

Simply, the resolution has the effect of eliminating the appearance that the Senate is relegating the important issues of small business to some kind of subordinate Senate committee.

In 1950, Congress firmly addressed the importance of creating a strong and healthy environment in which small business could be created and flourish.

But we also saw the structural barriers in our society that stifled that environment. The creation of the Select Committee on Small Business was the vehicle designed to identify those limitations and recommend solutions to them.

In 1953, Congress established the Small Business Administration as an independent agency of the executive branch. Originally, the SBA was created to help small businesses meet the needs for interim financing.

It has performed that job well, so that, to date, it has made over $25 billion in direct and guaranteed loan assistance to the independent entrepreneur, at minimal cost to the Government. During the past 28 years, Congress and the executive branch have broadened the agency's mission and responsibilities beyond that financing role. Through the most decentralized and diversified field structure in the Federal Government, the Small Business Administration:

Administers emergency disaster assistance for homeowners and businesses;

Utilizes private sector resources to foster equity capital for businesses through small business investment companies;

Provides procurement assistance and access to contracts for small and small disadvantaged businesses that might otherwise be foreclosed in the normal procurement process; and

Has one of the most successful advocacy programs on behalf of their constituents.

These programs have been created, reviewed, and refined by the work of the Senate Select Committee on Small Business during the past quarter century—in cooperation with other standing committees. That cooperation will continue to exist.

This resolution signals to the small business community, the executive branch, and the public, that the con-

tinued vitality of small business is a matter of continuing priority for the U.S. Senate. The resolution is the next logical step for us in its recognition of small business.

Mr. President, I urge adoption of this resolution.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

The resolution (S. Res. 101), submitted by Mr. BAKER for himself, Mr. ROBERT C. BYRD, Mr. WEICKER, Mr. NUNN, Mr. HATCH, Mr. HAYAKAWA, Mr. GORTON, Mr. RUDMAN, Mr. D'AMATO, Mr. BAUCUS, Mr. LEVIN, Mr. DIXON, Mr. BUMPERS, Mr. HUDDLESTON, Mr. SASSER, and Mr. BOSCHWITZ, reads as follows:

S. RES. 101

Resolved, That Rule XXV, paragraph 3 (b), is amended by striking:

"Small Business..... 17".

SEC. 2. Rule XXV, paragraph 3(a), is amended by striking the period at the end and adding in lieu thereof:

"Small Business..... 17.".

SEC. 3. Paragraph 1 of Rule XXV is amended by—

(a) redesignating subparagraph (o) as subparagraph (p); and

(b) inserting after subparagraph (n) the following new subparagraph:

"(o) (1) Committee on Small Business, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the Small Business Administration.

"(2) Any proposed legislation reported by such committee which relates to matters other than the functions of the Small Business Administration shall, at the request of the chairman of any standing committee having jurisdiction over the subject matter extraneous to the functions of the Small Business Administration, be considered and reported by such standing committee prior to its consideration by the Senate; and likewise measures reported by other committees directly relating to the Small Business Administration shall, at the request of the chairman of the committee on Small Business, be referred to the Committee on Small Business for its consideration of any portions of the measure dealing with the Small Business Administration, and be reported by this committee prior to its consideration by the Senate."

"(3) Such committee shall also study and survey by means of research and investigation all problems of American small business enterprises, and report thereon from time to time."

SEC. 4. Senate Resolution 58, agreed to February 20, 1950 is repealed.

SEC. 5. Senate Resolution 272, agreed to May 26, 1950 is repealed.

SEC. 6. Senate Resolution 104, agreed to April 29, 1976 is repealed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. WEICKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have no further need for my time under the standing order, and I am prepared to yield it to the distinguished minority leader or any other Senator.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader. I will accept the time.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, I yield to Mr. PROXMIRE such time as he may desire.

Mr. PROXMIRE. I thank the minority leader.

UNITED NATIONS REPORT ON GENOCIDE IN CAMBODIA

Mr. PROXMIRE. Mr. President, many people feel that a genocide treaty is no longer necessary because the horror that occurred in Hitler's Europe in World War II will never recur. The fact is that genocide is something that has happened over and over again and is happening right now.

No lesser an authority than the United Nations has asserted just recently that genocide committed by the Pol Pot regime lies at the root of Cambodia's current, serious problems.

The study, sponsored by the U.N. Human Right's Commission, describes events in Cambodia as "without precedent in our century, except for the horror of Nazism."

The barbaric genocide of the Khmer Rouge left millions dead and maimed. Conservative estimates put the percentage of Cambodians destroyed at over one-seventh of the population. Those who survived will bear deep psychological scars for the rest of their lives. The atrocities of the Pol Pot regime during 1958 were committed in the name of self determination and Marxist rule. Yet the price was a calculated, systematic elimination of entire segments of the national population. The study emphasizes that the memory of this genocide must never be forgotten.

This report, issued on January 19 of this year, led to the recent U.N. Human Rights Resolution 29, which cites the extreme violations of human rights in Cambodia in recent times, and calls for the parties of the present conflict to negotiate a settlement, and begin to improve the terrible conditions the population now faces.

Mr. President, that the Cambodian people have suffered famine, torture, and persecution in the past decade is not news. Reports of this sort serve to confirm our worst fears, by revising our estimates of killing and destruction constantly upward. But to a generation that has seen death camps, political torture, and widespread repression, additional horrors seem almost commonplace—inevitable products of the dark side of human nature. This acceptance is both frightening and intolerable.

Somewhere the terror must stop; sometime a declaration must be made against the madness we almost helplessly accept. There now exists a declaration that condemns the insanity of mass murder, and makes this most grotesque violation of human rights and international crime. The United States has not joined in this declaration.

We, the United States, submitted the Genocide Convention. President Truman submitted the Genocide Convention for Senate ratification in 1949. We were successful in gaining its adoption by the United Nations first. We led the way. Thirty-two years later, the Senate remains uncommitted on this issue. We have not voted on a treaty that asserts the most basic right to live, that has been supported by every President since Truman, including the current incumbent President, President Reagan, and the Secretary of State, Alexander Haig. Of course, this would greatly strengthen our credibility when speaking out against oppression and persecution throughout the world.

Only the John Birch Society and a few other far, far right groups oppose this. The American Bar Association, every religious group has spoken out strongly in favor of our ratifying the convention, and yet this body somehow has not found the will or the courage to act as we certainly should.

Few, if any of us would be unwilling to express outrage over the crime of genocide. Now it is time to stand together and be counted. There is no reasonable defense against the treaty's ratification, and our inaction in these Chambers only serve to embarrass us in the eyes of the world.

We must ratify the Genocide Convention.

Mr. President, I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I yield the remainder of my time to Mr. EAGLETON if he needs it.

RECOGNITION OF SENATOR EAGLETON

The ACTING PRESIDENT pro tempore. The Chair recognizes Mr. EAGLETON.

Mr. EAGLETON. I thank the President and I thank both the distinguished majority leader and the distinguished minority leader for their courtesy.

THE REAGAN ADMINISTRATION AND HUMAN RIGHTS: A DISTURBING SHIFT

Mr. EAGLETON. Mr. President, during his Presidential campaign, President Reagan pledged to change the direction of the country in both domestic and foreign affairs and his impressive electoral mandate obviously gives him the right to enunciate and pursue new policies.

Nevertheless, I express my concern over one of those policy shifts, namely, the decision to deemphasize, if not abandon, the human rights element of the Carter administration's foreign policy.

While I applaud the administration's

resolve to mount a major effort to combat international terrorism, I believe that this new policy should be looked on as an extension of, and not a substitute for, our commitment to human rights. Fundamentally, there is little difference between the violent tactics of terrorist groups and the systematic brutality of some governments. Both are exercises in power from the barrel of a gun. Both rely on the instruments of fear and repression to achieve their ends. Both are abhorrent to the values of freedom and human dignity this Nation always has represented.

I am a realist and recognize that we live in an imperfect world. At times, our national interest requires that we cooperate with and assist regimes whose domestic policies we find repugnant. It is the choice of the lesser evil.

However, such exigencies should not be allowed to obscure our more lasting purpose of promoting human rights throughout the world. This involves a delicate diplomatic balance, which sometimes depends as much on how we undertake an action as the action itself.

That brings me to the point of my remarks today, which is to register my dismay at the warmth with which this administration has embraced a succession of questionable regimes around the world. I cite the following events which have taken place since the November election.

In the administration's first public statement of policy toward South Africa, President Reagan stunned the frontline South African nations by proclaiming support for the government of Prime Minister P. W. Botha, thus undermining the collective settlement project in Namibia which the United States, Britain, Germany, and Canada have pressed since 1978. There are reports that the administration is considering inviting Mr. Botha to become the first South African head of state ever to visit the United States. In one of the most shocking examples of official deceit I have witnessed in many years, the State Department has backtracked on earlier denials and now confirms that the highest ranking South African military intelligence officer met secretly with U.N. Ambassador Jeane Kirkpatrick last week. Just a few days before, the Department vigorously denied that the visit had any official sanction. In fact, it was said to have occurred without official knowledge. Now the truth comes out, and we find that not only did the visit have official blessing, but this military representative of the most openly racist society on Earth had a private meeting with a member of the Reagan Cabinet.

Next point: As President-elect, Mr. Reagan met with Imelda Marcos—wife of Philippine President Ferdinand Marcos. Reportedly, he gave assurances that the new administration would be less judgmental toward the Philippine Government, which was characterized as a major ally. Those assurances tended to relieve President Marcos of the pressure on him to ease repressive conditions in the island nation.

In February, President Reagan received President Chun Doo Hwan of South Korea at the White House. He was the second head of state to be officially welcomed since the inauguration. By embracing President Chun, President Reagan diluted the criticism this Government has continued to express over South Korea's violent takeover of the government by the military.

Next item: Secretary of State Alexander Haig received Argentine President-designate, Lt. Gen. Roberto Viola, and signaled an apparent willingness to lift the 3-year ban on arms sales to Argentina imposed by the Carter administration for violations of human rights. He also indicated a willingness to act favorably on Argentina's desire to purchase about 100 million worth of arms.

Next: The new administration has indicated a willingness to ask Congress to repeal legislation that effectively prohibits U.S. military intervention in Angola. Coming so quickly on the heels of our escalating involvement in El Salvador, this is particularly disturbing.

Next: Reports have circulated concerning the prospect of renewed and extensive American arms sales to Pakistan—in particular, the sale of two squadrons of F–15 fighters, a request the Carter administration would not even consider.

Next: The State Department announced resumption of Export-Import Bank financing for American exports to Chile and also invited Chile to participate in military exercises with the navies of the United States and Argentina.

Next: Members of the administration have proposed selling C–130 Hercules military transport planes to the revolutionary government of Algeria, thus reversing a longstanding policy barring military sales to that Soviet-supplied militant government.

Adding to the burden of these developments, the administration has seen fit to nominate a once outspoken opponent of human rights statutes to head up the State Department office responsible for administering those very laws. Rightly or wrongly, the nomination of Ernest Lefever to that critical post will be taken by a watching world as an abandonment of our past commitment.

The unfortunate message these events convey to the world, I am afraid, is that we no longer care what outrages a government commits against its own people so long as it can be useful to us in containing the spread of guerrilla terrorism. I hope that this is not the administration's intent, for it would have serious practical as well as moral implications for U.S. foreign policy.

Our identification with the aspirations of oppressed people throughout the world has given our country a real edge in competing for influence in the Third World. Nothing has so confounded the Soviets in recent years as the fundamental contrast between governments founded on the basis of respect for human rights, and the Communist system. Even the nonalined movement has become a source of consternation for the Soviets.

A rational case can be made that the Carter administration went a bit overboard in its human rights policy. Certainly, it can be argued that the policy was applied in an inconsistent way. I can well understand an effort to correct those admitted problems. What concerns me is that this administration appears to be going too far in the opposite direction, publicly courting governments with human rights records almost as deplorable as that of the Soviet Union itself. In many cases, these countries are either not vital to our interests or have their own motives for staying distant from the Soviet Union.

This cannot be an encouraging development to those countries which have responded to our leadership in the human rights area, and which have influenced organizations such as the OAS and the OAU to incorporate the basic tenets of freedom in their respective charters. Do we throw away these advantages simply because we did not like the inconsistencies of the last administration? Does it not make better sense to correct the inconsistencies, but maintain the policy which has served us so well in the world?

Mr. President, it is not the administration's new foreign policy initiatives that so much concern me. It is the seeming abandonment of the old and enduring values of our past approach to the world. I question whether it is necessary, even in the pursuit of a united effort against terrorism, to display such warmth and respect to regimes whose values are so repugnant to our own.

Mr. President, I yield back the remainder of my time.

Mr. GOLDWATER. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

The PRESIDING OFFICER (Mr. D'AMATO). The Senator from Arizona.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER addressed the Chair.

RECOGNITION OF SENATOR GOLDWATER

The PRESIDING OFFICER. The Senator from Arizona is recognized.

PRESIDENT REAGAN'S ECONOMIC RECOVERY PLAN

Mr. GOLDWATER. Mr. President, I rise this morning to support President Reagan's economic recovery plan, and I would like to start off by observing that

it contains basically six elemental and essential ingredients.

First, this will make major reductions in the growth of Federal spending.

Second, there will be sizable tax cuts to reward work and encourage savings.

Third, there will be a reversal of overall regulation.

Fourth, we will weed out waste and fraud.

Fifth, we will cut the Federal bureaucracy as much as it can be cut and still allow services to be given to the American people.

Sixth, we will work to control the money supply.

Now, Mr. President, I would like to discuss these various ingredients one by one.

First, President Reagan has identified ways the Federal budget can be reduced by $56 billion in fiscal year 1982. This includes $49 billion of on-budget savings and an additional $5 billion of off-budget outlay savings, and changes in user fees that will eliminate $2 billion of subsidies.

Mr. President, during the 1981–84 fiscal years the President's budget plan will bring down the rate of growth of Federal spending to 5.5 percent annually compared to the 16-percent trend of the last 3 years. Thus the growth of Federal spending will be held below the increase in the gross national product.

I do not think the President went as far as he could have in all areas of budget savings. For example, the proposed reduction of unemployment payments could have been beefed up. The administration properly calls for new legislation stopping unemployment insurance payments to people who will not take other jobs at the minimum wage after drawing benefits for 3 months. But the administration has not recommended a change that would result in even greater savings, and that is imposing a Federal restriction on payments to strikers and, Mr. President, I do not think there is an American who believes that we should make Federal payments to people who voluntarily leave their jobs to go on strike.

In fact, I ask the question why should the taxpayers have to bear the costs of subsidizing people who voluntarily stay off the job while they are on strike? There is no Federal requirement, Mr. President, in this area at the present time, and there should be.

On the other hand, there are places in the budget where the administration's zeal for immediate savings might be excessive. I am very skeptical, for example, of the wisdom in reducing the long-term lending authority of the Export-Import Bank. Unfortunately, our major trade competitors are engaged in serious credit warfare primarily directed against our growth industries, and I do not see how we can negotiate an elimination of Government export credits by making unilateral concessions.

But, even so, I am prepared to support the President's overall program and to applaud his efforts to finally get control over the budget and restore the value of the dollar.

On the second point, Mr. President, tax reductions, the administration has proposed personal tax rate reductions of 10 percent each year for 3 years beginning in July. Now, these cuts will barely compensate taxpayers for the price of rising into higher tax brackets as their salaries keep even with inflation, and they are the minimum reductions individuals are entitled to.

Also the President has recommended accelerated capital costs recovery depreciation so that business firms will be encouraged to make the investments in the new plant and equipment that are needed to modernize our industries and restore competitiveness and increased productivity.

Mr. President, I cannot emphasize this particular point too much because I think it is the whole meat and substance, you might say the nut, of the Reagan proposal to get this country back on its fiscal feet.

I used to argue with President Eisenhower that we were not reinvesting enough of our gross profits when we were reaching a sum of over 3½ percent and approaching 4.

In my business, when I was in business, I used to invest over 4 percent each year, and I have always felt that if we could go for a period and see a general investment of around 5 percent we would see the type of business growth that this country has enjoyed ever since the industrial revolution of the late 1800's.

Mr. President, what we have been going through and what I think is a major source of our industrial problem is harassment by the Government and by the Internal Revenue Service, caused by excessive Federal tax rates and rulings, on the American business structure, whether that structure is corporate, private business, or professional business.

Businesses have to grow if people are going to have jobs and if the oncoming generations of young people are going to find jobs. Even though we now have over 90 million people employed in this country, I think within the next 5 years we could easily increase that by 14 million if we gave the corporations and businesses of this country real incentives to invest more of their gross profit in new equipment, new buildings, and new ideas so that we can continue to grow economically as we have always grown up until recent years.

If I may point out, Mr. President, how important I feel this is, I happen to serve on the Armed Services Committee and I am chairman of the Tactical Warfare subcommittee. In that position I have to listen to the needs of the military, and I sit there day after day after day asking myself a rather unusual question but, nevertheless, it has to be asked: Do we have the industrial capacity in the United States to build up our defense potential or build up our military?

I have grave doubts, Mr. President, that we do have this. I hope I am wrong, but we are going to see the industry of this country challenged, and challenged immediately, as we begin to authorize new airplanes, new ships, new tanks and so forth, for the military.

Then, you add to that problem the problem that we import into this country every metal we have to have to build equipment, like bauxite, cobalt, and so forth. We have not been bringing these in because our industry has not been able to afford to stockpile it. We now find ourselves looking at lead times of up to 3 years to replace a little thing like the landing strut on a fighter plane because it is made of titanium, and we do not have that much titanium in this country.

I mention those two things because they are directly connected with the problem of getting American industry back on its feet, working as it should, and producing the things that we need, not just to build aircraft and tanks and so forth, but to provide the butter end, as we call it, for the American people.

I happen to be cosponsoring each of these needed tax changes, but I would personally like to see even greater incentives added for savings, such as a total exemption of a thousand dollars or more for interest earned and dividends.

Also, our Nation's manufacturers, as I have discussed, who are being crushed under the burden of compliance with Government mandated environmental and safety rules, need some form of tax relief from these capital investment costs that make absolutely no contribution to productivity.

I would just cite one example. My State of Arizona produces 65 percent of all the copper produced in the United States and yet the environmentalists are demanding that the smelters in the copper industry relieve their smoke-producing smelters 100 percent.

Well, it is scientifically and technically impossible to do that. Nevertheless, these well-intentioned people are trying to do it. And they are causing many of our copper people to feel: Why stay in this business that is not too profitable to begin with? Why not depend on foreign countries for our copper like we depend on foreign countries for every other metal that we have to have?

So I am hopeful that we can let off a bit in this desire that all of us have to see cleaner air and cleaner water in the interest of production for our country.

Then, Mr. President, we get to the subject of deregulation.

President Reagan has seized control of the regulatory process. Only 9 days after his inauguration, the President froze all "midnight" regulations of the Carter administration that had been issued, but were not yet effective. Then on February 17, the President issued an Executive order giving the Office of Management and Budget a review and rewrite power over new executive branch regulations. The rules subject to OMB's veto have in the past accounted for up to 70 percent of the costs imposed on the private sector by regulation. I applaud the President for taking these initiatives and hope, in turn, we can have his support for the legislative veto, which would allow either House of Congress to overturn, or at least delay, major proposed

rules without Presidential signature. In this way, both the White House and Congress would have an immediate veto power over excessive regulation.

And let me remind you, Mr. President, and remind my colleagues that we create these agencies in the Congress. But we do not tell those agencies how far they can go. We do not build a fence around what their responsibilities are.

Consequently, somebody is hired, usually somebody who does not know one end from the other about what he is going to undertake, then he and the people he hires write the regulations. And, frankly, in case after case after case, they are regulations written by people who have never been near the problem.

Now, because the Congress has been derelict in doing this, I think the Congress should have given to them the right to veto any regulation that is written by any agency to govern the lives of the American people.

The reduction in regulations under the administration's present plan will result in savings of $500 million in Government administrative expenses in 1981 and reduce the compliance costs of regulations, which add up to $100 billion per year to the price of goods and services.

Also, it is my understanding the administration will change the criteria for issuing regulations—from the old policy of imposing rules unless a firm can prove the cost is so great it will go out of business, to a new standard under which Government intrusion is permitted only if it produces benefits that outweigh the costs and if the regulation allows compliance by the least expensive method.

And then there is waste and fraud. The administration will announce tomorrow, Thursday, details of a major effort to control program waste and fraud. And I do not think we can just laugh this off and say it cannot happen in the Federal Government. I remember one director of, I believe it was, Health, Education, and Welfare, who admitted that $7 billion had been stolen the year before. I would not want to guess as to how much of the taxpayers' money has been stolen by people who work or have worked for the Government or have received Government payments.

Now even the Defense Department is not exempt from charges to eliminate wasteful practices. I have personally suggested specific contract procurement changes, such as multiyear contract and increased competitive bidding, that will save $3 to $4 billion annually. I am confident many of these measures will be adopted by Secretary Weinberger.

I might point out, Mr. President, just one incident. We have been buying one airplane for three services in this country for the last 5 or 6 years without any bidding at all. You and I can walk into any salesroom that sells that aircraft and buy it for the same price the Federal Government pays for it, when, if we had bidding, we could have saved some money on it.

In fact, they do not even tell us in the Armed Services Committee of the Senate that they are going to buy more. They only tell the House because they know I am going to raise all kinds of cain about it and they do not want to have that kind of trouble until we get into conference.

The next point is reducing the Federal bureaucracy. One of the first actions by President Reagan was to place a complete freeze on Federal hiring. As a successor to this policy, the President is proposing steep, annual reductions in Government employment that will bring Federal payrolls down by at least 7 percent in 1986.

For nondefense agencies, civilian employment will be reduced to a level that would have been achieved if the total freeze on hiring remained in effect through 1981. Even allowing for planned increases at the Department of Defense, civilian employment will fall by 43,000 positions in 1982.

I might point out that this is serious, because we are now being required to take men and women in uniform and place them into jobs that normally are done by civilians under contract.

The last point I will discuss is money supply. Although monetary policy is by law the responsibility of the Federal Reserve System, the administration anticipates that the rate of money and credit growth will be reduced gradually, but steadily. Easy money, high interest rate policies must become a thing of the past. The administration's 4-year plan to eliminate deficit spending should cut inflation in half by the 1986 fiscal year and enable the Federal Reserve System to dramatically reduce the growth in the money supply.

Mr. President, to sum up, I would like to express my feelings about this. I did so yesterday in a letter to my Republican colleagues, which I offered to them from an older man who has been around here a while, who has no great ambitions in the political field. I have had about all I can. We are going to have to forget the demands of our constituents in many cases. I think we are going to have to ask ourselves an important question: What is the most important—my being reelected or saving this country?

Mr. President, I do not like to sound like an alarmist, but I have been concerned on this ever since I went into national politics over 30 years ago. Our country is not going to exist long if we continue the policies that we have been following for nearly 40 years: fiscal irresponsibility, over regulation of the people, a disregard for the Constitution's call for freedom, and a disregard for our regulations with other countries.

So I have pleaded with my Republican colleagues, and I merely offer this as a suggestion to all Members of the Senate, that when it comes time to vote for a decrease in spending that might affect a certain group of our constituents, I think we have to weigh that by saying, Will it hurt the constituents more than it will hurt the country? If it will do the country more good, I think the time has come when we have to tell our constituents, "No, I am going to vote the way the President has suggested because in the long run it will be better for you and it will be better for your children, your grandchildren, and I honestly believe it can do more to insure the continued existence of America than any one thing."

I am very, very fearful about the dollar, which is now worth only about 10 cents of the dollar that we looked at years ago, a dollar continuing to decrease in value, which will continue to decrease in value. This country cannot go bankrupt as long as we can print money, but as somebody once told me, we would not be bankrupt but we would be mightly unstable. Having been in business, that means the same thing to me as bankruptcy.

I send that out as a thought for all of my colleagues to consider—what is best for the United States, not what is best to get reelected.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. Mr. President, on behalf of the majority leader, I ask unanimous consent that the special orders for today occur not necessarily in the sequence given.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. Thank you, Mr. President. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. D'AMATO. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GOLDWATER). Without objection, it is so ordered.

PRESIDENT REAGAN'S ECONOMIC PACKAGE

Mr. D'AMATO. Mr. President, I rise today in support of President Reagan's economic package. In the days ahead we will hear from many well intentioned people who will want to insure that their special program remains intact. However, as I have pointed out in a series of articles that were recently published "it will take courage for Congress to resist the importunings of so many special interest groups."

President Reagan has sent us a sweeping fiscal package that is deserving of the support of both sides of the aisle. The President deserves the help of Democrats in both Houses in a manner similar to the bipartisan support that was given Presidents Franklin Roosevelt and John Kennedy during previous times of economic peril. I certainly hope that colleagues in the Senate will put aside partisan politics and support President Reagan's economic initiative.

When Franklin Roosevelt, in the first 100 days of his administration, proposed an emergency banking bill, House mi-

nority leader Bertrand H. Snell told his colleagues:

> The house is burning down, and the President of the United States says this is the way to put out the fire.

He asked his fellow Republicans to support that unprecedented bill, and they did.

When John Kennedy in 1963 proposed the Nation's first massive tax cut not preceded by a recession, a budget surplus or an equal reduction in expenditures, my party called it "the biggest gamble in history." But most Republicans supported that unprecedented bill, and the gamble paid off.

Now in 1981 Ronald Reagan has proposed a sweeping fiscal package that is also unprecedented in its approach. He, too, is accused of gambling with our economy and breaking with the past. He, too, seeks the support of both parties and the backing of all citizens. He deserves it.

Congress, to be sure, must examine the Reagan package with care, making certain that its burdens and benefits are equally shared. No group, region, or economic interest should be exempt from the pain of its budget reductions, and no group, region, or economic interest should be excluded from the boon of its tax reductions. Responsible objections should be heard. Hardship cases should be studied. Constructive amendments should be offered.

But let us not pick the Reagan package to pieces or delay its passage unto death. Let us not fiddle while the fires of inflation burn and the clouds of yet another recession darken the horizon. Let us not place our regional requirements or our partisan prejudices ahead of the national interest. Let us give Ronald Reagan a chance.

His economic program will not produce miracles in the battle against inflation. After all, it cannot dismantle OPEC, improve the weather, or curb the demands of those seeking ever-higher payments for their products or services. But his program will introduce discipline in a Federal budget now running amok. It will substitute sacrifice for a pattern of barely concealed fiscal self-indulgence. It will lower the ordinary citizen's expectations of what his government will do for him and increase his expectations of what his savings will buy for him.

It took courage for Reagan to call for the pruning of so many sacred groves. It will take equal courage for Congress to resist the importunings of so many special interest groups, at least one of which stands behind every item in the budget. And it will take still greater courage for the American voter to recognize that the greater good of the Nation, possibly the fate of the next generation, requires from him today a willingness to accept the paring of some cherished Federal program on which he had come to rely.

I believe that courage is there. I believe that my Democratic friends will heed the same call to fight the Nation's inflation as the Republicans did in 1933. I believe they will give the Reagan taxcut gamble the same opportunity to prove itself that the Republicans gave to the Kennedy taxcut gamble in 1963. And I believe that Americans everywhere, regardless of party, will respond to our President's call for sacrifice and bold action.

President Reagan has prescribed some strong medicine for an ailing nation. But no other equally far-reaching remedy is on the shelf. We have tried Keynes, controls, committees, and guidelines galore. None of them has worked. Let us give our President a chance to do what must be done for our Nation.

THE PRESIDENT'S ECONOMIC RECOVERY PROGRAM

Mrs. HAWKINS. Mr. President, I rise today in support of Senate Concurrent Resolution 9. No Member should underestimate the importance of the process of reconciliation that we are now undertaking. This resolution will be the first clear signal to the American people that Congress intends to impose the same budgetary discipline on itself that our individual constituents have found indispensable in these challenging times. And it will further signal that Congress recognizes that the time for such discipline is now—not next summer, and certainly not next year. Time is of the essence. Every day we wait adds to the burden to be borne by us, our children, and their children. Every hour we delay threatens to make a mockery of the will of the American people so clearly expressed in November, and reiterated in countless ways since then. Americans are ready, and they will not forget if we fail to heed their call.

We must not allow ourselves to be distracted by those who refuse to hear that call. Over the past several days, I have heard much about the need for compassion in Government, from people who seem to believe that with the change in political control that occurred as a result of the November election, a change has taken place in the traditional humanitarian outlook of our Nation's leaders. Nothing could be further from the truth. Those leaders were elected by the American people—no one else—and the American people remain a compassionate people, as we have been throughout our history.

But the American people have begun to ask a question, and that question resounds from one end of the land to the other, and into the Halls of Congress: What is true compassion? Is it compassionate for the Government to turn its citizens into unwilling and perpetual creditors by running a massive tab called the national debt to such an amount that it now threatens to exceed our gross national product for an entire year? Is it compassionate to saddle Americans with an ever-increasing tax burden, while at the same time fueling the cruelest tax of all—inflation—by the taxing authority's own spending policies? Is it compassionate to harass our people's employers with unnecessary regulation to the point that they cannot afford to provide jobs for their own fellow citizens? Does true compassion mean that we must become so preoccupied with the distribution of wealth that we ignore the creation of wealth, and cover up the inevitable infection in America's economy with a medicine show poultice of printing press money?

The American people, I submit, have given their answers to those questions in unmistakable terms. Americans remain a compassionate, and even a charitable people, but it is an old saying that never gets too old, that charity begins at home, and Americans in homes across this land are saying that they want their Government to act compassionately to give them a currency that will turn another old saying—"sound as a dollar"—into more than a sad joke. Americans across this land are saying that they want to act compassionately in helping to regain America's role as a world trade and production pacesetter, not through a make work job, but in the honest employment in their own Nation's industry. And what Americans across this land, and, as I learned dramatically this week, what Americans across Florida are saying is not vague or unfocused. It is specific and pointed: Support President Reagan in his program for economic recovery.

Two weeks ago, I placed a questionnaire in several Florida newspapers soliciting my constituents' opinions about the President's program. I was very curious as to what the response would be, since scientific studies have shown that persons opposed to a given proposition are most likely to respond to these types of inquiries, being more emotionally involved in the subject. But the people fooled the pundits again. In 5 days, I received over 15,000 answers, and over 95 percent of them support the President. And the people have not been content to just check "yes." They have some excellent ideas of their own on how to make even more cuts in the Federal budget. Most of the respondents attached a letter of their own to the questionnaire, reemphasizing their sentiments.

None of us in Congress should make the mistake of misreading the American people on this subject. They are smarter than some politicians would like to believe. They know that the President has proposed an evenhanded, four-part program, which calls not only for budget reductions, but for tax relief for all Americans, a sound monetary policy, and getting the Government off the backs of the people by abolishing unnecessary regulations. President Reagan's program is a comprehensive program, and if the weight of my mailbags is any measure, the American people are supporting it comprehensively.

The reason for this astounding positive response rests on a basic realization by our people—that only when our overall economy is strong can we feel secure in our personal financial affairs. The consequences of an unhealthy economy are obvious—unemployment, inflation, and social unrest. As surely as an unhealthy economy breeds disease, in the broadest sense of that word, among our people, the salutary effects of a healthy economy penetrate to every strata of our society. Some of the medicine to cure the body

politic of what some have termed a malaise is strong and, for a time, distasteful. But better a temporarily unpleasant but long-lasting cure than a false and ultimately self-destructive panacea.

So the American people, I believe, have called upon us to redefine compassion. Compassion shall no longer mean throwing devalued dollars from the not-so-beneficent hand of big brother at problems which big brother himself helped to create. Compassion shall instead mean restoring our people's prosperity—and their destiny—to their own hands, through their own initiative and self-reliance—qualities that Americans have always displayed in abundance in times of crisis, and in which they will not be found lacking in our own time.

To bring it down to my own level, as a servant of the people, compassion for America requires my support of the President in his crusade to conserve our national promise, and that is why I shall do so, even if it means making decisions that are, for me and for the time, personally painful.

But at this time, it is not a pain, but a privilege to voice my support for this crucial resolution. When we meet and overcome the historic challenge of one time, the American people will truly be able to say, "thanks fifty billion."

The PRESIDING OFFICER. The Senator from Delaware is recognized.

THE GREAT DEBATE—ARE WE ASKING THE RIGHT QUESTIONS?

Mr. ROTH. Mr. President, as Congress debates the President's economic recovery plan and the American people watch and listen, I fear that the focus of that debate is taking the wrong direction.

First, let me point out that I am a very strong supporter of the President's economic package. It is the first comprehensive program that I have witnessed in my 14 years in Congress, and I congratulate Mr. Reagan for having the courage of proposing a long-term program that will build some home and growth into the economy.

Perhaps, rather than asking so blatantly what will happen to Government and specific programs under the President's economic plan, we should be asking what will happen to our economy, the American family and the American taxpayer if we do not pass the program Even more specifically, what will happen if the full 10 percent, 3-year tax cut as proposed in the measure I sponsored with Congressman JACK KEMP is not passed.

Unless tax rates are reduced and the growth of Federal spending is restrained, the economy faces continued inflation and recession. The high rates of taxation now imposed on the American people are strangling economic growth, choking off private initiative, pushing up prices, and retarding the savings and investments needed to increase productivity and create new jobs.

Tax rate reductions will reduce the tax drag on the economy and increase the incentives to work, save, invest, and produce.

Roth-Kemp is an across-the-board income tax cut which reduces tax rates for all taxpayers, with the benefits based on the amount of taxes a taxpayer pays. The bulk of the tax cut benefits will go to the middle-income working people who are bearing the greatest percentage of the tax burden. According to the Joint Committee on Taxation, taxpayers earning between $10,000 and $60,000 pay 72 percent of the total income taxes and would receive 73 percent of the Roth-Kemp tax cut.

It is one thing to cut Federal spending, which is sorely needed. But that action, in itself, will not provide relief to the massively tax-burdened middle American family.

Indeed, without a tax cut as suggested in Roth-Kemp and by the President, the average American faces a massive increase in his tax burden in the first half of the eighties.

Let us look at what will happen to the average family if we do not enact massive tax cuts—a family of four with earnings of $25,000 in 1981.

Last year, the Nation's inflation rate was 13.5 percent. Let us assume that the budget cuts are passed and that inflation will average 10 percent per year through 1985—a figure not unrealistic even with the spending cuts, but without tax cuts.

First, that family of four earning $25,000 in 1981 will be earning approximately $36,602 by 1985, considering a cost-of-living pay raise of 10 percent a year in order to keep pace with the 10-percent inflation rate. And certainly, all American workers believe their earnings will increase. Such an increase obviously would put that family in a higher tax bracket, therefore, its tax burden would be even greater.

Second, in 1985, that same family will face a social security contribution rate of 7.05 percent with the wage base increasing to roughly $42,300.

Today, at the current inflation rate, at the current social security contribution rate and at the current rate of taxation on $25,000 of earnings, that family of four's tax obligation is $4,563.

However, in 1985, in just 4 years, without a tax cut, that same family will face a social security and income tax liability of some $8,040.

In real terms, that average American family will face a whopping 76-percent increase in its tax liability in a scant 4 years.

Mr. President, I call to your attention the charts in the back of the Chamber. The diagram on the left shows what is happening to the typical American family and the taxes they will be paying to the Federal Government.

It shows how without a tax cut that increase will be 76 percent, whereas with the President's cut it will be reduced to 44 percent, which is still a very significant tax increase.

Let me point out that the same family's spending power would have remained the same with these increases except for the increase in its tax liability which, in effect, reduces its spending power by $3,477.

So what I am saying is that the bottom line is this: That despite cost-of-living pay increases, the average family of four is realistically $3,477 poorer simply because of Uncle Sam and the infamous bracket creep which has pushed that family from the 24-percent tax bracket into the 32-percent tax bracket.

Mr. President, I point out in the other chart what is going to happen to the taxes of the working families of America. The incline is most substantial if we do not do something about it now. The American people will be facing the highest tax increase in the history of the country if this Congress does not have the courage to follow the recommendations of the President.

It would be a crime against the working people of this Nation if we do not pass a massive long-term tax cut. What faces the American family, those making between $10,000 and $60,000 in the next 4 years cannot be allowed to happen. With the increases in social security taxes already on the books, with continued inflation, and, even with cuts in the Federal budget, the average family in America faces a tax nightmare, one that will continue to eat away at their freedom of choice for themselves, eat away at the prospect of more jobs, eat away at the prospect of a better tomorrow because simple arithmetic answers the question. American families will be much worse off 4 years from now if tax cuts are not passed.

Moreover, I am very concerned that the individual income tax rate reductions the President proposed are becoming overlooked in favor of the tax reductions benefiting business and industry. I support such tax changes, including accelerated depreciation, as a means of increasing productivity and providing new jobs for the young and unemployed. But I do not support business-side tax cuts either in isolation from or instead of individual cuts.

It is the middle-income individual and family that have been forgotten by Government. It has been left to the middle class to carry almost all of the tax burden in this country. It is past time that we give them some help.

Therefore, in order to emphasize the urgency of providing real help to middle-income taxpayers, I plan to advise the President that I will not support business tax cuts unless they are coupled with additional provisions identical or very similar to his proposals providing for a 3-year 30-percent reduction in tax rates.

I might point out, Mr. President, that this letter, which has already been sent to the President, has been signed by 19 of my colleagues. We say that,

> Furthermore, we will not support a reduction in the 70-percent maximum tax rate on unearned income, which would benefit the few, unless these individual reductions for the working people are also included in any tax cut bill.

Further, I will not support reduction in the 70-percent maximum tax rate on

unearned income, which would benefit, the few, without these individual reductions for middle-income taxpayers also being included in any bill.

At this time of economic emergency for many millions of Americans, it would be the height of irresponsibility for us to help business and the wealthy without at the same time giving real and substantial help to the American middle class.

The time has come to change the arguments from financing Government to easing the tax burden from the shoulders of the American family. And, I must point out, even with a tax cut in the first year, the American family will not be able to break even with its increasing tax burden for 1981.

We can no longer afford to argue the value of Government revenues versus the American family. The burden has become too great, and it holds promise of becoming even more debilitating without the tax cuts proposed by President Reagan.

If we look clearly at the picture down the road, there can be no question that the American working people must have relief from taxation by their Government.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. SPECTER). The Senator from Wisconsin.

THE REAGAN PROGRAM FOR ECONOMIC RECOVERY

Mr. KASTEN. Mr. President, we have before us a rare opportunity—a chance to redirect the economic future of our Nation. Seldom are the issues as clear-cut, and the American people as united, as they are today. It is time for a fresh start, a new beginning. That is what the people were trying to tell us last November, and that is the mandate we will have to live up to in 1982.

The American economy is still the strongest in the world, but it has been abused for too long by too many administrations. Too many economic game plans—no matter how well intentioned—have gone astray. We have attempted to spend our way to prosperity, to stop inflation with wage and price controls, to balance the budget by raising taxes, and even to blame our economic problems on a "malaise" among the people.

Now we have a President who believes that the American people are not the cause of our problems—they are the solution. Ronald Reagan wants to unleash the creative and innovative forces of the American people, who have been held down too long by excessive taxation, inflation, and Government regulations. Once we remove the burdens of a bloated Federal Government, we can have full employment without inflation, a rising standard of living, and a strong defense. The American people know we can, because we have done it before.

But in 1981, our economic problems are complex and entrenched. Unless we act—and act boldly—we have to expect continued double-digit inflation, continued high interest rates, continued unemployment, continued stagnation, and little or no real growth.

The best strategy for solving these problems is a broad and comprehensive economic package that takes advantage of all the economic tools we have at hand. It includes a monetary policy geared toward restoring the value of the U.S. dollar; spending cuts to reduce both the Federal deficit and high interest rates; regulatory reform to cut the cost of Government regulations (now approaching $100 billion a year); and tax-rate reductions to increase the incentives for real economic growth. Together these policies can restore the kind of noninflationary, fully employed and highly productive economy that used to be commonplace.

That is why the Republican program for economic recovery consists of not one but four major policy changes. We have heard a lot about budget cuts this past week, but that is only one-fourth of our economic package. The other sections are just as important: We must institute a far-reaching program of regulatory relief, a monetary policy that will restore a stable currency, and a tax reform bill that will dramatically reduce the high tax rates on individuals and businesses across the board.

It is ironic that one of the most important parts of our recovery program, tax reform, may be the most difficult to accomplish. Critics call the Reagan tax plan jellybean economics, and say it will only succeed in making inflation worse. And yet, despite all their protests, they have yet to explain why it is inflationary when people spend their own money, but not inflationary when the Government spends it for them.

Everyone knows that when you tax something, you get less of it. When you subsidize something, you get more of it. The Reagan administration is simply saying that in America today, we are taxing work, saving, investment, enterprise, and excellence, as never before. And we are subsidizing nonwork, consumption, debt, leisure, and mediocrity. Is it any surprise that we are getting less of one and more of the other?

We will never see the end of stagflation until we restore the incentives for saving, entrepreneurship, and productivity in this country. Dramatic tax rate reductions, then, are an essential part of any overall economic recovery plan.

Equally important are the budget cuts the President has recommended, approved by the Senate Budget Committee last week. Personally, I would have preferred that we made deeper cuts in an effort to balance the budget by 1983 at the latest, instead of 1984. The Federal budget has been out of control for years—we ran a deficit every year of the past decade, and overall Federal spending increased by an incredible 200 percent. And as one who faced the voters last November, I am convinced that the vast majority of Americans are solidly in favor of our strategy to cut the growth of Federal spending and balance the Federal budget as soon as possible.

That message seems to be reaching Washington at last.

There probably is not a single Senator on the Budget Committee who would not change the administration's budget package a bit if he were designing it alone. But on March 19, that bipartisan and philosophically diverse group voted 20 to 0 in favor of the administration's budget cut package. As a member of the Senate Budget Committee, I strongly believe this is a budget we all can, and must, support.

President Reagan made the best argument for his program 1 month ago when he stated that—"If we as a Nation do not take the bold new policy initiatives proposed in this program, we will face a continuation and a worsening of the trends that have developed in the last two decades. We have a rare opportunity to reverse these trends: To stimulate growth, productivity, and employment at the same time that we move toward the elimination of inflation." I urge my colleagues to join me in supporting the entire economic recovery package and in pushing for its speedy enactment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from California is recognized.

RECONCILIATION

Mr. HAYAKAWA. Mr. President, reconciliation is a process which enables, which indeed forces Congress to bring the programs of the Federal Government, which it continually authorizes, into accord with the budgetary expectations and limits which it establishes for itself. This process is particularly advantageous because changes in authorizations can be achieved in a very short time, without invading the jurisdictional responsibility of the congressional authorizing committees.

The reconciliation resolution which this body will soon debate is essential to the economic future of this country. President Reagan has recommended an ambitious list of program reductions, totaling $82.3 billion through fiscal year 1983. The Budget Committee in its turn has reviewed the recommendations and has incorporated its own proposals to achieve spending reductions of $87 billion over the next 3 years. If we are to turn the corner in Federal spending and begin to get control of the economy, decisive action on this resolution is mandatory.

Mr. President, there seems to be no escaping this matter of the budget resolution for this reason: The Budget Committee is charged with the responsibility of establishing aggregate spending levels for the Federal Government and relating those levels to anticipated revenues. This responsibility requires, not an arbitrary determination, but a careful review of the ongoing processes and programs with an eye toward reducing expenditures, on the one hand, in particular

areas, and it is incumbent upon the committee, therefore, to advise the Senate of its recommendations for changes in specific programs, to achieve the goal of aggregate reductions in outlays.

I feel that the committee has done an admirable job in reviewing the President's specific recommendations and offering additional suggestions for spending reductions. The resolution's totals will provide sufficiently reduced Government intervention to allow a reversal of the downward economic trend. The requests for legislative action on the part of the authorizing committees will provide the impetus to make the changes necessary to meet the budget goals. And the committee recommendations for specific program reductions will provide a valuable guideline for the authorizing committees to follow on in responding to the resolution.

Let me give an example. In the Agriculture Committee, we have been working for some time on proposals to eliminate fraud, abuse, and waste in the food stamp program.

I like to talk about my grocer friend in Sebastopol, Calif., who is sick and tired of selling Perrier water with food stamps.

Both the President and the Budget Committee have offered constructive solutions to the dilemma of providing benefits only to those who truly need them.

And both the President and the Budget Committee have the moral support of the vast majority of the Nation in restricting benefits only to those who truly need them because those who do not truly need them and nevertheless take advantage of this program are essentially acting as parasites toward the rest of society.

As a member of the Agriculture Committee, I appreciate having the benefit of the suggestions. I shall carefully consider them, as we construct our legislative proposal in response to this resolution. While we may not exactly follow the specific program reductions recommended—I am looking into ways of achieving greater savings in some areas—the aggregate request contained in the resolution will force us to take action on this important matter.

Similarly, the Budget Committee's recommendations for reductions in the area of foreign aid have been carefully devised. The Foreign Relations Committee has begun extensive hearings on both the foreign assistance authorization and the State Department authorization. In light of a reordering of national and international priorities by the Reagan administration, the opportunity for program change is excellent.

But as we all realize, international relations are frequently struck with changes of the relations of one country to another. Some regimes that are friendly to us suddenly become hostile and those that are hostile become friendly. It is not possible from moment to moment to predict who our friends are going to be and who our opponents are going to be.

Therefore, I have learned, during my service on the Foreign Relations Committee, the importance of facilitating a prompt response from the United States to a changing international environment. Often this requires appropriate economic assistance especially to nations struggling to become free to get their house in order, after they have established a peaceable and authoritative government that knows how to handle things. In many cases, the administration is able to reprogram funds in order to meet these good-faith commitments. I feel the request for aggregate authorization reductions from the Budget Committee provides the Foreign Relations Committee with adequate flexibility in responding to both the economic and international situations. The fluidity of international situations requires a kind of flexibility such as the Budget Committee has provided for the Foreign Relations Committee.

I will, therefore, support this resolution, because it demands action on the part of the authorizing committees without dictating particular program modifications which fall within their respective jurisdictions. Congress has received a mandate for change from the electorate. As Members of the Senate, we must echo that mandate by resolving to expeditiously legislate that change. This resolution provides us with that opportunity; I urge my colleagues to join me in supporting its passage.

I have just come from a meeting of constituents from California, and the question frequently asked by the people who were there—it was a meeting of about 20 or 25 Californians, who kept asking—does the President really mean it? Does the present budget, does the present economic budget, really mean a change in the direction of the economy?

I myself said it really does mean a change. For 4 years, ever since I took office here in 1977, I have been waiting for that change. I have been voting in favor of measures that go in the direction of this change, and the victory of President Reagan in the November election and the victory of so many Republicans in the Senate races, and the general tone of the enitre country since the elections of last November, indicate not only that there is a change but that the vast majority of people are welcoming that change.

Therefore, if we back this reconciliation resolution, if we live up to its terms, if we keep within the limits it establishes in the direction of savings, budget cuts, prudence in our international commitments, improvements in the food stamp program and other agricultural programs, if all these begin to happen then within a year or so we shall really realize in our practical daily economic lives the fact that the Nation has made a turnaround.

Mr. President, I look forward very, very much to that turnaround, and I pledge myself to fully support the President in achieving this change of direction which we so very, very badly need in the economic affairs of this Nation.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

SENATE CONCURRENT RESOLUTION 9, BUDGET RECONCILIATION

Mr. WALLOP. Mr. President, I compliment the Senator from California on his statement and the support he has offered. I think it will be a reflection of support that will be bipartisan before this process is over because the public clearly anticipates major reductions in the Federal role, and in the Federal deficits.

I think there is an absolute verity in all of this which is difficult, perhaps, for the press to understand, and it is difficult, perhaps, for the public to understand from time to time, but it is that you cannot cut the budget without cutting the budget. It is an absolute truth that we cannot avoid, and there are going to be cuts straight across that will cause difficulty for people who have come to graze in the Federal trough without viewing the consequences to the secure nature of the country as a whole.

I offer my congratulations to the Senate Budget Committee and to the Senators from New Mexico and South Carolina for the rapid disposition of President Reagan's budget proposal.

The Nation now faces a catastrophic situation with high inflation, high interest rates, high unemployment, high taxes, and high unpredictability in the whole economic scene. Thousands upon thousands of businesses across the country are on the brink of collapse. Our competitive position abroad is in serious straits, and our competitive position in this country with foreign businesses is in serious straits.

The Federal Government bears a heavy responsibility for these economic problems. For years we have been spending as if there was no tomorrow. In January we woke up to find that tomorrow had dawned. Federal spending increased 75 percent in 4 years. Even with President Carter's proposal for the largest revenue increase in America's history, deficits continue to grow. In the 12-month period from the first announcement of the 1981 budget the estimated deficit jumped from $16 to $55 billion.

Our mortgaging our future has cost us dearly. The yearly payments on the public debt are $106 billion, larger than the entire Federal budget in 1962, just to service the debt of self-interest.

Unrestrained Fedral spending weighs heavily on the economy. High taxes discourage work effort, and they discourage capital from flowing into the marketplace. Deficits cause Government competition in the financial markets and pressure for growth in the money supply, and the consequent inflationary effects of that activity.

The Government burden on the economy is now at a peacetime high, and we are spending a full 23 percent of our gross national product in nonproductive Government spending.

This percentage only measures the burden of Federal expenditures recorded

in the budget. Off-budget spending has mushroomed in the seventies as has the proliferation of unnecessary Government regulations. These shackle business and add unknown costs to the products produced by American manufacturers, and they reduce our competitive position abroad, reduce our competitive position at home, and increase the burdens of inflation on the consumers and taxpayers of America.

I urge the Senate and the Congress to move rapidly to adopt the reconciliation measure to demonstrate to the country that we can make the hard decisions necessary to make the Government and the economy work.

Some of the President's proposals I question. Some hurt my State. Some will be modified. President Carter worked 22 months in preparing his budget. President Reagan had but 6 weeks to prepare his, and while we may argue about the details and the components, keep the goal in mind. The budget must be reduced by $52 billion to meet 1982 reduction targets. Anything less will not be adequate, and it postpones the inevitable recovery within our economy.

President Reagan's program for economic recovery does not suggest decreasing total Federal spending, only holding back the rate of increase to 6 percent. The budget for 1982 will be greater than this year, and 1983 will be greater than in 1982. The deficit will not be eliminated this year and, perhaps, not in 1984, certainly not before then, and then only by finding billions of dollars in additional program reductions.

We must move quickly to put in place proposed savings this year and carry them on to the outyears. Delay will but cause further pain in the future, threatening the very fabric of the society of democracy which we all profess to prefer.

A country cannot sustain the level of inflation that we have and maintain the institutions of democracy. The pressures will be far too great to sacrifice everything to any central authority to achieve some measure of security for a period of time in the history of this country.

The proposed spending reductions in this budget are only the first step in restoring some vitality to this economy. Substantial tax cuts are necessary for increasing the incentives to work, to save, to invest, and for decreasing the excise effect that the present tax structure has on the American economy. Our taxes are now so high that they are becoming a contemplated part of the request for compensation, the request for wage settlements, and salary settlements, of the request to operate within the economy, and certainly they are part and parcel of the pricing mechanism that is drawing inflation behind it.

If anybody doubts that taxes in this country are adding to this inflation, they are dreaming in clouds that do not have anything to do with the reality of the American economy as it exists today.

Our citizens must be allowed to escape from the treadmill of the ever-increasing tax rates brought upon them by the profligacy of a Congress that will not come to grips with the spending habits of two or three decades.

Businesses must replace obsolete equipment in America and create new jobs through liberalized depreciation schedules. Without lessening the tax burden, spending reductions will only be partially effective in unfettering this economy.

Spending and tax reductions, along with the elimination of unnecessary regulation, will start to take decisionmaking out of Washington and put it back where it should be, with the ingenuity of American citizens, American business, American citizen-politicians in the cities and States of this country.

The program does not abandon the poor and truly needy. It will help to free them from the crush of inflation and the lack of jobs that hurts them worse than anything. It allows States and cities to design programs that work best for the needs of their citizens without supporting a heavy layer of Federal rulemakers and a heavy layer of Federal administrative requirements which do nothing more than provide employment for those who would not seek it and could obtain it elsewhere.

The citizens of our country said overwhelmingly in November that they were indeed ready for a change. The President has responded with a package that will do the job, and it is a package promised in the campaign. The Budget Committee voted 20 to 0 to report this package of spending cuts. Now is the time for the Senate to demonstrate that it can quickly make the hard decisions required to put Government on a sound financial basis and to revitalize the economy.

There remains one impediment to economic recovery in this country. There is the President, who is willing to make the hard choices required. There is a country which expressed its desire to have these hard choices laid on the table before them. They want and expect an economic program that will lead to the lessening of effects of inflation and to the revitalization of the American economy. In between them lies a Congress devoted to its special interests, devoted, indeed, to all manner of self-serving, self-perpetuating terms in the Congress that are purchased with the taxpayers' money.

On one side, you have a public ready and willing. On the other side, you have a President seeking to lead. In the middle, is there or is there not an impediment of an unwilling and uncourageous Congress? It may well be the case. And if it is, the country has not been served by a political process that leads to that.

To make these decisions is important to the country. To fail to make these decisions is to choose double digit inflation, to choose interest rates that deny the access to homes for young Americans or the access to colleges for young Americans or the access to the business world for Americans of any kind, to the commerce of this country, and to the purchasing power of their own wages. To choose that is wrong and to choose that is 8 percent unemployment which rises higher and higher and higher as the economy declines.

The very fabric of democracy will not—cannot—survive these strains. We must and we will survive, but only on the basis of some political courage and not "business as usual" in the halls of Congress.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

SENATOR MURKOWSKI SUPPORTS REAGAN BUDGET CUTS BUT DISAGREES WITH BUDGET COMMITTEE'S DECISION TO CUT FUNDING FOR THE STRATEGIC PETROLEUM RESERVE

Mr. MURKOWSKI. Mr. President, Senate Concurrent Resolution 9, of which I am an original cosponsor, is the first and necessary step for Congress to implement President Reagan's budget reduction plan—a plan which I wholeheartedly support. I commend the Senate Budget Committee and all other Senate committees which have been making the tough decisions over the last several weeks to bring Federal spending under control.

There has been and will continue to be much debate about the causes of inflation and the proper cure for the problem. However, there is no doubt in this Senator's mind that the habit of excessive, deficit spending by the Federal Government is a principal cause for the crippling, debilitating inflation from which all Americans now suffer. Throughout our recent history, Congress has been a guilty partner with the executive branch in being unable to curb its spending appetite. In recent years, Federal spending has increased nearly 14 percent annually.

We are now at a crucial juncture. This Congress can begin to prove to the American people that we are indeed serious about cutting excessive Federal spending and restoring fiscal sanity to the Federal Government. Adoption of the Senate Budget Committee's reconciliation resolution will provide for an outlay reduction of $2.9 billion and budget authority reduction of $14.7 billion for this fiscal year. In fiscal year 1982, it will reduce budget outlays by $36.4 billion and budget authority by $52.1 billion; in fiscal year 1983 there will be an outlay reduction of $47.7 billion and a budget authority reduction of $59 billion. Over these 3 fiscal years, a total savings of $87 billion in outlays and $125 billion in budget authority can be realized.

The process in which we are engaged presently—consideration and adoption of a reconciliation resolution—is clearly provided for by section 310 of the Budget Act of 1974. This reconciliation process allows Congress to instruct its committees to change already-enacted laws in order to reduce spending by specified amounts during the fiscal years addressed by the reconciliation instruction.

Mr. President, over the last several weeks, each authorizing committee of the Senate, as well as the Senate Budget Committee, has been engaged in the difficult process of reviewing existing programs with the view toward reducing the level of Federal spending. Sometimes—where waste and duplication is evident—decision to reduce or eliminate funding has been easy. But, more often than not, a strong argument has been made in each

of our committees to continue and even increase funding for programs that may well indeed be beneficial to one group or more of Americans and to one or more regions of our country. This has made some of the decisions to reduce funding very difficult—though not any less necessary—if we are to bring inflation under control.

Mr. President, I am new to the Senate, and, of course, to the congressional budget process. Nevertheless, I have already had to come to terms with one of the very real problems in this process—that is, the ability of authorizing committees to maintain effective authority over authorizing legislation for which they are responsible under the rules of the Senate, while at the same time the Congress proceeds to make necessary spending reductions pursuant to the Budget Act.

The reconciliation process was not intended to be used nor should it be used to replace the authority of authorizing committees over programs and policies within their respective jurisdictions. The Budget Committee's own report on the pending concurrent resolution states—

The process also allows the individual committees to keep their autonomy and to exercise their full judgment on the laws to be changed and on the changes that should occur.

The Senate Budget Committee's reconciliation instruction directs the Senate Energy Committee, of which I am a member, to modify programs within its jurisdiction sufficient to achieve savings in budget authority of $3,714,000,000 and budget outlays of $3,404,000,000 in fiscal year 1982.

The Budget Committee's report on page 82 reads, in part—

In arriving at this recommendation, the Committee's working assumptions were the levels for reduction by the President except for the reduction of payments in lieu of taxes, and except that the Committee assumed that additional savings beyond those proposed by the President could be achieved by implementation of an alternative financing mechanism for the strategic petroleum reserve.

On page 83, the committee's report continues—

Although this list of savings is not binding on committees that receive reconciliation instructions, cuts of this magnitude in programs of this kind will be necessary if the reconciliation instructions and the totals in the Resolution are to be achieved.

Mr. President, the total proposed fiscal year 1982 budget authority for programs within the jurisdiction of the Senate Energy Committee in President Reagan's budget proposal is $21,960,780,000. This budget proposal included $3.8 billion in budget authority for the strategic petroleum reserve. The Budget Committee's instructions to the Energy Committee to make savings of $3,714,000,000 in fiscal year 1982 budget authority in these programs, read against the Budget Committee's suggested list of savings make it absolutely clear that there is no other practicable way to achieve these savings without a drastic reduction in funding for the strategic petroleum reserve.

The Energy Committee does not, in fact, have a real choice if it is to honor the savings target embodied in the pending reconciliation resolution. It must cut budget authority by $3 billion from what President Reagan has recommended for this important program. The Budget Committee's own report acknowledges that funding for the strategic petroleum reserve must be drastically cut to meet its targeted savings. It explicitly assumes a new plan to finance the reserve, without any assurance whatsoever that any such plan can be adopted in the next few months.

While I believe that the Congress should develop an alternative means of financing the strategic petroleum reserve, I do not believe it is wise to eliminate funding for this important program until Congress can indeed agree upon an effective alternative. If the Senate were to adopt the Budget Committee's recommendation to eliminate funding for purchases for the strategic petroleum reserve in fiscal year 1982, the Congress would have just a few months to develop, consider, and enact an alternative financing plan.

Mr. President, what would happen if we cannot agree on an alternate plan in this short period of time? As a newcomer to the Senate, I have already come to realize that the world's greatest deliberative body does indeed take its own good time to deliberate. Would it not be wiser—as the Senate Energy Committee recommended—to keep the funding level recommended by President Reagan for fiscal year 1982 until we enact an effective, alternative financing plan?

Mr. President, this program is of vital importance to the national security and economic well-being of the United States. It was established by Congress in 1975, after the first oil embargo, to supply the United States with oil in the case of any future, emergency oil supply disruptions. It is probably the Nation's most important near-term energy program. The oil is stored in salt domes in Louisiana and could be available in case of unexpected supply shortages. It is designed to store ultimately 1 billion barrels of oil. The strategic petroleum reserve has always had strong bipartisan support in the Congress.

In 1977 the Congress approved a plan which established a goal of 500 million barrels of oil in storage by December 25, 1980. Projections are that we will have a total of 180 million barrels by the end of calendar year 1981. Because the previous administration dragged its feet in purchasing oil for the reserve, we now only have 118 million barrels stored in the reserve. The Reagan administration has wisely decided to reemphasize this program and proposed for fiscal year 1982, budget authority of $3.8 billion. This would allow purchases on an annual average of 230,000 barrels of oil per day for fiscal year 1982.

Mr. President, I support the intention of the Reagan administration and many in Congress to boost defense spending. Indeed, the President has proposed to increase defense spending dramatically in the next several years, beginning in the next fiscal year to a budget authority level of $226.3 billion. Unfortunately, Mr. President, much of this increased military strength—as well as our existing military strength—is very vulnerable to oil supply disruptions. If we do not insure the continuation and increased-filling rate of the strategic petroleum reserve, our commitment to increase defense spending may mean very little to the national security.

Last week, in recognition of this fact, the Senate Energy Committee took strong exception to the Budget Committee's proposal to delete funding for the Reserve. The Energy Committee, by a vote of 19 to 1, adopted a resolution which reads in part, as follows:

The Committee on Energy and Natural Resources recommend to the Budget Committee the functional totals for fiscal year 1982 contained in President Reagan's budget within the Committee's jurisdiction (functions set forth in the agenda); and further that the Committee express the sense of the Committee that it will move expeditiously to consider and report an alternative off-budget funding mechanism for the Strategic Petroleum Reserve and, when such alternative mechanism is enacted, it will support an appropriate reduction in authorizations and appropriations for the Strategic Petroleum Reserve . . .

Mr. President, this is the sensible course to follow. To eliminate funding for strategic petroleum reserve, before we have any idea what agreement we may be able to reach as an alternative funding program is foolish and dangerous. Several alternative plans have already been mentioned in the press and in committee discussions.

Some may be workable, but others have already provoked great controversy. I sincerely support the overall effort of the Budget Committee to reduce Federal expenditures. I simply do not believe we can take the risk—and it is a risk—that Congress will be able to put into place an effective, alternative financing plan for the reserve over the next several months.

It is much wiser to adopt the approach recommended by the Senate Energy Committee—to provide budget authority—as recommended by President Reagan—until such time as the Congress enacts an effective alternative for financing this program so important to our national security.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the full text of the Senate Energy Committee's motion as agreed to.

There being no objection, the motion was ordered to be printed in the RECORD, as follows:

MOTION BY MR. MCCLURE

Motion that the Committee on Energy and Natural Resources recommend to the Budget Committee the functional totals for fiscal year 1982 contained in President Reagan's budget within the committee's jurisdiction (functions set forth in the agenda); and further that the committee express the sense of the committee that it will move expeditiously to consider and report an alternative off-budget funding mechanism for the strategic petroleum reserve and, when such alternative mechanism is enacted, it will support an appropriate reduction in authorizations and appropriations for the strategic petroleum reserve;

and additionally that the committee reserves the prerogative to make future program decisions within the aforementioned functional totals.

Mr. MURKOWSKI. I yield to the Senator from Illinois.

The PRESIDING OFFICER (Mr. GRASSLEY). The Chair recognizes the Senator from Illinois.

Mr. DIXON. Mr. President, I thank the Senator from Pennsylvania for kindly yielding me a moment of his time.

SAUDI ARMS SALE

Mr. DIXON. Mr. President, I wish to register my disapproval of the Reagan administration's announced intention to stock F–15 fighters sold to the Government of Saudi Arabia with offensive weaponry.

I believe that the President's proposal suffers from several concrete shortcomings, and foremost among them is the failure to extract specific assurance from Saudi Arabia about the security of the State of Israel.

The enhanced offensive power of these aircraft will not only threaten Israel, but I fear it could also trigger another round of the destabilizing arms race in the Persian Gulf, thereby tilting a precarious balance of power away from the interests of the United States.

Mr. President, when Congress approved the sale in 1978, it did so barely, and only with explicit assurances from the Carter administration that advanced equipment would not be attached to the F–15's.

The current proposal seeks to reverse our previous commitment. That is a dangerous repudiation and a dangerous precedent. The administration has not demonstrated that present circumstances demand such action.

Although I believe we should pursue strengthened relations with Saudi Arabia, I am not convinced the present proposal lays the proper groundwork for further stabilization in the Middle East, for continued security for the State of Israel, or for protection of the vital interests of the United States.

The PRESIDING OFFICER. The Chair recognizes the Senator from Pennsylvania.

THE PRESIDENT'S ECONOMIC RECOVERY PACKAGE

Mr. SPECTER. Mr. President, I appreciate this opportunity to express my views on the President's economic recovery package.

I believe that President Reagan was very accurate in a statement made at a breakfast a week ago today with the 16 newly elected Republican Senators when he said the economic problems facing this Nation are the worst since 1932 and those posed by the Great Depression.

In my judgment, that accurately characterizes the problems faced by our country today, with runaway inflation threatening the senior citizens who must live on fixed incomes, and threatening all those who face the rising prices at the supermarket or at the gas pump.

We also face an enormous problem in runaway interest rates which prevent the young marrieds from buying homes, which prevent all of us from buying consumer goods and automobiles, and make it virtually impossible for the businessmen to function, as attested by the fact that large groups which visited my office, realtors, automobile salesmen, businessmen from all walks of life, who pointed out the staggering impact interest rates of 17 and 18 percent had.

The economic situation confronting our Nation, I think, has called for a bold program, which has been mandated by the American people in the very dramatic election results last November. Now, it is up to the Congress, in cooperation with the administration, to carry forward a legislative program to improve the economic climate. Realizing that, when dealing with the economy, it is extremely difficult, if not impossible, to predict results with any degree of accuracy, in my judgment, President Reagan has adopted a pragmatic, likable, workable, three-point program in seeking, first to cut Federal expenditures; second, reduce taxes; and third, cut regulatory redtape.

As to the issue of governmental regulation, I think there is a wide consensus on the need to reduce such needless regulatory abuses. Billions of dollars were spent each year in the regulatory system. Recognizing that some regulations are necessary, there is wide latitude to cut down the tremendous regulatory maze which is crippling productivity in this country.

With respect to the issue of expenditures, I think that there is also a wide consensus in the United States—certainly, I can report on a wide consensus in Pennsylvania based upon the trips that I have made to Pennsylvania, the people I have talked to who have visited me here, in Washington, and the influx of my mail—that the public recognizes the indispensable imperative of cutting back on governmental expenditures. Within the range of the cutbacks as requested by President Reagan, amounting to almost $50 billion, I think it is important to note, as Mr. David Stockman has agreed in his position as head of the Office of Management and Budget, that the specific cuts requested by the administration are not sacrosanct and that Congress has a legitimate role to evaluate those cuts. As long as the bottom line is achieved, as Mr. Stockman has put it, the President's program is workable.

Mr. President, while this is not the occasion to dwell upon the differences which some of us may see, and I see particularly, it might be appropriate to note the concerns which come from my State on the issues of mass transit, some of the social programs on nutrition, medicaid, and black lung, and some of the economic development programs from UDAG and from the Appalachian group, which have been very effective in leveraging private investment and in providing jobs for Americans. In Pennsylvania, this is a way which, I think, makes those specific expenditures worthwhile.

In due course, I shall have suggestions as to how some modifications may be made within the proposals advanced by Mr. Stockman, still leaving the bottom line intact, and, I think, improvements in the judgments which I think Congress must make with some independence on those scores.

In so stating, I underscore my own view that the President's package is necessary. There have to be major budget cuts, based upon the testimony given in the Committee on Appropriations by the economists who have laid down in direct terms that the only way to cut interest rates in the future is to have these governmental reductions in expenditures so that there can be a movement toward balancing of the budget and some effect upon the sky-high interest rates and the spiraling inflation.

While we have yet to see the specifics of the President's tax program, I do believe that it is necessary to stimulate incentives. I do believe that an appropriate tax program giving accelerated depreciation to industry and more incentives to the working man and working woman would contribute substantially to productivity in this country. It is an indispensable part of the road to economic recovery.

Mr. President, I very much appreciate the reservation of these several minutes to express my views on the floor today and for the RECORD.

The PRESIDING OFFICER. The Chair suggests the absence of a quorum. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SIMPSON). Without objection, it is so ordered.

THE PRESIDENT'S ECONOMIC RECOVERY PROGRAM

Mr. HUMPHREY. Mr. President, I believe the Senate should, in an unequivocal fashion, support Senate Concurrent Resolution 9. In the last election, the voters reaffirmed their belief in the straightforward precepts of fiscal responsibility and realism in Government. As the duly elected representatives of the American people, it is our responsibility to follow the instructions of the electorate and implement the President's economic recovery program.

The greatest impediment to the well-being of the United States is Congress reluctance to take bold and responsible action during these difficult economic times. I reassure my colleagues that we need not be paralyzed by the political fear that our constituents will object to the daring proposals currently before Congress. The voters want a return to realism. They want policies that promote economic well-being, not programs that take it away. They want their representatives to heed the message of November and reassess the Government's implementation of the principles which have guided past actions.

Before casting their votes last year, millions of Americans asked the question: What have my representatives done in the past decade? The answer mandated change. The national debt has

grown from $382 billion to a staggering trillion dollars. The annual Federal budget, which had been $210 billion, has swelled 300 percent, reaching $629 billion in 1980. As a direct result of this profligacy, our economy is in a shambles. Americans have not prospered from Federal schemes to spend money, rather, by weakening the economy, our well-intended programs have forced greater numbers of our constituents to rely on the Government for help.

Annual inflation, which a decade ago never exceeded 5 percent, today persists above 12 percent. Mortgage money, 10 years ago plentiful, is today scarce and priced beyond the means of the majority of working Americans. The 3,000-percent increase in the food stamp program, the 150-percent increase of income security payments, the 400-percent increase in Federal housing programs, the 200-percent increase in job creation programs are not evidence of Government munificence, rather they are all indications of a viscious never-ending dependency caused by Government programs gone awry.

There is, however, just cause for hope. The American people's clear and continued expression of support for a return to reason is proof that the desire for productive independence has not been extinguished. Daily, I receive a flood of mail overwhelmingly supportive of President Reagan's economic recovery plan. People who have never written to an elected official are writing to me expressing their belief in the President's spending and tax proposals. My mail is a reflection of an adamant, nationwide call for enactment of the entire budget proposal. One constituent has written—

I am an Independent. I did not vote for Reagan, but . . . please support him all the way.

Another, who will feel directly the impact of budget cuts courageously writes:

DEAR SENATOR HUMPHREY: Last night I listened to President Reagan's budget and tax cut proposals very intently, which I support completely.

I am a divorcee with three school age children to solely support. I have a full-time job, and I constantly seek ways to improve my income. At present, I am a recipient of food stamps which help greatly. I don't feel that I abuse this program, but I do know that plenty of people do. I also know that if the burget cut goes through that I stand to lose some or all of this assistance, and I am willing to take this cut if it will help our economy in any way. As it stands now, I am losing a great deal more with inflation where it is.

My hope is that the people of this country will band together and support President Reagan with all their strength and courage. I love my children and would like to be able to show them some kind of positive future.

The American people are in many ways ahead of Congress. They recognize the need to act expeditiously and selflessly on a plan clearly in the Nation's best interest. A plan which is based on sound expenditure, tax, regulatory and monetary policies. In the President's own words:

Our program for economic recovery does not rely upon complex theories or elaborate Government programs. Instead, it recognizes basic economic facts of life and, as humanely as possible, it will move America back toward economic sanity. The principles are easily understood, but it will take determination to apply them. Nevertheless, if inflation and unemployment are to be curtailed, we must act.

First, we must cut the growth of Government spending.

Second, we must cut tax rates so that once again work will be rewarded and savings encouraged.

Third, we must carefully remove the tentacles of excessive Government regulation which are strangling our economy.

Fourth, while recognizing the independence of the institution, we must work with the Federal Reserve Board to develop a monetary policy that will rationally control the money supply.

Fifth, we must move, surely and predictably, toward a balanced budget.

This reconciliation resolution, Senate Concurrent Resolution 9, is precisely what our economy needs and our people demand. It recognizes the need for bold and swift, yet reasoned, action. It guarantees that spending reductions will be shared widely and fairly. No needy person need fear the program nor doubt the intent of its author. Now we can affirm with absolute clarity our desire to represent the best interests of this and future generations.

I urge my fellow Senators to vote for Senate Concurrent Resolution 9 and the principles which it represents.

Mr. President, I believe that President Reagan's program, if Congress has the political courage to pass spending cuts of the magnitude required, is a significant step in the right direction. But it is only the first step.

If we are to halt the movement of our Republic toward the edge of the abyss, we must go far beyond merely questioning the expense of many programs that we have taken unto ourselves. We need to go beyond that and question the philosophical basis of these programs.

It seems to me that if we are to overcome the malaise in our land, we need to address more than just economic matters. To be sure, the restoration of health to the economy will be a great help, but I submit that it is not enough.

We are an unhappy Nation, as President Carter pointed out some months ago, although I disagreed with his diagnosis of the cause. We are an unhappy Nation because we have departed from the purpose, the true purpose, for which our Government was created.

To my way of thinking, the purpose of our Government is the protection of life, liberty, and property. Of course, Jefferson's phrase in the Declaration of Independence is more famous "life, liberty and the pursuit of happiness" but it was also common among his contemporaries to express it as life, liberty, and property.

Indeed, in many State constitutions, that phrase is used. In fact, it appears in our own Constitution, in the 14th amendment, as the famous due process clause, which states that no person shall be deprived of life, liberty, or property without due process of law.

What I am getting to, Mr. President, is the assertion that, among other things, we are not only failing to protect property but also directly attacking property in the administration of many programs.

There is absolutely no justification under the Constitution, in my opinion, for grants of any kind, for subsidies of any kind, for low-interest loans of any kind; because, in fact, these things represent an attack upon property.

In order for the Federal Government to pass money around, to issue grants, it must first take that money from the people. To those people from whom money is taken in the form of taxation and who are not on the receiving end of these grant programs and other programs like them, it represents an attack upon property.

So I am saying that if my party, which has now seized the initiative by offering new ideas—and that is what politics is all about, ideas, and not personalities or even parties, except to the extent that parties represent different ideas—if those in the Republican Party are to keep the leadership, we must conceive new ideas to offer to the American people.

This Senator suggests that an idea which, in timely fashion, deserves focus and attention after we restore health to our economy is the true purpose of government—the idea that government is instituted to protect life. Today, we are not fully protecting life; we are acquiescing in the taking of human life, and I am speaking of abortion. We are not protecting liberty; we are acquiescing in the piecemeal destruction of liberty by creating more and more bureaucracy, which gives forth a torrent of regulation, which takes away our liberty. We are not protecting property but attacking property.

If we are to carry out our function of leadership, we must begin to focus on this area.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DENTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Alabama is recognized.

SPENDING CUTS

Mr. DENTON. Mr. President, I wish to make a few remarks apropos of the consideration by the Senate this week of the first part of the President's package of proposals: the spending cuts.

It is said that the effect of these cuts would be to help move America back toward economic sanity. "Sanity" is a strong word. It implies that the state we are in economically is its opposite—insanity.

I do not believe that the word is too strong, because the procedure by which a person spends himself into bankruptcy, into economic ruin, in the presence of facts that he is indeed doing so, can be described as insane.

Our Nation is doing that. In 1960, the Federal Government had a surplus of $800 million. By 1970, this had become

a deficit of $13.1 billion. Today's deficit has reached $68.4 billion.

This Nation not only is spending too much, but also, it is spending too much on the wrong things and not enough on the right things. We are spending too much on programs termed "social," and not enough on national security programs.

The shift of emphasis between these two programs is dramatic. In 1960, the percent of total outlay by this country for defense was 49 percent; for social purposes, 27 percent. Last year, 1980, instead of 49 percent for defense, we were spending 23 percent; for social services, 52 percent instead of 27 percent.

Many in the news media and in academe suggest that this is a humane and compassionate shift. But how can one call it humane and compassionate when, on the one hand, in spending ourselves into bankruptcy we are eliminating the basis from which we can give aid of any kind to people in distress—to the poor, to the handicapped? A bankrupt nation can give nothing for social purposes.

Similarly, if the number one social service which a government is required to provide its people is not provided, then the social services after number one do not count. The number one social service to which I refer is the assurance to the people of the Nation that they can withstand an attack which would result in the loss of the freedoms and economic advantages which we now enjoy.

We do not have that assurance today. We have a Soviet Union which particularly since 1962, after the missile crisis in Cuba, has concentrated even further on defense spending, although the word "defense" is extremely doubtful in their case. They are spending money on strategic missilry—missilry which if leveled against the United States in an actual attack could destroy roughly 50 percent of our population. In response our retaliatory forces could perhaps destroy 5 percent of the Soviet population.

This is a gory consideration, but one worthy of our attention because the Soviets in the period following their revolution in 1917 destroyed in their internal purges—numerically and by percentages of their present population for political purposes and for suppressive purposes—more people than our retaliatory attack could account for.

That is the kind of antagonist which is homing in on us, aiming with those missiles.

We must meet that threat. We must start to shift the imbalance favorably or we are doomed in both senses which I have already mentioned.

It is true that we must judge a wealthy nation by how well it takes care of its poor, but a nation destroyed by nuclear weapons or a nation spent into bankruptcy has no capability whatever for taking care of any poor.

I agree with the preceding speaker, Senator HUMPHREY, when he said the basic cause of all of this is a shift away from the traditional philosophy of this country. We have an identification problem. We are in the process of proving Socrates right when he said a democracy cannot survive because sooner or later too many people will perceive they can get their hands in the till and the elected officials will cater to that perception—end of democracy.

Our social programs from their inception were based on the principle of "love thy neighbor as thyself," a principle stemming from our sense of striving to be "'One Nation under God," a national principle which is included in the Old and the New Testaments.

When we reach the point at which we are not being compassionate from that motive of loving neighbor as self but are extending in to the Socratically identified state of demagoguery, appealing to vested interests among the society in a way such as subsidization of laziness or inculcating expectations that are not realistic with respect to what a federal government should provide, then we are threatening ourselves with destruction.

Most basically, I believe we must return to the philosophy of trying to be one Nation under God. I think that philosophy has the economic and strategic answers which the President's package contains.

I believe the people in this country are ready to support the President's package.

I conclude by saying that the package is like a football play. It has a number of elements. As in a football play we have blocking assignments. We cannot just generally decide we are going to go off tackle with a particular reverse play. We have to decide that we are going to do it with detailed assignments to each member of the team. The President's package is like that. It is not just some spending reductions; it is not just spending some more for defense; it is a quantified package and has other elements. It is tax incentives to business and individuals designed to put our economy back into a sane condition. It is regulatory reform. We must pass it as a coherent package.

It will require sacrifice by each segment of our society, and I can speak for the State of Alabama in saying that my tuning in to them in the past year and especially in the past few days has indicated that they are ready to make those sacrifices individually for the common good.

I exhort my colleagues to support the President's package in detail beginning with the first step, the spending cuts, and begin the overall return to honesty, to realism, the return to sanity which they represent.

I thank you, Mr. President.

The PRESIDING OFFICER. The Chair recognizes the Senator from Vermont.

BUDGET RECONCILIATION

Mr. STAFFORD. Mr. President, tomorrow the Senate will take up Senate Concurrent Resolution 9, revising the congressional budget for fiscal years 1981, 1982, and 1983. The Senate is proceeding apace in a process we call "reconciliation." Reconciliation is an appropriate means to implement a congressional policy of spending restraint. That we would need to resort to such a process was anticipated when the landmark Congressional Budget Act of 1974 was drafted. That statute instituted major reforms in the approach Congress would take to Federal spending. Speaking as the chairman of the Senate Committee on Environment and Public Works, I am pleased to participate in the Senate's efforts to carry out the spirit of that law.

On February 18, less than a month after he took the oath of office, President Ronald Reagan proposed to Congress a program for economic recovery. His plan is based on sound expenditure, tax, regulatory, and monetary policies. His objective is to reverse the debilitating inflation and stagnating productivity that has inflicted our economy for more than a dozen years. The reconciliation instruction to standing committees contained in Senate Concurrent Resolution 9 begins to carry out the spending restraint policy contained in the President's program. I support this policy, even though it means severely restricting programs which were begun with good intentions and great promise. In some cases it means bringing some of these programs to an end.

The Committee on Environment and Public Works is prepared to take these often difficult steps because we recognize it is the only way to reduce deficits and without increasing the tax burden that discourages productivity.

Last week our committee made its report to the Budget Committee, giving our views on new budget authority and spending restraint for programs in our jurisdiction. I wish to take this opportunity to review our activities for the record.

The circumstances surrounding the development of committee reports this year are extraordinary. Normally, committees are supplied with the President's budget request by the end of January, providing adequate time to conduct a thorough inquiry into the impacts of the administration's budget on programs of concern to the committees. In 1981, the change of administrations was further complicated by President Reagan's major budget reduction initiative required to carry out his economic recovery program announced on February 18.

The President's revised request for fiscal year 1982 was formally transmitted to Congress on March 10. This was accompanied by special messages proposing rescissions and deferrals of budget authority previously enacted by the Congress. As of March 17, the cumulative amount proposed for rescission in fiscal year 1981 is $12 billion; for deferrals it totals an additional $8.6 billion. President Reagan's program therefore includes substantial modifications in budget authority in the current fiscal year.

A number of these rescissions and deferrals affects programs within the jurisdiction of the Committee on Environment and Public Works. In addition to developing a recommendation to the Budget Committee for fiscal year 1982, this committee also reviewed the President's proposals for fiscal year 1981 or earlier and included recommendations thereon in this report.

Overall, the committee recommended new budget authority for its programs in fiscal year 1982 identical to that requested by the President. Likewise, for fiscal year 1981 the committee recommends budget authority that, in the aggregate, achieves the reductions proposed by the President. However, the committee did depart from the Reagan administration's proposals in some areas:

First, the Environmental Protection Agency wastewater treatment works construction grants program. The President proposed rescinding previously appropriated funds totaling $1.7 billion. Of this, $1 billion reflects appropriations enacted in fiscal year 1981; $586 million in fiscal year 1980; and $114 million in fiscal year 1977.

The Committee on Environment and Public Works recommended rescinding $1.214 billion. The difference of $486 million reflects the committee's decision to recommend rescinding only $100 million rather than $586 million for construction grants appropriated in fiscal year 1980.

Under the Clean Water Act, States normally have 2 years to obligate their allotments to specific projects. Funds appropriated in fiscal year 1980 which remain unobligated at the end of fiscal year 1981 are available for reallotment. The committee determined that a rescission of $100 million in fiscal year 1980 funds would not be unduly disruptive to the States' construction programs since it represents the current estimate of the unobligated balance that will remain at the end of fiscal year 1981, which, incidentally, is September 30, 1981.

The committee also recommends $2.4 billion in new budget authority for fiscal year 1982, contingent upon enactment of reforms in the construction grants program that will limit Federal funding responsibility to projects having the greatest water quality benefits. At this time, the Reagan administration provides no funds for fiscal year 1982, but is committed to request $2.4 billion if reforms are enacted.

Next, in the case of the Water Resources Council and the Office of Water Research and Technology, the committee voted to reject the President's recommended rescissions totaling $16.8 million in fiscal year 1981 and related proposals to terminate these agencies in fiscal year 1982. Instead, the committee recommended reducing the general construction account of the Corps of Engineers by $16.8 million in fiscal year 1981. In fiscal year 1982, the committee proposes to provide $40 million in new budget authority, evenly divided between WRC and OWRT, again to be offset by a $40 million reduction in the corps' general construction account.

Finally, in fiscal year 1982, the committee voted to increase budget authority associated with Fish and Wildlife Service programs by $6.4 million, to be offset by reductions in budget authority for the Tennessee Valley Authority and the Nuclear Regulatory Commission.

With these exceptions the committee adopted budget authority levels that matched the President's spending restraint proposals.

Compared with congressional spending authority of $19.5 billion enacted in fiscal year 1981 for environment and public works programs, this committee recommended savings of $1.5 billion, 8 percent below current law. Our total recommendation for fiscal year 1982 of $17.1 billion is $2.3 billion or 12 percent less than current law and $4.7 billion or 21.5 percent less than the previous administration's request.

Mr. President, although the committee adopted recommendations that contemplate more spending than the President proposes, we are prepared to reexamine these recommendations in light of the Budget Committee's instruction that more savings be achieved. In any event, I would like to offer my personal commitment to achieve the total spending reduction figures contained in Senate Resolution 9, for the Committee on Environment and Public Works.

Naturally, members of the committee will differ on the details of how these reductions ought to be achieved. That is a necessary part of the process which we will undertake between now and May 31. Nevertheless, I believe the Budget Committee and the Senate can count on the full cooperation of the Committee on Environment and Public Works in achieving the savings in Federal spending that will be necessary to achieve our economic revitalization goals under President Reagan.

Mr. President, I am prepared to yield the floor.

The PRESIDING OFFICER (Mr. BOSCHWITZ). The Senator from Idaho.

BUDGET RECONCILIATION RESOLUTION

Mr. SYMMS. Mr. President, today I would like to share with my colleagues some of my thoughts on the budget reconciliation resolution before the Senate this week. This resolution mandating reductions in Federal spending during the remainder of fiscal year 1981 and for 1982 and 1983 is, of course, the first of President Reagan's economic reform proposals that will come before Congress this year. As a member of the Senate Budget Committee—along with the Senator occupying the chair—I was pleased to be able to play an active role in developing the legislation mandating spending cuts for the future.

Mr. President, I hope all Members of this body realize the urgent need for the quick approval of the President's reform proposals in their entirety. The dramatic rise in inflation, interest rates, and fundamental instability in the economy and financial markets during recent years is due, in large part, to the uncontrolled growth in Federal spending, expansion of the Federal debt, and the failure to control the growth in the money supply. These high rates of inflation and interest rates have created a crisis in capital investment, productivity, and American competitiveness in the world.

My constituents in the State of Idaho tell me that homebuilding is at a near standstill; young people find it impossible to obtain home mortgage loans; small businesses and farmers cannot find money for expansion or, in some cases, to meet operating contingencies that are rapidly becoming emergencies and in many cases are already at the emergency stage for these small businesses. This is because the Federal Government is borrowing so heavily in the capital markets that the private citizen—the farmer, the small businessman, the young couple wanting to buy their first home—is simply being equeezed out of the market. This excessive consumption of available lending capital by the Federal Government has driven interest rates to unprecedented highs.

For the 4 years, 1976–80, Federal spending grew at an average rate in excess of 12 percent per year; in the 1979–80 period this spending growth accelerated to almost 16 percent annually. Inflation rates during the last several years have averaged near 10 percent each year as measured by the Consumer Price Index. At such rates of inflation our currency will lose fully half of its purchasing power in just 7 years. This rapid growth in Federal spending and inflation will result in higher rates of unemployment, lower productivity and increased economic and social chaos if it is not stopped. As Government takes greater and greater portions of the earnings of individual citizens there will be no incentive to work, to save, to invest. In other words, people will see no hope for the future—no way to get ahead in life. As this becomes apparent social decay and degeneracy will result if we do not get on top of this situation now while this window of opportunity presents itself.

Mr. President, I must point out that this rapid rise in Federal spending, debt, and inflation results from the fundamental nature of Government to expand its power combined with the use of the public purse by our political rulers to pacify and control the population. The "tax, spend, and elect" mentality took hold in Washington nearly 50 years ago and has been employed at an accelerated pace by politicians promising a "free lunch" and trying to buy the votes of the people with their tax dollars in an effort to insure reelection. Politicians have acted as if the Government rather than the private sector was the creator of wealth. In reality, however, Government confiscates the wealth of the individual and redistributes it—it is not a source of wealth and production; it is a consumer of wealth and production.

As a result the size and power of the central Government in Washington has grown at an alarming rate during the last 20 years. Program after program has been pyramided one on top of the other in an effort to solve social problems by transferring money from those who earn it to those who do not. The tax policy of the Federal Government for the last 20 years, really the last 50, but especially the last 20, has been used as a vehicle for socioeconomic change rather than to simply raise the revenue necessary for legitimate functions of Government.

The taxing and regulatory power of the Federal Government has not only been used to support the ever growing bureaucracy but to restrain individual

enterprise saving and investment. The average wage earning family of four has seen their taxes triple in the last decade. Today, taxes—not food, shelter, clothing, education, entertainment, or savings—but taxes are the largest single item in the budget of a typical working family of four.

We have run up a budget deficit of $500 billion in the last few years alone, and the result is inflation that is wrecking this Nation's economy, destroying businesses and job opportunities which is literally causing whole regions of this country to wither and die on the vine. For years we have been eating our seed corn in an economic sense rather than investing in next years crop.

It is for these reasons, Mr. President, that the Congress must approve the Reagan tax package as well as make these spending cuts in the budget resolution. President Reagan is proposing changes in the tax policies to encourage work, savings, and capital investment. He is proposing, and I support, across-the-board reductions in income tax rates of 10 percent per year for the next 3 years. We must immediately lower to a maximum of 19 percent, as President Reagan has proposed, the portion of the gross national product that is consumed by taxes.

It is nearly up to 25 percent today and it must be brought back in line so that there is more money left in the hands of the individual Americans to provide for new enterprise, for new entrepreneurial activity, for new sound economic growth which will lead this country and sustain it so that all Americans will be able to participate in the economic system.

There have been some that have argued that the Reagan economic proposals will turn the clock back 20, 30, or even 40 years, that years and years of "social progress" will be eliminated. But, such arguments are simply not credible if we examine these proposals, and specifically the budget resolution before the Senate this week. We are not eliminating needed programs. We are simply restraining the rate of growth of some of the Federal programs and we are thinning down some of the programs that are too fat. We are targeting them, we are consolidating them, and we are trying to make them more efficient.

More importantly, however, is that President Reagan is proposing systemic changes in many areas. Many of the categorical-grant social programs that have built huge consumptive bureaucracies are being replaced with block grants to the States so that they can administer the programs with greater latitude and at lower cost. Making these systemic changes is most important for the long run because, if the bureaucratic structure is left in place, budget cuts this year or next year will be only temporary.

President Reagan said once on the campaign trail that the only thing that has eternal life on this Earth is a Government agency. That has been more and more true as the years have gone by. I think this is the reason why it is so essential that this budget resolution as reported by the committee pass as the first step toward a reduction in Government and less Government intervention in the daily activities of the American people. Furthermore, it is important for Congress to demonstrate that it is going to back the President so as to lower the inflationary expectations and restore confidence in our economic future.

Obviously, all of us are not going to agree with every detail of the budget proposals. I, myself, have areas in which I would have made different recommendations. For example, I would have made fewer reductions in what I refer to as resource capital investment; namely, water projects, supports for basic science R. & D., the highway program, and other programs that aid the Western States in coping with the burden of the large Federal land holdings within their borders that lower their revenue base. I did not propose specific amendments to this resolution in the Budget Committee, because I feel that the overriding interest of the people of Idaho and the Nation must be to get the President's economic package moving and passed in its entirety as quickly as possible. However, I have proposed in the committee report that a fair share of Federal funds be distributed to each of the States. This would not increase the bottom line in the Federal budget, but it would provide a more equitable distribution of funds.

I have recommended that no State receive less that 90 percent of its per capita share of Federal block-grant funds for the areas of health, education, and social services. I would urge the Senate, Mr. President, to adopt the 90 percent capita share approach. This should not only benefit my State of Idaho but would also benefit some of the States in the Midwest region that are having economic difficulties.

In closing, Mr. President, I would like to say to the Members of this body where I think we should go and where I think the majority of Americans want to go. That is in a direction toward less Government, less spending, lower taxes, a lot less inflation, more creativity in the private sector and greater opportunities for people to define their own lives and make their own way free of Government restraints. The American people are a "can do" people.

Our forefathers struggled against great odds to build on the continent a monument to human freedom. We came from many lands united by our belief in God and our desire for freedom. We now have the opportunity to relegate the errors of the past to the past.

President Reagan is trying to make fundamental changes in the direction of our Nation and our economic policy. He is the first President in over 40 years to offer the American people a real change in the direction of national policy.

A systemic change, if you will. The spending reductions proposed in this budget resolution, Senate Concurrent Resolution 9 is just the first step—not just the first step in improved budgeting, but I am convinced it is the first step in the revitalization of this Nation's economy that will enable us to preserve our Republic as a free society.

Thank you, Mr. President.

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from Minnesota.

BUDGET CONTROL

Mr. BOSCHWITZ. Mr. President, I want to join in the remarks of my friend from Idaho, who serves on the Budget Committee with me, and make some remarks of my own.

This morning there have been a series of Senators talking about the budget and President Reagan's economic plan. They mentioned the necessity for getting it under way, and the accomplishments of the Budget Committee during the past week in starting that ball rolling. Indeed, I think those accomplishments were very meaningful.

Mr. President, I have served on the Budget Committee since I entered the Senate 2 years ago. Among my earliest votes in March 1979, just 2 years ago, was on the 1980 budget. That budget was $532 billion. I looked at the budget and when I compared it to the 1979 budget I noted that it had grown only 7.6 percent. So I wrote a concurring opinion and voted for that budget of $532 billion.

Since that time, I have grown somewhat more accustomed to the Senate and somewhat more experienced, and I realized that I was not making a fair comparison. Normally the budget resolution that we pass in the spring is only the first in a series of upward revisions to the budget numbers. Because the various agencies of Government come back to us and say that we did not give them enough, we have a second budget resolution and then we have a second budget resolution revised, or a third budget resolution. That is what happened in 1979.

I find in looking back that I was comparing the first budget resolution of 1980 with the second budget resolution, revised, of 1979. If I had compared the first budget resolution of 1980 with the first budget resolution of 1979, the increase indeed would have been, as the Senator from Idaho said, 16 percent.

Now, in 1981, only 2 years later, President Carter left us with another budget, not at $532 billion, but at $739 billion. And it is that budget that we are addressing in the Budget Committee and on the Senate floor.

We are not really cutting the budget. As the Senator from Idaho said, we are slowing the rate of increase. President Reagan has said that the rate of increase of the budget should not be faster than the rate of increase of the working people's salary in this Nation. I agree.

In the 2 years that I have served on the Budget Committee, the budget indeed has grown at a rate in excess of 16 percent, compounded annually.

At the same time, President Carter, in 1980, asked working people of this country to restrict their wage increases to about 8 percent a year.

By and large, wage increases did average in that area.

There is no way, Mr. President, that

the Government of this country can grow at a faster rate than the economy, unless the Government takes more from each taxpayer, or unless the Government goes deeper into debt. That is, of course, what has happened.

We take more and more from each taxpayer, and taxpayers ride through the magic of inflation into higher and higher income tax brackets. It is a cycle that must end if we are going to gain control of our economy.

I believe the Senate Budget Committee acted with great responsibility when it voted 20 to 0 to restrict the growth of Government. Some of my friends and colleagues on the Democratic side of the aisle made long and moving speeches about programs that have done much good for this country. In spite of the fact that they voted to continue current spending on these programs in the Budget Committee, nevertheless, when the final vote on the budget came about, 20 members out of 20 on the Budget Committee voted to restrain the growth of the budget. They voted to cut $36.4 billion from the budget suggested by President Carter prior to his leaving.

If we are to gain control of inflation, Mr. President, there is no question that we must gain control of the budget.

As the distinguished Senator from Idaho said, the borrowers of this Nation are being squeezed out of the lending market. They are being squeezed out of the ability to borrow at decent rates, because the Government is coming in and borrowing 40 percent of the available funds in the banking system of the United States.

The result has been that the Federal Reserve has felt it necessary to expand the money supply at too fast a rate, and. as a result of that, we have a cheapening of the currency, a debasement of the currency. When money becomes cheaper that is, of course, what we call inflation.

If one looks upon the economic growth of this country or of any industrial country in the world, without question you will find that it was done in a noninflationary environment. A noninflationary environment existed before governments tried to buy their way to prosperity. Unfortunately, governments now have helped to encourage inflation by these policies, and have helped cause the inability of society to control inflation when things got out of hand.

Mr. President, in the fifties and sixties in this country, the average rate of inflation was just over 2 percent. Many people forget how recently inflation at 2 percent was considered the norm in this country. The great growth in this country which brought so much egalitarianism to the people of the United States, was predicated on a low rate of inflation.

As recently as the early seventies inflation was still at a low rate, between 4 and 5 percent. Yet in the early seventies an inflation rate of 4.3 percent was considered so high, so unsatisfactory, so objectionable, that wage and price controls were imposed by the President of the United States.

Certainly today that feeling would not abound. If we told the people of the United States we were going to restore a 4.3-percent inflation, they would just be overjoyed. But, indeed, we have to do better than that and we can.

The Budget Committee's actions earlier this week are the first step in that direction. The Budget Committee's action to cut $36.4 billion is a step in the direction of getting the Government out of the borrowing line and stopping the squeezing out of the working people and the businesses of this country in their ability to borrow money from the banks.

The reconciliation process that the Budget Committee adopted is the right process. There were approximately 140 to 150 cuts in the budget suggested by Mr. Stockman and his group at OMB and the President.

If we vote on each one of those individually, unquestionably this body is not going to succeed in making meaningful budget reductions.

But through the reconciliation process, where we package it all together, through one vote and through instructions to various committees to tell them to reduce their spending, I think we will have achieved the desired goal.

So we are on our way. What we do tomorrow, whether or not we carry through the will of the American people as expressed in the 20-to-0 vote in the Budget Committee, will have a great impact on what happens to this Nation in the future.

Without question, my constituents in Minnesota tell me that they are for the President's program. They want it to be fairly applied.

They do not want one segment to be cut more than another segment, nor do they want one segment to profit from the budget cuts that we are bringing about.

I think my people and your people, Mr. President, and the people from the State of Illinois, whose Senator I see sitting here, and the State of Mississippi, whose Senator is sitting here, will also agree with the idea that budget restraint fairly applied is indeed in the interest of the Nation.

Finally, I commend Senator DOMENICI for his leadership in the Budget Committee, Mr. President. He encouraged everyone on the committee to have their say whether it be pro or con. He did not shut off debate on the issues at any time, which I think was important because the issues in the budget are not only large but very complicated. And yet, the resolution was reported out and reported out unanimously for the first time, I believe, in the history of the Budget Committee. which is a good sign of what we have before us.

I congratulate him and I congratulate the other members of the Budget Committee who worked 12 and 14 hours a day to accomplish that end. I hope the full Senate will act in the same spirit of cooperation when we open the debate on the floor tomorrow.

Thank you, Mr. President.

Mr. COCHRAN addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Mississippi.

PRESIDENT REAGAN'S BUDGET PROPOSALS

Mr. COCHRAN. Mr. President, I am pleased to have this opportunity to speak for a few minutes concerning President Reagan's budget proposals and the reconciliation instructions.

We are scheduled to take up Senate Concurrent Resolution 9 tomorrow. As stated in the Budget Committee report, this is the largest single reduction in Federal spending in history. Over the 3-year period, the resolution calls for total reductions of $125.8 billion in budget authority and $87 billion in outlays.

The Budget Committee is to be commended for its efforts and hard work in reporting this unprecedented legislation. Theirs is generally a thankless, but necessary, task; few appreciate the Budget Act, even fewer understand it. I certainly do not claim to be an expert, but with a little patience and study it is at least partially decipherable.

This resolution marks the beginning of our efforts to reverse the growth in Federal spending. Over the last several years Federal spending has been growing at an alarming rate. Despite our efforts to halt this growth, in fiscal years 1980 and 1981, outlays have grown by some $170 billion. In fiscal year 1981 alone, spending has jumped some $80 billion, or around 14 percent. Obviously, something must be done to stop this.

The budget process was designed to give Congress an overall approach to restrain spending. It is a self-policing method whereby, hopefully, we can control spending rather than having it control us.

Unfortunately, because of eroding economic conditions—brought on in large part by Government-included problems—the budget process has heretofore not effectively restrained spending. We have had to come back time and time again to revise the budget levels and the deficit for 1981. I hope that Senate Concurrent Resolution 9 marks the last such revision.

Senate Concurrent Resolution 9 is truly unprecedented. Never before has a reconciliation package of such dimensions come before the Congress. Never before have instructions been proposed to require authorizing committees to make reductions in specific authorizations. There has been a great deal of discussion about this procedure and some serious criticism.

But I am afraid that unprecedented actions must be taken, because we are facing an unprecedented challenge. Many people are asking whether we can control Federal spending or whether the Federal Government has so imbedded itself in so many expensive programs that it cannot be extricated.

I intend to support the budget resolution, although I am concerned about some of the specifics, including the implications of the instructions to the authorizing committees. I am optimistic that these concerns will be fully discussed, and that, possibly, solutions in the form of suggested legislative changes to the authority contained in the Budget Act may be considered at a later time.

It is too late for that right now, Mr. President. There may be some who would like to suggest that, on this occasion, the Committee on the Budget has really gotten too big for its britches. I might be one who would be standing here saying that under ordinary circumstances, but, really, at this point, it is my judgment that an attack against the Budget Act, an attack against the Budget Committee, would not be appropriate. We need to stand behind the procedure that has been developed by the Budget Committee and support the recommendations that it is making.

I thank the Chair very much.

THE RECONCILIATION RESOLUTION

Mr. GORTON. Mr. President, I am pleased to appear with many of my colleagues today to emphasize the importance to our Nation of Senate Concurrent Resolution 9, the reconciliation resolution. The Senate Budget Committee's prompt and successful attention to reconciliation provides a strong indication that the Congressional Budget Act will work.

It has been a privilege for me to have been involved in such an historic process so early in my tenure in the U.S. Senate.

There is no question that this Congress must act quickly to address the problems which plague our Nation's economy. Our goal must be to adopt a program that will end the dual curses of double-digit inflation and the lack of growth in productivity in our economy. If we fail to address these two conditions immediately and effectively, there is little hope that this Congress will be able to deal effectively with other issues facing our Nation.

Since the beginning of this session, the Budget Committee has been hard at work building the structure for the reconciliation process. The committee has heard from a multitude of economists of differing economic persuasions. Despite their differences in other areas, these economists have been almost unanimous in their view that a first and vital part of the program for turning our Nation's economy around is a substantial reduction in the size and growth rate of Federal spending. The reconciliation resolution constitutes a major but not a final step toward such a reduction.

Senate Concurrent Resolution 9 offers the Congress the opportunity to break quickly and effectively with its past spending practices—practices which have led us inevitably to the economic crisis we now face.

The Budget Committee's task was not an easy one. The committee has had to make many tough decisions in recommending cuts in programs with worthwhile objectives. Our goals cannot be met simply by eliminating fraud, waste, and abuse from the Federal budget. In order to decrease outlays by $36.4 billion next year, many programs have had to share the burden of reduced spending. It is important to recognize, however, that while individual social programs have been scaled down or eliminated, the overall share of our Federal budget earmarked for social services will not be reduced by this resolution.

I am convinced that the economic course which this resolution charts will lead to a better economic future for all Americans, a future in which the war against inflation begins to win battles, and in which a new wave of growth in the productivity of the American economy starts to build. It is appropriate and vital, therefore, that Congress adopt this resolution quickly and enthusiastically.

The ACTING PRESIDENT pro tempore. In my capacity as Senator from the State of Alaska, I suggest the absence of a quorum. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is ordered.

THE BUDGETARY ASPECT OF THE ECONOMIC RECOVERY PROGRAM

Mr. PERCY. Mr. President, I am very pleased to join my colleagues this week to discuss the President's economic program, with particular emphasis on the budget.

Tomorrow, the Senate will take up the reconciliation resolution that will be our first step toward realizing the budget savings recommended by the President earlier this month. The process of making these savings—reconciliation—was originally authorized by the Budget Reform Act of 1974. We have had the option of using it in the past, but have not, until last year. There has been a great deal of discussion about this process and how it affects the operations of Congress.

I look back now at the work we did in the Governmental Affairs Committee in 1973 and 1974. I served then as ranking minority member, and Ed Muskie and I worked in tandem with our chairman, Senator Sam Ervin in creating the Budget Reform Act of 1974. We did not envision at that time how valuable the reconciliation process would become.

However, there is a very good reason for Congress to turn to this reconciliation procedure again this year—namely, the state of the economy.

In today's papers, we are reminded again of the precarious state of the U.S. economy. After a lull in January, the February Consumer Price Index shot up to double-digit levels again. If we thought that the 8.4-percent inflation rate of January was a signal that we were out of the woods, today's economic news serves to remind us that we have not tamed the beast of inflation. It may not be quite as bad as what we were experiencing a year ago—when the winter CPI hit 18 percent—but it is a far cry from the low levels of inflation that this country was used to in the 1950's and early 1960's.

I can well remember, as an industrialist during those years, that beginning in the 1950's, one of the lowest priced photographic products produced by the company I was affiliated with as CEO was about $50. Within a period of 1 decade of inflation, in which the rate averaged 1.5 percent for the entire decade, and with a 3- to 4-percent increase in productivity each year in that period of time, the company, at the end of 10 years, was able to market a product for $39.95. That same camera had sold a decade before for $50. Moreover, the newer, less expensive camera was better than its predecessor.

Those days, I hope, are not gone forever, when we could live with a decade of 1.5-percent inflation and rising productivity.

We can look back to that era of American productivity, and we can today look at the productivity in the agricultural field and see how productive this Nation really can be. The same procedure and practice we follow in agriculture can be be used in other areas of industry today. But we should not lose sight of the fact that we have a long way to go.

We can look back to our earlier accomplishments when we worked industrial miracles. I believe that with the proper incentive program for the future, we can do the same, and economic history can repeat itself.

We should not lose sight of the fact that in those growth years of the 1950's and 1960's, we were able to sustain great yearly advances in the gross national product with only 1- and 2-percent inflation. In short, capital and consumer spending in those years did not—I repeat, did not—fuel inflation.

Moreover, we had an unemployment rate that is by today's standards enviable, although it did not seem so to us at the time. For the post-World War II economy, an unemployment rate of 4 to 5 percent was the norm. In some years, it actually dipped down to 3 percent. A look back reveals that until the mid-seventies, unemployment only cracked the 6-percent barrier twice, in the recession years of 1958 and 1961. Since the midseventies, unemployment has notched up another degree and the norm seems to have become 7 percent, with the old high, 6 percent, at the bottom range.

Mr. President, we are confronted here with two seemingly intractable problems that have developed in the past decade. The state of the economy is not good and it is for that reason that we are embarking on an economic recovery program this year.

Past policies have not worked and we must turn to medicine that is a bit stronger. If we can put these policies in place, there seems to be a good chance that inflation will begin to slow and job opportunities will expand. We know that continuation of the old policies of more and more spending will not give us a long-term solution to the economic problems we face. It is because of this promise of an expanding economy that I support the budget reduction program that will soon be before the Senate. It is for these reasons that I joined as a principal cosponsor of the reconciliation instructions resolution.

While the economy has been experiencing rapid inflation over the past dec-

ade and as unemployment has risen, what has been going on with Federal finance?

It, too, has been showing ominous trends, with spending increasing and taxes climbing to ever higher levels. When I first came to the Senate in 1967, the Federal budget stood at $158 billion. By 1970, just 3 years later, it had climbed by almost $40 billion, to $196 billion. During that period, the Federal budget was in deficit, but it also realized the one surplus budget of the past 20 years. During this 3-year period, Government spending increased by less than $15 billion annually, on the average.

Then, when we hit the 1970's, the budget began to grow like topsy. By 1975, Federal spending had doubled, to $326 billion. In the past 6 years, the budget has doubled again, to $662 billion originally estimated for fiscal year 1981. Instead of the $15 billion a year increases in spending, we now talk about $80, $90, and $100 billion a year increases.

Mr. President, I ask unanimous consent that a table showing Federal outlays and revenues be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FEDERAL BUDGET RECEIPTS AND OUTLAYS

[In millions of dollars]

	Receipts	Outlays	Surplus or deficit (—)
Fiscal year:			
1970	193,743	196,588	—2,845
1971	188,392	211,425	—23,033
1972	208,649	232,021	—23,373
1973	232,225	247,074	—14,849
1974	264,932	269,620	—4,688
1975	280,997	326,151	—45,154
1976	300,005	366,418	—66,413
Transition quarter	81,773	94,728	—12,956
1977	357,762	402,710	—44,948
1978	401,997	450,804	—48,807
1979	465,940	493,635	—27,694
1980	520,050	579,613	—59,563
1981 [1]	607,525	662,740	—55,215

[1] Estimate.

Source: Economic Report of the President, January 1981.

Mr. PERCY. Mr. President, as Federal spending has been rising in real terms, so has it also been increasing in terms of gross national product. This is an alternate way to express the role the Federal Government plays in the economy and may be the best way to show the importance of slowing the spending juggernaut.

During the 1950's and 1960's, Federal spending tended to stick to the range of 18 to 19 percent of GNP. Again during the mid-1970's, we seem to have reached a new plateau in the low 20-percent range.

Mr. President, I ask unanimous consent that a chart from President Reagan's economic recovery program be printed in the RECORD at this point.

The chart points out the extent to which the Federal Government has assumed a larger and larger share of the economy—from 18.7 percent for the period 1955–64 to a rate of 22.3 percent during 1979 to 1981.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

GROWTH IN FEDERAL SPENDING

	1955–64	1976–81	1979–81
Annual rate of growth (percent):			
National defense	2.9	11.9	17.0
Nondefense	9.9	12.0	15.5
Total	6.3	11.9	15.9
Average outlay share of GNP:			
National defense	9.4	5.3	5.3
Nondefense	9.3	16.8	17.0
Total	18.7	22.1	22.3

Mr. PERCY. Mr. President, it is necessary for us to begin to slow this pace of spending. It is not enough to try to balance the budget if doing so is done at a higher tax rate. That would be a counterproductive balanced budget, for it would choke off the economic incentives we want to put back into the economy. Going hand in hand with our effort to reach a balanced budget must be a committed effort to reduce the percent of the gross national product taken up by Government.

I am pleased that the Reagan budget proposals and the reconciliation instructions move us simultaneously in this direction.

For the first time in many years, the budget proposed to Congress by the President—President Reagan's budget submitted just 3 weeks ago—forecasts a rate of Federal spending under the rate of inflation. Previous budgets proposed to Congress have led the inflation rate or at least always equalled it. Now we have a budget that says it is time for us to tighten our belts now for improvement in the long run.

There is no better way to drive this point home than to compare the Reagan budget revisions with the Carter budget submitted just before he left office. The Carter 1982 budget would have sanctioned increased spending at a 12-percent clip, just about even with the inflation rate forecast for 1982. President Reagan's budget has come to grips with this and cuts the rate of increase in half—to 6 percent.

Mr. President, in concluding, I should like to tell my colleagues that the need for this program is very clearly evident in my home State of Illinois. The rates of inflation and unemployment that I mentioned at the beginning of my remarks are national averages. Some States have higher rates; others have lower rates. Illinois is one of those States that is experiencing both higher inflation and higher unemployment. Chicago, for example, experienced consumer price inflation last year of 14 percent, compared with a national average of about 12½ percent. In the jobless rate, it is much the same: February unemployment in Illinois had come down to 8.3 percent. For the same month, nationwide unemployment was still lower, at 7.3 percent.

So the economic problems are very real at home, and the people of Illinois want action to end this stagflation of high prices, high unemployment, and sluggish growth.

This economic recovery program responds to that need. It is often said that a rising tide raises all boats. So it is with an improving economy. We will all benefit from lower inflation and a healthier economy. Perhaps those who stand most to gain from this program are the elderly—whose fixed incomes make it difficult to cope with rising prices—and the poor—who have neither job opportunities nor the means to pay higher prices. They are the real victims of this sluggish economy, and it is time we did more than conduct business as usual that will simply perpetuate their condition.

I commend my good friend and colleague, the chairman of the Senate Budget Committee. This is his first year in this important position. Moving this reconciliation process forward would be a challenge for even the most seasoned committee chairman. I have great confidence in his abilities and congratulate him on bringing this resolution to the floor in such an expeditious manner.

I also commend the ranking minority member, the former chairman of the committee, Senator HOLLINGS. He has been totally bipartisan. I believe that all members of the Budget Committee proved their fiscal responsibility, their dedication to a common cause, and their dedication to making this program work, by unanimously voting—minority and majority members together—to report this budget to the floor of the Senate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ANDREWS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PRESIDENT'S ECONOMIC PACKAGE

Mr. ANDREWS. Mr. President, I join my colleagues today in support of the economic package proposed by the Reagan administration.

My support reflects the sentiment of an overwhelming number of North Dakotans who have written or called to express their support of administration proposals. However, I would certainly be less than candid if I suggested there is no opposition. In fact, I occasionally find myself with reservations about specific aspects of a few administration recommendations.

Nevertheless, the job of Congress is to fine-tune those programs so they provide the most efficient and economical utilization of the funds we appropriate for essential Government services.

There are those who suggest the administration is rolling back social programs 20, 30, or 40 years. That is simply not true.

No Member of this Congress would deprive the needy of food, clothing, and

shelter. No Member of this Congress or this administration can or will ignore those truly in need. In fact, administration proposals to reduce Federal spending, Federal regulation, and Federal taxes are designed to improve services to that element of society most in need by eliminating those who do not really need Federal assistance, thus leaving more help for those who do.

As the President has warned, it took some 40 years to get our economy in its present deplorable state, and it cannot be reversed in a matter of weeks or months. But I find the people are patient, too, if there is a good reason to anticipate improvements, and if they feel we are moving at last in the right direction.

At a meeting of farm editors yesterday, in this very building, editors from all corners of the Nation confirmed what most of us know—farmers are willing to take their bumps along with all other segments of society. The majority of farmers are confident there will be an improvement in their economic condition in the long run. No one suffers more from inflation than the producers of the food and fiber we need so much for our own consumers and to supply a hungry world abroad. They have no qualms about putting the good of the Nation above temporary personal gain, but they do not want to bear more of the burden than other segments of our economy. We must all share this attitude, and I am convinced that Americans, generally, are willing to sacrifice to get our country back on the right track. They know it will not be easy and it will require some adjustments, but for the overall, long-term good, they are willing to cooperate.

It has been so long since an administration proposed anything but additional expenditures that many of the big spenders are in shock. These skeptics have a greater fear of the unknown than they do of what they know and can see has devastated our economic system.

I am firmly convinced it is time we try something else. Many of us think it will work and that it deserves a fair chance. We can help the administration as it seeks that opportunity to put its program to work.

The skeptics, frankly, can perhaps take consolation in what Abraham Lincoln said just over 100 years ago:

> While the people retain their virtue and vigilance, no administration, by any extreme of wickedness or folly, can very seriously injure the government in the short space of four years.

Maybe even in the short space of 4 years we can turn this thing around and get our Nation back on track again. That, after all, is the goal of the Reagan economic proposals.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Before the clerk calls the roll, will the Senator withhold?

Mr. ANDREWS. Yes, I withhold.

The PRESIDING OFFICER. The Senator from South Dakota.

THE PRESIDENT'S ECONOMIC PROGRAM

Mr. ABDNOR. Mr. President, President Reagan's economic program aims to bring to all Americans the opportunity for prosperity through stable and sustained economic growth.

The program consists of four broad, interrelated parts: First, immediate, substantial, and continuing reductions in the growth of Federal expenditures; second, reductions in tax rates over the next 3 years; third, elimination of unnecessary Federal regulation; and fourth, a steady and predictable monetary policy.

In place of piecemeal, stop-and-go policymaking, the President's reform measures offer a coordinated package for encouraging private sector economic initiative. This initiative is the fundamental source of economic motivation and growth. A fostering of individual initiative demands a coordinated reordering of economic priorities. In order to overcome the effects of inflation and Government spending, we must have sound economic policies. Policies that will stop rewarding present consumption over investment for the future; policies that will no longer favor the nonproducer over the producer; and policies that will stop emphasizing redistribution over the creation of income and wealth.

Mr. President, consider the consequences of passing a part of the economic program without the other parts as well. Some have suggested that not reducing personal income tax rates would lead to a balanced budget more quickly. Such a suggestion is mistaken because unless tax rates are reduced according to a consistent schedule, there will be little incentive for additional investment in the private sector. Low investment means fewer jobs and more people dependent upon Federal transfer programs. The President's program, however, aims at economic growth which will provide jobs and remove the need for Federal supports.

The economy has been seriously abused in recent years and fundamental changes in monetary fiscal and regulating policies are necessary.

A slow, steady predictable monetary policy set by the independent Federal Reserve is indispensable to controlling inflation. A proper monetary policy focuses on the long run and tailors money growth so that it is, in the words of the Federal Reserve Reform Act of 1977, "commensurate with the economy's longrun potential to increase production."

Money growth had accelerated above the guideline in the decade before 1975 and it has accelerated even more from 1975 to 1980. In conjunction with this extreme growth of the money supply, the United States has experienced rising inflation, volatile interest rates, lower real GNP growth, reduced productivity increases, generally higher unemployment, and growing use of resources to cope with inflation rather than to improve living standards.

Some would argue that we should wait until inflation ends before reducing money growth. Our experience shows that if we do wait, inflation will not subside. The President has proposed meaningful, yet not drastic, deceleration of money growth, a proper fiscal policy, and regulatory reform. Taken together, these measures will spur economic growth and reduce inflation.

In the area of fiscal policy, growth in the size of Government as a proportion of the economy must be reduced in terms of both revenues and expenditures.

Fiscal policy in recent years has been perverse. The tax burden on working people and businesses has become oppressive. Inflation-induced "bracket-creep" has reduced the real returns, on an after tax basis, of saving and investment, personal effort and risk-taking.

For example, a married person, filing a joint return with $16,000 taxable income in 1967, and the same real, inflation-adjusted income in 1980—about $36,000—was taxed at the margin by the Federal Government at 28 percent in 1967 and 43 percent in 1980. Mr. President, the key factor is that these people in 1980 are not able to continue living at their 1967 level, for they are being taxed at a much higher rate.

This increasing tax burden has transferred real resources to the Federal Government and away from the private sector. In addition, depreciation allowances based upon historical rather than current costs have understated expenses and overstated profits, resulting in a rising tax burden for everyone and a further transfer of command over resources to the Government. No one feels this more than the farmer and the small businessman.

The transfer of control over resources has been aggravated by Federal activity in the credit markets. Total Federal borrowing—the sum of Federal borrowing and federally-assisted off-budget borrowing—rose from $24.4 billion in 1974 to $124.4 billion in 1980. This represents a compound annual growth rate of 31.2 percent.

Mr. President, the key point is that while many loan guarantees have been necessary and may continue to be necessary, still they need to be examined for their effects on the credit market elsewhere. And they need to be examined evenly and fairly if we are to get away from politics as usual. Americans are ready for a change. Let us be sure the change is fair.

What is clear is that tax rates are too high. By discouraging work effort, saving and investment and risk taking, these expenditures impart a consumption-oriented antisaving bias to the economy. This bias is not in accord with faster economic growth.

I am in full accord with the Republican report of the Joint Economic Committee on the 1981 Economic Report of the President. Across-the-board personal marginal income tax reduction, as well as tax cuts for business, will increase productivity and real growth substantially and will not increase inflation.

Without a doubt, tax reductions will stimulate growth. I realize, however, that direct inflationary impacts cannot be precisely calculated.

On the demand side, personal income tax rate cuts will stimulate spending and could thereby add to inflationary pressures. On the supply side, personal marginal tax rate cuts will impel additional work effort and production, and thereby operate to slow the rate of rise of prices.

The question is which of these effects dominates. It is our view that the

supply effect does. In addition, we want to stress that our fiscal policy program calls for spending cuts—which may reduce demand somewhat. These incentives, which are aimed at substantially reducing the marginal tax rate on savings income, will help shift individual activities toward saving and away from consumption. Consequently, we can expect an extra large part of the personal tax cut and the income it generates to be used to increase saving and investment as opposed to consumption.

I am aware that some detractors from the President's program are claiming that across-the-board personal marginal tax cuts are unfair; that they will cut the taxes of the rich too much and the taxes of the poor too little. In fact, they will scale down all tax rates, and the scale is the same for all individuals.

In this regard, it is important to recognize that, since 1967, inflation-induced bracket creep has greatly increased the tax burden of middle- and upper-income persons despite some legislated tax cuts. It would be wrong from the standpoint of equity, as well as counterproductive from the standpoint of the economy, not to correct past bracket creep by scaling marginal tax rates down across the board.

Mr. President, I ask unanimous consent that pertinent data on tax rates be printed in the RECORD.

There being no objection, the tax rates were ordered to be printed in the RECORD, as follows:

TAX RATES ON SAME REAL TAXABLE INCOME,[1] 1967 AND 1980

	1980 equivalent inflation adjusted taxable income	Marginal percent tax rates		Average percent tax rates	
		1967	1980	1967	1980
1967 taxable income:					
$1,000	$2,245	15	0	14.0	0
$4,000	8,890	19	18	15.5	9.8
$8,000	17,960	22	24	17.3	15.3
$12,000	26,940	25	32	18.8	19.5
$16,000	35,920	28	43	20.4	23.6
$20,000	44,900	32	43	21.9	27.5
$24,000	53,880	36	49	23.2	31.0
$28,000	62,860	39	54	25.4	33.8
$32,000	71,840	42	54	27.1	36.3
$36,000	80,820	45	54	28.7	38.3
$40,000	89,800	48	59	30.4	40.1
$44,000	98,780	50	59	32.0	41.8

[1] For married persons filing joint return.

Note.—Across-the-board marginal tax rate cuts will tend to restore the progressivity of the tax code which existed in 1967 before inflation distorted it.

(Mr. WALLOP assumed the chair.)

Mr. ABDNOR. Mr. President, President Reagan has proposed a wide range of spending cuts to accompany the tax cuts. It should be understood that a stagnating economy allows few significant cuts in Federal spending where that spending is made up largely of entitlement programs.

When the economy stagnates, people become unemployed and real standards of living decline, causing individuals to make claims on Government services. When an individual is employed, he or she is a source of Government revenue; when the person is unemployed, he or she becomes a consumer of Government revenue, through such programs as unemployment compensation, trade adjustment assistance, food stamps, et cetera. Thus, an increase in unemployment reduces Government revenue even as it causes an increase in spending. It is estimated that a 1 percentage point increase in the national unemployment rate "costs" the Federal Government $25 billion per year.

The converse also is true. An expanding economy will provide jobs for the unemployed and higher living standards for many now in need. People will go off unemployment rolls, off food stamps, off welfare, and will become taxpayers rather than tax consumers. Thus, a reduction in tax rates will partially pay for itself by causing automatically a reduction in Federal spending.

We are at a critical juncture in moving the President's proposals through Congress. I would stress the importance of the need for all of us to reexamine the need for expenditure cuts. If all of us bear some fair share of these reductions, then they can be made. However, it is not fair to reduce benefits for the farmer and for rural America unless urban Americans also have some of their benefits scaled back. We all must make adjustments and I completely support the administration's efforts to fairly apportion those adjustments.

A word on the importance of curbing Federal budget deficits: When the Federal Government spends more that it receives in tax revenues, the deficit incurred must be made up by borrowing from the public. In other words, the U.S. Treasury directly competes with the private sector investor for available capital funds.

If the Federal Reserve Board holds the money supply constant, then the demands of Government directly crowd out investors and lead to a decline in economic activity and unemployment. If the Federal Reserve increases the supply of money simply to accommodate the needs of the Treasury—this is called monetizing the debt—then prices rise because there has been no increase in productive output. Inflation is "too much money chasing too few goods," and it is encouraged by Federal deficit spending.

Some argue that Government deficits play no role in inflation. Rather, OPEC and big oil companies and the American farmer—just to mention a few—are blamed for oil and food price shocks to the economic system. This shock explanation would have us believe that an increase in the price of one good will increase the level of all prices. If the supply of money is constant then consumers will shift their purchases from relatively expensive, to relatively cheap items. If, however, the money supply increases simply to accommodate the shock, then a general increase in the price level occurs because no new increase in production has occurred. A partial cure for inflation calls for an end to continuous Federal deficits and thus a decrease in the pressure on the Federal Reserve to add to the money supply.

The President's program for economic recovery also includes regulatory reform. On- and off-budget Federal borrowing has inexorably increased Federal Government domination over the Nation's resources. The same is true of Federal off-budget or regulatory activity. In just 15 years, the regulated sector of the economy has increased from roughly one-tenth to about one-fourth of GNP.

The regulatory mandates which have driven this extraordinary growth of regulatory activity impose both direct or compliance, and indirect costs on the economy. From the evidence available, compliance costs are currently running at more than $100 billion per year. The indirect costs—while difficult to measure—include higher product prices and reduced output and employment growth because of the necessity of meeting regulatory initiatives. Whatever the magnitude of these costs, they represent a hidden cost of regulatory mandates; a hidden cost whose effects include the displacement of discretionary, private spending.

There is little doubt that regulatory mandates generate benefits. However, the direct and indirect costs of securing these benefits ought to be minimized. This is nothing more than good economics and commonsense. To achieve this result will require that, in general, least-cost methods of achieving regulatory goals be sought.

I will close my remarks with a few summary words. Supply-side economics holds that the supply of both labor and capital to the marketplace is determined by their real, aftertax returns. A rise in tax rates induces workers to seek less work and induces investors to seek not necessarily productive tax shelters. Assured across-the-board tax rate reductions would reverse these effects by restoring the work incentive of increased real aftertax earnings and by restoring the investment incentive which would stimulate economic growth and job creation.

Expenditure cuts must be borne by all, fairly and squarely. The administration must be very sensitive to the needs of that most productive sector in America, the farming sector. In helping other members of society, we must not unfairly burden the farmer whose productivity is unparalleled and small business which provides more jobs than any other sector of the economy.

These supply-side inducements are necessarily complemented by a stable monetary policy. We cannot have a strong eccnomy in the absence of a strong dollar. And of course, we must work to reduce unnecessary regulatory costs.

Mr. President, we are a turning point in our Nation's economic history. We can choose the muddle of policies of the previous administration; economic policies that have locked Americans into public welfare programs and sapped American industrial efficiency or we can choose the President's program for economic recovery.

Mr. President, I stress that this improvement will not happen overnight. It took years to get into our present circumstances and it will take years of steady, sound economic initiative to get beyond them. I support the President's program because I believe it charts the

course to a better future for all Americans.

Mr. President, as I spoke today, I do so with the support of most of my constituency. In fact the South Dakota State Legislature has passed House Concurrent Resolution No. 1029 which calls on the Congress to support the President's economic passage. I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

HOUSE CONCURRENT RESOLUTION No. 1029

A concurrent resolution, Memorializing Congress to support the economic programs presented by the President on February 18, 1981.

Whereas, the continued policy of deficit spending has had a devastating effect upon the economy which has resulted in a serious constriction of projected revenues in South Dakota; and

Whereas, we recognize that there should be a complete change in direction and philosophy of federal spending, taxation and regulation; and

Whereas, although President Reagan's economic package will include cuts that directly affect the state of South Dakota and its ctiizens, we agree that the long range effects of the President's economic package will have lasting benefits far greater than any short-term gains from continuing the expansion of federal spending, taxation and regulation:

Now, therefore, be it resolved, by the House of Representatives of the Fifty-sixth Legislature of the state of South Dakota, the Senate concurring therein, that we support the economic program as presented to Congress on February 18, 1981 and urge the Ninety-seventh Congress to support the President's program through proper legislative process; and

Be it further resolved, that the Chief Clerk of the House of Representatives be instructed to forward this resolution of support to the President of the United States and to the members of the South Dakota Congressional Delegation.

Mr. ABDNOR. In closing, Mr. President, I certainly wish to commend the Budget Committee which has done such an outstanding job and put in such long hours. Certainly they deserve a great thank you.

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATHIAS. Mr. President, I ask unanimous consent to address the Senate for not more than 15 minutes on the subject of the commemoration of the 347th anniversary of the founding of the State of Maryland.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATHIAS. I ask further unanimous consent, Mr. President, that since we are, today, particularly, honoring the memory of a great American, John Hanson, who was an American of Swedish ancestry, during my remarks, the Ambassador of Sweden, Count Wilhelm Wachtmeister, may be invited to enter the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

A TRIBUTE TO JOHN HANSON: MARYLAND DAY 1981

Mr. MATHIAS. Mr. President, it has been my custom each year to observe Maryland Day, the anniversary of the founding of the great Free State of Maryland, by calling attention to an event or person prominent in Maryland history. In reflecting on this custom while preparing for today's 347th anniversary, it occurred to me that even if I were fortunate enough to outlive my allotted three score years and ten, there still would be far too few Maryland Days for me to pay adequate tribute to Maryland's illustrious past and the inspiring men and women on Maryland's lengthy roll of honor. If this be a problem, however, it is the type of problem I enthusiastically welcome—a surfeit of heroes, leaders, patriots, men and women of distinction.

Who, then, among the honored sons and daughters of the Free State was to be my subject for today? The choice was clear—John Hanson—for in this year of 1981, we will commemorate the bicentennial of his election as the first President of the United States in Congress Assembled.

John Hanson was the grandson of one of our Nation's original Swedish colonists, also named John Hanson, who, with his three brothers, sailed as wards of the Crown of Sweden in the care of Johan Printz to New Sweden on the Delaware, landing in New Gothenborg in February 1643. Later, the family moved inland and finally settled in Charles County, where John Hanson was born in 1715. History tells us that he was "tall, dignified and reserved—a man of principle," that he had "wealth and high social standing," that he was thoroughly educated.

As a representative of Charles County in the provincial Lower House of Assembly, Hanson "soon ranked with the Chases, the Tilghmans, and the Carrolls in the distinguished regard of his fellow citizens," according to one biographer. That is impressive company, indeed. In fact, today we would say that he was one of the heavyweights of the Assembly. In 1773, Hanson moved to Frederick County, a section favored by emigrants from Germany, Switzerland, and Great Britain. Accounts of this period of Hanson's life contain some of those truly delightful passages which one comes upon when perusing history. For instance, here is one from a booklet on John Hanson written by Douglas Thomas, of Baltimore, and published in the 1890's:

Being a hardy, independent race, they (the Frederick Countians) were naturally impatient under the oppressive legislation of the British Government, and though peaceable in nature, and slow to violence, were tenacious of their rights and determined to assert them at all hazards.

As a native of Frederick County, I like that description—peaceable in nature but tenacious of their rights.

All that, of course, was approximately 200 years ago. And 200 years is obviously a long, long time. In fact, although I delight in events such as our Nation's Bicentennial and post-Bicentennial observances, I will admit, reluctantly, that my basic image of John Hanson is somewhat colored by what I see when I pass the bronze statue of him in the corridor outside this Chamber. As you view the statue of John Hanson, he looks somewhat old-fashioned; his tricorn hat and his buckled shoes seem quaint. But the issues and problems he faced were not dissimilar to the issues and problems of today. For today's discussion, therefore, let us bring John into the 20th century. Let us fit him with new shoes—loafers, perhaps—and let us look at some of those issues and problems.

In 1769, Hanson was one of the strongest advocates of a nonimportation system inaugurated by the colonists as a result of grievances against Britain. In this year of 1981, do we not have our trade embargo against the Soviet Union as a result of grievances?

In 1774, Hanson was chairman of a committee which sent 200 pounds sterling to Boston for the relief of the poor of that city after normal commerce had been interrupted as a result of the passage of the Boston Port bill. Aid to cities; aid to the poor; we see articles about them practically every day on the front page of the Baltimore Sun.

The year 1775 found Hanson active in efforts to obtain guns and ammunition. If John Hanson were here today, I am sure we could swap tales about our efforts to provide for the common defense as if the centuries between us had never occurred.

Also in 1775, in addition to trying to obtain guns and ammunition, John Hanson worked as a member of a committee formed to establish a gunlock factory in Frederick. An economic development project, obviously.

I shall not belabor this train of thought. The point I am leading to is this: That John Hanson, confronted with problems common to his day and ours, handled these problems in a manner uncommon to his day and ours. Such is the stuff of leadership. Events pass; people pass. Leadership endures. As we look more closely at the life of this man whose problems were so like ours, this point is worth remembering.

Hanson began his public career in the 1750's in the Maryland Assembly, where he first represented Charles County and, later, Frederick County.

In 1769, Hanson was one of the first to sign the nonimportation agreement which I mentioned previously. Then, in October, there came an occasion on which he was called upon to put up or shut up, as we would say. Several packages of goods had been landed in Charles County in violation of the terms set by the nonimportation society. Under Hanson's leadership, the county's advocates of the nonimportation policy forced the

owners to send the goods back to England—and, most importantly, Hanson and his colleagues acted openly and fearlessly.

Several years later, in 1773, Hanson moved to Frederick County where, according to the Thomas biography, "his honesty inspired universal respect and confidence, and his singularly vigorous and well-balanced mind made him a leader among men."

The Boston Port bill was passed the following year. This was designed to cut off all commercial dealings with Boston, and immediately Marylanders took sides with Massachusetts. A meeting of the citizens of Frederick, with Hanson presiding, was held at the courthouse on June 20. Hanson; his son, Alexander Contee Hanson; and another gentleman, Philip Thomas, were appointed as delegates to the "General Congress at Annapolis." They were also selected as members of the "Committee of Observation to receive and answer all letters, and in any emergency to call a general meeting."

When the Committee of Observation was actually organized, Hanson was made chairman, and he served in this capacity until the State government was established and the committee abolished. It was during Hanson's service as chairman that the funds for the poor were sent to Boston—an action acknowledged appreciatively by Samuel Adams of that city.

When the "General Congress," or Convention of Maryland, assembled in Annapolis on June 22, 1774, John Hanson was present as a delegate from Frederick County. Later in the year, when Frederick Countians met to appoint new committees, Hanson was chosen a member of the "Committee to represent the County to carry into Execution the Association agreed on by the American Continental Congress," and was also made a member of the "Committee of Correspondence for the County." The list of the important positions to which Hanson was selected continues, almost too lengthy for repetition. In fact, he seems to have faced the same type of proliferation of committee assignments that we in the Senate have experienced, too.

As the threat of conflict increased, the citizens of Frederick County responded. Gunpowder, arms, ammunition, and other military provisions were assembled. Persons capable of bearing arms were enrolled for duty. Among the leaders in these actions, once again, was John Hanson. Then came June 17, 1775—Bunker Hill.

The echoes of the shots fired at Bunker Hill had scarcely died when, at a meeting of the Committee on Correspondence in the Frederick Courthouse, Hanson read a letter he had received from the Maryland Delegates in Congress. In the letter, the county was called on to supply two companies of expert riflemen to join the army in Boston. In less than a month, the two companies marched from Frederick; 22 days and 550 miles later, they became the first troops from the South to join Washington.

The Convention of Maryland assembled on July 26, 1775. With John Hanson an active participant—a boldly and fearlessly active participant, according to one account—the Convention issued its Declaration of Independence, known as the "Association of the Freedom of Maryland." Force would be repelled by force. The "present opposition" would be supported. Among the signers was Hanson.

Under the powers of the "Association of the Freemen of Maryland," all of the power of government was vested in the Provincial Convention, composed of five delegates from each county. The convention, in turn, elected a Committee of Safety. This committee was assigned executive power, and, in addition, jurisdiction over military matters.

Again came a series of committee positions for Hanson—Committee on Observation, Provincial Committee for Licensing Suits, Committee for the Building of a Military Jail, or Barracks, in Frederick Town, and others. During Hanson's chairmanship of the Committee on Observation, the conspiracy of the British and Indians in Canada against the western frontiers of Maryland, Virginia, and Pennsylvania was discovered and thwarted.

We come now to 1776. Responding to a call from the Members of Congress for an expression of sentiment on independence, the citizens of Frederick County, with Hanson in a typical leadership role, unanimously resolved the following:

Resolved, That what may be recommended by a majority of the Congress, equally delegated by the people of the United States, we will, at the hazard of our lives and fortunes, support and maintain . . .

The Frederick resolution was, to a large extent, the basis of the resolution adopted by the Convention of Maryland on June 28, and on July 4, 1776, the Maryland Delegates in Congress voted with the other colonies for independence.

Later in the year, Hanson was appointed to a commission to reorganize the military commands in Maryland. And as the year drew to an end, the Convention of Maryland adopted the Declaration of Rights and Constitution of Maryland. Under the new constitution, Maryland set up a new government including a legislature with a senate and house of delegates. Subsequently Hanson was elected to the Continental Congress by the Maryland Assembly. His role in Congress was critical to the future of our new Nation. By February of 1797, all of the States except one had signed the Articles of Confederation. The sole holdout was Maryland. According to Prof. William F. Swindler, professor of law, emeritus, at the College of William and Mary, "Maryland's opposition went to the most fundamental of the issues hampering the birth of the Nation—the Western lands." Maryland, with Hanson among the leaders in the fight, held firm to the policy that the lands beyond the natural geographic boundaries of the States should be ceded to the United States for the benefit of all. Virginia and other "landed" States disagreed, pressing their claims to the land. Again I quote Professor Swindler:

When Virginia finally gave in to Maryland's insistence, early in 1781, the last obstacle to ratification of the Articles of Confederation was removed. By February the unanimous adoption of the new frame of government was certified, and one month later the new government formally came into being. There were no stirring speeches, or anything to mark the event at the time. The Congress continued as it had before, although the community celebration outside the legislative halls made up for the prosaic course of business within. John Paul Jones' warship, the *Ariel*, fired off salutes in the harbor, and these were answered by fireworks from the city. The evening was filled with receptions, dinners, and "collations" in celebration.

It had taken three years of effort to achieve the adoption of the Articles of Confederation. They would last for eight more.

That was in March. In November—on November 5, to be exact—Hanson was elected President. He served for a year, until sickness prevented him from discharging his duties, and in 1783, he died while visiting a nephew in Oxon Hill, Prince Georges County.

The compatriots of John Hanson honored him by electing him our first President under our first Constitution. His election under the Articles of Confederation predated the election of George Washington by 8 years. If George Washington is the father of our country, then John Hanson is the grandfather.

Today we honor him with speeches and a wreath.

In the days to come there will be new remembrances and greater honors, for John Hanson belongs neither to our Nation's early days alone nor to the contemporary context within which we considered him here; he belongs to that select domain of great leaders which is timeless and ageless.

Hanson left us a priceless and diverse legacy—patriotism, service, dedication to duty. More than these, though, he left us an imperishable example of personal integrity. When he and his associates signed the nonimportation agreement, they bound themselves to their decision "by the sacred ties of honor and reputation * * *."

By honoring John Hanson today, we are reaffirming to ourselves and our fellow countrymen that the concepts of honor and reputation, battered though they may be at times, persevere today as part of the heritage we are dutybound to cherish, to use wisely, and to pass along to future generations.

I offer a bill to provide for the issuance, by the U.S. Postal Service, of a stamp in honor of John Hanson. I have written to the Postmaster General and to the Citizens' Stamp Advisory Committee about this matter, and I ask unanimous consent that my letters be included in the CONGRESSIONAL RECORD at the end of my remarks since they include additional material about John Hanson—especially about his service as President of the United States in Congress Assembled—which, in the interest of time, I have omitted from this statement.

A bronze medal in honor of Hanson is already being readied for issuance this year, and a Hanson commemorative stamp would be an appropriate complement to the medal. The medal will be issued by the U.S. Capitol Historical So-

ciety, operating under the authority of the Congress. It will be the fourth in a series of medals which are being brought out on an annual basis so that the issuance of the last, in 1989, will coincide with the 200th anniversary of the year in which the Constitution became effective. The first three medals in the series commemorated George Washington and the Battle of Yorktown, John Paul Jones and his ship, the *Bonhomme Richard*, and James Madison, our Nation's fourth President who is widely known as the Father of the Constitution. The sculptor of the Hanson medal is Miko Kauffman, and it is being produced by a firm in Connecticut. No date of issuance has been set, but the medal will eventually be distributed to collectors of the series and to other interested parties through the Capitol Historical Society.

In conclusion, I want to mention in a particular way two of the various sources I used in preparing these remarks—"John Hanson, President of the United States in Congress Assembled, 1781–1782," by Douglas H. Thomas, of Baltimore, and "John Hanson, First President of the United States Under the Articles of Confederation," by Dr. Amandus Johnson. In general, I relied on their accounts of Hanson's activities. If there are historians who disagree with their presentations and interpretations, I would like to explain again that my purpose in these remarks, as I have stated, has not been to scrutinize and debate over the events in which Hanson participated but rather to focus on the common thread of his leadership which can be seen in them all and which binds them together into the story of the life of a great patriot. The biography by Douglas Thomas published and distributed in the 1890's, was instrumental in having Hanson selected as one of the two Marylanders to be honored in accordance with an act of Congress, in 1864, authorizing each State to place two statues of honored sons or daughters in the Capitol (the other is Charles Carroll of Carrollton, one of the three Maryland signers of the Declaration of Independence). A copy of the booklet is in the Rare Books and Special Collections Division of the Library of Congress. The other biography, by Dr. Amandus Johnson, the outstanding Swedish-American historian, lecturer and author of books and articles on the history of Swedes in America, contains a great deal of information about Hanson's ancestry and about the controversy over whether he was truly "president."

Dr. Johnson founded the Swedish Colonial Society in 1908 and was instrumental in the establishment of the American Swedish Historical Foundation and Museum in Philadelphia. Let me add a couple of reminders at this point. It was the Swedish Colonial Society which donated the bronze bust of John Hanson which surmounts the seven-sided monolith of black Swedish granite at Gloria Dei (Old Swedes) Church in Philadelphia; the monolith itself was the gift of the Vasa Order of America in Sweden. There is also a permanent monument to Hanson at his birthplace in Mulberry Grove, Calvert County, and this was erected by the Vasa Order of America.

Back to Dr. Johnson's booklet: As I was saying, the publication by Dr. Johnson as well as the booklet by Douglas Thomas are interesting publications about an interesting man, and I acknowledge the assistance they were to me in the preparation of these remarks.

At this point, Mr. President, I ask to have printed in the RECORD letters on this topic, beginning with the most recent.

I send to the desk on behalf of myself and my distinguished colleague from Maryland (Mr. SARBANES) the bill to provide for the issuance of a postage stamp to commemorate the 200th anniversary of the election of John Hanson of Maryland as the first President of the United States in Congress assembled. I ask for its appropriate reference and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 797

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the Postmaster General shall issue a commemorative postage stamp to honor the 200th anniversary of the election of John Hanson of Maryland as first President of the United States in Congress Assembled.

SEC. 2. The commemorative postage stamp issued under this Act shall be issued in the denomination used for first-class mail up to one ounce in weight and shall bear such designs as the Postmaster General shall determine.

SEC. 3. The commemorative postage stamp issued under this Act shall first be placed on sale on November 5, 1981, the 200th anniversary of John Hanson's election as President of the United States in Congress Assembled, and shall be sold for such period thereafter as the Postmaster General shall determine.

The PRESIDING OFFICER. Without objection, the bill will be received and appropriately referred.

Is the Senator requesting that the other information he spoke of be printed in the RECORD?

Mr. MATHIAS. I further ask unanimous consent that the letters accompanying my statement be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MARCH 4, 1981.

Hon. WILLIAM F. BOLGER,
Postmaster General,
U.S. Postal Service,
Washington, D.C.

DEAR MR. POSTMASTER GENERAL: Today I am sending this letter to you and to the Citizens' Stamp Advisory Committee. On November 30, 1781, George Washington wrote to John Hanson: ". . . I congratulate you on your appointment to fill the most important seat in the United States."

What Washington saw fit to recognize in the full awareness of contemporary history, our modern United States Postal Service, two centuries removed from its own and our Nation's beginnings, has thus far neglected. It is not too late to remedy the omission. Memories fade; enthusiasms wane; history dims. The facts of history, however, endure and it is our duty today to dispel the haze of time and illuminate those aspects of our Nation's history which are our heritage and our inspiration.

What better way to honor the service of John Hanson—the first President under the Constitution—than to call his service to the attention of the Nation through the issuance of a commemorative stamp in this bicentennial year of his election as President of the United States in Congress Assembled?

The time is eminently appropriate. We hear today of new beginnings. How fitting it would be to turn again in a special way to our first new beginnings. We hear much today of the need for qualified men and women of honor to seek public service despite our troubled times. John Hanson remains a continuing exemplar. The spirit which renewed our Nation as we prepared for and observed its bicentennial lingers. If stamps in honor of Sybil Ludington, Youthful Heroine; Salem Poor, Gallant Soldier; Haym Solomon, Financial Hero; and Peter Francisco, Fighter Extraordinary, helped bring us closer to the cessation of our ties with England, a stamp in honor of Hanson would surely take us back in thought and spirit to our subsequent fledgling days as a sovereign nation.

In addition to the stamps I have just mentioned, I have seen stamps in honor of Dolley Madison, Adolph S. Ochs, Sidney Lanier, Henry David Thoreau, Walt Disney, W. C. Handy, John Steinbeck, W. C. Fields, and Jimmy Rodgers, Singing Brakeman. I do not question their worthiness. I have also seen stamps in commemoration of Everett Dirksen, who was my friend and colleague, and Frances Perkins. Again I do not question their worthiness. I thoroughly understand why each is on the list of honorees. What I do not understand when I review these individuals is why John Hanson has not yet been added to their number.

My interest in a Hanson commemorative stamp is not new. As your files will show, I have written to you at length on this important matter. Copies of my previous correspondence are enclosed for your information. I will not repeat the arguments contained therein, but I urge you to reread my previous letters. I will, however, emphasize these points: (1) that when John Hanson was elected in Independence Hall two centuries ago, he became the first President elected under and according to our first Constitution and the head of Sovereignty of the United States, and (2) that in this anniversary year, the significance of Hanson's election and service should be given appropriate recognition through the issuance of a commemorative stamp.

Recently I saw a fairly new stamp in honor of Philip Mazzei, "Patriot Remembered." I am sure that you and the Citizens' Stamp Advisory Committee will not relegate John Hanson to the ignominious category of "Patriot Forgotten."

With best wishes,

Sincerely,

CHARLES MCC. MATHIAS, JR.,
U.S. Senator.

OCTOBER 9, 1980.

THE CITIZENS' STAMP ADVISORY COMMITTEE,
U.S. Postal Service,
Washington, D.C.

GENTLEMEN: The 200th anniversary of the Declaration of Independence was the highlight of the Bicentennial Era, and its celebration stimulated considerable public interest in the signers of that document and the events of the period. In 1989, another national celebration will mark the 200th anniversary of the adoption of the Constitution of the United States.

It is fitting that we also commemorate and focus the public's attention on the events of the fateful years between—events that transformed 13 independent colonies into one united nation—and on the leaders who kept

government strong at a time when its breakdown would have made the revolution fail. The adoption of the Articles of Confederation and election of John Hanson as President was an event of momentus significance, for it marked the first time the American colonies were united under a written constitution with a head of state. We were for the first time truly free and independent, and so considered by the governments of Europe. For the first time we were a nation.

When representatives of the colonies met for the first Continental Congress in 1774, they sought conciliation with the King, and had no intention to seek independence or to form a permanent union with one another. As hope for harmony with the King faded, the colonies began to separately declare themselves to be "free and independent states," and they so remained until adoption of the Articles of Confederation in 1781, when the structure of the new republic had been completed and its first constitution went into effect.

In my previous letters of April 14 and May 7, I have touched briefly on some of John Hanson's achievements, which were of momentous importance in uniting the states as one American nation. In the later years of the Revolutionary War, when victory seemed within grasp the 13 colonies began laying vast claims to lands outside their immediate boundaries. These claims led to heated territorial disputes among the states that threatened to dissolve into armed conflicts. Wars among the independent states at that time would no doubt have greatly altered the structure of our government, and indeed may have altogether prevented the founding of the United States. By insisting that all states renounce their claims to additional territories, John Hanson, as leader of the Maryland delegation and respected statesman of the Continental Congress, performed a unique and great service by bringing about harmony among the states that made possible their agreement to unite as one nation.

The colonies did finally agree, after much discussion, on one constitution by which all would be governed, and in 1781 the Articles of Confederation were adopted. John Hanson was elected President and was the first to serve as chief of state, rather than as a temporary presiding officer of the Congress.

He was recognized as the highest official of the land, and it was to him that foreign dignitaries paid their respects when travelling in the new world. During his term of office, for the first time a national government structure was formed. A Department of Foreign Affairs was established, a national Judiciary was created, a Secretary of Marine (Navy) was appointed, the offices of Secretry at War and Superintendent of Finance (Secretary of the Treasury) were instituted, and a national system of taxation was proposed. The Consular Service was originated, the Bank of North America was founded, the national post office was organized, and a special Seal of the United States was adopted. In other words, a functioning national government became a reality.

Some years later, in the effort to form "a more perfect union," a new Constitution of the United States was written and adopted in 1789. That Constitution has survived to this day. It retained many of the provisions of the Articles of Confederation, its predecessor. The first to be elected by his colleagues to serve as President under the new constitution was, of course, Gen. George Washington. His was a unique and important horor, to be sure, but it is important also that we honor the men who filled the highest office under the original constitution, and whose leadership and dedication preserved and advanced the principles which endure to this day.

I hope that we can properly focus attention on this important historic event by issuing a stamp to commemorate the bicentennial of John Hanson's presidency under the Articles of Confederation. The Hanson home in Frederick has been named to the national register of historic places, and his statue stands in Statuary Hall in our nation's Capitol. In these bicentennial years, it is fitting also that a stamp be issued to commemorate this great patriot and his service in helping to found this nation.

I respectfully urge your favorable consideration of the proposal which is pending before you.

Sincerely,

CHARLES McC. MATHIAS, Jr.

MAY 7, 1980.

Hon. WILLIAM F. BOLGER,
Postmaster General,
U.S. Postal Service,
Washington, D.C.

DEAR MR. POSTMASTER GENERAL: I appreciated very much your prompt response to my letter urging issue of a stamp to commemorate the 200th anniversary of John Hanson's presidency.

We are now in the period between the bicentennial of the Declaration of Independence in 1976 and the bicentennial of the adoption of the Constitution in 1989. During this period 200 years ago the statesmanship of men like John Hanson was crucial to resolving the differences among the separate states and leading them to become "United States" under the Constitution.

Yet those men who helped forge that union have remained largely unsung heroes. By recognizing the men and events of these interim years, we can help to remind the public of the relationship between the two bicentennial celebrations.

I remain hopeful that the Citizens' Stamp Advisory Committee will find it possible to help honor this great Swedish-American patriot who was our nation's first head of state.

Sincerely,

CHARLES McC. MATHIAS, Jr.

APRIL 14, 1980.

Hon. WILLIAM F. BOLGER,
Postmaster General,
U.S. Postal Service,
Washington, D.C.

DEAR MR. POSTMASTER GENERAL: Because of my longstanding interest in our American heritage and my interest in John Hanson, I very much hope that a stamp can be issued to commemorate the 200th anniversary of Hanson's presidency and to honor his vital contributions to our nation.

As you may know, John Hanson, of Frederick, Maryland, led the Maryland delegation to the Continental Congress. He was held in great esteem by the members of that historic body and was elected the first president of the states assembled under the Articles of Confederation. That formative period between the Revolutionary War and the adoption of the Constitution was a volatile one. Had it not been for the strong and wise leadership of John Hanson, disputes that arose among the states might well have dissolved into conflicts that would have prevented the union of the states under the Constitution of the United States.

Every school child knows that the first President elected under the Constitution was George Washington, but the importance of John Hanson's leadership as the first President under the Articles of Confederation has been much less well known and is deserving of our recognition.

Mr. Erik Tornqvist, Governor of the Swedish Colonial Society, has provided the Citizen's Stamp Advisory Committee more detailed information about the crucial role of John Hanson in unifying our new nation. I heartily endorse the proposal for a stamp in his honor, and urge your favorable consideration.

Sincerely,

CHARLES McC. MATHIAS, Jr.

Mr. SARBANES. Will the Senator yield?

Mr. MATHIAS. I am happy to yield to my distinguished colleague.

Mr. SARBANES. Mr. President, I am pleased to join the senior Senator from Maryland, my distinguished colleague (Mr. MATHIAS), in introduction of this bill. I am pleased also to join him in commemorating Maryland Day and recognizing the enormously significant contributions made to our State and Nation by John Hanson, one of our outstanding Revolutionary War leaders and the Nation's first President of Congress under the Articles of Confederation.

Born at Mulberry Grove, near Port Tobacco, of Swedish descent, in April of 1715, John Hanson lived in Charles County until 1777 and represented his county during this period in the assembly for several sessions.

In 1773, he moved to Frederick County, where he was to make his home for the rest of his life.

Frederick County is the home county of our distinguished senior Senator, Senator MATHIAS, so, in a sense, there is a clear line of descent in terms of public officials of that great county from John Hanson down to Senator MATHIAS.

While living in Charles County, John Hanson assumed the leadership of the opposition to the Stamp Act. He strongly advocated the nonimportation agreement in 1769. After he moved to Frederick County in 1773, he led the movement in that part of our State for testing the closing of the Port of Boston.

Shortly thereafter, he was appointed a delegate to the Convention of Maryland as well as a member of the Committee of Observation.

In 1777, Congress submitted the Articles of Confederation to the legislatures of each State for ratification. Within a year and a half, all the States had ratified the articles except Maryland, which refused to do so until those States which claimed lands in the Northwest Territory should surrender their claims, Maryland's position being that only Congress had the sole right and power to determine the western boundary of those States which possessed land claims. Maryland insisted that the Northwest Territory should become the common property of the United States, subject to be parceled out by Congress into free, convenient, and independent governments.

Led by John Hanson, who in 1779 had been elected to the Continental Congress, Maryland persisted in its demands, until finally Congress yielded and recommended that all States with western land claims cede them to the Confederation. After the adoption of the Maryland plan, the Articles of Confederation then became operative, when John Hanson and Daniel Carroll signed the document.

On November 5, 1781, 200 years ago, John Hanson was elected President of the United States in Congress Assembled. He served until April of the following year, when increasing ill health forced him to become inactive.

After General Washington's victory over Cornwallis at Yorktown, John Han-

son presented Washington to the Congress on that auspicious occasion.

Mr. President, as my distinguished colleague has pointed out, Maryland has had many, many important and significant historical figures who have contributed to the building of the Republic. Today, which marks the 200th anniversary of John Hanson being the first President of the United States in Congress Assembled, is a particularly significant occasion, and we are honored that the Ambassador of Sweden is here with us on this occasion.

In 1902, the State of Maryland selected John Hanson to represent our State with a statue in the National Hall of Fame, and that statue stands literally right outside the center door of the U.S. Senate. In fact, we pass by it every time we assemble and proceed to the House of Representatives for a joint session of Congress, with John Hanson staring down at us with forbearance and understanding and tolerance, which always has characterized our State, and with the vision which he brought to the problems of his day.

So I am very pleased to join Senator MATHIAS today in honoring Maryland Day and in honoring John Hanson.

I thank the Senator for yielding.

Mr. MATHIAS. Mr. President, I thank my distinguished colleague for his thoughtful remarks and for his historical review. I also appreciate his generous thoughts with respect to Frederick County, my native county, and his charitable thoughts with respect to me—all of which are much appreciated.

I point out that the measure which has been introduced by Senator SARBANES and me has its counterpart in the other body, in a bill introduced by Representative HOLT; and I urge Members of the Senate to act upon that measure very promptly.

I might even urge the Postmaster General to act on his own initiative and to issue this stamp promptly, which would make it more economical and more efficient than going through the rather cumbersome legislative process of ordering it done by statute.

Mr. SARBANES. Mr. President, will the Senator yield?

Mr. MATHIAS. I yield.

Mr. SARBANES. I suggest that if the Postmaster General were to do so, it would show a sensitivity to the history of our State and country which would be highly commendable.

Mr. MATHIAS. I agree.

Mr. President, I take this opportunity to welcome the Ambassador of Sweden, who has entered the Chamber pursuant to the order of the Senate.

I believe it is a mark of his high degree of sensitivity that he has joined up today for this event. He is certainly one of the most distinguished of the ambassadors to serve in Washington.

My acquaintance with Count Wachtmeister goes back prior to his arrival here as Ambassador. I had occasion to meet him in Stockholm at a time when the United States was much worried about our prisoners of war in Vietnam; and through his efforts and those of his countrymen, we were able to take first steps toward alleviating the conditions under which American prisoners of war were held. For that, we shall be grateful to Sweden and particularly grateful to Ambassador Wachtmeister.

We are pleased, also, that his wife, Countess Wachtmeister, has joined us for the ceremonies in connection with this commemorative day of Maryland. She has contributed enormously to the cultural life of Washington during the years they have lived here. I am happy that both of them are able to be in the Capitol and to join us today.

Mr. SARBANES. Mr. President, I join my colleague in his expressions of respect and admiration for Ambassador Wachtmeister in the superb representation he has provided his country and in being a very close and true friend of our country. We are honored that he and Countess Wachtmeister have taken the time to join us today on this occasion.

SENATE CONCURRENT RESOLUTION 9

Mr. GRASSLEY. Mr. President, I wish to speak in support of the second concurrent resolution on the budget (S. Con. Res. 9) as reported by the Senate Budget Committee on March 23, 1981, the contents of which are more fully described in Senate Report No. 97–28. The bill is not perfect; little that we as a deliberative body undertake to do cannot be improved. We will have a chance to make further refinements when the Senate takes up this measure tomorrow.

I speak in support of the resolution as a recently elected Senator who recognizes that he was elected by the people of the State of Iowa because of their desire to limit spending and the imposition of taxes by the Federal Government.

I speak in support of the resolution as a person who served 6 years in the other body and in that Chamber fought excessive Federal spending. During those 6 years, my side continually lost. The events of recent years, during which time the Nation's economy has declined precipitously, proves that the people of the United States also lost.

For example, the Consumer Price Index, commonly cited as a measure of the rate of inflation, increased by only 6.5 percent in 1977. The CPI increased by more than 12 percent during calendar year 1980.

Finally, I speak as a Member of the Senate committed to making the legislative process and the institutions of Government work, at least until we can make structural improvements. Here, I make reference—in regard to structural improvements—to my desire to provide in the Constitution for a balanced Federal budget.

Until we are successful in that endeavor, we must make use of existing laws and procedures.

In this case, today, we are following the provisions of the Congressional Budget and Impoundment Control Act of 1974.

The effort of the President and the Congress to restrain increases in Federal spending has, at least up to this point, been a useful exercise.

The Budget Committee, of which I am a member, has sent to the floor a resolution that trims $14.7 billion in budget authority and $2.9 billion in outlays from the current fiscal year's budget.

These savings are somewhat lower than the administration requested for fiscal year 1981. Our budget authority reduction is $2.5 billion less than President Reagan proposed; our outlays will total $100 million more this fiscal year. Savings achieved for fiscal year 1982 total $52.1 billion in budget authority and $37.4 billion in outlays.

It is expected that even greater savings will accrue to the taxpayers in the outyears past 1982.

We have given President Reagan virtually everything he has asked for and, in some instances, we have improved upon the administration's suggestions by shaving an additional $2.4 billion in authority and $2.3 billion in outlays for fiscal year 1982.

I say that this has been a useful exercise for a number of reasons. To illustrate this point, it is necessary to compare where we are and what we are doing this year as opposed to just 1 year ago.

In the autumn of 1979, Congress approved spending targets of approximately $548 billion in fiscal year 1980 and $613 billion in fiscal year 1981. In May 1980, Congress, at the request of former President Carter, increased fiscal year 1980 outlays by $16 billion to nearly $566 billion. The former President, as well as his loyalists in the Congress, carried on a much publicized flirtation with a balanced Federal budget for the current fiscal year (fiscal year 1981), and then moved to dump the idea.

Federal spending, in part fueled by double digit inflation and a faltering economy, continued to explode during the summer of 1980 so that, by the end of fiscal year 1980, the former President and the Congress incurred outlays of $579 billion. Last autumn, outlays for the current fiscal year were set at $632 billion. President Carter, in one of his last official acts in office, revised fiscal year 1981 spending projections upward to $662 billion. Incidentally, his new projected deficit was projected to be in excess of $55 billion.

It is against this backdrop of spiraling inflation brought about by uncontrolled Federal spending that President Reagan's budget revisions should be viewed. The Budget Committee's actions must be evaluated in light of the economic calamity awaiting our country unless corrective action is taken. President Reagan seeks to limit Federal outlays to $655 billion this year. This sum, which is 2 percent less than the amount projected by President Carter in his January revision, still is more than $42 billion above what was anticipated just 1 year ago.

The Senate Budget Committee has given President Reagan $2.9 billion in reductions this year, and more significant savings next year. And this fact cannot be overemphasized, but we still are spending much more than even the biggest spenders in Washington thought possible a year and a half, or even 1 year ago.

Just 12 months have brought about a $42 billion increase in expenditures beyond expectations.

The President's initiatives are useful because the frame of reference for discussions on Federal spending has been shifted, both for the immediate moment as well as the foreseeable future, or at least I should say hopefully for the foreseeable future. This became apparent to me in talking with lobbyists and representatives of interest groups.

In the past, it was standard practice for those pleading the case of increased Federal spending for a given program or policy to ask for an increase over and above the rate of inflation. Discussions were prefaced with the comment that "We'll have to have this much just to keep up with inflation and then we'll need an additional amount for our new program." This sort of mentality, the constant add-ons that anticipate a high rate of inflation and a Federal Treasury without limit, has contributed to the economic mess we are in.

Now when I am approached with respect to the Federal budget, the discussion is begun by an indication that "There is some waste in what we are doing" and an admission that "We can live with last year's funding or even a slight reduction." This indicates to me that Americans are reexamining and reevaluating Federal spending in light of the new economic realities, and, more importantly, in light of the mandate of the electoral race in the last election. Programs will operate more efficiently and those things that must be done will still be done.

Mr. President, there is a common misconception among commentators and opinionmakers, who either have not done their homework or are not inclined to report all of the facts, to the effect that the Budget Committee recommendations provide for "meat ax" reductions in social and income transfer programs.

They fail to point out that, although there are indeed reductions from current law or President Carter's budget proposals, total Federal spending for most of these programs will continue to increase.

I will give you the following as an illustration of my point:

If my colleagues will turn to the top of page 106 of the committee report, they will observe a half-page summary of proposed reductions in the disability insurance program within function 600.

The President and the Budget Committee believe that if stricter recency of work standards are applied, then outlays in fiscal year 1982 can be reduced by $124 million.

The baseline figure indicates that, even with this reduction, spending for the disability insurance program will increase by more than $2 billion from $17.447 billion in fiscal year 1981 to $19.491 billion in fiscal year 1982.

This proves the point that many of us have been making as we visit with our constituents back home, namely, that we are not proposing budget cuts; rather, we are asking for restraints in increases.

I tried to emphasize this point in my additional views contained in the committee report where I wrote that:

> The proposed budget reductions included in the revised budget resolution for fiscal year 1981 do not reduce the Federal budget to a level lower than we have had in any previous year. Even with the difficult spending cut decisions we have made, the budget for fiscal year 1982 will be approximately $700 billion, with a deficit of $45 billion. The reductions are merely designed to limit the rate of growth of Government spending from its current growth trend of 16 percent to 6 percent. The budget next year will still be the largest in history.

Mr. President, President Reagan and the members of the Senate Budget Committee have, in light of the economic calamity facing us if we do nothing and adopt a "business as usual" approach, acted responsibly. The facts that document my assertion are contained in the committee report accompanying the resolution.

I regret that some, whom I have made reference to earlier, have portrayed our program for economic recovery as drastic and insensitive, the budget revisions as draconian.

Those who have, over the years, profited from profligate Federal spending, have seized upon the media's "evidence" and I use that term advisedly, and attempted to mobilize their particular constituencies in an effort to undo the work that must be done.

Facts have been distorted and millions of Americans, without direct access to the hard documents containing the President's program and detailing the Budget Committee's deliberations, have been unduly alarmed.

I began my remarks by observing that I speak as a recently elected U.S. Senator. I believe that one of the reasons that I was elected last November was that, during my years as a Member of the House of Representatives, I kept in touch with the people whom I represented in the Congress. I have kept in touch since being sworn in to serve in the Senate. The people do not want a "business as usual" approach. They want an approach to solving the economic problems facing our country. These constituents insist on reductions in size and growth of the Federal Government. The adoption of the second concurrent resolution on the budget for fiscal year 1981 will demonstrate that we have listened and paid attention to the message that has been sent. Expeditious consideration and adoption of this legislation will mark a first step, however tentative, down to the road to economic recovery for our people and the entire nation.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

(Mr. GRASSLEY assumed the chair.)

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE RECONCILIATION INSTRUCTION

Mr. TOWER. Mr. President, last November the American people mandated Congress to bring the size and scope of Government back into control and to end the runaway Government spending that has fueled inflation. Last Thursday the Senate Budget Committee acted in compliance with that mandate by unanimously voting to report to the full Senate a reconciliation instruction which embodies President Reagan's proposed budget cuts. This reconciliation instruction is the result of an arduous effort put forth by my colleagues on the Budget Committee to respond to a mandate given by the people of our country—mandate voiced by the majority of Americans to stop Government growth, to balance the budget, to strengthen our national defense, to stimulate the creation of jobs and reduce the tax burden, to reduce and eliminate inflation, and to resurrect our economy from the nadir to which it is now plummeting.

The urgency of our situation is underscored by the expeditious manner in which the Budget Committee has reported to the Senate the reconciliation instruction for fiscal years 1981, 1982, and 1983. In my 20 years in this great deliberating body, I have never seen such unity of purpose and such willingness to place the national good ahead of parochial interests. It is an historic event—one I am proud to be associated with—and I exhort my colleagues to recognize that our failure to preserve the integrity of the President's economic package will unmistakably consign us to a state of precipitous and irreversible economic decline.

I think I would be remiss if I failed to thank the distinguished chairman of the Senate Budget Committee, Senator DOMENICI, for his fairness and perseverance in leading the committee to unanimous agreement on a package of budget rescissions totaling $36.4 billion for fiscal year 1982. This package has the support of Senators from the north and south, east and west; it has the support of Democrats and Republicans, liberals and conservatives; it is representative of the administration's intentions, and most important, it embraces the wishes of the vast majority of the American people.

Now, I am certain the rescission proposals have brought many interest groups to the Capitol to urge the sparing of their particular programs. It is true that the magnitude of our problems requires drastic action which will cut growth in some very desirable programs around the country. But many of the affected groups have told me they are willing "to take it on the chin,"—even though it is not in their short-term economic interest—if it means our economy will be revitalized. One constituent tells me he is tired of Band-Aid cures for cancer. He is a realtor and knows the budget cuts will hurt him in the short run; but if the corrective surgery is performed now, he and the rest of us will be better off in the long run.

I am aware of the complaints that "the budget cuts are necessary, but they are inequitably distributed." A parochial approach, however, would only serve to undermine the administration's attempts to deal with the pressing economic con-

cerns of the day. The multifarious economic problems confronting us call for a united front to achieve a common objective. I can hardly be sympathetic to charges of regional bias from the North—when Buffalo, Detroit, and Cleveland all receive far higher amounts of Federal moneys for community development than Dallas, Tex. The cities of Detroit and Cleveland alone receive three to five times the amount of Federal funds in transit subsidies than does Dallas. And in the city of Houston—the fifth largest, and the fastest growing city in the United States—no funds will be available for a mass transit rail system; but fixed rail systems in the Northeast corridor will continue to receive mass transit capital grants.

The State of Texas has the longest international border of any State. Reductions in appropriations to Immigration and Naturalization Service exacerbates problems peculiar to the Mexican border States.

Although Texas has the greatest number of retired military personnel of any State, I am willing to go along with the proposal to limit the cost-of-living adjustments to one per year instead of two per year. Scientific research at NASA and health research at Houston's Medical Center will be cut down. SBA and FEMA loans are being reduced. Our State, which is disaster-prone, will have to bear the financial burden of rebuilding whenever plagued by hurricanes, tornadoes, and other disasters.

We must take the overall program with particular reductions that each of us individually might disagree with because once the program becomes open to special interests, we will never be able to arrest growth in Federal spending. There are aspects of the package which I seriously question, but I am putting aside those concerns. It is a tough, hard-nosed way to have to go about it; but I think this is what the American people want. I urge my colleagues in the Senate to put aside special interests in order to pass the President's program.

We have a rare opportunity to respond to the expressed will of the American people. We must stay in step with the administration on its crusade to set our financial house in order. The reconciliation will not destroy 30 years of social programs; it will not take food out of the mouths of mothers and children; nor will it go back on our society's commitment to help the needy. This resolution will trim the untamed, unharnassed, and rampant growth of Federal spending which is bringing our country to its knees. It is imperative that we act responsibly and expeditiously in approving the reconciliation instructions.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

THE PRESIDENT'S BUDGET PROPOSALS FOR FISCAL YEAR 1982

Mr. THURMOND. Mr. President, today I rise to express my strong support for President Reagan's budget proposals for fiscal year 1982.

This program is not just a cut in Government spending. It also includes a tax cut package, a reduction in excessive Government regulation, a sound monetary policy, and eventually, a balanced budget. I believe all of these measures are necessary, and I will support the administration's efforts to achieve them.

During the past two decades, the Democratic-controlled Congress has addressed every aspect of our social and economic problems with more legislation, more interference by the Federal Government, and more spending to support the growth of Federal services.

The traditional relationship between the power of the States and the Federal Government has been thrown totally out of balance. Federal grant programs, subsidies, regulations, and special interest groups, acting with Federal financial support, have tipped the principles of Federal/State relations too far in the direction of big Government.

The United States is fast approaching a trillion dollar budget, which would be reached in just a few years if Government spending continues at present rates.

Although Federal spending may rise, it must not do so at the rate we are now experiencing. President Reagan proposes to reduce the amount of the Federal spending and, in the process, reduce the size of Government.

A few figures are helpful in understanding the growth of Federal spending. The January budget estimates showed Federal spending increasing at an annual rate of 13.3 percent from 1977 to 1981. The Reagan administration budget program will reduce the rate in the increase of Federal spending to only 5.5 percent a year over the 1981–84 period.

Revenues will also be reduced through the passage of tax cuts recommended by the administration. As a result of these proposals, Federal receipts are estimated to rise by 28 percent between 1981 and 1984, and by 57 percent over the entire 1981–86 period. Under the Carter administration's proposals, receipts would have risen by 96 percent over this 5-year period. This reduction in revenues to the Government will mean more capital for private investment and economic growth, thus reducing the size of Government spending while stimulating the private sector.

Mr. President, one area where I wholeheartedly support the President is the necessity for a balanced budget. The budget has been balanced only once in the last 20 years, and if we keep spending at current levels, there is little hope of ever balancing the budget again. For years, I have advocated the need to spend only what can be brought in as revenue. Numerous States have long recognized the need for fiscal responsibility and have passed laws, or amendments to State constitutions, to achieve that purpose. My State is one of those. Unfortunately, the Federal Government has been consistently running up deficits in record style and making no attempts to maintain a balanced budget.

I have introduced a measure to amend the U.S. Constitution that would require Congress to vote affirmatively if it wants expenditures to exceed revenues in any given year. There would be, however, an exception for wartime situations. The Constitution Subcommittee of the Senate Judiciary Committee has already held a day of hearings on this proposal, and I expect action by the full committee early this year.

Mr. President, the administration's proposed budget reductions have not been made in a random or hurried manner. A number of criteria have been used to reach these decisions. For example, the President has made it very clear that he intends to continue funding support for the elderly, the hardcore unemployed and poor, and those Americans who fulfilled their commitments to the country in times of war.

Entitlement programs will be revised to eliminate unintended benefits or, in other words, benefits that have gone to people with middle to upper incomes or to people who are collecting twice from similar programs.

Economic subsidy programs like CETA, Job Corps, and other community service programs will be scaled back or consolidated into a block grant to the States where they can be more effectively managed and tailored to local needs.

Tax credit for certain nonprofit institutions will be withdrawn, and the guaranteed student loan program will be modified to remove the special allowance for those who lend to parents of students. The 9-percent interest subsidy now provided for students while they are in school will also be eliminated.

Another criterion will be the consolidation of many categorical grants to State and local governments into block grants. Nearly 550 programs are scheduled for such action. In the health, education, and social services programs alone, consolidation will encompass 616 pages of law; 1,400 pages of regulations; more than 10,000 separate grants; and approximately 88,000 grant sites. It takes over 7 million hours to fill out the forms relating to the programs funded by the Federal Government in this area and several thousand Federal employees to administer them.

Finally, President Reagan is addressing the matter of reducing Federal overhead, personnel costs, and program waste and inefficiency. President Reagan placed a complete freeze on hiring and put limits on orders for the procurement of new office equipment.

These are the criteria that the administration has used to achieve budget reductions so that it can provide support for the truly needy while fulfilling our responsibility to strengthen the national defense. To many, the proposed increases in defense spending at the expense of social programs may seem unacceptable. However, an increase in defense spending is a necessity. The security of the United States in terms of military readiness has never been more in jeopardy. We are falling far behind the Soviet Union in a number of areas, and we need an infusion of programs to catch up. This

is especially important in view of the current world situation.

Mr. President, I intend to support the budget revisions recommended by President Reagan, even as they adversely affect people in my own State of South Carolina. A number of groups and individuals have contacted me asking for my support in reversing administration cuts of Federal programs, such as the Economic Development Administration, coastal plains projects, the Appalachian Regional Commission, and the food stamp program. These cuts, according to the Governor's office of South Carolina, will amount to approximately $122.5 million for fiscal years 1981–82. On the positive side, however, Miss Barbara Feinn, the chief economist for the State of South Carolina, predicts that South Carolina can expect nearly 150,000 new jobs in the next 5 years. Forty percent of these jobs, according to Miss Feinn, can be attributed to increased productivity due to Federal spending cuts.

In conclusion, Mr. President, we cannot continue to spend more than we take in. When the budget deficit increases, the U.S. Treasury is forced to go out into the marketplace and borrow money to service that debt.

This borrowing by the Federal Government, in turn, forces up interest rates, which results in higher inflation. Inflation hurts everybody—rich and poor alike. It especially hurts the governmental units of this Nation which are being asked to provide more and more services. If Federal spending can be reduced, inflation can be brought under control.

Mr. President, on November 4, 1980, the American people expressed their desire to have less government, less Federal spending, and less regulation. The Reagan budget proposals are responsive to that mandate. The President has the responsibility to see that this program is carried out. He has the support of the American people. I know he has the support of the senior Senator from South Carolina. He deserves the support of every Member of Congress.

PRESIDENT'S SPENDING REDUCTION PROPOSALS

● Mr. QUAYLE. Mr. President, today we have an opportunity to take the first step in implementing the President's spending reduction proposals.

The passage of S. 509, to suspend the April 1 increase in milk prices supports, will represent a modest savings of $147 million in fiscal 1981, and an additional $86 million in fiscal year 1982.

However, it will be an important and necessary signal that Congress is serious about fighting inflation, reducing Federal spending, and putting our economic house in order.

In 1980 the Agriculture Department spent more than $1 billion on the dairy program. Unless we take this action, the gross expenditures of the program in 1981 will reach $2 billion.

Failure to enact this legislation will impact on consumers with retail milk prices estimated to rise about 3½ to 4 cents per half gallon.

We are experiencing a growing surplus of Government-held stocks of dairy products. For example, as of February 20, 1981, the Government owned 355 million pounds of nonfat dry milk. This is expected to increase even without an increase in the price support level. In January, the Government bought 43 percent of all the butter produced in this country.

Mr. President, many Indiana dairy farmers have advised me that they are willing to forego the April 1 increase in the best interests of the economic health of the country. This is in keeping with the longstanding tradition of patriotism shown by American farmers and their commitment to fiscal responsibility.

There are those who have suggested to me that we support an amendment to require imposition of a quota on casein imports at a level based on 50 percent of the average import levels between 1975 and 1980. I have studied the merits of this amendment and have concluded that it is deficient in that it has the potential of damaging the $47 billion of U.S. agricultural export trade; it poses the threat of almost certain action against all U.S. exports under the General Agreements on Tariffs and Trade; and the issue might better be addressed under existing administrative procedures.

It is my understanding that the USDA is conducting a study of the casein import issue, and its findings should be available in June.

I would suggest that we review this problem again with the benefit of that report this summer.

Meanwhile, let us move ahead in taking this initial step in President Reagan's program to fight inflation by adopting S. 509.●

ADJUSTMENT OF PRICE SUPPORT FOR MILK

The PRESIDING OFFICER (Mr. GOLDWATER). Under the previous order, the hour of 3:30 p.m. having arrived, the Senate will now resume consideration of S. 509, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 509) to amend Section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually.

The PRESIDING OFFICER. Who yields time?

Mr. BAKER. Mr. President, I suggest the absence of a quorum, with the time to be charged equally to the managers of the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, how much time remains? Fifteen minutes, is that correct, equally divided?

The PRESIDING OFFICER. The vote will occur at 4 o'clock unless there is a vote in progress on the Melcher amendment, if that is offered.

Mr. HELMS. I thank the Chair.

I am not absolutely certain at this moment, Mr. President, whether the distinguished Senator from Montana is going to submit an amendment, and I wonder if I might make inquiry of him about that?

Mr. MELCHER. Mr. President, if the Senator will yield, we will have an amendment for the distinguished chairman of the Agriculture Committee to review to see whether it is acceptable.

I might state to the distinguished chairman that the preliminary information we have received from the Department of Agriculture concerning the outbreak of hoof-and-mouth disease in the United Kingdom is encouraging, and the fact that they have traced to the very farm where the disease broke out in the Isle of Wight those animals that were present on the farm at that time, and they have destroyed all of them, as is the method used in eradicating the disease at its outbreak.

Furthermore, the Department is assured by the veterinarians in England that samples of the milk which may have left that dairy farm prior to shutting off any movement from that farm have been determined as nearly as they can accurately portray to being negative for the live virus.

Although the live virus was found in milk on the farm or from the diseased animals on the farm, at the time the entire herd was slaughtered in order to prevent any further spread of the disease, they feel quite confident, the veterinarians in England feel quite confident, that none of the infected milk has gotten into the stream of trade in the United Kingdom.

The Department has assured me and has assured the chairman, I am sure, that continual scrutiny will be maintained by the veterinarians in England, and reviewed by our own animal disease quarantine and animal inspection forces within the Department of Agriculture, and will continue to provide surveillance also to prevent any possible spread of the disease to food products that may be coming into the United States.

I do have some concern as to whether or not the Department has adequate safeguards in place to make sure that the disease cannot be introduced into the United States. My amendment, which I will shortly show to the chairman and, hopefully, for his acceptance, will be along that line.

Mr. HELMS. Mr. President, will the Senator submit his amendment?

Mr. MELCHER. Mr. President, if the chairman will yield again, yes, I will show the Senator the amendment very quickly to see if it is acceptable.

Mr. HELMS. Mr. President, on my own time, I think I can allay the concern of the distinguished Senator from Montana. I have just received a letter from the Secretary of Agriculture, John R. Block, and let me read it into the RECORD:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 25, 1981.

Hon. JESSIE A. HELMS,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: I understand that the Senate will be considering this afternoon an amendment to be offered by Senator Melcher from Montana which would require the Department to review and make changes to be certain that the procedures employed by the Department will assure that the United States remains free of foot and mouth disease. In order to satisfy any concerns that Members of the Senate might have on this matter, I will within thirty days submit a complete report on our procedures.

The Department of Agriculture recognizes the essential and important responsibility that it has in the protection of this nation against that dread disease. As Secretary I want you to know that I will do everything possible and leave no stone unturned to see that this mission is carefully carried out.

Sincerely,

JOHN R. BLOCK,
Secretary.

Mr. President. obviously this eliminates the need for any amendment. The Department does not need to be required to do anything in this regard. It is voluntarily doing it. It recognizes the need for doing it. and a report will be submitted within 30 days. So I do hope the distinguished Senator from Montana will not offer his amendment.

I reserve the remainder of my time.

Mr. MELCHER. I think the chairman has performed very notably. I think the amendment we would offer would be along that line requiring a report of the procedures that are being followed.

Would the chairman mind reading that kev sentence again on what the report will contain?

Mr. HELMS. I do not know which sentence the Senator considers the key sentence. I think all of it is. He says:

In order to satisfy any concerns that Members of the Senate might have on this matter I will within 30 days submit a complete report on our procedures.

Mr. MELCHER. Mav I interrupt the Senator, will the chairman yield to me, Mr. President?

Mr. HELMS. Certainlv.

Mr. MELCHER. I think the procedures to which he is referring are the methods the Department uses to safeguard against the introduction of the disease into the United States; is that not correct?

Mr. HELMS. Yes, I think that is correct.

Mr. MELCHER. That is what I was asking the chairman to read. May I just look at the letter? That will be sufficient.

Mr. President, will the chairman yield to me?

Mr. HELMS. I yield the floor.

Mr. MELCHER. Mr. President, the amendment we have drafted and would ask the Senate to approve would be to require that the Department review their procedures and report back to us.

We would not have asked them to report back within 30 days. I think that is a little bit too fast. But this letter, dated today, by Secretary Block contains the very thoughts that we would have in our amendment, and completely satisfies me because what we would have asked for is that the Department must review their procedures to assure that the United States remains free of the disease, and then report back to us.

I think the letter the chairman of the Committee on Agriculture has received from the Secretary accomplishes the very purpose of the amendment I would have offered, so I certainly will not offer an amendment.

I am delighted at this proper reply from the Secretary, and I hope the procedures, after the review, look as good to them as they have been describing them to me today.

Mr. President, I do want to again express to my colleagues in the Senate that I am extremely apprehensive about any procedure that allows the live virus of hoof-and-mouth disease to come into the United States. There is no reason why we should take that chance.

Some countries that provide us milk products have higher standards than others. But as of right now, as of today, the Department does not enforce anything more than this on the milk products that come into this country, that is, pasteurization, normal pasteurization, where the milk is heated to 75 degrees Centigrade for 15 seconds, which is all that is envisioned by many countries, and we do not insist on anything higher than that.

In the case of a foot-and-mouth disease where the live virus is shed in the milk and, therefore, does get into food products, simple pasteurization is not adequate.

The Department's procedures right now are to say that while they safeguard and identify against any milk product, including casein, introducing the disease into the United States, because they only have it go into the food products that humans are going to consume, well, that is not quite enough to satisfy me, knowing that often hoof-and-mouth outbreaks have occurred in areas simply because of food product that went into the garbage can or fed to hogs or got into contact with other animals, and the animals that were susceptible, picked up the virus and the disease was then introduced to the livestock or wild animals in that area.

The secnd point, the Department says is, "well, after all the virus will only remain alive in casein or cheese products for 84 days." Well, that is not very comforting to me either because 84 days, with modern transportation, that is a pretty long period of time.

So I think it is absolutely essential that we require—or in this case we do not need to require—the Department is volunteering to review their procedures, and in doing so I think or rather I believe strongly that the Department will tighten up on their procedures as they affect dairy products that come out of a hoof-and-mouth-disease country. That is exactly what I would like to accomplish, and I am delighted that the chairman has received this letter from Secretary Block. I commend him for that and I thank him for that because I believe it is a very positive and necessary step.

Mr. HELMS. Mr. President, I am grateful to my friend from Montana. I might say to him that he disclosed he would not offer an amendment. He has said many things in his career as a Senator that pleased me, but none pleased me more than that. I am delighted he will not offer an amendment, and I further say that if there is any lapse in the implementation of this guarantee by the Department of Agriculture, I will join the Senator in insisting that they perform adequately.

I ask unanimous consent to insert in the RECORD a copy of the report that USDA made in response to questions raised yesterday by the Senator from Montana. I think that the Department has acted in an expeditious fashion to be responsive to Senator MELCHER'S concerns. I want to commend the Secretary of Agriculture for his sincere efforts to address this important problem.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 25, 1981.

SENATOR JOHN MELCHER: Attached you will find two documents requested by you in relation to importation of dairy products and the current foot-and-mouth disease (FMD) situation in the United Kingdom.

The former of these is an opinion from the Department's Office of the General Counsel relative to authorities exercised by the Secretary in importing dairy products from FMD-infected countries.

The second document will update you on the most recent FMD outbreak in the United Kingdom and the action being taken by the Department as a result.

I believe these two papers will answer the questions you raised. In the event there are further issues which need to be addressed, we will be pleased to supply further information.

HARRY C. MUSSMAN,
Administrator.

FOOT-AND-MOUTH DISEASE UPDATE: ISLE OF WIGHT SITUATION AND ANIMAL AND PLANT HEALTH INSPECTION SERVICE ACTIONS

The outbreak of foot-and-mouth disease (FMD) on the Isle of Wight occurred in dry dairy cows being held on pasture. No lesions were found in cows being milked nor were lesions noted in a small beef herd also located on the affected farm. To determine whether FMD virus had entered trade channels, milk samples from the farm were sent to the FMD World Reference Laboratory, Pirbright. No virus was found in the samples from the bulk tank or in samples collected at milkings prior to the day the entire herd was slaughtered. Samples of milk collected at the time of slaughter did contain virus; however, none of the milk was moved off the farm after FMD had been suspected several days earlier. All cattle on the farm (166 head) have been slaughtered and the carcasses disposed of.

Additional efforts are being made to assure the disease does not spread. All milk from other farms on the Isle of Wight is being heat treated as a precautionary measure to assure inactivation of any FMD virus. Some cattle shipped to the mainland from a farm near the outbreak were traced to a market in Dorsett. These cattle were showing no lesions and had normal temperatures but the decision was made to slaughter them, again as a precautionary measure.

The U.S. has removed Great Britain from the list of countries free of foot-and-mouth disease. Consequently. any products or by-products (cheese. casein. lactalbumin. etc.) entering this country from Great Britain will have to meet the requirements for a country with FMD; this means products can only

move under permit and must be destined for use solely in human food products. The APHIS regulatory personnel at U.S. ports have already been notified of the change and will require the products and byproducts originating from U.K. markets since the FMD outbreak was confirmed meet our requirements.

U.S. DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 24, 1981.

Subject The Authority of the Secretary of Agriculture to Permit the Importation of Casein From Countries Designated as Being Infected With Foot-and-Mouth Disease Into the United States.

To Harry C. Mussman, Administrator, Animal and Plant Health Inspection Service.

This is in response to your request for a legal opinion concerning the authority of the Secretary of Agriculture to permit the importation of casein into the United States from countries infected with foot-and-mouth disease.

This office is not aware of any law which prohibits the importation of casein from any country, and it is therefore our opinion that the Secretary of Agriculture may permit the importation of casein into the United States.

The Tariff Act of 1930 (19 U.S.C. 1306), with certain limited exceptions, prohibits the importation into the United States of cattle, sheep, or other ruminants, or swine, or fresh, chilled or frozen meat of such animals from foreign countries in which rinderpest or foot-and-mouth disease exist, if the Secretary of Agriculture complies with certain specified procedures not applicable to this opinion. However, this Act does not apply to products other than meat or to milk and milk products such as casein.

Currently the Department has regulations in Title 9, Code of Federal Regulations, section 94.16 which place certain restrictions on the importation of casein into the United States. These regulations were promulgated pursuant to section 2 of the Act of February 2, 1903 (21 U.S.C. 111) which vests in the Secretary broad authority "to make such regulations and take such measures as he may deem proper to prevent the introduction or dissemination of the contagion of any contagious, infectious, or communicable disease of animals and/or live poultry from a foreign country . . . and to seize, quarantine, and dispose of any . . . meats, hides, or other animal products coming from an infected foreign country to the United States . . . whenever in his judgment such action is advisable in order to guard against the introduction or spread of such contagion." This Act gives the Secretary of Agriculture authority to regulate the importation of casein as long as such regulation is necessary to guard against the introduction or spread of the contagion of any contagious, infectious, or communicable disease of animals and/or live poultry in interstate or foreign commerce. The Secretary of Agriculture is not, however, required to prohibit the importation of any animal product including casein. The restrictions on and the requirements for the importation of casein are, of course, matters for determination by your agency.

JAMES MICHAEL KELLY,
Acting General Counsel.

Mr. HELMS. Mr. President, I suggest the absence of a quorum, which will be called off at 4 o'clock.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. Mr. President, in this last minute before the vote on this bill, S. 509, I would just like to call the attention of the Senate to the fact that this is the first piece of legislation that has come to the floor from the Senate Committee on Agriculture, Nutrition, and Forestry and, therefore, the first piece of legislation to come under the new leadership of that committee, the distinguished Senator from North Carolina (Mr. HELMS).

The PRESIDING OFFICER. The Chair will observe that the hour of 4 o'clock has arrived.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that I be allowed to continue for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. It is also the first piece of legislation submitted by the current administration that is designed to restrain the growth of Federal expenditures. This one relates to farming, to agriculture, and in particular, of course, to the dairy farmers. A vote for this legislation is not a vote in any way against the dairy farmers of this country.

I think all of us can agree that we need a good dairy price support program. This vote is one which actually will help preserve the program because it helps keep it from getting too far out of balance and too expensive to the American people.

So I support the legislation that is before us. I support the effort to restrain spending and I support our agriculture segment. We will work toward making sure that as we go through the next months that we do develop a program that will assure that we continue to have a stable dairy industry in this country.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

The hour of 4 o'clock having arrived, the question is on the engrossment and third reading of the bill.

The bill (S. 509) was order to be engrossed for a third reading and read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Florida (Mrs. HAWKINS), the Senator from New Hampshire (Mr. HUMPHREY), the Senator from Indiana (Mr. LUGAR), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that, if present and voting, the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Florida (Mrs. HAWKINS) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Connecticut (Mr. DODD), the Senator from Louisiana (Mr. LONG), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

The result was announced—yeas 88, nays 5, as follows:

[Rollcall Vote No. 40 Leg.]

YEAS—88

Abdnor	Exon	Mitchell
Andrews	Ford	Moynihan
Armstrong	Garn	Murkowski
Baker	Glenn	Nickles
Baucus	Goldwater	Nunn
Bentsen	Gorton	Packwood
Biden	Grassley	Pell
Boren	Hart	Percy
Boschwitz	Hatch	Pressler
Bradley	Hatfield	Pryor
Bumpers	Hayakawa	Quayle
Byrd, Harry F., Jr.	Heflin	Randolph
	Heinz	Riegle
Byrd, Robert C.	Helms	Roth
Cannon	Hollings	Rudman
Chafee	Huddleston	Sarbanes
Chiles	Inouye	Sasser
Cochran	Jackson	Schmitt
Cohen	Jepsen	Simpson
Cranston	Johnston	Specter
D'Amato	Kassebaum	Stennis
Danforth	Kennedy	Symms
DeConcini	Laxalt	Thurmond
Denton	Levin	Tower
Dixon	Mathias	Tsongas
Dole	Matsunaga	Wallop
Domenici	Mattingly	Warner
Durenberger	McClure	Weicker
Eagleton	Melcher	Zorinsky
East	Metzenbaum	

NAYS—5

Burdick	Leahy	Stafford
Kasten	Proxmire	

NOT VOTING—7

Dodd	Long	Williams
Hawkins	Lugar	
Humphrey	Stevens	

So the bill (S. 509), as amended, was passed as follows:

S. 509

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446), is further amended by deleting subsection (d).

SEC. 2. It is the sense of the Senate that the restrictions on the exportation of agricultural commodities to the Union of Soviet Socialist Republics should be terminated.

SEC. 3. It is the sense of the Senate that no agricultural commodities produced in the Union of Soviet Socialist Republics should enter the United States during any period during which the President imposes restrictions on, or prohibits, the export of grain or any other agricultural commodity to the Union of Soviet Socialist Republics (including the restrictions on the exportation of agricultural products to such country initiated on January 7, 1980).

Mr. HELMS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

THE BUDGET PROBLEMS

Mr. HATCH. Mr. President, tomorrow we begin one of the first floor approaches toward trying to resolve the budget problems that we have all been so concerned about. I think most people in our country today are not aware that we are really not cutting the budget of the United States in the literal sense. What we are doing is cutting the increases in the budget which have gone up at escalated rates.

For 45 of the last 51 years we have failed to balance the budget of the United States of America. As a matter of fact, I think our first $100 billion budget was in 1962; our first $200 billion budget was in 1972, 10 years later; the first $400 billion budget was in 1976; and today we are facing a $695 billion budget, if we are lucky, in fiscal year 1982.

I think our President has had no choice other than to try to get this free spending under control.

Back in 1976, the national debt was a little over $650 billion. The interest against that debt, as I recall, was around $42 billion, or thereabouts. I remember when we were running at that time we thought that was a horrendous interest debt on an annual basis.

Today, in fiscal year 1982, the interest is approaching $100 billion and the interest is calculated to be in the neighborhood of $106 billion for fiscal year 1982.

I think my friend Dave Stockman indicated that we have jumped in interest payments in 1 year $35 billion. He said even the big spending Congress would have a rough time spending that much money, although I would have to dispute him on that particular last statement. I think the big spending Congress can find all kinds of innovative ways to spend money. I think that we have to get spending under control.

One of the worst aspects of the Federal budget, one that I fought against ever since I have been here in the U.S. Senate, happens to be the off budget spending items.

Today as we enter into the 6th month of the fiscal 1981 year, we are $55 billion in deficit, and that does not include the $23 billion in off budget deficits that the Congress in its infinite wisdom decided cannot be brought on budget.

In other words, we are around $78 billion in deficit. If we do not enact the Reagan proposal, it will go to $90 billion in deficit for fiscal year 1981.

Now, what makes those figures even more bizarre is, as I said on the Budget Committee last year in marking up the first concurrent budget resolution by May 15, 1980, the Budget Committee came out with a lot of hoopla that they had balanced the budget for the first time in some 20 years. There were a number of us on the committee who said they were using phony econometric models; that they had not balanced the budget; that they were at least $30 billion in deficit; that the deficits were rising, and that did not even include the off budget spending deficits of the then $23 billion which is today $23 billion.

We were laughed at, ridiculed, and almost drummed out of town because of making those particular comments.

By August of last year, the Budget Committee pretty well had to admit that they were at least $30 billion in deficit and that the so-called grand balanced budget of 1980 was not so grand, nor was it balanced, nor was it anywhere near balanced.

As we all know, instead of meeting the by-law deadline of September 15, 1980—September 15 date being the date where all second concurrent budget resolutions have to be passed—the Congress refused to do that, refused to meet the laws of this country and pass a second concurrent budget resolution, and acted pursuant to a continuing resolution which threw the whole matter over until the lameduck session.

When the startling election took place, there was not much enthusiasm about coming up with a second concurrent budget resolution then. And, as we all know, they even deferred the debt ceiling limitation lift off until February of this year when we had to increase it to $965 billion, good only until about October or November of this year.

In other words, this year is going to be such a banner year that it will be the first year wherein we transcend the trillion dollar budgetary deficit, with all of the interest charges that are stacked up against it.

Mr. President, on top of all of this, we find that not only is spending running out of control, not only is the Congress inept in working within the budget process or at least has been up to now, but now we have testimony today by Alice Rivlin, the head of the Congressional Budget Office, based upon the same faulty econometric model she has been using all of these years, indicating, according to her static economic analysis, that the Reagan program will amount to major deficits even in 1984.

Now, I would like to spend just a few seconds talking about the econometric models that have been used by the Congressional Budget Office of some 200 people, working at the Federal Government top pay scales for the most part, many economists, many top professionals, who have, in my opinion, been deceiving the American people because they only look at the demand side of the econometric equation and will not look at the supply side of the econometric equation and what will happen if, in fact, you have productivity or other tax rate reductions to stimulate the economy on the supply side of the economy to create a dynamic econometric situation or economy, instead of a static economy from which we have been suffering over these last number of years.

I think it is really important that we all consider that these econometric models used by the CBO have been so wrong in the past that how can we give them any credibility in the future? And yet I suspect that many in our media will, because the Congressional Budget Office is so prestigious and has so many Ph. D. economists working for it, buy the line that the Reagan program is not going to be successful or work.

In order to buy that line, you would have to presume a static economy continuing, even though we have the stimulative effect of budget cuts—or should I say additional spending budget cuts—productivity oriented tax rate reductions in the 5-10-5 approach that President Reagan has indicated in his message to the joint session of Congress—and, I might add, the 10-5-3 accelerated depreciation which should help many of our businesses in society, although not those who do not make profits—the reduction in the overregulatory burden which should cut billions of dollars of costs out of the programs that businesses are trying to present and produce, and, of course, the gradual phase back of the monetary supply which should stabilize our monetary supply and quit the debauchment of our currency which has been occurring over the last 100 years.

I recall last year in that budget markup that we got in a horrendous fight because somebody who was sympathetic to the econometric fight I had been waging in the committee sent me a copy of a memorandum between the top staff director of the Budget Committee and Senator Muskie.

That memorandum indicated that Mrs. Rivlin was scared to death or extremely concerned about my request for hearings on the econometric models because she realized that if we got into hearings on the econometric models she would have to admit that the models they are using are slanted and biased in favor of Federal Government spending, rather than stimulating effects to the supply side or the private sector.

Now, I am extremely concerned that the Congressional Budget Office has become a major political battleground and has been used as a major political football to advance the outmoded, shopworn theories of the past, certainly of the past 50 years, that have been afflicting and besetting this country.

I suppose if you believe that Federal Government deficit financing and spending really helps the economy, you could point to the years when we had a low monetary supply and low inflation. Certainly throwing more dollars into the economy under those circumstances would look like it is helping the economy. But that particular philosophy has brought us to where we are today—and where we are today is in trouble.

We are in trouble primarily because of the same type of econometric modeling, econometric approaches as Mrs. Rivlin has been articulating on the Hill these days. I for one am tired of it. I like her personally. I think she is a very intelligent and bright woman, but she is totally stratified, in my opinion, by harkening to the past and on the outmoded theories of the past which have been proved as unworkable. She has been totally unwilling to look toward the theories of the future, the supply side theories that approach us that really could pull this country out of its economic morass and help to save it.

I, for one, intend to support the Reagan program to the utmost limit that I can.

On the Labor and Human Resources Committee, we have cut, depending upon which set of econometric assumptions you use, an authorization of $11 billion out of our total authorizing functions. And that committee happens to be one of the big authorizing committees on the Hill. I think we have some 61 reauthorization bills that have to be brought to the floor before May 15 of this year. It is almost an overwhelming experience to try to do this.

I believe that, except for the little over $500 million in outlays and about $998 million in authority, the Labor and Human Resources Committee has done a tremendous job. We are a little over

a billion dollars in authority and a little over half a billion dollars in outlays above where President Reagan wanted us to cut. But we have cut, in essence, $11 billion on a committee that has never cut a dime, in my opinion, since its existence. That committee has only created legislation, created spending programs, created social spending programs to the degree that all of us know that we have to face the music and face the responsibilities that have come from committees that really have run away as far as legislative programs have been concerned.

With regard to the approximately $1 billion that we were unable to cut, I think we were justified in not cutting those, because $353 million was for the handicapped, people who cannot help themselves; $345 million happened to be for block grants because we do not believe we can get the implementing legislation enacted in time to be able to prevent the deterioration in program moneys for the various States and local governments. The remaining $400 million we put into youth employment in the private sector and CETA. We feel those three items out of the literally thousands of items that we had to consider are justified.

Beyond that, I believe our committee will vote to maintain the Reagan cuts. And I for one will do everything we possibly can to do so.

In the meantime, I again renew my request that we have hearings in the Budget Committee, maybe the Finance Committee, perhaps even in the Appropriations Committees concerning the econometric models being used by the Congressional Budget Office, because they are biased and slanted toward one side of the econometric equation to the extent that they are really unjustifiable in the overall economic programs of this country, certainly the overall economic planning programs of this country.

Mr. President, I hope that we will support the President's program. I do believe that the people understand that we are in trouble and that we must do something about it. Although we may differ with regard to individual spending and cut amounts, I think most all of us realize that something has to be done. Now is the time for the leadership and for us to follow the leadership and do everything we possibly can to not only get spending under control but to give people tax breaks so that we can have more productivity in this country and more growth and to reduce the regulatory burden which is stifling this country to the nth degree, and to put back the monetary supply so we quit debauching our currency.

Mr. MATHIAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

CONGRESSIONAL BUDGET RESOLUTION

Mr. MATHIAS. Mr. President, as we consider the resolution before the Senate to revise the Federal Government's 1981 budget and to shape the 1982 budget, I am reminded of E. B. White's sage definition of democracy:

> Democracy is the recurrent suspicion that more than half of the people are right more than half of the time.

In November the American people expressed themselves in answer to the simple question, "Are you better off now than you were 4 years ago?" The people spoke. Judging from the budget resolution now before the Senate, I would say that the Senate Committee on the Budget heard their answer and concurs with E. B. White's suspicion.

The budget resolution begins a long legislative effort to fire up the engines of economic development and to lift the American economy out of stagnation. I applaud that goal.

I do not expect that the budget proposed by this resolution will solve all of our economic problems and it will not solve any problem immediately. It took many years for our economy to reach this low point. It is only realistic to expect that it will take time for recovery.

There are many causes of our inflationary economic problems. Expansion of the Federal deficit, declining productivity, overregulation, high-priced imported energy, continuing trade deficits and inconsistent monetary policies all contribute to the fundamental instability of the economy. Too much Government spending is the specific cause of inflation addressed by this resolution, but let us not disregard these other causes.

To put a brake on unreasonable spending, to reverse runaway Government expansion, to give individuals and industry greater incentive for investment—these are necessary actions if we are to spur economic growth and thereby benefit all segments of the American society.

I too recognize that excessive Government spending and growing Federal deficits have shaped the economic climate. The idea that America can live beyond her means and yet expect a constantly rising standard of living is no longer tenable. Surely Government must set the pace and the standard for budget responsibility.

As chairman of the Senate Committee on Rules and Administration, I am particularly concerned about reducing Senate spending. We cut the budget of the Rules Committee by more than 10 percent and we achieved an overall cut of 10 percent among all Senate committee budgets. The Senate has set a positive example for the rest of the Federal Government.

The budget resolution is a sturdy effort to change the national psychology, and I welcome that. Individuals and businesses decide to work, to save and to invest based upon their personal economic assessments and upon their perceptions of the national effort to invigorate the economy.

This budget resolution and its reconciliation provisions are dramatic statements of congressional intent to rein in Government spending. Controversy is bound to swirl around specific aspects of the proposal in the days and weeks ahead.

The traditional ideas about public spending have now been ordered to stand up and account for themselves. That is a useful exercise. Certainly there have been more than enough public mistakes in recent years. But as we conduct this review, we must take care not to throw the baby out with the bath water.

It would be unfortunate if the rallying cry against Government extravagance became a cry against all Government activities. It is the ineffective, inefficient or wasteful Government programs that must be addressed. Many legitimate, constructive, and responsive Government activities serve the public interest. These must not be slashed with an ax when a judicious trim from a paring knife would be adequate.

The aim is to make Government programs cost-effective and responsive to genuine need.

I believe that the American people can live and prosper with the overall spending ceilings set by the budget resolution. I do not accept all of the program budgets suggested by the Budget Committee. In fact, when the Senate considers specific programs in the 13 individual appropriations acts later this year, I expect to support some alternative funding levels and to propose alternative cuts, as requested by President Reagan when he submitted his budget. We should all recognize that the possibilities for increases in program funding beyond the President's proposals will be slim indeed without offsetting reduction in other programs.

We must continue to meet our obligations to those who cannot work or cannot find work and who are unable to improve impoverished circumstances. I do not for one moment imagine that budget cutting will be easy. My experience in cutting the budget of the Senate's own committees showed how hard it can be.

Every reduction we consider may result in some discomfort, perhaps even pain. The challenge before us, therefore, is to use limited public funds creatively and efficiently and in the most cost-effective ways possible; and if pain is to be inflicted, to inflict it on those who can best stand the pain.

The PRESIDING OFFICER. Who seeks recognition?

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, not to exceed 15 minutes in length, in which Senators speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the

Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting a sundry nomination and a treaty which were referred to the Committee on Foreign Relations.

(The nomination and treaty received today are printed at the end of the Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. DOLE, from the Committee on Finance:

Beryl Wayne Sprinkel, of Illinois, to be Under Secretary of the Treasury for Monetary Affairs.

Norman B. Ture, of Virginia, to be Under Secretary of the Treasury.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. GOLDWATER (for himself and Mr. DECONCINI):

S. 794. A bill to amend the National Trails System Act to designate the General Crook Trail in Arizona and the Beale Wagon Road in Arizona, for study to determine the feasibility and desirability of their designation as national historic trails; to the Committee on Energy and Natural Resources.

By Mr. THURMOND (for himself and Mr. DECONCINI):

S. 795. A bill to amend the Sherman Act and the Clayton Act to exclude from the application of such acts certain conduct involving exports; to the Committee on the Judiciary.

By Mr. ZORINSKY:

S. 796. A bill entitled "Rural Telephone Bank Amendment Act of 1981"; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. MATHIAS (for himself and Mr. SARBANES):

S. 797. A bill to provide for the issuance of a postage stamp to commemorate the 200th anniversary of the election of John Hanson of Maryland as first President of the United States in Congress assembled; to the Committee on Governmental Affairs.

By Mr. RIEGLE (for himself and Mr. LEVIN):

S. 798. A bill to provide a program of emergency unemployment compensation; to the Committee on Finance.

By Mr. HATCH:

S. 799. A bill to amend the Public Health Services Act to revise and extend titles VII and VIII of such act with regard to training in health professions and nursing, and for other purposes; to the Committee on Labor and Human Resources;

S. 800. A bill to amend the Public Health Services Act to revise provisions relating to research in health statistics and health services, support for medical libraries, and the National Research Service Awards, and for other purposes; to the Committee on Labor and Human Resources;

S. 801. A bill to amend the Public Health Services Act to revise provisions relating to the National Health Service Corps; to the Committee on Labor and Human Resources.

By Mr. ZORINSKY:

S. 802. A bill to remove the Soviet grain embargo unless the President takes certain action; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. DURENBERGER:

S. 803. A bill to authorize construction of a project for flood control and other purposes on the South Fork Zumbro River at Rochester, Minn.; to the Committee on Environment and Public Works;

S. 804. A bill to modify the project for flood protection at Winona, Minn.; to the Committee on Environment and Public Works.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GOLDWATER (for himself and Mr. DECONCINI):

S. 794. A bill to amend the National Trails System Act to designate the General Crook Trail in Arizona and the Beale Wagon Road in Arizona, for study to determine the feasibility and desirability of their designation as national historic trails; to the Committee on Energy and Natural Resources.

NATIONAL HISTORIC TRAILS LEGISLATION

● Mr. GOLDWATER. Mr. President, I am introducing today, for myself and my colleague from Arizona, Mr. DECONCINI, a bill to provide for a study to determine the feasibility and desirability of designating as national historic trails, the General Crook Trail in Arizona and the Beale Wagon Road in Arizona.

These two old roads meet the criteria established in the National Parks and Recreation Act of 1978. Their routes are known and are in a remarkable state of preservation. Both have a high degree of recreation potential as hiking and riding trails through some of northern Arizona's most scenic country.

Of the two, the Crook Trail is the most developed at this time. It goes from Prescott, across the Mogollon Rim to Fort Apache, and even further on to Fort Craig in New Mexico. It was the chief supply and tactical route to Fort Apache during Crook's first campaign against the Apaches. In addition, the trail has been named Arizona's first State Historic Trail by the State parks board.

The Beale Wagon Road was probably the first federally funded road in the far Southwest, and constructed in 1858–59 by Lt. Edward Beale, famed for the Army's experiment in Arizona with camels. It rivaled the California cutoff of the Oregon Trail for immigrant travel both before and after the Civil War. Its route is closely followed by Highway 66 across Oklahoma, New Mexico, and Arizona.

It gives me great pleasure to reintroduce this bill at the request of the Grand Canyon Council of the Boy Scouts of America. This is their special project and as it happens, locating the Crook Trail for preservation and public use was the Council's bicentennial project. The work was done under the guidance of Dr. Eldon Bowman, of Northern Arizona University. These young men and Dr. Bowman have done a fine job and we are very proud of their contributions to Arizona's history.●

By Mr. THURMOND (for himself and Mr. DECONCINI):

S. 795. A bill to amend the Sherman Act and the Clayton Act to exclude from the application of such acts certain conduct involving exports; to the Committee on the Judiciary.

FOREIGN TRADE ANTITRUST IMPROVEMENTS ACT OF 1981

Mr. THURMOND. Mr. President, I am today introducing the Foreign Trade Antitrust Improvements Act of 1981. This bill is identical to a bill cosponsored in the House, H.R. 2326, by the chairman and ranking Republican member of the House Judiciary Committee, Mr. RODINO and Mr. MCCLORY.

The bill would amend the Sherman and Clayton Acts to clarify the international application of U.S. antitrust laws. Specifically, the bill provides that the Sherman Act would prohibit only conduct which has a direct and substantial effect on commerce within the United States, or on a domestic firm competing for foreign trade. The bill also would protect joint ventures that are limited to export trading from challenges under section 7 of the Clayton Act.

The purpose of this legislation is to aid the efforts of American business to compete vigorously and effectively throughout the world. The bill is designed to relieve the antitrust concerns of American businessmen over their conduct which primarily affects foreign, rather than domestic, markets. It would allow them to compete on more nearly equal terms with other great industrial and commercial powers.

This bill, therefore, insures the proper focus and direction for our antitrust laws. Since the purpose of these laws is to protect our domestic markets and our consumers against anticompetitive conduct, there is no good reason to have our antitrust laws applicable to export transactions where direct and substantial domestic anticompetitive effects are nonexistent. It should be noted that this bill does not and should not try to relieve American business from compliance with the antitrust laws of other countries in the world where U.S. companies do business.

At the present time, the Federal courts consider a variety of factors in deciding whether to assert Sherman Act jurisdiction over conduct occurring in the course of foreign trade. Such factors include the effect of the course of conduct on commerce in the United States; the relative interests of the United States vis-a-vis those of the country where the conduct or the effects occur; the nationality or allegiance of the parties; and the extent to which there is an explicit purpose to harm or affect American commerce.

This bill would not remove these factors from consideration in deciding whether to apply our antitrust laws to any particular conduct. It would, however, provide that before these or any other factors may be considered, there must be a threshold determination that the conduct has had the requisite direct

and substantial effect on commerce in this country. Without this determination at the outset, no Federal court should entertain a Sherman Act suit.

Section 3 of the bill removes from the reach of the Clayton Act joint ventures formed to conduct export trade. Rather, such joint ventures, like other concerted activity in foreign trade, would be analyzed solely under the Sherman Act by looking to their actual effects. Therefore, since section 7 of the Clayton Act is designed to eliminate, in their incipiency, combinations which "may" tend to lessen competition at some future date, it could not be used to challenge joint ventures. By analyzing export trading joint ventures in terms of their actual direct and substantial effect on U.S. commerce, such agreements will not be frustrated on the basis of a speculative fear that they may later adversely affect domestic commerce.

I am hopeful, Mr. President, that this measure to revitalize America's competitive position worldwide will receive support from both sides of the aisle.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 795

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Trade Antitrust Improvements Act of 1981".

SEC. 2. The Sherman Act (15 U.S.C. 1 et seq.) is amended by inserting after section 6 the following new section:

"SEC. 7. This Act shall not apply to conduct involving trade or commerce with any foreign nation unless such conduct has a direct and substantial effect on trade or commerce within the United States or has the effect of excluding a domestic person from trade or commerce with such foreign nation.".

SEC. 3. Section 7 of the Clayton Act (15 U.S.C. 18) is amended by adding at the end thereof the following:

"This section shall not apply to joint ventures limited solely to export trading, in goods or services, from the United States to a foreign nation.".

By Mr. ZORINSKY:

S. 796. A bill entitled "Rural Telephone Bank Amendment Act of 1981"; to the Committee on Agriculture, Nutrition, and Forestry.

RURAL TELEPHONE BANK AMENDMENT ACT OF 1981

Mr. ZORINSKY. Mr. President, I am introducing legislation today to extend the authorization for the Federal purchase of class A stock of the Rural Telephone Bank. This bill will continue the annual $30 million Federal purchase of stock for another 10 years. In addition, the bill will delay the repayment by the Bank of the Federal money until after September 30, 1995.

The Rural Telephone Bank was established by Public Law 92–12 which authorized the Federal Government to purchase annual increments of $30 million of class A stock of the bank. The money from this purchase, when added to funds from other sources, produces loan funds that bear interest at an intermediate cost level. These interest levels are designed to base the cost of money on the ability of the small rural telephone companies to pay. This in turn reduces the need for the low cost insured programs of the Rural Electrification Administration.

Recently, studies have shown that without further purchases of class A stock by the Government, interest rates for Rural Telephone Bank loans would escalate dramatically, forcing a number of telephone companies who currently meet the criteria for a Rural Telephone Bank loan into the lower interest insured program. The net result would be an increased cost to the Government.

During its short history the bank has proven successful in meeting the demand for loan funds for the development of rural telephone service. However, accelerating technological advances in telecommunications will make a much stronger source of intermediate cost financing needed in the future if rural areas are to maintain communications services and facilities equivalent to those available in urban areas.

The record of the telephone companies in their commitment to serve our farm families, and the accomplishments of the Rural Electrification Administration and the Rural Telephone Bank convinces me that this legislation is needed to assure the continuation of this most successful program. To date, the Rural Telephone Bank has provided over $1.3 billion in loan funds to improve existing telephone plants and to build new telecommunication facilities in the remote areas of our Nation. It is estimated that more than 12 million persons are presently served by these facilities.

Since the Federal Government first provided funds for the development of rural telephone systems in 1949, much has been accomplished. There is complete agreement that, without the REA and the moneys and the technical expertise it has provided, the public goal of universal service, or single-party telephone service in every home, could not have come as far as it has. But there is still much to be done. There remain many locations in rural America where this goal has not been reached. Furthermore, the enhanced services now being offered in urban and suburban America must of necessity, be made available to rural America if they are to be brought into the telecommunications mainstream of this country.

Mr. President, I urge my colleagues to join me in working toward speedy passage of this bill. I ask unanimous consent that the text of this bill and a copy of the Comptroller General's report to Congress on the Rural Telephone Bank for fiscal year 1979 be printed in the RECORD.

There being no objection, the bill letter and the report were ordered to be printed in the RECORD, as follows:

S. 796

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rural Telephone Bank Amendment Act of 1981".

SEC. 2. The Rural Electrification Act of 1936, as amended (7 U.S.C. 901–950 b), is further amended as follows:

(a) The second sentence of section 406(a) is amended by inserting after "thereafter" the words "but not later than fiscal year 1991", and by striking "$300,000,000" and inserting in lieu thereof "$600,000,000".

(b) The first sentence of section 406(c) is amended by striking "September 30, 1985" and inserting in lieu thereof "September 30, 1995" and by striking "and after the amount of class A and class B stock issued totals $400,000,000".

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C.

To the President of the Senate and the Speaker of the House of Representatives:

This report summarizes the results of our examination of the financial statements of the Rural Telephone Bank, Department of Agriculture, for the fiscal year ended September 30, 1979.

The financial statements for the year ended September 30, 1978, which are presented for comparative purposes only, were not examined by us. Therefore, we do not express an opinion on the 1978 statements.

We made our examination pursuant to the Government Corporation Control Act (31 U.S.C. 841).

Copies of the report are being sent to the Director, Office of Management and Budget; the Secretaries of Agriculture and the Treasury; and the Governor, Rural Telephone Bank.

ELLMER B. STAATS,
Comptroller General of the United States.

REPORT

CHAPTER 1—INTRODUCTION

Public Law 92–12 dated May 7, 1971, established the Rural Telephone Bank (RTB) to make loans for the construction, improvement, expansion, acquisition, and operation of telephone lines, facilities, or systems in rural areas. The law amended the Rural Electrification Act of 1936 (7 U.S.C. 901) which, since 1949, has authorized the Administrator of the Rural Electrification Administration (REA), Department of Agriculture, to make loans for essentially the same purposes as the REA telephone program, that is, furnishing and improving telephone service in rural areas. To the extent practicable, RTB is to obtain funds from non-Federal sources and to conduct its operations on a self-sustaining basis.

In fiscal year 1979 RTB loaned $130 million to rural telephone systems. It has loaned $1.2 billion since its inception. The amounts borrowed from the U.S. Treasury, interest earned on loans, and proceeds from the sale of stock are RTB's primary sources of funds.

Management and administration

RTB, an agency of the Federal Government, is subject to the direction of the Secretary of Agriculture. The Administrator of the Rural Electrification Administration, who is also the Governor of RTB, is RTB's chief executive officer.

RTB has a 13-member board of directors which is responsible for its management. The Administrator of REA, the Governor of the Farm Credit Administration, five Presidential appointees, and six people elected by RTB's stockholders serve on the board. RTB has no employees; however, the RTB operations are performed by REA employees who also have similar responsibilities for REA operations.

Capitalization

RTB issues three classes of capital stock: (1) class A to the Government, (2) class B to RTB borrowers, and (3) class C to RTB

borrowers, organizations eligible to borrow, and organizations controlled by borrowers or eligible borrowers.

Class A stock

Class A stock has a par value of $1 a share and is issued, at par, only to the Administrator of REA on behalf of the United States. The United States provides money for the purchase of class A stock by REA. Public Law 92–12 authorizes the Congress to appropriate up to $30 million annually for the purchase of class A stock until RTB has issued $300 million of class A stock. As of September 30, 1979, RTB had $247,500,000 of class A stock outstanding.

Public Law 92–12 also authorizes RTB to pay the United States a 2-percent annual return on the class A stock outstanding. This return is cumulative and must be paid from RTB's income. In fiscal year 1979 RTB paid $4.9 million to the U.S. Treasury.

RTB must retire its class A stock as soon as practicable after September 30, 1985, as long as its Board of Directors determines that such retirement will not impair RTB's operations.

Class B stock

Class B stock has a par value of $1 a share. Borrowers must purchase, at par, class B stock equaling 5 percent of the amount borrowed excluding the amounts borrowed to purchase such stock. As of September 30, 1979, RTB had $56 million of class B stock outstanding. Although class B stockholders do not receive dividends, they receive annual patronage refunds in the form of additional shares of class B stock. RTB's Board of Directors determines the amount of the patronage refund, which is made from net income after deducting the return on class A stock, cash dividends on class C stock, and any addition to the reserve for contingencies. In fiscal year 1979 RTB issued $3.7 million of class B stock as a patronage refund.

Class C stock

Class C stock has a par value of $1000 a share and is issued at par only to borrowers; to corporations and public bodies eligible to borrow; or to organizations controlled by such borrowers, corporations, and public bodies. As of September 30, 1979, RTB had $548,000 of class C stock outstanding.

Class C stockholders may be paid dividends from RTB's income if the Board of Directors declares such dividends. The Board can only declare dividends on class C stock when income exceeds the 2-percent return on class A stock. Until all class A stock is retired, the dividend on class C stock cannot exceed the average rate of interest RTB pays to borrow money. In fiscal year 1979 RTB paid $32,820 in dividends on class C stock.

Conversion of ownership, operation, and control of the bank

When 51 percent of the maximum amount of class A stock issued and outstanding at any time after September 30, 1985, has been retired:

The powers and authority of the Administrator of REA will be vested in RTB's Board of Directors, and the Board will select a new Governor for RTB.

The five Board members appointed by the President will no longer be members of the Board.

RTB will no longer be a U.S. agency.

RTB will continue as an instrumentality of the United States and a banking corporation.

When all class A stock has been retired, RTB loans will not be subject to restrictions imposed by Public Law 92–12; however, after that time, the Congress can continue to review RTB's operations.

CHAPTER 2—OPERATIONS

Borrowing power

Public Law 92–12 authorizes RTB to obtain funds by selling its bonds, debentures, notes, and other evidences of indebtedness (collectively called telephone debentures). RTB's Board of Directors determines when telephone debentures may be issued, their interest rate, and other terms and conditions. The amount of outstanding telephone debentures may not exceed 20 times RTB's paid-in capital and retained earnings.

On June 30, 1972, Public Law 92–324 gave the Secretary of the Treasury the authority to purchase RTB's telephone debentures. The Secretary of the Treasury determines the rate of return that must be realized on any telephone debentures purchased. The current average yield on outstanding marketable U.S. securities with comparable maturity must be considered.

At September 30, 1979, cumulative debentures borrowings from the Secretary of the Treasury amounted to $394,868,000 at various interest rates, as shown below.

	Borrowings from Treasury from inception through Sept. 30, 1979
Interest rate:	
7.250	$5, 071, 000
7.375	7, 667, 000
7.500	10, 017, 000
7.625	10, 461, 000
7.750	24, 451, 000
7.875	23, 603, 000
8.000	11, 092, 000
8.125	60, 571, 000
8.250	48, 290, 000
8.375	53, 989, 000
8.500	37, 376, 000
8.625	9, 037, 000
8.750	11, 647, 000
8.875	6, 103, 000
9.000	52, 995, 000
9.125	12, 097, 000
9.250	4, 401, 000
Total	394, 868, 000

RTB can repay amounts borrowed from the Treasury through the sale of telephone debentures at any time. Repayments will be applied to the oldest amounts outstanding. No amounts borrowed from the Treasury had been repaid as of September 30, 1979.

The Secretary of the Treasury can sell acquired telephone debentures at any price considered appropriate. All purchases and sales of telephone debentures by the Secretary are treated as public debt transactions of the United States.

Lending power

RTB can make loans, in conformity with policies approved by the Board of Directors, to corporations and public bodies which have received an REA loan or loan commitment or have been certified by the Administrator of REA to be eligible for a loan or loan commitment. RTB's loans may be made—

For the same purposes as REA loans made under section 201;

To finance or refinance the construction, improvement, expansion, acquisition and operation of telephone lines, facilities, or systems in rural areas to improve efficiency, effectiveness or financial stability of borrowers; or

To finance the purchase of class B stock.

The Rural Electrification Act requires that RTB, rather than REA, loan funds if the borrower is eligible for an RTB loan and RTB has funds available. However, all loans for telephone system facilities which, on the average, will have three or fewer subscribers for each mile of telephone line are to be made by REA unless the borrower elects to take an RTB loan instead.

RTB loans can only be made when, in the judgment of the Governor of RTB, (1) the loan has adequate security and will be repaid within the time agreed and (2) the borrower is able to earn net income before interest which is at least 150 percent of the interest requirements on all of its outstanding and proposed loans or, if this is not true, this requirement should be waived because it prevents emergency restoration of the borrower's system or otherwise results in severe hardship to the borrower.

The Governor of RTB determines the terms and conditions of RTB loans that are not specified by law. The Rural Electrification Act, as amended, requires that the interest rate on an RTB loan be equal to RTB's average cost of money; however, the interest rate cannot be less than 5 percent per annum. The act also requires that RTB loans be repaid within 50 years.

RTB borrowers may not sell or dispose of property, rights, or franchises acquired under the provisions of the Rural Electrification Act, as amended, without the approval of RTB's chief executive officer until any loans obtained from RTB, including all interest and charges, have been repaid.

Cost of operations

The interest cost of money borrowed from the Treasury through the sale of telephone debentures in fiscal year 1979 ranged from 8.875 to 9.25 percent a year. The total interest cost for fiscal year 1979 was $27,930,503.

The Rural Electrification Act authorizes RTB to partially or jointly use the facilities and services of REA or any other agency of the Department of Agriculture without cost, and thus are not shown as expenses on the RTB statement. Costs incurred by REA as it provides facilities and services to RTB are generally for salaries and related benefits, employee travel, and automatic data processing.

CHAPTER 3—SCOPE OF EXAMINATION AND OPINION ON FINANCIAL STATEMENTS

Scope of examination

We have examined the Statement of Financial Condition as of September 30, 1979, and the Statements of Income, Expenses, and Patronage Capital and Changes in Financial Condition for the fiscal year ended September 30, 1979. Our examination was made in accordance with Comptroller General standards for financial and compliance audits and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We also reviewed RTB's system of internal control and its compliance with applicable laws, rules, and regulations.

The financial statements for the year ended September 30, 1978, which are presented for comparative purposes only, were not examined by us. Therefore, we do not express an opinion on the 1978 statements.

Opinion on financial statements

In our opinion, the accompanying financial statements (schedules 1 through 3) present fairly the financial position of the Rural Telephone Bank at September 30, 1979, and its income, expenses, patronage capital, and changes in financial position for the fiscal year then ended, in conformity with generally accepted accounting principles.

By Mr. MATHIAS (for himself and Mr. SARBANES):

S. 797. A bill to provide for the issuance of a postage stamp to commemorate the 200th anniversary of the election of John Hanson of Maryland as first President of the United States in Congress assembled; to the Committee on Governmental Affairs.

ISSUANCE OF POSTAGE STAMP HONORING THE ANNIVERSARY OF THE ELECTION OF JOHN HANSON OF MARYLAND AS FIRST PRESIDENT OF THE UNITED STATES IN CONGRESS ASSEMBLED

(Remarks on this legislation appear earlier in today's RECORD.)

By Mr. RIEGLE (for himself and Mr. LEVIN):

S. 798. A bill to provide a program of emergency unemployment compensation; to the Committee on Finance.

EMERGENCY UNEMPLOYMENT COMPENSATION ACT

● Mr. RIEGLE. Mr. President, I am today introducing legislation for myself and Senator LEVIN to establish a program of emergency unemployment benefits for individuals who have exhausted their entitlement to regular and extended unemployment benefits under existing law.

Most States now provide 26 weeks of unemployment benefits under their regular State unemployment compensation program. During periods of high unemployment, a maximum of 13 additional weeks of benefits are payable under the Federal-State extended benefits program, to workers who have exhausted their regular State benefits without securing employment. Extended benefits are payable in a particular State if the rate of insured unemployment in that State is at least 4 percent, but only if the State's insured unemployment rate is 20 percent higher than it was in the preceding 2 years.

At the State's option, extended benefits in that State can also be triggered if the State's insured unemployment rate is at least 5 percent, without regard to how that rate compares to previous years. In addition, extended benefits are payable in all States if insured unemployment for the Nation as a whole equals or exceeds 4.5 percent in each of the 3 most recent calendar months.

During the 1975–77 recession, it rapidly became evident that the combination of regular and extended benefits under existing law was insufficient to protect workers against sustained levels of severe unemployment. Tens of thousands of workers exhausted extended benefits, but were unable to find jobs in an economy suffering from deep recession.

In response, the Congress enacted the Federal supplemental benefits program providing a temporary extension of unemployment benefits for jobless workers. While the legislation initially provided that workers could collect a maximum of 65 weeks in combined State, extended and Federal supplemental benefits, this was subsequently lowered to a combined maximum of 52 weeks.

The Emergency Unemployment Compensation Act, which established this temporary additional benefit protection, expired in 1978. As a result, individuals in States with high unemployment who exhaust their benefits today are left to fend for themselves.

On August 28, 1980, in response to persistently high unemployment, President Carter called for legislation to extend the duration of unemployment benefits for jobless workers hit by the recession.

Legislation (H.R. 8146) authorizing an additional 10 weeks of emergency unemployment benefits passed the House on September 30, 1980, by a vote of 336 to 71. On October 1, 1980, the Senate approved H.R. 8146 by voice vote. H.R. 8146 would have made jobless workers eligible for a maximum of 49 weeks of combined regular, extended, and supplemental unemployment benefits.

Although both the House and Senate-passed versions of H.R. 8146 provided for a 10-week benefit extension, a controversial package of amendments dealing with other aspects of the unemployment insurance program were added to the bill on the Senate floor. The House and Senate were unable to resolve their differences prior to the sine die adjournment of the 96th Congress and the legislation was thus not enacted.

The need for emergency legislation extending the duration of unemployment benefits has not diminished, however. Nationally, unemployment stands at 7.4 percent. High as this figure is, the situation in many States is even more severe.

In my own State of Michigan, seasonally adjusted unemployment has now reached 14.2 percent, and 604,000 people are jobless. The extended benefits program has been triggered on in Michigan since October 6, 1979.

More than 300,000 jobless workers are collecting unemployment insurance; 260,700 jobless workers have already exhausted their unemployment benefits without being able to secure employment in Michigan's severely distressed economy.

The number of exhaustees is projected to climb at a rate of 20,000 persons per month for the foreseeable future, according to Michigan's Employment Security Commission.

Nor is Michigan the only State suffering from severe unemployment. In January 1981, the unemployment rate in Ohio was 10.4 percent, in Illinois 9.9 percent, in Pennsylvania 9.1 percent, and in New York 8.3 percent.

These jobless workers have lost their jobs through no fault of their own. After they exhaust the unemployment benefits available under current law, they often have no place to turn. Few of their families are immediately eligible for welfare—and in those 26 States which do not cover families where both parents are present in the home under their welfare system, they will never be eligible.

Furthermore, few States provide adequate emergency assistance to those not eligible for welfare.

The stress which these jobless workers and their family face is reflected in increased alcohol and drug abuse, in depression and other health and mental health problems, and in family instability.

These workers and their families need and deserve our attention. The legislation we are introducing today would provide badly needed additional protection under the unemployment insurance system. I urge my colleagues to join me in supporting this urgent and important legislation.●

● Mr. LEVIN. Mr. President, I am pleased to cosponsor legislation introduced by Senator RIEGLE today which will establish a program of emergency unemployment benefits for individuals who have exhausted their regular 26 weeks and extended 13 weeks of benefits.

In the 96th Congress, Senator RIEGLE and I introduced a similar bill. On October 1, 1980, this bill was debated and considered by the Senate and in a modified form agreed upon.

A great deal of work went into this legislation and with the assistance of members of the Finance Committee, we were able to pass this important piece of legislation. Unfortunately, we were unable to come to an agreement with the House and the bill died.

The unemployment situation in the United States has worsened since we originally introduced this bill last spring. At that time, the national unemployment rate was 7 percent, now it is 7.3 percent. The latest figures for the 10 largest States show unemployment rates higher now than a year ago in 9 of the 10 States.

For all of 1980, the average unemployment rate was 7.1 percent up considerably from the 5.8 percent average of the preceding year. For February 1981, there were 7.8 million Americans officially unemployed. That is a totally unacceptable figure.

I might add that in the fourth quarter of 1980, there were an additional 1.055 million "discouraged workers," persons who are not counted in the unemployment figures because they have given up looking for work in our depressed economy.

In my home State of Michigan, the situation is even worse. The latest figures we have are February and they show an adjusted unemployment rate of 13.5 percent with 574,000 workers unemployed. The unadjusted figures place the rate at 14.2 percent with 604,000 persons out of work.

These statistics reflect nearly a 3-percent increase over a year ago, with about 100,000 more workers unemployed. Even more serious is that 20,000 Michigan workers are exhausting their regular and extended benefits each month.

More workers ran out of benefits in 1980 than at any time in the program's 43-year history. That figure is estimated to be 285,000.

Naturally, with this increasing unemployment and exhaustion of benefits, many, many workers are finding themselves without any source of income except welfare.

For these citizens, the current state of our economy is more than a statistic. It is the denial of their ability to discharge their basic measure of human worth—the ability to be a productive and contributing member of this society. We have an environment in which people cannot find work, and a system which punishes them for not working.

During the recession of the mid-1970's, we had a similar situation and Congress acted by authorizing a similar program to the one introduced today and provided an additional 13 weeks of emergency unemployment benefits.

Congress should act quickly to take the same action now. There is simply no reason why we should force members of our work force onto the welfare rolls.

In Michigan, the caseloads for AFDC-U and general assistance have increased dramatically over the past year. Long-term unemployment already places a

great deal of tension on our out-of-work citizens and their families. The eligibility requirements of welfare which requires persons to divest themselves of their possessions and resources and the social stigma often inappropriately applied to welfare recipients ought not be added to the woes of those who have exhausted unemployment benefits.

The situation does not promise much improvement during 1981. The President's 1982 budget assumes 7 percent average unemployment for 1981. The Congressional Budget Office estimates 7.9 percent in the second quarter of 1981 and some private forecasters believe the number of workers unemployed in 1981 will exceed 8 percent.

We need a program of emergency unemployment benefits for workers who have exhausted their extended benefits or will do so in the near future. These workers are involuntarily unemployed and we must come to their assistance now as Congress has done in the past.●

By Mr. HATCH:

S. 799. A bill to amend the Public Health Services Act to revise and extend titles VII and VIII of such act with regard to training in health professions and nursing, and for other purposes; to the Committee on Labor and Human Resources.

HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE AND NURSE TRAINING ACT

Mr. HATCH. Mr. President, I am today introducing the Health Professions Educational Assistance and Nurse Training Act of 1981. This is a thorough reexamination of titles VII and VIII of the Public Health Service Act, which provides for Federal programs affecting the education of the health professionals, including nurses. This bill builds upon the work done over the last 2 years by the Senate Committee on Labor and Human Resources, especially our distinguished former colleague, Secretary Richard S. Schweiker. However, in recognition of the current budgetary constraints, this bill is lean. It reflects a number of hard decisions that may not be popular but which are my considered judgment as to where the highest Federal priorities are within the scope of this legislation. As a result, some worthwhile programs have not been continued and in a number of potentially useful areas new initiatives have not been sought. However, I believe that this bill does justice to the most pressing needs within the health professions.

My bill, in dealing with institutional support, special projects, construction, and other traditional areas of support, is guided by one overarching principal: That there will be a substantial physician "surplus" by the mid-1980's and that this will result in substantial changes in the delivery of health care in the United States. Previous health manpower legislation has had just the opposite purpose: To alleviate the physician shortage. The changes proposed in my bill are in part a tribute to the success of these past efforts.

I am convinced that the surplus will result in more competition among providers, a better geographic distribution of health care services, and a better specialty distribution among physicians.

Though figures clearly show a surplus of physicians and other health care providers, I am concerned shortages still remain in the field of nursing. A need for more highly skilled and trained nurse specialists, salaries, and advancement which are not competitive with other careers, unattractive hours and working conditions, all contribute to current nurse shortages. There is a Federal role, though limited, in eliminating these shortages. Through title VIII, The Nurse Training Act, we can help improve the attractiveness of the nursing profession, put emphasis on career mobility for diploma and associate degree nurses through enhancement of their educational credentials and provide opportunities for advanced nurse training. Further through loan and grant programs under the Higher Education Act, we can continue to assist nursing students in obtaining financial assistance for their education.

In revising the health manpower legislation, my bill attempts to focus the limited resources on the very few areas which still need Federal attention: Stimulating training in primary care and rehabilitative medicine; assuring adequate professional support for individuals who practice in underserved areas; improving the attractiveness of the nursing profession; helping health professions schools to attract and retain more disadvantaged students; and assisting health professions schools to survive limited periods of financial distress.

Specifically, the main features of my bill are:

First, the health education assistance loan (HEAL) program under which health professions students can borrow through the private loan capital market to finance their education is continued;

Second, the health professions student loan program and the nursing student loan program, which provide direct loans to health professions students, are allowed to continue using funds available from the revolving funds. Interest rates under the program are increased. No new Federal appropriations are needed for this program;

Third, the National Health Service Corps scholarship is transferred to title III of the Public Health Service Act where it is covered by another bill I have introduced today;

Fourth, the existing programs to stimulate primary care—family medicine, general internal, and pediatric medicine—are revised and continued. This includes support for residency programs, programs to train students and teachers, and support for family medicine departments;

Fifth, two new provisions highlight important areas of concern for the 1980's: Professional support for health care providers practicing in underserved areas and training needs in physical and rehabilitative medicine;

Sixth, an existing program to assist health professions schools to survive limited periods of financial distress is continued but in an extensively revised form;

Seventh, the disadvantaged assistance program, designed to help health professions schools to recruit and retain disadvantaged students, is continued;

Eighth, project grants for public health and health administration are continued; and

Ninth, special projects and advanced training—including nurse practitioners—for nurses are revised and continued.

I urge my colleagues to join me in supporting this bill. I recognize that to do so they must put aside special interest concerns, recognizing the paramount need to restrain Federal expenditures. This bill exemplifies how this goal can be accomplished responsibly, by assuring that the most critical needs, both old and new, are met.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 799

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Health Professions Educational Assistance and Nurse Training Act of 1981".

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Health Service Act.

EFFECTIVE DATE

SEC. 2. Except as otherwise specifically provided, this Act and the amendments and repeals made by this Act shall take effect on October 1, 1981.

TITLE I—AMENDMENTS TO TITLE VII

PART A—AMENDMENTS TO GENERAL PROVISIONS

LIMITATION OF USE OF APPROPRIATIONS

SEC. 101. Section 700 is repealed.

DEFINITIONS

SEC. 102. (a) Section 701 (2) is amended to read as follows:

"(2) The term 'nonprofit' refers to the status of an entity owned and operated by one or more corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.".

(b) (1) Section 701 is amended by striking out paragraph (3) and redesignating paragraph (4) as paragraph (3).

(2) Section 701(3) (as redesignated by paragraph (1) of this subsection) is amended—

(A) by striking out "a school which" and inserting in lieu thereof "an accredited public or nonprofit private school in a State that"; and

(B) by adding at the end thereof the following: "The term 'graduate program in health administration' means an accredited graduate program in a public or nonprofit private institution in a State that provides training leading to a graduate degree in health administration or an equivalent degree.".

(c) Section 701 is further amended by inserting after paragraph (3) (as redesignated by subsection (b) (1) of this section), the following new paragraph:

"(4) The term 'accredited', when applied to a school of medicine, osteopathy, dentis-

try, veterinary medicine, optometry, podiatry, pharmacy or public health, or a graduate program in health administration, means a school or program that is accredited by a recognized body or bodies approved for such purpose by the Secretary of Education, except that a new school or program that, by reason of an insufficient period of operation, is not, at the time of application for a grant or contract under this title, eligible for accreditation by such a recognized body or bodies, shall be deemed accredited for purposes of this title, if the Secretary of Education finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school or program will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of the first entering class in such school or program.".

(d) Section 701 is further amended by redesignating paragraphs (9) and (10) as paragraphs (11) and (12), respectively, and by inserting after paragraph (8), the following new paragraphs:

"(9) The term 'allied health personnel' means individuals trained at the associate, baccalaureate, master's, or doctoral degree level in a health care related science, with responsibility for the delivery of health care related services (including services related to the identification, evaluation and prevention of diseases and disorders, dietary and nutrition services, health promotion, rehabilitation, and health systems management), but who, for the purposes of this title, are not graduates of schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, chiropractic, pharmacy, public health, or nursing, or a graduate program in health administration.

"(10) The term 'school of allied health' means a public or nonprofit private junior college, college, or university—

"(A) which provides, or can provide, programs of education in a discipline of allied health leading to a baccalaureate or associate degree (or an equivalent degree of either) or to a more advanced degree;

"(B) which provides training for not less than a total of twenty persons in the allied health curricula;

"(C) which includes or is affiliated with a teaching hospital; and

"(D) which is accredited by a recognized body or bodies approved for such purposes by the Secretary of Education, or which provides to the Secretary satisfactory assurance by such accrediting body or bodies that reasonable progress is being made toward accreditation.".

(e) Section 701(11) (as redesignated by subsection (d) of this section) is amended by inserting "the Commonwealth of" before "the Northern Mariana Islands,".

(f) Section 701(12) (as redesignated by subsection (d) of this section) is amended by such accrediting body or bodies that reasonable progress is being made toward accreditation.".

NATIONAL ADVISORY COUNCIL ON HEALTH PERSONNEL

SEC. 103. (a) The section heading for section 702 is amended to read as follows:

"NATIONAL ADVISORY COUNCIL ON HEALTH PERSONNEL"

(b) Section 702(a) is amended—

(1) by striking out "Professions Education" after "National Advisory Council on Health" and inserting in lieu thereof "Personnel";

(2) by striking out "(or his delegate)" and inserting in lieu thereof "(or the delegate of the Secretary)";

(3) by striking out "twenty" after "who shall be Chairman of the Council, and" and inserting in lieu thereof "twenty-two";

(4) by inserting "among" before "persons who because of their education";

(5) by striking out "parts B, C, D, E, F and G of";

(6) by striking out clause (1) and inserting in lieu thereof "(1) fourteen shall be representatives of the schools and graduate programs assisted under this title, including at least one representative from each of the types of schools and programs defined in paragraphs (3) and (10) of section 701,";

(7) by striking out "two" in clause (2) and inserting in lieu thereof "three"; and

(8) by inserting "or interns or residents," after "health professions schools," in clause (2).

(c) Section 702 is further amended—

(1) by striking out "(other than subpart II of part G thereof)" each place it appears; and

(2) by striking out "he" in subsection (C) and inserting in lieu thereof "the Secretary".

ADVANCE FUNDING

SEC. 104. Section 703 is amended—

(1) by striking out "(a)"; and

(2) by striking out subsection (b).

RECORDS AND AUDITS

SEC. 105. The second sentence of section 705(a) is repealed.

NONINTERFERENCE WITH ADMINISTRATION

SEC. 106. Section 707 is amended to read as follows:

"NONINTERFERENCE WITH ADMINISTRATION OF INSTITUTIONS

"SEC. 707. Nothing in this title shall be construed as authorizing any department, agency, officer, or employee of the United States to exercise any direction over, or supervision of, or control over, or impose any requirement or condition with respect to, the personnel, curriculum, methods of instruction, or administration of any institution.".

HEALTH PROFESSIONS DATA

SEC. 107. (a) Section 708 is amended by redesignating subsections (e), (f), and (g), as subsections (f), (g), and (h), respectively.

(b) Section 708 is further amended by striking out subsections (a) through (d) and inserting in lieu thereof the following new subsections:.

"SEC. 708. (a) The Secretary shall establish a program to collect, compile, and analyze data on health professions personnel, including allopathic physicians, osteopathic physicians, dentists, pharmacists, optometrists, podiatrists, veterinarians, public health personnel, health care administration personnel, nurses, allied health personnel, and any other health personnel in States designated by the Secretary to be included in the program. Such data shall include data respecting the training, licensure status (including permanent, temporary, partial, limited, or institutional), place or places of practice, professional specialty, practice characteristics, place and date of birth, sex, and socioeconomic background of health professions personnel, and such other demographic information regarding health professions personnel as the Secretary may require.

"(b) In carrying out subsection (a), the Secretary shall collect available information from public or private entities. The Secretary may make grants to and enter into contracts with public and private entities for the collection of information not otherwise available.

"(c) The Secretary, in cooperation with appropriate public and private entities, shall—

"(1) analyze or provide for the analysis of health personnel data collected under this section;

"(2) conduct or provide for the conduct of—

"(A) analytic and descriptive studies of health personnel information, including studies of the need for, and supply of, health personnel; and

"(B) projections relating to such need and supply in the future, compiled according to type of personnel, practice specialty, and geographic location; and

"(3) conduct or provide for the conduct of analytic and descriptive studies of information on health students, interns, residents, and practitioners who are participating in health professions education, and on health personnel education programs and institutions, including institutional resources, student financial requirements and indebtedness, student characteristics such as age, sex, race, ethnicity and socioeconomic background, and apparent career choices such as practice specialty and geographic location.

"(d) Any school, program, or training center receiving funds under this title or title VIII shall submit an annual report to the Secretary. Such report shall contain such information as is necessary to assist the Secretary in carrying out this section and evaluating the efficacy of these programs in addressing national health priorities. The Secretary shall not require the collection or transmittal of any information under this subsection that is not readily available to such school, program, or training center. Information provided pursuant to this subsection shall be collected or transmitted only to the extent permitted under subsection (f).

"(e) The Secretary shall submit to Congress on October 1, 1982, and biennially thereafter, the following reports:

"(1) a comprehensive report regarding the status of health personnel according to profession, including a report regarding the analytic and descriptive studies conducted under this section; and

"(2) a comprehensive report regarding applicants to, and students enrolled in, programs and institutions for the training of health personnel, including descriptions and analyses of student indebtedness, student need for financial assistance, financial resources to meet the needs of students, student career choices such as practice specialty and geographic location and the relationship, if any, between student indebtedness and career choices.".

(c) Section 708(h) (as redesignated by subsection (a) of this section) is amended to read as follows:

"(h) There are authorized to be appropriated to carry out this section $3,000,000 for the fiscal year ending September 30, 1982, and for each of the two succeeding fiscal years.".

SHARED SCHEDULED RESIDENCY TRAINING POSITIONS

SEC. 108. (a) Section 709 is repealed.

(b) Sections 710 and 711 are redesignated as sections 709 and 710, respectively.

PAYMENT UNDER GRANTS

SEC. 109. Section 709 (as redesignated by section 108(b) of this Act) is amended to read as follows:

"APPLICATIONS, PAYMENTS, AND ASSURANCES UNDER GRANTS

"SEC. 709. (a) Grants made under this title may be paid (1) in advance or by way of reimbursement, (2) at such intervals and on such conditions as the Secretary may find necessary, and (3) with appropriate adjustments on account of overpayments or underpayments previously made.

"(b) No grant may be made or contract entered into under this title unless an application therefor has been submitted to and approved by the Secretary. Such application shall be in such form, submitted in such

manner, and contain such information, as the Secretary shall by regulation prescribe.

"(c) Whenever in this title an applicant is required to provide assurances to the Secretary, or an application is required to contain assurances or be supported by assurances, the Secretary shall determine before approving the application that the assurances provided are made in good faith.

"(d) The Secretary may provide technical assistance for the purpose of carrying out any program or purpose under this title.".

TUITION AND OTHER EDUCATIONAL COSTS

SEC. 110. Section 710 (as redesignated by section 108(b) of this Act) is amended to read as follows:

"DIFFERENTIAL TUITION AND FEES

"SEC. 710. The Secretary may not enter into a contract with, or make a grant, loan guarantee, or interest subsidy payment under this title or title VIII, to or for the benefit of, any school, program, or training center if the tuition levels or educational fees at such school, program, or training center are higher for certain students solely on the basis that such students are the recipients of traineeships, loans, loan guarantees, service scholarships, or interest subsidies from the Federal Government.".

Part B—GRANTS AND LOANS FOR CONSTRUCTION OF TEACHING FACILITIES

APPROVAL OF APPLICATIONS

SEC. 121. Section 721 is amended by striking out subsections (c) through (g) and by amending subsection (b) to read as follows:

"(b)(1) To be eligible to apply for a grant under section 720, the applicant must be a public or other nonprofit school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, or public health, or any combination of such schools.

"(2) An application for a grant under section 720 or loan guarantee or interest subsidy under section 726, which would involve the construction, conversion, renovation, or modernization of all or part of an ambulatory primary care teaching facility which is affiliated with but not owned by a school eligible for such grant under section 720 or loan guarantee or interest subsidy under section 726, shall be submitted jointly by the eligible school and the affiliated facility.

"(3) In the case of a joint application submitted under paragraph (2), assistance under section 720 or a loan guarantee or interest subsidy under section 726, shall be provided only for that portion of the proposed construction, conversion, renovation, or modernization which the Secretary determines to be reasonably attributable to the needs of such school for teaching or research purposes.".

ENROLLMENT COMMITMENTS

SEC. 122. (a) Section 725 is amended to read as follows:

"ENROLLMENT COMMITMENTS

"SEC. 725. The Secretary shall unilaterally release all recipients of grants, loan guarantees, and interest subsidies under sections 720(a) and 726 (as such sections were in effect prior to October 1, 1981) from any contractual obligation to fulfill enrollment increases incurred pursuant to such sections or under regulations published to implement such sections.".

(b) The amendment made by subsection (a) of this section shall take effect on the date of enactment of this Act.

LOAN GUARANTEES AND INTEREST SUBSIDIES

SEC. 123. (a) Section 726(a) is amended by striking out "September 30, 1980" after "and ending with the close of" and inserting in lieu thereof "September 30, 1984".

(b)(1) Section 726(b) is amended by striking out "September 30, 1980" after "with the close of" and inserting in lieu thereof "September 30, 1984."

(2) Section 726(b) is further amended by inserting before the period at the end thereof "and for loan guarantees and interest subsidies first made after September 30, 1981, such amounts as are sufficient to reduce the net effective interest rate otherwise payable on such loan—

"(1) by 6 percent per annum; or

"(2) to 7 percent per annum;

whichever is less".

(c) The second sentence of section 726(e) is amended by striking out "and" after "1979," and by inserting before the period a comma and "$4,300,000 for the fiscal year ending September 30, 1981, and $4,300,000 for the fiscal year ending September 30, 1982, and each of the next two fiscal years".

(d) Section 726(f)(2) is amended to read as follows:

"(2) In any fiscal year no loan guarantee may be made under subsection (a) and no agreement to make interest subsidy payments may be entered into under subsection (b) if the making of such guarantee or the entering into of such agreement would cause the total of—

"(A) the principal of the loans first guaranteed under subsection (a) in such fiscal year, and

"(B) the principal of the loans for which no guarantee has been made under subsection (a) and with respect to which an agreement to make interest subsidy payments is first entered into under subsection (b) in such fiscal year,

to exceed $10,000,000 in such fiscal year.".

(e) Section 726(g) is repealed.

Part C—STUDENT ASSISTANCE

SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

SEC. 141. (a)(1) The first sentence of section 728(a) is amended by striking out "and" after "1979;" and by inserting before the period a semicolon and "and $100,000,000 for the fiscal year ending September 30, 1982, and for each of the next four fiscal years".

(2) The last sentence of such subsection is amended by striking out "1982" and inserting in lieu thereof "1987".

(b) Section 728(C) is amended by inserting "consolidate" after "sell," and by inserting before the period a comma and "except that no loan under this subpart may be consolidated if as a result of such consolidation the Federal Government becomes liable for any payment of principal or interest under the provisions of section 439(o) of the Higher Education Act of 1965".

LIMITATIONS

SEC. 142. Section 729(a) is amended to read as follows:

"LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE

"SEC. 729. (a) The total of the loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this subpart may not exceed $20,000 in the case of a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, or podiatry, and $12,500 in the case of a student enrolled in a school of pharmacy or public health, or a graduate program in health administration. The aggregate insured unpaid principal amount for all such insured loans made to any borrower shall not at any time exceed $80,000 in the case of a borrower who is or was a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, or podiatry, and $50,000 in the case of a borrower who is or was a student enrolled in a school of pharmacy or public health, or a graduate program in health administration. The annual insurable limit per student shall not be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.".

ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF FEDERALLY INSURED LOANS

SEC. 143. (a)(1) Section 731(a)(1)(A) is amended by striking out clause (iii) and redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(2) Clause (iii) of such section (as redesignated by paragraph (1) of this subsection) is amended by striking out "and" before "other reasonable educational expenses" and by inserting "and reasonable living expenses," after "and laboratory expenses,".

(b) Section 731(a)(2) is amended—

(1) in subparagraph (C) by inserting "and interest" after "installments of principal" and by striking out "and be paid" after "shall accrue";

(2) in subparagraph (D) by inserting "for the purposes of calculating a repayment schedule" before the semicolon;

(3) by striking out "and" after the semicolon at the end of subparagraph (E); and

(4) by redesignating subparagraph (F) as subparagraph (G) and inserting after subparagraph (E) the following new subparagraph:

"(F) offers the borrower a graduated repayment plan option with larger payments due later in the repayment period, pursuant to criteria set by the Secretary; and".

(c) Section 731(c) is amended by inserting before the period a comma and "except as provided in section 731(a)(2)(C)".

CERTIFICATE OF FEDERAL LOAN INSURANCE

SEC. 144. Section 732 is amended by adding at the end thereof the following new subsection:

"(f) Nothing in this section shall be construed to preclude the lender and the borrower, by mutual agreement, from consolidating all of the borrower's debts into a single instrument, except that the portion of such debt that is insured under this subpart shall not be consolidated on terms less favorable to the borrower than if no consolidation had occurred and no loan under this subpart may be consolidated with any other loan if, as a result of such consolidation, the Federal Government becomes liable for any payment of principal or interest under the provisions of section 439(o) of the Higher Education Act of 1965.".

DEFAULTS

SEC. 145. Section 733(g) is amended to read as follows:

"(g) A debt which is a loan insured under the authority of this subpart may be released by a discharge in bankruptcy under title 11, United States Code, only if such discharge is granted—

"(1) after the expiration of the five-year period beginning on the first date, as specified in subparagraphs (B) and (C) of section 731(a)(2), when repayment of such loan is required;

"(2) upon a finding by the Bankruptcy Court that the nondischarge of such debt would be unconscionable; and

"(3) upon the condition that the Secretary shall not have waived the Secretary's rights to apply subsection (f) to the borrower and the discharged debt.".

DEFINITIONS—STUDENT ASSISTANCE

SEC. 146. (a) Section 737 (1) is amended to read as follows:

"(1) The term 'eligible institution' means, with respect to a fiscal year, a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, or public health, or a graduate program in health administration.".

(b) Section 737 is further amended by striking out paragraph (2), and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

ELIGIBLE STUDENTS

SEC. 147. Subpart I of part C of title VII is amended by inserting after section 737 the following new section:

"DETERMINATION OF ELIGIBLE STUDENTS

"SEC. 737A. For purposes of determining eligible students under this part, in the case of a public school in a State that offers an accelerated, integrated program of study combining undergraduate premedical education and medical education leading to advanced entry, by contractual agreement, into an accredited four-year school of medicine which provides the remaining training leading to a degree of doctor of medicine, whenever in this part a provision refers to a student at a school of medicine, such reference shall include only a student enrolled in any of the last four years of such accelerated, integrated program of study.".

ELIGIBILITY OF INSTITUTIONS

SEC. 148. (a) Section 739(a) is amended—

(1) by striking out paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively;

(2) by striking out "and" at the end of paragraph (1) (as redesignated by paragraph (1) of this subsection);

(3) by striking out "whether" in paragraph (2) (as redesignated by paragraph (1) of this subsection) and inserting in lieu thereof "whenever";

(4) by striking out the period at the end of paragraph (2) (as redesignated by paragraph (1) of this subsection) and inserting in lieu thereof a semicolon and "and"; and

(5) by adding at the end thereof the following new paragraph:

"(3) the collection of information from the borrower, lender, or eligible institution to assure compliance with the provisions of section 731.".

(b) Section 739(b) is amended to read as follows:

"(b) The Secretary shall require an eligible institution to record, and make available to the lender and to the Secretary upon request, the name, address, postgraduate destination, and other reasonable identifying information for each student of such institution who has a loan insured under this subpart.".

LOAN AGREEMENTS

SEC. 149. Section 740(a) is amended by striking out "which is located in a State and is accredited as provided in setcion 721(b)(1)(B)".

INTEREST RATE

SEC. 150. Section 741(e) is amended to read as follows:

"(e) Such loans shall bear interest at the rate of 9 percent per year.".

DISTRIBUTION OF ASSETS FROM LOAN FUNDS

SEC. 151. Section 743 is amended by striking out "1983" each place it appears and inserting in lieu thereof "1986".

NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

SEC. 152. Section 751 through 757 are transferred to title III of the Public Health Service Act and renumbered sections 338A through 338G, respectively.

MISCELLANEOUS REPEALS

SEC. 153. Subpart V of part C, part D, and part E of title VII are repealed.

Part D—SPECIAL PROJECTS

PROGRAMS AND PROJECTS

SEC. 161. (a) Part F of title VII is redesignated as part D.

(b) Section 780 is amended to read as follows:

"PROJECT GRANTS FOR FAMILY MEDICINE

"SEC. 780. (a) The Secretary may make grants to schools of medicine and osteopathy to assist in meeting the costs to such schools of projects to establish and maintain or improve academic administrative units (which may be departments, divisions, or other units) to provide instruction and conduct research in the fields of family medicine.

"(b) There are authorized to be appropriated to carry out the provisions of this section $7,000,000 for the fiscal year ending September 30, 1982, and each of the next two fiscal years.".

AREA HEALTH EDUCATION CENTERS

SEC. 162. Section 781(g) is amended by—

(1) striking out "and" after "1979,"; and

(2) by striking out "the fiscal year ending September 30, 1980" and inserting in lieu thereof "each of the fiscal years ending September 30, 1980, and September 30, 1981, and $16,000,000 for the fiscal year ending September 30, 1982, and each of the next two fiscal years".

SUPPORT SERVICES IN UNDERSERVED AREAS

SEC. 163. Section 782 is amended to read as follows:

"SUPPORT SERVICES IN UNDERSERVED AREAS

"SEC. 782. (a)(1) The Secretary may make grants to and enter into contracts with schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, or other appropriate public or nonprofit private entities to assist in meeting the costs of planning, establishing, and operating projects to provide support services to health professionals practicing in health manpower shortage areas designated under section 332. Such support services may include continuing education, relief services, specialist referral services, and placement of students in a preceptorial relationship with the practitioner.

"(2) No grant may be made to or contract entered into with an entity under paragraph (1)—

"(A) unless the entity agrees to provide support services to any physician, dentist, veterinarian, optometrist, podiatrist, or pharmacist (as appropriate to the category of health professionals proposed to be served by the grant or contract) who requests such services within the health manpower shortage area proposed to be served, including any member of the National Health Service Corps;

"(B) to carry out activities required to be carried out under section 781; or

"(C) unless the amount of the award under this section is matched by a no less than equal amount from non-Federal sources.

"(3) Not more than 15 percent of the funds available to carry out this subsection may be used by the Secretary to fund eligible recipients to carry out research relating to the support needs of practitioners in health manpower shortage areas, nor shall more than 30 percent of such funds be used to provide continuing education.

"(b) There are authorized to be appropriated to carry out the provisions of this section $2,000,000 for the fiscal year ending September 30, 1982, $2,500,000 for the fiscal year ending September 30, 1983, and $3,000,000 for the fiscal year ending September 30, 1984.".

REHABILITATIVE MEDICINE

SEC. 164. Section 783 is amended to read as follows:

"GRANTS FOR TRAINING IN PHYSICAL AND REHABILITATIVE MEDICINE

"SEC. 783. (a) The Secretary may make grants to and enter into contracts with schools of medicine or osteopathy or other appropriate public or nonprofit private entities to assist in meeting the costs of such schools or entities of providing projects to—

"(1) plan, develop, and operate or maintain a physician residency training program in physical medicine and rehabilitation: or

"(2) provide financial assistance (in the form of traineeships and fellowships) to residents in any such program in need of financial assistance and who plan to specialize or work in physical medicine and rehabilitation.

"(b) There are authorized to be appropriated to carry out the provisions of this section $1,000,000 for the fiscal year ending September 30, 1982, $1,500,000 for the fiscal year ending September 30, 1983, and $2,000,000 for the fiscal year ending September 30, 1984.".

TRAINING GRANTS

SEC. 165. Section 784 is amended to read as follows:

"GRANTS FOR TRAINING IN FAMILY MEDICINE, GENERAL INTERNAL MEDICINE, AND GENERAL PEDIATRICS

"SEC. 784. (a) The Secretary may make grants to and enter into contracts with schools of medicine or osteopathy or other public and private nonprofit entities (including hospitals) to assist in meeting the costs of providing projects to—

"(1) plan, develop, and operate approved residency or internship training programs in family medicine which emphasize the training of residents for the practice of family medicine;

"(2) plan, develop, and operate approved residency training programs in internal medicine or pediatrics, which emphasize the training of residents for the practice of general internal medicine or general pediatrics;

"(3) plan, develop, and operate teaching programs for medical students in primary care (family medicine, general internal medicine, and general pediatrics), emphasizing preceptorship experiences with practicing physicians and clinical experiences in ambulatory settings.

"(4) plan, develop, and operate programs (that may be structured differently than residency training programs) for the training of physicians who plan to teach in family medicine, general internal medicine, or general pediatrics, training programs; and

"(b) To carry out the purposes of subsection (a)(1), there are authorized to be appropriated $16,000,000 for the fiscal year ending September 30, 1982 and each of the next two fiscal years. To carry out the purposes of subsection (a)(2), there are authorized to be appropriated $10,000,000 for fiscal year ending September 30, 1982 and each of the next two fiscal years. To carry out the purposes of subsection (a)(3) and (a)(4), there are authorized to be appropriated $6,000,000 for the fiscal year ending September 30, 1982 and each of the next two fiscal years.

"(c) Within each authorization provided in subsection (b) for the programs described in subsection (a), the Secretary may provide, as appropriate, funds for financial assistance (in the form of traineeships and fellowships) to medical and osteopathic students, interns (including interns in internships in osteopathic medicine), residents, practicing physicians, or other medical personnel, who are in need thereof, who are participants in any such program, and who plan to specialize, teach, or work in the practice of family medicine, general internal medicine or general pediatrics.".

FINANCIAL DISTRESS GRANTS

SEC. 166. Section 785 is amended to read as follows:

"FINANCIAL DISTRESS GRANTS

"SEC. 785. (a) The Secretary may make grants to, and enter into contracts with, a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, public health, or nursing, or a graduate program in health administration that is in serious financial distress for the purposes of assisting such school or program to—

"(1) meet the costs of operation if such school's or program's financial status threatens its continued operation;

"(2) meet applicable accreditation requirements if such school or program has a special need to be assisted in meeting such requirements; or

"(3) carry out appropriate operational, managerial, and financial reforms.

"(b) Any grant or contract under this section may be made upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the school or program agree to—

"(1) disclose any financial information or data necessary to determine the sources or causes of such school's or program's financial distress;

"(2) conduct a comprehensive cost analysis study in cooperation with the Secretary; and

"(3) carry out appropriate operational, managerial, and financial reforms including the securing of increased financial support from non-Federal sources.

"(c) No school or program may receive a grant under this section if such school or program has previously received support for three or more years under this section or under section 788(b) (as such section was in effect prior to October 1, 1981).".

ADVANCED FINANCIAL DISTRESS GRANTS

SEC. 167. Section 786 is amended to read as follows:

"ADVANCED FINANCIAL DISTRESS GRANTS

"SEC. 786. (a) The Secretary may enter into a multiyear contract or cooperative agreement with a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, or pharmacy to provide financial assistance to such institution to meet incurred or prospective costs of operation if the Secretary determines that payment of such costs is essential to remove the institution from serious and long-standing financial instability. To be eligible for a contract or cooperative agreement under this section, a school must have previously received financial support under section 785 or under section 788(b) (as such section was in effect prior to October 1, 1981) for a period of not less than 3 years.

"(b) No school may enter into a contract or cooperative agreement under this section unless—

"(1) the school has submitted to the Secretary a plan providing for the school to achieve financial solvency within five years and has agreed to carry out such plan;

"(2) such plan includes securing increased financial support from non-Federal sources;

"(3) such plan has been reviewed by a panel selected by the Secretary and consisting of three experts in the field of financial management who are not directly affiliated with the school or the Federal Government; and

"(4) the Secretary determines, after consultation with such panel, that such plan has a reasonable likelihood of achieving success.

"(c) The panel described in subsection (b)(3) shall be appointed by the Secretary within thirty days after the date of receipt of the school's plan and shall be dissolved no later than forty-five days after the panel's recommendation has been transmitted to the Secretary. Members of the panel shall be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule for each day (including traveltime) during which they perform duties.

"(d) Any contract or cooperative agreement under this section may be entered into upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the school agree to—

"(1) disclose any financial information or data necessary to determine the sources or causes of such school's financial distress;

"(2) conduct a comprehensive cost analysis study in cooperation with the Secretary; and

"(3) carry out appropriate operational, managerial, and financial reforms including the securing of increased financial support from non-Federal sources.

"(e) No school may receive a grant or contract under this section unless in the same year the school shall have received, or have a legally binding commitment to receive, a grant or contract from a State or local government, private entity or combination thereof for the exclusive purpose of alleviating such school's financial distress. Such grant or contract from a State or local government, private entity or combination thereof shall, in the first year of any support under this section, exceed any grant made in the preceding year by such State or local government, or private entity by an amount equal to or greater than the amount of the proposed grant or contract under this section. In subsequent years of support under this section, such grant or contract from a State or local government, private entity or combination thereof shall exceed any grant made by such State or local government, private entity or combination thereof in the year prior to the first year of support under this section by an amount equal to or greater than the amount of the grant or contract under this section for such years.

"(f) Pursuant to the approved plan in subsection (b), funds received under this section may be used to pay short-term or long-term debts of such schools, meet accreditation requirements, or meet other costs, payment of which is essential to the continued operation of the institution or to permit such institution to achieve financial solvency within the period of the contract or cooperative agreement.

"(g) No school may receive support under this section for more than five years. No contract or cooperative agreement may be entered into under this section, or continued, in a fiscal year in which the school receives support under section 785.

"(h) An application for a contract or cooperative agreement under this section shall contain or be supported by assurances that the applicant will, in carrying out its function as a school of medicine, osteopathy, dentistry, veterinary medicine optometry, pharmacy, or podiatry, as the case may be, expend during the fiscal year for which such contract or cooperative agreement is sought, an amount of funds from non-Federal sources (other than funds for construction and any contract or cooperative agreement under this section) at least as great as the average annual amount of funds from non-Federal sources expended by such applicant in the preceding two years.

"(i) For the purpose of entering into contracts or cooperative agreements to carry out this section and section 785, there are authorized to be appropriated $9,000,000 for the fiscal year ending September 30, 1982, and each of the succeeding two fiscal years. Funds provided under this section shall remain available until expended without regard to any fiscal year limitation.".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 168. (a) Section 787(a)(1) is amended by inserting "allied health," after "pharmacy,".

(b) Section 787(a)(2) is amended—

(1) in subparagraph (A) by inserting "or allied health profession" before the comma at the end thereof;

(2) by striking out subparagraph (B) and redesignating subparagraphs (C), (D), and (E), as subparagraphs (B), (C), and (D), respectively; and

(3) by inserting "enter and" before "complete" in subparagraph (B) (as redesignated by paragraph (2) of this subsection).

(c) Section 787(b) is amended to read as follows:

"(b) There are authorized to be appropriated for grants and contracts under this section $18,000 000 for the fiscal year ending September 30, 1982, and for each of the next two fiscal years. No less than 80 percent of funds appropriated in each fiscal year shall be for grants or contracts to institutions of higher education and no more than 5 percent shall be used for grants or contracts having the primary purpose of informing individuals about the existence and general nature of health careers.".

STARTUP GRANTS

SEC. 169. Section 788 is amended to read as follows:

"STARTUP GRANTS

"SEC. 788. There are authorized to be appropriated such sums as may be necessary to assure that any school that received a startup assistance grant under section 788(a) (as such section was in effect prior to October 1, 1980) and would have reasonably expected to have received subsequent grants under such section in fiscal year 1981, 1982, or 1983, shall be eligible to receive such grants on the same terms and conditions as were contained in section 788(a) (as such section was in effect prior to October 1, 1980).".

GENERAL PROVISIONS

SEC. 170. Section 790 is amended to read as follows:

"PROJECTS IN PUBLIC HEALTH AND HEALTH ADMINISTRATION

"SEC. 790. (a) The Secretary may make grants to, and enter into contracts with, schools of public health, graduate programs in health administration, and other educational institutions that provide training in health administration, health planning, public health, and health policy analysis in order to assist such schools or programs in meeting the costs of special projects (including curriculum improvement and continuing education) in—

"(1) biostatistics or epidemiology;

"(2) health administration, health planning, or health policy analysis and planning;

"(3) environmental or occupational health;

"(4) diet and nutrition;

"(5) maternal and child health;

"(6) preventive medicine or dentistry;

"(7) gerontology; or

"(8) techniques for the evaluation of the cost, quality, and effectiveness of organizational structures and technology in the delivery of health care.

"(b) Not less than 80 percent of the amounts appropriated to carry out subsection (a) shall be awarded to schools of public health and graduate programs in health administration.

"(c) There are authorized to be appropriated to carry out the provisions of this section $5,000,000 for the fiscal year ending September 30, 1982, and each of the next two fiscal years.".

MISCELLANEOUS REPEAL

SEC. 171. Part G of title VII is repealed.

TITLE II—NURSE TRAINING

MISCELLANEOUS REPEALS

SEC. 201. (a) Subparts II and III of part A of title VIII are repealed.

(b) Subpart IV of part A of title VIII is redesignated as subpart II.

SPECIAL PROJECTS

SEC. 202. Section 820 is amended to read as follows:

"SUPPORT FOR PRACTICING NURSES

"SEC. 820. (a) For the purposes of encouraging schools of nursing to provide support for practicing nurses and nursing aides, the Secretary may make grants to, and enter into contracts with, schools of nursing, public and nonprofit private hospitals, and other public and nonprofit private entities to assist in meeting the cost of projects to provide—

"(1) continuing education for nurses;

"(2) programs, including continuing education, to provide professional support for nurses, including nurse practitioners practicing in health manpower shortage areas (designated under section 332);

"(3) appropriate retraining opportunities for nurses who (after periods of professional inactivity) desire to engage actively in the nursing profession;

"(4) training and education to upgrade the skills of licensed vocational or practical nurses, and nursing assistants and other paraprofessional nursing personnel, especially with regard to providing nursing services to special populations such as geriatric patients in nursing homes; and

"(5) programs to assist graduates of diploma and associate degree schools of nursing to enhance their educational credentials.

"(b) In awarding grants and contracts under this section, the Secretary shall give special consideration to schools of nursing.

"(c) There are authorized to be appropriated for the purposes of this section and sections 822 and 823, $8,000,000 for the fiscal year ending September 30, 1982, $10,000,000 for the fiscal year ending September 30, 1983, and $12,000,000 for the fiscal year ending September 30, 1984.".

ADVANCED NURSE TRAINING PROGRAMS

SEC. 203. Section 821 is amended to read as follows:

"ADVANCED NURSE TRAINING PROGRAMS

"SEC. 821. (a) The Secretary may make grants to and enter into contracts with public and nonprofit private schools of nursing and other public and nonprofit private entities to meet the costs of projects to—

"(1) plan, develop, and operate programs;

"(2) significantly expand programs; or

"(3) maintain existing programs;

for the advanced training of professional nurses to teach in the various fields of nurse training, to serve in administrative or supervisory capacities, to serve in various fields of advanced clinical practice, or to serve as nurse practitioners.

"(b) The Secretary shall give special consideration under subsection (a) to applications—

"(1) from schools of nursing;

"(2) which would provide a program for advanced training in geographic areas lacking such a program; or

"(3) which provide for opportunities for advanced training on a part-time basis.

"(c) For payments under grants and contracts under this section there are authorized to be appropriated $14,000,000 for the fiscal year ending September 30, 1982, and each of the next two fiscal years.".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 204. Section 822 is amended to read as follows:

"EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

"SEC. 822. (a)(1) For the purpose of increasing nursing education opportunities for individuals from disadvantaged backgrounds (as determined in accordance with criteria prescribed by the Secretary), the Secretary may make grants to and enter into contracts with schools of nursing and other public or private nonprofit health or educational entities to assist in meeting the costs described in paragraph (2).

"(2) A grant or contract under paragraph (1) may be used by such school or other entity to meet the costs of—

"(A) identifying, recruiting, and selecting individuals from disadvantaged backgrounds for education and training in nursing, including advanced training;

"(B) providing counseling or other services designed to assist such individuals to enter and successfully complete their education at such a school;

"(C) providing, prior to the entry of such individuals into the regular course of education of such school, preliminary education designed to assist such individuals in successfully completing such regular course of education at such a school, or referring such individuals to institutions providing such preliminary education; and

"(D) publicizing existing sources of financial aid available to students in such a school and to students who are undertaking training necessary to qualify them to enroll in such a program, with particular emphasis on individuals—

"(i) who are in high school; or

"(ii) who are practicing nurses and nursing assistants who want to upgrade their educational credentials.

"(b) Not more than 20 percent of the funds appropriated under this section may be used for grants to or contracts with entities that are not schools of nursing. Not more than 5 percent of the funds appropriated under this section may be used for grants or contracts having the primary purpose of informing individuals about the existence and general nature of health careers.".

STRENGTHENING NURSING EDUCATION

SEC. 205. Subpart II of part A of title VIII (as redesignated by section 201 (b) of this Act) is amended by adding at the end thereof the following new section:

STRENGTHENING NURSING EDUCATION

"SEC. 823. (a) For the purposes of strengthening nursing education and the utilization of nurses, the Secretary may make grants to and enter into contracts with schools of nursing, public and nonprofit private hospitals, and other public and nonprofit private entities to assist in meeting the cost of projects to—

"(1) significantly improve the quality and extent of clinical education provided to students in schools of nursing, including demonstrations and evaluations of new or improved arrangements of providing such education;

"(2) plan, develop, establish, or maintain programs of research and investigation into methods of strengthening nursing education;

"(3) demonstrate and evaluate new or improved patterns of nursing care that will promote the full utilization of nurses or assist in the retention or reentry of nurses in active nursing practice; and

"(4) help to increase the supply or improve the distribtuion of adequately trained nursing personnel (including nursing personnel who are bilingual) by geographic area or by specialty group.

"(b) In awarding grants and contracts under this section, the Secretary shall give special consideration to schools of nursing.".

TRAINEESHIPS

SEC. 206. (a) Section 830 (a) is amended—

(1) by striking out subparagraph (D) of paragraph (1) and inserting in lieu thereof the following:

"(D) to serve in various fields of advanced clinical practice.";

(2) by striking out paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(3) by inserting before the period in the second sentence of paragraph (2) (as redesignated by paragraph (2) of this subsection) a comma and "whether full-time or part-time".

(b) Section 830 (b) is amended—

(1) by striking out "and" after "1978,"; and

(2) by inserting before the period a comma and "and the next fiscal year, $8,000,000 for the fiscal year ending September 30, 1982, and each of the next two fiscal years".

TRAINEESHIPS FOR TRAINING OF NURSE ANESTHETISTS

SEC. 207. Section 831 is repealed.

LOAN AGREEMENTS

SEC. 208. Section 835 (b) (4) is amended by striking out ", and that while the agreement remains in effect no such student who has attended such school before October 1, 1980, shall receive a loan from a loan fund established under section 204 of the National Defense Education Act of 1958".

INTEREST RATE

SEC. 209. Section 836(b)(5) is amended to read as follows:

"(5) such a loan shall bear interest at the rate of 7 percent per year.".

SEC. 210. Section 839 is amended by striking out "1983" each place it appears and inserting in lieu thereof "1986".

TRANSFERS TO SCHOLARSHIP PROGRAM

SEC. 211. Section 841 is repealed.

SCHOLARSHIP GRANTS

SEC. 212. Subpart III of part B of title VIII is repealed.

NATIONAL ADVISORY COUNCIL ON NURSE TRAINING

SEC. 213. Section 851(a) is amended by striking out "and the Commissioner of Education, both of whom shall be ex officio members,".

DEFINITIONS

SEC. 214. (a) Section 853(1) is amended by inserting "the Commonwealth of the Northern Mariana Islands," after "Virgin Islands,".

(b) Section 853(2) is amended by inserting "in a State" before the period.

(c) Section 853(6) is amended by striking otu "Commissioner" each place it appears and inserting in lieu thereof "Secretary".

DELEGATION

SEC. 215. Section 856 is repealed.

By Mr. HATCH:

S. 800. A bill to amend the Public Health Service Act to revise provisions relating to research in health statistics and health services, support for medical libraries, and the National Research Service Awards, and for other purposes; to the Committee on Labor and Human Resources.

HEALTH CARE RESEARCH AND RESEARCH TRAINING AMENDMENTS OF 1981

Mr. HATCH. Mr. President, I am today introducing the Health Care Research and Research Training Amendments of 1981. This bill reauthorizes provisions for research in health statistics and health care delivery, continues support for medical libraries, and assures the continued research training of our Nation's future scientists.

I believe this bill carefully reexamines the existing programs in light of our current economic goals. In an economy of scarce resources, only those provisions that have a real effect on the quality of patient care or on the productivity of scientific research should be continued.

I will briefly describe the programs contained in this reauthorization and

discuss how this bill provides for what I believe to be the essential aspects of these programs while eliminating or consolidating those aspects that unnecessarily perpetuate our Federal bureaucracy and offer no real hope of improving health care or scientific research in the future.

The National Center for Health Statistics (NCHS) is the barometer of our Nation's health. It is the major Federal agency established specifically to collect and disseminate health data. Through its surveys and inventories, NCHS produces data on illness and disability, on the supply and use of health services, as well as the Nation's vital statistics on births, deaths, marriages, and divorces. While recognizing the critical importance of such activities, I believe that savings can be accomplished without substantially reducing the availability or usefulness of the health data that must be collected. Several surveys and reports can be produced on a periodic basis other than annually.

The cooperative health statistics system, an overly ambitious, unrealistic, and questionably effective program is replaced in the proposed bill with a less costly grant mechanism, which, at the discretion of the Secretary, can strengthen the ability of the States to develop appropriate statistical capability. My bill also deletes the requirement that the NCHS promulgate guidelines coordinating Federal data collection concerning the effects of employment and the environment on health because that responsibility is also within the duties of the Federal Statistical Policy Office of OMB.

My bill eliminates the National Center for Health Care Technology (NCHCT) because I believe those activities that are essential can be consolidated with other existing programs. The NCHCT, under current legislation, is mandated to undertake and support assessments of major, emerging, high-cost medical technologies.

Yet evidence shows that it is the thousands of small tests and procedures that account for a much larger proportion of total health care costs. Focusing on emerging technologies may only stifle necessary innovation.

To begin to control health costs we must continue to increase our understanding of what constitutes appropriate and efficient patient care. No form of Government regulation will provide the necessary answers, for the responsibility lies with the medical community. We should, however, continue to draw upon the resources of the National Institutes of Health and other appropriate programs to provide the medical community with better information on how to provide expensive medical services in a more cost-effective manner without compromising the quality of care.

The NIH currently has an ongoing program in which experts come together to discuss the state of the art of selected medical procedures and technologies. Randomized controlled clinical trials to assess the efficacy of medical technologies have been and should continue to be within the perview of the NIH. Under my bill, research to develop new methodologies for technology assessment may be undertaken in the Public Health Service.

An additional existing responsibility of NCHCT is to advise the Health Care Financing Agency (HCFA) regarding the appropriateness of reimbursement decisions under medicare.

NCHCT, in turn, relies in many instances on the National Institutes of Health for the appropriate medical and scientific advice. In my estimation, it would be a more efficient process if HCFA relied directly on the NIH for such information. Together HCFA and the NIH can assure public participation coupled with the opportunity for notice and comment in reimbursement issues.

The National Center for Health Service Research, under my proposal, will continue to provide relevant information concerning the development and evaluation of health service systems albeit under a reduced budget. Federal funding for several extramural health service research centers, established several years ago. Would, under this bill, not be continued bevond their original commitments. Private funding will continue to support the highest quality centers. These extramural centers can still compete for individual research grants—only the guaranteed core support would be eliminated.

The National Library of Medicine, housing the Nation's major collection of biomedical literature does not require reauthorization. The important services the library provides such as indexing, cataloging, and maintaining computer data bases must be continued at appropriate funding levels.

But I seriously question whether the Library of Medicine should be providing information and services in competition with the private sector. During the upcoming hearings on this bill I hope to thoroughly explore this issue. The Medical Library Assistance Act, the national library's extramural grant programs, does require reauthorization. Several provisions of this act are continued in the proposed legislation. Small hospital and medical libraries as well as local consortiums will continue to be eligible for grants for limited time periods to help develop their collections. The regional medical library program, an excellent national network of medical libraries that provides, among other services, inter-library loan and access to computerized bibliographic systems would continue to receive limited Federal support. The program's current plan to impose charges on a fee-for-service basis to individual users should be fully implemented. This will allow recovery of the program's cost and permit the network to be more self-supporting. The bill does not continue support for scientific publications because these projects are more appropriately funded elsewhere. High-priority, selective research in information systems is continued on a limited basis.

An important aspect of my bill would continue support for training high-quality research personnel in the biomedical and behavioral sciences, thus assuring a cadre of research scientists who will meet the future health needs of our country. In 1974, research training authorities under the Public Health Service Act were consolidated into a mechanism called the National Research Service Awards (NRSA). Under this authority the Secretary of Health and Human Services provides both predoctoral and postdoctoral research training support.

Three changes are proposed in my bill.

First, in apportioning the funds available under NRSA, the Secretary should give special priority to physician-investigators who seek to undertake a minimum of 2 years' scientific research. As documented by the National Academy of Sciences, there has been a decline in the number of physicians entering research careers.

While some of this decline is inevitable because research salaries cannot compete with income derived from the practice of clinical medicine, the research physician nonetheless has a very special role in attempting to solve important medical questions. We must assure a steady supply of these physician-investigators without ignoring the production of other investigators.

Second, my bill exempts the first 12 months of research training from the payback provision which requires continued service after completion of the training program. Although logical in theory, the payback requirement appears to act as a disincentive to the recruitment of physician investigators.

Third, my bill allows the Secretary, in accordance with regulation, to decide how best to allocate funds under an individual or institutional training grant in an attempt to reduce indirect and unnecessary program costs.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 800

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Health Care Research and Research Training Amendments of 1981".

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

TITLE I—RESEARCH AND TRAINING

GENERAL AUTHORITY

SEC. 101. (a) The section heading for section 304 is amended to read as follows:

"GENERAL AUTHORITY RESPECTING RESEARCH, EVALUATIONS, AND DEMONSTRATIONS IN HEALTH STATISTICS AND HEALTH SERVICES"

(b)(1) Section 304(a)(1) is amended—

(A) by striking out the comma after "Research" and inserting in lieu thereof "and"; and

(B) by striking out "and the National Center for Health Care Technology,".

(2) Section 304(a)(3) is repealed.

(c)(1) Section 304(b)(1) is amended by striking out "Health, Education, and Welfare," and inserting in lieu thereof "Health and Human Services,".

(2) Section 304(b) is amended by striking

out paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(3) Section 304(b)(2) (as redesignated by paragraph (2) of this subsection) is amended by striking out "305, 306, and 309" and inserting in lieu thereof "305 and 306".

(4) Section 304(b)(3) (as redesignated by paragraph (2) of this subsection is amended by striking out "construct".

(d)(1) Section 304(c)(1) is amended—

(A) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services"; and

(B) by striking out "and the National Center for Health Care Technology" and inserting in lieu thereof "the National Institutes of Health and other appropriate Federal entities established under this Act".

(2) Section 304(c)(2) is amended by striking out "and the National Center for Health Care Technology" and inserting in lieu thereof "the National Institutes of Health and other appropriate Federal entities established under this Act.".

(e)(1) Section 304(d)(1) is amended—

(A) by striking out "shall jointly and" before "in cooperation with";

(B) by inserting "may" before "conduct,"; and

(C) by striking out "section 308(1)(2)," and inserting in lieu thereof "section 301,".

(2) Section 304(d)(3) is amended—

(A) by inserting "Labor and" before "Human Resources"; and

(B) by striking out "shall be made by the Secretary and the Academy every two years after the date the first report is submitted" and inserting in lieu thereof "may be made by the Secretary and the Academy at such times as the Secretary and the Academy consider appropriate".

NATIONAL CENTER FOR HEALTH SERVICES RESEARCH

SEC. 102. (a) Section 305(a) is amended—

(1) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services"; and

(2) by striking out "and supervised by the Assistant Secretary for Health (or such other officer of the Department as may be designated by the Secretary as the principal adviser to him for health programs)".

(b) Section 305(b) is amended—

(1) by inserting "dissemination," after "evaluation,";

(2) by striking out "and" after the semicolon in paragraph (3);

(3) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and "and"; and

(4) by adding at the end thereof the following new paragraph:

"(5) the development of methods to improve competition among health care providers by giving providers greater incentives to provide lower cost medical care and consumers greater incentives to seek such care.".

(c) Section 305(c)(3) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(d) Subsections (d) and (e) of section 305 are repealed.

NATIONAL CENTER FOR HEALTH STATISTICS

SEC. 103. (a) Section 305(a) is amended—

(1) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services"; and

(2) by striking out "and supervised by the Assistant Secretary for Health (or such other officer of the Department as may be designated by the Secretary as the principal adviser to him for health programs)".

(b) Section 306(c) is amended by inserting "Labor and" before "Human Resources.".

(c) Section 306(e) is amended to read as follows:

"(e) For the purpose of producing comparable and uniform health information and statistics, the Secretary, acting through the Center, may—

"(1) coordinate the activities of Federal agencies involved in the production of such information and statistics;

"(2) undertake and support (by grant or contract) research, development, demonstrations, and evaluations in support of the production of such information and statistics;

"(3) make grants to and enter into contracts with State and local health agencies to assist them in meeting the costs of data collection and other activities incurred in the production of such information and statistics; and

"(4) review the statistical activities of the Department of Health and Human Services to assure that they are consistent with the production of such information and statistics.".

(d) Section 306(j) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(e) Section 385(k)(4) is amended—

(1) by striking out "Health, Education, and Welfare" in clause (i) of subparagraph (C) and inserting in lieu thereof "Health and Human Services";

(2) by striking out "including the Federal-State-local cooperative health statistics system referred to in subsection (e)," in clause (ii) of subparagraph (C);

(3) by striking out "Health, Education, and Welfare, with respect to the Cooperative Health Statistics System established under subsection (e)" in subparagraph (D) and inserting in lieu thereof "Health and Human Services"; and

(4) by striking out "an annual" in subparagraph (G) and inserting in lieu thereof "a biennial".

(f) Section 306(l) is repealed.

GENERAL PROVISIONS

SEC. 104. (a) The section heading for section 308 is amended to read as follows:

"GENERAL PROVISIONS RESPECTING SECTIONS 304, 305, 306, AND 307"

(b)(1) Section 308(a)(1) is amended—

(A) by striking out "and section 309"; and

(B) by striking out "research, health statistics, and health care technology" and inserting in lieu thereof "research and health statistics".

(2) Section 308(a)(2) is amended by striking out "not later than September 1 of each year the following reports" and inserting in lieu thereof "every two years".

(c)(1) Section 308(b)(1) is amended by striking out "306, 307, and 309" and inserting in lieu thereof "306 and 307".

(2) Section 308(b)(2) is amended by striking out "$35,000" and inserting in lieu thereof "$50,000".

(d) Section 308(c) is amended by striking out "$5,000,000" and inserting in lieu thereof "$2,000,000".

(e) Section 308(d) is amended by striking out "307, or 309" and inserting in lieu thereof "or 307".

(f) Section 308(e) is amended by striking out "307, or 309" each place it appears and inserting in lieu thereof "or 307".

(g) Section 308(f) is amended by striking out "306, or 309" and inserting in lieu thereof "or 306".

(h)(1) Section 308(g)(1) is amended by striking out the last sentence.

(2) Section 308(g)(2) is amended by striking out "306, and 309" and inserting in lieu thereof "and 306".

(i) Section 308(h) is repealed.

(j)(1) Section 308(i) is redesignated as section 308(h).

(2) The first sentence of section 308(h)(1) (as redesignated by paragraph (1) of this subsection) is amended by striking out "and" after "1980," and by inserting before the period comma and "and $20,000,000 for the fiscal year ending September 30, 1982, and each of the two succeeding fiscal years".

(3) Section 308(h)(2) (as redesignated by paragraph (1) of this subsection) is amended by striking out "and" after "1980," and by inserting before the period a comma and "and $35,300,000 for the fiscal year ending September 30, 1982, and each of the two succeeding fiscal years".

HEALTH CARE TECHNOLOGY

SEC. 105. (a) Section 309 is repealed.

(b) Section 310 is redesignated as section 309.

NATIONAL RESEARCH SERVICE AWARDS

SEC. 106. (a)(1) Section 472(a)(1)(A) is amended—

(A) by inserting "and" after the comma in clause (iii);

(B) by striking out clauses (iv), (v), and (vi);

(C) by redesignating clause (vii) as clause (iv); and

(D) by striking out "and the research described in clause (vi)" in clause (iv) (as redesignated by subparagraph (C) of this paragraph).

(2) Section 472(a)(3) is amended to read as follows:

"(3) In awarding National Research Service Awards under this section, the Secretary shall take account of the Nation's overall need for biomedical research personnel by giving special consideration to physicians who agree to undertake a minimum of 2 years of biomedical research.".

(b)(1) Section 472(b)(1)(C) is amended by striking out "or (a)(1)(A)(iv)".

(2) Section 472(b)(2) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(3)(A) The first sentence of section 472(b)(5) is amended by inserting a comma and "tuition, fees," after "stipends".

(B) The second sentence of such section is amended by striking out "shall" and inserting in lieu thereof "may,".

(c)(1) Section 472(c)(1) is amended to read as follows:

"(c)(1) Each individual who is awarded a National Research Service Award (other than an individual who is a prebaccalaureate student who is awarded a National Research Service Award for research training) shall, in accordance with paragraph (3), engage in health research or teaching or any combination thereof which is in accordance with the usual patterns of academic employment, for a period computed in accordance with paragraph (2).".

(2) Section 472(c)(2) is amended to read as follows:

"(2) For each month for which an individual receives a National Research Service Award which is made for a period in excess of twelve months, such individual shall engage in one month of health research or teaching or any combination thereof which is in accordance with the usual patterns of academic employment."

(3) The second sentence of section 472(c)(3) is amended to read as follows: "The Secretary shall by regulation prescribe the type of research and teaching in which an individual may engage to comply with such requirement and such other requirements respecting research and teaching as the Secretary considers appropriate.".

(d) The first sentence of section 472(d) is amended by striking out "and" after "1980," and by inserting before the period a comma and "and $150,000,000 for the fiscal year ending September 30, 1982, and each of the two succeeding fiscal years".

STUDIES RESPECTING BIOMEDICAL AND BEHAVIORAL RESEARCH PERSONNEL

SEC. 107. Section 473(c) is amended by striking out "Public Welfare" and inserting in lieu thereof "Human Resources".

TITLE II—MEDICAL LIBRARIES

PART A—NATIONAL LIBRARY OF MEDICINE

BOARD OF REGENTS

SEC. 201. Section 383(a) is amended by striking out "Assistant Director for Biological and Medical Sciences" and inserting in lieu thereof "Director".

REGIONAL BRANCHES OF THE NATIONAL LIBRARY OF MEDICINE

SEC. 202. Section 388 is repealed.

PART B—ASSISTANCE TO MEDICAL LIBRARIES

DECLARATION OF POLICY, STATEMENT OF PURPOSE, AND AUTHORIZATION OF APPROPRIATIONS

SEC. 211. Section 390 is amended—

(1) by striking out subsections (a) and (b);

(2) by striking out "(c)" before "For"; and

(3) by adding at the end thereof the following new sentence: "For the purposes of grants and contracts under sections 394, 395, and 396, there are authorized to be appropriated $6,000,000 for the fiscal year ending September 30, 1982, $6,000,000 for the fiscal year ending September 30, 1983, and $6,000,000 for the fiscal year ending September 30, 1984.".

TRAINING GRANTS

SEC. 212. Section 393 is repealed.

RESEARCH AND DEVELOPMENT

SEC. 213. (a) The section heading for section 394 is amended by striking out "ASSISTANCE FOR SPECIAL SCIENTIFIC PROJECTS, AND FOR".

(b) Section 394 is amended by striking out subsection (a) and by redesignating subsections (b) and (c) as subsections (a) and (b), respectively.

(c) Section 394(a) (as redesignated by subsection (a) of this section) is amended by striking out "carry out the purposes of section 390(b)(3) the Secretary shall" and inserting in lieu thereof "promote research about access to, the retrieval of, and the use of information concerning sciences related to health, the Secretary may".

BASIC RESOURCE GRANTS

SEC. 214. (a) Section 395(a) is amended by striking out "carry out the purposes of section 390(a)(4), the Secretary shall" and inserting in lieu thereof "promote, in a geographic area, the sharing and availability of information concerning sciences related to health, the Secretary may".

(b) Section 395(b)(2) is amended by striking out "$200,000" and inserting in lieu thereof "$100,000".

REGIONAL MEDICAL LIBRARIES

SEC. 215. (a) Section 396(a) is amended—

(1) by striking out "carry out the purposes of section 390(b)(5)" and inserting in lieu thereof "promote efficient, access to information concerning sciences related to health"; and

(2) by striking out "shall" after "Board," and inserting in lieu thereof "may".

(b) Section 396(b) is amended—

(1) by striking out paragraphs (1), (2), (3), and (5);

(2) by redesignating paragraph (4) as paragraph (1) and by striking out "and" after the semicolon in such paragraph;

(3) by inserting after paragraph (1) (as redesignated by paragraph (2) of this subsection) the following new paragraphs:

"(2) regional coordination of access to computerized bibliographic data bases; and

"(3) planning for services that promote, in a geographic area, the sharing and availability of information concerning sciences related to health.".

(c)(1) Clause (B) of section 396(c)(1) is amended to read as follows: "(B) to charge fees for individual user services in accordance with guidelines issued by the Secretary.".

(d) Section 396(d) is repealed.

(e) Subsections (e) and (f) of section 396 are redesignated as subsections (d) and (e), respectively.

BIOMEDICAL SCIENTIFIC PUBLICATIONS

SEC. 216. Section 397 is repealed.

RECORDS AND AUDIT

SEC. 217. Section 399(b) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

TITLE III—ASSESSMENT OF HEALTH CARE TECHNOLOGIES

SECRETARIAL AUTHORITY

SEC. 301. Section 301(b) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5)(A) In order to provide the medical community with improved information on means of providing medical services at lower costs without compromising the quality of patient care, the Secretary may undertake, support, and disseminate (by grant or contract) assessments of particular health care procedures, practices, or technologies, and research relevant to such assessments. Any assessment undertaken or supported under this section shall take into account the efficacy, effectiveness and cost effectiveness of any health care procedure, practice, or technology which is the subject of the assessment. Whenever practicable, the Secretary shall, in undertaking such assessments, seek the assistance of the medical community, the health care industry, health care insurers, and other appropriate public and private entities.

"(B) The Assistant Secretary for Health, acting through the National Institutes of Health or any other appropriate Federal entity established under this Act, may, after consultation with other appropriate public and private entities, make recommendations to the Secretary respecting issues relating to health care procedures, practices, and technologies in the administration of the laws under the Secretary's jurisdiction, including recommendations with respect to reimbursement policy.

"(C) For the purposes of this section, the term 'health care procedure, practice, or technology' means any discrete and identifiable regimen or modality used to diagnose and treat illness, prevent disease, monitor patient well-being or facilitate the provisions of health care services.".

By Mr. HATCH:

S. 801. A bill to amend the Public Health Service Act to revise provisions relating to the National Health Service Corps; to the Committee on Labor and Human Resources.

NATIONAL HEALTH SERVICE CORPS AMENDMENTS OF 1981

Mr. HATCH. Mr. President, I am today introducing the National Health Service Corps Amendments of 1981, an important step in providing adequate health manpower for our Nation's underserved in a fiscally responsible manner.

The major features of the bill are:

First, a revision of the definition of health manpower shortage areas and the procedural steps necessary for an area to achieve such designation;

Second, use of Corps personnel only in areas where there is a demonstrable demand for their services as well as a statistically established need;

Third, an authorization level, consistent with the President's March 10 request, which allows the Corps to grow from 2,060 individuals in 1981 to a level of 2,500 assignees in 1982 and subsequent years;

Fourth, the phaseout over the next 3 years of the National Health Service Corps scholarship program, currently funded to provide over 6,000 assignees in 1987, to reflect the fact that the NHSC will be capable of recruiting sufficient volunteers during the late 1980's to meet its needs;

Fifth, revision of the scholarship program's independence practice option to make it more attractive and to provide a partial subsidy for individuals choosing this option;

Sixth, provisions which allow the Secretary of HHS substantially greater flexibility in dealing with the surfeit of scholarship recipients who will be available for service over the next 5 years.

The National Health Service Corps has often been looked upon as an educational tool rather than as a health services delivery program. As a consequence, the program has been planned and developed without regard for the most notable fact of the health care delivery system in the 1980's: That we will have by mid-decade a substantial surplus of physicians and that the resulting competitive forces are pushing doctors into areas where they have not previously been available. There are undoubtedly some areas for which no increased amount of competition in the health care delivery system will provide a readily accessible doctor. It is for this reason that the Corps, while undergoing substantial modification and reorientation under this bill, would nonetheless continue to grow slightly from its 1980 level and would probably stay at that increased level at least through the 1980's.

This reorienting of the National Health Service Corps is more than just an adjustment of numbers because of the oncoming surplus. Last September, in an oversight hearing chaired by Senator Richard S. Schweiker, the Labor and Human Resources Committee heard ample testimony about the administrative and conceptual shortcomings of the Corps and about the bloated image of medical underservice in America created by the current "health manpower shortage area" designation process. To remedy these faults, as well as to assure that Corps placements serve the most needy communities, basic changes have been made in the designation definition and procedures. This is also important because of an apparent contradiction: That the placement of a federally salaried National Health Service Corps physician in a community is often an impediment rather than an asset in a community's long-term struggle to find a permanent doctor. Thus, the definition of health manpower shortage area is changed to assure that the Secretary, in making such designations, takes account of: Reasonable access to nearby adequately served areas; indicators of unmet demands for health services by individuals in the area; indicators of the likelihood that unmet demand will be met within 2 years even if the area is not designated; the willingness of groups within the community to support and properly utilize Corps personnel; and the

comments of appropriate agencies, including medical and professional societies and State and local planning agencies. To a greater extent than under current procedures, this information would be required to be provided to the Secretary prior to designation of an area and placement of personnel.

With these changes made, the Corps would be allowed to grow from 2,060 individuals in 1981 to 2,500 individuals in 1982. At this level, and with increased administrative oversight of the effectiveness of existing placements, it is hoped that the National Health Service Corps will become a truly important service to those communities which are truly underserved.

The bill also deals with the impact of unnecessarily ambitious plans for the growth of the National Health Service Corps. In 1980 the Corps had not quite 2,000 individuals in service but awarded almost 6,500 scholarships to individuals who will be ready to serve in the mid to late 1980's. In view of the recent evidence that the physician surplus is having a significant effect on the geographical distribution of physicians, this substantial future growth of the Corps is unnecessary.

However, the Secretary of HHS will, over the next 6 years, be in the difficult situation of releasing some of these scholarship recipients from their service obligation because of this excess capacity building. To deal with this, this bill starts immediately to trim the pipeline by allowing scholarship awards only to those who have received awards in previous years.

In addition, a long-standing program, known as the private practice option and renamed the independent practice option, is strengthened to allow the Secretary more flexibility in encouraging individuals to serve, at their own financial risk, in underserved areas during their obligated period. A new provision allows the Secretary to pay the malpractice insurance and a partial income supplement to individuals who choose this option. Such payments are still a considerable savings over having these individuals serve on the Federal payroll. The independent practice option also provides greater incentives for service-obligated individuals to develop good relationships with the community they serve and to stay in that community for longer periods of time.

The bill allows the Secretary to enter into negotiation with past scholarship recipients to convert their service obligation, at the Secretary's discretion, into a low-interest loan. This is a necessary cost saving provision, if the Federal Government is to avoid unnecessarily spending hundreds of millions of dollars on the salaries of physicians who would be serving communities that are able to attract a physician on their own or for which health services are reasonably accessible in adjacent areas.

It is important to emphasize that this bill requires no reduction in services provided to underserved communities across this Nation. In fact the number of individuals actually serving in the Corps will be increased. However, the bill does provide the Secretary an opportunity to make more realistic and more highly focused use of Corps personnel. Inevitably this may mean that some communities may lose their National Health Service Corps personnel because a tightened definition of health manpower shortage area requires redesignation of their service area, or facilities with unreasonably low demand levels are defunded. I emphasize that those communities with substantial numbers of individuals who are geographically underserved will continue to receive services through this program.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 801

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "National Health Service Corps Amendments of 1981".

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

ESTABLISHMENT

SEC. 2. (a) Section 331(b) is amended by striking out "shall" and inserting in lieu thereof "may" and by striking out "and the Scholarship Program".

(b)(1) Section 331(d)(1)(A) is amended by striking out "shall" and inserting in lieu thereof "may".

(2) Section 331(d)(1)(B) is amended by striking out "shall" and inserting in lieu thereof "may".

(c) Subsections (f) and (g) of section 331 are repealed.

(d)(1) Subsection (h) of section 331 is redesignated as subsection (f).

(2) Section 331(f)(1) (as redesignated by paragraph (1) of this subsection) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(3) Section 331(f)(2) (as redesignated by paragraph (1) of this subsection) is amended by striking out "section 751" and inserting in lieu thereof "section 338A".

(4) Section 331(f)(3) (as redesignated by paragraph (1) of this subsection) is amended by inserting "Commonwealth of the" before "Northern Mariana Islands".

DESIGNATION OF HEALTH MANPOWER SHORTAGE AREAS

SEC. 3. (a) Section 332(a) is amended to read as follows:

"(a) For purposes of this subpart, the term 'health manpower shortage area' means an area in an urban or rural area which—

"(1) need not conform to the geographic boundaries of a political subdivision.

"(2) is a rational area for the delivery of health services;

"(3) the Secretary determines has a health manpower shortage; and

"(4) is not reasonably accessible to an adequately served area.".

(b) Section 332(b) is amended to read as follows:

"(b) The Secretary shall establish by regulation, promulgated not later than January 1, 1982, criteria for the designation of areas in the States as health manpower shortage areas. In establishing such criteria, the Secretary shall take into consideration the following:

"(1) The ratio of available health manpower to the number of individuals in an area under consideration for designation.

"(2) Indicators of a need for health services for the individuals in an area under consideration for designation, including indicators of special needs of facilities and population within the area and indicators of—

"(A) infant mortality,

"(B) access to health services, and

"(C) health status.

"(3) Indicators of an unmet demand for health services by individuals in an area and indicators of the likelihood that such demand will be met within two years after the area is considered for designation as a health manpower shortage area if the area is not so designated.".

(c) Section 332(c) is repealed.

(d)(1) Section 332(d) is redesignated as section 332(c).

(2) Section 332(c) (as redesignated by paragraph (1) of this subsection) is amended—

(A) by striking out "and the considerations listed in subsection (c)";

(B) by striking out "November 1, 1977" and inserting in lieu thereof "January 1, 1982"; and

(C) by striking out "areas, population groups, medical facilities, and other public facilities" and inserting in lieu thereof "areas".

(e) Section 332(e) is repealed.

(f)(1) Section 332(f) is redesignated as section 332(d).

(2) Section 332(c) (as redesignated by paragraph (1) of this subsection) is amended—

(A) by inserting "proposed" before "designation";

(B) by striking out "from the date" and inserting in lieu thereof "before the date";

(C) by striking out "areas, population group, medical facility, or other public facility so" in paragraph (1) and inserting in lieu thereof "area to be";

(D) by inserting "and" after the semicolon in paragraph (1);

(E) by striking out paragraph (2);

(F) by redesignating paragraph (3) as paragraph (2);

(G) by inserting "(including medical and professional societies and State and local health planning agencies)" before "which are located" in paragraph (2) (as redesignated by subparagraph (F) of this paragraph); and

(H) by striking out "so" in paragraph (2) (as redesignated by subparagraph (F) of this paragraph) and inserting in lieu thereof "to be".

(g) Section 332(g) is repealed.

(h)(1) Section 332(h) is redesignated 332(e).

(2) Section 332(e) (as redesignated by paragraph (1) of this subsection) is amended—

(A) by striking out "shall" and inserting in lieu thereof "may"; and

(B) by striking out "areas, among population groups, and in medical facilities and other public facilities designated under this section as".

ASSIGNMENT OF CORPS PERSONNEL

SEC. 4. (a) Section 333(a)(1)(D) is amended—

(1) by striking out beginning with "in the case of" through "which has expired,";

(2) by striking out "continued need" in clause (i) and inserting in lieu thereof "need and demand";

(3) by inserting "intended" before "use of Corps members" in clause (i);

(4) by striking out "previously" before "assigned to the area" in clause (i) and inserting in lieu thereof "to be";

(5) by striking out "fiscal management by the entity with respect to Corps members previously assigned" in clause (i) and inserting in lieu thereof "the fiscal manage-

ment capability of the entity to which Corps members would be assigned";

(6) by striking out "continued need" in clause (ii)(I) and inserting in lieu thereof "need and demand";

(7) by striking out "has been" in clause (ii)(II) and inserting in lieu thereof "will be";

(8) by striking out "previously" in clause (ii)(II);

(9) by striking out "continued" in clause (ii)(IV) and inserting in lieu thereof "unsuccessful";

(10) by striking out "has been" in clause (ii)(V) and inserting in lieu thereof "is a reasonable prospect of"; and

(11) by striking out "previously" in clause (ii)(V).

(b) Section 333(b) is amended to read as follows:

"(b) The Secretary may not approve an application under this section for assignment of a Corps member to a health manpower shortage area unless the Secretary has afforded appropriate public or nonprofit private entities (including medical and professional societies and State and local health planning agencies) which are located or which have a demonstrated interest in the area so designated an opportunity to review the application and submit to the Secretary its comments respecting the need for, and proposed use of, the Corps member requested in the application.".

(c) Section 333(c) is amended—

(1) by striking out "area, population group, medical facility, or other facility" in paragraph (1) and inserting in lieu thereof "area";

(2) by inserting "and" after the semicolon in paragraph (1);

(3) by striking out paragraphs (2) and (4) and by redesignating paragraph (3) as paragraph (2);

(4) by striking out "or population group, or at the medical facility or other public facility," in paragraph (2) (as redesignated by paragraph (3) of this subsection); and

(5) by striking out the semicolon and "and" at the end of paragraph (2) (as redesignated by paragraph (3) of this subsection) and inserting in lieu thereof a period.

(d) Section 333(d) is amended by striking out "areas, population groups, medical facilities, or other public facilities" and inserting in lieu thereof "areas".

(e)(1) Section 333(f)(1) is amended by striking out "shall" and inserting in lieu thereof "may" and by striking out "or has a demonstrated interest".

(2) Section 333(f)(2) is amended by striking out ""shall" and inserting in lieu thereof "may" and by striking out "or has a demonstrated interest".

(3) Section 333(f)(3) is amended by striking out "shall" and inserting in lieu thereof "may".

(f) Section 333(g) is repealed.

(g) Section 333(h) is redesignated as section 333(g).

COST SHARING

SEC. 5. (a) Section 334(b) is amended—

(1) by striking out paragraph (2);

(2) by redesignating paragraph (3) as paragraph (2); and

(3) by striking out "or (2)" in paragraph (2) (as redesignated by paragraph (2) of this subsection).

(b) The second sentence of section 334(d) is amended by striking out "or without charge".

(c) Section 334(e) is amended by striking out "this subpart" and inserting in lieu thereof "sections 331 through 335 and section 337".

PROVISION OF HEALTH SERVICES BY CORPS MEMBERS

SEC. 6. (a)(1) Section 335(a) is amended by striking out "population group, medical facility, or other public facility,".

(2) Clause (2) of section 335(a) is amended to read as follows: "(2) in a manner which is cooperative with, and not competitive with, other health care providers serving such health manpower shortage area.".

(b) The first sentence of section 335(c) is amended—

(1) by inserting "and" before "(3)";

(2) by striking out "; and (4) establishing appropriate continuing education programs".

ANNUAL REPORTS

SEC. 7. Section 336 is repealed.

NATIONAL ADVISORY COUNCIL

SEC. 8. (a) Section 337(a) is amended to read as follows:

"(a) There is established a council to be known as the National Advisory Council on the National Health Service Corps (hereinafter in this section referred to as the 'Council'). The Council shall be composed of not more than 15 members appointed by the Secretary. The Council shall consult with, advise, and make recommendations to, the Secretary with respect to his responsibilities in carrying out this subpart, and shall review and comment upon regulations promulgated by the Secretary under this subpart.".

(b) The last sentence of section 337(b)(1) is amended by inserting "not" before "be reappointed".

AUTHORIZATION OF APPROPRIATION

SEC. 9. (a) Section 338(a) is amended—

(1 by striking out "this subpart" and inserting in lieu thereof "sections 331 through 335 and section 337";

(2) by striking out "and" after "1979;"; and

(3) by inserting before the period a semicolon and the following "$85,000,000 for the fiscal year ending September 30, 1981; $99,000,000 for the fiscal year ending September 30, 1982; $110,000,000 for the fiscal year ending September 30, 1983; and $120,000,000 for the fiscal year ending September 3, 1984".

(b) Section 338(b) is amended by striking out "this subpart" and inserting in lieu thereof "sections 331 through 335 and section 337".

NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

SEC. 10. (a) Sections 751, 752, 753, 754, 755, 756, and 757 are redesignated as sections 338A, 338B, 338C, 338D, 338E, 338F, and 338G, respectively.

(b)(1) Section 338A(C)(1) (as redesignated by subsection (a) of this section) is amended by striking out "section 754" and inserting in lieu thereof "section 338D".

(2) Section 338A(f)(1)(A)(ii) (as redesignated by subsection (a) of this section) is amended by striking out "subpart II of part D of title III" and inserting in lieu thereof "sections 331 through 335 and section 337".

(3) Section 338A(f)(2) (as redesignated by subsection (a) of this section) is amended by striking out "subpart II of part D of title III" and inserting in lieu thereof "sections 331 through 335 and sections 337 and 338".

(4) Section 338A(f)(3) (as redesignated by subsection (a) of this section) is amended by striking out "section 754" and inserting in lieu thereof "section 338D".

(5) Subsections (i) and (j) of section 338A (as redesignated by subsection (a) of this section) are repealed.

(c)(1) Section 338B(a) (as redesignated by subsection (a) of this section) is amended—

(A) by striking out "section 753" and inserting in lieu thereof "section 338C"; and

(B) by striking out "section 751" and inserting in lieu thereof "section 338A".

(2)(A) Section 338B(b)(4) (as redesignated by subsection (a) of this section) is amended by striking out "section 753" and inserting in lieu thereof "section 338C".

(B) Section 338B(b)(5)(D)(2) (as redesignated by subsection (a) of this section) is amended by striking out "section 753" and inserting in lieu thereof "section 338C".

(3) Section 338B(d) (as redesignated by subsection (a) of this section) is amended by striking out "subpart II of part D of title III" and inserting in lieu thereof "sections 331 through 335 and sections 337 and 338".

(d)(1) The section heading for section 338C (as redesignated by subsection (a) of this section) is amended to read as follows:

"INDEPENDENT PRACTICE".

(2) Section 338C(a) (as redesignated by subsection (a) of this section) is amended—

(A) by striking out "shall" and inserting in lieu thereof "may, to the extent permitted by, and consistent with, the requirements of applicable State law,";

(B) by striking out "his" before "service obligation" each place it appears and inserting in lieu thereof "the";

(C) by striking out "section 752(a)" and inserting in lieu thereof "section 338B(a) or under section 225 as in effect prior to October 1, 1977";

(D) by striking out "private clinical practice" and inserting in lieu thereof "independent practice"; and

(E) by striking out "his" before "health profession" and inserting in lieu thereof "the individual's".

(3) Section 338C(b) (as redesignated by subsection (a) of this section) is amended—

(A) by striking out "private practice" in paragraph (1) and inserting in lieu thereof "independent practice";

(B) by striking out "and" after the semicolon in subparagraph (A) of paragraph (1);

(C) by adding at the end of paragraph (1) the following new subparagraph:

"(C) the individual, in providing health care services covered by part A or part B of title XVIII of the Social Security Act, shall agree to accept assignment and to accept the reasonable charge as payment in full;"; and

(D) by redesignating paragraph (2) as paragraph (3) and inserting the following new paragraph after paragraph (1):

"(2) provide for the submission of periodic reports as required by the Secretary;".

(4) Section 338C (as redesignated by subsection (a) of this section) is further amended by adding at the end thereof the following new subsections:

"(c) The Secretary shall provide to each individual released from service obligation under this section technical assistance to assist such individual in fulfilling his or her agreement under this section.

"(d) Failure to meet the terms of the agreements under subsection (b) shall be considered a breach of the scholarship contract as provided in section 338D.

"(e) The Secretary shall, out of appropriations authorized under section 338, pay to individuals participating in independent practice under this section the cost of such individual's malpractice insurance and the lesser of—

"(1)(A) $10,000 in the first year of obligated service;

"(B) $7,500 in the second year of obligated service;

"(C) $5,000 in the third year of obligated service; and

"(D) $2,500 in the fourth year of obligated service; or

"(2) an amount determined by subtracting such individual's net income before taxes from the income the individual would have received as a member of the Corps for each such year of obligated service.".

(e)(1) Section 338D (as redesignated by subsection (a) of this section) is amended by striking out subsection (a) and redesignating subsections (b), (c), and (d) as subsections (a), (b), and (c), respectively.

(2) Section 338D (a) (as redesignated by subsection (a) of this section and paragraph (1) of this subsection) is amended—

(A) by striking out "section 751" and inserting in lieu thereof "section 338A";

(B) by striking out "or" at the end of paragraph (2);

(C) by inserting "or" at the end of paragraph (3); and

(D) by inserting after paragraph (3) the following new paragraph:

"(4) fails to accept payment, or instructs the educational institution in which he is enrolled not to accept payment, in whole or in part, of a scholarship under such contract,".

(3) Section 338D(b) (as redesignated by subsection (a) of this section and paragraph (1) of this subsection) is amended—

(A) by striking out "(for any reason)" and inserting in lieu thereof "(for any reason not specified in subsection (a) or section 338F (b))";

(B) by striking out "section 752 or 753" and inserting in lieu thereof "section 338B or 338C";

(C) by striking out "section 752" and inserting in lieu thereof "section 338B"; and

(D) by striking out "section 753" and inserting in lieu thereof "section 338C".

(f)(1) The section heading for section 338E (as redesignated by subsection (a) of this section) is amended by striking out "GRANTS" and inserting in lieu thereof "LOANS".

(2) Section 338E(a) (as redesignated by subsection (a) of this section) is amended:

(A) by inserting a comma and "out of appropriations authorized under section 338," after "The Secretary may";

(B) by striking out "grant" and inserting in lieu thereof "loan"; and

(C) by striking out "(other than an individual who has entered into an agreement under section 753)".

(3) Section 338E(a)(2)(A) (as redesignated by subsection (a) of this section) is amended by striking out "and described in paragraphs (1) and (2) of section 753(a)".

(4) Section 338E(a)(2)(B) (as redesignated by subsection (a) of this section) is amended by striking out "section 753(b)(1)" and inserting in lieu thereof "section 338C (b)(1)".

(5) Section 338E(a) (as redesignated by subsection (a) of this section) is further amended by striking out the last sentence.

(6) Section 338E(b) (as redesignated by subsection (a) of this section) is amended by striking out "grant" and inserting in lieu thereof "loan".

(7) Section 338E(c) (as redesignated by subsection (a) of this section) is amended by striking out "grant" and inserting in lieu thereof "loan" and by adding at the end thereof the following new sentence: "The Secretary shall set by regulation interest rates and repayment terms for loans under this section.".

(8) The second sentence of section 338E(d) (as redesignated by subsection (a) of this section) is amended by striking out "120 days" and inserting in lieu thereof "60 days" and by striking out beginning with "an amount determined under section 754(c)" through the period and at the end thereof inserting in lieu thereof "within 90 days, the full amount of the principal and interest owed by such individual under this section.".

(g)(1)(A) The first sentence of section 338F(a) (as redesignated by subsection (a) of this section) is amended by striking out "this subpart" and inserting in lieu thereof "sections 338A through 338E".

(B) The second sentence of section 338F(a) (as redesignated by subsection (a) of this section) is amended by striking out "two" and inserting in lieu thereof "three".

(2) Section 338F (as redesignated by subsection (a) of this section) is further amended by striking out subsection (b) and inserting in lieu thereof the following new subsections:

"(b) Notwithstanding any other provision of this subpart—

"(1) the Secretary may not enter into any new or continuing scholarship contract after September 30, 1981, unless such contract provides that, at the Secretary's option, the contract may be converted into a loan agreement under which the individual is relieved of his service obligation and becomes liable for repayment, at 7 percent simple interest from the date of disbursement, of all sums provided to such individual by the Federal Government under such contract; and

"(2) the Secretary may negotiate with individuals for the modification of any scholarship contract entered into under this subpart prior to October 1, 1981, to include the provision described in paragraph (1) of this subsection.

"(c) In establishing any loan agreement under subsection (b), the Secretary shall set reasonable terms for the period of the loan and the date upon which repayment begins.

"(d) In implementing subsection (b), the Secretary may negotiate interest rates and repayment terms more favorable to the individual conditioned upon such individual establishing an independent practice in a health manpower shortage area (designated under section 332).".

(h) Section 338G(a) (as redesignated by subsection (a) of this section) is amended by striking out "section 756(a)" and inserting in lieu thereof "section 338F(a)".

By Mr. ZORINSKY:

S. 802. A bill to remove the Soviet grain embargo unless the President takes certain action; to the Committee on Banking, Housing, and Urban Affairs.

SOVIET GRAIN EMBARGO

Mr. ZORINSKY. Mr. President, yesterday the Senate passed over my amendment on the grain embargo in favor of a nearly meaningless sense of the Senate resolution. I voted present on the substitute amendment because I could in good conscience neither reject any expression of disapproval of the embargo, nor support such a sham.

My colleague from Iowa, I know, feels as strongly as I that the embargo on sales of grain to the Soviet Union must be terminated. Under the circumstances, however, I cannot agree with his approach to the problem.

I offered an amendment which would have forced the President to live up to his campaign pledge of an expeditious decision on the embargo. My colleagues chose instead to simply reiterate yet another time the Senate's desire to end the embargo.

I cannot believe that this President is not aware of the sentiments of the Senate and of the people they represent. America's grain producers are tired of hearing speeches. They are tired of hearing that the Senate has told President Reagan how they feel. America's farmers do not want to hear that the Senate has again told President Reagan where it stands on the embargo. They want to know where they stand. The Senate yesterday had the opportunity to get that answer for the men and women toiling in America's corn and wheat fields, and they refused to use it.

After nearly 5 months studying the problem and more than 2 months in the White House, President Reagan still has made no decision on the embargo. America's farmers are still suffering under the yoke of an unfair and discriminatory restriction of their markets. They are still the sole bearers of the national security and foreign policy burden placed on them by a previous administration.

Under the guise of reviewing the situation, the Reagan administration has kept the embargo in place. If this continues much longer, Mr. President, I will be forced to believe that a decision has indeed been made—a decision to continue to embargo indefinitely and to deceive the American people into believing that it is still in fact under review.

For that reason, Mr. President, I am introducing today legislation paralleling the amendment which was so shamefully rejected yesterday. I would urge all of my colleagues to join me in securing prompt passage of the bill, and to resolve, once and for all, the question of President Reagan's intentions on the embargo. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 802

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, effective 30 days after the date of enactment of this Act, the restrictions on the exportation of agricultural products to the Union of Soviet Socialist Republics imposed on January 7, 1980, shall expire unless, prior to such effective date, the President certifies to Congress that—

(1) the continuation of such restrictions is necessary to further significantly the national security and foreign policy interests of the United States; and

(2) the continuation of such restrictions will not have an undue adverse effect nor unfairly impose a discriminatory burden on the agricultural economy and the farmers of the United States.

If the President does not make the certifications provided for in the preceding sentence, the President may, nonetheless, delay for a reasonable time the expiration of the restrictions and resumption of normal grain trade with the Union of Soviet Socialist Republics by certifying to Congress, prior to the effective date of the preceding sentence, that the President intends to negotiate a new bilateral grains agreement with the Union of Soviet Socialist Republics to replace the agreement that expires September 30, 1981.

ADDITIONAL COSPONSORS

S. 63

At the request of Mr. RANDOLPH, the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Minnesota (Mr. DURENBERGER), and the Senator from Missouri (Mr. DANFORTH) were added as cosponsors of S. 63, a bill to amend the Clean Air Act to provide compliance date extensions for steelmaking facilities on a case-by-case basis to facilitate modernization.

S. 458

At the request of Mr. CRANSTON, the Senator from North Dakota (Mr. BURDICK) and the Senator from Delaware

(Mr. BIDEN) were added as cosponsors of S. 458, a bill to amend title 38, United States Code, to extend the period of eligibility for certain Vietnam-era veterans to request readjustment counseling, to extend the program of veterans readjustment appointments in the Federal Government, and to extend the educational assistance and rehabilitation program delimiting periods for Vietnam-era and service-connected disabled veterans, respectively, under certain circumstances.

S. 498

At the request of Mr. HART, the Senator from Oregon (Mr. PACKWOOD) and the Senator from Nevada (Mr. CANNON) were added as cosponsors of S. 498, a bill to amend the Internal Revenue Code of 1954 to provide a tax credit to homebuilders for the construction of residences incorporating certain solar energy utilization characteristics.

S. 533

At the request of Mr. STAFFORD, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of S. 533, a bill to establish public buildings policies for the Federal Government to establish the Public Buildings Service in the General Services Administration, and for other purposes.

S. 702

At the request of Mr. BAUCUS, the Senator from Minnesota (Mr. DURENBERGER), the Senator from Iowa (Mr. JEPSEN), the Senator from Kansas (Mrs. KASSEBAUM), and the Senator from Idaho (Mr. SYMMS), were added as cosponsors of S. 702, a bill to allow an income deduction for certain motor carrier operating authorities to offset the impact of the Motor Carrier Reform Act of 1980.

S. 750

At the request of Mr. WALLOP, the Senator from Connecticut (Mr. WEICKER) was added as a cosponsor of S. 750, a bill to amend the Internal Revenue Code of 1954 to provide nonrefundable tax credits for investments in qualified industrial energy efficiency and fuel conversion projects, and for other purposes.

SENATE JOINT RESOLUTION 40

At the request of Mr. RIEGLE, the Senator from North Dakota (Mr. ANDREWS) was added as a cosponsor of Senate Joint Resolution 40, a joint resolution to designate April 26, 1981, as "National Recognition Day for Veterans of the Vietnam era."

ADDITIONAL STATEMENTS

ANNIVERSARY OF GREEK INDEPENDENCE

● Mr. HUMPHREY. Mr. President, Wednesday, March 25, marks the 160th anniversary of the beginning of the battle for Greek independence. As a nation which successfully endeavored upon a similar struggle 45 years earlier, the United States feels a special kinship with the Greek people. This relationship has further benefited by the pricelessness of Greek influence, both ancient and modern, on American society today, and by the immense contributions made by immigrants from Greece over the last century.

The Greek people's passion for freedom has long been recognized as inherent in Greek character. In 1953, after Greece had defeated the Communist rebel threat of the post-World War II period, President Dwight D. Eisenhower said:

> Greece asked no favor except the opportunity to stand for those rights in which it believed, and it gave to the world an example of battle . . . a battle that thrilled the hearts of all free men and free women everywhere.

But the Greeks are noted for their more aesthetic virtues as well. This is especially true of the era of the ancient Greek empire, whose influence can still be seen today in art, sculpture, architecture, and literature.

Immigration from Greece to America began on a large scale around 1890. Since then, between 500,000 and 1 million Greeks have come to this country, and in that time have made responsible contributions to every aspect of American culture.

America can thank the people of Greece for providing an excellent example to the world of nationalism and pride, and for their unending contributions as citizens of this country.●

A DEMOCRATIC ENERGY BUDGET

● Mr. HART. Mr. President, our Nation has few priorities higher than reestablishing our energy independence. Our continued addiction to foreign oil gets at the very heart of our identity as an independent people. It threatens both our national and our economic security.

Although many Americans might like to forget the energy crisis, wearing blinders will not make the problem disappear.

Forty percent of the oil this country uses each year comes from foreign sources. Over the past 10 years, OPEC has raised oil prices fifteenfold. This has helped bring about double-digit inflation. Last year alone it drained $85 billion in capital we could have otherwise directed to our productive base.

As much as OPEC prices have limited out control of our own economy, the limits in our freedom of action from a sudden cutoff of our supplies of foreign oil would be worse. For example, a yearlong blockade of the Strait of Hormuz—the mouth of the Persian Gulf:

Would add 13 percent to the inflation rate;

Would decrease the GNP by 8.3 percent; and

Would cut business investment by 20 percent.

Finally, pressure to keep oil flowing could drag us into a fruitless war in the Middle East—against what otherwise might be in our best interest.

The Congress, under the three previous administrations—one Democratic, two Republican—forged an energy policy that promoted a variety of alternative energy sources both to secure energy independence and, in the interim, to reduce U.S. vulnerability to disruptions in the supply of foreign oil.

Now, as a substitute for these policies, the Reagan administration has proposed an energy budget that reduces or eliminates programs that have contributed to reducing U.S. consumption of foreign oil, while maintaining or increasing programs to develop technologies that probably will not reduce foreign oil consumption in the near term, and will have only a speculative chance of reducing foreign oil consumption in the long term. This approach promotes continued energy insecurity rather than energy security.

Before we establish the distinction between the Reagan policy and an effective energy policy, let us examine the Reagan proposal for clues to that distinction. The proposed energy budget would reduce the total amount of funds available for both energy supply R. & D. activities and conservation by about 15 percent in fiscal year 1981 and by 41 percent in fiscal year 1982.

This overall reduction, however, is not distributed equitably among the various program functions. For example, the proposed budget would cut funds for solar programs by 35 percent in fiscal year 1981 and 78 percent in fiscal year 1982. It would cut funds for conservation programs by 35 percent in fiscal year 1981 and 78 percent in fiscal year 1982. It would cut funds for fossil energy programs by 27 percent in fiscal year 1981 and by 73 percent in fiscal year 1982. And, finally, it would eliminate entirely the Solar Energy and Conservation Bank, which received a $1 billion authorization under the Energy Security Act in 1980, but would spend out only $10 million in fiscal year 1981 and $96 million in fiscal year 1982.

While all these energy research and development programs have fallen victim to the budget-cutting hatchet, one energy program has been spared and even fattened: the nuclear energy research and development program. The administration's proposed budget would increase the funding for that program by 2.5 percent in fiscal year 1981 and by 18.2 percent in fiscal year 1982—an increase of $300 million over the $1.3 billion requested by the Carter administration. This proposal includes $100 million in fiscal year 1981 and $220 million in fiscal year 1982 for the Clinch River breeder reactor, a project that will cost at least $3 billion to complete.

The Reagan administration's limited energy policy, with its excessive bias toward nuclear energy research and development, has several serious flaws.

First, it gambles enormous amounts of tax dollars for research and development on extravagant technologies that may never displace one drop of foreign oil and may never become economically viable. Breeder reactors, for example, probably will not become economically viable before the year 2020, if at all, according to many experts. Their commercial appeal will depend on such interrelated factors as the price of uranium, the costs of reprocessing spent fuel from light water reactors, the demand for additional electrical generating capacity, and the extent to which utilities will buy light water reactors to fill that demand. The depressed state of uranium prices, the decreasing demand for additional

electrical generating capacity and light water reactors, and the projected increases in the cost of spent fuel all indicate that the date for economic viability of breeder reactors could recede further in the future.

Given the remote possibility that breeder reactors will have commercial appeal within the next 40 years, continuation of the Clinch River breeder reactor is highly questionable. Moreover, the Clinch River breeder reactor design has been described by several experts as outdated. Indeed, the Department of Energy has developed a detailed conceptual design for a bigger, better breeder that it plans to build in Idaho. These facts lead to the inescapable conclusion that the Clinch River breeder reactor is nothing more than a CETA program for nuclear engineers.

David Stockman, Director of the Office of Management and Budget, presented the best arguments against the breeder technology generally and the Clinch River reactor in particular. As a Congressman, in 1977, he wrote a 14-page brief opposing the Clinch River project, which I include for the RECORD. In that brief, Mr. Stockman said—

> I have come to the conclusion that it (CRBR) is totally incompatible with our free market approach to energy policy . . . The breeder cannot compete with existing technologies within the time frame contemplated by its advocates without massive subsidies.

The Reagan administration seeks to increase other nuclear R. & D. programs with the same zeal with which it hopes to throw tax dollars away on the Clinch River breeder reactor. Yet, increased development and use of nuclear power will not substantially contribute to U.S. energy independence.

There are several reasons why. First, nuclear power consumers—electric utilities—consumed less than 7 percent of all the oil used in the United States in 1980, and by the end of the decade will consume only a few percent of the oil used. Thus, utilities do not depend heavily on foreign oil.

Second, the annual increases in demand for electricity have become consistently less over the last few years and will continue to decrease. The annual increases in demand have declined from 7 percent in the early 1970's to less than 2 percent today.

Finally, increased use of coal-fired generation, rather than nuclear power, has predominantly contributed to the reduction of oil consumption by electric utilities. For example, between 1978 and 1980, nuclear power generation declined 9 percent. If nuclear power were a direct substitute for oil, oil consumption would have increased by at least 8 percent. Contrary to expectation, however, actual oil consumption by utilities declined, 25 percent, undoubtedly because utilities relied on other nonnuclear energy sources to supply the difference. Consequently, rather than displace foreign oil, nuclear power tends to compete with coal and natural gas as the fuel utilities use to generate electricity.

The Congress should recognize and correct this first flaw in the Reagan administration's limited energy policy by supporting continued funding for programs that have demonstrated their ability to further reduce consumption of oil in the near term. For example, the DOE has estimated that its programs for solar energy and energy conservation replace about 102 million barrels per year of oil, or 20 days per year of imported oil, while its nuclear energy programs replace only 4 million barrels per year of oil, or less than 1 day per year of foreign oil. Another DOE study shows that, after accounting for higher energy prices to reduce consumption and energy tax credits to encourage use of alternative sources, DOE's conservation and solar programs could further reduce projected annual U.S. consumption of oil and natural gas by about 10 percent by the year 2000—20 to 30 years before the breeder reactor could possibly bear economic fruit.

By reducing the disproportionate increases in the proposed budget for nuclear energy R. & D. and transferring most of the funds to the more cost-effective solar and conservation programs and synthetic fuels, the Congress can place this country back on the road to energy independence.

A second flaw in the Reagan energy budget proposal is its Panglossian optimism that the free market will provide energy security without additional "encouragement" from the Federal Government.

The Reagan proposal leaves to the free market the development of those energy sources that can contribute the most to reducing consumption of foreign oil, while it subsidizes technologies that may never contribute to energy independence. If our need to reduce oil imports were not so urgent and if the free market operated perfectly, we could accept the notions that the free market can most efficiently allocate resources for energy development, and that the Federal Government should adopt a new policy of benign neglect toward the need to attain energy independence.

Unfortunately, neither is the case. For example, the free market does not account for unexpected interruptions in the supply of foreign oil. The true cost of oil includes both the actual market price of oil plus an additional amount that reflects the price of continued U.S. vulnerability to supply disruptions. The free market's inability to respond to this true "cost" requires the Federal Government to promote the use of alternatives to oil to free the Nation from its vulnerability.

In addition, the free market cannot operate properly without adequate information upon which businesses and individuals can make economically efficient choices of which alternative energy source, if any, to use. Yet, the Reagan limited energy policy would cut the very programs that provide information to enhance the operation of the free market: Energy extension services, State conservation programs, energy efficiency labeling for appliances, and voluntary building energy performance standards.

Finally, significant barriers prevent those energy sources whose funds the Reagan proposal would cut drastically from competing on an equal footing with those sources, such as nuclear power, for which the Reagan proposal would increase funding levels. The numerous small firms that have attempted to enter the solar energy and energy conservation fields often do not enjoy sufficiently great economies of scale to permit them to pursue major research and development efforts or to market their products extensively.

By contrast, five large firms have virtually captured the market for manufacturing nuclear powerplants and, because of their size, can achieve sufficient economies of scale for their R. & D. or marketing activities. Thus, the Federal Government should become a partner in these activities to reduce the barriers that stand in the way of near-term commercialization of alternative energy technologies.

Securing energy independence is too essential for our national interest to leave it to the whims of an imperfect market. Thus, the Congress should support these programs which will achieve, over the shortest period of time, the greatest marginal decrease in foreign oil consumption for each tax dollar spent. The Reagan administration has the burden of proving that its allocation of funds within the energy budget will produce that result.

The third flaw in the administration's proposed energy budget is its emphasis on "high-technology" alternative energy sources that necessarily concentrate control in a few corporate hands. The Congress should take just the opposite approach and support those alternative energy sources—to the extent they prove cost efficient—which give individuals greater control over their own energy security and encourage self-reliance.

Finally, perhaps the most serious flaw of the Reagan proposal is its blatant inconsistency in its "free market" approach. On the one hand, it cites free market theories to justify reducing programs that promote nonnuclear energy sources while, on the other hand, it funds an extensive subsidy program for nuclear energy research and development. The "double standard" for justifying the allocation of funds within the energy budget just does not make sense.

Secretary of Energy Edwards repeatedly has argued that the Federal Government must increase its programs to promote nuclear energy and, in particular, build the Clinch River breeder reactor, to help the nuclear industry get on its feet again. We should ask, however, why an industry that has existed for over 25 years and has received billions of dollars in Federal subsidies should require an addition Federal umbilical cord to assure its survival?

The Congress should remind the Reagan administration that it cannot have it both ways. We cannot subsidize the nuclear industry at the same time that funding for other, potentially more cost-efficient energy technologies on the verge of full commercialization is drastically reduced. If the Reagan administration wishes to apply the free market philoso-

phy to energy policy, it should apply that philosophy consistently.

From this analysis of the Reagan administration's nonenergy policy, several general criteria emerge that could guide the Congress in substituting for it an energy program that defines a proper role for the Federal Government and that can achieve energy independence in the near term. This program should rely on the free market, to the greatest extent possible, to allocate available resources for promoting alternative energy technologies. At the same time, however, the Federal Government should play a seven-part role.

First, it should widely disseminate information about all alternative energy technologies to enhance the efficiency of the free market.

Second, it should pursue R. & D. activities for those alternative energy technologies which could most efficiently replace foreign oil in the near term but are too expensive for the private sector to develop at the current time. Conversely, it should not support R. & D. activities for alternative energy technologies that have only a speculative chance of commercialization and of efficiently displacing consumption of foreign oil.

Third, it should encourage faster decreases in the consumption of foreign oil that the natural operation of the free market would otherwise achieve. These steps preferably should take the form of incentives, such as tariffs on imported oil with revenues rebated through the tax system, rather than mandatory Government regulations.

Fourth, it should aid those people, particularly at lower income levels, who cannot readily adapt to increases in prices and changes in energy technology. This aid should take the form of low-income weatherization assistance of "retrofit vouchers" that enable the recipients to improve energy efficiency rather than as low-income energy assistance, which constitutes a recurring cost to the Federal Government but does not reduce overall energy consumption. This approach should be swiftly replaced with "lifeline utility rate" reform.

Fifth, it should assist State and local governments in implementing a national energy policy.

Sixth, it should provide for effective emergency planning during the period that the United States must necessarily depend on foreign oil.

Finally, it should maintain a vigorous antitrust program to guarantee against anticompetitive activities that reduce the efficiency of the free market or divert resources from needed energy production.

This Nation's continued dependence on foreign oil is a national problem that requires a national solution. We cannot blithely assume that the market will solve that problem for us. The Federal Government has a role to play in solving that problem—research and development—a role far more critical than merely pursuing expensive and speculative activities for energy technologies that may never reduce our energy dependence.

The Congress should carefully scrutinize the allocation of funds within the Reagan administration's energy budget. If it agrees that the programs supported under the budget will perpetuate rather than eliminate energy insecurity, then it has an obligation to reject and reallocate the funds to encourage the development of energy sources which can end our reliance on foreign oil. Anything less could seriously jeopardize the national interest.●

RURAL TRANSPORTATION CO-OPERATIVES: AN UPDATE

● Mr. BAUCUS. Mr. President, last fall the U.S. Department of Agriculture announced an innovative pilot project on rural and agricultural transportation. Designed to test whether rural transportation services can be improved by forming transporation cooperatives, this program has, I believe, a great potential for resolving some of the very serious transportation problems that have plagued agricultural producers for years.

In January of this year, I sponsored a series of meetings around the State of Montana with our Governor, Ted Schwinden, to explore the potential for rural transportation cooperatives in Montana. The response we received was extremely enthusiastic. As much as anything else, this enthusiastic response spoke to the seriousness of Montana's transportation problems.

Mr. President, as a result of these meetings the Montana Department of Agriculture has put together a preproposal for rural transportation cooperatives in Montana. The submission of the preproposal is the first step that States must take in developing a plan for submission to USDA.

I have reviewed Montana's preproposal. It is well developed, well conceived, and complete. It is also extremely informative. For the benefit of my colleagues, I ask that the proposal be printed in the RECORD.

The proposal follows:

STATE OF MONTANA,
Helena, Mont., March 13, 1981.

Hon. JOHN R. BLOCK,
Secretary, U.S. Department of Agriculture, Washington, D.C.

DEAR SECRETARY BLOCK: Pursuant to Secretary Bergland's letter dated January 14, 1981, on Rural Transportation Cooperatives, the following letter should be considered as a pre-proposal for each specific rural transportation cooperative that the State of Montana wishes to propose.

The pre-proposal covers a three-phase project which I have designated the Montana State Department of Agriculture as the State agency to be responsible for reviewing situations in the State and submitting pre-proposals for this demonstration project.

The Montana Department of Agriculture has the facility to match the federal funds given to this State through an arrangement of in-kind services.

The State of Montana is extremely interested in completing these proposals and being selected for an organizational and operational funding of the projects.

Due to the shortness of time, it has been necessary to be somewhat cursory in the analyses, however, it is anticipated that during the proposal stage the project feasibilities will be completely developed.

Thank you for your consideration of the Agriculture and Rural Transportation Coop project.

Sincerely,

TED SCHWINDEN, *Governor.*

PREPROPOSAL FOR SUBMISSION TO REVIEW OF RURAL TRANSPORTATION ORGANIZATIONS; DEMONSTRATION PROGRAM

1. The Purposes of this Program:

a. This demonstration project will establish rural transportation cooperatives to provide essential transportation services in two specific locations and generally statewide in the rural areas of Montana. The project will help maintain vital transportation services for agriculture and rural development.

b. The transportation cooperative demonstration projects will provide an alternative service in those areas where a loss of rail service has occurred or potentially will occur in the foreseeable future.

c. The demonstration projects will involve a large cross-section of the rural farm producer and elevator operators and will help mitigate and off-set rising costs and deterioration of transportation plant.

d. The transportation demonstration project will assist the rural producers in determining their own solutions to their transportation problems by allowing participation to alleviate and mitigate continuing transportation problems in the movement of their grain to market.

2. Background:

Montana has been faced with some of the largest abandonments of rail system in the history of the United States. The abandonments of the Chicago, Milwaukee, St. Paul and Pacific lines west of Miles City, Montana, caused an adverse social-economic and environmental impact upon Montana. The principally affected commodities were coal, grain, potatoes, and timber within the state. Communities within Montana may experience primary and secondary job losses. Several communities whose existence and livelihood was dependent upon the railroads were particularly hard hit. Those included Harlowton. Roundup, Deer Lodge, and Lewistown.

The results of these abandonments have caused heavy increases in local motor carrier traffic in localized areas.

The Burlington Northern's market position in Montana, Idaho, and Washington was greatly strengthened by the abandonment and there was a corresponding decrease in price and service competition between the railroad and other transportation modes.

The fiscal resources of the state and local governments in Washington, Idaho, and Montana were strained by tax base erosion and efforts to mitigate adverse impacts associated with the withdrawal of the Milwaukee west of Miles City.

5. Description of the Project:

The Montana Department of Agriculture is submitting this preproposal requesting that funding be forthcoming for evaluation of the feasibility of a pilot demonstration project for rural transportation service within Montana. The Montana Department of Agriculture has worked closely with and has concurrence of the Rail Planning Unit within the Montana Department of Highways with respect to this project.

The project is divided into three parts. The project is basically a shipper's cooperative with rail/truck transfer facilities located in Lewistown, Montana and around Plentywood, Montana and a support computerized back-haul system with incoming and outgoing data transmission.

The highway-rail facility to be located at Lewistown, Montana will serve a surrounding seven-county area and be comprised of a broad based group of farmers and grain handlers from Fergus County.

The highway-rail facility to be located around Plentywood, Montana will serve the

surrounding five-county area and be comprised of a broad based group of farmers and coop members within the area.

These rail transfer facilities will cost in the range of $4–$5 million dollars with the Lewistown facility at about $2–$2.5 million dollars and the Plentywood facility at $2–$3 million dollars. The Plentywood facility will be located on one of the longest branch lines in the state and in one of the most productive areas of the state. Its design may encompass utilization of both spring wheat, barley and durum wheat.

The rail transfer facility around the Plentywood area may involve utilization ultimately of a competitive rail system (Soo Line) in order to provide effective intramodal competition forces within northeastern Montana.

This report will briefly analyze the markets available around each of the facilities. The following Table No. I indicates the wheat and barley produced in the five counties surrounding the Plentywood area.

TABLE I

[In bushels]

	All wheat, 1979	Barley, 1979
Daniels	3,652,300	306,800
McCone	4,041,500	346,300
Richland	2,875,400	596,400
Roosevelt	6,235,000	461,300
Sheridan	6,403,200	381,500
Total	23,180,400	2,092,300
Total, all grain	25,272,700	

Note.—Table II shows the wheat and barley available in the 7-county area surrounding the Lewistown, Mont., site.

The Federal Railroad Administration (FRA) refused to allow the Milwaukee to abandon any Emergency Rail Services Act funding for the lines west of Miles City and therefore the Milwaukee determined that the lines, even though profitable, were non-essential to its core system.

The Burlington Northern (BN) on 12–1–80 instituted multi-car rates from all points in Montana on west-bound wheat. Of all the wheat in Montana approximately 90 percent moves west-bound and of that about 80 percent goes into export position. The distances which the wheat must travel are long and the terrain is not conducive to economical truck transportation.

Montana is basically faced with one railroad, the BN.

In middle January, the state was advised that the USDA, Office of Transportation therein, was proposing a transportation demonstration project based upon a transportation cooperative type structure. The idea revolved the premise that the shippers could form a cooperative or shipper association which would deal with and start to solve some of their overall transportation problems. The Montana Department of Agriculture, the Montana Department of Highways and Senator Baucus' office conducted a series of informative briefings around the state with USDA staff people. At each of these briefings a steering group was put together (Appendix A) which were charged with the duty of developing transportation coop ideas for submission and evaluation by the state. The Department of Agriculture had three follow-up meetings, two in Lewistown and one in the northeastern part of the state to put together the ideas and coalesce them into workable projects. The department has involved in excess of 201 people in this process and have sent numerous survey letters in an attempt to generate ideas. The department has utilized the resources of the State Department of Agriculture, State Department of Highways, the community development people, the various local planners, the university, and trucking organizations in preparing this pre-proposal which the department chooses to submit.

3. Contract Person:

a. Mr. Terry C. Whiteside, Manager, Marketing and Transportation, Montana Department of Agriculture, Capitol Station, Helena, Montana 59620; (406) 449–3124, will be the contact person for the U.S. Department of Agriculture. He may be consulted to communicate about the feasibility and planning studies, budget for the studies, etc.

4. Certification of the State:

a. The State of Montana hereby certifies that it will meet the state matching requirements of the studies needed for completing the proposal if the pre-proposal is selected. The state also indicates that it may utilize inkind service matches for completing the proposal.

TABLE II

[In bushels]

	All wheat, 1979	Barley, 1979
Fergus	4,072,900	2,395,900
Garfield	1,186,300	226,500
Golden Valley	373,200	122,900
Judith Basin	2,035,500	1,408,300
Musselshell	349,200	125,700
Petroleum	83,900	108,100
Wheatland	466,200	289,400
Total	8,567,200	4,676,800
Total, all grain	13,244,000	

A map of the rail lines of Montana is provided in Appendix B. One should note that Lewistown, Montana is in central Montana and Plentywood, Montana is in the northeastern corner of Montana.

The third part of this pre-proposal would include a feasibility analysis of a computerized back-haul system which would allow prospective shippers and motor carriers to have a focal point from which to contract back-hauls and forward-hauls to market. This will provide increased flexibility for shippers in Montana to be able to contract the various truckloads that need to be moved.

6. Goals of the Proposed Cooperative:

The proposed cooperative project is centered around the concept that development of rail-highway transfer facilities will insure continued rail service to the areas and prevent abandonment of rail services in the future. The second goal of the transportation cooperative projects are to provide increased opportunities for efficient utilization of alternative modes.

7. Funding Sources:

It is anticipated that during the feasibility development of the proposal that the final funding sources will be developed. It is anticipated also that applications will be made for Farm Home Administration loans or loan guarantees under the Community Facilities Program. It is uncertain at the time of this writing whether the Business and Industry Loan Guarantee Program will be available for funding a project of this nature due to Presidential cuts of the Farm Home Administration programs. It is proposed that the feasibility analysis of each part of the proposal will be subject to review and must be capable of profitable operation prior to application to the Farm Home or other loan guarantee programs. It is anticipated that the necessary legal authority for constructing, operating and maintaining the proposed facility or service will be obtained and provisions made for obtaining, giving, security for, and repaying the proposed loan. The applicant for the loan will be responsible for operating, maintaining, managing, and providing for its continued availability to the general public at reasonable rates. The State Department of Agriculture will initially exercise the above-described responsibilities even though the facility may be ultimately operated, maintained, or managed by a third party.

Negotiations for obtaining continuous and adequate rights-of-way and interest in land needed for construction, operation, and maintenance of the facility have already begun.

The project will also consider alternative funding sources such as state rail bonding authority for facilities and equipment, together with community and county funding sources.

8. Description of the Nature of the Surveys and Planning Efforts:

It is anticipated that the necessary planning efforts for determining the feasibility and acceptability of the proposed service will cover the following points:

1. Complete a market feasibility study.
2. Determine the cost for operation, maintenance, and construction.
3. Develop a time flow schedule for construction together with financing instruments.
4. Conduct preliminary negotiations for land sites.
5. Finalize the financing package and appropriate applications.
6. Submission of final feasibility analysis to USDA and the lending institutions.

It is anticipated that during the conduct of these planning and survey efforts that the State Department of Agriculture will utilize in-house staff studies on the bulk loading facilities, some consultant work, and possibly some land-grant university personnel.

9. Support by Lewistown City/County Planning Board:

Appendix C is a copy of a letter from Mr. John Hughes, Planning Director of the Lewistown City/County Planning Board which indicates that Lewistown has a local development corporation by the name of New Industries, Inc., a non-profit corporation which stands willing to assist in any development efforts undertaken in the Lewistown area. This group has met and adopted a resolution of support for the project which has been proposed and they are anxious to become involved. Appendix C also indicates some draft material from the Overall Economic Plan which includes development of a highway-rail transfer facility.

10. Support by Fergus County CC & D Facilities, Inc.:

Appendix D is a copy of a letter from Timothy J. O'Hare, Esq. who represents the Fergus County CC & D Facilities, Inc.

This group indicates that they are willing to participate underneath this transportation coop demonstration project and locate a highway-rail transfer facility in Lewistown. Mr. Terry C. Whiteside has met with the Fergus CC & D Facilities, Inc. and has viewed their plans and some of their market feasibility studies. This group was formed in response to the transportation coop demonstration project idea. It is estimated that the facility which the proposal will study will be in the 2 to 2.5 million dollar range.

11. Support by the Montana Department of Highways, Rail Planning Unit:

The Montana Department of Highways, Rail Planning Unit, under its manager, Mr. John D. Craig, has indicated his conviction for long-term support for the rail lines in and around the Lewistown area. The rail planning program in Montana is projecting to spend most of its current rail planning allocations for the current year on rail lines around the Lewistown, Montana area. The negotiations are currently continuing with the Burlington Northern Railroad for those rehabilitation projects.

12. The State of Montana Requests Planning Grant:

The State of Montana respectfully requests that the task force provide a planning grant

for the pre-proposal in order to assist the State in development of a proposal for submission to USDA on transportation cooperatives. This planning grant will be used to develop analysis and the planning steps and to negotiate the budgets for analysis and planning of the proposed project. The state respectfully requests that it receive a planning grant of $60,000. in federal funds for analysis and planning activities. The state plans to conduct the analyses and plans for this proposed project together with assistance from the Montana State University and/or some outside consultants. The state of Montana feels that due to the nature of the projects being spread over such a wide geographic area and the complexities of the planning processes that it will require the full $60,000. to complete the proposals for submission to the task force for a selection of a demonstration project. The Montana Department of Agriculture feels that the projects are extremely worthwhile and will benefit a large number of rural users which have been adversely affected by rail abandonments within the state during the last two years.

W. GORDON MCOMBER,
Director, Montana Department of Agriculture.
TERRY C. WHITESIDE,
Manager, Marketing & Transportation Unit, Montana Department of Agriculture.
RAYMOND W. BRAULT,
Attorney, Montana Department of Agriculture.

APPENDIX A

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Ted Neuman, Vaughn, Mont. 59487.
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Roger Young, Great Falls Area Chamber of Commerce, Box 2127, Great Falls, Mont. 59403.

APPENDIX C

LEWISTOWN,
CITY-COUNTY PLANNING BOARD,
Lewistown, Mont., March 9, 1981.

Mr. TERRY WHITESIDE,
Department of Agriculture, Transportation Office, Office of the Governor, Helena, Mont.

DEAR TERRY: This letter is in reference to your recent visit to Lewistown to discuss the possible location of a unit train loading facility in this area.

Please be advised that we are currently preparing an Overall Economic Development Plan for Fergus County which is 80 percent complete. One of the 12 projects identified as having the best potential for development within the area is to expand the rail facilities and locate a large grain terminal facility in the Lewistown area. Not only is it felt that the area has a lot of potential for a facility of this type, but the continuation of rail service is essential for the area's economy.

Also be advised that Lewistown has a Local Development Corporation by the name of New Industries Inc. This is a non-profit corporation that stands willing to assist in any development efforts undertaken in the Lewistown area. This group has adopted a Resolution of Support for the project and they are anxious to become involved. The President of New Industries Inc. is Donn Pennell and you can reach him in Lewistown at 538-3162.

I am enclosing copies of some of the draft material from the Overall Economic Development Plan. Hopefully this will be of some use to you in developing this project.

If I can be of any further assistance in this matter, please do not hesitate to call on me.

Sincerely,

JOHN HUGHES,
Planning Director.

ADOPTED BY THE O.E.D.P. COMMITTEE
JANUARY 20, 1981

Goals

1. Preserve and enhance existing county employment opportunity.
2. Increase per-capita income in the county.
3. Diversify, expand and stabilize the economic base of the county.

Assumptions

1. That agriculture will play an important role in the county economy.
2. That the county population, especially the city of Lewistown, will grow at or above projected rates.
3. That a diverse labor force will exist in the county.
4. That future economic development will not be at a cost of a loss of agricultural lands.
5. That providing the necessary infrastructure will lead to an increase of commercial, industrial, public service and other uses in the county.

POTENTIALS FOR DEVELOPMENT

I. Agriculture:
1. End product agricultural goods.
2. Distribution and holding centers for agricultural products.
3. Expand beef industry (feed lots/packing plants).
4. Water use development.
Projects:
1. Unit Train Terminal.
2. Judith River Flood Control/Irrigation System.
3. East Judith Mt. Irrigation System.
4. Barley Syrup Manufacture.
5. Montana Ranch Beef.
6. Packing Plant Expansion.

II. Commercial:
1. Expand convention facilities.
2. Downtown restoration and development.
3. Expand commercial area as necessary.
Projects:
1. Community Center/Convention Center.
2. Downtown Re-development.
3. Large Office Buildings Development.

III. Industrial:
1. Cottage industries (piece work—retired population).
2. Centralized location in the state to attract government buildings and small industries.
3. Mineral and energy resource development.
4. Gasohol development.
Projects:
1. Gasohol.
2. Electronics Plant.
3. Textile Manufacturer/Stead.
4. Pipeline/Processing Plant.
5. Small Brewery.
6. Industrial Park.
7. Steel Detailing/Fabrication.
8. Floor tile/Brick panels.

IV. Transportation:
1. Expand rail facilities.
2. Centralized location in the state for a rail/trucking terminal for Central Montana.
3. Air transportation using industries/commercial activities.
Projects:
1. Assist in Locating a Flight Service in Lewistown.
2. Expand Air Transportation Lewistown—Great Falls.
3. Expand Rail Facilities in Lewistown for Unit Train Handling.
4. Winifred—Big Sandy Road.
5. Bus Transportation System for Lewistown.

V. Tourism:
1. Increase out of U.S. travelers (Old West Era).
2. Missouri River tours.
3. Hunting, fishing and skiing activities.
4. Dude ranches.
Projects:
1. Develop Tour Packages to Promote the Local Area
2. Cross Country Ski Trails.
3. Down Hill Ski Area.

VI. Education:
1. Vocational/technical school.
2. Expand College of Great Falls facilities.
Projects:
1. Expand College Facilities.
2. Vo-tech School.
3. Upgrade High School Facilities.

APPENDIX C

CRITERIA AND RATING

1. How urgent is the need for the project, ——.
2. Does the project create long-term permanent jobs,——.
3. Does the project benefit the unemployed, low-income and under-employed,——.
4. Does the project prevent the loss of existing permanent jobs,——.
5. Does the project serve the entire OEDP Area,——.
6. Is there local financial and/or physical commitment, if needed,——.
7. Is the project planned and designed,——.
8. Does it have a good environmental impact,——.
9. Would the project have overall community support,——.
10. Does the project have potential for growth on its own merits once initiated, ——.

PROJECT LIST (FINAL) O.E.D.P. (IN PRIORITY)

1. Textile Plant.
2. Community Center/Convention Center.

3. Expand Rail Facilities/Grain Terminal.
4. Upgrade High School.
5. Barley Syrup Manufacture.
6. Upgrade and Expand Brick Plant.
7. Gasohol Plant.
8. Industrial Park.
9. Winifred/Big Sandy Road.
10. Judith River Flood Control Project.
11. Develop Tour Packages.
12. Expand College Facilities.

Adopted by the O.E.D.P. Committee on January 13, 1981.

OVERALL ECONOMIC DEVELOPMENT COMMITTEE

Name, address, affiliation, and phone:

Donn Pennell, Gilt Edge Stage, Owner/Manager Montana Bldg., 3162 (Off.)

Jim DeMers, 708 Utica, Manager/Yogo Inn, 8721.

Joe Friend, 312 Quartzite, Pres./Midstate Bank, 7448.

Gary Willis, Bank Electric Bldg. (Bus. address), Customer Service/Montana Power Co., 5415.

Steve Reesor, 136 15th Ave. So., Owner/Owl Drug, 8749.

Tim O'Hare, 1028 W. Evelyn, Lawyer-partner/Parrish-Knopp-O'Hare, 7718.

Dave Byerly, 418½ W. Evelyn, Asst. Editor/News Argus, 3401.

Ken Byerly, 211 Flourite Dr., Editor/News Argus, 3401.

Fred Lark, P.O. Box 620 (Bus. Address), Owner/KXLO, 3441.

Stan Asbell, Heath Star Rt. (Bus. Address), Manager/U.S. Gypsum Co., 5438.

Bill Larson, 115 Uranium Dr., Senior VP/Northwestern Bank, 7771.

Ed Lamb, Montana Bldg. (Bus. address), VP/First Nat'l Bank, 7471.

Robert Phillips, Truck by Pass (Courthouse—off.), Fergus Co. Commissioner, 5119.

Tom Evans, City Office (Bus. address), City Building Official/Lewiston, 8768.

Dennis Balyeat, 610 4th Ave. So., Planner/HRDC No. 6, 3882.

Don Pfau, 102 Hillcrest Dr., Owner/Don's Store, 9408.

APPENDIX D

PARRISH, KNOPP & O'HARE,
Lewistown, Mont., March 9, 1981.

Mr. TERRY WHITESIDE
Department of Agriculture, Transportation Office, Office of the Governor, Capitol Station, Helena, Mont.

DEAR MR. WHITESIDE: Our firm represents a broad based group of farmers and grain handlers from Fergus County and the surrounding six (6) counties who are working on plans for a Unit Grain Terminal Facility with the capability of rapid loading 52 car unit trains. In this regard we have contacted all the local grain elevator operators seeking their assistance in this co-operative effort. Additionally we have contacted New Industries, Inc. of Lewistown, Montana seeking their support as well. New Industries is the economic development corporation for Lewistown, Montana.

Our corporation Fergus County CC & D Facilities Inc. requests that you submit a pre-application for any available FHA funding through the Montana Department of Agriculture on our behalf.

As you are aware the Milwaukee Railroad has terminated railroad services to the Central Montana-Lewistown area and there is a strong possibility that the Burlington Northern may also abandon rail service to this area unless we can assure Burlington Northern continued profitability from the branch line servicing central Montana and Lewistown.

Our studies indicate that if both lines are abandoned that:

(1) Marketing grain from our seven (7) county area will become non-competitive and monopolized and work an economic hardship on area farmers, grain producers, and independent elevator operators. In particular all local elevator grain operations will be destroyed.

(2) Cause business and economic hardship to Lewistown businesses dependent upon rail service and the stability and profitability of the farm and grain production from our area.

(3) Cause increased use of the highways and increased truck transportation and fuel costs to the economic detriment of our farmers and grain handlers.

By establishment of a contemporary grain loading terminal in Lewiston, capable of handling 52 unit car trains we hope to maintain the competitive marketing position for our local grain trade, and prevent abandonment of rail services to central Montana and Lewistown. This is our goal.

In order to reach our goal by step by step objectives we are committed to the following:

(1) Conduct market feasibility study.
(2) Determine costs involved.
(3) Develop projected budget.
(4) Identify locations suitable for construction of facility.
(5) Explore financing alternatives and obtain financing for project.
(6) Obtain options and/or purchase site.
(7) Prepare and distribute bid proposals for final architect plans.
(8) Let bids.
(9) Begin construction.
(10) Open and operate facility.

At this time we have completed our market feasibility study and have made the decision to proceed with the project. We also are receiving architectural preliminary drawings from several sources.

In closing I would advise you that we will cooperate fully in preparing or assisting your office with a pre-application for FHA funding.

Sincerely,

TIMOTHY J. O'HARE,
Attorney for Fergus County CC & D Facilities, Inc.●

MONTANA SEVERANCE TAX—A SUPREME COURT DEFENSE

● Mr. BAUCUS. Mr. President, I am deeply concerned by proposals that advocate Federal intrusion in State taxation decisions. Recently, in response to a legal attack on the Montana coal severance tax by a group of utilities, I submitted an amicus brief to the U.S. Supreme Court. That brief argues that State resource taxation decisions are matters for State legislatures to decide—not the Federal courts.

In addition, as I have indicated before, Congress must not venture into this quagmire. State taxation is a complex area. Once Congress embarks on control of State taxes, no State will be immune from scrutiny.

We must take seriously the position of the electorate this past fall, when it was clearly announced that the Federal Government should reduce its inappropriate intrusion in areas of traditional State and local jurisdiction.

Mr. President, I was pleased to have the support of Senators ANDREWS, BURDICK, DECONCINI, MELCHER, and Representatives HANK BROWN, DORGAN, KOGOVSEK, LOWRY, MARLENEE, SANTINI, SWIFT, PAT WILLIAMS, and WIRTH on the amicus brief. I ask that the brief be printed in the RECORD.

The brief follows:

[In the Supreme Court of the United States
October Term, 1980]

COMMONWEALTH EDISON COMPANY, ET AL., APPELLANTS, *v.* STATE OF MONTANA, ET AL., APPELLEES

On Appeal from the Supreme Court of the State of Montana.

Brief as amici curiae of the Honorable Max Baucus, the Honorable Mark N. Andrews, the Honorable Quentin N. Burdick, the Honorable Dennis DeConcini, the Honorable John Melcher, the Honorable Hank Brown, the Honorable Byron L. Dorgan, the Honorable Ray Kogovsek, the Honorable Michael E. Lowry, the Honorable Ron Marlenee, the Honorable Jim Santini, the Honorable Allen Byron Swift, the Honorable Pat Williams, the Honorable Timothy E. Wirth in support of appellees.

This brief amici curiae is filed with the written consent of counsel for the parties by several Members of Congress:

INTEREST OF THE AMICI CURIAE

The amici believe that the outcome of this case challenging the power of a State to impose severance taxes on natural resources within its borders could have a substantial impact on the ability of the States to raise taxes to provide for the general welfare of the citizens of those States. Amici are concerned that a decision in favor of the appellants would set a dangerous precedent for use of the national Commerce Clause power to interfere in the areas of traditional State governmental functions. This brief also serves to inform the Court that Congress is not united in its approach to the issues involved in this case.

SUMMARY OF ARGUMENT

The rate of taxation imposed on an intrastate or local activity, such as the mining of coal, is normally a matter for the State legislature to consider. State sovereignty requires that the states have considerable autonomy in determining which intrastate activities are subject to taxation and at what rates. The factors which go into such a determination are political factors which are appropriately considered by the state legislature, not the federal courts. If the federal courts were to attempt to determine whether the Montana severance tax on strip mined coal is appropriate or fair, not only would they have to make such a determination without any guidelines other than political ones, but also they would be faced with the very real possibility that every state tax would be subject to the same standardless review by the federal courts. Such a result is always to be avoided, and particularly in this case because not only does the Montana tax have a minimal impact on interstate commerce, but also the right to tax has been recognized by Congress.

ARGUMENT

I. The State legislature is the appropriate governmental body to determine whether a tax on an intrastate or local activity should be imposed, and at what rate.

Appellants do not challenge the right of Montana to tax the severance of coal by strip mining; they challenge only the rate of taxation. Appellants ask this Court to make a uniquely political judgment: what is an appropriate or fair rate of taxation to be imposed on the severance of coal by strip mining. If this Court were to hold that a 30% tax on the severance of coal by means of strip mining is too high, and the Montana legislature were to enact another tax at a rate of 25% or 20% or 15%, this Court would then have to determine the fairness of those rates. These are not judicial issues; they are political questions for the state legislature. If the federal courts usurped this power, the burden on the courts to make such determinations would prove to be extraordinary, for in modern times virtually every state tax "affects" interstate commerce.

A. The decisions of this Court reflect policy reasons for upholding the constitutionality of state severance taxes regardless of the rates.

This Court has never held that a state severance tax burdened interstate commerce even when a large percentage of the severed resources subsequently entered interstate

commerce. *Heisler v. Thomas Colliery Co.*, 260 U.S. 245 (1922); *Oliver Iron Mining Co. v. Lord*, 262 U.S. 122 (1932); and *Hope Gas Co. v.* Hall 274 U.S. 284 (1927), answer most of the arguments raised by appellants. *Heisler* involved a severance tax on anthracite coal. It was alleged that Pennsylvania had a natural monopoly on anthracite coal in the United States; that coal was a prime necessity for life, especially in the northeastern states; that 80 percent of the coal was shipped outside of Pennsylvania; and that Pennsylvania would be able to force consumers in other states to pay the tax. The Court turned aside the challenge to the tax because the incidence of the tax was prior to the entry of the coal into interstate commerce. A contrary decision would have left the states with nothing to regulate or to tax. *See* 260 U.S. at 259–260.

No subsequent decisions of this Court have imposed limits on the ability of states to tax local activities or articles merely because the activities "affect" or the articles eventually enter interstate commerce. Indeed, recent Commerce Clause cases have made clear that a state may tax various aspects even of interstate commerce. *See, e.g., Complete Auto Transit v. Brady*, 430 U.S. 274 (1977); *Michelin Tire Corp. v. Wages*, 423 U.S. 276 (1976); *Department of Revenue v. Association of Washington Stevedoring Companies*, 435 U.S. 734 (1978.

The policy of leaving to the state legislature the decision whether to tax intrastate activities and the rate of such taxation remains a sound one. One of the essential attributes of state sovereignty is the power to raise funds by taxation; this power is essential to the very existence of a state. Almost every local activity has some effect on interstate commerce. If the federal judiciary should bar a tax on a local activity, before it enters the stream of commerce, because it "affects" interstate commerce, then the state's power to tax would be a virtual nullity. Every state tax would be subject to challenge in the federal courts, and the federal courts would become a super-state legislature.

B. The standards for determination of what taxes should be imposed on local activities are political questions for the state legislature and are beyond the institutional competence of the federal judiciary.

When a legislature, whether the Congress of the United States or a state legislature, imposes a tax and determines the rate of that tax, the factors that it considers are political factors. A state legislature decides what tax is fair based on the entire complex of state taxes, upon the ability of the taxpayer to pay, upon a determination as to whether the tax is progressive or regressive, upon how much money the tax will raise, upon constituent interests, upon the impact of the tax on the business community in the state, upon a value judgment as to what activities it wishes to encourage or discourage by taxation, upon an economic judgment as to whether the effect of the tax will be productive, and upon a host of other political issues.

These determinations are made after informal private consultations and legislative hearings in which witnesses may offer facts, statistics, and opinions as to what the effect of a proposed tax will be. Gradually an imprecise consensus is formed, and a political decision is reached about whether or not the tax should be imposed and the appropriate level of the tax. This is a decision uniquely appropriate to the state legislative process and one for which the federal judiciary is not competent because it is not responsive politically and cannot consider under evidentiary rules all the factors that a state legislature can. Only in the most extraordinary situation, such as a tax imposed on citizens because of their race, in which there is clear Constitutional violation, should the federal judiciary concern itself with a state tax imposed on intrastate activities.

Since almost every type of severance tax which a state can levy can affect some aspect of interstate commerce, every kind of state severance tax could be subjected to a complicated factual analysis as to its impact. Numerous states have severance taxes on a wide variety of resources. Some of those states collect revenues which far exceed the total amount obtained under the Montana coal severance tax. For example, in 1977 the State of Texas collected over $900 million in severance tax revenues—over 20 times the revenues generated by the Montana coal tax that year.[1]

Beyond that, other states rely far more heavily on royalties and severance taxes than does Montana.

1977—Royalties and severance taxes as a percentage of State government revenues

Rank, State:	Percent
1. Louisiana	19.43
2. New Mexico	15.78
3. Texas	13.85
4. Wyoming	11.42
5. Oklahoma	9.18
6. Montana	6.82
7. Alaska	4.46
8. Kentucky[2]	3.79

These taxes are on some occasions applied as a percentage of the gross value of the resource, a flat amount per barrel or thousand cubic feet, a percentage of the sales price, and so on. The taxes are, in short, difficult to compare and are the subject of considerable political judgment.

Other types of taxes are equally complicated and could be subject to challenge. States with high levels of tourism and with relatively high hotel, restaurant, entertainment, or gambling taxes arguably force nonresidents to contribute more to state revenues than the benefits which they receive. Examination of inheritance taxes on local real estate or nonresidents might indicate that a state is asking more of these taxpayers than it asks of others. Income, gross receipts, and the sales taxes might be subject to challenges based on the Commerce Clause. Who is to say when a tax that goes to support the general revenues of the state is out of all proportion to the benefits provided? What standard measures the benefits a taxpayer receives from a state?

Opening state tax rates and benefits received by taxpayers to judicial examination would also open the mix of state taxes to examination. If a state should decide to levy high property taxes and to forego a state income tax or vice versa, one group of taxpayers may be subjected to higher taxes than if both taxes were levied at lower rates. States with high cigarette or alcohol taxes may be imposing heavy taxes on certain consumers who gain no special benefit from the state other than the usual benefits of civilized society and local government.

A challenge to a single tax based on the aggregate revenues resulting from that tax would bring the entire state tax structure before the court. A tax which may seem unreasonable standing alone may be reasonable when the mosaic of all state considerations is examined. As this Court stated in *Carmichael v. Southern Coal and Coke Co.*:

"[A]s the state is free to distribute the burden of a tax without regard to the particular purpose for which it is to be used, there is no warrant in the Constitution for setting the tax aside because a court thinks that it could have drawn a better statute or could have distributed the burden more wisely. Those are functions reserved for the legislature. 301 U.S. 495, 525 (1937)."

This Court has been a strong defender of the prerogative of a state to determine how to structure its taxes, *e.g., Moorman Manufacturing Co. v. Bair*, 437 U.S. 267 (1978), what to include in the tax base, *e.g., Mobil Oil Corp. v. Commissioner of Taxes of Vermont*, 455 U.S. 425 (1980), and what accounting method to require, *e.g., Exxon Corp. v. Department of Revenue of Wisconsin*, 466 U.S. ——, 100 S.Ct. 2109 (1980).

Similar deference should be accorded a state's right to select an appropriate tax rate for a severance tax. Judicial second-guessing of legislative tax decisions would open the courts to every disgruntled taxpayer who feels that a tax imposes an extraordinary burden on himself, and can demonstrate that the tax affects interstate commerce.

C. The effect of the Montana severance tax on coal is not adverse to the national interest and does not warrant the intervention of the federal judiciary.

The factual question which appellants seek to have resolved in the courts—whether the economic impact of the Montana tax is so unfair that it unduly burdens interstate businesses and requires these businesses to pay taxes which are disproportionate to the benefits received—illustrates the complexity of the factual issues which appellants would subject to judicial redetermination. Appellants assert that the 1975 tax is a 30% tax on the value of coal which on a percentage basis, increases by 500% to 1,250% the severance tax today compared to the severance tax that was in effect prior to 1975. (Brief for Appellants at 7–8). This analysis, suggesting astronomical increases in the ultimate price of coal, is faulty for two reasons. First, the tax rate differs depending upon how the coal is mined. The 30% tax is imposed only on strip mined coal, which constitutes the majority but not all of Montana coal. Second, as the following figures demonstrate, the amount of the tax when compared to the ultimate price of coal to the consumer, is far less than appellants imply. The tax is imposed as a percentage of the contract sales price before shipping, and the shipping costs constitute the largest share (typically 60%) of the cost to consumers.[3] Moreover, even with the tax, the price of Montana coal is still considerably lower than the price of coal mined in most other states. Recent estimates show Montana coal selling at $8.50 per ton with Eastern and Midwestern coal selling at over $20 per ton.[4]

Furthermore, a more accurate measure of the impact of an energy resource tax is the tax per BTU of heat produced. Coal, oil, and gas have value by virtue of their heating capability. By this measure, Montana's coal tax produces 9.97 cents revenue per million BTU's. This compares very favorably with other state severance taxes—taxes which appear on their face to be lower than the Montana tax. For example, Louisiana's 12.5% tax on oil is in fact a tax of 16.58 cents per million BTU's—over 60% higher than Montana's coal tax.[5]

We cite these figures not to support an argument on the merits that the Montana tax is reasonable. Rather, we wish to illustrate the complexities of the issue put forth by appellant as to the fairness of the tax and its effect on the ultimate taxpayer and on interstate commerce.

Additionally, there are obvious market restraints which prevent Montana from imposing a tax so high that it would make Montana coal unable to compete with coal mined in other states with alternative sources of energy. Montana has no monopoly on coal, and coal is not the only source of energy. If the tax were so high that it caused the mining of coal in Montana to decline significantly thereby decreasing employment and revenues, there would be substantial incentive for the Montana legislature to lower the tax.

Finally, there are legitimate reasons why Montana could choose to impose a heavier

Footnotes at end of article.

tax on strip mined coal than it imposes on other business activities and to set aside part of the proceeds of that tax in a trust fund for future generations. Strip mining may have severe adverse effects on the environment. The Montana State Legislature clearly recognized the severity of these impacts in adopting the coal severance tax (15–35–101 *et seq.*, MCA.) and the Montana Strip and Underground Mine Reclamation Act (82–4–201 *et seq.*, MCA). These environmental costs will be borne not only by the current generation of Montana citizens, who will share in the economic advantages and disadvantages that flow from an active coal industry, but also by future generations long after the economic advantages have diminished or ceased. Coal is a limited resource which, if mined today, will be unavailable to future generations. It is surely within the power of the Montana legislature to tax the depletion of this resource and to set aside a portion of the tax for future generations.

II. Congress has recognized the right of the states to impose severance taxes on coal and has not preempted such taxes.

The Commerce Clause grants the power to regulate interstate commerce to the Congress, not to the courts, and when Congress has acted, the role of the courts should be to enforce Congress' action. *See Pennsylvania* v. *Wheeling & Belmont Bridge Co.*, 59 U.S. (18 (How.) 421, 430 (1856)); *Prudential Insurance Co.* v. *Benjamin*, 328 U.S. 408 (1946). Congress expressly recognized the validity of state severance taxes in the Mineral Lands Leasing Act of 1920. 30 U.S.C. § 189 states:

"[N]othing in this Act shall be construed or held to affect the rights of the States or other local authority to exercise any rights which they may have, including the right to levy and collect taxes upon improvements, output of mine, or other rights, property, or assets of any lessee of the United States."

This Court interpreted this language to mean that Congress authorized the states to impose severance taxes upon lessees of Federal lands without regard to the interest of the United States in the lands or leases. *Mid-Northern Oil Co.* v. *Walker*, 268 U.S. 45 (1925). While *Mid-Northern Oil* dealt only with the propriety of state severance taxes on lessees of federal lands, it follows that such taxes on non-federal lands are also proper or else the 1920 Act would authorize a state tax that discriminates against federal lessees.

In enacting the Power Plant and Industrial Fuel Use Act in 1978, three years after the challenged Montana severance tax went into effect, Congress acknowledged that states have severance taxes on coal and other fuels and provided that such severance taxes should be taken into account when determining a state's need for certain impact assistance. See 42 U.S.C. § 8401(a)(2). This statute is an express congressional recognition of severance taxes and reflects a congressional determination that these taxes are compatible with the Commerce Clause.

Despite the clear authorization by statute since 1920 for the imposition of severance taxes, appellants urge that the rate of the Montana tax violates the legislative intent of the Mineral Leasing Act, because a broad federal policy in favor of the use of coal underlies other statutes that have no direct relevance to several taxes. In short, appellants urge this Court to ignore the clear language of the statute and interpret the statute by considering the legislative intent of other statutes. This approach turns on their head well-accepted principles of statutory construction. Moreover, even apart from the dispositive effect of the Congressional authorization to impose severance taxes, the statutes and "policies" cited by appellants offer no basis for concluding that Congress has preempted the Montana severance tax. Indeed, Congressional *amici* supporting appellants make no preemption argument whatsoever in their brief.

Unless there is clear federal preemption—a direct conflict or congressional intent to override contrary state legislation—the judiciary is generally without power to interfere on Commerce Clause grounds with state taxation. In this case, there is no direct conflict between state and federal legislation. The conflict asserted is between federal energy policies promoting the use of coal and the rate of Montana's severance tax on strip mined coal. Without direct conflict, congressional intent to override the state legislation must be found. This intent may be shown in a number of ways, including the pervasiveness of federal regulation, the dominance of the federal interest because of a need for national uniformity, or the danger of conflict between federal and state legislation. *Rice* v. *Santa Fe Elevator Corp.*, 331 U.S. 218, 230–231 (1947); *Pennsylvania* v. *Nelson*, 350 U.S. 497, 502–505 (1956). However, "the exercise of federal supremacy is not lightly to be presumed." *New York State Dept. of Social Service* v. *Dublino*, 413 U.S. 405, 413 (1973), quoting *Schwartz* v. *Texas*, 344 U.S. 199, 202–203 (1952); *see Sears, Roebuck & Co.* v. *San Diego County District Council*, 436 U.S. 180 (1978); *Philadelphia* v. *New Jersey*, 437 U.S. 617 (1978); *Exxon Corp.* v. *Governor of Maryland*, 437 U.S. 117, 132 (1978); *Hisquierdo* v. *Hisquierdo*, 439 U.S. 572 (1979). The rule in *Rice* v. *Santa Fe Elevator Corp.* "provides assurance that 'the federal-state balance' will not be disturbed unintentionally by Congress or unnecessarily by the courts." *Jones* v. *Rath Packing Co.*, 430 U.S. 519, 525 (1977) (citation omitted).

Two factors beyond the express congressional authorization of severance taxes make appellants' preemption argument a particularly weak one.

First, although Congress has considered adopting legislation which would limit the rate of state coal severance taxes, *e.g.*, H.R. 6625, H.R. 6654, H.R. 7163, and S. 2695 introduced in the 96th Congress, Congress has been sharply divided over the advisability of such legislation and has not adopted such a limitation. Neither the opponents nor the proponents of these bills argue that existing legislation or policies preempt Montana's severance tax rates. If the advisability of such legislation is hotly contested within the Congress, it cannot be said that there is a clear federal policy in favor of preemption until Congress adopts legislation specifically supporting such limitation.

Second, *Exxon Corp. v. Governor of Maryland*, 437 U.S. 117 (1978), instructs that a conflict between a general federal policy and a state statute, without a more specific expression of intent to affect a particular type of state statute, is insufficient to preempt the state statute.

"Appellants point out that the Robinson-Patman Act itself may be characterized as an exception to, or a qualification of, the more basic national policy favoring free competition, and argue that the Maryland statute 'undermine[s]' the competitive balance that Congress struck between the Robinson-Patman and Sherman Acts. This is merely another way of stating that the Maryland statute will have an anticompetitive effect. In this sense, there is a conflict between the statute and the central policy of the Sherman Act . . . Nevertheless, this sort of conflict cannot itself constitute a sufficient reason for invalidating the Maryland statute . . . We are, therefore, satisfied that neither the broad implications of the Sherman Act nor the Robinson-Patman Act can fairly be construed as a congressional decision to preempt the power of the Maryland Legislature to enact this law. 437 U.S. at 133 (citations and footnotes omitted)."

Refusal to find preemption of state legislation on the basis of general federal policies arguably reflected in a few federal statutes is additional insurance that the preemption does not occur "unintentionally by Congress or unnecessarily by the courts." *Jones* v. *Rath Packing Co.*, *supra*, 430 U.S. at 525. Because of the lack of congressional agreement on whether state severance tax rates should be limited, and because it cannot be said that the Montana severance tax on coal stands as an obstacle to accomplishment of the objectives of Congress, *De Canas* v. *Bica*, 424 U.S. 351 (1976), or that it frustrates the full effectiveness of a federal law, *Perez* v. *Campbell*, 402 U.S. 637, 652 (1971), no federal legislation nor even a "federal policy" preempts the Montana coal severance tax.

III. The Standards Set Forth in *Complete Auto Transit* v. *Brady* Are Inapposite Here, But Montana's Coal Severance Tax Would Survive Scrutiny Under Those Standards.

This case is unique in that it raises the question not of whether the state may tax a particular activity, but at what rate the state may tax. There is no case law that even suggests standards for the federal courts to use in evaluating the rate of a state tax.

Appellants have urged this Court to apply the fourpart test set out in *Complete Auto Transit* v. *Brady*, 430 U.S. 274, 278 (1977). Even a cursory glance at the *Complete Auto* test demonstrates that it is a test to measure whether a state may tax an instrumentality of interstate commerce, not a test to measure the rate at which a state may tax a local activity which affects interstate commerce. The cases in which the test has been applied are all cases in which an instrumentality of interstate commerce has been taxed. *See Department of Revenue of the State of Washington* v. *Association of Washington Stevedoring Companies*, 435 U.S. 734 (1978) (tax on unloading of items that have moved in interstate commerce); *Complete Auto Transit, Inc.* v. *Brady*, *supra* (tax on transportation of automobiles in interstate commerce); *cf. Japan Line, Ltd.* v. *County of Los Angeles*, 441 U.S. 434 (1979) (tax on a shipping container). Indeed the first two parts of the four-part test—substantial nexus to the taxing state and fair apportionment—are obviously irrelevant to a tax on a local activity which occurs entirely within one state and could not be taxed by another state.[8]

Forcing the *Complete Auto Transit* test into a role for which it was not designed, appellants argue that the Montana tax is inconsistent with the final two parts of the test, which prohibit discrimination against interstate commerce and which require that a tax on interstate commerce be fairly related to benefits received by the taxpayer. The argument is not persuasive.

A. The Montana severance tax does not discriminate against interstate commerce because it does not favor local markets over interstate markets.

Appellants argue that the tax discriminates against interstate commerce "because it would shift an extraordinary burden to other states". (Appellants' Brief at 33.) The cases cited do not support such an argument. Appellants concede that the Montana tax does not discriminate on its face, while citing *Nippert* v. *City of Richmond*, 327 U.S. 416 (1946), for the proposition that a tax which is not discriminatory on its face may discriminate in fact. In order to find discrimination, whether facial or factual, there must be a discrimination against interstate goods or taxpayers in favor of local goods or taxpayers or an attempt to benefit local commerce at the expense of interstate commerce. The first type of discrimination occurs in situations such as *Boston Stock Exchange* v. *State Tax Comm'n.*, 429 U.S. 318 (1977), where higher tax rates were imposed on out-of-state businesses than on local businesses, or *Nippert* v. *City of Richmond*, *supra*, where the facially neutral tax was found to im-

Footnotes at end of article.

pose a higher tax on out-of-state vendors than on local vendors. The second category of cases is illustrated by *Pike* v. *Bruce Church*, 397 U.S. 137 (1970), where an Arizona statute prohibited shipment of cantaloupes out-of-state unless they had been packed in a state-approved manner, or *Oklahoma* v. *Kansas Gas Co.*, 221 U.S. 229 (1911), where the state tried to prohibit the exportation of natural gas. In these last two situations the statute was designed to favor local industry at the expense of interstate commerce.

In this case there is no attempt to favor local industry over out-of-state industry nor is there an attempt to prevent local resources from being exported. This case involves a uniform tax on every ton of coal produced in Montana, whether produced by local or out-of-state taxpayers and whether bound for use in or out of Montana. Even if appellants could prove that every ton of coal produced in Montana were eventually exported, that alone would not prove discrimination. Appellants' argument resembles that rejected by the Court in *Exxon Corp.* v. *Governor of Maryland*, 437 U.S. 117 (1978). In that case, *Exxon* challenged a Maryland statute which prohibited producers and refiners of gasoline from operating retail service stations in the state. The effect of the act was to require producers and refiners to divest themselves of any retail outlets which they owned. The divestiture requirements affected only interstate companies, but this Court said that "this fact does not lead, either logically or as a practical matter, to a conclusion that the State is discriminating against interstate commerce at the retail level." *Id.* at 125.

The Court listed some of the factors which led to its conclusion that the Maryland statute did not discriminate against interstate commerce:

"In fact, the Act creates no barrier whatsoever against interstate independent dealers; it does not prohibit the flow of interstate goods, place added costs upon them, or distinguish between in-state and out-of-state companies in the retail market. The absence of any of these factors fully distinguishes this case from those in which a State has been found to have discriminated against interstate commerce . . . The fact that the burden of a state regulation falls on some interstate companies does not, by itself, establish a claim of discrimination against interstate commerce." *Id.* at 126. (Citations and footnote omitted.)

Similarly, the Montana statute does not prohibit the flow of interstate goods, does not place added costs on interstate goods as such, and does not distinguish between in-state and out-of-state companies. In short, the tax does not discriminate against interstate commerce.

B. The Montana statute does not burden interstate commerce because Montana has provided services and benefits for which it is entitled to compensation.

Appellants allege that the Montana tax is not fairly related to the services provided by the state and seek an opportunity to prove that the tax bears no relationship to the legitimate needs of Montana. Appellants Brief at 29–30. Although this Court has not decided a case where the "fair relationship" test has been put in issue, more than once this Court has indicated that the fair relationship test would be satisfied by provision of services including "police and fire protection" and "the benefits of a trained workforce and the advantages of a civilized society." *Japan Line, Ltd.* v. *County of Los Angeles*, 441 U.S. 434, 445 (1979; *Department of Revenue* v. *Association of Washington Stevedoring Companies*, 435 U.S. 734, 764 (1978) (concurring opinion); *Exxon Corp.* v. *Department of Revenue of Wisconsin*, 446 U.S. —, 100 S. Ct. 2109, 2122 (1980).

There is no basis for a court to consider other factors. Indeed, appellants have failed completely to suggest how a court could identify, much less quantify, the benefits received by coal companies operating in Montana from the activities of the state's government. Moreover, except in the case of user fees, "a tax is not an assessment of benefits . . . The only benefit to which the taxpayer is constitutionally entitled is that derived from his enjoyment of the privileges of living in an organized society, established and safeguarded by the devotion of taxes to public purposes." *Carmichael* v. *Southern Coal & Coke Co.*, 301 U.S. 495, 522 (1937). In this case there is no allegation that the taxes are not devoted to public purposes. Creation of a trust fund for future generations is a legitimate public purpose. Providing funds to ameliorate the local impact of strip mining, providing funds for education, providing funds for highway improvement, and using taxes for the general support of the government are also legitimate public purposes. *See* 15–35–108 MCA. Federal courts have no basis for substituting their judgments on these matters for those of the Montana legislature.

CONCLUSION

For the foregoing reasons and those set forth by the appellees, the judgment of the Montana Supreme Court should be affirmed.

Respectfully submitted,

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FOOTNOTES

[1] See testimony of Senator Dave Durenberger, Hearing Before the Committee on Energy and Natural Resources, United States Senate, 96th Cong., 2d Sess., August 6, 1980, Table 7, pp. 77–78.

[2] *Id.*, Table 8, p. 79.

[3] See testimony of Mr. William Christiansen, Hearings Before the Subcommittee on Energy and Power of the Committee on Interstate and Foreign Commerce, House of Representatives, 96th Cong., 2d Sess., March 21, 1980, Ex. XI, p. 81.

[4] See testimony of Hon. Ed Herschler, Governor, State of Wyoming, Hearing Before the Committee on Energy and Natural Resources, United States Senate, 96th Cong., 2d Sess., August 6, 1980, p. 229.

[5] See testimony of Senator John Melcher, Hearing Before the Committee on Energy and Natural Resources, United States Senate, 96th Cong., 2d Sess., August 6, 1980, Attachment 5, p. 138.

[6] It is ironic that appellants rely on these cases which, although largely irrelevant to a tax on a local activity, do generally represent a trend of expanding the power of the states to tax actual interstate commerce, since appellants seek to diminish the power of the states to tax local activities which merely affect interstate commerce.

[7] Counsel of record.

EXPLANATION OF BUDGET PROCESS

● Mr. BAUCUS. Mr. President, the U.S. budget and the process of creating this budget, is very complex. I am sure all of my colleagues are asked as frequently as am I for brief explanations of how this system works.

Recently, the Environmental Study Conference published a concise, clear summary that is so good that I want to make it easily available for constituents and others who are interested in the process. Accordingly, I ask that a copy of this paper be printed in the RECORD.

The material follows:

A GUIDE TO THE BUDGET PROCESS

(By Dave Lauter)

Think of the U.S. Treasury as a gigantic bank. Revenue flows in from three major sources: tax receipts, government operations (user fees, royalties, sales of timber on public lands, etc.) and sale of Treasury bonds.

An authorization law establishes what can be thought of as a checking account at that bank—a specific program account which can stay open for a specified number of years and be used under specified restrictions. Generally, authorizations provide ceilings for the total amount which the account can hold.

To take money out of the Treasury's general fund and put it into a specific program account requires budget authority, which is granted by appropriations acts.

The appropriations say, in effect, "This year, take this amount of money out of the Treasury and put it in the account for program X to be used according to the specifics in the authorizing law." The year referred to is a fiscal year, which begins on Oct. 1.

Some accounts do not get appropriations like that; they are entitlements.

The authorization law for an entitlement program sets a few criteria and then says, "Anyone who meets this description is entitled to the following sum from the Treasury."

Money to cover entitlement claims must be put into the program account or else the government defaults on its legal obligations. For that reason the entitlement programs often are classified among uncontrollable expenses, although the cost of an entitlement can be altered by amending the original authorization.

Another relatively uncontrollable expense is government obligations, contracts signed or orders placed or bills for services rendered which the government cannot refuse to pay without facing law suits.

Obligations may be entered into by an agency which has contract authority, a form of budget authority which allows them to sign a contract. Once the contract is signed, the Treasury must eventually put money into the agency's account to liquidate, or pay off, the obligation. Appropriations to liquidate existing contract authority do not get counted as new budget authority the way most appropriations do because the contract authority already has been counted once.

Another sort of account which deviates from the usual system is the trust fund. Some special taxes, mostly excise taxes, are credited by Treasury's accountants to specific funds. The money in the trust funds can be spent only for purposes set out in the authorization. If the amount coming in exceeds the amount spent, money in the trust fund piles up, and Treasury invests it. The interest gets credited to the trust fund. The Airport and Airways Trust Fund, financed by airline ticket taxes; the Highway Trust Fund, financed by federal excise taxes on gasoline and tires; and the hazardous waste and toxic spill "superfund," financed by taxes on chemical feedstocks, are prominent trust funds.

Other accounts, like the Land and Water Conservation Fund which pays for park acquisition, are called funds but are not trust funds. They get regular appropriations out of general revenues like any other program account and do not garner interest accrued on unspent money.

Not all the money in a program's account is spent in the year the money is appropriated. For many programs the appropriation may be spent-out over three or four years. The amount spent in any one year is that year's outlay.

When outlays for a given year match revenues from taxes and operations, the government has a balanced budget. When outlays exceed those two revenue streams, the government budget is in deficit, and the treasury must raise more revenue by selling more bonds. A budget with more revenue than outlays is in surplus.

Up until 1974, presidents occasionally impounded appropriated funds. That is, the president said, "Even though the money has been put into the program account, I have ordered that the money not be spent. Congress outlawed impoundments after former President Nixon took the practice to unforeseen heights. The 1974 Congressional Budget and Impoundment Control Act (Budget Act) also established the House and Senate Budget Committees and the Congressional Budget Office to help them.

Now if a president does not want to spend money which has been appropriated, he has two choices.

He can issue a deferral order which says that the money appropriated will not be spent this year but will be spent in the future. Deferrals go into effect unless either house passes a disapproval resolution.

If the president wants to stop spending on a program permanently, he must request a recision (also spelled "rescission"), which only goes into effect if Congress within forty-five days passes a resolution of approval.

One of the jobs of the General Accounting Office is to keep watch to make sure that what the president calls a deferral is not really a recision in disguise. If GAO decides a deferral really is a recision, it notifies Congress.

To keep track of all this, the U.S. government has two budgets. Both are talked about in terms of budget authority and budget outlays, hence the acronyms BA and BO seen in all the budget tables.

One of the budgets is the President's budget, due each year by Jan. 15, which gives the executive branch's detailed requests for most agencies and departments of the government.

Some off-budget government activities do not show up in the president's budget. These include some activities of semi-autonomous agencies such as the Tennessee Valley Authority. TVA's power generation activities are supported by TVA's ratepayers.

The term "off-budget" also is used to describe government activities paid for in a variety of creative ways which do not require direct withdrawals from the Treasury.

The second budget is the congressional budget, a resolution in which Congress sets itself some guidelines to keep government spending in line. The congressional budget is a much less detailed document than the executive budget, but, unlike the president's budget request, it can directly control congressional spending decisions.

Congress writes its budget in at least two parts. By March 15, each committee submits to the Budget committees its expectations for spending within its jurisdiction.

For a month the Budget committees ponder those reports, hold hearings and, by April 15, produce a first budget resolution, which sets general guidelines for spending and revenues for the fiscal year that starts the next October 1.

The budget resolution divides total budget authority and outlays into 18 broad functions, ranging from interest on the national debt to national defense and income security.

To take effect, the resolution must pass both houses. It is subject to the normal legislative process, including rules for floor procedure, time agreement and House-Senate conferences. It does not have to be signed by the president.

The amounts provided for each function supposedly guide and constrain congressional committees and subcommittees as they write spending and entitlement bills. The resolution also says how much revenue the government should collect.

In the fall, the Budget committees write a second budget resolution. This resolution revises the springtime effort and, once passed by Congress, turns the revenue and outlay guidelines into binding limits.

After passage of the second budget resolution, any bill which would cause outlays to rise above the ceiling or cause revenues to fall below the floor, can be killed in either house by a point of order unless a new budget resolution is passed.

What the president can do with a deferral order or a recision request, the Budget committees can do with a reconciliation resolution. If the committees determine that spending is going to break the bounds set by the budget resolution, they write a reconciliation resolution and send it to the floor. Upon passage, by both houses, the resolution becomes a binding order to House and Senate committees to write new laws to cut spending in specific functions or to raise new revenues. The committees draft their responses to the reconciliation orders and forward them to the Budget committees which then put the changes together in one large package for the floor. Congress first enacted a reconciliation last fall.

The preceding, of course, describes how the budget process is meant to work. It doesn't always happen that way. Budgets lead a double life as financial statements and political documents, and conflicts between the two arise all the time. Deadlines and rules for congressional action on the budget are self-enforced, and Congress nearly always runs late and sometimes ignores the rules completely.●

CONSULTANT REFORM AND DISCLOSURE ACT OF 1981

● Mr. BAUCUS. Mr. President, I am very pleased to cosponsor a bill, S. 719, introduced by the distinguished Senator from Arkansas, Mr. PRYOR.

As one who has spent considerable time investigating abuses of Federal contracting and consulting procedures, I support Mr. PRYOR's efforts to reform consulting practices. The Consultant Reform and Disclosure Act of 1981 will help solve many of the problems uncovered by congressional oversight subcommittees and the press during the last 2 years. I urge my colleagues to consider carefully each of its sections.

As chairman of the Subcommittee on Contracted and Delegated Authority in the 96th Congress, I reviewed consultant and contracting procedures at a dozen Federal agencies. My findings, unfortunately, were similar to those of Senator PRYOR and former Congressman Harris—from beginning to end, current contracting law has been ignored, misinterpreted or violated. And, the result was always the same—increased costs for the Government and the taxpayers.

I especially support this legislation because of its low cost "sunshine" provisions. I have always believed sunlight is the best disinfectant. The Senate should be doing everything possible to improve Government services while lowering the cost to the taxpayer. This legislation serves that purpose.

Almost without exception, problems occur in government contracting when contracts are let, monitored and completed behind closed doors. All too often, those individuals best suited to monitor contract work, including professional peers, are excluded from the process. In addition, contractors doing poor or shoddy work bounce from agency to agency receiving Government contracts because there is no institutional memory for the quality of work performed. Finally, professional biases are often not disclosed or uncovered until the product is in hand.

Mr. President, each of these problems costs us money. Former Senator Lee Metcalf began to address these problems as chairman of the Subcommittee on Reports, Accounting and Management. He issued, in August 1977, "A Survey of the Government's Purchase of Outside Services" that detailed the lack of information we then had about Government contracting. I urge this body to give this legislation its full consideration so we might begin working on solutions.

VIEWS ON THE BUDGET

● Mr. HART. Mr. President, on Thursday, March 19, the Senate Budget Committee voted unanimously on a set of budget reconciliation instructions. I supported the Senate Budget Committee reconciliation instructions because the Federal budget must be reduced by $40–$45 billion.

I opposed a number of the President's proposals—and the priorities which underlie them—because they undermine his own program of providing for increased productivity and a safety net for the needy, as well as our own energy security.

As we complete this first step in the process that will lead to a fiscal 1982 budget, we have made progress in our efforts to review Federal programs and reduce the Federal deficit. This reconciliation instruction continues a program of fiscal restraint that we began several years ago, one that will continue as we take up the first budget resolution next week.

Thus, those who have been making this effort welcome the administration's support in cutting the Federal deficit. And I fully expect the 1982 budget to achieve cuts about as deep as the ones the President has proposed. In many cases, I have supported the President's suggestions. Nonetheless, in important respects, both this process and the program it has produced are seriously deficient.

The President developed his proposals—proposals for radical changes in our Government—in only a few weeks. We on the Senate Budget Committee had less than 1 week to consider them.

It would be unfortunate if the results of this all-too-brief review were uncritically adopted in the first budget resolution. Even if the administration's proposals and the committee's decisions were perfect—and they are far from that—the crucial requirement of a program that cuts so substantially is bipartisan consensus.

Even in this brief time, the shortcomings of the President's program have already become apparent. While voting to approve the overall level of cuts endorsed by the administration, I would make those cuts quite differently in some important cases. The following three principles should be followed:

First, we should maintain public investment that contributes to economic growth, such as programs which foster technological research and the educated and well-trained work force that is crucial to increasing productivity. We must also maintain the public capital base—

railroads, highways, and waterways—that represent our Nation's infrastructure.

Repeatedly this past week, I supported inclusion of funds for this essential "supply-side" investment: Programs for economic development, for scientific research and for job training. Our Nation's economic strength comes as much from the innovation and skill of its people as from its machines and factories. This is essential investment in human capital.

Second, the President's program fails to achieve his goal of protecting the truly needy. This goal requires more than rhetoric and slogans about "safety nets." We should not cut programs on which the poor and the needy, depend: Child nutrition; nutritional assistance for women, infants—and children; medicaid; and low-income energy assistance. Clearly the safety net has a few holes. By restoring funds for these and other programs—and choosing other cuts—we can fill those holes.

Third, we must increase our energy security. This means we must rely on conservation, renewable energy, and synthetic fuels as well as nuclear energy. I opposed cuts that weaken our energy security, such as elimination of the solar bank and weatherization programs, sale of the SPR, when we could fund them dollar for dollar from funding for such outworn technologies such as the Clinch River Breeder Reactor.

These three principles—"supply-side investment," a true "safety net," and energy security—summarize the shortcomings of the administration's proposed cuts. We can achieve a better program that is consistant with these principles, while still applying real restraint.

The most serious deficiency, however, is not in the choice of budget or tax cuts. Rather, it is the administration's narrow assumption that these measures alone will solve the problems of our economy. They will not.

We cannot solve the problem of inflation without a policy that fosters moderation in prices and wages. We cannot demand national sacrifice and investment until we take steps to make sure that all parts of the Nation and our society reap the economic rewards. And our economy will never be healthy and secure until we reestablish our own independent energy supplies.

These are formidable challenges, but we can meet them. And we will.●

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, is there a time for the convening of the Senate on tomorrow?

The PRESIDING OFFICER. There is not.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR MATTINGLY AND SENATOR PRESSLER TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order tomorrow, the Senator from Georgia (Mr. MATTINGLY) and the Senator from South Dakota (Mr. PRESSLER) be recognized, each for not more than 15 minutes, in that order.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that following the time allocated to the two leaders under the standing order and the special orders provided for on tomorrow, there be a period for the transaction of routine morning business, not to exceed 20 minutes, and that Senators may be permitted to speak therein for not more than 5 minutes each, and in no event to extend beyond 11 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION TOMORROW OF SENATE CONCURRENT RESOLUTION 9

Mr. BAKER. Mr. President, I ask unanimous consent that at 11 a.m. tomorrow, the Senate proceed to the consideration of the budget resolution, Senate Concurrent Resolution 9.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Mr. President, for the record. this has been cleared with the distinguished minority leader, as have the other requests I am making.

REMOVAL OF INJUNCTION OF SECRECY—TREATY WITH NEW ZEALAND ON DELIMITATION OF THE MARITIME BOUNDARY BETWEEN THE UNITED STATES OF AMERICA AND TOKELAU

Mr. BAKER. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the Treaty with New Zealand on the Delimitation of the Maritime Boundary between the United States of America and Tokelau (Treaty Document No. 97–5), transmitted to the Senate today by the President of the United States; and ask that the treaty be considered as having been read the first time, that it be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message of the President is as follows:

To the Senate of the United States:

I transmit herewith, for the advice and consent of the Senate to ratification, the Treaty between the United States of America and New Zealand on the Delimitation of the Maritime Boundary between the United States of America and Tokelau. Also transmitted for the information of the Senate is the report of the Department of State with respect to the Treaty.

This Treaty is necessary to settle the overlapping claims of jurisdiction resulting from the establishment of a 200 nautical mile fishery conservation zone off the coasts of American Samoa in accordance with the Fishery Conservation and Management Act of 1976, and the establishment by the Government of New Zealand of a 200 nautical mile zone around Tokelau.

In this connection, the status of three Tokelauan islands has also been resolved and the sovereignty of the United States over Swains Island has been confirmed.

The Treaty satisfies the interest of the peoples of Tokelau and New Zealand that the Tokelauan claim to sovereignty over three of these islands, inhabited by natives of Tokelau and administered by New Zealand, will not be encumbered by a conflicting but inferior claim by the United States. The Treaty protects United States interests by confirming United States sovereignty over Swains Island, which had been claimed by Tokelau, and by securing a maritime boundary in accordance with equitable principles. It further serves United States foreign policy interests in the area by promoting friendly relations with New Zealand and with Tokelau.

I am transmitting for the information of the Senate a document from the Government of New Zealand vesting the Tokelauan signatories with authority to sign the Treaty on behalf of New Zealand and a separate exchange of letters between the United States and New Zealand, signed on December 2, 1980, setting forth the understanding of each side that New Zealand is willing to make arrangements for United States fishermen to have access to the Tokelauan 200 mile zone.

I recommend that the Senate give early consideration to the Treaty and give its advice and consent to ratification.

RONALD REAGAN

THE WHITE HOUSE, *March 25, 1981.*

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 10 a.m. tomorrow.

The motion was agreed to; and at 4:56 p.m. the Senate recessed until tomorrow, Thursday, March 26, 1981, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate March 25, 1981:

DEPARTMENT OF STATE

Nicholas A. Veliotes, of California, a Foreign Service officer of the class of career minister, to be Assistant Secretary of State, vice Harold H. Saunders, resigned.

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HOUSE OF REPRESENTATIVES—*Wednesday, March 25, 1981*

The House met at 12 o'clock noon.

The Reverend Mr. Charles A. Mallon, permanent deacon, Holy Family Church, Mitchellville, Md., offered the following prayer:

The Lord is just in all His ways and holy in all His works. The Lord is near to all who call upon Him, to all who call upon Him in truth.—Psalms 145: 18.

Father open our eyes that we might see clearly the dignity of the poor and oppressed, and open our ears that we might hear their pleas.

Spirit of the living God enlighten our minds that we might know the bounty of God's creation, and open our thoughts to His eternal wisdom that our Nation's legislation might reflect that same wisdom.

Lamb of God open our hearts to Your fraternal love and draw this legislative family into unity with the Father, and purify our motives through the power of Your blameless blood that atones the transgressions of self-serving men.

We ask this as we ask all things, in the spirit of truth, through Christ our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

OFFICIAL OBJECTORS FOR DEMOCRATIC SIDE FOR 97TH CONGRESS

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, I take this time to announce the official objectors for the Democratic side for the 97th Congress.

For the Consent Calendar, our official representatives will be the gentleman from Alabama (Mr. FLIPPO); the gentleman from Texas (Mr. HANCE); and the gentleman from Maryland (Mr. DYSON).

For the Private Calendar, our official representatives will be the gentleman from Massachusetts (Mr. BOLAND); the gentleman from Minnesota (Mr. OBERSTAR); and the gentleman from Pennsylvania (Mr. ERTEL).

MORE THAN A SQUABBLE OVER NUMBERS

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, the debate over the accuracy of the economic forecasts used by the administration in constructing its budget is not just a matter of partisan nitpicking on the part of the Democrats in Congress. To quote the Wall Street Journal:

> The debate over forecasts is more than a squabble over numbers. The dispute involves basic disagreement over how the economy works, and what mix of policies can best produce . . . high growth and low inflation.

The Congressional Budget Office analysis released recently concludes that President Reagan has overestimated the health of the economy, and thus underestimated the size of budget deficits over the next 3 years. But the CBO is not alone in feeling that the administration's hopes for the country are out of line with past experience and current realities.

Corporate economists were also quoted 2 weeks ago expressing skepticism that the public's attitude about inflation is going to change overnight or that lower taxes will be an incentive for harder work and greater productivity. And in testimony before committees, economists and financial experts have been in near unanimous agreement that President Reagan's scenario is beyond anything in this Nation's historical experience.

So, the numbers are not unimportant. They provide a measure of the President's clarity of vision on how the economy works, and a measure of how well his policies hang together as a whole and work. The budget figures will be reestimated this summer by CBO; if they again show serious flaws in the administration's projections for spending and deficits, it will be an indication of just how nearsighted the President has been and how effective his policies have been.

"All the President has given us so far is a theory," in the words of Irving Shapiro, chairman of the Du Pont Co. and one of the leading spokesmen for American business. "No businessman can run his company on an untried business theory."

Nor, one might add, should a government.

VICE PRESIDENT BUSH TO HEAD ADMINISTRATION'S CRISIS MANAGEMENT TEAM

(Mr. LAFALCE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAFALCE. Mr. Speaker, it was with a great deal of pleasure and relief that I learned today of Vice President BUSH's designation as head of the administration's crisis management team.

The news was pleasing because Mr. BUSH has a broad foreign policy background, with much diplomatic experience.

But, Mr. Speaker, my strongest emotion is one of relief. I believe that President Reagan has made one of his smartest moves as President by deciding against Secretary of State Alexander Haig. Former General Haig has shown a warlike proclivity in his new position, voicing sentiments on policy matters in a way that demonstrate that military, not diplomatic, options are usually his primary approach.

Mr. Haig has declared himself the "Vicar of Foreign Policy"—a title that I believe reveals much about the man's lack of diplomatic instincts.

This latest incident is pehaps most revealing. In a conflict over responsibilities with the Vice President of the United States, Mr. Haig chose to reveal his displeasure in public, and to show his disappointment and resentment to a world that he hopes will stiffen at his commands. Rather than accept the fact that crisis management is a role traditionally reserved for the White House, and that the Vice President is, after all, his superior, Mr. Haig chose to display his arrogance in public.

I am relieved that this man is not going to head our Nation's crisis management team.

THE HIDDEN DEFICITS IN THE PRESIDENT'S BUDGET

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, throughout his campaign and in his first address to the Nation, the President proclaimed that the root of all economic evil was the deficit spending of the Federal Government. And yet his budget is built around quite substantial deficits—those seen and those hidden.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Then candidate Reagan promised a balanced budget by 1983. President Reagan's budget calls for a deficit of $45 billion in fiscal 1982 and $23 billion in fiscal 1983, with a balanced budget possible only by 1984. To reach even that goal the President must come up with as of yet unspecified savings of $30 billion in 1983 and $45 billion in 1984. In addition, he must have accurate economic assumptions.

Today the Congressional Budget Office (CBO) released its estimates of the Reagan budget and found these economic assumptions unrealistic. CBO thus estimates much larger deficits than the White House admits. For fiscal 1982 CBO concludes the deficit will be $67 billion—$22 billion more than the Reagan estimate and, one might add, almost $40 billion more than the January budget submitted by Mr. Carter. For 1983 where the Reagan budget foresees a $23 billion deficit, CBO forecasts almost double that—$59 billion. And looking ahead to 1984 when the President promises us a budget surplus of $1 billion, CBO sees a $49 billion deficit instead.

The CBO's analysis is just the latest in a series of reviews by noted economists and budget experts that cast serious doubt on the economic assumptions used by the administration in putting this budget together. The growing discrepancy between what these experts feel are realistic projections for inflation and growth and interest rates, and what the administration says, leads one to the uncomfortable suspicion that the Reagan team was forced into assuming a rosy economic future as the only way to deliver on its exaggerated promises of reduced taxes, higher defense spending, and lower budget deficits—all at the same time.

The whole range of overly optimistic economic assumptions woven into the Reagan budget only works to hide budget deficits, not reduce them.

THE REAL WORLD

(Mr. DASCHLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DASCHLE. Mr. Speaker, I wish to associate myself with the remarks made by the gentleman from Kansas.

Mr. Speaker, the budget reestimates released today by the Congressional Budget Office underscore the same message received by Congress over the last few weeks from noted economists and financial experts; and that message is that the Reagan budget plan is based on wildly optimistic assumptions about the future direction of the American economy.

What frightens me to death is that, even with these incredibly optimistic assumptions, the Reagan administration itself predicts a $45 billion deficit for 1982. If those assumptions are wrong, as CBO and almost every other knowledgeable expert we have heard says they are, then a deficit of at least $60 to $70 billion is likely. And if we face another Middle East problem, or any of a score of other unpredictable disasters, both inflation and the deficit could soar even higher.

In my opinion the odds that the Reagan budget will result in a $100 billion deficit for 1982 are at least equal to the odds it will mean the $45 billion deficit he predicts.

Faced with these possibilities it would be the height of irresponsibility for this Congress to adopt the $50 billion plus, across-the-board tax reduction proposals presented by the President. Certainly we need tax relief. Certainly we can devise tax relief that will provide some direct, targeted assistance for our hardest pressed taxpayers and our investment starved businesses. But can we really afford to gamble on a $100 billion deficit? Can we afford to gamble on a runaway inflation? And can we, Mr. Speaker, really afford to make a gamble for those kinds of stakes based on budget numbers that amount to little more than economic tea leaf reading?

I believe our first goal should be to make the spending cuts we need to get our Federal budget into balance. I intend to work and vote this year toward that end. I have presented a detailed program toward that end and will work this year in hopes it can be adopted. But whatever policies we adopt, let us use realistic economic assumptions. Let us assume the worst and devise a budget that can begin ending inflation even if the worst comes to pass. Let us level with the American people about the difficulty of slowing inflation and get on about the job in full recognition it will not be easy.

That, I believe, is the only responsible way to proceed.

□ 1215

HOUSE SHOULD REJECT EFFORT TO ELIMINATE LEGAL SERVICES PROGRAM

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, David Stockman may or may not be good with numbers, but his attempts at defining social policy clearly leave a great deal to be desired. He demonstrated his lack of understanding again on Sunday, when he made the sweeping statement that American citizens are not entitled to Federal services of any kind.

Mr. Stockman made this statement in response to a question about the administration's proposal to eliminate Federal funding for legal services. In effect, this proposal would eliminate the basic right to equal justice for many poor and underprivileged citizens who cannot afford to hire a lawyer.

Legal services is one of many programs designed to insure equal opportunity and a basic living standard for all our citizens. The provision of such basic services is a national commitment certified by legislation enacted by this Congress almost 20 years ago. These services express basic rights also identified by the courts, and epitomize the spirit of social justice which motivates our uniquely successful democracy.

The right of every citizen to equal justice will be severely curtailed under the Reagan-Stockman plan and our society will be the poorer for it. I urge the House to reject this ill-considered effort to eliminate the legal services program.

The SPEAKER pro tempore (Mr. AKAKA). The time of the gentleman from New York has expired.

IS EVERY TAX EXPENDITURE MORE PRECIOUS THAN EVERY SPENDING CUT?

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUGHES. Mr. Speaker, the President has promised the country deep spending and tax cuts, billions more in defense—and a balanced budget. Much of the defense budget increases are coming out of programs that now provide that safety net for the elderly and the poor which the President has lowered considerably in his economic package.

What the President and his Budget Director, David Stockman, refuse to recognize in their march toward a balanced budget is the entire range of tax expenditures that offer enormous direct Federal benefit to individuals and businesses.

Most of the tax expenditures were put in the code long ago to shape particular economic and social responses—from oil depletion allowances to credits for political contributions. In fiscal year 1982 these expenditures will amount to just under $230 billion. In fact, tax expenditures have grown faster in recent years than direct Federal spending.

The question to Mr. Reagan and Mr. Stockman is whether every tax expenditure in the tax code is more precious than every spending cut we are being asked to make in the name of defense and a balanced budget?

U.S. AMBASSADOR TO UNITED NATIONS MEETS WITH SOUTH AFRICAN MILITARY OFFICIALS

(Mr. MOFFETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker, it was not that long ago that Members of this body, most of them from the minority, were attacking the Carter administration's behavior at the United Nations, the mixed signals and confusion, and the Carter foreign policy overall. Today's paper presents a situation that makes much of that look like child's play. It tells us today that Jeane J. Kirkpatrick, the U.S. Ambassador to the United Nations, was totally unaware that she was meeting with South African military officials until well after the March 15 meeting took place. A State Department official said that Jeane Kirkpatrick was under the impression that the four officials with whom she met were civilians interested in promoting closer United States-South African ties when she attended a private luncheon for them.

Even worse, these four civilians also met with officials of the National Security Council and the Defense Intelligence Agency, and not until March 13 did the State Department become aware of the four officers' presence.

Mr. Speaker, this is indeed confusion that far surpasses the Carter administration.

THE 160TH ANNIVERSARY OF GREEK INDEPENDENCE FROM OTTOMAN EMPIRE

(Mrs. HOLT asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. HOLT. Mr. Speaker, today we commemorate that day 160 years ago when the people of Greece started their rebellion for independence from the Ottoman Empire. We Americans, who annually celebrate the birth of our country through revolution from foreign domination, can share the feelings of our Greek brothers and sisters on this day.

We especially note the great contributions Greek Americans have made to our country. They are heirs to a great and ancient culture that has much to teach us. They have been valuable citizens of our land.

Greece was not born in the 19th century revolution that won independence from the Ottoman Empire, and Greece is much more than a nation. It is a civilization that gave the world stupendous works of art, poetry, architecture, drama, and philosophy hundreds of years before the birth of Christ. The idea of democracy originated in Greece. Western civilization has its roots in the distant Hellenic past.

As we mark Greek Independence Day now, I should note that severe earthquakes have shaken that country in February and March. The United States has provided some emergency assistance, and the Government of Greece may request aid for reconstruction. We should give prompt consideration to such a request.

It is also very fitting that this day is Maryland Day, commemorating the date 347 years ago when the first European settlers landed on the shores of Maryland, the great Free State so named because of the open arms to all and the freedom of religion practiced there.

DEMOCRATS INVITED TO JOIN IN TAX CUTS

(Mr. SOLOMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SOLOMON. Mr. Speaker, you know, I am a little confused. I have been watching a lot of Democrats from that side of the aisle standing here day after day complaining about the cuts, but I have also been keeping a running account of all the Democrats that have stood up and asked for more cuts. My total so far comes to 45.

Gentlemen on that side of the aisle, we Republicans only need 28 of you. If you want more cuts, baby, we will give them to you. Just come on over and join us, and we will be glad to not only pass President Reagan's economic plan, but we will cut even more if you will help us. In other words, gentlemen, put your votes where you rhetorical mouth is.

INCENTIVE TO SAVE

(Mr. DREIER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I wish to bring to the attention of my colleagues legislation I have introduced to attack one of the most debilitating elements of this Nation's economy. That is, the desperately low rate of personal saving.

Today, I have introduced legislation which calls for an exclusion from taxation for the first $750 of interest earned by an individual, or $1,500 if earned by a married couple.

Let me say that I am a strong supporter of President Reagan's program for economic recovery. The measure I have introduced is designed to go hand in hand with that program. The President's proposal will leave more money in the hands of our Nation's taxpayers. The Congress must take action to encourage Americans to save those dollars.

I would like to ask my colleagues to read my additional remarks printed in today's record and to join me by cosponsoring the vital legislation I have introduced.

GIVE PRESIDENT REAGAN'S PLANS A CHANCE TO WORK

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, as I have sat here and listened day after day, I have become perplexed. I have heard Members on the other side criticize the President's tax cuts in taking away money from Government on the one hand and then tell us, "Besides, it is not really a tax cut, even with the Reagan tax cut the American taxpayer is going to pay more money because of the progressive tax rates that we have already built in."

I have also heard them talk about the budget cuts. They have attacked the budget cuts as being inhumane, insensitive, not proper, and excessive on the one hand, and then tell us, "Look at CBO. CBO tells us that the President is too optimistic. If we adopt all his cuts, we will have an even higher deficit."

I am really confused. Which do they want, a higher deficit or a lower deficit? Do they want more tax cuts or do they want less tax cuts? It is very easy to sit back and criticize the President, to blame him for the impending deficit we are going to have when he has been in office but 2½ months, after we had an administration for 4 years which brought us pie-in-the-sky promises and never did deliver.

If you want to criticize the President's budget and tax policy, first give it a chance to work. If it does not work, then come back and say, "We have given you a chance and it did not work. Let us try something else."

But, do not hamstring him or cut him off at the pass. Do not say that his untried plan is not good enough and then urge us to go back to the old way that we know does not work.

□ 1230

ANNOUNCEMENT OF OFFICIAL REPUBLICAN OBJECTORS FOR CONSENT CALENDAR AND PRIVATE CALENDAR

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I take this time to announce the official objectors from the Republican side for the Consent and Private Calendars.

The Republican official objectors for the 97th Congress for the Consent Calendar will be the gentleman from Pennsylvania (Mr. WALKER), the gentleman from California (Mr. LUNGREN),

and the gentleman from South Carolina (Mr. NAPIER).

For the Private Calendar, the Republican official objectors for the 97th Congress will be the gentleman from California (Mr. ROUSSELOT), the gentleman from Wisconsin (Mr. SENSENBRENNER), and the gentleman from Virginia (Mr. BLILEY).

PROVIDING FOR EXPENSES OF STANDING AND SELECT COMMITTEES OF THE HOUSE

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 116 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 116

Resolved, That during the consideration of the resolution (H. Res. 115) providing for the expenses of investigations and studies to be conducted by the standing and select committees of the House, debate in the House shall continue not to exceed four hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on House Administration. It shall be in order to consider, without intervening motion, the amendment to said resolution printed in the Congressional Record of March 24, 1981, by, and if offered by, Representative Wright of Texas, and said amendment if offered shall not be subject to amendment or to a demand for a division of the question and shall be debatable for not to exceed one hour, to be equally divided and controlled by Representative Wright and the ranking minority member of the Committee on House Administration or his designee. The previous question shall be considered as ordered on the amendment, if offered, and on the resolution to final adoption without intervening motion except one motion to recommit with or without instructions and a motion to recommit with instructions shall be debatable for not to exceed one hour, to be equally divided and controlled by the proponent thereof and a Member opposed.

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may consume.

Mr. Speaker, this is a very straightforward rule—unusual but straightforward. House Resolution 115 is already in order because it is privileged, and what House Resolution 116, the rule just read, does is provide for some additional procedures.

The additional procedures involve making in order 4 hours of general debate, to be equally divided and controlled between the appropriate chairman and the ranking minority member; an amendment to be offered by the majority leader, the gentleman from Texas (Mr. WRIGHT), to be debated for an hour, to be equally divided between the gentleman from Texas (Mr. WRIGHT) and the ranking member of the Committee on House Administration; and then a motion to recommit with instructions, which will come from the Republican side, with an hour of debate and again to be equally divided between the proponent—I take it that is the gentleman from Minnesota (Mr. FRENZEL)—and an opponent.

I see no reason why this should be considered as anything but a fair approach to the problem. The main issue is put before us, and one side has an amendment and the other side has an amendment. It seems to me to be a very fair way in which to deal with the problem.

Mr. Speaker, the rule came out from the Committee on Rules on a voice vote, and I see no reason for my extending debate, so I reserve the balance of my time.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule provides 4 hours of debate on House Resolution 115, the consolidated commmittee funding resolution, with debate time evenly divided between the majority and minority managers. It also makes in order an amendment to be offered by the distinguished majority leader (Mr. WRIGHT), subject to 1 hour of evenly divided debate time. And finally, the rule makes in order a motion to recommit, with or without instructions, and 1 hour of evenly divided debate time if the recommittal motion includes instructions.

Mr. Speaker, let me make quite clear at the outset that I strongly object to this new, streamlined, and consolidated procedure for considering the funding requests of some 24 standing and select committees in a single resolution. Make no mistake about it, this is an unprecedented procedure for handling these committee funding resolutions. Ordinarily these come to the floor as separate resolutions from the House Administration Committee and are privileged matters requiring no rule from the Rules Committee. It is obvious that the leadership felt it necessary to consolidate these various authorizations this year because many of them could not stand the test of individual House scrutiny and a vote.

I think it is time to lay to rest another claim that is being made by some, and that is that the House Administration Committee's recommendation and the Wright amendment would make real cuts from last year's committee spending. While it is true that both make reductions in last year's authorization levels, the fact remains that the House Administration recommendation is still 11.9 percent higher than what was actually spent by our standing and select committees last year, and the Wright amendment is still 6 percent higher than last year's expenditures for these units. So do not let anyone fool you into thinking that we are actually going to be spending less than last year under either of these proposals.

The Republican alternative, which will be offered in the motion to recommit with instructions, is the only chance you have for really making a reduction from last year's expenditure level—a $2.9 million cut which comes to 9.6 percent less than we spent last year on our standing and select committees. Now, it is true that if you include HIS, Mr. WRIGHT's amendment comes in at about 1 percent below the 1980 expenditure level; but, by the same token, the Republican substitute then amounts to an 11.6-percent reduction from the 1980 spending total.

Finally, Mr. Speaker, let us put to rest this bugaboo that the DSG is peddling that our attempts to cut back on committee staff is some kind of a partisan conspiracy to render our committees "inoperative" so they cannot handle the administration's program. That is the biggest bunch of hogwash I have ever read. In the first place, we opposed inflated committee staffs when a Democrat, Mr. Carter was President. We forced rollcall votes on 15 of the 21 funding resolutions considered in February of last year, and, with a little help from the other side of the aisle, we might have defeated a couple. In the second place, we want our committees to be able to handle the administration's legislative proposals, efficiently and expeditiously. It would do us no good to have the committees rendered "inoperable" so that they could not do their work. And that is certainly not what our proposed cutbacks would do. If anything, a reduction in staff would make the legislative process more efficient and manageable. The fact is, we have got staff tripping over staff nowadays, and subcommittees tangling with subcommittees. We have reached a point of diminishing returns when it comes to committee staffing, and the legislative returns on our investment in this process are diminishing pretty rapidly.

I do not offer this as a partisan criticism. The fact is that it is a view shared by most Members, regardless of party. In just the last Congress our bipartisan Select Committee on Committees surveyed Members on numerous issues, including committee staffing, and listen to the results of that survey:

By a margin of 63 to 23 percent, Members felt committee staffs are generally too big;

Members felt the growth of committee staff should be controlled by a margin of 61 to 27 percent;

And 80 percent of the Members agreed that some kind of overall ceiling should be placed on committee and subcommittee staff;

Moreover, 62 percent of the Members agreed with the statement that

"large committee staffs have contributed to fragmentation and unmanageability of the House committee system," while only 20 percent disagreed.

So this is not a partisan issue—it is a general consensus. And it is not just a question of austerity for the sake of austerity, though that is a big part of last fall's mandate; it is an institutional problem crying out for a solution.

In conclusion, Mr. Speaker, I oppose this rule because it does establish a precedent of making it impossible to further reduce individual committee staff authorizations, or even get a separate vote on the most objectionable committee resolutions. We should not be forced, as this rule would have us do, to consider all committees as some amorphous lump or dough that is either good or bad per se. We should retain the options we have had in the past, when these were considered separately, of exercising our collective judgment on each committee based on its past performance and anticipated workload for the coming year. To do otherwise is to unfairly slight some committees and overly protect others. So let me simply warn my colleagues now that if you accept the precedent being establish in this consolidated procedure today, you are simply opening your committees to unfair across-the-board cuts in the future which may be imposed due to the profligacy of other committees. Think about it.

Mr. Speaker, I now yield 5 minutes to the distinguished minority leader, the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, I appreciate the gentleman's yielding me this time, and I applaud him for his very comprehensive statement.

So long as this gentleman has been a Member of this House, I know of no time when funding resolutions for our committees have been deferred to such a late date as this one. As the gentleman from Mississippi pointed out, normally we would have considered these on an individual basis, and they were originally scheduled for consideration 3 weeks ago. But due to the fact that the Republican opposition was making a point on the size of those resolutions, and then being joined by some well-meaning and discerning Democrats on the other side of the aisle, it is quite obvious the leadership on the other side recognized some adjustment had to be made.

So I join with the gentleman from Mississippi (Mr. LOTT) in the assessment that what the majority leader will be proposing here is a good move in the right direction. It is not, in this Member's feeling, sufficient, and I would hope that Members would at the appropriate time support the motion to recommit to give us that meaningful reduction of 10 percent rather than simply going through the motions with a half-hearted gesture.

With that, Mr. Speaker, I yield back the balance of my time.

Mr. LOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I would echo the sentiments of the distinguished gentleman from Mississippi (Mr. LOTT) that this unfair rule is about as fair as an unfair rule can be. Later I will talk a little bit about its closed nature, about the lack of amendments, and about the restriction on debate time.

On the other hand, Republicans at least were fairly allowed some extra time to discuss their motion to recommit with instructions. However it is unfair that the Democratic leadership's amendment is allowed a preferential position. The Republicans' amendment, my own, is forced into the motion to recommit after the main action on the bill has already taken place. That is an unfair way to divert the attention of the House away from the Republican amendment.

Nevertheless, the allotment of time is, I think, reasonable, even though I do not like the style in which this whole thing is being presented.

Mr. Speaker, the problem of committee budgets is not an easy one. It is simple for Members to defend committee budgets with unreasonable rhetoric, and it is just as simple for Members to take cheap shots at them. Often, the conversation on both sides of the aisle is overstated.

Nevertheless, the intent of the Republican motion to recommit which I will offer is to stress the fact that sacrifice begins at home. If we are indeed going to make budget cuts this year, we ought to include ourselves in them, and they ought to be significant cuts that the public understands.

But back to the rule, this rule departs from the usual precedent, as noted by the distinguished Republican whip, in that, instead of considering the resolutions separately and giving them the attention of the House, we will be obliged to debate and vote on them in one single lump.

□ 1245

This, of course, prevents legislative scrutiny on the individual budgets. It focuses on the macro elements, but takes our minds off of bloated budgets of specific committees. It restricts the debate from the customary 1 hour per resolution, which would have been 25 hours. It restricts the potential number of votes on which Members would like to be recorded from about 50 to 3.

In my judgment, all of these things are detrimental to free and fair discussion, and to recording of the Members' sympathies on this very important issue.

This rule was denied in the traditional Democrat style. That is, when the people are against you, you close the rule and you limit debate and you hope maybe the people would not find out.

The only defense of handling all these resolutions together that I have heard articulated, either before the Rules Committee or elsewhere, is that it wastes the time of the House to talk about committee budgets.

Well, I would like to know what the House has been doing since January that is so important that we cannot take a little time to talk about committee budgets. I would like to have the Member stand up who tells me that he is too busy with work on the floor, or who has had too many votes, or who believes that the House has spent too much time in session.

I would like to know if there is anybody in the House who wants to go on record as saying that debate over spending the taxpayers' money is a waste of the time of the Congress. Is $40 million of the taxpayers' money too little that we should discuss it on the floor of this House?

I doubt that anyone will want to say that, but that is what the Rules Committee said when it passed this resolution.

It is a bad resolution. It sets a bad precedent, but I have to echo again the remarks of the distinguished Republican whip who said that once it is passed, we can never turn back. No committee chairman, no Rules Committee chairman, will ever want to bring out these things separately. Nor will any political party. So today when we vote on this rule, we are forcing a precedent that is going to be with us probably through our political lifetimes.

Mr. Speaker, what we are not going to get a chance to talk about this afternoon are all these things that we could focus on that refer to the specific committee spending. You know, there are the select committees which have no legislative jurisdiction, but they have lots of staff. They cannot pass bills, but they can spend money like mad.

We could talk about the good committees. Those are the ones that submit what we consider to be reasonable budgets. They include the Armed Services Committee, House Administration Committee, the committee which accepted a voluntary 20-percent cut under what it spent last year, and the Standards of Official Conduct Committee which we think deserves the increase that it is getting.

The SPEAKER pro tempore (Mr. NATCHER). The time of the gentleman from Minnesota (Mr. FRENZEL) has expired.

Mr. LOTT. Mr. Speaker, I yield 2 additional minutes to the gentleman.

Mr. FRENZEL. The Public Works Committee, Mr. Speaker, is a good committee. It and the Agriculture Committee give almost one-third of their staff to the minority. They come the closest of all the standing committees toward meeting the one-third-two-thirds staff ratio test.

We could also talk about the bad committees, at least bad in my judgment; the Energy and Commerce Committee, which has asked for over $4 million and which is, with the exception of the Appropriations Committee, the House's most egregious spender.

We could talk about the Post Office Committee which in a time of austerity and sacrifice asked the House Administration Committee for twice as much money as it spent last year, or I suppose we could talk about the Rules Committee which had that famous 1,600-percent increase 5 years ago, and was back for a huge increase again this year. Or, we could talk about the persecuted committee, that is the House Information Systems. The majority leader's amendment takes almost all of the cuts out of that particular service. The reason is so that the favored committees and committee chairmen will not be reduced too much and will, in fact, be allowed to spend under his amendment more than they spent last year.

We also are not going to have a chance to talk much about minority staff ratios. Twice this House has voted to have one-third of the total staff assigned to the minority and two-thirds to the majority. The Senate follows a similar rule today. However, in this House currently less than 20 percent of the staff is assigned to the minority, which makes up 44 percent of the seats in this House, an obvious discrimination.

Well, Mr. Speaker, I am not going to go on much longer except to say that I think the House is making a mistake when it accepts the consolidated resolution to handle these funding resolutions. I warn the House again that once we go, there will be no returning. This is the way we are going to handle funding resolutions in the future.

I thing it is a bad rule and it should be defeated.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Speaker, I thank the distinguished chairman of the Rules Committee for the time. I will not take the full 5 minutes, but I rise only to say that I suppose it would not be the same if we did not have the articulate opposition of the gentleman from Minnesota, who is, indeed, an articulate spokesman for his point of view; but I will point out, as I think the distinguished chairman has, that the proposal that will come before us is essentially the same as the Senate proposal and it represents a 10-percent cut over last year's authorization; but beyond that, when the gentleman from Minnesota asks the question, what have we been doing with our time? I would like to respond on behalf of a lot of people on this side of the aisle who have been working extremely hard to try and determine how we can responsibly approach the budget and just as importantly to hold oversight hearings and investigative hearings into various Federal programs and the question of whether or not they work or they do not work and the various regulations and the question of whether they work or do not work.

I think all of us in this body would agree that one of the most important functions of this body is to try and figure out what works and what does not work, not just to go in with a hatchet and slash things, but to say what represents a wise investment by the taxpayers and what does not.

Now, this gentleman will never say, the gentleman from Minnesota is right about this, you will never get this gentleman or probably anyone to say that $40 million is not important. It is an important expenditure to take a look at; but how about the $40 milllion in comparison to say the $7.5 billion in oil company overcharges that the Department of Energy is turning its back on? That is the kind of thing we have been investigating.

We would love to have more support on that particular kind of thing from the minority that is so indignant about the issue before us.

The question of expenditures by this body is extremely important and none of us would deny that; but if the gentleman wonders what many of us have been doing, we have been chairing hearings and sitting in hearings and doing our investigative oversight work to try to determine what is happening with Federal programs, what works and what does not work.

I wanted to say that because I have never seen this body in my 6 or 7 years here so serious about that sort of thing on both sides of the aisle, so serious about its oversight reponsibilities, and it would be a terrible disservice and injustice to this body to leave the impression that we have somehow not been working hard or not looking at expenditures overall, because I am rather proud of the way this body has been performing the past 2 or 3 months on that very issue.

I thank the gentleman for yielding to me.

Mr. LOTT. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. BADHAM).

Mr. BADHAM. Mr. Speaker, I serve on the House Administration Committee as the ranking minority member of the Accounts Subcommittee. I think that there are a few obvious reasons as to why we are coming before the House with this precedental rule.

First of all, as the gentleman from Mississippi, our gentleman on the Rules Committee, says, a lot of these resolutions really could not stand the scrutiny of the light of day.

Comments were made that the Senate did their committee budgets one way. A lot of people around here, I guess, have a hard time figuring out that we are not the Senate. We are the House of Representatives. We do not know what they have done or why they have done it. They have their own reasons for doing that, but at least they made cuts.

Now, another reason I think the majority lumped it all together is because that is the way that the information comes to the House Administration Committee, just in a lump. A committee chairman will come in and say, "We need so much money because we are going to be doing such and such an activity." We have absolutely no way of finding out whether a committee and its staff and all those bodies actually do what they say they are going to do.

Another reason is because the majority does not want to waste the time of the Congress taking up spending resolutions of $30 to $40 million, waste the time of the Congress discussing each committee, its activities, and the bloated numbers of staff people they have.

Besides, if we did debate each one of these as privileged resolutions, it would take some 25 hours, rather than the 4 hours we have set aside for this, but I would venture to say in those 25 hours we would have more votes than this House has already had for this session of Congress—and at least we would be doing something. We would at least be doing some business with the taxpayers' money.

We have had only 11 recorded votes thus far in the 1st session of the 97th Congress, which is supposed to be, if we were on the old time calendar, halfway through. I think this rule is very clear. It is trying to lump together to keep it out of sight. It is trying to lump it together so more will vote for it than would otherwise if they really knew what was in these spending resolutions and what the spending would really be used for. We are adding more bodies. It is business as usual and I contend that the people of this country have not quite yet got the message over to the House of Representatives that it is time to start cutting.

Mrs. FENWICK. Mr. Speaker, would the gentleman yield?

Mr. BADHAM. I would be delighted to yield to my colleague, the gentlelady from New Jersey.

Mrs. FENWICK. I thank my colleague for yielding.

I would like to ask the Rules Committee, why was this brought to the floor in this way? Those of us who sit on various committees of this House know where the padding is. We know perfectly well that there are certain committees, with large numbers of investigators, which meet only two or three times a year at most.

Why do we have to go on with this year after year when the people are staggering under their taxes, threatened by increases in costs and social security taxes; why do we have to do it?

Mr. BOLLING. Mr. Speaker, will the gentleman yield?

Mr. BADHAM. I would be delighted to yield to the gentleman for a response.

Mr. BOLLING. Frankly, because the attitude toward this rule was relatively mild up to this point, I had not intended to get involved in this aspect of it.

One of the reasons that we have to do it is that we have been unable to pass in this institution an overall approach to the problem of administration in the House of Representatives. There have been a number of occasions, but on the most recent occasion, on October 12, 1977, a rule brought up an extensive proposal. It was defeated by a substantial majority, with not a single Republican voting for the consideration of the matter. That was on October 12, 1977.

One of the reasons that we have been unable to deal with the problem of committees and committee staffs is that we have been unable to put together an approach that seemed acceptable to both sides of the aisle.

Mr. BADHAM. If I may for just a moment reclaim my time, undoubtedly the gentleman is referring to the great report of the great Patterson committee, when we established a new committee to find out why we had so many committees. Is that the one the gentleman is referring to?

Mr. BOLLING. No; in 1977 it turns out to be the Obey Commission.

Mr. BADHAM. I am sorry. I beg the gentleman's pardon, but it does bring to light the great Patterson committee where we made a new committee to count the old committees.

Mr. LOTT. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. LUNGREN).

Mr. LUNGREN. Mr. Speaker, as has already been mentioned, we have been in this session for, well, since January 5 and we have been only able to manage to get ourselves together here to take 11 substantive votes and 4 quorum votes. That means we have had 37 legislative days in which we could have done something about what we are being asked to do today. We have had 19 legislative days since the Accounts Subcommittee of the House Administration Committee approved the first seven resolutions which, of course, are packaged with all the resolutions today. We are 15 days past the time when the full committee passed out to us the first seven resolutions that we could have dealt with; but somehow we have not been able to find the time to do it here before today.

It seems passing strange at least to say that we have been too busy in committee and subcommittee. You do not have to listen to what we are saying here to know what we have not been doing. Just go down and talk to the Members as they are walking around the halls today and see what they are saying about our lack of organization. See what they are saying about the fact that we are really not doing the people's business here.

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I think it is rather ironic that right now we are being told to adopt a gag rule—and make no mistake, it gags the minority; it does not give us an opportunity to do what we want to do—when at the same time the report that came out from the Committee on House Administration referring to the Committee on Rules' justification for their budget had this to say:

> The Committee on Rules should, in my opinion, operate not solely as a traffic cop but as the body that structures the conflicts, providing alternatives to the House, and ensuring that minority rights are protected. If the Committee on Rules is to perform this function efficiently and fairly, it is imperative that adequate resources be available.

I would say, based on their own measuring stick, the Committee on Rules has failed. They are not offering alternatives here; they are denying alternatives here. They are not protecting the rights of the minority here; they are denying the rights of the minority here. It is as bald as that, and we ought to recognize it as that.

Let us not fool ourselves. When we are denied the opportunity to take committee after committee to see what is good and what is bad, to see where we can cut out the deadwood, we are really being told the minority has no rights here. You accept the whole thing, or you accept nothing. It seems we could probably sum it up this way. It is as if the American taxpayers were like those people who had paid top dollar for ringside seats at a major heavyweight title bout, and here they are and what do they get? They get the champ right in the middle of the ring shadowboxing.

If the purpose of this exercise is to protect the majority leadership to make sure that they do not take any cuts, then, by golly, we are doing a good job of it. But if the purpose here is to protect the American people, the taxpayer, and to show leadership, we have failed. A little earlier, someone asked "Why is it important for us to talk about $40 million here?" The answer is short: Because we have to show leadership. How can we go to the executive branch and tell them they are supposed to cut 10 or 20 percent from food stamps when we cannot cut $1 from our own committees? How can we say to the average taxpayer in America who makes less today in purchasing power than he did in 1965 that: "Everything is all right, we will continue the way we have gone on here in the committees and subcommittees." Year after year we have gone far beyond inflation in terms of the people we hire; we have gone far beyond inflation in terms of the money we spend. And what is the result? We become musclebound. We cannot move in this place because we have so many committees and committee staffers. We trip over them as we go from committee to committee.

We find we have seven committees and subcommittees meeting at one time, so we have staff to protect ourselves, to allow us to vote by proxy to make sure we can vote in absentia.

The fact of the matter is if we want to get serious about reorganizing this place, we should take into consideration the recommendations of the committee of several years ago, the Bolling Commission, which came up with some excellent recommendations on how we ought to organize this place. But it was not gutted by this side; it was gutted by that side; and even the chairman recognizes that.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. BOLLING. Mr. Speaker, I yield myself 2 minutes.

I think it is fairly important that people understand what is true and what is not true. One of the things that is true is that if these matters were considered under the normal rules, there would be no division of time and each hour on each funding resolution would be completely under the control of the Member bringing the matter to the floor,

The second point that has to do with accuracy is the last statement of the distinguished gentleman who spoke just before me. When the recommendations of that Select Committee on Committees back in 1974 were defeated, the margin of defeat in fact from Republicans, but there was a very substantial number of Democrats who voted against it, too. The fact of the matter is that it was not possible to get a bipartisan majority to pass it.

Mr. LUNGREN. Will the gentleman yield on that point?

Mr. BOLLING. Of course.

Mr. LUNGREN. Is it not true that those Commission reports were required to go though the Democratic Caucus and the Republican Conference, and they were changed in a

major portion in the Democratic Caucus?

Mr. BOLLING. That is not correct except in terms of its result. Actually what happened was that the recommendations of the so-called Bolling committee came to the floor and were defeated by a substitute that came from the Democratic Caucus. That is what ultimately happened. That substitute was supported by a substantial number of Republicans and a substantial number of Democrats, and the final version which bore the number of the Bolling resolution was then passed by a substantial majority.

But what I have said at the beginnig of my statement and what I just said conform to each other, and the gentleman is in error in his notion that what came to the floor was something modified by the Democratic Caucus.

Mr. LUNGREN. Will the gentleman yield?

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. BOLLING. I yield myself another minute.

I yield to the gentleman.

Mr. LUNGREN. I thank the gentleman for yielding.

The quotation that I saw from the gentleman from Missouri in the book of the former Minority Leader Mr. RHODES as to the impact of the Bolling commission report and the fact that it failed in the Democratic Caucus then somehow must be in error.

Mr. BOLLING. It could very well be. That would not be the only error that ever occurred in any book.

Mr. LOTT. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Speaker, I have been listening to this debate, and I do not really think that we are generating the sympathy and understanding that the Democrat majority really needs and deserves in handling this matter. Let us put ourselves in their shoes for a moment and analyze the problem that they have in presenting this issue to the House and getting it passed.

They reflect on the fact that last year we had 22 rollcalls on committee funding resolutions. Roughly 75 percent of the Republicans in the House at that time were voting against them; about 25 percent of the Democrats were voting against them. We actually beat one on the floor. The vote was later reversed. We came very close to beating another one, the House Committee on Post Office and Civil Service, and the Members may recall that we had it beaten at one point, but then strangely enough in the well of the House votes were changed at the last moment and it passed. Every intendment would indicate that if they brought them individually this year for consideration by the House, there were some that were going to go down. In other words, if we voted on each of the spending resolutions by themselves standing on the merits, some of them would go down. What do you do? You plan, and then you work up the plan. The plan is a good one from the Democratic standpoint. The plan says we cannot stand to have individual votes on each of these spending resolutions, so we are going to have one vote on all of them.

What does that do for the Democrat majority? That will permit them to maximize their political leverage with their Members to keep them in line so as to get the matter approved. They are going to lose if they take them up individually. If they take them up as a unit, they hope they are going to be able to prevail. That is why this change is proposed in historical procedure of having all of these spending resolutions in one. Then we are going to have, I am told, an amendment offered which will say, we are going to cut 10 percent from what was authorized last year. Now that is interesting.

The way the game will be played, the more things change, the more they are the same, because the figures show that last year the committees of the House spent $30,287,293. That is exclusive of the HIS Committee. Remember that: exclusive of the HIS Committee.

The gentleman from Texas, the distinguished majority leader (Mr. WRIGHT), I understand is going to offer an amendment, if this rule passes, which will cut 10 percent from what was authorized last year, so that will authorize $33.8 million, which is roughly $3.5 million more than what was spent last year. In other words, they will live the fiction that we are cutting 10 percent but in fact spending will go up by $3.5 million, or roughly 10 percent.

In other words, rather than a 10-percent cut, the taxpayers of this country are going to sustain a 10-percent increase. How are they doing it? The authorization for HIS is being decreased by $2 million from what was spent last year. And what do you know. It is almost predictable that before this year is out this House is going to consider, under the rules, a resolutuon to ask for a supplemental appropriation for HIS. In other words, HIS is to be the patsy right now, and then later on we will come in with a supplemental appropriation to increase what we have taken away from them.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. LOTT. I yield to the gentleman 30 seconds to finish his statement.

Mr. DANNEMEYER. I thank the gentleman for yielding.

I think the responsible thing for us to do in this process today is to defeat this ridiculous rule. It is a gag rule. It changes a vote on the merits to a partisan vote. I do not think that is proper procedure. It lays the foundation for the attempted deceptive action that we are going to see by turning an alleged 10-percent cut into an authorization for a 10-percent increase. I do not want any part of it.

Mr. LOTT. Mr. Speaker, in my final moments here I would like to commend the gentleman from Minnesota (Mr. FRENZEL) and the gentleman from California (Mr. BADHAM) for their efforts in trying to begin to get some of these committees' spending resolutions under control. I think they have already saved the American people several million dollars and should be commended for that.

This is an unprecedented rule. I think it is a mistake, and I would still urge that the Members oppose the rule.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. ANNUNZIO. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 115) providing for the expenses of investigations and studies to be conducted by the standing and select committees of the House, and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 115

Resolved, That effective January 3, 1981, there shall be paid out of the contingent fund of the House in accordance with this primary expense resolution not to exceed the amount specified in section 2 for the expenses of investigations and studies to be conducted by each committee named in such section, including expenses—

(1) for the employment of investigators, attorneys, and clerical, stenographic, and other assistants;

(2) in the case of a committee named in section 3, for the procurement of services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); and

(3) in the case of a committee named in section 4, for specialized training, pursuant to section 202(j) of such Act (2 U.S.C. 72a(j)), of committee staff personnel performing professional and nonclerical functions.

Payments under this resolution shall be made on vouchers authorized by the committee involved, signed by the chairman of such committee, and approved by the Committee on House Administration.

SEC. 2. The committees and amounts referred to in the first section are: Select Committee on Aging, $1,233,000; Committee on Agriculture, $1,294,187; Committee on Armed Services, $952,223; Committee on Banking, Finance and Urban Affairs, $2,457,631; Committee on the District of Columbia, $288,719; Committee on Education and Labor, $2,832.087; Committee on Energy and Commerce, $4,043,722; Committee on

Foreign Affairs, $1,888,609; Committee on Government Operations, $2,461,885; Committee on House Administration, $1,219,000; Committee on House Administration—House Information Systems, $9,000,000; Permanent Select Committee on Intelligence, $938,700; Committee on Interior and Insular Affairs, $1,295,293; Committee on the Judiciary, $1,417,519; Committee on Merchant Marine and Fisheries, $1,700,414; Select Committee on Narcotics Abuse and Control, $551,173; Committee on Post Office and Civil Service, $978,530; Committee on Public Works and Transportation, $1,870,000; Committee on Rules, $530,738; Committee on Science and Technology, $1,896,800; Committee on Small Business, $776,000; Committee on Standards of Official Conduct, $450,000; Committee on Veterans' Affairs, $359,550; and Committee on Ways and Means, $2,450,782.

SEC. 3. (a) Of the amounts provided for in section 2, each committee named in subsection (b) may use not to exceed the amount specified in such subsection for consultant services under paragraph (2) of the first section, but this limitation shall not prevent the use of such amount for any other authorized purpose.

(b) The committees and amounts referred to in subsection (a) are: Committee on Agriculture $100,000; Committee on Armed Services, $36,000; Committee on Banking, Finance and Urban Affairs, $5,000; Committee on the District of Columbia, $10,000; Committee on Education and Labor, $55,200; Committee on Energy and Commerce, $28,000; Committee on Foreign Affairs, $35,000; Committee on Government Operations, $45,000; Committee on House Administration, $100,000; Committee on House Administration—House Information Systems, $304,000; Committee on Interior and Insular Affairs, $33,600; Committee on the Judiciary, $90,000; Committee on Merchant Marine and Fisheries, $16,000; Committee on Post Office and Civil Service, $100,000; Committee on Public Works and Transportation, $30,000; Committee on Rules, $12,000; Committee on Science and Technology, $15,000; Committee on Standards of Official Conduct, $350,000; Committee on Veterans' Affairs, $25,000; and Committee on Ways and Means, $50,000.

SEC. 4. (a) Of the amounts provided for in section 2, each committee named in subsection (b) may use not to exceed the amount specified in such subsection for specialized training under paragraph (3) of the first section, but this limitation shall not prevent the use of such amount for any other authorized purpose.

(b) The committees and amounts referred to in subsection (a) are: Committee on Armed Services, $15,000; Committee on Education and Labor, $3,000; Committee on Energy and Commerce, $2,850; Committee on Government Operations, $2,000; Committee on House Administration, $5,000; Committee on House Administration—House Information Systems, $95,000; Committee on the Judiciary, $3,000; Committee on Public Works and Transportation, $8,000; Committee on Rules, $2,000; Committee on Science and Technology, $7,600; Committee on Small Business, $2,000; and Committee on Standards of Official Conduct, $4,000.

SEC. 5. No part of the amount provided for the Committee on Post Office and Civil Service in section 2 may be used to establish or operate a redistricting data center or any similar unit.

SEC. 6. The Committee on House Administration is authorized—

(1) to incur such expenses as the committee considers advisable to enable House Information Systems to provide for the development, operation, maintenance, and improvement of ongoing computer and information services for the House, to provide for the investigation of additional computer and information services for the House, and to furnish computer and information systems support directly to Members, committees, and administrative offices of the House;

(2) to expend funds received in reimbursement for computer services in accordance with the policies of the committee; and

(3) to expend funds for the provision of employment placement services, professional development programs, office and personnel management consultation services, and periodic publication of handbooks, guides, bulletins, and other matters as may be necessary for the House.

SEC. 7. No part of the funds authorized by this resolution for any committee shall be available for expenditure in connection with the investigation or study of any subject which is being investigated or studied for the same purpose by any other committee of the House, and the chairman of each committee shall furnish the Committee on House Administration information with respect to any investigation or study intended to be financed from such funds.

SEC. 8. The authorization granted by this resolution shall expire immediately prior to noon on January 3, 1982.

SEC. 9. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration in accordance with existing law.

Mr. ANNUNZIO (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

This was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 116, the gentleman from Illinois (Mr. ANNUNZIO) will be recognized for 2 hours, and the gentleman from California (Mr. BADHAM) will be recognized for 2 hours.

The Chair now recognizes the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as we debate the 1981 funding resolution for committees of the House of Representatives, let us fully understand what we are discussing and its importance from the viewpoint of the people we are elected to serve.

Your Subcommittee on Accounts is held responsible for the fiscal health of the committees of the House. Their sustenance is developed through a committee's funding resolution known as a primary expense resolution. The studies and investigative staff of a committee is sometimes called the temporary staff because it would not exist without House passage of a resolution funding it from our contingency fund. Investigative staffs usually serve subcommittees. In fact, they are the working blood of our subcommittees. Furthermore, a special or select committee can have only investigative staff.

Under House Resolution 9, 20 standing committees, 3 select committees, 1 task force, and the House computer facilities are authorized to spend $47,090,286 for studies, investigations, and oversight during 1981.

As we debate this resolution, we should have in mind the relative importance of committees to the governing of this Nation. We must also weigh the dollar value of our committees as compared to the total budget weight of the Federal Government.

President Reagan's budget for the Federal Government during fiscal year 1981 authorizes the spending of $710.2 billion.

I believe the people of America place prime responsibility upon our committees to investigate and root out fraud, waste, abuse, mismanagement, misfeasance, and malfeasance whenever it occurs in the administration of our Federal programs.

There are two roles dominating the work of our committees. The first is legislative. The second is investigative. Critics of Congress today usually comment that there is too much of the first and too little of the second. If I know my people, and 17 years in Congress should show that I do, they now want less law and more oversight of Federal activities by this body.

Oversight or investigative inquiries by committees is what this funding resolution is all about. Seldom can we have such a hearing without spending money. If there is the possibility of criminal liability, loss of work or jobs, or possible damage to reputation, we have to subpena witnesses. Months of staff time are spent in preparation. We have to check every fact; we have to corroborate every witness; we have to examine every document; we have to leave no stone unturned; we have to make long-distance calls; we have to travel to the sites where trouble occurs; we have to pay travel and per diem for witnesses, Members, and staff. The fact of the matter is that we do not have enough staff or funding to meet all the demands on committees to conduct investigative inquiries and to keep up with our obligation for oversight of all Federal activities.

Our investigations and the holding of hearings have to be done in a very sensitive and a very careful way. I do not think anyone who has sat through such a hearing could say that we have overspent the money, particularly in light of the billions of dollars saved through our committees' investigations, studies, and recommendations.

Oversight is also a function of the Subcommittee on Accounts of the Committee on House Administration. The internal budget of the House is our jurisdiction. Where we find that the taxpayers' dollars are not spent wisely, we will slash that budget.

During our hearings and markup, we did just that. The total request by committees for studies and investigations in 1981 was $47,394,476. These requests totaled only six-tenths of 1 percent more than is currently authorized by House Resolution 9, the continuing resolution which expires March 31. The difference between the amounts sought and the amounts we are recommending is $4,507,914 or a 9.5-percent cut from current authorization.

When a committee proves a case for an increased workload, additional funds should be forthcoming. When the workload is approximately the same as the previous year, the committee should receive approximately the same funding as last year in today's dollars. When the workload decreases, so should the funding.

In making those judgments this year, your Subcommittee on Accounts bent toward the rule of frugality. I feel we were most conservative. Some may differ with me but I say we were most prudent.

Early during our hearings I made the following statement:

> The Subcommittee on Accounts has two major responsibilities—
>
> To insure that committees of the House have adequate funds to accomplish their legislative and oversight responsibilities; and
>
> To make certain that the contingent funds of the House are used wisely and economically.

Mr. Speaker, the subcommittee and its parent Committee on House Administration accomplished those two missions in bringing this resolution to you today. Any further reduction in the financial capability of or committees for 1981 will impair their performance to no good end for the people who elected us to serve and protect them.

Mr. Speaker, as a matter of fact, on this side of Capitol Hill, we have been cutting people from committee staffs each year since 1977. The Democratic majority on the other side of the Hill decided last year to follow the lead of the House. The much-heralded reduction this year in Senate committee funds is the result of an action, initiated by the Democratic majority last year, to reduce all Senate operations by an aggregate cut of 10 percent.

The new Republican majority in the other body had no choice when they took up the reins of Senate leadership. They must cut some $20 million from their budget. They chose to start with committee funds but so far have achieved cuts amounting to less than $500,000, leaving them with a cutting goal 40 times larger.

Which brings me to the next charge against this House, Mr. Speaker. Some of our colleagues have been telling the media and this body that the Senate is cutting committee budgets while the House is increasing them. Had all committees presented budgets justifying increased workloads of value to the American people, those charges might have been sustained. The truth is we are cutting deeply into the budgets of House committees by passage of this resolution. Last year's authorization total for funding resolutions was $44,005,970. Convert that amount to today's dollar by the double-digit inflation rate of 12.4 percent and the total would be $49,462,710.

House committees were warned prior to our hearings this year that they must be fiscally prudent in a year of austerity. Most loyally responded with budget requests that reflected long and thoughtful hours of paring and planning.

The total request from all committees and the House Information System was $47,394,476. This amount is $2,068,234 less than the rate called for to maintain last year's rate of activity at today's dollars. It is only $304,190 more than the $47,090,286 total annualized authorization in House Resolution 9, which is the continuing resolution setting the current spending rate for committees passed by this body on January 5, 1981.

The truth is as follows: The resolution we are debating today provides 9.5 percent less than the amounts requested; 9.4 percent less than the last year's authorization; and 13.2 percent less than last year's budgets converted to today's dollars.

In other words, our committees will have to be 13.2 percent more efficient in order to produce the same amount of work they did last year, and at the same time, meet the goals established by the new administration which will require more work by those same committees than they did last year.

The facts of the matter are these:

The estimated number of House committee staff in 1981 will be the smallest since 1976 and 6.2 percent below the average number for 1980.

The other body will make more money and staff available to its committees and computer facilities than will the House, despite the fact that there are 5 fewer Senate committees and only 100 Senators compared to 435 House Members. The House has 25 committees including Appropriations and Budget which are not covered by this resolution, whereas the other body has only 20. Thus, in the House there is $2.6 million available on a per committee basis compared to $3.2 million, or 23 percent more, per committee in the Senate.

The average salary for committee staff in the other body is approximately $32,000. In House committees the average salary is approximately $24,000. One House committee's average salary is approximately $15,000. Another House committee's average is approximately $17,000. No Senate committee is that frugal.

On top of the $41.7 million made available directly to Senate committees for staff and expenses during 1981, each Senator is automatically provided $183,000 for employment of associate committee staff in addition to his clerk-hire allotment. Multiplied by 100 Senators, this is an additional $18.3 million for committee staff. There is no House counterpart to the associate committee clerk-hire funds.

The much publicized $41.7 million figure for 1981 committee funding resolutions in the other body does not include the amount available for the Senate Ethics Committee which expended $800,000 in 1980. The true total should be approximately $42,500,000. Neither did that figure include $17 million for the other body's computer facility, which in the House resolution is budgeted at $9 million. To be truly comparable, that $9 million should be subtracted from the $42,886,562, which this resolution would authorize, leaving a balance for comparison of $33,886,562. If we add to that amount the $29.2 million which is the 1981 appropriation for statutory staff, the final total for comparison would be $63,086,562. Divide this sum by 435 Members and you will end up with a figure of $145,027 per House Member for committee work. By comparison divide the Senate budget of $42,500,000 by 100 Senators and you will arrive at a figure of $425,000 per Senator for committee work. In addition, each Senator has $183,000 for associate committee staff. We should trade our per Member share of $145,000 for the $183,000 associate committee staff allotment. We would be better off while each Senator would retain his edge of a $425,000 share in the amount made directly available for committee activity.

While our two bodies will provide almost identical amounts of money during 1981 for the productivity of our committees, the Senate committee budget will provide more committee staff per Senator. It is estimated that House committees will employ 1,661 people in 1981 while the Senate budget allows for 1,134 positions on committee payrolls, plus an estimated 600 associate committee staff positions for a total committee staff of 1,734. With adoption of both budgets there will be 17.3 committee staff employees per Senator and 3.8 committee staff per House Member.

It is not my intention to disparage the other body in making these com-

parisons. It is making a heroic effort to trim what fat it can find in the overall operations of the Senate. However, I do not believe this House should be in any race just to prove it can spend less money. Our decision should be made instead on which horse in the Federal stable will produce the best investment per dollar expended by the taxpayer. My money is on the horse called House committees.

Our committees will be instructed to stay within a budget of approximately $33 million—not counting funding for computer facilities—to study, investigate, and make decisions on a Federal budget of more than $710 billion. I believe in their ability to do that although it may be tough down the stretch.

When I was elected chairman of the Accounts Subcommittee at the beginning of this Congress, I did not take the job for the purpose of stripping the House of Representatives of its ability to do its job. This is the House of the people and the people are calling upon their elected Representatives to eliminate unnecessary Government spending. How can we do that job if there are not enough funds available to conduct the work of the Congress?

Mr. Speaker, last week in this Chamber's well I stood and said there has been so much smoke blown into the ears of the American public by some Members of this House that it is a wonder that every smoke detector on Capitol Hill has not been set off. Those who like to blow smoke will continue their unwarranted attacks on House committees.

I note that in recent weeks many Members on the opposite side of the aisle delivered fiscal restraint speeches which make it appear that the Accounts Subcommittee was engaged in a giveaway program rivaled only by "Tic-Tac-Dough," "The Price Is Right," and the "$50,000 Pyramid."

I do not stand in the well to pat myself on the back, but I do want to pat the subcommittee on the back, both the minority and the majority members. Never before has there been such keen scrutiny of committee budgets and intensive questioning of witnesses. The Subcommittee on Accounts held 8 days of hearings during which it heard 25 budget requests and took testimony from more than 70 witnesses. No one who asked to appear was denied an opportunity. There was a spirited discussion of every budget request.

As I have already reported, the 25 budget requests submitted to the subcommittee for 1981 totaled $47,394,476. The subcommittee reviewed each budget carefully, and by cutting out what it considered to be unnecessary jobs and expenditures, reduced the overall request to $42,886,562, a cut of more than $4.5 million from the budget requests. This was a cut of 9.5 percent from the amount requested and 9.4 percent less than the currently approved spending rate.

We arrived at the budget cuts not by imposing an arbitrary 10-percent figure, but rather by looking at each budget individually and judging each committee on its past performance and projected workload. If we had cut on the basis of an arbitrary percentage, we would have hurt some committees which have a legitimate need for extra funds, while at the same time we might have given extra money to committees unable to justify the extra funds.

The Subcommittee on Accounts and the Committee on House Administration has done a thorough and conscientious job.

This year, for the first time, the funding resolution includes payment for a charge on committees called an equipment user fee. Last year's funding resolutions included a new user fee for computer services and systems. Together, these two new charges on committees add an additional burden on House committees, not charged to Senate committees, that total $1,217,208.

If these two new user fee requirements were absorbed in the aggregate allowance for expenses of the House, as they were previously, the amount in this recommended resolution for committee oversight studies and investigations would be $32,669,354.

With all the push for increased military spending, compare this $33 million for committee investigations and studies with the $16 to $32 million cost of a single jet fighter, or to the proposed B–1 bomber that will cost approximately $50 million apiece. And if we bring a battleship out of mothballs, such an action will cost several hundred million dollars for processing each ship. And consider that a single Trident submarine costs $1.2 billion and a *Nimitz*-class nuclear aircraft carrier $2.3 billion. Is it unrealistic then for this body to consider such costs with a budget of only $33 million?

As your chairman of the Accounts Subcommittee, I sincerely believe that the amounts reported out of the Committee on House Administration for the investigatory inquiries of this House are both fair and just. I believe the subcommittee and the full committee did their job and did it properly and well.

We are being asked to approve a budget for House committees of $33 million which will be used to make decisions on a national budget of more than $710 billion. I urge my colleagues to support the resolution.

□ 1330

Mr. BADHAM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in my first term now as the ranking member of this subcommittee, I would like to take the opportunity to commend the chairman of our full committee, the gentleman from California (Mr. HAWKINS) and the chairman of our subcommittee, who, with dedicated and obvious zeal has pursued this most difficult task. I certainly do commend my good friend and colleague, the gentleman from Illinois (Mr. ANNUNZIO), for making a sincere effort to cut. But we have not cut. We have not cut the spending. We have not received the message from the American people that they want a smaller, leaner, tougher, more efficient Congress.

We are expanding and expanding and expanding and we are doing business as usual.

Now I could go along with a lot of this, if we were really producing more or better legislation, but in the words of then candidate and now our President of the United States, Ronald Reagan who said in the final debate with the now no longer President, Mr. Carter:

> Next Tuesday is election day. You all will go to the polls and will stand there in the polling place and make a decision. I think when you make the decision it might be well if you ask yourselves if you are better off than you were four years ago.

I think we should ask these questions of the Congress. Do we have a better Congress than we had 4 years ago or 10 years ago? Do we have a Congress that deserves staffs that have grown by leaps and bounds in unprecedented fashion over the past decade? You can ask yourself, are you better off than you were 4 years ago? Is it easier for you to go buy things in the stores than it was 4 years ago? Is legislation better from Congress than it was 4 years ago?

Absolutely not. The single precedential resolution that we have before us today is single because everybody on the other side wanted to lump it together so nobody would study each committee undividually. The moneys that we are being asked today to authorize for committee staff expenditures do not even include the statutory staffs amounting to 30 souls per committee.

In addition to that, we are talking about investigative staffs. Look at some of the comparisons with me, if you will, from just 10 short years ago to today, as far as staffs are concerned, asking ourselves if we are getting better legislation and more of it.

The Committee on Energy and Commerce, the staff of 28 went to a staff of 135. And I do not think that anybody would be willing to stand here and say we do not have a worsening rather than a bettering energy situation in this country.

The Committee on Foreign Affairs, as America's prestige declines around the world, the staff went from zero to 55.

The Committee on House Administration went from zero to 48. But I commend again the chairman of the full committee because he has made honest, sincere, and dedicated efforts and has had results in asking for sizable cuts in that budget.

The Committee on the Judiciary more than doubled from 22 to 50.

The Committee on Merchant Marine moved from 11 to 52.

The Committee on Rules from zero staff, investigative, to 52. And what are they investigating? How to make closed rules, I imagine.

I hope that in the future, as the distinguished chairman, the gentleman from Illinois (Mr. ANNUNZIO) has promised and we have promised to use our meager staff resources to support that effort, that we are going to examine the committees and whether all the people are actually there in their offices and actually working so next year when we come to the 2d session of the 97th Congress we will be able to actually determine whether the committees are really using their people and using them for the proper things assigned.

For the gentleman from Illinois (Mr. ANNUNZIO), the gentleman from California (Mr. HAWKINS), the gentleman from Minnesota (Mr. FRENZEL), and myself, it has not been without some fear and trepidation that we have tried to cut some of the budget figures and some of the staff numbers. But I feel compelled to relate one story about the pressure.

In my district in California, there exists probably the greatest architectural abomination of a public building that anyone in this room could possibly imagine. It is a post office. The building is structurally unsound. It is an architectural abomination and I asked the Post Office Committee, as one Member of Congress to another Member of Congress, if they would please send some staff out there to look at that building so that they might talk to the post office people and see what could be done about this disaster, both architecturally and a physically potential disaster. They scheduled a group to go out and look at my post office out there. But when the committee budget resolutions came out, the Post Office Committee canceled that trip because they said, "We do not have enough money to travel around the country to check on things that we are supposed to do in the Post Office Committee."

So I checked and we found that they had requested $105,000 for domestic travel this year and only spent $53,000 last year. But they did not have enough time and enough staff resources to check a post office in this country. I think that is really not terribly good.

But that still brings us back to the basic issue and I listened with eager anticipation hoping what we might hear from the gentleman from Illinois (Mr. ANNUNZIO), our distinguished colleague, the chairman of the subcommittee, about the Senate. Maybe we would hear something new. But again I stress to my colleagues, we are not the Senate. It is not our bailiwick. It is not our prerogative to criticize, examine, or discuss even what they do on the other side. We are the House of Representatives and if we cannot cut out staffs and we cannot cut our budgets, it really matters not what the Senate does because the responsibility is ours.

I commend the gentleman from Texas (Mr. WRIGHT) for offering the palliative amendment that will be a cosmetic cut in the budget authorizations, knowing full well that it will pass and it will be heralded as a desire to cut the budget. But again, it is not a cut, it is an increase in the budgets, an increase in spending, an increase in staffing of the committees of this Congress.

That is wrong, it is improper and we know it. So I hope that when we come to the motion of the gentleman from Minnesota (Mr. FRENZEL) to really take a look at it and to make a 10-percent reduction from the amount spent last year in most cases—if not all—but in most cases, that that will receive the most serious consideration so we might tell the people of this country that we really do get the message and we really do want to cut the fat out of the Congress so we can go ahead and cut the fat out of the Government.

□ 1345

Mr. PEYSER. Mr. Speaker, will the gentleman yield?

Mr. BADHAM. I will be delighted to yield.

Mr. PEYSER. Mr. Speaker, I thank my friend from California for yielding. The question I have is, when you move to recommit to cut 10 percent from the expenditure that was made—is that correct, that is the way it is going to read, the recommittal?

Mr. BADHAM. Basically it will be a 10-percent cut.

Mr. PEYSER. From expenditures?

Mr. BADHAM. From expenditures last year, correct.

Mr. PEYSER. But are you not, basically, when you are doing that, are you not taking the good judgment away from these committees that now only spend what they have to spend of their budgets to operate efficiently? It seems to me that the minute you do what you are suggesting you will be saying to every committee, "You had better spend every last dollar you have got whether you need it or not."

You and I know how that happens, "And then next year we are going to base your budget on what you spend," so you are practically providing an incentive to spend money that may not be needed.

I wonder how the gentleman would answer that.

Mr. BADHAM. I would answer that very simply, I think. We in California used to refer to that as university budgeting. Every year the University of California comes in with its budget request from the State of California, and they estimate how much they are going to be cut back, and pad that much on top. We refer to that as university budgeting.

Any committee chairman of this House, I would say to the gentleman, is amply smart enough to figure that out. The process goes like this, if the gentleman will spare me a few minutes of my time: The committee budgets come in, they look as though they want to be doing more work and expanding, so they ask for more money and more staff. The House Administration Committee, to make itself look good, gives them a modest cut. Then, the committee coming back at the end of the year, to make itself look even better, turns back money.

What happens? Everybody looks better, but the budgets and staffs grow and grow and grow. We have said in the House Administration Committee year after year after year: "If you really cannot live with this, and you want to come back and ask for more money, we will be here until December or October or November or July, we will be here if you want to come back and ask for more and can justify it; we will give you more money."

Mr. PEYSER. If the gentleman will yield further, I appreciate that remark.

Mr. BADHAM. Be delighted to.

Mr. PEYSER. I, as you know, served on the Accounts Subcommittee until this year, and I am very familiar with the process, we in the Congress discussed last year the motion and the legislation that would say to agencies, Federal agencies, that, "You could not spend, you know, in excess over the last quarter of the year," which is typically what many Federal agencies were doing just to spend all the money, and I think that you end up promoting that kind of thing if you base a cut on the efficiency of the committee operations last year. I think you ought to give the committees that opportunity to turn back money because I think honestly they tried to do it.

Mr. BADHAM. We have never refused to take back money from a committee, never, and I do not think we would do that.

Mr. LEE. Mr. Speaker, will the gentleman yield?

Mr. BADHAM. I will be happy to yield to the gentleman from New York.

Mr. LEE. Mr. Speaker, I would just like to elaborate on the remarks the gentleman made to our colleague from New York. If we look at the record for the last 6 or 7 years of the authorized levels of the committees vis-a-vis the actual expenditures, we will see a gap of about 15 to 28 percent of unused money, so I think it is an incorrect assumption to make that because you ask for a reduction against the expenditure levels of the previous year, we are going to do something irresponsible.

Mr. BADHAM. I thank the gentleman for his contribution. New York is a many-faceted State.

The SPEAKER pro tempore. The gentleman from California (Mr. BADHAM) has consumed 12 minutes.

Mr. ANNUNZIO. Mr. Speaker, I yield 3 minutes to the distinguished chairman of the full committee, the gentleman from California (Mr. HAWKINS), who has worked so long and hard and diligently in helping to bring this legislation to the floor.

Mr. HAWKINS. Mr. Speaker, I rise in support of House Resolution 115.

Mr. Speaker, House Resolution 115 represents an extraordinary effort by the Committee on House Administration and the Subcommittee on Accounts under the able leadership of my friend and colleague, the gentleman from Illinois (Mr. ANNUNZIO), to fix the spending of the committees of this House.

Parenthetically, may I say that this sharp difference of views on this resolution will be the only major conflict on partisan lines this session. I commend the Members of the other party for their cooperation in bringing to the committee sound business practices.

Mr. Speaker, I would like to point out to the Representatives of this body that, unlike the Senate, the House has been reducing committees' budgets over the last 2 years. During the 96th Congress, the Committee on House Administration, through its Subcommittee Accounts, slashed committee budget requests by over $8 million or nearly 9 percent.

Mr. Speaker, this year the Accounts Subcommittee is taking an historic step and is recommending for the first time that committee budgets be reduced by $1,119,408 or 2.6 percent less than was actually budgeted for in calendar year 1980. If one takes into account the rate of inflation over the last year, this would represent a real cut of over 13 percent of the committee's spending power from last year.

Mr. Speaker, as the new chairman of the Committee on House Administration, I am very proud of this committee's effort in achieving fiscal austerity. In January, the Committee on House Administration cut its own budget 19.4 percent from what the committee expended in 1980 and 31 percent from what was authorized in 1980.

Now, with the recommendations before you today, I think the Committee on House Administration once again has demonstrated fiscal responsibility with respect to the other committees of the House by giving them only the necessary funds to carry out their legislative and oversight duties.

I urge my colleagues to support the committee's recommendations.

Mr. BADHAM. Mr. Speaker, at this time I yield 5 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, there is a growing recognition that committee budgets are out of control. The last decade witnessed a growth in budgets of unparalleled proportions. From 1970 to 1980, budgets for the standing committees of the House climbed from $6.3 million to $30.7 million. Even select committees, which display an erratic and discontinuous growth pattern, ended the decade with budgets totaling $3.4 million—which is $2.2 million higher than 10 years before. In all, committee budgets increased by more than 300 percent. Although this phenomenal growth has moderated somewhat, the profligate practices of the past—and the continued acceptance of excessively high budgets—have seriously weakened the institutional authority of our committee system.

Until recently, committee budgets have generally been accorded little more than a perfunctory review—their consideration has generally been viewed as a noncontroversial housekeeping matter. But this year is different. Prompted by public demands for reductions in Government spending, the House has begun a careful and intense review of the costs of its internal operations.

The minority members of House Administration—aware of and responsive to the public desire for more efficient Government—and concerned by the seemingly uncontrollable spiral of committee costs—established a goal of reducing committee budgets overall to a level 10 percent below expenditures incurred in 1980.

We anticipated, in light of last November's mandate, that the committee budgets would demonstrate a serious attempt at fiscal restraint. I must admit that we were stunned at the magnitude of the budget requests submitted to the Committee on House Administration. Committee budget requests topped $37.8 million, a spurt of $7.6 million—which represents an incredible 25-percent increase over last year's expenditures. In addition, a budget request was received from House Information Systems for $9.5 million. Although the Subcommittee on Accounts shaved $4 million from these budgets—and one-half million from HIS—deeper cuts can and should be made.

The minority members of House Administration offered amendments to reduce all but three of the funding resolutions considered. Regrettably these amendments were rejected on party line votes. If they had been adopted, committee budgets would have been reduced by $6.5 million from the total amount recommeded by House Administration—$33.8 million. Further, HIS would have been reduced by more than $1 million.

While House committee budgets pleaded for more funds, we observed the other body acted with prudence and dispatch to reduce the costs of its committee operations. Although the other body can serve as a beneficial model, neither the funding process nor the requirements of the committee structure are identical to that of the House. Strict comparisons between the two Chambers often ignore distinct dissimilarities in the funding process. The Senate has eliminated the distinction between statutory and investigative staff—all staff costs are included in their funding resolutions; the House, which retains the distinction between statutory and investigative includes only investigative staff costs in its resolutions.

In the Senate, administrative expenses such as contributions to civil service retirement fund and health benefit programs are included in the funding resolutions; not so in the House. In the Senate all stationery costs are included in the funding resolution; in the House, virtually all of such costs are drawn, not from the funding resolutions, but directly from the contingent fund. In the Senate all committees—except the Select Committee on Ethics—must file funding resolutions—in the House, two big spending committees—Budget and Appropriations—are exempt from this funding process. The other body sought a 10-percent reduction from last year's authorization—a goal achieved and approved on March 3 in floor action. In the House we have sought a more stringent reduction—10 percent from last year's expenditures. In large measure, this reflects the fact that a substantial portion of costs—particularly those for statutory staff—for which $27 million has been appropriated so far this fiscal year—are not subject to review in the funding process. With such a sizable share unaccountable, more severe reductions are necessary in the budgets presented to this House.

One of the more controversial episodes during the budget hearing was the request by the Committee on Post Office and Civil Service for a redistricting data center to assist Member concerning reapportionment issues;

$200,000 was allocated for this initiative—plus another $116,000 for staff salaries. As redistricting is a State function, not a congressional one—the value of this center appeared dubious; its purpose, illegal.

Although amendments to prohibit the creation or operation of such a center were initially rejected, the committee reconsidered its action and deleted $200,000 for the center—although leaving in an unnecessary $116,000 in staff salaries—and added language to the resolution which prohibits any such redistricting unit. Although the Committee on House Administration generally shuns such specific line item exclusions—in this case, however, it had no alternative.

During the consideration of the various budget proposals, we were amazed by the disparity in investigative staff ratios between majority and minority. Although a one-third standard applies to statutory staff, no such guidelines apply to staff hired pursuant to the funding resolution. Presently, of over 1,000 investigative staff, only 15 percent are assigned to the minority. At this point, I would like to include for the RECORD a table which indicates these ratios on a committee-by-committee basis:

COMMITTEE STAFFING: MAJORITY/MINORITY RATIOS [1]

Committee	Statutory [2]		Investigative		Total		Overall percentage	
	Majority	Minority	Majority	Minority	Majority	Minority	Majority	Minority
Aging (Select)	([3])	([3])	[4] 29	[4] 11	29	11	72.5	27.5
Agriculture	20	10	27	11	47	21	60.0	31.0
Appropriations: [5]								
Full committee/subcommittee	60	8	[5] 9	.....	99	24	80.5	19.5
Associate staff	30	16						
Armed Services	30	.....	25	.....	55	.....	([6])	([6])
Banking, Finance and Urban Affairs	17	10	49	15	66	25	72.5	7.5
District of Columbia	24	6	10	[7] 2	34	[7] 8	81.0	[7] 19.0
Education and Labor	20	10	76	[8] 15	96	25	79.3	20.9
Energy and Commerce [9]	19	10	120	15	139	25	84.8	15.2
Foreign Affairs	21	9	52	[10] 3	73	12	85.9	14.1
Government Operations	18	8	[11] 60	[11] 6	78	14	84.8	15.2
House Administration [12]	26	4	[13] 47	1	[13] 73	5	[13] 93.6	6.4
Intelligence (Permanent Select)	([14])	([14])	26	.....	26	.....	([14])	([14])
Interior and Insular Affairs	20	10	[15] 35	8	[15] 55	18	75.3	24.7
Judiciary	20	10	47	3	67	13	83.7	16.3
Merchant Marine and Fisheries	20	10	[16] 45	[16] 7	65	17	79.3	20.7
Narcotics Abuse (Select)	([17])	([17])	15	4	15	4	78.9	21.1
Post Office and Civil Service	20	10	[18] 36	[18] 5	56	15	78.9	21.1
Public Works and Transportation	20	10	36	16	56	26	68.3	31.7
Rules	19	9	[19] 16	1	35	10	77.8	22.2
Science and Technology [20]	21	7	50	12	71	19	78.9	21.1
Standards of Official Conduct	8	.....	.....	.....	8	.....	([21])	([21])
Small Business	24	6	17	6	41	12	77.4	22.6
Veterans' Affairs	18	6	[22] 8	[22] 2	26	8	76.5	23.5
Ways and Means	20	10	[23] 64	[23] 13	84	23	78.5	21.5
Budget: [24]								
Full committee	60	8	.....	.....	75	8	90.4	9.6
Associate staff	15	.....	.....	.....	.....	.....	.....	.....
Total [25]	532	187	848	156	1,380	343	80.1	19.9

[1] Unless otherwise indicated, the statistics on staff are derived from the budget requests submitted to House Administration by the various committees.

[2] According to the Rules of the House, each standing committee (except Budget and Appropriations) are allowed up to 30 "statutory" staff; the minority party can request up to ⅓ of the statutory allotment. As to investigative staff, the minority is not entitled to any specified fraction.

[3] The Select Committee on Aging is not authorized to employ "statutory" staff.

[4] According to the budget submitted by the Select Committee on Aging, the ratio in 1981 will be altered to 28–12, or 70 percent majority, 30 percent minority.

[5] The Committee on Appropriations, like the Committee on the Budget—refer to footnote 24, is permitted to establish its own staffing levels, and is not restricted by the limitation of 30 "statutory" slots. Further neither committee is obligated to introduce a funding resolution to be reviewed by House Administration, and then to be considered on the floor. The statistics on staff are as of February 1981: the investigative column includes only the 9 full-time committee staff; in addition there are 77 individuals detailed to the committee on a reimbursement basis who are not included in the ratio determination. The final total, however, includes the associate staff (30 majority; 16 minority).

[6] The Committee on Armed Services operates with a staff which is not differentiated on majority/minority lines.

[7] During hearings before the Subcommittee on Accounts of the Committee on House Administration, it was indicated that the 2 minority vacancies on the investigative staff would probably not be filled, although it was expected that 1 minority staff person would be added to the "statutory" side. If this occurs, the ratio would be 34 to 7, or 82.9 percent majority/17.1 percent minority.

[8] The budget submitted by the Committee on Education and Labor anticipates the addition of 2 new minority investigative positions, or a ratio of 76/17.

[9] Staff statistics are derived from the Report of the Clerk of the House, Sept. 30, 1980.

[10] The budget proposal submitted by the Committee on Foreign Affairs indicates the possibility of 3 new minority investigative positions, or a total of 6.

[11] The investigative staff totals include 7 vacancies: 6 majority and 1 minority.

[12] The staff statistics for the Committee on House Administration do not include the 198 staff members of the House Information Systems.

[13] Of these 47 investigative positions, 27 consists of personnel at the Office of Management Services. If these 27 were deleted from the computation, the new ratio would be 46 majority/5 minority, or 90 percent to 10 percent. The statistics are projected as of February 1981.

[14] The staff is not differentiated on majority/minority lines. The Permanent Select Committee on Intelligence is not authorized "statutory" personnel.

[15] The proposed budget anticipates 2 new majority investigative positions, or a ratio of 37 to 8—a total of 57 to 18.

[16] The statistics are as of February 1981; however, these are expected to diverge somewhat from the anticipated final 1981 staff ratios. Vacancies are not included in the totals.

[17] The Select Committee on Narcotics is not authorized "statutory" staff.

[18] As the Committee on Post Office and Civil Service contemplates a major staff reorganization, these investigative figures are tentative. On the regular investigative payroll would be 31 majority and 4 minority; on the Commission on Congressional Mailing Standards would be 5 majority and 1 minority.

[19] The budget proposal of the Committee on Rules indicates 3 new positions, although no distinction is made as to how the slots will be allocated between majority and minority.

[20] Statistics are as of February 1981.

[21] The Committee on Standards of Official Conduct has a nonpartisan staff.

[22] In addition to the 8 majority and 2 minority investigative spots filled, there are 4 vacancies (1 majority and 3 minority).

[23] Of the 13 minority staff, 9 are vacancies. Of the 64 majority investigative staff, 8 are vacancies.

[24] As the Committee on Appropriations—refer to footnotes, the Committee on the Budget is not required to file a funding resolution and may hire as many staff as it so determines. Statistics on staff are as of Sept. 30, 1980.

[25] The totals do not include the staff of the following committees: Armed Services, Intelligence, and Standards of Official Conduct. Neither do the totals include the staff at the House Information Systems.

Note.—The statistics on staff include vacancies, but do not include, unless indicated, requested new positions for 1981. New positions which would alter the ratios are so specified. As committees and subcommittees are still in the process of reorganizing, significant changes in staff may occur over the next few weeks, with a consequent change in staff ratios. Furthermore, revisions in committee budget proposals by the Committee on House Administration, or as a result of floor action, may likewise have a similar effect. It should be emphasized that a number of the staff designated as majority perform support services for the "committee as a whole". Additionally, in many cases, staff designated as majority (and minority) are directed to act on requests by members of the other party.

These ratios appear inequitable, particularly for a Chamber where the minority party constitutes 44 percent of the membership. Republican Members advanced amendments to the funding resolutions which would have provided the minority with one-third of the funds allocated for staff salaries—these, however, were all rejected. We will renew these efforts next year, when committee budgets once again are submitted for our review.

Understandably, in any review of committee budgets, the immediate preoccupation is with their projected cost in dollars and cents terms. But equally significant is that the prevailing fiscal irresponsibility of these budgets has serious institutional consequences.

During the past decade, we have witnessed the number of subcommittees jump from about 100 in 1970 to almost 160 at the end of last year. Each of these subcommittees strives to establish its own turf, thereby fragmenting the coherent consideration of legislative issues. In large part, the increases in committee budgets has been directed to the feeding of these subunits—in

fact, the budgets submitted by Banking and Education and Labor were little more than compilations of their subcommittee demands.

The increases in committee budgets reflect in large part, the increase in committee staff. In 1970, less than 400 staff members were hired by moneys provided in standing committee funding resolutions—by 1980 nearly 1,000 committee staff were hired pursuant to these resolutions. Then, of course, one must add in the staff of select committees and House Information Systems which are also provided by these resolutions—and that, in no way, takes into account the more than 700 individuals on the statutory payroll.

We all recognize that the knowledge and dedication of our staff enables the House to fulfill its policymaking role. Yet the staff growth in this last decade has been too fast, too large, and, too inefficiently distributed. Layer on layer of staff has been added; subcommittees have developed their own staff bureaucracies. We are at the threshold where staff is becoming surrogate members; I fear that if some restraint on staff growth is not imposed, our staff will soon be making policy for us. As the bulk of moneys in committee funding resolutions represents staff salaries, these resolutions offer a means to manage and limit staff expansion.

I have read several studies recently which compare our committee staff in terms of size and expense with the White House staff, the various Government agencies, or even the Architect's people. Such comparisons, I believe, offer little substantive merit. If we ever sought to duplicate in any way, the bureaucracies which encircle us, this House would no longer serve its constitutional functions as representatives of the people.

If we continue to approve bloated budgets, if we allow staff to run rampant—then it is the legislative process which ultimately suffers. We will have an opportunity today to begin to move toward greater accountability and fiscal control in our funding process. But this means we must support lower budget authorizations than the ones now incorporated in House Resolution 115. This means we must support lower budget authorizations than the ones included in the amendment of the gentleman from Texas. It requires that we reduce spending, not below some artificial authorization level, but in relation to actual expenditures. The House will have that opportunity when we consider the motion to recommit.

COMMITTEE STAFF PAY SCHEDULES ($30,000+)

Committee	$30,000 to $39,999			$40,000 to $49,999			Over $50,000+			Total			Percent of committee staff
	Statutory	Investigative	All	Statutory	Investigative	All	Statutory	Investigative	All	Statutory	Investigative	All	
Aging (February 1981)	(2)	12	12	(2)	3	3	(2)	2	2	(2)	17	17	47
Agriculture (Statutory, February 1981; Investigative, January 1981)	8	12	20	7	0	7	7	0	7	22	12	34	57
Appropriations (February 1981) [3]	43	0	43	23	1	24	18	3	21	84	4	88	72
Armed Services (February 1981)	6	2	8	4	5	9	8	1	9	18	8	26	52
Banking, Finance and Urban Affairs (January 1981)	5	12	17	6	10	16	8	11	19	19	33	52	58
District of Columbia (January 1981)	9	0	9	6	0	6	6	0	6	21	0	21	52.5
Education and Labor (January 1981)	9	17	26	7	3	10	11	4	15	27	24	51	42
Energy and Commerce (January 1981)	2	17	19	4	21	25	9	9	18	15	47	62	45
Foreign Affairs (January 1981)	9	12	21	5	7	12	10	5	15	24	24	48	57
Government Operations (February 1981)	6	13	19	6	12	18	5	7	12	17	32	49	58
House Administration (January 1981)	8	4	12	4	3	7	3	2	5	15	9	24	33
Intelligence (January 1981)	(2)	3	3	(2)	9	9	(2)	3	3	(2)	15	15	60
Interior and Insular Affairs (February 1981)	4	8	12	13	0	13	9	0	9	26	8	34	50
Judiciary	2	8	10	13	3	16	5	0	5	20	11	31	39
Merchant Marine and Fisheries (January 1981)	5	12	17	10	2	12	10	0	10	25	14	39	44
Narcotics (January 1981)	(2)	7	7	(2)	2	2	(2)	0	0	(2)	9	9	47
Post Office and Civil Service (January 1981)	4	8	12	9	0	9	13	0	13	26	8	34	59
Public Works and Transportation (January 1981)	9	9	18	9	9	18	9	3	12	27	21	48	61
Rules (January 1981)	10	1	11	7	0	7	2	0	2	19	1	20	43
Science and Technology (February 1981)	4	14	18	8	14	22	7	0	7	19	28	47	55
Standards of Official Conduct (March 1981)	3	0	3	0	0	0	1	0	1	4	0	4	50
Small Business (January 1981)	5	10	15	5	0	5	4	0	4	14	10	24	45
Veterans' Affairs (January 1981)	2	3	5	2	0	2	9	0	9	13	3	16	47
Ways and Means (February 1981)	2	13	15	6	5	11	14	9	23	22	27	49	53
Budget [4]													
Total [5]	155	197	352	154	109	263	168	59	227	477	365	842	

[1] Represents percentage of total Committee staff at $30,000 or above.
[2] Committee not authorized to have statutory staff.
[3] The investigative staff statistics do not include individuals detailed to the committee on a reimbursement basis.
[4] No statistics compiled as to the Committee on the Budget.
[5] Totals do not include the Committee on the Budget or the staff provided to the Subcommittee on Labor-Management Relations of the Committee on Education and Labor who are to be hired pursuant to a separate funding resolution.

Note.—As committees are still in the process of organizing, these figures should be regarded as tentative.

Mr. Speaker, I want to start my presentation with a commendation of the distinguished chairman of the subcommittee, the gentleman from Illinois (Mr. ANNUNZIO) and of my good friend from California (Mr. BADHAM) for the excellent, workmanlike, and effective way in which they conducted the subcommittee's operations in trying to arrive at fair committee budgets so that the Congress can do the work that is required of it with the most efficient use of the taxpayers' money. I think they worked long and hard and well.

I also want to compliment the distinguished subcommittee chairman for his promise that next year we are going to do a better job because our staff is going to zero in on all of the committee staffs. We are going to find out where the people are and what they are doing, what the subcommittees are doing, what bills they are passing, and the Republicans have pledged our full cooperation with the subcommittee chairman so that next year, when we come to you with these funding resolutions, we are going to have a lot better idea of where the fat in these budgets is and where the budgets cannot be cut.

Mr. Speaker, I also want to compliment the distinguished chairman of the House Administration Committee, the gentleman from California (Mr. HAWKINS). He, of all the committee chairmen, brought in a budget under what was spent last year. He was the only person who brought one in voluntarily. I would like to take credit for helping him do that, but I cannot. He did it by himself, he took a voluntary 20-percent cut under last year's spending, and maintained strict oversight over the committee's operations to see if we can even reduce more from that. I want to salute him for those efforts.

I would also like to echo a statement that he made. I hope that this is the last partisan dispute that the committee brings before this body. I think that the committee has worked well together. There are times when we must agree to disagree, but most of the time that is not true.

I might mention now, Mr. Speaker, that there are four committee budgets which are not in dispute. On these committees the House Administration

Committee, the Republican minority, and the Wright amendment and the Frenzel motion to recommit are in agreement. These are the Armed Services Committee, which has an increase because of an increased workload; the House Administration Committee, which voluntarily took a substantial decrease; the Committee on Standards of Official Conduct; and the Select Committee on Intelligence. Therefore, those committees need no part of this debate.

Mr. Speaker, there is not too much sense in discussing the House Administration Committee report because, in fact, the battleground is going to be the Wright amendment and the motion to recommit. None the less for the record it is well to note that despite good work by the subcommittee, it brought in committee budgets which were 12 percent more than were spent by the committee's last year.

That is a little more than the predicted inflation rate, and reflects the business-as-usual attitude in the Congress in which the Republican minority could not concur. Therefore we have brought in our separate recommendations which result in a real cut from last year's spending.

Next, we have the Wright amendment, the leadership amendment. That is not business as usual, but it is almost business as usual. I refer to it as the "harmless substitute" because instead of cutting, it allows a 6-percent increase over what was spent by all the House committees whose budgets are before us this year.

Now, the motion to recommit, which will be my motion, offered when the House has completed work on the bill, provides for a real 10-percent decrease in spending.

The Wright amendment is a real increase. Mine is a real decrease. If the motion to recommit is accepted, we will save $4.2 million of the taxpayers' money, which will not be saved by the Wright amendment.

Under the Wright amendment, the Education and Labor Committee gets an 11-percent boost; Public Works, 12 percent; Rules 16 percent; Government Operations, 11 percent; Veterans' Committee, about 14 percent.

The SPEAKER pro tempore. The time of the gentleman from Minnesota has expired.

Mr. BADHAM. Mr. Speaker, I yield 3 additional minutes to the gentleman from Minnesota.

Mr. FRENZEL. Ways and Means Committee is the grand champion, having achieved, even after the decrease—the minor decrease in the Wright amendment—a 17-percent increase from its spending of last year.

Now, it is not easy to analyze all these committee budgets. We have statutory staff and we have investigative staff; we have two committees, Budget and Appropriations, which are not even under our jurisdiction. We do not even get a chance to look at their budgets. We have travel, salaries, machinery, supplies.

My criticism of the budgets—and they are severe criticisms—do not imply any criticisms of committee and subcommittee chairmen, who worked very hard to deliver a good product and want to be equipped with the personnel and expense money to deliver the best possible legislative product. Nevertheless, we believe that there is fat in these budgets, and we believe that our motion to recommit gets at some of the worst of it.

We have been compared with the Senate a number of times, and I think that is a very dangerous comparison. The Senate operates in a different way. They do not have statutory and investigative staff. The Senate Budget and Appropriations Committees do not have a direct dip into the legislative expense account. Their associate staff is different from our associate staff. However, Senate associate staff allowances are not without limit. It is very difficult to make those kinds of comparisons. I think the best thing for us to do is make sure that our committees are run as frugally as we can consistent with the need to produce good legislation.

Mr. Speaker, I would like to talk about minority staffing a little bit. A table I will introduce along with my remarks indicates that of the more than 1,000 investigative staff, only 150 belong to the minority. That is 15 percent. I have discussed this earlier in the question on the rule, but it bears repeating, I think.

In the Senate the staffs are one-third/two-thirds. In the House they are not, and it seems to me there can be no good reason, when the Republican minority makes up 44 percent of the House, that they should get, of total statutory and investigative staff ratios, slightly less than 20 percent. Some of the committees are much worse than others, and I do not think that I will call the roll of the worst offenders, but there will be in the RECORD a table which all Members can look at if they wish.

□ 1400

Why are the Republicans wanting to cut? Well, the House has gotten overstaffed for a number of reasons. The subcommittees and committees are geared for a maximum effort, but the subcommittees and committees make a maximum effort for only a few months out of the year when the legislation they are working on is on center stage. The rest of the time they carry the full staff complement, but the staff is not doing the full job.

Also each committee takes its oversight responsibilities very seriously, but unfortunately that is not enough.

The SPEAKER pro tempore. The time of the gentleman from Minnesota (Mr. FRENZEL) has expired.

Mr. BADHAM. Mr. Speaker, I yield 2 additional minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. Yes; certainly I will yield to the distinguished subcommittee chairman.

Mr. ANNUNZIO. Mr. Speaker, I take this time to commend the gentleman from Minnesota (Mr. FRENZEL), the ranking Republican on the Committee on House Administration. He attended every meeting; he attended the sessions of the subcommittee; he made a major contribution to the legislation, and I want to say as chairman of the subcommittee that I am deeply grateful for the diligent and honest effort that the gentleman has made to represent his point of view.

I really believe that without the gentleman's help and assistance we would not have gotten as far as we did. The gentleman might not agree with us as to how far we got, but we did go a lot further than we have ever gone before.

Mr. FRENZEL. Mr. Speaker, I thank the gentleman for those words. I agree with him that we have made progress, and I only wish he would have voted for a few more of my amendments.

Mr. Speaker, in oversight some of our subcommittees have tried to reproduce the executive branch. They have looked at all their jurisdictions and created subcommittee staffs so they can try to follow everything the executive branch does.

Oversight is oversight, but we have only a certain amount of capability in each committee. We have spread our staffs too large and too thin, and we are not concentrating on where we should be focusing our energy.

After the class of 1974 came into the Congress, we adopted rule XI, clause 5(d), which provides that subcommittee chairmen and ranking minority members would get specially designated staff. That has proved to be a mistake. It has fractionated the staffs and caused much too large staffs. We have allowed associate staff in the Budget Committee and in the Rules Committee and in the Appropriations Committee, which is unnecessary and is actually simply an increase in the personal staffs of those members.

It is fair to say—and I am sure the subcommittee chairmen would agree with me—that we do not know exactly where to cut. We are just giving the Members our best recommendations, but we think that there is fat, and we hope that the Members will be able to find it with us.

Mr. ANNUNZIO. Mr. Speaker, I yield 5 minutes to the distinguished chairman of the Committee on Sci-

ence and Technology, the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Speaker, the staff of the Committee on Science and Technology was one of 87 people in the last Congress; 53 of those are classified as professionals. We have 16 Ph. D.'s in such fields as nuclear engineering, biology, aeronautics, marine sciences, chemistry, and math, just to name a few of them.

From our budget of approximately $1.9 million in the last Congress we did return about $48,000 to the Treasury last year.

Now, during our presentation to the Subcommittee on Accounts—and I want to thank the chairman and the ranking minority member for the very courteous reception that we received before the subcommittee—a question was raised that maybe we ought to check the role and scope of our committee. Well, we have been "rolled and scoped" pretty well over the years. The growth of the committee always is an issue, that "you have grown from so many people from 1972 to 1976, and so many since then."

Well, I think there is justification on this committee.

To the Committee on Science and Technology was added the jurisdiction of energy, all non-nuclear energy, in 1973, and then in 1977, with the abolishment of the Joint Committee on Atomic Energy, there was added the responsibility of all nuclear R. & D. with the exception of military.

Now, the 4-percent reduction that is proposed in the Wright amendment requires that our committee decrease our staff by 12 people from what we were last year. We are reducing six positions by not filling vacancies that have occurred. We have sent out notice to six people that their services no longer can be utilized by the committee because of the severe budget problem we are faced with. Any further reduction that we have, as proposed in the motion to recommit, is going to require us to reduce the size of our committee even further, and I think it will impede our ability to carry out the responsibilities that we have been assigned by this House of Representatives.

We have, as I pointed out at the beginning, many very fine professionals who work on our staffs, and I would say to this House, that we have saved well over the money that we have spent in the last 10 years in 1 year through oversight work and through trying to scrutinize many very big projects that fall within the authorization of our committee.

One was a coal demonstration plant in Kentucky. We saved approximately $22 million by careful scrutiny of that project. In another project in West Virginia, as estimated by the OMB, we are found to have saved approximately $12 million. There was another project in Colorado relating to solar energy; we were able to reduce some $18 million from the construction costs that were authorized for that project.

I am not advocating that we can always "drink ourselves sober," but I do think sometimes in order to save money we have to spend money. I do not think we would feel that we were saving money if we abolished the IRS or if we abolished the General Accounting Office, because I think we have proven that for every dollar we spend we receive back about tenfold or more.

I think the oversight in this Congress is very important in many of the programs that we authorize and reauthorize.

Mr. Speaker, I would like to point out one thing to my Republican friends. We have talked about saving money, and the man who has the new reputation in that area is our former colleague, Mr. Stockman. I was checking to see how much he is saving this year in his own budget, and lo and behold, I find that he has requested a 9-percent increase in the budget of OMB over what it was last year. I am sure it will be well spent, and I am not arguing that. My only point is that Congress should not be the only one to try to save.

While it is painful to lay off people from the committee staff and, while I think it somewhat impairs the ability of the committees to carry on their responsibilities, I think the amendment of the gentleman from Texas (Mr. WRIGHT), as painful as it is, is certainly much preferable to the motion that will be made by the minority to recommit.

Mr. Speaker, I urge passage of the Wright amendment as the lesser of the two evils.

Mr. BADHAM. Mr. Speaker, I now yield 5 minutes to the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Speaker, I am a new Member of this Congress on the Committee on House Administration. My previous congressional experience has been on the Committee on Standards of Official Conduct and on the Committee on Agriculture.

In the entire time I have served on those committees, I could never recall a single straight party line vote, let alone a series of straight party votes time after time after time, regardless of the specifics laid upon the table for discussion. So in terms of my full committee chairman's concerns that, hopefully, the party line votes are behind us, I want to assure my chairman that from this particular Member comes the statement that I did not enjoy my initial experience on those party line votes, and I hope they do not occur again.

My distinguished subcommittee chairman, who I know is going through an excruciating period in terms of understanding that it is a different ballgame and that we can no longer do what perhaps was done here in the past, has indicated that, in comparison to the Senate, the House of Representatives is doing a wonderful job. As one of the newer Members who does not have the historical perspective of what was done here 10 years ago or 15 years ago or 20 years ago, I might like to submit to my distinguished subcommittee chairman that perhaps one of the reasons that the House of Representatives, in any opinion poll in terms of whether or not the American public admires or respects the House of Representatives, always falls near the bottom of any comparison in terms of professional or occupational positions. Perhaps one of the reasons is that what the American public wants is not the House compared with the Senate, but the House compared with reality.

My concern is that in my former life I had occasion to look at some budgets in my time, and the distinguished subcommittee chairman said that we had done our job properly and we did it well. I have real concern when we examine a committee—this is just a "for instance"—that has had a 14,000-percent increase over the last 6 years—that is a 14,000-percent increase—yet in terms of the specificity and the needs of getting particulars so that the Subcommittee on Accounts could do its job in examining where that money was to go, the committee accepted this kind of language, under "Travel":

> At this time it is not possible to provide any definite Committee travel proposals. When such plans are designed, the travel will be structured to provide the maximum benefit to the Committee's operations in a cost efficient manner.

I have never seen such creative writing in a budget.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. Certainly I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, that was the entire justification for a travel budget for a committee of this House?

Mr. THOMAS. That is the travel budget of a committee of this House.

Perhaps the gentleman would be interested in the language used to justify the amounts of moneys under "Consultant Fees." This is an important segment of the committees, because one of our concerns is growing staffs. We would not like to see provided a particular expertise to us through these salaries, because that position is locked into the salary structure then and the committee continues to grow. Consultants is the area we would like to spend money in if we need particular expertise at a moment's time. This is the language that committee provided:

At the present the Committee has no specific proposals with regard to the use of consultants. However, we anticipate that several of the Committee's ongoing and planned special projects will probably require contracting outside work. For these projects, it will be more cost efficient to utilize consultants rather than hire additional staff.

Again creative writing in a budget. I would emphasize the need of the Subcommittee on Accounts to make a determination as to whether the dollar amounts are reasonable. The language I just read to you is worthless for this purpose. It is very poor planning.

Mr. WALKER. Mr. Speaker, will the gentleman yield further?

Mr. THOMAS. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, could the gentleman tell us how much money they were asking for in these areas? It seems to me in the proposal the gentleman read for travel they had no idea where they were going, but they knew how much they were going to spend.

Mr. THOMAS. Mr. Speaker, fortunately the amount is not earth-shattering. The amount they have down here is $8,000, which is a 100-percent increase from the previous year. And since they have never utilized consultant fees at all in the budget category, up until 1979, the amount is again at least a manageable amount of $12,000.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. BADHAM. Mr. Speaker, I yield 2 additional minutes to the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Speaker, if I may continue, perhaps because they are new to the game and do not yet know how to play the justification procedure, we might apologize for the creative writing aspect, but I do not think the Accounts Subcommittee should be the one to excuse it. I think we should have called this to their attention.

I realize that at one time the House of Representatives and its committee operation could have been characterized as a feudal system, but in regard to the statement of the gentleman from New York (Mr. PEYSER), in terms of the committees returning dollar amounts back, that is a kind of a feudal concept in terms of the committees. It means: "Give them what they want, and they will give back to you that amount which they want to give back."

That does not have anything to do with reality. It would seem to me that if, for example, the salary areas were the areas that were getting out of hand in most of the committees—and they are—the subcommittees and, in particular, the full committee, could limit the salary portion of that budget to the same percentage reduction so we could begin to get a handle on the budget.

□ 1415

As a matter of fact, I offered that amendment specifically for various committees and it was rejected. By a straight party line vote this would tie the hands of the chairman of the committee too much, it was said.

Just a couple other examples in my brief time. In the House information services budget, it was proposed that there would be reimbursements of about $4½ million, $4.537 million to be exact. The day before the full committee heard it, after the subcommittee had acted, that was changed in terms of money coming back from Members as reimbursables from $4.5 to $3 million. Where did that money go and where was the studied analysis to allow a committee of the House spending over $9 million of the House's money to be able to make a decision like that?

The SPEAKER pro tempore. The time of the gentleman from California (Mr. THOMAS) has expired.

Mr. BADHAM. Mr. Speaker, I yield 2 additional minutes to the gentleman.

Mr. THOMAS. Mr. Speaker, I thank the gentleman for yielding.

For example, in an account labeled "Leadership Support," which originally had expected a reimbursement of $144,000, all of a sudden with a sharp pencil finds out it is zero dollars that they are expecting from reimbursements.

I could go down the line in terms of publications development, an anticipated $43,000 of reimbursement, all of a sudden it is zero; policy analysis services, $79,000 to zero.

Obviously when you have to reduce from $4.5 million reimbursable to $3 million reimbursable, you have to go in with a meat cleaver to adjust the budget; apparently it depends on whose meat cleaver you are using.

Finally, I would like to end on the note of knowing it is extremely difficult for Members who have been here for a long time to change the way in which they relate to the structure.

I would like to commend the chairman of the subcommittee for his ability to adapt and in terms of his honest attempt to play a new game. I do have to commend him and I have to commend the chairman of the full committee in terms of the example that he has set.

I would like to echo the words of the gentleman from Minnesota, in terms of if only the other committees could do what the House Administration Committee was able to do.

Those of us on the minority, although we lost by straight party line votes, would like to think that based upon the reductions that occurred inside the committee, that you can teach an old dog new tricks. The problem was we only got you to sit up. We would like to have taught you to roll over.

Mr. ANNUNZIO. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. GARCIA).

Mr. GARCIA. Mr. Speaker, I rise in reluctant support of the committee funding resolution and in opposition to the motion to recommit.

Frankly, I am getting tired of Members who feel compelled to slash committee funding to ridiculously low levels in order to prove that they are more budget conscious and seemingly alined with the mood of the country than those of us who oppose dismantling the committee structure.

Now I recognize that it is not the popular thing to do these days. But someone should be willing to expose these efforts to cut committee funding. The stampede to reduce congressional costs is being led by the minority. Our Republican friends contend that the majority is overstaffed, overpaid, and just plain overindulgent when it comes to spending the taxpayers money. I do not think anyone here contests the fact that the congressional budget has risen or that there are more people on the payroll than a decade before. But let us keep this in perspective and stick to some basic facts; 10 to 15 years ago, there was no such thing as legislative oversight. The powers downtown for the most part controlled policy and planning. Moreover, they essentially dictated to Congress the way things would be. Congress had, for the most part, delegated its constitutional role to the Executive. This changed in the mid seventies with the adoption of internal reforms which were brought about as a result of Nixon administration practices and tactics in dealing with Congress.

Since then Congress has reclaimed its position as a coequal partner in governing the country.

The minority is saying, however, that the times are different now. We have to be frugal. We have to set an example for the country to follow. What they fail to say is that they want to return to the good old days. They do not want Congress examining the administration's policies with respect to personnel practices that involve hiring, transferring, and firing Government employees. Nor, I take it, do they feel Congress should review the administration's response to the internal conflict in El Salvador. Likewise, the minority feels that issues such as the decontrol of oil and natural gas prices, bilingual education, food stamps, and a whole host of others should be left to the administration. This is not the way to go. In these inflationary and uncertain times the public will be looking to us to provide a counter balance to the Executive's proposed cuts. We must be in a

position to respond. And to respond in a cogent and responsible manner.

If we accede to the demands of further cuts in committee funding we will be signaling to the administration that we lack the capacity to do the job the people sent us here to do.

Congress, and specifically the House, should not be so eager to roll over on this matter.

What we do on this first substantive vote of this new Congress will in my view dictate our response as well as our votes on matters in the future. We should not penalize ourselves under the false presumption of fiscal responsibility.

Accordingly, Mr. Speaker, I will support the leadership's request but oppose the motion to recommit with instructions and I urge my colleagues to do likewise.

Mr. ANNUNZIO. Mr. Speaker, I yield 5 minutes to the distinguished chairman of the Committee on Government Operations, the gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. Mr. Speaker, the House Administration Committee has a very difficult and unpopular task to perform. Each year, they must consider the requests of all the standing committees of the House for investigative funds and determine how much will be made available for the committees to carry out their legislative and oversight responsibilities.

This year, the standing committees requested $47,394,475 to cover operations for 1981. The chairmen of those committees appeared before the House Administration Subcommittee on Accounts and explained the justification for every one of those dollars. That testimony should not be dismissed lightly. As chairman of the Committee on Government Operations, I testified in behalf of our request for $2,648,000 and I assure the Members of this House that I had kept the figure to what I considered a minimum needed for my committee to perform at its maximum capability.

In the last Congress, the Committee on Government Operations was credited with savings of $2.4 billion of taxpayers' funds. We could not have achieved savings of that magnitude without having available adequate investigatory funds to employ sufficient staff, to fund subcommittee travel for field hearings and investigations and, when necessary, to bring in witnesses from all across the country to give us the benefit of their expertise.

This year, in compiling the committee budget request, I consulted with all of the subcommittee chairmen and the ranking minority member and concluded that the committee would need $2.6 million if we were to sustain and indeed increase our level of oversight activity as so many Members of this House have expressed a desire to do.

Nevertheless, faced with the very heavy pressures that this Congress feels with regard to reducing Government expenditures, the House Administration Committee, and particularly its Accounts Subcommittee under the very able leadership of its new chairman, Hon. FRANK ANNUNZIO, proceeded to carefully consider all committee budgets and impose cuts wherever possible. The House Administration Committee has actually reduced total committee authorizations to a level below 1980. They have not used an emotional meat ax approach but have done it in a responsible and reasonable manner.

The Government Operations Committee did not escape the knife of Mr. ANNUNZIO and his colleagues. They slashed $190,000 off my request. Even that cut will result in the Government Operations Committee's not being able to do everything we have programed to do. But, I respect the Accounts Subcommittee and the House Administration Committee for carrying out its responsibilities to this Congress and to the American people. I have assured Mr. ANNUNZIO and Mr. HAWKINS that their actions have my support and that I will continue to manage the affairs of the Government Operations Committee in a manner that will achieve maximum return for the American people on the investment that they have recommended for us.

I commend them for their efforts to sustain adequate funding for the standing committees of the House of Representatives. I think they deserve our support and our congratulations for a job well done.

Mr. BADHAM. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. SOLOMON).

Mr. SOLOMON. Mr. Speaker, just how gullible does the leadership of the House think the American people are? When our citizens overwhelmingly cried out in November for real spending reductions, the leadership responds with a phony amendment to reduce overall committee budgeting by 10 percent by taking virtually the entire cut out of the House information systems budget. That cut is all very well and good. But in the meantime, the budgets of almost every other House committee will continue to expand. We need an across-the-board cut in committee budgets, not a phony cut engineered on paper to make the leadership look good when, in fact, it is playing the same old game of spend, spend, spend.

Once again the leadership is trying to dupe the American people with a superficial and meaningless attempt to appear fiscally responsible, while the already bloated committee budgets continue to grow at an outrageous rate. The Wright amendment is nothing more than another leadership sham, and the American people will not be fooled by this trick any more than they were last November.

Mr. BADHAM. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. LEE).

Mr. LEE. Mr. Speaker, last September 15 on the west Capitol steps of the west front of the Capitol, many of us took a pledge to the American people that we would assiduously move forward in cutting spending for this Government. On the 4th of November last, it is clear that a mandate was rendered to President Reagan and Vice President BUSH and to many of us in this House that the time has come for us to lead by example.

I would like to take this opportunity to pay tribute to Chairman HAWKINS and the gentleman from Minnesota, BILL FRENZEL, the gentleman from California (Mr. BADHAM), and the gentleman from Illinois (Mr. ANNUNZIO) for leading the House Administration Committee in the direction of setting the example in motion that we can, indeed, cut our expenses within this body without jeopardizing the essential services which need to be rendered.

In the last 10 years the spending by the committees of the House of Representatives has jumped by almost 400 percent, approximately $9.8 million in 1971 and $37 million in the current fiscal year.

The requests from the committees before us today are up some 25 percent over last year's expenditure rate.

As I indicated in a previous colloquy with my friend, the gentleman from California (Mr. PEYSER), the requests of the committees over the last 6 or 7 years vis-a-vis the actual expenditure records indicates that there is indeed slack that can be taken up without jeopardizing the important services that need to be rendered. The time has come to implement fiscal discipline.

Mr. Speaker, the committee funding process in my judgment is going to be the first significant litmus test of this Congress to determine whether or not we mean business in responding to the mandate from the American people, that is, reducing costs.

I hope that throughout the months ahead as we address the President's program that we will have the intestinal fortitude to do what many of us have pledged to the American people to do and what the people of this great country elected us to accomplish in this Congress: Reduce spending, reduce taxes, and roll back rules and regulations.

Thank you, Mr. Speaker.

Mr. ANNUNZIO. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. HIGHTOWER).

Mr. HIGHTOWER. Mr. Speaker, as has already been alluded to, last No-

vember 4 the voting public grabbed Members of Congress by our collective collar and forcibly brought us to attention. Today we should be saying, "You have led the way; now we'll proceed."

Many of us would like to claim bold leadership in addressing the issue of cutting Government spending. We cannot. We are following the orders of our constituents who preceded us on this issue. We now have the responsibility to carry out those orders. Congress own committee funding is a good place to start.

I support the 10-percent reduction. It is a significant cut, yet it would not cripple any necessary committee action. We know that some committees and subcommittees should be cut even more. Others should be cut less or not at all. As wielders of the ax we must make discriminate chops.

Statistics documenting the growth of Government spending are so numerous as to strain our capacity for retention. Some point to the growth of congressional staff as a prime example of the ballooning bureaucracy. Well, it is true. Congressional staff growth and the increase in committee funding levels over the past 10 years is well documented by figures. The figures, however, only address the symptoms; the disease itself remains. We need to be wary of the quick cure, and if we are to be responsive to the budget-cutting demands of our constituents, we must look beyond the figures documenting congressional staff growth to the reasons for this growth. There is where the doctoring is really needed.

One reason for the growth of committee staffs can be traced to the burgeoning bureaucracy in the executive branch. Executive branch personnel and funding levels have increased enormously over the past two decades. New programs have been instituted with corresponding new staffs. Task forces have been established to study specific problems. Old programs have been expanded, and staffs increased to handle the work load. It is quite understandable that congressional committee staffs have increased commensurately just to monitor and conduct oversight investigations of increased executive branch activity. We must also cut back the executive bureaucracy.

President Reagan has promised to reduce the size of the Federal work force, to reduce the size and number of Federal programs. I believe that he is committed to this kind of a spending cut in the Federal bureaucracy. When this happens, it should be easier for us to also reduce the sizes and budgets of our special committee staffs responsible for doing the work generated by some of these executive agencies.

Another important reason for the growth of committee staffs can be traced to the Legislative Reorganization Act of 1970. This act partitioned the committee staffs into majority and minority parties and gave each an unwritten but implicit mandate to develop partisan positions.

Let us look at the hard statistics on this point. From 1960 to 1970, the funding levels for investigative committee staff increased by 328 percent. This figure is certainly large enough in and of itself. But, from 1970 to 1980, investigative committee staff funding increased by 526 percent. This is a sizable increase in the rate of committee staff growth, and it happened immediately after the Legislative Reorganization Act went into effect.

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There will be an attempt here today by the minority to cut committee funding even more than the substantial 10-percent cut proposed by the distinguished majority leader. Anything more than the 10-percent cut would be a severe blow to the efficiency of the House committee system. The purpose for such a cut is more than simply to spend less money.

We know that the Senate, now controlled by the minority, has not seen fit to cut its own committee funding to this extent. We know that the Senate and the White House, while being budget conscious in spending levels for their own staffs, are still leaving themselves sufficient funds to carry out their mandated duties efficiently. At the same time, though, there are those who would demand that the House sustain a burden of budget cutting greater than its share, to the possible detriment of its efficiency and its ability to do its job.

I can only assume that this effort is a partisan one, designed more to hamper the effectiveness of a House still with a Democratic majority than to be responsive and responsible to the budget-cutting demands of the American public. Our President has told us that the issue of reducing Federal spending, at all levels, is nonpartisan. Our constituents tell us the issue is nonpartisan. Commonsense tells us the issue is nonpartisan. Yet, the structure of our committee system, created by the Reorganization Act of 1970, makes it partisan, as do some of the efforts on the floor of this House today.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HAWKINS. Mr. Speaker, I yield 1 additional minute to the gentleman from Texas (Mr. HIGHTOWER).

Mr. HIGHTOWER. I thank the gentleman.

On the issue of Federal spending for congressional operations there should be no majority position. There should only be a congressional position that, in the purest form of representative government, reflects the will of the electorate. I urge that all my colleagues, in both the majority and minority parties, be responsible legislators today and vote for the 10-percent reduction in House committee funding. It is a significant first step.

Mr. BADHAM. Mr. Speaker, I now yield 10 minutes to the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Speaker, we have heard reference today to the thought that we are going to do justice to our responsibility in connection with the spending resolutions by making a proposal to reduce spending 10 percent from what was authorized as our colleagues in the Senate did and that this, therefore, augers well for the taxpayers of this country. Let us look at what the facts are with respect to this matter.

In 1974 the Senate investigative staff totaled some 948. Six years later that had grown to 1,176, an increase of 24 percent. In that same beginning year in 1974, the House investigative staff totaled 785, and by 1980 it had grown to 1,247, an increase of 58 percent. In other words, over this 6 years of time, in the recent history of the two institutions, the House staff has grown by 58 percent while the Senate staff has grown by 24 percent. It is kind of like the example of two people, each person weighing 200 pounds. One gains 50 pounds, and one gains 20 pounds. Each one wants to go back to his original 200-pound beginning point, and the thought is expressed that fairness would dictate that each be cut 10 percent. It is obvious that the heavier one is not going to get close to the 200 pound starting point by cutting 10 percent. The one who gained more weight is going to have to shed more.

For us to suggest that we are going to do equity for the taxpayers of this country by cutting 10 percent from what was authorized in 1980 just is not doing it. We should be cutting 10 percent from what was spent in 1980, because in so doing we will truly make a reduction in total spending for these committees.

Just for the Members' attention, let us analyze the growth in staff in this institution over the same 6-year span

from 1974 to 1980 in terms of percentages. The dollars we have spent in the House have increased during the last 6 years by 237 percent. The number of people has increased by 58 percent. Our Senate counterpart increased by 24 percent. The Federal budget increased by 119 percent in that interval. The statutory staff increased by 111 percent. The Consumer Price Index increased by 71 percent. The Library of Congress staff in that same period increased by 22 percent. The Congressional Research Service staff increased by 26 percent. The Senate personnel staff increased by 7 percent. The Congressional Budget Office staff increased by 12.95 percent.

These figures indicate overwhelmingly that staff in the House investigative staff has been a growth industry that is far in excess of the growth in the national budget. It is far in excess of the rate of inflation. It really, as some Members have described it, is a national scandal, and the responsible thing for us to do in these proceedings today is to vote for the motion to recommit which will be offered so that we will reduce by 10 percent from what was spent in 1980.

Mr. Speaker, I yield back the remainder of my time.

Mr. ANNUNZIO. Mr. Speaker, I yield 5 minutes to the distinguished chairman of the House Committee on Banking, Finance and Urban Affairs, the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Speaker, if the minority's recommendation is adopted by the House, we will be unable to cover existing salaries for committee staff. I recommend that all Members of the House support the Wright amendment.

I will say to my friends on the minority side, if their proposal is agreed to, the House Committee on Banking, Finance and Urban Affairs will have to approach such cuts in an equitable fashion both to the majority and minority sides of the committee and we will operate strictly within the rules of the House as they now exist as far as legislative funding is concerned.

Mr. Speaker, contrary to what some might feel, the facts show that the Committee on Banking, Finance and Urban Affairs has not been profligate in the past nor is our budget request profligate in this instance. We will, of course, live within the figure the House approves, but if we are to carry out our responsibilities in a full and complete manner, we must have appropriate funding under which to operate.

Mr. Speaker, again I want to commend our colleague, FRANK ANNUNZIO, for the yeoman work he has done in bringing this resolution to the floor. I know we are all in his debt for the work he has done.

Mr. Speaker, I appreciate my colleague and good friend, FRANK ANNUNZIO, chairman of the Subcommittee on Accounts, yielding to me. FRANK ANNUNZIO, is to be heartily commended for the superb work he has done in shaping the committee budget resolutions for this year. No one in the history of the Subcommittee on Accounts has done a better job laboring under such extreme circumstances.

Mr. Speaker, the budget process within the Committee on Banking, Finance and Urban Affairs involves all members of the committee, majority and minority, and we arrive at a budget request ultimately pared down substantially from the original requests made by the ranking minority member and our subcommittee chairmen. Our committee has fewer employees now than it has had in past years. Our committee's request for funding provides for no new employees over that requested last year and, in essence, our request of $2.6 million for this year was a bare-bone, rock-bottom figure. The House Administration Committee's recommendation for funding for our committee for 1981 was $2.5 million in round numbers. In consultation with various members of our committee, it was agreed that we would live within this budget figure; although it would mean cutting down on the investigative activities of our committee, either in terms of personnel, investigative hearings or travel for investigative purposes.

Under the proposed Wright amendment, if adopted by the House, our committee would receive approximately $43,000 less than that recommended by the House Administration Committee, and we will have to live with this amount of funding. It will, of course, require further reductions in the investigative activities of the committee.

Mr. BADHAM. Mr. Speaker, I now yield 10 minutes to the gentleman from Texas (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Speaker, today we are discussing committee budgets, and as far as money goes, it does not sound like much money. The way Congress handles billions, you cannot tell the difference between a billion and a million when you are in the Halls of Congress.

But what we are doing today represents one of the most important sessions that we have ever had, because we are talking about getting the size of committee staffs in line, getting them into a workable size. I have heard so many chairmen of the various committees speak, and they have spoken of how it will mean cutbacks of some of their staffs. All I could think was, praise the Lord; we are going to have a cutback in reducing the sizes of the staffs of Congress.

We have too much staff in Congress. We have too much Government. You know where excess legislation all begins in this country—it begins with the staffs. In other words, these people have a job, and as we have created larger and larger and larger staffs, they have got to spend their time figuring out new regulations. They have got to spend their time figuring out new laws, some new way to keep the committee busy. Believe you me, they have been successful at it.

I want to give you just one example of it. I have the figures on the Federal Register. The Federal Register has gone up just in the past few years from 35,572 pages in 1973 to where it was 87,012 pages in 1980. What is the Federal Register? That just shows how we crank out these regulations around here, how we are putting more and more burden on business. Business in this country is having a hard time competing. The last thing they need is more Government regulations. All they want is an even chance where they do not have all this paperwork.

In our committee report this year—and we had a distinguished report—I notice that we had provided for 2 million copies of paper just for our committee—2 million copies to repeat what we are doing. The reason we need 2 million copies is that we have got so many people on the staffs, we were up now to where our committee is asking for 170 staffers.

Back in 1974 we had about 58; now we ask to have 170. We have to have extra computer time to take care of printing material so we can inform all of our staff what is going on.

I was on the Commerce Committee in 1974, and it had a very, very efficient staff. Let me tell you that many others have grown because, as we know, staffs have zoomed since 1974, and you have seen what has happened to the deficit since 1974. The deficit zoomed, too.

This year the total national debt went up $80 billion. With what the Carter administration left us, the debt is going up $80 billion in 1981 again. The reason is Congress just keeps passing bills and passing bills, and there is just too much Congress spending around here.

Let me come back to the Democratic empire. We are asking the people on your side of the aisle to make a real sacrifice. I see the chairman of the Committee on House Administration, the gentleman from California (Mr. HAWKINS) and the chairman of the Subcommittee on Accounts, the gentleman from Illinois (Mr. ANNUNZIO) and I want to tell the Members that those two have done the best of anybody on their entire side of the aisle.

Mr. ANNUNZIO. Will the gentleman yield?

Mr. COLLINS of Texas. I would just like to say a good word about the gentleman, and then I will let him tell me about how I am wrong.

Mr. ANNUNZIO. Will the gentleman yield at that point?

Mr. COLLINS of Texas. All right, I yield to the gentleman.

Mr. ANNUNZIO. I thank the gentleman for yielding.

I can truly appreciate, and I am grateful for, the effort that the gentleman from Texas has put forth to stem the growth of our own bureaucracy. He, as much as anyone, is aware that there are limits to the span of any Congressman's time and energy. A man can only be in so many places and can do only so many things at any single moment. I anticipate that the House will ultimately heed his advice to reduce the number of its subcommittees, and thus the space, equipment, supplies, and other support needed to sustain them.

On the other hand, the public mood, as expressed in the November elections, demands that this 97th Congress exercise more oversight than ever before to insure that the laws we have passed are administered without waste, fraud, deceit, excessive regulation, or mismanagement.

Given the size of our Government and the limits of 435 Congressmen and their supporting staff, this is no easy task. Congress is a branch of Government which, under our constitutional separation of powers, is considered to be equal to the executive branch. However, the dollars it spends and the resources it commands pale in comparison to those of the Executive. Congress must have adequate resources to do its work and the most vital part of that work is performed by our committees.

My predecessors in this chair have stated, and I will restate what they have said: This subcommittee must strike a balance between its responsibility to see that the contingent funds of the House are used wisely and economically and its obligation to insure that the committees of the House receive sufficient funds to accomplish their legislative and investigative duties. As I see it, this is our duty as members of the Accounts Subcommittee of the House of Representatives.

I truly want to commend the gentleman from Texas (Mr. COLLINS) for being consistent in constantly calling to the attention of the committees in the House their obligation and their responsibility to cut subcommittee staffs.

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You know, we did not create the staffs; you know that, JIM. You and I have talked about this before. Once the subcommittees have grown from I think it was 48 to 157, we inherited the funding of those committees.

So I thank the gentleman for his efforts.

Mr. COLLINS of Texas. I appreciate what the gentleman from Illinois (Mr. ANNUNZIO) has said, and sitting over there by him is the chairman of the full committee, the gentleman from California (Mr. HAWKINS).

And when I saw these committee reports come in, you have the clearest vision for austerity and you have the best heart of anyone, you two from the House Administration actually cut your expenditures 20 percent. That was not any kind of a doubletalk accounting figure. You cut spending by 20 percent.

Now, out of the 23 committees that came before us, most of them have fought, they fought like they were a cornered raccoon. And only two others were cut at all. One of them got cut a small 2 percent and one got cut only 3 percent. But 20 of the 23 committees have a bigger budget for 1982 than they had last year.

And I just want to tell the Members how fast some committees have grown, just to remind the Members. I went back to 1974, and I looked at Agriculture, which used to be $145,000, and even this year we recommend giving them $1 million.

I looked at Education and Labor—no, it has not gone up too much. You have one of the better budgets, Chairman PERKINS.

I looked at Energy and Commerce. It went up from $900,000 in 1974 to where even the Frenzel recommendation will be $3,200,000. It will be four times as much as they had 6 years ago.

Foreign Affairs was $590,000, and it will be $1,464,000.

Look at Merchant Marine. That is the most difficult to defend of any committee we have. Merchant Marine was $245,000, and now it is $1,384,000, even with the suggested cut.

As I see these cuts that should be made, we realize that the one key vote today is going to be on the Frenzel recommit, because what my colleague from Texas (Mr. WRIGHT), the distinguished majority leader, will submit he is going to make a proposed cut. I hope everybody on the floor votes for it, because it is a good token cut, it is good accounting, it is a step in the right direction. We ought to accept it.

But the real cut, the real vote, is going to be what we are going to do when the gentleman from Minnesota (Mr. FRENZEL) brings out his recommit motion. Here is the issue. Will we accept Representative WRIGHT with $39,600,000? Or will we accept FRENZEL's $35,348,000? There is over $4 million difference, there is over 10 percent, and it is the real key issue that we have before us today.

When we think about operations of Government, we can go through any committee here and we come to the same conclusion that staff work is duplicating, duplicating. We talked a little bit about computers. I do not yet understand why we need to have a computer system in the House, a computer system in the Senate, and a third system in the Congressional Research Service, just turning out the same material, just having different technicians in different places cranking it all out in duplication.

We have come to the licklog. There have never been as many staff budget hearings. This thing has been heard more fairly and more thoroughly than ever in history. In a few hours we are going to be up to the vote.

One time Governor Wallace said, "There is not a dime's worth of difference between the parties." I am hoping today that we will find that not only will our Republican Party stand for fiscal restraint and fiscal economy, but on your side of the aisle, that many of you are going to join us on the recommit motion, because that is the showdown motion, that is the gut motion. That shows whether the Members can provide an example for America that we are here to cut our spending in Congress.

Mr. ANNUNZIO. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky (Mr. PERKINS) the distinguished chairman of the Committee on Education and Labor.

Mr. PERKINS. Mr. Speaker, let me congratulate the gentleman from Illinois (Mr. ANNUNZIO). I personally felt that the gentleman's committee did an excellent job.

Mr. Speaker, on February 18, 1981, the Committee on Education and Labor submitted to the House Administration Committee and to its Subcommittee on Accounts what the committee felt was the amount essential to carry out responsibly the functions of the committee during 1981.

The work on the committee budget was a bipartisan effort. It had strong bipartisan support in its submission to the Subcommittee on Accounts.

Moreover, this budget was carefully prepared in the light of the budget-cutting realities facing the 97th Congress. The committee took extraordinary care to assure that the funds being requested were the absolute minimum necessary to perform our tasks. Let me say at this point that at the time we formulated our committee budget, we recognized virtually every program providing Federal resources to State and local governments under the committee's jurisdiction, would be the likely subject of not only budget reductions but also dramatic changes.

This has been borne out by subsequent submissions to the Congress by the administration in which we are told that programs under the jurisdiction of the committee will not be funded and, in lieu thereof, five block-grant programs will be substituted.

This will necessitate the review of literally hundreds of pages of existing law, not taking into account the hun-

dreds of pages that the administration will submit to replace them.

The administration's budget reductions impact most heavily across the entire spectrum of elementary, secondary, and postsecondary education, employment and training programs, school lunch, child nutrition which are all within the jurisdiction of the committee.

Already, the committee and its subcommittees have conducted 32 days of hearings in preparation for the mammoth tasks that face us.

Similarly, every aspect of the labor and regulatory jurisdiction of our committee is the subject of legislative change—Davis-Bacon, Walsh-Healey, Service Contract Act, Fair Labor Standards Act, mine health and safety, occupational health and safety, workmen's compensation—all are areas in which the committee has had referred to it legislative amendments or has in process recommendations for legislative changes.

Our committee has been increasingly responsive to the requirements of the 1970 Reorganization Act and the Committee Reform Amendments of 1974 enlarging our oversight and investigative activities.

Areas which require oversight and very likely perfecting legislation are the Employment Retirement Income Security Act, Indian education, education finance, National Labor Relations Act and related legislation, juvenile delinquency, arts and humanities, black lung benefits, child abuse, and National Institute of Education.

Many programs are expiring. Their reauthorization and modification must be attended to. In this category are vocational education, Head Start, Older Americans Act, Comprehensive Employment and Training Act, education of the handicapped, library services and construction, vocational rehabilitation, Community Services Administration, Alcoholic and Drug Abuse Education Act, and ACTION.

An increasing portion of staff time is devoted to detailed analysis and study of departmental regulations to determine that the administration of our laws conforms with the intent of the Congress.

The committee has the authority under law to review all regulations proposed by the U.S. Department of Education. We have taken this responsibility very seriously, establishing a procedure for reviewing all new regulations line by line to determine whether they conform to their authorization statutes.

This task over the last 2 years has involved a review of 177 sets of regulations, entailing thousands of pages. To give some examples, regulations already reviewed or under review for elementary and secondary education programs alone total approximately 1,300 pages. New regulations for higher education total over 700 pages. These, along with many more sets of regulations, are currently being reviewed.

As a result of the review of regulations in the 96th Congress, I have sent 36 letters to the Secretary of Education raising questions regarding certain provisions of the regulations. Many regulations were changed as a result of these letters. But four sets of regulations with seriously offensive provisions were not. Consequently, the committee disapproved these regulations, and this action was later upheld by the full House and the Senate.

In the 97th Congress, I have already sent five letters to the Secretary of Education raising questions regarding new higher education regulations. Our review of these regulations has proved to be an effective means by which the committee can determine whether or not the administration is carrying out the laws under the committee's jurisdiction in accordance with the intent of Congress.

As I have indicated, this activity has concentrated chiefly on programs administered by the Department of Education. Extensive and continuing review of this agency and of the U.S. Department of Labor and the U.S. Department of Agriculture will be required in such programs as the Federal Mine Health and Safety Act, the Occupational Safety and Health Act, the Employee Retirement Income Security Act, the Labor Management Relations Act, the Fair Labor Standards Act, the Equal Opportunities Act, the Child Nutrition Act, the National School Lunch Act, and the Civil Rights Act.

The committee budget request submitted to the House Accounts Subcommittee anticipated no increase over the amount authorized last session beyond the 9-percent inflation factor, except for an increase for the minority. The cuts made by House Administration therefore reduced the capability of the committee to respond to its legislative duties below that which existed in the last session.

With all due respect to my distinguished colleague from Illinois (Mr. ANNUNZIO), the chairman of the Subcommittee on Accounts, I felt that the reduction in the committee's resolution request was austere and did not take into account the requirements of the committee in carrying out its broad responsibilities.

Now we are not only faced with this reduction, but a proposal on the part of the Wright amendment which will strip the committee to a level approximately $164,000 below our 1980 funding level.

If one of the rumored amendments is agreed upon, we will be reduced approximately $525,000 below our 1980 level.

I do not believe that this represents responsible legislative action.

At a time when we face substantial changes in major policy affecting every activity of this Nation, it is most imperative that the Congress be adequately staffed and equipped to analyze and to carry out its tasks in the most effective manner possible. These cuts are unwarranted and I hope that the House will soundly reject the motion to recommit with instructions to reduce committee operations.

I would like to insert in the RECORD at this point a table reflecting the effect of the Wright amendment on the allocations to the majority, minority, eight standing subcommittees, and the pension study group of the House Education and Labor Committee.

COMMITTEE ON EDUCATION AND LABOR—EFFECT OF WRIGHT AMENDMENT ON ALLOCATIONS WITHIN THE COMMITTEE ON EDUCATION AND LABOR

	1980	6 percent reduction	Available 1981
Full committee majority	$460,000	$27,600	$432,400
Minority	460,000	−27,600	432,400
Subcommittees	1,502,000	−90,120	1,411,880
Elementary, Secondary, and Vocational Education	(187,750)	(−11,265)	(176,485)
Employment Opportunities	(187,750)	(−11,265)	(176,485)
Labor-Management Relations	(187,750)	(−11,265)	(176,485)
Health and Safety	(187,750)	(−11,265)	(176,485)
Human Resources	(187,750)	(−11,265)	(176,485)
Postsecondary Education	(187,750)	(−11,265)	(176,485)
Labor Standards	(187,750)	(−11,265)	(176,485)
Select Education	(187,750)	(−11,265)	(176,485)
House Information Systems set-aside	100,000	−6,000	94,000
Subtotal	2,522,000	−151,320	2,370,680
H. Res. 102—Pension reform activities	207,200	−12,432	194,768
Total	2,729,200	−163,752	2,565,448

*Note.—Items in parentheses equals a 16 percent reduction of 1980 authorization.

Mr. BADHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. JAMES K. COYNE).

Mr. JAMES K. COYNE. Mr. Speaker, the votes which Members of this body cast today may be among the most important of the entire Congress. I do not think that this is just because of the dollar amounts that have been discussed on both sides of the aisle; rather, it is because of what each Member's vote will signify about his or her real commitment to fight inflation by demanding more responsible patterns and levels of Government spending.

Before being a Member of this august body, I was a faculty member at the Wharton School of Business. Economists now realize that, in microeconomic terms, citizens react on an individual level in response to what their future expectations are in regard to what the economy and what Government will be doing in the months ahead. And that is why what we do today is so terribly important, because I think it shows to the public, or will show, what they may expect with regard to Government spending in the months ahead.

Will they expect a true commitment to reduce Federal spending and efficiency in Washington? Or will they continue to get the kind of double talk and double accounting which they have become accustomed to for more than a generation?

It may well be impossible to find one among us who did not campaign on a platform calling for improved Federal responsiveness to the real needs of the American people and for greater accountability of the Federal Government.

Today we have an opportunity to prove to our constituents that we are serious about these commitments. We all recognize the dramatic plight of the American economy and the need to restrain Government spending. I believe it is incumbent upon us as Members of this Nation's highest legislative body to show that we can and that we will impose some sense of fiscal responsibility in the workings of our own house. Let us put our own house in order.

The measures to be voted on today offer a choice between a merely symbolic gesture to rein in the spending of these committee budgets or a sincere effort to significantly reduce this spending and turn around what has been an indefensible pattern of explosive growth and expense.

Even in our current economic state, the rate of inflation does not begin to approach the rate at which committee budgets have increased. In just the last 10 years we have seen a shocking sevenfold increase in the amounts allocated for House committees. This is truly a critical time. Our most pressing needs cannot continue to be met without a vastly improved economy. Inflation, which so erodes the security of all Americans and does most harm to those with fewest resources, must be halted.

Recent actions in both Houses of Congress prove that there is broad bipartisan support for necessary reductions in the Federal budget. But we must begin at home to implement these needed reductions. Our constituents will surely not be so naive as to believe that House committee functions today actually require 700 percent more money than they used in 1970.

□ 1500

We will be making many difficult decisions in the weeks to come. Today's decision, though, is not difficult and there is an impressively clear need to respond to the American voters by supporting the motion of my most distinguished colleague from Minnesota.

As you all know, this motion will recommit the committee funding resolutions with instructions to reduce the amounts by 10 percent from last year's expenditure. The 52 Republican freshmen, I am proud to say, have already indicated our united support for such action by unanimously approving a resolution calling for such a reduction.

I urge my colleagues to support the motion to recommit as the only viable way to demonstrate to the American public that we do not intend to exempt ourselves from the overriding mandate to make all aspects of American government more responsible and accountable to the American people.

Mr. ANNUNZIO. Mr. Speaker, I yield 2 minutes to the distinguished chairman of the Committee on the District of Columbia, the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. Mr. Speaker, last session, 1980, the amount approved for the District of Columbia Committee by House Administration was $289,670. The recommended amount by House Administration for the current session, 1981, is $288,719. This is $27,905 less than the $316,624 requested by the committee for 1981. It is also less than the amount approved for 1980.

Our expenditures, in salaries alone, for 1980 was only $201,178.47, which included an average of 13 investigative staff at an average annual salary of $15,475.27, as against an average salary of approximately $32,000 paid to staff of our counterpart in the Senate. This represents our concern to contain costs while at the same time performing the very necessary oversight responsibilities. This represents the lowest average annual salary paid by any of the House Standing Committees during the 1980 session. Also, our request to House Administration for funds in the amount of $316,624 was the lowest of any of the House standing committees for the current session, 1981.

Please accept my assurances that no appropriated funds will be spent unless absolutely needed to carry out specific responsibilities. The committee's record on this matter stands for itself.

Mr. BADHAM. Mr. Speaker, I yield 5 minutes to the Republican leader, the distinguished gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, one Congress nonissue is another Congress issue. It seems that that is the case with this committee funding resolution.

Funding our standing and select committees in the past has been a matter of form. It is not now and I hope it will not ever be again. It is about time we kept a closer eye on ourselves.

There have been enough facts and figures bandied about on this issue to make it perfectly unclear to everyone. For my money, no matter what statistics you use, three conclusions are clear. First, congressional committee staffing has increased at intolerable levels; second, there is no evidence to suggest that the rate of productivity around here offers any justification for staff increases, quite the opposite is true; and third, the ratio of committee staff allocations constitutes an abuse of minority rights and it is about time we did something about it.

Those conclusions are based on fact. I suspect some of the committee recommendations we have here today are derived from facts based on conclusions.

We do not often air our housekeeping matters in the fashion we are today, but our spending habits and the proliferation of staffing have left us no alternative.

Total committee staff is up more than 300 percent in the last 10 years and there is no justification for that. Investigative staff has grown at an equally alarming rate and there is no justification for that either. Statistics on the number of bills referred and the number reported out since the 92d Congress have not changed all that much, certainly not enough to warrant anywhere from a 100 to 500 percent increase in funding.

It is not just the committee staffs we should be looking at. Do my colleagues realize we have more than 90, yes 90, informal conferences, caucuses, study groups, and research organizations here on the Hill? They do everything from track legislation on mushrooms, I guess, to promoting exports. Every one of these organizations, most every one, occupies the time and energy of some congressional staff. Some occupy actual rooms in the House office buildings and most of them consume money, energy, paper, equipment, and supplies. We now have a brandnew Madison Library across the street. Why? Partly because of the demands all these committee staffs make on the Congressional Research Service for information we ought to be getting, frankly, ourselves.

I am reminded of the first day I came to Washington and walked into the office of my predecessor, the late Everett M. Dirksen, who everyone on both sides of the aisle would have to admit was a giant in the legislative process. There were three people on his staff, a husband and wife team and one additional person. It did not inhibit what he did or what he contributed to this legislative process. But you all know what has happened since the days of those individuals serving here in this body.

Now I understand that the Democratic Study Group has concluded in some mysterious way that we are raising cain about these matters in a covert attempt to thwart the Democratic House from working its will on the Reagan program.

Well, brother, you have to walk a mile to come to that conclusion. To suggest that we are cutting staff to cripple the majority in this House is

ludicrous. If we wanted to cripple the majority we would increase the staff. What has the majority gotten from its bulging staff? Well, the election results suggest the payoff has been a minus. No; if we wanted to go after the majority we would be proposing more staff, not less.

There is only one small aspect of this issue that has any kind of partisan tinge and we all know pretty well what that aspect is. We have 156 staff members assigned to us on these committees and the majority has 839, hardly consistent with the ratio of Republicans to Democrats in this House.

I could not help but be reminded when the gentleman from Kentucky (Mr. PERKINS) talked about his being the first committee that recognized that the minority ought to have adequate staff. I think the latest figures show that he has 76 and we have 15. That is a far cry from equity in this body on the strength of the kind of ratio we have.

Now I was pleased though, however, to hear that my distinguished counterpart on the majority side, the gentleman from Texas (Mr. WRIGHT), was going to offer an amendment to reduce the committee's recommendation with a vote on his amendment and I would encourage every Member on my side to support that motion. I think it ought to be a unanimous vote. But the only problem with the Wright amendment is that it does not go far enough.

Let us face it. It is a gesture in the right direction, but not all that meaningful. I naturally hope that there will be a sufficient number of Members on the Democratic side of the aisle who will support our Republican motion to recommit and make some real significant savings on these funding resolutions.

Mr. ANNUNZIO. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Speaker, I have listened for a number of years to the discussions that we have on the budget of the House. I think there are some things that ought to be brought to the attention of the House with regard to the true facts on the budget of the House and what is the case with regard to the budget of the other body.

First of all, it must be observed that in the House is the body of the people's highest directly elected officials. This body is responsible for supervising a budget of over $700 billion. There have been a number of controversies raised with regard to the level of budgets of the committees of this body and the committees of the other body. But our budget and our committee staffs must be sufficient for proper discharge of our duty to the people.

It is time, I think, that we look at those responsibilities in perspective. First of all, Senate committees, this year, will spend on behalf of its committees about $2 million more than will be spent by the committees of the House. Second, the amount recommended by the Committee on House Administration is 13 percent below the level that the committees need to keep pace with inflation. The Senate has withdrawn from its accounting in connection with the legislation of similar character in that body the entirety of its computer budget, some $10 million. If you eliminate the cuts that were raised against one very large Senate committee, the Committee on the Judiciary, the Senate budget cut is reduced to about 1½ percent of budget in terms of total cuts. That does not include the level of moneys that is made available outside of the similar resolution in the Senate for three staff members for each Member of the Senate for each committee assignment which he holds, a total of hundreds of thousands of dollars not showing in the budget.

As indicated, the Senate has about $18.3 million which is made available to Senators for committee staff on top of their regular clerk-hire allotment to hire staff to work exclusively for committee members. The level of funding of the committees in the House under this resolution is 6.2 percent below the 1980 level.

To compare with the executive branch, it is interesting to observe that the Executive Office of the President will expend 16 percent more on staff than all of the House standing and select committees combined.

It should be observed that there are at this time only 3.8 committee staff employees for each House Member as compared to 17.3 committee staff employees for each Senator. That should give you an appreciation of the kind of job and where the tight budget is. It also should give my colleagues an appreciation of the fact that the Senate has not in fact engaged in any massive cuts of its expenditures or in any particular careful allocation of resources amongst itself, something which I think should trouble all of us here over some of the charges which have been made with regard to behavior by the House.

Now let me try and lay something else before my colleagues that I think is important. The Republican claim of a 10-percent cut in Senate committee funding is nothing but political hogwash, as I have already pointed out. They have not mentioned that the Executive Office Building continues to hold a high level of funding for staff, they have not told that the only significant cuts made down there are on the Office of Wage and Price Stability, the Council on Environmental Quality which were either totally or almost totally abolished in terms of their expenditures. It should be noted that very little in the way of real cuts in the executive offices has taken place and absolutely nothing has taken place with regard to cuts of employees from other executive offices in the White House.

This is the people's House. We are charged with the responsibility of legislating well and having the information that is needed. The committees' place in the structure of this body is to see to it that the Members of the House have the information upon which they make decisions. There has been growth in staff, and I think that has been good because staff of our committees is all that we have to assure that the Members of the House have the information necessary to full and correct judgment on the complex and difficult legislation which lies before this body.

The SPEAKER pro tempore. The time of the gentleman from Michigan (Mr. DINGELL) has expired.

Mr. HAWKINS. Mr. Speaker, I yield 1 additional minute to the gentleman from Michigan (Mr. DINGELL).

□ 1515

Mr. DINGELL. It should also be observed that the Senate has included in its expenditures $10 million for computers that, when you multiply out the budget of the Senate against the number of Members and the budget of the House against the number of Members here, you will find that they spend better than four times per Member in the resolution of the kind we are discussing here, than we spend in the House of Representatives. I believe this bespeaks very clearly the fact that we have behaved frugally and behaved well.

One last point: it has been charged that we have majority and minority staffs. On the Energy and Commerce Committee of which I am chairman, we have a committee staff that works for all the members of the entire committee regardless of what their party affiliation might happen to be. There is also a minority staff. That minority staff works exclusively for the members of the minority. I simply call on my colleagues, let us give the Congress the ability to respond with full information, well informed on the great issues affecting our Nation by passing this resolution.

Mr. BADHAM. Mr. Speaker, I would like to inquire how much time I have remaining.

The SPEAKER pro tempore. The gentleman from California (Mr. BADHAM) has 1 hour and 1 minute remaining. The gentleman from Illinois (Mr. ANNUNZIO) has 1 hour remaining.

Mr. BADHAM. Mr. Speaker, I yield 3 minutes at this time to the gentleman from Ohio (Mr. STANTON).

Mr. STANTON of Ohio. Mr. Speaker, Members of the House, you know, if we are mind boggled at the numbers with lots of figures of millions and millions that have been going through our minds, I just wonder for 1 minute what perhaps the listening audience—are thinking at the moment. I know I am confused. I am confused for several different reasons.

One of the very distinguished young members of our committee was up a while ago, and I think he made the right statement in that he felt that this was one of the most important votes he was going to make, on the motion to recommit this legislation with additional cuts, to be offered by Mr. FRENZEL of Minnesota. I strongly support him in that regard, but I am confused because I thought that this was a nonpartisan approach, a nonpartisan vote on the motion to recommit, Mr. Speaker, because what we would be doing would be carrying out the mandate, truly, of the American people on November 4 to cut the costs of Government.

It just seems so obvious to me that this is a not a very partisan approach. I would take just the time of the chairman and ranking Republican member on the subcommittee to put it in the proper perspective, maybe for that woman in California who wants to go to lunch and is wondering what this debate is all about. I ask the gentleman from California this question: If we do not pass the Frenzel motion to recommit here in another hour or two, if we do not pass this legislation, am I not correct in that we will be authorizing considerably more money for committee staffing this year than we spent last year? Am I right on that?

Mr. BADHAM. The gentleman is absolutely correct. If the motion of the gentleman from Minnesota (Mr. FRENZEL) to recommit is not agreed to, we will be authorized to spend 6 percent more than we have spent for all the committee structure last year.

Mr. STANTON of Ohio. Let me ask the gentleman one more question since he is on his feet. If we do not vote for the motion to recommit, the Frenzel motion, will we be carrying out our mandate of those who ran asking for less Government and less expenses in Congress, and fulfilling the request? I do not care if they are Republican or Democrat, how they voted, the overwhelming majority of people in my congressional district are appalled at the fantastic growth of these staffs—our staffs—people that we have direct control over. The question to the gentleman is, if we do not vote for the motion to recommit, are we not voting for an increase over what we had last year?

Mr. BADHAM. We are voting for an increase over that which we were authorized to expend last year.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. BADHAM. Mr. Speaker, I yield 2 additional minutes to the gentleman from Ohio.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. STANTON) is recognized for 2 additional minutes.

Mr. BADHAM. As I was looking over my notes here of earlier comments, we have not received the message from the American people that they want a smaller, leaner, tougher, more efficient Congress. They do not want us to keep expanding our staff and our expenditures.

Mr. STANTON of Ohio. Let me just say in conclusion, and give one example to those who might be listening. We have on our minority staff on the Banking Committee a woman who, when she was hired, was the third employee of the House Banking Committee, both the minority and the majority side. She was the third employee, and she is still there. We now have over 100 employees on both the minority and the majority staff of the House Banking and Currency Committee. This is in the short course of a few decades over one person's livelihood in the Congress of the United States, and so I think, in putting things in the proper perspective, the American people know what they are doing when they ask us to cut back these staffs.

It was with great disappointment that I could not go along completely with the majority members on the Banking and Currency staff, asking for their budget, and I hope sincerely the motion to recommit will carry.

Mr. ANNUNZIO. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Florida (Mr. PEPPER), chairman of the Committee on Aging.

Mr. PEPPER. Mr. Speaker, I apologize for having a bad cold. This exercise in which we are now engaged is like an army curtailing its ammunition. This Congress works primarily through its committees. What we are doing is cutting off our ability to do a good job legislatively for our country.

The total amount that is involved in all of these expenditures of our several committees, after the Wright amendment should be adopted, as I am assuming it will be and should be, is an infinitesimal part of the national budget. Yet, if you curb unduly the committees of the Congress, you hamstring the legislative effort of the Government of the United States.

In the case of my own Committee on Aging, nearly 25 million of our fellow Americans are our subject of concern. One-sixth of them are below the poverty level, and millions more are near it. They need three times as much health care as people of younger ages. They live generally in substandard housing. They do not get enough, ordinarily, to eat. We have been trying by oversight, by proposals to the legislative committees, by holding hearings to expose their needs and in other ways to make life a little better for those deserving elderly people of America, the mothers and fathers of America; to try to follow the commandment, as it were, to honor our fathers and our mothers.

Now, this Republican amendment would add on to the cuts that have been made by the committee, which is 7 percent, or $89,000. That is all right; we have no complaint about that. We can live with it. Then, Mr. WRIGHT's amendment would cut another $50,000. We will live with that, but now our Republican friends, with whom we have worked so cooperatively on the committee, now what they would do is to take another $318,000, practically cutting in half the funds available to that committee.

I cannot believe that the public interest requires that sacrifice. I am not going to eat any less. I will be just as well off personally, but it may be that our effort to help the elderly will be so impaired that many of them will not receive the service we want to render in this Congress in respect to oversight of the problems that they face today.

So, I want to beg of my colleagues that if you are concerned about the elderly of America give your committee the means to help them. We now have 54 Members on our committee; that number went up by the appointment of the Speaker on account of the request of Members to be on the committee—from 45 to 54. That means, of course, that there will be more activity in the committee. There will be more people wanting to travel, wanting to hold hearings, wanting to do things for the elderly. At a time when we have a larger and more active committee, the Republicans want to cut almost in half the amount of money we have with which to make some contributions to the deserving elderly of America.

I am going to vote for the Wright amendment. I hope it will be adopted. That is a 10-percent overall cut. I think that is a good advance in economy, but I beg of you, if you are concerned about the elderly of America, do not impair your committees ability to make some contribution to lighten the burden that they have so long borne.

Mr. BADHAM. Mr. Speaker, at this time I yield 3 minutes to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, with the funding resolutions of the various committees before us, I recognize the concern expressed over the levels of proposed spending. I share that concern. It is a legitimate concern, but as sometimes happens we have maneuvered ourselves into a posi-

tion where we cannot see the forest for the trees.

Our current dilemma, which will get worse before it gets better, is traceable to House rule XI, clause 5(d) which gives the chairman and ranking minority member of up to six standing subcommittees each the authority to appoint a staff person who shall serve at the pleasure of that member. By mandating a minimum number of subcommittees and conferring autonomy on the subcommittee chairmen, we have left ourselves in the position of authorizing and appropriating the necessary funds to operate these entities.

Under the banner of legislative oversight, subcommittee chairmen have created little dukedoms devoted to special causes and have assembled teams of overzealous staffers who have never learned the meaning of teamwork and cooperation. I support and endorse genuine staff initiative, but more often than not we find ourselves wasting time and energy dealing with staff-engineered projects which serve no interest outside the narrow scope of a subcommittee and consequently rarely get beyond that stage.

As the ranking Republican on the Committee on Post Office and Civil Service, I was, in making my budget request to the Committee on House Administration, obliged to ask for $165,200 to cover, at a minimum, the salaries of staffers authorized by the House rule. That amounts to 85 percent of my budget request. It is an uncontrollable commitment which certainly is worthy of special attention during these deliberations.

The minority committee budget for 1980 allocated $139,200 for investigative staff because I was persuasive enough to make a case for filling only four of those positions. In the current session, I am faced with requests to fill all six positions, so my only alternative is to request the necessary funds. My request of $165,200 in this year's budget is a reasonable accommodation of the facts of life.

In 1980, we allocated $22,000 for official travel and office expenses. Our request this year in this category is $23,800, a modest increase. I would point out that in this Congress we have one additional Republican member in our committee ratio.

And, finally, we are requesting $6,000 for the summer intern program, which will cover the four requests I have pending from my Members who wish to appoint students this year under the program. Last year we spent $5,476 on this program.

Our total budget request for 1981 is $195,000, as compared with our 1980 budget of $165,700, but fully explainable in the terms I have outlined.

I have made every effort to contain our minority budget for 1981, but as long as we continue to function under existing House rules we will be faced with a continuing budget problem.

When the housekeeping rules of the Congress draw national attention and criticism, it is time for us to examine whether we in the House are contributing to the erosion of Americans faith in their governmental system.

An essay entitled "American Renewal" in the February 23 issue of Time magazine accurately describes the effect of liberal reforms of the Congress that have taken place during the last decade.

Referring to the defunct seniority system, the essay says:

> For all its occasional abuses, this system gave Congress a certain coherence, the White House knew whom to deal with, and the legislative leaders could speak for the membership.

Then, focusing on a problem I have cited for many years, the article goes on:

> Today the chairmen are named by the party caucus and have to answer to their committee members—and therefore have little authority over them. Another of the reforms, however, decreed that each committee should have at least four subcommittees with independent chairmen and independent staffs. Result: There were 210 separate legislative entities in the House last year; out of 334 Democratic members of the House and Senate, all but about two dozen were chairmen of something. A relate problem: the congressional staffers, accountable to nobody outside their own communities, have nearly tripled, from 6,650 to 17,700 since 1960.

The problem really started with the revolt of the ultraliberals in January 1975 against the seniority system, and the House has grown increasingly ineffective ever since. Committee chairmen were stripped of authority and traditional discipline was discarded. Under the guise of reforms, the machinery of the House was dismantled and scattered. The result has been chaos instead of the smoothly efficient legislative procedure that was promised.

The House rule that is the root of the problem actually goes beyond the decree quoted in the Time article.

As I understand the amendment to the resolution, it will provide the Post Office and Civil Service Committee with $902,500, which represents a net increase of $55,947 over actual expenses in 1980. The minority's share of that increase will be $18,649. The minority's share of the total committee budget is frill free. The total budget for our committee has been subjected to sharp revisions. I intend to vote for and support the levels of spending provided for in the amendment.

Mr. Speaker, I must repeat that.

The problem started in January 1975 with the so-called reform or Watergate class of Democrats. You remember, those of you who have been here for four terms. They ripped apart the authority of every chairman; took over entire operations at committee level, and since then the budgets have skyrocketed. The only way you will control all of these costs you are damning is to take away the authority of subcommittee chairmen and ranking members of subcommittees to appoint staff, give the chairman and ranking member of every committee the sole authority over staff. Take away from subcommittee chairmen the petty little dukedoms they have been allowed to create.

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to my colleague from Illinois.

Mr. ANNUNZIO. Mr. Speaker, the gentleman is making a very excellent statement. As you know, the Subcommittee on Accounts has no jurisdiction in the fact that these subcommittees were appointed.

Mr. DERWINSKI. I understand.

Mr. ANNUNZIO. I recall vividly where we passed the rule that no Member of the Congress could be chairman of two subcommittees. Because of that very act, we had 140 subcommittees or something like that established where we were going to spread it out, you see. But, then came the responsibility of funding these committees not only with staff, but office space, garage space, and so forth, and so on. So, I would appreciate what the gentleman from Illinois is contributing, the contribution that he is making, and I would want the other Members of the House, and especially the freshman class on the Republican side, to understand that that is not within the jurisdiction of the Accounts Subcommittee.

You see, once the subcommittees are established, once even a special committee is established, a resolution comes before our committee and we have to act. That is a legitimate request. We cannot challenge the integrity of another Member of the Congress when he says that this is what he needs in order to carry out his investigative and legislative oversight. So, I appreciate what the gentleman from Illinois is saying.

Mr. DERWINSKI. Let me say for the benefit of the freshman Republicans that Mr. ANNUNZIO, in handling this bill, is as pure as the driven snow. He is a great statesman. He is exactly right.

To repeat, here is the problem. It is House rule XI, clause 5(d), that gives the subcommittee chairman and the ranking members hiring authority.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. ANNUNZIO. Mr. Speaker, I yield 2 additional minutes to the gentleman from Illinois.

Mr. DERWINSKI. That is the rule that gives the chairmen and ranking minority members of subcommittees

total control over staff. That is where the proliferation has gone. That is where the abuse is, and that is why you have free-wheeling staff off in orbit against the policies of the chairman of the full committee. That is where the problem is in this House.

If we just give the chairman and ranking member of the full committee total authority and responsibility for the staffs of committees, we would save plenty of money.

□ 1530

You would also give the committee chairmen the authority to limit subcommittees and end that proliferation. There is no need to be mandating six subcommittees per full committee—again, all-autonomous dukedoms.

Mr. Speaker, I commend the chairman for doing a great job with an impossible assignment.

Mr. ANNUNZIO. Mr. Speaker, I yield 3 minutes to the chairman of the Committee on Merchant Marine and Fisheries, the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I had not intended to appear here this afternoon to make remarks in connection with this budget, but since some remarks have been made by my good friend, the gentleman from Texas (Mr. COLLINS), regarding the results and the action of the committee that I have the honor and privilege of chairing, I feel compelled to answer those in some part.

Of course, Mr. Speaker, I appear here today to support the Wright amendment to House Resolution 115, which contains the funding for the Committee on Merchant Marine and Fisheries for the coming year.

The Wright amendment requests $1,581,241 for our committee. This is 6 percent less than authorized in 1980 and is virtually the same amount as last year's expenditures. Now, these numbers do not take cognizance of several important new realities.

First of all, they do not highlight the fact that the members of the committee have reversed direction in terms of personnel policy. We have now reduced staff. I did that personally. Upon assuming my duties as chairman, I took steps to remove from the payroll 22 employees, and only 5 of these slots have been refilled, for a net reduction of 17 at the full committee level.

Second, and most important to the gentleman from Texas (Mr. COLLINS) and those on the other side, we have taken careful note of increased Republican representation, which now represents 44 percent of our committee, and have raised the minority's allocation in a way deemed acceptable by committee Republicans. These are two important, if not landmark, reforms in the business of the Committee on Merchant Marine and Fisheries.

For example, last year the ratio of the Committee on Merchant Marine and Fisheries was 25 Democrats and 15 Republicans. In that year that allocation for the minority side was $98,000. This year, because of the changes in the composition of the House, the Committee on Merchant Marine and Fisheries has 20 Democratic members, plus 1 representative from American Somoa, and 15 Republicans. We are going from 25-15 to 20-15.

Now, as chairman of that committee, in an effort to be fair and equitable, we have increased and submitted to the Budget Committee an increase from $98,000 to $248,000 for the minority side.

So I say to my friends that on the Committee on Merchant Marine and Fisheries we are reducing our size and streamlining it, and we are being more than fair to the other side.

Mr. BADHAM. Mr. Speaker, I now yield 3 minutes to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, I support the Frenzel motion to recommit and urge all my colleagues to do likewise.

Our constituents would be astounded to hear the oratory today which equates the effectiveness of this body with the degree of staff expertise and the size of the legislative bureaucracy that we are able to create to support us in our work.

We are the citizens' branch; we should remain the citizens' branch. It is inconceivable to me that we could ever in this body match the expertise of the executive branch or that we should even try to do so.

The proliferation of committees here to some degree has been the response to the fear that the executive branch would overshadow us. That fear is not soundly based, because it is rooted in a misunderstanding of our function as a coequal branch of Government.

We are supposed to bring to the deliberations of Government a citizen's understanding of the pattern-setting responsibilities that rest with the people.

I, myself, Mr. Speaker, acknowledge that the amount of money here involved is not a big deal, but as pattern-setters we have a responsibility which makes the vote at this time, under these circumstances, of considerable significance in connection with the issue of the size of Government, its direction, and our willingness to heed the mandate of the people.

Mr. Speaker, I certainly hope that all my colleagues will vote to cut back on committee size, not just as authorized but in relation to the actual expenditures last year. For that purpose, I urge support of the Frenzel motion to recommit.

Mr. ANNUNZIO. Mr. Speaker, I yield 3 minutes to the distinguished chairman of the Committee on Small Business, the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Speaker, let me say to my colleagues that last year there was a very successful White House Conference on Small Business, and out of that conference there has been organized an ongoing group of small businessmen who intend to continue to come to the Congress to see that this Congress will deliver on the things that they need.

After I assumed the chairmanship of the House Committee on Small Business, I had the first of a series of informal meetings with representatives of those trade associations. They were delighted that that kind of contact was made, and out of that contact they feel that they have now a vehicle by means of which they can get directly to our committee the things that they want done.

I would suggest to the Members that any reduction in the patterns of funding for our committee would fly right in the face of that White House Conference and the aftermath of it—a conference that was fully supported by Republicans, because they recognize that small businesses have difficulties in this Nation.

There has been some talk about or responding to the will of the people, and I think we should. One way of responding is to go out to the people. Now, many of the organizations that come in here are affluent and they can come to Washington, but some are not, so I propose to have full field hearings where we can go out to the people to be heard. If this budget is cut, we are not going to be able to make that linkage that I think is so significant.

In short, what we did in our committee was to come in at last year's level and funding, and I feel that is not even going to be sufficient to get us through the year. However, I came in at that level in an effort to be prudent.

Let me make one other suggestion to the Members of the House. If we really want to be effective in reducing funding for committee staff, then let us do it legitimately. The Members can do what I am doing. I am having a study made in terms of the efficiency of the staff. I am having an impartial group come in and see how many staff people we need. Are we using them effectively? Do we need more, or do we need less? Could the duties be distributed in a better fashion?

That is a far more acceptable way to handle it than to simply accept the Frenzel amendment, which would just cut without any rhyme or reason.

So, Mr. Speaker, I oppose the Frenzel amendment, and I hope this House will fully endorse and support the Wright compromise.

Mr. BADHAM. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Speaker, it seems to me that the gentleman from Illinois (Mr. DERWINSKI), who preceded me, hit the nail on the head. I think we have to talk somewhat more than just on the facts and figures of how much a percentage the budgets have gone up in these committees. I think we ought to be talking about some of the practical realities of all this business as well.

I think the main question we have to ask is: Are the taxpayers really getting their money's worth out of the spending we are doing?

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I would like to finish my statement first, because I have a limited amount of time.

Mr. ANNUNZIO. Mr. Speaker, I will be glad to yield another minute to the gentleman.

Mr. WALKER. In that case, then, I would be glad to yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Speaker, I want to commend the gentleman for that statement and to tell him that this year, where we had no limit on subcommittees per committee, it has now been reduced to eight subcommittees, and that is a step in the right direction.

Mr. WALKER. Mr. Speaker, I thank, the gentleman for that particular addition.

What I would like to do is talk a little bit as a former staff member in the Congress. I would like to look at it from this standpoint: What are we getting in return for the money we pay for staff? Because much of this discussion around here has been on how much we are paying for staff in the various committees.

It seems to me, as a former staffer, that we have two kinds of staff people on Capitol Hill. We have generally those who do what the Members want done. They accept the guidance of the membership; they understand that the traditional role of staff around here is to do what elected officials assign them to do.

On the other hand, we have staff in this Congress who are essentially activists in what they do. They do things on their own. They set out to guide Members. They set out to do those kinds of things that they believe are important, and then they say to the Members, "Won't you take up this particular cause?"

It seems to me that as we have gotten more and more activists on our staffs around here, we have gotten bigger and bigger budgets, because what we have had is a need to expand the amount of staff and support in order to do all the things that the staff thought up in the first place.

I think that the real role of Members that we are talking about here today is: Are we going to begin to jealously guard the time of the membership again? I think that is the wisest use of tax money.

We ought to be doing what we say should be done. We ought to be doing the kind of things we have determined are in the national interest and are the real national priority. We ought to be setting the priorities for this Nation, and we ought to be telling staff that this is where we want to go.

But what we have had is bigger and bigger staffs, and we end up then justifying the work they are doing by adopting their studies as they come forth with all these good ideas. We say, "Well, we have got to adopt these things because, after all, they put in the time. We paid for all this." And we, therefore, lose some control within the system, and really I think where we are now is that we have arrived at a time when more does not necessarily mean better.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania (Mr. WALKER) has expired.

Mr. ANNUNZIO. Mr. Speaker, as I promised, I will yield 1 additional minute to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding me this additional time.

We really have gotten to the point where more does not necessarily mean better, because what we have gotten is a lot of things that we did not determine should be done in the first place.

So I think that we ought to send a signal that we are going once again to assert ourselves, and that we are going to take control of our time and of our resources. We should do so, because I think that will result in a better legislative product. But we should also do so because the public expects us to exercise restraint not only in the total public purse but starting right here in our own purse.

Mr. ANNUNZIO. Mr. Speaker, I yield 3 minutes to the chairman of the Committee on Agriculture, the gentleman from Texas (Mr. DE LA GARZA).

□ 1545

Mr. DE LA GARZA. I thank the gentleman from Illinois.

Mr. Speaker, I am somewhat concerned as chairman of the Agriculture Committee at some of the ways the debate has gone today in dealing in generalities and speaking in the abstract and sometimes, I might say, even in a vacuum. Every one of us that is here was either elected or reelected, whether you are a freshman Member or a nine-termer like I am. We were out in the hustings. We heard the blare of the bugle. We heard the drum and we heard the word charge to reduce expenditures, the same as any freshman or second-termer or any other termer; so I would like to give you the anatomy of how a committee budget comes about.

First, and I just inherited this position, the honor and privilege of being chairman of the committee. I visited with the subcommittee chairman and visited with staff. We looked at the budget from last year. We went item by item, where can we cut, where can we cut?

The Speaker told me we had to cut. The majority leader told me we had to cut. The chairman of the House Administration Committee told me we had to cut. The chairman of the Accounts Subcommittee told me we had to cut. My people told me we had to cut. My wife told me we had to cut. So there I was. We went item by item, how can we reduce, how can we reduce?

Then when we had done that, I sat down with my ranking Republican Member and he and I went item by item, item by item. We came eventually to an increase of 5 percent of which the majority of Accounts Subcommittee reduced under their criteria.

Now, our committee did not spend everything that it was allowed the last session, so if you would go with this motion to recommit, you are penalizing frugality. You are penalizing those that did what the people wanted us to do last time.

All this talk about making it partisan is absurd. We have 12 committee staff on our committee. Six are Republicans and six are Democrats. The subcommittees, which is imposed by rule on us, of the 14, 8 are Republican, 6 are Democrats, so you cannot deal in the abstract. You have to go committee by committee. You have to look at what everyone has done.

I resent the fact that those that have used percentages of 300 and 600, whatever hundredth percent, they do not look at the individual committee. They do not look at the individual figures. In our committee 78 percent of our staff is imposed on us by that rule of the subcommittee, 78 percent.

The SPEAKER pro tempore. The time of the gentleman from Texas (Mr. DE LA GARZA) has expired.

Mr. ANNUNZIO. Mr. Speaker, I yield 1 more minute to the gentleman from Texas.

Mr. DE LA GARZA. I would like to clear one more thing, because one of my colleagues mentioned that the people may not know what is going on out there, that may be listening to us today, and that is, we do not know where our subcommittees are going to need to go in the course of 1 year; so frugally we say we need hopefully this much for travel. We will cut down if

we can, but we do not know where you are going to have a disaster, where you are going to have a flood, where a subcommittee might need to go. That is one of the areas that we have to deal with, hoping that you can reduce.

So I would tell you that as a responsible action of our committee and of the House Administration Committee, there will be a motion presented by the gentleman from Texas, the majority leader, but even that, I think, is unjust because we were handled properly by the House Administration Committee, but that is slightly more just than if you go to the 10 percent that does not take into account the responsible committees of this House.

Mr. BADHAM. Mr. Speaker, I yield 10 minutes to the gentleman from California (Mr. LUNGREN).

Mr. LUNGREN. Mr. Speaker, sometimes listening to some of our esteemed colleagues on the majority side of the aisle, I am reminded of Abbott and Costello's routine of "Who's on first and What's on second" and so forth.

I am somewhat confused trying to figure out exactly where they are going or trying to lead us. They have suggested that they came in with a bare minimum budget that they could possibly live with, and yet they tell us they are going to vote for Mr. WRIGHT'S commendable committee cuts; so evidently they are saying that even though they came in with their minimum, they are able to at least live with the Wright minimum. This suggests that perhaps we ought to assist the previous gentleman's home situation and help him agree with his wife even more by helping him cut even more. He indicated to us that he was hearing from everyone, even his wife, that we ought to cut. We would like to assist him in doing that.

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. Yes, I would be happy to yield.

Mr. DE LA GARZA. I appreciate that and I would welcome any assistance the gentleman can give me, but that assistance has to be done in the House with the rule that imposes on our committee 78 percent of the staff.

Mr. LUNGREN. I appreciate what the gentleman is saying and to that I can only respond that sometimes you cannot pick and choose exactly where you have to fight.

If we have the opportunity here to have brought before us the question of how we reorganize this House, I think maybe all of us, from what I have been hearing from many of the chairmen of the committees would join to try to reorganize this place. If that is going to be a combined resolution of the chairmen on the majority side, let us know about it, because we would certainly like to assist you in that; but I must confess, I cannot hold my breath to wait for that, because I like to breathe once a year, at least. I think we would be in some difficulty waiting for this.

I think the fact that the House Administration Committee has done what it had done with its own budget is proof that we have a symbol for the rest of us to follow. We in the House ought to be a symbol for the executive branch. We in the House ought to show them that we are willing to take the first step and have them follow us.

Now, the House Administration Committee has done that. I am just very sorry that other committees have not followed that lead. We would certainly appreciate it if we would be given the opportunity to assist the House Administration Committee in following through and making it not just a symbol, but making it a reality.

I must tell you, Mr. Speaker, that 2 years makes a tremendous difference. I recall being a freshman here and talking about the fact that the Rules Committee had asked for a 2,600-percent increase, because they found it necessary. They have got two subcommittees now that are fully staffed, I understand, and not one piece of legislation came forth from those subcommittees last year.

You wonder, are we overstaffed in each committee? I wish we could go committee by committee. That is what we asked in the last go-around when we talked about the rule. We were prevented from going committee by committee, which I now hear many of the chairman getting up and saying would have been the fairest thing to do. We did not set those rules. Those rules were imposed upon us, as the previous speaker said. We have got to deal with what we have. And what we have now is an effort made, a good faith effort by the chairman of the appropriate committee and the chairman of the subcommittee and by the majority leader to at least lead us somewhere. We are going from nowhere to somewhere. That is progress, I suppose. But it is like finding ourselves in a swamp. With the Wright amendment at least we are going to grasp that one tree limb so that we keep our heads above water.

Well, I commend us for doing that. I commend the majority side for allowing us to do that, but what we are now saying is that grasping that tree limb is not enough. Let us get on solid ground and get out of the swamp and give the American people some reason to believe that we are really going to make an effort here.

The Frenzel recommittal will give us that opportunity. It does not cut the House. Look at it. There are several committees that have no cuts whatsoever. There is agreement on both sides that those should not be cut; but as to others, we are making a good faith effort to try to show how we would have come to a resolution if we would have been given an opportunity to look at each committee.

The other thing that comes to mind is that each committee chairman comes down here and give us a 5-minute explanation of his committee. We need at least an hour to go over every committee, but we are denied that opportunity by the rule. So we are in the proverbial point of being between a rock and a hard place. Should we just cave in and say, well, since the rules are against us, since the chairmen feel that they are imposed upon by the Rules Committee, all we can do is give up and go home. I do not think anyone would suggest that we do that.

We ought to follow the lead of Mr. FRENZEL and vote for the recommittal.

Now, unfortunately, I have heard some words here that I think are very disturbing. Some have suggested, and there are rumors about, that if we adopt the Frenzel motion, Republicans are going to suffer. We are going to take an equal or 50 percent share of the cut.

Well, really, is that equity? Is that fairness?

Let us go down the party ratios on the investigative staffs, because some have talked about how fair it is. The Aging Committee, 73 percent of the staff is Democratic.

Agriculture, 71 percent.

Banking, 77 percent.

District of Columbia, 83 percent.

Education and Labor where we heard there is equity has 91 people on the investigative staff; 76 are on the Democratic side, 15 on the Republican side.

You can go on with Energy and Commerce. There are 135 members; 120 of them happen to be given to the Democratic side. You can go on and on and on.

I know why we do that. We all know why we do that. I know that is why it puts a lot of pressure on Members on our side of the aisle to dare go against what is happening; but you know, we ought not to play those kinds of games. We ought to really decide here that there are cuts that have to be made and if they are made, and maybe this is a voice in the wilderness, they ought to be made on the same ratio that presently exists with those investigative staffs. I mean, how can we honestly go home to the people and say to them, "Look, we are trying to be fair."

Some suggest we have 3 people on the Republican side, 47 people on the Democratic side of the aisle so each side is going to lose 2 people. Now, that is not reasonable, but we know that perception is going on and we really should shy away from that.

Really, when you look at this week's U.S. News & World Report, you see that they have a study on middle

America. Those are the people in this country that are now making less in purchasing power than they did in 1970; accountants, chemists, engineering technicians, classroom teachers, typists, bank tellers, clerical workers, retail sales persons, printing and publishing workers, tire manufacturing workers; this is middle America. These are the ones we are supposed to be concerned about; so while we have made sure that we have gone far above inflation in the people that we hire and the money that we pay, our people back home suffer. What kind of a signal is that to them? It is not a very good signal at all and we ought to really try to build on the work, the good work that has been done by this committee and the subcommittee and particularly the chairman. I know it is going to be difficult.

If I could cite my colleagues to an article that appeared in Time magazine in Hugh Sidey's column, he said this:

Never has Washington seen such an army march down its old avenues, the soldiers clad in pinstripes and shod in Guccis. Not in all U.S. history have such unusual political alliances been formed as those now taking to the barricades against Ronald Reagan's budget cuts.

We may not have been shod there in Guccis, but we certainly attire ourselves in pinstriped suits. It is kind of interesting that when I hear people talking down there in the well you would think we were discussing food stamps. You would think we were discussing taking food out of the mouths of babes. We are not talking about that. We are talking about getting our house in order.

I have heard the suggestion that it will be a terrible thing if some people lost their jobs. Is this Nirvana? I mean, do you get a job here in the House and no matter who is elected and who is defeated, you stay here? We know that cannot take place. We know that these people are good people. We know that they are qualified people or they would not be here. I, for one, believe and have more confidence in their ability to get a job in the private sector if they should leave us. I do not think we should besmirch their reputations by suggesting that if we cut the staff here these people would be unable to function in the private market. We know they probably would be able to do a very good job there and perhaps give people on the outside some notion of what we do here.

Lastly, I will just close with a quote that was found in Hugh Sidey's column. He talks about a man named Bob Komer whom he describes as a former New Frontiersman for John Kennedy, former Great Society warrier for Lyndon Johnson, and former Under Secretary of Defense for Jimmy Carter. Obviously this man is not to be confused with a neoconservative or conservative Republican, and he said this:

If we don't first take care of the economy and our national security, there ain't going to be school lunches for anybody.

He is talking about our overall quest in attempting to get our total Government house in order. What we ought to be deciding here is whether we are going to give some symbol of leadership to the the executive branch to show them that, yes, we are not just talking about the Government's overspending, we are going to do something about it.

Who cares what the Senate did? Who cares what they have done in years past? To assume that if we take the cuts today asked by Mr. FRENZEL's recommital that we are somehow going to devastate our committees, suggest that every increase we have had over the last decade has been a reasonable one. I doubt anyone can suggest that. When a committee can get a 2,600-percent increase in 1 year and come back for more and more, 1 year and then the next year, and shy away from any attempt to bring some reasonable fiscal restraint to itself, how can we stand up and say to our people back home proudly, "Yes, we are doing our part." We are not doing our part. We have made one hesitant step with what the committee has done. Let us take a real big step for the rest of our constituents.

Mr. ANNUNZIO. Mr. Speaker, I yield 5 minutes to the distinguished chairman of the Committee on the Interior, the gentleman from Arizona (Mr. UDALL).

□ 1400

Mr. UDALL. Mr. Speaker, in the history of this country and in the history of the House we have had a swing of the pendulum every generation or two. I remember Woodrow Wilson when he was a professor back at Princeton wrote an article in the 1880's talking about congressional government. The problem was, he said, the House and the Senate, and the committee chairmen, had too much power and too little was vested in the Presidency.

When I came here, we were in the situation of an imperial Presidency, so-called, in which everyone lamented the lack of power in the House and in the Senate. We began to change that. We got back the power to make war. We established the congressional budget process.

I remember one day going over to a hearing, and the limousines arrived from the Pentagon and disgorged 20 witnesses, and they would come into the hearing room lined up in a 1, 3, 7, 22 formation. They had green books with questions to ask or responses to questions that I had not even thought about, and I did not have anyone to help. I was a member of the committee. I had no one to help me ask intelligent questions. I thought that was the way the House functioned. And I helped start to a modest degree giving our House Members more staff, getting committee expertise so that when the military or the Post Office or the Secretary of the Interior came to testify, the Congress would have the resources to answer them and to help really make public policy.

I guess maybe the pendulum has swung, and perhaps we might have overshot a little bit. But we have striven to get a balance between the need for expertise, which clearly the Congress had to do something about, and on the other hand the public has got a right to expect that we not have staffs which are too large and that we run a tight ship.

So I am here to support the Wright substitute.

Our Committee on Interior and Insular Affairs has a big chunk of important legislation. I have not checked it out this year, but regularly year in and year out our committee will produce about one-fourth of all the public laws that are passed by a particular Congress. We asked for $1,400,000, and the committee cut us down to a little over $1,200,000. We have parks and public lands. A third of the land in the United States is owned by the Federal Government. We deal with that.

The great gentleman from Texas has water and power, and a big chunk of the energy problems of the committee. And we have a minerals crisis on our hands, and our subcommittee chairman, the gentleman from Nevada (Mr. SANTINI) is trying to set a sensible minerals policy. We have important Indian jurisdiction. I think we are doing a pretty good job, and I do not think we are overspending on our committee. If you cut us much deeper than we have already been cut, you are going to find we will not be able to deal as we would like to with these very important questions.

So I think this debate today has perhaps been useful. There is a lot of feeling among Members that staffing is out of hand and we ought to make drastic changes. I think if we support the Wright substitute, we will come out at the balanced stage we ought to be.

Mr. Speaker, I yield back the remainder of my time.

Mr. BADHAM. Mr. Speaker, at this time I yield 4 minutes to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Mr. Speaker, today we witness the practice of what I believe could turn out to be a fiscal sleight of hand in setting the 1981 budgets of the committees of the House of Representatives. To name the terms of House Resolution 115 as being in tune with "fiscal discipline" as defined by this present administration, or expect-

ed by the American people, is reminiscent to me of a lesson taught the late Howard Hughes years ago when he built the famous *Spruce Goose* seaplane. It looked good; it made noise; it churned up plenty of water; but it just would not fly no matter how hard he tried. It was too big.

This budget is too big, and this is not literally the *Spruce Goose*, but it certainly is a stuffed goose.

I suggest that House Resolution 115 should not fly for several reasons. First, this is the first time committee funding resolutions have been consolidated in one bill to protect those individual committee funding levels that would not be able to pass in the House on their own. Aggregate funds for committees amount to nearly 12 percent more than spent by all committees last year. When you factor in a 19-percent cut over funds actually spent by the Committee on House Administration, you begin to realize how really big those increases are.

I wish to commend the Committee on House Administration for this 19-percent actual cut in their own internal operations, and I believe their work should not go unnoticed by any of my colleagues.

Second, it is customary to see that appropriations for programs be substantially lower than authorized levels. For fiscal year 1981 the Congressional Budget Office advises me that appropriations were exceeded by authorizations by some 40 percent. It is an old political game. You always authorize a larger figure than you intend to spend so when you make cuts, you make cuts in the authorization level and you never hurt the spending you intend to do. For that reason an amendment which will be offered later today that would cut the authorization level by 10 percent could turn out to be illusory in terms of really getting at a cut in the spending. A cut of 10 percent of the authorization level is not a cut in actual spending and would actually bring the authorization level this year just slightly more than the spending level of last year. Therefore, there is no cut in spending. There could even actually be a slight increase.

In my humble opinion, we do need to cut spending, not increase spending, or not even spend the same amount as last year.

Third, finally, and most importantly, tomorrow we are going to be asked to vote here in the House on the denial of an April 1 dairy price support. Dairymen in my district have a herd size averaging about 100 milk cows. They make a net income of about $100 per each cow. That comes to $10,000 a year income. I intend to vote to deny those dairymen in my district that April 1 increase for the sake of the Nation's economy. But I cannot really look at today's funding resolution and say by any standard that our work has imposed the same amount of fiscal discipline on us as we are going to apply to those dairymen in my district tomorrow, or really anywhere else in the President's recommended cuts. How can we deny those farmers or the participants in many other programs and cut Federal spending by $56 billion, or 9 percent, as the President proposes, and not really cut ourselves? Cut the people, but fool the people rather than cut ourselves.

The motion to recommit proposes a real cut of 10 percent below last year's actual spending. Only if the motion to recommit is implemented will sufficient cost savings be applied to genuinely assure the public that it will not have to endure cuts beyond those taken by Congress itself in an area that has grown from a cost of $6.3 milion in 1970 to $30 million just one decade later. We in the House must lead the way, not circumvent the way by illusionary cuts.

Mr. ANNUNZIO. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I take this minute as we close debate today to extend my deep appreciation to the chairman of the full committee, the gentleman from California (Mr. HAWKINS); to the members of the committee on the majority side; and especially to the ranking minority member, the gentleman from California (Mr. BADHAM) on the Republican side, the ranking minority member of the Subcommittee on Accounts. He was present at all of the meetings. He has worked long and hard. He has been very diligent and very cooperative. I think we came to the floor of the House with a product that the subcommittee can be proud of. There are people who might disagree with it but, nevertheless, the subcommittee worked hard. Everybody worked hard. I want to thank them for their cooperation.

Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. FORD).

Mr. FORD of Michigan. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the resolution and the Wright amendment.

Mr. Speaker, if my colleagues will indulge me for a few more minutes, I should like to make two additional points, first dealing with the justification for the budget for the Committee on Post Office and Civil Service, and second, to set the record straight regarding some rather unfortunate language contained in the minority views of the report accompanying this resolution.

The 1981 budget for the Committee on Post Office and Civil Service was developed with the approval and participation of the ranking minority member, Mr. DERWINSKI, as well as the respective subcommittee chairmen.

That budget reflected the committee's determination to markedly increase its legislative and oversight efforts during the first session of the 97th Congress.

That budget also carefully reflected the new responsibility as well as the immediate and substantial challenges facing the committee during the next year.

That budget will unfortunately be drastically reduced by the adoption of House Resolution 115 and the leadership amendment. That reduction, Mr. Speaker, is not 10 percent or 30 percent or even 40 percent; it is a reduction of 45 percent.

The committee is fully cognizant of the relationship between a committee's budget in the past Congress and its present level of funding. So while the committee will receive a decrease in funding from last year, it must prepare to deal with new and important matters pending before the committee:

The contract of the air traffic controllers expired on March 15, 1981, and airports may eventually be closed down; these negotiations are within the committee's jurisdiction.

The various labor contracts of the U.S. postal employees expire on July 20, 1981 and national mail service may be halted; these negotiations are also within the committee's jurisdiction.

The question of pay for Members, the executive branch, and the judiciary remains before the committee.

With the change of administration, the provisions of the Civil Service Reform Act must be implemented and oversighted for the first time; this act is within the jurisdiction of the committee.

The lawsuit brought by Common Cause to declare the congressional frank unconstitutional is approaching a conclusion; the supervision of that lawsuit and the necessary increased monitoring of Members' use of the frank are before the committee and the Franking Commission.

None of the matters set forth above was before the committee during the last Congress. They represent new and important responsibilities that must be met; they represent a confluence of events—sensitive labor contracts expiring within months of one another, a once-a-decade census and redistricting responsibility, a change in administration, the approaching trial of a vital and sensitive congressional lawsuit—that may well double the work of the committee.

In addition, the committee's seven standing subcommittees will continue their legislative and oversight jurisdiction over all aspects of the Post Office, Civil Service, and the census, as highlighted below:

Response to the administration's proposal to eliminate the postal and revenue forgone subsidies, which may eliminate Saturday mail delivery;

The Civil Service retirement system, including frequency and indexing of cost-of-living adjustments, social security coverage for Federal employees and Members of Congress, and appropriate minimum retirement ages;

The administration's proposal to completely reform the Federal pay and benefit systems;

Review of the anticipated administration proposal for revising position classification in the Federal Government;

Oversight of implementation of the merit pay system and the SES bonus system;

Oversight of changes in the Federal employees' group life insurance program;

Reauthorization of the Federal Government's use of alternative work schedules—flexible and compressed workweeks;

Oversight of the Federal Government's use of contractors and consultants, and resultant effects on Government productivity and service to the public;

Oversight of implementation of Foreign Service Act of 1980;

Continued oversight of the census undercount and monitoring of redistricting litigation;

Oversight of proposed Postal Service expenditures in excess of $1 billion to implement the nine-digit ZIP code and electronic mail services.

The committee also has the responsibility for staffing and administering the Commission on Congressional Mailing Standards, chaired by Mr. UDALL. This bipartisan Commission has statutory responsibility for reviewing Members' newsletters to determine whether they are in compliance with the provisions of title 39, United States Code, relating to the use of the franking privilege. The committee intends to intensify the Commission oversight of Members' newsletters. The Commission also has the responsibility to adjudicate complaints alleging abuse of the frank and is representing the House in the lawsuit brought by Common Cause to declare the frank unconstitutional—Common Cause against the Postmaster General.

And so, Mr. Speaker, with these massive new responsibilities in my first term as chairman, the committee will have a lesser authorization than last year—but we will meet our commitments. The subcommittees and Franking Commission will have less funds than last year to operate; the full committee will have to reduce staff, committee expenses, and travel. The committee will attempt, to the best of its ability under these financial restraints, to meet the promise of our original budget justification presented to the House Administration Committee.

Second, Mr. Speaker, a brief attempt to set the record straight regarding some unfortunate language contained in the minority views of the report accompanying House Resolution 115, dealing with the investigative funding for the Committee on Post Office and Civil Service.

For the record, it is important to restate that the purpose of the proposed Redistricting Data Center was to provide a bipartisan staff which would give all Members a chance to conveniently obtain accurate tools and information by which they could analyze any redistricting proposals emanating from their States. There was never any plan that this staff would attempt to develop an overall redistricting strategy for a State or in any way attempt to usurp any State responsibility.

However, for the minority views to indicate that it is illegal for an entity representing the House of Representatives to provide a service for census information, maps, and population data to Members who are confronted with a redistricting plan or plans is a distortion of the rights of Members or of the House and to suggest that the committee got "a free gift of unneeded staff" totally ignores our testimony before the Accounts Subcommittee and the original action by the House Administration Committee to cut $461,000 from our budget. I invite anyone to show me the extra staff. Indeed, our majority investigative staff numbers exactly the same as last year: 10. And that I might add, Mr. Speaker, is one of the smallest investigative staffs in the House.

Mr. ANNUNZIO. Mr. Speaker, I reserve the balance of my time.

Mr. BADHAM. Mr. Speaker, I want to thank the distinguished chairman of our subcommittee, the gentleman from Illinois (Mr. ANNUNZIO), for his kind words. His efforts have been herculean. I know he has tried hard, and I think next year we will try even harder.

At this time I yield 3 minutes to the gentleman from New Mexico (Mr. SKEEN).

Mr. SKEEN. Mr. Speaker, as a new Member of this body I am getting a little confused. I have watched an awful lot of posturing and what we call in our country toe dancing this afternoon in this body. We have gone over the figures several hundred times, and I am more convinced than ever that the words that I keep hearing around the Halls of Congress such as "responsibility to the people that elected us," and "the message that we got on November 4," had some kind of substance to them. It is recognized by Members of the majority as well as the minority that we do not have any monopoly on all the good guys or good gals, because it is hard for me to believe that my newfound friends over here on the opposite side of the aisle are not as cherubic as they look.

Who could distrust an honest face like that of the gentlemen from Texas, Mr. WRIGHT, or Mr. DE LA GARZA, or anyone else? Of course not.

But the point is this: The senior Members of my party have been telling me that there is a deviousness behind all that cherubic facade, and I am beginning to believe it, because, first of all, I hear another word around in this body, and that is "signal." What kind of signal are we sending to the people of the United States? If we are asking them to accept austerity and cuts, what are we going to do here in this body? I think that is the reason I am down here today to say that I got the signal, and I am sure that everyone in this body has received the signal.

The point is this, that if they are going to accept cuts, then we should start in this body by accepting cuts. One of the most overblown operations we have got is the committee structure, and there is not any doubt about it.

While I am at it, I want to say this to my friends, the gentleman from Texas (Mr. COLLINS) and the gentleman from Pennsylvania (Mr. JAMES K. COYNE) that not in one case has information that they have provided us been refuted accurately during the discussion this afternoon. Not once has anybody accurately refuted any of the data that we have been operating on.

Our point has been this: The $3 million across the board should be cut plus 10 percent from the expenditures for the committees last year. I do not think that is entirely unreasonable. But I cannot believe that the majority is trying to sit here today—or stand here, whatever you prefer—and tell us that what they are proposing is not like telling your wife that her credit card limit is $2,000, but we are going to save money by cutting that limit 10 percent. That is just about how much sense that makes in the program that we have been offering, and that is why I am going to go with the motion to recommit.

I yield back the remainder of my time.

Mr. BADHAM. Mr. Speaker, I now would like to yield 3 minutes to the gentleman from Michigan (Mr. DUNN).

Mr. DUNN. Mr. Speaker, I rise today to oppose House Resolution 115 which would increase already bloated committee budget. Instead, I support the motion to recommit this matter with instructions to report back a resolution providing for significant cuts in committee spending.

Recently, I introduced a resolution, House Resolution 98, which would reduce total committee funding levels

by 10 percent from what was spent in 1980. Within 48 hours of my announcement, every one of my classmates on this side of the aisle had made clear their desire to support my resolution. Many distinguished Members from both sides of the aisle supported our efforts.

The foundation of this broad support is clear. My distinguished colleagues and I cannot, in good faith and without embarrassment, return to our districts and ask our constituents to cut back—knowing that we have approved an increase in our committee budgets.

Last November, the American people elected a President who promised to stem the growth in Federal spending. Several score of my collegues were elected, for the first time, on the same platform. We are now charged with the responsibility to act on this mandate and cut Federal spending.

The President has presented his program. He has asked every American to sacrifice. In return, he has promised, and I for one, believe, that the Nation as a whole will benefit.

Now we, the Congress, have the opportunity to shoulder our fair share of the Nation's economic burden, to sacrifice for the good of the Nation. Instead of asking more of the people we represent and less of ourselves, we are presented with the opportunity to lead by example. The depth of support for this brand of leadership is both noteworthy and gratifying.

I urge my colleagues to recognize that in these times of economic hardship we cannot act as if this is business as usual. We must oppose House Resolution 115.

Our distinguished majority leader, Mr. WRIGHT, will be offering an amendment to the resolution before us. It ostensibly provides for a cut of 10 percent from last year's authorized levels. No one here, however, is fooled by this proposal. We all know that the bulk of the proposed cut is taken from the House Information System, and that very little is actually cut from the committees themselves, this small reduction in budget authority, as offered by the gentleman from Texas, is insignificant when what we should be doing here is cutting spending.

I strongly support the efforts of the gentleman from Minnesota (Mr. FRENZEL), on his motion to recommit with instructions. This motion cuts 10 percent from last year's total spending level and is a serious attempt to get the spending of this House under control.

I would like to close by talking about two words. Those two words are "leadership" and "cut." My colleagues on the other side of the aisle seem to think they understand what the word "cuts" means. I challenge that statement. If they really think they know what cuts means, why do they not talk to the unemployed automobile worker? With 30 percent fewer employed than last year, there is a cut. When 75 percent of the people of this country cannot afford to buy an average house, there is a cut. I do not think this body understands insulated within these walls, the true meaning of the word "cuts."

The second word is "leadership." Are we so good as to say we are willing to pass laws to make sacrifices for the people out there and not live by the same laws? I challenge my colleagues on those two words.

The premise of our actions today should be clear. Those who would lead should do so by example, not by asking others to do something they themselves are unwilling to do.

Mr. Speaker, I yield back the remainder of my time.

Mr. BADHAM. Mr. Speaker, I now yield 3 minutes to the gentleman from North Carolina (Mr. JOHNSTON).

Mr. JOHNSTON. Mr. Speaker, as I listened to the debate on both sides of the aisle this afternoon, it became apparent that certain of my colleagues have tended to translate quality of legislation into dollars spent or time devoted to the effort. I have to admit in my own life that in many instances what I lacked in dollars I had to make up by hustle. I found that it was worth the effort. It was an effort worthwhile in that it kept me lean, mean, and trim, and perhaps the Congress of the United States, that has asked other people to cut back and lean down, could engage in the same exercise on its own behalf.

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One thing is for sure: The proliferation of committees has, in my considered opinion, probably reduced the quality of legislation.

Last week, at one time, I was scheduled for two task forces and one subcommittee. It was obvious that my constituents were not getting their money's worth because I could not be in three places at one time. Perhaps if we had less staff dreaming up fewer hearings, those of us who are seriously interested could make a few more of the hearings.

The staff has to justify its existence by creating these hearings and creating position papers. And one thing is for sure: In November of this year, what the American people asked for was not only less spending but less Government. And it does not take a very sophisticated position paper to repeal a law. The tyranny of Washington can be just as great as the tyranny of George III. And the American people are ready to be free once again. But as long as we have more staff creating more laws, more rules and more regulations, they will never be free again.

● Mr. MONTGOMERY. Mr. Speaker, as chairman of the Committee on Veterans' Affairs, I will support the resolution to provide funds for House committees to conduct studies and investigations within their respective jurisdictions during this first session of the 97th Congress.

Much has been said about the large budgets of some committees of the House, and it may be true that some committee staffs have grown too much over the years. I am sure the chairmen and ranking minority members of all committees have done the very best they could to keep their budget requests as low as possible. I know that is the case with our committee. It appears that some have been more successful than others.

The amount contained in this resolution for the Committee on Veterans' Affairs is only $359,551. Is it enough? It is if we do not fill four staff positions authorized for chairmen and ranking minority members of the committee by the rules of the House. Mr. HAMMERSCHMIDT and I requested the appropriate amount when we appeared before the Accounts Subcommittee, but the amount approved and contained in this resolution will not allow us to fill these positions. I simply want the record to take note of that fact. When the rules were changed to provide these slots, I was a subcommittee chairman. I was not an advocate for the rule change; however, if the House provided the slots, I think the House should be willing to provide the funds to fill them.

We will not be able to conduct our oversight activities to the degree we think we should, but we will do the best job we can. Our committee has only 34 staff members including clerk hire, professionals, clerical, and investigative. Our staff is probably the smallest in number, although the committee has jurisdiction over the largest single independent agency in Government.

The Veterans' Administration has the second largest number of employees—second only to the Department of Defense. We oversee an income maintenance program of more than $11 billion. The Veterans' Administration operates the largest centrally directed health care system in the Nation, consisting of 172 medical centers, 1 independent domiciliary, and 49 satellite or independent clinics. All medical centers provide hospital and outpatient care, 92 operate nursing home care units and 15 operate domiciliaries.

The agency oversees one of the largest education programs in the world. In fiscal year 1979 nearly 1.3 million veterans and active duty personnel received educational benefits under what is commonly termed the GI bill.

The VA is one of the Nation's largest providers of housing assistance with its veterans' home loan programs.

Life insurance protection for the Nation's service personnel and veterans is provided under five separate programs administered by the VA and three programs supervised by the Agency. At the end of fiscal year 1979 these eight programs provided coverage exceeding $105 billion to nearly 8 million insureds.

The Department of Memorial Affairs of the VA is responsible for the national cemetery program, the headstone and marker program, the memorial marker and plot program, and the State cemetery grants program.

Of the 24 permanent and select committees included in the funding resolution, only the District of Columbia Committee has a smaller budget. As I mentioned earlier, it will be extremely difficult to carry out our oversight and legislative responsibilities under our budget this year, but we will do it. I fully recognize the need to cut back on expenses and I support efforts of the leadership to reduce expenses to operate the House. But it should be noted that the Committee on Veterans' Affairs is the one committee that has not substantially increased its staff and expenses over the years. The record clearly establishes that fact. In 1975 the House approved a budget for the Veterans' Affairs Committee of $460,000. This year, under this resolution, the committee budget would be limited to $359,551.

I am proud to have been a member of the committee under three great chairmen—the late Olin E. "Tiger" Teague, Bryan Dorn, and Ray Roberts. They were extremely careful with the taxpayers' money and I intend to carry out my responsibilities as chairman the same way they did—at the lowest possible cost to the taxpayers.

I want to commend the distinguished gentleman from Illinois, my good friend, FRANK ANNUNZIO, for the kindness he and other members of his subcommittee displayed when we appeared before his subcommittee earlier this month. The subcommittee has a tough and thankless job to do. In my view it does it well. All Members of the House appreciate the fine leadership of the very able gentleman from Illinois and the ranking minority member of the subcommitte, the distinguished gentleman from California, ROBERT BADHAM. I shall support the resolution.

COMMITTEE ON VETERANS' AFFAIRS, BUDGET CATEGORY SUMMARY

Description	1980 expended	1981 proposed
Salaries	$222,822.25	$360,930.12
Travel	46,242.34	77,750.00
Witness fees	0	1,000.00
Consultant fees	5,150.40	25,000.00
Duplicating	8,495.16	[1]
Equipment	20,602.25	36,000.00
Telephone and telegraph	307.12	1,500.00
Publications	1,264.35	2,000.00
Miscellaneous	321.75	700.00
House Information System charges	4,685.39	10,000.00
Total	309,891.01	514,880.12

[1] In 1981 Duplicating and Equipment categories will be combined since Office Equipment Service will be paying all equipment and duplicating charges directly.

REQUESTS FOR AND EXPENDITURES UNDER FUNDING RESOLUTIONS, 93d, 94th, 95th, and 96th CONGRESSES

Congress, year, and resolution number	Request	Approved	Expenditure	Unexpended
93d, 1973, H. Res. 134	$150,000.00	$150,000.00	$107,962.22	$42,037.78
93d, 1974, H. Res. 789	120,000.00	[1] 120,000.00	106,342.02	55,695.76
94th, 1975, H. Res. 164	460,000.00	460,000.00	120,237.28	339,762.72
94th, 1976, H. Res. 1048	354,762.72	354,762.72	152,048.06	202,714.66
95th, 1977, H. Res. 132	539,100.00	500,000.00	218,150.10	281,849.90
95th, 1978, H. Res. 957	500,000.00	400,000.00	278,725.78	121,274.22
96th, 1979, H. Res. 35	425,000.00	400,000.00	274,521.79	125,478.21
96th, 1980, H. Res. 537	427,490.00	352,490.00	309,981.01	42,508.99

[1] For the 93d Cong., funds unexpended from the 1st sess. were carried over to the 2d sess., making the 2d sess. total funding: $162,037.78.●

● Mr. HAMMERSCHMIDT. Mr. Speaker, as ranking minority member of the Committee on Veterans' Affairs I want the record to show that our committee has accomplished its responsibilities for oversight and investigation with a minimum of expenditures. The Veterans' Affairs Committee over the years has been frequently held up as a shining example of fiscal frugality and commonsense management.

I join the committee chairman, the gentleman from Mississippi, in his concern that we will be able to discharge our responsibilities with the amount we have been assigned in this resolution. The minority now has four subcommittee staff positions that are unfilled. House Resolution 115 initially contained sufficient funds for salaries for these positions as well as funds for necessary investigations.

Should the ranking members of these subcommittees elect to fill the four positions, then our ability to conduct needed investigations and studies with the remaining funds will be sorely taxed.

I applaud the leadership of the House for its drive to cut operating costs. The need to do so is well documented; however, our committee is being forced to pay a price for its past frugality when across-the-board cuts are made.

Like the chairman, I will support the resolution, but it should be crystal clear that the Veterans' Affairs Committee has, in the past, been prudent in its expenditures and will continue to be so.●

● Mr. GAYDOS. Mr. Speaker, by the vote to come, the House will begin a venture for which there is a collective will to success among the people—we have a command to rebuild America, from the inside to the outside, top to bottom, left to right.

Answering that order is an epic task that requires meticulous preparation because success will rise or fall on the preparation; and we will vote today on the quality of that preparation.

So this is an important vote and not a political game called rig the record.

And the importance of it makes it appropriate to give sincere thought to some age-old rules for success.

The first rule is, know what you are trying to do.

The second rule is, be sure you have the right tools for the work you want to do.

We are in the middle of debate that was heard countless times in preparing these budgets, and the argument amounts to justification for approaching our responsibilities less than wholeheartedly.

These justifications generally were: "we can't have the Senate cutting their committee budgets more than the House * * * we can't have budgets that show an increase, no matter how necessary, when we will be requiring the people to do with less * * * we can't duplicate bureaucracy * * * we can't explain doing business as usual * * *."

I place these arguments in a group I call the can't's.

Too often repeated, applied mindlessly for the record to too many situations, can't becomes cant, a particularly political manifestation of hypocrisy; and the holy writ that is the record of the people's voice become apochrypha, which can lead you into trouble in matters of faith and politics.

But on one thing the can't-sayers are right: we can't do business as usual.

We have to do business better than usual. Better than it has been done in

the tenure of most sitting in this Chamber.

Mr. Speaker, it is here we should apply the first rule: know what you are trying to do.

What do the people expect of us? What are we trying to do?

The list is not long, but is awe inpiring in its ambition.

We are expected to rebuild the Government, changing policies that have relentlessly hammered away chunks of our industrial base until the people fear the economy will fall of its own weight.

Yet our responsibility is to preserve what works.

We are expected to rebuild the economy, removing from that monument to energy and ingenuity the encrusted droppings of the years.

Yet our responsibility is to preserve the finely chiseled features of freedom, independence, and humanity as we rebuild.

We are expected to show a sterner face to the world, linking foreign policy and defense more directly to our self-interest.

Yet we must find the balance between what is necessary and a wrathful rapacity the people will not tolerate.

And we are expected to reorder the lives of all Americans as we cut budgets and taxes; by the way we cut, we will reorder.

Yet we are commanded to wield the knife carefully.

Everyone here swore just weeks ago to uphold the Constitution, which states squarely our only reasons for being in Congress assembled: "* * * to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare and secure the blessings of liberty * * *"

These are not things to be undertaken lightly or with guesswork or with poor tools.

Facts are our best tools, our only tools, Mr. Speaker. They are versatile. They are hard and they have life. They are father and mother to reason and truth. They are nail, hammer, lumber, forge, anvil, and blueprint.

Only in the clash of facts can we hear the ring of truth and only with fact can we build what is expected, what the customer has ordered.

Nothing else will do. The difference between factual and substantially factual is the difference between merit and meretricious.

Now facts, and true understanding of them, are not gifts. They are neither entitlements nor perquisites that accrue to Members of Congress when the election returns are certified or when the Member's button goes on the lapel.

For facts we must dig, and for understanding, dig deeper still. It is hard work. It is important work. False leads are many. To assist us in this work we have committee staff.

Work on committee and subcommittee is the most important work we have. Here we look at the facts, draw blueprints and build.

So we need strong committees, better committees, not weaker committees. We need to do business better than usual.

The recommendations before you from the Committee on House Administration are meant to deliver to the people, in accordance with their expectations and our oath to the Constitution, the best possible rebuilt America at the least possible cost.

And the committee budgets are built on fact, particularly when compared with what may be said about the Senate.

The House fact is, the investigative budget before you now for our committee work is 9.5 percent below what was requested by responsible chairman and 2.5 percent below what was authorized last year. That is economy.

But the Senate fact is, removing the smoke. Turning up the lights, looking up the sleeve, that the Senate has dropped below last year's authorization by only about 1 percent.

The House fact is, our committee staff will be about 6.2 percent below last year's levels and number no more than 1,661.

But the Senate fact is, considering their specially designed clerk-hire provisions, that the Senate will have committee staff numbering 1,734.

Senate facts often are not sharp tools. Their edge has a particular dulling slant, or cant, to it.

If we cut to a point 10 percent below last year's expenditures, as some would demand, we put the House and our oath at the mercy of the Senate, the White House, and the aggregate of some of the larger industries and organizations with which we deal.

To those who would say sincerity demands this 10-percent cut, I answer, make the same cuts in your personal office staff and spending, and then I will believe you are working at rebuilding and not merely playing rig the record.

Cut, outmanned, we will find ourselves unable to test important facts for cant or disguised flaw. To cripple the ability of the House to make sound independent judgment for political gamesmanship is irresponsibility verging on the reckless.

You must remember, the people are like a demanding military officer—they want results, not excuses.

So let us do it right the first time.

I say, let us do what we were elected to do. Let us be mindful of the Constitution, the expectations of the people, and the true nature—the almost revolutionary nature—of our marching orders.

And I say let us start by approving these budget recommendations and giving our committees the strength to dig out the facts however deep they may be buried.

It is a time in which we must do business much better than usual.●

● Mr. JONES of Tennessee. Mr. Speaker, I am one of the many Members of this body who recognizes the need to cut Federal spending of all types. Furthermore, I also recognize the need for this House to take the lead in doing so as a gesture to the rest of this Nation that we, as Members of Congress, are prepared to make the sacrifices needed to get Federal spending under control.

However, I also feel that the House Administration Committee and its Subcommittee on Accounts has done an excellent job in formulating committee budgets that accomplish the goal we want, and that is the reduction in spending for the House of Representatives. I know that there is a lot of talk about how spending in the House compares with the committee funding resolutions passed earlier this year for the other body.

The House Administration Committee recommendations are above those figures approved in the Senate by about $1.2 million, but there are some figures not included in the other body's committee funding resolution that I think are important and that should be recognized by all of my colleagues.

For example, each Member of the other body receives under its rules an allowance known as the legislative assistance allowance. That allowance amounts to $183,801 per Senator or $18.3 million a year above and beyond clerk-hire allowances and above and beyond the committee funding resolutions. Those funds are provided expressly for the purpose of providing staff support for committee activities. Needless to say, none of my colleagues in this body has this resource available.

In addition, the other body has a separate budget for the computer services provided to its committees. Funds allocated for that support service on the other side of the Capitol total about $17 million and is not reflected in the committee funding resolutions of the other body. Together those two items, the legislative assistance allowance and the funds for computer services total about $35 million, a figure that almost doubles the $41.6 million dollars approved by the Senate for their committees.

By comparison, our own committee funding resolutions include all funds for staff salaries and travel and all funds for computer services for individual Members offices and committees. That is an important factor to be considered today as we discuss the resolutions reported out of the House Administration Committee.

That committee has done its job in overseeing the budgets of the committees of the House and has voluntarily taken action to reduce authorizations for each committee. They are to be commended for that work and their actions deserve our support.●

● Mr. WALGREN. Mr. Speaker, as we consider a wide range of budget cuts proposed by President Reagan, from dairy price supports to foreign aid, the House of Representatives must look at its own budget and pare down spending as well. I support and will vote for the Democratic leadership amendment to cut the House's budget by 10 percent. This reduction is a 16-percent cut from the committees' requests.

I support this amendment for two reasons. First, as we ask the American taxpayer to help in the fight against inflation, we the elected officials must also do our part to bring the Federal budget under control. After all, our budgets come from the same place as those of our Federal agencies—the wallets and pocketbooks of hard-working Americans. It is unfair to ask everyone else to trim the fat without making sacrifices ourselves.

Second, I also believe that we can streamline the operations of the House, our offices and committees, rather than continuing to add, expand, and spend. We should be taking a hard look at our committees' structure and responsibilities. We should be working to eliminate duplication among the various committees. We should be moving to revamp outdated committees and committee jurisdictions to truly reflect the problems of the 1980's. Do we, for example, really need a committee concentrating on merchant marine problems, while responsibility for revitalizing our Nation's industries is fragmented and spread across many committees? I voted to eliminate the Select Committee on Narcotics on February 25, because it would have meant costly duplication in the House. The cost of this committee in the last Congress was $1 million. Yet, while I certainly agree that the goal of eliminating narcotics traffic and abuse is a high priority, I am not convinced that another House committee at that price to the taxpayer is the answer. Several other committees are working on this problem, including my own Subcommittee on Health and the Environment. We can control narcotics by beefing up the ability of those agencies that must deal with it—not by adding to our payrolls.

In short, Mr. Speaker, I will vote to cut House funding so that this Member of Congress can help stem a rising inflation and pare down our own bureaucracy.●

Mr. BADHAM. Mr. Speaker, at this time I know it will be to the delight of my colleagues and friends on the other side that, in thanking both the chairman of the full committee of the subcommittee for their friendship and hard work during this arduous and trying process, I have no more requests for time and I yield back the balance of my time.

Mr. ANNUNZIO. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The Chair now recognizes the gentleman from Texas (Mr. WRIGHT).

AMENDMENT OFFERED BY MR. WRIGHT

Mr. WRIGHT. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WRIGHT: Strike section 2 and insert in lieu thereof the following:

SEC. 2. The committees and amounts referred to in the first section are: Select Committee on Aging, $1,183,680; Committee on Agriculture, $1,184,840; Committee on Armed Services, $952,223; Committee on Banking, Finance and Urban Affairs, $2,414,919; Committee on the District of Columbia, $275,187; Committee on Education and Labor, $2,565,448; Committee on Energy and Commerce, $3,750,000; Committee on Foreign Affairs, $1,800,119; Committee on Government Operations, $2,229,402; Committee on House Administration, $1,219,000; Committee on House Administration—House Information Systems, $7,509,560; Permanent Select Committee on Intelligence, $938,700; Committee on Interior and Insular Affairs, $1,219,615; Committee on the Judiciary, $1,350,410; Committee on Merchant Marine and Fisheries, $1,581,241; Select Committee on Narcotics Abuse and Control, $540,000; Committee on Post Office and Civil Service, $902,500; Committee on Public Works and Transportation, $1,806,373; Committee on Rules, $530,738; Committee on Science and Technology, $1,820,928; Committee on Small Business, $776,000; Committee on Standards of Official Conduct, $450,000; Committee on Veterans' Affairs, $352,490; and Committee on Ways and Means, $2,252,000.

Section 6, subparagraph 1, after the word "expenses" insert the following: "(not in excess of $7,509,560)".

Mr. WRIGHT (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as having been read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 116, the gentleman from Texas (Mr. WRIGHT) will be recognized for 30 minutes, and the gentleman from California (Mr. BADHAM) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, the amendment I have just offered would reduce the total amount of authorizations granted for last year by an aggregate of 10 percent. We think this is an appropriate action for the Congress to take. This is precisely what the other body did. The other body reduced authorizations for this year exactly 10 percent below the amounts authorized last year. So we think it right and proper that we do the same thing.

It seemed to us that it would be fitting, at a time when Congress is calling upon all of the administrative agencies to demonstrate austerity, for us to give our own demonstration of austerity. When we are calling upon the departments of the Government to discipline their own spending, it seemed appropriate that we give an example of self-discipline.

When we consider that the cost of operating a congressional committee probably has risen during the past year by 6 or 7 percent, a 10-percent reduction below last year's authorized level probably amounts in real terms to a reduction of somewhere in the nature of 16 or 17 percent.

What we are doing is precisely what a group of Members on the Republican side of the aisle requested be done in a letter dated March 9 to Hon. THOMAS P. O'NEILL, JR., our Speaker. This group of 52 Members of the Republican freshman class, writing to Speaker O'NEILL, sent a resolution signed by all of them. That resolution begins with this "Whereas":

Whereas the Senate has cut its staff allocation for standing committees by 10 percent. . . .

It follows then with a second clause:

Whereas following the leadership of President Reagan, we believe the House of Representatives should be exercising fiscal restraint.

It concludes with the following resolving clause:

Resolved, That the House of Representatives should proceed to cut by 10 percent on the average the cost of the staffs of the standing committees of the House.

Well, that is just exactly what this amendment will do. It will cut by 10 percent, on the average, the authorizations for last year. We think it is a good example. We think it is an example of austerity.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. Of course I yield to my friend.

Mr. DUNN. A point of clarification.

The resolution offered by the 52 freshmen asked to cut staffs by 10 percent. That is what it asked to do. The gentleman just said his amendment would indeed do that, cutting the authorization of the staff by 10 percent. The gentleman threw an extra word in there.

A point of clarification. Is the gentleman saying the two points are the same?

Mr. WRIGHT. Perhaps I misread the resolution, but I think I read it correctly; at least I interpret it somewhat literally. The first clause is: "Whereas, the Senate has cut its staff allocation for standing committees by

10 percent," and then it resolves that we should do the same thing on an average. We are doing exactly what the Senate did in adopting my amendment. The Senate did not cut 10 percent below what was expended last year; the Senate cut 10 percent below what was authorized last year.

Now, let me address myself very briefly to the suggestion that a reduction should be made on the basis of what was expended last year. That would be sheer folly. That would set up a compulsion on the part of every committee to expend every penny it gets upon the theory that if it fails to do so, it will be cut even deeper when the cuts come. That would be the kind of a procedure that would reward profligacy and punish frugality. Therefore, on all counts, it would seem implausible in the extreme to base our reductions upon the question of how much actually was spent last year. Therefore, we are doing exactly what the resolution seems to call upon us to do, which is to do what the Senate did, and we are doing what the Senate did.

Mr. DUNN. If the gentleman will yield, my question. I will say to the gentleman, was on the resolution of the 52 freshmen and not the other body. Our resolution calls for a 10-percent actual cut. Forgetting the other body, I am talking about the 52. The gentleman made the statement earlier about the resolution of the 52 Congressmen. It did not talk about authorized-level cuts. It talked about a 10-percent cut instead. The gentleman made the statement that his amendment does that at the authorization level. I say there is a difference between the authorization level and what the resolution from the freshman class called for.

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that a copy of the resolution presented by the freshman Republicans be printed in the RECORD at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DUNN. I thank the gentleman.

The resolution is as follows:

RESOLUTION OF NEW REPUBLICAN MEMBERS OF THE 97TH CONGRESS

Whereas the Senate has cut its staff allocation for standing committees by 10 percent; and

Whereas following the leadership of President Reagan, we believe the House of Representatives should be exercising fiscal restraint: Now, therefore, be it

Resolved, That the House of Representatives should proceed to cut by 10 percent on the average the cost of the staffs of the standing committees of the House.

Mr. WRIGHT. I also ask unanimous consent, Mr. Speaker, that at this point in the RECORD there may be printed a table outlining by committee the 1980 authorization, the 1981 request, the action of the House Administration Committee for 1981, then a column demonstrating the percent of reduction below the 1980 authorization that this amendment which I offer would represent, and the final column showing in dollar terms exactly how much would be allowed to each committee by the amendment which is presently before the House.

In my opinion, the Accounts Subcommittee under the chairmanship of FRANK ANNUNZIO, did a truly excellent job in attempting to appraise the real and the legitimate needs of each committee.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The table is as follows:

HOUSE ADMINISTRATION RECOMMENDATION

Committee	1980 authorization	1981 request	1981 authorization	Wright amendment percent below 1980 authorization	Wright amendment
Aging	1,233,000	1,322,000	1,233,000	−4	1,183,680
Agriculture	1,247,200	1,307,398	1,294,187	−5	1,184,840
Armed Services	827,000	1,042,000	952,223	+15	952,223
Banking	2,560,287	2,591,105	2,457,631	−5	2,414,919
District of Columbia	289,670	316,624	288,719	−5	275,187
Education and Labor	2,729,200	3,026,841	2,832,087	−6	2,565,448
Energy and Commerce	3,750,000	4,700,000	4,043,722	0	3,750,000
Foreign Affairs	1,875,124	2,049,948	1,888,609	−4	1,800,119
Government Operations	2,274,900	2,648,267	2,461,885	−2	2,229,402
House Administration	1,744,500	1,219,000	1,219,000	−31	1,219,000
HIS	9,881,000	9,531,000	9,000,000	−24	7,509,560
Intelligence	972,420	938,700	938,700	−4	938,700
Interior	1,316,679	1,448,214	1,295,293	−7	1,219,615
Judiciary	1,406,677	1,432,540	1,417,519	−4	1,350,410
Merchant Marine and Fisheries	1,682,171	1,850,476	1,700,414	−6	1,581,241
Narcotics	600,000	551,173	551,173	−10	540,000
Post Office and Civil Service	950,000	1,639,000	978,530	−5	902,500
Public Works and Transportation	1,870,000	2,175,000	1,870,000	−3	1,806,373
Rules	615,000	599,300	530,738	−14	530,738
Science and Technology	1,896,800	2,346,900	1,896,800	−4	1,820,928
Small Business	776,000	776,000	776,000	0	776,000
Standards of Official Conduct	500,000	450,000	450,000	−10	450,000
Veterans' Affairs	352,490	514,880	359,551	0	352,490
Ways and Means	2,252,000	2,918,109	2,450,782	0	2,252,000
Total	43,602,118	47,394,475	42,886,563	−10	39,605,373

Mr. WRIGHT. I think it would be demonstrated, by reference to this chart, that we have indeed reduced total authorizations by some $4 million below the amount authorized last year. That is what this is, of course. It is an authorization. To compare an authorization with another authorization is to compare an apple with an apple. To compare an authorization with the previous year's expenditure would be to compare an apple with an orange. So we are comparing apples with apples, and we are also doing exactly what the other body did when we reduce by 10 percent the total amount authorized last year.

I would suggest, once again, that I think that represents in real terms a reduction of some 15 or 16 or perhaps 17 percent in the amount available to each of the committees of the House.

We have tried to do this with some discretion. Not every committee has exactly the same burden this year as it had last year. Not every committee is being called upon for the same additional obligations this year. Obviously, this year the Committee on Armed Services is being called upon to exercise jurisdiction over a much larger budget and over new recommendations coming from the President of the United States. Therefore, we are recommending not a cut, but an increase of some 15 percent in the amount of money available for the Committee on Armed Services.

In that sense, we propose exactly what the House Administration Committee recommended for that purpose.

The largest single percentage cut, interestingly enough, is a cut of 31 percent which was voluntarily assumed by the House Administration Committee itself. Honoring the action of the House Administration Committee, we propose no change, and certainly no further cut beyond the 31-percent reduction voluntarily assumed by that committee in its own operating amounts.

The next largest would be a reduction of some 24 percent in the amounts available for what is known as the House Information Services. That is a conglomerate activity that has grown very rapidly, mushrooming into almost a $10 million authorization last year. And so we believe that it could sustain a reduction, and we have asked that a 24-percent reduction be applied.

A 14-percent reduction has been accepted by the Committee on Rules below the amount that was authorized last year.

So the important committees of the House—those which have had some purview already over this legislation—are demonstrating a good example. The Committee on House Administration and the Committee on Rules, notably among them, have voluntarily accepted larger than average cuts in order that some of the other committees charged with heavier than usual responsibilities might not have to assume cuts quite so large.

In that connection, I would like to suggest that the Committee on Ways and Means, which obviously has a larger burden than most committees in this particular Congress, faced as it is with a proliferation of recommendations for reductions in taxes, should not be reduced below the amount of last year's authorization. We think that it definitely is prudence and frugality that the committee is not raised, and it is not raised. It is allowed exactly the same amount under this amendment that it was allowed last year.

I want to suggest only that in the amendment which will be offered in the form of a motion to recommit by the Republican side, the gentleman from Minnesota (Mr. FRENZEL), would reduce the Committee on Ways and Means by some $500,000, approximately one-half-million dollars, or a 20-percent reduction.

We believe that the Committee on Veterans' Affairs should not be required to sustain a large reduction, and yet the amendment to be offered in the form of a motion to recommit by the gentleman from Minnesota would reduce it by some 25 percent.

The Committee on Government Operations, which serves as our eyes and ears, performs our oversight functions into the operations of the administrative branch of Government, would be reduced, according to the piece of paper that purports to represent the figures that will be contained in the motion to recommit by the gentleman from Minnesota, by some $650,000, or a reduction of some 30 percent in the amount available for the Committee on Government Operations.

□ 1630

And so it goes, committee after committee. Based upon this, it seems logical to me that the Members of the House, wanting to make a prudent reduction, wanting to make a good and noble and worthwhile example, wanting to show our willingness to tighten our own belts and our own capacity for self-restraint and for self-discipline, will want to support my amendment and thus to reduce the authorized amount by a total of 10 percent.

Surely we will want to oppose the draconian cuts which would rob the committees of the Congress of the muscle and the sinew and the bone that is necessary to conduct their functions.

Mr. Speaker, at this point I reserve the balance of my time.

Mr. BADHAM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am delighted that the distinguished majority leader would see fit to offer an amendment. I find the amendment eminently acceptable; hardly flawed. There is one flaw in it. The direction is superb. The verbage is fine. It just does not go far enough.

But as we learn from time to time, this is the only game in town and the only game in town I believe has been brought to the Members indirectly by the minority side which has conveyed to the majority side that the people out there want the fat cut from the Congress, want the fat cut from the departments of Government and want our Government returned to a lean, efficient body that should not be doing everybody else's business.

So, I am going to support this amendment because it is the only game in town. I hope that due credit will be given to the minority side that worked long and hard in its support of cutting the fat out of the committee system of the budget. I think we can take the responsibility safely for having the majority get itself in a mood where they have pulled all the budget resolutions in, all the committee funding resolutions, lumped them together and came up with an aggregate and then got the hot idea of saying maybe we ought to put a little cut on it. I think that is superb. It is demonstrative of the fact that the minority of this House does have some clout and can encourage in proper times and in proper terms the majority to see the light or to see the right, as it will in this case, to amend and actually reduce the authorizations and head back in the right direction, be it W-r-i-g-h-t or r-i-g-h-t. But I commend the gentleman for his amendment and say I am glad to see he is heading in the right direction.

Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. FRENZEL), my stablemate and good friend.

Mr. FRENZEL. Mr. Speaker, my feelings about the Wright amendment are similar to those of my distinguished leader on the subcommittee, the gentleman from California (Mr. BADHAM). The majority leader's amendment does save the people a fair amount of money. I am trying to figure out how much it is. It is about $3 million, I think.

Mr. WRIGHT. Mr. Speaker, may I ask the gentleman to yield?

Mr. FRENZEL. I yield to the distinguished majority leader.

Mr. WRIGHT. Mr. Speaker, it is $4 million.

Mr. FRENZEL. Mr. Speaker, my figures would show that it is $3.3 million.

Mr. WRIGHT. If the gentleman deducts $39,653,073 from the 1980 authorizations of $43,602,000, the gentleman will get about $4 million.

Mr. FRENZEL. I thank the gentleman for his contribution. He is still erroneously comparing it with last year's authorizations.

Mr. Speaker, I think in this case the proper comparison is with the bill or the resolution that is before us, the House Administration resolution. If the Wright amendment is accepted, it will lower the total money in that resolution by $3.3 million.

The litany reads like this: In 1980 these committees spent $39.9 million. This year the requests by committee chairmen were $47.4 million. The committee resolution called for $42.9 million. The Wright motion calls for $39.6 million.

My motion to recommit will call for $35.3 million. That is a good direction, as the gentleman from California indicated.

We are delighted to have been helpful to the majority in pointing out the way. We are somewhat disappointed that their enlightenment has not been complete. They have moved an insufficient way toward true economy in our judgment. But we are delighted that they have moved at all, and, in the spirit of the day, we commend them.

I will be very pleased to support the amendment.

The Wright amendment makes token reductions in unnecessarily high spending by all committees—committee authorizations would still be $1.8 million above last year's expenditures, not including HIS.

The Frenzel motion to recommit makes real cuts of 10 percent from last year's expenditures and will save the

taxpayer $4.3 million from the amounts proposed in the amendment by Mr. WRIGHT.

Mr. Speaker, I place in the RECORD the following table:

TABLE OF COMPARISON

Committee	Expenditures 1980	Representative Wright amendment	Percent increase/ decrease from 1980 expenditures	Frenzel motion to recommit	Percent increase/ decrease from 1980 expenditures
Aging	1,153,838	1,183,680	+2.6	865,382	−24.9
Agriculture	1,115,440	1,184,840	+6.2	1,003,896	−10
Armed Services	683,920	952,223	+39.2	952,223	+39.2
Banking, Finance and Urban Affairs	2,224,100	2,414,919	+8.6	2,001,690	−10
District of Columbia	248,843	275,187	+10.6	186,632	−25
Education and Labor	2,449,382	2,565,448	+4.7	2,204,444	−10
Energy and Commerce	3,659,477	3,750,000	+2.5	3,293,530	−10
Foreign Affairs	1,627,760	1,800,119	+10.6	1,464,984	−10
Government Operations	2,080,253	2,229,402	+7.2	1,872,228	−10
House Administration	1,513,161	1,219,000	−19.4	1,219,000	−19.4
Intelligence (Permanent Select)	882,014	938,700	+6.4	938,700	+6.4
Interior and Insular Affairs	1,116,392	1,219,615	+9.2	1,004,753	−10
Judiciary	1,282,733	1,350,410	+5.2	1,154,460	−10
Merchant Marine and Fisheries	1,538,836	1,581,241	+2.8	1,384,953	−10
Post Office and Civil Service	846,475	902,500	+6.6	761,827	−10
Public Works and Transportation	1,614,668	1,806,373	+11.9	1,614,668	
Rules	457,434	530,738	+16	300,011	−34.4
Science and Technology	1,849,068	1,820,928	−2	1,664,162	−10
Standards of Official Conduct	420,533	450,000	+7	450,000	+7
Small Business	726,747	776,000	+6.8	654,073	−10
Veterans' Affairs	309,891	352,490	+13.7	278,902	−10
Ways and Means	1,928,611	2,252,000	+16.8	1,735,750	−10
Select Committee on Narcotic Abuse	557,713	540,000	−3.2	501,941	−10
Subtotal	30,287,289	32,093,813	+6	27,508,209	−10
HIS	9,684,262	7,509,560	−22.5	7,830,113	−18
Total	39,971,551	39,605,373	−1	35,338,322	−11.6

Mr. BADHAM. Mr. Speaker, I have no further requests for time.

Mr. WRIGHT. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. Pursuant to House Resolution 116, the previous question is considered as having been ordered.

The question is on the amendment offered by the gentleman from Texas (Mr. WRIGHT).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ANNUNZIO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were: yeas 407, nays 2, not voting 23, as follows:

[Roll No. 16]

YEAS—407

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Bliley
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Burgener
Burton, John
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Chisholm
Clausen
Clay
Clinger
Coats
Coelho
Coleman
Collins (IL)
Collins (TX)
Conable
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crane, Philip
Crockett
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dickinson
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dornan
Dougherty
Downey
Dreier
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Fiedler
Fields
Findley
Fithian
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hansen (UT)
Harkin
Hartnett
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holland
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnston
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long (MD)
Lott
Lowery
Lowry
Lujan
Luken
Lundine
Lungren
Madigan
Markey
Marlenee
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mattox
Mavroules
Mazzoli
McClory
McCloskey
McCollum
McCurdy
McDade
McDonald
McEwen
McGrath
McHugh
McKinney
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Molinari
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Parris
Pashayan
Patman
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Pursell
Rahall
Railsback
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roe
Roemer
Rogers
Rosenthal
Rostenkowski
Roth
Roukema
Rousselot
Roybal
Rudd
Russo
Sabo
Santini
Savage
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Shuster
Simon
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Stangeland
Stanton
Stark
Staton
Stenholm
Stokes
Stratton
Stump
Swift
Synar
Tauke
Tauzin
Taylor
Thomas
Traxler
Trible
Udall
Vento
Volkmer
Walgren
Walker
Washington
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Yates
Yatron
Young (FL)
Young (MO)
Zablocki
Zeferetti

NAYS—2

Burton, Phillip Studds

NOT VOTING—23

AuCoin	Holt	Quillen
Brown (OH)	Lederer	Rangel
Cotter	Long (LA)	Rose
Ferraro	Marks	Vander Jagt
Fish	Marriott	Wampler
Gibbons	Mica	Wylie
Guyer	Mitchell (NY)	Young (AK)
Hinson	Mollohan	

The Clerk announced the following pairs:

Mr. Rangel with Mr. Vander Jagt.
Mr. Mollohan with Mrs. Holt.
Mr. Long of Lousiana with Mr. Wylie.
Mr. AuCoin with Mr. Young of Alaska.
Mr. Mica with Mr. Quillen.
Mr. Cotter with Mr. Marriott.
Mr. Gibbons with Mr. Mitchell of New York.
Mr. Guyer with Mr. Fish.
Ms. Ferraro with Mr. Brown of Ohio.
Mr. Rose with Mr. Marks.

□ 1645

So the amendment was agreed to.

The result of the vote was announced as above recorded.

MOTION TO RECOMMIT

Mr. FRENZEL. Mr. Speaker, I offer a motion to recommit with instructions.

The SPEAKER pro tempore. Is the gentleman from Minnesota opposed to the resolution?

Mr. FRENZEL. I am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. FRENZEL moves to recommit the resolution (H. Res. 115) to the Committee on House Administration with instructions to report the same to the House forthwith with the following amendment:

Strike out all after the resolving clause and insert in lieu thereof the following:

That effective January 3, 1981, there shall be paid out of the contingent fund of the House in accordance with this primary expense resolution not to exceed the amount specified in section 2 for the expenses of investigations and studies to be conducted by each committee named in such section, including expenses—

(1) for the employment of investigators, attorneys, and clerical, stenographic, and other assistants;

(2) in the case of a committee named in section 3, for the procurement of services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); and

(3) in the case of a committee named in section 4, for specialized training, pursuant to section 202(j) of such Act (2 U.S.C. 72a(j)), of committee staff personnel performing professional nonclerical functions.

Payments under this resolution shall be made on vouchers authorized by the committee involved, signed by the chairman of such committee, and approved by the Committee on House Administration.

SEC. 2. The committees and amounts referred to in the first section are: Select Committee on Aging, $865,382; Committee on Agriculture, $1,003,896; Committee on Armed Services, $952,223; Committee on Banking, Finance and Urban Affairs, $2,001,690; Committee on the District of Columbia, $186,632; Committee on Education and Labor, $2,204,444; Committee on Energy and Commerce, $3,293,530; Committee on Foreign Affairs, $1,464,984; Committee on Government Operations, $1,872,228; Committee on House Administration, $1,219,000; Committee on House Administration—House Information Systems, $7,830,113; Permanent Select Committee on Intelligence, $938,700; Committee on Interior and Insular Affairs, $1,004,753; Committee on the Judiciary, $1,154,460; Committee on Merchant Marine and Fisheries, $1,384,953; Select Committee on Narcotics Abuse and Control, $501,941; Committee on Post Office and Civil Service, $761,827; Committee on Public Works and Transportation, $1,614,668; Committee on Rules, $300,011; Committee on Science and Technology, $1,664,162; Committee on Small Business, $654,073; Committee on Standards of Official Conduct, $450,000; Committee on Veterans' Affairs, $278,902; and Committee on Ways and Means, $1,753,750.

SEC. 3. (a) Of the amounts provided for in section 2, each committee named in subsection (b) may use not to exceed the amount specified in such subsection for consultant services under paragraph (2) of the first section, but this limitation shall not prevent the use of such amount for any other authorized purpose.

(b) The committees and amounts referred to in subsection (a) are: Committee on Agriculture, $100,000; Committee on Armed Services, $36,000; Committee on Banking, Finance and Urban Affairs, $5,000; Committee on the District of Columbia, $10,000; Committee on Education and Labor, $55,200; Committee on Energy and Commerce, $28,000; Committee on Foreign Affairs, $35,000; Committee on Government Operations, $45,000; Committee on House Administration, $100,000; Committee on House Administration—House Information Systems, $304,000; Committee on Interior and Insular Affairs, $33,600; Committee on the Judiciary, $90,000; Committee on Merchant Marine and Fisheries, $16,000; Committee on Post Office and Civil Service, $100,000; Committee on Public Works and Transportation, $30,000; Committee on Rules, $12,000; Committee on Science and Technology, $15,000; Committee on Standards of Official Conduct, $350,000; Committee on Veterans' Affairs, $25,000; and Committee on Ways and Means, $50,000.

SEC. 4. (a) Of the amounts provided for in section 2, each committee named in subsection (b) may use not to exceed the amount specified in such subsection for specialized training under paragraph (3) of the first section, but this limitation shall not prevent the use of such amount for any other authorized purpose.

(b) The committees and amounts referred to in subsection (a) are: Committee on Armed Services, $15,000; Committee on Education and Labor, $3,000; Committee on Energy and Commerce, $2,850; Committee on Government Operations, $2,000; Committee on House Administration, $5,000; Committee on House Administration—House Information Systems, $95,000; Committee on the Judiciary, $3,000; Committee on Public Works and Transportation, $8,000; Committee on Rules, $2,000; Committee on Science and Technology, $7,600; Committee on Small Business, $2,000; and Committee on Standards of Official Conduct, $4,000.

SEC. 5. No part of the amount provided for the Committee on Post Office and Civil Service in section 2 may be used to establish or operate a redistricting data center or any similar unit.

SEC. 6. The Committee on House Administration is authorized—

(1) to incur such expenses as the Committee considers advisable to enable House Information Systems to provide for the development, operation, maintenance, and improvement of ongoing computer and information services for the House, to provide for the investigation of additional computer and information services for the House, and to furnish computer and information systems support directly to Members, committees, and administrative offices of the House;

(2) to expend funds received in reimbursement for computer services in accordance with the policies of the Committee; and

(3) to expend funds for the provision of employment placement services, professional development programs, office and personnel management consultation services, and periodic publication of handbooks, guides, bulletins, and other matters as may be necessary for the House.

SEC. 7. No part of the funds authorized by this resolution for any committee shall be available for expenditure in connection with the investigation or study of any subject which is being investigated or studied for the same purpose by any other committee of the House, and the chairman of each committee shall furnish the Committee on House Administration information with respect to any investigation or study intended to be financed from such funds.

SEC. 8. The authorization granted by this resolution shall expire immediately prior to noon on January 3, 1982.

SEC. 9. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration in accordance with existing law.

Mr. FRENZEL (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the motion be dispensed with and that it be printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 116, the gentleman from Minnesota (Mr. FRENZEL) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. ANNUNZIO) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, it has been a long day, and on this side we will try not to redo much of what has gone before. Instead we will try to come to a vote before the full time has been used.

Mr. Speaker, the motion to recommit is not a very complicated one. It follows the form of the Wright amendment, except that it goes much further. The committee brought to us a resolution that called for spending of $42.9 million. By adoption of the Wright admendment, we lowered the

spending to $39.6 million. That is almost exactly the same as was used for the same purposes as last year.

This motion to recommit will call for spending of $35.3 million, $4.3 million less than the Wright amendment.

The reason that I am bringing this motion to recommit is that, even with the Wright amendment, we have still approved a spending level greater than last year; about 6 percent on the average for the committees that are included under this resolution.

My intention in this motion to recommit is to bring the spending for the committees to about 10 percent—actually, about 9 percent—less than last year. That has been the target of the Republican minority since we began the hearings on this budget matter.

Some of the committees have been increased. There are four committees; House Administration, Armed Services, Standards of Official Conduct, and Intelligence, that are the same as are in the Wright amendment. Some committees have been decreased more than 10 percent over last year.

□ 1700

A few committees like the Committee on Public Works and Transportation have not been decreased at all. But the net result is that if we vote for the motion to recommit, we will save an additional $4.3 million and we will cause the committees to spend less money than they spent last year.

Our good majority leader indicated that he wanted to compare apples with apples. We want to compare what the committees are going to spend this year with what they spent last year, not with what they dreamed about last year, and for that reason I present this motion to recommit.

I regret very much that it has caused some suffering to some of the committees which believe that under it they would be cut too much. I also regret that some committees had an impression that it was going to be different from the final form that it took. I am sorry about that, but I think it is absolutely necessary that this House stand up for frugality, and stand up for economy.

If we are going to cut food stamps, special education, and programs across the board, we ought to be able to cut our own staffs. We ought to be able to begin to sacrifice right here in the Congress.

This vote is the test. It is not the most important vote of the year, but it is the first important vote of the year, of whether we believe in economy in Government and whether we believe in real frugality.

The Members got a freebee, a piece of cake, on the Wright amendment. That was easy. Now we are going to ask you to make a hard vote, to show if you really want to save the public some money. You are all going to be measured today by your performance. Either you are going to cut spending by passing this motion to recommit or you are going to accept the business-as-usual standard. If you vote against the motion you are going to fail the test. The people are watching and they are going to know.

The SPEAKER pro tempore. The Chair now recognizes the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am totally opposed to the recommittal motion and every Member of this body should also be opposed. The motion would not only seriously affect the operations of the House of Representatives, but would also hurt the lives of virtually every American.

The Republicans are asking the House to operate on a budget of $35.3 million which would be a reduction of $5 million in actual expenses from the previous year. This arbitrary cut fails to even consider the 10-plus percent inflation rate which this country currently faces. So it is not a 10-percent decrease that the Republicans are asking, but rather it is more than a 20-percent decrease because quite simply with inflation, yesterday's dollar does not go as far as today's.

And who will be hurt by these vicious cuts? By the year 2000 more than one-quarter of all the people in our country will be 60 years old or older. And how do the Republicans want to face that fact? They want to give the Select Committee on Aging a budget of only $865,000, when last year the committee spent $1.1 million and produced some of the most meaningful and worthwhile hearings in the Congress. Are the Republicans prepared to go back to their districts and tell their senior citizens who they profess so loudly to represent that they gutted the committee dealing with senior citizens' issues at a time when senior citizens need all the help and protection that this body can provide them?

And what about the small businessmen that we are told time and time again are the backbone of our country? The Small Business Committee had only asked for exactly what it was authorized to spend in 1980. It had done its job of trying to cut spending and to conserve as many dollars as possible. But that was not good enough for our Republican friends. They chose to cut the Small Business Committee more than $120,000. After 17 years in Congress, I know that small businessmen have major, major problems. Small businessmen account for much of the mail generated in congressional offices and they are not going to be thrilled when they learn that the committee that handles their problems is being virtually put out of business. I think it is important that we discuss the committee budgets because it is the American public that will be faced with a Congress that will be unable to deal with its problems. And the American people should know that it is the Republicans that want to bring the operations of the House to a standstill. I will say one thing for our Republican friends, they are not engaged in selective gutting. They want to stab everyone with the same fiscal knife. Even the veterans will have to face the wrath of the Republicans.

The Veterans' Affairs Committee is the one link that the millions of veterans in our country have with the House of Representatives. These veterans depend upon that committee to make certain that they have a strong voice in Government. At a time when thousands of veterans cannot find jobs or are facing reduced rehabilitation programs, and yes even the cutoff of some of their medical benefits, the Republicans want to do even more to damage these brave men and women who fought to defend our country. The Republicans want to give the Veterans' Affairs Committee only about $279,000, a substantial cut from the actual expenditures of the committee from last year. I suggest that if this amendment passes, that the millions of veterans across this country not bother to write to Congress for help in solving a problem because the committee that has done a good job in representing them in the past will not have enough money to function. And any Member of this body who votes for this recommittal motion with its disgusting treatment of veterans should not show his or her face at a veterans function or march in a Veterans Day parade again. The veterans do not want you marching down main street—they want your help fighting for their rights, and if you vote for the recommittal motion you are not a friend of the veteran.

President Reagan campaigned and was elected on a promise of broad tax cuts. And the gentleman from Illinois (Mr. ROSTENKOWSKI), my good friend, has promised the President that the Ways and Means Committee will deal with the tax legislation in a fair and expeditious manner and I applaud him for his spirit of cooperation. It is going to require a great deal of time, effort and staff to handle the tax cut legislation. It requires tax experts who do not come cheap. Yet, our Republican friends want to reduce the budget of the Ways and Means Committee to such a low level that I honestly wonder if the committee will be able to deal with the tax cuts at all.

Let us look at some other examples of the Republican philosophy on spending money. The Committee on Narcotic Abuse and Control would be

slashed. I wonder if this means that our Republican friends are against controlling narcotics. How can we control the illegal drug traffic in this country if we do not have the staff to monitor the problems?

Just look up and down the list of cuts that the Republicans are suggesting. Not even the Senate, which is controlled by the Republicans, went that far. The Senate Republicans did not cut funding by 10 percent of 1980 expenditures, but rather they cut the funding based on 10 percent of the request in 1980 and that is exactly what was contained in the motion of the majority leader. I contend that the Republicans do not want to cut this House—they want to cripple it. In the Dear Colleague letter circulated by the distinguished gentleman from Minnesota, he points out as justification for the budget cuts that "That is the type of sacrifice our constituents demand." Well I am glad to hear that the Republican Members of this body do not have constituents who are senior citizens, who are small businessmen or who are veterans. Certainly, those constituents, which the Democratic Party represents, want reasonable budgets but they do not want this House to put itself in such a financial bind that it becomes merely a caretaker operation.

This motion must be defeated. It is a motion that deals with numbers, not with human beings. It is a motion that deals with figures, not with compassion and understanding and it is a motion that says to the American people that solely to make ourselves look good we want to shut down the committee system of this Congress. I do not intend to sit idly by and let that happen.

This is the House of the people. If you do not represent people, then vote for the recommittal motion. But if you represent people, then vote against this brutal, unfeeling, unworkable, and unacceptable recommittal motion.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. ANNUNZIO. I yield to the distinguished gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Speaker, at the very outset I want to commend the gentleman from Illinois (Mr. ANNUNZIO) not only for the excellent speech he has just given with respect to the motion to recommit but for the other statements he made during general debate on the resolution. I also want to commend him for the diligent and responsible work that he has done to bring down the cost of our staffs and our committees.

Now, I believe, Mr. Speaker, that when the gentleman from Minnesota (Mr. FRENZEL) referred to some of the committees being cut—he said that he has regrets that some of the committees would be cut too deeply by his motion—I am sure the gentleman from Minnesota must have had in mind the Committee on Foreign Affairs, because that committee is as important to our country's national security interests as any other committee of the House.

I would point out that I appeared before the Committee on House Administration and the Subcommittee on Accounts with a very tight budget and we were out partly because we did not spend everything we were authorized for 1980. In other words we were penalized because we acted responsibly.

Now, I submit to my colleagues in the House that if they want to see padded budgets for committees in the future, then they should do what the gentleman from Minnesota (Mr. FRENZEL) is recommending in his recommital motion. Under his recommital motion, the Committee on Foreign Affairs—and that is the only committee I can speak about—will be cut below the expenditures for 1980 by $162,776.

□ 1715

With the responsibilities we have in that committee, such a cut will deny the committee the resources necessary to carry out its responsibilities. I am sure the gentleman from Minnesota fully realizes what a difficult task we now have performing oversight of our international affairs legislation. With the gentleman's motion it will be necessary to reduce staff. That will impair our ability to do the oversight of the executive branch that the American people deserve. Furthermore, with his cut it will be necessary to lay people off—including some of the minority staff. For these reasons this recommittal motion should be resoundingly and soundly defeated.

Mr. ANNUNZIO. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. ECKART).

Mr. ECKART. Mr. Speaker, I cannot help but be reminded about the story by a famous midwestern American prohibition violator, who said that when he sells liquor it is called bootlegging, but when his patrons serve it on silver platters in mansions it is called hospitality.

Well, when the Senate enacts a 10-percent budget authorization cut, it is called by people on the floor of the House, and I have taken the time to examine the record, supportive, necessary; indeed, when we look at the record and at remarks made by minority members of the House: there is the gentleman from Texas on the 11th of March saying that we must follow the example given by the Senate;

The gentleman from Pennsylvania on the 12th of March, who said "I do think my figures demonstrate the eminent reasonableness of seeking only a 10-percent cut in committee funding."

The gentleman from Texas on the 25th of February, who said Republicans in the Senate "have taken a strong step forward * * * they have cut their committee budgets this year by 10 percent—cut them by 10 percent. That does not mean any kind of pie in the sky. They cut 1980 by 10 percent in 1981."

Now, Mr. Speaker, after having embraced the Senate action, we are now told on this floor by Members of the minority that what the Senate did was tokenism, cosmetic, and does not matter.

Mr. Speaker, I submit to you that it cannot be both bootlegging and hospitality. It has got to be one or it has got to be the other.

Now, Mr. Speaker, I heard some attacks earlier today about a gag rule and how can we trundle this single resolution embodying all these committees on the floor for a single vote? Were we not denying the rights of the minority?

Mr. Speaker, on the 23d of February, one of the gentlemen from Pennsylvania, said in calling for passage of the President's package, that it should be "put into effect as the President defined it."

On the 3d of March, another gentleman from Pennsylvania said, "The President's proposal deserves to be considered as a whole package."

The 4th of March, it was a gentleman from Kansas.

On the 19th of February, it was a gentleman from Ohio.

On the 4th of March, it was a gentleman from Indiana.

Mr. Speaker, all were saying the same thing: that we must vote on the President's program in its entirety. What I submit is the result of that is a Republican position that it is fine for the President's package of budget cuts to be lumped together in a single vote, but it is improper for the Democrats to put our budget proposal in a single package and vote and, therefore, we ought to be criticized for it. You cannot have it both ways.

A further examination of the record, Mr. Speaker, will show that in the debate in the Senate, the distinguished Senator from Virginia said, "All expenditures for each committee will be authorized in one Senate resolution. This major improvement," he called it, "will increase our control over spending in the Senate."

The chairman of the Senate Rules Committee, the gentleman who presided over most of these cuts, said during consideration on the Senate floor, "So that we understand exactly what we are talking about, we are reporting resolutions today that represent an aggregate 10-percent cut from the past years' authorized committee expenditures."

In the House today we are invited to believe by the Republicans that what we do today and which they had

praised previously, is now "cosmetic", "tokenism" and that we should not pay attention to the majority in the Senate.

First the House Republicans sought to embrace the Senate action and now they repudiate it.

I am deeply disturbed, Mr. Speaker, to see this very premature rupture in what had been the facade of Republican Party unity. I am sure we on this side of the aisle will want to offer an opportunity to the Republicans to follow that excellent leadership which just 3 weeks ago was cited on half a dozen separate occasions in the well of the House as being an example for the House to follow.

Last, Mr. Speaker, I heard in the well today during this debate references to a "signal" that should go out to the people, that a "mandate" was presented in last November's election.

Well, Mr. Speaker, if there was a mandate, if there was a signal, let that signal go downtown to the White House which has not proposed significant cuts in its own personnel, or in the Office of the President and which, in fact, is seeking a $900,000 increase in a supplemental appropriation.

Many Members today on the floor spoke of sending messages, Mr. Speaker, and I want to join them in sending a message.

How much does the President plan to rescind, Mr. Speaker? All of his cuts come in the Office of Wage and Price Control, the Council on Environmental Quality, and a few other small areas.

Mr. Speaker, the Senate has sent a message. The House today can send a message that we too heard the people and we too will respond, and let us send that message to the White House that if they are interested in cuts we will support cuts, but let them follow our example by cutting their own staff and budget as well.

Mr. Speaker, I do not know how anyone after over 6 hours of debate on this issue can call what we propose today a gag rule. None of us could truly stay gagged for as long as 6 hours.

I submit to you that the consideration of the motion that we have before us only represents a very very difficult situation that we are trying to share throughout this country.

We will have cuts and they will be deep, and I will support them. But they will also be responsible and fair and the House, by agreeing with the Senate, can take an important first step today.

Mr. ANNUNZIO. Mr. Speaker, I reserve the balance of my time.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished Republican leader, the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, I rise obviously in support of the motion to recommit. I do so having voted for and urging all the Members on my side to support the amendment of the gentleman from Texas (Mr. WRIGHT) earlier in the day.

I would like to think that since we supported you unanimously on our side, I say to the gentleman from Texas (Mr. WRIGHT) that there might be a quid pro quo and in turn we might get significant support from your side for our motion to recommit.

I have to say, quite frankly, that I regret that we are considering these funding resolutions under one omnibus bill and then trying to address some of the grievances here. Maybe we do some harm or injury to several committees; one in particular maybe if it be the Public Works Committee that over a period of some years has held a steady line and now because of the reduction reflected in the motion to recommit, there may have to be some reductions in personnel on that particular committee; but I think it all comes about as the result of our not taking the time to address each and every one of these funding resolutions for committees on their individual merits.

I regret that if we do anyone any injury, and particularly since that committee has had an arrangement over a period of years with one-third staffing for the minority, that we would not have the majority under this set of circumstances taking it out of the hides of the minority; for I looked at the committee print here on page 165 and the total amount of staffing here, 848 in the investigative for the majority, 156 for the minority. Overall total staffing of 1,380 for the majority, only 343 for the minority; so the minority with four-fifths, or 4 out of 5 Members in this House really coming from—or four-fifths of the membership on our side, I think we are deserving certainly of a better ratio on our committee staffing.

We have been calling upon the people to make significant sacrifices by what we have been doing on rescissions and reductions in expenditures that will total something like $50 billion.

The SPEAKER pro tempore. The time of the gentleman from Illinois (Mr. MICHEL) has expired.

Mr. FRENZEL. Mr. Speaker, I yield 1 additional minute to the gentleman.

Mr. MICHEL. We certainly cannot call upon the people out there to make those sacrifices unless we are willing to make some adjustment and sacrifice in our own house. The people spoke very clearly on November 4. They wanted change and I think that change also ought to be reflected in what we do to our own selves here as individual Members of this House.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished Republican whip, the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. Mr. Speaker, I would like to make just a couple of observations before I get to the main points I want to make.

First of all, this early in this session I would hope that my colleagues on both sides of the aisle in this session will do a better job of showing respect for each other and for this institution that we serve in than we have done in the previous years. Traditionally, when a Member is asked to yield, if at all possible and if you have the time to yield on a subject, you will try to do that.

I hope that as we start this new session we will return to the days where we do have a little respect for each other.

The second point I want to make is that I find it quite interesting to see that this body is so concerned about what the other body has done. We usually try to do our own thing here and let them take care of themselves.

Mr. Speaker, there has been a lot of mixing of apples and oranges during this debate today, with a few lemons thrown in for good measure. But while all this might make for a good fruit salad, it has nothing to do with what we should be about today, and that is cracking the tough nut of committee staffing and getting down to the real kernel of what is at issue in this debate.

And the kernel of this whole debate is quite simply twofold: First, should the legislative branch of our Federal Government accept its fair share of the public demand for a reduction in the size and cost of Government? And second, has our committee staff become so overgrown and ingrown that the representative nature of our democracy is actually in jeopardy?

Mr. FORD of Michigan. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I will be glad to yield to the gentleman from Michigan.

Mr. FORD of Michigan. I just wanted to thank the gentleman for his very eloquent explanation of the rules and I thought I would come down and give the gentleman an opportunity to illustrate exactly what the gentleman had in mind.

Mr. LOTT. Well, I am sure the gentleman will always yield to me and I will do the same with him.

Now if I were convinced that we could not possibly manage our responsibilities as a coequal branch of our Government with fewer committee staff than we now have, then I would resist any attempts to cut these committee funding authorizations by $1, no matter how strong the demands for austerity might be.

But the fact is, Mr. Speaker, today this House is overstaffed, not just to the breaking point, but to the break-

down point. This has been mainly due to our own turf-building imperatives as opposed to any real institutional need. We have witnessed a tremendous explosion in the number of subcommittees over the last decade, from 100 to 150, and with it an even more alarming growth in the number of committee staff, from 700 to 1,900—a 171-percent increase. And yet, instead of a better House, we now have a more fragmented and unmanageable House. That is not just my opinion. A survey of House Members in the last Congress taken by the Select Committee on Committees revealed that 62 percent of the Members agree that large committee staffs "have contributed to fragmentation and unmanageability of the committee system." A whopping 81 percent of the respondents felt that the number of subcommittees should be reduced, and 63 percent felt that committee staffs are generally too big.

So this is not a partisan issue; it is an institutional problem of monumental importance. This whole problem is perhaps best summed up in the title of a recently published book, "Unelected Representatives: Congressional Staff and the Future of Representative Government." That is really what this overstaffing problem is all about—the future of representative government: Are we willing to delegate our powers and responsibilities as the elected Representatives of the people to our unelected committee staff? I sincerely hope not.

The motion to recommit with instructions offered by the gentleman from Minnesota (Mr. FRENZEL) affords us the first real opportunity during this debate today to crack that tough nut of committee staffing and squarely confront the kernel of the issue—whether we are going to do our part to reduce the size and cost of Government, and whether we are going to recapture our rightful control over the legislative branch by making a real cutback in committee staff. Unlike the Wright amendment which is still 6 percent higher than last year's spending for our standing and select committees, this amendment would make a real reduction of $2.9 million in committee funding from last year—a 9-percent cut. This is the real test of how serious we are about cutting spending and reasserting our prerogatives as the only truly elected Representatives in the people's House. I urge adoption of the motion to recommit.

□ 1750

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Arizona (Mr. RHODES).

Mr. RHODES. Mr. Speaker, this motion to recommit should be adopted because it is the only opportunity that we really have to cut the cost of the investigative staffs of the committees of the House. I know perfectly well that my good friend, the gentleman from Texas, the majority leader (Mr. WRIGHT) has in his heart the desire to make cuts. But I submit that the amendment which he offered and which was adopted does not really make the cuts that he would like to have us feel that we have made.

What we have really done here, Mr. Speaker, is to take one item in the bill, House Information Systems, and really take a massive whack out of it. This is the bank which is being used by my good friend, the gentleman from Texas (Mr. WRIGHT) as a means of indicating that the whole item has been cut tremendously. This is the way that actually he is making a cut in the total without making a cut in the individual committees. As a matter of fact, most of the committees, or many of the committees, will be able to spend much more next year than they spent last year.

I call attention to page 87 of the committee report just to show you how this little bit of legerdemain came about. The references to the fact that the House Information Systems budget for this year will take into consideration the fact that $1.5 million was budgeted to reimbursements last year, and we are going to budget $3 million for reimbursements this year. Those reimbursements will be amounts of money which you will pay the House Information Systems from your allowances, the allowances which come right out of the Treasury of the United States, more than you paid last year. So the House Information Systems is really not taking a cut because it is going to get the money back from you, from your pocket.

Are you taking a cut? Are you taking a cut in your office expenses? Maybe you are and maybe you are not, but you will have to recall, as many of us do, that some years ago this House gave the Committee on House Administration the authority to raise the allowances which individual members get. I will bet you—and I do not think you had better take me—that before too many weeks have elapsed, the individual accounts of the Members will be increased by enough to make up the difference between that $3 million and the $1.5 million. So do not get the idea that this is any kind of a cut. It is not. You have not voted for a cut yet. The only way you could vote for a cut is to vote for the motion to recommit.

I suggest that you do it, and if you do, I think the people back home will be happy with you; if you do not, then I think they will be very unhappy with you.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Speaker, weeks ago I and my Republican colleagues sought to overturn what we considered excessive increases in the committee staff budgets that we have just voted upon today. It is clear that our message was heard by some of our Democratic colleagues, and it is now apparent that they saw the real and symbolic problems that were caused by raising committee budgets at a time of overall fiscal austerity. Therefore, most of us voted today for that proposal.

But, Mr. Speaker, the motion does not go far enough, and it is a cynical way, I submit to you, of doing business as usual by bringing authorizations in too high in order to allow Members an excuse for voting for symbolic lower committee budgets. The only real reform will come if we spend 10 percent less than we spent last year.

The particular reason I am rising is that I do not have any new figures for you today, but I want you to know, particularly my Democratic colleagues, that we sit day after day in committee hearings where you decry the potential adverse effects of the overall budget cuts for the poor, the disadvantaged, and the elderly. I have yet to see a committee staff member who qualifies as poor, disadvantaged, or elderly. There is, I am told from conversations with you, a general consensus even among the Democrats for substantial budget reductions this year. But now with a chance at one small step—one small step—to show your good faith to the American people, you have reverted to crass political opportunism.

I plead with you on this motion to recommit, without going through the details of the statistics; you have heard them ad nauseam this afternoon—I plead with you as a matter of conscience and intellectual honesty to vote to recommit.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Speaker, everybody in the country is watching to see the way we are going to vote in about 10 minutes, because they want us to start today to limit spending money in Congress.

Some gentleman over here made the statement, inflation is the No. 1 issue in America, and he is right. Inflation is caused by the fact that we have increased the national debt $80 billion last year and $80 billion again this year. All Americans are saying "Cut the spending. Cut the spending."

In budget hearings the other day the chairman of my committee, the gentleman from Michigan (Mr. DINGELL) said something that I thought was most interesting. Mr. DINGELL spoke of the people who serve on the staffs of the U.S. Congress. He said they are qualified; they are well trained; they are hard working; they have tremendous ability. He said that

anyone who serves on our staffs could make twice as much money if they worked downtown. In other words, these people who are making $40,000 a year, when we relieve them of their staff responsibilities are going to be able to make $80,000 a year when they go downtown. So we are not seeing people who will lose their jobs; we are going to see people who will double their income. There are just plenty of people around here—we know that—who could be relieved and allowed to move into the private sector.

On my own Committee on Communications, we have 1 staff on the Republican side; they have 18 staff on the Democratic side. When I was on the Oversight Committee, Republicans had 1, Democrats had 30 staff. We all know that that is not exactly a balance.

What we are doing is calling on you today, calling on you to really cut this committee Budget. Of 23 committees we have before us on the floor, only 3 of these committees are cut from last year's expenditures. Only 3 of the 23 committees had a cut in their spending budgets. The Committee on House Administration made the only meaningful cut in the entire group. Most of the committees are spending much more than they did last year. You cannot operate that way. If we are going to ask the poor, if we are going to ask the schools, if we are going to ask the sick to cut their budgets, we need to cut our budget right here in Congress.

Mr. KAZEN. Mr. Speaker, will the gentleman yield?

Mr. COLLINS of Texas. I yield quickly.

Mr. KAZEN. I have sat here this afternoon and listened to speaker after speaker come to the well, and now we get this motion to recommit based upon the figures that the committees spent last year. This is what it is based on; is it not? The gentleman has just finished saying that we are asking for more money than the committees spent last year. The gentleman well knows that last year was an election year. I did not have in the committee that I am privileged to chair quorums to go out and hold hearings because everybody was interested in his own reelection. That was a bad year to hang onto.

Mr. COLLINS of Texas. I will take back my time. I will take back my time.

Mr. KAZEN. The gentleman well knows that.

The SPEAKER pro tempore. The time is controlled by the gentleman from Texas (Mr. COLLINS).

Mr. COLLINS of Texas. Let me tell the gentleman something. I want to tell him. I want to get the facts straight. Last year we had the most money spent on committee staffs of any year in this Congress history. Last year we spent more. I have also been comparing this year's spending to what Congress spent in 1974. We are now spending four times as much on many committee staffs as was spent in 1974. Let us reduce these overstaffed budgets.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Pennsylvania (Mr. JAMES K. COYNE), a member of the committee.

Mr. JAMES K. COYNE. I thank the gentleman.

Mr. Speaker, I am very happy that some remarks were made here by the gentleman from Texas (Mr. KAZEN) about the election last year, because in fact I think that is one of the issues we should be discussing here. After listening to the difficulty that the Speaker has had getting people just to pay attention to what has been said in the well, I am beginning to think that many Members of this body are deaf, not only deaf to what we are saying but deaf to what the public said November 4, 1980. The public said they wanted to see inflation stopped, and the public said they wanted to see a Congress that spoke with one voice. They do not want a Congress that talks out of one side of its mouth and then talks out of the other side. I am happy to say that we 52 freshmen heard that election voice on November 4, and we are responding to it. That is why we presented a resolution which called for a 10-percent reduction in what was spent, not in authorization.

The public does not even know what authorization is. Would you want to go to the public and say, we are going to reduce the authorization for inflation by 10 percent? We are going to reduce the authorization for crime by 10 percent? We are going to reduce the authorization of unemployment by 10 percent? Would you want to say that and then turn around in the next year and not do anything on those scores?

What the public wants to see is action. What the public wants to see is for us to reduce our spending. That is why I think this motion to recommit is so critical, Mr. Speaker, that we all ought to get behind it and support the public.

Mr. FRENZEL. Mr. Speaker, the gentleman from Illinois (Mr. ANNUNZIO), the subcommittee chairman, has graciously reserved his time, and I now propose to conclude the debate with a very short statement so that with the two votes we will be out of here, I hope, easily by 6:15 or before.

I do have a few comments on some of the statements that have been made. One of the speakers did not want to be compared with last year because it was an election year. We will be glad to compare it with the year before, if that is preferable to them.

An earlier speaker told about comparing with the Senate and said that it was too bad that we were now moving off of the Senate model. The gentleman said he followed the work in the Senate very closely. But I think he should have followed it a little more closely. I explained earlier in the debate that you cannot compare it with the Senate because their staff budget is in one lump sum. We have a statutory and an investigative staff, and sometimes the statutory even exceeds the investigative, so it becomes very hard to compare. But I think what was important about the model in the other body was that they set the standard which ultimately forced the majority leader to offer his amendment.

So I think we have to give them credit for ground-breaking even if we in the House, we Republicans in the House, believe that we ought to go farther.

I think the same speaker indicated that it was such a nice deal to handle all the committee budgets in one lump sum in the Senate appropriations, he did not notice that amendments were allowed to each of the committee budgets separately by unanimous consent, had anyone desired to do it, the agreement, of course, having been made before it was considered.

So I think it is a little dangerous to look for comparisons on the other side of the Capitol.

I think what we are losing sight of, however, is that this is an amendment to save money, and it is an amendment to committee staff, which large numbers of people including myself believe have gotten too big. I think the question is very simple and that our duty here is clear. If we are for economy, we are going to vote for the motion to recommit; if we are for business as usual and for sacrifice for somebody else, we will probably vote against the motion to recommit.

I urge that the motion be adopted, and I move the previous question on the motion to recommit.

The SPEAKER pro tempore. Does the gentleman yield back his time?

Mr. FRENZEL. I yield back my time.

Mr. ANNUNZIO. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

Mr. FRENZEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time in which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution, as amended.

The vote was taken by electronic device, and there were—yeas 184, nays 225, not voting 23, as follows:

[Roll No. 17]

YEAS—184

Archer	Gilman	Mottl
Ashbrook	Gingrich	Myers
Badham	Goldwater	Napier
Bafalis	Goodling	Nelligan
Bailey (MO)	Gradison	O'Brien
Beard	Green	Parris
Benedict	Gregg	Pashayan
Bennett	Grisham	Paul
Bereuter	Gunderson	Petri
Bethune	Hagedorn	Porter
Bliley	Hamilton	Pritchard
Broomfield	Hammerschmidt	Pursell
Brown (CO)	Hansen (ID)	Railsback
Broyhill	Hansen (UT)	Regula
Burgener	Hartnett	Rhodes
Butler	Heckler	Rinaldo
Campbell	Hendon	Ritter
Carman	Hiler	Roberts (KS)
Carney	Hillis	Roberts (SD)
Chappie	Hollenbeck	Robinson
Cheney	Hopkins	Roemer
Clausen	Horton	Rogers
Clinger	Hunter	Roth
Coats	Hyde	Roukema
Coleman	Jeffords	Rousselot
Collins (TX)	Jeffries	Rudd
Conable	Johnston	Sawyer
Conte	Kemp	Schneider
Corcoran	Kindness	Schulze
Coughlin	Kramer	Sensenbrenner
Courter	Lagomarsino	Shaw
Coyne, James	Latta	Shumway
Craig	Leach	Shuster
Crane, Daniel	LeBoutillier	Skeen
Crane, Philip	Lee	Smith (AL)
Daniel, R. W.	Lent	Smith (NE)
Dannemeyer	Lewis	Smith (NJ)
Daub	Livingston	Smith (OR)
Davis	Loeffler	Snowe
Deckard	Lott	Snyder
DeNardis	Lowery	Solomon
Derwinski	Lujan	Spence
Dickinson	Lungren	Stangeland
Dornan	Marlenee	Stanton
Dougherty	Martin (IL)	Staton
Dreier	Martin (NC)	Tauke
Duncan	Martin (NY)	Taylor
Dunn	McClory	Thomas
Edwards (AL)	McCloskey	Trible
Edwards (OK)	McCollum	Vander Jagt
Emerson	McDade	Walker
Emery	McDonald	Weber (MN)
Erdahl	McEwen	Weber (OH)
Erlenborn	McGrath	Whitehurst
Evans (DE)	McKinney	Whittaker
Evans (IA)	Michel	Williams (OH)
Fenwick	Miller (OH)	Winn
Fiedler	Mitchell (NY)	Wolf
Fields	Molinari	Wortley
Findley	Moore	Young (FL)
Forsythe	Moorhead	
Frenzel	Morrison	

NAYS—225

Addabbo	Boner	de la Garza
Akaka	Bonior	Dellums
Albosta	Bonker	Derrick
Alexander	Bouquard	Dicks
Anderson	Bowen	Dingell
Andrews	Breaux	Dixon
Annunzio	Brinkley	Donnelly
Anthony	Brodhead	Dorgan
Applegate	Brooks	Downey
Aspin	Brown (CA)	Dwyer
Atkinson	Burton, John	Dymally
Bailey (PA)	Burton, Phillip	Dyson
Barnard	Byron	Early
Barnes	Chappell	Eckart
Bedell	Chisholm	Edgar
Beilenson	Clay	Edwards (CA)
Benjamin	Coelho	English
Bevill	Collins (IL)	Ertel
Biaggi	Conyers	Evans (GA)
Bingham	Crockett	Evans (IN)
Blanchard	D'Amours	Fary
Boggs	Daniel, Dan	Fascell
Boland	Danielson	Fazio
Bolling	Daschle	Fithian
Flippo	Lehman	Rostenkowski
Florio	Leland	Roybal
Foglietta	Levitas	Russo
Foley	Long (MD)	Sabo
Ford (MI)	Lowry	Santini
Ford (TN)	Luken	Savage
Fountain	Lundine	Scheuer
Fowler	Markey	Schroeder
Frank	Matsui	Schumer
Frost	Mattox	Seiberling
Fuqua	Mavroules	Shamansky
Garcia	Mazzoli	Sharp
Gaydos	McCurdy	Shelby
Gejdenson	McHugh	Simon
Gephardt	Mica	Skelton
Ginn	Mikulski	Smith (IA)
Glickman	Miller (CA)	Solarz
Gonzalez	Mineta	St Germain
Gore	Minish	Stark
Gramm	Mitchell (MD)	Stenholm
Gray	Moakley	Stokes
Guarini	Moffett	Stratton
Hall (OH)	Mollohan	Studds
Hall, Ralph	Montgomery	Stump
Hall, Sam	Murphy	Swift
Hance	Murtha	Synar
Harkin	Natcher	Tauzin
Hatcher	Neal	Traxler
Hawkins	Nelson	Udall
Hefner	Nichols	Vento
Heftel	Nowak	Volkmer
Hertel	Oakar	Walgren
Hightower	Oberstar	Washington
Holland	Obey	Watkins
Howard	Ottinger	Waxman
Hubbard	Panetta	Weaver
Huckaby	Patman	Weiss
Hughes	Patterson	White
Hutto	Pease	Whitley
Ireland	Pepper	Whitten
Jenkins	Perkins	Williams (MT)
Jones (NC)	Peyser	Wilson
Jones (OK)	Pickle	Wirth
Jones (TN)	Price	Wolpe
Kastenmeier	Rahall	Wright
Kazen	Ratchford	Wyden
Kildee	Reuss	Yates
Kogovsek	Richmond	Yatron
LaFalce	Rodino	Young (MO)
Lantos	Roe	Zablocki
Leath	Rosenthal	Zeferetti

NOT VOTING—23

AuCoin	Hinson	Quillen
Brown (OH)	Holt	Rangel
Cotter	Jacobs	Rose
Coyne, William	Lederer	Shannon
Ferraro	Long (LA)	Wampler
Fish	Madigan	Wylie
Gibbons	Marks	Young (AK)
Guyer	Marriott	

□ 1800

The Clerk announced the following pairs:

On this vote:

Mr. Wylie for, with Mr. AuCoin against.

Mr. Marriott for, with Mr. Rangel against.

Until further notice:

Mr. Cotter with Mr. Brown of Ohio.

Mr. William J. Coyne with Mrs. Holt.

Mr. Jacobs with Mr. Marks.

Mr. Shannon with Mr. Young of Alaska.

Mr. Rose with Mr. Wampler.

Ms. Ferraro with Mr. Quillen.

Mr. Long of Louisiana with Mr. Fish.

Mr. LEACH of Iowa and Mr. SHUSTER changed their votes from "nay" to "yea."

Mr. LONG of Maryland changed his vote from "yea" to "nay."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the resolution, as amended.

The question was taken; and the Speaker pro tempore announced the ayes appeared to have it.

Mr. FRENZEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. The vote will be taken under the 5-minute provisions.

The vote was taken by electronic device, and there were—yeas 231, nays 171, not voting 30, as follows:

[Roll No. 18]

YEAS—231

Addabbo	Ford (MI)	Murtha
Akaka	Ford (TN)	Napier
Albosta	Forsythe	Natcher
Alexander	Fountain	Neal
Anderson	Fowler	Nelson
Andrews	Frank	Nichols
Annunzio	Frost	Nowak
Anthony	Fuqua	Oakar
Applegate	Garcia	Oberstar
Aspin	Gaydos	Obey
Atkinson	Gejdenson	Ottinger
Bailey (PA)	Gephardt	Panetta
Barnard	Ginn	Patman
Barnes	Glickman	Patterson
Bedell	Goldwater	Pease
Beilenson	Gonzalez	Perkins
Benjamin	Gore	Peyser
Bevill	Gramm	Pickle
Biaggi	Gray	Price
Bingham	Guarini	Rahall
Blanchard	Hall (OH)	Ratchford
Boggs	Hall, Sam	Reuss
Boland	Hamilton	Richmond
Bolling	Hammerschmidt	Rodino
Boner	Hance	Roemer
Bonior	Harkin	Rosenthal
Bonker	Hartnett	Rostenkowski
Bouquard	Hatcher	Roybal
Bowen	Hawkins	Russo
Breaux	Hefner	Sabo
Brinkley	Heftel	Santini
Brodhead	Hertel	Savage
Brooks	Hightower	Scheuer
Brown (CA)	Hillis	Schroeder
Burton, John	Holland	Schumer
Byron	Horton	Seiberling
Chappell	Howard	Shamansky
Chisholm	Hubbard	Sharp
Clausen	Huckaby	Shelby
Clay	Hutto	Simon
Coelho	Ireland	Skelton
Collins (IL)	Jacobs	Smith (IA)
Conyers	Jenkins	Snyder
Coyne, William	Jones (NC)	Solarz
Crockett	Jones (OK)	St Germain
D'Amours	Jones (TN)	Stangeland
Daniel, Dan	Kastenmeier	Stark
Danielson	Kazen	Stenholm
Daschle	Kildee	Stokes
de la Garza	Kogovsek	Stratton
Dellums	LaFalce	Studds
Derrick	Lantos	Stump
Dicks	Leath	Swift
Dingell	Lehman	Synar
Dixon	Leland	Tauzin
Donnelly	Levitas	Traxler
Dorgan	Lowry	Udall
Downey	Luken	Vento
Dwyer	Lundine	Volkmer
Dymally	Markey	Walgren
Dyson	Matsui	Watkins
Early	Mattox	Waxman
Eckart	Mavroules	Weaver
Edgar	Mazzoli	Weiss
Edwards (CA)	McCurdy	Whitley
English	McHugh	Whitten
Ertel	Mica	Williams (MT)
Evans (GA)	Mikulski	Wilson
Evans (IN)	Miller (CA)	Wirth
Fary	Mineta	Wolpe
Fascell	Minish	Wright
Fazio	Mitchell (MD)	Wyden
Fithian	Moakley	Yates
Flippo	Moffett	Yatron
Florio	Mollohan	Young (MO)
Foglietta	Montgomery	Zablocki
Foley	Murphy	Zeferetti

NAYS—171

Archer	Findley	Morrison
Ashbrook	Frenzel	Mottl
Badham	Gilman	Myers
Bafalis	Gingrich	Nelligan
Bailey (MO)	Goodling	O'Brien
Beard	Gradison	Parris
Benedict	Green	Pashayan
Bennett	Gregg	Paul
Bereuter	Grisham	Petri
Bethune	Gunderson	Porter
Bliley	Hagedorn	Pritchard
Broomfield	Hansen (ID)	Pursell
Brown (CO)	Hansen (UT)	Railsback
Broyhill	Heckler	Regula
Burgener	Hendon	Rhodes
Butler	Hiler	Rinaldo
Campbell	Hollenbeck	Ritter
Carman	Hopkins	Roberts (KS)
Carney	Hunter	Roberts (SD)
Cheney	Hyde	Robinson
Clinger	Jeffords	Rogers
Coats	Jeffries	Roth
Coleman	Johnston	Roukema
Collins (TX)	Kemp	Rousselot
Conable	Kindness	Rudd
Conte	Kramer	Sawyer
Corcoran	Lagomarsino	Schneider
Coughlin	Latta	Schulze
Courter	Leach	Sensenbrenner
Coyne, James	LeBoutillier	Shaw
Craig	Lee	Shumway
Crane, Daniel	Lent	Shuster
Crane, Philip	Lewis	Skeen
Daniel, R. W.	Livingston	Smith (AL)
Dannemeyer	Loeffler	Smith (NE)
Daub	Lott	Smith (NJ)
Davis	Lowery	Smith (OR)
Deckard	Lujan	Snowe
DeNardis	Lungren	Solomon
Derwinski	Marlenee	Spence
Dickinson	Martin (IL)	Stanton
Dornan	Martin (NC)	Staton
Dougherty	Martin (NY)	Tauke
Dreier	McClory	Taylor
Duncan	McCloskey	Thomas
Dunn	McCollum	Trible
Edwards (AL)	McDade	Vander Jagt
Edwards (OK)	McDonald	Walker
Emerson	McEwen	Weber (MN)
Emery	McGrath	Weber (OH)
Erdahl	McKinney	Whitehurst
Erlenborn	Michel	Whittaker
Evans (DE)	Miller (OH)	Williams (OH)
Evans (IA)	Mitchell (NY)	Winn
Fenwick	Molinari	Wolf
Fiedler	Moore	Wortley
Fields	Moorhead	Young (FL)

NOT VOTING—30

AuCoin	Hinson	Quillen
Brown (OH)	Holt	Rangel
Burton, Phillip	Hughes	Roe
Chappie	Lederer	Rose
Cotter	Long (LA)	Shannon
Ferraro	Long (MD)	Wampler
Fish	Madigan	Washington
Gibbons	Marks	White
Guyer	Marriott	Wylie
Hall, Ralph	Pepper	Young (AK)

The Clerk announced the following pairs:

On this vote:

Mr. AuCoin for, with Mr. Brown of Ohio against.

Mr. Pepper for, with Mr. Guyer against.

Mr. Rangel for, with Mrs. Holt against.

Until further notice:

Mr. Long of Louisiana with Mr. Quillen.

Mr. Roe with Mr. Wampler.

Mr. Phillip Burton with Mr. Wylie.

Mr. Long of Maryland with Mr. Young of Alaska.

Mr. Cotter with Mr. Fish.

Mr. Ralph M. Hall with Mr. Marks.

Mr. Hughes with Mr. Madigan.

Ms. Ferraro with Mr. Chappie.

Mr. White with Mr. Rose.

Mr. Shannon with Mr. Washington.

So the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 509. An act to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually; and

S.J. Res. 55. Joint resolution to grant honorary citizenship posthumously to Douglas Clyde Macintosh.

The message also announced that the President pro tempore, pursuant to Public Law 93-618, and upon the recommendation of the chairman of the Committee on Finance, appointed the following Members as official advisers to the U.S. delegation to international conferences, meetings, and negotiation sessions relating to trade agreements: Mr. DOLE, Mr. PACKWOOD, Mr. ROTH, Mr. LONG, and Mr. BENTSEN; as alternate official advisers, Mr. DANFORTH, Mr. CHAFEE, Mr. HEINZ, Mr. WALLOP, Mr. DURENBERGER, Mr. ARMSTRONG, Mr. SYMMS, Mr. GRASSLEY, Mr. HARRY F. BYRD, JR., Mr. MATSUNAGA, Mr. MOYNIHAN, Mr. BAUCUS, Mr. BOREN, Mr. BRADLEY, and Mr. MITCHELL.

The message also announced the Vice President, pursuant to Public Law 86-380, appointed Mr. SASSER to be a member of the Advisory Commission on Intergovernmental Relations.

GENERAL LEAVE

Mr. ANNUNZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Resolution 115, House Resolution 116, and on the motion to recommit.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

STUDENTS WILL SUFFER BECAUSE OF FINANCIAL AID CUTS

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous material.)

Mr. PEYSER. Mr. Speaker, today I am again entering into the RECORD letters from the presidents of the private universities of the Commonwealth of Puerto Rico, a letter from the California State University in Congressman MATSUI's district, a letter from Mount Sinai School of Medicine in the 19th District of New York, and a letter from the University of Arkansas in Congressman ANTHONY's district.

Mr. Speaker, in doing this every day we are highlighting the problem that college students are facing throughout this Nation if the proposed Reagan administration cuts go through. We know now that in the first year nearly half a million college students will be forced to leave college, leave higher education, because of cuts in financial aid.

Mr. Speaker, I know that the Democratic side of the House and hopefully the Republican side will stand to protect these students and keep higher education moving forward in this country.

MARCH 12, 1981.

Hon. RONALD REAGAN,
President of the United States,
The White House, Washington, D.C.

MR. PRESIDENT: We, presidents of private universities of the Commonwealth of Puerto Rico, want to call your attention to the adverse impact that proposed cuts of federal aid to higher education will have.

These broad and substantial cuts will cause sudden and severe dislocations at the private institutions we preside here in Puerto Rico. The fragile and dependent nature of our island economy adds to our deep concern.

During the 1960's and 1970's, federal aid to higher education favorably stimulated the growth of private institutions in Puerto Rico. Economically disadvantaged students—beneficiaries of these programs—could, for the first time, aspire to the college education that had previously been reserved for the affluent. Private institutions of higher education responded by expanding their campuses, facilities and resources, and new post-secondary schools developed rapidly. The post-secondary student population increased from 57,338 in 1969 to 131,074 in 1979—dramatic evidence of the effect of this financial aid.

Today, thanks to federal assistance, a college education is feasible for the mass of our young people. This, in turn, has greatly increased their expectations and aspirations.

Any sudden dismantling of these aid programs, or an across-the-board reduction in current levels, will disrupt the lives and hopes of these men and women. A few facts will show the extent of their dependency upon federal aid. In 1980, the annual disposable per capita income in Puerto Rico was $3,299 in current dollars. The unemployment rate was 17 percent for all ages and 47 percent for ages 15 to 19. General unemployment continues to grow. In January, 1981, it was 18.9 percent. In 1980, the cost of higher education for students attending private institutions was $3,100 per year. Given these facts, it is not surprising to learn that 90 out of every 100 students in post-secondary institutions in Puerto Rico are eligible for financial aid. At private institutions, 87 percent of the 63,100 undergraduate students enrolled are BEOG participants, and 96 percent of institutional income from tuition and fees can be traced to student financial aid.

Obviously, for private institutions in Puerto Rico, the proposed cuts will be disastrous. The institutions will have to dis-

mantle precipitously educational structures built up over the past two decades. The consequences will be traumatic. Moreover, once the damage is done, it will be difficult if not impossible to recover, and any recovery whatsoever will take a long time and incalculable effort.

Unlike the mainland of the United States, which enjoys a considerably higher standard of living and where other sources can be found to finance student needs, Puerto Rico faces a hopeless situation. In Puerto Rico, a reduction in the current level of financial assistance cannot be offset by tax credits to the parents of students attending college.

Puerto Rican students and the private institutions they attend will be deprived of the basis of which they have made their plans. They will suddenly find themselves in the most precarious of positions. The social cost defies imagination.

We trust you will realize that, although the aims which guide your general efforts are both laudable and necessary, adjustments to meet the specific conditions of different areas of the nation cannot be neglected. Because of their particular circumstances, special regard must be given to areas such as Puerto Rico when planning cuts.

Very truly yours,

P. Vicente A. M. van Rooij, O/P., Presidente, Universidad Central de Bayamón;
José F. Méndez, Presidente, Fundación Educativa Ana G. Méndez;
Ramón A. Cruz, Presidente, Universidad Interamericana de P.R.;
Pedro González Ramos, Presidente, Universidad del Sagrado Corazón;
Francisco J. Carreras, Presidente, Universidad Católica de Puerto Rico.

CALIFORNIA STATE UNIVERSITY,
SACRAMENTO,
Sacramento, Calif., March 17, 1981.

Hon. PETER A. PEYSER,
Committee on Education and Labor, Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN PEYSER: Your letter of March 4, 1981 was the first ray of hope we have seen for the maintenance of the Guaranteed Student Loan Program and Basic (Pell) Grants. We most definitely wish to be considered as part of that supportive group of administrators, educators and students who must do what they can to preserve these two programs.

For the moment, we find the dilemma twofold. One is the enforced delay of implementing the payment schedules required to allow the processing of the Pell Grants. The processing is already three months behind schedule. Students who need the grants to make a decision cannot get a response from our financial aid offices because the student cannot supply the Student Eligibility Report.

The second part is that the Guaranteed Student Loan Program will be only a shell of its former self. Avoiding cumbersome detail, it is becoming all too obvious that no lender will wish to participate in this program regardless of the need of the student if the Reagan administration is allowed to retain its proposals. The Pell Grant Program appears to be headed for the same fate. Needy students at low-cost institutions such as ours (which attract the most needy students in California) simply will not be eligible. From what we understand at this time, the higher-income groups attending high-cost institutions, while not receiving sizable grants, will never-the-less receive a grant. Independent students who make up a great portion of our graduate schools tend to lose almost totally. We have only NDSL, CWS and GSL for these students as a state-funded institution with no portfolio of investments.

Some of our students, like those in Social Work, are required to do field work as part of their graduation requirements. This prevents them from working on CWS. What the students have done is to take a combination of NDSL and GSL. Without a GSL our students will simply be forced to quit after devoting several years of their time and effort to get this far.

Thank you again for your interest. Please count on us to help in your efforts to bring some balance to this critical issue.

Sincerely,

W. LLOYD JOHNS,
President.

THE MOUNT SINAI MEDICAL CENTER,
New York, N.Y., March 16, 1981.

Re Education Committee.
Hon. PETER PEYSER,
201 Cannon Building, Washington, D.C.

DEAR CONGRESSMAN PEYSER: I am writing in support of continued financial assistance to college, graduate and professional students, including the continuation of federal loan interest subsidies.

With specific regard to medical students, and in view of the increasing costs of education and medical education plus the ever escalating cost of living, the loss of federal loans and/or federally supported loan programs could be sufficiently overwhelming to subvert all the recent progress made in assuring students equal access to medical education.

There is concern that low-income students will be dissuaded from considering the medical profession because of the burden of compounded interest surcharges which will add to their accumulation of educational loan indebtedness. There is concern that middle-income students, who will be denied access to Guaranteed Student Loans and whose families do not have sufficient savings to finance continued educational costs, will also be dissuaded from the medical profession because of the aggravated accumulation of indebtedness from loans at market rates of interest. There is concern that the medical profession may once again become a profession for the affluent only.

It has been calculated that a loan indebtedness of $40,000 at 7% interest (Guaranteed Student Loan, Health Profession Loan, etc.) will require monthly repayments of $465. The same indebtedness at a higher rate of interest (12%), and unsubsidized during in-school years, will require monthly repayments in excess of $1,000. The current first-year Hospital House Staff salary amounts to $1,200 per month, after taxes.

Although I believe that education is the foundation for the future of our nation and, therefore, deserving of fully subsidized educational loans to provide equal access to education, I recognize there is a need for compromise. In this vein I suggest that we might consider providing federal interest subsidies to all students during in-school years; with total subsidy for needy students and partial subsidy (reduced interest rates of 7% or 9%) for non-needy students.

The rationale offered is that all students require some assistance to avoid the disadvantages of interest surcharges and disproportionate loan indebtedness; financially needy students require additional incentives to encourage their entry into higher education and the professions; but that once students become salaried they can be considered essentially equivalent for loan repayment purposes.

In this manner, continuation of our nation's commitment to provide equal access to education and medical education can be made available, while reducing the governmental cost of providing such assistance.

Very truly yours,

JAY A. COHEN,
Associate Director of Admissions and Student Affairs.

UNIVERSITY OF ARKANSAS,
Monticello, Ark., March 2, 1981.

REPRESENTATIVE PETER A. PEYSER,
Cannon House Office Building, Washington, D.C.

DEAR REPRESENTATIVE PEYSER: Thank you for your letter dated February 24, 1981, regarding budget cuts in student assistance programs. I want to pledge to you the support of the administration, faculty, and students of the University of Arkansas at Monticello in your effort to protect these vitally important funds for the education of young people. I am including a copy of a letter that I sent last week to Senators Bumpers and Pryor, Democrats, Arkansas, and Representative Beryl Anthony, Democrat, Arkansas.

During the next few days the students and administrators of this institution will produce many letters in support of your effort. My letter to our delegation will give you some idea of the importance of these funds to the students who attend this institution.

We support you and urge you to continue your efforts in our behalf.

Sincerely,

FRED J. TAYLOR,
Chancellor.

FEBRUARY 20, 1981.

Senator DALE BUMPERS,
6313 Dirksen Building, Washington, D.C.

DEAR SENATOR BUMPERS: I am sure by this time many people are concerned about special interest groups being affected by the President's budget cuts. I should like to call your attention to one group that will be affected adversely, and this effect will be felt throughout America for years to come. This is the student group who will be affected by the reduction in student aid. I am particularly concerned that the Pell grants will have to be reduced if a supplemental appropriation is not made.

At the University of Arkansas at Monticello over 90% of our students are eligible for student financial aid. Seventy percent of our students come from homes with annual income of less than $15,000. Over 70% of our entering freshmen are first generation college students which is probably due to the availability of federal assistance. The students on this campus are almost totally dependent upon a combination of federal and state aid to attend school. If these grants are reduced at least 30% of the student body at UAM will probably be deprived of an educational opportunity.

I hope you will give serious consideration to helping establish student aid as one of the highest priorities in the federal budget. I know there will be competing concerns but none will be as great as the need to educate our young people.

If you need additional information, please feel free to contact me.

Sincerely,

FRED J. TAYLOR,
Chancellor.

ACTS OF INTERNATIONAL TERRORISM ARE INCREASING

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DAN DANIEL. Mr. Speaker, on March 14 the Foreign Minister of Turkey, His Excellency Bulend Ulusu, held a press conference. One of the topics of discussion was international terrorism with emphasis on diplomatic assassinations. He said in part:

Distinguished members of the press.

Before concluding my statement, I would like to dwell upon the assassination of Diplomats and other officials abroad which has become one of the most serious problems of our age.

Terrorist organizations, under various names, are killing or injuring innocent people without hesitation.

These incidents have become a common and chronic epidemic during the last few years. It is imperative for all countries to build a common front to face this problem. The most effective battle against such acts is to pursue, catch and punish the instigators and assassins involved in these inhuman acts.

If those taking part in such acts were made aware beyond doubt that they would, in any case, be caught and made to pay for their crimes, innocent people would have been saved from such aggression. It should be remembered that the security of life and property of the diplomats and other officials representing their nation in another country is guaranteed by the government of the host country. The Host Government, therefore, is responsible for their security and protection.

Governments of the Republic of Turkey have always been conscious of this duty and responsibility. From the first day of its foundation, in the Turkish Republic, perpetrators of any offense against foreign diplomats and Representatives were rapidly caught and duly brought to justice and have received the penalties they have deserved whether these incidents resulted in death or not. However, we regret to witness that certain states do not attach due care and sensitivity to this issue. Their negligence does not serve any other purpose than that of encouraging murders and causing new incidents each day with ever increasing victims.

Mr. Speaker, I share the concern expressed. Acts of international terrorism are multiplying at an alarming rate. From all corners of the world accounts are appearing in the press of acts of individual or collective terrorist endeavor.

Our own recent experience in Iran dramatized the extent to which such activities can be carried, but this was only an example of incidents which have been occurring weekly. Embassies are being violated in increasing numbers, airplanes are being seized, with passengers taken hostage, and assassinations have in many places become a substitute for diplomacy.

That we should be concerned about such events goes without saying; that we should do something about them raises a new challenge to our own foreign policy. The conscience of this Nation has been shaken by our own recent experience with terrorism against our national leaders and this fact alone dictates our reaction to such acts elsewhere in the world. We cannot ignore or condone that which strikes at the very heart of what we believe.

Democratic principles are the centerpiece of representative government and both, by definition, are meant to thrive in a peaceful atmosphere. We cannot support or sanction the subversion of the ideal by terrorist activities. To argue that political solutions may best be secured by allowing individuals or small groups to take matters into their own hands is to subvert the very essence of international relations.

Acts of terrorism should be speedily condemned by the world community and not encouraged by passive acceptance of the end result. Nor should benefits of recognition or exaltation be derived by those who practice unorthodox means of achieving their ends. Terrorism seeks to achieve by illegal or violent acts what should otherwise be achieved by diplomatic means. Terrorists stop short of nothing in pursuit of their goals. Legitimacy is not known to their code of ethics, for indeed they have none.

By gun, bomb or other means they seek to replace governments, remove opponents or create situations where ordinary means of political action are put at a disadvantage. Their methods are abhorrent to freedom-loving people and foreign to the standards by which most governments abide. To cooperate with or submit to their standards is to invite trouble wherever it is done. Success in one infamous endeavor only encourages repeat performances elsewhere.

For this reason, the world community should be more concerned than it apparently is over the continuing violence against Turkish diplomats. In more than a dozen incidents in the past 8 years Turkish representatives have fallen victim to violent acts. No single incident has aroused international indignations nor have collectively the other nations of the world responded with the kind of condemnation which might have been expected.

There has, however, been a good deal of press comment upon the situation. Some of these statements follow:

U.N. SECRETARY GENERAL CONDEMNS KILLING OF TWO TURKISH DIPLOMATS IN PARIS (MARCH 7, 1981)

The Secretary General has learned with dismay of the assassination of two Turkish diplomats in Paris.

The Secretary General strongly condemns these wanton acts of violence which is in flagrant violation of international law and conventions.

MURDER OF TURKISH DIPLOMATS IN PARIS (MARCH 5, 1981)

The Department of State strongly condemns the vicious assassinations March 4 of Mr. Resat Morali and Imam Tecelli Ari, Members of the Turkish Embassy in Paris. An anonymous caller told a French news agency that a group calling itself the "Secret Army for the Liberation of Armenia" was responsible for the murders. The Department of State has expressed its condolences to the Turkish Embassy in Washington.

The inviolability of diplomatic personnel is fundamental to the conduct of foreign relations and to the maintenance of international order. We condemn all acts of violence against diplomats and their families and we hope that the perpetrators will soon be brought to justice.

MURDER OF TURKISH OFFICIALS IN SYDNEY, DECEMBER 19, 1980

The United States Government condemns the brutal assassination of Mr. Sarik Ariyak, the Turkish Consul General in Sydney, Australia, and his bodyguard, Mr. Engin Sever, on Wednesday, December 17. The two men were murdered by gunfire as they were leaving the Ariyak home for the office. Reportedly, an anonymous caller claimed that the justice commandos of the Armenian genocide had carried out this brutal crime. There has been no confirmation of this claim.

The justice commandos are one of several small terrorist groups which have claimed responsibility for attack on official Turkish personnel and premises in recent years. The same group claimed responsibility for the October 12 bombings of Turkish facilities in New York and Los Angeles.

The inviolability of diplomatic and consular personnel, and their premises, is fundamental to the conduct of foreign relations, and to the maintenance of international order. We strongly condemn all acts by violence against such persons, and we hope that the guilty parties will soon be brought to justice.

The Government of Australia and the authorities of New South Wales are making every effort to capture the assassins of Mr. Ariyak and Mr. Sever, and to safeguard foreign diplomatic and consular officials in Australia.

STATEMENT BY ARCHBISHOP OHANNES COLAKYAN, THE SPIRITUAL LEADER OF THE ARMENIAN CATHOLIC COMMUNITY

The spiritual leader of the Armenian Catholic Community, Archbishop Ohannes Colakyan has called on his Armenian kinsmen in various countries not to get involved in shameful acts directed against Turkish diplomats and be deceived by any organization.

In his written statement, the spiritual leader of the Armenian Catholic Community Colakyan strongly condemned the murders of Turkish Consul General Sarik Ariyak and his bodyguard Engin Sever in Sydney.

Expressing the grief felt over the addition of another link to the chain of crimes committed against the Turkish representatives abroad, the spiritual leader of the Armenian Catholic community Colakyan said:

"The perpetrators of these abominable crimes should be exposed as soon as possible and brought before justice. The Turkish Armenian Catholic Community strongly condemns these senseless and cruel crimes which are incompatible with the tenets of our religion and humanity, directed against innocent people and which serve no purpose."

STATEMENT ISSUED BY AMBASSADOR MCHENRY, U.S. REPRESENTATIVE TO THE UNITED NATIONS (OCTOBER 12)

On behalf of the United States Government, I strongly condemn the savage and calculated terrorism directed against the Turkish Mission to the United Nations today. Violence in any form is reprehensible. We express our deep concern for those injured today.

I have been in touch with Turkish officials and all relevant agencies of the United States Government are working together with the New York Police to identify the perpetrators of this terrorism and to bring them to justice.

TEXT OF MESSAGE FROM SECRETARY MUSKIE TO FOREIGN MINISTER TURKMEN

(Delivered by Ambassador Spain to the Foreign Minister in Ankara morning of October 13)

DEAR MR. MINISTER: I am deeply saddened and concerned by the October 12 bombing attacks against your government offices in New York and London, and against the Turkish American Travel Agency in Los Angeles.

The United States Government unequivocally and vigorously condemns these outrages. Authorities in New York and Los Angeles began extensive investigations promptly after the attacks occurred, and they will take all possible measures to apprehend the persons responsible.

There can be no justification for terrorism in the service of any cause. Only continued strong measures, national and international, will enable mankind to overcome the menace of modern terrorism. I assure you that my government will continue to devote maximum efforts towards attaining that goal.

Sincerely,

EDMUND S. MUSKIE.

[From the Christian Science Monitor Mar. 1, 1981]

TURKEY'S VICTIMS OF TERRORISM

Turkey is understandably dismayed that its allies do little more than shrug their shoulders when Turkish diplomats abroad fall victim to terrorist gunmen, who identify themselves as Armenians.

This has happened no fewer than 16 times since a Turkish vice-consul in Los Angeles was assassinated there in 1973. The most recent killings were earlier this month in Paris, where two diplomats from the Turkish Embassy to France were gunned down.

Turks note that most of the Western world—and not only the Western world—kept alive its protest for the entire period that US diplomats were held hostage in Iran. Why (they ask) is there no similarly sustained protest when Turkish diplomats, entitled to the same immunities as the Americans in Tehran, are killed with barbarous regularity? Why do not the host governments (they ask further) react more vigorously to track down, apprehend, and punish the murderers?

For the Turks, it is all the harder to understand when the host governments are fellow members of NATO. Turkey, astride the straits which give the Soviet Navy access to the Mediterranean and the oceans beyond, is vital to the alliance. If the proposed increase in US military aid for Turkey is any indication. Turkey is also earmarked for an important role in US security plans for Southwest Asia—which includes the Gulf.

It follows that Soviet interests are served by anything that: (1) drives a wedge between Turkey and its North American and European allies; (2) helps stengthen the isolation of Turkey with which its historical past of Ottoman imperialism burdens it; or (3) contributes to the internal destabilization of the modern Turkish state. Interestingly Moscow has remained silent about the assassinations. There is no evidence that they were actually Soviet-organized, but the Soviets doubtlessly count the net effect as a plus for them.

There are others, too, who probably rub their hands. These include: the most fanatically right-wing Greeks and Greek Cypriots, whose anti-Turkish prejudice from the past is kept alive by the Turkish occupation of part of Cyprus; Kurdish nationalists, who harbor a long grievance for the discriminatory way (they claim) the Kurds (or "mountain Turks") are treated in eastern Turkey; and the most fanatical Palestinians who resent Turkey's diplomatic relations with Israel.

The shadowy gunmen—who boast over the telephone of belonging to the Secret Armenian Army for the Liberation of Armenia—are apparently pursuing a vendetta over half a century old. They want vengeance for the documented sufferings of Armenians at Ottoman Turkish hands, particularly during World War I. Armenians everywhere tend to keep that cruel memory alive. But Armenians as a worldwide community are not, to their credit, advocates of terrorism. Least of all against innocent diplomats of a generation not even born as long ago as World War I.

TAXING BUSINESS

(Mr. BONIOR of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BONIOR of Michigan. Mr. Speaker, the lead editorial in Tuesday's Washington Post raises some very legitimate questions about the impact of the President's proposal to hasten capital cost recovery—otherwise known as "10-5-3".

The editorial focuses on the issue of "tax neutrality," making the point that the writeoff formula would draw billions of investment dollars out of productive economic sectors and move them into less productive areas—like shopping centers—just because of the tax break. It underscores the irony that little, if anything, in depreciation plan goes to the country's most endangered industry—automakers.

I recommend the following editorial to all who want to get the most economic bang out of the tax-cut dollar:

TAXING BUSINESS

Perhaps you feel that the country needs more vigorous speculation in commercial real estate. Perhaps, in your opinion, the national economy is being strangled by a shortage of shopping centers. In that case, you will enthusiastically support the sweeping changes that the Reagan administration proposes for the taxation of business. Otherwise, you ought to think twice.

Perhaps you think that the automobile industry is already sufficiently favored by the tax code, despite its terrific financial losses, and already provides sufficient incentives to investors. The Reagan bill would actually lengthen the present depreciation schedules for the dies, patterns and other special tools that are roughly half of an automobile company's investment flow. Of all major industries, the automobile manufacturers would be offered the least by this bill. If you doubt the wisdom of that balance, you need to take another look at this bill.

This revision of business taxation is an attempt at simplification—radical simplification, impelled by the same radical spirit that touches every part of the Reagan tax policy. By simplifying and sharply speeding up the depreciation of most business assets, the bill attempts to compensate investors for inflation. But there could hardly be a better illustration of the familiar principle of tax law that fairness requires complexity, and the law can be made simpler only by making it less fair.

The drastic increase in tax benefits for commercial buildings is intended to induce a wave of construction of new factories. But the administration chose not to distinguish between factories and stores. Its bill would allow the depreciation of owner-occupied stores in 10 years and rented stores in 15. There are already uneasy murmurs of protest from small businesses that typically use rented space and see their larger and richer competitors paying less for their quarters because they are able to build their own and depreciate them faster.

These extraordinary increases in depreciation benefits may well encourage more investment. But they will certainly create a two-class system of business taxation, in which the heavily capitalized companies pay little tax while all the others pay much more. The administration seems to feel that all investment is equally good and equally to be spurred on. But it's not always the high-investment industries that promise the greatest progress in technology or productivity. In some of them—steel comes to mind—even substantial investment might bring only marginal improvement in a field that does not require expansion of production capacity.

The Reagan administration's proposed simplifications are not, in fact, so simple as they look. Congress is now about to begin rewriting the president's bill. As the debate begins, it will be useful to remember that these changes in the depreciation rules would affect different industries very differently. When the Reagan bill calls for five-year depreciation of machinery, that includes both the auto dies now depreciated in three years and the oil refineries now depreciated in 16 years. The eccentric distribution of these benefits would powerfully affect the terms on which companies and industries compete with each other. There is no evidence whatever, in its program or in its testimony, that the administration has thought much about these consequences. That's a good reason for Congress to think about them very carefully indeed.

VIETNAM VETS DESERVE BETTER TREATMENT

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MILLER of California. Mr. Speaker, in its never-ending quest to cut funds from the budget, the Reagan administration has now taken aim at a group of citizens most deserving of public support—our Vietnam veterans.

This past weekend, I heard OMB Director David Stockman say that he did not believe that any citizen had a right to any service, no matter how sick, or poor, or abused that citizen may be. If we abandon our constitutional mandate to "promote the general welfare," we might genuinely ask what the legitimate role of Government is.

But I do not believe that the American people accept that vision of our Government. And I especially do not believe that our people support slashing away at the benefits which were promised to the men and women who served their country in Vietnam.

I cannot believe the hypocrisy of this administration. They promise higher pay and benefits to current soldiers. They promise a new GI bill for future soldiers. But for those who have already served their Nation under the most dangerous and trying of circumstances, this administration wants to pull away the welcome home mat and forget the vet.

To save $70 million in the budget—just 1 percent of the Veterans' Administration budget—this administration is going to deny these veterans job training, educational services, vocational instruction, and medical attention, especially for those exposed to agent orange. Vietnam vets need more, not less, support from their Government. A recently completed study for the VA by the Center for Policy Research concluded that Vietnam veterans suffered from higher rates of alcoholism, drug abuse, and arrests than average citizens.

And what of the needs of the women veterans, so graphically described in the Washington Post this morning? We learn that these women have no obstetric and gynecological services at VA hospitals, and that the special effects of agent orange on their offspring and themselves have been overlooked. The VA says it would be "discriminatory" to create programs to aid these veterans, and I am sure that most Members of this Congress find that statement as incomprehensible as I do.

Betraying our promise to these veterans can only breed cynicism and contempt for Government, and with good reason. Reversing promises to veterans can only undermine the Volunteer Armed Forces, to which this administration is supposedly committed, because potential recruits are bound to doubt the promises made to them in light of the denial of benefits to Vietnam veterans.

Phillip Geyelin of the Washington Post, who has been deeply involved in studying the conditions of Vietnam era veterans, has written a powerful column of the administration's proposal for Vietnam vets, and I want to share that column with my colleagues in the House in hopes that we will resist efforts to abandon our commitment to our veterans.

The articles follow:

FORGOTTEN WOMEN: EFFECTS OF WAR ON FEMALE VIETNAM VETERANS ARE ONLY NOW EMERGING

(By Pete Earley)

Kathy Gunson could not talk about Vietnam, not for years. The former Army nurse from Eugene, Oreg., felt guilty, tainted, frightened, alone. Flashbacks and nightmares of the war haunted her. One morning, she grabbed a pencil.

"I desperately want my childhood back with its innocence and ignorance," she scribbled. "I want to go back to Vietnam and make it different. I want to come home to a marching band and a red carpet. I want to hear a 'Thank you.' I want to hear 'I'm sorry.' Most of all, I want to feel at peace with myself."

She finished writing, and cried.

It has been six years since Saigon fell, but the effects of the war on the 7,484 women stationed in Vietnam, 6,250 as nurses, are only now beginning to surface. Volumes have been written about the problems of the 2.8 million male Vietnam veterans, but no comprehensive study of female veterans has ever been done. Even the eight-year Veterans Administration-sponsored study of the war's multiple impacts on 1,340 veterans released Monday failed to include a single woman.

"Women were forgotten," says Shad Meshad, a former Army psychologist in Vietnam and pioneer in Vietnam veterans' storefront counseling centers. "We are only now beginning to see the war through their eyes."

Most researchers have assumed that since women and men lived through the same war, their reactions to it have been the same. But Meshad and female vets say the woman's role was unique in Vietnam and still is an unexplored issue today.

Although they weren't on the front lines, women saw the worst of the war: An endless procession of mangled bodies across the operating table.

They lived in the swirl of wartime romances that often ended abruptly and painfully. They returned home to not only a hostile nation, but to frequent questions about why a decent woman would want to be stationed half way around the world with so many men. And once home, women seem to have blamed themselves for problems that male Vietnam veterans blamed on the war.

"Women had to be warm fuzzies," explains Meshad, who has counseled more than 200 female Vietnam veterans. "They had to be a wounded soldier's mother, wife, and girlfriend. They saw these beautiful young bodies, 18- and 19-year-old kids, coming in every day with sucking chest wounds and ripped off flesh and they had to hold their hands and tell them everything was okay."

Their anger and frustration built. And unlike the soldiers they treated, nurses could not shoot back.

Nurses were officers," Meshad says. "They were not supposed to date enlisted men. But most male officers were older and married. I don't know how many times a doctor would come to me and tell me he couldn't bear to say goodbye to Jeanie, who was maybe 22 or 23 and deeply in love. They'd ask me to do it for them."

Because women "are brought up to nurture and protect others," says Meshad, "many of the nurses felt like failures because, no matter what they did, the GIs kept dying."

"Every Vietnam vet was told he was a fool, a real sucker, for going over there, but for women, it's been even worse," explains Lynda Van Devanter, a 33-year-old former Army nurse in Vietnam who last year headed a task force studying women veterans for the VA. "People figure you were either a hooker or a lesbian if you were a woman in the Army in Vietnam. Why else would a woman want to be with 500,000 men unless she was servicing them?"

Van Devanter's task force learned that few women take advantage of GI benefits, most VA hospitals do not have obstetric/gynecologic services and that no studies have been done to discover how the Agent Orange defoliant may have affected women soldiers. Van Devanter and her husband are delaying a family because they know the chemical has been linked with birth defects.

VA spokesman Julian Morrison insists that women veterans have not been ignored. VA hospitals may not have facilities for women, he says, but the VA will send women to private clinics and pay the tab.

"Only 2.3 percent of veterans are women," Morrison says. "They are entitled to the same benefits as the men, but it would be discriminatory to create programs just for them."

But Van Devanter, now head of the women's program of the Vietnam Veterans of America, says many women simply do not realize their problems might be war related, in part because the VA has failed to reach out to women.

"I'd cry for days, once for six months," she remembers. "I'd wake up crying and spend the entire day in tears.

"I kept losing jobs. I went on unemployment, food stamps and welfare. I couldn't sleep. I kept having the same nightmare over and over again so I'd stay awake drinking, afraid to go to bed."

Without knowing it, Van Devanter was suffering delayed shock syndrome—a delayed reaction to a stress common in male Vietnam vets. Van Devanter would feel guilty and have constant headaches. She'd explode at her husband and friends for no reason. She could not concentrate or remember what people had said. She wanted to be alone, yet she was lonely and afraid.

She went to a therapist, but never told him about Vietnam—or her recurring nightmare.

"We talked about marital problems and other pressures, but I kept telling myself that Vietnam was five, six, seven years ago," she says. "I was afraid my therapist would think I was crazy if I told him about Vietnam."

"I was ashamed of Vietnam," she says.

Van Devanter learned about delayed stress only after meeting Meshad by chance. He forced her to "walk through Vietnam

day by day." The story she told him was similar to the stories he had heard from dozens of other women Vietnam veterans suffering from memories of the war.

"It is 3 a.m. in Pleiku, South Vietnam," says Van Devanter as she recalls the nightmare she told Meshad. It's been 10 years, but her hands still tremble.

"I had been sleeping under my cot because I was afraid of the rocket attack outside. It is only a few days until my hump point, when I will pass the half-way point of my tour.

"They send me to the neuro emergency room. The longest trail of blood I have ever seen leads the way." Her voice is a monotone. "He is there. His entire face was blown away when a flare he was handling exploded. A perfect set of straight, even, white teeth is swinging from a jaw that dangles loose.

"The anesthetist yells at me and the wall goes up. I become a robot, doing my job."

For eight hours, the medical team labors over the young soldier, pumping 120 units of blood through needles in his leg, neck and both arms.

"I always believed that you could stop bleeding. The lesson I learned that night was that we have developed the ability to destroy something beyond repair."

While changing a blood bag, Van Devanter kicked the soldier's clothes which were on the floor. A photograph fell out.

"It's a picture of him and a girl. He is gazing sweetly at her. Straight, blond and tall, he looks proud in his tuxedo. She, too, is tall with shining dark hair and a pastel gown. Suddenly, he is real again and the wall falls down. I gaze at the mass of blood vessels and burned skin in front of me and I feel sick."

Again, someone yells at her, and she becomes a robot. Finally, the team gives up.

"We wrap his face with layers of pressure dressings and send him to post-op intensive-care to die," she says. Her eyes fill with tears. "I keep telling myself that a miracle could happen. He could stop bleeding. He'd be all right. Picking up the bloody linens and putting them into the hamper, I see the photograph again and stare at it.

"This boy was real. He was a person who could love and think and plan and dream and now he is nothing, there is nothing left.

"I must see him again. I take his hand. Already the blood is coming through the bandages. I ask him if he is in pain. He squeezes my hand. I ask him if he wants pain medicine. He squeezes again. I call a nurse and tell her to give him some. I know it will cause him to go faster. That's what I want to do, for him to go easy.

"I stand with him, 20-30 minutes. I want to say something, to tell him it is okay that he will be fine and that I care.

"He stops breathing. He's dead. I am crying. I want my mother and father. I want to go home and forget everything that is around me, the death, the destruction that I am a part of, but they are calling me, saying more wounded are coming and I must put the wall up again. Always the wall."

A "NOBLE CAUSE" LOST?

Much has been made, and quite rightly, of the Reagan administration's decision to shut down some 91 "storefront" counseling centers for Vietnam veterans across the country. But that is only the first wave of the assault on Vietnam War veterans by David Stockman's Office of Managment and Budget.

As if by the most careful calculation, OMB has gone through the federal budget and neatly excised programs of the Labor and Education departments, as well as the Veterans' Administration, specifically designed to help those who served in the military in the Vietnam years. Marked for extinction are efforts to hire the disabled; to find jobs for the unemployed; to promote education and vocational training; to deal with psychological readjustment; to ease the anxiety and provide medical attention for those fearful of exposure to the toxic effects of the dreaded herbicide Agent Orange.

Says one Vietnam veteran advocate in the Labor Department: "It's a wipeout of the only benefits that we were able to get in all of the last 10 years." Total savings: $70 million—less than one percent of total VA outlays.

Now where, you might ask, does this special pleading fit into a column regularly devoted to foreign policy and matters having to do with national security? I would turn to President Reagan's own spoken record to make the connection.

"Because our national security is so dependent upon the people in our armed forces, we must do all in our power to assure that they are of the highest caliber," Reagan told the American Legion last year, in mid-campaign. "The key to building and retaining effective military forces is to encourage people to pursue a career in the services of their choice."

One way to "attract and retain superior people," he went on, is "to restore the GI Bill, one of the most effective, equitable and socially important programs ever devised."

True to his word, the president is supporting a new peacetime GI Bill to provide education and other benefits for the military veterans of the future. But in the very same budget he would strip away a provision that would have extended for another two years the expiration date of GI Bill education benefits for those who served in the time of the Vietnam War.

That is precisely the part of the connection between national security and public policy on the treatment accorded Vietnam veterans that the president and his budget-cutters can't seem to make. In their efforts to make military service more attractive, respectable, honorable—to lay to rest that part of the so-called Vietnam syndrome—the government would dangle the carrot of aid to education and other compensation for time lost and service rendered. The hope would be to avoid having to use the stick of conscription.

But just how enticing is that carrot likely to look to potential volunteers when, at the same time, comparable benefits for the most recent generation of veterans are among the first items singled out for budget cuts in a government economy drive?

You think the present generation of potential veterans won't notice? Perhaps. But it won't be for lack of effort by the Vietnam veterans, already thoroughly aroused by Stockman's handiwork. Their numbers, you could say, are relatively small: Some 9 million men and women were in uniform in the Vietnam years, of which about 2.6 million actually served in the combat zone. And it is often said that the Vietnam experience for most veterans was, in fact, not all that much more stressful than in other wars.

But more than enough respected psychologists and psychiatrists have come up with persuasive evidence that just as the war was distinctively destructive, so was its emotional impact on many of those who were caught up in it and its aftereffects.

Last year, in his famous defense of the Vietnam effort as a "noble cause," Reagan was at pains to note that "we have been shabby in our treatment of those who returned." Last month, hailing their valor, he talked of Vietnam veterans, not as having been "defeated" but as having been "denied permission to win."

Does it not occur to him that this experience alone must have taken some considerable emotional and psychiatric toll?

Psychologist John Wilson, director of a definitive study, "The Forgotten Warrior," argues that "appallingly few psychiatric people know anything about Vietnam veterans—they are misdiagnosed, mistreated." He estimates there are a half-million or so alienated Vietnam veterans beyond the reach of conventional VA medical help.

Hence the 91 VA "outreach centers" in modest, unforbidding storefronts, manned largely by fellow Vietnam veterans. Those are the community-based operations David Stockman would disband, on the ground that the established facilities of the federal government can do the job.

That is not only "shabby." It is also an invitation for a "single issue" political outcry that, however indirectly, cannot help having serious repercussions for the military services—and, by extension, for national security.

LEGISLATION INTRODUCED TO KEEP AMERICAN CREDIT SYSTEM FROM DESTROYING AMERICAN AUTOMOBILE INDUSTRY

(Mr. ERTEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ERTEL. Mr. Speaker, the legislation I am introducing today will keep the American credit system from destroying the American automobile industry.

In 1979, fully 90 percent of the imports sold on credit in the United States were financed for a period of 3 years or more. Obviously, the American consumer places great weight in our credit system when buying an automobile, but I must ask: "Why should we finance Japanese imports to this country through our credit industry?"

Specifically, my bill will limit the financing for the purchase of a Japanese automobile to 25 months and require as a minimum a 15-percent down payment.

Why this approach?

First, unlike quotas, it does not deny American consumers their right to purchase a Japanese automobile if it is the product of their choice. Also, unlike quotas, it will not drive up the cost of automobiles in this country by artificially restricting supply.

My legislation also is more than fair to the Japanese. Japan imposes the same 25 month, 15 percent down payment requirements on Japanese consumers. But in Japan, because of the market and government, a $6,000

American-made automobile would sell for over $12,000.

I certainly would urge the administration, the Senate, and this House to fully consider this legislation.

Mr. Speaker, I believe the legislation I am introducing will contribute in a beneficial way to a resolution of the Japanese automobile import question.

All of us certainly are aware of the problem. Sales of imported passenger cars from Japan more than doubled from 817,000 units in 1975 to 1,908,000 units in 1980. Japanese automobiles now account for more than 21 percent of all new car sales in the United States.

This Japanese penetration occurs at a time when the domestic automobile industry is extremely vulnerable, requiring breathing room for the retooling necessary for the production of smaller, more fuel efficient automobiles. Last year, domestic automobile sales dropped 16 percent; Japanese automobile sales in the United States increased 7.8 percent.

A number of proposals have been recommended for easing the plight of the domestic automobile industry. They include consumer subsidies and income tax credits for the purchase of U.S. automobiles, postponing mandated safety and emission standards, and a reduction of the 15-percent tariff on imported automobile parts.

However, the issue comes down to a question of quotas.

This Nation has a free-trader tradition and most Americans would prefer to see no quotas, formal or informal, voluntary or involuntary. But, with 1 of every 12 U.S. manufacturing jobs in the United States directly tied to the domestic automobile industry, and with several Western European nations—Italy, France, Great Britain—having already negotiated quotas on Japanese automobile imports (Belgium, Luxembourg, and the Netherlands are negotiating quotas and Germany is expected to follow suit), it is imperative that this Nation take some action to slow the rate of Japanese penetration of the domestic market.

There are, however, some very good reasons why quotas are inappropriate. First, and rooted in our free-trade tradition, quotas, voluntary or involuntary, artificially deny the American consumer the right to purchase the product of his choice by limiting available supply. Quotas, again by restricting supply, intensify demand and inflate prices. The organization, Consumers for World Trade, estimates that quotas would increase both Japanese and American automobile prices from between $527 and $838 per car, because of reduced competition.

The legislation I am introducing today will, I believe, slow the rate of Japanese penetration of the U.S. automobile market and give the domestic automobile industry its breathing room, without imposing quotas.

Specifically, my bill will limit the financing for the purchase of a Japanese automobile to 25 months and require as a minimum a 15-percent down payment.

Why this approach? First, while these conditions may make it more difficult for some American consumers to purchase a Japanese automobile, it certainly does not deny them their right to do so. Certainly, if a Japanese automobile is the consumer's preferred choice, he or she may have to save a little more before making the purchase. But, every American who wants to purchase a Japanese automobile will not have to worry about quotas restricting a car's availability when the time comes, nor an artificially inflated price because of the restricted supply.

Second, I believe my approach is more than fair to the Japanese. Japanese consumers are limited to the same 25 months and 15 percent down payment when they purchase cars in Japan. These conditions extend to both the purchase of Japanese and foreign imports, including American cars, in Japan. But, Japan imposes on American automobiles additional costs which make American cars much more expensive to the Japanese consumer than Japanese cars. Let me give you an example. According to a General Accounting Office study, a compact-size American automobile retailing in the United States for $6,635 would sell in Japan for $12,065. Let me stress that this $6,000 add-on is above and beyond what the U.S. Government and market impose on Japanese cars coming into the United States. A Japanese automobile retailing for $6,635 in Japan could be expected to sell in the United States for about the same $6,635.

In Japan, the consumer has to decide whether he wants to put $900 down and finance the remaining $5,700 over 25 months for the purchase of a Japanese car, or whether he wants to put $1,800 down and finance the remaining $10,200 over 25 months for the purchase of an American automobile. The choice for the Japanese consumer, I think, is obvious.

The legislation I am offering does not impose the additional costs on Japanese automobiles that Japan imposes on American automobiles. This legislation only limits the credit terms for the purchase of Japanese automobiles, which, let me stress again, sell in the United States for about the same price as they do in Japan. Therefore, Japanese automobiles still will be more readily available to American consumers than American automobiles are to Japanese consumers.

The point here, however is that the approach I am suggesting in this legislation is more than fair to Japan. This approach also is more reasonable than quota restrictions from the American consumer's perspective. I certainly would urge the administration, the Senate, and this House to fully consider this legislation.

INFLATION: CRISIS OF THE AMERICAN DREAM

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous material.)

Mr. PARRIS. Mr. Speaker, last December Mr. Finn M. W. Caspersen, chairman, Beneficial Operation, serving as cochairman at the seminar on inflation, delivered some remarks on the question of inflation. I commend the attention of the House to the remarks he made at that time. I have paraphrased his remarks and insert them in the RECORD on the subject of "Inflation: Crisis of the American Dream."

Mr. Speaker, the remarks follow:

The topic of inflation has been marked by innumerable technical dissertations, many of which have been correct in their proposed solutions. But none have worked. All have failed beause they have not galvanized the nation to action. Technical expertise is not the answer—action is. Accordingly, my comments will be extremely broad with the caveat that implementation will be complex, detailed, difficult, and indeed, often painful.

Inflation is simply the rapid upward spiral of the price of goods and services which increases the price of labor-wages, the price of goods, and the price of capital for investment-interest.

These cost increases have severely disrupted our economy. They have created an economic lethargy as opposed to an emphasis on dynamic, productive enterprise. Inventory profits often exceed those of the operating enterprise. Individuals and institutions are paralyzed—more influenced by inflationary expectations than by actions that would enhance society's collective wealth and employment.

Most importantly, inflation levies a disproportionate burden on the moderate and lower income sectors of America. I am acutely aware of the problems and deprivation being endured. Simply stated, it is the middle class and disadvantaged who suffer most from inflation. Inflation is not a significant problem to the wealthy. Inflation is by far the most regressive tax, afflicting those who can least afford it.

The causes of inflation are much debated with each group trying to blame the other. Accordingly, it is easier to start off by stating what is not the cause.

Inflation is not caused by a profligate American society. Today's average American is no more profligate or licentious than our predecessors. The American consumer is merely reacting to the new inflationary rules of the game which have clearly set a negative real return for consumer savings as compared with a positive real return for borrowing to the hilt.

Secondly, I strongly believe that inflation is not caused by the wage demands of the American worker. While productivity has decreased on an annual basis for 1980, and

conversely wages have increased approximately 10 percent, this is a result of inflation, not the cause. In fact, the real disposable income of the average American, after inflation, is now actually declining.

The American worker is as productive, efficient, and innovative as any in the world. However, to compete internationally and increase productivity, American workers must be given the tools to properly exercise their skills and talents and these tools must be purchased by capital made available to business at a reasonable cost. Productivity in the U.S. is not just a function of the industriousness of our work force—it is equally a function of their tools.

What then are the causes of inflation? Obviously, they are multitudinous with no single item having sole responsibility.

The recent dramatic escalation of energy cost is often pointed to as a prime scapegoat. I disagree. As significant as the OPEC price increases have been, by far the most important cause of inflation is government policies that directly and indirectly cause misallocation of resources. Specifically, I refer to government tax policy, government social policy, government monetary policy, government fiscal policy and government regulatory policy. In contrasting the relative impact of OPEC increases with Government tax policy, one must note that the federal tax burden on American families during the last five years rose eight times as much as their fuel bill. The correlation between government fiscal policy and inflation is clear from the deficits of recent years. During the 1966–79 period, a time of unparalleled inflation, the average annual federal deficit was nine times as much as the 1947–66 period, a time of low inflation.

The solutions to inflation are even more debated than the causes. I do not believe the solution to our present inflationary crisis lies primarily in restraining demand—i.e., the so-called root canal theory, the more it hurts, the better it is for you.

Similarly, the solution does not lie solely with restrictive monetary policy or the variant now being practiced. The Federal Reserve cannot soak federal deficits of the present magnitude solely thru manipulation of monetary and credit policies. High interest rate themselves exacerbate the federal fiscal deficit and deprive the productive sector of the economy of needed capital. With close to a trillion dollars of federal debt, even a one percent interest increase over a period of time will increase federal debt service and deficits by 10 billion dollars annually and thus further crowd the private sector from capital markets.

We have seen the impact of the Treasury Department stepping up to the nations credit window and withdrawing the majority of the available funds.

While monetary policy is not the sole solution, we do need a consistent apolitical monetary policy to provide the necessary environment for a solution to inflation. Such a monetary policy should aim to achieve moderate growth over the long-term—a growth that is consistent with the real growth of the economy.

If the country is to truly control inflation, we must alter past policies which have resulted in misallocation of resources, government, human and capital.

First. There must be steady movement towards a balanced budget. We must restore sanity to government fiscal policy—during fiscal 1980 alone, we had a deficit of almost $60 billion with another $20 billion in off-budget items. Present deficits are pricing and forcing the productive sectors out of the market. Federal deficits decrease productivity.

Second. Government social programs must be reviewed and revised, including the many sacred cows. I am not, I repeat not, using this as a shorthand way of advocating the elimination or minimization of benefits for those who require them. Those with lower and moderate incomes are already bearing the brunt of inflation. It would be socially unthinkable and politically impossible to ask them at the same time to bear the brunt of anti-inflationary policies.

However, the thrust of most of today's governmental social programs is pallative rather than solution oriented. Instead, programs should be solely aimed at solving structural problems and restoring the disadvantaged to productive roles. Social programs should not be aimed at making a miserable existence slightly more bearable. Such revisions in our social programs will be extremely difficult and not the least difficulty will be that successful program administrators will be successfully eliminating their own jobs.

Revisions must be made, not only from the standpoint of social conscience, but also because we cannot afford the structure of an unproductive human sector which present programs have produced.

Third. Government regulatory policies, both federal and state, must be subject to a most careful cost-benefit analysis and then subject to regular periodic reviews to see if the original estimates were, in fact, correct.

These analyses should clearly state how many jobs a given regulation or action will cost and what will be the negative multiplier effect on the economy as a whole. What is the true cost to society of Justice Department actions, what is the cost of an FTC judge advancing a novel theory in the real world.

Artificial governmental regulatory barriers to the allocation of resources, human and capital, must be discarded.

Fourth. Present federal tax policies must be dramatically revised.

Several specific areas of tax policy require the greatest attention.

Individual Income Taxes: Inflation caused bracket creep is increasing the real tax burden on those with low or moderate incomes. At the same time these groups, because of inflation, have a diminished ability to pay these taxes. Obviously, changes are needed.

Business Taxes: The entire federal tax policy with respect to business must be carefully reviewed. This is where both jobs and productivity originate.

Capital Gains: The present capital gains tax has resulted in the systemic withdrawal of productive capital from the private sector because of inflation induced appreciation. This must be changed.

Incentive to Save: Most importantly, there must be a dramatically increased incentive to save. We must drive down the cost of capital accumulation if we are to significantly increase productivity and jobs. Such a program should start with the ultimate saver—the average American, the man or woman on Main Street. But, before we can induce such savings, an attractive real return must be assured to the small saver, not the present inflationary induced negative return.

We must encourage savings and investment and move urgently needed resources into the capital markets. Because of the increase in the supply of capital, interest rates would soon plummet and all segments, individuals as well as business, would benefit, including the hard hit housing and automotive sectors.

Doubtless, the task of implementing necessary changes will be most difficult. They cannot be accomplished overnight—it will be a decade-long effort.

But changes must be made. The present situation is intolerable, penalizing those who can least affort it. Change we must, or the economic and political system as we know it, will not survive.

THE CONGRESS MUST AUDIT ITSELF

(Mr. McCLORY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCLORY. Mr. Speaker, I am today introducing a bill to establish a Joint Committee on the Legislative Branch, the primary purpose of which is to provide a mechanism for a regular and thorough audit of all expenditures of the legislative branch of the Federal Government.

In an article on waste and fraud in Government in this week's issue of U.S. News & World Report, the magazine notes that the General Accounting Office, the agency of the Congress created to serve as a watchdog on spending by executive branch agencies, itself escapes regular review; as the magazine puts it, nobody is watching the watchdog.

My bill is designed to correct not only lack of oversight of the GAO but of all the other legislative branch agencies such as the Library of Congress, the Office of Technology Assessment, and so on. The joint committee created by my bill would be an evenly bipartisan committee, composed of an equal number of majority and minority members from both bodies of the Congress. The committee would have only a small staff and would meet only as frequently as needed to accomplish its oversight purpose, and since it would assume the duties of both the Joint Committee on the Library and the Joint Committee on Printing, I feel the new committee would not be a significant additional burden either in dollar cost or in the cost of time required to be devoted to it by its members. In the long run, I hope the new committee would add up to a saving in legislative branch expenditures by uncovering waste, inefficiency, or obsolescence in our own branch of the Government.

In fiscal 1980, appropriations for the legislative branch were as follows:

Senate	$206,884,000
House	312,903,900
Joint items	60,152,500
Architect of the Capitol	62,756,000
Botanic Garden	1,464,000
Congressional Budget Office	12,117,000
Office of Technology Assessment	11,000,000
Library of Congress	177,491,000
Government Printing Office	111,146,000
General Accounting Office	200,300,000

Cost Accounting Standards Board	1,300,000
Copyright Royalty Commission	471,000
Total regular and supplemental appropriations	1,168,382,063

Admittedly, our billion-dollar-plus Congress seems only a drop in the bucket when compared to the hundreds of billions appropriated for programs and administrative costs of the executive branch of the Federal Government. The principle matters more than the figures, however. How can we in Congress continuously point an accusing finger at the executive branch when we give no regular accounting to the American people for the way in which money is spent to operate the Congress and its agencies?

Some activities of the Congress, of course, are closely monitored and minutely accounted for, as in office accounts of individual Members of the House of Representatives. Other activities, however, as in the case of so-called investigative staff of House committees, undergo scrutiny in name only.

Mr. Speaker, I am well aware of the traditional comity between the Houses of Congress that permits each body to administer its own internal affairs. However, we now have a number of legislative branch agencies accountable neither to the Senate nor to the House, and therefore not accountable to the American public, that should be subject to some regular oversight procedure by the Congress as a whole. Creation of a Joint Committee on the Legislative Branch would bring all of the pieces of the puzzle together and give a total picture of the operations of the U.S. Congress.

As we discuss funding resolutions for the committees, this seems to me an appropriate day upon which to take note of the absence in the U.S. Congress of a regular procedure for auditing and reporting on the expenditure of the taxpayers' money to run the legislative branch of the Government.

Mr. Speaker, the American voters sent us a message last November that they were fed up with business as usual in Washington. We in the Congress can take a great step toward restoring the people's confidence in their Government by instituting a procedure for systematic review and accounting of activities and expenditures of the legislative branch of the Federal Establishment.

INTRODUCTION OF BILL TO LIMIT CIRCUMSTANCES UNDER WHICH FOREIGN GOVERNMENTS MAY SUE FOR VIOLATIONS OF ANTITRUST LAWS

(Mr. BUTLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BUTLER. Mr. Speaker, today I am introducing a bill in the House to remedy what I believe to be a fundamental unfairness in our antitrust laws as they are made applicable to foreign governments suing in our courts.

Some Members may be familiar with the decision of the Supreme Court in *Pfizer* v. *India* (434 U.S. 306 (1978)), which by clarifying an issue never before decided by the Court has precipitated this legislation. The Pfizer decision held that a foreign nation otherwise entitled to sue in the courts of the United States is a "person" within the meaning of section 4 of the Clayton Act and is therefore entitled to sue under the antitrust laws to the same extent as any other plaintiff. In other words, not only private persons and corporations but even foreign governments have the right to come into our courts and seek recovery of treble damages for injuries to their business or property arising from antitrust violations. In the case of foreign governments, there is no requirement that U.S. corporations be afforded equivalent opportunities for recovery for similar antitrust injuries which they may sustain within the national boundaries of such foreign government at the hands of business entities there. The probability is very great indeed, as a matter of fact, that the foreign nation has no antitrust law, or that it is not enforced. This is true in virtually all parts of the world outside of Western Europe. So we have a one-way street, with American corporations being liable for antitrust violations but often having no effective recourse if they are themselves the victims. Not only that, but when our own Government comes into court in this country with an antitrust claim it can only recover single or actual damages under the law.

After giving this situation some thought, and after reviewing a proposal made in the House and Senate several years ago to bar foreign governments absolutely from any antitrust recoveries in our courts, I decided to take a middle course based on the ideas of equality and reciprocity.

The bill I am intoducing makes foreign governments and their instrumentalities—such as government agencies and corporations over which the governments exercise control—equal to our own Government in being limited to actual damages, plus cost of the suit including reasonable attorneys fees. It also provides that foreign governments may not maintain an action in our courts unless the allegedly unlawful conduct on which their claim is based was illegal under their own laws at the time of the violation, which were enforced, and unless such law permits recovery of actual damages by the U.S. Government if it is injured by similar conduct. To give an example, before an American corporation can be sued in this country by a foreign government for price fixing, it must be established that price fixing was illegal and prosecuted as such in the plaintiff foreign nation, and also that our Government would be able to recover damages there for injuries arising from a similar conspiracy.

Reducing recoveries by foreign governments from treble to no more than single damages will preserve both the compensatory and deterrent effects of our antitrust laws. And the reciprocity requirement may arguably inspire some foreign nations, anticipating the day when they might wish to qualify as plaintiffs in our courts, to enact their own antitrust laws.

I do not begrudge fairly proven antitrust recoveries against American corporations by foreign governments when there is reciprocity; I do begrudge them when foreign government plaintiffs receive treble damages when our own Government is confined to single damages, and when reciprocity does not exist.

I do wish Members to be aware, however, that section 2 of my bill makes it expressly applicable to pending actions. While this would normally be the case with legislation enacted by the Congress, the provisions of title 1, United States Code, section 109, raises the question whether that would be the case in this instance without such express language. Title 1, United States Code, section 109, provides in relevant part that the repeal of any statute shall not have the effect of releasing or extinguishing any penalty, liability, or forfeiture incurred unless the repealing act shall so expressly provide. This bill may not technically be a repeal but it clearly reduces liability for injuries to the business or property of foreign governments or their instrumentalities from treble to actual or single damages, or to no damages at all if the foreign government fails to meet the reciprocity test, and so it seems advisable to cover this point in the legislation rather than have the lawyers argue about the application of title 1, United States Code, section 109, in court.

So far as I am aware, there is only one pending action to which this legislation would expressly apply by reason of the language of section 2. This is the treble damage antitrust action brought under section 4 of the Clayton Act by the Governments of India, the Philippines, West Germany, Colombia, Iran, and North Vietnam against Pfizer and five other U.S. pharmaceutical manufacturers for conspiring to restrain trade and attempting to monopolize the patent for broad spectrum antibiotics. The litigation arises over exports from the United States and third countries and is scheduled to proceed to trial this

summer in Federal district court in Philadelphia.

LEGISLATION TO STIMULATE SAVINGS AND INVESTMENT

The SPEAKER pro tempore (Mr. MURTHA). Under a previous order of the House, the gentleman from Iowa (Mr. TAUKE) is recognized for 5 minutes.

● Mr. TAUKE. Mr. Speaker, in order to stimulate savings and investment, I have reintroduced legislation to increase the current amount of interest and dividends that each individual may exclude from gross income for tax purposes. Originally introduced in the 96th Congress in a different form, my bill would phase in over a 3-year period a $300 increase in the amount of the existing exclusion, established by the crude oil windfall profit tax legislation in 1980, thus raising the level to $500 for an individual return and $1,000 for a joint return.

Moreover, my bill will make the exclusion a permanent part of the Internal Revenue Service Code.

The reasons for the legislation are evident. We have all seen the disturbing figures that highlight the low level of savings in the United States. We save at a rate of less than 5 percent of our income, while the British, West Germans, and Japanese save at rates of 13, 15, and 20 percent, respectively. In addition, we have all been exposed to the need to revitalize our economy through capital formation. And finally, we are all aware of the undue hardship that inflation and tax disincentives have caused the average American saver.

To militate against these disturbing conditions, my legislation is designed to accomplish three major objectives:

First. To once again make savings a profitable venture. The $200/$400 exclusion is a step in the right direction, but the ceiling is not high enough. The $500/$1,000 levels in my bill are reasonable and affordable.

Second. To provide some sort of equity to the tax laws, as they relate to the small saver. Those who do save in small amounts will have access to tax-free investments currently available to those who save in large amounts.

Third. To reduce the fiscal impact on the Treasury. While I would ideally like to see the total exclusion implemented now, I believe a 3-year phase-in is a more realistic approach, particularly in light of all of the other tax legislation that is currently pending. Increased saving, however, will stimulate investment and economic growth, thereby providing a natural rise in Government tax revenues. By the end of 3 years, we will, hopefully, make up a substantial portion of the revenues lost through the tax exemption.

The bill also has some other positive side effects. By dealing with both interest on savings and dividends from stock investments, the legislation will encourage investments in stocks as well as in interest-bearing accounts, thereby preventing a shift of funds from one to the other. And, in addition, the bill will provide a desperately needed benefit to the housing industry, as well as to other sectors of the business community.●

THE POSTAL MANAGEMENT REFORM ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 5 minutes.

● Mr. CORCORAN. Mr. Speaker, I am introducing legislation today that would restructure the top management organization of the U.S. Postal Service. Under current law, the Postal Service is run on a day-to-day basis by the Postmaster General, who is an appointee of the Board of Governors. With the exception of the Postmaster General and the Deputy Postmaster General, the Board of Governors is an obscure group. It is composed of 11 people who meet sporadically throughout the year to pass on the Postmaster General's recommendations. The members of this Board have no particular expertise in postal matters, no staff, and they rely on the expertise of the Postmaster General and on the information provided them by the Postal Service. Their decisions, then, amount to rubber stamps—but costly rubber stamps, as these individuals are paid the generous sum of $10,000 per year plus $300 per day for their work, plus travel and expenses.

The Board of Governors serves a function other than that of rubber stamp, but it is no more desirable a function. They provide a layer of bureaucracy that can be used to excuse poor policy decisions, and they serve to further muddy the waters between the people and the Postal Service that is supposed to be serving the people.

Examples of the Board's less than impressive operations are easy to come by, but a very recent example is particularly instructive. On February 19, the Postal Rate Commission issued a recommended rate decision for increased postal rates. You may be familiar with this decision because it included an 18-cent first class stamp, whereas the Postal Service and the Board of Governors had requested a 20-cent first class stamp. The recommended decision of the Postal Rate Commission provided a billion dollars less in revenues than the Postal Service had requested.

The Board of Governors, which is charged with making the final decision on whether to accept or reject this recommendation, did not even meet until 11 days after the Postal Rate Commission issued its recommendation. They did not decide to implement the recommended rates while remanding them for further consideration until 19 days after the recommended decision. Finally, they set a date for implementation under protest that was 31 days after issuance of the recommended decision. At a rate of about $7.5 million per day, this 31-day delay cost $232.5 million. That is more than one-fifth of the loss due to the rate decision in the first place. This is an unconscionable delay when the Postal Service says it cannot function without more revenues. The Board claims the Postal Service will be forced to file another rate case almost immediately if the rate decision is not modified, yet they wasted $232.5 million and 31 days trying to decide whether or not to implement the decision.

When the Board of Governors testified before Congress last year, the members of the Board were unwilling to make any recommendation whatsoever as to whether or not 6-day delivery should be eliminated. It was the single biggest issue facing the Postal Service and the Committee on Post Office and Civil Service at that time, and the Board had no position on the matter.

This Board of Governors strikes me as an expensive boondoggle, and I say it should be eliminated. In its stead, my bill would make the Postmaster General a Presidential appointee serving at the pleasure of the President. His salary would be set at executive level 1, Cabinet level, and he would provide the people with a manager of the Postal Service who is directly accountable to the people through the President, an elected representative of the people.

Such a change in the organizational structure of the Postal Service would be particularly necessary in light of proposed changes in the financing of the Postal Service. President Reagan's budget would eliminate the public service subsidy of the Postal Service altogether by 1984, severing the last tie between Congress and the Postal Service. If the Postal Service has no direct link to Congress and no direct link to the President, we will have created a Postal Service with a monopoly over first class mail, but with no public accountability whatsoever.

That is a prescription for abuse of the public interest if ever I have seen one. In the interest of a more smoothly managed, more efficient, and more responsive Postal Service, I urge my colleagues to support reorganization of the postal management structure.●

THE 1981 ACTION AGENDA OF THE NATIONAL ASSOCIATION OF HOUSING COOPERATIVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. McKINNEY) is recognized for 10 minutes.

● Mr. McKINNEY. Mr. Speaker, a housing cooperative is a corporation that owns the housing development in which the resident/members live. Each resident owns a share or a membership in the nonprofit cooperative housing corporation, and has an equal vote in electing the board of directors, which makes all policy decisions regarding the operation of the cooperative. Because the board of directors controls the budget, cooperative residents can make real decisions about housing costs. They can develop methods of handling inflation, energy management, and additional services that members may desire. Through cooperatives, members can build strong communities.

Much of the impetus for my support of the cooperative form of ownership arises from a fruitful relationship with Roger Willcox, president of the National Association of Housing Cooperatives, a resident of my hometown, Bridgeport, Conn., and a true "father" of cooperative housing in the United States. At its 20th annual conference, held recently in San Diego, the National Association of Housing Cooperatives honored Mr. Willcox with a plaque for his effective leadership, sound and diligent guidance and his many contributions in furthering the principles and causes of cooperative housing in the United States. I concur in that praise, and also wish to acknowledge Mr. Willcox for his many years of tireless and invaluable assistance in bringing cooperative homeownership opportunities to so many families throughout the United States.

Mr. Speaker, also I am pleased to include in the RECORD the 1981 Action Agenda of the National Association of Housing Cooperatives. The Action Agenda represents issues that should be considered in developing national policies and programs as they relate to the development and continued successful operations of housing cooperatives. It is important, as we search for innovative means of delivering affordable housing, that we fully explore the benefits of cooperative ownership.

The agenda is as follows:

PART I—HOUSING FINANCE: REHABILITATION, CONVERSION AND NEW CONSTRUCTION

1. Proposed action: Ensure full and continued support for the National Consumer Cooperative Bank.

NAHC position: NAHC notes with approval the March 21, 1980 opening of the National Consumer Cooperative Bank. The Bank can be an invaluable resource for the development and growth of consumer cooperatives in this country. While ultimately loans available to the cooperative housing sector will be limited to 30% of the Bank's capitalization, an effective use of the Bank's resources can leverage far more than it's very limited housing capital. NAHC supports a leadership role for the Co-op Bank within the Federal government to coordinate Federal support of consumer cooperatives.

Administrative action: None required.

Legislative action: Congress should appropriate full funding for the National Consumer Cooperative Bank and reauthorize Title II of the Act.

2. Proposed action: Promote the financing of housing cooperatives by state and local Housing Finance Agencies (HFA).

NAHC position: State and local HFAs provide an important resource for the financing of low, moderate and middle income housing projects. Although cooperative housing has proven to be successful for low and moderate income families, many HFAs currently do not finance the development of housing cooperatives. Federal assistance to HFAs provides a basis for HUD to assure that cooperative housing is financed at the state and local level.

Administrative action: State and local HFAs should make provisions for the financing of cooperative housing; Secretary of HUD should adopt a policy that encourages HFAs in this regard.

Legislative action: None required.

3. Proposed action: Assure continued funding for the College Housing Program.

NAHC position: For a variety of reasons, students need special assistance in obtaining safe and sound housing. The College Housing Program, formerly administered by HUD and to be administered by the Department of Education beginning in fiscal year 1981, has proven to be an invaluable source of funding for both college sponsored dormitories and student sponsored cooperative housing. This program should be continued, and at a minimum, loans should be made out of a revolving fund composed of the repayments of principal on previous loans.

Administrative action: Secretary of Education should continue the College Housing Program and request increased appropriations into the Fund for fiscal year 1982.

Legislative action: Appropriate adequate funds for the College Housing Program.

4. Proposed action: Develop regulations which will promote the conversion of HUD-held properties to cooperative ownership.

NAHC position: Conversion to cooperative ownership is a major avenue for returning HUD-held properties to the private housing market. Both Section 246 of the National Housing Act and Section 203(a) of the Housing and Community Development Amendments of 1978 encourage HUD to preserve Department-held properties as cooperative housing. The full implementation of this directive would include an evaluation of all HUD-held properties prior to disposition to determine the feasibility of conversion to tenant cooperative ownership. Conversion to cooperatives would put these properties back on the housing market and meet the long desired social objectives of providing low and moderate income families with homeownership.

Administrative action: HUD should determine the feasibility of conversion to tenant cooperative ownership prior to disposition of Department-held properties.

Legislative action: None required.

5. Proposed action: Encourage the use of the Section 8 "certificate" and "set aside" programs by housing cooperatives.

NAHC position: Cooperative housing has proven to be a desirable and cost effective use of federal housing assistance to low and moderate income families. Currently, about 5000 units of cooperative housing receive assistance under the Section 8 program. To ensure the consistent and successful use of Section 8 by housing cooperatives, the Special Assistant to the Commissioner for Cooperative Housing should add a chapter to the Section 8 Handbook to cover housing cooperatives.

Administrative action: HUD should add a chapter to the Section 8 Handbook to cover housing cooperatives and support a set-aside of Section 8 funds for the National Consumer Cooperative Bank.

Legislative action: None required.

6. Proposed action: Promote cooperative housing development in Farmers Home Administration and HUD's Indian Housing Programs.

NAHC position: Cooperative enterprise is quite common in rural areas. NAHC notes with approval recent funding by FmHA of a rural cooperative housing demonstration project. FmHA should continue this initiative and along with HUD's Indian Housing Programs further encourage the development of the cooperative form of homeownership in rural areas.

Administrative action: FmHA and HUD should encourage the development of cooperative homeownership in rural areas. HUD should provide the expertise of the Office of the Special Assistant for cooperative housing to FmHA and other agencies interested in the development of the cooperative form of homeownership.

Legislative action: None required.

7. Proposed action: Eliminate HUD application and GNMA financing fees for low, moderate and mixed-income developments.

NAHC position: Federal housing program application and financing fees can add up to 4.3% in additional cost per project. This additional cost is passed on in the mortgage and raises amortization costs. Federal subsidies must pay these additional costs and, in the long run, the Federal government pays about 3 times more in subsidies than is received in income from these fees. These fees are also a further financial burden to developments that must operate at the lowest feasible rents. At GNMA Tandem 23 financing of 7½% for 40 years, these fees cost tenants and/or the Federal government over $680,000. HUD application and GNMA financing fees should be eliminated for low, moderate and mixed income housing.

Administrative action: HUD/GNMA should support legislation eliminating application and financing fees, substituting direct appropriations for agency operations.

Legislative action: Amend Housing and Community Development Act to eliminate HUD application and GNMA financing for low, moderate and mixed-income housing under applicable sections of the Act.

8. Proposed action: Establish HUD project review deadlines.

NAHC position: Processing housing development applications through HUD often results in significant time delays. During construction of a housing project, delays often result in additional costs equal to 1% per month; hence the reduction of HUD processing time could result in significant project savings. Maximum periods for review of housing applications, similar to those imposed on CDBG submissions, should be established by HUD.

Administrative action: HUD should establish maximum housing application review periods for each phase of the development process.

Legislative action: None required.

9. Proposed action: Reactivate Section 106(b) Seed Money Loan Program.

NAHC position: The Federal Seed Money Loan Program for non-profit sponsors of low and moderate income housing is currently restricted to senior citizen housing under Section 202. This program is a vital element in allowing community, Religious and Fraternal organizations to sponsor low and moderate income housing. Seed money is also necessary to assure that non-profit sponsors can employ qualified consultants to assure proper planning and expeditious development of proposed housing. This program should be restored to its original form to cover all Federal housing programs for low and moderate income households.

Administrative action: HUD should support legislation that would restore broader eligibility for Section 106(b) Seed Money Loans to community based organizations and other non-profit sponsors of low and moderate income housing.

Legislative action: Amend Housing and Urban Development Act of 1968 to provide eligibility under Section 106(b) to non-profit sponsors of HUD assisted low and moderate income housing projects.

10. Proposed action: Establish a direct construction loan program.

NAHC position: Many State Housing Finance Agencies have a direct construction loan program that (1) facilitates packaging a housing development and (2) reduces construction interest payment and financing costs. The Federal government should establish a construction loan program that would be used in tandem with Federal insurance and direct permanent loan programs.

Administrative action: HUD should propose legislation to establish a direct construction loan program.

Legislative action: Amend Housing and Community Development Act to provide for a direct construction loan program for housing developments to be insured or financed under the Act.

11. Proposed action: Establish "shallow subsidy" program.

NAHC position: NAHC notes with interest Congressional attempts to establish an interest rate subsidy program from moderate income families. This type of subsidy assists those families unable to qualify for Section 8, yet not able to afford homeownership on the open market. Combined with additional subsidies, these developments promote mixed-income populations, a major objective of the Federal government. To the extent that funding for this program does not compete or diminish funds for low income housing programs, NAHC supports the establishment of a "shallow subsidy" program.

Administrative action: HUD should support legislation to establish a "shallow subsidy" program.

Legislative action: Amend Housing and Community Development Act to establish a "shallow subsidy" program.

12. Proposed action: Expand the Moderate Rehabilitation Programs.

NAHC position: NAHC notes with approval HUD implementation of Section 312 Multi-family and Section 8 Moderate Rehabilitation Programs.

Administrative action: HUD should support expanded scope and funding levels for Section 312 and Section 8 Moderate Rehabilitation Programs.

Legislative action: Expand scope and funding levels for the Section 312 Multifamily and Section 8 Moderate Rehabilitation Programs.

PART II—SUCCESSFUL OPERATIONS FOR EXISTING COOPERATIVES

1. Proposed action: Establish on-going resident orientation and Board training programs for HUD insured and assisted cooperatives.

NAHC position: To assure effective management and successful operation, housing cooperatives need ongoing member orientation and Board training programs. HUD should require member education programs for all HUD insured or assisted cooperatives.

Administrative action: HUD should develop criteria for member orientation and Board training to be required in all HUD assisted or insured cooperative projects. Cost of providing the training should be included in cooperative operating budgets.

Legislative action: None required.

2. Proposed action: Allow excess project income to be retained for capital improvements.

NAHC position: In assisted projects where excess income is generated, HUD should permit placing excess income in replacement reserves. Currently HUD requires either a refund to the government or a reduction in subsidy. Cooperatives have proven to be a cost effective use of housing subsidy funds; in those cases where excess income is generated, it should be used to fund the HUD-required replacement reserves.

Administrative action: HUD should adopt a policy permitting excess project income, in assisted projects, to be placed in replacement reserves rather than be paid back to the government.

Legislative action: None required.

3. Proposed action: Require certification of property and resident managers.

NAHC position: HUD has already implemented procedures for certification of Public Housing Managers. This program should be extended to include managers of insured and assisted cooperative projects as well. Property management firms, professionals and resident managers should be required to meet appropriate criteria and obtain certification. An on-going program, requiring additional training and demonstration of professional capability should be an element in maintaining certification.

Administrative action: HUD should encourage certification of property and resident managers for all assisted and insured cooperative projects. An on-going training and recertification should be an element of this program.

Legislative action: Authorize expenditure of funds to develop and initiate property and resident manager certification program.

4. Proposed action: Expand Flexible Subsidy (Troubled Projects) Program.

NAHC position: Legislation is incorporated in the 1978 Housing and Community Development Act to establish a Flexible Subsidy (Troubled Projects) Program to assist housing developments experiencing financial problems. The Flexible Subsidy Program has been implemented for HUD-assisted projects that can be made financially stable with one-time grants.

Administrative action: HUD should request additional Congressional appropriations for the Flexible Subsidy Program.

Legislative action: Fully support and increase appropriations for the Flexible Subsidy Program for fiscal year 1982.

5. Proposed action: Establish Multifamily Latent Defects Insurance Program.

NAHC position: A Latent Defects Insurance Program should be established by the Federal Government for multifamily housing projects. This program would protect sponsors—and HUD—from project default after contractor warranties have expired or when contractors fail to correct outstanding deficiencies. The insurance program could be self-financed from premiums paid after the project's initial capitalization.

Administrative action: HUD should support legislation to establish a Latent Defects Insurance Program.

Legislative action: Amend Housing and Community Development Act to establish a Latent Defects Insurance Program.

PART IV—GENERAL POLICY ACTIONS

1. Proposed action: Support the Mutual Housing Association Demonstration Project.

NAHC position: NAHC notes with interest the inclusion of a Mutual Housing Association Demonstration Project as a part of the Housing and Community Development Act of 1980. The MHA concept as developed in Europe has shown great potential for assisting in the develpment and successful operations of housing cooperatives. NAHC supports the demonstration project as undertaken by HUD, Neighborhood Reinvestment Corporation and the National Consumer Cooperative Bank to provide a support system for housing cooperatives in the United States.

Administrative action: HUD, Neighborhood Reinvestment Corporation and the National Consumer Cooperative Bank should use the Mutual Housing Association Demonstration to develop a support system for housing cooperatives.

Legislative action: None required.

2. Proposed action: Strengthen HUD Office of Special Assistant for Cooperative Housing.

NAHC position: There is need for a central resource within HUD to coordinate and expedite cooperative housing programs. This office would (1) coordinate departmental activities in the cooperative housing field, (2) develop and adjust or modify regulatory/legislative proposals necessary to assure the effectiveness of cooperative housing programs, (3) serve as HUD liaison with the National Consumer Cooperative Bank and other agencies as their programs relate to cooperative housing and (4) serve as HUD liaison with consumers and professionals in the cooperative housing field. The office of the Special Assistant was authorized by Congress in Section 102(h) of the Housing Amendments of 1955, as amended in 1966 and 1976.

Administrative action: Secretary of HUD to appoint a full time Special Assistant to the Commissioner with adequate staff and full time responsibilities for cooperative housing programs.

Legislative action: None required.

3. Proposed action: Provide cooperative housing training for HUD area office staff.

NAHC position: Successful implementation of cooperative housing programs requires sensitive understanding of cooperative housing. A staff person, designated in each HUD area office should be trained in cooperative housing development and management. This staff person would serve as a resource person for professionals, tenant groups and cooperative members regarding both the development and management of housing cooperatives.

Administrative action: Secretary of HUD should establish an ongoing cooperative

housing training program for area office staff.

Legislative action: None required.

4. Proposed action: Revise the Section 203(n) program and extend its provisions.

NAHC position: Section 203(n) of the National Housing Act was passed by Congress in 1974 to provide insurance for mortgages placed on cooperative memberships/shares (commonly called "individual unit financing.") Membership loans are often necessary to finance the purchase of membership/shares in today's cooperative housing market. Federal insurance will greatly increase the willingness of lenders to finance cooperative memberships. The current 203(n) handbook and regulations shoud be revised to reflect the unique nature of cooperative housing as developed since 1950 by HUD/FHA. The current program conflicts in significant ways with other HUD/FHA cooperative housing programs.

Administrative action: HUD should revise the 203(n) handbook and regulations as necessary.

Legislative action: Amend National Housing Act to permit use of Section 203(n) in (1) cooperatives insured by state and local agencies, (2) cooperatives whose blanket mortgage has been paid off and (3) establish a uniform 30 year loan period for membership/share financing.

5. Proposed action: Develop a secondary mortgage market for cooperative blanket and membership loans.

NAHC position: NAHC notes with approval the 1979 and 1980 Congressional authorization of a secondary market for individual cooperative membership loans by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. A secondary market is necessary to encourage local lenders to make loans for individual cooperative memberships and blanket mortgages.

Administrative action: FHLMC and FNMA should promptly develop a secondary market for blanket mortgages and individual cooperative membership loans.

Legislative action: Amend the Internal Revenue Code to treat, for the purpose of determining the bad debt reserve, cooperative memberships/shares as real property.

6. Proposed action: Authorize Veterans Administration to allow financing of cooperative memberships/shares.

NAHC position: Current Veterans Administration authorization does not allow the financing or insurance of individual cooperative memberships/shares. VA authorization should be amended to allow this type of financing.

Administrative action: The VA should support legislation to allow for financial and insurance of loans on individual cooperative memberships/shares.

Legislative action: Legislation should be introduced to amend appropriate VA authorization to allow for the financing and insurance of individual cooperative memberships/shares.

7. Proposed action: Allow all housing cooperatives insured under the National Housing Act to participate in a Cooperative Management Housing Insurance Fund.

NAHC position: Congress created the Cooperative Management Housing Insurance Fund (CMHIF) in 1965 for all cooperatives insured under Section 213 of the National Housing Act. The creation of a separate fund was designed to allow cooperatives insured under Section 213 to benefit from their superior success rate. Cooperatives insured under other Sections of the Act have had a similarly high success rate. NAHC supports the creation of a fund similar to the CMHIF for all cooperatives insured under the National Housing Act.

Administrative action: None required.

Legislative action: NAHC supports amendment of the National Housing Act to allow all cooperatives insured under the Act to receive similar benefits to those received by participating cooperatives in the CMHIF.

8. Proposed action: Eliminate or reduce the impact of Section 277 of the Internal Revenue Code on housing cooperatives.

NAHC position: Section 277 of the Internal Revenue Code requires certain membership organizations to distinguish, for income tax purposes, between member and nonmember income and offsetting expenses. Several IRS Area Offices have required housing cooperatives to file pursuant to Section 277, specifically requiring that income earned from reserve funds be considered "non-member income." NAHC opposes the extension of Section 277 to housing cooperatives, particularly in the case of interest income from reserve funds.

Administrative action: None required.

Legislative action: Amend the Internal Revenue Code to eliminate or reduce the impact of Section 277 on housing cooperatives.●

GREEK INDEPENDENCE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, Greek Independence Day has a special meaning for Americans, for 160 years ago, on March 25, 1821, Greek patriots raised the flag of revolt against their Turkish oppressors and the flag was blessed by Bishop Germanos of Palaeion Patron, at the monastery of Aghia Lavra.

There followed 7 years of grim fighting during which a handful of Greek freedom-fighters held at bay the combined might of the Sultan's Ottoman Empire. The engagements of Valtetsi, Dervenaia, as well as Missolonghi, where Lord Byron fought and died, rank among the most glorious exploits of the Greek Navy, which stirred the hearts of the peoples of Europe, who finally brought pressure upon their governments to intervene in the fight and to compel the Sultan to recognize Greek independence. The Greeks saw their valor and tenacity crowned with success, for freedom was regained with the Treaty of Adrianople of 1829 and the London Protocol of 1830.

Mr. Speaker, a summary of the Greek Constitution follows, as does an overview of Greek immigration to the United States as published in the Greek Research and Publicity Centre book entitled, "Greece: A Portrait."

GREECE: A PORTRAIT

THE CONSTITUTION AND ITS PRINCIPLES

The Greek State, which is the product of the 1821 Revolution, acquired the frontiers and territorial proportions which it has today only after a long struggle for liberation involving many trials and sacrifices. It is a state which displays a striking degree of homogeneity in nationality, religion and language.

Lawful order in Greece, as elswhere, rests upon the foundation of the country's charter. This contains the blueprint for its institutions and the basic legal prerequisites for its political, economic, and social existence and development. It provides for the manner in which law can be created and defines the composition and function of the instrument of the State's operation.

The 1975 Constitution currently in force is the product of the free expression of the people's will, after the collapse of the seven-year military regime and the restoration of political normality in the country. It is in the tradition of earlier Constitutions which have regulated the public life of the Greek people since the Revolution of 1821. It contains a number of progressive innovations and is an expression of present-day political reality aimed at strengthening the executive to deal effectively with the problems of our times, extending the protection of individual liberties, and safeguarding the social rights of the citizen.

The Constitution—which defines the country's political system as a parliamentary democracy headed by a President of the Republic—is inspired chiefly:

By the principle of the sovereignty of the people exercised through a system of representation. (The people's representatives provide the support of those who govern, and vote new legislation).

By the democratic principle (which signifies the linking of freedom with equality).

By the principle of the division of powers—that is, the separation of the public authorities according to the content of their responsibilities into legislative, executive, and judiciary—a division which safeguards political liberties by anticipating the danger of the concentration in the hands of a single authority of all the powers and means of coercion.

By the principle of the legality of the activities of the executive (political action being subject to the legislative authority, together with provision for enquiry into executive acts by independent courts of law, constitutes the Rule of Law).

THE GREEK EMIGRANT POPULATION

The Greek element in the United States began to take shape during the closing decades of the last century. At that time the United States had reached nationhood and had embarked on a course of developing its resources at a rapid pace. The conditions existing there at that time made many inhabitants of the countries of Europe think that the New World would offer them the chance to improve their lives and so led them to decide to emigrate. Among those emigrants were fellow countrymen of ours. Emigration continued during the early years of the present century and so, when the First World War broke out, there were already several thousand Greeks in America. The United States accepted the emigrants who arrived there as future American citizens and expected them to become assimilated into their new environment as rapidly as possible. Our fellow contrymen were very willing to adapt themselves to their new life, but, at the same time, they felt the need not to abandon their national and religious traditions. To achieve this they used a variety of methods. One of these was their effort to create the necessary conditions for the preservation of their

Orthodox Christian faith. Gradually churches were established in cities with a Greek population and around each of these a Greek Orthodox Community grew up. In 1922 the Greek Orthodox Archdiocese of America was established. Another means by which the Greeks of America attempted to preserve their identity as a national group was by the foundation of different organizations of their own (AHEPA, GAPA etc).

After the Second World War, emigration, which in the interwar years had been limited as a result of measures taken by the American Government, continued, with the result that many more of our fellow-countrymen settled in America.

Today the exact number of Greeks living in the United States is not known. It cannot, however, be less than two million, and it might possibly be three. The largest concentrations of Greek population are in New York, Chicago, Boston, San Francisco, New Orleans and generally in the major urban centers. In the country as a whole there are more than 400 Greek Orthodox communities. Each of these has its own church, and in most cases they maintain a school of some kind (a day, evening, or Sunday School) which gives the children of members a Greek education or, at least, inspires in them the qualities which spring from our national and religious tradition. The spiritual and cultural life of the Greek Orthodox who live in the Western Hemisphere is led by the Archdiocese of America, which draws its spiritual authority from the Ecumenical Patriarchate and its administrative power from its Assemblies of Clergy and Laity.

Mr. Speaker, I send my greetings to Americans of Greek descent who reside in the 11th District I am honored to represent, in Chicago, and all over our Nation who are celebrating this anniversary of Greek Independence Day, as well as the precious heritage of freedom celebrated in common by our two peoples.●

VIETNAM VETERANS AGENT ORANGE ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Dakota (Mr. DASCHLE) is recognized for 5 minutes.

Mr. DASCHLE. Mr. Speaker, last Friday, I reintroduced legislation that is important if this Nation intends to assist those veterans whose health may have been affected by exposure to toxic herbicides while serving in Vietnam. The unique and controversial nature of the war made readjustment to civilian life difficult for many Vietnam veterans. Of those that were married when they went to war, over 38 percent were divorced or separated within 6 months of their return. Their suicide and incarceration rates are much higher than their nonveteran peers and many continue to struggle from the effects of "delayed stress." On top of all this, Vietnam veterans are now confronted with the potentially devastating effects of exposure to herbicides. In the past 2½ years since this issue has come to the forefront, Vietnam veterans and their representative organizations have been justifiably outraged about the lack of sensitivity within the Veterans' Administration concerning this problem. Concern about the effects of exposure to agent orange and other herbicides are shared by veterans from Australia and New Zealand. Similar to their American counterparts, Australian, and New Zealand veterans have organized and are lobbying their respective governments in addition to disseminating educational materials to the general public. Clearly, more can be done for those who served and now face irreparable effects from herbicide exposure.

Mr. Speaker, the VA has denied all but a few claims by veterans for disabilities alleged to have resulted from exposure to agent orange.

I present for the RECORD a complete summary of herbicide exposure claims before the VA:

HERBICIDE EXPOSURE CLAIMS, FEBRUARY 2, 1981

	Number	Percent
A. Total number of cases in study	6,164	100.0
Claims with diagnosis or specific allegation	5,054	81.8
Claims with no diagnosis	1,120	18.2
B. Claims with diagnosis or specific allegation	5,054	100.0
Allowed	[a]5	.1
Allowed for other reason	[b]19	.4
Denied	[c]5,030	99.5
In summary:		
Total claims	6,164	100.0
Allowed	24	.2
Denied	5,030	81.6
No diagnosis	1,120	18.2

[a] 5 Claims for skin condition.
[b] 16 claims skin condition, 3 claims for cancer
[c] These 5,030 claims having more than one claimed diagnosis or specific allegation fall into the following categories:

Skin condition (acne, alopecia, eczema, keloids and urticaria)	2,941
Nervousness, headaches and fatigue (claimed)	2,668
Paralysis or numbness and other symptoms of extremities	913
GI and GU conditions	735
Malignancies (Leukemia, lymphoma, melanoma, etc.)	363
Impaired sexual activity (alleged)	397
EENT pathology	409
Lung condition	276
Cardiovascular and hypertension	219
Miscellaneous	134

Source: Veterans Administration.

The VA's major contention in denying these claims is that there is not enough evidence to draw a correlation between exposure and ill health. Though as I will point out there is an abundance of literature and data to prove otherwise, the VA can address this problem as they have with other diseases and illnesses that have occurred after veterans left the service. In the absence of definitive evidence, there is established in section 312 of title 38, a presumptive clause relating to certain diseases and disabilities which exists for handling just this sort of dilemma. Mr. Speaker, this legislation would give Vietnam veterans the benefit of this doubt, and establish a presumption that certain conditions, as defined by the VA Administrator, were as a result of exposure to herbicides while the veteran was in Vietnam. These conditions would thus be service related and compensable.

This legislation would also change the burden of proof. Presently, the entire burden of proof is on the veteran to prove that his illness is service related. This is truly impossible for Vietnam veterans, most of whom were in Vietnam over 10 years ago, who do not have access to medical and other records, and were not even aware at the time that they were exposed. This legislation would rectify this injustice, and force the VA to prove that the veteran was not exposed. If epidemiology studies determine that there is no health risk associated with exposure to herbicides or service in Vietnam, then compensation payments can be stopped.

Though the Government and especially the Congress have been very deliberative when discussing this issue, there certainly was not a lack of forums or interest in this issue in the 96th Congress.

In 1980 alone, hearings were held by the Senate and House—three—Veterans' Affairs Committees, the House Interstate and Foreign Commerce Subcommittee on Oversight and Investigations, and the interagency work group (IWG) to study the possible long-term health effects of phenoxy herbicides and contaminants. The themes heard at all of these hearings were similar. Vietnam veterans have felt that there has been a lack of outreach and public information from the VA on agent orange; that there has been framework established for the evaluation of scientific data and the abjudication of veterans claims; and that a presumption should be established. The VA stated that there is not enough evidence to establish service connection; that data is necessary on Vietnam veterans themselves; and that it will take a few additional years before they have enough information to decide policy questions.

Also within the past year three different epidemiology studies were either authorized or agreed to which will hopefully clarify what we already know concerning dioxin through existing animal and human data. The Air Force is in the process of sending out an initial questionnaire to the "Operation Ranchhand" personnel who either sprayed or handled the great majority of herbicides used in Southeast Asia. Additionally, the Center for Disease Control in Atlanta will soon begin a study of veterans in the Atlanta area to determine whether Vietnam veterans are at an increased risk of siring children with birth defects. The Veterans' Administration should soon be able to begin their study of a segment of the Vietnam veterans population. Their request for proposal (RFP) to contract for the design of the protocol for their epidemiology study has

been embroiled in litigation and only recently was given the green light after a GAO investigation.

Also witnessed in 1980 was the formation of the interagency work group to study the possible long-term health effects of phenoxy herbicides and contaminants. The IWG's role was to oversee, coordinate, and set priorities among relevant Federal Government research activities, design a research agenda, organize the means by which the research agenda will be carried out and assure its accomplishment in a timely and competent manner. Some of the most distinguished and knowledgeable scientists in the Government on toxic chemicals and herbicides formed the scientific panel of the IWG which analyzed a number of research studies that were conducted or publicized in 1980. Before addressing these studies, however, I would like to briefly comment on a couple of statements made by the IWG last year. One is their assessment that it will be 20 to 30 months before the scientific knowledge about the long-term health effects of agent orange will increase dramatically. This brings home my belief that Vietnam veterans need to be helped immediately, and not made to wait an additional 2 to 3 years. Secondly, the IWG found a major stumbling block on this issue to be the inability of the Department of Defense to identify a population of ground troops, the nature extent of whose exposure to agent orange can be documented or reconstructed. I am concerned that the DOD has not put their best foot forward in this effort, especially since the GAO could identify several Marine units and document their proximity to herbicide missions in I Corps.

The IWG also analyzed pertinent scientific data that became available during the past year, including five epidemiology studies conducted in Europe that were released last spring by Congressman BONIOR and myself. The scientific panel of the IWG reviewed this evidence and stated:

> That despite the studies limitations, they do show a correlation between exposure to phenoxy acid herbicides and an increased risk of developing soft-tissue tumors or malignant lymphomas . . .

The National Cancer Institute and the National Toxicology program have also completed a cancer bioassay on dioxin, and concluded that:

> Dioxin was carcinogenic in rats and mice . . . and extends the observation that 2,3,7,8-TCDD is a carcinogen to a second animal species.

This study I might point out found thyroid tumors, fibro-sarcomas—cancer of the ligaments and muscles—and liver cancer.

Another study performed by the National Toxicology program and Research Triangle Institute on male mice "found no significant decrease in fertility among the exposed mice, nor any significant increase in birth defects among their offspring."

The mice were fed simulated exposures of agent orange. Hopefully, this data will hold up when the Center for Disease Control study is concluded. I would like to emphasize that this data is on top of voluminous data already published showing harmful effects from dioxin exposure.

In conclusion, I would like to reiterate the need for this legislation. A man from my district who has a cancerous growth on his chest contacted my office just the other day. He has received no explanation as to how or why this growth is occurring and does not really expect one. Mr. Speaker, I have heard this tale over and over before and the common denominator in all of these stories is service in Vietnam. The chair of the IWG recently stated that:

> It is becoming increasingly apparent that science is not likely to be able to answer all of our questions.

I certainly share this view of the inherent limitations of epidemiology which emphasizes the futility of waiting for definitive evidence which may never appear. Thus, I propose that policy decisions be made on the basis of existing evidence and that the VA, Air Force, and CDC studies be utilized to confirm or deny the link between dioxin to serious health problems and birth defects. Mr. Speaker, I know the 75 cosponsors with whom I introduce this bill today share my hope that these concerns turn out to be unfounded. But if we are right, and fail to pass this legislation, we will only be contributing to the national tragedy that has been Vietnam. Following is the text of the bill:

H.R. 2493

A bill to amend title 38, United States Code, to provide a presumption of service connection for the occurrence of certain diseases in veterans who were exposed to herbicides during service in southeast Asia during the Vietnam era

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Vietnam Veterans Agent Orange Act".

SEC. 2. Section 312 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(d)(1) For the purposes of section 310 of this title and subject to the provisions of section 313 of this title, in the case of any veteran who served in Southeast Asia during the Vietnam era and (A) who after such service suffer from a disease developed to a 10 per centum degree of disability or more than has been determined under paragraph (3)(A) of this subsection to be a disease that may be caused by exposure to herbicides, and (B) who during such service was exposed to herbicides, as determined in accordance with regulations prescribed by the Administrator under paragraph (3)(C) of this subsection, such disease shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of evidence of such disease during the period of service.

"(2) If the Administrator determines under paragraph (3)(B) of this subsection that exposure to herbicides may cause birth defects in the natural children of persons so exposed, then in the case of any person who—

"(A) is the natural son or daughter of a veteran who served in Southeast Asia during the Vietnam era and during such service was exposed to herbicides, as determined in accordance with regulations prescribed by the Administrator under paragraph (3)(C) of this subsection; and

"(B) is suffering from a birth defect that in an adult is disabling to a degree of 10 per centum or more and that has been determined by the Administrator under paragraph (3)(B) of this subsection to be a birth defect that may be caused by exposure of one of the parents of a child to herbicides;

such person shall be deemed for the purposes of this chapter to be a veteran of a period of war and such birth defect shall be deemed for the purposes of this chapter to be an aggravation of a preexisting injury suffered in line of duty in the active military, naval, or air service during a period of war.

"(3)(A) The Administrator shall determine, and shall promulgate by regulation, what diseases medical research has shown may be due to exposure to herbicides. The Administrator shall include in such regulations a specification of the standards used by the Administrator in making such determination.

"(B) The Administrator shall determine, and shall promulgate by regulation, what birth defects, if any, may result from exposure of the natural parent of a child to herbicides. The Administrator shall include in such regulations a specification of the standards used by the Administrator in making such determination.

"(C) The Administrator shall promulgate by regulation the conditions of service during the Vietnam era required to establish exposure of a veteran to herbicides for the purposes of paragraphs (1) and (2) of this subsection. Such regulations may not require that a veteran be required to provide any information to the Veterans' Administration for the purpose of determining such exposure beyond the information contained in the veteran's discharge papers and shall establish a presumption of exposure of a veteran to herbicides when Department of Defense records, information supplied by the veteran, and other information establish a possibility of such exposure. The Administrator shall include in such regulations a specification of the standards used by the Administrator in establishing what conditions of service are required to establish such exposure to herbicides.

"(4) Notwithstanding any other provision of law, section 553 of title 5, relating to agency rulemaking, shall apply to the promulgation of regulations under paragraph (3) of this subsection, and such regulations shall be made on the record after opportunity for an agency hearing in accordance with sections 556 and 557 of such title. Such regulations shall be subject to judicial review in accordance with chapter 7 of such title.

"(5) The Administrator shall complete final agency action on the regulations required to be promulgated by paragraph (3) of this subsection not later than the end of the one-year period beginning on the date of the enactment of the Vietnam Veterans

Agent Orange Act and shall publish such regulations at the same time as a single set of regulations.".●

A FEDERAL STANDARD FOR COMPUTER INTERFACES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. BROOKS) is recognized for 10 minutes.

● Mr. BROOKS. Mr. Speaker, amid much controversy last year, the National Bureau of Standards (NBS) adopted a Federal standard for computer interfaces which is expected to save the Government tens of millions of dollars annually by increasing competition among computer vendors who supply their products to the Government. Despite the tremendous benefits to be achieved, certain elements within the computer industry vigorously opposed the standard and were responsible for delaying its implementation for more than 10 years. They claimed that the standard was technically obsolete and would restrict innovation and cost millions of dollars to implement. They also claimed that the Government had no business setting standards even for the Federal sector.

These arguments are fallacious. The Government, as a major user of ADP resources, has a responsibility to the taxpayers to acquire and use these resources in an efficient and economical manner. With the enactment of Public Law 89-306, Congress recognized that these responsibilities could not be properly met without the establishment of Government-wide computer standards.

In the case of the computer interface standard, the computer industry failed to adopt a needed standard in a timely manner. NBS's decision to forego its reliance on the private sector and promulgate its own standard was, therefore, not only proper, but should be considered a clear signal to the industry that should it fail to develop other standards on a timely basis, the Government, in the interest of all taxpayers, will proceed to adopt its own.

Unfortunately, certain elements within the computer industry continue to vehemently oppose the computer interface standard. These manufacturers apparently do not like the idea of minimizing the cost of Government computer operations to the taxpayers. I am sure that OMB, which has policy responsibility in this area, will recognize these self-serving arguments for what they are and support the efforts of NBS. Recent newspaper articles have reported that the standard has resulted in increased competition within the computer industry and, subsequently, tremendous savings to the Federal Government. Even companies within the private sector are beginning to see the advantages of adopting the standard for their own use.

A most informative editorial on the subject was included in the March 9, 1981, edition of Computerworld and I include it in the RECORD:

EDITORIAL

For years—15, to be exact—there has been a great hubbub about a proposed standard for an interface between I/O equipment and computer systems. And now the standard is actually coming closer to reality—at least in a very limited way.

Unfortunately, with all the debate involving technologists, lawyers and marketing personnel ad infinitum, the underlying economic issue that should concern all users of computer equipment has often been obscured.

The standard that has been adopted is indeed very old, as the opponents claim. But the new IBM 3081 uses the standard—so much for the technological obsolescence argument.

The economics of the issue are clear, however. The standard would allow users to attach peripherals made by firms other than their mainframe manufacturer.

Today IBM users are generally the only ones who have this luxury. As a result, they have a wide range of vendors from which to choose in designing their optimum systems. Many of the independent vendors offer equipment that is cheaper, easier to operate or more available than IBM equipment.

This is the free enterprise system at work—manufacturers see an opportunity to make an equivalent or better product at a lower cost and consumers (users) therefore receive a break.

However, it is only the large base of IBM users that makes such a system practical—and profitable for independents.

The federal government came up with the idea for an interface standard so that it would have more choice of peripherals for its non-IBM systems.

Obviously since competition has worked so well in the IBM-compatible world, it would be a good idea to spread that competition to the entire computer world.

Well, the manufacturers of other computer equipment—Sperry Univac, Honeywell, Inc. and Burroughs Corp., for example—have fought off this competition, claiming technology as their reason.

Frankly, the real reason again probably has more to do with economics than technology. Many of the other mainframers offer disk and tape systems that are either more expensive or less advanced than the units available to the IBM world. They make lots of money on these units—and their users have no choice but to take what they are given.

A standard would clearly benefit users—they could get the most up-to-date equipment at the lowest possible prices through a very competitive industry.

Some manufacturers would be hurt because they would have to begin to face some real competition and offer either superior products or lower priced ones to hold their base. But that's free enterprise.

The artificial lock-in that these companies enjoy should not be tolerated by users, who should get on the standardization bandwagon and support the new efforts in this area.●

THE PRETRIAL SERVICES ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HUGHES) is recognized for 5 minutes.

● Mr. HUGHES. Mr. Speaker, I am today introducing the Pretrial Services Act of 1981. The bill is identical to one which was reported by the Committee on the Judiciary, with strong bipartisan support, in the 96th Congress.

The bill authorizes an expansion of a demonstration program now operating in 10 U.S. district courts. The agencies gather and analyze information concerning Federal arrestees and advise the court on conditions of pretrial release. They also supervise persons awaiting trial.

Pretrial services agencies pay for themselves in several ways which can be monetarily quantified, and in several which cannot. They have reduced overall pretrial detention and the cost of such detention, which elsewhere continues to spiral upward. At the same time, the districts which have pretrial services agencies have not experienced an increase in crime by persons released awaiting trial—quite the contrary. Crime by persons on pretrial release and failure to appear for trial have both gone down where the program is in operation.

The bill is austere and cost-effective. It would permit the continuation of the existing agencies, and gradual expansion to additional district courts which determine that such services are needed. It limits the period of authorization to 2 years, and contains a cap of $6 million for fiscal year 1982 and $8 million for fiscal year 1983.

Magistrates who handle the bail hearings uniformly praised such services in hearings before the Subcommittee on Crime in the 96th Congress. The Judicial Conference of the United States, which opposed the program originally, now strongly supports its expansion. The American Bar Association has endorsed the program.

The Subcommittee on Crime will hold its first hearing in the 97th Congress on this proposal on March 31, beginning at 10 a.m. in room 2237, Rayburn House Office Building. A second hearing will be held in New York City on April 6, where we will be looking at 2 of the 10 pretrial services programs presently in operation. These programs are in Southern and Eastern Districts of New York. This hearing will be held in courtroom No. 3 of the Eastern District, located at 225 Cadmen Plaza, Brooklyn, N.Y., and will begin at 9 a.m.●

NOWAK CONCERNING ECONOMIC ALTERNATIVES FACING WESTERN NEW YORK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 15 minutes.

● Mr. LAFALCE. Mr. Speaker, every year, my alma mater, Canisius College, invites a prominent figure to deliver the annual Fitzpatrick Chair Lecture.

The speaker this year was my good friend and distinguished colleague from New York (Mr. NOWAK), and the title of his speech was "Economic Alternatives Facing Western New York." This address contains an insightful and discerning analysis of the Reagan administration's programs, policies, and spending shifts in general and their collective and individual impact on Western New York and the Northeast. One of his conclusions is particularly thought provoking:

Unless we can inject a degree of balance into the Reagan approach, the collective end product will be exacerbation of our economic woes in the Northeast and Midwest and the continuation of faster growth in employment, business investment and real income in the South and West.

I hope that all of my colleagues will carefully read this thoughtful address and will heed the warnings contained in it, because the stakes are to high for a reckless venture into the unknown.

The speech follows:

ECONOMIC ALTERNATIVES FACING WESTERN NEW YORK

It is always a pleasure to return to Canisius College, which provided me an invaluable education and countless fond memories.

It is a special privilege, however, to be invited to deliver this year's Fitzpatrick Chair lecture.

A prime focus of my work since I began serving in the Congress in 1975 has been helping expand and diversify our community's economic base and helping improve its total quality of life.

That continuing interest led naturally to my topic this evening: Economic Alternatives Facing Western New York. Tonight, I would like to examine the impact on Western New York and the Northeast of the Reagan Administration's program, policy and spending shifts.

Then, I would like to suggest some options and alternatives we in Western New York must explore if we are to cope in this new economic climate.

The President's Program for Economic Recovery is indeed "A New Beginning". . . A radical change in what the federal government will and will not do.

He proposes a major shift in limited federal resources from the social front to the defense front . . . and a major shift of social responsibility and cost to state and local governments.

The President is not going to obtain approval for each and every one of the $48-billion-plus in cuts he is advocating for Fiscal 1982, for example. But he will get the lion's share of them.

The fact that Republicans control the Senate—and the House has a more conservative membership—enhances that probability.

When these substantial budget cuts become reality, this country . . . and in particular the Northeast Region, our state and our end of the state . . . will confront a difficult period of economic adjustment, bearing an inequitable brunt of these changes.

The full impact won't be felt all at once but will be stretched over a number of years.

Unless we can inject a degree of balance into the Reagan approach, the collective end product will be exacerbation of our economic woes in the Northeast and Midwest . . . and the continuation of faster growth in employment, business investment and real income in the South and West.

The budget cuts will have a debilitating effect . . . A Domino-like effect . . . on our local economy. The City of Buffalo's situation is illuminating.

The city received $5.7 million in General Revenue Sharing funds for the operation and maintenance budget and is heavily subsidized by Federal aid in other city spending.

The latest Bureau of Census Report shows the city's budget was supplemented in 1979 by $85.9 million in Federal grants that went directly to the city government, for programs ranging from community development to CETA and sewage treatment projects. That does not inclue $27.9 million in federal education aid funnelled through the State . . . nor does it include millions in Federal aid directed to other local governments, the Niagara Frontier Transportation Authority or other private and non-profit organizations.

If you add to Buffalo's dependency . . . its inability to quickly replace federal aid on its own . . . you begin to see the Domino effect materializing. The city will not enjoy the flexibility it has had either in its operation and maintenance budget or capital budget or for that matter in its economic renewal efforts.

This may lead to further loss of population and erosion of the local tax base . . . as skilled workers, businesses, jobs and markets moved to the Sunbelt.

An inherent problem is that many of the programs the Administration has targeted for reduction or extinction are designed to help distressed areas like ours maintain economic equilibrium during periods of high unemployment and recession.

CETA is a classic example. The City of Buffalo has approximately 900 CETA workers serving in city government and about 600 more in community-based service organizations. Analyzing the Reagan proposals, the City's Department of Human Resources reported: "By June of 1982, there would not be a single CETA worker in city government or community agencies. The city would have lost $16 million in federal funds. The city work force would have been reduced by approximately 17 percent."

The county has recently commented: "In short, public service employment, a program which has been much maligned in the past, is a cost-effective, multi-purpose program. The battle to increase private sector jobs in this country is an important one, but when one compares the modest contribution to that goal from the elimination of job programs, with the real, tangible loss of jobs and services, the conclusion is obvious."

The loss would be compounded by the added burdens on our unemployment compensation rolls and eventually the welfare rolls, if people cannot quickly locate private jobs.

It is practically impossible for the City to make up that kind of massive loss of revenue. The City currently must raise its tax rate by approximately $1 per $1,000 of assessed valuation to raise $1 million in revenue. The tax rate right now is $85.16 per $1,000 of assessed valuation. If 60 percent of existing jobs were retained by the City, the City would be pushed close to its constitutional taxing limits.

Another element in the domino effect of reduced federal aid is that it will further delay sorely needed local infrastructure improvements, from modernizing our ancient water supply system to resurfacing our streets.

Reagan's program proposes:

Abolition of the Economic Development Administration which brought more than $7 million to the Erie County Industrial Development Agency during the last two years for special job-creating, job retaining aid.

Phasing out of mass transit operating subsidies which bring more than $7 million annually to the Niagara Frontier Transportation Authorty.

Diluting the Urban Development Action Grants program which brought more than $23 million to Buffalo in less than three years.

Cutting school aid by $7 million a year to the Buffalo Board of Education.

The list goes on, including proposals to reduce the guaranteed student loan and direct loan programs . . . plus eliminating Social Security payments to adult student.

Another problem area is the rising cost of energy. Those costs and the impact of the federal deregulation on those costs . . . compound our economic problems and business disincentives.

The adverse economic impact of these soaring energy costs was described in a 1976 report published by Cornell University. It suggested that a 10 percent rise in energy costs in one region . . . would result over the long run in a shift of 20 percent of its industrial activity to other regions.

With our long winters and cold temperatures, the Northeast-Midwest region is a high consumer of energy.

The impact of oil deregulation will result in more wealth being transferred from our region to the general revenue of energy-producing states. Eight energy producing states in the next decade, for example, are expected to reap more than $128 billion in added severance tax revenues because of the deregulation of domestic oil alone.

Their severance taxes will help these states keep their tax rates down, continue their attraction for investors and provide a cushion against Reagan's domestic budget cuts. Energy-producing states, however, get another bonus because many federal funds are distributed on the basis of state "tax effort." And these massive energy severance tax revenues are counted among tax effort.

The Reagan Administration's interest in accelerating the deregulation of natural gas could have a devastating effect on our economy, especially in Erie County where 95 percent of the homes and 75 percent of businesses are dependent on natural gas. According to various estimates, total decontrol could increase home heating costs anywhere between 50 and 200 percent. I don't know how Western New York could cope with an increase of that magnitude.

High energy costs pervade every aspect of our economy. These costs have been estimated to account for 25 to 30 percent of the inflation rate. Yet the President decided on

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January 28th to deregulate domestic crude oil and gasoline more than half a year ahead of schedule. Within two weeks in our area, the cost of gasoline jumped a dime or more per gallon. That's fueling inflation as well as our cars.

Supporters call the President's program a bold approach to fighting inflation and spurring growth. Yet, there is a body of opinion that he is engaged in a high stakes gamble. There is concern as to whether the President's program will or could do as much or as fast as his supporters proclaim.

That concern was shared by several top economists in recent testimony.

Dr. Otto Eckstein, professor of economics at Harvard, said: "Have we the right to bet the future of the economy on such wishful thinking? I don't think so. It would be beautiful if it worked out, but the far more likely outcome is continued large budget deficits creating too much stimulus, too high interest rates and the missed opportunity to really turn the economy around. The President's program, as submitted, could easily make the inflation worse."

And Lawrence R. Klein of Wharton Econometric Forecasting Associates testified: "It does not appear that the Administration will meet its goals of raising economic growth, lowering inflation and balancing the budget."

There is a great deal of skepticism that the President has inflated the real growth and inflation-dampening impact of his total policies.

The uncertainties arise because the President's policies represent a compromise blend of two sometimes divergent economic theories. One is the supply side—advocates of a massive, across-the-board tax cut for individuals as the cure for inflation. On the other side are the monetarists, advocates of deep federal spending cuts and tight money supply.

Reagan's result is a mixture of apples and oranges, a kind of untested economic fruit salad.

Frankly, it raises concern that rather than economic improvements . . . we may end up with the worst of all possible worlds— more high unemployment, high inflation, high interest rates.

Noted economist Walter Heller also discounted the optimistic projections, noting: "As far as the Reagan program is concerned, what disturbs me is that he is promising us that we can have both a big expansion of the economy and a big contraction in inflation and the two things are simply not consistent . . . It's saying that we're going to have these huge supply side effects . . . meaning that you're going to stimulate an enormous amount of work effort and savings and investment—nothing in the historical record supports that, nothing. The new supply side economics is kind of the laetrile for the cancer of inflation."

The respected Bernstein-Macaulay financial newsletter also highlighted the uncertainty of the Reaganomics, writing in a recent issue: "There is no way to forecast the economic outcome of such a program . . . Never before has the American government employed a major tax cut, a wide variety of budget reductions . . . and the maintenance of tight money—all at the same time."

But if we err in applying these three policy ingredients, I hope we err on the side of too high tax cuts, rather than budget cuts that are too deep or a too tight money supply.

We must remember that inflation is a deep-seated and complex phenomenon. There is no quick fix.

I believe the federal government's spending habits contribute to inflation, However, excessive blame is cast on federal deficits as the culprit for inflation. The bottom line is that if we balanced the federal budget tomorrow, we would still have inflation. There are other pieces in the inflation puzzle.

For example, in 1980 testimony before the Senate Budget Committee, Walter Heller recalled: "Reaching back to 1919-20, we note that rapid inflation was associated with a large surplus. Then Milton Friedman also reminds us that 'one of the most extreme deflations we had in history—decline in prices—was in the 1931-33 period . . . In those years, the federal government was running a deficit'."

When the House was considering the Fiscal Year 1980 Budget Resolution, we went through heated debate over abrupt spending cuts to produce a balanced budget. At that time, the Congressional Budget Office projected the following would happen to the economy if a $25 billion deficit were eliminated via spending cuts: 1. Because of revenue losses due to decreased spending, the real cut would have to be $38 billion, rather than $25 billion. 2. And most interesting . . . that $38 billion dollar budget cut—that leap to the balanced budget—would cut inflation by only one-tenth of 1 percent.

The reason again is that Federal spending alone is not responsible for the inflation rate. There are many other factors involved.

The inflation psychology that exists in this country is one example. In a recent report, the Joint Economic Committee described it this way: "The current inflation is of long duration, and the vast majority of American businesses and consumers have come to expect it will continue. Each sector of the economy has developed structural mechanisms that have helped it adapt to a climate of rising prices, but these structures in turn contribute to the momentum of inflation.

Many labor contracts now include cost of living adjustment clauses that compensate for all or part of the inflation-induced loss of real income. To the extent that these increases are not offset by productivity improvements, they raise business costs and thus prices. When consumers purchase on credit in anticipation of even higher prices, the added pressures on interest rates raise business costs and prices."

The inflation psychology is rampant among consumers and businesses. Debt statistics in this case are most revealing. The federal government debt, our national debt, as of Fiscal 1980 stood at $911 billion dollars. State and local government debt was $311 billion. Household mortgage and outstanding consumer credit exceeded $1.3 trillion. Nonfinancial corporate debt also exceeded $1 trillion. The federal debt is the only form of debt to decrease as a percent of GNP since 1955.

While the Federal debt has tripled since 1955. . . up 325 percent: State/local government debt has risen 676 percent. Mortgage debt has risen 1085 percent. Consumer credit debt has risen 855 percent. Corporate debt has risen 99 percent. Understanding the total debt situation in our country can help in our public perception of the causes of inflation.

The concerns about the Reagan tax package—shared by Democrats and some Republicans—run the gamut from its potential inflationary impact to differences of opinion as to whom exactly tax cuts should be directed. One cannot predict with certainty whether tax savings will be used to stimulate investment or consumption.

For instance, the $6.4 billion individual tax cut benefit projected for the remainder of Fiscal 1981 will have little stimulative effect, beyond helping offset some Social Security payroll tax increases.

Many experts are predicting, in fact, that even after three 10 percent annual income tax rate cuts in a row, most Americans will be carrying about the same federal tax burden. That will occur, it is argued, because continuing inflation in the 8 to 12 percent range pushes the middle class into steadily higher tax brackets.

Despite higher growth rates in the South and West in the last decade, according to the Congressional Northeast-Midwest Coalition, our region still holds an edge in average per capita income. Thus, the larger the individual tax cut the more our region should benefit. That is why I feel that erring on the side of too high a tax cut won't be as negative a consequence on our economy.

I hope the final tax package enacted by this Congress will provide more relief to middle and low income persons who have been ravaged by inflation . . . and targeted relief to small and medium-sized businesses to help our region make the adjustments to federal spending trends.

So what do we have to look forward to?

With the decline in overall federal aid programs, we must look to the federal tax code as a device for providing business incentives in our older industrial areas.

We need carefully crafted tax incentives to help offset the federal deregulation of energy and the regional imbalance in defense spending.

We desperately need such a tradeoff to maintain our economic balance and our competitiveness with other areas of this nation.

Legislation I have introduced would target these tax incentives to economically distressed areas and also focus on the special needs of less capital intensive small businesses, which are the source of most new jobs in the Northeast. Ninety eight percent of all firms in New York are small businesses with fewer than 100 employees.

Current tax policies favoring new investment over reinvestment in existing structures act as another incentive for businesses to leave our older cities for the newly developing South and West.

The targeted tax incentives I am proposing include:

An easier to use accelerated depreciation system to help increase capital available for expansion/modernization.

An expanded jobs tax credit to stimulate hiring of chronically unemployed urban residents.

A 5 percent bonus investment tax credit for plant/equipment investments in target areas.

A refundable investment tax credit to provide smaller firms with needed capital.

We in Western New York and the Northeast must actively seek to diversify our economic base by using targeted tax relief as a stimulus to private job creation.

Such incentives would help us attract more of the high technology firms to the Elm/Oak area and help accelerate the economic development potential of the Kelly Island area and our waterfront.

Such incentives would help us sustain the momentum underlying downtown revitalization and the effort to expand the tourism and service components of our local economic base.

Such incentives could also prove useful as we continue efforts to attract foreign investment. Recently, the Buffalo Area Chamber of Commerce reported that in the past six years over 115 new Canadian companies have come into our area with an estimated local employment of 5,000. We must expand this effort.

Another legislative alternative our region must pursue is the refinement of formulas used for distributing federal aid programs, such as Community Development Block Grants.

President Reagan has declared that the genuinely needy will not be ignored by the federal government. That definition of needy must be applied to individuals and communities. We must work to tighten up these federal aid formulas so that the shrunken federal aid is directed to the neediest areas. It does not seem reasonable that thriving Houston should get $28.2 million a year in community development block grant funds, while the City of Buffalo got $4 million less. I am currently drafting legislation which would restrict the number of communities eligible for CDBG.

We also have to work to insure that a Congressionally mandated one-year test of defense procurement policies, targeted to high unemployment areas, will continue beyond this fiscal year. This provides firms in the target areas with a bidding preference on a variety of supplies and materials required by the Defense Department.

The changes in Washington suggest we are also going to have to help ourselves more, with local governments tightening belts and seeking more cost-effective ways to provide essential services.

We are going to need greater participation by the private sector—the business community—if we are going to be able to help pick up the slack of reduced federal involvement.

In this regard, we in the Buffalo area are in a good position to face the new round of economic challenges. Buffalo area banks, for instance, have demonstrated their commitment to downtown revitalization and the private sector's participation has been invaluable to the ECIDA success story.

Today, however, we desperately need broader-based private sector participation in the development of economic alternatives. We need more local firms participating in the planning and implementation of economic development and community revitalization. Perhaps firms could expand the loaned executive program, which has been such a boon to the United Way, for local government and neighborhood improvement projects.

In the Minneapolis area, for the last five years, "The Minnesota 5 percent Club"—a confederation of 45 local businesses—has pledged to contribute 5 percent of pre-tax profits (an allowable federal tax deduction) to local philanthropic and social programs. The funds are used for a variety of activities, ranging from a neighborhood rehabilitation project to an anti-juvenile delinquency program and job retraining.

Whether it is providing better job retraining for its employees, day care facilities, organizing van pools, assisting in defraying educational costs, or significantly increasing involvement in job training for the hard core unemployed, there are many corrective things the private sector can do. The manufacturing opportunities have declined and the growth of the jobs in the Engineering Sciences, Informational Processing and Service Sector Economy have exploded.

This is the reason for the diversification which I have been urging for several years.

A tremendous increase in planning, education and recycling of manpower must be undertaken to match this manpower to these new technologies and job opportunities. If we don't we will continue to lose the best and most skilled employees to the growth areas of our country.

In Western New York, we have a pool of talented leaders and skilled workers, our greatest resource. With all sectors of the community working together, we can tap these internal resources, apply our ingenuity and craft successful economic alternatives for the years ahead.●

EXPORT-IMPORT BANK FINANCING NOTIFICATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 5 minutes.

● Mr. NEAL. Mr. Speaker, I am notifying the House today of a proposal by the U.S. Export-Import Bank to provide financial guarantees of up to $104,210,000 to help the National Power Corporation of the Philippines cover additional costs of its Bataan Peninsula nuclear powerplant.

Earlier, the Eximbank provided a direct credit of $277.2 million and guaranteed private loans totaling $367.2 million to finance the sale of U.S. goods and services and to cover interest costs during construction for the 620-megawatt Bataan Peninsula plant. Since then the cost estimates have increased greatly because of construction delays and safety related changes in plant design.

The new loan guarantees will help the Philippines' Government-owned power company to meet the $769.4 million in additional costs required to complete the powerplant.

This Eximbank notification was referred to me as chairman of the Banking Committee's Subcommittee on International Trade, Investment and Monetary Policy. Section 2(b)(3)(iii) of the Export-Import Bank Act of 1945, as amended, requires that the Eximbank notify Congress of proposed loans or guarantees involving the export of nuclear technology or equipment. Unless the Congress determines otherwise, the Eximbank may give final approval to the transaction after 25 days of continuous session of the Congress after notification.

I am submitting for the RECORD the Eximbank's notification, which contains the terms and details of the proposed transaction. I would welcome any comments my colleagues might have about this proposal.

The Eximbank material follows:

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., March 20, 1981.

Hon. STEPHEN L. NEAL,
Chairman, Subcommittee on International Trade, Investment and Monetary Policy, Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Eximbank has submitted a statement to the Speaker of the House of Representatives and the President of the Senate in accordance with the provisions of Section 2(b)(3)(iii) of the Export-Import Bank Act of 1945. I am taking the liberty of providing you with a copy of this statement.

Sincerely,

NANCY S. PIGMAN,
Congressional Relations Officer.

Enclosure.

EXPORT-IMPORT BANK OF THE
UNITED STATES,
Washington, D.C., March 20, 1981.

SPEAKER OF THE HOUSE OF REPRESENTATIVES,
U.S. Capitol, Washington, D.C.

DEAR MR. SPEAKER, pursuant to Section 2(b)(3)(iii) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States House of Representatives with respect to the following transaction involving U.S. exports to the Philippines:

A. DESCRIPTION OF THE TRANSACTION

1. Background and purpose

Eximbank proposes to offer its financal guarantee of up to $104,210,000 for commercial loans to National Power Corporation (NPC), a company wholly owned by the Government of the Republic of the Philippines, to assist NPC in financing additional costs of $122,600,000 for goods and services required for plant and site safety design modernization and improvement, construction schedule extension and related costs of NPC's 620 megawatt nuclear power plant on the Bataan Peninsula (Project). This financing support will supplement a direct credit of $277,200,000 and an Eximbank guarantee of private loans of like amount to assist in the export of U.S. goods and services for the Project and an Eximbank guarantee of $90,000,000 of private loans to cover interest during construction. This supplemental financing would be for costs which are a part of total costs of $769,400,000 incurred or to be incurred in addition to original cost estimates for the Project.

The increased costs have resulted from construction delays and the modernization and upgrading of plant design. The original cost of construction was estimated at $1,105.3 million with completion scheduled for June 1983. Present cost estimates are $1,874.7 million with completion scheduled for January 1985. Although construction at the end of 1978 was six months ahead of schedule, it has since fallen 18 months behind schedule due primarily to a sequence of events reflecting conerns voiced by various parties over plant design and site characteristics.

Because the Philippines is located in an area of general seismic and volcanic activity, extensive site and environmental studies were made before construction began by the Philippine Atomic Energy Commission (PAEC), the International Atomic Energy Agency (IAEA) and Ebasco Overseas Inc., as consultant to NRC. Nevertheless, because of the concerns expressed over site selection the PAEC in 1978 requested a further

review by IAEA of prior site evaluations. Pending this review the Department of State requested the Nuclear Regulatory Commission (NRC) to withhold action on the issuance of a nuclear reactor export license. Issuance of an export license for nonnuclear equipment was also deferred by the Department of Commerce. After additional studies recommended by the IAEA report to the PAEC, the latter on April 4, 1979, issued a formal construction permit.

When concerns in the Philippines over plant safety persisted, particularly after the Three Mile Island (TMI) accident, the President of the Philippines in June 1979 suspended construction and appointed a commission headed by the Philippine Minister of Justice to review safety aspects of the plant. The commission's report in November 1979 found the site to be well within reasonable margins of safety but recommended that NRC's contract with Westinghouse Electric Corporation, the U.S. supplier, be renegotiated to upgrade plant design to incorporate post 1973 NRC guidelines and TMI related safety changes. Subsequently, on May 6, 1980 the NRC issued the nuclear reactor export license, and on September 26, 1980, following negotiations with Westinghouse regarding plant design changes, the suspension of construction was lifted. In November 1980 following an appeal of the NRC decision by public interest groups the United States Court of Appeals for the District to Columbia denied a motion to stay export of the nuclear equipment. Consequently, exportation of the equipment has gone forward although a final decision of the Court of Appeals has not yet been given.

2. Executive branch approval

Export of the equipment and fuel for the Project is being made within the framework of a Bilateral Agreement for Cooperation between the United States and the Republic of the Philippines, implemented by a Trilateral Agreement among the United States, the Republic of the Philippines and the IAEA, and a safeguards agreement between the Philippines and the IAEA pursuant to the obligations of the Philippines under the Treaty on the Non-Proliferation of Nuclear Weapons.

On September 28, 1979, the Department of State submitted to the NRC the judgment of the Executive Branch that the requirements of the Atomic Energy Act and the Nuclear Non-Proliferation Act had been met, that the Philippines had adhered to the provisions of its agreement for cooperation with the United States and that the proposed export of the reactor would not be inimical to the common defense and security of the United States. The Executive Branch judgment was reviewed extensively by the Departments of State, Energy, Defense and Commerce, and the U.S. Arms Control and Disarmament Agency. Prior to submitting this Executive Branch judgment, the Department of State prepared a concise environmental review of the impacts of the Project on the Philippines and the global commons consistent with Executive Order 12114 of January 4, 1979, and the Department implementing procedures for nuclear actions (not then published). The concise environmental review and comments received from reviewing agencies were transmitted to the NRC along with the Executive Branch judgment.

The NRC directed that the license applications be issued after receiving the Executive Branch judgment, holding public proceedings and considering the potential health, safety and environmental impacts of the reactor export in the territory of the United States and in the global commons.

In accordance with established procedures Eximbank requested through the Department of State the views of the Executive Branch on the proposed transaction. State's Bureau of Oceans and International Environmental and Scientific Affairs advised that the Executive Branch had no objections to Eximbank's proceeding with this transaction.

3. Identity of the parties

Borrower

Established in 1936, NPC is wholly owned by the Government of the Republic of the Philippines. Under Presidential Decree No. 40, NPC is responsible for providing all future power generation expansion throughout the Philippines. At the end of 1980 total generating capacity of the NPC systems was 4,025 megawatts, consisting of 25% hydro power, 64% oil and 11% geothermal. NPC projects an installed generating capacity of 7,219 megawatts by 1985 when this Project is to be completed. The expected breakdown of that capacity is as follows: hydro 33%, geothermal 11%, oil 38%, coal 10%, and nuclear 8%.

Guarantor

The Republic of the Philippines has issued its unconditional guarantee of payment of the existing Eximbank direct credit and loans guaranteed by Eximbank for the Project and will issue its unconditional guarantee of payment of the loans to be guaranteed by Eximbank in this transaction.

B. EXPLANATION OF THE EXIMBANK FINANCING

1. Reasons

This Project has incurred considerable additional costs from those originally estimated due primarily to delays and upgrading occasioned by concerns that all reasonable safeguards be introduced into this nuclear project. Eximbank has identified costs of U.S. goods and services included in those needed to complete the Project which it deems particularly worthy of support. They include equipment and services primarily in the categories of plant and site safety design modifications and improvements and construction schedule extension. Mindful of other demands on its resources, Eximbank proposes to authorize a guarantee only of loans from private sources of up to 85% of U.S. costs, or $104,210,000, which will facilitate the export of $122,600,000 of U.S. goods and services to the Philippines.

Eximbank perceives no adverse impact on the United States economy from the export of these goods and services. This transaction will have favorable impact on employment for substantial numbers of United States workers, as well as on the United States balance of trade. None of the goods to be exported is in short supply in the United States.

Eximbank has been informed by Westinghouse that the equipment that it and several sub-suppliers will be supplying the Philippines will require 4,900 man-years of direct and indirect labor throughout the United States. Westinghouse facilities involved in this sale will be located in Pensacola, Florida; Chattanooga, Tennessee; Charlotte, North Carolina; Philadelphia, Pennsylvania and Paramus, New Jersey. In addition, many of the sub-suppliers involved in this transaction have excess capacity for the goods to be exported as a result of the slowdown and cancellation of nuclear power projects in the United States.

The Government of the Philippines believes that Eximbank support is essential to the completion of the Project, and that such support will induce U.S. or other financial institutions to provide the necessary additional funding for the Project in conjunction with funds provided by the Philippine Government. The Project remains technically feasible.

2. The financing plan

The total cost of the United States goods and services which are to be financed by Eximbank is $122,600,000 to be financed as follows:

	Amount	Percent of U.S. costs
Cash	$18,390,000	15
Eximbank financial guarantee	104,210,000	85
Total	122,600,000	100

(a) Eximbank charges

Eximbank will charge a guarantee commitment fee of ⅛ of 1% per annum on the undisbursed portion of the loan guaranteed by Eximbank, as well as a guarantee fee of ½ of 1% per annum on the balance of the loan guaranteed by Eximbank which is disbursed and outstanding.

(b) Repayment terms

The loan of $104,210,000 to be guaranteed by Eximbank will be repaid by the Borrower in ten approximately equal semiannual installments beginning June 30, 1987, and ending December 31, 1991, to coincide with the repayment schedule dates of existing loans for the Project which are guaranteed by Eximbank.

Attached is additional information on Eximbank activity in and economic data on the Philippines.

Sincerely,

JOHN L. MOORE,
President and Chairman.

ATTACHMENT 1

EXIMBANK EXPOSURE IN THE PHILIPPINES AS OF DEC. 31, 1980

[In millions of dollars]

	Outstanding	Undisbursed
Direct loans	$395.4	$0.9
CFF loans	1.1	.1
Financial guarantees	173.0	199.9
Bank guarantees and other	16.5	15.0
Insurance:		
Medium term	12.1	4.0
Short term	10.4	0
Total for the Philippines	608.5	219.9

DEFAULTS AND RESCHEDULINGS

In the past ten years there have been no defaults or rescheduling of Export-Import Bank direct credits for U.S. export sales in the Philippines.

ATTACHMENT 2.—PHILIPPINES: KEY ECONOMIC INDICATORS

[All values in millions of U.S. dollars unless otherwise indicated]

	1978	1979	First half 1980[p]	Annual percent change[1]
Income, production employment:				
GNP at current prices (1980)[2]	[r]24,244.9	[r]29,879.8	37,105.6	25.5
GNP at 1972 prices (1980)[2]	[r]11,227.8	[r]11,863.8	12,385.0	5.5
Per capita GNP, current prices (1980)[2]	520.0	[r]641.4	778.5	22.6
Fixed-capital formation on durable equipment, 1972 prices[2]	[r]1,213.2	[r]1,298.1	NA	.....
Personal income, current prices[2]	[r]18,956.5	[r]23.159.3	NA	.....
Indices (1972 equals 100):				
Mining (Physical volume production)	134.2	141.3	123.0	8.8
Manufacturing (physical volume production)	126.3	131.9	136.3	4.5
Average labor productivity (1980)[3]	[r]107.6	[p]107.1	107.9	0.8
Average industrial money wage (March 1980)	146.4	157.9	166.1	5.2
Labor force (000 workers)	17,785	[p]18,440	NA	.....
Average unemployment rate (percent) (June)	4.7	[p]3.5	NA	.....
Money and prices:				
Money supply	2,300.6	2,554.2	2.493.0	12.6
Interest rate (percent)[4]	10.7	12.8	13.6	17.2
Indices: Manila (1972 equals 100):				
Wholesale prices (annual averages)	247.0	290.0	336.8	22.6
Consumer prices (annual averages)	202.9	241.1	274.7	21.5
Balance of payments:				
Central bank gross reserve[5]	1,882.7	2,422.9	2,712.4	26.8
Outstanding external debt	8,195.3	9,778.3	11,023.0	12.7
Annual debt service burden (1980)	1,007.0	1,252.7	1,478.4	18.0
Annual debt service ratio (percent) (1980)[6]	18.0	18.6	18.8	.....
Balance of payments	−54.0	−570.0	−201.0	64.7
Balance of trade (May 1980)	−1,307.3	−1.541.0	−660.1	57.2
Exports, f.o.b. (May 1980)	3,425.0	4,601.0	2,301.9	34.9
U.S. share (percent)	33.4	29.8	26.2	.....
Imports, f.o.b. (May 1980)	4,732.2	6,142.0	2,962.0	26.9
U.S. share (percent)	21.0	22.8	22.7	.....

Main imports from United States (May 1980): Machinery other than electric, $144.2 million; Cereals and cereal preparations, $63.8 million; electric machinery, apparatus and appliances, $41.6 million; Transport equipment, $35.1 million; explosives and miscellaneous chemical products, $35.0 million; chemical elements and compounds, $26.6 million.

Main imports from abroad (May 1980): Petroleum and petroleum products, $781.5 million; organic chemicals, $289.9 million; machinery specialized for particular industries, $167.6 million; general industrial machinery and equipment, $143.2 million; Road vehicles, $103.8 million; cereals and cereal preparations, $76.6 million.

[r] Revised.
[p] Preliminary.
[1] Comparison between that period of 1980 and similar period in 1979. Percent changes for data originally available in pesos were calculated using peso values.
[2] Peso values converted to dollars using average exchange rate for the period.
[3] Labor productivity measured in terms of net domestic product per employed person.
[4] Weighted average of money market rates (borrowing and selling).
[5] Outstanding as of end of period.
[6] For debt of over 1 year maturity as defined by RA 6142 as amended.

Note.—Exchange rates (average for periods covered: 1978—7.3658 pesos; 1979—7.3775 pesos; 1980—7.4557 pesos.

Sources: Central Bank, National Census and Statistics Office, National Economic and Development Authority, Ministry of Labor.●

LEGAL SERVICES CORPORATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 5 minutes.

● Mr. KASTENMEIER. Mr. Speaker, today the Subcommittee on Courts, Civil Liberties, and the Administration of Justice will have concluded 4 days of hearings on H.R. 2506, a bill to extend the authorization for appropriations for the Legal Services Corporation. I will hold two more hearings next week—March 31 and April 1—after which I hope the subcommittee can proceed to markup. Originally I had intended to hold the final day of hearings on April 8, but have decided to advance the date to April 1.

I would welcome any comments which Members may wish to make, and would appreciate receiving them by noon on April 3. That will enable the Members to review comments before subcommittee markup, which I hope to schedule during the week of April 6.

If Members have any specific complaints which they believe should be investigated, please send a written statement of the complaint to my subcommittee office, 2137 Rayburn House Office Building, as soon as possible, and no later than April 3, if feasible. I will seek to review and investigate every complaint immediately.●

THE HUNGER AND GLOBAL SECURITY ACT

(Mr. GILMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. GILMAN. Mr. Speaker, today, my distinguished colleague, the gentleman from New York (Mr. SOLARZ) and I are introducing the Hunger and Security Act, legislation emerging from our work during the last several months with Bread for the World, an organization which has worked long and hard on the issue of world hunger. We commend them for their many contributions in this area. We are all hopeful that passage of this measure will help to eliminate world hunger and malnutrition while fostering the security of our Nation and the international community.

My colleague, while serving as the chairman of the Subcommittee on Africa and currently as the chairman of the Subcommittee on Asian and Pacific Affairs has observed firsthand how peoples in the developing world are devastated by omnipresent hunger and chronic malnutrition, and he has demonstrated a sincere commitment to eradicating this plague which looms as a part of the daily existence of hundreds of millions of people throughout the world.

As a member of the Committee on Foreign Affairs, and recently as a member of the Presidential Commission on World Hunger, I have come to recognize that hunger is a problem of enormous dimensions with political, social, and economic implications measuring beyond the unconscionable suffering and debilitation visited upon huge numbers of innocent children and adults.

The causes of hunger remain deeply rooted. For this reason, it is our hope that our Nation and other nations can begin to accord to efforts to resolve this problem, the high priority they require. Accordingly, the Hunger and Global Security Act seeks to focus greater attention on and focus more resources toward the elimination of hunger and its causes.

This bill has several major provisions: First, helping to assure that our Public Law 480 food assistance program contributes to self-help assistance and receipt of this assistance by those most in need; second, urging multilateral development banks to adopt procedures whereby assistance is increasingly targeted to reach those persons whose incomes are inadequate to prevent malnutrition; third, encouraging other developed nations to con-

tribute to world food security by establishing food security reserves similar to one established by the United States last year; fourth, urging creation of a global food financing facility to assist developing nations experiencing balance-of-payment problems due to significant crop failures; fifth, helping to assure that food embargoes do not aggravate malnutrition; sixth, encouraging developing nations which receive trade benefits from the United States to assign a priority to alleviating malnutrition and to enabling the poor to participate actively in increasing economic productivity through such measures as small farm agriculture; and seventh, establishing within the Agency for International Development a public health fund to assist private and voluntary organizations in their efforts to reduce disease in developing nations.

Mr. Speaker, the gentleman from New York and I believe that passage of this measure would be a significant step in our Nation's efforts to help eliminate world hunger and malnutrition and promote global security.

Accordingly, we urge our colleagues to support expeditious consideration and passage of this legislation. I include the complete text of this bill and a sectional analysis of the measure's key provisions at this point in the RECORD:

H.R. 2793

A bill to help eliminate world hunger and malnutrition and promote global security.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the the "Hunger and Global Security Act".

FINDINGS REGARDING GLOBAL SECURITY

SEC. 2. (a) The Congress finds that the security of the United States and other countries is increasingly affected by a broad range of global problems including shortages or potential shortages of food, oil, water, wood, and other basic mineral and natural resources; desperate poverty; sickness; population pressures; environmental deterioration, including soil erosion and water pollution; and large-scale and destabilizing refugee problems.

(b) The Congress finds that hunger, disease, and extreme poverty are among the most critical of these global problems. As ever greater numbers of people perceive the disparity between their own continuing deprivation and the prosperity of others, and judge their predicament to be neither just nor inevitable, it becomes increasingly likely that there will be unrest and violence with consequent disruption of the flow of essential materials, adverse effects on the world economy, decreased likelihood of cooperative efforts toward meeting the other critical problems threatening national and global security, and increased likelihood of confrontation between nations which possess nuclear arms.

(c) Therefore, the Congress finds that the Nation's understanding of global and national security must be broad enough to include the problems cited in this section, and that adequate protection of the security of the United States requires effective action on these global problems, and in particular on the problems of hunger, disease, and extreme poverty.

FINDINGS AND DECLARATION OF POLICY REGARDING WORLD HUNGER

SEC. 3. The Congress, affirming the value of human life, finds and declares that the elimination of hunger and its causes is of fundamental moral significance and, further, that it is in the political, economic, and security interest of the United States. Therefore, the Congress declares that the elimination of hunger and its causes shall be a primary objective of United States relations with the developing countries.

TITLE I—PUBLIC LAW 480

SELF-HELP MEASURES TO INCREASE AGRICULTURAL PRODUCTION

SEC. 101. Section 109(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1709(a)) is amended—

(1) in paragraph (3) by inserting immediately before the semicolon ", and reducing illiteracy among farmers";

(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by inserting the following new paragraph immediately after paragraph (10):

"(11) carrying out programs to improve the health of farmers and their families.".

VERIFICATION OF SELF-HELP PROVISIONS

SEC. 102. Section 109 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1709) is amended by adding at the end thereof the following new subsection:

"(d)(1) In each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake shall be described (A) to the maximum feasible extent, in quantitative and measurable terms, and (B) in a manner which ensures that the primary beneficiaries of the measures pursuant to each agreement will be the needy people in the recipient country. For purposes of this paragraph, needy people are those individuals whose incomes are below the level required to prevent malnutrition.

"(2) The President shall take appropriate steps to satisfy himself that, in each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake are additional to the measures which the recipient country had been planning to undertake irrespective of that agreement or amendment. This paragraph does not apply with respect to a recipient country which faces extraordinarily severe balance of payments problems.

"(3) The President shall take all appropriate steps to verify that the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out. In such verification, as well as in the negotiation of any such agreement or amendment, the President shall take special note of information available from United States private sector organizations wishing to provide relevant information, as well as of the assessments of United States missions in the recipient country and the official statements of the government of that country.

"(4) Upon request of the Committee on Agriculture, Nutrition, and Forestry of the Senate or the Committee on Foreign Affairs of the House of Representatives, the President shall provide to that committee a written account of steps taken pursuant to paragraphs (2) and (3) of this subsection.".

TITLE II—MULTILATERAL DEVELOPMENT BANKS

TARGETING ASSISTANCE TO THE NEEDY

SEC. 201. The Act of October 3, 1977 (Public Law 95-118; 91 Stat. 1067), is amended by adding at the end thereof the following new title:

"TITLE XI—TARGETING ASSISTANCE TO THE NEEDY

"SEC. 1101. The Congress notes with approval that the Inter-American Development Bank, under the terms of its Fifth Replenishment, has adopted the target that 50 per centum of its lending benefit the poorest groups and has developed a usable methodology for determining the proportion of its lending which benefits such groups.

"SEC. 1102. The United States Government shall make every reasonable effort to bring about the establishment of a requirement by the International Bank for Reconstruction and Development, the International Development Association, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, and any other multilateral development bank of which the United States becomes a member, that not less than some specified proportion of its lending must benefit needy people, such proportion to be at least 50 per centum. For purposes of this title, needy people are those persons whose incomes are inadequate to prevent malnutrition.

"SEC. 1103. The Secretaries of State and Treasury shall include in the annual report required under section 901(b) of this Act an account of the progress being made toward achieving the goals of section 1102, and shall also include, for each of the institutions referred to in section 1102, as accurate an estimate as is practicable of the proportion of the lending by that institution which benefits needy people. In formulating these estimates, the Secretaries of State and Treasury may utilize the methodology developed by the Inter-American Development Bank or such other methodology or methodologies as they may determine to be appropriate.".

TITLE III—WORLD FOOD SECURITY

FOOD SECURITY RESERVES

SEC. 301. (a) The Congress finds that—

(1) the Congress recently passed and the President signed into law an Act which provides for establishment of a United States food security reserve of up to four million metric tons of wheat to be used for emergency food assistance;

(2) the food import needs of developing countries will increase over the next ten years; and

(3) some other grain exporting countries could take additional steps to assure continuity of food assistance during food crisis years.

(b) The President shall encourage other grain exporting countries to establish their own food security reserves or take other measures that complement the United States food security reserve.

(c) The President shall report to the Speaker of the House of Representatives

and the Committee on Foreign Relations of the Senate within one year after the enactment of this Act on the actions he has taken to implement this section.

GLOBAL FOOD FINANCING FACILITY

SEC. 302. (a) The Congress finds that—

(1) a number of developing countries, including "food priority countries", are experiencing serious balance of payments problems;

(2) significant crop failures in any of these countries, and the consequent need to import food to make up the shortfall, could further exacerbate these balance of payments problems; and

(3) the establishment of an international food financing facility to provide balance of payment assistance to countries which would otherwise experience food shortages would help alleviate this problem.

(b) The President shall—

(1) take all appropriate steps to negotiate with other countries, and with international and regional organizations, the establishment of a global food financing facility; and

(2) take all necessary steps to ensure that the benefits of such a facility meet basic human needs.

(c) The President shall report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one year after the enactment of this Act on the actions he has taken to implement this section.

LIMITATION ON UNITED STATES FOOD EMBARGOES

SEC. 303. Section 6(f) of the Export Administration Act of 1979 (50 U.S.C. 2405(f)) is amended—

(1) in the subsection caption by inserting "AND FOR CERTAIN FOOD EXPORTS" immediately after "SUPPLIES";

(2) by inserting the following immediately after the first sentence: "Before export controls on food are imposed, expanded, or extended under this section, the Secretary shall notify the Secretary of State in the case of export controls applicable with respect to any developed country and shall notify the Director of the United States International Development Cooperation Agency in the case of export controls applicable with respect to any developing country. The Secretary of State with respect to developed countries, and the Director with respect to developing countries, shall determine whether the proposed export controls on food would cause measurable malnutrition and shall inform the Secretary of that determination. If the Secretary is informed that the proposed export controls on food would cause measurable malnutrition, then those controls may not be imposed, expanded, or extended, as the case may be, unless the President determines that those controls are necessary to protect the national security interests of the United States. Each such determination by the Secretary of State or the Director of the United States International Development Cooperation Agency, and any such determination by the President, shall be reported to the Congress, together with a statement of the reasons for that determination.";

(3) in the next to the last sentence by striking out "supplies," and inserting in lieu thereof "supplies or of food"; and

(4) in the last sentence by inserting immediately before the period "or to any export control on food which is in effect on the effective date of the Hunger and Global Security Act".

TITLE IV—GENERALIZED SYSTEM OF PREFERENCES

DESIGNATION OF BENEFICIARY DEVELOPING COUNTRIES

SEC. 401. (a) Section 502(b) of the Trade Act of 1974 (19 U.S.C. 2462(b)) is amended—

(1) by striking out "and" at the end of paragraph (6);

(2) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and

(3) by inserting the following new paragraph immediately after paragraph (7):

"(8) if such country fails to give priority to alleviating malnutrition and poor health and to enabling the poor to participate actively in increasing economic productivity through such means as small farm agriculture.".

(b) Such section is further amended by adding at the end thereof the following new sentence: "Paragraph (8) shall not prevent the designation of any country as a beneficiary developing country under this section if the President determines that such designation is required by the national security interests of the United States and reports such determination to the Congress with his reasons therefor.".

BENEFITS FOR THE POOREST BENEFICIARY DEVELOPING COUNTRIES

SEC. 402. The Congress finds that the poorest developing countries get very few benefits from the Generalized System of Preferences under title V of the Trade Act of 1974 because they are not in a position to produce the vast majority of the articles eligible for duty-free treatment under that title. Accordingly, the President shall review whether it is possible, consistent with other United States interests, to increase the benefits available to the poorest beneficiary developing countries under that title. Not later than one year after the date of enactment of this section, the President shall report the results of that review to the Congress, together with such recommendations for legislation as the President considers appropriate.

TITLE V—AMERICAN INTERNATIONAL PUBLIC HEALTH FUND

FINDINGS AND DECLARATIONS

SEC. 501. The Congress finds and declares that—

(1) private and voluntary organizations have made substantial contributions to international public health;

(2) private and voluntary organizations are a vital part of current international health efforts and should become an even more valuable component of our Nation's international health activities, without, however, compromising their private and independent nature; and

(3) in order to encourage and support the involvement of private and voluntary organizations in meeting international health goals, a special fund should be established to assist these organizations in implementing small scale and cost effective public health activities in developing countries.

DEFINITIONS

SEC. 502. For purposes of this title—

(1) "Administrator" means the Administrator of the Agency for International Development;

(2) "Agency for International Development" means the Agency for International Development or any successor agency primarily responsible for administering Part I of the Foreign Assistance Act of 1961;

(3) "Fund" means the American International Public Health Fund established pursuant to section 503 of this title; and

(4) "public health activity" means any activity carried out for the purpose of addressing major health problems in developing countries through—

(A) disease control, including projects to promote safe water supplies, sanitary waste disposal, and preventive medicine;

(B) projects and programs to promote general health, including health education; or

(C) health services delivery and management.

ESTABLISHMENT OF THE FUND

SEC. 503. (a) There shall be established in the Agency for International Development a fund to be known as the American International Public Health Fund. The Fund shall be headed by a Director appointed by the Administrator.

(b) The Fund shall commence the activities described in section 504 of this title not later than six months after the date of enactment of this title.

ACTIVITIES AND PURPOSES OF THE FUND

SEC. 504. (a) In order to facilitate improvements in international public health, the Fund is authorized to provide financial assistance to private and voluntary organizations to support specific public health activities sponsored by those organizations in developing countries.

(b) In determining the policies and programs of the Fund, every reasonable effort shall be made to ensure that the allocation of the resources of the Fund results in the greatest feasible reduction in the incidence of fatal or disabling diseases among needy persons in the developing countries.

(c) Financial assistance by the Fund to private and voluntary organizations for studies, conferences, and administrative activities in any fiscal year may not exceed 7.5 per centum of the moneys obligated by the Fund in that fiscal year. The Fund shall concentrate its support on activities which attempt directly to improve the health of the needy.

(d) In determining how the resources of the Fund are to be allocated, special attention shall be paid—

(1) to ensuring that the projects chosen to be supported by the Fund are so designed that they can be effectively implemented and in particular that the projects chosen are not so large as to hamper effective management and implementation;

(2) to activities which are undertaken to benefit the needy in connection with the International Drinking Water and Sanitation Decade; and

(3) to the need to include the full range of relevant viewpoints in designing and carrying out public health activities, and in particular the need to complement the perspective of medical science with the perspectives of experts in such fields as administration, logistics, and engineering, and in the political, cultural, social, and economic conditions in the area where the activities are to be carried out.

(e) If the President deems it appropriate, all programs carried out by the Agency for International Development for purposes of assisting private and voluntary organizations in the public health field may be carried out through the Fund. For such purpose, any funds available to that Agency for such assistance may be made available by the President for use by the Fund under

this title, except that the authority of this sentence may not be used to transfer funds appropriated before the enactment of this title.

(f) The Fund may provide financial assistance under this section in the form of loans or grants or a mixture of loans and grants. Loans may be made on such terms and conditions as the Director of the Fund may determine.

BOARD FOR INTERNATIONAL PUBLIC HEALTH

SEC. 505. (a) To assist in the administration of the programs authorized by this title, the Administrator shall establish a Board for International Public Health (hereafter in this title referred to as the "Board") consisting of five members, not less than three of whom shall be selected from private and voluntary organizations engaged in public health activities in developing countries.

(b) Terms of members of the Board shall be set by the Administrator at the time of appointment. Members of the Board shall serve without additional compensation but may be reimbursed for actual and necessary expenses not in excess of $75 per day, and for transportation expenses, while engaged in their duties under this section.

(c) In making appointments to the Board, the Administration shall consider the need to complement the perspective of medical science with other relevant viewpoints as described in section 504(d)(3) of this title.

(d) The duties of the Board shall include—

(1) participating in the formulation of basic policy, procedures, and criteria for project proposal review, selection, and monitoring;

(2) to the extent deemed appropriate by the Board, reviewing and evaluating memorandums of understanding or other documents that detail the terms and conditions under which the Fund provides financial assistance to private and voluntary organizations;

(3) reviewing, evaluating, and assessing the impact of activities supported by the Fund to ensure compliance with the purposes of this title and in particular with the criterion set out in section 504(b) of this title;

(4) recommending to the Director of the Fund the allocation of the funds available to carry out this title; and

(5) participating in the preparation of the annual report required under section 506 of this title.

ANNUAL REPORTS

SEC. 506. (a) At the end of the 15-month period beginning on the date on which the Fund commences its activities under this title, and annually thereafter, the Director of the Fund shall submit a report simultaneously to the President and to the Congress on the Fund's progress, operations, activities, financial condition, and accomplishments and failures. The primary purpose of the report shall be to show what steps have been taken to meet the criterion specified in section 504(b) of this title.

(b) The report shall, at the request of the Board, include the separate views of the Board with respect to any aspect of the programs conducted or proposed to be conducted under this title.

AUTHORIZATION OF APPROPRIATIONS

SEC. 507. (a) In addition to any funds otherwise available for such purpose, funds to carry out this title shall be authorized and appropriated on an annual basis. Funds appropriated to carry out this title are authorized to be made available until expended.

(b) It is the intent of the Congress that the establishment of the Fund will not entail additional foreign assistance expenditures, but rather will involve a shift of resources from other portions of the foreign assistance program.

SECTIONAL ANALYSIS—HUNGER AND GLOBAL SECURITY ACT

Summary: The Hunger and Global Security Act is an omnibus measure designed to improve the effectiveness of U.S. efforts against world hunger. It proposes reforms in current programs but does not call for increased spending.

Policy Language

Findings Regarding Global Security: There are major threats to the physical security of the United States and the world which cannot be dealt with by military means. These threats include the depletion of the earth's resources, desperate poverty, global deterioration of the environment, sickness, and large-scale, destabilizing refugee problems. Therefore adequately protecting the security of the United States requires more than military strength. It requires effective action on global problems, including hunger.

Findings and Declaration of Policy Regarding World Hunger: This section declares that the United States shall make the elimination of hunger and its causes a primary objective of its relations with developing countries.

TITLE I. PUBLIC LAW 480

Sec. 101. Self-Help Measures to Increase Agricultural Production. This section adds to the illustrative list of self-help measures which are to be considered in allocating aid under Title I of P.L. 480 the following measures: (a) efforts by the recipient countries to reduce illiteracy among farmers, (b) efforts by the recipient country to improve the health of farmers and their families.

Sec. 102. Verification of Self-Help Provisions. This section amends P.L. 480 to require that whenever food is sold under Title I, the self-help measures which the recipient country agrees to in the sales agreement

(a) shall be described, to the greatest extent feasible, in quantitative and measurable terms; and

(b) shall be described in such a manner as to ensure that the primary beneficiaries of the set of self-help measures are needy persons in the recipient country.

In addition, the bill strengthens the procedures for monitoring compliance and for ensuring that the self-help measures agreed to are additional to measures which the government would have undertaken with or without receiving assistance.

TITLE II. MULTILATERAL DEVELOPMENT BANKS

This title amends Public Law 95-118 by adding a new title:

Targeting Assistance to the Needy

This title states that:

(a) Congress notes with approval that the Inter-American Development Bank has adopted a target that 50 percent of its lending benefit the poorest groups and has developed a usable methodology for determining the proportion of its lending that is benefiting such groups.

(b) The Administration is directed to press all multilateral development banks in which the U.S. participates to adopt requirements specifying that not less than half of their lending shall benefit the needy.

(c) The Administration is to report to Congress on progress toward achieving this goal.

TITLE III. WORLD FOOD SECURITY

Sec. 301. Food Security Reserves. The recently established U.S. emergency grain reserve provides a 4 million ton backstop for U.S. food aid. This section directs the Administration to encourage other grain-exporting nations to establish their own food security reserves or to take other measures that complement the U.S. food security reserve.

Sec. 302. Global Food Financing Facility. This section directs the President to take all appropriate steps to negotiate with other countries the establishment of a food financing facility and to take all necessary steps to ensure that any such facility meet basic human needs. A food financing facility would provide balance of payments assistance to countries which would otherwise experience food shortages. Such a facility may soon be approved by the International Monetary Fund.

Sec. 303. Limitation on U.S. Food Embargoes. This section amends the Export Administration Act of 1969 to prohibit grain embargoes which would cause malnutrition except those embargoes necessary to protect U.S. national security. This section would not prohibit the embargo currently imposed against the U.S.S.R.

TITLE IV. GENERALIZED SYSTEM OF PREFERENCES

Sec. 401. Designation of Beneficiary Developing Countries. The Generalized System of Preferences (GSP) allows certain goods from developing countries to enter the United States duty-free. This section denies GSP benefits to developing countries which do not give priority to alleviating malnutrition and extreme poverty, unless the Administration determines that national security interests require GSP benefits to such a country.

Sec. 402. Benefits for the Poorest Beneficiary Developing Countries. Currently five relatively advanced nations account for 68 percent of U.S. imports under the GSP. This section directs the Administration to investigate options for increasing the benefits available to the poorest developing countries and to report to Congress on the results of this investigation.

TITLE V. AMERICAN INTERNATIONAL PUBLIC HEALTH FUND

In low-income countries the death rate of children between the ages of one and four is twenty times the rate for industrialized countries. These health conditions can be changed. Recent studies indicate that well-run projects can reduce infant and child mortality by one third to one half in one to five years at a relatively modest cost.

This title sets up a fund within the U.S. Agency for International Development to provide additional financing for private voluntary organizations engaged in health work in developing countries. This title stipulates that the establishment of the fund shall involve a shift in resources rather than additional foreign assistance spending.

The fund would receive advice and guidance from an independent advisory board whose members would serve without pay.

If the Administration deems it appropriate, all programs carried out by USAID for the purpose of assisting private voluntary organizations in health work would be carried out through the fund.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. MARKS (at the request of Mr. MICHEL), for today and the balance of the week, because of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. FIELDS) to revise and extend their remarks and include extraneous material:)

Mr. TAUKE, for 5 minutes, today.
Mr. CORCORAN, for 5 minutes, today.
Mr. MCKINNEY, for 10 minutes, today.

(The following Members (at the request of Mr. DYSON) to revise and extend their remarks and include extraneous material:)

Mr. BINGHAM, for 20 minutes, today.
Mr. BARNES, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. DASCHLE, for 5 minutes, today.
Mr. BROOKS, for 10 minutes, today.
Mr. HUGHES, for 5 minutes, today.
Mr. LAFALCE, for 15 minutes, today.
Mr. NEAL, for 5 minutes, today.
Mr. KASTENMEIER, for 5 minutes, today.
Mr. MAVROULES, for 30 minutes, March 26.
Mr. DASCHLE, for 5 minutes, March 26.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. GILMAN, notwithstanding the fact that it exceeds two pages of the CONGRESSIONAL RECORD and is estimated by the Public Printer to cost $1,560.

(The following Members (at the request of Mr. FIELDS) and to include extraneous material:)

Mr. MARLENEE in two instances.
Mr. DREIER.
Mr. MICHEL in three instances.
Mr. EVANS of Iowa in two instances.
Mr. LENT.
Mr. LIVINGSTON.
Mr. MOORHEAD.
Mr. LOTT.
Mr. PARRIS.
Mr. CONABLE.
Mr. LEE.
Mr. COLEMAN.
Mr. DERWINSKI in two instances.
Mr. FISH.
Mr. GILMAN.
Mr. GREEN.
Mr. CONTE.
Mrs. FENWICK.
Mr. MILLER of Ohio in three instances.
Mr. MCGRATH.
Mr. FORSYTHE.
Mr. FRENZEL.
Mr. BROOMFIELD.
Mr. HOLLENBECK in two instances.
Mr. DENARDIS.
Mr. JEFFRIES.
Mr. MARRIOTT.
Mr. GOODLING.
Mr. ROUSSELOT.
Mr. CHAPPIE.
Mr. HARTNETT.

(The following Members (at the request of Mr. DYSON) and to include extraneous matter:)

Mr. FASCELL.
Mr. FAUNTROY in two instances.
Mr. DAN DANIEL.
Mr. BARNES in two instances.
Mr. LONG of Lousiana.
Mr. WILSON.
Mr. IRELAND.
Mr. HUBBARD.
Mr. WEISS in five instances.
Mr. LUNDINE.
Mr. HAMILTON in two instances.
Mr. SKELTON.
Mr. LONG of Maryland.
Mr. STARK in three instances.
Mr. SOLARZ.
Mr. ECKART.
Mr. DWYER.
Mr. BROOKS.
Mr. SANTINI in two instances.
Mr. SHELBY.
Mrs. SCHROEDER.
Mr. WAXMAN in two instances.
Mr. OTTINGER in five instances.
Mr. SHANNON.
Mr. RODINO.
Mr. PEPPER.
Mr. MOFFETT in five instances.
Mr. SIMON in two instances.
Mr. GEPHARDT in two instances.
Mr. BOLLING.
Mr. DELLUMS.
Mr. NEAL.
Mr. MINETA.
Mr. GARCIA.
Mr. ROE.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 55. Joint resolution to grant honorary citizenship posthumously to Douglas Clyde Macintosh; to the Committee on the Judiciary.

ADJOURNMENT

Mr. DYSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 15 minutes p.m.) the House adjourned until tomorrow, Thursday, March 26, 1981, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

900. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report on loan, guarantee and insurance transactions supported by Eximbank during February 1981 to Communist countries, and a report that there was no such activity during January 1981; to the Committee on Banking, Finance and Urban Affairs.

901. A letter from the Acting Director, Federal Emergency Management Agency, transmitting a draft of proposed legislation to authorize appropriations for studies under the National Flood Insurance Act of 1968 for the fiscal years 1982 and 1983; to the Committee on Banking, Finance and Urban Affairs.

902. A letter from the Acting Chairman, Federal Trade Commission, transmitting the third annual report on administration and enforcement of the Fair Debt Collection Practices Act, pursuant to section 815(a) of the act; to the Committee on Banking, Finance and Urban Affairs.

903. A letter from the Acting Administrator, U.S. Environmental Protection Agency, transmitting the fourth annual report on administration of the Toxic Substances Control Act, covering fiscal year 1980, pursuant to section 30 of the act; to the Committee on Energy and Commerce.

904. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to continue leasing certain defense property to Honduras (Transmittal No. 1-81), pursuant to section 109(a) of Public Law 96-533; to the Committee on Foreign Affairs.

905. A letter from the Executive Director, Board of International Broadcasting, transmitting a draft of proposed legislation to amend the Board for International Broadcasting Act of 1973, to authorize a supplemental appropriation for fiscal year 1981, and to authorize appropriations for fiscal years 1982 and 1983; to the Committee on Foreign Affairs.

906. A letter from the Chairwoman, Merit Systems Protection Board, transmitting a report on the Board's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

907. A letter from the Freedom of Information Officer, International Boundary and Water Commission, United States and Mexico, transmitting a report on the Commission's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C 552(d); to the Committee on Government Operations.

908. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting notice of proposed changes in an existing Navy records system, pursuant to 5 U.S.C 552a(o); to the Committee on Government Operations.

909. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting notice of proposed changes in an existing Defense Nuclear Agency records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

910. A letter from the Acting Assistant Secretary of Commerce for Administration, transmitting notice of a proposed new records system for the Minority Business Development Agency, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

911. A letter from the Acting Assistant Secretary of Health and Human Services for Planning and Evaluation, transmitting

notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

912. A letter from the Chairman, Foreign Claims Settlement Commission of the United States, transmitting a report on the Commission's activities under the Government in the Sunshine Act during calendar year 1980, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

913. A letter from the Secretary of the Interior, transmitting the fifth annual report on Tule elk herds in California, pursuant to sections 3 and 4 of Public Law 94-389; to the Committee on Merchant Marine and Fisheries.

914. A letter from the Acting Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to require recovery of certain expenditures of the U.S. Army Corps of Engineers for operation, maintenance, and construction of deep draft channels and ocean and Great Lakes ports of the United States and to authorize such construction in specified circumstances; to the Committee on Public Works and Transportation.

915. A letter from the Acting Director, Federal Emergency Management Agency, transmitting a draft of proposed legislation to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes; to the Committee on Science and Technology.

916. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to provide for the improvement of the Nation's airports and airway system, for the modification of airport and airway user taxes, and for other purposes; jointly, to the Committees on Public Works and Transportation, Science and Technology, and Ways and Means.

917. A letter from the Acting Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to provide for the recovery of capital and operations and maintenance costs assignable to commercial waterway transportation for certain U.S. Army Corps of Engineers inland waterway projects; jointly, to the Committees on Public Works and Transportation and Ways and Means.

918. A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to amend section 7 of the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7706) to extend authorizations for appropriations, and for other purposes; jointly, to the Committees on Science and Technology and Interior and Insular Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ADDABBO:

H.R. 2810. A bill to amend section 3626 of title 39 United States Code, to make the rates for third-class mail matter mailed by nonprofit community or civic improvements organizations the same as the rates for third-class mail matter mailed by organizations considered qualified nonprofit organizations under former section 4452 of such title; to the Committee on Post Office and Civil Service.

By Mr. BROOKS (for himself and Mr. ENGLISH):

H.R. 2811. A bill to amend the Privacy Act of 1974 to increase the efficiency of Government-wide efforts to collect debts owed the United States, to require the reporting to Congress of information on debts owed the United States, and for other purposes; to the Committee on Government Operations.

By Mr. BUTLER, (for himself, Mr. BROOKS, Mr. MAZZOLI, Mr. EVANS of Georgia, Mr. IRELAND, Mr. RAILSBACK, Mr. FISH, Mr. MOORHEAD, Mr. JOHNSTON, and Mr. WHITLEY):

H.R. 2812. A bill to amend the Clayton Act to limit the circumstances under which foreign governments may sue for violations of the antitrust laws, and for other purposes; to the Committee on the Judiciary.

By Mr. CLAY:

H.R. 2813. A bill to amend title 39 of the United States Code to provide for postal services utilizing transmission through privately owned telecommunications, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. COLLINS of Texas:

H.R. 2814. A bill to amend the Public Health Service Act to provide that an employer who includes in an employee health benefits plan a health maintenance organization which meets the requirements of State law shall not be required to include in such plan a federally qualified health maintenance organization; to the Committee on Energy and Commerce.

By Mr. CONABLE:

H.R. 2815. A bill to amend the Internal Revenue Code of 1954 to allow certain employees covered by employer retirement plans a deduction for contributions to such plans or to individual retirement plans; to the Committee on Ways and Means.

By Mr. CONTE:

H.R. 2816. A bill to amend the Internal Revenue Code of 1954 to provide tax relief for that portion of the cost of electricity used for residential purposes which is attributable to costs incurred by the utility for residual fuel oil; to the Committee on Ways and Means.

By Mr. CORCORAN:

H.R. 2817. A bill to amend title 39 of the United States Code to terminate the Board of Governors of the United States Postal Service, to provide that the exercise of the power of the Postal Service shall be directed by the Postmaster General, to revise the authority of the Postal Rate Commission, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. DELLUMS (for himself and Mr. FAUNTROY):

H.R. 2818. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to extend the authority of the Mayor to accept certain interim loans from the United States and to extend the authority of the Secretary of the Treasury to make such loans; to the Committee on the District of Columbia.

H.R. 2819. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia; to the Committee on the District of Columbia.

By Mr. DELLUMS (for himself, Mr. EDWARDS of California, Mr. FAZIO, Mr. STARK, and Mr. SHUMWAY):

H.R. 2820. A bill to provide that certain lands constituting part of the El Dorado National Forest be conveyed to certain persons who purchased and held such lands in good faith reliance on an inaccurate surveyor's map; to the Committee on Interior and Insular Affairs.

By Mr. DONNELLY:

H.R. 2821. A bill to amend the Capital Construction Fund; to the Committee on Merchant Marine and Fisheries.

H.R. 2822. A bill to amend the Internal Revenue Code of 1954 to provide that certain vessels constructed in the United States may be depreciated based on a useful life of 5 years; to the Committee on Ways and Means.

By Mr. DOWNEY:

H.R. 2823. A bill to amend the Internal Revenue Code of 1954 to remove certain limitations in the case of charitable contributions of literary, musical, or artistic compositions, or similar property; to the Committee on Ways and Means.

By Mr. DREIER:

H.R. 2824. A bill to amend the Internal Revenue Code of 1954 to increase to $750 the amount of dividends and interest each individual may exclude from gross income, and to make such exclusion permanent; to the Committee on Ways and Means.

By Mr. EDWARDS of Alabama:

H.R. 2825. A bill to make the use of a firearm to commit certain felonies a Federal crime where that use violates State law, and for other purposes; to the Committee on the Judiciary.

By Mr. EMERSON (for himself, Mr. GEPHARDT, Mr. BAILEY of Missouri, and Mr. TAYLOR):

H.R. 2826. A bill to amend the Mineral Lands Leasing Act of 1920 to provide for a review of the policy relating to mineral leases on public lands; to the Committee on Interior and Insular Affairs.

By Mr. ERDAHL:

H.R. 2827. A bill to authorize construction of a project for flood control and other purposes on the South Fork Zumbro River at Rochester, Minn.; to the Committee on Public Works and Transportation.

By Mr. LUNDINE (for himself, Mr. BARNARD, Mr. BEVILL, Mr. BINGHAM, Mr. COELHO, Mr. CONABLE, Mr. DERRICK, Mr. FAZIO, Mr. FLIPPO, Mr. GEPHARDT, Mr. GRAMM, Mr. HUCKABY, Mr. IRELAND, Mr. LOTT, Mr. MAVROULES, Mr. MINETA, Mr. MINISH, Mr. NOWAK, Mr. RATCHFORD, Mr. RICHMOND, Mr. ROUSSELOT, Mr. SHELBY, Mr. SYNAR, Mr. VOLKMER, and Mr. ZEFERETTI):

H.R. 2828. A bill to reduce financing cost to cities, counties and States by amending section 5136 of the Revised Statutes to permit national banks to underwrite and deal in revenue bonds issued by State and local governments, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ERDAHL:

H.R. 2829. A bill to modify the project for flood protection at Winona, Minn.; to the Committee on Public Works and Transportation.

By Mr. ERTEL:

H.R. 2830. A bill to impose restrictions on any extension of credit which is made by any person for the purpose of financing the purchase of an automobile which is principally assembled in Japan; jointly, to the Committees on Banking, Finance and Urban Affairs and Ways and Means.

By Mr. EVANS of Iowa:

H.R. 2831. A bill to amend title 23, United States Code, to exempt vehicles transporting livestock on the National System of Interstate and Defense Highways from certain

weight limitations; to the Committee on Public Works and Transportation.

H.R. 2832. A bill to amend title 38, United States Code, to provide a more equitable formula for payments by the Administrator of Veterans' Affairs to States for the cost of care provided in State nursing homes to veterans eligible for such care in Veterans' Administration facilities; to the Committee on Veterans' Affairs.

By Mrs. FENWICK (for herself, Mr. BEDELL, Mr. BONIOR of Michigan, Mrs. BOUQUARD, Mr. BUTLER, Mrs. CHISHOLM, Mr. CORCORAN, Mr. CORRADA, Mr. COURTER, Mr. CROCKETT, Mr. DONNELLY, Mr. DORNAN of California, Mr. DUNCAN, Mr. DWYER, Mr. ERDAHL, Mr. FISH, Mr. FORSYTHE, Mr. GREEN, Mr. HUGHES, Mr. JEFFORDS, Mr. KOGOVSEK, Mr. LAFALCE, Mr. MCCLOSKEY, Mr. MITCHELL of New York, Mr. MITCHELL of Maryland, Mr. MOTTL, Mr. OTTINGER, Mr. PETRI, Mr. PORTER, Mr. PRITCHARD, Mr. ROE, Mr. SABO, Mr. SAWYER, Mr. SCHEUER, Mr. SHUMWAY, Mr. SIMON, Mr. STOKES, Mr. TAUKE, Mr. WEISS, Mr. WHITEHURST, Mr. WIRTH, Mr. WON PAT, Mr. YOUNG of Alaska, Mr. ZABLOCKI, and Mr. HALL of Ohio):

H.R. 2833. A bill to provide alternatives to institutionalization; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. GEPHARDT:

H.R. 2834. A bill to amend the Internal Revenue Code of 1954 to treat as public charities certain organizations which operate libraries; to the Committee on Ways and Means.

By Mr. GREEN (for himself, Mr. RICHMOND, Mr. PRITCHARD, Mr. MCCLOSKEY, Mr. IRELAND, Mrs. FENWICK, Mr. PEPPER, Mr. JEFFORDS, Mr. HORTON, Mr. WYDEN, Mr. DWYER, Mr. OTTINGER, Mr. CLAY, Mr. MCCURDY, Mr. PEYSER, Mr. WEISS, Mr. WHITEHURST, Mr. ERLENBORN, Mr. MCCLORY, Mr. BURGENER, Mr. ADDABBO, Mr. COELHO, Mr. LAFALCE, Mr. LEHMAN, and Mr. AKAKA):

H.R. 2835. A bill to amend the Internal Revenue Code of 1954 to disregard, in the valuation for estate tax purposes of certain items created by the decedent during his life, any amount which would have been ordinary income if such item had been sold by the decedent at its fair market value, to allow a charitable deduction based on the fair market value of such items, and for other purposes; to the Committee on Ways and Means.

By Mr. RALPH M. HALL:

H.R. 2836. A bill to repeal the provisions of title 23, United States Code, relating to a national maximum speed limit of 55 miles per hour; to the Committee on Public Works and Transportation.

By Mr. HOLLAND:

H.R. 2837. A bill relating to the tax treatment of certain transactions involving automobiles and trucks entered into before January 1, 1981; to the Committee on Ways and Means.

By Mr. HOLLAND (for himself and Mr. MARTIN of North Carolina):

H.R. 2838. A bill to amend the Internal Revenue Code of 1954 to provide for increased investment by individuals through a tax-deferred rollover account; to the Committee on Ways and Means.

By Mrs. HOLT:

H.R. 2839. A bill to provide for the issuance of a postage stamp to commemorate the 200th anniversary of the election of John Hanson of Maryland as first President of the United States in Congress Assembled; to the Committee on Post Office and Civil Service.

By Mr. HUCKABY:

H.R. 2840. A bill to establish a program for Federal storage of spent fuel from civilian nuclear powerplants, to set forth a Federal policy and initiate a program for the disposal of nuclear waste from civilian activities, and for other purposes; jointly, to the Committees on Energy and Commerce, and Interior and Insular Affairs.

By Mr. HUGHES (for himself and Mr. RODINO):

H.R. 2841. A bill to amend chapter 207 of title 18, United States Code, relating to pretrial services; to the Committee on the Judiciary.

By Mr. LEE:

H.R. 2842. A bill to amend the Public Health Service Act to provide financial assistance for education in health services administration; to the Committee on Energy and Commerce.

H.R. 2843. A bill to amend title 38, United States Code, to provide that in the case of any veteran who served for 90 days or more during a period of war, the development of the disease transverse myelitis to a degree of 10 percent of disability or more within 7 years from the date of the veteran's separation from service shall be presumed to have been incurred in or aggravated by such service; to the Committee on Veterans' Affairs.

By Mr. MARRIOTT:

H.R. 2844. A bill to amend section 21 of the act of February 25, 1920, commonly known as the Mineral Leasing Act; to the Committee on Interior and Insular Affairs.

By Mr. MURTHA:

H.R. 2845. A bill to establish a procedure for the pro rata reduction in expenditures during periods when projected revenues are insufficient to fully fund such expenditures, and for other purposes; jointly, to the Committees on Government Operations and Rules.

By Mr. MONTGOMERY (by request):

H.R. 2846. A bill to limit payment of special pay authorized eligible Veterans' Administration physicians and dentists under section 4118, title 38, United States Code, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 2847. A bill to amend title 38, United States Code, to revise and clarify eligibility for reimbursement of expenses of travel for Veterans' Administration health care, and for other purposes; to the Committee on Veterans' Affairs.

By Ms. OAKAR:

H.R. 2848. A bill to amend the Public Health Service Act to provide assistance for counseling of, and preparation and distribution of information for pregnant women; to the Committee on Energy and Commerce.

By Mr. O'BRIEN:

H.R. 2849. A bill to strengthen the penalty provisions of the Gun Control Act of 1968; to the Committee on the Judiciary.

By Mr. PATTERSON:

H.R. 2850. A bill to amend the Asian Development Bank Act with respect to the establishment of a special refugee settlement fund; to the Committee on Banking, Finance and Urban Affairs.

H.R. 2851. A bill to encourage exports by facilitating the formation and operation of export trading companies and export trade associations, and for other purposes; jointly, to the Committees on Foreign Affairs, Banking, Finance and Urban Affairs, and the Judiciary.

Mr. PRICE:

H.R. 2852. A bill to amend the Flood Control Act of June 22, 1936, to authorize local authorities to maintain and operate automated pumping stations for flood control purposes; to the Committee on Public Works and Transportation.

Mr. RANGEL:

H.R. 2853. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the earned income credit; to the Committee on Ways and Means.

H.R. 2854. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the zero-bracket amount; to the Committee on Ways and Means.

By Mr. RODINO:

H.R. 2855. A bill to help States assist the innocent victims of crime; to the Committee on the Judiciary.

By Mr. SANTINI:

H.R. 2856. A bill to designate the hospital known as the Veterans' Administration Medical Center, located in Reno, Nev., as the "Ioannis A. Lougaris Veterans' Administration Medical Center"; to the Committee on Veterans' Affairs.

By Mrs. SCHROEDER:

H.R. 2857. A bill to amend title 5, United States Code, to deny Federal retirement annuities to individuals convicted of any felony, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. STANGELAND:

H.R. 2858. A bill to exclude from gross income, for purposes of Federal income tax, interest paid to sellers of agricultural land purchased with loans made by such sellers to certain farmers and ranchers and insured under the Consolidated Farm and Rural Development Act; to the Committee on Ways and Means.

By Mr. STARK:

H.R. 2859. A bill to amend the Internal Revenue Code of 1954 to eliminate the age requirement for the one-time exclusion of gain from the sale or exchange of a principal residence; to the Committee on Ways and Means.

H.R. 2860. A bill to amend the Internal Revenue Code of 1954 with respect to the limitation on the acceleration of the accrual of taxes; to the Committee on Ways and Means.

By Mr. TAUKE:

H.R. 2861. A bill to amend the Internal Revenue Code of 1954 to phase in over a 3-year period a $300 increase in the amount of interest and dividends each individual may exclude from gross income, and to make such exclusion permanent; to the Committee on Ways and Means.

By Mr. WEISS (for himself and Mr. HORTON):

H.R. 2862. A bill to amend the Internal Revenue Code of 1954 to increase to $1,000 the amount of interest paid by financial institutions which may be excluded from gross income by individuals and to make such exclusion permanent; to the Committee on Ways and Means.

By Mr. CHAPPIE:

H.R. 2863. A bill to authorize the Secretary of Agriculture to sell the portion of the Tahoe National Forest known as Blythe Arena; to the Committee on Interior and Insular Affairs.

By Mr. DAVIS of Michigan:

H.R. 2864. A bill to eliminate the buffer zone established in connection with the Pictured Rocks National Lakeshore, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. GONZALEZ:

H.R. 2865. A bill to authorize adjustment of the retired pay of certain former members of the uniformed services; to the Committee on Armed Services.

By Mr. MINETA (for himself, Mr. HOWARD, and Mr. ANDERSON):

H.R. 2866. A bill to amend the Independent Safety Board Act of 1974 to provide authorizations for appropriations, and for other purposes; jointly, to the Committees on Energy and Commerce and Public Works and Transportation.

By Mr. MONTGOMERY (by request):

H.R. 2867. A bill to amend section 8332 of title 5, United States Code, to permit any disabled veteran who has completed a program of vocational rehabilitation under chapter 31 of title 38, United States Code, and who commences service as a Federal civilian employee within 3 years after completion of such program, to elect to deposit with interest an amount equal to retirement deductions for the period of participation in the program (based on the rate of basic pay payable to the veteran when such election is made) and to receive full retirement credit under chapter 83 of title 5, United States Code, for such period; to the Committee on Post Office and Civil Service.

By Mr. SIMON:

H.R. 2868. A bill to amend the Internal Revenue Code of 1954 to provide a credit for contributions to institutions of higher education for international business studies; to the Committee on Ways and Means.

By Mr. STARK:

H.R. 2869. A bill to restrict the Federal National Mortgage Association with respect to its authority to preclude the assumption of mortgages secured by single-family residences; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DELLUMS (for himself, Mrs. COLLINS of Illinois, Mr. CONYERS, Mr. FAUNTROY, Mr. MITCHELL of Maryland, and Mr. KOGOVSEK):

H.J. Res. 215. Joint resolution for transfer of powers to Puerto Rico; to the Committee on Interior and Insular Affairs.

By Mr. GONZALEZ:

H.J. Res. 216. Joint resolution authorizing the President of the United States to proclaim May 10 through May 16, 1981, as Municipal Clerk's Week; to the Committee on Post Office and Civil Service.

By Mrs. HOLT:

H.J. Res. 217. Joint resolution authorizing and requesting the President to issue a proclamation designating the 7 calendar days commencing on May 1 of each year as "Elks National Youth Week"; to the Committee on Post Office and Civil Service.

By Mr. McCLORY:

H.J. Res. 218. Joint resolution establishing a Joint Committee on the Legislative Branch; to the Committee on Rules.

By Mr. ROYBAL:

H.J. Res. 219. Joint resolution to establish a National Commission on the Educational Problems of America's Linguistic Minority Children; to the Committee on Education and Labor.

By Mr. FRANK:

H. Con. Res. 100. Concurrent resolution expressing the sense of the Congress with respect to the situation of two Russian families who have sought refuge in the U.S. Embassy in Moscow because of the suppression of their Pentecostal faith by the Government of the Soviet Union; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of California:

H.R. 2870. A bill for the relief of Earl Gilbert, Larry Collins, Vern C. Parton, Alexander L. Adams, and John Kimm; to the Committee on the Judiciary.

By Mr. BUTLER:

H.R. 2871. A bill for the relief of Michael M. Williamson; to the Committee on the Judiciary.

By Mr. CHENEY:

H.R. 2872. A bill to provide for the reinstatement and validation of U.S. oil and gas lease No. W-46102; to the Committee on Interior and Insular Affairs.

By Mr. FRANK:

H.R. 2873. A bill for the relief of Maria and Timofei Chmykhalov, and Lilia, Peter, Liubov, Lidia, and Augustina Vashchenko; to the Committee on the Judiciary.

By Mr. GORE:

H.R. 2874. A bill for the relief of Arturo N. Ruanto; to the Committee on the Judiciary.

By Mr. SHUMWAY:

H.R. 2875. A bill for the relief of Maurice J. Courtway and Elizabeth Courtway; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follow:

H.R. 27: Mr. DORNAN of California, Mrs. HOLT, Mr. HUBBARD, Mr. LEBOUTILLIER, Ms. MARTIN of Illinois, Mr. PATTERSON, Mr. SOLOMON, and Mr. YATRON.

H.R. 39: Mr. WOLPE and Mr. MILLER of California.

H.R. 58: Mr. BENNETT, Mrs. BYRON, Mr. CORCORAN, Mr. DIXON, Mr. DONNELLY, Mr. FAZIO, Mrs. FENWICK, Mr. FORSYTHE, Mr. FUQUA, Mr. GORE, Mr. GRAMM, Mr. HIGHTOWER, Mr. HOLLAND, Mr. HUBBARD, Mr. HUTTO, Mr. JENKINS, Mr. KEMP, Mr. LAGOMARSINO, Mr. LENT, Mr. MAZZOLI, Mr. MITCHELL of New York, Mr. MOFFETT, Mr. NICHOLS, Mr. O'BRIEN, Mr. PURSELL, Mr. RATCHFORD, Mr. ROE, Mr. ROSE, Mrs. SCHROEDER, Mr. SYNAR, Mr. VOLKMER, and Mr. WIRTH.

H.R. 168: Mr. WOLPE, Mr. MILLER of California, and Mr. HOLLENBECK.

H.R. 170: Mr. MILLER of California.

H.R. 177: Mr. BEREUTER and Mr. MOLINARI.

H.R. 178: Mrs. BYRON, Mr. EMERSON, and Mr. MARTIN of New York.

H.R. 215: Mr. TRAXLER, Mr. SIMON, Mr. WILLIAMS of Montana, Mr. KINDNESS, Mr. WAMPLER, Mr. DAUB and Mr. BARNARD.

H.R. 217: Mrs. HECKLER, Ms. MIKULSKI, Mr. STOKES, Mr. FORD of Michigan, Mr. DOUGHERTY, Mr. SABO, and Mrs. CHISHOLM.

H.R. 269: Mr. BAFALIS.

H.R. 316: Mr. DANNEMEYER, Mr. SMITH of Alabama, Mr. CLINGER, Mr. BENJAMIN, Mr. SMITH of New Jersey, Mr. MCKINNEY, Mr. IRELAND, Mr. BENNETT, Mr. BADHAM, Mr. HUBBARD, Mr. COATS, Mr. BAFALIS, Mr. CORCORAN, and Mr. DREIER.

H.R. 501: Ms. FERRARO, Mr. WAXMAN, Mr. SHARP, Mr. JAMES K. COYNE, Mr. FISH, Mr. HAGEDORN, Mr. NELLIGAN, Mr. STANGELAND, and Mr. ZABLOCKI.

H.R. 517: Mr. WEAVER.

H.R. 556: Mr. HYDE, Mr. OTTINGER, Mr. DWYER, Mr. MOTTL, Mr. ROYBAL, Mr. DORNAN of California, Mr. ST GERMAIN, and Mr. LEBOUTILLIER.

H.R. 741: Mr. WINN.

H.R. 747: Mr. BAILEY of Pennsylvania, Mr. BARNES, Mr. BRINKLEY, Mr. PHILLIP BURTON, Mr. CONYERS, Mr. DIXON, Mr. DONNELLY, Mr. EMERY, Mr. FAUNTROY, Ms. FERRARO, Mr. HARKIN, Mr. LUNDINE, Mr. MILLER of California, Mr. MINETA, Mr. MURTHA, Mr. NEAL, Mr. PATTERSON, Mr. SEIBERLING, Mr. SIMON, Mr. WEAVER, and Mr. YOUNG of Alaska.

H.R. 835: Mr. GRAY, Mr. PRITCHARD, Mr. MORRISON, Ms. MIKULSKI, Mr. LAFALCE, Mr. STOKES, Mr. KINDNESS, Mr. FAZIO, and Mrs. CHISHOLM.

H.R. 878: Mr. PATTERSON.

H.R. 1007: Mr. MCHUGH, Mr. RINALDO, Ms. FERRARO, and Mr. WAXMAN.

H.R. 1200: Mr. MARRIOTT.

H.R. 1248: Mr. GARCIA.

H.R. 1293: Mr. PATTERSON and Mr. RITTER.

H.R. 1294: Mr. MICA and Mr. PATTERSON.

H.R. 1297: Mr. BLILEY, Mr. VOLKMER, and Mr. TAYLOR.

H.R. 1298: Mr. BLILEY.

H.R. 1300: Mr. EMERY, Mr. FINDLEY, Mr. LATTA, Mr. WAMPLER, Mr. BOWEN, Mr. CHAPPELL, Mr. MORRISON, Mr. YOUNG of Missouri, Mr. DONNELLY, Mr. BLANCHARD, Mr. OTTINGER, and Mr. DASCHLE.

H.R. 1339: Mr. PARRIS, Mr. COURTER, Mr. WILSON, Mr. HANSEN of Utah, Mr. LOWERY of California, Mr. DAUB, Mr. COATS, Mr. SIMON, Mr. BEREUTER, and Mr. BURGENER.

H.R. 1340: Mr. PARRIS, Mr. COURTER, Mr. SIMON, Mr. WILSON, Mr. LOWERY of California, Mr. DAUB, Mr. COATS, Mr. STANGELAND, Mr. MCEWEN, Ms. MARTIN of Illinois, and Mr. BURGENER.

H.R. 1353: Mr. ADDABBO, Mr. BEDELL, Mr. PHILLIP BURTON, Mr. D'AMOURS, Mr. FISH, Mr. FORD of Tennessee, Mr. FROST, Mr. GUYER, and Mr. LOTT.

H.R. 1509: Mr. LUNDINE, Mr. WALGREN, Mr. PEASE, Mr. ECKART, and Mr. DASCHLE.

H.R. 1574: Mr. WAXMAN.

H.R. 1576: Mr. GUARINI, Mr. EDWARDS of California, Mr. FITHIAN, Mr. DOUGHERTY, Mr. BROWN of California, Mr. BREAUX, Mr. MILLER of California, and Mr. LANTOS.

H.R. 1603: Mr. STUMP, Mr. DAN DANIEL, Mr. JEFFRIES, Mr. TAUKE, Mr. JAMES K. COYNE, Mr. WINN, Mr. BOWEN, Mr. STENHOLM, Mr. BAILEY of Missouri, Mr. SANTINI, Mr. HARTNETT, Mr. WHITLEY, Mr. HANCE, Mr. BENEDICT, Mr. COELHO, Mr. ROSE, Mr. HAMMERSCHMIDT, Mr. JOHNSTON, Mr. GRAMM, Mr. RAILSBACK, Mr. BADHAM, Mrs. BOUQUARD, Mr. GINGRICH, Mr. BURGENER, Mr. ANDREWS, Mr. NEAL, Mr. CLINGER, Mr. THOMAS, Mr. BEDELL, Mr. WILSON, Mr. FOUNTAIN, Mr. IRELAND, Mr. VANDER JAGT, Mr. BROWN of Colorado, Mr. BROYHILL, Mr. GIBBONS, Mr. QUILLEN, Mr. SOLOMON, Mr. SAWYER, and Mr. GRISHAM.

H.R. 1641: Mr. LAFALCE, Mr. STOKES, Mr. PASHAYAN, Mr. PEPPER and Mr. MITCHELL of Maryland.

H.R. 1649: Mr. SENSENBRENNER.

H.R. 1650: Mr. CORCORAN.

H.R. 1699: Mr. BURGENER, Mr. GUYER, Mr. JOHNSTON, Mr. PORTER, and Mr. WON PAT.

H.R. 1706: Mr. GUYER, Mr. HOWARD, Mr. BONIOR of Michigan, Mr. GUARINI, Mr. MOAKLEY, Mr. LEHMAN, Mr. FRANK, Mr. WEBER of Minnesota, Mr. CONYERS, Mr. DWYER, Mr. GOLDWATER, and Mr. PATTERSON.

H.R. 1720: Mr. SIMON, Mr. LONG of Maryland, Mr. ROE, and Mr. MINETA.

H.R. 1730: Mr. WILSON, Mr. COELHO, Mr. BINGHAM, Mr. EDGAR, Mr. HANCE, Mr.

DOWNEY, Mr. PATTERSON, Mr. STANTON of Ohio, Mr. MCCLORY, Mr. O'BRIEN, Mr. BROWN of Ohio, Mr. BONIOR of Michigan, Mr. FROST, Mr. RAILSBACK, Mr. LUJAN, and Mr. DE LUGO.

H.R. 1743: Mr. HORTON, Mr. MONTGOMERY, Mr. JOHNSTON, and Mr. FORSYTHE.

H.R. 1765: Mr. MINETA.

H.R. 1918: Mr. FITHIAN, Mr. LUJAN, and Mr. O'BRIEN.

H.R. 1960: Mr. FITHIAN, Mr. LEWIS, Mr. SOLARZ, Mr. WAXMAN, and Mr. SHANNON.

H.R. 1983: Mr. BAFALIS and Mr. BAILEY of Pennsylvania.

H.R. 1989: Mr. GLICKMAN, Mr. WHITEHURST, Mr. OTTINGER, Mr. IRELAND, Mr. LAGOMARSINO, Mr. CONABLE, Mr. BEDELL, and Mr. BAFALIS.

H.R. 2024: Mr. FOGLIETTA, Mr. SMITH of Alabama, Mr. SHELBY, Mr. FROST, Mr. WASHINGTON, and Mr. HAMMERSCHMIDT.

H.R. 2053: Mr. LUNDINE, Mr. LEHMAN, Mr. WYDEN, Mr. BONIOR of Michigan, Mr. SABO, Mr. DASCHLE, Mr. STOKES, Mr. AKAKA, Mr. ATKINSON, Mr. LAGOMARSINO, Mr. DIXON, Mrs. BOUQUARD, Mr. EDWARDS of California, and Mr. DORNAN of California.

H.R. 2106: Mr. WHITEHURST, Mr. PEPPER, Mr. D'AMOURS, Mr. STARK, Mr. FAZIO, Mr. MITCHELL of Maryland, Mr. HEFTEL, Mr. LOWRY of Washington, Mr. STOKES, Mr. LAFALCE, and Mr. STUDDS.

H.R. 2121: Mr. BENJAMIN.

H.R. 2153: Mr. HUGHES, Mr. MILLER of Ohio, and Ms. OAKAR.

H.R. 2154: Mr. OBERSTAR, Mr. HUGHES, Mr. MILLER of Ohio, and Ms. OAKAR.

H.R. 2158: Mr. EMERY.

H.R. 2165: Mr. GREGG, Mr. WHITEHURST, Mr. COLLINS of Texas, and Mr. FORSYTHE.

H.R. 2167: Mrs. CHISHOLM, Mr. WASHINGTON, Mr. CORRADA, Mr. VENTO, Mr. FRANK, Mr. HERTEL, Mr. PEPPER, Mr. KILDEE, Mr. STOKES, Mr. SABO, Mr. WAXMAN, and Mr. BINGHAM.

H.R. 2171: Mr. MCDONALD, Mr. FINDLEY, Mr. JOHNSTON, Mr. KINDNESS, Mr. IRELAND, Mr. BUTLER, Mr. BURGENER, Mr. BEARD, Mr. DAUB, Mr. BLILEY, and Mr. MARRIOTT.

H.R. 2263: Mr. BEILENSON.

H.R. 2315: Mr. NATCHER, Mr. BENNETT, Mr. EDGAR, Mr. NOWAK, Mr. WHITEHURST, Mr. PEPPER, Mr. FROST, Mr. LAFALCE, Mr. STOKES, Mr. MITCHELL of Maryland, Mrs. BOUQUARD, Mr. PATTERSON, and Mr. BARNARD.

H.R. 2327: Mr. STUMP.

H.R. 2331: Mr. MOFFETT, Mr. PORTER, and Mr. MINETA.

H.R. 2333: Mr. LEATH of Texas, Mr. DORGAN of North Dakota, Mr. DE LUGO, Mr. GINN, Mr. GUYER, Mr. COELHO, Mr. DUNCAN, Mr. EVANS of Georgia, Mr. TAYLOR, and Mr. STOKES.

H.R. 2385: Mr. PORTER.

H.R. 2389: Mr. CAMPBELL, Mrs. BOUQUARD, Mr. FORSYTHE, Mr. CHENEY, Mr. NEAL, Mr. LOTT, Mr. SHUMWAY, Mr. MOORHEAD, Mr. WEBER of Minnesota, Mr. PARRIS, Mr. HANCE, Mr. SOLOMON, and Mr. GUYER.

H.R. 2415: Mr. BONER of Tennessee.

H.R. 2498: Mr. WEISS, Mr. BLANCHARD, Mr. DELLUMS, Mr. HARKIN, and Ms. FERRARO.

H.R. 2512: Mr. ATKINSON, Mr. MURPHY, Ms. FENWICK, Mr. FORSYTHE, and Mr. MITCHELL of Maryland.

H.R. 2532: Mr. SHAW.

H.R. 2556: Mr. EVANS of Georgia, Mr. PASHAYAN, Mr. SPENCE, Mr. LOTT, Mr. YOUNG of Florida, Mr. STENHOLM, Mr. CORRADA, and Mr. COLLINS of Texas.

H.R. 2640: Mr. LAFALCE.

H.R. 2643: Mr. ERTEL.

H.J. Res. 128: Mr. HORTON, Mr. LAGOMARSINO, Mr. MADIGAN, Mr. MOLLOHAN, Mr. SHELBY, Mrs. SMITH of Nebraska, and Mr. COLLINS of Texas.

H.J. Res. 155: Mr. CORCORAN, Mr. DANNEMEYER, Mr. MICA, Mr. STENHOLM, Mr. FITHIAN, Mr. LEVITAS, Mr. ECKART, Ms. FIEDLER, Mr. GINN, Mr. LEATH of Texas, Mr. O'BRIEN, Mr. DAUB, Mr. NELLIGAN, Mr. WEAVER, Mr. LOEFFLER, and Mr. MINETA.

H.J. Res. 168: Mr. WIRTH, Mr. HARKIN, Ms. MIKULSKI, Mr. LOTT, Mr. LEHMAN, Mr. DONNELLY, Mr. SMITH of New Jersey, Mrs. CHISHOLM, Mr. HOLLENBECK, Mr. GINN, Mr. NICHOLS, Mr. SANTINI, Mr. SHELBY, Mr. STENHOLM, Mr. SUNIA, Mr. COELHO, Mr. MOLINARI, Mr. NEAL, Mr. PATTERSON, Mr. BETHUNE, Mr. MINETA, and Mr. BONIOR of Michigan.

H.J. Res. 182: Mr. FAUNTROY, Ms. MARTIN of Illinois, Mr. BARNARD, Mr. HATCHER, Mr. NICHOLS, Mr. SHAMANSKY, Mr. PATTERSON, Mr. SIMON, Mr. WAXMAN, Ms. OAKAR, Mr. O'BRIEN, Mr. BETHUNE, Mr. SOLARZ, Mr. RAILSBACK, Mr. CARMAN, Mr. MARRIOTT, Mr. DUNN, Mr. JEFFORDS, Mr. HUNTER, Mr. BURGENER, Mr. COLEMAN, Mr. CONYERS, and Mrs. SNOWE.

H. Con. Res. 27: Mr. STARK, Mr. MINETA, Mr. DUNN, Mr. OTTINGER, Mr. HATCHER, Mr. SUNIA, Mr. ROE, Mr. GIBBONS, Mr. PORTER, Mr. FRANK, Mr. RICHMOND, Mr. RAILSBACK, Mr. YATRON, Mr. BAFALIS, and Mr. BONIOR of Michigan.

H. Con. Res. 44: Mr. EVANS of Georgia.

H. Con. Res. 45: Mr. AUCOIN, Mr. BAILEY of Missouri, Mr. BEDELL, Mr. BEREUTER, Mr. BLILEY, Mr. BREAUX, Mr. BROWN of Ohio, Mr. BUTLER, Mr. CHAPPELL, Mr. CLAUSEN, Mr. COELHO, Mr. CONTE, Mr. JAMES K. COYNE, Mr. PHILIP M. CRANE, Mr. DAUB, Mr. DE LA GARZA, Mr. DERWINSKI, Mr. DONNELLY, Mr. DORGAN of North Dakota, Mr. DOUGHERTY, Mr. DOWNEY, Mr. DUNCAN, Mr. DWYER, Mr. ERDAHL, Mr. EVANS of Georgia, Mr. BURGENER, Mr. FAZIO, Ms. FERRARO, Mr. FISH, Mr. FORSYTHE, Mr. FRENZEL, Mr. GOODLING, Mr. HAWKINS, Mr. HILER, Mr. HUGHES, Mr. JEFFORDS, Mr. KAZEN, Mr. KEMP, Mr. KOGOVSEK, Mr. LIVINGSTON, Mr. LOEFFLER, Mr. LAGOMARSINO, Mr. LOWERY of California, Mr. MARRIOTT, Mr. MCCLOSKEY, Mr. MCDADE, Mr. MCKINNEY, Mr. MOFFETT, Mr. MURPHY, Mr. NEAL, Mr. PASHAYAN, Mr. PORTER, Mr. RAILSBACK, Mr. RINALDO, Mr. RICHMOND, Mr. RITTER, Mr. ROE, Mr. ROSENTHAL, Mr. ROTH, Mrs. SCHNEIDER, Mr. SIMON, Mrs. SNOWE, Mr. STOKES, Mr. TAUKE, Mr. TRAXLER, Mr. WEAVER, Mr. WEBER of Minnesota, Mr. WEISS, Mr. WHITEHURST, Mr. WHITLEY, Mr. WHITTAKER, Mr. WINN, Mr. WOLPE, Mr. WYDEN, Mr. YATRON, and Mr. YOUNG of Alaska.

H. Con. Res. 50: Mr. BEILENSON.

H. Con. Res. 77: Mr. HERTEL, Mr. MOAKLEY, Mr. APPLEGATE, Mr. MOLLOHAN, Mr. BRODHEAD, Mr. WOLPE, Mr. NOWAK, Mrs. COLLINS of Illinois, Mr. HOWARD, Mr. WYDEN, Mr. SABO, Mr. BARNES, Mr. SUNIA, Mr. WASHINGTON, Mr. WAXMAN, Mr. LAFALCE, and Mrs. SCHNEIDER.

H. Con. Res. 79: Mr. LOWERY of California, Mr. FORD of Tennessee, Mr. JOHNSTON, Mr. SYNAR, Mr. LAGOMARSINO, Mr. AUCOIN, Mr. ROSENTHAL, Mr. MATSUI, Mr. COLLINS of Texas, Mr. RINALDO, Mr. RITTER, Mr. GOLDWATER, Mr. FOGLIETTA, Mr. DORNAN of California, Mr. MCGRATH, Mr. FORSYTHE, Mr. PETRI, Mr. FROST, Mr. YOUNG of Alaska, Mr. SOLOMON, Mr. COURTER, Mr. TRAXLER, Mr. BRODHEAD, Mr. DENARDIS, Mr. DOUGHERTY, Mr. KEMP, Mr. BARNES, Mr. LENT, Mr. CARMEN, and Mr. EDWARDS of Oklahoma.

H. Con. Res. 87: Mr. AUCOIN, Mr. BEDELL, Mr. PHILLIP BURTON, Mr. JOHN L. BURTON, Mrs. CHISHOLM, Mr. CLAY, Mr. CONYERS, Mr. DELLUMS, Mr. DOWNEY, Mr. DYMALLY, Mr. FAUNTROY, Mr. FORD of Tennessee, Mr. FORD of Michigan, Mr. GARCIA, Mr. GLICKMAN, Mr. HARKIN, Mr. KOGOVSEK, Mr. LELAND, Mr. LOWRY of Washington, Mr. MARKEY, Mr. MATTOX, Mr. MAVROULES, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Ms. OAKAR, Mr. OBERSTAR, Mr. PETRI, Mr. RANGEL, Mr. RICHMOND, Mr. ROSENTHAL, Mr. ST GERMAIN, Mrs. SCHROEDER, Mr. STOKES, Mr. WASHINGTON, Mr. WEISS, and Mr. MINETA.

H. Res. 36: Mr. HIGHTOWER and Mr. OBERSTAR.

H. Res. 85: Mr. ATKINSON, Mr. COURTER, Mr. DOUGHERTY, Mr. DWYER, Ms. FERRARO, Mr. KOGOVSEK, Mr. LONG of Maryland, Mr. MCHUGH, Mr. OTTINGER, Mr. PEYSER, Mr. PORTER, Mr. RATCHFORD, Mr. SCHUMER, Mr. WYDEN, and Mr. ZEFERETTI.

H. Res. 101: Mr. DELLUMS, Mr. MITCHELL of Maryland, Mr. CONYERS, Mr. MARKEY, Mr. GARCIA, Mr. FAZIO, Mr. FOGLIETTA, and Mr. GEJDENSON.

PETITIONS, ETC.

Under clause 1 of rule XXII,

42. The SPEAKER presented a petition of the county commission, Cabell County, W. Va., relative to rail passenger service, which was referred to the Committee on Energy and Commerce.

EXTENSIONS OF REMARKS

THE VICTIMS OF CRIME ACT OF 1981

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. RODINO. Mr. Speaker, I am today introducing the Victims of Crime Act of 1981, a bill to assist States in helping the innocent victims of crime. I have for several years introduced similar legislation, and I am optimistic that this term we can see a bill enacted into law. I am optimistic because of the administration's well publicized concern for the welfare of crime victims. That concern will, I hope, be translated into support for legislation like my bill, which does something tangible for crime victims.

A number of States have established programs to reimburse crime victims for out-of-pocket expenses caused by their victimization—such as unreimbursed payments to doctors and hospitals for medical care and treatment necessitated by the victimization. States with such programs include: Alaska, California, Connecticut, Delaware, Florida, Hawaii, Illinois, Indiana, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, Washington, and Wisconsin.

My bill will assist those States in helping crime victims and will also encourage other States to establish programs to help crime victims. I am inserting at this point in the RECORD a section-by-section analysis of the bill:

SECTION-BY-SECTION ANALYSIS

SECTION 1

Section 1 provides that the short title of the legislation is the "Victims of Crime Act of 1981."

SECTION 2

Section 2 authorizes the Attorney General to make grants to States that have qualified crime victim compensation programs. The amount of a grant that a qualified State program may receive equals 50 percent of the cost of paying compensation to victims of State crimes and 100 percent of the cost of paying compensation to victims of analogous Federal crimes (described in section 7(8)(B) of the bill.)[1] Such grants are subject to the availability of amounts appropriated, and grants may be made in advance or by way of reimbursement.

Section 2 also authorizes the Attorney General to prescribe such rules as are necessary to administer the legislation. The Attorney General, however, is prohibited from modifying the disposition of any individual claim that a State program has processed.

SECTION 3

Section 3 establishes a 9 member Advisory Committee on Victims of Crime whose purpose is to advise the Attorney General with respect to the administration of the legislation and the compensation of crime victims. The members of the committee will serve one year terms and receive only travel and transportation expenses and a per diem allowance while away from their homes on committee business.

Seven of the members of the committee must be officials of States with qualified victim compensation programs. The purpose of this requirement is to ensure that those directly affected by the administration of the legislation will have a formal and direct method of making their views known to the Attorney General.

SECTION 4

Section 4 sets forth the criteria that a State program must meet in order to qualify for a grant under section 2.

First, the program must offer (a) compensation for personal injury to any person who suffers personal injury as the result of a qualifying crime, and (b) compensation for death to any surviving dependent of any person whose death is the result of a qualifying crime.

Second, the program must offer to aggrieved claimants the right to a hearing with administrative or judicial review.

Third, the program must require that claimants cooperate with appropriate law enforcement authorities with respect to the qualifying crime for which compensation is sought. This criterion like the others, may be met either by statutory language or by rule or regulation adopted by the appropriate State agency.

Fourth, the State must require that appropriate law enforcement agencies and officials take reasonable care to inform victims about the existence of the State's victim compensation program and the procedure for applying for compensation under that program.

Fifth, the State must be subrogated to any claim that the victim, or a dependent of the victim, has against the wrongdoer for damages resulting from the qualifying crime, to the extent of any money paid to the victim or dependent by the State's victim compensation program.

Sixth, the program must not require a claimant to seek or accept welfare benefits, unless the claimant was receiving such benefits prior to the qualifying crime that gave rise to the claim.

Seventh, the program must deny or reduce a claim if the claimant contributed to the infliction of the death or injury with respect to which the claim is made.

Eighth, the State must be able to require a criminal wrongdoer to make restitution to the victim, or the surviving dependents of the victim, of the crime.

Ninth, the program must not require that any person be apprehended, prosecuted or convicted of the qualifying crime that gave rise to the claim.

Tenth, State law must require that any person who contracts directly or indirectly with a person charged with or convicted of a crime for an interview, statement, or article relating to the crime, turn over to the State any money received from that contract. The State is to hold the money in escrow for a reasonable period and can use the money only to pay claims perfected by the victim, if the wrongdoer is convicted.

Subsection (b) of section 4 provides to States with crime victim compensation programs in existence at the time of the enactment of the legislation a grace period during which they can bring their programs into compliance with all of the criteria of section 4. The grace period lasts from the effective date of the legislation until the day after the close of the first regular session of the State legislature that begins after the effective date of the legislation. During the grace period, the existing State crime victim compensation programs are deemed to be qualified for grants under section 2.

SECTION 5

Section 5 provides that certain expenses will be excluded from the cost of a State program when determining the amount of the Federal grant. Thus, the State itself pays for all of these expenses. The expenses that are to be excluded are: (1) administrative expenses; (2) awards to victims for pain and suffering; (3) awards to victims for property loss; (4) awards to claimants who failed to file a claim within one year after the crime occurred, unless the appropriate State agency finds good cause for the failure to file within that time; (5) awards to claimants who failed to report the crime to police within 72 hours after it occurred, unless the appropriate State agency finds good cause for the failure to report it within that time; (6) amounts awarded to a victim that exceed $50,000; (7) amounts awarded to a victim covering a loss for which the victim was entitled to be compensated by a source other than the State victim compensation program and the perpetrator of the crime and (8) amounts awarded to a claimant for lost earnings or loss of support that exceed $200 per week.

SECTION 6

Section 6 requires the Attorney General to report annually to the House and Senate Judiciary Committee on the administration of the legislation. The report, which is due not later than 135 days after the end of the Federal fiscal year, must provide specified information about each qualifying State program and about the Attorney General's activities in administering the legislation.

SECTION 7

Section 7 defines certain terms used in the legislation.

The term "dependent," for purposes of the legislation, means personal injury as defined by the State for purposes of the State's victim compensation program.

[1] Because there are so few analogous Federal crimes, there will probably be relatively few instances where a State will make an award to a victim for which it will receive 100 percent reimbursement. See House Report No. 95-337, at 6 n. 8; House Report No. 94-1550, at 13.

The term "State" means a State of the United States, as well as the District of Columbia, the Commonwealth of Puerto Rico, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

The term "compensation for personal injury" means, for purposes of the legislation, compensation for loss resulting from personal injury and includes: (a) reasonable expenses for hospital and medical services; (b) reasonable expenses for physical and occupational therapy and rehabilitation; and (c) loss of past and anticipated future earnings.

The term "compensation for death", for the purposes of this legislation, means compensation for loss resulting from death caused by a qualifying crime. Included within this term are reasonable funeral and burial expenses and loss of support to any dependent of the victim (to the extent not otherwise covered as compensation for personal injury).

The term "administrative expenses" means, for purposes of the legislation, any expenses other than awards of compensation for personal injury and compensation for death. The term also includes attorney's fees when such fees are paid in addition to, and not out of, the amount of compensation awarded to the claimant.

The term "qualifying crime," as used in the legislation, means: (a) any criminally punishable act or omission that the State designates as appropriate for compensation under its program, and (b) any act or omission that would be a qualifying crime under (a) except for the fact that the act or omission is subject to exclusive federal jurisdiction.

SECTION 8

Section 8 authorizes appropriations for 3 years. The amounts are $15 million, $25 million, and $35 million.

SECTION 9

Section 9 provides that the legislation shall take effect on October 1, 1981, and that grants may be made under the legislation with respect to the fiscal year ending September 30, 1982, and succeeding fiscal years.●

ABOLISH THE LEGAL SERVICES CORPORATION

HON. JIM JEFFRIES

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. JEFFRIES. Mr. Speaker, once again the future of the Legal Services Corporation is in question. The President has targeted it for abolishment and it deserves just that. This proposal does not disregard the legal needs of the poor. But it is now apparent that those needs could be better met by the State, localities, and private bar associations than they are being met by the present LSC.

When Congress first established the Legal Services Corporation, it was with the intention of providing the poor with legal counsel. It was to bring "equal justice under law" to all. As well intentioned as its authors may have been, the LSC soon became the bastion of ideological idealists who were more interested in promoting their own causes than in aiding their clients. It began as a small $500,000-a-year program and has now mushroomed by 23,000 percent into a costly quarter-of-a-billion-dollar boondoggle. The individual local agencies are no longer accountable to its parent program in Washington.

There are many proven examples of abuse in the LSC. It has become in recent years a tax-supported agency that has financed legislative lobbying and social and political advocacy. It is an expensive means for political and social crusaders to promote their own causes with taxpayer money. With guaranteed salaries, the lawyers are program-accountable rather than client-accountable.

Congress has passed legislation prohibiting the LSC from filing certain types of suits, yet the abuses continue. It is time to write the epitaph for this unrestrainable agency and I heartily support the President's attempts to do so.●

WHO REMEMBERS THE NATIONAL LIBERATION FRONT?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. MICHEL. Mr. Speaker, I have often thought that a club should be formed called Loyal Friends of the National Front and Other Myths. You may recall that during the Vietnam war, the National Liberation Front (NLF) in Vietnam was said to be a truly democratic movement, free of Communist control and totally separate from North Vietnamese Communist control. We were also told that if and when the South Vietnamese Government was defeated, that part of Vietnam would be ruled—justly and without corruption—by the NLF.

We do not seem to hear much about the NLF these days and for one very good reason: it ceased to exist as soon as the North Vietnamese Communists, in a tank attack reminiscent of Hitler's invasion of Poland, enslaved South Vietnam. Those Americans, in and out of Congress, who for years preached to us that the NLF truly represented the views of the majority of Vietnamese have been curiously quiet about the fate of the NLF. Could it be that NLF's American supporters now realize they swallowed a Communist propaganda line in believing the front was truly autonomous and popular and not controlled by the north?

We are now being told that the coalition of Salvadoran leftists opposing the El Salvador Government is truly democratic, truly representative of the people, and deserving of our support. Does that argument sound vaguely familiar? Just as the Vietnamese Communist apparatus used to trot out some pathetic figurehead in Vietnam, while naive Americans cheered, Communists in El Salvador are now trotting out some Salvadoran leftists who swear the Communists would not rule the country if the guerrillas win. It is the old NLF argument in slightly different form. And, predictably enough, the same people who assured us for years that the NLF would democratically rule in Vietnam and who have obviously been struck dumb by what actually occurred there, are now finding their tongues and telling us that in El Salvador the fairy tale of coalition is true.

Mr. Speaker, how many countries have to fall victim to totalitarian communism, how many people have to be enslaved in reeducation camps, before these people wake up?

At this point I insert in the RECORD the latest in what will undoubtedly be a long series of favorable stories about the El Savadoran leftist coalition, "Coalition Wins Support for Salvadoran Leftists" from the Los Angeles Times, March 19, 1981:

COALITION WINS SUPPORT FOR SALVADORAN LEFTISTS

(By Juan M. Vasquez)

MEXICO CITY.—Led by a 49-year-old lawyer, a coalition of exiled Salvadoran leftists based here has won growing international support for the insurgent cause in the past few months.

"We have received the unconditional solidarity of many countries," Guillermo Ungo, head of the coalition—the Diplomatic Political Commission—said in an exclusive interview with The Times.

The commission has rallied support for its opposition to the Salvadoran junta in Latin America, Europe and the United States. To forward their cause, the commission members have relied on their varied political backgrounds, the exploitation of anti-gringo sentiments in Latin America and an insistence on the just nature of the struggle in El Salvador.

"We have won a political space that constitutes a tacit recognition of our state of insurrection," said Salvador Samayoa, one of the seven commission members.

The attainment of any measure of support represents a significant achievement, given El Salvador's small size and, until recently, its obscure and unimportant role on the international stage.

"We cannot blame the North American people for not knowing that what is taking place in El Salvador is the fruit of 50 years of repression by the military and the rich," said Ungo, who has become the political leader of the Salvadoran opposition. He heads the Democratic Revolutionary Front, an umbrella political group.

During the interview, these other points were made by Ungo, Samayoa and four other members of the commission.

—The first step in achieving a political solution must be withdrawal of all U.S. servicemen from El Salvador and a halt in U.S. military aid to the civilian-military junta led by President Jose Napoleon Duarte.

—The insurgents have the determination and the financial resources—gained in part through kidnap ransoms—to continue fighting for years.

—Despite the fact that the five guerrilla factions in El Salvador are under the Marxist-Leninist leadership of the Farabundo Marti National Liberation Front, the insurgent movement is politically pluralistic and will make room for non-Communist leaders like Ungo if it achieves power.

—That the opposition gets its weapons "any way we can." None of the commission members specifically denied that the guerrillas in El Salvador had received weapons from Communist nations.

—That moderate politicians in El Salvador have no choice but to join forces with the more revolutionary elements.

"In El Salvador you can't be a democrat without being a revolutionary, because the only way to achieve a democracy is to make a revolution," Samayoa said.

Ungo's political stature as a longtime moderate has given the commission a valuable measure of prestige.

In 1972 he was the leader of a small Social Democratic party within El Salvador. He ran for vice president on a ticket headed by Duarte, a Christian Democrat.

According to most reliable accounts, the Duarte-Ungo ticket would have won if the military had not intervened in the ballot.

Duarte was arrested and reportedly tortured before fleeing to exile in Venezuela. He did not return until after a coup led by young colonels toppled the government of Gen. Carlos Humberto Romero on Oct. 15, 1979.

Ungo became a member of the military-civilian junta that emerged after Romero's overthrow. But he quit in disgust the following January, along with all the non-military members of the coalition.

Duarte eventually joined a reconstituted junta and brought what was left of his Christian Democratic Party with him. In late 1980, he became president.

Ungo said that the question of whether he is being "used" by communists is the one he is asked most often, and one which, he said, is "unbecoming" for him to answer.

"It's like asking Duarte if he is a front for the military," Ungo argued. "Of course, he is going to say he isn't. What else could he say. But we know that he is."

At that point, Mario Aguinada, the representative of the Communist Party of El Salvador on the commission, broke in.

"The argument that Dr. Ungo is being used by the left and has no authority in the movement is a lie being used to weaken us," he declared.

"In order for the revolution to succeed, we need not only the military element but the political element and the international solidarity that he can offer.

"And we will need the same elements after we win."

Samayoa, who served as minister of education in the first junta, added:

"You can say Ungo's party has no mass popular support in El Salvador and no military power. But, it has the support of the Socialist International, and that is his strength."

The Socialist International represents the Social Democratic political parties throughout the world.

The struggle between Duarte and Ungo in El Salvador has been thrust upon a larger stage, with Christian Democratic parties generally supporting Duarte and the Social Democrats providing Ungo and his allies with much of their support.

In addition to Ungo, Aguinada and Samayoa, the members of the commission include Ana Guadalupe Martinez, a 28-year-old leader of the People's Revolutionary Army, and Ruben Zamora, minister of the presidency in the first post-Romero junta.

The other two share an academic background. They are Fabio Castillo, a former rector of the national university who was a member of a civilian-military junta in 1960-61; and Jose Napoleon Rodriguez, who was vice rector of the National University of El Salvador when it was closed by the government last summer and who became rector when his predecessor was assassinated later in the year.

The non-Communist political background of most of the members of the commission, together with the support of the Socialist International, has permitted them to receive a cordial reception in many international capitals.

Ungo said members of the commission had met with and received encouragement from government leaders in West Germany, Canada, Holland, most of the Scandanavian countries, and in most of the nations of Latin America that do not have a military government.

The Mexican government, clearly sympathetic, has permitted the Salvadoran opposition to establish a sort of unofficial base of operations here and gave its tacit approval to a demonstration of some 25,000 persons who paraded past the U.S. Embassy here last January to protest American involvement in El Salvador.

"We think the United States could learn a lot from Mexico," Ungo said. "The Mexicans understand that only a popular government with genuine popular support can achieve true peace and stability."

Rodriguez scoffed at accusations contained in a State Department "white paper" of involvement in El Salvador by Communist countries.

Specifically, he said, "white papers" and "CIA fabrications" alleging Communist involvement had been used to justify U.S. intervention in Guatemala in 1954, in the Dominican Republic in 1965 and in Chile in 1973.

"Where does the insurrection come from?" he asked. "Maybe it has something to do with our high infant mortality rate, with the short life expectancy of our peasants, and with the level of poverty, and not with any outside powers."

He added, "We are one of the most starved people in the world and we have a right to our revolution."

Although no one specifically denied that the junta opponents had been supplied with arms by the Soviet Union and its allies, several stressed that a large "black market" in arms exist in Central America.

"Another thing you have to keep in mind," said Martinez, the guerrilla leader, "is that we have been fighting for nearly 10 years, and one of our chief aims has been to get weapons any way we can."

In an interview with a West German magazine earlier this year, he said the insurgents could count on some $50 million in funds.●

CIA PLAYING WITH FIRE ON ANTI-CASTRO SUPPORT

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. FASCELL. Mr. Speaker, recent news stories have indicated that the CIA is considering renewing ties and cooperation with anti-Castro Cuban exiles as part of a general expansion of the agency's covert operations.

I find the idea of such activity extremely disturbing. A recent editorial in the Miami Herald expresses my own concerns as well as I could say them myself and I call the editorial to our colleagues' attention with the hope that they will share my feelings and express their opposition to the administration.

The article follows:

[From the Miami Herald, Mar. 14, 1981]

CIA PLAYING WITH FIRE ON ANTI-CASTRO SUPPORT

No. Absolutely not. Under no circumstances should the United States Government, through the Central Intelligence Agency or any other organ, resume the practice of providing arms, military training, or support to anti-Castro Cuban guerrillas.

Principle is the main reason the Reagan Administration should reject out of hand a suggestion from CIA officials to get back into the semi-secret war business. The Administration has seized on international terrorism as a substitute for human rights as the pillar of its foreign policy. It simply cannot ask the cooperation of other governments in curbing terrorism while simultaneously arming guerrillas whose record of terrorist activity is clear in South Florida, Mexico, and other nations.

Most Americans wish the calendar could be turned back to the period when Fidel Castro was, perhaps vulnerable either to persuasion or to displacement by democratic rivals. It's possible that, if Washington had been more forceful or more clever then, Cuba would not now be a Communist stronghold in the Western Hemisphere.

Maybe. But nostalgia is not a firm enough material on which to base the foreign policy of the most powerful nation in the world. President Castro is, like it or not, in charge in Cuba. His government exists, it functions, albeit with problems, and is recognized as legitimate by most other governments, including those of Canada and Mexico. The United States must not make itself an outlaw by arming an external guerrilla movement whose most immediate targets are bound to be the representatives of those governments and private corporations that trade with Cuba.

Florida, Dade County, and Miami law-enforcement officials should object vociferously to the trial balloon from Washington on Cuban guerrillas. The history of such activity in this community is clear and devastating. Bombings, extortion, and murders have resulted in the past from the mixing of Cuban-exile patriotism with U.S. weapons and explosives. It must not be permitted to happen again.

Certainly the reinstatement of stable democracy in Cuba is a worthy goal. It should

be pursued by whatever lawful means are available. That pursuit, however, must not jeopardize the standing of the United States among the democracies of the world as a leader in the fight against international terrorism.●

UPGRADING OUR NATIONAL STRATEGIC DEFENSES

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. IRELAND. Mr. Speaker, recently, our colleague, Hon. IKE SKELTON of Missouri, spoke to a graduation class at the Emergency Management Institute at Emmitsburg, Md. He stressed the need for upgrading our national strategic defenses. I attach hereto a copy of his address to the graduates of that institute. I would like to share his views with the House.

In order for a nation to survive, it must have a strong national security. History is littered with the remains of militarily weak countries whose weakness invited wars and defeats from stronger nations.

Thus, first and foremost, our nation should provide for the common defense.

Currently, most of the emphasis of the United States military is on weapons. Our whole strategy is based on the manufacture and deployment of weapons; and we may be strong because of our awesome weaponry, but in spite of this, our nation's defensive posture is feeble. Our forceful weapons are only one devise in our national protection blueprint. Of course, our minutemen missiles, our bomber force, and our aircraft carriers have served to deter aggression. But they are not enough. Just like a chain being no stronger than its weakest link, we have a vulnerable link in our Nation's defense. That weak link is strategic defense.

When I speak of strategic defense, I speak of defense against incoming intercontinental ballistic missiles, submarine launched ballistic missiles, and enemy bombers.

Since the first strategic arms limitation treaty virtually wiped out our defense against incoming ICMBs or SLBMs, doing away with anti-ballistic missiles, our defensive posture has been limited to mere warning systems against such enemy weapons. I will not discuss that subject today, except to note that our lack of a sufficient ABM force is a huge chink in our armor.

Just as those in the Pentagon speak of our retaliatory Triad—land based ICBMs, submarine launched ballistic missiles, and our bomber force, we should have and provide for a strategic defensive triad: (1) a defense for the people from nuclear weapons through civil defense, (2) defense for our command and control, that is, the President's ability to communicate with our strategic retaliatory forces during an attack against the United States, and (3) a defense against enemy bombers.

CIVIL DEFENSE

American civil defense can play a major role in our national defense strategy. The White House made this statement in Presidential Decision 41 in 1978. Congress passed a similar policy just last year in the form of an amendment to the 1981 defense bill which I authored and the President signed into law. The fact that we lack an effective civil defense and the Soviets provide a strong civil defense that protects its people, their leaders, and their industry creates a strategic advantage in favor of U.S.S.R. A strengthened American civil defense would improve and increase the number of strategic options available to our President during a nuclear confrontation.

DEFENSE OF OUR COMMAND AND CONTROL

The next leg of this defense Triad is command and control . . . or the ability of the President to talk with the crews of the land based missiles, the crews of the nuclear submarines and the crews of our air bomber forces during an attack against the United States. I have yet to talk with a thoughtful, knowledgeable member of the national defense community who is not concerned about this enormous problem.

It would take about 15 minutes for a Soviet nuclear submarine to fire three nuclear missiles at Washington, D.C. and knock out the White House and the Pentagon and literally cripple our military. In that 15 minute period the President wouldn't have time to become airborne, and the national military command center and its back-up facility could perish. Plans are being made to strengthen this potentially weak link of our nuclear forces . . . but here again . . . it will not happen overnight. We've allowed our strategic defense to take a back seat to offensive weapons and now we are paying for it.

DEFENSE AGAINST BOMBER ATTACK

The third leg of our defensive Triad is a defense against an enemy bomber attack. In recent years, we have been blinded by the illusion that all enemy destructive forces will be coming in by intercontinental ballistic missiles. This thinking brought about basic changes in our national policy in the mid 1960s. This illusion caused us to scale down our defense against possible enemy bomber attack. For example, the interceptor forces assigned to the Aerospace Defense Command decreased from 2,600 aircraft in the early 1960s to less than 275 today. Additionally, there are no warning systems operating that would insure proper responses by invading bombers. Actually, because of successive reductions in our Air Defense Surveillance Systems and our intercepter aircraft, there are critical deficiencies in our ability to detect enemy airplanes and to defend against them—even a small attack. Our ability to warn and assess potential air threats to North America is of particular concern since the consequences of a "no warning" raid on our strategic posture could be devastating. An effective air defense contributes to overall deterrence by eliminating the prospect that the Soviet Union, or any other potential adversary, could carry out a successful attack and neutralize our command structure and retaliatory forces.

Our interceptor forces assigned to defend continental America consist mostly of fighters more than 20 years old. They are marginally effective against the threat of the new Russian Backfire bomber. Our 275 fighters consist mostly of F-101, F-106 and F-4 squadrons. They represent the technology of the 1950s in radar, weaponry and performance. I have heard Air Force pilots state that the F-15 is the world's finest fighter aircraft, and yet we have only 1 squadron of them—18 airplanes—on line defending our Nation against the Backfire bomber threat.

The North American surveillance system consists of distant early warning radars, know as the DEW line, near the Arctic Circle and other radars in coastal areas throughout our Nation. This DEW line and other series of radars further south in Canada, known as the Pine Tree line, have gaps within them that would allow the Soviets to carry out a "no warning" air attack against key installations within our United States with its new Backfire bomber.

Thus, we see our Achilles heel in the defense of our United States is our lack of proper air defense. What must be done? Obviously, we must increase our F-15 procurement to provide a creditable defense against air attack. We must also provide for an upgrading of our DEW line system against the North American Continent and establish the new over-the-horizon Backscatter radar on both the east and west coasts. In short, a complete overhaul of our air defense is needed. An effective air defense system must have three elements: (1) sufficient warning to our national command authority and our retaliatory forces, enabling them to execute the appropriate responses to aggression; (2) our air defense forces—interceptors—must be able to engage enemy bombers and limit any damage from air attack; and (3) we must maintain vigil over all our approaches to our air space and take appropriate action in peacetime to deter any level of aggression or reconnaissance activity.

The current arms race is geared toward weaponry. I propose that the United States begin a national defense system aimed at protection. A proper strategic defense, which includes a survivable command and control system, a usable civil defense program and an effective defense against enemy bombers is what we need. Such an upgraded national strategic defense would make the protection of our nation more stable. It would make it too costly for another country to inflict substantial damage. Thus, a policy of strategic defense would reinforce our policy of deterrence.

Our current defense strategy is designed for a two-power world with the concentration on destruction. Such a strategy is useless in a world where more nations than the U.S. and the U.S.S.R. have nuclear weapons. In a world that acknowledges more than two nuclear powers, the new strategy must stress protection just as much as it stresses destruction.

As a member of the United States House of Representatives Armed Services Committee, I intend to promote a defense strategy for our Nation in addition to improving our weaponry strength. It will be impossible for our Nation to continue with only a weapons military strategy and not a defense strategy, and, at the same time provide for the common defense.●

INDEPENDENCE FOR BYELORUSSIA

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. LENT. Mr. Speaker, I rise to call to the attention of my colleagues the 63d anniversary of the Declaration of Byelorussian Independence. On March 25, 1918, the Byelorussian Democratic Republic proclaimed its independence. It is essential that we give thought today to the brief period of genuine freedom and sovereignty

this brought to the Byelorussian people. Brief though it was, it demonstated to the entire world the great desire for freedom among the Byelorussian people; a desire which remains strong and alive today, despite the cruel, repressive efforts of the Soviet regime.

The Soviets have been conducting an intensive campaign against the Byelorussians, denying them the rights and liberties we, as free Americans, treasure. The sole purpose of the Russian tactics is the obliteration of the sense of separate nationality and culture the Byelorussians cherish. Such efforts have failed. The Byelorussians continue to nurture their ideals of freedom. Today's celebration of the anniversary of their independence day should serve as a recognition of the endurance of their magnificent struggle for freedom.

I would like to direct your attention to one outstanding example of this strong and unquenchable Byelorussian spirit of freedom. Our prisoner of conscience, Michal Kukabaka, has been unjustly imprisoned by the Soviets. And what is Michal guilty of? His crime was that he sought to enlighten his fellow countrymen as to their basic human rights designated in the Universal Declaration of Human Rights. For this, Michal was thrown into a psychiatric prison.

His case is one of many providing an abundance of evidence that the spirit and desire for a free Byelorussia is very much alive even under the repressive Soviet regime. Since 1911 the Russian Communist Party has controlled the affairs of Byelorussia. In spite of this oppression, the cultural heritage of Byelorussia continues to be one of the richest in Eastern Europe. Today the Byelorussians thirst for the independence they once knew—on this anniversary let us reaffirm our pledge to do all in our power to aid in restoring freedom to those who seek its bountiful rewards.●

THE 160TH ANNIVERSARY OF THE CELEBRATION OF GREEK INDEPENDENCE

HON. LAWRENCE J. DeNARDIS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. DeNARDIS. Mr. Speaker, March 25 is a very special day for all Greek Americans. This day marks the 160th anniversary of the beginning of the war of Greek independence. On this day in 1821, Greece began a 9-year struggle to overthrow over four centuries of domination and repression by the Ottoman Empire. The struggle resulted in a victory for freedom, equality and democracy in Greece.

It is only fitting that we honor all Greek Americans on this special day, and recognize the contributions that Greece has made to Western civilization. We in the United States owe a special debt to Greece. Our very system of liberty, freedom, and justice is founded on the philosophies developed in Greece over 2,500 years ago. I wish to extend my personal congratulations and continuing support to all Greek Americans on this very memorable day.●

THE STATE AND LOCAL GOVERNMENT FINANCING REFORM ACT OF 1981

HON. STANLEY N. LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. LUNDINE. Mr. Speaker, on behalf of Mr. Barnard and a number of my colleagues, I am today introducing the State and Local Government Financing Reform Act of 1981.

This legislation is essentially a deregulation measure, removing an artificial barrier to free competition within the market for revenue bonds. It is also a measure to reduce the debt service costs to State and local governments by expanding the market for their revenue bonds and improving the liquidity of their bond offerings. The legislation would achieve these important deregulation and cost-saving objectives at no additional cost to the Federal budget.

The legislation removes a 45-year-old restriction on commercial bank underwriting of State and local revenue bonds. Commercial banks are permitted under current law to underwrite and deal in general obligation bonds, which are backed by the general tax revenues of a State or locality. They are excluded, however, from dealing in more widely used revenue bonds, which differ only in the fact that they are backed by revenues from a specific enterprise—such as a toll bridge or sewer system—which is financed by the bond. This exclusion is more the product of historic circumstances than congressional intent.

When Congress adopted the Glass-Steagall Act in 1933, it sought to establish a clear separation between commercial banking—the taking of deposits and making of loans—and investment banking in new stock and bond issues. The closing of numerous commercial banks during the winter of 1932-33 convinced many Members of Congress that individual bank depositors could best be protected if commercial banks were prohibited from investing in any kind of securities.

Congress soon backed away from this distinction, however, as the growing number of cities facing bankruptcy necessitated commercial bank assistance to help finance municipal bond issues. In 1935, the Glass-Steagall Act was amended to specifically permit commercial banks to underwrite the "general obligations of any State or any political subdivision thereof." Since general obligation bonds constituted nearly 98 percent of the municipal bond market, Congress authorized commercial bank involvement in practically all the municipal bond market as it existed.

The current problem arises from the fact that the municipal bond market has changed significantly during the past 45 years. State and local governments have so altered their financing methods that the general authority granted to commercial banks in 1935 now appears anachronistic. The revenue bond, which was almost unheard of during the Depression, has replaced the general obligation bond as the principal type of municipal bond.

This increased use of revenue bonds has been particularly pronounced during the past decade. As inflation has played havoc with local budgets and as taxpayers have become restive about approving new general bond issues, local jurisdictions have turned increasingly to revenue bonds as a means of financing needed capital improvements. In 1970 these bonds represented only 33 percent of all municipal bonds. Today revenue bonds account for more than 72 percent of all bonds issued by State and local governments.

A strict interpretation of the general obligations provision of the Glass-Steagall Act has effectively kept commercial banks out of the growing revenue bond market. As a result, the market has been restricted to the Nation's investment banks and brokerage firms. While competition exists among these institutions, the underwriting of municipal revenue bonds has tended to become regionalized, with little or no competition among brokers from many bond offerings.

The incidence of competitive bidding for the underwriting of municipal bonds has declined considerably as revenue bonds have captured more of the municipal bond market. In 1966, for example, 85 percent of all municipal bonds were sold to underwriters through competitive bids. By 1978, the percentage had been reduced to 44 percent. Over 60 percent of the revenue bond issues sold in 1978 were handled through negotiation rather than competitive bidding.

The entry of commercial banks into the revenue bond market would increase significantly the percentage of revenue bond issues sold on a competitive basis. It would, in effect, make the market for revenue bonds similar to the current market for general obligation bonds, where commercial banks and investment and brokerage firms compete on an equal basis for bond

issues. The level of competition in this market is considerably higher than the restricted revenue bond market, with over 90 percent of general obligation bond issues sold on a competitive basis, as compared to less than 40 percent of recent revenue bond issues.

An increase in competition for revenue bonds will result, I believe, in reduced financing costs for State and local governments. Competitive bidding not only reduces the interest rate that a bond issuer must pay on its bonds, it also reduces the fees that underwriters charge to manage the issue. Moreover, commercial bank involvement would significantly broaden both the primary and secondary markets for revenue bonds, making revenue bonds more attractive and easier to resell after their initial purchase.

There has been considerable debate over the amount of savings State and local governments can expect from this proposal. A number of studies have estimated savings of as much as $340 million to $400 million for bond issues sold in 1977. Other studies contend that the savings would be far more modest. The important point, however, is that every study admitted that some savings would result. This view is shared by the Federal Reserve Board and the Treasury Departments of the last three administrations.

Because the proposal has the potential for significant savings for bond issuers, it has received the endorsement of all the major associations representing State and local issuers of revenue bonds. These groups include the National Governors Association, the National Association of Counties, the National League of Cities, the U.S. Conference of Mayors, and various associations representing State and local finance officers, comptrollers, treasurers, and power authorities.

Mr. Speaker, my purpose in offering this legislation is to focus attention on the critical financing needs of States and localities and to initiate a broad debate on various methods of meeting these needs. It is not my intention to criticize the investment banking industry or to debate whether the industry has adequately served the Nation's cities. The economic well-being of our communities is too important a question to be decided strictly on the merits of competing financial institutions. It is important that we seek the most efficient and least costly financing methods that public policy is able to provide.

I have discussed this legislation with a number of securities bankers and brokers and find that I share a number of their concerns regarding commercial bank entry into the revenue bond market. A number of safeguards have been put into the legislation to meet these concerns and to assure that banks use this underwriting authority in a responsible manner. Under the provisions of the act, commercial banks would be permitted to underwrite only investment-grade revenue bonds—those which the Comptroller has determined are safe enough for banks to buy and hold for investment purposes. They would be prohibited from underwriting any industrial development bonds. There would be strict limits on bank purchases of bonds they have underwritten for their own accounts and for trust accounts they manage. In addition, written disclosure of a bank's status as underwriter would be required before any bonds could be sold to depositors, borrowers, and correspondent banks.

If there are potential abuses that are not addressed by the legislation, and if these can be adequately documented in formal hearing proceedings, I would welcome proposals for additional safeguards. Additional limitations on bank activities could be provided in related legislation or as appropriate amendments to this proposal.

Let me also say that I sympathize with the concern expressed by many brokers that commercial banks, by their sheer size and financial resources, have the potential of driving many securities firms out of the revenue bond market. While I do not think this will occur, I do think it necessary to provide a means for Congress to periodically review market conditions to see if remedial action is warranted. Section 3 of the legislation provides for such review by requiring an annual report to Congress by the Secretary of the Treasury on revenue bond underwriting and the level of competition between commercial banks and other financing institutions.

We have all become painfully aware of the public outcry against the excessive cost of government. These costs have increased far more rapidly for States and localities than at the Federal level. As a former city official, I am very much aware of the limited means available to local officials to reduce government costs without sacrificing needed services. As a Member of Congress, I have also become aware that there are very few things Congress can do to help reduce costs to State and local governments.

In this instance, however, Federal action can make a significant contribution to reducing State and local costs. It can do so by removing barriers to free competition for municipal bonds and encouraging a more favorable market for local bond issues. This is something that can be done without additional regulation and without additional cost to the Federal budget.

This legislation is the logical extension of Congress and the Reagan administration's commitments to increased competition in the banking industry and reduced spending by all levels of government. I think this is a worthwhile proposal and urge my colleagues to support it.●

LERA LEGISLATION

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. CONABLE. Mr. Speaker, I am today introducing legislation to allow participants in qualified retirement plans to establish individual retirements accounts. The bill is a continuation of my efforts in the 95th and 96th Congresses to extend IRA benefits to these participants.

Recently there has been a renewed interest in our Nation's retirement income and capital formation policies. Unfortunately, this interest has resulted from an awareness that both policies suffer from major deficiencies. The legislation I am today introducing would correct some of these deficiencies. Specifically, the bill would encourage capital formation by offering a tax incentive for savings and investment, while helping taxpayers provide for their retirement years.

Technically, the bill achieves its objectives by allowing retirement plan participants a tax deduction of 15 percent of compensation or $1,500 whichever is less. The amount may be contributed to an IRA, the retirement plan or both. To assure retirement plan participants an adequate incentive the bill grants them the same deduction as nonparticipants.

By granting participants and nonparticipants the same deduction it is the bill's intention to establish a precedent that whenever the IRA deduction allowed nonparticipants is increased, the tax deduction allowed retirement plan participants shall be increased at the same time and by the same amount.

In particular, the bill will benefit individuals whose retirement plans offer inadequate benefits or who do not, for whatever reason, accumulate any benefits.

Several other approaches have been suggested as a means of extending IRA benefits to retirement plan participants. I would hope these differences can be promptly worked out so IRA benefits can be extended to retirement plan participants at the earliest possible date.●

NORTHERN VIRGINIA COMMUNITY COLLEGE SPONSORS SEMINAR ON JUVENILE JUSTICE

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. PARRIS. Mr. Speaker, we are all aware of the ever increasing rates of crime which plague our society. Our urban centers are faced daily with some new major crime to the point that a simple robbery is looked upon as practically insignificant.

Added to this problem is the alarming increase in crimes committed by juveniles. The decline of the American family unit has led to this growth of youth crime.

I am pleased to announce that one of the institutions of higher learning in my district, Northern Virginia Community College, is beginning the process which will help us understand this situation and indicate a route we can take to eliminate this problem.

I would like to at this time insert a statement which explains the seminar on juvenile justice in greater detail.

The statement follows:

NORTHERN VIRGINIA COMMUNITY COLLEGE SPONSORS SEMINAR ON JUVENILE JUSTICE

The problem of delinquent and troubled children is occurring at a higher rate in our Nation as well in my Commonwealth of Virginia.

To help clarify this issue the staff and students of The Northern Virginia Community College's Annandale Campus, in cooperation with the Juvenile and Domestic Relations Courts, correctional professionals and citizens of Northern Virginia and surrounding communities, is sponsoring a Seminar on Juvenile Justice on March 26, 27, 28, and 30. (1981) The focus will be on how to prevent and control juvenile delinquency and related problems, said Anthony J. DelPopolo, Sr., Professor of Administration of Justice and coordinator of the program.

"This Seminar, according to Professor DelPopolo, "is an excellent example how a college, the local governments and the community's citizens can join together to make a better society.

Among the participating judges who will chair the panel discussions are: Judges Joanna L. Fitzpatrick, Thomas A. Fortkort, Michael J. Valentine, and Arnold B. Kasabian, of Fairfax County and Judge Joseph L. Peters of the City of Alexandria. Panel discussions will cover topics such as: (1) Child Support, Child Custody and Family Dysfunction. (2) Child Abuse and its Treatment; (3) The Delinquent Child; (4) The Mentally Ill Child; and (5) The Learning-Disabled Child.

Dr. Richard L. Ernst, President of Northern Virginia Community College will welcome the Seminar participants. Don Terrell Hutto, Director of Corrections of the Commonwealth of Virginia will be the keynote speaker.

Other participants on the program include: Vincent M. Picciano, Director of Fairfax County Court Services will speak on "The Juvenile and Domestic Relations Courts—Administrative Procedures;" Ralph Thomas, chief probation officer of the Falls Church Juvenile and Domestic Relations Court, on "The Juvenile Court in America—an Historical Background"; DelPopolo on "The Juvenile Court: A Philosophy for Today"; and "The Police and the Juvenile Offender," Captain Jack Goldman, Commander, Major Crimes Division, Criminal Investigation Bureau, Fairfax County Police Department.

Connie House, director of Creative Connections, Inc. of Arlington, will offer a dramatic presentation entitled "The Child, the Delinquent Family and the Delinquent Society," under the supervision of Bernard Williams.

Debbie Minor, a student in the Corrections curriculum, and a volunteer in the Fairfax County's Juvenile Court "Outreach" program, heads the student planning committee.

The Seminar open to all students regularly enrolled at the College, as well as staff members of juvenile and criminal courts, juvenile police officers, school administrators and teachers, corrections workers, legislators, parent-teachers associations, and community resource groups, youth workers, child caseworkers and other related organizations and persons with special interest in the personal, social and delinquent problems of children. All who complete the Seminar will receive three college quarter credits. The general public is also invited to enroll.

The program of panels, lectures, demonstrations and audio-visual presentations will be held from 8:30 a.m. to 4:30 p.m. on the four scheduled days in Room 125 of the Annandale Campus Nursing building.

Registration for the seminar is open now and includes a $5 application fee and a $28.50 tuition fee for Virginia residents. Out-of-state residents need pay $101.00, if not previously registered at the College. Registration will close when a maximum number of registrants is reached.

For information on how to register, call Professor DelPopolo at the Administration of Justice program office at 323-3256 or 323-3255, or evenings at 356-0618.●

COMMEMORATING BYELORUSSIAN INDEPENDENCE

HON. BERNARD J. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. DWYER. Mr. Speaker, today marks the 63d anniversary of Byelorussian independence and it is right that we take a moment to reflect again on the tragedy of that people's all too brief taste of genuine national freedom.

Like her Baltic neighbors, Byelorussia has been denied her right to sovereignty following the Red army's forceful takeover, and been further victimized by systematic atttempts at Russification by the oppressive Soviet regime.

This anniversary also gives Congress an opportunity to express support for the local Byelorussian-American community's efforts to include their language in "Voice of America" programing. This appeal by first, second, and third generation Byelorussian-Americans to help protect the interests of their relatives in the Soviet Union should not be ignored.

On Sunday, March 29, Byelorussian-Americans will be celebrating the spirit of freedom that has endured there despite attempts by the Soviets to squelch it. We in New Jersey's 15th District, where many Byelorussian-Americans make their homes, salute them and pray that Byelorussia and the other captive nations will soon be free once more.●

HOUSE REPUBLICAN TASK FORCE ON FOREIGN POLICY

HON. E. THOMAS COLEMAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. COLEMAN. Mr. Speaker, as chairman of the House Republican Research Committee's Task Force on Foreign Policy, I have the honor today of presenting the task force membership for the 97th Congress. Republican members with a strong interest in foreign policy have joined together on this task force to keep our colleagues abreast of international developments and concerns. Equally important will be the task force's work to help develop a consensus within the Republican Party on foreign policy positions.

With difficult foreign policy issues already confronting our Nation in areas such as El Salvador, Afghanistan, and Poland, decisions made over the next 2 years will be crucial in determining the course and direction of U.S. foreign policy. I believe the task force has an important role to play in this formative process. The task force will work closely with the Republican leadership in both Congress and the administration in building a broad base of support for Republican policy positions in the area of international affairs.

The task force will serve as a forum for the discussion of international concerns and the role of the Congress in formulating U.S. foreign policy. In this regard, the task force will actively solicit input and comments from individuals and organizations directly involved in international relations and U.S. foreign policy. The task force will be preparing substantive reports and keeping Republican Members informed of developments on issues such as international trade and export policies, foreign aid, international communications, and military credit sales, as well as policy concerns in Latin America, Africa, the Middle East, and United States-Soviet relations.

The task force, comprised of Republican Members of Congress having a particular interest in foreign affairs, includes three members of the House

Committee on Foreign Affairs, and other members whose major committee or subcommittee assignments lead them into the arena of international concerns. The members of the task force are: Representative E. THOMAS COLEMAN, Missouri, chairman; Representative WILLIAM S. BROOMFIELD, Michigan, ranking minority member of the Foreign Affairs Committee; Representative EDWARD J. DERWINSKI, Illinois; Representative JOEL PRITCHARD, Washington; Representative DON H. CLAUSEN, California; Representative C. W. "BILL" YOUNG, Florida; Representative ROBERT W. DAVIS, Michigan; Representative BOB LIVINGSTON, Louisiana; Representative DAVID EMERY, Maine; Representative THOMAS B. EVANS, JR., Delaware; Representative FRANK WOLF, Virginia; and Representative BILL HENDON, North Carolina.

The task force looks forward to working together with foreign policy experts, administration officials, and congressional leaders to strengthen Republican policy positions on international issues and assist in developing a consistent, coherent foreign policy for our Nation.●

POSTAL ELECTRONIC MAIL BILL

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. CLAY. Mr. Speaker, today I introduced the Postal Electronic Mail Act of 1981. This bill establishes public policy through which the Postal Service may offer electronic mail service to our Nation.

This legislation is an outgrowth of extensive public hearings conducted by my subcommittee last year. Testimony was received from a wide range of witnesses—public officials, private citizens, and representatives of the telecommunications industry and postal employee organizations. My bill will not entirely satisfy these varied and competing interests. It does however take their views into consideration. The bill takes a single step toward defining the parameters within which the Postal Service may offer electronic mail services.

In brief, the Postal Electronic Mail Act of 1981: first, Requires that the Postal Service establish a separate organizational unit for the management of its electronic mail services; second, prohibits the use of any Government subsidy or revenue from other postal operations and services to cover the cost of electronic mail services; third, prevents the Postal Service from using private express statutes to its own advantage in offering electronic mail; fourth, prohibits the Postal Service from owning telecommunications equipment in order to provide electronic mail service; and fifth, prohibits the Postal Service from offering service from point of origin to point of destination—commonly known as generation III service.

The Postal Electronic Mail Act of 1981 does not constitute the definitive or final word on the role of the Postal Service in providing electronic mail. None of its provisions are carved in granite. In order to determine how the bill may be improved, I intend to promptly convene public hearings.

A sectional analysis of the Postal Electronic Mail Act of 1981 follows:

POSTAL ELECTRONIC MAIL ACT OF 1981

SECTIONAL ANALYSIS

Section 1: Entitles the Act as the "Postal Electronic Mail Act of 1981".

Section 2: Amends Chapter 36 of title 39, U.S. Code by adding a new section 3686, "Electronic Mail Service" which provides as follows:

Subsection (a)—the Postal Service may provide electronic mail service only in accordance with the provisions of this Act and, within 60 days after its enactment, the Postal Service shall establish a separate organizational unit for the management of its electronic mail service.

Subsection (b)—(1) the Postal Service shall establish rates and fees for electronic mail service which are adequate to cover its costs; (2) the Postal Service may use other revenue to provide electronic mail but that money shall not exceed income from electronic mail; the Postal Service may use monies from its revolving Postal Service Fund for its electronic mail unit however these monies must be recovered by the Fund within a reasonable time, and (3) electronic mail operations of the Postal Service shall not be subsidized by the Government.

Subsection (c)—the transmission of information by telecommunications by any person shall not be a violation of the Private Express Statutes.

Subsection (d)—the Postal Service shall not own cable, radio, or similar telecommunications equipment in order to provide electronic mail service but may contract for such equipment.

Subsection (e)—the Postal Service may not provide electronic mail service from point of origin to point of destination (commonly known as Generation III service).

Subsection (f)—defines "electronics mail service" and "telecommunications".●

MORE ON SAUDI ARABIA

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. McGRATH. Mr. Speaker, in the past, I have been a vocal opponent of the sale to Saudi Arabia of advanced equipment to upgrade the offensive capabilities of the F-15.

I recently noticed a short item in the New York Times which has served to reinforce my position. Responding to Israeli opposition leader Shimon Peres' statement that he would try to explore the possibility of peace with the Saudis if his party were successful in the June 30 election, the Saudi Information Minister stated that his nation "rejects allegations in the enemy's press to implicate the kingdom in positions contrary to its present and future policies."

The use of the word "enemy" is disturbing to me, as is the obvious disinterest in ever seeking an agreement with Israel to lessen tensions in the Middle East. If the Saudis will not negotiate with the current government or its possible replacement, who will they negotiate with?

When President Carter proposed the 1978 arms sale to Saudi Arabia he wrote that the sale of the planes to Saudi Arabia would "cement their ties to the United States and advance the cause of moderation in the area." The recent Saudi statement indicates to me that moderation is the farthest thing from the Saudis mind at this point, and makes the sale of equipment to allow the Saudis to strike anywhere in Israel an extremely risky proposition.

I include a copy of the Times article for the benefit of my colleagues.

SAUDIS SCORN PERES HINT AT PEACE BID

JIDDA, SAUDI ARABIA, March 23.—Saudi Arabia today rejected a suggestion by the Israeli opposition leader Shimon Peres that he would try to explore the possibility of peace with the Saudis if his Labor Party wins the Israeli general elections on June 30.

Mr. Peres said in Tel Aviv yesterday his party would make an effort to negotiate the future status of Jerusalem with Saudi Arabia and would look seriously at the possibility of peace with the Saudis.

Mr. Abdo Yamani said the remarks were meant for local consumption in Israel during the campaign. "The peace we want is not that which Peres and Begin want," he said, referring to Prime Minister Menachem Begin of Israel. "The peace we support is based on rights, justice, international law and the resolutions of the United Nations."●

LEGISLATION TO DENY FEDERAL RETIREMENT BENEFITS TO CONVICTED FELONS

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mrs. SCHROEDER. Mr. Speaker, following the conviction of some of our colleagues for taking bribes, constituents would frequently ask me why these felons were still allowed to draw large Government pensions. I answered that these former Members of Congress had paid in their annual 7 percent contribution and were, therefore, entitled to the benefits of the pension system. I knew, however, that this contribution accounted for less than one-third of the cost of their pensions and that it was the taxpayers who were picking up the rest of the cost.

Some constituents asked me to introduce legislation to cut off the pensions of those convicted in Abscam. I told them I could not do that because I remembered the infamous history of congressional attempts to do exactly the same thing to Alger Hiss. I remembered that the U.S. District Court for the District of Columbia in *Hiss* v. *Hampton*, 338 F. Supp. 1141 (1972) had ruled that a law denying pension payments to a former employee convicted of a crime was unconstitutional ex post facto law.

So, despite the fact that Federal pension payments to those convicted in Abscam bothers me, I do not think there is anything constitutional we can do about it.

Nevertheless, I do not want this situation to recur. I am, therefore, introducing legislation today which would deny Federal retirement benefits to any Federal official in the retirement system, including Members of Congress, who is convicted of a felony, which is punishable by more than 5 years in jail, which was committed while the individual was a Federal employee, which directly involved that Federal employment, and which was committed after the enactment date of the act.

Drafted in this way, the legislation would not confront any constitutional problems. While it would do nothing about those already convicted of crimes against the public trust, it would cut off from taxpayer support Federal officials who, in the future, engage in serious wrongdoing.

Passage of legislation of this sort would lift some of the strain off the Congress as a whole caused by the wicked deeds of a few.●

ELMER B. STAATS, EXEMPLARY PUBLIC SERVANT

HON. GILLIS W. LONG

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. LONG of Louisiana. Mr. Speaker, I take this opportunity to congratulate the recently retired Comptroller General of the United States, the Honorable Elmer B. Staats, on his long and distinguished career as a dedicated public servant.

We all know of his outstanding work as Comptroller General, always with the objective of having the Government do a better job for the people. Under his guidance the General Accounting Office has developed into a highly effective arm of the Congress.

General Staats brought objectivity to Government. Whenever General Accounting Office audits uncovered instances of programs that were not giving us our money's worth or were not achieving the ends we had intended, he never hesitated to tell us that things were going off course and in need of attention. Many of his recommendations to the Congress resulted in improving the efficiency and effectiveness of Government programs.

Recently General Staats worked with me in developing a process for meaningful congressional oversight of Federal programs as a part of the national effort to control spending. He and I share the belief that the Congress needs a more systematic way of overseeing and reconsidering Government policies and programs. I am deeply indebted to General Staats and his fine staff for much valuable assistance provided to me and to my subcommittee in developing the Sunset Review Act.

On March 6, 1981, Elmer Staats officially concluded his service as Comptroller General of the United States. His steady guidance of the General Accounting Office and his wise counsel to the Congress will be difficult to replace. However, I do not expect that the end of this assignment will mean the end of his contributions to us. I fully expect that he will continue to be of service to our country.

I commend General Staats on his outstanding service to the Congress and to the Nation, and I wish him well in all his future endeavours.●

ANGOLA AND THE CLARK AMENDMENT

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BONKER. Mr. Speaker, last Thursday the Reagan administration asked the Congress to repeal the 1976 Clark amendment which says no aid may be provided to any group, movement, or individual to conduct military or paramilitary operations in Angola without congressional approval.

In 1976 I led the fight to secure the passage of that amendment in the House. I intend to do all I can to oppose the administration's effort to repeal the Clark amendment.

Nothing has changed in Africa or in Angola to warrant what the administration is proposing. The United States cannot revert to a policy of providing covert American aid to antigovernment guerrillas within Angola without alienating the rest of black Africa. The timing of this action is especially bad since it could adversely affect the Western-sponsored negotiations over Namibia.

This shortsighted proposal may win the U.S. acclaim in South Africa but it will destroy our hard-won influence in the rest of the African continent.

The reaction of African leaders has been swift and harsh. They have warned that U.S. support of rebel forces in Angola would have powerful repercussions on United States-African relations. For example, the President of oil rich Nigeria, Shehu Shagari, said last week:

> If it is true that the United States is to support rebel organizations in a sovereign country like Angola, then it is very serious. I do not think it will, but if it did it would be in defiance not only of Angola but of all Africa.

In Tanzania the Government-owned newspaper the Daily News commented:

> Such American action would be worse than the Soviet invasion of Afghanistan.

The major concerns of leaders of black Africa are the administration's policy toward Namibia and the administration's policy concerning apartheid in South Africa. They see the administration's advocacy of the repeal of the Clark amendment as an effort which will turn Africa into an arena for ideological battles with communism. This they reject.

Furthermore, Angola has provided vital assistance to the five power Western attempt to negotiate a peaceful political settlement of the 14-year-old war between South Africa and the guerrillas (SWAPO) in Namibia. Efforts by African leaders to secure that political settlement and the subsequent withdrawal of Cuban troops from Angola would collapse if the Reagan administration went ahead with its plan to repeal the Clark amendment and to aid Angola's rebel factions.

The Secretary of State recently said the Clark amendment must be repealed because it is a blatant restriction on executive authority. When one considers the consequences, it is an awesome price to pay in order to satisfy the whims of executive authority.●

THE 63D ANNIVERSARY OF BYELORUSSIAN INDEPENDENCE

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. DERWINSKI. Mr. Speaker, today, the Byelorussian-American communities in the United States will commemorate the 63d anniversary of the proclamation of the Byelorussian Democratic Republic. This proclamation of independence by the Byelorussian people was held in Minsk, the capital of Byelorussia, on March 25, 1918. The break from Communist Russia resulted in retaliation by the Soviet Government just 10 months later, crushing that spark of freedom by creating a Byelorussian Soviet Socialist Republic within the ironfisted grasp of the U.S.S.R.

At the end of World War II, an all-Byelorussian Congress again convened to approve a second proclamation of independence, but without any chance of success.

However, an intense desire to be free remains in the hearts and minds of the people of Byelorussia. Despite the oppression imposed upon them by the Communist regime, the Byelorussians have at every opportunity sought to maintain their national identity.

Throughout their history, the Byelorussian people have transmitted from generation to generation their national spirit through their cultural achievements, language, and rich heritage. The knowledge of what it is to be free and the determination for their renewed freedom continues to inspire these valiant people in their dream of reestablishing their homeland as an independent nation.

It is, indeed, a real tragedy that the Byelorussian people, whose heritage is so rich in the tradition of democracy, live under the oppressive rule of the Soviet Government. It is also unfortunate that these people are not well served by the Voice of America. The Byelorussians are not allowed to learn of the nature of Soviet expansionism throughout the world and the vitality of their respective cultural heritages in the United States because for years the Byelorussians in the Soviet Union have been denied any VOA broadcasts in their own language.

In recent years, the RFE and RL have suffered substantial cutbacks in both staff and operations. These cuts have seriously impaired the effectiveness of their broadcasts in the Soviet Union. As our broadcasts to the Soviet bloc are the principa; communication link between the United States and the people within the area, these broadcasts serve as a valuable vehicle disseminating information to those captive peoples in Eastern Europe and the Soviet Union. These radios are our most important nonlethal weapons in our confrontation with the Soviet Government.

Therefore, I plan to again introduce a resolution calling for the extension and improvement of the quality and quantity of programs in foreign languages of the Voice of America, Radio Liberty, and Radio Free Europe, which will increase their impact and effectiveness. I believe that we must make full use of our technological capability to increase the power, number, and performance of transmitters of the VOA, RL, RFE, and to extend their range to overcome, as much as possible, the Soviet interference by jamming.

As we commemorate this anniversary of independence, we also commend and acknowledge the courage of the Byelorussian people. This anniversary serves as a reminder that the spirit of freedom continues to burn in the hearts of the Byelorussian people despite Communist oppression. We must reassure those brave people whose human rights and cultural heritage are held captive, that they will continue to receive our encouragement for their goal of self-determination.●

SALUTE TO HON. WILLIAM M. GREEN OF NEW JERSEY—DISTINGUISHED CITIZEN

HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. HOWARD. Mr. Speaker, in behalf of my colleague, Mr. ROE, and myself I wish to state that on Friday, March 27, a testimonial celebration will be held in New Jersey in tribute to a distinguished citizen, outstanding community leader, champion of veterans, highly talented musician, and good friend—the Honorable William M. Green—whose lifetime of dedication and devotion to the public good has truly enriched our community, State, and Nation. We know that you and our colleagues here in the Congress will want to join with us in extending our warmest greetings and felicitations to him and share the pride of his good wife, Marion Lois, their daughter Debbie and son Billy, Jr. on this milestone of achievement in their family endeavors.

Mr. Speaker, Bill Green is a real statesman of our people with the deepest of compassion, benevolence, unselfishness, and willingness to help others. He fought for our country in World War II and rose above the scars of war as a disabled veteran to attain success and esteem in a diversified career of his choosing. Along the pathway of life he has taken the time to help, to guide, and to achieve with a richness of wisdom that has endeared him to all of us who have the good fortune to know him.

There is so much that can be said about Bill's many achievements in his quest to accommodate the needs of our people and provide a better way of life for his fellow man. With your permission, Mr. Speaker, we would like to insert at this point in our historic journal of Congress a biographical sketch of William Green which has intertwined his talented artistry and artistic performance that has brought joy and happiness to our people with his family background, hard work, and personal commitment that has enabled him to earn the esteem of all as a highly respected businessman, exemplary soldier, and master of the science of politics and government, as follows:

WILLIAM M. GREEN

Born November 30, 1908 in New York City. His father manufactured baby carriages in New York and died when he was age ten. His mother sold the baby carriage factory and bought the famous 14th Street Theatre where people like Bert Lytell, Pauline Frederick, Sessue Hayakawa of Bridge of River Kwai fame performed. Sunday's Vaudeville and Dixieland bands performances at the theatre signalled the beginning of Bill Green's acclimation to jazz music. His uncle was Judge Otto Rosalsky, one of the original Grand Street Boys, whom Bill attributes as being responsible for his indoctrination into the Democratic party at the age of 21 years, working with some of the most famous Democrats of that era. Bill's first vote went to President Franklin Roosevelt in 1932. In late 1934, he moved from New York City to North Brunswick Township, New Jersey, and opened his first night club and restaurant on Route One.

Over the years to 1941, Bill had his famous Dixieland Band that played all of the prominent universities throughout the country. In early 1942 he enlisted in the U.S.N.R., the 42nd Navy Sea Bees, the first regiment of Sea Bees in the county, and served in the Aleutian Islands on seven islands. Bill was disabled and hospitalized and honorably discharged in 1945. He then organized the Clark Moetz Post V.F.W. in North Brunswick, New Jersey. Upon his homecoming he reopened his night club and restaurant and had the greatest names of jazz music play with his band—Louis Armstrong, Jack Teagarden, Sidney Becket, Pee Wee Russel, Miff Mole, Fyrie Glenn, Bobby Hacket, Wild Bill Davidson and numerous others. He also managed one of America's greatest jazz singers, Lee Wiley from Fort Gibson, Oklahoma.

In 1946 Bill Green started through the chairs in the New Jersey State V.F.W. organization and in his travels campaigned for the first term of the now Dean of the New Jersey Congressional Delegation, The Honorable Peter Rodino. In 1949 Bill became the first New Jersey World War II State Commander of the Veterans of Foreign Wars. He also took on the State Chairmanship for the election of Elmer Wene of Vineland for Governor along with Jim Bishop who handled the public relations and publicity for that campaign.

Bill often speaks of his first meeting back in 1946 with our former President John F. Kennedy in the City of Boston where President Kennedy was running for Congress the first time and where Bill became a friend and supporter of his throughout the following years. President Kennedy and Bill served on the Eastern States Conference of the V.F.W. together. Bill felt very deeply about President Kennedy's assassination. Through the Lions Club of Asbury Park, New Jersey—as Chairman—he raised the necessary funds to build a statue and have the park named in Jack Kennedy's memory.

In 1949 Bill met with President Truman in the Oval Office in regards to the forthcoming election of Elmer Wene, and there on the President's desk first saw the sign, "The Buck Stops Here."

In 1956 Bill Green sold his famous Rustic Lodge and settled in Asbury Park where he purchased a night club and restaurant on Summerfield and Cookman Avenues, and operated same until 1968. All time greats in the entertainment world—Duke Ellington, Count Basie, Louis Armstrong, Lionel Hampton and others too numerous to mention—visited and played in his most prestigious night club and restaurant. Bill was Chairman of the State Veterans Committee for the election of U.S. Senator Harrison

Williams and President Lyndon Johnson. He was elected National Council Member of the V.F.W. representing Delaware, Maryland and New Jersey in 1950–1951.

In 1952 he served on the National Security Committee of the V.F.W. and on July 26, 1960 was elected Chairman of the Big Ten Conference Committee of the V.F.W. He was appointed in 1954 as the National Vice Chairman of Community Services in the United States and also appointed to the National Civil Defense Committee of the V.F.W. in 1960. He was elected President of the Lions Club of Asbury Park in the 1960's. He has held membership in the Chamber of Commerce, the Navy League, the B.P.O.E., and Musician's Union. He is also a member of the American Legion, Disabled American Veterans, Jewish War Veterans, and holds Life Membership in the Veterans of Foreign Wars. He is also a Notary Public of New Jersey.

Bill Green was elected Municipal Chairman of the Democratic Party in Asbury Park in June of 1973, a post he continues to hold with distinction. He has served the City of Asbury Park, New Jersey as Convention Director, Building Inspector, Director of Inspections; also, Secretary to Freeholder Ray Kramer in charge of Buildings and Grounds in Monmouth County and Assistant Supervisor of the Monmouth County Highway Department.

Throughout the years he has served on many civic and charitable organizations including the Heart Fund, Cerebral Palsy, Cancer Fund, Infantile Paralysis, etc. He has served as Campaign Manager for three city elections, and Campaign Manager on two County Freeholder campaigns for Ray Kramer who is now Mayor of Asbury Park. Bill ran for City Council unsuccessfully in 1977 in a tight election.

Among his acquaintances over the years Bill Green is especially proud of his association with four Presidents, Secretary Marshall, generals, admirals, F. Cardinal Spellman, Bernard Baruch, Congressional Medal of Honor men, many State Senators, Assemblymen and Assemblywomen, municipal councilmen and councilwomen, and Mayors; also some of the greatest jazz musicians in the world either played with and for him or were close friends.

Mr. Speaker, the quality of Bill Green's leadership and sincerity of purpose in his political, civic, musical, and business pursuits are applauded by all of us. A gentleman of great stature and fortitude he has walked hand in hand with other giants of national and international renown in the political arena, the entertainment world, the business community, and the battlefield, second to none, in his chosen fields of endeavor and expertise.

We are pleased to seek this national recognition of Bill Green's lifetime of good works and extend our heartiest congratulations and best wishes to him and his family for continued success and happiness. We do indeed salute the Honorable William M. Green, a truly great American.●

HEALTH MANAGEMENT DEVELOPMENT ACT OF 1981

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. LEE. Mr. Speaker, I am today introducing the Health Management Development Act of 1981. This bill is the first direct, balanced approach to solving the shortage of training capacity for qualified managers in all kinds of health service agencies. The bill modifies and extends existing efforts to help colleges and universities respond to this need. It introduces complementary efforts to assure more effective use of the past and present Federal investment in the field.

Federal support for health manpower education programs will be reduced by some 60 percent in 1982 under the administraton budget plans. Trained health managers, however, are still in short supply and will remain so for a number of years. This bill focuses our attention on this specific problem which has been frequently overlooked because the role of adminstrators is not as dramatic as that of some other health workers.

We can reduce Federal health expenses by reducing eligibility and by tighter management control in Government. But hundreds of millions of medicare, medicaid, and other Federal program dollars will continue to flow to health services providers which lack appropriate trained management. We should also deal with cost reduction at the community level, by assuring the availability of qualified management for the health services where the money is spent.

Competition can improve the effectiveness, cost and quality of health services. In most communities, trained health administrators are found only in large hospitals. A lack of strong management limits the ability of small hospitals, home health agencies, health centers, HMO's, and other services to compete with high-cost systems. Every successful business considers management development an essential investment. The Federal Government invests very little in developing management for its huge health business. With better management, we would have less fraud and abuse because there would be better control.

The bill provides three carefully targeted new authorities:

First, it will provide support to recycle faculty members from fields which are facing decreasing enrollments to meet the increasing need in health administration. This is a cost-effective way of meeting several problems.

Second, it will assure the availability of skill improvement courses in such topics as financial management and personnel management for people now in key management positions.

Third, the bill provides seed money to help universities redirect both short- and long-term training to areas of high national priority such as home health agency management and rural hospital management, and in such topics as productivity improvement.

There is a unique and appropriate Federal role in health management development. Health services expend large sums of public funds. There is an opportunity to use a very modest investment to improve the managerial control of those funds. Better personnel management will improve the utilization of manpower produced at high public expense, contributing to decreased demand and cost containment. It will also make rural and underserved health services more professionally attractive. There are concrete examples of this impact in many communities, but there are not enough.

Since Federal support for health administration education began, just 3 years ago, the effectiveness of this approach has been demonstrated. The training programs have expanded courses for people on the job. The number of graduates has increased and non-Federal support has increased. This bill will accelerate this process, almost doubling the assured non-Federal contribution.

The production of graduates has, only in the last 2 years, reached the point where the marketplace has directed almost half away from big general hospitals. But it has not begun to fill the jobs in rural health, home health agencies, HMO's, group practices, emergency systems, and others. Good management is needed in every one if the administration's objectives are to be met.

The text of the Health Management Development Act of 1981 follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Health Services Management Act of 1981".

SEC. 2. Effective with respect to appropriations under section 791 of the Public Health Service Act (42 U.S.C. 295h) for the fiscal year ending September 30, 1983, such section 791 is amended to read as follows:

"CAPACITY DEVELOPMENT GRANTS FOR GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

"SEC. 791. (a) From funds appropriated under subsection (d), the Secretary shall make annual grants to public or nonprofit private educational entities (excluding accredited schools of public health) to support the graduate educational programs of such entities in health services administration.

"(b) The amount of the grant for any fiscal year under subsection (a) to an educational entity with an application approved under subsection (c) shall be equal to the amount appropriated under subsection (d) for such fiscal year divided by the number of educational entities which have applica-

tions for grants for such fiscal year approved under subsection (c).

"(c)(1) No grant may be made under subsection (a) unless an application therefor has been submitted to the Secretary before such time as he shall by regulation prescribe and has been approved by the Secretary. Such application shall be in such form, and submitted in such manner, as the Secretary shall by regulation prescribe.

"(2) The Secretary may not approve an application submitted under paragraph (1) unless—

"(A) such application—

"(i) contains assurances satisfactory to the Secretary that in the school year (as defined in regulations of the Secretary) beginning in the fiscal year for which the applicant receives a grant under subsection (a) that—

"(I) at least 25 individuals will complete the graduate educational program for which such application is submitted; and

"(II) such entity shall expend or obligate at least $150,000 in funds from non-Federal sources to conduct such programs;

"(ii) contains assurances satisfactory to the Secretary that the program for which such application was submitted shall provide, or plans to provide within 12 months, a concentration or special emphasis on one or more of the following:

"(I) health planning and policy;

"(II) ambulatory care services;

"(III) primary care services;

"(IV) long-term care;

"(V) home health services;

"(VI) multi-unit systems;

"(VII) health maintenance organizations and other prepaid services systems;

"(VIII) mental health services; and

"(IX) any other health service system determined by the Secretary to require special emphasis; and

"(iii) contains such other information as the Secretary may by regulation prescribe; and

"(B) the program for which such application was submitted has been accredited for the training of individuals for health services administration by a recognized body approved for such purpose by the Secretary of Education and meets such other quality standards as the Secretary shall by regulation prescribe.

"(3) The Secretary may not approve or disapprove an application submitted under paragraph (1) except after consultation with the National Advisory Council on Health Professions Education.

"(d) There are authorized to be appropriated for grants under this section $4,000,000 for the fiscal year ending September 30, 1983, and $5,250,000 for the fiscal year ending September 30, 1984.".

SEC. 3. (a) Effective with respect to appropriations under section 749 of the Public Health Service Act (42 U.S.C. 294s) for the fiscal year ending September 30, 1982, such section 749 is amended to read as follows:

"HEALTH SERVICES ADMINISTRATION STUDENT TRAINEESHIPS

"SEC. 749. (a) The Secretary shall make grants to public or nonprofit educational entities (excluding accredited schools of public health) for traineeships for students enrolled in a program to the entity in health services administration which is accredited by a body approved for such purpose by the Secretary of Education and which meets such other quality standards as the Secretary by regulation may prescribe. The amount of any grant under this subsection shall be determined by the Secretary.

"(b) Traineeships awarded under grants made under subsection (a)—

"(1) shall be awarded in accordance with such regulations as the Secretary shall prescribe,

"(2) may be awarded only to students who are citizens of the United States, lawfully admitted to the United States for permanent residence as defined in section 101(a)(20) of the Immigration and Nationality Act, or citizens of the Northern Mariana Islands, American Samoa, or the Trust Territory of the Pacific Islands, and

"(3) shall provide for tuition and fees and such stipends and allowances (including travel and subsistence expenses and dependency allowances) for the trainees as the Secretary may deem necessary.

"(c) No grant for traineeships may be made under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, be submitted in such manner, and contain such information, as the Secretary by regulation may prescribe. Each applicant for a grant under subsection (a) shall provide assurances to the Secretary that the funds received under the grant shall be awarded for traineeships to individuals who have received a baccalaureate degree.

"(d) For payments under grants under subsection (a), there are authorized to be appropriated $2,500,000 for the fiscal year ending September 30, 1982, $2,500,000 for the fiscal year ending September 30, 1983, and $2,500,000 for the fiscal year ending September 30, 1984.".

SEC. 4. Subpart III of part C of title VII of the Public Health Service Act is amended by inserting after section 749 the following new sections:

"NATIONAL PRIORITY CURRICULUM IMPROVEMENT PROJECTS FOR GRADUATE PROGRAMS IN HEALTH SERVICES ADMINISTRATION

"SEC. 750. (a) The Secretary shall make grants to assist educational institutions with accredited graduate programs in health services administration to meet the costs of developing new, improved, and expanded curricula to improve short-term and long-term health management training. Such curricula may include—

"(1) health services finance;

"(2) health services marketing;

"(3) health services accounting;

"(4) health economics;

"(5) epidemiology and health planning;

"(6) health policy, law, and regulation;

"(7) quality assurance and assessment;

"(8) health information systems;

"(9) management of primary and ambulatory care; and

"(10) health services organization and management for students in other health disciplines;

"(b) For purposes of subsection (a), the term 'accredited program in health services administration' means a graduate program which is accredited for the purpose of training individuals in health services administration by a body approved for such purpose by the Secretary of Education.

"(c) For the purpose of grants under subsection (a), there are authorized to be appropriated $2,500,000 for the fiscal year ending September 30, 1982, $3,500,000 for the fiscal year ending September 30, 1983, and $4,250,000 for the fiscal year ending September 30, 1984.

"CRITICAL SHORTAGE FACULTY DEVELOPMENT PROJECTS

"SEC. 750A. (a) The Secretary shall make grants to assist educational institutions with accredited graduate programs in health services administration to meet the costs of establishing and operating programs to develop health administration faculty in fields of national shortage. Such faculty development programs shall train individuals in health and management disciplines that are, in the judgment of the Secretary, under-represented in programs in health services administration and which are necessary to meet national health services administration training requirements.

"(b) No grant may be made under subsection (a) unless an application therefor is submitted to and approved by the Secretary. Such an application shall be in such form, be submitted in such manner, and contain such information as the Secretary shall prescribe. The Secretary may not approve an application for a grant under subsection (a) unless such application contains assurances satisfactory to the Secretary that at least three individuals shall complete the program in each year for which an application is made.

"(c) Grant funds awarded under subsection (a) shall be used to provide 12 month fellowships to individuals who—

"(1) have received a doctoral degree or equivalent professional recognition in a discipline determined by the Secretary to be underrepresented in programs in health services administration and necessary to improve training in health care management; and

"(2) agree to serve as a faculty member for a period of not less than two years in a program in health services administration.

"(d) For purposes of subsection (a), the term 'accredited program in health services administration' means a graduate program which is accredited for the purpose of training individuals in health administration by a body approved by the Secretary of Education.

"(e) For the purpose of grants under subsection (a), there are authorized to be appropriated $1,500,000 for the fiscal year ending September 30, 1982, $2,000,000 for the fiscal year ending September 30, 1983, and $2,500,000 for the fiscal year ending September 30, 1984.

"MANAGEMENT TRAINING FOR HEALTH CARE PROFESSIONALS

"SEC. 750B. (a) The Secretary shall make grants and enter into contracts with public and nonprofit private education institutions and other nonprofit private entities for the establishment and operation of nondegree management training programs for physicians, nurses, other providers of health care, administrators in health care facilities and in State and local health agencies and health planning agencies, in—

"(1) health systems management;

"(2) health policy, planning, and regulation;

"(3) health financial management;

"(4) management of interagency and interfacility collaboration; and

"(5) the management of small rural and inner city health services.

"(b)(1) The amount of any grant or contract under subsection (a) shall be determined by the Secretary. No grant may be made or contract entered into unless an application therefor is submitted to and approved by the Secretary. Such an application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(2) The Secretary shall, to the extent feasible, make grants and enter into contracts under subsection (a) for training programs in such a manner that there is an appropriate geographic distribution of the training programs.

"(c) For the purpose of making grants and contracts under subsection (a), there are authorized to be appropriated $1,000,000 for the fiscal year ending September 30, 1982, $1,500,000 for the fiscal year ending September 30, 1983, and $2,000,000 for the fiscal year ending September 30, 1984.".●

BYELORUSSIAN ANNIVERSARY

HON. MILLICENT FENWICK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mrs. FENWICK. Mr. Speaker, I call the Members' attention to the fact that today is the 63d anniversary of the Proclamation of the Byelorussian Democratic Republic, which took place in Minsk on this day in 1918.

Unfortunately, shortly after this proclamation, Lenin's Moscow government arranged the proclamation of its own colonial state, the Byelorussian Soviet Socialist Republic.

Since then, perhaps as many as 6 million of the Byelorussian people have been murdered or deported to the concentration camps of Siberia. The Byelorussian language and culture have been suppressed, and Byelorussian prisoners of conscience have languished in Soviet jails.

I hope that this last great empire will soon begin to let the captive nations go free. Until then, we owe the captive people our efforts to speak—at least—on their behalf.●

THE 63D ANNIVERSARY OF THE BIELARUSIAN NATIONAL REPUBLIC INDEPENDENCE DAY

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. ANNUNZIO. Mr. Speaker, March 25 marks the 63d anniversary of the independence of the Bielarusian National Republic, and I am glad to have the opportunity to join my colleagues in the Congress in commemorating this important event in the history of free peoples.

The Bielarusian Coordinating Committee of Chicago, Ill., is sponsoring a commemorative banquet and program to mark this occasion on Sunday, March 29, at 1 p.m. at the Regency Inn, 5319 West Diversey Avenue in Chicago, and I send my greetings to all those participating in this important event.

The Bielarusian people have been known under most confusing and improper terminology in English as Byelorussians and White Russians. That terminology is incorrect and offensive to Bielarusian national pride, because it was taken from the Russian language and not the Bielarusian language. The Bielarusian Coordinating Committee of Chicago, Ill., has informed me that the people of their country prefer to be called Bielarusians and the country of their ancestry be called Bielarus.

Mr. Speaker, a statement on the occupation and oppression of Bielarus by Soviet Russia issued by the Bielarusian Coordinating Committee of Chicago, Ill., follows as well as a list of several resolutions passed last year by the Commemorative Assembly of the 62d Anniversary of the Declaration of Independence of Bielarus:

The date of March 25 is a symbol of national unity and solidarity of the Bielarusians in diaspora. It has been observed each year to give support and encouragement to Bielarusian people in their homeland controlled by Communist Moscow; to inform the Free World of the desires of the Bielarusian people in the Soviet Union to be free of Russian domination and control; and to seek sympathy, understanding and support for the Bielarusian freedom cause, and for the human, national, and social rights of the Bielarusian people among the friendly nations of the world.

Though one hears a lot about labor and social unrest and struggle for human and national rights in Poland, the people in Bielarus are not dormant in this respect either. One hardly hears about their activities because the country is hermetically isolated and the people have been living under more political restrictions and repressions. The most recent unrest, however, recorded in Bielarus was last June in Minsk when one hundred workers demonstrated their demands for improved working and living conditions and spoke in favor of organizing an independent workers union.

The Bielarusian Americans are well aware of the intolerable conditions in Soviet Bielarus today due to the Communist Russian control over the Bielarusian people.

RESOLUTIONS ADOPTED BY THE COMMEMORATIVE ASSEMBLY OF THE 62D ANNIVERSARY OF THE DECLARATION OF INDEPENDENCE OF BIELARUS

The Bielarusian Americans of Chicago, who have assembled this 30th day of March, A.D. 1980, at 2:00 p.m., at the Regency Inn, 5319 West Diversey Avenue in Chicago, to commemorate the 62d Anniversary of the Declaration of Independence of Bielarus (Byelorussia) have affirmed the following resolutions:

1. *Resolved,* That the Americans of Bielarusian descent and origin in Chicago support the President and the United States Government's policies pertaining to Afghanistan and the Summer Olympics in Moscow. Bielarus (Byelorussia) as one of the first preys of Communist Russian aggression and occupation in the 1920's is still occupied by Russia.

2. *Resolved,* That the Bielarusian Americans go on record of supporting our President and the United States Government in building a strong America morally, economically, physically, and militarily in order to achieve balance of power in the world.

3. *Resolved,* That this assembly petition our American Government to help a Bielarusian descendant Michal Kukabaka and others to obtain release from the Soviet prisons and to enable them to emigrate to any free country in the West.

4. *Resolved,* That we petition the Congress of the United States to provide funds for broadcasts in the Bielarusian langage over the Voice of America.

5. *Resolved,* That we petition the Congress of the United States to provide funds to expand broadcasts in the non-Russian languages over Radio Liberty, which is the only hope of truth to the Russian-enslaved non-Russian peoples in the Soviet Union.

6. *Resolved,* That we petition our Government to lend support to the cause of freedom and political independence for Bielarus in the same manner as it does to the cause of Poland, the Baltic States, Afghanistan and others.

Dated at Chicago, Illinois, this 30th day of March, A.D. 1980.

BIELARUSIAN COORDINATING COMMITTEE OF CHICAGO, ILLINOIS.

Mr. Speaker, I am honored to join Americans of Bielarusian heritage in Chicago and all over this Nation as they celebrate this 63d annivesary of Bielarusian independence and the nobel ideals of freedom. As Americans we must continue to work for the day when the courageous people of Bielarus can enjoy the the blessings of liberty and national self-determination.●

TOWARD A BETTER WORLD

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. HOLLENBECK. Mr. Speaker, this year the American Jewish Committee celebrates its 75th anniversary. I would like to take this opportunity to acknowledge the accomplishments of this pioneer human relations organization.

The American Jewish Committee was founded in 1906 in response to a series of "pogroms" in Czarist Russia, in which thousands of Jews were left homeless. Recognizing that the anti-Semitism which promoted this persecution is intimately involved with the problems which affect all minority groups, the committee has since dedicated itself to the advancement of civil and human rights the world over. The AJC is representative of a people who have consistently struggled in order to maintain their religious and cultural identity. The periods of oppression which have clouded their history serve only to intensify the Jewish commitment to human freedom and dignity. In this tradition, the American Jewish Committee has become acutely aware of the need to develop mutual understanding among America's many different religious, racial, and ethnic groups.

For seven decades, the AJC has been a leader in the fight against bigotry

and discrimination in this country. As the committee works toward safeguarding the interests of the Jewish community, the scope of its activities and its goals reflects national concern. The AJC has worked to assure greater opportunities for jobs, housing, and schooling for all Americans. It has published a five-volume "Studies-In-Prejudice" series and has established a pioneering institute on pluralism and group identity aimed at depolarizing tensions between white ethnics and blacks. I applaud the humanitarian efforts of the American Jewish Committee in these directions.

The concerns of this unique human relations agency do not remain confined to our country's borders. The AJC helps mobilize world public opinion against manifestations of anti-Semitism in Arab lands, the Soviet Union, and other countries. It has supported the establishment of the democratic state of Israel and has consistently assisted Israel's efforts to safeguard her existence in the Middle East. In addition, the American Jewish Committee has supported the United Nations and other international efforts to advance human rights throughout the world.

I congratulate the AJC for its 75-year contribution to the field of human relations. Its work has been both a symbol of achievement and a symbol of hope. Much has already been done to advance the cause of human rights, yet the American Jewish Committee stands to remind us that if we continue to fight against social injustices, a better world awaits us. Needless to say, I intend to continue working with the committee to help make our mutual goals a reality.●

FACTS ON 10-5-3

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. MOFFETT. Mr. Speaker, most of us are familiar with the many arguments that can be made against the President's personal income tax cut proposal, otherwise known as the Kemp-Roth tax cut. But, so far, there has been a dangerous lack of discussion and debate over the President's proposal for a business tax cut, a slightly modified 10-5-3. Passing the President's 10-5-3 proposal without proper consideration of the consequences to both our tax code and our economic health would be extremely foolish. Consequently, I would like to take this opportunity to point out some interesting facts relating to the proposal.

First, although the 10-5-3 proposal is designed to increase investment in the United States as a way to improve our economic health, the latest Commerce Department statistics show that U.S. business investment in the last 5 years has already been at its highest level since World War II.

Second, a recent study by the International Monetary Fund shows that depreciation rates in the United States are already among the fastest in the world, and that passage of the 10-5-3 proposal would make U.S. writeoffs the fastest anywhere.

Third, while businesses continue to complain about excessive taxation, the effective corporate tax rate has steadily declined from 38 percent in 1954 to 29 percent in 1968 to 18.6 percent in 1978. And, the share of Federal revenues accounted for by corporate taxes has declined from 30 percent of Federal receipts in 1955 to 20 percent in 1969 and 13.9 percent in 1980.

Fourth, the 10-5-3 proposal would distort investment decisions by making the depreciation lifetimes of some items drastically shorter than their actual useful lives. In addition, since the 10-5-3 proposal would be phased in over 5 years, some business investment might actually be postponed in order to benefit from the increasing tax breaks.

Fifth, the 10-5-3 proposal offers a random, across-the-board approach to providing assistance to industries and businesses in the United States. It will not help the auto and steel industries which have no profits against which to take depreciation deductions, nor will it help many high-technology industries which already have as rapid, or more rapid, depreciation schedules. On the other hand, the 10-5-3 proposal will help some industries which do not need assistance, such as the communications industry.

Sixth, the 10-5-3 proposal is incredibly expensive. It will cut corporate taxes by $60 billion annually starting in 1986.

Seventh, under current rates of inflation, the 10-5-3 proposal, combined with the existing investment tax credit, would actually produce negative tax rates for many corporations. In effect, the Government would actually be paying the companies rather than taxing them.

I think that these facts speak for themselves. I hope that my colleagues on both sides of the aisle will look them over and give them some thought. There are alternatives to the 10-5-3 proposal, and the Congress would be negligent if it did not consider them, as well. I especially direct my colleagues attention to the first year capital recovery system proposed by Harvard professors, Dale Jorgensen and Alan Auerbach, which has been endorsed by, among others, the New York Times and Fortune magazine, and which Congressman HEFTEL has introduced as H.R. 2525. As its name implies, the Jorgensen-Auerbach proposal allows businesses to take their depreciation deduction for an investment all in its first year. The proposal also reduces the number of asset classes from the current 130 to approximately 30, and allows taxpayers to choose between the first year capital recovery system and the current system.

I believe that the first year capital recovery system proposal is superior to the 10-5-3 proposal for the following reasons:

First, the first year capital recovery system is completely neutral and consistent with the efficient allocation of capital. As mentioned before, 10-5-3 is not. The first year system provides depreciation deductions that match the actual decline in the real value of the assets invested in; and, since it provides the entire deduction in the first year, it is not affected by inflation. The 10-5-3 provides depreciation schedules which are far shorter than the actual useful lives of assets; and, depending on the inflation rate, distorts the tax rates accordingly.

Second, while the first year capital recovery system provides for the efficient allocation of capital, it still simplifies the current system of depreciation. According to the Congressional Research Service, the first year system would help make things easier primarily for smaller firms while the 10-5-3 proposal is more directed toward helping larger firms. Since smaller firms currently have the most difficulty dealing with the complexity of our existing depreciation law, the first year proposal seems like the better solution.

Third, since the first year capital recovery proposal allows businesses to take all of an asset's depreciation deduction in its first year, it gives a very strong, immediate incentive for increased business investment.

Fourth, as proposed in H.R. 2525, the first year capital recovery system would cost about the same as the 10-5-3 proposal during its first year, but cost far less in the long run. The first year system would allow us to balance the budget sooner than with 10-5-3, while still providing a strong incentive for new investment.

While I do not expect that my arguments here will persuade the House of Representatives to abandon the 10-5-3 proposal and quickly pass the Jorgensen-Auerbach first year capital recovery system alternative, I am hopeful that they will spark some new interest in more carefully analyzing the 10-5-3 proposal and taking a good look at some of the alternatives.●

ACCOMPLICE TO TERROR

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. OTTINGER. Mr. Speaker, I am including in today's RECORD an excellent article by Anthony Lewis concerning U.S. policy toward Argentina which appeared in the New York Times on March 22.

The Argentine Government has engaged in massive and brutal violations of human rights including kidnaping of thousands of citizens, many of them tortured and killed, many never heard from, many placed in Nazi-like prison camps. Yet the administration gave Argentina's President-designate, Gen. Roberto Viola, a warm welcome when he visited Washington last week, and indeed, issued statements praising Argentina for improving human rights. Despite the administration's praise, thousands of Argentines remain missing, imprisoned, and harassed. Our embrace of the Argentine Government sanctions its atrocious policies and makes us an accomplice to its terror.

Mr. Lewis makes an excellent point which I would like to stress to my colleagues: How can we condemn the Kremlin for repressing Soviet dissidents when at the same time we tolerate equal abuses from allies such as Argentina?

I commend Mr. Lewis' piece to the attention of my colleagues:

ACCOMPLICE TO TERROR

(By Anthony Lewis)

Boston, March 21—General Roberto Viola, Argentina's President-designate, has just visited Washington. By the warm welcome it gave him the Reagan Administration dramatically underlined its new human rights policy. That is to condemn "totalitarian" Communist regimes but avoid criticizing "authoritarian" governments of the right.

What does that political-science term "authoritarian" mean in practice? Argentina offers a case study of what it *can* mean. During the last five years thousands of Argentinians have been taken away by soldiers or police and disappeared forever. One who survived calls this up from his memory:

"When you're arrested and your initial interrogation is over, you are given the impression that you're being taken away to some lovely farm camp. Then the prisoners start to see, as I saw when I was arrested, policemen wearing Nazi emblems and walls with swastikas prominently displayed . . .

"There are a lot of things that are new and horrific in the Argentine terror, things that put it on a level with the Nazis in every way except sheer numbers. One is the disappearance of children and the horrible things they have done to children.

"Then there is this grotesque fact that the bodies do not appear. This is a very important thing in any civilization, part of human psychology. Depriving someone of a plot of earth they can go to is incredibly cruel and quite beyond me to understand."

Those statements were made in a quiet English voice. They came from Robert Cox, a British-born journalist who lived in Argentina for 20 years and became editor of The Buenos Aires Herald. He was arrested in 1977 and thinks he would have "disappeared" if the British Ambassador had not immediately protested. In 1979 unsigned notes threatened his family with death. Cox, his wife and five children left.

Robert Cox is now a Nieman Fellow at Harvard. He has not crusaded against the Argentine Government. He still loves Argentina and wants to go back. But he finally expressed his feelings on what has happened there in an interview with Stephen Kinzer of The Boston Globe. It is that interview that I quote.

"The way people respond to this situation is to deny it," Cox said. "The government simply dismisses the protests and hides behind cruel remarks about people who are 'absent forever.'

"I remember the absolute pain I felt when I realized what was happening and nobody would believe me or talk to me about it. They thought I was mad. It's like waking up in the morning and finding that one has been transformed into a beetle.

"To this day, very few people in Argentina know what has happened. Very few people care when their next-door neighbor is carried off. They make up some excuse, they pretend it's not happening."

Cox himself was reluctant to believe the truth about the disappearances. He knew the horrors of the urban guerrilla campaign that led to the right-wing reaction in Argentina and the military takeover in 1976. Then the disappearances began.

"I myself went on believing the Government explanations for a long time because I so much wanted to believe them . . . . I tried to tell myself that the whole problem was that the good guys in government who were appalled at what was happening were temporarily powerless to stop it. But the opportunities for moderates to clean this up have been so many that after a while an honest person has to stop making excuses for them."

There is still hope for Argentina, Cox said—if the truth is told. "The first thing is to face up to what has happened, and then to get rid of the criminal elements responsible." He expressed specific hopes for General Viola, who has said he will publish a list of persons the Government knows to have disappeared. "If he will only allow the story to be told," Cox said, "that will be a great step forward."

But it is quite a different thing, in Cox's view, for the United States to embrace the Argentine Government.

"The Government thinks it has brought the United States around to its point of view," Cox said. "Many of these generals in Argentina are laughing at the United States . . . . These are genuine neo-totalitarians who think the outcome of World War II was a great mistake. Hitler is not considered even morally reprehensible to the kind of people who control these operations."

Cox's deeply convincing words carry a lesson for U.S. human rights policy. The attempt to distinguish merely "authoritarian" regimes is pseudo-academic rubbish. There is a fair argument for coaxing harsh governments to improve instead of denouncing them. But there is no case for the United States to look as if it, too, is whitewashing the official terror that has existed in Argentina.

"What are you going to tell the Russians?" Cox asked. "The Soviet dissidents get much comfort from abroad, but they are not treated anywhere near as brutally as prisoners in Argentina. When you support this, you are an accomplice to terror."●

GREEK INDEPENDENCE DAY

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BROOMFIELD. Mr. Speaker, March 25 marks the 152d anniversary of the signing of the Treaty of Adrianople which ended 400 years of Turkish domination over Greeks. I would like to extend to all Hellenes and Philhellenes my warmest wishes for your annual celebration of Greece's Independence Day.

The past year has been a significant one for United States-Greek relations. In April 1980, the United States and Greece signed the Agreement on Cooperation in the Fields of Science and Technology, Economics, and Education and Culture. This agreement promises to stimulate increased trade between our two countries, cultural exchanges, and enhanced cooperation in programs of mutual benefit such as renewable energy and earthquake hazards reduction.

In the fall of 1980, with the encouragement of General Rogers, Supreme Allied Commander, Europe, Greece reentered the integrated military command of NATO. Greece has thus once again assumed its rightful place in assuring critical Western interests in NATO's southern flank. The United States and Greece are now in the process of negotiating a defense cooperation agreement which will enhance the security of both nations. Many informed observers optimistically predict that this agreement will be concluded this spring, thereby further binding together the fate of the United States and Greece.

Thus, important strides have been made this past year in United States-Greek relations. Tragically, however, a solution to the Cyprus conflict has eluded us and that problem with its sad dimensions of human suffering continues. Therefore, a continuing significant U.S. aid program for Cyprus is important as a measure of our ongoing concern and our unwillingness to walk away from the Turkish problems that persist in that torn island. I feel that it is imperative for the Reagan administration to make a Cyprus settlement one of its highest priorities. I believe it will, unlike the Carter administration. A unified Cyprus without Turkish troops is a critical objective toward which we must work. Moreover, I am urging President Reagan to initiate policies that will maintain a military balance in the Eastern Mediterranean and preserve the security and integrity

of Greece. This balance should remain integral to our military aid program to the region.

Greek Independence Day is the occasion for great joy and celebration. This year, more than ever, we have cause for happiness in the steady improvement of United States-Greek relations and we can look forward to the resolution of outstanding differences. This, in turn, will enhance the security and freedom of both Greece and the United States in the future.●

SETTING THE RECORD STRAIGHT

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. SOLARZ. Mr. Speaker, one of our colleagues recently entered into the CONGRESSIONAL RECORD a copy of an Evans and Novak column that had appeared in the Washington Post attacking both the work of the Subcommittee on Africa and the behavior of Steve Weissman of the subcommittee staff. In order to set the record straight, I would like to call to my colleagues' attention a copy of Mr. Weissman's reply, which appeared in the following day's Post. I am confident that after reading Mr. Weissman's rebuttal, my colleagues will agree that Evans' and Novak's allegations are completely unfounded and, in fact, amount to little more than a pathetic parody of the vicious techniques associated with McCarthyism.

[From the Washington Post, Feb. 3, 1981]

"COMPLETELY OUT OF CONTEXT"

Perhaps, as Rowland Evans and Robert Novak maintain ["Still Going After the CIA," op-ed, Feb. 2], we are heading into a new era in foreign policy, but from the way they attack me in my role as staff associate with the House subcommittee on Africa, it looks as though they're trying to make their way back to the McCarthyist 1950s.

Disregarding information I provided them, Messrs. Evans and Novak fail to mention that my scholarly article on "The CIA and U.S. Policy in Zaire and Angola" was written specifically for Rene Lemarchand, editor of "American Policy Toward Southern Africa" and was subsequently published in the well-known academic journal Political Science Quarterly in Summer 1979. As for my giving permission to reprint this article to the editors of "Dirty Work 2," Messrs. Evans and Novak do not report that I immediately complained to the editors when I learned that an appendix purporting to identify CIA officials in Africa had been added to the book. Nor do they let their readers know that Mr. Evans specifically refused to call an editor I named to verify my story. Curiously, Messrs. Evans and Novak do not mention that others (including a prize-winning Africanist and Defense Department consultant and The New York Times) also gave reprint permissions to the editors of "Dirty Work 2"—perhaps under similar circumstances.

As for my alleged "informal" remarks critical of Zaire at the Africa Studies Association meeting in Philadelphia last November, Messrs. Evans and Novak failed to report that the meeting was a small academic panel in which I was a discussant concerning three scholarly papers on Zaire's economy, and they also misreport the audience as being "largely black" when it was overwhelmingly white. According to a tape recording of the meeting, their quotation of my comments is torn completely out of context and partially inaccurate. But Mr. Evans refused to try to verify my version by calling members of the panel whose names I gave him. He told me he simply "believed" his own source's notes and didn't need to check them out. Messrs. Evans and Novak also do not note that I prefaced all my comments with the caveat that my views were individual expressions, not those of the subcommittee on Africa or the House Foreign Affairs Committee. In any case, I said nothing inconsistent with the position of the subcommittee and full committee majorities, which have extensively and publicly debated the issue of Zaire before reducing military aid and maintaining economic assistance (with reform conditions) during the last session of Congress.

Finally, regarding the substance of Messrs. Evans and Novak's attack on the subcommittee on Africa, I cannot speak for the members of the subcommittee. But I would like to remind Messrs. Evans and Novak, that the subcommittee has been active in supporting Africa policies that are consistent with both our ideals and our national interests. The subcommittee led the way in upholding the Carter administration's successful policy of maintaining economic sanctions against Rhodesia until a peaceful transition to genuine majority rule was ensured. The subcommittee helped to increase economic aid to key countries in Africa at a moment when political stability risked being undercut by economic deterioration and a burgeoning refugee population. It also helped stimulate debate about how we can best protect our national interests in the escalating conflicts in the Horn and the western Sahara. In my view, it is these policies that represent a realistic and humane base for the development of U.S. Africa policy in the 1980s.

STEPHEN R. WEISSMAN.●

TOO FREE WITH OUR INFORMATION

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. DERWINSKI. Mr. Speaker, the Freedom of Information Act (FOIA) is nobly intended legislation designed to guarantee individuals access to records pertinent to the operations of the Federal Government. However, like many well intentioned legislative initiatives, the FOIA's implementation has resulted in problems unforeseen at the time of its adoption. I became acutely aware of one of these problems nearly 2 years ago. At that time, House Foreign Affairs Committee staff investigators, looking into the Jonestown tragedy, discovered that—

The legal recourse Jones and the People's Temple had under the Privacy Act and Freedom of Information Act to obtain Embassy cables had the chilling effect on Embassy personnel of making their communications to the State Department on People's Temple less candid than they might have otherwise been.

The alarming findings of this probe caused the State Department to conduct a global survey of its overseas missions to see whether these two acts were inhibiting candid reporting around the world.

The answer was that the Jonestown experience was not unique. In fact, the survey revealed that there was an "overwhelming consensus" among U.S. counselor officers that the Privacy Act has had a "chilling effect" on their ability to furnish Washington with insightful reporting on what was happening overseas.

The same survey also indicated that our diplomats overseas were seriously concerned about the failure of the FOIA to protect the identity of overseas contacts. As a result, many of our overseas intelligence sources are either clamming up or becoming extremely reluctant to continue their cooperation.

With that as backdrop, Mr. Speaker, I invite Members attention to the following article by Mr. Jack Valenti that appeared in the March 13 edition of the Washington Star:

TOO FREE WITH OUR INFORMATION

(By Jack Valenti)

I spent some time recently in Western Europe chatting with key European officials, including several in the intelligence services of Great Britain and France. They seem persistently nonplussed by peculiarities in the American spirit, centered mostly on our Freedom of Information (FOI) Act and the porous quality it confers on the FBI and the CIA.

As one foreign official put it to me, "I daresay none of my colleagues today would pass on the Americans sensitive data about the work of our operatives on the Continent—or even hint at anything which would identify agents we have in the field. It would be suicide for our people. It is already deadly to your own."

Another said, "How on earth can you possibly collect and hold intelligence which may slip into foul hands simply because someone you do not know writes in and asks for information? How you can have an intelligence organization that routinely gives away its files passes my understanding."

It isn't enough, they complain, that material extracted from the FBI and CIA with Freedom of Information requests is put through a sifter that supposedly culls out secret material. They point out that people are processing so many requests that human error makes it literally impossible to expunge all that is not designed to be made public. Slippage is inevitable—and when it happens, the irretrievable occurs.

The intent of the FOI Act is laudable. Light thrown on dark crannies of the government usually illuminates a good many practices that should be corrected. But a balance is required, say these Europeans.

CASUAL MADNESS

It is one thing, they point out, to probe the Department of Labor or Transportation for information, but to uncork the files of the FBI and the CIA is a kind of casual, and they hope momentary, madness.

The FBI received some 18,800 requests for information in 1979, and the CIA recorded some 14,000 requests since 1975. No one can be certain how many of the CIA requests come from foreign governments operating through cover names. And there is a difference between sending along a file of newspaper clippings, and parceling out documents with lines blacked out, with no one in the Agency quite certain that all that should be excised has been.

Most people would acknowledge that criminals, both organized and unorganized, are filing requests by the long ton to the FBI to learn what the feds may have on them that might be embarrassing or damaging—and to act on what they learn. Fragments of information are as valuable as the complete dossier.

Unhappily, some past events have convinced a good many people that the FBI and the CIA skulk about doing rude acts not counternanced by our own laws. Public suspicion about two enterprises, without whose vigilance we might be more anxious than we are now about our future security, stirs our unease.

In the war against terrorism in Europe, the intelligence services of the West Europeans find it necessary to foresee violent designs before they are hatched. The only known method to do that is to collect information so that if a design is forming it may be thwarted before it occurs—or at the very least to pick up the spoor of those sponsoring the skulduggery before they kill somebody.

AN INSTITUTIONALIZED LEAK

What the public doesn't know, and probably cannot know until it is too late, is how well our police and intelligence services are prepared to act before some violent deed is done. We have so institutionalized the "leak" in this country that nothing is truly safe from prying eyes. Granted that we may too often stamp Top Secret on a formula for dried milk; granted also that much of what is delivered to someone asking for information is valueless. But it is nonetheless true that in handling literally thousands of requests, brief lapses in scrutiny run throughout the whole costly process.

It is not the cost of handling these requests that should cause us concern. It is the disposition of crucial material, often collected at great risk from sources who believe it is sacrosanct, who suddenly discover to their horror and fear that it is not. All of which causes our colleagues in Europe to shake their heads.

This unease among our friends is not evidence of paranoia. As William Burroughs put it, "A paranoid is a man in possession of all the facts."

The work of the FBI and the CIA is by nature shadowy. But they labor to ensure the security of the nation. Most Americans assume that work is going forward with dispatch, skill and diligence. But many European friends of this country are queasy not so much about the quality of the labor, but of the impermanence of its safety.

One can only pray that the Congress and its oversight committees can figure out some common-sense balance which places off-limits sensitive information which is now leaked or routinely given away. There is legitimacy in the phrase "national security information."●

A TRIBUTE TO WILLIAM F. WILLIS

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. MOFFETT. Mr. Speaker, I want to take a brief moment today to pay special tribute to one of my State's dedicated public servants.

William F. Willis, who leaves my staff this month after 6 years of uninterrupted service, has served well the people of Connecticut's Sixth Congressional District.

Bill Willis is, to paraphrase the author Joseph Conrad, a great foe of favoritism in public or private life. As a consumer advocate, as a caseworker, as director of my congressional outreach program, and finally as my district coordinator, Bill never asked "What's in it for me?" Nor did he ask a person's personal or political convictions before offering his help.

Although this young man is not originally from the State of Connecticut, he has adopted it as his owe. And the people of Connecticut have responsed in kind.

I expect he will remain quite active in the public affairs of our State. He is a kind, caring, giving human being; he has a bright future.

Bill Willis has been both a reliable worker and, more importantly, a reliable friend. We all owe him a debt of gratitude.●

OIL SHALE LEASING

HON. DAN MARRIOTT

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. MARRIOTT. Mr. Speaker, on January 28, 1981, I introduced H.R. 1409, a bill to amend the oil shale provisions, section 21, of the Mineral Leasing Act of 1920. That bill will authorize the Secretary of the Interior to issue additional leases to oil shale lessees where more land is needed for operations incident and crucial to the actual mining of oil shale, such as the disposal of spent shale and location of processing facilities. I introduced that bill early in this Congress, as I did early last year, because it will go a long way toward resolving an urgent problem which requires an immediate Federal legislative solution. The inability to acquire rights to additional Federal land has tied up the technologically significant, experimental efforts to develop oil shale as a viable oil producing resource being made by those holding Federal oil shale leases under the Federal prototype program in Colorado. Delay in addressing this problem is delaying the development of our oil production potential at a time when we clearly have a need to offset oil imports with domestic production.

Today I am introducing another oil shale bill which contains the same provision for offsite leasing as H.R. 1409 but which in addition addresses the long-term legal impediments to development of our full oil shale potential. It addresses five problems:

First, the acreage limitation on leases;

Second, the limitation on the number of leases a person is permitted to hold;

Third, leasing of fringe acreage to avoid bypass of oil shale deposits during mining;

Fourth, leasing of minerals other than oil shale within an oil shale lease tract; and

Fifth, leasing additional lands for operations connected with oil shale mining.

The bill I am introducing today will retain 5,120 acres as the standard size of a Federal oil shale lease but will permit the Secretary to increase the amount of acreage that can be included in an oil shale lease when he determines that a larger area is required to permit long-term commercial operations. This provision is necessary to permit the development of oil shale in Utah and Wyoming because the geologic occurrence of oil shale in these States is not capable of economic development under the current acreage limitation.

The actual tract size needed for long-term commercial operations is left to the Secretary's discretion as a determination which he alone is specially qualified to make through a reasonable leasing process. Discretion to make this determination is given the Secretary because oil shale mining and processing technology is in its infancy and any attempt to set maximum acreage limitations in legislation with our limited knowledge of the occurrence of the resource in any one tract and the economics of its development for any period of time second-guesses and may possibly predetermine its development. Such a limitation on acreage, if written as a flat number, may require additional amendment of the act in a few years; if written in terms of geologic occurrence and oil yield, the additional administrative burden of conducting exploratory operations on the prospective lease tract may fall on the Secretary.

Second, my bill will increase the number of oil shale leases which one person, corporation, or association may hold from the current one lease limitation to two leases per State and four nationwide. This provision will fa-

cilitate the growth of oil shale mining and processing technology by permitting mining companies to experiment with it under differing conditions and to benefit by the advances they make in this regard. The benefits derived from this expected growth in technology and increased recovery of oil from shale will be further used to advantage by permitting a lessee to acquire one additional lease in any State where it has achieved production in commercial quantities on its existing leases in the State and is within 10 years of exhausting the commercially recoverable reserves on one of the existing leases.

Third, this bill will authorize the Secretary to lease additional acreage to avoid the bypass of small acreages of Federal oil shale resources which could not otherwise be mined economically. This provision simply makes good sense as a sound conservation measure.

Fourth, the bill will authorize the Secretary to permit an oil shale lessee to mine other minerals within the oil shale lease tract, under conditions which he may prescribe, notwithstanding any other provision of the Mineral Leasing Act of 1920. Other minerals, such as dawsonite and nahcolite, are frequently found in conjunction with oil shale and this provision would merely facilitate the Secretary's exercise of his existing authority to issue leases for multimineral development.

Finally, as I have indicated, this bill contains provisions identical to those in H.R. 1409 to accommodate the additional land requirements pertaining to the extraction and processing of oil shale from the lease tract which is to be mined. It contains a 6,400-acre limitation and other provisions designed to insure the tract is genuinely needed and will be used in accordance with the purposes for which it is issued in an environmentally proper manner. With an eye to the future, it does not limit the issuance of leases for additional acreage in support of leases issued prior to any specified time, thereby refraining from limiting the provision's application to any particular leasing program.

In addition, the bill will amend section 29(e) of the Mineral Leasing Act to bring the aggregate lease acreage limitation language in line with the aggregate lease holding limitation set for oil shale.

The bill I am introducing today is written in clear language and is designed to remove legislative impediments to oil shale development while preventing the creation of new administrative hurdles. The bill will clear the way for the Secretary to proceed with a prototype program or to introduce a permanent program according to his assessment of the potential for oil shale production in light of technological and economic factors as well as natural conditions. In short, this bill points the way toward the future when once again our Nation will be able to rely on domestic sources of supply to meet our energy needs.●

SAVINGS AND INVESTMENT

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. SHELBY. Mr. Speaker, during my tenure in Congress, I have become increasingly distressed by our Nation's dismal rate of savings and investment. We save only 5 percent of our disposable income compared with 11 percent for Canadians, 16 percent for West Germans and over 20 percent for Japanese. A partial explanation for this is that the United States is the only major industrial nation that penalizes saving. Only by making the fruits of savings and investment more attractive can our Nation hope to encourage additional investments which will create the tools necessary to increase production, lower interest rates, stimulate the real estate market, and decrease the ranks of the unemployed who now depend on government assistance.

In order to encourage additional savings and investment, I have introduced a measure to increase the exclusion for dividends and interest to a meaningful amount from its present $200 per person limit. Specifically, my bill amends the Internal Revenue Code to provide for an exclusion from gross income for dividends and interest of up to $1,000—$2,000 when filing a joint return—and to make such exclusion permanent. Also, my bill provides for an additional exclusion of 50 percent of dividends and interest in excess of $1,000 and up to $5,000—$10,000 when filing a joint return.

An infusion of additional savings and investment could very well be the antidote to high inflation, perpetual trade deficits, and low productivity. If we do not pay more attention to savings and investment and provide the proper incentives, we will be unable to make available the much needed new sources of capital. We will then continue to be inclined toward immediate gratification and overconsumption, and inflation will continue to erode the value of our savings so rapidly that we are discouraged from saving. Consequently, we will continue to slowly erode the foundation on which our economy rests●

TAX INCENTIVES FOR SAVING

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. WEISS. Mr. Speaker, the U.S. personal savings rate has been declining steadily since 1973 and is now the lowest of any major industrialized country. Perhaps the primary reason for the low saving rate is high inflation. But this problem is aggravated by our tax system which especially penalizes lower income taxpayers from being thrifty. It is these persons who are most severely strapped as inflation drives up the cost of the necessities of life such as housing and food. Then, by taxing the interest that these persons earn on their small amount of savings, the Government only adds to their economic burden and, in fact, discourages them from saving at all.

In recent years the rate of inflation has often exceeded the interest rate on savings accounts. As a result, savings not only do not produce real income for the savers, but the value of the principle is reduced as well. This is a cruel result for people whose low income makes it especially difficult to save in the first place.

Recognizing this inequity in our tax system, we attached a provision to Public Law 96-223, the windfall profit tax legislation, to provide a temporary $200 to $400 interest and dividend tax exclusion. This measure must be made permanent if we are to have any real impact on shoring up savings institutions. I am, therefore, today introducing legislation similar to legislation I introduced in the 96th Congress, which would permanently exempt from income taxes part of the savings interest earned by lower incomed persons. The bill would exempt from taxes up to $1,000 in the case of a single individual—whose adjusted gross income does not exceed $10,000—up to $1,500 in the case of a married person filing jointly—whose income does not exceed $15,000—and up to $750 in the case of a married person filing separately—whose income does not exceed $7,500.

By this exemption, savings that lower income persons painstakingly accumulate can be protected. When they set aside money for a rainy day, to provide for their retirement, or to educate their children, they can do so with some confidence that the value of their savings will not be lost to inflation and taxes.

A successful savings incentive program could increase the amount of capital available for investment and thus make possible higher levels of spending for plant and equipment, housing construction, research and development, and other capital needs. It

could contribute to higher productivity gains, relieve pressures on existing capital markets, and help solve our housing shortages in the years ahead.

The cost of this bill would not be great. It would exempt only a small portion of the total taxable income, and the exemption would be effectively targeted to the lower income persons who require this relief most. These persons generally cannot benefit from more lucrative types of investments available to more affluent people, or from other provisions of the tax code that shelter income.

A copy of the bill follows:

H.R. —

A bill to amend the Internal Revenue Code of 1954 to increase to $1,000 the amount of interest paid by financial institutions which may be excluded from gross income by individuals and to make such exclusion permanent

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (1) of section 116(b) of the Internal Revenue Code of 1954 (relating to maximum dollar amount of dividends and interest excludable from gross income) is amended to read as follows:

"(1) MAXIMUM DOLLAR AMOUNT.—

"(A) INTEREST PAID BY FINANCIAL INSTITUTIONS.—

"(i) IN GENERAL.—The aggregate amount of interest described in subparagraph (A) or (B) of subsection (c)(1) which may be excluded under subsection (a) for any taxable year shall not exceed—

"(I) $1,000 in the case of a single individual,

"(II) $1,500 in the case of a joint return under section 6013, and

"(III) $750 in the case of a married individual filing a separate return.

"(ii) ADJUSTED GROSS INCOME LIMITATION.—If the adjusted gross income of the taxpayer for the taxable year exceeds—

"(I) $10,000 in the case of a single individual,

"(II) $15,000 in the case of a joint return under section 6013, and

"(III) $7,500 in the case of a married individual filing a separate return,

the applicable limitation under clause (i) shall be reduced by $1 for each $1 of the excess of the adjusted gross income of the taxpayer over $10,000, $15,000, or $7,500, as the case may be.

"(B) INTEREST NOT PAID BY FINANCIAL INSTITUTIONS AND DIVIDENDS.—The aggregate amount of—

"(i) dividends, and

"(ii) interest to which subparagraph (A) does not apply,

excluded under subsection (a) for any taxable year shall not exceed $200 ($400 in the case of a joint return under section 6013)."

(b) Subsection (c) of section 404 of the Crude Oil Windfall Profit Tax Act of 1980 (relating to effective date for exemption of certain interest income from tax) is amended by striking out ", and before January 1, 1983".

(c) The amendment made by subsection (a) shall apply to interest received in taxable years ending after the date of the enactment of this Act.●

INCREASE AMOUNT AUTHORIZED TO BE APPROPRIATED AS THE ANNUAL FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. DELLUMS. Mr. Speaker, I am pleased today to introduce legislation which would amend section 502 of the District of Columbia Self-Government and Governmental Reorganization Act of 1973 (Public Law 93-198, Dec. 24, 1973) to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia from $300 million to $336.6 million for the fiscal year ending September 30, 1982, and each fiscal year thereafter.

Under current law, the annual authorized Federal payment ceiling is $300 million and has been this amount for the past 4 years, during which period the consumer price index has risen 45 percent.

The purpose of the Federal payment is to compensate the District of Columbia for services provided to the Federal Government and revenues denied the District of Columbia by Federal law as a means of preserving certain Federal interests in the Nation's Capital.

The Federal payment comprises approximately 20 percent of the District's operating budget. The balance is raised through local taxes and fees.

President Carter proposed an authorization of $317 million in his fiscal year 1981 budget. That amount was reported by this committee. This bill would authorize, for fiscal year 1982, the $336.6 amount recommended in both the Carter and Reagan budgets.●

NATIONAL WILDLIFE WEEK FOCUSES ON OUR OCEANS

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 18, 1981

● Mr. FORSYTHE. Mr. Speaker, the National Wildlife Federation this year chose as its theme for National Wildlife Week "We Care About Oceans."

The oceans cover two-thirds of our world and are home to about 90 percent of the life on Earth. The oceans may well be our most important natural resource. We already depend on the oceans to provide tons of our food supply each year, as well as the majority of our water supply and about half of our oxygen supply. We know very little about the oceans, despite our dependence on them and the fact that our dependence is growing. We are now looking to the oceans to provide us with additional food supplies and mineral and organic compounds. And, within the next 20 years, it is projected that 75 percent of the residents of the United States will live within 50 miles of one or another of our sea coasts.

As a result, we will find our oceans more endangered than they have been in the past. We already for years have been using our oceans as dumping grounds for sewage, sludge, oil, pesticides, toxic metals and radioactive compounds. We have been careless of our oceans and we can no longer afford to be so. Happily, in recent years we have made some progress toward reversing these practices, but we must diligently continue our efforts.

My work on the House Merchant Marine and Fisheries Committee and the Select Committee on the Outer Continental Shelf, as well as the fact that a part of my congressional district borders on the Atlantic Ocean, has clearly shown me how important and fragile are our oceans. We will be making some difficult choices in the years ahead about how this resource should be used and how it will be protected. As the 1980 receipient of the National Wildlife Federation's Congressman of the Year Award, I want to thank the National Wildlife Federation for helping to focus public attention on the oceans. We will all benefit from the resulting public discussion.●

ALEXANDER M. PYRRHUS

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday. March 25, 1981

● Mr. STARK. Mr. Speaker, I would like to bring to the attention of my colleagues the following article on El Salvador from the New York Times.

Last year, the violence in El Salvador resulted in the senseless killing of more than 10,000 people. In the new year the death toll is still climbing.

The violence in El Salvador is a reaction to a legacy of historical oppression. The problems are deep rooted and will not be eliminated by strong arm tactics. If we are to avoid repeating past mistakes it is crucial to develop a policy toward El Salvador that does not rely on military solutions, but instead encourages more democratic alternatives such as the land reform programs.

I strongly urge my colleagues to read this article and carefully consider the repercussions of future policy decisions for El Salvador.

ALEXANDER M. PYRRHUS

(By Anthony Lewis)

WASHINGTON.—With an insistence bordering on obsession, Secretary of State Haig has focused his weeks in office on the Communist menace in El Salvador. One would think that El Salvador presented the gravest current threat to American security, that Communists were the main reason for its misery and that U.S. arms were a likely cure. But those propositions are all false.

El Salvador is a tiny country distinguished by a particularly brutal history of economic repression. An oligarchy has owned the land for a century and used the armed forces to keep the peasants in subjection. What is going on now is the result of that system and the inevitable desire to change it.

In October 1979 a mixed civilian-military junta began reforms. But right-wing military elements gradually reasserted their influence, and there were growing numbers of political murders. Most of the civilian politicians went into opposition. Last year the six leading opposition figures were murdered, as was a principal Catholic critic of the regime, Archbishop Romero.

Those are the circumstances—undisputed among U.S. analysts—that gave rise to the guerrilla movement in El Salvador. Politicians of the democratic left and the Christian Democratic center are in the movement along with Marxists. It is not an external Communist invention. And the guerrillas do not do most of the killing.

"The chief killer of Salvadorans is the Government security forces." Robert White, the former U.S. Ambassador, said that in Congressional testimony; and here again American experts generally agree. Last year the Government forces killed at least 6,000 people, a large proportion of them innocent civilians.

A gruesome example of the slaughter was described in The [London] Sunday Times of Feb. 22: a massacre of nearly 300 peasant refugees last May 14 in a primitive settlement near the Honduran border. Soldiers shot women and slashed children with machetes. The story was told by a Capuchin priest, Father Earl Gallagher of Brooklyn.

Secretary Haig's solution for all this is to demand that Cuba and Nicaragua stop sending weapons to the guerrillas, and to help El Salvador's forces with U.S. weapons and advisers—just training officers, he says. Haig has decided, as Senator Charles Percy approvingly put it, that El Salvador "is the place to draw the line."

What Haig and the Reagan Administration obviously want is a victory over "Communism." It is hard to advance the security of the West in places that really matter, such as the Persian Gulf. So El Salvador is it.

That kind of "victory" may well be attainable. The Soviets have shown no desire for a military competition in the United States' back yard. An advertised El Salvador guerrilla offensive recently failed. The Nicaraguan Government will probably not want to endanger its economic relations with Washington—or, worse yet, risk a destabilization campaign against itself.

But what a victory it will be. The people of El Salvador will not win. The U.S. effort will strengthen their principal terrorizers, the security forces. The real political problems of the country, the sources of instability, will remain unsolved.

And it is likely to be a political disaster for the United States as well. This country will have identified itself with the gangster elements in El Salvador. Our new military equipment will inevitably be used, Ambassador White told Congress, to "assassinate and kill in a totally uncontrolled way. Do you want to associate yourself with this kind of killing?"

The policy is also likely to offend our allies. West Germany last week broke with the U.S. line by endorsing efforts at political mediation between the El Salvador Government and the opposition. The French Foreign Minister, Jean Francois-Poncet, visiting Washington, combined a condemnation of Cuban arms with the comment that the problem would not be solved by "purely military means. I think everyone recognizes that reforms have to be introduced."

Worse yet is the effect on relations with Mexico. A sensible policy would have encouraged Mexico to assume a regional responsibility on El Salvador. What has been done left President López Portillo no political choice but to criticize. "We are sure," he said, "that a military solution is not viable and that only a political solution will restore peace to the region."

There is a particular irony in the Haig policy. Reagan ideologues such as Jeane Kirkpatrick criticize past U.S. efforts to reform other governments; we are not wise enough to do that, they argue. But it is just as much American intervention to say that the status quo is best for another country and must be maintained, however bloody the cost to that country. Moreover, right-wing Salvadoran exiles in Miami are supporting the death squads; what is the United States doing about that intervention?

A Reagan Administration spokesman said the other day that the opposition in El Salvador should have used political means rather than resorting to violence. That is the advice to people whose leaders were murdered. It is right to try to stop the violence, but the way to do that is not to give unlimited support to those who are doing most of the killing.●

ON DEFINING NATIONAL SECURITY

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BINGHAM. Mr. Speaker, in the Los Angeles Times of March 20, Gerald Warburg writes that the "pursuit of a narrowly defined vision of national security is likely to produce a security foundation that is shaky and untenable over the long run." Specifically, Mr. Warburg argues that the United States must not abandon its nuclear nonproliferation, human rights, and foreign assistance policies as do-gooder policies but should rather recognize them as key elements in our national security.

Gerald Warburg is a foreign policy analyst in the U.S. Senate. Formerly he served as my legislative assistant and performed remarkable service in the drafting of the Nuclear Nonproliferation Act of 1978.

The article follows:

NATIONAL SECURITY IS GREAT, BUT WHAT DOES IT MEAN?

(By Gerald Warburg)

"National security" is one of those dangerous political buzzwords. Everyone seems to be for it. Yet many approach its achievement with such divergent definitions that consensus breaks down and policies advanced in its name become counter-productive.

Those who interpret "national security" with narrowed vision—for example, by measuring strength primarily in term of nuclear megatonnage in the belief that more firepower equals more security—produce especially counterproductive policies.

This limited perspective on how best to improve national security is much in vogue today in Washington as the Reagan Administration takes shape. But there are serious dangers inherent in this approach. The pursuit of a narrowly defined vision of national security is likely to produce a security foundation that is shaky and untenable over the long run.

Take foreign aid, for example. Among its chief critics are outspoken advocates of massive increases in the Pentagon's budget, which they would finance in part through deep cuts in the foreign-aid budget. But such cuts could cripple the ability of the United States to use aid as an effective tool of diplomacy, to compete for influence against nations hostile to our interests, and to maintain controlling positions in key international development institutions.

Proponents of massive cuts in foreign aid also ignore the extent to which issues that are basic to the global human condition—hunger, overpopulation, depletion of natural resources and degradation of the environment—affect our security as a nation.

Another example of the way a narrow approach to the enhancement of national security harms our long-term interest can be found in the application of our human-rights policies.

Many members of the Reagan team cite the revolutions in Nicaragua and Iran as evidence of an American failure to place "realistic" security interests ahead of "sentimental" human-right concerns in our bilateral relations. Such critics allege that U.S. agitation for social reform in these countries undermined proven allies and was responsible for the decline of American influence.

But, in fact, the rise to power in Nicaragua and Iran of regimes hostile to U.S. interests is more accurately attributable to the failure of Anastasio Somoza and Mohammad Reza Pahlavi to promote meaningful political, social and economic reforms. The narrow approach of the U.S. government over many years led us to fully back these right-wing dictators until crisis was at hand; then it was too late, and our influence was too little. Radicals like the Ayatollah Ruhollah Khomeini and the Sandinistas became the only popular alternatives to continued right-wing repression.

Thus, the ultimate result of decades of supposedly "realistic" U.S. policies toward Iran and Nicaragua was the rise to power of even more repressive regimes, bitterly hostile to the United States. We have seen Iran, once our key ally in the crucial Persian Gulf region, sponsoring terrorism against our diplomats, and our one-time friend Nicaragua aiding and abetting terrorism in El Salvador.

Enduring U.S. identification with the abuses of the previous regimes and our failure to consistently press for social reform in

these countries have compromised our long-term security interests.

Challenges analogous to those that we faced in Iran and Nicaragua lie immediately ahead in nations such as the Phillippines and South Korea, where loyal democratic opposition forces are being radicalized by continued repression. Our long-term national-security interests argue for encouragement of meaningful reform and moderation in these vital countries, and argue against unqualified support of the status quo.

Unfortunately, the Reagan Administration has clearly stated its intention to reduce our commitment to human rights, preferring to focus on "international terrorism."

Indeed, terrorism presents a serious threat to our security. But here again a broad definition of our national-security interests is essential if we are to address the problem with any success.

The most critical danger that terrorism currently poses to the U.S. derives not so much from radical subnational groups that threaten our allies, such as the Palestine Liberation Organization or the Red Brigades in Italy. Much more ominous is the spread of "state terrorism"—the use of terrorist tactics by outlaw nations as a means of advancing their extremist goals.

There is grave danger that unstable nations such as Libya, Iraq and Pakistan will succeed in obtaining nuclear weapons. And, if they do succeed, it may well be because of the failure of key European friends of the United States (including France, Italy and Switzerland) to respect basic nuclear-nonproliferation principles and to restrict sensitive nuclear sales to these countries.

It is thus essential for the new Administration to approach anti-terrorism with a broad perspective. Nuclear nonproliferation efforts, like human rights and foreign assistance, must not be abandoned by those who view these as "do-gooder" policies but who fail to recognize their national-security implications. Realism and sensitivity to our selfish security interests require that such efforts be continued and expanded.

Finally, it should be noted that these causes should also be advanced for reasons of basic morality and national responsibility. What higher goals can there be for our government than to protect the rights and security of individuals, to combat torture and nuclear terrorism, and to help feed the starving?

This nation recently experienced an extraordinary celebration of freedom as we welcomed the 52 Americans home from Iran. Surely this was, in part, a national reassertion of our will to defend the values for which we as a people stand—including the human right of freedom. As we strive in the months ahead to achieve consensus on policies that will make us a more secure nation. We would do well to remember this, and to acknowledge that there is more to national security than soldiers and weapons.

THE 63D ANNIVERSARY OF BYELORUSSIAN INDEPENDENCE

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. HOLLENBECK. Mr. Speaker, on March 25, 63 years ago, the people of Byelorussia proclaimed their independence from czarist Russia and declared the Byelorussian Democratic Republic as a sovereign state. I would like to take this opportunity to join with my distinguished colleagues in recognizing this special anniversary which symbolizes the attempts of a proud and courageous people to shape their own destiny.

This period of independence and freedom was short-lived for the Byelorussian people. Shortly afterwards, their beloved country fell victim to Soviet expansionism and a reinstitution of Soviet authority. The Byelorussian people must now struggle to maintain the most basic of human rights under the hardships repeatedly imposed by the Soviet regime. Yet a determination to once again secure their ultimate goal of independence has kept the Byelorussian people persistent in their struggle to break the heavy bond of Soviet domination. The United States is solemnly committed to supporting the efforts of the Byelorussian people toward this end.

I only hope for that day in the near future when we will be celebrating the rebirth of an independent nation—the Byelorussian Democratic Republic—and the termination of an era of subjugation.●

ADDITIONAL OBSERVATIONS ON PRESIDENT REAGAN'S ECONOMIC PROGRAM

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, March 25, 1981, into the CONGRESSIONAL RECORD:

Now that President Reagan's budgetary revisions have been formally presented to Congress, a few additional observations on his economic program are in order.

1. The President's budgetary figures only emphasize how hard it is to bring federal spending under control. Even if Mr. Reagan's proposals were approved without change, spending would increase from $695 billion in 1982 to $912 billion in 1986, a rise of 31.2%. His cuts would slow, but not stop, the hemorrhaging of the budget. In my view, there will be continued potential for explosive growth in federal expenditures unless the indexation of benefits is attacked directly.

2. The President will have popular support for "workfare," his plan to make work a condition of eligibility for welfare. If Congress approved, recipients of welfare would have to work at least 20 hours per week in order to receive benefits. The elderly, the incapacitated, those who receive benefits because their wages are so low, and those with teenagers in high school or young children in the home would be exempt from the requirement of work.

3. The President's five-year budgetary projections leave no room for several appealing tax reforms. Among the reforms left out are an easing of the tax penalty paid by married people, a tax credit for tuition, the indexation of taxes to inflation, an easing of taxes on the inheritance of family-owned farms and businesses, and a tax exemption for the interest earned on savings accounts. Many taxpayers prefer these reforms to Mr. Reagan's tax recommendations (a cut of 10% across the board for individuals and a more liberal schedule of depreciation for business).

4. The President hopes to redistribute income through tax breaks favoring the well-to-do. His proposals would provide great relief for upper-income taxpayers but much less for middle- and lower-income taxpayers. For example, a family with an income of $200,000 per year would keep nearly $11,000 that it now pays in taxes. In contrast, a family with an income of $20,000 per year would keep less than $600. Despite the fact that their income is only 10 times larger, those who make $100,000 per year would get a tax cut 63 times larger than those who make $10,000 per year. Because of inflation, the typical American family would end up shouldering about the same tax burden it carries today.

5. The President proposes to cut spending for federal programs designed to help the poorest people. Middle-class Americans would fare pretty well. The so-called "safety net" of programs (social security, basic unemployment compensation, veterans' initiatives, and so on), only 6% of whose benefits are distributed on account of the recipient's poverty, would remain essentially intact. The poorest Americans, however, would not fare so well. Mr. Reagan wants to trim by billions of dollars the amount the federal government spends for them on health care, jobs, income maintenance, food, and legal services.

6. Congress is not certain how or when the President would implement his proposals to cut federal spending. A key element in his strategy is the consolidation of many smaller "categorical" grants now controlled by the federal government into a few larger "block" grants to be controlled by the states. The block grants would receive about three-quarters the funding of the categorical grants they replaced. Mr. Reagan has not sent the legislation needed for such changes to Capitol Hill, so his intentions are quite unclear to legislators.

7. The President's outlook for the economy is much more optimistic than that of the major private forecasters. His key assumption is that he can roll back inflation while the economy is expanding rapidly. For example, he projects economic growth at 5.2% and inflation at 8.3% in 1982. The most optimistic figures of private forecasters are quite different: 3.6% and 9.7%, respectively. Mr. Reagan also believes that he will have a budgetary surplus of $500 million in 1984. To create such a surplus, he must have both accurate economic assumptions and "unspecified savings" of $30 billion in 1983 and $45 billion in 1984. If the assumptions are inaccurate or the savings are not achieved, he will run a large deficit.

8. The President stresses military needs over domestic ones. In fact, the sharp increases in the military budget, combined with big cuts in domestic spending, signal a reversal of national priorities. Mr. Reagan believes that the United States must strengthen its defenses in the face of new threats to peace and global stability. His complaint is not that previous budgets omitted crucial defense programs, but rather that full funding was not provided for them. I agree that the United States must boost

military spending, but an increase as large and scheduled to proceed as fast as the President's should be examined carefully in Congress.

9. The President also stresses the doctrine of states' rights as the guiding principle of intergovernmental relations. This, too, signals a shift in national priorities. Mr. Reagan is showing his allegiance to that principle by recommending smaller federal social programs, block grants in place of categorical grants, and a smaller federal work force. He is studying new ways to curb federal influence over state and local governments.●

POST OFFICE DEPARTMENT

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. HUBBARD. Mr. Speaker, with the recent increase in first-class postage, I believe it is time to heed the sentiments of people whose lives are affected by the Postal Service's decisions. I wish to share with my colleagues a letter from Mr. Charlie Beach, Jr., president, Peoples Exchange Bank, Beattyville, Ky. Mr. Speaker, I submit the following:

Being the largest first class mailer in Lee County, I wish to register a very strong protest for the first class mail increase to 18¢.

I continue to be appalled at the volume of junk mail which clutters up our normal course of business and consumes our time as we attempt to sort and dispose of it.

I do not perceive the postal department to be a sacred cow, and United Parcel Service has shown that a private industry can handle parcel post. I am fully aware that the postal department is the greatest supporter of junk mail, for it creates a volume and creates "make work."

I strongly solicit your support for equalizing the cost rather than having first class mail subsidize all other types of mail.

Your consideration is greatly appreciated.●

FIRST CONGRESS OF THE INTERNATIONAL PHYSICIANS FOR THE PREVENTION OF NUCLEAR WAR

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. FISH. Mr. Speaker, on March 20–24, 1981, an extraordinary event took place near Washington. Over 70 physicians representing 11 countries, including the United States, the Soviet Union, Great Britain, France, Japan, the Netherlands, and Israel, spent 4 days discussing the medical and environmental consequences of nuclear war, and what they, as physicians and respected members of their communities, could do to prevent a nuclear conflict.

Eleven representatives of this meeting were kind enough to meet with several Members of Congress and Senators yesterday to summarize the results of their deliberations. I was most impressed by the showing of unanimity by the physicians in setting forth their views on the predictable and unpredictable effects of nuclear war, the role of physicians in the postattack period, the social, economic, and psychological costs of the nuclear arms race as related to health needs, and what physicians can do to prevent nuclear war. Over the next several days I will be reprinting for my colleagues the statements of the International Physicians Congress on these vital issues.

Perhaps the most important achievement of the meeting are the following letters to President Reagan and Chairman Brezhnev, a letter to the heads of all governments and an appeal to the United Nations, and an appeal to the physicians of the world that elimination of nuclear weapons be given the highest priority in order to remove what the physicians view as the true great threat to world health. I strongly urge my colleagues to consider the views of the International Physicians carefully, as the consensus of this First Congress is an unprecedented event.

The material follows:

AIRLIE, VA. *March 23, 1981.*

AN APPEAL TO THE PRESIDENT OF THE UNITED STATES OF AMERICA, RONALD REAGAN, AND TO THE CHAIRMAN OF THE PRESIDIUM OF THE U.S.S.R. SUPREME SOVIET, LEONID BREZHNEV

We, physicians from eleven nations, guided by our concern for human life and health, are well aware of the great responsibility you carry and of the enormous contribution you can make to the prevention of nuclear war.

As physicians and scientists, we have for the past several days reviewed the data on the nature and magnitude of the effects that the use of nuclear weapons would bring. We have considered independently prepared medical and scientific analyses from many sources. Our unanimous conclusions are:

(1) Nuclear war would be a catastrophe with medical consequences of enormous magnitude and duration for both involved and uninvolved nations.

(2) The holocaust would in its very beginning kill tens to hundreds of millions of people. Most of the immediate survivors, suffering from wounds and burns, affected by nuclear radiation, deprived of effective medical care or even water and food, would face the prospect of a slow and excruciating death.

(3) The consequences of nuclear war would continue to affect succeeding generations and their environment for an indefinite period of time.

Science and technology have placed the most deadly weapons of mass destruction in the hands of the two nations you lead. This huge accumulation imperils us all. The interests of the present and all future generations require that nuclear war be avoided.

The medical consequences persuade us that the use of nuclear weapons in any form or on any scale must be prevented. To achieve this, we offer you our sincere support.

As physicians, we remember that the eradication of smallpox required intense international communication, cooperation, and dedication. Nuclear war is a far greater threat to mankind. It will require even more intense collaboration among the nuclear powers to achieve an early cessation of the race to produce these instruments of mass destruction.

Respectfully yours,

PARTICIPANTS IN THE FIRST CONGRESS OF INTERNATIONAL PHYSICIANS FOR THE PREVENTION OF NUCLEAR WAR.

AIRLIE, VA., *March 23, 1981.*

AN APPEAL TO THE HEADS OF ALL GOVERNMENTS AND TO THE UNITED NATIONS

Advances in technology in the 20th century have benefited humankind but have also created deadly instruments of mass destruction. The enormous accumulation of these nuclear weapons has made the world less secure. A nuclear conflict would ravage life on earth.

We speak as physicians in the interests of the people whose health we have vowed to protect. The scientific data concerning the medical consequences of the use of such instruments of mass destruction convince us that effective medical care of casualties would be impossible. We therefore urge that elimination of this threat be given the highest priority. No objective is more vital than to preserve the conditions that make possible the continuation of civilized life on earth.

As physicians, we know that the eradication of smallpox, coordinated by the World Health Organization, required intense international communication, cooperation, and dedication. Nuclear war is a far greater threat to humanity. Continuing discussion among the nuclear powers and other countries will be needed to achieve an early cessation of the race to produce these instruments of mass destruction, to prevent their spread, and ultimately to eliminate them.

Respectfully yours,

PARTICIPANTS IN THE FIRST CONGRESS OF INTERNATIONAL PHYSICIANS FOR THE PREVENTION OF NUCLEAR WAR.

AIRLIE VA., *March 23, 1981.*

AN APPEAL TO THE PHYSICIANS OF THE WORLD

DEAR COLLEAGUES: We address this message to you who share our commitment to the preservation of health. Our professional responsibility has brought us together to consider the consequences of the use of nuclear weapons.

We have participated in full and open discussion of the available data concerning the medical effects of nuclear war and its effects on our planet. Our conclusion was inescapable—a nuclear exchange would have intolerable consequences.

Enormous numbers would perish in the first hours and days of a nuclear war. The wounded survivors, burned and affected by nuclear radiation, would face unbearably difficult conditions, without effective medical aid, water or food. The consequences of a nuclear war would also be disastrous to succeeding generations. A major nuclear exchange would inevitably bring extensive long-term consequences even to countries not directly involved.

No one should be indifferent to the nuclear threat. It hangs over hundreds of millions of people. As physicians who realize what is at stake, we must practice the ultimate in preventive medicine—avoidance of

the greatest hazard the world will ever know. Your help is needed in this great endeavor. We urge you.

(1) to inform yourselves, your colleagues, and the general public about the medical effects of nuclear war;

(2) to discuss the medical consequences of nuclear war at meetings of members of medical societies, special symposia, and conferences;

(3) to prepare and publish in the medical press and specialized journals articles about medical consequences of the use of nuclear weapons;

(4) to speak about medical consequences of nuclear war to medical students and to your community;

(5) to use your influence and knowledge to help strengthen the movement of physicians for the prevention of nuclear war.

Respectfully yours,

PARTICIPANTS OF THE FIRST CONGRESS OF INTERNATIONAL PHYSICIANS FOR THE PREVENTION OF NUCLEAR WAR.●

EXTEND THE AUTHORITY OF THE MAYOR AND THE SECRETARY OF THE TREASURY

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. DELLUMS. Mr. Speaker, I am pleased today to introduce legislation which would amend section 723(a) of the District of Columbia Self-Government and Governmental Reorganization Act of 1973 (Public Law 93-198, Dec. 24, 1973) to extend the District of Columbia's interim authority to borrow funds from the Treasury of the United States to finance capital improvement projects.

Under current law, the U.S. Treasury is authorized to lend to the District such sums as are "required to complete capital projects for which construction and construction services funds have been authorized or appropriated, as the case may be, by Congress prior to October 1, 1980, or upon enactment of the fiscal year 1981 appropriation act for the District of Columbia government, whichever is later."

This bill would extend, for approximately 2 years, the District's interim authority to borrow funds from the U.S. Treasury to cover capital projects for which funding is appropriated in the fiscal year 1982 or until the date of the enactment of the appropriation act for the fiscal year ending September 30, 1983 for the government of the District of Columbia, whichever is later.

When Congress passed the District of Columbia's Self-Government Act, it authorized the District to finance its capital projects by borrowing funds on the open market through the issuance of tax-exempt general obligation bonds rather than continue, indefinitely, its borrowing authority from the Treasury. The Act terminated, effective January 2, 1975, the permanent authority of the District to borrow funds from the U.S. Treasury to finance capital improvement projects. It also provided a 2-year interim loan authority which allowed the District to continue borrowing from the Treasury to finance capital projects for which funds had been authorized or appropriated prior to January 2, 1975. Congress provided the interim borrowing authority to prevent undue disruption in the District's capital programs during the transition from Treasury borrowing to entry into the municipal bond market.

As a result of unanticipated delays in the development and implementation of the District's bonding program, a 2-year extension of the interim borrowing authority was approved by Congress in 1977 (Public Law 95-131, Oct. 13, 1977). The Congress provided an additional 2-year extension of the interim borrowing authority in 1979, which authorized the Treasury to lend funds to finance capital projects approved in the 1980 and 1981 appropriation acts (Public Law 96-160, Dec. 28, 1979). This extension was necessary because the District's capital improvements program could not be halted without causing undue harm.

During congressional hearings on the 1979 extension of the borrowing authority, the District's representative testified that in fiscal year 1982, the District hoped to finance new capital improvement projects through the municipal bond market. The Congress was also advised that it may be necessary to request another extension of the interim authority.

In recent hearings before the Senate, the District's representative testified that since the 1979 congressional hearings, circumstances have arisen which will delay, beyond fiscal year 1981, the District's entry into the municipal bond market to obtain financing for its capital improvement projects. He stated that the fiscal year 1979 comprehensive financial report, issued by the District on May 1, 1980, revealed the existence of the large operating deficit, which was corroborated by an outside audit of the District's fiscal year 1980 general purpose financial statements issued on February 2, 1981. The District has moved to correct the problem by proposing a financial plan which includes a bond issuance of $184 million to retire a portion of the $388 million general fund operating deficit accumulated in fiscal year 1980 and prior years, and the balancing of revenues and expenditures for fiscal year 1981 and subsequent years.

This plan is now under review by the Congress and it is anticipated that these actions will permit the District to commence financing its capital improvement projects with bond issues no later than fiscal year 1984.

The District's representative also testified that an extension of the interim borrowing authority will neither cause nor encourage the District to delay any phase of its bond program that it can legally, technically, and fiscally implement. It was his view that it is clearly in the best interest of the District to raise capital improvement funds in the municipal bond market as soon as possible, since the District should realize substantial interest savings. The District does not intend to use the interim borrowing authority any longer than is necessary.

Without an extension of the expiration date of the District's interim borrowing authority, vital capital improvement projects will be halted and necessary new capital projects, including planned Metro construction and major water system improvements, included in the fiscal year 1982 budget request, will be delayed. The resulting delays will cause the District to be burdened with even higher costs.

In recommending this legislation, I would also like to note that according to the Treasury Department, the District's record of repayment has been and continues to be excellent and in accordance with the procedures established between the U.S. Treasury and the District of Columbia government.●

JAMES J. KILPATRICK ON "THE COMING CATASTROPHE"

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BINGHAM. Mr. Speaker, in Nation's Business of February 1981, none other than Mr. James J. Kilpatrick warns that we will face catastrophic food shortages early in the next century unless we take sensible actions now. Mr. Kilpatrick cites "Global 2000," a report prepared by the Council on Environmental Quality and the Department of State last year, and calls it an immensely important study, staggering in its implications. The report shows that the impending catastrophe can only be averted if we are able to greatly increase our production of food and, at the same time, move rapidly to limiting world population growth by means of birth control.

I welcome Mr. Kilpatrick to the age of limits and commend his column to my colleagues and other readers of the RECORD:

[From the Nation's Business, February 1981]

THE COMING CATASTROPHE

(By James J. Kilpatrick)

Five years ago, Scribner's published an English translation of Jean Raspail's The Camp of the Saints. The novel had been well received abroad, but here in the States the liberal reviewers killed it with ridicule or with silence. The plot was intolerable to them. Raspail was predicting that some-

where around 1995 or 2000 a horde of wretched, starving have-nots would swarm like locusts upon Southern France and ravage the food, the property and the lives of the haves. This was a nightmare novel, chillingly told.

Raspail's prophetic work came to mind the other day, when I finally got around to reading Global 2000. This was a report submitted to President Carter last summer by the Council on Environmental Quality and the Department of State. It is an immensely important study, staggering in its implications, and if you wonder why it has received so little attention, I can only surmise that in Washington we are inundated by reports, and at the time of publication this must have looked like merely one more report.

It is much more than that. The authors have pulled together the best projections of experts in a dozen fields—population, food production, natural resources and the like—and have compressed them into a single word: catastrophe. If we fail to heed the clear warnings of this study—if we fail to take sensible actions now—we will invite terrible consequences just two decades hence.

The population projections alone are enough to cause serious concern. By 2000, the world's population will have increased to about 6.35 billion, a gain of 55 percent over 1975. The more developed countries will increase slowly. The United States may have 248 million inhabitants, up 16 percent; Western Europe can anticipate a population of 378 million, up 10 percent. But the less developed countries will soar. By 2000, Mexico can expect a population of 131 million, up 119 percent, Mexico City will be the largest city in the world, with a population of perhaps 31.6 million—three times as large as New York is today. Africa's population will double; China will go to 1.3 billion and India to 1 billion.

How are these billions of human beings to be fed? In most of Asia, and in poor areas of North Africa and the Middle East, a calamitous drop in food per capita is projected. In these areas, "the quantity of food available to the poorest groups of people will simply be insufficient to permit children to reach normal body weight and intelligence and to permit normal activity and good health in adults." The number of seriously malnourished people will roughly double, from about 600 million today to 1.3 billion two decades hence.

What these projections suggest is that the great grain and rice producing nations must redouble their efforts. An answer cannot be found in putting more land in production, because most good land already is under cultivation. Increased reliance upon fisheries could help, but "unfortunately, the world harvest of fish is expected to rise little, if at all, by the year 2000."

Other concerns cry out for thoughtful attention. The world's forest resources are in deep trouble. By 2000, growing stock per capita is expected to decline 47 percent worldwide and 63 percent in less developed countries. Water supplies, already short in many areas, will get worse.

One thing leads to another. As urban sprawl continues, valuable cropland goes out of cultivation. As forested hills are denuded, erosion takes over. For want of fuel wood, millions will be forced to burn animal dung, thus robbing the soil of organic nutrients.

The authors emphasize that their projections are conservative. They do not allow for drought, or wars or agricultural pestilence. On the other hand, they do project technological developments that will enhance productivity. They do not assume breakthroughs in fusion energy or solar energy. They acknowledge the increased risk that goes with increased production of electrical energy in atomic plants, and grimly but matter-of-factly they point to the mounting problem of disposing of atomic wastes.

Yes, this is a gloom and doom report, made all the more disturbing by the constrained and dispassionate style in which the authors lay out the evidence. But it is not a report without hope. Their message, finally, is that the impending catastrophe can indeed be averted—or at least minimized—if sensible public policies are put in motion now. New methods of safe and reliable birth control must be developed. The world will need new varieties of fast-growing trees. New techniques of aquaculture and desalinization will have to be found.

Above all, a sense of urgency has to be aroused. Otherwise, our children and grandchildren may soon discover that Jean Raspail wrote not fiction, but fact.●

SECRETARY JOHN O. MARSH, JR., ADDRESSES THE ASSOCIATION OF MILITARY COLLEGES & SCHOOLS AT ITS ANNUAL DINNER

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. SKELTON. Mr. Speaker, the Honorable John O. Marsh, Jr., the Secretary of the Army, addressed the annual dinner of the Association of Military Colleges & Schools on the evening of March 16, here—the Washington area. His talk was most thought provoking, and I include it herewith:

SPEECH OF HON. JOHN O. MARSH, JR.

About 3:00 a.m., on the morning of October 22, 1781, as the watchman in Philadelphia walked his post, he was surprised to hear a horse thundering down the street coming into the city. The rider was one of Washington's aides. Exhausted, barely able to stay in the saddle, he had ridden from Yorktown three days before as a courier with a message from the Commander-in-Chief to the President of the Continental Congress, Thomas McKean.

He sighted the watchman and reined to a halt, seeking directions to McKean's home. Before departing he disclosed the message he brought to Philadelphia. Cornwallis had surrendered. The British Army in Virginia had been captured. The watchman hurried down the streets excitedly calling in a singsong voice, "Past 3:00 o'clock, and Cornwallis is taken." Suddenly, the city of Philadelphia was awakened to the news that the American Revolution appeared to be over. The Colonies were independent.

Cornwallis' fate was sealed on that peninsula in Virginia several days before the surrender with the storming of Redoubt 10—a key position in his perimeter defenses. Redoubt 10 fell in a night bayonet assault by a selected group of Continental soldiers who with unloaded muskets, in savage hand-to-hand combat, stormed and took Redoubt 10. They were led by a young Lieutenant Colonel on Washington's staff. In fact, this aide-de-camp posterity knows better as Alexander Hamilton.

The surrender of Yorktown was a victory for the Continental Line—the regular army of the United States that had been created six years before by the Continental Congress.

Yorktown was a bridge between the Declaration of Independence and the Constitution. It was here that the pledge made by the signers of the Declaration was redeemed. As it had been redeemed at Valley Forge, Saratoga, Brandywine, Kings Mountain and Cowpens. This suffering incurred by the Continental Line and the victory at Yorktown would make the Declaration of Independence a meaningful manifesto of American political independence.

It is my hope that when you return to your own Institutions you will take the lead in developing plans to observe the Bicentennial of the Battle of Yorktown.

Why do we need the ROTC program today?

We need the ROTC program because we live in a world of crisis and violence. We live in a troubled world. We live in a world of precarious peace, a peace which is maintained only by U.S. strength, and to the extent that the U.S. appears to be weakened, peace is weakened. It is only the U.S. leadership of the Free World and U.S. power that safeguards an uneasy truce.

The headlines of the morning paper or the evening television news bring home the perilous times in which we live.

Even a hasty global overview points to the difficulties of our times. In Europe, the forces of NATO are poised against the military might of the Warsaw Pact, dominated by Russian power. Russian ground forces are organized into 173 Divisions with roughly 35% on the NATO front, 8% on its Southern Flank, 30% on the Chinese border, and the remainder as reserve in the Russian heartland.

The Middle East that was a cradle of Western civilization today is a land of turmoil and terror—violence and bloodshed. The instability of that area is reflected by recent events in Iran and the Iranian/Iraqi war which always raises the danger of escalation to a far broader scale. The vital energy lifelines of Europe and the United States depend upon this volatile area.

Africa, from the Southern shores of the Mediterranean to the Cape of Good Hope, is a story of changing governments, shifting alliances, power struggles and purges. Yet, from this continent come many of the essential raw materials critical to U.S. and Western industry.

In our own hemisphere, Cuba is a place to launch aggression in the form of guerrilla warfare and propaganda aimed at our neighbors to the South. Nicaragua and El Salvador are recent evidence of how tenuously power is held in that area of the world.

The picture is hardly brighter in the Indian Ocean. A Soviet backed coup toppled the Government of Afghanistan, and where the Soviets could not control their own puppets, they launched an invasion and are brutally crushing resistance in this key nation in Southwest Asia. While in Southeast Asia the boat people are a tragic commentary to the oppression that exists in Vietnam. Terror stalks in Cambodia. An American presence has guaranteed the integrity of South Korea from aggression from the North. Along thousands of miles of mutual border, the Russian Bear faces off against the Dragon of Red China.

Globally, this drama of tension is played out under an umbrella of nuclear forces

with an arsenal of missiles that can reach from continent to continent. However, the cutting edge of aggression is likely to be the guerrilla or infantry soldier employing conventional weapons and the tactics of ancient land warfare.

To protect the United States and its vital interest, we rely on a defense doctrine called the "Total Force Policy," which I will mention later.

It is apparent in the founding of the Republic there was a recognition between learning and the profession of arms.

The Constitution vests in the Congress the power to raise and maintain armies and provide for the militia.

It is interesting to observe that one of the first of the Federal institutions founded was the establishment of the United States Military Academy at West Point in 1802. It is clear that leaders such as Washington and others perceived the need for an officer corps who not only knew the skills of their profession, but who drew strength from formal education. This emphasis on learning would create a continuing relationship in our country between the campus and the military.

This is summarized in the comment of Governor Dreyfuss of Wisconsin who was Chancellor at the University of Wisconsin at Stevens Point who said:

"ROTC is not the presence of the military in the university, it is the presence of the university in the military * * *."

This great principle would be behind the founding of Norwich University in 1819—the first private military college, and then later the Virginia Military Institute—1839—the first state military college, followed by the Citadel. However, even in the last century, they were not exclusive because military training was present on the campuses of many other schools of that day.

The Morrill Act, establishing the land grant colleges in 1862, was a giant step forward. The Congressional mandate required the teaching of agricultural, mechanical, arts and other scientific and military tactics. Just before the turn of the century there were 105 colleges and universities who had military departments.

The National Defense Act of 1916 formally established the Reserve Officers Training Program and its effect can be measured when you consider in World War I there were 90,000 officers who joined the Reserve officers pool. 100,000 answered the call in World War II before the program was terminated in favor of Officer Candidate School.

The contribution to the Korean conflict was more than 51,000 and over 100,000 officers were produced through ROTC during the Vietnam years.

It is noteworthy that 37% of the generals in the Army today have an ROTC background.

In recent developments we have seen the Revitalization Act of 1964, the hallmark of which was the ROTC Scholarship Program, which has been a stunning success and is continuing to grow.

1972 would open the ranks of the ROTC to women and 1979 would see the creation of the Simultaneous Membership Program which permits the ROTC cadet to belong to the National Guard or Reserve.

During the past school year, there were 670 Junior ROTC (JROTC) units at secondary school level with either three or four year programs. There are currently 42 schools on the waiting list to establish JROTC units. Actions are ongoing to obtain funding authority to establish these units and others.

The program is significant because it establishes a knowledge and an affiliation of the military which is very likely to cause many of these young people to associate with the ROTC program or some other military program after they complete college.

THE DECADE AHEAD—TOTAL FORCE CONCEPT

Today, as a matter of national policy, we have a Total Force Concept. This Total Force Concept places an unprecedented responsibility on the Guard and the Reserve.

In the Army it is defined as a one Army concept and the importance takes on additional significance when you examine a few statistics such as:

58 percent of Army deployable forces,
42 percent of Army aviation forces,
52 percent of Army special forces groups,
51 percent of infantry and armor battalions,
58 percent of field artillery battalions,
65 percent of combat engineer battalions,
65 percent of tactical support.

I mention the Total Force Concept because it impacts in a most significant way on the ROTC program and the manner in which we must look at the ROTC trained officer for leadership positions, not only in active duty forces, but in components of the Reserve. Therefore:

ROTC must be prepared to produce the officers required to meet Total Army requirements;

By FY 1985 the production goal is 10,500 officers annually; (Army only)

We must recognize that the future leadership of this country is on the college campus and it is imperative that we get our share of that leadership.

By FY 1982 the Expand the Base Program will extend ROTC to 97 additional campuses.

We are currently on 279 campuses with fulltime programs, called host institutions, and will add eight more in the next year.

Additionally, we are affiliated with 500 other campuses which utilize the assets of the host institutions to conduct programs.

And, we are expanding our "extension Centers," which are small subunits of established host institutions, located on nearby campuses that do not have an ROTC unit.

In FY 1981 an additional 48 extension centers and eight host institutions will be added.

In September 1980, Congress increased our Scholarship Program from 6,500 to 12,000. That reflects a Congressional recognition of the importance of ROTC as well as a lot of hard work on the part of Major General Dan French and his staff. As you are probably aware, only 2,000 of the 5,500 increase in these newly authorized scholarships have been funded.

Finally, and most importantly, enrollment in ROTC has continued to climb. Currently, it is at 71,500 which in itself is an increase of 2,500 ROTC cadets since the school year began last September.

I am deeply grateful to those in the Department of the Army, such as General French and his staff, for this progress. I would also like to thank those of you in the audience for your contributions and for the continued efforts to stress the relationship between education, leadership and national defense.

There are 167 streamers on the Army flag acquired in the campaigns for more than two centuries representing battlefields in far away places, and in the four corners of the globe. Where those streamers were earned, they were earned by our fellow countrymen who came from more than 100 different campuses of America. They brought to the military service an intellectual heritage that was a mosaic of our academic life. They brought a sense of values, a sense of scholarship, and a sense of tradition which not only enriched their own lives, but enriched the Army in which they served.

Many of them are remembered at their alma maters in statutory and by plaque for the gift of their last full measure of devotion.

The Association of Military Colleges and Schools has a special mission in providing for the common defense.

It is a mission of leadership.

It requires the pursuit of excellence in both the programs of military instruction and academic subjects.

There is a growing trend in this country for providing in the curriculum of college subjects that relate to national security or defense studies. These studies should help in providing that essential bridge that is vital between the ROTC programs and academia.

Together we must find ways to make the ROTC program responsive to changing times and needs.

The Reserve Officers Training Corps is an experiment that is uniquely American. It adds a dimension to the Citizen-Soldier concept which is the dimension of the Soldier-Student. A college student who is also trained as a military leader. One who becomes aware of our defense needs and the dangers to U.S. security.

Washington said: "Every citizen who enjoys the protection of a free government, owes not only the proportion of his property, but even of his personal services to the defense of it."

Their future role in service to the Nation may go well beyond that of active military duty where they have made a distinguished contribution. It goes to a civilian role in the decades ahead where in their profession, trade or industry, they become opinion-makers assisting in molding public opinion to direct the country in making proper choices on Defense matters thus ensuring this will always be the land of the free and the home of the brave.●

RURAL RENEWAL FOR A BARGAIN

HON. RON MARLENEE

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. MARLENEE. Mr. Speaker, last month House Members had the pleasure of sampling baked goods made from the protein-rich byproducts of alcohol production. When grains are used in the making of alcohol, in addition to the alcohol a mash is retained which contains all the protein of the grain initially used in the fermentation process. The group WIFE (Women Involved in Farm Economics) has been a leader in the production of alcohol from grains and they are the ones who conducted the demonstration for Members of Congress. I may add that the presentation and baked

goods by the WIFE representatives was excellent and attracted the attention of and a visit by Deputy Secretary of Agriculture Richard Lyng and several media representatives. I am proud that the Montana chapter of WIFE took the lead in presenting their case to Congress. I would like to bring to the attention of my colleagues an article which appeared in the Washington Star on March 18, 1981, concerning the demonstration.

The article follows:

RURAL RENEWAL FOR A BARGAIN

(By Anne Crutcher)

Everybody agrees that it would be great if this country could lessen its dependence on foreign oil. Everybody knows gasohol is one of the substitute fuels that can make it possible. But many people draw back from the idea of using food grains for anything but food.

It's a legitimate concern. However, some people are convinced it's not necessary to choose between food and fuel, at least where gasohol is concerned.

Among them are some enterprising Montana farm women who recently came to Washington to show Congress what they have been doing to make the wheat from their family farms serve both food and fuel purposes. I talked to two of them—Pat Torgerson of Lambert and Shirley Ball who comes from Nashua—and tasted the breads and cookies they've been making from what they call "renewed wheat."

As good as any I ever had. Their story is equally appealing. Even in these days of agribusiness, a family farm is still an undertaking in which the whole family participates. These women have worked with their husbands, with county agents and with each other to develop a cottage industry producing alcohol and a high-protein wheat flour from the wheat they grow.

They grind the wheat in a kitchen blender, mix it with liquid to form a mash and let it ferment. Then they separate the liquid from the solids in the mash and put the liquid through a stove-top still to make the alcohol that will combine with gasoline to run their farm machines with less use of petroleum than they would otherwise require.

The next step is to dry the wheat solids in the oven. Then they are ground again—a finer grind this time—to form flour. Shirley Ball and her husband have experimented with various methods and they found that an old dry cleaning machine worked particularly well as a centrifuge separator of the two main elements in their operation.

When they took their flour to the local grain elevator for testing, it turned out to be 28 percent protein the first time around and 40 percent when they refined their procedures. The wheat they used for animal feed registered only 15.9 percent protein.

In other words, this looks like one of those rare have-your-cake-and-eat-it-too situations. Shirley Ball and Pat Torgerson have been traveling the county fair circuit in their part of the world, demonstrating their methods and passing around samples of the baked goods they can turn out along with their gasohol.

It's caught on in many parts of Montana. They hope their appearance before the House Agriculture Committee will stimulate interest among commercial processors.

The bargain seems irresistible. From 60 pounds of wheat, they get 2.5 gallons of alcohol and 20 pounds of high-protein food.

As Pat Torgerson put it, "Protein for a protein-poor world. This mash is also high in fiber and has wheat germ intact, all things needed in today's diet. . . . I envision renewed grain mash being shipped to markets overseas in compact boxes of dried protein instead of bulky bushels of grain. We can ship three times as much dry protein as we do whole grain. . . . Renewed Grain Mash can feed the world two ways. First as a human food and second as a livestock feed. Either way, human life is the beneficiary and famine the loser."●

ISSUES IN EL SALVADOR

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. HAMILTON. Mr. Speaker, recent discussion of the crisis in El Salvador prompted me to write to Secretary of State Haig regarding both our policy toward that nation and the implications of the crisis there for our relations with Mexico, other Central American States, and the countries with which we consult on developments in the region.

The situation in El Salvador has been volatile for a long time. There is evidence that the Soviet Union and its proxies have played a more recent role in fomenting the conflict. The violence which has taken the lives of so many Salvadorans has also claimed the lives of four American churchwomen and two American agricultural advisers. Because those Americans were in El Salvador to improve the lot of the poor, their sacrifice is a cause of deepest sorrow.

Since October 1979, a number of ruling coalitions have followed one another in El Salvador. Like its predecessors, the current civilian-military junta is having trouble controlling the conduct of the armed forces, containing the depredations of the left and right, and carrying out the long-overdue reforms supported by the United States. Our programs of military and economic assistance are intended to foster stability and fundamental social change in a difficult environment, but to date they appear to have met with little success.

Against such a backdrop, it is unclear what a larger American presence in El Salvador may accomplish. Somewhat clearer are the personal risks to our military personnel and the potentially adverse consequences, both in El Salvador itself and in the region at large, of the policy we are pursuing today. Clearer still is the need for Congress to air the issue of our involvement in El Salvador fully and dispassionately.

Congress will be faced with the issue this year as it makes its decisions on foreign assistance. Members of Congress will be obliged to ask themselves whether our assistance to El Salvador has a positive influence and thus should be continued at high levels with appropriate guidelines for use, whether it makes little difference and thus, given the risks and potentially adverse consequences, should be allowed to end when all funds are expended, or whether it is an immediate cause of violence and thus should be terminated forthwith. In the debate, Members of Congress must be especially attentive to what we are doing now and how we propose to bring enduring peace to El Salvador.

My letter of February 10, 1981, sought clarification of the issues in El Salvador. It is obvious from the response of March 11, 1981, that many aspects of our policy are still being formulated. Congress will want to watch the development of the policy with extreme care.

The correspondence follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., February 10, 1981.

Hon. ALEXANDER HAIG, Jr.,
Secretary of State,
Department of State, Washington, D.C.

DEAR MR. SECRETARY: The crisis in El Salvador is very much on my mind. Consequently, your detailed answers to the following questions would be appreciated:

1. What are the guiding principles of our policy toward Central America?

2. What are the guiding principles of our policy toward El Salvador? Will we continue economic and military aid to the governing junta? If so, at what levels? What American military personnel will be stationed in El Salvador? How many will there be and what kind of work will they do?

3. Will we consult with other nations concerning our policy toward El Salvador? If so, on which nations will we concentrate our attention?

4. What effect will disagreement on El Salvador have on future relations between us and Mexico?

5. What does Mexico's new program of military modernization imply about Mexican policy toward Central America?

6. What are the guiding principles of our policy toward Nicaragua? Are there grounds on which our special economic aid to that nation may be discontinued? What evidence do we have that Nicaragua is supplying arms to insurgents in El Salvador?

I look forward to hearing from you in the near future.

With best wishes, I am

Sincerely yours,

LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East.

DEPARTMENT OF STATE,
Washington, D.C., March 11, 1981.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East, Committee on Foreign Affairs, House of Representatives.

DEAR MR. CHAIRMAN: I am responding to your letter of February 10 to the Secretary concerning Central America and El Salvador.

As you may know, we are currently conducting an intensive policy review toward El Salvador. Until that review is completed, we cannot respond in detail to your questions.

However, we continue to be concerned about the violence resulting from the political crisis which is being perpetrated by the extreme right and left, and by the security forces of the government itself. We are concerned that a well orchestrated international communist campaign is transforming the Salvadoran crisis from an internal conflict to an increasingly internationalized confrontation. With Cuban coordination, several Soviet bloc countries, Vietnam, Ethiopia, and radical Arabs have furnished at least several hundred tons of military equipment to the Salvadoran leftist insurgents. Most of the equipment has entered via Nicaragua.

We are informing our friends in Europe and Latin America on the issue of communist intervention and intend to continue consulting in the future. We have consulted with members of both Houses of Congress and are making our case to the American public.

As part of our on-going review of the situation in El Salvador, we have decided to provide an additional $25 million of security assistance for fiscal 1981. This assistance will permit the Government of El Salvador to acquire additional helicopters, vehicles, radar and surveillance equipment and small arms. In addition, our present training and assistance teams with the addition of four five-man training teams. These four teams will train Salvadoran personnel in communications, intelligence, logistics, and in other professional skills designed to improve their capabilities to interdict infiltration and to respond to terrorists' attacks. U.S. personnel will not accompany Salvadoran units outside their garrisoned areas, nor will U.S. personnel participate in any combat operations. We are continuing disbursement of the $63.5 million in FY 1981 economic aid already programmed for El Salvador. However, we anticipate the need to provide substantial amounts of additional economic aid and are reviewing this matter at the present time.

While our relations are cordial, Mexico and the U.S. have different perceptions as to cause and effect relationships of the internal and external problems facing El Salvador. Both the U.S. and Mexico look for the strengthening of democratic institutions in El Salvador, and endorse the principle that the Salvadorans should be able to choose their own form of government without outside interference. Both the U.S. and Mexico advocate stability and progress in the area. The Mexican and U.S. assessments of the threat posed by a possible victory of the insurgents are different, however.

The U.S. has supported the moderate forces represented in the Salvadoran Junta. Mexico has been cool towards the Junta, although it maintains diplomatic relations with San Salvador. At the same time, Mexico has made clear that El Salvador is fully entitled to benefit from the Mexican-Venezuelan oil facility (whereby countries of Central America and the Caribbean are granted concessional terms on oil purchases).

Were serious disagreements over El Salvador to develop between the U.S. and Mexico, this could have a negative impact on our bilateral relations. To lessen this possibility, we and the Mexican Government are keeping in close touch on developments in El Salvador as they affect our two countries and relations with others in the region.

With regard to military modernization, Mexico has expressed some interest in upgrading its Air Force and has been in touch with a number of possible sellers, including the U.S. We also understand that it may want to improve its land and naval forces. Generally speaking, the U.S. views positively increased Mexican interest in regional developments and recognizes that Mexico can play an important role in shared responsibility for the defense of the area.

In Nicaragua, we have continued our efforts to build up the moderate forces and restrain Cuban influence. As you know, our generous assistance program has been a central element of this policy. Unfortunately, the possibility of Nicaraguan Government involvement in massive arms shipments through Nicaraguan territory to El Salvador has requried us to review whether our assistance can be sustained, consistent with U.S. law.

U.S. legislation requires the President to suspend economic support funds to Nicaragua if he determines that the Government of Nicaragua is involved in terrorist activities. He is also required to call outstanding loans made from economic support funds to the Government of Nicaragua in the event of such a determination. You inquire about our evidence that Nicaragua is supplying arms to El Salvador. I am enclosing a copy of our Special Report on "Communist Interference in El Salvador" which provides some details on this question. While we do not wish to divulge classified information in this letter, we will be pleased to provide you with a classified briefing about the supply of arms to El Salvador at your convenience.

The Secretary has given this matter his priority attention during the past several weeks. Under his direction, we have been actively dealing with the numerous complex factors involved, including those related to the security of our personnel. We will continue to keep the Congress informed as we near a decision on this matter, and we look forward to further discusing your questions privately.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.●

FLEXIBLE WEIGHT LIMITS FOR LIVESTOCK TRANSPORTATION

HON. COOPER EVANS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. EVANS of Iowa. Mr. Speaker, today I am introducing the Livestock Transportation Act of 1981, a bill to allow States flexibility in dealing with weight limitations for vehicles carrying livestock on interstate highways.

The unique nature of livestock cargoes demands that our laws recognize that weight limitations need to be applied with a certain degree of flexibility when live animals are being transported.

My bill is permissive in nature. It would allow a vehicle hauling livestock to exceed weight limitations on one axle or group of axles, provided that the total weight of the vehicle does not exceed the legal maximum gross weight allowed under the law. This bill would not increase maximum weight limits in any way. It simply allows for a weight shift caused by movement of the livestock while in transit. This bill permits voluntary action by States.●

TAX POLICIES WHICH DISCOURAGE DOMESTIC RESEARCH AND DEVELOPMENT

HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. SHANNON. Mr. Speaker, recently I introduced with my colleagues Mr. HEFTEL, Mr. MATSUI, and Mr. JENKINS a bill (H.R. 2473) which would remove an artificial disincentive in the Federal tax regulations which encourage U.S. corporations to transfer a portion of their research and development effort out of the United States to foreign countries.

In 1977 the Treasury issued final regulation 1.861-8 which requires, among other things, that research and development expenses be allocated between domestic source income and foreign source income regardless of where the actual expenditure is made. This regulation has a serious adverse tax effect on domestic research and development when its effects on the foreign tax credit are considered.

Foreign taxes are paid in accordance with the laws of the country where an operation is located and, therefore, do not include any deduction for R. & D. expenditures incurred in the United States. In addition, U.S. law does not permit credit for foreign taxes paid in excess of the applicable U.S. tax rate on foreign income. The result is that the foreign source income, on which the creditable foreign tax is calculated, is reduced by the amount of R. & D. allocated to it. Once the ceiling of creditable foreign taxes is reached, every dollar expended on R. & D. in the United States that is allocated to foreign sources carries the tax penalty of reducing the foreign tax credit.

Under these conditions there is a very real tax advantage of transferring or establishing R. & D. operations abroad. This advantage is heightened by the very liberal tax incentives which many foreign countries grant to U.S. corporations in order to attract more R. & D. operations.

The bill which my colleagues and I have introduced today simply excludes domestically performed R. & D. from the application of section 861. Under our bill all domestic R. & D. which is conducted in the United States is deducted solely from U.S. source income. No R. & D. expenses incurred in this country will be deducted from foreign source income and the incentive to move abroad R. & D. currently conducted in this country will be removed.

I am enclosing for my colleagues a narrative example of the actual operation of the allocation required under

section 861. The example clearly demonstrates the advantages of transferring R. & D. operations abroad in order to minimize total worldwide taxes. Under section 861 the Acme Corp. will pay a total of $1,950 in taxes, an effective tax rate of 48.75 percent or $110 more than under the U.S. statutory rate of 46 percent:

INTERACTION OF SECTION 861 AND THE FOREIGN TAX CREDIT LIMITATION

U.S. corporations with operations overseas are required by law to report all worldwide income in the corporate income tax return. Usually, income earned abroad is subject to taxation in the foreign country, and, in order to avoid double taxation, U.S. corporations may take a credit equal to the foreign taxes paid against the U.S. tax liability as calculated on worldwide income. However, the credit allowed is limited to the U.S. tax liability on the foreign source income. This credit limitation can be calculated by the following formula:

U.S. tax before credits times foreign source taxable income divided by worldwide taxable income equals foreign tax credit limitation.

In essence, this formula says that a corporation cannot get credit for any foreign tax paid in excess of what would have been owed had the income been earned and taxed in the United States. The problem with R. & D. costs comes in the calculation of the foreign source taxable income.

Section 861 requires that research and development expenditures, among other fungible items, be allocated to both U.S. source and foreign source income even if the R. & D. was conducted solely in the U.S. Allocation can be determined by the proportion of gross sales in the U.S. to gross sales in foreign countries or by the ratios of gross income. Under either allocation method, the taxpayer is permitted to take 30 percent of the R. & D. expenditures off the top and need only divide the remaining 70 percent. (This exclusion has been stepped down from 50 percent in 1977 when the regulations were finalized to 40 percent in 1978 and 30 percent in 1979 and thereafter).

The following example illustrates how this allocation process reduces the foreign tax credit. The Acme Corporation has U.S. income of $5,000 and foreign income of $2,000. All expenses are incurred in the United States, but some, including R. & D., must be allocated to the foreign income. In this example, the foreign country imposes tax rate of 40 percent.

ACME CORP. OPERATIONS IN THE UNITED STATES AND ABROAD

	Worldwide	United States	Foreign
Gross profit from U.S. sales	$5,000	$5,000	.....
Royalties from foreign sales	2,000	.....	$2,000
Worldwide gross income	7,000	5,000	2,000
Expenses—all incurred in United States but some allocated abroad	3,000	2,500	500
Taxable income, by source	4,000	2,500	[1] 1,500
Tax liability calculations U.S. tax on worldwide income before credit—46 percent	1,840	.....	.....
Actual tax paid to foreign country, 40 percent rate	.....	.....	[1] [2] 800
Creditable tax limited to $1,840 times $1,500 divided by $4,000 equals	690	.....	.....
U.S. tax liability	[2] 1,150	.....	.....

[1] Implied foreign tax rate: $800 divided by $1,500 equals 53 percent.
[2] Effective worldwide tax rate: $1,950 divided by $4,000 equals 48.75 percent.

The net result of the allocation of R&D expenses forced by Section 861 is that the implied foreign tax rate and the effective worldwide tax rate are raised above 46 percent. If the foreign source income could be reduced to $1,739, the full $800 in taxes paid would be creditable ($800/$1,739 equals .46). Moving sufficient R&D operations overseas to alter the allocation by $239 would reduce the worldwide tax liability by $110 and yield a worldwide effective tax rate of 46 percent.●

COMMUNISTS AND DISINFORMATION

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. MICHEL. Mr. Speaker, syndicated columnist Stanley Karnow has recently stated that during the Vietnam war, a correspondent for Time magazine was a Communist agent. This agent is now a senior official in the Vietnamese Government. If Karnow's statement is true, it opens up the question of precisely what kind of information the American people were getting through our media concerning the war. Were there other such Communist agents sending out disinformation under the guise of objective reporting?

I would very much like to see this question answered by the media. Karnow's charge is a serious one and it is not the kind of thing that can simply be ignored as not relevant to today's important questions. For my own part I believe that the overwhelming majority of the reports we receive from overseas are the view of the reporters themselves. I may not agree with those views and may often wish that those views did not get mixed into newsstories, but at least we can say that such views are the result of the reporters' own conception of his or her professional responsibilities. But when we have a charge that a Communist agent served as a full-time reporter for the single most influential news magazine in the United States, that is something altogether different, especially since the charge comes from a columnist not particularly known for his conservative sympathies.

At this point I insert into the RECORD, "The Case of Colonel Thao," by Stanley Karnow, from the Baltimore Sun, March 23, 1981:

THE CASE OF COLONEL THAO

HO CHI MINH CITY.—As a reporter here during the Vietnam War, I suspected that the Communists had infiltrated the South Vietnamese regime as well as the U.S. mission. Now back in Saigon, as this city was formerly called, I have been able to confirm those suspicions.

More dramatically, I have learned that these Communist agents included close Vietnamese acquaintances who not only were trusted by me but also gained the trust of American officials who relied heavily on their cooperation without knowing their true identity.

This duplicity is not surprising. In a civil war without front lines, friend and foe are difficult to distinguish. Looking back, however, the discovery reinforces my conviction that the United States never could have won a conflict in this alien land, where the enemy was tenacious, dedicated and everywhere.

Consider, for example, the case of Colonel Pham Ngoc Thao, who until his death was one of the most dynamic and brilliant figures in the Saigon regime.

In reality, Colonel Thao was a key Communist agent all along. His remains were recently transferred to the Patriots' Cemetery here, but his past role has not been made public, presumably because the present Vietnamese authorities fear reprisals against his widow, who lives in Texas.

Born into a wealthy Catholic family, Colonel Thao attended French schools in Saigon. But like many Vietnamese intellectuals humiliated under French colonialism, he joined the Communist-led Vietminh struggling for independence against France.

When the Geneva accords partitioned Vietnam in 1954, he "rallied" to the Saigon government then being formed by Ngo Dinh Diem. As a Communist "defector," he persuaded Mr. Diem that he knew how to fight Communists, and his influence grew.

In the late 1950s, he urged Mr. Diem to construct "agrovilles," enclosures into which peasants were forcibly corralled in order to cut them off from the Vietcong. He later designed the "strategic hamlet" program, which had a similar aim.

Both schemes, enthusiastically financed by the United States, were actually devious devices. Or as one of Colonel Thao's old comrades told me: "His purpose was to antagonize peasants and alienate them from the Diem regime, and it worked."

When I first met Colonel Thao in 1961, he was chief of Bentra province, a Communist bastion south of Saigon. He seemed to have gained control over the area. I wrote an article praising his skill at counter-insurgency. Others, among them columnist Joseph Alsop, turned him into a celebrity.

In fact, as a former Vietcong leader here disclosed to me, Colonel Thao and the Communists in Bentra had reached a covert understanding to make "pacification" look good. "In that way," the Vietcong leader explained, "we could build up our strength without being molested."

One of Colonel Thao's most important dupes during the early 1960s was Dr. Tran Kin Tuyen, the boss of Mr. Diem's secret police, whose organization had been created by the U.S. Central Intelligence Agency. In more than one instance, Colonel Thao got Dr. Tuyen to release Vietcong suspects.

In 1963, as internal opposition to Mr. Diem mounted, Colonel Thao and Dr. Tuyen conspired to overturn the regime. Their objectives differed, however.

Dr. Tuyen, a fierce anti-Communist now living in England, wanted a government that would wage the war more effectively. Mr. Thao, in contrast, was maneuvering to install a junta of colonels that would negotiate a deal with the Communists.

A group of generals ultimately staged the coup in which Mr. Diem was assassinated. The morning after, I recall, Colonel Thao warned me to expect another coup by colonels under his direction. His plan, a Communist source here says, was to make South Vietnam neutral in preparation for its eventual reunification with the North.

Colonel Thao's counter-coup failed, but his clandestine Communist connections never surfaced. On the contrary, his credentials were still so clean that he was assigned to the South Vietnamese Embassy in Washington, where he could conveniently monitor U.S. activities.

Returning to Saigon in 1965, he resumed his plotting, now against the regime headed by Nguyen Van Thieu and Nguyen Cao Ky. This time, though, his luck ran out.

Tracked down by General Thieu, he was betrayed by a Catholic priest and captured. General Thieu, ironically convinced that he was working for the CIA, had him tortured horribly. Colonel Thao died without divulging his real identity. His torturer, General Thieu's special police chief, is alive and well in the United States.

I could mention other cases, like that of my friend Pham Xuan An, who worked as a full-fledged correspondent for *Time* magazine in Saigon, an unusual position for a Vietnamese journalist.

He also furnished the U.S. Embassy with inside information—or perhaps it was "disinformation." For he was really a Communist agent, and he is now a senior official in the administration here. My attempts to see him have been fruitless.

In short, the Vietnam conflict was waged in an environment too complex and mysterious for Americans to comprehend—which is why, with all their money, materiel and manpower, the war was essentially unwinnable.●

FUEL ADJUSTMENT CHARGE—INTRODUCTION OF LEGISLATION

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. CONTE. Mr. Speaker, the homeowners in this Nation who must withstand the cold, harsh winters of the northern tier States, as well as those residents who must contend with the blistering heat of the summers in the South, have been hit hard by dramatically escalating electric bills.

I am therefore, introducing today legislation which is designed to assist the beleaguered homeowner who has watched, with horror, the fuel adjustment charge on his electric bill rise as quickly as the temperatures can fall in New England. The fuel adjustment charge has become a major component of our constituent's electric bills.

The electric utilities have been allowed by many State legislatures to pass through to the consumer the entire additional costs due to decontrol of domestic crude oil and OPEC price hikes of fuel oil used to generate electricity. This process of full pass-through does not offer any incentive to the utility to become more energy conscious.

My legislation will offer to the low-income user a rebate, and the middle-income taxpayer a tax credit. The bill provides for a credit or rebate of 33⅓ percent of their annual fuel adjustment charge. The maximum credit of $400 would be reduced by 1 percent of the consumers' income over $20,000.

With the cost of living rising so dramatically, the urgency for this legislation is apparent. We must act now to aid our consumers who are being buffeted at every turn during these difficult times. I urge your support and cosponsorship of this necessary legislation.●

WHICH COSTS MORE: AID OR NO AID?

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BARNES. Mr. Speaker, in a recent article in Agenda, a publication of the Agency for International Development, John Sewell, President of the Overseas Development Council, poses the question, "Which costs more: Aid or no aid?" The article presents some interesting concepts of how foreign aid serves our own interests. The article refers to findings by the Presidential Commission on World Hunger, the Brandt Commission, and the Global 2000 Report to the President. The author reminds us that if we look around us we realize that even domestic troubles—such as energy, inflation, unemployment, slow growth, and immigration—cannot be resolved without attention to the developing countries.

I quote from the article: "The achievement of economic growth in one country depends increasingly on the performance of others. The South cannot grow adequately without the North. The North cannot prosper or improve its situation unless there is greater progress in the South." These words cannot be more timely. We have been hearing about a new beginning and new directions. But, sadly, we seem to be drifting farther apart from these countries that need us most.

We should look more closely at some of the tasks Sewell outlines for long-terms U.S. strategy. The United States should expand the concept of national security to include the nonmilitary aspects of our own security. We should try to indentify our needs, set long-term goals, and weave our various policies into a coordinated and comprehensive strategy. In order to do all this, the United States should exercise a new kind of leadership based on an imaginative, forward-looking approach. The tools mentioned in the article also merit our attention, including: Improving the world's monetary system; sustaining world trade, and preventing the spread of worldwide protectionism; improving world food security; increasing energy security; meeting existing commitments for foreign aid; and pledging increased future support.

In order that my colleagues have the opportunity to analyze this article, I would like to include it for the RECORD:

[From Agenda, March 1981]

WHICH COSTS MORE: AID OR NO AID

(By John W. Sewell)

In the last 12 months, a number of detailed analyses have warned that continued indifference to the needs and wants of poor people and poor countries could have disastrous consequences. These studies also advised, however, that a U.S. response would improve the prospects not only of the poor countries but of the United States as well. At the start of a new decade and a new Administration, it is important to examine what the U.S. interest and the U.S. role in Third World development are.

In early 1980, the report of the Presidential Commission on World Hunger, a commission composed largely of private U.S. citizens, concluded: "There are compelling moral, economic and national security reasons for the United States government to make the elimination of hunger the central focus of its relations with the developing world. . . . "Purposeful use of U.S. power would . . . focus and shape the idealism and generosity that is so indigenous to the American spirit."

Around the same time, the Brandt Commission (formally called the Independent Commission on International Development Issues)—a prestigious group of business representatives, former government officials, and intellectuals from five continents—released its report after two years of arguing, negotiating, and learning from one another. The commission wrote: ". . . The achievement of economic growth in one country depends increasingly on the performance of others. The South cannot grow adequately without the North. The North cannot prosper or improve its situation unless there is greater progress in the South." The report spelled out more than 90 specific actions the international community could take that would alleviate the financial, environmental, and human crises that appear to be coming. Of the report, Peter Peterson, chairman of Lehman Brothers Kuhn Loeb and one of the members of the commission, has said that the alternatives to working on negotiations to bring about change are "huge and continued economic shock; a billion people literally starving; an international financial system that could be in a state of economic crisis. . . . We have to try, if only because the stakes are too high not to try."

In the summer of 1980, yet another major statement was made about the long-term prospects facing this ever-smaller planet. "The Global 2000 Report to the President," an interagency U.S. government study, warned: "If present trends continue, the world in 2000 will be more crowded, more polluted, less stable ecologically and more vulnerable to disruption than the world we live in now. . . . Life for most people on earth will be more precarious in 2000 than it is now—unless the nations of the world act decisively to alter current trends."

These are not partisan statements. Nor are they condemnations of the actions of any group, party, or set of officials. Rather they highlight problems that cannot be solved in the span of a single congressional term or even a two-term administration.

Unless the world begins to address them, the lives of not only the world's poor but also its rich are not likely to get better and will probably get worse.

The U.S. role in solving the global problems described in detail by the Global 2000 study, the Brandt Commission, and the Presidential Commission on Hunger has been the particular focus of the Overseas Development Council (ODC). In the process, it has become clearer and clearer that not only does this country have a moral obligation and a security interest in addressing these global concerns, but even the "domestic" troubles with which we currently are preoccupied—energy, inflation, unemployment, slow growth, immigration—cannot be resolved without attention to the developing countries. These countries as a group (and some of them individually) are now significant actors in the world's economic system. Their control over oil, their ability to provide low-cost consumer goods, their growing markets for industrial-country exports, their position as major suppliers of key raw materials, and their growing involvement in the world financial system all affect the U.S. economy directly. It is therefore imperative that the United States recognize these relationships and begin to take both immediate and longer-term steps to bring its policy into accord with changing realities.

In ODC's "Agenda 1980," two major long-term development tasks for the decade were set forth: (1) to resume economic growth, provide employment, and reduce inflation, and (2) to take major steps to eliminate hunger and other aspects of absolute poverty by the end of the century. These are not tasks for the United States to undertake alone. They will require the commitment and cooperation of all countries. Yet the United States, in particular, must recognize that its official actions and those of its private sectors—profit and non-profit—affect the lives of billions of people and that its contribution to a program of global cooperation therefore is vital.

In order to make that contribution, however, the United States must first redefine and expand the concept of its own "national security," decide what it needs and wants from changes in the internatinal economic order, and develop a leadership style to deal with the domestic limitations on a development cooperation policy. Let us look briefly at each of these three tasks.

EXPANDING THE CONCEPT OF NATIONAL SECURITY

U.S. policy to date has viewed developing countries primarily from the standpoint of how they figure in the strategic relationship between the United States and the Soviet Union. Defining U.S. security solely in military terms, however, obscures our equally important economic and political foreign policy objectives in the Third World. Military force has little impact on population growth, deforestation, or migration.

IDENTIFYING U.S. NEEDS

So far, the United States has put more emphasis on attacking developing-country demands for a "new international economic order" than on putting forth imaginative proposals of its own. The United States urgently needs to set its long-term goals and to weave its various policies into a coordinated and comprehensive strategy.

EXERCISING A NEW KIND OF LEADERSHIP

The changing nature and relationship of domestic and international problems requires a new kind of leadership. An imaginative, forward-looking approach is needed (1) to cope with global problems even in the face of competing national interests, (2) to organize the U.S. government to deal more creatively and efficiently with developing countries, (3) to deal with domestic economic dislocation resulting from changing international conditions and (4) to share international decisionmaking with other countries.

These long-term tasks at best can only be started during the first part of 1981. There is, however, a whole set of actions that the United States could take soon to advance development goals and to set the stage for longer-term changes. U.S. action on the program outlined below would have a minimum impact on the federal budget. Even in a period of budgetary constriction, U.S. leadership on such a program would greatly help to prevent further deterioration in the global economy and could go a long way toward meeting this country's long-term interests. In other words, the real costs of acting on these proposals will be far less than the costs of not acting.

The short-term program of action proposed in the Overseas Development Council's "Agenda 1980" includes:

IMPROVING THE WORLD'S MONETARY SYSTEM

The United States should support measures to augment the revenue of the International Monetary Fund (IMF), increase the Special Drawing Rights (SDRs) available in developing countries, make conditions attached to IMF loans less stringent, increase private lending and double the amount of money the World Bank may lend (which can prudently be done even without expanding its capital base).

SUSTAINING WORLD TRADE

The United States and other countries should actively resist pressures toward further protectionism, implement the codes agreed upon in the recent multilateral trade negotiations, increase the amount of trade credit available to developing countries, and resume negotiations to stabilize the prices of many primary commodities exported by developing countries.

IMPROVING WORLD FOOD SECURITY

The United States should press to reopen negotiations on an international wheat reserve, increase support for expanding agricultural production in food-deficit developing countries, and increase the amount of emergency food aid available to countries or regions hard hit by short-term food shortages (e.g., the countries of sub-Saharan Africa, troubled by a second year of drought and large numbers of refugees).

INCREASING ENERGY SECURITY

The United States should work with others to explore the possibility of an international agreement on oil and to increase international cooperation in finding and producing more oil and gas and in developing new energy sources, particularly in the developing countries.

MEETING EXISTING COMMITMENTS

The United States should at a minimum resist pressures to further cut development assistance, continue its critical role in emergency relief programs and meet its pledges to multilateral institutions.

PLEDGING INCREASED FUTURE SUPPORT

The United States should commit itself to increasing its development assistance. It should create (along with other countries) a special program to help low-income countries, make repayments on past development loans available for current needs, and explore various forms of "automatic" transfers.

Neither the short-term nor the long-term actions outlined here will solve the world's human or economic problems—but they could go a long way toward bringing about improvement for rich countries as well as poor countries. The United States is still a major economic power, and its official actions as well as the decisions and actions of its private banks and private voluntary organizations affect people in other countries as well.

For all its current difficulties, the United States could do much to resolve the deadlock that has dominated so many international discussions.●

COAL AND THE NATION'S PORTS

HON. BOB LIVINGSTON

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. LIVINGSTON. Mr. Speaker, I believe the Members of this body will benefit from a speech given recently by Mr. Carl E. Bagge, who is president of the National Coal Association, to the American Association of Port Authorities.

Mr. Bagge's address entitled, "Coal and the Nation's Ports" gives an excellent introduction and overview of the environmental and export issues of coal. I commend the address to my colleagues:

COAL AND THE NATION'S PORTS

(By Carl E. Bagge)

INTRODUCTION

Governor James and directors of our nation's ports:

All of us are familiar with the continuing deficit in the balance of trade and the urgent need for the United States to become more productive and competitive in world markets. But, because there has been so much discussion about our trade deficit, not much recognition is given to the turnaround in our share of total world exports. After a quarter-century of steady decline, our share began to rise in 1977. That is a heartening trend and one in which coal is—and will continue to be—one of the star performers for the U.S.

We heard this morning about the prospects for substantial growth in world coal trade. Now I would like to shift the focus of this conference to first identifying and then dealing with the problems which today impede the United States from capturing an even larger share of that exploding world coal trade.

My brief, obviously, is on behalf of the coal producers. But whatever is done to achieve a more modern, efficient port system for the handling of coal will accrue to the benefit of the entire industry and other users of the nation's ports. So we're really concerned about not just what is good for coal, but what is in the nation's interest.

Today, I will talk about matters which are essential in assessing U.S. coal's emerging role in the world energy market.

First, I will review the current coal export situation.

Second, I will discuss two significant matters affecting our ability to increase U.S. coal exports: the dredging of ports and harbor facilities, and granting fast-tracking

permitting treatment for port and harbor projects.

Let's look first at the current coal export situation.

I. THE CURRENT SITUATION

The current boom in the coal export market has been marked by unparalleled optimism. On the other hand, realistically we see a crisis situation in which increased foreign coal demand has overwhelmed the capabilities of our ports. As a result, U.S. coal has become less competitive and overseas customers have become leery of entering into longer term agreements when our ability to deliver is in question and demurrage charges have greatly exceeded expectations.

Of course, neither the producers, the railroads nor the ports have been sitting on our hands. In the short year since the explosion of the export steam coal market, there has been a very heartening response and even some accomplishments.

A. Private sector response

1. Record-setting coal exports achieved in 1980

First, despite the problems created by increased demand, a record amount of U.S. coal was exported in 1980. No one has ever accused me of doubting the ability of the private sector to fulfill the needs of the market. Yet, we seriously underestimated the capabilities of the nation's transportation and transshipping system to handle significantly greater amounts of coal for export.

Throughout the year we were surprised by having to revise upward our annual forecast of coal exports, simply because of the continuing large volumes of coal moved over piers. Our first forecast, released early in 1980, pegged overseas exports at 50 million tons, a respectable increase over 1979's 45 million. By May, newer data caused us to increase the forecast of overseas shipments to 55 million tons. Then in August it was increased to 65 million tons. But as the year moved along, we could see that even that figure was too low.

In January of this year, the government released its statistics, showing an incredible 72.8 million tons of U.S. coal had gone to overseas buyers during 1980. I like that kind of pleasant surprise. In fact, I welcome it. It bodes well for both our industries and means that your problems at the ports are finally going to get the attention they deserve because of coal.

I should point out that it wasn't without a great deal of cooperation from port authorities and a measure of old-fashioned ingenuity that this record was achieved. At Baltimore, for example, coal is being loaded onto barges . . . moved by barge to an unutilized pier . . . and then reloaded by portable crane from the barge to oceangoing vessels.

Still, record loadings notwithstanding, long lines of ships have become a permanent feature along the East Coast. At one point as many as 150 colliers were lying at anchor waiting. And those lines are going to be around for a while. But how long—depends on us.

One of the effects of the congestion at the ports was that coal sales were lost. You can appreciate how coal producers—who have at least 100 million tons of idle capacity, and 20,000 miners waiting to be put back to work—felt about that. Despite the extraordinary effort put forth in pushing existing facilities to the limit, between 10 and 15 million tons of demand could not be met.

The coal that did leave our shores added over 4.5 billion dollars to the balance of payments, but the lost tonnage cost the country another half-billion dollars. This leads to the second point I want to make about our response to the challenge.

2. Expansion of existing port facilities

During the past year a significant expansion of coal export facilities has been initiated. I won't enumerate every project underway or planned, but it is worthwhile to note several of the major projects:

In Baltimore, Island Creek Coal is building a ground storage facility and terminal which will add 15 million tons capacity at the port.

Also in Baltimore, Consolidation Coal is renovating the Canton coal pier, boosting capacity by 10 million tons.

In the Norfolk area, Massey Coal is constructing a 15 million ton-a-year terminal.

Projects in Morehead City and in Savannah will add 12.5 million tons.

The McDuffy Terminal here in Mobile will double in size.

And capacity is being added in New Orleans and on the West Coast.

All together, current activity and that which is planned will add between 100 to 150 million tons capacity to our port system in the next few years. The benefits of these initiatives are apparent, and we should begin seeing them in 1982 and early 1983.

I believe we can expect U.S. coal exporters to recapture opportunities lost to waiting ships in 1980. A significant number of potential customers never attempted to enter our market. They were discouraged by the long lines and demurrage which raised the price of U.S. coal delivered to Europe by up to $12 a ton, or 15 to 17 percent of the delivered price.

As we heard this morning, there is a growing market for U.S. coal. In a few years we no longer will suffer from having our share of this market constrained by our inability to participate in a larger way.

I was pleased to see the draft report of the President's Interagency Task Force on Coal Exports pay tribute to the efforts by private and local parties last year to stretch existing capacity to the limit and to initiate new capacity. This is a very unusual government document because it makes sense. Unusual, also, for its recognition of the private sector effort and its conclusion that no federal government involvement was needed or desirable. And secondly for its lucid exposition of the importance of dredging to U.S. participation in the expanding coal market.

II. PROBLEMS FACING US

Although all of us can take a great deal of satisfaction from the accomplishments of the past year, the challenges ahead will require even more effort. Effort in two areas:

The dredging of ports and harbors, and

Fast-track permitting treatment for port and harbor improvement projects and onshore facilities.

These will be infinitely more difficult than problems we've dealt with recently. This is because we have to deal with the federal government to solve them and that's no easy task. Both problems require Acts of Congress to solve them.

A. Dredging of ports and harbors

1. The need for dredging

The case for dredging was made very well by the Interagency Task Force on Coal Exports. That report reiterated what all of us know—that world coal trade is going to expand rapidly over the next decade and beyond. It also made the point, one perhaps not so well appreciated, that the U.S. share in this growing market is still to be determined.

Certainly, we will be a participant, if only because of the magnitude of our coal reserves, our proximity to the European market, and the desire of many of our customers—including those in the Pacific rim—to diversify supply for security reasons. But the big question is to what extent the U.S. will participate in this expanding world coal market.

The potential for major U.S. involvement exists. The Interagency Task Force report suggests that steam coal imports by European and Pacific rim countries will increase from 77 million tons in 1979 to 166 million tons in 1985. They will rise to 280 million tons by 1990, and increase to 565 million tons by 2000. Our most probable share of this market is estimated to be 28 million tons in 1985 (18 percent), rising to 64 million tons in 1990 (25 percent) and 197 million tons by the year 2000 (38 percent).

Factors influencing our position in this market are many and complex, and not all under our control, but one stands out above all others—the cost of U.S. coal delivered to Europe and to Japan and other Pacific rim countries.

Dredging channels to greater depths in those ports and harbors where coal is being loaded for overseas shipment will permit the larger 100,000 to 150,000 deadweight ton supercolliers to call at U.S. ports. It is disconcerting that we are the only coal exporting country that cannot handle 150,000-ton vessels and that we have only one harbor—Hampton Roads—that can handle 100,000-ton ships.

By capturing the economies of scale in transportation, we can reduce the delivered price of U.S. coal in Europe by $6 per ton—10 percent of the current price. That 10 percent cost savings is very important. It will augment the attraction that U.S. coal already enjoys because of the security of supply and the diversity of supply we can offer, and the close proximity to European markets. Also important, it will compensate for the higher costs of production and inland transportation of U.S. coal compared with the lower costs of our competitors in Poland, South Africa and Australia.

The cost of transporting coal to Europe, Japan and other markets will be a critically important determinant of the U.S. share of world coal trade. So dredging is crucial to capturing the volumes of coal exports to ensure full utilization of the 150 million tons of export capacity now on the drawing boards and under construction. Without the cost savings afforded by dredging, the chances of full utilization of the on-shore facilities now underway will be reduced. In other words, dredging will be as significant an influence as any on our ability to keep U.S. coal costs down and improve our competitive position in the world marketplace. This leads to another concern I have about the urgent need for dredging, and that's the issue of financing the work.

2. Financing the dredging of harbor projects

Traditionally, this has been a public responsibility carried out by the Corps of Engineers. The rationale for the Corps' role has always been that the state of harbors and ports is critical to national security and defense. Our role in international commerce was a secondary consideration.

All of us have some idea of the scope and magnitude of reductions in the national budget that the new administration is considering, and we'll know more tomorrow

when the president presents his budget to Congress.

Under the circumstances, it will not be easy to develop support within the administration for appropriation of the several billion dollars from public funds that would be required to dredge even the most essential ports and harbors. Even if money is appropriated by Congress, it undoubtedly will not be enough to cover all the projects that deserve priority consideration. Because of this, there is likely to ensue vigorous competition among various port constituencies for priority ranking on the action list. This itself could cause as much delay as in obtaining the funds in the first place.

When you take into account the present reality of the country's fiscal health and the Reagan administration's intent to cut federal expenditures, there seems to be a clear message for all of us. It is that no time should be lost in considering what financing alternatives exist—and which of them may be most desirable—for reducing the demand on the federal treasury, and thereby reduce the potential for delay in attempting to make a political decision on which ports to dredge first.

When I speak of alternative methods of financing, I have in mind proposals such as those already beginning to make their way into discussion in Washington and starting to be introduced for congressional consideration. There are legislative proposals to provide for cost-sharing with localities or private investors who would be reimbursed for their outlays—through some sort of user fee.

There hasn't been time for us to thoroughly evaluate these proposals, and we have not taken a position on them. But I am suggesting that they now ought to be given serious consideration. They do propose a novel way for financing the dredging of ports, but it could be that this is the faster way to get this urgent task accomplished. And for all of us, our interests lie in getting the job done as quickly as possible.

B. Fast-Tracking Treatment for Port and Harbor Projects

Let's move from the question of financing for dredging to the related issue of permitting. It's a problem we all must face in the coming year, because legislation is involved if we're going to achieve "fast-track" environmental review and permitting for dredging and construction of on-shore facilities.

The example at Baltimore Harbor, where dredging authorized by Congress was blocked for 11 years because of challenges brought under environmental legislation, cannot be repeated if we are to obtain a larger share of world coal trade, and expand the volume of exports of all commodities and goods. You don't need much imagination to figure out what situation we would be in if every port development project in this country required a decade of delaying litigation and a decision by the Supreme Court to get underway.

The lost advantage of lower transportation costs for all goods—not just coal—diminishes the competitive position of U.S. goods in relation to those from other countries. This causes a reduction in exports whose revenues are needed to offset the costs of imported oil, autos and other goods. And it inhibits efforts to strengthen the balance of trade and the dollar, and to increase productivity and employment in the United States. Clearly, the circumstances which have led to the federal permit process taking 21 years have to be changed if our role in world commerce is to grow, as it should and must.

Although over-regulation and environmental excesses have had their greatest effect in delaying dredging projects—for which the federal government has complete responsibility—the same conditions apply to on-shore facilities which are being built and expanded with private money. The time required to obtain permits and to conduct required environmental review may not be 20 years in these cases, but it is still too long. The potential for obstruction by those who are interested only in impeding growth and progress is too great.

It is essential to the well-being of the nation that we expedite consideration of projects and assure quick and definitive judicial review of any challenges to permits and environmental reviews that may occur.

III. CONCLUSION

Today, a confluence of factors gives rise to optimism that we can break the energy armlock applied by the OPEC powers. Once again we are challenged to give this country and our allies in Western Europe and the Pacific a greater degree of assurance of energy supply at reasonable cost. The course that we must follow will realistically recognize the needs of our society as well as our aspirations. But it will avoid the excesses inherent in the pursuit of perfection in an imperfectible world.

In developing and implementing national economic, energy and environmental policies, we must be aware of the need for reasoned balance among objectives and the necessity of avoiding rigid, absolutist approaches to the solution of problems. If that can be accomplished, there is real hope that coal will play a significant role, for any rational energy policy has to take into account and promote effective and efficient utilization of the country's most abundant and most economical energy resource.

At the outset I noted that the decline in the U.S. share of total world exports has been halted and that there is potential for increasing sharply our share of that market. The coal industry is going to be a part of that, and your ports are going to be a part of that. We can't achieve the growth that is desirable without a stronger, better port system. You've proved yourselves in the past year. You've shown what the ports can do and you've accomplished much.

I suggest that now is the time for us to take full account of our commonality of interests and to forge a new political coalition to promote rapid development and expansion of our ports and greater use of coal. Let us bring together many and diverse groups—labor, commerce, industry, our public officials—to push for what has to be done in the national interest.

In Washington, they say it's time for "A New Beginning." We can't wait. You can't wait. The nation can't wait.

I think we owe it to ourselves, and to the nation, to get moving on it . . . to capitalize on our new opportunities . . . to meet our challenges successfully. Together, we can do it, so let's go get it done!●

STATE VETERANS HOME FUNDING BILL

HON. COOPER EVANS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. EVANS of Iowa. Mr. Speaker, today I have introduced the State Veterans Home Act of 1981, a bill to provide more orderly and equitable funding for veterans receiving care in State-owned veterans homes.

State veterans homes are currently receiving Federal operating funds at a fixed rate determined by statute. This rate does not take into account significant annual increases in costs due to inflation and has required frequent requests for legislative action to insure an equitable share of Federal support for State veterans homes.

This bill will provide for an annual adjustment of Federal payments based on 30 percent of the cost of providing similar care in Veterans' Administration facilities during the previous fiscal year. Federal payments will also be limited to no more than 50 percent of the average cost of providing each category of care to veterans in State veterans homes.

State veterans homes provide a valuable source of care and assistance for our veterans, frequently at a much lower cost than that of similar care provided by Veterans' Administration facilities. If State veterans homes are to continue to provide high quality care to our veterans, we must provide for funding in a manner that recognizes the impact of inflation and provides for reliable and predictable aid in order that these homes may plan for and meet the needs of veterans in the future. This legislation seeks to accomplish that.●

BILL GREEN INTRODUCES ARTS TAX REFORM BILL

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. GREEN. Mr. Speaker, I am pleased to be introducing today the Arts and Humanities Tax Reform Act of 1981. This legislation would amend the Internal Revenue Code to disregard, in the valuation for estate tax purposes of certain items created by the decedent during his or her life, any amount which would have been ordinary income if the item had been sold at its fair market value; to allow a charitable deduction based on the fair market value of a creation; and to establish new guidelines for deducting the business use of a place of residence.

Under present law, an artist's heirs pay an estate tax on the decedent's creative property which is based on its fair market value. Unfortunately, an artist will frequently request that the family destroy works of art at the time of his or her death in order to protect the heirs from exorbitant estate tax charges. I believe this is a great loss to the Nation, its artists, scholars and historians, and to the decedent's heirs. Section 2 of my bill provides that, when an artist dies, the estate tax charged the heirs will be based on the cost of the materials in the work, and not the price at which the item could be sold.

I would add that a work or creative property may be defined as any copyright, musical or artistic composition, letter or memorandum, or any similar property which was in the decedent's possession at the time of his or her death, and was created through the efforts of the individual. Second, I would point out that creative work does not include any property which was held by a decedent who was at any time an officer or employee of the United States and which was created by the decedent in carrying out an official duty.

While, for estate tax purposes, works are valued at market price, a creative work is valued for charitable deduction purposes at the cost of materials in the work. Section 3 of my bill would allow artists to take a deduction for donations to nonprofit groups at the fair market value of the donated property.

In making these changes, we would promote rather than discourage creativity and advocate the sharing of artwork and creativity with the public. By providing a tax incentive for the contribution of works to charitable organizations—museums, libraries, and galleries—and a lighter estate tax charged an artist's family, we are encouraging wider distribution of artwork, development of artistic resources in individuals, and are recognizing the importance of preserving an artist's creation.

Section 4 addresses a problem which is voiced again and again by artists, particularly in New York City. Under current law, a taxpayer is allowed to deduct expenses attributable to the business use of his or her place of residence only when a portion of the home is used exclusively and on a regular basis as a place of business. Many artists and writers who seek to deduct expenses for the business use of their homes and live in small quarters have a difficult time proving exclusive use of a portion of their home when it is not separated from the remainder of the dwelling by a wall. My bill addresses this problem and would allow the deduction in cases in which a portion of the home is used to a substantial extent and on a regular basis for business purposes, thus allowing a part of a room, not necessarily a separate room, to be considered a workplace for tax purposes. Section 4 also directs the Secretary of the Treasury to promulgate regulations in order to implement the substantial extent provision within 90 days of enactment of the legislation. Within 120 days of enactment, the Treasury must recommend to the House Ways and Means and the Senate Finance Committees legislation which would provide statutory standards to replace the substantial extent provision.

This legislation is designed to allow the artistic community to develop without fear of the tax burden which being an artist presently creates. In light of the severe budget cuts recently proposed by the administration in this area, I believe it is particularly important to provide these incentives to artists, and remove the disincentives to creativity which currently exist. I am pleased to have the cosponsorship of 24 of my colleagues and request support for this legislation from the entire House of Representatives. I have submitted to the RECORD the text of my bill for review by my colleagues:

H.R. —

A bill to amend the Internal Revenue Code of 1954 to disregard, in the valuation for estate tax purposes of certain items created by the decedent during his life, any amount which would have been ordinary income if such item had been sold by the decedent at its fair market value, to allow a charitable deduction based on the fair market value of such items, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Arts and Humanities Tax Reform Act of 1981".

SEC. 2. VALUATION OF CREATIVE PROPERTY FOR ESTATE TAX PURPOSES.

(a) In General.—Part III of subchapter A of chapter 11 of the Internal Revenue Code of 1954 (relating to gross estate) is amended by inserting after section 2032A the following new section:

"SEC. 2032B. VALUATION OF CERTAIN ITEMS CREATED BY THE DECEDENT.

"(a) GENERAL RULE.—If the decedent was (at the time of his death) a citizen or resident of the United States, then, for purposes of this chapter, the value of qualified creative property shall be determined under subsection (b).

"(b) VALUE OF QUALIFIED CREATIVE PROPERTY.—For purposes of subsection (a), the value of qualified creative property of the decedent shall not include any amount which would have been ordinary income if such property had been sold by the decedent at its fair market value (determined at the time of the valuation of such property).

"(c) QUALIFIED CREATIVE PROPERTY DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified creative property' means any copyright, any literary, musical, or artistic composition, any letter or memorandum, or any similar property—

"(A) which was held by the decedent at the time of his death, and "(B) which was created by the personal efforts of the decedent.

"(2) CERTAIN PROPERTY EXCLUDED.—The term 'qualified creative property' does not include any property—

"(A) which was held by a decedent who was at any time an officer or employee of the United States or of any State or political subdivision of such State, and

"(B) which was created by the decedent in carrying out his official duties as such an officer or employee."

(b) CLERICAL AMENDMENT.—The table of sections for such part III is amended by inserting after the item relating to section 2032A the following new item:

"Sec. 2032B. Valuation of certain items created by the decedent."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying on or after January 1, 1981.

SEC. 3. VALUATION OF CREATIVE PROPERTY FOR CHARITABLE DEDUCTION PURPOSES.

(a) IN GENERAL.—Subsection (e) of section 170 of the Internal Revenue Code of 1954 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end thereof the following new paragraph:

"(4) SPECIAL RULE FOR CERTAIN PROPERTY CREATED BY THE TAXPAYER.—

"(A) IN GENERAL.—The reduction under paragraph (1)(A) shall not apply to any charitable contribution of property—

"(i) which is a copyright, a literary, musical, or artistic composition, a letter or memorandum, or similar property, and

"(ii) which is contributed by a taxpayer whose personal efforts created such property.

"(B) EXCEPTION.—Subparagraph (A) shall not apply to any property—

"(i) which is contributed by any officer or employee of the United States or of any State or political subdivision of such State whose personal efforts created such property, and "(ii) which was so created by such officer or employee in carrying out his official duties."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1980.

SEC. 4. BUSINESS USE OF HOME.

(a) IN GENERAL.—Paragraph (1) of section 280A(c) of the Internal Revenue Code of 1954 (relating to exceptions for certain business or rental use; limitations on deductions for such use) is amended by striking out "exclusively used" and inserting in lieu thereof "used to a substantial extent and".

(b) REGULATIONS.—The Secretary of the Treasury or his delegate shall, not later than 90 days after the date of the enactment of this Act, prescribe regulations to carry out the amendment made by subsection (a).

(c) RECOMMENDATIONS FOR LEGISLATION.—The Secretary of the Treasury or his delegate shall, not later than 120 days after the date of the enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate recommendations for legislation which provide objective statutory standards, for allowing deductions in cases where a portion of a dwelling unit is used for business purposes on other than an exclusive basis.

(d) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1980.●

THE REAL PROPERTY TAX COMPENSATION ACT OF 1981

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. OTTINGER. Mr. Speaker, I am pleased to join my colleague from New York (Mr. LENT) in cosponsoring the Real Property Tax Compensation Act of 1981.

Our bill would provide relief for communities which are financially burdened with a great number of tax-exempt properties owned by foreign representatives living in the United States. The savings achieved could be passed on to the taxpayers by providing local property tax reductions.

With the United Nations' Building located in New York City, the New York metropolital area has become the principal place of residence for foreign embassies and delegates working at the United Nations, and for other international organizations.

Due to our country's role as host to foreign representatives and international organizations, bilateral and multilateral treaties to which the United States is a party have evolved which grant certain foreign governments exemption from property taxation. These are both desirable and necessary, but should not be at the expense of the local taxpayers who must carry the burden of financing municipal and school district services for their tax-exempt neighbors.

This problem was brought to my attention by the city of New Rochelle, N.Y., which, due to its location in Westchester County, only 15 miles from New York City, contains 23 such tax-exempt foreign properties. The total assessed valuation of these lands is $943,050 which represent a rather significant portion of New Rochelle's total assessed valuation of $390,404,777.

If taxes were being levied on these properties, New Rochelle would receive an additional $41,216 to finance its essential services. The school district would receive an additional $68,334; and Westchester County would collect an added $18,700.

Similar losses of potential tax revenue due to ownership of property by foreign representatives are being felt in many other communities as well. Eight homes in Mount Vernon owned by representatives of foreign countries will cost that city $30,400 in lost revenues this year, and the town of Mamaroneck will lose $19,230 because of the two properties owned by foreign governments exempted from its tax roles. The village of Pelham gains no tax revenues from $73,550 of assessed property within its borders because of ownership by foreign governments.

This legislation would allow for communities like New Rochelle, Pelham, Mount Vernon, and Mamaroneck to be reimbursed by the Secretary of the Treasury an equal amount of the real property tax revenue that the community would have received during the previous calendar year had these taxes been collected.

In these inflationary times, it is very difficult for local units of government, many of which are experiencing declining tax bases, to pay the cost of services rendered to tax-exempt representatives of foreign governments. The Federal Government has provided this tax-free privilege to foreign representatives and should assist communities in supporting services to these people.●

THE 63D ANNIVERSARY OF THE FOUNDING OF THE BYELORUSSIAN DEMOCRATIC REPUBLIC

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BRODHEAD. Mr. Speaker, today marks the 63d anniversary of the founding of the Byelorussian Democratic Republic. I join with my colleagues in commemorating this day, which is of such great importance to my constituents of Byelorussian descent and others around the world.

The Soviet aggression against Byelorussia in 1918 has been mirrored many times since. It is ironic that the Soviet troops poised to thwart the Polish people's quest for freedom are on land which was captured from Byelorussia. The Polish crisis has been a powerful reminder of the fact that only a small percentage of the world's population enjoys the kind of freedom that exists in America. As Americans cherish freedom, we must also support the efforts of those less fortunate who wish to obtain its blessings.

The Byelorussian Democratic Republic was formed on March 25, 1918. The brief period of freedom before the occupation of Byelorussia by the Soviet Red army remains in the hearts of those who love and cherish Byelorussia. These people have not given up hope that their country will once again be restored its freedom.

The United States remains one of the few nations on Earth where one's cultural heritage may be openly embraced and practiced from generation to generation. At a time when world events renew the threat of oppression around the world, it is particularly important that we speak out for a free Byelorussia.●

PRINCETON PRESIDENT SPEAKS TO NATIONAL NEED

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. SIMON. Mr. Speaker, one of the distinguished leaders in the field of education in the United States is Dr. William G. Bowen, the president of Princeton University.

Recently, he spoke to the Princeton Club of Washington about the status of higher education and some of the problems confronting it.

In his remarks he quotes a Princeton alumnus, Dr. William O. Baker, former president of Bell Laboratories, as saying, "Talent is the basis for our whole national treasure."

I hope that in the rush to save some dollars, we do not erode this fundamental national treasure.

I hope my colleagues in the House and Senate will take the time to read the remarks of President Bowen.

REMARKS OF WILLIAM G. BOWEN, PRESIDENT, PRINCETON UNIVERSITY

I am very pleased to be here today and to have this opportunity to join with so many of our alumni in honoring those Princetonians who serve this nation so well as members of the Congress.

These are interesting—challenging—times for all of us, and certainly for those with direct and immediate responsibility for determining national priorities.

We meet today—through no prior arrangement on my part, needless to say—in the immediate aftermath of an announcement of the most sweeping budget-cutting intentions ever placed before the Congress. Some of the issues raised are so important for higher education, for the purposes Princeton serves, that I hope you will allow me to comment on two areas of particular concern: research and student aid. It has not been my practice to use these occasions to discuss pending legislative issues, but I depart from past practice today in the hope of encouraging all of us to think together about longer-term objectives held in common by universities, the government, and the society.

Reducing the rate of inflation and improving the overall performance of the economy are plainly important goals for the universities as well as for the society at large. Indeed, given their "handicraft" nature (with the emphasis at Princeton, for example, on the senior thesis, precepts, and supervised independent work at graduate and undergraduate levels), universities have been especially vulnerable to the inflationary pressures of recent years; thus, they have a direct institutional stake in the success of efforts to reduce the rate at which prices rise. Of course, there will continue to be lively debate among economists as to the right set of fiscal and monetary policies. (A distinguished economist, now himself out of favor, once said: "Only one man in a thousand understands the currency question, and I meet him every day.") There is, nonetheless, widespread agreement that reductions in Federal expenditures can help, and if a major effort is to be made to reduce

spending, it seems clear to me that there shold be no sacred cows: programs affecting every sector, including higher education, should be scrutinized carefully. It will not do to say: "Leave us alone; cut everyone but us."

As many of you know, we have worked hard, and successfully, at Princeton to balance our own budget, and I know from our experience both how painful it is to achieve reductions and how important it is to be prepared to cut selectively.

In Washington, as at Princeton, it is necessary to make the most careful choices in deciding which programs to terminate or cut back. It seems to me essential that immediate pressures for instant savings not lead inadvertently to the sacrifice of long-term goals critical to both the material and spiritual health of our society.

In the area of research, for example, it is important to understand the integral role that science and technology play in increasing productivity and the extent to which so many questions facing our society have scientific dimensions. For these reasons, among others, there is much to be said for having an eminently qualified science adviser in the White House. We should also remind ourselves of the contributions that can be made by scholars and advanced students in the humanities, the arts, and the social sciences. While economic circumstances may well require reductions in federal spending in these areas (and I believe that there are savings to be achieved), the ways in which this is done will matter greatly.

Within science and engineering, and in the spirit of being clear about priorities and being willing to make choices, let me stress the importance of distinguishing between basic and applied research—and then recognizing the more fundamental role of government in supporting the former. I believe it makes good sense to rely heavily on private companies to finance research at the applied end of the spectrum. In my view, lagging productivity has been—is—a major part of this country's economic problem; accordingly, new ideas and the capital expenditures needed to translate ideas into improved living standards should be encouraged within the private sector.

Of course, applied research grows from the seeds planted by basic research. And individual companies and industries, however generously motivated, cannot be expected to pay fully for research which by its nature can lead in unpredictable directions and which, if successful, almost certainly will bestow benefits so widely that no one firm or group of firms can capture them entirely for private uses. This simple rationale—the presence of what the economist calls "spillover benefits"—means that profit-making enterprises cannot be expected to replace government as sources of support for most research at the "basic" end of the spectrum. Our future welfare depends critically on the ever-changing base of knowledge created, as it were, for its own sake, and here government must continue to be an important partner in the national effort.

Unfortunately, the environment for basic research in universities has been weakened by inadequate support for, among other things, facilities and equipment. Thus, I am particularly distressed by one of the smallest "savings" included in the most recent budget proposals—namely deferral of a $75 million program within the National Science Foundation for the upgrading of major research laboratories. These laboratories have fallen far behind the state-of-the-art, and one recent study showed that equipment in university laboratories is now, on average, twice as old as equipment in industrial laboratories. I do not believe that failure to spend relatively modest amounts of money here is a real "saving" at all: on the contrary, I think the result will be further damage to research and training efforts vital to long-term increases in productivity.

One of the great benefits of conducting research in the university environment is that advanced students can simultaneously receive training and contribute their own fresh perspectives to the research enterprise. For almost 30 years, a major expression of this nation's commitment to future scientific leadership has been the merit-based, portable fellowship program of the National Science Foundation that has attracted—and then supported—some of the best young scientific talent in the world. This does not seem to me to be the place, among all places within the educational sector, in which it is wise to seek dramatic economies; thus, I hope the Congress will think hard about the implications of terminating this most successful program before acting on the request of the Administration that no new NSF Fellowships be awarded.

A less obvious, but perhaps significant, observation is that the community of basic research scholars constitutes a vital national resource for purposes of defense, as the experience of World War II dramatized so vividly. With the memory of radar and other war-time contributions fresh in mind, much support of basic research in the post-war period was clearly meant to conserve and strengthen this national resource. In current discussions of defense, these considerations seem to have faded somewhat; they should not. Nor can we afford, as a nation, to neglect teaching and scholarship in such fields as Near Eastern and East Asian studies.

Much as the United States has benefited historically from an educational system unmatched anywhere, our future will depend even more on creativity and trained intelligence. The field of communications, electronics, and computers offers one particularly dramatic illustration of this point, as Dr. William O. Baker, 39, a Trustee of Princeton and former President of Bell Laboratories, testified before a Congressional committee.

"Talent is the basis for our whole national treasure here. Although materials are vital for the structure of some of the machines, in general the work is characterized by its complete dependence on human talent. There are no oil wells, there are no grainfields, and there are no mineral resources in this field. It is a creation of human imagination and human vision."

If basic research represents a long-term investment in new ideas, student aid is a long-term investment in the human capital of the country—in the individuals who in their turn will provide the leadership, and the citizenship, on which the country must always depend. Current discussion focuses, understandably, on specific program elements. Each component of financial aid should be seen, however, as part of an integrated whole that has been built carefully, with bi-partisan support in successive administrations and successive Congresses, to achieve what are truly national objectives. As we seek to address weaknesses in elements of this financial aid structure, to set sharper priorities, and to correct abuses, we must remember why these programs of student assistance came into being in the first place.

The present combination of Pell Grants (named appropriately in honor of our distinguished alumnus who has done so much to build these programs), Supplementary Grants (which aid needy students at more expensive institutions), work-study programs, federal loan programs, State scholarship programs, and substantial programs of financial aid provided by individual colleges and universities, has been designed to assist students at various income levels to obtain access to educational opportunities that otherwise would be beyond their reach financially—to make it feasible for students from all economic backgrounds to attend the full array of private and public colleges and universities, including the more expensive ones. One result has been the achievement of a diversity of student backgrounds and perspectives that has been extremely valuable educationally as well as consistent with basic principles of equal opportunity—principles that must be given expression within the educational sector if they are to have meaning elsewhere in American society.

It would be short-sighted in the extreme to waste our most precious resources by in effect denying educational opportunity to talented young people who ask only the chance to develop their full potential. It would be contrary to the national interest to begin re-segregating major universities on the basis of financial means. And it would be very unwise, in my judgment, to disturb a rather careful balance that has been created between the complementary needs of the private and public sectors—especially as we move through a 15-year period when demographic trends are almost certain to create serious new stresses within all of higher education.

Fortunately, there seems to be broad agreement on these general propositions. I hope we shall have the wisdom—and the will—to translate them into sound legislative and administration decisions.

With regard to specific programs, let me begin by noting one area in which I believe savings can be achieved, consistent with basic principles of equity. Consideration should be given, in my view, to elimination of the educational benefits provided to college students under Social Security. These benefits are provided irrespective of financial need, and thus in some cases are provided to students otherwise able to meet their college cost. In many other cases, of course, these benefits are meeting real needs, but those needs can continue to be met through reaffirmation and extension of the government's commitment to need-base grant, loan, and work-study programs.

On my own scale of priorities, some of the changes in the Pell Grants suggested thus far, such as requiring a self-help contribution and looking afresh at the formula for determining the parental contribution also seem less damaging to long-term objectives than other kinds of cut-backs one might envision in this extremely valuable program. It should be recognized, however, that if the full range of proposals were adopted, some 600,000 currently eligible students could be removed from the program next year. Of even more immediate concern is the fact that a substantial supplemental appropriation will be necessary this year if the maximum grants under this program is not to decline precipitously from its intended level of $1,800 to something in the range of $1,200.

The loan programs, and the changes proposed in them, raise more complex questions that cannot discussed in full detail in the time we have together today. But I do want to suggest some priorities and principles for consideration.

The Guaranteed Student Loan program (GSL) is very important. If we are to expect each student to contribute to his or her own educational costs, it is essential that well conceived and well administered loan programs be available.

There is a compelling reason for governmental involvement in this particular type of loan program, in contrast with many other situations in which the government guarantees loans for commodities or business purposes of one kind or another. Put simply, when students seek loans for educational purposes, they have no collateral to offer; it is their human capital that is being augmented, but we do not, for excellent reasons, allow individuals to sell themselves or enter indentured servant status. This basic characteristic, so fundamental that it is often overlooked, explains why private capital markets cannot be expected to provide the requisite loan funds for students.

It does seem justifiable, however, to have different terms for different groups of borrowers. On the one hand, it seems proper—indeed important, from the standpoint of assisting needy students to borrow—that students with demonstrated need who simply must incur debt to meet educational costs not be asked to pay interest or accumulate interest obligations while in school. (To illustrate the importance of this provision, without the in-school subsidy the total cost of a Princeton undergraduate education would be increased by some $2,700 for a needy student borrowing under the GSL program, and this would be on top of an already substantial loan burden and an obligation to contribute both term-time and summer earnings. The impact on graduate students would be even greater.)

But considerable savings could be achieved if the in-school subsidy were restricted to need and eliminated for others who borrow to solve problems of liquidity or to extend payments into their working lifetimes. This latter group of students could be called upon to assume responsibility for interest charges incurred while in college. And it may well be right to allow interest charges for this group of borrowers, as well as for parents, to be set at some reasonable approximation of the market rate. I agree that it is hard to justify allowing individuals with adequate incomes to borrow at artifically low rates—especially when money markets make it possible for some to re-invest the loan proceeds so as to profit personally. There is no way to know how many students are in fact abusing the current program; certainly in our experience most students borrow reluctantly and for entirely legitimate purposes. In any event, allowing interest rates for borrowers above the strictly defined need level to reflect the cost of money more accurately would remove the possibility of abuse and also reduce considerably the cost of the program.

It is essential, however, that access to capital, under nonsubsidized terms, be maintained for students and parents (including those who have incomes well above normal notions of "need") who simply must borrow if they are to spread the costs of educational investments over reasonable periods of time. I know students at Princeton whose families simply could not meet expected family contributions without acccess to Guaranteed Student Loan programs, including some who have one or two brothers or sisters simultaneously going to college. It is difficult for me to believe that we want to discourage this form of investment.

I have been asked repeatedly if the Princeton student body will not become polarized between the very rich and those whose incomes are low enough to qualify for financial aid. So far, this has not happened. Students from families at all income levels are well represented at Princeton, but this has been possible—and will continue to be possible—only through access to loan programs that allow middle income families to invest in the education of their children—and that allow those students whose parents cannot or will not help them (for whatever reasons) to invest in themselves.

Why do those of us at Princeton care so much about all of this? Because of our conviction that the education we offer, and the research done by our faculty, make a difference—a most significant difference—to the life of this country. As Marvin Bressler, Professor of Sociology at Princeton has observed, Princeton has always believed that education is both a private treasure and a public resource. This year, eight seniors at Princeton won either a Rhodes or a Marshall Scholarship to study in England—out of a total of only 62 such awards nationwide. All eight have been receiving scholarships or financial aid in some form at Princeton—and I have no doubt that all eight will repay those investments many times over. It is up to all of us, both individually and through our government, to see that future generations of young people have the same opportunities. And it is up to us, too, to see that the universities in this country, including Princeton, continue to be the home of ideas—that Val Fitch, in our Physics Department, who won the Nobel Prize this year, will be but one more in a continuing stream of faculty whose insights and vision deepen our understanding of the world and our place within it.

To the many practical arguments for the support of research and education, let me add, in closing, what I believe to be a still more fundamental proposition. I shall use the words of this year's winner of the Woodrow Wilson Prize, Lewis Thomas '33, Chancellor of the Memorial Sloan-Kettering Cancer Center in New York. Dr. Thomas observed:

"As long as we are bewildered by the mystery of ourselves, and confused by the strangeness of our uncomfortable connection to all the rest of life, and dumb-founded by the inscrutability of our own minds, we cannot be said to be healthy animals in today's world.

"We need to know more . . . not for [the sake of] technology, not for leisure, not even for health or longevity, but for the hope of wisdom which our kind of culture must acquire for its survival."

It is this conception of the role of learning that speaks to many of us at deeper levels. For me, at least, it is compelling.●

MARTIN BOULEVARD SCHOOL JOURNEY TO WASHINGTON

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. LONG of Maryland. Mr. Speaker, on Thursday, March 26, 1981, 71 boys and girls from the Martin Boulevard Elementary School in Baltimore, Md., will journey to Washington to augment their studies of American Government with a first-hand look at their Nation's Capitol.

These students, led by Marilyn Runge, Shirley Cotton, Constance Barnes, Betty Cooper, Jancie Twigg, Muriel Holt, Deborah Carre, Michael Smith, Linda Bradds, Jett Davis, Mary Feist, Rose Leavel, Barbara Prescimone, James Richey, Deborah Watson, Lucille Johnson, Bernice Cyr, Kathleen Dumer, and Bunny Terrill will tour the Capitol Building and then meet with Congressman CLARENCE LONG. After that they will conclude their day's activities by visiting the Smithsonian.

I look forward to meeting with these students, their teachers, and parents to discuss with them the legislative process, and their questions about national issues. I am delighted that they are taking the opportunity to expand on their classroom learning.

The students who will visit us Thursday include:

Chong S. Kim, Marrie Lindermuth, Lisa Mangum, Marchelle Packer, Stacey Rawlings, Frances Sturgis, Tom Feist, Robert Leavel, Patrick Jacobson, Song U. Moon, Tommy Pfarr, Michael Poore, Davis Snyder, Chris Stuller, Eugene Van Pelt, Michael Whittington, Tammy Bloom, and Lendra Bowers.

Thomas Knowlton, James Shaw, Joe Barron, Gina Rappazzo, Shawn Taylor, Dancie Williams, Steve Pelekakis, Kelly Fike, Robin Hartly, Wendie Cyr, Robert Bowman, Mary Jackson, Nona Mae Shepherd, Rerri Britton, Kirsten Dumer, Valerie Shaub, Matt Terrill, and Kevin Zerkle.

Anthony Calo, Mark Booker, William Byard, Michael Caldwell, Robert Carre, Eric Cooper, Anthony Edgar, John Hauer, James Orndoff, Stewart Payne, Michael Smith, Christopher Twigg, Jerry Wanless, Dorne Beverly, Debra Brandt, Letitia Clark, Kimberly Hill, and Chantel Johnson.

Kim Bradds, Sandra Bradfield, Felicia Bromer, Deanna Brotzman, Susan Davis, Dareen Hart, Angela Elder, Leann Lipscomb, Anita Richey, Karen Steinacker, Tina Truett, Alicia Wilder, Julia Parry-Hill, Mike Bruce, Tracey West, Frank Seitz, and Linda Anshel.●

SOVIET PROPAGANDA: THE BIG—AND SMALL—LIE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. MICHEL. Mr. Speaker, we are losing the war of ideas.

That is just not my view. It is the considered judgment of experts in the field and the position President Reagan took during his 1980 campaign. Beginning today I am going to insert in the RECORD articles and documents which show how we are losing this war. Our overseas information

program is underfunded, lacks sophisticated technology, and, most important, is not understood by the Congress. I hope to bring to the attention of the Congress and the administration the need for an increased and effective overseas information program.

The International Communications Agency and the Board for International Broadcasting are our best weapons in this war of ideas.

For the moment, however, I want to show how the Communists are using disinformation, that is, false information given to Western journalists to achieve some desirable end for Communist propaganda. Cord Meyer recently wrote a column about this disinformation. It is a chilling and terrifying story of the ease with which the Communists and their ideological allies manipulate the media.

I insert "The Soviet Propaganda Offensive" by Cord Meyer, the Washington Star, March 21, 1981, in the RECORD:

THE SOVIET PROPAGANDA OFFENSIVE

A courageous revelation in Moscow and new evidence of Marxist infiltration of the Roman Catholic Church in El Salvador are current reminders of the Kremlin's persistence in attempting to mislead and manipulate public opinion at home and abroad.

While the best-selling novel *The Spike* is an overblown dramatization of the danger of this Russian disinformation campaign, there is not doubt that in the real world the Soviets succeed more often than the Western press would like to admit in distorting the news.

If it had not been for the extraordinary courage of the Russian ballet dancer, Yuri Stepanov, the only available account of his reasons for returning to Russia after a two-month defection to the U.S. would have been the Izvestia interview with him in Moscow after his return.

Trying to discourage future defections, Izvestia quoted Stepanov as finding the U.S. a "nightmare" of violence and as outraged by CIA attempts to coerce him into spying. Shocked by this complete distortion of the facts, Stepanov, at great personal risk, sought out American correspondents in Moscow to explain that he has the most friendly feelings toward the U.S. and only returned to Russia because of concern for his wife's welfare.

Recalling that the KGB had threatened to break his legs if he did not keep silent, the dancer explained that he had to speak out to correct the record and concluded, "it is a question of honor." Stepanov's personal integrity has put a spike in the wheels of Moscow's mighty disinformation machine.

MARXISTS IN EL SALVADOR

Meanwhile, in a much more complex and damaging disinformation operation, there is now evidence that the Marxists have succeeded in infiltrating and winning over influential elements within the Catholic hierarchy in El Salvador, including Jesuit priests and lay workers. According to a recent report from the U.S. Embassy in San Salvador, Archbishop Arturo Rivera has reluctantly concluded that he has to remove from his Catholic organization radical priests and laymen who are actively supporting the communist guerrillas.

In his first move, the archbishop has fired the Salvadoran staff of the Catholic relief organization, Caritas, for complicity in hiding arms caches for the guerrillas in church refugee camps. Although proceeding cautiously because of threats to his life, Rivera is determined to weed out communist sympathizers in the Catholic radio station and newspaper who have astutely tilted their reporting in favor of the guerrilla cause.

While declaring the Church neutral in the political struggle and condemning the right-wing terror, Rivera has lent his full support to President Duarte's land reform and stated that the guerrillas "have made violence and loyalty to Marxism their watchword, and because of that the majority have turned their backs on them."

In his increasingly outspoken criticism of communist tactics, the redoubtable archbishop has staked out a position that contrasts with the stance of American Catholic bishops. In view of Rivera's conviction that the Salvadoran Church itself has been infiltrated, the American hierarchy might want to take a close look at their reporting from Church sources in San Salvador. They may be victims of a very sophisticated disinformation campaign.

As the recent unhappy experience of The New York Times demonstrates, even the most prestigious American newspapers are not immune to occasional deceptions perpetrated against them. In her column on the op-ed page of the Times on March 6, Flora Lewis quoted at length and approvingly from what she described as a "dissent paper" drawn up by people from the NSC, the State and Defense Departments and the CIA, dated Nov. 6, '80. She stated that this document "has been circulated in the manner prescribed when a policy has been established but serious doubts remain among an important group of knowledgeable officers."

A "SPURIOUS" DOCUMENT

She urged the Reagan administration to heed the call of the authors of this document for immediate negotiations with the communist guerrillas, but unfortunately the authors could not be found and no such official dissent paper existed. As certified by the State Department, the document she quoted was "spurious" and the authors of this fabrication have preserved their anonymity.

On March 7, the Times tried to explain that Miss Lewis had received the document from a news source she considered reliable and Miss Lewis in a subsequent column admitted her mistake. But the damage had been done and Castro will exploit the original column throughout the hemisphere to prove the U.S. government is deeply split.

There is no evidence that the Soviets or Cubans had anything to do with this ingenious hoax but domestic practitioners of the black art of disinformation have learned lessons from them. U.S. editors need to maintain the healthy skepticism that is the saving grace of journalism.●

THE NEED FOR GREATER SAVINGS INCENTIVES

HON. DAVE DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. DREIER. Mr. Speaker, while many factors have led to our Nation's current economic hardships, one of the most significant is that Americans are simply not saving. As long as individuals continue to opt for consumption over saving, a serious shortage of available capital, high-interest rates, and low growth and productivity will grip the Nation.

The savings rate in the United States is dangerously low. In 1980, while the average Canadian worker saved 10.2 percent of his net disposable income and the average West German saved 14.1 percent, the average American saved only 5.7 percent.

A primary reason for this disparity is the American tax code that encourages borrowing and consumption but discourages saving. Our tax laws allow a deduction for interest paid on consumer loans, yet, at the same time subject interest earned from savings to tax rates as high as 70 percent.

Refining this aspect of our tax code becomes even more crucial in light of President Reagan's program for economic recovery. In my view, the President's proposal represents the most viable means offered to date for attacking the economic ills which plague our Nation. The President's plan is designed to leave a greater portion of after-tax income in American pocketbooks. It is imperative that we take steps to insure that individuals will save a substantial amount of that capital in an interest bearing account or invest those funds in corporate stocks.

While Congress has granted a temporary exclusion of $200—$400 for joint returns—for certain dividend and interest income, it is essential that we do much more to overcome the heavy bias against saving and investment inherent in our present tax system. For this reason, I am introducing legislation to provide a permanent exclusion for interest and dividend income of $750 for individuals and $1,500 for joint returns.

The more Americans save, the more resources we will have available for the capital formation needed to insure economic growth and prosperity. Furthermore, a capital-enriched economy will once again enable the United States to compete successfully with other industrialized nations in world markets. It is interesting to note that the Governments of West Germany, France, Canada, and Japan have all adopted saving-oriented tax policies, and all have reaped extensive benefits.

I firmly believe that the Congress must begin at once to create incentives to bring about a significant expansion in household savings. I urge my colleagues to join me by cosponsoring the legislation I have introduced to create a permanent exclusion for dividend and interest income of $750 for individuals and $1,500 for persons filing jointly. Given the proper tax climate, I am confident that the American public will once again save and invest

a much larger portion of their income, thus taking a giant step toward economic recovery.●

TRIBUTE TO THE LATE WILLIAM PETSCHEK

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. OTTINGER. Mr. Speaker, on Friday, March 27, 1981, an important event in the life of the Jewish Community Center of White Plains, N.Y., will occur when a dedication service is held to honor the late William Petschek, a devoted congregent for 37 years and an active member of his community. The temple will dedicate its lounge in William Petschek's memory, and I am pleased to be a part of this event.

William Petschek was born in Czechoslovakia and came to the United States in 1941 to live in Scarsdale, N.Y., until his death last year. He and his family are well known for their dedication to their community and their philanthropic gifts to many organizations. William's oldest nephew, Charles Petschek, has been active in the Jewish Community Center serving as a member of its board of trustees and as treasurer and vice president.

The contributions made to Westchester by the Petschek family are indeed impressive and I commend the Jewish Community Center of White Plains for dedicating its lounge to William Petschek's memory.●

BLUEPRINT FOR A HOUSE THAT WORKS—PART IV

HON. TRENT LOTT

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. LOTT. Mr. Speaker, the distinguished chairman of the House Judiciary Committee, the gentleman from New Jersey (Mr. RODINO), recently wrote a guest column for the Washington Star which I think merits the attention of all Members for what it says about the state of disrepair into which this House has fallen.

After lamenting the fact that it is difficult to get anyone to serve on his Judiciary Committee anymore due to its high-controversy, low-pork barrel potential, Mr. RODINO discusses some of the larger problems which confront this institution today. He suggests that we may have gone too far with some of the reforms of the last decade. Speaking of the prereform era, he says, "The old system was branded unfair and autocratic. Whatever its drawbacks, it has merits."

He goes on to suggest that one of our main problems may be that our committees and subcommittees are no longer representative of the House. To quote from his column:

We also need to try to bring about philosophical and geographical balance in the committees so that each body, ideally, would be a microcosm of the House itself. This would certainly help refine and temper legislation before it reached the House floor, and, wonder of wonders, perhaps make debate there more constructive and less partisan. And it might even, in time, raise Congress' ranking in public confidence near that of journalists, or used-car salesmen or economists.

Chairman RODINO takes a dim view of the recent proliferation of subcommittees, now at over 150, and their impact on the legislative process. In his words:

If the trend is not reversed, the day is not far off when every majority member will head a subcommittee. Then we will have no leadership—and no "followership." Everybody will be a boss.

Finally, he discusses the problems of scheduling committee meetings and hearings and the conflicts with conducting floor business, suggesting there must be a better way to get our work done, uninterrupted. And he concludes:

With these modest proposals for reforms of the reforms that I suggest, a better-crafted legislative product would reach the House floor for more thoughtful and informed debate and decision.

Mr. Speaker, I find myself in agreement with many of Chairman RODINO's observations and suggestions. In fact, in offering my Committee Improvement Amendments of 1981, House Resolution 100, I offered a very similar critique of a House that is not working anymore and suggested we needed a blueprint for a House that works. Among other things, my seven amendments to the House rules as they pertain to committees would, as Chairman RODINO has suggested, make our committees and subcommittees more representative of the House as a whole by mandating that party ratios on committees and subcommittees be the same as the House. And, in response to the problem of too many subcommittees, I have offered a rule change that would limit all committees, except Appropriations, to no more than six subcommittees, and all Members to no more than four subcommittee assignments.

To further enhance the goal of quality and representative legislating in our committees and subcommittees, I have proposed that we abolish proxy voting and the one-third quorum rule for marking up legislation, restoring the old majority quorum requirement for transacting any business.

My committee improvements package would also help to reduce the workload and duplication of effort in committees by abolishing the practice of jointly referring bills to more than one committee, while retaining split and sequential referrals.

Finally, my proposals would require the House to vote on an overall committee staff ceiling at the beginning of each year to enable us to retain control over that explosive problem. And House oversight procedures would be strengthened by requiring formal committee adoption of oversight agendas at the beginning of each Congress and House adoption of a consolidated oversight agenda, subject only to amendments from the Government Operations Committee and the majority and minority leaders.

I would urge my colleagues to join in cosponsoring House Resolution 100 when I reintroduce it on April 15, and direct their attention to my introductory remarks at page 3545 of the March 4 RECORD.

At this point in the RECORD, Mr. Speaker, I include the column by Chairman RODINO and commend it to the reading of my colleagues. The column follows:

[From the Washington Star, Mar. 19, 1981]

THAT OLD JUDICIARY JUST AIN'T WHAT SHE USED TO BE

(By PETER W. RODINO, JR.)

During most of my 32 years in the House of Representatives a seat on the Judiciary Committee was coveted almost as much as a run for reelection unopposed. I know that I had to wait in line to get to join the committee. (I must confess that I still yearn for reelection unopposed.)

But, among members of my party, that desire no longer flames. The truth be known, a Judiciary seat today is about as attractive to a member as the prospect of closing National Airport.

This development is, I guess, understandable. But it is also regrettable. For difficult legal and constitutional issues are on our committee's schedule. Their resolution will require dispassionate and even-handed consideration. It will not be easy. We have a nucleus of battle-tough veterans, along with some willing recruits to help in these decisions. But I do wish we had greater numbers. Today's politics make that impossible.

The current committee is composed of 28 members, 16 Democrats and 12 Republicans. Frankly, we encountered difficulty getting 16.

Through the 1950s and '60s—and as recently as six years ago, when the committee comprised 38 members—we had to turn away applicants. Judiciary was considered a choice and prestigious panel. Members were eager to deal with the great and difficult issues of national moment. We were writing history, and many wanted a hand in the writing.

TOO RISKY

The issues today are no less momentous. The great legislative and policy battles are not behind us. But nowadays membership on the committee is considered by too many too risky.

There are a couple reasons, I think, for this attitude. Foremost, of course, is the rise in truculence and power of the single-issue pressure groups. They can intimidate. One opposes them at one's peril. Consequently, many House members—no matter their con-

viction—are loath to be on the cutting edge of opposition to these single-minded groups. There is no political mileage in such a stance. Several new members have told me that they would have liked to have served on Judiciary, but that the social issues that will be before us for decision are so volatile that to take a single "wrong" stand or to cast one "wrong" vote is to invite defeat at the polls.

EMOTIONS RUNNING HIGH

This is not to imply that these groups don't deserve or won't get a fair hearing. These are difficult issues—school busing, school prayer, abortion—on which emotions run high on all sides, and on which the law and the Constitution are not precise. There are rational arguments on all sides. Honest debate and thoughtful decision must and will proceed even in the face of the threat of well-financed retribution against those who might go "wrong."

Another reason that Judiciary is no plum is the fact, to put it bluntly, that we have no money to spread around. No grants. No loans. No loan guarantees. No subsidies. It is not surprising, therefore, that, concurrent with the shrinking of Judiciary, the size of the committees with the cash has grown immensely. A spot on these panels permits a member to be hardly visible in controversy—while conspicuously dealing out federal dollars to grateful constituencies. It is a comfortable condition.

It is not at all nostalgic for me to wish that we might return to some of the procedures and reasoning prevailing before the House reforms of 1974. The old system was branded unfair and autocratic. Whatever its drawbacks, it had merits.

Now, I believe in accommodation. But accommodation should not be overriding. It seems to me that our steering and policy group, which now makes the committee assignments, should keep in mind a larger good than that of the member in its decisions. It now appears that it lets a member pick and choose his or her committee. Instead, it should, as was the practice in the past, assess the expertise and qualifications of new members and assign them where they could best contribute, even if that assignment were not the choice of the member.

I have been dwelling on the problems that politics and the assignment system have created for the Judiciary Committee. But others, Veterans Affairs and the District of Columbia panels, for instance, are beginning to experience the same difficulties. Few members have any interest in serving on them, and the method of assignments lets them go elsewhere.

MICROCOSM

We also need to try to bring about philosophical and geographical balance in the committees so that each body, ideally, would be a microcosm of the House itself. This would certainly help refine and temper legislation before it reached the House floor and, wonder of wonders, perhaps make debate there more constructive and less partisan. And it might even, in time, raise Congress' ranking in public confidence near that of journalists, or used-car salesmen—or economists.

Some uniformity should also be brought to the standing committees. If all the major ones were relatively the same size, we might begin to control the proliferation of subcommittees. They have been sprouting like, I suppose it is fashionalbe to say, government regulations. There are more than 150 subcommittees. There were 210 separate legislative entities in the House last year. If the trend is not reversed, the day is not far off when every majority member will head a subcommittee. Then we will have no leadership—and no "followership." Everybody will be a boss.

Other changes must be made if we are ever to regain the image of the House as a deliberative body. We have become mired in minutia, in capricious quorum calls and roll-call votes on trivial issues. Members now demand roll-call votes on routine approval of the journal of the previous day's business of the House. This practice, I might add, knows no ideology. The result is that consideration of important matters is continually interrupted and delayed, and issues of great urgency are not adequately debated.

Surely we could better schedule our time, so the entire House could sit to debate and vote on certain days of a week or month, free of committee duties, while at other times the committees could conduct hearings and draft laws without interruption by quorum calls or roll calls. This arrangement could be of great importance today, because we face not only tough social issues that will require calm decision, but also the very unusual remedies the president is proposing for our economic ills.

The hour is probably too late for a change that would have immediate effect. But issues of great national import will always be there. With these modest proposals for reforms of the reforms that I suggest, a better-crafted legislative product would reach the House floor for more thoughtful and informed debate and decision.

And then we might more nearly fulfill the obligation of the complete representative described by Edmund Burke: "Your representative owes you, not his industry only, but his judgment; and he betrays instead of serving you if he sacrifices it to your opinion."●

THE SISTERS OF NOTRE DAME DE NAMUR

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. STARK. Mr. Speaker, I would like to take this opportunity to pay tribute to the Sisters of Notre Dame de Namur, who, on the 28th of March, will celebrate 100 years of teaching the young people of the Ninth Congressional District of California.

On March 27, 1881, a convent and school were dedicated on the corner of San Jose and Lafayette Avenues in Alameda, Calif. Since that time, the Sisters of Notre Dame have been teaching both primary and secondary levels of students from Alameda, Oakland, San Leandro, San Lorenzo, and Hayward.

Their high standards of education and moral values have contributed much to the community of Alameda, the surrounding cities, the State and the Nation. The educational excellence provided by the Sisters of Notre Dame has become world renowned, drawing students from all over the world.

It is with great pride and admiration that I send my congratulations to the Order of the Sisters of Notre Dame de Namur and with hope and praise that I wish them 100 more years of devoted service.●

USO—JIMMY DOOLITTLE NIGHT

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. MOORHEAD. Mr. Speaker, on the evening of April 27, the Los Angeles chapter of the USO will present its fifth annual Distinguished American Award to Gen. James H. "Jimmy" Doolittle.

Previous recipients of this very fine award were Rabbi Edgar F. Magnin, former President Gerald Ford, Bob Hope, and Gen. Omar Bradley. The addition of General Doolittle to this four-star group makes it a five-star cluster of unique distinction.

As most Americans are aware, General Doolittle's life epitomizes the concept of giving to one's country above and beyond the call of duty. It was just over 39 years ago, on April 18, 1942, that Jimmy Doolittle led a daring bombing raid over Tokyo. This celebrated mission gave all Americans a timely and needed boost in morale and turned General Doolittle into an instant and enduring American hero.

The Los Angeles area chapter of the USO is honoring General Doolittle because he has been an active supporter of the USO since it began operations in this home State of California in 1941. Both the man and the organization have had similar aims since the early 1940's. Both have given much to the men and women of the American military. Both have served the needs of their country and both have added luster to the ideal of patriotism.

As part of the USO's 40th anniversary celebration, it is fitting that the Hollywood USO should gather to observe the evening of April, 27, 1981, as "USO—Jimmy Doolittle Night." It is an honor for me to bring this special event to the attention of my colleagues.●

NATIONAL DEFENSE AND SYNTHETIC FUELS FROM COAL

HON. CHARLES WILSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. WILSON. Mr. Speaker, the present administration has requested an increase in defense spending for fiscal year 1982 with the promise of increasingly higher appropriations in subsequent years.

I support the President's request in full. Our national defense is of major concern to me and to my constituents. However, in the interest of that concern, I must question another defense-related proposal from the administration.

The President has requested termination of major Department of Energy demonstration projects that would provide us with synthetic fuels from coal, our most abundant resource. Energy production and the defense of our country go hand in hand. We cannot have an effective defense network without the fuel to make it run. And so it strikes me as more than a little ironic that, as we increase the Pentagon budget by billions, we simultaneously decrease our defense capability by canceling our strongest domestic effort to become energy self-sufficient.

I would remind the administration and my colleagues who will vote on the Department of Energy funds for these demonstration projects of a report submitted to the previous administration in March 1979 that deals with the effects of oil imports on national security. The report's conclusion is that oil continues to be imported in such quantities and under such circumstances that it poses a real threat to the national security of this country. That threat comes from the economic repercussions that accompany larger and larger payments for imported oil as well as the increased dependence on a small number of foreign oil suppliers. Long lines at the gas station are bad enough, but imagine the even graver implications a serious drop in foreign oil supplies will have in terms of national security.

This interdependence between imported oil and national defense is not new. As far back as 1959, a special Presidential committee concluded that unless there were limits placed on the amount of imported oil, our mobilization base would be devastated.

Again in 1975, the Secretary of the Treasury considered all factors relevant to the defense of our country and found that oil imports threatened to impair national security. According to the 1975 report, it is imperative that we "wean ourselves away from dependence on imported oil, conserve our use of petroleum, promote the use of alternative sources of energy, and, at least in part, staunch the outflow of payments resulting from the purchase of this commodity."

Yet little effort was made to follow that sound advice. In 1979, we found that the Nation had increased its dependence on a small number of distant oil producing countries. In the early 1960's, Venezuela was the largest external supplier of oil to the United States. Later, Canada became a large supplier. However, imports from Venezuela declined sharply as a percentage of total imports and Canada adopted procedures which virtually phased out all light crude exports to the United States. As imports from these traditional Western Hemisphere suppliers have receded in siginficance, there has been a corresponding rise in the Nation's reliance on Eastern Hemisphere sources, particularly those of the Middle East.

In the next decade, the United States probably will continue to rely heavily on Mideast supply sources. At the same time, the political volatility of the Persian Gulf poses a greater threat than ever before to our supply lines from that region. Consider the fact that six of the Middle Eastern nation now supplying oil to the United States must ship it through the narrow and vulnerable Strait of Hormuz at the southern end of the Persian Gulf.

Moreover, oil production in the Middle East is subject to terrorist attack. The Central Intelligence Agency has stated:

> There is a high probability that acts of nature, human error, or deliberately targeted terrorist attack will interrupt the flow of oil in one or more of the oil exporting nations during the next several years. Interruptions of oil supply, owing to guerrilla operations, acts of terrorism, or acts of nature are not likely of themselves to be a magnitude and duration which would result in severe economic disruption of free world economies, though they could exert strong upward pressure on prices in a tight world oil market. Extensive terrorist actions against key oil storage and transportation facilities in the Persian Gulf could, in particular, significantly affect the market by substantially reducing oil supplies for the time required to put those facilities back into operation, which could be several months.

In short, the potential for an embargo or other interruption in our foreign oil supply has not decreased since the embargo of 1973. To the contrary, developments in Iran demonstrate that U.S. oil imports can be seriously affected by internal disruptions in a country even if it is not a primary supplier to the United States.

As we discuss the effects of importing nearly $90 billion worth of foreign oil annually, we should review the monetary repercussions of excessive dependence on imported oil. Our efforts to strengthen the dollar at home and abroad are hampered by that dependence. As the price of imported oil rises, inflationary pressures and inflationary expectations mount. Uncertainties about supplies and costs inhibit the domestic investment we need for noninflationary growth. There is no question that a reduction in oil imports will speed the growth of the U.S. economy, lower the inflation rate, and strengthen the dollar.

The development of synthetic fuels is critical to the energy independence of this country. We took the first step in 1979 when Congress approved funding for synfuel demonstration projects. These projects turn coal, our most abundant energy resource, into clean, environmentally safe energy for utilities, industries, and other consumers. One full-size synthetic fuels plant can produce the equivalent of 100,000 barrels of imported oil every day. The $90 billion we now send overseas for oil each year could be better spent at home. America would no longer have to worry about supply interruptions since the coal would be processed and used near its source.

We simply cannot terminate a program so important to our economy and our national security. I urge my colleagues to reinstate funding for these vital demonstration projects.●

IMPORT QUOTAS NOT NEEDED

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. FRENZEL. Mr. Speaker, in the Wall Street Journal of March 20, an article by Charles Elia makes the point that for the first time since 1978, U.S. car makers again have begun outselling the Japanese in the small car segment of the market. That market represents 60 percent of total unit sales in the United States.

Mr. Donald F. DeScenza, analyst at Donaldson, Lufkin & Jenrette is quoted as follows:

> If auto makers needed government protection they needed it one or two years ago. I think my analysis clearly indicates they don't need import quotas now. They are demonstrating that they can compete and recover market share.

The evidence is mounting against any import quotas. Milton Friedman and Joseph Kraft have joined a long list of experienced observers of the U.S. economic scene who believes, as I do, that import quotas are bad policy.

This most recent comment by Analyst DeScenza, a close observer of the economy car market claims quotas are unnecessary, too.

The article follows:

[From the Wall Street Journal, Mar. 20, 1981]

DETROIT'S ABILITY TO COMPETE WITH JAPANESE IS CONFIRMED BY SMALL-CAR SALES, ANALYST SAYS

(By Charles J. Elia)

The Reagan administration is wrestling with one of the weightiest trade questions of its young life—whether to seek some sort of import limitation on Japanese autos or to leave the auto trade unfettered.

That policy question is likely to be resolved in coming weeks. Meanwhile, a little-noticed phenomenon has occurred. For the first time since late 1978, U.S. car makers again have begun outselling the Japanese in the small-car segment of the market. This market sector represents nearly 60 percent

of the total unit sales of autos, including imports, in the U.S.

Donald F. DeScenza, analyst at Donaldson, Lufkin & Jenrette, has been closely tracking the economy-car sector in the belief that "when the full commitment is made to building a good-quality economy car, American producers are unqestionably able to design and mass produce fully competitive vehicles."

Mr. DeScenza believes the demonstrated success recently of such new entries as Ford's Escort and Lynx and Chrysler's K-body cars, as well as General Motor's Chevette and X-body cars last year, confirms Detroit's ability to compete head-on with the Japanese.

"If our auto makers needed government protection, they needed it one or two years ago," he says. "I think my analysis clearly indicates they don't need import quotas now. They're demonstrating that they can compete and recover market share." The analyst calculates that, in the current model year's first four months, U.S. built units boosted their share of the economy-car segment to 59.2 percent from 56.2 percent for all of the 1980 model year, and that imports, including U.S.-made Volkswagens, dropped to a 40.8 percent share from a 43.8 percent share.

Checking specifically on Japanese imports he found that the first five months of this model year the newest U.S.-built small cars took a 36.3 percent share, up from 31 percent in the year-before period. At the same time, Japanese sales were static at about 31 percent of the small-car market. Toyota and Datsun both lost ground, he says Subaru was about even, and only Mazda and Honda increased their shares.

"The old generation of American small cars still in production, such as Monza, Camaro, Mustang, Fairmont and Spirit, and some of the imported economy cars from Europe gave up the most ground," he says.

Although rebates on U.S. cars may have helped boost sales recently, Mr. DeScenza believes that a fundamental change is under way and that it first became evident with sales of Chevette and other new GM models last year. "The new generation of American-built small cars is recovering market share from Japanese imports more quickly than we had thought likely even two months ago," he says.

"The ostensible peaking of the Japanese penetration of the market can't be attributed to voluntary restraint on the part of the Japanese companies, because dealer inventories of cars from Japan were steadily increased between March 31 and Dec. 31. 1980."

Ford and Chrysler "are entirely responsible" for the reversal of the two-year loss of competitive positon in the small-car market, he says. Ford's newer entries helped it boost its small-car share to 18.7 percent in the first four months of this model year from 16.4 percent in the 1980 model year, he says. Chrysler's share rose to 10 percent from 7.4 percent

Mr. DeScenza says pressures for some accommodation by Japan will remain high because of job losses in the U.S. and the need for U.S. makers to maintain or increase their profitability on newer small cars.

But he also believes that Detroit's newfound ability to compete in this sector will increase as GM brings out its new J-line cars this spring and both GM and Ford expand their small-car capacity. He has been recommending GM as the industry's investment-grade stock and Ford as an attractive, more speculative, issue.

Estimate cuts by Morgan, Stanley & Co. helped trip up Honeywell and Digital Equipment yesterday. Honeywell closed at 102½, off 5¼, and Digital ended at 84⅛, off 2⅝.

Ulric Weil, of Morgan Stanley, reduced his first quarter estimate on Honeywell to $1.75 a share from $2; the year-before profit was $2.08. He left his full-year estimate unchanged at $12.50, adding that he doesn't think it's as assured as it had been, largely because of the possibly adverse impact of currency translation. He'd been recommending Honeywell but told clients yesterday, "I'd be cautious short term." Honeywell declined comment.

Mr. Weil also reduced his Digital Equipment estimate for the year ending June 30, 1982, to $7.50–$7.65 a share from $8. He left his fiscal 1981 estimate unchanged at $6.35, adding that earnings this year could be five or 10 cents above his estimate.

"Order rates are moderating from the very satisfactory level of the fiscal second quarter," he says, "and are expected to moderate further in the June quarter." He adds that his revised estimate "doesn't change my basic long-term positive view toward the stock." Digital Equipment officials couldn't be reached for comments.●

NATIONAL TRANSPORTATION SAFETY BOARD REAUTHORIZATION

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. MINETA. Mr. Speaker, I am today introducing legislation to reauthorize the National Transportation Safety Board for fiscal years 1981, 1982, and 1983. I am pleased that this authorizing legislation is being cosponsored by Congressman JIM HOWARD, chairman of the Committee on Public Works and Transportation, and Congressman GLENN ANDERSON, chairman of the Subcommittee on Surface Transportation.

The National Transportation Safety Board is an agency with important responsibilities for the safety of virtually all types of transportation activity: aviation, rail, highway, marine, and pipeline. In the last 2 years, the Board has conducted 121 major accident investigations and 3,062 field investigations, participated in 77 foreign investigations, and reviewed 7,322 accident investigations covered by other Government agencies.

Another important function of the Board is the issuance of recommendations to prevent the recurrence of transportation accidents. During the last 2 years, the Board has issued 828 recommendations: 197 in the area of aviation, 146 directed to rail, 201 to marine, 121 to pipeline, and 126 to highway. The Board reports that it has had an acceptance rate of 80 percent for its safety recommendations over the last 13 years.

The bill which I am introducing today will enable the Board to continue its important work. The bill authorizes funding levels of $18,540,000 for fiscal year 1981, $19,925,000 for fiscal year 1982, and $22,100,000 for fiscal year 1983. These funding levels will allow for small growth in the Board's human factors program. The program will focus on airframe crashworthiness, survivability, and human performance. Human factors cause more than 85 percent of all general aviation accidents. Clearly the greatest potential for accident prevention lies in the human factors aspects of accidents. The 1983 funding level contemplates a flat program level—no growth in NTSB staff or activities from the 1982 level.

The bill also includes some amendments to the Independent Safety Board Act of 1974, clarifying the Board's jurisdiction. The first amendment provides that the Board's investigations, other than investigations of marine accidents, shall have priority over investigations conducted by other Federal agencies. This amendment confirms arrangements which the Board has with other Federal agencies. The amendment makes these arrangements permanent and not subject to adjustment as a result of changes in the leadership of the agencies concerned. Designating a lead agency will help prevent duplicate investigations and unnecessary disputes over jurisdiction. The amendment does not prevent DOT's operating administrations from conducting concurrent investigations, required by their statutory responsibilities, or from taking any necessary regulatory enforcement actions.

The second amendment clarifies that the Board has authority to require the filing of reports on aviation incidents. The Board has asserted jurisdiction to investigate incidents and requires reports on them. Making the Board's authority explicit where it is now implicit will enhance the Board's investigative capability, since it will avoid arguments and delays which would compromise the investigation of incidents.

The third amendment makes explicit the authority of the NTSB to exercise physical custody, for examination or testing, or any transportation facility or equipment which is required for purposes of the investigation, except that the testing or investigation shall be conducted in such a manner as not to interfere with or obstruct, unnecessarily, the flow of goods and services in the interstate commerce.●

IOANNIS A. LOUGARIS VETERANS' ADMINISTRATION MEDICAL CENTER

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. SANTINI. Mr. Speaker, I rise to introduce legislation which would rename the Veterans' Administration Medical Center, located in Reno, Nev., as the "Ioannis A. Lougaris Veterans' Administration Medical Center."

For over 40 years, Mr. Lougaris has worked on behalf of the veteran's in Nevada. He was instrumental in making the medical center in Reno a reality. In fact, on January 23, 1976, the veterans' hospital in Reno presented Mr. Lougaris an accommodation acknowledging that the veterans facility in Reno stands as a tribute to his dedicated services. Thus, it is only fitting that the Veterans' Administration facility in Reno bear his name.

I urge the House to act swiftly on this measure, which will make the VA Medical Center a living tribute to this fine, dedicated American. Thank you.●

U.S. ISOLATION

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. DELLUMS. Mr. Speaker, the policy of the U.S. Government as regards El Salvador is subject to criticism on a myriad of points. One criticism is that the administration policy will serve to isolate the United States from the rest of the Americas.

I call attention to an article that appeared in the New York Times on March 5, 1981. It is written by the noted Mexican novelist, diplomat, and educator Senor Carlos Fuentes. Its message should be a warning:

LATINS' PRESSING QUESTIONS

(By Carlos Fuentes)

HANOVER, N.H.—Throughout this hemisphere, these are the questions that we Latin Americans are urgently asking ourselves:

Is the Reagan Administration out to prove the born-again machismo of the United States? But, then, why doesn't the United States show its bravery in Kabul or Warsaw? Since it cannot take vengeance in Iran, must it take it in El Salvador? Is it bravery or cowardice to bully and slap around a pale, underfed 9-year-old child? Why are Gen. Alexander M. Haig Jr.'s sabers rattling?

Is the Administration really winking at the Soviet Union? Is it actually saying: "Look, I do whatever I like in my backyard; you go on and do whatever you like in yours." Is the blood of the Polish workers to be shed on top of the blood of the Salvadoran peasants? Are we not witnessing a vast charade between the two superpowers? Do the United States and the Soviet Union really believe that the historic trend toward a world of pluralistic powers can be halted? Do they ignore the fact that Mexico and Poland, Hungary and Venezuela, China and Brazil are relentlessly drifting further and further away from the dominating spheres of the Dulles and Molotov eras? Or, do they know it only too well? Does Washington think El Salvador can be the cheap ticket for a nostalgic restoration of the 1950's?

Does the State Department think that any Latin American will swallow the gruyère-like white paper on Communist intervention in El Salvador? Does it think that we ignore the fact that the opposition in El Salvador has plural links not only with Moscow and Havana, but also with Bonn, Mexico City, Caracas, Paris, and Stockholm, thus faithfully mirroring the varied sources of support a democratic government in El Salvador could count on? Does General Haig think we ignore the fact that in civil strife arms are readily available from all quarters? That, furthermore, arms can be introduced with propaganda purposes, as in Korea and Vietnam? That, after all, four-fifths of the arms used by the Salvadoran rebels come from democratic, free-enterprise gun-runners in Florida, Texas, and California? Why doesn't the United States Government crack down on its own sources of contraband?

Who can hide the central fact that the problems of El Salvador cannot be the invention of foreign forces since those problems are bred in the marrow of a colonialism nearly 500 years old? That the army is the unlimited custodian of colonialism in El Salvador and that it will use the arms it gets from the United States to kill unlimitedly? Is this what Mrs. Jeane J. Kirkpatrick means by "moderate repression"? Can't she hear the thousands of innocent dead in El Salvador answering her that they are not "moderately dead"? If Jimmy Carter's human rights policy was selective, what about a Reagan antiterrorist policy that condones terrorism in Guatemala, Chile, Argentina, and El Salvador—even when the victims are United States citizens?

We ask ourselves: Will the somewhat ominous presence of Spanish-speaking United States Army advisers who have been in El Salvador since the autumn of 1980—many of them of Mexican and Puerto Rican descent—swell in size into a United States ground army in Central America? Does General Haig's reference to dealing with problems "at the source" foreshadow blockades and invasions of countries in the region? Do Senator Jesse Helms' fears of having to "draw the line" north of Mexico portend that Mexico might one day be the object of a "protective" United States intervention?

Is the Administration really aware that armed intervention, be it direct or inspired by the United States, against any Latin-American nation of whatever political stripe, will turn the whole Latin continent into a gigantic brush fire? That we will resist United States intervention in Cuba or Chile, El Salvador or Argentina, Nicaragua or Mexico?

Is Washington aware of the collision course with Mexico that it has charted through its imprudent elevation of El Salvador to the realm of strategic confrontation? Will Washington deny Mexico's legitimate interests in the region—first of all the interest of true stability, the stability that can be achieved only by the speedy dissolution of the ruinous colonial heritage of Central America? It is to be hoped that when the new ambassador takes up his post in Mexico City, he will forcefully inform the Reagan Administration of the true thrust and range of Mexico's preoccupations.

Meanwhile, we ask ourselves if we are to hear in El Salvador nothing but an echo of the corrupting United States intervention of 1954 in Guatemala, itself an echo of interventions past in Nicaragua, the Dominican Republic, Mexico, Haiti, Cuba, and Panama? Is not this the other fundamental reason, along with colonialism, of turmoil, instability, terrorism, hunger, and weakness in the area: United States interventionism, always, only, United States interventionism? Is there no lesson to be learned here? Will this tragedy go on forever, fatally, a poisoned curse on Latin America?

When we ask these questions we think that El Salvador is a test case. A test case of misguided United States expansionism in Latin America.●

CALL TO CONSCIENCE: IGOR GUBERMAN

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. WAXMAN. Mr. Speaker, with the signing of the Helsinki Final Act 6 years ago, the free world was filled with a new hope. By recognizing the indivisibility of human dignity and by establishing standards of moral behavior between the United States and the Soviet Union, these historic provisions seemed to signal a long-awaited cooperation between the two nations. The accords stipulated that the Soviet Union would honor and respect human rights and allow for a freer exchange of people, information, and ideas between the East and the West. Yet in the wake of the Madrid Conference, whose very purpose it was to review these provisions, we must sadly recognize that the Soviet Union views the accords as empty promises. The plight of Igor Guberman is testimony of the Soviet refusal to adhere to this agreement. Arrested on trumped-up charges, Guberman was stripped of all basic rights—persecuted simply because of his religious beliefs, his desire to leave the Soviet Union, and his refusal to be silenced.

Igor Guberman has been described as a "wit, raconteur, science buff, icon collector, social gadabout". An author of popular science fiction books for young people by trade, Guberman was very active in the Jewish cultural movement. He edited an underground journal "Jews in the U.S.S.R.", a publication devoted strictly to cultural and historical aspects of Jewish life and a long-time target of suppression by the Kremlin. Believing that all avenues of artistic self-expression were closed for a Jew in the Soviet Union, Igor Guberman applied for an exit

visa in December of 1978 to emigrate to Israel.

As the Soviet officials became increasingly aware of Guberman's influence in Jewish intellectual circles and his leadership in the emigration movement, they tempted him with the promise of an exit visa if he would keep an eye on emigrating Jews to denounce and prepare provocations against Jewish activists. Refusing to become a false witness to innocent people, Guberman rejected the offer. He was arrested in August 1976, ostensibly for illegally purchasing and selling icons—in actuality for his connection with "Jews in the U.S.S.R." and his activity with the Jewish emigration movement.

Tried and convicted on somewhat shaky evidence supplied by two known thieves, in a trial that has been denounced worldwide as a total mockery, Guberman was sentenced to 5 years at hard labor in the Gulag Archipelago in March of 1980. At his trial, the court also ordered confiscation of his property, which meant that his wife and two children would be left to survive with only the barest essentials. Guberman's sentence was upheld when it was revealed that he was the author of the satirical epigram "Jewish Charivari"; a piece which had been circulated in the Soviet Union and even Israel under the pseudonym Igor Garik. Today while the sentence has been reduced to working for the national economy and Igor's family has been permitted to join him, he is still held captive under brutal conditions in a free settlement under guard. He once wrote of the physical measures taken against prisoners:

A man is being beaten
We hear his screams and yet
We're still: we haven't eaten
And we're low on cigarettes.

Officials in the Soviet Union have clearly tried to make an example of Guberman, hoping that his fate would serve as a warning to other dissidents who refused to silence their hopes and grievances. His imprisonment is compelling evidence of the Soviet efforts to mute Jewish dissidence and of the persistence of anti-Semitism in that country. Today we again raise our voices in protest. Today, we reaffirm our commitment to human rights and to freedom for Soviet Jewry. It is a pledge we shall never break.●

IN HONOR OF DICK GROULX

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. STARK. Mr. Speaker, I will be unable to attend a banquet in my district on March 27, 1981, in honor of one of the more dedicated members of my community. The dinner is in honor of Richard Groulx, executive secretary-treasurer of the Alameda County Central Labor Union. Therefore, I would like to take this opportunity to pay tribute to him here.

The year 1981 marks the centennial of the American labor movement, and Dick Groulx has been a very important part of that movement in the San Francisco Bay area. He has worked for organized labor for 35 years, the past 14 as chief administrative officer of the Alameda Council.

The Dick Groulx recognition banquet honors a man that has long been a vitally important member of my community. It is only fitting that his contributions be recognized and honored by all of us.●

SOCIAL SECURITY FINANCING

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. WEISS. Mr. Speaker, I can think of no more important domestic issue facing our Nation today than the financial integrity of the social security system.

Social security affects almost every family in the United States in one way or another. A system as large and as important as social security must have the full support and confidence of the public.

Quite clearly, we are at a critical juncture for social security. I realize that the Congress will not have any easy decisions to make. However, I am convinced that we can put social security on a sound financial footing, and without cutting back benefits for older Americans or saddling today's workers with huge payroll tax increases.

THREE OPTIONS

In my view, the Congress is faced with three major options to strengthen social security financing.

First, benefits can be trimmed back for today's retirees. I strongly oppose this alternative because it will simply throw many older Americans onto the poverty rolls. The elderly are not the cause of our present economic woes today, but they are among the chief casualties. Older Americans should not be made scapegoats for inflation.

Nearly 3.6 million persons 65 or older lived in poverty in 1979, 400,000 more than in 1978. Information is not yet available for 1980. Many experts agree, though, that more older Americans will be added to the poverty rolls in 1980—perhaps of the same record-setting magnitude as in 1979.

Reducing social security benefits will only add to their economic misery. This option should be rejected out of hand as being both cruel and bad public policy.

Second, social security payroll taxes can be raised. I urge that we reject this measure because the payroll tax burden is already too heavy for today's workers. I strongly believe that we should look for a more progressive tax mechanism—such as the income tax—to finance the social security system, rather than rely essentially upon the regressive payroll tax. The payroll tax is basically regressive because it imposes a flat rate (6.65 percent) on earnings only up to a $29,700 ceiling. Thus, a worker earning $150,000 a year pays the same amount as an employee making $29,700. Finally, another payroll tax hike will be inflationary because most employers will pass on this increased cost of doing business to consumers in the form of higher prices.

A third option is to provide alternative financing for social security retirement, disability, and survivor benefits or medicare hospital insurance. I personally favor this approach because it will make social security's financing more progressive, while assuring the program's financial integrity.

Several alternatives exist to achieve this goal, including authority to borrow from Federal general revenues, interfund borrowing among the social security trust funds, a countercyclical triggering device when unemployment or inflation exceeds certain levels, or partial general revenue financing for social security cash benefits, or medicare hospital insurance.

Persuasive arguments can be made for all of these options. However, partial general revenue financing for medicare hospital insurance is probably the most practical comprehensive solution from a legislative feasibility standpoint.

This proposal would maintain the overall social security tax rate at its current level of 6.65 percent. At present, 5.35 percent finances retirement, disability, and survivor benefits and 1.30 percent is for medicare hospital insurance. My proposal would keep the total social security tax rate at 6.65 percent, but 6 percent would be allocated for retirement, disability, and survivor benefits and 0.65 percent for hospital insurance. In addition, general revenues would be infused gradually for hospital insurance to provide eventually about one-half of the cost of that program.

I am inserting a table to be included in the RECORD to show the effect of this proposal during the next 5 years.

PERCENTAGE CONTRIBUTION RATE FOR EMPLOYERS AND EMPLOYEES EACH

Year	Maximum earnings base	OASDI	HI	Total payroll tax
Present law:				
1981	$29,700	5.35	1.30	6.65
1982	(1)	5.40	1.30	6.70

PERCENTAGE CONTRIBUTION RATE FOR EMPLOYERS AND EMPLOYEES EACH—Continued

Year	Maximum earnings base	OASDI	HI	Total payroll tax
1983	(1)	5.40	1.30	6.70
1984	(1)	5.40	1.30	6.70
1985	(1)	5.70	1.35	7.05
Proposal:				
1981	$29,700	6	[2].65	6.65
1982	(1)	6	[2].65	6.65
1983	(1)	6	[2].65	6.65
1984	(1)	6	[2].65	6.65
1985	(1)	6	[2].65	6.65

[1] The maximum earnings base will rise proportionately each year in accordance with the average covered earnings under social security.
[2] General revenues will be infused gradually to finance approximately one-half of the cost of the hospital insurance program.

The time for partial general revenue financing for hospital insurance is long overdue. Several blue ribbon advisory groups have already urged that hospital insurance be financed totally or partially with general revenues, including the 1975 Social Security Advisory Council, the 1979 Advisory Council, and the National Commission on Social Security. This proposal has bipartisan support. In fact, our distinguished colleague, the ranking minority member of the Ways and Means Committee, Mr. CONABLE, has sponsored legislation to provide general revenue financing for hospital insurance.

Adoption of this proposal would make it possible to stabilize the overall cash benefits tax rate well into the next century. Moreover, it would provide tax relief for today's overburdened workers.

Equally important, it would make the financing of social security and medicare more progressive. The present payroll tax is regressive and has just about reached its limits of political acceptability. Any substantial increase in the near future will certainly encounter opposition from overburdened employees and employers.

The 6-percent rate for OASDI would also build up social security's assets quickly to secure levels. This would provide an added margin of safety if our Nation should experience economic hard times in the years ahead. A sufficient contingency reserve would make it possible to weather an economic storm without the necessity of seeking higher taxes to strengthen social security's financing.

REBUTTAL TO GENERAL REVENUE OPPONENTS

Before concluding I would like to respond to arguments raised by opponents of general revenue financing. First, they say that workers consider their benefits to be an earned right acquired by payroll contributions. Any Government contribution might weaken the earned right concept underlying social security.

However, this measure would continue the fundamental principles that have made social security an extraordinarily effective and popular program. The cash benefits portion would still remain a wage-related social insurance program, protecting workers and their families from loss of earnings because of retirement, death or disability. Workers would continue to receive benefits based upon their earnings record.

The argument for payroll tax financing does not apply, though, equally to hospital insurance. Unlike OASDI, the amount of hospital insurance benefits actually received by aged and disabled persons does not depend upon their prior earnings, but upon their health needs.

Second, opponents often ask: Why should there be general revenue financing for hospital insurance when our Nation is confronted with another deficit? My response is that President Reagan has proposed sizable income tax cuts as a means to stimulate our economy and raise additional revenue to reduce the deficit. I personally oppose this approach because it would funnel the relief largely to upper income persons. Moreover, they usually have their own battery of accountants and tax lawyers to whittle their taxes down considerably.

Partial general revenue financing, along with more balanced income tax reductions, could provide an equitable and balanced tax relief package. This is a preferable approach, I believe, because it would direct more tax relief to low-income and moderate-income Americans. A flat across-the-board income tax cut, on the other hand, will provide the greatest relief for more affluent taxpayers.

The administration's proposed 30-percent income tax cut, for example, would provide a $10,775 tax break by 1984 for a four-person family with $200,000 income, compared to just $109 in tax relief for a similar family with $10,000 income.

OTHER FORMS OF GENERAL REVENUE

I also want to stress that partial general revenue financing for medicare can be part of a broader package to tailor the recommendation to relevant substantive, budgetary, and even political considerations. For example, authority for interfund borrowing among the trust funds could scale down considerably the amount of general revenues needed to supplement the income lost from the hospital insurance trust fund by transferring 0.65 percent of the hospital insurance rate to OASDI.

The same would also be true for authority to borrow from general revenues or the imposition of a countercyclical general revenue mechanism to replace lost revenue when unemployment is high or to recoup lost revenue when inflation drives up cost-of-living outlays.

Any, or all, of these measures can help to fine tune or complement the partial general revenue financing proposal for medicare.

CONCLUSION

In conclusion, the Congress must act promptly to shore up the financing for the old age and survivors insurance trust fund, the largest of all the social security trust funds.

As legislators, we must recognize a fundamental fact. We are running out of options to solve social security's financing problems. Another payroll tax hike will probably undermine support for social security by triggering a backlash reaction from workers and employers who must bear this added cost.

Other options—such as a massive cutback in benefit protection—are equally unacceptable because millions of older and disabled Americans would have their income slashed at a time when prices are soaring.

The only realistic option, I firmly believe, is to provide partial general revenue financing for hospital insurance. It is clearly an idea whose time has come.●

SOCIAL SECURITY TAX RELIEF

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. GEPHARDT. Mr. Speaker, whether you are a Republican, a Democrat, or an independent, we all agree that the economy is in trouble and that we should do something about it. Inflation, unemployment, and high interest rates haunt every legislative decision we make. What we disagree on is the solution.

Most people believe that a tax cut should be part of the solution, but there is disagreement as to what form a tax cut should take. In my opinion, our goal in terms of tax policy should be to take small but long-range steps that will address inflation, the recession, and unemployment, preferably at one and the same time. In other words, a tax cut that would be noninflationary, reduce unemployment, yet stimulate productivity and thus aid in a turnaround of our economy, would be such a plan.

H.R. 1809, the Social Security Payroll Credit Act, is the answer to these concerns. This bill provides for a credit against income taxes equal to 10 percent of social security taxes paid in 1981 and 1982 for employees, employers, and the self-employed. In doing so, H.R. 1809 provides relief not only for the working man and woman, but for business as well by reducing its labor costs. It is a responsible and equitable alternative to a 10 percent across the board tax cut for individuals that President Reagan plans to propose this evening.

According to the Congressional Budget Office, H.R. 1809 will reduce the Consumer Price Index by 0.2 per-

cent while lowering the unemployment rate by the same amount. By putting more money into the hands of consumers and lowering labor costs, H.R. 1809 will increase real GNP. Additionally, by reducing the cost of labor to business, this proposal will create internally generated funds for investment. At a time when high interest rates discourage borrowing, this credit would have a positive impact on increasing productivity.

We are all highly cognizant of the problems regarding the Federal budget and the state of our social security system. The revenue loss from a 10-percent payroll tax credit would be $10.4 billion in fiscal year 1981. Obviously, that amount of money cannot be taken from the social security system. But over the next 2 years, while taxpayers are receiving some progressive relief from the regressive payroll tax through this income tax credit, there will be time enough to study and, hopefully, solve the long term financial needs of social security. In the meantime, the sanctity of the trust funds will be preserved for social security beneficiaries.●

HONORING JAMES B. EDWARDS

HON. THOMAS F. HARTNETT

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. HARTNETT. Mr. Speaker, today in behalf of the South Carolina congressional delegation, Congressmen SPENCE, CAMPBELL, NAPIER, HOLLAND, and DERRICK, I enter into the CONGRESSIONAL RECORD the following concurrent resolution for the South Carolina General Assembly honoring our friend and former Governor, Secretary of Energy, James B. Edwards. The people of South Carolina are proud to have Secretary Edwards serving in this important position. We have complete confidence that Secretary Edwards along with the Reagan administration will put together a comprehensive energy program that will promote conservation, exploration of alternative energy sources, and reduce the reliance of the United States upon foreign energy sources.

The resolution follows:

A CONCURRENT RESOLUTION TO COMMEND FORMER SOUTH CAROLINA GOVERNOR JAMES B. EDWARDS UPON HIS CONFIRMATION AS SECRETARY OF THE UNITED STATES DEPARTMENT OF ENERGY AND TO MEMORIALIZE SECRETARY EDWARDS AND THE CONGRESS OF THE UNITED STATES TO TAKE SEVERAL ACTIONS TO ENSURE RAPID DEVELOPMENT OF THE AGRICULTURALLY DERIVED ETHYL ALCOHOL FUEL INDUSTRY

Whereas, the members of the General Assembly were pleased to learn of the confirmation of former South Carolina Governor James B. Edwards as Secretary of the United States Department of Energy; and

Whereas, Secretary Edwards is one of a small number of South Carolinians to be honored by being named to a post on the Cabinet of a United States President; and

Whereas, the General Assembly, cognizant of the outstanding public service which Secretary Edwards has rendered to the State and the Nation in other high offices and positions of influence, is confident that he will continue to render valuable and able leadership in his new position; and

Whereas, recently events have occurred which have made it evident that the exorbitant costs paid for supplies of oil and its byproducts necessitate the rapid development of alternate sources of fuel supplies for the United States and indeed for the entire world; and

Whereas, it is becoming more evident that the United States has agricultural resources which may be used to develop large supplies of ethyl alcohol to be used for fuel or mixed with gasoline to produce gasohol; and

Whereas, the South Carolina Governor's Advisory Council on Alcohol Fuels is continuously assessing and developing policies and plans to promote the development of an efficient and economical alcohol fuel industry in our State; and

Whereas, it is the feeling of the members of the General Assembly that actions which have been taken by the states require support at the federal level in order to succeed in establishing this essential home grown alcohol fuel industry. Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

That former South Carolina Governor James B. Edwards is commended upon his confirmation as Secretary of the United States Department of Energy.

Be it further resolved that he and the Congress of the United States are memorialized to take the following actions either by executive order or legislative recommendation:

1. Make available immediate low interest loans to finance alcohol fuel production and provide for rapid amortization of new alcohol fuel production plants.

2. Make permanent the federal excise tax exemption on gasohol, on a par with the present four cents exemption.

3. Require the federal government to implement the use of grain alcohol in its vehicles as soon as possible. Such use was authorized by Congress during 1980.

4. Require the federal government to stockpile ethyl alcohol fuel for defense purposes.

5. Appoint a Presidential Ad-Hoc Advisory Committee of people presently involved in agriculturally-derived ethyl alcohol fuel development to advise the President, the United States Department of Agriculture and the Department of Energy to insure the rapid development of the alcohol fuel industry.

6. Direct the United States Department of Agriculture to develop markets for the high protein byproducts of alcohol grain products.

7. Continue and accelerate the implementation of Alcohol Fuel Development Programs of the Department of Energy, the Department of Agriculture, and the Department of Commerce by making loan guarantees available to qualified applicants on a basis that will assure the development of alcohol fuel production facilities in all regions on the Nation.

8. Provide new incentives for on-farm production and use of alcohol fuels to be developed as a major part of our Nation's alternative and synthetic fuel energy program.

Be it further resolved that a copy of this resolution be forwarded to Secretary of the United States Department of Energy James B. Edwards and to members of Congress of the United States representing South Carolina.●

GREEK INDEPENDENCE DAY CELEBRATED

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BIAGGI. Mr. Speaker, today marks the 160th anniversary of Greek Independence Day, which will be celebrated by millions of Greek Americans across this Nation. This day holds a special significance to those of us in America who are in our third century of independence, for we owe a debt of gratitude to ancient Greece, where the roots of democracy began.

The Greek War of Independence was won in 1821 after the Greeks were able to crush their Turkish opposition under the able leadership of Archbishop Germanos of Agia Lavra. This noble patriot led his fellow churchmen into battle with their banner—the sign of the cross—raised high. Their resultant victory on March 25 brought freedom and peace to Greece which had been struggling under Turkish oppression for several centuries.

The celebration of this momentous occasion from the annals of Greek history is somewhat muted today as we look, for the 7th consecutive year, at the ongoing tragedy of Cyprus. This tiny island and its Greek population continues to be occupied illegally by the Turkish army. This occupation was both illegal and immoral and has resulted in thousands of Greek refugees being driven from their own land. The Turkish Government continues to refuse to account for the nearly 2,000 Cypriots who have been missing since the invasion. I renew my plea to our State Department to continue to press the Turkish Government for a full accounting of these missing Greeks and urge the current administration to direct its attention to this problem.

I am fortunate to represent the 10th Congressional District in Congress, which boasts one of the largest Greek American populations in this country. Greek Americans today are not only celebrating the 160th anniversary of Greek independence, but also the blessed Feast of the Annunciation. Included in my district are the communities of Astoria and Long Island City, well known for their hard-working, God-fearing, and loyal Greek Americans, who have family and religious values that have not and will not change over time. The Greek religion and culture are rich in symbolism and tradition, and have provided a strong

foundation upon which Greek Americans have built stable and productive family lives.

I salute my many friends in the Greek-American community in New York on their independence day. It is important to pause on occasions such as these, to reflect upon and to be thankful for, the many contributions which this community has made to our own American culture, from art to education to entertainment. May the year ahead hold for them many blessings, peace, and prosperity.●

REFORMS IN DEFENSE PROCUREMENT

HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BROOKS. Mr. Speaker, I would like to call to the attention of my colleagues a letter recently sent by Senators GOLDWATER and METZENBAUM to Defense Secretary Weinberger urging far-reaching reforms in Defense procurement. This letter has had a chilling effect on those Defense officials and contractors who have over the years mismanaged and wasted the taxpayers' hard earned dollars on costly gadgets that are not needed and do not work. It has dashed the hopes of those in DOD who, in light of the record Defense budget, were preparing hundreds of questionable contracts to be awarded to favorite sole-source suppliers. Most importantly, the letter supports a standard of conduct in DOD procurement that every Member, Republican or Democrat, can support—buy only what you need and do so using full and open competition.

I wish to wholeheartedly commend Senators GOLDWATER and METZENBAUM for their incisive and courageous letter and request that it be printed in the RECORD so that my colleagues may refer to it as they are bombarded with the numerous spending proposals forthcoming from DOD.

The letter follows:

U.S. SENATE,

Washington, D.C., February 25, 1981.

Hon. CASPAR W. WEINBERGER,
Department of Defense,
The Pentagon, Washington, D.C.

DEAR SECRETARY WEINBERGER: In his State of the Union Address, President Reagan restated his intention to move immediately to strengthen the nation's defensive posture. "But even here," he said, "there was no exemption. The Department of Defense came up with a number of cuts which reduced the budget increase needed to restore our military balance . . . The aim will be to provide the most effective defense for the lowest possible cost."

We support the goal of upgrading our military strength and we commend the President for his determination to accomplish that objective in the contest of sound, cost-conscious methods of management.

We are convinced that the Department of Defense, whose budget will soon make up nearly a third of all Federal spending, is in a position to effect major savings without in any way sacrificing military muscle. These savings can be made in two major areas—improved procurement practices, including greater use of multi-year contracts, and more effective administration.

Procurement reform is by no means a new topic at the DOD. As long ago as 1967, for example, then-Secretary Robert McNamara estimated that the failure of the DOD to take advantage of competition contributed to the waste of as much as twenty-five cents on each procurement dollar.

Your predecessor, Secretary Brown, echoed Secretary McNamara's frustration in January, 1979, when he told the New York Times that "his key disappointment so far was his inability to induce genuine cost efficiency within the Defense Department." And in a report submitted to December 25, 1979, to the Chairman of the Senate Budget Committee on the implementation of OMB Circular A-109, the GAO stated:

"The greatest non-compliance with A-109 appears to be the services' reluctance to seek solutions to their weapon system needs through competition. Pre-conceived solutions are still being proposed as needs rather than seeking solutions through competitive proposals."

President Eisenhower once pointed out that the world's spending on arms "is not spending money alone. It is spending the sweat of its laborers, the genius of its scientists, the hopes of its children." That, we believe, is what we must keep in mind when we talk about financial efficiency in the DOD.

Today, just as it has for years, the DOD spends fewer than 10 percent of its procurement dollars through contracts let by competitive sealed bidding. Just as consistently, the Department takes the sole source route for over half of its procurement spending.

We are aware of the argument that sole source contracts are necessary in order to acquire sophisticated items that cannot be procured through price competition. This may be true in some cases, but it is also true that the Department routinely lets sole source contracts for items that could readily be purchased on the open market.

Two years ago, to take only one of many instances, we filed suit in Federal court to require the Navy to use competitive bidding to procure the CTX, an off-the-shelf light cargo aircraft. In spite of the clear intent of the Senate, made abundantly obvious in a colloquy between ourselves and the Chairman of the Armed Services Committee, and in spite of the existence of several competent suppliers, the Navy in the end procured the CTX through a sole source contract after our case was dismissed on a technicality. This decision by the Navy is typical of a procurement policy that operates without regard for saving taxpayer dollars.

There is no doubt that the fact that competition can lower the cost to the taxpayer of acquiring even highly sophisticated weaponry.

In 1973, a study prepared for the Joint Economic Committee examined the costs of twenty complex weapons systems including sophisticated electronics and missile systems. These contracts originally were awarded through sole source procurement, but for various reasons the costs were later readjusted by price competitive bids. The results were dramatic—price decreases averaging 51 percent. More recently, GAO's September 25, 1979, report to the Chairman of the Budget Committee on the status of DOD's efforts at procurement reform included data supplied by the DOD on its program to break out spare parts from larger systems for competitive acquisition.

At the Oklahoma Air Logistics Center, a turbine shroud cost $86.23 when procured on a sole source basis. Competitive procurement lowered the cost to $64.99.

A nut assembly that cost $246.29 on a sole source basis was acquired competitively for $36.75.

A panel assembly costing $1,454 on a sole source basis was purchased through competition for $245.

Those are laudable savings, but unfortunately, they are more the exception than the rule. In February of this year, the CBO estimated that over the next five years, modest improvements in procurement efficiency could reduce the Department's outlays by $16 billion and its budget authority by $22 billion.

In this time of budget austerity, we are convinced the opportunity exists to make the kinds of far-reaching reforms in procurement that have in the past eluded us. New legislation might be useful in this regard, but current law provides a more than adequate vehicle for a determined effort to improve the Department's efficiency in procurement.

Under existing legislation, sealed bid competition is specifically required for all procurement. Unfortunately, the law also provides 17 exemptions to that rule, several of which are exceedingly broad. As a result, DOD officials have been able virtually at will to purchase on a non-competitive basis.

We believe that these wasteful practices can be brought under control. But to do so will require a tough-minded, persistent and systematic effort to change fundamentally the way the DOD bureaucracy does its procurement business.

It is not enough simply to state a policy of enhancing the use of competition. Responsibility for implementing such a policy must be very precisely delegated. And to be effective, it must be placed in the hands of officials who are accountable personally to the highest level in the Department. Whenever competitive bidding is not used, the failure to do so should be specifically approved or disapproved at the level of the Office of the Secretary of Defense. Such a review procedure would require procurement officers to prove their case to an aide to you. When competitive bids are not used, a top level official, responsible directly to you, should be charged with this task. A general exception could be made for all contracts below a certain dollar amount and for emergency situations.

We would also suggest that the Department make greater use of formal advertising in awarding contracts. Currently, hundreds of millions of dollars in contracts are awarded each year, particularly for consultant services, with no notification to potential competitors that this work will be available. Why not simply require, when national security considerations permit, that all contracts in excess of $10,000 be announced in the Commerce Business Daily no less than thirty days prior to the closing date for submission of bids? We are confident that the free enterprise system will respond.

In order to facilitate that response, we strongly support enhancing the Department's flexibility in the area of negotiating multi-year contracts for the procurement of selected weapons systems. A contractor,

after all, cannot be expected to make major capital investment in machinery and raw materials in the absence of assurances that a market will continue in the future to exist. By discouraging necessary investments through single-year contracts, we lose for the taxpayer the economies of scale that should be realized in major acquisition programs. Those savings, we believe would amount in the long run to a far greater sum than we might have to pay out to compensate companies whose multi-year contracts must, for whatever reason, be terminated ahead of schedule.

Another problem—one that has implications for the Congress as well as the Department—is the annual spending spree in which DOD and virtually all other Federal agencies have indulged at or near the end of each fiscal year in order to clear the accounts and protect future appropriations. That pattern of bureaucratic self-protection inevitably produces wasteful spending, funds marginal projects, and adds enormously to the cost of government. It is necessary to reverse the incentive system by rewarding officials for saving money, rather than giving them powerful incentives to spend every penny available. We are certain that a Secretary who chose to bluntly confront that pattern of spending would have strong support in the Congress. Certainly, he or she would have ours.

But procurement reform is not the only area in which major savings can be made.

The Systems Acquisition Report quarterly update issued by the General Accounting Office on November 17, 1980 demonstrates that something is very wrong with the manner in which DOD has managed its major acquisition program.

In the S.A.R. issued in September, 1978, for example, the cost of acquiring 545 YAH-64 advanced attack helicopters was projected at $4.14 billion, or $7.4 million for each helicopter. In late 1980, that figure had risen to $5.85 billion or $10.7 million per aircraft.

In 1978, each Perry class frigate was expected to cost $139 million. In FY '81 the cost per ship rose to nearly $225 million. Inflation has been severe since 1978, but not severe enough to turn a figure of 139 into a figure of 225.

The program cost for the F-18 Hornet was estimated at $14.3 billion in 1978, with a cost per plane of approximately $14.8 million. For FY 1981, the F-18 program cost estimate has reached $29.7 billion and the unit cost will exceed $30 million. Again, inflation cannot account for the cost growth.

These are not isolated cases. Runaway costs characterize our entire defense procurement program.

These vast expenses have nothing to do with maintaining the strength of our military forces. They are, pure and simple, the result of a system that permits DOD officials to operate as though the public purse has no limits. It is a system that can and must be changed.

But no reform will have any beneficial effect as long as the DOD continues to bail out wasteful contractors. Admiral Rickover has described what happens when contractors know that they can always count upon the Pentagon to save them from the consequences of their own bad management.

"Large defense contractors can let costs come where they will and count on getting relief from the DOD through changes and claims, relaxation of procurement regulations and laws . . . or other escape mechanisms . . . they will make their money whether their product is good or bad; whether their price is fair or higher than it should be; whether delivery is on time or late."

We believe that the time is long past due for decisive action. The Defense Department should cut off contractors with records of waste, overruns, and poor management. There are companies that are prepared to give the taxpayer a dollar's worth of value for every dollar spent. Those are the companies that should get the government's business.

In order to put teeth into that approach, we suggest that you establish a second review process in the Office of the Secretary of Defense. Just as a top level official should be required to sign off on non-competitive procurements, so should cost overruns be intensely reviewed. Such a review ought to be triggered whenever an over-run exceeds the rate of inflation.

The Department can also do more internally. There is no reason why the DOD cannot do what every well-run private corporation does to control costs and improve its own productivity. But a glance at a random sample of GAO reports done over the past two years on DOD operations demonstrates vividly how far the Department has to go.

One report is entitled "Correct Balance of Navy's Foreign Military Sales Trust Fund Unknown."

"The Department of Defense," the report says, "does not know the correct cash balance being held in trust for countries involved in the Navy's foreign military sales program. This is despite the Navy's having spent thousands of staff days since early 1977 to determine why the trust fund account does not agree with detailed military sales case accounting records. Unreconciled differences in cash balances between the sets of records totaled $544 million, as of June 1, 1978."

Another GAO report is entitled, "The Air Force Should Cancel Plans to Acquire Two Computer Systems at Most Bases.

"The Air Force plans to install two computer systems at about 105 bases to perform such functions as accounting, finance, personnel, and supply. This program will cost about $600 million to $1 billion more than a one-system approach over an expected life of 20 years."

GAO concludes that this is unnecessarily expensive and restricts competition on the largest computer acquisition ever attempted in the government.

Another, selected at random, suggests that "The Army Should Use Available Serviceable Parts to Avoid Repairs."

"The Army unnecessarily spends millions of dollars to repair parts when more than enough serviceable parts are available to meet current needs. The Army needs to establish procedures for identifying repair actions, notifying depots that replacement quantities are available, and matching actions with quantities."

And there are many more. "DOD Continues to Subsidize the Foreign Military Sales Program By Not Charging For Normal Inventory Losses."

"GAO reported in September 1977 and August 1978 that DOD was losing millions of dollars because normal inventory losses were not being recovered on foreign military sales. The Arms Export Control Act was amended in September 1978 expressly to require recovery of these losses on certain inventory sales."

"Although the military services have since identified almost $600 million in inventory losses, governments have not been charged for their fair share of the losses as required by the Act. As a result, the United States has lost millions and created a subsidy to foreign government."

DOD Can Save Millions of Dollars by Improving Management of Air Force Inventories.

"Two Air Force Logistics Centers has over $50 million in excess stocks on order for items for which they had over $8 million of stock on hand exceeding current needs."

And so it goes.

The Navy's Material Handling Costs can be Reduced.

The Navy does not Know if it has Too Much Electronic/Electrical Depot Maintenance Capability, Too Little, or the Right Kind.

Defense Department is not Doing Enough to Maximize Competition When Awarding Contracts for Foreign Military Sales Programs.

We could add many more items to this list, but the point is that waste and inefficiency have over the years become a way of life for too many in the Department. The Nation cannot afford to permit this situation to perpetuate itself any longer.

We hope, Mr. Secretary, that you will seize the opportunity presented by President Reagan's approach to Federal spending to undertake major reforms in your Department's operation. By so doing, you will contribute to the Nation's economic health and to the real strength of our armed forces.

Very sincerely yours,

BARRY GOLDWATER.
HOWARD M. METZENBAUM.●

NEWSDAY EDITORIAL POINTS TO A NATIONAL WEAKNESS

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. SIMON. Mr. Speaker, one of the lessons we seem to be much too slowly learning is that in the United States our schools, and our businesses, and our Government must pay much more attention to foreign languages.

Recently Newsday had an excellent editorial, which I am calling to the attention of my colleagues in the House and Senate. It is short, but it tells an important lesson:

TONGUE-TIED AMERICANS

For a nation of immigrants, Americans seem remarkably uninterested in foreign languages.

At a two-day conference attended by top-ranking intelligence officials, much concern was voiced about the lack of language skills in the military. The end of the draft made a bad situation worse, and the Army is now forced to offer enlistment bonuses ranging up to $4,000 for recruits who are fluent in foreign languages.

A recent report by the President's Commission on Foreign Language and International Studies calls Americans' insufficiency in languages "nothing short of scandalous," and warns that it's getting worse.

The rest of the literate world has generally recognized that the younger the student, the easier it is to learn a new language. In many countries, foreign languages are

taught in elementary school. But in the United States they're often considered frills even on the secondary and college levels.

A great many people on this planet speak English, but a lot more don't. The joy of being able to converse with people other than tour guides and hotel desk managers when abroad, of reading a book in the author's own tongue, of becoming familiar with the nuances of different cultures is being denied to millions of Americans.

The situation is bad enough with relatively familiar languages like French, Spanish, and German. But the President's Commission says it's becoming critical in the Foreign Service and the military with others such as Arabic, Chinese, Russian, Korean, Japanese, Persian, and Polish.

The day may come when speaking a foreign language will be a patriotic duty.●

FRIENDS OF THE AD HOC CONGRESSIONAL COMMITTEE FOR IRISH AFFAIRS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BIAGGI. Mr. Speaker, as chairman of the 121-member bipartisan Ad Hoc Congressional Committee for Irish Affairs, I wish to share with my colleagues some recent endorsements which our committee has received for its work on behalf of peace and freedom for Ireland.

On Sunday, March 22, I had the distinct privilege and honor to address the annual communion breakfast of division 14, Ancient Order of Hibernians in Watertown, Mass. Division 14 is the largest division of the Ancient Order of Hibernians which itself is the largest Irish-American organization in the Nation. During the course of the breakfast I had the pleasure of discussing the Northern Ireland issue with the AOH's distinguished national president, Jack Connolly, and the national director, Dave Burke, as well as Massachusetts AOH president, Jerry Sexton. The relationship between the ad hoc committee and the AOH is a long and pleasant one. It was the AOH which requested that the committee be established and throughout our 43-month history, we have worked in concert on key issues.

During the visit to Watertown I was presented with two resolutions, one from the Boston city council, the other from the house of representatives from the State of Massachusetts. I would like to insert the full text of these resolutions in the RECORD at this point.

Finally, I would like to insert the text of the March 21 editorial from the Irish Echo, the largest Irish-American newspaper. It represents a general assessment of the Irish issue on St. Patrick's Day 1981. I again use this occasion to urge my colleagues to join the ad hoc committee and help us in our efforts to bring peace and unity to the great land of Ireland.

RESOLUTION HONORING CONGRESSMAN MARIO BIAGGI FOR HIS EFFORTS ON BEHALF OF HUMAN RIGHTS IN NORTHERN IRELAND

Whereas the cause of human rights in Northern Ireland has no stronger spokesman than Congressman Mario Biaggi of the Tenth Congressional District of New York; and

Whereas Congressman Biaggi is the founder and presently serves as the Chairman of the bipartisan Ad Hoc Congressional Committee for Irish Affairs, which has been one of the most effective voices in defense of the rights of the long-suffering people of Northern Ireland; and

Whereas Congressman Biaggi has been instrumental in working to achieve an American foreign policy which seeks peace with justice in that war-torn land; and

Whereas on Sunday, March 22, 1981, Congressman Biaggi will be the honored guest of the Ancient Order of Hibernians in Watertown; and

Whereas the people of Boston, who have such strong historical and cultural ties to the people of Ireland, are deeply grateful to the outstanding efforts by Congressman Biaggi to ensure a lasting peace for the people of Northern Ireland; Therefore, be it

Resolved, That the Boston City Council in meeting assembled hereby officially commends Congressman Mario Biaggi for his efforts on behalf of human rights in Northern Ireland and extends to him its best wishes for continued success in his most important work.

THE COMMONWEALTH OF MASSACHUSETTS HOUSE OF REPRESENTATIVES OFFICIAL CITATION

Be it hereby known to all that: The Massachusetts House of Representatives hereby offers its sincerest congratulations to Congressman Mario Biaggi in recognition of his dedicated efforts in the cause of a united Ireland.

The entire membership extends its very best wishes and expresses the hope for future good fortune and continued success in all endeavors.

IN LIMBO ON MARCH 16

As this is written the great day has not yet arrived, but when you read it the celebration of St. Patrick's Day 1981 will have passed. So we are in a sort of limbo.

It's a time for some thoughts on a number of matters. In Ireland a debate rages over just what sort of relationship will exist between Britain and Ireland if some positive step towards unity is taken by the two governments.

It appears that Britain's quid pro quo for supporting some type of progressive program leading towards the unification of Ireland will be a defense pact between the two nations. This rankles the pro-neutralizing forces in Dublin.

But supporters of this approach point out that there are so many defense pacts existing in the world now that one more—even between two old foes—is no reason to oppose the new approach which could bring about a unified Ireland.

To make matters more complicated government officials in both Dublin and London are vague at best when discussing this scenario. In many cases they simply will not answer inquiries about the matter.

The opposition parties in the Republic of Ireland are raising Cain over the whole matter. But it is difficult to see just what their point is. Old enemies such as France and Germany have prospered since they became allies and there are many other examples in the modern world.

Closer to home there is much conjecture as to how President Reagan will react to the Northern Ireland travail—if indeed there will be any reaction at all. It is certainly too early to tell.

So far he has refused to lift the ban on the sale of U.S. weapons to the RUC (the Northern Ireland police). That is commendable and perhaps he will surprise his detractors.

It is interesting too, to note his acceptance of an invitation to luncheon for St. Patrick's Day from the Irish Ambassador.

As for the formation of the "Friends of Ireland" by the Kennedy-Carey-O'Neill-Moynihan group we will wait a week to comment. Certainly if this organization can be as effective as the Ad Hoc Congressional Committee on Irish Affairs under the chairmanship of Congressman Mario Biaggi it will be a help. The Biaggi committee has the support of most of the major Irish American organizations. He and his colleagues have earned that support.●

AGRICULTURAL LANDS CONVERSION TO NONAGRICULTURAL USES

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. GOODLING. Mr. Speaker, I am pleased to have joined my colleagues in sponsoring House Concurrent Resolution 92, the resolution expressing congressional concern for the continuing permanent conversion of productive agricultural lands to nonagricultural uses.

In light of the present administration's desire to return various powers presently contained within the Federal branch to State, county, and local governments, I am pleased that this resolution finds it in the best interest of the United States to:

(1) Cooperate with local and state governments in their efforts to promote the continued use of important agricultural land for the production of food and fiber; and

(2) Encourage and assist people who are engaged in agriculture to protect and enhance the productive condition of their agricultural land.

Mr. Speaker, may I present a small example of how agricultural land can and is being preserved in my home State of Pennsylvania, and in the 19th District, my constituency. I believe that both models exemplify well how local governments can be efficient and successful in making their own determinations regarding farmland preservation.

The Pennsylvania land policy program was designed to address the loss of some 3 million farmland acres between 1959 and 1969. This breaks down to 115 acres per day, presenting

a significant problem to a commonwealth which ranks among the top 10 States in the production of 12 main agricultural commodities, among them apples, livestock, milk, and other dairy products, and poultry. In 1972, the value of the State's crops and livestock amounted to almost $1.4 billion. Farmers in the Keystone State, and particularly those in the southeastern section which includes the counties of Adams, Cumberland, and York, have been plagued with problems now familiar in many farming areas: Inflation, spiraling energy costs, market uncertainties, and increasing pressures from expanding suburbia.

A good portion of the State land program has been implemented since its inception in the midseventies. Highlights of this package include:

(a) *Preferential property tax assessments.*—Giving lower tax assessments to those farmers who voluntarily agree to maintain their land for agricultural purposes; also referred to as the "Clean and Green Act".

(b) *The land condemnation review board.*—Looking at specific State and local projects with an eye for possible effects on agriculture; can require a state agency or local government to make alternative arrangements.

(c) *The milk security fund.*—Requiring that milk dealers post bond as a protective measure for dairy farmers.

(d) *Exclusive agricultural zoning.*—Allowing municipalities to zone exclusively for agricultural lands.

Together, the measures enacted thus far have had an advantageous impact on the Pennsylvania agricultural base, which is stabilizing at approximately 9 million acres. In addition to these programs, a bill is currently before the general assembly which would permit the formation of agricultural areas or districts. If the bill should be enacted, a group of farmers could petition local municipalities to form such areas; these districts would not be subject to laws detrimental to agriculture, such as nuisance ordinances. Additionally, these districts might possibly offset the manner in which States condemn and/or tax property. With this method, a variety of options exists which would restrict more stringently the subdivision of prime farmland.

Agricultural land is the prime resource of the counties which comprise my own congressional district: Adams, Cuberland, and York. Although some of the best farmland in the State can be found in this area, a downward trend of farms continues in these counties and in the entire southeastern section of Pennsylvania. Unique to the region is the fact that it is adjacent to three metropolitan areas: Baltimore, Philadelphia, and Washington are all within 100 miles. Therefore, farmers have been feeling the acute repercussions of suburbinization combined with the economic problems associated with double digit inflation. These problems have caused older farmers especially to consider seriously taking their land out of productive use when the approach of retirement age reminds them of pensions and insurance.

When York County found that its small family farms were turning into subdivisions by way of investors, the planning commission responded with what could be termed a hybrid solution to preserve farmland. After numerous reported meetings and a great deal of good ole fashioned haggling among farmers, small residential property owners, developers, local officials, and planners, they came up with an approach that combines zoning regulations by means of the following techniques:

(a) *Low residential density control.*—All agricultural uses permitted; residential uses permitted in the agricultural zones only on a very low density basis (1 dwelling unit per 20–50 acres); however, dwelling units could be located on a minimum lot size of 1 to 2 acres; no commercial or industrial uses permitted.

(b) *Subdivision restrictions.*—All agricultural uses permitted; residential subdivisions (other than minor subdivisions) permitted only when connected to public water and sewer facilities; no commercial and industrial uses permitted.

(c) *Prime agricultural land preservation.*—All agricultural uses permitted; residential uses permitted only on soils other than the prime agricultural soils (Class I, II, and possibly III); commercial and industrial uses not permitted.

I am told that York has found this method simple, quick, understandable, and easily implemented by county municipalities. York decided upon this particular approach because officials there felt that they: First, needed to control the number of new dwelling units being built in their rural agricultural areas; second, needed to limit the amount of land being subdivided for speculative purposes; and third, wanted assurances that any new construction that did take place would be relegated to nonprime agricultural land. Two interesting variations of York's selected approach to zoning regulation include: First, uniform restriction of single family development lots, which in effect limits the number of new family dwellings permitted on an existing tract of ground to six plus the prime farmstead; and second, sliding scale restriction, which increases the permitted number of new family dwelling units for larger farms.

The effect of these efforts today is that the number of subdivisions in York County is now holding steady; in addition, farmers as well as real estate practitioners now accept the practices more readily as a necessary means to halt major piecemeal speculation in southeastern county.

The United States must begin to think about its role as a food and fiber provider for a world ripe with drought and hunger; about the imbalances of international trade; and about the contribution of one of the more highly efficient domestic industries to the national economy. It must also realize that farmers, while facing problems stemming from declining economic conditions the world over, like to maintain their sense of independence from what they often perceive to be misguided intervention by competing Federal agencies. Land use and its regulation have traditionally been the responsibility of State and local governments. I have highlighted two land preservation policies currently in use in my own State and district which I believe to be satisfactory. Let us at the Federal level strive to encourage and to support State and local farmland preservation policies. Let us learn from the mistakes of the energy crisis. Let us acknowledge that agricultural land is a vital resource, not to be taken for granted as we have done so often in the past. May I borrow generously from William Jennings Bryan, who said:

Burn down your cities and leave our farms, and your cities will spring up again as if by magic; but destroy our farms, and the grass will grow in the streets of every city in America.

Thank you.●

CONGRESSMAN CLAUDE PEPPER FLORIDA'S OWN CONGRESSMAN

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. PEPPER. Mr. Speaker, a very talented and lovely lady, Mrs. Marie Deskins, of Miami, did me the great honor recently of composing a beautiful poem entitled, "Congressman Claude Pepper." Mrs. Deskins' poem is not only a moving tribute to me but it is another fine example of the accomplishments being made by many of the senior citizens of our country. Mrs. Deskins will be 79 years old on April 4 and she remains alert and involved; an inspiration to all who know her. I, therefore, Mr. Speaker, insert her poem, which I shall always cherish, in the RECORD immediately following these remarks:

CONGRESSMAN CLAUDE PEPPER

The 1980 election plainly shows
That a man does not lose his knowledge
Or ability to serve his Country
Due to age . . . age is like Vintage Wine.
Men improve with age.
He stood up to adversity
When his lovely Mildred passed on.
Florida . . . young and old adore him;
His untiring effort for the aged;
The eternal struggle . . . for better housing;
For more protection and help;
No one person has done more.
The State of Florida is lucky
To have a man so wise and strong.
For the many years he has served us
May God Bless him . . .

So he may have many more years of life.●

ELEUTHERIA I THANATOS

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. NEAL. Mr. Speaker, today marks the 160th anniversary of the beginning of the Greek revolution that ended more than 400 years of repressive rule by the Ottoman Empire. Led by Prince Alexandros Ypsilantis, a small band of patriots, against overwhelming odds, began an 8-year struggle which culminated in the recognition of their sovereign rights by the Turkish Government in 1829.

Mr. Speaker, this is an important day for the Greek people as well as for all people who cherish freedom and democratic principles. After all, the concept of democracy was spawned by the remarkable leaders and thinkers of ancient Greece whose teachings inspired the Founding Fathers of our own country, as well as of other democratic nations.

It should be remembered, too, that in the year 1821, our own Republic was young and, therefore, the cause of Greek independence won the sympathies of many leaders in the United States. President James Monroe wrote:

> The mention of Greece fills the mind with the most exalted sentiments, and arouses in our bosoms the best feelings of which our nature is susceptible. That such a country should have been overwhelmed, and so long hidden, as it were, from the world under a gloomy despotism, has been a cause of unceasing and deep regret to generous minds for ages past . . . A strong hope is entertained that these people will recover their independence, and resume their equal station among the nations of the earth.

And so it was, Mr. Speaker, that the Greek Army, with European friends, stood up against the powerful Turkish Army, with its Egyptian mercenaries, and won back its country's freedom.

The Greek people have demonstrated time and again, often by shedding their blood, that they understand the value of this precious commodity called freedom. The heroics of the 19th century were matched by Greek efforts in World War II and its aftermath. They cried "OXI!" beating back Mussolini's invading force in 1940, and gave strong resistance to the Nazis until the Allies arrived to help repel the German army.

Therefore, Mr. Speaker, it is with respect and admiration that I join the Greek nation and the many Americans of Greek origin in the Fifth Congressional District and across the Nation in celebrating Greek independence. We also celebrate a century and a half of true friendship between the people of America and the people of Greece.

I take pride in informing this body that my State of North Carolina is in the process of declaring this day a State holiday for the celebration of Greek independence.●

TRIBUTE TO LEONARD ROHMER

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. OTTINGER. Mr. Speaker, I rise to bring to the attention of my colleagues the outstanding achievements of Leonard Rohmer, executive director of Westchester Jewish Community Services, Inc. (WJCS). Mr. Rohmer is a psychiatric social worker and has been with WJCS since 1957. On March 29, I shall be privileged to participate in his retirement tribute.

When Mr. Rohmer came to WJCS 24 years ago, it was a small family service agency with two offices. Since that time, Mr. Rohmer has presided over the agency's spectacular growth. Today, Westchester Jewish Community Services, Inc. is a nonsectarian child guidance and family mental health clinic with six branch offices throughout Westchester County, N.Y. It is, in fact, the sixth largest voluntary family service agency under Jewish auspices in the United States.

Throughout WJCS's growth, Mr. Rohmer has provided visionary guidance, steering it firmly in the direction of compassionate, highly qualified help to those in emotional stress. Mr. Rohmer's outstanding innovative skills have made WJCS a leading mental health force in Westchester with an excellent professional reputation.

Mr. Rohmer's contributions to the WJCS, indeed, to the entire Westchester community, will long be remembered. His dedication and perseverance have assisted thousands of emotionally distressed. He has encouraged the young, and given hope to the elderly and the frail. I commend him for his service, wish him luck in his retirement, and I thank him for 24 years of outstanding leadership for Westchester Jewish Community Services.●

LIBRARIES SEEK TAX GUIDELINES

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. GEPHARDT. Mr. Speaker, today I am introducing a bill to provide that any tax-exempt organization that operates a bona fide library as a permanent and principal part of its tax-exempt activities, be treated for tax purposes as a public charity in the same manner as other educational organizations such as schools and universities. The bill is limited to only those libraries which are operated as a permanent and principal part of the tax-exempt activities of the subject organization and were organized by a public act of the United States, of any State, of the District of Columbia, or of any possession of the United States, or were in existence prior to 1789; and second, ones which are open and available to the public at no charge and are operated as the sole activity of the subject organization to insure that only such libraries that are clearly organized to serve the public will benefit from this legislation.

Because of the investment income from their endowments, some tax-exempt organizations that operate a library as described above, run the annual risk that they will fail to meet the Internal Revenue Service guidelines to qualify as a publicly supported organization and that, therefore, they will be classified as a private foundation. Under existing law, unless a library meets the publicly supported financial test, it will not qualify as a public charity even though such library clearly serves a public purpose. Such libraries spend significant amounts in legal and accounting fees on an annual basis, funds that would otherwise go to the exempt purpose, for example, to purchase books, et cetera, to determine and insure that they meet the Internal Revenue Service guidelines. A library that does not meet these tests is usually classified as a private operating foundation and is required to pay a 2-percent excise tax on their net investment income. The purpose of the excise tax, as set out in the legislative history, is not to raise revenue for the Government, but to cover the Internal Revenue Service expense in monitoring private foundations, principally to insure that such organizations are promptly and properly using their funds for charitable purposes. The purpose behind the excise tax does not appear to be applicable to the class of libraries described in the bill.

A library that is classified as a private foundation also has a more difficult task than an organization classified as a public charity in soliciting funds from potential contributors. For example, a private foundation that is not an operating foundation may make contributions to public charities and private operating foundations, but generally may not make qualifying contributions to other private foundations that are not operating foundations. Because of the uncertainty as to whether a private operating foundation continues to qualify as an operating foundation—there are complex tests that must be satisfied annually—many individual contributors and other private foundations that are not operating foundations are hesitant to contribute funds to such an organiza-

tion even though it clearly serves a public purpose. As a result, funds that would otherwise go to a library described in the bill are diverted to other charitable organizations.

Although most libraries within the class of libraries described in the bill are able to satisfy the publicly supported test and qualify as a public charity, there are some libraries within that class that because of their endowment funds, are unable to satisfy these tests, and therefore are classified as private operating foundations. Because such libraries are classified as private operating foundations, they must pay an excise tax on their net investment income. One such library is the St. Louis Mercantile Library located in St. Louis, Mo. For taxable years after 1977, this will amount to $2,000 to $4,000 per year. In addition, this library must incur annual legal and accounting expenses to make sure that it falls within the private operating foundation guidelines.

I am not aware of many other similar libaries in the particular situation being faced by the St. Louis Mercantile Library. Thus, it is anticipated that the annual loss in revenue if this bill is enacted would be less than a few thousand dollars per year. The bill indirectly affects many other libraries because the passage of the bill will also relieve them of the necessity of continually insuring that they meet the publicly supported tests, and this is why the bill is supported by, among others, The Independent Research Libraries Association, whose members include the New York Public Library, the Henry E. Huntington Library, American Antiquarian Society, and the Library Company of Philadelphia.

The St. Louis Mercantile Library Association was established in 1846 to form a well-rounded collection of books for the information and convenience of St. Louis. The formation of the library was authorized and approved by a public act of the General Assembly of the State of Misouri. The library is maintained in its own building in downtown St. Louis.

Over the past 132 years, the library has assembled a notable collection of books, now over 213,000 volumes, comprising a general collection in the liberal arts area, with emphasis on history, biography, travel, philosophy, religion, and the arts. The library maintains one of the country's distinguished and most comprehensive collections of regional history pertaining to St. Louis and Western Americana.

The Western Americana Collection, with approximately 55,000 rare books, is probably the most comprehensive collection in that field in existence. The collection is frequently consulted and referred to by many students and historians in this field.

In addition, the library has one of the most complete files available in the St. Louis area for six local papers, including some 500 bound volumes of St. Louis newspapers beginning with 1812—a few of these cannot be obtained in any other library.

The library has also been the recipient of many valuable gifts during its existence. These gifts include the fragmentary journal of Pierre Laclede's stepson, Auguste Chouteau, describing the founding of St. Louis, and the original manuscript "Journal of the Proceedings of the First Legislative Council of the Territory of Louisiana, From June 3, 1806, to October 9, 1811." For individuals researching the organization of the territorial government of the Louisiana Purchase or about Missouri's first steps toward statehood, these documents are of extreme importance. Another notable possession is the four-volume elephant folio of Audubon's "Birds of America."

The library is open to the public and currently maintains a broad-based membership of over 2,000. While membership is necessary to check out materials—membership dues are currently a nominal $10 per year—anyone can use the books and collection on the premises of the library. The library is also made available to students from Washington University to observe the library's unique cataloging systems, reference department, and rare book room.

The St. Louis Mercantile Library should not be penalized by the private foundation rules and applicable exercise taxes. These provisions were not intended to penalize organizations that clearly provide a public benefit such as this library does. Further, other libraries of a similar nature likewise should not be burdened with the additional legal and accounting expenses to insure that they continue to satisfy the publicly supported financial tests.●

SOLUTION IN NORTHERN IRELAND MUST INVOLVE AN IMPROVED ECONOMIC CONDITION FOR ALL CITIZENS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BIAGGI. Mr. Speaker, as chairman of the 121-member Ad Hoc Congressional Committee for Irish Affairs, I wish to discuss an idea of fundamental importance to Northern Ireland—the state of her economy.

According to official figures released last week and published in an article in the Irish Echo, unemployment in Northern Ireland has reached 17 percent—more than double the rate in this Nation and considerably higher than the 10.2-percent rate in Great Britain. All told there are some 100,000 persons without jobs in Ulster.

It is not suprising that the highest unemployment figure in the North is registered in the Catholic town of Strabane in the county of Tyrone. Coincidentally, the towns with the highest rates beside Strabane: Cookstown, Dungannon, Derry City, Limavady, and Newry; also have high concentrations of Catholics. Our committee has long been concerned about discriminatory policies in the North which aggravate the unemployment problem.

The ad hoc committee maintains the position that a peaceful political solution is the only answer in Northern Ireland. We recognize that there must be a massive infusion of economic recovery aid provided if there is to be a durable future peace in Northern Ireland. In 1977, former President Carter endorsed the concept of the United States providing aid to Northern Ireland in concert with other nations once peace was achieved. I suggest that this Nation might consider some forms of immediate indirect economic assistance to the north of Ireland. Projections are that the situation will get worse before it improves. We must not allow the situation to deteriorate any further.

I call to the attention of my colleagues the Irish Echo article which details the grim statistics on unemployment in the north of Ireland:

ALMOST 100,000 OUT OF WORK IN THE NORTH

BELFAST.—The Northern Ireland jobless figure has almost touched 100,000 according to official figures released last week. A total of 99,849 people are out of work, representing more than 17 percent of the insured working population.

The British Industry Minister, Adam Butler, said the figures would go higher, but said he was encouraged that they were not as high as had been forecast, and that the rate of increase was slowing down. He thought the situation might level out sometime this year.

The North's unemployment figure, at 17.3 percent is significantly higher than the overall United Kingdom rate of 10.2 percent. Male unemployment in the North stands at 21.2 percent, female unemployment at 12.1 percent.

As usual, the Co Tyrone town of Strabane is the blackest spot, with almost 35 percent unemployed. It is followed on the blacklist by two other Tyrone towns, Cookstown and Dungannon, and then by Derry City, Limavady and Newry.

Condemnation of the figures came from many sources. Mr. Terry Carlin, Northern Ireland officer of the Irish Congress of Trade Unions, said the total was very likely to reach 125,000 later this year. He said of Mr. Butler's comments: "I am utterly appalled at the way he is trying to deceive people by pretending that things are going to get better this year. I find it hard to contain my temper in the face of an outrageous statement like that."

Mr. Carlin said that there was a large element of under-recording in the figures, which meant the true figure was already over 100,000.

Alan Burnside, of the Northern Ireland section of the Confederation of British industry, said the total was another unhappy

demonstration of the seriousness of the recession. The Government should pay more attention to the need to restore competitiveness to industry, he said.

Mr. Hugh Logue, economics spokesman for the SDLP, said the figures were an affront to the right to every citizen in Northern Ireland to work. Politicians and others should be united to put pressure on the British Government "to either provide work for all or to leave Northern Ireland to others to govern," he said, adding: "Instead, we are forced to observe a nocturnal hillside pantomime designed to retain the British in their continuing misgovernment of Northern Ireland."

Further criticism came from the DUP East Belfast MP, Mr. Peter Robinson, the Alliance Party and Republican Clubs—the Workers Party.●

TRIBUTE TO VICTOR JOHN BARICH

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. ANDERSON. Mr. Speaker, on March 27, 1981, the judicial district of Downey, Calif., will assemble at the Long Beach Elks' Club to honor its retiring clerk and administrative officer for the past 18 years, Victor J. Barich.

Born in Chicago, Ill., on December 16, 1925, Victor was educated at Fenger High School before joining the U.S. Navy to serve in World War II. After his military service, he made his home in the harbor area of Los Angeles. There he married Helen Marie Fuhrman on May 29, 1948.

Victor's court clerking experience began with the civil and criminal departments of the Los Angeles judicial district, where he served from 1947 to 1963. During that time he bacame the court clerk in charge at the San Pedro branch. In 1963 he took on dual responsibilities as clerk and administrative officer of the Downey Municipal Court—responsiblities that he has carried up to this day. I must point out that although Victor was working full time for the people of California and raising a family, he also made the time to further his education at Compton College, California College of Commerce, Los Angeles Harbor College, the IBM Course in Computer Systems and Management, and San Jose State's court administration program.

Besides compiling an unblemished record of service in the judicial community, Victor has established an impressive record of participation in service organizations. His memberships include 30 years in the Knights of Columbus; 35 years in the Croation Fraternal Union of Pittsburgh, Pa.; the Monte Vista Activity Club, where he served as president in 1972 to 1973; the Los Angeles County Clerks' Association, where he was chairman from 1968 to 1969; the Data Processing Committee, and the Civil Service Committee, which he chaired for 11 years. Additionally, in 1967 he represented Los Angeles County at the National Conference for Traffic Court Administrators and Court Clerks which was held in Chicago by the American Bar Association.

Mr. Speaker, without the dedicated service of men like Victor Barich, our court system could not accomplish the monumental task of delivering justice to the thousands who come forth yearly seeking resolution of legal problems. My wife, Lee, joins me in saluting Victor for his years of service, and we wish his wife, Helen, and their children Vickie, Mike, Joe, Tom, Jim, and Mary the very best of everything in the years ahead.●

BLYTHE ARENA—UP FOR AUCTION

HON. GENE CHAPPIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. CHAPPIE. Mr. Speaker, today I am introducing legislation to provide for the sale of Blythe Arena, an ice skating arena located in Tahoe National Forest, Placer County, Calif. Congress authorized construction of this facility, which is located in my congressional district, on April 3, 1958, and now Congress must act in order for Blythe Arena to be sold at public auction. Blythe Arena was built for the 1960 eighth winter Olympic games held in Squaw Valley, Calif., and enjoyed its heydey during this time. During the arena's 20-year history, it has served the community well as a recreational facility and as an Olympic figure skating training center.

The Blythe Arena is situated on a small isolated parcel of national forest land surrounded by private land developed and operated by private interests for various outdoor recreational activities. Because of the land's location in Squaw Valley, it has lost its national forest identity, and could be more effectively managed by non-Federal interests.

The bill which I am introducing provides the Secretary of Agriculture with the authority to sell Blythe Arena which is located on 5.22 acres of public land. The money received from the sale of Blythe will be reserved for a national forest land acquisition in California.

At a time of great concern over Federal spending, I do not think we can condone the use of taxpayers' money to operate Blythe Arena. Therefore, I am hopeful that a local enterprise will recognize the value of Blythe and operate the arena for the continued use of the community.

The bill follows:

A bill to authorize the Secretary of Agriculture to sell the portion of the Tahoe National Forest known as Blythe Arena

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture may sell at public auction, for not less than fair market value, all right, title, and interest in the approximately 5.22 acres of land which is known as Blythe Arena and located in the Tahoe National Forest, and which is depicted on a map entitled "Blythe Arena Sale or Exchange Proposal", dated February 1981, on file in the office of the Chief, Forest Service, Department of Agriculture.

SEC. 2. There is authorized to be appropriated for the acquisition, by the Secretary of Agriculture, of lands in the State of California an amount equal to the amount of any proceeds received from the sale of Blythe Arena under the first section of this Act. Lands acquired with funds appropriated under the preceding sentence shall be permanently reserved, held, and administered as part of the National Forest System.●

MUNICIPAL CLERK'S WEEK

HON. HENRY B. GONZALEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. GONZALEZ. Mr. Speaker, today I am introducing a resolution which would authorize the President of the United States to proclaim the week of May 10 through May 16, 1981, as National Municipal Clerk's Week. The purpose of this resolution is to recognize and honor on a nationwide basis those who bear the title of municipal clerk. The International Institute of Municipal Clerks, representing thousands of our Nation's most established professional public servants, has endorsed such recognition and has set aside this special week in honor of this group.

As a matter of historical perspective, the municipal clerk goes back to pre-Biblical times. The ancient cities of Greece had their own city secretary whose primary duty was to read aloud official documents. The office of clerk can be traced back to the Middle Ages, where initially, a clerk was any member of a religious order. This was derived from the word "cleric" or "clergyman." Our early American colonists established the office of clerk and it quickly became a way of life.

Mr. Speaker, since the earliest days, municipal clerks have been at the heart of virtually all the official acts of local government, bringing together the local residents and their government. The result of this has been the orderly maintenance of public records without which responsive local government could not exist.

At this time I would like to encourage my colleagues to join in with me in recognizing this special week for those special individuals who efficiently

serve the principles of local government day after day.●

CONGRESSIONAL SALUTE TO THE PEOPLE OF BYELORUSSIA IN COMMEMORATION OF THE 63d ANNIVERSARY OF THE DECLARATION OF INDEPENDENCE OF THE BYELORUSSIAN DEMOCRATIC REPUBLIC

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. ROE. Mr. Speaker, today marks a historic and momentous day for all freedom loving people who are deeply committed to the ideals of self-determination and independence of thought and action.

It was 63 years ago today, on March 25, 1918, that the executive committee of the First Byelorussian National Congress proclaimed the Byelorussian Democratic Republic, initiating a period of guaranteed freedom of speech, assembly, and the equality of all citizens under the law.

But, unfortunately, that exercise in freedom for the Byelorussian Republic was short lived. Under the leadership of Lenin, the new imperialist Bolshevik government of Soviet Russia reconquered the independent state Byelorussia.

To camouflage this aggression the Moscow regime arranged the proclamation of its own colonial state, the Byelorussian Soviet Socialist Republic, on January 1, 1919, in the city of Smolensk.

The Byelorussian people were the victims of both Communist aggression and imperialism, and later Nazi occupation. But they remained steadfast in their opposition to subjugation. Scores of brave Byelorussian heroes gave their lives in the fierce battle to save their homeland from the brutal Russian Communist forces.

Since 1921, the Russian Communist Party has controlled the internal affairs of Byelorussia, but the cultural heritage of its people has remained one of the strongest and richest in all of Europe. In their hearts, the Byelorussian people have a continued desire for the independence from the yoke of Soviet aggression.

Many brave Byelorussian citizens are today being held in Soviet prison camps. For most their crimes are nothing more than expressions of basic human rights for their fellow citizens. One great Byelorussian hero, Michal Kubaka has been sentenced to 6 years in a Soviet psychiatric prison for writing an essay entitled "Human Rights and Détente Are Indivisible."

During the 63 years of Soviet oppression, over 6 million Byelorussian citizens have been murdered or deported to Siberian concentration camps.

Mr. Speaker, the proud people of Byelorussia are an inspiration to us all and we join them today in their hope that one day their dreams of freedom and independence will be realized.●

OIL SHALE LEASING ON THE PUBLIC LANDS

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. SANTINI. Mr. Speaker, today I introduced legislation with several of my Interior Committee colleagues dealing with an issue which my Mines and Mining Subcommittee has worked on for several years, oil shale leasing on the public lands. This bill would remove several constraints currently inhibiting efforts under the prototype oil shale leasing program to gain the technical and environmental information needed for a permanent oil shale leasing program. In addition, this proposal would confirm the Department of Interior's authority to lease oil shale lands for multimineral development.

First, although this bill would retain the 5,120-acre limitation on lease oil shale tracts, it would add language allowing an increased lease tract size when the Secretary determines that a larger area is necessary to permit long-term commercial operations. This new provision would assure the issuance of lease tracts of sufficient size to enable economic development of oil shale resources. Without this provision future leasing of oil shale in Utah and Wyoming would probably not occur, leaving future oil shale development to focus on only Colorado.

Second, this bill would lift the current limitation of one oil shale lease per person, association, or corporation in areas of poor quality shale. I believe that the one lease limitation inhibits technological development, in that it promotes the use of conservative methods known to be profitable rather than experimental methods which should be encouraged by the prototype program. It also presents a serious disincentive to developers, in that it prevents them from further benefiting from the experience and technology they have developed. The bill further provides that one additional lease may be held in any State where the lessee has achieved commercial production on both leases within that State and where the resources on one of the existing leases in that State will be depleted within 10 years. Also, any leases issued in order to avoid bypassing small acreages of Federal oil shale resources which could not otherwise be mined economically would not be included in the limitations on oil shale lease ownership. I believe that these provisions allowing lessees to hold more than the one lease currently allowed will result in the generation of more of the technical and environmental information needed to develop a permanent oil shale leasing program.

Third, this bill would authorize the Secretary to issue, to any person, association, or corporation holding an oil shale lease issued prior to 1985—and thus issued within the prototype oil shale leasing program—an additional lease or leases for the use of other public lands for any use other than the removal of any mineral deposits contained therein, connected with the development of oil shale operations on leased lands. The oil shale lessee would have to demonstrate that the lease is necessary and appropriate for its operations. Uses could include, among other things, disposal of oil shale waste and other materials removed from lands covered by an oil shale lease, and the building of plants, reduction works, or other facilities needed for the operations under an oil shale lease. Allowing such additional leases for the holders of prototype oil shale leases would permit the most efficient mining of oil shale resources, especially in the richest areas, since mining tracts would no longer have to accommodate the processing facilities and spent shale as well as the development operation itself. During the 96th Congress, the House of Representatives passed a bill providing the authority. It did not pass the Senate however.

Fourth, this bill would confirm the authority of the Secretary to issue leases allowing the mining, extracting, and disposing of all mineral deposits contained in lands covered by an oil shale lease. This confirmation of existing authority would facilitiate multimineral development of resources on leased lands. Such resources would include dawsonite and nahcolite.

Fifth, this bill would amend section 27(e) of the act to address fractional or indirect interests in oil shale lease in light of the new ceiling on lease holdings mentioned above. Currently, no person, association, or corporation may hold any interest in an association or corporation holding an oil shale lease, if that interest, taken together with other direct or indirect holdings greater than 10 percent, would exceed in the aggregate the maximum number of acres of the mineral in question allowed to any one lessee. Since the absolute limitation on the number of acres that can be held by a particular lessee has been changed to a restriction expressed in terms of numbers of leases, the provision charging shareholders with a pro rata share of a leased interest needs to be amended to reflect that change. Thus, this bill amends section 27(e) to provide that any fractional or indirect

interest in an oil shale lease will be counted against the leasehold ceiling—rather than a lease acreage ceiling—so that the sum of the fractional holdings of one person association, or corporation does not exceed the new leasehold ceilings.

I believe that enactment of these amendments to the Mineral Leasing Act will better enable the Department to gain the technical and environmental information needed to proceed with the permanent oil shale leasing program. This proposal would not only strengthen the existing prototype oil shale leasing program but is a necessary condition precedent to any future permanent leasing program as well.●

THE TRAGEDY OF ELDER ABUSE SUBJECT OF HOUSE SELECT COMMITTEE ON AGING HEARING/NATIONAL CONFERENCE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. BIAGGI. Mr. Speaker, yesterday I along with my colleague from the House Select Committee on Aging— Mr. FRANK—conducted a hearing at Harvard University on the tragedy of elder abuse.

This hearing was conducted in conjunction with a first time National Conference on Abuse of Older Persons. This was another in a series of activities involving our committee as we seek to come to grips with this national scandal.

The leadoff witness at yesterday's hearing was James A. Bergman, regional director of Legal Research and Services for the Elderly, Inc., of Boston, the organization which convened the conference.

I would like to insert an excerpted version of Mr. Bergman's testimony as well as my own opening statement in the RECORD for the consideration of my colleagues.

I ask my colleagues to pay close attention to the end of Mr. Bergman's statement when he urges that no cuts be made in existing social service or legal service programs because of their adverse impact on the elderly. This is significant when we consider that the Reagan budget is proposing the elimination of the Legal Services Corporation. This deserves very close scrutiny.

The statements follow immediately.

TESTIMONY OF JAMES A. BERGMAN

Mr. Chairman, my name is James A. Bergman. I am the Regional Director of Legal Research and Services for the Elderly, Inc. in Boston, Massachusetts.

As the convenor of the First National Conference on Abuse of Older Persons, I extend my appreciation to you and the House Select Committee on Aging for conducting this hearing as a part of the conference. This Committee has taken a leading role in informing the public about the very serious problem of elder abuse. The three previous Congressional hearings on elder abuse have all been held by this Committee. With today's hearing and the one in San Francisco on April 3rd, which will be a part of the National Conference on Abuse of Older Persons which we are holding in that city, this Committee will again bring the issue of elder abuse to the attention of the citizens of this nation. For this continuing attention to the problem, we all are indebted to you.

In 1979 the problem of elder abuse was identified as an issue and a national tragedy. Until 1979, elder abuse was a hidden problem. With publication of four studies, including one conducted in Massachusetts by Legal Research and Services for the elderly, problem was brought to the attention of the public. The House Select Committee on Aging briefing on June 23, 1979 conducted by Congressman Robert Drinan in Boston created a national awareness of the problem. The June 11, 1980 hearing of the House Select Committee on Aging in Washington, D.C. demonstrated to the nation that elder abuse was in fact a national tragedy that could not be ignored.

This week and next at the National Conferences on Abuse of Older Persons in Cambridge, Massachusetts and in San Francisco, over 300 authorities on elder abuse, spouse abuse, and child abuse in the home and in institutions will be exploring where we are today and where we should proceed in the future in treating this national tragedy. Hopefully these conferences will provide guidance for local, state and national action so that we do not repeat the mistakes of the past and re-invent the wheel or the flat tire. We would err greatly if we ignored the experiences of those who have addressed the problems of child and spouse abuse. We would be even more foolish if we proceeded haphazardly to create programs to treat and prevent elder abuse without reflecting on what is the current state of our knowledge of the problem and the remedies already available. This conference and this hearing should provide an opportunity to learn, to reflect and to recommend a pathway for future action.

As of today, four significant studies of elder abuse have been produced, and they constitute the major empirical studies that have been done thus far. Thus, in one sense, the research which has been conducted on elder abuse is veneer thin.

On the other hand, research is often a few steps behind the experiences of persons working directly and daily with the problem. This is definitely the experience in the case of elder abuse. Nurses, doctors, social workers, psychiatrists, lawyers, police, clergy, community workers, families, friends, and neighbors daily are encountering cases of elder abuse in homes and in nursing homes, hospitals and mental hospitals.

In the approximately fifteen (15) states which currently have adult or elder abuse reporting laws, hundreds and thousands of reports of alleged cases of elder abuse, neglect, financial exploitation and abandonment are reported each year. The vast majority of these reports are confirmed when they are investigated. In Connecticut, which has a mandatory reporting law, over a thousand cases of elder abuse, neglect, exploitation or abandonment are reported each year. In South Carolina, which has a mandatory reporting law for all adult victims, the state agency projects that over 2,000 cases will be reported this year.

Our agency in the past year has received over 200 calls from legal, social and health service agency staff members and from family members or neighbors of victims and from victims themselves asking for advice on what to do about apparent cases of elder abuse, neglect or financial exploitation. These calls are all made voluntarily, without a mandatory reporting law and without much publicity about our program.

Our experience over the past three years has involved handling hundreds of cases of elder abuse, conducting research on this problem, training hundreds of persons in how to handle such cases, and drafting and lobbying for mandatory reporting legislation. This experience has led to conclude that there are four basic types of elder abuse victims, as follows:

1. The competent/consenting person, i.e., the person who is mentally competent and consents to receiving help with the problem;
2. The competent/non-consenting person, i.e., the person who is mentally competent, but either will not admit that there is a problem or will admit it, but in either case will not accept any help with the problem;
3. The incompetent person, i.e., the person who is not mentally competent and as a result is unable to understand the nature or consequences of the harm being done to them and therefore does not seek help; and
4. The emergency case, i.e., the case in which the person is in imminent danger of death or serious physical, mental or financial harm.

Of these four client types, the competent/non-consenting and incompetent clients make up the vast majority of the cases reported to us. Thus, the most common cases involve the following characteristics:

1. The victim rarely reports the problem;
2. Access to the alleged victim is difficult or impossible to gain initially;
3. When and if access is gained, the alleged victim will not admit that there is a problem and/or will not accept offers of assistance;
4. The victim is living with the abuser, who is a family member or caretaker;
5. The victim believes that little or nothing can be done to help;
6. The victim fears that nursing home placement is the only alternative and is opposed to that alternative;
7. Flexible services which meet the actual needs of the victim are rarely available;
8. Some victims are in need of guardians, and frequently no one is available to serve in that capacity;
9. The abuser frequently has a drinking problem which is a direct cause of the abuse;
10. The abuser needs counseling on how to deal with her feelings about and actions toward the victim; and
11. The abuse has been occurring for an extended period of time.

These characteristics are illustrated by a case I was called about just last week. A woman in her 70's lives alone and is bedridden much of the time. She can get around her house with the aid of a walker, but only with great difficulty. She has a homemaker seven (7) days a week to help with cooking, housekeeping and grocery shopping. The visiting nurse agency now refuses to see her because she will not follow the medical plan they have prescribed for her, and because they fear the woman's daughter. The woman's son has been appointed conservator to handle her financial affairs due to her advanced age and physical incapacity. The woman's daughter visits her two or

three times a week, and this virtually always results in verbal abuse and fequently in physical abuse. She has beaten her mother repeatedly. At least on one occassion she pushed her mother into the bathtub and then threw scalding hot water on her. This abuse has gone on for a number of years. The son and other family members know of the daughter's actions, but maintain that there is nothing they can do about her. They all fear her reactions, and they all agree she needs psychiatric help. She hysterically refuses to discuss that alternative. The elderly victim of this abuse will not go to the hospital to receive needed treatment because the daughter tells her that the doctors just want to put her in a nursing home. The woman refuses to consider placement in a nursing home. And, the woman will not agree to seek a restraining order against the daughter to keep her out of her home, nor will she file criminal assault charges against her. Thus, she admits that she is being abused, but she refuses to consent to take any action to prevent further harm. Because she is mentally competent, she has the legal right to adopt this course of action. Until she moves from being a competent/nonconsenting person to being a competent/consenting person, little can be done to help her.

Thus, our actual experience in the past three years has convinced us that the problem of elder abuse is indeed a major problem and one which we can no longer ignore. As I stated in my testimony before this Committee in June, 1980 in Washington, D.C., we have encountered cases of severe beatings, sexual abuse, major financial exploitation and some deaths of older persons. There is no question in my mind that elder abuse is a national tragedy and that we are far from dealing adequately with it.

As I stated earlier, four major studies on elder abuse have been conducted, as follows:

1. "Elder Abuse in Massachusetts: A Survey of Professionals and Paraprofessionals" by Legal Research and Services for the Elderly, Boston;

2. "The Battered Elder Syndrome" by Block and Sinnott;

3. "A Study of Maltreatment of the Elderly and Other Vulnerable Adults" by Douglass and Hickey; and

4. "Abuse of the Elderly by Informal Care Providers: Practice and Research Issues" by Lau and Kosberg.

Margaret O'Rourke of Legal Research and Services for the Elderly has prepared an analysis of these four studies. The following is her statement of the conclusions which can be drawn from those studies:

The research which has been done thus far and the thousands of cases which are already uncovered each year clearly point out the need for federal, state and local action.

On the federal level, four actions are required, now.

1. Federal legislation is needed which provides financial incentives to the states to pass mandatory elder abuse reporting and handling legislation;

2. Research funds are vital to enable medical, mental health, legal and social science researchers to conduct much more analysis of the nature and scope of the elder abuse problem;

3. Model project funds are vitally needed to develop more elder abuse response techniques; and

4. Current health, social, mental health and legal services must not be cut back or eliminated for the very vulnerable victims of elder abuse, neglect and exploitation.

This is no time to go back to reliance on private charity to help the needy; it didn't work in the 1800's; it didn't work in the early 1900's; and it definitely won't work when double digit inflation turns middle income persons into low income persons.

Statement by Hon. Mario Biaggi

Elder Abuse

I am especially privileged to convene this hearing this morning. The House Select Committee on Aging feels honored to have been asked to conduct this hearing in conjunction with the First National Conference on Abuse of Older Persons. In addition to being chairman of today's hearing, I serve as an original member of the House Select Committee and chairman of its Subcommittee on Human Services. I extend a warm greeting from our illustrious full committee chairman, Senator Claude Pepper.

I also wish to pay a special tribute to a new colleague in Congress, but by no means a new friend of the elderly, Barney Frank. In the few short months that Barney has served in the House, he has made a distinctly favorable impression upon his colleagues on the House Select Committee on Aging and we know he will have much to contribute.

It was almost one year ago that I conducted a hearing in my home city of New York on the topic of elder abuse—or "granny bashing" as some newspapers call it. At that time, I referred to that problem as, "a burgeoning national scandal". We reconvene another hearing today and find the same situation is still as grave as before but we have improved considerably in our abilities to both diagnose and understand the problem.

In the coming weeks, the House Select Committee on Aging will release a major report on elderly abuse. It will represent the culmination of a three-year-long committee investigation which includes my hearing and one held in this great city in June of 1979. It will be a precedent-setting document which will impact greatly on future policy directions which Congress will take to cope with the problem of elder abuse.

Numerous surveys were conducted as part of this report and I would like to present one which especially caught my attention. It was a survey of 22 police chiefs from major metropolitan areas representing some 27 million people. Their responses revealed the following:

64% said their officers had encountered situations where family members had physically abused or grossly neglected their elder relatives;

Nearly 1/3 of the police chiefs indicated that this type of abuse occurs frequently within their jurisdictions;

Another 50% of the police chiefs said they had encountered situations where family members have financially abused their loved ones.

The special interest I have in this survey stems in part from an earlier vocation I enjoyed—that as a police officer for 23 years in the city of New York. While serving in this capacity, I saw firsthand the problems of domestic violence. The significance of this survey is that it proves clearly that elder abuse is on the rise in America. One should note that this survey represents reported cases of elder abuse. Many thousands of older people fail to report acts of violence perpetrated against them by family members because of love—or fear or reprisal. I recall testimony presented at my New York hearing by a police officer who told the grotesque tale of a 78 year old woman who was beaten and robbed by her 36 year old grandson. These actions took place over a two year period and resulted in the woman being hospitalized on seven occasions. She refused to have her grandson arrested and had it not been for witnesses who saw the beatings, she might never have reported the case. Fortunately for the woman and society, her grandson was arrested, convicted and sentenced for a three to seven year period.

Elder abuse is basically broken down into four primary categories:

Physical—including beatings.

Psychological—verbal abuse and threats.

Material—theft of property or money.

Violation of rights—coerced entry into nursing homes.

Reasons for why acts of elder abuse are committed vary. At our hearings we learned that a primary contribution was economic stress placed on families. The cost of caring for an older relative, especially the cost of medical care not covered by medicare or medicaid has skyrocketed. These extra costs place a burden on the family budget which creates tension in the home which can be translated into violence against the elderly family member.

A survey conducted by the sponsoring agency of this conference, the Boston Legal Research and Services for the Elderly, indicated that the typical victim of domestic violence was a frail, 75 year old woman. Furthermore, 84% of the abusers were relatives and 75% of the victims lived with their abusers.

The Federal response to this national scandal has at best been inadequate. Congress, in 1980, came very close to enacting legislation which would have provided funds for shelters to aid victims of elder abuse. One of the very first bills I sponsored in the new Congress was H.R. 1007—a virtually identical bill, providing aid to victims of elder abuse. In addition, I call for the following legislative actions to be taken by this Congress:

Passage of H.R. 769, legislation to provide for programs of identification, prevention and treatment of elder abuse, neglect and exploitation. The bill would also establish a National Center on Adult Abuse. It would encourage States to enact mandatory reporting laws on elder abuse, something which only 14 States have.

Passage of legislation to provide a meaningful tax credit for families who care for an older relative for those costs, expecially medical which are not covered by another Federal program.

Passage of legislation to expand home health and respite care coverage under medicare.

Finally, I would like to urge that the upcoming White House Conference on Aging address this issue and offer definitive recommendations for prevention.

We look forward to hearing the expert testimony provided by the conference participants and especially look forward to receiving your recommendations. At the time of last year's hearing, I considered this to be a pioneer type of effort. This type of environment is not new to me. In 1969, when I first began my term in Congress, I authored the First Child Abuse Prevention and Treatment Act—pioneer legislative initiative which became law five years later and today remains a vital Federal program. Now, twelve years later, I find myself as the author of the First Domestic Violence Prevention and Treatment Act of the 97th Con-

gress. I can only hope for similar results. We can no longer consider the issue of domestic violence against the elderly to be a private matter. It is a public policy issue of great concern and we should pledge our most determined efforts to end the scourge of domestic violence against the elderly.●

MILITARY RETIREMENT PAY

HON. HENRY B. GONZALEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. GONZALEZ. Mr. Speaker, I am reintroducing a bill today to help those older military retirees disadvantaged by the current retirement pay system.

Prior to 1958, military retirement pay was based directly on the active duty pay scale; 50 percent of active duty pay for those who had served 20 years, 75 percent for those who had served 30 years. Then Congress changed the law, instituting a system of cost-of-living increases. Unfortunately, this has resulted in serious inequalities in retirement pay between those who retired when different pay scales were in effect.

Particularly hard hit have been those who retired before 1965. These men and women had joined and served in our Armed Forces, in many cases risking their lives, in the expectation of a comfortable retirement. Instead, today, because of continued inflation, many of them can only barely afford the minimal comforts of life.

My bill would help them. It calls for a one-time recomputation to basic rates of pay in effect when the bill becomes law, for those 65 years of age or older, and disability retirees with a rating of 30 percent or more.

The retirees in this category do not seek a windfall or a handout, only what they expected when they began the service of their country. From 1858 to 1958, retirement pay based on active-duty pay was a principal attraction of military service. It is hard to imagine the shock they felt by those who had served 15 or 20 years when Congress changed the retirement system—a system which they had been promised and on which they had counted.

Again this session Congress is being asked to raise defense spending. But we should not forget those who have already served in the defense of our Nation. I hope that we can pass legislation in this Congress that would give these older and disabled retirees the income they need and deserve in return for the many years of dedicated service which they have provided our country.●

BATTLING INFLATION ON THE HOME FRONT

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. GUNDERSON. Mr. Speaker, approximately 1 month ago President Reagan unveiled his economic recovery program to us. Since then, the CONGRESSIONAL RECORD has been filled with bipartisan endorsements of his basic proposals, usually cloaked in terms of all Americans "sharing" in the sacrifices that will have to be made.

Despite these endorsements and despite the promises of sharing budget cuts, the House Administration Committee today has the audacity to actually propose a 7.3-percent increase in 1981 authorizations over 1980 expenditures for our House committees.

It is widely recognized that the uncontrolled growth of spending by the Federal Government has resulted in the inflation which has been the demise of the American economy. And there has been no bigger offender than the committee expenses of the House of Representatives when it comes to Federal spending.

A comparison of fiscal year 1971 Federal Government outlays and estimated fiscal year 1981 outlays demonstrates a 210-percent increase in total Federal spending during the decade. Yet, during the same period of time expenditures for House investigatory and statutory committees have increased by a whopping 450 percent—over twice as fast as total Federal Government spending.

The current committee proposal for a 7.3-percent increase for 1981 will only add fuel to the raging fire of inflation at a time when we are looking to extinguish that fire.

There simply is no more logical place to begin our war against increased Government spending and inflation than with our own committee expenses. If we cannot tighten our own belt, how can we expect other Americans to make sacrifices? Clearly, at least a 10-percent reduction in total committee expenditures over 1980 levels is in order.

Please note that I have said a 10-percent reduction in committee expenditures, not authorizations. There has been a lot of talk about making 1981 authorizations 10 percent less than 1980 authorizations and billing that reduction as a 10-percent cut in committee expenses. That is a misrepresentation.

A 10-percent reduction in 1981 authorizations over 1980 authorizations will most likely lead to only a 1.8-percent reduction in total committee expenditures.

Mr. Speaker, it is time for the Members of the House of Representatives to pay more than lipservice to an economic recovery program for our country. If we are to commit ourselves to an all-out war against excess Government spending and inflation, let the first battleground be the committee expenses of the U.S. Congress.

I strongly endorse at least a 10-percent reduction in total committee expenditures over 1980 levels.●

GAO LETTER ON FOSSIL DEMONSTRATION PROJECTS

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. FUQUA. Mr. Speaker, I am placing in the CONGRESSIONAL RECORD a timely letter of March 24 from the Acting Comptroller General of the United States, Milton J. Socolar, on the possible shifting of Department of Energy fossil demonstration plant projects to the Synthetic Fuels Corporation. This letter was requested by the ranking minority member of the Science and Technology Committee, the Honorable LARRY WINN, the ranking minority member of the Subcommittee on Energy Development and Applications, the Honorable HAMILTON FISH, and me.

The legal opinions of the Comptroller General concludes that legal impediments do exist to shifting the fossil energy demonstration projects from the Department of Energy to the U.S. Synthetics Fuels Corporation, which would require enactment of legislation. The letter follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., March 24, 1981.

Hon. DON FUQUA,
Chairman, Committee on Science and Technology, House of Representatives.

DEAR MR. CHAIRMAN: By letter dated March 4, 1981, you and Congressmen Larry Winn and Hamilton Fish submitted a joint request for our legal opinion concerning the possible shifting of Department of Energy (Energy) synthetic fuels commercial demonstration projects to the Synthetic Fuels Corporation (Corporation), presumably after the President determines that the Corporation is established and fully operational. Specifically, you inquired whether there are legal impediments to the Corporation assuming the Government's obligations under the demonstration contracts to which Energy is now a party, the citations to the specific provisions of law constituting impediments, if any, and the reasons why they may be impediments. In addition, you make specific reference to five projects, namely, the SRC-I, SRC-II, Memphis Gas, Conoco High-btu gas and ICGG High-btu gas projects.

As you know, Energy may provide financial assistance for synthetic fuels commercial demonstration projects under two separate authorities: (1) the Federal Nonnuclear

Energy Research and Development Act of 1974 (Nonnuclear Act), as amended, 42 U.S.C. § 5901 et seq. (1976 and Supp. III); and (2) the Defense Production Act Amendments of 1980, Pub. L. No. 96-294, Title I, Part A, approved June 30, 1980, 94 Stat. 617, by delegation from the President in Executive Order No. 12242, 45 Fed. Reg. 65175 (October 2, 1980). In addition, these types of projects have been funded both from appropriations from the Energy Security Reserve established by the Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1980, Pub. L. No. 96-126, approved November 27, 1979, 93 Stat. 954, 970, and from regular appropriations to Energy from the General Fund of the Treasury. Because of these factors, we have classified the synthetic fuels demonstration projects into three separate categories, which we treat separately, because the potential legal impediments affecting the transfer of projects to the Corporation differ for the three arrangements. The categories are:

(1) Projects receiving financial assistance from Energy pursuant to the Nonnuclear Act out of appropriations from the General Fund of the Treasury;

(2) Projects receiving financial assistance from Energy pursuant to the Defense Production Act Amendments of 1980 out of appropriations from the Energy Security Reserve; and

(3) Projects receiving financial assistance from Energy pursuant to the Nonnuclear Act out of appropriations from the Energy Security Reserve.

It is our understanding that all of the five projects referred to in your letter are in category (1).

In view of the time constraints we have not been able to obtain the views of Energy or other elements of the Administration on the questions posed. Nevertheless, subject to that caveat, we have arrived at the following conclusions:

(1) Legal impediments exist to shifting projects in category (1) from Energy to the Corporation, which require enactment of legislation;

(2) Adequate legal provisions have already been made in contemplation of an orderly transition to the Corporation of projects in category (2); and

(3) The major transition issues have been addressed and guidelines statutorily established for projects in category (3).

DISCUSSION

We believe that it is necessary both that Energy have authority to transfer its responsibilities and that the Corporation have authority to assume the transferred responsibilities associated with the synthetic fuels demonstration projects before a transfer can be legally made. Accordingly, we address the authority of Energy as well as that of the Corporation. In addition, throughout the discussion we quote the more significant provisions of law, as requested, in order to be as specific as practicable to facilitate the development of legislation by the Congress, if desired.

AUTHORITY OF ENERGY TO TRANSFER PROJECT RESPONSIBILITIES

The Department of Energy is authorized to use various forms of Federal assistance and participation "to establish and vigorously conduct a comprehensive, national program of basic and applied research and development, including but not limited to demonstrations of practical applications, of all potentially beneficial energy sources and utilization technologies * * *." Subsection 3(b)(1) of the Nonnuclear Act, 42 U.S.C. § 5902(b)(1).* Of course, these energy sources and utilization technologies include those associated with synthetic fuels.

The authorized forms of Federal assistance and participation include, but are not limited to, joint Federal-industry corporations; contractual arrangements with non-Federal participants; contracts for the construction and operation of Federally owned facilities; Federal purchases or guaranteed price of the products of demonstration plants; Federal loans to non-Federal entities; incentives to individual inventors; and Federal loan guarantees and commitments for alternative fuel demonstration facilities. Subsection 7(a) of the Nonnuclear Act, as amended, 42 U.S.C. § 5906 (1976 and Supp. III).

The forms of Federal assistance for synthetic fuels projects authorized by subsection 305(b)(1)(A) of the Defense Production Act of 1950 (Defense Production Act), as added by the Defense Production Act Amendments of 1980, 94 Stat. 619, classified to 50 U.S.C. App. § 2095(b)(1)(A), include contracts for purchases of, or commitments to purchase, synthetic fuel for Government use for defense needs; loan guarantees; and loans.

In pursuing its objectives, Energy must coordinate nonnuclear programs with the heads of relevant Federal agencies in order to minimize unnecessary duplication of programs, projects, and research facilities. 42 U.S.C. § 5903a. Aside from coordination, however, the Congress directed that:

"In the exercise of his responsibilities * * * [*the Secretary of Energy*] *shall utilize, with their consent,* to the fullest extent he determines advisable the technical and management capabilities of *other executive agencies* having facilities, personnel, or other resources which can assist or advantageously be expanded to assist in carrying out such responsibilities. The [Secretary] shall consult with the head of each agency with respect to such facilities, personnel, or other resources, *and may assign, with their consent, specific programs or projects in energy research and development as appropriate.* In making such assignments under this subsection, the head of each such agency shall insure that—

"(1) such assignments shall be in addition to and not detract from the basic mission responsibilities of the agency, and

"(2) such assignments shall be carried out under such guidance as the [Secretary] deems appropriate." (Emphasis added.)

Subsection 104(i) of the Energy Reorganization Act of 1974, as amended, 42 U.S.C. § 5814(i).

In addition, recent relevant Energy appropriation acts have included the following general provision:

"From this appropriation, transfers of sums may be made to *other agencies of the government* for the performance of work for which this appropriation is made." (Emphasis added.)

Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1980, Pub. L. No. 96-126, approved November 27, 1979, 93 Stat. 954, 973; Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1981, Pub. L. No. 96-514, approved December 12, 1980, 94 Stat. 2957, 2976.

Therefore, in general, the Secretary of Energy does have authority to assign to other executive agencies, with their consent, specific programs or projects in energy research and development as appropriate. This could also include transfer of related Energy funds.

We have limited this conclusion to "in general," because we are aware of at least one exception. The exception is Energy's authority to provide Federal loan guarantees and commitments for alternative fuel (including synthetic fuels) demonstration facilities under section 19 of the Nonnuclear Act, since subsection (q) thereof provides:

"No part of the program authorized by this section shall be transferred to any other agency or authority, except pursuant to Act of Congress enacted after [February 25, 1978]." 42 U.S.C. § 5919(q) (Supp. III).

As a minimum, none of the five projects listed in the first paragraph of your letter should be affected by the exception in section 19 of the Nonnuclear Act. Although we have not had an opportunity to review the funding arrangements in detail, it is our understanding that none of the five projects received Federal loan guarantees. Rather, each is in the nature of a joint venture, funded in part by Energy and in part by private industry through cooperative agreements.

AUTHORITY OF CORPORATION TO ASSUME TRANSFERRED PROJECT RESPONSIBILITIES

Even though Energy can, in general, assign programs or projects to "other executive agencies," the other agency must have authority to assume the project obligations assigned and to undertake their implementation.

We therefore now turn particularly to the provisions of the United States Synthetic Fuels Corporation Act of 1980 (Synthetic Fuels Corporation Act)**, which is Part B of Title I of the Energy Security Act, Pub. L. No. 96-294, approved June 30, 1980, 94 Stat. 633, classified to 42 U.S.C. § 8702 et seq.

We have identified several provisions of the Synthetic Fuels Corporation Act which could impede the transfer of Energy synthetic fuels commercial demonstration projects to the Corporation, in the absence of other legislation authorizing the transfers. This is particularly true if an objective is continued Federal assistance to and participation in such projects comparable to the extent and manner which now exists.

The first concern is the status and relationship of the Corporation to the Federal Government, since Energy's authority to assign specific programs or projects is limited to "other executive agencies" and Energy's authority to transfer appropriated funds is limited to "other agencies of the government." We doubt that the Corporation can satisfy either category for the purposes here.

Congress identified the Corporation in its "Findings and Purpose" provision in subsection 100(b)(2)(C) of the Energy Security Act, supra, 94 Stat. 617, classified to 42 U.S.C. § 8701(b)(2)(C), as "a Federal entity of limited duration formed to provide financial assistance to undertake synthetic fuel projects." The seven members of the Board of Directors of the Corporation are appointed by the President by and with the advice and consent of the Senate. Subsection 116(a)(2) of the Synthetic Fuels Corporation Act, supra, 94 Stat. 636, classified to 42 U.S.C. § 8712(a)(2). The primary source of

*Citations are to the 1976 edition of the United States Code unless otherwise indicated.

**Any references to "the Act" in this portion of the discussion only are to the Synthetic Fuels Corporation Act.

Corporation funds is the issuance of notes or other obligations of the Corporation "solely to the United States of America acting by and through the Secretary of the Treasury" in an authorized aggregate principal amount of $20 billion plus potential future additional authorizations not to exceed $68 billion. Subsections 151(a)(1) and 126(c)(11) of the Act, supra, 94 Stat. 667 and 649, classified to 42 U.S.C. §§ 8751(a)(1) and 8722(c)(11). And "[a]ll contracts and instruments of the Corporation to provide, or providing, for financial assistance shall be general obligations of the United States backed by its full faith and credit." Subsection 131(c) of the Act, supra, 94 Stat. 655, classified to 42 U.S.C. § 8731(c).

Nevertheless, in general, the "Directors, officers, and employees of the Corporation shall not be subject to any law of the United States relating to governmental employment." Subsection 117(c) of the Act, supra, 94 Stat. 638, classified to 42 U.S.C. § 8713(c). In addition, subsection 175(g) of the Act, supra, 94 Stat. 677, classified to 42 U.S.C. § 8775(g), provides that:

"Except to the extent expressly provided herein, the Corporation shall not be deemed to be an agency of the United States or an instrumentality of the United States."

Furthermore, subsection 175(a) of the Act, supra, 94 Stat. 676, classified to 42 U.S.C. § 8775(a), provides that:

"No Federal law shall apply to the Corporation as if it were an agency or instrumentality of the United States, except as expressly provided in [the Synthetic Fuels Corporation Act]."

In neither case is there express provision authorizing treatment of the Corporation as an "executive agency" for the purposes of transferring authority over Federally assisted projects to it or as an "agency of the government" for the purpose of transferring related appropriated funds to it.

Moreover, there are provisions which may preclude, or at least discourage, such transfer or reassignment of responsibilities. Subsection 119(b) of the Act, supra, 94 Stat. 639-640, classified to 42 U.S.C. § 8715(b), provides:

"(1) Notwithstanding any other provision of law, the President and any other officer or employee of the United States shall not make any delegation to the Chairman, the Board of Directors, or the Corporation of any power, function, or authority not expressly authorized by the provisions of this part, except where such delegation is pursuant to an authority in law which expressly makes reference to this section.

"(2) Notwithstanding any other provision of law, the Reorganization Act of 1977 (5 U.S.C. 901 et seq.) shall not apply to authorize the transfer to the Corporation of any power, function, or authority."

Thus the Synthetic Fuels Corporation Act prohibits transfers of power, functions or authority to the Corporation by means of either delegation or use of a reorganization plan.

In light of these provisions, we believe the status and relationship of the Corporation to the Federal Government require that the transfer of Energy synthetic fuels commercial demonstration projects to the Corporation be accomplished by legislation.

Secondly, under existing law, no transfers may be made to the Corporation without its consent. The authority of the Secretary of Energy to assign specific programs or projects even to "other executive agencies" is only "with their consent." 42 U.S.C. §5814(i). In addition, under section 168 of the Synthetic Fuels Corporation Act, supra, 94 Stat. 672-673, classified to 42 U.S.C. §8768, the Corporation "shall be liable for contract claims only if such claims are based upon a written contract to which the Corporation is an executing party."

The objectives of Energy, particularly under the Nonnuclear Act, may not coincide with those of the Corporation. Section 125 of the Synthetic Fuels Corporation Act, supra, 94 Stat. 644, classified to 42 U.S.C. §8721, establishes "a national goal of achieving a synthetic fuel production capability equivalent to at least 500,000 barrels per day of crude oil by 1987 and of at least 2,000,000 barrels per day of crude oil by 1992, from domestic resources." In addition, subsection 131(b)(2) of the Act, supra, 94 Stat. 655, classified to 42 U.S.C. §8731, provides in part:

"The proposal selected for financial assistance pursuant to *any solicitation* shall be that proposal which, in the judgment of the Board of Directors, is most advantageous in meeting the national synthetic fuel production goal established under section 125." (Emphasis added.)

"Consequently, it may not be safely assumed that the Corporation would willingly assume responsibility for all synthetic fuels commercial demonstration projects heretofore financially assisted by Energy if they are not viewed as "most advantageous in meeting the national synthetic fuel production goal."

Thirdly, "the Corporation shall not provide any financial assistance except as specifically permitted * * *." Subsection 171(a)(2) of the Synthetic Fuels Corporation Act, supra, 94 Stat. 673, classified to 42 U.S.C. §8771(a)(2). Subsection 131(b)(2) of that Act, supra, 94 Stat. 655, classified to 42 U.S.C. §8731(b)(2), requires that the Board of Directors give preference in the selection for financial assistance to:

"(A) the proposal which represents the least commitment of financial assistance by the Corporation and the lowest unit production cost within a given technological process, taking into account the amount and value of the anticipated synthetic fuels products; and

"(B) in determining the relative commitment of the Corporation, in decreasing order of priority—

"(i) price guarantees, purchase agreements, or loan guarantees;

"(ii) loans; and

"(iii) joint-ventures."

In addition, subsection 131(p) of the Act, supra, 94 Stat. 657, classified to 42 U.S.C. § 8731(p), provides:

"The Corporation shall not award financial assistance in the form of loans * * * or joint ventures * * * unless the Board of Directors determines that neither price guarantees, purchase agreements, nor loan guarantees will adequately support the construction and operation of the synthetic fuel project or will restrict the available participants for such project."

The Nonnuclear Act does not provide such financial assistance priorities. For example, it is our understanding that each of the five projects referred to above and in your letter is in the nature of a joint venture, the form of financial assistance given the lowest priority under the Corporation's governing law. These statutory priorities in the awarding of financial assistance may prevent the Corporation from continued funding of any of these projects should they be transferred to the Corporation.

Moreover, even if the Corporation should overcome the statutory hurdles of the funding priorities and decide to provide financial assistance for a project through the form of a joint venture, the projects transferred may not be able to satisfy the particular statutory requirements under which the Corporation may provide financial assistance through a joint venture. For example, subsection 136(a) of the Synthetic Fuels Corporation Act, supra, 94 Stat. 662, classified to 42 U.S.C. § 8736(a), provides, in part, that:

"* * * the Corporation shall not finance more than 60 per centum of the total costs of the synthetic fuel project module, as estimated by the Corporation as of the date of execution of the joint venture agreement."

It is our understanding that the Department of Energy is funding far more than 60 percent of the total costs for one or more of the five projects referred to in your letter.

Lastly, there may be other provisions of the Synthetic Fuels Corporation Act which conflict with particular clauses in the individual agreements associated with projects desired to be transferred from the authority of Energy to the Corporation. We have not examined these individual agreements. One example where further attention may be directed is in the area of patent provisions. In light of the discussion above, however, it may well be that these transfers may necessitate a fairly comprehensive renegotiation of existing project agreements.

IMPACT ON DIFFERENT CATEGORIES OF PROJECTS

The situation discussed above applies most appropriately to projects we have classified as category (1), that is, projects receiving financial assistance from Energy pursuant to the Nonnuclear Act out of appropriations from the General Fund of the Treasury. It is our understanding that all of the five projects mentioned in your letter are in category (1). We believe the legal impediments described require the enactment of legislation before category (1) projects may be shifted from Energy to the Corporation.

Projects funded by Energy through the Energy Security Reserve are in a different status, because of the enactment of other statutory provisions addressing their transfer to the Corporation. This includes both category (2) projects, which receive financial assistance from Energy pursuant to the Defense Production Act Amendments of 1980 out of appropriations from the Energy Security Reserve, and category (3) projects, which receive financial assistance from Energy pursuant to the Nonnuclear Act out of appropriations from the Energy Security Reserve.

An understanding of the use of appropriations to Energy from the Energy Security Reserve for the funding of projects and related restrictions and activities requires an integration of provisions in the following statutes under the heading "Department of Energy, Alternative Fuels Production":

The Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1980, Pub. L. No. 96-126, approved November 27, 1979, 93 Stat. 954, 970-971;

The Supplemental Appropriations and Rescission Act, 1980, Pub. L. No. 96-304, approved July 8, 1980, 94 Stat. 857, 880-881; and

The Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1981, Pub. L. No. 96-514, approved December 12, 1980, 94 Stat. 2957, 2975.

Additional relevant provisions are contained in section 121 of H.J. Res. 610 Making Continuing Appropriations for the

Fiscal Year 1981, Pub. L. No. 96-369, approved October 1, 1980, 94 Stat. 1351, 1357-1358.

The most significant provision for our purposes here is the following language from the Supplemental Appropriations and Rescission Act, 1980, supra, 94 Stat. 881:

"Upon the establishment of a 'United States Synthetic Fuels Corporation' (the Corporation) projects or actions initiated by the Department of Energy with appropriations under this head [Department of Energy, Alternative Fuels Production] shall transfer to the Corporation upon a Presidential determination that the Corporation is fully operational and upon a majority vote of the Board of Directors of the Corporation, except that funds obligated for feasibility studies, cooperative agreements, program management, and projects which do not meet the definitions of eligibility for funding as synthetic fuels projects in the Corporation shall remain with the Department of Energy: *Provided*, That (1) projects meeting the eligibility criteria for funding by the Corporation for which funding has been obligated or committed by the Department of Energy may be adopted by the Corporation as if they had been entered into by the Corporation (for the purposes of such transfers only, the Corporation shall adopt the terms of such projects, established by the Department of Energy, using the authorities of the Department of Energy regardless of whether the Corporation would otherwise have authority to do so); and (2) accepted proposals for loan guarantees, price supports, and/or purchase commitments for which financial assistance is not provided by the Department of Energy shall be considered as responses to a solicitation of the Corporation to the extent they meet the eligibility criteria for funding by the Corporation.

"Unexpended balances of funds obligated for projects shall transfer to the Corporation to the extent such projects and activities are transferred to the Corporation as provided herein."

It is evident that many of the concerns earlier pointed out regarding project transfers have been addressed and resolved in the foregoing statutory language with respect to projects funded by Energy through the Energy Security Reserve.

We believe that adequate legal provisions have already been made in contemplation of an orderly transition to the Corporation of projects in category (2), that is, projects receiving financial assistance from Energy pursuant to the Defense Production Act Amendments of 1980 out of appropriations from the Energy Security Reserve. Aside from the above-quoted language from the Supplemental Appropriations and Rescission Act, 1980, the Defense Production Act Amendments of 1980 contained language designed to minimize any transfer difficulties. Subsection 305(a)(1)(B) of the Defense Production Act, as added by the Defense Production Act Amendments of 1980, 94 Stat. 619, classified to 50 U.S.C. App. § 2095(a)(1)(B), specifically states that:

"The President shall exercise the authority granted by this section—

* * * * *

"(iii) consistent with an orderly transition to the separate authorities established pursuant to the United States Synthetic Fuels Corporation Act of 1980."

Consequently, in delegating certain responsibilities to the Secretary of Energy in Executive Order No. 12242 (September 30, 1980), including those relevant here, the President included the following provisions:

"1-107. The Secretary of Energy shall exercise the functions delegated to him under Section 305 of the Defense Production Act of 1950, as amended, in the manner consistent with an orderly transition to the separate authorities established pursuant to the United States Synthetic Fuels Corporation Act of 1980, as provided by Section 305(a)(1)(B)(iii) of the Defense Production Act of 1950, as amended."

"1-109. No new awards for purchases or commitments for financial assistance shall be made under the provisions of this Order after the date on which the President determines that the United States Synthetic Fuels Corporation is established and fully operational. That determination is to be made in accord with Section 305(k) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2095(k)), and in accord with the appropriations to the Departments of Energy and the Treasury pursuant to the Supplemental Appropriations and Rescission Act, 1980 (P.L. 96-304; 94 Stat. 857, 880-882)."

"1-110. No award for a purchase or commitment for financial assistance shall be made which would preclude projects or actions initiated by the Secretary of Energy under the provisions of this Order from being transferable to the United States Synthetic Fuels Corporation."

45 Fed. Reg. 65175 (October 2, 1980). If these directions were followed by Energy, all category (2) projects should be readily transferable to the Corporation after the Presidential determination that the Corporation is fully operational, upon a majority vote of the Board of Directors of the Corporation.

In addition, we believe the major transition issues have been addressed and guidelines statutorily established for projects in category (3), that is, projects receiving financial assistance from Energy pursuant to the Nonnuclear Act out of appropriations from the Energy Security Reserve. The most significant factor here is the above-quoted language from the Supplemental Appropriations and Rescission Act, 1980.

The transfer of category (3) projects to the Corporation is not likely to be as neat and orderly as the transfer of category (2) projects. The Nonnuclear Act was enacted in 1974, substantially before the Synthetic Fuels Corporation Act of 1980. The Nonnuclear Act provides a funding mechanism for a greater variety of energy projects fulfilling a broader spectrum of purposes and with a far less structured order of priorities than does the Synthetic Fuels Corporation Act. Consequently, there are likely to be category (3) synthetic fuels commercial demonstration projects that do not satisfy the eligibility requirements of the Synthetic Fuels Corporation Act. There may also be projects that satisfy the Corporation's eligibility criteria, but which the Corporation may not want to accept, because they are not fully compatible with the Corporation's goals. In addition, projects eligible for Corporation financial assistance may contain provisions in their financial agreements that Energy, but not the Corporation, could fulfill, yet the Corporation can accept these projects. The Supplemental Appropriations and Rescission Act, 1980, addresses and establishes guidelines for the resolution of each of these matters.

Nevertheless, implementation of the statutory language still leaves considerable discretion in the interpretation and administration of its provisions, and the Board of Directors of the Corporation must still accept a transferable project by majority vote. Whether these issues with respect to category (3) projects will be smoothly and orderly resolved will depend, to some extent, on how well the parties concerned exercise this discretion. Moreover, these issues are also common to category (1) projects, which were also provided assistance pursuant to the Nonnuclear Act.

BUDGETARY TREATMENT

It is implied in the third paragraph of your letter that the transfer of synthetic fuels commercial demonstration projects from Energy to the Corporation is a move "towards off-budget financing of commercial scale projects." If one objective of the transfer of the projects to the Corporation is off-budget financing of commercial scale projects, this objective will not be accomplished under existing legislation.

The Corporation obtains its primary funding, to the extent provided in advance in appropriation acts, by issuing notes or other obligations solely to the United States acting by and through the Secretary of the Treasury. Subsection 151(a)(1) of the Synthetic Fuels Corporation Act, supra, 94 Stat. 667, classified to 42 U.S.C. § 8751(a)(1). Funds are authorized to be appropriated without fiscal year limitation to the Secretary of the Treasury for deposit in the Energy Security Reserve to purchase and retain notes and other obligations of the Corporation. Subsection 195(a)(1) of the Synthetic Fuels Corporation Act, supra, 94 Stat. 682, classified to 42 U.S.C. § 8795(a)(1).

Section 153 of the Synthetic Fuels Corporation Act, supra, 94 Stat. 669, classified to 42 U.S.C. § 8753, specifically addresses the issue of budgetary treatment and provides:

"The obligations and outlays incurred by the Secretary of the Treasury in connection with the purchase of notes and other obligations of the Corporation shall be included in the totals of the Budget of the United States Government. The receipts and disbursements of the Corporation in the discharge of its functions shall be presented annually in the Budget of the United States Government but shall not be included in the totals of the Budget."

Thus outlays for Corporation financing of synthetic fuels commercial scale projects will still be reflected in the Budget totals through the Department of the Treasury and the Energy Security Reserve. The receipts and disbursements of the Corporation are not included in the totals of the Budget to avoid charging the same expenses twice. Most of the funds for Corporation disbursements will come from sales of notes and obligations to the Secretary of the Treasury, who in turn will have charged the Energy Security Reserve appropriation account. In essence, the Secretary of the Treasury can be viewed as a middleman between the Corporation and the Energy Security Reserve, and there is, in fact, only one charge on the funds of the United States. Accordingly, although the receipts and disbursements of the Corporation are included in the Budget document for informational purposes only, the Corporation's financing of synthetic fuels commercial demonstration projects is not off-budget.

Sincerely yours,

MILTON J. SOCOLAR,
Acting Comptroller General
of the United States.●

THE 63D ANNIVERSARY OF THE PROCLAMATION OF THE INDEPENDENCE OF THE BYELORUSSIAN DEMOCRATIC REPUBLIC

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. ADDABBO. Mr. Speaker, today, March 25, 1981, is not just any other day for a group of people in the United States and a nation of people in the Soviet Union's westernmost republic. It is special to over 10 million people in the Byelorussian Soviet Socialist Republic and over 1 million Americans of Byelorussian descent because 63 years ago today, in the city of Minsk, the council of the Byelorussian Democratic Republic proclaimed the national independence of Byelorussia.

Unfortunately for the people of Byelorussia they had only a short time to experience their freedom from a Russian Government which for centuries had dominated their people, the Soviet Red army attacking and conquering Byelorussia in 1921.

One of the purposes of addressing the Congress is to educate the men and women of this country. As representatives of the people we have a duty to inform our citizens about issues they may not be aware of. I am sure that many Americans have never heard of Byelorussia. They have no idea of the harsh, oftentimes inhuman conditions the people of Byelorussia are forced to live under. They have not the slightest notion that millions of Byelorussians, men and women, young and old, were murdered or deported to concentration camps at the hands of the Soviet Government. To Americans who take pride in their culture, religion, and literature, they would find it difficult to comprehend how the people of Byelorussia could survive in a nation where the Soviet Government has sought to destroy their religion, culture, and literature through persistent and systematic policy of Russianization.

But while many citizens in this country would be shocked at the undemocratic conditions imposed by the Soviet Union, a power which shows no concerns for international law, nor in particular, human rights, they would marvel at the strength and courage of the Byelorussian people for remaining as strong and hopeful in someday regaining their rightfully deserved freedom.

This Congress and other Congresses of the free world must continue to do all it can to free those nations who have fallen victim to Soviet expansionism. As we acknowledge the 63d anniversary of the Declaration of Independence of Byelorussia we must remember that to forget one nation held captive, forcing people to be prisoners in their own homeland, is to forget them all.●

THE PEOPLE RESPOND II

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. GARCIA. Mr. Speaker, I am inserting into the CONGRESSIONAL RECORD a statement which exemplifies the concern people are feeling over the proposed budget cuts. President Reagan's economic plan would not affect every segment of this society equally; minorities and the poor would have to shoulder the greatest suffering while businesses and the rich would be favored disproportionately. As part of my continuing crusade against the inequities in the proposed economic plan, I am inserting today's statement to show that there are still citizens who are concerned over the impact of this plan:

ALBERT EINSTEIN COLLEGE OF MEDICINE,
Bronx, N.Y., March 20, 1981.

Hon. ROBERT GARCIA,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN GARCIA: I would like to express my concern about the proposed phasing-out of the PSRO Program. As one who has spent almost my entire professional career in the field of quality assurance, much of it directed to the recipients of federally-funded programs, I feel such a move would be a marked step backwards in efforts to contain costs and assure quality of health care. This is particularly true in view of the Reagan emphasis, quite proper in my opinion, to eliminate fraud, abuse, and, I would add, poor quality from the program.

My experience of over 30 years in this field has led me to conclude that at least one-third of ambulatory care provided is of an unsatisfactory nature, being either inappropriate or excessive, and that an equal, if not higher, amount of in-hospital care is also in this category. I believe, in the aggregate that there are more abuses to the system caused by the purveyors of health services than from the recipients.

The PSROs are not perfect. No undertaking of this magnitude can expect to become immediately effective. There are operational flaws, excessive regulations and questionable motivations on the part of some physicians involved. However, I see no viable, visible alternative in place at the present time. The States do not have the capability at present to utilize the peer review mechanism effectively and are much more subject to pressure of the local health industry to maintain the status quo.

I also feel very strongly that if the program is not funded at a level that permits effective operations, it will not be able to adequately maintain surveillance or control of the rising costs of medical care.

Sincerely yours,

MILDRED A. MOREHEAD, M.D.,
Director, Evaluation Unit,
Professor, Community Health.

COALITION OF NEW YORK CITY JUDGES,
New York, N.Y., March 11, 1981.

Hon. ROBERT GARCIA,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN GARCIA: Because of our unique responsibility to ensure that justice is administered equally and fairly, we as Judges have a stake in Congressional reauthorization of an adequately funded Legal Services Corporation. Both the orderly administration of justice, and the fairness of the outcome in individual cases, are generally dependent upon adequate representation. The programs funded by the Legal Services Corporation have provided much of this needed representation in New York City for the past thirteen years. In addition, thousands of needy people who have nowhere else to turn for advice and counsel prior to litigation in civil claims rely upon the services provided by the legal services programs funded by the Legal Services Corporation.

The President's proposal to eliminate all funding for an independent Legal Services Corporation is particularly abhorrent to us as members of the judiciary. We likewise oppose any reduction in the program's funding or a move to discretionary funding by the States. Accordingly, we urge continued authorization of the Legal Services Corporation at levels necessary to provide the services needed.

Limitations on or elimination of funding are not the only perils facing the legal services program, however. Other perils are proposals which would impose unreasonable restrictions on the legal services permitted, such as on representation of migrant workers and aliens, and on representation before administrative and legislative bodies on policy matters affecting needy clients. Such limitations deprive needy persons of necessary representation and cripple the morale of the dedicated staff who are committed to meeting the local needs of their clients.

In addition, there are proposals to allocate a substantial proportion of the federal funds to the private bar, often mislabeled "judicare". Characterizing such proposal as "judicare" implies an element of judicial approval which is untrue and therefore misleading. Although the private bar has and must continue to make substantial contributions to the representation of the disadvantaged, it cannot adequately duplicate the structured commitment and continuity of an independent and non-partisan staff devoted exclusively to the service of disadvantaged clients.

Accordingly, as judges, we support continuation of the Legal Services Corporation in its present form, and oppose the President's recent budget recommendation to eliminate this essential program.

Sincerely yours,

Housing Court Judge Arthur Aaron, Acting Supreme Court Justice Myriam Altman, Housing Court Judge Anthony Andreacchi, Supreme Court Justice Sidney Asch, Civil Court Judge Pelham St. George Bissell III, Supreme Court Justice Arthur Blyn, Civil Court Judge John A. K. Bradley, Housing Court Judge Antonio Brandween, Acting Supreme Court Justice Herman

Cahn, Appellate Division Justice John Carro.

Civil Court Judge Beverly S. Cohen, Acting Supreme Court Justice Leonard N. Cohen, Civil Court Judge Jay Cotler, Housing Court Judge Jay Dankberg, Civil Court Judge Ethel Danzig, Family Court Judge Nanette Dembitz, President of the Family Court Judges Association Leon Deutsch, Family Court Judge Elrich A. Eastman, Acting Supreme Court Justice Shanley Egeth, Supreme Court Justice Betty Ellerin.

Civil Court Judge Lester Evens, Appellate Division Justice Arnold Fein, Acting Supreme Court Justice Anne. G. Feldman, Civil Court Judge Shirley Fingerhood, Family Court Judge Kevin Fogarty, Civil Court Judge Helen E. Freedman, Court of Appeals Judge Jacob Fuchsberg, Supreme Court Justice Hortense Gabel, Civil Court Judge Ira Gammerman, Housing Court Judge Dianne Gasworth.

Housing Court Judge Harriet George, Civil Court Judge Kristin Booth Glen, Family Court Judge Mortimer Goetzels, Acting Supreme Court Justice Budd G. Goodman, Acting Supreme Court Justice Louis Grossman, Acting Supreme Court Justice Nat Hentel, Family Court Judge Bruce Kaplan, Supreme Court Justice Bentley Kassal, Civil Court Judge Solomon Katz, Civil Court Judge Martin B. Klein.

Family Court Judge Shirley Wohl Kram, Civil Court Judge Richard S. Lane, Housing Court Judge Diane Lebedeff, Family Court Judge Daniel Leddy, Civil Court Judge Edward Lehner, Family Court Judge Isidore Levine, Acting Supreme Court Justice Sheldon Levy, Family Court Judge Gertrude Mainzer, Civil Court Judge Orest V. Maresca, Family Court Judge Leah R. Marks.

Family Court Judge Reginald S. Matthews, Supreme Court Justice William McCooe, Family Court Judge M. Holt Meyer, Family Court Judge Edith Miller, Civil Court Judge Lorraine S. Miller, Family Court Judge Donald F. Mohr, Civil Court Judge Stanley Nason, Family Court Judge Richard M. Palmer, Housing Court Judge Ferdinand Pellegrino, Civil Court Judge Michael Pesce.

Family Court Judge John F. Pollard, Acting Supreme Court Justice Eve Preminger, Civil Court Judge Richard Lee Price, Family Court Judge Cesar Quinones, Family Court Judge Sheldon Rand, Family Court Judge Philip D. Roache, Supreme Court Justice Ernst Rosenberger, Supreme Court Justice Israel Rubin, Civil Court Judge Norman Ryp, Appellate Division Justice Leonard Sandler.

Acting Supreme Court Justice Walter Schackman, Supreme Court Justice Alvin Schlesinger, Acting Supreme Court Justice Seymour Schwartz, Acting Supreme Court Justice Felice K. Shea, Acting Supreme Court Justice Kenneth Shorter, Civil Court Judge Thomas V. Sinclair, Acting Supreme Court Justice Stanley Sklar, Housing Court Judge Ralph W. Sparks, Acting Supreme Court Justice David Stadtmauer.

Supreme Court Justice Martin Stecher, Civil Court Judge Margaret Taylor, Family Court Judge Mara Thorpe, Acting Supreme Court Justice Albert Tomei, Family Court Judge Frank Torres, Family Court Judge Jack Turret, Civil Court Judge Rena K. Uviller, Supreme Court Justice Richard Wallach.

Civil Court Judge Elliot Wilk, Civil Court Judge Henry Williams, Acting Supreme Court Justice Eugene Wolin, Civil Court Judge McM. Bruce Wright, Family Court Judge Ruth Jane Zuckerman, Supreme Court Justice Thomas R. Jones, Supreme Court Justice Beatrice Shainswit.●

THERE'S MORE TO TAX CUTS THAN THE LAFFER CURVE

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 25, 1981

● Mr. ROUSSELOT. Mr. Speaker, I rise to commend Mr. Bruce Bartlett's comment entitled "There's More to Tax Cuts Than the Laffer Curve," which appeared in the Washington Star today, March 25.

As the only California Representative serving on the Joint Economic Committee, I am pleased that Mr. Bartlett has upheld California's proposition 13 tax reduction as an example for the rest of the Nation. Mr. Bartlett's remarks make a strong case in favor of the administration's proposal to reduce marginal tax rates—a move I have endorsed for several years. I urge my fellow colleagues to read this concise analysis from the Washington Star in its entirety.

The article follows:

THERE'S MORE TO TAX CUTS THAN THE LAFFER CURVE

To judge by press reports and statements by leading members of Congress, one would believe that the American people are wildly enthusiastic about having government spending programs slashed to the bone but stand in united opposition to an across-the-board tax cut. If this is in fact the case, it represents one of the most profound reversals in human nature and political norms which has ever taken place.

Conventional wisdom obviously suggests, and is confirmed by experience, that Congress likes to cut taxes but shrinks away from any suggestion that spending be curtailed. This common-sense observation was, indeed, at the heart of the drafting of the Kemp-Roth tax bill.

The original idea was that spending was out of control and that Congress, particularly with its overwhelming Democratic majority (in 1977), would never make significant spending cuts unless put under great pressure to do so. On the other hand, because Congress enjoyed cutting taxes, it was possible that a major, across-the-board reduction in tax rates could be pushed through.

The idea was two-fold: to control spending on the revenue side by denying Congress the money to spend, and to achieve a reduction in government's share of gross national product by so stimulating the private sector that it would grow at faster rate than government spending. This was the essence of the Kemp-Roth proposal.

THE LAFFER CURVE

Of course, many different arguments were used to support and buttress the tax-cut program, one of them being the idea that a tax cut could—theoretically—pay for itself by expanding the tax base; i.e., the Laffer Curve. Unfortunately, rather than being an illustration of what was theoretically possible, the Laffer Curve got turned into the sole justification for Kemp-Roth, and the idea became implanted in the public mind that those of us supporting Kemp-Roth were somehow unconcerned about federal spending because the tax cut would pay for itself overnight. This was never the case.

The fact is that the Laffer Curve is simply a truism: people do not work for nothing; if you tax them enough they will stop earning taxable income and the tax base will erode, reducing revenue below what a lower tax rate would yield. Moreover, it is clearly true that some specific tax rates, such as the capital gains tax, could be cut with no net loss of revenue. Recent Treasury Department data indicates that the 1978 capital-gains cut, which was projected to "lose" $2.5 billion in revenue the first year, actually cost a mere $100 million, with the likelihood that when final data are available even this revenue loss may disappear.

But this does not mean that an across-the-board personal income tax rate reduction would accomplish the same effect, at least in the short run.

A STRONGER REASON

I always believed that the moral case for Kemp-Roth was stronger than the economic argument: people have a right to their own income and ought to be allowed to keep all but that which is necessary for the payment of basic government services. Regardless of whether the tax reduction produces one penny of revenue reflow, tax rates ought to be cut. Tax rates above 50 per cent could be justified only on the grounds of envy, a desire to punish those who are more successful than others. But I do not believe that the American people are an envious people. They do not care about equality of income, only equality of opportunity.

There remains the critical necessity of reducing the burden of government. But despite the professed desire of Congress to enact substantial spending cuts, recent history suggests that they will not be accomplished, nor can they succeed, without tax reduction. Last year the Congress tried its best to balance the 1981 budget and enacted some tough spending cuts. The budget is now $60 billion in the red nevertheless. This was caused mainly by general deterioration of the economy due, in large part I believe, to excessive taxation. Tax reduction, therefore, is necessary to the goal of getting spending reduced.

Lastly, I would say that the proper analogy to the Reagan program is not the Thatcher program in Great Britain, which is rightly condemned as a failure, but California's Proposition 13, which proved that spending can be controlled—but only when taxes have first been cut.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily

Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, March 26, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MARCH 27

9:00 a.m.
Special on Aging
To resume oversight hearings on the impact of proposed budget reductions in programs affecting the elderly, focusing on health and human services programs.
6226 Dirksen Building

9:30 a.m.
Finance
Energy and Agriculture Taxation Subcommittee
To hold hearings on tax and tariff proposals to aid the domestic refining industry.
2221 Dirksen Building

Labor and Human Services
Employment and Productivity Subcommittee
Business meeting, to mark up S. 648, authorizing funds for fiscal year 1982 for certain youth programs under the Comprehensive Employment Training Act (CETA).
4232 Dirksen Building

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Highway Traffic Safety Administration, Department of Transportation.
1224 Dirksen Building

Commerce, Science, and Transportation
*Merchant Marine Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal year 1982 for the Maritime Administration, Department of Commerce.
235 Russell Building

Foreign Relations
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of State.
4221 Dirksen Building

Judiciary
To hold hearings on the nominations of Rudolph W. Giuliana, of New York, to be Associate Attorney General, Theodore B. Olson of California, to be an Assistant Attorney General, D. Lowell Jensen of California, to be an Assistant Attorney General, and Carol E. Dinkins of Texas, to be an Assistant Attorney General, all of the Department of Justice.
2228 Dirksen Building

MARCH 30

9:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on the implementation of the strategic petroleum reserve.
3110 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To resume hearings on S. 755, authorizing funds for fiscal year 1982 for Federal alcohol and drug abuse programs.
4232 Dirksen Building

10:00 a.m.
Appropriations
Energy and Water Development Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Aviation Administration, Department of Transportation.
1114 Dirksen Building

Commerce, Science, and Transportation
Communications Subcommittee
To resume hearings on S. 601, to reduce and simplify certain licensing requirements in the broadcast industry.
235 Russell Building

Finance
Taxation and Debt Management Subcommittee
To hold hearings on miscellaneous tax measures, S. 388, 446, 464, 476, 500, 501, and 499.
2221 Dirksen Building

1:30 p.m.
*Agriculture, Nutrition, and Forestry
To resume hearings on proposed reauthorization of food and agriculture programs administered by the Department of Agriculture.
1224 Dirksen Building

Appropriations
Agriculture, Rural Development and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for agricultural programs.
1224 Dirksen Building

2:00 p.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building

Armed Services
Strategic and Theater Nuclear Forces Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Defense, focusing on civil defense programs.
224 Russell Building

Commerce, Science, and Transportation
To hold hearings on proposed legislation authorizing funds for title III of the Marine Protection, Research, and Sanctuaries Act.
235 Russell Building

2:30 p.m.
Energy and Natural Resources
Energy Research and Development Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on magnetic fusion, inertial fusion, geothermal electric energy systems, and nuclear materials security and safeguards.
3110 Dirsken Building

MARCH 31

9:00 a.m.
Agriculture, Nutrition, and Forestry
To hold hearings on the nominations of Seeley Lodwick, of Iowa, to be Under Secretary of Agriculture for International Affairs and Commodity Programs; John B. Crowell, Jr., of Oregon, and William G. Lesher, of Virginia, each to be an Assistant Secretary of Agriculture.
324 Russell Building

Environment and Public Works
Nuclear Regulation Subcommittee
To resume hearings to examine alleged delays in the Nuclear Regulatory Commission's licensing requirements for the operation of new nuclear powerplants, and to examine the impact of the recent *Sholly* vs. *NRC* decision by the U.S. Court of Appeals for the District of Columbia Circuit, to require that hearings be held prior to NRC issuing amendments to nuclear power licenses.
4200 Dirksen Building

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Soil Conservation Service, Agricultural Stabilization and Conservation Service, and the Animal and Plant Health Inspection Service, Department of Agriculture.
1223 Dirksen Building

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the International Trade Administration, Scientific and Technical Research Service, and the Patent and Trademark Office, Department of Commerce.
S-126, Capitol

Banking, Housing, and Urban Affairs
Securities Subcommittee
To hold hearings on S. 289, to provide uniform margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. persons where such acquisition is financed by non-U.S. lenders.
5302 Dirksen Building

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings, in closed session, on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building

Labor and Human Resources
To hold oversight hearings on the implementation of family planning programs.
4232 Dirksen Building

10:00 a.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Management and Budget.
S-146, Capitol

Foreign Relations
To resume hearings on proposed authorizations for fiscal year 1982 for foreign assistance programs, focusing on military assistance.
4221 Dirksen Building

2:00 p.m.
Appropriations
Energy and Water Development Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for energy and water development programs.
1318 Dirksen Building

Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development; and to continue review of certain foreign assistance programs.
S-126, Capitol

Appropriations
*Labor, Health and Human Services, and Education Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Labor.
1114 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the White House Office, Office of Administration, official residence of the Vice President, executive residence, special assistance to the President, compensation of the President, and other unanticipated needs.
S-146, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 1

8:00 a.m.
Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on S. 677, to provide an alternative to annualizing the cost-of-living adjustments on Federal retirement for civil service annuitants.
3302 Dirksen Building

9:00 a.m.
Agriculture, Nutrition, and Forestry
To resume hearings on proposed reauthorization for food and agriculture programs administered by the Department of Agriculture.
324 Russell Building

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Bureau of Indian Affairs, Department of the Interior.
S-128, Capitol

Judiciary
Juvenile Justice Subcommittee
To hold hearings to discuss the proposed phase out of the Office of Juvenile Justice and Delinquency Prevention of the Department of Justice.
2228 Dirksen Building

Labor and Human Resources
To hold hearings on proposed authorizations for national centers for health statistics, health services research and health care technology programs, national research service awards, medical library assistance programs, and the National Health Service Corps of the Department of Health and Human Services.
4232 Dirksen Building

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Farmers Home Administration, Rural Electrification Administration, and the Farm Credit Administration.
1223 Dirksen Building

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Emergency Management Agency and the Selective Service System.
S-126, Capitol

Appropriations
Labor, Health and Human Services, and Education Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Health and Human Services.
1114 Dirksen Building

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the economic and statistical analysis program, U.S. Census Bureau, National Telecommunications and Information Administration, and the Minority Business Development Agency, Department of Commerce.
S-146, Capitol

Energy and Natural Resources
*Energy and Mineral Resources Subcommittee
To hold oversight hearings to review the strategic minerals and materials research policy of the United States.
3110 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on the administration's proposed budgetary recommendations for the Immigration and Naturalization Service of the Department of Justice.
412 Russell Building

10:00 a.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Secretary of the Treasury.
1224 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal year 1982 for the Consumer Product, Safety Commission.
5110 Dirksen Building

Foreign Relations
To resume hearings on proposed authorizations for fiscal year 1982 for economic assistance programs.
4221 Dirksen Building

Rules and Administration
To hold hearings on Senate Resolution 20, providing for television and radio broadcasting of Senate Chamber proceedings.
301 Russell Building

1:30 p.m.
Appropriations
Agriculture, Rural Development and Related Agencies Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for agricultural programs.
1223 Dirksen Building

2:00 p.m.
Appropriations
*Labor, Health and Human Services, and Education Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Health and Human Services.
1114 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary, international affairs programs, Bureau of the Mint, Bureau of Engraving and Printing, and Bureau of Government Financial operations of the Department of the Treasury.
1224 Dirksen Building

Commerce, Science, and Transportation
To hold hearings on the nomination of Raymond A. Peck, Jr., of the District of Columbia, to be Administrator of the National Highway Traffic Safety Administration.
235 Russell Building

Energy and Natural Resources
Energy Research and Development Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on nuclear programs.
3110 Dirksen Building

APRIL 2

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Surface Mining Reclamation and Enforcement, Department of the

Interior, and the Smithsonian Institution.
1114 Dirksen Building

Energy and Natural Resources
Energy Regulation Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the Federal Energy Regulatory Commission, the Office of Conservation and Solar Energy (building energy performance standards and appliance standards programs), and the Economic Regulatory Administration, Department of Energy.
3110 Dirksen Building

Judiciary
Security and Terrorism Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the Drug Enforcement Administration, Department of Justice.
2228 Dirksen Building

9:30 a.m.
Appropriations
*Labor, Health and Human Services, and Education Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Education.
S-126, Capitol

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary of State, and for the administration of foreign affairs, Department of State.
424 Russell Building

Labor and Human Resources
To hold hearings on proposed authorizations for fiscal year 1982 for health professions block grants, and preventive health block grants.
4232 Dirksen Building

*Veterans' Affairs
To hold hearings to receive legislative recommendations for fiscal year 1982 from officials of Paralyzed Veterans of America, Blinded Veterans Association, Military Order of the Purple Heart, Veterans of World War I, and Noncommissioned Officers Association.
457 Russell Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for U.S. Navy and Marine Corps construction programs, Department of Defense.
1224 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Postal Service.
S-146, Capitol

Commerce, Science, and Transportation
Consumer Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1982 for the Consumer Product Safety Commission.
5110 Dirksen Building

11:00 a.m.
*Veterans' Affairs
To hold hearings to receive legislative recommendations for fiscal year 1982 from AMVETS
457 Russell Building

1:30 p.m.
Appropriations
Agriculture, Rural Development and Related Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for agricultural programs.
S-128, Capitol

Appropriations
*Labor, Health and Human Services, and Education Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for programs of the Department of Education.
1224 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development, and certain foreign assistance programs.
S-126, Capitol

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Customs Service, U.S. Secret Service, Federal Law Enforcement Training Center, and the Bureau of Alcohol, Tobacco and Firearms.
S-146, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
5110 Dirksen Building

APRIL 3

9:30 a.m.
Judiciary
Courts Subcommittee
To hold oversight hearings on the implementation of the Bankruptcy Reform Act.
2228 Dirksen Building

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Transportation and related agencies.
1114 Dirksen Building

Commerce, Science, and Transportation
To hold hearings on proposed legislation authorizing funds for the Marine Mammal Protection Act.
1202 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1982 for the Consumer Product Safety Commission.
5110 Dirksen Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings on the implementation of the strategic petroleum reserve.
3110 Dirksen Building

Finance
International Trade Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the U.S. Customs Service, the International Trade Commission, and the Office of the U.S. Trade Representative.
2221 Dirksen Building

12:30 p.m.
Finance
Economic Growth, Employment, and Revenue Sharing Subcommittee
To hold hearings on the use of tax incentives to increase employment, focusing on ways to increase the level of employment by reducing the additional labor costs imposed by Federal taxes.
2221 Dirksen Building

2:00 p.m.
Energy and Natural Resoures
Energy Research and Development Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Department of Energy, focusing on the U.S. Synthetic Fuels Corporation, and alcohol fuel programs.
3110 Dirksen Building

APRIL 6

9:00 a.m.
Energy and Natural Resources
*Energy Conservation and Supply Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for certain programs of the Department of Energy which fall within the subcommittee's jurisdiction.
3110 Dirksen Buidling

9:30 a.m.
Judiciary
Courts Subcommittee
To resume oversight hearings on the implementation of the Bankruptcy Reform Act, focusing on the grain elevator bankruptcy provisions.
2228 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on proposed legislation authorizing funds for the Alcohol and Drug Abuse Education Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
*Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the U.S. Railway Association and Consolidated Rail Corporation (Conrail).
1114 Dirksen Building

Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 720, authorizing additional funds for the Corporation for Public Broadcasting for fiscal years 1984, 1985, and 1986.
235 Russell Building

APRIL 7

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Bureau of Land Management, Department of the Interior.
1114 Dirksen Building

Office of Technology Assessment
The Board, to hold a general business meeting.
EF-100, Capitol

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Food and Nutrition Service, and the Food Safety and Quality Service, Department of Agriculture.
1223 Dirksen Building

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Ambassador to the United Nations, and international organizations.
S-146, Capitol

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To resume hearings on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings to review the strategic minerals and materials research policy of the United States.
3110 Dirksen Building

Labor and Human Resources
To hold hearings on proposed authorizations for fiscal year 1982 for the National Science Foundation.
4232 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for U.S. Air Force construction programs, Department of Defense.
1224 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the General Services Administration.
1318 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the Consumer Product Safety Commission.
1202 Dirksen Building

2:00 p.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Personnel Management, Merit Systems Protection Board and Special Counsel, Federal Labor Relations Authority, Advisory Commission on Intergovernmental Relations, Advisory Committee on Federal Pay, Commission on Executive, Legislative and Judicial Salaries, and the President's Commission on Pension Policy.
1318 Dirksen Building

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 8

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary and the Office of the Solicitor, Department of the Interior.
1114 Dirksen Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Science and Technology Policy, Council on Environmental Quality, and the U.S. Regulatory Council.
S-126, Capitol

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Security and Exchange Commission, Office of the U.S. Trade Representative, Equal Employment Opportunity Commission, and the Commission on Wartime Relocation and Internment of Civilians.
S-146, Capitol

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To continue hearings on proposed legislation authorizing funds for fiscal year 1982 for the National Aeronautics and Space Administration.
235 Russell Building.

Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for certain public health professional education and nurse training programs of the Department of Health and Human Services.
4232 Dirksen Building

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Department of Transportation.
1224 Dirksen Building

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Administrative Conference of the United States, Federal Elections Commission, Office of Federal Procurement Policy, Domestic Policy Staff, U.S. Tax Court and the Committee for Purchase From the Blind and Other Severely Handicapped.
1318 Dirksen Building

Commerce, Science, and Transportation
Communications Subcommittee
To resume hearings on S. 720, authorizing additional funds for the Corporation for Public Broadcasting for fiscal years 1984, 1985, and 1986.
224 Russell Building

Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 306, authorizing the Secretary of the Interior to construct, operate, and maintain specified hydroelectric powerplants at various existing water projects.
3110 Dirksen Building

Rules and Administration
To resume hearings on Senate Resolution 20, providing for television and radio broadcasting of Senate Chamber proceedings.
301 Russell Building

APRIL 9

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for strategic petroleum reserve programs, the Energy Information Administration, Naval petroleum reserve programs, emergency preparedness and gas rationing programs, Department of Energy.
1114 Dirksen Building

9:30 a.m.
Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Federal Trade Commission, Commission on Civil Rights, and the Board for International Broadcasting.
S-146, Capitol

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings to review the strategic minerals and materials research policy of the United States.
3110 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on proposals to require a balanced Federal budget.
2228 Dirksen Building

Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for the Domestic Volunteer Services Act.
4232 Dirksen Building

Special on Aging
To hold oversight hearings to determine whether certain energy assistance programs are meeting the financial and health needs of elderly victims of extreme heat and cold.
457 Russell Building

10 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for Guard and Reserve Forces construction programs, Department of Defense.
1224 Dirksen Building

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary, Department of Transportation, and to review overall budget recommendations.
S-126, Capitol

Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Internal Revenue Service, and the sav-

ings bond division of the Bureau of the Public Debt.
1318 Dirksen Building

2:00 p.m.
Appropriations
Treasury, Postal Service and General Government Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Council of Economic Advisers, National Security Council, and the Council on Wage and Price Stability.
1318 Dirksen Building
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

3:00 p.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To continue oversight hearings, in closed session, to review the strategic minerals and materials research policy of the United States.
S-407, Capitol

APRIL 14

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 16

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 21

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for Forest Service programs, the Office of the Federal Inspector for the Alaska Natural Gas Transportation System, and the Pennsylvania Avenue Development Corporation.
1114 Dirksen Building

9:30 a.m.
Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the International Communication Agency, and the Arms Control and Disarmament Agency.
S-146, Capitol
Labor and Human Resources
To resume hearings on alleged sex discrimination in the workplace.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building

2:00 p.m.
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 22

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of the Secretary of Energy.
1114 Dirksen Building

9:30 a.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Food and Drug Administration, Commodity Futures Trading Commission, Agricultural Marketing Service, Federal Grain Inspection Service, Office of Transportation, and the Agricultural Cooperative Service, Department of Agriculture.
1223 Dirksen Building
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Environmental Protection Agency.
1318 Dirksen Building
Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Legal Services Corporation, Federal Communications Commission, and the American Bar Association.
S-146, Capitol
Labor and Human Resources
To hold hearings on proposed legislation authorizing funds for certain health maintenance organizations of the Department of Health and Human Services.
4232 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for NATO infrastructure/European construction programs.
1224 Dirksen Building
Energy and Natural Resources
Energy Regulation Subcommittee
To hold hearings on proposed amendments relating to off-gas provisions (Sec. 301a), and on all aspects of the Powerplant and Industrial Fuel Use Act (Public Law 95-620).
3110 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development, and certain development and regional programs of the Department of State.
S-126, Capitol

APRIL 23

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Heritage Conservation and Recreation Service, and the Indian Health Service, Department of the Interior.
1114 Dirksen Building
Judiciary
Separation of Powers and Constitution Subcommittees
To hold joint hearings on S. 158, establishing a congressional finding and declaration that human life begins at conception, S. 583, limiting the jurisdiction of the Federal courts in matters relating to abortion, and Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, proposed constitutional amendments providing for the protection of unborn children.
1202 Dirksen Building

9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for certain social services block grants.
4232 Dirksen Building
*Special on Aging
To hold oversight hearings on the implementation of the Older Americans Act.
5110 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building
Commerce, Science, and Transportation
Business meeting, to consider pending calendar business.
235 Russell Building
Energy and Natural Resources
Energy Regulation Subcommittee
To continue hearings on proposed amendments relating to off-gas provisions (sec. 301a), and on all aspects of the Powerplant and Industrial Fuel Use Act (Public Law 95-620).
3110 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for certain international aid programs of the Department of State.
S-126, Capitol
Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 24

9:00 a.m.
Judiciary
Separation of Powers and Constitution Subcommittees
To continue joint hearings on S. 158, establishing a congressional finding and declaration that human life begins at conception, S. 583, limiting the jurisdiction of the Federal courts in matters relating to abortion, and Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, proposed constitutional amendments providing for the protection of unborn children.
1202 Dirksen Building

APRIL 28

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Endowment for the Arts and the National Endowment for the Humanities.
1114 Dirksen Building

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings on the implementation of the Davis-Bacon Act.
422 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1224 Dirksen Building

Labor and Human Resources
Education Subcommittee
To hold hearings to review certain educational programs.
5110 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international monetary programs of the Department of Treasury.
S-126, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

APRIL 29

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Consumer Cooperative Bank, and the Consumer Product Safety Commission.
1318 Dirksen Building

Appropriations
State, Justice, Commerce, and the Judiciary Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Commission on Security and Cooperation in Europe, Small Business Administration, and the Federal Maritime Commission.
S-146, Capitol

Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold oversight hearings on the implementation of the Economic Opportunity Act.
457 Russell Building

Labor and Human Resources
Labor Subcommittee
To continue oversight hearings on the implementation of the Davis-Bacon Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for Middle East/rapid deployment force (RDF) construction programs, and to receive a briefing on intelligence matters.
1224 Dirksen Building

Labor and Human Resources
Education Subcommittee
To continue hearings to review certain educational programs.
6226 Dirksen Building

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for conservation and solar energy programs of the Department of Energy.
1114 Dirksen Building

Appropriations
Military Construction Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for Middle East/rapid deployment force (RDF) construction programs, and to receive a briefing on intelligence matters.
1224 Dirksen Building

APRIL 30

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Park Service, Department of the Interior.
1114 Dirksen Building

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the National Science Foundation.
1318 Dirksen Building

Labor and Human Resources
Handicapped Subcommittee
To hold hearings on proposed authorizations for fiscal year 1982 for the developmental disabilities program.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia
1224 Dirksen Building

Commerce, Science, and Transportation
Business meeting on pending calendar business.
235 Russell Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the multilateral development banks of the Department of the Treasury.
S-126, Capitol

Select on Ethics
Business meeting, to consider further the proposed revisions to the Senate Code of Official Conduct.
6226 Dirksen Building

MAY 4

9:30 a.m.
Labor and Human Resources
Handicapped Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the developmental disabilities program.
4232 Dirksen Building

MAY 5

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Export-Import Bank of the United States.
S-126, Capitol

MAY 6

9:00 a.m.
Appropriations
*Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Geological Survey, Department of the Interior.
1224 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
Business meeting on pending calendar business.
235 Russell Building

MAY 7

9:00 a.m.
Appropriations
*Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for fossil energy programs, domestic energy supply programs, and Federal leasing, Department of Energy.
1224 Dirksen Building

9:30 a.m.
Labor and Human Resources
Handicapped Subcommittee
To resume hearings on proposed authorizations for fiscal year 1982 for the developmental disabilities program.
4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.
1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Agency for International Development, and certain international aid programs.
S-126, Capitol

MAY 12

9:30 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Na-

tional Aeronautics and Space Administration.

1224 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To hold oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.

4232 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.

1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international security assistance programs of the Department of State.

S-126, Capitol

MAY 13

9:00 a.m.
Appropriations
*Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Commission of Fine Arts, the National Gallery of Art, and the Bureau of Mines, Department of the Interior.

1224 Dirksen Building

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue oversight hearings on the implementation of the Longshoremen and Harbor Workers Compensation Act.

4232 Dirksen Building

MAY 14

9:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Office of Territorial Affairs, Department of the Interior.

1223 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.

1114 Dirksen Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for certain international programs.

S-126, Capitol

MAY 19

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.

1114 Dirksen Building

MAY 20

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development.

1224 Dirksen Building

MAY 21

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and the Neighborhood Reinvestment Corporation.

1224 Dirksen Building

10:00 a.m.
Appropriations
District of Columbia Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the government of the District of Columbia.

1114 Dirksen Building

JUNE 2

9:30 a.m.
Appropriations
*HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and certain independent agencies.

1224 Dirksen Building

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HOUSE OF REPRESENTATIVES—*Thursday, March 26, 1981*

The House met at 11 a.m.

Dr. Edward G. Latch, D.D., former Chaplain of the House of Representatives, offered the following prayer:

Be strong in the Lord and in the power of His might.—Ephesians 6: 10.

Almighty God, our Father, who has made us for Thyself so that our hearts are restless until they find rest in Thee, lead us into the green pastures of Thy presence and beside the still waters of Thy patience, that our strength may be renewed, our spirits restored and refreshment for daily tasks be given us.

When doubts disturb us and worries weaken us be Thou our guiding light that we may see that the way of truth is the way of wisdom, the path of honesty is the path of honor and the road of faithfulness is the road of faith.

Keep our spirits steady, our hopes stable and our good will strong that we may be instruments of Thy will leading our Nation to a higher plane of liberty and justice for all. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

CALL OF THE HOUSE

Mr. WRIGHT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 19]

Addabbo	Bingham	Clay
Akaka	Bliley	Clinger
Albosta	Boggs	Coats
Alexander	Bolling	Coelho
Anderson	Boner	Coleman
Andrews	Bonior	Collins (IL)
Annunzio	Bonker	Collins (TX)
Anthony	Bouquard	Conte
Archer	Bowen	Corcoran
Ashbrook	Breaux	Courter
Aspin	Brinkley	Coyne, James
Atkinson	Brodhead	Coyne, William
Badham	Brooks	Crockett
Bafalis	Broomfield	D'Amours
Bailey (MO)	Brown (CO)	Daniel, Dan
Bailey (PA)	Brown (OH)	Daniel, R. W.
Barnard	Broyhill	Danielson
Beard	Burton, Phillip	Daschle
Bedell	Butler	Daub
Beilenson	Byron	Davis
Benedict	Campbell	de la Garza
Benjamin	Carman	Deckard
Bennett	Carney	Dellums
Bereuter	Chappell	DeNardis
Bethune	Chappie	Derrick
Bevill	Cheney	Derwinski
Biaggi	Clausen	Dicks
Dixon	Hollenbeck	Natcher
Donnelly	Holt	Neal
Dorgan	Hopkins	Nelligan
Dornan	Horton	Nowak
Dougherty	Howard	O'Brien
Downey	Hubbard	Oakar
Dreier	Huckaby	Oberstar
Duncan	Hughes	Obey
Dunn	Hunter	Panetta
Dwyer	Hutto	Parris
Dymally	Hyde	Pashayan
Dyson	Ireland	Patman
Early	Jacobs	Patterson
Eckart	Jeffords	Paul
Edgar	Jeffries	Pease
Edwards (AL)	Jenkins	Perkins
Edwards (OK)	Johnston	Petri
Emerson	Jones (NC)	Peyser
Emery	Jones (OK)	Pickle
English	Jones (TN)	Porter
Erdahl	Kastenmeier	Price
Erlenborn	Kazen	Pursell
Ertel	Kemp	Rahall
Evans (DE)	Kildee	Railsback
Evans (GA)	Kindness	Ratchford
Evans (IA)	Kogovsek	Regula
Evans (IN)	Kramer	Rhodes
Fary	LaFalce	Richmond
Fascell	Lagomarsino	Rinaldo
Fenwick	Lantos	Ritter
Fiedler	Latta	Roberts (KS)
Fields	Leach	Roberts (SD)
Findley	Leath	Robinson
Fish	LeBoutillier	Rodino
Fithian	Lee	Roemer
Flippo	Leland	Rogers
Florio	Levitas	Rose
Foglietta	Lewis	Rosenthal
Foley	Livingston	Rostenkowski
Ford (MI)	Loeffler	Roth
Ford (TN)	Long (MD)	Roukema
Forsythe	Lott	Rousselot
Fountain	Lowery	Roybal
Fowler	Lowry	Rudd
Frank	Lujan	Russo
Frenzel	Luken	Sabo
Frost	Lungren	Sawyer
Fuqua	Madigan	Schneider
Gaydos	Markey	Schroeder
Gejdenson	Marlenee	Schulze
Gephardt	Martin (IL)	Schumer
Gilman	Martin (NC)	Seiberling
Gingrich	Matsui	Sensenbrenner
Ginn	Mattox	Shamansky
Glickman	Mavroules	Sharp
Goldwater	Mazzoli	Shaw
Gonzalez	McClory	Shelby
Goodling	McCloskey	Shumway
Gore	McCollum	Shuster
Gradison	McCurdy	Simon
Gramm	McDade	Skeen
Gray	McDonald	Skelton
Green	McEwen	Smith (AL)
Gregg	McGrath	Smith (NE)
Grisham	McHugh	Smith (NJ)
Guarini	Mica	Smith (OR)
Gunderson	Michel	Snowe
Hall (OH)	Mikulski	Snyder
Hall, Sam	Miller (CA)	Solarz
Hamilton	Miller (OH)	Solomon
Hammerschmidt	Mineta	Spence
Hance	Minish	St Germain
Hansen (ID)	Mitchell (MD)	Stangeland
Harkin	Mitchell (NY)	Stanton
Hartnett	Molinari	Staton
Hatcher	Mollohan	Stenholm
Hawkins	Montgomery	Stokes
Hefner	Moore	Stratton
Heftel	Moorhead	Studds
Hendon	Morrison	Stump
Hertel	Mottl	Swift
Hightower	Murphy	Synar
Hiler	Murtha	Tauke
Hillis	Myers	Tauzin
Holland	Napier	Taylor
Thomas	Weaver	Wirth
Traxler	Weber (MN)	Wolf
Trible	Weber (OH)	Wolpe
Vander Jagt	Weiss	Wright
Vento	White	Wyden
Volkmer	Whitehurst	Wylie
Walgren	Whitley	Yates
Walker	Whittaker	Yatron
Wampler	Whitten	Young (FL)
Washington	Williams (MT)	Young (MO)
Watkins	Williams (OH)	Zablocki
Waxman	Wilson	Zeferetti

The SPEAKER. On this rollcall, 372 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of House Resolution 81, the Chair announces that he has designated this time for the taking of the official photograph of the House in session.

Without objection the House will stand in a brief recess while the Chamber is being prepared for the photograph. The House will be in order when the photographs are taken. Members will please face the cameras. There will be about 10 flashes of the strobe lights and the process will take about 10 minutes. About 5 minutes after that we will go back into the House with the business of the House.

The Chair declares a recess.

RECESS

Accordingly (at 11 o'clock and 25 minutes a.m.), the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. WRIGHT) at 11 o'clock and 35 minutes a.m.

TAX CUTS AND INVESTMENT

(Mr. SHAMANSKY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHAMANSKY. Mr. Speaker, I hope to be able to support the administration on tax cuts which will spur productive investment and creation of new jobs. Unfortunately, the tax reductions outlined so far by the President make too little a connection between tax reductions and such investment. I want a reduction in taxes to

cover, at least, the already scheduled rise in social security taxes and bracket creep, by which inflation forces wage earners into higher tax brackets. I also support improved depreciation allowances for business to encourage modernization and increased worker productivity.

But the administration's across-the-board cuts will not necessarily accomplish this. Instead, the bulk of the reductions may well find their way into the pockets of those already wealthy—without any productive investment required.

We must have more money deposited in America's thrift institutions. We need reasonable interest rates. Lower capital gains taxes also should be studied. More savings and better interest rates will stimulate the creation of new jobs. To achieve this I will support a tax reduction tied to productive investment. Thank you.

HONORARYCITIZENSHIP TO RAOUL WALLENBERG

(Mr. LANTOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANTOS. Mr. Speaker, today I introduced, along with 253 cosponsors in the House of Representatives, a bill which will grant honorary citizenship to Raoul Wallenberg, Swedish diplomat, whose heroism saved the lives of thousands of innocent men, women, and children from the Nazi purge in Hungary.

I deeply appreciate the almost unprecedented support shown by my colleagues in this legislation. The illustrious list of cosponsors includes both the majority and minority leaders of the House as well as members from every State of the Union and each territory represented in Congress.

In these days of intense legislative pressure on Congress, it is gratifying that we can give attention, in this strongly bipartisan way, to an issue which has clouded the American conscience for more than three decades.

Raoul Wallenberg, well educated Christian son of an eminent Swedish family, accepted an assignment in Budapest in the closing days of World War II. The assignment was given by the American War Refugee Board through the Department of State under then Secretary, Cordell Hull. Directions and money supporting his rescue efforts were supplied by the United States.

Armed with Swedish diplomatic papers, the 32-year-old Wallenberg coordinated the rescue effort to save the last remaining intact Jewish community in Europe at a time when 5 million Jews had already been taken to the gas chambers.

Wallenberg printed Swedish passports of his own design and with incomparable courage faced Nazi soldiers and death squads. He distributed passports to thousands of victims. He repeatedly risked his own life as he followed the death marches and went daily to the deportation trains where he literally pulled people out of the clutches of the Nazis.

He purchased and rented scores of houses in Budapest, equipped them with Swedish flags, and personally protected the refugees from the onslaught of the Nazis and the arrow cross.

For the man who saved so many by conferring citizenship upon them, our action here is a singularly appropriate, although symbolic, parallel. To confer U.S. citizenship upon him is to both protect him and to honor him through our belated gratitude.

Bestowing honorary American citizenship is a serious matter. Only once before in the history of our Congress have we given honorary citizenship. As one who earned my own citizenship in this Nation as an immigrant from Hungary, I am well aware of the preciousness which accompanies such an action.

However, in taking Raoul Wallenberg to our Nation's breast, we bring even more honor to ourselves than to him. We recognize our responsibility to him by commemorating the great achievements in his life, his contribution to answering the call of the American conscience of that time, and our involvement in his fate.

The story of his capture and incarceration by the Russians in the gulag archipelago is becoming increasingly widely known. The refusal of the Soviet Union to cooperate in revealing his whereabouts or fate is also well known. Time does not erase the sense of outrage of the civilized world that a diplomat and humanitarian could be held unaccountably in prison by a modern nation.

We cannot cease to persist in our efforts to protect individuals from these and other violations of human rights and international law.

We must continue to confront the Russians with the message that Wallenberg is not forgotten, and that his fate is linked to future relations between the East and West.

THE PRESIDENT'S BULLDOZER OF ECONOMIC PROGRESS

(Mr. FROST asked and was given permission to address the House for 1 minute.)

Mr. FROST. Mr. Speaker, Congress is being asked to climb on the President's bulldozer of economic progress. The blade is set at just the right angle to scoop out $49 billion in Federal spending and $51.4 billion in tax revenues in fiscal year 1982. What we often overlook is that the bulldozer will continue plowing well beyond 1982—and the blade will cut deeper and deeper.

The President's tax cut package cuts revenue by $51.3 billion next year and then deepens to $145 billion in 1984. He wants us to let that bulldozer go. He wants us to buy his supply-side scenario that the bigger the tax cut, the bigger and healthier the economy. Many of us—Democrats and Republicans—are skeptical, especially about what those tax cuts will do to the promise of a balanced budget.

The President's economic assumptions are—at best—vague and untested. In the tax area he assumes $44 billion in unspecified savings; he makes no provision for extending the jobs credit that encourages the hire of unemployed workers; he says nothing about extending the $200/$400 tax exclusion for dividends and interest.

In short, we do not have enough hard economic information to let the bulldozer run for more than 1 year at a time without a tightly set governor.

CONGRESS SHOULD NOT BE RUBBERSTAMP FOR PRESIDENT'S ECONOMIC PLAN

(Mr. WILLIAMS of Montana asked and was given permission to address the House for 1 minute.)

Mr. WILLIAMS of Montana. Mr. Speaker, President Reagan and his Cabinet are to be commended for the zeal and determination which they have shown in drumming up support for a new look at Federal spending and taxation. But when they expect the House to be but a rubberstamp, when they expect the House to accept their plan as simply an article of faith, that is something else again.

Why should we accept on faith that the Republican plan of huge tax cuts for the rich will result in greater investment of capital in American business and industry? The Secretary of the Treasury says it will happen because it is part of their master plan or, as he calls it, their scenario. The prosperity they foresee, including drastic reductions in inflation rates, are not accepted by most of the Nation's best economists.

The Democrats in this House are taking a reasonable, prudent look at the administration's proposals. We will work quickly, but we will not be rushed, and along the way we intend to support the taxing and spending proposals which are in the best interests of the middle-income Americans.

□ 1145

The SPEAKER pro tempore (Mr. FROST). The Chair recognizes the gentleman from Texas (Mr. WRIGHT).

THE 100TH ANNIVERSARY OF BIRTH OF FRANKLIN DELANO ROOSEVELT

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, on behalf of myself and 120 colleagues from both sides of the aisle I am introducing today a joint resolution providing for the commemoration of the 100th anniversary of the birth of Franklin Delano Roosevelt.

Next January 30 will be the centennial of President Roosevelt's birth. The resolution provides for a joint session of Congress to held on Friday, January 29, to pay tribute to this great American and to hear a memorial address by a distinguished scholar.

As originally drafted, the joint resolution also provided for the publication of a book, "The Days of Franklin D. Roosevelt: A Chronicle," prepared by Pare Lorentz. Because of the effort to cut costs throughout the Government during this period of stringency, funding for publication of that book has been deleted from the resolution. However, it does provide for acquisition of the book by purchase or gift and provides sufficient funds should purchase be deemed appropriate. Thus this valuable document would be available for publication at some future date if funds should become available, perhaps from private sources.

To arrange for the joint session, for nationwide observances, and for all other matters relating to the commemoration the resolution seeks to create a Special Joint Committee on the Centennial of the Birth of Franklin Delano Roosevelt. The committee would be composed of the President pro tempore of the Senate and Speaker of the House, seven Members of the Senate appointed by the President pro tempore of the Senate and seven Members appointed by the Speaker of the House of Representatives. In each House there would be four Members from the majority and three from the minority.

The joint committee would terminate not later than April 30, 1982.

Mr. Speaker, there have been few leaders in American history who have had so profound an effect upon this Nation as did Franklin Delano Roosevelt. Many of us in this House have vivid memories of his stirring leadership during years of crisis. President Reagan has spoken of the great influence President Roosevelt had on him. There are few people whose memories go back to the 1930's and 1940's who were not influenced by this great man. Therefore, I believe it is altogether fitting and proper that we honor his memory on the centennial of his birth.

MILITARY BASES ARE NOT "ISLANDS"

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ROEMER. Mr. Speaker, military bases are not, as the Supreme Court fictionalizes, mere "islands"—self-sufficient and self-contained. Military bases impact on local communities by asking for services, such as educating the children of servicemen, while crippling the local tax base used to provide those services—by reducing the local property tax roles, and freezing local sales tax revenues with competition from local tax-free commissaries.

Under the Reagan budget proposal Federal impact aid to compensate the locally affected school systems has been slated for sharp reductions. In other words, the Government says it is not really willing to help pay for services it continues to ask for.

For example, the Vernon Parish, La., school system spends over $8 million a year to educate the military dependents of Fort Polk, La. In the past the Government contributed $1.5 million to ease that overburdening. Now that contribution is subject to sharp cuts.

This imposes a hardship on the people living near military bases by overburdening their local services, and it imposes another hardship for the brave men and women serving in our Armed Forces—when they have to send their children to local schools which are not financially supported in an adequate manner.

CONGRESS AND CRIME

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HUGHES. Mr. Speaker, crime—and what to do about it—dominates public debate and private conversation in the Nation today. Frustration mounts over a criminal justice process which appears both ineffective and rudderless. The oft-mentioned villains are many overworked police, indifferent prosecutors, soft-hearted judges, and weak criminal laws. Unfortunately much of the recent rhetoric on crime has done little to create new initiatives; rather it has focused on increasing the climate of fear and powerlessness among the people.

In my view, the congressional role with respect to crime problems is threefold. First, we must attempt to redirect the dialog about crime to concentrate public attention on setting realistic crime-control goals. Second, Congress must provide the clear, simple and fair Federal criminal laws which can unite the Nation in their defense. Third, Congress must provide the impetus for the development of a Federal initiative to help States and localities with a modest amount of Federal funds.

In furtherance of the congressional leadership, and as chairman of the Subcommittee on Crime of the Committee on the Judiciary I plan on making a series of remarks on the floor of this House which raise what I perceive to be important crime issues. I also commit myself to follow up with hearings—and where appropriate legislation—on these issues. Next week the Subcommittee on Crime begins a series of hearings on pretrial services agencies and the dilemmas posed by the current bail law. In the coming weeks and months, the subcommittee will hold hearings on the problems of drug law enforcement, arson, and organized crime.

Another important obligation of the Congress is to provide modest financial assistance to States and localities to creatively respond to the crime problem. I will be working with Members on both sides of the aisle to develop the necessary consensus to maintain a Federal initiative on crime. I hope that you will join me in this important effort.

THE LATE ADM. JOHN S. McCAIN, JR.

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, last Sunday there passed away one of America's great war heroes and a very distinguished American, Adm. John S. McCain, Jr., U.S. Navy.

Son of a distinguished World War I career admiral of the same name, Admiral McCain was known to many Members of this House and of the other body, since for many years he served as Chief of the Navy's liaison with Congress.

A submarine commander in World War II, with an outstanding record, Admiral McCain, after serving with great distinction in his congressional liaison role, moved swiftly up through the Navy ranks in a series of important responsibilities, including Chief of Naval Information; Commander, Amphibious Forces, Atlantic Fleet, stationed in Norfolk, Va.; Commander, Eastern Sea Frontier with headquarters in New York City, and also serving as Military Representative to the United Nations, in which responsibility Admiral McCain and his family occupied the famous Bullfinch Mansion on the grounds of the late lamented Brooklyn Navy Yard; Commander in Chief, Naval Forces Europe; and finally, in the middle of the Vietnam war, Admiral McCain was named as Com-

mander in Chief of all U.S. forces in the Pacific, with top operational command over the fighting in Vietnam.

Ironically, while Admiral McCain served as CINCPAC, with headquarters in Honolulu, and traveled regularly to the Vietnam fighting fronts, his son, now Capt. John S. McCain III, USN, was being held for years as a prisoner of war in North Vietnam, having been shot down as a Navy pilot. At his headquarters Admiral McCain never revealed any sense of his personal concern as he exercised his heavy responsibilities as commander in chief, a characteristic display of personal courage and self-discipline.

Those of us who have had the privilege of knowing Admiral McCain, knew him as a warm and friendly person who liked to project a brusque, tough, "sea dog" demeanor, but also as one who had a clear understanding of the operations of Congress and who used that knowledge most effectively in support of the Navy and its interests. Admiral McCain was always outspoken and intensely loyal to the United States and a strong exponent of national defense.

In fact, throughout his long naval career and after his retirement Admiral McCain was known as one of the strongest and most tireless exponents, in the face of a rapidly growing Soviet threat, of the special attributes of seapower in providing a credible and effective deterrent to that threat. Jack McCain must have given literally hundreds of talks on this topic across the country and abroad. His presentations were direct and always instructive. He was the kind of special speaker who could keep his audience on the edge of their chairs. I think we can safely say that Admiral McCain, both in uniform and out, was in large measure responsible for the growing recognition in recent years, now reflected in the 1982 Navy budget, for changing the views of a substantial portion of the American people in appreciating the special role that seapower must play in the protection of a modern superpower like the United States.

One particular example will underline what I mean. Jack McCain made a very significant and little known contribution to the security of the United States more than a decade ago, which has helped to change history. As a regular lecturer on seapower he was the first knowledgeable defense professional who recognized the crucial importance of the Indian Ocean to the safety and security of the United States. Not only did Admiral McCain push this concept in his lectures but in the Department of Defense he was largely responsible for the discovery and development of what was more than a decade ago a very little known island in the middle of that ocean—but one which we all know today—Diego Garcia. Admiral McCain was doggedly insistent in persuading the Department of Defense to gain a lease on this island and establish it as a base for American naval and American airpower in that vast, largely unknown area of the world that we have all since come to recognize as extremely important.

Diego Garcia is admittedly a long way from the Persian Gulf. But, thanks to Jack McCain, it is at least the one spot in that vast expanse where Americans today have an operating base for our ships, our submarines, our patrol aircraft, and even our B-52's. And it did not come easily either.

Those of us who caught the inspiration of Admiral McCain in those days had a long fight on our hands to sell the Congress, bone-tired on Vietnam, on just how important Diego Garcia really was. We must pay high tribute to this determined, articulate sea dog for having made it possible for us to be at least partly prepared when the emergency finally presented itself.

Admiral McCain passed away quietly last Sunday as he and his remarkable wife, Roberta, were returning from a long overdue personal vacation in Europe. Mrs. McCain told me they had spent several very happy weeks in a leisurely tour of a number of European countries which they had long wanted to visit in a personal rather than an official capacity. It is appropriate that Admiral McCain should have passed away so quietly after such a happy interlude in a long career of tough and vigorous achievement.

Mr. Speaker, one of the best examples of America's change of heart in recent months on military power is the inclusion in the fiscal year 1982 budget of funds to procure another nuclear Navy carrier. Of course Admiral McCain was a submarine officer, not an aviator. But his father was a carrier task force commander and his son was a distinguished Navy aviator. What more appropriate tribute could a grateful Nation render to this distinguished warrior, than to name that latest carrier—which will certainly be sent, when commissioned, to fill a substantial void in the Indian Ocean, whose significance Admiral McCain succeeded in demonstrating so clearly to our Nation's leaders—than to christen it: *John S. McCain, Jr.*

Home is the hunter,
Home from the hill
And the sailor,
Home from the sea.

DISPLACED HOMEMAKER PROGRAMS FACE EXTINCTION

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, this weekend Department of Labor Secretary Raymond Donovan will decide the fate of 31 programs targeted at older, minority, and rural displaced homemakers. I want to stress to my colleagues the urgency of this decision since many programs face extinction on March 31.

In the 1978 reauthorization of CETA, Congress recognized displaced homemakers entering the paid work force as a group facing special disadvantages. We authorized the Secretary of Labor to spend up to 2 percent of title III funds for displaced homemaker programs. Thirty-one prime sponsor and six national demonstration grant awards were made in 1980.

In December 1980 a House Appropriations Committee report recommended that displaced homemakers continue to receive high priority in fiscal year 1981. The Department of Labor thus earmarked $1.7 to $1.9 million of 1980 title II-D carryover funds to maintain the programs through September 1981.

But now Secretary Donovan has frozen title II-D funds, and as a result, displaced homemaker programs have been also frozen.

Why should we save the programs? Because they offer valuable training for homemakers entering the work force. But equally important is that the Department of Labor began an evaluation of the programs in November 1980 that will run until September 1981. That evaluation, and the investment we have made in the programs, will be lost if we do not maintain them until at least the date the evaluation ends.

The programs only need $1 million, an 80-percent cut from fiscal year 1980 appropriations, to make it through the end of September. Surely Secretary Donovan can either scrape up some title III funds or discretionary funds or waive the title II-D freeze for the displaced homemaker programs. I ask my colleagues to contact Secretary Donovan and urge him not to abandon a worthwhile endeavor in midstream.

LETTER FROM A DEMOCRAT

(Mr. SOLOMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

Mr. SOLOMON. Mr. Speaker, I have heard for the last several weeks a number of my Democratic colleagues stand up here and read letters from special interest groups urging opposition to the President's economic recovery program.

I have got a very interesting letter here, which is not to me, but it is from one of my constituents to the Honorable JIM WRIGHT.

It says:

DEAR MR. JAMES WRIGHT: As a Democrat for some thirty years, I would like you to know that I am quite chagrined at the actions of the Democratic party in Congress—particularly these past few years when the Democratic party no longer represents middle class America.

As a Democrat I sincerely believe that you and your fellow Democrats in Congress due to your spendthrift ways, i.e., deficit budgets year after year, are the root cause of the inflation that besets our nation.

It says:

Please support President Reagan in his economic recovery program.

He says:

I belong to no special interest group. I have just been a loyal Democrat for 30 years.

Does that tell you something, gentlemen?

GOVERNMENT EMPLOYMENT IS A PRIVILEGE, NOT A RIGHT

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, yesterday in testimony before my appropriations subcommittee, acting officials from the General Services Administration—holdovers from the previous administration—attempted to paint a bleak picture of projected service cutbacks and employee layoffs if slight budget reductions proposed for GSA by the new administration are enacted.

These officials are obviously so used to having the Federal budget go up and up, that they are unwilling to accept any change in direction.

Employment in the Federal Government is not a right—it is a privilege.

Rather than create consternation and unrest, reductions in the Federal work force should bring Federal employees closer together.

Those having the high honor of serving the people should do so well, with dedication and pride, not with an attitude that the public owes them a job.

The aim of the Reagan administration is to help create millions of new jobs in the private sector, so that good workers leaving Government service should have no difficulty finding productive employment in the nongovernment work force.

□ 1200

TRIBUTE TO NATHANIEL GOLDSTEIN

(Mr. GREEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GREEN. Mr. Speaker, it is with sadness that I announce to my colleagues today the death earlier this week of Nathaniel Goldstein, a former New York State attorney general and leader in philanthropic causes. Mr. Goldstein had been active in New York City and New York State affairs for many years, and I believe Members of the New York delegation, as well as all Members of the House, should take a moment to pay tribute to Nathaniel Goldstein.

Mr. Goldstein was born and raised in New York City, and after attending college and law school there, involved himself in the affairs of both the city and the State. He led a fight to revoke a charter surreptitiously obtained by the Ku Klux Klan in New York, was involved in housing and urban affairs investigations with State legislative committees, and practiced law for many years in New York. Nathaniel Goldstein served with distinction as attorney general of the State of New York, from 1943 to 1954.

On a personal note, Nat Goldstein gave me sound advice at many critical times of my political career.

On the civic front, Mr. Goldstein served as chairman of the board of the Albert Einstein College of Medicine of Yeshiva University and played a leading role in the growth of that institution into one of the world's great medical schools. Among his many civic and charitable activities, he was an overseer of the Truman Research Institute for the Advancement of Peace at the Hebrew University in Jerusalem, and served as president emeritus of the American Friends of the Hebrew University. Additionally, he was a trustee of the Fletcher School of Law and Diplomacy. Mr. Goldstein made a significant and admirable contribution to New York City and State affairs through his work as an attorney, attorney general, and civic leader. For this he deserves our recognition. We shall miss him.

WISDOM IS WHERE YOU FIND IT

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, in browsing through the newspapers and periodicals, I came across two items deserving of mention here.

Columnist Hugh Sidey of Time magazine reports that a former high official in the New Frontier and Great Society says:

If we don't take care of the economy and our national security, there ain't going to be school lunches for anybody.

How refreshing to see such wisdom coming from such a source.

The second item appeared in this morning's Wall Street Journal. It quotes our good friend, the chairman of the Ways and Means Committee, Mr. ROSTENKOWSKI as saying he is against a 3-year tax cut because such an approach—and I quote—"would take Congress out of the action" of setting fiscal policy.

Since the actions of the Democratic-controlled Congress are what got us into this mess in the first place, may I suggest that the chairman has, in effect, given us the best reason for a 3-year tax cut I have yet heard.

WE CANNOT WRITE THE PENTAGON A BLANK CHECK

(Mr. NELLIGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, as you know, this Congress is considering proposals by the President to reduce the overall growth of Government spending, and to decease expenditures for many domestic programs.

In part, these proposals direct the Federal bureaucracy to streamline its operations, and to ferret out waste, fraud, abuse, and inefficiency.

I believe that as we are considering these cuts in domestic spending, we should be mindful of the need for similar efforts in the programs of the Department of Defense. There is not a stronger believer than I in the need for more defense spending. However, we cannot write the Pentagon a blank check.

Therefore, today I am introducing a resolution which calls on the President and the Secretary of Defense to exercise every effort to remove waste and inefficiency from the operations and programs of the Department of Defense.

The intent of this resolution is not to cut necessary military programs, but to insure that every dollar the Congress appropriates for defense will be spent in an effective and productive manner.

I invite my colleagues in the House to join with me in this important resolution.

STEPS WITHIN ARMED SERVICES COMMITTEE TO COMPLETELY OVERHAUL PROCUREMENT SYSTEMS

(Mr. BEARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEARD. Mr. Speaker, the House Armed Services Committee is in the process of hearing testimony from the Navy and the Electric Boat Co. in regard to the delays and cost overruns connected with the Trident and its new fast-attack submarines.

While the testimony is both fascinating and enraging, I am afraid it is all old hat. We in the Congress have grown accustomed to watching major weapons contracts undergo a series of startling changes. The Trident submarine—like the Army's XM-1 tank and advanced attack helicopter—will end

up costing millions of dollars more per copy, will be deployed 2 or more years later than scheduled, and will perform considerably less effectively than original specifications demand.

Before yesterday's hearing began, I took some time to review the transcript of a 1978 Joint Economic Committee hearing that focused on problems with the Trident program. For a moment I thought I was reading this year's transcripts.

It is obvious that we in the Congress have learned nothing in helping to oversee military procurement contracts. I intend to take steps within the Armed Services Committee to completely overhaul our procurement systems. We must not allow the military to be exempt from our efforts to cut costs and eliminate governmental waste.

PUBLIC LAW GIVES EXPRESSION OF CONGRESSIONAL INTENT THAT THE UNITED STATES SHOULD ACT IN EL SALVADOR

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, in recent days we have heard many expressions from within this Congress of dismay about the Reagan administration's policies toward El Salvador. One of our distinguished committee chairmen has referred to efforts to obtain funding for El Salvador as a commitment akin to the Gulf of Tonkin Resolution. It is as though, Mr. Speaker, Congress had never endorsed the policies now being implemented in that country.

But in just last year's foreign aid authorization bill, Mr. Speaker, the Congress said this:

> It is the sense of the Congress that the United States should support those traditionally faithful allies of the United States which are responsible members of the Organization of American States, including Guatemala, El Salvador, Costa Rica, Nicaragua, Panama, and Honduras, against terrorism and external subversion.

Mr. Speaker, it is not unusual for Congress to refuse to accept responsibility for the policies that we demand, but Public Law 96-533 gives the Reagan administration a clear expression of congressional intent that the United States should act in El Salvador. That expression of congressional intent was signed into law just 3 months ago.

There are a lot of rocks being thrown inside a glass house.

JEWISH HERITAGE WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution—House Joint Resolution 155—to authorize and request the President to issue a proclamation designating May 3 through May 10, 1981, as "Jewish Heritage Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. ADDABBO. Mr. Speaker, reserving the right to object, and I shall not object, I rise to strongly urge my distinguished colleagues present today to join me in support of House Joint Resolution 155, to authorize and request the President to issue a proclamation designating May 3 through May 10, 1981, as "Jewish Heritage Week," a resolution I have sponsored for the second year.

Before I proceed, however, I would like to commend my good friend and respected colleague from New York (Mr. GARCIA) for his efforts in bringing this measure to the floor today.

What is Jewish Heritage Week? Simply put, it is "understanding." It is a time for the people of this country to explore the culture, traditions, and history of the Jewish community as they relate to the growth of our country as a whole. Previous year celebrations in New York have helped to strip away many of the half-truths and suspicions one ethnic group may have had toward another. Not surprisingly, one of the major successes of this educational venture is a growing awareness of how similar the history of one ethnic group is to another. We have shared many of the same trials and tribulations, and have faced like successes and failure. Yet even so, each group has made its own unique contributions to the American spirit.

In this sense, Jewish Heritage Week is not just for Jewish people. This year's theme in New York, "Free To Be You and Me," clearly shows how important it is for all of us to understand that though there are differences in our cultures and beliefs, these only serve to underscore the uniqueness of our country as a land where people of diverse backgrounds and interests can live and work as one Nation.

Today we have 236 cosponsors, Mr. Speaker, who have joined this bipartisan effort. They represent various localities who will hopefully contribute to this growing effort come May. We welcome the support of others to continue this tradition for the second year.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. BIAGGI. Mr. Speaker, I rise as a cosponsor and strong supporter of House Joint Resolution 155, requesting the President to designate the week of May 3 to 10, 1981, as "Jewish Heritage Week."

The significance of this event is best understood if we take the time to reflect on the two most important ideals we Americans stand for—peace and freedom. Our Nation was conceived from these ideals and it has flourished largely because they are valued so highly by all those who cross our shores.

I have long advocated the need to better understand the uniqueness of a particular people so that we can learn and appreciate how much we really have in common—"Jewish Heritage Week" will provide us with such an opportunity.

The Jews have long been a persecuted people, and yet, through their suffering they have developed a great strength and a genuine appreciation of what peace and freedom really mean. As a result, the Jewish community has made significant contributions to our great Nation, making their experience an inspiration to all people.

In and around the week of May 3, a number of major events are celebrated by the Jewish community. They include Passover, the anniversary of the Warsaw ghetto uprising, Israeli Independence Day, and Jerusalem Day. By better understanding what these days mean to the Jewish community, we can better appreciate the true value of our Nation's rich ethnic heritage.

While many of these celebrations seek to focus on a significant event from the past, there is an important date on the Jewish calendar directing attention to a current tragedy that has meaning to us all. On Sunday, May 31, the Greater New York Conference on Soviet Jewry will sponsor for the 10th straight year, Solidarity Sunday, a day when Americans traditionally signify their unity with Soviet Jewry. The rally takes place in New York City, with about 100,000 people from around the country participating in a number of activities to express American solidarity with Soviet Jews. I am proud and privileged to have introduced a resolution, House Resolution 85, expressing congressional support for Solidarity Sunday. Over 80 of my colleagues have already joined me as cosponsors.

If there is one common trait found among us all, it is that we each have a different proud heritage. Like the Jewish community, we are all proud of our heritage and anxious for others to share in that experience. Like the Jewish community, we have all made special and significant contributions to this great Nation as a result of that heritage. Like the Jewish community, we are all in pursuit of two common goals—peace and freedom.

I urge my colleagues to join me in supporting Jewish Heritage Week, as a responsible and effective means of promoting those ideals.●

● Mr. LENT. Mr. Speaker, I rise to join my colleagues in support of House Joint Resolution 155, designating the week of May 3 through May 10 as "Jewish Heritage Week." As a cosponsor of this resolution, it is my hope that the resolution will enjoy the strong bipartisan support it attracted last year, when it was first proposed to this body.

Jewish Heritage Week commemorates the anniversary of many outstanding occasions within the Jewish culture, and it is particularly appropriate that it be celebrated at this time of the year. The months of April and May contain several significant dates in Jewish history, including Passover, Israeli Independence Day, the anniversary of the Warsaw ghetto uprising, Jerusalem Day, and Solidarity Sunday for Soviet Jewry. Beyond the recognition of such significant dates in Jewish history, Jewish Heritage Week provides a welcome vehicle for strengthening our appreciation and understanding of the tremendous richness of culture and tradition which the Jewish heritage has given to the world.

I urge my colleagues to unite in support of this resolution, and trust that it will be as successful this year as it was when approved 1 year ago.●

● Mr. FORD of Michigan. Mr. Speaker, I rise to express my support for House Joint Resolution 155, which I cosponsored, designating the week of May 3 through May 10, 1981, as "Jewish Heritage Week."

It is ironic that we should consider this resolution on the very day that another resolution is being introduced to make Raoul Wallenberg an honorary citizen of the United States. Through his great humanitarian efforts, 100,000 victims of Nazi terrorism in World War II Hungary were saved—many of whom were Jewish. Many of those saved are now productive citizens of the United States.

The purpose of Jewish Heritage Week is to alert the people of the United States to the contributions of the Jewish people and to remind us of the struggle the Jews have endured for centuries. I hope we will all continue to benefit from the contributions of American Jewry to our Nation. I am proud to be associated with this resolution.●

● Mrs. COLLINS of Illinois. Mr. Speaker, today the House will consider House Joint Resolution 155, a resolution which designates May 3 to 10, 1981, as "Jewish Heritage Week." This resolution calls upon State and local government agencies and interested organizations to observe the week of May 3 with appropriate activities.

Jewish Heritage Week commemorates the anniversary of many significant dates in Jewish history. As a cosponsor of House Joint Resolution 155, I call upon my colleagues to pass this resolution to continue appreciation and recognition to the culture, traditions, and history of the Jewish community and their contribution to American society.●

Mr. GILMAN. Mr. Speaker, I rise in support of the resolution—House Joint Resolution 155—now under consideration and I thank the gentleman from New York (Mr. ADDABBO) for his efforts to bring it to the floor today.

Mr. Speaker, the week of May 3 to 10, 1981, embraces a number of historical anniversaries of significance to the Jewish people—Passover, the anniversary of the Warsaw ghetto uprising, Israel's Independence Day, Solidarity Sunday for Soviet Jews, and Jerusalem Day—the anniversary of the reunification of Jerusalem in 1967. This is an appropriate time for the Jewish people to reflect with pride on their unique heritage and an opportunity for the American community to see what values and lessons they can take from that heritage.

I would like to call to the attention of my colleagues a rarely occurring event that will come between today's vote and the beginning of the events more commonly associated with Jewish Heritage Week—but an event which has special significance in this area—the once-in-28-year event of "birkat hachamah"—the blessing of the Sun, which will occur on April 8. In that ceremony, God is thanked and blessed for the creation of the Sun, an object of which we are more and more conscious these days. This event occurs every 28 years in observance of a cycle ordained in the Talmud. This year, many congregations will be gathering outdoors, as is the custom, and, because of the energy crisis of recent years, they will be reflecting on our dependence on the energy of the Sun, and how we can use it more extensively to help us reach our goals of energy self-sufficiency and the improvement of our standard of living. In Washington, similar meetings—many, of course, of a purely religious nature—will be taking place around the world at dawn on the 8th, as the Jewish people maintain the traditions of their heritage which even today have renewed meaning and importance.

Mr. Speaker, I ask unanimous consent that an excerpt from an article on "Birkat Hachamah" by Rabbi Bernard M. Zlotowitz be reprinted in the RECORD at this point, along with the text of House Joint Resolution 155, establishing Jewish Heritage Week:

In a ceremony known as Birkat Hachamah (blessing of the sun), God is praised for creating the luminaries and maintaining them in an orderly fashion. ("Blessed are You, O Lord our God, King of the Universe, who makes the work of creation.") This ceremony was last recited in 1953, and this year it will reoccur on Wednesday, April 8. The service is usually conducted outside the synagogue, early in the morning, and in the presence of a large assembly, because as it is written: "In the multitude of people is the King's (God's) glory" (Proverbs 14:28). However, if a person is unable to recite it publicly, he or she may do so privately.

The origin of this observance is based on a statement in the Babylonian Talmud (Berachot 59b): "Our rabbis taught: He who sees the sun at its turning point (the sun has four turning points which mark the beginning of the four seasons), the moon in its power (spring equinox), the planets in their orbits, and the signs of the Zodiac in their orderly progress (procession of the equinoxes) should say: 'Blessed be He who has wrought the work of creation.' And when does this happen? Abaye said: 'Every twenty-eight years when the cycle (the big or solar cycle) begins again and the Nisan (spring) equinox falls in Saturn on the evening of Tuesday, going into Wednesday.'" (The sun and moon were created on the fourth day, and therefore the beginning of the twenty-eight year cycle is always on a Wednesday which begins at the vernal equinox on Tuesday evening at 6:00 p.m.).

● Mr. BROOMFIELD. Mr. Speaker, increasingly, Americans are reaffirming their commitment to the basic societal and familial values and their fundamental belief in God. In times of global turbulence and a difficult economic situation at home, we all must turn to inner sources of strength and sustenance.

It is fitting, therefore, that we in Congress request the President to designate May 3 through May 10 as Jewish Heritage Week to recognize the generous inheritance we Americans have enjoyed from Jewish culture, tradition, and beliefs. The Jewish heritage, woven deeply into the fabric of America, has contributed significantly to the society of this country through the strong Jewish belief in God, closeness of family, and sense of service to community. Outstanding individual Jews are too numerous to mention; one can only say that in education, culture, science, government, business, medicine, civil rights, or in any other field, our country would have been far poorer without their contributions.

We are urging the President to mark the first full week of May as Jewish Heritage Week because that period falls close to dates which are important not only to Jews everywhere, but to all of us in the United States—Passover, the anniversary of the Warsaw ghetto uprising, Israeli Independence Day, Jerusalem Day, and Solidarity Day for Soviet Jewry. These days commemorate the faith, the hope, religious belief, the inner strength, and moral and physical courage which not only inspire us, but which reinforce our beliefs and our determination to contribute to American society.●

● Mr. MOFFETT. Mr. Speaker, this is an appropriate time for the House of Representatives to establish Jewish Heritage Week.

Recently, many Jews celebrated the festival of Purim, commemorating the Old Testament story of how Esther saved her people and her people's herit-

age from death by the Persians in the sixth century B.C. Purim is a time of celebration, marking the continuation of Jewish culture.

In keeping with the celebrative mood of this holiday, it is befitting that we establish a Jewish Heritage Week to take place May 3–10, 1981. The activities, ceremonies, and programs will not only dramatize Jewish history and traditions, but will also highlight the tremendous contributions which the Jewish people have made to the world community. How much further our culture is enriched by the endeavors of just a few, such as Albert Einstein, Issac Bashevis Singer, Leonard Bernstein, Sigmund Freud, and Anatoly Shcharansky.

I urge that this resolution be adopted.●

● Mr. CARMAN. Mr. Speaker, I wish to add my strong support to House Joint Resolution 155, which would set aside the week of May 3–10, 1981, as Jewish Heritage Week. It is a resolution I cosponsored which I expect to win overwhelming approval by this House.

It is appropriate that this Nation should commemorate Jewish Heritage Week at this time of year. The months of April and May contain such significant dates in Jewish life as Passover, the anniversary of the Warsaw ghetto uprising, Israeli Independence Day, Solidarity Sunday for Soviet Jewry, and Jerusalem Day.

Jewish Heritage Week began, on a yearly basis, in 1977. I feel it has led all Americans to a greater appreciation and recognition of the culture, traditions, and history of this country's Jewish community and of the impact of Jews in American history.

Mr. Speaker, every week we read in the papers of new acts of anti-Semitism both at home and overseas. We can help counter that detestable activity by focusing the spotlight of truth on the great contributions Jews have made to American life and culture.●

● Mr. MINISH. Mr. Speaker, I rise to express my enthusiastic support for the enactment of House Joint Resolution 155, designating the week of May 3–9 as "Jewish Heritage Week." It is most appropriate for us to call attention to the significant contributions made by the Jewish people to our Nation as well as to the rest of the world. For at this time of year, dates of major importance such as Passover, the anniversary of the Warsaw ghetto uprising, Israeli Independence Day, Solidarity Day for Soviet Jewry, and Jerusalem Day appear on the Jewish calendar.

Jews were among the first settlers when our Nation was in its infancy, and they have made contributions in every facet of American life, from trade unionism to philanthropic and scholarly endeavors to athletics and the arts. Not only is this week an occasion for the recognition of outstanding achievements, but also it is a time for reflection and for learning, to further our understanding of and appreciation for Jewish history, culture, and tradition. It is an opportunity to reflect on the struggles and persecution suffered by Jews in the Soviet Union and elsewhere, renew our dedication to the cause of human rights, and reaffirm our commitment to the independence of the State of Israel.

By setting aside this week as Jewish Heritage Week, we are giving recognition to our own country's long-held commitment to the melting pot, which we value so highly; therefore, I urge you, my fellow colleagues, to join me in supporting this important resolution.●

● Mr. DERWINSKI. Mr. Speaker, I rise in support of House Joint Resolution 155 designating May 3 through May 10, 1981, as "Jewish Heritage Week." By doing so, we as Americans are recognizing the history of the Jewish people and their contribution to our American way of life.

This year, the month of May will commemorate events which represent great joy and sorrow for the Jewish community and is thus a fitting time for the people in the United States to reflect on the role of Americans of the Jewish faith in the history and heritage of our country. As Americans of the Jewish faith ponder the meaning of Passover, the Warsaw ghetto uprising, Israel Independence Day, Solidarity Sunday for Soviet Jews, and Jerusalem Day, Jewish Heritage Week gives all Americans the chance to reflect and learn of the significant achievements that the Jewish religion, history, and culture have made to the world and, in particular, to the United States.

Mr. Speaker, by supporting House Joint Resolution 155 we will be expressing our gratitude to the Jewish community for their invaluable contribution to our society and our Nation.●

● Mr. GREEN. Mr. Speaker, I am very pleased to speak in support of House Joint Resolution 155, a resolution to declare the week of May 4 as national Jewish Heritage Week. Jewish Heritage Week originated in New York City 5 years ago in an effort to promote an understanding of Jewish culture and history as part of an appreciation of the myriad of racial, religious, and ethnic groups in New York City and in the Nation. I believe it is important to recognize continually that many nations and cultures have contributed significantly to the building of our Nation, and I feel that the declaration of a national Jewish Heritage Week is an important part of that process.

I was a cosponsor of a similar resolution last year when the first national resolution was passed which encouraged the celebration of this week all over the Nation under the theme of "Living Together, Learning Together." Plans for carrying out this year's theme, "Free To Be You and Me," are now underway, and passage of this resolution will greatly aid in expanding the celebrations nationwide.

As a New Yorker, I am particularly proud of the fact that this idea originated in my own city. This has been a project of the New York Jewish Community Relations Board, located in my own 18th Congressional District, in cooperation with the Board of Jewish Education and the New York City Board of Education. Jewish Heritage Week features concerts, contests, specially prepared school lesson plans on Jews and history and other activities in order to promote intercultural understanding. The events are nonsectarian and voluntary.

I am pleased to be a supporter of this resolution and to speak in its favor. I am hopeful that declaration of national Jewish Heritage Week will be an incentive for all to learn more about not only Jewish history and culture, but also every other ethnic, racial, or religious culture which has made its rich contribution to our Nation and our lives.●

● Mr. COURTER. Mr. Speaker, I rise in support of House Joint Resolution 155 designating May 3 through May 10, 1981, as "Jewish Heritage Week."

For over 3,000 years, the Jewish people have left a major impact on the societies in which they have lived. Equally so in the more than 200-year history of the United States, Americans of Jewish faith have made important contributions in all areas of business, science, culture, and politics, and the Judeo-Christian heritage collectively has helped mold the United States. By proclaiming this week as Jewish Heritage Week we are recognizing the weight of those contributions and the significant role the Jewish community has played in the history of our Nation.

I urge my colleagues to join me in supporting this resolution.●

● Mr. YATES. Mr. Speaker, it is a pleasure to rise in support of Jewish Heritage Week. Our Nation's most enduring strength is the vitality, the magnificence, of our heritages. These heritages are unique in their richness and diversity.

Today, we rise in support of Jewish Heritage Week, May 3–10. It is a particularly appropriate time, for April and May are months which reflect the greatness and complexity of this heritage. We are moved by the inspiration and celebration of the Passover saga, by anniversaries commemorating the courage of the Warsaw ghetto freedom fighters and the fortitude of the Israeli pioneers, by Solidarity Sunday in recognition of the continuing plight of Soviet Jews. We appreciate this

heritage in all its complexity, we cherish it, and we look forward to a joyous observance across the Nation.

The Jewish heritage is one of the countless heritages that contribute to our vigor as a nation, to our life and vibrance. To life—Le Chaim.●

● Mr. WIRTH. Mr. Speaker, I rise in support of the resolution offered by the gentleman from New York (Mr. ADDABBO) proclaiming May 3 through May 10, 1981, as "Jewish Heritage Week." Today we may enable this educational observance to continue for a second year, and help establish it as an American tradition.

At no time in our history as a nation has it been more important that we undertake to foster greater understanding between our religious and ethnic groups. Intolerance threatens the unity and integrity of our country, and obscures our common goals and purposes. Jewish Heritage Week, by promoting an appreciation of Jewish history and culture, exemplifies the efforts at mutual understanding that we in Congress should endorse.

We are in the midst of a season of remembrance for the Jewish people. In the next 2 months, Jews all over the world will experience joy on the celebration of Passover, pride on the date of Israel's independence, resolve on Solidarity Sunday for Soviet Jewry, and defiance on the anniversary of the Warsaw ghetto uprising. That we should better understand these emotions, and recognize the numerous contributions of the Jewish people to our Nation and our society, I urge my colleagues to give their support today to House Joint Resolution 155.●

● Mr. ANNUNZIO. Mr. Speaker, I was glad to join my colleagues in cosponsoring House Joint Resolution 155, which was introduced by my good friend from New York, the Honorable JOSEPH P. ADDABBO, to authorize and request the President to issue a proclamation designating May 3 through May 10, 1981, as "Jewish Heritage Week," and I am delighted today to join my colleagues in the House in paying tribute to the outstanding contributions that Jewish Americans have made to the vitality and greatness of the United States.

Jewish Heritage Week will be a reminder to all Americans of the valiant stand which the Jews have always made in the face of oppressive religious discrimination and persecution. During this special observance, it will be appropriate for us to join together in renewing our efforts to insure religious freedom for the Jews and for all peoples who are being harassed and persecuted in practicing their religion.

My own city of Chicago is a city of immigrants, and our entire Nation is a beautiful and creative mosaic of grand contributions made by each immigrant group. The designation of "Jewish Heritage Week" is a tribute to the role of Jewish immigrants in making our country strong and free, and Americans of Jewish heritage continue to carry forward the new-world tradition of determination, hard work, and courage. I urge the support of my colleagues for this resolution.●

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 155

Whereas the Congress recognizes that an understanding of the heritage of all American ethnic groups contributes to the unity of our country; and

Whereas intergroup understanding can be further fostered through an appreciation of the culture, history, and traditions of the Jewish community and the contributions of Jews to our country and society; and

Whereas the months of April and May contain events of major significance in the Jewish calendar—Passover, the anniversary of the Warsaw Ghetto Uprising, Israeli Independence Day, Solidarity Sunday for Soviet Jewry, and Jerusalem Day: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating May 3 through May 10, 1981, as "Jewish Heritage Week" and calling upon the people of the United States, State and local government agencies, and interested organizations to observe that week with appropriate ceremonies, activities, and programs.

The joint resolution was ordered to be engrossed and read a third time, was read a third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL DIABETES WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 84) designating the week of October 4 through October 10, 1981, as "National Diabetes Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. FORSYTHE. Mr. Speaker, reserving the right to object, I do so just to have an opportunity to express my gratitude to the committee for reporting this resolution.

Mr. Speaker, today the House takes up House Joint Resolution 84, legislation commemorating the week of October 4-10, 1981, as National Diabetes Week.

For the past 2 years, Congress has enacted a National Diabetes Week and it is especially appropriate that we should do so again this year. During the past few years, researchers have made significant breakthroughs in diabetes research. It is my hope that the increased public awareness of this disease will stimulate interest which will ultimately lead to a cure for diabetes.

While most Americans have some general knowledge about diabetes, not enough of us understand what a serious and deadly disease it is. Ten million Americans suffer from diabetes and 300,000 Americans die each year as a result of it. Diabetes is the third leading cause of death by disease in this country, after heart attack and cancer, and it often leads to stroke, kidney damage, gangrene, nerve damage, and blindness.

Diabetes has an impact on our economy, as well. Nearly $7 billion is lost annually through unearned wages, health care costs, and disability payments.

I am proud to be the sponsor of this commemorative resolution and I hope that every Member of the House will join with me today in voting in favor of House Joint Resolution 84. Our recognition of this disease can make a difference for the millions of Americans who suffer from diabetes and those who will be its victim in the future.

Mr. Speaker, I withdraw my reservation of objection.

● Mrs. COLLINS of Illinois. Mr. Speaker, today, unanimous consent will be requested to consider House Joint Resolution 84. A resolution I cosponsored, which designates the week of October 4 to October 10, 1981, as "National Diabetes Week."

The American Diabetes Association, Washington, D.C., affiliate, estimates that 10 million people in the United States are afflicted by diabetes. This figure increases by 6 percent a year.

Diabetes is the third leading killer in the United States, a leading cause of blindness, a major cause of heart disease, nervous disorders, and strokes.

Accordingly, the American Diabetes Association advises, along with an annual checkup, that a blood-sugar check be done. I certainly concur with such advice and urge all Americans, particularly those with a family history of diabetes, to get a sugar-blood check.●

● Mr. COURTER. Mr. Speaker, I rise in support of House Joint Resolution 84 designating the week of October 4-10, 1981 as "National Diabetes Week".

Diabetes is a major contributing factor to heart attacks, stroke, kidney failure, and vascular—blood vessel—disease. Significantly, diabetes is also the leading cause of new cases of blindness in the United States.

Approximately 10 million Americans are affected by diabetes. Diabetes occurs in twice as many women as men and is found more frequently among blacks and the lower income population.

It is estimated that diabetes is the fifth leading cause of death by disease in the United States.

Exciting research on all aspects of diabetes is now being conducted at medical institutions throughout the United States and abroad. The Association of Heredity, Viral Infections and Immunology has provided new leads in the treatment and ultimate prevention of diabetes.

By designating the week of October 4-10 as National Diabetes Week we are encouraging and supporting the efforts of medical institutions and foundations in educating the public and our Nation for continued research and progress against diabetes.●

● Mr. MINISH. Mr. Speaker, I rise in support of designating the week of October 4 through October 10 as National Diabetes Week. Unlike some of the ceremonial days and weeks which Congress sometimes designates, National Diabetes Week has a very practical purpose of public information which is clearly needed. Not only is there widespread ignorance among the general population about the nature of this disease, but even many of its victims are unaware of the encouraging strides in diabetes research and treatment of recent years. A national week will give the local diabetes groups around the country an opportunity to spread the word about their good work among those who need their help as well as those who can contribute to their efforts.

It is appropriate that Congress make this designation, since we have helped in a demonstrable way to make headway against this disease. I am proud to have worked to initiate the massive Federal push to stimulating and coordinating diabetes research, which was back in 1974. You can look at the Labor-HEW appropriations hearings for 1980 to learn something about the great advances coming directly from this Federal effort, a program which has literally saved lives. For instance, we are now getting the first results from the center for disease control demonstration projects against diabetes in 10 States. These programs aim over 5 years to reduce by half the number of excess hospital days among diabetics; to halve the deaths of juveniles from diabetic coma; and to reduce by 10 percent lower-extremity amputations among diabetics. Since the pilot project only started late in 1977, final results are not available yet, but I understand that early results suggest that we will meet or exceed these goals. When you consider that diabetes affects a 10th of our people, killing over 35,000 and hurting our economy by perhaps $10 billion annually, I think that you will agree that our program, which has produced such dramatic results on a relatively modest budget, represents money well spent.

Mr. Speaker, I am pleased to work on the local level with the Union Chapter of the Juvenile Diabetes Foundation up in New Jersey. I can truly testify that designating "National Diabetes Week" will have a very practical, beneficial effect on their work of public education. I am happy to support House Joint Resolution 84, and I urge all my colleagues to join me.●

● Mr. ADDABBO. Mr. Speaker, I rise in strong support of House Joint Resolution 84, to designate the week of October 5-11, 1981, as "National Diabetes Week." I commend my distinguished colleague from New Jersey, Mr. FORSYTHE, for taking the time and initiative to bring the subject of diabetes awareness to the attention of the Nation and to the House. National Diabetes Week is an important 7 days to the millions of Americans who suffer from this dreaded disease, as well as to the countless Americans who understand so little about its nature and scope.

It is obvious that there would not be the necessity of having to designate a week for this disease if millions of Americans were not in serious peril. But they are. Too few people have any idea that this disease is the third leading killer in America today. Too few people are aware that the leading cause of blindness in the United States is diabetes, and not enough people have learned that it is a major cause of stroke, heart disease and various other cardiovascular disorders.

We have always been a country that liked a good fight. Through time and energy spent on research we have conquered other crippling diseases, battling them to the point where they can cripple and kill no more. There is no reason why diabetes cannot be beat. What is needed is to educate the public, and create an awareness of just what diabetes is, who it affects, the damage it inflicts upon the human body, and what is needed to find a cure. National Diabetes Week is a way to do just that. Last year the designation of a week to bring this matter to the attention of the American public was a huge success nationwide. People learned that diabetes was not just a disease that someone else was afflicted with. Rather, they learned that diabetes can just as easily strike a family as it can strike a neighbor. What came out of those 7 days last year was that more research is needed to find a cure. That is why we need National Diabetes Week. We need it to get the word across to millions of Americans who are unaware what a tragic menace diabetes is. If we do not help spread the word, this is one battle I fear, we will not emerge victorious from.●

● Mr. LAFALCE. Mr. Speaker, I am proud to speak in favor of House Joint Resolution 84, a resolution which would designate the week of October 4-10, 1981, as "National Diabetes Week".

I am very personally concerned about the enormous impact this disease has on our Nation and its people and so have agreed to serve as 1981 voluntary fundraising chairman for the Western New York Affiliate of the American Diabetes Association. This issue is of such importance that I believe that designation of a special week will serve an important public purpose: To inform our fellow Americans of the risks, symptoms, and available treatments for this disease.

Approximately 100,000 western New Yorkers suffer diabetes, as do 10 million other Americans. It is a disease that is directly responsibile for over 300,000 deaths every year—making it our country's third leading cause of death, trailing only cardiovascular disease and cancer.

Diabetes is the leading cause of adult blindness in the United States, and its many devastating, sometimes fatal, complications include kidney and heart disease, diabetic neuropathy, and stroke. Disproportionately, it strikes the aged, the poor, and the black.

Economically, it is wreaking havoc. Over $5.3 billion annually is lost through wages and health care costs and disability payments tied directly to diabetes. This, of course, does not take into account the physical pain and suffering faced by its victims and the mental anguish experienced by a victim's family and friends.

It is not a disease that we have under control. The prevalence of diabetes is increasing by 6 percent annually, a rate which means that a child born today in the United States faces a one-in-five chance of contracting the disease if he or she lives to age 70.

There is reason for hope, Mr. Speaker. Although modern science and medicine have yet to find a cure for this disease, the use of insulin and a controlled diet can help a victim lead a normal, productive life. But insulin is not a cure and it does not check the progress of complications. Perhaps most critical, ignorance about the disease is its best ally. Diabetes reduces life expectancy approximately 30 percent from the time of onset, and every month and year that it continues without treatment is time that cannot be recaptured through medication. Hence, learning the danger signs—symptoms—of the disease, is crucial to the future health and well-being of a victim.

While the causes and means of preventing the disease are unknown, the symptoms are fairly easily understood by anyone who has been briefly informed of them. I hope that designations of a national week will serve to focus attention on the disease, arouse public curiosity regarding symptoms

and treatments, and raise the public's understanding about diabetes, and the need for continued funding.

The American Diabetes Association and its local affiliates have been carrying the torch in the effort to inform the public for many years. Through patient and public education, community service and detection programs and other forms of assistance to the victim and the public at large, this private, not-for-profit organization is a leader at both the national and local level. It deserves our praise and—because of their independent status—our financial support. We in Congress have repeatedly increased diabetes research funding and in so doing have been responsible for the revolutionary breakthrough achieved toward the cure, prevention, and control of diabetes.

Thus, another key aspect of this House joint resolution is to inform the public of the need for greater support in efforts to combat the disease. Funds are needed to continue the current outreach programs which inform victims of treatment, teach the public of diabetes symptoms, and provide research into the causes and cures of this disease. The inability of major research centers and organizations to raise funding needed for long-term projects on diabetes is a problem that might very well be remedied if more people understood the seriousness of the disease, the need to determine its origins, and the dramatic progress made through research toward realizing our goals for combating this disease.

Mr. Speaker, I believe that the people of western New York and the entire Nation will benefit greatly from National Diabetes Week. I am proud to have been a cosponsor of this resolution and a supporter of efforts to combat this dreaded disease.●

● Mr. BIAGGI. Mr. Speaker, as a cosponsor of this resolution, I rise in strong support of House Joint Resolution 84, to designate the week of October 5–11, 1981 as "National Diabetes Week."

Diabetes is a disease which afflicts nearly 10 million Americans and ranks third, behind cancer and cardiovascular disease, as the leading killer disease in this Nation. Of these 10 million Americans, nearly 1.5 million are juvenile diabetics or insulin-dependent. Of even greater concern is the fact that diabetes often leads to heart attack, stroke, kidney damage, gangrene and nerve damage. It has fearfully become the new leading cause of blindness, with diabetics showing a rate of blindness 25 times higher than nondiabetics.

By proclaiming National Diabetes Week, we can hope to encourage further efforts to find a cure for this malady which has nearly 300,000 lives annually. Our efforts to stimulate an end to this dreaded disease become all the more critical when one considers the economic impact of diabetes: this disease drains the American economy of $7 billion annually, through wages lost and costs for health care and disability payments.

I was proud to have cosponsored this legislation last year when one considers the achievements that have been made in the past 12 months. Researchers have developed new methods of providing insulin to diabetics and have even produced human insulin using recombinant DNA techniques which may ultimately provide an unlimited supply of insulin which will be cheaper and possibly even more compatible. Recent research has also located possible genetic markers for diabetes which may make it possible to identify some high-risk candidates before they develop the disease.

In light of this dramatic and heartening activity in order to work toward a total elimination of this destructive and debilitating disease, I urge my colleagues to join us in supporting this worthy resolution so that we may continue to work to help the millions of Americans who suffer from diabetes and to eliminate its effects completely for the next generation.●

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution as follows:

H.J. RES. 84

Whereas diabetes kills more Americans than all other diseases except cancer and cardiovascular diseases; and

Whereas ten million Americans suffer from diabetes and $5,300,000,000 annually are used for health care costs, disability payments, and lost wage costs due to diabetes; and

Whereas a national awareness of the diabetes problem may stimulate interest and concern leading to increased research and eventually a cure for diabetes: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of October 4 through October 10, 1981, is designated as "National Diabetes Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe that week with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

NATIONAL RECOGNITION DAY FOR VETERANS OF THE VIETNAM ERA

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution—H.J. Res. 182—to designate April 26, 1981, as National Recognition Day for Veterans of the Vietnam Era, and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. BONIOR of Michigan. Mr. Speaker, I reserve the right to object. Mr. Speaker, I will not object. I reserve the right to do so to make a few comments on this issue.

I want to take this opportunity to express my appreciation to the gentleman from Michigan (Mr. ALBOSTA), the gentleman from California (Mr. PANETTA), and the gentleman from New York (Mr. GARCIA), for their work on this issue.

I rise in support of the resolution and hope we can pass this and remind the American people of the debt of gratitude that we owe those people who served their country.

For over 200 years, this Nation revered its warriors who joined battle against those who sought, through force, to alter our chosen way of life. Today, places like Yorktown, Verdun, and Omaha Beach are objects of pilgrimages for those who never experienced their horror or their glory, yet feel a sense of intangible gratitude to those who did. The veterans of those conflicts, while experiencing a wide disparity in readjustment benefits, all received the most valuable yet most intangible of benefits: The almost unanimous gratitude and adulation of their countrymen.

On August 7, 1964, the House of Representatives, presumably with the overwhelming support of the American people, voted 416–0 in favor of the Gulf of Tonkin Resolution which gave the President a free hand for military action in Southeast Asia. Both the Congress and the country have since been considerably less enthusiastic in their support for those they committed to the Vietnam war.

While deploring that apathy, I can understand it. Vietnam was a war nobody wanted, in a land nobody knew, fought against a foe nobody recognized, for a cause nobody understood. It was a war that lacked clarity of ends or purpose, and in the end, it was, characteristically, not lost, but unwon.

According to General Westmoreland, the soldiers of this conflict were equal, or superior, to soldiers of past conflicts. They were generally better educated, better trained, and had a far lower battlefield rate of breakdown or desertion than their counterparts of World War Two. The house-to-house battle for Hue, the murderous shelling absorbed at Khe Sanh tested the courage of our soldiers no less than the battles of our previous conflicts.

But if the combatant was the same, the combat was not. As Phil Caputo wrote in "A Rumor of War:"

> The Vietnam war was mostly a matter of enduring weeks of expectant waiting and, at random intervals, conducting vicious manhunts through jungles and swamps where snipers harassed us constantly and booby traps cut us down one by one . . . . without a front, flanks, or rear, we fought a formless war against a formless enemy who evaporated like the morning jungle mists, only to materialize in some unexpected place. . . most of the time nothing happened but when something did, it happened instantaneously and without warning.

This was a guerrilla war that the United States attempted to fight conventionally and the paranoia and frustration of that situation was predictable.

Returning servicemen desperately needed the support of their countrymen upon their return to reconcile the questions in their own minds and to provide them with a feeling of honest service. Instead, they returned one-by-one, isolated and confronting a country that "never went to war." Congressman JOHN P. MURTHA stated it succinctly:

> They found discord and acrimony. They found criticism coming from some of our highest officials . . . they saw very little sacrifice at home and only the immediate family showing a concern for the individual who was away in the fighting force.

They went away feeling they were performing honest service for their country. They risked their lives, saw close friends ripped apart and maimed, then returned to a government which disclaimed responsibility and people who asked them how many children they had killed. This was devastating. Whether one agreed with the war or not—and I was one who did not—these people deserve our earnest attention lest they become the ultimate victims of the Vietnam war.

Let us examine some of the statistics on the Vietnam veteran. There were roughly 8.5 million people who served during the Vietnam era, 2.8 million of which actually served in Vietnam. The overwhelming majority of these have successfully adjusted to civilian life but of those who have not:

The overall suicide rate of Vietnam era veterans is now about 23 percent higher than that of nonvets of the same age. (VA)

An estimated 500,000 Vietnam veterans are in criminal custody—jail, parole, probation, or pretrial release. Black veterans are twice as likely to be incarcerated as black nonveterans. (AP)

Of those married before Vietnam, fully 38 percent were separating or divorcing 6 months after their return.

One Vietnam vet in three has recurring nightmares.

And 55 percent of all outpatients in the VA drug treatment program are Vietnam vets.

I do not need to go on but I am going to because the seriousness of this problem has to be hammered home.

John Wilson, a Cleveland State University psychologist, found in his study that among Vietnam veterans in the Cleveland area:

First, 48 percent of the blacks and 39 percent of whites were unemployed;

Second, 41 percent of both groups had alcohol problems;

Third, 59 percent of blacks and 67 percent of whites had drug problems; and

Fourth, 45 percent have poor family relations.

Mr. Speaker, I rise in support of the gentleman's resolution and hope that we can successfully pass this resolution to remind the American public once again of the present situation of Vietnam veterans.

Exactly 3 years ago this week I appeared before the House Budget Committee to advocate creation of a substantively endowed psychological readjustment and alcohol and drug abuse program for Vietnam veterans. I find that 3 years later, after 1 very successful year of operations, I find myself on the floor of this House advocating for its survival.

As we all know, the Reagan administration sent to the Hill a revised series of budget cuts, including a substantial amount to be taken from the Veterans' Administration in contradiction to previously announced statements that the VA would not be effected.

While I have always been of the opinion that in the $21 billion budget of the Veterans' Administration funds could be better used, I was astonished to learn that targeted for extinction were the minute and tiny programs recently created to assist the Vietnam veteran, totaling $67 million.

The programs destined for obsolescence by the Reagan administration include such important programs as the VA's Operation Outreach, which funds 91 readjustment counseling centers around the country. In my view, I do not feel that there has been a VA program which has done so much for so many for so little cost.

Another program destined for elimination is the disabled veterans outreach program, again, a program which was just created last year. This legislation allows the VA to provide services and assistance to service-connected disabled veterans to achieve maximum independence in daily living, and to the extent possible, to become employable and obtain and maintain suitable employment.

I would further urge the Veterans' Committee to mandate the commitment of funds to a serious health problem deriving from exposure to agent orange, a chemical defoliant used in Vietnam. Dioxin, a contaminant of agent orange, is one of the most lethal substances known to man. The use of the herbicide—also known as 2,4,5-T—was banned 2 weeks ago after a sprayed area in Oregon showed an alarmingly high rate of miscarriages. There is also evidence which suggests that the substance may induce birth defects, cancer, skin eruptions, and neurological disorders. The VA Outreach program has been ineffective, at best, and veterans have complained to me of their treatment when they have reported to VA hospitals for testing. The VA should be mandated to notify all 2.8 million Vietnam vets of their possible exposure to this deadly substance, describe symptoms, and offer full testing for all those vets who request it.

The extension of the delimiting date is an expensive item admittedly, but it, too, is a matter of justice. World War II veterans GI bill benefits covered full tuition in 95 percent of all colleges and universities in addition to providing a substantial monthly stipend. Vietnam veterans benefits until the early 1970's were actually less than those given to Korean vets.

It just seems to me, Mr. Speaker, to be a matter of justice. This House voted year after year, huge sums of money to keep these people in Vietnam—$52 billion a year at its peak. We asked them to perform a service in our name—service that entailed death, traumatic, and permanent injury and disfigurement of mind and body, and an assortment of diseases and afflictions that continue 9 years after the truce declaration. I am indignant and angry that this country could ask so much from a young person and then disregard their cries for help, cries that result directly from the person's efforts to serve.

We are not talking about Government largesse, we are talking about the responsibility and integrity of a government toward its people. If we tell them we had endless funds to keep them in the mud, the disease, and the horror of Vietnam, and yet, do not have $67 million to deliver programs to them, then we should not be surprised if few answer the clarion's call to the danger next time. Make no mistake, our neglect is noted. In a study at Cleveland State University, over 90 percent of the Vietnam veterans interviewed said they would refuse to serve in Vietnam again and well over 70 percent said they would advise their sons not to serve. That can have a serious impact for the future of our foreign policy.

We have a responsibility to each and every one of those people. I am constantly puzzled as to why it is so difficult to do the right thing for them. We have study after study confirming the need, we have declared that need a priority here in Congress, and if my constituents are any indication pas-

sage of these programs would certainly not be a political liability.

We are well aware that we are in tough times fiscally but there are moral obligations which transcend such times. I am convinced that the willingness to face these obligations, despite fiscal pressures, separates statesmen from politicians.

The words of Abraham Lincolin, "To care for him who shall have borne the battle, and for his widow and orphan" must take on a new meaning in this Congress or our patriotic declarations will ring hollow indeed. If we know who to call upon in time of war, then we should remember who to thank in time of peace.

Thank you.

□ 1215

Mr. ADDABBO. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. Further reserving the right to object, I yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding, I commend him for his statement, and I wish to join in his remarks.

Mr. Speaker, I rise in strong support of House Joint Resolution 182, a resolution to designate April 26, 1981 as "National Recognition Day for Veterans of the Vietnam Era." At this time I would like to commend and praise my distinguished colleague from Michigan, Mr. ALBOSTA, for working so diligently to bring this important matter before us today, a matter of great concern to the entire Nation, veterans and nonveteran alike.

National Recognition Day for Veterans of the Vietnam Era is a day over 2½ million Americans, including the 7,484 women who served their country with distinction in Vietnam, have long been waiting for. The time has come for their country to finally acknowledge their heroics and dedication under the most difficult of conditions during that terrible and brutal conflict. Equally important, it should be a day for the people of this country to come to grips with the multitude of problems, many of them highly complex, which the Vietnam veteran faces today. The people of this Nation must realize that the battle the Vietnam veteran is facing today, in rebuilding his or her life, mind, and body, is just as great a trial as the one faced on the battlefield, and all rightfully deserve our moral support and attention.

During the Vietnam era the people in the United States saw in their homes through the eyes of television, the horrors of Vietnam. We have never forgotten those memories and certainly neither have those who were there. To the brave Americans who lost their lives there is nothing we can do to bring them back, except honor their death. But to those who returned there is much we can and must do. We have to highlight the problems they are facing, whether they be in finding employment or helping them deal with the physical and psychological scars they face. Most important, however, we owe them the right to dignity, recognition, and respect.

That is why we need National Recognition Day for Veterans of the Vietnam Era. The veterans and their families deserve it, and the people of the United States owe it, and I urge my colleagues to support this worthwhile and long overdue measure.

Mr. BONIOR of Michigan. I thank the gentleman for his support of this resolution and for his remarks.

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. I yield to my colleague, the gentleman from California (Mr. PANETTA), who has shown leadership in this area.

Mr. PANETTA. I thank the gentleman for yielding, and I wish to congratulate the author of this resolution, which I cosponsored, to establish this day of recognition.

Mr. Speaker, the recent national jubilation over the return of our 52 hostages from Iran was cathartic for our Nation. The enthusiastic and joyous outpouring of public support for the hostages was deeply moving and entirely justified, given the terrible 444-day ordeal of our citizens in Iran and given the frustrations and humiliations suffered by all our people here at home. The release of the hostages was received by Americans like a dry leaf receives a lighted match, because our people wanted desperately to celebrate the homecoming of our countrymen and to honor them for their loyalty and their courage.

Not too many years ago, another group of Americans returned from a traumatic ordeal in a country far from our shores. These were the 2.8 million veterans of the Vietnam war. But these individuals did not return to celebrations and parades; for the most part their homecoming went unnoticed by our people. America greeted her Vietnam veterans with a painful silence. If anyone did take notice of their return, more often than not anger and hostility were expressed, not respect and appreciation. It is time for the Congress to make amends for this Nation's indifference to Vietnam veterans. They served the Nation honorably during the most difficult conditions imaginable, and they deserve the heartfelt thanks of the American people. Although Vietnam veterans fulfilled their solemn commitment to the Nation, the Nation has not yet fulfilled its commitment to our veterans.

Mr. Speaker, as a Vietnam-era veteran and as vice chairman of the Caucus of Vietnam Era Veterans in Congress, I am very pleased to lend my wholehearted support to House Joint Resolution 182, which designates April 26, 1981, as "National Recognition Day for Veterans of the Vietnam Era." I want to express my deep thanks to the gentleman from Michigan (Mr. ALBOSTA), for his leadership in sponsoring this resolution. Working with him in getting this resolution so quickly to the floor has been a pleasure. Such a day of recognition is long overdue, and I am convinced that this day can have a healing effect on the scars of the Vietnam period. Passage of the resolution will be a signal to Vietnam veterans, to their families, and to their survivors that the Nation values their sacrifice and their service. We need to publicly acknowledge Vietnam veterans, for to do anything less would only further foil the self image of Vietnam veterans and add to the frustrations already felt. Our national treatment of Vietnam veterans has been shabby and shameful, and until we correct that we will not be able to heal the wounds of Vietnam.

But a day of recognition alone is not sufficient. If this Congress thinks it can win the hearts and minds of Vietnam veterans by voting a day of recognition, while at the same time eliminating programs designed to help Vietnam veterans, we will be in for a very rude awakening, indeed. As we cast our votes on this measure today, we should note that the Reagan administration has proposed the elimination of virtually every program enacted to help vietnam veterans. I am perplexed that President Reagan would praise the Vietnam war as a noble cause and then treat Vietnam veterans as ignoble warriors by proposing to eliminate Vietnam veteran programs. Every Member who cosponsored this resolution, and every Member who supports its passage today should be aware that if passage is followed by the wholesale gutting of programs to help Vietnam veterans, our veterans will justifiably feel betrayed and angry. We should not vote for this resolution if our support for it stems from a desire to appease. It is worth noting that, while over 250 Members have flocked to cosponsor this day of recognition, only some 80 Members have cosponsored legislation to reauthorize the psychological readjustment counseling centers—the vet centers—and even fewer Members have cosponsored legislation to provide assistance to Vietnam veterans suffering from illnesses associated with agent orange. It would truly be a shame if this day of recognition becomes an empty symbol, because if it does it will symbolize the emptiness of our national promise to care for our country's veterans. Such a symbol will only serve to intensify feelings of alienation and frustration among Vietnam veterans.

Mr. BONIOR of Michigan. I thank the gentleman for his supportive comments and for his leadership.

Mr. ALBOSTA. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. I yield to the gentleman from Michigan.

Mr. ALBOSTA. I thank the gentleman for yielding, and I also want to commend those who have spoken on the resolution up to this point.

Mr. Speaker, I rise today in support of House Joint Resolution 182, the measure calling for a "National Day of Recognition for Veterans of the Vietnam Era", on April 26, 1981.

Since I introduced the resolution last month, over 250 of our colleagues have joined us by adding their names as cosponsors. By passing the measure today we have the joint opportunity for extending a long overdue thank you to America's Vietnam veterans.

The measure, though, does not merely create a day to honor and recognize our veterans. It is a measure of substance. We are designating the week prior to April 26, 1981, as one for conferences and symposia around the country to highlight the problems and issues facing our Vietnam veterans, whose unique difficulties, we must understand, were unheard of by previous generations of wartime veterans.

Quite frankly, Mr. Speaker, our Vietnam veterans do not need another simple but well-intended gesture. They deserve a solid assessment by the Federal, State, and local governments, and the U.S. public at large of their struggle in the areas of employment, education, health care, and social adaptability. This should be the result of our action today.

Nine million Americans served in our military during the Vietnam era. Three million served in Southeast Asia. Of those, over 56,000 gave their lives. During the peak of the Vietnam war, this country spent $6 million per hour on battle. Is a week of our attention now too much to give these men and women in return for their sacrifices? I do not think so.

I trust this body does not either.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. I yield to my colleague, the gentleman from California.

Mr. MILLER of California. I thank the gentleman for yielding.

Mr. Speaker, I want to commend the gentleman for his statement with respect to his support for this legislation, and also for the years of toil that the gentleman has made in this Congress for recognition and for services to the Vietnam-era veterans. I think it is most important that the Members of this Congress pay attention to the last part of the gentleman's statement. It is not enough for this country to recognize the Vietnam veteran, but there are, clearly, pending cutbacks suggested by this administration for the storefronts, which so many veterans in my district, both combat veterans and veterans of that time, tell me have been so terribly helpful to them. To cut that back at the same time we would pass a National Day of Recognition would send a message to the Vietnam-era veterans that would lead them to once again believe that this Congress has failed them. If, in fact, we go with those cutbacks, we will have failed the veterans in that respect.

While many of us in this Congress disagreed with our policy in Vietnam, I think that nobody can disagree that those people who went there paid a very heavy, heavy price that we have seen documented for the last decade. We owe it to these individuals to make sure that we make the full resources available to solve the problems that they have encountered as a result of this service to their country.

I want to again thank the gentleman from Michigan (Mr. BONIOR) for his leadership, and I hope the gentleman is right, that the new leadership of the Veterans' Committee will now recognize that we have still further to go in providing treatment and services for these veterans.

Mr. BONIOR of Michigan. I thank the gentleman for his contribution and for his kind remarks.

Mr. DASCHLE. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. I yield to the gentleman from South Dakota (Mr. DASCHLE), the chairman of the Caucus of the Vietnam Veterans in Congress.

Mr. DASCHLE. I thank the gentleman for yielding.

Mr. Speaker, I understand there are a number of Members who wish to talk on this matter, and I will not belabor the point. But I do wish to associate myself with the remarks of the previous speaker.

If all we do on this day of recognition is recognize those who have given their lives, those who have given their health, those who have given their offspring, then indeed I believe that this day of recognition will be a failure, a failure because it will again reiterate to those veterans who have waited for so long that the House and the Congress and the adminstration and this Government is putting off what has been put off too long.

Let this, rather, be not only a day of recognition, but a day of resolve, a day of dedication, a day that this Congress and this country finally resolves itself to come to some conclusions about what we are willing to do for those who have given so much. Let us resolve to pass the psychological readjustment and training program, not for 1 year, not for a Congress, but for a generation, so that we can deal with these people; and after we have provided them with drug abuse counseling, after we have provided them with the psychological care that they so desperately need, let us deal with the agent orange victims of this country, let us resolve that they are no longer going to have to wait 11 years in which to get the kind of treatment and medical care that they so desperately need. They cannot wait any longer.

After we have provided them with the medical care, after we have shown them the kind of dedication we have to resolving their psychological problems, let us then resolve to give them the jobs that they need to become productive citizens.

If we do that, and if we begin in that effort on this day, then I think indeed we can look back with a good deal of satisfaction.

Mr. BONIOR of Michigan. I thank the gentleman for his remarks.

Mr. Speaker, I withdraw my reservation of objection.

Mr. SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. WYLIE. Mr. Speaker, reserving the right to object, I want to compliment the gentleman from New York and the gentleman from Michigan for bringing this resolution to the House floor today so that I might express my own views on this very wrenching issue.

Mr. Speaker, I rise today in support of this resolution calling for the establishment of a national day of recognition for veterans of the Vietnam war. I am proud to join 230 of my distinguished colleagues in cosponsoring this resolution, which would help to focus attention on the unfortunate plight of our Vietnam veterans.

Recent studies commissioned by our Veterans' Affairs Committee and carried out by the Veterans' Administration reveal that three-fourths of our Vietnam veterans have been adversely affected, in some form or another, by their participation in that difficult and unpopular conflict. The studies show the many Vietnam veterans are burying themselves in alcohol and drugs. Others are suffering from mental and physical stress. Many simply have had difficulty adjusting to civilian society. From my seat on the Veterans' Affairs Committee I have heard firsthand about the unique problems of these veterans, and I believe they need our understanding and compassion.

Like all Americans, I shared in the celebration of the safe return of the Americans held hostage in Iran. Our Vietnam veterans, however, had no such joyous homecoming. Our soldiers in Vietnam gave their blood, and in some cases their lives, in their service to this Nation. They have too often been subjected to neglect and I fear disdain by some of their peers. While we must never forget the tragic lessons of Vietnam, neither must we allow our abhorence of that conflict

deter from the special recognition and treatment these veterans deserve. Each of these individuals deserves our help, our respect, and, most importantly, our recognition for the sacrifices they have made on our behalf.

Thank you, Mr. Speaker.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

□ 1230

Mr. CARMAN. Mr. Speaker, reserving the right to object, I rise in support of the resolution because it would honor those who might be called the forgotten soldiers, our brave men and women who served so gallantly in a place called Vietnam.

Setting aside April 26 as a national day of recognition for Vietnam veterans is the very least we can do for those who answered this country's call and went to Southeast Asia, regardless of how they felt about that conflict.

When they came home, unlike veterans of others wars, they had no tickertape parades, no cheering crowds, no bands. They need a special day of recognition from the American people. It is time that we made up for the lack of recognition they so justly deserve. It is time we let Vietnam veterans know that we are proud of them for doing their duty as Americans have done for over 200 years. It is time we give our Vietnam era veterans the belated honors they so richly deserve.

Mr. Speaker, I would also like to encourage all of our Vietnam veterans to join with the various veterans' groups throughout the United States if they do not already belong. Organizations like the VFW, the American Legion, AMVETS, Jewish War Veterans, as well as other very worthwhile veterans' groups serve the needs of former soldiers who did their job well.

I, too, would like to compliment all of the sponsors of this legislation in regard to this resolution.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. CARMAN. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I want to commend the gentleman from New York for his remarks in support of this resolution and the sponsors for bringing the resolution to the floor at this time. I think it is certainly an appropriate resolution and quite timely as we approach Vietnam Veterans Day.

Mr. Speaker, I rise in support of House Joint Resolution 182, requesting the President to declare April 26, 1981, a National Day of Recognition for Veterans of the Vietnam Era. The resolution also calls for a week symposia and conferences to address the many matters of concern to our Vietnam veterans.

Mr. Speaker, It is no secret to the Congress and the American public that the Vietnam veteran, unlike his World War I of World War II counterpart, has an exceptionally heavy burden to carry. In fact, the Vietnam veteran's burden, as many angry returnees have been claiming for years, has been our Nation's reluctance to properly welcome—much less honor—those men and women who served in a war that was anything but a clear-cut issue of right and wrong. In many respects that war is still not over.

I urge my colleagues to take a walk through their nearest VA hospital and to talk with both the VA staff as well as the veterans themselves. According to a recent study done by the Center for Policy Research and entitled: "Legacies of Vietnam: Comparative Adjustment of Veterans and Their Peers," over a third of those men who saw combat in Vietnam are now suffering from what is widely recognized as "posttraumatic stress disorder." Others refer to it as the "Vietnam syndrome." Simply put, the diagnosis is one of chronic stress, alienation, anxiety, depression and a general inability to function within society. Many veterans have an alcohol and drug abuse problem. Divorce rates are high. The symptoms of their problems are evident everywhere, be it in the city or in the rural areas. This is not to say that all of our veterans are experiencing difficulties of this magnitude. Many have readjusted quite well. But I am certain that almost all of them feel that their tour of duty on behalf of their country, has not been honored and acknowledged as such.

Mr. Speaker, I happen to share the sentiments of our veterans. I share them for many reasons. Both the administration and the Congress were slow in responding to the needs of our veterans in adjusting to their return home. It has been a constant struggle to keep the few funds alive for some of the centers put up to help them. Ironically enough, the budget cuts now being debated, included these counseling centers, and it was only with considerable push and commitment that the Veterans' Affairs Committee decided to restore those funds.

In addition to the problems of those veterans who made it home, we have also ignored the problems of those who are not yet home. I am talking about our missing in action. It is indeed unfortunate that for some 2,500 American families the war in Vietnam still lingers on. Most Americans are shocked to learn of the extensive number of missing servicemen still unaccounted for in the Vietnam war, and are particularly distressed to learn that many servicemen who were known POW's were never returned to us even after the Paris peace accords were signed in 1973. I have been working on the MIA/POW issue now for many years and while somewhat encouraged by the bits and pieces of progress, I am equally disheartened by the waning interest in the fate of these courageous servicemen.

Furthermore, I might add that in addition to the emotional problems of those who have returned to the States, there are a number of physical problems that remain to be addressed. For example, we are hearing, at an alarming rate, of the effect of the chemical defoliant known as agent orange, and its danger to one's health. In order to address that issue both directly and fairly, I have reintroduced H.R. 1962, a bill that would place the study of agent orange and its effects, within the jurisdiction of the National Academy of Sciences.

Mr. Speaker, the problems facing our veterans are as diverse as they are complex. These problems are unlikely to disappear with time or simply ignoring them. In fact, they are bound to grow and manifest themselves in new and equally distressing manners. In the interest of our veterans and in the interest of strengthening our Nation's social fibre, it is imperative that we take a long hard look at each one of these problems and work toward a recovery, in whatever form that may be necessary. A first step in the right direction would be the widespread and unanimous support of House Joint Resolution 182, properly commemorating the service of the Vietnam veterans. Accordingly, I urge my colleagues to support this resolution and I am hopeful that these brave men and women will be recognized with as much enthusiasm as displayed upon the return of the 52 Americans who were held hostage in Iran.

Mr. CARMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. GARCIA)?

Mr. DAUB. Mr. Speaker, I rise to support House Joint Resolution 182 offered by my distinguished colleague, Mr. ALBOSTA.

The Vietnam veteran was, like all Americans, relieved upon the return of the 52 Americans from Iran. The Vietnam veteran did not wish to detract from that joyous occasion. His outlook on the American hostage homecoming seemed to be, as one veteran put it: "This time America's doing it right."

However, the warm reception received by the hostages could be contrasted with the reception received by Vietnam veterans upon their return. It can be said that, for all practical purposes, there was no homecoming for the veteran of the Vietnam era.

It was an unfortunate twist of history that much of the animosity toward Vietnam cruelly translated into animosity toward those who served in

Vietnam. This was a deep injustice not only to those who served, but to the country as well.

Recently, we have begun to realine our attitude toward the veterans of Vietnam, and Mr. Speaker, I believe that this is long overdue.

We cannot go back and give Vietnam veterans the homecoming they so richly deserved. But we can, in a small way, demonstrate that the country's attitude toward them are changing. We can demonstrate that not only are we proud of the sacrifices and efforts of the Vietnam era veterans; we are humbled by them.

One Vietnam veteran summed up the aspirations of his group well when he said:

> After all the talk about wanting more benefits, better programs, specific things, if you ask the Vietnam veterans what they have really wanted from the country all along, it gets down to this. They wanted the country to say, "Thanks."[1]

Mr. Speaker, this resolution is one small way of saying just that. Thanks.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. GARCIA)?

Mr. WALKER. Mr. Speaker, reserving the right to object, I do not intend to object, but I do not want to go on the record as endorsing the resolution.

I do hope it passes this House unanimously. I think it is high time we say in some significant way, "Thank you" to the Vietnam veterans. They have made sacrifices not only in terms of Vietnam, but sacrifices since they have been home. I think it can be said of our society that we have even heaped abuse upon the Vietnam veteran as he returned from battle.

I would also like to express some sense of dismay at some of the previous speakers who have seemed to, in some of their remarks, tried to turn this resolution into an anti-Reagan administration policy resolution. I do not think that is warranted. I think that it abuses what we are attempting to achieve here today.

It seems to me that President Reagan at some political risk during the campaign tried to make certain that he stated as a Presidential candidate that he felt the Vietnam veterans should be honored for what they did and how they served.

Since coming to office President Reagan has also reached out to the Vietnam veterans. He has made it very clear that he wants the Veterans' Administration to work on some of the problems they had faced, such as the agent orange matter.

So I am somewhat disappointed to hear some of my colleagues on the floor trying to turn this resolution into something that is antiadministration in its character.

I hope as we pass the resolution we do so unanimously to show we are united as a House of Representatives in our desire to say thank you to the veterans and not try to make it into a political effort of some kind.

Mr. BONIOR of Michigan. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Michigan.

Mr. BONIOR of Michigan. Mr. Speaker, I thank the gentleman for his support of the resolution. I think the gentleman knows that the political comments that he alluded to were not privy or reserved just for the Reagan administration. Those comments can apply to the administrations that go back to 1963. Any intention to single this administration out certainly was not intended. However, it goes without saying and the people should note that it was the Reagan budget and Mr. Stockman's proposal to wipe out $67 million in Vietnam veterans' delivery programs. It was not the Carter budget, not the Johnson, Ford or Nixon budget. It was this budget.

To that extent it seems to me that we have to address that particular part of the "Thank you."

I would hope the gentleman would join me and others in doing just that when those particular programs, the vet center program, the DIVA program for disabled American veterans come before this Congress.

I look forward truly to working with the gentleman to change the direction of the administration on those policies as the Republican Senate has done recently on the vet center program.

I thank the gentleman.

Mr. WALKER. Mr. Speaker, further reserving the right to object, I would say in response to the gentleman that I felt his comments were measured. There were a couple of other speakers who I thought more directly tried to tie the resolution to efforts of the Reagan administration.

I would say to the gentleman that of course along with some of the proposed budget cuts has come some expression of commitment by the administration to try to do things through other changes and try to provide those services through the established channels of the Veterans' Administration.

I think we have to have some kind of an open mind about whether or not that can be successfully achieved. I know the Vietnam veterans have reasons to be suspect of the VA, the way it has operated in the past toward many of their problems. I do not blame them.

I think a new administration may be able to overcome that and put the full resources of multimillion-dollar resources at the disposal of the Vietnam veterans.

I think that would be a major step forward and I think the administration ought to be given the opportunity to try to work in that direction as well.

Mr. ALBOSTA. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Michigan.

Mr. ALBOSTA. I think quite frankly the veterans do not need a gesture by Congress, but they need an honest assessment of what their problems are and they need an administration that is willing to take some action to find the answers to some of their problems.

They served well for this Nation regardless of the outcome of this war. That is what we really need, that is what veterans need. We do not need to make this political on either side. I appreciate the cooperation on the opposite side of the aisle that I have gotten from Republicans. I think I want to keep it in the context that it was originally in, that we look for the solutions to these problems and we do not start going in political directions.

Mr. WALKER. I thank the gentleman for his comments. I could not have spoken them more eloquently myself.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. GARCIA)?

Mrs. HECKLER. Mr. Speaker, reserving the right to object, I take this time to speak in support of the general thrust of the resolution. I think the observance of Vietnam Veterans Day now becomes an important part of America's history, an event of recognition that has been lacking for too long.

I would like to see this Congress not only pass this resolution, but also act in support of the Vietnam veterans' interests regarding Operation Outreach, and in consideration of the problems caused by agent orange.

Mr. Speaker, I do support House Joint Resolution 182, to designate April 26 of each year as a day of national observance to recognize and honor our Nation's 8½ million veterans of the Vietnam era.

As the first Member of Congress to introduce such a resolution, I am pleased to see Congress—led by this body—today move toward this significant action.

Our Vietnam veterans—2½ million of whom served in the Indochina theater—need and deserve such a day. It is not a holiday, but a day of observance. A day for Americans everywhere to take a moment to pause and reflect on the sacrifice and service of the veteran of Vietnam.

The Vietnam era of our Nation's history began in 1964 and ended in 1975. Those 11 years were perhaps the most

[1] Roger Melton, as quoted recently in the Los Angeles Times.

difficult in our history since the Civil War. We need to heal the relations between parent and son; mother and child; brother and sister; friends and neighbors. This act would be a major step in that direction.

We sense a new national mood toward greater unity and resolve. An integral part of this movement is the recognition of the Vietnam veteran.

Today, as another ingredient of that new mood, the Committee on Veterans' Affairs, on which I serve, voted to reaffirm its March 15 budget recommendation of $25 million to the continuation of Operation Outreach, a program of storefront and peer and professional counseling centers for Vietnam veterans.

An evaluation of this program, released last week, by medical experts, has called this program an eminent success. We need this program. I would like to commend the distinguished chairman of the Veterans' Committee, the gentleman from Mississippi, the Honorable G. V. (SONNY) MONTGOMERY, and the ranking minority member of the committee, the Honorable JOHN PAUL HAMMERSCHMIDT, for their support of this program.

Operation Outreach, which is only 1 year old, will expire this October unless we fund it. It is fulfilling a need that has existed for years, to date providing 40,000 Vietnam veterans with readjustment counseling.

I have advocated this type of program for years. I have visited the Vietnam veteran readjustment counseling centers in my State. I have talked with the counselors and the veterans who have sought assistance.

I can say from personal standpoint that, second only to the GI bill, this is the most important and beneficial program the Vietnam veteran has.

A similar program was available to veterans of World War II but, while WW II veterans had such a program immediately after the war, Vietnam veterans have had to fight for a decade for this one.

Tomorrow, for the third time, the 6 million citizens of Massachusetts will officially observe Vietnam Veterans Day. In my State, March 29 is the official day, the day the last American left Southeast Asia.

I am pleased that Vietnam veterans in Massachusetts are in the forefront of the emerging national leadership of Vietnam veterans.

Tomorrow's observance will have a special meaning, since during the past year we have lost the truly fine young man who more than anyone else made the day a reality in Massachusetts, and who in turn had a national influence on behalf of the Vietnam veteran.

Mr. Speaker, we are all Vietnam veterans. I urge the House to speedily pass this legislation, and I urge that it become law.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. SMITH of New Jersey. Mr. Speaker, I want to say how very much I support this resolution to designate Sunday, April 26, as "Vietnam Veterans Commemorative Day."

The men who fought in Vietnam have felt themselves neglected—justifiably. The war was not their fault; they did not make the policy; they did not want to be there. But they answered the call of their country, an honored tradition reaching back to Lexington and Concord.

Their courage was extraordinary. In the swamps and jungles of Vietnam the vast majority served with the same sort of devotion to duty we have come to expect from our fighting men. The storming of Hamburger Hill was as heroic as the taking of Pork Chop Hill. The defense of the perimeter at Danang or Khe Sanh was as gallant as the defense of Wake Island.

Yet, when our soldiers came home, they were seen, not as heroes, but as victims at best, villains at worst. Somehow these men were held responsible for the terrible divisiveness of the war. A book on their experience has aptly been titled "No Victory Parades."

As the war faded the Vietnam veterans were forgotten. The only time we remembered them was when they were portrayed as men unable to adapt to civilian life.

That is not a true summary. The great majority of these men—and women, too, I might add—are leading normal, productive lives. But they are bitter their country has forgotten them.

Mr. Speaker, some 58,000 men did not come home to any sort of welcome. They gave the last, full measure of devotion. 155,000 more were wounded. As a nation we must remember.

True, some have suffered from their experiences. Many need special care and treatment. Some are under psychiatric care. For all these men we should continue those special programs designed to help them. This country should repay their service with its thanks and compassion.

We should also continue to provide educational benefits to those who served in Vietnam. This is only right and proper.

But on Sunday, April 26, we will be able to say "Thank You" to our Vietnam veterans—a long overdue thanks to men and women of great courage.

Mr. Speaker, tomorrow is the eighth anniversary of the final withdrawal of American forces from Vietnam in 1973, and 8 years is a long time.

No time limit can be placed on gratitude. Vietnam was America's longest and least popular war. We do well to remember those who served in it, and fought their country's battles. I was an early cosponsor of this resolution—I am glad we are taking such quick action on it.●

● Mr. HAMMERSCHMIDT. Mr. Speaker, I have supported House Joint Resolution 182, to designate April 26, 1981 as "National Recognition Day for Veterans of the Vietnam Era," because I believe in the merit of the proposal. However, I do wish to express my reservations regarding the specific language that the authors of this proposal chose in order to justify passing this honor to our Vietnam veterans.

A day of recognition is by its very nature a symbol of appreciation, an accolade for an accomplishment of great merit. I believe our Vietnam veterans have earned this accolade. At the same time, it distresses me to read the negative language incorporated into the "whereas" clauses of this resolution. I found myself, and other Members as well, being forced between voting in favor of the resolution, and in effect ratifying these clauses, or voting against it, and insulting the service of those who fought in Vietnam. Consequently, I would like to explain my objections to this language that has been forced on the Congress.

A large number of our Vietnam veterans are in fact unemployed, Mr. Speaker, as the fourth "whereas" clause in the resolution indicates. It is unclear how many actually fit into this category, as studies vary. However, it is a little strange to pass a resolution which honors this misfortune. Similarly, there is no clear indication as to how many Vietnam veterans suffer from psychological damage directly related to their service. It is possible, although not in any way proven, that the figures used in the fifth "whereas" clause of the resolution, indicating that "As many as 280,000 Veterans suffer from this tragedy," are correct. But is that truly relevant to a resolution honoring the courage and sacrifice—in short, the affirmative, good service—of those who served in Vietnam?

I greatly fear, Mr. Speaker, that such language will serve to further the notion that Vietnam veterans are losers and victims. Nothing can be more wrong, and it disturbs me that a resolution would contain language taking such a tack.

Where in this resolution is there praise for citizens who took time from their lives and travelled halfway around the world in an effort to preserve freedom for a country that is now, sadly, under totalitarian control? Where is there thanks for the overwhelming majority of veterans who came home and maintained their dignity while the country was losing its own, who bore the badges and scars of their service with stigma, rather than praise? Where is there mention of the hundreds of thousands, if not millions,

who have used their GI bill benefits and gone on to positions of respect and authority, and who will one day be leading this country as the rightful inheritors of power, after having given of themselves like few others in their peer group?

It destresses me that some Vietnam veterans still suffer from unemployment and psychological problems, Mr. Speaker, and we on the Veterans' Affairs Committee have been working hard to remedy these ills. But it also saddens me that those who drafted this resolution have ignored the strength and contributions of those who wore the uniform during this most troubled period.●

● Mr. DOWNEY. Mr. Speaker, it was with acute displeasure that I learned that House Joint Resolution 182, a proposal to commemorate April 26, 1981, as a National Day of Recognition for Veterans of the Vietnam Era, was scheduled for a vote on a day when I am committed to be on business elsewhere. Were I present I would certainly vote "yes."

I was an original cosponsor of this resolution and spent a considerable amount of time alerting my colleagues to the worthiness of setting aside a special day for these veterans. I know only too well what injustices have been suffered by Vietnam veterans. My district is heavily populated by men and women who have mental and physical scars from their service in that war torn nation. To say that their sacrifice was ignored would be understating their plight. Not only did we turn our backs on their accomplishments, but we also turned our backs on their legacy—drug addiction, mental illness, physical destruction and what is probably the worst sin of all—we never even thanked them for fighting for us in what had to be a losing proposition.

Clearly we owe them this day and most assuredly, much, much more. But at least this is a beginning.●

● Mr. BIAGGI. Mr. Speaker, I rise in full support of House Joint Resolution 182, requesting the President to designate April 26, 1981, as "National Day of Recognition for Veterans of the Vietnam Era."

Tragically, many Americans would choose to forget rather than remember our involvement in the Vietnam war. But the simple fact remains, 2.8 million veterans served in Vietnam, and another 6 million served elsewhere during the Vietnam era. For those men and women there is no forgetting.

Instead, they are constantly reminded of their involvement and the seeming abandonment that followed. They are reminded each time they seek employment services and find those services to be inadequate; they are reminded each time they seek educational aid and find that aid to be insufficient; they are reminded each time they seek health care and find there are not enough VA hospital beds to meet the demand.

Certainly, these lack of adequate services in the areas of employment, education, and health care have hindered the Vietnam veteran's ability to return to the mainstream of American life. However, these obstacles cannot compete with—and are largely the result of—an unjust perception of their contribution to our Nation.

Due to the unpopularity of the Vietnam war, these veterans have been cast in a negative image that continues to burden them. They are torn apart by feelings of guilt and frustration for having courageously risked their lives for a cause many Americans either did not understand or thought was wrong.

We are all too familiar with the tragic consequences—the suicides, the drug addiction, the broken homes. Just recently, a Washington Post article discussed the unique problems the 7,484 female veterans of the Vietnam war are facing. One former Vietnam Army nurse was quoted in the article as saying:

> I want to go back to Vietnam and make it different. I want to come home to a marching band and a red carpet. I want to hear a "Thank You." I want to hear "I'm sorry." Most of all, I want to feel at peace with myself.

Fortunately, there is a tragedy resulting from the Vietnam war that is receiving the increased attention it deserves; namely, the nearly 2,500 Americans who are still prisoners of war (POW) or missing in action (MIA) in Southeast Asia. While past efforts have not been successful in obtaining a full acounting of these veterans from the socialist Governments of Vietnam, Laos, and Cambodia, the Congress recently announced its plans to reopen the investigation. In addition, I have joined my colleagues during past years in establishing National POW-MIA Recognition Day in hopes of rekindling the memory of the sacrifices made by the POW's and MIA's, and creating a greater concern about their fate.

Mr. Speaker, I am hopeful that Vietnam Veterans Day will help to encourage a greater awareness of the special needs of these courageous men and women who have suffered both physically and emotionally as a result of their service in the Vietnam War. The Vietnam era veterans should be saluted and rewarded for the outstanding service they provided this country.●

● Mr. MINISH. Mr. Speaker, it is with pride that I lend my support to a House joint resolution introduced by my distinguished colleague from the State of Michigan (Mr. ALBOSTA). House Joint Resolution 182 would designate April 26, 1981 as National Recognition Day for Veterans of the Vietnam Era.

First, may I commend my colleague for sponsoring this humanitarian legislation. This is an action which I believe, we have postponed for too long. The brave men who fought in the Vietnam conflict, including the 52,000 Americans who lost their lives, deserve appropriate recognition for their service in defense of our country. Sufficient praise for their valiant service and assistance for reentry into society have been sadly overdue.

Perhaps the 1980's have brought us to a certain historical perspective when we can now accept the problems and mistakes of the 1960's. It seems that the last decade helped to heal many of our Nation's wounds suffered during the Vietnam era. As the 1980's unfold before us, I see our Nation settling into a period of productivity when we will grapple with the fundamental challenges which will carry us into the year 2000. The 1980's have so far been a decade marked by renewed interest in patriotism and a pride for ourselves and our country. I, for one, am pleased to witness this change in attitude and hope that it continues.

I fervently hope that we use a national recognition day to expand our awareness regarding the role of the Vietnam veteran in our society. The figures pertaining to their reentry into the mainstream are all too grim. It is estimated that 480,000 Vietnam veterans between the ages of 25 and 39 are currently unemployed, and as many as 280,000 servicemen suffer psychological disorders produced by the Vietnam conflict and its aftermath.

Mr. Speaker, let us use April 26, 1981 to commemorate the brave deeds of these Americans who have been neglected for too long. Let us commemorate them with appropriate ceremonies, as well as expand our substantive assistance to these veterans, so they may soon be well integrated into society.●

● Mr. CORCORAN. Mr. Speaker, I urge my colleagues to support passage of the resolution now under consideration, House Joint Resolution 182, which establishes a national day of recognition for our Vietnam veterans.

As reported in Tuesday's Washington Post, the Center for Policy Research in New York recently concluded in a study for the Veterans' Administration that Vietnam combat veterans, since the end of the war, have suffered from drug and alcohol abuse with higher incidence than their counterparts who did not serve or fight in Vietnam. The study also discovered that those who fought were more likely to suffer from long-term stess than those who were not subjected to the violence of war.

Perhaps these findings are not surprising. But when combined with the hostile reception Americans offered the returning soldiers in the mid-

1970's, the damaging effects of combat turned into tragedy for Vietnam vets. Called into service for their country, our Vietnam veterans returned to a Nation disillusioned and upset by the stalemate in Southeast Asia. The returnees were neglected, spited, looked down upon. And if ignorance and condescension were not enough, the slow growth economy of the 1970's refused to absorb the vets with steady, well paying jobs.

It took the return of our hostages from Iran in January to bring the sad plight of Vietnam vets to the attention of the American people. To be sure, they will need more than a national day of recognition. But this day could be a signal of better things to come for this slighted group of soldiers, whose courage has rarely been commended.

Again, I encourage my colleagues to support the resolution sponsored by Congressman ALBOSTA, whose fine work in gathering support for this measure deserves our praise.●

● Mr. MONTGOMERY. Mr. Speaker, I am pleased to support House Joint Resolution 182 that would designate April 26, 1981 as a national day of recognition for veterans of the Vietnam era.

As of September 1980 there were about 9 million veterans in civil life who served during the Vietnam era, 32 percent, or 2.9 million of these veterans saw service in the Vietnam theater of operations; 96 percent of all Vietnam era veterans separated from the Armed Forces were discharged under honorable conditions. The overwhelming majority of these veterans have readjusted to civilian life without difficulty; however, there are some that still experience problems and we are continuing our efforts to lend assistance to these individuals.

Mr. Speaker, I am pleased to report to my colleagues that the Committee on Veterans' Affairs of the House is going to make a maximum effort this year to enhance the lives of Vietnam veterans. Much has already been done.

My colleagues know that the administration has recommended the termination of the psychological readjustment counseling centers for Vietnam veterans, a program enacted by the Congress about 2 years ago. This morning when our committee met to consider the administration's proposed reductions in veterans' benefits and services, the committee voted to retain these outreach centers. We all recognize that those Vietnam veterans with serious medical problems are most in need of help. It is our firm determination that we will continue to provide an effective independent medical system so that Vietnam veterans in need of medical care may receive that care in a hospital system maintained for their specific benefit. The Veterans' Affairs Committee is united in its determination to retain and strengthen the VA medical program.

In addition, Mr. Speaker, the committee included in its recommendations to the budget committee this morning $25 million to establish a small business loan program for Vietnam veterans. And, finally, the committee's recommendations to the Committee on the Budget will contain approximately $64 million to extend eligibility for vocational remedial training in order to assist those Vietnam veterans who continue to experience difficulty in employment.

Mr. Speaker, of course I support the resolution to designate April 26 in recognition of Vietnam veterans. They deserve the praise of the American people for their service during a difficult period in our Nation's history; however, I feel the greatest thing we can do is to do something constructive to provide benefits and services that will enhance the lives of these veterans. The naming of specific days in their honor alone will not do that.

I am pleased, Mr. Speaker, to support the resolution and commend the sponsors for bringing this matter to our attention this day.●

● Mr. ANNUNZIO. Mr. Speaker, I was glad to join my colleagues in cosponsoring House Joint Resolution 182, which was introduced by the gentleman from Michigan, the Honorable DONALD JOSEPH ALBOSTA, to authorize and request the President to issue a proclamation designating April 26, 1981, as National Day of Recognition for Veterans of the Vietnam Era, and I am delighted today to join my colleagues in the House in paying tribute to the outstanding contributions these veterans have made to the maintenance of our Nation's precious heritage of liberty.

This special day will be a reminder to all Americans of the tremendous debt of gratitude we owe to those veterans who served in the Vietnam war, and who sacrificed so much in dedication to the ideals of freedom. Their valor, their determination, their fortitude, and their courage stand as an inspiration to us all, for our Nation cannot maintain its strength and greatness without the willingness of our most precious citizens, our young people, to lay down their lives, their health, their dreams and aspirations in defense of the noble principles upon which our country was founded.

The people of our great land can never forget these valiant sacrifices, and I urge the support of my colleagues for this commemorative resolution.●

● Mr. MOFFETT. Mr. Speaker, today we are to consider a resolution calling for a national day of observance for veterans of the Vietnam war. This special day, April 26, 1981, would be celebrated across the country with appropriate programs, ceremonies, and activities which commemorate the sacrifices all Vietnam era veterans made for this Nation. I do not think that there is anyone in the House today who is not attuned to the plight of so many of the men and women who served during the Vietnam conflict. The news is full of reports and studies about the thousands who suffer daily from the acute traumas of the war. The special day of recognition is very timely, therefore, in focusing the entire Nation's attention on the Vietnam veterans who fought, and still continue to fight, a highly unpopular war. I heartily support the special day resolution.

A special day, or a week or a month, will not heal old wounds, however. The burden of stress and conflict which so many Vietnam veterans carry has been developing over a great many years and may never be completely erased. If we are truly to address the problems of many Vietnam veterans—unemployment, family disorders, readjustment difficulties—we might pay closer attention to the modest but effective programs that are helping these veterans today. Operation Outreach, for example, was only created during the 96th Congress but it has already proven to be a significant initiative for assisting veterans with stress problems; 91 community-based veterans centers have opened their doors since Operation Outreach became functional, counseling close to 50,000 Vietnam veterans. The budget for this program has been quite modest and the returns have been substantial. Unfortunately, the administration has proposed to not extend Operation Outreach past this year, as a budget cutting measure. I understand that the Veterans' Affairs Committee has recommended continued support for the program, nontheless, and hopefully Operation Outreach will be maintained. This is a small but meaningful way for Congress to demonstrate its sincere concern for the Vietnam veteran.

We in Congress might also show our concern by developing more responsive means of handling agent orange claims. The Veterans' Administration has shown little initiative in coming to terms with this problem, despite the fact that many Vietnam veterans are suffering physical disorders as a consequence of their exposure to the potent defoliant. I have attached at the conclusion of my remarks a press release on this matter.

In conclusion, let us honor the sacrifices made by all Vietnam veterans on the special day of recognition. And then let us put our commitment to all veterans into action by protecting the programs that assist them. News reports indicate that the White House is still unable to find a new Administrator for the VA. It appears that, in

terms of the treatment of veterans, the administration is taking the traditional business as usual attitude.

It is a crime against those veterans who served so valiantly.

At this point I include the following news release:

WASHINGTON.—U.S. Rep. Toby Moffett (D-Conn.), claiming a recent study indicates "major problems" with the government's handling of "Agent Orange" claims, expressed dismay over the Reagan Administration's decision to delay appointing a new head of the Veterans Administration and to shut down 91 storefront counseling centers.

The VA survey, entitled, "Veteran Satisfaction with Agent Orange Examination," was never publicized, according to Moffett.

"Agent Orange" is a potent chemical mixture used as a defoliant in the jungles of Vietnam. One of its main components has been linked with cancer, birth defects, liver and kidney ailments, skin disorders, and difficulties with the nervous system.

"The VA's own questionnaire," Moffett asserted, "shows that Viet vets exposed to 'Agent Orange' are not getting adequate treatment. Despite the very real concerns of the veterans, and despite their continued pressure on the VA to help them find answers, the VA has responded by burying its head in the sand."

Moffett said the in-house VA study indicated three main problem areas:

VA doctors are not discussing the results of their tests with potential "Agent Orange" victims

Many Viet-era veterans are convinced the VA is not giving proper attention to possible "Agent Orange"-related symptoms

The VA indirectly is acknowledging the existence of the problem: one question is worded, "Have you been seen by a non-VA physician *because of Agent Orange problems*?" [Emphasis added]

The VA, Moffett also charged, has failed for years to conduct any kind of "outreach" program related to "Agent Orange", has denied public participation in the 'Agent Orange' decision-making process, and has failed to develop a meaningful medical examination in its facilities. "There seem to be an overriding philosophy that, if they ignore the problem long enough, it will simply go away," said Moffett.

With the pending shut-down of the 91 counseling centers, the lack of a VA Administrator, and the results of the VA survey, it's no wonder that many Viet-era veterans feel their own government is treating them like second-class citizens.

We can only hope that the new Administration will appoint a VA chief who is sensitive to their special needs. Unfortunately, the early signals are not reasurring.●

● Mr. DERWINSKI. Mr. Speaker, I urge the House to give unanimous consent to the passage of House Joint Resolution 182, Vietnam Veterans Commemoration Day, which I was pleased to join in cosponsoring.

I think that many of us realized when the return of the American hostages from Iran received so much publicity and acclaim that this was in contrast to the lack of proper recognition given to the Vietnam veterans upon their return to this country.

The Vietnam veterans deserve to be honored for their service to their country, and since this resolution contributes to showing that America is proud of them, it certainly deserves our votes.●

● Mr. COURTER. Mr. Speaker, I rise in support of House Joint Resolution 182 to designate April 26, 1981 as "National Recognition Day for Veterans of the Vietnam Era."

It is with a great sense of honor that I have this opportunity to express my thanks to the men and women who served their Nation during the Vietnam war. Many Vietnam veterans, especially those who served in combat, returned to a nation unwilling to recognize their purposes or their experiences.

Many of the Vietnam veterans never wanted war. Like all the people of our Nation they would have preferred never to see it start, nor to have initially been involved. But they are the ones who accepted our personal responsibility.

We should be grateful and proud of our veterans not only for their courage and sacrifice in military service, but for their contributions to the community since returning home. And for those who suffer from their experiences in that war, we should show them that we care with our understanding. As a nation it is our obligation to provide assurances of comfort and to express our thanks. To designate a day of recognition for our Vietnam veterans is just one small token. The most the Nation can do for these men and women is not enough and this is nothing less than they duly merit.

I urge my colleagues to join me in supporting this resolution and wishing each of the Vietnam veterans every measure of success in the future and assure them that we have not forgotten the adversities they suffered and assure them of our support.●

● Mrs. COLLINS of Illinois. Mr. Speaker, it is with great pride and pleasure that I rise today in support of legislation which I have cosponsored and which is being considered by the House; House Joint Resolution 182, Vietnam Veterans' Commemoration Day.

This resolution authorizes and requests that the President designate April 26, 1981, as a National Day of Recognition for Veterans of the Vietnam Era and calls for nationwide activities dedicated to issues of concern to all Vietnam veterans.

I am sure that all of my colleagues would agree with me that veterans who returned home from the war in Vietnam did untold damage to their bodies and minds for the United States. Vietnam veterans do not need sympathy, they need recognition for their efforts to defend this Nation, they need job training and jobs so that they can be productive members of society, they need counseling to assist them overcome their problems. Most of all they need to really know that Congress acknowledges their sacrifice and service. We owe Vietnam veterans our respect and thanks.●

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. GARCIA)?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 182

Whereas the valorous service of Vietnam veterans has never been properly commemorated or recognized;

Whereas the conflict in Vietnam claimed more than fifty-five thousand American lives;

Whereas three hundred thousand men were wounded and one hundred and fifty thousand permanently disabled during the conflict in Vietnam;

Whereas there are four hundred and eighty thousand Vietnam veterans between the ages of twenty-five and thirty-nine who are currently unemployed; and

Whereas as many as two hundred and eighty thousand Vietnam veterans suffer the intermittent psychological aftereffects of the Vietnam conflict: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to designate April 26, 1981, as a "National Day of Recognition for Veterans of the Vietnam Era", and to call upon the people of the United States to observe such day with appropriate programs, ceremonies, and activities, including a week of symposia hearings and conferences to be conducted in Washington, District of Columbia, prior to April 26, dedicated to those issues of concern to Vietnam veterans.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the joint resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the engrossment of the joint resolution.

The joint resolution was ordered to be engrossed.

AMENDMENT TO THE PREAMBLE OFFERED BY MR. ALBOSTA

Mr. ALBOSTA. Mr. Speaker, I offer an amendment to the preamble.

The Clerk read as follows:

Amendment to the preamble offered by Mr. ALBOSTA: On page 2, line 3 of the preamble strike: "Now, therefore, be it". and insert: "whereas the more than 2.5 million Americans who answered their country's call to duty and served honorably deserve the Nation's gratitude: Now, therefore, be it".

Mr. ALBOSTA. Mr. Speaker, the Senate Judiciary Committee yesterday did adopt an amendment to an identical bill. I offer that amendment, Mr. Speaker, in identical form. My hope is that the entire Senate body will pass that bill as it is put out in the Senate and ours will conform.

Whereas the more than 2.5 million Americans who answered their country's call to

duty and served honorably deserve the Nation's gratitude.

It would go in as another whereas. It is a simple amendment.

The SPEAKER pro tempore The question is on the amendment to the preamble offered by the gentleman from Michigan (Mr. ALBOSTA).

The amendment to the preamble was agreed to.

The SPEAKER pro tempore The question is on the third reading of the joint resolution.

The joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore The question is on the passage of the joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BONIOR of Michigan. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 391, nays 0, not voting 41, as follows:

[Roll No. 20]

YEAS—391

Addabbo	Cheney	Evans (GA)
Akaka	Chisholm	Evans (IA)
Albosta	Clausen	Evans (IN)
Anderson	Clay	Fary
Andrews	Clinger	Fascell
Annunzio	Coelho	Fazio
Anthony	Coleman	Fenwick
Applegate	Collins (IL)	Fiedler
Archer	Collins (TX)	Fields
Ashbrook	Conable	Findley
Aspin	Conte	Fish
Atkinson	Corcoran	Fithian
Badham	Coughlin	Flippo
Bafalis	Courter	Foglietta
Bailey (MO)	Coyne, James	Foley
Bailey (PA)	Coyne, William	Ford (MI)
Barnard	Craig	Ford (TN)
Barnes	Crane, Daniel	Forsythe
Beard	Crane, Philip	Fountain
Bedell	Crockett	Fowler
Beilenson	Daniel, Dan	Frank
Benedict	Daniel, R. W.	Frenzel
Benjamin	Daschle	Frost
Bennett	Daub	Fuqua
Bereuter	Davis	Garcia
Bethune	de la Garza	Gaydos
Bevill	Deckard	Gejdenson
Biaggi	Dellums	Gephardt
Bingham	Derwinski	Gilman
Blanchard	Dicks	Gingrich
Bliley	Dingell	Ginn
Boggs	Dixon	Glickman
Boland	Donnelly	Goldwater
Bolling	Dorgan	Gonzalez
Boner	Dornan	Goodling
Bonior	Dougherty	Gore
Bonker	Downey	Gradison
Bouquard	Dreier	Gramm
Breaux	Duncan	Gray
Brinkley	Dunn	Green
Brodhead	Dwyer	Gregg
Broomfield	Dymally	Grisham
Brown (CO)	Dyson	Guarini
Brown (OH)	Early	Gunderson
Broyhill	Eckart	Hagedorn
Burgener	Edgar	Hall (OH)
Burton, John	Edwards (AL)	Hall, Ralph
Burton, Phillip	Edwards (OK)	Hall, Sam
Butler	Emerson	Hamilton
Byron	Emery	Hammerschmidt
Campbell	English	Hance
Carman	Erlenborn	Hansen (ID)
Carney	Ertel	Harkin
Chappell	Evans (DE)	Hartnett
Hatcher	Mica	Schroeder
Hawkins	Michel	Schulze
Heckler	Mikulski	Schumer
Hefner	Miller (CA)	Sensenbrenner
Heftel	Miller (OH)	Shamansky
Hendon	Mineta	Sharp
Hertel	Minish	Shaw
Hightower	Mitchell (MD)	Shelby
Hiler	Mitchell (NY)	Shumway
Hillis	Moakley	Shuster
Holland	Molinari	Simon
Hollenbeck	Mollohan	Skeen
Holt	Montgomery	Skelton
Hopkins	Moore	Smith (AL)
Horton	Moorhead	Smith (IA)
Howard	Morrison	Smith (NE)
Hubbard	Mottl	Smith (NJ)
Huckaby	Murphy	Smith (OR)
Hughes	Murtha	Snowe
Hutto	Myers	Snyder
Hyde	Napier	Solarz
Ireland	Natcher	Solomon
Jacobs	Neal	Spence
Jeffords	Nelligan	St Germain
Jeffries	Nelson	Stangeland
Jenkins	Nichols	Stanton
Johnston	Nowak	Stark
Jones (NC)	O'Brien	Staton
Jones (OK)	Oakar	Stenholm
Jones (TN)	Oberstar	Stokes
Kastenmeier	Obey	Stratton
Kazen	Ottinger	Studds
Kemp	Panetta	Stump
Kildee	Parris	Swift
Kindness	Pashayan	Synar
Kogovsek	Patman	Tauke
Kramer	Patterson	Tauzin
LaFalce	Paul	Taylor
Lagomarsino	Pease	Thomas
Latta	Perkins	Traxler
Leach	Petri	Udall
Leath	Peyser	Vento
LeBoutillier	Pickle	Volkmer
Lee	Porter	Walgren
Lehman	Price	Walker
Leland	Pritchard	Wampler
Lent	Pursell	Washington
Levitas	Rahall	Watkins
Livingston	Railsback	Waxman
Loeffler	Rangel	Weaver
Long (MD)	Ratchford	Weber (MN)
Lott	Regula	Weber (OH)
Lowery	Reuss	Weiss
Lowry	Rhodes	White
Lujan	Richmond	Whitehurst
Luken	Rinaldo	Whitley
Lundine	Ritter	Whittaker
Lungren	Roberts (KS)	Whitten
Markey	Roberts (SD)	Williams (MT)
Marlenee	Robinson	Williams (OH)
Martin (IL)	Rodino	Wilson
Martin (NC)	Roe	Winn
Martin (NY)	Roemer	Wirth
Matsui	Rogers	Wolf
Mattox	Rose	Wolpe
Mavroules	Rosenthal	Wortley
Mazzoli	Rostenkowski	Wright
McClory	Roth	Wyden
McCloskey	Roukema	Wylie
McCollum	Rousselot	Yates
McCurdy	Roybal	Yatron
McDade	Rudd	Young (FL)
McDonald	Russo	Young (MO)
McEwen	Sabo	Zablocki
McGrath	Savage	Zeferetti
McHugh	Sawyer	
McKinney	Schneider	

NAYS—0

NOT VOTING—41

Alexander	Dickinson	Madigan
AuCoin	Edwards (CA)	Marks
Bowen	Erdahl	Marriott
Brooks	Ferraro	Moffett
Brown (CA)	Florio	Pepper
Chappie	Gibbons	Quillen
Coats	Guyer	Santini
Conyers	Hansen (UT)	Scheuer
Cotter	Hinson	Seiberling
D'Amours	Hunter	Shannon
Danielson	Lantos	Trible
Dannemeyer	Lederer	Vander Jagt
DeNardis	Lewis	Young (AK)
Derrick	Long (LA)	

□ 1300

The Clerk announced the following pairs:

Mr. Long of Louisiana with Mr. Madigan.
Mr. Pepper with Mr. Vander Jagt.
Mr. Brown of California with Mr. Young of Alaska.
Mr. Alexander with Mr. Marriott.
Mr. Brooks with Mr. Dickinson.
Mr. Edwards of California with Mr. Trible.
Mr. Santini with Mr. Quillen.
Mr. AuCoin with Mr. Marks.
Mr. D'Amours with Mr. Chappie.
Mr. Cotter with Mr. Dannemeyer.
Mr. Derrick with Mr. DeNardis.
Mr. Scheuer with Mr. Guyer.
Mr. Conyers with Mr. Erdahl.
Mr. Danielson with Mr. Coats.
Mr. Seiberling with Mr. Lewis.
Mr. Bowen with Ms. Ferraro.
Mr. Gibbons with Mr. Florio.
Mr. Shannon with Mr. Hansen of Utah.
Mr. Moffett with Mr. Lantos.

Mrs. BOUQUARD changed her vote from "nay" to "yea."

So the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and to include extraneous matter, on the joint resolution just passed.

The SPEAKER pro tempore (Mr. TRAXLER). Is there objection to the request of the gentleman from New York?

There was no objection.

DAIRY PRICE SUPPORTS

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 117 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 117

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1986) to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and

the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 1986, it shall be in order in the House to move to take from the Speaker's table the bill S. 509 and to consider said bill in the House.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. BONIOR) is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. BONIOR of Michigan. Mr. Speaker, House Resolution 117 provides for the consideration of H.R. 1986, a bill to eliminate the requirement for semiannual adjustments in the level of dairy price supports. The rule provides 1 hour of general debate to be equally divided between the chairman and the ranking minority member of the Committee on Agriculture. This is a straight open rule, allowing any germane amendment to be offered under the 5-minute rule and there are no waivers of points of order. Upon conclusion of consideration of the bill, one motion to recommit will be in order.

Mr. Speaker, as my colleagues are probably aware, the Subcommittee on Livestock, Dairy, and Poultry endorsed a different version of this legislation which was included in H.R. 2594. The subcommittee proposal provided a formula for the semiannual adjustments of milk price supports through fiscal year 1985; extended authority for transfer of Commodity Credit Corporation (CCC) owned dairy products to the military and veterans hospitals through fiscal year 1985 and provided for the distribution of excess dairy inventories held by the CCC.

The Committee on Agriculture used the subcommittee proposal for markup and reported H.R. 2594, with a committee amendment in the nature of a substitute which constituted the text of H.R. 1986, the administration's proposal. At the request of the chairman of that committee, the Rules Committee unanimously agreed to report this rule providing for the consideration of H.R. 1986, rather than the legislation reported by the Agriculture Committee, and thus, discharging the committee from further consideration of that bill. The rule also provides for consideration of S. 509, the Senate companion bill, after passage of H.R. 1986.

Mr. Speaker, this bill would eliminate the April 1, 1981, adjustment in milk price supports. In the absence of legislative action, on April 1, the Secretary of Agriculture would be required to set the support price at 80 percent of parity and at the end of the fiscal year the requirement for semiannual adjustments in the dairy support program would terminate. The Department of Agriculture has indicated that foregoing the April 1 adjustment would result in a savings of $147 million in fiscal year 1981 and $86 million in fiscal year 1982.

This bill would not abolish the dairy price support program or reduce the current price support level. It is my understanding that the entire issue of revisions in the dairy program will be addressed in an omnibus farm bill to be reported later this year.

Mr. Speaker, the administration suggests that this bill is an important aspect of our national commitment to reduce Government spending. I am sure that this issue will be thoroughly debated when this bill is considered.

Mr. Speaker, I know of no opposition to this rule and I urge its adoption so that we may proceed to the consideration of this legislation.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is the rule on the first of the Reagan administration's bills to slow the growth of Federal expenditures.

The rule provides 1 hour of general debate for the consideration of H.R. 1986, the milk price support bill. The bill is open to all amendments which comply with the House rules. After passage of the House bill, the rule provides that it will be in order to consider the Senate bill, S. 509, in the House.

Mr. Speaker, this rule is unusual in that it actually provides for the consideration of a different bill number than the one reported by the Agriculture Committee. The Agriculture Committee reported H.R. 2594, while the rule provides for the consideration of H.R. 1986, which was introduced by the gentleman from Illinois (Mr. FINDLEY). This action was taken at the request of the chairman of the Agriculture Committee, since H.R. 2594 was amended with the text of H.R. 1986 in the Agriculture Committee.

Mr. Speaker, the bill made in order by this rule would eliminate the requirement that the Secretary of Agriculture increase the support price of milk to 80 percent of parity on April 1, 1981.

The administration has estimated that this will reduce fiscal year 1981 outlays by $147 million.

Mr. Speaker, the level of price support has given dairy farmers very strong incentives to produce an increasing volume of milk. As a result production has increased more rapidly than consumption. These surpluses of milk have to be purchased by the Government.

On March 1, 1981, the Government owned 367 million pounds of butter, 267 million pounds of cheese, and 587.5 million pounds of nonfat dry milk. In January 1981, the Government bought 49 percent of all the butter produced in the country.

Unless we act, this problem is going to continue to grow to the detriment of the dairy farmers as well as the taxpayers.

Yesterday, the other body passed S. 509, the comparable Senate bill, by a record vote of 88 to 5.

Mr. Speaker, I know of no opposition to the rule, and I reserve the balance of my time.

Mr. BONIOR of Michigan. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. DE LA GARZA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1986, to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. DE LA GARZA).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1986, with Mr. FROST in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Texas (Mr. DE LA GARZA) will be recognized for 30 minutes, and the gentleman from Minnesota (Mr. HAGEDORN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, let me say to the Members of the House that H.R. 1986 is a clean bill reported by the Committee on Agriculture of the House of Representatives, or, rather, it is a bill which has been made in order by the rule which we have just adopted.

I would say to my colleagues that it is very simple legislation. All it does is this: It prevents an adjustment in dairy supports which would otherwise, under present law, become effective April 1, 1981.

Mr. Chairman, that is the entirety of the legislation. The administration uses the figure of $147 million as a savings, if the bill becomes law. The CBO estimates savings at $160 million. I must be very fair and very frank with the Members and say that there was an amendment offered in the committee, a compromise amendment that would have saved something like $120

million to $127 million. Therefore, there was a spirit of compromise present.

Mr. Chairman, allow me to present some background information and legislative history pertinent to this issue:

The Agricultural Act of 1949 requires the support of milk prices at such level between 75 and 90 percent of parity as is necessary to assure an adequate supply to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity and meet future needs. The act was amended in 1977 and 1979 by first, raising the minimum level of support to 80 percent of parity through September 30, 1981, and second, requiring midyear adjustments to reflect any change in the index of prices received by farmers, interest, taxes, and wage rates—the parity index. The act specifies that the support be provided through purchases of dairy products.

The purpose of the milk price support program, as prescribed by the Agricultural Act of 1949, is to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production and assure a farm income level adequate to maintain productive capacity sufficient to meet anticipated future needs.

For the past 3½ years, the Agricultural Act of 1949 has required that the price of milk be supported between 80 and 90 percent of parity at the beginning of each milk marketing year, and that the level be adjusted semiannually on the basis of changes in the index of prices paid for farm inputs. The administration informs us that this level of price support has given dairy farmers very strong incentives to produce an increasing volume of milk, and that as a result, production has increased rapidly—more rapidly than commercial use. USDA says that these surpluses have had to be purchased by the Government and are continuing to grow at a rapid rate.

If H.R. 1986 is adopted, the dairy support price of $13.10 per hundred pounds—which was set last October 1—will be continued unchanged through next September 30.

The Congressional Budget Office advises that enactment of H.R. 1986 will have an anti-inflationary impact by eliminating a 90 cent per hundredweight increase in the support price for milk that would otherwise occur on April 1, 1981, and by saving Government costs of approximately $160 million in fiscal year 1981 and $86 million in fiscal year 1982.

Circumstances have compelled the committee to report this particular bill which deals only with the temporary, short-term issue of where to set dairy support prices for the 6 months from April 1, through September 30, 1981, without knowing what policies will be recommended by the administration to help maintain a stable and efficient dairy industry for the 4 years beginning October 1.

Some members of the dairy industry feel that this bill is unjust and undue or harsh treatment of their industry. There are others who, for various reasons, are willing to go along with it with the promise from us—and I hope that the Members concur—that we will come right back and address the question of a long-term dairy program in the 1981 omnibus farm bill which will be considered by our committee in the near future.

I might also say that one might ask, "Well, what is this Democratic chairman doing managing a House bill and speaking for legislation which has been recommended by a Republican administration?" I would say to my dear colleagues that this is not a partisan issue, and I think that I am fulfilling the responsibility of a committee chairman in bringing to the floor legislation upon which the committee has exercised its will. That is what we bring to the Members here today.

Also, I might say that the democratic leadership of the House—the Speaker and the majority leader—have impressed upon me, as the committee chairman of their party, the fact that we must be responsible and that we must be cooperative to the extent possible with the mandate of the people and the recommendations of the Reagan administration. On some administration recommendations we will agree, on others we might disagree. But always, we will act as responsibly as we are acting today, letting the committees work their will, and allowing the House to have the legislation before it to exercise its will.

I would hope that the American people and the dairy industry, including some who will be hurt drastically by this legislation, know that some of us who might have disagreed with the full text of this legislation are, nevertheless, cooperating to arrange action on the bill. Personally, under my responsibility as chairman of the committee, I am bringing this legislation to the floor so that the House can exercise its will in as responsible a manner as it can and in a spirit of cooperation with what we believe to be the will of the people and the Reagan administration's recommendation.

Mr. Chairman, I again say that we may not agree in some areas, we might not agree on the priorities, and we may disagree in the future. But, we must act responsibly. It is always our wish to let the committee exercise its will and let the House exercise its will. That is why we bring this legislation to the Members today.

Mr. HAGEDORN. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I rise in support of H.R. 1986. Enactment of this bill will cut Government spending by an estimated $147 million by eliminating an increase in dairy price supports scheduled to take effect on next Wednesday, April 1, as now required by the Agricultural Act of 1949.

I want to emphasize that taking this action will not reduce the price support level now in effect for dairy farmers. It would simply hold the line on Government outlays for milk supports. According to administration estimates, if the April 1 semiannual adjustment is not foregone, net expenditures for this marketing year will total $1.7 billion.

This legislation is given great importance by President Reagan because it is the first test of his administration's mandate to restrain Federal expenditures. Recognizing the importance of this proposed action, the House Agriculture Committee turned away all amendments to this bill and approved it by an overwhelming and bipartisan vote of 30 to 7.

I would point out to my colleagues that the legislation before you today is a simple matter of fiscal restraint that will not cause substantial economic distress to dairy farmers.

In fact, dairy farmers can consider themselves to be in the front line in the country's battle against inflation. As Secretary of Agriculture Block has told dairy farmers:

> If you rise to the challenge and fight this first battle against inflation, you can then say to the rest of the country: "We were the first to take a stand against inflation; now you take yours".

Reducing Government spending should be a priority order of this Congress as much as it is with the administration. Elimination of an unneeded increase in milk supports in a time of surplus production is but one of many actions that should be taken by this Congress to reduce spending and be responsive to the will of the people.

I urge my colleagues to support the passage of this bill.

□ 1315

Mr. DE LA GARZA. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, as chairman of the Livestock, Dairy and Poultry Subcommittee of the Committee on Agriculture, I feel that it is important during this debate on this bill to shed some more light upon the situation that faces us in this country with regard to the so-called dairy surplus that we have and the problems of overproduction that seem to be facing us.

I would first point out that surplus milk production has not been caused by the support price being too high. That has not been the cause of it.

Consequently, foregoing this April 1 adjustment will not necessarily reduce production. In fact I think it will have just the opposite effect.

Dairy farmers are not getting rich. The average Wisconsin dairy farmer and his family work from 130 to 150 hours a week and the implicit wages for this work, allowing nothing for return of his invested capital comes to about $2.89 per hour for each dairy farmer in Wisconsin.

No, the expanded production that we see is the result of other sectors in agriculture being so bad, rather than dairying being so good. We keep hearing about how good dairy farmers have it. It is only because the rest of agriculture is dying that we are able to even say that dairy farmers have it somewhat good.

I believe that the expanded production that we have had in dairy in the recent past has been the result of at least four things:

First, cheap grain, brought on in part by the Soviet grain embargo.

Second, cheap cattle prices, which have reduced incentives for culling the inefficient dairy cows.

Third, the unrestricted imports of casein. Here, I think, is a good point to contemplate. We are asking our dairy farmers to make sacrifices to help us fight inflation. What sacrifices are we asking of the New Zealand farmers? What sacrifices are we asking of the Australian farmers? What sacrifices are we asking of the Irish farmers in terms of all the casein that we are bringing in from those countries? I think they, too, ought to be asked to sacrifice to help us fight inflation.

The fourth thing, of course, which has increased production has been the lagging U.S. economy which has softened demand for dairy products.

I might also point out that in the face of cutting down on dairy supports on April 1, we are also looking at the other end of it, this administration closing off some of the pipelines for getting rid of this dairy surplus. I speak specifically of the school lunch program, the commodity supplemental feeding program and the Public Law 480 program, all of which utilize these commodities and all three of which have been proposed for very severe cutbacks by this administration.

Now, the dairy support price program, I submit, is not out of control and it is not as expensive as some would allege. In 10 of the last 30 years of this program, USDA purchases have been at least at current levels.

Now, the gentleman from Ohio (Mr. LATTA) in talking about the rule talked about the tremendous amount of commodities that the Federal Government has purchased. Let us look at the past. From 1979 to 1980 the Federal Government purchased 8.2 billion pounds milk equivalent of butter, nonfat dry milk and cheese.

In 1953-54, the Federal Government purchased 11.3 billion pounds milk equivalent of the same commodities. In 1961, 11.2 billion pounds and, in fact, from 1961 through 1964, for 4 years running, the Federal Government purchased in each one of those years more dairy commodities than they purchased last year, and yet we are being told that the Federal Government has this tremendous stock of dairy products right now on hand. The following table clearly illustrates this:

TABLE II.—*USDA Net Dairy Purchases in Selected Years*

Marketing year:	*Billion pounds*[1]
1953-54	11.3
1957-58	6.8
1961-62	11.2
1962-63	8.8
1963-64	7.5
1964-65	8.2
1967-68	7.0
1970-71	7.1
1971-72	6.6
1976-77	6.9
1979-80	8.2

[1] Milk equivalant.

Yes, they are larger than they were in 1976 and 1977, but they are not even as large as they were in 1962. So that is just a myth to say that we own all these surpluses. The fact is that the Federal Government right now has about a 23-day supply of dairy products and, if anything should happen to interrupt our dairy producing States, our dairy production in this country, we would be very glad to have that supply on hand.

We have heard that the net outlays for this program was $1.3 billion last year. Yes, that was the outlay, but not the net. The net after what the Government sold back and what they have on hand as inventories was less than $315 million last year, so this is not a tremendous billion dollar program as we have been told, but less than $315 million total for last year. As the result of that expenditure, we have these valuable stocks on hand. The following table shows this:

TABLE III.—ACTUAL TREASURY COST DAIRY PRICE SUPPORT PROGRAM, FISCAL YEAR 1980

[In millions of dollars]

Stocks on hand at beginning of year	569.8
Plus cost of purchases	1,262.4
Total	1832.2
Less value of ending stocks (available for resale or distribution)	1,272.7
Cost of products resold or distributed	559.5
Less income from products sold	285.4
Subtotal	274.1
Plus storage, handling and transport	40.6
Net Treasury cost	314.7

Source: CCC annual report.

Over a 31-year history of this program, this program has cost the American people less that $1 per person per year, so that our consumers could have cheese, milk, dairy products, at a stable price and a price they can afford.

Now, let us look at what is going to happen on April 1 when this 80 percent is done away with, as I am sure it is going to be, I understand the will of the House and I know what is going to happen today; but on April 1 of this year the price support for our dairy farmers will be at the lowest level it has been since 1949. Make no mistake about it, in doing away with the 80-percent increase, the parity level on April 1 will be about 73 to 74 percent. That is the lowest it has been on April 1 since 1949.

Again, the following table shows this:

TABLE IV.—PERCENT OF PARITY

Marketing year (except as noted)	Support level equivalent: Percent	Support level equivalent: Percent [1]	Minimum percent of parity required by law
1949	90		75
1950-51: January 1950 to March 1951	81		75
1951-52	86		75
1952-53	90		75
1953-54	89		75
1954-55	75		75
1955-56	80		75
1956-57:			
Apr. 1 to 17	82		75
Apr. 18 to Mar. 31	84		75
1957-58	82		75
1958-59	75		75
1959-60	77		75
1960-61:			
Apr. 1 to Sept. 16	76		75
Sept. 17 to Mar. 9	80		80
Mar. 10 to Mar. 31	85		75
1961-62	83		75
1962-63	75		75
1963-64	75		75
1964-65	75		75
1965-66	75		75
1966-67:			
Apr. 1 to June 29	78		75
June 30 to Mar. 31	89		75
1967-68	87		75
1968-69	89		75
1969-70	83		75
1970-71	85		75
1971-72	85		75
1972-73:			
Apr. 1 to Mar. 14	79		75
Mar. 15 to Mar. 31	85		75
1973-74:			
Apr. 1 to Aug. 9	75		80
Aug. 10 to Mar. 31	80		80
1974-75:			
Apr. 1 to Jan. 4	81		80
Jan. 5 to Mar. 31	89		80
1975-76:			
Apr. 1 to Oct. 1	79		75
Oct. 2 to Mar. 31	84		75
1976-77:			
Apr. 1 to Sept. 30	80		75
Oct. 1 to Mar. 31	81		75
Apr. 1 to Sept. 30	82	[1] 82	75
1977-78:			
Oct. 1 to Mar. 31	82		80
Apr. 1 to Sept. 30	86	[1] 80	80
1978-79:			
Oct. 1 to Mar. 31	80		80
Apr. 1 to Sept. 30	87	[1] 78	80
1979-80:			
Oct. 1 to Mar. 31	80		80

[1] Percent of parity as of Apr. 1.

Source: U.S. Department of Agriculture, Agricultural Stabilization and Conservation Service.

Now, my dairy farmers and I know the dairy farmers of Wisconsin and California and New York and Vermont and in every State in this country are willing and ready to help us in the battle on inflation; but they do not feel that it is right, and I do not feel that it is right to ask our dairy farm-

ers to go back to 1948. We are asking no one else in our economy to go back to 1948, and yet we are asking the dairy farmers. That is why I feel that in just doing away with the 80 percent, without putting some kind of a floor underneath that, is being unduly unfair to the dairy farmers of our country and not worthy of the legislative process here in the House and in the Senate.

Now, this action that we are about to take here in the House in doing away with the 80-percent support price is only one of many actions I feel that is going to be taken this year in trying to solve the problem of inflation by going after the farmers. I feel quite strongly that what we are going to face after this action is taken today is legislation later on this summer to even have lower price supports for all our farmers in the future.

Do you know what is going to happen? We are going to face next year the same thing we faced in 1973 and 1974, more and more dairy farmers going out of business. We will see our stocks depleted down to nothing. We will see the demand for dairy products at the same level as we have seen in the past and where are we going to get the nonfat dry milk for our food industry? Where are we going to get the cheese and where are we going to get the butter? The same place we did in 1973 and 1974, from our foreign suppliers. That is not what we want to happen in this country and I do not think that is what any Member of this body wants to happen; but without making certain that we at least keep the same kind of floor under those dairy prices that we have had since 1949, that is precisely what is going to happen and that our dairy farmers will, in fact, be the ones to bear the brunt of fighting inflation and that our consumers will wind up to be the losers.

One final thing. We are told so often that our Government through our taxpayers dollars support agriculture and support dairy farmers too much, that we support our agriculture too much in this country. Well, in a recent issue of Hoard's Dairyman, March 25, 1981, in an editorial a table was produced, a table showing the per capita support of agriculture in various countries of the world. Listen to this:

In the European Economic Community, the per capita expenditure of money in support of agriculture is $74 a year.

In Canada, it is $29 per capita per year in support of their agriculture.

In Australia, $14.

Sweden, $35.

Japan, $63 per capita per year to support their agriculture.

New Zealand, $29 per capita per year, and the United States—you guessed it—$12 per person per year to support the agricultural base of our economy.

The table follows:

TABLE I.—COST OF AGRICULTURAL SUPPORT, 1976

Country	Per person employed in agriculture	Per capita of total population
EEC	$2,251	$74
Canada	1,154	29
Australia	1,116	14
Sweden	1,100	35
Japan	1,042	63
New Zealand	816	29
United States	575	12

Those were in previous years. In fact, last year it even got worse. And last year for the entire European Economic Community the total was $37.5 billion for a figure of $144 last year per capita in the European Economic Community to support their agriculture, and what was it in the United States last year: $37. So there is the story.

We continue to pull the rug out from underneath our farmers, then we come back and ask our farmers to put their heads on the blocks to be the first ones to help us in our battle against inflation.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 additional minute to the gentleman.

Mr. HARKIN. Now, I know that this legislation is going to go through the House. I know that the President is going to sign it. Quite personally, I am not opposed to doing away with the 80-percent support on April 1, but what I am opposed to, I am opposed to that April 1 support level falling to a level that it has not been at since 1949. I feel that if anything that is what this administration should do. They can under current law set the minimum support level on April 1 at 75 percent, where it has been since 1949.

I thank the gentleman for giving me the additional time.

Mr. HAGEDORN. Mr. Chairman, I yield 5 minutes to the distinguished ranking minority member, the gentleman from Virginia (Mr. WAMPLER).

Mr. WAMPLER. Mr. Chairman, I urge my colleagues to support H.R. 1986 without amendment. Unless we take favorable action on this measure, the present law requires that milk supports be increased next Wednesday, April 1, despite the fact that the dairy industry now is burdened with its most serious milk surplus in years.

H.R. 1986 would eliminate the requirement for an increase in dairy price supports for the last half of this fiscal year, which also is the dairy marketing year. That is all it would do. It would not change the present level of dairy price supports. But to eliminate the April 1 increase would save the Government some $160 million in purchases of milk products to support prices according to the Congressional Budget Office.

And that saving in Federal expenditures is the sole intent and purpose of this bill—to send a signal to the country that the Congress indeed will follow the mandate of the people in cutting spending.

If we take favorable action on this measure, dairy price supports would stay at $13.10 per hundredweight instead of rising to $14, as required by present law. The change amounts to less than 2 percent of cash receipts from the sale of milk, according to USDA estimates.

If we do not take favorable action, the April 1 increase in milk price supports would mean a 7-percent rise in farm milk prices but it would also mean retail milk prices would rise about 7 to 8 cents a gallon. Consumer costs would increase about $370 million this year, according to the Department of Agriculture—an increase that a milk industry representative states would come closer to one-half a billion dollars.

In submitting his budget revision to Congress on March 10, President Reagan reiterated his commitment to his economic recovery program to curb inflation and reduce unemployment. He asked the Congress to "* * * remember that the primary responsibility is to the Nation as a whole and there is nothing more important than putting America's economic house in order."

H.R. 1986, which encompasses the administration's proposal in regard to milk supports, is considered to be the first real test of the President's economic recovery program. I support it and I urge my colleagues to do likewise so that we may demonstrate to the people that we are willing to take this first of many steps that must be taken to strengthen our Nation's economy.

I have uniformly supported dairy farmers in all of their reasonable requests for legislative protection of the industry. Dairy farmers and dairy cooperatives have needed a safety net to protect the industry from violently high and low demands for milk and dairy products. This bill I believe is in the long- and short-term interest of the industry. We will deal with permanent dairy legislation in the 1981 farm bill.

□ 1330

Mr. DE LA GARZA. Mr. Chairman, I yield 4 minutes to the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Chairman, last week we celebrated Agriculture Day—the first official recognition of the importance that agriculture has in the lives of the American people. The major point of that celebration was to help people in the cities understand

that the health of the American economy, as well as the health of the American people, is tied directly to the health of the American agriculture community. Truly, agriculture is the heartbeat of America.

Today, we will vote on the Reagan administration's proposal to delete the semiannual adjustment in the dairy price support program. Previous administrations, both Democratic and Republican, have done exactly this as a means of fine tuning the dairy price support program. I will support this effort to reduce excess stocks of dairy products.

Many of us however know that this bill is only a partial answer and alone will not solve the problem faced by dairy farmers, livestock producers and grain farmers.

My preference has been to address the problem in a gradual and less disruptive manner. I want to send the dairy farmer a signal that will assure a stable supply of milk. This bill, when coupled with the administration's failure to submit in a timely fashion an overall dairy program proposal for the 1981 farm bill does not send that signal to the American farm community nor to consumers.

In committee I supported an outright floor of 75 percent because without the April 1 adjustment, by September parity will be less than 70 percent. Obviously, such a turn of events will lead to small and mid-size dairy farmers going out of business. A floor of 75 percent of parity coupled with a sellback provision of 110 percent for CCC stocks—an increase of only 5 percent—would not allow these bankruptcies to occur. It he so chose, the Secretary of Agriculture could increase the sellback provision to 110 percent now.

Further, I am concerned that Members understand that by this vote we are not taking the first step toward throwing out the baby with the bathwater. The dairy price support program must remain an integral part of the 1981 farm bill.

The dairy price support program works. Over its lifetime it has provided reasonable returns to the producers and it has assured consumers of an adequate supply of pure and wholesome milk and dairy products. We must all remember that this program is meeting the goals of those who wrote this legislation in 1949.

In terms of the overall Federal budget this program has cost very little. In fact, when one looks at the cost to the American consumer in real terms these basic foodstuffs are lower in cost than they were when the program began. In terms of farm productivity in 1950, per cow milk production averaged 5,314 pounds and today average production per cow amounts to 11,875 pounds. This program has helped the farmer double his productivity and when this fact is coupled with the reduced amount of hours worked by Americans it shows that consumers buy more with less. Farm productivity has been passed on to the consumer. Thirty years ago 16 minutes of work earned enough money to buy one-half gallon of milk—today less than 9 minutes of work are required to buy the same item. Yes; the program does work and we are all the beneficiaries of it.

Once again I want to remind you that while we will vote to reduce CCC stocks today, this action alone will not eliminate the problem this action is intended to cure. Today's action is temporary and the long-term solution can only be addressed in the upcoming farm bill. In that bill we must address the impact that low grain and beef prices have on overproduction of milk and the accompanying buildup in dairy herds.

Before this year is out you will be asked to again vote on the health of the American dairy farmer and by extension, the American agriculture community. At that time I hope all of us will be able to support continuation of a dairy price support program at no less than 75 percent of parity and a stronger grain support section of that legislation. Increasing the sell back provision to 110 percent increasing grain and beef prices, will more than this bill or any other action, insure against continued overproduction of milk and increased expenditures for CCC dairy stock.

Mr. Chairman, my dairy farmers are willing to help in the fight against inflation and I will vote today for this bill, but I will continue to work to make sure that my farmers are not the only ones who are asked to cut back. I will continue to work to assure stability in the dairy support program so we do not destroy the inexpensive and ready supply of milk those hard-working dairy farmers have provided for our children and families.

Mr. HAGEDORN. I yield 3 minutes to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, this bill is requested by the administration, but our action today is much more than giving a boost to the administration. When we report favorably this bill, we will be winning one for all of us—consumers, taxpayers, and dairy farmers alike. This is truly one of those extremely rare agricultural bills which helps everyone—the consumer, the taxpayer, and the producer.

You say with astonishment, this bill will help the dairy farmer? Of course, it will. The dairy farmer is in deep trouble because of the 80-percent inflexible price-support system that has now been functioning for about 1½ years. This has caused an enormous buildup of Government stocks. They hang over the market. They mean trouble for dairy prices and prospects. The April 1 increase will simply make a bad situation even worse, so enactment of this bill is urgently needed in the interest of the dairy farmer.

Large Government stocks hurt the farmer, and the only sensible thing to do is to give the Secretary of Agriculture the authority to pass over this otherwise mandated April 1 increase. In other words, let him hold the line on dairy prices. This bill will not result in 1-cent reduction in the price support for dairy products. It will prevent an increase, but it will not result in any decrease. Do not buy the notion that all dairy farmers are—if you will pardon the expression—crying in their milk over this bill. That simply is not true. Some of them are, but there are a lot of thoughtful dairy farmers that see the absolute necessity for the enactment of this bill.

In fact, land grant universities recently took a survey of the States of Ohio and Michigan, asking dairy farmers their attitude on farm price supports, including dairy supports. You may be surprised to learn that about 30 percent of the dairy farmers polled in those two States wanted nothing to do with Government support programs.

So by voting for this bill you are actually being helpful to the dairy farmer as well as to yourself as a taxpayer and a consumer.

It is true that the President wants this bill. It is the first test in this House of his program to hold the line on Government spending, and the President will be pleased to see this become law. A lot of other people will be, too. I have been impressed with the breadth of support by the American Farm Bureau Federation, Common Cause, Pizza Hut, and Ronald McDonald, just to name a few. I urge passage of H.R. 1986.

Mr. DE LA GARZA. I yield 3 minutes to the gentleman from Texas (Mr. HIGHTOWER).

Mr. HIGHTOWER. Mr. Chairman, some time ago I saw a cartoon depicting a man who could sympathize with today's agricultural producers. He announced to his wife that he had bad news and good news. The bad news was that he had been fired. The good news was that his former boss had told him he was now a leader in the fight against inflation.

One more sector of agriculture is being asked to continue what has apparently become a tradition, a tradition I would like to see broken. Farmers are once again the point team in the fight against inflation.

The farmers of this country, in concert with our food production and transportation system, provide food for a hungry world. This bill is before Congress because we have too much milk. We hope that by skipping the April 1 price adjustment, dairy farm-

ers will cut back on their herds and not as much milk will be produced. What a problem: Farmers are producing too much food. We need to be selling more food around the world.

The farmers of this country have through the years provided the major foreign policy weapon: Food. Through grain embargoes we have told the world, if you want us to feed you, you had better do it our way. Farmers are among the most patriotic citizens you will find in this country. But they find it hard to understand why it is important to embargo grain to Russia, but it is all right to sell machinery, spare parts, computers, and the list goes on and on. They question why we allow subsidized foreign casein to be imported into this country, competing with our own domestic milk products.

I am going to vote to skip the April 1 increase, not because I think the dairy farmer is making too much money because he is not. This vote puts those of us representing agricultural areas on record that agriculture is committed to cutting Federal spending and willing to take its cuts. We will expect the rest of the economy to do the same. We will expect help with casein imports, and we will expect a strong farm bill this fall.

Mr. Chairman, I yield back the remainder of my time.

Mr. HAGEDORN. I yield 4 minutes to the gentleman from Wisconsin (Mr. GUNDERSON).

Mr. GUNDERSON. Mr. Chairman, approximately 6 weeks ago, President Reagan unveiled an economic recovery program for our country that has as one of its primary goals a reduction in the rate of Federal spending. Such reductions were to occur in virtually all Government programs and affect all sectors of the American economy.

At the heart of our attempts to reduce the rate of Federal spending is a realization that excessive spending has created the inflation we are currently faced with. All Americans have suffered the cruel economic hardships of inflation and the President should be commended for his attempts to bring inflation and Federal spending under control. I certainly am committed to assisting him in reducing Federal spending.

Today, Mr. Chairman, we are considering the dairy price support program and, specifically, the elimination of this year's April adjustment in that program. We are not, however, considering the entire price support program or the other factors which influence the dairy industry.

I am gravely concerned that consideration of the April adjustment alone, without concurrent consideration of the entire dairy price support program and the other factors that influence the dairy industry, will lead the House into making a hasty decision it will soon regret.

I am not going to tell the Congress that there is not an overproduction problem in the dairy industry. There is such a problem. Similarly, I am not going to deny that the Commodity Credit Corporation had a line item of $1.3 billion for dairy purchases last year. The CCC clearly made those purchases.

Because of these facts, both the Carter and Reagan administrations have proposed the elimination of the April adjustment in dairy price supports. Proponents of the elimination argue that production will decrease if the April adjustment does not occur and, therefore, Government spending on the program will go down.

That is a nice economic theory; however, it ignores the reality which faces the dairy farmer on a daily basis.

In testimony before a recent field hearing of the Livestock, Dairy, and Poultry Subcommittee in Dubuque, Iowa, one of my constitutents noted that the price of milk rose 6.9 percent in 1980. Most of that increase went into the pockets of retailers and wholesalers, not dairy farmers.

The costs of his production, on the other hand, rose astronomically in comparison. For example, herbicides and insecticides in the last year increased 20 percent, oil increased 13 percent and some costs of production rose as much as 45.8 percent.

By eliminating the April adjustment in dairy price supports, the Congress is retaining the current limit on the per-unit price a dairy farmer receives on his production. Proponents of the elimination, therefore, argue that they have not cut the dairy farmers total income. This is true. The have, however, severely cut his real income.

And it is this cut in real income that will be the demise of any theoretical reductions in dairy production or Government spending intended by the elimination of the April adjustment.

Consider for a moment, you are a small farmer. Your interest costs are $30,000 annually. In addition, as mentioned earlier, all of your costs of production are increasing. Basic farm economics will tell you that your production must increase to keep real income at the same level.

Simply stated, when a dairyman is faced with a reduction in his real income, because total income is static and costs of production continue to rise, he will produce more so as to recover the diminished commodity profit over a great amount of production. This is the only way he can keep his real income at last year's level.

Obviously, there will be little or no savings to the Government if production increases and the CCC must continue to purchase even greater amounts of dairy products.

Mr. Chairman, I am firmly committed to reducing the rate of Federal Government spending. The plan we presently have before us simply will not accomplish that result.

There is a way, however, that we can reduce the present Government stockpiles of dairy products and the Federal cost of the dairy price support program which would benefit the dairy farmer as well.

First, the April price adjustment must not be eliminated. Rather, the entire price support system must be considered as a package with, not separate from, the following points.

Second, immediate action should be taken to stop the unrestricted importation of casein for human and animal consumption.

Third, greater attempts must be made by the Federal Government to promote and export American dairy products.

Fourth, the CCC buy-back level for dairy commodities should be increased to encourage more products to be in private hands as well as greater sales efforts of those products.

Fifth, the request for a hearing on a petition for changes in Federal milk marketing orders for reconstituted milk should be denied.

This, therefore, is the package that must be considered by the Congress insofar as the dairy industry is concerned. We will be back here this summer to consider many segments of this package in the farm bill in an attempt to preserve a fair dairy price support program of benefit to the farmer and the consumer alike.

To act now on but one of the parts of this package only serves to thwart our efforts to continue a program that has accomplished the purpose for which it was intended.

Dairy production and Federal spending will go up, not down, if we eliminate the April adjustment. We are telling you that right now. So, when consideration of the dairy price support program again occurs this summer in the farm bill, we do not want to hear that the intended savings which were to result from the elimination of the April adjustment were not realized and that further cuts must occur. You are forewarned of that result right now.

Mr. Chairman, I urge my colleagues not to eliminate the April adjustment in dairy price supports by itself. Its elimination simply will not reduce dairy production or Federal spending on the dairy program.

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I want it said for the record that we told you so, that this thing today will not work. The way to deal with excessive milk production in this country is to deal with the whole parity program, is to deal with the casein issue, it is to deal with the buy back, it is to deal with the make allowance.

I do not know of hardly any Member of Congress who has come in here and advocated that the farmer not do his part in economic recovery. But we are saying: This is not the way to do it. We would rather have to look at the whole package.

Mr. HAGEDORN. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Mr. Chairman, I served as a member of the Committee on Agriculture when the 1977 general farm bill was written to include the dairy price support mechanism causing the April 1, 1981, semiannual inflation adjustment. I voted for the 1977 bill in committee and on the House floor. Further, I voted to extend those same terms for 2 more years on November 8, 1979.

I have always supported the dairy price support system.

In addition, according to the Louisiana Department of Agriculture, three parishes, all in my district, produced three-fourths of all of the milk in my State. My congressional district, further, is one of the largest dairy-producing areas in the South.

I believe I am still correct in stating that the only two cheese plants in the South are in my congressional district. Dairymen in my district have a net income of $100 per cow, and an average herd size of 100 cows. That produces for dairymen an average net income of only $10,000 annually. We all know that is not much money today.

Dairy farmers today must diversify agricultural production or seek supplementary income from other sources to be able to make it today. It is with this particular point fully in mind that it is most difficult to impose this extra economic hardship upon them.

Mr. Chairman, I am not anxious today to unravel the legislative assurances we gave dairymen in 1977 and renewed in 1979, but I must vote to deny the April 1 increase because it is one, indeed the first one, component of a total package of budget reductions recommended by the administration as the only blueprint or plan we have to stop inflation and save our economy.

Inflation indeed is the worst problem that dairymen have in our economy. Therefore, we really cannot destroy the only plan we have to combat it.

Indeed, this is the first vote on this program, and it is not protected by packaging we expect to be found in later rounds of budget cuts, where dozens and perhaps hundreds of other reductions will be found in one bill to be voted on up or down without being fully exposed and vulnerable to the amendment process. This first one stands all by itself. It is most difficult for those of us who support and represent the dairy industry to make this vote.

I intend to maintain this attitude, however, by supporting all of these cuts as they come before me throughout the budget revision process. In return, the dairymen I have talked with in my district do not object to my vote today because they are willing to do their part, provided everyone else does theirs, to save the economy of this country. They just do not want to be the only ones to bear the cuts. I find their attitude to be more than fair. Our dairymen are honorable Americans who respect and love the work ethic. They know what the cuts have to be across the board, including upon themselves, and they also know the loss will be temporary, in return for a long-term victory for us all.

If I can support this cut and dairymen can, then I think surely you can. If you cannot, then where is your solution to save our economy? If not this program, then what program? If not now, then when? If not you, then who?

Mr. DE LA GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from South Dakota (Mr. DASCHLE).

Mr. DASCHLE. Mr. Chairman, I do not stand before the House today and ask that we try to fight the legislation before us. I think there is widespread support for the legislation, and for that reason I think we ought to accept the inevitable. But I think when we consider honest economic reform, when we look at those areas where we can truly have an impact on the budget and truly try to turn this economy around, I reiterate the statistics given us by the gentleman from Iowa. The $1 per year per person cost that this program means to the American people is worth that price.

We need compare that $1 only to the $400 per person that we now pay for imported oil. Compare that to the $350 that we pay per person for the interest on the the national debt. And we are today considering $1 per year per person for good dairy products that are produced in the United States.

I think that every single dairy farmer anywhere in this country will repeat what my dairy farmers told me this last weekend:

> We are willing to support the President, we are willing to go along with the Congress in fighting for economic reform, but keep in mind what that cost is to the dairy farmers across this country today.

As a result of this legislation, we can fully expect that each and every dairy farm family on the average will lose $6,000 so that the American consumer can lower a part of that $1 per year per person.

Keep in mind what minimum wage is today. When we consider that $3.35 is what we are willing to pay the American worker, we need only compare that to $2.89 we now pay for the dairy farmer per hour for the products that he provides. Keep in mind that we have an abundant supply of good quality dairy products in this country that we have come to accept as a routine fact. But that is not true in other countries, not in those parts of the world where dairy products are scarce. We have good dairy products today, not because we have provided the dairy industry with a preponderance of Federal dollars, but because they have made the very best of a program and they have made it work well.

I do not ask that we fight this dairy increase on April 1, but I do call on the administration to do what they have the administrative power to do, and that is to set a floor at 75 percent. There is no time, not 1 year, since 1949 that we have dropped below 75 percent of parity. Not one. And yet today we stand here, debating this issue, we are considering a parity level below 73 percent for the first time.

The administration can change that, and on April 1 I think it is incumbent upon them to set a floor of 75 percent so that we do not put the entire load, the whole effort to balance the budget and produce economic reform on the backs of the dairy farmers of America.

Mr. HAGEDORN. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin (Mr. ROTH).

Mr. ROTH. Mr. Chairman, the dairy farmer, like everyone else, is suffering from severe inflation. I know that the dairy farmers are more than willing to bear their fair share of Federal expenditure reforms to get a grip on inflation. However, we must avoid the temptation to make the dairy price support program bear an unfair burden of the budget cuts, thereby inflicting an unfair hardship on the average dairy farmer.

All prices have increased, increased to a point where my wife dreads going to the grocery store or to the supermarket. But dairy products, I feel, are still a good investment and are a better buy today than they were 10 years ago.

In 1970, it took 10 minutes of labor to purchase half a gallon of milk. Today it takes 8 minutes. In 1970 it took 15 minutes of work to purchase one-half gallon of ice cream. Today it take 14 minutes.

Yes, everything has gone up and up, but dairy prices have gone up less than other products.

Those of us who advocate the cause of the consumer should remember that the small businessman and the farmer, especially the dairy farmer, are the best friends of the consumer. If we drive the small farmer off his farm, if we close down small businesses and drive our consumers into the arms of the large farmers and the chainstores, nationwide chainstores,

then we will see prices skyrocket for the consumer.

We are putting our dairy farmers, with this legislation, in an untenable position. I have taken a poll of over 72,000 dairy farmers and people in related businesses in the State of Wisconsin, and one quote I think epitomizes what the respondents have said. They have said:

Farmers have fixed costs. If the Government lowers our prices, we are forced to produce more, just to meet those fixed costs. Lower prices on milk will not decrease the supply. More milk will be produced to meet the rising costs of the farmers.

Let us not be so myopic. We must not create a severe future problem for a short-range gain. Our farmers are America's greatest economic asset. The future issue in the world is not going to be oil or energy or anything else; it is going to be food, because in only 19 years, in the year 2000, we are projected to have on this globe 6.2 billion people. We have approximately 4.2 billion today. That means for every two people you see today, you will see three in only 19 years, the year 2000.

Where is the food going to come from to feed this skyrocketing and expanding population?

Let us not destroy America's greatest economic asset. Let us not destroy the farmer for a short-term gain.

Mr. HAGEDORN. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin (Mr. PETRI).

Mr. PETRI. Mr. Chairman, I wish to associate myself with the remarks of my colleague, the gentleman from South Dakota (Mr. DASCHLE).

Mr. Chairman, this is a bitter pill to accept.

We are seeing our dairy farmers being singled out while the tobacco and other farmers seemingly go scot free of sharing their load.

We in Wisconsin do not like to be cut anymore than anybody else. Specific cuts are always very painful and this first one is a terrible thing for people in my area.

This cut will cost the dairy farmers over $5,000 apiece on the average.

So it happens that the first ox to be gored is my own and my constituents' own.

Nonetheless I am going to vote, although very reluctantly, for the President's bill.

We have to look at the bigger picture. Inflation is out of control. Rising taxes are crushing the vitality of our people.

In his efforts to get a handle on spiraling Federal spending the President has proposed a national recovery program.

As part of that he has called for adjustments in the dairy price support program. I am willing to accept that.

But I want to remind my colleagues that we are not the only ones who have programs that the President has recommended cutting.

And I hope my colleagues show the same sort of determination when it comes time to cut the tobacco program, or aid to big cities, or eliminate some sort of bureaucratic fat or another.

I also ask that in the glow of success over this bill that we do not go on to destroy the entire dairy program. A properly functioning program will balance the market for dairy products and prevent wide swings of scarcity and abundance which are bad for everyone.

If the dairy program is working right, and if it is not undercut by massive imports, it should not cause large Government purchases year after year.

There are no sacred cows, Mr. Chairman, and I do not want to hear a lot of caterwalling or see a lot of crocodile tears when we get around to cutting somebody's else's program. Because there are those of us who are willing to take the cuts even when it affects programs in our own districts.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. PEYSER).

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Mr. PEYSER. Mr. Chairman, I just want to be on record as saying that New York, as the gentleman probably well knows, is probably one of the largest dairy producers in the country as well as one of the largest dairy product consumers in the country. I and the majority of the New York delegation will be supporting the President in this effort on cutting back on the budget. It is a difficult acceptance for New York dairy farmers as well, as it is for dairy farmers in Wisconsin or Illinois or anywhere else.

I met with some dairy farmers yesterday from New York and they made it very plain, unhappily, but they were willing to accept this and they felt they could live with it. So I will certainly be voting in support of this measure.

As I say, most New York Members will join in that particular effort.

Mr. HAGEDORN. Mr. Chairman, I yield 5 minutes to the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Chairman, I have listened very carefully to the debate, especially to the great eloquence of the gentleman from Illinois. I would like to say that outside of his conclusion I respectfully disagree with everything he said; however, he did present his information well.

I would like to try to destroy some myths concerning the dairy program. I would like to show you, through the use of charts, what the program really does. I would like to remind everyone that what we do here today may have the opposite effect of what is intended.

First of all, let us consider the taxpayer savings if we cut back the support program.

The program does not cost $1.3 billion a year. This is the inventory purchase cost, not the real cost to the taxpayer. Let us look at the history of the operation of the program.

I asked my staff to put together this chart. I asked them to tell me how much of the CCC inventories of dairy products spoiled. They came back to me and they said, "Mr. Jeffords, we cannot even put it on the chart. The quantity would not show up." The red is for foreign donations by the United States. Sometimes we donate to other countries. The green is for domestic donations such as the school lunch programs, military hospitals, and other institutions. The black is other disbursements. The thin blue line is put there symbolically to show what has been wasted. What happens during those years when Commodity Credit Corporation purchases are low? The schools, et cetera, are required to go out on the open market and purchase, and we give them money from Federal appropriations to do that.

There really has not been any taxpayer loss, any waste, and no abuse.

I also want to point out another thing that is very, very important to remember. The last time that an administration picked on the dairy industry to say, this is our symbol, this is our fight against inflation, look at what happened. There is a similarity between that time and this. At that time we had problems with the grain sales. We were hoodwinked by the Soviets who bought a majority of our grain.

What happened then? The price of milk escalated because the support price for milk was too low. The grain feed prices got so high that milk production went way down.

The administration said then: "We have to fight inflation." Let us import milk products to keep consumer prices down. What happened? The price to the consumer did not go down as expected. The price to the farmer did drop. We have a rachet effect.

The farm prices then, when the imports came, went down and who was the loser? The consumer.

I am worried we are going to do something similar this time.

Let me go on to the next chart.

Let us take a look at what dairy price supports have done to the consumer. The consumer should be saying support the program. Dairy products overall are 27 points below the CPI for all food commodities which includes dairy. So this program is working well. Consumer dairy prices are about 20 points below the CPI. This program has worked so well that the consumers have benefited.

Let us take another example. Let us take a look at some of our favorite drinks, cola. Look where dairy products are relative to cola, about 25 to 30 points below the increase that we have seen in the price of cola since 1973.

The CHAIRMAN. The time of the gentleman from Vermont (Mr. JEFFORDS) has expired.

Mr. JEFFORDS. Would the gentleman yield an additional minute to me?

Mr. HAGEDORN. Mr. Chairman I will if the gentleman will yield to me.

Mr. JEFFORDS. I will be happy to yield to the gentleman from Minnesota.

Mr. HAGEDORN. I want to compliment the gentleman for preparing these very fine charts. I do not think we are here today suggesting that the dairy farmers have been skimming the cream off the Federal trough, but in fact we do have a problem and where production is exceeding demand, we need a temporary adjustment and certainly support of these programs, I think, will continue in the Congress.

But I compliment the gentleman on the fine work he has done.

Mr. JEFFORDS. I thank the gentleman from Minnesota. I cannot disagree with him. I cannot stand before this body and say we should do nothing at this time. I would not have any credibility with this body if I said we did not have a problem in the dairy industry in terms of production. I am concerned for the first time in history, that we are going below 75 percent. I am concerned about the future and that so many farmers will be forced out of business. We may end up creating a worse problem for the consumer, the taxpayer, than we have right now.

Let me go on to the next chart. There is some myth that the dairy farmers are making a lot of money. If you take a look at industries as a whole——

The CHAIRMAN. The time of the gentleman from Vermont (Mr. JEFFORDS) has again expired.

Mr. HAGEDORN. Mr. Chairman, I will yield the remainder of the time which the minority has.

The CHAIRMAN. The gentleman from Vermont (Mr. JEFFORDS) is recognized for 1½ minutes.

Mr. JEFFORDS. I will go briefly through these charts. One chart shows the return on equity of dairy farms versus all manufacturing. It separates large, medium, and small farms. If you look at the return on equity for those farms, it becomes very, very obvious to anyone that our farmers are not making money. Farming is highly competitive; it is a very hard business. It is just not a profitmaking business; but a way of life. Let us take a look at the real price, in minutes worked, that it takes to buy dairy products. It has gone down over the years. It now takes less of your money to buy dairy products than in 1950 and substantially less. The program is working well.

My final message is that we must not overreact. Let me quote Secretary Ling when he testified before the Dairy, Livestock, and Poultry Subcommittee on March 25. He said, and I quote:

> The dairy industry must be handled carefully because short term mistakes may have very long lasting results.

So the point that those of us who come from dairy States want to make is that we must be very cautious when it comes to what we do now and in the future.

Yes: we must do something now, but it is so critical that we do not overreact. We may find ourselves right back where we were in the early seventies when the big loser was both the consumer and the farmer.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Chairman, I rise to urge my colleagues to give careful consideration to the way in which they will vote on Representative FINDLEY's administration bill to repeal the final adjustment of the dairy price support.

The most obvious and compelling reason to reject this proposal is that it is a callous breach of faith with America's dairy farmers; 4 years ago, we voted in favor of passage of the 1977 farm bill. Among other things, this legislation mandated the continuation of a successful Government program which maintained stability in the market for a commodity precious to millions of Americans: Milk.

The milk price support program should be looked at in an historical context. In the early 1970's, President Nixon attacked the program publicly and held down prices while allowing increased imports. Consequently, an average of 20,000 dairy operations per year went out of business for 3 consecutive years. Milk production dropped, and what followed was the sharpest increase in dairy prices ever experienced by consumers. It should be noted that in the years that the present 80 percent of parity support price has been in effect, the increase in the cost of dairy products has gone up at an average rate of 12 percent less than the price rise of all other foods. Thus, the consumer has benefited greatly from the stability this program has.

There is no question that we must make some effort to reduce the Government stocks of dairy products on hand. There is no disagreement on the issue itself, but rather on the method by which it is done. Perhaps as important as revising the price support mechanism is the question of changing the Commodity Credit Corporation's (CCC) sell-back policy. Currently, the CCC buys up milk and dairy products, stores these commodities, and then sells the stores back to processors at 105 percent of the current purchase price. Obviously, with interest rates over 15 percent, processors have no incentive to retain inventories. Instead, they use the CCC as their reserve and, months later, buy back stocks at what amounts to a mere 5 percent increase or loan. Nor does the processor pay any of the warehousing costs. In essence, the taxpayers subsidize the storage costs, which figure large into the USDA's dairy program, and pay the added interest rate as well. The sell-back price should be raised; this would reduce the cost of the program.

Milk production—and overproduction—is clearly related to the price of grain and feed. During the past 2 years—until just recently—grain prices were very low. More cows were kept because feed was cheap, milk prices were steady, and beef prices were also quite low. The result: Overproduction. Now with grain prices somewhat higher, some dairy cows are being culled out and sold. This will reduce production and help bring it into line with demand.

I realize that farmers constitute only 2.8 percent of the Nation's populace, and an even smaller percentage is involved in dairy farming. For this reason, I submit that the dairy vote has become a symbolic rather than a substantive one.

The record will demonstrate that I have always been in favor of cutting the costs of Government and balancing the Federal budget. But it will also show that I have treated proposed reductions on a case-by-case basis. I urge my colleagues, then to cast their votes on this question in a manner consistent with fairness to the dairy farmer.

Mr. Chairman, I came really prepared to make a different speech, but I want to address one point that has been repeatedly raised on the minority side today and on occasion from our side and that is that we must not, we will not and we shall not ask the dairy farmer to stand alone, that all are going to bear this equally.

This sounds remarkably like the rhetoric of the Carter administration when they put on the embargo, that the farmer would not bear this burden alone, we should all bear it equally.

Let me suggest to my friends on this side of the aisle, there is no intention of this administration to ask everybody to bear the cost equally. We have been recently, for example, in another committee, at work on an investigation of the Energy Department and the investigation within the Energy Department of the special counsel's office. The proposal of this administration is to strip that office of 80 percent of its resources. This will mean that essentially the $7 billion additional that the American consumer bore because they

were overcharged by the oil companies during the price regulated period will go essentially unchallenged. The oil companies have already started backing out of tentative agreements to settle out of court.

Now there is no intention of this Secretary of Energy to bear that cost equally. So when we say here today that we are going to insist that all bear it equally, I am going to challenge the Members of this side of the aisle to join with us when we give them a chance to make good on their commitment today that all shall bear the cost equally of the Reagan program because they are not geared to do that.

If my friend from Illinois, my friend from Minnesota, and others join us when we come in on that particular issue, I will begin to believe some of the rhetoric about all bearing it equally.

But as of this date, Mr. Chairman, I have no inclination whatsoever that this administration intends to make the cost of their program bear evenly on all the American people, for they do not, if you look at the budget, they simply do not mean that.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. I thank my distinguished chairman for yielding one more time to me during this debate.

I want to end up my comments on this bill by once again making it as clear as I can to the Members of this body that when this bill passes, I do not say "If," because I know that it will pass, and after the President signs it and I do not say "If", I know that he will, that on April 1 of this year the dairy price support for our dairy farmers will be at a level less than it was on April 1, 1949.

I want to make that point once, twice, as many times as I have to make it, so that the people in this body understand what is happening and to send a message to this administration that our dairy farmers are willing to join in the battle against inflation, but do not send them back to 1948.

It is now up to the administration. After this legislation passes, it will be up to this administration to do what every administration, Democratic and Republican, has done since 1949, and that is to make sure that on April 1 that the minimum dairy support prices will be 75 percent.

Mr. DE LA GARZA. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, I rise only to say that I concur with the remarks of the gentleman from Iowa and will assist him in every way possible in order to achieve that end.

Mr. OBERSTAR. Mr. Chairman, I rise in opposition to the legislation that will eliminate the semiannual increase in dairy price supports.

I do strongly support an amendment to establish a 75-percent of parity price support, which, though inadequate, would at least leave in place a price support mechanism and alleviate a hardship for the smallest and neediest among dairy producers.

A 75-percent price support program would, according to Agriculture Committee testimony, save $120 million in Government outlays compared to the claimed $147 million reduction that would result from passing H.R. 1986.

Passage of the Reagan administration's proposal will leave dairy farmers without a price support program for the first time since 1949 when dairy price supports were initiated. The price support program has not made dairy farmers rich. It has, however, established a measure of stability in milk production and milk marketing. It has kept a substantial number of family farmers in operation. It has preserved the institution of the American family farm.

Nonetheless, even with the price support program, the family dairy farm has at best operated on the margin of our economy, not sharing fully in the Nation's general prosperity but not quite a candidate for welfare either. I make that statement about those dairy farms that have survived; there are hundreds of thousands across this country that have not survived and I fear that those remaining may go under one by one if this bill passes and if no price support program is included in the upcoming omnibus 4-year farm bill which will be considered later in this session.

This past Friday, March 20, I held a farm forum at Almelund, Minn., in my district, to hear the views of dairy farmers about the pending legislation. What I heard was shocked disbelief that the Federal Government would abandon its commitment to dairy farming, that it would leave dairy farmers exposed to unequal and foreign government subsidized competition and that there is no consideration given in this legislation to protect against ever-increasing imports of casein which are winning the growth segment of the domestic dairy market.

I would like to share with my colleagues today comments that I have received from folks on the firing line, the dairy farmers out there in my district who are not making it rich but just barely making it, who are part of this great American free enterprise system of ours and are asking only for an opportunity to continue that tradition of private and personal initiative:

Frank Grundmeier—Hinckley: I believe that the proposed reforms would hurt the smaller family farms more than the large corporate or partnership farms because the larger operations can offset some of the low profit margin by the tremendous volume they are capable of. These new proposals could possibly be the beginning of the end of the small, but efficient, family farms.

Mr. and Mrs. Dorall Anderson—Moose Lake: Lowering prices would force dairymen to milk more cows in order to keep income up to meet payments and expenses.

Mr. and Mrs. Ken Murphy—Babbitt: If billions can be spent on overseas projects and military spending, it certainly stands to reason that the farmers of our own country should be supported.

Mr. and Mrs. Dave Skiba—North Branch: If we do not receive the dairy price support increase, we will have to increase our production either by increasing the size of our dairy herd or the production per animal in order to maintain our income over production costs.

Mr. David Svedberg—Cook: We send millions to El Salvador for arms but no powdered milk or butter to the starving in Somalia.

Mr. Albert L. Wanous—Director of Land O'Lakes: In 1980 it is estimated that 61 percent of all dairy operations had less than 30 cows. Only 5 percent had 100 or more cows. The Dairy Price Support Program has provided the price stability to maintain the family farm.

Mr. Chairman, in the short run I believe that we must preserve for the next several months at least a dairy price support system. In the long run I believe that we must, and for several years have advocated, that we convert to a system that includes in exchange for dairy price support production limitations similar to the corn and wheat signup programs or a quota system similar to that which operates so effectively in Canada and hope the Committee on Agriculture will give extensive consideration to some such innovative concept that will preserve the future of dairy farming in America.

I yield back the balance of my time.

● Mr. WALGREN. Mr Chairman, I rise in support of President Reagan's proposal to stop the April 1 automatic increase in Federal milk price subsidies and will cast my vote for H.R. 1986. On March 13, I wrote Congressman HARKIN, chairman of the House Subcommittee on Livestock, Dairy, and Poultry, urging that his subcommittee approve the Reagan proposal. I am pleased that the committee did in fact take that action and report this bill.

In recent years, the production and supply of milk have greatly outpaced consumption to the point that surpluses abound and the Federal Government is forced to buy almost 9 billion pounds of milk in the form of butter, cheese, and nonfat dry milk to keep prices artificially high. In January, the Federal Government purchased half of all the butter produced in this country. What this support system and the automatic hikes really mean are higher and higher grocery bills for our families. This antiquated system also makes Government purchases more expensive and is an enticement to dairy farmers and large dairy cooperatives to continue to overproduce milk, swelling the supply to unneeded proportions.

The Community Nutrition Institute has estimated that the April 1 increase of 7 percent would add 10 cents to a pound of butter, 9 cents to a pound of cheese, and 5 cents to a pound of nonfat dry milk. Eight cents would be added to each gallon of milk. With inflation rising at a rate of 12 percent last year, with heating and gasoline bills placing a crunch on the family budget, most Americans just cannot afford more inflation in their family food bills.

Not only can we bring some relief to family pocketbooks, we can also make a dent in the Federal deficit by passing this bill. The costs of the dairy subsidy program will have risen from $24 million 2 years ago to $1.7 billion if we do not stop the automatic increase. President Reagan has estimated that dairy subsidies could reach $3.2 billion by 1986. By not upping milk prices, taxpayers can save approximately $212 million in purchase costs and $18 million in storage, handling, and packaging of Government purchases. Again, according to the Community Nutrition Institute, by stopping the increase—

Consumers will pay over $440 million *less* for an estimated one percent more in dairy products, 0.42 index points will be shaved off what the food CPI would otherwise rise to during the summer, and the cost of the food stamp program would be spared an additional $17 million in cost between April and October 1981.

I applaud the President for taking on one of the time-honored sacred cows of the Federal budget. Creating artificially high prices and Government-guaranteed markets is simply not free enterprise. Long-term reforms of Federal farm programs are needed. Quick fix, inflationary farm price supports are not the answer. I urge my colleagues to support the President's proposal. In my view, most Americans will welcome our effort to restrain continually increasing family food prices.●

● Mr. CHAPPIE. Mr. Chairman, I represent a constituency in California where agriculture is the mainstay industry. With this in mind, I would like to make my support, and that of the majority of my constituents, known for the administration's proposal to forgo the April 1 dairy price adjustment.

While the Agriculture Committee debated the pros and cons of the semiannual dairy price supports, I gave careful consideration to the testimony of those who favor the April 1 adjustment. Their arguments could not offset the fact that the semiannual price support system has outlived its usefulness and, in my mind, gone haywire.

Today, many Americans are envious of the luxury currently enjoyed by the dairy industry where a farmer can rely on the Government, if not milk processors, to purchase the milk he produces. For the Government to guarantee a higher than market price for dairy products is extra icing on the cake. This is certainly not a luxury enjoyed by the majority of hardworking, self-employed Americans.

The facts are the U.S. Government is no longer in a situation to offer this luxury. One reason we can no longer ask the taxpayer to purchase dairy products in this manner is that we face the problem of where to store the enormous amount of surplus stock. Americans are asked to foot the bill in order to store, transport, and process a mind boggling amount of surplus stock. As of February 20, 1981, the U.S. Government owned 355 million pounds of butter, 253 million pounds of cheese, and 575 million pounds of nonfat dry milk. Clearly, a signal must be sent to our dairymen to cut back production until our market can once again determine supply and demand. If Congress does not take action to eliminate the April 1 adjustment, our constituents can look forward to paying an additional 10 cents for milk, 9 cents for butter, and 8 cents for cheese, while our budget deficit is pushed closer and closer to the $1 trillion mark.

It is important to note that elimination of the April 1 adjustment is only a stopgap solution to the problem of dairy surpluses. Those of us on the Agriculture Committee will give close scrunity to what future course price supports will take when considering the dairy portion of the farm bill. At that time, I feel certain that we will find a balance to insure adequate supplies of milk while providing our dairy farmers the opportunity for a fair return on their investment and labor.●

● Mr. RATCHFORD. Mr. Chairman, I would like to take a moment this afternoon to applaud the proposal advanced by the administration to delay the increase in dairy price supports scheduled to take effect on April 1, 1981.

As we are all aware, the bill before us today to delay the dairy price support hike is one of the earliest tests of the Congress willingness to hold the line on unnecessary Federal spending in spite of opposition from narrow special interest groups. If passed, this legislation will reduce Federal spending by over $230 million in the next 2 years, and will reflect the resolve of this body to make difficult decisions regarding priorities for Federal spending.

There are many areas in which I find myself unable to agree with the administration's budget cut proposals, believing that some of the spending reductions place unfair and unacceptable burdens on the Northeast region and on the truly needy. Yet I can only applaud the President's decision to seek a delay in the dairy price support increase as one clear area in which we can reduce nonessential Federal expenditures.

The case for a hike in price supports for milk at this time is strikingly weak. Costs of the price support program to the Federal Government have risen dramatically over the past 2 years, and have contributed to a growing problem of overproduction in the dairy industry. This year, there will be 11 billion pounds of surplus milk even without the April 1 price support increase, and without this bill to delay the increase the Government will simply be forced to pay higher prices and buy more surplus dairy products than currently necessary.

In this time of continuing inflation, the delay proposed today will both help to control Federal expenditures and also provide consumers some modest relief at the supermarket. It will require a modest sacrifice from some segments of the dairy farming industry, and yet the industry is already enjoying considerable protections at the expense of the Federal taxpayer.

Mr. Chairman, especially in light of some of the very severe sacrifices which the administration has proposed for low- and middle-income families in other program areas, I strongly urge my colleagues to join me in supporting this legislation to delay any immediate increase in dairy price supports.●

● Mr. KASTENMEIER. Mr. Chairman, I rise in opposition to H.R. 1986 which would defer the scheduled April 1 increase in dairy price supports.

This bill is the first major budget cutting proposal of the Reagan administration to reach the House floor. The President believes that Federal spending must be drastically reduced if we hope to win our fight against inflation and restore health to the economy.

None of us dispute the need to cut Government expenditures. I think it is safe to say that Members of both parties in Congress have demonstrated a willingness to give the President's economic program a fair hearing.

However, the White House has promoted the idea that Congress should approve President Reagan's economic program as a whole, and should not question the wisdom of individual budget cuts.

The bill before us today is a perfect example of why the Congress must exercise independent judgment on the various aspects of the administration's policy. H.R. 1986 will not save nearly as much money as the White House has claimed. In exchange for modest reductions in outlays, we risk a serious disruption of the market for dairy products, which will harm both consumers and producers of milk.

Since 1949, the Federal Government has supported the price of milk at between and 75 and 90 percent of parity.

Under the Food and Agriculture Act of 1977, Congress provided for a price support floor at 80 percent of parity, with semiannual adjustments of the support price on October 1 and April 1. H.R. 1986, by deferring the April 1 adjustment for this year, would result in a support price at 73 percent of parity in April. Obviously, in the following months the parity level of the support price would fall further.

Under the dairy program, farmers who cannot sell their products at the price support level on the open market can sell it to the Government's Commodity Credit Corporation (CCC) at the support price. If market prices subsequently rise, the CCC sells its stocks of dairy produce on the market. The CCC also uses its inventories for domestic and foreign nutrition programs.

The purpose behind dairy price supports is not to subsidize dairy farmers. Rather, the mission of this program is to stabilize the price and supply of milk and milk products, to the benefit of producers, processors, and consumers.

Despite recent surpluses, the program has worked well. In fact, dairy products have added relatively little to inflation. Since 1967, dairy prices have risen by 133 percent, but prices for all foods rose 162 percent while the general cost-of-living index rose 154 percent. Clearly, consumers have not been subject to unreasonable price increases for milk.

Of course farmers have benefited from the program. No longer faced with uncertainty over the price they can expect to receive for their product, dairy farmers have invested in their operations and have made large gains in productivity. It is ironic that in an economy plagued with productivity problems, we are undercutting the one industry that has become progressively more efficient.

It is also ironic that this increase in productivity, along with the problems facing other sectors of American agriculture, is responsible for drawing criticism to this program. The dairy price support program has become a victim of its own success.

Last year was a rough year for most farmers. Net farm income dropped from $31 billion in 1979 to about $25 billion in 1980. Dairy farmers, with their adequate price support program, were the exception. With feed grain prices low, yield per cow up, and a support price at 80 percent of parity, farmers were encouraged to devote more of their resources to producing milk and less to other commodities.

As a result, milk production rose by 5 billion pounds in 1980, and the CCC purchased 8 percent of all milk produced at a cost of $1.3 billion. The administration claims that without passage of H.R. 1986, outlays will reach $1.7 billion this year.

However, these costs are overstated. Let us keep in mind that the Government is not merely handing out money. It is purchasing a product, which can later be resold in the open market or used in domestic and foreign nutrition programs. In reality, the CCC estimates real costs to the Treasury for 1981 at about $315 million.

Nevertheless, the administration claims that its bill will lower Federal expenditures by $147 billion in the current fiscal year and $86 million in 1982.

From my perspective, the question is, will the savings resulting from a lower support price justify the resulting market disruption. I believe that answer is "No."

As I mentioned before, the administration's proposal would let the support price fall to 73 percent of parity. The last time it fell to about that level was in 1974. Farmers were losing $2.30 for every hundred pounds of milk sold. Production shrank, and market prices subsequently rose until they exceeded 100 percent of parity. It was in response to such price fluctuations that Congress placed the 80-percent floor on price supports with semiannual adjustments. I do not believe we should now put the American consumer back on this roller coaster.

Instead, there are many ways we can and should improve the ability of farmers to make a living in other commodities. To my mind, this is the best way to lower milk surpluses.

Finally, I would note that until very recently our dairy farmers have been led to believe that prices would be adjusted on April 1, and they have planned accordingly. It would be unfair to revoke the adjustment on such short notice.

In conclusion, Mr. Chairman, the current dairy program is not inflationary, and for a relatively modest expenditure of funds has brought stability to what was once a highly unstable market. I do not believe that consumers, producers, or the economy in general will benefit from the passage of H.R. 1986, and I urge my colleagues to reject it.●

● Mr. MINISH. Mr. Chairman, I rise in support of this measure to eliminate a proposed increase of $147 million in the dairy subsidy, which will otherwise go into effect on April 1. There is presently an oversupply of dairy products, and it does not make sense to just automatically increase support whose purpose is to keep supplies high. This built-in increase in the price of a basic foodstuff is, moreover, inflationary. It is part of a pattern of programed increases in the prices of basic necessities which fuels inflation rather than addressing the problem. We must break this overall pattern if we are to get a handle on inflation, and skipping the April 1 programed increase will be a step in that direction.

If I believed that canceling the increase would cripple or seriously harm our dairy industry, I would not favor it. But to encourage production, as the subsidy is supposed to do, when the Government is already committed to buying up a large surplus of dairy products, is overgenerous to an interest already highly subsidized and in fact prosperous. In fact, I think that the time has come for us to find new opportunities for our dairy products overseas particularly in hungry nations which have an abundance of petroleum and other strategic products which we need. I have every confidence that our dairy industry will thrive in an era of increased demand for their products. On the other hand, the subsidy will do no good to the consumer—that is, all of us—who must pay an increase whose rationale is no longer clear or compelling. When the rest of the Nation is called upon to accept sacrifices and cuts, to cope with radical increases in energy prices and other basic necessities, it would be singularly inappropriate for us to increase the already large benefits to this one interest. I hope that my colleagues will join in supporting H.R. 1986.●

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

H.R. 1986

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446), is further amended by deleting subsection (d).

Mr. JEFFORDS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I just rise to tell the body why I do not at this time offer an amendment with respect to the casein issue. It is very simply that I would get blown out of the water by a rule of the Chair, because I have been informed that the bill in its present form would not allow me to get into the casein issue.

But I want to assure the Members of the House and certainly my friends in the dairy industry that at a time appropriate I intend to do all I can to face and to do something with respect to the problem of the importation of casein. I want to commend the chairman of the subcommittee, the gentleman from Iowa (Mr. HARKIN) for speaking so forcefully and strongly about insuring that we do not set a precedent by going below 75 percent of parity, so essential to insure the long-term stability of the industry.

For the reason that I cannot under the rules offer an amendment on casein, I do not do so at this time.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

I want to take this opportunity to express my appreciation to the leadership on both sides of the aisle and especially to the gentleman from Texas (Mr. DE LA GARZA), the chairman, for expediting House consideration of this very important bill.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Minnesota.

Mr. FRENZEL. I thank the gentleman for yielding.

I take exception that casein is some sort of a disruptive element in the milk production and marketing system of this country.

□ 1415

I note that the casein imports are much less than 1 percent of total milk sales. I note that the ITC undertook to study this problem in 1979, and indicated that there was no relationship between prices over production or anything in our milk system, to casein imports. I note that the ITC again studied it, updated it in December of last year, which is just now 3 months ago. I suggest that if the gentleman has a complaint against casein import, that he go back to the ITC and follow the normal rules that we have established under law to protect our producers from some kind of subsidized or unwarranted competition.

Mr. JEFFORDS. If we are following the normal rules perhaps I might agree with the gentleman. He knows as well as I know that, for reasons somewhat unclear, when casein was allowed to come into this country it was being used then as a chemical, for drugs, perhaps for therapeutic foods, but not as a substitute for daily products.

So, when the gentleman says follow the normal rules, I would be glad if it was categorized as it ought to be, as a dairy product. So, to say that we are playing the normal rules, to say that this is not significant, to say that it is only about 1 percent, you have to realize that our production is only 3 to 5 percent above demand, so that is 20 percent of the problem, or more. That is a significant part of the problem.

We should do something about it, and also point out that some of it is coming in by this loophole in our trading laws. Some 40 percent or more is coming from Common Market countries where production is highly subsidized. That means that our taxpayers are being used here to allow products to come in from the Common Market countries really in contravention of section 22. These products are over here costing the taxpayers money for concessions that were made in the GATT negotiations. So, I just do not agree that we are playing under normal rules.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Missouri.

Mr. VOLKMER. On that, we all recognize that the International Trade Commission is made up of five or seven members, and surely they can make an error once in a while maybe because of lack of evidence. We have seen a circumstance just recently developing where just last year in their hearings they made a decision that imported automobiles were not impacting at all on the American automobile manufacturers; yet, we see something developing, and this week we are seeing just the opposite. I agree with the administration and disagree with the International Trade Commission.

On the casein issue, if the gentleman from Minnesota would go to any grocery store, he would find in that grocery store artificial cheese. If he would listen to the testimony, he would find that in Duluth, Minn., there is a pizza manufacturer known as Geno's, and he would have found out in testimony before our Agriculture Committee that Geno's use nothing but artificial cheese. They do not use any type of American cheese.

What is happening to the other pizza huts? They use good old American cheese, but now, because of artificial cheese made from casein——

The CHAIRMAN. The time of the gentleman from Vermont has expired.

(By unanimous consent, Mr. JEFFORDS was allowed to proceed for 5 additional minutes.)

Mr. VOLKMER. The thing is, I could find it, and if that does not impact on American cheese, I would like to know what it does do. If people buy that cheese in place of American cheese, and we have testimony that they are doing it, to say that does not impact is just hiding your head in the sand.

Mr. FRENZEL. Mr. Chairman will the gentleman yield further?

Mr. JEFFORDS. I will be happy to yield.

Mr. FRENZEL. I thank the gentleman for yielding. I think the picture is very clear as it has been laid out for us by the ITC. I know that the increase in casein imports last year was imperceptible. It was almost level with 1979, and it seems to me that there has not been showing of any sort of unfair competition.

Mr. JEFFORDS. Let me interrupt there. The competition has been there. Remember the ITC report; they agreed that so much was coming in, agreed that it was being used as food. Their conclusion was, since there is no casein industry in the United States, therefore there is no competition; therefore it can come in. That is an absolutely ridiculous conclusion.

We do not disagree with the facts they came out with, but when it is well known what they are doing is using casein as a substitute for nonfat dairy milk and cheese, and they say, "Yes; we do not have any casein. Yes; there is no impact on the dairy industry," that is just a non sequitur.

Mr. FRENZEL. Will the gentleman yield further?

Mr. JEFFORDS. I yield.

Mr. FRENZEL. Mr. Chairman, there has been some discussion in the House today, and in the other body over the last several days, that imports of casein have become so excessive that the dairy price support program is seriously threatened. The simple solution, a few of our colleagues argue, is for the President to use section 22 authority to impose a quota not only on casein imports but also on any product containing as little as 5 percent imported casein.

The truth of the matter is that, although the volume of casein imports has increased over the last few years, there has been no evidence to show that casein imports have seriously displaced the use of nonfat milk in feed or in certain food products such that milk price supports are adversely affected. In fact, there is substantial evidence to the contrary.

In December 1979, the International Trade Commission (ITC) issued a report based on an extensive study of casein and its impact on the domestic dairy industry. The report concluded that there was "virtually no statistical relationship between imports of casein and mixtures of casein and purchases of nonfat dry milk under the price support program in recent years," nor was any "clear statistical relationship apparent between the imports and domestic production or consumption of nonfat dry milk." At the request of the Ways and Means Committee, the ITC updated the date through the end of last year and submitted a letter to the committee on March 20 declaring that the general conclusions of the 1979 study were still valid.

Since the ITC report did not fully address the question of interference with the dairy price support program, the Secretary of Agriculture agreed to conduct a section 22 study designed specifically for that purpose. The results of the new study are expected in June. Then we should better be able to determine the extent to which domestic users of imported casein would be willing to purchase nonfat dry milk at the extremely high prices insured by the current price support program.

At the present time, there is no domestic production of casein. American dairy producers have no interest in that market and have left the job of supplying this product to importers. The reason is simple—they can get a much higher price from the Govern-

ment for the excess nonfat dry milk that they produce. Now they want to have the Government guarantee a market share for their artificially high-cost nonfat dry milk by restricting the imports of a partially competitive product. To the extent that the two products are not interchangeable, domestic production of casein may develop—but at a much higher price.

Based on the evidence at hand, I see no basis for restricting imports of casein whether or not you are talking about doing it in this bill or waiting for a future omnibus farm bill. Imported casein meets a market demand that cannot be filled by domestic producers at a reasonable price.

Although some of the imports come from the U.S.S.R., the overwhelming majority comes from the European Community and Australia—both important trading partners with whom the United States has large positive trading balances. As GATT members they both would have the right to demand compensation for any arbitrary restriction on their casein exports to this country. The compensation could take many forms, but a likely form would be to create quotas against U.S. agricultural and machinery imports into their markets.

To limit imports of casein will strike at a number of our most important trading partners. Look at the 10 major suppliers of casein, the countries which furnish 97.4 percent of our imports. I note that in 1980 we had a total trade surplus with those 10 countries of $14.4 billion.

To limit imports from countries where we in general have trade surpluses is certain to invite retaliation by them against our products, particularly our farm products.

We cannot sell to others if we block their sales to us. Trade is a two-way street. This casein-limiting amendment destroys that principle, and will hurt a wide range of U.S. exports. I urge its defeat.

Mr. Chairman, the risks of quota legislation both to our own economy and to the standing of the United Sates in the world trading community are great. I hope that every industry does not attempt to use quotas to solve its economic dilemmas or to preserve some false advantage.

I would say further that casein is a bound duty under GATT. A good deal of it comes from trading partners like Australia and Europe, as the gentleman indicated, with whom we have enormous positive trade balances. Under GATT, they can demand competition. We sell, for instance, a good deal of agricultural products to Europe. They could quota up. They could demand payment back from us, and in my judgment, it is absolutely foolhardy, particularly at the level of import and level of effect of casein import, to even consider quotas in this business. Instead, we should learn how to improve our nonfat milk that we produce very efficiently and very effectively all over the world.

Mr. JEFFORDS. I would just like to make this comment: The gentleman hit on the really critical question here. It has nothing to do with the impact. The impact is obvious. It is a question of what we gave away at the negotiation tables to allow casein to come in under this loophole.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I thank the gentleman.

Mr. Chairman, we had hearings some weeks ago and we will have additional hearings tomorrow with the Secretary of Agriculture. Let me say that we do not have any surplus dairy products. We have a surplus when compared to domestic demand but not compared to the world market which is the market the Commodity Credit Corporation refuses to sell. We have a sales manager which the Congress created, but we will not let him sell anything. So, I suggest we amend this section before us by striking out the period at the end of line 5 and inserting a comma and adding the following: "for such time as dairy products owned by the Commodity Credit Corporation are offered for sale in world markets at competitive prices, through normal channels or under Public Law 480 or other foreign assistance programs.".

So this so-called surplus has been bought up by the Commodity Credit Corporation. They are paying storage on these dairy products, when the world is crying for food, and we are holding it off the market and reducing the price at home.

What is the benefit of what I am suggesting? It lets the man at home keep his cows and have a larger market. If we take this other step, we are doing the worst thing I can think of for the consumer, and let me tell you why. The Secretary of Agriculture is a hog man. You can get into the hog business in 9 weeks, but when you get rid of the dairy cows it takes 5 or 6 years to get a herd back in production. If we have a short feed crop, we are going to have people begging for milk.

I had a past experience with former Secretary of Agriculture Benson years ago. He held $10 billion worth of commodities off world markets, and all the time through foreign aid we were increasing other countries' farm production. I say what we should do here is keep our products available to the people of the world and not withhold them from the hungry.

So I would suggest, and I will ask my chairman to listen to me, that we add my amendment at the end of this bill, so the dairy products can be sold on the world markets through our foreign aid programs or in other such ways that can be worked out.

Mr. JEFFORDS. I commend the gentleman for his statement.

The CHAIRMAN. The time of the gentleman from Vermont has again expired.

(At the request of Mr. VOLKMER and by unanimous consent, Mr. JEFFORDS was allowed to proceed for 2 additional minutes.)

Mr. JEFFORDS. I would commend the gentleman and say that a couple of years ago I got a similar amendment on the dairy bill which allowed us to do something like that. I intend to do in subcommittee exactly what the gentleman suggests, that we ought to be able to allow the CCC, especially when they have large excesses, to sell them on the world market and not at domestic price.

Mr. WHITTEN. Let me say Congress created a sales manager but Agriculture will not give him the go-ahead sign to sell these commodities. They already have the authority and the sales manager in place for this purpose. If they do not let him sell the commodities, they do not need him.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Missouri.

Mr. VOLKMER. Just so we can keep the record straight for the gentleman from Minnesota who spoke earlier on casein, New Zealand provides us with right at 50 percent or more of our casein. You add that to Australia and Ireland, the only major country in Europe that provides us with casein. If we take those three countries out we have less than 10 percent, and of that more than half comes from Communist countries. I do not think we have to worry about buying casein from Communist countries.

Mr. FRENZEL. If the gentleman will yield, I would like to know what the Communist countries are? I understand from Russia we get from 1 percent.

Mr. JEFFORDS. Correct.

Mr. VOLKMER. That is correct.

Mr. FRENZEL. Half of 1 percent. Are there any others?

Mr. VOLKMER. Poland and Russia.

Mr. FRENZEL. Poland, we do have normalized trade with Poland?

Mr. VOLKMER. The point is, the gentleman said 50 percent came from Russia; 50 percent does not. It comes from New Zealand.

The CHAIRMAN. The time of the gentleman from Vermont has again expired.

Mr. OBEY. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 5 minutes.

Mr. OBEY. Mr. Chairman, I usually need a couple of laughs around here, and this debate has certainly provided them so far. As the gentleman from Indiana has indicated, the suggestion that this budget presented by this administration this year is anything remotely resembling a fair and square deal for everybody, and equal burden sharing for everybody, is just so much nonsense.

The fact is, if we look at that budget, if we exclude the almost $200 billion for defense which is not cut under the budget; if we exclude the almost $200 billion for elderly and entitlement programs which are nicked only a little bit under the budget; if we exclude interest, which we do not chisel on, but simply pay what we owe, we wind up with the lion's share of the budget cuts being focused on what I would call the investment portion of the budget.

We can argue about whether some of those are good investments or bad investments, but they represent somebody's idea of what a good investment is. In that portion of the budget, you will find that despite the administration's suggestion that we do not have a cut but just a reduction in the increase, you will find in that share of the budget that you have a $20 billion reduction from last year's level. You will find that in real terms in the investment portion of the budget we have a 16-percent real reduction. I hardly call that even burden sharing.

I would suggest there is also another reason for voting against this legislation, which I intend to do. That is because the administration is parceling out its dairy program on the installment plan. We know what the downpayment is today; it is the elimination of the April 1 adjustment. But Mr. Stockman has already indicated that in the regular farm bill the administration will probably present a parity figure which is below 75 percent. In addition to that, Secretary Block has already indicated that there are not going to be target payments for other commodity programs. When the administration is refusing to reveal its farm program in its entirety until we vote on this legislation, that indicates to me they have a whole lot more in store for dairy farmers that we ought to know about before we vote on this bill.

I would be perfectly happy to consider this bill once the administration drops the other shoe, but given the fact that they have not, and given the fact that I think I know what that other shoe is going to contain, I am not going to support it.

AMENDMENT OFFERED BY MR. FITHIAN

Mr. FITHIAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FITHIAN: Strike out the period at the end thereof and insert in lieu thereof the following: ", and inserting a new subsection (d) as follows:

"(d) Notwithstanding any other provision of this Act, for the period beginning April 1, 1981, and ending September 30, 1981, the Corporation shall not sell any stocks of dairy products owned or controlled by it for unrestricted domestic use at less than a price that reflects 112 per centum of the current support price for milk."

□ 1430

Mr. FINDLEY. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. FINDLEY. I reserve the point of order, Mr. Chairman.

The CHAIRMAN. The gentleman from Indiana (Mr. FITHIAN) is recognized for 5 minutes in support of his amendment.

Mr. FITHIAN. Mr. Chairman, I offer this amendment now, and I shall not take the full 5 minutes. I made this argument in the committee, but I think for those who follow the debate on the floor of the House we ought to establish the point that one of the costs of the dairy program which we certainly ought to eliminate is having the Commodity Credit Corporation of the U.S. Department of Agriculture bear the burden of the warehousing and the cost of inventory of milk products.

As must be obvious, the present sellback price of 105 percent in no way covers the warehousing costs of the product, without even discussing the issue of whether or not you can borrow money at 5 percent these days; clearly you cannot.

So this is what happens in essence. If I were a processor of a dairy product, if I were an ice cream manufacturer or were operating, say, a Pizza Hut or whatever, I certainly could figure out quickly that it would be cheaper to have the USDA carry the inventory for me and during short seasons of milk buy it back at 105 percent than it would be for me to borrow the money and pay the costs of inventory and handling and the warehousing costs and all the rest of it.

We got into the imbroglio in part at least because the administration put out some remarkable figures on what the cost of the program was. My good friend, the gentleman from Vermont (Mr. JEFFORDS), has, I think, adequately established from the other side of the aisle that those figures are fallacious. One reason they are very faulty is that in the assessment of the cost of the program they did not take back or subtract from it the sellback profit, the sellback amount or the donation amount to other departments.

The point I am making, however, is that we are fundamentally wrong unless this administration increases the price and we were fundamentally wrong because the last administration did not increase the sellback price so that private industry out there would have to pay its way.

There has been a lot of talk about that around town these days, about all of private industry paying its way. I would suggest that we arrive at that point by this amendment and subsequently everybody in the committee would arrive at the point where in fact private industry does bear its share. And I will assure the Members that no 105-percent sellback opportunity causes private industry, ice cream manufacturers, processors, food processors of all kinds, to bear their fair share of the cost of this program.

In fact, it is a subsidy to all the processors of milk products, and without this kind of change, which could, I point out to the House, be made by this administration without any effort on our part—and it could have been made by the previous administration, and it should have been done—without that adjustment to the sellback price, we are going to continue to mount fallacious figures around here as to the cost of this program.

Mr. Chairman, that is what my amendment is all about. I would now listen to my friend, the gentleman from Illinois (Mr. FINDLEY), on his point of order.

The CHAIRMAN. Does the gentleman from Illinois (Mr. FINDLEY) insist on his point of order?

Mr. FINDLEY. Mr. Chairman, I do insist on the point of order.

Mr. FITHIAN. Mr. Chairman, would the gentleman yield?

Mr. FINDLEY. I yield to the gentleman, yes.

The CHAIRMAN. The gentleman will first state his point of order.

Mr. FITHIAN. May the gentleman yield, Mr. Chairman?

The CHAIRMAN. The Chair controls the time. The gentleman from Illinois (Mr. FINDLEY) will state his point of order. If he wishes to yield after he states his point of order, he may do so.

POINT OF ORDER

Mr. FINDLEY. I thank the Chair.

The amendment offered by the gentleman from Indiana (Mr. FITHIAN) goes quite beyond the scope of the bill before us. The bill before us relates only to the mandate under which the Secretary of Agriculture must readjust the parity price support of dairy products on April 1, whereas the gentleman's amendment deals with the Commodity Credit Corporation, which is not subject to the bill now pending. It deals with the authority of that Corporation, and it deals with its policies relating to the disposition of inventory controlled by the Commodity Credit Corporation.

So, therefore, Mr. Chairman, very clearly the gentleman's amendment is not germane.

The CHAIRMAN. Does the gentleman from Indiana (Mr. FITHIAN) wish to be heard on the point of order?

Mr. FITHIAN. Only to this extent, Mr. Chairman:

The gentleman from Illinois (Mr. FINDLEY) raised this point of order in the Committee on Agriculture the other day. I pointed out to my friends on that side that it was the narrowest of constructions I had seen in the committee for 7 years.

But, Mr. Chairman, I do know what the ruling of the Chair will be in this case, so I withdraw the amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

If there are no other amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FROST, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1986) to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually, pursuant to House Resolution 117, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. DE LA GARZA. Mr. Speaker, pursuant to the provisions of House Resolution 117, I move to take from the Speaker's table the Senate bill, S. 509, a similar bill to H.R. 1986, and move its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The motion was agreed to.

MOTION OFFERED BY MR. DE LA GARZA

Mr. DE LA GARZA. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. DE LA GARZA moves to strike out all after the enacting clause of the Senate bill, S. 509, and to insert in lieu thereof the provisions of H.R. 1986, as passed.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

H.R. 2594 was laid on the table.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is their objection to the request of the gentleman from Texas?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 85. Concurrent resolution congratulating the government and people of Spain on their commitment to democracy.

LEGISLATIVE PROGRAM

(Mr. LOTT asked and was given permission to address the House for 1 minute.)

Mr. LOTT. Mr. Speaker, I have taken this time for the purpose of inquiring as to the schedule for the House next week.

Mr. DASCHLE. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from South Dakota.

Mr. DASCHLE. Mr. Speaker, there is no legislation scheduled for the week of March 30, 1981, but the House will meet in pro forma sessions on Monday, Tuesday, Wednesday, and Thursday, at the regular times, that is, at noon on Monday and Tuesday, at 3 p.m. on Wednesday, and at 11 a.m. on Thursday. There will be no session next Friday.

Mr. LOTT. Mr. Speaker, let me make sure that I understand the gentleman.

There is no legislative business scheduled next week; is that correct?

Mr. DASCHLE. The gentleman is correct.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, I thank the gentleman for yielding.

I note that in yesterday's debate we were told that we could not talk about the committee budgets individually because it would waste the time of the House, and yet the time of the House is going to be well taken up next week with plenty of pro forma sessions and no business. I am delighted that we saved so much wasted time.

Mr. DASCHLE. Mr. Speaker, will the gentleman yield?

Mr. LOTT. Mr. Speaker, the committee will certainly be involved in responding to the President's program and will be deliberating on each and every one of those budgetary recommendations that have been made, so certainly the work of the House will be taken up in committee business.

Mr. LOTT. Mr. Speaker, I have one further question of the gentleman.

The times we do come in for pro forma sessions will be the regularly scheduled times; is that correct?

Mr. DASCHLE. Yes, they will.

Mr. LOTT. Mr. Speaker, I yield back the balance of my time.

ADJOURNMENT TO MONDAY, MARCH 30, 1981

Mr. DASCHLE. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it stand adjourned until noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. DASCHLE. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

HUNDREDS OF THOUSANDS OF STUDENTS AFFECTED BY STUDENT AID CUTS

(Mr. PEYSER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and to include extraneous matter.)

Mr. PEYSER. Mr. Speaker, the administration has moved now to stop the implementation of all Pell grants in this country, and as of last week the program, which affects well over 1½ million students for next fall's term, has been brought to a total halt. They are doing this because they are pressuring or trying to pressure the Congress to change regulations that would eliminate hundreds of thousands of students from Pell grants. Hopefully, we are going to resist this, Mr. Speaker.

Today I am putting in the RECORD a letter from Swarthmore College, located in Congressman EDGAR's district; a letter from the University of Minnesota Technical College, located in Congressman HAGEDORN's district; and a letter from Columbia University, located in Congressman WEISS' district, all urging the Congress to resist these attempts.

Mr. Speaker, the letters are as follows:

SWARTHMORE COLLEGE,
Swarthmore, Pa., March 20, 1981.

Hon. PETER A. PEYSER,
House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN PEYSER: Thank you for your letter of March 4 regarding the proposed budget cuts in student financial assistance. As you can see by the enclosed letter which was sent to two local newspapers, I am in complete agreement with you on this matter. My colleagues at Bryn Mawr

and Haverford and I will continue to fight the proposed cuts, and we thoroughly support your efforts and those of your colleagues to do the same.

Sincerely,

THEODORE FRIEND,
President.

SWARTHMORE COLLEGE,
Swarthmore, Pa., March 6, 1981.

EDITOR,
The Philadelphia Inquirer,
Philadelphia, Pa.

TO THE EDITOR: As presidents of the three colleges signed below, we are concerned to play our part in responding to federal initiatives that seek to reduce inflation and increase productivity for the benefit of the entire economy.

For several years our institutions have striven to maintain or to achieve balanced budgets in an inflationary economy. These successful efforts have required, among many other adjustments, large reductions in energy consumption, observance of federal controls and regulations, and reductions in faculty and staff. We believe we speak for institutions that have acted responsibly within their own missions and within the requirements of national policies.

Against the background of these efforts, we feel moved to question the wisdom of drastic reductions in funding of federal grants and loans for student financial assistance. Some higher education assistance programs may require pruning. The budget reductions now proposed, however, appear to us to cut too deeply and too indiscriminately. Estimates of the number of students that would be forced to drop out of college range as high as 500,000 to 750,000. In speaking for these students, we believe we are speaking not for a "special interest," but for lower and middle income American families, and for our nation's investment in leadership talent for the future.

Severe cuts in the budgets of the National Science Foundation, National Endowment for the Humanities, and National Endowment for the Arts would also adversely affect colleges and universities. Many of them like ourselves rely on opportunities for teaching faculty with strong research orientation to fund their research leaves from government sources.

The combined impact of the prospective cuts on student financial assistance, faculty research projects, and programs open to the public gives us, with the rest of the higher education community, serious concern. We continue to respect the need for controlling the national economy, and we continue willing to play our role in that effort. At the same time we are moved to ask whether national priorities are in just and proportionate focus. Our obligation as presidents of institutions committed to excellence in higher education forces us to put this question: are greatly reduced educational, scientific, and cultural expenses in the long run going to make us a stronger or a weaker nation?

THEODORE FRIEND,
President, Swarthmore College.
MARY P. MCPHERSON,
President, Bryn Mawr College.
ROBERT B. STEVENS,
President, Haverford College.

UNIVERSITY OF MINNESOTA,
Waseca, Minn., March 12, 1981.

Hon. PETER A. PEYSER,
Congress of the United States, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN PEYSER: In response to your letter of February 20, 1981, we do share the concerns you have relative to the discussion on modifying the Guaranteed Student Loan Program and the Basic Opportunity Grant Program.

The Middle Income Assistance Act passed a couple of years ago has allowed more of the families who attend our college to participate in the Guaranteed Student Loan Program. As a result, the students taking advantage of financial aid programs increased from approximately 50% of our student body to 75% the past two years.

Concerning the Guaranteed Student Loan Program, it appears that because of the number of students on the Guaranteed Student Loan Program at the University of Minnesota, Waseca, any modification could create for some financial difficulties which may make it impossible for them to continue their college education. If it appears there are some misuses of this program by wealthy families, possibly some upper income levels, could still be set. We need to be aware, however, that upper middle income families qualify for virtually no financial aid programs other than the Guaranteed Student Loan Program. Therefore, the upper income limits should be set rather high so as to not further disadvantage this group.

Concerning the Basic Opportunity Grant Program, these funds are earmarked for the truly needy students. Cuts in this program could result in under-funding the needs of these students who have the least chance of any in gaining support from their parents. This would result in students having to drop out from school or at the very least force the college to fund this need differential from other campus based programs which in most cases are not sufficient to make up the differences that are likely to result in the reduction of this program.

I trust this information shares our feelings with you. Thank you for an opportunity to respond to this very important issue.

Sincerely,

EDWARD C. FREDERICK,
Provost.

COLUMBIA UNIVERSITY,
New York, N.Y., March 12, 1981.

Hon. PETER PEYSER,
House of Representatives,
Washington, D.C.

DEAR PETER: I write to re-emphasize our strong interest in the student aid programs that are so important to Columbia and to other universities and colleges. When others are proposing major cuts in student loan and grant programs, it is good to know that we have friends like you in Washington who understand our needs, and the needs of our students and their families.

In our brief meeting last Monday, you indicated that you are proceeding with plans to resist excessive cuts, as outlined in your February 27 letter to Columbia. We want very much to support the efforts of our elected officials who understand the importance of student financial aid.

Columbia President Michael Sovern shares this view, as confirmed by your telephone conversation with him. He would gladly consider his personal participation in advocating these programs, if that would be a meaningful contribution. He has already written Postsecondary Education Chairman Paul Simon and others to stress this need. A copy of this letter is enclosed for your information.

At Columbia, we plan to increase our activity and effectiveness in governmental relations. Our students, faculty, families and friends have made outstanding contributions as individuals to public affairs, but have rarely participated in a coordinated way on issues which affect the institution. Of course, they will each form their own views on public issues. It is appropriate that they decided for themselves how they should present their viewpoint to the Government. However, we believe that the University has a role in informing them of the impact on Columbia of proposed changes in Federal policy. Many here have already indicated their desire to become more active to help support these student aid programs. As you know, I have come here to establish a new Office of Government Relations and Community Affairs in order to give sharper focus to this important function.

We would like to help. Please let me know what you suggest for the next steps.

With best wishes,

Sincerely,

GREGORY FUSCO,
Vice President for Government Relations and Community Affairs.

COLUMBIA UNIVERSITY,
New York, N.Y., March 6, 1981

Hon. PAUL SIMON,
Chairman, Subcommittee on Postsecondary Education, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN SIMON: I write to express the deep concern of Columbia University over proposals for major reductions in federal student aid programs. We are particularly concerned about the Guaranteed Student Loan Program and the Pell Grant Program.

Our students use these programs to help themselves and their families pay their educational expenses. I note with pride that we admit qualified students to Columbia without consideration of their ability to pay. Last year institutional funds from general university income provided over $8 million to our undergraduate students with financial aid need. We shall spend still more of our own money next year. But we cannot do the job alone. Our ability to maintain our present admissions and financial aid policies is gravely threatened by suggested cuts in federal programs.

Columbia students borrowed over $37 million last year, shouldering obligations that they and their families will have to repay. The money they borrowed under the Guaranteed Student Loan Program was private capital; the federal government provided only an interest subsidy. A major portion of the increased cost of that subsidy is attributable to high interest rates and would fall dramatically if interest rates were reduced. If proposed changes drive voluntary lenders out of this program, where could our students locate other sources for the $37 million they provide?

The Pell Grant Program represented a new era in student aid. It is entirely need-based. Recognizing the cost differences at institutions, it still covers only a portion of these costs. The Pell Grant is a vital element in helping students invest in themselves. To reduce the grant award size by one-third or more would reverse a decade of wise investment in human resources and effectively repeal the federal policy of equal access to education.

While my responsibilities are principally focused on my own institution, my concerns have a broader range. I urge you to consider fully the implications of reducing these programs. The impact on our young people, on

their families, on institutions of higher learning and, ultimately, on our nation should be carefully assessed.

Columbia is ready and able to work with the Congress and the Administration in seeking alternative ways to operate these programs. However, we believe the current proposals for change would seriously damage higher education and must be improved.

I appreciate your interest in this important issue and hope to work with you to establish more effective federal programs of student financial aid.

Sincerely,

MICHAEL I. SOVERN.

CALIFORNIA FAVORS SAME-TIME/SUNDAY VOTING

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BIAGGI. Mr. Speaker, last August, several months before the 1980 election, I introduced legislation changing election day to Sunday and requiring same-time voting across the United States. My legislation was inspired by two major documented facts. First, U.S. voter turnout has declined in every Presidential election since 1960. Second, the voter turnout rate in Western European democracies where elections are held on Sundays averages nearly 90 percent.

Although unintended, mine turned out to be a legislative prophecy. The official 1980 voter turnout was the lowest for a Presidential election in 32 years, a dismal 53.95 percent. In addition, 1980 voter turnout declined from 1976 in every Pacific time zone State, where polls were still open when a Reagan victory was projected.

On the first day of this session, I reintroduced my same-time/Sunday voting initiative. The bill, H.R. 84, is presently cosponsored by 29 of my colleagues.

Survey results published in yesterday's Los Angeles Times provided important testimony to the widespread acceptance of this proposal. Out of some 1,000 California residents surveyed—including 883 registered voters—an overwhelming margin of 60 to 36 percent said they favored same-time/Sunday voting. I am inserting a copy of the article:

[From the Los Angeles Times, Mar. 25, 1981]

TV PREDICTIONS OF PRESIDENTIAL RACES OPPOSED

SAN FRANCISCO.—Three-fourths of California residents think that television networks should be prevented from predicting the outcome of presidential elections until the polls have closed in California, according to a California Poll released Tuesday.

By a margin of 60% to 36%, Californians said they would favor changing national elections by holding them on Sundays and having the polls close at the same time across the country.

In last November's presidential election, television networks began predicting the outcome as early as 5:15 p.m. PST, and President Carter conceded defeat while voters on the West Coast were still casting ballots.

The California Poll, conducted in January by the Field Institute, was based on telephone surveys of 1,061 California residents, of whom 883 were registered voters.

WITHHOLDING STUDENT AID FUNDS

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, I rise today to bring again to the attention of my colleagues the serious threat to Federal student assistance caused by the Reagan administration's refusal to process Pell grant applications for the coming academic year.

We are all aware of the importance of the Pell grant program in providing basic grant assistance to college students from low- and middle-income families. The processing of Pell grant applications by the Department of Education is not only essential if these basic grant awards are to continue, but colleges and universities across the country will be unable to calculate their own financial aid awards until Pell grant determinations are complete.

I should stress that the issue at hand now is not the level of funding for the Pell grant program. Regardless of what level of funding the Congress approves for student aid grants, the law provides a method for reducing grant awards in the event of less than full funding of the Pell grant program. Yet without any clear statutory authority, the administration has halted processing of student aid applications and is pursuing alternative regulations for the program.

Mr. Speaker, I can only view the administration's actions in failing to consider Pell grant applications in a timely fashion as irresponsible and grossly insensitive to the needs of students and their families. The administration has ignored the law in carrying out its administrative responsibilities, and is now approaching a point at which it may in effect "freeze" student aid funds which have been lawfully appropriated by the Congress.

Our memories must not be so short that we forget the lessons of a decade ago which led to prohibitions against the impoundment of appropriated funds by the President. The administration certainly should pursue its budget proposals through the established budget and appropriations processes; it must not anticipate or reverse congressional action by unilaterally bringing the student aid program to a halt.

I warn my colleagues in the House that the administration is on the verge of a serious breach of the legislative process which will have a dramatic impact on students. If the processing of Pell grant applications does not resume in the very near future, the complex student assistance structure at our colleges and universities will begin to disintegrate and students will have no way of knowing whether they will receive sufficient financial aid to allow them to attend college.

Mr. Speaker, I cannot believe that the administration wishes to encourage a confrontation with the Congress on this issue at a time when it is attempting to work in a bipartisan fashion to shape an effective response to our present economic problems. I strongly urge my colleagues in the House to voice their concerns regarding this serious threat to the student aid program, and to join me in requesting the administration to resume processing of Pell grant applications at the earliest possible date.

ARMS ESCALATION UNNECESSARY AND UNWISE

(Mr. FASCELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FASCELL. Mr. Speaker, with a number of our colleagues of the Foreign Affairs Committee, I recently joined in a letter to Secretary of State Alexander Haig, expressing our serious concerns regarding the possible sale of sophisticated offensive equipment to Saudi Arabia for its F-15 jet fighter planes.

I fully recognize that the United States has a very real and legitimate interest in the security and stability of Saudi Arabia, particularly in the role the Saudis can play as a moderating influence on other nations of the region. But I must express my concern over what I consider the strong possibility that this sale will further stimulate the interest of other Middle Eastern nations in the purchase of additional arms.

There is no current external threat to Saudi security which requires this enhanced offensive F-15 capability. At an earlier time credence might have been given to the argument that Saudi Arabia needed a stronger defensive capability against a possible Iraqi attack. But rapprochement between Iraq and Saudi Arabia, coupled with the present Iraqi-Iran conflict, make it less likely that Iraq would or could launch a military undertaking against the Saudis.

The potential use of the Saudi F-15's in another Arab-Israeli war substantially magnifies Israeli security problems. Air superiority is essential to the defense of Israel, and if this sale is made Israel will have to stretch thin the capability of its already outnumbered air force, and divert some of

its aircraft from other essential missions in order to defend against possible Saudi air attacks. Enhanced Saudi weaponry may diminish, rather than bolster, Saudi security. Saudi F-15's could well become a preemptive attack target at the outbreak of any hostilities, making it altogether too likely that Saudi Arabia would be drawn into any conflict.

Israeli perceptions of the F-15 add-ons are emphatically negative. Saudi Arabia has participated in military hostilities against Israel in past conflicts, and remains a declared adversary. The Saudis have also financed Egyptian, Syrian, and Jordanian military efforts against Israel. Saudi financial and political support for the Palestine Liberation Organization, Israel's avowed enemy, is well known. While intelligence experts generally agree that Israel's present military capability is adequate to withstand any combination of Arab forces which might attack, Israel herself perceives a need for an increased military capability to compensate for the F-15 enhancement. The administration tentatively plans to offer to Israel an additional $600 million in military credits in fiscal years 1983 and 1984 for the purchase of aircraft and air defense equipment.

And thus the arms sales upward spiral continues. The sale of this enhanced equipment will undoubtedly whet further the appetites of other countries in the Middle East for additional arms sales. Egypt has already asked for major increases in U.S. military credits in light of the threat it faces from Libya, which has a huge Soviet-supplied arsenal and a highly irrational, aggressive foreign policy. Iraq, whose military capability has been depleted by its war with Iran, could see the F-15 add-on as an additional threat, and might seek additional Soviet arms at a time when their relations with the Saudis are at a relatively low ebb. Finally, all countries in the Middle East with whom we have friendly relations may review the F-15 add-on as a reward to Saudi Arabia for close relations with the United States, and may seek similar expressions of U.S. support. It is important in this connection to remember that most Mideast countries view their arms supply relationship with the United States as the sole test of U.S. reliability, and consequently as a political commitment.

I must admit that both the United States and Saudi Arabia see a real threat to the region from the Soviet Union. A potential of which the Israelis are well aware. The F-15 add-on's could bring some positive benefits to all nations of the area, if Saudi Arabia were to act as the pace-setter for the entire Middle East, instrumental in the development of a regional framework of defense cooperation directed toward deterring Soviet power, and an end to the differences that divide. Everyone could support an objective which saw the moderate Arab States and Israel galvanized together against a common external foe, rather than against each other.

THE GREAT ORANGE SQUEEZE OF 1981

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MILLER of California. Mr. Speaker, I want to draw the attention of the House to a federally sanctioned policy which, in a single act, squanders precious water resources, destroys nutritious food, and drives up food prices to consumers.

The law in question is the Agricultural Marketing Agreement Act of 1937 under whose auspices farmers in California and Arizona will destroy as much as 500,000 tons of navel oranges this year. Nearly half of the bumper crop will be kept out of the supermarkets by the action of a board appointed by the Secretary of Agriculture and thoroughly dominated by the same growers who will profit by this bureaucratically imposed orange squeeze. Meanwhile, as consumers are well aware, navel oranges are selling at 12 percent above last year's price.

Under slightly different circumstances, such practices would be called conspiracy in restraint of trade, not price stabilization. The marketing order system is an anachronism which should be significantly changed or repealed outright.

We know that every study of the system proves that it results in higher prices for consumers and higher profits for growers. And who makes the decisions? A board composed of 10 growers and a single consumer representative. Half of the growers' seats are dominated by a single cooperative which controls 50 percent of the market.

And there is another taxpayer subsidy in this outrageous practice. Many of these oranges were grown with federally developed, taxpayer subsidized irrigation water. Many of these growers are also clamoring for this Congress, and the California Legislature, to spend billions of dollars to build still more water projects to deliver subsidized water to the orchards and fields.

And meanwhile, acres of oranges—which Department of Agriculture marketing experts admit taste just the same as all others—lay rotting in the sun.

There is a special tragedy in this story, because it is not just money but food which is being wasted. These oranges could be provided to poor people in this country, to children whose school lunches are going to be reduced by this administration, to pregnant women and high risk infants whose WIC program is targeted for reduction by OMB.

Some of this fruit could be sent abroad in the Public Law 480 program. It would not jeopardize the domestic market to give these oranges to a country which lacks fresh fruit. It is, in fact, ironic that we cannot sell larger amounts to Japan, which refuses to limit its sales of cars to this country, because the Japanese have established rigid import quotas to keep U.S. oranges out.

I am shocked by the callousness of the USDA official in San Francisco who dismissed the notion of giving these oranges to the needy instead of sanctioning their destruction. "Oranges are not an essential food," he said. "People don't need oranges. They can take vitamins."

Perhaps that official would like to explain to consumers why the Government spends millions of tax dollars in water subsidies and other farm benefits to underwrite an unnecessary food. Maybe he should tell poor people where they should go to get the free vitamins. I find it difficult to believe that so insensitive a person is even remotely associated with this country's food program.

I want to mention in particular that when one of the large growers in the Central Valley, Carl Pescosolido, tried to give away a portion of the crop so that poor people in the bay area could have fresh fruit, he was charged with violating the marketing order and now faces a stiff fine.

I will soon introduce legislation to correct these abuses. I believe that, should the marketing order program remain in existence, the boards should be equally divided among producers and consumers. This Congress should not grant policymaking responsibilities to special interest groups with proprietary interests in the program they are charged with administering.

My bill will also require a public hearing if 20 percent of the board members favor giving the public an opportunity to comment on a proposed order. I can see no reason why the voices of 5 or 10 growers should be heard, but not the voices of millions of consumers who are now powerless to affect the orders.

I also propose that approval of 50 percent of the producers be required, not approval of those controlling 50 percent of the market. As I mentioned, such a provision gives a single producer, Sunkist, virtually a controlling hand in the marketing program.

Mr. Speaker, in a world in which thousands of people die of starvation and vitamin deficiencies every day, it is unconscionable and unthinkable

that this Government would sanction the willful destruction of foodstuffs for any reason. And certainly not to assure bigger profits to a small number of people.

I have asked the General Accounting Office to investigate several aspects of this current marketing order respecting navel oranges, and I hope that the Congress will take note of this situation and act quickly on my legislation to halt the immoral waste of food and the unjustifiable squandering of subsidized water in this program.

WHATEVER IS NEEDED TO GET THE NATION ON A BALANCED BUDGET AND REDUCE INFLATION WILL BE BEST FOR THE FUTURE OF COLLEGES AND FUTURE STUDENTS

(Mr. JOHNSTON asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. JOHNSTON. Mr. Speaker, my colleague from New York on the other side of the aisle has seen fit to introduce into the RECORD a letter from a constituent of mine in the Sixth District that complains that his educational institution will no longer be financially solvent in the event we withdraw Federal support.

I do not think it fair to give the country the impression that all people in the Sixth District of North Carolina are unwilling and unable to bite the bullet and withdraw their dependence on these outside funds. Many of our educational institutions are manned by courageous people willing to accept their share of the sacrifice.

I would like to introduce into the RECORD of this body today a letter from one of those people, an assistant director of financial aid in a small independent college. Those who are truly suffering, those colleges that are small, are probably in much worse shape than those supported by State and Federal funds, but this young lady had the courage to write and say, "We will do our share," and I want her to be recognized.

The letter is as follows:

MARCH 17, 1981.

Hon. EUGENE JOHNSTON,
House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN JOHNSTON: I support the O.M.B. Proposals.

As Assistant Director of Financial Aid at a private college, I am well aware of what effects these cutbacks will have on my institution and other private colleges as well.

However, I am not and will not be in agreement with the current laws governing student financial assistance.

I fully support the O.M.B. Proposals as set forth by the Reagan Administration. I believe that whatever is needed to get our nation on a balanced budget and reduce inflation will be best for our future students and the future of private and public colleges alike.

We as Americans, students, college administrators, etc., need to tap our creativity and develop new and different avenues for obtaining funds from the private sector. I believe we can and will do this. We all have drunk from the public watering trough long enough and have become lazy and dull witted.

The proposed cutbacks are a rude awakening to all of us. I do not doubt that private colleges like mine will suffer initially. However, I am optimistic for the future with the proposed changes.

My hope is that you, and our legislators, will continue to support the O.M.B. Proposals embraced by the Reagan Administration and not lose heart to the whims of special interest groups. Change is imperative, and the rapidity of change is even more crucial for success. I urge you to hold steady to the task.

Again, I lend my full support to the new O.M.B. Proposals governing student financial assistance.

Sincerely,

SUSAN S. KOONCE,
Assistant Director, Financial Aid.

THREE MILE ISLAND

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. WEISS) is recognized for 60 minutes.

GENERAL LEAVE

Mr. WEISS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my special order today.

The SPEAKER. Is there objection to the request of the gentlemam from New York?

There was no objection.

Mr. WEISS. Mr. Speaker, the accident at the Three Mile Island nuclear powerplant near Harrisburg, Pa., 2 years ago demonstrated very dramatically the very dangerous potential of nuclear power generation.

Since that, as myths about the safety of nuclear power have tumbled, increased public scrutiny has changed the course of debate over our national energy policy. To this day we still do not know the full extent of the damage done to the reactor or the impact of environmental and public health hazards posed by the accident which began on March 28, 1979. Cleanup at Three Mile Island has just begun, and it will take another 7 or 8 years to complete, at a cost estimated as high as $1.3 billion.

□ 1445

I have asked for this special order today to discuss the importance of developments of the past 2 years which grew out of the Three Mile Island accident, the future of nuclear power and to the Nation's energy future as a whole. No longer should anyone question the fallability of nuclear power. We are now faced with a very serious need to review and reconsider the role of nuclear power in our society. We in Congress must utlimately be responsible for national energy policy and to conduct a thorough and open discussion of nuclear power is our obligation.

I believe that we must bring about a fundamental shift in our attitude. Nuclear power is not safe, it is not economical, and it is not our only alternative.

In the past 2 years, nine major studies have been completed on various aspects of the Three Mile Island accident.

All of these studies identified significant inadequacies in regulation and operation of commercial nuclear facilities. Most focused on the lack of preparedness of both the Nuclear Regulatory Commission and Metropolitan Edison, the operating utility, to respond to the crisis. The studies also identified major gaps in the Commission's management of its regulatory responsibilities, as well as the previously underplayed need to consider the socioeconomic impacts of nuclear plant operation in future energy planning.

The general thrust of these nine investigations, it is fair to say, was that nuclear powerplants were not and could not be operated safely unless significant improvements were made in how plants are regulated, licensed, and operated. Most of these improvements have yet to be made. The overall safety of nuclear power operation, measured in terms of problems identified as a result of the Three Mile Island accident, has not been significantly increased. Nor does our current national policy of nuclear business as usual reflect the dangers and the costs of nuclear power, nor does it adequately respond to the Nation's need for energy.

I believe that we should begin immediately to phase out operating nuclear reactors. Some plants, such as the Indian Point Facility outside of New York City and the Zion reactors near Chicago, should be closed immediately. These plants create massive risks because they are situated dangerously close to densely populated areas. In both cases, evacuation in the event of a major accident would be virtually impossible.

As long as nuclear facilities continue to operate, however, it is vital that we strengthen safety regulations, including plant siting standards and emergency response requirements, and improve inspection and enforcement efforts.

The Director of the Nuclear Regulatory Commission's inspection and enforcement program recently admitted to a House subcommittee that his program's efforts were indeed insufficient.

We should not overlook the importance of the so-called hidden costs of nuclear power, such as plant decontamination and fuel enrichment. Because the Commission has allowed plants to operate without planning for decommissioning, and I should remind all of us that nuclear powerplants have a useful life of only between 30 and 40 years at which time they will have become each and every one of them so dangerous that they must, in fact, be decommissioned, but because the Commission has allowed plants to operate without planning for decommissioning, the financial burden of mothballing an aging reactor will either be borne by ratepayers at a high rate over a short period of time during the reactor's final years of operation or by the Nation's taxpayers in the form of a Federal bailout to the nuclear industry.

Department of Energy operation of fuel enrichment plants for commercial reactors already subsidizes a vital step in the nuclear fuel cycle. These costs, too, should be paid for by the nuclear industry. The artificial supports now enjoyed by the industry distort our Nation's economy and unfairly promote nuclear power over safer, less expensive energy sources.

It is quite clear now that nuclear power is not at all the fail-safe technology which its proponents long insisted it to be. The Three Mile accident itself and the ongoing problems created by the cleanup are proof that unforseen, unlikely, and possibly even unmanageable incidents occur with nuclear power. The potential for a major catastrophe with this type of technology is so great that we must take a skeptical view of the claims of nuclear experts who continue to assure us that nuclear power presents no real danger to public health and safety.

I do not think that it needs any special reminder from me to anyone to recall the days of March 28, the days following March 28 of 1979 when not just the Members of Congress, but the entire Nation literally was hanging moment by moment to see whether a massive crisis demanding the evacuation of hundreds of thousands of people, perhaps millions of people, would be necessitated. Even at that time, ironically, when we were only perhaps an hour or two into the incident, Members in this body took the floor to assure the world and all of our fellow citizens that no real danger existed. Of course, in the hours and days that followed, it became clear that we were at the edge of a very serious potential catastrophe.

The nuclear energy industry has been coddled by the Federal Government since the nuclear industry began operating. A recent Energy Information Agency study revealed that the industry had received some $47 billion in Federal subsidies over the past 25 years. The industry also enjoys protection from liability for its accidents, because of the Price-Anderson Act, which limits liability in the event of a major nuclear accident to $560 million, although Government estimates predict the cost of such an accident to be approximately $14 billion.

No other industry in the Nation is similarly protected; and yet, operation of nuclear plants continues to lead to rate increases to consumers and it is almost certain that the costs of nuclear power will continue to rise.

I am the sponsor of legislation which would eliminate this artificial ceiling on liability provided by the Price-Anderson Act. My legislation would make nuclear utilities fully liable for damage which might occur as the result of a nuclear incident. Rather than shielding the industry from accountability, my bill would force utilities to improve safety provisions and to act much more responsibly. The existing Price-Anderson limit, which I might add is 23 years old and has not even been increased for inflation, encourages slack management and irresponsible operation by failing to make the utility responsible for its own mistakes.

We are likely to consider legislation this year, this session, Mr. Speaker, regarding the cleanup of Three Mile Island. A bill has already been introduced which would establish a nuclear industrywide insurance pool to meet cleanup costs at all nuclear plants, starting with Three Mile Island. All utilities which operate nuclear facilities would be required to pay annual premiums to a central fund. Participation in this insurance pool would be mandated as a licensing requirement under this legislation.

The bill, as currently drafted, would create a disincentive for nuclear plant operators to manage nuclear facilities safely by protecting utilities from the financial consequences of a major accident. Utilities would pass on to ratepayers the costs of premium payments to the insurance pool, in effect establishing a retroactive bailout of Metropolitan Edison, operator of Three Mile Island, and any other utility which has a major accident. As a result, consumers of utilities which operate nuclear plants would be forced to bear the financial burden of Three Mile Island. I believe that the possibility of an accident should be made part of the risk investors take in the nuclear option, the same as in any other business enterprise. Shielding the nuclear industry from liability unfairly promotes and subsidizes one energy option at the expense of all other energy sources, and distorts the true costs of nuclear power.

The President's proposals to cripple or severely limit Department of Energy programs in all areas but nuclear, and, indeed, he has proposed a very substantial increase in subsidization and funding for nuclear energy, might lead Americans to believe that nuclear power, nuclear fission, is the only route to energy security and independence. In fact, nuclear fission falls behind virtually all other alternatives as a way of serving the needs of Americans. Solar energy and coal are both more plentiful. Conservation and more efficient energy use are more effective methods of meeting short-term electricity demands. Biomass production and wind-generated electricity create none of the extraordinary dangers associated with nuclear power. None of the nonnuclear alternatives force the Nation into the hazardous situation of having to find a solution to the nuclear waste problem. And although some of our most qualified scientists have been working on this problem for nearly 30 years, no solution is available to us today. Neither do alternative energy sources create the frightening potential for worldwide nuclear weapons proliferation or encourage nuclear warfare.

We are really discussing a matter of life and death for very large segments of our population, Mr. Speaker, and indeed we may be dealing with the question of life and death for civilization itself. I believe that nuclear power has proved itself to be an unacceptable gamble. While it costs taxpayers and consumers alike in escalating rates and provides less than 4 percent of our national energy requirements, it poses peacetime hazards on a scale never before faced by human beings. For both the long- and short-term good of the Nation, we should be moving away from nuclear power as quickly as we can and toward other more benign and more effective sources of energy.

● Mr. ERTEL. Mr. Speaker, 2 years after the accident at Three Mile Island we still find ourselves asking many of the questions posed in the first few days after the accident. One of these questions is: who pays for the accident?

As we have learned, there are many payments which need to be made. Last summer the Pennsylvania Public Utility Commission (PaPUC) decided that the ratepayers will pay for the higher costs of replacement power necessitated by the accident. In many cases this has meant that Metropolitan Edison's (Met Ed) customers, through no fault of their own, have seen their electric bills go up 50 percent, even though many have taken steps to conserve. So in one sense, the ratepayers are paying for the accident.

The PaPUC has also removed both the damaged TMI-2 reactor and the undamaged TMI-1 from the ratebase of the utility. This means that the fixed costs and debt on these two reactors must be funded somewhere else.

Under this circumstance, General Public Utilities Corp. (GPU), Met Ed's parent, has suspended the payment of all common stock dividends for the last five quarters. This action is likely to extend for some time into the future. The value of GPU stock has dropped from $17 a share to below $5 a share since the accident. So in this way, stockholders are paying for the accident.

Even though dividend payments have been suspended, this does not provide all of the necessary money to cover the fixed costs and debt on TMI-1 and TMI-2. To cover these costs, GPU has borrowed heavily from a consortium of banks. All assets of the utility have been pledged to the banks to secure the needed short-term loans to meet immediate expenses. Even the accounts receivable have been pledged to the banks. As such, the utility itself is paying for the accident.

While the financial burdens of the accident have been shared by many, there is still no answer to who pays for the actual cleanup of the accident. To date, cleanup has been covered by the $300 million in insurance on TMI-2. This was the most insurance available at the time of the accident. This insurance money will be exhausted in about 1 year. The current cleanup cost estimates are about $1.3 billion. No one knows where the $1 billion not covered by insurance will come from. The utility does not have the money. The stockholders do not have the money. The ratepayers are already heavily burdened.

If the cleanup money is not found the utility will go bankrupt. But this still does not find the money to clean up. This $1 billion has to be spent. It cannot be wiped off the books if the company goes bankrupt. In fact, bankruptcy only raises the total cleanup cost.

Cleanup has to occur. Public health and safety are jeopardized as long as the plant is contaminated. The Nuclear Regulatory Commission has made this point on a number of occasions. Most recently, the NRC stated this fact in the programmatic environmental impact statement by saying:

Until TMI-2 is largely decontaminated there is a small probability (which increases with time) of uncontrolled releases of radioactivity to the environment. Decontamination of the plant will eliminate this possibility for potential harm to the public and workers at TMI * * *. The staff therefore concludes that the full cleanup of the facility must proceed as expeditiously as is reasonably feasible, consistent with ensuring public health and safety and protecting the environment.

Still, we are no closer to answering the question of who pays for the cleanup than we were the day after the accident. In fact, we are further away from answering this critical question because the total cost of the cleanup has mushroomed.

We have been told that since the Government has been so closely involved with nuclear power, we should fund the cleanup at TMI. I reject this argument. Recently I wrote a letter to the editor of the Wall Street Journal discussing this argument. The following is the text of that letter which appeared in the March 5 edition.

THREE MILE ISLAND: WHO GETS THE BILL?

Recently, the Nuclear Safety Oversight Committee, chaired by Arizona Governor Bruce Babbitt, recommended to the President that the federal government incur all financial liability for cleaning the crippled reactor at Three Mile Island (TMI). This call—echoed by the Pennsylvania Public Utilities Commission and General Public Utilities (GPU)—proposes a raid on the federal Treasury amounting to approximately $1.2 billion. The assertion is that the government should pay clean-up costs solely on the basis of its long-standing association with the nuclear industry.

The federal government, the argument goes, sponsors nuclear research, promotes nuclear power, regulates the siting and design of nuclear power plants, licenses their operators and even approves and audits their plant procedure. Given this pervasive involvement, the Pennsylvania utilities commission and the utility think the federal government should clean up the nation's worst nuclear accident.

The state regulators and the utility allege the government is legally responsible because of its promotional and regulatory "involvement" with the industry—a kind of bill by association. If this "involvement" approach is accepted, taxpayers should prepare themselves for substantial payments to a diverse array of possible victims, whose only factual claim is that they had the good fortune to keep the bad company of the federal government.

Despite the undeniably large government role in the air transport industry, for example, no one has ever prevailed upon the federal government to pick up the tab for an airline crash without first proving that the accident resulted from a specific failure by the government.

Any monetary assistance to GPU from the federal government must rest on a solid policy basis rather than this makeshift, albeit ingenious, argument. The federal government did not decide to build the Three Mile Island reactor. It did not choose the site, the reactor or the operator. Rather, the government established minimum standards that the utility met in developing TMI. Federal standards sought to ensure the safety of the general public. The legislative intent was not to establish a casualty property insurance system to protect the utility from its own managerial decisions. Surely the utility recognized as much when it took out a casualty insurance policy of $300 million for its reactor.

Does there exist then a policy for federal aid to GPU? One could reasonably argue that in meeting its responsibilities for public health and safety, the federal government should help pay the billion-dollar clean-up costs. GPU cannot meet these costs on its own and, without federal help, the public safety will continue to be jeopardized by the still-contaminated reactor. One might also argue that the government retains its interest in the development of nuclear power and that a clean-up at Three Mile Island is necessary to the future of the nuclear option. It is on these and other relevant points that the federal role at TMI should be argued. There is no shortage of specious arguments to divert us from this critical debate, but we soon will be short of both time and patience.

ALLEN E. ERTEL,
U.S. House of Representatives.
WASHINGTON.

(Mr. ERTEL is chairman of the Congressional Ad Hoc Task Force on Three Mile Island.)

Against all of this background we are still left with the question of who pays for the cleanup. Recently I introduced legislation, H.R. 2512, which finally answers the question. Specifically, this legislation would establish a national nuclear property damages insurance program designed to supplement the currently available insurance. This program follows the model of a mutual insurance arrangement with annual premiums paid to a fund by all utilities operating nuclear reactors. Premiums would be established on the basis of the size and number of the nuclear reactors as well as the safety and performance experience of the individual utilities. Participation in the insurance program is mandated as a condition of receiving or retaining an operating license for the reactor.

If a utility has an accident in the future, this insurance would not be made available until all of the other commercially available insurance is exhausted, plus $50 million. Based on the insurance available today, this constitutes a deductible of $350 million.

For cleaning up TMI, the insurance program would initially provide up to 75 percent of the uninsured cleanup costs at TMI. When the cleanup is completed, GPU would be required to repay 50 percent of the money received from the insurance program over an extended period of time. This amounts to a nuclear utility industry loan to GPU of 37.5 percent of the cleanup costs and a grant for 37.5 percent of the costs.

It could reasonably be asked what burden this insurance program would place upon utilities throughout the Nation. One important feature of the legislation is that it does not intrude on the ratemaking authority of the State utility commissions. The State commissions have the flexibilty to determine how the premiums will be paid for. One could argue that the absence of adequate insurance is the fault of uitlity management, and, as a consequence, premiums should be paid from earnings before dividends. Obviously, the State commissions also have the authority to reflect the premium payments in the rates of the utilities' customers.

If the commissions pass through the premium payments, the impact upon ratepayers would vary from utility to utility. If there was such a thing as an average national ratepayer he would experience an increase in a monthly

bill for 500 kilowatt-hours of 3 cents for as long as the premiums are collected. This figure is based on actual 1980 generation. Using 1981 projected generation this figure would drop to about 2.5 cents. Premiums would be collected until an insurance reserve had been created. At that time, premium collection could be either suspended until there was a future need, or they could be rebated at the end of each year. In addition, the interest collected on the insurance reserve could also be rebated.

In assessing this cost, it is important to understand what each utility might experience if TMI goes bankrupt—as it will if a cleanup financing mechanism is not put into place. While it is hard to make forecasts, it seems reasonable to assume that capital will be available to utilities only at higher interest rates to reflect the increased preception of risk. An increase of 1 percent in interest charges would cost many utilities tens and hundreds of millions of dollars, tenfold more than the payment of premiums as provided under this legislation. It is certain, that these higher interest charges will be reflected into the rates of all utilities' customers and will be far more burdensome than the payment of insurance premiums which also protects the ratepayers if a future accident occurs.

We have had the charge that nuclear power is heavily subsidized and the real costs of nuclear power are not reflected in the rates to utility customers. This legislation would set a precedent for more accurately reflecting the cost of nuclear energy. While no one is suggesting that this legislation would in any way alter the economics of nuclear generation versus coal, oil, or gas, the bill does recognize that these costs should be reflected.

I am convinced that this is a sound and equitable approach to this difficult problem. Public health and safety must be protected at TMI, and unless we correct the deficiencies in the available insurance for all nuclear utilities, public health and safety will again be jeopardized by dragging out the cleanup when the next accident occurs. I hope my colleagues will join me in this legislation so that we can finally answer the question of how the cleanup at TMI will be paid for.●

● Mr. MARKEY. Mr. Speaker, I welcome this opportunity to remind our colleagues on this occasion, nearly 2 years after the near core meltdown at Three Mile Island, of some of the sobering economic facts about nuclear power in this Nation.

Nuclear advocates boast that no one was killed at Three Mile Island. They are wrong. There was one casualty. Since the Pennsylvania reactor went haywire 2 years ago, the nuclear industry has been economically comatose.

Shortly before Three Mile Island, a brokerage firm that specializes in the nuclear industry, Nuexco, was predicting that 61 new reactors would begin operation in the period 1979–84. Six months after TMI, the forecast was lowered to 50 new plants. Four months ago the estimate fell again to 21 plants. Today, Nuexco predicts that 17 plants at most will come on line between 1979–84.

An even more disturbing trend for the nuclear industry is the disappearance of new orders. To remain healthy the industry needs five new orders per year. Even before TMI, the future nuclear market was collapsing. From 1975 to 1978 there were only 13 orders for new reactors, and only 1 of those orders is still alive—the others have been canceled or indefinitely deferred. TMI accelerated this negative trend of no orders. In 1979 there were zero new orders. In 1980, no orders. Industry officials now foresee the possibility of no new orders for a decade, if ever.

The decline of the domestic nuclear power industry appears permanent as demand for electricity has dropped sharply and coal has become more competitive. People are using less electricity because of higher costs. The historical growth rate of electrical demand which averaged 7–9 percent 1974 has averaged 2.4 percent over the last 3 years. Westinghouse Electric Corp.'s latest 20 year forecast predicts a 2.9-percent electrical growth rate until the year 2000. What little new electrical capacity will be needed during the 1980's will be supplied by coal. Coal is now cheaper than nuclear power in most parts of the country. Despite the steep drop in electrical demand since 1975, there were 101 orders for new coal plants for over 46,000 megawatts of electrical capacity.

Today's electric power surplus generating capacity stands at more than 36 percent, up from 21 percent in 1973. A 20-percent surplus over peak demand is needed for reliable electric supply. Reserve capacity will decline slowly, utilities told Department of Energy last year but will still be at 27 percent by the end of this decade.

The last thread that might save nuclear power is suspect. That is the argument that nuclear power is essential to reduce our oil imports in our drive for energy independence. Over 90 percent of U.S. oil is used to run vehicles, make heat for buildings and industry, and provide materials for the petrochemical industry. Only 9 percent of U.S. oil is used to generate electricity which is the only form of energy nuclear power produces. Even that 9 percent cannot be replaced by nuclear power because much of it is for peak demand generating purposes for which nuclear power is uneconomical.

Instead of nuclear reactors, many utilities like the giant Southern California Edison now stress peak load management, cogeneration, and solar renewables. For SoCal Edison, it is a major shift in policy for a utility once a leader in the drive for atomic power. William Gould, its president, bluntly told the Atomic Industrial Forum that for the 1980's—

> It was not feasible to base resource additions on facilities with high capital costs, long lead times, and long gestation periods.

The sting in Gould's words is especially sharp considering it came from AIF's first president. For many utilities, the multibillion-dollar investments in nuclear power have become a millstone around their necks. The most unlucky of them all, General Public Utilities, owner of the crippled Three Mile Island reactor, is nearly bankrupt and begging for a Federal bailout.

Ironically, it may be the antigovernment administration of Ronald Reagan which gives it to them. During his Presidential campaign Reagan exhibited near messianic support for increased nuclear power development. The centerpiece of his energy program is a dramatic effort to breathe life into the dying U.S. nuclear power industry.

The first step for Reagan was to beef up Federal expenditures for nuclear power. In the name of fiscal austerity, Reagan slashed hundreds of millions of dollars from the energy budgets of coal, conservation, and solar technologies; conservation alone was reduced 79 percent by President Reagan. At the same time he gave extra handouts to nuclear power.

The Reagan administration will double the nuclear share of the energy research budget. In 1982, it is a grand total of $1.8 billion in atomic subsidies which consume 36 percent of the nonmilitary Department of Energy research budget. That is 36 percent of our energy budget for a fuel that contributes only 4 percent of today's energy supply—slightly more than wood in the United States.

Included in the nuclear largesse of President Reagan was a 2-year allocation of $438 million for the Clinch River breeder reactor, the Holy Grail of the nuclear industry. A breeder is a nuclear reactor which produces more fissile material than it consumes. This was a warm embrace of the plutonium fuel cycle—strongly supported by the nuclear industry despite the fact that its fuel can be fashioned directly into atomic weapons. Reagan's Budget Director, David Stockman, had described the breeder in 1977 as "a large uneconomic subsidy" and "incompatible with our free market approach to energy" but his complaints were ignored.

On the eve of the second anniversary of the Nation's most serious reactor accident, nuclear power is on the ropes and hoping for a rescue from the

Reagan administration. Even with Ronald Reagan acting as a cheerleader, it appears that the forces of the marketplace in combination with Three Mile Island have administered a knockout to the nuclear option.●

ADMINISTRATION PROGRAM FOR ECONOMIC RECOVERY NEEDS A DIRECT SAVINGS INCENTIVE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GREEN) is recognized for 15 minutes.

● Mr. GREEN. Mr. Speaker, most Americans have applauded President Reagan's effort to cut the Gordian knot, and, by his program for economic development, to deal simultaneously with inflation, unemployment, soaring Federal spending, Federal taxes that are imposing rates on middle-income taxpayers that once were considered appropriate only for those with the highest incomes, enormous Federal deficits in good times and in bad, the lowest personal savings rate of any major industrial country, and a declining growth in productivity that, in the last couple of years, has turned into absolute declines in productivity. I share the administration's view that these issues are interrelated and must be dealt with together as the administration seeks to do.

Most criticisms of the Reagan program have focused on cutbacks in individual programs. A program designed to deal with Federal spending that has seemed beyond control has inevitably caused virtually every Member of Congress to feel pain at specific cuts. I have been no different from my colleagues in that respect.

However, today I address not the particular grievance my district may have with particular proposed spending cuts, but one of the basic economic assumptions of the President's plan. The point I seek to make is that the President's program for economic recovery needs a specific, direct savings plan.

The savings rate is important for several reasons. Money saved is available for investment. It is also available to fund Federal deficits without the need for the Federal Reserve System to print money—and the Reagan plan acknowledges that its program cannot provide stimulus that can instantly both provide tax cuts and eliminate deficits. So the savings assumptions in the Reagan plan are important.

More than 75 percent of the Reagan tax relief benefits flow to households; less than 25 percent flow to business. Since personal tax cuts far exceed those for business, it is the personal savings response to the personal tax reduction that is critical. Exactly what the saving assumption is under Reagan's proposal is uncertain. Treasury Secretary Donald Regan claims that he was misquoted as saying one-half or even two-thirds of the tax cut would be saved. Secretary Regan's testimony at the House Ways and Means hearing on February 24 indicated that the assumption was in line with the 17-percent marginal savings rate that resulted from the 1964 Kennedy-Johnson tax cut.

When I inquired of the Congressional Research Service what the savings rate was as a result of the Kennedy-Johnson tax cut, this was the response:

> The assessment of the effect of economic events on savings rates is a very difficult statistical process. Merely observing that the savings rate increased after the 1964 tax cut does not demonstrate that the tax cut caused the savings rate increase. There are relatively few economic studies which have attempted to measure the effects of past tax cuts on rates of consumption and saving. . . . Though a perfect consensus does not emerge from these studies, they appear to imply that a tax cut does have the immediate effect of increasing the savings rate because the increase in after tax income is not immediately spent. Over a period of approximately two years the amount of the tax cut which is saved will gradually decrease to an equilibrium level of approximately 15 to 20 percent, which is higher than the average savings level in the economy. The studies do not find effects for the 1964 tax cut which differ significantly from other permanent tax changes during the past two decades.

While the one-half to two-thirds marginal saving rate is uncharacteristic of past tax cuts, the 17-percent marginal rate is not an impossibility based on the Kennedy-Johnson experience, assuming all the other factors in the economy are the same as in 1964, which of course they are not.

The economic conditions at the time of the Kennedy-Johnson tax cut were significantly different from our current situation. The annual rate of change of the consumer price index during 1980 was 13.4 percent compared to 1.3 percent in 1964. The interest rates on 3-month Treasury bills are presently in the vicinity of 15 percent versus an average of 3.5 percent in 1964. The unemployment rate today hovers around the 7.3-percent mark while the 1964 rate was 5.2 percent. Thus, it is far from clear that households will save as much of a tax cut today as they did in the early sixties. In fact, to add to the dilemma, the tax cut may not be perceived as a tax cut at all when rising social security taxes and ratcheting up in income brackets as a result of inflation are calculated into the formula.

For that reason, I believe that the administration should add a specific saving incentive to its economic proposal and that such an incentive should be geared to the lower- and middle-income levels where the average propensity to save is the lowest. My saving incentive proposal differs from those that have previously been offered. The latter have involved tax deductions or exclusions which largely aid upper-income households which are already the major immediate beneficiaries of the Reagan proposals. Such households already tend to save a larger proportion of their income on average than more modest income households, and, therefore, I suspect the additional savings induced by such saving programs are minimal.

I propose, instead, that we subsidize low- and moderate-income saving. My program is modeled on a program that worked successfully in West Germany. The ingredients of my program for this country include the following:

Participants would have to commit to save or invest for 7 years;

The savings could be held at banks or invested in mutual funds or other vehicles similar to those allowed under Keogh and IRA programs;

The United States would commit to pay a substantial interest bonus of 14 percent of the value of the initial investment at the end of the investment period of 7 years;

The program would have an investment limit per year of $500 per individual and $1,000 for a married couple; and

The program would have an income limit of $15,000 adjusted gross income for an individual or $30,000 for a married couple.

Based on the German program, if all the eligible household units participated in the saving program—39 million individual returns and 37 million joint returns eligible of those who filed in 1978—the increase in saving would total $56 billion and the resulting interest bonus calculated at 14 percent at the end of 7 years would amount to $8 billion. Obviously, not everyone would participate in the program, however. Based on the German experience where participation peaked at 40 percent, the saving would total $23 billion and the outlay for interest would be $3 billion. Given the much higher bonus offered by the Germans and their lower inflation rate, however, a 20-percent participation might be more realistic for the United States. That assumption would yield $11 billion in saving and $1.5 billion in eventual interest bonus payments. Even this amount of personal saving would be a significant increase over the current $90 billion level.

Instituting a saving incentive program that is targeted to modest income savers would be even more urgent if the Kemp-Roth tax cut is enacted.

The reason for this is the comparative timing of the impact of the two programs. While a tax cut might provide some initial saving, econometric studies show that in a year or two that saving is eroded steadily by new con-

sumption. Since the average propensity to save is lower among lower income households, it is important to capture the marginal increase in income that will result from a tax cut and lock it into savings for a period of time. This will tend to promote the psychological change in attitude from consumer to saver that currently does not exist.

The other question of timing that makes my bill so important is that Kemp-Roth has a tendency to create immediate deficits while the saving program would delay outlays for 7 years. Savers must save for 7 years before they receive the interest bonus. Thus, we have 7 years of saving and 7 years of investment in private sector productivity before we make any Government outlays. This investment in private sector productivity and increase in dollars that could be used to offset the budget deficit are even more critical when one looks at the increase in inflation that resulted from the Kennedy-Johnson tax cut. Two major econometric studies estimated the increase in the rate of inflation to be in the vicinity of 0.5 percent by the third year after the tax cut. In today's experience, one-half of 1 percent is not an overwhelming increase, but in the context of 1964's inflation rate of 1.6 percent it certainly was significant. That Kennedy-Johnson increase could translate into an increase of as much as 3 or 4 percent given today's inflation pace.

In short, I believe that my saving incentive program can put an anti-inflation safety net under the deficits which the Reagan administration admits must accompany the first few years of its tax cuts. For that reason, I believe the administration should add a specific saving program, along the lines I have introduced, to its program for economic development.●

UNEMPLOYMENT COMPENSATION AMENDMENTS OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. CONABLE) is recognized for 3 minutes.

● Mr. CONABLE. Mr. Speaker, today I am introducing, at the request of the administration, the Unemployment Compensation Amendments of 1981. This bill is intended to implement the recommendations of President Reagan in his program for economic recovery.

Title I of the bill contains four sections which change the Federal-State extended benefit program to improve the targeting of compensation to the truly long-term unemployment in the most severely impacted States. To accomplish this, the bill would—

Eliminate the national trigger for extended benefits and thus target benefits to claimants in those States with high unemployment rates;

Change the State trigger for extended compensation to achieve greater targeting of benefits in those States with higher unemployment rates;

Establish a new qualifying requirement for claimants of extended benefits in order to require a greater labor force attachment by workers; and

Change the equation for determining the rate of insured unemployment to eliminate claimants for extended benefits.

Title II would establish a tighter work test requirement for regular unemployment compensation after a claimant had received 13 weeks of compensation under the applicable State law. The requirement would remove a disincentive from seeking employment in different occupational sectors while challenging workers to adjust to new economic and industrial realities.

Title III would establish requirements for service members that are more comparable to those which apply to civilian workers.

A detailed description of the bill is included below:

EXPLANATION OF THE UNEMPLOYMENT COMPENSATION AMENDMENTS OF 1981

Title I would change various provisions of the Federal-State Extended Unemployment Compensation Act of 1970. Section 101 would eliminate the national trigger for extended compensation. Under present law, when the national rate of insured unemployment reaches 4.5 percent, the extended benefit program, consisting of up to 13 additional weeks of unemployment benefits after the regular 26 weeks of benefits, triggers on in all States.

The purpose of the extended benefit program is to prevent hardship in areas where high levels of unemployment make it unusually difficult for unemployed workers to find jobs. Structural shifts in the national economy, however, produce large unemployment rate differentials. The elimination of the national trigger will target extended benefit funds only to those States whose workers genuinely need such extra help. In addition, this change will remove the work disincentive which is created in low unemployment States when the national trigger is on.

This change would be made effective on the date of enactment if the national trigger is "off". The changes would be effective on July 1, 1981, if for the week in which such date of enactment occurs there is in effect an extended benefit period on the basis of a national "on" indicator. Alternatively, if the national indicator is "on", the changes would be effective prior to July 1, 1981, in the week following the week in which an extended benefit period ends on the basis of a national "off" indicator. This section also requires the States to conform their State laws to the enacted changes as soon as possible in 1981, or early in 1982 in the case of any State whose legislature does not meet in a session which begins before September 1, 1981.

Section 102 would increase the level of insured unemployment necessary to trigger on extended benefits in a State. Under present law, the extended benefit program triggers on in a State when (a) the insured unemployment rate is 4 percent or above for 13 weeks, provided the rate is at least 120 percent of the average of the rates for the corresponding periods in each of the two prior years, or at the option of the State, (b) 5 percent without regard to the rate in the prior two years.

This section would increase the State trigger rates of insured unemployment to 5 percent and 6 percent, respectively.

The purpose of the extended benefit program is to prevent hardship in areas where high levels of unemployment make it difficult for unemployed workers to find jobs. At the same time, where workers can more easily find work, the receipt of extended benefits operates as a disincentive to job search. The proposed increases in State trigger levels reflect a better balance between these objectives.

This change would be made effective on October 1, 1982. This section would also require the States to amend their State laws in order to conform with the enacted changes by September 25, 1982, or as soon thereafter as possible in the case of a State whose legislature does not meet in a session that begins before September 1, 1982.

Section 103 would add a qualifying requirement as a condition for an individual's eligibility for extended compensation. The new requirement would be 20 weeks of work in the base period or the equivalent in wages.

Extended unemployment benefits are paid generally from the 27th up to the 39th week of unemployment. Such long-term benefits should not be paid to workers who were employed for less than 20 weeks in the base period used to establish their eligibility for regular benefits, or who, under State law, have previously earned wages which amount to less than the equivalent of 20 weeks of work.

The bill sets forth two methods for determining when a worker has earned the equivalent in insured wages to 20 weeks of work. One method is earnings covered by State law which exceed 40 times the individual's most recent weekly benefit amount. Since an individual's weekly benefit amount usually approximates half of that individual's average weekly earnings, 40 times that amount should nearly approximate the earnings for 20 weeks of work. The second method is one and one-half times an individual's insured wages in that quarter of the individual's base period when the worker's insured wages were the highest. A base period quarter has 13 weeks. Therefore, the total of one and one-half times the earnings in the high earnings quarter should approximate the earnings of 20 weeks of work. Each State may choose between the 20 weeks of work test or one of the two wage equivalency tests. Since States already use one of these methods for their regular unemployment compensation program, the additional qualifying requirements should not be administratively burdensome.

The changes required by this section would be made effective on October 1, 1982. This section would require the States to amend their State laws in order to conform with the enacted changes by September 25, 1982, or as soon thereafter as possible in the case of a State whose legislature does not meet in a session that begins before September 1, 1982.

Section 104 would change the method of calculating the insured unemployment rate (IUR). The present law includes individuals filing claims for extended benefits in the insured unemployment count. The amend-

ment would take extended benefit claimants out of the count.

The present method of calculating insured unemployment rates, by including those claiming extended benefits, is technically flawed and produces several anomalies. The payment of extended benefits may be delayed when unemployment rises; extended benefits may be paid in one State for several months while they are not paid in another State with an identical overall unemployment rate; and extended benefits may continue to be paid when overall unemployment is less than it is when the extra benefits began. Removing those claiming extended benefits from the count of insured unemployed will correct these anomalies. This change would be effective for weeks beginning after the date of enactment.

This change in the method of IUR calculation will require the States to recalculate their IUR's for the past 117 weeks prior to the date of enactment. The IUR is used to trigger the State extended benefit period within that State. Under present law, the extended benefit program triggers on in a State when (a) the insured unemployment rate is 4 percent or above for 13 weeks, provided the rate is at least 120 percent of the average of the rates for the corresponding periods in each of the two prior years, or at the option of the State, (b) 5 percent without regard to the rate in the prior two years. Under method (a), a State would calculate the average rates for corresponding periods in each of the past two years. A change in the method of calculating the IUR would therefore require a State to adjust its prior IUR rates in order that the percentage would reflect a true average for the corresponding periods. If different IUR's were used, inaccurate results would be reached. Section 104 of the bill contains a provision requiring this recalculation.

The changes required by this section would require States to amend their State laws in order to conform with the enacted changes as soon as possible in 1981, or early in 1982 in the case of any State whose legislature does not meet in a session which begins before September 1, 1981.

Title II of the bill would change the work test under the regular Federal-State unemployment compensation program. Section 201 would amend the Federal Unemployment Tax Act to strengthen the work test for recipients of regular unemployment compensation. Under current State law, those who refuse to accept "suitable work" are denied unemployment benefits. "Suitable work" is usually defined as a job similar to the person's prior employment, and thus generally requires those drawing unemployment benefits to search for work in their customary occupations at prevailing wages.

This section would adopt the work test of the Federal-State Extended Unemployment Compensation Act of 1970, as amended. It would require that, after the 13th week in which the individual was entitled to a partial or total payment, was unavailable for work, claimants whose prospects of returning to their line of work were not good would be disqualified for regular UI if they failed or refused to accept offers of "suitable work", as redefined, or to seek and apply for such work. With respect to such work, there would have to be an offer in writing or the job would have to be listed with the State employment service. Changes in current procedures would not be required for workers during the first 13 weeks of their benefit years.

"Suitable work" after the first 13 weeks would be defined under this new work test as work, (a) which is within the person's capabilities; and (b) for which the wage rate is not less than the higher of the Federal minimum wage rate set forth in section 6 of the Fair Labor Standards Act or the applicable State or local minimum wage rate; and (c) for which the gross average weekly pay exceeds the person's most recent weekly benefit amount plus, if applicable, the amount of supplemental unemployment compensation benefits.

These changes in the unemployment compensation work test seek to challenge workers to adjust to new economic and industrial realities. Economic events of the past decade have produced significant structural shifts in the American economy, with employment in a number of major industries declining while newer industries grow. By allowing unemployed workers to draw up to 6 months of compensation unless jobs in their occupations are available, the present unemployment compensation system discourages workers from seeking employment in new industries which, while they may initially pay lower wages, hold the prospect of growing employment and increasingly higher pay.

The changes required by this section would be made effective on October 1, 1982. This section would require the States to amend their State laws in order to conform with the enacted changes by October 1, 1982, or as soon thereafter as is possible in the case of a State whose legislature does not meet in a session that begins before September 1, 1982.

Title III of the bill would change the provisions of title 5, United States Code, which provide for unemployment compensation for ex-servicemembers (UCX).

The unemployment compensation program for ex-military personnel would be amended to make ineligible for benefits (under UCX) those military personnel who are not discharged under honorable conditions, or who voluntarily leave the military service, or are discharged for cause.

The military service is now entirely voluntary, and most separations from the service are voluntary. Unemployment compensation would be denied if the ex-servicemember resigns or voluntarily leaves the service, or is discharged for cause. In addition, only a discharge or release under honorable conditions would qualify an individual for benefits under the program. Every State provides for the disqualification of civilians who voluntarily leave their jobs, are discharged for misconduct, or refuse an offer of suitable work. The proposed amendment, therefore, would bring treatment of civilians and military personnel more in line, by establishing national rules for military separations that are voluntary or are not under honorable conditions.

The changes made by this title would be effective on July 1, 1981.

UNEMPLOYMENT COMPENSATION ACT AMENDMENTS OF 1981—BUDGET ESTIMATES

TITLE I—EXTENDED UNEMPLOYMENT COMPENSATION

The proposal is expected to result in the following changes in funding from current law:

[In millions of dollars]

	1981	1982	1983	1984	1985	1986
Outlays	−505	−1,218	−483	−202	−284	−286

TITLE II—REGULAR UNEMPLOYMENT COMPENSATION

The proposal is expected to result in the following changes in funding:

[In millions of dollars]

	1981	1982	1983	1984	1985	1986
Outlays			−285	−285	−272	−264

TITLE III—UNEMPLOYMENT COMPENSATION FOR EX-SERVICEMEMBERS

The proposal is expected to result in the following changes in funding:

[In millions of dollars]

	1981	1982	1983	1984	1985	1986
Budget authority	−60	−225	−237	−245	−247	−248
Outlays	−60	−225	−237	−245	−247	−248

●

COMMUNITY AGONY BEGINNING OVER ADMINISTRATION'S BUDGET, ALTERNATIVES OFFERED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. WILLIAM J. COYNE) is recognized for 30 minutes.

Mr. WILLIAM J. COYNE. Mr. Speaker, the administration promises, in essence, that tax reductions of 30 percent spread over a 3-year period, combined with Federal spending cuts leading to a balanced budget in 1985, will so stimulate the private economy that inflation will be curbed, industrial strength restored, and joblessness reduced, providing, in the President's words, "A brighter future for all of our citizens." But will this occur? Even the conservative Business Week magazine feared the tax cuts would "touch off an inflationary explosion."

Yet something must be done. Chronic inflation hovers at about 13 percent a year. Unemployment by latest count was running at 8 percent with 8 million Americans out of work. U.S. manufacturers are losing markets abroad and facing tough competition with foreign products at home. The productivity growth rate in the past decade fell to half of what it had been for the previous 20 years.

These economic woes are serious. Not only the President and the Congress, but also the local governments, labor, and management must pull together to reverse these disturbing statistics—and the human distress behind the statistics.

If the Pittsburgh area I represent is typical, the administration's strategy is beginning to confront the American people and the Congress—even those of us who support the goal of reduced Federal spending—with agonizing decisions. As specific details of the reductions strike home, visiting delegations complain of false economies, heavy

burdens thrown on already troubled local governments, and cuts that impose disproportionate shares of the sacrifice on "our program."

Take the President's proposal to require tenants of subsidized housing to pay increased rents, going up to 30 percent of their income by 1985. From serving on Pittsburgh's Public Housing Authority Board, I know that tenants are hard pressed to meet current rents at 25 percent of their income. Moreover, as the administration seeks to cut back subsidized housing by $4.6 billion in 1981 and another $8.7 billion in 1982, I cannot help but visualize the long waiting lists of needy families hoping for assisted housing in our community.

Corporations doing business overseas, meanwhile, are alarmed over proposed reduction in Export-Import Bank funding: Direct loans would be slashed $800 million in 1981, $600 million in 1982; loan guarantees would be cut $1 billion this year, $1.2 billion the next. The President justifies this by asserting that "restoration of general economic health in the U.S. economy will be a more powerful stimulant to export expansion than costly subsidized loans." Foreign firms, however, typically get big subsidies from their governments. Corporate and union leaders fear that reduced Eximbank loans, which help keep U.S. firms on an equal footing, will hurt our trade balance and put Americans out of work.

During Eximbank hearings before the International Trade, Investment and Monetary Policy Subcommittee on which I serve, we heard testimony that "each billion dollars in exports creates 40,000 U.S. jobs." Gordon C. Hurlbert, president of the Power Systems Co. of Westinghouse, said large facilities with thousands of employees, including an east Pittsburgh plant, will be seriously threatened if Eximbank contraction causes the loss of Far East sales. And if large American companies lose their competitive edge in foreign trade the ripple effect will spread to the many small suppliers and subcontractors engaged by these international corporations.

During 1980, Allegheny County controller, Frank J. Lucchino reports, Federal assistance to the county amounted to approximately $177 million. The city of Pittsburgh, according to deputy city controller, Raymond E. Johnson, Jr., received $75 million in Federal assistance. Without being narrowly parochial, I believe most of my constituents expect me to examine the proposed reduction of these funds to make sure they do not do more harm than good. Prime Minister Margaret Thatcher, several years ago, using similar rhetoric about restoring the enterprise system, sharply reduced funding for British social programs as the Reagan administration now proposed to do. The soaring unemployment rates and high bankruptcies that followed, caution us against accepting promised results on faith.

I am not convinced, for example, that it makes sense to eliminate CETA—Comprehensive Employment Training Act—jobs. Throwing low-skilled employees back on welfare would not even be cost effective, and it seems to contradict the workfare, not welfare theme of Mr. Reagan. If some CETA programs are poorly managed, and if some fail to train participants so they can successfully enter the private job market when their public jobs end, I would favor the most rigorous efforts to correct these weaknesses. But why throw out a program that reduces the human and economic waste of unemployment?

The proposed elimination of $1 billion in Federal assistance for the operating cost of local mass transit systems would translate into a $16 million-a-year loss to the Pittsburgh Port Authority. County officials tell me that, if this Federal funding is withdrawn, they have three choices—to raise bus fares from 75 cents to an estimated $1.05, to seek further subsidies from local taxpayers, or to shrink services. The latter, of course, would hit hardest those who depend on public transit to get to work. It would also leave the community without an alternative to reliance on autos if the Nation has to experience long drawn-out gasoline crises.

Managers of our local school lunch programs say they would accept reductions more in line with the average Reagan cuts of about 7 percent, but they object to reductions of over 40 percent. Allegheny County schools would lose about $6.6 million a year. The administration says it only wants to halt subsidized lunches to people who can afford them. But because of the way the aid is leveraged, some fear the feeding programs will be wiped out entirely in many schools.

Pittsburgh has long been a leader in urban revitalization, with a big emphasis on self-help. Our urban redevelopment authority is continuing this tradition with UDAG—urban development action grants. Local officials say UDAG programs are stimulating over $100 million in private investment in response to $23 million in Federal aid, with a spinoff of 2,460 new jobs and nearly $2 million a year in new local tax revenues. Before my Committee on Banking, Finance and Urban Affairs, in response to concern over the future of UDAG, David A. Stockman, Director of the Office of Management and Budget, said:

> Our plan is to continue the UDAG function * * *. But our question is how can we incorporate that function into a basic community development program and not have to maintain the existing program structure. For 1981 we are proposing no change. For 1982 we are proposing to make UDAG-type obligations through a new legislative proposal that we will be sending to your committee shortly.

This supposed clarification still leaves me puzzled about what is contemplated for UDAG. Constituents who suggest that the Democrats are holding back on approval of the Republican blueprint need to understand that many parts of that blueprint remain sketchy or nonexistent. Despite this, the House Democratic leadership is moving ahead on a very tight schedule to complete action on a new budget by midyear.

Pennsylvania taxpayers have been getting back only 92 cents for every dollar its taxpayers send to Washington—compared with $1.07 by taxpayers in the West and $1.12 by those in the South. One of my tasks in reviewing the budget is to seek to correct this imbalance which amounts to subsidizing the drift of people, jobs, and industries from our area to the Sunbelt. It wastes energy and contributes to the instability of our great cities.

The barge operators inform me of another difficulty with the administration's proposals. Increased waterway user taxes and a program to recover the costs of the U.S. Coast Guard are of particular interest to Pittsburgh which handles more barge tonnage than any other inland port in the Nation. At a time of energy problems, the fuel efficiency of barges should be encouraged, not discouraged. According to the American Waterways Operators, a gallon of fuel can move a ton of freight 59 miles by truck, 202 miles by rail, but 514 miles by barge. Since coal and oil are major barge cargoes, the energy implications are multiplied. The question in my mind is not whether barge traffic should continue to pay for maintenance of the waterways. It should. But we need to make certain that this mode of transportation is being treated equitably with rail, highway, and air transportation.

I do not hesitate to give the President high marks on several counts. He correctly targets inflation as a major problem. He properly calls for reduced Federal spending. His initiatives create an atmosphere in which whole categories of Federal activities that were previously off limits to economizers and reformers have been opened up for review. It is in this spirit that I am seeking alternative methods of achieving the cost-cutting goals. Let me give two examples.

First, it is not widely recognized that the Treasury gives up more revenue each year—$19.8 billion—through income tax deductions for mortgage interest than it provides to poor people through all housing subsidies combined. These deductions serve the useful purpose of stimulating homeownership. However, no limit is set on

the amount a taxpayer may deduct for this purpose. Owners of mansions and vacation homes deduct all their mortgage interest payments, out of all proportion to need. I strongly favor consideration of a $5,000 ceiling on these deductions so the bulk of taxpayers do not have to pick up the tab for the wealthy. A Congressional Budget Office analysis indicates that the $5,000 ceiling would yield about $3.68 billion a year in additional Federal revenue. It would affect only 5 percent of all taxpayers, and even they could deduct all but the excess over $5,000. If this modest reform were adopted, half of the administration's proposed 1982 budget cuts could be restored in the following programs: Food stamps, aid to families with dependent children, CETA jobs, elementary and secondary education, basic education (Pell) grants for college students, legal services for the poor, small business assistance, housing and rehabilitation loans, urban development action grants, and support of the arts and humanities.

Unlimited mortage interest deduction is but one example of a whole array of tax breaks or loopholes for the affluent that require serious attention before the needy should be deprived of basic help for food, medicine, shelter, and jobs.

Second, everybody wants America to be strong, with adequate, well-equipped forces that can be deployed rapidly wherever they are needed and with a nuclear potential that is too powerful to challenge. However, I believe each addition to the defense budget should be treated with as much care as each cut from the nondefense budget. As responsible a person as outgoing Comptroller General Elmer B. Staats pointed to several billion dollars a year in Pentagon waste and mismanagement. In a 23-page letter to Secretary of Defense Caspar W. Weinberger, Staats itemized such cost-reduction opportunities as consolidating adjacent military bases, joint supply purchases, improved management of weapons systems, and multiyear contracting that would save an "absolute minimum of $4 billion a year by 1985."

Mr. Speaker, opinion polls indicate considerable support for the President's budget goals. Most of the mail which I receive in my office is written by individuals in general support of the President's goals. I should point out, however, that a good number of the letters contain a similarity in phraseology that may be more than coincidental. Be that as it is, some of these individuals indicate in their letters that if I did not support the President I would be regarded as an obstructionist. Further, I was also reminded, in no uncertain terms, that these individuals would remember me in a not too favorable light at the next election.

James Wilson makes a point that each of the great powers, executive, legislative and judicial "should be independent as well as distinct,"—"Lectures on Law", The Works of James Wilson. The division of the powers of the National Government was established for a purpose and that was to avoid a concentration of power in any one branch.

I think the citizens of this country would be ill-served if this body were to adopt the course of action recommended by some and that is simply to trust the President and approve his program without the needed scrutiny.

Edmund Burke, in his speech to the electors of Bristol, stated that: "Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion."

The course of action advoctated by this administration, Mr. Speaker, deserves very careful examination because we are not simply considering a request for a reduction in Federal expenditures. We are considering a reordering of priorities, the effect of which, if adopted will be felt by many low- and moderate-income individuals.

The programs which we are considering reducing are ones which meet the needs of those most in need of assistance. We should examine these proposals very closely.

The Economist in its latest issue states that—

> Although the Reagan budget * * * attacks nearly 300 programmes, including some dear to the hearts of even Mr. Reagan's supporters, its main effect will be felt, negatively, on the poor, and positively, on the defense industry.

Social justice should not be sacrificed on the altar of an untested economic theory. And that, it seems to me, is what we are about to do if we adopt without careful examination this administration's still unclear proposals.

I am not advocating delay, Mr. Speaker, for the sake of delay. That would be obstructionism. I am advocating, however, delay for the sake of thoughtful reflection upon, and detailed analysis of, the recommendations that are before this body.

□ 1515

DOCTORS ORGANIZE TO PREVENT NUCLEAR WAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 10 minutes.

● Mr. BINGHAM. Mr. Speaker, for the past week a group of doctors from nine countries, including both the United States and the U.S.S.R., have been meeting in the First Congress of the International Physicians for the Prevention of Nuclear War. These doctors are convinced that "the genocidal nature of nuclear weapons has rendered nuclear war obsolete as a viable means for resolving conflict," and they are determined to do everything they can to see that it never happens. As physicians they are dedicated to the prevention of illness, and they have special knowledge of the problems of medical response in nuclear war. They know that we cannot "assume that abundant medical resources and personnel will be available * * * [since] contemporary nuclear war would inevitably destroy hospitals and other medical facilities, kill and disable most medical personnel, and prevent surviving physicians from coming to the aid of the injured because of widespread radiation dangers. The hundreds of thousands of burned and otherwise wounded people would not have any medical care as we now conceive of it: No morphine for pain, no intravenous fluids, no emergency surgery, no antibiotics, no dressings, no skilled nursing, and little or no food or water. The survivors will envy the dead."

In detailed statements drawn up at last weekend's conference at Airlie House in Virginia, these doctors have set their sights on convincing world leaders of the necessity of ending the nuclear arms race because "the survival of civilized life is at stake." In a nuclear war, "the fabric of society would disintegrate and the medical care system, deprived of the facilities developed over the years, would revert to the level of earlier centuries. The surviving walking wounded, physician and layman alike, could only provide what mutual comfort the remnants of their individual humanity would permit. The Earth will be seared, the skies heavy with lethal concentrations of radioactive particles, and no response to medical needs can be expected from medicine."

Separate appeals were issued by this group of physicians to other doctors and to heads of government all over the world, and I include the texts of these at this point in my remarks:

AN APPEAL TO THE PHYSICIANS OF THE WORLD

DEAR COLLEAGUES: We address this message to you who share our commitment to the preservation of health. Our professional responsibility has brought us together to consider the consequences of the use of nuclear weapons.

We have participated in full and open discussion of the available data concerning the medical effects of nuclear war and its effects on our planet. Our conclusion was inescapable—a nuclear exchange would have intolerable consequences.

Enormous numbers would perish in the first hours and days of a nuclear war. The wounded survivors, burned and affected by nuclear radiation, would face unbearably difficult conditions, without effective medical aid, water or food. The consequences of a nuclear war would also be disastrous to succeeding generations. A major nuclear exchange would inevitably bring extensive

long-term consequences even to countries not directly involved.

No one should be indifferent to the nuclear threat. It hangs over hundreds of millions of people. As physicians who realize what is at stake, we must practice the ultimate in preventive medicine—avoidance of the greatest hazard the world will ever know. Your help is needed in this great endeavor. We urge you:

(1) to inform yourselves, your colleagues, and the general public about the medical effects of nuclear war;

(2) to discuss the medical consequences of nuclear war at meetings of members of medical societies, special symposia, and conferences;

(3) to prepare and publish in the medical press and specialized journals articles about medical consequences of the use of nuclear weapons;

(4) to speak about medical consequences of nuclear war to medical students and to your community;

(5) to use your influence and knowledge to help strengthen the movement of physicians for the prevention of nuclear war.

Respectfully yours,

PARTICIPANTS OF THE FIRST CONGRESS OF INTERNATIONAL PHYSICIANS FOR THE PREVENTION OF NUCLEAR WAR.

AIRLIE, VA., *March 23, 1981.*

AN APPEAL TO THE PRESIDENT OF THE UNITED STATES OF AMERICA, RONALD REAGAN, AND TO THE CHAIRMAN OF THE PRESIDIUM OF THE U.S.S.R. SUPREME SOVIET, LEONID BREZHNEV

We, physicians from eleven nations, guided by our concern for human life and health, are well aware of the great responsibility you carry and of the enormous contribution you can make to the prevention of nuclear war.

As physicians and scientists, we have for the past several days reviewed the data on the nature and magnitude of the effects that the use of nuclear weapons would bring. We have considered independently prepared medical and scientific analyses from many sources. Our unanimous conclusions are:

(1) Nuclear war would be a catastrophe with medical consequences of enormous magnitude and duration for both involved and uninvolved nations.

(2) The holocaust would in its very beginning kill tens to hundreds of millions of people. Most of the immediate survivors, suffering from wounds and burns, affected by radiation, deprived of effective medical care or even water and food, would face the prospect of a slow and excruciating death.

(3) The consequences of nuclear war would continue to affect succeeding generations and their environment for an indefinite period of time.

Science and technology have placed the most deadly weapons of mass destruction in the hands of the two nations you lead. This huge accumulation imperils us all. The interests of the present and all future generations require that nuclear war be avoided.

The medical consequences persuade us that the use of nuclear weapons in any form or on any scale must be prevented. To achieve this, we offer you our sincere support.

As physicians, we remember that the eradication of smallpox required intense international communication, cooperation, and dedication. Nuclear war is a far greater threat to mankind. It will require even more intense collaboration among the nuclear powers to achieve an early cessation of the race to produce these instruments of mass destruction.

Respectfully yours,

PARTICIPANTS IN THE FIRST CONGRESS OF INTERNATIONAL PHYSICIANS FOR THE PREVENTION OF NUCLEAR WAR.

AIRLIE, VA., *March 23, 1981.*

AN APPEAL TO THE HEADS OF ALL GOVERNMENTS AND TO THE UNITED NATIONS

Advances in technology in the 20th century have benefited humankind but have also created deadly instruments of mass destruction. The enormous accumulation of these nuclear weapons has made the world less secure. A nuclear conflict would ravage life on earth.

We speak as physicians in the interests of the people whose health we have vowed to protect. The scientific data concerning the medical consequences of the use of such instruments of mass destruction convince us that effective medical care of casualties would be impossible. We therefore urge that elimination of this threat be given the highest priority. No objective is more vital than to preserve the conditions that make possible the continuation of civilized life on earth.

As physicians, we know that the eradication of smallpox, coordinated by the World Health Organization, required intense international communication, cooperation, and dedication. Nuclear war is a far greater threat to humanity. Continuing discussion among the nuclear powers and other countries will be needed to achieve an early cessation of the race to produce these instruments of mass destruction, to prevent their spread, and ultimately to eliminate them.

Respectfully yours,

PARTICIPANTS IN THE FIRST CONGRESS OF INTERNATIONAL PHYSICIANS FOR THE PREVENTION OF NUCLEAR WAR.

AIRLIE, VA., *March 23, 1981.*●

A SHARE-THE-BURDEN BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

● Mr. REUSS. Mr. Speaker, Congressman RICHMOND and I released today a study prepared by staff members of the Joint Economic Committee, which shows that the Reagan administration's proposed $51.2 billion in fiscal year 1982 budget deficit reductions can be achieved with only 22 budget actions. The staff study, entitled the "Share-the-Burden Budget," is designed to demonstrate how groups which were exempted from the burden of the Reagan administration's budget cuts can in fact be made to contribute.

In testimony before the Joint Economic Committee on Tuesday, March 24, Chairman Murray Weidenbaum of the President's Council of Economic Advisers stated, in response to a question by Congressman RICHMOND, that he fully expected Congress to alter the composition of the administration's proposed budget cuts, and that, in his judgment, such changes would not damage the achievement of the administration's economic goals.

The JEC staff study follows:

A SHARE-THE-BURDEN BUDGET: AN ALTERNATIVE TO PRESIDENT REAGAN'S $51.2 BILLION EXPENDITURE CUT PROPOSALS

This alternative is designed to provide the targeted $51.2 billion budgetary savings of the Reagan proposal, without necessarily subscribing to that particular target. The savings would be obtained by the following four principles:

Simplicity—twenty-two budget changes are proposed rather than the Administration's hundreds;

Equity—the Administration's sharp cuts in programs for the needy are avoided;

Economic efficiency—this proposal also avoids the Administration's counterproductive slashing of programs which increase productivity and economic efficiency (investment in infrastructure and job training) and instead eliminates wrongheaded incentives which reduce efficiency (such as overincentives to consume);

Civil courage—powerful interests would have to pay their share.

The Administration has chosen to cut spending and the budget deficit the hard way: by making crippling cuts in hundreds of relatively small but vital programs, from legal services to Amtrak. These cuts inflict maximum damage—on the poor, the elderly, the sick, on school-children, and on economic development projects such as mass transit, urban water and sewer, railways, and many others—for minimal savings, a few millions or at most a few hundreds of millions in each case. The result is that the Reagan budget achieves its $51.2 billion in savings at the expense of a comprehensive attack on social programs.

The purpose of this proposal is not to avoid needed cuts in waste and abuse in all government programs, but to outline a way to share the burden of reducing government across those segments of society who have not yet been called upon to contribute. The cuts are achieved without touching the Reagan Administration's proposed military build-up, or its depreciation proposal, or its general income tax reduction. In short, Congress could theoretically acquiesce in every major part of the Administration's comprehensive economic package, and still save the vitally important programs for human and economic development which have been built over the years.

THE "SHARE-THE-BURDEN" BUDGET—FISCAL 1982 SAVINGS

	(*Millions*)
Total Savings	$52,689
A. Spending Reductions	15,754
1. Cut waste from the Department of Defense budget and improve efficiency in procurement and R&D (CBO estimates $16 billion savings over five years)	3,000
2. Savings in the Medicare and Medicaid programs through enactment of the Hospital Cost Containment Act	1,400
3. Savings possible in the food stamp program through improved administration	800
4. Index annual increases in Social Security benefits to the increase in the CPI or the increase in average wages, whichever is lower	3,815
5. (a) Increase military and federal civilian retirement benefits in line with inflation annually rather than semiannually	1,696

(b) Index annual increases to the increase in the CPI or average wages, as in #4	315
6. Terminate funding for the Clinch River Breeder Reactor.	175
7. Terminate spending for new construction on the Interstate Highway system (saving of $3.7 billion in 1982) but increase funding to maintain the existing system	2,300
8. Terminate spending for Recreational and Public Lands highways	54
9. Terminate funding for three Interior water projects: Central Arizona Proj., Central Utah Proj., North Loup/O'Neill Unit	296
10. Terminate nine Corps of Engineers water projects: Tenn.-Tombigbee Waterway; Libby Addition; Lock & Dam 26; Red River Waterway; Richard Russell Dam; Yatesville Dam; Skiatook Dam; Candy Dam; and Stonewall Jackson Dam	543
11. Increase airport user fees for corporate and recreational aviation	800
12. Impose waterway user fees, to recover one-half of direct costs	560
B. Better Enforcement	5,300
1. Fully fund Economic Regulatory Administration in the DoE, to fully recover petroleum and gasoline overcharges	5,000
2. Add $100 million to IRS budget for enforcement of taxes on interest (CBO estimates that $4 in revenues will be collected for each $1 added to the IRS budget)	300
C. Reduced Tax Expenditures	12,535
1. Repeal deduction for interest paid on consumer debt	6,040
2. Repeal deduction for interest on mortgages for other than principal residence	250
3. End excess of percentage depletion over cost depletion for oil and gas	2,360
4. End excess of percentage depletion over cost depletion for nonfuel minerals and for fuels other than oil and gas	960
5. Require that intangible oil and gas drilling costs be amortized rather than expensed	2,925
D. Increased Revenues	19,100
1. Double the excise tax on alcoholic beverages (current $5.8 billion)	5,500
2. Double the excise tax on cigarettes and cigars (current $2.6 billion)	2,500
3. Replace the current 4¢ per gallon excise tax on gasoline and diesel fuel with a 14¢ per gallon effective June 1, 1981, which would be adjusted quarterly thereafter in accordance with changes in producer prices ($13.1 billion in added revenues in 1982) less $2 billion rebate to essential users.	11,100●

VETERANS' ADMINISTRATION REVIEW ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. LEATH) is recognized for 5 minutes.

● Mr. LEATH of Texas. Mr. Speaker, in his budget adjustments submitted to the Congress on March 10, President Reagan has recommended a reduction in the Veterans' Administration budget of $747.7 million in budget authority and $830.9 million in outlays to the amounts requested by former President Carter.

As a member of the Committee on Veterans' Affairs, I recognize the need to bring about some reduction in the Federal budget. However, I would point out that under President Carter the Veterans' Administration sustained substantial budget cuts in fiscal years 1979–81. Congress put back some of the employee cuts but the VA has approximately 2,000 employees and 5,200 operating beds less today than in fiscal year 1979. Although benefits and services for veterans is high on my list of priorities, I will work with the chairman of our committee to bring about some legislative cost savings in order to accomplish a substantial reduction in total Federal spending.

Having said this, it should be noted there are some savings being proposed by OMB that would adversely impact on veterans. These I will not accept.

First, I am not willing to accept the proposed cuts in the medical program that would total more than $330 million during the next fiscal year. At a time when the Veterans' Administration is unable to treat eligible veterans for their disabilities, especially on an outpatient basis, the medical program cannot be cut by $330 million without denying even more veterans the opportunity to receive care and treatment in VA hospitals and outpatient clinics. This is compounded, Mr. Speaker, when 12 million veterans of World War II, whose average age is 60 years, are beginning to apply for admission to VA facilities for care and treatment. Health problems for these individuals will occur more often and the length of stay in VA hospitals will be longer as they get older.

Mr. Speaker, even though the proposed medical reductions are a major concern to me, I am even more concerned about Mr. Reagan's proposed plan to consolidate the functions of regional offices. Currently, there are 58 VA regional offices located throughout the United States. There is at least one regional office in each State. These regional offices process benefit applications and changes in compensation, pension, burial, and housing programs. Mr. Reagan's plan would consolidate into one location all the benefit processing activities of these offices. In other words, Mr. Speaker, the adjudication and loan guaranty operation in the current regional offices would all be transferred to one Federal location. It would probably take a building almost as large as the Pentagon to take care of the files and the 12,000 personnel envisioned to operate such a facility. One can imagine the bureaucratic rigor mortis that would set in with this kind of operation. Efficiency would go downhill. Files would be in a mess, and many of them lost. Mr Speaker, you would have one of the biggest bureaucratic snafus ever known to man.

The administration says this proposed consolidation would require no regional office to be closed. Anyone knows that if the adjudication and loan guaranty processes are moved out of the regional offices, hardly anything would remain. It seems obvious, Mr. Speaker, that regional offices would become nothing more than glorified contact offices, or they would be closed.

This we cannot tolerate so today I am introducing legislation that would prohibit the Veterans' Administration from exercising any authority to consolidate, eliminate, abolish, or redistribute the functions of any regional office, hospital, outpatient clinic, or any other facility, unless Congress approves such action.

My bill is cosponsored by the chairman and ranking minority member of the full committee, Mr. MONTGOMERY and Mr. HAMMERSCHMIDT. I have asked the chairman to allow the committee to consider this bill early, Mr. Speaker. In my view, it will pass by an overwhelming vote, not only in committee, but in the House itself. No Member of this body intends that any regional office or VA hospital be closed. Although the administration tells us closings are not in its current plans, if reductions are made in fiscal year 1983, 1984, and 1985 approaching the proposed reductions for fiscal year 1982, in my view, we will be faced with possible closing of VA facilities in some States. I do not think my colleagues will ever support such action and my bill is designed to see that such closings do not occur.●

TRIBUTE TO ADM. JOHN S. McCAIN, JR.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 10 minutes.

● Mr. MONTGOMERY. Mr. Speaker, America has lost one of its most distinguished military officers with the untimely death of Adm. John S. McCain, Jr., earlier this week. For over 40 years, he served his Nation from the time he graduated from the U.S. Naval Academy in 1931 until his retirement from active service in 1972.

It was my privilege to be a close personal friend of Admiral McCain and his devoted wife, Roberta. Many was the time I had an opportunity to visit with him in Hawaii and Vietnam while he served as Commander in Chief of

the Pacific during the height of the Vietnam war.

I remember well him telling me of the tremendous responsibility, and, yes, even burden it was to command the single largest military force in the history of our country. The decisions he made daily, and even hourly, rested heavily on his mind because of his concern for the some 1 million soldiers, sailors, and airmen under his command. History has proved that Admiral McCain was the right man for the right job during a very difficult time in our Nation's history.

An additional burden Admiral McCain had to bear personally during this time was his concern and love for his namesake and son, Capt. John S. McCain III, who was being held in an enemy prisoner of war camp in North Vietnam. It was not an easy burden, but one that he shouldered in the finest tradition of American military officers.

Mr. Speaker, as my colleagues are aware, Admiral McCain was a member of the premiere naval family in our Nation's history. His father before him was a four-star admiral with a major command in the Pacific theater during World War II. Admiral McCain, his father and now his son all served in similar positions in congressional liaison for the Department of Navy.

During World War II, John S. McCain, Jr., was one of the few naval officers to serve in both the Pacific and European theater of operations. In the Pacific as a submarine commander he was responsible for sinking 20,000 tons of Japanese shipping and in the European theater, his submarine served as the beacon ship for the Casablanca landings in North Africa. His exploits in World War II earned him a Bronze Star and Silver Star.

The McCain name is certainly not unfamiliar in my State of Mississippi. Admiral McCain's father was born in Mississippi and the Naval Air Station in my hometown of Meridian is known as McCain Field in honor of the original Admiral McCain.

Admiral McCain had many friends on Capitol Hill and that friendship grew out of the respect we all had for his abilities and dedication. His natural ability for leadership on behalf of the common good will earn him a well deserved place in the annals of military heroes.

Mr. Speaker, I deeply feel the loss of Admiral McCain, but can take solace in the fact that I had the privilege to know him personally and to benefit from his wise advice and counsel on national defense matters. I extend my deepest sympathy to Roberta, John III, and other members of the family and thank them for sharing their husband, father, and brother with the American people. We shall never forget the heroic exploits and quiet diplomacy that Admiral McCain performed on behalf of the country he loved so dearly.●

A NATIONAL EFFORT TO COMBAT DRUNK DRIVING—PART II

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. BARNES) is recognized for 5 minutes.

● Mr. BARNES. Mr. Speaker, I submit for the information of Members additional materials related to the growing national campaign to combat drunk driving. During a news conference on March 9, Senator CLAIBORNE PELL, of Rhode Island, and I were joined by numerous cosponsors in discussing legislation we had introduced on the subject. Copies of the House bill—H.R. 2488—along with statements of Senator PELL and myself appeared in the CONGRESSIONAL RECORD of Tuesday, March 24, on pages 4990–4993.

Also at the news conference were several victims of drunk drivers, including the national officers of MADD—Mothers Against Drunk Drivers. I am submitting for the RECORD at this time the statements offered by MADD founder and president Candy Lightner, of California; vice president Cindi Lamb, of Maryland; Pat Owen, whose two daughters and two nieces were killed by a drunk driver last year, and Marion Puryear, who was permanently crippled by a drunk driver:

STATEMENT OF CANDY LIGHTNER, FOUNDER AND PRESIDENT OF MADD

Good afternoon. Ten months ago my 13-year-old twin daughter, Cari was struck down and killed by a repeat offender drunk driver while she was walking to church on a Sunday afternoon. It was the second time in her life that she was hit by a drunk driver. When my daughter was killed she was walking inside a bicycle lane and was thrown 125 feet to her death.

The driver left the scene of the crime without even stopping to see if he could render aid or call an ambulance. The man who killed Cari had four prior drunk driving arrests. In fact, Cari's killer was out of jail on bail for another hit-and-run drunk driving crime for only 48 hours when he struck my daughter.

Following Cari's death, I learned that death and maiming by drunk drivers is one of the most serious health threats facing the American public. Yet I found there was no public outcry to eliminate drunk drivers from our highways. And, in general, people in Government at the Federal, State and Local levels had been unable to do anything to effectively curtail the carnage that occurs every 23 minutes on our highways. In fact, alcohol related crashes claim more lives each year than persons killed by handguns.

Unfortunately, the public is virtually ignorant of the tragic consequences caused by drinking and driving, and that ignorance is part of the problem which must be corrected. In the wake of my daughter's death, I decided to form a grassroots citizens organization called MADD—Mothers Against Drunk Drivers. The goals of MADD are to fight for effective reform of the system so that unnecessary deaths and injuries caused by drunk drivers can be measurably reduced and to warn the public that what happened to my family and the other families here today can happen to them. Our organization today has 20 active chapters established in 5 states and inquiries from victims from 20 more states who want to start chapters. Some of our chapter representatives are in the audience today.

Susan Midgett, whose young son was killed by a drunk driver while playing in the front yard of their Virginia home; Marie Tursi of Pennsylvania, whose son was killed by a drunk driver who later received only four years probation as punishment; and Tom and Dot Sexton of Maryland who also lost a son to a drunk driver.

In California, as a direct result of MADD's efforts, Governor Brown appointed a solution-oriented task force, and MADD was able to get a similar task force established in Sacramento County. I am a member of both task forces. Because of MADD's efforts, Sacramento is now the toughest county in California on drunk drivers. That happened because drunk driving is nothing more than a political problem that reacts to citizen pressure. The task force in California and a similar task force in Maryland hold out real hope for identifying what actions can be taken at the state level to help eliminate or at least reduce the incidence of drunk driving from our roads.

There is also a drunk driving task force in New York and recently the Governor of West Virginia announced that he will appoint a task force. I feel strongly that the Governor of every state should recognize drunk driving for what it is: One of the most serious threats to the life and limb of each citizen in their state. Therefore, I am calling on every governor to follow the lead of California, Maryland, New York and West Virginia, and appoint a solution-oriented task force to help reduce unnecessary deaths and injuries cause by drunk drivers.

In the next few weeks, MADD will write to each governor to formally make that request. There are inadequacies in the criminal justice system in each state that need to be corrected. For example, in California, MADD found that fingerprints of arrested drunk drivers had not been processed for years and the state's justice department is now nearly half a million sets of fingerprints behind in processing, or enough processing to take 62 people one year to process them. That kind of situation is intolerable and ridiculous and helps enable drunk drivers to continue killing and maiming. On the Federal level, MADD strongly supports the efforts here today in the introduction of the Pell-Barnes drunk driving legislation, and MADD urges that congressional hearings be held in the near future.

MADD is also seeking a Presidential blue ribbon commission on the national drunk driving issue. Five months ago we started a petition drive and we are in the process of circulating more than ten thousand petitions across the Nation. Each week, thousands of signatures of victims and concerned citizens pour into our Maryland headquarters.

Drunk driving is a threat that we as a society do not have to tolerate. The attitudes of judges, prosecutors, law enforcers and legislators must be changed. And there is a solution. It is simply that citizens who are victims, survivors and all potential victims must demand reform. This approach is working in California and Maryland, and

citizen pressure will work across the country. Thank you.

STATEMENT OF CINDI LAMB, NATIONAL VICE-PRESIDENT OF MADD

Hello, I would like to thank all of you for coming here today. I would like all of you to imagine that you woke up this morning to read this headline: "70 people die of swine flu." Now that would shake you up! Imagine the 6 o'clock news reporting: "70 killed in airline crash." You would take the time to find out why that happened. Either one of these headlines for just one day would arouse tremendous concern in all of us. And yet, 70 people will die today in alcohol-related auto crashes.

One million people every year are seriously injured or maimed by drunk drivers. I know what it is like to be a statistic. I am one. So is my daughter Laura. We were struck by a drunk driver who had 35 prior highway violations, including three previous drunk driving arrests. Laura, at the age of five months, became a quadriplegic. She is paralyzed from the shoulders down for the rest of her life.

The current trend of carnage on our highways is no longer being tolerated in many states and communities. We the victims have had enough! We are all frightened, we are MADD—and we are doing something to stop this epidemic of deaths and crippling injuries. There are viable solutions. There is action we can take at the grassroots level, State and Federal levels.

I wholeheartedly applaud the efforts of Senator Pell and Congressman Barnes for taking a definitive step in the right direction to correct this problem at the Federal level. If passed by Congress, and enacted by State legislatures, the Pell-Barnes legislation will translate into saving lives and sparing needless suffering.

The task force on the drinking driver initiated by Maryland Governor Harry Hughes sets an excellent example for all other States to follow. The legislative packet of bills stemming from the task force recommendation are currently under review by the Maryland General Assembly. The bills will receive a hearing this Wednesday, March 11th by the House Judiciary Committee headed by delegate Joe Owens of Montgomery County. As some of you may know, Joe Owens' committee has been a grave yard for legislation aimed at toughening Maryland's drunk driving laws over the past decade. I believe this is due to Joe Owens' political stronghold over the members of his committee.

This evening from 6 to 7 o'clock in front of the State House in Annapolis, members of MADD will hold a candlelight vigil for the victims and survivors of drunk drivers. This Wednesday morning at 11 o'clock, again at the Annapolis State House, Maryland MADD will picket chairman Owens and his committee to support the Governor's drunk driving legislation.

We will hold a counter-news conference to allow MADD victims to voice their feelings regarding Joe Owens and this needed drunk driving legislation in Maryland. The tremendous impact that victims and concerned citizens of MADD have made on the drunk driving crisis typifies what can and should happen throughout this Nation, community by community. We can solve this national epidemic! We can save lives and reduce crippling injuries! Together! Thank you very much.

STATEMENT OF MRS. PAT OWEN

My name is Pat Owen. I am from Lincoln, California. I am here with MADD to support Congressman Barnes and Senator Pell's legislation regarding drunk driving.

Last August I lost my two daughters, Sherry, age 18, and Michelle, age 16, my brother's daughters Lisa, age 20, and Rhonda, age 13, to a hit-and-run alleged drunk driver. Four other people also died in that crash that night. My 17-year-old niece Tina was left permanently paralyzed from her armpits down.

The accused drunk driver escaped with barely a scratch, he did not even stop to render aid. According to court records, he is a repeat offender. He has been found guilty on three other occasions. That man had no business being on the road that night. He did not have a valid driver's license. He was on probation for his third drunk driving arrest. The crash that killed my children was the second drunk driving accident the accused was involved in. It was no accident! It was a crime! One that could have and should have been prevented. I blame not only the driver of that car but the system as well. A system that must be changed.

As Representatives of the people, it is time for our lawmakers to take a firm public leadership role, and use the full powers of their office to protect the rights of the innocent victims, instead of just the rights of the criminal.

I am asking that President Reagan appoint a blue ribbon commission, properly staffed and funded, to find workable solutions to the national drunk driving crisis. I join Candy Lightner and MADD in calling on the governor of each State to appoint a task force, like in California and Maryland, to focus on solutions to each State's drunk driving problem. I have initiated a MADD chapter to combat drunk driving in my community, and I urge concerned citizens in every community to follow suit. I am asking that the news media keep the public fully informed on the drunk driving issue, help make the public aware of the dangers of drinking and driving, and publicize the need for changes in attitudes on this most threatening problem.

If Members of Congress and State legislators had listened to lawmakers like Senator Pell and Congressman Barnes before, maybe my children and thousands of others would still be alive today. How many more must die before there is firm action to toughen the system, a system that has allowed the drinking driver problem to escalate to epidemic proportions? Remember, the greatest deterrent against crime is the fear of the law. More people die in alcohol-related auto crashes in two years than in 10 years of the Vietnam War. Please, now is the time to get the drunk driver off the road. Let us work together to stop this indiscriminate killer. The next victim could be you. Thank you.

STATEMENT OF MRS. MARION PURYEAR

My name is Marion Puryear of Waldorf, Maryland. It was a beautiful Sunday morning in April of 1978. My family and I were driving to church when we were hit from behind by a drunk driver. As the car tried to pass us, the sideways movement sent our car rolling over and over. It was not the drunk driver's first offense, yet he was given this opportunity which stopped my life.

This drunk on the road brought my life to a dramatic standstill, and created untold heartache to my family. There I was . . . from a busy wife, mother and schoolteacher, reduced to a lifeless paralyzed human being whose neck was broken and whose paralysis extended from the armpits down.

No one can really understand this kind of tragic impact on an individual and a family unless they experience it. My teenaged children were in a state of shock, causing nightmares and emotional traumas. My husband suddenly had to become all things to us. It was overpowering, far beyond human endurance.

For three months I was in traction with a metal band screwed into my skull and weights hanging from the back of my head . . . totally immobile . . . my privacy was gone. Someone else had to take care of my entire body and its functions. This still continues to this day. For five more months I began the agony of trying to make a paralyzed body move. This has been the hardest, most depressing experience I have ever had to endure. It is not over yet. All these many months, amounting to years, it has been a daily battle to try to move and not give up when the pain gets unbearable or the task overpowering.

The drunk driver responsible for putting me in a wheelchair is an assigned risk, not only behind the wheel of a car, but also in the area of insurance with a maximum coverage of 20,000 dollars. My teaching income ceased as my personal expenses soared. So, another nightmare loomed before us. Who's going to pay the bills? Once it begins it never stops. Every time we turn around I am an extraordinary expense. It doesn't stop when one leaves the hospital. Not only are there constant medical expenses and physical therapy which now exceed 100,000 dollars, but someone has to come in and do the household chores as well. My future, my family's future has been dimmed by a drunk on the road. I would never wish such a needless tragedy to happen to anyone. Our Christian faith is the only thing that held us together. The grace of God is keeping us to this day. We take one day at a time.

For far too long our society has neglected this senseless tragedy created by drunks on the road. I sense a new awareness of this problem. I support the efforts of other victims of drunk drivers like "Mothers Against Drunk Drivers," concerned citizens, and lawmakers who are attempting to bring this issue to the forefront of the minds of the American public.

Unfortunately, drunk driving is not just a problem confined to my community. It is a statewide problem, it is a national problem. I applaud the efforts of Governor Harry Hughes and concerned lawmakers in Maryland to strengthen the state's drunk driving laws. I heartily endorse Congressman Mike Barnes' and Senator Claiborne Pell's bills which would effectively combat the national drunk driving crisis.

This major effort at the federal level, in conjunction with cooperation at the state and local levels will add up to important needed changes to help save other citizens and their families from having to experience the nightmare I have had to fight to overcome.●

PRESIDENT REAGAN REPORTS ON CYPRUS PEACE EFFORTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 5 minutes.

● Mr. ZABLOCKI. Mr. Speaker, on March 20, in accordance with provisions on Public Law 95-384, President Reagan submitted to the House a report on progress made during the past 60 days toward reaching a negotiated settlement of the Cyprus problem. I am pleased to note that the President has assured this body of the great importance he attaches to an equitable resolution of the Cyprus matter, and, in turn, I wish to offer my full support to him in all efforts toward that end.

Mr. Speaker, due to the high level of concern among my colleagues who share the President's interest in reaching a just and lasting settlement to the Cyprus problem, I insert for the RECORD the full text of President Reagan's report:

THE WHITE HOUSE,
Washington, March 20, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the U.S. House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: In accordance with the provisions of Public Law 95-384, I am submitting the following report on progress made during the past sixty days toward reaching a negotiated settlement of the Cyprus problem.

A just, fair and lasting resolution to the problems of Cyprus will remain a priority for my Administration.

The talks between representatives of the Greek Cypriot and Turkish Cypriot communities are continuing. Under the chairmanship of United Nations Secretary General's Special Representative on Cyprus, Ambassador Hugo Gobbi, the two sides are undertaking detailed analytic review of basic issues. The parties have been addressing the following topics in rotation on the basis of one topic each meeting:

(A) Reaching agreement on the resettlement of Varosha under United Nations auspices.

(B) Initial practical measures to promote good will.

(C) Constitutional aspects.

(D) Territorial aspects.

Meetings were held on January 16, 21, and 28 and February 4, 11, and 18. After a mutually agreed upon recess, the meetings resumed on March 11. We expect the negotiations to continue on a regular basis. Throughout this period both sides have engaged in serious discussion of the issues involved. Each side has advanced proposals and the negotiators have been seeking to identify areas of agreement and reduce differences. Throughout these discussions the parties have maintained a congenial negotiating atmosphere, seriously addressing points for negotiation.

I am convinced that through these negotiations a foundation for a stable, enduring settlement on Cyprus is being laid. Both sides are seriously discussing steps to mitigate longstanding conflicts and, as was anticipated, progress is slow. However, the opportunity for a just and lasting settlement will not remain indefinitely. Therefore, the need for patience and persistent negotiating must be complemented by innovative and flexible approaches to the outstanding problems. After six years of effort, it is time to see a fair settlement that will benefit and serve all of the Cypriot people.

In this, my first report to Congress on Cyprus, I unhesitatingly reaffirm the support of the United States for the efforts of the Secretary General and his Special Representative on Cyprus. They have been vigorously and persistently seeking a just and lasting solution of the Cyprus problem. The Secretary General and other United Nations' officials have been creative in their proposals and unflagging in their patience from the inception of the negotiations. I commend their professional conduct and offer the commitment of my Administration to assist in their endeavors to resolve the Cyprus issue.

Sincerely,

RONALD REAGAN.●

HONORARY CITIZENSHIP FOR RAOUL WALLENBERG

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. LANTOS) is recognized for 60 minutes.

Mr. LANTOS. Mr. Speaker, some 264 colleagues representing all 50 States join me in a joint resolution to grant honorary citizenship to the hero of the holocaust, Raoul Wallenberg, a Swedish diplomat, who, at the end of World War II, risking his own life day in and day out, saved approximately 100,000 innocent men, women, and children from death and destruction.

I deeply appreciate the almost unprecedented support shown by my colleagues in this legislation. The illustrious list of cosponsors includes both the majority and minority leaders of the House as well as Members from every State of the Union and each territory represented in Congress.

In these days of intense legislative pressure on Congress, it is gratifying that we can give attention, in this strongly bipartisan way, to an issue which has clouded the American conscience for more than 3½ decades.

I would like to explore what Raoul Wallenberg did, who he was, where he is now, and why the majority of the Members of this body are determined to grant honorary citizenship to him.

Raoul Wallenberg is the son of Sweden's most distinguished family, a graduate architect of the University of Michigan, who volunteered during the darkest days of World War II, at the request of the Government of the United States, to go to Nazi-occupied Hungary for the sole purpose of saving innocent human lives.

With a degree of courage unprecedented in the annals of history, putting his life on the line day after day, he saved from certain death close to 100,000 innocent men, women, and children.

Armed with Swedish diplomatic papers, the 32-year-old Wallenberg coordinated the rescue effort to save the last remaining intact Jewish community in Europe at a time when 5 million Jews had already been taken to the gas chambers.

Wallenberg printed Swedish passports of his own design and with incomparable courage faced Nazi soldiers and death squads. He distributed passports to thousands of victims. He repeatedly risked his own life as he followed the death marches and went daily to the deportation trains where he literally pulled people out of the clutches of the Nazis.

He purchased and rented scores of houses in Budapest, equipped them with Swedish flags, and personally protected the refugees from the onslaught of the Nazis and the Arrow Cross.

When the Russian Army occupied Budapest, they arrested Raoul Wallenberg. They arrested him because they mistakenly assumed that he was an American spy. And for 12 long years, from 1945 until 1957, the Soviet Union claimed they had no idea where he was. Then in 1957 they changed their story 180 degrees. They admitted that they had arrested him, they admitted that they took him to Moscow, they admitted that they had imprisoned him, but claimed that he died in prison. But the evidence is to the contrary.

Throughout the 1950's and the 1960's and indeed the 1970's, a tremendous variety of people who had no knowledge of one another came out of the Soviet prison system claiming that they had seen Raoul Wallenberg as recently as last year.

For the man who saved so many by conferring citizenship upon them, our action here is a singularly appropriate, although symbolic, parallel. To confer U.S. citizenship upon him is to both protect him and to honor him through our belated gratitude.

Bestowing honorary American citizenship is a serious matter. Only once before in the history of our Congress have we given honorary citizenship. In 1961, we honored Sir Winston Churchill for his unique contribution to preserve free societies, and it seems that the Congress of the United States is on the verge of honoring Raoul Wallenberg by bestowing upon him the highest honor this Nation is capable of bestowing on someone from abroad by making him an honorary citizen of the United States.

As one who earned my own citizenship in this Nation as an immigrant from Hungary, I am well aware of the preciousness which accompanies such an action.

However, in taking Raoul Wallenberg to our Nation's breast, we bring even more honor to ourselves than to him. We recognize our responsibility to him by commemorating the great achievements in his life, his contribution to answering the call of the American conscience of that time, and our involvement in his fate.

If indeed Raoul Wallenberg is alive, this act by Congress would enable our Department of State to attempt to bring back the ultimate American hos-

tage. It was just a short while ago that we all rejoiced when our 52 hostages returned from Iran after 444 days in captivity. Raoul Wallenberg will have spent over 13,000 days in the Soviet prison system in the Gulag Archipelago, and I am sure that Secretary of State Alexander Haig and the President will do their utmost to return this ultimate American hostage to a free society.

In honoring Raoul Wallenberg we are honoring ourselves as a Congress and as a nation, recognizing that beyond the problems of the day, the budget battles and our partisan fights, there are issues that unite us far more serious than our divisive partisan battles, and those issues are our common concerns for the very principles upon which this very great Republic was established.

Time does not erase the sense of outrage of the civilized world that a diplomat and humanitarian could be held unaccountably in prison by a modern nation.

We cannot cease to persist in our efforts to protect individuals from these and other violations of human rights and international law.

We must continue to confront the Russians with the message that Wallenberg is not forgotten, and that his fate is linked to future relations between the East and West.

I am confident that the House and the Senate will join in this resolution bestowing upon the hero of the holocaust, Raoul Wallenberg, honorary citizenship of the United States.

Before doing so, I shall be pleased to yield to my distinguished colleague, the gentleman from Hawaii (Mr. AKAKA).

Mr. AKAKA. I thank my friend and colleague very much for this honor.

Mr. Speaker, I rise in unequivocal support for this resolution to bestow honorary citizenship on Raoul Wallenberg. Surely few men in recent history have given so much to their fellow men; surely few men have given so much and received so little for their sacrifices. Raoul Wallenberg has either died a lonely death at the hands of Russian prison officials, or he remains a prisoner in a land where many have been shut away and few have lived to tell about it. In either case, he is, in the words of Richard Cohen, "a saint in that frozen hell of a place where Russia hides its soul."

At the age of 32, Raoul Wallenberg left his comfortable life in Sweden at the request of President Franklin Roosevelt. He then moved into a world of horrors whose watchword was death and the destruction of the human spirit. He issued protective passports to at least 20,000 Budapest Jews. He sheltered at least 13,000 of them in "safe houses," and he pulled thousands out of cattle cars on their way to Auschwitz.

Raoul Wallenberg was a man stronger, better and more courageous than most men born on this Earth. He risked his life to save the lives of strangers—in the name of justice and a greater good. In the face of terrifying physical danger, he was graceful and strong. His purpose was noble; his will undaunted.

Be he living or dead, Raoul Wallenberg is indeed a true portrait of what is good and noble in all of us. By virtue of his valor he is many things: He is beauty, he is justice; he is bravery, he is strength; he is wisdom and he is honor. He is the unexplainable greatness buried deep in the soul of the human race.

For these reasons, Raoul Wallenberg should be honored. If he is still alive, as many reports indicate, he should be freed from his living hell. And, if, indeed, he did die in a Moscow prison in 1947, his body should be returned to his homeland with all the honor he deserves.

The Soviet Union must be held accountable for the fate of Raoul Wallenberg. As a nation, we must use our greatness to intercede on behalf of Raoul Wallenberg as he used his greatness to intercede on behalf of victims destined for the Nazi slaughterhouse. It is meet and right that we should make his courage our courage.

I call on this body to join me in my support to gain honorary American citizenship for Raoul Wallenberg. No man deserves it more.

Mr. LANTOS. I thank the gentleman for his remarks.

Mr. JONES of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. LANTOS. I would be pleased to yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Speaker, I would like to express my gratitude to my colleague, TOM LANTOS, for giving us the opportunity to honor Raoul Wallenberg.

We are bestowing honorary citizenship on Raoul Wallenberg in the hope that this action may help us discover his fate. But we are also honoring him for his bravery and his humanity in personally saving thousands of people, including TOM LANTOS and his wife Annette, from the destruction of the holocaust. We honor him for living like the Jews under Babylonian captivity, who "Helped every one his neighbor, and every one said to his brother, Be of good courage."

Raoul Wallenberg was a man of good courage, and for that we must always be grateful.

I believe we should also express our gratitude to TOM and Annette Lantos for taking the lead on this issue, and on so many others dealing with human rights around the world.

TOM has spent his life working against totalitarianism in all its forms. As a teenager in his native Hungary, he fought in the anti-Nazi underground, and he has never ceased working for human freedom everywhere.

It is symbolic that one of TOM's first acts in the House has been to organize support for a heroic man who did so much for so many. I believe TOM will continue to serve as our conscience, reminding us of the many brave men and women who have suffered in the name of freedom. I think we should all be grateful to him for taking on this important task.

Mr. LANTOS. I deeply appreciate the gentleman's comments.

Mr. WEISS. Mr. Speaker, will the gentleman yield?

Mr. LANTOS. I yield to the gentleman from New York.

Mr. WEISS. Mr. Speaker, I very much appreciate the distinguished gentleman in the well yielding to me, and I want to express my special appreciation to him for calling this special order today and for the leadership which he has provided, together with his lovely and distinguished wife, Mrs. Annette Lantos, in the effort to recognize and have public and international recognition given to the role which Raoul Wallenberg played in the saving perhaps in excess of 100,000 Hungarian Jews during the Second World War.

I think that the legislation which he is proposing, to have American honorary citizenship granted to Raoul Wallenberg, is fitting and appropriate, and I think that the Congress would be honoring itself and this Nation as well as Mr. Wallenberg in acting favorably upon that legislation.

Mr. Speaker, I want to associate myself fully with the statement that the gentleman has made and that he is making during the course of this special order. Again, perhaps it is fitting and appropriate, since the gentleman in the well and I are perhaps members of the smallest unorganized caucus in this body, both being Jewish, both having been born in Hungary and having been welcomed as immigrants into this land which we are proud to be citizens of.

I thank the gentleman for yielding to me, and I express my appreciation to him.

Mr. LANTOS. I thank the gentleman for his remarks.

Mrs. SCHROEDER. Mr. Speaker, will the gentleman yield?

Mr. LANTOS. I would be pleased to yield to my colleague, the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Speaker, I would like to join my other colleagues in complimenting the gentleman from California. For a freshman, the gentleman has come in with a wonderful idea. He has captured the idea of what America should be about, the message that we should be communicating to the world, that we are still for human

rights and religious freedom, and that is what we stand for. That is what the whole free world is about.

So I think the idea of the gentleman's honoring Raoul Wallenberg with honorary citizenship is absolutely what we should be doing. Thank goodness the gentleman has had the wisdom to do it. I compliment the gentleman.

Mr. LANTOS. I am deeply grateful to the gentlewoman for her comments.

Mr. Speaker, briefly I would like to spend a few moments discussing who Raoul Wallenberg is, what he did, where he is now, and why we are honoring him.

Raoul Wallenberg is the son of Sweden's most distinguished family, a graduate architect of the University of Michigan, who volunteered during the darkest days of World War II, at the request of the Government of the United States, to go to Nazi-occupied Hungary for the sole purpose of saving innocent human lives.

With a degree of courage unprecedented in the annals of history, putting his life on the line day after day, he saved from certain death close to 100,000 innocent men, women, and children.

When the Russian army occupied Budapest, they arrested Raoul Wallenberg. They arrested him because they mistakenly assumed that he was an American spy. And for 12 long years, from 1945 until 1957, the Soviet Union claimed they had no idea where he was. Then in 1957 they changed their story 180 degrees. They admitted that they had arrested him, they admitted that they took him to Moscow, they admitted that they had imprisoned him, but claimed that he died in prison. But the evidence is to the contrary.

Throughout the 1950's and the 1960's and indeed the 1970's, a tremendous variety of people who had no knowledge of one another came out of the Soviet prison system claiming that they had seen Raoul Wallenberg as recently as last year.

In 1961 we honored Sir Winston Churchill for his unique contribution to preserve free societies, and it seems that the Congress of the United States is on the verge of honoring Raoul Wallenberg by bestowing upon him the highest honor this Nation is capable of bestowing on someone from abroad by making him an honorary citizen of the United States.

If indeed Raoul Wallenberg is alive, this act by Congress would enable our Department of State to attempt to bring back the ultimate American hostage. It was just a short while ago that we all rejoiced when our 52 hostages returned from Iran after 444 days in captivity. Raoul Wallenberg will have spent over 13,000 days in the Soviet prison system in the Gulag Archipelago, and I am sure that Secretary of State Alexander Haig and the President will do their utmost to return this ultimate American hostage to a free society.

In honoring Raoul Wallenberg we are honoring ourselves as a Congress and as a nation, recognizing that beyond the problems of the day, the budget battles and our partisan fights, there are issues that unite us far more serious than our divisive partisan battles, and those issues are our common concerns for the very principles upon which this very great Republic was established.

I am confident that the House and the Senate will join in this resolution bestowing upon the hero of the holocaust, Raoul Wallenberg, honorary citizenship of the United States.

● Mr. BIAGGI. Mr. Speaker, I wish to join Congressman LANTOS and the rest of my colleagues in support for honorary citizenship for Raoul Wallenberg. I have cosponsored Congressman LANTOS' resolution granting Mr. Wallenberg honorary U.S. citizenship.

American citizenship would provide the United States with the authority to formally approach the Soviet Union for information on this fine man. Wallenberg mysteriously disappeared after the 1945 invasion of Hungary. It is not known at this time if Mr. Wallenberg is dead or alive. The Soviet Government has claimed that Mr. Wallenberg died in prison in 1947. However, former inmates of Soviet prisons have claimed that they saw or heard of a Swedish prisoner by the name of Wallenberg.

I find the Soviet Government's arrest and detention of Mr. Wallenberg reprehensible. I find it even more distressing that Soviet officials refuse to provide the free world with details of Mr. Wallenberg's fate.

It should be noted that Swedish officials have done all they can to obtain information on Mr. Wallenberg notwithstanding their close proximity to the Soviet Union. We commend them for their efforts. However, the United States, as a world power, can exert greater influence on the Soviet Government.

Besides the fact that American citizenship will authorize the U.S. Government to make official inquiries into Wallenberg's fate, it will also honor him for his outstanding efforts in saving thousands of Hungarian Jews from extermination at the hands of the Nazis. I will be proud to call him a fellow American.●

● Mr. MICHEL. Mr. Speaker, I consider it an honor to join my colleagues in paying tribute to Raoul Wallenberg by bestowing honorary U.S. citizenship upon him.

I am not going to burden you by repeating the facts of the Wallenberg story, which are well known and which have been given by many of our colleagues today. I simply wish to say that what we are involved with here is something that transcends one human being.

In honoring Raoul Wallenberg we are, in a sense, honoring all victims of totalitarianism, wherever they may have fallen or where they may be today. We honor the victims of the slave labor camps, the death camps, the Gulag, Belsen, the reeducation camps of the Vietnamese Communists. In effect we say we will never forget the long agony of the captive nations. We condemn the brutality that exists wherever and whenever a political party or group gains total control, not only over government, not only over the tools of production, but of the very lives of the people. By our action today we honor, in our small way, the victims of these and other crimes against humanity, alive or dead.

Totalitarianism is the great evil of our time. It never existed in its pure form until this century. We pray that it will end before this century closes. And, if it does end, it will be because men and women with the spirit of Raoul Wallenberg are still willing to go out, look that evil in the face and say: "I am human and out of my humanity I condemn any attempt to totally enslave the human spirit."●

● Mr. FORD of Michigan. Mr. Speaker, there is no question that we owe a debt of gratitude to Raoul Wallenberg. Because of his actions and humanitarian work, Congressman TOM LANTOS and his wife are alive and well today. This, in itself, is a tribute to the greatness of the man we are honoring today by introducing a resolution making him an honorary citizen.

If the Soviets are holding this brave and brilliant man, let us put them on notice that we want to know his whereabouts and we want him freed. If this hero is dead, then we must be informed of this fact.

I am proud to be a cosponsor of this important resolution and look forward to its early passage.●

● Mr. HERTEL. Mr. Speaker, if it is true that the deepest depths of hell are reserved for those who in times of great moral crises do nothing, then the highest pinnacles in paradise are reserved for men like Raoul Wallenberg. His bravery in the face of the unspeakable atrocities of the Nazi Holocaust are without peer. Superlatives have not been phrased which capture the selfless humanity of this man.

In recognition of Raoul Wallenberg's unparalleled example of courage and compassion for others without regard for self, it is fitting that the U.S. Congress bestow our highest honor upon an individual, that of Honorary American Citizen, and further demand that the Soviet Union give a full and immediate accounting of the whereabouts or fate of Raoul Wallenberg.●

● Mr. GREEN. Mr. Speaker, I am pleased to have this opportunity to say a few words about one of the outstanding men of our century, Raoul Wallenberg. It is my hope that this statement and the statements of thousands of others throughout the world will not only elevate Mr. Wallenberg to the heroic status he clearly deserves, but will also lead to the truth of his condition.

The history of the world has shown that in critical times a few compassionate, giving, and courageous people can have a tremendous impact. All of these qualities describe Raoul Wallenberg. His story is well known. This Swiss diplomat could have abstained from activity in World War II at no cost to himself. Instead, at great risk to his own life, Raoul Wallenberg became deeply involved. In the end, through his intelligence, shrewdness, and most important his compassion, he saved the lives of 100,000 Hungarian Jews.

The tactics he used to save the 100,000 people is a testimony to his cunning. As a Swiss diplomat he issued self-styled protective passes to tens of thousands of Hungarians. He also purchased and rented all the houses he could find. Mr. Wallenberg then placed Hungarian Jews in these houses and claimed these homes as Swedish territory. Daily he was forced to defend these homes from the Nazis. His overwhelming presence and courage gave him great success in these confrontations.

After the war the Soviets took Mr. Wallenberg as a prisoner, claiming he was an American spy. Initially, the Soviets denied any knowledge of his case. Numerous reports from individuals who had seen him in Soviet prisons forced the Soviets to alter their reports. The most recent claims from the Soviet Union indicate that Mr. Wallenberg died of a heart attack in a Soviet prison in 1947.

However, since 1947 the reports from people who have seen and spoken with Mr. Wallenberg have continued. These reports have been received as recently as January 1981, and the sheer number of them suggests that Mr. Wallenberg did not die in 1947 and may well be alive today.

It is our responsibility to pursue this matter to the fullest degree possible. I am happy to cosponsor Congressman LANTOS' resolution proclaiming Mr. Wallenberg to be an honorary citizen and hope that this will give the United States additional negotiating power with the Soviets.

It is difficult to express in words what a credit Mr. Wallenberg is to humanity. That he saved the lives of 100,000 people is remarkable. That he could still be alive, wasting away in a Soviet prison is unthinkable. I salute this man and his work, and pray that if he is alive, the freedom he fought so courageously for on behalf of tens of thousands of people will soon be granted to him.●

● Mr. ROSENTHAL. Mr. Speaker, I rise today to pay tribute to an unrelenting humanitarian, Raoul Wallenberg. Wallenberg risked his own life time and time again in order to rescue Hungarian Jews from Nazi slaughter in the closing months of World War II. It is this selfless, heroic spirit which we honor today.

Mr. Wallenberg, a native of Sweden, arrived in Budapest in 1944 at the request of the American War Refugee Board. His diplomatic status enabled him to rescue tens of thousands of Jews bound for Nazi extermination camps by issuing Swedish protective passports. When Soviet forces entered Budapest in January of 1945, Wallenberg disappeared. Since his disappearance the Soviet Union has made only one official statement regarding Wallenberg's whereabouts. A February 1957 memorandum admitted to Wallenberg's imprisonment during the 1940's, the claimed that he suffered a fatal heart attack on July 17, 1947. Soviet authorities persist in their assertion that Wallenberg died in Lubyanka jail in 1947. Yet sufficient evidence exists to indicate that Wallenberg lived beyond that 1947 date, and could very well be alive today. Numerous groups worldwide have called upon the Soviet Union to reopen the case of Raoul Wallenberg and bring to light the details of his whereabouts.

At the Madrid Conference on Security and Cooperation in Europe held last fall the United States, along with Great Britain, Sweden, and Switzerland, urged reconsideration of the case of Raoul Wallenberg. As the conference convened to review the Helsinki human rights accords, Mr. Wallenberg's situation was cited as a prime example of Helsinki's provision for reunification of families.

Raoul Wallenberg's heroism and humanitarian service on behalf of the U.S. Government more than justifies the honorary citizenship which we seek to bestow as an official recognition of our eternal debt to him. Yet equally important is our public display of concern and continued vigilance in clarifying Mr. Wallenberg's fate. Our inquires on his behalf could then bring more pressure to bear on the Soviet Union, as we seek their compliance with the Helsinki accords.

Our efforts must be consistent and unending to make more people aware of this unjust and highly suspicious disappearance of a deserving, yet undecorated hero.●

● Mr. PHILLIP BURTON. Mr. Speaker, today I join over 220 of my colleagues in support of a resolution bestowing honorary citizenship on one of the heroes of the 20th century, Raoul Wallenberg.

I am certain the inspiring and tragic story of this man's life is well-known to us all, so I will not recount it here but only say that my wife Sala and I applaud our good friend TOM LANTOS for introducing this resolution.

We must use any measure available to us to pressure Soviet authorities to let the world know the true fate of Raoul Wallenberg—and to release him if he is still alive in a Soviet prison. This resolution is one more way of letting the Soviet Government know that millions of people throughout the world want to know the truth about this great man.●

● Mr. BONKER. Mr. Speaker, during the 96th Congress the Foreign Affairs Subcommittee on Human Rights and International Organizations, which I chair, held a series of hearings on the phenomenon of disappearances as a violation of human rights. At one of the hearings I raised the question of Raoul Wallenberg. I asked where is Raoul Wallenberg? What has happened to him? Why is it a crime to have saved tens of thousands of lives? His disappearance in January 1945 after the Russians had captured Budapest is one of the oldest cases of the phenomenon of disappearances.

In response to a request from the American War Refugee Board and the World Jewish Congress, Swedish diplomat Raoul Wallenberg went to Budapest in 1944 after the Nazis began deporting Hungary's 700,000 Jews to extermination camps. Working personally for 7 months, Wallenberg is credited with saving about 100,000 Hungarian Jews from extermination.

When the Russians captured Budapest in January of 1945, Raoul Wallenberg disappeared. The Soviets insist that he died in 1947, but over the ensuing three decades there have been eyewitness reports that Wallenberg is alive in a Soviet prison.

Subsequently we passed House Concurrent Resolution 434, to honor Raoul Wallenberg, and to express the sense of Congress that the U.S. delegation to the Madrid Conference on Security and Cooperation in Europe urge consideration of the case of Raoul Wallenberg at that meeting, and to request that the Department of State take all possible action to obtain information concerning his present status and secure his release.

House Concurrent Resolution 434 passed the House on October 2, 1980, and the Senate on November 19, 1980.

I am pleased to join my colleague TOM LANTOS in cosponsoring the resolution to bestow honorary citizenship on Raoul Wallenberg and commend him for his continuing efforts to find the whereabouts of this genuine hero of this generation.●

● Mr. LEHMAN. Mr. Speaker, I am pleased to participate in this special order to discuss the Raoul Wallenberg

issue. And I would like to commend my distinguished colleague, TOM LANTOS of California, for his tremendous efforts on behalf of justice for Raoul Wallenberg.

I have joined with Congressman LANTOS in introducing legislation today to make Raoul Wallenberg an honorary American citizen, and I strongly urge my colleagues to support the passage of this legislation. Passage of this legislation will increase the international pressure needed to have the Soviets reopen the Wallenberg case. As an American citizen, Raoul Wallenberg will be high on the U.S. agenda in our Government's deliberations with the Soviets, and a resolution to this mystery will be rigorously pursued.

As many already know, Raoul Wallenberg was a diplomat of the Government of Sweden, assigned to the Swedish Legation in Budapest, Hungary, at the request of the American Government. His work was secretly funded by the War Refugee Board. He was responsible for saving the lives of hundreds of thousands of Hungarian Jews between July 1944 and January 1945. On January 17, 1945, he was arrested by Soviet authorities and imprisoned. He has not been heard from since. Despite the announcement by Soviet authorities that Wallenberg had died in 1947, numerous reports from former prisoners have provided evidence that he was seen alive as recently at 1975.

Wallenberg's actions in Europe have proven to be a unique contribution of humanitarianism during the dark days of the holocaust. Jews and non-Jews have a responsibility to continue the search for Wallenberg who, as a Protestant, bought and rented scores of houses in Budapest, equipped them with Swedish flags, personally dragged Jews from their captors at the railroad station and in the streets, and physically defended them day after day when the Nazis tried to break into the homes that had become their lifeline.

Our efforts to determine the fate of Raoul Wallenberg and to possibly offer him some solace if he is alive will be a modest gesture to honor this man and the humanitarian ideal for which he was willing to risk his life.●

● Mr. BROWN of California. Mr. Speaker, until a short time ago, my knowledge of the role played by Raoul Wallenberg on the stage of World War II was sketchy if nonexistent. It occured during a time when man's inhumanity to man was in its ascendency. It was unreasonable to expect a person to even begin to believe that an ultimate solution had been found for the Jewish problem. It was, however, real enough for the United States to endorse the actions of a single man representing a neutral country, giving their sanction to this effort to save a few lives. The gesture was futile, but it did save several thousands of lives that would have otherwise been snuffed out. Many of these lives have found useful, productive pathways of service—a debt owed to Raoul Wallenberg, and I commend my colleague from California, Mr. TOM LANTOS, for introducing this bill.

Those thousands of lives saved by Raoul Wallenberg stand today as a symbol of one man's attempt to stand tall for humanity. It is time we, and all American citizens, pay homage and give credibility to our doctrine of human rights. This bill requesting American citizenship for Raoul Wallenberg will remind the world that the United States does remember its friends, and that we are as loyal to human rights as we are enemies of international terrorism.●

● Mr. FIELDS. Mr. Speaker, I would like to thank the gentleman from California (Mr. LANTOS) for this opportunity to add my name as a cosponsor of his legislation to confer honorary American citizenship to Raoul Wallenberg.

While I must admit that prior to this Congress, I knew very little about Raoul Wallenberg, it has become increasingly obvious to me that Raoul Wallenberg is indeed the lost hero of the Jewish holocaust.

For in the darkest hours at the end of World War II, this young Swedish diplomat came forth, at great personal risk, and sacrificed his freedom so that fellow human beings, by the hundreds of thousands, could be saved from Nazi extermination.

Raoul Wallenberg is indeed a great humanitarian and it is my fervent hope that just as Raoul Wallenberg saved thousands of lives by conferring Swedish passports and quasi-Swedish citizenship on people, we can now use the same device to perhaps save him.

While cynics may now ask why expend this effort on an individual, who the Russians claim died more than 30 years ago, I believe very strongly that this Nation, which commissioned Raoul, has an inherent responsibility to do whatever it can, even at this late hour, to determine what really happened to Raoul Wallenberg.

In good conscience, can we really do any less. For had Raoul Wallenberg decided to only safeguard his own freedom then hundreds of thousands of Hungarian Jews would not have survived the Nazi holocaust.

Rarely do we have such an opportunity to pass legislation for such a great human being who has made the ultimate sacrifices so that others may live.

I urge my colleagues to join us in this noble effort and to urge expedited consideration of this most important piece of legislation.

Let us all hope that one day in the not too distant future we will have an opportunity to personally meet this rare and courageous individual—Raoul Wallenberg.

Thank you, Mr. Speaker.●

● Mr. WEAVER. Mr. Speaker, Raoul Wallenberg is a man of great courage. His acts of humanitarianism are an example for us all. I deeply believe Mr. Wallenberg deserves the world's commendation. I want the United States to express its appreciation to Mr. Wallenberg by formally awarding honorary citizenship to him.●

● Mr. YATRON. Mr. Speaker, I join with my colleagues today in recognizing the tragic plight of Raoul Wallenberg. Mr. Wallenberg is the heroic Swedish diplomat who was instrumental in helping hundreds of thousands of Hungarian Jews to escape the Nazi death camps during the Second World War and whose whereabouts have been in question ever since.

Without consideration for his own safety, Raoul Wallenberg, an agent of the Government of Sweden acting at the request of the American War Refugee Board, risked his own life to bring hope and the promise of salvation to people who believed that they were doomed to the same fate as the 400,000 Hungarian Jews who had already been sent to their deaths. His actions stand as an outstanding example to all of us who would remain indifferent to the suffering and pain of others.

Raoul Wallenberg disappeared in 1945 when the Soviets marched into Budapest. According to various witnesses, he was attempting to buy food and medical supplies from the Russians for the Jewish ghetto when he was seized and taken away.

Various reports have emerged from Russia that indicate Raoul Wallenberg may still be alive and a prisoner in the Soviet Union. In spite of this evidence, the Soviet Government continues to contend that he died in a Moscow prison in 1947.

In January, an international Wallenberg hearing was held in Stockholm resulting in a request that the Soviet Union reopen the Wallenberg case. It is important that the United States emphasize its interest in resolving this matter. The world deserves an answer to what happened to this great man. It is a terrible tragedy that the man who did so much to save the lives of so many has had to sacrifice and suffer for helping his fellow men.●

● Mr. RITTER. Mr. Speaker, today I join with many of my fellow colleagues in urging Congress to bestow honorary citizenship upon Raoul Wallenberg. Mr. Wallenberg displayed extraordinary heroism in assisting tens of thousands of Jews to freedom from Nazi-occupied Hungary late in World War II. I feel it is only fitting and proper to honor this man who sacrificed so much for so many.

In 1944, Wallenberg, a Swedish diplomat, was sent to Budapest as a result of requests from the American War

Refugee Board and a representative of the World Jewish Council. His mission was to assist Jews to escape from the wholesale slaughter being conducted by Adolph Hitler. His mission and the activities he carried out, were both daring and successful. The Swedish Raoul Wallenberg Association has attributed Wallenberg's work to directly saving 20,000 Hungarian Jews. In addition, he assisted, with the collaboration of others, in aiding approximately 100,000 Jews to escape. Unfortunately, Mr. Wallenberg would never see the success of his work; he would never see the children he helped escape grow to adulthood; and he would never receive the thanks of a grateful world. Unfortunately, the yoke of oppression that Mr. Wallenberg helped to lift from the Hungarian people was only fated to be replaced by another form of oppression.

Mr Wallenberg's biography reads like a Greek tragedy. It is a mixture of triumph and tragedy. When Soviet forces eventually ended the Nazi occupation of Hungary in January 1944, one of the first actions they took was to arrest Wallenberg for suspicion of spying. The charges were unfounded and the act unpardonable. Instead of being hailed as a hero, Wallenberg was carted off as a common criminal.

Today a mystery surrounds the fate of Raoul Wallenberg since his incarceration by the Soviets 36 years ago. After repeated inquires as to his fate, the Soviets issued a statement claiming Mr. Wallenberg died of a heart attack in 1974. However, former prisoners in the Soviet Gulag system have claimed to have seen a man resembling Mr. Wallenberg during their confinement. In 1975, a Russian Jew, Jan Kaplan, met a Swede in the Butyrka Prison, who had been imprisoned for 30 years but still seemed healthy. If this man is Raoul Wallenberg, then the Soviets are once again heinously guilty of repression and the denial of human rights.

Why will the Soviets not reveal the real truth about Raoul Wallenberg? How much longer must we accept the lies and falsehoods offered to us by them? Hopefully, the actions we are taking today as Representatives of the people of the United States will help clear up the mystery of Raoul Wallenberg. If he is alive after all these years of unnecessary penal servitude, then grant him his freedom so that he can live out the remainder of his years with dignity. If he is dead, then, perhaps the knowledge of his fate will permit his soul to rest in peace.

Regardless of his fate, I am both proud and honored to join with my colleagues in asking the Congress of the United States to bestow honorary citizenship upon Raoul Wallenberg.●

● Mr. STOKES. Mr. Speaker, I would like to thank my distinguished colleague, the gentleman from California, Mr. LANTOS, for taking this special order so we can discuss the plight of an exceptional man who literally saved the lives of more than 100,000 Hungarian Jews from Nazi terrorism and death during World War II—Raoul Wallenburg. Today, Mr. LANTOS introduced a joint resolution which bestow honorary citizenship to this outstanding and courageous human being.

As a cosponsor of the joint resolution, I would like to remind my colleagues that if American is really committed to the principle of human rights and human life, we must not deter in passing this resolution. Mr. Speaker, from my vantage point the situation comes down to a man, Raoul Wallenberg who gave his freedom and possibly his life for the lives of 100,000 Hungarian Jews. Now, his human rights have been violated.

Mr. Speaker, America and nations around the world owe Raoul Wallenberg a debt of gratitude that may well be impossible to repay. At the request of the U.S. Secretary of State, this unselfish and courageous human being left his comfortable and safe domain as a Swedish diplomat to travel to Budapest in 1944 to aid the Hungarian Jews. The U.S. War Refuge Board financed and directed his activities.

But, Mr. Speaker, Wallenberg's only weapons were the Swedish protective passes he used to save the lives of 100,000 Hungarian Jews including our colleague, Mr. LANTOS. On a regular basis, he literally pulled Hungarian Jews from the cattle trains bound for the Nazi concentration camp fo Auschwitz and almost certain death. He gave them Swedish passes and aided them in gaining security until after the war.

Because of his activities, the Soviet Union considered him to be a U.S. spy. Ignoring his diplomatic immunity, the Soviet Union in 1947 arrested him.

Since his arrest, Jews around the world, the Swedish Government and U.S. officials have repeatedly asked the Soviet Union about Raoul Wallenberg. The response from the Soviet Union for those years has been in the form of misleading information and a general refusal to account in a credible manner for Wallenberg's fate.

Most recently, we have evidence from some prisoners who believe that as late as 1956 that Wallenberg was alive and in a Soviet prison. As a nation who prides itself on being the world leader in the area of human rights, we have been shamefully delinquent in aggressively pursuing the whereabouts of Raoul Wallenberg. We must rededicate ourselves today to find out if Raoul Wallenberg is still alive and what happened to him these 36 years.

Accordingly, Mr. Speaker, I envison the joint resolution introduced today by Mr. LANTOS to serve two purposes. First of all, we must repay Mr. Wallenberg, in some way, for the service he rendered to this country by, at the very least, making him an honorary American citizen. Second, we can use this as a platform from which to intensify efforts to find out from the Soviet Union actually if Mr. Wallenberg is alive and is so to have him released.

Mr. Speaker, I am sure my colleagues will agree that this is not a partisan issue. It is an issue of human life and integrity. Accordingly, I urge my colleagues on both sides of the aisle to join Mr. LANTOS and the cosponsors in bringing this injustice of over 36 years to an end.●

● Mr. OBERSTAR. Mr. Speaker Raoul Wallenberg is the symbol of heroic compassion rising to counter inhuman cruelty.

The world owes Wallenberg an inexpressive debt of gratitude. The United States bears special responsibility because Wallenberg acted on behalf of the United States saving the lives of thousands of Jews during World War II.

If he is still living, Wallenberg would be only 69 years old. He will have spent more than half of his life in a Soviet prison. There is overwhelming evidence that Wallenberg survived long after the Soviets claimed he had died.

Our colleague, the gentleman from California (Mr. LANTOS), feels a special debt of gratitude to Raoul Wallenberg. I am pleased to have joined with him in cosponsoring a resolution to make Wallenberg an honorary American citizen, following the precedent established when Congress designated Sir Winston Churchill an honorary citizen.

Extending citizenship to Wallenberg will give the U.S. State Department an incontrovertible right to seek from the Soviet Union all available information on the fate of Wallenberg following his capture at the end of World War II.

If he still lives, he must be released. If not, the true story of his last years must be made public.●

● Mr. ADDABBO. Mr. Speaker, I am honored in taking this opportunity in joining my respected friend from California (Mr. LANTOS), and the rest of my distinguished colleagues, in supporting the House resolution bestowing honorary citzenship on Raoul Wallenberg, certainly one of the greatest humanitarians of our time, and a man who will forever remain an inspiration to us all.

When one reads about the heroic feats Raoul Wallenberg performed during the Nazi occupation of Budapest, Hungary, an initial reaction may be to think that Raoul Wallenberg is a character found in a World War II novel. It seems impossible that one man could literally singlehandedly be responsible for saving up to 100,000

men and women, young and old, from an almost certain death at the hands of the Nazis. But is it true. In 1944, at the request of the U.S. War Refugee Board and the World Jewish Congress, he went to Budapest, Hungary with the goal of saving as many Jewish citizens as possible, claiming they were Swedish. In the face of Nazi intent to exterminate the Jewish race, he risked his life day after day and night after night for almost 1 year to save innocent men and women. No writer could have even made up the courage, dedication, and sacrifice Raoul Wallenberg displayed at that time. No writer could have ever dreamed up a character who did so much for so many.

There is the distinct possibility, that somewhere in the Soviet Union Raoul Wallenberg is alive in a Soviet prison. If he is indeed alive, as reports have suggested, then we as a nation, must do all within our power to exert pressure on the Soviet Government to release this innocent man. I pray that he is alive and that he be granted the freedom he so justly deserved.●

GENERAL LEAVE

Mr. LANTOS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

□ 1530

A REAL CUT OR A PHONY CUT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Colorado (Mrs. SCHROEDER) is recognized for 10 minutes.

Mrs. SCHROEDER. Mr. Speaker, President Reagan has pledged to reduce the size and cost of the Government. He claims that his budget proposal would reduce Federal employment by 43,000 people over the next 18 months. While this is far less than the 200,000 Governor Reagan claimed he could eliminate during the course of the campaign, even this number is subject to doubt because it is in comparison to the Carter budget and not in comparison to current strength levels.

Whatever the size of the reduction, the American people want to know whether it is a real cut or only a phony cut made by substituting contract employees for full-time Federal employees. In announcing his hiring freeze on January 20, the President said that he would not use contract employees to substitute for Federal employees.

Well, the Office of Management and Budget seems not to have gotten the message. They have sent a draft, unsigned letter over to the Pentagon to see how it will fly. The letter says that 31,200 positions could be eliminated and substituted for by contract employees. It specified that the contracting out should be done in the areas of commissaries, hospital maintenance, depot maintenance operations, and audiovisual activities.

The draft letter goes on to dismiss concerns about contracting out to avoid personnel ceilings. Congressional enactments and OMB's own regulations do not seem to bother the drafter of this letter. Let me quote:

As long as the structured process and procedures prescribed in the Circular are followed, you are not circumventing either the hiring freeze ceilings imposed through the budgetary process.

In other words, fill out the right color forms, and do not worry about the law of the land.

This draft letter tells DOD to violate law, Executive order, and Presidential policy forbidding contracting out to avoid personnel ceilings. It is irresponsible and should be promptly revoked. The American people will not be fooled by phony cuts in the number of civil servants made by substituting contract employees for those on the Government's direct payroll.

Further, the policy expressed in the letter is one which leads to waste and lower productivity. Contracting out to avoid ceilings means paying more and getting less. A military which is run by contractors is not a military which can protect our Nation.

I insert the draft letter in the RECORD at this point:

OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C.

HON. CASPAR W. WEINBERGER,
Secretary of Defense,
Washington, D.C.

DEAR MR. WEINBERGER: Two of the major goals within this Administration center on reducing the size of the Federal workforce and maximizing the efficient expenditure of funds. OMB Circular A-76, "Policies for Acquiring Commercial or Industrial Products and Services Needed by the Government," provides you with one of the necessary tools to achieve these goals. This Administration strongly supports the general policy of reliance on competitive private enterprise to supply the products and services needed by the Government. Through proper and effective implementation of the Circular you will be able to achieve economies and efficiences in operating commercial-industrial type activities by:

Determining the least cost method of providing essential services (contract or in-house).

Streamlining existing Government organizations ensuring they are organized and staffed for the most efficient performance.

Reducing long-range fiscal obligations through reductions in the Federal workforce when cost comparisons show a contract operation is more cost effective.

Enhancing productivity through the development of measurable job standards.

I am sure you are aware that the Department of Defense (DOD) has consistently been the leader in implementing OMB Circular A-76 and has accrued significant savings in the area of personnel resources as well as long-term expenditures. I look to your office for continued leadership and the requisite support needed to complete implementation of the Circular, including completion of all associated cost studies by September 1985.

On the whole, we are pleased with your fiscal year 1981-1982 plan to conduct cost comparison studies on 786 activities. We have, however, noted a trend over the past few years for the Services to withdraw earlier announced studies because of internal pressures. For example, 152 cost studies involving 3,846 personnel positions were deferred/cancelled in this same announcement. Additionally, we have also noted that certain functions such as operation of the commissaries and depot maintenance support has had very little exposure under the Circular. We believe that DOD, in fiscal year 1981—1982, by studying the three functions listed below which comprise approximately 52,000 personnel positions, could reallocate approximately 31,200 positions as a result of the cost comparisons. These functions are:

	Estimated personnel
Total operation of Commissaries	18,000
Hospital maintenance and selected total hospital operation	15,000
Depot maintenance and support operations	15,000
Audiovisual including the Defense Audiovisual Activity Production Facility located at Norton Air Force Base	4,000
Total	52,000

I strongly urge you and your staff to schedule these functions for cost comparison studies in fiscal years 1981-1982 to determine the most economical mode of operation. Accomplishment of these studies in that timeframe would move us closer to the realization of two of this Administration's goals. I look forward to your response regarding your plans to study the above listed functions.

Finally, we have received numerous inquiries regarding the relationship between OMB Circular A-76 and OMB Bulletin 81-6 concerning the statement "Contracting with firms and institutions outside the Government will not be used to alleviate or circumvent the effect of this hiring freeze." This statement complements and reinforces the provision in the Circular which precludes contracting out solely to meet personnel ceilings when contracting for goods and services. As long as the structured process and procedures prescribed in the Circular are followed, you are not circumventing either the hiring freeze or personnel ceilings imposed through the budgetary process.

In light of the trust and responsibilities placed in us by the American people, it is essential that we continue to work together in a partnership to ensure OMB Circular A-76 is implemented in an effective and timely manner. Please be assured that my staff and I will work closely with you in this endeavor.

Sincerely,

—— ——.

TULSA DEFEATS SYRACUSE

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Oklahoma (Mr. JONES) is recognized for 5 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, I appreciate this opportunity to commend my colleague from New York (Mr. WORTLEY) for his courage in entering this Chamber today. Stripped of his pride and a rick of New York dairy cheese by the outcome of last night's Tulsa-Syracuse basketball game, he bravely attempts to smile and act as if nothing truly traumatic has happened. For those here who are not as bleary eyed and strong of heart as Mr. WORTLEY and I, let the record show that Tulsa University defeated Syracuse 86 to 84 last night for the NIT championship. I applaud the outstanding performances of both teams, and I am particularly proud of Coach Nolan Richardson and his championship team. To Mr. WORTLEY, who informed me yesterday that "the Golden Hurricane will be gone with the wind," I can only reply, "Frankly, GEORGE, I told you so."●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. COTTER (at the request of Mr. WRIGHT), for March 25 and 26, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GREGG) to revise and extend their remarks and include extraneous material:

Mr. GREEN, for 15 minutes, today.

Mr. CONABLE, for 15 minutes, today.

(The following Members (at the request of Mr. DASCHLE) to revise and extend their remarks and include extraneous material:)

Mr. WILLIAM J. COYNE, for 30 minutes, today.

Mr. BINGHAM, for 10 minutes, today.

Mr. REUSS, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. LEATH of Texas, for 5 minutes, today.

Mr. MONTGOMERY, for 10 minutes, today.

Mr. BARNES, for 5 minutes, today.

Mr. ZABLOCKI, for 5 minutes, today.

Mr. SHAMANSKY, for 5 minutes, today.

Mr. BARNES, for 30 minutes, on March 30.

Mr. DE LUGO, for 15 minutes, on April 2.

(The following Members (at the request of Mrs. SCHROEDER) to revise and extend their remarks and include extraneous material:)

Mrs. SCHROEDER, for 10 minutes, today.

Mr. JONES of Oklahoma, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. GILMAN, to revise and extend during debate on House Joint Resolution 155.

Mr. BIAGGI, prior to the vote on House Joint Resolution 182, in the House today.

Mr. BOLLING, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,440.

Mr. HARKIN, and to include extraneous matter, on H.R. 1986, in the Committee of the Whole today.

(The following Members (at the request of Mr. GREGG) and to include extraneous matter:)

Mr. CARMAN in two instances.
Mr. ERLENBORN.
Mr. FINDLEY.
Mr. LEBOUTILLIER in five instances.
Mr. MICHEL in five instances.
Mr. DANIEL B. CRANE.
Mr. LOEFFLER.
Mr. SMITH of Alabama.
Mr. LAGOMARSINO.
Mr. BEARD.
Mr. FIELDS.
Mr. ROUSSELOT in four instances.
Mr. GILMAN in two instances.
Mr. GREEN.
Mr. DERWINSKI in two instances.
Mr. HOLLENBECK.
Mr. HYDE.
Mr. CONTE.
Mr. DENARDIS.
Mr. WILLIAMS of Ohio.
Mr. KEMP.
Mr. FISH.
Mr. NAPIER in two instances.
Mr. LENT.

(The following Members (at the request of Mr. DASCHLE) and to include extraneous matter:)

Mr. MINETA.
Mr. BARNES in two instances.
Mr. PEASE.
Mr. MOFFETT in two instances.
Mr. MOTTL.
Mr. MCDONALD in three instances.
Mr. WIRTH in three instances.
Mr. DONNELLY.
Mr. YATES.
Mr. WOLPE.
Mr. CONYERS.
Mr. SEIBERLING in 10 instances.
Mr. WEISS.
Mr. WON PAT.
Mr. HARKIN.
Mr. UDALL.
Mr. LONG of Maryland.

ADJOURNMENT

Mrs. SCHROEDER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 34 minutes p.m.), under its previous order, the House adjourned until Monday, March 30, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

919. A letter from the Acting General Counsel of the Department of Defense, transmitting a draft of proposed legislation to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes; to the Committee on Armed Services.

920. A letter from the Acting General Counsel, Department of Energy, transmitting a draft of proposed legislation to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982 and fiscal year 1983, and for other purposes; to the Committee on Armed Services.

921. A letter from the Acting General Counsel, Department of Energy, transmitting a draft of proposed legislation to authorize appropriations for conservation, exploration, development, production, sale, and use of naval petroleum reserves and naval oil shale reserves, for fiscal year 1982 and for fiscal year 1983, and for other purposes; to the Committee on Armed Services.

922. A letter from the Secretary of Education, transmitting proposed final regulation governing financial assistance to local and State agencies to meet special educational needs, and financial assistance to local educational agencies for children with special educational needs, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

923. A letter from the Director, Office of Personnel Management, transmitting a draft of proposed legislation to amend title 5, United States Code, to strengthen the principle of comparability as the basis for setting Federal pay and benefits, and for other purposes; to the Committee on Post Office and Civil Service.

924. A letter from the Acting Administrator of General Services, transmitting reports on building project surveys for Traverse City and Mount Pleasant, Mich.; to the Committee on Public Works and Transportation.

925. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Consolidated Farm and Rural Development Act and the Small Business Act; jointly, to the Committees on Agriculture and Small Business.

REFERRAL OF SENATE AMENDMENT UNDER TIME LIMITATION

Under clause 5 of rule X and clause 2 of rule XXIV, the following action was taken by the Speaker:

The Senate amendment to the bill (H.R. 31) to amend the Truth in Lending Act to encourage cash discounts, and for other purposes, was referred from the Speaker's table to the Committee on Energy and Commerce for a period ending not later than April 8, 1981, solely for consideration of such provisions of section 303 of the Senate amendment as fall within the jurisdiction of that committee under clause 1(h), rule X.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER (for himself, Mr. ANTHONY, Mr. BETHUNE, and Mr. HAMMERSCHMIDT):

H.R. 2876. A bill to amend the Federal Power Act and the Public Utility Regulatory Policies Act of 1978 to place electric utilities, including members of registered holding company systems, on the same basis as nonutilities with respect to encouraging their investment in cogeneration and small power production facilities, and for other purposes; to the Committee on Energy and Commerce.

By Mr. BOWEN (for himself, Mr. THOMAS, Mr. COELHO, Mr. HUCKABY, Mr. JONES of Tennessee, Mr. WHITLEY, Mr. HATCHER, Mr. NAPIER, and Mr. EMERSON):

H.R. 2877. A bill to extend and amend the Food and Agriculture Act of 1977 for the purpose of assuring adequate supplies of upland cotton and its products to meet food and fiber needs of consumers at reasonable prices; to the Committee on Agriculture.

By Mr. BOWEN (for himself, Mr. THOMAS, Mr. COELHO, Mr. HUCKABY, Mr. WHITLEY, Mr. CHAPPIE, Mr. BREAUX, Mr. ALEXANDER, Mr. FAZIO, and Mr. EMERSON):

H.R. 2878. A bill to establish improved programs for the benefit of producers and consumers of rice; to the Committee on Agriculture.

By Mr. COLLINS of Texas:

H.R. 2879. A bill to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by foreign persons where such acquisition is financed by a foreign lender; to the Committee on Energy and Commerce.

By Mr. CONABLE:

H.R. 2880. A bill to amend the Federal-State Extended Unemployment Compensation Act of 1987 to eliminate the National Trigger for Extended Compensation, change the State Trigger, provide for a qualifying requirement, and for other purposes; to the Committee on Ways and Means.

By Mr. DERRICK:

H.R. 2881. A bill to establish licensed permanent repositories for transuranic waste, high-level radioactive waste, and spent fuel, and for other purposes; jointly to the Committees on Energy and Commerce, Interior and Insular Affairs, and Science and Technology.

By Mr. ERLENBORN (for himself and Mr. FRENZEL):

H.R. 2882. A bill to amend the Internal Revenue Code of 1954 to allow employees a deduction for savings contributions to employer retirement plans or to individual retirement plans; to the Committee on Ways and Means.

By Mr. EVANS of Indiana:

H.R. 2883. A bill to amend the Internal Revenue Code of 1954 to clarify the tax exemption for interest on obligations of volunteer fire departments; to the Committee on Ways and Means.

By Mr. GILMAN:

H.R. 2884. A bill to provide for the distribution within the United States of the International Communication Agency film entitled "In Their Own Words"; to the Committee on Foreign Affairs.

H.R. 2885. A bill to amend the Internal Revenue Code of 1954 to increase the limitations on the deduction for retirement savings, to allow such deduction to individuals covered by employer pension plans, and to provide for inflation adjustments in the limitations on such deduction; to the Committee on Ways and Means.

By Mrs. HECKLER:

H.R. 2886. A bill to amend title 38, United States Code, to extend the period of Vietnam-era veterans' eligibility for readjustment counseling and related mental health services; to the Committee on Veterans' Affairs.

H.R. 2887. A bill to amend title 38, United States Code, to establish a program of career development, advancement, and training assistance for veterans of the Vietnam era; to the Committee on Veterans' Affairs.

By Mr. LEATH of Texas (for himself, Mr. MONTGOMERY, Mr. HAMMERSCHMIDT, Mr. MOTTL, Mr. APPLEGATE, and Mr. WHITEHURST):

H.R. 2888. A bill to amend title 38, United States Code, to provide for improved congressional oversight of significant internal reorganizations of the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. LOEFFLER (for himself, Mr. ROUSSELOT, Mr. STENHOLM, Mr. HANCE, and Mr. SKEEN):

H.R. 2889. A bill to impose quantitative restrictions on the importation of lamb meat; to the Committee on Ways and Means.

By Mr. McGRATH:

H.R. 2890. A bill to amend the Internal Revenue Code of 1954 to provide for the establishment of, and the deduction of contributions to, education savings accounts and housing savings accounts; to the Committee on Ways and Means.

By Mr. MAVROULES:

H.R. 2891. A bill to amend title 10, United States Code, to establish a mechanism for preventing excessive profits on defense procurement contracts during a period of war or national emergency; to the Committee on Armed Services.

By Mr. MOTTL:

H.R. 2892. A bill to prohibit major petroleum producers, refiners, and marketers from acquiring, owning, or controlling any business (or interest therein) which is outside of the petroleum industry; jointly, to the Committees on Energy and Commerce and the Judiciary.

By Mr. O'BRIEN:

H.R. 2893. A bill to amend title 14, United States Code, to increase the base amount for computation of disability or death benefits for temporary members of the Coast Guard Reserve and members of the Coast Guard Auxiliary who suffer injury or death while performing authorized duty; to the Committee on Merchant Marine and Fisheries.

By Mr. PATMAN:

H.R. 2894. A bill to modify the project for the mouth of the Colorado River, Tex., and for other purposes; to the Committee on Public Works and Transportation.

By Mr. ROE:

H.R. 2895. A bill authorizing the appropriations of funds to the city of Atlanta, Ga., to supplement efforts of the Atlanta Police Department in searching for the murderer of black children from Atlanta; to the Committee on the Judiciary.

By Mr. ROSE (for himself, Mr. ANDREWS, Mr. BROYHILL, Mr. CAMPBELL, Mr. DERRICK, Mr. FOUNTAIN, Mr. HARTNETT, Mr. HEFNER, Mr. HENDON, Mr. HOLLAND, Mr. JOHNSTON, Mr. JONES of North Carolina, Mr. MARTIN of North Carolina, Mr. NAPIER, Mr. NEAL, Mr. SPENCE, and Mr. WHITLEY):

H.R. 2896. A bill granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary; to the Committee on the Judiciary.

By Mr. SANTINI (for himself, Mr. UDALL, Mr. MURPHY, Mr. RAHALL, Mr. HUCKABY, Mr. KOGOVSEK, and Mrs. BYRON):

H.R. 2897. A bill to amend section 21 of the act of February 25, 1920, commonly known as the Mineral Leasing Act; to the Committee on Interior and Insular Affairs.

By Mr. SHELBY:

H.R. 2898. A bill to amend the Internal Revenue Code of 1954 to increase the amount of dividends and interest which is excluded from gross income, and to make such exclusion permanent; to the Committee on Ways and Means.

By Mr. SOLOMON:

H.R. 2899. A bill to amend the Internal Revenue Code of 1954 to provide a Federal income tax credit for tuition; to the Committee on Ways and Means.

By Mr. WEAVER:

H.R. 2900. A bill to promote forestry employment, control unneeded expenditures in vegetation management, and provide for safe use of herbicides on public forest lands, and for other purposes; jointly, to the Committees on Agriculture and Interior and Insular Affairs.

By Mr. WEAVER (for himself, Mr. DORGAN of North Dakota, Mr. DASCHLE, and Mr. ROE):

H.R. 2901. A bill to establish an Export Grain Bank, to maximize profits on the sale of certain American commodities in foreign markets, and for other purposes; jointly, to the Committees on Agriculture and Foreign Affairs.

By Mr. LANTOS (for himself, Mr. ADDABBO, Mr. AKAKA, Mr. ALBOSTA, Mr. ALEXANDER, Mr. ANDERSON, Mr. ANTHONY, Mr. APPLEGATE, Mr. ATKINSON, Mr. AUCOIN, Mr. BAILEY of Pennsylvania, Mr. BARNARD, Mr. BARNES, Mr. BEARD, Mr. BEDELL, Mr. BEVILL, Mr. BIAGGI, Mr. BINGHAM, Mr. BLANCHARD, Mr. BOLAND, Mr. BONER of Tennessee, Mr. BONIOR of Michigan, Mr. BONKER, Mr. BOWEN, Mr. BRINKLEY, Mr. BRODHEAD, Mr. BROOKS, Mr. BROOMFIELD, Mr. BROWN of Ohio, Mr. BROWN of California, Mr. BROWN of Colorado, Mr. JOHN L. BURTON, Mr. PHILLIP

BURTON, Mrs. BYRON, Mr. CARMAN, Mr. CARNEY, Mr. CHAPPIE, Mr. CHENEY, Mrs. CHISHOLM, Mr. CLAUSEN, Mr. CLINGER, Mr. COATS, Mr. COELHO, Mr. COLEMAN, Mrs. COLLINS of Illinois, Mr. CONYERS, Mr. CORCORAN, Mr. CORRADA, Mr. COURTER, Mr. WILLIAM J. COYNE, Mr. CRAIG, Mr. D'AMOURS, Mr. DANNEMEYER, Mr. DASCHLE, Mr. DAUB, Mr. DELLUMS, Mr. DENARDIS, Mr. DERRICK, Mr. DICKINSON, Mr. DICKS, Mr. DIXON, Mr. DONNELLY, Mr. DORGAN of North Dakota, Mr. DORNAN of California, Mr. DOUGHERTY, Mr. DOWNEY, Mr. DREIER, Mr. DWYER, Mr. DYMALLY, Mr. DYSON, Mr. EARLY, Mr. ECKART, Mr. EDGAR, Mr. EDWARDS of California, Mr. EDWARDS of Oklahoma, Mr. EMERY, Mr. ENGLISH, Mr. ERDAHL, Mr. ERTEL, Mr. EVANS of Indiana, Mr. EVANS of Delaware, Mr. FASCELL, Mr. FAUNTROY, Mr. FAZIO, Mrs. FENWICK, Ms. FIEDLER, Mr. FIELDS, Mr. FISH, Mr. FITHIAN, Mr. FLORIO, Mr. FOGLIETTA, Mr. FOLEY, Mr. FORD of Tennessee, Mr. FORD of Michigan, Mr. FORSYTHE, Mr. FRANK, Mr. FRENZEL, Mr. FROST, Mr. FUQUA, Mr. GARCIA, Mr. GEJDENSON, Mr. GILMAN, Mr. GLICKMAN, Mr. GOLDWATER, Mr. GONZALEZ, Mr. GORE, Mr. GRADISON, Mr. GRAMM, Mr. GRAY, Mr. GREEN, Mr. GRISHAM, Mr. GUARINI, Mr. GUYER, Mr. HALL of Ohio, Mr. HANCE, Mr. HARKIN, Mr. HARTNETT, Mr. HATCHER, Mr. HAWKINS, Mr. HEFTEL, Mr. HERTEL, Mr. HIGHTOWER, Mr. HOLLAND, Mr. HORTON, Mr. HOWARD, Mr. HUGHES, Mr. IRELAND, Mr. JACOBS, Mr. JEFFORDS, Mr. JOHNSTON, Mr. JONES of Oklahoma, Mr. KEMP, Mr. KILDEE, Mr. KOGOVSEK, Mr. KRAMER, Mr. LAFALCE, Mr. LEACH of Iowa, Mr. LEATH of Texas, Mr. LEBOUTILLIER, Mr. LEHMAN, Mr. LELAND, Mr. LENT, Mr. LEWIS, Mr. LONG of Maryland, Mr. LONG of Louisiana, Mr. LOWERY of California, Mr. LOWRY of Washington, Mr. LUKEN, Mr. LUNDINE, Mr. LUNGREN, Mr. MCCLOSKEY, Mr. MCCOLLUM, Mr. MCCURDY, Mr. MCDADE, Mr. MCGRATH, Mr. MCHUGH, Mr. MCKINNEY, Mr. MARKEY, Mr. MARKS, Mr. MARRIOTT, Ms. MARTIN of Illinois, Mr. MATSUI, Mr. MATTOX, Mr. MAVROULES, Mr. MICA, Mr. MICHEL, Ms. MIKULSKI, Mr. MILLER of Ohio, Mr. MILLER of California, Mr. MINETA, Mr. MINISH, Mr. MOAKLEY, Mr. MOFFETT, Mr. MOLINARI, Mr. MOTTL, Mr. MURPHY, Mr. NEAL, Mr. NELLIGAN, Mr. NELSON, Ms. OAKAR, Mr. OBERSTAR, Mr. OBEY, Mr. O'BRIEN, Mr. OTTINGER, Mr. PANETTA, Mr. PASHAYAN, Mr. PATMAN, Mr. PATTERSON, Mr. PEASE, Mr. PEPPER, Mr. PERKINS, Mr. PETRI, Mr. PEYSER, Mr. PICKLE, Mr. PORTER, Mr. PRITCHARD, Mr. RAILSBACK, Mr. RANGEL, Mr. RATCHFORD, Mr. REUSS, Mr. RICHMOND, Mr. RINALDO, Mr. RITTER, Mr. ROEMER, Mr. ROSE, Mr. ROSENTHAL, Mr. ROTH, Mrs. ROUKEMA, Mr. ROUSSELOT, Mr. ROYBAL, Mr. RUDD, Mr. SANTINI, Mr. SAVAGE, Mr. SCHEUER, Mrs. SCHNEIDER, Mr. SCHUMER, Mr. SEIBERLING, Mr. SHAMANSKY, Mr. SHANNON, Mr. SHAW, Mr. SIMON, Mr. SMITH of Alabama, Mr. SMITH of New Jersey, Mr. SMITH of Oregon, Mrs. SNOWE, Mr. SOLARZ, Mr. SOLOMON, Mr. STARK, Mr. STATON of West Virginia, Mr. STENHOLM, Mr. STOKES, Mr. STUDDS, Mr. SUNIA, Mr. SYNAR, Mr. THOMAS, Mr. TRAXLER, Mr. UDALL, Mr. VENTO, Mr. WALGREN, Mr. WASHINGTON, Mr. WAXMAN, Mr. WEAVER, Mr. WEBER of Minnesota, Mr. WEISS, Mr. WHITEHURST, Mr. WHITTAKER, Mr. WHITTEN, Mr. WILLIAMS of Ohio, Mr. WILLIAMS of Montana, Mr. WILSON, Mr. WIRTH, Mr. WOLF, Mr. WOLPE, Mr. WON PAT, Mr. WORTLEY, Mr. WRIGHT, Mr. WYDEN, Mr. YATES, Mr. YATRON, Mr. YOUNG of Alaska, Mr. YOUNG of Missouri, and Mr. ZEFERETTI):

H.J. Res. 220. Joint resolution proclaiming Raoul Wallenberg to be an honorary citizen of the United States, and requesting the President to ascertain from the Soviet Union the whereabouts of Raoul Wallenberg and to secure his return to freedom; jointly, to the Committees on Foreign Affairs and the Judiciary.

By Mr. WRIGHT (for himself, Mr. ADDABBO, Mr. AKAKA, Mr. ALBOSTA, Mr. ANDERSON, Mr. ANNUNZIO, Mr. BAILEY of Pennsylvania, Mr. BARNARD, Mr. BARNES, Mr. BENEDICT, Mr. BEVILL, Mr. BINGHAM, Mr. BLANCHARD, Mrs. BOGGS, Mr. BOLAND, Mr. BOLLING, Mrs. BOUQUARD, Mr. BRINKLEY, Mr. BRODHEAD, Mr. BROOKS, Mr. BROWN of California, Mrs. CHISHOLM, Mr. CLAY, Mr. COELHO, Mrs. COLLINS of Illinois, Mr. CORRADA, Mr. COTTER, Mr. WILLIAM J. COYNE, Mr. CROCKETT, Mr. D'AMOURS, Mr. DANIELSON, Mr. DE LA GARZA, Mr. DE LUGO, Mr. DIXON, Mr. DOUGHERTY, Mr. DWYER, Mr. ECKART, Mr. EDWARDS of California, Mr. FASCELL, Mr. FAZIO, Mr. FINDLEY, Mr. FISH, Mr. FOLEY, Mr. FOUNTAIN, Mr. FOWLER, Mr. FROST, Mr. FUQUA, Mr. GARCIA, Mr. GEJDENSON, Mr. GEPHARDT, Mr. GINGRICH, Mr. GINN, Mr. GONZALEZ, Mr. GRAY, Mr. GUARINI, Mr. GUYER, Mr. SAM B. HALL, JR., Mr. HANCE, Mr. HARKIN, Mr. HAWKINS, Mr. HEFNER, Mr. HIGHTOWER, Mr. HOLLAND, Mr. HOWARD, Mr. HUGHES, Mr. HYDE, Mr. JONES of Oklahoma, Mr. KOGOVSEK, Mr. LANTOS, Mr. LEDERER, Mr. LEHMAN, Mr. LELAND, Mr. LONG of Maryland, Mr. LOWRY of Washington, Mr. MCCURDY, Mr. MARKS, Mr. MATTOX, Mr. MITCHELL of Maryland, Ms. MIKULSKI, Mr. MINISH, Mr. MOLLOHAN, Mr. MOTTL, Mr. MURPHY, Ms. OAKAR, Mr. OTTINGER, Mr. PANETTA, Mr. PATTERSON, Mr. PEPPER, Mr. PERKINS, Mr. PEYSER, Mr. PRICE, Mr. RAHALL, Mr. RANGEL, Mr. RATCHFORD, Mr. REUSS, Mr. RICHMOND, Mr. RODINO, Mr. ROE, Mr. ROSENTHAL, Mr. SABO, Mr. SANTINI, Mr. SCHEUER, Mr. SHAMANSKY, Mr. SIMON, Mr. SKELTON, Mr. SMITH of Iowa, Mr. SOLARZ, Mr. STARK, Mr. STOKES, Mr. STRATTON, Mr. TRAXLER, Mr. VENTO, Mr. WASHINGTON, Mr. WATKINS, Mr. WAXMAN, Mr. WEISS, Mr. WHITTEN, Mr. WON PAT, Mr. WILLIAMS of Montana, Mr. WOLPE, Mr. YATRON, Mr. ZABLOCKI, and Mr. GREEN):

H.J. Res. 221. Joint resolution providing for the commemoration of the 100th anniversary of the birth of Franklin Delano Roosevelt; to the Committee on Rules.

By Mr. NELLIGAN:

H. Con. Res. 101. Concurrent resolution expressing the sense of Congress that defense expenditures should be carefully monitored in order to reduce waste and inefficiency in the Department of Defense; to the Committee on Armed Services.

By Mr. SIMON:

H. Con. Res. 102. Joint resolution disapproving certain regulations submitted to the Congress on March 13, 1981, with respect to the Pell grant program; to the Committee on Education and Labor.

By Mr. McDONALD:

H. Res. 118. Resolution to amend the Rules of the House of Representatives to repeal the limitations on the outside earned income of Members; to the Committee on Rules.

By Mr. SIMON:

H. Res. 119. Resolution disapproving that portion of the family contribution schedule transmitted by the Secretary of Education to the Congress on March 13, 1981; to the Committee on Education and Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. LAGOMARSINO introduced a bill (H.R. 2902) for the relief of Mrs. Frances Parker, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 18: Mr. REUSS, Mr. DWYER, Mr. ROSENTHAL, Mr. BARNARD, Mr. MOAKLEY, Mr. OBERSTAR, Mr. LATTA, Mr. BEILENSON, Mr. CLAY, Mr. DENARDIS, Mr. SEIBERLING, Mr. PRITCHARD, Mr. SCHEUER, Mr. HAMILTON, Mr. MURPHY, Mr. MOLLOHAN, Mr. BENJAMIN, Mr. CONTE, Mr. RAHALL, Mr. WON PAT, Mr. MITCHELL of New York, Mr. COELHO, Mr. PANETTA, Mr. ADDABBO, Mr. STANGELAND, Mr. GUARINI, Mr. LEHMAN, Mr. FRANK, Mr. ZABLOCKI, Mr. HALL of Ohio, Mr. SABO, Mr. SAM B. HALL, JR., Mr. SAWYER, Mr. IRELAND, Mr. GORE, Mr. FROST, Mr. JEFFORDS, Mr. GINN, Mr. BONKER, Mr. CORRADA, Mr. LONG of Louisiana, Mr. BROWN of California, Mr. LOTT, Mrs. BOGGS, Mr. HOWARD, Mr. FRENZEL, Mr. DANIELSON, Mr. GEPHARDT, Mr. EDWARDS of California, Mr. BUTLER, Mr. ZEFERETTI, Mr. MITCHELL of Maryland, Mr. VENTO, Mr. STARK, Mr. WIRTH, Mr. BROWN of Ohio, Mr. ERLENBORN, Mr. WOLPE, Mr. FISH, Mr. MOFFETT, Mr. FAZIO, Mr. GLICKMAN, Mr. PORTER, Mr. GUYER, Mr. ECKART, Mr. BONIOR of Michigan, Mr. LUNDINE, Mr. PATTERSON, Mr. PEPPER, Mr. CORCORAN, Mr. MINETA, Mr. TAUKE, Mr. MICHEL, Mr. SIMON, and Mr. WILSON.

H.R. 70: Mr. MARRIOTT.

H.R. 269: Mr. MILLER of Ohio, and Mr. HARTNETT.

H.R. 450: Mr. DANNEMEYER, Mr. DICKINSON, Mr. SMITH of Alabama, Mr. LOEFFLER, Mr. BLILEY, Mr. WHITEHURST, Mr. ARCHER, Mr. SHUMWAY, Mr. LIVINGSTON, Mr. STUMP, Mr. STANGELAND, and Mr. IRELAND.

H.R. 822: Mr. LUJAN, Mr. MOFFETT, Mr. KOGOVSEK, Mr. MURPHY, Mr. FRANK, Mr. SABO, Mr. FISH, Mr. DORNAN of California, Mrs. HECKLER, Mr. WYDEN, Mr. PASHAYAN, and Mr. HIGHTOWER.

H.R. 1100: Mr. EDWARDS of California, Mr. DANIELSON, Mr. BRINKLEY, Mr. SAM B. HALL, JR., Mr. LEATH of Texas, Mr. SHELBY, Mr. MICA, Mr. DASCHLE, Mr. MURPHY, Mrs. HECKLER, Mr. HILLIS, Mr. GUYER, Mr. SOLO-

MON, Mr. JEFFRIES, Mr. MCEWEN, and Mr. SMITH of Alabama.

H.R. 1206: Mr. LEWIS.

H.R. 1207: Mr. LEWIS.

H.R. 1506: Mr. ADDABBO, Mr. RICHMOND, Mr. COELHO, Ms. MIKULSKI, Mr. ROSE, Mr. SCHUMER, Mr. VENTO, Mr. OBERSTAR, Mr. HUGHES, Mr. SEIBERLING, Mr. HALL of Ohio, Mr. IRELAND, Mr. MINETA, Mr. PEPPER, Ms. FERRARO, and Mr. PATTERSON.

H.R. 1576: Mr. CONYERS.

H.R. 1703: Mr. STATON of West Virginia, Mr. KINDNESS, Mr. HILER, and Mr. COLLINS of Texas.

H.R. 1723: Mr. COELHO.

H.R. 1814: Mr. DWYER, Mrs. FENWICK, Mr. FLORIO, Mr. FORSYTHE, Mr. HOWARD, and Mr. ROE.

H.R. 1817: Mr. ARCHER, Mr. WASHINGTON, Mr. PEASE, and Mr. FOGLIETTA.

H.R. 1864: Mr. PICKLE, Mr. FUQUA, Mr. AUCOIN, Mr. WYDEN, and Mr. MINETA.

H.R. 2024: Mr. WILLIAM J. COYNE.

H.R. 2034: Mr. WHITEHURST, Mr. SAM B. HALL, JR., MR. SENSENBRENNER, Mr. FISH, Mr. MCCLORY, Mr. RAILSBACK, Mr. FORSYTHE, Mr. WINN, Mr. GRISHAM, Mr. DUNCAN, Mr. SHELBY, Mr. GUYER, Mr. DERWINSKI, Mr. YOUNG of Florida, Mr. CLINGER, Mr. ROE, Mr. YATRON, Mr. BEVILL, Mr. LAGOMARSINO, Mr. SOLOMON, Mr. DOUGHERTY, Mr. WYLIE, Mr. FRANK, Mr. GUARINI, Mr. KEMP, Mr. CORRADA, Mr. NICHOLS, Mr. LOTT, Mr. LUKEN, Mr. SIMON, Mr. PATTERSON, and Mr. WORTLEY.

H.R. 2036: Mr. BEARD, Mr. LEACH of Iowa, Mr. MARKS, Mr. CRAIG, Mr. EVANS of Georgia, Mr. SOLOMON, Mr. FOGLIETTA, Mr. OTTINGER, Mr. SHUMWAY, Mr. BEDELL, Mr. CONTE, Mr. PASHAYAN, Mr. SAM B. HALL, JR., Mr. FOUNTAIN, Mr. JEFFRIES, Mr. HYDE, Mr. LEWIS, Mr. WILLIAMS of Montana, Mr. FAZIO, and Mr. PORTER.

HR. 2181: Mr. MCCLOSKEY.

H.R. 2240: Mr. SAM B. HALL, JR., Mr. LAGOMARSINO, Mr. NATCHER, Mr. GUYER, Mr. UDALL, Mr. TAUZIN, Mr. PETRI, Mr. DANNEMEYER, Mr. LEVITAS, Mr. GINN, Mr. JEFFORDS, Mr. TAYLOR, Mr. ROEMER, Mr. MCDONALD, Mr. HUTTO, Mr. PEPPER, Mr. FROST, Mr. BURGENER, Mr. LUKEN, Mr. BARNARD, Mr. MCEWEN, Ms. FERRARO, Mr. BEDELL, and Mr. DYSON.

H.R. 2262: Mr. DICKINSON, Mr. FISH, Mr. GORE, Mr. HARKIN, and Mr. MCKINNEY.

H.R. 2325: Mr. BENEDICT, Mr. ST GERMAIN, Mr. COELHO, Mr. YOUNG of Alaska, Mr. EVANS of Georgia, Mr. NEAL, Mr. COURTER, Mr. BAILEY of Pennsylvania, Mr. MILLER of Ohio, Mr. WILSON, Mr. RAILSBACK, Mr. MCDADE, Mr. PORTER, Mr. ATKINSON, and Mr. SKEEN.

H.R. 2471: Mr. RAHALL, Mr. BENNETT, Mr. HOWARD, Mr. DANNEMEYER, Mrs. HOLT, Mr. DINGELL, Mr. MCKINNEY, Mr. GUYER, Mr. COELHO, Mr. ATKINSON, Mr. SHUMWAY, Mr. COLLINS of Texas, Mr. SAM B. HALL, JR., Mr. BAFALIS, Mr. RAILSBACK, and Mr. FORSYTHE.

H.R. 2472: Mr. DUNCAN, Mr. FRANK, and Mr. ROBINSON.

H.R. 2533: Mr. LAGOMARSINO, Mr. ARCHER, Mr. LEWIS, Mr. FINDLEY, Mr. SOLOMON, Mr. LOTT, Mr. DAUB, Mr. SAM B. HALL, JR., Mr. WILSON, and Mr. DANIEL B. CRANE.

H.J. Res. 81: Mr. FRANK, Mr. EDGAR, Mr. WEISS, Mr. MOTTL, Mr. MOAKLEY, Mr. DONNELLY, Mr. ECKART, Mr. EARLY, Mrs. SNOWE, and Mrs. SCHNEIDER.

H.J. Res. 96: Mr. STUMP.

H.J. Res. 128: Mr. BREAUX, Mr. GINGRICH, Mr. PEPPER, Mr. JACOBS, and Mr. ROBERTS of Kansas.

H.J. Res. 182: Mrs. COLLINS of Illinois, Mr. DYMALLY, Mr. SMITH of Alabama, and Mr. DE LUGO.

H. Con. Res. 43: Mr. IRELAND, Mr. FISH, Mr. PORTER, Mr. MILLER of Ohio, Mr. WEBER of Ohio, Mr. PEPPER, Mr. CONTE, Mr. GINGRICH, Mr. BROWN of Colorado, Mr. SIMON, and Mr. HORTON.

H. Con. Res. 60: Mr: ADDABBO, Mr. BEDELL, Mr. BEREUTER, Mr. BROOMFIELD, Mr. CONTE, Mr. DANIEL B. CRANE, Mr. CROCKETT, Mr. DAUB, Mr. DORGAN of North Dakota, Mr. DREIER, Mr. ECKART, Mr. EVANS of Georgia, Mr. FARY, Mr. GONZALEZ, Mr. HATCHER, Mr. LAFALCE, Mr. LUKEN, Mr. MCDADE, Mr. MARRIOTT, Mr. MAVROULES, Mr. MAZZOLI, Mr. MITCHELL of Maryland, Mr. NOWAK, Mr. RICHMOND, Mr. ROEMER, Mr. SAVAGE, Mr. SKELTON, Mr. SMITH of New Jersey, Mr. SMITH of Iowa, Mrs. SNOWE, Mr. STANTON of Ohio, Mr. STENHOLM, Mr. WEBER of Ohio, Mr. WEBER of Minnesota, Mr. WILLIAMS of Ohio, and Mr. WYDEN.

H. Con. Res. 91: Mr. STRATTON, Mr. WAXMAN, Mr. COLLINS of Texas, Mr. DOUGHERTY, Mr. CORRADA, Mr. CARMAN, Mr. FARY, Mr. STANGELAND, Mr. WEBER of Minnesota, Mr. MCDONALD, Mr. FORSYTHE, Mr. JEFFORDS, Mr. ROSENTHAL, Mr. CONTE, and Mr. MOFFETT.

SENATE—*Thursday, March 26, 1981*

(Legislative day of Monday, February 16, 1981)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., offered the following prayer:

Let us pray.

Blessed is everyone who fears the Lord, who walks in His ways! You shall eat the fruit of the labor of your hands; you shall be happy, and it shall be well with you. Your wife will be like a fruitful vine within your house; your children will be like olive shoots around your table. Lo, thus shall the man be blessed who fears the Lord.—Psalms 128: 1–4 (R.S.V.).

Our Father in heaven, we pray for our families. Protect spouses and children from loneliness, frustration, and distrust. Guard our families against the disintegrating forces so prevalent in the Federal City. Help the Senators and all associated in the business of this body to keep priorities straight and give to their families the love and attention which Thou dost ordain.

We ask this for Thy glory. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order the majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE EXECUTIVE CALENDAR

Mr. BAKER. Mr. President, there are a number of items on the Executive Calendar, and I hope that before we turn to the consideration of Senate Concurrent Resolution 9, which will become the pending business at 11 a.m. this morning, we might be able to dispose of all or part of those items and any other items that may be on the Legislative Calendar as well.

Mr. President, I have no other use for my time under the standing order, and I am prepared to yield it to the distinguished minority leader or to any Senator, reserving 2 minutes for the purpose of dispatching routine and unanimous-consent business.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader, the Senator from West Virginia, is recognized.

Mr. ROBERT C. BYRD. Mr. President, I yield such time as he may require to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank the minority leader.

(Mr. NICKLES assumed the chair.)

WHY THE F–15 EQUIPMENT SALE TO SAUDI ARABIA SHOULD BE STOPPED

Mr. PROXMIRE. Mr. President, the proposed sale to Saudi Arabia of AIM–9L air-to-air missiles and fuel and sensor tactical packs for existing F–15's is dangerous to both the recipient and its neighbor Israel.

Let me explain how the danger evolves to both nations.

First, Israel. Obviously, increasing the offensive firepower and range of the Saudi F–15's will pose a threat to Israeli air superiority in that region. Further it will allow the Saudi force to have enhanced air-to-ground interdiction capabilities.

The equipment provides about a doubling of combat radius for the F–15—out to 1,000 miles. While it is true that this increase in range would allow the Saudis to operate these aircraft against targets in Iraq or Iran, it is also accurate that it will permit the deployment of the F–15's to any base inside Saudi Arabia without degrading their capability against all Israeli targets.

So, the threat to Israel is obvious. But how about the threat to the Saudis? To understand this point it must be recognized that while Saudi Arabia has engaged in warfare against Israel on several occasions, the commitment has been meager in terms of equipment and personnel.

In any practical sense, the Saudi's have not fielded an active fighting force of significant dimension. It is to the advantage of Israel that the Saudis have displayed this reluctance to commit to an all-out war.

This likely will change if another war breaks out in the Middle East. The Israeli's will not be able to stand by without attacking the Saudi F–15's. They simply pose too great a threat to overlook.

Thus it would seem reasonable that the Israeli's will attempt to destroy the Saudi F–15's on the ground—prior to their use in any conflict.

What would this mean? It would most likely result in an all-out commitment of Saudi military forces to any war against Israel. They could not play a less active role after being attacked.

Thus the Saudis would be drawn into a deeper war at the expense of both nations.

Now let us stand back from the military implications of this sale and consider what it means for regional stability and arms control.

Does anyone rationally believe that providing the Saudis with this equipment will lessen the tensions in this region? The reaction to this sale is predictable. Within a short period of time, Israel will reanalyze its military needs and come to the United States for enhanced arms sales.

They will ask for more F–15's or F–16's or specialized equipment for these aircraft. And it will be difficult for the U.S. Government to say no. It will be difficult to say no because we have increased the threat to Israel ourselves.

And when the Israelis build up, it will not be long before the Saudis find that there must be additions to their air forces—be it from the United States or France or some other country. And the spiral continues. The increase in lethality and intensity of any potential war will mean greater casualties.

And what comes next? Is the AWACS the next military vehicle to be sold to the Saudis? It would seem a logical choice since the advantage the Israelis hold is not only in terms of quality aircraft but in tactics. Israeli pilots know how to avoid hostile ground-based radars. They know how to use the sea to mask their flight patterns. An AWACS would be the ideal battle control system for the Saudis to use to detect, intercept, and destroy Israeli aircraft over the entire region.

And lastly, Mr. President, we should not fail to recognize that this pattern of arms sales, as it did in Iran, can actually lead to internal strife in Saudi Arabia. There will be more Americans on the ground to support these aircraft. There will be more opportunities for assassinations, kidnapings, and killings of U.S. citizens.

Clearly it is not in the interests of the United States to complete this sale. The end result will be a less stable Middle East, an increase of tensions and an inevitable widening of any potential war. For these reasons, the Senate should reject the arms sale proposal.

AGGREGATE DATA PROVISIONS OF HOME MORTGAGE DISCLOSURE ACT

Mr. PROXMIRE. Mr. President, on March 12, 1981, the distinguished Senator from Utah (Mr. GARN) inserted in the RECORD the text of a resolution adopted by the Federal Financial Institutions

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Examination Council recommending a 1-year delay in the compilation of aggregate data provisions of the Home Mortgage Disclosure Act. The distinguished Senator stated at the time that the resolution had been unanimously approved by the Examination Council.

It should be noted for the record that, contrary to the information that had been provided to the Senator from Utah, the resolution was not unanimous. I have been informed by the Federal Home Loan Bank Board that, in fact, they voted against this resolution.

Mr. President, it is also important to emphasize that the resolution ignores a number of fundamental points. I ask unanimous consent that the text of a memorandum prepared by Banking Committee staff which analyzes the recommendation for a 1-year delay be printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

THE CASE AGAINST A 1-YEAR DELAY IMPLEMENTING THE COMPILATION OF AGGREGATE DATA PROVISIONS OF THE HOME MORTGAGE DISCLOSURE ACT

INTRODUCTION

Last year, the Congress enacted legislation creating a new Section 310 of the Home Mortgage Disclosure Act (HMDA) which provides in part that beginning with data for calendar year 1980, the Federal Financial Institutions Examination Council shall compile each year, for each SMSA, aggregate data by census tract for all covered depository institutions. For the purposes of this paper, this part of the provision—the production of the aggregate SMSA-wide HMDA statement—will be referred to as Part 1. In addition, the Examination Council is also required to produce tables indicating, for each SMSA, aggregate lending patterns for various categories of census tracts grouped according to income level, racial composition and age of housing stock. For the purposes of this paper, production of these tables, which relate lending data to demographic data, will be referred to as Part 2.

The Act requires the Federal Reserve to bear the cost of producing the aggregate data and tables for the Examination Council. The data and tables for calendar year 1980 are required to be made public by December 31, 1981.

The Federal Reserve, which opposed the entire provision last year, recently took the initiative to seek an amendment in the law to delay the entire provison for one year so that the first aggregate data and tables made available would be for calendar year 1981 and would be made public by December 31, 1982. There is no justification for losing an entire year in the implementation of this provision.

The compilation of aggregate data provision enacted last year is probably the single most important improvement in HMDA made last year. It will provide a broad picture of lending patterns in each SMSA. It will provide an overall context to assist in understanding and evaluating the lending patterns of individual institutions. It will provide a capacity to measure changes and progress over time. It will provide an important new tool to assist in Fair Housing enforcement and implementation of the Community Reinvestment Act. It will provide important information to local officials to assist in developing local housing and community development initiatives.

In short, the provision represents a cost effective approach to increasing effectiveness in utilizing HMDA data. The proposal to delay the implementation of this provision would needlessly set back this entire process by a full year.

1970 VERSUS 1980 CENSUS DATA

The main argument advanced for a one year delay is that some of the demographic data from the 1980 census will not be available on time to meet the December 31, 1981 deadline for the 1980 aggregate data and tables submissions, so that 1970 census data would have to be used, rendering the value of resulting information questionable for analytical purposes. This argument ignores a number of important points.

UTILITY OF PART 1 NOT AFFECTED

First, almost all of the cost to the Federal Reserve to implement Section 310 is for Part 1 of the provision, the production of the SMSA-wide HMDA statement for each SMSA. This part of the analysis is highly useful, and does not involve in any way the use of demographic data from the census, so its value is not affected at all by the argument regarding validity of the demographic data.

HMDA statements by individual banks and savings and loans list each census tract identification number and then the number and dollar amount of loans for the particular bank or savings and loan for several categories—conventional mortgage loans, government insured or guaranteed loans, home improvement loans, and multifamily loans. Part 1 of the aggregate data provision would merely produce an aggregate HMDA statement for all covered banks and savings and loans in the SMSA. Since each census tract has specific boundaries associated with it, one or several census tracts grouped together can be used to identify specific neighborhoods within the city, and the aggregate amount of lending going to each neighborhood can be identified. The SMSA-wide aggregate HMDA statement can be used to compare lending among different neighborhoods within the city. In addition, in conjunction with the individual HMDA statements, the aggregate HMDA statement can be used to compare the lending patterns of individual institutions against the aggregate total for all institutions.

These uses of the aggregate HMDA statement can prove very useful to local officials, community groups and also agency examiners. And as indicated, producing this aggregate HMDA statement in each SMSA does not involve the use of the demographic data, so its value is not affected by the arguments relating to such data.

PART 2 WILL BE COST EFFECTIVE

To the extent that the debate about utility of the 1970 Census data has any relevance at all, it is to Part 2, the production of tables analyzing lending patterns according to various categories of census tracts based on income, race and age of housing. But as indicated above, almost all of the cost of implementing the aggregate data section is for Part 1. Part 1 is really the guts of the entire provision, while Part 2 provides a useful additional analysis. Once Part 1 has been accomplished, the additional cost of complying with Part 2 is only a slight additional cost. According to information provided by Resource Consultants, the organization which conducted the study for the Bank Board and the FDIC on the costs of aggregate data compilation, the cost of performing Part 2 would add at most about 5 percent to the total cost of implementing the entire project. Given the utility of Part 2 and its minimal cost, it is hard to understand any argument against also performing Part 2 in a timely manner.

While it is true that 1980 demographic data, to the extent that it is available, is more valuable than 1970 census data, it must be emphasized that 1970 census data it still, on the whole, quite valuable. There are, of course, some dramatic examples, such as in Washington, D.C., where dramatic changes have occurred in some neighborhoods. But in most cases, demographic data from the 1970 census still provides a good benchmark of where the low and moderate income neighborhoods are, where the racially concentrated neighborhoods are, and where the older neighborhoods are.

It seems hypocritical for some of the regulatory agencies to make the argument that the 1970 demographic data is obsolete and should therefore not be used for the Part 2 tables, since all four of the regulatory agencies have recently instituted procedures, as part of their fair lending enforcement and CRA implementation programs, which instruct examiners to use this very same 1970 demographic data for the same purposes of identifying low and moderate income neighborhoods, identifying racially concentrated neighborhoods, and older neighborhoods.

Examiners are given lists of census tract identification numbers with the key demographic data from the 1970 census reported for each census tract. These lists are designed for use by examiners in evaluating HMDA statements for the individual institution being examined. What the Part 2 tables are designed to do is, in essence, to extend this procedure by using it as one tool in evaluating the SMSA-wide HMDA statement for all institutions in the aggregate.

It has been argued by some that with use of the 1970 demographic data in evaluating 1980 lending patterns, there is a risk of abuse of the data in that the data could be used to argue that discriminatory lending patterns exist when in fact they don't exist. However, even if there are some errors in the data, this will not lead to such a misinterpretation. To the contrary, to the extent that census tracts are miscategorized because of reliance on 1970 data, it would tend to disguise patterns of discrimination that may be occurring.

For example, take the case of a census tract which was lower income in 1970, had become upper income by 1980, and therefore received a large number of loans in 1980. If 1970 census data were used, the census tract would be miscategorized as a lower income census tract. In that case, the Part 2 analysis would incorrectly reflect a high volume of lending going to this supposedly "lower income" census tract, thereby disguising to some extent any overall pattern of discrimination against lower income neighborhoods that may exist in the SMSA.

Take the opposite case of a census tract which was upper income in 1970 and has now become lower income, and is now being redlined. The Part 2 tables would reflect a low volume of lending going to a supposedly "upper income" census tract. Similarly the effect of this type of error would be to lessen the differential in the table that would otherwise exist between poor and wealthy neighborhoods. Thus, to the extent that errors arise due to miscategorization based on the 1970 demographic data, the result will be to understate, not overstate, the extent of differential lending patterns.

However, there is every reason to believe that the degree of such understatement can be minimized. It is crucial to emphasize that the tables required by Part 2 do not require precise detail on the income level, percent minority, or age of housing in a particular census tract. All that is required is placing the census tract in a broad category. For example, census tract would be broken down into these categories, 1) low and moderate income (below 80% of area median); 2) middle income (between 80% and 120% of area median); and 3) upper income (above 120% of median income).

For this type of broad purpose, in the overwhelming majority of cases the 1970 census data would be adequate. For the relatively small number of cases where the 1970

data is no longer appropriate, even as a rough benchmark, this will generally be known in the community and can be taken into account when evaluating the results.

Indeed if there is a strong reason to believe that certain census tracts should no longer be placed in the category that they were placed in by the 1970 census data, and if there is no readily available basis to identify the proper category for such census tracts, the Examination Council would have the discretion to simply leave such census tracts out of the analysis for the purpose of the Part 2 tables.

The statutory provision does not explicitly require the use of every census tract in the Part 2 tables. It requires production of tables indicating aggregate lending patterns for "various categories" of census tracts grouped according to various demographic factors. While clearly these tables should be as complete as feasible, if a relatively small number of census tracts can not be categorized, certainly the Examination Council can exercise reasonable discretion in leaving such census tracts out of the analysis for Part 2, as long as such omission is noted.

The argument regarding 1970 vs. 1980 demographic data has also tended to overlook the fact that much of the demographic data from the 1980 census will, in fact, be available soon. Indeed, all of the racial data by census tract is scheduled to be available on April 1, 1981. Census tract data on income level and age of housing is expected to be released on a state by state basis beginning in September or October of 1981, although the process will not be complete until sometime next year. From this schedule it is clear that some of the relevant 1980 demographic data will be available in all SMSA's, and in some SMSA's all of the 1980 data would be available. Clearly, the Examination Council has the discretion to make use of this available 1980 data as it determines is appropriate in developing its methodology for producing the Part 2 tables for the 1980 lending data.

It has been argued that it would not be feasible to use any 1980 demographic data with the 1980 HMDA lending data because of changes in census tract boundaries from the 1970 to 1980 reports. However, according to information from the Bureau of the Census, about 80 percent of all 1970 census tracts have had no boundary changes at all, and another 12 percent have had only very minor boundary changes (and would thus not significantly affect the reliability of the analysis). Only about 8 percent of the census tracts have had significant boundary changes. If 1980 demographic data is being used, and if there is no reliable alternative method of categorizing some of these 8 percent of census tracts where significant boundary changes have been made, the Examination Council could use reasonable discretion in excluding such tracts from the Part 2 tables.

STANDARD FORMAT

Another argument which was advanced by the Federal Reserve Board for delaying the compilation of aggregate data for one year is that a mandatory, standardized HMDA disclosure format does not become effective until the 1981 calendar year disclosures.

It is hard to believe that the Federal Reserve would actually advance this argument, since it is the Federal Reserve's own fault that the standard format has not been mandated for the 1980 calendar year disclosures.

It is clear from the legislative history of the amendments to HMDA enacted last year (on October 8, 1980) that it was intended that the standard format would be in place for the 1980 calendar year disclosures.

Yet, inexplicably, when adopting its amendments to Regulation C on December 1, 1980 for the purpose of the 1980 disclosures due by March 31, 1981, the Federal Reserve failed to mandate a standard format for the 1980 disclosures.

This would have been a simple matter to do, since the overwhelming majority of institutions have for many years been filing their HMDA statements on existing Form HMDA–1, which is a model form included in the original Regulation C.

However, while Form HMDA–1 has been the suggested model form, it has not been a required form, and a relatively small number of institutions have not used this format.

It would have been a simple matter for the Federal Reserve to mandate use of this form for the 1980 disclosures.

Instead, when adopting its regulation change on December 1, 1980, the Board of Governors stated in the preamble: "While the Board is not mandating the use of a standard disclosure format for 1980 data, it is strongly recommended that institutions use a format that is consistent with existing Form HMDA–1, to facilitate the aggregation of data required by the act."

Of course, HMDA requires that specific information be made available, so that even the small number of institutions that do not use the model form must disclose the same information as is disclosed in the model form. However, the information might be disclosed in a somewhat different manner. For example, columns might be arranged in a different order.

Obviously, it is possible to aggregate the data even without the standard format, but it clearly would be less costly if there were a standard format. The study conducted by Resource Consultants for the Bank Board and the FDIC analyzed the costs of aggregating data under the old regulations versus the cost if certain changes in the regulations, including use of a standard format, were made.

One of these changes—the standardized calendar year reporting period—has already been implemented. According to information provided by Resource Consultants, implementation of a standardized format could result in a further cost savings of about 25%.

It is possible that the Federal Reserve's statement in its December 1, 1980 announcement, that "it is strongly recommended that institutions" use the model form, will result in some increased standardization that will allow at least part of the additional cost savings resulting from the standard format to be achieved for the 1980 disclosures.

In any event, it should be noted that the Examination Council has recently estimated that the cost of implementing the aggregate data provision for 1980 disclosures, even with the lack of a standard format, may be as low as $300,000. This is even a substantially lower cost than what the Congress assumed when the provision was adopted last year, even assuming use of a standard format.

It is, of course, unfortunate that the Federal Reserve will not get the full benefit of the cost savings which it could have obtained if the standard format had been implemented for 1980 disclosures. Because of this failure, the Federal Reserve may have to spend somewhat more than it otherwise would have had to spend to implement the aggregate data provision. But the Federal Reserve has only itself to blame for the failure to achieve this additional savings.

CENSUS TRACT VERSUS ZIP CODE

Another argument advanced for the one year delay is that "a significant amount of 1980 HMDA data will be reported by Zip Code rather than census tract, making such data of virtually no value for aggregation purposes." However, the general rule in Regulation C has been that data must be reported by census tract, and almost all of the data has been so reported. The one exception to this applies to a relatively small number of SMSA's which were not tracted as of 1970, generally because they were not yet defined as SMSA's in 1970. For these SMSA's, which for the most part are also small in population, Regulation C has permitted reporting by Zip Code. However, this is not an argument for delay of the entire aggregate data provision, since the statutory provision only refers to aggregation by census tract. Clearly, if the data is not available by census tract in certain SMSA's, it would not have to be aggregated. To the extent that this factor comes into play, it will reduce the amount of aggregation required, and therefore provide an additional cost savings.

THE AMERICAN BAR ASSOCIATION AND THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, in February of 1976, the American Bar Association, representing the organized bar of this country, overwhelmingly voted to recommend that the United States ratify the Convention on the Prevention and Punishment of the Crime of Genocide.

This constituted an amazing change of opinion by an association which two times previously had decided not to support ratification because the treaty "involves important constitutional questions * * *" not satisfactorily resolved. In 1949, prior to the hearings conducted by the Foreign Relations Committee of the U.S. Senate on this same subject, the ABA had decided not to support ratification because of the above-mentioned reason.

The turnaround by the bar association should signal that the most important organization representing lawyers and the legal profession in this country recognizes the desirability of this country adopting the Genocide Convention which, as I pointed out many times, every President since Mr. Truman, Republican and Democratic, has supported. Only the Senate stands in its way.

Subsequently, in 1970, following former President Nixon's request to the Senate to act on the Genocide Convention (one of seven Presidents from Truman to Carter to request such action), the ABA again considered the question. But by a divided vote of 130 to 126 in its House of Delegates, it declined to change its earlier stand.

Opponents of the treaty's ratification had frequently cited the ABA's pre-1976 position on the convention as justifying U.S. inaction. The opposition feared that it might undermine our constitutional structure.

In 1976, however, after considerable and careful study was given to each clause of the convention by its legal experts, the ABA decided that the Genocide Convention would not undermine the constitutional rights of American citizens, here or abroad, and therefore came to the conclusion that constitutional objections to the treaty were not valid. Thus, the American Bar Association reversed its position and overwhelmingly endorsed the Genocide Convention.

In his testimony, advocating support of the Genocide Convention before the Foreign Relations Committee in May of 1977, Bruno V. Bitker, chairman of the

ABA's Committee on International Human Rights, asserted:

There appears no provision in the Convention that would support a successful attack on constitutional grounds. No objections asserted on a legal basis justifies delaying ratification. If there are justifiable reasons of national policy for not ratifying, they have not been advanced.

Mr. President, the American Bar Association's support of the Genocide Convention makes it crystal clear that legal and constitutional objections to the convention are not valid. Certainly nothing is more basic to the ideals of this great Nation that to ratify this convention would outlaw mass murder of a national, ethnic, racial or religious group as such whether committed in time of peace or war.

The United States is now reestablishing its moral leadership in the world. If it now ratifies the Genocide Convention, it would be a clear demonstration that it is intent upon wiping from the face of the earth, any attempt to commit this most hideous crime. It is time to sign on the dotted line.

Mr. President, I thank again the minority leader and yield the floor.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER (Mr. HATFIELD). The Senator from Tennessee is recognized.

THE EXECUTIVE CALENDAR

Mr. BAKER. Mr. President, I renew my inquiry of the distinguished minority leader if he is in a position to agree to the consideration of some of the names on today's Executive Calendar.

Mr. ROBERT C. BYRD. Mr. President, the minority is ready to proceed with the first three nominations on the Executive Calendar and may be ready to proceed with the remaining two after a brief interlude.

Mr. BAKER. Mr. President, I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, in view of that, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the first three names on today's Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

SMALL BUSINESS ADMINISTRATION

The assistant legislative clerk read the nomination of Michael Cardenas, of California, to be Administrator of the Small Business Administration.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. WEICKER. Mr. President, as chairman of the Senate Small Business Committee, I offer my strong endorsement of Michael Cardenas, whose nomination as Administrator of the Small Business Administration we are now being asked to consider.

For too long, the SBA has carried with it a reputation for mismanagement and abuse. Unlike some others, I do not believe the best way of eliminating those problems is to eliminate the agency. I believe the SBA can and should play a very definite role as an advocate, adviser, and management assistant to the small business owners of this country.

In order to assume this role, however, the agency needs a strong hand. SBA programs are in serious need of review and evaluation, and some very firm decisions need to be made. This responsibility must be taken especially seriously in light of recent budget decisions affecting major programs within the SBA.

Clearly, if this agency is to be responsive to the critical needs of small business, knowledgeable and effective leadership is crucial.

Mr. President, I have had the opportunity to meet with Mr. Cardenas, have carefully reviewed his background, and listened closely to his testimony at our hearing.

In those conversations, and in testimony before the Small Business Committee, Mr. Cardenas expressed many of the same concerns about SBA that I have just outlined. As a certified public accountant with 19 years' experience serving the small business community, he brings to the agency a breadth of firsthand knowledge about small business problems.

In our hearing, Mr. Cardenas also expressed a desire and a willingness to work closely with this committee in an effort to jointly address the many problems facing small business. He has pledged to remain accessible to us, and to assist us wherever he can when questions concerning his agency arise. I welcome this cooperation and regard it as an encouraging sign for the small business problems.

I am convinced that we have in Mr. Cardenas one who will bring great energy and dedication to the SBA.

Based on the vote taken by the membership of the Small Business Committee on March 24, unanimously recommending to the Senate that he be confirmed, it is clear the other 16 members feel as I do that Mr. Cardenas' qualifications and sense of commitment make him an excellent candidate for the job of Administrator of the Small Business Administration.

For the record, let me briefly review those qualifications. Mr. Cardenas is a resident of Fresno, Calif., with a long history of public and professional involvement there. He has been a certified public accountant since 1962, most recently as a partner in the national firm of Fox & Co. Before joining that accounting firm, he owned his own firm, specializing in taxation, auditing, accounting, and management service. He has served on the boards of many State and local institutions, including several universities and the Fresno Community Hospital. He was also the chairman of two regional offices of the Small Business Administration in California, and was appointed a delegate to the White House Conference on Small Business.

I look forward to working with Mr. Cardenas in reshaping the Small Business Administration. I urge the Senate to act quickly and affirmatively on this nomination.●

Mr. NUNN. Mr. President, I rise in support of the nomination of Michael Cardenas to be Administrator of the Small Business Administration. Mr. Cardenas is qualified to serve in this important position of responsibility, and it is important that he begin that service at the earliest practical opportunity.

Many of the major policy and budgetary decisions which will affect Small Business Administration programs for the next several years, including the disaster aid program, have already been made without the benefit of the advice of a confirmed Administrator.

With the confirmation of Mr. Cardenas today, the Senate Small Business Committee, the Congress, and the small business community will finally have a spokesman in place who has the President's confidence, will begin to provide the leadership for the day-to-day functioning of the Small Business Administration, and will be able to assist the Congress in its work of reviewing the President's economic recovery package.

Mr. President, the committee was unanimous in its favorable reporting on this nominee. I hope the Senate will vote to confirm Mr. Cardenas for the position of Administrator of the Small Business Administration.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF STATE

The assistant legislative clerk read the nomination of O. Rudolph Aggrey, of the District of Columbia, to be a Foreign Service officer of the class of career Minister, a consular officer, and a secretary in the diplomatic service of the United States of America.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF JUSTICE

The assistant legislative clerk read the nomination of William Francis Baxter, of California, to be an Assistant Attorney General.

Mr. THURMOND. Mr. President, I rise to state my enthusiastic support for President Reagan's nominee to head the Antitrust Division of the Department of

Justice, Prof. William F. Baxter. There can be no question that Professor Baxter is highly qualified for this position, in light of his distinguished 25-year career in the field of antitrust as both a practicing attorney and a professor of law at Sanford University. His prolific writing in the area of antitrust has established him as a respected scholar with a keen understanding of this extremely complex field of law. Moreover, during his appearance before the Judiciary Committee, which unanimously voted to support his confirmation, Professor Baxter showed himself to be a thoughtful and decisive individual, with opinions and views that are well reasoned and equally well expressed.

Mr. President, I would note that the job that faces Professor Baxter, should he be confirmed, is not an easy one. Our antitrust enforcement policy has been the subject of mounting criticism in recent years. Some critics have gone so far as to charge that certain applications of the antitrust laws have worked to the detriment, rather than the benefit of consumers, because of unreasonable and counterproductive restrictions they have placed on legitimate business activities.

Such concerns over the effectiveness of the antitrust laws are magnified by the severe economic difficulties presently facing our country. In the last election, the American people sent an unmistakable message to Washington that they want to reduce the role of Government in the operation of our free enterprise system. At the same time, however, they rightfully expect to be protected by the Government from monopolistic practices that interfere with the efficient operation of the economy. Achieving the correct balance between these two objectives will not be an easy undertaking. However, it is both my personal conviction and the consensus of the members of the Judiciary Committee, that Professor Baxter will be equal to this challenging task. I therefore strongly urge this distinguished body to confirm the President's nomination of Prof. William Baxter as Assistant Attorney General for the Antitrust Division of the Department of Justice.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CALENDAR

Mr. BAKER. Mr. President, I inquire of the distinguished minority leader if he is in a position to consider some of the items on today's Calendar of General Orders, and I especially invite his attention to Order No. 40, House Concurrent Resolution 85, which appears to be cleared on our calendar.

Mr. ROBERT C. BYRD. Mr. President, the item to which the distinguished majority leader has referred, Order No. 40, has been cleared on this side.

Mr. BAKER. I thank the minority leader.

CONCURRENT RESOLUTION RELATING TO SPAIN'S COMMITMENT TO DEMOCRACY

The Senate proceeded to consider the concurrent resolution (H. Con. Res. 85) congratulating the Government and people of Spain on their commitment to democracy.

The concurrent resolution was agreed to.

The accompanying preamble was agreed to.

The concurrent resolution, together with the premable, was agreed to, as follows:

Whereas the lawless seizure of the Spanish parliament by insurrectionist elements of Spain's paramilitary forces constituted a threat to the continuation of democracy in Spain; and

Whereas King Juan Carlos' personal appeal to maintain respect for peaceful constitutional order in Spain indicates the depth of his support for stability and democracy; and

Whereas the commitment of the clear majority of Spain's armed forces to remain loyal to King Juan Carlos and the Spanish democracy was instrumental in restoring lawful control of Spain's parliament; and

Whereas large scale public demonstrations by the Spanish people indicate the broad base of popular support for constitutional democracy government in Spain: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that—

(1) the restoration of the normal business of the Spanish parliament in the aftermath of its outrageous military seizure symbolizes the strength of democracy in Spain and provides inspiration to all people everywhere who love freedom; and

(2) the continued democratic political development in Spain makes an important contribution to the foreign policy interests of the United States and the free countries of Western Europe.

SEC. 2. The Congress congratulates the government and people of Spain on their commitment to democracy and looks forward to the continuation and expansion of close and cordial relations between the United States and Spain.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have no further need for my time under the standing order, and I am prepared to yield it back or to yield control to the distinguished minority leader.

Mr. ROBERT C. BYRD. Mr. President, I yield back the remainder of my time.

Mr. BAKER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

RECOGNITION OF SENATOR MATTINGLY

The PRESIDING OFFICER. Under the previous order, the Senator from Georgia (Mr. MATTINGLY) is recognized for not to exceed 15 minutes.

Mr. MATTINGLY. I thank the Chair.

THE RECONCILIATION RESOLUTION

Mr. MATTINGLY. Mr. President, before casting my vote in support of Senate Concurrent Resolution 9, I would like to take this opportunity to praise Senator DOMENICI and the Senate Budget Committee. In taking inventory of the projected 1982 budget, the Budget Committee unanimously approved the largest savings package ever presented to Congress.

Last November, voters across the Nation instructed Washington to put America's economic house in order. The Budget Committee, in calling for a massive cutback in the growth of Federal spending, demonstrated that the message from the voters was heard and that Congress intends to implement the November mandate.

No one can disagree that the American worker has been saddled with unnecessary economic burdens. Americans are tired of double-digit inflation, high interest rates, huge Federal deficits, and wasteful spending—and rightfully so. Such frustration was demonstrated in the voting booths across the Nation in the most recent election.

As the President stated in his message to the Congress on March 10, 1981—

> There is nothing but politics as usual standing in the way of lower inflation, increased productivity, and a return to prosperity.

The action by the Senate Budget Committee is a step in the right direction and away from the "politics as usual" approach.

The reconciliation resolution, however, is only a first step toward economic sanity. Congress must move quickly in its consideration of the entire economic package, a package which calls for both sweeping spending and tax cuts. The quicker we move on the President's plan, the quicker we will revitalize our ailing economy.

In supporting Senate Concurrent Resolution 9, however, I remind my colleagues that budget cuts alone will not turn the economy around. We must re-

duce personal income tax rates and provide tax incentives to businesses to encourage replacement of obsolete and inefficient plants, machinery, and equipment.

The President's proposed tax cuts of 10 percent per year for 3 years will encourage people to save and invest more. This will help interest rates come down and will make it easier for businesses to buy new equipment, expand production, and increase output—the end result thus being a slowing down of the rate of inflation and the creation of jobs.

The need for such tax cuts cannot be overemphasized. They are a vital part of the economic recovery package, a package designed to put the American economy back on its feet.

In discussing the importance of the tax cut element, I remind my colleagues of the economic results when taxes were slashed in 1964. Because of such action, more income went into savings and business expansion, and inflation was held to 1.5 percent per year in 1963 through 1965. The same thing can happen again if Congress passes the President's proposed tax cut.

In conclusion, I again remind my colleagues that the American voters' message last November was loud and clear. The mandate was for a change—a change from the way Congress had conducted business in the past and a revolt against the economic results produced by the past irresponsible actions of Congress.

President Reagan has formulated a plan for America's economic recovery. The next step is up to the Congress. In approving Senate Concurrent Resolution 9, we are taking a step in the right direction. However, we can not stop here. Let us move responsibly and expeditiously in the weeks ahead to approve the President's program for economic recovery and thus make America once again a land of economic opportunity.

Mr. President, I yield the remainder of my time to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. I thank the Chair.

THE ADMINISTRATION'S ECONOMIC PROGRAM

Mr. NICKLES. Mr. President, I wish to commend my colleagues, Senator DOMENICI and Senator HOLLINGS, for their hard work on the budget resolution, and for their perseverance to draft responsible cuts in the budget.

In November, Oklahomans voted to reduce the cost of Government, to limit Federal spending, and to reduce their tax burden.

As a candidate in those elections, I stood firm in that same commitment, and had I not taken that position I would not be standing here today.

Now, as a representative of the American people, whose election was brought about by a broad-based discontent with the Federal Government, I urge my colleagues to support the budget proposals before us today.

I am pledged to balancing the budget. Mr. President, I am sure you are aware that there are only two ways we can balance the budget: One is through higher taxes, and the other is through reduced Federal spending. I believe the people spoke, and they said that they wanted less Government spending in their lives.

When we talk about cutting spending, we talk about cutting taxes. Many people, particularly in the press, have said that these tax cuts are drastic.

Mr. President, I think you are aware that the spending cuts we are talking about today actually are not spending cuts. In fact, the total amount of Federal Government spending for 1981 will increase by $75.6 billion, and the spending in fiscal year 1982 will increase by $40.1 billion, and when we are talking about billions of dollars it is very hard for the common American working man and woman to figure out how much money we are talking about. The budget authority that is proposed for 1981 will equal $3.135 for every man, woman, and child in the United States.

Mr. President, I think the United States has spent enough money. I think we need to balance the budget. I hope that we can balance the budget before 1984. I have been disappointed with the President's recommendation to balance it only by 1984. I had hoped this could be achieved by 1982 or 1983.

I think the solution is not in raising taxes. It has to be in reducing Federal spending. I think $3,135 is enough money to provide the needed sources of revenue, to provide the needed services which we have today.

Many people talk also about tax cuts. Mr. President, I am sure you are aware that we are actually reducing taxes. From 1980 to 1981, the total tax burden on the American people will increase by $80 billion; from 1981 to 1982, taking into effect all of President Reagan's tax proposals, the tax burden will still increase by $50 billion.

Everyone in this Chamber is aware, as are the American people, that the Federal Government has no wealth. The Federal Government cannot give anyone a dime unless it first takes it from someone else.

Big Government is the source of inflation. Therefore, we must control the growth of Government, which now consumes 42 percent of the average working American's earnings.

I applaud the bold steps which the new administration has outlined in the economic program. I believe that decisive action is needed to combat the intolerably high level of our current inflation, to reduce the rising burden of taxation, to cut down the growth in Federal spending, and to eliminate counterproductive regulatory measures. I urge the Congress to move quickly toward legislation that will carry out the intent of these budgetary actions within the next few months.

While I applaud the administration initiatives to hold back the growth in Federal expenditures, I also believe that much more can and should be done as has been outlined in the Budget Committee resolution, particularly in the area of entitlement programs which comprise nearly half of all Federal programs. For too long, the citizenry has been told that most of the budget is "uncontrollable" because of built-in entitling provisions in the law, beyond the reach of the Congress. I believe that nothing should be beyond the reach of the people and their elected Representatives. Programs must be examined more critically with respect to the magnitude of financing required and the relation of benefits to costs. Furthermore, legislative actions now should be calculated to restrain the future growth of entitlements so that the problem of so-called uncontrollables does not become ever more difficult to deal with.

Mr. President, I urge the administration and also this Congress to make additional spending reductions, in addition to what the President and the Budget Committee have proposed. Areas that should have been reduced further include synfuels programs and certain HUD programs—in particular, the UDAG program, community development grants, and also the EPA.

I am committed to the ideal upon which this country was founded, the inherent right of the individual.

Grounded in that basic philosophy are the freedom to succeed and the freedom to fail. Our economic system was born out of the individual, not the Government. We have achieved the highest standard of living of all countries in the history of mankind precisely because we have not had big government, but rather limited government designed to protect our personal and economic freedom.

Mr. President, if Government continues to grow the way it has grown for the past 50 years, our personal freedom, our economic freedom, and our religious freedom are very much in jeopardy. I believe that individual initiative, which has built this country, will also be the cornerstone in maintaining its freedom and its health in the future.

Government in recent times has removed that initiative, and has replaced it with policies that reduce the individual to nothing more than a revenue source for the Government.

I know what my constituents are saying and I hear them. If my colleagues' mail is anything like mine, it shows support by more than 40 to 1 of the budget cuts proposed by the President. I am speaking not only of a national mandate that occurred 5 months ago in the general election, but of an ongoing campaign by the American people for a change to end the Government spending policies of the past years. I do not believe that the American people are going to be satisfied until they see that change.

I cannot stress enough the importance of this body's support for the budget proposals. I speak not on behalf of DON NICKLES, but on behalf of the American people. Let us not be overcome by the special interest groups that flood our Capitol, but let us sincerely respond to the pleas of our people, and give them what they asked for last November. Let us give them less Government, less

spending, less Government regulation, less Government involvement in our lives.

Let us have the Government protect their freedom—their personal, economic, and religious freedom—so that our children can grow up and give to their children the same gift we have all received, that privilege and that pleasure of living in the greatest and the freest country in the history of mankind

I thank the Chair.

Mr. BAKER. Mr. President, will the Senator yield to me for a brief moment?

Mr. President, I thank the Senator for yielding. I believe I am correct in saying that this is the first major speech the Senator from Oklahoma has presented to this body, and I wish to remark on his service in the Senate today not just for his edification—I hope it is—but for that of our fellow Senators and his constituents in the State of Oklahoma, as well.

I would like to say, Mr. President, I have been now almost 15 years in the Senate—the distinguished occupant of the chair (Mr. HATFIELD) and I came here together—and we have seen a few Senators come and go. I do not recall ever seeing a freshman Senator who has come to this body and shown as much promise as has the Senator from Oklahoma. He has been unafraid of the task; he has risen to the challenge that the Senate inevitably presents to every Member; he has shown keen insight and an extraordinary grasp of the fundamental issues.

I wanted to say that on the occasion of this, his first, presentation on the Senate floor.

VITIATION OF SPECIAL ORDER FOR SENATOR PRESSLER

Mr. BAKER. Mr. President, I ask unanimous consent that the special order in favor of the distinguished Senator from South Dakota, Mr. PRESSLER, be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of routine morning business for not to exceed 20 minutes, with statements therein limited to 5 minutes each.

Mr. BAKER. Mr. President, I ask unanimous consent that the time for transaction of routine morning business be extended until the hour of 11 o'clock, exactly.

The PRESIDING OFFICER (Mr. MATTINGLY). Without objection, it is so ordered.

AMBASSADOR AND MRS. SIDNEY RAND

Mr. DURENBERGER. Mr. President, two distinguished Americans have recently returned to Minnesota after service abroad. Dr. Sidney Rand, our most recent Ambassador to Norway, and Lois Rand, his wife, represented the United States with distinction and grace in a country which has belatedly been recognized as a major world factor.

Those of us from Minnesota, where the Norwegian heritage is strong, have always been aware of Norway's importance. Recently, however, all Americans have come to recognize the extreme importance of continued close relations with that country. Concern over the northern flanks of NATO, sensitivity to the problems of basing new theater nuclear weapons, and a recognition of the importance of Norway's oil potential have made us recognize how vital it is that our diplomats in Oslo be of the highest caliber.

By all accounts, Sid and Lois Rand were a superb team during their tour of duty. As an American, I regret that they could not have stayed on the job longer, in part because we have changed Ambassadors to Norway with abnormal frequency. As a Minnesotan, however, I am delighted that Sid and Lois are back home.

My colleagues will notice that I have referred to Sid and Lois Rand as a team. As our recent consideration of the Foreign Service Act reminded us, a diplomat's spouse is fully as involved in the conduct of our foreign policy as any diplomat. This is something which we have often taken for granted, but seldom explicitly recognized. I, therefore, believe it worthwhile to refer to a recent interview with Lois Rand which was published in the Minneapolis Tribune, on March 1, 1981, and I ask unanimous consent that this article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RANDS RETURN AFTER YEAR AT AMBASSADOR'S POST IN NORWAY

(By Margaret Morris)

"I've lived through other changes." Lois Rand said in her first interview since her husband, Sidney, was asked by the new administration to step down as U.S. ambassador to Norway. "And I honestly, for my own sanity, pay very little attention to it. We left Oslo on Feb. 14, which was exactly one year to the day that Vice President Mondale came to St. Olaf College to swear in Sidney."

"But you see, we anticipated it would happen," explained Lois Rand, chatting in the living room of the home of Sidney Rand's son, Peter, in Minneapolis.

"The notice to return to the country seemed sudden, even though we expected it. We had 2½ weeks to pack and take care of things involved in diplomatic protocol. The time element was the big problem.

"Fortunately we took only personal things and some art when we went to Oslo last year. He had help with the packing. We had our things catalogued and labeled so we knew what to take and what was to stay."

Before their departure the Rands held a big reception at the ambassador's residence—an immense house built in 1911 for the Nobel-O'sens, related to the Nobel-prize family. It sits on 3¼ acres, not far from Frogner Park, which is known to many Minnesotans. The mansion was purchased by the U.S. government in 1923.

"It is a magnificent house, with 20-foot ceilings," said Lois Rand. "The residence itself has 24,000 square feet. I don't know how to pinpoint the number of rooms. There are several large reception rooms, which are ideal for official entertaining. They can accommodate large crowds."

The Rands had 600 for their farewell reception Feb. 9.

"All the foreign diplomats and service officers came at 5 p.m. to present a gift," she said. "It is customary for the dean of the corps, who this time was the Russian ambassador, to make the presentation. We receievd a pair of silver candlesticks and a vase of contemporary Norwegian design."

The ex-ambassador's wife said that friends and other Norwegians with whom they had dealt came after a half-hour. They were invited for 5:30 and 6:30 p.m., staggering the flow of guests.

"I was conditioned for it by the many receptions we gave at St. Olaf College (where Sidney Rand served as president for 17 years). I enjoy meeting people, and I enjoyed the experience. I'm a great believer in the more experience in life you have the better off it is for one, and this has been a great one."

The Rands became known for ther parties. They entertained many American visitors, particularly Minnesotans. When the St. Olaf choir stopped on a 17-day European tour last summer, the Rands gave a buffet dinner. They also entertained a college tour group that came to Oslo later.

The most coveted invitations, however, were for the Rands' small dinners for 12 to 20. There you might have found Henry and Nancy Kissinger or Norway's prime minister Gro Harlem Brundtland dining on fare such as fresh baby lobsters.

Lois Rand, describing her life in Oslo, said there wasn't a lot of time for private activity. She served as organist at the American Lutheran Church in the heart of the city. She also did some accompanying for Susan Wold, a soprano from Spring Grove, Minn., who did some operatic singing on the continent. Wold married a Norwegian and is living in Oslo.

Lois Rand said she found the Norwegian women as liberated as Americans.

"At least as many women work outside of the home as in the United States. It is taken for granted that women will hold a job. Norwegian women gained much independence during World War II. They take a very modern view of life. In certain ways their life style is more predictable, since there isn't the great variety of climate and geography that we have in this country."

She added, "The standard of living is high right across the board. I see it as part of the Social Democrat state. There are some wealthy people. But there are not the extremes."

Norway's population is 4 million, which is just about the same as Minnesota's, she noted.

Asked whether Norway is concerned about the infusion of American pop culture, the ex-ambassador's wife said there is a great flow of rock-and-roll and country-western music.

"For Sidney and me, it was delightful to hear a typical western sound in Norway."

On the political front, she feels Norway will taken a more global role because of its geographical position at the north flank of the North Atlantic Treaty Organization countries and because the country has oil production now.

For the present, Lois Rand is at a crossroad. "I can't imagine either of us being willing to just sit," she said. "We have a good feeling that things will take a fresh direction. We look forward to a time of less structured living. We deliberately have not made plans."

The Rands left for Arizona and California last week to visit Lois Rand's parents in Phoenix, Ariz., and Sidney Rand's daughter, Mary Williams, and family in San Diego. Both the Rands two grown children by former marriages.

"When we return we will move into our condominium that we have been leasing

while we were in Norway," said Lois Rand. "It will mean condensing our living a good deal. But we started sifting and sorting when we left St. Olaf. It is a good feeling now."

CITY VENTURE CORP.

Mr. DURENBERGER. Mr. President, recently the Subcommittee on Intergovernmental Relations of the Senate Committee on Governmental Affairs held hearings on the recommendations of the President's Commission for a National Agenda for the Eighties and Federal urban policy issues, including the enterprise zone proposal.

One witness appearing before our subcommittee was Herbert F. Trader, president of City Venture Corp. and vice president for urban programs at Control Data Corp. Both companies are headquartered in Minneapolis, Minn.

City Venture Corp. is a for-profit consortium, formed to initiate, plan, and manage the implementation of job creation and community revitalization projects. Created in 1978, under the leadership of Control Data Corp. and the Minneapolis Star and Tribune Co., City Venture is rooted in the philosophy that many of society's most pressing problems can be turned into profitable business opportunities. City Venture is a composite of the know-how and resources of 14 stockholder organizations.

City Venture Corp. recognizes employment—creating jobs and matching jobs with the people that need them—as the key catalyst for an urban revitalization program.

City Venture's focus is on creating and sustaining jobs in inner city areas. This is accomplished by supporting the creation and development of new, small businesses; by encouraging the expansion of existing area business; and by attracting branch locations or expansions of existing businesses from outside the area.

City Venture acknowledges that job-related problems can often keep people from retaining their jobs and thereby incorporates programs for work force mobilization and stabilization as part of its strategy development for the revitalization of a project area.

Recognizing the complexities of the urban revitalization process, City Venture Corp. was founded on a comprehensive or holistic approach to urban revitalization, concentrating its work in three strategic areas:

Job creation,

Work force mobilization and stabilization, emphasizing education and training, and

Community revitalization.

Ongoing or completed City Venture projects include Todelo, Ohio; Minneapolis and St. Paul, Minn.; Philadelphia, Pa.; Baltimore, Md.; Miami, Fla.; Charleston, S.C.; and Benton Harbor, Mich. In addition, City Venture is negotiating possible projects with several other cities.

City Venture was formed by Control Data Corp. in the belief that there is good business opportunity for industry to join with Government and the local community to address the needs of decaying urban areas. Control Data has for many years addressed major needs of society as profitable business opportunities. City Venture is but one example of the creative, innovative approaches of this most unique company.

Mr. President, I ask unanimous consent that the February 26, testimony of Mr. Herbert Trader, President of City Venture Corp., be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY OF HERBERT F. TRADER, WASHINGTON, D.C.

Thank you, Senator Durenberger, Senator Sasser, ladies and gentlemen.

It is a privilege on behalf of City Venture Corporation to present testimony and join in the panel discussion before your subcommittee today, on the issues of urban enterprise zones and program, legislative, and regulatory incentives necessary for the private sector to invest and create jobs in the inner city.

In the time available to me today, I will briefly describe City Venture—our mission, current projects, and role in urban revitalization efforts—and suggest a number of incentives that government can provide business to foster a climate for the creation of jobs in urban areas.

City Venture is a for-profit consortium formed two and one-half years ago to plan and manage innovative, comprehensive and, most importantly, holistic programs for the revitalization of decaying sections of urban areas. In going about this task, we are careful to avoid the piece-meal and fragmented efforts which have unfortunately characterized past public sector led efforts.

The creation of jobs is City Venture's number one priority—jobs for the unemployed and underemployed that exist in large numbers in all of our cities. These jobs are made accessible to those who need them, and work forces are stabilized and become profitable, through comprehensive programs of education, training and counseling. In a typical City Venture project area, a minimum of 2,000 new jobs are targeted. The primary strategy for this job creation is the start-up and growth of new and small businesses. Of course, we augment this strategy with programs to assist local established businesses to remain and grow in the inner city and to attract additional businesses from the outside.

Our basic belief is that the private sector must take the lead in initiating and managing urban revitalization, and that it do so with the full cooperation of the residents, the businesses and the governments of the communities in which we work. We are convinced that, in the long run, City Venture is a solid business venture that will earn reasonable profits and will spawn other like activities, worldwide.

In contracting with City Venture, a client city agrees to target its resources to a specific project area that averages 200 acres, and a specific impact area that includes 40,000–60,000 residents, it is the residents of the impact area who will benefit most directly from the jobs and the resulting economic well being they represent.

City Venture recognizes that certain ingredients must exist for any revitalization project to succeed. In this regard, we require top level dedication and commitment from local political, business and community groups. It is City Venture's goal in every city in which it works to bring about basic neighborhood changes—changes that in time will make the neighborhood economically and culturally self sustaining, thereby reducing dramatically the requirement for outside assistance.

Our for-profit consortium is currently composed of 14 stockholders of which 12 are for-profit corporations and two are National and International Church Organizations. Control Data is the largest stockholder, with 35% of the authorized stock.

City Venture Corporation's formation grew out of successful and profitable experiences of our stockholders, principally Control Data, in the inner city. In 1968, Control Data began establishing plants in the inner city, bringing jobs to where they were needed most. These plants have become profitable—and are more successful than their counterparts in rural and suburban areas. Of course, these facilities didn't become successful overnight. Many of the programs of job training, counseling and employee stabilization which Control Data today markets were the result of the immediate needs of these facilities. The innovative technologies developed by Control Data, including Plato computer-based education, energy efficient facilities, and urban food growing and processing, as well as technology from other stockholders, provide much of the basis for City Venture revitalization projects.

Small business is at the heart of City Venture's job creation programs. Again, programs pioneered by Control Data form the basis for these efforts. These include the business and technology centers, facilities which provide services to small businesses, including manufacturing, laboratory and office space on very flexible terms, centrally shared model rooms, accounting, purchasing and legal services; and a complete range of computer services and computer-based management education programs. In addition, Control Data's small business financial and non-cash services are made available through the business and technology centers and Control Data business centers.

City Venture stockholders have expressed frustration with the traditional "check-writing" approach to inner-city problems. Increasingly, these stockholders are insisting upon follow-up on their social responsibility investments—they want their dollars and human resource efforts to be measured in terms of results and to leverage others to action. Of course, this has been Control Data's philosophy on social responsibility for a long period of time. City Venture is a manifestation of this philosophy.

City Venture currently has projects in Toledo, Ohio; Philadelphia, Baltimore, St. Paul and Miami. We are ready to begin projects in Charleston, South Carolina and Benton Harbor, Michigan. Recently, the British government contracted with City Venture to advise on the revitalization of the Docklands area in London.

In each of the cities where it has initiated its concepts. City Venture is taking an innovative, holistic, implementation-oriented approach. Initial results are encouraging. But the best estimates are that it will take anywhere from 3–5 years to make a substantial and lasting impact on a given neighborhood.

As I said earlier, the major focus of City Venture Corporation is job creation—but this job creation must be considered in the broadest possible framework—a holistic framework, housing security, education, training, recreation, transportation, energy efficiency and independent living, all must be addressed if jobs and economic self sufficiency are to be real and lasting.

City Venture's programs are designed to encourage investments that will produce profit for the private sector, tax increment for government, pride through jobs for the neighborhood, and most importantly, real opportunities for people to help themselves.

Real progress to date gives evidence that the goal of self sufficiency is not a theoretical one—but one that is possible, practical and already happening.

Soon after Control Data established City Venture, a similar organization—Rural Ven-

ture—to plan and manage holistic programs for human and economic development in small towns and rural areas, was created. As with City Venture, the core of Rural Venture's approach is job creation, primarily through small-scale agriculture, small-scale food processing and other types of small enterprise. All supported by appropriate education and training. Rural Venture's current projects are in the States of Minnesota, Virginia, and Alaska, and the New England region.

City Venture and Control Data believe that the following conditions—some of a general nature, some specific—are necessary for the private sector to invest and create jobs in the inner city:

The availability of seed capital to support the start-up of new businesses,

Tax incentives,

The expectation of business success,

Available facilities,

The expectation of investment success, and

Local commitments.

Let me briefly suggest the required legislative, regulatory or program support measures that are necessary to insure that each condition is met. You will notice that in some cases the incentives I suggest are to be addressed in the enterprise zone legislation, soon to be introduced in both the House and Senate.

The availability of seed or start-up capital to businesses desiring to locate in inner city areas, is absolutely essential. Sources of venture capital usually can be found. But for the enterpreneur, with little savings or opportunities for funds from family or friends, the first fifty, one hundred thousand dollars, or more in seed funds to start that new business is generally not available. As a result, new and innovative ideas go nowhere.

The shortage of seed capital results in large part from insufficient incentives for the potential investor in seed capital funds, versus other capital formation investment opportunities. Tax incentives should be considered, including a tax credit to provide a near term return on investment for a seed capital investor. The credit could be recaptured when a seed capital fund return is realized. Also, changes in the so-called "prudent man" limitation and creation of incentives for pension fund investments in inner cities should be considered.

Of course, tax incentives are always high on every list to encourage investment in the inner city and are a prime component of the enterprise zone legislation. A range of tax incentives are required for major investments to occur in urban areas by business, including significant tax credits for new jobs created, accelerated depreciation, and tax rate reductions. Property tax relief must be a part of any comprehensive policy to encourage investment in the inner city.

Corporate decision makers who are considering locating or expanding a business in an inner city area must have a legitimate expectation that the business will succeed. A number of issues could be addressed by the Congress to convince business leaders that a new business can prosper in an urban area. Industry—specific, vocational training funds must be available and tailored to and linked with the jobs the prospective business would create.

Land right-down techniques must be used to overcome often punitive facility costs in the urban area versus comparable acreage in suburban areas. The land cost issue is critical for many potential investments in a new or expanding business. If the site cannot be secured at a cost approaching comparable land in a suburban location, that fact alone frequently discourages an investment.

In addition, programs of small business management, education, technical and skill-training assistance must be available. One idea that we at City Venture have discussed would be to fund these types of programs using a very small percentage, perhaps one to two percent, of the proceeds from government-guaranteed loan programs, such as the SBA or farmers home programs. In addition to funding the needed management training and technical assistance, these funds in turn will spawn new small businesses providing these services.

City Venture and Control Data believe strongly that critical to the success of any business venture in the urban area are community support services for employees and their families, such as health, day care, education and pre- and post-employment counselling programs.

Also, business decision makers need to have available property and casualty insurance for their investment. Perhaps these insurance policies could be available in certain inner city areas through government guaranteed re-insurance programs.

The next condition that must be satisfied for investment in the inner city is available facilities. We suggest that programs be designed making land and facilities available without the requirement for pre-commitments on the part of investors to those areas. These programs should be addressed from both the public and private sector perspective. These facilities could be funded with UDAG or EDA type acquisition funds and those funds could later be repaid from rents accrued from the facility, or a share of the tax credit granted for jobs created as a result of that facility. From a private sector perspective, investors could be encouraged to provide reduced rent for small business clients in return for tax advantages or loan guarantees.

On the general subject of the availability of facilities for the location and operation of new businesses in the urban area, City Venture suggests the Congress consider requiring Conrail to release outright or sell at below market rates, excess and low priority land holdings in cities for job creation purposes. This land exists in many cities.

Business decision makers also need to expect that an investment will be successful, particularly in targeted areas. To this end, we believe strongly that any program of Federal assistance, whether financial support or tax incentives, must include a requirement for comprehensive, holistic management of the affected area as a condition for participation in Government funding programs. Such an approach is critical to City Venture's operations and, we believe, to any urban revitalization effort. Beside the many benefits that result from this type of comprehensive planning, such a holistic process will help convince potential investors that a safe and secure environment for the business and its employees will exist in that area.

On the subject of Federal funds to encourage investment in urban areas, in City Venture's experience programs that mandate funds for leveraged development in targeted areas such as UDAG, are preferable to unspecified programs where funds are available for a wide variety of purposes.

Another issue, in many cases beyond the purview of the Congress, but crucial nonetheless, is what local commitments are available to create a climate for successful investment and job creation in urban areas. The improvement of the physical environment by the municipal government in the potential investment area is critical. That improved physical environment must include available basic local services (police, fire protection, road network, public transportation), and streamlining of variance and zoning procedures.

Finally, in your legislative deliberations on urban policy, we strongly recommend you recognize that significant differences exist—in land availability and price, in property tax laws and structures, and in community infrastructure—among the urban areas of this country. As you formulate a response to the needs of urban revitalization, whether in enterprise zone or other legislation, administrative flexibility is needed to assure that the variety of problems and opportunities of urban America can be dealt with effectively.

These issues that I have addressed are suggestions that City Venture makes to your subcommittee, in your continuing deliberations on urban revitalization, that we believe necessary to encourage investment and job creation in the inner city. As you know, Mr. Chairman, Control Area Corporation has taken a genuine interest in the enterprise zone idea. As I mentioned earlier, several of the incentives mentioned in my testimony today are issues being addressed in various drafts of enterprise zone legislation. In addition, Control Data has been asked by the sponsors of the enterprise zone legislation, Senators Chaffee and Boschwitz and Congressmen Kemp and Garcia, to react to a draft of the proposed legislation that is scheduled for introduction in the ninety seventh Congress within the next month. I request the opportunity to submit at a later date for the record of this hearing the response of Control Data's chairman, Mr. W. C. Norris to the enterprise zone sponsors on that subject. The letter will stress the importance of enterprise zone legislation supplementing rather than supplanting current efforts, since Control Data strongly believes that successful urban revitalization programs depend upon combining the best of existing programs wtih appropriate new concepts.

In conclusion, Mr. Chairman, on behalf of City Venture and Control Data, I greatly appreciate the opportunity to appear before your subcommittee today and to participate in this panel discussion. Given the efforts of City Venture the past two years in urban revitalization efforts, we stand ready to be of assistance to your subcommittee in your continuing efforts to ensure that the urban areas of our country are revitalized and that job opportunities are created.

Thank you very much for inviting me to appear today.

Mr. DURENBERGER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. McCLURE). Without objection, it is so ordered.

BUDGET RESOLUTION OF RECONCILIATION AND INSTRUCTIONS

The PRESIDING OFFICER. Under the previous order, the hour of 11 o'clock having arrived, the Senate will now proceed to the consideration of Senate Concurrent Resolution 9, which the clerk will state by title.

The legislative clerk read as follows:

Calendar No. 39, Senate Concurrent Resolution 9 revising the Congressional Budget for the United States Government for the fiscal years 1981, 1982, and 1983.

CALL OF THE ROLL

Mr. BAKER. Mr. President, I suggest the absence of a quorum, and I advise

the Senate that this will be a live quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators entered the Chamber and answered to their names:

[Quorum No. 6 Leg.]

Baker	Domenici	Kennedy
Baucus	Exon	McClure
Bentsen	Garn	Metzenbaum
Bradley	Gorton	Pryor
Bumpers	Heflin	Randolph
Byrd, Robert C.	Helms	Schmitt
Dodd	Hollings	

The PRESIDING OFFICER. A quorum is not present. The clerk will call the names of absent Senators.

Mr. BAKER. Mr. President, I move that the Sergeant at Arms be instructed to request the attendance of absent Senators, and I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll. The question is on agreeing to the motion of the Senator from Tennessee.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from North Carolina (Mr. EAST), the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Texas (Mr. TOWER), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Louisiana (Mr. LONG), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from Georgia (Mr. NUNN), are necessarily absent.

The PRESIDING OFFICER. Have all Senators desiring to vote voted?

The result was announced—yeas 92, nays 2, as follows:

[Rollcall Vote No. 41 Leg.]

YEAS—92

Abdnor	Exon	Metzenbaum
Andrews	Ford	Mitchell
Armstrong	Garn	Moynihan
Baker	Glenn	Murkowski
Baucus	Gorton	Nickles
Bentsen	Grassley	Packwood
Biden	Hart	Pell
Boren	Hatch	Percy
Boschwitz	Hatfield	Pressler
Bradley	Hawkins	Proxmire
Bumpers	Hayakawa	Pryor
Burdick	Heflin	Quayle
Byrd, Harry F., Jr.	Heinz	Randolph
Byrd, Robert C.	Helms	Riegle
Cannon	Hollings	Roth
Chafee	Huddleston	Rudman
Chiles	Inouye	Sarbanes
Cochran	Jackson	Sasser
Cohen	Jepsen	Schmitt
Cranston	Johnston	Simpson
D'Amato	Kassebaum	Specter
Danforth	Kasten	Stafford
DeConcini	Kennedy	Stennis
Denton	Lavalt	Stevens
Dixon	Leahy	Symms
Dodd	Levin	Thurmond
Dole	Lugar	Tsongas
Domenici	Mathias	Wallop
Durenberger	Mattingly	Warner
Eagleton	McClure	Williams
	Melcher	Zorinsky

NAYS—2

Goldwater	Weicker

NOT VOTING—6

East	Long	Nunn
Humphrey	Matsunaga	Tower

So the motion was agreed to.

The PRESIDING OFFICER. With the addition of Senators voting who did not answer the quorum call a quorum is now present.

BUDGET RESOLUTION OF RECONCILIATION AND INSTRUCTIONS

Mr. BAKER. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. The clerk will report the first committee amendment.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate? May we have order in the Senate? May we have order in the Senate?

The PRESIDING OFFICER. The pending business is Senate Concurrent Resolution 9.

The Senate proceeded to consider the concurrent resolution (S. Con. Res. 9) revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983, which had been reported from the Committee on the Budget with amendments.

Mr. BAKER. Mr. President, absent any other provisions or agreements that are made, will the next step in the procedure be for the clerk to report the first committee amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Mr. President, I will inquire of the distinguished minority leader and the managers of the bill on both sides what their preference may be in this respect. On previous occasions, we have considered committee amendments en bloc as original text. Absent that, as the Chair advised, we will proceed with committee amendments as they appear. I am prepared to do it either way. It appears to me that we might get to the substantive issues earlier, if we go with the business of aggregating the committee amendments en bloc, considering them en bloc, and treating them as original text.

I will yield, so the distinguished minority leader or the managers of the bill may respond to that query.

Mr. ROBERT C. BYRD. Mr. President, I will object to agreeing to the committee amendments en bloc, with the exception of the amendments down through line 20. I would not object to considering those amendments en bloc and agreeing to them en bloc.

The PRESIDING OFFICER. The Chair will advise the Senator that there are eight committee amendments through line 20.

Mr. ROBERT C. BYRD. Yes; I missed one on line 2. I would not object to agreeing to those first eight, down through line 20, en bloc.

Mr. BAKER. Mr. President, I may put that request in just a moment. I would like to check one point, if I may, before I proceed to make such a request.

In the meantime, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I guess theoretically, aggregating the first eight amendments, which would be through line 20 of the resolution, could save us 160 hours. I am sure it will not, since we are not going to be that involved, but I think that is material progress.

Mr. President, in view of the statement by the distinguished minority leader, I ask unanimous consent——

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate.

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. Mr. President, I think it is very important, if I may take 30 seconds of my time, that Senators know what is going on.

Mr. BAKER. Mr. President, I thank the minority leader. I agree with every word he has just spoken.

Mr. President, in view of the statement just made by the distinguished minority leader, I ask unanimous consent that the committee amendments beginning with 1 through 8, through line 20 of the first page of Senate Concurrent Resolution 9, be agreed to en bloc and that the concurrent resolution, as amended, be considered as original text for the purpose of further amendment.

Mr. ROBERT C. BYRD. Will the Senator repeat that?

Mr. BAKER. Yes.

I ask unanimous consent that the committee amendments numbered 1 through 8, through line 20 on the first page of Senate Concurrent Resolution 9, be agreed to en bloc and that the concurrent resolution, as thus amended, be considered as original text for the purpose of further amendment.

Mr. ROBERT C. BYRD. Only through line 20?

Mr. BAKER. Only through line 20.

Mr. ROBERT C. BYRD. That would be considered as original text.

Mr. BAKER. For the purpose of other amendments.

Mr. ROBERT C. BYRD. Line 20. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendments agreed to are as follows:

On page 2, line 1, beginning with "Reconciliation" strike through and including "Sec. 9." in line 2;

On page 2, line 3, strike "That", through and including "changes" on line 6, and insert the following: That H. Con. Res. 448, Ninety-sixth Congress, second session, adopted November 20, 1980, shall be revised pursuant to sections 304 and 301 of the Congressional Budget Act of 1974, by adding at the end thereof new sections 9, 10, and 11, as follows:

RECONCILIATION

SEC. 9. (a) Congress hereby determines and declares that it is necessary to make changes.

On page 2, line 14, strike "$10.7 billion" and insert "$14,667,000,000";

On page 2, line 15, strike "$4.8 billion" and insert "$2,868,000,000";

On page 2, line 16, strike "$61.3 billion" and insert "$52,144,000,000";

On page 2, line 17, strike "$41.4 billion" and insert "$36,423,000,000";

On page 2, line 19, strike "$88.4 billion" and insert "$59,023,000,000";

On page 2, line 20, strike "$79.7 billion" and insert "$47,694,000,000";

Mr. BAKER. Mr. President, what is the next step in the proceeding?

The PRESIDING OFFICER. The clerk will report the ninth committee amendment.

The legislative clerk read as follows:

On page 2, beginning with line 21, through the end of the resolution, insert new language.

The ninth committee amendment reads as follows:

On page 2, after line 20, insert the following:

(b) The Committees on Appropriations of the House and Senate shall report not later than June 5, 1981, legislation to reduce previously enacted appropriations by $13,300,000,000 in budget authority and $1,500,000,000 in outlays for fiscal year 1981; by $3,200,000,000 in outlays for fiscal year 1982; and $1,800,000,000 in outlays for fiscal year 1983.

(c) Not later than May 31, 1981, the committees named in subsections (c)(1) through (c)(30) of this section shall submit their recommendations to the Committees on the Budget of their respective Houses. Those recommendations shall be sufficient to accomplish the reductions required by subsections (c)(1) through (c)(30) of this section. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(1)(A) The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $163,000,000 in fiscal year 1981; to reduce budget authority by $474,000,000 and outlays by $928,000,000 in fiscal year 1982; and to reduce budget authority by $659,000,000 and outlays by $618,000,000 in fiscal years 1983; and

(B) The Senate Committee on Agriculture, Nutrition, and Forestry shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $645,000,000 in budget authority and $3,000,000 in outlays for fiscal year 1981; $3,642,000,000 in budget authority and $3,400,000,000 in outlays for fiscal year 1982; and $4,210,000,000 in budget authority and $4,161,000,000 in outlays for fiscal year 1983.

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $233,000,000 and outlays by $233,000,000 in fiscal year 1981; to reduce budget authority by $966,000,000 and outlays by $966,000,000 in fiscal year 1982; and to reduce budget authority by $899,000,000 and outlays by $899,000,000 in fiscal year 1983.

(3) The Senate Committee on Banking, Housing, and Urban Affairs shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $6,146,000,000 in budget authority and $133,000,000 in outlays for fiscal year 1981; $15,460,000,000 in budget authority and $958,000,000 in outlays for fiscal year 1982; and $18,412,000,000 in budget authority and $2,274,000,000 in outlays for fiscal year 1983.

(4)(A) The Senate Committee on Commerce, Science, and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1982 and to reduce budget authority by $300,000,000 and outlays by $300,000,000 in fiscal year 1983; and

(B) The Senate Committee on Commerce, Science, and Transportation shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $1,558,000,000 in budget authority and $884,000,000 in outlays for fiscal year 1982 and $1,598,000,000 in budget authority and $1,328,000,000 in outlays for fiscal year 1983.

(5) The Senate Committee on Energy and Natural Resources shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $2,071,000,000 in budget authority and $106,000,000 in outlays for fiscal year 1981; $3,714,000,000 in budget authority and $3,404,000,000 in outlays for fiscal year 1982; and $3,660,000,000 in budget authority and $3,628,000,000 in outlays for fiscal year 1983.

(6)(A) The Senate Committee on Environment and Public Works shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $185,000,000 in fiscal year 1982 and to reduce outlays by $900,000,000 in fiscal year 1983; and

(B) The Senate Committee on Environment and Public Works shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $2,350,000,000 in budget authority and $68,000,000 in outlays for fiscal year 1981; $4,935,000,000 in budget authority and $793,000,000 in outlays for fiscal year 1982; and $3,035,000,000 in budget authority and $1,872,000,000 in outlays for fiscal year 1983.

(7)(A) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $212,000,000 and outlays by $810,000,000 in fiscal year 1981; to reduce budget authority by $4,354,000,000 and outlays by $8,832,000,000 in fiscal year 1982; and to reduce budget authority by $4,494,000,000 and outlays by $10,870,000,000 in fiscal year 1983; and

(B) The Senate Committee on Finance shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $96,000,000 in budget authority and $112,000,000 in outlays for fiscal year 1982 and $114,000,000 in budget authority and $132,000,000 in outlays for fiscal year 1983.

(8) The Senate Committee on Foreign Relations shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $150,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1982 and $196,000,000 in budget authority and $167,000,000 in outlays for fiscal year 1983.

(9)(A) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $513,000,000 in fiscal year 1982 and to reduce outlays by $414,000,000 in fiscal year 1983; and

(B) The Senate Committee on Governmental Affairs shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that Committee so as to achieve savings in budget authority and outlays as follows: $4,776,000,000 in budget authority and $4,690,000,000 in outlays for fiscal year 1982 and $6,360,000,000 in budget authority and $6,388,000,000 in outlays for fiscal year 1983.

(10) The Senate Committee on the Judiciary shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $116,000,000 in budget authority and $13,000,000 in outlays for fiscal year 1982 and $133,000,000 in budget authority and $81,000,000 in outlays for fiscal year 1983.

(11)(A) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $39,000,000 and outlays by $49,000,000 in fiscal year 1981; to reduce budget authority by $658,000,000 and outlays by $622,000,000 in fiscal year 1982; and to reduce budget authority by $1,601,000,000 and outlays by $1,495,000,000 in fiscal year 1983; and

(B) The Senate Committee on Labor and Human Resources shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $2,388,000,000 in budget authority and $414,000,000 in outlays for fiscal year 1981; $10,303,000,000 in budget authority and $7,928,000,000 in outlays for fiscal year 1982; and $12,363,000,000 in budget authority and $10,913,000,000 in outlays for fiscal year 1983.

(12) The Senate Select Committee on Small Business shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $97,000,000 in budget authority and $67,000,000 in outlays for fiscal year 1981; $526,000,000 in budget authority and $390,000,000 in outlays for fiscal year 1982; and $564,000,000 in budget authority and $541,000,000 in outlays for fiscal year 1983.

(13)(A) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $14,000,000 and outlays by $14,000,000 in fiscal year 1981; to reduce budget authority by $32,000,000 and outlays by $32,000,000 in fiscal year 1982; and to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1983; and

(B) The Senate Committee on Veterans' Affairs shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $414,000,000 in budget authority and $375,000,000 in outlays for fiscal year 1982 and $397,000,000 in budget authority and $404,000,000 in outlays for fiscal year 1983.

HOUSE COMMITTEES

(14)(A) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $163,000,000 in fiscal year 1981; to reduce budget authority by $232,000,000 and outlays by $693,000,000 in fiscal year 1982; and to reduce budget authority by $400,000,000 and outlays by $362,000,000 in fiscal year 1983; and

(B) The House Committee on Agriculture shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $645,000,000 in budget authority and $3,000,000 in outlays for fiscal year 1981; $3,462,000,000 in budget authority and $3,400,000,000 in outlays for fiscal year 1982; and $4,210,000,000 in budget authority and $4,161,000,000 in outlays for fiscal year 1983.

(15) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $233,000,000 and outlays by $233,000,000 in fiscal year 1981; to reduce budget authority by $966,000,000 and outlays by $966,000,000 in fiscal year 1982; and to reduce budget authority by $899,000,000 and outlays by $899,000,000 in fiscal year 1983.

(16) The House Committee on Banking, Finance and Urban Affairs shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $7,146,000,000 in budget authority and $143,000,000 in outlays for fiscal year 1981; $14,139,000,000 in budget authority and $808,000,000 in outlays for fiscal year 1982; and $16,534,000,000 in budget authority and $1,669,000,000 in outlays for fiscal year 1983.

(17) The House Committee on the District of Columbia shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $39,000,000 in budget authority and $40,000,000 in outlays for fiscal year 1982 and $56,000,000 in budget authority and $64,000,000 in outlays for fiscal year 1983.

(18)(A) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $808,000,000 and outlays by $725,000,000 in fiscal year 1982 and to reduce budget authority by $1,681,000,000; and outlays by $1,532,000,000 in fiscal year 1983; and

(B) The House Committee on Education and Labor shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for program authorized by that committee so as to achieve savings in budget authority and outlays as follows: $2,282,000,000 in budget authority and $372,000,000 in outlays for fiscal year 1981; $8,578,000,000 in budget authority and $6,733,000,000 in outlays for fiscal year 1982; and $10,035,000,000 in budget authority and $8,968,000,000 in outlays for fiscal year 1983.

(19)(A) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $176,000,000 and outlays by $110,000,000 in fiscal year 1981; to reduce budget authority by $695,000,000 and outlays by $1,011,000,000 in fiscal year 1982; and to reduce budget authority by $903,000,000 and outlays by $1,537,000,000 in fiscal year 1983; and

(B) The House Committee on Energy and Commerce shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $764,000,000 in budget authority and $19,000,000 in outlays for fiscal year 1981; $4,885,000,000 in budget authority and $4,088,000,000 in outlays for fiscal year 1982; and $5,251,000,000 in budget authority and $4,846,000,000 in outlays for fiscal year 1983.

(20) The House Committee on Foreign Affairs shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $150,000,000 in budget authority and $101,000,000 in outlays for fiscal year 1982; and $196,000,000 in budget authority and $167,000,000 in outlays for fiscal year 1983.

(21) The House Committee on Interior and Insular Affairs shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $331,000,000 in budget authority and $84,000,000 in outlays for fiscal year 1981; $815,000,000 in budget authority and $369,000,000 in outlays for fiscal year 1982; and $796,000,000 in budget authority and $564,000,000 in outlays for fiscal year 1983.

(22) The House Committee on the Judiciary shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $116,000,000 in budget authority and $13,000,000 in outlays for fiscal year 1982; and $133,000,000 in budget authority and $81,000,000 in outlays for fiscal year 1983.

(23)(A) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $39,000,000 and outlays by $39,000,000 in fiscal year 1981; to reduce budget authority by $242,000,000 and outlays by $242,000,000 in fiscal year 1982; and to reduce budget authority by $479,000,000 and outlays by $479,000,000 in fiscal year 1983; and

(B) The House Committee on Merchant Marine and Fisheries shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $147,000,000 in budget authority and $15,000,000 in outlays for fiscal year 1982 and $60,000,000 in budget authority and $32,000,000 in outlays for fiscal year 1983.

(24)(A) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $513,000,000 in fiscal year 1982 and to reduce outlays by $414,000,000 in fiscal year 1983; and

(B) The House Committee on Post Office and Civil Service shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $4,737,000,000 in budget authority and $4,650,000,000 in outlays for fiscal year 1982 and $6,304,000,000 in budget authority and $6,324,000,000 in outlays for fiscal year 1983.

(25)(A) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $185,000,000 in fiscal year 1982 and to reduce outlays by $900,000,000 in fiscal year 1983; and

(B) The House Committee on Public Works and Transportation shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $2,350,000,000 in budget authority and $68,000,000 in outlays for fiscal year 1981; $6,446,000,000 in budget authority and $1,033,000,000 in outlays for fiscal year 1982; and $5,122,000,000 in budget authority and $2,697,0000,000 in outlays for fiscal year 1983.

(26) The House Committee on Science and Technology shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $82,000,000 in budget authority and $35,000,000 in outlays for fiscal year 1981; $78,000,000 in budget authority and $39,000,000 in outlays for fiscal year 1982; and $90,000,000 in budget authority and $59,000,000 in outlays for fiscal year 1983.

(27) The House Committee on Small Business shall report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $97,000,000 in budget authority and $67,000,000 in outlays for fiscal year 1981; $526,000,000 in budget authority and $390,000,000 in outlays for fiscal year 1982; and $564,000,000 in budget authority and $541,000,000 in outlays for fiscal year 1983.

(28)(A) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $14,000,000 and outlays by $14,000,000 in fiscal year 1981; to reduce budget authority by $32,000,000 and outlays by $32,000,000 in fiscal year 1982; and to reduce budget authority by $28,000,000 and outlays by $28,000,000 in fiscal year 1983; and

(B) The House Committee on Veterans' Affairs shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: $414,000,000 in budget authority and $375,000,000

in outlays for fiscal year 1982 and $397,000,000 in budget authority and $404,000,000 in outlays for fiscal year 1983.

(29)(A) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $36,000,000 and outlays by $710,000,000 in fiscal year 1981; to reduce budget authority by $3,659,000,000 and outlays by $7,861,000,000 in fiscal year 1982; and to reduce budget authority by $3,591,000,000 and outlays by $9,373,000,000 in fiscal year 1983: and

(B) The House Committee on Ways and Means shall also report changes in laws to modify programs within the jurisdiction of that committee sufficient to reduce appropriations for programs authorized by that committee so as to achieve savings, in budget authority and outlays as follows: $978,000,000 in budget authority and $994,000,000 in outlays for fiscal year 1982 and $1,294,000,000 in budget authority and $1,312,000,000 in outlays for fiscal year 1983.

SEC. 10. Whereas, the enactment of savings required by this resolution is critical to the health of the economy of the Nation; and

Whereas, expeditious action on legislation pursuant to these instructions is critical to achieving the savings required by this resolution; and

Whereas, the Senate is committed to completing action on the savings legislation required by this resolution at the earliest possible time: Therefore, be it

Resolved, That it is the sense of the Senate committees instructed in section 9(c)(1) through (c)(13) of this resolution should begin deliberations on the legislation those committees are required to report under this resolution as soon as the resolution is agreed to in the Senate; and

It is the further sense of the Senate that Senate committees should report the legislation required by section 9 of this resolution as agreed to in the Senate, except to the extent that the amounts referred to may be modified in conference with the House of Representatives, by May 31, 1981.

SEC. 11. The Senate Committee on Governmental Affairs should report changes in laws to modify programs within the jurisdiction of that committee which would reduce the costs to the Government which result from waste, fraud, and abuse. Savings in appropriations and expenditures from trust funds from such statutory changes are estimated to be $700,000,000 in budget authority and $1,300,000,000 in outlays in fiscal year 1982 and $1,000,000,000 in budget authority and $2,000,000,000 in outlays in fiscal year 1983.

Mr. BAKER. Mr. President, I am authorized to modify committee amendment No. 9 in certain respects, and I send that modification to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The clerk will report the modification for the information of the Senate.

The legislative clerk read as follows:

On page 3, line 25, strike the word "to".

Mr. ROBERT C. BYRD. Mr. President, will the clerk go a little slower?

The legislative clerk read as follows:

On page 3, line 25, strike the word "to".

On page 4, line 1, strike the words "modify programs".

On page 4, lines 22 and 23, strike the words "to modify programs".

On page 5, line 19, strike the words "to modify programs".

On page 6, lines 4 and 5, strike the words "to modify programs".

On page 6, lines 23 and 24, strike the words "to modify programs".

On page 7, line 20, strike the words "to modify programs".

On page 8, line 4, strike the words "to modify programs".

On page 8, lines 20 and 21, strike the words "to modify programs".

On page 9, line 5, strike the words "to modify programs".

On page 9, line 25, strike the words "to modify".

On page 10, line 1, strike the word "programs".

On page 10, lines 12 and 13, strike the words "to modify programs".

On page 11, line 8, strike the words "to modify programs".

On page 12, line 4, strike the words "to modify programs".

On page 12, line 25, strike the word "to".

On page 13, line 1, strike the words "modify programs".

On page 13, lines 12 and 13, strike the words "to modify programs".

On page 14, lines 5 and 6, strike the words "to modify programs".

On page 15, lines 2 and 3, strike the words 'to modify programs".

On page 15, line 13, strike the words "to modify programs".

On page 15, lines 22 and 23, strike the words "to modify programs".

On page 16, line 8, strike the words "to modify programs".

On page 17, lines 4 and 5, strike the words "to modify programs".

On page 17, lines 21 and 22, strike the words "to modify programs".

On page 18, lines 13 and 14, strike the words "to modify programs".

On page 18, line 25, strike the words "to modify programs".

On page 19, line 11, strike the words "to modify programs".

On page 20, line 7, strike the words "to modify programs".

On page 21, line 2, strike the words "to modify programs".

On page 22, line 5, strike the words "to modify programs".

On page 3, line 4, strike "30" and insert in lieu thereof, "29".

On page 3, line 8, strike "30" and insert in lieu thereof, "29".

On page 4, line 7, strike "3,642,000,000" and insert in lieu thereof "3,462,000,000".

On page 21, line 10, strike "Whereas".

On page 21, line 13, strike "Whereas".

On page 21, line 16, strike "Whereas".

On page 21, line 18, strike ": Therefore, be it", and insert in lieu thereof, "; and".

On page 21, line 19, strike "Resolved, that".

Mr BAKER Mr. President, is the amendment modified in the respect reported by the clerk?

The PRESIDING OFFICER. The amendment is so modified.

Mr. BAKER. Now what is the pending business before the Senate?

The PRESIDING OFFICER. The amendment as modified.

Mr. BAKER. I thank the Chair.

Mr. ROBERT C. BYRD. Mr. President, I congratulate the distinguished majority leader on acting to modify the resolution at the beginning. In so doing, he has cured what otherwise would have been some several points of order that would lie against the resolution.

Of course, the Senate may always overrule the Chair if a majority of the Senate so feels disposed. But I congratulate the majority leader on his actions, which have removed certain impediments, certain phrases which might have provided impediments.

Mr. President, I have a few questions I should like to ask at this point so that we all understand what the ground rules are.

First of all, what is the overall time cap on this resolution?

The PRESIDING OFFICER. The time limit is 50 hours on the resolution.

Mr. ROBERT C. BYRD. Mr. President, what is the time limit on each committee amendment which has not been agreed to?

The PRESIDING OFFICER. There are 2 hours on the remaining committee amendments.

Mr. ROBERT C. BYRD. On each of the remaining committee amendments?

The PRESIDING OFFICER. I advise the Senator that there is only one remaining committee amendment, except the amendment to the title.

Mr. ROBERT C. BYRD. As to any committee amendment that has not been agreed to, is that committee amendment not an amendment in the first degree?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. So that any amendment to that amendment would be an amendment in the second degree and thus would be allotted only 1 hour.

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. May amendments be offered to the resolution after the 50 hours have expired, if such event should indeed become a reality—and I doubt that it will—may amendments still be called up and be voted on without debate?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Is it not true that while an amendment is pending, a quorum call, if requested, would have to come out of the time on the amendment?

The PRESIDING OFFICER. If the time allotted to that amendment had not expired, the Senator is correct.

Mr. ROBERT C. BYRD. If the time had expired on such committee amendment and just preceding a vote, would not—first of all, a quorum call would be in order, and that being the case, would not the time be gratis? It would not be charged against the 50 hours?

The PRESIDING OFFICER. The precedents of the Senate interpreting the Constitution of the United States have provided that the time for a quorum call immediately preceding the rollcall and the time consumed in the rollcall are not charged against the 50 hours.

Mr. ROBERT C. BYRD. I was going to get to the rollcall next, but the Chair has already responded.

I will ask the question for the record: With respect to time on rollcall votes, with the exception of the rollcall vote that is associated with the quorum in getting the Sergeant at Arms instructed, is not such time gratis, not charged against the 50 hours?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. And no amendments not germane are in order. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. And if such amendment is offered and a point of order is made prior to the Chair's ruling, would not a motion to waive the germaneness requirement of title 3 be in order and if such waiver were granted by a majority vote thus such amendment would be in order, even though not germane?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Mr. President, do the majority and minority leaders control the time on the resolution itself, in other words 25 hours each?

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. On any amendment that is called up does not the mover of the amendment control half the time, with the manager of the resolution controlling the other half of the time unless the manager agrees with the amendment, in which case would not the minority leader control the time in opposition thereto?

The PRESIDING OFFICER. That is correct; or his designee.

Mr. ROBERT C. BYRD. I beg the Chair's pardon.

The PRESIDING OFFICER. Or the designee of the minority leader.

Mr. ROBERT C. BYRD. Yes.

During the consideration of an amendment, while there is yet time on the amendment, as I understand it, no Member may suggest the absence of a quorum unless time is yielded to that Member by someone in control of such time as in the case of any other unanimous-consent agreement?

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. Mr. President, I think that satisfies my search for answers at this point. I, therefore, have no further requests and yield the floor.

Mr. BAKER. Mr. President, it is my intention to delegate to the distinguished chairman of the Budget Committee the management of time on amendments on this resolution in the absence of that claimed by the majority leader.

Mr. ROBERT C. BYRD. Mr. President, I yield the time on this side to the control of the distinguished Senator from South Carolina on the resolution.

Mr. DOMENICI. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. I yield.

Mr. DOMENICI. Mr. President, by way of further clarification on the ground rules when the distinguished minority leader was speaking of gratis time and the calling of the quorum, I understand that that is a quorum call, before a vote; is that correct?

The PRESIDING OFFICER. Any quorum call preceding a vote.

Mr. DOMENICI. That is gratis, but we are speaking of only under those circumstances before a vote?

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. Mr. President, if the Senator will yield the floor, I have one more question that occurs to me at this time. Is it not true that in connection with this resolution, unlike the rules that ordinarily govern in the debate and action on bills and resolutions where language has been amended again or the numbers can be amended again and if necessary again, in order to achieve mathematical consistency or retain mathematical consistency? Ordinarily if an amendment is adopted except by unanimous consent that same language could not be directly amended a second time, but in this case am I not correct in saying it can be amended again?

The PRESIDING OFFICER. So far as it pertains to necessary changes in any figure or figures then contained in the resolution that would be correct.

Mr. ROBERT C. BYRD. I thank the Chair.

And I thank Senators.

Mr. DOMENICI. Mr. President, I yield myself such time as I may need for an opening statement and I yield that time off of my time on the resolution.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. DOMENICI. I am pleased to yield to the majority leader.

Mr. BAKER. Mr. President, I thank the Chair and I thank the Senator from New Mexico.

Mr. President, the minority leader is on the floor and I am sure may speak on this same subject. I previously indicated and I now wish to reiterate that the leadership on this side will not agree to any unanimous-consent requests in respect to the meeting of committees while this measure is pending.

Mr. ROBERT C. BYRD. Mr. President, I have discussed this with the distinguished majority leader and I was going to make the same statement that I would object to any committees meeting during the consideration of this request. I think Senators should be on the floor if at all possible, and obviously they cannot be on the floor and in committee meetings, too, and this is a matter of such importance that it seems to me it is imperative every effort be made that Senators be in attendance while this budget resolution is up before the Senate.

May I ask the distinguished majority leader about another matter which I have not consulted with him? Would it be possible for us to have some understanding as to the recognition of Members to call up amendments? I wonder if it would be agreeable to have an understanding that the Chair might alternate between sides so as to allow the majority side to call up an amendment, and then the minority call up an amendment; otherwise, it might be difficult for the minority to get recognition to call up amendments at times.

Mr. BAKER. Mr. President, responding for myself, and I have just conferred with the distinguished manager of the bill, the chairman of the committee, I think that is eminently fair and it tracks after the procedure that the distinguished minority leader utilized when he was majority leader and provided a degree of protection for Republicans when we were in the minority.

So I urge that the Chair do that and as and when there are amendments on both sides that they alternate recognition for the purpose of providing equal access to the procedure.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader for his characteristic fairness and courtesy.

Mr. DOMENICI. Mr. President, might I inquire of the distinguished minority leader: We do not have any sequence other than what we have just agreed upon in terms of rotating. Does the distinguished minority leader or the distinguished ranking minority floor manager have any present ideas as to the sequence of amendments?

Mr. ROBERT C. BYRD. I can only say that there are several amendments that will be called up on this side of the aisle. I believe that Mr. PRYOR will have an amendment that he wishes to call up very early on and, of course, we recognize that the majority in this circumstance would go first with an amendment. But when it comes our turn, I believe that Mr. PRYOR has the first amendment.

Mr. PROXMIRE. Mr. President, will the Senator yield on that?

Mr. ROBERT C. BYRD. I yield.

Mr. PROXMIRE. I discussed this with Senator PRYOR, and I have an amendment which for technical reasons might be desirable to call up ahead of his. I certainly will not do it unless Senator PRYOR agrees that is desirable.

Mr. PRYOR. I will only say to my friend from Wisconsin that I would personally prefer to bring the amendment up that I wish to propose, but I would certainly not stand in the way of my friend from Wisconsin.

I thank the Senator.

Mr. DOMENICI. I am not inquiring certainly for any rigid itinerary. I understand we have a great deal of flexibility, and I certainly think Senators all want that.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. DOMENICI. I am pleased to yield.

Mr. BAKER. I mentioned this to the minority leader just now. In view of the fact there appears to be a fair number of amendments and that it would appear that we need to make some arrangement for their orderly consideration, I hope that at the first convenient opportunity the two managers of this resolution might meet, confer, and canvass on both sides and establish an informal procedure for presenting those amendments in sequence.

Mr. ROBERT C. BYRD. I think that is an excellent suggestion, Mr. President, if the manager agrees on this.

Mr. HOLLINGS. Yes.

Mr. DOMENICI. That is fine with me.

The PRESIDING OFFICER. I thank the Senator.

Mr. DOMENICI. Mr. President, the Budget Committee, after an unprecedented work schedule that I am certain taxed the members and the staff alike as never before, has brought before the Senate an historic package of spending

restraints for fiscal years 1981, 1982, and 1983.

Let me summarize the recommendations of our committee to the full Senate:

We recommend that the Senate approve reconciliation instructions to 14 committees of the Senate. These instructions, if approved entirely by the Senate and implemented through legislative changes, would save $125.8 billion in budget authority and about $87 billion in outlays during the three fiscal years.

In 1982, the savings would be $14.7 billion in budget authority and $2.9 billion in outlays. For 1982, the savings would be $32.1 billion in budget authority and $36.4 billion in outlays. And, for 1983, savings would reach $59 billion in budget authority and $47.7 billion in outlays.

We have reported these savings recommendations to the Senate in the form of a revision of the second concurrent budget resolution for fiscal year 1982, approved last year by the 96th Congress. I should point out that we have reported the package within 9 days of the March 10 Presidential submission that contained many recommendations for reducing the rate of growth in Federal spending, having received prior thereto some of the recommendations that were ultimately included in the President's revised budget for 1982. Such rapid and substantial action could never have taken place without the active cooperation of the entire membership of the committee, especially the leadership of the ranking minority member, Senator HOLLINGS, nor without the support and concern of the Senate majority leader, Senator BAKER, to whom I give special thanks.

To give the Senate an idea of the magnitude of the undertaking, I point out that last year's reconciliation instruction, the first use of this invaluable tool for fiscal discipline, provided for savings of $6.4 billion in outlays. That struggle took 6 months, an averaged savings of about $1 billion a month. In contrast, the committee has recommended $36.4 billion in outlay restraint in 1982 and to the extent that we have taken one giant step in that direction that has taken us only about 4 full days of markup and an average savings far in excess of anything we have done before. Nothing more dramatically illustrates how the mood of the Senate has changed than this quick action on a substantial package of budget requests.

I would not want to leave the impression, Mr. President, that the quick action taken by the committee indicates in any way rash or ill-considered action.

Mr. President, I want to continue just for a few moments putting into perspective what we have done. It is absolutely clear that many of the restraints recommended by the committee are restraints that the Senate itself and various Senate committees have considered and in some cases accepted in the past. Many of the recommendations are the result of extremely close work between the Budget Committee staff and the administration during the period between November and January. Many of the recommendations have been made by such diverse groups as the Congressional Budget Office, the Bipartisan Coalition of the House of Representatives, the Chamber of Commerce, the National Federation of Independent Business, the Heritage Foundation, and individual Members of Congress, both Democratic and Republican Members.

Let me just give you a few examples of large cuts that are reflected in the resolution now before the Senate that have been considered by the Budget Committee in the past.

But before doing that I want to reiterate a point that I hope the Senator already understands. In developing its recommendations, the Budget Committee makes assumptions about specific policy changes that would be made to produce savings. That is the way we build our numbers. But the Budget Committee's assumptions are the specific ways in which savings would be achieved and are not binding on the committees which have jurisdiction over the programs.

If the Senate approves the reconciliation instruction now before it the committee which will be required to take action to produce savings may choose to do so in a totally different way than under the committee assumptions.

Turning now to some of the program changes, let me mention first our proposed instruction to the Banking Committee, which would assume a substantial reduction in authority for section 8 housing. This reduction parallels a recommendation by the Senator from Nebraska (Mr. EXON).

Mr. STENNIS. Mr. President, will the Senator in the Chair actively be inclined to have order? This is historical and is highly important.

The PRESIDING OFFICER (Mr. HELMS). The Senator's point is well-taken. The Senate will be in order.

Mr. DOMENICI. I thank the distinguished Senator.

It is the natural outgrowth of a series of General Accounting Office studies that have recommended wholesale changes in section 8. In short, it is a well-considered, well-developed restraint.

We recommended the elimination next year of the summer feeding program. That program, according to the GAO and the Department of Agriculture Inspector General, has been plagued by administrative programs, fraudulent meals claims, and widespread abuse. Today's newspapers carry reports of indictments in New York of people who have allegedly ripped off money from this program.

The recommendation for terminating is a direct outgrowth once again of independent work done by those agencies in power to study the effectiveness of the programs. It is not a rash or a harsh response taken in any heated moment.

In the food stamp program, a highly sensitive area, which has shown great growth during the past 5 years, the recommendations are wise and the result of many man-hours of work and study during the past several years.

For example, we have heeded closely the 1979 Inspector General's report on the program, and the November 1980 study by the Senate Appropriations Committee. The committee's study noted that the food stamp program had deficiencies of a serious nature, including, but not limited to, serious fraud and abuse, regulations that prevent adequate income verification, and questionable eligibility control; failure to give the Department of Agriculture adequate antifraud tools; failure to develop program efficiency standards required by the 1977 amendments; overpayments caused by emergency issue procedures; added costs by replacing allegedly lost stamps.

Despite our recommendation, the food stamp program, if all the assumptions were followed, would still have doubled in size between 1977 and 1982.

In the area of community development block grants and UDAG grants, we followed recommendations adopted by the Banking Committee and, indeed, have not adopted even more serious cuts recommended by Senator PROXMIRE, the former chairman of that committee, who recommended even deeper cuts. Again our rcommendations are moderate.

I could go through scores and scores of changes we have recommended, noting that the amount of study and the prior works that have gone into the recommendations, but I will not take that much time now.

I will state that I am prepared, as are members of the various authorizing committees and other members, in each case when these program assumptions are discussed by way of amendment to clearly indicate the history of the programs that are recommended for restraint, and to clearly indicate that this is not a quick and hurried process but that many of those changes have been under study for years, but the time was not ripe, and no one was seriously interested. We have now put them into this package and we are prepared to defend most of them—in fact, all of them—against the kind of general attack that one part of the American population has been picked out to take these cuts, which are obviously collectively desirable and which almost everyone agrees must occur.

Let me move to just one other area that might concern Senators. We are not attempting to place the burden of restraint on the poor. Social programs now make up the bulk of spending in the Federal budget. Budget restraint will naturally and in simple mathematical terms impact on those programs more heavily than on nonsocial programs. That is a given, but let me illustrate with some facts my conviction that our recommendations do not fall unduly on the poor.

We have not tampered with the basic social security old age benefit; we have not tampered with SSI, supplemental security income, nor with Head Start, nor have we laid any heavy hand on the basic "safety net" programs that have grown so rapidly in recent years.

In the national school lunch program we have asked for cuts of $1.5 billion in 1982 outlays. Those savings can be achieved without gutting by simply taking subsidies away from less-needy recipients. Under these assumptions, free meals will be continued for children from four-person families with incomes below $11,640. That means that a family

with a per capita income of $2,900 will be eligible for full funding for its children under this program.

The average disposable personal income in America for 1980 was about $4,500, so that families who make about two-thirds of the average disposable per capita income will be eligible for free meals under the school lunch program.

I submit that this is a generous allowance and not a harsh recommendation. It is consistent with the history of this great country that we help those who are in need.

Moreover, our assumption would retain partially subsidized school lunch programs for families with incomes between $11,600 and $15,600. Children with families above $15,600 would be expected to pay for their own meals, unless State and local governments decided to partially subsidize them.

It seems to me this is the kind and type of belt tightening that is entirely justified.

As I already noted, we are proposing to restrain the food stamp program, but I hope the Senators know it will still have shown a 100-percent growth in the past 6 years if all our assumptions are adopted by the committee of jurisdiction.

In areas of subsidized housing we propose funding in fiscal 1982 of 150,000 new units, still a substantial growth, although less than in recent years.

In aid to families with dependent children, if adopted by the committee of jurisdiction, this would mean that only one-sixteenth of the funds available in 1981 would be cut in 1982—less than 7 percent. Many of the AFDC changes assumed have previously been endorsed by the Committee on Finance of the U.S. Senate and have been passed by the Senate. They just never have become law.

Our medicare assumptions will still allow the program to grow by almost $8 billion between 1981 and 1982, Mr. President. Our medicaid assumptions will allow that program to grow by $800 million between 1981 and 1982, and by $1.3 billion between 1982 and 1983—hardly a cut when they are growing that much.

Other than public service programs, our recommendations would involve about 7 percent, Mr. President, of a cut in CETA; in the student financial assistance area our assumptions would allow growth of $500 million between 1981 and 1982—hardly a cut, a $500 million increase from 1981 to 1982.

In short, Mr. President, the rhetoric about this budget recommendation destroying the social compact between this Nation and her people is more than overblown, it simply is wrong, it is not true.

I must also note that we have not spared programs for the so-called middle-income and well-to-do groups. We have recommended restraint in the Export-Import Bank, used predominately by very large corporations. We have recommended cuts in Amtrak, Conrail, and in agriculture programs that benefit business.

We have endorsed restraint in business loans and in postal subsidies that benefit business greatly. We have asked for restraint and reform in the Federal civilian pay and retirement benefits. In short, once again, we have attempted to insure that all parts of Government and of the Nation bear this restraint package.

And, despite this historic effort—despite all of the rhetoric about the cruel and heartless Budget Committee and our President—the Federal budget would still grow by about 6 percent from 1981 to 1982 in outlays. And, most of this outlay growth would come in nondefense areas of the budget.

I will acknowledge that in the immediate past 4 years we have literally gone wild. The average growth was 16 percent, not 6, for a 64-percent increase in the Federal budget in 4 fiscal years.

Mr. President, the Budget Committee did not ask for this chore, this job. We were asked to initiate work on the administration's economic package because it was the view of the leadership and the administration that reconciliation was uniquely suited as a packaged concept. It happens that reconciliation falls within the Budget Committee's jurisdiction and so we were the appropriate forum in which to begin the action. We were asked to make recommendations on how money could be saved, and we have made these recommendations to the Senate. They are now before you.

We have no line-item jurisdiction, and any committee that is instructed by the Senate after we vote would have a great deal of latitude to save money in areas other than those we have assumed. The Budget Committee can only make assumptions.

We cannot compel Senate action nor committee action. Nevertheless, we are now bringing forth our version of the restraint package for full Senate consideration, as we have been asked to do, and we ask for the support of the Senate.

Finally, Mr. President, I would be remiss if I did not state emphatically that the unusual procedures adopted by the Budget Committee—unusual in the sense that reconciliation has heretofore been dealt with on a separate path from the rest of the budget—is simply the response of the committee to the urgency with which we believe the people of this country expect the Congress to act on the President's economic plan.

We are not attempting to dictate to other committees, nor do we see our work that we present to the Senate today as any expansion of our jurisdiction or authority.

We are acting at the Senate leadership's request, we are acting consistently with past precedents, and the procedures we recommend are fully consistent with the 1974 Congressional Budget and Impoundment Control Act.

Let me conclude my opening remarks by noting some technical matters concerning the reconciliation instruction.

First, it affects 14 Senate committees.

Second, it contains language telling these committees to begin their work on finding the savings that the Senate mandates even before the conference agreement with the House is reached on the instruction itself.

We have, indeed—when these recommendations are adopted, and if they are—told our committees to go to work now, not to wait and see what the result of the conference with the House and adoption of a full concurrent resolution is. This gives our committees an extra 30 days in which to do their very difficult work. That is outlined in section 10 of the resolution.

Section 11 of the resolution indicates the committee's judgment that an active effort by the Senate Committee on Governmental Affairs can lead to substantial savings in 1982 and 1983 through reduction of waste, fraud, and abuse.

These savings are not assumed as part of the formal reconciliation instruction, but are our best estimate of the level of Government-wide savings that might be achieved if an all-out assault on fraud and waste and abuse were made in this area.

One other facet of the resolution concerns the two-pronged approach toward reconciliation made by the Budget Committee. We have not only reconciled committees on programs within their direct spending jurisdiction, but also on the authorizing aspects of their jurisdictions. The precedent for this was the reconciliation instruction directed at some authorizations last year in both the Senate and House.

In addition, we believe that this procedure is fully within the Budget Act. If we had failed to continue this type of reconciliation, we would have failed to capture about $21 billion in restraint proposed by the President.

Our judgment was that the package concept that the Senate leadership asked us to retain could not be retained through any other approach other than the one we have adopted by these recommendations in this reconciliation resolution.

The work that we have brought to the Senate is the product of many hours of hard work and many hours of consultation within the Senate. It could not have been accomplished in such short order without extraordinary efforts on the part of many, in particular the Congressional Budget Office's programmatic staff, which worked around the clock to provide much of the technical backup which is now before this Senate. I wish to thank them personally, and the personnel who helped us, as well as our committee staff—majority and minority—which worked without break for weeks to help bring this to the floor today.

Mr. President, I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

The Chair inquires whether the Senator wants his time charged against the resolution or the amendment?

Mr. HOLLINGS. Against the resolution.

The PRESIDING OFFICER. The Senator may proceed.

Mr. HOLLINGS. Mr. President, the Senate now has before it one of the most significant pieces of legislation it will consider this session. Senate Concurrent Resolution 9 initiates the reconciliation process to revamp our spending priorities. Getting inflation under control and our economy moving again is no simple task. It will require work on many fronts. One of the most critical areas is control of Federal spending. The resolution before us provides the best means to achieve significant, broad scale reduction in spending.

Senate Concurrent Resolution 9 marks the Senate's commitment to major spending restraint. The instructions in the resolution would save a total of $87 billion in outlays through fiscal year 1983. But it is not only a commitment to reduce the spending within appropriated items.

More importantly, it is a signal that we are prepared to make maior reductions in spending for the so-called uncontrollable items, those entitlement programs whose skyrocketing growth has resulted in much of our budget woes.

When this resolution was introduced on February 24, I said that it was a further example of the Senate's leadership in achieving budget savings. Well, not only has the Senate demonstrated its leadership by moving quickly on this reconciliation resolution, but the Budget Committee has reported total outlay savings of $4.7 billion more than recommended by the President.

As we begin our debate today, it is important to note that the reconciliation process is a partnership. It requires the cooperative efforts of all committees. When the aggregate levels of savings needed to meet our fiscal policy goals are agreed to, the individual committees will have the responsibility to review the laws within their jurisdiction and determine how best to change them in order to achieve the necessary savings. This is only appropriate since these committees have the expertise to thoughtfully consider changes in laws they helped to enact.

Mr. President, although I endorse the reconciliation process and the level of savings to be achieved through this resolution, I am deeply troubled by the economic assumptions used by the committee in arriving at these savings. With the exception of interest rates, the Budget Committee relied on President Reagan's assumptions about the future direction of our economy.

I, as well as the Congressional Budget Office and most private sector economists, have serious reservations about the validity of these assumptions. The flaws contained in them endanger the President's program and could seriously damage the credibility of our efforts to control spending.

The administration's economic assumptions can only be described as wildly optimistic. Many impartial observers have described a long list of miracles that would be needed to make these projections come true. But these assumptions are of more than passing academic interest. The administration has hidden large future deficits behind its overly optimistic and largely unjustified economics.

President Reagan's assumptions of lower inflation, sharply declining interest rates and rapid economic growth combine to hold down the growth in Federal outlays. But when the CBO examined the Reagan program of tax and spending cuts, using more conventional and widely accepted methods, the results were dramatically higher spending than projected in President Reagan's budget.

For example, the deficit in fiscal year 1982 is estimated by CBO to be $67 billion, not the $45 billion projected by the administration. Even in fiscal year 1984, when the President says there will be a small surplus, the CBO analysis reveals a substantial $49 billion deficit. I should point out again that the CBO estimates assume that all of the President's proposals are enacted with no change by the Congress.

A particularly serious flaw in the administration's economics is the prediction of the future rate of inflation. The administration would have us believe that the Consumer Price Index will fall dramatically from 11.1 percent in this year to 8.3 percent next year.

I am sure we all hope that will be true. But it is a hope against reason. Such a deceleration in the inflation rate can only come about if there is a similar decline in the rate of wage gains. In a strong economy that is very unlikely.

In fact, recent collective-bargaining agreements do not contain the kind of wage moderation that is essential to reducing inflation. The pact with the coal miners calls for a 36-percent increase over 3 years, hardly the kind of settlement that supports the wage deceleration predicted by the administration.

The Reagan expectation that real economic growth in 1982 will accelerate to 4.2 percent from the 1981 level of 1.1 percent also seems founded on little more than hope. The administration's economic proposals provide little of the stimulus needed to encourage and sustain such growth. The proposed tax cuts exceed the spending reductions by only a small amount, certainly not sufficient to generate the magnitude of economic growth predicted.

The CBO analysis of the President's program shows that the roughly comparable tax and spending cuts do not have any significant effect on either the economy or the budget deficit in the short run. Even with the President's programs, CBO estimates that real growth in 1982 will be only 2.5 percent, only a little over half what the administration hopes for.

To President Reagan's credit, he says, "If you do not support my program, present an alternative."

I like that kind of politics. I like that realistic approach to the problems of Government.

Mr. President, I did submit a tax reduction proposal in the Budget Committee. It specified the kind and size of tax cuts, restricting it to a supply side tax cut, and limiting it to $20 billion in fiscal year 1982 rather than $54 billion proposed by the administration. This would give us a balanced budget by 1984.

In the interest of time, I ask unanimous consent that this tax reduction proposal be printed at this point in the RECORD.

There being no objection, the proposal was ordered to be printed in the RECORD, as follows:

TAX REDUCTION PROPOSAL

(By Senator ERNEST F. HOLLINGS)

TAX REDUCTION PROPOSAL

[Fiscal years, in billions of dollars]

	1981	1982	1983	1984
Individual	−087	−7.7	−29.2	−42.9
Marriage penalty	−.2	−3.8	−7.2	−8.6
$1,000/$2.000 interest and dividend exclusion	−.5	−3.9	−9.0	−12.3
Personal rate cut of 5 percent in 1983			−13.0	−22.0
Business	−4.3	−13.7	−21.4	−28.2
2-4-7-10 depreciation	−4.3	−13.7	−18.6	−19.0
Corporate rate cut to 40 percent in 1983			−2.8	−9.2
Total tax reduction	−5.0	−21.4	−50.6	−71.7
Supply-side incentives as proportion of total (percent)	100	100	74	70

These tax proposals would accomplish two objectives, (a) to stimulate the supply side of the economy and (b) to lower the personal tax burden. In the first two years of the program all, 100 percent, of the tax reductions are targeted toward those areas where supply-side effects can be maximized. Only in the out years, 1983 and 1984, are there reductions in personal tax rates, which are a very large part of the President's tax proposals, because it will not be until that time that productivity can be expected to rise more rapidly so that we can afford those kinds of tax cuts.

The business tax cuts are front-loaded, not phased-in gradually as in President Reagan's proposals. The 2-4-7-10 depreciation proposal was passed by the Senate Finance Committee last year. In addition I have proposed a reduction in the corporate tax rate from 46 percent to 40 percent beginning in 1983. This provides for an attractive future business climate and thus will have a positive effect on investment spending now.

A final point. For a long time the Federal Reserve has been the only anti-inflation game in town. These tax proposals, combined with substantial cuts in Federal spending, will establish the Federal Government as an equal partner in the anti-inflation battle. This will help to ensure against any rise in interest rates that would stifle the business tax and supply-side incentives which I have proposed. This measure is essential to protect those supply-side tax cuts.

The President's tax cuts are compared to our own in the next table.

[Fiscal years, in billions of dollars]

	1981	1982	1983	1984
President [1]	−8.9	−53.9	−100.0	−148.1
Hollings	−5.0	−21.4	−50.6	−71.7
Difference	−3.9	−32.5	−49.4	−76.4

[1] Includes individual income tax reduction and depreciation reform.

President Reagan claims to reduce the Federal deficit to $45.0 billion in FY 1982 and to

balance the budget in FY 1984. The Congressional Budget Office has analyzed his spending proposals and has found an additional $50 billion in spending in 1984 leading to a deficit of at least that amount. Revenues are probably lower as well but CBO has not yet completed its analysis.

FEDERAL DEFICIT (—)

[Fiscal years in billions of dollars]

	1981	1982	1983	1984
President	—54.9	—45.0	—22.8	0.5
CBO reestimates	—60.9	—67.5	—63.8	—48.5
Hollings	—58.9	—45.8	—30.9	----

Marriage Penalty: About 40 percent of married couples currently pay more income taxes than they would if they paid taxes as individuals. This proposal was adopted by the Senate Finance Committee last year. It grants a 5 percent tax credit against the first $30,000 of earnings of the lesser earning spouse. In 1982 this credit would be raised to 10 percent.

Arguments:

1. Focuses tax reductions on the supply-side by removing part of the disincentive to work of the secondary earner in the family.

2. Lowers the tax burden in such a way that supply is increased thus placing a moderating influence on inflation.

Interest and Dividend Exclusion:

This would raise the current interest and dividend exclusions of $200 for single returns and $400 for joint returns to $1000 for single returns and $2000 for joint returns.

Arguments:

1. Focuses tax relief on savings and thus the supply side of the economy.

2. Reduces the bias in the tax code that favors consumption.

3. Helps to provide the savings necessary to finance additional investments and hence growth in productivity.

Personal Rate Cuts:

The personal tax burden is rising due to inflation. This proposal would reduce personal tax rates by 5 percent beginning in 1983. This thus, partially, addresses the question of tax burden, but places the relief in 1983 when productivity has hopefully improved.

2–4–7–10 Depreciation:

This was proposed last year by the Finance Committee. This proposal classifies assets into five categories depending on their current useful life. The new tax lives for equipment are as follows:

Old tax lives:	*New tax lives*
6.5 years or less	2
7.0 years to 11.5 years	4
12.0 years to 16.5 years	7
More than 16.5 years	10

Structures would be depreciated over about 20 years, though there are a couple of options available. The investment tax credit would be changed as follows:

Old		New	
Tax lives	Credit (percent)	Tax lives	Credit (percent)
3 yr or less	0	2	2½
3 yr to 5 yr	3⅓	4	6
5 yr to 7 yr	6⅔	7	10
7 yr or more	10	10	10

Arguments:

1. Stimulus is front-loaded, put into effect immediately.

2. Stimulates investment and productivity growth.

3. Distributes benefits evenly across asset classes and does not distort the tax code as does the President's proposal.

4. Does not provide for benefits which are greater than immediate expensing as does the President's proposal.

Corporate Rate Reductions:

Corporate tax rates are to be reduced from 46 percent to 40 percent beginning in 1983.

Arguments:

1. This measure is an incentive to business to invest and will help raise productivity.

2. Provides for future tax relief. The profits made then from current investments will be taxed at a lower rate. This will stimulate investment now.

Mr. HOLLINGS. Mr. President, this proposal will not be presented now because under the rule it is not germane.

Mr. STENNIS. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HOLLINGS. I thank the distinguished chairman, the Senator from Mississippi.

Mr. President, these are only some of the areas in which I believe the Senate may be damaging its credibility by accepting the Reagan economic assumptions. Let us not fool ourselves into believing that by following the President's program we will be led out of the land of deficits and into the promised land of milk, honey, and budget surpluses. It will not be that easy.

Although the reconciliation instruction includes only total levels of savings to be achieved by each committee and does not require changes in specific programs, I am disturbed by some of the working assumptions used by the committee in arriving at the level of savings. Some of these assumptions are clearly shortsighted. In such areas as child nutrition, the cuts are pennywise and pound foolish. They may achieve short-range budget savings—they do so but only at the expense of greatly increased costs in other areas, such as education, health, and welfare in later years.

Rather than spending cuts, these reductions actually cause a spending increase in later years. This is not sound policy, either for the budget or the American people.

The committee also rejected a proposal to change cost-of-living adjustments to major retirement programs. My proposal would have changed the computation of the COLA's in three respects. First, it would annualize all Federal COLA's so that civil service and military retirees, who now receive COLA's twice a year would be treated the same as social security and veteran pensioners. Second, it would index all COLA's to the lesser of the increase in the Consumer Price Index or the National Wage Index to provide a measure of equity between workers and retirees. Third, it would pay all COLA's on October 1 to provide uniformity and make payments consistent with the October-September fiscal year. Together, these changes would save $8 billion in fiscal year 1982 outlays and save a total of $39 billion in outlays between fiscal years 1981 and 1986.

By rejecting this proposal, the committee has merely delayed the day of reckoning and made the task of reducing Federal spending all the more difficult. There is no doubt that we will have to face this question. I only hope we will have the courage to do so sooner rather than later.

Mr. President, while I have taken exception to some of the assumptions made by the committee and its economic base, I fully support the resolution itself and the level of savings it will achieve.

I commend President Reagan for submitting his budget reductions and giving emphasis to the economic affairs of the party politic. I particularly commend his Director of the Office of Management and Budget, Mr. David Stockman, for producing the presentations. We have had our differences in those presentations, but he has done a brilliant job in presenting the program to us clearly and cogently so that we could act on the reconciliation process on the floor of the Senate at an early date.

Major spending reductions are essential to restoring a sound fiscal program. Therefore, I reiterate I fully support the resolution itself and the level of savings it will achieve.

Further, the reconciliation process assures Congress that budget decisions are made with regard to both their overall macroeconomic effect and their consequences for specific programs and individuals. Given the magnitude of savings the Budget Committee is recommending, we need the fiscal coordination inherent in this process.

Reconciliation also sends a signal to the American people that the Congress is serious about its pledge to reduce Federal spending. It is the first of but a series of steps we must take to get spending under control, reduce inflation, increase productivity, and get our economy moving in the right direction to the benefit of all Americans.

Mr. President, I particularly want to thank and commend the staff of the Congressional Budget Office for their hard work around the clock. They have been working since last fall, and into the late evenings in the past several weeks, in order to get the economic and statistical information and data necessary for us to act as a Budget Committee.

I especially commend and thank the minority staff, our former majority staff. They are experts. They are still, in my opinion, the better informed of the groups who really worked on this budget. They have also been working on weekends and late evenings. They have done a magnificent job.

The resolution before us is in large part the result of the tireless efforts of our distinguished chairman, Senator DOMENICI. During the committee deliberations, which often ran late into the evening, he presided over us with fairness, yet always kept us moving toward our goal. Under his guidance, the committee recommended the largest savings bill ever reported in the Senate.

Senator DOMENICI's skill, his perserverance, his determination, and his willingness to coordinate, confer, and com-

municate has played no small part in achieving this result.

It has been a privilege and pleasure, really, to work with him.

I would notify the manager of the bill, I am ready to proceed. The distinguished Senator from Arkansas has an amendment and then our next amendment will be presented by Senator CHILES. I think if we work together, and not only notify each other but notify other Senators, we can keep this debate moving.

Mr. DOMENICI. I thank the Senator. We will move to a couple more opening statements on our side and then we will proceed to Senator PRYOR's amendment.

I would be remiss if I did not thank Senator HOLLINGS for his kind words. They are greatly appreciated. We could not have gotten here without his expert advice, diligence, and dedication that he has for the budget process. I believe the Senate knows that.

Mr. President, I now yield 5 minutes to the distinguished Senator from Wisconsin, the time to be taken off the resolution.

Mr. KASTEN. Mr. President, the time has come; the challenge is now. During the next few days this body has a chance to reverse the long trends of deficit spending and make a sincere effort to restore this Nation's economy.

I hope, Mr. President, that the Senate will pass the recommendations of the Senate Budget Committee overwhelmingly—thus signaling to the entire country that actions speak more eloquently than words. As a member of the Budget Committee I intend to support the reconciliation instructions before us.

It seems to me that the real danger we face during the next few days is whether we will chip away here and there, finally gutting the package to the detriment of our Nation's future.

I realize that some of the savings are difficult votes. They were difficult for me in the Budget Committee and they will be equally difficult here on the floor. But as a new Senator who faced the voters just a few months ago. I am convinced that an overwhelming majority of the American public wants cuts. They want them now.

Mr. President, during the past weeks we have listened to economists of nearly every persuasion. While they have disagreed on many aspects of the economic recovery program, it is safe to assert that they all agreed on one thing—that it would be difficult to cut too much money out of the budgets for fiscal year 1982 and fiscal year 1983. Cutting spending is what we are here to do. This is only the first step; what we do during the next 50 hours does not decide the outcome of the other important cornerstones of the President's program: First, tax cuts; second, regulatory reform; and third, a stable monetary policy. But moving toward a responsible fiscal policy now is a major step this body must support. Without this package of spending cuts, we jeopardize the hope, the chance, for economic recovery.

Whether our goal is to balance the budget, or to provide room for a tax cut, or both, we need these cuts. Few of us would agree on every proposed cut in this package, but we ought to agree unanimously on the need to slow Federal spending.

Many of us in the Budget Committee would have preferred even greater cuts, but we have reported a package which we believe can be supported by the full Senate.

I emphasize that the Budget Committee voted 20 to 0 for this package. I believe, Mr. President, that we ought to pass the full cuts with equal bipartisan support by the full Senate.

Mr. President, I commend the distinguished Senator from New Mexico, Senator DOMENICI, for his skillful efforts in putting together this package. I believe that Members on both sides of the aisle will agree that, during the committee's work, Senator DOMENICI was even-handed, fair, open, and candid.

I am sure that same kind of debate in the full Senate will lead us to reinforce our understanding and commitment to these spending cuts.

Mr. President, today we have an opportunity to take the first step in the long process of restoring prudent fiscal policies to our Government and restoring hope to the American people. This is an historic debate and challenge. What we do here may be the most important action of this session.

I thank the distinguished Senator for yielding.

Mr. DOMENICI. I yield time from the resolution to the junior Senator from Indiana.

How much time does the Senator desire?

Mr. QUAYLE. Two minutes.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. QUAYLE. I thank the distinguished chairman for yielding me time.

Mr. President, I support Senate Concurrent Resolution 9. The resolution, though simple in content, is a history-making document in the Federal Government's budget annals.

As the committee report states, this resolution encompasses the "most massive single reduction in Federal spending in the Nation's history." As a new Member to the Senate and to the Senate Budget Committee, I am pleased to join in this effort to bring the Federal budget under control.

This resolution contains $2 billion more in spending reductions than those proposed by President Reagan. The total spending reduction in this reconciliation recommendation is $36.4 billion. This is an unprecedented action on the part of Congress.

Why has Congress acted with such speed and diligence to undertake the review of Federal programs and find avenues for fiscal economy? The answer, Mr. President, is very simple. The Members of this body heard the voice of the people on November 4, 1980. The people are demanding that we reduce the growth of Government. The people are demanding that we lessen the involvement of the Federal Government in their lives. The people are demanding that spending be reduced and their tax burden lightened. We would be negligent, indeed derelict, in the holding of our public trust if we ignored the cries of the people.

But, cries are also heard that we are turning our backs on "social progress" made over the past 20, 30, or 40 years. Such statements are nothing more than attempts to continue in the same spendthrift way of the past 20, 30, and 40 years. The reductions proposed in this resolution would bring the total level of Federal spending at a larger level than any previous year. The Federal budget in fiscal year 1982 will be more than fiscal year 1981, and the fiscal year 1981 budget will be approximately $75 billion more than the fiscal year 1980 budget.

Between fiscal year 1979 and fiscal year 1981, the budget increased 32.7 percent, from $493.6 billion to an estimated $655.2 billion. The proposal before us now is a modest increase of 6 percent. We cannot continue to fritter away Federal dollars. Those dollars are the taxes the American citizens pay, the burden of which is increasing steadily.

In this resolution, we are not eliminating needed programs. We are restraining this growth in Federal spending. This restraint is an important first step in coming to grips with our declining economy. This turnaround in Federal spending is one of the significant realizations of the budget reconciliation process.

The Budget Committee has proposed target spending reductions. The committee has recommended ways to achieve these reductions but the details are left to the discretion of the individual committees. However, the budget process used enables Congress to look at spending reductions as a whole, rather than a piecemeal basis.

Finally, Mr. President, we must seek action on the total economic recovery package presented by President Reagan. First, are the spending reductions incorporated into this resolution. Second, are the needed reductions in the tax rates for individuals and accelerated depreciation allowances for businesses. Third, the heavy burden of Government regulation must be lessened, and fourth, the formulation of a steady and consistent monetary policy.

In Senate Concurrent Resolution 9, the Budget Committee has taken action to reduce the rate of growth in Federal spending. By recommending the consolidation of programs, the committee has voted on the side of efficiency and reduced regulation. It is important that we pass this resolution, Mr. President. The American people are wanting to see action.

Mr. President, I commend the distinguished chairman of the committee, Senator DOMENICI, on the way he forcemarched us to the $36 billion reconciliation process in a very steady and deliberate manner. I feel that his leadership on this subject was with a great deal of foresight and a great deal of intent, and certainly the outcome was historic in nature.

I should like to point out a couple of things. First of all, during those 3 days of debate and markup of the budget process, we heard all sorts of complaints. We heard statements that this was un-

doing 30 years of social legislation in 3 days. We heard statements that this was the most regressive act that Congress or a committee has taken ever. We heard statements that this reconciliation motion was Robin Hood in reverse, that we were taking from the poor and giving to the rich. We heard statements that this was really taking it out on the backs of the poor, that this was a despicable act that the Budget Committee or Congress was about to take.

Mr. President, as has already been noted and reported, the vote of the Senate Budget Committee was 20 to 0. The vote of the committee is very interesting, because with all those accusations having been stated against the Budget Committee and the budget reconciliation process, one would have thought—commonsense every once in a while prevails around this place—that perhaps one Senator would have voted against that reconciliation motion. The fact is that when the final count was taken, no one was willing to vote against any kind of spending reductions.

I submit for the record that the reason why no one was willing to vote against it was that the message of the electorate that we all heard last November is perhaps still reverberating in the ears of many Senators and Representatives.

So I applaud my chairman for his leadership.

Mr. HATFIELD. Mr. President, there has been ample discussion of this reconciliation instruction resolution in the past few days. Both parties have caucused on it, and members of both parties are aware of what this resolution does and how it does it. So I will be brief.

This resolution is fundamentally flawed in three respects. First, it fails to adequately address the problem of so-called uncontrollable Federal spending—that portion of the budget driven by entitlement programs and other payments mandatory under the law. Senator SCHMITT, the chairman of the Labor, HHS, Education Subcommittee of Appropriations, and a Senator well acquainted with entitlements and other transfer payments to individuals, addressed the Senate on Monday and gave an excellent exposition of what is and what is not controllable in the Federal budget. He pointed out that in a Federal budget of nearly $700 billion, only $75 billion can be considered truly discretionary money that can be moved from one program to the next, spent here or there, in response to changing national needs.

The rest of the massive Federal budget is straitjacketed into entitlement programs, interest payments, and indexation schemes that compound our problems rather than relieve them. When inflation rises and we wish to restrain Federal spending, we cannot do so because indexed transfer payments increase. When unemployment increases, unemployment compensation gobbles up a greater percentage of the budget, consuming money that could be used to stimulate investment and revitalize the economy. And all the while discretionary programs get squeezed out from under the ceiling we impose, and Members wonder where all their favorite programs went.

Mr. President, those discretionary programs have not caused the problem of runaway Federal spending, and cutting them will not solve it. The Appropriations Committee funds those programs, and for 36 of the last 37 years our committee has appropriated less money than requested by the President. I am not making a special plea for appropriations. I am only saying that when we are suddenly confronted with a reestimate of spending much higher than we hoped, the cause will be entitlements and indexed programs, not ones funded in bills reported to this body by the Appropriations Committee.

To the extent this resolution does not address entitlements and indexation, it fails to address the fundamental problem of spending. It does not make sense to have the ax fall on programs over which Congress has most control, and protect those over which it has little.

There is one discretionary program that has apparently escaped the ax—defense. That is the second fundamental flaw of this resolution. The administration plans to more than double the Pentagon's $171 billion annual budget to $368 billion in fiscal 1986. For fiscal 1982 alone, budget authority would rise $25.8 billion. That increase in defense authority consumes more than 50 percent of the decrease in some 300 Federal domestic programs that the Budget Committee has instructed other committees of the Senate to carry out.

In his recent state of the Union speech, President Reagan rightfully decried the mounting Federal deficit which is approaching $1 trillion. He illustrated how large a sum this was by saying it constituted a stack of thousand-dollar bills 67 miles high. It might be pointed out that a similar stack equal to the Reagan defense expenditures in the next 5 years would reach 100 miles high.

This enormous commitment to weapons and personnel poses profound questions, and some potentially enormous dangers.

Mr. President, I fear we are ignoring an excellent chance to build a more efficient Defense Establishment. Instead, we have fallen prey to the same mistakes we have made with social problems. They cannot be solved just with sums of money. But we are asked to spend huge sums on this problem while entitlements increase and discretionary programs dwindle. And Members will wonder where all their favorite programs went.

Finally, Mr. President, I will reiterate my belief that this resolution, in forcing authorizing committees to lower authorizations so as to reduce appropriations in fiscal year 1982 and fiscal year 1983, does violence to the Budget Act and the comity of the Senate. The technical parliamentary problem has been solved, but we know the practical effect will be the same, and we know what it does to committee jurisdictions.

The statement of the managers on the conference report on the Budget Act reads in part:

> It is intended that the authority to prescribe "any other procedure which is considered appropriate to carry out the purposes of this Act" applies only to the specific procedures for the enactment of budget authority and spending authority legislation for the coming fiscal year and not to the jurisdiction of committees, the authorization of budget authority, or to permanent changes in congressional procedure.

Yet this resolution does intrude on committee jurisdiction, and it does address authorization of budget authority.

We have had President Reagan's fiscal year 1982 budget for 2 weeks. No committee has held detailed hearings on it. How do we know now that it is necessary and proper, for example, to reduce energy programs by $3.7 billion in fiscal year 1982 and by $3.6 billion in fiscal year 1983? In 2 weeks or so we will be considering the first concurrent resolution on the fiscal year 1982 budget. Let us set the ceiling as low as we like, as low as the President wants, and then let our individual committees make the decisions necessary to achieve that goal. I know Appropriations can do it—we have for 36 of the last 37 years. I am confident my fellow Republican chairmen and the new leadership of the Senate can do it, too.

Do we not have the discipline? Do we really need this resolution to chain us to our desks so we do not make a raid on the Treasury? I do not think so, Mr. President.

I support the President's program. I do not support achieving it in this way.

Mr. ROTH. Mr. President, I would like to discuss briefly the Senate Budget Committee's report on the revised second concurrent budget resolution. In particular, I would like to review for just a moment the language in the report directing the committees to consider revisions in their programs which would increase the flexibility permitted to State and local officials in managing their Federal aid funds.

I have long been concerned that our federal system of government is becoming overburdened with unnecessary regulation, high administrative costs and needless complexity. These problems are a result, to a large degree, of the chaotic Federal aid system which consists of too many narrow categorical programs and is ensnared in a web of crosscutting regulations, mandates, and other Federal directives.

When I was first elected to Congress in 1966, I was astounded at the lack of sound, basic management data concerning assistance programs within the Federal Government. Well over a thousand assistance programs were in existence and the President's management arm, the Bureau of the Budget did not have the foggiest notion where the programs were, who was eligible for which programs, and what types of assistance were in existence. I was able to pull together this information, after months of work, and published in 1969 the Roth Catalog of assistance programs. This catalog was the forerunner of the present-day Catalog of Federal Domestic Assistance, the primary information source on assistance programs today.

It was incredible to me that even Fed-

eral managers could not tell me what Federal assistance programs were available. Yet, the complexity of the system, the almost unfathomable regulations and requirements and the incredible number of recipients involved in assistance programs helped make it difficult for Federal officials to cope with the maze of programs.

If Federal agencies have had a difficult time grasping the Federal aid handles, it is easy to see how State and local governments have become mired in the sticky quagmire of assistance applications, compliance reports, audits, and accounting procedures which encircle Federal assistance funds. Approximately 60 crosscutting requirements are currently attached to a wide variety of assistance programs.

Each of these requirements is implemented through a series of specific regulations issued by each assistance agency, each in its own, individual way. Some grant programs are so burdensome to administer that State and local taxpayers end up paying extra money for the aid their jurisdictions receive. One study found that in a selected number of Government programs, up to $25 per capita was spent by local governments to administer and accept certain Federal programs.

One of the President's grant consolidations illustrates perfectly the burdens the existing categorical system imposes on State and local governments. The roughly 40 programs proposed for a new health and social services block grant currently encompass 437 pages of law and 1,200 pages of regulation. These 40 programs now are sent out in 6,800 separate grant awards to approximately 24,000 grant recipients. Over 7 million man-hours of State and local government effort, supported by local tax funds, are used just in filling out federally required reports for these programs. In addition, 3,300 Federal employees are paid to administer these separate, categorical programs.

Mr. President, this one example illustrates the unbelievable complexity of the system and reveals quite clearly the rigid, overregulated nature of the existing grants system. President Reagan's consolidation proposals will help reduce some of the redtape and controls over State and local governments. Even if all nine consolidations are approved, however, some 350 to 400 aid programs, most with their redtape and regulations untouched, will still remain. A 20-percent reduction in the aid programs proposed for consolidation will squeeze local governments between the rock of reduced funds and a hard place of the remaining rule-encumbered grant programs.

I support, in general, the President's proposed reductions. But in making such cutbacks, we must insure that State and local recipients are allowed to effectively alter their priorities and use Federal funds to address the needs of their taxpayers more adequately. I agree with the President that we must shift more authority for programs and functions to State and local governments. We cannot, however, shift functions to State and local governments, reduce resources, and continue to burden lower levels of government with the rules and regulations of the categorical aid system.

We can and must do more to streamline the assistance system and I agree with the Budget Committee that along with the budget reductions proposed by the committees, greater flexibility must be built into the Federal aid process wherever possible. Several weeks ago, I met with several of the Governors representing the National Governors' Association. They discussed with me their concerns that budget cutbacks in assistance programs can be absorbed effectively only if States and localities are free to establish their priorities and use assistance programs to better meet the needs of their citizens.

As a result of that meeting, I asked that the National Academy of Public Administration convene a panel of experts to review this issue and recommend methods of easing the hammerlock of grant regulations. The language adopted by the Budget Committee in its report broadly reflects the recommendations of the Academy and I am pleased to support the committee's efforts on this vital matter.

I commend the chairman of the Budget Committee, the distinguished senior Senator from New Mexico, the distinguished ranking member of the committee, the junior Senator from South Carolina, and the other members of the committee for their efforts in this matter. I believe it is vitally important and hope the authorizing committees will work diligently to implement the recommendations contained in the Budget Committee's report.

GASOHOL PROJECTS

Mr. BOSCHWITZ. Mr. President, I have discussed this matter with Senator DOMENICI, and do not believe we will have to take up much of the Senator's time.

Several of my colleagues and I are concerned that included in the proposed rescissions for fiscal year 1981 is the loan guarantee funding for 15 gasohol projects already approved by the Department of Energy. These projects were authorized under title II of the Energy Security Act, which established a national gasohol program.

The Department of Energy selected these 15 projects out of the 57 applicants, and has completed final negotiations.

I ask unanimous consent that a list of these projects be included at this point in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

DOE ACOHOL FUEL FUNDING

Companies selected:

1. New Energy Company of Indiana.
2. Circle Energies Corporation (Kansas).
3. U.S. Ethanol Corporation (Louisiana).
4. Michigan Sugar Company.
5. Minnesota Alcohol Producers.
6. Grain Fuels Inc. (Pennsylvania).
7. Energy Conversion Corporation (South Carolina).
8. Gulf Coast Resources (Iowa).
9. Agrifuels Refining Co. (Louisiana).
10. D. W. Small & Sons, Inc. (Maine).
11. Agri Power, Inc. (Michigan).
12. American Development Corporation (Nebraska).
13. Andco Energy Corporation (New York).
14. J. E. Serrine Company (South Carolina).
15. Tennol Inc. (Tennessee).

Mr. BOSCHWITZ. Mr. President, a February 3 letter signed by 19 Senators to the Secretary of Energy said that—

It was the intent of Congress in authorizing and appropriating these funds that worthy projects would be selected and awarded as expeditiously as possible.

I emphasize "expeditious" because it certainly was not expeditious for the Department of Energy to encourage these projects to go through the final negotiations and line up private investment in these projects, which amounts to about $10 million, and then to back off on the final loan guarantee commitments.

I ask unanimous consent that the letter from the 19 Senators be included in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., February 3, 1981.

Hon. JAMES B. EDWARDS,
Secretary of Energy,
Washington, D.C.

DEAR MR. SECRETARY: We are, like you, committed to reducing this nation's dangerous dependence on foreign sources of oil as quickly as possible. We strongly believe that, if we are to be successful, the United States must develop a diversified energy supply system, and employ a wide variety of technologies and feedstocks. Of all the domestic alternatives now under consideration, the production of alcohol fuel from biomass has significant near-term potential for contributing to the nation's high grade liquid fuel needs.

As you are aware, the Congress recognized this important potential of alcohol fuels in passing the Energy Security Act, Title II of which authorized the awarding of loan guarantees for alcohol fuel production of these funds for a total of approximately $1.2 billion (the equivalent of what the U.S. spends in five (5) days on oil imports). To date, fifty-seven applications have been filed, and sixteen firms have been invited to negotiate on final guarantees. Consequently, there remains both a significant number of worthy projects interested in applying for funding in a new solicitation and substantial amount of funds remaining to be obligated.

Mr. Secretary, it was the intent of Congress in authorizing and appropriating these funds that worthy projects would be selected and awarded as expeditiously as possible so that construction could begin and the "first generation" of alcohol fuel plants could begin commercial operation. The goal of maximum private sector participation is one we all share, but loan guarantees are necessary at this stage in order to bridge the psychological risk factor that still remains with respect to alternative energy projects. With the completion of these "first generation" facilities, full participation by the financial community will follow.

The loan guarantee program is not a subsidy, but an important investment in the nation's energy future. At a time of increasing uncertainty and instability in the world's oil producing regions, it is even more critical than ever before that we put our words into

action. For this reason, we respectfully urge that you: (1) expedite the current negotiations so that commitments can be made as soon as possible and project construction can begin; and (2) promptly announces a new solicitation to commit the remainder of the loan guarantee funds for commercialization of alcohol fuel production.

Thank you in advance for your consideration of this request.

Sincerely,

Bob Dole, James A. McClure, Larry Pressler, Charles A. Grassley, Strom Thurmond, Charles H. Percy, Rudy Boschwitz, David Durenberger, Wendell H. Ford, Quentin N. Burdick, Max Baucus, J. Bennett Johnston, John Glenn, Gary Hart, Walter D. Huddleston, John Melcher, Edward M. Kennedy, Howard M. Metzenbaum, Lloyd Bentsen, U.S. Senators.

Mr. BOSCHWITZ. Mr. President, there has been some controversy lately concerning the economic feasibility of gasohol projects, and although I do not want to get into that matter at this point, I believe that funding and going forward with these 15 projects could help us in assessing the viability of future projects.

I am hesitant to bring up this issue on the floor, and have decided not to offer an amendment at this time, because I do not want to detract from the reconciliation bill. I support that measure wholeheartedly.

I am bringing this up because I would like to clear up any confusion that may exist as to the action of the Budget Committee.

At the time the committee considered this matter, we had two motions pending before us; one, by Senator QUAYLE, would have eliminated the rescission for the 16 loan guarantees, and one, by Senator KASSEBAUM, would have cut an additional $3 billion from the strategic petroleum reserve.

Unfortunately, because of Budget Committee procedures, Senators were forced to make a choice between these two measures. So Senators who supported the $3 billion SPRO cut had to vote against Senator QUAYLE's motion to fund the gasohol projects.

I believe, though, that had the motions been combined, most Senators would have supported the gasohol loan guarantees.

I feel comfortable in urging funding for these projects because this is for loan guarantees only. It does not affect at all outlays in fiscal year 1981, fiscal year 1982, and fiscal year 1983.

To fund these projects would require $270 million in BA in fiscal year 1981 only.

I would like to urge the Energy Committee and the Appropriations Committee to examine these 16 loan guarantee projects and to try to include funding if possible. I believe there was an implicit commitment made by the Government to these 15 projects, and we should make an effort to comply with that commitment.

Thank you, Mr. President.

Mr. RIEGLE. Mr. President, I share the concerns of my friend, Mr. BOSCHWITZ, about the reductions in the alcohol fuels program. I think that we are finally at the point where alcohol fuels can have a substantial impact on our energy supply problem, but this will never occur in the absence of Federal support.

We have the technology, the capacity, and the interest to make gasohol a success. Farmers in my State of Michigan are enthusiastic about the prospects of opening another market for their products. Unfortunately, it is still difficult to attract the necessary private financing to construct alcohol facilities on a scale that will allow us to reach the billion-gallon goal within the decade.

Michigan has been very active in this area, and we have several plants under construction. These plants were made possible through USDA support, both technical and financial. I know of at least four more plants in Michigan that are planned, and have received initial approval from the Department of Energy, but which suddenly had all Federal financial support withdrawn and now their future is in jeopardy.

Banks are reluctant to back gasohol projects due to their relatively low level of experience with ventures of this type. I have spoken with numerous bankers in Michigan and have found agreement on the point that, for the time being, the Government would have to assume some of the risk in gasohol ventures. Once we have a number of plants built and operating, the private financial markets can supplant the Federal role. I reiterate, however, that the Federal participation is a necessary link in the effort to make gasohol the commercially viable industry that the administration envisions.

Farmers and consumers are confused about this proposal to reduce Federal support for gasohol. Many people have spent time, energy, and huge personal sums to develop plans for gasohol projects. This activity has been predicated on the notion that Federal loan guarantees would be available to facilitate negotiations with private lenders. Now the Federal Government is telling farmers that their investment is for naught, unless banks can be convinced to loan the money without a Federal guarantee. This borders on a violation of a promise or commitment to gasohol proponents, especially in the case where DOE had given provisional approval for a facility.

Consumers now have no idea where the Government stands on gasohol. The Energy Security Act contains specific allotments for gasohol financing, but that is now withdrawn. Does this indicate a lessening of our commitment to alternative fuels production in this country? Given the fact that the funds are, in part, being transferred to the synthetic fuels projects, one would have to conclude that we no longer feel that gasohol is a viable energy source. This contradicts everything that we have stated and enacted in recent years, and confirms the belief that the United States has no coherent energy policy.

Gasohol has great promise, not only for farmers but for consumers and for the economy, in general. I have recently received a report describing the employment benefits that we will realize from the gasohol program. Entitled "American Jobs From Alcohol Fuel," by Employment Research Associates, the report estimates that a 6-billion-gallon gasohol industry would create 960,000 jobs. I ask unanimous consent that the report be printed at the end of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIEGLE. Mr. President, I hope that the administration will rethink its policy with respect to gasohol, and that the Congress will continue its position of strong support for the development of alternative, renewable fuel sources.

EXHIBIT 1

AMERICAN JOBS FROM ALCOHOL FUEL

(By Marion Anderson and Carl Paris)

INTRODUCTION

The production of fuel alcohol is needed now. Since we are currently importing almost half of the oil which we use, our fuel supply is vulnerable to upheavals, wars, or changes of leadership in the major OPEC nations. Our industry, our transportation system, and our national security have become dependent on a steady flow of liquid fuel. Some countries have few alternatives. They have neither the technology nor the feedstocks to create another supply of fuel. But we do.

Alcohol fuel is not a new idea. Henry Ford designed cars to run on either gasoline or alcohol. But as we became a major oil producer, and the price of foreign oil remained low, there seemed to be no need to develop sources of supply from our abundant renewable resources. So until the mid 1970's, the concept of making alcohol fuel from biomass languished.

After the first Arab oil embargo, the writing on the wall became clear. Alternatives would have to be developed. Nuclear power has many opponents and provides no liquid fuel. Synfuels from coal or oil shale are environmentally questionable and cannot be operational for a decade. Alcohol fuel from biomass can be put into production immediately as both the technology and the feedstocks are available.

In this report, we explore the economic impact of investing $12 billion between 1981–1986 to build plants capable of producing 6 billion gallons of fuel alcohol.[1] Over two-thirds of the production will come from grains, especially from corn. The other one-third will come from sugar crops, cull potatoes, biomass wastes and municipal solid waste.

In order to do this analysis, we developed an economic model of the fuel alcohol industry. This model was used in conjunction with Input/Output tables developed by the Bureau of Labor Statistics. The first part of the model dealt with the jobs generated during the period of construction of the alcohol fuel plants. Both the construction jobs and the industrial jobs generated were included. The second part of the model detailed the jobs generated by the operation and maintenance of the plant itself. These jobs would be ongoing as long as the plants were in operation.[2]

In creating this economic model, we relied on data developed by Raphael Katzen Associates. Their data delineated the equipment needed to construct alcohol fuel plants of 10 million and 50 million gallon annual capacity. Although a number of smaller and probably larger plants will be built, the job generating impact of producing them would be similar to plants in the 10–50 million gallon range.

It is important to note that the development of the alcohol fuel industry will bring healthy economic growth. The product is

[1] If this fuel alcohol (ethanol) is mixed with gasoline in a 1:9 ratio to produce gasohol, approximately 60 percent of U.S. liquid fuel consumption would be in the form of gasohol.

[2] Throughout this report, dollar figures are in 1980 dollars, and "jobs" means person-years of work.

badly needed. It would provide real jobs—needed jobs—within the society, and the capital investment would be widely dispersed in both agricultural communities and industrial centers.

The $12 billion invested in this industry would save $9.6 billion year in and year out from being exported to OPEC.[3] The money would stay here, the jobs would stay here, and our country would benefit both by becoming stronger economically and by being less prone to engage in wars to protect the sources of the liquid fuel which we want.

This initial investment in producing alcohol can be a significant step towards obtaining a major portion of our liquid fuel from our own renewable resources. For within a few years, improved technology will be available for the production of billions of gallons of alcohol from waste paper, forest waste, wood, agricultural residue, and other products which contain cellulose.[4]

CONSTRUCTION AND INDUSTRIAL JOBS CREATED—409,000

Hundreds of thousands of new jobs will open up in the economy when the move is made to produce major quantities of ethanol. Many of these jobs will be in industries which have been hard hit by the sustained inflation and recession.

TABLE I.—*Jobs generated with a $12 billion investment in ethanol plant construction*

(Dry Milling)

Industry	*No. of Jobs*
Construction	159,970
Fabricated structural metal	60,090
Miscellaneous professional services (engineering)	20,550
Basic steel and blast furnaces	15,930
Other fabricated metal products	11,360
Wholesale trade	8,810
Miscellaneous business services	7,900
Retail trade	5,270
Service industry machinery	4,720
Truck transportation	4,700
General industry machinery	4,270
Cement and concrete products	3 510
Electric transmission equipment	3,340
Special industry machinery	2,580
Electric lighting and wiring	2,570
New highway construction	2,530
Primary aluminum and aluminum products	2,300
Iron and steel foundries and forgings	2,060
Wooden containers	1,880
Scientific and controlling instruments	1,820
Machine shop products	1,710
Primary copper and copper products	1,190
Millwork, plywood and other wood products	1,190
Electrical industrial apparatus	990
Miscellaneous stone and clay products	830
Material handling equipment	740
Farm machinery	650
Household appliances	630
Typewriters and office equipment	520
Computers and peripheral equipment	450
Hotels and lodging places	390
Sawmills and planing mills	350
Electronic components	250
Heating apparatus and plumbing fixtures	240
Metal working machines	230
Construction, mining and oilfield machinery	210
Stone and clay mining	170
Logging	120
All other	72,020
Total job gain	409,000

[3] When oil is at $40 a barrel.

[4] The cellulose in these products is broken down into sugars which are then made into alcohol.

Construction jobs—160,000

Erecting $12 billion worth of alcohol fuel plants in five years constitutes an enormous amount of construction. It will require 160,000 person-years of labor.

The plants themselves will be widely dispersed throughout the United States. This dispersal is possible for two reasons. First, because the feedstocks are varied and thus are not confined to one geographical region. Second, because alcohol fuel plants do not require an enormous initial investment for each plant as do nuclear or other very high technology plants. Therefore, the plants and thus the construction jobs will be widely dispersed throughout the country. Every section of the nation would gain jobs from this industry.

Large and medium sized cities will be erecting municipal solid waste plants. Farm communities in the corn belt will build alcohol plants with corn and agricultural residues as feedstocks. States in the deep south can use grain sorghum, and states producing sugar cane can use the cane as a feedstock and burn the bagassee (the cellulosic pulp) to fuel the plant. Florida and California will construct plants running on citrus waste. Michigan will have plants utilizing fruit wastes. Maine and Idaho can have potatoes and possibly wood chips for their feedstocks. Washington, Montana and other wheat growing states will be able to use wheat as their feedstock. Wisconsin and other states with important cheese processing industries can build plants using cheese whey for processing to ethanol.

Industrial jobs—210,000 jobs

About 210,000 jobs will be generated in the many industries needed to produce $12 billion worth of alcohol fuel plants. The equipment needed for alcohol fuel plants includes tanks, pumps, drums, conveyors, condensers, cookers, pipes, agitators, heat exchangers, boilers and valves.[3] The jobs gained during the production of these items and other necessary equipment would be dispersed throughout the country as a large variety of skills and industries will be involved.

The primary metal industries would gain over 21,000 jobs. Almost 16,000 jobs would be in basic steel and blast furnaces. About 1,200 jobs would be in copper, 2,300 in primary aluminum and aluminum products, and 2,060 in iron and steel foundries and forgings.

The metal fabricating industries would gain about 90,000 jobs. Fabricated structural metals would gain over 60,000 jobs. There would be over 11,000 jobs for people in other fabricated metal products. Special and general industry machinery and machine shop products would have over 8,500 more job opportunities.

There would be about 3,600 jobs generated in the wood industries. These would include jobs in logging, sawmills, and the manufacture of wooden containers.

Services, truck transportation, wholesale and retail trade—39,000 jobs

A substantial number of jobs would open up for the people in the services sector of the economy. Over 20,000 of these jobs would go to engineering firms since there would be extensive design and construction work in the building of alcohol fuel plants.

OPERATION AND MAINTENANCE JOBS CREATED—71,000 JOBS

The operation and maintenance of the alcohol fuel plants at a 6 billion per year level of production will require 31,800 people. This averages about five direct jobs per million gallons of alcohol produced.[5]

A substantial number of jobs will be needed in the supporting industries. Over 39,000 jobs will open up in truck transportation, wholesale trade, food products for yeast production, industrial and inorganic chemicals, coal, electricity and gas.

TABLE 2.—*Jobs Generated Annually From Operating, Maintaining and Supplying the Alcohol Fuel Plants*

	Jobs
Personnel for plant operations	31,800
Food products (yeast)	300
Industrial, organic and inorganic chemicals (enzymes)	600
Truck transportation	8,380
Wholesale trade	7,010
Coal, electricity, gas	8,880
Other	13,970
Total jobs gained	70,940

The jobs, both in the operation of the plants and in the industries which supply them, will be steady, on-going jobs.

These estimates are conservative since we did not factor in any of the jobs generated on-farm from growing and harvesting the crops. Nor did we factor in any increases in the sales of farm machinery as farmers' incomes rise as their crops become more profitable.

FEEDSTOCKS

The production of ethanol is an essentially simple chemical process which has been practiced for centuries. Alcohol fuel production involves the fermentation of sugars carried out by yeasts, and the subsequent separation of the alcohol from water via distillation. Starchy substances must first be broken down into sugars by the action of certain enzymes. This process converts only the starches and sugars into alcohol and leaves the proteins and minerals intact.

The raw materials—the feedstocks—which may be converted to ethanol in this way include a wide range of agricultural and waste products, most of which are readily available today. These include wastes such as cheese whey, municipal solid waste (MSW) and food processing wastes, as well as certain grains and sugar crops.[6]

During the next several years, we can expect to witness the introduction of certain crops grown specifically for their high starch or sugar content and for their high biomass yield per harvested acre. Crops such as sweet sorghum, fodder beets, and Jerusalem artichokes are being thoroughly tested and refined in universities, laboratories and farms across the country. These crops hold the promise of dramatic increases in ethanol production in the years to come.

An estimate of the potential ethanol output from various feedstocks is presented below (Table 3). The 6 billion gallon total, which forms the basis of this study, is an ambitious goal—but neither unrealistic nor unattainable. Estimates of potential output by the mid 1980's have been as high as 50 billion gallons, as suggested by the Center for the Biology of Natural Systems, in St. Louis, Missouri.

TABLE 3.—*Feedstocks for 6 billion gallons of ethanol production*

(Anhydrous ethanol)

Feedstock	*Millions of gallons*
Corn	3,500
Wheat	400
Grain sorghum	500
Industrial potatoes, sugar beets, fodder beets	300
Sweet sorghum, high energy sorghum	250
Sugar cane	250
Citrus waste	100
Other food waste	150
MSW	220
Cheese whey	80
Waste wood, agricultural residue	250
Total gallons produced	6,000

[5] This figure will vary substantially depending upon both the size of the plant and the level of automation.

[6] The high protein residues are primarily from the grains.

These figures are approximate. If certain crops which have a high alcohol yield come into production soon, the feedstock mix would probably be modified. Similarly, municipal solid waste (MSW) could provide much more than the estimated 220 million gallons if additional plants were constructed in just a few U.S. cities.

Grains

Corn, grain sorghum, and wheat are the most important grain feedstocks. Of the estimated 6 billion gallons of production, 4.4 billion gallons will come from these three sources. Corn will provide the feedstock for the bulk of the output. Of the three grains, it is the most plentiful, the most widely dispersed geographically, and has the highest alcohol yield per acre.

A total output of 3.5 billion gallons of ethanol would require approximately 1.4 billion bushels of corn. In terms of 1979 production, this represents about 16% of the total U.S. corn crop.[4] Almost 90% of the corn crop goes to feed animals in the United States, Western Europe, and Japan. Converting a portion of the corn to alcohol, and using and exporting the distillers dried grain (DDG) as a feed supplement, will permit us to maintain the protein requirements of livestock, and at the same time provide us with billions of gallons of liquid fuel.

At present, there are two major grain-to-ethanol processes: dry milling and wet milling. The dry milling process produces an average of 2.5 gallons of ethanol and approximately 17 pounds each of DDG and carbon dioxide from one bushel of corn. Wet milling results in a wider range of co-products, including: corn gluten meal, corn gluten feed and corn oil, along with the ethanol. The initial investment is higher for the wet milling process but, the co-products are of greater financial value.

Although some critics have argued that high levels of alcohol production might have a destabilizing effect on grain prices, a report by the Solar Energy Research Institute concludes:

The binding constraint on alcohol production will be distillation capacity, not feedstocks. The deflationary effects of joint feed products outweigh the inflationary effects on corn and wheat prices at high levels of alcohol production. From a logical perspective, this result is unremarkable and unsurprising. Any increase in the processing of a commodity (the starch) to be converted to a useful product (such as fuel) while leaving the other portions of the commodity in a more useful form than they were previously (the protein) must increase the value of that commodity relative to others.

Sugar crops

Sweet sorghum, sugar beets, and sugar cane are the major sugar crops to be used as ethanol feedstocks. The six billion gallon scenario envisions a significant increase in sugar crop production. The advantages of using sugar crops include lower processing costs[7] and high alcohol yields per acre of harvested crop. However, the raw material costs are relatively high. In the case of sugar cane, the bagasse (the cellulosic pulp that remains after the juice has been extracted) may be burned to fuel the alcohol plant, yielding considerable savings in fuel costs. It has been estimated that bagasse could provide up to 160 percent of the energy required by a sugar cane-to-ethanol plant.

However, the by-products of these sugar crops contain almost no protein and are thus less valuable than those of grains. This must be taken into consideration in any rational alcohol fuels program to ensure that higher alcohol production does not take place at the expense of protein requirements.

[7] Since the fermentable sugars are already in a usable form, the saccharification stage of grain processing (which converts the starches to sugars) is avoided.

Other feedstocks

High energy sorghum is a hybrid of sweet sorghum and grain sorghum. It has a higher sugar content than grain sorghum, and also provides a high protein residue which sweet sorghum lacks. High energy sorghum is a promising feedstock which could come into production within the next several years, provided that a vigorous planting program is pursued.

Fodder beets, a relative of sugar beets, may prove to be an even more valuable alcohol fuel feedstock. Alcohol output from fodder beets can be as high as 900 gallons per acre. This is three and one-half times as great as the average yield from corn.

Waste products

Cheese whey, a waste product of the cheese processing industry, is a serious water pollant. Manufacturers are often required to to process and purify the whey at their own expense in order to minimize environmental damage. The potential exists to recoup some of these costs through the conversion of the whey into ethanol, thus converting a portion of the waste product into a valuable fuel. Due to its high moisture content and the resulting high transportation costs, cheese whey-to-ethanol facilities would be most economically situated near several cheese processing plants.

Citrus wastes and other food wastes could make an important contribution to ethanol production. However, these wastes tend to be seasonal, and would be most useful in a multiple feedstock situation—supplementing other, continuously available feedstocks.

Waste wood including bark, twigs, leaves, and paper processing wastes, and agricultural residues such as corn stover and wheat straw will become increasingly attractive feedstocks as ongoing research makes the conversion of these and other cellulosics to alcohol more economically feasible. The potential ethanol output from these feedstocks is many times greater than is indicated in this 6 billion gallon scenario. The National Alcohol Fuels Commission places potential output from cellulosics at 4.7 billion gallons a year by 1990.

A major portion of the contents of municipal solid waste (MSW) can be successfully converted to alcohol. Since MSW disposal is frequently very expensive for cities, the feedstock can be obtained either at no cost or at negative cost. As Fuel Alcohol, the final report of the National Alcohol Fuels Commission says:

"It is a potentially appealing source of alcohol. About 65 percent of municipal solid waste is cellulose, the basic ingredient needed to produce alcohol from that source. Conversion of the usable cellulose fraction of these wastes to alcohol could help to alleviate an environmental problem by giving economic value to the wastes. A further attraction to converting municipal waste, both solid waste and sludge, to ethanol or methanol is its wide distribution in urban areas. Alcohol from urban wastes could supply fuel for city populations and complement the alcohol fuel produced by agricultural or forestry products in rural regions.

Gasoline consumption and solid waste generation are both functions of population size. A correlation also exists between regions receiving imports of crude oil and petroleum products, population size, and municipal waste production. Regions that receive 90 percent of the imported oil generate 80 percent of the waste. Hence, alcohol made from urban waste in the most populous parts of the country could displace imported oil where it is most needed."

Larger cities, particularly those in the midwest and northeast which have experienced waste pollution problems, fiscal crises and liquid fuel shortages, could find considerable relief by converting their MSW to alcohol.

IS THERE A CHOICE BETWEEN FOOD AND FUEL?

One of the criticisms levelled at producing fuel alcohol from grains, is that its production implies a tradeoff between food and fuel. Therefore, the question to be addressed is whether the production of alcohol from corn and other grains decreases the world's supply of needed foods.

The world has an oversupply of starch and an undersupply of protein. In the grain distillation process, only the starch in the grain is converted to alcohol. During the process of fermentation, yeast is added. The residue of the distillation process, the distillers dried grain, contains not only the protein that was originally in the grain, but also the protein from the yeast. Therefore, the distillers dried grain is higher in protein than was the original ear of corn.

After distillation, the protein from the grain is more accessible to poor nations. For when the starch and liquid are removed from the grain, the bulk is reduced by two-thirds. Instead of poor nations paying expensive freight charges on three shiploads of grain, they have to pay for only one shipload of the protein rich supplement.

The distillers dried grain has been shown to be an even more nutritious cattle feed supplement than that which livestock are currently being fed. The DDG is not only good for animals; research done under a National Science Foundation grant to the University of Nebraska indicates that the protein could be extracted from the DDG and used as a human food supplement. This could be an important new source of protein for human beings.

A good deal of every grain crop is wasted annually because it is diseased, or in the case of potatoes, undersized. This portion of the crop could be used for alcohol production and would represent an important net gain of income for farmers, when as unsaleable crops get turned into fuel alcohol.

CONCLUSION

Investing $12 billion during the next five years in the production of fuel alcohol would yield rich dividends for our society. It would show that we are serious and committed in moving towards the production of liquid fuels from our own renewable resources. We have the technology to do it and we have the feedstocks.

A $12 billion investment is not a large sum for this country. In fact, the Administration in Washington seems to be so concerned about our sources of liquid fuels, that they are preparing a much larger expenditure—$17.4 billion by 1986—for the building of a Rapid Deployment Force for use in the Persian Gulf area. And building that force will not generate one drop of fuel.

This $12 billion investment, aside from providing us with a serious start in solving our energy problems, will provide 960,000 jobs. These jobs in construction, metal fabrication, steel, and engineering, will create the kind of healthy growth in the capital goods industries which our nation needs. The product which they produce, fuel alcohol, is the only solution to our liquid fuels shortage that can be realized during the next few years.

The time to build and begin production is now.

Mr. SASSER. Mr. President, I appreciate the opportunity to speak today in sup ort o' the alcohol fuels loan guarantee program.

I support efforts to decrease Federal expenditures and am committed to seeking a balanced budget. The alcohol fuels loan guarantee program will have very little effect on the Federal budget, though, but would go a long way in helping the United States to solve its energy problems.

The fuel alcohol projects affected by

this program would help us to reduce our dependence on imported petroleum. In case of a national emergency, these plants could play a critical role for our national security.

In addition to the energy benefits, these projects would significantly help their regional economies, as well as contributing to the overall economic well-being of our Nation.

The alcohol fuels plants would provide substantial direct employment and tax revenues during their operation. The capital would also create employment for thousands of workers in the engineering, design, procurement, fabrication, and construction fields.

Government support is necessary to reap the advantages of an alcohol fuels industry, and the alcohol fuels loan guarantee program would provide the necessary incentives, at a minimum cost to the Government. For those reasons, I am pleased to go on record today in support of the alcohol fuels loan guarantee program.

Mr. GRASSLEY. Mr. President, I would like a moment to address the important issue of energy production in this country. I am concerned, as are most Americans, with our Nation's dangerous dependence on foreign oil to meet our energy needs. The price of imported oil—which is affected by declining supply, increased demand, and political decisions of the OPEC nations—has risen dramatically in recent years, and has contributed to domestic inflation.

It is clear that we must encourage an increase in our own domestic production of petroleum resources and find alternative sources of energy. Alcohol fuels have emerged as a viable energy alternative, and much Government and private effort has gone to development of this source. Not only can alcohol be produced domestically from abundant raw materials such as grain, wood, coal, and garbage, but it is also a ready substitute to petroleum in our transportation sector. It is from this perspective that I have come to be a great supporter of all programs to promote the development of this alternative source of energy.

The administration, in its efforts to get our budget under control, has terminated the FmHA and Department of Energy alcohol fuel loan programs, while retaining tax incentives for the production of alcohol. I applaud the administration's efforts to formulate a comprehensive economic policy that will regain productivity and economic growth in this country, and I support these budget reductions that are necessary to achieve this growth. Unfortunately, there have been a few casualties in the battle for fiscal responsibility. I am concerned, in this instance, with 15 gasohol fuel plants that will be canceled as a result of the President's budget reductions. Much money and human energy has been spent by business people in the private sector, since they were given the Government's go-ahead on these projects. At this late date, it would be an act of bad faith to impose the added cost to these businesses that would arise from a withdrawal of Government loan guarantees.

I am not asking, however, that an additional $270 million be put back into the budget for these 15 projects. Though I think these projects are important and worthy of Government support, I also believe that a healthy economy—of which these budget reductions are a crucial step—is our greatest priority. I simply urge, therefore, that as the authorizing Committee on Energy and Natural Resources deliberates the instructions of the revised second concurrent resolution, it also seriously consider the feasibility of funding these 15 projects within the aggregate totals it has to work with.

Our energy needs and costs will not subside, and the development of alternative sources is vital. Alcohol fuels, as an alternative source, should receive a fighting chance, for I believe that the production of these fuels will benefit the agriculture sector, as well as the Nation as a whole.

● Mr. PERCY. Mr. President, I rise to join my other colleagues in voicing my full support for the development of alcohol fuels in the United States.

Earlier this week, the Governmental Affairs Energy Subcommittee held a factfinding hearing on alcohol fuels that demonstrated that they provide the possibility of some measure of energy independence to this Nation this decade.

Bobby Unser, twice winner of the Indianapolis 500, extolled the use of methanol as an automotive fuel. Since 1965, alcohol fuels have been the exclusive propellants used at America's most popular and most famous auto race.

In Brazil, we were told, the country has embarked on an ambitious program to replace gasoline with alcohol fuels made from biomass. Already, 850,000 cars are operating on pure alcohol fuels in Brazil.

The potential for making alcohol fuels is enoromus in the United States. My own State of Illinois has enough coal and biomass to become the gasohol capital of the United States.

Mr. President, the full development of this valuable energy resource is not a partisan issue. It has the full support of the elected and appointed officials of both parties. In Illinois, Gov. James Thompson, a Republican, supports alcohol fuels and has mandated that the State fleet utilize gasohol. Illinois Institute for Natural Resources is now funding several alcohol fuels projects.

I was pleased that the Republican Party platform specifically supports the development of gasohol.

Alcohol fuels can enhance our national security by providing us with another source of reserve fuel. For this reason, I have asked for a study of the feasibility of creating a national defense alcohol fuels reserve. Letters have been sent to the Secretaries of Energy and Defense and the Acting Director of the Federal Emergency Management Agency asking them to consider the idea.

We must be willing to take risks to develop alcohol fuels. Brazil, which took an enormous risk in going the alcohol fuels route, is now succeeding in reducing dependence on imported petroleum. Over 600,000 new jobs will be created through its program without driving up the price of food commodities.

Under President Reagan's leadership, I am convinced that we are headed on the right path. Let us now start marching double time to develop alcohol fuels. I ask that my opening remarks at the Governmental Affairs Subcommittee hearing and a statement by Adm. Thomas H. Moorer, former Chairman of the Joint Chiefs of Staff, be inserted in the RECORD.

The statements follow:

OPENING STATEMENT OF SENATOR CHARLES H. PERCY

Good morning. I want to welcome my colleagues, and the public, to the first hearing in the 97th Congress of the Governmental Affairs Subcommittee on Energy, Nuclear Proliferation and Government Processes.

It has been said that Americans lack a conservation ethic, that it is endemic for Americans to waste gasoline and electricity. In fact, the opposite is true: the importation of foreign oil has dropped 25.6 percent in the last twelve months, a tribute to the conservation spirit which Americans are developing quickly and surely. With the decontrol of oil prices earlier this year, our reliance on scarce energy supplies from abroad will diminish even more.

But we cannot delude ourselves: until our nation becomes totally energy self-sufficient, we must continue to prepare for sudden emergency shortfalls and develop new ways of producing and conserving energy here at home.

As impressive as our reduced use of liquid fuel imports is, we may not be able to sever our import connection for many, many years. Until that day comes, our daily productivity, our daily sustenance, will be dangerously susceptible to sudden supply disruptions from the oil exporters of the world—many of whom are hostile to American interests, many others of whom are now headed by less than fully stable regimes.

The Reagan Administration is to be heartily congratulated for the actions it has taken to strengthen our nation's defense military fighting capability. But as long as we rely on foreign oil to run our cars, our farm equipment, and our defense vehicles, our national strength and security will have a vulnerable Achilles' heel.

Lest we become too complacent about our national trend towards energy conservation—lest we begin believing that our energy problem will solve itself—it should be borne in mind that, despite our import reductions, we are paying almost the same price for foreign oil as we were one year ago: nearly $82 billion annually, or $10 million an hour. The price of imported oil has risen 26 percent in a single year.

How can we develop new domestic energy resources to displace imported petroleum? What can be done quickly to assure a steady supply of transportation fuels, including domestic petroleum, synthetic and alcohol fuels—which can be utilized on an everyday basis or in a national emergency?

I have called this hearing to focus on the development of one invaluable non-petroleum liquid fuel whose growth is still in its most infant stage in this country, and can be produced in every state throughout the nation: alcohol fuels.

There are two major kinds of alcohol fuels: one, methanol, which could be made from coal; and the other, ethanol, which is generally created from biomass.

If this country is committed to developing and utilizing its vast coal reserves, the 1980s will see the conversion of large amounts of coal—including the high sulfur coals of the Midwest, into methanol, a clean, cool burning fuel that can make a major contribution to the energy security of the United States and the West.

This June, I will conduct a Subcommittee field hearing in Carbondale, Illinois, to examine high sulfur coal's potential as an export commodity, when converted into an

alcohol, a synfuel, or burned straight. We will hear testimony later this morning specifically addressing the potential of converting high-sulfur coal into methanol in the not-too-distant future.

Ethanol from biomass may have an even more immediate future. Ethanol plants can come on stream in 18-24 months, while larger methanol plants need up to 10 years to get started. Both are needed, yet ethanol development has been more severely impacted by the budget announcements of recent days, and it now warrants a close examination of its economics, its potential, and its consequences.

On August 12, 1980, I chaired a hearing of the Permanent Subcommittee on Investigations in Springfield, Illinois to review the quality and adequacy of existing federal programs for ethyl alcohol from biomass, or ethanol. Witness after witness appeared before me, including then—Illinois and now U.S. Secretary of Agriculture John Block, and affirmed their interest in producing greater and greater amounts of alcohol fuels. The fuel worked, in large quantities it was economic to produce. There was a general feeling that, if enough of it was produced, it would be used. What was needed was temporary Federal financial support to get ethanol production on its feet until it could sustain itself. Also needed was a reduction in the regulatory red tape and lack of technical assistance under the program.

Over seven months have passed since the hearing. During the interim the American people, in a loud and clear voice, demanded a sweeping change in government policy. They have not been disappointed. President Reagan has moved boldly and decisively to curb the growth of government, revitalize our economy, and cool runaway inflation.

I am pleased that the President, and Office of Management and Budget Director Stockman have left the important four-cent-a-gallon federal highway tax exemption for gasohol untouched, as well as the 20 percent investment tax credits for alcohol fuel production which become effective in 1980.

However, the administration has moved in one critical area that needs some further public examination and discussion.

The Administration has suggested that the Office of Alcohol Fuels be downgraded within the Department of Energy and that funding for alcohol fuels subsidies be eliminated. The establishment of this office was specifically mandated by the Congress in the Energy Security Act of 1980, which I supported. This move has been interpreted by the investment community as the government officially turning its back on alcohol fuels. I don't think that is what the President intended, but that has been the unfortunate side effect.

What alcohol fuel producers have long been looking for is a ready market for their product. If the ethanol cannot be sold, why invest in its production?

What these budget cuts may lead to is the development of new approaches to instill producer confidence and market certainty. Ultimately the success or the failure of alcohol fuels will rest on the shoulders of private investors.

Last year, for example, I sent letters to the chief executive officers of the 50 U.S. corporations with the largest vehicle fleets, asking them to consider switching to non-petroleum based fuels for their vehicles. Already, Nabisco and the Fireman's Fund have responded positively.

The Bank of America will soon have 141 vehicles operating on pure methanol. The bank is finding that methanol provides 20 per cent more energy efficiency than gasoline, and that the vehicles are easier to maintain than their gasoline powered counterparts.

The United States Postal Service is now retrofitting 40 of its vehicles to pure alcohol fuels use. Later today, we will hear a progress report from an assistant postmaster general.

But more still can be done. First, I am suggesting today that the United States explore the creation of a strategic reserve for alcohol fuels, to reinforce our strategic petroleum reserves and keep energy dollars in this country.

Wisely. Congress in 1976 created the Strategic Petroleum Reserve (SPR) to develop a centralized emergency supply of oil for use in a sudden import shortfall. Our eventual goal is to store 750 million barrels of petroleum in SPR.

Today, however, the U.S. relies on foreign suppliers to provide the fuel for SPR—ironic in light of SPR's intent to insure against foreign oil cut-offs. For a variety of reasons—an unwillingness to offend one of our primary oil suppliers among them—the fill rate for SPR is years behind schedule today; only 123 million barrels of oil have been set into place.

I would suggest augmenting SPR with an additional strategic reserve, one filled exclusively from domestic energy resources.

This new strategic reserve could be in dispersed storage locations, to guard against the likelihood of a sabotage or enemy attack. DOT reportedly does not have the capability to quickly repair equipment potentially damaged should such an attack occur on our SPR facilities in Louisiana and Texas.

It may be wisest to fill this new strategic reserve with alcohol fuel, a biomass product which can be produced not just in a few select states, but in every state and territory. A national strategic alcohol fuels reserve could be used on-site by many alcohol-producing farms, to fuel our vital agricultural machinery. A certain share of the strategic reserve could be allocated to National Guard detachments, fire and police departments, and other emergency vehicles. Finally, the strategic alcohol fuel reserve could be filled to guarantee a sure and adequate supply of fuel to our nation's farmers, making our invaluable agricultural producers even more secure against enemy attack or the machinations of our oil importers.

The viability of a strategic alcohol fuel reserve will have to be examined in another forum. The proposal needs maturing, modification, and comment.

I have sent letters to Defense Secretary Weinberger, Secretary of Energy Edwards, and the Acting Director of the Federal Emergency Management Agency Bernard Gallagher, asking for their comprehensive evaluation of the strategic alcohol reserve idea.

The efficacy of creating such a reserve has recently received the full endorsement of Admiral Thomas H. Moorer, former Commander of the U.S. Pacific Fleet, Commander-in-Chief of the U.S. Atlantic Fleet and the NATO forces; and Chairman of the Joint Chiefs of Staff. In a written statement prepared specifically for this Subcommittee hearing, Admiral Moorer affirms that—

"The credibility of our military forces as a deterrent and the capability of these forces during war directly depend on the continued availability of (liquid) fuels. . . . Ensuring the continuous flow of various forms of energy, in addition to petroleum . . . to maintain the general productivity of the nation is also a priority national security issue. For without a functioning industrial base and an adequately fed populace, our national security and the perception of that security will be impaired. The disruption of that flow will thus be among the highest priorities of any nation intent on destroying the defense capabilities of the United States."

Admiral Moorer continues by stressing that the farm communities of the United States, by "establishing a national Defense Alcohol Fuel Reserve to meet their needs, . . . can make an important contribution to national resiliency."

Second, I have introduced Senate Bill 328, the "Gasohol Tax Repeal Act." This long-overdue measure would remove the outdated $55 tax which all manufacturers of stills and condensers must now pay each year. S. 328 would also eliminate the $22 tax these manufacturers pay for each still and condenser produced. Alcohol fuels production should be increased by the removal of these needless tax constraints.

In addition, it is essential to develop an export market for Distillers Dried Grain (DDG), a protein rich byproduct of the alcohol fuels distillation process. DDG serves as excellent animal feed. It is two-thirds more compact than corn, and can help save costly transportation and storage charges.

Efforts underway in other countries placing a premium on developing alcohol fuels have been impressive. The Organization of American States has funded ethanol development studies for Colombia and Costa Rica. In Africa, the International Development Corporation has financed an ethanol plant in Malawi. Zimbabwe and other African countries are already producing alcohol fuels. Of course, our distinguished witnesses from Brazil, from Volkswagen, and from Ford Motor Company will describe today the dynamic work they have already undertaken in Brazil and West Germany.

Alcohol fuels may emerge in this decade as a truly international fuel, regardless of whether it is made from grains, sugar, fodder beets, cat tails, Jerusalem artichokes, or just plain corn. We must pool our knowledge about alcohol fuel technology, and production potential, possibly through the United Nations.

Our witnesses this morning represent a diversified group of people. We have an internationally known athlete, a successful investment banker, several noted engineers and energy experts, and a Park Service supervisor. What these individuals have in common, simply stated, are success stories associated with alcohol fuels. Our witnesses believe in the potential of alcohol fuels; they believe in the need for alcohol fuels. At least one of our witnesses was willing to risk his means of livelihood to demonstrate the importance of alcohol fuels. Indeed, while individual circumstances may differ between witnesses, their stories, together, offer a striking, compelling case for the viability and the enormous potential of alcohol fuels, for the United States and the world. This morning's hearing should be taken by the business community considering investments in alcohol fuels as a signal that there is already a real place for alcohol fuels in our country. With ingenuity, perseverence, and patience, the role will be even greater in the very near future.

WRITTEN TESTIMONY, MARCH 24, 1981

Senator Percy, thank you for allowing me to submit written comments for consideration by your Committee. I am Admiral Thomas H. Moorer, U.S. Navy, former Commander-in-Chief of U.S. Pacific Fleet; Commander-in-Chief, U.S. Atlantic Fleet and Atlantic NATO Forces; Chief of Naval Operations and Chairman of the Joint Chiefs of Staff. Currently I serve as Advisor to the Georgetown Center for Strategic and International Studies.

These experiences lead me to the conclusion that we must now move expeditiously to reinforce our conventional and strategic military forces and focus widespread interest on national security. The need for such actions is becoming increasingly clear to most Americans, and is being very well articulated and pursued by the new Administration and the new Congress.

I'd like to talk specifically about two aspects of our country's preparedness: the capacity to supply high-grade liquid fuels, and reducing the vulnerability of that capacity.

With some exceptions—a few ships and a significant number of submarines driven by

nuclear power, and our larger missiles powered by exotic fuels—our military cannot operate without assured supplies of petroleum-based liquid fuels.

The credibility of our military forces as a deterrent and the capability of these forces during war directly depend on the continued availability of these fuels.

Recognizing this, the Department of Defense has taken the necessary steps to ensure the availability of adequate supplies and has developed contingency plans to deal with supply interruptions. The military maintains peacetime operating stocks and a war reserve of fuel. The level of this reserve is based on a variety of factors, including size and type of forces in a particular operating theater, conditions within that theater, sortie rate for aircraft, estimated losses, and the period of time before resupply trains or ships can arrive. Fuel resupply by air is always possible, but should be held to emergency conditions.

To the extent possible, resupply from storage areas or refineries within or close to the operating theater is the preferred option. However, resupply from the United States is an option that must be available to the military.

The top national priorities for fuel during a military emergency are: first, the Defense Department itself, then defense contractors to maintain the flow of war material, and then common carriers to transport these materials to the operating areas.

Clearly there are other high national priorities for the allocation of petroleum during a military emergency such as transporting defense workers to their jobs and continuing essential services and a variety of systems needed to maintain the general productivity of the nation.

Feeding our military personnel, American citizens, and under certain conditions, our allies, must and does have a high priority in the allocation of fuel during emergencies. Further, ensuring the continuous flow of various forms of energy, in addition to petroleum, throughout the country to maintain the general productivity of the nation is also a priority national security issue. For without a functioning industrial base and an adequately fed populace, our national security and the perception of that security will be impaired. The disruption of that flow will thus be among the highest priorities of any nation intent on destroying the defense capability of the United States.

Can we ensure the flow of needed energy in the event of a national emergency? Major refineries, ports, gas and oil pipeline terminals, major electric power plants, and critical switching centers in the electrical grid are certain to be prime targets for incoming missiles.

The vulnerability of these critical points in our energy production, processing, and distribution systems was pointed out in a recent study for the Federal Emergency Management Agency entitled "Dispersed, Decentralized, and Renewable Energy Sources: Alternatives to National Vulnerability and War."

The findings of that report are:

1. Current U.S. energy systems (fuels and electricity) are highly vulnerable, due to requirements for imported resources and due to the centralized nature of the systems themselves.

2. Dispersed, decentralized and renewable energy sources can reduce national vulnerability and the likelihood of war by substituting for vulnerable centralized resources.

3. National policies and goals need to be developed to strengthen current inadequate energy emergency contingency planning and incorporate decentralized and renewable energy supplies into those plans.

4. Local policies and goals need to be developed to implement the range of programs described in the concept of the Defense Energy District.

5. National energy self-sufficiency programs (including synfuel development and Strategic Petroleum Reserve) are highly centralized, thus highly vulnerable. A better strategic opportunity is the development of dispersed local and regional approaches.*

6. Current funding levels (both private and public) for decentralized and renewable energy are inadequate. National priorities should reflect the strategic value and importance of the decentralist/renewable energy opportunity.

The vulnerability of concentrated energy systems was put into historical perspective in the above-mentioned report:

Dr. Roser, Chief Electrical Engineer for RWE, Germany's largest utility, expressed this concern when he stated, "The war would have finished two years sooner if you (the Allies) had concentrated on the bombing of our power plants earlier . . . . Your attacks on our power plants came too late. This job should have been done in 1942. Without our public utility power plants we could not have run our factories and produced war materials. You would have won the war then and would not have had to destroy our towns. Therefore, we would now be in a much better condition to support ourselves. I know the next time you will do better."

Underscoring the surprise of German officials that the Allies did not target and destroy power plants was Reichminister Albert Speer's (Minister for Armament and War Production) comments, "I think that attacks on power stations, if concentrated, will undoubtedly have the swiftest effect; certainly more quickly than attacks against steel works, for the high quality steel industry, especially electro-steel, as well as the whole production of finished goods and public life, are dependent upon the supply of electric power . . . . The destruction of all industry can be achieved with less effort via power plants."

In contrast, Japan's energy systems were less vulnerable, as reported in the conclusions of the Allied Bombing Survey:

"Most of the power requirements of Japan, however, come from hydro generating plants, which are so numerous, small and inaccessible that their destruction would be impractical, if not impossible. If their supply could be eliminated or drastically curtailed by some other means, electric power supply could be reduced to a point where the shortage would assume economic importance. It has been shown that neither the transmission nor the distribution system is, of itself, vulnerable."

In the United States, the nature of our industry and our transportation system as well as the vastness of our land makes high grade liquid fuels our Achilles' heel during a military emergency. I believe that the farm communities of the United States, which play such a vital role during times of peace and war by providing needed food supplies, can make an important contribution to national resiliency.

Certainly, farming operations require special attention for:

They are almost totally dependent on high grade liquid fuels—gasoline and diesel.

They are at the end of the distribution pipelines for both these fuels.

Their productivity is only reached by accommodating nature's time schedule. A disrupted fuel supply at a critical time could be disastrous.

Their products must be trucked, or sent by rail or barge to the marketplace, and liquid fuel is again needed in the transportation process.

To reduce their particular vulnerability, many farmers have already begun to produce their own fuel. In the process, they are effectively building a dispersed alternate fuels capacity. A large number of decentralized alcohol plants can help ensure production and delivery of food by providing a continuous supply of high grade liquid fuels.

To reinforce national security by transforming certain farm communities from energy consumers to energy producers and by ensuring adequate back-up supplies of fuel during an emergency, we need to carefully explore a range of options such as:

Including supplies of high grade liquid fuels for farm communities in all fuel allocation contingency plans.

Encouraging farmers to maintain petroleum fuel reserves on their farms by keeping storage tanks topped off.

Reducing the dependence of the farm community on imported high grade liquid fuels by producing fuel grade alcohol within the community.

Developing Federal or State programs to encourage farmers and farm communities to establish a national Defense Alcohol Fuel Reserve to meet their needs during an emergency, as the Strategic Petroleum Reserve will serve military, industrial and urban communities. Such a program would not only provide the needed reserve, but would also stimulate the advancement of the alcohol fuels industry. This will in turn reduce our crippling dependence on imported oil, and enhance the sustainability of rural communities in the event of a prolonged or particularly damaging national emergency.

In terms of what type of alcohol—ethanol, methanol, or formulated alcohol fuels—I believe we should let advancing technology, local conditions and free market practices make that determination. I suspect we need all forms of fuel grade alcohol to meet our needs, particularly during a national emergency. The challenge is to get on with the expansion of the alcohol fuels industry so that we can ensure an adequate supply of food at all times and thereby strengthen our national security.

The technologies already being developed within this new industry will soon be advanced to the point where they will be ready for export to other countries, particularly the developing nations. This will in turn permit them to enhance their national security using locally available resources.

Thank you, Mr. Chairman, for the opportunity to present my thoughts on this important subject.●

*While I support the need for decentralized energy systems, particularly to service farms and rural communities, we will continue to need major, concentrated energy systems to power our industry and to serve metropolitan areas.

ALCOHOL FUELS

● Mr. HUDDLESTON. Mr. President, I wish to concur in the remarks of my colleagues regarding the importance of continuing an aggressive program for the development of alcohol fuels.

An aggressive alcohol fuels program can yield us high-quality, clean-burning fuels made from renewable resources as well as from coal. Detailed analyses undertaken by the National Alcohol Fuels Commission show that present generation fuel ethanol distilleries, using non-petroleum boiler fuels, can produce ethanol that, when blended with gasoline to make gasohol, can result in a positive energy balance and oil savings of up to 500,0000 barrels per day in 1990. Further, second generation plants, using cellulosic waste feedstocks and fuels such as municipal garbage and incorporating additional energy-efficient technologies can provide even more oil savings.

The reduction of our dependence on foreign oil is absolutely essential to our national security and economic recovery. It is ironic that an administration as security conscience as this one should minimize the fact that our military cannot operate as either a deterrent or a fighting force without assured supplies of fuels, and an industrial and agricultural base, also dependent on adequate fuel supplies, behind it.

Further, the economic benefits of alcohol fuels production go beyond the very obvious benefits of oil import reduction. It has the advantage of being a decentralized technology, so that significant job creation and economic benefits would be dispersed nationwide. It can use a wide range of feedstocks, including agricultural and urban wastes. And, it has special potential for helping to insulate our farmers from escalating oil prices and, consequently, offers the rest of us some protection from rising food prices.

Alcohol fuels are one of the few short term alternatives to foreign oil that we have. We know right now that a 90-percent gasoline, 10-percent alcohol blend works. In a few short years, I am confident that a significant percentage of American vehicles could be operating on pure alcohol. But, not if we stop the alcohol fuels program before it is barely off the ground.

Less than 1 year ago, the Congress passed the Energy Security Act setting a goal for the domestic production of alcohol fuels from biomass in 1990 that would equal at least 10 percent of the Nation's annual gasoline consumption.

We established a more immediate goal of at least 60,000 barrels per day of biomass derived alcohol fuel by the end of 1982.

We appropriated $1.05 billion for financial assistance programs in the Department of Energy and the Department of Agriculture to help us toward that goal.

According to the final report of the U.S. National Alcohol Fuels Commission, even if this entire amount were committed to the construction of ethanol plants, only about 1.6 billion gallons of production capacity could be built—less than 20 percent of the 1990 alcohol goal. Clearly, when we passed the Energy Security Act last year, we in Congress were already depending upon a high degree of private sector investment independent of Government loans and guarantees. We were merely providing a startup program to help a fledgling industry penetrate a tough traditional market.

Yet now, a few short months later the administration is proposing that the private sector do it all.

This approach assumes that we have the time to wait for the market to respond to rising oil prices and changing market conditions.

We do not have the time. With the possibility of another oil supply interruption just around the corner, Government has a responsibility to expedite the production and use of the few energy alternatives currently available.

The administration approach also assumes an availability of private capital for investment in these plants that simply does not exist. And, it virtually assures the domination of the alcohol fuels industry by the few large companies that do have capital.

I strongly believe that to totally eliminate this program now could set back alcohol fuels development for years. I congratulate my colleagues for focusing attention on this problem, and will be working with them to reach a solution.●

GASOHOL

● Mr. JOHNSTON. Mr. President, the Energy Security Act of 1980 specifically recognized the role that renewable resources can make in our Nation's effort to reduce our dependence on foreign oil. Many of these technologies and particularly ethanol production for the purpose of making gasohol can come on line quickly. Unlike some other alternate fuel resources, gasohol is already technically feasible and can give us immediate benefits. However, if these technologies were as financially lucrative as some in the administration would lead us to believe, I have no doubt that a massive private construction program would already be underway. That is not the case and it is clear to this Senator that the prime obstacle is difficulty in finding financing for these projects.

Meeting this capital need is precisely why the Congress wisely decided to create a loan guarantee program to stimulate ethanol production. Given our current economic crisis, it is fair, right and inevitable that some cuts in the gasohol program be made. But it is pennywise and pound foolish to eliminate the program altogether.

I welcome and applaud this clarification of the Senate's intention to find a way to salvage a portion of this important initiative within the range of reductions established by the Budget Committee. Frankly, it would be my preference to save more and find other areas to trim back, but we all must sacrifice part of our preferences if we are to get our economy back on the right track. The 16 projects selected by DOE for negotiation alone, at the minimum, should be saved. Just these projects are estimated to produce energy savings equivalent to 50,000 barrels of oil per day and that will make a significant contribution in our effort to reduce oil imports.

Despite extensive conservation efforts, fuel switching and the introduction of more energy efficient capital stock, most official energy forecasts agree that fuels demand in the United States is likely to grow 1 percent per year over the next 20 years. That means U.S. energy consumption will increase from 39 million barrels per day of oil equivalent in 1979 to 46 million barrels per day of oil equivalent by 2000. Although U.S. oil consumption is expected to decline from 18 to 15 million barrels of oil per day over this period, these forecasts also generally agree that oil imports will remain at 7 to 10 million barrels per day for the next 20 years.

Clearly, this continued level of dependence on imported oil is economically disturbing, not only because it means that we will continue to send billions of dollars overseas each year to pay for this oil but also because our continued oil dependence will only further escalate oil prices, inflation at home and make fewer dollars available for the creation of new U.S. jobs. Moreover, no one needs to be reminded of the serious national security implications of this continued reliance on uncertain foreign oil supplies. Gasohol alone will not solve our Nation's serious energy problem, but gasohol is a tool we can ill afford to abandon as we seek to find constructive ways of reducing our dependence on foreign oil.●

● Mr. QUAYLE. Mr. President, I am pleased to join with my colleagues in a colloquy to clarify the actions taken by the Budget Committee regarding the alcohol fuels program administered by the Department of Energy.

First, let me state unequivocally that I support the Presidents' efforts to reduce Federal spending. We have gone far too long before placing curbs on Federal spending. The Reagan administration came with a mandate from the people of this Nation to bring spending under control. The process we are undergoing today is a first step taken by the Congress to join in the administration's efforts to reduce the size and scope of the Federal budget.

During consideration of recommendations to the Energy and Natural Resources Committee, I offered a motion to include $270 million for the DOE alcohol fuels program. This motion was defeated by a slim one-vote margin. The committee then voted in favor of a motion by Senator KASSEBAUM which dealt with the financing of the strategic petroleum reserve. Considering the slimness of the margin by which my motion failed and the fact that some Senators could have voted against my motion in order to support the proposal on the strategic petroleum reserve, I join in this colloquy to establish support for the DOE alcohol fuels program.

It was just last year that Congress adopted the Energy Security Act. It has been less than 1 year that this measure has been enacted. Yet given the serious nature of our energy situation, the Congress wrote language into the measure that would insure the Department of Energy act expeditiously on the alcohol fuels program. Within 1 month solicitations would have to be made and a decision on the applications within 120 days.

The alcohol fuels program, as found in title II of the Energy Security Act, is slated to achieve a production level of 60,000 barrels per day of alcohol from biomass by the end of 1982. The Department of Energy was given jurisdiction over biomass projects that produce over 15 million gallons per year. The assistance offered by this title was to take the form primarily in loan guarantees.

In addition, projects must meet certain requirements in order to be eligible for consideration for loan guarantees. Applicants must meet a credit-elsewhere test and they must also bear a reasonable degree of risk. Priority was to be given to those not using petroleum or

natural gas as process fuels and to those applying new technologies.

Mr. President, the magnitude of these projects has not been tried before and they do present a financial risk to the private money markets. The tax credits that are available to alcohol fuels, which I support, may not be enough for projects of this capacity.

Furthermore, Congress directed the Department of Energy to act with speed because we cannot afford to waste time in developing domestic energy sources. In October of 1980, just 5 months ago, DOE selected an initial seven projects to begin negotiations for loan guarantees. From these initial seven projects, 263 million gallons of ethanol would be produced, which if blended with gasoline would yield more than 2.6 billion gallons of gasohol. Later an additional nine projects were chosen, however, one dropped out.

All of these 15 projects have made some degree of financial commitment, because the law states that applicants must assume a reasonable degree of risk. Engineering plans and design studies have been undertaken. The cost of building the initial seven projects alone will run over $500 million, with several millions of dollars in private funds having already been spent. While contractual obligations have not been made, by passing the Energy Security Act. Congress made a public policy decision that it wanted to see alcohol fuels developed and developed quickly. The administration's recommendation to terminate the alcohol fuels program is reneging on the policy decision made last year by Congress and carried out by the Department of Energy.

I respectfully urge the distinguished members of the Energy and Natural Resources Committee to weigh carefully the recommendations of the President and the Budget Committee with regard to the alcohol fuels program.

Finally, I thank the Senator from Minnesota for the opportunity to join in this colloquy on the DOE alcohol fuels program.●

● Mr. METZENBAUM. Mr. President, since the oil boycott of 1973 and the subsequent runup of OPEC prices, Presidents of both parties have called time and again for reducing this Nation's dependence on foreign oil. The Nixon administration had its "project independence." President Ford worked vigorously to promote the same concept. President Carter spoke of "the moral equivalent of war."

But today, Mr. President, we have an administration whose idea of energy policy is to terminate Federal support for technologies that are essential to the Nation's basic long-term interests.

We are being asked to cut back on energy conservation in spite of the fact that a barrel of oil conserved is the cheapest barrel of oil available in the world today.

We are confronted with proposals to slash funds for solar energy and for the other renewable, decentralized energy sources that might compete in the future with oil and natural gas.

We are told by David Stockman that we do not need to promote these energy sources; the market will sort them out.

I am a believer in the free market. But I do not believe that this administration's nonprogram in alternate fuels can or will promote free market solutions.

The fact is, Mr. President, that saying "leave it to the market" in the energy industry means one thing and one thing only—and that is "leave it to the oil companies."

Leave it to oil companies—companies that have already attained a dominant position in coal and are buying up uranium leases, uranium milling plants, and solar energy patents.

Leave it to the oil companies and we can be certain of one result—that we will not, in the future, have serious competition between different energy sources. Instead, we will see new fuels and new technologies introduced at a pace—and a price dictated by the bottom-line interests of a few huge corporations that we are allowing to control our energy future.

That is not healthy.

It is a blow to the free enterprise system.

It endangers our national security.

It works directly against the welfare and prosperity of every nonenergy business and every consumer in the country.

During consideration of the resolution before us, the Budget Committee failed by one vote to restore $270 million for a major initiative in alternative fuels. I refer to the DOE's loan guarantee program for gasohol. That program was enacted just last year, as title II of the Energy Security Act.

I need not remind my colleagues of the urgency this body assigned a few short months ago to the rapid development of an alcohol fuels industry.

Last year, the Congress also enacted into law legislation I introduced to insure a free market for gasohol by prohibiting oil company discrimination against gasohol through their credit card policies.

Title II specifically mandated the DOE to move as expeditiously as possible to issue loan guarantees. The clear intent of Congress was to bring this new industry on line in the shortest possible time.

Sixteen projects have been approved—and businessmen have expended over $10 million in private funds in the expectation that the Federal Government would proceed as promised.

These businesses stand to lose their investments.

But even more important, this Nation stands to lose gasohol—to lose the competition it will bring to the energy industry and the relief that it will provide us from our dangerous reliance on foreign oil producers.

Gasohol is an American product, whose raw materials depend only on the incomparable productivity of American agriculture.

It is a product whose development will provide for American agriculture a far more stable market than we have had in recent years.

The last administration promised our farmers a major gasohol program to help offset the impact of the Soviet grain embargo.

But today, the embargo remains in place and the promising beginnings of a gasohol industry are being nipped in the bud by pennywise and pound-foolish budget cuts. We should, Mr. President, restore the entire $740 million program as originally proposed rather than just the $270 million restoration proposed in the Budget Committee.

Mr. President, this Nation needs gasohol, and we need it now.

I hope that before this budget process is finished, the Congress will see fit to review our commitment to this all-American source of energy for our Nation's future.●

GOVERNMENT ALCOHOLS FUEL LOAN GUARANTEES

Mr. THURMOND. Mr. President, I wish to associate myself with the remarks of my distinguished colleague from Minnesota (Mr. BOSCHWITZ) and other Senators, relating to the alcohol fuel plant loan guarantee programs.

Alcohol fuel, produced from renewable resources, is an alternative energy source capable of providing this country with significant quantities of high-grade liquid fuel in the future. However, before this result can be accomplished, there must be plants built to demonstrate to private financial sources that this program is a sound one. Government loan guarantees for construction could accomplish this goal, without draining the Treasury or bloating the Federal budget. Once the feasibility of this developing industry has been shown, private financial markets will provide loans to finance future projects, and the Government will have helped to promote this vital industry at little or no cost.

I urge Chairman MCCLURE and the other members of the Senate Energy Committee, along with the members of the Appropriations Committee, to carefully consider the need for continuing Government loan guarantees in this area if at all possible within the President's budget.

Mr. DOMENICI. Mr. President, pursuant to the general understanding, if it meets with the approval of the distinguished minority manager of the bill, we are prepared to let Senator PRYOR proceed with an amendment at this point.

The PRESIDING OFFICER. The Chair points out that the Chair understands this to be a second-degree amendment; therefore, unanimous consent will be required for it to be in order at this time.

Is there objection?

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the amendment be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 19

(Purpose: To reduce outlays in fiscal year 1982 for procurement by $2 billion)

Mr. PRYOR. Mr. President, I have an amendment at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arkansas (Mr. PRYOR), for himself and Mr. DECONCINI, Mr. MITCHELL, Mr. LEVIN, Mr. BAUCUS, Mr. PELL, and Mr. RIEGLE, proposes an unprinted amendment numbered 19.

On page 2, line 25, strike out "$3,200,000,000"; and insert in lieu thereof "$5,200,000,000."

On page 2, line 18, strike out "$36.423,000,000"; and insert in lieu thereof "$38,423,000,000."

Mr. PRYOR. Mr. President, the amendment that I am offering today is on behalf of myself and Mr. DECONCINI, Mr. MITCHELL, Mr. BAUCUS, Mr. LEVIN, Mr. PELL, and Mr. RIEGLE, and it further reduces outlays in fiscal year 1982 for procurement by $2 billion.

Before I discuss this amendment, I would be remiss if I did not pay high tribute to the very splendid job done by the Budget Committee in bringing this resolution to the floor. The Budget Committee has taken the first steps in laying out a framework for reducing Federal spending on a massive scale. I commend my colleagues on both sides of the aisle who spent many, many hours on this resolution that we will begin voting on this afternoon.

I believe that the members of the Budget Committee recognize the call we heard from the people of this country for discipline in our Federal spending, and I believe this resolution demonstrates that fact. I also think it is noteworthy that they went further in their cuts than the administration had proposed. However, I also recognize the fact that we are 100 diverse people in this great body, representing 50 diverse constituencies and our priorities may sometimes differ.

I expect realistically that by the time we finish this budget resolution that we will have considered amendments which, if passed, could have brought us back to the President's recommendations and maybe even over the President's recommendations. This is why, or one reason why, I am offering an amendment today to reduce by $2 billion outlays for fiscal year 1982 for Federal procurement or other unneeded expenditures that the Appropriations Committee of the Senate deems proper.

Mr. President, for example, we should look at procurement and I hope if this amendment passes we will establish the legislative intent of this body that this is one area that the committee could look at very carefully. Reducing unneeded and wasteful procurement will not reduce one single service to the people of this country. It will not cause one child to go hungry at lunchtime. It will not require one veteran to go without a hospital room. My amendment would simply require the Appropriations Committee to take a long, hard look at the procurement budgets of each agency and to examine what they are spending each year, such as in the area of consultants, furniture purchases, fancy audiovisual materials, and any unnecessary luxuries that the taxpayers of this country can no longer afford.

This amendment strikes at the fat in Government. It does not strike at the heart of some of the various programs.

The first question is, Is a $2 billion cut in Federal procurement or other areas reasonable? Yes, it is. In fact, it is a very modest and conservative figure in view of the total procurement costs of the Government that were documented time after time by the General Accounting Office.

We are not talking about small potatoes. We are not talking about a few boxes of Kleenex here or there. We are talking about 1 of every 8 tax dollars that the American public invests in their country that we are spending for supplies or services for the Federal system. It is an extremely modest approach, to look at how these dollars are being expended and certainly how they could be more efficiently spent in hitting the target much better.

Federal procurement in fiscal year 1982 will be well over $100 billion. If the Appropriations Committee, in its wisdom, decided to take a 2-percent figure, and target those areas that they find most wasteful, we would be saving the taxpayers, in the 1982 budget, a total of $2 billion.

Almost complete figures compiled by the Federal Procurement Data System put the total Government-wide figure for procurement expenditures at the astonishing amount of $110 billion for fiscal year 1980.

That amount is going to continue to grow. Some of the items that I found interesting that our Federal Government purchased in fiscal year 1979 were some $7.6 million for draperies, awnings, and shades. We spent $739,000 for musical instruments. We spent $735,000 for phonograph records. We spent over $105,000 for games, toys, and wheeled goods. We spent over $4 million for perfumes and for toilet preparation articles and for powders. And we spent $1.5 million for underwear and nightwear.

I will not go down that long list, but I am saying that there are literally thousands and perhaps millions of items and articles that are being purchased today by the Federal taxpayer through the Federal Government that I feel we could make significant savings on, and a $2 billion attempt at savings I think is most reasonable and very, very conservative.

My amendment is not necessarily related to or directed to procurement spending. It is not specifically saying that procurement is all the Appropriations Committee can cut because I believe that we are wasting billions of taxpayers' dollars throughout many areas in Government. This amendment would simply mandate the Appropriations Committee to come up with an additional $2 billion savings and to report those savings to Congress for our consideration.

This amendment is simple. It amounts to $2 billion or roughly 2 percent of the Federal procurement dollar, and it is painless. Furthermore, it is a forced belt tightening of the managers of our Federal procurement system. It is a better management technique for our entire Federal system and it is a cushion that this Senate, I firmly feel, should go on record as supporting today, a cushion against the possibility of going too high in the budget expenditure process. It is an extremely small sum for most of our Departments and our agencies to absorb, and I think this amendment makes sense and I hope that it will have support on both sides of the aisle this afternoon.

Mr. President, I wish to reserve the remainder of my time, but I yield to my friend from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 10 minutes in opposition to the amendment.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I think the Senator knows that I have the greatest respect for him and if he does not know that I have great concern as to how much we are going to fund the military for the year of 1982, then I am telling him that now.

But the Senate should know that while this is an exciting concept, it just will not work. First of all, the Senator knows that if he were going to reconcile against an authorizing committee, it would have gone to Armed Services and reconciled it against some existing authorizing legislation. But that would not lie, and I am sure the Senator knows that. That would be subject immediately to a point of order because, in this reconciliation instruction, we only recommended reconciliation against direct spending in the military, and we had a very real purpose in doing that.

So what the Senator has done is taken the same number and said, "Well, I will ask the Appropriations Committee"—and this is not just some nice, pretty request; he punches in a number that they will cut $2 billion in outlays in 1982.

Well, we do not even have the 1982 appropriations before us. In addition, it does not adjust budget authority anywhere. It just says to cut outlays. While he talks about procurement, it just sort of hangs there as an instruction to cut $2 billion in outlays. He would like to think it is going to come out of the military, and it just will not happen.

In addition, the Senate should know that this Budget Committee had a very precise idea in mind. Everyone knows that the military function, 050, for the United States is going to be up in 1982. The question is how much is it going to be up, and we clearly intend a thorough debate on that issue. How much is it going to go up; and how much is right, and how much can we afford. But we have not done that here because this is a reconciliation that cuts from the Federal expenditure package. It does not add.

So we said the Senate, in the first budget resolution, will have an opportunity to thoroughly debate the issue of

what is an appropriate increase for military preparedness.

Now, the Senator will have an opportunity when that first budget resolution comes to the floor and the Budget Committee has had a mark for aggregate budget authority and outlays for military preparedness. He will have an opportunity to look at that and ask is there too much in there for procurement? 'Should I squeeze that down a little bit?" He will have an opportunity to look at what Defense has told the authorizing committee, and what Defense has told the Budget Committee. And, if he is not satisfied with their procurement, if he is not satisfied they are going to save enough in audiovisuals or the other items he has mentioned, he can come before the Senate and in a very sensible and orderly manner suggest that the function on military preparedness be cut even more than the numbers recommended.

But the Senator should know that that is not what is happening here. He is not waiting for that event, he is not waiting for that debate, but rather just punching in a $2 billion outlay cut in 1982 against the Appropriations Committee, against appropriation levels that are not even yet determined. He is saying, in advance—

We will tell you that it will be $2 billion less than whatever you had in mind it was going to be.

So while technically I do not object on any parliamentary ground, I say to my good friend it is a good idea, and its time will come. He can rest assured that, on the floor of this Senate during the next 3 or 4 months, not once but probably three or four times, the Senate will debate the procurement policies of the U.S. military. They will do it in a functional debate on the first budget resolution. He will do it then. Armed services will bring an authorizing bill to the floor obviously with items that have to be purchased in their opinion, and he can address it then.

The final act will be an appropriations bill, and it will come here and he can debate that point again. But I urge that we postpone that debate until he finds out for 1982 what the recommended increases that the President has made, as modified as it goes through these committees actually is. Whether the Senator is satisfied, and whether this Senate is satisfied, that procurement has taken its fair share of the cuts or conversely has procurement been given too much latitude to spend in light of our economic policies, our social concerns, and other things can be considered at that time.

So I hope we will vote on this rather quickly, and I hope nothing I have said here is taken by the distinguished Senator who offers it to be in any way critical of it or of him.

I will just say that it does not test anything. It is kind of a good idea, but the vote is irrelevant on the $2 billion reduction in outlays in 1982 as against the Appropriations Committee.

It certainly cannot be directed against the military, this cannot have that kind of force. It is just saying at this point that this Senate thinks we ought to look at whether or not we ought to cut procurement, by about $2 billion, and it does not mean anything other than that. It would set a bad precedent here to say to the Appropriations Committee that "The idea is that you save this much here in outlays."

As I say, it is not technically objectionable, but it really does not make any sense in the context in which we are handling budget authority or outlays and trying to ratchet down authorization bills that are the subject matter of appropriations. We are not looking for cuts in the military. We are trying to find out what is the appropriate level of increase, and that is going to provide plenty of opportunity for debate as between the Secretary of Defense's numbers and someone else's numbers, and I can say here publicly we are going to look at those numbers and scrutinize them carefully and there will be a rather healthy debate in the committee in due course, and in other committees and in the Senate.

So I hope the Senate will not accept this amendment and I hope the Senator understands that I must oppose it on the grounds I have stated. While I take note of the fact, and I am sure his constituents will, that he is concerned about waste, this just will not resolve or stop any of that waste.

(Mr. COCHRAN assumed the chair.)

Mr. PRYOR. Mr. President, I would like to respond to my good friend from New Mexico, the chairman of the Budget Committee.

Certainly, I want my friend to know that he in no way said anything that I take personally, but I would like for my colleagues in the Senate and the very distinguished chairman of the Budget Committee to recognize two or three facts. In my statement I never mentioned the Department of Defense. I never mentioned the military.

I must say that before this debate began I did hear, a little mouse told me, that the issue that was going to be raised and be talked about on this amendment concerned a cutback in military procurement, and maybe this bill ought to go to the Armed Services Committee.

Let me say to my distinguished friend that the Appropriations Committee itself is already charged with finding $3.2 billion in savings, and I am simply saying we should add $2 billion to that figure, making it $5.2 billion, and I am going to trust the wisdom of the Appropriations Committee to look long and hard into each agency and each department to see where those savings could be made.

Mr. President, I would like to also state that the General Accounting Office—you have raised the issue of defense, and I am not going to debate that issue, but the General Accounting Office—on March 3, 1981, talked about the Defense Department. It did not condemn the Defense Department unmercifully for their spending, but it pointed out several ways that DOD procurement could save millions of dollars for the taxpayers.

First, a reduction in consultants is possible, with many millions of dollars there.

Second, multiyear contracting as a viable acquisition method could substantially reduce Government expenditures.

The third item is increased competition among contractors which could better insure that the Department of Defense obtains acceptable products and services at the lowest prices. I am reading from the GAO report of March 3.

Another area is productivity-enhancing opportunities at the Department of Defense, which GAO says are entirely possible.

The next item is further consolidating supply activities; and the other item I would like to just mention briefly is better visibility and interchangeability of wholesale and retail inventories that can reduce investment and make better use of assets, thereby saving hundreds of millions of dollars.

That, Mr. President, was from the General Accounting Office. I do not know of any of those items which, if they were in fact put into practice or implemented by the Congress or by the Department of Defense or mandated by the Appropriations Committee of the Senate, would in any way endanger our national defense posture. In fact, it may have a way of helping it.

A few more little items, Mr. President, and again from the General Accounting Office, we find we might look at the area of dumping or fourth-quarter spending, which some other Members of the Senate have already raised very eloquently. We might look at those luxury items contained in the Comptroller General's report to the Congress on May 2, 1979, such as $8,000 mahogany bookcases, and saunas, and party favors, and color televisions.

We might look also at the September 29, 1980, report where we find case after case of contract workers in the Federal system being paid by two agencies at the same time.

We might also look at the January 9, 1980, report where we can see there can be much improvement and much more efficient management of the millions of dollars in maintenance and repair of real estate now owned by the Federal Government.

I think the 2 percent or $2 billion, as the Senator says, is no magic figure. But to be honest, Mr. President, I do not think there are any magic figures in this town.

I just hope, once again, that this will not be considered as an antimilitary vote. That is not what this is about. It is about the entirety of our Federal system. And I will trust the Appropriations Committee, in its wisdom, to look at those expenditures and make those suggestions.

Mr. President, it is my understanding that my good colleague from the State of Michigan would like a few moments, and I yield to him such time as he may desire.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. I thank the Chair and I thank my friend from Arkansas. Mr. President, I support Senator PRYOR'S

amendment to direct the Appropriations Committee to realize a $2 billion savings in Federal procurement. It is a manageable assignment. Various subcommittees of the Government Affairs Committee, on which I serve, have looked at the problems of managing the Federal bureaucracy from a number of angles and have concluded that there is a great deal of room for elimination of wasteful spending practices.

Senator PRYOR has been actively involved in seeking to reduce the costs to the Federal Government from needless consulting contracts. I highly commend him for his efforts. Senator COHEN, as former ranking minority member and now chairman of the Subcommittee on Oversight of Government Management, which I formerly chaired, led a thorough investigation into the problems of year-end spending.

The report issued by our subcommittee estimated a potential savings of some $2 billion were Federal agencies to adopt administrative procedures to reduce the appalling yearend spending spree governmental agencies engage in in order to use up their budgeted dollars before the close of the fiscal year.

Just this year our Subcommittee on Oversight of Government Management held hearings on debarment and suspension procedures in the Federal Government, in which it was estimated that if the Federal agencies would simply not do business with companies that commit fraud or misperform for other Federal agencies, significant savings could be realized.

It is long overdue that we recognize the substantial budgetary savings that can be made with improved management.

I find it far more responsible to cut the budget by stopping the wasteful year-end spending binge by Federal agencies than by kicking unemployed workers in the teeth. I find it far more responsible to cut the budget by stopping the gush of funds to fraudulent contractors than by destroying our commitment to the working people of America who paid into the social security system with the understanding that if they died, the social security system would give their children a hand through college. I find it far more responsible to eliminate the unnecessary contracting to the so-called beltway bandits than to decimate programs for economic recovery such as EDA and UDAG.

I support Senator PRYOR's amendment and urge my colleagues to do likewise.

I thank the Chair and my friend from Arkansas. I commend him on his leadership in this area.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield as much time as the distinguished Senator from Oregon desires.

Mr. HATFIELD. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from New Mexico has 22 minutes remaining on the second degree amendment and the Senator from Arkansas has 13 minutes and 40 seconds remaining.

Mr. HATFIELD. Mr. President, I wish to commend the Senator from Arkansas for the concept which he brings to the floor at this time. I would only argue with the Senator on the basis that it is ill-timed. The concept is excellent. I think there is a need at this point to perhaps review some of the actual activity that is already underway in the appropriations process and the budgetary process, which really addresses itself to these precise and exact issues.

I would refer to one document that I would hope that the Senator from Arkansas and others who support his amendment would take the time to read. This is Calendar No. 1008, Senate report, Department of Housing and Urban Development, independent agencies appropriations bill, 1981.

In this bill and in the report of this bill we address the very subjects of fraud, abuse, waste, and error.

I am speaking now of the Appropriations Committee—

> Most recently, the committee included a comprehensive package of general provisions and report language in the fiscal year 1980 Supplemental Appropriations Act to address these problems. That package directed agencies to improve management, accounting, and internal controls; eliminate unresolved audits; collect overdue money owed to the Government; prevent withdrawal of cash by Federal grantees in excess of their immediate needs; and properly discipline employees guilty of fraudulent behavior associated with their official duties.

The Senator from Michigan raises a very valid point and again I would refer to this document of what the Appropriations Committee is doing.

On page 120, limit on last quarter spending:

> In section 414 of the bill, the committee has recommended a limit on last quarter spending. . . . The committee firmly believes that immediate action of this kind is necessary to stem the wasteful flow of public funds during the closing days and hours of the fiscal year. Taxpayers are legitimately demanding that agencies stop this practice and Congress must take action now to see that they do so. . . . All agencies and departments are expected to comply strictly with the provisions that implement all necessary management and internal controls to make certain it is carried out.

That is an instruction in the Appropriations Committee.

Overdue debts owed the Government:

> The committee has included this general provision requiring agencies to take action to improve collections of overdue debts, charge reasonable interest on overdue debts, and reduce the amount of debts written off as uncollectible.

Page 122 on consultants:

> In section 417 of the bill the committee has recommended that a general reduction of $28,297,000 funding for consultant services.

And on we go.

Now, Mr. President, I appreciate very much the kind of concern expressed by the Senators on this amendment and the intent of it. I believe that through the regular appropriations procedures we will achieve these very objectives that they seek in this amendment.

Let me say that the budget resolution, as I am sure Senator DOMENICI has already indicated, has provisions before us in section 11 of this resolution of savings for elimination of waste and fraud and abuse, $1.3 bilion in 1982 and $2 billion in 1983.

The President has also been very diligent in this area. President Reagan has an additional $8.8 billion in savings in the 1982 proposal and this is aimed at administrative savings, just the same items that Senator PRYOR is offering.

So let me merely indicate that the Senate Appropriations Committee is diligent in this process. I have read some of the provisions in this report indicating our action and our expectation of compliance.

Mr. President, I would like to just add one other thought at this time. I think we have to recognize a very fundamental point here. There is a certain limited base upon which the Appropriations Committee can act. Let us take as an example, as I shared with my colleagues yesterday, a $659 billion budget for fiscal year 1981. And because the package of rescissions has exempted the military from any kind of rescissions and because we are not addressing the direct payment part of the budget, the direct spending, nor have we addressed the major entitlements to the program, out of a $659 billion budget we have $100 billion left in discretionary funding.

Reduce that to the bases of those programs, agriculture, commerce, health, housing, education, welfare, natural resources, energy, space, et cetera, et cetera.

I think we have to recognize the kind of baseline that we are addressing when you say to the Appropriations Committee, "And another $2 billion" or "add another $3 billion." Especially as we deal with fiscal year 1981, and what this resolution includes for the appropriations instructions for fiscal year 1982 and fiscal year 1983.

Some of these same sponsors I know are deeply committed to some of the social programs in this country. Let me say what you are doing is you are eroding the base upon which the Appropriations Committee can hopefully function and maintain the commitment to some of these very social programs that the Senator from Michigan is so deeply concerned about, the Senator from Arkansas, the Senator from Montana, and others who are joining in this amendment.

Please do not lock us into a tighter situation than we are already in.

I want to assure you that we will do every conceivable thing we can to achieve these objections so eloquently stated in this amendment, and we would welcome any additional instructions, suggestions, or recommendations during the budgetary appropriations process.

Mr. DOMENICI. Will the Senator yield?

Mr. HATFIELD. I am happy to yield.

Mr. DOMENICI. Mr. President, how much time have we remaining?

The PRESIDING OFFICER. The Sen-

ator has 14 minutes remaining on the amendment.

Mr. DOMENICI. I believe the Senator from Oregon has made a most eloquent argument against this amendment. What we are saying is, it sounds good but we ought to know what is going to happen or what might happen. We are not even sure it will happen, or what might happen if we just arbitrarily say another $2 billion in outlay cuts in 1982 directed at the appropriations process.

What we have done in this reconciliation instruction is cut budget authority as per the rescissions and then traced into 1982 the natural savings that flow from that.

Someone can come down and say, "instead of the natural flow of cuts into 1982, let us add $3 or $4 billion more." But they ought to know you will not have any place to take that unless it is from the areas the Senator just described. If they have any idea that there is a whole bunch of programs they want to fund, that are just around and there is a lot of money, that is not the case. It is already as tight as it can get. We have cooperated to do what is reasonable. The Senate ought to know that you do not find in the direct appropriations process $2 billion just around on trees. That process has been squeezed over the years and is going to be squeezed more here. Eventually, this institution will have to look at entitlements. The Senator mentioned that. That is absolutely right.

Mr. HATFIELD. I appreciate the Senator's comments. Let me add a further comment on economic life. The rescission for fiscal year 1981 which will be part of the instructions in this resolution can only be applied to the last quarter of fiscal year 1981.

Bear in mind we are going to have to take this rescission package—that has exempted the military, that has exempted the cuts that would be a budgetary reflection of any action on entitlements and direct spending—and we have to apply that total rescission package to the last quarter of 1981.

We are not going to be in the process of reducing budgets; we are going to be in the process, if this amendment and others pass, of excising programs. There is a great difference between reducing and excising.

I just want to make that point clear. I am in total sympathy with the objective stated, but I just have to face the reality of what the appropriations committees can and cannot do in the area of reality and within restrictions.

If the Senator would amend this to have all of that funding taken out of the military budget or out of the Senate stationery allowance, I would certainly join in the amendment. But there is no likelihood of that happening and the Senator from Arkansas knows it. Yet the procurement savings I think, very frankly, could all be taken, which this amendment represents, out of the military. But I face that reality on what the mood of the Senate is.

Mr. PRYOR. I think that is an issue that the Appropriations Committee should decide. I hope they will do it with the wisdom with which they customarily act.

I would also say I applaud what the Appropriations Committee has done in the past in laying out these general principles we hope to accomplish. But this is an amendment, I say to my friend from Oregon, where we are attempting to implement those principles simply by adding a dollar figure to them. I hope this dollar figure will be accepted.

Mr. HATFIELD. I appreciate the Senator's comments, but may I just state these are not general principles; these are directions.

The PRESIDING OFFICER. Who yields time?

Mr. PRYOR. I yield 5 minutes to my distinguished friend from Montana.

Mr. BAUCUS. Mr. President, I am pleased to be a cosponsor of Senator PRYOR's amendment. The issue is very simple: Are we serious about cutting fraud, waste, and mismanagement in Government? That is what it boils down to.

President Reagan was elected, in part, because the people of our country believe there is waste in Government, that the Government is spending too much, and that we have to find a way to get rid of a lot of this nonsense.

Mr. President, I know there is waste in Government. You know there is waste in Government. The people of this Nation know there is waste in Government.

And, the Senate Budget Committee knows there is waste in Government. In section 11 of the budget resolution before us today, the committee recognizes that waste, fraud, and abuse exist in Government.

But section 11 does not curb waste, fraud, and abuse. It merely states that the Senate Committee on Governmental Affairs should report changes in laws to accomplish savings in waste, abuse, and fraud. But it does not require that these savings be produced. It is merely wishful thinking, these savings do not appear in the budget totals.

Mr. President, let me say that I applaud the Senate Budget Committee's intentions. The committee recognizes the existence of waste and, in its report, the committee states that it is its hope that those agencies, such as the Inspector General's offices, whose function is to fight waste, fraud, and abuse, be exempted from the budget reductions in this resolution.

But, Mr. President, I believe that we can curb waste and fraud today. This budget resolution provides a vehicle to accomplish this vital task. This amendment that I cosponsor does it.

This amendment is a good amendment. It sounds good and it is good. And it is a serious amendment. Just as the Appropriations Committee reduces appropriations by $2 billion, they can find ways to cut spending by $2 billion.

We all know that $2 billion is very, very conservative. There is much more than $2 billion in waste in our Federal Government.

The GAO in a summary this January has identified $3.7 billion in waste and mismanagement in Government. At this point Mr. President I ask unanimous consent to place in the RECORD the GAO summary.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

FINANCIAL SAVINGS AND OTHER BENEFITS

GAO cannot compel the agencies or the Congress to accept its recommendations. Thus, action on our recommendations rests on the persuasiveness of our arguments. Agency management and the Congress must be convinced that our analyses are sound and that it is in their interests to take the actions we recommend. Agencies' awareness of the Congress' attention to our reports no doubt stimulates their interest in and attention to recommendations made to them.

The effect of GAO's activities on financial savings and improvements in the operations and effectiveness of Government programs and activities cannot be fully measured. The increase in governmental effectiveness from actions taken on some of our recommendations simply cannot be stated in dollars and cents.

When actions taken by the Congress or an agency lead to measurable savings, we record them. The following table summarizes the $3.7 billion in collections and other measurable savings which we identified as attributable to our work during fiscal year 1980. Of the $3.7 billion listed, about $2.8 billion represent one-time savings, while the benefits of the other $900 million will extend into future years as well. These amounts were $2.6 billion, $1.9 billion, and $700 million respectively for fiscal year 1979.

This chapter also describes savings not fully or readily measurable and other benefits from GAO activities.

COLLECTIONS

Collections attributable to our activities totaled $69.5 million. Of this, $4.7 million represented our recovery of debts that Government agencies had been unable to collect.

Progress in developing the capability of other agencies to refer uncollectible debts directly to the Department of Justice has greatly reduced GAO's direct collection activity. For example, following our recommendations, the Social Security Administration recovered $26 million in benefits overpayments to persons whose earnings exceeded an annual exempt amount. Other major collections included recoveries by the Veterans Administration for educational assistance overpayments or student loans, the Department of Health and Human Services for excessive carryover balances from Head Start grantees, and the Department of Defense for a use charge on foreign military sales from Defense inventories.

OTHER MEASURABLE FINANCIAL SAVINGS

Other measurable savings consist largely of actual or potential savings from actions taken or planned by the Congress and Federal agencies. In most instances, the potential benefits are estimated.

ADDITIONAL FINANCIAL SAVINGS NOT FULLY OR READILY MEASURABLE

Much of our work recommends changes either to promote the efficiency of program operations or to achieve the results for which an activity or program was initially designed. Given the nature of this work, not all the resulting improvements or savings can be measured. Examples of achievements not readily measurable are presented here.

ESTABLISHMENT OF A LOAN PROGRAM TO STIMULATE SMALL-HYDROPOWER DEVELOPMENT

In our report to the Chairman, Senate Committee on Natural Resources, and the Chairman, Senate Subcommittee on Energy Conservation and Supply, we concluded that

development of small hydropower resources through the Rural Energy Initiative Program has not been effective. We pointed out that (1) a small- hydropower loan program authorized by Title IV of the Public Utilities Regulatory Policies Act of 1978 (PURPA) was not being pursued by the Department of Energy (DOE) and (2) a loan program funded and managed by DOE as authorized by PURPA would be the best environment for pursuing the development of small-hydropower resources.

In June 1980, the Congress enacted sections 408 and 409 of the Energy Security Act which directs the Secretary of Energy to establish within 6 months such rules and regulations needed to fully implement Title IV of PURPA. (EMD-80-66, April 1, 1980)

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COLLECTIONS AND OTHER MEASURABLE SAVINGS ATTRIBUTABLE TO WORK OF THE GENERAL ACCOUNTING OFFICE, FISCAL YEAR 1980

[Dollar amounts in thousands]

Departments	Collections	Congressional action involved	Agency action involved	Total
Agriculture	$930		$800	$1,730
Air Force	1,995	70,000	901,512	973,507
Army		332,200	20,749	352,949
Commerce			57	57
Defense	17,505	709,604	184,958	912,067
District of Columbia Government		22	2,807	2,829
Education	260			260
Energy	22	15,000	315,000	330,022
General Services Administration	477	200	2,075	2,752
Health and Human Services	34,610	22,000	14,196	70,806
Housing and Urban Development			199,600	199,600
Interior	1,071	51,500	629	53,200
Justice	300		2,761	3,061
Labor			129,275	$129,275
Navy	57	216,700	21,663	238,420
Postal Service	12			12
State			2,150	2,150
Transportation		59,000		59,000
Treasury			5,700	5,700
Veterans' Administration	7,613	223,763	6,890	238,266
Government-wide			146,522	146,582
	64,852	1,699,989	1,957,404	3,722,245
General Claims Work	4,700			4,700
Total	69,552	1,699,989	1,957,404	3,726,945

AUTOMATIC DATA PROCESSING

Actions taken or planned, estimated savings.

Reduction in the WWMCCS ADP program—Defense (nonrecurring), $46,700,000.

Termination of the Army's Tactical Operations System Program—Army (nonrecurring), $51,500,000.

Reduction in number of computer systems to be acquired under Phase IV program—Air Force ($4,600,000 estimated annual savings and $737,000,000 nonrecurring), $741,600,000.

Elimination of planned acquisition of additional computer for telecommunications purposes that can be handled by existing equipment—Defense ($380,000 estimated annual savings and $260,000 nonrecurring), $640,000.

Reduction in appropriation request for computer upgrade—National Security Agency (nonrecurring), $1,000,000.

Termination of TACFIRE procurements—Army (nonrecurring), $153,100,000.

COMMUNICATIONS

Termination of SSS satellite development—Defense (nonrecurring), $51,400,000.

Consolidation, automation, and elimination of telecommunications centers—Defense ($91,000,000 estimated annual savings and $183,000,000 nonrecurring), $274,000,000.

Increased use of FTS by military installations—Defense ($10,300,000 estimated annual savings and $25,300,000 nonrecurring), $35,600,000.

Consolidation of management and selected data circuits—GSA, FBI, IRS, Secret Service, and Alcohol, Tobacco, and Firearms (estimated annual savings), $180,000.

Channel-pack certain data circuits supporting the National Criminal Information Center—FBI (estimated annual savings, $156,000.

Correction of programming error on special computer-controlled communications equipment—Defense (estimated annual savings), $36,000.

Reduction on cost of WATS line used by the Army Survivor's Benefit Program—Army (estimated annual savings), $22,000.

Reductions in appropriations and improvements in DOD's Dedicated Communication Services—Defense (estimated annual savings), $5,000,000.

Termination of additional DSCS II satellite procurement—Defense (nonrecurring), $105,200,000.

COMMUNITY DEVELOPMENT AND HOUSING

Regulations issued increasing the terms of Housing Assistance Payment contracts with housing developers to 20 years from 5 years resulting in savings of subsidy costs—Housing and Urban Development (estimated annual savings), $150,000,000.

Elimination of rent reduction incentive in an effort to contain increases in section 8 existing housing costs and streamline program administration—Housing and Urban Development (estimated annual savings), $49,600,000.

Revision of rent-adjustment schedule for District of Columbia Government public housing tenants—District of Columbia Government (estimated annual savings), $456,000.

Updating rent schedule for public housing—District of Columbia Government (estimated annual savings) $679,000.

Recovery of costs of utility consumption on tenant-owned appliances in public housing—District of Columbia Government (estimated annual savings), $72,000.

CONSTRUCTION

Avoidance of unnecessary additional construction at an electronic/electrical rework facility and other expenditures—Navy (nonrecurring), $13,563,000.

Denial of additional funding for construction projects at the Veterans Administration Medical Center in East Orange, New Jersey—Veterans Administration (nonrecurring), $7,900,000.

Denial of funding request for a solar hot water system and connecting corridor for the Nursing Home Care Unit project at the Gainesville, Florida, Veterans Administration Medical Center—Veterans Administration (nonrecurring), $252,000.

Cancellation or reduction in scope of planned construction projects and transfer of excess equipment—Bureau of Prisons (nonrecurring), $1,426,000.

CONTRACTING POLICIES AND PROCEDURES

Improvements in contracting procedures—Bureau of Prisons (estimated annual savings), $69,000.

Guidance provided to contracting officers on incorporating most economical rate into contracts with halfway houses—Bureau of Prisons (estimated annual savings), $1,000,000.

CRIMINAL JUSTICE

Increased utilization of Federal Community Treatment Centers—Bureau of Prisons (estimated annual savings), $109,000.

EDUCATION

Congress directed the Bureau of Indian Affairs to close two schools—Interior (estimated annual savings), $10,000,000.

Reduction in the District of Columbia Public Schools' budget for the operation of the Capitol Page School—District of Columbia Government (estimated annual savings), $22,000.

Increased services provided to East-West Center by University of Hawaii—State Department (estimated annual savings), $200,000.

EMPLOYMENT AND TRAINING

Arrangement for Army to be prepared to train Navy and Marine helicopter pilots to avoid equipment procurement—Defense (nonrecurring), $60,000,000.

Termination of DOL's Employment Security Automation Project—Labor (nonrecurring), $129,000,000.

Curtailment of costly recruitment activities in Puerto Rico during the 1979 apple harvest and implementation of recommendations to prevent misuse of CETA funds in future harvests—Labor (nonrecurring), $275,000.

FINANCIAL MANAGEMENT

Reduction by $6.6 million of foreign currency holdings in Europe—Defense (estimated annual savings), $528,000.

Establishment of requirement for the payment of interest on the U.S. investment in the Panama Canal—Defense (estimated annual savings), $20,000,000.

Reduction of $5.2 million in cash balances held by accounting and finance offices—Defense (estimated annual savings), $416,000.

Improvements in audit information and accounting systems increases recovery of overpayments identified in internal audit reports—Health and Human Services (estimated annual savings), $4,800,000.

Improvements in cash management procedures for remitting payments to insurers for Federal Employee Health Benefits and Group Life Insurance Programs—Office of Personnel Management (estimated annual savings), $4,650,000.

Improved procedures to prevent duplicate payments to halfway houses—Health and Human Services (estimated annual savings), $150,000.

Changes in systems for determining value of imported merchandise resulting in lower Customs Service administrative costs—Customs Service (estimated annual savings), $1,800,000.

FOREIGN MILITARY SALES

Change in pricing to recover a four-percent charge on foreign military sales items produced on Government-owned plant and equipment—Defense (estimated annual savings), $34,444,000.

Change in pricing to recover a one-percent charge on foreign military sales items sold from Defense inventories—Defense (estimated annual savings), $8,357,000.

Reduction of appropriations as a result of agency's failure to collect quality assurance costs on foreign military sales contracts—Defense (nonrecurring), $32,000,000.

Denial or reprogramming request for damage claims reimbursement to a foreign government—Defense (nonrecurring), $12,300,000.

MANAGEMENT

Reduction in the 1980 GSA appropriation request for records declassification activities of the National Archives and Records Service—GSA (nonrecurring), $200,000.

Reduction in the expenditures for film preservation by the National Archives and Records Service—GSA (nonrecurring), $1,246,000.

Reduction in space requirements and corresponding expenditures for the VA records processing center in St. Louis, Missouri—GSA (estimated annual savings), $623,000.

Reduction in appropriations for DOD's Tri-Service Medical Information System—Defense (nonrecurring), $12,500,000.

Reduction in requested Defense appropriations for recreation specialists positions for the Army in Europe—Army (nonrecurring), $4,400,000.

Closing of enlisted dining facility and replacement of military personnel with civilians at the Naval Weapons Support Center—Defense (estimated annual savings), $33,600.

Closing of consulates and consulates general posts overseas—State Department (estimated annual savings), $1,900,000.

Reduction in costs by filling certain positions with civilians instead of sworn officers—District of Columbia Government, Metro Transit Police, U.S. Park Police ($947,000 estimated annual savings and $265,000 nonrecurring), $762,000.

Reduction in staffing level for Office of Investigations, U.S. Customs Service—Customs Service (estimated annual savings), $1,900,000.

MATERIEL MANAGEMENT

Implementation of system enhancements to improve tracking of costs and schedule baseline for the strategic petroleum reserve—Energy (non-recurring), $240,000,000.

Implementation of disposal regulations and utilization of existing Customs Service storage facilities to reduce storage costs for property forfeited or voluntarily abandoned at ports of entry—Commerce and Interior (estimated annual savings), $57,000.

Location of unrecorded assets at Army retail supply activities which were needed to fill local and Army-wide requirements—Army (nonrecurring), $10,700,000.

Identification of low-cost low-use items available from commercial supply sources—Defense (nonrecurring), $6,700,000.

Implementation of a new war reserve item essentiality system which better identifies critical items to an aircraft's mission and better allocates funding for war reserve parts having higher priority—Air Force (nonrecurring), $67,700,000.

Proper consideration of serviceable materiel returns in forecasting inventory requirements—Army (estimated annual savings), $46,000,000.

Reduction of excess watercraft in storage and readjustment of Product Improvements Program costs—Army ($153,263 estimated annual savings and $6,144,000 nonrecurring), $6,297,263.

Reductions in Army's fiscal year 1980 ammunition-related appropriations and improvements in ammunition war reserve materiel inventories—Army (nonrecurring), $120,200,000.

Reduction in fiscal year 1980 Defense appropriation to encourage DOD to dispose of unneeded inventory retained for possible sale to foreign governments—Defense (nonrecurring), $11,300,000.

Reduced requirements for war reserve spare parts for the U.S. Air Force, Europe—Air Force (nonrecurring), $23,348,000.

Reduction in appropriation request to reflect savings possible by using available serviceable parts to avoid repairs—Army (nonrecurring), $3,000,000.

Reduction in inventory requirements through elimination of duplication of unfilled orders in buy computations—Defense (estimated annual savings), $25,000,000.

Consolidation of two Defense mail-order catalog systems, to reduce operating costs—Army, Navy, Air Force (estimated annual savings), $1,588,000.

MEDICAL CARE

Contract for a feasibility study on using expanded function dental auxiliaries was not awarded—Veterans Administration (nonrecurring), $611,000.

Correction of errors in computing hospital, skilled nursing facilities, and home health reimbursement limits—Health and Human Services (estimated annual savings), $546,000.

Reduction in Veterans Administration expenditures for fee dental care and increased operational efficiency at Seattle dental clinic—Veterans Administration (estimated annual savings), $890,000.

MILITARY READINESS

Reduction in flying hour requirements of about 8,000 hours annually—Navy and Marine Corps (estimated annual savings), $8,100,000.

PAYMENTS TO GOVERNMENT EMPLOYEES AND OTHERS

Enactment of legislation to allow the payment of a cash incentive to military personnel who move their own household goods—Defense (estimated annual savings), $6,000,000.

Correction of pay and personnel procedures in the Army National Guard and Reserve to eliminate erroneous payments—Army (estimated annual savings), $1,100,000.

Reduction in erroneous welfare payments—District of Columbia Government (non-recurring), $1,600,000.

Elimination of veterans' benefits for certain military dropouts—Defense and Veterans Administration (estimated annual savings), $215,000,000.

Collection of educational assistance overpayments and defaulted educational loans from veterans—Veterans Administration (estimated annual savings), $6,000,000.

Identification of sugar ineligible for the Agricultural Payment Program—Agriculture (nonrecurring), $800,000.

Reduction in civil service disability retirement costs—Office of Personnel Management (estimated annual savings), $140,000,000.

Reduction in sick leave appropriation—Defense (nonrecurring), $58,800,000.

Reduction of payments to States under Public Law 94-565 and other land payment adjustment acts—Interior (estimated annual savings), $46,000.

PROCUREMENT

Correction of procurement actions that violated various appropriations laws—Interior (nonrecurring), $583,000.

Termination of unauthorized personnel service contracts—State Department (nonrecurring), $50,000.

Termination of planned sole-source contract award on the Ft. Hood solar energy project—Energy (nonrecurring), $20,000,000.

Reduction in cost of base support operations by contracting certain functions—Army (estimated annual savings), $2,590,000.

Improvement in bid solicitations to move household goods resulting in savings in permanent change of station funds—Defense (estimated annual savings), $4,000,000.

Reductions of Government-furnished materials provided to contractors—Defense (nonrecurring), $415,300.

Cancellation of purchase request for two switching locomotives—Marine Corps (nonrecurring), $800,000.

Reduction of Defense appropriation request for economies possible in shipping cargo overseas—Defense (nonrecurring), $22,600,000.

Cost avoidance by obtaining lower rates for moving DOD shipments of household goods overseas—Defense (estimated annual savings), $8,000,000.

PRODUCTIVITY

Improved productivity at Air Force maintenance depots resulting in cost avoidance in fiscal year 1980—Air Force (nonrecurring), $70,000,000.

Improvement of productivity at Navy shipyards—Navy (nonrecurring), $82,300,000.

REAL PROPERTY MAINTENANCE

Cancellation of one of two FRAM destroyer overhauls scheduled during fiscal year 1980—Navy (non-recurring), $15,000,000.

Improvement in combat vehicle maintenance practices in Mainz, West Germany—Army, nonrecurring), $40,000.

RESEARCH

Eliminating two proposed energy research contracts—Energy (nonrecurring), $2,600,000.

Modification of plans for fluidized-bed combustion test facility—Energy (nonrecurring), $52,400,000.

REVENUES

Change in classification of machine-processed cigarette leaf tobacco resulting in increased import duties—Customs Service (estimated annual savings), $2,000,000.

SOCIAL SECURITY

Resolution of uncleared 1974-1976 Social Security earnings enforcement cases and improvement of control system for resolving such cases—Health and Human Services (estimated annual savings), $8,700,000.

Reduction in estimate of the first year cost of section 301 of the Social Security Disability Amendments of 1980—Health and Human Services (nonrecurring), $22,000,000.

TRANSPORTATION

Reduction in number of vehicles in the interagency motor pool in Honolulu, Hawaii—GSA (nonrecurring), $206,000.

Elimination of five AMTRAK routes based on route criteria and standards—National Railroad Passenger Corporation (estimated annual savings), $59,000,000.

WEAPONS SYSTEMS

Reduction in contract cost for development and production of the F-16 aircraft—Air Force (nonrecurring), $19,064,000.

Deletion of requirement for certain special electronic equipment which was not needed for the planned future mission of the B-52G aircraft—Air Force (nonrecurring), $8,000,000.

Reduction of appropriation request for the advanced strategic air-launched missile program—Air Force (nonrecurring), $41,800,000.

Reduction in appropriation for the surveillance towed array sensor system—Navy (nonrecurring), $119,400,000.

OTHER ITEMS

Reduction of number of military dependents authorized overseas—Defense (estimated annual savings), $3,204,000.

Restriction of trading of commodity options—Commodity Futures Trading Commission (nonrecurring), $990,000.

Elimination of funds for low-cost/no-cost energy conservation program expansion—Energy (nonrecurring), $15,000,000.

Improvements in land acquisition practices—Agriculture and Interior (nonrecurring), $41,500,000.

Mr. BAUCUS. Mr. President, in addition, the various reports of the various Inspectors General in the various agencies identified at least $1 billion in waste and mismanagement.

We do not often see those reports. The agencies do not publicize them. It is embarrassing. They do not want to publicize them. But they are there. At this point, Mr. President, I ask unanimous consent to place in the RECORD summaries of audit findings from various Inspector General semiannual reports.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEMIANNUAL REPORT, APRIL 1, 1980–SEPTEMBER 30, 1980, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF LABOR

AUDIT RESOLUTION ACTIVITY,[1] APR. 1 TO SEPT. 30, 1980

Agency/program	Apr. 1, 1980, balance unresolved		Issued (increases)		Resolved (decreases)		Sept. 30, 1980, balance unresolved	
	Reports	Dollars[2]	Reports	Dollars	Reports	Dollars	Reports	Dollars
Employment and Training Administration:								
CETA Sponsors:								
State and local prime sponsors	228	123,009,190	62	47,213,863	95	25,517,745	195	144,705,308
Native American grantees	360	24,546,037	3	2,594,786	77	2,975,887	286	24,164,936
Migrant and seasonal grantees	107	9,623,502	9	6,023,368	30	1,592,222	86	14,054,648
Other national program sponsors	154	9,526,249	58	8,575,259	55	2,768,785	157	15,332,723
Pre-CETA: Categorial sponsors	221	47,677,951			57	16,556,847	164	31,121,104
Job Corps	15	3,349,976	18	5,211,268	10	2,504,720	23	6,056,524
SESA sponsors	54	42,874,095	5	7,060,846	8	2,877,017	51	47,057,924
Occupational Safety and Health Administration:								
OSHA sponsors	16	472,428	3	39,415	8	359,396	11	152,447
Bureau of Labor Statistics: BLS contractors	2	72,906			1	7,431	1	65,475
Office of Assistant Secretary for Administration and Management: OASAM contractors	36	2,379,779			23	1,483,905	13	895,874
Grand total	1,193	[3]263,532,113	158	76,718,805	364	56,643,955	987	283,606,963

[1] This table does not include internal, ADP, or any other reports issued which did not question or recommend for disallowance any costs. Audit resolution occurs when the contracting official has issued a determination as to the appropriate disposition of questioned items of cost, and the auditor has no disagreement.

[2] "Dollars" signifies both questioned costs and costs recommended for disallowance, thus, these audit exceptions may be attributable to different kinds of problems, ranging from poor management to statutory violations. The program agency grant officer will determine the extent to which the unresolved costs are actually disallowed.

[3] The differences between the beginning balances in this schedule and the ending balances in the schedule in the previous semiannual report are a result of refining our management information system. The largest adjustment was the removal of $20,000 000 from the balance representing draft audit reports for Native American grantees which were shown as final reports.

STATUS OF UNRESOLVED AUDITS, AS OF SEPT. 30, 1980

Agency/program	Sept 30, 1980, total unresolved		0 to 6 mo		6 to 12 mo		12 to 24 mo		24 to 36 mo		Over 36 mo	
	Reports	Dollars	Reports	Dollars	Reports	Dollars	Reports	Dollars	Reports	Dollars	Reports	Dollars
Employment and Training Administration:												
CETA Sponsors:												
State and local prime sponsors	195	$144,705,308	50	$47,022,522	28	$16,101,976	51	$56,622,716	34	$12,092,519	22	$12,865,575
Native American grantees	286	24,164,936	1	138,759	14	3,570,916	141	14,635,094	55	2,351,067	75	3,451,100
Migrant and seasonal grantees	86	14,054,648	9	6,023,368	25	4,704,545	2	427,633	23	1,515,613	27	1,383,489
Other national program sponsors	157	15,332,723	56	8,541,411	17	526,368	12	671,255	22	934,077	50	4,659,612
Pre-CETA: Categorical sponsors	164	31,121,104					3	27,280			161	31,093,824
Job Corps	23	6,056,524	16	4,576,033	5	1,348,176	2	132,315				
SESA sponsors	51	47,057,924	5	7,060,846	4	1,126,278	8	21,285,012	3	5,861,038	31	11,724,780
Occupational Safety and Health Administration:												
OSHA sponsors	11	152,447	3	39,415	4	74,186			2	17,463	2	21,383
Bureau of Labor Statistics: BLS contractors	1	65,475									1	65,475
Office of Assistant Secretary for Administration and Management:												
OASAM contractors	13	895,874			1	932	2	31,661	3	358,722	7	504,559
Grand Total	987	283,606,963	150	73,402,354	98	27,453,377	221	93,850,966	142	23,120,469	376	65,769,797

Bryan B. Mitchell, Acting Inspector General.

OIG Accomplishments Toward Reducing Fraud, Program Misuse and Management Inefficiency.

Ms. Alair Townsend, Assistant Secretary for Management and Budget.

Attn: Mr. Harry Hadd.

I. Cost savings financial information current as of December 31, 1980, reflects progress in achieving FY 1980 savings goals of $134.0 million.

A. Audit

Some audit savings are defined as audit disallowances in which Principal Operating Components (POCs) concur. Such disallowances are entered into the Departmental accounting system as accounts receivable. Other audit savings occur as documented cost avoidance resulting from audit recommendations.

[Dollars in millions]

Actual savings—Fiscal year 1980:	
POC concurred in disallowances:	
October	$2.8
November	2.0
December	12.7
Subtotal savings	17.5
Documented cost avoidance:	
October	4.5
November	----
December	----
Subtotal savings	4.5
Total savings	22.0

B. Investigations; Investigations accomplishments reported through December 31, 1980

Indictments, 137.

Convictions, 145.

Savings Attributed to Investigations:

Source: Fines, Recoveries, and Restitutions, Fiscal year 1981 goal, $1,750,000; Credit to OIG, actual through December 31, 1980, $745,702.

C. *State Medicaid Fraud Control Units (SMFCU)*

Information below is an update for the entire fiscal year 1980 through December 31, 1980.

Indictment/Information, 616.

Convictions, 378.

Savings attributed to SMFCU

Source:	*Actual through December 1980*
Overpayments identified	$26,297,202
Fines	2,371,687
Restitutions	10,379,289
Total	39,048,178

II. Legislative initiatives for additional reduction of fraud and abuse:

A. Investigation has evidenced extensive fraud and costs related to fraudulent SSA applications. Legislation should be initiated to increase maximum penalties for Social Security Number fraud to specify that it is illegal to counterfeit, alter, buy or sell social security numbers and/or cards.

U.S. DEPARTMENT OF COMMERCE,
Washington, D.C., November 30, 1980.

Hon. WALTER F. MONDALE,
President of the Senate.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

DEAR MR. PRESIDENT AND MR. SPEAKER: Pursuant to Section 5(b) of the Inspector General Act of 1978, I hereby transmit for your review a report covering the activities of the

Office of Inspector General for the period April 1, 1980, to September 30, 1980.

The appendices to the report include the information specifically required by Section 5(a) of Public Law 95–452.

Sincerely,

MARY P. BASS,
Inspector General of Commerce.

OTHER AUDIT ACTIVITIES

DOLLAR SAVINGS RESULTING FROM OIG ACTIVITIES

During fiscal year 1980, our audit efforts resulted in $5.9 million of estimated savings and approximately $0.4 million in cost avoidance or deferrals, excluding the LPW program changes. In addition, we made recommendations for improvements for which savings although great, are not readily determinable. Our preventive investigative efforts assisted Department officials in identifying and avoiding loan actions totaling $5.3 million which carried associated undue risks.

We previously reported $4.5 million in cost savings on the LPW program. A breakdown of this figure into costs questioned and sustained in interim audits, taken together with the figures for this period, indicates $2.1 million in actual savings and $5.1 million in costs questioned and sustained by EDA officials in interim audits. A portion of the potential $5.1 million savings will be reduced by overruns upon final audits. An additional $69 million in costs questioned awaits review by EDA officials. We estimate that additional millions in savings will result when these questioned amounts are resolved. Additional savings will also result as our LPW staff completes audits of the other $3 billion in grants.

STATUS OF RESOLUTION OF COSTS QUESTIONED IN AUDITS

During this fiscal year, 3,015 audit reports and $90 million in questioned costs were resolved. Approximately $123 million costs questioned are unresolved at the end of the current reporting period, representing a $10 million increase over the prior period. About $81 million of costs questioned have been outstanding over six months. Approximately 50 percent, or $65 million of the outstanding costs questioned are in EDA's Local Public Works (LPW) programs. While the LPW program is the primary reason for the increase, the program also represented almost half of the $90 million resolved during fiscal year 1980.

During this fiscal year, the Office of Procurement and ADP Management's outstanding questioned costs were reduced by $13 million and it resolved a total of $33 million in questioned costs. While the Minority Business Development Agency has reduced its total unresolved questioned costs over 2 years old from $9 million to $2 million as reported on page 77, the total amount remaining unresolved has increased by $800,000 to $5.5 million. Statistical presentation of audit resolution activities begins on page 30.

STATUS OF RECOMMENDATIONS CONTAINED IN CONTRACT, GRANT AND LOAN AUDIT REPORTS AS OF SEPT. 30, 1980

Agency/bureau	Total open Sept. 30, 1980	Open 0 to 6 mo	Open 7 to 12 mo	Open 13 to 18 mo	Open 19 to 24 mo	Open over 24 mo	Total closed during fiscal year 1980	Fiscal year 1980 Savings	Fiscal year 1980 Cost avoidance
EDA (except LPW):									
Reports	170	63	30	24	17	36	192		
Costs questioned	$7,729,415	$2,589,057	$1,269,979	$1,451,747	$828,895	$1,589,737	$5,393,955	$1,653,473	$9,346
LPW—EDA:									
Reports	765	368	244	138	13	2	2,598		
Costs questioned	$65,377,475	$32,892,854	$21,614,432	$10,529,072	$330,977	$10,140	$40,487,496	(*)	(*)
NOAA:									
Reports	66	22	13	3	12	16	24		
Costs questioned	$15,865,026	$3,024,923	$5,546,573	$566,949	$2,099,394	$4,627,187	$6,443,745	$263,161	
MARAD:									
Reports	13	8	3		1	1	7		
Costs questioned	$1,949,875	$490,870	$1,011,489		$444,636	$2,880	$272,901	$37,268	$6,898
MBDA:									
Reports	175	74	27	17	17	40	141		
Costs questioned	$5,583,901	$1,662,296	$672,411	$467,729	$668,902	$2,112,563	$4,088,874	$1,850,816	$21,511
OP & ADPM:									
Reports	27	14	9	1	2	1	48		
Costs questioned	$25,428,497	$1,225,084	$24,129,233	$9,878	$41,411	$22,891	$33,125,152	$1,458,973	$348,895
Regional commissions:									
Reports	13		2	5	1	5	5		
Costs questioned	$998,426		$231,204	$330,000	$186,991	$250,231	$296,127	$53,366	
Bureau of the Census:									
Reports	1		1						
Costs questioned	$58,932		$58,932						
Total:									
Reports	1,230	549	329	188	63	101	3,015		
Costs questioned	$122,991,547	$41,885,084	$54,534,253	$13,355,375	$4,601,206	$8,615,629	$90,108,250	$5,317,057	$386,650

*See p. 29 for a detailed discussion of LPW savings.

STATUS OF RECOMMENDATIONS CONTAINED IN CONTRACT, GRANT AND LOAN AUDIT REPORTS AS OF MAR. 31, 1980

Agency/bureau	Total open Mar. 31, 1980	Open 0 to 6 mo	Open 7 to 12 mo	Open 13 to 18 mo	Open 19 to 24 mo	Open over 24 mo
EDA (except LPW):						
Reports	161	48	41	27	13	32
Costs questioned	$7,171,285	$2,896,853	$1,782,786	$719,652	$325,489	$1,946,505
LPW—EDA:						
Reports	595	376	194	21	4	
Costs questioned	$43,109,370	$27,242,224	$13,725,392	$2,035,143	$106,611	
NOAA:						
Reports	51	11	5	11	11	13
Costs questioned	$17,019,761	$5,688,752	$650,231	$1,460,656	$4,342,221	$4,877,901
MARAD:						
Reports	5	1	1	2		1
Costs questioned	$914,594	$29,056	$35,022	$847,636		$2,880
MBDA:						
Reports	138	43	25	23	5	42
Costs questioned	$4,769,620	$632,388	$798,859	$1,093,344	$141,812	$2,103,217
OP & ADPM:						
Reports	31	17	8	3	2	1
Costs questioned	$38,583,833	$31,744,478	$6,713,379	$52,499	$27,477	$46,000
Regional commissions:						
Reports	13		5	4	2	2
Costs questioned	$998,426		$330,000	$430,352	$145,000	$93,074
Total:						
Reports	994	496	279	91	37	91
Costs questioned	$112,566,889	$67,733,751	$24,035,669	$6,639,282	$5,088,610	$9,069,577

COMPARISON OF OPEN CONTRACTS, GRANT AND LOAN AUDITS FROM BEGINNING TO END OF REPORTING PERIOD

Agency/bureau	Total open Mar. 31, 1980	Total open Sept. 30, 1980	Increase (decrease)
EDA (except LPW):			
Reports	161	170	9
Costs questioned	$7,171,285	$7,729,415	$558,130
LPW—EDA:			
Reports	595	765	170
Costs Questioned	$43,109,370	$65,377,475	$22,268,105
NOAA:			
Reports	51	66	15
Costs questioned	$17,019,761	$15,865,026	($1,154,735)
MARAD:			
Reports	5	13	8
Costs questioned	$914,594	$1,949,875	$1,035,281
MBDA:			
Reports	138	175	37
Costs questioned	$4,769,620	$5,538,901	$814,281
OP & ADPM:			
Reports	31	27	(4)
Costs questioned	$38,583,833	$25,428,497	($13,155,336)
Regional commissions:			
Reports	13	13	
Costs questioned	$998,426	$998,426	
Bureau of the Census:			
Reports		1	1
Costs questioned		$58,932	$58,932
Total:			
Reports	994	1,230	236
Costs questioned	$112,566,883	$122,991,547	$10,424,658

As discussed on page 15, we are continuing to work with agency officials through task forces to resolve outstanding audit recommendations.

HOTLINE COMPLAINTS: AUDIT RESPONSE

Since the inception of the hotline, an increasing number of complaints have warranted review by the Office of Audits. In the past six months, the audit effort expended on hotline complaints has increased significantly and we anticipate that this trend will continue.

Some of the hotline complaints have involved contract improprieties, mismanagement involving both contractor and Departmental operations, waste of funds or material, and suspected misuse of contract/grant funds. The examples below show how auditors have pursued these complaints by evaluating existing circumstances, reporting identified weaknesses and recommending actions for more effective operations.

Questionable construction project

A private citizen's complaint, filed with the General Accounting Office and referred to us, alleges that EDA is funding the planned construction of a strawberry cold storage facility which the complainant believes will not be economical to operate, will create excess storage capacity and will offer no benefit to the local area's farmer cooperatives which the facility is intended to serve.

We have confirmed that in 1976 EDA awarded a grant under the Title I Public Works Program. The award was made despite two separate EDA studies which had concluded that construction of the facility would create excess cold storage capacity and had recommended that approval be denied because enabling legislation prohibits funding projects that will create excess capacity. EDA is reevaluating this project and will report its findings to us.

Misclassification of travel obligations

We found several National Oceanic and Atmospheric Administration (NOAA) finance offices miscoding travel obligations by recording them under other object classifications, thus avoiding travel fund limitations. The number of miscoded entries indicates a problem more serious than clerical error. NOAA officials have agreed to review all financial records to make the appropriate adjustments. We plan to review the financial obligations of other operating units to determine whether similar misclassifications exist elsewhere. Details on our findings and recommendations begin on page 74.

Improper vehicle acquisitions

The complainant informed us that a Regional Office of the National Marine Fisheries Services had acquired passenger motor vehicles without obtaining the specific authorizations required by law.

DEPARTMENT OF TRANSPORTATION,
Washington, D.C., October 31, 1980.

Hon. NEIL GOLDSCHMIDT,
Secretary of Transportation,
Washington, D.C.

DEAR MR. SECRETARY: I respectfully submit this Semi-Annual Report on the activities of the Office of Inspector General for the six-month period ended September 30, 1980. Highlights of our accomplishments are contained in the Executive Summary which begins on page iii.

The Inspector General Act of 1978 requires that you forward this report within 30 days to appropriate committees of the Congress. In transmitting the report to the Congress, the Act provides that you may include whatever additional comments you consider appropriate.

I am prepared to discuss or provide additional information on any of the items contained in this report.

Sincerely,

FRANK S. SATO.

OFFICE OF INSPECTOR GENERAL, FISCAL YEAR 1980 OPERATING STATISTICS

	1st 6 mo	2d 6 mo	Total
Audits:			
Number of reports	924	1,097	2,021
Costs audited (billions)	$3.4	$9	$12.4
Costs questioned (millions)	$63	$92	$155
Costs unresolved (millions)	$270	$329	$599
Other dollar benefits (millions)	$6	$122	$128
Investigations:			
Cases:			
Opened	75	95	170
Closed	24	46	70
Referrals for prosecution:			
Indictments	16	21	37
Convictions	8	36	44
Sentences:			
Jail (years)	0	36	36
Suspended (years)	0	26.5	26.5
Probation (years)	12.5	31.5	44
Dollar impact:			
Fines	$2,500	$3,200,200	$3,202,700
Restitution/recovery	$27,500	$97,068	$124,568
Cost savings/avoidance	$430,000	0	$430,000

U.S. DEPARTMENT OF EDUCATION,
Washington, D.C., October 31, 1980.

Hon. SHIRLEY M. HUFSTEDLER,
Secretary of Education,
Washington, D.C.

DEAR MADAM SECRETARY: In accordance with the requirements of Section 5 of the Inspector General Act of 1978 (P.L. 95-452), I am submitting the first semiannual report of the Department's Office of Inspector General. The report provides a summary of our activities during the period April 1, 1980 through September 30, 1980.

The Act requires that you submit this report, along with any comments of your own, to appropriate Congressional Committees and Subcommittees within 30 days.

We look forward to working with you and other Departmental officials and with the Congress in an effort to improve efficiency and economy in the Department's programs and activities and to prevent and detect fraud and abuse.

Sincerely yours,

JAMES B. THOMAS, Jr.,
Inspector General.

Student Financial Assistance. An audit of a college's administration of student financial assistance programs disclosed that the school had:

Made awards to ineligible students;

Not documented its determinations of student financial need; and

Not identified disbursements to specific students.

As a result, an estimated $440,000 of $9.4 million administered by the college had been improperly used. Further, the allowability of an additional $1.3 million was questioned. Resolution of these findings is dependent upon the outcome of legal proceedings between ED and the college.

Reports prepared by non-Federal auditors also identified deficient practices at other postsecondary institutions. Common problems were: High default rates, insufficient matching funds by institutions, insufficient documentation to support awards, discrepancies in reported data, missing student affidavits, and incomplete or missing promissory notes. OIG is planning to review the effectiveness of the ED student financial assistance program review process.

D. Audit resolution: During the last 6 months, 1,718 audit reports were issued, of which 1,403 required or will require action on the part of program managers before resolution can be completed. During this same 6-month period 1,247 audits were resolved. For the audits requiring action, the following table presents receipts, closures, and comparative balances by principal action office as of April 1 and September 30, 1980:

Office	Status of audits unresolved as of Apr. 1, 1980			Audits received during 6 mo period	Audits closed during 6 mo period	Status of audits unresolved as of Sept. 30, 1980		
	Total	Over 6 mo old				Total	Over 6 mo old	
		Number	Percent				Number	Percent
OPE	1,221	358	29	1,299	1,141	1,379	472	34
OM-DGP	126	76	60	86	74	138	94	68
OESE	12	10	83	6	12	6	1	17
OSERS	11	8	73	3	5	9	5	55
OVAE	9	7	78	5	2	12	7	58
OERI	3	1	33	1	1	3	2	67
NIE	27	10	37	3	12	18	11	61
Total	1,409	470	33	1,403	1,247	1,565	592	38

As of April 1, 1980, there were 470 unresolved audit reports over six months old, 12 of which had deficiencies over $250,000 and were being tracked by use of a quarterly reporting procedure. As of September 30, 1980, the total increased to 592 of which 13 had deficiencies over $250,000. Five are awaiting legal action, one is being held pending the outcome of an investigation and the remaining seven are being held for further information and analysis. The total monetary deficiency noted in these 13 audits is $19,494,642, while the combined total for all open ED audits as of September 30, 1980, exceeds $48 million.

A major result of audit resolution is the amount of funds recovered. Of the 1,247 audit reports resolved during the period, 471 contained findings involving monetary deficiencies. The following information summarizes action concerning the resolution of the 471 audit reports containing monetary deficiencies for the six-month period:

Total costs questioned by auditors	$17,050,552
Costs sustained by program managers	11,487,694
Additional disallowance identified during program reviews triggered by these audits	1,498,631
Total potential recoveries	12,986,325

Of the total $12,986,325 marked for recovery by ED, the following actions were taken:

Amount collected by the time of final resolution	$1,873,626
Accounts receivable established by ED's Division of Financial Management—(Note: A receivable account is established even though an auditee may subsequently appeal the Department's findings.)	7,685,606
Offset against the auditee's Departmental Federal Assistance Financing Systems account	2,310,404
Auditee required to take steps to reimburse the student financial assistance program account for costs determined ineligible	1,116,689
Total	12,986,325

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., October 31, 1980.

Memorandum

To: The Secretary.
From: Inspector General.
Subject: Semiannual Report on Operations of the Office of Inspector General.

Attached is my fourth semiannual report for the six-month period ended September 30, 1980.

The report contains an overview of the activities in the Office of Inspector General with emphasis on our major accomplishments. As required by the Inspector General Act of 1978, I have also listed and described those audit reports with outstanding recommendations which have not been closed. Several of these reports were shown as delinquent in my last semiannual report of March 31, 1980.

Section 5 of the Act requires that you transmit this report to the appropriate committees or subcommittees of the Congress within 30 days after its receipt, together with your own report containing any comments you deem appropriate.

JUNE GIBBS BROWN.

B. Costs questioned or unsupported, and other savings: The external audits consist primarily of preaward audits, and interim or final cost-incurred audits of contractors and grantees. As a result of the external audits for FY 1980, $65 million of costs claimed or proposed by the contractors and grantees were questioned [1] or unsupported.[2]

SUMMARY OF QUESTIONED OR UNSUPPORTED COSTS, APR. 1-SEPT. 30, 1980

[Dollar amounts in millions]

	Preaward	Interim/final	Total
Total amount audited	$121	$498	$619
Questioned or unsupported:			
Amount	$23	$27	$40
Percentage	19	4	7

SUMMARY OF QUESTIONED OR UNSUPPORTED COSTS' FISCAL YEAR 1980

[Dollar amounts in millions]

	Preaward	Interim/final	Total
Total amount audited	$180	$800	$980
Questioned or unsupported:			
Amount	$34	$31	$65
Percentage	19	4	7

The Bureau of Indian Affairs (BIA) and the Water and Power Resources Service (WPRS), have the highest percentage of costs not approved:

COSTS QUESTIONED OR UNSUPPORTED, FISCAL YEAR 1980

[Dollar amounts in millions]

	Preaward	Interim/final	Total
Amount	$0.6	$6.8	$7.4
BIA percentage	20	26	25
Amount	$8.6	$3.1	$11.7
WPRS percentage	26	22	25

The high percentage of costs questioned or unsupported on interim/final audits is of special concern because these audits serve as a basis for settlement of reimbursement claims with contractors and grantees. Based on our preliminary analysis of the Interior Procurement Data System and other analyses, we have audited only a small percentage (less than 25 percent) of contract costs. Accordingly, many such contracts are closed without audit. We are developing strategies to improve audit coverage of the contracting and procurement activities; however, because of limited resources many areas have received insufficient audit coverage.

Information received to date from contracting and other officials shows that audits have reduced reimbursement claims from contractors, grantees, and lessees by $2.9 million during the six-month period (for FY 1980, $8.5 million was disallowed). Because of the time required for reviews, negotiations, and decisions by contracting and other officials, and the delays resulting from litigation, some of these disallowances result from audits performed prior to FY 1980. Accordingly, a percentage of the savings from the costs questioned in FY 1980 will be realized in the future and reported in subsequent semiannual reports.

Our review and negotiation of indirect cost rates with the state agencies and Indian organizations is one of our key strategies to prevent abuse and waste. Our efforts during the six-month period ending September 30, 1980, have resulted in substantial cost avoidance (a savings totaling $6.4 million). We reviewed indirect cost proposals of 31 state organizations, and reduced the proposals $734,000. Our reviews of the indirect cost proposals of 85 Indian organizations resulted in reducing the proposals $5.7 million. One proposal alone was reduced $621,000 because duplicative costs and unallowable capital expenditures were included in the proposed indirect cost pool.

There are two main reasons for the large variance in the percentage of questioned proposed indirect costs of Indian versus state organizations.

The Indian organizations do not have sophisticated accounting systems as do state organizations, and many lack the experience

[1] Questioned costs are synonymous with recommended cost adjustments because the particular cost charged may not be proper under the terms and conditions of the contract or grant or applicable rules and regulations.

[2] Unsupported costs are costs for which supporting documentation is lacking at the time of the audit.

in dealing with the indirect cost concepts. As part of our negotiation process, we have conducted several group and individual training sessions to assist those who must work with the process.

Internal audits which emphasize improvements in Interior's operations, systems, procedures, and programs have also resulted in significant benefits in one-time savings and in savings of a continuing nature. These audits unquestionably produce greater efficiency, economy, and effectiveness. They also serve to deter fraud, abuse, and other improprieties; Section II G presents some examples of the multi-million dollar impacts of these audits.

AUDITS

During the period April 1 to September 30, 1980, the Office of Inspector General issued 238 audit reports. One hundred and forty-one of these reports had monetary values associated with them as follows:

Questioned Costs	$124,338,000
Savings and Management Improvements	91,228,000
Improper Loan Payments and Guarantees	30,920,000
	*246,486,000

* This includes a monetary finding of over $163 million in an audit of the interest credit agreements of the Rural Housing Construction and Repair Loan Program.

During the same period, we closed 268 reports, 152 of which contained monetary findings. At the time of issuance, the monetary value associated with these reports amounted to $2,743,000 for questioned costs; $1,927,000 for savings and management improvements and $2,415,000 for improper loan payments and guarantees.

Adjustments during the audit resolution process changed these amounts, resulting in the following monetary values at time the reports were closed: questioned costs (Disallowances) $1,924,000, savings and management improvements $3,356,000, and improper loan payments and guarantees $1,312,000.

Claims which were established on the basis of the above disallowances were disposed of as follows: collected $1,066,000, in process of collection of $295,000, and collection waived under authority of existing legislation or the provisions of the Federal Claims Collection Act of $563,000.

On September 30, 1980, we had a total of 642 open audits. One hundred ninety-four of them had been issued within the last months, 194 were from 6 to 12 months old, 175 from 1 to 2 years, and 79 were over 2 years old.

The monetary values associated with these reports at the time of their issuance amounted to over $517 million. Even though all these reports are still open, many of their findings have been resolved, reducing the monetary value of the unresolved portions of these reports to $412 million.

A representative selection of our audits is highlighted below. In many cases corrective action has already been taken or is in progress.

FARMERS HOME ADMINISTRATION PROGRAMS

Low Income Housing Repair Grant Program: This FmHA program provides home improvement grant funds to elderly homeowners who cannot be assisted through other FmHA loan programs because their incomes are so limited they could not make the required loan payments. Grant funds, which may not exceed $7,500 are used for repairs to make the dwelling safe and sanitary or remove health hazards. The funds may not be used for cosmetic purposes or to improve the convenience of the dwelling. In fiscal year 1979, 6,842 grants totaling $19.0 million were made. In fiscal year 1980 FmHA awarded 8,589 grants amounting to $24 million.

Mr. BAUCUS. Mr. President, in addition, during the last 2 years I have been chairman of an oversight subcommittee of the Judiciary Committee. I was disappointed to find the waste that we found in the 2 years that we held hearings. The Department of Education title III program had a lot of waste. A small example is EPA, which for a couple of years took unused airline tickets and threw them in a cardboard box and did not bother to get them reimbursed. There are countless examples.

Mr. President, I ask unanimous consent to insert at this point a summary of my subcommittee's work.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

A SUMMARY OF THE WORK OF THE JUDICIARY SUBCOMMITTEE ON THE LIMITATIONS OF CONTRACTED AND DELEGATED AUTHORITY IN THE 96TH CONGRESS

Mr. BAUCUS. Mr. President, Ralph Waldo Emerson once said:

"There is nothing that so astonishes man more than commonsense and plain dealing."

Those words from the 19th century seem even more true today.

Americans are practical people, commonsense is our guide. The American question is, "Does it work, or doesn't it?"

All too often, however, Federal programs and Federal agencies lose sight of that principle. Today an alphabet soup of Federal agencies, bureaus, offices, and departments is spread all over Washington, D.C. Like the tentacles of an octopus, this bureaucracy has spread, increasingly affecting all our lives.

But as we all know, bigger is not always better. As Federal programs grow larger and spend more, they do not necessarily become more effective or efficient. In fact, often just the opposite is true.

It seems to be a fact of political life that creating new programs is far easier than eliminating those that are obsolete and wasteful. It is far easier to pass politically popular spending bills than to cut wasteful spending from an agency's budget.

But like it or not, this too is part of our responsibility as U.S. Senators. Our job must include cutting waste and fat from the Federal bureaucracy.

Senator Burton K. Wheeler was one of Montana's most distinguished U.S. Senators. As chairman of the Senate Commerce Committee he understood that Congress must constantly oversee the Federal bureaucracy, and described that role as follows:

"Had it not been for the (Congressional) inquiries into the Justice Department and the Teapot Dome deal, the American people might not yet have known that the Harding Administration was responsible for the most cynical gang of looters that ever descended on the national capital. Since then, numerous other Congressional committees have acted as 'watchdogs' over our ever-growing bureaucracy. I consider them to be absolutely essential to our system of checks and balances—and in the best tradition of a truly democratic republic. Federal office holders today wield vast power and allocate millions, even billions of dollars; all of them are as human as the rest of us, and inevitably a percentage of them are inefficient or crooked. Only surveillance by experts in another branch of government can keep crookedness and laxity to a minimum."

Federal programs have changed greatly, and grown enormously, since Burton K. Wheeler served here. And, the "watchdog" role he talked about is just as critical today

The General Accounting Office, Congress investigating arm, estimates that as much as 10 percent of the Federal budget may be wasted each year just through fraud. That money comes right out of the pockets of American taxpayers. For example, the people of Montana paid $1.4 billion in Federal income taxes between October 1, 1978, and September 30, 1979. Yet, if the 10-percent estimate is accurate, $140 million of that was wasted, nearly $200 for every Montanan.

Wasted money, mismanagement, abuse, and fraud can be found in every Federal program. Congress must lead the fight to find it and eliminate it.

This Congress began work amidst a lot of fanfare about cutting Government waste. We were supposed to be the Congress that would review and analyze Federal programs—and cut the fat from the budget.

I welcomed this effort, and made it a high priority on my agenda. But how successful were we in cutting Government waste and what lessons have we learned in the past 2 years? I have conducted ongoing investigations into several programs and agencies: the General Services Administration (GSA), the Justice Department's Land Division and its Civil Division, the title I.I program of the Department of Education, the Environmental Protection Agency (EPA), the Small Business Administration (SBA) and others.

I am proud to say that we made some significant improvements in these programs. As a result of our work, we have saved taxpayers hundreds of millions. The savings are outlined in the attachments. But I would not be honest if I said we were 100-percent successful. Compared to the enormity of the task, we barely scratched the surface.

Too often our best intentions have been thwarted by a bureaucracy that has become entrenched over the past decades. Presidents come and go, so do Members of Congress—but Federal agencies and their programs seem to live eternally, growing larger all the time. And, as new programs are added to old ones, the number of people dependent on Federal programs grows. Every Federal program develops its own constituency that fights for its continued existence. But the lobbyists for cutting wasteful spending are far less vocal.

Congress also has a tendency to take a meat-ax approach to cutting Federal spending. It is easy and appealing to cut a department's budget by a certain percentage. Although I have advocated across-the-board cuts on certain occasions, such an approach does not always solve a problem. Letting an agency decide where to cut its budget will not insure that wasteful spending is eliminated.

To stop waste effectively, each specific program must be analyzed, investigated and scrutinized. Each program must be judged on one criterion: Does it work the way it is supposed to work, is it accomplishing its goals? In short, oversight must be performed by Congress.

This kind of effort is not glamorous. Instead, it involves long, tedious hours of digging for the truth. And, it requires long hours following up an investigation to make sure improvements actually take place. This is the kind of work that should occur, however, before Congress appropriates $1. This work is essential if we are to restore confidence in the Government.

I hope our commitment to cutting wasteful spending does not end at the end of this session of Congress. We have only just begun to do the job.

Attached is a summary of the projects undertaken by my subcommittee during the 96th Congress.

The summary follows:

"SUMMARY

"1. THE GENERAL SERVICES ADMINISTRATION (GSA)

"Problem.—Charges of abuse, mismanagement, fraud and waste have plagued the General Services Administration for some time.

"Investigation.—The Subcommittee requested copies of audits conducted on GSA activities by the agency's own auditors. We looked at the Federal Buildings Service, which constructs and/or leases all federal buildings in the nation; the stockpile of strategic raw materials, consisting of at least $7-billion in such materials; and contracting procedures at the agency.

"Hearings.—The subcommittee conducted hearings on the findings of our investigation. The head of the GSA audit unit testified that he and his unit's findings and reports were worse than the actual audits claimed or stated. He also said his audit's findings were ignored by officials at GSA. The subcommittee found that the strategic stockpile was ridden with serious abuse, such as negotiated contracts and a virtual revolving door between the agencies and companies it did business with.

"Status.—As a result of our hearings and investigation, GSA added 100 auditors to its Internal Audits section. According to Howard Davia, head of the audits section, each auditor saves the federal government at a minimum of $375,000 to $400,000 a year. Our investigation was a very positive first step. But much more remains to be done. Many of the abuses we uncovered at GSA continue to plague the agency. Constant review and analysis of the agency is absolutely essential.

"GENERAL SERVICES ADMINISTRATION—METREX

"Problem.—The agency has had a long series of difficulties regarding awarding of large contracts without benefits of competition. The practice is known as sole-sourcing or non-competitive contracting.

"GSA has also left a long trail of controversial procurements involving automatic data processing equipment, computers, related software and telecommunications capability. Many such contracts have trailed on for years, involving add-ons totalling many millions of dollars.

"Other such contracts have not benefitted agencies as a whole, despite inflation claims to the contrary. Also, contracts like this invariably benefit the Washington area, and pay few dividends to States whose taxpayers foot the bill.

"METREX envisioned adding certain minimal capabilities to all Federal phones in the Washington area, some 300,000 in all, that would allow more conference calls and a greater ability to transfer phone calls.

"GSA had received an unsolicited proposal from the local telephone company, C & P, that would have allowed that organization to obtain the contract without competition or even adequate advertisement of the availability of the contract. GSA had orally accepted the proposal, and was preparing to award the contract on an interim, five-year basis; an unheard-of situation.

"Interim contracts are usually for only a few months to begin with. Second, the contract was for an eventual total of at least $300 million.

"What compounded the situation was that this was in fact an interim contract. It was to inevitably be followed by a permanent second contract, which was virtually guaranteed to be awarded to C & P. Once the technology was installed for the first contract, it would be prohibitively costly to rip it out by awarding the second contract to another company.

"In effect, then, the award of the first contract guaranteed a Federal expenditure of almost $1 billion to the same company, on a non-competitive basis. The successor contract was alleged to be in the neighborhood of $700 million, although it was extraordinarily difficult to get the agency or company to put a specific dollar figure on the agreement.

"Investigation.—The Subcommittee found out about the existence of the contract, and ferreted out exactly what it involved, specifics of the contract and players in the game. It found out how far contract negotiations had progressed, who was involved at GSA and the phone company and what terms of the unsolicited proposal were.

"As a result, METREX was slated for inclusion in the Subcommittee's GSA hearings, with the Commissioner of Automated Data and Telecommunications Service, Frank Carr, as a witness. Hearings were duly held.

"Hearings and results.—After thorough preparation by Subcommittee staff, ADTS Commissioner Carr was subjected to close questioning about need for METREX, its cost, its benefits, and non-competitive aspects of the procurement. His answers were not responsive and were highlighted in the press, embarrassing the agency and calling the entire procurement into question.

"The Subcommittee sent a number of letters signed by me to OMB, House and Senate Appropriations Committees, GSA's Administrator and related people, asking that the procurement be killed. These letters indicated by intent to pursue the matter and subject the system to intense scrutiny.

"An intent to introduce amendments to delete funds from GSA's appropriations was included in the letters. All these pressures combined with renewed press attention, had the effect of causing GSA to withdraw and cancel the proposed procurement.

"Net saving.—A minimum of $300 million. An eventual saving of at least twice that much because of the impossibility of carrying through with the secondary procurement.

"Status today.—Such an inactive procurement can be revived at any time by the agency, should an agreement be struck by the agency and a potential contractor. Renewed vigilance is essential to ensure that a repetition is not sprung upon Congress. It could happen at any time. Knowledge on their part that the Subcommittee is keeping a vigilant eye on the procurement process as GSA is the constant, effective deterrent.

"II. THE DEPARTMENT OF EDUCATION—TITLE III PROGRAM

"Problem.—Title III of the Higher Education Act of 1965, the Strengthening Developing Institutions Program, was designed to help small, struggling institutions enter the 'mainstream' of higher education.

"Over $4.5 million has been spent by six Montana schools during the 15-year existence of the program. Over $1 billion has been spent by 800 schools nationwide.

"Investigation.—In August, 1979, one Montana school was unable to obtain answers from Office of Education officials concerning their FY 1979 grant that was to begin in September.

"Their unanswered questions were basic to the program: How much money were they to receive? When would they receive it? On what could the money be spent?

"After checking with other Montana institutions and discovering they were having similar problems with the Office of Education, the subcommittee began a formal review of the entire program.

"We reviewed tens of thousands of pages of documents, including two General Accounting Office reports, internal Office of Education audits and O.E. staff technical reviews.

"Hearings.—After two days of public hearings at which seven witnesses testified, including Congressman Pat Williams, the subcommittee found and documented arbitrary decision-making, poor management, questionable use of funds and conflicts of interests, all resulting in waste of government funds.

"Status.—As a result of our investigation, the subcommittee sent 12 recommendations to the Senate Subcommittee on Education to amend Title III legislation.

"Of 12 recommendations six were enacted into law and two were implemented through administrative changes in the Department of Education. These included:

"1. Long-range plans are required for each institution applying for funds;

"2. Institutions are no longer required to use consulting firms known as 'assisting agencies';

"3. An objective proposal evaluation process has been established to prevent special consideration being given to institutions based on racial characteristics of student population;

"4. Institutions are required to plan for future self-sufficiency once Federal funding has ceased;

"5. Priority is given to cooperative arrangements that are geographically and economically sound; and

"6. Percentage of funds set aside for two-year institutions was increased.

"The two recommendations implemented administratively are:

"1. Regular site reviews by Department of Education personnel are now being conducted; and

"2. Regular financial audits are being conducted for the first time.

"Perhaps the greatest improvement has come in administration of Title III. Problems noted by Montana schools in 1979 had substantially disappeared in the FY 1980 funding cycle. Top program personnel have been replaced and new administrators are more committed to the program.

"Since it will be another year before new legislative changes are implemented (due to time lag in issuing regulations) further oversight of the program should be limited to contact with state education officials to assure that problems do not reoccur. The General Accounting Office should be asked to do an audit of the program sometime in 1982 or 1983.

"III. THE DEPARTMENT OF JUSTICE—LANDS & NATURAL RESOURCES DIVISION

"The Subcommittee's first review of a government agency was the Land and Natural Resources Division of the Department of Justice. The 'Lands' division is the federal government's litigator in a very broad area including hazardous wastes, pollution control, marine resources, wildlife protection, Indian claims and resources and land acquisition.

"In recent years, Congress has vastly expanded the National Park System. However, the number of lawyers needed to do all the attendant legal work has not been increased to meet the increased work load.

"Our review concentrated on three areas: land acquisition, hazardous wastes and wildlife protection. A public hearing was held on April 11, 1979.

"Land acquisition

"The Lands division handles much of the legal work involved when the federal government acquires lands necessary for public use. This includes initiating and prosecuting condemnation proceedings in the U.S. District Courts.

"At the time of our hearing, there was a four-year backlog in federal land purchases. Because of land price inflation, this backlog was costing the federal government at least $10-million a year.

"We succeeded in getting an additional 20 personnel slots through the Congressional authorizations and appropriations process. Although it will take five or six years to get caught upon land acquisition cases, millions of dollars already have been saved. The savings will increase each year, reaching and staying at the $40-million mark by 1984.

"Each additional attorney working on the backlog of land acquisition cases saves the government many times more than it costs to employ him. Not providing the resources needed for land acquisition cases is just simply being, "penny wise and pound foolish."

"Hazardous waste

"The tragedy of Love Canal focused public attention on the fact that hazardous wastes have been indiscriminately dumped for years throughout the United States. At the time of our hearings, the Lands Division had only one attorney working on hazardous wastes disposal cases. No one even knew where the old dump sites were.

"As a result of our efforts, the Hazardous Wastes section was created, and eleven attorneys added to its staff.

"So far, 53 civil suits have been filed by the Hazardous Waste section. These suits seek to prevent further disposal of toxic wastes at certain sites, to enforce cleanup orders at other sites and/or mandate the monitoring of other sites. Also, we are at last finding out where the sites are.

"Wildlife protection

"Our investigation found a massive illegal trade in wildlife amounting to tens of millions of dollars each year. As a result of this trade, the domestic poultry industry was suffering hundreds of millions of dollars in damages each year from Newcastle's disease, an exotic disease transmitted by certain imported birds.

"Following our investigation, we increased the number of attorneys in this section from one to eight. To date some 200 cases have been filed in the U.S. Major poultry organizations are noticing a significant decrease in Newcastle's disease.

"IV. THE ENVIRONMENTAL PROTECTION AGENCY—OFFICE OF RADIATION PROGRAMS (ORP)

"Problem.—The subcommittee's inquiry focused on reckless awarding of sole-source contracts and abuse of in-house consultants by the Office of Radiation Programs (ORP). The situation at ORP was brought to our attention by a "whistleblower" who wanted to improve the situation.

"Dr. David Rosenbaum, deputy assistant administrator for Radiation Programs, was arbitrarily ordering sole-source contracts for firms and universities that were not always the only or best contractor available.

"Dr. Rosenbaum authorized hiring consultants and experts who supervised or, for all intents and purposes, replaced permanent EPA employees.

"Investigation.—In several cases, these consultants and experts were engaged in a conflict of interest by being paid as employees of contractors and working on specfic contracts as researchers while they were paid by EPA for consulting work in the same research areas covered by the contracts.

"Basic percentage figures for competitive versus non-competitive contracts at ORP are indicative of the problem. While overall competitive contracts for EPA amounted to 79 percent of total awards, the figure for ORP was only 49 percent. The ORP sole-source contracts proposed or awarded amounted to more than $2 million.

"Hearings.—Contract officials from EPA testified at the subcommittee's September 25, 1980, hearing that Dr. Rosenbaum violated EPA procedures in many instanecs by contacting potential contractors in advance of the procurement process and personally soliciting contract proposals, which he received before the contracts office did.

"Environmental scientists at ORP and the Bureau of Mines testified that many of the justifications for sole-source contracts were misleading or false. Contract officials testified they were at the mercy of the program office for the purpose of verifying information contained in justifications.

"Dr. Rosenbaum testified he had problems with resources and caliber of ORP staff. Therefore, he testified, he needed to hire consultants and experts to buttress regular staff. This practice violates the intent of a Presidenial directive which prohibits the hiring of consultants to buttress an understaffed program office.

"Examples of specific abuses uncovered by the subcommittee include the following:

"When an ORP employee prepared a scope of work for a contract to assist in preparation of public hearings on a uranium mill tailings program, he listed several contractors who could perform the work.

"But when his material was submitted to Dr. Rosenbaum's office, it was rejected, and the employee was ordered to copy verbatim an earlier sole-source contract for the Scientists Institute for Public Information.

"ORP proposed a $285,000 sole-source contract for Cal Tech to study field monitoring techniques for radon. Dr. Thomas Tombrello of Cal Tech was to be a principal investigator (research) on this contract, but was not to be paid under the contract, which would have paid other investigators on the contract far less than $10,000 each.

"Instead, Dr. Tombrello was to be hired as an expert at EPA, and would have been paid $192.72 per day, which would have amounted to $25,053.60 for the 130-day period for which experts are hired. Simultaneously, Dr. Tombrello would have been paid by Cal Tech, clearly an apparent conflict of interest, at least. The subcommittee determined other sources were available to perform the contract.

"When the contracts office at EPA learned of this, they cancelled the contract award pending further review, so at least $285,000 was saved by the subcommittee's inquiry.

"Contracts for analyzing radon experiments and techniques were awarded by ORP to the Universities of Texas and Wisconsin. Upon examination of justifications for these sole-source contracts, the subcommittee discovered they were virtually identical.

"The work to be performed could probably have been done by one contractor for half the price of the total of both contracts, which amounted to $110,000.

"Dr. Rosenbaum proposed a $164,000 contract for the American Statistical Association to establish a program of visiting fellows at ORP. The subcommittee found other sources could have performed this sole-source contract. Furthermore, the proposal for the contract was written by Donald Rubin for the Association.

"Rubin is a senior editor at the Association, but is also a full-time consultant at EPA, another apparent conflict of interest.

"Status.—As a result of our inquiry at ORP, EPA's Inspector General began a separate investigation. It is nearly complete. A hard-hitting report should be forthcoming.

"There is evidence that abuse of Federal contract and consulting regulations is not limited to ORP, and is extensive. I have requested a GAO investigation of every office at EPA and their contracting and consulting procedures. GAO staff tells the subcommittee they have discovered agency-wide procedures requiring correction, and will detail abuses in an impending report to be finished by July 1981.

"V. THE SMALL BUSINESS ADMINISTRATION—SECTION 8(a) PROGRAM

"Problem.—The Small Business Administration's 8(a) Program is an example of good government intentions gone bad. The program, authorized by Section 8(a) of the 1953 Small Business Act, is designed to assist minority small business owners by providing Federal contracts from every agency. It is a mammoth program.

"Since the program's inception in 1963, 4,353 firms have been certified as 8(a) contractors. More than 24,000 contracts have been awarded under the program at a cost to taxpayers of nearly $7 billion.

"Despite this staggering amount of Federal dollars, only 174 firms have graduated or completed program requirements in the past 12 years. The FY 81 budget for the 8(a) Program is $6.2 million.

"Investigation.—In September, 1979, the SBA Inspector General released a comprehensive review of 1,505 firms in the 8(a) Program. Of firms reviewed, 526—36 percent—were found to have serious deficiencies ranging from eligibility problems to criminal fraud.

"Twenty-one percent of such firms were headed by individuals who did not have management control of companies, or owners who were not socially and economically disadvantaged, a requirement for program entry.

"More than a year has passed since the report was released. As of the September 25, 1980, subcommittee hearing on the 8(a) Program, no problem firms at all had been terminated from the program. In addition, the subcommittee found several millionaires were receiving 8(a) assistance.

"Subcommittee staff examined all 526 problem firms, the first time they received such scrutiny outside SBA. Examples of firms investigated include:

"The owners of Information Planning Associates of Gaithersburg, Maryland, drained the company by increasing salaries while it was losing money. Its net worth decreased from a positive $32,285 in 1974, to a debit of $108,515 by the end of 1978. Yet, total company officers' salaries increased from $41,124 in 1975 to $164,571 in 1977. During this same period, the principal owner increased his salary from $25,000 to $73,900, and increased his personal assets from $153,350 to more than $1.1 million.

"The owner of the Maddox and Stabler Construction Company of Los Angeles had a net worth of $3.4 million and annual income of $286,295 while participating in the 8(a) Program. The Inspector General suggested this firm be removed from the program, but SBA management balked.

"In the case of Multi-Mac Service Corporation, a janitorial firm based in Hampton, Virginia, an uneducated black janitor was used by a white businessman as a front to obtain 8(a) assistance.

"When the innocent black owner discovered the White businessman was stealing funds from the 8(a) firm, he turned him in to SBA. The agency subsequently terminated the firm. But when the honest black merchant tried to reapply for 8(a) assistance, he was turned down.

"Although SBA requires 8(a) firms to seek non-8(a) contracts and not rely on Federal support. Systems and Applied Sciences of Riverdale, Maryland has performed only $18,233 in non-8(a) work, compared to more than $6.2 million in 8(a) contracts. Yet, SBA refuses to terminate this company.

"Status.—We have seen no indications that the SBA intends to promptly remove undeserving firms from the 8(a) Program. However, with a strong Inspector General in place at SBA, and through constant Congressional oversight, firms which enter the program in the future will be more thoroughly scrutinized. Without such oversight, the SBA 8(a) Program will continue its record of patronage, waste, corruption, and incompetence.

"VI. THE DEPARTMENT OF DEFENSE—MILITARY SALES TRUST FUNDS

"Problem.—When the Iranian revolutionary regime unilaterally abrogated at least $9 billion in pre-agreed U.S. military sales contracts, the U.S. government was stuck with a series of contracts between pre-Revolutionary Iran and a variety of individual, private military contractors.

"While frantic efforts were made by our government to make our allies and various branches of our armed services absorb obligations to procure many weapons in question, debate centered about what would happen in the case of contracts that could not be laid off to allies or our armed services.

"The subcommittee asked could contractors here at home go to court and enforce such contracts against the U.S. government

and Treasury, declaring they were ready to deliver goods and had to be paid; if not by Iran then by the U.S. taxpayer.

"Investigation.—With tips on this situation coming from many sources, it was discovered by the Subcommittee that no one in Congress had the desire to pursue the inquiry to determine eventual liability. We went to GAO, which was willing to undertake the task.

"A report was prepared over a one-year period. As soon as the subcommittee discovered that the Iranian arms purchase trust fund posed such a problem, we began looking into the next largest trust fund, which turned out to be the Saudi Arabian Trust Fund. A similar request was made for an audit of that fund by GAO for the same reasons.

"Results.—GAO discovered first that in the case of the Iranian Trust Fund, there was definite vulnerability of the U.S. Government to lawsuits by private companies who had entered into arms purchase agreements with Iran, and who were victims of unilateral cancellation by the revolutionary regime.

"They found that in the specific situations experienced at the time, it was quite conceivable that lawsuits would be brought by companies whose contracts had not only been cancelled, but which could not have them picked up by our allies or U.S. armed services.

"In those cases, GAO found, contractors could probably go to court and obtain judgments against the U.S. Treasury. Liabilities, although no definitive figures could be computed, might amount to billions of dollars.

"This had enormous potential ramifications for the U.S. in the case of Saudi Arabia, since claims by contractors involved with that country were substantial, mounting up into the billions. In light of predictions that Saudi Arabia was in danger of following Iran into some form of revolutionary upheaval, potential hazards for the public purse were obvious, especially in light of the fact that the Iranian situation showed that not enough money was on deposit to cover unilateral cancellation of contracts. The Pentagon, both in the Iranian and Saudi situations, had not and was not requiring deposit of adequate funds to cover such an eventuality. GAO urgently recommended that action be taken immediately to require adequate deposits and that the Pentagon take action to position us properly so that vulnerability was reduced.

"Net saving.—If the proper actions are indeed taken, the saving to the Treasury in terms of reduced liability is in the neighborhood of $3–7 billion.

"VII. FEDERAL ADVERTISING AND PUBLIC RELATIONS

"Problem.—Steady growth of Federal advertising and public relations programs.

"Investigation.—226 letters were mailed to Federal entities requesting data on expenditures for advertising, public relations and public information activities, for fiscal years 1978, 1979 and 1980.

"Also sought was a breakdown of which media used—television, radio or print—and whether these activities were done internally or contracted outside.

"From obtainable figures, the Federal government spent at least $132,272,800 in FY 1978 for public relations, public information and related activities; at least $167,311,275 for such activities in FY 1979; and as of May 30, 1980, spent at least $148,451,124 for FY 1980, for the same activities.

"One group of agencies had already spent more as of May 30, 1980, three-fourths of FY 1980, on these products and services than that same group of agencies spent in each of the last two fiscal years for the same products and services.

"Examples of products from all agencies were obtained and reviewed. Some include examples:

"1. 'Cities are for Living'; (DOT).

"2. 'Common Sense in Buying a Used Car'; (DOT).

"3. 'On the Run', a 28-page glossy allegedly designed to help runaway youth in transportation centers; (DOT).

"4. 'Transportation U.S.A.', with a picture of a lobster and an article entitled, 'When Lobsters Travel, They Go By Air'; (DOT).

"5. 'Interoffice Safety Memo to the Entire Staff', a colorful brochure that notes 12 steps to office safety: 'Walk, don't run', 'On stairs, don't run, walk'; (HUD).

"6. 'International Bulletin', with an article entitled, 'How to Get an Apartment in Poland,'; (HUD).

"7. National Oceanic and Atmospheric Administration produces many movies and films. Two are: 'Clam and Oyster Sam,' an educational musical comedy designed for general audiences . . . with toetapping tunes such as 'Everybody Gotta Love an Oyster, No body Doesn't like a Clam'; (Commerce).

"8. Another example produced by NOAA was a Seafare recipe brochure, with many recipes for seafood.

"Results.—An amendment to reduce advertising, public relations and public information budgets by ten percent (an across-the-board cut has been attached to the State, Commerce and Department of Justice appropriations bill, Transportation appropriations bill and to HUD's appropriations bill). The amendment was lost in conference for State Commerce and DOJ, but was kept with the other two.

"Status.—As remaining appropriations come up on the Senate floor, this amendment will be offered. Future work includes reviewing newsletters, magazines and newspapers that agencies mail to what they view as their constituencies."

Mr. BAUCUS. If we are concerned about oversight responsibilities in this Congress, if we want to help President Reagan on the fifth leg of his economic program, we can help cut out a large portion of waste and fraud today. We can set a real target to achieve those kinds of savings.

The objections I have heard to this amendment are are not grounded on a solid foundation. First, the Senator from New Mexico says it is not relevant.

Well, it is very relevant. I am confident that the Appropriations Committee can find $2 billion in savings in Government waste.

The second objection I heard is that the Appropriations Committee is already doing this.

Mr. President, this objection proves our case, if the Appropriations Committee is already doing this. Our amendment should be accepted. They have identified waste in HUD, and I commend them. They can do the same in other agencies. But most importantly, they have agreed with us that the waste is there.

Finally, the Senator from Oregon says,

"Well, be careful, because only $100 billion is left in the so-called controllables.

I submit there is $3.7 billion plus another $1 billion in waste and we should eliminate it.

It is that simple. We should assist President Reagan in his effort to cut out fraud and waste.

Let us all join together, Democrat and Republican, and pass this amendment unanimously. We all want to cut fraud and waste. This is a serious effort to do it. We in Congress can be just as mean as junkyard dogs in trying to cut fraud and waste. Here is an effort to get the job done. I am very surprised, frankly, that the other side of the aisle opposes this effort to cut $2 billion of waste in Government spending.

I commend the Senator from Arkansas for his excellent amendment. I urge my colleagues to join us in passing it.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Senator has 10 minutes and 40 seconds remaining on the second degree amendment. The Senator from Arkansas has 8 minutes and 18 seconds.

Mr. DOMENICI. Mr. President, I am prepared to take 2 minutes and vote. If the other side wants to put theirs down, I shall yield the remainder of my time. If not, I shall reserve it. I would like to get on with it, if I may.

Mr. PRYOR. Mr. President, I am glad to yield to the distinguished Senator from Arizona.

Mr. DECONCINI. Mr. President, I rise in support of the Pryor amendment. Listening to the debate here, I realize the seriousness of trying to direct the Committee on Appropriations once again to address the overexpenditures. As the Senator has mentioned, this is not beyond the capacity of this committee. Having served on it for over 4 years, I know sometimes we do a good job; sometimes we do not. If this amendment is adopted, and I hope there will be overwhelming support on both sides of the aisle, I suspect the Committee on Appropriations can meet that goal with no great problem, certainly no greater problem than the Budget Committee has already instructed and has in the past instructed the Committee on Appropriations to cut out.

The Senator from Montana has mentioned that we are after fraud and waste. If it is available, it should be taken out, like any other surgery on any part of the anatomy that is detrimental to the health of a healthy person. I think that is what we are trying to do here.

I rise, as part of the Appropriations Committee, although only one Member, of course, in support of the amendment of the Senator from Arkansas. I hope it is adopted.

The PRESIDING OFFICER. Who yields time?

Mr. PRYOR. Mr. President, I think that is all of the Senators on our side of the aisle who desire to say something. I do reserve the right to close, if I may.

Before I go further, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PRYOR. Does the Senator from New Mexico have any further statement to make? If not, I shall simply close on my amendment.

Mr. DOMENICI. I say to the Senator,

go ahead and then I shall close and we shall vote.

Mr. PRYOR. Mr. President, I shall take just a very short time in summary. I hope the Senate, as a body, will look at this particular amendment, which is going to save $2 billion of taxpayers' money. I hope it will not be a partisan vote. I hope it will be a vote that truly reflects some of the gnawing concerns and worries and fears of the American public that there is additional money that we can find in waste, fraud, and abuse throughout our Federal system.

I must say, and I hope my friend from New Mexico, the distinguished chairman of the committee, will listen to me just a moment, that I did not think I could believe my ears just a moment ago when I heard the distinguished chairman say to his friend and to our friend from Oregon (Mr. HATFIELD) that there is no more fat in the budget to cut, that the Budget Committee has brought before us a budget that is free from fat and there is no more we can find in that budget to take out. I was amazed at that statement, because I firmly believe that there is a lot of fat left that we can take out of the budget.

I think we can go throughout the entirety of the Federal spectrum, Mr. President, and find those items and those expenditures which simply do not make sense. When, many times, the General Accounting Office comes up here to the Hill and testifies about the waste, fraud, and abuse in these programs, what we do is simply take the reports and stack them up in a corner of our office and, next year, we move to another office and end up throwing them away; and somehow, we are not heeding the advice of the General Accounting Office. I am simply saying that, one, we should heed their advice by attacking fraud, waste, and abuse in these areas; and that, second, we should follow the philosophy of the Committee on Appropriations in their findings and their guidelines by adding an actual dollar figure to the amount we want to take out in addition to the amount that they are already going to be mandated to find in these areas.

I am not talking about cutting off human services; I am not talking about taking away any program; I am talking about the frills of Government and I am talking about some things we might do without or postpone purchasing until we can get through the fiscal year 1982 situation.

Mr. President, I think this is a good amendment. I hope it will be accepted by the Senate and I think it will be a clear word to the American taxpayer that we are doing something not only to back up the President, but something to back up the people of this country, who are mad, frustrated, and concerned.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Is the Senator prepared to yield back his time? I am prepared to do so.

Mr. PRYOR. I shall delay yielding back all of my time. I would like to hear the remarks of the very distinguished chairman of the Committee on the Budget.

Mr. DOMENICI. I have no further remarks, Mr. President.

Mr. PRYOR. Mr. President, I am prepared to yield back my time.

Mr. DOMENICI. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back. The vote then occurs on the amendment in the second degree of the Senator from Arkansas. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 35, nays 65, as follows:

[Rollcall Vote No. 42 Leg.]

YEAS—35

Baucus	Eagleton	Metzenbaum
Bentsen	Exon	Mitchell
Biden	Ford	Moynihan
Boren	Glenn	Nickles
Bradley	Hart	Pell
Bumpers	Helms	Proxmire
Burdick	Huddleston	Pryor
Byrd, Harry F., Jr.	Kennedy	Randolph
	Leahy	Riegle
Cranston	Levin	Sarbanes
DeConcini	Matsunaga	Tsongas
Dodd	Melcher	Williams

NAYS—65

Abdnor	Grassley	Nunn
Andrews	Hatch	Packwood
Armstrong	Hatfield	Percy
Baker	Hawkins	Pressler
Boschwitz	Hayakawa	Quayle
Byrd, Robert C.	Heflin	Roth
Cannon	Heinz	Rudman
Chafee	Hollings	Sasser
Chiles	Humphrey	Schmitt
Cochran	Inouye	Simpson
Cohen	Jackson	Specter
D'Amato	Jepsen	Stafford
Danforth	Johnston	Stennis
Denton	Kassebaum	Stevens
Dixon	Kasten	Symms
Dole	Laxalt	Thurmond
Domenici	Long	Tower
Durenberger	Lugar	Wallop
Fast	Mathias	Warner
Garn	Mattingly	Weicker
Goldwater	McClure	Zorinsky
Gorton	Murkowski	

So Mr. PRYOR's amendment (UP No. 19) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 70–770, appoints the Senator from Mississippi (Mr. COCHRAN) to the Migratory Bird Conservation Commission, in lieu of the Senator from Oklahoma (Mr. Bellmon), retired.

The Chair, on behalf of the Vice President, pursuant to Public Law 86–380, appoints the following Senators to the Advisory Commission on Intergovernmental Relations: The Senator from Delaware (Mr. ROTH), and the Senator from Minnesota (Mr. DURENBERGER).

BUDGET RESOLUTION OF RECONCILIATION AND INSTRUCTIONS

The Senate continued with the consideration of Senate Concurrent Resolution 9.

Mr. DOMENICI. Mr. President, according to our previous understanding, the senior Senator from Florida is going to proceed with the next amendment.

May I inquire of the Senator what is the general nature of the amendment?

Mr. CHILES. The general nature is veterans.

Mr. DOMENICI. It will be a veterans amendment?

Mr. CHILES. Yes.

Mr. DOMENICI. It is my understanding that Senator CHILES will yield 6 or 8 minutes to the distinguished Senator from Oregon who wishes to make an opening statement. That is satisfactory with me.

Mr. CHILES. Mr. President, I yield with the understanding that I do not lose my right to the floor.

The PRESIDING OFFICER. Until the time on the committee amendment is used or yielded back it would take unanimous consent to consider amendments in the second degree.

Mr. DOMENICI. Mr. President, I so ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 20

(Purpose: To restore funds for veterans' medical services)

Mr. CHILES. Mr. President, I send to the desk my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

Mr. DOMENICI. Mr. President, may we have order?

The PRESIDING OFFICER. We will have order in the Chamber. The point is well made and the Senate will be in order.

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Florida (Mr. CHILES) for himself and others proposes an unprinted amendment numbered 20.

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, beginning with "$52,144,000,000" in line 17, strike out through "$47,694,000,000" in line 20 and insert in lieu thereof the following: to reduce budget authority by $51,844,000,000, and outlays by $36,153,000,000, in fiscal year 1982; and to reduce budget authority by $58,723,000,000, and outlays by $47,394,000,000".

On page 11, beginning with "$414,000,000" in line 12 strike out through "$404,000,000" in line 15 and insert in lieu thereof the following: $114,000,000 in budget authority and $105,000,000 in outlays for fiscal year 1982; and $97,000,000 in budget authority and $104,000,000".

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, on time on the resolution, we have sort of worked ourselves into an unanticipated and, I think, unnecessarily awkward procedural situation. As I understand it, until the time on committee amendment No. 9 is utilized or is yielded back, no other amendment in the second degree will be eligible except by unanimous consent. Will the Chair advise me if that is a correct interpretation?

The PRESIDING OFFICER (Mr. GRASSLEY). The Senator is correct.

Mr. BAKER. Mr. President, I suggest that, in order to avoid this rather awkward situation, on our side I would be prepared to yield back our time on committee amendment No. 9, if the distinguished minority leader or the minority manager would do likewise. Then we would be out of that thicket where we have to ask unanimous consent for second degree amendments to come up.

Mr. ROBERT C. BYRD. Mr. President, that is a very worthwhile suggestion. This will allow Senators to call up amendments in the second degree without having to ask unanimous consent to do so, the time on committee amendments not having run.

The manager on this side has indicated his willingness to yield back his time.

Mr. BAKER. I thank the distinguished minority leader.

With the consent of the distinguished majority manager, I yield back any time on this side on committee amendment No. 9.

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina.

Mr. HOLLINGS. We yield back the time on committee amendment No. 9.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair recognizes the Senator from Florida.

Mr. CHILES. Mr. President, the clerk has reported the amendment, and I wanted to say that on behalf of myself, Senator DECONCINI, Senator SASSER, Senator CRANSTON, Senator BENTSEN, Senator RIEGLE, Senator ROBERT C. BYRD, Senator SARBANES, Senator KENNEDY, Senator BAUCUS, Senator LEVIN, Senator HUDDLESTON, Senator FORD, Senator DIXON, Senator JACKSON, Senator MOYNIHAN, Senator LEAHY, Senator BURDICK, Senator EXON, Senator RANDOLPH, Senator ZORINSKY, Senator BUMPERS, Senator MELCHER, Senator MATSUNAGA, Senator BRADLEY, Senator BIDEN, Senator METZENBAUM, Senator EAGLETON, Senator GLENN, Senator CANNON, Senator WILLIAMS, and Senator PELL that I am offering this amendment to restore funds for veterans' medical services.

This amendment restores the $330 million of cuts proposed by the President for staffing, equipment, and other operating expenses of VA hospitals and clinics—$25 million was restored in committee; we are moving to restore the remaining $300 million here on the floor.

Mr. President, I am an enthusiastic supporter of the campaign to fight inflation by cutting excessive Federal spending and moving us toward a balanced budget. Reducing Federal spending has been my top priority here in the Senate. I voted for the whole package that came out of the Budget Committee. That package contained cuts that had $2.3 billion more cuts than President Reagan recommended. I expect to vote for the package that finally emerges after we finish our work on the floor. But I do not believe the American people want us to cut back on those who cannot fend for themselves—disabled veterans, low-income elderly or hungry children. A poll by Louis Harris, published February 19—the day after the President's first package of cuts was announced—shows dramatically the public support for veterans programs. While the overwhelming majority of the public wants cutbacks in programs, a full two-thirds opposes cutting veterans benefits.

In many other programs, two-thirds or more favored major cuts. The public clearly recognizes that the Nation should provide compensation to those people who gave of their lives and bodies in its defense. I, therefore, think we have to be more selective in where we make the cuts than the Budget Committee was, especially in this area.

Providing direct medical care is one of the most basic of our veteran's services. While the VA manages to operate at much lower cost than private medical facilities, it is still subject to the same inflationary pressures for energy, supplies, and other services. They must pay competitive salaries if they are going to attract competent doctors. And the need for services is increasing as more and more veterans reach retirement age. In addition, we have never yet met the commitment to provide services for the large number of Vietnam-era veterans. As the budget committee pointed out in its own markup materials, most VA hospitals are over 25 years old and in need of substantial repair. Too many veterans face lengthy travel or long waits for service because we do not have enough clinics to serve them. To cut back on outpatient clinic care will simply end up putting more people in hospitals which is a more expensive form of care.

Mr. President, the single proposed cutback that most disturbs me in this area is the reduction in staffing. The administration proposes to cut 9,200 staff from the VA, about 5,000 of them in medical care. While I am sympathetic to reducing the Federal bureaucracy, removing doctors, nurses, and medical support personnel is not going to streamline Government. It will only lead to longer waits and service that is less responsive to the need of patients. Restoring the medical staff only requires over a hundred million dollars.

The second major item, costing about $60 million, is the reduction in outpatient visits for both World War I and more recent veterans. No justification is given for the general reduction in outpatient services. In the case of World War I veterans, the administration does not show a reduced number of visits, but does not provide enough money to pay for them. That simply does not add up. Over the last few years, we have been trying to minimize medical costs by limiting the construction of new hospitals and providing for more outpatient care. If we allow the proposed cuts to go through, we are going to find we do not have that outpatient care. The veterans are going to then have to go into the hospitals, and that adds additional costs. So the results for the Government are going to be higher costs for the care that we are proposing.

Another proposed cut in cost-effective services is the $28 million reduction in community nursing home care and the hospital-based home care program. Like outpatient clinics, these are services which can keep people out of the acute-care hospitals.

One of our great problems with veterans now is that many of their illnesses are based on age. They are chronic illnesses. Those people could be cared for in a home care hospital situation or in a nursing home. To take them out of that situation and to place them back into an acute care hospital is simply going to add to the cost.

The administration also reduces its budget estimate substantially by assuming a much lower rate of inflation. While I would certainly be happy to see a vastly lower inflation rate next year, I am not willing to see veterans deprived of services because we use an estimation on inflation rates that is considerably below what could be achieved. The Congressional Budget Office estimates that inflation will be 1.2 percent higher than the administration levels in 1982, and 2.8 percent in 1983. With inflation still roaring along at double-digit levels, I just do not see how we can get down to 8.3 percent in 1982 and 6.2 percent in 1983, as estimated by the administration.

I want to commend my colleagues on the Veterans' Affairs Committee for working to send the Budget Committees a recommendation that met the President's savings goals. I note, however, that one way they reached that goal was to shift many of the cuts out of medical care into other areas. What concerns me even more, is that reaching that goal requires "unspecified legislative savings" of over $300 million. I am just not confident that $300 million more can be saved without doing serious damage to the veterans medical care system.

I therefore hope my colleagues will join me and adopt this amendment.

Mr. President, the Disabled American Veterans, the American Legion, and the Veterans of Foreign Wars all support this amendment. I ask unanimous consent to have printed in the RECORD a letter from the national commander in chief of the VFW.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., March 26, 1981.

Hon. LAWTON CHILES,
Ranking Minority Member, Special Committee on Aging, Washington, D.C.

DEAR SENATOR CHILES: On behalf of the 2.5 million men and women of the Veterans of Foreign Wars of the United States and our Ladies Auxiliary I assure you you have our full support in the amendment to S. Con. Res. 9 to be submitted by you and the Honorable Jim Sasser to reduce cuts in the Veterans Administration budget by $300 million.

Reductions in the Veterans Administration budget proposed by the Administration, if sustained, will have devastating effects upon the VA hospital and medical care system, benefits to which veterans and their survivors are entitled and even the processing and adjudication of claims.

The VA has already sustained disproportionate cuts in personnel and real dollars under the prior Administration and, in my opinion, should not be subjected to further reductions.

With best wishes and kindest personal regards, I am

Sincerely,

ARTHUR FELLWOCK,
National Commander-in-Chief.

Mr. DECONCINI. Mr. President, will the Senator yield?

Mr. CHILES. I yield to the distinguished Senator from Arizona.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arizona.

Mr. DECONCINI. Mr. President, I am pleased to cosponsor the amendment being offered by Senator CHILES and our distinguished colleagues, which will restore $300 million to the Veterans' Administration account. The $414 million reconciliation reduction instruction, as reported by the Senate Budget Committee, is a totally unacceptable figure. Although the Senate Veterans' Affairs Committee could achieve these savings in any manner it chooses, the assumption is that the savings will be taken from the medical care account. This could only result in a reduction of essential services and quality health care within the Veterans' Administration.

I am quite certain that most of my colleagues have heard candidate Reagan's statement of August 18 regarding veterans, but I think it bears repeating during this debate:

To me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health care personnel within the VA.

These statements are clearly at odds with the Office of Management and Budget's proposals and the actions taken by the Senate Budget Committee. These proposals are in direct contradiction to the President's preelection statements and represent an abrogation of his promises to the Nation's veterans. The proposed reductions are unwarranted, unfair and may be the first step toward the dismantling of an independent health care system within the Veterans' Administration. Lest you think that this may be an overreaction on my part, let me quote from an OMB document which has fallen into the hands of various veterans' organizations:

In addition, the existence of excess medical capacity in many areas of the United States makes questionable the need for a separate VA medical care system.

If this is the ultimate objective of OMB, then we must be on our guard here today to prevent such an eventuality. It is imperative that we restore this $300,000 for medical care in order to insure the integrity of the VA health care system.

I know there are those who will argue that if this $414 million reconciliation reduction instruction is adopted, the health care budget will still be 10.5 percent higher than it was last year. However, with health care costs rising at an annual rate of more than 14 percent, this represents no increase in real dollars. If this negative approach to funding continues, it will surely lead to the ultimate dissolution of an independent VA health care system.

To underscore my concern, I would like to share with you some rather alarming statistics. The VA has lost over 20,000 operating beds over the last decade. Bed losses over the past 4 years equal the closing of 30 500-bed medical centers. And the President is proposing the closing of 1,800 additional beds in 1982. He is proposing a reduction of 5,181 in health care personnel. He is proposing the cancellation and deferral of badly needed construction projects. He is proposing a reduction of 1.7 million outpatient visits. Finally, he is proposing a ceiling on physicians' and nurses' bonuses—legislation which was just enacted in the 96th Congress in an effort to recruit and retain highly qualified health care professionals. There is just no way that we can continue to provide quality health care to the Nation's veterans if we accept reductions of this magnitude.

The VA medical system is cost efficient. It delivers services at rates approximately 15 percent lower than those provided in the private sector. In addition, it is one of the prime educators of health care personnel. Fully one-third of all physicians educated in this country receive a portion of their training in VA hospitals. VA hospitals are also renowned for their research and rehabilitation efforts and have made outstanding contributions to improved medical care in these areas. Finally, the VA hospitals provide critical backup support for our military installations in times of conflict.

While I shall continue to support efforts to balance the budget, I believe that veterans are a very special category of citizens. They served their country with every expectation that promised benefits and services would be honored. This is a national obligation. There are no State or private organizations to take up the slack if the Federal Government reneges on its commitments. And how will we be able to attract future generations of Americans into the service of their country if we do not abide by our promises? What good will it do to vastly increase defense expenditure if we will have no one to man the bombers?

For all of these reasons, I strongly support the amendment being offered here today by Senator CHILES and urge my colleagues to adopt it.

Mr. CHILES. Mr. President, I yield to the distinguished Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I commend the capable Senator from Florida for offering the amendment, which has been joined by many Members of this body.

I think the Congress does reflect, at least in part, the priority which the Senator has expressed in the beginning of his statement, that we are against those ill-advised efforts to have what I believe to be unrealistic spending in the United States of America at this crucial time in our history.

But I say it is important for us to remember that the veterans of our country are not reluctant but they are willing to join in such an effort. They do know that it is ill-advised, and the Members of this body know that it is ill-advised, to make the cuts which are proposed.

We must never forget our commitment, all of us, to those men and women who have served in the Armed Forces of the United States. They are not asking for something. They are not asking in return, as it were, for us to support them. But they know that their effort to defend this Nation from aggression is something that they have done and we who are here must not forget that fact.

Mr. President, the 30 million veterans of our country, including 235,000 West Virginia veterans, have earned the benefits and the services that our Veterans' Administration provides.

This is not in any sense a partisan matter. It should never be considered as such. We have not had that in the Committee on Veterans' Affairs.

We must maintain an acceptable level of quality care to the veterans in our Veterans' Administration health care system. Unreasonable cuts in the veterans' health care must be prevented.

By agreeing to the amendment which is pending, pending through the efforts of many Members, including the knowledgeable Senator who first spoke (Mr. CHILES), we will be able to continue that level of spending which is deserved by the veterans of the United States of America.

This amendment is meritorious and I hope it will receive—hopefully—and I use the words hope and hopefully—the votes of all Members of this body.

Mr. SARBANES. Will the Senator yield?

Mr. CHILES. I yield to the distinguished Senator from Maryland.

Mr. SARBANES. Mr. President, I join with my distinguished colleague in supporting and sponsoring this amendment that would restore cuts in direct health care services for America's veterans. I cannot imagine any obligation undertaken by the Nation on which we should deliver than the one we have undertaken to provide medical care to our veterans. What is at issue here is whether those men and women who have served the Nation and who are now experiencing medical problems are going to be able to obtain proper medical treatment. Have we forgotten the sacrifice these brave men and women have made for our Nation.

As the Senator from Florida outlined earlier, what is at stake here is assuring that our veterans receive proper treatment for the illnesses from which they suffer. In many instances, the services which this amendment will restore will be more effective, more efficient, and save costs in providing care for our veterans. If we fail to restore the cuts for these medical services, the veterans' health will only worsen, requiring higher care cost at a later time.

The VA medical system has worked well. It has achieved good medical care below the cost in the private sector. It is a system with which our veterans have generally been satisfied and where they feel that their needs are looked after.

We must meet our obligation to them to provide health care, a solemn under-

taking which the Nation made. To deny the VA health care system the resources that are necessary to provide proper medical care to our veterans is to turn our backs on those who sacrificed for the Nation and to abandon a national commitment. Therefore, I very strongly support this amendment and urge its adoption.

Mr. CHILES. Mr. President, I yield to the Senator from Texas.

Mr. BENTSEN. Mr. President, I am pleased to join my distinguished colleague from Florida, Senator CHILES, in cosponsoring an amendment which would enable the Veterans' Administration to provide adequate medical and health care for our Nation's veterans. Over the years, we have called for and received great sacrifices from our men and women in uniform. Now at a time when an increasing number of our veterans are in need of medical care, we are denying adequate resources to staff the Veterans' Administration hospitals, clinics, and nursing homes.

Mr. President, I know that like all Americans, veterans are hurt by inflation and will join in the national effort to bring a halt to inflation and correct our other economic ills. However, we should not now shift our national obligations and responsibilities to our veterans by reducing their medical care. We cannot afford to renege on our commitment to our Nation's veterans now and expect a new generation of Americans to answer the call for defense of this country in the future.

The administration's proposal would cut some 5,181 staffing positions from the medical care accounts in the Veterans' Administration. To maintain these cuts in the reconcilation resolution that we are considering today can only lead to reduced care for our veterans.

Mr. President, there are currently about 30 million veterans in the United States. Nearly 3 million of them are currently over age 65. This is roughly 10 percent of our veterans. By 1985, 17 percent of the veterans will be age 65 or older and in 1990, 25 percent will be over age 65. In 1980, there were 18 million medical and dental VA outpatient visits, and over 1.3 million veterans and their families were treated in VA hospitals. These numbers can only increase as the overall age of our veterans increases. With these statistics, Mr. President, I have a very hard time understanding how the administration can return the staffing levels of the medical care units to the 1979 level.

Mr. President, I would urge all my colleagues who are concerned about our national defense to join with me and vote for the Chiles amendment. Failure to do so will lead to a reduced confidence by our young people in our ability to maintain our commitments and responsibilities to future veterans, not to mention the hardships that it will inflict on those that have already paid an enormous price for our freedom.

I commend Senator CHILES for offering this amendment and trying to keep some justice in our system.

Mr. CHILES. I thank the Senator.

I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I, too, welcome the opportunity to join with the Senator from Florida in urging that the Senate accept this amendment to restore $300 million to the Budget Committee's mark for hospital and medical care for veterans. The case has been outlined well by my colleagues.

I think the amendment reflects a very basic principle. We owe a debt to those men and women who made a sacrifice for this country in a time of conflict. We depended upon them then, at a time of war. Now they should be able to depend upon us at a time of peace, during their more senior years, when their wounds from wartime and their other medical needs demand medical attention.

The Senator from Florida has outlined several very important aspects of this particular amendment. Not only will there be the restoration of some important health care personnel but there will also be a preservation of the hospital-based home care program.

This, in effect, is an extremely cost-effective program. We have seen the value of hospital-based home care, time in, time out, in the fine veterans hospitals in my own State of Massachusetts. It gives greater flexibility to the veteran who prefers to remain at home. It is less costly because it does not take up more expensive high-cost facility space in an expensive hospital setting.

The other point which this amendment addresses is the community nursing home care program, which helps our increasingly elderly veteran population. This program is also extremely cost effective and provides a wise allocation of health care resources.

So, Mr. President, I join my colleagues in urging support for this program. We in my own State of Massachusetts have some of the best veterans facilities and hospitals in this country. I have visited most of them; I am familiar with the kind of excellent programs that this amendment would be able to provide. There is a need for excellent health care for our veterans, and I hope the amendment will be adopted.

I thank the Senator from Florida.

Mr. CHILES. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Florida reserves the remainder of his time.

The Chair recognizes the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield at the outset to the distinguished chairman of the Committee on Veterans' Affairs, Senator SIMPSON of Wyoming. I ask the Senator, not by way of limitation, how much time he thinks he would like.

Mr. SIMPSON. Mr. President, I believe that perhaps 15 minutes would be totally adequate.

Mr. DOMENICI. I yield 15 minutes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Wyoming.

Mr. SIMPSON. Mr. President, this is a rather tough place to be a chairman of the standing committee of the Senate on veterans' affairs, a lifetime member of the VFW, because I am speaking against this amendment. I probably shall note the sound of muffled drums somewhere off on the parade grounds as they prepare a ceremony to strip the chevrons from me after I finish these remarks. Nevertheless, I feel very compelled to speak.

It has been a stirring relation of facts as to America's commitment to its veterans. It really needs no relation at all, because, if there is one thing that we have done successfully in this Chamber and in this Congress, it has been to take care of the veterans of the United States of America. That is a historical commitment that we have never shirked at any time in our history.

Mr. President, it is the statutory duty of the Congress and the Veterans' Administration to take care of the service-connected disabled. That is the mission.

Mr. DOMENICI. Mr. President, may we have order, please?

The PRESIDING OFFICER. Will the Senator from Wyoming suspend? The point of the Senator from New Mexico is well taken. The Senate is not in order. Will those Senators desiring or finding it necessary to speak and converse depart to the cloakroom?

The Chair recognizes the Senator from Wyoming.

Mr. SIMPSON. Mr. President, as I say, that is the mission of the Veterans' Administration and the mission of this Congress, to take care of the service-connected disabled. This amendment of my good colleague (Mr. CHILES), the Senator from Florida, I can certainly sympathize with. I can appreciate the legitimate concerns that motivate many in this instance, motivate all of those who have spoken in behalf of this amendment.

During the consideration by the Committee on Veterans' Affairs of the recommendations by the Budget Committee, the committee accepted a restoration of $110 million in medical accounts to insure that the VA health care system suffers no loss whatsoever in health care personnel. Restoration of the additional $220 million in savings was not undertaken, since such savings involve only the postponement and cancellation of capital equipment investments, approximately $100 million, and other miscellaneous savings of primarily an administrative nature. Consequently, the Chiles amendment is fundamentally unnecessary as far as real medical care is concerned.

I share the concern of every one of us that the VA health care system be preserved. I am firmly on record on that. I also believe it should be separated from the general health care system in America, preserved as an entity in itself.

I have always been strongly in favor of guaranteeing that all service-connected disabled veterans get the benefits to which they are entitled. We have never failed to do that, ever. But for this time in our history, I believe that we need to look at all aspects of the VA

programs. We can proceed with the national economic recovery, while retaining the essential services for our service-connected and truly needy veterans, by turning our attention, perhaps, to eligibility requirements for various programs. That is what this committee will be looking at in the near future, rather than simply cutting dollars for worthwhile direct health care services.

As I have stated, the Veteran's Committee had agreed to meet the reductions that were requested by the President. We did that. As set forth in our recommendations to the Budget Committee, we have noted some important exceptions to the medical care account. The committee has recommended a total of $6.8 billion to fund medical care in fiscal year 1982, a pretty good chunk. Two-thirds of that budget of $24 billion is built in and driven by the engines of the entitlement program, and we cannot touch that. We are going to find that out on this vote, why we do not touch that.

This is the fourth largest agency budget in the United States of America, and boy, do I know. I am one of us, I sit right here, and it is tough to cast that vote. But we are in a moment of truth on this one. The $6.8 billion in medical care account for fiscal year 1982 is a staggering figure. It includes the funds necessary to maintain staffing of the VA's health care positions as well as to fund the continued operation of the VA's readjustment counseling centers, the storefront centers we have heard so much about.

Mr. President, I am confident that the committee's recommendations are very responsive to the President's goal of budget restraint, as well as the appropriate reaffirmation of our continuing debt to this Nation's most deserving veterans. We have reached that moment of truth in our Nation's history that was so well expressed by the President in his remarks in January. He stated that we can no longer afford things simply because we think of them.

I trust that the full Senate might support the goals and the ideals of the recommendations of the committee. Let me share with you an interesting set of figures, Mr. President. Not once in our discussion or our debate did we lose sight of the debt that this country owes to its 30 million veterans, 58 million family members, and 4 million survivors of deceased veterans. With respect to those most deserving veterans, any cut in vital benefits or services would clearly be unconscionable. I am the first to admit that.

So we avoided that result. We have taken exceeding steps to preserve and protect the compensation benefits of all the veterans with service-connected disabilities as well as the pension benefits of truly needy wartime veterans who suffered nonservice-connected permanent and total disabilities or those who are over 65. We have done that.

There will be no cut of any kind in patient care within the Veterans' Administration. I hope that will remain clear to my colleagues.

All veteran entitlement programs, in fact, will enjoy a full cost of living increase, currently estimated to be 11.2 percent by the Office of Management and Budget and 12.3 percent by the CBO. Nor will we diminish, as I have said previously, one bit of service offered by the internal VA health care system for service-connected disabled.

Obviously, we could not do otherwise, since those health care services are crucial to the protection and maintenance of our most deserving veterans.

I have heard in the course of the debate a suggestion of many unacceptable figures. This entire reconciliation process will consist of unacceptable figures from some source.

To be quite specific—and I believe this is the very key—I hope Senators will take a quick look at this chart. If they turn their attention to it, they will see where we have been with the Veterans' Administration budget in the past 5 years: $19 billion, $19.9 billion, $21.1 billion, $21.3 billion, and this year, $23.6 billion. Right now, with President Reagan's cuts, we are still increasing the VA's budget by $1.3 billion.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. SIMPSON. I will yield in a moment. Let me finish my remarks.

President Carter's recommendation was to go up $2 billion plus. President Reagan's recommendation was to bring that down $830 million, to a recommended increase of $1.3 billion.

I yield to the Senator from Florida for a question.

Mr. CHILES. I want to ask the Senator if that chart portrayed just current dollars, or whether there was any adjustment for inflation.

Mr. SIMPSON. There was no adjustment.

Mr. CHILES. So, in fact, if we looked and saw what happened after an adjustment for inflation, not just this year but over the past years, that total spending for veterans actually has been going down. Is that not correct?

Mr. SIMPSON. That is not entirely correct, because the termination of eligibility of many Vietnam-era veterans for GI bill benefits occurred in this 5-year period.

Mr. CHILES. Perhaps my figures are different. I am looking at the Congressional Budget Office figures; and looking at constant dollars, they show that in real terms, in 1977 we had a minus 7.7 percent in total funding; in 1978, it was minus 1.8 percent; in 1979, a minus 3.3 percent; in 1980, a minus 2.1 percent; and in 1981, a minus 3.6 percent. That adds up to almost a 19-percent decline in veterans funding over the last 5 years.

That shows me that every year we have a minus percent, so far that is a decline in the real value of spending for the total veterans' function.

Mr. SIMPSON. Mr. President, I submit that the decrease in constant dollars must be considered in light of the declining expenditures for Vietnam-era GI bill benefits. Factoring in this decrease in expenditure will most probably result in a real increase in all other veterans programs.

Mr. DOMENICI. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. DOMENICI. I say to my good friend from Florida that while those growth figures he has given us are true and while he might have a concern as to inflation, at the same time that has grown, the money we spend for veterans education programs, not because we cut them but because there are fewer people participating—this is not only directed at the Senator from Florida; the Senate should know this—went from $5.5 billion in 1976 to $1.6 billion in 1981.

If we subtract that, all that difference was not taken away because there were not that many people using education. That was left in. That has to be going somewhere. No one can say that we are giving the veterans less when, as a matter of fact, we have added $4 billion that was previously going to education. We have now put it in the total veterans function to be used for these other things.

Mr. CHILES. Mr. President, if I have the floor, I say hooray for that. But in spite of that, the figures still show that in the veterans total programs it has been a minus figure from 1976 until the present. So you reduce those moneys because the GI bill ended, and you can show we had some increase in actual dollars. If you start dealing with constant dollars, there has been a 19-percent decline in the money that went into the total veterans program.

Mr. SIMPSON. Mr. President, I request that the remarks of the Senator from Florida be allocated to his time, not to mine.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES. I yield to the distinguished Senator from Tennessee.

Mr. SIMPSON. Mr. President, I still have the floor.

The PRESIDING OFFICER. The Senator from Wyoming has the floor.

Mr. SIMPSON. I was just requesting that my colleague's statements go toward his time, not mine, and I will stay within my 15 minutes.

Quite naturally and historically, when we get into a debate like this the national veterans organizations may feel compelled to speak out. That is as it should be. But I am confident that individual veterans, in their capacity not just as veterans, as I am, but as citizens of this proud country in a time of national economic distress, will recognize that the greatest possible good for all veterans and for all Americans can only be achieved with the restoration of a vigorous economy; that they and their national organizations will be willing to accept limitations upon the growth of certain less essential programs. Truly, Mr. President, we are in this one together—soldiers in the fray, so to speak.

The PRESIDING OFFICER (Mr. WARNER). The Senator's 15 minutes have expired.

Mr. SIMPSON. Mr. President, will the Senator yield me an additional 3 minutes?

Mr. DOMENICI. I yield 3 additional minutes to the Senator from Wyoming.

Mr. SIMPSON. So I hope we will consider these substantial increases that have come to the Veterans' Administration over the past years and the fact that

this budget is $1.3 billion above last year's budget.

I hope we will proceed with an equal concern for the ever-compelling interests of our Nation's veterans and get the lasting recovery for which this Nation cries out, knowing also that everyone in this Chamber and in this land must recognize that economic recovery is indeed a goal of the very highest national priority.

Mr. DOMENICI. Mr. President, I yield 5 minutes to the new Senator from the State of Washington, a very hardworking member of this committee. He has just come on the committee. I believe that all members of the Budget Committee, on both sides, would compliment him not only on his real participation but also his quick understanding of this process and the invaluable role he has played in helping us bring this reconciliation instruction to the floor.

I yield him 5 minutes at this point.

The PRESIDING OFFICER. The Chair wishes to advise the Senator from New Mexico that he has less than 2 minutes remaining of his own time and he may yield time if he desires off the resolution.

Mr. DOMENICI. I yield myself whatever additional time I need for these 5 minutes off the resolution.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I thank the Senator from New Mexico for his kind compliments and I should simply like to say that it seems to me that both in his initial statement and in some of his colloquy with the Senator from Wyoming, the Senator from Florida has hit the central point which is involved in this process in which we are engaged here today.

He has made the key point. The goal of this process of reconciliation is not to cut from the budget and is not to cut from all of the various social programs and other programs which are the subject of this resolution for their own sake. The goal of this process is to bring under control a double-digit inflation which has infected this country for more than the last 2 years.

The Senator from Florida has questioned the projections not only of this committee but of the Office of Management and Budget as to how quickly we will be able to bring that inflation under control.

But it is clear that if we accept his amendment and if we accept many of the other amendments proposing to restore hundreds of millions of dollars from these cuts, we will not only slow down that recovery from inflation beyond what is projected by the President, we will slow it down bevond the projection which the Congressional Budget Office has offered to us. That projection is based on the President's program having passed. Are we more likely to meet this goal of ending inflation by spending more of the money of the people of the United States by this Government?

Does not each program which is the subject of this resolution have its own justification for increased spending taken alone and taken in isolation?

It is clear that this entire program and almost every one of its parts are necessary unless we are effectively to abandon the war against inflation and the war for increased growth in productivity in our society.

The veterans of the United States are citizens. They are particularly concerned, patriotic, and generous citizens. They recognize that if we are to meet the very difficult problems which face us, all are going to have to sacrifice and all are going to have to play a part.

There is no proposal here to cut the funding of the Veterans' Administration of its various programs. There will be an increase in that spending in excess of 10 percent. Approximately 3 percent of the entire appropriation for the Veterans' Administration is affected by this resolution, approximately 3 percent, a much smaller sacrifice than is asked of many other beneficiaries of many other programs of the Federal Government.

The Senator from Wyoming has already clearly pointed out that no significant, no important, no vital medical or hospital service is going to be denied any veteran who is eligible for that service, that the 3 percent which is cut from the proposed Carter budget can clearly be met while meeting all of our statutory and moral obligations to the veteran population of this Nation.

Everyone must join in this fight. It is inappropriate to say that one class of people need not contribute when all others are asked to do so.

Mr. BRADLEY. Mr. President, will the Senator yield for a question?

Mr. GORTON. I yield.

The PRESIDING OFFICER. The Senator's time has expired.

There remains 6 minutes on the time of the Senator from Florida.

Mr. HOLLINGS. Mr. President, I yield as much time as is necessary to the distinguished Senator from New Jersey.

The PRESIDING OFFICER. And it is the Chair's understanding that this will be chargeable to the resolution.

Mr. HOLLINGS. That is right.

Mr. BRADLEY. I thank the Senator from South Carolina.

Mr. President, the Senator from Washington has stated that the budget was thought through very carefully and that there were certain assumptions made about the economy that he concurs with. The Senator from Florida has pointed out that if inflation is slightly higher, it will cost more, it will be a greater deficit. He has pointed out that if unemployment is 1 percent higher, there will be a $30-billion addition to the deficit. He has pointed out that economic growth would have to respond at an unprecedented level. I pose the question to the Senator from Washington: Does he really believe that the assumptions of this budget are correct and that it is impossible to change one item in this budget without pushing the country to an economic disaster?

Mr. GORTON. The question from the Senator from New Jersey is a good and valid one. The Budget Committee did not accept all of the economic projections which the President submitted to us. It was somewhat more cautious in making its own projections. The Congressional Budget Office was more cautious still in making its projections as to the effect of this program on a recovery from inflation, and on a recovery from unemployment, and the like.

We all must recognize the fact that no one has ever predicted these trends with exactitude.

I personally believe that the assumptions which the President has made are more likely than not to be accurate than those of the Congressional Budget Office, but I confess that I do not know. What I do know, however, is that we will not reach the goal that we seek, the goal of a series of budget cuts, the goal of a series of tax cuts, if we back away from them. The proposals which are being made here today will make the situation worse, not better. Whatever the level of the deficit, it will be greater if these proposals are adopted, not less. The rate of inflation will be higher, not lower.

Mr. BRADLEY. My point in asking the Senator the question was that indeed we have been told by the administration, by the Budget Committee in its action that if there is a substantial or even a slight change in the program, either in the cuts or the tax, somehow or another we will be thrown off the economic track. I point out to my colleagues that that sounds a little bit like the person who goes to the doctor or shall I say the specialist to consult about loss of hair, and the person is told to do the following 14 things, using these powders and those lotions and this massage and that, and if he does those 14 things his hair will grow, but if he only does 13 or if he combines them in a different order the hair will not grow.

It seems to me that that is what the administration is telling us in their budget, that unless we do exactly what they have prescribed, the economy will not respond, and I as one Senator feel that there is clearly no evidence for that. Rarely has anything passed through the body of Congress without a single change, and I fully expect that this package will not pass that voyage in a way that others have failed to as well.

Mr. CHILES. Mr. President, I yield to the distinguished Senator from Tennessee (Mr. SASSER).

Mr. SASSER. I thank the distinguished Senator from Florida for yielding.

Mr. President, I am pleased to cosponsor this vital amendment to restore $300 million to the Veterans' Administration's direct health care services.

This is an amendment which deserves the Senate's approval. The health and welfare of literally thousands of veterans hang here in the balance.

Like the Senator from Florida, I favor cutting Federal spending. I supported the Senate budget resolution, I voted for it, which cuts below President Reagan's proposed budget.

Last year in the Senate Appropriations Committee I voted to cut over $9 billion from the Federal budget. But I think we must use care and some discretion as to where these cuts should come.

Now, the administration proposes to cut 9,200 staff members from the Veterans' Administration and about 5,000 of these will come in the field of medical care.

At this point, Mr. President, I ask unanimous consent to have printed in the RECORD a letter received from Mr. Arthur Fellwock, National Commander-in-Chief of the Veterans of Foreign Wars, and also a statement by Mr. Fellwock indicating the cut in medical personnel that would come if the Reagan administration's proposal were adopted.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., March 26, 1981.

Hon. LAWTON CHILES,
Ranking Minority Member, Special Committee on Aging, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR CHILES: On behalf of the 2.5 million men and women of the Veterans of Foreign Wars of the United States and our Ladies Auxiliary I assure you you have our full support in the amendment to S. Con. Res. 9 to be submitted by you and the Honorable Jim Sasser to reduce cuts in the Veterans Administration budget by $300 million.

Reductions in the Veterans Administration budget proposed by the Administration, if sustained, will have devastating effects upon the VA hospital and medical care system, benefits to which veterans and their survivors are entitled and even the processing adjudication of claims.

The VA has already sustained disproportionate cuts in personnel and real dollars under the prior Administration and, in my opinion, should not be subjected to further reductions.

With best wishes and kindest personal regards, I am

Sincerely,

ARTHUR FELLWOCK,
National Commander-in-Chief, Veterans of Foreign Wars of the United States.

REAGAN SLASHES VA BUDGET

WASHINGTON, D.C.—"President Reagan is balancing the VA budget on the breaking backs of veterans, his widow and orphan," said Art Fellwock, National Commander-in-Chief of the V.F.W.

"President Reagan, just a few short months after telling the delegates to the V.F.W. National Convention, 'to me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding,' now is doing just that," he said. Budget figures show an elimination of over 7,000 doctors and nurses from the underfunded Carter 1981 and 1982 budget proposals. The V.F.W. estimates that 1.7 million outpatient visits will be cut, 60 wards will be closed and the daily patient census will be drastically reduced, turning away eligible veterans.

"Travel paid to non-service connected disabled veterans who go to a VA facility is being cut and a $5 deductible amount will be subtracted from all claims from those poor and disabled veterans seeking medical care.

"Physician's pay incentives are being capped which will deter new doctors from joining the VA medical system. Construction of replacement hospitals is being deferred which will increase the cost of later building and two hospitals which have been approved by several other presidents have been cut from the construction list.

"The V.F.W. stands ready to back cuts which will cut fat, fraud, waste and abuse, but slashing medical care for eligible veterans, their widows and orphans is no way to save money," said Fellwock.

"We believe that the Congress will not stand for such abuse, nor will the American people," he said.

Mr. SASSER. Mr. President, outpatient medical treatment would be adversely affected if the President's proposal is accepted. This treatment includes medical examinations, rehabilitation, consultation, professional counseling, training, and mental health services for veterans on an outpatient basis. Elimination of such treatment will make the VA health care delivery system wholly unresponsive to the needs of America's veterans.

Let me speak for a moment about the impact of the VA outpatient care program in Tennessee. The VA hospitals provide outpatient care in four cities: Memphis, Nashville, Murfreesboro, and Johnson City. Outpatient clinics are located in Chattanooga and Knoxville. In one case alone, that of the Mountain Home VA in Johnson City, 47,000 veterans utilized outpatient services in fiscal year 1979. That is 47,000 men out of more than 190,000 living in the Mountain Home vicinity, or almost 25 percent of those in the service area.

Mr. President, the Veterans' Administration is charged with the responsibility of providing medical care to the Nation's 30 million veterans. As such, VA programs represent, to quote my friend, Senator CRANSTON, the distinguished ranking minority member of the Senate Veterans' Affairs Committee, an inseparable cost of past wars.

Veteran health care is more than a cost of past wars, though. Medical treatment provided by the Veterans' Administration is an indicator of the cost of future wars. The VA is in a position to support the Armed Forces medical capability, in the event of armed hostilities. To jeopardize this capability, at this time in our history, is shortsighted, wrong, and breaks faith with veterans of this country.

Moreover, VA benefits have traditionally acted to draw many fine young men and women to military service. If we serve notice to our younger generations that we are prepared to renege on our obligations, we inevitably send more than a few good men looking elsewhere for employment.

The President's proposal is disturbing from another viewpoint as well. Should his suggested funding level be approved, approximately 60 hospital wards would be closed, victims of "fiscal necessity." I am particularly concerned that this action may lead to entire hospitals being closed, in addition to the construction deferrals and cancellations already announced.

Our country has a national obligation—a national responsibility—to provide the best medical treatment possible to its veterans. There can only be one result from budget reductions which so drastically affect the veterans population. Fewer and fewer veterans will receive treatment, even more will be refused care. Reducing nonclinical medical staff, and direct health care services does not make sense when we consider the cost effectiveness of Veterans' Administration health services compared to private sector treatment.

I urge the Senate's approval of the Chiles-Sasser-DeConcini amendment. This is an opportunity to reaffirm our commitment to those who have served our Nation so gallantly, who willingly sacrificed years of their lives so that we might remain free and strong.

Mr. CHILES. Mr. President, I yield to the distinguished Senator from Michigan.

Mr. RIEGLE. Mr. President, I thank the Senator from Florida for yielding.

I rise as a cosponsor of this amendment. If we are going to adequately meet the medical and health needs of our veterans, we have got to pass this amendment. We offered this in committee, and we lost by a vote of 6 to 12.

We have heard a lot of talk about maintaining a safety net for American citizens. But, unless we pass this amendment, we are tearing away a part of the safety net that has been created for the veterans of this country.

It is easy to say that everyone must sacrifice. Well, it seems to me that the veterans are the ones who have already sacrificed. That is why we have these programs in place.

As a matter of fact, the President of the United States made a commitment on this issue. He made a commitment that he would oppose cuts in programs for the veterans, and that they would not be hacked away. But now, a few months later, he has backed away from that commitment. That is why we have the support of the Veterans of Foreign Wars and other veterans organizations.

We are not simply changing abstract budget numbers here. If we do not revise the Budget Committee's recommendation, the Veterans' Affairs Committee would be required to go back and cut readjustment counseling, cut outpatient services, and cut support staff that is important to medical care. Those reductions would come in veterans health facilities whose staffing is already stretched near the breaking point.

I suspect that every Member of this Senate has learned that veterans facilities in their States are struggling to provide health care with limited resources. I know that I have. And I receive frequent contact from Michigan veterans describing the problems that face the VA medical centers throughout my State of Michigan—in Allen Park, in Ann Arbor, in Saginaw, in Battle Creek, and in Iron Mountain. These facilities are vital to Michigan veterans, as are the outpatient clinics in Grand Rapids and the rap centers and other support facilities throughout my State.

I am convinced that the resources available are already insufficient to meet the needs of our veterans. There are 1.2 million veterans in Michigan alone. In 1980 alone some 406,000 received treatment on an outpatient basis, while another 37,600 were served as inpatients.

I have visited many of these facilities and know they provide vital services and would face severe new problems if these cuts are made.

The letter just referred to by Senator

SASSER from Arthur Fellwock, who is the National Commander in Chief of the VFW, makes it clear that in their opinion failure to pass this amendment, and I quote him,

Will have a devastating effect upon the VA hospital and medical care system.

Is there any Senator in this room who feels he understands this problem better than the VFW does? If so, we ought to debate this at great length.

I think this letter is powerful testimony of the fact that the Budget Committee's recommendation would do great damage.

Mr. President. I ask unanimous consent that several letters and statements that I received from constituents relating to the proposed cuts in veterans' services be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. Mr. President, I think the President ought to keep his word on this program, and we ought to see that he does. I think it is essential that these moneys be restored, and I hope the Senate will muster the votes to do it.

The material ordered to be printed in the RECORD follows:

PARALYZED VETERANS OF AMERICA,
Garden City, Mich., March 11, 1981.

Hon. DONALD W. RIEGLE, Jr.,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR RIEGLE: As you know, President Reagan is proposing an approximate $800,000,000 cut in FY 82 from the Veterans Administration Budget. While we share in the belief that all programs must share in reducing the total deficit, we feel it is important to point out:

First, the veterans of this country have for 5 years contributed to the over all reduction in Federal Program expense by foregoing many benefits which were needed to maintain themselves.

In 1976 the VA budget was $19 billion and the 1982 proposed budget is only $23 billion. While this is a 20.7 percent increase, it is only an average increase of less than 3 percent a year.

During this same period of time the veteran population increased by over 500,000 persons.

It should be obvious that an overall reduction of services to the veterans has occurred Inflation alone has more than absorbed all dollar increases in the VA budget and at the same time more veterans are in need of the services.

Second, the proposed budget cuts occur in program areas which have enormous impacts. For example:

Eliminating 1,100 positions in the Department of Medicine & Surgery.

This at a time when 12 million World War II veterans are just reaching an age when they place the greatest demand on the VA Hospital System. Most of their medical needs require longer and more complicated care.

Delaying of construction projects.

Again, 12 million WW II veterans in need of hospitals and nursing home care units. Thousands of severely disabled veterans are now housed in run down, overused, antiquated facilities.

Abolishment of the Counciling Program for Vietnam Veterans.

There are 9,115,000 Vietnam Era Veterans, conservative estimates indicate as many as 25 percent of these persons are in need of Readjustment Counciling.

Third, we are experiencing a renewed interest in preserving a strong national defense. While it's extremely important that the front line defenses be adequately equipped and supplied, it must also be remembered that a great deal of support effort is needed as a backup and reserve.

The Veterans Administration provides part of that reserve In time of war, the VA is not only a supplement to the military hospital system, but also acts to provide qualified, ready trained military personnel.

For these many reasons, we call upon you to support a strong national defense in the future and those who have sacrificed for a strong national defense in the past. Maintain the VA budget at the current level as a minimum and as a major part of your commitment to a strong national defense.

Sincerely,

LEE DOSER,
Executive Director.

DISABLED AMERICAN VETERANS,
Detroit, Mich., March 18, 1981.

Hon. DONALD W. RIEGLE,
Patrick V. McNamara Federal Building,
Detroit, Mich.

DEAR SENATOR RIEGLE: It has come to the attention of the writer that the Veterans Administration budget cut does not seem to be of value to the services of the Office of Management and Budget in that it is attacking our state in a very unscrupulous manner.

Based on available information, they are proposing to close the Veterans Administration Medical Centers in Saginaw, Michigan, and Iron Mountain, Michigan. If this is allowed to happen, what will happen to the thousands of veterans who are forced to utilize these facilities in times of emergency and for normal medical treatment?

Please find attached an analysis which should tend to prove my argument.

Sincerely,

FRANK O. GARDNER,
National Service Officer.

ANALYSIS OF VETERANS' ADMINISTRATION (VA) REVISED FISCAL YEARS 1981–82 BUDGETS

The Office of Management and Budget (OMB) has imposed severe reductions ($219 million in FY '81 and $744 million in FY '82) in VA budgets. These cuts, made without input from the Agency, Congressional Committees or veterans' service organizations, will result in:

Establishment of a centralized nationwide Claims Processing and Loan Guaranty Center requiring 12,000 of the Department of Veterans Benefits (DVB) personnel (14,521 in FY '82) to relocate to the Center. DVB, having suffered a reduction of 2,022 average employment, would have 2,521 personnel to man 58 regional offices (at least one in every state) and services to veterans, their dependents and survivors would be minimal and almost totally ineffective.

Elimination of the Office of Manpower (ten employees working on improvement in management procedures that are cost-effective).

Closing the Data Processing Center at St. Paul, Minnesota.

Reduction of 933 nurses, 297 doctors and more than 4,000 medical support personnel.

Closing 1,800 beds and 60 hospital wards, equivalent to four hospitals.

A decrease of 1,583,000 outpatient visits, and 3,628 nursing care patients.

Termination of the Readjustment Counseling Program for Vietnam Era combat veterans.

Decrease in planned expansion of Geriatric Research, Education, and Clinical Centers (GRECCS).

Reduction of VA doctors' bonus pay.

Decrease in rehabilitative and medical research.

Reduction of vocational rehabilitation counseling for service-connected disabled veterans.

Cancellation (Baltimore, MD and Camden, NJ) and deferral (Brooklyn, NY; Chillicothe, OH; Denver, CO; East Orange, NJ; Gainesville, FL; Long Beach, CA; New Orleans, LA; Palo Alto, CA; Washington, D.C.) of major construction projects, including nursing home care beds.

Reduction of beneficiary travel.

Elimination of scholarship programs designed to enhance recruitment and retention of nurses and doctors.

Acting VA Administrator Rufus Wilson, in testimony March 10, 1981 before the House Subcommittee on Appropriations for HUD-Independent Agencies, said the VA "will consider closing hospitals" in the spring review with OMB.

Based on available information, hospitals slated for the axe likely would be Marlin and Big Spring, TX; Fort Lyon, CO; Iron Mountain and Saginaw, MI; Miles City and Ft. Harrison, MT; Grand Island, NB; Muskogee, OK; Livermore, CA; Newington, CT; Ft. Wayne, IN; Sioux Falls, SD; Fargo, ND and Boise, ID. Also, VA hospitals in urban areas where there are two or more may be closed for economic reasons. Areas involved are Boston, MA; New York, NY; Chicago, IL; and Los Angeles, CA.

FERNDALE, MICH.,
March 9, 1981.

Hon. DONALD RIEGLE,
U.S. Senator
Senate Office Building
Washington, D.C.

DEAR SIR: I am very concerned regarding over the drastic cuts in the Veterans Administration budget. The V.A. problems are constantly and rapidly increasing as well as the number of veterans which now are 30,000,000.

Many of these men and women are permanently and totally disabled as well as many to a lesser degree. The proposed decrease of 800 million in dollars as well as the 20,000 decrease in personnel in the medical department will work a definite hardship upon these veterans due to circumstances bevond their control.

I urge you to consider this very carefully and use your efforts to keep the medical problems in a free and independent department and well away from any possible assimilation into the Welfare Department.

Trusting that you will give this problem your deepest consideration, I am

Very sincerely yours,

JESSIE L. DANUK.

THE BAMBOO RAP,
Detroit, Mich.

DEAR SENATOR RIEGLE: Recent proposed budget cuts concerning the VA Medical Center generally and Operation Outreach specifically is being met with public outcries within the Veteran community here in your home state of Michigan.

We have been deluged with calls concerning the cuts since their announcement. Those outraged callers have ranged from representatives of VFW, DAV, American Legion, Am Vets, NACV, and Vietnam Veterans of America, to mothers who lost their sons in Vietnam.

We ask you, sincerely, as our elected representative in Washington to bring these words to those who have the power to save these severely needed, and well earned programs.

Sincerely,

FRANK MONTOUR,
Outreach Specialist.

MICHIGAN VIETNAM VETERANS TASK FORCE,
To Senator Riegle:

The Michigan Vietnam Veteran's Task Force is a coalition of organizations representing the diverse Vietnam Veteran Population in the State of Michigan. Throughout the entire Vietnam conflict over 347,000

Michigan citizens served in the armed forces of the United States; the sixth largest veteran population of the 8.5 million Vietnam Era Veterans. The current recommendations by the Office of Management and Budget (OMB) on expenditures affecting Vietnam Veterans is, to say the least, appalling and disheartening.

Essentially, we are outraged by the nonfulfillment of a contract we all entered into with our government and country. To say, or imply, that the Disabled Veterans Outreach Program, the Targeted Technical Assistance Program, the Operation Outreach Vet Centers, and Veterans Cost of Instruction Payments Program are not vital segments of that contract cannot be farther from the truth. The seventy million dollars that would be cut by the Reagan Administration represents 1/100 of 1 percent of the total federal budget. While this is not a figure that can make or break our nation, it is an amount that affects literally hundreds of thousands of veterans and their families. Keep in mind that these recommendations are being made in conjunction with increases in expenditures for the Department of Defense to establish a new veterans population. Yet, it appears as though the last major group of veterans is in the process of being ignored and/or forgotten.

Therefore, the Michigan Vietnam Veterans Task Force calls upon all citizens and those officials in government to strongly oppose any cuts in program funding that will adversely affect support and services inherent in the execution of the nation's commitment to Vietnam Veterans.

THOMAS L. SHAVALIA, M.S.
Chairperson.

ANN ARBOR, MICH.,
March 14, 1981.

Hon. DONALD W. RIEGLE, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RIEGLE: We heard your contribution to the important conference on the challenge of the Japanese car imports here at the University of Michigan. Thank you for your concerns and insights on this important subject.

As a disabled veteran of World War II I am disturbed at reports that funding for Veterans Administration hospitals are slated for drastic reduction in the Reagan budget.

My service related problem requires that I visit the VA Hospital here in Ann Arbor weekly. It is always overcrowded and often I am forced to wait more than two hours to see a doctor. Cuts in the budget there would only exacerbate this situation.

I am also concerned about funds for "Operation Outreach"—a program for Vietnam veterans. This too seems destined for the ax, as outlined in Mary McGrory's column in the Detroit Free Press (see enclosed).

Your investigation of the above matters, and hopefully, your support of full funding, would be very much appreciated.

Respectfully yours,
REV. CRAIG S. WILDER,

CASS COUNTY VETERANS COUNSELOR,
March 7, 1981.

DONALD RIEGLE, Jr.,
Washington, D.C.

Hon. DONALD RIEGLE: I think that the proposed cuts in the "V.A. Budget" are reprehensible, President Reagan, when he addressed the V.F.W. convention stated that, if he was elected the V.A. would not be harmed. Again on Feb. 18, 1981 he again stated the V.A. would not be touched.

The advanced age of W.W. II veterans along with the various afflictions of the vets of subsequent conflicts cause an increased load for the V.A.

I know, because I have been a V.F.W. Post service officer for 32 years.

Sincerely,
GERALD E. ANGLE, V.F.W.

PARALYZED VETERANS OF AMERICA,
March 25, 1981.

Hon. DONALD W. RIEGLE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RIEGLE: On behalf of the members of Paralyzed Veterans of America, I request your efforts to provide adequate funding for the Veterans Administration in the Fiscal Year 1982 budget. The Carter Administration recommended a VA budget which would have funded most existing VA programs and services, with little room for growth. The Reagan Administration proposes reducing from the Carter proposal $744 million. The VA's Department of Veterans Benefits, for example, will have 3,200 employee positions eliminated, despite the growing length of time it now takes for them to process their work load. However, the reduced budget will have even more drastic consequences on the availability of healthcare services for eligible veterans. Despite the intent of the 96th Congress to improve the VA's recruitment and retention of VA health-care professionals, the Reagan Administration would eliminate 1,100 healthcare personnel positions this calendar year and 20,000 positions would be abolished by 1986. There would be no funding for the Vietnam Veterans' Outreach Program in FY 1982, nor would there be funding for the improvements Congress made in the VA's vocational rehabilitation program, just last year. In other words, health-care services will be unavailable for many veterans who have been injured in defense of the nation.

Many of these cuts are counterproductive if the Administration truly seeks to reduce federal spending. For example, the rehabilitation program helps disabled veterans return to the work force, as does the Vietnam Veteran Outreach Program. The Administration would also delay all VA construction projects, even though many of these projects are already underway and have had considerable funds spent on them.

Thank you for your time and consideration, and I trust that you will work to lead Congress in an effort to increase the Administration's budget proposal for the VA at least to the level proposed by the last Administration.

Sincerely yours,
MICHAEL F. DELANEY,
National President.

Mr. CHILES. Mr. President, I yield to the distinguished Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, how much time does the Senator have remaining?

Mr. CHILES. I yield such time as the minority leader may desire within my time.

The PRESIDING OFFICER. The Chair advises the Senator from Florida that he has a minute and a half.

Mr. ROBERT C. BYRD. Mr. President, I ask the minority manager of the resolution to yield me time.

Mr. HOLLINGS. I yield such time to the minority leader as he may desire.

Mr. ROBERT C. BYRD. Mr. President, I am proud to join with the distinguished Senator from Florida (Mr. CHILES) and other Senators in sponsoring this amendment.

Mr. President, last year the Veterans' Administration celebrated its first half century of operation as an independent agency created for the sole purpose of serving America's veterans and their dependents and survivors. We can all take pride in those years of service and in our national commitment "to care for him who shall have borne the battle."

Today, we have more than 30 million veterans in the United States—the largest veteran population in our Nation's history. The Veterans' Administration has grown to meet this sixfold increase in veterans during the last 51 years.

The Veterans' Administration hospital system has grown from 54 hospitals in 1930 to more than 170 today, caring for more than 1,300,000 inpatients annually. VA nursing homes and domiciliaries care for nearly 80,000 veterans each year, and outpatient clinics record about 18 million annual visits.

The Veterans' Administration hospital network is the largest organized medical system in the United States. It is a system which we should all value, but if we allow the Budget Committee's personnel mandate to stand, a great number of veterans are going to be turned away from hospitals or they will wait lengthy periods for adequate care.

If outcare health services are reduced, health care will grow more expensive as more veterans will be hospitalized. And, no health care clinic can be run by doctors alone. Without adequate support staff, waiting periods for medical treatment will grow unduly long and the sick will grow sicker, medical records will likely be lost or misplaced, and the quality of health care will deteriorate.

Veterans in need cannot be denied adequate medical attention. I am proud to cosponsor the Chiles amendments to restore $300 million in funding for VA health care. If we cut VA health care personnel to 1979 levels when our veterans population has grown, we will do a disservice to our Nation's veterans and we will, ultimately, spend more on medical care.

I urge my colleagues to vote in support of the amendment by Mr. CHILES.

Mr. CHILES. Mr. President, I yield a minute and a half to the distinguished Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. MATSUNAGA. Mr. President, will the Senator from South Carolina, the manager of the bill on this side, yield me 2 minutes?

Mr. HOLLINGS. I am glad to yield to the distinguished Senator from Hawaii 2 minutes on the bill.

Mr. MATSUNAGA. Mr. President, as a member of the Committee on Veterans' Affairs, and as a cosponsor of the pending amendment, I rise in its support.

At the very outset, Mr. President, let me emphasize, as others in support of this amendment have done, that I recognize that our Nation is in a serious economic crisis that must be addressed immediately and effectively if we are to avoid economic disaster. Indeed, I believe everyone on this floor recognizes that in order to accomplish this there

must be sacrifices made by Americans across the entire spectrum of our society, including the Nation's 30 million veterans.

The fact of the matter is, however, Mr. President, that the Veterans' Administration and its program must be a part of the overall spending reduction strategy. The VA must be prepared to make its contribution to the effort which will, if successful, help all Americans, including veterans, by bringing inflation under control.

However, as far as this Senator from Hawaii is concerned, reductions in veterans' programs that would, in effect, break our Nation's long standing commitment to the care of our veterans, are dangerous and totally unacceptable. Surely, the veterans' budget must be fiscally responsible but, at the same time, it must continue to provide sufficient funding to insure—I repeat, to insure—the continuation of all essential services for our Nation's veterans.

It must be made clear, Mr. President, that veterans' programs should be considered part of our defense program. While the administration, on the one hand, is proposing to increase the defense program, we are, in effect and in fact, reducing spending for veterans' programs which should be considered integral parts of our defense program.

Mr. President, in reviewing the Reagan administration's budget proposal for veterans, the Committee on Veterans' Affairs attempted to reach a balance between making significant cuts and cost savings and insuring that the quality and the integrity of veterans programs and services were preserved.

A majority of the committee members believe that a restoration of some cuts had to be made, as well as a realinement of certain reductions proposed by the administration.

For the most part, these restorations were in the health care area. By this amendment, we do intend to restore sufficient amounts so that adequate health care for veterans will be continued.

It must be made very clear, Mr. President, that the adequate health care of veterans is not the only thing at stake here, although it is of primary importance. We must also realize that if we break faith with the brave Americans who served their country faithfully in wars past, we will be doing great and, perhaps, irreparable harm to our efforts to recruit and retain the men and women needed to fill the ranks of our All-Volunteer Armed Forces.

Accordingly, I strongly believe that the President's budget proposals and the Budget Committee's reconciliation instructions, which cut deeply into essential veterans programs, are inconsistent with our efforts to strengthen our military defense posture. The Veterans' Administration and its essential programs must be considered and treated as integral parts of our military system, for the manner in which we provide for our veterans will largely determine the quality of our national defense. Why then is the Reagan administration proposing to boost defense spending on the one hand and proposing to cut veterans' programs?

Mr. President, in reviewing the Reagan administration's budget proposals for veterans, the Committee on Veterans' Affairs attempted to reach a balance between making significant cuts and cost savings and insuring that the quality and the integrity of veterans' programs and services were preserved. A majority of the committee believed that a restoration of some cuts had to be made as well as a realinement of certain reductions proposed by the administration. For the most part, these restorations were in the health care area.

The so-called Cranston-Thurmond compromise, which was approved by the committee, provided for the continuation of the Vietnam veterans readjustment counseling program; restored funds for all but 330 of the over 5,000 medical care personnel which would be eliminated under the Reagan budget; restored funds for three important programs for catastrophically disabled veterans; and provided funds for the enactment of legislation to improve care for ex-prisoners of war, among other things.

Overall, Mr. President, total reductions made in veterans' programs under the Cranston-Thurmond compromise would be $530.1 million, nearly three-quarters of the goal set in the President's budget. The spending reductions contained therein, which differ from those made in the President's budget, represent, I believe, realistic and achievable savings which can be made without having an adverse effect on the quality of the care and services now provided to veterans.

Unfortunately, after revising and realining the President's budget recommendations, the committee accepted an amendment which added an additional $205 million in unspecified legislative savings. This action was taken simply to meet the President's savings recommendations for the VA, a figure which has been shown to be arbitrary and flawed in its assumptions.

Mr. President, with respect to this reconciliation resolution, let me first say that I am pleased to note that the Budget Committee accepted the Veterans' Affairs Committee's recommendation to continue funding of the Vietnam veterans readjustment counseling program. It was our committee's judgment that this program is an essential part of our efforts to heal the lingering psychological problems of our Vietnam veterans and must be extended for at least another year. Ending this vital program, as proposed by the administration, would be a further injustice perpetrated by our Government upon the veterans of our Nation's most unpopular war.

Unfortunately, the Budget Committee failed to follow the recommendations of our committee in the vital medical care area.

In the Veterans' Affairs Committee markup on March 12, 1981, we made a statement of policy that the budget must not make drastic cuts in VA health care staffing. The committee voted to restore funds for many of the personnel slated for elimination in the Reagan budget.

We took this action, Mr. President, because many of us believe that adequate VA health care personnel levels have a positive effect on the quality of health care provided to veterans. We find it preposterous to think, as the administration apparently does, that making selective cuts in VA health care staffing will have little or no effect on the delivery of care.

The administration will, of course, argue that the cuts recommended in the staffing area are in indirect health care personnel and, as a consequence, will have a minimal effect on the operation of the VA health care system and resulting care for veterans.

Mr. President, I do not accept this argument and I do not believe the Senate should accept it.

In my view, there is a direct correlation between the levels of VA health care staffing, be it in direct or indirect care personnel, and the overall quality of care provided. This has been documented over the past 2 years by the Veterans' Affairs Committee in letters to the President expressing deep concern about the effect of proposed health care staffing freezes and cuts. The fact of the matter is that the VA health care system has been running at dangerously low personnel levels in recent years that are already threatening the physical and mental well-being of hospitalized veterans.

It is the view of the minority members of the Veterans' Affairs Committee that the administration's plan to cut indirect health care staffing will cause a decrease in the productivity of the direct care staff at VA facilities. As indicated in our minority views submitted to the Budget Committee, we believe that VA doctors and nurses become less efficient when support personnel are taken away. These professionals are forced to do more paperwork and other routine chores that are usually done by nonprofessionals. They have to wait longer for lab tests and reports and, as a consequence, provide care at a slower pace and in a less efficient manner. Furthermore, backlogs in discharge planning and processing, which support personnel handle, result in longer, inefficient lengths of stay for patients. And, by extension, we can assume that with beds filled for longer periods of time, some heavily utilized VA facilities will be forced to turn away greater numbers of needy veterans or keep them waiting for care.

Mr. President, Senators must understand precisely what budget cuts in VA health care staffing of the magnitude proposed by the administration and the Budget Committee really mean. They mean greatly reduced indirect health care personnel. They mean reduced productivity among remaining support staff and professional health care staff. They mean slower, less efficient care and services to veterans in VA facilities. They mean fewer available beds for veterans in need of health care.

In the final analysis, these cuts translate into lower quality of health care provided by the VA medical system.

Mr. President, the Senate must go on record here and now that the health and well-being of veterans who depend on the VA health care system must not be placed in jeopardy by indiscriminate and unjustified budget cutting.

At the very least, we must vote to restore adequate funding for VA health care personnel.

I fully realize that the proposed Chiles amendment goes much further than just adding back the amount necessary to bring the reconciliation resolution in line with the staffing recommendations made by the Veterans' Affairs Committee. I am concerned that this effort not be perceived as one which is intended to gut the administration's attempt to make cuts in all Federal programs. I believe that the Veterans' Affairs Committee is ready and willing to make significant cuts in VA programs, but we reserve the right to make them in areas which are not crucial to the health and welfare of veterans. Mr. President, the Chiles amendment would restore these crucial programs and should be adopted.

The PRESIDING OFFICER. All time having expired, the question is on the amendment.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, I thought I had 1½ minutes remaining and that time was being charged to the bill itself.

The PRESIDING OFFICER. The Chair's understanding was that the Senator yielded to the Senator from Hawaii, together with such time granted by the distinguished Senator from South Carolina.

Mr. CHILES. Mr. President, I started to yield and then I asked for time on the bill. Time was granted on the bill. I only need about 30 seconds.

The PRESIDING OFFICER. Time having expired, the question is on the amendment.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr President, I ask for the yeas and nays

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, I yield 5 minutes off of the resolution to Senator THURMOND.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, in an effort to determine the areas within the Veterans' Administration that would be impacted by the Veterans' Administration budget reductions, I have contacted the Budget Committee and the President's Office of Management and Budget. I was told this morning that it is the position of OMB that these reductions will occur in two areas.

First, there will be a reduction in educational benefits as they relate to flight training and correspondence schooling. This proposal has been before Congress during the past four Congresses, and I believe additional modifications in these programs would be in order.

Second, and more importantly, a reduction in personnel within the Department of Medicine and Surgery is proposed by OMB and the Budget Committee. Currently there are approximately 183,000 FTEE's within the Department of Medicine and Surgery. Of this number 107,000 FTEE's are considered involved with direct patient care; and 76,388 are involved with indirect care. For fiscal year 1982, OMB proposes to reduce 3,683 indirect care personnel but make no reduction in those involved in direct care. OMB also related to me that in addition to no reductions in direct care personnel they are not recommending the closing of any VA health-care facility. OMB stated that these reductions will come from personnel invloved with indirect care; not doctors, not nurses, and not technicians.

I am pleased to hear the statement that these reductions will come from personnel involved with indirect care—not doctors, not nurses, and not technicians. I am pleased to have this assurance and the commitment of OMB on this matter.

OMB also informs me that their proposal will reduce certain other items which are not considered as essential as medical care.

Mr. President, I will take but just a few minutes.

This is probably the toughest vote I have ever cast in the Senate. I have stood by the veterans on just about everything that has come before the Senate since I have been here—27 years, but we ha·e to realize that this country is in a critical fiscal emergency at this time.

Our President is trying to balance our national budget. He is asking everybody to sacrifice. As much as I regret to see veterans programs cut even $1, I believe that they are willing to share their part in this time of crisis and emergency; and serve their country in peacetime just as they so bravely did in wartime.

Mr. President, I wish to say that veterans programs and the VA may be considered a pet project of mine—I guess helping the veteran is my pet project. Everybody here has some pet project; but, if we all hold out, and do not support the budget package that the President has brought, and everyone goes for their pet projects, we will never achieve fiscal responsibility.

It is my hope that the Senate can put through this budget recommendation of the President of the United States which will reduce spending in this country; and help to balance this budget; and stop deficit spending from year to year.

Our public debt now is almost $1 trillion. The interest is about $75 billion a year. The budget has not been balanced but once in 20 years.

I cannot believe that our citizens of this country will not back the President in this proposal to cut the budget, to reduce expenses, and balance the Nation's budget.

Mr. President, we have got to increase our national defense posture. But we cannot increase defense spending and also increase domestic spending.

I hope with the circumstances that exist now, the veterans of this country will understand—and I believe they will—that it is my sincere desire that they not be adversely affected with these budget reductions.

I am glad I have the assurance that there will be no doctors cut, no nurses cut, and no technicians cut, but these reductions will come from indirect health care personnel.

In view of that, I am going to oppose this amendment of my colleague (Mr. CHILES) and back the President, with the hope that we can advance the President's package.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I cannot let the event which just occurred pass without comment.

I want to say to Senator THURMOND, as floor manager of this bill, that I greatly appreciate what he has just done.

There are those now who are going to try to make this vote, in the event we decide to give the veterans just a little bit less, just a pinch less—and I will tell you what it is in percents in a minute—that all those who vote that way are against the veterans of this country.

Well, what Senator THURMOND has done for us as he stood up is assure each and every one of us that that is not going to be the case, because there is not anyone in this institution or anywhere in America that is going to be able to say that those who want fiscal sanity in this country are against the veterans when STROM THURMOND stood up and said we have to take a little bit even from the veterans.

Let me tell you what it amounts to, Mr. President—1.6 percent reduction for veterans programs versus 8 percent reduction for the rest of the domestic programs; 1.6 percent versus 25 percent for education—25 percent, not 2.5 percent; 20 percent out of a block grant for social programs.

Looked at another way, the reduction in veterans programs is about eight-tenths of 1 percent of the total reductions this resolution will require in Federal spending over the next 2½ years.

Across the board, everyone is being asked to sacrifice.

I stand with STROM THURMOND. When the veterans understand that they are asked to sacrifice 8/10ths of 1 percent of the total—I cannot even draw comparisons, it is so little. Eight-tenths of 1 percent is what they are being cut. I do not know how to state that to the Senate.

You can draw the conclusion yourself. I submit that the veterans are not going to go to the polls and throw anyone out of office over this vote. I submit that their leaders who are circulating all these letters around ought to look at this President's budget and they ought to thank him. Their programs have almost been held intact.

Twenty-five percent is proposed to be cut out of education because we think the States can do it better. But this is a little tiny pinch out of veterans. There was no cut in their cost-of-living index.

Do you know what else we did? We are not going to let them take aviation training through one of our educational programs. I am sure that is an enormous thing to do to the veterans; they cannot study aviation and get it paid for as an educational benefit.

No one has to be fearful that there will be political repercussions. Quite to the

contrary, this is the first opportunity to decide whether we are serious. I submit we are going to be serious this afternoon and the veterans are going to understand it when we are finished explaining it to them.

The Senate committees, working with the President are going to make sure that this small contribution to fiscal restraint does not hurt them. Even with that little bit, we will have adjustments in the authorizing committees and appropriations to even minimize that if there is some fear.

Senator DOLE asked me to yield when I finished. Is he here?

Mr. HOLLINGS. I would like to say a word, if I may.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I yield myself as much time as is necessary on the resolution and then I will yield to our ranking member of the Veterans' Committee, the distinguished Senator from California.

Mr. President, the Senator from Wyoming, for whom we all have the greatest respect, brought in a chart.

Mr. RIEGLE. Can we have order in the Chamber, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HOLLINGS. That chart shows the increase——

The PRESIDING OFFICER. Will the Senator suspend until there is order in the Chamber?

The Senate will be in order.

The Senator may proceed.

Mr. HOLLINGS. I thank the distinguished Presiding Officer.

The distinguished Senator from Wyoming brought in a chart indicating the increase in veterans health spending. Obviously, it can be caused by one of two things: It is either an increase in the number of veterans or an increase in the cost of their care. And in this case, costs are rising for both reasons.

There has been a movement on foot throughout the past several years, in the past administration and in the health care industry, to try to reduce the inflationary costs of hospital care. We have been doing our dead level best, but we find that hospital costs continue to escalate. Health costs continue to rise faster than inflation.

We must also face the fact that my group from World War II are now growing older and are now trying to get into the veterans hospitals. They do not want to get in, but they have to because they have some particular medical need.

So the chart really is not what you might call accurate because it does not explain why costs have gone up so much. But so often we have found the Director of OMB watching such increases and then simply saying, "That is too much. Let us cut it."

He is not asking about the need and he is not asking for the reason. But we have to mention the need and we have to mention the reason.

So, I have to differ with my distinguished colleague from South Carolina who has worked so long and hard for the veterans.

Also, let me point out that when we asked the VA to back up their cuts, they submitted a listing. Based on this listing, we attempted to restore the cuts in the Budget Committee but lost in a vote of 6 to 12. So this miniscule amount of one-eighth of 1 percent that the majority calls this cut, was voted out in a voice vote. But now they are the ones who are trying to say that the world will end. And, yes, it could end for those who can no longer be treated in VA medical facilities.

Let me go over some of the list of cuts submitted by the administration and the VA.

The first item is a reduction in non-service-connected outpatient visits, saving $75 million, and cutting 1,774 personnel.

Mr. President, we have gone along with cutting low priority veterans programs such as flight training and correspondence courses. We have tried and have succeeded in making economies. But this cut is hitting the elderly veterans, the sick veterans, the ones in need of hospital care.

As a group on the Budget Committee, we did not feel we ought to sacrifice them, particularly in light of the fact that we are $2.3 billion above President Reagan's recommended cuts. We could accept the amendment of the Senator from Florida and still be $2 billion above what the President has requested in Federal budget reductions.

We are above the President's cut. We are not decimating his program. We are not bringing about double-digit inflation. We are simply making a judicious judgment and approaching this particular problem based on the information we were given by the VA—not on some listings suddenly shown by the senior Senator from South Carolina a moment ago.

These are other areas to be cut by the administration: To provide for increased World War I outpatient medical visits within available resources, a cut of $21 million; combine hospital wards with low census and occupancy rates, a cut of $27 million, with a reduction in personnel of 1,116; a reduction in the community nursing home census for a cut of $18,735,000; increase in employee productivity, for a cut of $25 million with a reduction of 1,104 personnel; revised schedules for facility activation, for a cut of $18,548,000, with 203 personnel cuts.

Now, Mr. President, let me also mention that when we got to indexing in the Budget Committee, I was not able to prevail. But we all know where the real budget savings can be made and the real spending cuts can be had, and that is in the overcompensation of federally indexed programs and special pay raises. It is a financial problem and we all know it. We have not yet faced up to it. But it seems they have faced up to it in OMB on this cut in the VA physician special pay bonus. They intend to cap this increase even though Congress passed it just last year.

Yet we are having great difficulty in maintaining doctors and medical personnel in the VA facilities because of low salaries. But they could not reduce the raises for retired Senators. They could not reduce the increases for retired civil service employees. But OMB got to the veterans physicians and they found a way to cap their increase.

Do not tell me about that new list that was read a moment ago. That was not the list they gave us and on which the Budget Committee voted. Our list showed the elimination of a planned rate increase for consultants and attendings, saving $10 million; a reduction in the equipment increase, saving $41 million; and all other travel reductions, specialized medical activities, education and training for the veterans in the hospitals, saving another $18 million, and cutting 432 personnel.

So the cut actually then was $298,679,000, with a cut in medical personnel of 4,629.

I yield to the distinguished Senator from California, our ranking member, sufficient time on the resolution.

The PRESIDING OFFICER. The Senator from California.

Mr. CRANSTON. Mr. President, I thank the distinguished Senator from South Carolina.

Mr. President, I rise in strong support of the amendment of my distinguished colleague from Florida (Mr. CHILES). As the ranking minority member of the Committee on Veterans' Affairs and its past chairman, I have carefully scrutinized the President's proposed cuts for the VA health-care system. Clearly, unless we revise them, they are bad news for sick and disabled veterans—bad news particularly because they are based on ill-conceived assumptions of how economies might be made in the large, complex system of 172 VA hospitals.

Mr. President, for 4 years I was chairman of the Committee on Veterans' Affairs, and I worked very hard to insure that eligible veterans would be provided the quality health-care services to which they are entitled in the most cost-effective manner possible. All of my colleagues know that part of our national commitment to the men and women who have served—or are serving today—in our Armed Forces includes providing health-care services for the disabilities or diseases they incur while on active duty and to the extent resources are available, for the non-service-connected disabilities of very needy veterans and veterans who are 65 years of age and older.

The VA hospital and medical program exists to meet that commitment and the adoption of the Chiles amendment will send a strong signal that we will not fail by falling into the trap of accepting essentially arbitrary cuts in this program of very high national priority.

The costs of meeting these obligations to veterans are a cost of war. If we do not meet these obligations, we shall have a tough time with the Volunteer Army that so many of us would like to see thrive, and we shall have a tough time, if we have to resort to the draft or whatever else, if we do not keep commitments that have been made to those who enlist or who otherwise serve in the Armed Forces.

The Senator from Florida, despite challenges, was very, very correct when

he stated that, according to the budget document submitted by the VA, there would be a reduction, if the figures are accepted, of 297 physicians, 933 nurses, and 104 psychologists. That was planned by the VA as part of a way to meet a reduction of 4,300 VA health care personnel. Now, because of the questions raised about these cuts, we find the administration somehow giving assurances to Senators and saying, "Oh, no, we won't cut doctors or nurses or other clinical health care personnel."

Now, they claim what will be cut will be the support personnel. The effect of such reductions will be, however, to cut back severely on the productivity of doctors and psychologists and nurses, because they will be otherwise occupied. They will not be free to do the work they trained so long and hard to do, because they will lack the support services to give the direct help only they are professionally qualified and trained to give.

This will be a great waste of taxpayers' money, and it will have very adverse consequences for the health care of veterans. I submit that it is just impossible in an orderly, economical, efficient way to make these staffing cuts from the ranks of nonclinical personnel, not from doctors and nurses, without greatly diminishing the capacity of the VA health system to give adequate medical care.

Mr. President, I am at a loss to understand how cutting out great numbers of critical support personnel would not adversely affect the balance of direct health care and support personnel that is necessary for any hospital to operate efficiently. Major cuts in support personnel—in a system as thinly staffed in those support areas as is the VA—inevitably will decrease the productivity of the doctors and nurses who depend on support personnel to do lab tests; to maintain, store, and retrieve patient records; to maintain pharmacies; to do housekeeping chores; to do the paperwork in connection with admitting and discharging patients; and to perform the hundreds of other functions that are absolutely essential to providing care to patients.

What we are going to find is doctors, nurses—highly skilled health-care professionals—keeping records, retrieving records, maintaining the pharmacy, doing housekeeping chores—all an atrocious waste of these highly trained personnel.

Lack of adequate support personnel to carry out these responsibilities will inevitably lead to delays in providing decent, adequate care and will result in longer, inefficient lengths of stay and worse, in some instances, create a threat to the health and safety of veteran-patients.

This is not just my own analysis, Mr. President. The GAO, the body we depend upon for information on this sort of matter, has indicated that the VA was already suffering, before these cuts, from inadequate levels of support staffing. If the proposed reductions occur, this bad situation will be made much worse.

Clearly, Mr. President, our obligation to veterans is a fundamentally national obligation and national responsibility—just as are national defense and foreign policies. Indeed, I have always maintained that veterans programs are an inseparable cost of past wars.

So, for many VA programs—especially those that are designed to help Vietnam veterans—if the Federal Government does not do what needs to be done, no one will.

Thus, in assessing the President's proposals for veterans programs, I have sought to reach a balance between achieving savings wherever possible while insuring that our commitments to the Nation's veterans are kept and the quality and integrity of VA services are protected.

In my view, veterans who, like other Americans, are hurt by inflation, are willing to join in the effort to bring the economy into control by participating in Government-wide efforts to reduce Federal spending. That is not the issue here, and I would stress at this point that the Budget Committee's mark and the Chiles amendment do not represent positions of all or nothing in terms of veterans joining in these belt-tightening efforts. If this amendment carries, VA programs will still be subject to intense scrutiny and cuts will be made in areas not covered by this amendment. It is my understanding that not all of the possible options with respect to making savings in VA programs were even considered by the Budget Committee, which decided to focus on a VA health care system that my colleagues know we have worked very, very hard to make improvements in during the past several years. There is still much to be done in that regard. Thus, the issue is whether we will accept the substantial cuts proposed by the President, which will greatly and adversely affect the provision of health care services to our Nation's veterans; or restore the funding that would be provided in the Chiles amendment—$300 million in budget authority and outlays in fiscal year 1982—thereby rejecting drastic staffing cuts in VA health care facilities and assuring that veterans in need of outpatient care will receive that care and not be inappropriately hospitalized.

Mr. President, for reasons I will describe below, I believe we must reject the contentions of the President, OMB, and the Budget Committee that economies can actually be made in the manner that they assume. We should stand firm in support of the promises the President himself made to veterans during his campaign when he said:

> To me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health-care personnel within the VA.

In fact, closing hospital beds—maybe even entire hospitals—and cutting health care personnel in the VA health care system is exactly what the President and OMB are now proposing, and I agree that it is unconscionable. We should reject their plan here and now.

The Budget Committee evidently acted during its markup to support staffing and outpatient cuts on the assumption that the demand for VA medical services will not be as great because the veteran population is declining. There is no basis that I am aware of for such an assumption. The veteran population has not declined in recent memory. In fact, VA budget documents submitted by the Reagan administration itself show that the total number of veterans is expected to be 30,184,000 in fiscal year 1982—up 340,000 in the 5 years since fiscal year 1977. To premise reductions in VA health care staffing and funding for outpatient care on such a fiction is a great disservice to our Nation's sick and disabled veterans. We should reject that notion and set the record straight. The Chiles amendment will allow those ill-advised reductions to be avoided.

The assumptions accepted by the Budget Committee with respect to VA medical programs also include the assumption that even with the reduction proposed here the budget will still provide an increase of 10½ percent in VA health care programs over last year. However health care costs in general are rising at a rate of approximately 15 percent per year. Thus, my colleagues should be aware that there will be a reduction in terms of real dollars in funding for VA medical programs which, of course, will result in a reduction from the current level of health care services provided by the VA.

HEALTH CARE STAFFING

Mr. President, I submit that no economies can actually be achieved or should be claimed based on the Reagan plan to cut drastically VA health care personnel that the Chiles amendment would restore. The President has indicated that these staffing cuts would be taken from the ranks of nonclinical personnel—not doctors and nurses—and thus the administration contends that the overall effect of the cut on the VA medical system will be minimal.

Mr. President, I have already addressed this fiction at length. We are talking about creating a situation in which highly trained professionals will be directed from direct patient care duties in order to push papers and, very simply, keep the hospitals running. There should be no question that lack of adequate support personnel to carry out such routine responsibilities will inevitably lead to the unacceptable results I described earlier.

Mr. President, President Reagan's claim that staffing can be reduced through the consolidation of certain wards, with no reduction in either the numbers of patients treated or the rate of turnover, is also unsupported and unsupportable. The VA in-patient turnover rate will inevitably decline as staffing resources are withdrawn. It takes no genius to understand that. If we adopt the Chiles amendment, there will be no need for such consolidations to take place.

OUTPATIENT VISITS

Mr. President, the logic behind not funding 2.1 million outpatient visits is no better. As I stated before, I do not expect demand for such care to decline nor does the VA. Therefore, this reduction would force the VA to stretch its resources dangerously thin—which means providing

poor quality, if not inadequate, care—or to turn eligible veterans away. I do not believe such a result is what our Nation's veterans deserve, nor do I believe that making the cut will achieve any real savings at all.

NURSING HOME CARE

The Chiles amendment also would restore funding for a proposed reduction in the VA's census for community nursing home care, a totally arbitrary proposal based only on the need to find a savings in the VA medical care account. The demand for contract nursing home care is not decreasing. If the VA cannot provide care to veterans who need long-term care in its own nursing homes and it does not have sufficient funds to place such veterans in community nursing homes under contract with the VA, the inevitable result is either that veterans who require nursing home care will be inappropriately retained in acute-care beds or they will not receive the care they need at all. Neither outcome makes sense in terms of representing real savings and, thus, should be rejected.

PROGRAMS FOR SEVERELY DISABLED VETERANS

The Chiles amendment also would restore funding for three programs of great importance to catastrophically disabled veterans that the Veterans' Affairs Committee, on my motion, on March 12 unanimously recommended be restored.

The programs involved are the hospital-based home care program, a program consisting of three special projects to provide evaluation and treatment to spinal-cord injured veterans and other veterans to train them to be catheter-free, thereby preserving their life-sustaining kidney functions, and certain long-planned enhancement in medical rehabilitation—enhancements that would have upgraded certain services to veterans who are spinal-cord injured, blind, psychiatrically impaired, and brain injured, and those who are amputees, stroke victims, and cardiopulmonary patients.

Mr. President, the hospital-based home care program is a very cost-effective program that helps seriously disabled veterans with chronic conditions live at home and, thus, frees hospital beds for use by acutely-ill veterans. If this program is eliminated, many of the veterans who now receive home care will probably need to be readmitted to a hospital or nursing home.

However, the additional cost of providing such care in VA facilities or community nursing homes is not figured into the proposed reduction. Thus, much of the alleged savings is illusory.

The second program for catastrophically disabled veterans we would allow for under the Chiles amendment would be the establishment of the three special projects that would provide bladder training, that I described before.

The third allowance that would be provided would be for a long-overdue program enhancement in medical rehabilitation—including comprehensive services in medical, physiological, social, educational, and vocational assistance geared to help these veterans achieve maximum independence.

Thus, the reduction proposed for these three special medical programs for very seriously disabled veterans, is I believe, unsupportable in terms of either budgetary considerations or VA priorities.

Mr. President, considering the unique responsibilities of the VA health care mission to meet the rehabilitation needs of those who became disabled in the service of our country and the unique characteristics of the VA health care system, the VA clearly should be one of the Nation's leaders in total rehabilitation and independent-living programs. We have a heavy responsibility to make sure that it is, and this reduction very clearly would retard much needed actvities in this area.

The bottom line here, I believe, is that traditional medical and surgical services have for too long ended before a disabled veteran is returned to a productive life outside a VA facility. The gap between those two points is rehabilitation. All three of the programs involved in this proposed reduction are vitally important and should be strongly supported—not cut—to allow the VA to provide the best quality services possible to seriously disabled veterans.

These are exactly the types of services the VA should be providing to this most deserving group of severely disabled veterans—services designed to increase independence, avoid unnecessary hospitalization, and make the VA a progressive leader in rehabilitation medicine.

In sum, Mr. President, the cuts I have described, which would be restored by the Chiles amendment are not the products of a careful, deliberative process and do not warrant our approval.

Thus, Mr. President, I urge my colleagues to consider carefully the situation and support the Chiles amendment to reduce by $300 million the cuts that the Veterans' Affairs Committees would be instructed to make.

Mr. HOLLINGS. I have the distinguished Senator from New York who wanted a couple of minutes. The Senator from Michigan wanted a couple of minutes and the Senator from Nebraska. Let me yield a couple of minutes to the Senator from Michigan.

Mr. RIEGLE. I thank the Senator for yielding.

Mr. President, I hope we are not going to get into the pattern of having new sets of information suddenly arriving on the Senate floor from the OMB. We cannot make responsible decisions if we start relying on new documents brought in here that still have wet ink and that have not been delivered to all the Senators. I think we have to base our judgments on submissions that were made to the Budget Committee in due process. That is what this committee record is all about.

It is that kind of fast handwork that has made the veterans organizations in this country outraged. That is why they are supporting the amendment of the Senator from Florida. They know in fact that part of the safety net is being ripped away. Veterans have a right to be outraged about it. But let us not have last-minute documents brought in here where OMB is trying to back away from the very statements they made before the committee.

We are not talking about cutting out these services for other groups of people. Everybody in this Chamber knows we have health services available to us, and those in the executive branch do. I think the veterans deserve them. They have been told they could count on them through the years, through each administration, Republican and Democratic, until today. Now we have a new administration that wants to take a walk on the health needs of the veterans of this country. It is absolutely an outrage.

I hope there are enough Members in this body who think for themselves and who do not take their marching orders from OMB. OMB is an organization that told us one thing in the Budget Committee, as has just been outlined by the Senator from California, and now suddenly, at the last minute, we get a piece of paper, that was not even distributed, that tries to make us believe that the cuts will be painless.

We cannot make decisions in this fashion. You are being walked right toward a cliff. Do not take the veterans of this country with you. The veterans organizations have spoken out clearly. When they say the cuts will have a devastating effect, I think they know what they are talking about.

We shall find out today who is with the veterans and who is not.

Mr. HOLLINGS. Mr. President, I yield to the distinguished Senator from Nebraska.

Mr. EXON. I thank my friend from South Carolina.

Mr. President, I just want to add my voice in support of the amendment being offered by the Senator from Florida. I have stood on this floor on frequent occasions and voted against increases above and beyond what the Budget Committee has recommended. I have voted frequently against amendments offered by my friend from California, the most distinguished whip on this side.

In fact, Mr. President, within the last month I received a call from a group of Veterans of Foreign Wars from my State of Nebraska—and I might say that I am a lifetime member of the Veterans of Foreign Wars—who were quite critical of the scorecard that had been fashioned regarding the votes of this Senator from Nebraska on a series of veterans' matters. There was some mention of the fact that they hoped to support me for reelection but might not be able to do so because of some magic scorecard of mine that had been invented somewhere along the line.

At that time, I lectured my friends from Nebraska, my fellow members of the VFW, at some length. I told them that when I voted on the floor of the U.S. Senate, I voted for what I thought was right and appropriate on each vote.

The vote they were critical of was not a vote to cut veterans' benefits or veterans' hospital benefits but was merely to pare down the ever-escalating increase of those particular amounts.

We have a totally different situation here today, and I therefore am urging my colleagues on both sides of the aisle

to take their blinders off and recognize that in this case—maybe this is the only case; I think there are others—that in this case, at least, I think the administration's recommendations are going to cut at the heart of the veterans, those who served this Nation in the past, at the same time we are making a big deal of the fact that we are building up the defenses of the United States of America.

Are the young people today going to believe us when we ask them to make sacrifices, while they see us turning our back on the legitimate obligations of this Nation to those who defended our flag in times of need?

Of all the times to cut back hospital benefits for veterans, it is wrong, because at this time we have a large population of World War II veterans who are about to reach the age where they will be coming into our veterans' facilities in massive numbers. Indeed, this is a time when we must look forward to the months and years immediately ahead and begin to build up within reason our veterans hospital facilities, without making the drastic cuts that are being recommended in this instance by the Reagan administration.

I attended the VFW meeting here a couple of weeks ago, and I believe the VFW members were indicating very clearly at that time that they thought it was wrong to make cuts in these kinds of programs.

I hope that when we have this vote in a few moments, we will have people on both sides of the aisle who will not have people putting a ring in their nose and riding down the path of destroying something that I believe is very critical to the veterans of the United States, as we recognize the obligation we have to them for past services.

Mr. HOLLINGS. Mr. President, I yield to the distinguished Senator from New York.

Mr. MOYNIHAN. I thank the distinguished ranking minority member of the Budget Committee.

Mr. President, I wish to express a sentiment which I believe is shared strongly by those of us in this body, on both sides of the aisle, who served in the armed services in time of war.

There is an issue of trust involved in this decision, and it could not have been more bluntly stated than by the commander of the Veterans of Foreign Wars on March 18.

I read an Associated Press statement which appeared in the Washington Post:

The Veterans of Foreign Wars, which broke precedent to endorse Ronald Reagan's candidacy last year, accused the president yesterday of "balancing the Veterans Administration budget on the breaking backs of the veteran, his widow and orphan."

Art Fellwock, commander-in-chief of the VFW, said in a press release that the Reagan budget proposes to eliminate more than 7,000 medical personnel from the fiscal 1981 and 1982 budget submitted by President Carter.

"Reagan, just a few short months after telling the delegates to the VFW national convention, 'To me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding,' is now doing just that," Fellwock said.

I have no desire to make this a matter of any personalities. These things get made in bureaucracies. But the Budget Committee had a clear opportunity to keep the commitment of their administration.

On the last day of our markup, in the 58th vote of the Budget Committee markup, I read this statement to the full committee; and I asked the full committee, in the name of a commitment made to men and women who have served in the armed services, to reverse these reductions, and the committee did something unusual. My motion was not voted on. It was moved to table, so that it would not be clear what decision had been made.

Mr. President, I ask unanimous consent to have printed in the RECORD vote No. 58 as in the report before us.

There being no objection, the vote was ordered to be printed in the RECORD, as follows:

VOTE No. 58

Armstrong motion to table the Moynihan motion to reconsider the vote on the instruction to the Committee on Veterans Affairs.

Motion agreed to by 11 yeas, 9 nays.

Yeas: Mr. Armstrong, Mrs. Kassebaum, Mr. Boschwitz, Mr. Hatch, Mr. Andrews, Mr. Symms, Mr. Grassley, Mr. Kasten, Mr. Quayle, Mr. Gorton, and Mr. Domenici.

Nays: Mr. Hollings, Mr. Chiles, Mr. Johnston, Mr. Sasser, Mr. Hart, Mr. Metzenbaum, Mr. Riegle, Mr. Moynihan, and Mr. Exon.

Mr. MOYNIHAN. Mr. President, I should like to note that there was a unanimous vote on that side of the aisle not to keep the commitment of the administration and a unanimous vote on this side of the aisle to do so.

Something to do with the standard of political commitment is involved here, and I hope the Members on the other side of the aisle—many of whom I believe share our views—will seize this opportunity to reverse the mistake made by their colleagues in the Budget Committee and keep the commitment of their party and of this country to these men and women.

Mr. President, I thank the Senator from South Carolina for giving me this opportunity to set the RECORD straight.

(By request of Mr. MOYNIHAN, the following statement was ordered to be printed in the RECORD:)

● Mr. LEAHY. Mr. President, I should like to express my support for the amendment today to restore $300 million for veterans funding. This action is necessary to offset proposed reductions in Veterans' Administration staffing and treatment for non-service-connected veterans, and to insure that cost-effective programs such as home health care and community nursing homes can be continued.

There is no doubt that the VA could technically achieve the required savings—but at what cost to the viability of the system? I would like to think that those who are proposing the cuts do not understand how the VA medical care operates, but I must wonder whether they understand only too well how it operates. If the proposed cuts are enacted, this could very well lead to the deterioration of the whole VA medical system and its eventual demise.

The justification given for the proposed cuts is the need to reduce Federal spending, but this rationale does not serve to explain the fatal cuts that have been proposed for the home health care and community nursing home programs. These programs were initiated because they were cost effective and prevented the need for costly hospitalization. It simply flies against reason to cut or eliminate programs that have been successful, and more importantly, save the VA money.

While the cuts in VA staffing by definition do not affect clinical and medical personnel, it is clearly false economics to reduce so drastically the support staff that is essential to the smooth, efficient operation of the overall system. How can we saddle the medical staff with more paperwork and administrative duties and not expect the quality of medical care to decline?

The proposed reductions will have a very real and immediate consequence on the operation of the VA system. However, I am equally concerned by the symbolic meaning these cuts would carry. There is only one way these actions could be interpreted, and that is that we are going back on our commitment to assist and provide for those veterans who sacrificed their time, health, and even their lives, for their country.

I am voting to restore these funds simply because I believe we must not forgo this commitment to our Nation's veterans.●

Mr. HOLLINGS. Mr. President, on behalf of the distinguished Senator from Arizona (Mr. DECONCINI), I ask unanimous consent to have printed in the RECORD a statement of Charles E. Joeckel, Jr., of the Disabled American Veterans.

There being no objection the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF CHARLES E. JOECKEL, JR., MARCH 12, 1981

Mr. Chairman and members of the task force: On behalf of the 2.3 million Americans who, during the course of their active military service, have incurred a wound, an injury or disease which is compensable in degree, particularly the more than 685,000 of these who comprise the membership of the Disabled American Veterans, may I say that we appreciate this opportunity to appear here today.

As I understand it, Mr. Chairman, our testimony should be restricted to the impact that the new Administration's adjustments to the Fiscal Year 1982 Budget—as submitted by the Carter Administration—would have upon the Veterans' Administration's mission to provide benefits and services to this nation's veterans, their dependents and survivors.

At the outset, Mr. Chairman, let me state quite clearly that the DAV is adamantly opposed to any reduction in funding which strikes at the very heart of the VA's hospital system—that is, the quality of medical care provided to veterans and the ongoing construction programs designed to improve and replace outmoded VA facilities. Further, Mr. Chairman, we are fundamentally opposed to any proposals designed to limit the level of benefit payments provided to this nation's service-connected disabled veterans, their dependents, widow(er)s and orphans.

As you know, some $509 million of the $744 million reduction in VA programs proposed by the new Administration for FY

1982, fall into a category for which there can be no compromise by the membership of our organization. These proposed reductions are, indeed, aimed at the very heart of the VA health care system and represent a rehash of old ideas that time and again have been rejected by the Congress. They are proposals that have surfaced at one time or another in every Administration since Lyndon Johnson's.

Why is the DAV so opposed to what may seem to some as minor adjustments in the VA hospital and medical care program? Many have pointed to the dramatic rise in VA health care expenditures and employment to justify arguments that the growth of this enormous system should be curtailed—and, that the system caters to nonservice-connected veterans whose disabilities are not related to their military service and, thus, the expenditures are unjustified.

No mention is made, however, of the tremendous demand on the VA health care system by the 13.5 million World War II veterans whose average is now 60 years and who suffer the impact of age on their impairments; or by the influx of Vietnam Era veterans into the mainstream of VA health care.

No mention is made of the fact that, for all of its ills, the health and medical services of the Veterans Administration are 15% more cost-effective than similar care provided in the private sector.

No mention is made that these nonservice-connected veterans who receive care in VA facilities are often uninsured indigents and that closing VA hospital doors to them only transfers government expenditures from VA on to other federal agency programs—where expenditures are already astronomical because of higher costs for health care provided in the private sector.

No mention is made of the fact that within the last decade the Veterans Administration has lost some 20,000 hospital beds system-wide.

No mention is made, Mr. Chairman, that for the last three fiscal years expenditures for VA health care have experienced negative growth in terms of inflation in medical costs—though VA health expenditures have risen an average of 9.1% per year since Fiscal Year 1978, health care costs have escalated on an average of 14.1 percent over the same period. (American Hospital Association Index for Inpatient and Outpatient Care.)

Mr. Chairman, you simply cannot provide the same quality of care to more and more veterans each year when medical costs outstrip available funds. Continued negative growth in funding for VA health care programs will insure the system's slow demise. Similarly, without a commitment to continue ongoing modernization and replacement programs, VA's already antiquated facilities will necessarily be shut down one-by-one.

In the past, our organization has been characterized as "alarmists" who would oppose the most minute reduction in VA funding. It goes without saying, Mr. Chairman, that we do not welcome with open arms cuts in VA spending. However, "alarmists" we are not.

We do believe that there are those in the Office of Management and Budget and in the private health care sector who would like nothing better than to close every VA medical facility. The plans to do so are not quite as obvious today as they were several years ago when attempts were made to close VA hospitals outright.

Today's OMB efforts include the following:

1. Continue to reduce the number of beds in the system (bed losses over the past four years equal the closing of thirty 500-bed medical centers).

2. Deny the system vital funds by misusing and circumventing Congressionally approved VA appropriations.

3. Impose personnel reductions (1,280 in FY 1981 and 5,180 in FY 1982), hiring freezes and ceilings on Department of Medicine and Surgery employment; and, now

4. Require cancellation and deferment of VA replacement and modernization construction plans.

Recently, Mr. Chairman, we obtained a copy of an Office of Management and Budget document, which I will submit separately to you, outlining the Administration's plans to reduce VA expenditures in Fiscal Year 1982. The document contains the following statement:

". . . In addition, the existence of excess medical care capacity in many areas of the United States makes questionable the need for a separate VA medical system . . ."

"Alarmists," Mr. Chairman? We think not.

These plans totally ignore the VA's past contributions to and vital role played in, the practice of medicine in America today. Let me point out to those not familiar with the system the beneficial aspect of present VA/medical school affiliation; that fully one-third of the physicians educated in this country received all or a portion of their residency training in VA hospitals; that VA represents the sole major effort in this country for comprehensive blindness and spinal cord injury rehabilitation and prosthetic research efforts.

Let me emphasize also the fact that the VA is the only federal medical care provider now possessing the potential to handle battlefield or civilian casualties in the event of a future major combatant episode or national emergency.

Frankly, Mr. Chairman, we wonder just who is setting the policy of the current Administration. Is it the Office of Management and Budget or is it the President and the Party Platform on which he ran? Who pulled veterans' programs out from under the "Social Safety Net"?

Surely, we and our membership would not be caught so unsuspectingly had we not received the assurances that "veterans deserve better" as quoted in the President's Party Platform and in speeches to veterans' groups. How do the President's preelection promises square with current policies of the Office of Management and Budget?

On August 18, 1980, candidate Reagan said:

"To me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health care personnel within the VA."

Further, the Republican Party Platform goes on to state: ". . . we feel it is of vital importance to continue and expand the health programs provided to veterans through the Veterans Administration hospitals. Here we see the need for increased access to care especially for older veterans.

"We further advocate continued and expanded health care for our Vietnam veterans and consider it vital for the Veterans Administration to continue its programs for the rehabilitation of the disabled as well as its job training efforts."

Needless to say, Mr. Chairman, we are dismayed that the preelection statements made in order to court veterans' votes are at great variance with the recent actions of the Office of Management and Budget.

I note in your invitation to me to appear here today, Mr. Chairman, your request for our assessment of where equitable and reasonable budget cuts could be made in the Veterans Administration. As you may know, today's hearing marks the first time the DAV has appeared before this Committee since it was established in 1975.

We have not been given the opportunity to provide meaningful input to the Budget Committee in the past. This, we believe, has resulted in floor amendments in years past to restore funds to what, we considered, inadequate VA budgets. Perhaps today's hearing marks the beginning in a mutual effort to avoid such confrontations in the future. We look forward to working with you and your staff in shaping the future of veterans' programs.

However, Mr. Chairman, because of the recent position taken by the Administration to ignore its promises and commitments made to veterans, the Disabled American Veterans cannot make the job of the Administration—to cut the heart out of VA programs—any easier. The Administration and the Office of Management and Budget have broken faith with America's veterans; we will not join with them.

For these reasons, we will offer no recommendations for budget reductions in the Veterans Administration. For that matter, we will actively oppose any reduction in VA health care funding or any proposals designed to limit the level of benefits provided to service-connected disabled veterans, their dependents and survivors.

Finally, Mr. Chairman, noting the existence of sentiment for increasing expenditures to provide and maintain adequate munitions and equipment for a strong national defense, may I say that we view the maintenance and improvement of veterans' programs as an integral part of this same concept. Providing adequately for those who served, were wounded and for those who became widowed or orphaned as a result of war, is as much a part of the costs of war as the purchase of a tank, a plane, or a rifle. How we treat our veterans today, I suspect, will have a great bearing on the future decisions of those whom we will ask to serve this country in the event of a future war. While it is likely that the Congress will take up measures to make military service more attractive, may I remind you and the members of the Committee, Mr. Chairman, that the very sons and daughters you ask to serve tomorrow are the sons and daughters of those who have already served in this nation's active duty military. Veterans and their families are watching closely in hopes that the Administration and the Congress will act cautiously on their mandate to cut federal expenditures and responsibly in carrying out pre-election commitments to improve veterans' benefits and services.

Again, Mr. Chairman, we sincerely appreciate this opportunity to express our views on this important subject.

Mr. DOMENICI. Mr. President, how much time does the Senator from Kansas desire?

Mr. DOLE. Five minutes.

Mr. DOMENICI. I yield 5 minutes on the resolution to the Senator from Kansas.

Mr. DOLE. Mr. President, the Senator from Kansas has been here for all the debate, because I, as did many others, receive 70 to 100 phone calls in my office yesterday saying that we were wrecking the veterans program. I wanted to come here and see just exactly what was going to happen if the Chiles amendment were not adopted. But the more I have listened the more I have become convinced that we are not really affecting the program very much here.

We are now talking about a total budget of $24 billion; the Senator from Florida, Mr. CHILES, is proposing to restore $330 million of the $719 million to be cut from the VA's total funding. This

$330 million represents a minuscule one-half percent of the total funding.

I suppose we can all stand up and prove who is the biggest veteran or the biggest friend of the veterans or who is the most outranged by this drastic act taken by the Reagan administration.

But in talking with the chairman of the Veterans Committee, I understand that we are not impacting service-connected disability benefits; we are not impacting anybody 65 years of age or over; we are not impacting at all anybody whose disability is nonservice connected and is in the needy category. I fail to see what all the outrage is about.

There are veterans who are milk producers, so maybe we should not have supported cuts in milk price supports yesterday because some of the veterans are going to be affected. Some veterans have children in the school lunch program, and they will be impacted in that vote. There are going to be veterans associated with other programs who will be impacted in other votes. If we base the entire budget on whether or not a veteran will be affected, we will not cut anything in this budget.

I have talked to some of the veterans in my State, and I know that the VA professionals have to send out telegrams and make phone calls. They are pretty much like those of us in Congress. They have constituencies, and they have to react, just as some of us are reacting on the Senate floor.

As the Senator from Washington (Mr. GORTON) said earlier, I believe that veterans are concerned about inflation.

If you took a poll among veterans—not only those who run the various veteran organizations, but the many who are represented by the veteran organizations—those who are paying for the inflationary policies of the past, paying high-interest rates and fighting the uphill battle against the tide of Federal regulations—and you asked them to cut their share of the Federal pie by this little amount, I believe that you would find an overwhelming and resounding "aye" vote. They are concerned about inflation. They are concerned about their futures. They are concerned about their children. But perhaps the cruelest thing this Congress could do would be to bring on our commitment to cut the budget, get inflation under control, and put this country to work again. It would be very easy and indeed politically wise to vote for the Chiles amendment. The right vote on this amendment, however, is unfortunately the tough vote—to say no to a group of Americans that have given of themselves and made great sacrifices for the sake of their country.

We are not asking anyone to make a sacrifice. We are talking about a few facilities and some nonprovider care. That is all.

It seems to this Senator, who served as a service officer for the VFW, a service officer for the American Legion, and a service officer for the Disabled American Veterans, that we are not asking much of a sacrifice of our country's veterans. We are giving the veterans who have already made a great contribution to this country another opportunity to make another contribution, a very small contribution, and I hope all Senators support the Budget Committee recommendation.

I have some reservations about one or two items in the overall resolution, and I may speak to those areas in the next day or so, but not this one. This is clearly a case of, I think, an effort by some to play politics with veterans.

The best politics for the American veteran is to stop inflation, bring down the interest rates, put him back to work, and lift some of the regulations, and he will survive a little $330 million cut in a budget that is almost $24 billion.

Who is going to make the sacrifice? Who better understands the need to make sacrifices than the American veteran? But let us face it. Surely we do not have an obligation to protect everyone who served in the Armed Forces. So let us do not make it appear that by taking this very small step somehow we are doing a disservice to all veterans, that is not the case. This resolution, called for by Senate Concurrent Resolution 9 is miniscule when compared to other junctions in the budget and we must not let some blow it out of proportion.

We can all stand here and recite our veteran record or our service record, but that is not the issue. What is at issue is whether or not this Congress is going to work with the administration to bring solvency and commonsense back to our economy.

The right vote for the American veteran in this instance is to uphold the Budget Committee.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, Senator SIMPSON wished about 2 or 3 minutes.

Mr. SIMPSON. Three minutes.

Mr. DOMENICI. That is all I know about, and then we are prepared to vote on our side.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. Mr. President, the time is fleeting, and I just wish to say that as chairman of the Veteran's Affairs Committee I am awed by my responsibility of being chairman of such great men as Senator ALAN CRANSTON, my chairman when I was the ranking minority member, JENNINGS RANDOLPH, SPARK MATSUNAGA, and most especially STROM THURMOND and BOB STAFFORD, who far outrank me in this Chamber and yet refer to me in a most extraordinary way as their chairman as they are mine on other committees.

We heard the remarks of STROM THURMOND. He said this is the toughest vote of his career. I do not doubt that at all because I know what he does for veterans. I know what he did as a veteran. He is the dean of this body, our President pro tempore. And then to hear BOB DOLE speak, one who has been through the fires. Both of these Senators have received the highest award that the VFW can confer.

So the whole job of the Veterans' Committee is to look at the issue of need. We have no other function. That is what our committee does. That is what it is for.

We restored all of the funds that were necessary to assure that VA could maintain the present levels of staffing for health care. We did that. We kept the commitment. Not one essential benefit—I urge Senators' attention to this fact—not one essential benefit, not one pension, and especially not health care for veterans was cut back in this budget request. Not for a service-connected disability, not for needy non-service-connected disability, not for any veteran over 65 years of age, not one penny.

That was the commitment that Ronald Reagan made to the VFW in August in Chicago. I was there. I heard what he said. We will not cut essential benefits to the veterans of America, and we have not.

We restored the positions in the committee action of all health care personnel. There is no question about that.

And I think, in conclusion, we should remember one thing: When a sick veteran goes into a Veterans' Administration hospital, whether he walks in there or is chauffeur driven, he is admitted to that hospital regardless of whether he fought and won the highest valor awards that our country can confer, or whether he baked bread at Camp Beetle Bailey. That is the way the system works.

We are now going to have to review various cost savings proposals, and that is what I pledge to do as chairman of the committee. We have a commitment to the veterans. That commitment has never failed to have been met.

I have been fascinated at the debates. It is good-spirited stuff. We have a good name for some of it in Wyoming, but it has been good stuff.

I pledge to all that we will find the savings to do this job once we get an Administrator, once we get a Deputy Administrator, once we get an Inspector General, once we get a General Counsel of the Veterans' Administration. I pledge we will find those savings in a $24 billion budget.

I thank the Chair.

Mr. COHEN. Mr. President, veterans probably have no stronger supporters in the U.S. Senate than my distinguished colleagues STROM THURMOND, BOB DOLE, and AL SIMPSON. Thus, their eloquent statements on behalf of the Budget Committee's recommendations concerning funding for veterans programs are ones which should bear special significance for all of us.

Reaching a decision on whether or not to support Senator CHILES' amendment to add $300 million to the budget for veterans' medical programs is not an easy thing to do. But, in reaching that decision, it is instructive to listen to the statements of these gentlemen, each of them veterans themselves and each with a long, distinguished record of support for those who have served.

As one who has consistently voted for programs to benefit veterans—and as

one who is keenly aware of the special sacrifices made by those who have dedicated years of their lives in service to their country—I believe we owe a great debt to our veterans. That debt, however, carries with it the additional responsibility that we act judiciously and with special care as we vote on questions which bear directly on the ability of veterans and others in our society to meet daily needs.

It is with that consideration in mind that I conclude that I must support Budget Chairman DOMENICI and Veterans' Affairs Chairman SIMPSON in opposing the Chiles amendment. We have been assured that the Budget Committee's figures will not cause the massive reduction in veterans' health professionals which some suggest. And we have been reminded that veterans will see a smaller reduction in their programs than will those in other segments of society.

Veterans from my State of Maine were down here a couple of weeks ago to meet with my colleagues and me in the State's congressional delegation. In our meeting, they emphasized that veterans are willing to accept their fair share of reductions—as long as it is clear that the reductions are distributed fairly. This is the kind of commitment to the best welfare of the Nation which these individuals have displayed in their earlier service in the Armed Forces and which they continue to demonstrate daily as leaders of their communities.

Chairman SIMPSON has said that the reductions will not come in manpower slots, but will rather come from funds for capital equipment investment which will not affect the quality of health care for veterans.

My distinguished colleague from Wyoming has said another thing with which I would like to associate myself. He has indicated his strong commitment to preserving the Veterans' Administration's hospital system, and he has emphasized that the reductions will not affect veterans with service-connected disabilities.

I would like to quote from the statement which Chairman SIMPSON made on March 23:

Of course, Mr. President, we do not lose sight of the tremendous debt that this country owes to its 30 million veterans, their 58 million family members, and the 4 million survivors of deceased veterans. With respect to the most deserving of our veterans, any cut in vital benefits or services would clearly be unconsionable. We have avoided that result. We have taken care to preserve and protect the compensation and pension benefits of all of those veterans with service-connected disabilities, as well as those of truly needy wartime veterans who suffer non-service-connected permanent and total disabilities or those who are over age 65. These described programs, in fact, will enjoy full cost-of-living increases, currently estimated to be 11.2 per cent by the Office of Management and Budget and 12.3 per cent by the Congressional Budget Office.

Nor will we diminish the level of services offered by the VA health care system. To indicate otherwise is certainly an erroneous assumption, since those health care services are crucial to the continued protection and maintenance of our most deserving veterans.

I cannot make the case for the budget for veterans programs any more eloquently or effectively than that. The fact is that the Veterans' Administration budget will be $1.3 billion more than it was last year. And, as Senator SIMPSON stated, basic programs for veterans are not being reduced. Those in greatest need are protected.

I will not now or in the future accept any proposals to undercut the programs we have provided in recognition of the dedicated service of those who are veterans of the Nation's military. If a piece of legislation is considered which is counter to the best interests of veterans, I will not hesitate to oppose it. In this instance, however, I share the conclusion of Chairman SIMPSON and Senators THURMOND and DOLE that the correct vote is one in favor of the recommendations made by the Budget Committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Is there any Senator in the Chamber who has not voted, who wishes to vote?

The result was announced—yeas 44, nays 56, as follows:

[Rollcall Vote No. 43 Leg.]

YEAS—44

Baucus	Evon	Metzenbaum
Bentsen	Ford	Mitchell
Biden	Glenn	Moynihan
Boren	Hart	Pell
Bradley	Heflin	Pryor
Bumpers	Hollings	Randolph
Burdick	Huddleston	Riegle
Byrd, Robert C.	Inouye	Sarbanes
Cannon	Jackson	Sasser
Chiles	Kennedy	Stennis
Cranston	Leahy	Tsongas
DeConcini	Levin	Weicker
Dixon	Long	Williams
Dodd	Matsunaga	Zorinsky
Eagleton	Melcher	

NAYS—56

Abdnor	Gorton	Nickles
Andrews	Grassley	Nunn
Armstrong	Hatch	Packwood
Baker	Hatfield	Percy
Boschwitz	Hawkins	Pressler
Byrd, Harry F., Jr.	Hayakawa	Proxmire
	Helms	Quayle
Chafee	Heinz	Roth
Cochran	Humphrey	Rudman
Cohen	Jepsen	Schmitt
D'Amato	Johnston	Simpson
Danforth	Kassebaum	Specter
Denton	Kasten	Stafford
Dole	Laxalt	Stevens
Domenici	Lugar	Symms
Durenberger	Mathias	Thurmond
East	Mattingly	Tower
Garn	McClure	Wallop
Goldwater	Murkowski	Warner

So Mr. CHILES' amendment (UP No. 20) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 21

(Purpose: To reduce the appropriations reductions required as a result of changes in veterans programs)

Mr. CRANSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an unprinted amendment numbered 21.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator from New York is absolutely correct. Will the Senators please cease conversations so that we may continue?

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 11, line 12, beginning with "$414,000,000", strike out all through line 15, and insert in lieu thereof "$310,000,000 in budget authority and $271,000,000 in outlays for fiscal year 1982 and $286,000,000 in budget authority and $293,000,000 in outlays for fiscal year 1983.".

On page 20, line 11, beginning with "$414,000,000", strike out all through line 14, and insert in lieu thereof "$310,000,000 in budget authority and $271,000,000 in outlays for fiscal year 1982 and $286,000,000 in budget authority and $293,000,000 in outlays for fiscal year 1983.".

Mr. CRANSTON. Let me say at the outset that I strongly supported the Chiles amendment. However, frankly, I am more comfortable with the amendment that I am now offering, which, in effect, proposes to retain exactly the health-care staffing level unanimously approved by the Veterans' Affairs Committee. Both sides of the table, Democrats and Republicans alike, in the Veterans' Affairs Committee approved the substance of what I am now proposing.

It is clear that some reduction in the Budget Committee's cuts in veterans' programs is warranted. I believe there is no doubt about that fact. It is plain also that it is the will of the Senate to make reductions in veterans' programs.

The amendment I am offering would reduce to a lesser degree—by $104 million in budget authority and outlays for fiscal year 1982 and by $111 million in budget authority and outlays for fiscal year 1983—the amount of cuts that the Veterans' Affairs Committees would be instructed to report.

Adoption of my amendment, which really amounts to just trying to hold or restore one-third of the amount that the Chiles amendment would have restored, would assure that VA congressionally mandated health-care staffing levels, slashed drastically in the Reagan budget, could be maintained. This restoration is targeted on a cut proposed by the President and approved by the Budget Committee that was based on ill conceived, unsupportable approaches to making economies in the VA health-care system.

Mr. FORD. Mr. President, may we have order in the Senate? We cannot hear the distinguished Senator from California. He is entitled to that privilege

The PRESIDING OFFICER. The Senator from Kentucky is correct.

Will the Senate be in order?

The Senator from California.

Mr. CRANSTON. Let me explain what the Budget Committee did. It evidently

acted during its markup to recommend staffing cuts on the assumption that the demand for VA medical services will not be as great because the veteran population is declining.

But, as I stated earlier regarding the Chiles amendment, there is no basis that I am aware of for any such assumption that the veteran population is declining. The veteran population has not declined in recent memory.

In fact, VA budget documents submitted by the Reagan administration showed that the total number of veterans is expected to be 30,184,000 in fiscal 1982, up 340,000 in the 5 years since fiscal 1977.

To premise reductions in VA health-care staffing on such a fiction is a great disservice to our Nation's sick and disabled veterans. We should reject that notion and set the record straight.

My amendment will allow those ill-advised reductions to be avoided.

I submit that no economies can actually be achieved or should be claimed based on the Reagan plan to cut the 4,300 VA health-care personnel that my amendment would restore.

That is all my amendment would do. It does not touch any other aspect. It just zeroes in on the most sensitive, the most important, aspect of our aid to veterans affected by the figures that we are working upon, the funding for health-care personnel.

The administration has indicated that these staffing cuts would be taken from the ranks of nonclinical personnel. No doctors and no nurses would be cut, according to the administration. Thus, the administration contends that the overall effect of the cut on the VA medical system would be minimal.

Of course, this contrasts to what the VA itself submitted in documents supporting President Reagan's budget, where they proposed, as I previously made clear, cutting 1,234 doctors, nurses, and psychologists.

I am at a loss to understand how cutting out great numbers of critical support personnel would not adversely affect the balance of direct health-care and support personnel that is necessary for any hospital to operate efficiently.

Major cuts in support personnel, in a health-care system as thinly staffed in support areas as the VA's inevitably will decrease the productivity of the doctors and nurses who depend on support personnel.

Do we want doctors, phychologists, and nurses doing laboratory tests, maintaining, storing, and retrieving patient records, maintaining pharmacies, doing household chores, doing the paperwork in connection with admitting and discharging patients, and performing the hundreds of other support functions that are absolutely essential to providing care to patients?

That is the work now being done by the backup personnel, the support personnel, who could be lost if we do not adopt this amendment.

If you do not have those people doing that work, somebody has to do it. So we will take highly paid and highly trained doctors, waste the great investment we are making in them, and have them keeping records and doing other sorts of backup work. That is clearly folly and very wasteful. It is obviously not economical or efficient.

Lack of adequate support personnel to carry out these responsibilities also will inevitably lead to delays in providing care. It will result in longer, inefficient stays in hospitals. That is no saving. That is a way to increase expenses; and worse, in some instances, without any question it will create a threat to the health and safety of veteran patients who will not get care when they need it because doctors will be pushing pencils instead of treating patients.

This is not just my own analysis; it is the analysis of the General Accounting Office. It is based upon their analysis which stated that the VA is already suffering from inadequate levels of support staffing. If the President's proposed reductions occur, this bad situation will be made worse.

The GAO has found inadequate support now. If we make that problem worse by cutting out funding for 4,300 health care workers, we would create what could be a crisis situation in veterans' medical care.

For the past 4 years we in the Congress have worked very hard to assure that staffing levels in the VA's Department of Medicine and Surgery would be sufficient to provide quality health care services responsive to the needs of eligible veterans. Just last December, in the HUD-Independent Agencies Appropriations Act for fiscal year 1981, we added 1,176 badly needed direct patient care employees, and the Comptroller General has ruled that—under a provision of Public Law 96-151 that we specially enacted to prevent OMB from withholding from the VA the authority and funding to hire personnel for which appropriations are made—OMB has acted unlawfully in applying the hiring freeze to positions in the VA health care system.

I believe that OMB acted unlawfully again on March 18 when it reduced the VA's 1981 ceiling for health care personnel below the level for which appropriations were provided in December.

I want to stress that the Veterans' Affairs Committee in its March 12 markup strongly endorsed the need to retain these very badly needed staffing resources. It did so unanimously and with a bipartisan approach. This amendment would help assure that we stick to that bipartisan decision of the Veterans' Affairs Committee.

We have been attempting to solve the VA's medical care staffing problem for several years. The improvements we have provided over the last decade have been based on the facts that have existed with respect to the needs of eligible veterans and their utilization of VA health care facilities. Nothing about those facts has changed since December to warrant VA health care staffing reductions. The result of reversing the improvements we have achieved will simply be a decline in the quality of care for sick and disabled veterans.

Mr. President, let me again stress a further point with respect to the bases of the Reagan-proposed cuts that the Budget Committee has accepted. Those cuts are not the products of a careful, deliberative process in which appropriate areas of savings were identified by the VA and appropriate reductions fashioned with the health and well-being of our Nation's veterans in mind. Quite the contrary, the cuts were made by the Office of Management and Budget in gross dollar amounts for fiscal reasons alone, and then those cuts were hastily distributed by the VA in a forced effort to portray some sort of superficial justification.

Unlike any other major agency in the Federal Government, the VA, with no Reagan-appointed agency head, had no real way of countering or challenging the cuts initiated by the Office of Management and Budget. Leaderless, they could not effectively argue their case within the new administration. So these matters were not carefully thought out before being presented in the Reagan budget.

By and large, the VA did not even participate in this process. I believe that these factors should be given great weight in evaluating the Reagan proposals for cuts in VA programs.

Thus, Mr. President, I urge my colleagues to consider carefully the situation I have described and to support this amendment to reduce the cuts—in a very targeted way—that the Veterans' Affairs Committees would be instructed to make.

I state again, we accept in this amendment some very significant cuts other than in health care personnel—which I believe should be the highest priority spending area in VA medical care.

Most of my colleagues are well aware of how very hard Congress has worked during the past several years to staff the VA health care system adequately and to assure its ability to provide quality care to eligible veterans. The amount I am now asking my colleagues to support would allow the VA to hold the line and thus avoid being set back by several years. If we make this personnel cut, it will be several years before we can undo the damage, undoing the progress that we have made with respect to the health care system.

By adopting this amendment we can forestall the OMB strategy, so clearly documented in debate earlier today, to weaken the VA health care system.

Mr. President, for these reasons and many more that I shall not take time to reiterate, I strongly urge the adoption of this amendment.

Mr. President, I ask unanimous consent that the Senator from West Virginia (Mr. RANDOLPH) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATSUNAGA. Will the Senator from California yield?

Mr. CRANSTON. Yes.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that I may be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATSUNAGA. Mr. President, I rise in strong support of the Cranston amendment. I think there is some misunderstanding by my colleagues here

that this amendment and the amendment previously defeated would add on to the budget. Briefly, what we are doing here is merely restoring cuts. That Reagan administration proposed a cut of $800 million from the Veterans' Administration budget. The Budget Committee, in this reconciliation resolution, has instructed the Veterans' Affairs Committee to achieve savings of over $400 million. What we propose to do here is restore $100 million of that. Thus, in effect, even by adoption of this amendment, the Veterans' Affairs Committee is still accepting reconciliation instructions to cut $200 million from the Veterans' Administration budget.

We must remember, Mr. President, as I stated earlier, that the veterans' program is part and parcel of our defense program. While, on the one hand, the administration is saying we have to boost our defense and proposes substantial increases in the defense expenditures, they are, on the other hand, proposing an $800 million reduction for the Veterans' Administration program. I say let us treat the veterans as part of our military service, because they, in fact, are retired as well as having paid their dues already. So let us support this one amendment, which was supported unanimously by each and every Veterans' Affairs Committee member from both sides of the aisle.

Mr. President, I wish that those on the opposite side of the aisle, of the majority party, would now take the advice. take the guidance of the members of the Republican Party and the Democratic Party on the Veterans' Affairs Committee and vote to support the Cranston amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Senator EXON be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Washington.

Mr. GORTON. Mr. President, on behalf of the Senator from New Mexico, I yield time to the Senator from Wyoming on the amendment. How much time remains?

The PRESIDING OFFICER. One-half hour for each side

Mr. SIMPSON. Mr. President, I shall not consume that, I assure the Chair.

Mr. GORTON. Mr. President, I yield 15 minutes.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 15 minutes.

Mr. SIMPSON. Mr. President, mother never told me about all the perils of being the chairman of the Committee on Veterans' Affairs, but in my brief tenure of 2 months, I have found out—delightfully—from experience at first hand.

Let me say this, Mr. President: Anyone who knows, as I have come to know, the proponent, the sponsor of that amendment, knows the commitment that the Senator from California has made to the veterans of America for many, many years. He is "Mr. Veteran" to millions, including millions in his own State, 3,300,000 veterans in the State of California who have come to know this man and his compassion and his interest. He has been an extraordinary advocate of every position they have ever embraced or one that they will ever think of embracing. I just want to get that in perspective.

Mr. President, I remind my colleagues that the committee did unanimously accept some restorations to the medical account and apparently, that is what my colleague was referring to. We did accept restorations to the medical account of approximately $88 million and by vote, then, an additional $20 million. I believe sincerely that my colleague misstates the case when he says that his amendment merely carries out the will of the committee. I can assure my colleagues that it does not. It was regrettable, but, obviously, necessary to carry six proxies on my hip, like a pistol, when we had that particular meeting. Out of it, on a vote of 7 to 5, we determined to make the complete restoration of patient care personnel in keeping with President Reagan's recommendation to the Committee on the Budget.

To my colleague from Hawaii, who is one of the most serious and sincere members of the Veterans' Affairs Committee, I can only say again, if there is anyone out there to hear, that President Carter presented a budget for the VA which was up $2.3 billion. The President of the United States, Ronald Reagan, cut $830 million out of that and left an increase for the Veterans' Administration in this budget that we are accepting today—hopefully—of $1.3 billion in additional funds. I think we are, somewhere, losing that particular aspect of where we are in this budget process.

When all the shot and shell has died, the Veterans' Administration has received $1.3 billion in funds additional over the past fiscal year, a pretty good chunk, I think we would all agree. With this administration, the fourth largest agency in the U.S. Government has suffered less cut than any other agency of Government except Defense.

That is it—book, page, hymn number. There is not much more I can say about it.

As I say, there is a "misspeak" in this case when we are told that this amendment carries out the will of the committee. Its effect would be to add an additional $104 million to the budget and reduce the unspecified savings that the committee committed itself to undertake. We knew what we were doing. We still have some questions about where it is best to do it and, by amendment, committed ourselves to do it before the next legislative budget period.

There was a reason for that, Mr. President.

I have already addressed the reason for it. The reason for it was that we do not have an Administrator in the Veterans' Administration. That will be remedied next week. We do not have a Deputy Administrator of the Veterans' Administration. We do not have an Inspector General. We do not have a General Counsel.

One of the things I have observed in my brief time on the Committee on Veterans' Affairs is this, and I share it with Senators: There has been a most extraordinary relationship among the Veterans' Administration, the Congressional Budget Office, the OMB, and the Senate Veterans' Affairs Committee. I suppose we could use the word "rapport" for a better word.

In that type of situation, I have seen budget figures changed with little rationale other than the figures were reestimated. Then something happened to all that on November 4, something rather devastating, that bruised and ruptured the network that was there.

I can fully understand the poignancy and the pain, especially by the sponsor of the amendment, who has performed admirably for the veterans of America. I hope to do the same. But we are going to start a new kind of realism with regard to dealing with America's veterans. That will be clearly evident to those who observe the committee in its coming deliberations.

Nonclinical personnel are being reduced, and we are not injuring the health care system of the veterans of the United States. We have not cut one essential benefit of any veteran, not one veteran who might be service connected, not one veteran who is needy and nonservice connected, and not one veteran over 65.

This amendment would effectively destroy our ability to allocate the unspecified savings that we know are going to obtain before the next budget period. I want Senators to understand that clearly when we get into the voting on this one.

We are going to be cutting an amount. The amount is not unspecified but the programs and where they will come from are unspecified, and I will tell Senators why—because of the present status of the Veterans' Administration.

Let me share with Senators one of the things we have in mind, perhaps, as a possible saving, so that Senators will see that we are not just off in the vapors with a budget.

Try this one: We are going to pursue the savings of perhaps more than $100 million if we authorize the VA to recover health insurance benefits for care provided to non-service-connected veterans. That is an interesting concept. We are going to pursue that. We are going to pursue a lot of things. We are going to pursue eligibility. We are going to pursue whether a person who is a veteran and who has received an injury from something totally unconnected with his service for the United States as a veteran is receiving lifetime care for some permanent and grievous injury in a Veterans' Administration hospital. Is that the proper role of a VA hospital? We are going to find out.

We are going to find out the difference between eligibility requirements for nonservice-connected care. We may even come to the issue of financial worth and the availability of health and insurance. We will be discussing all of these things.

Those are the issues we will consider as we deal with the unspecified amount of savings we have expressed in the Budget Committee. There are many options before us. They will be weighed

carefully by the committee. They will be weighed carefully by the Veterans' Administration, by the Office of Management and Budget, by the CBO.

I have a hunch, and I pledge and I say it again, that we just possibly and assuredly will find the exact amount of unspecified amounts of savings we want to find when we are dealing with a budget of $23.6 billion.

This amendment would not serve any purpose except to destroy the concept of the unspecified savings and further remove us from what the President's recommendation was. It is that simple.

I reserve the remainder of my time.

Mr. CRANSTON. Mr. President, I am reluctant ever to differ with the distinguished chairman of the Veterans' Affairs Committee. We are good friends. We have worked very well together in the committee in the past, and we will continue to do so in the future. We do have some differences of opinion at this moment over some of the details of the matter before us and over an interpretation of the current situation.

The chairman implies that we are here today approving a $1.5 billion increase in VA programs, most of which would be accounted for by a cost-of-living increase in VA compensation and pension benefits. Actually, we are not considering that matter at this time. We are not approving those increases. What we are considering is a resolution now before us which, if unamended, will cut—will not fund but will cut—VA programs.

I believe the cut is too deep, although I recognize the need for some saving in veterans' programs. As a matter of fact, despite the suggestion that I am for cutting everything except veterans' programs, that is not the case. I support increases in defense spending, and I support cuts in veterans' programs and elsewhere where justified. I made a motion in the Veterans' Affairs Committee on March 12 that suggested that we should accept 72 percent of the reduction proposed by President Reagan in his budget for the VA. That amendment accepted a cut of $531 million in veterans' programs. So I have gone along with very significant cuts where the priorities have been right.

The Veterans' Affairs Committee, of course, did not support this particular amendment; I did not mean to suggest that it did and I did not say that it did. However, the Veterans' Affairs Committee did unanimously vote in favor of maintaining the present appropriated level of FTEE's, full-time equivalent employees, in health services in the VA system. They voted to maintain the 4,300 that my amendment would provide for.

I know of no other way to carry out that position taken unanimously by the Veterans' Affairs Committee—Democrats and Republicans together voting for that position—except to offer an amendment that would make funding available for that purpose, and that is all my amendment does. It sends out a clear message that these 4,300 medical personnel are to be retained in the VA system.

If they are not maintained, we are going to have highly paid, highly trained doctors pushing pencils and doing other support work, at great waste and inefficiency and at a cost of declining medical care for sick and disabled veterans.

Mr. President, I stress that if we do not win this time around, we will keep fighting for this set of priorities in the legislative budget, and appropriations processes until we do prevail, as I believe we ultimately will.

I am prepared to yield back the remainder of my time on this amendment.

Mr. MATSUNAGA. Mr. President, will the Senator yield?

Mr. CRANSTON. Mr. President, I ask unanimous consent that the name of the Senator from West Virginia (Mr. ROBERT C. BYRD) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. I yield to the distinguished Senator from Hawaii.

Mr. MATSUNAGA. Mr. President, I must say that the chairman of the Veterans' Affairs Committee, the Senator from Wyoming, is a dedicated personality, indeed. I believe he is sincere in his efforts to reduce Federal spending in such a way as not to harm our Nation's veterans. However, while we were able to work in harmony with him so long as we were in the majority, it appears now that when the shoe is on the other foot—that is, when they are wearing the majority shoes—things become a little different.

Somehow, the marching orders come from the White House, and those boots lead them to march to the tune of the White House. I regret this very much, because the Senator from Wyoming has been very compassionate in his role as a member of the Veterans' Affairs Committee.

Mr. President, as I indicated earlier in this debate, the administration and the Budget Committee are arguing that the proposed cuts in the staffing area are in indirect health care personnel and, as a consequence, will have a minimal effect on the operation of the Veterans' Administration health care system and resulting care for veterans.

Mr. President, I do not accept this argument and do not believe the Senate should accept it. In my view, there is a direct correlation between the levels of VA health care staffing, be it direct or indirect care personnel, and the overall quality of care provided. This has been documented over the past 2 years by the Veterans' Affairs Committee in letters to the President expressing deep concern about the effect of proposed health care staffing freezes and cuts.

It is a fact, Mr. President, that the Veterans' Administration health care system has been in recent years running at dangerously low levels, levels which are already threatening the physical and mental well-being of hospitalized veterans.

It is the view of the minority members of the Veterans' Affairs Committee that the administration's plan to cut indirect health care staffing will cause a decrease in the productivity of the direct care staff at VA facilities. As indicated in our minority views submitted to the Budget Committee, we believe that the VA doctors and nurses become less efficient when support personnel are taken away. These professionals are forced to do more paperwork and other routine chores that are usually done by nonprofessionals, and they have to wait longer for lab tests and reports and, as a consequence, provide care at a slower pace and in a less efficient manner.

Furthermore, backlogs in discharge planning and processing, which support personnel handle, result in longer, inefficient lengths of stay for patients, and by extension we can assume that with beds filled for longer periods of time some heavily utilized VA facilities will be forced to turn away greater numbers of needy veterans or keep them on waiting lists for care.

Mr. President, let us here join in the effort of the Senator from California in restoring what is absolutely necessary for the health care of our deserving veterans.

Mr. CRANSTON. Mr. President, I yield 3 minutes to the distinguished Senator from Nebraska.

Mr. EXON. Mr. President, I support with enthusiasm the amendment being offered by the Senator from California.

I also compliment my good friend and colleague from Wyoming. My colleague from Wyoming knows that I hold him in the highest regard, and I just thought it would be appropriate if we went to some figures to give the other side of the picture when we are talking about the comparable expenditure of dollars for veterans health care expenditures.

I also wish to thank my friend from Wyoming for the sincere presentation that he made with regard to the efforts by the Senator from California with regard to his active support for veterans programs.

I certainly agree that my friend from California has been Mr. Veterans' Affairs as far as the Senate is concerned. I thought it was most appropriate, and I know the words were spoken with great sincerity by the distinguished Senator from Wyoming. I thought it was interesting, because I wish to advise the Senate that the Veterans of Foreign Wars, that I referred to in my previous remarks on the previous amendment, gave the Senator from California even a lower mark than they gave this Senator from Nebraska on their magic scoreboard.

It just might be appropriate to say that maybe even the Veterans of Foreign Wars do not know what is going on from time to time on the floor of the Senate, although as a Member of that body I say that the members of the Veterans of Foreign Wars are very efficient in fighting and dying on the battlefields for the United States of America.

The reason that I rose, Mr. President, was to try to put in perspective some of the numbers that have been used today. I do not think it is appropriate to be talking about a $1.2 or $3 billion increase. What we are discussing here today and what this amendment goes to the heart of is the veterans' health expenditure.

In that particular area, the present budget on which the veterans' health

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expenditures are operated amounts to $6.585 billion. The Carter or base line budget for 1982, which we are addressing now, recommended $7.678 billion. That represents approximately a 16-percent increase for 1982 fiscal year over 1981.

If I understand the figures correctly, and I will stand to be corrected if I am wrong, the Reagan administration is recommending a $400 million reduction from that base line figure of $7,678,000,000. That represents a 10.5-percent increase over the expenditure for veterans' health expenditures for 1982 over 1981.

I submit, Mr. President, that we are only going to increase by 10.5 percent in an area where everyone knows that the basic inflation rate of the United States of America is going to run more than 10.5 percent just as an inflation figure. In addition, we recognize that when we are into health care areas this is where veterans' health expenditures are. We know that hospital inflation rates usually run 2 to 3 percent over the regular inflation rate.

Therefore, I think it is wrong indeed for anyone to stand on the floor of the Senate and especially in a time, as I said earlier, when we are having more and more World War II veterans going into these facilities for legitimate treatment, to imply that the cut being made by the President of the United States and his administration is not a cut in veterans' hospital facilities. Certainly this is in the veterans' health expenditure area.

I yield back to my friend from California.

The PRESIDING OFFICER. Who yields time?

Mr. CRANSTON. I am prepared to yield back time.

The PRESIDING OFFICER. The Senator yields back his time.

Mr. DOMENICI. Mr. President, did Senator THURMOND want to take a few moments?

Mr. THURMOND. Mr. President, on the previous amendment I have already expressed myself that I feel that it is important that we stand by President Reagan in balancing this budget. He has come up with a package and I feel that we must not deviate from that package because once we begin to deviate then all could be lost.

I urge my colleagues in the Senate to vote against this amendment and stand for the principle of reducing the budget as advocated by the President of the United States.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. How much time do we have in opposition to the amendment?

The PRESIDING OFFICER. Eighteen minutes and forty seconds.

Mr. DOMENICI. Did the Senator need some time?

Mr. EXON. I wish some time if there is time remaining on this side of the aisle. How much time is remaining on this side of the aisle?

The PRESIDING OFFICER. Two minutes and seven seconds for those in the affirmative of the amendment.

Mr. EXON I yield myself as an additional minute and a half.

I would like to respond briefly.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. I would like to respond briefly to what has just been said by my friend, the distinguished Senator from South Carolina. We have stood on this floor, the Senator from South Carolina and I, on numerous occasions shoulder to shoulder on what we have both agreed upon. I just cannot let the statement of the distinguished Senator from South Carolina go by without making a comment.

I think it is ridiculous for anyone to get up on the Senate floor and say to this Senate what the President has sent down to the Senate has been ordained, to dictate what the Senate should spend on each and every program.

If we are going to follow the recommendation of the Senator from South Carolina then we should have people just pushing a button up here, not doing any thinking.

I certainly hope those on that side of the aisle are not going to take the position that they must dot every "i" or cross every "t" exactly as has been dictated by the President sitting downtown. If they are doing that, I suggest to the Senate as a whole, and especially to my friends on the other side of this aisle, they are abdicating their responsibilities as thinking Members of the Senate, because however correct the President and his budget makers might be, I do not think they are infallible.

I reserve the remainder of the time on this side of the aisle.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I yield to the Senator.

Mr. THURMOND. In response to the distinguished Senator from Nebraska, my good friend, I want to say that we do not have to go along with the President on everything. The President now offers the best hope we have had in the 27 years I have been here to balance his budget. He has come up with a definite program. There may be several things that will come out which I would prefer a little differently, but if we are going to get this program through, we cannot run off here and there and elsewhere, otherwise we will lose the opportunity to put through a program to reduce Federal spending, which I think is essential to the preservation of fiscal sanity and responsibility in this country.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself as much time as remains.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. I want to compliment the distinguished Senator from Wyoming not only on the way he has reasoned with the Senate this afternoon, but he is absolutely correct. The third party payments for non-service-connected illnesses have been recommended on the floor of this Senate time and time again, only to find that everyone finds reasons to say it cannot be done. I am pleased that the Senator said he was going to look into it carefully.

There is not any reason—maybe some transition time is not necessary, but there is not any reason—why the private insurance carriers of this country cannot end up, when people buy health care insurance, including costs in veterans' hospitals as they would in any other hospital.

What we are doing is taking all the health policies in this country and bringing them a slight pittance of a reduction, if they are doing their figuring right, because otherwise we are offering a nice profit to the insurance carriers because they do not have to pay if a veteran goes to a veterans' hospital. That would save a substantial amount of money. Certainly that was not the way the Senator indicated to make ends meet, but I want to compliment the Senator on that.

I want to say another thing to the Senate. There has been much said about staffing in the VA hospitals. I am informed the following is the factual situation: Staffing ratios in the VA hospitals are slated to go from 219 staff per 100 patients in 1981 to 221 staff per 100 patients in 1982, under the Reagan program. That is not cutting anyone. That is increasing care, if increasing staff in the hospitals per 100 patients is in any way related, and I think it is.

I would also tell the Senate that in 1980 the ratio was 211, so it is going from 211 to 222, which is a 10-staff-per-100-patient increase under this proposal that the President sent us, which has been bandied about here as being so damaging to the veteran.

Having said that, I certainly hope that those Senators who have stood behind this process today have sent a very loud message, which I agree with Senator DOLE that the average veteran is going to accept on the basis that veterans want to do their share to bring this economy back into a productive status and bring inflation under control, and I personally think while everyone can do his own analysis, we have already sent that message, and we certainly ought not to undo it now by voting other than in favor of the Budget Committee number and against the Cranston amendment.

Having said that, I yield 5 additional minutes to the Senator from Wyoming.

The PRESIDING OFFICER (Mr. MURKOWSKI). The Senator from Wyoming is recognized.

Mr. SIMPSON. Mr. President, I think it is most fascinating and gratifying that we all, several of us at least, have stuck around to engage in the debate process today. I think that would make it a better functioning body if we pursued such activity more often, especially where we can get into the trenches, eyeball to eyeball, and really debate. It is a good thing. It is spirited and it is something which gets your juices going.

I want to say that, as my colleague from California well knows, it is not the intent of this committee to undertake any reduction that directly affects patient care. Let us disabuse ourselves about that. Indeed, any of the minimum staffing cuts that would affect administrative personnel can, if we do our jobs right in this committee—and that is what we are going to be doing—be restored as we explore ways in which to

reduce costs without reducing our ability to appropriately care for and benefit our Nation's veterans. I said that several times in this afternoon's deliberation.

To my good friend from Nebraska back there, whom I have come to know and with whom I share a very fine mutual friend in Gov. Ed Herschler. Yes, it is true, we are all involved in a new experience on this floor. It is called the shift of power, and there is a new majority and a new minority.

I remember so distinctly that old phrase I used to remember when I was a member of both the minority and the majority: Oh, how a minority, upon obtaining a majority, hates a minority, or vice versa. You can work that back and forth, you can work it either way. So I can only say no one has ever directed these size 15 shoes of mine in any course, and I have never had that occur.

Knowing we both purchase our shoes from the same shop, where they have to slay one cow per shoe, you will understand what I am saying, I know.

[Laughter.]

Mr. EXON. Mr. President, will the Senator yield?

Mr. SIMPSON. Yes.

Mr. EXON. I just want to say, since the Senator brought up shoes, I wear a size 13.

[Laughter.]

Mr. SIMPSON. I thank my colleague.

We are involved in a reconciliation process. It is a new experience. You heard both of these remarkable men, the one who chairs the Budget Committee and the ranking minority member, tell you what we are doing. It is tough, it is new, it is an experience, it is novel. But nothing else has worked, and so we might just as well try this, and that is why I am sticking on board.

In this reconciliation process we are not going to destroy the authorizing committees or their functions or their duties or certainly any of the functioning ability of this Veterans' Affairs Committee. That will not happen.

The issue is not health care in this debate, the issue is cost savings. We in the committee are on record that we will preserve the VA's medical system and that we will not take any particular marching orders from any agency of government. If you will just take a list of the Veterans' Affairs Committee and go through that cast, I think you will know what I mean. Indeed, the committee made numerous changes in the President's recommendations, but in the interests of this country at this time we will follow the President's leadership to bring under control the gross spending levels of the Federal Government that fuel a most crippling inflation. That is the national priority that we can and will achieve without injury to any essential veterans' program.

In conclusion, Mr. President, I wish to acknowledge the remarkable attitude and the remarkable depth of passion that the Senator from California has. I just hope that you will keep it in perspective as you realize that on November 4 things did change. That is what it is about. It is tough; it is a hard thing to swallow sometimes. But that is what we are up to.

We are not talking about anything that would impair the response of this Congress to the veterans of America. They will find that out from me, as chairman of the Veterans' Affairs Committee, and they will find that out from the committee, both parties serving for their benefit and for the country.

Mr. DOMENICI. Mr. President, have the yeas and nays been requested?

The PRESIDING OFFICER. No; they have not.

Mr. DOMENICI. Mr. President, does the Senator wish the yeas and nays to be requested?

Mr. CRANSTON. Yes.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, if the Senator from California is prepared to yield back his time, I will yield back the remainder of my time.

Mr. CRANSTON. Mr. President, the Senator from Michigan wanted some time, so I yield to him.

Mr. President, may I ask the Senator from South Carolina if we could yield some time on the bill?

Mr. HOLLINGS. Yes; I yield to the distinguished Senator from Michigan.

Mr. RIEGLE. I thank the Senator for yielding.

Mr. President, we are back to the same issue that we were struggling with an hour ago. I think that anybody who studies this situation has to be deeply troubled about the fact that President Reagan's proposal, which is now before us, will make substantial cuts in the safety net that has been carefully erected for the veterans of this country.

There is a good reason that all of the veterans organizations—the Disabled Veterans, the VFW, the American Legion—supported our previous amendment and are supporting this amendment. This amendment is essential for adequate health care of our veterans in this country. Unless we restore these funds, we are walking away from a commitment that we have had in this country for decades under Presidents of both parties.

When we asked people to enter the armed services in the past, they entered with the knowledge that they would have these health services available to them in later years as they were needed. To backtrack now on that commitment not only fails to keep faith with current veterans, it also delivers exactly the wrong message to others who we are trying to persuade to join the armed services at this time.

Millions of veterans in this country depend on the VA to meet health needs and medical needs those VA facilities will be put in jeopardy by these reductions. It is not surprising to see what the national commander in chief of the VFW, Arthur Fellwock, says in a letter that is dated today, the 26th of March. Let my quote from his letter:

> Reductions in the Veterans' Administration budget proposed by the administration, if sustained, will have devastating effects upon the V.A. hospital and medical care system, benefits to which veterans and their survivors are entitled and even the processing and adjudication of claims.

He goes on to say:

> The V.A. has already sustained disproportionate cuts in personnel and real dollars under the prior administration and, in my opinion, should not be subjected to further reductions.

I must say I just do not understand how the President's party can walk away from clear commitments that he made in the course of the recent campaign. I do not understand how they can overlook statements that have since been made about maintaining the integrity of the safety net in our society, yet, some come in here with proposals to reduce vital medical services for American veterans. I just do not understand that kind of contradiction.

When OMB came before the Budget Committee with their submission, they described the impact of these proposed cuts very clearly, as has been outlined by my colleague from South Carolina and my colleague from Florida. Now, today, late in the afternoon, OMB has apparently sent over new information, which is obviously not available to the rest of us, that tries to portray these cuts in a different light.

Make no mistake about it: the veterans of this country will understand exactly what this contradiction is about. They understand the promises that were made in the campaign and have been made since. And they will understand that this administration's budget proposals do not keep those commitments.

That is why it is essential that this second amendment by the Senator from California be adopted. We must see to it that these medical services are provided.

We will shortly have the opportunity to vote on this matter—all of us who will be voting have access to medical services—the people in the executive branch who proposed these cuts also have access to medical services. Let us not walk away from the veterans of this country, not at this time, with inflation and the other problems that they are facing. Let us keep this pledge that we have made in the past and that have been maintained over the years by Republicans and Democrats alike in the White House. Now is not the time and this is not the group to hurt in that fashion.

I thank the Senator for yielding me time.

Mr. CRANSTON. I am prepared to yield back the remainder of my time.

Mr. DOMENICI. Mr. President, I just want to say in closing that I am sure the American people and the American veteran understands that no one is walking away from our commitment to them or their problems. I think they totally understand what is going on in this country and what is going on with excessive Federal spending. I think they should be reassured by the likes of Senator THUR-

MOND, Senator DOLE, and the distinguished chairman of the committee, the Senator from Wyoming, Senator SIMPSON, who has clearly indicated that, within the budget that the veterans have, they will start hearings quickly. He is not concerned that we are going to seriously impair the health delivery system. I think they are going to have confidence in that.

This is not a matter of walking away from anything. It is a matter of facing up to reality, facing up to the reality that the time has finally come when we are going to make eevry effort to bring this budget under control and require that everyone sacrifice a little bit; that that is what it is about. It is not walking away from the veterans whom we are all committed to. I think they know that. If this process works, we will not have walked away from anything. We will have walked into less inflation and walked into some prosperity and growth again.

Mr. BAKER. Mr. President, will the Senator yield me 30 seconds?

Mr. DOMENICI. Mr. President, I am pleased to yield to the majority leader.

(The VICE PRESIDENT assumed the chair.)

Mr. BAKER. Mr. President, I wish to announce that after this vote there will be no more votes tonight. It is mv intention to seek an order to convene the Senate in the morning at 9:30 and to go on this resolution at 10 o'clock.

The VICE PRESIDENT. Does the Senator from New Mexico yield back his time?

Mr. DOMENICI. Mr. President, I yield back the remainder of mv time.

The VICE PRESIDENT. All time has been yielded back. The question is on agreeing to the amendment.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll to ascertain the presence of a quorum.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. BAKER. Mr. President, before the Chair puts the question, might I correct a statement I made just a moment ago?

I announced a moment ago that there would be no more votes after this vote. What I meant to say was there would be no more votes after we dispose of this amendment. I do not expect more than one vote, but I would like to correct that for the record.

Mr. ROBERT C. BYRD. Mr. President, is the distinguished majoritv leader concerned that we might win this one?

Mr. BAKER. No, Mr. President, in an abundance of caution. I know the great prowess and ability of the minority leader, and I always stand in awe of that prowess and ability.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from California. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. PRYOR) is necessarily absent.

The result was announced—yeas 44, nays 55, as follows:

[Rollcall Vote No. 44 Leg.]

YEAS—44

Baucus	Exon	Melcher
Bentsen	Ford	Metzenbaum
Biden	Glenn	Mitchell
Boren	Hart	Moynihan
Bradley	Heflin	Pell
Bumpers	Hollings	Randolph
Burdick	Huddleston	Riegle
Byrd, Robert C.	Inouye	Sarbanes
Cannon	Jackson	Sasser
Chiles	Kennedy	Stennis
Cranston	Leahy	Tsongas
DeConcini	Levin	Weicker
Divon	Long	Williams
Dodd	Mathias	Zorinsky
Eagleton	Matsunaga	

NAYS—55

Abdnor	Gorton	Nunn
Andrews	Grassley	Packwood
Armstrong	Hatch	Percy
Baker	Hatfield	Pressler
Boschwitz	Hawkins	Proxmire
Byrd, Harry F., Jr.	Hayakawa	Quayle
	Heinz	Roth
Chafee	Helms	Rudman
Cochran	Humphrey	Schmitt
Cohen	Jepsen	Simpson
D'Amato	Johnston	Specter
Danforth	Kassebaum	Stafford
Denton	Kasten	Stevens
Dole	Laxalt	Symms
Domenici	Lugar	Thurmond
Durenberger	Mattingly	Tower
East	McClure	Wallop
Garn	Murkowski	Warner
Goldwater	Nickles	

NOT VOTING—1

Pryor

So Mr. CRANSTON'S amendment (UP No. 21) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BOSCHWITZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, there will be no more votes tonight.

The VICE PRESIDENT. Who yields time?

Mr. BAKER. Mr. President, I am prepared to yield to my colleague from Tennessee, but since that is the last vote tonight and since, under the arrangement we have, it will be the turn on this side to offer the next amendment, I plan to provide now for the transaction of routine morning business. If the Senator from Tennessee has something else on this resolution that he wishes to deal with, I will forgo that request for the time being.

Mr. SASSER. I simply wanted to call up an amendment; but if it is the turn of the other side of the aisle, I will withhold that.

Mr. BAKER. I thank the Senator. The arrangement was made today that, to the maximum extent, we would alternate between the two sides. This side is next and has indicated that it will have an amendment to call up tomorrow.

● Mr. ROTH. Mr. President, I would like to join my colleagues in commending Senator DOMENICI and the members of the Budget Committee for their efforts in drafting this budget reconciliation resolution. The Budget Committee has devoted many long hours in past weeks on this measure and I believe they richly deserve our thanks for efficiently completing a very difficult task.

The reconciliation process is of course an important component of the congressional budget process. This process was created about 6 years ago after considerable study and debate.

Although the budget process was put into place several years ago, all the various components of the broad structure were not fully used right away. The reconciliation process for example, was fully utilized for the first time only last year. In the years since we passed the Budget Act, as we see the budget process put fully into effect, we can begin to evaluate the structure, the strong points, and the possible problems of the budget process.

I believe it is time for us to take a careful look at the congressional budget process. I think it is critical, if we are to have a strong economy, that we insure our process here in the Congress for promoting such a policy facilitates fiscal discipline. The Governmental Affairs Committee, as successor to the Government Operations Committee which authored the Congressional Budget and Impoundment Act of 1974 will conduct comprehensive thorough oversight of the act during this Congress.●

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, not to extend more than 30 minutes, in which Senators may speak.

Mr. President, I withdraw the request for a moment. I am aware that the Senator from Oregon has certain inquiries he may wish to propound or statements he may wish to make, and they relate to this measure. I would be perfectly happy to remain on this resolution or to have that colloquy in morning business, as he prefers.

Mr. HATFIELD. I defer to the majority leader.

Mr. BAKER. So that we can tie up loose ends, I renew my request and that there be no limitation on the length of time the Senator may speak in the transaction of routine morning business.

The PRESIDING OFFICER (Mr. HUMPHREY). Without objection, it is so ordered.

Mr. BAKER. Mr. President, before the Senator from Oregon proceeds, I inquire of the distinguished minority leader if there are any items on the Executive Calendar today, or that may come to the Executive Calendar today, which he would be in a position to deal with at this time.

I inquire of the Chair: Is there an executive nomination at the desk?

The PRESIDING OFFICER. There are several.

Mr. BAKER. Mr. President, I believe there is a nomination of Colonel Chambers to the rank of brigadier general. That was reported today, and I believe it has been cleared on both sides of the aisle.

Mr. ROBERT C. BYRD. Mr. President, that nomination has been cleared on this side of the aisle.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, in view of the statement of the minority leader, I ask unanimous consent that the Senate go into executive session to consider the nomination of Col. Wess P. Chambers, Air National Guard, for appointment in the Reserve of the Air Force to the grade of brigadier general, which was reported earlier today.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

AIR FORCE RESERVE

The legislative clerk read the nomination of Col. Wess P. Chambers of the Air National Guard for appointment in the Reserve of the Air Force to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask that the President be immediately notified that the Senate has given its consent to this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I understand that the distinguished Senator from Texas wishes to introduce a resolution and that the Senator from Ohio has certain questions he wishes to put. I am prepared to stay and deal in a colloquy with the Senator from Oregon; but for the convenience of Senators, I wonder if we can forbear and recognize the other Senators in advance.

DEATH OF ADM. JOHN S. McCAIN—SENATE RESOLUTION 102

Mr. TOWER. Mr. President, on last Sunday, March 22, 1981, our Nation and the free world lost a man whose entire life was totally devoted to the struggle for peace and freedom. He became known as Mr. Seapower as he carried his message that America is an island nation depending on superior maritime power for its economic and political survival to the many receptive audiences all over the world who marveled at his articulate and straightforward speech and who enjoyed, as I did, the way he accented each point with the thrust of his long cigar. Some say, with great justification, that Admiral McCain was the modern Mahan as a naval strategist armed with the facts and experience to convert even the most critical strategic thinkers of our time.

Adm. John S. McCain, Jr., was a student of history, a diplomat and a sailor. He commanded our largest military command—the Pacific Command—as Commander in Chief during the difficult Vietnam conflict. His record as a naval officer was unparalleled. In World War II he served in submarines and once spent 72 hours on the ocean floor, riding out a depth charge attack. He said later, "It gives you a new outlook on life." If that type of personal experience was not enough for even the strongest of men, he experienced the pain of a father whose son, Capt. John S. McCain III, was shot down and became a prisoner of war in Vietnam. At the same time his son sat in a cell in North Vietnam, Admiral McCain commanded the Pacific Forces devoted to ending that war in 1968–72.

Admiral McCain maintained that superior maritime power was a necessity for the United States; naval commitments in the future would be focused on the Indian Ocean with its oil lifelines rather than off the coast of NATO Europe or the western Pacific; and he advocated the recall of the Iowa class battleships to active service after modernizing them to carry marines and vertical assult helicopters. Bear in mind these were his messages in the 1960's and early 1970's. It is clear today that Admiral McCain was a man ahead of his time, a dynamic and dramatic leader whose voice will be missed.

I would be remiss if I did not also mention that Admiral McCain also commanded U.S. Naval Forces Europe and was the senior military adviser to the United Nations in New York. He served on battleships, destroyers, submarines, and amphibious ships as well as in diplomatic assignments. It was this wide range of human and professional experience which made Admiral McCain the credible and persuasive naval spokesman that he was. His sense of humor was evident when in the anti-Vietnam era he told midshipmen at the U.S. Naval Academy not to worry about those antiwar protesters who urged them to "make love, not war." Admiral McCain said, they were members of the naval fraternity "whose members are men enough to do both."

Admiral McCain was born in Council Bluffs, Iowa, but as the son of a naval officer, he grew up at various naval stations all over the world. His father was also a four-star Navy admiral who was in command of the Fast Carrier Task Force in the 3d Fleet under Adm. William F. "Bull" Halsey during World War II. His dad was the oldest man in naval history to go through flight training at the age of 50. This type of McCain family heritage showed through in the blunt and outspoken style of Adm. John S. McCain, Jr. From the time of the Revolutionary War the McCain family had sons in the Nation's military service.

Many of my colleagues in Congress have called on the sage advice of Admiral McCain when he served as Navy Chief of Legislative Affairs, Chief of Information, and finally as CINCPAC. His son, Capt. John S. McCain III, presently serves this Congress as Director of the Navy's Senate Liaison Office, again reflecting the high standards of professionalism and friendship which were his father's hallmark.

We will miss this American whose crowning personal decoration was not the chest full of military medals which he had, but rather the admiration and respect of his fellow Americans and other leaders of the free world.

I might note that Admiral McCain is the only four-star admiral who was the son of a four-star admiral, and I might note with a bit of nostalgia that I served in the western Pacific with his father.

Mr. President, I yield first to the Senator from Mississippi and then to the Senator from Arizona.

Mr. STENNIS. Mr. President, I thank the Senator from Texas. I shall be brief.

Mr. President, I join wholeheartedly with the sentiments of the remarks by our colleague from Texas.

McCain is a fine family of military officers, particularly in the Navy.

The father of the gentleman who just passed away was known by many as the father of naval aviation. We have a naval air training unit in Mississippi that is named for the father of this gentleman.

This is a great family. I regret his passing. His record was outstanding and it speaks for itself.

I have great pride in what he did and what the Navy thought of him.

I thank the Senator for yielding.

Mr. TOWER. Mr. President, I yield to the Senator from Arizona.

Mr. GOLDWATER. I thank my friend from Texas.

Mr. President, I wish to join with my colleague from Texas in what he has said about Admiral McCain.

It was my extreme privilege, pleasure, and honor to have known this man in his active service, to have worked with him when he was Commander in Chief of the Pacific and to have known him as a close friend since his retirement.

I think he, without a doubt, epitomized everything that was good about the U.S. Navy. He was a little man but he was about the toughest man I ever ran into in my life, and I am convinced if they left him alone Vietnam would have been over in 1 week.

So I just wanted to put my word in, a word of admiration for the great contribution that Admiral McCain and his whole family have made to our country.

I thank my friend from Texas.

Mr. TOWER. Mr. President, I yield to the Senator from Delaware.

Mr. BIDEN. I thank my colleague from Texas.

Mr. President, I shall be brief. Although it was never my pleasure to have personally known Admiral McCain, I do know of the family and everything that I have known of the family leads me to have a feeling of nothing other than admiration. But I have had the pleasure of knowing his son, Capt. John

McCain, and have gotten to know him fairly well. The admiral must have been quite a man to have been able to produce a son like Capt. John McCain. Captain McCain apparently has inherited all that was outstanding in his father and clearly the McCain family is one of the outstanding families that has served this country.

I join with the Senator from Texas, and others, in expressing my deep sympathy to the family and my high regard for Admiral McCain, although I did not, unlike many of my colleagues, have an an opportunity to personally know him.

I thank the Chair.

Mr. TOWER. Mr. President, on behalf of myself, Mr. WILLIAMS, and Mr. STENNIS, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 102) expressing the sense of the Senate that the United States has suffered a great loss with the death on Sunday, March 22, 1981, of Admiral John S. McCain, United States Navy, Retired.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. TOWER. Mr. President, this is a resolution expressing the sense of the Senate that we suffered a great sense of loss with the death of Admiral McCain. It has been cleared on both sides of the aisle, and Senator STENNIS joins me as a cosponsor of this resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 102) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

SENATE RESOLUTION 102

Whereas Admiral John S. McCain, in the true spirit of patriotism and public responsibility and despite many personal sacrifices, served his country for forty-one years in the very highest traditions of the United States Naval service; and

Whereas Admiral McCain who was one of the truly exceptional military leaders of our time, and whose creativity, courage and dynamic leadership were an inspiration to all who served with him and to all of us who knew him; and

Whereas Admiral McCain served this Congress admirably in its effort to provide for our national defense by his candid and persuasive testimony before the Committees on Armed Services of the Senate and the House of Representatives and who in large part is responsible for making this Congress aware of the vital role which the United States Navy plays in preserving our national security, be it

Resolved, That it is the sense of the Senate that the United States deeply regrets the loss of Admiral John S. McCain and will not soon forget the exceptional dedication and service which this outstanding military leader gave to his country.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I apologize to the Senator from Oregon. I asked him to forbear a colloquy that he had previously announced he wished to undertake in order to accommodate other Senators. He had done that with great patience, and I extend my apology to him.

Mr. TOWER. Mr. President, if the Senator will yield, I express my apologies also. I was not aware that this would take quite so long, and I apologize to the Senator from Oregon.

Mr. HATFIELD. Mr. President, apologies are not in order. It was a rather extended period of time beyond the normal that one would have yielded for that purpose but because of the extraordinary character of the man who was being eulogized, it was perfectly appropriate.

I say that is one who served under his command in World War II in the Pacific, he was noted for all those characteristics and virtues that have been so eloquently recited by the Senator from Texas, and I know that the amphibious landing craft part of the Navy was sort of an innovation in World War II, and we were down at the bottom of the totem pole of the naval pecking order.

Even us at the amphibious landing craft level knew very well the kind of dynamic leadership that Admiral McCain represented for all of us, and we were all very proud to serve under his command.

BUDGET RESOLUTION OF RECONCILIATION AND INSTRUCTIONS

The Senate continued with the consideration of Senate Concurrent Resolution 9.

Mr. HATFIELD. Mr. President, I wish to make some parliamentary inquiries concerning this resolution.

I ask the Chair, to begin with, the question that I propound relating to the statement of the managers of the Budget Act and that statement which very clearly stated certain constrictions that were placed upon the Budget Committee both as to its power in matters relating to authorization and its impact upon authorizing committees; second, as to its power as a restraint of the appropriations process other than in the current fiscal year.

I think the Chair is probably familiar with the wording of that statement of the managers.

I would now like to make the record as to where that applies in relationship to the first concurrent resolution and any subsequent resolutions such as the second or the third or the reconciliation resolution we are on. Do those constrictions apply to one resolution as against any of the other resolutions?

The PRESIDING OFFICER. The Senator is referring to the language in the conference report on page 58 which says:

It is intended that the authority to prescribe "any other procedure which is considered appropriate to carry out the purposes of this Act" applies only to the specific procedures for the enactment of budget authority and spending authority legislation for the coming fiscal year and not to the jurisdiction of committees, the authorization of budget authority, or to permanent changes in congressional procedure.

Mr. HATFIELD. That is correct, that is the language to which I refer.

The PRESIDING OFFICER. The Chair has not quite finished. That restriction applies only to first concurrent resolutions on the budget.

Mr. HATFIELD. That is my understanding. In other words, those restrictions that are enumerated in the statement of the managers of the bill apply only to the first concurrent resolution.

The PRESIDING OFFICER. That is correct.

Mr. HATFIELD. Now, Mr. President, in the present resolution pending before the body is it the equivalent of what resolution?

The PRESIDING OFFICER. A third concurrent resolution.

Mr. HATFIELD. A third concurrent resolution. Therefore, I would assume those restrictions do not apply to the third concurrent resolution?

The PRESIDING OFFICER. The Senator is correct.

Mr. HATFIELD. Therefore, under the third concurrent resolution, or if it were the second in a hypothetical situation, the Budget Committee does have the power to require program reductions to authorization levels as well as set the target figures not only for the current fiscal year but for subsequent fiscal years 1982, 1983, as in the case of the present resolution; is that correct?

The PRESIDING OFFICER. Under the Budget Act in regard to the second budget resolution and reconciliation process the provisions are as follows:

(1) specify the total amount by which—

(A) new budget authority for such fiscal year;

(B) budget authority initially provided for prior fiscal years; and

(C) new spending authority described in section 401(c)(2)

(C) which is to become effective during such fiscal year, contained in laws, bills, and resolutions within the jurisdiction of a committee, is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount;

Mr. HATFIELD. Now, Mr. President, that is——

The PRESIDING OFFICER. That is usually referred to as the appropriations, prior appropriations, contract and borrowing authority, and entitlements.

Mr. HATFIELD. So the Chair is saying that is the reconciliation process, it does not exist in the first concurrent resolution.

The PRESIDING OFFICER. That is correct.

Mr. HATFIELD. And a further distinction is that in the first concurrent resolution the power is advisory only whereas in any subsequent resolutions it is binding, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. HATFIELD. Now, Mr. President, if that is the opinion of the Chair, then may I ask the Chair why it was necessary to choose or why was it required to change three words as they related to the initial language of this present resolution pending before the body in order to not have a point of order made against the resolution?

The PRESIDING OFFICER. It was not the initiative of the Chair which changed the resolution.

Mr. HATFIELD. If those three words

had remained in the resolution, would there have been a legitimate point of order against the resolution?

The PRESIDING OFFICER. In the opinion of the Chair it would have, yes.

Mr. HATFIELD. So the elimination of those three words then removes the possible point of order?

The PRESIDING OFFICER. That is the opinion of the Chair.

Mr. HATFIELD. Would the Chair explain that, as to the rationale or the reasons? First, before that, would the Chair also comment or observe that the changing of the three words in no way changes the results of the resolution?

The PRESIDING OFFICER. The Chair cannot look to the results of the resolution, only to the language.

Mr. HATFIELD. Will the Chair speak louder?

The PRESIDING OFFICER. The Chair could not look to the results of the resolution only to the language. When the language conforms to the Budget Act then no point of order lies to the language.

Mr. HATFIELD. The Chair, in effect, then was commenting on form rather than substance, is that correct?

The PRESIDING OFFICER. That is the function of the Chair.

Mr. HATFIELD. Mr. President, if this present Budget Committee had desired to apply program reductions beyond the year 1983, and set target figures on those subsequent fiscal years—and let me cite a hypothetical situation, that they would want to set, say, program reductions, target figures, for 1984, 1985, 1986, 1987, 1988, 1989, 1990, up to the year 2000, would that have been within the power of the Budget Committee as interpreted by the Chair under the Budget Act?

The PRESIDING OFFICER. The issue is outyear reconciliations, and on that issue the Budget Act itself is silent. The Senate chose to permit outyear budget reconciliation in a previous year. Therefore, the Chair would not be advised that a point of order would lie against outyear reconciliation instructions.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. The Chair had not quite finished—no matter what the year was.

The Senator from Oregon has the floor.

Mr. HATFIELD. Do I understand that the Chair—I would be glad to yield to the minority leader, but I have to get this clear in my own mind. I think I am in frequency with the Chair, I am not sure, but do I understand the Chair states there are no outyear limitations that would apply to a resolution of this kind, which is a subsequent resolution to the first concurrent resolution?

The PRESIDING OFFICER. Not in the Budget Act.

Mr. HATFIELD. I would be happy to yield at this point momentarily to the minority leader.

Mr. ROBERT C. BYRD. I was simply going to ask the Chair what was meant by the phrase "previous year" that the Chair used just now.

The PRESIDING OFFICER. In the third concurrent budget resolution fiscal year 1980, reconciliation instructions for fiscal year 1981, an outyear, were included.

Mr. ROBERT C. BYRD. Will the Senator yield further?

Mr. HATFIELD. Yes.

Mr. ROBERT C. BYRD. I thank the Senator from Oregon. Is the Chair saying that that constituted a precedent?

The PRESIDING OFFICER. The Chair is not saying that that constituted a precedent. A precedent is only a response to a parliamentary inquiry or ruling on a point of order.

Mr. ROBERT C. BYRD. There was no point of order raised in that instance, am I correct?

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. So that does not, indeed, constitute a precedent. It was an event which was allowed to occur with no point of order being made at that time.

The PRESIDING OFFICER. That is not a precedent under the definitions of the Senate.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. HATFIELD. Mr. President, I want to clarify to my good friend, the chairman of the Budget Committee, and the majority leader and the minority leader both, that I had raised certain questions concerning the matter of limiting the authorizing committees through program reduction requirements and of setting outyear target figures in the Republican Caucus yesterday. And I did so in all sincerity, based upon my understanding of these restrictions as enunciated in the statement of the managers.

In further consultation with the Parliamentarian this afternoon, I felt that clarification was very important to place in the RECORD, so to make certain that any colleagues who care to read the RECORD would know, as I have now found, that there is this particular interpretation.

I raise this in no way to lay a foundation for a point of order or anything else. I merely wanted to make a record on clarifying what to some of us seems to be a rather strange ruling from the Chair.

I am not saying that I am in full agreement with the interpretation of the Chair at this point, but this is certainly the role of the Parliamentarian to advise in form only and not in substance. But I think it is very worthy to take note that changing those three words in no way changed the substance of the resolution.

The three words seem to satisfy the Parliamentarian as it related to a point of order based upon form, not on substance; if I am incorrect I want to be made correct.

And so I think that it is interesting to note that this kind of authority does lie with the Budget Committee and it will certainly be respected by this Senator to work within that framework until there is any change in precedent or change in the Budget Act.

But I think it is very important to recognize that we have, in effect, in this kind of action, fused two very fundamental roles of Senate committees into one committee action. And some of us perhaps were not aware that this was the kind of power that could be exercised by one committee, and especially when you consider that this act is binding.

Let me illustrate what that means, too. We can come along in 2 weeks with the first concurrent resolution of 1982 and it can change the figures that are in this resolution relating to 1982 and that action will be absolutely without any kind of enforcement or importance, because it is advisory only in the first concurrent resolution and the binding character of this resolution, the third resolution on 1982, will prevail. So we have put ourselves in that kind of a situation.

Now we can obviously have a second concurrent resolution at some point in fiscal 1982 and change the binding character that now exists in this third concurrent resolution as it relates to the 1982 budget.

But I think that is worthy of notice, that what we are doing here binds us, in spite of a change of opinion or change of events that might occur, in the activity of bringing forth the first concurrent resolution of fiscal year 1982 and any change of those figures that would contradict the binding character of these figures would be purely advisory.

Now if I am in error, I want to find that out now, too, because, as chairman of the Appropriations Committee, Senator DOMENICI and I pledged a filial bond of cooperation that we both pledged to our leader and we are going to strive in every way to live up to that. But I have to have a clear understanding of what framework we are operating in and what kind of rules we have and how to interpret them.

My last analysis or statement, and I put it in the form of a question to the Chair. My last question: If the fiscal year 1982 first concurrent resolution should have a revision of figures which would contradict the figures for fiscal year 1982 in this present pending third concurrent resolution, which of the two would prevail?

The PRESIDING OFFICER. The first concurrent resolution is an advisory resolution. It does not control.

Mr. HATFIELD. Therefore, the controlling figure would be the figure in this, the third concurrent resolution pending before the body as it relates to fiscal year 1982, provided this passes and is enacted. Is that correct?

The PRESIDING OFFICER. To the extent there are controlling figures in this resolution.

Mr. HATFIELD. Well, Mr. President, are these playthings? These figures that are cited in this present resolution, are they not binding? Are they not controlling until contradicted by some subsequent resolution to the next first concurrent resolution?

The PRESIDING OFFICER. The figures cited in the resolution are indeed binding.

Mr. HATFIELD. They are indeed binding. So they are controlling as well as binding, is that correct, until a subsequent action is taken?

The PRESIDING OFFICER. The Senator is correct.

Mr. HATFIELD. And no subsequent action can take place to change these figures, short of a second concurrent resolution for fiscal year 1982. Is that correct?

The PRESIDING OFFICER. That is not correct.

Mr. HATFIELD. What can change these controlling figures? The first concurrent resolution which is only advisory?

The PRESIDING OFFICER. The further concurrent resolution for fiscal year 1981.

Mr. HATFIELD. The fourth concurrent resolution?

The PRESIDING OFFICER. That is correct.

Mr. DOMENICI. The further concurrent resolution.

The PRESIDING OFFICER. That is correct.

Mr. HATFIELD. Now let me put it this way: If there is no further concurrent resolution and in a few weeks we pass the fiscal year 1982 resolution, the first concurrent fiscal year 1982—let me understand clearly—and those figures have been changed, they are advisory only and, therefore, the controlling figures would still be the ones in this third concurrent resolution now pending before us, is that correct?

The PRESIDING OFFICER. The figures in Senate Concurrent Resolution 9 adopted in identical form by both Houses are binding.

Mr. HATFIELD. So they would prevail. I thank the Chair.

Mr. ROBERT C. BYRD. What about the second concurrent resolution?

Mr. HATFIELD. As I understand the Chair, taking the hypothetical situation—I know this is very difficult to get into but it has to be used in order to get to the point. Let us assume that we have adopted this third concurrent resolution in both Chambers, which has set the target figures for fiscal year 1982 and the fiscal year 1982 first concurrent arrives on the floor with the same figures as in this one as it relates to fiscal year 1982. There is no issue. But then the second concurrent resolution that may be brought to the floor for fiscal year 1982 changes the figures as compared to these figures or contrasted to these figures, then that second concurrent or subsequent to the first concurrent resolution of fiscal year 1982 would be the controlling resolution figures.

The PRESIDING OFFICER. The Senator is correct.

Mr. SCHMITT. Will the Senator yield for a further clarification?

Mr. HATFIELD. Yes.

Mr. SCHMITT. The figures in Senate Concurrent Resolution 9 relate to savings, is that not correct, not to aggregate total? This is a question addressed to the Chair.

The PRESIDING OFFICER. The Chair is not in a position to interpret the resolution.

Mr. SCHMITT. The wording of the resolution, then—I am not asking for an interpretation—the wording of the resolution is an instruction to committees to enact certain savings over some base, which this Senator, for one, does not know what that base is. Is that correct?

They are instructions.

Maybe I better direct the question to the distinguished Senator from New Mexico, the chairman of the Budget Committee.

Is my understanding correct that the instructions in this concurrent resolution, Senate Concurrent Resolution 9, are instructions to committees to enact certain savings over the figures that are inherent in the second concurrent budget resolution for 1981 as passed by the Congress?

Mr. DOMENICI. I think it is best just to read what it says. It directs authorizing committees—then we just read the words for any one of them—

Shall also report changes in the law within the jurisdiction of the committee sufficient to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows:

I think the words I have just read are as well as I can do. They are artfully chosen, with the exception of a House resolution perhaps having one or two words different. They are just about identical to what we did last year and what we did in the Senate two times before.

Mr. SCHMITT. But my only point is that the wording of a second concurrent budget resolution for 1982 would be, in absence of reconciliation, to enact the total for 1982.

Mr. DOMENICI. A second concurrent resolution, absent reconciliation as to the functions of the Government, would have a functional total and an aggregate total, the aggregate being the sum of the functions.

Mr. SCHMITT. So any reductions relative to 1982 that are mandated and binding under Senate Concurrent Resolution 9 would be different in form from any budgetary figures contained in a binding second concurrent budget resolution for 1982?

Mr. DOMENICI. I do not understand the point.

Mr. SCHMITT. There are apples and oranges.

Mr. DOMENICI. Yes.

Mr. SCHMITT. The Senator is talking about reductions in Senate Concurrent Resolution 9, and we will be talking about aggregate totals in the second concurrent budget resolution.

Mr. DOMENICI. The Senator is correct.

Mr. SCHMITT. I do not think it clarifies the issue a great deal, but it does give some latitude for interpretation as we move into a second concurrent budget resolution for 1982.

Mr. DOMENICI. These instructions are by committee. The aggregate totals or the parts of the aggregate total are functional. Consequently, the savings effected find themselves in the functional totals at some point and therein become part of the functional total.

Mr. SCHMITT. It may even be muddier than that because the binding number within the second concurrent budget resolution is the aggregate budget outlay figure for the entire budget and the functional totals themselves are advisory.

Mr. DOMENICI. That might be. How that turns out and what second concurrent resolutions in the future look like or say in them or have in them, or what the instructions are or how binding they are, is not static. I hope the Senator knows that.

Mr. SCHMITT. But based on past precedents of second concurrent budget resolutions we would be dealing with an aggregate total for budget authority, an aggregate total for outlays for 1982, and functional totals would be advisory in how the Budget Committee feels that that aggregate total should be reached.

Mr. DOMENICI. If the Senator wants an expression that we have done it that way sometimes, the answer is yes. Most of the time, the answer is yes. But I do not want to say what it will always be. I cannot do that.

Mr. SCHMITT. I am not trying to put the Senator on the spot. I want to be sure that the Senator from Oregon and I clearly understand that Senate Concurrent Resolution 9 in dealing with something you might call oranges are reductions. The fiscal 1982 second concurrent budget resolution will be dealing, if it follows the traditional pattern, with aggregate totals. How we work between those two in terms of what is binding and what is controlling is something this Senator has not figured out yet.

Mr. DOMENICI. Right. I agree.

BUDGETARY IMPACT ON RAIL TRANSPORTATION

Mr. CANNON. Mr. President, as ranking minority member and former chairman of the Commerce Committee, I want to be very sure that Members understand the impact of the Budget Committee action on the funding of several transportation programs under the jurisdiction of the Commerce Committee.

Senate Concurrent Resolution 9 instructs the Commerce Committee to achieve savings in budget authority of $1.708 billion and outlays of $1.034 billion in fiscal year 1982, plus $1.898 billion in budget authority and $1.628 billion in outlays in fiscal year 1983.

I strongly support the objectives of the Budget Committee and believe there is an urgent need to control Federal expenditures, reduce inflation and revitalize our Nation's economy. However, one essential part of any program to turn our Nation's economy around and achieve real growth is a strong transportation system. Although I acknowledge that the transportation sector will have to do its share of belt tightening, I am afraid some of the areas the Senate Budget Committee and the Reagan administration have chosen to cut could well precipitate a transportation and budgetary crises with potential costs to the economy and the Federal Treasury far in excess of the savings the cuts are projected to achieve.

My concern is directed specifically to the Budget Committee's support of the administration's request to terminate all

funding for Conrail, beyond that authorized to date.

CONRAIL DILEMMA

Mr. President, I should like to discuss briefly the Conrail dilemma, the impact of the proposed cuts on the local rail assistance programs, and Amtrak, in light of the 3 days of hearings the Commerce Committee recently held to review these matters. I understand the Commerce Committee has some flexibility to recommend savings in areas other than that recommended by the Budget Committee, and I will urge our committee to review other programs where the reductions will not be as counterproductive as these cuts appear to be.

A matter of extremely serious concern is the effect the proposed funding level will have on the future of Conrail. The administration recommendation, adopted by the Budget Committee, essentially contemplates no additional funding for Conrail bevond a fiscal year 1981 supplemental appropriation.

Presumably, the funding level is based on the administration proposal to transfer Conrail's properties to other railroads. However, the Commerce Committee has just completed 2 days of hearings on Conrail's future, and I did not hear any testimony (other than that of FRA) indicating that this alternative was either desirable or feasible. On the contrary, there was a consensus that further Federal funding for fiscal year 1982 and fiscal year 1983, which would provide an opportunity for Conrail to become self-sustaining, in fact presents the best available alternative at the least cost to the Federal treasury. We are not talking about maintaining the status quo. Our hearings developed a number of operational and structural changes which must be made; these will be considered as the Commerce Committee develops legislation.

The point I want to make is that there should be additional funding in the budget so that there is flexibility as we proceed. How can the Senate tie itself down to one particular Conrail alternative when the reports mandated by the Rail Act have not yet been filed? That due date is April 1, 1981. USRA's testimony, which I shall ask to have printed in the RECORD, indicates that its April 1 report will not recommend transfer of Conrail lines.

In addition, it appears that the same changes (participation by labor and others) everyone agrees are needed to enable Conrail to become self-sustaining, will also be needed before there will be any purchasers of Conrail lines. So, it seems to me that limited additional funding is absolutely essential, whatever alternative the Congress ultimately adopts with regard to Conrail's future.

The issues we are talking about affect the entire country, not just the Northeast. More than 70 percent of Conrail's freight traffic is interchanged with other railroads, and cessation of service could impair the financial health of the rail industry. Last year, Conrail handled over 237 million tons of freight in an area which accounts for 40 percent of the Nation's total manufacturing. Take just one shipper who testified—Bethlehem Steel. This company receives about 200 carloads of raw material every day and ships outbound by Conrail almost 100 cars of product. To unload iron ore from just one ship and move it to Bethlehem by truck would require 3,000 truckloads. Bethlehem indicates a truck would have to move down the highway every 2 minutes, 24 hours a day, to fill its iron ore requirements.

A large part of Conrail's rail service is clearly essential, and I suggest that the issue is sufficiently important that funding be added to the budget to insure that we have the opportunity to reach the right solution to the Conrail dilemma.

There is another facet of the Conrail issue that poses a problem. The administration budget does not include any funds for labor protection. Yet, there is general agreement that any alternative which may be adopted will involve employee protection costs—either under existing law or in connection with modification of present title V protection. While the cost of labor protection cannot be precisely quantified at this time, various estimates received by the committee range from $200–$400 million a year for a smaller Conrail system to as much as $3 to $10 billion if most Conrail lines are transferred to other railroads or the carrier is liquidated.

In response to a question I asked, Mr. Blanchette of FRA stated that the administration is drafting a legislative package that will deal with this matter, and that the financing necessary to implement the proposal will be recommended. Unfortunately, considering budgetary deadlines, I do not believe we can afford to wait. This is another reason that the proposed funding for Conrail needs to be increased.

We have to face the fact that a solution of the Conrail dilemma will cost more money. My concern is that we make every effort to assure that the future investments in Conrail, from all sectors, are cost effective and aimed at solving the Conrail problem—and not short-term decisions which could precipitate a crisis while attempting to solve one. I shall ask that the testimony of the USRA and Stanley Crane of Conrail be printed in the RECORD.

LOCAL RAIL ASSISTANCE PROGRAM

There is another program I should like to touch on briefly. That is the local rail assistance program. The program was established in 1973 to provide assistance in the very type of situation facing the States now as Conrail proceeds to cut back its system. We have heard testimony that the program is working well. Certainly it has been important to States affected by the bankruptcies of the Milwaukee and Rock Island Railroad.

How can we reconcile these two distinct estimates—each of which has an entirely different impact on the rail passenger service in this country? I submit as a further example of this discrepancy the fact that the administration has quoted a figure of $10 million for labor protection costs if the Amtrak system is reduced while Amtrak has cited a figure of $200 million. It concerns me, and it should concern all of us, that a substantial reduction is being recommended without full agreement or understanding as to its impact.

Amtrak has raised important questions about the soundness of reducing its present system to the level called for by $613 million, and particularly the impact of such a reduction on the Federal investment in Amtrak. Amtrak anticipates that under the reduced system which it envisions, the revenue-to-cost ratio would slide to 37 percent, slipping further and further away from the statutory goal of 50 percent. Furthermore, the passenger miles served by the reduced system would decrease from 5 billion to 1.2 billion, providing less than one-third of the current return on the Federal dollar investment per passenger mile. Finally, the $300 million investment which Amtrak has made in new superliner equipment for use on the western routes would not be usable on the Northeast Corridor.

I suggest very strongly that these issues be analyzed more carefully. As we continue to scrutinize and reevaluate all Federal spending programs, we at the same time must be fully cognizant of the impact which any funding reductions would have: We must insure that the investment of the Federal dollar is a sound one and on a firm footing. I am sure the Commerce Committee will address these important questions before making a final recommendation to the Senate on the future of Amtrak.

Cutback of funding for the program may be called for in view of budgetary constraints, but I fear that elimination of the local rail assistance program and concept at this time is shortsighted. Printouts showing how these funds were allocated for fiscal year 1980 and the allocation of funds available for fiscal year 1981 are attached to my statement. I shall ask that it be printed in the RECORD.

AMTRAK

We will be considering a budget proposal which includes a substantial reduction in the Amtrak budget of $435 million from the CBO current services level for fiscal year 1982. The figure of $613 million which remains to cover Amtrak's operating and capital expenses raises serious questions about the level of service which could be maintained by Amtrak at this reduced level of funding. The critical issue appears to be how much could be provided outside the Northeast corridor.

The Department of Transportation has stated in testimony before the Commerce Committee that between $150 and $250 million worth of service could be provided outside the Northeast corridor with a funding level of $613 million. I might point out in this regard that in response to questions from Commerce Committee members, the Federal Railroad Administrator was reluctant to clarify what criteria should be used to determine the level of service outside the corridor, or where it anticipated such service would be provided. Furthermore, I have not seen a detailed breakdown by the Department of Transportation of the costs which it expected would be covered by the figure of $613 million.

On the other hand, Alan Boyd, president of Amtrak, has stated in two separate letters to Congress that Amtrak would be able to operate only in the Northeast corridor. These letters break out the costs which would be associated with such an operation. I shall ask that the letters from Alan Boyd, president of Amtrak, to which I have referred, be printed in full in the RECORD.

Mr. President, I ask unanimous consent to have printed in the RECORD the material to which I have referred.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF STEPHEN BERGER, CHAIRMAN, U.S. RAILWAY ASSOCIATION

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today to discuss the United States Railway Association's analysis of options for Conrail, under Section 703 of the Staggers Rail Act of 1980. I will touch briefly on a number of areas described in greater detail in our forthcoming April 1 report.

In USRA's December report, it was stated that the Staggers Rail Act provides Conrail with ample opportunity to realize adequate revenues, but that Conrail's costs in relation to its revenues far exceed the industry average. We believe that as long as profitability remains a goal, a convincing case can be made for further Federal funding only after Conrail's cost/revenue relationship is fundamentally altered.

USRA's analysis reveals that there may be an opportunity for Conrail to become self-sufficient by 1985 if four basic achievements are realized: (1) aggressive use of its new economic flexibility; (2) tight management of its cost structure; (3) significant concessions by labor to increase productivity and reduce costs; and (4) legislation to relieve Conrail of the unrealistic cost burdens of passenger and commuter operations and of long-term labor protection placed on the railroad at its beginning.

In the December report, USRA stated that Conrail could achieve substantial additional revenues if it made aggressive use of its pricing opportunities under the Staggers Act. However, if Conrail were to surcharge all of its business to the statutory threshold, a considerable portion of current traffic could be diverted. Therefore, to offset revenue lost from any diverted traffic, Conrail's rate increases must be very selective so that profitable business is not diverted and the problem of its noncompensatory traffic is addressed. Innovative, aggressive pricing could result in significant revenue increases and help improve Conrail's profit margin.

With respect to nonlabor-related cost reductions, USRA has identified areas of potential economy including transportation costs, car utilization, overhead expenses, elimination of duplicate facilities, and the removal of through-freight trains from the Northeast Corridor.

The third issue—work rule changes—has the potential for realizing the greatest cost savings for Conrail. Modifications in rules pertaining to train crew size, arbitraries, deadheading, mileage basis of pay, and other practices can provide savings for Conrail as high as $325 million per year. If the collective bargaining process yields total savings of at least $225 million per year, Conrail should be well on the way to financial self-sufficiency. Because it would take some time to negotiate such changes, however, an interim cost-saving step that could be taken is a series of wage freezes and/or deferrals until work rules changes are implemented. Wages then could be unfrozen and deferrals made up in increments as procedures were implemented to increase employee productivity. But, it should be emphasized that Conrail *must* save the $225 million-per-year in labor costs by no later than early 1982 in order to survive.

Conrail has been unable to achieve significant savings to date from its Crew Consist Agreement and the National Manning Agreement because of the attrition provisions each contains. In order to speed the necessary attrition of employees as well as positions, the $200 million authorized in the Staggers Act for this purpose should be used.

If all of these cost efficiencies are realized, the result could be a Conrail of approximately 13,000 route-miles with projected gross revenues of $7.5 billion and net income of $500 million in 1985. This is a stark difference from the present 18,000 route-mile system which lost $380 million in 1980.

One of the impediments to a self-sustaining Conrail is the enormous cost of labor protection obligations that would result from any restructuring. The 13,000 mile configuration could result in a reduction of approximately 4,000 Conrail employees because of modifications to the plant size. Additional reductions in the employment roster could be obtained through modifications of existing work rules. Under the present labor protection provisions of Title V of the 3R Act, approximately 55 percent of all present employees in freight service are entitled to full protection to age 65, while an additional 17 percent are entitled to partial protection. In addition, employees not currently protected by Title V could be expected to receive protection for six years under labor protection conditions normally imposed by the ICC for line abandonments ("New York Dock Conditions").

The Association estimates that labor protection costs under Title V could amount to as much as $2 billion in achieving a self-sustaining Conrail. But if protection were limited by legislation to that granted in the Milwaukee Railroad Restructuring Act or in a 1972 Central of New Jersey abandonment proceeding, the costs would be reduced, ranging up to $580 million and $53 million, respectively. One of our assumptions regarding the future viability of Conrail is that labor protection would not be the railroad's responsibility—a condition which varies from existing law. I must emphasize that USRA believes that Conrail cannot become financially self-sustaining, despite all the productivity improvements I have outlined, unless it is relieved of this enormous labor protection burden.

Another major obstacle to viability is Conrail's passenger service operations. No other railroad in the country, including AMTRAK, is responsible for as varied and complex commuter services as is Conrail. Conrail is the largest commuter carrier in the country. Not only do commuter operations drain working capital, they also divert a great deal of management attention from Conrail's principal task of providing freight service.

The challenge to Conrail in the next two years to turn itself into a successful freight railroad can only be hindered by continuing to burden it with passenger operations. We believe Conrail's commuter responsibilities should be terminated not later than July 1982. However a transfer within this relatively short period is feasible only if the commuter authorities are not burdened with the labor protection obligations associated with the assumption of Conrail's 11,000 commuter employees after their separation from Conrail.

Conrail may be able to achieve viability by 1985 with limited Federal funding of operating losses through fiscal 1982 and of capital expenditures through fiscal 1983. But, as a condition to this further funding, Conrail should be required to achieve very substantial, visible progress through a two-year transition period. USRA believes that performance mileposts should be established to measure progress over the two-year period. If Conrail fails to achieve these goals, the railroad should be dissolved. To prepare for this possibility, detailed plans for replacing Conrail by transferring its facilities and equipment to other railroads should be developed. In USRA's view, this two-year transition period would make the most effective use of the resources necessary either to ensure Conrail's success or to provide the solid planning and improvements to Conrail that are prerequisites for a potentially successful "controlled transfer".

In considering a controlled transfer, it is important to understand that the process itself is lengthy and complex and cannot be implemented in a brief few months. The process depends on the number of acquiring railroads, their degree of interest in various Conrail routes and markets, the degree of Federal involvement in the transfer operation, and other factors. In such a situation, it is not possible either to gauge costs beforehand or to compute the Federal Government's share.

USRA has recently met with a number of Conrail's logical potential acquirers and they have said that unless they know the costs and can be assured that some of the changes we recommend in our April report will be made, they would not and could not be parties to a controlled transfer.

Despite the inability to gauge the precise costs of a transfer, we believe that it would be cheaper in the long run to provide the two-year transition period USRA recommends. With progress mileposts and a close scrutiny of Conrail as it proceeds toward 1985, there are benefits which accrue. They include the solution of many of the difficult issues, such as labor protection, work rule changes, and plant reduction that effectively hamper Conrail in its current configuration and prohibit a successful transfer. At the end of the transition, there will have been two years of additional progress in solving the crisis. At that point, we will either have a successful Conrail or the solid foundation for a potentially workable transfer. If a transfer were initiated within the next few months, this potential progress in planning would be lost and the opportunity to reinvigorate the economy of the Northeast and Midwest would also have been missed.

The future of Conrail depends on the active cooperation of all interested parties—management, labor, shippers and states. Management must achieve efficiencies of operation or witness the liquidation of the railroad. Labor must allow productivity improvement or risk the loss of thousands of jobs. Shippers must pay compensatory rates or risk losing rail service. States and communities must mitigate the economic impact of line abandonments with financial assistance or face a greater loss of rail service. I believe the Federal Government must be prepared to assume the cost of interim financing for Conrail as well as the responsibility for solving the labor protection issue if it is to realize its original goal of a revitalized, profitable railroad serving the Nation's largest industrial area.

Mr. Chairman, I am also here today to testify in support of an appropriation authorization of $19 million for administrative expenses of the United States Railway Association for fiscal year 1982.

The Committee has been supplied with budget details supporting this authorization. Briefly, USRA requests:

$12.5 million to support litigation now pending before the Special Court (66 percent of the total);

$6.5 million for expenses in connection with Conrail planning (34 percent of the total).

Last November the Federal Government

and the Penn Central Corporation agreed to settle the case being litigated between them concerning the value of the properties conveyed by Penn Central to Conrail on April 1, 1976. The settlement amounted to $1.46 billion, valued as of the date of conveyance. The Government and the Penn Central had previously valued the properties at approximately $500 million and $6 billion, respectively. Because the Certificates of Value bore interest at the statutory rate of 8 percent compounded annually, the Penn Central's Certificate was redeemed for slightly more than $2.1 billion at the settlement closing on January 15, 1981.

Settlement of the Penn Central claim did not end the litigation. The claims of six additional major bankrupt railroads are still being litigated before the Special Court. The Federal Government is still faced with nearly $1 billion in claims by these remaining estates. Further, while the Penn Central assets represented a major portion of the property transferred to Conrail, elimination of the Penn Central from the case did not proportionately reduce the complexity of the litigation. The Government still must deal with the same legal and economic issues presented when the Penn Central was in the case.

We are presently negotiating with the remaining transferors in an effort to arrive at settlements favorable to the Government's interests. Because it is impossible to predict whether a settlement will be reached with any of those estates, it is imperative that USRA continue to litigate the case vigorously.

Work on the two major evidentiary phases of the valuation case proceeds simultaneously as well:

The Parties are completing the rail-use phase of the case in which the transferors are seeking to establish values for those portions of their rail systems which they contend could have been sold for continued rail use to purchasers other than Conrail. Initial rail-use briefs were filed by the Government Parties and the remaining transferors on January 12, 1981. Final rail-use briefs are scheduled to be filed on April 20, 1981.

In the nonrail use, or "scrap", phase of the litigation, the Parties will present evidence about the values of property which would not have been continued in rail use. At the direction of the Court, the Parties filed on March 19, 1981, preliminary proposals for trial of scrap value issues. We anticipate that the Court will specify a schedule for trial of this phase of the case sometime this spring. It is expected that the case will be tried throughout the 1982 fiscal year.

Litigation costs are declining rather sharply, both because of the Penn Central settlement and because of completion of the rail-use case. Last year we spent $21.2 million, this year we expect to spend about $17 million, and next year we are proposing $12.5 million for litigation.

During the past year, USRA has devoted most of its nonlitigation resources to developing the April 1 report to Congress concerning the future of Conrail. It is, of course, our hope that Congress can resolve the issues involved in Conrail's future during the current calendar year. To assist Congress in this effort, we anticipate performing additional work that draws on our seven years of experience with the Northeast rail situation.

We consider fiscal 1982 as a critical year for the Federal Government in its relations with Conrail. Aggressive monitoring must be accompanied by contingency planning for actions to be taken if Conrail fails to make significant progress toward self-sufficiency. The Association's capacity for both monitoring and planning is in place and, in our judgment, should be maintained.

For these reasons, we are requesting an authorization of $19 million. This represents an approximate $10 million (30 percent) reduction from the fiscal 1981 appropriation level and results from the curtailment of litigation following the Penn Central settlement, as well as a reduced need for contractual services for evaluating Conrail.

The Administration has recommended a $14 million appropriation for USRA's administrative expenses in 1982. This lower figure assumes that USRA's Conrail monitoring functions will be completed in the first half of the fiscal year. At the same time, the Office of Management and Budget is recommending an additional $4.5 million and 25 employees for the Federal Railroad Administration to offset this reduction in USRA's capacity to monitor Conrail.

However, we are seeking a $19 million authorization because we believe that USRA should have a continuing role in developing and implementing whatever option is adopted by the Congress to solve the Conrail dilemma. As long as a substantial planning and monitoring function is necessary, it would seem to be counterproductive to dismantle the highly experienced team at USRA and then assemble and train a new team to do the same job at another agency. Rather, it would seem preferable to terminate all planning and monitoring functions when a solution to the Northeast rail problem is attained. A transfer of such functions to a permanent agency could make their termination more difficult despite that objective having been achieved. In addition, the appropriate timing of a transfer, if any, is impossible to predict now. Under the Association's proposed authorization such a prediction is not necessary since a transfer of funds could be accomplished if and when a transfer is deemed desirable.

STATEMENT OF L. STANLEY CRANE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, CONSOLIDATED RAIL CORPORATION

Mr. Chairman, I appreciate the opportunity to appear here today to discuss Conrail. I look to this hearing as a forum to address the resolution of the issues that must be addressed if the Northeast/Midwest is to continue to have adequate rail service.

At the outset it might be useful to give you some brief comments on my perceptions about Conrail after having been on the property for two and a half months.

First, Conrail's mainline or core system is in excellent shape. It is the equal of most railroads in this country. The problem, which I will discuss later, is that there is too much railroad for the traffic that is available.

Second, Conrail has a group of dedicated and competent employees—management and labor. The expertise exists on Conrail to bring the railroad into profitability, but only if it is relieved of the constraints presently imposed upon it.

Third, Conrail's service is more than just adequate, it is excellent. We have the physical plant, the locomotives and freight cars we need for our traffic volume. Those resources are being managed to produce a high quality of rail freight service.

Nevertheless, there are two other basics that one cannot ignore; in fact, they are the most important.

One. Conrail does not have enough business to support the physical plant and equipment it has today. To illustrate, Conrail's car loadings have dropped twenty-five (25) percent from 1977 to 1980; yet few adjustments have been made in the size of the plant.

Two. Conrail's costs are too high. Apply any comparative yardstick you want and the answer is the same. Conrail must reduce its costs.

It is within the context of these two basic facts—too little business and too high costs—that Conrail has been attempting to re-evaluate its role in providing rail service and to develop the plans required by the Staggers Rail Act of 1980.

What I would like to emphasize, however, is that Conrail is not waiting for the end of a planning exercise to react to the realities we face. We have begun and we will continue to take the actions within our control and ability to respond to the economic realities confronting Conrail. The key in that statement, however, is "within our control and ability", for as our report to Congress on April 1 will spell out, Conrail will not make it without the help of others. Simply put, there are not enough self-help opportunities available to Conrail to allow it to become profitable on its own.

The Staggers Act required that Conrail, USRA and the U.S. Department of Transportation all submit reports on April 1 that evaluate the Northeast rail system under three different scenarios. Let me list them for you:

Case A—no Federal funding after the $329 million authorized in the Staggers Act.

Case B—continued Federal funding with no fundamental changes in the Conrail system or its operation.

Case C—limited Federal funding for Conrail, as necessary to preserve rail service that will be self-sustaining.

Conrail is also preparing a full discussion of another alternative that the Government must consider—liquidation of the Conrail system and the transfer of part of its operations to other railroads.

I must say that while Conrail is preparing Case B—continued Conrail funding with no basic changes, it is an option that we feel no one believes is relevant. It does serve as a benchmark, in that it identifies the cost to the taxpayer of merely keeping things running as they are, but it is not really, at least in our view, an option that will be seriously considered.

So the basics that I would like to lay out for you now are those that must occur under any of the remaining options—Case A, Case C, or the transfer of Conrail properties to others.

First, contributions, concessions, participation—however you want to describe them—must be made by a number of groups if Conrail is to have even an opportunity to become profitable. I will return to these more specifically, but let me say now that this includes shippers, labor, suppliers, state and local communities, as well as Conrail management. This is true whether the decision is to continue with Conrail or to seek another answer.

Second, Conrail must be relieved of the cost of statutorily-mandated labor protection, including Title V, and New York Dock and all other job guarantee programs. While there are a number of changes that must occur to reach the goal of a private sector rail system in the Northeast, this is one of those "proverbial" bottom lines. For I can tell you unequivocally that Conrail can never make it if it must bear the costs of any labor protection. I will also tell you, based on my experience, that Conrail's properties will go unsold if purchasers are required to assume the labor protection costs required by Title V of the 3R Act.

Third, Conrail cannot be abandoned into prosperity. The analysis and review in this area is not finished, but based on the work done so far it appears that about 2,500 route miles of Conrail can economically be severed from the system. These lines represent about 14 percent of Conrail's route miles but account for only 1.6 percent of Conrail's revenue. Ultimately, we believe this will save nearly $22 million a year. Conrail's April 1 report will identify some of these lines and when the analysis is completed we will identify the remaining lines found to be uneconomic.

Mr. Chairman, you can readily see that while the savings are not insignificant, they are not of a magnitude that will make Conrail profitable. Conrail's problem is that its business is too well distributed over too large a system and abandonments alone won't cure the problem. Let me say that we are also moving on a rationalization program of the core mainline routes that will eliminate about 2000 miles of second and third track railroad.

Fourth, commuter service in the Northeast must be provided by someone other than Conrail. This is a topic I have already addressed before this subcommittee. Let me point out that it would be difficult to transfer Conrail's properties to another railroad if those railroads were required to assume the commuter obligations.

Mr. Chairman, what I am compelled to say today is that even if all of these things occur Conrail still requires $342 million of Federal funding beginning in 1982 and ending in 1984. In 1985, Conrail would for the first time generate a profit of $3 million, that is cash in excess of all operating and capital investment needs. In 1986, the profit becomes $154 million.

The forecasts used for this plan are conservative, both in the volume and cost reduction areas. They are conservative because we felt an obligation to present a plan that has a high degree of achievability. We have, for instance, included in this plan a contingency provision of $50 million per year, or $250 million over five years. I believe there is a chance that Conrail can do better, particularly on the operating cost side where we have more control than we have over volume levels.

Therefore, the government must decide whether the investment of $342 million beginning in 1982 is worth it or whether there are other solutions such as the transfer of Conrail's rail properties that would be more economic.

Before going into more detail I would like to make one point. When I talk about profit, I am speaking about cash in excess of Conrail's total operating and capital requirements. As you know, Conrail has been using GAAP accounting to portray its financial results, but that method of accounting does not take into account all of Conrail's capital needs. So you can be showing a handsome profit under GAAP accounting, but still be woefully short of the total cash requirements of the company. This is an important distinction. It is possible, Mr. Chairman, that this year under GAAP accounting that Conrail will break even and show a "slight profit." Yet, Conrail will require a $340 million Federal investment this year. I just want to make clear what I mean by profit—that is Conrail being in a position where it no longer requires any Federal investment. I want to be clear that this definition of profit does not include the servicing and retirement of the Federal investment in Conrail.

Now for more specifics. Let me deal with Case B first. If you continued Conrail as is with only a few adjustments, the Federal funding requirement would be nearly $2.5 billion by 1986. You can see why we believe it is unlikely to be considered.

Looking more closely at Case A—no more Federal funding, the answer is a bit more complex. Let me say that I cannot construct a scenario that would permit Conrail to continue to operate without more Federal funding. And I cannot tell you with precision how long I can keep the railroad operating with no more Federal funds. If I was told today that I had to keep it going through the end of 1981 with the funds requested in the President's Budget, I would say, we can do it. If, on the other hand, I was told today that the funds in the Administration's Budget had to sustain operations through 1982, I must tell you it would be difficult to do. Even if all capital programs were stopped completely and we did absolutely no track work, repaired no freight cars and locomotives and furloughed thousands of workers, it would appear by the end of 1982 the railroad would be unable to meet its payroll. The results of these actions would certainly be more than just unpleasant. The railroad would deteriorate, both physically and from a service point of view. Parenthetically, I should tell you that even under this scenario I am assuming that the government pays Title V liability. For if Conrail has to pay Title V protection to all of these people furloughed there is no net benefit to the cash position of the railroad. You can see how Title V restricts the use of lay offs as a short term and drastic self-help measure.

There is one way that Conrail could make it under Case A, but I am doubtful that it could be implemented—that is, to seek all of the actions I described earlier and obtain about a 10 percent wage reduction or rollback from Conrail's work force by the end of 1981.

Clearly, if there is to be no more federal investment in Conrail the government must begin now to take the actions required to split it up or liquidate it and it doesn't have very long to do it before there is a threat to continued operations. Conrail management needs to know how long it will be required to operate the property. Otherwise, continuing rail service could be jeopardized. Even with a prompt decision, it is my judgment some additional funding will be needed to preserve the railroad until another solution is implemented.

Regarding Case C or improved Conrail. As I said earlier, even after all of the improvements, contributions and other changes we are suggesting Conrail would need $342 million of Federal funding from 1982 through 1984 before turning a modest profit of $3 million in 1985 and $154 million in 1986. We do not foresee the ability to repay the Federal investment.

Let me review the major elements of this plan.

At the outset. I do want to make clear that the traffic projections are conservative. They are based on a GNP growth rate that is below historical trend lines and, I believe, lower than many current economic projections for the nation as a whole. Indeed, the revenue projections are the single biggest swing factor from previous Conrail plans. We are projecting traffic trends that are virtually "flat." And that is a big difference from past plans which usually projected significant traffic growth. This is also the place to make the point that if traffic is significantly higher than projections, the requirement for Federal funds will be reduced. Conversely, if these forecasts turn out to be optimistic, the need for Federal investment will be even higher. Finally, I hope by now everyone recognizes the speculative nature of any five year forecast. One only has to recall that in 1975 USRA projected Conrail would be hauling 399 million tons of freight for the year 1980 compared to the 237 million tons we actually moved. Therefore, this is our best estimate, but no one should consider it carved in stone.

As Conrail stated in its March 15 "Report on Labor" Case C requires at least a $200 million annual savings from our upcoming labor agreement settlements. In the years, 1982 through 1986, Conrail requires aggregate labor savings in this area of $1.1 billion. In addition, we project that freight employment on Conrail will be reduced by 11,000 during this time. A considerable amount of this reduction would occur even faster, if Conrail was able to spend $125 million on a severance program.

Our labor costs could be reduced by up to $310 million over the next five years if the 4,600 excess firemen and brakemen currently on the payroll would accept severance. A favorable resolution of the Amtrak/Northeast Corridor dispute over freight charges would provide another $132 million over five years. A contribution of $50 million per year by states and local communities adds to $250 million over the same five years. If Conrail acquired the traffic currently moving over the D&H (except Montreal-Albany) the benefit to Conrail over the next five years is $250 million. More equitable divisions of revenue with the Long Island Railroad would yield $40 million in five years. But let me re-emphasize that even if all of these events occur, if all of these contributions are made, Conrail still needs $342 million in additional Federal funding by 1984 before showing a $3 million profit in 1985 and $154 million profit in 1986. Without all of those contributions, Conrail would need more than $2.1 billion by 1986.

You can understand now why I said earlier that the government will want to carefully evaluate the alternatives. Anticipating that this would occur, Conrail reviewed alternatives in this area. As you might imagine, this work is highly speculative, but it does represent an effort to project what might happen under the transfer of Conrail's rail properties to others. I do want to emphasize that this work has been done by Conrail only.

For analytical purposes, a hypothetical model, dividing Conrail into North and South "units" was evaluated. Under this scenario, if other railroads took both of these North and South "units", about 95 percent of Conrail's traffic would continue to move, anywhere from 2,500 to 3,700 route miles would disappear, and about 20,000 of our present force of 65,000 freight employees would lose their jobs, This is about double the number of employees displaced under Case C. We have no way to know whether the sale of Conrail properties in this manner is achieveable.

Should the sale of Conrail properties in the manner suggested under the North and South split be impossible, we examined another alternative, liquidation. Conrail estimates that liquidation or the sale of Conrail lines to other railroads based on what we believe they would buy would result in the abandonment of about one half of Conrail's route miles, about 60 percent of Conrail's traffic would continue to move and the displacement of about 40,000 of our freight employees. Furthermore, we estimate that their controlled transfer or liquidation would take up to two years to implement if serious dislocation problems were to be avoided. I must remind you that the funds requested in the present Budget are not sufficient to keep Conrail operating for those two years.

I must add that we believe that for the sale of Conrail's rail properties to work, most of the contributions, concessions and changes outlined earlier would have to be present. You will see in our April 1 report that we have made the same assumptions for the sale of our rail properties that were made for Case C.

In short, Mr. Chairman, these are rough approximations of the alternatives faced by the government. I am sure they will be carefully studied and evaluated. I fully expect the most economic plan will be the ultimate choice.

I do want to make sure, however, that as the government considers the overall economics of each of these alternatives, it keep in mind the total cost of the Northeast/Midwest rail problem.

Let me illustrate. I stated that Conrail would need $342 million in additional Federal funding by 1984. I also said that Conrail had to be relieved of the Title V liability. Our estimate of that Title V liability, based on the existing statutory level of protection could be as high as $432 million (uninflated) for the years from 1982 to 1986. This assumes

that Conrail is able to successfully implement the severance program for 4,600 excess firemen and brakemen discussed earlier. The Title V costs associated with the North/South controlled transfer we constructed could be as high as $1.6 billion for the five year period and for liquidation that number becomes $3.2 billion for the same five year period. These costs could also be reduced somewhat if the severance program for Conrail was implemented for these alternatives.

If the existing level of protection is retained, we estimate that the total labor protection costs—that is the payments required until there are no protected employees—could be as high as $1.5 billion for Case C; $4.8 billion for controlled transfer and $9.7 billion for liquidation. I mention these figures to illustrate the potential problem in this area.

Obviously, changing the statutory level of protection would have a dramatic impact on the total cost to the government for resolving the Northeast/Midwest rail issues. But, the costs of labor protection must be considered as the overall solution is debated, discussed and finally resolved.

Before closing, I do want to emphasize again the need for a timely resolution of these issues. I have laid out for you the problems associated with a "no more" Federal funding scenario. Delay and/or indecision can have disastrous consequences. Shippers seek alternatives, suppliers could seek payment in advance, lack of funding results in the deterioration of the physical plant and private sector financing for equipment will not be available. Delays breed uncertainty and could irreparably harm the Region's economy.

We at Conrail are prepared to cooperate. All of us are prepared to help make the hard choices. We will share our experience and what expertise we have. I do want this committee and the rest of the government to know that, once a decision is made, we will do our best to implement it.

I wish I could sit here today and tell you that without any doubt Conrail can make it. I simply cannot do that. I can tell you that under the conditions we have set forth, and with the additional funds we have said are needed, it has the opportunity to become profitable. There are many objectives in the proposed plan, all of which must be achieved for Conrail to make it. But I will not overpromise. There are many imponderables—too many uncertainties. This is a public policy decision—it is a decision involving the allocation of limited resources and one for the government to make.

Thank you.

DEPARTMENT OF TRANSPORTATION,
FEDERAL RAILROAD ADMINISTRATION,
Washington, D.C., January 19, 1981.

Subject: Eligible Mileage and Available Funds as of October 1, 1980.

To: All States Participating in the Section 5 Program.

Attached is a chart indicating the eligible mileage as of October 1, 1980, and the October 1, 1980 allocation of funds. This allocation is being made pursuant to Public Law 96-400, the fiscal year 1981 Department of Transportation Appropriations Act which contained $80 million for the Section 5 Program. The formula has been computed in accordance with Section 5(h)(2) of the Department of Transportation Act.

ELIGIBLE MILEAGE

The eligible mileage has been ascertained by the Interstate Commerce Commission's Office of Policy and Analysis working with the Federal Railroad Administration's Office of State Assistance Programs. As a result of the bankruptcies of the Rock Island and the Milwaukee, the mileage of these systems will be categorized as follows:

1. The entire Rock Island system is in Category 3 (Pending Abandonment) because the June 2, 1980 ruling (Court Order No. 248) of the bankruptcy court authorizing abandonment of the entire system was appealed. Approximately 35 miles of track in Arkansas will drop out of the formula since it has been sold and a new certificate of Public Convenience and Necessity was issued before September 30, 1980.

2. All Milwaukee lines which, as of September 30, 1980, had not already been authorized for abandonment are, as reflected on the latest system diagram filed with the ICC on June 30, 1979, in Category 1 (To Be Abandoned in 3 years). All other lines are in Category 4 (Abandoned).

The attached chart indicates the eligible mileage by state (Column 1) and its percentage in relation to the total mileage of all states (Column 2), including the one percent minimum entitlement. A listing of the lines comprising the eligible mileage will be forwarded under separate cover.

AVAILABLE FUNDS

Column 3 of the chart shows the total funds being made available to the states. The total, $87,436,684, represents the sum of the FY 1981 appropriation and $7,436,684 which was not obligated in fiscal year 1980. The portion of the total available funds which may be used for state rail planning purposes is shown in Column 4. This has been determined on the basis that each state may use up to five percent or $100,000, whichever is greater, of its annual entitlement for planning purposes.

OBLIGATION OF FISCAL YEAR 1981 ALLOCATION

The fiscal year 1981 Department of Transportation Appropriations Act establishes a limit on the amount of funds which may be obligated during the last quarter of fiscal year 1981. It provides that the amount of obligations may not exceed 30 percent during the last quarter of fiscal year 1981 or 15 percent for any month during this quarter. In light of this limitation, it is essential that FRA and the states work together to ensure an orderly and timely commitment of Section 5 funds. To aid us in this effort, attached is a schedule for submitting applications for fiscal year 1981 funds. The schedule also reflects target dates for FRA approval of fully complete applications submitted in accordance with the schedule. This schedule supersedes the proposed schedule submitted to each state for review in August 1980. It has been revised to reflect the requirements of the Appropriations Act and the actual timing of the distribution of this memorandum. It is essential that the states and FRA use the attached schedule, since failure to do so will jeopardize the funding of applications during the last quarter of fiscal year 1981.

JOHN M. SULLIVAN,
Administrator.

FISCAL YEAR 1981 ENTITLEMENTS

State	Eligible mileage	Percent miles	Total entitlement	Portion of total entitlement available for plan
Alabama	262.23	1.00	$874,367	$100,000
Alaska	0	1.00	874,367	100,000
Arizona	118.27	1.00	874,367	100,000
Arkansas	799.6	1.87	1,637,514	100,000
California	643.99	1.24	1,080,280	100,000
Colorado	432.71	1.02	892,204	100,000
Connecticut	109.2	1.00	874,367	100,000
Delaware	65.69	1.00	874,367	100,000
District of Columbia	0	1.00	874,367	100,000
Florida	572.38	1.05	921,932	100,000
Georgia	201.64	1.0	874,367	100,000
Idaho	493.11	1.0	874,367	100,000
Illinois	2,959.91	5.77	5,045,559	252,278
Indiana	1,512.99	2.61	2,284,895	114,245
Iowa	4,769.43	10.77	9,421,428	471,071
Kansas	1,438.5	3.47	3,031,342	151,567
Kentucky	345.79	1.00	874,367	100,000
Louisiana	535.99	1.00	874,367	100,000
Maine	226.10	1.00	874,367	100,000
Maryland	367.19	1.00	874,367	100,000
Massachusetts	286.44	1.00	874,367	100,000
Michigan	2,326.59	3.92	3,425,682	171,284
Minnesota	2,351.85	4.59	4,013,881	200,694
Mississippi	837.82	1.62	1,419,272	100,000
Missouri	1,363.26	2.99	2,611,384	130,569
Montana	1,385.64	2.05	1,793,764	100,000
Nebraska	732.02	1.47	1,282,259	100,000
Nevada	113.72	1.00	874,367	100,000
New Hampshire	246.2	1.00	874,367	100,000
New Jersey	272.38	1.00	874,367	100,000
New Mexico	167.47	1.00	874,367	100,000
New York	1,896.57	2.64	2,308,678	115,434
North Carolina	461.06	1.00	874,367	100,000
North Dakota	1,034.34	2.46	2,152,166	107,608
Ohio	1,558.45	2.39	2,092,622	104,631
Oklahoma	1,572.85	3.65	3,168,116	159,406
Oregon	181.8	1.00	874,367	100,000
Pennsylvania	1,740.15	2.65	2,316,548	115,827
Rhode Island	20.9	1.00	874,367	100,000
South Carolina	308.35	1.00	874,367	100,000
South Dakota	2,131.45	4.36	3,808,854	190,443
Tennessee	498.79	1.07	935,398	100,000
Texas	1,942.76	4.20	3,673,437	183,672
Utah	17.09	1.00	874,367	100,000
Vermont	306.83	1.00	874,367	100,000
Virginia	248.22	1.00	874,367	100,000
Washington	1,035.19	1.46	1,272,204	100,000
West Virginia	267.56	1.00	874,367	100,000
Wisconsin	2,236.88	4.68	4,093,723	201,686
Wyoming	9.11	1.00	874,367	100,000
Total	43,406.46	100.00	87,436,684	6,173,415

Note.—Eligible mileage represents the sum of all abandoned lines and those lines in categories 1, 2, and 3, filed with the ICC as of Oct. 1, 1980.

The total funds for distribution are:

Fiscal year 1981 appropriation	$80,000,000
Fiscal year 1980 carryover	7,436,684
Total	87,436,684

UNDER THE LOCAL RAIL SERVICE ASSISTANCE PROGRAM

State	Rehabilitation	Rail facility construction	Substitute service	Acquisition	Operating subsidy	Total
Alabama	$805,085					$805,085
Arkansas	805,085					805,085
Arizona	605,892					605,892
California	1,252,450	$172,236				1,414,686
Colorado		805,085				805,085
Connecticut				$293,515	$549,726	843,241
Delaware					63,000	63,000
Florida	892,306					892,306
Georgia	805,085					805,085
Iowa	6,900,937					6,906,937
Idaho	1,256,485					1,256,485
Illinois	2,190,000	48,000		44,800	2,942,743	5,225,543
Indiana	1,691,224				1,437,613	3,128,837
Kentucky	1,072,090					1,072,090
Louisiana	812,155					812,155
Massachusetts					905,085	905,085
Maryland					1,495,011	1,495,011
Maine	672,364			13,454	144,267	830,085
Michigan					4,037,852	4,037,852
Minnesota	4,325,566					4,325,566
Mississippi	1,882,839					1,882,839
Missouri	2,037,717					2,037,717
Montana	3,247,688					3,247,688
North Carolina	863,153					863,153
North Dakota	412,390		229,920			642,310
New Hampshire				600,000	205,085	835,085
New Jersey	619,612			1,915	180,113	911,640
New York			1,133,236		1,644,270	2,777,506
Ohio	1,947,803	55,325			1,000,421	3,003,549
Oklahoma	566,206			674,872		1,241,078
Oregon	803,650					803,650
Pennsylvania	82,432		87,929		2,449,925	2,620,286
Rhode Island	905,085					905,085
South Dakota	5,038,201		999,800			6,038,001
Tennessee	452,463				452,622	905,085
Texas	2,306,544					2,306,544
Virginia					1,110,802	1,110,802
Vermont	876,285					876,285
Washington	2,569,480					2,569,480
Wisconsin	3,939,410				1,064,179	5,003,589
West Virginia	404,068				501,017	905,085
Nevada		505,085				905,085
Total	53,031,750	1,985,731	2,450,885	1,628,556	20,193,731	79,290,653

AMTRAK,
Washington, D.C., March 10, 1981.

Hon. JAMES J. FLORIO,
Chairman, Subcommittee on Commerce, Transportation, and Tourism, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Because of the complicated nature of the issue, I wish to respond in writing to your question seeking Amtrak's contingency plans for route-by-route rail passenger service at the $613 million funding level.

As I said in my testimony, the strength of a modern rail system—be it freight or passenger—is that it can handle growth and expansion far more cost effectively than can highways, waterways or airways. If anything, Amtrak's basic system is vastly underutilized, especially considering the fixed capital costs we must incur to provide the basic service Congress has directed. Increased use of this system will produce exponentially higher revenue-to-cost ratios.

Unfortunately, the converse is not true. Therefore, it is unnecessary to detail route-by-route impact because the proposed budget leaves little flexibility for Amtrak operation.

To be specific:

At the $313 million level, we calculate that Amtrak would be able to provide service only in the Northeast Corridor, between Washington and Boston, beginning in October of 1981, at the start of the new fiscal year.

Amtrak has an irreducible capital commitment for FY 1982 of $130 million. This sum comprises legal obligations for contracts outstanding, and NEC purchase, $130 million.

Operating the Northeast Corridor takes $250 million in infrastructure costs. This figure is net of infrastructure revenues. It does not include $82 million in interest, a burden which we are assuming would be lifted, $250 million.

NEC operations require an additional $188 million in variable costs, largely offset by $178 million in revenues, for a net cost of $10 million.

Labor protection if Amtrak runs only the NEC would likely amount to upwards of $200 million. This is a fixed cost, $200 million.

Costs of shutting down the rest of the system could amount to something over $25 million. This is a fixed cost, $25 million.

Total, $615 million.

Some of these items such as labor protection would, of course, diminish in out-years, but so would the proposed federal grant. It is fair, therefore, to say that the Administration is in effect proposing a system shutdown outside of the NEC.

At this level of operation, fixed costs, comprising infrastructure labor protection, and shut-down costs are $475 million, or 72 percent of our total costs. At the level of operation we propose fixed costs are $486 million, or only 34 percent of our total costs.

The difference in service provided is also dramatic.

At the $613 million level (in effect an operating budget of $483 million), Amtrak could provide about 1.2 billion passenger miles. At the $716 million operating level we could provide 5 billion passenger miles. In other words, for a 48 percent difference in operating payments we offer a 300 percent increase in passenger miles.

At the $613 million level, each Federal dollar buys 2.5 passenger miles. Under Amtrak's proposal, each Federal dollar buys 7 passenger miles. In this sense, Amtrak's proposal is 2.8 times more cost effective than the Administration's budget.

I have often testified that Amtrak is a corporate business, not a government program and that Amtrak's budget cannot be radically contracted without disproportionate reductions in service. Amtrak is part of the transportation solution, not a part of the problem.

After viewing these figures, I'm sure you will agree that a sharply reduced investment in Amtrak is not a more efficient investment in Amtrak.

Sincerely,

ALAN S. BOYD.

AMTRAK,
Washington, D.C., March 16, 1981.

Hon. JAMES J. FLORIO,
Chairman, Subcommittee on Commerce, Transportation, and Tourism, Washington, D.C.

DEAR JIM: Last week when I testified before your committee regarding Amtrak's Fiscal Year 1982 Authorization, I supplied you with a letter analyzing the impact of the President's proposed Fiscal Year 1982 Amtrak budget level of $613 million on Amtrak's operations. Our essential conclusion, reflected in that letter, was that at the President's budget level Amtrak would be able to offer little if any train service outside the Northeast Corridor (NEC). With extremely limited funding we would presumably operate on those routes which covered the highest percentage of operating costs from revenues. The Northeast Corridor is where this occurs.

It was clear from the general flow of the hearings throughout the week, and from separate conversations between ourselves and the Federal Railroad Administration, that FRA felt we could offer significantly more service at the $613 million level. I am sure you understand that we, as the management of Amtrak, above all others, would want to find the way to run as much train service as possible at any given budget level. I am writing to set out the reasons for our conclusions that the level of $613 million will support little or no service outside the Corridor.

Our conclusions about the service implications of the $613 million figure were stated in my earlier letter to you. Let me summarize them again:

$136 million, irreducible commitments for Fiscal Year 1982, reflecting prior Administration or Congressional approval and assuming "buy-outs" of existing contracts with suppliers wherever possible. Our letter of 3-10-81 estimated this cost to be about $130 million. (A legal memorandum describing the nature and extent of these obligations is Attachment A).

$250 million, cost of owning and operating the Northeast Corridor infrastructure, both for Amtrak's own service and assuming current cost allocation arrangements among Amtrak, Conrail, and the commuter agencies. The revenues expected from freight and commuter operations have been deducted to produce a net cost. This $250 million cost figure compares with over $400 million in infrastructure cost were we to operate a national system. It therefore does reflect significant reductions in infrastructure costs as the system shrinks. Unfortunately, as I noted in the hearings, these costs do not shrink as quickly as do revenues and operating costs as train service is eliminated. (A memorandum describing these costs is Attachment B.)

$10 million, Northeast Corridor operations produce an additional $188 million in operating costs, directly related to train operation such as labor costs, fuel etc. These costs would be largely offset by $178 million in revenues.

$200 million, statutory and contractual obligations for labor protection payments in Fiscal Year 1982 if the system is reduced to essentially an NEC operation. Some have asked why Amtrak would not choose to spend some or all of the money running additional trains, thereby keeping people employed, and avoiding labor protection expenses. The simple fact is that, it is somewhat more costly to operate a service than to pay the protective costs occasioned by its discontinuance. Because labor protection obligations are equivalent to the salary and fringe payments Amtrak would have to make to keep additional trains operating, and because many costs in addition to these for labor are associated with running a train, there is no less expensive way to deal with this problem. In his testimony before your committee last Monday, then Acting FRA

Administrator Robert Gallamore estimated our labor protection obligation from the Administration's proposal at $10 million. We can find no rationale to support the estimate Mr. Gallamore offered, indeed some experts estimate that these obligations may result in much higher outlays. (A legal memorandum detailing the basis for these labor protection obligations explaining the way in which we arrived at the $200 million approximate figure for Fiscal Year 1982 is Attachment C.)

$25 million, based on the assumptions noted above, Amtrak would be closing down all service except its NEC operations. Our best estimate of the costs of such a close-out activity is $25 million.

These costs total $621 million. Inevitably they represent estimates but we feel they are close approximations. We have reviewed them with the General Accounting Office staff and are meeting with FRA staff today to provide them with a detailed critique of the bases for our conclusions regarding the impact of the Administration's proposed budget level on Amtrak's service. The Administration engaged in no consultation with Amtrak regarding the implications of the $613 million budget proposal previously. It is worth noting that in developing our estimates of the impact of a $613 million budget we assumed that the Congress would grant us relief from the $87 million in interest payments and taxes we would otherwise incur in Fiscal Year 1982. The Administration has not expressed support for granting such relief. If we must make such a payment, that would mean an additional $87 million would have to be factored into the $613 million program level.

It may be helpful to compare the impact of the $613 million budget proposal with those proposed by Amtrak. As you know, Amtrak submitted a Fiscal Year budget justification at the $970 million level for operating and capital support. We made this recommendation based on some important assumptions. We assumed that relief from certain state and local taxes would be provided by the Congress saving Amtrak up to $6.5 million in Fiscal Year 1982. We also assumed that Congress would grant us the authority to issue a new category of preferred stock to the Federal Financing Bank (FFB) in exchange for the notes held by the FFB on which we must pay interest each year. Such a transaction would save Amtrak $82 million in interest payments in Fiscal Year 1982 and a similar amount in every succeeding year.

Our obligation under the notes stems from a now-abandoned method of providing federal funding for Amtrak capital. During its first several years, Amtrak did not receive a direct capital appropriation. Instead, Amtrak was permitted to borrow from the FFB to finance its capital expenditures. There are two ways the principal on that debt can be retired: Amtrak can use any profit it earns to pay down the debt, or the Congress can appropriate money to Amtrak to pay it down. Neither of these options seems workable. Every knowledgeable person in Congress understood from the beginning that, notwithstanding some rhetoric to the contrary, Amtrak would never be profitable. No national railroad in the world even approaches profitability. Neither does it seem practical for the Congress to appropriate funds to be passed through the Amtrak budget and returned to the Treasury. Even though no money actually changes hands, such a paper transaction would appear in the federal budget as an outlay at the time when every effort is being made to reduce budget outlays.

Amtrak's $970 million budget proposal also assumed Amtrak would cut selected train service. Acting in accord with the 1979 Amtrak Reorganization Act, we proposed to drop or modify all the routes which are subject to specified Congressional performance criteria and fail to meet them as required in Fiscal Year 1982. This means dropping the Cardinal and the Shenandoah and rerouting the Broadway Limited for a Fiscal Year 1982 savings of $11 million. It means a restructuring of the Inter-American for a Fiscal Year 1982 savings of $12 million. All of the other trains to which the criteria apply will exceed the Congressional criteria set out in the 1979 Act. We also intend to eliminate three frequencies in the Northeast Corridor in order to save $9 million in Fiscal Year 1982, and we assume that no commuter service will be financed out of Amtrak's budget, saving an additional $10 million. This represents $42 million in route-related savings in FY 1982. The $970 million budget proposal is also based on a projected revenue growth of 22 percent resulting from sustained ridership and fare increases in Fiscal Year 1982. These fare increases come on top of Amtrak's 46 percent compounded fare increases between the first quarter of 1978 and the present. By way of comparison, Amtrak increased its yield by 34.7 percent during that period while the major airlines yield rose by 29 percent.

In my conversation with you Friday evening in which you requested that I supply you with this additional detail on the implications of the $613 million budget proposal, I told you that by taking some further, increasingly difficult actions we could further reduce our Fiscal Year 1982 operating and capital appropriations request by $117 million. In the process we could take steps which would result in the achievement of a 50 percent system-wide revenue-to-cost ratio in Fiscal Year 1982 and the preservation of the national route system contemplated in the Amtrak $970 million budget. All of the route reductions we had planned at the $970 million level would still be required, as would be Congressional action to retire the debt and give us relief from certain state and local taxes. In addition, in order to live within a $853 million Fiscal Year 1982 appropriation ($117 million less than the $970 million in our budget justification submitted to you), several additional cost cutting or revenue generating actions would be required.

Specifically, we can project $75 million in reduced federal payments resulting from charging higher food and beverage prices, reducing some manning levels, selected fare hikes on high-demand services in peak periods, alterations in operating and equipment utilization practices, and from the private financing of the NEC communications system. In addition we can see potential savings in Fiscal Year 1982 of $42 million from certain efforts to reduce labor costs which we intend to actively pursue. A first step toward those savings can be taken if the Congress acts to grant us relief from Section 504(f) of the 3–R Act, which effectively bars Amtrak from bargaining on an even footing with the train and engine crew brotherhoods in the NEC. We are willing to take the risk of recommending the deletion of the $42 million from our Fiscal Year 1982 budget now with the proviso that if by next Spring our diligent efforts to negotiate train and engine crew costs reductions have not produced a net savings of that amount, in Fiscal Year 1982 we could, with Congressional support, seek a supplemental for the different between the amount actually saving and $42 million. By taking these actions, both in the labor and operating and capital areas, Amtrak is absolutely straining the limits of what can be achieved within a budget which is already very tight.

I would like to make a few observations about the impact of the $613 million budget level as compared with the $853 million level we now propose. The Administration's objective of achieving a 50 percent revenue-to-cost ratio in Fiscal Year 1982, three years ahead of the schedule in current law, would be very adversely affected by the $613 million program level. Whereas our revenue to cost ratio in 1981 will be about 42 percent, that number would slide to 37 percent with the $613 million budget. In contrast, because our $853 million operating and capital appropriation proposal preserves the national system and therefore the revenue base, while reducing the costs which have to be spread over that base, Amtrak would achieve the 50 percent revenue-to-cost ratio in Fiscal Year 1982 as the Administration desires. This makes the additional increment of federal support a very good investment.

Several other factors confirm this view. At the $613 million level, Amtrak would provide 1.2 billion passenger miles. At the $853 million level, Amtrak would provide 5 billion passenger miles. This means that at the $613 million level each federal dollar would result in 1.9 passenger miles. At the $853 million level each federal dollar would result in 5.9 passenger miles, over three times the return of each dollar of federal investment. At the $613 million level, the system would be reduced to the Northeast Corridor alone, resulting in the loss of approximately 14,400 jobs for either Amtrak employees or those working for the railroads in jobs directly resulting from the existence of Amtrak service. At the $853 million level, Amtrak would be able to continue to provide a national passenger rail service, thereby preserving an irreplaceable national resource and protecting most of the jobs of our workforce.

At the $613 million level several billion dollars in past federal investment in Amtrak and the passenger rail system of the United States would be lost. Most obviously, the 284 new double-decked Superliner cars built by Pullman Standard for Amtrak would be useless since they are too high to fit the clearances of bridges and tunnels in the Northeast routes to which Amtrak service would be reduced. (The Superliners were purchased for use on western routes where clearance is no problem and where the added capacity of a bilevel car makes it a very cost effective way to accommodate passengers.) At the $853 million level, the newly acquired or renovated equipment and the other federally financed capital investments in Amtrak could be fully utilized, generating revenue throughout their useful life. The full use of these kinds of existing capital assets is the most fundamental premise on which any corporation would make investments and acquire assets. It makes no sense, at the very time when Amtrak has finally worked its way out of the antiquated, unreliable, expensive equipment we inherited ten years ago, to fail to take advantage of the earning potential of the improved fleet.

A final advantage of the $853 million level is that it would preserve to a significantly greater degree the vital national resources of passenger-speed rail corridors connecting city centers.

Under Amtrak's operating agreements with the freight railroads, the railroads are obligated to maintain their rail lines at the same level of utility which existed when Amtrak commenced operations over their properties. Any break in the continuity of Amtrak service would end the railroads' contractual obligations to maintain their rail lines to a level suitable for passenger service. Tracks could deteriorate to a level where passenger speeds could not be achieved, necessary sidings and signal systems could be removed, and costs of returning to today's standards would be prohibitive. (Attachment D is a summary sheet comparing the implications of the two budget levels.)

Throughout the hearings this past week, Federal Railroad Administrator Robert Blanchette made quite a point of saying

that it was up to the Administration and the Congress, acting like a Board of Directors, to set the policy and determine the overall budget level for Amtrak. He said that it would be up to Amtrak management to determine how the available dollars could be used pursuant to the policy guidance. Although we are quite comfortable with this concept of management flexibility, we believe we should offer to the Administration, as we will to our own statutorily created Board of Directors, management's candid assessment of the impact of the proposed budget reduction. It is that candid assessment I have offered this past week and which I am supplying in more detail here. To continue the corporate analogy, in the absence of any credible alternative theory of what the impact of a proposed budget level would be, it would be up to a board of directors to decide whether the proposed budget level is acceptable or whether some changes in either program or budget are required. That is what we are asking the Congress to decide. The worst outcome would be for the Congress or the Administration to act under the false impression that $613 million could support any significant train operations outside the NEC.

I hope that through this letter and the accompanying supporting documents you will have the information you asked me to supply. If there is any additional information we can supply please let me know.

Sincerely,

ALAN S. BOYD,
President.

[Attachment A]

INTEROFFICE MEMO, MARCH 16, 1981

To: A. S. Boyd.
From: P. F. Mickey, Jr.
Subject: Fiscal year 1982 Capital Commitments.

We have analyzed Amtrak's existing legal commitments for the acquisition of capital equipment in fiscal year 1982. We have estimated that Amtrak will have to pay approximately $136 million in that year to meet contractual obligations for capital acquisitions not previously funded through appropriations. The incompletely funded capital programs include purchase agreements for 150 new passenger cars and 17 electric locomotives and an over-commitment of guaranteed loan authority for the acquisition of the Northeast Corridor.

Details of these commitments are discussed below:

150 PASSENGER CARS: $89 MILLION

In the Conference Report for the Department of Transportation Appropriations Act for FY 1980, the conferees expressed their agreement that Amtrak should have the flexibility to enter into a contract to acquire up to 200 new low-level passenger cars—despite the deletion from the Appropriations Act of a proposed advance appropriation for FY 1982 to complete the financing of this acquisition. H.R. Rep. No. 96–610, 96th Cong., 1st Sess. 11 (1979).

In March 1980, Amtrak contracted with the Budd Company to manufacture 150 new "Amfleet II" cars, including 125 coaches and 25 food service cars, for a total price of approximately $150 million. Delivery of these cars is to start in August 1981 and be completed by June 1982. The Budd Company's progress is on target, and substantial material for the cars has already been ordered.

Cancellation of this contract would produce only small dollar savings and would waste most of the funds already committed. There is no termination clause in this contract, and if Amtrak were to cancel, Amtrak would be liable for costs incurred by Budd up to the date of cancellation, as well as for Budd's lost profits. Amtrak estimates that Budd would claim as lost profit at least 10% of the $115 million base price, or $11.5 million. Material and engineering costs already incurred probably total at least $60 million. If Amtrak were to cancel in September 1981—after approximately 25 cars are delivered—Amtrak might save $20 to $30 million out of the total $150 million committed. However, Amtrak would have to forgo completion of the balance of the order—approximately 125 cars. Cancellation at that stage of the contract would not be commercially prudent.

Amtrak has already used $50 million in FY 1980 and 1981 appropriations to fund this program. An additional $89 million will be required in FY 1982 to complete this order.

17 ELECTRIC LOCOMOTIVES: $17 MILLION

Amtrak contracted with General Motors in February 1980 to add 17 more units to the 30 AEM–7 electric locomotives already on order for operation in the Northeast Corridor. Funding for the $51 million base price of the 17 additional units was provided in FY 1980 appropriations. Amtrak estimates that an additional $17 million will be required in FY 1982 to fund the acquisition of necessary spare parts and escalation which is payable upon delivery of the units.

If Amtrak were to cancel in September 1981—after approximately 32 locomotives are delivered—Amtrak might save approximately $10 million in labor costs but would have to forego delivery of approximately 15 locomotives. General Motors might claim up to $37 million consisting of costs of material, engineering, and labor on the last 15 units and lost profit on those units. Completion of this order appears to be the more prudent course.

ACQUISITION OF THE NORTHEAST CORRIDOR: $30 MILLION

In 1976 the Secretary of Transportation approved a $25 million temporary over-commitment of guaranteed loan authority to finance the purchase of the Northeast Corridor. To date no sum has been appropriated to cover this amount, and Amtrak has used loan authority made available for other purposes to finance the amount of this over-commitment. With interest at current high rates, this amount will reach $30 million in FY 1982.

The over-commitment will become critical in FY 1982 since completion of already approved capital programs will cause Amtrak's outstanding guaranteed loan balance to reach its authorized level of $850 million, and Amtrak will need an additional $30 million in appropriated funds to meet its total obligations for capital programs.

[Attachment B]

Infrastructure Costs

Infrastructure costs for an NEC only system include the following major items:

Maintenance of track and roadbed, electric power system, buildings and the signal system on the NEC;

NEC dispatching and train control;

Security and facility overheads at NEC equipment maintenance locations;

NEC stations and terminals;

Commissary and crew base staffing and supervision;

NEC regional operating management;

Taxes, General and Administrative, Marketing and sales, computer services, accounting, training, and procurement in support of the Corridor.

The amount of infrastructure costs required to support an NEC stand alone operation are $280 million. These costs would be offset by $30 million in revenues not directly related to routes such as real estate and miscellaneous revenues.

The descriptions above indicate that a significant portion of these infrastructure costs are for activities in direct support of the NEC. Nonetheless, the $250 net reflects a proposed reduction in fixed infrastructure costs of $126 million or over 30 percent.

[Attachment C]

INTEROFFICE MEMO, MARCH 16, 1981

To: Alan S. Boyd.
From: Paul F. Mickey, Jr.
Subject: Fiscal year 1982 Labor Protection Costs.

I. AMTRAK'S LABOR PROTECTION OBLIGATIONS

Section 405(a) of the Rail Passenger Service Act of 1970, 45 U.S.C. § 565(a), required that railroads "provide fair and equitable arrangements to protect the interests of employees . . . affected by a discontinuance of intercity rail passenger service. . . ." Subsection (b) set out the minimum requirements for the prescribed protective arrangements, and specified that no railroad could contract with Amtrak for the transfer of its responsibility to provide passenger service until the Secretary of Labor determined that the proposed arrangements were acceptable. Subsection (c) imposed on Amtrak the same substantive requirements for the protection of its own employees. The Secretary certified two appendices to the NRPC Basic Agreement as satisfying these statutory requirements: Appendix C–1 for railroad employees, and a nearly identical Appendix C–2 for Amtrak employees.

Appendix C–2 protects employees of Amtrak affected by the "discontinuance" of passenger train service. Although Amtrak has taken the view that only traditional "train-offs" and consolidations are comprehended by the term "discontinuance", representatives of labor have argued that a far greater range of actions affecting employees gives rise to the protection obligation, and the controversy has not yet been resolved. Protected employees who have suffered a reduction or loss of compensation are entitled to three types of allowances, two of which are paid for the duration of the "protective period"—the length of time an employee has worked for Amtrak, to a maximum of six years.

A. Displacement Allowance—Any employee who is displaced and who obtains employment in another position at a lesser salary is paid the difference between his monthly compensation for the current position and his average monthly compensation for the prior year, with the addition of general wage increases applicable to the craft in which he previously was employed.

B. Dismissal Allowance—Any employee who is dismissed from employment because his own position has been abolished, or because it has been assumed by another employee with greater seniority who has been displaced because of a discontinuance, is entitled to monthly payments equal to the average monthly compensation of the previous year, adjusted for general wage increases and reduced by the amount of earnings from other employment or unemployment insurance. The entitlement ceases upon reemployment, death, retirement, or refusal of an offer of comparable employment. All fringe benefits, including free transportation, hospitalization, and pensions, continue at the same level as if the person were still employed.

C. Separation Allowance—An employee entitled to a dismissal allowance may, within 30 days after dismissal, resign and accept a lump sum settlement in lieu of all other benefits. The amount of the lump sum settlement is computed with a formula which provides for a maximum of sixteen months' pay for employees with over five years' service.

Appendix C–1 generally entitles employees of freight railroads who work in Amtrak service to the same protective benefits as are available under Appendix C–2. Under Appendix C–1 the freight railroads bear the responsibility for protective payments to

those employees who hold positions which were required for the operation of passenger services as of May 1, 1971. Pursuant to Section 7.3(c) of the NRPC Agreement, Amtrak is responsible for protection costs for railroad employees in Amtrak passenger service who occupy positions which were added after May 1, 1971.

Approximately 3,500 Amtrak employees enjoy the protective benefits provided by Title V of the Regional Rail Reorganization Act of 1973, as amended. 45 U.S.C. §§ 771 et seq. (1976). A "protected employee" within the meaning of Title V is entitled to benefits substantially the same as those provided by Appendix C–2, with the major exception that the duration of the protective allowance may be much greater. A protected employee is entitled to protection for a period equal to the length of his railroad service as of January 2, 1974, the effective date of that Act. Employees with at least five years of service on that date are protected until they reach 65 years of age. Benefits paid by Amtrak pursuant to Title V are to be reimbursed from a special appropriation administered by the Railroad Retirement Board; however, amounts appropriated for that purpose have been depleted much faster than anticipated, and at present Amtrak is paying for the benefits required by Title V from its operating funds.

II. CALCULATING THE FINANCIAL IMPACT OF ELIMINATING ALL OPERATIONS OUTSIDE THE NEC

Our calculation of the cost of labor protection in the event Amtrak's basic system were reduced to the Northeast Corridor depends upon several assumptions. We estimate that:

1. 40 percent of Amtrak's non-NECIP positions would be retained: the remaining 60 percent would be abolished.

2. A proportionate number of man-years of employment in Amtrak's operating budget would be affected by the discontinuance of train service: 14,700.

3. The average annual labor cost for each position in FY 1982 will be $27,000 (including salary and fringe benefits).

To arrive at a final figure, we must make a fourth assumption concerning the number of affected employees who will claim protection and the amount they will claim. We assume:

4. 50 percent of our maximum possible obligation will be paid to protected employees. This assumption is based on the following variable factors.

(a) Longevity—Some employees would have less than a full year's service, and thus would be paid a reduced amount in the first year. Normally approximately 15 percent of Amtrak's employees have less than one year of service. However, the current freeze on hiring has reduced the number of new or short-term employees.

(b) Reemployment—Employment with Amtrak would not be available, but some employees would obtain outside employment, which would eliminate or reduce labor protection costs. However, the employment market for railroad employees is limited, particularly in today's job market. Moreover, in view of the wage and benefit guarantee there is no financial incentive for an employee to accept alternative employment, and it is assumed that only a few will do so.

(c) Retirements and Deaths—Few retirements should be anticipated where employees have labor protection available; they would either wait until the benefits are exhausted or accept a lump sum severance payment. The number of employee deaths is likely to be negligible.

(d) Labor Protection Costs Paid from Another Source—Some affected employees are covered by Title V; assuming additional money is appropriated for Title V, these costs would not be borne directly by Amtrak. Of the railroad employees covered by C–1, protection for some must be paid by the railroads. On the assumption that Amtrak will not have to bear these costs our labor protection exposure is reduced by that amount.

(e) Severance Pay—Employees who expect reemployment or retirement in the first year would elect the lump-sum settlement, which normally would increase cost in the first year for each such employee.

We believe this 50 percent assumption is reasonable and possibly conservative. This assumption yields a total cost to Amtrak in FY 1982 of $199 million. If we assume that the total percentage claimed is 80 percent, the figure rises to $317 million.

It should be noted that these calculations are for the first year's costs only; subsequent years would be reduced by termination of protective periods, new employment, or deaths, and increased by general and COLA increases.[1]

[1] A COLA increase of $.32/hr. was implemented effective January 1, 1981. The unions are now seeking additional increases, effective April 1, 1981. On that same date the cost of fringe benefits will increase by 4 percent for agreement-covered employees and 7 percent for non-agreement employees.

COMPARISON OF ALTERNATIVE BUDGETS

Implications of budget proposal	Administration proposal operating and capital, $613 million	AMTRAK proposal operating and capital, $853 million
Revenue cost, 1982	37 percent	50 percent.
Percent of total operating costs absorbed by fixed costs	72 percent	28 percent.
Number of passenger miles provided	1.2 billion	5 billion.
Number of passenger miles per Federal operating dollars	1.9	5.9 (3 times better).
Implications	System reduced to NEC; 14,400 AMTRAK railroad jobs lost; 284 superliners unusable; continues obligation to make annual $82+ million annual interest payment on capital, much of it no longer usable.	Assumes all route cuts proposed in AMTRAK fiscal year 1982 budget justification (e.g., drop Shenandoah, Cardinal, 3 NEC frequencies; assume no commuter trains; restructure Inter-American). Requires operating and capital savings of $117 million from fiscal year 1982 justification level of $970 (savings result from higher food and beverage prices, reduced manning, selected fare hike, labor savings, operational and equipment utilization changes, private finance of NEC communications system, among others).
Requirements for implementation of budget plan	New authorization to permit elimination of all trains outside NEC quickly and without legal challenge.	Retire debt through stock transfer, lien for Federal Government; relief from selected State and local taxes; repeal of 504(f): Prior commitment to provide supplemental for portion of train and engine crew costs to extend full net savings not achieved in fiscal year 1982.

COMMITTEE ON SMALL BUSINESS

Mr. HAYAKAWA. Mr. President, I am pleased to cosponsor the Senate resolution introduced on March 25 to change the status of the Senate Committee on Small Business to that of a standing committee.

As the committee chairman has stated, it is a misnomer to classify this committee as "select" when it is a permanent committee with all of the authority of a standing committee of the Senate. Since its creation in 1950, the committee has had a continuing, permanent character and has been treated as a standing committee. In 1977, Senate Resolution 104 granted the committee legislative authority and its legislative responsibility is that of a standing committee: To consider all proposed legislation and other matters relating to the Small Business Administration.

Mr. President, the national attention and emphasis on the economic problems of small business have never been greater, and the small- and medium-size, independent business men and women face a serious challenge just to survive in this inflationary period. As a result of the publicity spotlight that has been put on small business in recent months, I believe that most of us realize that while small business needs certain assistance and tax relief from the Government, the Nation needs small business and its contributions to the economic revival of our country.

The Senate Small Business Committee has pioneered in developing and assembling small business vital statistics, and I would like to include several of the more essential ones to be part of the record:

More than 15 million enterprises file tax returns, and 97 percent of them are "small businesses."

These firms sustain about 55 percent of existing nonfarm jobs.

They account for 48 percent of business output and 43 percent of the GNP.

Ninety-six percent of new jobs (1967–76) were generated by other than Fortune 1,000 companies.

Fifty-two percent of jobs came from under-20-employee independent firms.

Small businesses created one-half of all industrial innovations which, in turn, brought about striking advances in jobs, exports, and taxes.

The committee has conducted numerous hearings to bring out the contributions small business makes to our country and its members have developed meaningful legislation that will help small business survive. I am sure that the members plan to continue this program and, in addition, to work with the Small Business Administration to make sure that its programs and services to small business are utilized in the most cost effective and useful manner. This is an important responsibility which we

undertake willingly, and I agree with my colleagues who cosponsored this resolution that the committee should be a full standing committee of the U.S. Senate.

Thank you, Mr. President.

MRS. SOUTH CAROLINA, CINDY L. GOSSETT

Mr. THURMOND. Mr. President, it is cause for concern to many Americans that the family unit has been under tremendous assault and pressure in recent years. It is refreshing, therefore, to take note of a devoted housewife who represents all that is good with regard to the family.

Mrs. Cindy Lawless Gossett of Aiken, S.C., was recently named Mrs. South Carolina after statewide competition and will represent the Palmetto State in the Mrs. America pageant at Las Vegas on April 3.

The 24-year-old bride of 2 years, who is married to Michael Gossett, is active in career, civic, and educational pursuits.

Mr. President, in order for others to reflect on Mrs. Gossett's refreshing views on the home, family, and a woman's role in society, I would like to share with my colleagues a March 22 profile done on her in the Columbia, S.C., State magazine by respected journalist Wallace C. Hitchcock.

I ask unanimous consent that this article appear in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the State magazine, Columbia, S.C., Mar. 22, 1981]

"MRS. SOUTH CAROLINA"

(By Wallace C. Hitchcock)

AIKEN.—Cindy Gossett likes to refer to herself as a contemporary married woman who successfully combines career and marriage.

Others apparently agree, because last month she was named Mrs. South Carolina 1981 in statewide competition at Myrtle Beach and will represent the Palmetto State in the Mrs. America pageant at Las Vegas on April 3.

Mrs. Gossett, 24, a blue-eyed slender blonde, said she was encouraged to enter the Mrs. South Carolina pageant by her husband, Mike, a magistrate's constable and owner of Mike's Gym in Aiken.

"Mike has always been behind me and if he hadn't wanted me to enter the pageant I wouldn't have done it," explained Mrs. Gossett, a bride of two years.

Mike Gossett, 27, is probably his wife's biggest booster. He tutors her in weight training at the gym to keep her body toned and shaped and provides her with encouragement as she prepares for the trip to Las Vegas.

"When Cindy won the Mrs. South Carolina title I was probably the happiest person alive, maybe more happy than she was," said Gossett.

"And if she happens to win the Mrs. America pageant I know she'd be able to represent the married women of America and America would be proud of her," he added.

Mrs. Gossett, the daughter of Mr. and Mrs. John Lawless, has lived in Aiken since 1973, when her father retired here after a 22-year career in the U.S. Air Force.

She was a senior at Aiken High School that year and the following year entered the University of South Carolina-Aiken where she was voted Miss USC-A, Student of the Year, head cheerleader and an officer in the Student Government Association. She was also named Youth of the Year in 1978 by the Aiken Chamber of Commerce.

Mrs. Gossett was awarded an associate degree in criminal justice in 1976 and continued her studies at USC-A to earn a bachelor's degree in sociology with a minor in psychology in 1978.

Right after graduation she went to work as a probation counselor with the S.C. Department of Juvenile Placement and Aftercare, and is in her third year of counseling juvenile criminal offenders. She is presently responsible for from 40 to 60 juveniles.

"It sounds corny, but I've always felt that I have been blessed with super parents with high ideals and I saw so many people who didn't have this and I wanted to be able to help others," she said, explaining why she chose a career as a juvenile probation counselor.

"I have always felt that kids who got in trouble had more strikes against them than most and I felt a need to work with them," she added.

Mrs. Gossett said she believes the increasing juvenile problems are caused by a breakdown of the family unit, that many children are not getting the guidance they need from their parents.

"Kids need the love and security of a home. They need to be able to talk to their parents, not as they would talk to brothers and sisters, but as parents," she explained.

"It's frustrating and makes no sense to see kids with such potential throw away what they don't realize they have. You can't pound change into these kids, they've got to change," she added.

Mrs. Gossett said she is a Christian, but does not force her religious beliefs on the juveniles she counsels. "I would hope that I wouldn't have to tell someone that I'm a Christian, that they would see it in my life," she explained.

Mrs. Gossett teaches Sunday School at Memorial Baptist Church, belongs to the Baptist Young Women's Club, helps with church youth programs, and also takes part in as many civic functions as her time permits.

What is Mrs. Gossett's idea of the ideal Mrs. America?

"She's someone who can or cannot, depending on her desires, have a career and a family at the same time, she is involved in the community, church and civic activities, is aware of what is going on around her and in the world, and at the same time provides love and security for her family," she answered.

What about the critics who say a woman's place is in the home?

"First of all, I don't think there's anything wrong with a woman staying home and not working. It's a matter of choice, but if a woman does have a job, the time she spends with her family should be characterized by quality, not quantity," she explained.

And what is a home?

"It's a place where someone can find love, security and caring, caring enough to discipline a child when he needs it, caring enough to forgive a husband's faults," she said.

"A home is a love commitment, and it's sharing 100 to 200 percent, not just 50–50," she added.

Mrs. Gossett will carry these philosophies to Las Vegas and share them with the judges of the Mrs. America pageant, who will also observe her in swimsuit and evening gown.

She plans to leave South Carolina on Friday for a week of rehearsals and preliminary judging prior to the pageant on April 3, at which Bert Parks will be master of ceremonies and singer Vickie Carr will be the guest host.

Sponsors of the Mrs. South Carolina pageant will pay Mrs. Gossett's transportation to Las Vegas and pick up the tab for motel and meals, but the rest of the cost, more than $1,000, will have to come out of her paycheck (and her husband's).

"I don't know how we'll manage, but somehow we'll do it," she said.

Some people are helping already, she said, including Sen. Strom Thurmond, R-S.C., who is supplying a South Carolina flag as a gift for the mayor of Las Vegas; and Rep. Sterling Anderson, D-Spartanburg, (Mike's cousin) is seeing what he can do to round up a state gift contestants are asked to bring to the pageant.

Also, she said, Sussy Brodie, who owns a woman's apparel and gift shop, is a "tremendous help" in getting together the large wardrobe the contestants are required to wear.

Mrs. Gossett has designed the state costume she will wear in the national pageant. She'll appear on stage as a yellow jasmine, the state flower, with silk flowers adorning an outfit similar is the ones worn by Las Vegas showgirls.

And she plans to tell the people in Las Vegas about her adopted state of South Carolina.

"After having been an Air Force brat and traveling all over the world, I find that the people in South Carolina are very warm and considerate, there's not a lot of hustle and bustle that you find in other places, and people have time to say hello on the street," she said.

Her most pressing problem, she said, is finding a way for husband Mike to make the trip to Las Vegas.

"They (the sponsors) won't pay Mike's way there, but we're going to work real hard to get him there at least for the preliminary and the final night," she said.

THE FTC COMES TO BREAKFAST

Mr. RIEGLE. Mr. President, in 1972 the Federal Trade Commission initiated a suit to break up the three major manufacturers of ready-to-eat breakfast cereals: Kellogg, General Mills, and General Foods.

In their complaint the FTC espoused a new "shared monopoly" theory of antitrust law. This new theory, as fashioned by the FTC, holds that Kellogg, General Mills, and General Foods did not have to conspire to fix prices, engage in collusion, or otherwise directly act to reduce competition in order to violate the antitrust laws. Instead, the theory asserts that a small number of firms may violate the law simply by virtue of possessing substantial market shares.

On March 10, 1981, I introduced legislation "to place a moratorium on decisions by the Federal Trade Commission in shared monopoly proceedings until Congress establishes the existence of the violation and defines its elements."

At issue is whether industry restructuring is an appropriate exercise for an independent administrative agency that combines prosecutorial and adjudicative functions and, more specifically, whether that authority is granted to the FTC, under section 5 of the Federal Trade Commission Act, based solely on a shared monopoly theory.

President Reagan stated during the campaign that "it was never intended that the FTC would have the authority

to order a company to divest its assets and thereby restructure an entire industry under section 5 of the Federal Trade Commission Act."

Similarly, former Attorney General Griffin Bell has testified before the Senate Subcommittee on Antitrust and Monopoly that—

[T]he subject of concentration is, perhaps, too important to be left to litigants and judges who are neither directly responsible to the people nor able to step back and view the subject on a broad public policy basis. It may well be that if significant action is to be taken, it most appropriately should come from the Congress and thus ultimately from the American people themselves.

I believe that before an American corporation is broken up by an independent administrative agency, Congress should have the opportunity to delineate the substantive scope of the violation and remedy.

The resolution the FTC is seeking in this case is the creation of five new cereal companies, three being taken from Kellogg and one each from General Mills and General Foods.

The cereal suit is the only case currently being brought under this "shared monopoly" theory, and the legislation I have introduced—S. 682—would affect no other existing litigation.

At this time cosponsors of S. 682 include Senators ABDNOR, ANDREWS, ARMSTRONG, BENTSEN, BURDICK, CRANSTON, D'AMATO, DECONCINI, DIXON, EXON, GRASSLEY, HAWKINS, HAYAKAWA, INOUYE, JOHNSTON, LAXALT, LEVIN, PRESSLER, PRYOR, SASSER, SYMMS, TOWER, WILLIAMS, and ZORINSKY.

On March 24 the Washington Star contained the following article by Tom Bethell entitled "The FTC Comes to Breakfast." I commend it to the attention of my colleagues and I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE FTC COMES TO BREAKFAST

On April 26, 1976, the Federal Trade Commission filed a complaint against the Kellogg Company, General Mills, General Foods, and Quaker Oats, charging them with having a "highly concentrated, noncompetitive market structure in the production and sale of ready-to-eat-cereal." In effect, the FTC claimed, although no one company has a monopoly on the $740 million-a-year industry, these four companies had managed to achieve a shared monopoly over it.

To correct the alleged monopoly, the FTC has proposed a draconian remedy. If nothing else, it demonstrates how much is at stake in the case. This was in any event made perfectly clear in 1976 by a former FTC staffer named Charles Mueller, who had helped launch the cereal case in 1969. "Should the courts side with the FTC," he said in Newsweek, "they would be declaring about one-third of the U.S. economy to be illegal."

If the courts do side with the FTC in this case, Kellogg will have to sever limbs from its own corporate body, splitting off three new companies; General Mills and General Foods will likewise have to dismember themselves. The five new companies must each have enough capacity to supply approximately six percent of the ready-to-eat-cereal market; and each would be assigned exclusive rights to manufacture and sell one or more brands already established in the marketplace.

A NAIVE REMEDY

Even if the companies involved have been engaged in a tacit conspiracy, this proposed "remedy" would strike many people as being both naive and arrogant. It makes the fundamental mistake of assuming that viable new companies can simply be ordered into existence; that we will all necessarily be better off when they do exist; and that the necessary efficiencies of scale, management, and productivity can be created by fiat. We see here the uncomfortably close resemblance between the bureaucratic and the totalitarian mind.

But let us look more closely at the FTC's charge of "shared monopoly." Edward F. Howrey, a counsel for General Mills, has said that "the FTC has created an entirely new offense that they call 'shared monopoly.'" Similarly, a Kellogg memo on the case claims that "the FTC's case is without legal precedent. . . . The idea of a 'shared monopoly,' aside from being self-contradictory, is completely unprecedented in the law."

The charge of "shared monopoly" is indeed not found in any statute. The history of antitrust strongly suggests that the charge of sharing a monopoly reflects the endless frustration that academics, officials, and lawyers have encountered in their search for a real monopoly. By 1968 a White House Task Force on Antitrust Policy was recommending the adoption of a Concentrated Industries Act, designed to fragment an industry in which "any four or fewer firms had an aggregate market share of 70 percent or more. . . ." No such act has been passed, but the FTC investigation of the cereal companies, whose combined market share satisfied this test, began the following year.

In bringing the complaint against the cereal companies, the FTC advanced the shared monopoly doctrine into the final stage—without any supporting statute. But, curiously enough, someone or some faction within the FTC seems to have "blinked" at the last minute. And so there was added to the complaint the FTC's charge that the cereal companies not merely had a certain combined market share, but had achieved it and maintained it by engaging in collusive, anticompetitive practices of a type that have been declared illegal in earlier antitrust cases.

WIDE RANGE OF CHOICES

A charge of monopolization really only makes sense with respect to a product which cannot be satisfactorily substituted for something else like it. A moment's thought shows that ready-to-eat breakfast cereal does not fall in this category. There are numerous other breakfast products available on the supermarket shelves; cereal that must be cooked, or to which hot water must be added; bacon and eggs; grits; liquid instant breakfast; instant breakfast bars; frozen waffles; muffins, pastries, etc. What was being "monopolized"? Not food, of course; not breakfast food either. No cereal, even. But ready-to-eat cereal; a small subset of the domain of breakfasts!

It is clear, too, that the public has not been switching away from ready-to-eat cereal in response to unconscionably high-priced Product 19 or Rice Krispies. In 1970, the year the FTC investigation began, 25 per cent of the country's 73 billion "potential breakfasts" involved the consumption of allegedly monopoly-priced ready-to-eat cereals. By 1975, this share would grow to 35 per cent. In short, the public has not been protecting itself against the alleged monopolists by the simple expedient of switching to non-monopolized alternatives. Oligopolistic corn flakes have remained more enticing than competitive muffins.

Of course, this argument is not likely to be persuasive to FTC lawyers. The FTC charges that the companies "were able to establish a procedure for changing list prices that enabled them to raise their prices regularly without fear that they would lose sales and market shares to one another." This procedure is termed by economists "collusive price leadership." The FTC makes no charge of an actual conspiracy to achieve this result. Moreover, the FTC did not even claim that there has been collusive price increases between individual, competing cereal brands. Only groups of products, arbitrarily selected from the competing companies, were said to be collusively priced. By analogy, one could say that all trees in the forest grow at different rates, but if an observer is allowed to make his own selection of individual trees, he could find one group that was growing, on average, at the same rate as another group, and then claim that there was "collusion" between the two.

ODD INTERPRETATIONS

Thus the charge of price leadership fails completely. But it is interesting to note that one of the rocks on which it founders is the discovery by the FTC that the proliferating brand names, box sizes, and packaging techniques made it extremely difficult for each company to figure out what its rivals were doing. Nevertheless, the FTC charges that "product proliferation" is an anti-competitive activity, constituting a "barrier to entry."

If companies want to enter into a tacit price conspiracy, they could best do this by homogenizing their product as much as possible. The cereal companies have instead done their best to differentiate them. It would be hard to imagine a more difficult way to maintain a tacit conspiracy. It is the restraint of trade that violates the Sherman anti-trust act. But the proliferation of it has now specifically been attacked by the FTC.

"If the FTC is not standing anti-trust law on its head I simply do not understand what the law says," University of Chicago professor Yale Brozen has written.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Presiding Officer laid before the Senate a message from the President of the United States submitting a sundry nomination.

Mr. BAKER. Mr. President, I ask unanimous consent that the nomination of Robert L. Brown, of Virginia, to be Inspector General of the Department of State and the Foreign Service be sequentially referred to the Committee on Foreign Relations and if and when reported from Foreign Relations it then be referred to the Committee on Governmental Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nomination received today is printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 5:56 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bill, with an amendment, in which it requests the concurrence of the Senate:

S. 509. An act to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk will be adjusted semiannually.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S.J. Res. 20. Joint resolution to designate the month of April 1981 as "Gospel Music Month".

By Mr THURMOND, from the Committee on the Judiciary, with amendments to the preamble:

S.J. Res. 40. Joint resolution to designate April 26, 1981, as "National Recognition Day for Veterans of the Vietnam Era".

By Mr. PERCY, from the Committee on Foreign Relations:

Special Report entitled "Legislative Activities Report of the Committee on Foreign Relations, United States Senate, Ninety-sixth Congress" (Rept. No. 97-29).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. GOLDWATER, from the Committee on Armed Services:

Mr. GOLDWATER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: Lt. Gen. Charles Robert Myer (age 56), Army of the United States (major general, USA), to be placed on the retired list in the grade of lieutenant general; Maj. Gen. William Ivan Rolya, Army of the United States, to be lieutenant general; Rear Adm. Raymond N. Winkel, U.S. Navy, for permanent promotion to the grade of rear admiral; Brig. Gen. John B. Hirt, Marine Corps Reserve, for temporary appointment to the grade of major general; in the Marine Corps Reserve, there are two appointments to the grade of brigadier general (Constantine Sangalis and William H. Gossell); Lt. Gen. Evan W. Rosencrans, U.S. Air Force (age 54), for appointment to the grade of lieutenant general on the retired list; and Col. Wess P. Chambers, Air National Guard, for appointment in the Reserve of the Air Force to the grade of brigadier general. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. In addition, in the Regular Army and Army of the United States, there are 596 appointments/reappointments to the grade of lieutenant colonel and below (list beginning with Howard R. Bixby); in the Regular Army, there are 1,282 appointments to the grade of second lieutenant (list beginning with Steven B. Acenbrak); in the Army of the United States and Reserve of the Army, there are 1,036 appointments/promotions to the grade of colonel and lieutenant colonel (list beginning with Phillip G. Abbott); in the U.S. Navy, there are 2,843 temporary/permanent promotions to the grade of lieutenant (list beginning with Phillip J. Aarons), 482 temporary/permanent promotions to the grade of lieutenant (list beginning with Keith T. Adams), and, 16 temporary/permanent appointments/promotions to the grade of lieutenant commander and below (list beginning with James E. Halwachs); in the Navy and Reserve of the Navy, there are 208 temporary/permanent appointments to the grade of captain and below (list beginning with Thomas E. Digan); in the Reserve of the Navy, there are 371 temporary/permanent promotions to the grade of captain and below (list beginning with Rudolph Abel, Jr.); Bonnie H. Bass, Marine Corps, for temporary appointment to the grade of major; in the Air Force and Reserve of the Air Force, there are 176 appointments/reappointments/promotions to the grade of colonel and below (list beginning with Tommie G. Church); and, in the Reserve of the Air Force, there are 30 Air National Guard officers for promotion to the grade of lieutenant colonel (list beginning with John W. Baxter). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of February 24, March 3, and March 17, 1981 at the end of the Senate proceedings.)

By Mr. PERCY, from the Committee on Foreign Relations:

Charles M. Lichenstein, of the District of Columbia, to be the Alternate Representative of the United States of America for Special Political Affairs in the United Nations, with the rank of Ambassador.

(The above nomination, reported from the Committee on Foreign Relations with the recommendation that it be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Charles M. Lichenstein.

Post: Alternate Representative for Special Political Affairs (U.S. Mission to the U.N.). Rank of Ambassador.

Nominated: February 19, 1981.

Contributions, amount, date, donee.

1. Self, 2 $100 donations (1978), 1 at $100 (1980) Tom Pauken for Congress (Dallas, Tex.).

2. Spouse, none.

3. Children and spouses names, none.

4. Parents names, deceased.

5. Grandparents names, deceased.

6. Brothers and spouses names, Mr. Sherman E. Novak and wife, Mary M. Novak, none.

7. Sisters and spouses names: Miss Jean Novak, none. Mrs. Maurice A. Natanson and husband, none (Lois J.).

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

Vice Admiral James S. Gracy, U.S. Coast Guard, to be the commander, U.S. Coast Guard Atlantic area with the grade of vice admiral while so serving.

Rear Admiral James P. Stewart, U.S. Coast Guard, to be the commander, U.S. Coast Guard Pacific area with the grade of vice admiral while so serving.

The following officers of the U.S. Coast Guard for promotion to the grade of rear admiral:

Capt. Robert S. Lucas.
Capt. Kenneth G. Wiman.
Capt. Edwin H. Daniels.
Capt. Clyde T. Lusk.

(The above nominations reported from the Committee on Commerce, Science, and Transportation with the recommendation that they be approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of tne Senate.)

Mr. PACKWOOD. Mr. President, from the Committee on Commerce, Science, and Transportation, I also report favorably sundry lists of nominations in the Coast Guard which have previously appeared in the CONGRESSIONAL RECORD and, to save the expense of reprinting them, ask unanimous consent that they may lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of January 5, January 19, February 24, March 5, and March 17, 1981, at the end of the Senate proceedings.)

By Mr. TOWER, from the Committee on Armed Services:

Fred Charles Ikle, of Maryland, to be Under Secretary of Defense for Policy.

William H. Taft IV, of Virginia, to be General Counsel of the Department of Defense.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. DURENBERGER (for himself and Mr. MITCHELL):

S. 805. A bill to amend the Internal Revenue Code of 1954 relating to certain dividends received by life insurance companies; to the Committee on Finance.

By Mr. PROXMIRE:

S. 806. A bill for the relief of Elmer L. Bridson; to the Committee on Armed Services.

By Mr. ROTH (for himself, Mr. DANFORTH, Mr. DURENBERGER, Mr. COHEN, and Mr. CHILES):

S. 807. A bill to reform the laws relating to the provision of Federal assistance in order to simplify and coordinate the management of Federal assistance programs and requirements, provide assistance recipients with greater flexibility, and minimize the administrative burden and adverse economic impact of such programs and requirements; to the Committee on Governmental Affairs.

By Mr. MATHIAS (by request):

S. 808. A bill to amend title 5, United States Code, to promote public safety by encouraging the employment of highly qual-

ified air traffic controllers by establishing a salary classification system providing compensation commensurate with responsibility, by establishing a reasonable maximum number of weekly work hours, and by establishing a special retirement plan, and for other purposes; to the Committee on Governmental Affairs.

By Mr. STAFFORD (for himself and Mr. ABDNOR) (by request):

S. 809. A bill to require recovery of certain expenditures of the U.S. Army Corps of Engineers for operation, maintenance, and construction of deep draft channels and ocean and Great Lakes ports of the United States and to authorize such construction on specified circumstances; to the Committee on Environment and Public Works.

S. 810. A bill to provide for the recovery of capital and operation and maintenance costs assignable to commercial waterway transportation for certain U.S. Army Corps of Engineers inland waterway projects; to the Committee on Environment and Public Works.

By Mr. DOLE (for himself, Mr. NICKLES, Mr. JOHNSTON, and Mr. BENTSEN):

S. 811. A bill to amend the Powerplant and Industrial Fuel Use Act of 1978 to permit local distribution companies to continue natural gas service to residential customers for outdoor lighting fixtures for which natural gas was provided on the date of enactment of such act, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. BUMPERS:

S. 812. A bill for the relief of Raul Arriaza, his wife, Maria Marguart Schubert Arriaza, and their children, Andres Arriaza and Daniel Aivouich Arriaza; to the Committee on the Judiciary.

By Mr. METZENBAUM:

S. 813. A bill to modify the project for Ashtabula Harbor, Ohio, to authorize the enlargement of a turning basin; to the Committee on Environment and Public Works.

By Mr. NUNN (for himself, Mr. CHILES, Mr. RUDMAN, and Mr. BOREN):

S. 814. A bill to improve the administration of criminal justice with respect to organized crime and the use of violence; to the Committee on the Judiciary.

By Mr. TOWER (for himself and Mr. STENNIS) (by request):

S. 815. A bill to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes; to the Committee on Armed Services.

By Mr. THURMOND (for himself, Mr. DECONCINI, Mr. DENTON, Mr. DODD, Mr. DOLE, Mr. DOMENICI, Mr. EAST, Mr. GRASSLEY, Mr. HATCH, Mr. HEFLIN, Mr. HELMS, Mr. INOUYE, Mr. LAXALT, Mr. LUGAR, Mr. MATHIAS, Mr. MOYNIHAN, Mr. NUNN, Mr. SIMPSON, Mr. TSONGAS, Mr. DANFORTH, Mr. SPECTER, and Mr. MELCHER):

S. 816. A bill to amend the Clayton Act to limit the circumstances under which foreign governments may sue for violations of the antitrust laws, and for other purposes; to the Committee on the Judiciary.

By Mr. HATCH (for himself and Mr. DECONCINI):

S. 817. A bill to provide procedures for calling Federal constitutional conventions under article V for the purpose of proposing amendments to the U.S. Constitution; to the Committee on the Judiciary.

By Mr. HATCH:

S. 818. A bill to amend title 18 to limit the insanity defense; to the Committee on the Judiciary.

By Mr. DURENBERGER:

S.J. Res. 56. Joint resolution to rename the Big Stone National Wildlife Refuge to be known as the Lem Kaercher National Wildlife Refuge; to the Committee on Environment and Public Works.

By Mr. SYMMS:

S.J. Res. 57. Joint resolution to provide for the designation of February 7 through 13, 198 , as "National Scleroderma Week"; to the Committee on the Judiciary.

STATEMENTS OF INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DURENBERGER (for himself and Mr. MITCHELL):

S. 805. A bill to amend the Internal Revenue Code of 1954 relating to certain dividends received by life insurance companies; to the Committee on Finance.

LEGISLATION RELATING TO CERTAIN DIVISIONS RECEIVED BY LIFE INSURANCE COMPANIES

Mr. DURENBERGER. Mr. President, today I am introducing a bill on behalf of myself and Senator MITCHELL that will permit life insurance companies to treat dividends paid by controlled subsidiaries in the same manner as such dividends are treated by other types of business corporations. Under a long-standing rule of tax law, dividends paid to corporations by controlled subsidiaries are received tax free because the money has already been taxed in the subsidiary, and money held in corporate hands is subject to only one level of tax. If this were not the rule, affiliated businesses within a single corporate structure would pay only one level of tax while affiliated businesses operating as subsidiaries would pay tax when income was earned as well as when dividends were paid to their parent corporations. This would be contrary to established principles of tax neutrality between the two types of corporate structures.

Because of a peculiarity in the rules for taxation of life insurance companies, these companies are taxed on a portion of dividends paid by controlled subsidiaries. This is an unintended result of a rule that was put into the law in an era when life insurance companies did not typically have subsidiaries. Certain life insurance companies can avoid the impact of the rule by structuring their ownership such that they themselves are subsidiaries of holding companies which also own their affiliated nonlife insurance businesses. Thus, dividends from these businesses pass directly to the holding companies and are not taxed in the life insurance companies. This approach is not available, however, for mutual companies, which because of their nature cannot be owned by holding companies. Nor is it available without great cost for stock companies for their existing subsidiaries.

These mutual companies are unfairly penalized with respect to income earned by their affiliated businesses. They have no choice but to operate their businesses as subsidiaries because they cannot avail themselves of the holding company format and State regulatory laws do not permit their affiliated businesses to be operated as part of the life insurance companies themselves. The bill that Senator MITCHELL and I are introducing today would correct this inequity and restore the neutrality that Congress intended for the taxation of earnings of businesses affiliated with life insurance companies whether held directly, as subsidiaries, or through holding companies.

I hope that my colleagues will act quickly on this important piece of legislation. The revenue effect is minimal but the equity is important.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 805

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the second sentence of paragraph (1) of subsection (a) of section 804 of the Internal Revenue Code of 1954 (relating to exclusion of policyholders' share of investment yield) is amended to read as follows: "For purposes of the preceding sentence, the policyholders' share of any item shall be that percentage obtained by dividing the policy and other contract liability requirements by the sum of the investment yield and any dividends excluded from gross investment income under subsection (b); except that if the policy and other contract liability requirements exceed the sum of the investment yield and any dividends excluded from gross income under subsection (b), then the policyholders' share of any item shall be 100 percent."

(b) Subsection (b) of section 804 of the Internal Revenue Code of 1954 (relating to gross investment income) is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, dividends shall not include qualifying dividends (as defined in section 243(b)) received by an includible corporation within the meaning of section 504(a), as modified by section 243(b)(5)."

(c) Subparagraph (a) of paragraph (2) of subsection (b) of section 805 of the Internal Revenue Code of 1954 (relating to current earnings rate) is amended to read as follows:

"(A) the sum of the taxpayer's investment yield and any dividends excluded from gross investment income under section 804(b) for the taxable year, by".

(d) The second sentence of paragraph (1) of subsection (a) of section 809 of the Internal Revenue Code of 1954 (relating to amount) is amended to read as follows: "For purposes of the preceding sentence, the share of any item set aside for policyholders shall be that percentage obtained by dividing the required interest by the sum of the investment yield and any dividends excluded from gross investment income under section 804(b), except that if the required interest exceeds the sum of the investment yield and any dividends excluded from gross investment income under section 804(b), then the share of any item set aside for policyholders shall be 100 percent."

(e) The amendments made by this Act shall apply with respect to dividends received in taxable years beginning after December 31, 1980.

● Mr. MITCHELL. Mr. President, I am pleased to sponsor legislation to eliminate an unintended inequity which has

developed in our tax laws because of changing economic conditions.

The Congress has long recognized the principle, in corporate taxation, that the income of a controlled subsidiary company—of which at least 80 percent is owned by the parent corporation—should, for tax purposes, be treated as the income of the parent company. That is, the parent corporation excludes from its taxable income dividends received from an 80-percent owned subsidiary, which has already paid taxes on its earnings. This principle guides the tax treatment of all corporations and their subsidiaries with one exception: That of the mutual life insurance companies.

The 1959 Life Insurance Company Income Tax Act requires that investment income, including dividends from wholly owned subsidiaries, must be prorated between the income attributable to a life company for tax purposes and the income attributable to the policyholders. Thus, life companies are denied the full benefit of the dividends-received deduction. This has the effect of taxing dividends earned by the subsidiaries of life insurance companies twice.

When Congress enacted the 1959 Tax Act, its intent was to observe strict neutrality between mutual life insurers—those owned by their policyholders. and stock companies—owned by stockholders. Under the conditions that existed in 1959, the act accomplished that neutrality.

At that time, this sector was predominantly involved in life insurance activities only, and had not diversified to any significant degree. Consequently, dividends from subsidiaries were not an important source of income for life companies. In the last 30 years, however, most life companies have diversified into other forms of insurance coverage, increasing consumers' choice of insurers, and maintaining a healthy competition in the insurance sector.

But the diversification that has occurred in the industry over the past 30 years has had the unintended result of imposing a heavier tax burden on mutual life companies than on stock life companies or, indeed, any other kind of corporation. This is because State regulations have generally required nonlife operations to be separate from life insurance operations. Mutual companies have no alternative to setting up subsidiaries. Dividend payments from thees subsidiaries are subject to double taxation at the corporate level. Stock companies can avoid this situation by setting up holding companies to handle their nonlife operations.

This double taxation of dividends has had the result that dividend earnings are now substantially retained by subsidiaries, because payment to the parent company entails such a heavy tax penalty. The net result of this outcome is that the policyholders suffer, because insurance protection costs more than it need cost; and the desirable public policy goal of directly owned subsidiaries is in danger of being subverted by the preponderance of holding-company incorporations, whose formation is largely dictated by tax consequences.

This bill would correct these problems by excluding from the proration rule dividends received by life insurance companies from their 80-percent-owned subsidiaries. The bill is consistent with the principles of the 1959 act and is in the public interest. It will have a negligible effect on revenues.●

By Mr. ROTH (for himself, Mr. DANFORTH, Mr. DURENBERGER, Mr. COHEN, and Mr. CHILES):

S. 807. A bill to facilitate the consolidation of Federal assistance programs; to extend the law relating to intergovernmental cooperation to permit greater flexibility in the use of certain Federal assistance funds; to improve the audit process for Federal assistance programs, to simplify and standardize policy requirements generally applied to Federal assistance programs; to expedite the processing of applications for Federal assistance involving more than one grant; to amend the law relating to intergovernment cooperation; and for other purposes; to the Committee on Governmental Affairs.

FEDERAL ASSISTANCE IMPROVEMENT ACT

Mr. ROTH. Mr. President, I am introducing legislation today with Senators DANFORTH, DURENBERGER, COHEN, and CHILES to enhance the strength of State and local governments in our Federal system by improving the structure and process of our excessively complex Federal assistance system.

The Federal Assistance Improvement Act (FAIA) was drafted in cooperation with the major public interest groups and representatives from the Federal Government. The proposal has been the subject of hearings in Congress since 1978, and in December of last year it passed the Senate. Because of the lateness in the 96th Congress when this occurred, however, the proposal did not achieve passage in the House of Representatives. I have every hope and confidence, however, that the bill will be passed again by the Senate quickly, and that it will receive prompt and favorable consideration in the House as well.

The concepts contained in FAIA are not new, for the most part. They embrace a range of widely accepted, commonsense steps designed to enhance the efficiency of Federal assistance administration, and to improve the quality of the services delivered through these programs. The need for these reforms in the grant system has been apparent for some years and, as you know, I have stressed these issues since I came to Washington in 1968. The importance of these improvements is underscored now, however, by the impending budget cutbacks. These funding reductions, though necessary from an economic standpoint, may impose real hardships on some communities. The reforms encompassed by FAIA will do much to cut the onerous strings that bind Federal assistance programs, and in so doing cushion the impact of these necessary budget reductions.

In this statement today I would like to explain why these changes are so badly needed and describe briefly the approach taken to grant reform in this legislation.

Mr. President, in the last 20 years we have witnessed massive growth in the Federal aid system. More dollars go to more States and local communities than ever before in our history. These funds grew tenfold from nearly $8 billion to over $80 billion in the period 1960 to 1978. The process for distributing these funds is unnecessarily complicated by the growing number of aid programs. Today Federal assistance is distributed through a complex webb of over 500 categorical grant programs, each with its own application, management, and monitoring component. The inefficiency created by this system is a great source of frustration for grant administrators and even more importantly, its costly administrative overhead robs program dollars from the intended recipients. While these figures are difficult to pin down many experts believe that about 20 percent of program dollars must be spent on administration, and in some instances the cost of doing business attributable to excessive policy and paperwork requirements is even greater.

Poor governmental performance is linked to a second, even more detrimental effect of this Federal aid system growth. Every penny of Federal assistance that flows to State and local governments carries with it rules, requirements, and regulations. These Federal aid strings have led to the usurpation of State and local policy, allocational, and administrative authority by the Federal Government. As the recent work of the Advisory Commission on Intergovernmental Relations has pointed out, the Federal Government today is heavily involved in many activities which traditionally have been the responsibility of State and local governments. Such overlap has brought intrusion and policy dictation to these subnational governments on the part of the Federal Government. Additionally, because all governments supposedly share responsibility for many programs, in the end no one is responsible. The sharing of authority leads to endless buckpassing and finally to the erosion of accountability.

The private citizen feels powerless in this situation because he or she is unable to pin down authority and make Government more responsive. Instead, Government continues to expand and, curiously, with more Government we have less and less self-government.

The bill contains six titles designed to realize several reform goals. First it encourages and expedites the process for consolidating narrowly focused categorical grants. This authority, if exercised, will provide the flexibility for recipients needed to target assistance funds to their specific needs. The harshness of the budget reductions as well as burdensome administrative requirements can be reduced through the use of this mechanism.

The second major aim of the bill is to make better sense of the complex and costly system for auditing Federal assistance programs. This title encourages use of the single Federal audit concept which entails the unified audit of a recipient jurisdiction, rather than the fragmented audit of each program that flows through that jurisdiction. The title also calls for

greater acceptance by Federal agencies of State and local audits which meet certain professional standards.

Third, the bill calls for the simplification and standardization of national policy requirements that are generally applied to assistance programs. The more than 60 such requirements including citizen participation, environmental quality, and planning standards, are presently administered in a fragmented and sometimes conflicting manner. This title would eliminate much of this confusion through the standardized approach. Additionally, provisions for the revision, or temporary waiver of requirements under certain circumstances and for certification of recipient compliance when a certain level of performance is attained would reduce the costs of these requirements.

Fourth, FAIA seeks to improve the joint funding simplification process which administratively groups programs when they are used for the same project purpose. The title requires greater Federal agency participation in the process and simplifies the procedure for drawing down funds for the jointly funded project.

Fifth, the bill will permit State and local governments to shift a percentage of their Federal assistance funds among programs in the same functional area. This may occur upon acceptance by the administrator of the Federal agency involved of the plan explaining the use of the Federal funds. This flexibility in the use of Federal assistance within the single funding area will enhance recipient discretion and provide an important buffer for the impact of Federal aid cuts.

Last, the bill amends the Intergovernmental Cooperation Act of 1968 to provide a standard maintenance of effort provision, to preclude Federal level inhibition of State appropriation of Federal assistance, and to strengthen the act's single State agency provisions.

As can readily be seen this bill addresses very directly the fundamental problems in our contemporary aid system. It provides several new management tools for those who must deal with a system which is increasingly unmanageable. Beyond this, particularly through the consolidation title, the bill will encourage the structural changes which will reassert some control over the grant system.

Mr. President, this bill will not cure all of the ills of our current aid system nor will it completely correct the existing imbalance in our Federal system. But this does contain a parcel of highly significant steps that must be taken promptly. These are logical, rational reforms that are urgently needed to meet short-term needs, and to address the longer range problems of a system that has gone askew. I ask unanimous consent that the bill and a section-by-section analysis be printed in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 807

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Assistance Improvement Act of 1981."

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act—

(1) to encourage the consolidation of Federal programs, when such consolidation is consistent with applicable statutes and would further the goals and objectives of the grant programs consolidated;

(2) to provide for the more efficient use of Federal, State and local government audit resources;

(3) to streamline and simplify generally applicable national policy requirements attached to Federal assistance programs;

(4) to enable State and local governments and nonprofit organizations to adapt programs for Federal assistance to the particular needs of beneficiaries and the operating practices of recipients by drawing upon appropriations available from more than one Federal program;

(5) to enable recipients to more effectively target resources toward areas of significant local need by shifting a portion of assistance funds among programs in the same functional areas; and

(6) to implement several other improvements in the administration of Federal assistance.

TITLE I—CONSOLIDATION OF FEDERAL ASSISTANCE PROGRAMS

SEC. 101. (a) Title 5, United States Code, is amended by inserting after chapter 9 the following new chapter:

Chapter 10—FEDERAL ASSISTANCE PROGRAM CONSOLIDATION

Sec.

"1001. Definitions.
"1002. Examination of Federal assistance programs required.
"1003. Federal assistance program consolidation plans.
"1004. Limitation on powers.
"1005. Method of taking effect.
"1006. Effect on other laws and regulations.

"1001. Definitions.

"For purposes of this chapter—

"(1) the term 'agency' means an executive agency as defined in section 105 of title 5, United States Code;

"(2) the term 'consolidation plan' means a Federal assistance program consolidation plan proposed under section 1003 of this title;

"(3) the term 'Federal assistance' means any assistance provided by an agency in the form of grants, loans, loan guarantees, property, cooperative agreements or technical assistance to State or local governments or other recipients, except that such term does not include cash assistance to individuals, contracts for the procurement of goods and services for the United States, subsidies, or insurances;

"(4) the term 'functionally related programs' refers to those programs which fall under a single functional category as set forth in the Budget of the United States Government transmitted pursuant to Section 201(1) of the Budget and Accounting Act of 1921; and

"(5) the term 'resolution' means a joint resolution of the Senate and the House of Representatives, the matter after the resolving clause of which is as follows:

That the Congress of the United States approves the consolidation plan numbered ——, transmitted by the President on ——, 19——, including such changes as may have been subsequently proposed by the President in accordance with section 1003(e) of title 5, United States Code: the first blank space therein being filled with the number of the plan and the second blank space therein being filled with the date on which the plan was transmitted to the Congress.

"1002. Examination of Federal assistance programs required

"Prior to the beginning of each regular session of Congress, the President shall examine the various Federal assistance programs established by law in order to determine if consolidation of any such programs is necessary or desirable to accomplish one or more of the following purposes:

"(1) facilitate the adaptation of Federal assistance programs to the particular needs of beneficiaries and the operating practices of recipients in a manner consistent with congressional purposes;

"(2) promote better administration, coordination, and planning of such programs;

"(3) eliminate program overlap and duplication;

"(4) minimize administrative burdens and eliminate adverse economic impacts;

"(5) promote economy and efficiency to the fullest extent consistent with the achievement of programs goals; and

"(6) maximize effectiveness.

"1003. Federal assistance program consolidation plans

"(a) If the President, after making the examination required by section 1002 of this title, finds that consolidation of Federal assistance programs is necessary or desirable to accomplish the purposes specified in paragraphs (1) through (6) of such section, he shall prepare one or more Federal assistance consolidation plans. Each such consolidation plan shall include a declaration that the consolidation included in the plan is necessary or desirable to accomplish the purposes specified in such paragraphs and an explanation of how each program included in the plan is functionally related to the other programs included in the plan.

"(b) In each consolidation plan transmitted to the Congress under this section, the President shall—

"(1) place responsibility for administration of the consolidation plan and all of Federal assistance programs included in such plan in a single Federal agency;

"(2) specify in detail the terms and conditions under which the Federal assistance programs included in the plan will be administered, including a specification of requirement such as State and local matching for Federal funds, allotment and apportionment, financial management, planning, and eligibility to be used in the plan; and

"(3) specify the date of expiration of the consolidation plan, except that in selecting an expiration date under this paragraph the President shall specify a date which—

"(A) except as provided in subparagraph (B) of this paragraph, is not earlier than the earliest date and not later than the date on which the authorizations of appropriations for any of the Federal assistance programs consolidated under the plan expire; and

"(B) is not later than four years after the effective date of the plan.

"(C) The President shall include with each consolidation plan transmitted to the Congress under this section a message which describes (1) the differences between the terms and conditions of the individual Federal assistance programs to be consolidated under the plan and the terms and conditions that will be applicable to such programs after the consolidation plan becomes effective, and (2) the reasons for selecting the terms and conditions used in the consolidation plan.

"(d) The President shall transmit each consolidation plan to both Houses of Congress on the same day and to each House while it is in session, except that—

"(1) the President may not transmit a consolidation plan to the Congress within thirty days of continuous session of Congress after the transmission of a previous consolidation plan concerning one or more

programs which fall under the same subfunctional category as set forth in the Budget of the United States transmitted pursuant to Section 201(1) of the Budget and Accounting Act of 1921; and

"(2) not more than three consolidation plans may be pending at one time before a committee of the Congress designated pursuant to Section 1005(d)(1).

"(e) Before a resolution with respect to a consolidation plan has been ordered reported by a committee designated pursuant to section 1005(d)(1), in either the Senate or the House of Representatives, the President may make modifications or revisions of the plan, which shall thereafter be treated as part of the consolidation plan originally transmitted and shall not affect in any way the time limits otherwise provided for in this chapter.

"(f) Within sixty days of continuous session of Congress after the beginning of each Congress, the President shall prepare and transmit to the Congress a report concerning the administration of this chapter.

"1004. Limitations on powers.

"(a) A consolidation plan may not provide for, and may not have the effect of, (1) consolidating any Federal assistance programs which are not functionally related, or (2) transferring responsibility for the administration of any program contained in such plan to an agency which was not responsible for the administration of any program contained in such plan to an agency which was not responsible for the administration of any Federal assistance program included in the consolidation plan prior to the date on which the consolidation plan takes effect or, (3) providing that a group or person becomes eligible for assistance under the plan that is not eligible under one or more of the programs being consolidated or (4) excluding any purposes and goals established under the programs being consolidated from the range of activities authorized by such plan.

"(b) The authority under this title will expire five years from the date it becomes effective.

"1005. Method of taking effect.

"(a) A consolidation plan shall be effective upon approval by the President of a resolution which has been adopted within ninety days of continuous session of Congress after the date of transmittal of the plan to the Congress.

"(b) A consolidation plan may provide that any provision of the plan may be effective at a time later than the date on which the plan becomes effective.

"(c) On the day on which a consolidation plan is transmitted to the Senate and the House of Representatives, a resolution shall be introduced (by request) in the Senate by the Chairman of the Committee on Governmental Affairs of the Senate, or by a Member or Members of the Senate designated by such chairman; and shall be introduced (by request) in the House by the chairman of the Committee on Government Operations of the House, or by a Member or Members of the House designated by such chairman.

"(d)(1) A resolution with respect to a consolidation plan shall be referred to the committee of the Senate and the House of Representatives having primary jurisdiction over such resolution under the rules of the Senate and the House of Representatives.

"(2) Each committee of primary jurisdiction to which the resolution is referred shall consider the consolidation plan and shall make its recommendations to the Senate or the House of Representatives, as the case may be, within sixty calendar days of continuous session following the date of its transmittal to Congress.

"(3) Any resolution with respect to a consolidation plan affirmatively reported by the committee with primary jurisdiction which contains any matter within the jurisdiction of any other committee shall be referred to such other committee for a period of fifteen days of continuous session of Congress if the chairman of such other committee requests such referral no later than the day following the day on which the resolution is reported by the committee with primary jurisdiction. In any case in which such other committee fails to report the resolution within the period herein prescribed, such committee shall be automatically discharged from further consideration of such resolution on the sixteenth day of continuous session of Congress following the day on which such resolution is referred to such committee.

"(4) If the committee having primary jurisdiction over a resolution with respect to which a consolidation plan has been referred has not reported it at the end of sixty days of continuous session of Congress after its transmittal, such committee shall be deemed to be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

"(e) When the last committee to which the resolution has been referred has reported, or has been discharged from further consideration of a resolution with respect to a consolidation plan, pursuant to (d)(3)(4), it is in order at any time thereafter (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution. The motion is privileged in the Senate and highly privileged in the House of Representatives and is not debatable. The motion shall not be subject to amendment, or to a motion to postpone, or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the resolution is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

"(f) For purposes of this section and section 1003 of this title—

"(1) continuity of session is broken only by an adjournment of Congress sine die; and

"(2) the days in which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the ninety-day period.

"(g) The provisions of subsections (c) through (k) of this section and of paragraph (4) of section 1001 of this title are enacted by the Congress—

"(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that subsection and paragraph; and they supersede other rules to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

"1006. Effect on other laws and regulations.

"(a) To the extent that any provision of a consolidation plan which becomes effective under this chapter is inconsistent with any provision of law enacted prior to the effective date of the plan, the provision of the consolidation plan shall control to the extent that such plan specifies the provision of law to be superseded, consistent with section 1003(b)(2).

"(b) Within a reasonable time after the consolidation plan becomes effective, modifications shall be made in any regulation, rule, order, policy, determination, directive, authorization, permit, privilege, requirement, or other action made, prescribed, issued, granted, or performed with respect to any matter affected by a consolidated plan to reconcile any inconsistency as thereof with the consolidation plan, as set forth in that plan, but otherwise shall continue in effect.

"(c) A consolidation plan shall provide for the transfer of appropriations or other budget authority in such manner that the aggregate amount of appropriations and other budget authority available for carrying out the Federal assistance programs involved in such plan may be available for any or all such programs, and the aggregate amount of authorizations of appropriations or other budget authority for such programs shall be deemed an authorization of appropriations and other budget authority for any or all of such programs. The appropriations or portions of appropriations unexpended by reason of operation of this chapter may not be used for any purpose, but shall revert to the Treasury Department. The Office of Management and Budget shall report to the Appropriations Committees, as part of their annual budget submission, on the saving effected under the consolidation plan."

(d) The table of chapters for part I of title 5 United States Code, immediately proceeding chapter 1, is amended by adding at the end thereof the following new item:

"10 Federal Assistance Programs Consolidation ----------1001."

TITLE II—FINANCIAL MANAGEMENT AND AUDIT OF FEDERAL ASSISTANCE PROGRAMS

PURPOSE

SEC. 201. It is the purpose of this title—

(1) to improve the financial management of Federal assistance programs;

(2) to promote the efficient use of audit resources;

(3) to relieve State and local governments and non-profit organizations of the costs and paperwork burdens due to conflicting and redundant requirements of Federal assistance programs; and

(4) to provide for the establishment of consistent requirements for the financial management and audit of Federal assistance provided to or administered by State and local governments and nonprofit organizations.

DEFINITIONS

SEC. 202. As used in this title—

(1) the term "financial and compliance audit" means a systematic review or appraisal of a recipient of Federal assistance to determine and report whether the financial operations of the recipient are properly conducted and financial reports are presented fairly and whether the entity has complied with significant compliance requirements contained in laws and regulations that can materially affect the entities financial operations, conditions and reports.

(2) The term "public accountants" means certified public accountants, or licensed public accountants licensed on or before December 31, 1970, who are certified or licensed by a regulatory authority of a State.

(3) The term "independent auditors" means properly constituted State and local government audit agencies or public accountants, who have no direct relationship with the functions or activities being audited or with the business conducted by any of the officials of the government agency or unit being audited.

(4) The term "generally accepted auditing standards" means the auditing standards set forth in the financial and compliance element of the "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions", issued by the Comptroller General of the United States and incorporating the audit standards of the American Institute of Certified Public Accountants.

(6) The term "Federal assistance" means any assistance provided by an agency in the form of grants, loans, loan guarantees, property, cooperative agreements or technical assistance to State or local governments or other recipients, except that such term does not include direct Federal cash assistance to individuals, contracts for the procurement of goods and services for the United States, or insurance.

(7) The term "local government" means any unit of government within a State, a county, borough, municipality, city, town, township, parish, local public authority, special district, intrastate district, council of governments, other interstate government entity or any other instrumentality of local government.

(8) The term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the North Mariana Islands.

(9) The term "entity" means a first level organizational unit of a State or local government or non-profits providing services to such unit.

(10) The term "non-profit organization" means an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 which is exempt from taxation under section 501(a) of such Code or any non-profit scientific or educational organization qualified under a State non-profit organization statute.

(11) The term "federally recognized Indian tribe" means an organization the Bureau of Indian Affairs as defined in P.L. 93-262, 82, April 12, 1974, 88 Stat. 77.

GENERAL FINANCIAL MANAGEMENT AND AUDIT

SEC. 203. (a) In order to insure that Federal accountability systems do not impose unnecessary, conflicting, and duplicative accounting, auditing, and reporting requirements upon State and local governments, non-profit organizations, and federally recognized Indian tribes who are recipients of Federal assistance and in order to reduce the costs, paperwork, and regulatory burdens associated with Federal assistance programs, the Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall, consistent with applicable law, develop, establish, and maintain for use by all Federal agencies standard accounting, auditing, and financial management policies, procedures, and requirements for the administration, accounting, and financial auditing of grants, contracts, cooperative agreements, and other forms of Federal assistance to State and local governments, nonprofit organizations and federally recognized Indian tribes. Any such policy procedure, or requirement shall not conflict with any applicable audit standard developed by the Comptroller General of the United States. Standard policies, procedures, and requirements developed by the Director of the Office of Management and Budget pursuant to this section shall include—

(1) terms, definitions, and conditions used in conjunction with grants, contracts, cooperative agreements, and other forms of Federal assistance to State and local governments;

(2) generally accepted accounting principles and standards as required for financial accounting and reporting;

(3) uniform requirements for assistance application forms;

(4) uniform principles and standards for sound financial management and auditing; and

(5) uniform payment policies for grants, contracts cooperative agreements, and other forms of Federal assistance.

(b) The Director of the Office of Management and Budget shall prescribe regulations to carry out the standard policies, procedures, and requirements established pursuant to subsection (a). Any such regulations shall be binding on all Federal departments and agencies, and assistance recipients. Such directives shall prescribe effective means to coordinate Federal, State, and local audits of assistance programs.

ACCOUNTING AND AUDITING PROCEDURES AND REQUIREMENTS

SEC. 204. (a) At least once every two years, there shall be a single independent financial and compliance audit of—

(1) State and local governments, or State and local governmental entities and the subgrantees of such State and local governments or governmental entities; and

(2) nonprofit organizations or entities of nonprofit organizations and the subgrantees of such nonprofit organizations or entities, which receive Federal assistance. Any such audit shall include an evaluation of the accounting and control systems of the recipient of Federal assistance and of the activities by the recipient to comply with the financial and performance requirements of grants received by the recipient from the Federal Government. Audits carried out pursuant to this section shall be audits of the recipient, rather than audits of individual grants or programs. In the case of any recipient of Federal assistance which receives less than $100,000 per year, the audit required by this section shall be conducted at least once every five years, but not more frequently than once every three years, unless there is evidence of fraud or other violation of Federal law in connection with such assistance.

(b) A State government shall have the responsibility for financial and compliance audits of the State government or State governmental entities receiving Federal assistance, and the subgrantees of such government or entities. A local government shall have the responsibility for financial and compliance audits of the local government, local governmental entities receiving Federal assistance, and the subgrantees of such government or entities. A nonprofit organization shall have responsibility for financial and compliance audits of the nonprofit organization or entities of the nonprofit organization receiving Federal assistance and the subgrantees of such nonprofit organizations or entities unless by law, the State or local government has such responsibility, in which event the State or local government, as appropriate, shall have the responsibility for such audits. The audits shall be made by independent auditors in accordance with generally accepted auditing standards and shall include as opinion as to whether the recipient's accounting policies and financial statements follow generally accepted accounting principles and standards.

(c)(1) The Federal Government shall be responsible, through the quality review process established pursuant to subsection (d), for assuring that financial and compliance audits conducted by independent auditors meet generally accepted auditing standards. Nothing in this title limits the authority of Federal agencies to make audits of Federal assistance to State and local governments, State and local governmental entities and the subgrantees of such State and local government or governmental entities: *Provided, however,* That if independent audits arranged for by State or local governments meet generally accepted auditing standards and other requirements established pursuant to subsection (d) Federal agencies shall rely on those audits and any additional audit work shall build upon the work already done.

(2) The Federal Government is responsible for conducting, or contracting (to such extent or in such amounts as are provided in appropriations Acts) for the conduct of, audits which are not financial and compliance audits.

(3) Nothing in this title limits the Federal Government's responsibility or authority to enforce Federal law or regulations, procedures or reporting requirements arising pursuant thereto.

(d) The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish and approve a quality review process that will assure the proper performance of audits. Audits performed by Federal, State, or local government audit agencies which have been approved pursuant to such review process shall be accepted by all Federal agencies making and administering grants.

(e) The Director of the Office of Management and Budget shall prescribe appropriate means for the reimbursement of independent auditors for actual expenses incurred for such parts of audits as are performed as a requirement of a Federal assistance program, including provisions for—

(1) reimbursement for such expenses, either directly or through the recipient jurisdiction; and

(2) equitable financial settlements when such audits fail to meet the standard policies, procedures, and requirements developed pursuant to section 203.

TITLE III—ADMINISTRATION OF GENERALLY APPLICABLE FEDERAL ASSISTANCE REQUIREMENTS

SEC. 301. The Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4201 et seq.) is amended by adding at the end thereof the following new title:

"TITLE VII—ADMINISTRATION OF GENERALLY APPLICABLE FEDERAL ASSISTANCE REQUIREMENTS

"STATEMENT OF PURPOSE

"SEC. 701. It is the purpose of this title—

"(1) to encourage simplification, standardization, and coordination to the maximum extent feasible in the administration of all national policy requirements which are generally applicable to Federal assistance consistent with the goals and purposes of such requirements;

"(2) to improve the procedures by which such requirements are developed, implemented, and evaluated;

"(3) to reduce the overall administrative and cost burdens of such requirements on assistance recipients, and

"(4) to eliminate those requirements that are found to be unnecessary, infeasible, or inappropriate.

"DEFINITIONS

"SEC. 702. As used in this title—

"(1) the term 'generally applicable requirement' means any requirement—

"(A) with which an assistance recipient is required to comply under Federal law or administrative rule or regulation in order to achieve national policy objectives; and

"(B) which applies to programs administered by two or more assistance agencies, regardless of whether such requirement is contained in one or more of such laws, rules, or regulations;

"(2) the term 'designated agency' means a Federal agency designated by the President pursuant to this title, or a Federal agency which has been designated by law, to coordinate the preparation and implementation of national policy assistance standards for specified generally applicable requirements and report on the implementation of such requirements.

"(3) the term 'assistance recipient' means a State or local government or other organization that receives Federal assistance;

"(4) the term 'national policy assistance standards' means a set of guidelines, statements of objectives, standards or other documents issued to achieve the objectives of

certain generally applicable requirements in a manner which is, to the greatest extent feasible, substantially uniform among affected assistance programs and is designed to take into account characteristics of classes of recipients or types of assistance;

"(5) the term 'assistance agency' means a Federal agency that administers a Federal assistance program; and

"(6) the term 'Federal assistance' means any assistance provided by an agency in the form of grants, loans, loan guarantees, property, cooperative agreements or technical assistance to State or local governments or other recipients, except that such term does not include direct cash assistance to individuals, contracts for the procurement of goods and services for the United States, or insurance.

"ASSIGNMENT OF DESIGNATED AGENCIES

"SEC. 703. (a) Within one hundred twenty days after the date of enactment of this title and from time to time thereafter as he deems appropriate, the President shall designate, consistent with any applicable law, including reorganization plans, a single Federal agency to coordinate the preparation of national policy assistance standards for one or more generally applicable requirements for Federal assistance and to report on the implementation of such requirements. As determined by the President, designated agencies shall be responsible for generally applicable requirements in various subject areas such as—

"(1) labor practices requirements;
"(2) public employee standards;
"(3) equal services requirements;
"(4) equal employment requirements;
"(5) access to Government information;
"(6) procurement standards;
"(7) planning requirements;
"(8) financial and administrative requirements;
"(9) citizen participation requirements; and
"(10) environmental protection requirements.

"(b) In evaluating Federal agencies for designation under subsection (a), the President shall consider—

"(1) the relationship of the generally applicable requirement to the functions and program responsibilities of the agency.

"(2) the capacity of the agency to effectively carry out the responsibilities of a designated agency; and

"(3) the smallest number of designated agencies which is practicable for the promulgation of national policy assistance standards for implementing related generally applicable requirements.

"(c) If any generally applicable requirement is established pursuant to a statute or administrative rule or regulation enacted or adopted after the date of enactment of this title, the President shall, in accordance with subsections (a) and (b), designate a single Federal agency to coordinate preparation of national policy standards for such requirement and report on the implementation of such requirement.

"ISSUANCE OF NATIONAL POLICY ASSISTANCE STANDARDS

"SEC. 704. (a) Within one year of the date of designation by the President, each designated agency shall develop national policy assistance standards in its field of designated responsibility in consultation and cooperation with affected Federal agencies, assistance recipients, and other interested parties. If any generally applicable requirement is affected or established by a statute or administrative rule or regulation enacted or adopted after the date of enactment of this title, the President shall set a specific date for the preparation of national policy assistance standards under this section which shall be not later than one year after the date of enactment of such law.

"(b) The designated agency shall consult, in accordance with any procedures established under section 707(b) of this title, with affected assistance recipients, beneficiaries, and other interested parties at the earliest possible time after the date on which such agency is designated by the President under section 703.

"(c) National policy assistance standards for generally applicable requirements shall be consistent with applicable law and, to the maximum extent possible—

"(1) be simple and clear;

"(2) minimize the reporting required of assistance recipients consistent with the requirements of the Paperwork Reduction Act (P.L. 96-511) and the Regulatory Flexibility Act (P.L. 96-354);

"(3) minimize compliance costs and burdens such standards placed upon assistance recipients;

"(4) include standard compliance procedures, provisions for technical assistance, and other facilitative procedures; and

"(5) be accompanied by a list, based on existing relevant statutory provisions, of the Federal assistance programs to which such standards apply.

"(d) Within one hundred and twenty days after a designated agency publishes national policy assistance standards prepared under this section, each assistance agency administering a Federal assistance program to which such standards apply shall implement and conform to such standards unless the President establishes, after review, a longer period for implementation of such standards in order to lessen the impact of such standards on affected assistance recipients. Each assistance agency shall be responsible for insuring that affected assistance recipients comply with such standards.

"(e) Each designated agency shall coordinate the implementation of relevant national assistance policy standards in accordance with the procedures established under section 707(b) and shall ensure that revisions or additions to such standards become effective only on the first day of each fiscal year.

"IMPLEMENTATION AND ENFORCEMENT ROLES OF FEDERAL AGENCIES

"SEC. 705. (a) The head of each assistance agency responsible for the formulation of policy relating to the administration of Federal assistance to—

"(1) coordinate compliance activities under generally applicable standards throughout the agency;

"(2) ensure the complete and active participation of the agency in the development and implementation of national policy assistance standards; and

"(3) represent the position of the agency on questions relating to generally applicable requirements and associated national policy assistance standards.

"(b) One year following the date of enactment of this title, and except as otherwise provided by law, the head of an assistance agency is authorized, in his discretion, to certify and accept State or local government laws, regulations, directives, standards, reporting requirements, and compliance monitoring and enforcement procedures if the agency head determines that such State or local government requirements are at least equal to national policy assistance standards and that such State or local government requirements are fully complied with and enforced. Nothing in this subsection limits the assistance agency's responsibility or authority to enforce Federal law or its regulations, procedures or reporting requirements arising thereunder. For good cause an assistance agency may rescind any certification issued under this subsection, but shall provide the State or local government with due notice prior to taking any such action and provide such government with an opportunity to demonstrate why the agency action should not be taken.

"(c) Federal agencies administering Federal assistance programs shall take appropriate action, including the provision of technical assistance, to assist affected assistance recipients in their efforts to comply with applicable national policy assistance standards.

"LEGISLATION TO REMOVE IMPEDIMENTS TO IMPLEMENTATION

"SEC. 706. (a) If a designated agency is unable to publish national policy assistance standards pursuant to section 704 due to conflicting or inconsistent provisions of law, or due to other factors which have prevented the development of such standards in accordance with the provisions of this title, the agency shall report its inability to develop such standards to the President. After receipt of such report, the President may direct the agency to prepare a proposed bill to remove any such impediments to the development of such national policy assistance standards and to submit such bill to the President for transmission to the Congress.

"(b) If the President determines, after study, that certain Federal assistance programs should be exempted from any generally applicable requirement established by statute or that basic components of any such requirement are inappropriate, inefficient or poorly suited to effective management, he may prepare a proposed bill to repeal, restrict, or revise the scope or structure of such requirement and shall submit to the Congress his determination under this subsection and such proposed bill.

"GENERAL OVERSIGHT

"SEC. 707. (a) The President may delegate to the Director of the Office of Management and Budget or to the head of any other Federal agency responsibility for monitoring the overall implementation of this title, except that the President may not delegate the authority to name designated agencies under section 703.

"(b) In carrying out the provisions of this title, the President, or in carrying out any responsibility delegated under subsection (a), the Director of the Office of Management and Budget or the head of a Federal agency, shall—

"(1) establish a uniform procedure for the development, implementation, and evaluation of national policy assistance standards or other guidance and instructions to recipients required by this title, including provisions to insure the active participation of assistance agencies, program beneficiaries, and assistance recipients to the maximum extent possible.

"(2) review the administration of generally applicable requirements to improve the effectiveness of such requirements, including working with the designated agencies to ensure effective application of national policy assistance standards to the requirements of particular assistance programs or to the recipients of such programs.

"(3) establish a procedure for resolving disputes and conflicts between designated agencies, assistance agencies, and assistance recipients over the preparation and implementation of national policy assistance standards.

"(4) test and evaluate techniques for certification by a state or local government that its laws, regulations, directives, standards, reporting requirements, and compliance monitoring and enforcement procedures are at least equal to national policy assistance standards. The Director shall establish policies for government-wide use of those techniques found to be most effective and for resolution of disputes and conflicts that may arise from certification.

"(5) prepare, publish, and annually update a catalog of all generally applicable requirements and the applicable national policy assistance standards for generally applicable requirements currently in effect.

"(c) Should it become evident that implementation of a national policy assistance

standard will lead to serious unanticipated consequences or disruption of assistance programs, the President, or the Director of the Office of Management and Budget, or head of any other Federal agency delegated responsibility for monitoring the overall implementation of this title pursuant to subsection (a), is authorized to suspend the implementation of such standard for a period not to exceed one hundred and eighty days. If the suspended national policy assistance standard is mandated by statute, the President, or the Director or the head of a Federal agency shall directly notify the appropriate committees of the Senate and the House of Representatives of the suspension and the reasons for it and, if warranted, make recommendations for legislative action.

"(d) In carrying out any responsibility delegated under this section, the President, or the Director of the Office of Management and Budget or the head of a Federal agency shall keep Congress fully informed of his actions and related agency activities."

SEC. 402. Nothing in this title limits in any way any existing authority of the President, the Office of Management and Budget or the Director thereof may otherwise have under the laws of the United States, with respect to the administration of Federal assistance requirements.

TITLE IV—JOINT FUNDING SIMPLIFICATION ACT AMENDMENTS

SEC. 401. (a) Section 3 of the Joint Funding Simplification Act of 1974 (88 Stat. 1604; 42 U.S.C. 4252) is amended—

(1) by striking out "may" after the word agreement in subsection (b) and inserting in lieu thereof "shall";

(2) by striking out subsection (b)(1);

(3) by renumbering subsection (b)(2) as subsection (b)(1), subsection (b)(3) as subsection (b)(2), subsection (b)(4) as subsection (b)(3), and subsection (b)(5) as subsection (b)(4).

(b) Section 5 of such Act is amended—

(1) by striking "joint management funds" in the first sentence and inserting in lieu thereof "integrated funding process";

(c) Section 6 of such Act is amended—

(1) by striking "may" in the first sentence of subsection (6)(a) and inserting in lieu thereof "shall";

(2) by striking "may" in the first sentence of subsection (6)(c) and inserting in lieu thereof "shall";

(3) by striking "may" in the second sentence of subsection (6)(c) and inserting in lieu thereof "shall";

(d) Section 8 of such Act is amended—

(1) by amending subsection (a) to read as follows:

"SEC. 8. (a) In order to provide for the more effective administration of funds drawn from more than one Federal program or appropriation in support of projects under this Act, there may be established an integrated funding process with respect to such project through which a proportionate share of the funds from each affected program or appropriation needed for payments to the recipients may be made available."

(2) by amending subsection (b) to read as follows:

"(b) Any funds made available through an integrated funding process shall be subject to such arrangements, not inconsistent with this section and other applicable law, as may be entered into by the Federal agencies concerned and shall assure the availability of necessary information to those agencies and to the Congress. These agreements also shall provide that the agency administering the funds shall be responsible and accountable by program and appropriation for the amounts provided from each contributing program or appropriation and shall include procedures for determining, from time to time, whether amounts available are in excess of the amounts required, and for advising the participating agencies concerning the appropriate disposition of that excess according to the applicable appropriations, subject to fiscal year limitations. Excess amounts applicable to expired appropriations will be lapsed."

(3) by striking out "account in a joint management fund" in the first sentence of subsection (c) and inserting in lieu thereof "integrated funding process";

(4) by striking out "from the fund" in the first sentence of subsection (c);

(5) by striking out "fund" after the words "for administering the" in subsection (c), and inserting in lieu thereof the word "process";

(6) by striking out "joint management fund" in subsection (d) and inserting in lieu thereof "integrated funds";

(7) by striking out "from such fund" in subsection (d);

(8) by striking out "a joint management fund" in subsection (e) and inserting in lieu thereof "an integrated funding process";

(9) by striking out "to" after the word "transferred" in subsection (e) and inserting in lieu thereof "for";

(10) by striking out "account" in subsection (e);

SEC. 12. (e) of such Act is amended by adding the following new subsection (7)—

(7) the term "integrated funding process" means the administration of the aggregate amount of funds authorized by interagency agreement for disbursement to a single recipient through a single federal disbursement method. The integrated funding process is administered on behalf of two or more federal agencies in support of a joint funding process.

TITLE V—INTEGRATED ASSISTANCE

SEC. 501. The Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4201 et seq.) is amended by adding at the end thereof the following new title:

"TITLE VIII—INTEGRATED ASSISTANCE

"STATEMENT OF PURPOSE"

SEC. 801. It is the purpose of this title to increase the substantive effectiveness and management efficiency of Federal assistance programs by:

(1) permitting recipients to exercise greater discretion and flexibility in the use of Federal assistance;

(2) encouraging the use of simplified administrative processes and reporting requirements; and

(3) fostering recipient initiative and innovative approaches to priorities and problems that cross existing statutory assistance categories.

DEFINITIONS

SEC. 802. As used in this Act—

(1) The term "Administrator" means the head of a federal agency responsible for one or more federal assistance programs.

(2) The term "assistance" or "assistance program" means a grant or cooperative agreement as determined by the Administrator under the Federal Grant and Cooperative Agreement Act of 1977 (41 U.S.C. 501 et seq.) for which state or local governments are the sole qualified recipients.

(3) The term "covered program" means any assistance program for which an Administrator has responsibility which falls under a single functional category as set forth in the Budget of the United States Government transmitted pursuant to Section 201(1) of the Budget and Accounting Act of 1921 and which is included in an integrated program plan.

(4) The term "base fiscal year" means, for each covered program, the fiscal year prior to the year in which the covered program is included under an approved integrated program plan.

(5) The term "integrated program plan" means a document, submitted under section 803 of this title as part of an assistance application, which sets forth a plan of activities and related expenditures to carry out the objectives of this title and the covered programs which are included.

INTEGRATED PROGRAM PLAN

SEC. 803. (a) Each applicant for federal assistance under this title may:

(1) Submit an integrated program plan which represents an integrated approach to planning, development, and implementation of the covered programs.

(2) Provide for the coordination and administration of each integrated program plan by a single agency designated by the applicant's chief executive officer.

SEC. 804. (a)(1) The Administrator shall establish requirements governing approval of an integrated program plan. These requirements shall be designed—

(A) to increase the substantive effectiveness and management efficiency of covered programs;

(B) to encourage and permit State and local governments to redirect a portion of the resources in the covered programs to problems and priorities of such governments that may cross existing statutory assistance categories; and

(C) to improve the effectiveness and productivity of assistance programs by reducing rigidity, duplication of effort, and unnecessary expenditures.

(2) In developing its integrated program plan, an applicant may propose to transfer funds among the various covered programs included in such plan, except that the applicant may in no event propose to transfer from any covered program an amount in excess of 20 per centum of the amount of assistance it was allocated for such program in the base fiscal year.

(3) In reviewing applications under this Title, the Administrator shall also consider the degree to which the applicant (i) has considered the effects of each program on the other(s) included in the integrated program plan and (ii) has, or is developing supporting data bases, planning and evaluation processes to assist in implementing the proposed plan.

(b) The Administrator shall complete review of the applicant's proposed plan in a timely fashion and may approve it in whole or in part. In the event of disapproval, the Administrator shall notify immediately the applicant in writing but in no instance shall such notification occur more than thirty days after the date of such disapproval. If notice from the Administrator concerning an applicant's proposed plan is not received within ninety days of its submission, the plan shall stand approved as submitted. Disapproval of an integrated assistance plan shall not in any way affect a recipient's application through the established award process for assistance covered by the integrated assistance plan.

(c) The Administrator shall not approve an integrated program plan unless he determines—

(1) that the objectives of this title and of the covered programs are adequately addressed therein;

(2) that the requirements promulgated pursuant to section 804(a)(1) of this title have been met; and

(3) that the proposed plan adequately considers cross-program consequences.

(d) The Administrator shall not award integrated assistance to a State or local government unless the duly authorized official has signed the assistance application containing the integrated program plan.

AUTHORITY; LIMITATIONS

SEC. 805. (a) From sums appropriated under the covered programs, the Administrator shall award integrated assistance in accordance with the integrated program plan

approved under section 804 to States and local governments to enable them to carry out the objectives of this title and of the covered programs.

(b) An approved integrated program plan shall remain in effect for only the fiscal year in which application was made. The Administrator shall not renew an integrated program plan unless he determines, based on evaluation of the recipient's performance and its current proposed plan, that the recipient's program has and will effectively serve the purposes of this title and the covered programs included in its integrated program plan.

SEC. 806. In developing its integrated program plan, the State shall provide for adequate consultation with the affected local governments.

ACCOUNTABILITY

SEC. 807. (a) The Director of the Office of Management and Budget shall within thirty days following enactment of this title, establish guidelines which shall guide the Administrator of each agency in reviewing the integrated program plans submitted by state and local applicants. Such guidelines shall establish procedures which ensure that recipient accountability for expenditures under an approved integrated program plan is provided for by the plan as a whole in lieu of accounting for expenditures by program.

(b) Within sixty days following the date upon which the Director issues guidelines pursuant to subsection (a), the Administrator shall provide for the receipt of integrated program plans from the State and local applicants.

SUNSET PROVISION; REPORT TO CONGRESS

SEC. 809. This title shall be applicable to assistance awarded for fiscal year 1982 and shall expire on September 30, 1986. The Director of the Office of Management and Budget shall submit to the Congress no later than September 30, 1985, a report describing the extent to which State and local governments have established and implemented integrated program plans, evaluating the effectiveness of covered programs, and recommendations with respect to continuing integrated assistance.

TITLE VI—MISCELLANEOUS

"SINGLE STATE OR LOCAL AGENCY OR ORGANIZATION UNIT PROVISIONS

SEC. 701. Title II of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4214) amended to read as follows:

"SEC. 204. Notwithstanding any other Federal law which provides that (1) a single or specific State or local governmental agency or other organizational unit be utilized or designated to receive, supervise, or otherwise administer any Federal assistance program, or (2) a single or specific pattern of internal organization or procedure be utilized or designated to administer any Federal assistance program, upon certification by the appropriate executive or legislative authority of the State or local government responsible for determining or revising the organizational structure of such government that such provisions prevent the establishment of the most effective and efficient organizational arrangements within the State or local government, the head of the Federal department or agency administering the program shall waive such provisions and approve other State and or local administrative structure or arrangements unless he determines that the objectives of the Federal statute authorizing the program will be significantly endangered. The head of the Federal agency or department shall set forth in writing the reasons for such determination and shall give the appropriate State or local government authority sufficient opportunity to respond.

"STANDARD MAINTENANCE OF EFFORT REQUIREMENT

"SEC. 205. (a) Notwithstanding any other provisions of law, all requirements of federal assistance programs intended to insure that the granting of federal assistance to State and local governments will not result in a reduction in relevant State or local governmental expenditures or the substitution of Federal funds for State and local funds previously made available for the activities aided are hereby repealed.

(b) When the Congress hereafter desires to insure that the granting of federal assistance to State and local governments will not result in a reduction in relevant State or local governmental expenditures or the substitution of Federal funds for State or local funds previously made available for the activities aided, the Congress shall incorporate in the legislation authorizing such a maintenance of effort provision providing that—

"(1) the amount available for expenditures by such State or local government or by its subgrantees for the activities aided for the fiscal year for which the assistance is sought shall not be less than the average expended based on recurring expenses for such activities during the preceding two fiscal years; otherwise, the Federal amount will be reduced proportionate to the State or local reductions below such an average; and

"(2) on the request of an assistance recipient, the Federal agency head may waive the requirement established by paragraph (1) if he determines, in accordance with regulations and criteria established by the Office of Management and Budget, that application of the requirement would result in extraordinary fiscal hardship.

"(b) For the purpose of standardization, the Congress shall limit itself to the elements specified in subsection (a) in the prescription of maintenance of effort requirements, and shall declare that such elements apply to subgranted funds."

"STATE OVERSIGHT OF FEDERAL FUNDS

"SEC. 206. Notwithstanding any other provision of law, nothing in any Federal statute or implementing regulation shall diminish or negate, nor shall be construed as superceding, procedures established by State law or practice for appropriating and expending Federal assistance funds, for designating, consistent with Section 203 of this Act, the State agency to administer or implement any grant program, or for reviewing State plans and applications for Federal assistance."

FEDERAL ASSISTANCE IMPROVEMENT ACT OF 1981—SECTION-BY-SECTION ANALYSIS

Section 2. Statement of Purpose. The Act is intended to encourage grant consolidation, to provide more efficient use of Federal, state and local audit resources, to encourage the use of joint funding procedures, to enable recipients to target resources more effectively, to revise other grant procedures or policies to provide more effective use of grants by recipients and to simplify the cross-cutting national policy requirements.

TITLE I—FEDERAL ASSISTANCE PROGRAM CONSOLIDATION

Section 101. Amends Title 5, United States Code, by inserting a new Chapter 10 comprised of Sections 1001 through 1006.

Section 1001. Definitions. Defines the terms "agency," "consolidation plan," "Federal Assistance," "functionally related programs," and the term "resolution," for the purposes of the chapter.

Section 1002. Examination of Federal Assistance Programs Required. Requires the President to review federal assistance prior to the beginning of each session of Congress to determine if consolidations of any programs are desirable. Establishes six goals against which the President should measure the need for consolidation.

Section 1003. Federal Assistance Program Consolidation Plan. Provides the President with the authority to prepare Federal assistance consolidation plans to submit to Congress when the consolidation would accomplish any of the purposes enumerated in Section 1002. The consolidation plan prepared by the President must name a single Federal agency to administer the program and issue the rules and regulations guiding its management. The President must report how the provisions of the consolidation compare with the terms and conditions of the separate programs. In the consolidation plan, the President must include any program conditions designed to ensure that the intended beneficiaries of the programs are served. No consolidation plan is to remain in effect for more than four years. The President must deliver the consolidation plan to both Houses of Congress on the same day during the session. No more than three consolidation plans can be considered by Congress at any one time. Modifications and revisions in the plan can be made by the President at any time before the Committee with primary jurisdiction in either House has reported it. The President is required to report to Congress, within sixty days after the beginning of each Congress, on the content of proposed consolidation plans, the implementation of plans already enacted and, when no plans are submitted during a Congress, the reasons why no consolidations are needed.

Section 1004. Limitations on Powers. Prohibits the consolidation of programs which are not functionally related and the assignment of the administrative responsibility to any agency which did not administer any federal assistance program included in the consolidation plan prior to the consolidation. A single consolidation plan may provide for only one consolidation of two or more Federal assistance programs. The President's authority to suggest consolidations under the provisions of the Title will expire five years after it becomes effective. Beneficiaries of any of the programs consolidated may not be excluded from benefits under the consolidation plan, nor may new beneficiaries be added.

Section 1005. Method of Taking Effect. Provides that a consolidation plan will take effect upon Presidential approval of a plan passed by Congress within 90 days of continuous session after submission of the plan. Consolidation plans are to be referred to committees with primary jurisdiction under the rules of the House and Senate.

After a plan is affirmatively reported by a committee of primary jurisdiction, it may be referred to any other committee with jurisdiction over any matter within it. The chairman of a committee with secondary jurisdiction must request the bill as soon as the committee with primary jurisdiction reports it. If a committee to which the plan has been referred has not reported the plan within sixty days, it is discharged from further consideration and the plan is placed on the appropriate calendar of the House involved. On the floor, the motion to consider the consolidation plan is privileged, nondebatable and non-amendable. No motions to reconsider or postpone the vote or proceed to other business are in order. The rules for enactment are specified as part of the rules of each House. The constitutional right of either House to change the rules is recognized in the section.

Section 1006. Effect on Other Laws and Regulations. Provides that when a consolidation plan is in conflict with a previously enacted statute, the consolidation plan shall prevail, as long as its terms and conditions were specified in the consolidation plan.

Regulations for programs consolidated will remain in effect until necessary modifications are made to reconcile inconsistencies with the plan. These inconsistencies must be set forth in the consolidation plan.

Legal actions against agency heads administering any of the programs consolidated may be continued against the head of the agency administering the consolidation.

The appropriations for the programs consolidated may be aggregated under the consolidation plan. Unexpended funds revert to the Treasury Department. The savings effected by the consolidation of grant programs must be reported to the Appropriations Committees by the Office of Management and Budget.

TITLE II—FINANCIAL MANAGEMENT AND AUDIT OF FEDERAL ASSISTANCE PROGRAMS

Section 201. Purpose. Establishes consistent audit requirements to promote more efficient use of Federal, State and local audit resources and to improve the financial management of Federal assistance.

Section 202. Definitions. Defines the terms "financial and compliance audit," "public accountants," "independent auditors," "independent audit," "generally accepted auditing standards," "entity," "non-profit organization," "Federal assistance," and "local governments," "State," "entity," "non-profit organization," "federally recognized Indian tribe."

Section 203. General Financial Management and Audit. Provides for the development of consistent accounting, auditing and financial management requirements by the Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, for use by all Federal agencies as criteria to assist state and local government and non-profit organization federal assistance program audits. The requirements must comply with standards set by the Comptroller General of the United States. Directives for implementation of the standard procedures shall be issued by the Office of Management and Budget and shall be binding upon all Federal agencies.

Section 204. Accounting and Auditing, Procedures and Requirements. Requires a single, independent, biennial audit of government or non-profit organizations to evaluate their administration of federal grants-in-aid. Less frequent audits are required for recipients of $100,000 or less a year in federal assistance.

Establishes the responsibility of States and local governments and non-profit organizations for conducting financial and compliance audits of Federal grant programs within their jurisdiction. The Federal Government retains responsibility for audits of federal grants-in-aid and must ensure that such audits meet generally accepted auditing standards. Audits other than financial and compliance audits are the responsibility of the Federal Government. Any Federal agency responsible for a grant program may conduct an audit at any time, building upon the state or local or non-profit audit.

Directs OMB to establish a quality review process, in consultation with the GAO, to be used by the Federal agencies in evaluating state and local government audits of their grant programs. Audits which meet the criteria set by OMB must be accepted by the administering Federal agencies.

TITLE III—ADMINISTRATION OF GENERALLY APPLICABLE FEDERAL ASSISTANCE REQUIREMENTS

Section 401. The Intergovernmental Cooperation Act is amended by adding a new Title VII "Administration of Generally Applicable Federal Assistance Requirements."

Section 701. Statement of Purpose. Indicates the intention of the Title to encourage the simplification, standardization, and coordination of national policy assistance requirements generally applicable to Federal assistance programs so that assistance recipients will have greater flexibility in administration and reduced paperwork burdens.

Section 702. Definitions. Defines "generally applicable requirement," "designated agency," "assistance recipient," "national policy assistance standards," "assistance agency," and "Federal assistance."

Section 703. Assignment of Designated Agencies. Directs the President to designate a single assistance agency to coordinate the preparation of national policy assistance requirements to implement various generally applicable requirements. In selecting designated agencies, the President is directed to consider whether the policy area covered relates to the agency's other responsibilities, the capacity of the agency to undertake the duties of a designated agency and the desirability of having the smallest possible number of designated agencies for all national policy areas. Ten policy areas are suggested for review by the designated agencies assigned by the President. The President may not reassign an agency which is given responsibility by law for a policy or statute.

Section 704. Issuance of National Policy Assistance Standards. Establishes procedures and timing for the issuance of national policy assistance standards by the designated agencies. Directs the President to set a time limit, within a one-year period, for publishing of national policy assistance standards developed by the designated agencies. Standards for laws enacted or administrative requirements adopted after the effective date of this Title must be published by a specific time set by the President, but not more than one year from the date of enactment. Requires consultation by the designated agency with affected parties in developing standards for the administration of national policy requirements attached to assistance programs. Directs that the standards developed must reduce compliance burdens for assistance recipients while ensuring continued achievement of national policy objectives. Provides that national policy assistance standards will be binding on Federal agencies administering grant programs and mandates conformance by the administering agencies with such national policy assistance standards within 120 days of their publication, unless the time limit is extended by the President. Designated agencies may amend their standards when necessary but changes should not be made more than once a year. A simplified national policy assistance standard must continue to enforce all legal requirements contained in the generally applicable requirements, particularly those prohibiting discrimination.

Section 705. Implementation and Compliance Enforcement Roles of Federal Agencies. Directs the selection of a policy level official in each assistance agency to be responsible for ensuring agency compliance with generally applicable requirements and agency participation in the development and implementation of national policy assistance standards. Allows administering agencies to certify that State or local governments are in compliance with State or local requirements that are equivalent to the Federally established national policy assistance standards. Such certification may be withdrawn, after notice, by the administering agency if there is a finding of non-compliance. Administering agencies must provide technical assistance to recipients in their efforts to comply with national policy assistance standards.

Section 706. Legislation to Remove Impediments to Implementation. Provides procedures for the development of legislation to remove impediments to the formulation of national policy assistance standards by the designated agencies. If standards cannot be developed by a designated agency because of conflicts in the law, or because of other unresolvable issues, the agency may prepare a bill dealing with the problem for approval and submission by the President to Congress. Directs the President to study federal assistance programs and generally applicable requirements to determine whether certain assistance programs should be excluded from coverage or whether certain generally applicable requirements are inappropriate or unmanageable. When the President determines, based on study, that repeal, revision or restriction of requirements is necessary, legislation may be submitted to Congress for that purpose.

Section 707. General Oversight. Provides that the President may delegate to the Director of the Office of Management and Budget or other agency head, the responsibility for overseeing the implementation of this Title, other than the authority to designate agencies provided in Section 703(a). In carrying out these responsibilities, the agency head is authorized to prescribe a uniform procedure for promulgating national policy assistance standards, to resolve conflicts, and to review the administration of generally applicable requirements. The agency head must keep Congress informed of agency activities undertaken pursuant to this Title. Provides authority for the President, or his designee, to suspend the implementation of a new generally applicable requirement if serious or unanticipated consequences for recipients might result. The President, or his designee, must publish an annually updated catalog of all national policy assistance standards.

TITLE IV—JOINT FUNDING SIMPLIFICATION ACT AMENDMENTS

Section 401. Amends Section 3 of the Joint Funding Simplification Act of 1974 as amended. Encourages the use of jointly funded projects by mandating increased agency compliance with the requirements of the Act. Amends Section 8 of the Act by eliminating the use of joint management funds and substituting more a flexible integrated funding process. Eliminates reference to joint management funds to ensure consistency.

TITLE V—INTEGRATED ASSISTANCE

Section 501. Amends the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4201 et seq.) by appending a new Title VIII, Integrated Assistance, Consisting of Sections 801 through 809.

Section 801. Purposes. States that it is the purpose of the new Title to increase the flexibility of assistance funds to recipients, encourage the use of simplified administrative processes and provide recipients with greater authority to better respond to local problems and priorities.

Section 802. Definitions. Defines "administrator," "assistance program," "covered program," "base fiscal year," and "integrated program plan."

Section 803. Integrated Program Plan. Provides that applicants for federal assistance may submit integrated program plans to assistance agencies which describe the means by which the applicants will manage the programs included in the plans. Such plans must represent an integrated approach to administering the programs covered by the plans.

Section 804. Establishment of Agency Rules. Requires each agency to establish requirements governing approvals of integrated program plans. The requirements must be designed to permit states and localities to target resources to needs more effectively, increase the effectiveness and manageability of programs covered under submitted plans, reduce program rigidity and limit unnecessary program expenditures. Such requirements must allow recipients to transfer up to

twenty percent of the funds available for each program included in an integrated program plan among other programs within the plan. The Administrator for each assistance agency must complete his review of a submitted plan within ninety days of its submission. Failure to do so would constitute automatic approval of the plan. The Administrator must ensure that all approved integrated program plans meet the objectives of this Title and of the programs covered under the plan.

Section 805. Authority/Limitations. Requires that assistance awarded pursuant to this Title be in accordance with an approved integrated program plan. Provides that approved plans shall remain valid only for the fiscal year in which application for funding was made. Requires that integrated program plans must be reviewed and reapproved each fiscal year.

Section 806. Consultation. Provides that states must consult with their local governments in drafting integrated program plans.

Section 807. Accountability. Requires the Director of the Office of Management and Budget to issue guidelines for assistance agencies within thirty days of the enactment of this Title. The guidelines required by this section must ensure that recipients are held accountable for the funds under an approved plan. All agency regulations implementing this Title must be issued no later than sixty days following the publishing of guidelines from OMB.

Section 809. Sunset Provision/Report to Congress. Provides for expiration of Title on September 30, 1986. Requires Director of OMB to submit to Congress one year before Title lapses a report on its implementation.

TITLE VI—MISCELLANEOUS

Section 701. Amends the Intergovernmental Cooperation Act (42 U.S.C. 4214) by creating a new Section 204. Provides that a Federal agency head must waive federal requirements attached to assistance programs which mandate that a specific or single state or local government agency be appointed to administer an assistance program(s). Waivers under this section can be granted upon certification by the state or local government that its organizational structure is the most efficient and effective management structure for that particular state or local entity. Federal agencies may refuse to waive single state or local agency requirements only if the head of the agency finds that a waiver would significantly endanger the achievement of federal objectives.

Section 205. Standard Maintenance of Effort Requirements. Repeals all existing maintenance of effort requirements upon enactment. Provides that when Congress wishes to adopt such requirements it must use a standard formula which is based on the amount available for expenditure by the state or local recipient during the two fiscal years previous to the fiscal year for which funds are sought. Allows for a waiver of the standard maintenance of effort requirement in cases of extreme fiscal hardship.

Section 206. State oversight of Federal Funds. Expresses Congressional neutrality with respect to the practices of state governments in overseeing the use of federal funds.

Mr. DANFORTH. Mr. President, I am pleased today to join Senator ROTH, Senator DURENBERGER, and others in sponsoring the Federal Assistance Improvement Act of 1981. We have been at this for some time, but I believe this legislation promises to be the toughest assault yet on the regulations and redtape that bind Federal aid.

Mr. President, the need for this legislation is clear. The pending cuts in Federal aid make it essential that the Federal Government cutback on the regulations that drive up the administrative cost of aid programs. By promoting the consolidation of grant programs, standardizing crosscutting requirements, and streamlining audits, we propose to do just that. In addition, we recognize—as Federal aid dries up—that grant recipients may very well need the flexibility to transfer funds from one program to another program to meet local priorities, and that agency heads may find it more efficient to work together in jointly funding projects.

We propose to give them that flexibility. Finally, we recognize that all wisdom may not lie in Washington, that on occasion State and local governments may very well have a better idea on how aid can best be used. So, we give clear authority to agency heads to certify compliance with Federal mandates where State and local requirements accomplish the same ends.

Everyone should benefit from the reforms promised by this bill: The Federal Government, the grant recipients, and (most important) the people who are supposed to be served by these programs. Cutting back on the regulation of Federal aid means more than getting the Federal Government off the backs of State and local governments and nonprofit organizations. It means getting aid where it is needed when it is needed.

Recently I met with Governors from across the country to discuss the impact of the proposed budget cuts. Their message was clear: Cuts in Federal regulation must accompany cuts in Federal aid. Subsequent hearings which I chaired on the Federal paperwork burden and which Senator DURENBERGER chaired on grant reform only served to emphasize the importance of acting quickly to achieve meaningful reform in the grant system. I am pleased, therefore, that Senator ROTH has promised to report this legislation by the end of April. We must act with all deliberate speed.

By Mr. MATHIAS (by request):

S. 808. A bill to amend title 5, United States Code, to promote public safety by encouraging the employment of highly qualified air traffic controllers by establishing a salary classification system providing compensation commensurate with responsibility, by establishing a reasonable maximum number of weekly work hours, and by establishing a special retirement plan, and for other purposes; to the Committee on Governmental Affairs.

AIR TRAFFIC CONTROLLER ACT OF 1981

● Mr. MATHIAS. Mr. President, those who travel in comfort and ease on a commercial airline may not know that there is a tremendous amount of behind-the-scenes work that goes into the safe departure and arrival of each airplane. This work is the essential element by which our national air industry, both commercial and private, has been rendered successful and safe over the years.

I have long been concerned about the safety threat posed at airports, such as Washington National, by the high density of commercial scheduled flights, as well as commuter and private flights. An aircraft "operation" occurs at National Airport once every minute from 7 a.m. to 10:30 p.m. daily. Continued concentration and split-second timing by all those involved in this process is required to handle safely the current 17 million annual passenger volume at National.

The essential element in the process of safely shuttling planes in and out of our Nation's airports, including Washington National, is the work performed by the air traffic controller, one of the unseen, unsung, and unheard heros of modern society.

Air traffic controllers have been called "the guardians of the airways." They are responsible for tracking airplanes, instructing pilots on how to travel safely through an assigned airspace, while minimizing delays and regulating airport traffic. In the February 1977 volume of Psychology Today, writer David Martindale succinctly portrays the work of an air traffic controller in what he envisions an appropriate help wanted ad:

Help Wanted: World's busiest airport seeks radar jockeys for unusually stimulating, high-intensity environment. Must be able to direct at least 12 aircraft at one time and make instant decisions affecting the safety of thousands. No degree required, but prior experience as traffic cop, seeing-eye dog, or God helpful. Severe stress will jeopardize sanity and result in early termination from job, but employer will absorb cost of medical and psychiatric care.

Unfortunately, Mr. Martindale is not joking. Air traffic controllers labor under incredible conditions, constantly confronted by stress situations.

Air traffic controllers are Federal employees. Their terms and conditions of employment are set by statute. They cannot bargain over the wages they receive, the hours they work, the pension rights they are entitled to. Only Congress can make changes in these areas.

Years have passed, however, since Congress undertook a comprehensive review of the conditions of employment for these unique civil servants. At the same time, current relations between air traffic controllers and their employer, the Federal Aviation Administration, have been very strained, to say the least. This situation is serious.

As a result, the Professional Air Traffic Controllers Organization, representing air traffic controllers, has identified these areas of greatest concern to its members. This has been translated into legislation, which I am introducing today, at the request of PATCO.

I could not personally support all of the provisions of this bill that I am introducing but some of them or a combination of them are clearly justified. I strongly believe that a public debate on, and the ultimate resolution of, these issues should be attempted before it is too late—before the safety and convenience of the flying public is placed in jeopardy because of the unsuitable working conditions of those who are among the most responsible for flying safety. That will only occur in earnest, in connection with a piece of legislation, and therefore I introduce this bill at the request of the

controllers in order to provide a vehicle for debate.

Air traffic controllers perform their vital services under very difficult conditions. This bill attempts to remedy some of these conditions. It would, among other things, alter pay schedules, provide compensation for unusual or strenuous hours of work, change the air traffic controller workweek to assure optimum performance, efficiency and safety, and put in place a retirement system for air traffic controllers which recognizes their unique situation.

The present circumstances under which air traffic controllers work demand that we in the Congress hear their requests, and then act responsibly to fulfill those that we can. This is necessary not only in their interest, but in the interest of the safety of every air traveler in the Nation. I urge my colleagues to review the legislation with an eye toward how the Congress can best respond to the needs of air traffic controllers.

Mr. President, I ask unanimous consent that the text of the legislation which I am introducing be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 808

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Air Traffic Controller Act of 1981".

DEFINITION OF AIR TRAFFIC CONTROLLER

SEC. 2. Section 2109 of title 5, United States Code, is amended to read as follows:

"§ 2109. Air traffic controller

"For the purpose of this title, the terms 'air traffic controller' and 'controller' mean any air traffic control specialist, GS–2152 Series, including flow controllers, area specialists, data systems specialists, and military liaison and security specialists employed at air traffic control towers, air traffic control centers, and combined station-towers. The terms 'air traffic controller' and 'controller' do not include GS–2152 Series personnel employed at flight service stations or international flight service stations, teletype operators, clericals, electronic technicians, evaluation and proficiency development specialists (either temporary or permanent), flight data aides, cartographers, GS–2152 Series air traffic control specialists serving as instructors at the Federal Aviation Administration Aeronautical Center, GS–2152 Series air traffic control specialists employed at the Federal Aviation Administration Technical Center in Atlantic City, New Jersey, evaluation and proficiency development officers, facility chiefs, deputy chiefs, assistant chiefs, team supervisors, area officers, military liaison and security officers, data system officers, operations officers, planning officers, employees engaged in Federal personnel work in a purely clerical capacity, or any other supervisor or management official within the meaning of paragraph (10) or (11) of subsection (a) of section 7103 of this title."

ESTABLISHMENT OF WAGE CLASSIFICATION SCHEDULE

SEC. 3. (a) Section 5102(c) of title 5, United States Code, is amended (1) by striking out "or" in paragraph (26), (2) by striking out the period at the end of paragraph (27) and inserting in lieu thereof a semicolon followed by the word "or", and (3) by adding at the end thereof the following new paragraph:

"(28) air traffic controllers whose pay is determined under section 5376 of this title.".

(b) Chapter 53 of title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 5376. Air traffic controllers

"(a) Air traffic controllers, as defined in section 2109 of this title, shall be paid the following annual salaries according to their step within the appropriate grade:

Grade	1	2	3	4	5	6	7	8	9	10
ATC–1	$22,266	$22,675	$23,084	$23,493	$23,902	$24,311	$24,720	$25,129	$25,538	$25,947
ATC–2	23,672	24,128	24,584	25,040	25,496	25,952	26,408	26,864	27,320	27,776
ATC–3	25,193	25,699	26,205	26,711	27,217	27,723	28,229	28,735	29,241	29,747
ATC–4	26,826	27,387	27,948	28,509	29,070	29,631	30,192	30,753	31,314	31,875
ATC–5	28,585	29,205	29,825	30,445	31,065	31,685	32,305	32,925	33,545	34,165
ATC–6	30,467	31,149	31,831	32,513	33,195	33,877	34,559	35,241	35,923	36,605
ATC–7	32,486	33,236	33,986	34,736	35,486	36,236	36,986	37,736	38,486	39,236
ATC–8	36,951	37,849	38,747	39,645	40,543	41,441	42,339	43,237	44,135	45,033
ATC–9	42,048	43,116	44,184	45,252	46,320	47,388	48,456	49,524	50,592	51,660
ATC–10	47,871	49,133	50,395	51,657	52,919	54,181	55,443	56,705	57,967	59,229
ATC–11	54,547	56,032	57,517	59,002	60,487	61,972	63,457	64,942	66,427	67,912
ATC–12	59,198	60,838	62,478	64,118	65,758	67,398	68,500	70,140	71,780	73,420

"(b) The salary schedule set forth in subsection (a) of this section shall take effect on the effective date of the Air Traffic Controller Act of 1981. It shall be revised by the Office of Personnel Management thereafter in accordance with the provisions of this section and any relevant collective bargaining agreement.

"(c) The benefits associated with and the classification criteria governing an employee's assignment to grades ATC-1 through ATC-12 shall be the same as those benefits and criteria related to General Schedule grades GS-5 through GS-16, respectively, unless otherwise expressly provided in this title.

"(d)(1) If the Consumer Price Index for Urban Wage Earners and Clerical Workers, published by the Bureau of Labor Statistics, United States Department of Labor, increases by 0.5 percent or more between April 1, 1981, and October 1, 1981, a cost-of-living adjustment of 1.5 percent for each full one-percent increase in such index shall be made to the basic annual salary of air traffic controllers at each step of each pay grade (as set forth under subsection (a)) beginning November 1, 1981. Any remaining fraction of a percent increase in such index during the six-month period shall be carried over to the next six-month period and used in computing the percentage increase in the index for such period.

"(2) Further increases to the rates of pay for controllers shall be made at subsequent six-month intervals based upon cost-of-living increases for six-month periods beginning on or after October 1, 1981, in the same manner as specified under paragraph (1) for the period beginning April 1, 1981, and ending October 1, 1981.

"(e) At the beginning of each fiscal year after the effective date of this section, the rate of pay for each step of each pay grade set forth in the salary schedule under subsection (a) shall be increased by 10 percent in addition to any increase under subsection (d).

"(f) Each air traffic controller shall be awarded a step increase on each anniversary of the controller's promotion to the current grade held by the controller until the controller reaches step 10, at which time the controller shall be promoted to the next grade. A controller promoted to the next higher grade as set forth in this paragraph will be paid at the step in the next higher grade which allows for a minimum 2 percent raise in salary as defined in Subsection (a).

"(g) In addition to a controller's basic salary and any other entitled differentials, an air traffic controller shall be paid a night shift differential of twenty percent of the controller's basic salary for each hour the controller is in an official duty, excused absence or administrative leave status between the hours of 4:00 p.m. and midnight. Such night shift differential shall be paid for each hour during which such employee is absent due to a holiday or other nonwork day or when travel is performed between 4:00 p.m. and midnight. Such employees who take leave between 4:00 p.m. and midnight shall be paid the night shift differential which they would have earned, if they had served in an official duty status.

"(h) In addition to a controller's basic salary and any other entitled differentials, a controller shall be paid a midnight shift differential of thirty percent of the controller's basic salary for each hour the controller is in an official duty, excused absence, or administrative leave status between midnight and 8:00 a.m. Such midnight shift differential shall be paid for each hour during which such an employee is absent due to a holiday or other nonwork day or when travel is performed between midnight and 8:00 a.m.

"(i) In addition to the controller's basic salary and any other entitled differentials, an air traffic controller shall be paid a weekend differential of twenty-five percent of the controller's basic salary for each hour the controller is in an official duty, excused absence, or administrative leave status between midnight Friday and midnight of the Sunday immediately following. Weekend differential shall be paid for each hour during which such an employee is absent due to a holiday or other nonwork day or when travel is performed between midnight Friday and midnight Sunday.

"(j) In addition to the controller's basic salary and any other entitled differentials, an air traffic controller shall be paid a differential of thirty percent of the controller's basic salary for the duration of the controller's assignments as an on-the-job training instructor.

"(k) The salary of an air traffic controller shall not be subject to the limitations of section 5308 or 5547 of this title.".

HOURS OF WORK

SEC. 4. Chapter 61 of title 5, United States Code, is amended by adding the following new section:

"§ 6102. Workweek for air traffic controllers

"(a) Notwithstanding the provisions of section 6101 of this title, full-time air traffic controllers, whose pay is fixed and adjusted

from time-to-time under section 5376 of this title, are subject to a basic workweek of 32 hours, and to the following additional requirements of employment:

"(1) Assignments to tours of duty must be scheduled in advance over periods of not less than one week.

"(2) The basic 32-hour workweek must be scheduled on four consecutive days, during the weekday period Monday through Friday when possible, and the three days outside the basic workweek must be consecutive.

"(3) The working hours in each day in the basic workweek must be the same.

"(4) The basic nonovertime workday must not exceed eight hours.

"(5) The occurrence of holidays must not affect the designation of the basic workweek.".

RIGHT TO BARGAIN COLLECTIVELY

SEC. 5. (a) Subchapter IV of chapter 71 of title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 7136. Air traffic controller bargaining

(a) Notwithstanding any other provision of law, air traffic controllers, as defined in section 2109 of this title, shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

(b) For the purpose of this section, collective bargaining is the performance of the mutual obligation of the employer and the representative of the employee air traffic controllers to meet at reasonable times and confer in good faith with respect to wages, hours, and other terms and conditions of employment, or the negotiation of an arrangement, or any question arising thereunder, and the execution of a written contract incorporating any agreement reached if requested by either party, but such obligation does not compel either party, but such obligation does not compel either party to agree to a proposal or require the making of a concession.".

(b) The analysis of subchapter IV of chapter 71 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"§ 7136. Air traffic controller bargaining.".

SEC. 6. Subsection (e) of section 8336 of title 5, United States Code, is amended to read as follows:

"(e)(1) The Office of Personnel Management, within 30 days after the effective date of the Air Traffic Controller Act of 1981, shall issue regulations to provide for the following, notwithstanding any provision of this subchapter to the contrary:

"(A) An air traffic controller, as defined in section 2109 of this title, shall be eligible for retirement after 15 years of service as such an air traffic controller.

"(B) Full retirement shall be considered to be 20 years of service as an air traffic controller, regardless of the age of the controller. The retirement income of an air traffic controller for 20 years of service shall be 75 percent of the controller's highest annual gross salary.

"(C) An air traffic controller electing to retire before 20 years of service shall receive an annuity of 75 percent of the controller's highest annual gross salary minus three percent for each year of service less than 20 years.

"(D) An air traffic controller electing to retire after attaining more than 20 years of service shall receive an annuity of 75 percent of the controller's highest annual gross salary plus two percent for each year of service beyond 20 years.

"(E) When an air traffic controller has become eligible for retirement under this subsection, the controller shall receive full credit for all previous service as an employee of the Federal Government, whether civilian, military, or both, in determining the controller's retirement annuity.

"(F) Payment of an air traffic controller's retirement annuity shall commence within 30 days after the effective date of the controller's retirement, with monthly payments in an amount equal to the projected retirement annuity, until regular retirement annuity payments begin.

"(G) Semi-annually, retired air traffic controllers shall receive a cost-of-living adjustment increase equal to any percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, published by the Bureau of Labor Statistics, United States Department of Labor, or an increase of seven percent, whichever is larger.

"(H) An air traffic controller shall qualify for vested rights in the retirement program described in this subsection after five years of service.

"(2) The Federal Aviation Administration shall immediately provide for the full funding of the retirement program described in this subsection.

"(3) Nothing in this subsection shall prevent payment of retirement benefits under any other retirement program or the application of survivor annuities pursuant to section 8341 of this title or any other law.".

ANNUAL AND SICK LEAVE

SEC. 7. Section 6302 of title 5, United States Code, is amended by adding the following new subsection:

"(g) The labor organization certified as the exclusive representative for any unit which includes employees who are air traffic controllers, as defined by section 2109 of this title, may bargain with the representatives of the agency employing such employees over the rate of accrual and accumulation of annual and sick leave by such employees. However, the rates of accrual and accumulation determined through bargaining under this subsection shall not be less than the rates otherwise applicable to employees under chapter 63 of this title.".

EFFECTIVE DATE

SEC. 8. The provisions of this Act shall take effect 90 days after the date of its enactment.●

By Mr. STAFFORD (for himself and Mr. ABDNOR) (by request):

S. 809. A bill to require recovery of certain expenditures of the U.S. Army Corps of Engineers for operation, maintenance, and construction of deep draft channels and ocean and Great Lakes ports of the United States and to authorize such construction on specified circumstances; the Committee on Environment and Public Works.

RECOVERY OF CERTAIN COSTS ASSOCIATED WITH CONSTRUCTION OF DEEP DRAFT CHANNELS AND CERTAIN PORTS

● Mr. STAFFORD. Mr. President, I am today introducing legislation, on behalf of the administration, "to require recovery of certain expenditures of the U.S. Army Corps of Engineers for operation, maintenance, and construction of deep draft channels and ocean and Great Lakes ports of the United States and to authorize such construction in specified circumstances."

I comment the administration on this initiative, and ask unanimous consent that a copy of the bill, as well as the transmittal letter, be printed at this point in the RECORD.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 809

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That as a condition for operation and maintenance by the U.S. Army Corps of Engineers (hereinafter referred to as the Corps) of deep draft channels or ocean or Great Lakes ports of the United States and for the construction or rehabilitation of navigation projects by the Corps to improve deep draft channels and ports that are commenced on or after October 1, 1982, an appropriate non-Federal public body shall agree with the Secretary of the Army (hereinafter referred to as the Secretary) to reimburse the Federal government for Federal expenditures by the Corps for such operation, maintenance, and construction of rehabilitation activities, as provided in this Act, and shall agree to hold and save the United States harmless from liability for damage arising out of such activities, except to the extent that such damage is caused by the fault or negligence of the United States or of its contractors. Reimbursement will be on a port-by-port basis with appropriate share of entrance and connecting channel costs allocated to each port.

SEC. 2. For purposes of this Act, "deep draft channels or Ocean or Great Lakes port of the United States" shall mean waterway channels or ocean or Great Lakes ports of the United States of a federally authorized depth of more than fourteen feet other than those administered by the Saint Lawrence Seaway Development Corporation.

SEC. 3. The requirement in this Act for non-Federal reimbursement to the Federal government for Federal operation and maintenance expenditures by the Corps for deep draft channels or ocean or Great Lakes ports of the United States is effective commencing October 1, 1982. Such payments will be made to the Secretary, on behalf of the United States, no later than September 30, 1983, and annually thereafter, and as approved by the Secretary, may be scheduled and periodically adjusted to result in the repayment of actual operation and maintenance costs. Payments may be scheduled to reflect five year projections deemed reasonable by the Secretary, with subsequent corrections for actual expenditures.

SEC. 4. (a) The requirement in this Act for non-Federal reimbursement to the Federal government for Federal construction or rehabilitation expenditures by the Corps for improvements of deep draft channels or ocean or Great Lakes ports applies to any project for which initial construction funds are provided to the Corps on or after October 1, 1982.

(b) The entire amount of the Federal construction or rehabilitation expenditures to be reimbursed pursuant to the requirements of this Act, including interest during construction, shall be reimbursed within the life of the project but in no event to exceed fifty years after the date the project becomes available for use, as determined by the Chief of Engineers. The interest rate used for purposes if computing interest during construction and interest on the unpaid balance of each construction advance shall be determined by the Secretary of the Treasury, taking into consideration the average market yields during the month preceding the fiscal year in which each advance is made on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the reimbursement period of the project.

(c) This Act shall not be construed to prohibit non-Federal public bodies from securing financing through means other than provided for in this Act.

SEC. 5. Agreements with non-Federal public bodies to carry out obligations required by this Act may relate the timing and extent of such obligations to projects or to separable units, features, or segments of such projects

as the Chief of Engineers determines to be reasonable and otherwise within the requirements of this Act and the authorizations for the improvements concerned. Such agreements may reflect that they do not obligate future State legislative appropriations for their performance or payment when obligating future appropriations or other funds would be inconsistent with State constitutional limitations.

SEC. 6. (a) On or after October 1, 1982, and in accordance with the provisions of this section and any regulations promulgated by the Secretary pursuant to this section, an affected non-Federal public body may provide for the recovery of its reimbursement obligations pursuant to this Act (including its administrative expenditures incurred therefor) by the collection of fees for the use by vessels in commercial waterway transportation in deep draft channels or ocean or Great Lakes ports of the United States (or appropriate segments thereof) whose Federal operation, maintenance, or improvement occasions the reimbursements required by the affected non-Federal public body.

(b) for purposes of this section—

(1) The term "commercial waterway transportation" means any use of a vessel in any deep draft channel or ocean or Great Lakes port of the United States as defined in this Act—

(A) In the business of transporting persons or property for compensation or hire, or

(B) In transporting property in the business of the owner, lessee, or operator of the vessel.

(2) Fees are not authorized for collection for—

(A) Vessels owned and operated by the United States or any other Nation or political subdivision thereof and not engaged in commercial service; or

(B) Vessels used by a State or political subdivision thereof in transporting persons or property in the business of the State or political subdivision.

(C) The Secretary, in consultation with the Secretaries of State, Commerce, Transportation, Treasury, Energy, and Agriculture, the Attorney General of the United States, and the Director of the Office of Management and Budget, may promulgate, and may from time to time revise, regulations and guidelines to govern the programs of non-Federal fee collection that may be undertaken pursuant to the authority of this section.

SEC. 7. This Act shall not be construed to prohibit or otherwise interfere with any Department of the Army or other Federal authority to operate, maintain, or improve any deep draft channel or ocean or Great Lakes port of the United States for purposes of Coast Guard navigation requirements, Department of Navy transportation requirements or any other national defense transportation requirements. Moreover, this Act shall not be construed ot require any non-Federal contribution for navigation costs allocable to vessels owned and operated by the United States or any other Nation and not engaged in commercial service. The Secretary, in consultation with other concerned agencies, shall establish guidelines and determine any cost apportionments that are necessary to carry out this section.

SEC. 8. Monies paid to the Secretary, pursuant to this Act, shall be deposited in the general fund of the Treasury. The Secretary shall report to the Congress on or before September 30, 1982, and annually, before the start of each fiscal year thereafter, on the actual and anticipated receipts of the United States pursuant to this Act and the condition and operation of the cost recovery program required by this Act.

SEC. 9. Provided that an appropriate non-Federal public body agrees, without benefit of the financing available under section 4(b) of this Act, to reimburse the Federal government for all of its construction costs of a project on an annual basis during construction and to begin such reimbursements not later than one year after construction is initiated, the Secretary, acting through the Chief of Engineers, is authorized to study, design, construct, and rehabilitate such a project to improve deep draft channels and ocean and Great Lakes ports of the United States, as defined in section 2 of this Act, and to operate and maintain such channels and ports, at such depths and dimensions and with such dredged material disposal and other related facilities, as the Secretary determines to be justified to insure the safe and efficient conduct of national defense and commercial waterway transportation. Such improvements may be provided and maintained as a Federal project pursuant to laws and policies then in existence and without a requirement for any further congressional authorization.

SEC. 10. There are authorized to be appropriated to the Secretary of the Army such sums as are necessary to carry out this Act.

DEPARTMENT OF THE ARMY,
Washington, D.C., March 25, 1981.

Hon. GEORGE M. BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of legislation "To require recovery of certain expenditures of the U.S. Army Corps of Engineers for operation, maintenance, and construction of deep draft channels and ocean and Great Lakes ports of the United States and to authorize such construction in specified circumstances."

This proposal is a part of the Department of the Army's Civil Works legislative program for the 97th Congress. The Office of Management and Budget advises that enactment of this proposed legislation would be in accord with the program of the President. The Department of the Army recommends that the proposal be enacted by the Congress.

PURPOSE OF LEGISLATION

The purpose of the proposed legislation is to provide for the full recovery of certain operations, maintenance and construction costs of the U.S. Army Corps of Engineers for deep draft ports and their connecting channels with an authorized depth of more than 14 feet. The legislation would also authorize construction in such waterways in specified circumstances.

For operation and maintenance work commenced on or after October 1, 1982, and for construction work for which initial funds are provided on or after that date, an appropriate non-Federal public body must agree to reimburse the Federal Government the full cost not apportioned to the Navy or other Government-owned vessels. Costs which can be apportioned to the use of such channels and ports by such vessels will not be recovered from non-Federal interests. The proposal provides that the non-Federal interest may recover its costs by the collection of fees for the use of the channels for which reimbursement of costs are required. The collection of such fees would be limited to vessels transporting persons or property for compensation or transporting property in the business of the owner, lessee or operator.

In connection with the authority of local public bodies to collect fees from users, the Secretary of the Army would promulgate regulations governing such collections, if needed. These regulations would be designed to foster equity among users and economically efficient use of deep draft ports and channels.

Repayment of construction costs must be within the life of the project, but in no event to exceed 50 years after the date the project becomes available for use. Interest during construction and on the unpaid balance will be based on the yield of U.S. securities during construction. The interest rate applicable to each year's construction expenditures will be used to amortize those expenditures.

In order to encourage and expedite needed port improvements where non-Federal funds are secured through financing independent of this legislation, section 9 would provide authority for the Secretary of the Army, acting through the Chief of Engineers, to study, design, construct, and rehabilitate deep draft channels and port improvements that the Secretary determines to be justified, provided that an appropriate non-Federal public body agrees to reimburse the Federal Government for all of its construction costs for the project on an annual basis during construction. Such improvements could be provided and maintained as a Federal project pursuant to laws and policies then in existence and without a requirement for any further congressional authorization.

The requirements of Section 221 of the Flood Control Act of 1970 will be applied to obtain enforceable agreements. The proposed legislation provides, however, that agreements may reflect State constitutional limitations on obligating future legislatures. This would permit States with such constitutional limitations to participate in harbor and channel improvement projects.

Section 7 would provide that, should non-Federal port interests decline to participate in operations, maintenance or construction activities which are also essential to defense transportation requirements, their lack of participation would not prohibit such work as is required to maintain the defense capability. Channel depths and widths in these instances will be constructed and maintained only to the minimum dimensions required for Navy and other defense transportation requirements.

We recognize that there will be many questions about this proposal that will require careful analysis. However, recovery of Federal costs for deep draft navigation is an important step in balancing the budget. The Department of the Army and other representatives of the Administration will be receptive to proposals to improve the legislation, as it progresses through Congress, to insure the enactment of equitable and workable cost recovery requirements; for example, consultations with Canada are being initiated to further assess Canadian interest in this legislation. We will be in touch with you further once these consultations are completed.

COST AND BUDGET DATA

Enactment of the enclosed legislation would require reimbursement to the Federal Government for navigation expenditures of the U.S. Army Corps of Engineers for operation, maintenance, and construction or rehabilitation activities on the deep draft channels and ocean and Great Lakes ports of the United States which are not related to defense or to non-commercial governmental use. This would result in significant savings to the Federal Government.

ENVIRONMENTAL AND CIVIL RIGHTS IMPACT CONSIDERATIONS

Enactment of enclosed legislation will have no significant environmental or civil rights impacts. Individual Federal activities that occasion the reimbursements required by this Act will only be undertaken pursuant to laws and policies then in existence and after any necessary assessment and review of their impacts.

Sincerely,

EDWARD LEE ROGERS,
Acting Assistant Secretary of the Army (Civil Works).●

By Mr. STAFFORD (for himself and Mr. ABDNOR) (by request):

S. 810. A bill to provide for the recovery of capital and operation and mainte-

nance costs assignable to commercial waterway transportation for certain U.S. Army Corps of Engineers inland waterway projects; to the Committee on Environment and Public Works.

INLAND WATERWAY USER FEE ACT OF 1981

● Mr. STAFFORD. Mr. President, I am today introducing legislation, on behalf of the administration, "to provide for the recovery of capital and operation and maintenance costs assignable to commercial waterway transportation for certain U.S. Army Corps of Engineers inland waterway projects."

I commend the administration on this initiative, and ask unanimous consent that a copy of the bill, as well as the transmittal letter, be printed at this point in the RECORD.

There being no objection, the bill and letter was ordered to be printed in the RECORD, as follows:

S. 810

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Inland Waterway User Fee Act of 1981."

SEC. 2. (a) The Secretary of the Army, in consultation with the Secretary of Transportation, shall prescribe a system of user fees to be levied on commercial waterway transportation on the inland waterway system pursuant to this Act.

(b) The schedule of user fees authorized under this section shall be established yearly on the basis of (1) the anticipated Federal expenditures on behalf of the inland waterway system and various segments thereof; (2) the expected volume of commercial traffic; (3) seasonal and other repetitive peak demands for use of the inland waterways; (4) congestion at various points; and (5) any other factors that the Secretary of the Army finds reasonable and equitable.

(c) The Secretary of the Army, in prescribing a system of user fees under this section, is authorized to utilize, but is not limited to, one or more of the following mechanisms as a way to recover Federal costs from the users of the system: (1) license fees; (2) charges based on ton-miles over a given segment; (3) lockage fees; (4) congestion fees; and (5) charges based on capacity of cargo vessels over various segments of the inland waterway system.

(d) Interim user fees starting October 1, 1981, with final user fees in effect January 1, 1982, shall be adequate to recover 100 percent of anticipated Federal operation and maintenance expenditures assigned to commercial waterway transportation, plus an amount necessary to amortize the capital expenditures for rehabilitation or replacement of existing structures completed after October 1, 1981, over a period of no more than 15 years for rehabilitation or 50 years for replacement, less any amounts collected by the tax on fuel used for commercial transportation on inland waterways.

(e) User fees on new or modified waterways completed for through traffic after October 1, 1981, shall be phased to provide for the full recovery of operation and maintenance and construction costs, with interest, over a period of no more than 50 years from the date of initial movement of through traffic.

(f) User fees collected under this section shall be credited to the Inland Waterways Trust Fund established by Section 203 of the "Inland Waterways Revenue Act of 1978" (P.L. 95–502).

SEC. 3. Failure to pay any user fees prescribed under this Act shall subject the violator to a fine of not more than $10,000 for each day the waterway is used in violation of this Act and prohibit the violator from operating on any portion of the inland waterway system or using any lock on the inland waterways that is operated and maintained by the United States during the period of time the violator has failed to pay the fees prescribed by this Act. Such fine shall be collected and credited to the Inland Waterways Trust Fund.

SEC. 4. For purposes of this Act, Federal expenditures for operation and maintenance and for construction and rehabilitation of inland waterways projects shall be assigned to commercial waterway transportation as follows: (1) for projects authorized only for navigation, 90 percent of all costs less any specific costs for recreation are to be assigned to commercial waterway transportation; (2) for multiple-purpose projects for which costs have been aassigned to navigation, costs assigned to commercial waterway transportation will be in accord with that assignment; (3) for all other multiple purpose projects providing navigation benefits but for which there have been no cost assignments, costs assigned to commercial waterway transportation will consist of all specific navigation costs, plus 10 percent of joint costs except that costs assigned to commercial waterway transportation for the Mississippi River and Tributaries Project will be 25 percent of total project costs. Expenditures on channel improvements for the Mississippi River and Tributaries Project will be considered maintenance.

SEC. 5. The interest rate used pursuant to this Act shall be determined by the Secretary of the Treasury, taking into consideration the average market yields during the construction period on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the reimbursement period of the project.

SEC. 6. Section 204(a) of the Inland Waterways Revenue Act of 1978 is amended by deleting its existing provisions and substituting in lieu thereof the following: "(a) In General—Amounts in the Trust Fund shall be available as provided by appropriations Acts for making operation and maintenance expenditures for navigation on all of the inland and intracoastal waterways of the United States with an authorized depth of 14 feet or less used for commercial transportation, excluding privately constructed and maintained channels and including all waterways described in Section 206 of this Act, and for making capital expenditures for projects that are initiated on those waterways after the date of enactment of this Act."

SEC. 7. As used in this Act, the term—

(a) "Inland waterways" includes all inland and intracoastal waterways of the United States with an authorized depth of 14 feet or less, used for commercial transportation, excluding privately constructed and maintained channels and including all waterways described in Section 206 of the Inland Waterways Revenue Act of 1978 (P.L. 95–502).

(b) "Commercial Waterway Transportation" means any use of a vessel on any inland or intracoastal waterway of the United States—

"(1) in the business of transporting persons or property for compensation or hire, or

"(2) in transporting property in the business of the owner, lessee, or operator of the vessel."

SEC. 8. There are authorized to be appropriated such sums as are necessary to carry out the purposes of this Act.

DEPARTMENT OF THE ARMY,
Washington, D.C., March 25, 1981.

Hon. GEORGE M. BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of legislation "To provide for the recovery of capital and operation and maintenance costs assignable to commercial waterway transportation for certain United States Army Corps of Engineers inland waterway projects."

This proposal is a part of the Department of the Army's Civil Works legislative program for the 97th Congress. The Office of Management and Budget advises that enactment of this proposed legislation would be in accord with the program of the President. The Department of the Army recommends that the proposal be enacted by the Congress.

PURPOSE OF LEGISLATION

The purpose of the proposed legislation is to provide for the full recovery of certain capital and operation and maintenance costs of the U.S. Army Corps of Engineers for inland waterways with an authorized depth of 14 feet or less. This requirement will eliminate the traditional subsidy by the Federal Government for inland and intracoastal navigation projects. The initial step in this direction was enactment of the "Inland Waterway Revenue Act of 1978" which imposed a fuel tax phased in over five years to recover a small portion of the costs for a significant part of the inland and intracoastal system.

The proposed legislation would expand Federal cost recovery to all channels and harbors with authorized depths of 14 feet or less and used for commercial transportation. It would employ a system of fees and charges, rather than further increases in the fuel tax rate, effective on October 1, 1981, to recover the full amount of Federal operation and maintenance costs assigned to commercial waterway transportation not recovered by the fuel tax. An interim system of fees and charges to be initiated in October, 1981, would be based on the best cost and traffic information available at that time and would be modified, if necessary, to adjust for inaccuracies found prior to January 1982. Periodic readjustments would be required after that date to reflect actual cost and traffic experience.

Federal costs assigned to commercial waterway transportation for structural rehabilitation and replacement work completed after October 1, 1981, also will be included in the system of fees and charges, with a 15-year recovery period for rehabilitation work and a 50-year recovery period for replacement work. For new or modified waterways completed for through traffic after October 1, 1981, the Secretary of the Army, in consultation with the Secretary of Transportation, would schedule fees to provide for full recovery, over a period of 50 years or less, of Federal construction and operation and maintenance costs assigned to commercial waterway transportation. The schedule for recovery of costs for new waterways will recognize that an initial growth period is required and that some of the early costs may have to be deferred, with interest, to a later time after waterway traffic has developed sufficiently to bear the full cost.

Recovery of full Federal costs will be assured by recovery of actual expenditures with interest, including interest during construction. Interest rates will more closely reflect the actual interest costs to the Federal Government by using rates established by taking into consideration average market yields during the construction period, on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the reimbursement period of the project or work.

In establishing the user fee system, a wide variety of collection mechanisms would be available, including license fees, waterway segment charges based on vessel capacity or tonnage carried, lockage fees and congestion fees. The choice of fee system would consider the Federal expenditure to be recovered, the timing and expected volume of commercial waterway traffic, and the potential congestion at various points plus other pertinent factors. The objective would be to

develop a user charge schedule and collection system which would minimize disruption to existing and future waterway commercial traffic and promote efficient use of the system while recovering all specified Federal costs except those sunk in projects operational before October 1, 1981. This may result in reduced operations on some marginal segments or in closure of segment which support little commercial traffic now and have no prospect for increases sufficient to permit future cost recovery.

Charges and fees collected under the proposed program would be credited to the Inland Waterway Trust Fund established by the 1978 Act. The 1978 Act would be amended to permit the Fund to be used for operation and maintenance, as well as for construction and rehabilitation expenditures for all authorized inland and intracoastal navigation projects whether or not the project authorization specifically authorizes use of the Fund. There is also a provision prohibiting use of the inland water systems unless fees prescribed by the Act have been paid and for collection of fines in the amount of $10,000 for each day the waterway is used in violation of the Act. Fines would also be credited to the Fund and would be available for appropriation, as would user fees.

Federal expenditures to be recovered under this Act would be those assigned to commercial waterway transportation. The procedures for assigning costs as specified in the proposed legislation would, where there has been no previous cost assignment, assign only a portion of the total costs to commercial waterway transportation in recognition of the benefits incident to other purposes which are not readily identified. Judgments will be required in certain cases where the authorizing documents are not specific as to the extent other purposes receive benefits or are authorized. In these cases, we will consider projects to be authorized only for navigation.

We recognize that there will be many questions about this proposal that will require careful analysis. However, recovery of Federal costs for the inland and intracoastal waterway system is an important step in balancing the budget. The Department of the Army and other representatives of the Administration will be receptive to proposals to improve the legislation as it passes through Congress, to ensure the enactment of equitable and workable cost recovery requirements.

COST AND BUDGET DATA

Enactment of the enclosed legislation would require reimbursement to the Federal Government for navigation expenditures by the U.S. Army Corps of Engineers for commercial waterway transportation on the inland and intracoastal waterways of the United States. This would result in significant savings to the Federal Government.

ENVIRONMENTAL AND CIVIL RIGHTS IMPACT CONSIDERATIONS

Enactment of the enclosed legislation will have no significant environmental or civil rights impacts. Individual Federal activities that occasion the reimbursements required by this Act will only be undertaken pursuant to existing or future congressional authorizations, and after any necessary assessment and review of their impacts.

Sincerely,

EDWARD LEE ROGERS,
Acting Assistant Secretary of the Army (Civil Works).●

Mr. DOLE (for himself, Mr. NICKLES, Mr. JOHNSTON, and Mr. BENTSEN):

S. 811. A bill to amend the Powerplant and Industrial Fuel Use Act of 1978 to permit local distribution companies to continue natural gas service to residential customers for outdoor lighting fixtures for which natural gas was provided on the date of enactment of such act, and for other purposes; to the Committee on Energy and Natural Resources.

LEGISLATION RELATING TO OUTDOOR GAS LIGHT FIXTURES

● Mr. DOLE. Mr. President, I am pleased to have Senator NICKLES, Senator JOHNSTON, and Senator BENTSEN join me in introducing a bill that will have the effect of amending section 402 of the powerplant and industrial gaslights to retain service to their lights. According to present provisions, residential gaslight owners will have their service terminated on January 1, 1982.

This bill is identical to the legislation which was cosponsored by 134 Members of the House during the 96th Congress and which passed the House by unanimous consent on December 13, 1980. It amends section 402 by removing the requirement that existing residential gaslights be extinguished by January 1, 1982.

My reasons for offering this bill are twofold. First, section 402 was included in the Fuel Use Act at a time of an apparent shortage of natural gas. Recent statistics show a continued improvement on the natural gas supply side. Furthermore, we have recently witnessed record levels of gas well drilling—an indicator of further supply side improvements. Since extensive supplies of natural gas are currently available, I believe that we should seriously consider the problems which have arisen as a consequence of section 402(b).

Second, the natural gas savings realized by section 402 are minimal—14 hundredths of 1 percent of gas usage—but an elaborate administrative apparatus would nevertheless be required to administer its enforcement. This bill will continue to encourage conservation but it will allow the consumer the opportunity to make a decision by informing him or her of the cost of retaining gas lighting rather than forcing the consumer to make a costly conversion to electrical lighting. But, then the gaslight prohibition is costly to everyone—the Federal Government, the States, municipal governments, gas companies, and the consumer.

Whether or not they own gaslights, taxpayers will, of course, have to foot the bill; just as they have paid for development and promulgation of Federal regulations by the Government. And, they will pay for the States and in some cases the municipalities to enforce the regulations—not to mention having to respond to the thousands of requests for exemptions that will undoubtedly be generated by enactment of the law.

This bill will not change the prohibition contained in section 402 against installing new gaslights. The bill simply attempts to remedy an inequity that results from forcing persons who have installed these lights in the past to convert to electricity when the necessity for doing so is nonexistent. In order to discourage the use of natural gas for outdoor lighting, the measure still requires local distribution companies to periodically inform customers about the amount and annual cost of natural gas consumed in an average outdoor light. I believe that current gas supply data, combined with logic, mandate the amendment of section 402 of the Powerplant and Industrial Fuel Use Act.●

BY Mr. METZENBAUM:

S. 813. A bill to modify the project for Ashtabula Harbor, Ohio, to authorize the enlargement of a turning basin; to the Committee on Environment and Public Works.

EXPANSION OF ASHTABULA HARBOR

Mr. METZENBAUM. Mr. President, today I am introducing legislation to authorize expansion of Ohio's Ashtabula Harbor in order to enable large shipping vessels to trade at this historically important port. Expansion is urgently needed to permit the harbor's turning basin to accommodate the newer "1,000 footer" cargo vessels that are in use today. Without such a project, this harbor's future as an important trading port will be jeopardized. And without these trading activities, the economies of the surrounding communities will also suffer.

Mr. President, Ashtabula has a long history as one of the largest iron ore and coal handling ports on the Great Lakes. The steelmaking industries of the Mahoning Valley area of Ohio and the Pittsburgh area of Pennsylvania depend heavily upon the iron ore shipped into the Ashtabula Harbor. In addition, Ashtabula has served as a key point of departure for coal exports. And in recent years, the quantity of coal shipped out of Ashtabula to Canada and other foreign markets has increased substantially.

But unless the harbor's turning basin is expanded—and expanded soon—the port will soon become obsolete. That is because almost all of the orders for vessels being constructed today are of the 1,000-foot variety. Enlargement is urgently needed to avoid damage to these vessels' propellers, rudders, and hulls.

The Port of Ashtabula curently handles an estimated 12 million tons of cargo a year and shipping companies in the area envision a growing trade—but only if larger ships can use the harbor. Last year, the Corps of Engineers, recognizing the restrictive size of the harbor for the larger vessels, removed 250 feet of the breakwater from the entrance of the Minnesota slip to give the larger vessels access to this part of the harbor. The outer harbor is still too restrictive for larger vessels.

My bill would correct this problem. It is simple and straightforward. The bill provides for extending that section of the harbor known as area E eastward for up to 500 feet and northward to within 150 feet of the east breakwater.

This expansion will help to insure that Ashtabula Harbor will remain a viable and vital port on the Great Lakes. I ask unanimous consent that the text of this bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 813

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the project for Ashtabula Harbor, Ohio, author-

ized by the Rivers and Harbors Act of 1965 (Public Law 89-298) is hereby modified to authorize the enlargement of the turning basin known as area E by extending it eastward for up to five hundred feet and northward to within one hundred and fifty feet of the United States east breakwater.

By Mr. NUNN (for himself, Mr. CHILES, Mr. RUDMAN, and Mr. BOREN):

S. 814. A bill to improve the administration of criminal justice with respect to organized crime and the use of violence; to the Committee on the Judiciary.

ORGANIZED CRIME ACT OF 1981

● Mr. NUNN. Mr. President, on behalf of myself and Senators CHILES, RUDMAN, and BOREN, I am today introducing the Organized Crime Act of 1981.

This bill is the outgrowth of extensive hearings I chaired last year in the Permanent Subcommittee on Investigations on organized crime and the use of violence.

Its specific purpose is to assist the Federal Government to combat the violent aspects of organized criminal activity. Since it would be generally applicable, however, it also would serve to bolster the Government's efforts to fight all violent crime which has become one of our most serious and alarming domestic problems.

A number of our specific provisions were advocated during our hearings last April and May by FBI Director William Webster and the then Assistant Attorney General for the Criminal Division, Philip B. Heymann. Their recommendations were amplified by the testimony of other law enforcement officials and the evidence we received.

Our hearings painted an alarming picture of organized crime and its use of violence. As Judge Webster testified, organized crime consists of "various groups engaged in an enormous, structured and deadly serious illegal business that rely on violence to maintain themselves."

Even though organized crime has become richer and somewhat more sophisticated, the testimony we received indicated that it still relies on intimidation and violence to achieve its ends, just as it did in the days of Al Capone, Lucky Luciano, and the prohibition wars of the 1920's.

Perhaps the most alarming display of this legacy of violence today is organized crime's use of force and threats to take over otherwise legitimate businesses.

We heard dramatic testimony from a former Kansas City, Mo., businessman who was "muscled" by the Mafia outfit in that city. His father and some of his best friends were murdered when he refused to cooperate with the mob, and eventually his entire business literally was bombed out of existence.

That businessman was forced to join the Federal witness security program, tear up his roots and secretly move to another location where he now lives under a new identity.

The outfit threatened the lives of the businessman's relatives the very night he testified before our subcommittee. He has paid a very high price. He now lives under the constant threat of mob violence, yet he has not yielded to these [illegible].

Mobsters today know no ethnic bounds, especially when narcotics trafficking rings are considered within the broad category of organized criminal activity. As Peter B. Bensinger, Administrator of the Drug Enforcement Administration, testified—

> There is no one specific ethnic stereotype that is synonymous with "organized crime." The composition of organized crime syndicates varies from place to place, from year to year.

The subcommittee received other testimony which illustrated the variety of criminal groups operating today. We learned of the Mafia—or la Cosa Nostra, as it is called by its members. We heard about narcotics rings made up primarily of Colombians or Cubans, of prison gangs built around a nucleus of Mexican Americans, of a loose confederation of thugs known as the Dixie Mafia.

As diverse as the groups may be, however, they share one thing in common: the use of violence to enforce discipline within their organizations and to work their will on others, such as rival gangs or legitimate businessmen.

Gang warfare still exists, especially among rival narcotics organizations. We heard testimony that in Dade County, Fla., police investigated 189 murders in 1979 alone—an increase of 81 percent since 1976. Of those 189 murders, 42 were determined to have been drug related. Many of these murders remain unsolved. Most of them apparently resulted from shootouts between rival gangs. This type of open warfare reaches beyond gang members, however, for they have been known to open fire in parking lots and on the freeways of south Florida—thereby endangering innocent bystanders.

This growth of violence in the drug trade was particularly disturbing to Capt. Marshall Frank of the Dade County Public Safety Department, who testified—

> What is particularly frightening both to law enforcement agencies and the community in general is the rampant and savage nature of these crimes. Some have drawn an analogy between the "Cocaine Cowboys" and the Mafioso killing of the roaring twenties. . . . I would venture to say that the Mafia might well have taken lessons from this more contemporary band of criminals.

Quite often gang wars are carried out through contract killings or murder for hire in which someone is paid to carry out a "hit" on a rival mobster or even a member of the same gang. There have been numerous cases, especially within the fraternity of drug traffickers, in which contracts have been placed on the lives of judges, prosecutors, and investigators—and especially on witnesses who testify against members of the ring.

Our subcommittee has established that thousands of murders over the past decade were mob related. The brutal slaying of Federal District Judge Wood in Texas was evidence that mob violence is not the stuff of fiction. It is very, very real.

The role of the Federal Government in combatting violent crime is limited by the Constitution, which reserves the general police power and responsibility to the States. The Federal establishment does have an important role, however, when crimes of an interstate nature are involved. Traditional organized crime families and other groups, such as narcotics rings and prison gangs, commonly operate across State lines. Many of their activities fall squarely within the Federal jurisdiction, and the Government has been active in this type of law enforcement for years.

The bill we introduce today would extend Federal jurisdiction in the area of contract murders in cases in which the Attorney General deems it necessary to assist State and local law enforcement authorities. Prime responsibility in murder-for-hire cases would continue to rest at the local level, but the FBI would be able to exercise jurisdiction in certain investigations.

Otherwise, our bill is designed to strengthen the hand of Federal agencies in dealing with the violent aspects of organized criminal activity. Most of its provisions extend the protections afforded Federal law enforcement personnel and their families and potential as well as actual Government witnesses and informants.

The bill contains the following 10 provisions:

First, we would grant limited Federal jurisdiction over cases involving contract killings or murder for hire.

Second, we would amend the Federal assault statute to cover all Government personnel who investigate and prosecute Federal criminal offenses and who gather national security intelligence.

Third, we would make it a Federal crime to harm or threaten the families of Federal law enforcement officials.

Fourth, we would amend the obstruction of justice statute to cover informants and potential witnesses as well as witnesses who actually are under subpena to testify.

Fifth, we would amend the Freedom of Information Act to increase protection of information which would tend to identify confidential informants as well as information which would positively identify such individuals.

Sixth, we would allow the Government to apply for a reduction in the sentence of a defendant who cooperates with the Government.

Seventh, we would increase the penalties a Federal judge may impose when a Federal crime is committed through the use of violence.

Eighth, we would permit Federal judges to seal those portions of wiretap documents which could reveal ongoing criminal investigations or wire intercepts.

Ninth, we would allow State and local law enforcement officials limited access to Federal grand jury information when they are assisting in the investigation or prosecution of a Federal offense.

Tenth, we would permit Federal judges to consider the danger a defendant poses to the community when setting release on bail.

I was pleased to note in a recent dispatch in the New York Times that the

Justice Department has been giving serious consideration to supporting our proposals.

Mr. President, I ask unanimous consent that the text of the bill and a section-by-section analysis of it be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 814

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be referred to as "The Organized Crime Act of 1981".

SEC. 2. Title 18, United States Code, is amended by adding a new section 1118, as follows:

"Section 1118.—Contract Murder.

"Section 1118.—(a) Definitions.

"(b) Commissioning, or committing a contract murder, attempted contract murder, or contract assault.

"(c) Attorney General guidelines.

"(d) Effect on existing Federal cooperation with State authorities.

"(e) Effect on State law."

"(a) DEFINITIONS.—As used in this Chapter:

"(1) 'Contract Murder' means a murder, attempted murder or assault which violates the laws of the State where the prohibited acts were committed or commissioned, and which was commissioned, committed or attempted to be commissioned or committed by any person offering, providing, agreeing to provide, threatening to cease providing or soliciting, receiving or agreeing to receive anything of value.

"(2) 'Commission or commissioned' means offering, planning, instructing, ordering, coercing, or otherwise initiating or being instrumental in a contract murder or attempted contract murder.

"(3) 'Anything of value' means anything tangible or intangible the offering party agrees to provide or the receiving party agrees to receive in exchange for committing or attempting to commit a contract murder as defined in this Chapter, and may include, but is not limited to, tangible items such as money, land or position, or intangible items such as gaining favor, anticipation of rewards for services performed or other similar items.

"(4) 'Superior' means any person exerting direct or indirect responsibility, authority, control or influence over another person.

"(5) 'Subordinate' means any person who is directly or indirectly responsible to or under the authority, control, or influence of another person.

"(b) COMMISSIONING OR COMMITTING A CONTRACT MURDER, ATTEMPTED CONTRACT MURDER OR CONTRACT ASSAULT.—

"(1) Any person who offers, provides, agrees to provide, threatens to cease providing, solicits, receives or agrees to receive anything of value as consideration for the commission of a murder, attempted murder, or assault which violates the laws of the State in which the prohibited acts were committed or commissioned shall be fined not more than $10,000 or imprisoned for not more than ten years, or both; and if personal injury results, shall be fined not more than $50,000 or imprisoned for not more than 20 years, or both; and if death results, shall be fined not more than $100,000 or be imprisoned for any term of years or for life, or both.

"(2) In any prosecution under this section, if it is shown that there was present—

"(A) a direct or indirect contact or communication between two or more persons involving an offer, agreement or solicitation to commit a contract murder, or

"(B) a direct or indirect contact or communication between a superior and a subordinate involving an offer, agreement, or solicitation to commit a contract murder,

then there is prima facie evidence that the prohibited acts described in subsection 1118(b)(1) were committed and commissioned for anything of value.

"(3) Any person who uses actual or threatened force, violence or fear, or any person who uses his reputation for being a person who uses force and violence, to coerce or attempt to coerce another person to commit a murder, attempted murder, or assault in violation of the law of the State in which the prohibited acts were committed or commissioned shall be in violation of this section and shall be subject to the penalties set forth in subsection 1118(b)(1).

"(c) ATTORNEY GENERAL GUIDELINES.—The Attorney General shall, by regulation, designate criteria for federal participation in the investigation and prosecution of contract murders as defined in this section; provided, however, that these criteria are to be used solely for the purpose of providing comity with State and local authorities and to preserve and coordinate the limited resources of the Federal government, and in no way shall limit the authority of the Federal government to investigate and prosecute violations of this section.

"(d) EFFECT ON EXISTING FEDERAL COOPERATION WITH STATE AND LOCAL AUTHORITIES.—Nothing in this section shall compromise or otherwise affect the ability of federal officials to assist State and local officials upon request.

"(e) EFFECT ON STATE LAWS.—This chapter shall not preempt any field of law with respect to State legislation which would be permissible in the absence of this section. No law of any State which would be valid in the absence of section 1118 and no officer, agency, or instrumentality of any State may be deprived by virtue of section 1118 of any jurisdiction over any offense over which it would have jurisdiction in the absence of section 1118."

SEC. 3. Section 1114 of title 18, United States Code, is amended by adding after "Department of Justice," the following: "any attorney, agent, or employee of the United States Government employed to investigate or prosecute violations of federal criminal statutes, or any officer or employee of any department or agency within the Intelligence Community (as defined in section 4–207 of Executive Order 12036 of January 24, 1978, or successor orders),".

SEC. 4. (a) Chapter 7 of title 18, United States Code, is amended by adding at the end thereof a new section 115, as follows:

"§ 115. Protection of families of Federal officers.

"Any person who assaults, maims, kidnaps, murders or threatens to assault, maim, kidnap or murder the spouse, parent, brother, sister, child, ward, or other relative by blood or marriage, of any person designated in section 1114 of this title, with intent to impede, intimidate, interfere with, or retaliate against, the designated person while engaged in or on account of the performance of his official duties, shall be fined not more than $10,000 or imprisoned not more than ten years, or both. If a dangerous weapon is used in the commission of the offense, he shall be fined not more than $20,000 or imprisoned not more than fifteen years, or both. If personal injury results, he shall be fined not more than $50,000 or imprisoned for not more than twenty years, or both. If death results, he shall be imprisoned for any term of years or for life."

(b) The analysis of Chapter 7 of title 18, United States Code, is amended by adding at the end thereof the following:

"115. PROTECTION OF FAMILIES OF FEDERAL OFFICERS."

SEC. 5. Section 1503 of title 18, United States Code, is amended to read as follows:

"§ 1503. Influencing or injury officer, juror, witness, potential witness, or informant.

"Any person who corruptly, or by threats or force, or by any threatening letter or communication, endeavors to influence, intimidate or impede any witness, potential witness, or informant in any court, Grand Jury or other proceeding of the United States or before any United States commissioner or other committing magistrate, or any grand or petit juror, or officer in or of any court of the United States, or officer who may be serving at any examination or other proceeding before any United States commissioner or other committing magistrate, in the discharge of his duty; or who injures any party, witness, potential witness, or informant in his person or property on account of his attending, having attended, or his potential participation in such court, grand jury, or other proceeding or examination before such officer, commissioner, or other committing magistrate, or on account of his testifying, having testified, being a potential witness to, or providing information on any matter pending therein; or who injures any such grand or petit juror in his person or property on account of any verdict or indictment assented to by him, or on account of his being or having been such juror; or who injures any such officer, commissioner or other committing magistrate in his person or property on account of the performance of his official duties; or who corruptly or by threats or force, or by any threatening letter or communication, influences, obstructs, or impedes, or endeavors to influence, obstruct or impede the due administration of justice, or who corruptly or by threats or force or by any threatening letter or communication endeavors to influence, intimidate or impede any witness, potential witness or informant with intent to hinder, delay or prevent the communication to a law enforcement officer of information relating to an offense or possible offense, shall be fined not more than $10,000 or imprisoned not more than ten years, or both."

SEC. 6. Section 552(b)(7)(D) of title 5, United States Code, is amended by inserting the term, ", or tend to disclose," after the word "disclose".

SEC. 7. Rule 35 of the Federal Rules of Criminal Procedure is amended by adding a new paragraph to subsection (b) to read as follows:

"The court may also reduce a sentence at any time upon the application of the Attorney General, or any Department of Justice attorney specially designated by the Attorney General, when a convicted defendant provides substantial assistance in the identification, investigation, indictment, arrest, or conviction of any of the defendant's accomplices, accessories, co-conspirators, principals, or other persons engaged in criminal conduct. Any such motion may be filed and heard on an ex parte motion in camera. The judge hearing such motion may reduce the sentence of the defendant if he finds that the defendant rendered such substantial assistance."

SEC. 8(a) Chapter 227 of title 18, United States Code, is amended by adding at the end thereof a new section 3579, as follows:

"§ 3579. Increased penalties for violent offenders.

"(a) Notwithstanding any penalties in any other Act of Congress prescribing penalties for offenses against the United States, and in addition to those penalties, where a crime is carried out through the use, or threatened use, of violence, or with the use of a dangerous weapon or destructive device, the court may also sentence the defendant to pay a fine of not more than $25,000 or to imprisonment for not more than five years, or both; and if a dangerous weapon or destructive

device is used, to pay a fine of not more than $50,000 or to imprisonment for not more than ten years, or both; and if serious bodily injury or death results, to pay a fine of not more than $100,000 or to imprisonment for any term of years or to life imprisonment, or both.

"(b) As used in this section—

"(1) 'dangerous weapon' means (a) a firearm; (b) a destructive device; or (c) any other weapon, device, instrument, material, or substance, whether animate or inanimate, that is used or is intended to be used and is capable of producing death or serious bodily injury;

"(2) 'destructive device' means an explosive, an incendiary material, a poisonous or infectious material in a form that can readily be used to cause serious bodily injury, or a material that can be used to cause a nuclear incident as defined in section 11 of the Atomic Energy Act of 1954 (42 U.S.C. 2014 (q)); and includes a bomb, grenade, mine, rocket, missile, or similar device containing an explosive, an incendiary material, or a material that can be used as a chemical, biological, or radiological weapon;

"(3) 'serious bodily injury' means bodily injury which involves (a) a substantial risk of death; (b) unconsciousness; (c) extreme physical pain; (d) protracted and obvious disfigurement; or (e) protracted loss or impairment of the function of a bodily member, organ, or mental faculty."

(b) The analysis at the beginning of Chapter 227 of title 18, United States Code, is amended by adding at the end thereof:

"3579. Increased penalties for violent offenders."

SEC. 9. Section 2518(1)(e) of title 18, United States Code, is amended by adding", provided that any information as to previous applications which might compromise a current or pending case or investigation shall be reviewed by the judge in camera" after "each such application".

SEC. 10. Title 18, United States Code, is amended by adding a new section 2521, as follows:

"§ 2521.—Limitations on Disclosures to Protect On-going Criminal Investigations.

"(a) If the disclosure of any information contained in the affidavits, application, orders or accompanying documents required by this chapter would tend to disclose the existence of other pending investigations or wire interceptions, a federal district court judge may seal, use in camera proceedings, or other procedures to insure that the portion or portions of such documents which may disclose an on-going criminal investigation or wire intercept are not disclosed. In making his decision, the judge shall consider the legal rights of any party receiving or requesting access to such documents and whether or not the portion or portions concerning on-going criminal investigations or wire intercepts are essential to protect any statutory or constitutional right claimed by such party.

"(b) The Attorney General or any attorney specially designated by him may make application to a federal district court judge to seal, hold in camera proceedings or use other appropriate procedures to protect the confidentiality of information relating to on-going criminal investigations or wire intercepts as described in subsection 2521(a) of this title."

SEC. 11. (a) Rule 6(e)(3)(A) of the Federal Rules of Criminal Procedure is amended by adding at the end thereof the following:

"(iii) a state or local law enforcement official duly authorized as an agent of the grand jury, where such an official is assisting an attorney for the government in the enforcement of federal criminal law."

(b) Rule 6(e)(3)(B) of the Federal Rules of Criminal Procedure is amended by substituting the words "subparagraphs (A)(ii) and (A)(iii)" for "subparagraph (A)(ii)".

SEC. 12. (a) Subsection (a) of section 3146 of title 18, United States Code, is amended by adding the words: ", or pose a danger to any other person or to the community." to the first sentence in subsection (a) which presently ends with the word "required".

(b) Section 3146 of title 18, United States Code, is amended by adding a new subsection (c) to read as follows:

"(c) In determining whether or not the accused will pose a danger to any other person or to the community the judicial officer shall take into account the same considerations required in section 3148 of title 18, United States Code."

(c) Section 3146 of title 18, United States Code, is amended by renumbering the present subsections (c), (d), (e), (f), and (g) as subsections (d), (e), (f), (g), and (h).

ORGANIZED CRIME ACT OF 1981—SECTION-BY-SECTION ANALYSIS

Section 1 permits the legislation to be referred to as the "Organized Crime Act of 1981."

Section 2. Murder-for-hire:

Section 2 would make it a federal offense to commission or commit a "contract murder," which is defined as a murder, attempted murder or assault which violates state law and which was commissioned or committed in a situation where anything of value was used as consideration for the prohibited acts.

Subsection (a) defines the terms (1) contract murder, (2) commission or commissioned, (3) anything of value, (4) superior, and (5) subordinate.

Subsection (b)(1) contains the prohibited acts and penalties.

Subsection (b)(2) anticipates many situations where the Government will not have hard or conclusive proof that "anything of value" was exchanged. This section creates "prima facie" evidence that "anything of value" was exchanged when the Government can prove that, for instance, a superior in a criminal organization ordered his subordinate to commit the prohibited acts. This section follows the language of the federal loan-sharking statute (18 USC 892) and it is clearly permissible constitutionally to create a statutory prima facie showing in an evidentiary area that is difficult to prove.

Subsection (b)(3) subjects a person who uses force or violence to coerce another to commit a murder, attempted murder or assault to the penalties of subsection (b)(1).

Subsection (c) gives the Attorney General the authority to prescribe guidelines which would be used to initiate federal involvement in contract killings [up to now a state matter]. This section would ensure that the federal government coordinated its efforts with the state government and, more importantly, would ensure that the limited resources of the federal Government were not swamped with requests to handle local murders.

Subsection (d) merely continues the present practice of allowing federal agencies to assist local law enforcement in particularly difficult criminal investigations.

Subsection (e) makes it clear that the federal Government is not taking any authority away from the States or pre-empting the States in any way from pursuing investigations under state laws.

Section 3. Assault on Federal Officers:

The federal assault statute (18 U.S.C. 1114), which provides penalties for persons who assault federal officers in an attempt to intimidate or retaliate against federal officials who investigate or prosecute them, is unclear in some respects as to which officials it covers and, in some instances, specifically does not cover certain federal investigators and prosecutors. There is a real question, for example, as to whether ATF agents are covered. Moreover, nowhere is mention made of Strike Force attorneys, other special units of Justice Department attorneys, or Inspector General personnel.

To solve this dilemma without any need to specifically identify each position covered (since government reorganization can easily change the description or duties of federal law enforcement officers), section 3 would cover "any attorney, agent or employee of the United States employed to investigate or prosecute violations of federal statutes." This language will cover any loopholes that now exist.

In addition, intelligence officers are not now covered under the federal assault statutes. Therefore, the proposed amendment would include "any officer or employee of any department or agency within the Intelligence Community (as defined in section 4-207 of Executive Order 12036, January 24, 1978, or successor orders)."

Section 4. Protection of families of federal law enforcement officials:

Similar to the extension of the federal assault statute, the indiscriminate use of violence stands a good chance of affecting the families of federal law enforcement officials who may be subject to intimidation or retaliation. Section 4, therefore, makes it a crime for any person to assault, murder, threaten, etc., the spouse, parent, brother, sister, child, ward, etc. of any law enforcement official with an intent to intimidate, interfere with or retaliate against that federal officer in the performance of his duties.

Section 5. Protection of potential witnesses and informants:

Section 5 amends the obstruction of justice statute (18 U.S.C. 1503) to expand the class of persons protected from coercion, intimidation or injury because of their cooperation with the government. The act as it now stands covers only actual witnesses. This not only necessitates the government having to offer proof of the victim's status as a witness, such as the *prior* service of a subpoena, but it neglects the protection of two classes of individuals that need protection even more than a subpoenaed witness. Those are:

(1) The potential witness who has vital information but has not gone through the formality of being served with a grand jury or trial subpoena or of whom the government is not aware at that point in time; and

(2) The informant who deals with dangerous criminals on a close personal basis and is immediately suspect if law enforcement intervention is even suspected.

Section 6. Freedom of Information Act Amendment:

This amendment to 5 U.S.C. 552(b)(7)(D) is designed solely to increase the protection afforded to informants and persons who cooperate with the government anonymously by expanding slightly the current exemption in the Freedom of Information Act to include not only information which would, if released, positively identify an informant but also any information that "may *tend* to disclose the identity of an informant."

Section 7. Reduction of sentence for cooperating defendant:

Section 7 permits the Government to apply to Court to reduce the sentence of a cooperating defendant under Rule 35 of the Federal Rules of Criminal Procedure.

Such applications are not permitted under the present Rule. Consequently, there is little incentive for a prisoner to cooperate with the government after he has been sentenced.

Furthermore, cooperating prisoners usually are in fact treated much more harshly than those who do not cooperate. The facilities they are housed in cause them to do "harder time" than the average prisoner by not being able to use the facilities, training, education and family visits that a regular

prisoner has. Sometimes the only way these cooperating prisoners can protect themselves is to go into solitary confinement and refuse to eat for fear of contaminated or adulterated food.

Section 7 creates a mechanism whereby the federal Government could apply to a federal judge to reduce a prisoner's sentence if that prisoner provides substantial assistance in the identification, indictment, investigation, arrest or conviction of any person engaged in criminal conduct. This procedure will be heard in camera to protect the prisoner and the investigation.

Section 8. Increased penalties for violent offenders:

Section 8 allows a federal judge to impose an increased sentence on a person convicted of a federal crime which was carried out through the use or threatened use of violence. Such a sentence could be imposed in addition to the penalties provided by other criminal statutes.

Section 9. Amendment to Federal Wire Interception Act to protect on-going investigations:

The current federal wiretap statute (18 U.S.C. 2510, et seq.) requires that when a federal official applies to a federal court for a wiretap order, he must reveal in documents filed the facts surrounding all other applications for electronic surveillance involving any of the same persons, facilities or places.

Because many wiretap cases cause collateral investigations or "spin-offs," and because for a myriad of reasons different federal investigations move at varying speeds, a wire intercept identified in a court document may be and often is relevant to a yet unrevealed on-going criminal investigation or wire intercept. Thus, when defense attorneys in one matter are provided access to court wiretap documents—as they have a statutory right to have—this may inadvertently disclose and jeopardize the existence of pending criminal investigations.

Section 9 allows the Department of Justice to apply to a federal judge for an order to seal, to hold in camera proceedings, or to conduct some other procedure which would ensure that the portion or portions of court documents that might disclose on-going investigations or wire intercepts would be kept secret. It instructs the judge to weigh the legal rights, if any, of any party requesting or receiving such wiretap documents and whether or not the portions sought to be protected concerning on-going investigations are essential to protect any statutory or constitutional right of the party seeking the wiretap documents.

Section 10. State and local law enforcement access to federal Grand Jury information:

Local, state and federal officials must work together closely to investigate and prosecute organized crime. Yet when the forum moves to the federal Grand Jury, present law excludes local and state officials, who cannot be told anything about the Grand Jury investigation. Often local and state officials develop witnesses and evidence to prove a federal crime. They actively participate and assist the federal investigators and prosecutors, yet when the matter is put before a federal Grand Jury, they are excluded and their valuable assistance is lost. Moreover, Grand Jury information cannot even be passed on to them in an effort to have these state and local officials follow up on leads developed in the Grand Jury.

Existing law allows the government attorney in the Grand Jury to disclose Grand Jury information to such government personnel as he deems necessary to assist him in enforcing the federal law. However, the words "government personnel" have been given a narrow interpretation to mean federal government personnel. Thus, while a federal prosecutor in the Grand Jury may disclose Grand Jury information to an S.E.C. official, for instance, who is an expert in stock manipulation, he cannot share that information with the state and local authorities who investigated the case.

Section 10 provides for limited access of federal Grand Jury information to State and local enforcement officials under the aegis of the federal prosecutor. The disclosure of this information to State and local personnel will still be governed by a section of Rule 6, which prohibits any person who gains access to Grand Jury information from using it in any manner other than to assist the federal prosecutor in developing a federal case. In addition, yet another section of Rule 6 mandates that the government attorney provide a federal judge with the names of all persons to whom Grand Jury material has been disclosed. These provisions will provide adequate penalties and an effective mechanism to determine responsibility in the event of unlawful disclosure by State or local personnel.

Section 11. Bail Reform:

Section 11 allows a federal judge to consider whether or not the accused is a danger to any other person or to the community in setting pre-trial bail. This would allow the judge to consider, for instance, whether or not the accused is likely to continue selling narcotics, extorting victims, robbing banks or whether he is likely to be a danger to the witnesses or the community by his continuing criminal behavior.

The accused would be permitted a due process hearing and a federal judge would have to make a finding that the person is a "danger to the community."

The federal bail statute (18 USC 3146) presently allows the judge to consider only whether or not the accused is likely to appear in court. It allows for no other consideration in releasing the accused at the pretrial stage. On the other hand, under present law concerning post-conviction bail consideration, the judge is allowed to consider whether or not the accused will "pose a danger to any other person or to the community."

Section 11 will bring the two federal bail statutes into conformity●

● Mr. CHILES. Mr. President, I am pleased to join with Senator NUNN in introducing this important piece of legislation. Its passage would be of invaluable assistance in our efforts to bring violent crime under control.

Violent crime is on the rise across the Nation, and it has become a critical problem in Florida, where the violent crime rate has jumped by 38 percent in the last 9 months alone. Moreover, Florida has become the port of entry for a multibillion dollar international drug smuggling enterprise, which has mushroomed into a $7 billion a year criminal activity. One major characteristic of this activity has been its use of violence. In Dade County, murders have increased by 61 percent in the last year, and Drug Enforcement Agency officials estimate that fully half of the murders committed were drug related. When you add together violence and large-scale drug smuggling, you get organized crime.

It is unrealistic to expect local law enforcement agencies to be able to cope with this situation by themselves. The drug smugglers are well organized, well financed, and operate across State or even national boundaries. Only through coordinated activity, spearheaded by the Federal Government, can the people who control these activities be brought to justice. This nearly always means sophisticated investigations and lengthy grand jury proceedings. Unless we have the laws in place which will facilitate these coordinated law enforcement activities, we will be hard pressed to turn the tide against organized crime.

The Permanent Subcommittee on Investigations, through its hearings on narcotics smuggling, underscored the need to modify statutes which inadvertently make it difficult to trace the financial dealings of drug dealers. Senator NUNN and I have already introduced legislation which would enable the Internal Revenue Service to play a more active role in catching the top-level narcotics dealers. The hearings also revealed that the military is unable to pass along information concerning the whereabouts of the boats and planes of smugglers which the military detects on its radar. To remedy that problem, we introduced a bill which would make it easier for the military to cooperate with local law enforcement officials in catching drug smugglers.

Organized crime is deeply involved in drug trafficking, but it is involved in many other ventures as well. Just last month, the Permanent Subcommittee on Investigations held a series of hearings on the influence of organized crime on the waterfront industry. The information brought forward in those hearings suggests that organized crime has become deeply entrenched in the dock workers unions, and consequently has obtained a measure of control over the Nation's shipping industry.

As I mentioned earlier, sophisticated investigations are essential if we are to crack open the nerve center of organized criminal activities. The bill we are introducing today will enhance the efficiency of those investigations. Moreover, we need to strengthen the deterrents against the use of violence and contract killings, especially when they are used by organized crime as a tool to carry out its objectives. This bill does that, too.

First, the bill increases protection for Federal law enforcement officials by clarifying the Federal Assault Statute to make sure that it covers assaults against all Government officials involved in investigating or prosecuting Federal crimes. It would also make it a crime to harm or threaten to harm the families of Federal law enforcement officials. These provisions take from the mob one of its favorite tactics: the use of physical intimidation to thwart law enforcement efforts.

The bill recognizes the importance of protecting grand jury witnesses, and people who decide to give information about the mob's activities. It is difficult to overestimate the value information these people provide in bringing mob leaders to justice. Consequently, the bill would make it easier to protect the identity of such informants, thereby protecting them from possible retribution.

It would also enable Federal courts to reduce the sentence of a defendant who cooperates with the Government, thereby giving them an incentive to cooperate. These and other provisions,

taken together, would serve to encourage defendants and grand jury witnesses to cooperate with law enforcement officials, and to insure their safety in return for such cooperation.

Third, the bill would directly attack the use of violence as a method of intimidation and control. It increases the penalties a judge may impose when a Federal crime is committed through the use of violence. It would also enable Federal law enforcement officials to become involved in contract murder cases. This latter initiative is especially important, given the fact that organized crime operates across State lines, and uses such killings as a way to enforce discipline and to intimidate people. Federal involvement will help State and local law enforcement authorities in dealing with this situation.

Fourth, the bill would help make sure that criminals who are arrested will in fact come to trial. Large-scale drug dealers operate immensely profitable operations. They think nothing of posting a large bond and then never showing up in court, when the alternative they face is a long jail sentence. For example, one Alfredo Gutierrez, an alien, was indicted in connection with a $9 million downpayment in a cocaine deal estimated to be valued at $200 million. Bail was set originally at $3 million, but then was lowered to $1 million. Gutierrez made the million dollar bail, walked out on the street, and has not been seen since. Chief Justice Burger, in his recent address to the American Bar Association, pointed out another shortcoming in our current bail statutes. He cited a District of Columbia study which showed that 70 percent of the persons who were arrested for serious crimes were awaiting trial on other charges at the time of their arrest. Our current bail statutes provide that assuring the appearance of the defendant at subsequent proceedings is to be the only consideration in setting the level of bail. This bill would enable Federal judges to assess the danger that release of a person poses to the community as another consideration in setting bail.

Mr. President, we all recognize that law enforcement is primarily the responsibility of State and local government. But it is unfair and unrealistic to expect local law enforcement officials to fight large-scale, organized crime by themselves. We must recognize that it is our duty to help in this fight, and we must meet that duty. I believe that this bill will enable us to help. It provides greater assistance to Federal law enforcement officials, and to their State and local counterparts. I hope that we can move forward with the entire package as quickly as possible. Barring that, we ought to enact those parts of the package on which we can obtain a consensus. In any case, we need to move quickly.●

By Mr. TOWER (for himself and Mr. STENNIS) (by request):

S. 815. A bill to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes; to the Committee on Armed Services.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982

● Mr. TOWER. Mr. President, by request, for myself and the senior Senator from Mississippi (Mr. STENNIS), I introduce for appropriate reference, a bill to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the RECORD immediately following the bill.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 815

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Defense Authorization Act, 1982".

TITLE I—PROCUREMENT

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, as authorized by law in amounts as follows:

Aircraft

For aircraft: for the Army, $1,797,400,000; for the Navy and the Marine Corps, $9,352,500,000; for the Air Force, $14,751,898,000.

Missiles

For missiles: for the Army, $2,842,500,000; for the Navy, $2,555,000,000; for the Marine Corps, $223,024,000; for the Air Force, $4,658,246,000.

Naval Vessels

For naval vessels: for the Navy, $10,290,100,000.

Tracked Combat Vehicles

For tracked combat vehicles: for the Army, $3,487,300,000; for the Marine Corps, $281,739,000.

Torpedoes

For torpedoes and related support equipment: for the Navy, $516,600,000.

Other Weapons

For other weapons: for the Army, $655,400,000; for the Navy, $200,200,000; for the Marine Corps, $136,344,000; for the Air Force, $3,047,000.

AUTHORIZATION OF APPROPRIATIONS FOR CONTRIBUTION TO AIRBORNE WARNING AND CONTROL SYSTEM (AWACS) FOR NATO

SEC. 102. There is authorized to be appropriated for fiscal year 1982 the sum of $358,200,000 to be available only for contribution by the United States of its share of the cost for such fiscal year of acquisition by the North Atlantic Treaty Organization of the Airborne Early Warning and Control System.

CERTAIN AUTHORITY PROVIDED SECRETARY OF DEFENSE IN CONNECTION WITH THE NATO AIRBORNE WARNING AND CONTROL SYSTEM (AWACS) PROGRAM

SEC. 103. (a) During fiscal year 1982, the Secretary of Defense, in carrying out the Multilateral Memorandum of Understanding Between the North Atlantic Treaty Organization (NATO) Ministers of Defense on the NATO E–3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978, may—

(1) waive reimbursement for the cost of the following functions performed by personnel other than personnel employed in the United States Air Force Airborne Warning and Control Systems (AWACS) program office:

(A) auditing;
(B) quality assurance;
(C) codification;
(D) inspection;
(E) contract administration;
(F) acceptance testing;
(G) certification services; and
(H) planning, programing, and management services;

(2) waive any surcharge for administrative services otherwise chargeable; and

(3) in connection with the NATO E–3A Cooperative Programme for fiscal year 1982, assume contingent liability for—

(A) program losses resulting from the gross negligence of any contracting officer of the United States;

(B) identifiable taxes, customs duties, and other charges levied within the United States on the program; and

(C) the United States share of the unfunded termination liability.

(b) Authority under this section to enter into contracts shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States for research, development, test, and evaluation, as authorized by law, in amounts as follows:

For the Army, $3,905,200,000; for the Navy (including the Marine Corps), $6,086,371,000; for the Air Force, $9,398,100,000; for the Defense Agencies, $1,934,400,000, of which $53,000,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1982, such additional sums as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated in this title.

REPEAL OF REQUIREMENT FOR ANNUAL REPORT ON INDEPENDENT RESEARCH AND DEVELOPMENT AND BID AND PROPOSAL COSTS

SEC. 202. (a) Section 203 of Public Law 91–441, October 7, 1970, (10 U.S.C. 2358 note), the Department of Defense Authorization Act for 1971, is amended by repealing subsection (c).

(b) Section 203 of such Law is further amended by redesignating subsections (d) and (e) as subsections (c) and (d).

TITLE III—OPERATION AND MAINTENANCE

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 for

the use of the Armed Forces of the United States (other than the Coast Guard) and for other activities and agencies of the Department of Defense, as authorized by law, in the amount of $63,283,040,000.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1982 such additional sums as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated in this title.

REPEAL OF REQUIREMENT FOR ANNUAL OPERATION AND MAINTENANCE REPORTS

SEC. 302. (a) Section 138 of title 10, United States Code, relating to annual authorization of appropriations, is amended by repealing subsection (e).

(b) Section 138 of such title is further amended—

(1) by striking out "subsection (f)" in subsection (a)(6) and inserting in lieu thereof "subsection (e)"; and

(2) by redesignating subsection (f) as subsection (e).

(c) Subsection (e) of such section, as redesignated by subsection (b)(2) is amended—

(1) by striking out "(1)"; and

(2) by striking out paragraph (2).

(d)(1) The heading of such section is amended to read as follows:

"§ 138. Annual authorization of appropriations and personnel strengths for the armed forces; annual manpower requirements reports".

(2) The item relating to such section in the table of sections at the beginning of chapter 4 of such title is amended to read as follows:

"138. Annual authorization of appropriations and personnel strengths for the armed forces; annual manpower requirements report.".

TITLE IV—ACTIVE FORCES

AUTHORIZATION OF END STRENGTHS

SEC. 401. The Armed Forces are authorized strengths for active duty personnel as of September 30, 1982, as follows:

(1) The Army, 786,300.
(2) The Navy, 554,700.
(3) The Marine Corps, 192,100.
(4) The Air Force, 586,800.

TITLE V—RESERVE FORCES

AUTHORIZATION OF AVERAGE STRENGTHS

SEC. 501. (a) For fiscal year 1982, the Selected Reserve of the Reserve components of the Armed Forces shall be programmed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 392,800.
(2) The Army Reserve, 235,300.
(3) The Naval Reserve, 87,600.
(4) The Marine Corps Reserve, 37,600.
(5) The Air National Guard of the United States, 98,600.
(6) The Air Force Reserve, 62,800.
(7) The Coast Guard Reserve, 11,700.

(b) Within the average strengths prescribed in subsection (a), the reserve components of the Armed Forces are authorized as of September 30, 1982, the following number of Reserves to be serving on full-time active duty for the purpose of organizing, administering, recruiting, instructing, or training the Reserve components:

(1) The Army National Guard of the United States, 11,439.
(2) The Army Reserve, 6,285.
(3) The Naval Reserve, 208.
(4) The Marine Corps Reserve, 447.
(5) The Air National Guard of the United States, 3,312.
(6) The Air Force Reserve, 701.

(c) The average strength prescribed by subsection (a) for the Selected Reserve of any Reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during the fiscal year, and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at any time during the fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such Reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of such individual members.

(d) Upon a determination by the Secretary of Defense that such action is in the national interest, the authorizations prescribed in subsection (b) may be increased by not more than five percent.

INCREASE IN NUMBERS OF CERTAIN PERSONNEL ON ACTIVE DUTY IN SUPPORT OF THE RESERVE COMPONENTS

SEC. 502. (a) During the period October 1, 1981 through September 30, 1982 the table in section 517(b) of title 10, United States Code, (relating to the number of enlisted personnel in grades E–8 and E–9 who may be on active duty in support of the reserve components) is suspended. For such period such table shall read as follows:

"Grade	Army	Navy	Air Force	Marine Corps
E–9	222	146	76	4
E–8	908	319	307	12"

(b) During the period October 1, 1981 through September 30, 1982 the columns under the headings "Army" and "Air Force" contained in the table in section 524(a) of title 10, United States Code, (relating to the number of reserve officers in certain grades who may be on active duty in support of the reserve components) are suspended. For such period such columns shall read as follows:

"Army	Air Force
1,105	189
551	194
171	147"

TITLE VI—CIVILIAN PERSONNEL

AUTHORIZATION OF END STRENGTHS

SEC. 601. (a) The Department of Defense is authorized a strength in civilian personnel, as of September 30, 1982, of 1,024,900.

(b) The strength for civilian personnel prescribed in subsection (a) shall be apportioned among the Department of the Army, the Department of the Navy (including the Marine Corps), the Department of the Air Force, and the agencies of the Department of Defense (other than the military departments) in such numbers as the Secretary of Defense shall prescribe. The Secretary of Defense shall report to the Congress within sixty days after the day of the enactment of this Act on the manner in which the initial allocation of civilian personnel is made among the military departments and the agencies of the Department of Defense (other than the military departments) and shall include the rationale for each allocation.

(c) In computing the strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program and the Federal junior fellowship program and personnel participating in the worker-trainee opportunity program. Personnel employed under a part-time career employment program established by section 3402 of title 5, United States Code, shall be counted as prescribed by section 3404 of that title. Whenever a function, power, or duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense, or from another department or agency within the Department of Defense, the civilian personnel end strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(d) When the Secretary of Defense determines that such action is necessary in the national interest or if any conversion of commercial and industrial type functions from performance by Department of Defense personnel to performance by private contractors which was anticipated to be made during fiscal year 1982 in the Budget of the President submitted for such fiscal year is not determined to be appropriate for such conversion under established administrative criteria, the Secretary of Defense may authorize the employment of civilian personnel in excess of the number authorized by subsection (a), but such additional number may not exceed 2 percent of the total number of civilian personnel authorized for the Department of Defense by subsection (a). The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under this subsection.

TITLE VII—MILITARY TRAINING STUDENT LOADS

AUTHORIZATION OF TRAINING STUDENT LOADS

SEC. 701. (a) For fiscal year 1982, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 75,728.
(2) The Navy, 65,133.
(3) The Marine Corps, 18,311.
(4) The Air Force, 46,389.
(5) The Army National Guard of the United States, 14,537.
(6) The Army Reserve, 10,830.
(7) The Naval Reserve, 1,041.
(8) The Marine Corps, 2,835.
(9) The Air National Guard of the United States, 2,157.
(10) The Air Force Reserve, 1,405.

(b) The average military student loads for the Army, the Navy, the Marine Corps, and the Air Force and the Reserve components authorized in subsection (a) for fiscal year 1982 shall be adjusted consistent with the manpower strengths authorized in titles IV, V, and VI of this Act. Such adjustment shall be apportioned among the Army, the Navy, the Marine Corps, and the Air Force and the Reserve components in such manner as the Secretary of Defense shall prescribe.

TITLE VIII—GENERAL PROVISIONS

REPEAL OF $5,000,000 CANCELLATION CHARGE CEILING ON MULTIYEAR PROCUREMENT CONTRACTS

SEC. 801. Section 810 of the Department of Defense Appropriation Authorization Act, 1976, is repealed.

REPEAL OF REQUIREMENT FOR REDUCTION IN NUMBER OF SENIOR-GRADE CIVILIAN EMPLOYEES OF THE DEPARTMENT OF DEFENSE

SEC. 802. Section 811 of the Department of Defense Appropriation Authorization Act,

1978 (10 U.S.C 131 note), is amended by repealing subsection (a).

RESEARCH GRANTS

SEC. 803. Section 2358 of title 10, United States Code, relating to research projects, is amended by inserting "or by grant" after "contract" in clause (1).

REPEAL OF LIMITATION ON ENLISTMENT AND INDUCTION OF PERSONS INTO THE ARMED FORCES WHOSE SCORE ON THE ARMED FORCES QUALIFICATION TEST IS BELOW A CERTAIN LEVEL

SEC. 804. Chapter 31 of title 10, United States Code, relating to enlistments in the Armed Forces, is amended—

(a) by repealing section 520.

(b) The table of sections at the beginning of such chapter is amended by striking out:

"520. Limitation on enlistment and induction of persons whose score on the Armed Forces Qualification Test is below a prescribed level.".

REPEAL OF PROFIT LIMITATIONS ON CONTRACTS FOR AIRCRAFT AND NAVAL VESSELS

SEC. 805. (a) Chapter 141 of title 10, United States Code, relating to miscellaneous procurement, is amended—

(1) by repealing section 2382.

(2) The table of sections at the beginning of such chapter is amended by striking out:

"2382. Aircraft: contract requirements.".

(b) Chapter 633 of title 10, United States Code, relating to naval vessels, is amended—

(1) by repealing section 7300.

(2) The table of sections at the beginning of such chapter is amended by striking out:

"7300. Contracts for construction: profit limitation.".

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., March 25, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith legislation, "To authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, for research, development, test, and evaluation, and for operation and maintenance for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, and for other purposes."

This proposal is part of the Department of Defense legislative program for the 97th Congress and the Office of Management and Budget has advised that enactment of the proposal would be in accordance with the program of the President. This proposal is being sent to the Speaker of the House of Representatives.

Title I provides procurement authorization for the military departments and the Defense agencies and for the United States share of the cost of the acquisition of the Airborne Early Warning and Control System by the North Atlantic Treaty Organization in amounts equal to the budget authority included in the President's budget for fiscal year 1982. It also contains a provision that permits the waiver of certain costs and assumption of certain liability during fiscal year 1982 in connection with the NATO AWACS program.

Title II provides for the authorization of each of the research, development, test, and evaluation appropriations for the military departments and the Defense Agencies in amounts equal to the budget authority included in the President's Budget for fiscal year 1982.

The authorization contains a provision that authorizes the appropriation of funds that are necessary to cover increased pay costs and other employee benefits to preclude the necessity of submitting a request for a supplemental authorization for such nondiscretionary personnel costs. Section 202 would repeal the requirement for an annual report concerning independent research and development or bid and proposal costs that is contained in section 203(c) of Public Law 91-441, October 7, 1970, the Department of Defense Authorization Act for 1971.

Title III provides for a lump-sum authorization for the operation and maintenance of the Army, Navy, Marine Corps and Air Force, including their reserve components, and for the Defense Agencies as required by the amendments made to section 138(a) of title 10, United States Code in section 1001 of the Department of Defense Authorization Act, 1981.

Included within this lump-sum is authorization for appropriations for the National Board for the Promotion of Rifle Practice, Army; Claims, Defense; and Court of Military Appeals, Defense. It also contains a provision that repeals the reporting requirement contained in subsection (e) of section 138 of title 10 that was added to that section by section 1001 of the Department of Defense Auhorization Act, 1981.

The authorization contains a provision that authorizes the appropriation of funds that are necessary to cover increased pay costs and other employee benefits to preclude the necessity of submitting a request for a supplemental authorization for such nondiscretionary personnel costs.

Title IV prescribes the end strengths for active duty personnel in each component of the Armed Forces as required by section 138 (c) (1) of title 10, United States Code, in the numbers provided for by the budget authority and appropriations requested for these components in the President's Budget for fiscal year 1982.

Title V provides for average strengths of the Selected Reserve of each Reserve component of the Armed Forces as required by section 138(b) of title 10, United States Code, in the numbers provided for by the budget authority in appropriations requested for the Department of Defense in the President's Budget for fiscal year 1982. Within the average strengths of the Selected Reserve, Title IV also prescribes the end strengths for Reserve component members on full-time active dity for the purpose of administering the Reserve forces.

Language has been added that would permit an increase of not more than five percent of such members upon a determination by the Secretary of Defense that such action is in the national interest. Title V also contains a provision that suspends the limitation contained in section 517(b) of title 10, United States Code, on the number of enlisted personnel in pay grades E-8 and E-9 who support the reserve components and the limitation contained in section 524(a) of title 10, United States Code, on the number of Majors, Lieutenant Colonels and Colonels in the Army and Air Force who support the reserve components.

New limitations, which increase the number of personnel in those grades who may be serving on active duty, are provided so that proposed expansion of the programs in support of the reserve components for fiscal year 1982 may be accommodated.

Title VI provides for civilian personnel end strengths for each component of the Department of Defense as required by section 138 (c) (2) of title 10, United States Code, in the numbers provided for by the budget authority in appropriations requested for the Department of Defense in the President's Budget for fiscal year 1982.

Title VII provides for the average military training student loads as required by section 138(d)(1), of title 10, United States Code, in the numbers provided for this purpose in the President's Budget for fiscal year 1982.

Title VIII consists of five General Provisions. Section 801 would amend the Department of Defense Appropriation Authorization Act, 1976, by repealing the $5,000,000 cancellation charge ceiling on multi-year procurement contracts that is contained in section 810 of that Act. Section 802 would amend section 811 of the Department of Defense Appropriation Authorization Act, 1978, by repealing the requirement for a reduction in the number of generals, admirals and senior-grade civilian employees of the Department.

Section 803 would amend section 8358 of title 10, United States Code, relating to basic and applied scientific research, to make it clear that such research may be conducted by grant as well as by contract. Section 804 would repeal the limitation on the enlistment and induction of persons whose score on the Armed Forces Qualification Test is below a certain level.

Section 805 would repeal sections 2382 and 7300 of title 10, United States Code, commonly referred to as the profit limitation provisions of the Vinson-Trammell Act of 1934. These provisions were suspended by section 1005 of the Department of Defense Authorization Act, 1981 to eliminate the contingent liabilities arising under the Vinson-Trammell Act while alternative profit limitation systems were considered.

The profit limitation provisions of the Vinson-Trammell Act are inequitable and outmoded and there is no reason to continue them in effect when the suspense expires on October 1, 1981.

Sincerely,

L. NIEDERLEHNER,
Acting.●

By Mr. THURMOND (for himself, Mr. DECONCINI, Mr. DENTON, Mr. DODD, Mr. DOLE, Mr. DOMENICI, Mr. EAST, Mr. GRASSLEY, Mr. HATCH, Mr. HEFLIN, Mr. HELMS, Mr. INOUYE, Mr. LAXALT, Mr. LUGAR, Mr. MATHIAS, Mr. MOYNIHAN, Mr. NUNN, Mr. SIMPSON, Mr. TSONGAS, Mr. DANFORTH, Mr. SPECTER, and Mr. MELCHER):

S. 816. A bill to amend the Clayton Act to limit the circumstances under which foreign governments may sue for violations of the antitrust laws, and for other purposes; to the Committee on the Judiciary.

LEGISLATION RELATING TO THE ABILITY OF FOREIGN GOVERNMENTS TO SUE FOR DAMAGES AND LIMITATIONS ON THE AMOUNT OF DAMAGES RECOVERABLE

Mr. THURMOND. Mr. President, I am today introducing a bill which, if enacted, would place certain conditions on the ability of foreign governments to sue for damages for antitrust violations in U.S. courts. The bill also seeks to limit the amount of antitrust damages recoverable by a foreign government to that amount which our own Government would be entitled to recover.

In 1978, the U.S. Supreme Court held, in the case of Pfizer against India, that a foreign nation is a person under section 4 of the Clayton Act. Thus, foreign nations are currently entitled to seek treble damages in antitrust suits in U.S. courts.

This right of foreign nations to recover treble antitrust damages in our courts is unfair in two major respects. First, the U.S. Government can sue to recover only single damages for the same antitrust violation in which a foreign government

can recover treble damages. Second, American companies, in particular, often find themselves the victims of anticompetitive conduct in foreign countries which either do not have, or do not enforce, antitrust laws similar to ours. These foreign countries, nevertheless, have full access to our courts to pursue damages for antitrust violations.

The bill I am introducing serves to correct these inequities our country faces, both in U.S. courts and in the courts of other nations as well. If enacted, the bill would deny a foreign government access to our courts to pursue an antitrust damage claim for a particular type of conduct unless the laws of that foreign government prohibited similar conduct and provided the right to sue for actual damages. A further condition would be that the foreign nation's antitrust laws which prohibit the similar conduct must be actively enforced.

The principle behind this requirement is simple: Those equally situated should be afforded equal treatment. The United States should deny no foreign government the right to sue for antitrust damages in its courts so long as that right is similarly available in that foreign nation.

The bill also places our Government and foreign governments on equal footing in U.S. courts. Pursuant to section 4A of the Clayton Act, the U.S. Government may recover only single, or actual, damages for any antitrust violation. It does not make sense that foreign governments are currently authorized to collect treble damages for the same violation. Therefore, the bill would limit any foreign government's recovery to single damages.

Mr. President, in my opinion this bill is well balanced and fair to all concerned. It simply makes sense to provide access to our courts by a foreign government contingent upon the access we find in the courts of that country. Further, I can find no support for the proposition that our courts should favor foreign governments over our own when awarding antitrust damages.

If we fail to enact this legislation, American companies will continue to be subject to unjust discrimination in their dealings with foreign governments, while those governments offer sanctuary to their own companies. Indeed, I am hopeful that the reciprocity requirements this bill seeks to create will inspire some foreign nations to enact their own antitrust laws. The day may come when they seek to qualify as plaintiffs in our courts.

Mr. President, I urge the support of this worthwhile legislation.

By Mr. HATCH (for himself and Mr. DECONCINI):

S. 817. A bill to provide procedures for calling Federal constitutional conventions under article V for the purpose of proposing amendments to the United States Constitution; to the Committee on the Judiciary.

CONSTITUTIONAL CONVENTION IMPLEMENTATION ACT OF 1981

● Mr. HATCH. Mr. President, article V of the U.S. Constitution provides that constitutional amendments may be proposed in either of two ways. The first—the means by which every successful amendment to the Constitution has been proposed—requires the agreement of two-thirds of each House of Congress. The second requires the agreement of a convention called by Congress in response to the applications of two-thirds of the State legislatures. Ratification of amendments proposed through either method is to be done either by the legislatures, or by conventions, in three-fourths of the States, depending upon the decision of Congress.

Largely as a result of the fact that the convention method of constitutional revision has never been successfully employed there are substantial questions that relate to it:

What exactly constitutes a valid application to the Congress?

What procedures must a State follow in submitting an application?

Must the precise language of the proposed amendment be included within the application?

How similar must the language be in the applications of various States in order to allow them to be aggregated?

How long does an application remain valid? May such applications be rescinded by the States?

What is the extent of congressional power to review applications? What is the extent of congressional power to restrict the deliberations of the convention?

What is the extent of State power to restrict the deliberations of the convention?

How is the convention to be organized? How are the States to be represented at the convention?

May Congress refuse to submit the product of a convention to the States for ratification?

How are constitutional convention-proposed amendments to be ratified by the States?

With respect to most of these questions, there is very little constitutional guidance. The relevant language of article V states simply:

> The Congress—on the application of the legislatures of two-thirds of the several states, shall call a convention for proposing amendments.

Nor are there useful precedents in view of the fact that there has never been a constitutional convention under article V. Each of the questions involved in this, the alternative means of amending the Constitution, is therefore a threshold question.

OBJECTIVES OF ACT

Article I, section 8, clause 18 of the Constitution invests authority in Congress to—

> Make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this constitution in the government of the United States.

This provision clearly authorizes the Congress to pass legislation that would give effect to the convention method of constitutional alteration. This would be a direct function of its article V authority to call a convention pursuant to applications by two-thirds of the States.

I am introducing legislation, the Constitutional Convention Implementation Act, which would fill in the interstices of article V. It is particularly important that this body act on this, or similar legislation, in view of the fact that at least 30 State legislatures have already purported to submit applications to Congress for the convening of a constitution convention on the subject of a balanced budget amendment. In addition, within the past month, an additional four State legislative bodies have applied for a convention on this subject. I would hope that this act, however, could be considered separately from the merits of this specific amendment effort.

The Constitutional Convention Implementation Act is designed to establish what are basically neutral procedures to guide the conduct of constitutional conventions generally. While the imminence of a convention on the matter of a balanced budget has clearly created the urgency for this legislation, the act is designed neither to facilitate nor obstruct the eventual achievement of a balanced budget amendment, or any other constitutional amendment. The purpose of this legislation is primarily to insure that Congress has clear standards and criteria by which to judge convention applications before it, and that any convention that takes place under article V is conducted in an orderly and nonchaotic manner.

One must look to the policy underlying the establishment of the convention form of amendment in order to construct an appropriate procedures bill. Even a cursory analysis of the original Constitutional Convention (convened under the auspices of the Articles of Confederation) would suggest that the final provision of article V resulted from a compromise between those delegates who sought to invest proposal authority solely in Congress and those who sought to invest it solely in the State legislatures. The two modes of initiating amendments were viewed as essentially equivalent alternatives, each of which was to serve as a check upon the intransigence of either the National Legislature or the State legislature in the matter of proposing constitutional revision.

In view of this fundamental purpose, I believe that legislation giving effect to the convention method of amendment should be such that resort to its use will not render the Constitution too mutable (the Federalist No. 43) while at the same time insuring that it will not be rendered null and void because it remains too cumbersome a method. The amendment process should never be one that can be successfully employed with great ease, yet neither should it be a process totally incapable of being used to alter the Constitution of the same general subject or subjects standard to insure the existence of some real consensus among the States with respect to the need for constitutional revision in some relatively circumscribed area.

PROVISIONS OF ACT

I would like to briefly discuss the provisions of this act and explain their justification. I should add at the outset my debt to the efforts of our former colleague, Senator Sam Ervin. While my bill differs in a number of respects from

legislation that Senator Ervin successfully shepherded through the Senate in 1971 and 1973, its basic structure is closely related to that legislation. That legislation was approved unanimously on one occasion by this body, and by a voice vote on the other occasion.

Section 1 of my bill states that its short title is the "Constitutional Convention Implementation Act of 1981."

CONVENTION APPLICATIONS

Section 2 states the manner in which States are to make applications for a constitutional convention. It states simply that the legislature shall specify within its application for a convention, the general subject of the amendment or amendments to be proposed. The objective of this standard is to insure that two-thirds of the States have a sufficiently similar purpose that their applications ought to be aggregated.

The purpose of the initiating process is to determine that there exists some form of consensus among the States on the matter of a relatively well-defined area of amendment. This consensus cannot fairly be said to be in evidence if aggregation is to be permitted of applications that are, at best, only incidentally related.

On the other hand, it cannot be reasonably expected that identical, or even nearly identical, language be employed in petitions that ought to be aggregated. Such a requirement is highly unrealistic with respect to 50 diverse State legislative bodies; the imposition of such a rigid rule would effectively render the alternative method of amendment provided in article V useless. Further, to the extent that a petition was required to be precise, either with respect to the specific amendment sought, or the specific language sought, there would be little use for the convention itself. To limit the convention to the consideration of a single, meticulously worded amendment is to make the convention a farce. In order for the convention to be a meaningful part of the article V process, it must have some leeway within which to exercise its legitimate discretion.

LIMITED CONVENTIONS

That this discretion, however, is not without its limits is the subject of section 2(b), and, indeed, is the basic theme of the Constitutional Convention Implementation Act. This section states that the procedures provided in the act are to be followed in the case of applications for what are commonly referred to as limited conventions. Such conventions are defined for the purposes of this act as conventions for the purpose of proposing one or more specific amendments to the Constitution of the United States. Implicit in this section is the recognition that the States may call for the convening of either limited or general conventions; it is, however, simply with respect to the former that the terms of this act apply.

A general convention would be one in which the States petitioned for a convention, not with any specific or limited purposes in mind, but for the purpose of making whatever revisions were deemed necessary or desirable by the convention itself. It is this sort of convention that poses such great concerns to most observers, including myself. I am far from confident that a contemporary general convention could do much to improve upon the work of Madison, Hamilton, and Mason. While there is no way that Congress, through passage of a simple statute, could preclude the States from requesting a general convention—this is their right under article V—neither is Congress precluded from clarifying that the States are fully within their rights in seeking a limited convention.

There is some academic dispute as to the possibilities of a limited constitutional convention. Prof. Charles Black of the Yale Law School, for example, believes that the constitutional convention is a free agent, sovereign and without limitations. According to this theory, the convention represents the premier assembly of the people, and is therefore supreme to all other Government branches and agencies. It cannot be limited in the scope of its deliberations, whatever the limited nature of the grievances that brought the convention into being.

I would disagree with this interpretation. The constitutional convention, while clearly a unique and separate element of the Government—a new branch of the Government, so to speak—is subject to the same limitations and checks and balances as the other, permanent branches of the Government. A constitutional convention, as its name clearly implies, is a constitutional entity; it is appointed under the terms of the Constitution and subject to all of the express and implied limitations imposed by that document. As observed by Professor Jameson in his classic work on constitutional conventions:

> The convention's principal features is that it is subaltern—it is evoked by the side and at the call of a government preexisting and intended to survive it, for the purpose of administering to its special needs. It never supplants the existing organization. It never governs. Though called to look into and recommend improvement in the fundamental laws, it enacts neither them nor the statute law; and it performs no act of administration.

The Federal constitutional convention is an instrument of the Government, and acts properly only when it acts in conformity to its authorized powers.

There is nothing in the language of article V to suggest that the convention method of amendment cannot be limited to a single area of amendment; although the article states that the convention is to be convened for the purpose of proposing amendments, resort to the plural is made also in describing the scope of Congress' proposing authority. The symmetry between the competing processes of constitutional amendment is emphasized by Madison in the Federalist No. 43 in discussing the objectives of article V:

> That useful alterations will be suggested by experience, could not be foreseen. It was requisite therefore that a mode for introducing them should be provided. The mode preferred by the convention seems to be stamped with every mark of propriety. It guards equally against that extreme facility which would render the Constitution too mutable; and that extreme difficulty which might perpetuate its discovered faults. It moreover equally enables the general and the State governments to originate the amendment of errors as they may be pointed out by the experience on one side or on the other.

It was clearly contemplated that the convention anticipated specific amendment or amendments, rather than general revisions, and that no distinction was to be drawn between the competing methods of amendment in this respect.

To enable Congress to propose specific constitutional amendments while allowing the States only to propose general constitutional revision is to confer markedly unequal powers of amendment upon these governments, an intention contradicted by the unanimous weight of documentary evidence. If the States are to have no ability to control the actions of a convention in the form of their convention applications, then there will be strong disincentives for them to seek such conventions. In the absence of broad-based dissatisfaction with the existing constitutional system, why should they want to risk the possibility of a convention acting beyond the scope of their application? Why, in seeking to originate the amendment of errors described by Madison, should the States have to risk total revision of the constitutional system?

It is anomalous that in seeking to correct what might be a narrow defect in the system that the States should have to place the entire system in jeopardy. What better means could there be to perpetuate the discovered faults of the system? What better means could there be to place the convention system of amendment in an unequivalent position to the congressional system of amendment? What better means could there be to completely discourage any and all resort to the convention means of constitutional amendment?

As Prof. William Van Alstyne has remarked—

> I find it perfectly remarkable that some have argued for a construction of Article V which not only limits the power of State legislatures to have a convention—but would limit that power to its least expected, least appropriate, most difficult (and yet most dangerous) use.

It is the States, not Congress, that ought to properly have the ability to limit the scope of the convention, through their convention applications. While Congress, under section 6 of the Constitutional Convention Implementation Act, is empowered to specify in its call for the convention the scope of permissible deliberations, it is performing basically an administrative, nondiscretionary function in doing so; it is simply translating the State applications into a formal convention call.

APPLICATION PROCEDURES

Section 3(a) of the act specifies that the procedures to be followed in making a convention application are those adopted by the States themselves. Although a State is free to adopt procedures uniquely applicable to the conven-

tion application process (as the State of Illinois, for example, has done with respect to the amendment ratification process), it is anticipated that most States will follow procedures that govern the adoption of simple statutes or resolutions.

Section 3(b) provides further that questions concerning the extent to which States have acted in compliance with their own rules of procedure are also to be determined by the State legislatures themselves. While recognizing that, in pursuit of their authority under article V, the States are acting in a quasi-Federal capacity rather than in a purely State role, *Leser* v. *Garnett*, 258 U.S. 130, 137 (1922), it would nevertheless be incongruous for any body to determine whether or not there has been procedural regularity in a State legislative action other than the legislature itself.

In *Field* v. *Clark*, 143 U.S. 649 (1982), the Supreme Court held that the procedural requirements of the legislative process were presumed to have been satisfied when legislation was formally certified by the appropriate legislative officers. Rather than intruding Congress or the courts into these matters, there is no reason why this traditional rule ought not continue to apply with respect to convention application actions. There is no compelling reason why article V should require sacrifice by State legislatures of their inherent right to regulate their own proceedings.

Whatever the procedures in the State legislatures, such actions are to be considered valid without the assent of the Governor of the State. Thus, the term legislatures in article V is treated in the same manner for the purposes of convention applications as it has traditionally been treated for the purposes of amendment ratification, *Hollingworth* v. *Virginia*, 3 Dall. 376 (1798); *Hawke* v. *Smith*, 253 U.S. 221 (1920).

TRANSMISSION OF APPLICATIONS

Section 4 of the act specifies the means by which the States are to transmit their applications for a convention to Congress. Section 4(a) states that, within 30 days of the adoption by a State of an application, the appropriate official is to transmit copies to the President of the Senate and the Speaker of the House of Representatives.

Section 4(b) directs the States to include within their applications: The title of the resolution, the date of adoption, and an official certification. In addition, States are encouraged, but not required, to list in the application other pending State applications which are felt to relate to substantially the same subject. While such a listing is not to be considered conclusive with respect to Congress, it is nevertheless considered that such a listing will be useful to Congress in carrying out its responsibilities in aggregating applications.

Section 4(c) requires each House to establish a public record of each State application, and to notify each State legislature of the fact of each application. Through internal procedures to be determined by each House of Congress, Congress would be charged with making an initial decision on whether or not to aggregate applications within the 10-day period following each new application. The criteria would be whether or not the applications referenced the same general subject or subjects.

These initial decisions, however, would not be binding. Under article V, Congress would not be compelled to make its final decision on aggregation of applications until that point at which it was required to make a decision with respect to an actual convention call. The requirement of an ongoing effort at determining the aggregation question is designed primarily to limit opportunities for political manipulation at this point of the application process, as well as to allow States which are not aggregated in what they consider the proper manner to amend their convention applications.

As observed earlier, it is the objective of the same general subject or subjects standard to insure the existence of some real consensus among the States with respect to the need for constitutional revision in some relatively circumscribed area. At the same time, in order not to interfere with the legitimate freedom of action of a convention, there ought not to be the requirement of extreme precision, either in the text or in the subject-matter. The language contained in the bill is designed to draw some rough balance between these requirements.

In order to insure that the consensus for a constitutional amendment remains a relatively contemporaneous one, *Dillon* v. *Gloss*, 256 U.S. 368 (1921), section 5(a) states that an application shall be effective for no longer than a 7-year period, with shorter effective periods contained within the body of an application to be respected. The court in Dillon stated that:

> Proposal and ratification are not treated as unrelated acts but as succeeding steps in a single endeavour, the natural inference being that they are not to be widely separated in time . . . must reflect the will of the people in all sections at relatively the same period which of course ratification scattered through a long series of years would not do . . . We do not find anything in article V which suggests that an amendment once proposed is to be open for ratification for all time, or that ratification in some of the states may be separated from that in others by many years and yet be effective.

Similarly, State convention applications and the calling of a constitutional convention are not unrelated acts, but necessary, succeeding steps in a single endeavor. There should be a reasonable relationship in time, between these actions, *Coleman* v. *Miller*, 307 U.S. 433 (1938). There is the same need to avoid staleness of applications to Congress as there is to avoid staleness of amendment proposals to the States.

In view of the fact that every amendment proposed by Congress, except one, since the 18th amendment has contained a 7-year time limitation, either in the body or in the enacting clause, it has been decided to use the same period for determining effectiveness of applications.

Section 5(b) authorizes States to withdraw their applications at any time prior to the time that there are a sufficient number of valid applications before Congress to enable it to call a convention. There would seem to be no valid policy reason for denying them this right. Indeed, in order to insure that the amendment process reflects the notion of contemporaneous consensus, it is vital that the States have the right to reconsider and reverse their application decisions. States should not be dragooned unwillingly into artificial consensuses because of an inability to rethink earlier application decisions.

CALLING OF THE CONVENTION

Section 6 of the Constitutional Convention Implementation Act relates to the actual calling by Congress of the convention. It provides that, upon receipt in each House of that application putting two-thirds of the States in agreement on the need for some particular amendment or amendments, it is the duty of that House to call for the convening of a Federal constitution convention on that general subject or subjects. Congress is to designate the time and place of the meeting of the convention, and set forth the general subject of the amendment or amendments for consideration. The convention is to be convened not later than 4 months following the adoption by Congress of its resolution.

Despite some popular misconceptions on this point, it is obligatory that Congress call a convention upon the receipt of valid applications by two-thirds of the States. Alexander Hamilton observed in the Federalist No. 85 that—

> The national rulers, whenever nine states concur, will have no option upon the subject. By the fifth article of the plan, the Congress will be obliged "on the application of the legislatures of two-thirds of the states to call a convention for proposing amendments" . . . the words of this article are peremptory. The Congress "shall call a convention". Nothing in this particular is left to the discretion of that body.

James Madison, in a 1789 letter, remarked further—

> It is to be observed however that the question concerning a general convention will not belong to the Federal legislature. If two-thirds of the States apply for one, Congress cannot refuse to call it.

CONVENTION DELEGATES

Section 7 relates to the selection of delegates to the constitutional convention. The language is taken nearly verbatim from article II, section 1, paragraph 2 of the Constitution concerning the selection of Presidential electors. The Great Compromise between the larger and the smaller States is carried over into the selection of convention delegates with each State being entitled to that number of delegates equal to the combined number of its Senators and Representatives in Congress. The States are given a free hand in selecting their delegates in whatever (constitutional) manner they deem appropriate.

If the experience of the electoral college is at all relevant—and I believe that it is—each of the States will undoubtedly introduce some means of popular election for the delegate positions. I would be personally opposed to any other manner of selection, although I do not be-

lieve that it is the business of this body to specify particular procedures for the States.

While there are those who would prefer to see a delegate selection system more precisely based upon population, I see no reason not to extend smaller States that slight disproportionate influence in the proposal of amendments through the convention system that they currently enjoy in the proposal of amendments through the congressional system. The apportionment procedure in section 7 is the method of delegate selection that most closely conforms to the basis for congressional representation, and which would most closely aline the alternative systems of proposing amendments.

Section 7 also excludes Members of Congress, the very embodiment of the national influence, from serving as convention delegates lists with the House and Senate, and confers the same immunity from arrest upon convention delegates, for the duration of the convention, that article I, section 6 of the Constitution confers upon Members of Congress.

CONVENING OF CONVENTION

Section 8 directs each delegate to the convention to subscribe to an oath by which he commits himself, during the conduct of the convention to comply with the Constitution of the United States and the provisions of this act. As I discussed earlier, I do not believe that the concept of a limited convention is precluded in any manner by article V. The purpose of this purposely broad oath is simply to give effect to any limitations that may have been placed upon a convention by Congress acting on behalf of the States. Since the provisions of the Constitutional Convention Implementation Act purport to represent congressional interpretation of the provisions of article V, it is perhaps unnecessary to specify compliance with these as part of the delegate oath. I felt, however, that specificity was desirable in order to clarify that Congress is acting wholly within its appropriate authority in filling in the gaps of article V, and that the delegates to the convention themselves are not empowered to alter this interpretation.

Administering the oath of office to the delegates would be the senior chief judge of the highest courts of the States. Rather than having the Vice President, or the Chief Justice of the United States fill this function, it is my belief that what is basically a State convention should remain that and not run any unnecessary risks, however remote, of being influenced by national officials. I emphasize again the basic purpose for including the convention method of amendment in article V—the need for the States to be able to amend the Constitution in the face of an intransigent national Government.

CONVENTION PROCEDURES

Section 8 also states clearly that the convention itself is to have responsibility for drawing up its own rules of procedures, rather than Congress. No Federal funds may be appropriated specifically for the payment of the expenses of the convention, except that the Administrator of the General Services Administration is authorized to provide facilities for the convention, and incur whatever incidental expenses are necessarily related to this provision of facilities. At the request of the convention, the Federal Government is also permitted to provide sundry information and assistance to the convention. There is to be no unit-rule voting procedure.

The section also provides that the convention is to maintain a daily verbatim record of proceedings, analogous to the CONGRESSIONAL RECORD. All records of official proceedings are to be transmitted by the convention to the National Archives within 30 days following termination of the proceedings of the convention.

Section 10 again underscores the premise of this act that a imited convention to amend the Constitution may properly be called. It restates what is already implicit in the act that a convention called under its terms may not propose amendments of a general subject different from that stated in the convention's charter—the resolution approved by Congress. The convention exercises no legitimate governmental authority beyond that granted by the States through Congress. The convention is morally obliged to limit its considerations to the subjects set forth in the State applications; I believe further that it is appropriate for Congress to establish a legal obligation to this same effect.

SUBMISSION OF AMENDMENTS TO STATES

Section 11 concerns the procedures through which the convention product is submitted to the States for ratification. Within 30 days after the completion of the convention, its presiding officer is to transmit the exact text of any proposed amendments to Congress. The officers of each House, within 30 more days of continuous session, are to transmit the amendments to the General Services Administrator who, in turn, is to submit the amendments to the States. The amendments are to be accompanied by a congressional resolution specifying pursuant to article V, the mode of ratification—whether it is to be ratified by the State legislatures or by special ratifying conventions within each of the States.

Congress may refuse to transmit an amendment and resolution to the States, only if it makes the determination that the amendment relates to or includes a general subject which differs from, or was not included as, one of the general subjects within the scope of the convention's authority. The objective is to provide some remedy to a failure by the convention to honor the limitations on its authority to propose amendments to the Constitution. Congress has no power whatsoever to refuse to submit an amendment because of disagreement with its substantive merits. Nor is it empowered to refuse to submit an amendment because of what it perceives as procedural irregu'arities in the proceedings of the convention. Convention procedure is not within the ambit of congressional concern; checks upon procedural abuse must come from the States themselves in the form of the ratification process. Because this check also exists with respect to conventions acting in an ultra vires manner, it is hoped that Congress will resolve any doubts as to whether or not the convention acting within the scope of its authority in favor of an affirmative finding.

RATIFICATION OF AMENDMENTS

Section 12 of the act, borrowing language directly from article V, states simply that amendments proposed by "limited" constitutional conventions are to become part of the Constitution when ratified in accordance with the terms of article V—by three-fourths of the States in a timely and proper manner. Certified copies of the ratification documents are to be forwarded by the States to the General Services Administration, although the ratification itself becomes effective once action is completed within the State legislature, *Dillon* v. *Gloss*, 256 U.S. 368, 376 (1921).

Section 13 expressly holds that the States are free to reconsider and reverse their ratification decisions, at least until that point at which an amendment has been ratified by three-fourths of the States. Thus, any State may ratify a proposed amendment after having previously rejected it, or may rescind an earlier ratification of a proposed amendment. It is again my view that the most reliable determination of the existence (or lack thereof) of a contemporaneous consensus can be made if the States are free to reconsider and rethink their ratification decisions until that point at which three-fourths of the States are in agreement in support of amendment, or until that point that a reasonable period of time has passed for ratification. My views on the matter of rescission of ratifications are discussed at far greater length in the CONGRESSIONAL RECORD of October 4, 1978, at pages 33434–33436.

Section 14 imposes upon the General Services Administrator the duty to proclaim the final ratification of an amendment once it is in receipt of certifications of ratification from three-fourths of the States. As section 16 clarifies, however, this is an administrative duty of a symbolic nature, not one with an impact upon the actual effectiveness of an amendment. Under article V (and section 16), the amendment becomes part of the Constitution at the moment the final State has ratified, or on any date specified on the body of the amendment itself.

JUDICIAL REVIEW

Finally, section 15 discusses the role of the judicial branch in the constitutional convention process. It establishes two express situations in which an aggrieved State may bring a direct action in the Supreme Court, pursuant to article III, section 2 of the Constitution. The first involves cases in which a State disputes any determination or finding by Congress, or the failure of Congress to make a determination or finding, with respect to its section 6 reponsibilities. Section 6 requires Congress to "call" a convention upon determining the existence of valid

applications for such a convention from two-thirds of the States.

The second situation involves cases in which Congress actions with respect to its section 11 responsibilities are questioned. Section 11 requires Congress to submit amendments proposed by the convention to the States unless it determines that the convention acted on subject matter outside the purview of its authority.

Section 15(c) expressly states that these two actions may not be inclusive concerning the right to a Supreme Court hearing, and that nothing in the act is intended to preclude such review as is otherwise provided by the Constitution or any other law of the United States. Section 15 further requires suit to be brought within 60 days of a claim, either against the Secretary of the Senate and the Clerk of the House, the General Services Administrator, or such other parties as may be necessary to afford the relief sought.

Thus, I would reject that version of the so-called political questions doctrine that suggests that all interpretative matters deriving from article V are to be resolved by Congress solely at its discretion. I find it ironic that so many individuals who have been so sympathetic to the advance of judicial activism in recent years are also those who would deny the Federal courts, particularly the Supreme Court, their constitutional obligation to interpret the plain language of that document. My views on the political questions doctrine are explained more thoroughly in the CONGRESSIONAL RECORD of October 4, 1978, at pages 33434–33436.

CONCLUSION

Mr. President, the convention method of constitutional amendment has been defended and described as an essential component of our Constitution by such Statesmen as James Madison, Alexander Hamilton, George Washington, Benjamin Franklin, and Abraham Lincoln. While no amendment has ever been ratified that has been proposed through this method, it has nevertheless exerted its influence in indirect ways. The 17th amendment to the Constitution, for example—providing for the direct election of U.S. Senators—was proposed by Congress in 1912 in response to an effort in the States to call a convention on this subject. Other convention efforts on such matters as Federal tax limitation and State legislative apportionment have also evoked a significant congressional response. It is clear, too, that the present balanced budget movement is having an impact upon national public policy.

It is necessary in order to insure some measure of symmetry in the alternative amendment processes under article V to establish some clear-cut procedures for resort to the convention method. While the absence of legislation such as the Constitutional Convention Implementation Act will not preclude the States from exercising their right to call a convention, it will insure that the amendment process will not become bogged down in constant litigation, partisan political decisions, and uncertainty. The primary effect of this can only be to undermine the integrity of our constitutional system. In the process, also, we will be eroding one of the basic elements for preserving some semblance of balance between the national and the State governments. As observed by Alexander Hamilton,

> The most powerful obstacle to the Members of Congress betraying the interest of their constituents is the State legislatures themselves, who will be standing bodies of observation, possessing the confidence of the people, jealous of Federal encroachments and armed with every power to check the first essays at treachery.

While there is no one who respects more than I do the achievement of the Founding Fathers, nor anyone who would place a greater burden of proof upon those who propose to alter the Constitution, I would nevertheless agree with Malcolm Eiselen who stated:

> To assume, as many apparently do, that a second convention could alter the Constitution only for the worse . . . is an unwarrantable libel upon the creative statesmanship and political sagacity of the American people.

A more contemporary observer has noted: To those who fear a runaway convention, it need only be observed that the only group threatening to run away with it so far is Congress itself.

The purpose of the Constitutional Convention Implementation Act is to prevent both Congress and the constitutional convention from acting outside the scope of each of their proper authority. It is designed to insure that the States, in the event that Congress remains intransigent with respect to some circumvent Congress and act on their own to remedy such a situation. It is designed also to insure that the States—and Congress—are not forced to surrender totally their sovereignty to the convention. It is designed to insure that the same matrix of constitutional checks and balances is applicable to the constitutional convention as to the other permanent institutions within our governmental system.

There can be no runaway convention unless, ultimately, the dissatisfaction of the people are so broad and pervasive that it is a runaway convention that they expressly desire. The best way that Congress can work to insure that this never becomes the case is to allow the people and the States to work their will under established procedures when their grievances are more narrow and more limited, rather than allowing them to fester as a result of contrived procedural irregularities. It is occasionally sobering to some of my colleagues, yet it is true, that ultimately it is the citizenry, not Congress, that is the responsible party in our political system.

Mr. President, I ask unanimous consent that the text of the bill and several articles be printed in the RECORD.

There being no objection, the bill and articles were ordered to be printed in the RECORD, as follows:

S. 817

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Constitutional Convention Implementation Act of 1981".

APPLICATIONS FOR CONSTITUTIONAL CONVENTION

SEC. 2. (a) The legislature of a State, in making application to the Congress for a constitutional convention under article V of the Constitution of the United States, for the purpose of proposing one or more specific amendments shall adopt a resolution pursuant to this Act stating, in substance, that the legislature requests the calling of a convention for the purpose of proposing one or more specific amendments to the Constitution of the United States and stating the general subject of the amendment or amendments to be proposed.

(b) The procedures provided by this Act are required to be used whenever application is made to the Congress, under article V of the Constitution of the United States, for the calling of any convention for the purposes of proposing one or more specific amendments to the Constitution of the United States, each applying State stating in the terms of its application the general subject of the amendment or amendments to be proposed.

APPLICATION PROCEDURE

SEC. 3. (a) The rules of procedure governing the adoption or withdrawal of a resolution pursuant to section 2 and section 5 of this Act are determinable by the State legislature except that the assent of the Governor shall be unnecessary.

(b) Questions concerning compliance with the rules governing the adoption or withdrawal of a State resolution cognizable under this Act are determinable by the State legislature.

TRANSMITTAL OF APPLICATIONS

SEC. 4. (a) Within thirty days after the adoption by the legislature of a State of a resolution to apply for the calling of a constitutional convention, the secretary of state of the State, or, if there be no such officer, the person who is charged by the State law with such function, shall transmit to the Congress of the United States two copies of the application, one addressed to the President of the Senate and one to the Speaker of the House of Representatives.

(b) Each copy of the application so made by any State shall contain—

(1) the title of the resolution, the exact text of the resolution signed by the presiding officer of each house of the State legislature, the date on which the legislature adopted the resolution, and a certificate of the secretary of state of the State, or such other person as is charged by the State law with such function, certifying that the application accurately sets forth the text of the resolution; and

(2) to the extent practicable, and if desired, a list of all State applications in effect on the date of adoption whose subject or subjects are substantially the same as the subject or subjects set forth in the application.

(c) Within ten days after receipt of a copy of any such application, the President of the Senate and Speaker of the House of Representatives shall report to the House of which he is presiding officer, identifying the State making application, the general subject of the application, and the number of States then having made application on such subject. The President of the Senate and Speaker of the House of Representatives shall jointly cause copies of such application to be sent to the presiding officer of each house of the legislature of every other State and to each Member of the Senate and House of Representatives of the Congress of the United States.

EFFECTIVE PERIOD OF APPLICATION

SEC. 5. (a) An application submitted to the Congress by a State, unless sooner withdrawn by the State legislature, shall remain effective for the lesser of the period specified in such application by the State legislature or for a

period of seven calendar years after the date it is received by the Congress, except that whenever within a period of seven calendar years two-thirds or more of the several States have each submitted an application calling for a constitutional convention on the same general subject all such applications shall remain in effect until the Congress has taken action on a concurrent resolution, pursuant to section 6 of this Act, calling for a constitutional convention.

(b) A State may withdraw its application calling for a constitutional convention by adopting and transmitting to the Congress a resolution of withdrawal in conformity with the procedures specified in sections 3 and 4 of this Act, except that no such withdrawal shall be effective as to any valid application made for a constitutional convention upon any subject after the date on which two-thirds or more of the State legislatures have valid applications pending before the Congress seeking amendments on the same general subjects.

CALLING OF A CONSTITUTIONAL CONVENTION

SEC. 6. (a) It shall be the duty of the Secretary of the Senate and the Clerk of the House of Representatives to maintain a record of all applications received by the President of the Senate and Speaker of the House of Representatives from States for the calling of a constitutional convention upon each general subject. Whenever applications made by two-thirds or more of the States with respect to the same general subject have been received, the Secretary and the Clerk shall so report within five days, in writing to the officer to whom those applications were transmitted, and such officer within five days thereupon shall announce on the floor of the House of which he is an officer the substance of such report. It shall then be the duty of such House to determine that there are in effect valid applications made by two-thirds of the States with respect to the same general subject. If either House of the Congress determines, upon a consideration of any such report or of a concurrent resolution agreed to by the other House of the Congress, that there are in effect valid applications made by two-thirds or more of the States for the calling of a constitutional convention upon the same general subject, it shall be the duty of that House to agree to a concurrent resolution calling for the convening of a Federal constitutional convention upon that general subject. Each such concurrent resolution shall (1) designate the place and time of meeting of the convention, and (2) set forth the general subject of the amendment or amendments for the consideration of which the convention is called. A copy of each such concurrent resolution agreed to by both Houses of the Congress shall be transmitted forthwith to the Governor and to the presiding officer of each house of the legislature of each State.

(b) The convention shall be convened not later than four months after adoption of the resolution.

DELEGATES

SEC. 7. (a) Each State shall appoint, in such manner as the legislature thereof may direct, a number of delegates, equal to the whole number of Senators and Representatives to which the State may be entitled in the Congress. No Senator or Representative or person holding an office of trust or profit under the United States, shall be appointed as delegate. Any vacancy occurring in a State delegation shall be filled by appointment of the legislature of that State.

(b) The secretary of state of each State, or, if there be no such officer, the person charged by State law to perform such function shall certify to the President of the Senate and the Speaker of the House of Representatives the name of each delegate elected or appointed by the legislature of the State pursuant to this section.

(c) Delegates shall in all cases, except treason, felony, and breach of the peace, be privileged from arrest during their attendance at a session of the convention, and in going to and returning from the same; and for any speech or debate in the convention they shall not be questioned in any other place.

CONVENING THE CONVENTION

SEC. 8. (a) Of those persons serving as chief justices of the highest courts of the States, the person who is senior in years of service as such a chief justice shall convene the constitutional convention. He shall administer the oath of office of the delegates to the convention and shall preside until the delegates elect a presiding officer who shall preside thereafter. Before taking his seat each delegate shall subscribe to an oath by which he shall be committed during the conduct of the convention to comply with the Constitution of the United States and the provisions of this Act. Further proceedings of the convention shall be conducted in accordance with such rules, not inconsistent with this Act as the convention may adopt.

(b) No Federal funds may be appropriated specifically for the purposes of payment of the expenses of the convention. The convention shall be responsible for apportioning its costs among the States.

(c) The Administrator of the General Services shall provide such facilities, and the Congress and each executive department, agency, or authority of the United States, including the legislative branch and the judicial branch, except that no declaratory judgment may be required, shall provide such information and assistance as the convention may require, upon written request made by the elected presiding officer of the convention.

PROCEDURES OF THE CONVENTION

SEC. 9. (a) In voting on any question before the convention, including the proposal of amendments, each delegate shall have one vote.

(b) The convention shall keep a daily verbatim record of its proceedings and publish the same. The vote of the delegates on any question shall be entered on the record.

(c) Within thirty days after the termination of the proceedings of the convention, the presiding officer shall transmit to the Archivist of the United States all records of official proceedings of the convention.

PROPOSAL OF AMENDMENTS

SEC. 10. No convention called under this Act may propose any amendment or amendments of a general subject different from that stated in the concurrent resolution calling the convention.

APPROVAL BY CONGRESS AND TRANSMITTAL TO THE STATES FOR RATIFICATION

SEC. 11. (a) The presiding officer of the convention shall, within thirty days after the termination of its proceedings, submit to the Congress the exact text of any amendment or amendments agreed upon by the convention.

(b) Whenever a constitutional convention called under this Act has transmitted to the Congress a proposed amendment to the Constitution, the President of the Senate and the Speaker of the House of Representatives, acting jointly, shall transmit such amendment to the Administrator of General Services upon the expiration of the first period of thirty days of continuous session of the Congress following the date of receipt of such amendment unless within that period both Houses of the Congress have agreed to a concurrent resolution stating that the Congress disapproves the submission of such proposed amendment to the States because such proposed amendment relates to or includes a general subject which differs from or was not included as one of the general subjects named or described in the concurrent resolution of the Congress by which the convention was called. Such resolution shall be transmitted to the legislatures of the States and the Administrator of General Services. The adoption by the Congress of such resolution shall not relieve the President of the Senate and the Speaker of the House of Representatives of the obligation imposed upon them by the first sentence of this paragraph.

(c) For the purposes of subsection 11(b), (i) the continuity of a session of the Congress shall be broken only by an adjournment of the Congress sine die, and (ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the period of thirty days.

(d) Upon receipt of any such proposed amendment to the Constitution, the Administrator shall transmit forthwith to each of the several States a duly certified copy thereof, and a copy of any concurrent resolution agreed to by both Houses of the Congress which prescribes the mode in which such amendment shall be ratified unless the Administrator has also received a concurrent resolution of disapproval pursuant to subsection 11(b). Such concurrent resolution may also prescribe the time within which such amendment shall be ratified in the event that the amendment itself contains no such provision. In no case shall such a resolution prescribe a period for ratification of less than four years.

RATIFICATION OF PROPOSED AMENDMENTS

SEC. 12. (a) Any amendment proposed by the convention and submitted to the States in accordance with the provisions of this Act shall be valid for all intents and purposes as part of the Constitution of the United States when duly ratified by three-fourths of the States in the manner and within the time specified consistent with the provisions of article V of the Constitution of the United States.

(b) The secretary of state of the State, or if there be no such officer, the person who is charged by State law with such function, shall transmit a certified copy of the State action ratifying any proposed amendment to the Administrator of General Services.

RESCISSION OF RATIFICATIONS

SEC. 13. (a) Any State may rescind its ratification of a proposed amendment by the same processes by which it ratified the proposed amendment, except that no State may rescind when there are existing valid ratifications of such amendment by three-fourths of the States.

(b) Any State may ratify a proposed amendment even though it previously may have rejected the same proposal.

PROCLAMATION OF CONSTITUTIONAL AMENDMENTS

SEC. 14. The Administrator of General Services, when three-fourths of the several States have ratified a proposed amendment to the Constitution of the United States, shall issue a proclamation that the amendment is a part of the Constitution of the United States.

JUDICIAL REVIEW

SEC. 15. (a) Any State aggrieved by any determination or finding, or by any failure of Congress to make a determination or finding within the periods provided, under section 6 or section 11 of this Act may bring an action in the Supreme Court of the United States against the Secretary of the Senate and the Clerk of the House of Representatives or, where appropriate, the Administrator of General Services, and such other parties as may be necessary to afford the relief sought. Such an action shall be given priority on the Court's docket.

(b) Every claim arising under this Act shall be barred unless suit is filed thereon

within sixty days after such claim first arises.

(c) The right to review by the Supreme Court provided under subsection (a) does not limit or restrict the right to judicial review of any other determination or decision made under this Act of such review as is otherwise provided by the Constitution or any other law of the United States.

EFFECTIVE DATE OF AMENDMENTS

SEC. 16. An amendment proposed to the Constitution of the United States shall be effective from the date specified therein or, if no date is specified, then on the date on which the last State necessary to constitute three-fourths of the States of the United States, as provided for in article V, has ratified the same.

[From the New York Times, Mar. 11, 1981]

CONSTITUTION, LOOK OUT

The legislatures of Missouri and Washington are close to petitioning Congress for a national convention for the purpose of amending the Constitution to require a balanced Federal budget. They would be the 31st and 32d states to join the call, only two short of the required two-thirds of the state legislatures before Congress would have to respond. That number 32, like every other aspect of this method of constitutional change, is disputed. But one thing is clear: a constitutional crisis may be imminent.

An exaggeration? If Congress deflected the call and proposed its own amendment instead, the greatest danger might pass. But if the drive for a convention persists, it would open a path to wholesale, even reckless revision.

The familiar way to amend the Constitution is for Congress to propose a change, by two-thirds vote, and for three-fourths of the states to ratify. But the Constitution allows a second method, by convention, on call of two-thirds of the states. That route has never been traveled to the end, though a convention drive did spur Congress to offer at least one amendment—the 17th, providing for direct election of senators. Even now, some of the state resolutions express a preference for Congressional action.

Once begun, there's no telling where the convention process might lead. Scholars differ about every aspect of it. Could Congress ignore petitions for a convention that are not identically worded or confined to precisely the same subject? Could Congress dictate the method of delegate selection and limit the convention agenda? The National Taxpayers Union, which leads this campaign, contends that a runaway can be prevented. But the leaders of other causes—against abortion, for the death penalty, for prayer in public schools—will be tempted to enlarge the convention's business.

Congress should long ago have written rules for this process. But even that task requires passing through a constitutional minefield. How can Congress prevent a convention that runs away, votes to repeal sacred constitutional rights and invites the states to ratify? It's often said that many uninformed votes nowadays would reject even the Bill of Rights. Does anyone want to test that proposition?

There's mischief enough in the idea that propels this convention call. A mandated balance of the Federal budget could tie the Government into fiscal knots or, at best, clutter the Constitution with easily evaded fiscal pieties. No one prizes a balanced budget more than President Reagan, but even he could not now run the country in such a straitjacket. The Administration's current budget slashing, for all its pain, is a minor annoyance compared to the dislocations that such an amendment could provoke. If foolish fiscal goals cannot be kept out of the Constitution, they should at least be carefully devised, over time, with prudent escape clauses.

The convention method is so fraught with uncertainty and controversy, it should be used only in the direst and most unlikely emergency—one that the nation recognizes but Congress and the President do not. There is no justification for it now. Today's tax revolt could not ask for a better friend in the White House, and budget amendments stand to receive all the attention they deserve, and more, from Senator Thurmond's Judiciary Committee.

Citizens and legislators in 18 states, mostly in the Northeast and Middle West, should recognize this sudden threat to orderly constitutional processes. West Virginia and Ohio are tomorrow's battlegrounds. Fresh attempts are expected in Wisconsin and Vermont. They should hold the line.

A REVIVAL, JUST IN CASE

(By James J. Kilpatrick)

The Congress has a piece of unfinished business left over from 1971. When the two houses have nothing better to do, which is most of the time, they ought to get at it. This is an act to provide for the holding of a constitutional convention.

Once again the states are applying pressure. At the last count, no fewer than 22 states had filed petitions with Congress, asking that a convention be called in accordance with Article V of the Constitution. The petitioning states want an amendment to require a balanced federal budget. They are going at it the hard way.

Not many persons are acquainted with the "state application" provision of Article V, and this is not surprising; the provision never has been successfully invoked. Every amendment to the Constitution thus far, has come into being through the familiar procedure by which two thirds of each house of Congress approves a proposal and sends it out to the states.

The founding fathers, fearful of an intransigent national legislature, wisely provided an alternative course. "The Congress on the application of the legislatures of two thirds of the several states shall call a convention for proposing amendments." Note that the provision is not discretionary; it is mandatory: The Congress "shall" call.

Over the past 19 years, every state in the union at one time or another has petitioned Congress in this fashion. Amendments have been sought embracing everything from polygamy to prohibition. Early in the century, so many states petitioned for the direct election of senators that Congress itself put in motion the resolution that resulted in the 17th Amendment. At the time of a study by the American Bar Association in 1971, more than 300 such petitions had been filed.

The ABA report stemmed from a sudden onrush of state applications having to do with the issue of reapportionment. Many of the state legislatures were infuriated by the Supreme Court's one-man, one-vote, decree in Baker vs. Carr. They set about passing resolutions, many of them identically phrased, demanding that Congress call a constitutional convention to undo what the high court had done.

Then as now, 34 states (representing two thirds of all the states) would have triggered the call. Amazingly, by mid-1967 the count actually got to 32. Sen. Everett Dirksen of Illinois, grand marshal of this remarkable parade, was ecstatic. His colleague, Paul Douglas, was aghast. Douglas suggested that if a 34th application should materialize, Congress ought to refuse the call anyhow. That set Dirksen into flights of oratory scarcely equaled since Cicero took off on the Carthaginians. Such senators as Javits of New York, Proxmire of Wisconsin and Robert Kennedy of New York denounced the very idea of the constitutional convention.

One thing led to another, and in October of 1967 the Senate Judiciary Committee conducted hearings on the whole business. The hearings led to a bill sponsored by Sam Ervin of North Carolina that passed the Senate 84-0 in October of 1971: Then interest waned, and nothing much had been heard of the matter until the latest campaign began to gather momentum.

Prudence suggests that Congress send for the Ervin bill and trot it around the track once more. It seems to be doubtful that 12 more states will make application under Article V, but you never know. It would be far better to provide the machinery now than to hustle up a bill, as the ABA study observed, in a time of "divisive controversy and confusion." An act should provide for validating the applications, for electing and paying delegates to a convention, and for other housekeeping matters.

For the record, even a faint prospect of a constitutional convention gives me the willies. Scholars disagree, but there is good reason to believe a convention could not be limited to proposing a single amendment on tax limitation. A convention could conceivably propose a complete rewriting of our fundamental law. The wisest course would be for Congress voluntarily to restrain its profligate impulses, and meanwhile, to revive the Ervin bill—just in case.

[From the Washington Star, Mar. 19, 1981]

CONSTITUTIONAL CONVENTION IS 4 VOTES AWAY

(By Germond and Witcover)

Don't look now, but that specter so feared by members of Congress and many political scientists alike—a constitutional convention to write a federal balanced-budget amendment—is rising again.

While hardly anybody has been watching, 30 state legislatures have passed resolutions petitioning Congress to call such a convention—just four states short of the two-thirds requirement for mandatory congressional action.

What's more, one legislative body in four additional states has approved such a resolution, meaning that the advocates of a constitutional convention are within striking distance of their objective. Unlike Equal Rights Amendment proponents, who are three states short of the three-fourths required for ratification with only a few states still to act, the backers of the balanced-budget convention have plenty of uncommitted states from which to draw.

The upshot of all this is that intense pressure is suddenly on Congress itself to pass an amendment requiring a federal balanced budget. Such action could be the only means of averting a constitutional convention that many politicians and academics say could risk a wholesale and destructive rewriting of the prime law of the land.

So far this year, the state senates in Missouri, Ohio and West Virginia and the House in Washington have all approved resolutions asking Congress to call such a convention. In other states, too, such as California, Montana and Alaska, the matter is under active legislative consideration.

And on top of all this is the fact that a strong and highly visible proponent of the balanced federal budget is in the White House. The wide public support for Ronald Reagan's drive to get a rein on federal spending has created a climate that can only be supportive of the drive. The amendment would require the federal government to balance its budget every year, except in times of defined national emergency.

An explicit ramification of the effort's success to date is the fact that hearings now are being held in both houses of Congress to short-circuit the constitutional convention approach by passing a balance-the-budget constitutional amendment by more conventional means.

In the Senate, the Republican takeover has put a proponent, Sen. Orrin Hatch, in the

chairmanship of the Constitution Subcommittee of the Judiciary Committee, replacing former Sen. Birch Bayh, an avid foe, and a proponent, Sen. Strom Thurmond, as chairman of the full committee, replacing another staunch opponent, Sen. Edward M. Kennedy.

In the last session, the Judiciary Committee failed by one vote to approve the amendment and send it to the floor for a vote. Already, the legislation has a majority of the Senate as co-sponsors, indicating passage by summer. In the House, the effort will be harder, but already 53 members have sponsored the amendment and hearings there also are under way.

Time definitely is a critical factor, because once 34 states have legally called on Congress to summon a constitutional convention, it will have to be done. Proponents also have bills pending to establish precise procedures for Congress to judge the validity of state petitions and to set up a convention machinery—legislation that could blunt expected court challenges to the call.

Most states that have passed resolutions, however, have specified their action will be withdrawn if Congress itself places an amendment requiring a balanced budget before the states for ratification. So the action by the state legislatures clearly is intended as a prod to Congress.

The campaign for a constitutional convention has been a sleeper. It moved along with hardly any notice at all until the passage in 1978 of Proposition 13, the mandatory 50 percent cut in local property taxes in California, which fueled a nationwide "taxpayers' revolt." That phenomenon threw a largely unwanted spotlight on the drive for a convention call, with which proponents had hoped to sneak up on Congress without any serious organized opposition.

Indeed, when Gov. Jerry Brown of California, who joined Prop 13 when he couldn't beat it, conspicuously joined the constitutional convention forces, many in the movement groaned. They felt Brown's glamor would only draw attention to their legislative guerrilla campaign. But even Jerry Brown has not seemed to hurt the drive, directed by a group called the National Taxpayers' Union that spent $1.8 million last year.

The question now is whether Congress will be stampeded into passing the amendment, and the battleground clearly will be the House Judiciary Committee under Rep. Peter Rodino. He has frowned on the amendment approach in the past, but a new climate exists in the country, so anything can happen.

[From the Michigan Law Review, March 1968]

THE CONVENTION METHOD OF AMENDING THE CONSTITUTION

(By Sam J. Ervin, Jr.)

Article V of the Constitution of the United States [1] provides that constitutional amendments may be proposed in either of two ways—by two-thirds of both houses of the Congress or by a convention called by the Congress in response to the applications of two-thirds of the state legislatures. Although the framers of the Constitution evidently contemplated that the two methods of initiating amendments would operate as parallel procedures, neither superior to the other, this has not been the case historically. Each of the twenty-five constitutional amendments ratified to date was proposed by the Congress under the first alternative. As a result, although the mechanics and limitations of congressional power under the first alternative are generally understood, very little exists in the way of precedent or learning relating to the unused alternative method in article V.

Footnotes at end of article.

This became distressingly clear recently, following the disclosure that thirty-two state legislatures had, in one form or another petitioned the Congress to call a convention to propose a constitutional amendment permitting states to apportion their legislatures on the basis of some standard other than the Supreme Court's "one man-one vote" requirement.

The scant information and considerable misinformation and even outright ignorance displayed on the subject of constitutional amendment, both within the Congress and outside of it—and particularly the dangerous precedents threatened by acceptance of some of the constitutional misconceptions put forth—prompted me to introduce in the Senate a legislative proposal designed to implement the convention amendment provision in article V.

This article will discuss that provision of the Constitution, the major questions involved in its implementation, and the answers to those questions supplied by the provisions of the bill, Senate Bill No. 2307.[2]

II. BACKGROUND

On March 26, 1962, the United States Supreme Court, in the landmark case of *Baker* v. *Carr*,[3] held that state legislative apportionment is subject to judicial review in federal courts, thus overruling a long line of earlier decisions to the contrary. Two years later, on June 15, 1964, in *Reynolds* v. *Sims*,[4] the controversial "one man-one vote" decision, the Court held that the equal protection clause of the Fourteenth Amendment requires that both houses of bicameral state legislatures be apportioned on a population basis.

The two decisions evoked a storm of controversy. In the Congress, dissatisfaction with the Court's intrusion into the hitherto nonjusticiable political thicket resulted in attempts in both Houses to reverse the rulings by legislation or constitutional amendment. On August 19, 1964, the House of Representatives passed a bill introduced by Representative Tuck of Virginia which would have stripped federal district courts of jurisdiction over state apportionment cases and denied the Supreme Court appellate jurisdiction over such cases. The Senate declined to invoke that extreme remedy, passing instead a "'sense of Congress" resolution that the state legislatures should be given time to reapportion before the federal judiciary intervened further. In both 1965 and 1966, however, a majority of the Senate voted to propose the so-called "Dirksen amendment" to the Constitution, which would permit a state to apportion one house of its bicameral legislature on some standard other than population. But the amendment failed both times to get the required two-thirds vote, failing fifty-seven to thirty-nine in 1965 and fifty-five to thirty-eight in 1966.

A more extraordinary effect of the rulings in *Baker* v. *Carr* and *Reynolds* v. *Sims* was the activity generated in the state legislatures designed to reverse the Court's rulings by means of a constitutional amendment proposed by a convention convened under the second clause of article V. In December 1962, following *Baker* v. *Carr*, the Council of State Governments, at its Sixteenth Biennial General Assembly of the States, recommended that the state legislatures petition the Congress for a constitutional convention to propose three amendments, including an amendment to accomplish essentially the same purpose as the Tuck bill, that is, the denial to federal courts of original and appellate jurisdiction over state legislative apportionment cases. In response to this call, twelve state petitions were sent to the Congress during 1963 requesting a constitutional convention to propose such an amendment.[5] Although this was the largest number of petitions on the same subject ever received by the Congress in any one year, the total was far below the required thirty-four, and their receipt caused no excitement in the Congress and attracted no public attention.

In December 1964, following the decision in Reynolds v. Sims, the Seventeenth Biennial General Assembly of the States recommended that the state legislatures petition the Congress to convene a constiutional convention to propose an amendment along the lines of the Dirksen amendment, permitting the states to apportion one house of a bicameral legislature on some standard other than population. The response to this call was even greater than in 1963. Twenty-two states submitted constitutional convention petitions to Congress during the Eighty-ninth Congress (1965 and 1966) and four more during the first session of the Ninetieth Congress (1967). If one counted the petitions adopted by four other states, questionable in regard to their proper receipt by Congress,[6] this brought the total number of state petitions on the subject of state legislative apportionment to thirty-two.

At this point, March 1967, the situation attracted the first attention in the press. A New York Times story on March 18, 1967,[7] reported that only two more petitions were necessary to invoke the convention amendment procedure. The immediate reaction was a rash of newspaper editorials and articles, almost uniformly critical of the effort to obtain a convention, and a flurry of speeches on the subject in the Congress. Whether favorable or unfavorable to the efforts by all the states, all of these press items and all of the congressional speeches had one common denominator.

They all bore the obvious imprint of the author's feelings about the merits of state legislative apportionment. Those newspapers that had editorially supported the Supreme Court's decisions now decried and states' "back-door assault on the Constitution." [8] Those newspapers that had criticized "one man-one vote" now applauded the effort by the state legislators to overrule the new principle by constitutional amendment.

Much more disturbing to me was the fact that many of my colleagues in the Senate seemed to be influenced more by their views on the reapportionment issue than by concern for the need to answer objectively some of the perplexing constitutional questions raised by the states' action. Those Senators who had been critical of the "one man-one vote" decision and were eager to undo it now expressed the conviction that the Congress was obligated to call a convention when thirty-four petitions were on hand and that it had little power to judge the validity of state petitions.

Those Senators who agreed with the Supreme Court's ruling were now contending that some or all of the petitions were invalid for a variety of reasons and should be discounted, and that, in any case, Congress did not have to call a convention if it did not wish to. Most distressing of all was the apparent readiness of everyone to concede that any convention, once convened, would be unlimited in the scope of its authority and empowered to run rampant over the Constitution, proposing any amendment or amendments that happened to strike its fancy. That interpretation, supported neither by logic nor constitutional history, served the convenience of both sides in the apportionment controversy. Those who did not want to call a convention that might propose a reapportionment amendment pointed out that an open convention would surely be a constitutional nightmare. Opponents of "one man-one vote" cited the horrors of an open convention as an additional reason for proposal of a reapportionment amendment by the Congress.

My conviction was that the constitutional questions involved were far more important than the reapportionment issue that had

brought them to light, and that they should receive more orderly and objective consideration than they had so far been accorded. Certainly it would be grossly unfortunate if the partisanship over state legislative apportionment—and I am admittedly a partisan on that issue—should be allowed to distort an attempt at clarification of the amendment process, which in the long run must command a higher obligation and duty than any single issue that might be the subject of that process. Any congressional action on this subject would be a precedent for the future, and the unseemly squabble that had already erupted was to me a certain indication that only bad precedents could result from an effort to settle questions of procedure under article V simultaneously with the presentation of a substantive issue by two-thirds of the states. Although it is not easy to anticipate all of the problems that may develop in the convention amendment process, nor to deal with those problems wisely in the abstract, I nevertheless felt that the wisest course would be to consider and enact permanent legislation to implement the convention amendment provision in article V.

I introduced S. 2307 on August 17, 1967. In my statement accompanying introduction, I stressed that I was not committed to the provisions of the bill as then drafted. I was convinced only of the necessity for action on the subject, action that might forestall a congressional choice between chaos on the one hand and refusal to abide the commands of article V on the other. Open hearings on the bill were held on October 30 and 31, 1967, before the Senate Subcommittee on Separation of Powers. The testimony revealed deficiencies in the bill and suggested modifications and additions. As a result, I have subsequently amended the bill in several respects.

In discussing specific questions raised by the bill, I shall describe the relevant provision of the original draft and note the amendments made since the hearings.

III. QUESTIONS RAISED BY THE BILL

Before going to specific issues and matters of detail, it seems appropriate to discuss briefly two threshold problems posed by the bill: whether the Congress has the power to enact such legislation, and, if it does, what policy considerations should guide it in exercising such power.

I have no doubt that the Congress has the power to legislate about the process of amendment by convention. The Congress is made the agency for calling the convention, and it is hard to see why the Congress should have been involved in this alternative method of proposal at all unless it was expected to determine such questions as when sufficient appropriate applications had been received and to provide for the membership and procedures of the convention and for review and ratification of its proposals.

Obviously the fifty state legislatures cannot themselves legislate on this subject. The constitutional convention cannot do so for it must first be brought into being.

All that is left, therefore, is the Congress, which, in respect to this and other issues not specifically settled by the Constitution, has the residual power to legislate on matters that require uniform settlement. Add to this the weight of such decisions as Coleman *v.* Miller,[9] to the effect that questions arising in the amending process are nonjusticiable political questions exclusively in the congressional domain, and the conclusion seems inescapable that the Congress has plenary power to legislate on the subject by amendment by convention and to settle every point not actually settled by article V of the Constitution itself.

With respect to the second problem, within what general policy limitations that power should be exercised, I think the Congress should be extremely careful to close as few doors as possible. Any legislation on this subject will be what might be called "quasi-organic" legislation; in England it would be recognized as a constitutional statute. When dealing with such a measure, it is wise to bear in mind Marshall's well-worn aphorism that it is a Constitution we are expounding and not get involved in "an unwise attempt to provide, by immutable rules, for exigencies which, if foreseen at all, must [be] seen dimly, and which can best be provided for as they occur."[10] This approach is reflected at several points in the bill, notably in its failure to try to anticipate and enumerate the various grounds on which Congress might justifiably rule a state petition invalid, and its failure to prescribe rigid rules of procedure for the convention.

In addition, I think the Congress, in exercising its power under article V, should bear in mind that the Framers meant the convention method of amendment to be an attainable means of constitutional change. This legislation can be drawn so as to place as many hurdles as possible in the way of effective use of the process; or it can be drawn in a manner that will make such a process a possible, however improbable, method of amendment. The first alternative would be a flagrant disavowal of the clear language and intended function of article V. I have assumed that the Congress will wish to take the second road, and the bill is drawn with that principle in mind.

Open or limited convention?

Perhaps the most important issue raised by the bill is the question of the power of the Congress to limit the scope and authority of a convention convened under article V in accordance with the desires of the states as set forth in their applications. This was, as I have noted, one of the issues that most troubled me when I first heard of the efforts by the states to call a convention.

It has been argued that the subject matter of a convention convened under article V cannot be limited, since a constitutional convention is a premier assembly of the people, exercising all the power that the people themselves possess, and therefore supreme to all other governmental branches or agencies. Certainly, according to this argument, the states may not themselves, in their applications, dictate limitations on the convention's deliberations. They may not require the Congress to submit to the convention a given text of an amendment, nor even a single subject or idea. For the convention must be free to "propose" amendments, which suggests the freedom to canvass matters afresh and to weigh all possibilities and alternatives rather than ratify a single text or idea.

The states may in their applications specify the amendment or amendments they would hope the convention would propose. But once the Congress calls the convention, those specifications would not control its deliberations. The convention could not be restricted to the consideration of certain topics and forbidden to consider certain other topics, nor could it be forbidden to write a new constitution if it should choose to do so.

I will concede that such an interpretation can be wrenched from article V—but only through a mechanical and literal reading of the words of the article, totally removed from the context of their promulgation and history. My reading of the debates on article V at the Philadelphia Convention and the other historical materials bearing on the intended function of the amendment process[11] leads me to the opposite conclusion. As I understand the debates, the Founders were concerned, first, that they not place the new government in the same straitjacket that inhibited the Confederation, unable to change fundamental law without the consent of every state.

The amendment process, rather a novelty for the time, was therefore included in the Constitution itself. Second, the final form of article V was dictated by a major compromise between those delegates who would utilize the state legislatures as the sole means of initiating amendments and those who would lodge that power exclusively in the national legislature.

The forces at the convention that sought to limit the power of originating amendments to the states were at first dominant. The original Virginia Plan, first approved by the convention, excluded the national legislature from participation in the amendment process. On reconsideration, the forces that would limit the power of origination of amendments to the national legislature became prevalent.

The arguments on both sides were persuasive: the improprieties or excess of power in the national government would not likely be corrected except by state initiative, while improprieties by the state governments or deficiencies in national power would not likely be corrected except by national initiative. In the spirit that typified the 1787 Convention, the result was acceptance of a Madison compromise proposal which read, as the final article was to read, in terms of alternative methods.

It is clear that neither of the two methods of amendment was expected by the Framers to be superior to the other or easier of accomplishment. There is certainly no indication that the national legislature was intended to promote individual amendments while the state legislatures were to be concerned with more extensive revisions. On the contrary, there is strong evidence that what the members of the convention were concerned with in both cases was the power to make specific amendments. They did not appear to anticipate a need for a general revision of the Constitution. And certainly this was understandable, in light of the difficulties that they had in finding the compromises to satisfy the divergent interests needed for ratification of their efforts. Provision in article V for two exceptions to the amendment power[12] underlines the notion that the convention anticipated specific amendment or amendments rather than general revision. For it is doubtful that these exceptions could have been expected to control a later general revision.

This construction is supported by references to the amendment process in the Federalist Papers. In Federalist No. 43, James Madison explained the need and function of article V as follows:

"That useful alterations will be suggested by experience, could not but be foreseen. It was requisite therefore that a mode for introducing them should be provided. The mode preferred by the Convention seems to be stamped with every mark of propriety. It guards equally against that extreme facility which would render the Constitution too mutable; and that extreme difficulty which might perpetuate its discovered faults, if moreover equally enables the general and the state governments to originate the amendment of errors as they may be pointed out by the experience on one side or on the other."

Hamilton, in Federalist No. 85, was even more emphatic in pointing out the possibility of specific as well as general amendment of the Constitution on the initiative of the state legislatures:

"But every amendment to the constitution, if once established, would be a single proposition, and might be brought forward singly. There would then be no necessity for management or compromise, in relation to any other point, no giving nor taking. The will of the requisite number would at once bring the matter to a decisive issue. And

Footnotes at end of article.

consequently whenever nine or rather ten states, were united in the desire of a particular amendment, that amendment must infallibly take place."

Apart from being inconsistent with the language and history of article V, the contention that any constitutional convention must be a wide open one is neither a practicable nor a desirable one. If the subject matter of amendments were to be left entirely to the convention, it would be hard to expect the states to call for a convention in the absence of a general discontent with the existing constitutional system.

This construction would effectively destroy the power of the states to originate the amendment of errors pointed out by experience, as Madison expected them to do. Alternatively, under that construction, applications for a limited convention deriving in some states from a dissatisfaction with the school desegregation cases, in others because of the school prayer cases, and in still others by reason of obection to the *Miranda* rule, could all be combined to make up the requisite two-thirds of the states needed to meet the requirement of article V.

I find it hard to believe that this is the type of consensus that was thought to be appropriate to calling for a convention.

For if such disparate demands were sufficient, all the applications to date—and there are a large number of them—should be added up to see whether, in what is considered an appropriate span of time, two-thirds of the states have made demands for a constitutional convention to propose amendments, no matter the cause for applications or the specifications contained in them. Moreover, once such a convention were convened, it could refuse to consider any of the problems or subjects specified in the states' applications, and instead propose amendments on other subjects or rewrite the Constitution in a manner unacceptable to any of the applicant states.

My construction of article V, with reference to the initiation of the amendment procedure by the state legislatures, is consistent with the literal language of the article as well as its history, and is more desirable and practicable than the alternative construction. As I see it, the intention of article V was to place the power of initiation of amendments in the state legislatures. The function of the convention was to provide a mechanism for effectuating this initiative. The role of the states in filing their applications would be to identify the problem or problems that they believed to call for resolution by way of amendment. The role of the convention that would be called by reason of such action by the states would then be to decide whether the problem called for correction by constitutional amendment and, if so, to frame the amendment itself and propose it for ratification as provided in article V. The bill carries out this intention in keeping not only with the letter but also with the spirit of article V.

The bill provides that state petitions to the Congress which request the calling of a convention under article V shall state the nature of the amendment or amendments to be proposed by such convention. Upon receipt of valid applications from two-thirds or more of the states requesting a convention on the same subject or subjects, the Congress is required to call a convention by concurrent resolution, specifying in the resolution the nature of the amendment or amendments for the consideration of which the convention is being called. The convention may not propose amendments on other subjects and, if it does, the Congress may refuse to submit them to the states for ratification.

Under the provisions, the states could not require the Congress to submit to a convention a given text of an amendment, demanding an up or down vote on it alone. But they could require the Congress to submit a single subject or problem, demanding action on it alone.

They could not, however, define the subject so narrowly as a deprive the convention of all deliberate freedom. To use the reapportionment issue as an example, the states could not require the Congress to call a convention to accept or reject the exact text of the reapportionment amendment recommended by the Council of State Governments, for then the convention would be merely a ratifying body. But they could properly petition for a convention to consider the propriety of proposing a constitutional amendment to deal with the reapportionment problems raised by the Supreme Court decision, defining those problems in specific terms.

The convention would then be confined to that subject, but it would be free to consider the propriety of proposing any amendment and the form the amendment should take—that of the Dirksen proposal, the Tuck proposal, or some other form. To take another example, those states which might desire a convention to deal with the Escobedo-Miranda issue could phrase their petitions generally in terms of the problem of federal control over the criminal processes of the states.

The convention would then be confined to that subject, but would nevertheless have great deliberative freedom to canvass all possible solutions and propose whatever amendment or amendments it deemed appropriate to respond to the problems identified by the states.

I am convinced that these provisions of the bill fully accord with the mandate of article V, its history, and intended function.

May Congress refuse to call a convention?

Perhaps the next most important question raised by the bill is whether the Congress has any discretion to refuse to call a convention in the face of appropriate applications from a sufficient number of states.

Article V states that Congress "shall" call a convention upon the applications of the legislatures of two-thirds of the states. I have absolutely no doubt that the article is peremptory and that the duty is mandatory, leaving no discretion to the Congress to review the wisdom of the state applications. Certainly this is the more desirable construction, consonant with the intended arrangement of article V as described in the preceding section of this article. The founders included the convention alternative in the amending article to enable the states to initiate constitutional reform in the event the national legislature refused to do so. To concede to the Congress any discretion to consider the wisdom and necessity of a particular convention call would in effect destroy the role of the states.

The comments of both Madison and Hamilton, subsequent to the 1787 Convention, sustain this construction. In a letter on the subject, Madison observed that the question concerning the calling of a convention "will not belong to the Federal Legislature. If two-thirds of the states apply for one, Congress cannot refuse to call it: if not, the other mode of amendments must be pursued." [12] Hamilton, in the Federalist No. 85, stated:

"By the fifth article of the plan the congress will be obliged, 'on the application of the legislatures of two-thirds of the states, (which at present amounts to nine) to call a convention for proposing amendments, which shall be valid to all intents and purposes, as part of the constitution, when ratified by the legislatures of three-fourths of the states, or by conventions in three-fourths thereof.' The words of this article are peremptory. The congress shall call; a convention.' Nothing in this particular is left to the discretion."

It has been argued forcefully that, notwithstanding the language of article V, the Congress need not call a convention if it does not wish to do so, and that, in any event no legislation such as this can commit a future Congress to call a convention against its judgment. This argument is based on the premise that although article V provides that Congress "shall" call a convention if enough states apply, this word may be interpreted to mean "may" for all practical purposes, since the courts are not apt to try to enforce the obligation if Congress wishes to evade it. I cannot accept such a flagrant disregard of clear language and purpose.

Although it may be true that no legislation by one Congress can bind a subsequent Congress to vote for a convention, and that the courts will not intervene, it is my strong feeling that the bill should recognize the fact that the Congress has a strict constitutional duty to call a convention if a sufficient number of proper applications are received. The bill does this by providing that it shall be the duty of both houses to agree to a concurrent resolution calling a convention whenever it shall be determined that two-thirds of the state legislatures have properly petitioned for a convention to propose an amendment or amendments on the same subject. Concededly, the Congress cannot be forced by the courts or by the provisions of this bill to vote for a particular convention. However, every member has taken an oath to support the Constitution, and I cannot believe a majority of the Congress will choose to ignore its clear obligation, I would hope, moreover, that this bill will facilitate the path to congressional action by underlining the obligation of the Congress to act.

Sufficiency of State applications

Assuming the Congress may not weigh the wisdom and necessity of state applications requesting the calling of a constitutional convention, does it have the power to judge the validity of state applications and state legislative procedures adopting such applications? Clearly the Congress has some such power. The fact alone that Congress is made the agency for convening the convention upon the receipt of the requisite number of state applications suggests that it must exercise some power to judge the validity of those applications. The impotence or withdrawal of the courts underlines the necessity for lodging some such power in the Congress. The relevant question, then, concerns the extent of that power.

It has been contended that Congress must have broad powers to judge the validity of state applications and that such power must include the authority to look beyond the content of an application, and its formal compliance with article V, to the legislative procedures followed in adopting the application. The counterargument is that to grant Congress the power to reject applications, particularly if that power is not carefully circumscribed, would be to supply it with a means of avoiding altogether the obligation to call a convention. The result would be that the Congress could arbitrarily reject all applications on subjects it did not consider appropriate for amendment, leaving us in effect with only one amendment process.

In drafting the bill I was mainly concerned with limiting the power of the Congress to frustrate the initiative of the states, particularly since the debate on the Senate floor at the time indicated that some Senators were inclined to seize on any slight irregularity in a petition as a basis for not counting it.

My bill, as introduced, therefore set forth

Footnotes at end of article.

only requirements as to the content of state applications, leaving questions of legislative procedure for determination solely by the individual states, with their decisions made binding on the Congress and the courts. However, I think the hearing amply demonstrated the danger of disabling the Congress from reviewing the procedural validity of state petitions.

In general, state legislatures ought to be masters of their own procedures. But this is a federal function that they would be performing, and the Congress should retain some power uniformly to settle the questions of irregularity that might arise. The bill has therefore been amended to remove the disability of the Congress to review legislative procedures. Under the amended bill, Congress would retain broad powers in this respect, indeterminate and unforeseeable in nature, but to be exercised, I would hope, rarely and with restraint.

It might be well to say something at this point on a question that is much debated: whether a legislature that has been held to be malapportioned, or that is under a decree requiring it to reapportion and perhaps qualifying its powers in some measure before reapportionment, can validly pass a resolution for a constitutional convention.

I should think in general that it could, unless an outstanding decree forbids it to do so, either specifically or by mention of some analogous forbidden function. To open to congressional review the question of propriety of state legislative composition would be to open a Pandora's box of constitutional doubts about the validity even of the Fourteenth Amendment.

However, the bill does not expressly answer this question. This is one of the many questions of irregularity on which the Congress will have to work its will should the question be squarely presented in the form of thirty-four state applications including some passed by malapportioned legislatures.

One further important point should be mentioned. Most of the states obviously do not now understand their role in designating subjects or problems for resolution by amendment, and many of them do not even know where to send their applications. By setting forth the formal requirements with respect to content of state applications and designating the congressional officers to whom they must be transmitted, the bill furnishes guidance to the states on these questions and promises to avert in the future some of the problems that have arisen in the current effort to convene a convention. The bill also requires that all applications received by the Congress be printed in the Congressional Record and that copies be sent to all members of Congress and to the legislature of each of the other states. In this way, the element of congressional surprise can be eliminated, and each state can be given prompt and full opportunity to join in any call for a convention in which it concurs.

The role of State Governors

The argument has been made that a state application for a constitutional convention must be approved by both the legislature and the governor of the state to be effective. This argument rests on the claim that article V intended state participation in the process to involve the whole legislative process of the state as defined in the state constitution. I do not agree with that argument. We do not have here any question about the exercise of the lawmaking process by a state legislature in combination with whatever executive participation might be called for by state law. We have rather a question of heeding the voice of the people of a state in expressing the possible need for a change in the fundamental document. It seems clear to me that the Founders properly viewed the state legislatures as the sole representative of the people on such a matter, since the executive veto, a carryover from the requirement of royal assent, was not regarded as the expression of popular opinion at the time of the 1787 Convention. And, to resort to the kind of literalism invoked by others as appropriate for construction of other provisions of article V, the language of the article definitely asserts that the appropriate applications are to come from "legislatures."

Closely analogous court decisions support this interpretation. The Supreme Court in Hawke v. Smith, No. 1 [14] interpreted the term "legislatures" in the ratification clause of article V to mean the representative lawmaking bodies of the states, since ratification of a constitutional amendment "is not an act of legislation within the proper sense of the word." [15] Certainly the term "legislature" should have the same meaning in both the application clause and the ratification clause of article V. Further support is found in the decision in Hollingsworth v. Virginia,[16] in which the Court held that a constitutional amendment approved for proposal to the states by a two-thirds vote of Congress need not be submitted to the President for his signature or veto.

The bill therefore provides specifically that a state application need not be approved by the state's governor in order to be effective.

May a State rescind its applications?

The question of whether a state should be allowed to rescind an application previously forwarded to the Congress is another of the political questions to which the courts have not supplied answers and presumably cannot. The Supreme Court has held that questions concerning the rescission of prior ratifications or rejections of amendments proposed by the Congress are determined solely by Congress.[17]

Presumably, then, the question of rescission of an application for a convention is also political and nonjustifiable. Although the Congress has previously taken the position that a state may not rescind its prior ratification of an amendment, it has taken no position concerning rescission of applications.

My strong conviction is that rescission should be permitted. Since a two-thirds consensus among the states at some point in time is necessary in order for the Congress to call a convention, the Congress should consider whether there has been a change of mind among some states that have earlier applied. Moreover, an application is not a final action, since it serves merely to initiate a convention, and does not commit even the applicant state to any substantive amendment that might eventually be proposed.

The bill therefore provides that a state may rescind at any time before its application is included among an accumulation of applications from two-thirds of the states, at which time the obligation of the Congress to call a convention becomes fixed. Incidentally, the bill also provides that a state may rescind its prior ratification of an amendment proposed by the convention up until the time there are existing valid ratifications by three-fourths of the states, and that a state may change its mind and ratify a proposed amendment that it previously has rejected.

Another much debated point concerning state applications for a constitutional convention is timing. In order to be effective to mandate the Congress to act, within how long a period must applications be received from two-thirds of the state legislatures? Article V is silent on this question, and neither the Congress nor the courts has supplied an answer.

The Congress and the courts have agreed that constitutional amendments proposed by the Congress and submitted to the states for ratification can properly remain valid for ratification for a period of seven years. It has been felt that there should be a "reasonably contemporaneous" expression by three-fourths of the states that an amendment is acceptable in order for the Congress to conclude that a consensus in favor of the amendment exists among the people, and that ratification within a seven-year period satisfies this requirement.[18]

Presumably, the same principle should govern the application stage of the constitutional amendment process. If so, the Congress would not be required, nor empowered, to call a convention unless it received "relatively contemporaneous" valid applications from the necessary number of states.

This rule seems sensible. The Constitution contemplates a concurrent desire for a convention on the part of the legislatures of a sufficient number of states, and such a concurrent desire can scarcely be said to exist, or to reflect in each state the will of the people, if too long a period of time has passed from the date of enactment of the first application to the date of enactment of the last. It is true that legislatures are free under the bill to change their minds and rescind their applications; but the passage of a repealer is a different and more difficult political act than the defeat, starting fresh, of an application calling for a constitutional convention.

The fact, therefore, that a legislature has not rescinded an application calling for a convention is an insufficient indication that the state in question, after the passage of a long period of time, still favors the calling of a convention.

What, then, is a proper period during which tendered applications are sufficiently contemporaneous to be counted together? Some Senators and scholars have suggested that two years, the lifetime of a Congress, would be a reasonable period. Others have suggested that petitions should remain valid for a generation. My feeling when I drafted the bill was that six years would be a reasonable compromise. However, the hearings revealed a general disposition among the witnesses to agree on a four-year period. Since this would be long enough to afford ample opportunity to all the state legislatures to join in the call for a convention—particularly in view of the requirement in the bill that all other states be given immediate notice of any application received by the Congress—I have concluded that a four-year period is preferable.

The bill has therefore been amended to provide that an application shall remain valid for four years after receipt by the Congress unless sooner rescinded. The bill also provides that rescission must be accomplished by means of the same legislative procedures followed in adopting the application in question, and that the Congress retains power to judge the validity of those proceedings.

Calling the convention

The bill provides that the Secretary of the Senate and the Clerk of the House of Representatives shall keep a record of the number of state applications received, according to subject matter. Whenever two-thirds of the states have submitted applications on the same subject or subjects, the presiding officer of each house shall be notified and shall announce the same on the floor.

Each house is left free to adopt its own rules for determining the validity of the applicants, presumably by reference to a committee followed by floor action.

Once a determination has been made that there are valid applications from two-thirds or more of the state legislatures on the same subject or subjects, each house must agree to a concurrent resolution providing for the convening of a constitutional convention on such subject or subjects.

Footnotes at end of article.

The concurrent resolution would designate the place and time of meeting of the convention, set forth the nature of the amendment or amendments the convention is empowered to consider and propose, and provide for such other things as the provision of funds to pay the expenses of the convention and to compensate the delegates. The convention would be required to be convened not later than one year after adoption of the resolution.

As introduced, the bill required the Congress to designate in the concurrent resolution convening a convention the manner in which any amendment proposed by the convention must be ratified by the states and the period within which they must be ratified or deemed inoperative. Testimony at the hearings suggested that these determinations might properly be influenced by the nature of the amendments proposed and that they should therefore not be required to be made at the time the convention is called. For example, certain proposed amendments might call for ratification by state conventions rather than state legislatures, and certain circumstances might indicate a shorter or longer period than usual during which ratification should take place. The Congress should be able to make those decisions after it has the convention's proposals. The bill therefore has been amended to so provide.

The bill as introduced provided that each state should have as many delegates as it is entitled to representatives in Congress, to be elected or appointed as provided by state law. However, the hearings revealed a general feeling that the national interest is too closely affected to permit each state to decide how its delegates to a national constitutional convention shall be elected, or, indeed, appointed. For this reason, the bill has been amended to require that delegates be elected—not appointed—and that they be elected by the same constituency that elects the states' representatives in Congress. Under the amended bill, each state will be entitled to as many delegates as it is entitled to Senators and Representatives in Congress. Two delegates in each state will be elected at large and one delegate will be elected from each congressional district in the manner provided by state law. Vacancies in a state's delegation will be filled by appointment of the governor.

Convention procedure and voting

The bill provides that the Vice President of the United States shall convene the constitutional convention, administer the oath of office of the delegates and preside until a presiding officer is elected. The presiding officer will then preside over the election of other officers and thereafter. Further proceedings of the convention will be in accordance with rules adopted by the convention. A daily record of all convention proceedings, including the votes of delegates, shall be kept, and shall be transmitted to the Archivist of the United States within thirty days after the convention terminates. The convention must terminate its proceedings within one year of its opening unless the period is extended by the Congress by concurrent resolution.

As introduced, the bill provided that each state should have one vote on all matters before the convention, including the proposal of amendments. This was decided upon in deference to the method followed in the 1787 Convention rather than from a conviction that this would be the necessarily proper procedure in conventions called under article V. On the basis of the testimony presented at the hearings, I have decided that unit voting would not be appropriate for such conventions. The reasons for unit voting in the 1787 Convention were peculiar to the background against which that convention worked and are not valid today. Moreover, the states, as units, will have equal say in the ratification process. It seems appropriate, therefore, to recognize the interests of majority rule in the method of proposing amendments. Hence, the bill has been amended to provide that each state delegate shall have one vote so that the voting strength of each state will be in proportion to its population.

Finally, the bill provides that amendments may be proposed by the convention by a vote of a majority of the total number of delegates to the convention. The alternative would be to impose a two-thirds voting requirement analogous to the requirement for congressional proposal of amendments. However, article V does not call for this, and I think that such a requirement would place an undue and unnecessary obstacle in the way of effective utilization of the convention amendment process.

Ratification of proposed amendments

The bill provides that any amendment proposed by the convention must be transmitted to the Congress within the thirty days after the convention terminates its proceedings. The Congress must then transmit the proposed amendment to the Administrator of General Services for submission to the states. However, the Congress may, by concurrent resolution, refuse to approve an amendment for submission to the states for ratification, on the grounds of procedural irregularities in the convention or failure of the amendment to conform to the limitations on subject matter imposed by the Congress in the concurrent resolution calling the convention. The intent is to provide a means of remedying a refusal by the convention to abide by the limitations on its authority to amend the Constitution. Of course, unlimited power in the Congress to refuse to submit proposed amendments for ratification would destroy the independence of the second alternative amending process. Therefore, the Congress is explicitly forbidden to refuse to submit a proposed amendment for ratification because of doubts about the merits of its substantive provisions. The power is reserved for use only with respect to amendments outside the scope of the convention's authority or in the case of serious procedural irregularities.

Ratification by the states must be by state legislative action or convention, as the Congress may direct, and within the time period specified by the Congress. The Congress retains the power to review the validity of ratification procedures. As noted earlier, any state may rescind its prior ratification of an amendment by the same processes by which it ratified it, except that no state may rescind after that amendment has been validly ratified by three-fourths of the states. When three-fourths of the states have ratified a proposed amendment, the Administrator of General Services shall issue a proclamation that the amendment is a part of the Constitution, effective from the date of the last necessary ratification.

IV. CONCLUSION

There is some evidence that the current effort to require the Congress to call a convention to propose a reapportionment amendment has failed and that the danger of a constitutional crisis has passed. The two additional applications needed to bring the total to thirty-four have not been received and there is a strong likelihood that some applicant states will rescind their applications. Even if this is the case, however, the need for legislation to implement article V remains. There may well be other attempts to utilize the convention amendment process and, in the absence of legislation, the same unanswered questions will return to plague us. The legislation therefore is still timely, and the Congress may now have the opportunity to deal with the sensitive constitutional issues objectively, uninfluenced by competing views on state apportionment or any other substantive issue.

Some have argued that the convention method of amendment is an anomaly in the law, out of step with modern notions of majority rule and the relationship between the states and the federal government. If so, that part of article V should be stricken from the Constitution by the appropriate amendment process. It should not, however, be undermined by erecting every possible barrier in the way of its effective use. Such a course would be a disavowal of the clear language and history of article V. The Constitution made the amendment process difficult, and properly so. It certainly was not the intention of the original Convention to make it impossible. Nor is it possible to conclude that the Founders intended that amendments originating in the states should have so much harder a time of it than those proposed by Congress. As I have pointed out, that issue was fought out in 1787 Convention and resolved in favor of two originating sources, both difficult of achievement, but neither impossible and neither more difficult than the other. My bill seeks to preserve the symmetry of article V by implementing the convention alternative so as to make it a practicable but not easy method of constitutional amendment.

FOOTNOTES

[1] The Congress, whenever two thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution, or, on the Application of the Legislatures of two thirds of the several States, shall call a Convention for proposing Amendments, which, in either Case, shall be valid to all Intents and Purposes, as part of this Constitution, when ratified by the Legislatures of three fourths of the several States, or by Conventions in three fourths thereof, as the one or the other Mode of Ratification may be proposed by the Congress; Provided that no Amendment which may be made prior to the Year One thousand eight hundred and eight shall in any Manner affect the first and fourth Clauses in the Ninth Section of the first Article; and that no State, without its Consent, shall be deprived of its equal Suffrage in the Senate. *U.S. Const. Art. V.*

[2] The text of the bill, as amended, is set forth as an appendix to this Article. As of this writing, the amended bill has not been approved by the Committee on the Judiciary. The reported bill may include additional amendments.

[3] 369 U.S. 186 (1962).

[4] 377 U.S. 533 (1964).

[5] Copies of the applications referred to herein are on file in the offices of the Committees on the Judiciary of the United States Senate and House of Representatives.

[6] New Hampshire, Colorado, Utah, and Georgia have adopted applications, but copies are not on file with the Senate and House Judiciary Committees.

[7] The New York *Times*, March 18, 1967 (city ed.), at 1, col. 6.

[8] Editorial, The Washington Post, March 21, 1967, at A–10, col. 1.

[9] 307 U.S. 433 (1939).

[10] *McCulloch v. Maryland*, 17 U.S. (4 Wheat.) 316, 407, 415 (1819).

[11] *E.g.*, LEGISLATIVE REFERENCE SERV., LIBRARY OF CONGRESS, THE CONSTITUTION OF THE UNITED STATES OF AMERICA; ANALYSIS AND INTERPRETATION, S. Doc. No. 39, 88th Cong., 1st Sess. 135–36 (1964); THE FEDERALIST Nos. 43 & 85 (J. Cooke ed. 1961); L. ORFIELD, AMENDING THE FEDERAL CONSTITUTION (1942); THE RECORDS OF THE FEDERAL CONVENTION OF 1787 (M. Farrand ed. 1937). The relevant excerpts from these and other sources are printed as an appendix to the *Hearings on the Federal Constitutional Convention Before the Subcomm. on Separation of Powers of the Senate Comm. on the Judiciary*, United States Senate, Oct. 30 and 31, 1967.

[12] *See* the text of Art. V quoted in note 1 *supra*.

[13] U.S. BUREAU OF ROLLS AND LIBRARY. DOCUMENTARY HISTORY OF THE CONSTITUTION OF

THE UNITED STATES OF AMERICA V, 141, 143, *quoting* Madison's letter to Mr. Eve, dated Jan. 2, 1789.

[14] 253 U.S. 221 (1920).

[15] *Id.* at 229.

[16] 3 U.S. (3 Dall.) 378 (1798).

[17] *Coleman v. Miller*, 307 U.S. 433, 448-49 (1939).

[18] *Dillon v. Gloss*, 256 U.S. 368 (1921).

[Discussion of Recommendations]

AMERICAN BAR ASSOCIATION SPECIAL CONSTITUTIONAL CONVENTION STUDY COMMITTEE

Central to any discussion of the convention method of initiating amendments is whether a convention convened under Article V can be limited in its authority. There is the view, with which we disagree, that an Article V convention would be a sovereign assemblage and could not be restricted by either the state legislatures or the Congress in its authority or proposals. And there is the view, with which we agree, that Congress has the power to establish procedures which would limit a convention's authority to a specific subject matter where the legislatures of two-thirds of the states seek a convention limited to that subject.

The text of Article V demonstrates that a substantial national consensus must be present in order to adopt a constitutional amendment. The necessity for a consensus is underscored by the requirement of a two-thirds vote in each House of Congress or applications for a convention from two-thirds of the state legislatures to initiate an amendment, and by the requirement of ratification by three-fourths of the states. From the language of Article V we are led to the conclusion that there must be a consensus among the state legislatures as to the subject matter of a convention before Congress is required to call one. To read Article V as requiring such agreement helps assure "that an alteration of the Constitution proposed today has relation to the sentiment and felt needs of today . . ." [17]

The origins and history of Article V indicate that both general and limited conventions were within the contemplation of the Framers. The debates at the Constitutional Convention of 1787 make clear that the convention method of proposing amendments was intended to stand on an equal footing with the congressional method. As Madison observed: Article V "equally enables the general and the state governments to originate the amendment of errors as they may be pointed out by the experience on one side or on the other." [18] The "state" method, as it was labeled, was prompted largely by the belief that the national government might abuse its powers. It was felt that such abuses might go unremedied unless there was a vehicle of initiating amendments other than Congress.

The earliest proposal on amendments was contained in the Virginia Plan of government introduced in the Convention on May 29, 1787 by Edmund Randolph. It provided in resolution 13 "that provision ought to be made for the amendment of the Articles of Union whensoever it shall seem necessary, and that the assent of the National Legislature ought not to be required thereto." [19] A number of suggestions were advanced as to a specific article which eventuated in the following clause in the Convention's Committee of Detail report of August 6, 1787:

"On the application of the Legislatures of two thirds of the States in the Union, for an amendment of this Constitution, the Legislature of the United States shall call a Convention for that purpose." [20]

This proposal was adopted by the Convention on August 30. Gouverneur Morris's suggestion on that day that Congress be left at liberty to call a convention "whenever it pleased" was not accepted. There is reason to believe that the convention contemplated under this proposal "was the last step in the amending process, and its decisions did not require any ratification by anybody." [21]

On September 10, 1787 Elbridge Gerry of Massachusetts moved to reconsider the amending provision, stating that under it "two thirds of the States may obtain a Convention, a majority of which can bind the Union to innovations that may subvert the State Constitutions altogether." His motion was supported by Alexander Hamilton and other delegates. Hamilton pointed to the difficulty of introducing amendments under the Articles of Confederation and stated that "an easy mode should be established for supplying defects which will probably appear in the new System." [22] He felt that Congress would be "the first to perceive" and be "most sensible to the necessity of Amendments," and ought also to be authorized to call a convention whenever two-thirds of each branch concurred on the need for a convention. Madison also criticized the August 30 proposal, stating that the vagueness of the expression "call a convention for the purpose" was sufficient reason for reconsideration. He then asked: "How was a Convention to be formed? by what rule decide? what the force of its acts?" As a result of the debate, the clause adopted on August 30 was dropped in favor of the following provision proposed by Madison:

"The Legislature of the U.S. whenever two thirds of both Houses shall deem necessary, or on the application of two thirds of the Legislatures of the several States, shall propose amendments to this Constitution, which shall be valid to all intents and purposes as part thereof, when the same shall have been ratified by three fourths at least of the Legislatures of the several States, or by Conventions in three fourths thereof, as one or the other mode of ratification may be proposed by the Legislature of the U.S." [23]

On September 15, after the Committee of Style had returned its report, George Mason strongly objected to the amending article on the ground that both modes of initiating amendments depended on Congress so that "no amendments of the proper kind would ever be obtained by the people, the Government should become oppressive. . . ." *

Gerry and Gouverneur Morris then moved to amend the article "so as to require a convention on application of" two-thirds of the states.[24] In response Madison said that he "did not see why Congress would not be as much bound to propose amendments applied for by two thirds of the States as to call a Convention on the like application." He added that he had no objection against providing for a convention for the purpose of amendments "except only that difficulties might arise as to the form, the quorum &c. which in Constitutional regulations ought to be as much as possible avoided." [25]

Thereupon, the motion by Morris and Gerry was agreed to and the amending article was thereby modified so as to include the convention method as it now reads. Morris then successfully moved to include in Article V the proviso that "no state, without its consent shall be deprived of its equal suffrage in the Senate."

There was little discussion of Article V in the state ratifying conventions. In The Federalist Alexander Hamilton spoke of Article V as contemplating "a single proposition." Whenever two-thirds of the states concur, he declared, Congress would be obliged to call a convention. "The words of this article are peremptory. The Congress 'shall call a convention'. Nothing in this particular is left to the discretion of that body." [26] Madison, as noted earlier, stated in The Federalist that both the general and state governments are equally enabled to "originate the amendment of errors."

While the Constitutional Convention of 1787 may have exceeded the purpose of its call in framing the Constitution, * * * it does not follow that a convention convened under Article V and subject to the Constitution can lawfully assume such authority. In the first place, the Convention of 1787 took place during an extraordinary period and at a time when the states were independent and there was no effective national government. Thomas Cooley described it as "a revolutionary proceeding, and could be justified only by the circumstances which had brought the Union to the brink of dissolution." [27] Moreover, the Convention of 1787 did not ignore Congress. The draft Constitution was submitted to Congress, consented to by Congress, and transmitted by Congress to the states for ratification by popularly-elected conventions.

Both pre-1787 convention practices and the general tenor of the amending provisions of the first state constitutions lend support to the conclusions that a convention could be convened for a specific purpose and that, once convened, it would have no authority to exceed that purpose.

Of the first state constitutions, four provided for amendment by conventions and three by other methods.[28] Georgia's Constitution provided that

"no alteration shall be made in this constitution without petitions from a majority of the counties, . . . at which time the assembly shall order a convention to be called for that purpose,*** specifying the alterations to be made, according to the petitions referred to the assembly by a majority of the counties as aforesaid." [29]

Pennsylvania's Constitution of 1776 provided for the election of a Council of Censors with power to call a convention

"if there appear to them an absolute necessity of amending any article of the constitution which may be defective . . . . But the articles to be amended, and the amendment proposed, and such articles as are proposed to be added or abolished, shall be promulgated at least six months before the day appointed for the election of such convention, for the previous consideration of the people, that they may have an opportunity of instructing their delegates on the subject." [30]

The Massachusetts Constitution of 1780 directed the General Court to have the qualified voters of the respective towns and plantations convened in 1795 to collect their sentiments on the necessity or expediency of amendments. If two-thirds of the qualified voters throughout the state favored "revision or amendment," it was provided that a convention of delegates would meet "for the purpose aforesaid."

The report of the Annapolis Convention of 1786 also reflected an awareness of the binding effect of limitations on a convention. That Convention assembled to consider general trade matters and, because of the limited number of state representatives present, decided not to proceed, stating:

"That the express terms of the powers to your Commissioners supposing a deputation from all the States, and having for object the Trade and Commerce of the United States, Your Commissioners did not conceive it advisable to proceed on the business of their mission, under the Circumstances of so partial and defective a representation." [31]

In their report, the Commissioners expressed the opinion that there should be another convention, to consider not only trade matters but the amendment of the Articles of Confederation. The limited authority of the Annapolis Commissioners, however, was made clear:

"f in expressing this wish, or in intimating any other sentiment, your Commissioners should seem to exceed the strict bounds of their appointment, they entertain a full con-

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fidence, that a conduct, dictated by an anxiety for the welfare, of the United States, will not fail to receive an indulgent construction.

"Though your Commissioners could not with propriety address these observations and sentiments to any but the States they have the honor to Represent, they have nevertheless concluded from motives of respect, to transmit Copies of this Report to the United States in Congress assembled, and to the executives of the other States."

From this history of the origins of the amending provision, we are led to conclude that there is no justification for the view that Article V sanctions only general conventions. Such an interpretation would relegate the alternative method to an "unequal" method of initiating amendments. Even if the state legislatures overwhelmingly felt that there was a necessity for limited change in the Constitution, they would be discouraged from calling for a convention if that convention would automatically have the power to propose a complete revision of the Constitution.

Since Article V specifically and exclusively vests the state legislatures with the authority to apply for a convention, we can perceive no sound reason as to why they cannot invoke limitations in exercising that authority. At the state level, for example, it seems settled that the electorate may choose to delegate only a portion of its authority to a state constitutional convention and so limit it substantively.[32] The rationale is that the state convention derives its authority from the people when they so vote they adopt the people when they vote to hold a convention and that when they so vote they adopt the limitations on the convention contained in the enabling legislation drafted by the legislature and presented on a "take it or leave it" basis.[33] As one state court decision stated:

"When the people, acting under a proper resolution of the legislature, vote in favor of calling a constitutional convention, they are presumed to ratify the terms of the legislative call, which thereby becomes the basis of the authority delegated to the convention." [34]

And another:

"Certainly, the people, may, if they will, elect delegates for a particular purpose without conferring on them all their authority . . ." [35]

In summary, we believe that a substantively-limited Article V convention is consistent with the purpose of the alternative method since the states and people would have a complete vehicle other than the Congress for remedying specific abuses of power by the national government: consistent with the actual history of the amending article throughout which only amendments on single subjects have been proposed by Congress; consistent with state practice under which limited conventions have been held under constitutional provisions not expressly sanctioning a substantively-limited convention; [36] and consistent with democratic principles because convention delegates would be chosen by the people in an election in which the subject matter to be dealt with would be known and the issues identified, thereby enabling the electorate to exercise an informed judgment in the choice of delegates.

Article V explicitly gives Congress the power to call a convention upon receipt of applications from two-thirds of the state legislatures and to choose the mode of ratification of a proposed amendment. We believe that, as a necessary incident of the power to call, Congress has the power initially to determine whether the conditions which give rise to its duty have been satisfied. Once a determination is made that the conditions are present, Congress' duty is clear—it "shall" call a convention. The language of Article V, the debates at the Constitutional Convention of 1787, and statements made in The Federalist, in the debates in the state ratifying conventions, and in congressional debates during the early Congresses make clear the mandatory nature of this duty. * * *

While we believe that Congress has the power to establish standards for making available to the states a limited convention when they petition for that type of convention, we consider it essential that implementing legislation not preclude the states from applying for a general convention. Legislation which did so would be of questionable validity since neither the language nor history of Article V reveals an intention to prohibit another general convention.

In formulating standards for determining whether a convention call should issue, there is a need for great delicacy. The standards not only will determine the call but they also will have the effect of defining the convention's authority and determining whether Congress must submit a proposed amendment to the states for ratification. The standards chosen should be precise enough to permit a judgment that two-thirds of the state legislatures seek a convention on an agreed-upon matter. Our research of possible standards has not produced any alternatives which we feel are preferable to the "same subject" test embodied in S 1272. We do feel, however, that the language of Sections 4, 5, 6, 10 and 11 of S. 1272 is in need of improvement and harmonization so as to avoid the use of different expressions and concepts.

We believe that standards which in effect required applications to be identical in wording would be improper since they would tend to make resort to the convention process exceedingly difficult in view of the problems that would be encountered in obtaining identically worded applications from thirty-four states. Equally improper, we believe, would be standards which permitted Congress to exercise a policy-making role in determining whether or not to call a convention.* * *

In addition to the power to adopt standards for determining when a convention call should issue, we also believe it a fair inference from the text of Article V that Congress has the power to provide for such matters as the time and place of the convention, the composition and financing of the convention, and the manner of selecting delegates. Some of these items can only be fixed by Congress. Uniform federal legislation covering all is desirable in order to produce an effective convention.

Less clear is Congress' power over the internal rules and procedures of a convention.† The Supreme Court's decisions in Dillon v. Gloss [37] and Leser v. Garnett [38] can be viewed as supporting a broad view of Congress' power in the amending process. As the Court stated in Dillon v. Gloss: "As a rule the Constitution speaks in general terms, leaving Congress to deal with subsidiary matters of detail as the public interests and changing conditions may require; and Article V is no exception to the rule."

On the other hand, the legislative history of Article V reflects a purpose that the convention method be as free as possible from congressional domination, and the text of Article V grants Congress only two express powers pertaining to a convention, that is, the power (or duty) to call a convention and the power to choose the mode of ratification of any proposed amendment. In the absence of direct precedents, it perhaps can be said fairly that Congress may not by legislation interfere with matters of procedure because they are an intrinsic part of the deliberative characteristic of a convention.[39]

We view as unwise and of questionable validity any attempt by Congress to regulate the internal proceedings of a convention. In particular, we believe that Congress should not impose a vote requirement on an Article V convention. We are influenced in this regard by these factors:

First, it appears from our research that throughout our history conventions generally have decided for themselves the vote that should govern their proceedings. This includes the Constitutional Convention of 1787, the constitutional conventions that took place between 1776 and 1787, many of the approximately two hundred state constitutional conventions that have been held since 1789, and the various territorial conventions that have taken place under acts passed by Congress. [40] Second, the specific intent of the Framers with regard to the convention method of initiating amendments was to make available an alternative method of amending the Constitution—one that would be free from congressional domination.

Third, a reading of the 1787 debates suggests that the Framers contemplated that an Article V convention would have the power to determine its own voting and other internal procedures and that the requirement of ratification by three-fourths of the states was intended to protect minority interests.[41]

We have considered the suggestion that Congress should be able to require a two-thirds vote in order to maintain the symmetry between the convention and congressional methods of initiating amendments. We recognize that the convention can be viewed as paralleling Congress as the proposing body. Yet we think it is significant that the Constitution, while it specifies a two-thirds vote by Congress to propose an amendment, is completely silent as to the convention vote.

The Committee believes that judicial review of decisions made under Article V is desirable and feasible. We believe Congress should declare itself in favor of such review in any legislation implementing the convention process. We regard as very unwise the approach of S. 1272 which attempts to exclude the courts from any role. While the Supreme Court's decision in *Ex parte McCardle* [42] indicated that Congress has power under Article III to withdraw matters from the jurisdiction of the federal courts, this power is not unlimited. It is questionable whether the power reaches so far as to permit Congress to change results required by other provisions of the Constitution or to deny a remedy to enforce constitutional rights. Moreover, we are unaware of any authority upholding this power in cases of original jurisdiction.[43]

To be sure, Congress has discretion in interpreting Article V and in adopting implementing legislation. It cannot be gainsaid that Congress has the primary power of administering Article V. We do not believe, however, that Congress is, or ought to be, the final dispositive power in every situation. In this regard, it is to be noted that the courts have adjudicated on the merits a variety of questions arising under the amending article. These have included such questions as: whether Congress may choose the state legislative method of ratification for proposed amendments which expand federal power; whether a proposed amendment requires the approval of the President; whether Congress may fix a reasonable time for ratification of a proposed amendment by state legislatures; whether the states may restrict the power of the legislatures to ratify amendments or submit the decision to a popular referendum; and the meaning of the requirement of a two-thirds vote of both Houses.[44]

Baker v. *Carr* and *Powell* v. *McCormack* suggest considerable change in the Supreme

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Court's view since *Coleman* v. *Miller*[45] on questions involving the political process.

In Coleman, the Court held that a group of state legislators who had voted not to ratify the child labor amendment had standing to question the validity of their state's ratification. Four Justices dissented on this point. The Court held two questions nonjusticiable: the issue of undue time lapse for ratification and the power of a state legislature to ratify after having first rejected ratification. In reaching these conclusions, the Court pointed to the absence of criteria either in the Constitution or a statute relating to the ratification process. The four Justices who dissented on standing concurred on non-justiciability.

They felt, however, that the Court should have disapproved *Dillon* v. *Gloss* insofar as it decided judicially that seven years is a reasonable period of time for ratification, stating that Article V gave control of the amending process to Congress and that the process was "political in its entirety, from submission until an amendment becomes part of the Constitution, and is not subject to judicial guidance, control or interference at any point." Even though the calling of a convention is not precisely within these time limits and the holding in Coleman is not broad, it is not at all surprising that commentators read that case as bringing Article V issues generally within the rubric of "political questions."

In *Baker* v. *Carr*,[46] the Court held that a claim of legislative malapportionment raised a justiciable question. More generally, the Court laid down a number of criteria, at least one of which was likely to be involved in a true "political question," as follows:

"a textually demonstrable constitutional commitment of the issue to a coordinate political department; or a lack of judicially discoverable and mangeable standards for resolving it; or the impossibility of deciding without an initial policy determination of a kind clearly for non-judicial discretion; or the impossibility of a court's undertaking independent resolution without expressing lack of respect due coordinate branches of government; or an unusual need for unquestioning adherence to a political decision already made; or the potentiality of embarassment for multifarious pronouncements by various departments on one question."[47]

Along with these formulas, there was additional stress in *Baker* v. *Carr* on the fact that the Court there was not dealing with Congress, a coordinate branch, but with the states. In reviewing the precedents, the Court noted that it had held issues to be nonjusticiable when the matter demanded a single-voiced statement, or required prompt, unquestioning obedience, as in a national emergency, or contained the potential embarassment of sitting in judgment on the internal operations of a coordinate branch.

Perhaps the most striking feature of Baker and its progeny has been the Court's willingness to project itself into redistricting and reapportionment in giving relief. In addition, some of the criteria stressed by the Court as determinative of "political question" issues were as applicable to Congress as to the states.

In Powell,[48] the Court clearly marked out new ground. The question presented was the constitutionality of the House of Representatives' decision to deny a seat to Congressman-elect Powell, despite his having fulfilled the prerequisites specified in Article 1, Section 2 of the Constitution. Even though it was dealing with Congress, and indeed with a matter of internal legislative operation, still it held that the question was a justiciable one, involving as it did the traditional judicial function of interpreting the Constitution, and that a newly elected Representative could be judged as to qualifications only as to age, citizenship, and residence.

The Court limited itself to declaratory relief, saying that the question of whether coercive relief was available against employees of Congress was not being decided. But the more important aspect of the decision is the Court's willingness to decide. It stressed the interest of voters in having the person they elect take a seat in Congress. Thus, it looked into the clause on qualifications and found in the text and history that Congress was the judge of qualifications, but only of the three specified.

It is not easy to say just how these precedents apply to judicial review of questions involving a constitutional convention under Article V. It can be argued that they give three different doctrinal models, each leading to a different set of conclusions. We are inclined to a view which seeks to reconcile the three cases. Powell may be explained on the theory that specially protected constitutional interests are at stake, that the criteria for decisions were rather simple, and that an appropriate basis for relief could be found. Baker is more complex, but it did not involve Congress directly.

The state legislatures had forfeited a right to finality by persistent and flagrant malapportionments, and one person, one vote supplied a judicially workable standard (though the latter point emerged after Baker). Thus, Coleman may be understood as good law so far as it goes, on the theory that Congress is directly involved, that no specially protected interests are threatened, and that the issues are not easily dealt with by the Court.

Following this approach to the three cases, some tentative conclusions can be drawn for Article V and constitutional conventions. If two-thirds of the state legislatures apply, for example, for a convention to consider the apportionment of state legislatures, and Congress refuses to call the convention, it is arguable that a Powell situation exists, since the purpose of the convention method was to enable the states to bring about a change in the Constitution even against congressional opposition.

The question whether Congress is required to act, rather than having discretion to decide, is one very similar in quality to the question in Powell. The difficulty not confronted in Powell is that the relief given must probably be far-reaching, possibly involving the Court in approving a plan for a convention.

There are at least two answers. The Court might find a way to limit itself to a declaratory judgment, as it did in Powell, but if it must face far-reaching relief, the reapportionment cases afford a precedent. In some ways, a plan for a convention would present great difficulties for a court, but it could make clear that Congress could change its plan, simply by acting.[49]

If one concludes that the courts can require Congress to act, one is likely to see the courts as able to answer certain ancillary questions of "law," such as whether the state legislatures can bind a convention by the limitations in their applications, and whether the state legislatures can force the call of an unlimited convention. Here we believe Congress has a legislative power, within limits, to declare the effects of the states' applications on the scope of the convention. Courts should recognize that power and vary their review according to whether Congress has acted.

Consequently, this Committee strongly favors the introduction in any implementing legislation of a limited judicial review.‡ It would not only add substantial legitimacy to any use of the convention process but it would ease the question of justiciability. Moreover, since the process likely would be resorted to in order to effect a change opposed by vested interests, it seems highly appropriate that our independent judiciary be involved so that it can act, if necessary, as the arbiter.

In view of the nature of the controversies that might arise under Article V, the Committee believes that there should be several limits on judicial consideration. First, a Congressional determination should be overturned only if "clearly erroneous." This standard recognizes Congress' political role and at the same time insures that Congress cannot arbitrarily void the convention process.

Second, by limiting judicial remedies to declaratory relief, the possibility of actual conflict between the branches of government would be diminished. As Powell illustrated, courts are more willing to adjudicate questions with "political" overtones when not faced with the institutionally destructive need to enforce the result.

Third, the introduction of judicial review should not be allowed to delay the amending process unduly. Accordingly, any claim should be raised promptly so as to result in an early presentation and resolution of any dispute. We favor a short limitation period combined with expedited judicial procedures such as the selection of a three-judge district court. The possibility of providing original jurisdiction in the Supreme Court was rejected for several reasons. Initiation of suit in the Supreme Court necessarily escalates the level of the controversy without regard to the significance of the basic dispute. In addition, three-judge district court procedures are better suited to an expedited handling of factual issues.

We do not believe that our recommendation of a three-judge court is inconsistent with the American Bar Association's position that the jurisdiction of such courts should be sharply curtailed. It seems likely that the judicial review provided for will occur relatively rarely. In those instances when it does, the advantages of three-judge court jurisdiction outweigh the disadvantages which the Association has perceived in the existing three-judge court jurisdiction. In cases involving national constitutional convention issues, the presence of three judges (including a circuit judge) and the direct appeal to the Supreme Court are significant advantages over conventional district court procedure.

There is no indication from the text of Article V that the President is assigned a role in the amending process. Article V provides that "Congress" shall propose amendments, call a convention for proposing amendments and, in either case, choose the mode for ratification of amendments.

Article II, Section 7 of the Constitution, however, provides that "every Order, Resolution, or Vote to which the concurrence of the Senate and House of Representatives may be necessary (except on a question of Adjournment) shall be presented to the President" for his approval and, if disapproved, may be repassed by a two-thirds vote of both Houses.

It has, we believe, been regarded as settled that amendments proposed by Congress need not be presented to the President for his approval. The practice originated with the first ten amendments, which were not submitted to President Washington for his approval, and has continued through the recently proposed amendment on equality of rights. The question of whether the President's approval is required was passed on by the Supreme Court in Hollingsworth v. Virginia.[50] There, the validity of the Eleventh Amendment was attacked on the ground that it had "not been proposed in the form prescribed by the Constitution" in that it had never been presented to the President.

Article I, Section 7 was relied upon in support of that position. The Attorney General argued that the proposing of amendments was "a substantive act, unconnected with the ordinary business of legislation, and

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not within the policy of terms of investing the President with a qualified negative on the Acts and Resolutions of Congress."

It was also urged that since a two-thirds vote was necessary for both proposing an amendment and overriding a presidential veto, no useful purpose would be served by a submission to the President in such case. It was argued in reply that this was no answer, since the reasons assigned by the President for his disapproval "might be so satisfactory as to reduce the majority below the constitutional proportion."

The Court held that the amendment had been properly adopted, Justice Chase stating that "the negative of the President applies only to the ordinary cases of legislation: he has nothing to do with the proposition or adoption of amendments to the Constitution." [51] What was not pointed out, but could have been, is that had the President's approval been found necessary, it would have created the anomaly that only amendments proposed by Congress would be subject to the requirements inasmuch as Article I, Section 7 by its terms could not apply to action taken by a national constitutional convention.

Subsequent to Hollingsworth, the question of the President's role in the amending process has been the subject of discussion in Congress. In 1803 a motion in the Senate to submit the Twelfth Amendment to the President was defeated.[52] In 1865 the proposed Thirteenth Amendment was submitted to President Lincoln and, apparently through an inadvertence, was signed by him.

An extensive discussion of his action took place in the Senate and a resolution was passed declaring that the President's signature was unnecessary, inconsistent with former practice, and should not constitute a precedent for the future.[53] The following year President Andrew Johnson, in a report to the Congress with respect to the Fourteenth Amendment, made clear that the steps taken by the Executive Branch in submitting the amendment to the state legislatures was "purely ministerial" and did not commit the Executive to "an approval or a recommendation of the amendment." [54]

Since that time, no proposed amendment has been submitted to the President for his approval and no serious question has arisen over the validity of amendments for that reason. Thus, the Supreme Court could state in 1920 in *Hawke* v. *Smith* that it was settled "that the submission of a constitutional amendment did not require the action of the President."

While the "call" of a convention is obviously a different step from that of proposing an amendment, we do not believe that the President's approval is required. Under Article V applications from two-thirds of the state legislatures must precede a call and, as previously noted, Congress' duty to issue a call once the conditions have been met clearly seems to be a mandatory one.

To require the President's approval of a convention call, therefore, would add a requirement not intended.

Not only would it be inconsistent with the mandatory nature of Congress' duty and the practice of non-presidential involvement in the congressional process of initiating amendments but it would make more difficult any resort to the convention method.

The approval of another branch of government would be necessary and, if not obtained, a two-thirds vote of each House would be required before a call could issue. Certainly, the parallelism between the two initiating methods would be altered, in a manner that could only thwart the intended purpose of the convention process as an "equal" method of initiating amendments.

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While the language of Article I, Section 7 expressly provides for only one exception (i.e., an adjournment vote), it has been interpreted as not requiring presidential approval of preliminary votes in Congress, or, as noted, the proposal of constitutional amendments by Congress, or concurrent resolutions passed by the Senate and the House of Representatives for a variety of purposes.†† As the Supreme Court held in *Hollingsworth*, Section 7 applies to "ordinary cases of legislation" and "has nothing to do with the proposition or adoption of amendments to the Constitution." Thus, the use of a concurrent resolution by Congress for the issuance of a convention call is in our opinion in harmony with the generally recognized exceptions to Article I, Section 7.

We believe that a state governor should have no part in the process by which a state legislature applies for a convention or ratifies a proposed amendment. In reaching this conclusion, we are influenced by the fact that Article V speaks of "state legislatures" applying for a convention and ratifying an amendment proposed by either Congress or a national convention. The Supreme Court had occasion to focus on this expression in *Hawke* v. *Smith* [55] (No. 1) in the context of a provision in the Ohio Constitution subjecting to a popular referendum any ratification of a federal amendment by its legislature.

The Court held that this requirement was invalid, reasoning that the term "legislatures" had a certain meaning. Said the Court: "What it meant when adopted it still means for the purpose of interpretation. A Legislature was then the representative body which made the laws of the people." [56]

The ratification of a proposed amendment, held the Court, was not "an act of legislation within the proper sense of the word" but simply an expression of assent in which "no legislative action is authorized or required."

The Court also noted that the power to ratify proposed amendments has its source in the Constitution and, as such, the state law-making procedures are inapplicable.

That the term "Legislature" does not always mean the representative body itself was made clear by *Smiley* v. *Holm*.[57] That case involved a bill passed by the Minnesota legislature dividing the state into congressional districts under Article I, Section 4. The bill was vetoed by the governor and not repassed over his veto. As for the argument that the bill was valid because Article I, Section 4 refers to the state "Legislatures," the Court stated:

"The use in the Federal Constitution of the same term in different relations does not always imply the same function. . . . Wherever the term 'legislator' is used in the Constitution it is necessary to consider the nature of the particular action in view. . . ." [58]

The Court found that the governor's participation was required because the function in question involved the making of state laws and the veto of the governor was an integral part of the state's legislative process. In finding that Article I, Section 4 contemplated the making of laws, the Court stated that it provided for "a complete code for congressional elections" whose requirements "would be nugatory if they did not have appropriate sanctions."

The Court contrasted this function with the "Legislature's" role as an electoral body, as when it chose Senators, and a ratifying body, as in the case of federal amendments.

It is hard to see how the act of applying for a convention invokes the law-making processes of the state any more than its act of ratifying a proposed amendment. If anything, the act of ratification is closer to legislation since it is the last step before an amendment becomes a fundamental part of our law.

A convention application, on the other hand, is several steps removed. Other states must concur, a convention then must be called by Congress, and an amendment must be proposed by that convention.

Moreover, a convention application, unlike legislation dividing congressional districts, does not have the force of law or operate directly and immediately upon the people of the state. From a legal point of view, it would seem to be contrary to *Hawke* v *Smith* and *Leser* v. *Garnett* to require the governor's participation in the application and ratification processes.[59]

The exclusion of the governor from the application and ratification processes also finds support in the overwhelming practice of the states,[60] in the views of text-writers,[61] and in the Supreme Court's decision in *Hollingsworth* v. *Virginia* holding that the President was excluded from any role in the process by which amendments are proposed by Congress.[62]

A reading of Article V makes that an application should contain a request to Congress to call a national convention that would have the authority to propose an amendment to the Constitution.

An application which simply expressed a state's opinion on a given problem or requested Congress itself to propose an amendment would not be sufficient for purposes of Article V. Nor would an application seem proper if it called for a convention with no more authority than to vote a specific amendment set forth therein up or down, since the convention would be effectively stripped of its deliberative function. †††* A convention should have latitude to amend, as Congress does, by evaluating and dealing with a problem.

On the other hand, an application which expressed the result sought by an amendment, such as providing for the direct election of the President, should be proper since the convention itself would be left free to decide on the terms of the specific amendment necessary to accomplish that objective. We agree with the suggestion that it should not be necessary that each application be identical or propose similar changes in the same subject matter.[63]

In order to determine whether the requisite agreement among the states is present, it would seem useful for congressional legislation to require a state legislature to list in its application all state applications in effect on the date of its adoption whose subject or subjects it considers to be substantially the same. By requiring a state legislature to express the purpose of its application in relation to those already received, Congress would have additional guidance in rendering its determination.

Any such requirement, we believe, should be written in a way that would permit an application to be counted even though the state involved might have inadvertently but in good faith failed to identify similar applications in effect.

In Dillon v. Gloss, the Court upheld the fixing by Congress of a period during which ratification of a proposed amendment must be accomplished. In reaching that conclusion the Court stated that "the fair inference or implication from Article V is that the ratification must be within some reasonable time after proposal, which Congress is free to fix." The Court observed that

"as ratification is but the expression of the approbation of the people and is to be effective when had in three-fourths of the States, there is a fair implication that it must be sufficiently contemporaneous in that number of States to reflect the will of the people in all sections at relatively the same period, which of course ratification scattered through a long series of years would not do." [64]

We believe the reasoning of Dillon v. Gloss to be equally applicable to state applications for a national constitutional convention.

The convening of a convention to deal with a certain matter certainly should reflect the "will of the people in all sections at relatively the same period. . . ." In the absence of a uniform rule, the timeliness or untimeliness of state applications would vary, it seems, from case to case. It would involve, as the Supreme Court suggested with respect to the ratification area in Coleman v. Miller, a consideration of "political, social and economic conditions which have prevailed during the period since the submission of the [applications]. . . ." [65]

A uniform rule, as in the case of ratification of proposed amendments since 1918 [66] would add certainty and avoid the type of confusion which surrounded the apportionment applications. Any rule adopted, however, must take into account the fact that some state legislatures do not meet every year and that in many states the legislative sessions end early in the year.

Although the suggestion of a seven year period is consistent with that prescribed for the ratification of recent proposed constitutional amendments, it can be argued that such a period is too long for the calling of a constitutional convention, since a long series of years would likely be involved before an amendment could be adopted. A shorter period of time might more accurately reflect the will of the people at a given point in time.

Moreover, at this time in our history when social, economic and political changes frequently occur, a long period of time might be undesirable. On the other hand, a period such as four years would give states which adopted an application in the third and fourth year little opportunity to withdraw it on the basis of further reflection.

This is emphasized when consideration is given to the fact that a number of state legislatures do not meet every year. Hence, a longer period does afford more opportunity for reflection on both the submission and withdrawal of an application. It also enables the people at the time of state legislative elections to express their views. Of course, whatever the period it may be extended by the filing of a new proposal.

The Committee feels that some limitation is necessary and desirable but takes no position on the exact time except it believes that either four or seven years would be reasonable and that a congressional determination as to either period should be accepted.

There is no law dealing squarely with the question of whether a state may withdraw an application seeking a constitutional convention, although some commentators have suggested that a withdrawal is of no effect.[67] The desirability of having a rule on the subject is underscored by the fact that state legislatures have attempted to withdraw applications, particularly during the two most recent cases where a large number of state legislatures sought a convention on a specific issue.[b] As a result, uncertainty and confusion have arisen as to the proper treatment of such applications.

During the Senate debates of October 1971 on S. 215, no one suggested any limitation on the power to withdraw up to the time that the legislatures of two-thirds of the states had submitted proposals. Since a convention should reflect a "contemporaneously-felt need" that it take place, we think there should be no such limitation. In view of the importance and comparatively permanent nature of an amendment, it seems desirable that state legislatures be able to set aside applications that may have been hastily submitted or that no longer reflect the social, economic and political factors in effect when the applications were originally adopted. We believe Congress has the power to so provide.

From a slightly different point of view, the power to withdraw implies the power to change and this relates directly to the question of determining whether two-thirds of the state legislature have applied for a convention to consider the same subject. A state may wish to say specifically through its legislature that it does or does not agree that its proposal covers the same subject as that of other state proposals. The Committee feels that this power is desirable.

Finally, we can see no problems with respect to a state changing a refusal to request a convention to a proposal for such a convention. All states, of course, have rules of one sort or another which restrict the time at which a once-defeated proposition can be again presented. If these rules were to apply to the call of a federal convention and operate in a burdensome manner, their validity would be questionable under Hawke v. Smith.

We believe it of fundamental importance that a constitutional convention be representative of the people of the country. This is especially so when it is borne in mind that the method was intended to make available to the "people" a means of remedying abuses by the national government. If the convention is to be "responsive" to the people, then the structure most appropriate to the convention is one representative of the people. This, we believe, can only mean an election of convention delegates by the people. An election would help assure public confidence in the convention process by generating a discussion of the constitutional change sought and affording the people the opportunity to express themselves to the future delegates.

Although there are no direct precedents in point, there is authority and substantial reason for concluding, as we do, that the one-person, one-vote rule is applicable to a national constitutional convention. In *Hadley* v. *Junior College District*, the Supreme Court held that the rule applied in the selection of people who carry on governmental functions.[68]

While a recent decision, affirmed without opinion by the Supreme Court, held that elections for the judiciary are exempt from the rule, the lower court stated that "judges do not represent people." [69] Convention delegates, however, would represent people as well as perform a fundamental governmental function.

As a West Virginia Supreme Court observed with respect to a state constitutional convention: "[E]ven though a constitutional convention may not precisely fit into one of the three branches of government, it is such an essential incident of government that every citizen should be entitled to equal representation therein." [70]

Other decisions involving conventions differ as to whether the apportionment of a state constitutional convention must meet constitutional standards.[71]

Of course, the state reapportionment decisions are grounded in the equal protection clause of the Fourteenth Amendment and the congressional decision in *Wesberry* v. *Sanders* [72] was founded on Article 1, Section 2. Federal legislation providing for a national constitutional convention would be subject to neither of these clauses but rather to the Fifth Amendment. Yet the concept of equal protection is obviously related to due process and has been so reflected in decisions under the Fifth Amendment.[73]

Assuming compliance with the one-person, one-vote rule is necessary, as we believe it is, what standards would apply? While the early cases spoke in terms of strict population equality, recent cases have accepted deviations from this standard. In *Mahan* v. *Howell*, the Supreme Court accepted deviations of up to 16.4% because the state apportionment plan was deliberately drawn to conform to existing political subdivisons which, the Court felt, formed a more natural basis for districting so as to represent the interests of the people involved.[74]

In *Abate* v. *Mundt*, the Court upheld a plan for a county board of supervisors which produced a total deviation of 11.9%.[75] It did so on the basis of the long history of dual personnel in county and town government and the lack of built-in bias tending to favor a particular political interest or geographic area.

Elaborating its views on one person, one vote, the Committee believes that a system of voting by states at a convention, while patterned after the original Constitutional Convention, would be unconstitutional as well as undemocratic and archaic.

While it was appropriate before the adoption of the Constitution, at a time when the states were essentially independent, there can be no justification for such a system today. Aside from the contingent election feature of our electoral college system, which has received nearly universal condemnation as being anachronistic, we are not aware of any precedent which would support such a system today.

A system of voting by states would make it possible for states representing one-sixth of the population to propose a constitutional amendment. Plainly, there should be a broad representation and popular participation at any convention.

While the representation provisions of S. 1272 allowing each state as many delegates as it has Senators and Representatives in Congress are preferable to a system of voting by states, it is seriously questionable whether that structure would be found constitutional because of the great voting weight it would give to people of one state over the people of another.‡[c] It can be argued that a representation system in a convention which parallels the structure in Congress does not violate due process, since Congress is the only other body authorized by the Constitution to propose constitutional amendments. On the other hand, representation in the Congress and the electoral college are explicit parts of the Constitution, arrived at as a result of compromises at the Constitutional Convention of 1787.

It does not necessarily follow that apportionment plans based on such models are therefore constitutional. On the contrary, the reapportionment decisions make clear that state plans which deviate from the principle of equal representation for equal numbers are unconstitutional. As the Supreme Court stated in *Kirkpatrick* v. *Preisler*:

"Equal representation for equal numbers of people is a principle designed to prevent debasement of voting power and diminution of access to elected representatives. Toleration of even small deviations detracts from these purposes." [76]

In our view, a system allotting to each state a number of delegates equal to its representation in the House of Representatives should be an acceptable compliance with one-person, one-vote standards.‡‡[d] We reach this conclusion recognizing that there would be population deviations of up to 50% arising from the fact that each state would be entitled to a delegate regardless of population. It would be possible to make the populations substantially equal by redistricting the entire country regardless of state boundaries or by giving Alaska one vote and having every other state elect at large a multiple of 300,000 representing its population or redistrict each state on the new population unit.[77]

None of these methods, however, seems feasible or realistic. The time and expense involved in the creation and utilization of entirely new district lines for one election, especially since state election machinery is readily available, is one factor to be weighed.

Another is the difficulty of creating districts crossing state lines which would ade-

Footnotes at end of article.

quately represent constituents from both states. There is also the natural interest of the voter in remaining within his state. Furthermore, the dual nature of our political system strongly supports the position that state boundaries be respected. *Abate* v. *Mundt*, although distinguishable regarding apportionment of a local legislative body, suggests an analogy on a federal level.

The rationale of the Court in upholding the legislative districts within counties drawn to preserve the integrity of the towns, with the minimum deviation possible, could be applicable to apportionment of a convention. The functional interdependence and the coordination of the federal and state governments and the fundamental nature of the dual system in our government parallel the relationship between the county and towns in *Abate*. Appropriate respect for the integrity of the states would seem to justify an exception to strict equality which would assure each state at least one delegate.

Thus, a system based on the allocation of Representatives in Congress would afford maximum representation within that structure.

We cannot discern any federal constitutional bar against a member of Congress serving as a delegate to a national constitutional convention. We do not believe that the provision of Article I, Section 6 prohibiting congressmen from holding offices under the United States would be held applicable to service as a convention delegate.

The available precedents suggest that an "office of the United States" must be created under the appointive provisions of Article II [78] or involve duties and functions in one of the three branches of government which, if accepted by a member of Congress, would constitute an encroachment on the principle of separation of powers underlying our governmental system.[79]

It is hard to see how a state-elected delegate to a national constitutional convention is within the contemplation of this provision. It is noteworthy in this regard that several delegates to the Constitutional Convention of 1787 were members of the Continental Congress and that the Articles of Confederation contained a clause similar to Article I, Section 6.

We express no position on the policy question presented, or on the applicability and validity of any state constitutional bars against members of Congress simultaneously serving in other positions.

As part of our study, the Committee has considered the advisability of including in any statute implementing the convention method a rule as to whether a state should be able to rescind its ratification of a proposed amendment or withdraw a rejection vote. In view of the confusion and uncertainty which exists with respect to these matters, we believe that a uniform rule would be highly desirable.

The difficult legal and policy question is whether a state can withdraw a ratification of a proposed amendment. There is a view that Article V envisions only affirmative acts and that once the act of ratification has taken place in a state, that state has exhausted its power with respect to the amendment in question.[80]

In support, it is pointed out that where the convention method of ratification is chosen, the state constitutional convention would not have the ability to withdraw its ratification after it had disbanded.

Consequently, it is suggested that a state legislature does not have the power to withdraw a ratification vote. This suggestion has found support in a few state court decisions [81] and in the action of Congress declaring the ratification of the Fourteenth Amendment valid despite ratification rejections in two of the states making up the three-fourths.

On the other hand, Article V gives Congress the power to select the method of ratification and the Supreme Court has made clear that this power carries with it the power to adopt reasonable regulations with respect to the ratification process.

We do not regard past precedent as controlling but rather feel that the principle of seeking an agreement of public support espoused in Dillon v. Gloss and the importance and comparatively permanent nature of an amendment more cogently argue in support of a rule permitting a state to change its position either way until three-fourths of the states have finally ratified.[82]

CONCLUSION

Much of the past discussion on the convention method of initiating amendments has taken place concurrently with a lively discussion of the particular issue sought to be brought before a convention. As a result, the method itself has become clouded by uncertainty and controversy and attempted utilization of it has been viewed by some as not only an assault on the congressional method of initiating amendments but as unleashing a dangerous and radical force in our system.

Our two-year study of the subject has led us to conclude that a national constitutional convention can be channeled so as not to be a force of that kind but rather an orderly mechanism of effecting constitutional change when circumstances require its use.

The charge of radicalism does a disservice to the ability of the states and people to act responsibly when dealing with the Constitution.

We do not mean to suggest in any way that the congressional method of initiating amendments has not been satisfactory or, for that matter, that it is not to be preferred. We do mean to suggest that so long as the convention method of proposing amendments is a part of our Constitution, it is proper to establish procedures for its implementation and improper to place unnecessary and unintended obstacles in the way of its use. As was stated by the Senate Judiciary Committee, with which we agree:

"The committee believes that the responsibility of Congress under the Constitution is to enact legislation which makes article V meaningful. This responsibility dictates that legislation implementing the article should not be formulated with the objective of making the Convention route a dead letter by placing insurmountable procedural obstacles in its way. Nor on the other hand should Congress, in the guise of implementing legislation, create procedures designed to facilitate the adoption of any particular constitutional change." [83]

The integrity of our system requires that when the convention method is properly resorted to, it be allowed to function as intended.

Respectfully submitted,

SPECIAL CONSTITUTIONAL CONVENTION STUDY COMMITTEE.

FOOTNOTES

*Mason's draft of the Constitution, as it stood at that point in the Convention, contained the following notations: "Article 5th—By this article Congress only have the power of proposing amendments at any future time to this constitution and should it prove ever so oppressive, the whole people of America can't make, or even propose alterations to it; a doctrine utterly subversive of the fundamental principles of the rights and liberties of the people." 2 The Records of the Federal Convention of 1787, at 629 n. 8 (Farrand ed. 1937).

**This is because it was called "for the sole and express purpose of revising the Articles of Confederation and reporting . . . such alterations and provisions therein as shall . . . render the federal constitution adequate to the exigencies of government and the preservation of the Union."

***Note the similarity between this language (emphasis ours) and the language contained in the earliest drafts of Article V (p. 12, *supra*).

****Upon receipt of the *first* state application for a convention, a debate took place in the House of Representatives on May 5, 1789, as to whether it would be proper to refer that application to committee. A number of Representatives, including Madison, felt it would be improper to do so, since it would imply that Congress had a right to deliberate upon the subject. Madison said that this "was not the case until two-thirds of the State Legislatures concurred in such application, and then it is out of the power of Congress to decline complying, the words of the Constitution being express and positive relative to the agency Congress may have in case of applications of this nature." The House thus decided not to refer the application to committee but rather to enter it upon the Journals of Congress and place the original in its files. 1 Annals of Congress, cols. 248-51 (1789). Further support for the proposition that Congress has no discretion on whether or not to call a constitutional convention, once two-thirds of the states have applied for one, may be found in IV Elliot, *The Debates in the Several State Conventions on the Adoption of the Federal Constitution* 178 (2d ed 1836) (remarks of delegate James Iredell of North Carolina); 1 Annals of Congress, col. 498 (1796) (remarks of Rep. William Smith of South Carolina during debate on a proposed treaty with Great Britain); Cong. Globe, 38th Cong., 2d Sess. 630-31 (1865) (remarks of Senator Johnson).

***** See our discussion at pages 30–31, *infra*.

† For a related discussion, see the debates which took place at the time the Twenty-First Amendment was being formulated concerning the extent of congressional power over state ratifying conventions. *See, e.g.*, 76 Cong. Rec. 124–34, 2419–21, 4152–55 (1933); 77 Cong. Rec. 481–32 (1933); 81 Cong. Rec. 3175–76 (1937). Former Attorney General A. Mitchell Palmer argued that Congress could legislate all the necessary provisions for the assembly and conduct of such conventions, a view that was controverted at the time by former Solicitor General James M. Beck.

‡ *Appendix A* sets forth suggestions as to how such review might be provided for in S. 1272.

‡‡ The concurrent resolution is used to express "the sense of Congress upon a given subject," Watkins, C. L., and Riddick, F. M., *Senate Procedure: Precedents and Practices* 208 (1964); to express "facts, principles, opinions, and purposes of the two Houses," Deschler, L., *Jefferson's Manual and Rules of the House of Representatives* 185–186 (1969); and to take a joint action embodying a matter within the limited scope of Congress, as, for instance, to count the electoral votes, terminate the effective date of some laws, and recall bills from the President, Evins, Joe L., *Understanding Congress* 114 (1963); Watkins and Riddick, *supra* at 208–9. A concurrent resolution was also used by Congress in declaring that the Fourteenth Amendment should be promulgated as part of the Constitution. 15 Stat. 709–10. Other uses include terminating powers delegated to the President, directing the expenditure of money appropriated to the use of Congress, and preventing reorganization plans taking effect under general powers granted the President

to reorganize executive agencies. For an excellent discussion of such resolutions, see S. Rep. No. 1335, 54th Cong., 2d Sess. (1897).

‡[a] In commenting on the ratification process, the Supreme Court stated in *Hawke* v. *Smith (No. 1)*. "Both methods of ratification, by legislatures of conventions, *call for action by deliberative assemblages* representative of the people, which it was assumed would voice the will of the people." 253 U.S. at 226–27 (emphasis added).

‡[b] That is, the reapportionment and tax limitation applications.

‡[c] Use of an electoral-college-type formula would mean that 15 states would be overrepresented by 50 percent or more, with the representation rising to close to 375 percent for Alaska, California, on the other hand, would be underrepresented by nearly 20 percent.

‡[d] We have not studied the District of Columbia question, although we note that the District does not have a role in the congressional method of initiating amendments or in the ratification process.

[17] J. Jameson, *A Treatise on Constitutional Conventions; Their History, Powers, and Modes of Proceeding* § 585, at 634 (4th ed. 1887); *cited with approval in Dillon* v. *Gloss*, 256 U.S. 368, 375 (1921).

[18] *The Federalist No. 43, supra* note 2, at 204.

[19] 1 *The Records of the Federal Convention of 1787*, at 22 (Farrand ed. 1937) (hereinafter cited as *Farrand*).

[20] 2 *Id.* 188 (emphasis added).

[21] Weinfeld, "Power of Congress over State Ratifying Conventions," 51 Harv. L. Rev. 473, 481 (1938).

[22] 2 *Farrand* 558.

[23] *Id.* 559.

[24] *Id.* 629.

[25] *Id.* 629, 630.

[26] *The Federalist No. 85*, at 403 (Hallowell; Masters, Smith & Co. ed. 1852) (A. Hamilton).

[27] T. Cooley, *The General Principles of Constitutional Law in the United States of America* 15 (2d ed. 1891).

[28] Georgia, Massachusetts, New Hampshire, and Pennsylvania provided for amendments by convention; Delaware, Maryland and South Carolina provided methods of amendment, but not through conventions; New Jersey, New York, North Carolina and Virginia lacked any provisions for amendment; and Connecticut and Rhode Island did not adopt constitutions at that time. The constitution of Vermont (then considered a territory) provided for amendments through convention. Weinfeld, *supra* note 21, at 479.

[29] Ga. Const. art. LXIII (1777), at 1 B. Poore, *The Federal and State Constitutions, Colonial Charters, and Other Organic Laws of the United States* 383 (1878) [hereinafter cited as *Poore*].

[30] Pa. Const. § 47 (1776), at 2 *Poore* 1548. Vermont's Constitution of 1786 contained a similar amending article.

[31] "Documents Illustrative of the Formation of the Union of the American States," H. Doc. No. 398, 69th Cong., 1st Sess. 41–43 (1927).

[32] A. Sturm, *Methods of State Constitutional Reform* 102 (1954); R. Hoar, *supra* note 3, at 71, 120–1; Dodd, "State Constitutional Conventions and State Legislative Power," 2 Vand. L. Rev. 27 (1948). The following state cases support the proposition: *Opinion of the Justices*, 264 A.2d 342 (Del. 1970); *Chenault* v. *Carter*, 332 S.W.2d 623 (Ky. 1960); *State* v. *American Sugar Refining Co.*, 137 La. 407, 68 So. 742 (1915); *Opinion of the Justices*, 60 Mass. (6 Cush.) 573 (1833); *Erwin* v. *Nolan*, 280 Mo. 401, 217 S.W. 837 (1920); *State ex rel. Kvnalen* v. *Grawbill* 496 P. 2d 1127 (Mont. 1972); *Wood's Appeal*, 75 Pa. 59 (1874); *Wells* v. *Bain*, 75 Pa. 39 (1873); *In re Opinion of the Governor*, 55 R.I. 56, 178 A. 433 (1935); *Cummings* v. *Beeler*, 189 Tenn. 151, 223 S.W. 2d 913 (1949); *Quinlan* v. *Houston and Texas Central Ry. Co.*, 89 Tex. 356, 34 S.W. 738 (1896); *Staples* v. *Gilmer*, 183 Va. 613, 33 S.E. 2d 158, 156 A.L.R. 495 (1945). *See* Annot. "Power of state legislature to limit the power of a state constitutional convention," 158 A.L.R. 512 (1945).

[33] Roger Hoar has expressed it this way:

[T]here would be no convention unless people voted affirmatively, that an affirmative vote would result in holding exactly the sort of convention in every detail provided in the act, and that the people are presumed to know the terms of the act under which they vote. The conclusion drawn from this is that the convention act in its every detail is enacted by the people voting under it. R. Hoar, *supra* note 3, at 71.

[34] *State* v. *American Sugar Refining Company*, 137 La. 407, 415, 68 So. 742, 745 (1915).

[35] *State ex rel. McCready* v. *Hunt*, 20 S.C. (2 Hill's Law) 1,271 (1834).

[36] Nearly 15 percent of the total number of state constitutional conventions called have been substantively limited in one or more respects. The limited or restricted state constitutional convention has been used frequently since World War II. *See* A. Sturm, *supra* note 4, at 56–60, 113; A. Sturm, "State Constitutions and Constitutional Revision, 1970–1971," in Council of State Gov'ts, *The Book of the States, 1972–1973*, at 20 (1972).

[37] 256 U.S. 368 (1921).

[38] 258 U.S. 130 (1922), where the Court stated: "But the function of a state legislature in ratifying a proposed amendment to the Federal Constitution, like the function of Congress in proposing the amendment, is a federal function derived from the Federal Constitution; and it transcends any limitations sought to be imposed by the people of a State."

[39] As Justice Felix Frankfurter has observed: "The history of American freedom is, in no small measure, the history of procedure." *Malinski* v. *New York*, 324 U.S. 401, 414 (1945). It is not surprising, therefore, that procedural limitations on conventions have been invalidated. *See Carton* v. *Secretary of State*, 151 Mich. 337, 115 N.W. 429 (1908); *Goodrich* v. *Moore*, 2 Minn. 61 (1858). *See also* Jameson, *supra* note 17, at 364; Dodd, *supra note* 32, at 31, 33.

[40] A number of the Congressional Acts providing for territorial conventions did prescribe that the convention must determine by a majority of the whole number of delegates whether it was expedient for the territory to form a constitution and state government. No such requirement, however, was imposed on the conventions in their work of framing such constitutions and governments. *See, e.g.*, Act of April 30, 1802, ch. 40, 1 Stat. 173 (Ohio); Act of Feb. 20, 1811, ch. 21, 3 Stat. 641 (Louisiana); Act of July 16, 1894, ch. 138, 28 Stat. 107 (Utah); Act of June 16, 1906, ch. 3335, 34 Stat. 267 (Oklahoma).

Among those few state constitutional conventions, for which the vote needed to govern convention proceedings was established in enabling legislation were the 1967 Pennsylvania convention, and the New Jersey conventions of 1947 and 1966. *See* Law of March 16, 1967, ch. 2 [1967] Pa. Laws 2; Act of Feb. 17, 1947, ch. 8, [1947] N.J. Laws 24; Act of May 10, 1965, ch. 43, [1965] N.J. Laws 101.

When Congress required that the Twenty-First Amendment (ending Prohibition) be ratified by state conventions, rather than legislatures, forty-three states enacted legislation providing for such conventions. Thirty-two of those enabling acts established the vote required of convention delegates for ratification; either a majority of those delegates present and voting (e.g., New Mexico and North Carolina—such acts also established a minimum quorum) or a majority of the total number of delegates (e.g., California and Illinois). In no case was the requirement greater than a majority of the total number of delegates. *See* E. Brown, *Ratification of the Twenty-First Amendment to the Constitution of the United States: State Convention Records and Laws* 515–701 (1938).

[41] To be noted is Gerry's criticism of the August 30, 1787 proposal, specifically, his observation that a "majority" of the states might bind the country in the convention contemplated by that proposal. *See* pp. 12–13, *supra*. Gerry's criticism eventually led to the inclusion of ratification requirements. *See* Weinfeld, *supra* note 21, at 482–483.

[42] 74 U.S. (7 Wall.) 506 (1869); *criticized in Glidden Co.* v. *Zdanok*, 370 U.S. 530, 605 n.11 (1962) (Douglas, J., dissenting).

[43] *See* Strong, "Three Little Words and What They Didn't Seem to Mean," 59 A.B.A.J. 29 (1973). *See generally* Fairman, "Reconstruction and Reunion, 1864–88," in VI *History of the Supreme Court of the United States* 433–514 (Freund ed. 1971).

[44] The cases are: *United States* v. *Sprague*, 282 U.S. 716 (1931); *Leser* v. *Garnett*, 258 U.S. 130 (1922); *Dillon* v. *Gloss*, 256 U.S. 368 (1921); *National Prohibition Cases*, 253 U.S. 350 (1920); *Hawke* v. *Smith* (No. 1), 253 U.S. 221 (1920); *Hollingsworth* v. *Virginia*, 3 U.S. (3 Dall.) 378 (1798).

[45] 307 U.S. 433 (1939).

[46] 369 U.S. 186 (1962).

[47] *Id.* 217.

[48] 395 U.S. 486 (1969).

[49] *See Butterworth* v. *Dempsey*, 237 F. Supp. 302 (D. Conn. 1965), involving a court-ordered state constitutional convention on the subject of reapportionment. *Cf. Sixty-Seventh Minnesota State Senate* v. *Beens*, 406 U.S. 187 (1972).

[50] 3 U.S. (3 Dall.) 378 (1798).

[51] *Id.* 380 n.(a).

[52] III Journal of the Senate 323(1803) (motion defeated by a vote of 23 to 7).

[53] Cong. Globe, 38th Cong., 2d Sess. 629–33 (1865). Four years earlier a proposed amendment on slavery was presented to and signed by President Buchanan. No discussion took place in Congress concerning this action and the proposed amendment was never ratified.

[54] VI J. Richardson, *A Compilation of the Messages and Papers of the Presidents, 1789–1897*, at 391–392 (1897).

[55] 253 U.S. 221 (1920).

[56] *Id.* 227.

[57] 285 U.S. 355 (1932).

[58] *Id.* 365, 366.

[59] *See Coleman* v. *Miller*, 146 Kan. 390, 71 P.2d 518 (1937), *aff'd.* 307 U.S. 433 (1939), upholding the right of a lieutenant governor to cast the tie-breaking vote in the state senate on the ratification of the proposed child labor amendment. In affirming, the United States Supreme Court expressed no opinion as to the propriety of the lieutenant governor's participation.

[60] The results of a questionnaire-type inquiry which we sent to the fifty states indicate that a substantial majority exclude the governor from participation and that in a number that include him it is not clear whether his inclusion is simply a matter of form. Historically, it appears that the governor generally has not played a role in their processes, although there are exceptions to this rule. *See* Myers "The Process of Constitutional Amendment," S. Doc. No. 314, 76th Cong., 3rd Sess. 18 n. 47 (1940), wherein it is stated that governors gave 44 approvals in the ratifications of 15 amendments. Whether the approvals were simply a matter of form or were required as a matter of state law is not clear. In several cases there were gubernatorial vetoes of ratifications, including the governor of New Hampshire's attempted veto of his state's ratification of the twelfth amendment.

[61] H. Ames, "The Proposed Amendments to the Constitution of the United States During the First Century of Its History," H. Doc. No. 353, pt. 2, 54th Cong., 2d Sess. 298 (1897); Bonfield, "Proposing Constitutional Amendments by Convention: Some Problems," 39 Notre Dame Lawyer 659, 664–65 (1964); Buckwalter, *supra* note 13, at 551; Brickfield, Staff of House Committee on the Judiciary, 85th Cong., 1st Sess., "Problems Relating to a Federal Constitutional Convention," 7–9 (Comm. Print 1957); Note, "Proposing Amendments to the United States Constitution by Convention," 70 Harv. L. Rev. 1067, 1075 (1957). *But compare* 69 Op. Att'y Gen. of Okla. 200 (1969), in 115 Cong. Rec. 23780 (1969), *with In re Opinion of the Justices*, 118 Maine 544, 107 A. 673 (1919). *See generally* Dodd, *The Revision and Amendment of State Constitutions* 148–55 (1910); Hoar, *supra* note 3, at 90–93; Orfield, *supra* note 12, at 50 & n.30, 66 & n.89.

[62] 3 U.S. (3 Dall.) 378 (1798). *See also Omaha Tribe of Nebraska* v. *Village of Walthill*, 334 F. Supp. 823 (D. Neb. 1971), *aff'd*, 460 F. 2d 1327 (8th Cir. 1972), *cert. denied*, 93 S. Ct. 898 (1973) (governor's approval not required in order for a state to cede jurisdiction over Indian residents); *Ex parte Dillon*, 262 F. 563 (1920) (when the Legislature is designated as a mere agency to discharge some duty of a non-legislative character, such as ratifying a proposed amendment, the legislative body alone may act).

[63] Brickfield, *supra* note 61, at 11–12.

[64] 256 U.S. 368, 375 (1921).

[65] 307 U.S. 433, 453–54 (1939).

[66] Beginning with the proposal of the eighteenth amendment, Congress has, either in the amendment or proposing resolution, included a provision requiring ratification within seven years from the time of the submission to the states.

[67] *See, e.g.*, Note: "Rescinding Memorializations Resolutions," 30 Chi.—Kent L. Rev. 339 (1952).

[68] 397 U.S. 50 (1970).

[69] *Wells* v. *Edwards*, 347 F. Supp. 453, 455 (M.D. La. 1972), *aff'd*, 93 S. Ct. 904 (1973).

[70] *Smith* v. *Gore*, 150 W. Va. 71, 143 S.E.2d 791, 794 (1965).

[71] *See Forty-Second Legislative Assembly* v. *Lennon*, 481 P.2d 330 (Mont. 1971); *Jackman* v. *Bodine*, 43 N.J. 453, 470, 476–77, 205 A.2d 713, 722, 726 (1964). In *Butterworth* v. *Dempsey*, 237 F. Supp. 302 (D. Conn. 1965), a federal court ordered, without indicating the basis for it, apportionment of convention delegates on a one-person, one-vote basis. *See also State* v. *State Canvassing Board*, 78 N.M. 682, 437 P.2d 143 (1968), where a section of the state constitution, requiring that any amendments to that constitution affecting suffrage or apportionment be approved by both 3/4 of the voters of the state as a whole *and* 2/3 of those voting in each county, was found to violate the 'one-person, one-vote' and equal protection principles, and was accordingly declared invalid. *Contra, West* v. *Carr*, 212 Tenn. 367, 370 S.W.2d 469 (1963), *cert. denied*, 378 U.S. 557 (1962), holding equal protection guarantees inapplicable to a state constitutional convention since it had no power to take any final action; *accord, Livingston* v. *Ogilvie*, 43 Ill.2d 9, 250 N.E.2d 138 (1969); *Stander* v. *Kelley*, 433 Pa. Super. 406, 250 A.2d 474 (1969), *appeal dismissed sub nom. mem., Lindsay* v. *Kelley*, 395 U.S. 827 (1969). *West, Stander and Livingston*, in reaching this result, emphasized the fact that the entire electorate would be afforded a direct and equal voice, in keeping with the 'one-person, one-vote' principle, when the convention's product was submitted for ratification.

[72] 376 U.S. 1 (1964).

[73] *See Shaviro* v. *Thompson*, 394 U.S. 618 (1969); *Schneider* v. *Rusk*, 377 U.S. 163 (1964); *Bolling* v. *Sharpe*, 347 U.S. 497 (1954). *See also United States* v. *Pipefitters*, 434 F.2d 1116, 1124 (8th Cir. 1971); *United States* v. *Synnes*, 438 F.2d 764, 771 (8th Cir. 1971); *Henderson* v. *ASCS, Macon County, Alabama*, 317 F. Supp. 430, 434–35 (M.D. Ala. 1970). *See generally Griffin* v. *Richardson*, 346 F. Supp. 1226, 1232–33 (D. Md. 1972).

[74] 93 S.Ct. 979 (1973).

[75] 403 U.S. 182 (1971).

[76] 394 U.S. 526, 531 (1968).

[77] The present 1970 census establishes the mean population of congressional districts as approximately 467,000. As Alaska has a population of approximately 302,000, the absolute differential is over 50%. There are similar disparities in some states with two representatives (*e.g.*, South Dakota's two Congressmen each represent 333,000 people), but they are not as great.

[78] *See United States* v. *Germaine*, 99 U.S. 508 (1878); *United States* v. *Mouat*, 124 U.S. 303 (1888); *United States* v. *Smith*, 124 U.S. 525 (1888). *See generally* 1 Hinds, *Precedents of the House of Representatives* § 493 (1907). In *Board of Supervisors of Elections* v. *Attorney General*, 246 Md. 417, 439, 229. A.2d 388, 395 (1967), the court held that a delegate to a state constitutional convention was not an "officer" so that a member of the legislature was not guilty of dual office-holding when he simultaneously served as a delegate; *accord, Livingston* v. *Ogilvie*, 43 Ill. 2d 9, 250 N.E. 2d 138 (1969). *But see Forty-Second Legislative Assembly* v. *Lennon*, 481 P.2d 330 (Mont. 1971); *State* v. *Gessner*, 129 Ohio St. 290, 195 N.E. 63 (1935).

[79] *See 1 Farrand* 376; *Reservists Comm. to Stop the War* v. *Laird* 323 F. Supp. 833 (D.D.C. 1971).

[80] Jameson, *supra* note 17, at §§ 582–584; Dodd, "Amending the Federal Constitution," 30 Yale L.J. 321, 346 (1921).

[81] *Wise* v. *Chandler*, 270 Ky. 1, 108 S.W.2d 1024 (1937) (also holding that state legislative *rejection* of a proposed constitutional amendment cannot be reconsidered); *Coleman* v. *Miller*, 146 Kan. 390, 71 P.2d 518 (1973) (dictal). The issue was discussed, though not passed on by the Court, in Chief Justice Hughes' opinion in *Coleman* v. *Miller*, 307 U.S. 433, 447–50 (1938).

[82] This rule would take precedent over the action of Congress in refusing to permit New Jersey and Ohio to rescind their ratifications of the fourteenth amendment. The right to ratify after a previous rejection would confirm precedents established in connection with the ratifications of the Thirteenth and Fourteenth Amendments. *See generally* Myers, *The Process of Constitutional Amendment*, S. Doc. No. 314, 76th Cong., 3rd Sess. (1940).

[83] S. Rep. No. 336, 92nd Cong. 1st Sess. 2 (1971).●

By Mr. HATCH:

S. 818. A bill to amend title 18 to limit the insanity defense; to the Committee on the Judiciary.

LIMITATION OF THE INSANITY DEFENSE

● Mr. HATCH. Mr. President, no branch of the criminal law has been the subject of as much ridicule and controversy as the use of the insanity defense. Generations of Federal judges have struggled to define the circumstances under which mentally abnormal offenders should be held responsible for their conduct, without notable success. As Dr. Abraham Halpern, the distinguished psychiatrist, has noted, "insanity has come to mean anything anybody wants it to mean."

The traditional insanity defense is both a legal anachronism and a concept ill-suited to modern psychological theory. It presents issues—important issues—that are not susceptible of intelligent resolution in the courtroom environment. Trials in which the insanity defense has been raised have often degenerated into swearing contests between opposing teams of expert witnesses, all of whom are forced to translate the language of the psychiatric profession into the quite alien language of the legal profession. This takes place within the context of convoluted, hypothetical questioning that yields responses that can only be confusing and misunderstood. They certainly contribute extremely little toward the pursuit of truth.

The insanity defense evolved principally as a means by which English jurists could avoid—in a legally rational manner—the discomfiture of condemning to death a felon who was so mentally deranged that his execution would affront ordinary moral sensibilities. As Lord Erskine stated in the earliest years of the 19th century, "delusion * * * is the true character of insanity." Individuals suffering in this manner could not truly be considered "responsible" in the legal sense.

Although the criminal law over the years substituted imprisonment and lesser penalties for capital punishment and substituted judicial discretion for mandatory penalties, the insanity defense, as an exception to the ordinary consequences of criminal conduct, survived the former legal requirements which it had been designed to avoid.

In the United States, the Congress has never enacted legislation on the insanity defense. Its development has largely been left to the courts, particularly the courts of appeals. The foundation of the present defense was laid down in M'Naghten's case (8 Eng. Rep. 718 (House of Lords, 1843)) in which it was stated—

> To establish a defense on the ground of insanity, it must be clearly proved that, at the time of the committing of the act, the party accused was laboring under such defect of reason, from disease of the mind, as not to know the nature and quality of the act he was doing or, if he did know it, he did not know he was doing what was wrong.

The so-called "right-wrong" test of insanity posited in M'Naghten has gradually, but steadily, been broadened over the years.

Most importantly, the M'Naghten test, a purely cognitive test was supplemented by a volitional test stating that an individual who could discern right from wrong, yet who, for reasons of mental disease, could not control his actions could avail himself of the insanity defense. As it came to be known, the "irresistible impulse" rider to the M'Naghten inquired into whether an offender was able to restrain his actions once having been shown to appreciate the wrongness of such actions. see *Davis* v. *United States*, 165 U.S. 373 (1897)

The next stage of evolution occurred in midcentury in the District of Columbia circuit's famous decision of *Durham* v. *United States*, 214 F. 2d. 862 (1954). In that case, the court held them—

> An accused is not criminally responsible if his unlawful act was the product of mental disease or defect.

After nearly two decades of interpreting the provisions of this rule, provisions whose meanings were by no means widely agreed upon, the District of Columbia court in 1972 adopted a formulation that had previously been adopted by the other circuits.

The American law institute's model penal code (section 4.01. Proposed official draft 1962) stated that—

(1) A person is not responsible for criminal conduct if at the time of such conduct as a result of mental disease or defect he lacks substantial capacity to appreciate the criminality of his conduct or to conform to the requirements of the law.

(2) The terms "mental disease or defect" do not include an abnormality manifested only by repeated criminal or otherwise antisocial conduct.

It is this language that serves today as direction for the insanity defense in the Federal courts.

This legislation would establish a statutory standard for the criminal insanity defense in Federal prosecutions. It is similar to one that was contained in one of the versions of the proposed Federal Criminal Code reform (S. 1, 94th Congress, section 522). The amendment would add a new section to title 18 of the United States Code that would read as follows:

It shall be a defense to a prosecution under any Federal statute, that the defendant, as a result of mental disease or defect, lacked the state of mind required as an element of the offense charged. Mental disease or defect does not otherwise constitute a defense.

The legislation that is being offered would not abolish the insanity defense. It would, however, abolish the separate insanity defense. Evidence of mental disease or defect diminishing the capacity of an offender would be relevant to the extent that it negated an element of the offense—the scienter element, or requisite state of mind. For purposes of the legal determination of guilt or innocence, however, it would not be relevant to the extent that it failed to nullify this mental element.

In the case of murder, for example, the threshold question that would be addressed under the amendment is whether or not the accused person "knowingly" intended to kill the victim, rather than whether or not the accused person was capable of conforming his conduct to the requirements of the law. An individual, suffering from delusions who believed that he was throwing darts at a board instead of stabbing a victim to death, would not be guilty of murder. But—and it is the key distinction—he would not be guilty because he did not "knowingly" kill another, not because he was covered by a separate insanity defense. Had he suffered from some form of severe schizophrenia, yet still appreciated the fact that he was killing another, he would be found guilty of murder under the new defense.

The amendment would hold all individuals liable for their criminal actions if done with the requisite criminal intent. Evidence of mental disease or defect would be considered only if it, in fact, negated the mens rea required for the commission of the offense.

Upon proof beyond a reasonable doubt that an individual committed the required conduct with the required state of mind, the individual would be found guilty of the offense. At the time of sentencing, however, the court would hear whatever further psychiatric testimony was available in assisting him in determining whether or not to commit the defendant to a prison, a mental hospital, or some other facility.

There are a number of arguments in my mind that mitigate in behalf of this amendment:

First, those individuals suffering the most serious forms of mental disabilities are unlikely to be criminally convicted under any circumstance. Such individuals will either be found incompetent to stand trial in the first place or continue to be acquitted under the proposed amendment's mens rea test. It is in the case of borderline sociopaths or antisocial personalities that this test differs from the American Law Institute and other tests. Whereas such tests speak of "irresistible impulses" or "substantial capacity to appreciate" or a criminal act being the "product" of a mental disease or defect, the proposed test focuses directly upon mental elements required by the criminal offense itself. The decision as to whether such a mental element existed is a determination that must routinely be made in the case of all accused individuals. It is a clearer and far better understood standard than the traditional insanity standards.

The result is that under current insanity formulations one is exculpated largely on the basis of whether a particular expert witness wishes to label an individual "mentally diseased" and if a particular jury is inclined to agree.

Second, it is difficult in the minds of some individuals to hold as less culpable those individuals who are classified as mentally ill but not those who are the product of so-called criminogenic social or economic conditions. As one psychiatrist has noted, " the basic problem has been to keep the insanity defense an exception in the face of determinist ideology which dominates the intellectual tradition of the 20th century." Even if this concept could be contained to "mental illness," the concept of such illness has expanded steadily in this century at the expense of the concept of moral responsibility.

Third, the present insanity defense is an imprecise way for determining whether individuals ought to be institutionalized and, if so, to what type of institution. The proposed defense would allow this question to be faced directly and explicitly by the court. Rather than focusing only upon some elusive and fluctuating concept of responsibility at the time of the offense, the focus would be upon insuring proper means of treatment of the underlying mental problem. Under the amendment, it is likely that the number of truly abnormal individuals assigned to traditional prisons would be reduced since the sentencing options of the sentencing judge would be increased.

Fourth, abolition of the separate offense would encourage more effective use of professional psychiatric resources, as well as legal resources. In one notorious case, *Wright* v. *United States*, 250 F.2d 4 (D.C. Cir. 1957), 11 psychiatrists examined the defendant and submitted testimony before the jury. The attentions of these highly trained psychiatrists could be far better utilized in mental institutions and prisons than in unseemly intradisciplinary courtroom disputes. A study conducted several years ago of the departments of mental health in the States found nearly two-thirds of them in favor of abolition of the separate insanity defense, with large numbers emphasizing the burdens placed upon them by litigations.

Fifth, the treatment of those labeled "mentally ill" as being responsible for their conduct is fully consistent with modern trends in psychiatry to treat such individuals, in most circumstances, as being responsible for their own actions rather than as helpless invalids, buffeted everywhere by circumstances outside of their control.

Sixth, the present insanity defense, it has been suggested, encourages juries to overlook the fundamental question of whether or not defendants may simply not be guilty by virtue of lacking in mens rea, Goldstein and Katz, "Abolish the Insanity Defense—Why Not?" (72 Yale Law J. 853 (1963)). Trials in which the defense is raised tend sometimes to focus disproportionately on the separate defense.

Finally, and in some respects the most important, the insanity tests, as they have become increasingly broad in application, have undermined significantly public respect for and confidence in the criminal justice system as they have resulted in the release of large numbers of individuals clearly dangerous to society.

I will not cite specific horror stories, but suffice it to say they are not difficult to identify. I am confident that each of us here is familiar with instances in which the present insanity defense has been abused. and, quite probably, in which acquitted individuals have wreaked further violence upon society. In the past several months alone, we have witnessed invocation of the defense in several highly celebrated trials, including those of former San Francisco city supervisor Dan White and John Wayne Gacy in Chicago.

There are, in my opinion, few legislative acts in the area of criminal justice that this body can take that will do more to restore public confidence in our system than by reforming the present antiquated insanity defense.

The proposed amendment would concentrate trial exploration of the defendant's mental state in the sole area in which it is legally meaningful—the evaluation of the necessary mens rea—while enabling the post-trial process to concentrate upon the question of disposition of the defendant, free from the artificial fetters of evidentiary rules.

It has also been suggested that the present insanity defense tends, far more than will the proposed defense, to discriminate against the poorer and the indigent defendants. Insanity has often

been termed a "rich man's defense" because it has been the wealthy who are best able to identfy those psychiatric expert witnesses who could produce the most favorable expert testimony. Less well-to-do defendants have generally been forced to resort to public mental hospital experts or court-appointed experts whose reports have freely been available to both sides in litigation.

Mr. President, this amendment would end the insanity charade that has demeaned the Federal courts for too long. It would establish an effective means by which offenders could appropriately be channeled into either the punitive-correctional system or the medical-legal system. Most importantly, it would insure that this determination took place in an environment that is suited for making it, rather than, as is presently the case, in an environment in which legal and psychiatric questions are confusingly and inappropriately intertwined.

In this latter respect, Dr. Gregory Zilborg has written—

To force a psychiatrist to talk in terms of the ability to distinguish between right and wrong and of legal responsibility is—let us admit it open and frankly—to force him to violate the hippocratic oath, even to violate the oath he takes as a witness to tell the truth and nothing but the truth, to force him to perjure himself for the sake of justice. For what else is it if not perjury if a clinician speaks of right and wrong and criminal responsibility, and the understanding of the nature and quality of the criminal act committed, when he, the psychiatrist really knows absolutely nothing about such things.

There is among psychiatrists simply nothing that even remotely approaches a consensus on what constitutes insanity or on how such a condition is to be medically determined, much less legally determined.

The proposed reform of the insanity defense is supported by a large number of responsible observers, including doctors Seymour Halleck and Karl Menninger, laws professors Norval Morris and Joseph Goldstein, the Justice Department under Edward Levy, 62 percent of the respondents of a survey conducted among the departments of mental health in the States by the Senate Judiciary Committee, a number of local and State bar associations, and a committee of the American Bar Association. In addition, a number of States and foreign countries have adopted formulations similar to the proposed language.

To emphasize once more, the proposed reform of the insanity defense would promote better than any present insanity defense two objectives that are critical to a sound system of criminal justice: First, it would promote the integrity of the system, and promote protection of the community, by insuring that individuals who are found guilty of an offense with the requisite mens rea are treated as blameworthy individuals. Second, it would promote genuine promise of rehabilitation to those in need of such rehabilitation by allowing the court to focus upon their medical condition separately from a determination of their legal guilt. Nebulous and extraneous issues would be removed from the consideration of each of these questions.

Mr. President, I ask unanimous consent that the text of my bill follow this statement as well as a number of relevant articles.

There being no objection, the bill and articles were ordered to be printed in the RECORD, as follows:

S. 818

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 1 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 16. Insanity defense

"(a) It shall be a defense to a prosecution under any Federal statute, that the defendant, as a result of mental disease or defect, lacked the state of mind required as an element of the offense charged. Mental disease or defect does not otherwise constitute a defense.

"(b) This section applies to prosecutions under any Act of Congress other than—

"(1) an Act of Congress applicable exclusively in the District of Columbia;

"(2) the Canal Zone Code; or

"(3) the Uniform Code of Military Justice (10 U.S.C. 801 et seq.).".

(b) The table of sections from chapter 1 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"16. Insanity defense.".

BEHIND GROWING OUTRAGE OVER INSANITY PLEAS

"How to beat a murder rap by insanity." That's how Thomas Vanda, a 26-year-old Chicago man, titled a letter of advice he slipped to a fellow inmate at Cook County Jail.

If anyone can tell how it is done, it is Vanda. He was locked up in 1975 for stabbing a 15-year-old girl to death. Then, just 15 months after his trial, he was freed, supposedly cured of the insanity that doctors testified had led him to kill.

Now Vanda is back in custody, again charged with murder. Again, it's a stabbing—this time of a female college student. Again, Vanda's plea is "not guilty by reason of insanity."

This case and others like it are stirring indignation across the country. The cry: People are using a plea of insanity to get away with murder.

"Insanity has come to mean anything anybody wants it to mean," complains Dr. Abraham L. Halpern, a New York psychiatrist. "Dangerous individuals who are not mentally ill are released only to commit serious crimes again."

Lawmakers are being pushed into action. Some states have already tightened their laws, and others are on the verge of doing so. In some capitals, a drive is on to end the insanity defense altogether.

The trend could gain impetus from the trials of two highly publicized murder cases that will revolve around the question of insanity—

In San Francisco, former City Supervisor Dan White went on trial April 23 for fatally shooting Mayor George Moscone and Supervisor Harvey Milk in the heat of a dispute last November.

In Chicago, John Wayne Gacy, a painting contractor, faces trial for allegedly murdering 33 young men. Many of them were buried in the crawl space under his house.

Criminal defendants plead insanity in only a small fraction of the cases around the country. But the number of such cases has been growing rapidly.

In New York state, for example, acquittals on the ground of insanity total more than 50 each year—seven times the number in the late 1960s. And the insanity defense—once invoked almost exclusively against murder charges—now is being used increasingly in less serious cases, too.

Critics say that today's laws make it all too easy for a clever defendant or his lawyer to seek refuge from criminal punishment behind a smoke screen of psychological jargon. Defenders challenge this. They insist that abuses of the law have been relatively few. But both sides agree that there have been far-reaching changes in the concept of legal insanity.

Right vs. wrong. Whether the accused was so mentally ill at the time of the crime that he should be excused from the blame is an age-old question. For centuries, British and American courts used a relatively simple test. It required a finding that when the crime occurred, the lawbreaker was not able to recognize that his actions were wrong.

In recent decades, however, as psychiatry developed new theories of human behavior, looser and vaguer definitions of legal insanity found their way into the statute books.

Today, these newer rules prevail in some form in all federal and most state courts. They allow acquittal if the accused was propelled by an "irresistible impulse" or was in some other mental state that prevented him from controlling his actions, even though he may have recognized them to be wrong.

This broadened concept of legal insanity has opened the floodgates to testimony by psychiatrists, and that—say the critics—is the rub.

Among psychiatrists, there is nothing remotely approaching a consensus on what constitutes insanity. Moreover, psychiatrists themselves concede that they lack reliable means for determining whether a person was insane in any sense at the time of a crime. All too often, they must rely heavily on the accused's behavior and on what he tells them—two types of data that a shrewd defendant can carefully orchestrate.

In his letter to a fellow inmate, Vanda, the Chicago man acquitted after stabbing a young girl, told how this can be done. To "beat the rap," he advised "acting crazy" in front of doctors, such as claiming to hear voices or openly performing indecent acts.

Another case cited is that of Edward Carter, Jr., a Washington, D.C., man charged with raping a 13-year-old girl and then found not guilty by reason of insanity on the strength of psychiatric testimony.

Carter had convinced psychiatrists of his insanity by telling them about some 300 rapes he said he had committed over several years. Later, the doctors concluded that the man invented the rape-spree story as an ingenious ploy. A federal judge agreed that Carter "bamboozled" the medical experts and the court. Still, since he had not been convicted of any crime and was no longer diagnosed as mentally ill, he had to be freed.

Memory trick. When a person is acquitted by reason of insanity, he usually is sent to a mental institution at least for a time. Under the law, he is to be kept there until doctors determine that he is no longer dangerous and the judge concurs. But the tests for determining that are just as untrustworthy as those used prior to trial, critics say.

They point to E. E. Kemper III, a California man who spent five years in a hospital for the insane after murdering his grandparents. He persuaded psychiatrists and a judge that he was cured by giving correct answers in a battery of psychological tests—answers he had earlier memorized. In the three years after his release, he killed

his mother and seven other women, dismembering their bodies.

To curtail abuse of the insanity plea, the District of Columbia and about half the states have made a key change in the law. A defendant who raises the insanity defense now bears the burden of proving that his claim is valid. Previously, it was up to the prosecutor to show that the claim was invalid.

Similarly, under these revised laws, when a person who escaped conviction on grounds of insanity seeks release from a mental institution, he bears the burden of proving that he's no longer a danger to the community.

Other states, including Michigan and Florida, tried to go further. They adopted laws replacing the insanity defense with a "guilty but insane" approach. The jury weighs only whether the accused committed the criminal act. Evidence of insanity is admissible only after the verdict, when the judge considers it at the time of sentencing.

INTENT VITAL

To date, however, all laws abolishing the insanity defense outright have been struck down by state courts. In most instances, the courts have ruled that a person's mental state must be weighed at trial to determine a key element of the crime—the intent to commit it.

A less drastic reform, now pending in the New York Legislature, is given a better chance of surviving the scrutiny of the courts. Under this proposal, a claim of insanity would not permit a person to escape blame for a crime. Evidence of mental disease would be allowed, but only to reduce the severity of punishment. For example, a person too ill to have the intent to murder could be found guilty of involuntary manslaughter instead.

Support for changes in the law is far from universal. Many lawyers and doctors admit that the current system has its abuses but oppose any tinkering. "You don't burn down the whole barn just to get a rat or two," cautions Chicago defense lawyer Sam F. Adam.

"Insanity comes up in sensational cases, but it is not used that often," says Joseph F. Vargyas, director of the American Bar Association's Commission on the Mentally Disabled. "Some estimates say it is an issue in less than 1 percent of all serious criminal cases."

Even so, with use of the insanity defense spreading fast, the tide favoring drastic new limits is flowing strongly.

WHEN PSYCHIATRIC WITNESSES SQUARE OFF IN THE COURTROOM

The growing popularity of the insanity defense in criminal trials is bringing high fees to a cadre of witnesses who pop up in one case after another.

Critics call them "hired guns." They are the psychiatrists and psychologists who testify time and again either to buttress a defendant's insanity claim or to challenge it on behalf of the prosecution.

Some specialists shuttle about the country testifying in a dozen trials or more each year, adding an estimated $20,000 to $30,000 or more to their annual incomes.

Among psychiatrists, fees range from $50 per hour to several times that amount; among psychologists, fees are $40 per hour and up. Pretrial examination of the accused usually costs $500 to $600, but when the hourly charges for testifying and for waiting around to do so are added to the total, outlays easily reach $3,000.

If a nationally recognized doctor skilled in courtroom techniques is brought in, the bill can be still higher, according to legal experts.

Do these payments make much psychiatric testimony suspect? Critics say yes. Dr. Lawrence C. Kolb, former president of the American Psychiatric Association, for one, says that in the eyes of the public a diagnosis may seem to be "perverted . . . through promise of a fee."

Psychiatrists are well aware that they will be hired to testify only if their diagnosis helps the defendant, critics say.

As for psychiatrists employed at government hospitals, they are described as being under pressure to please the prosecutors.

U.S. Appeals Court Judge David L. Bazelon tells of a government psychiatrist who changed his diagnosis of a defendant from "chronic undifferentiated schizophrenia" to "without mental disease" after a prosecutor told him the case was "one of major significance" to the government.

Psychiatrists who regularly make courtroom appearances concede that a few specialists tailor their findings to satisfy their clients or employers. But they insist that most won't put forward a diagnosis unless they sincerely believe it to be sound.

They say the conflicting psychiatric testimony that marks so many trials stems from differing schools of thought.

Saleem A. Shah, chief of the Center for Studies of Crime and Delinquency at the National Institute of Mental Health, agrees: "One doctor may have a hard-line position—that a person has to be pretty sick before it's mental illness. Another sees mental disability as broad—encompassing such personality disorders as alcoholism and drug addition."

Theorists on the stand. Despite the controversy, use of psychiatric experts is on the rise. Legions of doctors are appearing before American juries with new and conflicting theories of mental illness.

One example: The 1976 bank-robbery trial of Patricia Hearst. Arrayed on the side of Hearst were three well-known psychiatrists. Their diagnosis: She had been brainwashed and terrorized into committing robbery by the radicals who kidnapped her. On the government side were two other well-known psychiatrists. They completely rejected the defense theory.

It is this type of conflict that has made so many Americans cynical about the role of psychiatrists in the courtroom.

"You get the same thing in every case—one doctor testifies the defendant was sane, the other says he was crazy," observes one East Coast prosecutor. "In the end, it's just a show that to many people looks like a sham."

[From the New York Times, Feb. 25, 1979]

GUILTY IS GUILTY, INSANE OR NOT

(By John White)

CHESHIRE, CONN.—Is a person responsible for his behavior if he is insane or brainwashed?

Legislative and judicial proceedings answer no. To this I say that there is no substitute for personal accountability and nothing more dangerous for society than to allow a person, regardless of his state of mind, to escape the consequences of his actions.

Consider murder trials in which the accused have pleaded not guilty by reason of insanity. Admitted killers have literally gotten away with murder—legally. The insanity plea allowed judges to sentence them to mental hospitals for observation and treatment. There they were found sane and released because they can't be tried twice for the same cime.

It is legislative insanity that this should be allowed to happen!

In a free society, laws are made to control behavior, not states of mind. A defendant's mental state should have no bearing on whether he is found guilty of committing a crime. He may be insane, brainwashed, or even, as in Son of Sam-type cases, "possessed" by an evil demon (though "Son," David R. Berkowitz, now denies it) but that should only be taken into account after the finding. If a person is genuinely unbalanced, he can be given a prison sentence that includes appropriate treatment to restore mental health, whether the treatment be psychiatry, deprogramming or exorcism. Then, if treatment is successful, the person should serve the rest of his sentence unless the preponderance of expert opinion feels that pardon or commutation is in order. At that point compassion becomes proper—but not before. The legal system is intended to deliver justice, not compassion. Ignoring this crucial distinction has led to the shameful and dangerous situation in which admitted murderers are released into society without punishment and without even simple justice for the victim's survivors.

We can agree that Jim Jones was insane, but does that mean that if he had lived he should have been found not guilty by reason of insanity? Or Adolf Eichmann?

The Nuremberg trials, declared loud and clear that people must be responsible for their acts, even in time of war. Trials in America today, however, declare that people are not responsible for their acts because their state of mind excluded reason. Consequently, criminals have been handed legal means to get away with murder, and they, considering their lives are at stake, quite reasonably use it.

Legislators should correct this most gross miscarriage of justice—a miscarriage based on the foolish idea that your state of mind has a bearing on your innocence or guilt in criminal proceedings. If you did it, you're guilty—period. Whether you remember doing it or whether you could make a rational decision at the time doesn't matter at that point in the proceedings. Your state of mind and other possible mitigating circumstances should be taken into account only in passing sentence. Irresponsible behavior can never be condoned to the point of murder. The failure of legislators to recognize and correct this outrageous situation only contributes to the general deterioration of respect for law and social order.

[From the Washington Post, Dec. 17, 1980]

CRAZY? SO WHAT?

(By William Raspberry)

Here we go again. Washington's alleged master burglar and accused murderer of Dr. Michael Halberstam, who supposedly caught him in the act, has asked, through his lawyer, for a hearing to determine his mental competency.

The man charged with the murder of John Lennon was in a Bellevue mental ward almost before the gun smoke had blown away.

The clear implication is that Bernard Welch and Mark David Chapman will plead innocent by reason of insanity when they come to trial for murder. With luck, one or both may even manage to avoid trial altogether.

The very possibility is one of the things that drive me batty about our criminal justice system. I'm willing to suppose that Welch and Chapman—if they in fact did what they are accused of doing—are crazy. Welch's lawyer suggests that "there might be some pattern of compulsive behavior which might have its roots in mental illness."

Perhaps. The multimillion-dollar stash police found in his elegant home clearly suggests that the alleged burglary spree wasn't the product of economic desperation.

Chapman, who allegedly bought a gun, quit his job in Hawaii and flew to New York for the express purpose of killing a man against whom he had no rational beef, may be, as a New York cop called him, a "nutcake."

But if a non-lawyer may legitimately entertain such questions: so what? Shouldn't it be the first order of business to answer the fundamental question: did they do it?

And how can we do that unless they are brought to trial?

I'm jumping the gun, of course. There is no reason to suppose—yet—that they won't be tried. After all, the lawyer for David Berkowitz, accused in the "Son of Sam" killings, found a couple of psychiatrists willing to pronounce the suspect mentally incompetent and incapable of participating in his own defense. Berkowitz was tried and convicted anyway. Chapman already has been transferred from Bellevue to a jail cell.

But still, our unwillingness to separate the question of *whether* an accused committed the act he is charged with from the more problematical question of *why* he did it strikes me as wrongheaded. So does the notion that an otherwise criminal act is not a crime if it is the product of mental disorder.

You need look no further than last week's newspapers to see the mischief that can follow from this notion. I refer to the story, out of Chicago, that the man accused of beheading his girlfriend and mailing her toes to Gerald Ford and Alexei Kosygin has been recommended for release from the mental institution to which he was committed after the court found him innocent of murder by reason of insanity.

Psychiatrists say he is sane now, and, therefore, there is no further reason to keep him confined.

I'll grant that the acts of which he was accused were the product of a sick mind, if only because they were so singularly bizarre. But it wouldn't take much to convince me that nearly all of the most outrageous crimes are the products of sick minds. But again: so what? I'd be willing to let these crazies serve their statutory time in a mental lockup instead of the state pen, but that's about as far as I'd go .

My faith in psychiatry to cure these sickies is about on a par with my faith in the ability of prisons to rehabilitate the officially sane.

Sometimes the inmates of prisons and mental institutions get better; sometimes they don't. I count it a worthy thing to try to increase the number of inmates who do improve.

But why should that have any bearing on whether rapists and murderers and madmen serve out the time the law prescribes for their offenses? After all, we imprison people for what they have done, not for what they are, or what they fail to become.

[From the Washington Post]

MAN WHO BEHEADED WOMAN CALLED NO RISK NOW

CHICAGO, December 12.—Psychiatrists say a man who admitted beheading his girlfriend and mailing her toes to former president Gerald R. Ford and former Soviet premier Alexei Kosygin can be safely freed from a mental hospital.

Miguel Valdes, 41, of Melrose Park, was found innocent of the slaying by reason of insanity. He was diagnosed a paranoid schizophrenic and committed to a mental health center in June 1978.

"All the doctors who have contact with him say he should be released," said Richard Kling, Valdes' attorney.

However, Cook County prosecutors contend that Valdes who two weeks ago filed a motion asking for release, is still a potential danger to society.

"The doctors are nutty. When we committed him two years ago he had a list of 10 persons he wanted to kill and during a 1979 hearing he said he was glad he killed the two people," said Assistant State's Attorney Edward Ozog.

Valdes stabbed and killed Alicia Agsaoay, 37, of Elmwood Park, on April 3, 1977. The next day he fatally shot Dr. Jesus Lim, 42, of Elmwood Park.

Ozog said Valdes believed the two were involved romantically and killed them after learning that Lim lent Agsaoay money for a trip to the Philippines to visit her brother.

After killing Agsaoay, Valdes cut off her head and toes. He mailed the head to her brother. The package was recovered at a post office.

[From the Washington Post, Dec. 14, 1980]

RETURN TO SENDER

On the off chance you weren't paying attention to yesterday's paper, we reprint the lead paragraph of a UPI story pointing to a mighty breakthrough in the psychiatric art of prisoner-rehabilitaion. Here it is:

"CHICAGO, Dec. 12—Psychiatrists say a man who admitted beheading his girlfriend and mailing her toes to former president Gerald R. Ford and former Soviet premier Alexei Kosygin can be safely freed from a mental hospital."

How about that, rehabilitation fans? In order to appreciate the wonder of this cure, you need also to know that the poor unfortunate who committed these infractions (and which of us is perfect?) was himself committed to a mental health center only two years ago. Now someone is contending he is fit to get out, the "insanity," by reason of which he was found innocent of the murder in the first place, having evidently been dispelled or at least made tame.

The prosecutors in this case are apparently being perfectly terrible reactionaries about it, even to the extent of using the most inflammatory unclinical and unenlightened language to describe their feelings. "The doctors are nutty," one said to the UPI reporter. This prosecutor could conceivably have been hung up on the fact that in addition to mailing all those toes around the world, the inmate in question had also mailed the head of his formerly beloved to her brother—said head having been "recovered at a post office," which only goes to show you that not only our criminal justice system, but also our postal system is working.

So this is a real good news story. And for that reason we hate to mar it with a negative, doubting note. It's just that we ourselves have the tiniest little nagging apprehension about the release. What exactly, we find ourselves wondering, does a person *have to do* to get pronounced unfit to be out, and how many of these others, the relatively safe ones who just go on an innocent extremities-mailing binge, are already riding the bus and standing in the checkout line?

Assuming there are other nervous Nellies like ourselves, we sugest, to be constructive abut it, that a safe and fair solution would be for the particular doctors who have reached this compassionate decision to take legal, moral and financial responsibility for and custody of the released inmate themselves if their counsel is followed. That way he could just move in with one of them and provide an inspiring daily reminder of their curative powers. New policy: return to sender.

[From the ABC News, 20/20 Program, June 19, 1980]

TRANSCRIPT

HUGH DOWNS. When you hear that someone accused of murder, even multiple murder, pleads insanity, says he was out of his head when he killed, what do you think? Do you believe him? And if you do believe him, do you think a murderer should be hospitalized instead of sent to prison? Those are questions facing more and more lawmakers in more and more states across the country. A few spectacular murder cases have raised the question, and now several states are considering tightening up insanity pleas or wiping them out altogether.

Only last week a law was drafted in New York State limiting the rights of defendants to use the insanity plea. Tonight Geraldo Rivera, who is a lawyer as well as a reporter, examines this serious question. Geraldo?

GERALDO RIVERA. Thank you, Hugh. It's because of its uneven application and because it sometimes allows people to escape responsibility for their crimes that the defense of insanity is one of the most controversial and emotional issues now confronting judges, juries, lawyers and legislators.

It's rooted in legal history, and it's founded on the concept that a person should not be held legally responsible for a criminal act unless they knew what they were doing and knew it was wrong. It all sounds very fair and logical, until someone gets away with murder, by reason of insanity.

Cut To.

LAWYER. When it comes right to the moment that the gun is shot, is it your opinion that the defendant went from sane to insane and back to sane in a matter of . . . two or three seconds?

WITNESS. That is correct.

RIVIERA. It is the legal defense of last resort, something of a standing joke around the courthouse. When your client's been caught with a smoking gun in his hands, standing over a dead body, immediately call in the psychiatrist.

Ronny Zamora of Miami Beach, for instance, shot and killed his 82 year old neighbor. His attorneys argued that Zamora did not know right from wrong, that the fifteen year old was temporarily insane because he'd been watching . . . too many violent television programs.

LAWYER. . . . let Your Honor voir dire the psychiatrists and say, Has there ever been a case where too much television has caused insanity. And they will answer, Yes, and the victim is Ronny Zamora. And let the jury hear that.

RIVERA. The jury was unimpressed, however, with his unique claim; Zamora was found guilty on all counts.

JUDGE. It is the sentence of this court that you be confined in the State Department of Corrections for the remainder of your natural life.

RIVERA. John Wayne Gacy is another example where the plea of insanity was rejected. Gacy murdered thirty-three young men. The bodies were discovered in shallow graves under his house in the suburbs of Chicago. His lawyers, confronted by enough victims to fill a morgue, attempted to prove Gacy was not guilty by reason of insanity. They failed; he was convicted.

Kenneth Bianchi was arrested in connection with the Hillside Strangler murders in Los Angeles. Once in custody, Bianchi sought to convince authorities that it was really his alter-ego, a devil inside him named "Steve", who actually committed the murders.

He was interviewed for fifty-six hours by court-appointed psychiatrists. While under hypnosis Bianchi allegedy spoke with his other personality.

Cut to.

KENNETH BIANCHI. You . . . you've got to know that what happens to me happens to you.

. . . You should have known that it was against the law to kill somebody. . . . It is.

RIVERA. Of the six psychiatrists who conducted the interviews, two said Bianchi was faking, two said he was insane, while two others said they weren't sure. Bianchi finally pled guilty to five of the ten murders.

Cut to.

EDMUND KEMPER III. Contrary to popular belief or insistence, I don't like killing.

RIVERA. Edmund Kemper spent five years in the Atascadero State Hospital for the Criminally Insane, after murdering both his

grandparents. After hundreds of interviews with State-appointed psychiatrists, Kemper was released from the mental institution.

As he told reporter Ed Leslie of Station KGO, he had figured out what the psychiatrists wanted to hear.

KEMPER. People think that Atascadero just releases maniacs right and left. I don't think they've ever released another multiple murderer before me. And I had one hell of a . . . of a grilling. I mean they just didn't casually say, Well let's get rid of him, we need the bed. You know, they never do that with murderers.

RIVERA. Within three years of his release from the institution, Kemper had killed his mother and seven other women. He's now serving a life sentence in prison.

David Berkowitz, the Son of Sam killer, who terrorized New York City for a year with his random murders of six young women and unsuccessful attempts on the lives of seven others, at first claimed he was driven to murder by demons and by talking dogs. Earlier this year from his prison cell in Attica, Berkowitz told reporters that he had invented the story of the demons and that it was all an attempt to justify his crimes.

In 1971 Thomas Vanda of suburban Chicago was convicted of stabbing a teenage neighbor as she slept. Four years later while on probation, Vanda murdered another teenage girl, with a hunting knife. He successfully pled insanity and was sent to a mental institution. After just a year in the institution and over the objection of his parents and his own attorneys, a judge decided Vanda was no longer dangerous and ordered him released.

Two years ago in May, Vanda murdered again. This time the victim was Marguerite Bowers, a twenty-five year old college student. I spoke with her brother Tom.

Cut to.

RIVERA. We have a copy of the letter that Vanda wrote to another inmate entitled, "How to Beat a Murder Rap by Insanity," and he . . . he goes on to say, "When the doctors ask you what the voices were saying . . . to you, make it look convincing, do not give any indication that you're faking. Act crazy in front of the staff." When you heard this, . . . it must have made the whole experience so much more horrible for you.

TOM BOWERS, Victim's Brother: It convinced me; that was probably the single most convincing piece of evidence that, he knew what he was doing and he was . . . sure that he would get away with it . . . that society had labeled him as somebody who would never be held accountable. And he knew he could get away with it.

RIVERA. Twenty-five year old Roy Schlutzky of Long Island, New York had a history of anti-social paranoid tendencies. Because he was so obviously dangerous, his attending psychiatrist wanted him committed to a secure facility. But Schlutzky refused to go.

Two days after termination of psychiatric care, he killed sixteen year old Richard Lesser, a stranger, chosen at random. Schlutzky stabbed him twenty-seven times with a Bowie knife. He was later found not guilty by reason of insanity.

Seymore Lesser, the victim's father, talked about what might happen if Schlutzky is again released.

Cut to.

SEYMORE LESSER, Victim's Father: . . . He can go out and do what he wants again . . . he's got a license. He's got a license to do whatever he wants at this point.

RIVERA. Even to murder.

LESSER. Particularly to murder. The more horrendous, the more consistent with his . . . claim for . . . insanity. You see, if . . . if it's more brutal, as he did with Richard, twenty-seven times, he butchered him up . . . they had to put him in a bag. They couldn't . . . if we had . . . (choked up) . . . There was nothing to . . . to bury.

Cut to.

Senator PADAVAN, Rep. N.Y. The problem is, number one, people are literally getting away with murder, ending up going to state hospitals which they don't belong in, and the average stay that we've identified is about four years. And then they are deemed cured, magically, and they're back out in society. I think that's a travesty of justice. We've got to do something about that.

RIVERA. According to the New York State Department of Mental Hygiene, in the last ten years there's been an almost five hundred percent increase in the number of successful insanity pleas. Because of the growing controversy, nine states are attempting to modify, or even abolish, the defense of insanity.

SUPER. New York, California, Illinois, Florida, New Hampshire, Tennessee, Washington, Mississippi, Louisiana.

There is unfortunately an incredible lack of any comprehensive statistics to tell us just exactly how well or how badly the system is working for dealing with the criminally insane. But based on the available information, certain assumptions are possible.

First of all it would seem as if white people are a lot more likely to be successful in invoking the not guilty by reason of insanity defense than black people are, and women more successful than men. And then there seem to be certain categories of individuals that are more successful. One of those can be loosely defined as people the judge or jury can feel sorry for.

(Visual.)

Two recent California cases vividly illustrate this point. One involved Dan White, a former San Francisco supervisor who killed Mayor Masconey, and Supervisor Harvey Milk. The other case involved Richard Chase of Sacramento, a former mental patient who killed six people, mutilated them, and then drank their blood. In both cases psychiatric testimony was presented that, because of their mental condition at the time they committed the murders, neither man should be held responsible.

In Dan White's case the jury agreed. The once popular family man, this Mr. Nice Guy, was found to have 'diminished capacity' and his crime was reduced from double murder to manslaughter. In other words, the jury felt sorry for him.

Richard Chase on the other hand, the so-called Vampire Killer, was extremely unpopular. The jury was afraid that if he was found to be insane, eventually he would be released. His bloody murders were certainly insane acts, but the jury convicted Chase and sentenced him to death.

The second group of people who get special preference when it comes to being found not guilty by reason of insanity seems to be mothers who kill their own babies.

Jane is a twenty-five year old woman who killed her two month old daughter by drowning her. Last year she was acquitted by reason of insanity, and released on the condition that she become a patient here, at the Isaac Ray Outpatient Clinic in Chicago.

BONNIE GENE PRICE, Counselor. And the voices kept telling you to do this?

JANE. (over) . . . to do it, to kill my child.

PRICE. And you couldn't help but listen to them?

JANE. To the voices.

PRICE. Mmhmm, were they loud voices?

JANE. They was loud voices.

RIVERA. Jane now lives with her parents. She holds a job and has been given visitation rights to see her surviving child who was just a year old when Jane drowned her daughter.

Barbara Weiner runs the Isaac Ray Center . . .

BARBARA WEINER, Isaac Ray Outpatient Clinic. For over 3,000 years it has been recognized that there are certain people who are so insane that they can't form the intent, which is a crucial element of a crime, and therefore you should not hold them responsible. I don't think our society is ready to say that the patients that we have here, a woman who has murdered her child, you should instead go to jail for the rest of your life when you didn't know what you were doing.

RIVERA. According to the experts, the third category that gets special preference is police officers, and one of the nation's most glaring cases happened here, involving a New York City Policeman named Robert Toursney. It happened in 1976, on Thanksgiving:

Shortly before Midnight, Officer Toursney and his partner responded to a radio report that there was an armed man inside this building.

As they were leaving the building, fifteen year old Randolph Evans and several friends tried to talk with the officers. Patrolman Toursney responded by pulling his service revolver and killing the fifteen year old. Toursney was later found not guilty by reason of insanity, and today he's a free man.

The controversy over the misuse of the insanity defense has drawn considerable criticism to the profession of psychiatry. Dr. Alan Stone is past President of the American Psychiatric Association:

Cut to.

Dr. ALAN A. STONE. For most of history the insanity defense has been a cruel hoax because whether you were found not guilty by reason of insanity or not made no difference. You were simply locked up for the rest of your life. Recently, as a result of legal decisions that have nothing whatsoever to do with psychiatry, it now is the situation that if you're found not guilty by reason of insanity, there is a real burden on the State to keep you locked up. So now for the first time, the courts, the judges, the lawyers, the public . . . is facing the fact that somebody who's . . . committed some awful crime can be found not guilty by reason of insanity, and in a reasonably short time be back on the streets.

RIVERA. New York psychiatrist Abraham Halpern says we should consider abolishing the insanity defense:

Dr. ABRAHAM HALPERN. Look at the situation. An individual is acquitted by reason of insanity. He is told that he is not accountable; he is not blameworthy, he has committed no crime. He is acquitted; he is not guilty. He goes to a hospital and he feels a lot better and wants to leave.

It's very, very difficult now for somebody to prove, as Dr. Stone has indicated, that he is dangerous, that he ought to stay. This is an impossible burden to put on psychiatrists, or indeed to put on the criminal justice system. It ought not to be. The person who is dangerous ought not to be acquitted . . . by reason of insanity.

RIVERA. The insanity defense is not only used in murder cases. Garrett Brock Trapnell for instance never committed a violent crime, but he is an expert on the abuse of the insanity defense.

Time and time again Trapnell has escaped responsibility for . . . his various criminal acts. He's done it by being judged not guilty by reason of insanity. And in fact Trapnell is crazy . . . like a fox.

Convicted of sky-jacking and attempted escape, Trapnell is currently serving a life sentence here at the Federal Penitentiary in Marion, Illinois. In May of 1978 he convinced his girlfriend to hijack a helicopter to get him out of prison. She was killed in the attempt.

Until psychiatrists finally figured out that Trapnell was fooling them, he had managed to avoid criminal responsibility for seven bank robberies, a jewel heist, the theft of

four hundred thousand dollars worth of travelers checks and assorted other crimes. In his criminal career, he's been serviced by more than thirty lawyers and has been examined by over forty psychiatrists. His colorful life story has already been made into a book, and is soon to be a major motion picture.

Cut to.

RIVERA. . . . tell me you figured out the system?

GARRETT BROCK TRAPNELL. Well, I was . . . I was faced with a circumstance . . . I could either . . . be mentally ill, and do a year and a half in a mental institution, or I could do . . . twenty years in prison. Now I chose the year and a half in a mental institution. I think the choice showed that I was sane.

RIVERA. So, it was definitely a conscious act on your part to manipulate that system, to beat them at their own game, so to speak.

TRAPNELL. So to speak.

RIVERA. Do you think you're crazy?

TRAPNELL. Who am I to refute the word of professors of psychiatry?

RIVERA. If everyone who claimed insanity was as healthy as Gary Trapnell, the great debate would be over, and everyone would be sent to prison. But it's not that simple. Most of the criminally insane people we met are legitimately sick.

(Visual).

Do you think that you're still sick?

GLEN. (offense: strong arm robbery): . . . I'm getting sicker, by being here. I was well and ready to leave now, and had hopes and . . . plans and . . . now (chuckle), it's a joke.

RIVERA. Dennis, why did you try and kill the sheriff?

DENNIS (offense: assault): I was experiencing a complete physical and emotional breakdown. . . . I was naked and, and running . . . through the streets, you know so . . . a really severe psychotic episode, and . . .

RIVERA. Were you crazy, Dennis?

DENNIS. Yeah, I was completely out of my mind. I was mad.

RIVERA. And now?

DENNIS. Now it's, it's been two years and . . . I think I've fully recovered.

RIVERA. Atascadero does a good job of protecting society from the mentally ill. This maximum security facility has experienced only a handful of escapes. Critics maintain, however, that while society is protected, the rights of the insane to care and treatment are not as well protected. The hospital has been called a sanitary dungeon in which security, rather than treatment, is stressed.

Many of the patients found not guilty by reason of insanity claim that they've spent more time here than they would've spent in prison, if they had been convicted of their crimes.

(Visual).

Mental patients in an institution are usually stabilized with potent medication as well as their therapy. Once they're released, however, they often receive none of that critical medical care or treatment. As a result, we really have no clear picture of the percentage of criminally insane patients who actually go on to commit other criminal acts once they've been released from an institution.

But the cases we hear about are often so horrible, they lead at least to the impression that these totally avoidable crimes are happening all the time.

Ted Frank, for example, was another model patient at Atascadero. He'd been sent there in 1974 as a mentally disordered sex offender. Frank ultimately convinced his attending therapist that he was cured, and indeed, after his release the so-called model patient even returned to the institution to lecture other patients on the wonders of being well.

But the reality was far different. Within a month of his release Ted Frank had tortured, raped and then murdered a two year old baby named Amy Sue Sykes. A search of his home uncovered a diary in which Frank also admitted to sexually molesting almost 150 other children. A California court has recently sentenced Ted Frank to death.

Cut to.

RIVERA. How did Theodore Frank fool you?

DIANE SERBER, Therapist. You know, I think that when you talk about sex offenders, it's very, very difficult to assess when a, when they're ready to leave. On the other hand, like a mentally ill person, they're hallucinating, they're seeing things, they're hearing things. You look at 'em; you know there's a problem. With a sex offender it's much more difficult, because they look like . . . everyone else.

RIVERA. Because mental hospitals are not prisons, security is a continuing problem and here at the Creedmoor Psychiatric Center in New York City it's a continuing local scandal. Patients must by law be kept in the least restrictive surroundings possible, and sometimes, particularly here at Creedmoor, that's resulted in patients, sometimes dangerous patients, simply walking out of here.

A month ago the community around the psychiatric center was up in arms over the frequent escapes of patients labeled dangerous. And that security problem has existed for years. A few winters back, for example, WABC Investigative Newsman John Johnson found one civil patient going fishing.

Cut to.

JOHN JOHNSON. You're going fishing?

PATIENT. Yes.

JOHNSON. . . . Do they know that you're outside?

PATIENT. Huh?

JOHNSON. Does the administration here know you're outside?

PATIENT. (over) That's allright, I go out for a walk.

JOHNSON. You go out for a walk?

PATIENT. Yeah.

JOHNSON. And you're going . . . where're you going now?

PATIENT. . . . I, . . . I'm going for a walk around the grounds.

RIVERA. Many professionals in mental health feel that people who have committed violent crimes, even if they are insane, belong in prison, with psychiatric care provided for them there. The heart of the problem though is not the lack of sufficient walls, guards and gates to keep in the criminally insane; it is not that simple. The entire system is in disarray. It's torn by the fundamental conflict between the constitutional rights of the patients to care and treatment, and the rights of the rest of society to protection against their potentially insane acts.

EDMUND KEMPER III. You know if I ever did get out again, it would be a precedent that's never been set before: a two-time multiple murderer released, y'know, for a third chance. Y'know, and . . . how responsible is society, y'know, to my comforts and, and y'know my future . . . as opposed to the families of my victims?

RIVERA. It's outrageous when someone can manipulate judges or psychiatrists and escape criminal responsibility, by pretending to be insane. It's just as upsetting when a released mental patient goes on to commit some terrible crime. What most of us want is a system in which crimes are definitely punished. That does not mean the defense of insanity should be completely abolished; aside from being unjust, that would also be unconstitutional.

But the defense should be allowed only reluctantly, and only in that fraction of one percent of all criminal cases in which a defendant is truly mentally ill and had absolutely no idea of what he or she was doing. Even then the dangerously ill should be cared for in a secure facility, and then not released without a court hearing.

DOWNS. That way, Geraldo, perhaps both society and the rights of the mentally ill to care and treatment would be better protected.

[From the Yale Law Journal, April 1963]

ABOLISH THE "INSANITY DEFENSE"—WHY NOT?*

(By Joseph Goldstein† and Jay Katz‡)

PROLOGUE

The criminal law is one of many mechanisms for the control of human behavior. It defines conduct that is thought to undermine or destroy community values. It seeks to protect the life, liberty, dignity, and property of the community and its members by threatening to deprive those who contemplate such conduct and by inflicting sanctions upon those who engage in proscribed activity.

The sanctions authorized, whether intended to punish, restrain, reform, or deter, constitute a deprivation of life, liberty, dignity and property. Because of the inherent conflict between the values ultimately to be preferred and their deprivation by the sanctions authorized, the criminal law has sought to minimize the consequences of this paradox through rules of law which restrict the state's authority to sanction.

One of these rules, a fundamental restriction, is that before the state can inflict sanctions it must overcome the presumption of innocence which favors all of us—by establishing beyond a reasonable doubt each element of the offense charged. By defining crimes in terms of such traditionally material elements as a voluntary act purposely causing a specific result, the laws seeks to exclude from criminal liability those who are not "appropriate" subjects for a given sanction or indeed for any sanction.

Thus, if the state fails to produce evidence which establishes each element of the crime or, put another way, if the accused introduces evidence which leaves in doubt any material element, no sanction can be imposed for the crime charged. To illustrate, the state cannot hold a person criminally responsible for murder if there was no causal relationship between the shot fired and the death of the victim; or if the shot was fired without the intent (mens rea) to kill, even though death was caused by the shot; or if the victim did not die even though the shot was fired with intent to kill. Recognizing that the elements of a given offense may not be sufficiently precise to exclude all those who ought to be free of criminal liability, the state, in order to maximize preferred values, has formulated exceptions which are called defenses.

Thus, to prevent the state from actually encouraging criminal activity, the defense of police entrapment, for example, will relieve an offender of liability even if each element of the crime is established beyond doubt. The evaluation of any device for sorting out who is and who is not an appropriate subject for criminal sanction requires identifying the values in issue. No device haunts the criminal law and clouds the values it seeks to reenforce more than "insanity" as a basis for relieving persons of criminal responsibility.

WHY BEFORE WHAT

Criminal responsibility results when each element of a crime charged against an accused has been established beyond a reasonable doubt. Only then is the state authorized to exercise its power to impose certain specified sanctions against the offender.[1] "Insanity at the time of the offense," we are told, relieves the offending actor of criminal re-

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sponsibility.[2] This may mean either that "insanity" is to serve as *evidence* which precludes establishing a crime by leaving in doubt some material element of an offense, or that "insanity" is to serve as a *defense* to a crime, even though each of its elements can be established beyond doubt, in order to protect a preferred value threatened by the imposition of an authorized sanction.[3]

"Insanity," however formulated, has been considered a defense.[4] An evaluation of such a defense rests on first identifying a need for an exception to criminal liability. Unless a conflict can be discovered between some basic objective of the criminal law and its application to an "insane" person, there can be no purpose for "insanity" as a defense. Until a purpose is uncovered, debates about the appropriateness of any insanity-defense formula as well as efforts to evaluate various formulae with respect to the present state of psychiatric knowledge are destined to continue to be frustrating and fruitless.[5]

To demonstrate the kind of analysis we think essential to a meaningful examination of insanity as a defense, we first analyze the concept of the defense of self-defense.[6] If a person intentionally kills another human being, the criminal law, in support of a basic community objective—the protection of human life—defines such conduct as a crime and authorizes as the sanction life imprisonment of the offender.[7] Few would disagree about the ultimate objective of protecting life and about the elements of the crime,[8] but there may be little or no consensus about the sanction [9] or its purposes. The imposition of life imprisonment rests on a variety of oft-conflicting and mutually inclusive assumptions shared by legislature, court and community about deprivation of liberty and its psychological significance. As *punishment*, life imprisonment is assumed to satisfy and channel the community's need to express feelings of vengeance or desires to effect rehabilitation of the offender.[10] As *restraint*, it is assumed to remove from circulation a person who is believed likely to kill again, to provide a structure for satisfying community vengeance or to offer an institutional opportunity for care and rehabilitation. As *rehabilitation*, it is assumed to reduce the likelihood that he who has killed once will kill again, to increase the likelihood of returning a life to the community or to provide a basis for rationalizing community vengeance. As a *deterrent of others*, it is assumed to reinforce internal controls over the urge to kill through external threats of punishment, restraint, rehabilitation and the accompanying stigma.[11] Thus, via a variety of assumptions which may or may not be related to an actual impact on any one offender or on other members of the community, life imprisonment becomes the sanction for one who kills another intentionally.

Intentional killing in defense of self, however, is an exception which denies the state authority to impose the sanction authorized for intentional killings. This exception "rests upon the necessity of allowing a person to protect himself from . . . [lethal] harm in cases where there is no time to resort to the law for protection." [12] Thus under circumstances where, by definition, one of two must die, the law seeks a solution least incompatible with its overall objective of protecting life by preferring the life of the "law-abiding" citizen. He is the man whose inner controls reinforced by the threat of external sanction hold in check his urge to kill except when his own life is jeopardized by someone not so deterred. The law thereby recognizes that the sanction for intentional killings is drained of any deterrent strength when external reality's system for protecting life fails and in turn releases internal reality's instinct for self-preservation.[13] Conceptualized another way, authorizing the potential victim to kill his assailant constitutes a sanction which may be assumed to fulfill punitive, restraining, and deterrent functions in the service of the community's objective to safeguard human life.[14] To generalize, when a situation is identified in which the application of the authorized sanction would conflict with basic criminal law objectives, a rational system of law would seek first to articulate why such an application is inappropriate and then to formulate the exception to accord with those objectives.

Having articulated the reasons for an exception to liability for intentional killings in defense of self, it becomes possible to evaluate such competing formulations as for example, (a) the actor's "right to stand his ground" and meet force with force,[15] or (b) the actor's duty to "do everything reasonably possible to escape [without resorting] to the use of deadly force." [16] Formulation (a) subordinates the value of safeguarding human life whenever possible to the values of safeguarding a threatened man's right to protect his interest in property as well as his right to be free from the stigma or uneasiness associated with cowardice. Formulation (b) prefers the value of safeguarding human life whenever possible. Conceptually, and probably in practice, the second formulation would best serve to protect both lives. Its application would restrict to a minimum the number of instances where reality leaves no choice and forces favoring one life over another.[17] The sanction authorized for intentional killings, therefore, remains operative except in those situations where the choice is between one of two lives, not between, for example, life and an interest in property, pride or reputation.[18]

With this framework for identifying a need for an exception to criminal liability and for evaluating formulations to meet such a need, we turn to an examination of the "insanity defense."

Like self-defense, the insanity defense applies, theoretically at least, only to persons against whom each of the elements of the offense charged could be established.[19] Like defense of self, the defense of insanity, if successfully pleaded, results in "acquittal." [20] But unlike the acquittal of self-defense which means liberty, the acquittal of the insanity defense means deprivation of liberty for an indefinite term in a "mental institution." [21] And unlike the purpose of self-defense, the purpose of the insanity defense either has been assumed to be so obvious as not to require articulation or has been expressed in such vague generalizations as to afford no basis for evaluating the multitude of formulae.

Neither legislative report, nor judicial opinion, nor scholarly comment criticizing or proposing formulations of the insanity defense has faced the crucial questions: "What is the purpose of the defense in the criminal process?" or "What need for an exception to criminal liability is being met and what objectives of the criminal law are being reinforced by the defense?"

The Royal Commission on Capital Punishment (1953) disposed of this issue with apodictic assurance by asserting:

"We make one fundamental assumption, which we should hardly have thought it necessary to state explicitly. . . . It has for centuries been recognized that, if a person was, at the time of his unlawful act, mentally so disordered that it would be unreasonable to impute guilt to him, he ought not to be held liable to conviction and punishment under the criminal law. Views have changed and opinions have differed, as they differ now, about the standards to be applied in deciding whether an individual should be exempted from criminal responsibility for this reason; but the principle has been accepted without question . . ." [22]

Thus the Royal Commission reiterated the well-rounded proposition that "if a person was . . . mentally so disordered that it would be unreasonable to impute guilt to him, he ought not to be held [guilty, i.e.] liable to conviction and punishment." The Commission neither sought to identify the purposes of not imputing guilt to "individuals whose conduct would otherwise be criminal," [23] nor did it ask why and when does the imputation of guilt for being "mentally so disordered" become "unreasonable." The Commission had no basis for evaluating the changing views and opinions "about the standards to be applied," and the principle "accepted without question" remained without meaning.

A century earlier the pattern had been firmly set of accepting an insanity defense without asking: "Why an insanity defense?" or more appropriately, "What objective of the criminal law suggests the need for an exception to the law's general application—an exception which would require taking into account the mental health of the offender?" In M'Naghten's Case (1843), the House of Lords, acting in their judicial, not legislative capacity, asked only what is the law respecting alleged crimes committed by persons afflicted with "insane delusions." [24] And the innovating court in Durham (1954), after promulgating a new formulation gave no guide to evaluating its adequacy beyond noting:

"Our collective conscience does not allow punishment where it cannot impose blame. . . .

"The legal and moral traditions of the western world require that those who, of their own free will and with evil intent (sometimes called mens rea), commit acts which violate the law, shall be criminally responsible for those acts. Our traditions also require that where such acts stem from and are the product of a mental disease or defect . . . moral blame shall not attach, and hence there will not be criminal responsibility. . . ." [25]

The court leaves without definition and without identification of purpose such ambiguous words as "punishment," and "blame," [26] and thus in effect only says "he who is punishable is blameworthy and he who is blameworthy is punishable." Never established is the relevance of these words to a defense which would compel supposedly different dispositions of persons involved in activity labeled "criminal." Moreover, the court, though not blinded by precedent, left unasked and therefore unanswered: "What underlies the 'legal and moral traditions' in 'our collective conscience' which prevents us from inquiring why a rule is required?"

Likewise, the American Law Institute (1956–1962) provides no basis for evaluating its formula for a defense of insanity.[27] With focus on consequences, it "explains," echoing the Royal Commission and Durham, that the purpose of the insanity defense is "to discriminate between the cases where a punitive-correctional disposition is appropriate and those in which a medical-custodial disposition is the only kind that the law should allow." [28] Once "punitive" is substituted for "custodial" and "correctional" for "medical," or however the terms are juxtaposed in the ALI statement, the "distinctions" seem to disappear.[29] Moreover, criteria for evaluating what constitutes an "appropriate" disposition for either category remain unarticulate. Thus those characteristics which determine who is to fit into which category remain unidentified. This may be because the distinctions between alternative responses are never clarified. Finally, a Committee of distinguished doctors, lawyers and religious leaders, appointed by the Governor of New York (1958) to improve the defense of insanity, pronounced before formulating their rule:

"We are unanimously of the view that

Footnotes at end of article.

there are compelling practical ethical and religious reasons for maintaining the insanity defense; . . . We believe . . . that it is entirely feasible to cast a formulation which . . . will sufficiently improve the statute to meet working standards of good morals, good science, and good law." [30]

Never identified are the reasons labeled "practical," "ethical," and "religious," or the standards labeled "good morals," "good science" and "good law."

In enunciating yet another formula for insanity, the Court of Appeals for the Third Circuit in United States v. Currens (1961) contaminates its thinking by confusing and merging the inherently incompatible concepts of "insanity" as a defense to a crime with "insanity" as evidence to cast doubts on a material element of an offense. It suggests, as did the court in Durham, that some relationship exists between the insanity defense and mens rea, a material element of every major crime. In Currens, mens rea (guilty mind) is used to mean that criminal liability rests.

". . . on the assumption that a person has a capacity to control his behavior and to choose between alternative courses of conduct. . . . When a person possessing capacity for choice and control, nevertheless breaches a duty . . . he is subjected to . . . sanctions not because of the act alone, but because of his failure to exercise his capacity to control. . . . For example, an act of homicide will create no liability, only civil liability or varying criminal liability depending on the nature of the mental concomitant of the act. Generally the greater the defendant's capacity for control of his conduct and the more clearly it appears that he exercised his power of choice in acting, the more severe is the penalty imposed by society." [31]

And the court criticized the Durham and M'Naghten formulae because:

"They do not take account of the fact that an "insane" defendant commits the crime not because his mental illness causes him to do a certain prohibited act but because the totality of his personality is such, because of mental illness, that he has lost the capacity to control his acts in the way that the normal individual can and does control them. If this effect has taken place he must be found not to possess the guilty mind, the mens rea, necessary to constitute his prohibited act a crime." [32]

At this point the court by the force of its own reasoning should have been led to say:

"Without the essential element of mens rea, there is no crime from which to relieve the defendant of liability and consequently, since no crime has been committed, there is no need for formulating an insanity defense." [33]

But instead the court actually concludes:

"We are of the opinion that the following [insanity] formula most nearly fulfills the objectives just discussed. . . ." [34]

The court uses the word "crime" first to mean "dangerous conduct" and then, without alerting itself to the shift, to mean technically the establishment beyond doubt of each material element of an offense. With this sleight of thought the court shifts focus from "insanity" as a defense to conduct "otherwise criminal" to insanity as evidence to negate an element essential to categorizing the accused's conduct "criminal."

In announcing a new formula for the insanity defense, the court fails to recognize that there is no need for such a defense to remove criminal liability since it has concluded that no crime is established once mental illness (however defined) has cast doubt on mens rea (however defined). Conceptually, at least, outright acquittal would result and instructions to the jury would reflect a time, pre-M'Naghten, when evidence of mental condition, like any other relevant evidence, was used to cast doubt on a material element of the crime.[35]

In our efforts to understand the suggested relationship between "insanity" and *"mens rea"* there emerges a purpose of the "insanity defense" which, though there to be seen, has remained of extremely low visibility. That purpose seems to be obscured because thinking about such a relationship has generally been blocked by unquestioning and disarming references to our collective conscience and our religious and moral traditions. Assuming the existence of the suggested relationship between "insanity" and *"mens rea,"* the defense is not to absolve of criminal responsibility "sick" persons who would otherwise be subject to criminal sanction. Rather, its real function is to authorize the state to hold those "who must be found not to possess the guilty mind *mens rea,"* [36] even though the criminal law demands that no person be held criminally responsible if doubt is cast on any material element of the offense charged.[37] This, in some jurisdictions, is found directly reflected in evidentiary rules making inadmissible testimony on mental health to disprove a state of mind necessary to constitute the crime charged.[38] A more dramatic expression of abandoning the rule of proof of each element beyond a reasonable doubt has slipped into those instructions to the jury which advise the ordering of deliberations:

"If you find the defendant not guilty by reason of insanity, you will render a verdict of not guilty by reason of insanity.

"If you do not so find, then you will proceed to determine whether he is guilty or innocent of one or both of the offenses charged on the basis of the same act.

"[T]here are two principal issues for you to determine. The *first* is his mental condition and the *second* is whether he committed the offenses charged or whether he is innocent of them. . . .

"Now, on the issue of guilt or innocence of the offenses charged, the essential elements of the first count or the housebreaking count, *if you do not find the defendant not guilty by reason of insanity*, are as follows:

"First, that the defendant broke and entered or entered without breaking . . . the place described in the indictment;

"Second, that the place entered was occupied or belonged to the complaining witness; and,

"Third, that he *intended* to steal or commit the offense of larceny. . . ." [39]

Yet, since a verdict of not guilty results in outright release and a verdict of not guilty by reason of insanity results in incarceration, jury instructions must require *first* a determination of innocence or guilt and *second* a consideration of the insanity issue *only* after a determination that guilt can be established. [40]

What this discussion indicates, then, is that the insanity defense is not designed, as is the defense of self-defense, to define an exception to criminal liability, but rather to define for sanction an exception from among those who would be free of liability. It is as if the insanity defense were prompted by an affirmative answer to the silently posed question: "Does *mens rea* or any essential element of an offense exclude from liability a group of persons whom the community wishes to restrain?" If the suggested relationship between *mens rea* and "insanity" means that "insanity" precludes proof beyond doubt of *mens rea* then the "defense" is designed to authorize the holding of persons who have committed no crime. So conceived, the problem really facing the criminal process has been how to obtain authority to sanction the "insane" who would be excluded from liability by an overall application of the general principles of the criminal law.

Furthermore, even if the relationship between insanity and "mens rea" is rejected, this same purpose re-emerges when we try to understand why the consequence of this defense, unlike other defenses, is restraint, not release. Even though each of the elements of an offense may be established, release will follow acquittal or dismissal if, for example, entrapment,[41] self-defense,[42] or the statute of limitations [43] are successfully pleaded. Assuming, then, that all elements of an offense are to be established before the insanity defense becomes operative, the question remains: "Why restrain rather than release?" Restraint cannot be attributed to potential "dangerousness" associated with the crime charged, no matter how serious, for that kind of "dangerousness" is characteristic of defendants whose defenses prevail.[44] The crucial variable leading to restraint seems to be the "insanity at the time of the offense," i.e., a fear of danger seen in the combination of "mental sickness" and "crime." This fear of freedom for those acquitted by reason of insanity comes sharply into focus at the close of the Currens decision. The court, uncertain of the consequences of such an acquittal for federal offenses outside of the District of Columbia, warns, in reversing the judgment of conviction: "[W]e are concerned with the disposition of Currens should he be found not guilty by reason of insanity. . . . In any event [in the light of doubt about the appropriate federal procedures for commitment] should Currens be acquitted at his new trial, the federal authorities should bring him and his condition to the attention of State authorities to the end that he may not remain in a position in which he may be a danger to himself or to the public." [45] That mandatory commitment, not release, generally follows the insanity defense becomes then particularly striking since, to the extent "insanity at the time of the offense" is related to "mental health at the time of acquittal," the state is authorized to select from the mentally ill those who require civil restraint for custody and care. Thus the insanity defense is not a defense, it is a device for triggering indeterminate restraint.

The real problem which continues to face legislators, judges, jurors, and commentators is how to restrain persons who are somehow feared as both crazed and criminal. This oft-unconscious fear has precluded thinking about "insanity" in terms of traditional principles of law, whether that "insanity" is conceptualized as doubt-casting evidence or as an independent defense. Though unpleasant to acknowledge, the insanity defense is an expression of uneasiness, conscious or unconscious, either about the adequacy of such material elements of an offense as "mens rea" and "voluntariness" as bases for singling out those who ought to be held criminally responsible, or it is an expression of concern about the adequacy of civil commitment procedures to single out from among the "not guilty by reason of insanity" those who are mentally ill and in need of restraint.

The problem of "whether there should be an insantity defense" or "how to formulate it" must continue unresolved as long as largely unconscious feelings of apprehension, awe, and anger toward the "sick," particularly if associated with "criminality," are hidden by the more acceptable conscious desire to protect the "sick from criminal liability." What must be recognized is the enormous ambivalence toward the "sick" [46] reflected in conflicting wishes to exculpate and to blame; to sanction and not to sanction; to degrade and to elevate; to stigmatize and not to stigmatize; to care and to reject; to treat and to mistreat; to protect and to

Footnotes at end of article.

destroy.[47] Such ambivalence finds expression in legislative proposals that persons acquitted by reason of insanity be "committed to the custody of the commissioner of correction [not mental health] to be placed in an appropriate institution of the department of correction [not mental health] for custody, care, and treatment."[48] And such ambivalence has blinded[49] lawmakers to their tampering, via the insanity defense, with fundamental principles on which their authority to impose criminal liability presently rests. By obfuscating the function of the defense in terms of the ethical and religious values of Western civilization to care for the "sick," lawmakers have not only misled themselves but psychiatrists as well who, confused by their own ambivalence, have willingly, defiantly, unquestioningly, or with misgivings, joined in these deliberations. Psychiatrists have participted in the process without identifying the role they must play and without forcing the process to clarify that role.[50] The plea to care for the "sick" muffles the call to segregate the "dangerous" whom the criminal law can not hold. With the real problem so disguised, the fruitless and frequent searches for new formulas and the frustrating and fighting exchanges between law and psychiatry become somewhat understandable. Thus, another low visibility purpose of the insanity defense emerges. That purpose is to keep sufficiently ambiguous the consequences of the defense, whatever the formula, so as to prevent at least conscious recognition that the prerequisites of criminal liability have been abandoned.[51]

Lawmakers could decide to implement any or all of these now visible purposes. Provisions could be drafted to restrain: (1) persons charged with a crime who are feared to be dangerous and/or felt to need care and destigmatization because of a suspicion of criminality coupled with a findings of mental sickness; (2) persons acquitted outright of a crime who are feared to be dangerous and/or felt to need care and destigmatization because of criminality coupled with a finding of mental sickness; and (3) persons who have committed[52] a crime and are feared to be dangerous and/or felt to need care and destigmatization because of criminality coupled with a finding of mental sickness.

In promulgating such provisions, answers are required to a series of questions (set forth in the Epilogue) which must be consciously posed about restraint—restraint in what kind of an institution and for how long; restraint for what crimes and for what mental illnesses; and restraint at whose initiative and at what stage in the process.[53] In responding to these questions lawmakers will be pouring meaning into "the fear of dangerousness," "the need for care," and the "need for destigmatization." And if obfuscating developments are to be avoided, lawmakers not only must acknowledge wishes to neglect, stigmatize, punish and destroy, but they must also consider the extent to which these wishes are to be realized through restraint. Awareness that such wishes constantly press for satisfaction in conflict with preferred goals should stimulate the development of formulations and procedures designed to maximize consciously thought-through preferences and to deflect those conflicting and otherwise unconscious wishes which might gain satisfaction under cover of these preferences.[54] The operational significance of key phrases in any formulation will thus be shaped and joined by the values to be preferred.

But such efforts by lawmakers to formulate an exception to criminal liability would be premature and may prove unnecessary. More appropriately they should consider abolition of the insanity defense.[55] and examine "voluntariness" and "mens rea" as requisites of criminal liability. Enormous confusion about the meanings of these concepts in the definition of offenses and their construction by the courts suggests that there will be great difficulty in establishing the purposes of these material elements as devices for sorting out those to be or not to be subject to criminal sanction.[56] The need for such concepts must be examined in terms of the overall objectives of a law of crimes. Furthermore, abolition of the "insanity defense" should force focus on the why and the adequacy of criteria for civil commitment and discharge of the "mentally ill." The question underlying each of these examinations must be: "Who are to remain free of state intervention; who ought to be restrained, and for what purposes?" Ultimately this requires coming to terms with such emotionally-freighted concepts as "blame," "choice," "free will," "capacity-to-control," and "determinism," all of which, in the criminal law, have remained slogans of exhortation beyond the reach of definition. Will such explorations lead to an instanity defense? If they do, we must know why.

EPILOGUE

To illustrate the kinds of questions that the legislator or judge would have to pose and answer in promulgating and implementing any or all of the purposes identified, the third statement of purpose is analyzed. It calls for:

". . . the restraint of persons who have committed a crime and are feared to be dangerous and/or felt to need care and destigmatization because of criminality coupled with a finding of mental sickness."[57]

Any formulation and provision for its invocation and implementation would require answers to a series of questions which might be posed about restraint. In terms of the fear of dangerousness, of the need for care, and of the need for destigmatization, these questions focus on restraint in what kinds of institutions and for how long; restraint for what crimes and for what mental sicknesses; and restraint at whose initiative and at what stages in the process:

A. Restraint in what kinds of institutions?

1. If restraint is in response to the fear of dangerousness, are not institutions of the Department of Correction and of the Department of Mental Health equally satisfactory?

2. If restraint is in response to the need for care cannot correctional and mental health institutions be equally satisfactory if they are both oriented toward rehabilitation?[58] If the impact of the desire to neglect is to be minimized, should not restraint be conditioned on the availability of a therapeutic opportunity?[59]

3. If restraint is in response to the need for destigmatization are not correctional and mental health institutions equally unsatisfactory?[60]

4. If restraint in either the correctional or mental health systems are equally satisfactory, what values or policies should be weighed against the flexibility that might come with restraint in an easy transfer between both system?[61]

B. Restraint for what length of time?

1. If length of restraint is in response to the fear of dangerousness should restraint be authorized for an indeterminate period? If the impact of the need to neglect is to be minimized, should there be provision, in addition to habeas corpus, for the automatic review, annually or semi-annually, of each person restrained in terms of his present state of dangerousness?[62] If the impact of the urge to punish is to be minimized, should length of restraint be limited to the maximum sentence authorized for the crime committed?[63]

2. If length of restraint is in response to the need for care should restraint be authorized for an indeterminate period? If the impact of the need for neglect is to be minimized should provision, in addition to habeas corpus, be made for the automatic annual review and report to all interested parties (judge, defense attorney, etc.), of the continued availability and use of therapy? If the impact of the need for neglect is to be minimized should provision be made for establishing, reviewing and revising standards for therapeutic care?

3. If length of restraint is in response to the need for destigmatization should there be any restraint? If the impact of the need to stigmatize is to be minimized can procedures be developed to create an expectation in the community that release means a person is ready to participate in the life of the community?[64]

C. Restraint for what crimes?

1. If restraint is in response to the fear of dangerousness, should certain "less serious or less dangerous" offenses be excluded as a basis for such restraint?[65] If the impact of the urge to punish is to be minimized, should not all crimes be included as the basis for such restraint?

2. If restraint is in response to the need for care, should not all crimes be included as a basis for restraint? If the impact of the need to neglect is to be minimized, should not all crimes be included as a basis for restraint?

3. If restraint is in response to the need for destigmatization and if the label of criminality added to the label of mental sickness increases stigma, should not all crimes be excluded as a basis for restraint? If, on the other hand, stigma is decreased by such an association should not all crimes be a basis for such restraint?

D. Restraint for what mental sicknesses?

1. If restraint is in response to the fear of dangerousness should certain "less dangerous" mental sicknesses as well as mental sicknesses currently unaccompanied by overt symptomatology be excluded as a basis for restraint?[66] If the impact of the urge to punish is to be minimized should restraint be limited to only those whose mental sickness could subject them to civil commitment?

2. If restraint is in response to the need for care should not all mental sicknesses be a basis for restraint?[67] If the impact of the need to neglect or to punish is to be minimized should all non-treatable mental sicknesses[68] as well as mental sicknesses currently unaccompanied by overt symptomatology be excluded as a basis for restraint?[69]

3. If restraint is in response to the need for destigmatization and if the label of mental sickness added to the label of criminality increases stigma, should not all mental sicknesses be a basis for restraint? If, on the other hand, stigma is decreased by such an association should not all crimes be a basis for such restraint?

E. Restraint at whose initiative and at what stages in the criminal process?

1. If restraint is in response to the fear of dangerousness should not the issue be subject to resolution at the initiative of any participant at any stage of the process? If the impact of the urge to punish as well as of the need for neglect, including that evidenced by the inertia of system maintenance.[70] is to be minimized should not restraint be authorized at the initiative of any participant but not before at least a finding by judge or jury that each of the material elements of the offense charged have been established? If the impact of the urge to punish is to be minimized must not evidence of mental sickness be admissible to cast doubt on such material elements as voluntariness (however defined) and mens rea (however defined)? If the impact of the need for neglect is to be minimized, must procedures be designed to encourage or force the review of the bases for continuing restraint?

Footnotes at end of article.

2. If restraint is in response to the need for care should not the issue be raised on the initiative of any participant at any stage of the process? If the possibility of treatment is hindered by the absence of personal motivation, should invocation of the process for determining restraint be limited to the defendant? [71] If the impact of the need for neglect is to be minimized should procedures be designed to permit and encourage interested participants to review and challenge on a regular basis the continuation of restraint in terms of current mental status, and the availability of treatment?

3. If restraint is in response to the need for destigmatization does it make any difference who invokes the process for restraint as long as the issue of restraint is resolved only after each of the material elements of the offense has been established? If the impact of the urge to stigmatize is to be minimized must not evidence of mental sickness be admissible to cast doubt on such material elements as voluntariness (however defined) and mens rea (however defined). If the impact of the urge to stigmatize is to be minimized should not the issue be subject to resolution without formally entering a verdict of guilty for the crime committed and procedures be designed to attribute to individuals released from such restraint the capacity to participate adequately in the life of the community?

In responding to these questions lawmakers will be pouring meaning into the fear of dangerousness, the need for care, and the need for destigmatization. Though we would neither endorse nor propose them, some of the possible meanings which might be given these factors are found for example in such a formulation as:

"Defendant shall be restrained in a mental health institution, whether or not therapeutic opportunities exist, for a period not to exceed the maximum sentence that might be imposed for the crime committed upon a finding by judge or jury:

"a. that the defendant has committed, in the light of all relevant evidence including evidence of mental health, murder, robbery, rape, assault, forgery or the use of narcotics; and

"b. that he suffers from a mental sickness for which civil commitment is not available and which is manifested by current overt symptomatology.

"This procedure may be invoked by judge, prosecutor or defense counsel."

Other formulations as well as the conclusion that there is no need for such a procedure in the criminal process might result depending not only upon the answers to the questions posed, but more fundamentally upon the results of a detailed examination of the function, meaning and desirability of mens rea and voluntariness as requisites of criminal liability.

As in music so in law, to recover lost passages it may be appropriate to suggest da capo al fine.

FOOTNOTES

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[1] [T]he meaning of responsibility is liability to punishment; and if criminal law does not determine who are to be punished under given circumstances, it determines nothing.

2 STEPHEN, A HISTORY OF THE CRIMINAL LAW OF ENGLAND 183 (1883).

Misleadingly simplified, the material elements of an offense are a *voluntary act* performed with *purpose, knowledge, recklessness or negligence causing with purpose, knowledge, recklessness or negligence a result.*

On proof beyond a reasonable doubt and the material elements of an offense see MODEL PENAL CODE §§ 1.12, 1.13 (Proposed Official Draft 1962) and MODEL PENAL CODE Comments at 108–35 (Tent. Draft No. 4, 1955).

Sanctions are imposed by the state presumably against, or at least without regard to, the wishes of the individual being deprived. Implicit in the word "sanction" . . . is involuntariness. In this context involuntariness is not treated as a psychological concept. Thus, for example, imprisonment is a sanction even if imposed on a person who commits a crime in order to be punished or in order to escape cold and hunger in the "warmth" of a jail.

Goldstein, J., *Police Discretion Not to Invoke the Criminal Process: Low Visibility Decisions in the Administration of Justice*, 69 YALE L.J. 543, 544 n.4 (1960).

[2] Daniel M'Naghten's Case, 4 St. Tr. N.S. 847, 8 Eng. Rep. 718 (H.L. 1843). See generally DONNELLY, GOLDSTEIN, J., & SCHWARTZ, CRIMINAL LAW 733–844 (1962) (hereinafter cited as CRIMINAL LAW).

[3] Louisell & Hazard, *Insanity as a Defense: The Bifurcated Trial*, 49 CALIF. L. REV. 805 (1961).

[4] "Insanity is a defense to be asserted at the trial as any other defense; . . ." *People* v. *Heirens*, 4 Ill. 2d 131, 142, 122 N.E.2d 231, 238 (1954). *But see* note 20 *infra*. On sanity apparently perceived as a material element of each offense, possibly as *mens rea* itself, and on the burden of proving the defense of insanity, see *United States* v. *Currens*, 290 F.2d 751, 761 (3d Cir. 1961) and Tatum v. United States, 190 F.2d 612, 615 (D.C. Cir. 1951):

When lack of mental capacity is raised as a defense to a charge of crime, the law accepts the general experience of mankind and presumes that all people including the accused is sane. . . . [But] as soon as some evidence of mental disorder is introduced . . . sanity like any other fact, must be proved as part of the prosecution's case beyond a reasonable doubt.

On proving insanity rather than sanity beyond reasonable doubt, see *Leland* v. *State*, 343 U.S. 790 (1952), and see note 33 *infra*.

[5] The quantitative extent of such debate is suggested by the entries which appear under the heading "Insanity" in the INDEX TO LEGAL PERIODICALS. Since the *Durham* case (1954) over 150 articles have appeared whose titles indicate that they deal with some aspect of the insanity-defense controversy. The *Durham* case itself has provoked almost 50 law journal notes or extended discussions. As of Jan. 1963, according to SHEPARD'S FEDERAL REPORTER CITATIONS, *Durham* had been cited—both favorably and unfavorably—in approximately 140 cases.

[6] The threat to self can, of course, be treated as evidence casting doubt on voluntariness as a requisite element of the crime of murder.

[7] We exclude from our analysis of self-defense the death penalty which may accompany a finding of murder in the first degree, for feelings about that sanction are likely to distort the already complex issues to be unravelled. See SELLEN, THE DEATH PENALTY, A REPORT FOR THE MODEL PENAL CODE PROJECT OF THE AMERICAN LAW INSTITUTE (1959), and generally ROYAL COMMISSION ON CAPITAL PUNISHMENT 1949–1953, REPORT, CMD 8932 (1953), CRIMINAL LAW 304–48.

Moreover, we exclude consideration of certain lesser included or other offenses for which the defendant may be convicted if each of the elements of some other offense is established beyond doubt.

[8] As one of the great objectives of all law, and particularly criminal law, is the protection of life, it follows that homicide must, as a rule, be unlawful, so that it is necessary to consider only those cases in which it is lawful. 3 STEPHEN, *op. cit. supra* note 1, at 11.

[9] On the dispute about the death penalty as an appropriate sanction see SELLIN, and ROYAL COMMISSION ON CAPITAL PUNISHMENT, *op. cit. supra* note 7.

[10] Life imprisonment does not necessarily mean imprisonment for life. See, *e.g.*, CONN. GEN. STAT. ch. 961, § 54–125 (1958) making persons sentenced to life imprisonment eligible for parole on the expiration of a minimum of 20 years.

[11] Psycho-analysts have drawn attention to three main motives in our attitude towards law-breakers and criminals that operate in addition to the conscious reasons that are more readily recognized. . . . In the first place, the criminal provides an outlet for our (moralized) aggression. In this respect he plays the same role as do our enemies in war and our political scapegoats in time of peace. That some very real satisfaction is to be found in this way is shown by the vast crowds that attended public executions. . . . In the second place, the criminal by his flouting of law and moral rule constitutes a temptation to the id; it is as though we said to ourselves, "if he does it, why should not we?" This stirring of criminal impulses within ourselves calls for an answering effort on the part of the super-ego, which can best achieve its object by showing that "crime doesn't pay." This in turn can be done most conveniently and completely by a demonstration on the person of the criminal. By punishing him we are not only showing him that he can't "get away with it" but holding him up as a terrifying example to our own tempted and rebellious selves. Thirdly . . . is the danger with which our whole notion of justice is threatened when we observe that a criminal has gone unpunished. The primitive foundation of this notion . . . lies in an equilibrium of pleasures and pains, of indulgence and punishment. This equilibrium is disturbed, either if the moral rewards of good conduct are not forthcoming . . . or if the normal punishments of crime are absent or uncertain . . . . It is to prevent disturbance of the latter kind that we insist that those who have broken the law shall be duly punished. Through their punishment the equilibrium is re-established, without it (so we dimly feel) the whole psychological and social structure on which morality depends is imperilled.

FLUGEL, MAN, MORALS AND SOCIETY 169–70 (1945).

On the oft-conflicting purposes reflected in authorized sanctions see, Goldstein, J., *Police Discretion Not to Invoke the Criminal Process: Low Visibility Decisions in the Administration of Justice*, 69 YALE L.J. 543, 544–50 (1960).

[12] 5 WIS. LEGISLATIVE COUNCIL, JUDICIARY COMMITTEE REPORT ON THE CRIMINAL CODE 44 (1953).

[13] The law acknowledges that killings in defense of self are not motivated by aggressive instincts out of control but by the ego's self-preservative interest, *i.e.*, to keep itself alive and protect itself from external danger. The ego is moderator between id, superego and reality demands. Law and its implementation, as viewed by ego, is part of reality. Law is recognition that id out of control would destroy us as individuals and as a society. Law, then, as a social control device, rests on the assumption that man's ego and superego need assistance for the control of id.

[14] The assailant is thus assumed not to be deterred by the authorized sanction of deadly force in self-defense which for some might have a deterrent potential.

[15] People v. Tomlins, 213 N.Y. 240, 244, 107 N.E. 496, 498 (1914).

[16] 5 WIS. LEGISLATIVE COUNCIL, *op. cit. supra* note 12, at 45. See State v. Abbott, 36 N.J.

63, 174 A.2d 881 (1961), for discussion of duty to retreat.

[17] Application of such a formulation might contribute through time to a redefinition of courage—with running away rather than using deadly force being perceived as a courageous act. See HARTMANN, PSYCHOANALYSIS AND MORAL VALUES 31–32 (1960).

[18] MODEL PENAL CODE § 3.04 (Proposed Official Draft 1962) provides in pertinent part:

(b) The use of deadly force is not justifiable . . . unless the actor believes that such force is necessary to protect himself against death, serious bodily harm, kidnapping or sexual intercourse compelled by force or threat; nor is it justifiable if: . . .

(ii) the actor knows that he can avoid the necessity of using such force with complete safety by retreating or by surrendering possession of a thing to a person asserting a claim of right thereto or by complying with a demand that he abstain from any action which he has no duty to take, except that:

(1) the actor is not obliged to retreat from his dwelling or place of work, unless he was the initial aggressor or is assailed in his place of work by another person whose place of work the actor knows it to be; and . . .

(c) Except as required by paragraphs . . . (b), a person employing protective force may estimate the necessity thereof under the circumstances as he believes them to be when the force is used, without retreating, surrendering possession, doing any other act which he has no legal duty to do or abstaining from any lawful action. . . .

For another problem in evaluating the impact of a statute's self-defense formulation see, *e.g.*, WIS. STAT. ch. 940.05 (1955):

MANSLAUGHTER. Whoever causes the death of another human being under any of the following circumstances may be imprisoned not more than 10 years: . . .

(2) Unnecessarily, in the exercise of his privilege of self-defense. . . .

[19] See the proposed charge to the jury formulated in Durham v. United States, 214 F.2d 862, 875 (D.C. Cir. 1954); People v. Gorschen, 51 Cal. 2d 716, 726–34, 336 P.2d 492, 498–503 (1959); MODEL PENAL CODE § 4.01 (Proposed Official Draft 1962). *But see* note 39 *infra* and accompanying text.

[20] STEPHEN has observed that:

[I]n very ancient times proof of madness appears not to have entitled a man to be acquitted, at least in case of murder, but to a special verdict that he committed the offense when mad. This gave him a right to a pardon. The same course was taken when the defence was killing by misadventure or in self-defence.

2 STEPHEN, A HISTORY OF THE CRIMINAL LAW OF ENGLAND 151 (1883).

Francis Bacon observed that the Crown, in exercising its power to pardon, will spare those only whose case, could it be foreseen, the Law itself may be presumed willing to have excepted out of its general Rules which the Wisdom of Man cannot possibly make so perfect as to suit every particular Case.

3 BACON, A NEW ABRIDGEMENT OF THE LAW 802 (1736), reprinted in CRIMINAL LAW at 247.

[21] Before 1800 in England, and in most jurisdictions in this country, if an accused person was found to be irresponsible by reason of insanity he was forthwith acquitted and no special order looking to his safety or that of society was made. But by the Criminal Lunatics Act of 1800, the jury, in acquitting such a defendant, accused of a felony, was required to find specially whether such a person was insane at the time of the commission of the act, and whether he was acquitted upon that ground. Upon such a finding, the defendant was committed and detained "during His Majesty's pleasure."

GLUECK, MENTAL DISORDER AND THE CRIMINAL LAW 392–93 (1925).

Similar legislation was enacted by most of the American states soon afterward, although in some states not until a century later.

WEIHOFEN, INSANITY AS A DEFENSE IN CRIMINAL LAW 263. See also *id.* at 262–332 (1933).

For the current situation, see MODEL PENAL CODE § 4.08 (Proposed Official Draft 1962) and Comments to § 4.08 at 199–201 (Tent. Draft No. 4, 1956); Lynch v. Overholser, 369 U.S. 705, 714–20 (1962); D.C. CODE § 23–301 (1955); Durham v. United States, 214 F.2d 862, 876 n.57 (D.C. Cir. 1954); and Goldstein J. & Katz, *Dangerousness and Mental Illness—Some Observations On the Decision to Release Persons Acquitted By Reason of Insanity*, 70 YALE L.J. 225 (1960); and see notes 45 & 48 *infra*.

[22] ROYAL COMMISSION ON CAPITAL PUNISHMENT, 1949–1953 REPORT CMD. 8932, at 98 (1953).

[23] MODEL PENAL CODE § 4.01, Comment at 156–60 (Tent. Draft No. 4, 1956).

[24] [T]o establish a defence on the ground of insanity, it must be clearly proved that, at the time of the committing of the act, the party accused was labouring under such a defect of reason, from disease of the mind, as not to know the nature and quality of the act he was doing; or if he did know it, that he did not know he was doing what was wrong.

Daniel M'Naghten's Case, 4 St. Tr. N.S. 847, 931, 8 Eng. Rep. 718, 722 (H.L. 1843).

[25] Durham v. United States, 214 F.2d 862, 876 (D.C. Cir. 1954).

[A]n accused is not criminally responsible if his unlawful act was the product of mental disease or mental defect.

We use "disease" in the sense of a condition which is considered capable of either improving or deteriorating. We use "defect" in the sense of a condition which is not considered capable of either improving or deteriorating and which may be either congenital, or the result of injury or the residual effect of a physical or mental disease.

Id. at 874–75.

[26] In all civilized communities, ancient or modern, some forms of insanity have been regarded as exempting from the punishment of crime, and under some circumstances at least, as vitiating the civil acts of those who are affected with it. The only difficulty, or diversity of opinion consists in determining who are really insane, in the meaning of the law. . . .

RAY, A TREATISE ON THE MEDICAL JURISPRUDENCE OF INSANITY 2 (4th ed. 1860).

[27] MODEL PENAL CODE § 4.01 (Proposed Official Draft 1962) provides:

(1) A person is not responsible for criminal conduct if at the time of such conduct as a result of mental disease or defect he lacks substantial capacity either to appreciate the criminality [wrongfulness] of his conduct or to conform his conduct to the requirements of law.

(2) As used in this Article, the terms "mental disease or defect" do not include an abnormality manifested only by repeated criminal or otherwise anti-social conduct.

In conflict with the exclusion in (2), the chief reporter of the Model Penal Code has said:

[T]he category of the irresponsible must be defined in extreme terms. The problem is to differentiate between the wholly *non-deterrable* and persons who are more or less susceptible to influence by law. (Emphasis supplied.)

Wechsler *The Criteria of Criminal Responsibility*, 22 U. CHI. L. REV. 367, 374 (1955). How to select from the non-deterrables who have committed a crime those non-deterrables who are to be relieved of criminal responsibility is not clarified by the Model Penal Code's exclusion from the term "mental disease or defect . . . an abnormality manifested only by repeated criminal or otherwise anti-social conduct."

In criticizing this exclusion in the Model Penal Code, the California's SPECIAL COMMISSIONS ON INSANITY AND CRIMINAL OFFENDERS, FIRST REPORT (July 7, 1962) has warned that:

The law, whether judicial or statutory, must avoid accepting a psychiatric label or classification as determinative of the question of responsibility for all future cases. In every case whether or not a defendant has a mental disorder and the manner in which the mental disorder affected his ability to control his conduct is, and properly should be, a question of fact. Furthermore, we find it difficult to conceive of a case involving a mentally disordered defendant where the *"only"* evidence of that mental disorder is the defendant's repeated criminal conduct. Moreover, the fact that a defendant is a repeated offender is sometimes the best evidence that he is unable to conform his conduct to the law and it seems paradoxical to say that this evidence is insufficient to justify such a finding.

Id. at 27. See also Currens v. United States, 290 F.2d 751, 761–63 (3d Cir. 1961).

[28] MODEL PENAL CODE § 4.01, Comment at 156 (Tent. Draft No. 4, 1956).

[29] Similar confusion in judicial reasoning is reflected in the following statement: Two policies underly [sic] the distinction in treatment between the responsible and the non-responsible: (1) It is both wrong and foolish to *punish* where there is no blame and where *punishment* cannot correct. (2) The community's security may be better protected by hospitalization . . . than by imprisonment.

Williams v. United States, 250 F.2d 19, 25–26 (D.C. Cir. 1957). (Emphasis supplied.)

"Punish" and "punishment" are used in policy statment "(1)" to suggest different underlying meanings or concepts. The word is first used as a symbol of the vengeance or retribution function of the criminal law and then used as a symbol of the rehabilitation function. *Query:* if "punishment," however defined, were an effective rehabilitative device would the court find its use objectionable even if blameworthiness could not be established? Is involuntary confinement for an indefinite period in a mental hospital any less a deprivation, as the court seems to imply in policy statement "(2)," than involuntary confinement for a limited period in prison?

Goldstein, J., *Police Discretion Not to Invoke the Criminal Process: Low-Visibility Decisions in the Administration of Justice*, 69 YALE L.J. 543, 546 (1960).

[30] REPORT OF THE GOVERNORS COMMITTEE ON THE DEFENSE OF INSANITY, 140 N.Y.L.J. No. 88, p. 4 (Nov. 5, 1958), No. 89, p. 4 (Nov. 6, 1958) (emphasis supplied).

The Committee proposed:

(1) A person may not be convicted of a crime for which he is not responsible.

(2) A person is not responsible for criminal conduct if at the time of such conduct as a result of mental disease or defect he lacks substantial capacity:

(a) to know or appreciate the wrongfulness of his conduct; or

(b) to conform his conduct to the requirements of the law. . . .

(3) The terms "mental disease or defect" do not include an abnormality manifested only by repeated criminal or otherwise anti-social conduct.

Cf. note 27 *supra*.

[31] United States v. Currens, 290 F.2d 751, 773 (3d Cir. 1961).

[32] *Id.* at 774 (emphasis supplied).

[33] It is of the utmost importance for the protection of the liberty of the subject that a court should always bear in mind that, unless a statute, either clearly or by necessary implication, rules out *mens rea* as a constituent part of a crime the Court should not find a man guilty of an offense against the criminal law unless he has a guilty mind.

Lord Goddard, C.J. in Brend v. Wood. L 62 T.L.R. 462, 463 (1946), quoted with approval in Lim Chin Aik v. Reginam, 1 All. E.R. 223, 228 (1963).

[34] 290 F.2d at 774. For its test the court proposed:

The jury must be satisfied that at the time of committing the prohibited act the defendant, as a result of mental disease or defect, lacked substantial capacity to conform his conduct to the requirements of the law which he is alleged to have violated.

Ibid.

[35] As early as 1724, Justice Tracy, instructing the jury on "guilty mind" as a requisite element of murder in the Trial of Edward Arnold said:

[T]he shooting . . . for which prisoner is indicted, is proved beyond all manner of contradiction; but whether this shooting was malicious, that depends upon the sanity of the man. That he shot, and that willfully [is proved]; but whether maliciously, that is the thing; that is the question; whether this man hath the use of his reason and sense? . . . [G]uilt arises from the mind, and the wicked will and intention of the man. If a man be deprived of his reason, and consequently of his intention, he cannot be guilty; and if that be the case, though he had actually killed . . . he is exempted from punishment; punishment is intended for example, and to deter other persons from wicked designs; but the punishment of a madman, a person that hath no design, can have no example.

16 State Trials 596, 764 (1724). The paragraph goes on to construe narrowly the kind of evidence which might negative "guilty mind."

On the other side, we must be very cautious; it is not every frantic and idle humour of a man, that will exempt him from justice, and the punishment of the law. When a man is guilty of a great offense, it must be very plain and clear, before a man is allowed such an exemption; therefore it is not every kind of frantic humour or something unaccountable in a man's actions, that points him out to be such a madman as is to be exempted from punishment: it must be a man that is totally deprived of his understanding and memory, and doth not know what he is doing, no more than an infant, than a brute, or a wild beast, such a one is never the object of punishment; . . .

Id. at 764–65. See note 21 *supra* on such acquittals being accompanied by release not restraint and note 45 *infra* on the confusion over the consequences in the federal system.

[36] The court comes close to acknowledging this in United States v. Currens, 290 F.2d 751, 767 (1967). "The throwing of the mentally ill individual from the jail back into the community, untreated and uncured, presents a great and immediate danger."

[37] See the excellent article Silving, *Mental Incapacity in Criminal Law*, 2 CURRENT LAW AND SOCIAL PROBLEMS 1 (1961): "Were the assertion that insanity excludes intent taken seriously, no plea of insanity would be necessary. Yet it is required in our law." *Id.* at 13.

[38] For differing views of this issue see *Fisher* v. *United States*, 328 U.S. 463, 473, n.12 (1946); *State* v. *Fuller*, 229 So. C. 439, 444, 93 S.E.2d 463, 466 (1956); *State* v. *Di Paolo*, 34 N.J. 279, 168 A.2d 401, 409–10 (1961); and MODEL PENAL CODE § 4.02 (Proposed Official Draft 1962) providing:

(1) Evidence that the defendant suffered from a mental disease or defect is admissible wherever it is relevant to prove that the defendant did or did not have a state of mind which is an element of the offense.

[39] *Durham* v. *United States*, Record on Retrial under the new rule—reprinted in CRIMINAL LAW at 775–76 (emphasis supplied).

Reflecting the same confused view about insanity and its relationship to criminal intent is the concept of diminished responsibility which in capital cases provides:

[T]f the jury found (1) that the accused suffered from a mental disorder not amounting to insanity sufficient to excuse him from criminal responsibility . . . and (2) that such mental disorder deprived him of the requisite "sound memory and discretion" essential for conviction of first degree murder, it could convict him of the lesser crime of second degree murder.

In *Stewart* v. *United States*, 214 F.2d 879, 882 (D.C. Cir. 1954), the court rejected this concept.

If the mental elements of an offense must be proven beyond doubt there would be no need for a concept of diminished responsibility.

But see note 19 *supra* and accompanying text.

[40] Under a bifurcated trial system an accused must be found guilty before the insanity defense can be invoked and evidence of mental health is admissible to prove or disprove elements of the offense charged. *People* v. *Gorshen*, 51 Cal. 2d 716, 336 P.2d 492 (1959).

[41] See *Sherman* v. *United States*, 356 U.S. 369 (1958)

. . . If [the defendant] is to be relieved from the usual punitive consequences, it is on no account because he is innocent of the offense described. . . .

The courts refuse to convict an entrapped defendant not because his conduct falls outside the proscription of the statute, but because, even if his guilt be admitted, the methods employed on behalf of the Government to bring about conviction cannot be countenanced.

Id. at 380. (Mr. Justice Frankfurter concurring.) And see Donnelly, *Judicial Control of Informants, Spies, Stool Pigeons and Agent Provocateurs*, 60 YALE L.J. 1091, 1098–1115 (1951).

[42] See notes 7–18 *supra* and accompanying text.

[43] See Note, *The Statute of Limitations in Criminal Law: A Penetrable Barrier to Prosecution*, 102 U. PA. L. REV. 630 (1954).

[44] On the presumption of innocence and the maximum that it is better to let a guilty man escape than to condemn an innocent one see BENTHAM, A TREATISE ON JUDICIAL EVIDENCE 196–98 (1825). The other side of the presumption-of-innocence coin is proof beyond reasonable doubt as a requisite to criminal liability. See Curley v. United States, 160 F.2d 229 (D.C. Cir. 1947). On the duty of the police not to enforce the substantive law of crimes unless the criminal process can be invoked within bounds set by constitution, statute, and court decisions see Goldstein J., *Police Discretion Not to Invoke the Criminal Process: Low Visibility Decisions in the Administration of Justice*, 69 YALE L.J. 543, 554–62 (1962).

[45] United States v. Currens, 290 F.2d 757, 776 (3d Cir. 1961):

Court of appeals have different in their views as to available procedure in the event that a person is found not guilty of a federal criminal charge by reason of insanity. See *Pollard v. United States*, 6 Cir. 282, F.2d 450, 464, Order of Issuance of New Mandate, 6 Cir. 1960, 285 F.2d 81 . . . . but compare *Sauer v. United States*, 9 Cir. 1957, 241 F.2d 640, 651–52 n.32. . . .

Earlier in its opinion the court quotes with approval from BIGGS, THE GUILTY MIND 144–45 (1955):

[T]he mental competency of recedivists should be questioned by realistic means at the earliest possible stage. So long as courts judge criminal responsibility by the test of knowlege of right and wrong, psychotics who have served prison terms or are granted probation are released to commit increasingly serious crimes, repeating crime and incarceration and release until murder is committed. Instead of being treated as ordinary criminals, they should be confined to institutions for the insane at the first offense and not be released until or unless cured.

Id. at 767.

Similarly this fear coupled with the possibility of an ironic twist prompts Judge Hastie in his dissent in *Currens* to note:

If we should affirm the judgment below, as I think we conscientiously can, the result of appellant's conviction and the consequent invocation of the Youth Correction Act would be his confinement for an appropriate period in a psychiatric institution for such treatment and supervision as are best calculated, in the light of our present medical knowledge, to accomplish his rehabilitation and cure. On the record this result would be good for the appellant and good for society. On the other hand, as the majority opinion recognizes, it is doubtful whether the federal authorities could require the restraint and psychiatric treatment of the appellant if he should be retried and, by reason of his mental illness, found not guilty. I think we need not and, therefore, should not thus risk the release of one found to be a criminal psychopath when restraint and treatment seem desirable both medically and socially.

For these reasons I would affirm the conviction and confinement of the appellant . . . .

Also see dissent of Justice Clark in *Lynch* v. *Overholser*, 369 U.S. 705, 720, 735 (1961).

[A] person who has been shown to have committed an act resulting in serious harm to a member of the community, and who is also shown to be irresponsible by reason of mental disorder, ought to be the subject of an even more thorough-going inquiry as to his risk to society than the responsible offender. This is so, of course, because by definition such a person lacks the capacity for individual self-control that is ultimately society's most secure protection.

State of California, SPECIAL COMMISSIONS ON INSANITY AND CRIMINAL OFFENDERS, FIRST REPORT 31 (July 7, 1962).

This report comes close to verbalizing the fears and concerns of the community and attempts to resolve or gives the appearance of resolving the conflict between relieving a person of criminal liability and compusorily holding him for care and custody as a mentally ill person in a maximum security unit of the correctional system by separating, as if they were clearly separable, a finding of no criminal responsibility from its consequences, which is a special hearing for such acquittals, not all acquittals, to determine present dangerousness. It sugests that the defendant alleged to be mentally ill presents two questions: First, whether he ought to be condemned by a criminal conviction, and second, whether he is such a substantial risk to the public safety that he must be securely confined.

Id. at 20.

Since the question of criminal responsibility is a legal question, the ultimate decision in a particular case is properly to be made by the judicial system and not by the medical profession.

Id. at 21.

Upon finding that a defendant is not criminally responsible for the act with which he is charged, an inquiry immediately ought to be made whether he is a substantial present risk to the safety of the public. The inquiry should be squarely directed to the question of whether the defendant is dangerous. This is a different question than whether he is "insane" within the meaning of the rules defining his accountability under the criminal law. If he appears to be dangerous, he should be committed to secure custody. And he should be so committed without regard to whether he is "psychotic," whether he "knows right from wrong" or, indeed, whether he is effectively treatable by presently developed therapeutic techniques. The point is

that he is dangerous and should not be let loose on society.

Id. at 31.

Similarly,

The only proper verdict is one which ensures that the person who suffers from the disease is kept secure in a hospital so as not to be a danger to himself or others. That is, a verdict of guilty but insane.

Bratty v. *Att'y-Gen. for N. Ireland,* (1961) 3 All E.R. 523, 533 (H.L.).

For the purposes of the criminal law there are two categories of mental irresponsibility, one where the disorder is due to disease and the other where it is not. The distinction is not an arbitrary one. If disease is not the cause, if there is some temporary loss of consciousness arising accidentally, it is reasonable to hope that it will not be repeated and that it is safe to let an acquitted man go entirely free. But if disease is present the same thing may happen again, and therefore, since 1800, the law has provided that persons acquitted on this ground should be subject to restraint. The acquittal is now given in the illogical and disagreeable form of the verdict, "Guilty but insane" . . .

Hall v. *Baxter,* (1958) 1 Q.B. 277, 285–86 (1957) (CA). See note 48 *infra.*

[46] For an idealized sociological perception of the sick, see PARSONS, THE SOCIAL SYSTEM 436–37 (1951). On the confusion between "sick" and "criminal" in literature and law, see CRIMINAL LAW 253–83; see also Goldstein, J. & Katz, *Dangerousness and Mental Illness: Some Observations on the Decision to Release Persons Acquitted by Reason of Insanity,* 70 YALE L.J. 225 (1960).

The writer [in 1945] heard state hospital doctors frankly admit that the animals of near-by piggeries were better fed, housed and treated than many of the patients in their wards. He saw hundreds of sick people shackled, strapped, strait-jacketed and bound to their beds; he saw mental patients forced to eat meals with their hands because there were not enough spoons and other tableware to go around—not because they could not be trusted to eat like humans. He saw them crawl into beds jammed close together, in dormitories filled to twice or three times their normal capacity. He saw, in institution after institution, cold unappetizing food placed before patients at mealtime—food that patients either wolfed down to get the ordeal over quickly or else left untouched.

He saw black eyes and bruises which were reported to the writer to have been received at the hands of fellow patients or attendants. He saw court records and hospital accident lists indicating that brutality against patients, while not as common as occasional newspaper exposés might suggest, was of shocking frequency. Occasional accounts of fatal beatings of mental patients attested to the end-results of some of this treatment.

DEUTSCH, THE MENTALLY ILL IN AMERICA 449 (2d ed. 1949).

[47] [A]mbivalence: love and hatred directed toward the same person at the same time.

Ambivalence, which is due to the dual orientation of a man as an individual and as a member of society, is universal. In fact, the more one loves another, the more the narcissistic nucleus of the personality hates the loved object. Under normal conditions, however, one of these attitudes is deeply buried. This is intelligible, because there is perhaps no more perplexing situation than to hate whom you love or love whom you hate. . . . In ordinary life the repressed hatred of a person one loves may break through when one feels betrayed by him.

ALEXANDER, FUNDAMENTALS OF PSYCHOANALYSIS 107–08 (1948).

[48] *Report of the Governor's Committee on the Defense of Insanity,* 140 N.Y.L.J., 4 (Nov. 5, 6, 1958).

In extreme cases, such as that of the homicidal offender, the security required must exceed that required for even the most dangerous convict. . . . [W]e recommend that the dangerous offender who has been acquitted by reason of mental disorder should be placed in the custody of the Department of Corrections at one of its medical facilities.

State of California SPECIAL COMMISSION ON INSANITY AND CRIMINAL OFFENDERS, FIRST REPORT 34 (July 7, 1962). See also MODEL PENAL CODE § 4.08 (Tent. Draft No. 4) providing commitment of persons acquitted by reason of insanity "to the custody of the Commissioner of Correction" or alternatively to the Commissioner of Mental Hygiene or Public Health. The official draft eliminates commitment to the Commissioner of Correction. MODEL PENAL CODE § 4.08 (Proposed Official Draft 1962).

Label the judicial process as one will, no resort to subtlety can refute the fact that the power to imprison is a criminal sanction. To view otherwise is self-delusion.

Courts should not, ostrichlike, bury their heads in the sand.

City of Canon City v. Merris, 137 Colo. 169, 174, 323 P.2d 614, 617 (1958).

Report of Commissioners Appointed Under a Resolve of the Legislature of Massachusetts, to Superintend the Erection of a Lunatic Hospital at Worcester and to Report a System of Discipline and Government for the Same. SEN. Doc. No. 2, Jan. 4, 1832, pp. 22, 23:

[The insane] . . . should be treated, not with a sole regard to the security of others, but with special reference also to their own misfortunes, and in a manner to shorten their duration, or where that is impossible, at least to mitigate their severity.

In view of these facts and considerations, the Commissioners cannot hesitate to recommend, that as soon as the Hospital at Worcester shall be prepared for the reception of the insane . . . all orders, decrees and sentences for the confinement of any lunatic, made by any Court . . . shall be so far modified, that said lunatics shall be committed to the custody of the Superintendent of the Hospital at Worcester, instead of being committed to any Jail or House of Correction, as heretofore required; and, furthermore, that all lunatics, who at the time when such proclamation is made, shall be confirmed in any Jail or House of Correction, under any order, sentence or decree of any Court, or any judicial officers, shall as soon as convenient and practicable, be removed to said Hospital . . . .

Reprinted in CRIMINAL LAW at 266.

On the situation in Massachusetts 125 years later so far as it concerns special custodial facilities for the "criminally insane" or the "insane criminal" who have been found incompetent to stand trial or who have been relieved of criminal liability see COMMONWEALTH OF MASSACHUSETTS, GOVERNOR'S COMMITTEE TO STUDY THE MASSACHUSETTS CORRECTIONAL SYSTEM, SECOND REPORT 47 (1956):

The level of care is low . . . that one is forced to conclude that Massachusetts is willing to abandon almost 1,000 persons who would, if not criminal or difficult to handle, be receiving the best medical care the Commonwealth can provide.

[49] In psychoanalysis, this would be called denial.

"[D]enial" refers . . . to the blocking of certain sense impressions from the outside world. If they are not actually denied access to consciousness, they at least have as little attention paid to them as possible and the painful consequences of their presence are partly nullified.

BRENNER, AN ELEMENTARY TEXTBOOK OF PSYCHOANALYSIS 100–01 (1955).

[50] See Goldstein, J. & Katz, *Dangerousness and Mental Illness: Some Observations on the Decision to Release Persons Acquitted by Reason of Insanity,* 70 YALE L.J. 225, 230–31 (1960).

[51] People v. Nash, 52 Cal. App. 2d 36, 52, 53, 338 P.2d 416, 426–27 (1959).

. . . excepting only in cases where the death penalty may be imposed, it is relatively unimportant to society and to the accused whether the determination as to criminal responsibility *insofar as it may rest on the issue of sanity* is made at the time of initial trial or later. The immediately important question for both the state and the defendant is this: Did the defendant commit the act charged? If he committed it, sane or insane, he should be held under restraints adequate and appropriate to the circumstances. If the circumstances require actual confinement it is not at the moment important what name be applied to the institution. The character of the supervision and study to be given the accused is important.

Similarly in relation to so-called sex psychopath statutes:

. . . The main purpose of the Act [though civil in nature] is to protect society against the activities of sexual psychopaths. The secondary purpose is to rehabilitate the sexual psychopath. . . .

The emphasis that appellant places on the fact that he . . . now finds himself in San Quentin, possibly for life, is misplaced. This argument would be sound only were his confinement punishment. As we have already seen, the purpose of the confinement is to protect society and to try and cure the accused.

The arguments of appellant are without merit. The order appealed from is affirmed. People v. Levy, 151 Cal. App. 2d 460, 311 P.2d 897 (1957). *But see In re* Maddox, 351 Mich. 358, 88 N W 2d 470 (1957), and note 48 *supra.*

[52] The word "committed" is used rather than convicted so as to leave open for decision the question of the stage or stages of the process at which this issue may be raised. See Epilogue.

[53] In determining criteria for restraint, criteria for the release of persons so restrained would likewise have to be established. Any change of circumstance removing a crucial criterion of restraint would result in release. See Goldstein, J. & Katz, *supra* note 50.

[54] The world about us is much richer in meanings than we consciously see. These meanings are continually cutting across our ostensible criteria of judgment, and compulsively distorting the operations of the mind whose quest for an objective view of reality is consciously quite sincere. Good intentions are not enough to widen the sphere of self-mastery. There must be a special technique for the sake of exposing the hidden meanings which operate to bind and cripple the processes of logical thought. With practice one may wield the tool of free-fantasy with such ruthless honesty that relevant material comes very quickly to the focus of attention which we call "waking consciousness."

LASSWELL, PSYCHOPATHOLOGY AND POLITICS 36 (1960). See also FRANK, LAW AND THE MODERN MIND 22–31 (1949). Various defense mechanisms may interfere with awareness, for example, rationalization.

Rationalization means selecting the most acceptable from a complex of mixed motives to explain behavior. This permits the repression of other alien motives. Since the selected motives are suitable to the act, the unacceptable ones may be overlooked or denied. It is by no means correct to define rationalization as the invention of necessarily nonexistent motives; it is usually an arbitrary selection which passes speciously for the whole.

ALEXANDER, FUNDAMENTALS OF PSYCHOANALYSIS 109 (1948).

[55] On abolishing the insanity defense as a violation of a state constitution because "the minimum requirements of *mens rea* have been held to compel it." See State v. White,— Wash.—, 374 P.2d 942, 965 (1962), construing State v. Strasburg, 60 Wash. 106, 110 Pac. 1020 (1910). Also see GLUECK, MENTAL DISORDER AND THE CRIMINAL LAW 466–70 (1925).

[56] On "voluntariness' and *mens rea* and the accompanying confusion see cases and ma-

terials reprinted in CRIMINAL LAW 524–600. For an interesting examination of *mens rea* see Packer, *Mens Rea and the Supreme Court*, 1962 Supreme Court Review 107 (1962).

[67] See text accompanying note 52 *supra*.

[68] "Reformation and rehabilitation of offenders have become important goals of criminal jurisprudence." Williams v. New York, 337 U.S. 241, 248 (1949). On prisons outstripping hospitals as therapeutic communities see Diamond, *Criminal Responsibility of the Mentally Ill*, 14 STAN. L. REV. 59 (1961):

I do not hesitate to say that Vacaville [an integral part of California's correction system] provides a higher standard of psychiatric treatment than does the corresponding hospital for the *criminally insane* . . . which is operated by the Department of Mental Hygiene. [Emphasis supplied.]

Id. at 85.

[69] See *Ragsdale* v. *Overholser*, 281 F.2d 943, 949 (D.C. Cir. 1960) (concurring opinion of Judge Fahy).

[60] See *State* v. *Strasburg*, 60 Wash. 106. 110 Pac. 1020, 1025 (1910). Star, *The Public's Idea About Mental Illness*, reprinted in CRIMINAL LAW at 818.

[61] See *In re* Maddox, 351 Mich. 358, 88 N.W. 2d 470 (1957), holding "that incarceration in penitentiary designed and used for the confinement of convicted criminals is not a prescription available upon medical diagnosis and order to an administrative branch of government." *Id.* at 370, 88 N.W.2d at 476. See note 51 *supra*.

[62] See CONN. GEN. STAT. § 17–244 (1958).

[63] *Ibid*, and *id.* at § 17–246. Also see Katz & Goldstein, J., *Dangerousness and Mental Illness*, 131 J. OF NERVOUS & MENTAL DISEASE 404, 410 (1960).

[64] On status-elevation ceremonies see Goldstein, J., *Police Discretion Not to Invoke the Criminal Process: Low-Visibility Decisions in the Administration of Justice*, 69 YALE L.J. 543, 590–92 (1960).

[65] See Note, *Extent of Harm to Victim*, reprinted in CRIMINAL LAW at 30 (1962).

[66] See Star, *supra note* 60; Katz & Goldstein, J., *supra* note 63, at 411.

[67] See MODEL PENAL CODE § 4.01(2) (Proposed Official Draft 1962) defining mental disease to exclude an abnormality manifested only by repeated criminal or otherwise antisocial conduct, reprinted *supra* note 23, and ROYAL COMMISSION ON CAPITAL PUNISHMENT REPORT, GMD No. 8932, at 73 (1953) limiting mental disease to psychosis.

[68] Is non-treatable to mean no known treatment or no treatment facilities available even if a known treatment? See note 45 *supra*. Concerning the infectious tubercular as a menace to society and provision for his commitment, see Moore v. Draper, 57 So. 2d 648 (Fla. 1952). "The real reason why no such law had been passed prior to that time [1949] was because there were not sufficient hospitals or sanitaria provided by the state to properly take care of these people." *Id.* at 648.

[69] For example, "[s]chizophrenic symptoms are not necessarily present all the time. In no other mental disease is it so uncertain whether or not a specific symptom will be present at any given moment." BLEULER, DEMENTIA PRAECOX OR THE GROUP OF SCHIZOPHRENIAS 296 (1950). See also Currens v. United States, 290 F.2d 751, 761–63 (3d Cir. 1961) and Knight, *Borderline States*, 17 MENNINGER CLINIC BULL. 1 (1953), reprinted in KNIGHT & FRIEDMAN, PSYCHOANALYSIS AND PSYCHOLOGY 97 (1954).

[70] On the meaning of "system maintenance" in another context see Goldstein, J., *Police Discretion Not to Invoke the Criminal Process: Low-Visibility Decisions in the Administration of Justice*, 69 YALE L.J. 543, 574–75 nn. 65–66 (1960).

[71] See Lynch v. Overholser, 369 U.S. 705 (1961), *reversing* 288 F.2d 388 (D.C. Cir. 1961).

THE HONEST POLITICIAN'S GUIDE TO CRIME CONTROL

(By Norval Morris and Gordon Hawkins)

CRIME AND THE PSYCHIATRIST

The accused is, we are informed, "psychotic," and should therefore not be convicted of a crime. Further, though "acquitted" because of his mental illness, he is "dangerous" and should therefore be detained until he is both "cured" of his malady and no longer "dangerous." Lewis Carroll, in Through the Looking-Glass, offered a fine commentary on the superficialities involved in such a traditional response to the psychologically disturbed offender:

"What sort of insects do you rejoice in, where you come from?" the Gnat inquired.

"I don't rejoice in insects at all," Alice explained, "because I'm rather afraid of them—at least the large kinds. But I can tell you the names of some of them."

"Of course they answer to their names?" the Gnat remarked carelessly.

"I never knew them to do it."

"What's the use of their having names," the Gnat said, "if they won't anwer to them?"

"No use to them," said Alice; "but it's useful to the people that name them, I suppose. If not, why do things have names at all?"

Our program on crime and the psychiatrist is designed both to eliminate our present futile name-calling from the criminal justice system and to engage the psychiatrist in the treatment of certain dangerous criminals, a task he now eschews. We achieve these results by three ukases:

1. The defense of insanity shall be abolished. The accused's mental condition will be relevant to the question of whether he did or did not, at the time of the crime, have the *mens rea* of the crime of which he is charged. His mental condition will, of course, also be highly relevant to his sentence and his correctional treatment if he is convicted.

2. High priority shall be accorded to research aimed at the definition of social dangerousness and the development of prediction tables designed to deal with the "dangerous," psychologically disturbed offender.

3. Special institutions for the treatment of "dangerous" psychologically disturbed offenders, on the lines set out in this chapter, shall be established in all states.

The vast literature dealing with psychiatric or psychoanalytic criminology ranges from detailed studies of particular cases to attempts to explain all criminal behavior in terms of psychopathy. Yet apart from providing a profusion of new labels the practical contribution that psychiatry has made to the problems of defining and treating the offender is very limited. This is in part, but by no means entirely, the fault of psychiatrists themselves. There is no doubt, however, that the leaders in corrections and in criminal law policy accord the psychiatrist a slim role in treating the behavior disorders that come to the courts, the prisons, and other correctional agencies. The slight attention given to the role of the psychiatrist in the report of the President's Crime Commission, *The Challenge of Crime in a Free Society*, and in the same commission's task force report on corrections, is recent testament to this neglect. Let us be clear about this. We are not suggesting that the judges, academic and practicing lawyers, correctional administrators, and criminologists prominent in the criminal justice system are reactionary, or that they fail to keep up with the literature in the social sciences; their attitude to psychiatry is not usually one of ignorance, it is rather a thoughtful rejection. They see psychiatrists, as too frequently psychiatrists see themselves, merely as diagnosticians, classifiers, separating out from the bulk of criminal offenders those whose psychological disurbance is at the level of psychosis. Where, it is asked, are psychiatrists successfully treating criminal offenders? The psychiatrist is useful, it is agreed, in classification and in staff training, but he is not seen as a serious ally in the correctional process.

We do not share this view. We believe there has been gross failure both by leading forensic psychiatrists and by those responsible for the criminal justice system sufficiently to mobolize psychiatric resources for the prevention and treatment of crime. We believe part of the fault lies in our national monamania, our *folie à collective*, concerning criminal responsibility and the defense of insanity. This has distracted us from many important tasks, two of which we shall deal with in this chapter—first, the task of defining the dangerous offender for sentencing and treatment purposes, and second, the task of better mobilizing psychiatric and other clinical resources for the treatment of such criminals. We believe these three themes—the defense of insanity, the definition of dangerousness, and the mobilization of clinical resources for the treatment of criminals who are dangerous and psychologically disturbed—are closely interconnected. The importance of all three issues must be recognized if the psychiatrist is to assist appreciably in efforts to protect the community and to treat the criminal.

Abolition of the defense of insanity

Rivers of ink, mountains of printers' lead, and forests of paper have been expended on an issue that is surely marginal to the chaotic problems of the effective, rational, and humane prevention and treatment of crime. We determinedly insulate ourselves from the realities we are facing—the role of psychological disturbance in criminality and the measures we might effectively and fairly use to deal with psychologically disturbed and dangerous criminals. We do not propose here to contribute to the wastage or to pursue the traditional minutiae. Our view is that the defense of insanity itself is moribund and should be interred. We are not suggesting amendments to the rules concerning fitness to plead; that issue is relevant to our present topic, but it is not one we now wish to consider.

The suggestion that the defense of insanity should be abolished is not original. Many authorities including Lady Barbara Wootton, Professor H. L. A. Hart, and Chief Justice Joseph Weintraub of New Jersey among others have advocated its abolition, though for diverse reasons and with diverse substitutes for it. We do not propose to marshal and analyze their reasons and their suggestions. We have put forward a ukase on this topic and we shall here advance some of the reasons underlying it, a few of which are not to be found in the writings of the authorities on this subject.

"Why should there be a defense of insanity?"

The question strikes deep into the social function of the criminal law. Over the years, we have found the traditional answers less and less convincing—such as the uncritical acceptance of what is by the Royal Commission on Capital Punishment:

"It has for centuries been recognized that, if a person was, at the time of his unlawful act, mentally so disordered that it would be unreasonable to impute guilt to him, he ought not to be held liable to conviction and punishment under the criminal law. Views have changed and opinions have differed, as they differ now, about the standards to be applied in deciding whether an individual should be exempted from criminal responsibility for this reason; but the principle has been accepted without question."

Or the answer in the American Law Institute's Model Penal Code:

"What is involved specifically is the drawing of a line between the use of public agencies and public force to condemn the offender by conviction, with resultant sanctions in which there is inescapably a punitive ingredient (however constructive we may attempt to make the process of correction) and modes of disposition in which that ingredient is absent, even though restraint may be involved. To put the matter differently, the problem is to discriminate between the cases where a punitive-correctional disposition is appropriate and those in which a medical-custodial disposition is the only kind that the law should allow."

Or that offered by Sir Owen Dixon:

"Now it is perfectly useless for the law to attempt, by threatening punishment, to deter people from committing crimes if their mental condition is such that they cannot be in the least influenced by the possibility or probability of subsequent punishment; if they cannot understand what they are doing or cannot understand the ground upon which the law proceeds."

Or that in the *Durham* case:

"Our collective conscience does not allow punishment when it cannot impose blame."

Our position, putting aside the difficult and important issue of fitness to plead—competency to be tried—is very simple. The accused's mental condition should be relevant to the question of whether he did or did not, at the time of the crime, have the *mens rea* of the crime of which he is charged. There should be no special rules of the M'Naughten or Durham types. The defense of insanity being abrogated, evidence of mental illness would be admissible on the *mens rea* issue to the same limited extent that deafness, blindness, a heart condition, stomach cramps, illiteracy, stupidity, lack of education, "foreignness," drunkenness, and drug addiction are admissible. In practice, such cases are rare, and they would remain rare were mental illness added to the list. There would not merely be a shifting of psychiatric testimony to the *mens rea* issue with the same problems as beset the courts which hear it in the defense of insanity. A quite different issue would be raised, and one traditionally within the competence of the finder of fact. The convicted person's mental condition would, of course, be highly relevant to his sentence and to his correctional treatment if he were convicted.

Historically the defense of insanity made good sense. The executioner infused it with meaning. And in a larger sense, all criminal sanctions did so too, since they made no pretense of being rehabilitative. In the present context of the expressed purposes and developing realities of both the criminal justice system and the mental health system this defense is an anachronism. In the future, this defense would be not only anachronistic, it would be manifestly inefficient as well.

Let us offer a small statistical point before turning to the moral issue. In this country the defense of insanity is pleaded in about 2 percent of the criminal cases which come to jury trial. Overwhelmingly, of course, criminal matters are disposed of by pleas of guilty and trials by a judge sitting without a jury. Only the exceptional case goes to trial by jury. And of these exceptional cases, in only two of every hundred is this defense raised. In the United Kingdom, for the period on which the Royal Commission on Capital Punishment reported, the situation was very similar. The verdict of "guilty but insane" was returned, over a five-year period, in 19.8 percent of murder trials, whereas over the same period it was returned in only 0.1 percent of trials for other offenses. Does anyone believe that this measures the significance of gross psychopathology to crime? Let him visit the nearest criminal court or penitentiary if he does. Is not this defense clearly a sop to our conscience, a comfort for our failure to address the difficult arena of psychopathology and crime?

The practical difference between traditional tests of insanity and modern revisions was recently empirically tested. Various juries were given instructions based on the M'Naughten rules, the Durham test, and the following simple and uncluttered formula: "If you believe the defendant was insane at the time he committed the act of which he is accused, then you must find the defendant not guilty by reason of insanity." The juries failed to see any operative differences in the three instructions. Do we need to labor another century and a half to produce a mouse of such inconsequence?

Yet the moral issue remains central. Should we exculpate from criminal responsibility, or from "accountability" to use the preferable European concept, those whose freedom to choose between criminal and lawful behavior has been curtailed by mental illness? It is too often overlooked that the exculpation of one group of "criminal actors" confirms the inculpation of others. Why not a defense of "dwelling in a Negro ghetto"? This defense would not be morally indefensible. Such an adverse social and subcultural background is statistically more criminogenic than is psychosis, and it also severely circumscribes the freedom of choice which a nondeterministic criminal law (and that describes all present criminal law systems) attributes to accused persons.

True, a defense of social adversity would be politically intolerable; but that does not vitiate the analogy for our purposes. Insanity, it is said, destroys, undermines, or diminishes man's capacity to reject the wrong and adhere to the right. So does the ghetto—more so. But surely, you might ask, you would not have us punish the sick? Indeed we would, if you insist on punishing the grossly deprived. To the extent that criminal sanctions serve punitive purposes we fail to see the difference between these two defenses; to the extent that they serve rehabilitative treatment, and curative purposes, we fail to see the need for the difference. Some reply: it is not a question of freedom or morality, it is a question of stigmatization, and to this we shall return; but let us not brush aside the moral issue so lightly.

In Shavian terms: Vengeance is mine, saith the Lord—which means that it is not the Lord Chief Justice's. It seems to us clear that there are different degrees of moral turpitude in criminal conduct and that the mental health or illness of an actor is relevant to an assessment of that degree—as are many other factors in the social setting and historical antecedents of a crime. This does not mean, however, that society is obliged to measure any or all of these pressures for purposes of a moral assessment which will lead to conclusions concerning criminal responsibility.

In a few cases the question of moral irresponsibility is so clear that there is no purpose in invoking the criminal process. The example of accident, in its purest and least subconscious accident-prone form, is a situation where there is little utility in invoking the criminal process. The same is true of a person who did not know what he was doing at the time of the alleged crime. But to exculpate him there is no need for the M'Naughten or Durham rules for he falls clearly within general criminal law exculpatory rules. He simply lacks the *mens rea* of the crime. Thus, it seems to us that all we need to achieve within the area of criminal responsibility and psychological disturbance is already achieved by existing and long-established rules of mental intent and crime, and we would allow a sane or insane *mens rea* to suffice for guilt.

Perhaps an example of this principle may help. The *Hadfield* case will serve our purpose admirably. Hadfield had been severely wounded in the head in the Napoleonic wars and subsequently decided that it was necessary for the salvation of the world that he kill George III. He equipped himself with a blunderbuss and secreted himself in the Drury Lane Theatre in a position from which he hoped to shoot George III as he waddled into the royal box. Hadfield saw the flabby creature in the royal box and discharged his blunderbuss in the direction of the king, unfortunately missing him.

There was no doubt of Hadfield's brain damage or of his psychosis, his gross psychological disturbance. He did, however, clearly intend to kill the king. He had the insane mens rea of murder, and indeed of treason. We do not regard the phrase "insane mens rea" as a contradiction in terms. Had his psychological disturbance led him to think that he was discharging the blunderbuss to start the performance on the stage, or to burst a balloon, he would have lacked the mens rea of murder and of treason. But he saw himself as sacrificing himself for the good of the world—and he may not have been far wrong. We do not deplore the fact that Hadfield was held to be not guilty on the grounds of insanity. We do, however, maintain that there would be no greater injustice involved in convicting in such a case and applying the psychological diagnosis to the decision how to treat the offender than in convicting in any of the other thousands of cases that daily flow through our criminal courts.

Clearly the crucial question in this context is: what are the consequences of the defense of insanity? Is there an operative difference between peno-correctional and psychiatric-custodial processes which renders benefit to the accused who is found not guilty on the grounds of insanity? To this important inquiry we offer two replies. First, the differences if they exist are marginal; and second, the defense of insanity is an extraordinarily inefficient mechanism of deciding on the allocation of psychiatric treatment resources.

The American Law Institute's recommended modification of the M'Naughten rules in its Model Penal Code was accompanied by a recommendation requiring the indeterminate commitment of those found not guilty by reason of insanity. Likewise, within a month of the adoption of the Durham rules in the District of Columbia, Congress provided that being found not guilty on the grounds of insanity should be followed, mandatorily, not in the discretion of the court, by indeterminate commitment to Saint Elizabeth's Hospital until such time as the person so committed could meet the requirements that he prove, beyond reasonable doubt, his freedom from "any abnormal condition" and that he is not likely to repeat the act which resulted in his insanity acquittal. Dr. Winfred Overholser, the late superintendent of the mental hospital to which the recipients of this benevolence in the District of Columbia are sent, put the matter precisely: "The notion that a verdict of not guilty by reason of insanity means an easy way out is far from the truth. Indeed the odds favor such a person spending a longer period of confinement in the hospital than if the sentence was being served in jail."

Facilities and practice differ from country to country, and in this country from state to state. The point we wish to stress is that it is error to *assume* benevolence and to assume that there are more psychiatric treatment resources, better physical conditions, and earlier release practices pursuant to a finding of not guilty on the grounds of insanity than pursuant to a conviction. It all depends. We know of systems where there are more facilities per patient for psychiatric treatment in the penitentiary holding psychologically disturbed prisoners than in the

nearby state mental hospitals. Frequently the converse is true.

Let us offer a final point on the sometimes assumed benevolence of the defense of insanity. It is more than a straw in the wind, more than a suggestion that this is not a liberal, benevolent, humanely exculpating defense, when one finds the prosecution alleging at trial the insanity of the accused at the time of the crime while the defense urges his sanity; but this has occurred in both the United Kingdom and this country. Lady Barbara Wootton has discussed at least six cases in which "the witness called by the Crown to rebut evidence of diminished responsibility sought to establish that the accused was in fact insane." And in a judgment in the House of Lords, Lord Denning said: "The old notion that only the defense can raise a defense of insanity is now gone. The prosecution are entitled to raise it and it is their duty to do so rather than allow a dangerous person to be at large."

It might be suggested that our attack on the defense of insanity misconceives the problem. The task of the law, it might be suggested, is mainly to protect the community, and the defense of insanity will indeed permit better psychiatric treatment and, if necessary, longer custodial supervision of the disturbed and dangerous criminal. Later in this chapter we shall deal with the definition and prediction of social dangerousness; in the meantime, it suffices to note that the defense of insanity started on moral premises different from this, and that the defense is both unnecessary and inefficient to achieve this protective purpose.

A more sophisticated critic might suggest that we are missing the point in a different way. Criminal processes are, he might say, public morality plays. They have deterrent purposes, perhaps, but they certainly aim dramatically to affirm the minimum standards of conduct society will tolerate. By public ceremonial and defined liturgy, criminal trials stigmatize those who fail to conform to society's standards. In short, the criminal justice system is a name-calling, stigmatizing, community superego reinforcing system. And, it could be urged, we should not stigmatize the mentally ill. They are mad not bad, sick not wicked; it is important that we not misclassify them. Is there a rebuttal to this defense of the defense of insanity? We believe there is—the fact of "double stigmatization."

Consider the question, Are psychologically disturbed criminals seen by prison authorities only as "criminal," and are the mentally ill who have committed or have been charged with crime seen only as "mentally ill" by the hospital authorities? Or are the former seen as "mentally ill criminals" and the latter as "criminal and mentally ill"? Are the systems separate or confused in the minds of the staff and of the "patients"? It is clear that some belief in the separateness and purity of the two systems infects the position of those who advocate retention of the defense of insanity. Yet the fact is that the prison authorities regard their inmates in the facilities for the psychologically disturbed as both criminal and insane, bad and mad; and the mental hospital authorities regard their inmates who have been convicted of crime or even arrested and charged with crime as both insane and criminal, mad and bad.

In mental hospitals the fact that an inmate was arrested for a crime seriously influences the date of his likely discharge. Note, it is an arrest without a conviction that has this effect. Likewise the conditions of incarceration in the psychiatric divisions of correctional systems are frequently less desirable than elsewhere in the system and the chances of obtaining parole are substantially lower. The truth is that our present intellectually loose approach to this problem inflicts gratuitous extra suffering both on those who are categorized as criminal and mentally disturbed and those who are categorized as mentally disturbed and criminal. The police power of the state and the mental health power of the state are surely sufficient unto themselves, separately, to control questions of dangerousness and the upper limits of power over individual citizens. It is mutually corruptive and a potent source of injustice loosely and thoughtlessly to blend these two powers, and thus to gloss over in each the proper balance between state power and the freedom of the individual.

There is one concept common to both, the concept of social dangerousness. The problem for both the prison authorities and the mental health authorities is reasonably and effectively to make assessments of social dangerousness and to design a process by which that assessment can be fed into the releasing procedure. We do not facilitate this difficult task by making a porridge, a farrago, out of the two powers—the mental health power and the police power—and using this mess to avoid facing and trying to dispose of a genuinely difficult problem.

Thus, in terms neither of the morality of punishment nor of stigmatization is the defense of insanity now essential or operative. Similarly, it is neither a necessary nor effective principle around which to mobilize clinical resources for the rational treatment of the psychologically disturbed criminal actor. It is, however, in our view, a political issue of some difficulty and the politics are concerned with the stigmatizing role of the criminal law.

While the hangman, or in this country the fryman, and the capital punishment controversy lurk in the background, the issue of criminal irresponsibility in relation to homicide is intractable. Yet, in the five years 1964, 1965, 1966, 1967, and 1968, the number of executions in this country was, respectively, 15, 7, 1, 2, and 0. Our ukase on this matter does no more than hasten the inevitable. Moreover, when one looks at the pattern of capital punishment for murder in the world, it becomes clear that this is a rapidly declining sanction. We can reasonably exclude it from our consideration of the future. What remains then is the question of stigmatization of conduct as either wicked or the product of sickness, as either bad or mad. This difference in stigmatization may result in different treatments but the differences are neither essential to our system of criminal justice nor necessarily involved in either our correctional or mental health systems. The essential difference is the difference of nomenclature, of overt public stigmatization.

For our part, we look toward a future in which moral outrage and name-calling will not so significantly influence our reaction to the behavior of others. This is a generation that despoils our natural resources and prepares to terminate human life on this planet; but if the ruination of our environment and the eliminating of our species are avoided, if aggressions are controlled in favor of decency and creativity, we do not believe that systems of justice in which name-calling and vengeance figure so prominently can long survive. If this be so, then the issue becomes one of how we can, as rapidly as the traffic will allow, destigmatize our criminal law processes.

There is a choice. We could follow the pattern of a gradual extension of the exculpatory and allegedly destigmatizing processes of the defense of insanity, opening it more and more widely to cover larger and larger slices of criminal conduct until most criminal behavior is encompassed. Many of those working in this field, men whom we respect, favor that engulfing process. We do not oppose their purpose; but we think their political judgment wrong. It seems to us that we should not make an artificial and morally unjustifiable exception to a false general rule and allow the exception to swallow the rule. It seems to us better to support the advance that is now taking place, certainly in theory and rhetoric, in the treatment of all criminal conduct, and to a degree in correctional practice. In other words, to put it aggressively, we think society will move faster toward a rational system of criminal justice through honesty than by self-deception; and we think it dishonest to create an artificial, morally unjustifiable, practically ineffective exception to the general rules of criminal responsibility. We think the English judges went wrong in the nineteenth century and that it is time we got back to earlier and truer principles.

We find it impossible morally to distinguish the insane from others who may be convicted though suffering deficiencies of intelligence, adversities of social circumstances, indeed all the ills to which the flesh and life of man is prey. It seems to us that our approach better accords with the total role of the criminal law in society than does a system which makes a special exculpatory case out of one rare and unusual criminogenic process, while it determinedly denies exculpatory effects to other, more potent processes. In the long run we will better handle these problems, as well as the whole and more complex problem of criminality in the community, if we will recognize that within crime itself there lies the greatest disparity of human wickedness and the greatest range of human capacities for self-control.

Our perennial perseverations about the defense of insanity impede recognition of this diversity, since they push us to a false dichotomy between the responsible and the irresponsible. They should be abandoned. One occupation for the energies thus released might be suggested, a task in which the psychiatrist has an important role to play: the defining of those categories of psychologically disturbed criminals who are serious threats to the community and to whom special treatment measures should therefore be applied.

Getting Away With Murder

(By James Gleick)

They buried Shirley Ellington on a beautiful hot day last summer in Alexander City, Alabama, after a funeral that sticks in people's memories. Her uncle, Robert Lewis Burns, remembers it as the worst day of his life. He was sitting near the front of the funeral chapel with his two surviving nieces when Willie Maxwell walked in, right in the middle of the service. People knew there was going to be trouble.

Willie Maxwell was known in Alexander City for two things. One was the voodoo. Even then, in the funeral chapel, he carried a mysterious black pepper box. "He had some kind of commodity in that box, nobody knows what it was." Burns said months later. "They sent it off finally to a lab to be analyzed, but it was no use.

"And he also had a brown envelope there with some kind of stuff in it, and they could not find out what that was, either. And he would also hang white chickens upside-down in the pecan trees outside his house, and these were supposed to keep evil spirits away. He had blood painted on his doorstep, and that was supposed to keep people away.

"When they cleaned out his house after he died, they found some bottles that had some kind of funny-looking liquid. He had one labeled Sex and one labeled Love and all this kind of stuff. He used to drive around at night wearing clothespins on his ears.

"And if some next-door neighbor moved in

that he didn't like, he would take chicken heads and put them in their yard, and then a few days later they would move out. That's really true—that's not hearsay."

In some ways, it seemed like a shrewd sort of magic. A cynic might have said what has been said of similar cases: that Willie Maxwell was laying the groundwork for a plea of insanity, just in case. Because Maxwell was also known in Alexander City as the man who had murdered five people—including, most recently, Robert Burns' niece, Shirley Ellington.

Later, everyone would agree—the district attorney, the psychiatrists, even Maxwell's former lawyer, Tom Radney—that Maxwell had committed the string of murders over a period of six years to collect on insurance policies each victim had carried. Maxwell made the payments on all the policies himself.

The first victim was Willie Maxwell's wife, Mary, who was found strangled in a car. Maxwell was tried for murder and acquitted—there was little solid evidence, and he had a good alibi.

The woman who provided the alibi became his next wife, and she also became his next victim. Her body, too, was found in a car, but this time, the cause of death was unknown.

The third victim was Maxwell's brother, Columbus. His body was also found in a car, and his blood contained a high level of alcohol. Cause of death unknown.

The fourth was Maxwell's nephew, James Hicks. He was found in a car that had apparently run into a tree, but not hard enough to make much of a dent.

The fifth was Robert Burns' niece, Shirley Ellington. Maxwell had married the ex-wife of Burns' brother, which made the girl, in effect, his step-daughter. Her body was found under a car off the side of a road. A jack holding up the car's front end had sunk into the soft ground—the jack's foot was missing—and the left front wheel rested on Shirley's chest. But the coroner discovered that she had been strangled first.

Every one of the victims had been insured, with Maxwell as the beneficiary. In fact, although the string of deaths was common knowledge, the widespread, if hazardous, Pallapoosa County practice of being insured by Willie Maxwell continued until his own death.

When Maxwell showed up at Shirley Ellington's funeral, people were surprised. They were also surprised that he went up and sat right behind Robert Burns and his two remaining nieces, who were crying uncontrollably, as they had been all through the service. Burns was trying to console them, but they would not stop crying. When Maxwell sat down, one of the girls screamed, "You shot my sister." And then, as 400 mourners turned to look, Burns stood up, drew a pistol from a holster inside his belt, and shot Willie Maxwell three times in the face.

So it was Robert Burns who pleaded not guilty by reason of insanity. After deliberating for more than two hours—a long time by Pallapoosa County standards—the jury found Burns not guilty. He was sent to an Alabama mental institution, where he learned about insanity firsthand—once, he recalls, he saw a patient chew off the ear of another and swallow it. But he did not have to stay long. He was released after six weeks.

Burns went back to driving trucks, and not long ago, home between runs up North, he sat in the kitchen of his mobile home and tried to give an honest answer to the question of whether he had been insane when he killed Willie Maxwell. He told a few stories about Maxwell and voodoo, and finally, with a self-conscious chuckle, he said, "No, there's nothing wrong with me, I guess. Tell you the truth, there was nothing wrong with me that day either. I was just mad at him, I guess."

The psychologist who testified on his behalf at the two-day trial—the defense could not afford a full-fledged psychiatrist—was Frances Gunnels, an instructor at Alexander City Junior College. She agrees that Burns was not really insane, but she also believes that anyone who commits a sudden, violent crime like Burns' is, in a way, insane for that short moment. "I testified that he was not aware of what he was doing at the time," she says. "I don't really believe in temporary insanity, but I do think that anybody who just goes berserk and commits a real violent crime is temporarily insane—I mean, society teaches us right from the start you just don't do things like that. You don't cut the cat's tail off right behind the ear and you don't flush the puppy down the commode." She used a technical term at the trial to describe Burns' mental state, but does not remember what it was.

"In a way, though," she says, "killing Willie Maxwell was the sanest thing anybody did all summer." She says she doubted a jury could have been found that would have convicted Burns. "He was just doing what the law ought to have done sooner. Why, I probably would have killed that man myself."

Ten years ago, it is unlikely Robert Burns would have used the insanity defense. Last year, despite his trouble-free mental history, it was inevitable. "The insanity defense began as a simple, humane doctrine—that a person who commits a crime in madness, without malice and without an understanding of his own actions, ought not to be the object of society's revenge. It has grown into the most ungainly and pervasive paradox in our legal system. Its use has become automatic. It is the defense of last resort for violent criminals, the defense every lawyer must consider when his client has no alibi. And it is spurring a debate among lawyers and psychiatrists that threatens to rage without letup, in one state after another, until the defense is abolished altogether."

As the debate gets into full gear, it will have a deceptive tendency to fall into familiar ideological lines. Richard Nixon's 1973 crime bill, the notorious S. 1, proposed the abolition of the defense; and in many state legislatures, its most vociferous opponents are also the most ardent supporters of the death penalty and of harsher sentences for juvenile offenders. As a way for admitted criminals to escape punishment, the insanity defense arouses the wrath of those who identify more with the victims of crime than with the rights of the accused.

But the sharpest edge in the furor over the insanity defense comes from a liberal, Democratic administration in New York State, where the Department of Mental Hygiene recently issued a report recommending the defense's abolition. The report cites statistics that are representative of the nationwide surge in the sucessful use of the insanity defense. Over a five-year span, the report states, the number of acquittals by reason of insanity in New York State has more than quadrupled. In the eight years from 1958 to 1935, there were 11 successful pleas; in 1973 alone there were 69; and statistics for 1977 are expected to show another large rise. Even supporters of the insanity defense concede that much abuse lies behind these figures.

Dr. Abraham L. Halpern flew into New York recently with reams of notes on the insanity defense, collected over a period of years for an article he was writing for a professional journal. He left the whole bundle on the plane, and he was nearly apoplectic: "I could have done anything then, anything—and a sympathetic jury would have acquitted me by reason of insanity."

Halpern, chairman of the department of psychiatry at United Hospital in Port Chester, New York, and a leading opponent of the insanity defense, argues that one reason for the growing abuse of the defense is an increasingly broad—and increasingly vague—conception of mental illness. "We've reached a point," he says, "where individuals, by virtue of good legal counsel and highly paid psychiatric assistance, have been able to persuade a jury that drug addiction is a mental disease or defect. Alcoholism! Chronic criminality has been considered a mental disease. Unproven epilepsy—epilepsy with a normal electroencephalogram, where the individual doesn't have a neurological disorder—that is considered insanity."

Halpern rises from his chair and steps across his tiny office. "Insanity has come to mean any damn thing anybody wants it to mean," he shouts. "Dangerous individuals, who are not mentally ill from the clinical psychiatrist's viewpoint, are released only to commit serious crimes again."

The number of crimes actually committed by people previously acquitted by reason of insanity is small, but it is the nature of criminal insanity that such crimes are the most lurid and sensational. Further, the freeing of such defendants is a particularly unsettled area of the law, riddled with contradictions—especially for the psychiatrist recommending the release. Once a defendant has been acquitted by reason of insanity, keeping him confined raises constitutional questions that states have found difficult to deal with. In New Hampshire, for example, the Supreme Court recently ruled that psychiatrists must demonstrate every two years that a patient remains dangerous beyond a reasonable doubt, or they must order his release. A person's certain danger to society is nearly impossible to prove. In most states, psychiatrists must decide whether a patient is sane enough to release (subject to a judge's approval), a decision that may have nothing at all to do with whether he was insane enough to acquit.

In some cases, doctors have had no choice but to release defendants upon discovering that their insanity had been faked. One such case, cited by Halpern, involved a man acquitted of rape several years ago in Washington, D.C. He was sent to a mental hospital, but when psychiatrists there decided that he "simply had a tendency to rape," Judge Gerhard Gesell of the United States District Court ordered him freed.

"Obviously the appropriate thing to do would be to set aside the not guilty finding and prosecute for the underlying offense," the judge wrote. "It is apparent, however, that the finding of not guilty by reason of insanity cannot be reopened or re-examined."

Then there was the case of E. E. Kemper 3d, who murdered his grandparents and spent five years in a California hospital for the criminally insane. He went free in 1970, and three years later petitioned to have his psychiatric records sealed. A judge granted the request after psychiatrists had examined Kemper and found him sane and cured. They did not know that since his release he had murdered his mother and seven other women—one of them only three days before their decision—and had dismembered most of the bodies. Kemper, it was later reported, had memorized sets of responses to 28 standard psychological tests.

Not every murderer has Kemper's knack with psychiatrists, of course, but interviews with defendants are often routine and predictable. The questions tend to be surprisingly transparent. The key question in many trials turns out to have been something like, "Do you remember what you were thinking when you pulled the trigger?" or "How do you feel about it?" (The best answers are "No" and "I can't feel anything"—not "I was trying to kill him" and "I feel kind of guilty about it.")

As a science, psychology, like economics, is soft; it lacks the equipment to make reliable predictions about the events it studies. Within the field, there is considerable in-

consistency about some of the most important definitions. Psychiatrists do not agree on what constitutes psychosis the way physicists do on what constitutes velocity. And what a psychiatrist means by insanity may be very different from what a judge means.

The courtroom has become the focus of an extraordinary amount of confusion and professional self-contradiction from psychiatric expert witnesses. Last year in Los Angeles, the National Homicide Symposium raised the issue of such testimony and its growing decisiveness in the determination of guilt or innocence. Jay Ziskin, a psychologist from California State University, said psychiatric testimony was "worthless" in criminal proceedings. "It does not meet the requirements of law for expert testimony," he said. "A psychiatric diagnosis is more likely to be wrong than right. It is even more likely to be wrong when trying to assess the mental condition at some time previous to the examination."

It is a harsh view, and it is spreading. "I'm concerned for society," Abraham Halpern says, "but I must admit I am also concerned for my profession, with psychiatry becoming a literal laughing stock from one shore to the other."

The legal system relies on psychiatrists for more than courtroom testimony. Their role does not end with the jury's verdict. More and more, psychiatrists are responsible for deciding the fate of convicted criminals who are found to have psychological problems. Then, using a wholly different set of criteria, they determine the fate of defendants acquitted by reason of insanity. They help judge the type of confinement necessary and the type of treatment—whether a patient must be held, for example, in an institution or may be cared for on an out-patient basis. They help decide the right moment for release. And using yet another set of criteria, they evaluate the fitness of suspects to stand trial and the appropriate form of confinement in the meantime.

But the judicial framework is ill-designed to accommodate the psychiatrists it has come to rely on so heavily. The system is run through with contradictions, and the judgments that must be made at each stage often conflict. Dr. Lawrence C. Kolb wrote in New York State's recent report that psychiatrists testifying on whether a defendant is insane "are forced almost to the verge of unethical behavior—forced by the insistence of legal procedures derived from a 19th century conception of the psychology of man."

Opponents of the defense argue that the best solution is a cutting of the Gordian knot—abolish the defense, they say, and the related problems will disappear. The proposals gaining the most ground across the country would leave it to the jury to determine guilt or innocence, solely on the facts, without regard for the defendant's mental state, and would make the psychiatrist's role a simple one: to treat the mentally ill, after the state has imposed its sanction.

"All right," says Dr. Daniel W. Schwartz, a leading supporter of the insanity defense. "We have problems, abuses, what have you. But if you put an actual case to [opponents of the defense] they don't know what to do—because they know in their hearts that there is no crime, only sickness." Schwartz earns his living in the scabrous common ground between psychiatry and the law, and no one has a closer view of the day-to-day reality of criminal insanity. As director of forensic psychiatry at Kings County Hospital in Brooklyn, New York, he is routinely called upon by the state and city to examine prisoners with mental problems and to testify concerning their competency to stand trial. Unofficially, he is the king of freelance expert witnesses, in demand by prosecutors and defense attorneys alike. In the past 15 years, he has testified at more than 100 trials, including some of the most controversial in the country.

Schwartz's office, on the sixth floor of an enormous Gothic structure that houses the forensic psychiatry division, is in a ward cut off from the rest of the hospital by a set of iron bars with a 24-hour guard. "People are upset, there's no doubt about it," he said last April. "Some people are—literally—getting away with murder. Psychiatry is just part of the problem. People cop pleas, and in no time flat they're back on the street." Down the hall from his office sat his most celebrated patient of the moment, David Berkowitz, who would be convicted a few weeks later in the six "Son of Sam" murders. Berkowitz pleaded guilty, refusing the repeated suggestions of his lawyers that he use the insanity defense.

Several months earlier, in another notorious case, Schwartz provided what turned out to be the winning diagnosis at the murder trial of Robert Torsney, a white New York City police officer who shot and killed a 15-year-old black boy in 1976. On the strength of Schwartz's testimony, Torsney was acquitted by reason of insanity.

This summer Schwartz testified for the prosecution at the trial of Richard Herrin, who had killed his girlfriend, Bonnie Jean Garland, with a claw hammer in the bedroom of her suburban home. Herrin also pleaded not guilty by reason of insanity; he was convicted on a reduced charge of manslaughter, and jurors later said Schwartz's testimony had been the most convincing.

One reason Schwartz's services are so much in demand is that he knows how to present his testimony in terms a jury will find useful. He is a good interpreter of the languages of law and psychiatry, and the skillful use of language is often the key to the skillful handling of the insanity defense. At the same time, language—or jargon—has been responsible for some of the more curious absurdities that have arisen from the defense. Despite their shared central concern—the extremities of human behavior—psychiatry and the law have developed two very different ways of talking about the same events. When psychiatrists and lawyers get together, and especially when they have to pay attention to the precise meaning of their words, there is no limit to the confusion that can arise

At the Herrin trial, the war of words was as basic as could be. To a psychiatrist testifying on the defendant's behalf, Herrin's relationship with his girlfriend, which began when they were students at Yale, was a "symbiotic dependence." When Bonnie Garland tried to end the relationship, Herrin exhibited what the psychiatrist called "mood swings." His murder of her as she slept was characterized as "bizarre behavior, indicating a borderline personality" giving way to "depersonalization and disassociation."

The prosecutor's words were more old fashioned. Calling the psychiatrist's testimony a "smokescreen," he said Herrin had "just turned to possessiveness, then to revenge and vengeance."

Sometimes the attempts to find psychiatric explanations for crimes lead to a circus atmosphere. For example, opponents of the insanity defense cite the 1976 New Jersey trial of Joseph Kallinger for the murder of Maria Fasching. First came a long evidentiary dispute over the admissibility of testimony by Flora Rheta Schreiber, the author of the bestselling pulp novel *Sybil*, whom defense lawyers had hoped to question about split personality. Then the court heard testimony from Kallinger's coworkers, who had called him "Crazy Joe." Finally, after lengthy proceedings on various examples of erratic behavior by the defendant—much of it *after* the murder—a psychiatrist named Irwin N. Perr took the stand to say that although it was true Kallinger had faked much of his crazy behavior, that did not necessarily mean he was sane.

But it is the Torsney trial more than any other that is cited for the eloquence of psychiatric testimony—"sheer bravado," one lawyer called it. Officer Torsney shot the boy at close range in front of a dozen witnesses. There was no struggle, and the boy was unarmed. Torsney was the third white New York City police officer in as many years to be acquitted in the murder of a black youth, but he was the only one to plead insanity. Most police officers in his position plead self-defense, and indeed Torsney at first claimed the boy had been reaching for a gun. But Torsney's lawyer quickly discovered that the witnesses, including other police officers, would not even testify that the boy had moved his arm.

The lawyer, Edward M. Rappaport, entered a plea of not guilty by reason of insanity and had his client retain Daniel Schwartz. He remembers the day Schwartz called to tell him he had settled on a diagnosis—it was an exciting moment, Rappaport says.

"I've got it," he quotes Schwartz as saying. "Now I know what was wrong with him—he had epilepsy." That was a surprise to Rappaport, and it was a surprise at the trial, not only because Torsney had no previous record of epilepsy—or any other mental problem—but also because an electroencephalogram had been normal.

But Schwartz explained that Torsney suffered from a rare form of epilepsy called "automatism of Penfield," which occasionally does not appear in an electroencephalogram. As a result of the epilepsy, Schwartz testified the officer—already in a "dissociative psychotic state"—had a "psychomotor seizure."

"Dr. Schwartz said he was, like, in a trance—he did everything automatically," Rappaport says.

For Schwartz, the telling point was the complete absence of any motive for the killing, and the apparent absence of any emotion about it afterward. "No way does it make sense," Schwartz says. "Torsney acted in a way that was totally irrational." According to Schwartz, Torsney did not behave like a man who believed himself to be in danger. He simply shot the boy and reholstered his gun. He had no conscious awareness of his actions, Schwartz says, so afterward, to justify to himself what he had done, he involuntarily invented a "memory" of the boy's reaching for a gun. At the trial Schwartz used the term "involuntary retrospective falsification" to describe Torsney's first story.

After his acquittal, Torsney was sent to a hospital for the criminally insane; Rappaport is now awaiting a psychiatrist's report on his client's condition. Torsney is under suspension from the police department, and Rappaport has applied for a disability pension for him. (There is some question about whether or not the disability occurred in the line of duty.)

The law under which Torsney was acquitted, one of the strictest in the United States, holds that a defendant may be found to lack criminal responsibility if at the time of the crime he did not have "substantial capacity to know or appreciate either the nature and consequences of such conduct or that such conduct is wrong." In New York, as in every state, the insanity defense is built into the law in the form of the instructions a judge must give the jury at the close of a trial. It is up to state legislatures to choose the exact wording, and it would seem to be a simple enough matter for a legislature to abolish the defense. On a few occasions the United States Supreme Court has overturned legislative attempts to tamper with it, but the grounds in each case were narrow and unrelated to the defense itself, which does not appear to be writ in stone.

The New York rule is a variation of the most common formulation, the M'Naghten rule. M'Naghten, used in about thirty states, is the oldest and best known. It takes its name from a Scottish woodcutter, Daniel M'Naghten, who murdered the private secretary to the prime minister of England in 1843. He did so under a double misapprehension. He thought the man he was shooting was Prime Minister Robert Peel himself; and that Peel had been responsible for a series of private misfortunes.

At M'Naghten's trial, several doctors testified that the prisoner suffered from delusions of persecution. He was acquitted, which meant that instead of being executed, he was permitted to spend his remaining years in mental institutions.

The defense of insanity had been a part of English law since the thirteenth century, but many people were outraged by M'Naghten's acquittal. Among them was Queen Victoria, who had herself lately been the target for several would-be assassins. She complained to the House of Lords, which in turn demanded an explanation from England's Chief Justice. Choosing his words with great care, he gave the defense its most lasting form, delivering a set of guidelines that were quickly adopted as law across the Atlantic.

A prisoner must be acquitted, he wrote, if he suffers from "such a defect of reason, from disease of the mind, as not to know the nature and quality of the act he was doing; or if he did know it, that he did not know he was doing what was wrong."

The M'Naghten rule is relatively strict in two respects. First, the most severe delusions do not necessarily guarantee acquittal. M'Naghten's belief that the prime minister was causing his bad luck was not enough to justify acquittal, the Justice ruled, because even if he had been correct, it would not have entitled him to commit murder. Second, the rule only recognizes cognitive, as opposed to volitional, impairment. If a criminal recognizes that he is doing wrong, even if he cannot control his actions, he must be convicted. David Berkowitz, for example, might well have lost an insanity defense, despite a general agreement among psychiatrists that he was psychotic. Though he believed he was committing his murders at the direction of demons, he evidently knew what he was doing and had a sense that it was wrong.

A modification of M'Naghten called the "irresistible impulse rule" permits a defendant to be acquitted if his crime resulted from a mental defect he could not control. A modern version, the Durham rule, was first used in Washington, D.C., a cauldron for a great deal of insanity-related law, but it was abandoned in 1972 after an 18-year experiment. The courts found it was too broad and too vague.

The most recent rule, known as the A.L.I. rule (after the American Law Institute), may be the best formulation yet of what is inevitably an awkward combination of ill-defined concepts. The key words are vague enough to allow the jury some latitude, yet solid enough to provide some firm ground for the psychiatric witnesses. Under the A.L.I. rule, a defendant is not responsible if, "as a result of mental disease or defect, he lacks substantial capacity either to appreciate the criminality of his conduct or to conform his conduct to the requirements of law."

The vagueness in the various rules is often their best feature, in that it leaves juries with the final decision, rather than binding them to the views of psychiatric witnesses. Whatever its particular form, however, the insanity defense has been a victim of the processes of history. As every opponent of the defense complains, the evolution of psychiatry has brought a considerable widening of our conception of insanity. "Originally," Abraham Halpern says, "insanity was used to designate wild raving maniacs—idiots, imbeciles and lunatics. That kind of person never even gets to trial now: they're found incompetent. You just show me the poor, demented soul, the kind who cannot tell the difference between squeezing a trigger and squeezing a lemon, who's being thrown in a dark dungeon somewhere."

The most telling historical change, however, has been a steady divergence in the things psychiatry and the law take for granted. It is no longer true, as it was as recently as 60 years ago, when Freud's writings were first translated into English, that doctors and lawyers believe pretty much the same things about human nature, and that is the insanity defense's fatal paradox. Whether people behave well or badly was once believed to be a matter of choice, of free will. That is still the assumption on which the criminal justice system depends in enacting its controlled, institutionalized revenge. But psychiatrists do not believe in free will—or if, for reasons of sentiment, they believe in it, they have no professional use for it. The law cannot function unless it assumes people make free decisions about their actions, but psychiatrists cannot function unless they assume the opposite: that people's actions can be explained in terms of environmental influences, or emotional stages, or family histories, or putative mental states, depending on one's preference.

As a result, even the best psychiatric witness is out of place in a courtroom. In the words of Dr. Lawrence Kolb, "With the generally accepted agreement that preconscious and unconscious forces influence overt actions, he may not answer ethically the legal questions put to him . . ." Asked to explain a violent, criminal action, a psychiatrist has a professional obligation to seek an explanation in pathology—and the result may be a diagnosis that, while true to the lights of psychiatry, is not what the law is looking for. For a scientist, to say that one man killed another because he was "evil" is simply begging the question. But that may be what the law requires.

As long as psychiatrists continue to seek explanations within a framework of determinism and the law continues to treat people as responsible agents, the war between the two will continue to create turmoil in modern courtrooms. "The court doesn't need to hear the garbage of 'involuntary retrospective falsification,' for Christ's sake," Halpern says, "That kind of thing isn't of any value in the disposition of a case. It's a hoax, a legal fiction perpetrated on the public."

The New York Department of Mental Hygiene agrees. Its central reform—a reform California and Michigan are now drifting toward as well—would be the divorce of the finding of guilt from the question of sentencing. It would be a divorce of lawyers from psychiatrists, for it is in the post trial state that the New York report believes psychiatrists can be most helpful. Most important, abolishing the insanity defense would be a way to get psychiatrists out of the courtroom, or as the report puts it, "to avoid dysfunctional psychiatric involvement in adjudicative and dispositional processes."

The New York proposal would permit evidence of mental disease only as it affected a defendant's intent to commit—or knowledge that he was committing—a crime. A defendant found to have had no intent to murder could be found guilty of manslaughter instead, for example. But no defendant could be excused from criminal responsibility.

"Where is the justice," Abraham Halpern asks, "in selecting out one special group to be excused from responsibility for their acts? We're required to sweep aside other groups that might have an even greater claim to be held not responsible. What do you do about the individual who is brought up in a slum, deprived of an education, forced into a relationship with lawbreakers after whom he will pattern his behavior? Where's the justice in saying that person may be held responsible?"

Daniel Schwartz, pounding his desk, disagrees. "I can't go along with this poverty-made-me-do-it idea. Some people are just evil," he says. "There are people who don't hold your life or mine of more value than an ant's.

"But at the other extreme you have people who have hallucinations, people who have delusions—people who no decent society under God ever ever find responsible. People"—he lowers his voice to a whisper—"who are just too, too crazy."●

By Mr. DURENBERGER:

S.J. Res. 56. Joint resolution to rename the Big Stone National Wildlife Refuge to be known as the Lem Kaercher National Wildlife Refuge; to the Committee on Environment and Public Works.

RENAMING BIG STONE NATIONAL WILDLIFE REFUGE

Mr. DURENBERGER. Mr. President, I rise to introduce a joint resolution renaming the Big Stone Wildlife Refuge to be known as the Lem Kaercher National Wildlife Refuge.

It would be appropriate to grant the wishes of the thousands of people in the area of Big Stone County, Minn., who have expressed an interest and petitioned to have the Big Stone Wildlife Refuge changed to be known as Lem Kaercher National Wildlife Refuge. The facility which has come to be such a beloved part of the landscape of western Minnesota would not exist except for the initiative, commitment, perseverance, and persistence of Lemuel Kaercher.

The refuge is superimposed on the Big Stone-Whetstone project of the Corps of Engineers in western Minnesota, near Ortonville. This is a flood control project for which some 85 percent of the benefits and a similar share of the costs were allocated to improvement of habitat of wildlife, principally waterfowl.

When the corps completed its feasibility study of the Big Stone-Whetstone project in the early 1960's, it was judged to be a needed and desirable project—but it died. The Bureau of the Budget, to whom the feasibility report was sent for clearance, had zero intention of approving it for consideration by the Congress. The Bureau did not like the precedent which would be set of approving a flood control project with such a high and nonreimbursable cost allocation to wildlife.

Mr. President, that is when Lem Kaercher went to work.

In a diplomatic but powerfully persuasive matter, Lem kept after the Budget Bureau, especially the then Chief of its Natural Resources Division, until he accomplished what was regarded as a small miracle at the time. The Bureau cleared the project for favorable consideration by Congress.

But Lem Kaercher did not rest on those laurels. He bird-dogged the authorization bill through Congress. He still did not quit—he went through the whole difficult and agonizing process once again as the principal and almost sole pusher at the Budget Bureau and in the Congress to get the money appropri-

ated for the project. Once again, Mr. President, he overcame the odds and was successful.

In all my years of contact with State and Federal Government, I have never met a more effective plain citizen pleader of a cause then Lem Kaercher. No one had more perseverance; no one was more pleasant in advocating his cause with the executive and legislative branches; no one was less awed by officialdom; no one was more self-sacrificing.

As publisher of a small-town weekly newspaper, the Ortonville Independent, Lem was not a wealthy man. Yet he spent thousands of dollars of his own funds for dozens of trips to Washington to support his favorite project—and a project that was dear to the hearts of environmentalists, conservationists, and sports and recreation-minded individuals, in that beautiful part of our State and Nation. Without question, Lem Kaercher should have the national wildlife refuge named after him as his thousands of friends desire. The Federal Government should grant the people this wish—a memorial which is so richly deserved—to brighten the late years of this great citizen—Lem Kaercher.

Mr. President, I ask unanimous consent that the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 56

Whereas it was due to the initiative, commitment, perseverance, and persistence of Mr. Lemuel Kaercher of Ortonville, Minnesota, that the facility commonly known as the Big Stone National Wildlife Refuge was authorized, funded, and developed; and

Whereas thousands of residents of the area have respectfully expressed an urgent interest and petitioned to have the facility named after Lem Kaercher; and

Whereas Lem Kaercher has been cited by three Governors of the State of Minnesota and two Governors of South Dakota for his accomplishments, and was named and honored by Minnesota as "Water Conservationist of the Year": Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Department of the Interior is authorized and directed to rename the Big Stone National Wildlife Refuge in Minnesota to be henceforth known as the Lem Kaercher National Wildlife Refuge.

By Mr. SYMMS:

S.J. Res. 57. Joint resolution to provide for the designation of February 7 through 13, 1982, as "National Scleroderma Week"; to the Committee on the Judiciary.

NATIONAL SCLERODERMA WEEK

Mr. SYMMS. Mr. President, I am introducing a joint resolution in the Senate today to authorize the President to designate the week of February 7–13, 1982, as "National Scleroderma Week."

Scleroderma is a painful and debilitating disease which affects the skin and multiple organs of the body, and can in its most serious form result in the death of the scleroderma patient.

Approximately 300,000 people are affected by scleroderma, and yet it remains a little-known and often misdiagnosed illness. There is not any known cure for the disease, and due to the lack of public awareness there has been a severe shortage of funding for research into possible cures and treatments.

Since public funding at this time is being reduced for the research of various illnesses, it is vitally important to encourage private funding, and that is specifically why it is necessary to raise the awareness level of the public in recognizing the existence of scleroderma.

I believe that National Scleroderma Week will focus the necessary attention on this disease and I encourage my colleagues in the Senate to join me as a cosponsor on this joint resolution.

ADDITIONAL COSPONSORS

S. 25

At the request of Mr. D'AMATO, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 25, a bill to amend title 38, United States Code, to provide a new educational assistance program for persons who enlist, reenlist, or otherwise enter the Armed Forces after December 31, 1980, and a career service person's educational assistance program, and to amend title 10, United States Code, to authorize an educational leave of absence for members of the Armed Forces.

S. 195

At the request of Mr. GOLDWATER, the Senator from New Hampshire (Mr. HUMPHREY) was added as a cosponsor of S. 195, a bill to incorporate the United States Submarine Veterans of World War II.

S. 259

At the request of Mr. GOLDWATER, the Senator from North Dakota (Mr. ANDREWS) was added as a cosponsor of S. 259, a bill to repeal the earnings ceiling of the Social Security Act for all beneficiaries age 65 and older.

S. 265

At the request of Mr. PERCY, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 265, a bill to amend the Congressional Budget Act of 1974 to establish procedures for setting targets and ceilings, in the congressional budget process, for loans and loan guarantees under Federal credit programs.

S. 270

At the request of Mr. SCHMITT, the Senator from Nebraska (Mr. ZORINSKY), the Senator from Wisconsin (Mr. KASTEN), the Senator from Michigan (Mr. RIEGLE), the Senator from Kentucky (Mr. FORD), and the Senator from Wisconsin (Mr. PROXMIRE) were added as cosponsors of S. 270, a bill to amend the Communications Act of 1934 in order to encourage and develop marketplace competition in the provision of certain radio services and to provide certain deregulation of such radio services, and for other purposes.

S. 396

At the request of Mr. DANFORTH, the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Kentucky (Mr. HUDDLESTON) were added as cosponsors of S. 396, a bill to impose quotas on the importation of automobiles from Japan during 1981, 1982, and 1983.

S. 451

At the request of Mr. LEAHY, the Senator from Maryland (Mr. SARBANES), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 451, a bill to require Federal agencies to take steps to mitigate losses of U.S. agricultural land caused by Federal programs or actions, and for other purposes.

S. 491

At the request of Mr. GLENN, the Senator from South Carolina (Mr. HOLLINGS), the Senator from Maryland (Mr. SARBANES), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 491, a bill to amend title 5 of the United States Code to provide death benefits to survivors of Federal law enforcement officers and firefighters, and for other purposes.

S. 574

At the request of Mrs. KASSEBAUM, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 574, a bill to amend the Internal Revenue Code of 1954 to allow the estate of a decedent a deduction for certain bequests of interests in property used in farms or other trades or businesses, and for other purposes.

S. 622

At the request of Mr. INOUYE, the Senator from Montana (Mr. BAUCUS) and the Senator from Montana (Mr. MELCHER) were added as cosponsors of S. 622, a bill to control the export of hazardous wastes.

SENATE JOINT RESOLUTION 31

At the request of Mr. GOLDWATER, the Senator from Utah (Mr. GARN) was added as a cosponsor of Senate Joint Resolution 31, a joint resolution to establish procedures regarding the termination of, or withdrawal from, treaties of military alliance, defense, or national security by the United States, and for other purposes.

SENATE RESOLUTION 74

At the request of Mr. MOYNIHAN, the Senator from Nebraska (Mr. EXON), the Senator from Washington (Mr. GORTON), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Indiana (Mr. LUGAR), the Senator from South Dakota (Mr. PRESSLER), the Senator from Maryland (Mr. SARBANES), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Virginia (Mr. HARRY F. BYRD, JR.) were added as cosponsors of Senate Resolution 74, a resolution relating to actions taken by the foreign ministers of the nonaligned movement at their recently concluded meeting in New Delhi.

AMENDMENTS SUBMITTED FOR PRINTING

AMENDMENT TO BUDGET RECONCILIATION RESOLUTION

AMENDMENT NO. 14

(Ordered to be printed and to lie on the table.)

Mr. PROXMIRE submitted an amendment intended to be proposed by him to the concurrent resolution (S. Con. Res. 9)

revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983.

Mr. PROXMIRE. Mr. President, I am submitting a proposed printed amendment to Senate Concurrent Resolution 9, which I intend to call up when the budget resolution is considered this week. The purpose of the amendment is to restore the full budget authority and outlay cuts to the Export-Import Bank recommended by President Reagan. The amendment restores cuts in the amount of $1.636 billion and $481 million respectively in the Ex-Im budget outlays and authority for fiscal years 1981, 1982, and 1983.

Mr. President, I have a series of other amendments that I am sending to the desk to be printed which also will reduce the amount in the budget resolution well below what President Reagan has recommended.

Mr. President, I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 5, line 2, strike out "$6,146,000,000" and insert in lieu thereof "$6,394,000,000".

On page 5, line 3, strike out "$133,000,000" and insert in lieu thereof "$147,000,000".

On page 5, line 4, strike out "$15,460,000,000" and insert in lieu thereof "$16,125,000,000".

On page 5, line 5, strike out "958,000,000" and insert in lieu thereof "$1,068,000,000".

On page 5, line 6, strike out "$18,412,000,000" and insert in lieu thereof "$19,135,000,000".

On page 5, line 7, strike out "$2,274,000,000" and insert in lieu thereof "$2,631,000,000".

AMENDMENT NOS. 15 THROUGH 18

(Ordered to be printed and to lie on the table.)

Mr. PROXMIRE submitted four amendments intended to be proposed by him to the concurrent resolution Senate Concurrent Resolution 9, supra.

AMENDMENT NO. 19

(Ordered to be printed and to lie on the table.)

Mr. BOREN submitted an amendment intended to be proposed by him to the concurrent resolution Senate Concurrent Resolution 9, supra.

NOTICES OF HEARINGS

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. COHEN. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Select Committee on Indian Affairs.

The hearing is scheduled for April 6, 1981, beginning at 9 a.m. in room 6226 of the Dirksen Senate Office Building. Testimony is invited regarding oil thefts on Indian lands.

For further information regarding the hearing you may wish to contact Virginia Boylan or Max Richtman of the committee staff on 224-2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Select Committee on Indian Affairs, U.S. Senate, Washington, D.C.

ADDITIONAL STATEMENTS

DO WE REALLY NEED BATTLESHIPS?

● Mr. HART. Mr. President, the Navy's requested shipbuilding budget for fiscal year 1982 includes funds for re-commissioning two battleships. Not surprisingly, a request for battleships has aroused some doubts, even among those who support a stronger Navy. Every navy in the world discarded battleships after World War II, on the grounds that they were obsolete in an era of high-performance naval aircraft, not to speak of antiship missiles.

The Colorado Springs Sun recently published a thoughtful editorial on the battleship question. The issues raised by this editorial deserve the Senate's attention. While there is no doubt we need a stronger Navy, we should not proceed to re-commission two battleships—ships one observer suggested be renamed the *Repulse* and *Prince of Wales*, after two British dreadnoughts sunk in World War II by land-based aircraft—until and unless we are certain they are useful in modern naval warfare.

Mr. President, I ask that the editorial, "Why Does the Navy Ask Battleships?" from the Colorado Springs Sun be printed in the RECORD at this point.

The editorial follows:

[From the Colorado Springs Sun, Mar. 3, 1981]

WHY DOES NAVY ASK BATTLESHIPS?

How much of the reported Reagan administration plan for a rapidly expanded U.S. Navy is the Pentagon serious about? That is the logical question raised by the proposal to reactivate at least two battleships built during a war that ended over 35 years ago.

The huge dreadnoughts are impressive. Each can fire nine 16-inch guns at targets 20 miles away. In terms of naval warfare, they were admittedly the biggest, best—and last—of their kind.

But today, lighter, faster, less vulnerable ships mounting batteries of sophisticated missiles can lay down a much more devastating barrage at much greater distances. Aircraft and submarines have made most surface-bound ships extremely vulnerable. The personnel losses when a battleship goes down are horrendous—5,400 men were lost when the Germans sank the *H.M.S. Hood* in World War II.

The battleship admirals have retired or died. Today's naval strategists talk about various types of surface-effect vessels that ride above the water at speeds of up to 100 knots. Missile-firing boats not much different from the old patrol-torpedo boats can disable major combat ships.

One of the oldest ploys in the federal budget game is to ask for more than you expect to get, and then concede those major items you didn't really want in the first place. That may be a part of the Navy's strategy in suggesting the battleship revival. The plan also may be intended to serve a psychological purpose. It will get the country—and Congress—talking about our present naval situation.

Our fleet has less than half the number of ships it operated a decade ago, while the Soviet fleet—more than 1,600 ships—is more than three times as large as ours. In a war, our navy's first task would be to make the sea lanes safe for our vital trade. We know how much we depend on the supertankers that bring us nearly half our oil. We are less aware of our near-total dependence on imports of other vital raw materials. If our supplies of key minerals from southern Africa alone were cut off our electronics industries would be crippled, our communications systems in trouble and our auto industry forced to redesign its products.

We do need to restore our naval strength to deter aggressors from any unwise adventures. It can be a great force for keeping the peace. Building new sea power to serve for the next 20 years will cost a lot of money. But that money should be invested in ships and weapons systems that will be effective. It's hard to see how that could mean battleships.●

THE ALL-VOLUNTEER ARMY, NATIONAL DEFENSE AND THE DEMOCRATIC PROCESS

○ Mr. ARMSTRONG. Mr. President, I would like to call the attention of my colleagues to an article on "The All-Volunteer Army, National Defense and the Democratic Process" by my friend, Prof. Dwight R. Lee.

Professor Lee is an exceptionally talented economist and his observations about the Nation's defense needs are well worth careful study and consideration.

I do not personally agree with Professor Lee's conclusions about the need to restore the military draft. But I do think his arguments are worthy of serious consideration, not only by those who favor the draft but also by those of us who oppose resumption of the draft. I commend it to my colleagues and ask to have the article printed in the RECORD.

The article follows:

THE ALL-VOLUNTEER ARMY, NATIONAL DEFENSE AND THE DEMOCRATIC PROCESS

(By Dwight R. Lee)

The experiment with the all-volunteer army does not appear to be working. At a time when the need for military preparedness is increasing, the caliber of those being attracted into the armed forces is distressingly low. Yet most economists continue to favor the all-volunteer army over a return to draft, and this support is quite independent of their views on the desirability of devoting more resources to the military. John K. Galbraith, who has argued that Federal spending on domestic problems should take precedence over military concerns, favors the all-volunteer army, as does Milton Friedman who believes that the Federal Government has overspent on domestic programs while neglecting our military strength. This broad support among economists for a policy that is increasingly being viewed as a failure is easily explained. The economic argument favoring the all-volunteer army is completely sound.

But as is often the case with policy recommendations based on sound economic analysis, there has been a failure among economists to consider realistically the political environment in which decisions crucial to the success of the policy will be made. Economists commonly proceed as if their policy suggestions were to be administered by a benevolent dictator concerned only with the efficient pursuit of broad social objectives. But the policy that would be ideal in this completely fictitious setting may fall totally in a democratic setting, where implementation is subject to the buffeting of competing special interests. A realistic understanding of the problems of the all-volunteer army requires that the all-volunteer approach be analyzed within the broader context of a

political economy. Before turning to this task, however, it will be useful to examine briefly the narrower economic argument supporting the all-volunteer army.

THE ECONOMIC ARGUMENT

Economic analysis strongly suggests, contrary to public opinion, that the all-volunteer army allows us to acquire competent military personnel at less cost than is the case when we rely on conscription. The major cost advantage of the all-volunteer approach arises from the fact that it leaves individuals free to join the military, or not, depending on their evaluation of the relevant alternatives. Those whose productivities, and therefore salaries, outside the military are high will more likely choose to remain in a civilian capacity, while others are more likely to be attracted into the military. This means lower enlistment rates of those whose contributions are higher in non-military activities, and thus military personnel are acquired at less cost; with less value being sacrificed. This is true regardless of the size and sophistication of the armed force being considered. It is possible to staff a military of any size and competency by offering sufficiently attractive salaries. Obviously more civilian production has to be sacrificed to obtain a larger and more qualified military. But this cost is still minimized by the volunteer approach since, of those who satisfy the more stringent requirements, only those whose civilian options are least valuable will be enticed into the military.

Additional savings are realized under the all-voluntary army since, without the uncertainties created by the draft, young men are able to make career plans more efficiently. When facing the threat of the draft, young men commonly incur considerable costs in restructuring their lives in an effort to reduce this threat. In 1970, three years before the draft was discarded, it was estimated that unproductive college attendance, less productive employment choices, and legal action, all motivated by the desire to avoid the draft, cost $2.50 for every $1.00 taxpayers saving by being able to conscript.[1]

An important observation here is that although the draft is more costly than the all-volunteer army, the draft shifts much of the cost from the general taxpayer to those who are subject to conscription. If, for example, an 18 year old making $800.00 a month in a civilian job is conscripted into the army and paid $400.00 a month, including benefits, a $400.00 a month tax is being imposed on him. As far as taxation is concerned there is no difference between this situation and letting the 18 year old continue with the civilian job, but with $400.00 a month being deducted from his paycheck to finance an all-volunteer army.

But politically there is a significant difference between these two situations. With conscription the tax is politically disguised. The conscription tax, no matter how large, will never appear anywhere in the budget and is therefore largely invisible. It is this invisibility that explains the fact that most people believe the draft is cheaper than the all-volunteer army. Of course the tax imposed by the draft is not invisible to everyone. But the 18 to 20 year olds who bear the brunt of this tax are typically apolitical nonvoters, who as a group lack political influence.

This situation changes rather dramatically once the draft is replaced with an all-volunteer force. The entire cost of personnel acquisition is internalized into the budgeting process with it no longer possible for the politicians to ignore it. The hope of economists favoring the all-volunteer approach is that, by internalizing this cost, political and military decision makers will be provided both the information and motivation necessary to make rational decisions on the acquisition and deployment of military personnel. As opposed to the draft, strong incentives will exist to match abilities and job requirements in personnel assignments,[2] and not to expand manpower demands beyond the point justified by considerations of social costs and benefits.

POLITICAL REALITIES

This would be a persuasive argument if, once the costs of military manpower were fully recognized, we could depend on the political process to perceive accurately the social benefits provided by this manpower. But we cannot depend on this being the case. In fact, there will be a systematic bias in the direction of politically undervaluing the contributions of military personnel. It is here that a realistic understanding of the incentive structure embedded in democratic institutions is crucial if the problems with the all-volunteer army are to be seen not as temporary or superficial aberrations, but as inextricably tied to the democratic process.

Democratic institutions were established with the intention of giving the public a large measure of control over the composition of those services provided collectively. Through their voting and lobbying activities citizens convey information to politicians on their relative preferences for different expenditure programs; information politicians are not free to disregard if they hope to maintain the advantages of political office. Unfortunately, there is a perversity in this process that results in political decisions systematically undervaluing some government services while overvaluing others.

Paradoxically, those government activities having the best claim to promoting the public welfare by providing generalized benefits to everyone in society will typically be politically undervalued relative to those activities appealing to relatively narrow interests. A program concentrating most of its benefits on a few, while spreading the costs over all taxpayers, will be a program strongly favored by a few. And it will often be profitable for those in the small benefiting group to organize for the purpose of exerting political influence in the program's favor. This influence is likely to meet with little political resistance since there is little for any one individual in the larger group of general taxpayers to gain through opposition.[3] On the other hand, programs that in fact promote the public interest will spread both benefits and costs over the general population, possibly providing net benefits to everyone, but concentrating large advantages on no one.

Therefore we would expect, and certainly observe, that when people do organize politically they generally do so, despite high minded statements to the contrary, for the purpose of promoting legislation that focuses benefits on their organization. Thus politicians find themselves under much more scrutiny when considering special interest legislation than when considering public interest legislation, and under real pressure to favor the former over the latter. This is not to imply that public interest programs will not be funded, just that they will be funded less than their benefits and costs warrant when compared to the funding received by special interest programs. Given the allocation of expenditures we can expect from the political process, the larger community would be better served if more resources were made available to public interest programs at the expense of special interest programs.[4]

Probably no government service provides a more generalized benefits than does national defense. Providing the military with increased capacity to deter aggression against one section of the country provides all sections with additional protection. The tax dollars from Maine that are allocated to the military do just as much to provide for the security of California as do tax dollars from California. The political response to this situation, given the legitimate incentives elected representatives have to promote the interests of their constituency, is to undervalue the advantage of a strong military. Each representative knows that his constituency values national security. But he also knows that well organized groups within that constituency feel much stronger about federal government programs that will channel funds and services directly into their district.

Being able to benefit from defense expenditures no matter what their source, little advantage will be seen in sacrificing these local programs in order to augment military spending. Thus a politician who is adept at diverting funds away from the military in order to increase support for local programs will typically be a successful politician.[5]

This bias in the democratic process reflects itself at the level of political discussion with such phrases as the peace dividend. As the Vietnam conflict was winding down much was heard about how the "peace dividend" was going to allow significant amounts of money to be taken out of military budget and spent on domestic programs. But never during periods of economic strength, when the rationale for social welfare expenditure winds down, do we hear of a "prosperity dividend" to allow increased military protection of the system that makes the prosperity possible. When the political rhetoric does turn hawkish, it remains general, with little discussion of the specific sacrifices in social programs that will be required if the rhetoric is to be translated into reality. Except during times of extreme national emergency, the reality is persistent pressure on political decision makers to sacrifice the general advantages secured by military appropriations for the constituent specific advantages realized by expanding domestic programs.

Though the generalized benefits from national security put the military at a significant disadvantage in the political competition for appropriations, this disadvantage is moderated by the fact that some narrowly motivated groups do benefit from military expenditures. As with all government expenditure programs, those whose incomes are tied to defense spending will find advantage in lobbying for continued and increased support for the military. Ideally it should be the evaluations of those receiving the service that is reflected in political judgments, not the evaluations of those supplying the service. But as praiseworthy as our democratic political process is, especially in comparison with the real world alternatives, it does not perform ideally and we can consider ourselves fortunate that military expenditures do serve to convey private gains to special interest groups. Indeed, without those special interest gains and the political support they mobilize, there would be little hope that the broadly based demand for national defense could be effectively transmitted through democratic institutions and the dynamics of international conflict would place all but totalitarian regimes at enormous risk. Surely the military lobby is underrated as a bulwark of a democratic political order.

Desirable though the supply-side political pressures for national defense are, within it is contained a bias that helps to undermine the political feasibility of an effective all-volunteer military force. There are two broad categories of military expenditures: expenditures for military hardware and expenditures for military personnel. From the perspective of the public the preferred distribution of expenditures over these two categories is the one that provides the most military protection per dollar spent. But from the perspective of the political process the preferred distribution is the one that generates the great-

Footnotes at end of article.

est political support per dollar spent. It is the latter perspective that is controlling, and politicians find the advantage in favoring the interests of those supplying military hardware over the interests of those supplying military manpower.

The politician who is instrumental in securing a defense contract for his state or congressional district will be viewed as a benefactor by his constituents. He will have focused a very visible gain on those who can be expected to return the favor; a defense contractor and its employees. The defense contractor, with its concentrated interest, will generally be able to exert the greater political pressure; its viability depending in no small measure on the ability to reward its political friends and thus influence political decisions crucial to its financial health.[6] But the employees can not be dismissed as a political force. They will generally be people who have some sense of identity with their community and the political representation it receives, and they can be expected to be at least modestly active politically in support of a helpful politician. The political influence of these employees will likely be enhanced by union membership which provides them with a vehicle for transforming their economic interest into effective political pressure.

There is less to be gained by the politician who supports increases in the salaries of military personnel; especially entry level personnel whose salaries are crucial to the success of the all-volunteer army. The politician whose constituency contains military personnel will receive some advantage from a military pay boost. But such a salary increase will be general and this will serve to advance the prospects of all politicians who have military in their districts. For reasons already discussed, benefits that are general to many constituencies are less likely to activate political concern than those benefits that are focused on but a few. Even the politician facing military voters will see more to be gained by devoting most of his scarce political capital to the securing of benefits largely specific to important groups within his constituency, while hoping military salary increases will be secured by the efforts of others.

This tendency of the political process to put relatively little emphasis on the economic interest of entry level military personnel is accentuated by the fact that these personnel have little political influence. They are generally young, not highly educated, and subject to frequent transfer with little stake in their current community; all characteristics associated with political apathy and nonvoting. These are people whose interest politicians can ignore with a large measure of impunity.

It is important to point out that nonmilitary government employees are better positioned with respect to salary structure. There are several reasons for this. First, for reasons already developed, non-military activities are more likely to focus benefits on politically organized interest groups and thus are favored over the military in the competition for appropriations. Given the appropriations that are made, non-military hardware "requirements" are less open ended than is the case with the military, so there is less potential for non-military funds to be diverted out of the personnel budget and into hardware expenditures. Also, civilian government employees, as a group, are more stable geographically, better educated, and more likely to belong to organized professional and employee groups. Because of these characteristics they are more active and influential politically than are military personnel, and are thus better able to protect their interest in the political arena.

Additionally, to a far greater extent than with the military the political demand for non-military programs will come from those who receive the service provided. These politically influential clients, because they commonly have direct contact with the government personnel providing the service, will receive continuous information as to the competency of these personnel. With the clients generally, though not always, being better by higher caliber personnel, one can expect political pressure to maintain capable employees. This means paying attractive salaries. This contrasts sharply with the military situation. Individual members of the general public benefiting from the security provided have little personal motivation to register their demand for this benefit through the political process. Furthermore, the public receives the national security provided without having to interact with military personnel in the performance of their duties. Thus the competency of military personnel can decline and it will not likely be noticed by the public, and will not motivate a significant political response even if it is.

AN INVITATION TO UNIONIZATION

As desirable as it would be to overcome the political impotency of enlisted military personnel in the competition for adequate salaries, the most obvious suggestion for doing so raises extremely serious problems. The unionization of the armed forces has been recommended by some as a means of obtaining increased compensation for the military. But in order to be effective a military union would have to be granted powers that are fundamentally inconsistent with the nature of the military mission.

The ability of any union to increase the wages of its members comes primarily from the ability to withhold labor services at times when these services are vitally needed. Granting a military union the power to strike is to grant it a power that will only be used responsibly if the union leaders ignore the opportunity to increase their members' incomes, as well as their own, by striking, or threatening to strike, during time of war. John L. Lewis and the United Mine Workers could not resist such an opportunity during World War II. No one responsible to the public interest would rest the security of our country on the hope that the leaders of a military union will do what John L. Lewis, and most others for that matter, have not been able to do; subordinate their private interests to the public interest.[7] But therein lies the explanation for why some are advocating a military union; there are private interests to be served by such a union that are more compelling at the personal level than are considerations of the public interest. Indeed, a major flaw in the all-volunteer concept is that it creates a situation that can be exploited by union organizers who would benefit from the unionization of the military.

The declining compensation that has accompanied the all-volunteer approach has made military personnel more responsive to the idea of unionization. A survey of 120 officers and enlisted men at Fort Benning, Georgia in 1977 showed 51 percent believing that a military union could prevent fringe benefit losses.[8] Robert Nolan, the National Executive Secretary of the Fleet Reserve, warned in 1976 that "the support for the concept of a military union amongst the junior personnel is absolutely astounding. Even many of the career designated personnel seemed resigned to the philosophy that a union would represent them more effectively and protect their earned benefits to a greater degree," than is now the case. The most consistent view Nolan reported hearing was that "the Department of Defense and the U.S. Congress are more concerned with military hardware than personnel."[9]

Another factor contributing to support for the union is the post-draft recruiting emphasis on the military as an occupation not unlike other occupations. In attempting to justify military unionism Leo Pellerzi, General Council for the American Federation of Government Employees (AFGE), argued, "It is a volunteer army and that means people are selecting a military career as a means of livelihood and not for patriotic reasons. Servicemen today aren't responding to an attack on the country. They want to be paid."[10]

In the spring of 1975 the executive council of the AFGE voted unanimously to form a committee to study the possibility of organizing military personnel. Leaders of the AFGE were enthusiastic about the possibility of significantly expanding membership, and its national convention voted on September 23, 1976 to change the union constitution to permit military personnel to join. However, in September 1977 the AFGE dropped plans to proceed with military unionization after locals of the AFGE voted against such an effort."[11]

Although nothing came of this early threat to unionize the military, other unions have made similar explorations and Congress has taken the threat seriously. In 1978 Congress passed a law barring military unions and it was signed into law by President Carter. But Kenneth Blaylock, president of the AFGE believes there is a good chance the military will eventually be unionized regardless of the laws that are passed. In an interview with Army Times he stated, "Look at the law back in the early part of the century. There were laws against anybody belonging to unions. And the people finally will stand, you know, law or no law . . . they could pass all the laws they want to saying you can't organize . . . But it's going to reach a point, they won't be able to dodge it."[12]

The issue of military unionization is currently in remission. But the all-volunteer army creates opportunities that union leaders are by no means ignoring. And when the timing appears right one can be sure that there will be further efforts to take advantage of these opportunities. But even without the problems of unionization we are still left with the consequences of an all-volunteer approach which is incapable of maintaining the caliber of military personnel.

THE CONSEQUENCES OF THE ALL-VOLUNTEER APPROACH

The logic of the democratic process leads to the conclusion that relative to other government activities the military will be underfunded and, that of the funds that are allocated to national security expenditures, outlays on military hardware will be favored over those for military personnel. From this one could have predicted that the switch to an all-volunteer army, by making the quality of our military personnel dependent on their worth being determined through the political process, would reduce the ability of our armed forces to provide for the national security. And this is what has happened.

Military pay was boosted in November 1971 in anticipation of the draft being eliminated. From that time there was not another significant increase in military pay until October 1980, during which time the military income in real terms (after adjusting for inflation) declined substantially. Even with the October 1980 increase the compensation received by the new recruit (including allowances for quarters, subsistence, and certain tax advantages) is 7 percent less in real terms than it was in November 1971.[13] Between 1972 and 1978 the real earnings of blue collar federal employees increased approximately 12 percent.[14] Because of the declining incentive for people to enlist in the military the only way to approach recruitment goals has been to lower personnel standards. From October 1979 through March 1980 (the first half of fiscal year 1980) only 38 percent of Army recruits were high school graduates. Forty six percent of Army recruits now fall into the lowest acceptable mental category (category 4) as opposed to only 21 percent during World War II. Many

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military training manuals have been rewritten to conform to a 7th grade reading level. Skill qualification scores required for promotion have been lowered from 80 to 60 percent. Yet data from 1977 and 1978 show that 90 percent of the nuclear weapons maintenance specialist and 98 percent of the tank turret and artillary repairmen failed their Skill Qualification tests. In 1979, 91 percent of the aviation maintenance personnel failed their Skill Qualification tests. A 1977–78 study found that 17 percent of the tank commanders in Europe and 21 percent of those in the United States quite literally did not know where to aim when employing battlefield gunnery.[15]

Some have argued that test scores and academic achievement are unrelated to the actual hands-on performance required to maintain an effective military. But there are studies which strongly indicate that the best indicator of combat performance is the schooling and intelligence levels of those in the force. Studies commissioned by the Army during the Korean War support the view that educational background and combat effectiveness are positively correlated.[16] "Project 100,000," a study conducted in the late 1960's to investigate the responsiveness of Category 4 recruits to training, uncovered a high correlation between intelligence, as measured by aptitude tests, and combat performance.[17]

Certainly the reduced competeny in military personnel comes at a time when growing demands are being placed on their skills by increasingly specialized, complex, and expensive military hardware. To cite but one example, the Army estimates that 13 percent of its enlisted force must now be trained in electronics to maintain military preparedness. This is double the percentage required as recently as 1974.[18] As was argued earlier, the political incentives to allocate funds for sophisticated hardware are more compelling than are those to appropriate the funds necessary to attract personnel competent enough to properly utilize it.

Even with the lower standards the military has been forced to accept in order to maintain sufficient numbers of personnel, recruitment has been frustrated. None of the four services were able to achieve their recruiting goals in 1979; overall enlistments coming to only 91 percent of the desired number. Only with the aid of increased unemployment during the recent recession, was 99 percent of the recruiting goal reached during the first half of fiscal 1980. And of those who do enlist, a high percentage never complete their first tour of duty. Of the Army's enlistees, 34 percent leave before their first 3 year term is up; being dismissed by the Army as being totally unacceptable.[19] Equally distressing is the impact the all-volunteer approach is having on the number of Individual Ready Reserves; those with military training and available for emergency duty in case of war. Without the threat of the draft and with little financial inducement, the number of reservists has declined significantly; from 759,000 in 1973 to 206,000 in the Fall of 1979.[20] This decline has clearly increased our vulnerability during the early stages of a war. And demographic considerations are going to aggrevate these recruiting problems in the years to come. In 1980 approximately 2.13 million males reached the age of 18. This number will drop to approximately 1.8 million in 1985 and 1.7 million in 1990.[21]

CONCLUSION

Given the tendency for the democratic process to undervalue the national benefits provided by competent military personnel, the all-volunteer army, by forcing political decision makers to face up to the full cost of manpower acquisition, systematically results in a less competent military than is desirable. The possibility of error is not eliminated, of course, with the military draft. But the draft, by making some of the personnel cost politically invisible, serves to offset the bias toward undervaluing this personnel. This can, though not inevitably, result in an excessively competent armed force; excessive in that the social cost of additional competency is greater than the benefits from increased national security. The debate over the all-volunteer army versus the draft then comes down to the question: Is it better to systematically err in the direction of too little military preparedness, or to structure the situation so that it is possible that error will lead to excessive capacity to provide for our national security? Putting wishful thinking to one side, it is surely recognized that the potential consequences of the former error are vastly more catastrophic than are those of the latter.

But a crucial consideration lying behind any discussion of our national security is that of maintaining a social order consistent with the maximum degree of individual liberty. It is the strongly held view of some that there is a fundamental inconsistency in the use of involuntary servitude to maintain a free society. In this view the military draft is a violation of basic freedoms which cannot be reconciled with a social structure based on economic freedom and political democracy.

Here we confront on the age old issue of how much restraint on individual liberties is justified in order to maintain the maximum degree of liberty consistent with a stable social order. All laws serve to restrain some freedom of individual action, but as John Locke wrote in the 17th Century, "The end of law is not to abolish or restrain but to preserve and enlarge freedom; for in all the states of created beings capable of laws, where there is no law there is no freedm." [22] In transmitting the text of the U.S. Constitution to the Continental Congress, George Washington emphasized Locke's point when he wrote, ". . . Individuals entering into society must give up a share of liberty to preserve the rest. The magnitude of the sacrifice must depend as well on situation and circumstances, as on the object to be obtained. It is at all times difficult to draw with precision the line between those rights which may be surrendered, and those which must be reserved; . . ." [23]

Washington recognized that even if there is no disagreement with the view that enlarging the scope of liberty requires that some freedoms be sacrificed, we are still left with the question as to which freedoms "must be reserved." More focused to the concerns of this paper is the specific questions of whether or not the draft is an unjustifiable infringement on our liberty. Obviously individual value judgments are important here and complete agreement is surely impossible. There can be agreement however, that the debate over a return to the draft should be informed with a realistic assessment as to the consequences of the relevant alternatives. If the alternative to the draft could be an all-volunteer armed force whose overall competency was adequate to insure our national security, then the argument for attenuating the freedoms of young men with the draft would lose much of its merit. But it, as suggested in this paper, an effective all-volunteer army is not consistent with the democratic institutions that are so important to our political freedoms, then the comp'exion of the debate changes significantly. The military draft may be more crucial to the maintenance of our freedom than is commonly recognized.

FOOTNOTES

[1] The Report of the President's Commission on the All-Volunteer Armed Force, Washington, D.C. 1970.

[2] This conclusion has been challenged by Roland McKean in his article, "Property Rights Within Government, and Devices to Increase Government Efficiency," *Southern Economic Journal*, October 1972: 177-86. McKean argues that since no one is in a position to appropriate the gains from increasing assignment efficiency, there will be little to motivate an improved match up between skills and tasks even with the all-volunteer army.

[3] This is an example of the general proposition that large groups are less able to accomplish a collective objective than are small groups. For the seminal discussion of this point, see Mancur Olson, *The Logic of Collective Action*, Harvard University Press, Cambridge, Mass. 1965; especially chapters 1 and 2.

[4] I am not addressing here the issue of the proper size of the public sector relative to the private sector. Conceivably both general interest and special interest programs could be too large relative to the private sector if, as seems increasingly apparent, the public sector in general is excessively large. Of course, there are academic arguments on both sides of the question as to whether government is too large or too small. For a nice review of this literature see Ryan Amacher, Robert Tollison, and Thomas Willett, "Risk Avoidance and Political Advertising: Neglected Issues in the Literature on Budget Size in a Democracy," in Amacher, Tollison and Willett (eds.) *The Economic Approach to Public Policy*, Cornell University Press, Ithaca and London, 1976. For a discussion of some attempts to address this question empirically see William Niskanen, "Bureaucrats and Politicians," *Journal of Law and Economics*, December, 1975: 617-43.

[5] The view that the military is underfunded is commonly challenged. More often than not these challenges are grounded on little more than wishful thinking about how the world ought to be. However, for an interesting economic argument that the defense budget will be excessive in a democracy because of the effectiveness of political advertising in the presense of unknown risks, see Amacher, Tollison, and Willet, op. cit. For a rigorous economic argument that supports the view that the military will be underfunded in a democracy see Gordon Tullock, "Problems with Majority Voting," *Journal of Political Economy*, December, 1959: 571–79.

[6] This political incentive to favor the interests of suppliers of military hardware is reinforced by a tendency on the part of the military to favor spending that generates visible outputs. Adding to the stock and sophistication of weaponry better accomplishes this purpose than does upgrading the caliber of entry level personnel. For a general discussion that provides both theoretical and empirical support for the view that government bureaus favor expenditions which increase the more visible attributes of the service provided see Cotton M. Linday, "A Theory of Government Enterprise," *Journal of Political Economy*, October 1976: 1061–77.

[7] In the words of Alan Sabrosky, ". . . any case for military unionization rests on the contentions that the unions would be nonpartisan, apolitical, quiescent during periods of national emergency, and totally unwilling to employ their most effective instrument—the strike—in order to lend weight to union demands. Such contentions, it seems to me, are unfounded. There is no sound reason to assume that military unions would exercise a degree of politically neutral self-restraint and self-denial unparalleled in the history of the labor movement. Such restraint is certainly not borne out by the performance to date of a number of American public-service unions." See pages 417–18 of Alan A. Sabrosky, "Unionization and the U.S. Military: A Conference Report," *Orbis: A Journal of World Affairs*, Summer 1977: 413–18.

[8] "Soldiers in Survey See Military Union as Saving Benefits," *Army Times* August 22, 1977.

[9] "Junior Enlistees Support Union," *Army Times*, January 12, 1976.

[10] "Union Issues Coming to Head," *Army Times*, July 30, 1975.

[11] "Union Votes Not to Organize," *Air Force Times*, September 19, 1977.

[12] "AFGE Chief to 'Speak Out' for Military," *Army Times* October 17, 1977: p. 62.

[13] In November 1971 the annual compensation (includes basic pay, basic allowance for quarters, basic allowance for subsistence, and consideration of a tax advantage on the last two items) for recruits amounted to $3,943 in 1967 dollars. After the October 1980 pay increase this annual compensation was only $3,663 in 1967 dollars. The information on compensation in current dollars was obtained from Doug McCormick of the Office of Assistant Secretary of Defense, Directorate for Compensation, Pentagon.

[14] Reported in *Time Magazine*, June 9, 1980, p. 27. The discrepancy between the trends in military and non-military pay is greater than these figures indicate because the pay of civilian workers is increased over shorter intervals than has been true for the military.

[15] These figures come from Constance Holden, "Doubts Mounting About All-Volunteer Force," *Science*, September 5, 1980: 1095–99.

[16] Charles C. Moskos, "Citizenship and the All-Volunteer Force," *Soldier Support Journal*, January/February 1981: 4–11.

[17] Holden, op. cit.

[18] *Time Magazine*, op. cit.

[19] *Ibid.*

[20] Juan Cameron, "It's Time to Bite the Bullet on the Draft," *Fortune*, April 1980: 52–56.

[21] Moskos, op. cit.

[22] John Locke, *The Second Treatise of Government*, ed. by Thomas P. Peardon, New York: The Liberal Arts Press, Inc., 1954: p. 32.

[23] Charles Transill, ed., *The Making of the American Republic: The Great Documents, 1774–1789*, New Rochelle, N.Y., (Arlington House, n.d.) p. 1003.●

THE 125TH ANNIVERSARY OF HOREB LODGE, NEW HAVEN, CONN.

● Mr. WEICKER. Mr. President, I wish to heartily congratulate B'nai B'rith's Horeb Lodge in New Haven, Conn., on the occasion of its 125th anniversary.

B'nai B'rith is Connecticut's oldest fraternal organization, but one with an accent on youth. In 1925, B'nai B'rith began sponsoring Hillel Foundations which today serve some 400,000 college age Jewish students on more than 400 campuses nationwide. High school teenagers numbering nearly 25,000 take part in B'nai B'rith youth organizations and a broad spectrum of young people depends upon its career and counseling service to help sort out the bewildering array of schools to attend and career paths to follow.

Horeb Lodge has taken an active role in the funding and staffing of these service organizations. I wish to commend the lodge and B'nai B'rith as a whole for their dedication to the future generation of American leaders.●

MEXICO JAILS AMERICAN ON CHARGE HE IMPORTED U.S. CHEMICAL WASTES

● Mr. INOUYE. Mr. President, on March 5, I introduced S. 622, a bill to control the export of hazardous wastes. The goal of the legislation was to protect both our foreign policy interests and the health and environment of countries around the world. Upon introducing the bill, I stated that the major loophole in our efforts to control the disposal of hazardous wastes was that they could be shipped abroad. This traffic is currently unregulated, often undocumented, and occasionally illegal. A case in point, and one which highlights the urgency of the problem, was recently reported in the New York Times of Friday, March 20. It involves a U.S. citizen who was arrested by Mexican officials for illegally importing and dumping PCB's, mercury wastes, and activated carbon in Zacatecas.

While the case is still under investigation, the allegations are quite serious. They certainly warrant our attention.

I ask to have the article printed in the RECORD.

The article follows:

MEXICO JAILS AMERICAN ON CHARGE HE IMPORTED U.S. CHEMICAL WASTES

(By Ralph Blumenthal)

The Mexican authorities have jailed a 75-year-old American and seized a shipment of PCB's and other hazardous chemical wastes from the United States that they say he imported illegally for disposal in Mexico.

State Department officials confirmed that the American, Clarence W. Nugent, the operator of a mercury recovery business in Zacatecas in central Mexico, was arrested March 7 on charges of importing contraband and violating health laws. They said he was in jail in Mexico City and that in meetings with American Embassy representatives he had dismissed some of the allegations as "foolishness."

According to Sue Patterson of the State Department's Office of Environment and Health in Washington, Mexico has asked the American Government to take responsibility for the wastes and to arrange their cleanup and safe return to the United States. The American response is under consideration.

Spokesmen for some leading American corporations confirmed that they had sent chemical wastes—in one case PCB's, or polychlorinated biphenyls—to an agent of Mr. Nugent's in Houston for shipment to Mexico. But they maintained that they had properly reported the fact to American authorities and that Mr. Nugent had convinced them he was authorized by the Mexicans to handle hazardous wastes.

The case comes amid growing concern by some American environmental officials that overseas disposal may be emerging as a significant loophole in tougher new hazardous waste disposal regulations in the United States.

"Now that we're cracking down on disposal at home," said Hugh Kaufman of the Hazardous Waste Control Division of the Environmental Protection Administration. "we have to be sure not to spread the worst of America around the world. It could affect our foreign policy for years."

State Department officials described Mr. Nugent as a longtime resident of Mexico, married to a Mexican woman. They said he has operated a mercury mine and mercury recovery business for at least seven years in the town of Mazapil in Zacatecas. In addition to extracting mercury from the wastes of American companies and then selling the recovered mercury back to the companies, Mr. Nugent also operated an incinerator for disposal of chemical wastes, including apparently PCB's, a highly toxic insulation material used in transformers and other electrical equipment.

It was a Feb. 27, 1980, shipment of 260 drums of wastes that landed Mr. Nugent in jail. According to the Mexican inventory, there were 42 drums of PCB's, 40 drums of mercury cinders and 120 drums of activated carbon—chemical-contaminated filter material.

A spokesman for Diamond Shamrock Corporation in Dallas said yesterday that it had shipped 17 drums of the PCB's for what it believed would be proper disposal. Other wastes came from Monochem, since taken over by Borden Inc., and a B.F. Goodrich plant in Kentucky.

The Mexican Government has alleged that the PCB's had been misleadingly listed as "catalyzing agents" on the entry documents and that customs officers may have been bribed. The Mexicans also charged that Mr. Nugent had dumped up to 5,000 tons of mercury cinders in the area and provided empty waste containers to Mexicans for water storage.

However, Ivan Matula, a Houston chemical waste broker who worked with Mr. Nugent, said in a telephone interview that Mr. Nugent was blameless and was being victimized for refusing to pay off Mexican officials.●

THE JEFFERSON AWARDS

● Mr. LUGAR. Mr. President, last week the Indianapolis Star announced the recipients of this year's Jefferson Awards. The Jefferson Award is one of the highest honors given in Indiana. Each year 10 outstanding citizens receive the esteemed award in recognition of their outstanding public service. The winners typify the service of many Hoosiers who dedicate their time and energy freely to their communities without compensation and without expecting public recognition.

I would like to include short biographies of this year's 10 Jefferson Award winners in the CONGRESSIONAL RECORD to share with you their activities of service to Indiana.

The biographies follow:

10 JEFFERSON AWARD WINNERS NAMED

A 90-year-old former hospital volunteer, a man who was determined that "abandoned children are no longer abandoned" and a woman whose personal loss led her to leadership in raising funds for cancer research, are among 10 persons who will receive The Indianapolis Star's Indiana Jefferson Awards.

"It was no easy task selecting 10 winners from the several hundred nominations," commented Gordon St. Angelo, chairman of the panel of judges which studied the biographies and made the selections.

"In fairness to the many people who give so freely of themselves to help others, the judges feel that the 10 winners typify the many who do outstanding public service without compensation and without expecting public recognition," St. Angelo said.

The winners will attend a luncheon Wednesday in the Indianapolis Athletic Club to be honored by Gov. Robert D. Orr, Mayor William H. Hudnut, Michael Carroll, special assistant to Sen. Richard G. Lugar (R-Ind.), and representatives of The Star, including Eugene S. Pulliam, publisher, and Lawrence S. Connor, managing editor.

Winners of the fifth Indiana Jefferson Awards named for President Thomas Jefferson, are:

Carlton Chaney, 2418 Sheldon Street.

Francis R. (Dick) Elliott Jr., Russiaville.

Cheryl Ann Forslund, 3438 Clearview Drive.

James T. Gatlin, 1315 Lemans Drive.

Clayton Keller, Anderson.

Arthur D. Pratt, 2050 Alabama Street.

Willa M. Thomas, 3420 North Meridian Street.

Gracie Whitenack, 5600 East 16th Street.

Hortense G. Young, 5920 Lawrence Drive.

James W. Zimmerman, Rochester.

The winner will receive plaques from The Star and bronze medallions from the American Institute for Public Service, sponsors of the national Jefferson Awards program. Indiana recipients will be considered by the institute in the naming of five national winners.

Judges for the Indiana awards in addition to St. Angelo, senior program director for Lilly Endowment, were:

John V. Barrett, former president of the Indiana State Chamber of Commerce and trustee of Indiana Vocational Technical College (Ivy Tech).

Robert N. Brown, publisher of the Columbus Republic, Franklin Daily Journal and Greenfield Reporter.

Mrs. Howard J. Lacy, treasurer and board chairman of Lacy Diversified Industries.

Dr. Frank P. Lloyd, vice-president and director of medical research at Methodist Hospital.

James T. Neal, president and executive editor of Ledger Publications of Noblesville, Republican national committeeman for Indiana, and former chairman of the Indiana Republican State Central Committee.

Doris Parker, regional relations coordinator for Indiana Vocational Technical College.

Dallas Sells, director of Region 3, United Auto Workers.

CARLTON S. CHANEY

Carlton S. Chaney, 52, received his Jefferson Award in recognition of his many years of community service, including founding of the Edwin Carlton Chaney Singers, a musical group which provides financial assistance for a number of worthy causes.

He is a brother of Colion (Champ) Chaney, a Jefferson Award winner in 1977.

It was in October 1975 that Carlton Chaney organized a group of young gospel singers, now numbering 66, as a means of helping them help themselves, and through their efforts, helping many others. The singers range in age from 10 to 34.

Every Saturday morning, under Chaney's direction, the singers rehearse in half a double at 2416 Sheldon Street, which he bought and remodeled at his own expense to provide a home base for the musical group.

Two hours before the rehearsal starts, he takes the wheel of a big blue bus and travels across the city picking up the singers. He repeats the procedure every Sunday afternoon, preceding their weekly concert appearances at various churches where free will offerings provide the funds to finance the group's philanthropic projects.

Among its activities in the last five years, the gospel singers have given financial aid to college students and victims of fires, presented annual benefit concerts for the Blind Club of Indianapolis, provided food and clothing for needy families, made yearly contributions to the Guiding Light Club, and presented a special program at School 56, 2353 Columbia Avenue, to raise money for equipment and supplies. The gospel singers provide an outlet for only a part of Chaney's community service activities.

He has been active in the Martindale Area Citizen's Service (MACS), including the raising of funds to enable area residents to repair their homes and to provide low-income residents with financial assistance.

As an employee of the Chrysler Corp. 13 years, he has served as a training counselor, working with trainees who had criminal records or were uneducated.

For many years, he has assisted the elderly without charge, mowing lawns, shoveling snow, fixing broken down plumbing, repairing electrical breakdowns.

As one of his sponsors noted, Chaney's life may be summed up with the words from his favorite song: "If I Can Help Somebody . . . Then My Living Shall Not Be In Vain."

Chaney and his wife live at 2418 Sheldon Street with two of their seven children.

FRANCIS R. ELLIOTT

In April 1975, Francis Richard Elliott Jr. of Russiaville, then 29, underwent an eight-hour operation for removal of his large intestines and rectum. Fortunately, he survived and recovered and since then has devoted much of his time and effort counseling others who face similar operations.

Shortly after the operation, he joined the Kokomo Chapter of the United Ostomy Association, subsequently served as secretary and president, and spent a year as a state representative for the United Ostomy Association for Central and Northern Indiana.

But possibly his greatest service has been extending to other ostomy patients his support and knowledge, advising them how to care for their artificial organs and where to find the proper supplies.

He has spent hours at the bedsides of patients whose lives could not be saved by surgery, attempting to make the final days easier for them and their families.

Elliott is called upon frequently by doctors and nurses of hospitals in Howard County, Marion and Wabash to counsel with ostomy patients and help care for them when they are recovering from operations.

Carrying his health service one step further, he organized the Mayor's Advisory Council for Handicapped Individuals at Kokomo and was appointed chairman by Mayor Stephen J. Daily. Most of his free time last year and this year has been spent working with the handicapped.

Mainly as a result of Elliott's work, Kokomo was named a model city for the handicapped by the U.S. Council for the International Year of the Disabled Person. Last November Elliott went to Washington to receive the award.

He is a member of the board of Big Brothers and Big Sisters and a veteran of the Navy and the Indiana National Guard. He is employed as a line-feeder stockman at Delco Electronics at Kokomo. He and Mrs. Elliott are the parents of four sons and a daughter.

JAMES T. GATLIN

James T. Gatlin, 1315 Lemans Court, a reformed alcoholic, has devoted his time, energy and financial resources the last 14 months to rehabilitating youths 11 to 16 who have become addicted to alcohol.

Through his membership in Alcoholics Anonymous and working closely with juvenile authorities, he has established a court-approved rehabilitation program of his own that has restored 120 youthful problem drinkers to sobriety and decency.

Gatlin, retired at 59 because of emphysema, started his youth program after slowly recovering in the Fairbanks Hospital from a long bout with alcohol and deciding there must be a better way to live.

Childless, he determined to concentrate his efforts among the young, many from broken homes with an alcoholic parent.

Prior to Gatlin's efforts, the Juvenile Court had only two alternatives in dealing with the male teen-age alcoholic—send him to the Indiana Boys' School at Plainfield until he was 21, or set him free, probably to resume his drinking habits.

Now there is a third choice. Many of the offenders are released to Gatlin's custody and he transports them to a treatment center, often 300 miles away in Kentucky, using his own car and paying all the expenses.

If the judge decides to send a boy back home, Gatlin counsels with the youth and takes him to at least three A.A. meetings each week and helps in finding him a job if he needs one.

Gatlin was responsible for banishing the rule that Indiana alcoholic treatment centers would not accept anyone under 16. Many youthful problem drinkers, who have heard of Gatlin's program, voluntarily seek him out for help. Each week he counsels from four to a dozen young people.

He has missed only two days at the Juvenile Detention Center in the last 14 months and his telephone at home rings constantly. Often he drives several hundred miles a week taking young to treatment centers, hospitals and A.A. meetings.

One of Gatlin's sponsors for the Jefferson Award described him as a "one-man cause," saying he has given his young charges hope for a new and different way of life, one of freedom, not slavery to alcohol, one of love and compassion for his fellow man."

CHERYL ANN FORSLUND

Cheryl Ann Forslund, 3438 Clearview Drive, could have withdrawn from life after her first two children died of cancer.

Instead, she pledged her life to fighting the dread disease among the young and as founder and state president of Riley Cancer Research for Children Inc. (RCRC) has been primarily responsible for raising more than $250,000 in the last four years for research into the causes of cancer among children.

Her daughter, Ericka, was only 17 months old when doctors determined in 1975 that she suffered from neuroblastoma, a tumor-type cancer. The youngster died six months later, one week before her second birthday.

Mrs. Forslund's son, Michael, was born with Hallerman/Streif syndrome, rare form of cancer, just three weeks before Ericka's illness was diagnosed.

For half a year, Mrs. Forslund had to care for two critically ill children simultaneously.

While she was nursing Michael after Ericka's death she learned that Riley Hospital for Children was a major research center for childhood cancer and desperately needed funds to carry on the work.

Thus developed her dream of an organization to help in the fight.

She had little encouragement at first but proceeded doggedly with her plans, telephoning possible supporters and addressing various groups even though she never before had made a speech.

Finally, Riley Cancer for Children Inc. became a reality in September 1976.

But Mrs. Forslund's victory was clouded by tragedy a second time.

Michael died suddenly of unforeseen complications only 24 hours before RCRC's kick-off event at which its formation and purpose were announced.

She refused to allow grief to interfere with her determination to conquer the disease. Only three days after Michael's death, she chaired an RCRC state board meeting and two days later attended the Indianapolis RCRC chapter meeting.

In the first three months of its existence, RCRC raised $10,000 primarily as a result of Mrs. Forslund's speeches to service organizations. Four years later the total had risen to more than $250,000.

In addition to her fund raising efforts, Mrs. Forslund got in touch with parents of other young cancer victims, offering her aid and sympathy, as well as enlisting their support in the battle.

She has participated in many seminars and delivered more than 100 speeches on cancer in children, death and dying and the problems of living with a chronically ill child.

In the words of her sponsors at the Indiana University Medical Center, "Mrs. Forslund's personal courage, sensitivity and dedication have meant much to many citizens of Indiana, I know of no other individual more deserving than she for the Indiana Jefferson Award."

Since the deaths of their first daughter

and son, Mrs. Forslund and her husband, James F. Forslund, have become the parents of two more children, now 15 months and 3½ years of age.

HORTENSE G. YOUNG

The life of Hortense G. Young has been one of service and involvement—from her graduation from Wayne State University, through her teaching career at Grosse Pointe, Mich., to her many years in Indianapolis.

Experience as a teacher opened the door to her participation in educational groups such as the Education Committees of the Urban League and the Greater Indianapolis Progress Committee, the PTAs of Lawrence Township and Marion County, the Advisory Council of the Indianapolis Public Schools and the Education Committee for Exceptional Children in Lawrence Township.

She was instrumental in the formation of the Coalition for Quality Integrated Education, which she heads.

As a member of the Indiana State Library Committee, she was active in the organization of a countywide library system for Indianapolis.

She has done volunteer work for the Indiana International Fellowship Inc., which participates in a foreign student exchange program.

She also was a Girl Scout leader for eight years and has served as a volunteer for Women in Community Service, Southside Community Health Center, Bipartisan Committee for the Juvenile Court, Social Health Association, League of Women Voters, Marion County Medical Society Auxiliary, American Association of University Women, Community Service Council and United Way.

She has chaired the Indiana Inter-religious Commission on Human Equality and the Advisory Board of Indiana Repertory Theatre for a number of years and is chairman of the Indiana Region of the National Conference of Christians and Jews.

Also politically active, she was an unsuccessful Democratic candidate for the City-County Council in 1971.

She has been named Woman of the Year of B'nai B'rith and, in 1977, was cited by the Indianapolis Urban League for her "outstanding contributions" to the city.

ARTHUR D. PRATT

"Wherever you find the poor, the indigent, the alcoholics and the drug addicts in Marion County, you will find Arthur Pratt working among them, trying to help."

That's how one nomination aptly summarizes why Arthur D. Pratt is among this elite group.

The Indianapolis native and Shortridge High School graduate began his involvement with helping alcoholics in 1956 at Baltimore, Md., where he helped found the Flynn Christian Fellowship Houses Inc.—fraternal homes for alcoholics and the homeless.

Pratt, president of the National Association of Flynn Houses, which has established 32 homes in 25 cities, lived in the inner city at Baltimore and has lived in the Flynn House of Marion County since his return to Indianapolis in 1962.

He is a former director of the Marion County Municipal Court Alcoholic Rehabilitation program, which helps reform alcoholics and drug addicts under court supervision. He is also founder of Community Inter-Faith Housing Inc., which provides a proper living and basic services for the elderly and low-income families in the inner city.

Director of Biblical Studies at Christ Church Cathedral here, he is the author of three books—"The Party's Over," "Christ and America's Survival" and "How to Help and Understanding the Alcoholic or Drug Addict."

Before turning his interest to helping alcoholics, Pratt managed his family business, Pratt Printing Co. Inc. In 1952 he became director of the Foundation for the International Economic Development, Inc., but as president of Pratt Printing, he retains ties to the family business.

From other nominating letters came these tributes: "His life is a testament to the ability to combine faith and good works and to inspire others by precept and example to do much more in humane service."

And "I have known Arthur D. Pratt as the most tenacious, patient and effective worker in Central Indiana with disadvantaged citizens—particularly alcoholic and drug abusers."

GRACE WHITENACK

Grace Whitenack, who in 1932 became Methodist Hospital's first volunteer, was thrilled when Charles Curran, a fellow hospital volunteer, was named winner of a Jefferson Award in 1978.

The many friends she made in 48 years of volunteer service at the hospital can feel the same emotion for Ms. Whitenack, who at age 90 was forced to curtail her volunteer activities in February 1980 after suffering a stroke.

Nevertheless, the first "pink lady" of the hospital—the title given to Methodist's female inservice volunteers—is very alert. In fact, it wouldn't be surprising if she were as nimble as she was on the first day of volunteer work when she helped deliver a child for a frantic mother before they could get the woman to the delivery room.

"You name it, and I've done it," she said once in an interview. "I've been volunteering at Methodist Hospital so long that I feel like a peg in the wall. I love it here and I wish I could come every day."

A longtime member of Methodist's White Cross Guild, she attended Perry Township Guild meetings regularly and prepared patient care materials in the White Cross Service Center in addition to her weekly volunteer work for the central service department.

And what do you think she wanted for her 90th birthday present July 4, 1979?

A ride on a motorcycle.

"I've never ridden one before, and it's something I've always wanted to do," she said.

She got her wish when friends at the Eastview Baptist Church here arranged for the ride before a prayer meeting on her birthday.

Her idea of a birthday present is further testimony to the woman's spunk and zeal, which, along with her smile, are sorely missed by the friends she made at Methodist.

WILLA M. THOMAS

It would be hard to find an international guest or foreign student who has been to Indianapolis and not met Willa M. Thomas.

Oddly enough, the British are the ones to thank for the work of Miss Thomas, founder of the city's International Club and International Welcoming Committee.

After being treated to the warm hospitality of a British family, with whom she stayed during a Baptist World Conference in London in 1955, Miss Thomas returned to this country determined to show the same hospitality to anyone from a foreign land who set foot in Indianapolis.

"Global good will" is what The Indianapolis Star, in an editorial last December, called her work and that of the International Welcoming Committee.

Because she has no car, she must do most of her work at home. She uses the telephone, her tool of good will, to arrange and check on the guests' accommodations, meals and activities, pampering the visitors as if they were the most important people in the city.

And to her they are.

Thanks to her efforts during International Welcome Week, an eight-day observance during the Christmas season, many foreign visitors left the Circle City knowing what "Hoosier hospitality" is all about.

The welcome week program provides presents to the guests, enables them to visit American families and offers them the opportunity to attend an official welcoming ceremony and luncheon at which outstanding leaders and students are honored.

In Wishard Memorial Hospital for surgery to remove a tumor from her tongue last summer, Miss Thomas would not be denied her work. The moment she was wheeled out of the hospital's intensive-care unit, she began to write letters to visitors and prepare her weekly "Church Events" column for the Indianapolis Recorder.

Her biggest thrill at Christmas is to receive cards and letters from international guests who remember her favors.

Also a member of the leprosy committee of the Church Federation and Indiana Council of Churches, Miss Thomas has helped raise more than $50,000 to help those with leprosy around the world.

And proving that Hoosier hospitality starts at home, she established a Christmas card project in which greetings are dispatched to as many as 30,000 people in nursing homes and hospitals in the state.

Is it surprising that many of her international friends call her "Aunt Willa"?

JAMES ZIMMERMAN

When merchants and businessmen at Rochester, Ind., are asked to account for the business community's fine relationship with the city, they instantly credit one person in particular.

Jim Zimmerman.

And when disadvantaged residents or the elderly need transportation, companionship or just a shoulder to lean on, there is one person whose dependability is unimpeachable.

Jim Zimmerman.

James W. Zimmerman, co-owner of Zimmerman Brothers Funeral Home, has donated his time to such projects and agencies as the Fulton County Council of Aging, Civic Theater Board of Directors, Rochester Kiwanis Club, local Boy Scouts, Red Cross Blood Bank, Rochester School Holding Corp. and the city's first employment service.

He has been the unpaid executive-secretary of the Chamber of Commerce for 23 years, and in 1978 the chamber recognized his contributions by presenting him with a unique "Super Link Award."

He has spent 32 years spearheading the successful blood bank operation; more than 30 years helping the school holding corporation, which has brought four new schools to the community, and more than 20 years on the civic theater board.

He has headed the council on aging since its inception eight years ago and, about five years ago, helped launch the employment service.

A past president and 30-year member of the Rochester Kiwanis Club, Zimmerman also is willing to lend a hand for spontaneous projects.

He has been known to reach into his own pocket to help someone buy food, shoes or other necessities and has hired people to do work that he normally would do himself so that they could earn needed money.

For 22 years he has collected salvageable furniture and appliances that have been discarded and stored them in his garage until needed to help families left homeless by fires or some other disaster.

And his efforts to help in community projects—parks, streets, parking, business and individuals—are legend.

All this he has done tirelessly, unfailingly and in good humor.

CLAYTON KELLER

Clayton Keller, 2323 West Eighth Street, Anderson, is a meat packer whose community service achievements include saving the

Bronnenberg Children's Home at Anderson and personally raising $10,000 for uniforms for the Anderson High School band.

Keller was painting his house one day when he heard a radio report that the children's home might be shut down because of inability to meet state standards.

He hastened down the ladder and headed for a telephone to determine what was wrong and what could be done. He spearheaded a drive called "Don't Abandon the Abandoned," sponsoring rock concerts, dances, a basketball game and other events to raise funds to keep the home from being closed.

When the high school band needed $60,000 for new uniforms, Keller joined the campaign with enthusiasm, making countless telephone calls and buttonholing potential contributors to gain personal pledges exceeding $10,000.

Needless to say, the campaign was a success.

Said one of his sponsors, "He is not a politician, not a man of wealth or power, but a simple man with an average job who cares deeply about the citizens of Anderson, particularly our children. He is not willing to sit back and let someone else do the job . . .

"No title on the door, no country club membership, but a common man who has worked long hours, walked streets, dialed phones until he is exhausted, never for recognition but for love, for caring." ●

PROVIDENCE JOURNAL ON MIDDLE EAST

● Mr. PELL. Mr. President, the Providence Journal on March 15 carried a very interesting editorial analysis of the foreign policy challenges now facing us in the Middle East.

Noting that Secretary of State Haig will be in the region early next month, the Journal said:

As Mr. Haig digs into the complexities of the Middle East, he will want to appreciate that a prudent U.S. strategy must be broad-gauged, one that works on political problems even as efforts are marshaled to deter some future thrust into the region by the Soviet Union.

The Journal issued a very pertinent reminder that, "To view the Middle East through a narrow anti-Soviet lens would destroy reality and risk ignoring more fundamental issues." The editorial identified the central problem of concern as the question of Palestinian autonomy.

The Journal's assessment parallels my own thinking in this matter. As I told the World Affairs Council at an address in Providence on March 13, I am especially disturbed by the administration's effort to subordinate the search for Arab-Israeli peace in the Middle East to efforts to counter pursuant Soviet expansionism.

I told the Council:

Secretary Haig's reported determination to concentrate on what he regards as a major Soviet threat in the Middle East instead of pressing for an early resumption of Egyptian-Israeli negotiations on Palestinian autonomy ignores the fact that the principal threat to peace in the Middle East is another Arab-Israeli war and not Soviet encrouchment.

Mr. President, I ask that the full text of the Providence Journal's editorial be printed in the RECORD.

The editorial follows:

U.S. NEEDS "BROAD-GAUGED" POLICY

"In focusing its attention on the Middle East and Persian Gulf as an area of prime concern to the United States, the Reagan administration has shown a convincing understanding of priorities. The disarray in NATO and the ugly fight in El Salvador recede in importance when compared to the upheavals, real and potential, that dot the map from Beirut to Islamabad. Tailoring a coherent U.S. strategy for that region is emerging, appropriately, as the administration's central foreign-policy preoccupation.

"A military build-up on the Indian Ocean littoral is the immediate goal. The administration decided last week to expand on plans developed last year to seek a string of forward bases in ports of Oman, Somalia and Kenya. An additional $100 million will be sought to build up these bases, to which U.S. forces will have periodic access; and Washington hopes to persuade Egypt, as well, to grant basing rights at a more secure port on the Red Sea.

"This military stiffening, with the crucial goal of safeguarding Middle East oil and enhancing the region's stability, directly mirrors the administration's tough, anti-Soviet stance, Secretary of State Haig will visit the region early next month, and is expected to press Israel, Egypt, Saudi Arabia and Jordan for support of the Americans' planned Rapid Deployment Force. This is an important quest, for the United States cannot expect to gain influence in the region without some degree of enhanced military readiness, and it cannot develop this without cooperation from moderate Arab leaders.

"Military power, however, is not the only determinant of U.S. influence in the Middle East, and the U.S.-Soviet standoff cannot be held up as the sole pivot around which an American strategy is built. Other issues clamor for attention, issues having little or nothing to do with facing down the Kremlin, seeking to match Soviet power or protecting tanker access through the Strait of Hormuz. To view the Middle East through a narrow anti-Soviet lens would distort reality and risk ignoring more fundamental issues.

"Of these, the central matter remains a search for progress on the Arab-Israeli disputes, chiefly the question of Palestinian autonomy. Talks on this issue have stalled, with new moves unlikely until after Israel's elections on June 30. But the problem sits at the core of the Middle East cauldron. It won't go away, and pro-U.S. Arab states such as Jordan and Saudi Arabia are unlikely to bend on the matter of aiding American security goals until there is movement toward a Palestinian solution.

"And while this problem has obvious military angles, it is essentially a political and diplomatic matter, unaffected by U.S. task forces in the Indian Ocean or a Marine Corps supply dump somewhere along the Indian Ocean. As Mr. Haig digs into the complexities of the Middle East, he will want to appreciate that a prudent U.S. strategy must be broad-gauged, one that works on the political problems even as efforts are marshaled to deter some future thrust into the region by the Soviet Union."●

INTERVIEW WITH SENATOR PERCY

● Mr. LUGAR. Mr. President, on March 21, Senator CHARLES H. PERCY made an appearance on "Newsmaker—Sunday", a news interview program of the Cable News Network. In response to questions posed by Stuart Loory of Cable News Network, Philip Geyelin of the Washington Post, and Walter Mears of the Associated Press, Senator PERCY expressed his views on a wide variety of foreign affairs questions.

For the information of my colleagues, I wish to have the transcript of this interview printed in the RECORD at this point.

The material is as follows:

INTERVIEW WITH SENATOR PERCY

SEGMENT I

Mr. LOORY. Welcome to Newsmaker Sunday. Our guest today is Senator Charles Percy, Republican of Illinois. He is chairman of the Senate Foreign Relations Committee. With me to question him are Philip Geyelin, the syndicated columnist, and Walter Mears, chief of the Washington bureau of the Associated Press. I'm Stuart Loory. We'll be right back.

SEGMENT II

Mr. LOORY. There are at least four important centers of power involved in the foreign policy decision-making process in Washington. They are the White House, the State Department, the Defense Department, and last but certainly not least the offices of the Senate Foreign Relations Committee on Capitol Hill. The executive makes foreign policy, but the committee, acting for the Senate, examines it, advises on it, and exercises a modicum of approval over it. Our guest today is chairman of that committee, the first Republican chairman in almost 30 years. He is Senator Charles Percy of Illinois. Mr. Percy first assumed his seat in the Senate in 1966, after a distinguished career in business. While a student at the University of Chicago, he worked summers for the Bell & Howell Corporation. After graduation, he joined the company. By age 23 he was a director, by 26 he was corporate secretary, and by 29 he was chairman and chief executive officer. He resigned that job to run for the Senate. Senator, welcome to Newsmaker Sunday. Let's start with this week's developments before the committee, the testimony by Secretary of State Alexander Haig. I'm interested, in particular, in the hints that he gave that were subsequently followed-up by an administration request for repeal of the Clark Amendment, and for permission to aid Angolan rebels. How do you feel about that?

Mr. PERCY. Well, I voted for the Clark Amendment. I probably shouldn't have, because since then I really feel there is no country on earth that restricts their government that way, and when we singled out a country, and said we will not do something in that country, it tied the hands (of the administration). I think the administration ought to be open, particularly considering we now have such intimate safeguards over the use of intelligence in all countries, through the intelligence oversight committees.

Mr. LOORY. Well, but this is, as I understand it, more than just the use of intelligence. This would actually be giving aid to a group of rebels to overthrow a sitting government. You feel that this is something the administration should be allowed to do, without any advice and consent from the Senate?

Mr. PERCY. No, they should not, and that is making and executing a foreign policy that would be a departure from where we've seen. There is adequate oversight provision for it, but unfortunately this provision is on the books. It should not probably have been put on the books, but it's there, and at some point it should be removed. This is, I think, an unfortunate timing because it has concerned many of the front line states, and concerned a country like Nigeria.

Mr. LOORY. Will you be bringing any action within the committee to start in motion a repeal of the Clark Amendment?

Mr. PERCY. We will certainly be discussing it with the administration, and if there is a specific request, and legislation offered, there will be hearings on it. But the timing for doing this is not good now.

Mr. LOORY. You don't think it's propitious now?

Mr. PERCY. I do not. I think the timing . . . it's a poor time

Mr. MEARS. One of the controversies that characterized the committee during the Vietnam war period was over a similar question. What kind of advance approval should the Foreign Relations Committee, and the Senate, exercise over the use of American forces abroad? How do you see that in this case? Should there be oversight after the fact, or approval in advance?

Mr. PERCY. No, because of the Vietnam war the War Powers Act was enacted, and I was a cosponsor of that Act, and similar views by senators such as Stennis and Javits made possible putting that together. They were cosponsors of it. That really reviews and requires any time we engage in hostilities abroad an oversight by the Congress, and that is now the law of the land, and President Reagan, and Secretary Haig have said they will scrupulously observe the letter and the spirit of that Act.

Mr. MEARS. But that must tie their hands pretty tightly. It's a 30 day limitation. . . .

Mr. PERCY. It does, but it is subject to their interpretation of what is imminent hostility, and they have not interpreted El Salvador, sending advisors down there, as engaging in imminent hostility, and they have not invoked the Act.

Mr. GEYELIN. Senator, leaving aside the question of congressional oversight, Secretary Haig has said there is a matter of principle here of the President's freedom to do this sort of thing. Is there another principle involved? He is engaging now in a worldwide campaign, trying to get our allies to denounce Soviet activities attempting to overthrow governments. Is there any contradiction in the same administration claiming the right of the United States to go around overthrowing governments, and supporting insurgencies?

Mr. PERCY. There would seem to be a contradiction, but I think let's stay just right with the El Salvador situation, in our hemisphere, where it's in our vital security interests, and we think therefore the interests of our friends and allies. We wanted to adequately inform them that outside forces were bringing arms into El Salvador to overthrow the present government, and that we intended to interdict those, or discourage the shipment of those arms. We have successfully done so, and they've done so with, I think, the support of most of us in the Senate.

Mr. GEYELIN. But the point still is we're both playing, us and the Soviets, the same game. What Henry Kissinger wanted to do when the Clark Amendment was passed was put something like $25 million in covert activities designed to advance an insurgency against the government in Angola. It's ok for us to do, but not ok for them to do it. Is that the point?

Mr. PERCY. No, I think we have to be extraordinarily careful, to be consistent in our policies, and I think this is why this issue will be examined very carefully by the Senate Foreign Relations Committee.

Mr. MEARS. Do you think that we've been consistent in this El Salvador situation? The President had a news conference, and said it was our front yard, and the insurgency would spread into South and perhaps North America. Within a few days the State Department said it was being overplayed. Too much attention was being paid to it. Then the Secretary of State advanced what he said was not a dominoe theory, but said that successive nations in Central America would topple if we didn't stop this. I'm a little confused.

Mr. PERCY. Well, the confusion simply involved the use of the term the State Department. The State Department did not make any such statement. It was an individual in the State Department who had given a deep background briefing, and the position that he took was repudiated the next day by Secretary Haig. Only Secretary Haig can make State Department policy. This deep-backgrounder was erroneous, and it was quickly corrected on the record.

Mr. MEARS. My impression was the Secretary sent the spokesman to utter the deep background statement.

Mr. PERCY. Well, I know, but newsmen take a risk if they accept the deep-backgrounder as stating State Department policy.

Mr. GEYELIN. Senator, as a practical matter, I have never heard a case of an Assistant Secretary of State, or an Acting Assistant Secretary of State just winging it. They don't do that. Those deep-backgrounders are authorized. That was the line, until it was seen in print the next day, and somebody didn't like it. What was also impressive in and about that performance was that the cover of the Assistant Secretary, John Bushnell, was blown by the Secretary. This leads me to the question of how well do you think these people. . . .

Mr. PERCY. That's just an example of the candor of the administration.

Mr. GEYELIN. Well, you would call it the candor. Let's talk about it in terms of competence. Do you feel this crowd has really settled in? Do you know who you're talking to, who's making policy? When we've had as many changes as we've had, Caspar Weinberger coming out for the neutron bomb, and then being knocked down. We had Richard Pipes, who's the scholar-in-residence on Soviet affairs, saying that detente was dead, and getting knocked down. We've had a whole series of, just this week, there were two different aides, one before the House committee and one before your committee, one saying Nicaragua was lost forever, and the other saying actually not really. I mean, do you have a sense that they are doing precisely what they found most lacking in. . . . I mean that they are vacillating. That this is what Reagan said. . . .

Mr. PERCY. I don't see any vacillation. I don't think anyone accused Secretary Haig of vacillating. What you do have is a shakedown period, and it will take a little while. They will learn by these examples, but no team can ever take the field and run as an experienced team would later in the season. Certainly this team has shown great skill, great creativity, and a sense of cohesiveness, not only within itself, but in the Congress, that's unprecedented. Now the very fact that there are some differences, such as you've mentioned, Phil, I don't think should be looked upon as anything other than par for the course, maybe even better than par, for a new administration.

Mr. LOORY. Senator, if I can interrupt you right here, we have some messages, and then we'll be right back.

Mr. LOORY. Back on Newsmaker Sunday. Our guest is Senator Charles Percy, chairman of the Senate Foreign Relations Committee. At the beginning of the program, you said that the time was not propitious for a repeal of the Clark Amendment, and that because of objections of the front line states in Africa. One of the other things that we heard in the past week was the possibility of improved relations between this country and South Africa, and even the possibility of a visit by Prime Minister Botha to this country. How do you feel about that?

Mr. PERCY. Well, it would be inappropriate, and this was done possibly in discussion at lower levels in the State Department, but categorically denied by Secretary Haig, who sets the policy. Therefore, there is no such visit seriously now contemplated.

Mr. LOORY. You are assured that is the case by the Secretary. Have you talked to the President about it also?

Mr. PERCY. No, I have not talked to the President. I think it is unnecessary. Secretary Haig can, in this case, certainly speak for the President as a matter of policy. This isn't t say that you can rule that out sometime in the future, but at at this particular time I do not see such a visit imminent.

Mr. LOORY. What would have to change before a visit like that could be ruled in?

Mr. PERCY. Well, I would tend to think that if it appeared as though we could really work out a solution in Namibia, the old Southwest Africa, and it would take some give-and-take on the part of South Africa, then possibly we'd want to have direct contact on an issue like that, with the front line states—Nigeria—every African nation, every country on earth. This has been a 30 to 35-year festering problem, and I have urged the United States to take leadership, and the State Department to take leadership on this issue since I visited Namibia some years ago. But as of the moment, just a visit at this particular time, when there are 100 other heads of state waiting in line to talk with President Reagan, this would not be a propitious moment.

Mr. LOORY. The Carter administration's human rights oriented policy, I think you can make an argument that it had its greatest impact in Africa. Do you see any repudiation of that policy by some of the things that are happening now, like the repeal of the Clark Amendment, and the talk of improving relations with South Africa? Is that going to hurt us at all?

Mr. PERCY. In discussions with the Department and with the administration, I see no lesser emphasis on human rights, other than it is not going to be the centerpiece of the administration, and it should not be. Our own national security interests should be the centerpiece of that policy, and that should not be subordinate to any other. What the administration is, I think, wisely saying also is that because we were, in human rights areas, only able to punish friends, or people with whom we were working, by cutting off aid or something like that, or countries we were trying to help, and leaving totally untouched our adversaries because they were not involved in such programs, this is not an even-handed policy. The administration intends to point out the breach of human rights in totalitarian countries, communist countries, as well as all other countries, and I see probably more done multi-nationally, rather than just bilaterally, and I support that.

Mr. MEARS. A question about the press. You mentioned a couple of points on which, for example, the El Salvador background briefing, the reports of a South African visit, when things like that crop up, you see them in the paper, you hear them around the Hill, what do you do? Do you call up the State Department and say what's going on over there? Or do they call you? How do you work with them?

Mr. PERCY. I would say that we're on the phone back and forth at various levels a couple of times a day, not on every particular instance, but regularly, on world problems, and yes, I raise questions. They'll raise questions with me. Many times they'll call up and say, here is something coming. What we have is an agreement that we'll try to consult together as much as we possibly can, so that neither one of us is surprised.

Mr. GEYELIN. You talked earlier about the shake-down, speaking of the process, and you thought that they were really doing better than par. But you've been on the Foreign Relations Committee a long time. Has it ever taken this long to staff the State Department at the Assistant Secretary level?

Mr. PERCY. No, it has not, and I have filed a complaint, and discussed it face-to-face with representatives of the administration, beginning with George Bush, who I indulged to take a particular interest in. As a matter of fact, he came to the Hill, met with the chairmen, at Howard Baker's suggestion, of all of the committees, and I raised this issue of the

length of time it was taking to get our team in place.

Mr. GEYELIN. But Mr. Chairman, you must know that at least part of the problem is in your own committee, and not only in your own committee but on the Republican side of the committee. Have you filed a complaint with Jesse Helms?

Mr. PERCY. No, I have not, because as of the last conversation we had a few days ago there was not a single position he had a hold on.

Mr. GEYELIN. I mean he was about to get a hold on Gene Rostow, wasn't he, for head of the . . .

Mr. PERCY. Yes, but we did not even have the nomination. There's no decision made by the administration. How can he put a hold on a name that's not even been sent forward. . . . That's just a newspaper report.

Mr. GEYELIN. Yes, the reason you don't have a nomination is because they know if they did they'd have a hold on it.

Mr. PERCY. Well, that is incorrect, because there's no decision made on the administration yet on who should head the Arms Control Agency.

Mr. GEYELIN. But, you will admit that a lot of the delay has been caused by the fact that names have been floated, and shot down by Senator Helms, or others, or at least encountered a lot of objections. Assistant Secretary Eagleberger is certainly an example.

Mr. PERCY. No, I would be the first to say, and simultaneously to Senator Helms, that he is not an obstruction in this process. He has categorically denied it, and . . . .

Mr. GEYELIN. He's categorically denied it, but the administration doesn't see it that way, I think.

Mr. PERCY. They consult with Senator Helms the way they consult with many of the senators on positions that they know those particular senators are very much interested in. Obviously on the appointment for Latin America, Jesse Helms has a right to be concerned. He is the chairman of the Subcommittee on the Western Hemisphere.

Mr. GEYELIN. But here the Western Hemisphere's been put front and center as our greatest concern, and somehow this administration working together with the Senate cannot come forward with somebody to deal with that part of the world. I mean, that's the last glaring vacancy, and it's been made the single most important issue.

Mr. PERCY. Well, the question that I have raised is not the procedure in the Department, but the clearances necessary in the White House, and there are, and I have spoken with the President's aides there, men that I highly respect, and have urged that the decision-making process be speeded up, if only from the standpoint that we don't have time to be lobbied. I am lobbied by 100 senators, each of whom have one or two people in their state they think are ideally suited to be ambassador in some countries, and that's just the beginning of it. We must take the time, then, when a senator asks you to interview someone to talk to them. But we do not really initiate these nominations, yet people don't really believe that. They somehow think we have a vast influence with the administration in every appointment. We can advise, but it's their job, in the executive branch, to nominate, and we hope these nominations will be coming forth rapidly, and I'm pleased to see that the logjam does seem to be breaking up now.

Mr. GEYELEN. So I can't get you into an argument with Senator Helms?

Mr. PERCY. There's nothing to argue about there, because there was one newspaper report that he was folding up the head of AID. It was absolutely untrue, and he cleared it up in five mintues.

Mr. LOORY. If I can interrupt now, we do have to take a break. We'll be right back.

Mr. LOORY. Back with Newsmaker Sunday. Our guest today is Senator Charles Percy, chairman of the Senate Foreign Relations Committee. With me to question him are Philip Geyelin, the syndicated columnist, and Walter Mears, the Washington bureau chief of the Associated Press. Mr. Mears.

Mr. MEARS. Senator, do you subscribe to the theory that Secretary of State Haig advanced before your committee that El Salvador is the first, or perhaps second, nation on a hit list that the communist world is working through, that they go over to Central America?

Mr. PERCY. Well, the Soviet Union, the Kremlin, has not shared with me their hit list. All we can do is look at the circumstances. President Sadat, for instance, is absolutely convinced that they have an overall strategy to engulf and take over Africa as a means of controlling the Gulf. He is very convinced of this in his posture, and every attitude is evidence of that. The Secretary is convinced that there is a pattern in Central America that we cannot overlook, and for that reason he is taking a test case in El Salvador to see if we can reverse that pattern, and I support him in that effort.

Mr. MEARS. And would you support forceful action against Cuba to prevent supplies from going to El Salvador?

Mr. PERCY. I don't see that force is necessary under the present circumstances. We have an attitude, a posture towards Cuba that has been regardless of administration and party, for the last 20 years, and the present administration is consistent with that, and they absolutely categorically deny that there are any plans for use of military force against Cuba at this time.

Mr. MEARS. There was a discussion the other day of contingency plans in that area.

Mr. PERCY. Well, a nation would be irresponsible if it didn't have many contingency plans. The war games problems carried on by the Defense Department day by day always takes into account the worst-case situation as well as the more hopeful situations. They must have options for everything and no government on earth would not, in the power position that we occupy, with the responsibility that we have to protect and defend the free world. It would be irresponsible not to have such plans, or thoughts, or options. But there are no plans, as such.

Mr. LOORY. This is a question that might sound a little frivolous, but it isn't. The Secretary, if I'm correct, was asked whether he thought that a domino theory was active in Central America, and he said no. There is no domino theory, but there is a hit list. Then he went on to indicate what countries were involved, El Salvador, Nicaragua, Guatemala, and Honduras. What's the difference between the domino theory and a hit list?

Mr. PERCY. Well, a hit list might be such as Africa. It might not be one right after another, countries alongside each other, but they start in with the ones that are most vulnerable. Mozambique, Ethiopia, South Yemen. Any areas in which they can find vulnerability the Soviets have been moving in and we've got to be careful, to watch for that, to work with our allies around the world to prevent it happening.

Mr. LOORY. Well, it has been said here in Washington we are in danger of getting into a Vietnam-type situation. Possibly the dispatch of ½ million American troops, or anything like that, but still a modality of the situation in which the country intervenes out of the feeling that another power, namely the Soviet Union, is intervening, and out of the wrongful feeling. Is there any possibility that this is the case, and that the administration has not really proved its case?

Mr. PERCY. I think the administration has proved its case to the satisfaction of a great many countries abroad, and certainly to the satisfaction of certain members of the Foreign Relations Committee. They've shared the intelligence with them. I do not think we will get into a Vietnam. First of all, we won't get into a Vietnam because we've had a Vietnam. We've gone through that experience, and we're not about to repeat it. Secondly, we have a new provision on the books, because Vietnam came about because constitutionally the founding fathers wisely said only Congress can declare war. What we've done is make war without declaring it, and the War Powers Act, which a few of us worked on, was designed to prevent that happening, to take into account we make war without declaring it, and to therefore set up trigger points which will require the President to come back to Congress for authority to proceed.

Mr. MEARS. Do you believe the Congress would have stopped the Vietnam war given the atmosphere that existed during the escalation period? It was pretty late in the game by the time that even the doves were saying we ought to get out.

Mr. PERCY. Yes, but I think it would have triggered certain actions by Congress that took ten years ultimately to be taken, and—after all—that war and our participation in it was legislated to an end. It was ended by Congress, not by the President. It was with his reluctant concurrence, but then full concurrence after that. You cannot guarantee anything in a fragile world such as we live in, but we've done everything we can to prevent another Vietnam, and certainly the announcement that was made late this week that there is going to be a withdrawal program for 16 of the 54 advisers. They will be back by, presumably, July. This at least is the plan and the goal, and I know it brings to mind Bob MacNamara saying "We're going to be home by Christmas," but this will be a very vigilant Congress, and certainly the Foreign Relations Committee will have very, very careful oversight, and we hope a partnership in working with the executive branch of government in preventing another Vietnam.

Mr. GEYELIN. Well, Senator, of course we did eventually withdraw from Vietnam, and then lost it. It seems to me that part of the Vietnam analogy that fits has to do with this business of staking everything, putting all of your chips, on one very, very unstable country, associating yourself with a government that is as vulnerable from a coup from the right as it probably is from the left. But saying to the world this is where we draw the line, and that's precisely what the administration says, that the be-all and end-all, the test of our ability to deal with the Soviet Union will be made in El Salvador, of all places, where they kill people at the rate of ½ million a year in this country by our own terms. Isn't that a dangerous proposition), I mean in political psychological terms?

Mr. LOORY. I think we should say ½ million a year if it were in this country with this population, to make that clear.

Mr. GEYELIN. I said that, per capita. Right.

Mr. PERCY. I don't think it's dangerous, Phil. I think first of all, Vietnam was another part of the world where its security was not vital to our own national security interest. El Salvador is in the heart of this hemisphere. It's a vulnerable point in Central America, the area of the Panama Canal, which is certainly a vital lifeline between the two oceans. Secondly, the situation in Vietnam was almost beyond repair, because the government was in such ill repute, and it never changed, and our military preponderance over economic assistance was an order of 10–, 20–, 30–1, where in this case, the Reagan administration has made very clear that it wants economic assistance to be 3- to 4-times as large as the military, and the military will be non-combat. It will only be teaching and training, and just as quickly as we can move them from El Salvador back to this country they will be moved back, and that is the plan.

Mr. LOORY. Senator, I want to come back to Cuba, and what you had to say about no

need for any force to be used against Cuba. What kind of sanctions should we be using against Cuba that we're not using at the present time?

Mr. PERCY. Well, I've come to think the present sanctions are adequate, and certainly in my judgment Cuba wants to restore more normal relationships because they have seen, years later, aid from the Soviet Union at the rate of $1 million, $2 million, $3 million-a-day is not even adequate. What they need desperately is a trading relationship with this country. We have the market for the products that they turn out, and until they have access to those markets, that economy will never be back on its feet.

Mr. LOORY. You raise a whole new subject, and I want to pursue it, but first we have some messages.

SEGMENT V

Mr. LOORY. We're back on Newsmaker Sunday. Our guest today is Senator Charles Percy, chairman of the Senate Foreign Relations Committee. Before we broke, you were talking about how the Cubans want better relations with the United States, and there was kind of an implication that now is the time to improve those relations. I am struck by the idea that if everything that the administration says about what Cuba is doing in Central America, and elsewhere in the world, is actually so that now would not be the time to reward the Cubans with an improvement in relations. Is there not a dilemma there in a paradox?

Mr. PERCY. Well, there's no dilemma. The line is very clear. Unless they signal to us that they want better relationships with us, particularly in trade, badly enough they have to cease, cease and desist, in their activities, or their activities as a surrogate of the Soviet Union, in a sense, around the world.

Mr. LOORY. And you think this would be enough of a sanction to convince them ultimately to stand down in Central America, Latin America, Africa?

Mr. PERCY. Possibly, ultimately, economic forces come to bear, and pressure internally that they may have to respond to. They just simply may not be able to afford the exhilaration they get being talked about all the time, even on a program like this, where they never were before. But they simply have made a mark in the world as a surrogate of the Soviet Union in a sense, but also at a bitter, bitter cost to their people at home. How long will the people tolerate that?

Mr. LOORY. Why is it that other countries in Latin America don't see Cuba as the same menace as we do? Mexico is the best example.

Mr. PERCY. Mexico has a very large leftist element in the country. They will never be to the right of any president of the United States, I can conceive, in our lifetime, no matter who that president is. They have an element there with a very, very large unemployment, levels of poverty, and the higher illiteracy rate that pushes them to the left, rather than even to the center, and the government, even Portillo, reflects that.

Mr. MEARS. Let me ask you about another dilemma. The President as a candidate denounced the grain embargo against the Soviet Union, when President Carter imposed it. He now says he hasn't decided whether to lift it or not. The indecision seems to be a decision, since it's still there. Is there a point at which it can be lifted? It certainly has some bearing on part of your constituency as well as on foreign policy.

Mr. PERCY. Yes, I hope that it would be a decision that could be made by planting time. There's no rush ahead of that, but I would be the first to say, having taken a position and having a desire to have a consistency of policy in certain respects, with respect to the Soviet Union, that this would not be the time for us to blink, to signal them without any movement in Afghanistan, for which the embargo was originally intended, to just go about trade as usual, and business as usual, particularly with their forces poised on the borders of Poland.

Mr. MEARS. Well, with the other problems that have occurred since Afghanistan it would appear that the embargo would be a permanent fixture if . . .

Mr. PERCY. I hope not, and I trust that once the talks get underway, as they will, with the Soviet Union that this will be taken into context with all of the other discussion. Because I sensed in Moscow a desire on the part of the Soviet Union to have a better relationship with the United States, to go back to the bargaining table on arms reduction. They place a very high priority on that, and they place a high priority also on trade with the Western world. Just as they see China, a communist system that is simply not working, their system in the Soviet Union is not working either. It's not working in Poland. It's not working in Romania. It can't even feed its own people adequately. Therefore, they need contact with the Western world, and they must make the same decision as Castro: Do we want it bad enough to dampen down our imperialistic intentions in other areas, so that we can take care of our own people? That's a decision they have to make, but they are certainly seeking meetings at the higher level, even asking for a summit now.

Mr. GEYELIN. Could we move to another area? You are one of the first members of the Senate, I think in 1975, to recognize the Palestinian problem as a legitimate grievance, and to speak up on it, and I think you took a lot of flack back in Illinois. Where do you put that Palestinian issue and the Camp David process, now leaving aside that we have to probably wait until the Israeli election is over? But where do you put it in your sense of the priorities in that part of the world? The present administration seems to look upon it as really a military strategic asset, and the real problem there is an east-west confrontation. How do you relate to that?

Mr. PERCY. I see the Palestinian issue no differently than I did six years ago as a centerpiece of the problem. There is going to be no solution to the Middle East problem until such time as we find an equitable solution for the Palestinians. There are 3½ million of them in the area. Maybe 20,000 to 100,000 are members of the PLO, and a smaller element than that even are the terrorist PLOs. But 3½ million people cannot be overlooked, and their legitimate complaints have to be answered somehow. But even if you answer that you've still got the problem of Jerusalem, you've got the Golan Heights, and you've got the Sinai which, at least the Sinai, seems to be being resolved so that you've taken one point of the problem and started to work a solution out on that. You've taken Egypt out as a major military force against Israel. You've now removed them from the process. Progress has been made, and I give the Carter administration credit for the progress that has been made in those areas.

Mr. GEYELIN. Well, even if you solve those problems. Even if you solve the whole Palestinian problem, you still have the problem of security for the Persian Gulf, and how to arrange it. Secretary Haig hinted in I think the House committee hearings this week that an American military presence could squeeze into those Israeli air bases when they are returned in the final stage of the Egyptian-Israeli peace accord. Do you think we need a military presence in the Persian Gulf larger than we now have? If so, how would you go about getting it?

Mr. PERCY. Yes I do, but I think it also has to be done in concert with our allies in Europe. We need joint maneuvers. We need multinational presence down there, by the British, the French, and others, and we have discussed those issues with them as their chiefs of state have been coming to Washington. We can't be expected to shoulder the whole load, and we told the Japanese that. They must expend money. If we're developing bases in Somalia, in Kenya, and Oman, they must help with development assistance in those countries. That's not contrary to their constitution because it's protecting Japanese oil as well as European oil. A $9 billion of expenditure in rapid deployment forces is being made. They must burden the share with us.

Mr. GEYELIN. Are you talking, in burden sharing, about Japanese or NATO military forces in the area, or are you asking them to take up the slack or to make up what we have to divert to that area to make that up in the NATO area?

Mr. PERCY. In the Japanese we are specifically requesting of them, as we move ships out of the Pacific to put them in the Gulf area, that they then move ahead with anti-submarine capabilities, mine-laying capabilities, because after all they've got the Russians in the northerly islands, and they're worried about them also. We then asked them to develop and pick up the load from us of humanitarian and development assistance in areas where they, as the third most powerful economic source on earth today, can well afford to do it, if they're willing to, and we had meetings this week on that very subject.

Mr. LOORY. This would be in Africa specifically, so far as the Japanese are concerned?

Mr. PERCY. I think as far as the Japanese are concerned, it should be in Kampuchea as well. It should be in their area. Why should we have the burden whenever there's a human disaster of always paying out of PL 480 funds for those? They've got plenty of yen. They can buy rice from us, from California. They can buy corn and beans from Illinois, let's say, and they did agree with me to do that, and they have begun, in a sense, a 480 program. I asked for 100,000 tons of rice to go to Kampuchea out of stocks in Japan. They didn't do that, but they sent 50,000 tons which I felt was a generous gesture on their part.

Mr. LOORY. Excuse me, Phil. We do have to take a break now, and we'll be right back.

SEGMENT VI

Mr. LOORY. Back for the last segment of Newsmaker Sunday with our guest, Senator Charles Percy, chairman of the Senate Foreign Relations Committee. Mr. Geyelin.

Mr. GEYELIN. You were talking about what our allies could do to pick up a larger part of the burden of defending or stabilizing the Persian Gulf. You certainly talked to all of these European leaders who have been making this pilgrimage to the new administration as they pass through, and so have a lot of the rest of us. Do you really sense that they have a great enthusiasm for doing that, or indeed for doing anything that would threaten their own private so to speak detente with the Soviet Union?

Mr. PERCY. They have no enthusiasm for doing it, but we've had assurances from the Germans, the French, the British certainly, that they would do their fair share, and what they can do. If they don't want to send their forces down to the Gulf, although the British and French have, if countries don't want to send forces down, and NATO probably won't extend itself to the Gulf, then they can strengthen themselves in Europe and not depend so much on U.S. forces in Europe. That's a long fight I've had some 12 years now with my friends in NATO, and I think they're tired of hearing me talk about it, but they're at last responding now, and the modest request of a real increase of 3% is essentially being met by most countries.

Mr. LOORY. Senator, let's see if we can't

pin you down a little bit on your feelings on American troops in the Middle East. Do you think that there should be American troops based in the Sinai?

Mr. PERCY. There should not be now under these conditions, because it would destabilize possibly Sadat in Egypt. There would be a strong pressure from the Egyptian people, once the Sinai has gone back to Egypt, that if U.S. forces went back in it would have to be with their consent, of course, and an assurance that it would not in any way undercut Sadat, on whom we have put so many chips. Phil, you remember, you mentioned my trip six years ago. I did say at that time in my report to the Senate that Sadat, in my judgment, was one of the greatest men of peace I have ever met, and I was derided for that statement, and fortunately he proved it accurate. He is a magnificent, noble man, so therefore, if we just immediately move back in and occupy those bases, and put pressure on him to do so, we cannot do so, and I am so notified by the Israelis that we cannot do so if it would endanger his political standing in Egypt.

Mr. GEYELIN. But Senator, I wasn't suggesting that the Secretary of State suggested that. What he suggested was that as part of the other settlement between Israel and Egypt, which calls for a supervisory force, international or some other kind, that American troops be given a kind of a dual mission. Their principal mission would be supervisory, but they would also keep those bases operative in case we wanted to use them.

Mr. PERCY. I would have no objection to that use of American personnel there because we have done it in the past, and we do it right today on the border of Honduras and El Salvador. We, along with four other nations, have people there who are sort of a demarcation line to prevent any oversweep of that particular area. The same thing happens, of course, between North and South Korea. There is a demarcation line there, and I think the use of American personnel in that way would be perfectly legitimate if it would help ensure the peace, particularly considering the U.N. has refused to put forces there.

Mr. LOORY. How about basing American troops anywhere in the Middle East where they're not based now?

Mr. PERCY. I think the present provision whereby we have three new bases established in the countries I mentioned, plus the possibility of a base in Egypt itself, which has been offered by President Sadat, I would tend to think that at present that is an adequate presence, particularly considering the number of ships that we have, some 30 ships in that area now.

Mr. MEARS. Do you have any concern that given all the areas of difficulty, pressure and possible contention that we've talked about, and given the fact that the administration has said that we're woefully behind where we should be in defense, can we meet this whole array of commitments from where we stand right now?

Mr. PERCY. We're stretched very thin, indeed, and of course we must build up strength in our conventional forces. In my judgment, there is no way to have a credible foreign policy, unless you have a strong national defense, and there's no way to afford that unless you have a strong underpinning in the economy. That's why the administration is right to put their highest priority on the economic recovery program here at home, then build up our defense. Certainly, to build up our conventional forces, it would be helpful if there were a mutual agreement between ourselves and the Soviet Union to put a ceiling and actually to reduce the strategic weapons that we have, because both of us have enough to make life uninhabitable on earth if they were ever released.

Mr. LOORY. You say that your talks in Moscow in December convinced you that the Soviets want to move in this direction. Do you have any concern that the Reagan administration may be moving too slowly on its part?

Mr. PERCY. Well, Secretary Haig has already met with Anatoliy Dobrynin, the Soviet ambassador, just before he went to the 26th Congress. The words that Secretary Haig gave him in that meeting certainly were transmitted a few days later directly to Brezhnev, because Dobrynin certainly is one ambassador the Soviet Union has who has direct access to President Brezhnev, so there was no problem of communication. They know how strongly we feel about certain things. The talks, really in a sense, have already begun.

Mr. GEYELIN. Senator, your committee gets pretty good intelligence. What is the latest reading on the Russian intentions toward Poland, and the likelihood that they would intervene in a really serious military way, not in terms of just maneuvers, or joint maneuvers, but actual use of force?

Mr. PERCY. My own personal judgment—I cannot give you an intelligence reflection on it, but I can give you personal judgment—is that the Soviet Union will not use force. Wars many times, and conflicts and hostilities, are gotten into because of miscalculation. I think that was true in Afghanistan. I never think they ever dreamed that we would be as strong, and the whole world community would stand together as they have, against this use of force in a Third World country. But there's no miscalculation. I had direct talks in Moscow with all of the leadership. Secretary Haig has had direct communication with the leadership, and the latest message sent through Dobrynin. There is no miscalculation about how Europe would react to their movement there, so that it would only be under dire circumstances as a last resort that they would move into Poland, I think, with force.

Mr. GEYELIN. Well, the dire circumstances that most people speak of is if the communist party there loses control, and that could become contagious to the rest of the bloc.

Mr. PERCY. That's right.

Mr. GEYELIN. That could happen, I mean another outbreak of strikes.

Mr. PERCY. It could happen, but in talking with the Polish ambassador late this week, and in the meeting that I have upcoming with the deputy prime minister of Poland who is coming to this country, I do not see that. They feel that they can handle this internally. They do not think it is going to get out of hand, and that they, outside of the instance of violence that we had in the last few days, have handled it with restraint and moderation, adequate to signal to Moscow, let us handle this internally.

Mr. LOORY. Senator, I'm sorry we do have to stop. For my colleagues Phil Geyelin, and Walter Mears, I'm Stu Loory. Good day.●

RESOLUTION TO CHANGE THE STATUS OF THE COMMITTEE ON SMALL BUSINESS TO A STANDING COMMITTEE

● Mr. LEVIN. Mr. President, I am pleased to be joining Senators WEICKER and NUNN in cosponsoring their resolution to elevate the status of the Small Business Committee from a select committee to a standing committee. This change codifies the committee's jurisdiction in the standing rules and reflects the status of this committee as one that has legislative jurisdiction.

Since 1976, the Small Business Committee has acquired all of the powers, authority, and responsibilities of a standing committee. The committee has legislation referred to it, holds hearings, and reports bills for consideration by the full Senate. It is appropriate that the committee be recognized as a standing committee. Further, it is important to the small business community that appropriate recognition be granted to the one committee in the Senate whose sole responsibility is to be concerned with the state of small business in the Nation.

I applaud the chairman and ranking minority member of the Small Business Committee for taking the leadership on this issue and the majority and minority leaders for their support of this important resolution.

ANGEL CUADRA: IMPRISONED CUBAN POET

● Mr. JACKSON. Mr. President, in an effort to attract world attention to his unwarranted imprisonment in Cuba, Amnesty International has adopted the Cuban poet, Angel Cuadra, as "Prisoner of the Month" for March. Initially a supporter of the revolution in Cuba for its avowed humanitarian ideals, Cuadra became increasingly disillusioned with Fidel Castro's government. Cuadra was arrested in 1967 and sentenced to 20 years in prison. Released in December 1976, he was again arrested and placed in prison in 1977 for continuing to write poetry considered by the regime to be subversive.

My continuing personal concern over Cuadra's inhumane detention is reflected in a compelling letter to the editor of the Washington Star by a thoughtful student of Cuban affairs, Mr. Lee Cancio. I ask that this letter, which was published in the Washington Star on March 15, 1981, be printed in the RECORD.

The letter follows:

DE PROFUNDIS

(By Lee Cancio)

But wound covers wound; here in triumphant death,
gnawed by executioners, by chains
and him who crumples distances, ignoring us,
here we carve on rock and blood
the essential dignity of the people.
—Angel Cuadra

For most of the last 14 years, an internationally respected poet, Angel Cuadra, has suffered imprisonment in Cuba. I became interested in his plight only recently. It seems to be attracting more and more attention. Amnesty International has just chosen Cuadra as "Prisoner of the Month" for March in a worldwide attempt to win his freedom.

This growing concern, I think, is more than justified. Cuadra's sole "crime" was the publication abroad of translations into English, German and Russian of several of his poems. Following the publication of A Correspondence of Poems (Solar, 1979) in the United States, he was taken off the "rehabilitation-re-education" program and sent to Boniato prison. There he is absolutely forbidden to write anything. No one is allowed to visit him. The inhumane conditions at Boniato have brought on a decline in his health.

Perhaps the best description of his confinement is his own, such as the lines from "Song of Political Imprisonment" quoted below.

As Cuadra put it in one of the last messages smuggled out of prison from him. "There is no legal basis for this new reprisal against me. Only that I am a poet; that the world speaks my name; that I do not use poetry for other political ends, but only literary, universal ones."

I endorse Amnesty International's adoption of Cuadra as Prisoner of the Month. As someone who has gotten to know Cuadra through his poems, I can only hope that this will speed his release. May I suggest that the public can help by writing to President Fidel Castro, Havana, Cuba.●

TRIBUTE TO EDWARD DILLON

● Mr. METZENBAUM. Mr. President, it is an honor for me to pay tribute today to Edward J. Dillon, an outstanding Ohioan who is retiring after 36 years of dedicated service to the Boy Scouts of America. Tonight, the Columbiana County Council of Boy Scouts will hold a dinner to honor him for his devotion to generations of young people.

Mr. President, it is a rare and wonderful thing when we find a member of our community who gives so generously of his time and energies to those around him. Edward Dillon—husband, father of three sons who also are Eagle Scouts, active church member and leader in many civic organizations—provides us with an outstanding example of what community service is all about.

Edward Dillon began his professional career with the Boy Scouts of America in 1946 as field Scout executive for the Lonesome Pine Council. Within 5 years, he tripled his council's membership and more than doubled the amount of money raised. He was equally successful after he transferred to the position of district executive of the Tri-State Council. Eventually, he went on to hold other positions within the organization—always with impressive results.

Edward Dillon's dedication to helping boys through Scouting activities will be sorely missed by the organization he is leaving.

But Edward Dillon's contributions to his community have not been limited to his work with the Boy Scouts.

He is an active member of the United Presbyterian Church, having held a long list of offices. He is a member of the Kiwanis Club, on whose behalf he established a complete summer recreational program. He was active in a program for the mentally retarded. He is a member of the Rotary and served as chairman of the student loan fund. He served our country in the military.

Throughout this Nation, there are many Edward Dillons—individuals who become community leaders not out of obligation or because of profit motive, but out of spirit and desire. It is the collective strength of these individuals, Mr. President, that truly makes this country great.

I join Edward Dillon's friends and neighbors in saluting him today.●

JAPANESE AUTOMOBILE IMPORTS

● Mr. DANFORTH. Mr. President, imports of passenger cars from Japan last year were at an all-time high of almost 2 million. Imports for January of this year ran over 200,000. But that is only part of the picture.

In September 1980, inventories of Japanese automobiles in this country were 253,657 units, rising to over 330,000 in December—an estimated 76 days supply—and dropping back to just under 300,000 in February due to a surge in sales. But even with the slight dip in inventories in February, the number of Japanese cars in storage were still more than 15 percent over February of last year.

I have maintained from the beginning that it is time for Japan to play its part in helping to ease the crisis facing the automobile industry in this country. If this is to be reflected in Japanese imports into this country, we cannot forget the very real impact that standing inventories will have on total sales.

The Senator from New Jersey (Mr. WILLIAMS) and the Senator from Kentucky (Mr. HUDDLESTON) have asked to be added as cosponsors to S. 396. This brings to 19 the number of cosponsors to this legislation.

Mr. President, I submit the following letter from Senator HEINZ of Pennsylvania for printing in the RECORD.

The letter is as follows:

COMMITTEE ON FINANCE,
Washington, D.C., March 4, 1981.

Hon. JOHN C. DANFORTH,
U.S. Senate, Washington, D.C.

DEAR JACK: Like you, I have been deeply concerned about the state of the U.S. auto and auto parts industry. Japanese imports have increased over 100 percent in the last five years, capturing over 20 percent of our market. At the same time over 200,000 auto workers have lost their jobs, many of them for good. Without question this industry is facing the most serious crisis in its history, and the government has a responsibility to act.

In light of these problems, I want to congratulate you on moving so quickly on hearings in January and on developing your legislation. I have carefully studied your bill, S. 396, which would impose quotas on imports of Japanese automobiles, together with the hearing record from last January, and I want you to know that I certainly believe that it is appropriate to send the Japanese a strong message that their pattern of trade relations with this country is unacceptable. As a rule, I am reluctant to support legislated quotas except as a tactic of last resort; however, I believe that we are in that situation with respect to our auto trade and that it is essential we convey our concern to the Japanese in the strongest terms.

For that reason, as a member of both the Finance Committee and your Trade Subcommittee, I will give the bill my support both in Committee and on the floor.

I also want you to know that I have discussed this matter with Douglas Fraser of the United Autoworkers and have also indicated to him that I plan to support the bill.

Sincerely,

JOHN HEINZ,
U.S. Senate.●

SPANISH DEMOCRACY

● Mr. PELL. Mr. President, in our relations with American friends and allies in Europe, nothing could be more unfortunate than the conclusion recently drawn by certain persons and publications in Spain that the United States is indifferent to the fate of democracy in that country. Over the last 5 years, Spain has undergone an inspiring transition. Under the guidance of King Juan Carlos, Spanish democracy was born and has taken root. The direct beneficiaries of this development are the Spanish people. But also well served is the entire alliance of Western democracies, which can now count Spain among their numbers—as a full partner sharing common interests and common values.

It is difficult to evaluate how seriously Spanish democracy was actually threatened by the recent insurrection. Nor is it possible to predict what other challenges may await Spain's still-young parliamentary government. But there should be no doubt anywhere about American support for the freedoms which the Spanish people have won for themselves since the passing of Franco.

Secretary of State Haig was not incorrect in noting that developments in Spain are indeed an internal matter. They are not, however, a matter of American indifference. We felt deep concern about the brutal repression of the Franco regime. And we felt profound gladness when tyranny in Spain was replaced by liberty.

Those in Spain who are concerned about American attitudes should perhaps be reminded of the Senate's past actions in this regard. In 1976, when Franco still held sway, the Senate approved the United States-Spanish treaty of cooperation only after attaching a strong declaration of advocacy that Spain move quickly to create free institutions. At the time, this Senate action was deeply resented by the Franco regime. But it also gave hope to those Spanish patriots who were struggling to bring just such institutions into being. Two years later, when the battle was won, the Senate again expressed its view—this time through a resolution congratulating the Spanish people on their progress toward the construction of a stable and lasting democracy.

Mr. President, I trust that Secretary Haig's remark will not contribute to any deterioration in United States-Spanish relations. Any such development would indeed be an historic irony and tragedy. For it is Spain's noble achievement in building democracy which has opened the prospect for closer relations between Spain and the United States than have ever existed before. Toward that end, I am pleased that the Senate is again—this time in accompaniment with the House—expressing the American people's abiding hope that democracy will flourish in Spain, tomorrow and beyond.

Mr. President, I ask that the two resolutions to which I referred be printed in the RECORD.

The resolutions follow:

TEXT OF THE RESOLUTION OF RATIFICATION OF THE UNITED STATES-SPANISH TREATY (1976)

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Treaty of Friendship and Cooperation Between the United States of America and Spain, signed at Madrid on January 24, 1976, together with its seven Supplementary Agreements and its eight related exchanges of notes (Executive E. Ninety-fourth Con-

gress, second session) subject to the declaration that:

(1) the United States, recognizing the aspiration of Spain to achieve full participation in the political and economic institutions of Western Europe, and recognizing further that the development of free institutions in Spain is a necessary aspect of Spain's full integration into European life, hopes and intends that this Treaty will serve to support and foster Spain's progress toward free institutions and toward Spain's participation in the institutions of Western Europe political and economic cooperation;

(2) the United States, while recognizing that this Treaty does not expand the existing United States defense commitment in the North Atlantic Treaty area to create a mutual defense commitment between the United States and Spain, looks forward to the development of such an expanded relationship between Western Europe and a democratic Spain as would be conducive to Spain's full cooperation with the North Atlantic Treaty Organization, its activities and mutual defense obligations;

(3) the United States, recognizing that this Treaty provides a framework for continued nuclear cooperation for peaceful purposes with Spain, looks forward to a continued relationship in this field commensurate with steps taken by Spain toward becoming a party to the Treaty on the Non-Proliferation of Nuclear Weapons or placing all of its nuclear facilities under safeguards administered by the International Atomic Energy Agency;

(4) Senate advice and consent to ratification shall be understood to apply to the initial five-year period of the Treaty, so that any United States agreement to an extension of the Treaty shall require the further advice and consent of the Senate; and

(5) the sums referred to in the Supplementary Agreement on Cooperation Regarding Materiel or the Armed Forces and Notes of January 24, 1976, appended to the Treaty, shall be made available for obligation through the normal procedures of the Congress, including the process of prior authorization and annual appropriations, and shall be provided to Spain in accordance with the provisions of foreign assistance and related legislation.

SECTION 605 OF THE FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEAR 1979—ENACTED IN 1978

SPANISH DEMOCRACY

SEC. 605. (a) The Congress finds that—

(1) the Senate, in rendering its advice and consent to ratification of the Treaty of Friendship and Cooperation between the United States and Spain (signed on January 24, 1976), declared its hope and intent that the Treaty would serve to support and foster Spain's progress toward free institutions;

(2) this declaration reflected the strong desire of the United States Government and the American people to see a restoration of democracy in Spain and an expansion of mutually beneficial relations between Spain and the democracies of America and Europe; and

(3) political developments in Spain during the past two years constitute a major step toward the construction of a stable and lasting Spanish democracy.

(b) The Congress finds further that—

(1) the masterpiece "Guernica", painted by Pablo Picasso, has for four decades been a powerful and poignant symbol of the horror of war;

(2) this treasured painting, while universal in its significance, holds special meaning for the people of Spain by its representation of the tragic civil war which destroyed Spanish democracy;

(3) Pablo Picasso, having painted "Guernica" for the Spanish Republican Government and concerned for Spain's future when that government fell, stipulated that the painting should remain in the custody of the Museum of Modern Art in New York until Spanish democracy had been restored; and

(4) the United States and Spain, in a Supplementary Agreement entered into with the Treaty of Friendship and Cooperation, have committed themselves to expand their cooperation in the fields of education and culture.

(c) It is therefore the sense of the Congress, anticipating the continuance of recent promising developments in Spanish political life, that "Guernica" should, at some point in the near future and through appropriate legal procedures, be transferred to the people and Government of a democratic Spain.

(d) It is further the sense of the Congress that the American people, having long benefited from this treasure and admiring Spain's achievement, would wish, as an expression of appreciation and congratulation upon the transfer of "Guernica" to Spain, to assist in the preparation of facilities for the permanent display of the painting, if such assistance is found to be appropriate by the elected leaders of Spain.●

RAOUL WALLENBERG

● Mr. PELL. Mr. President, in 1944 a Swedish citizen named Raoul Wallenberg went to Hungary to do what he could to rescue Jews and others marked for extermination as part of Hitler's "final solution." He risked his life so that others might live; because of his efforts, at least 20,000 people were saved from being deported to the death camps, and tens of thousands of others were saved from violent deaths in the ghetto of Budapest. In January 1945, however, Raoul Wallenberg was taken into custody by Soviet forces.

The Free Wallenberg Committee, of which I am a cochairman, has been working to secure Raoul Wallenberg's release from a Russian prison. Sunday's Washington Post included a penetrating article about Raoul Wallenberg written by Elizabeth Moynihan, the wife of my distinguished colleague, the senior Senator from New York. In order that Mrs. Moynihan's timely article might reach as wide an audience as possible, the senior Senator from Wisconsin, Mr. PROXMIRE, very considerately inserted it into the CONGRESSIONAL RECORD.

Tuesday's Washington Post featured another piece on Raoul Wallenberg, Richard Cohen's thoughtful column entitled "Raoul Wallenberg: One Can Make a Difference." Mr. President, I ask that Mr. Cohen's article from the Washington Post, March 24, 1981, be printed in the RECORD.

The article follows:

RAOUL WALLENBERG: ONE CAN MAKE A DIFFERENCE

(By Richard Cohen)

The telephone rang and the caller said I should write something about Raoul Wallenberg. She said that he remains alive in the Soviet Union, maybe jailed in the Gulag, but that he lives and that a member of Congress would try to make Wallenberg an honorary citizen and then we, the United States, could approach the Russians and ask what they have done with Raoul Wallenberg. They would say he died. But he lives, the caller says, he lives.

He has been seen several times after he was supposed to be dead. He was seen in a Russian prison and in a mental institution and people who later were freed from Soviet prisons said they saw him—said they knew of a Swede named Wallenberg. They said he lives. They said Raoul Wallenberg lives.

Raoul Wallenberg was a rich Swede, educated as an architect but a banker by profession, who during World War II went into the heart of Nazi Europe to do what he could to rescue Jews. He rescued some of them. He could not, of course, rescue most of them, but there are people alive today because of what Raoul Wallenberg did.

He was a hero. He was a brave man. He went up against the most evil regime in all history and he did it not because he was trapped, caught in some circumstance not of his own making—a Jew in Poland or a Gypsy in Romania or a Jehovah's Witness in Belgium—but because he chose to. He came from a neutral country, Sweden, and went to Hungary to risk his life saving the lives of others.

The pictures show a handsome man—aristocratic features, soft looks. The pictures cannot show you what went on inside his head, show he decided to do what he did, but you know he had to realize that he was just one man and the enemies were many. You know, too, that he must have said something about how sometimes you have to proclaim your humanity, do what you have to do even though you have to do it alone. This point is sometimes lost.

In Cleveland recently, a man was tried on the charge of lying about his past when he was admitted to this country. He was alleged to have been an extermination camp guard whose sadism and cruelty stood out even in a place where sadism was routine. The inmates called this man Ivan the Terrible but his neighbors say that that beast could not be the man they know.

The man they know is a nice man. The man they know respects the law. The man they know goes to church and mows his lawn and is kind to children. The man they know could never commit crimes like those he is accused of. But what they don't know, what they could not tell you, is whether a man like this could kill when the government says that killing is not a crime, but a civic obligation. The difference between such a man and a man like Wallenberg is the entire span of human history and we can measure one by the other.

At the end of the war, the Russians came for Wallenberg. Actually, he went looking for them to greet them as an ally. The Russians arrested him as a spy and put him in prison and when people asked, they said he was dead. They said he had been killed by the Nazis and then later, when people came forward to say that they had seen him, the Russians said that there had been some sort of mistake. The Nazis had not killed him after all. He had died in the Lubyanka prison, Moscow. The date was July 17, 1947. Sorry for the mistake, but no matter. He was dead, that was for sure.

But even after he was supposed to be dead for sure, he was seen. Even after the second announcement of his death, he was glimpsed in the Gulag—a figure in the snow, a character out of Solzhenitsyn, a saint in that frozen hell of a place where Russia hides its soul.

By now, Wallenberg would be 68. By now, his hair would be gray or gone and his features would be different and . . . who knows what 35 years of prison have done. By now, of course, there is a good chance that he is really dead and there is little chance that the Soviets, if they keep him still, would admit it, free him and humiliate themselves to the world.

For this reason, I told the person on the

phone it was probably pointless to write about Wallenberg. She listened and then she started to tell again what Raoul Wallenberg had done. Her message was clear. You have an obligation to do something and you do what you can. This, I suppose, was the message of Raoul Wallenberg.

This is why he lives.●

IN GOD WE TRUST

● Mr. HELMS. Mr. President, on February 16, I introduced S. 481, a bill to restore the right of voluntary prayer in public schools. This subject is not new to the Senate. In fact, in the last Congress, this body passed legislation which contained provisions identical to those of S. 481.

Since the Supreme Court decisions of the early 1960's which effectively did away with voluntary prayer in schools, public support to restore those rights has arisen all across this Nation. One outspoken advocate of the rights of children to have voluntary prayer included in their school day is Rabbi Menachem M. Schneerson, the Lubavitcher Rebbe.

On January 15, Rabbi Schneerson delivered an address to more than 5,000 followers who had gathered to mark the completion of 30 years of world Jewish leadership by the Rebbe. That statement eloquently presents a clear perspective on the principle of separation of church and State and, in turn, on the case for voluntary school prayer. In the words of the Rebbe—

> Separation between religion and state is not, nor ever was, meant to imply antagonism to, or even indifference to religion. . . . school prayer does not negate the concept of separation of religion and state, for in no way is this religious intolerance, which was the sole concern of the founders of this country when instituting this concept.

Mr. President, the Rebe's points merit the attention of the Members of this body. Therefore, I submit the text of his statement, " 'In G-d We Trust': Safeguard for Religious Freedom," to be printed in the RECORD at the conclusion of my remarks.

The text is as follows:

"IN G-D* WE TRUST": SAFEGUARD FOR RELIGIOUS FREEDOM

(Delivered January 15, 1981, by Rabbi Menachem M. Schneerson, the Lubavitcher Rebbe)

In a democracy such as the U.S.A., an orderly transference of government is effected through the electoral process. The choice made by the people in the polling booths decides who will occupy the highest office in the land—the Presidency; thereby ensuring a smooth and peaceful transition from one administration to the next.

Yet a disturbing trend has been evident in past elections. When the previous incumbent in the Oval office is the defeated candidate, his defeat has triggered a less than noble response; it is seized upon by some as an opportunity to rejoice in his discomfiture. Stripped as he now is of power, such critics fear no retaliation on his part; nor can they now expect to gain any favors. And so they indulge in the ignoble pastime of rubbing salt into the wound.

But such is not the way of Torah. Notwithstanding any past mistakes, Torah bids us to be grateful, to acknowledge those good things which were done. In the eyes of Torah, to be an ingrate is a despicable thing, unworthy of any decent human being. And in the past administration, the outstanding achievement was the prevention of war. There were instances in the past four years, which, but for the endeavors of the President, could easily have led to war. Not only did he thus save millions of Americans from the horrors of such a consequence, but in all probability the rest of the world. And for this he deserves our thanks and gratitude.

Possibly, political considerations would dictate greater caution in expressing gratitude, from fear of offending the new holder of office. But the new President will undoubtedly tender recognition for the good accomplished; especially when the good was of such paramount importance as the prevention of war.

A short note of caution is in order here. The above acknowledgement is in no way to be construed as a retraction from my previous stand concerning the Camp David accords. I reiterate as strongly as possible that it was, and remains, a disaster and peril for Jews and the rest of the world. The President's part in the accords was, no doubt, motivated by the hope that it would bring peace—and for this he is to be commended. But the fact remains that all that has been achieved is that one side has made numerous concessions, including giving up land and essential oil supplies, for no substantive return whatsoever. Such concessions merely prompt demands for further concessions, creating an even greater danger to peace.

To return to our main point: notwithstanding any errors made, we are enjoined by Torah to express gratitude where credit is due. This is a man who safe-guarded the well-being of millions of Americans, and to him we duly express our gratitude.

While Presidents can and do change, the office of the Presidency remains constant. The beginning of a new term of office will certainly elicit even more vigorous efforts on the part of the new President in the discharge of this office. The first and foremost duty is to strengthen the basis of our very existence. That basis is the foundation upon which this country was born and is stated on every dollar bill printed in the U.S.A.- "In G-d We Trust."

There are various words which roughly express the same meaning as "trust"—for example, belief, faith. Trust, however, has a meaning which is more profound than mere belief. Belief in a Deity does not always mean unquestioning confidence in that Deity's willingness to help a person in every facet of life. One can believe in G-d—but not to the extent that one puts his trust in G-d. As in the business world, where assets are given to another to be held in trust, so too, our faith in G-d must be to the extent that we "trust" in Him. We believe that G-d is not some demote Being, removed and aloof from His creations, but that every detail of our lives can be safely entrusted to G-d.

And this is one of the main areas in which we hope the new President will invest special efforts, working to instill such trust in G-d within each and every citizen, ensuring that their conduct is proper and becoming to He in Whom we place our trust. The only way to assure that such conduct will become second nature is through the proper education of our children. In the U.S., the state is responsible for the education of its citizens. It is thus the responsibility, and indeed privilege, of the public school system to instill in its charges the knowledge that G-d is not only the Creator of the world, but a Being in Whom we trust. It is this knowledge which is the foundation for a life of productivity and decency.

Of course, there will be those who object to this with the argument of separation of religion and state. They, however, base their argument on a faulty premise. Separation between religion and state is not, nor ever was, meant to imply antagonism to, or even indifference to religion. Historically, the founding fathers were refugees from religious persecution, and hence, when founding this country, sought to ensure that there would be no interference by the state in the religious beliefs and practices of its citizens.

But there is no question that their intention was to safeguard against any form of religious intolerance or persecution. Today, however, separation of religion and state has been taken to extreme, if not absurd lengths. Any attempt to help parents defray the costs of educating their children in the way they feel proper is met with outbursts of protest and condemnation. But actually the reverse is true: Such financial aid is not incorrect; it is not illegal; it is perfectly within the boundaries of the Constitution. Indeed, to withhold finances from religions schools is tantamount to religious persecution! For it is the inalienable right of every parent to choose their child's education; and since in public schools one cannot receive a religious education (not even that stated on our money—"In G-d We Trust") parents are forced to build their own schools. Yet they are still required to pay, through their taxes, for the public schools! And surely all excuses are invalid when it comes to the question of helping religious schools pay for the cost of non-religious components of schooling—e.g. travel, health, secular subjects, etc. Refusal to help defray the cost of religious schools, or at least to grant tax rebates to those parents whose children attend the religious schools, is thus a subtle form of financial persecution.

But even financial help such as that described above is not enough. Every child, including those attending public school, must be inculcated with that belief—"In G-d We Trust." This should be the very foundation of education, with each day beginning with a non-denominational prayer affirming our trust in G-d. Obviously, this is not in any way meant to give license to the state to differentiate between one religion and another. We refer to that which is common to all religions—a simple declaration of trust in G-d. This does not negate the concept of separation of religion and state, for in no way is this religious intolerance, which was the sole concern of the founders of this country when instituting this concept.

All of the above may be verified by actual experience. The best, if not only way to train a child to be a moral and decent citizen is to instill in him the knowledge, at least through a simple recitation every day, that we trust in G-d. Such knowledge helps to check temptations to do wrong, and to ensure that a child's conduct is fitting and proper. And those who automatically raise the objection of separation of religion and state do so without reckoning with the devastating consequences of a generation reared without any knowledge of G-d. The results are obvious: Many adults of today feel no responsibility to train or influence their children, resulting in the frightening state of our society.

It is, we firmly believe, imperative to instill in children the knowledge that the basis of our society, and indeed of each individual, must be the awareness and trust in He Who is the true Existence—G-d. And, as noted earlier, this is as a beginning carried out through a simple declaration by children at the beginning of each day, those four words which so succinctly sum up what we have been saying—"In G-d We Trust."

*As a matter of religious belief Orthodox Jews will not write the word God because they regard it a violation of the prohibition against graven images.

The importance of the above demands an urgency that must transcend the normal length of time taken to implement legislative action. Besides being perfectly within the framework of the Constitution and law, it is the foundation of the existence of our country, and as such cannot, must not, be tied up in the usual legislative red tape. No committees are necessary, no cost/benefit studies are needed; but instead direct action.

American money not only bears the inscription "In G-d We Trust," but also "E Pluribus Unum" (out of many—one). This motto sums up the American democratic process. A government is installed when the "pluribus," the many, participate in free and true elections. The purpose of any election is the unity that will be its consequence; for once the majority has expressed its choice, even the dissenting minority must unite behind that decision. In the case of Presidential elections, those who cast their ballot for a different candidate, representing different policies, will now, after the elections, also accept the victorious candidate as their President. And the reverse is also true: The victorious candidate is not only the president of the majority that elected him, but also of the minority which opposed him. He will fulfill his Presidential duties with complete integrity, not differentiating between those who previously voted for or against him. He is the President of the United States of America—of all Americans.

May it be G-d's will that this country conduct itself in all its matters with justice, kindness and peace. May all the above suggestions be speedily implemented, making it truly fit for G-d's presence, by everyone and all of us becoming and being a shining example in everyday life of "In God We Trust."●

"I SPEAK FOR FREEDOM" CONTEST

● Mr. QUAYLE. Mr. President, a young scholar, Miss Jeanine Gozdecki of Munster, Ind., has distinguished herself in a speech competition, the "I Speak for Freedom" contest. Her thoughtful speech addresses itself to the timely theme, "How Economic Freedom Affects Progress," and I feel it is worthy of my colleagues' consideration.

Mr. President, I ask that Miss Gozdecki's prize-winning oration be printed in the RECORD.

The document is as follows:

HOW ECONOMIC FREEDOM AFFECTS PROGRESS

"The most powerful single force in the world today is neither Communism nor capitalism, neither the H-bomb nor the guided missile—it is man's eternal desire to be free and independent."

This quotation by John F. Kennedy illustrates man's universal desire for freedom, a desire which has not been altered by the passage of time. We are all well aware of our forefathers who experienced this powerful force in establishing these United States. Nearly 200 years later this identical desire was again exemplified. In 1949 Chiang-kai Shek, a Chinese political leader in search of freedom from Communism, was driven from mainland China to a neighboring island. There, on this tiny island, Chiang-kai Shek established the Republic of China on Taiwan.

From the very beginning Taiwan was labeled as a failure by other nations. Yet, in light of the fact that Taiwan has continued its independence for more than 30 years, it seems that Taiwan has successfully defied those early predictions. Even the United States, Taiwan's major benefactor in the early years, quietly circulated word that a takeover of Taiwan by the Communists was imminent and that economic prosperity was impossible. But with the help of the United States, Taiwan developed a thriving export industry. Look around—the results are everywhere. How many Christmas tree ornaments, trinkets, and clothing have you seen with the infamous label, "Made in Taiwan?"

The boom in the export industry has strengthened Taiwan's economic freedom. The Chicago Tribune reported on February 4, 1979, that the Gross National Product has grown by an average of 8% a year for the past 25 years. It also indicates that the unemployment rate is only 1.5% and inflation stands at approximately 6%. Robert Parker, the President of the American Chamber of Commerce in Taiwan alleges the reason for the solid economic indicators is that the Taiwanese are "educated, well-fed, hard-working, and dedicated people." Such dedication has swept in billions in foreign investment. Newsweek, September 29, 1980, remarked that the U.S. invested over 80 million dollars in 1979, and overall foreign investment in 1979 was 54% higher than in 1978.

Clearly, Taiwan has economically progressed. This economic progress has allowed for an increased military—to protect against possible intervention by China, and to support its economic freedom.

Though it began in 1949 with virtually nothing, Taiwan has since expanded its forces to 500,000 men who are prepared, armed, and ready for combat. Fortifying this initial number are 1.3 million trained reserves. Taiwan has not only built up its troops, but has acquired potent equipment as well. According to Arizona Senator Barry Goldwater, Taiwan possesses 200 F–5E fighter planes. The importance of this figure is emphasized by Goldwater, stating that these fighter planes are more powerful and more effective than any plane China has or is likely to develop.

Taiwan, the country doomed to failure 30 years ago, has acomplished goals once thought to be unattainable. Initially aided by the U.S., Taiwan developed an export industry which led to greater economic freedom. This in turn provided the means for developing a more powerful defense, and with this strong military preparedness, Taiwan has been able to maintain its economic freedom. Thus, when examining how economic freedom affects progress on the Republic of China on Taiwan, the positive results are undeniable. The western world's view of Taiwan is quite simple, "They seem to be doing everything right."—JEANINE M. GOZDECKI, 1981.●

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, is there an order for the Senate to convene on tomorrow?

The PRESIDING OFFICER. There is no order.

Mr. BAKER. Mr. President, I ask unanimous consent that, when the Senate completes its business tonight, it stand in recess until the hour of 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO RESUME CONSIDERATION OF SENATE CONCURRENT RESOLUTION 9 AT 10 A.M. TOMORROW

Mr. BAKER. Mr. President, I further ask unanimous consent that, at not later than 10 a.m. on tomorrow, the Senate resume consideration of Senate Concurrent Resolution 9.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 9:30 a.m.. tomorrow.

The motion was agreed to; and at 6:36 p.m., the Senate recessed until Friday, March 27, 1981, at 9:30 a.m.

NOMINATION

Executive nomination received by the Senate March 26, 1981:

DEPARTMENT OF STATE

Robert L. Brown, of Virginia, to be Inspector General of the Department of State and the Foreign Service. (New position.)

CONFIRMATIONS

Executive confirmations confirmed by the Senate March 26, 1981.

SMALL BUSINESS ADMINISTRATION

Michael Cardenas, of California, to be Administrator of the Small Business Administration.

DEPARTMENT OF STATE

O. Rudolph Aggrey, of the District of Columbia, to be a Foreign Service Officer of the Class of Career Minister, A Consular Officer, and a Secretary in the Diplomatic Service of the United States of America.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF JUSTICE

William Francis Baxter, of California, to be an Assistant Attorney General.

IN THE AIR FORCE

The following-named officer for appointment in the Reserve of the Air Force to the grade indicated, under the provisions of chapters 35, 831, and 837, title 10, United States Code:

To be brigadier general

Col. Wess P. Chambers, [redacted] FG, Air National Guard.

EXTENSIONS OF REMARKS

THE REAGAN TAX REDUCTION WILL INDUCE GREATER PRODUCTIVITY AND SAVING

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. ROUSSELOT. Mr. Speaker, Dr. Paul Craig Roberts, Assistant Secretary of Treasury for Economic Policy, has written an excellent article, appearing in the March 19, 1981, Wall Street Journal, which rebutts "The Keynesian Attack on Mr. Reagan's Plan." Dr. Roberts points out, through some simple calculations, that it is the aggregate effect of small individual responses to the improved incentives for work and saving which will lead to enormous increases in our Nation's productivity and saving. He also alludes that a reduction in marginal tax rates is not just an individual or personal tax cut, but a business tax cut as well. This is a result of the capital gains tax rate being dropped from 28 percent to 20 percent, the tax rate on investment income falling, and the effect that the Reagan tax proposal will have on thousands of unincorporated businesses and partnerships will be affected.

Mr. Speaker, I am convinced that our economic policy course must be changed. Our clear alternative is to implement the supply side approach of the Reagan administration. If we fail to achieve this, it is certain that our old Keynesian policies, which have brought us double-digit inflation, high levels of unemployment, and other economic dislocations, will lead us down the path of doom.

I urge my colleagues to read Dr. Roberts' analysis of the administration's tax proposal so that they may be aware of the tremendous gains our economy will accomplish through the Reagan proposal's adoption by the Congress.

THE KEYNESIAN ATTACK ON MR. REAGAN'S PLAN

Every morning when I pick up my New York Times I expect to read in Steven Rattner's reports that I have abandoned supply-side economics. After all, he even reported that Jack Kemp himself had abandoned his own bill in disagreement over an inconsequential detail.

Mr. Rattner has established himself as leader of a corps of reports trying to drive permanent wedges into any crack of disagreement that policy discussion inevitably generates. The object is to isolate the supply-siders. Last Week Hobart Rowen, a Washington Post commentator long identified with the liberal Keynesians, said it wouldn't be long before supply-side economics is back on the shelf. Critics sense that if they can blunt and deflect the intellectual cutting edge of the Reagan program, the rest of it can gradually be chopped up with the familiar interest-group and income-redistribution arguments.

But in spite of all the journalistic smoke, the supply-siders still have on their side the Office of Management and Budget. Treasury and the President—not exactly what you would call a hunkered-down position. And the Reagan tax bill is still very much alive. The problem isn't in controlling the policy but in controlling the explanation of it.

While supply-siders have been busy making the policy, stalwart representatives of the status quo like Walter Heller and other leftover economists from a bygone era have been busy explaining the policy in Keynesian terms. When you hear supply-side economics interpreted by a demand-side economist, it sounds scary indeed.

EXPLAINING INFLATION

The policy will be "actively inflationary," warns Otto Eckstein of Data Resources Inc., an economic consulting firm. Supply-side analysis, chimes in Mr. Heller, is a "fairy tale." The true story, he charges, is that supply-siders are unleashing the wolf of inflation to devour the country. Because both these demand-siders have been so thoroughly associated with the policies that have inundated us with inflation, people think they must be inflation experts.

It is nevertheless a fact that neither Mr. Eckstein nor Mr. Heller has ever been able to explain why it is inflationary when people spend their own money, but not when the government spends it for them. Yet it is easy enough to understand why supply-side tax cuts aren't inflationary. All you have to do is to stop thinking like a Keynesian.

The administration wants to cut personal income tax rates, not in order to give people more money to spend, but in order to increase incentives to earn more taxable income. Today people are taxed at unprecedented high rates on any additional income that they earn, either from work effort, saving or upgrading their skills. The inevitable results of little reward for extra effort are worsening work attitudes, high absenteeism rates, reluctance to work overtime and to assume risks, and the lowest personal saving rate in anyone's memory.

For the supply-side policy to work, taxpayers don't have to respond to lower marginal tax rates by giving up vacations, going on a double-shift and saving all of their income. When you have a work force of more than 100 million people, small individual responses result in a large aggregate effect. If the average number of hours worked per week rises from 35 to 35.5, GNP rises by $24 billion. If the absentee rate declines by one-half percentage point, GNP rises by about $10 billion. If the personal savings rate rises from about 5.5 percent to about 7.5 percent as it did after the Kennedy tax rate reductions, private savings increase by $42 billion annually at current income levels. The increased savings together with the revenue "reflows" and the budget cuts more than pay for the tax cuts, thus making possible "crowding in," or increased capital formation.

If you are a Keynesian, however, you don't think about any of this, because in the Keynesian model tax cuts have only a single purpose—to increase demand. Therefore, Keynesians focus only on the question: What are people going to do with the tax refunds that they get back on their existing earnings? The answer is that what they do with them is much less important than how they respond to the changed incentives. If savings, investment and work effort do not respond to higher after-tax rewards, then the policy will have no effect on the economy, and the downside risk is simply: no change.

Keynesians, however, should have their question answered, even if it is irrelevant. Polls indicate that people plan to use more than half the tax refund to build savings and pay off debts. But suppose they spend it all. Keynesians would say that total spending has increased and, therefore, the tax cuts are inflationary. But the government is spending less, so how has total spending increased?

At this point the critics claim that Congress will cut taxes, but not spending. Surely then the tax cut would be inflationary. No, not unless the Federal Reserve prints more money.

A tax cut without a spending cut can result in a budget deficit, but a deficit is not inflationary unless the Fed monetizes it. If the Treasury finances the deficit by selling bonds to the public, it recovers by borrowing what it handed back in tax refunds, and total spending does not change. That's why supply-siders insist that it is not necessary to offset a tax cut with a budget cut in order to avoid inflation. The supply-side rationale for the budget cut is to prevent the increase in private savings from being used up financing the growth in government spending. Supply-siders want the increased savings to go into private capital formation and not into government bonds.

Tax cuts are associated in people's minds with higher demand and inflation because that is the way it works in the Keynesian policy to which they are accustomed. In the Keynesian policy the purpose of a tax cut is not to alter incentives but to create a budget deficit. The Fed is then pressured to monetize the deficit in order to increase aggregate demand. But since the Reagan administration is not cutting taxes in order to stimulate demand, it will apply no pressure on the Fed to monetize debt.

Indeed, it is applying the opposite pressure, which has confused some of the Keynesians in the Fed. Your policy will have no effect at all, they say. The fiscal stimulus you are providing with the tax cut will be offset by the tight monetary policy you are urging on us, and the policy will be a wash. We hope the Fed catches on sooner rather than later that we are not trying to provide a fiscal stimulus.

PERSONAL VS. BUSINESS

Once people catch on to the supply-side, they will realize that the old categories of personal versus business tax cuts don't make any sense. The proposed reduction in the personal income tax rates is a business

tax cut too. It automatically reduces the maximum capital gains tax from the present 28 percent. It increases the rate of return to investment income across the board. It lowers the tax rates on partnerships and unincorporated business income. It increases savings. It improves work attitudes, lowers wage demands and contributes to better labor productivity. What "business tax cut" does more?

People will learn also that supply-side economics doesn't have a "Phillips Curve"—the idea that you can't have higher economic growth without higher inflation. To get a "Phillips Curve" you have to mix together demand stimulus and supply disincentives like high marginal tax rates and inadequate capital cost recovery. Thus when The Washington Post charges that President Reagan's "scenario lies far beyond the limits of any past experience in this country or any other industrial democracy" it is wrong for two reasons. It ignores the policy context of the past experience in this country, and it overlooks Japan. In 1974 the Japanese had a real economic growth rate of −0.2 percent and an inflation rate of 24.5 percent. Five years later real growth was 6.1 percent and inflation was 3.6 percent.

Now that's what I would call a real rosy scenario. President Reagan is a piker by comparison. Do the "prestige press" and congressional Democrats really believe that the U.S. economy can't perform even half as well as the Japanese? Supply-siders see nothing to be gained from writing off America at the start.●

BUDGET CUTS—FACTS AND MYTHS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. MICHEL. Mr. Speaker, many myths have grown up around the proposed budget cuts. We hear horror stories and we hear charges that the administration is not compassionate. Well, is it compassionate to cause inflation, to ruin family budgets, to put the poor in a position where they can never even hope to get out from under? I do not call that compassionate. But those who are now criticizing the President are exactly those who for years were voting for inflationary legislation that has crippled a generation of Americans. Where was their compassion then? Where was the compassion of groups now speaking against budget cuts when middle-income families were being taxed into ruin and despair because big spenders took their money in taxes?

The next time I hear a call for compassion from those who caused this vicious inflation or those poverty warriors who benefit from it, I am going to ask to see copies of the remarks they made against inflation's devastation in the years when they were calling for more and more spending.

For the present I want to introduce into the RECORD two newspaper articles which give some facts about the proliferation of income distribution programs in this country over the past few years.

I ask unanimous consent that "Census Finds U.S. Benefits Reach 1 Out of 3 Families" from the New York Times and "Public Aid Is Shown To Go To Many Who Aren't Poor" from the Wall Street Journal, both dated March 13, 1981, be included in the RECORD.

CENSUS FINDS U.S. BENEFITS REACH 1 OUT OF 3 FAMILIES

WASHINGTON, March 12.—The Census Bureau, in its first look at who gets help from the Government, said today that Federal benefit programs reached one out of every three American households in 1979.

The agency reported that 27,190,000 of the 79,108,000 households counted in the 1980 census used at least one of five Federal benefit programs: Medicare, Medicaid, food stamps, school lunch aid and subsidized housing.

Medicare is the single largest program, covering one or more persons in 18,526,000 households. Gordon W. Green Jr., author of the report, said that the large number of people covered by Medicare meant that the totals did not reflect only assistance to the poor.

AGE OR DISABILITY FACTOR ARE CITED

He noted that eligibility for Medicare was based on age or disability, not income, and said that people receiving only Medicare totaled more than half of those studied. Thus, those receiving assistance based on income level accounted for about one household in six.

Ninety percent of the people covered by Medicare were white and 9 percent were black. According to the report, 15 million of the households involved included someone 65 years of age or over.

The median income of households with someone covered by Medicare was $8,584, compared to $16,533 for all households in the country. Mr. Green noted that most Medicare recipients were over 65 and were retired.

While Medicare is aimed at the aged and disabled, Medicaid tries to help needy families with dependent children. It covered 18.1 million people in eight million households under a complex array of rules that vary from state to state.

MEDIAN INCOME IN MEDICAID HOUSEHOLDS

The median income of household with Medicaid coverage was $5,990. Of them, 68 percent were white, 30 percent were black, and 9 percent Hispanic, according to the figures.

Those totals and some others add up to more than 100 percent because some Hispanic Americans list their race as white or black and their national origin as Hispanic; this can result in a household being counted as Hispanic and also under the white or black category.

According to the report, about 5.9 million households received food stamps, 66 percent of them including children under age 19. These households had a median income of $5,300 and 77 percent of them had incomes under $10,000.

Of these, 42 percent were families in which no husband was present and 17 percent were 65 or over. Food stamp households were 63 percent white, 35 percent black, and 10 percent Hispanic.

DATA ON PUBLIC SCHOOL LUNCH PROGRAM

While all public school lunches are at least partly subsidized, special programs provide lunches free or at a reduced cost to children from low-income families. Children from families earning less than 125 percent of the Federal poverty level get free lunches, while price reductions are available for those from families whose annual income ranges from 125 percent to 195 percent above the poverty level. For a family of four, the Federal poverty level is $7,450.

A total of 4.9 million households have children receiving this assistance, about 18 percent of all households with school-age children.

The bureau said that about 2.5 million families lived in public or subsidized housing, about 3 percent of all households in the nation.

The median income for the group was $4,980. Thirty-nine percent were black and 8 percent Hispanic. About 66 percent were families in which no husband was present.

PUBLIC AID IS SHOWN TO GO TO MANY WHO AREN'T POOR

WASHINGTON.—The Census Bureau reported that 39.5% of households getting food stamps aren't poor.

The bureau also found that 57.3% of households getting subsidized school lunches are above the poverty line, along with 53.4% of households in subsidized housing, 52.5% covered by Medicaid and 82% of those covered by Medicare.

The findings are contained in the bureau's first survey of the economic and demographic characteristics of those receiving noncash public assistance.

The findings are likely to be used by both sides in the current debate over President Reagan's proposals to pare spending for most of these programs.

The President insists his cuts wouldn't hurt the "truly needy," while critics are insisting the poor will suffer most.

The survey did find that beneficiaries are largely above the official poverty line, which for a nonfarm family of four was $7,412 in 1979, the year the survey was conducted. But it also found that few beneficiaries are affluent.

FOOD-STAMP HOUSEHOLDS

For example, only 10% of food-stamp households had incomes above $15,000 a year, and one-quarter of those were families with six or more mouths to feed. Median income for all U.S. households was $16,533.

Similarly, 7% of those in subsidized housing had incomes exceeding $15,000, along with 21.8% of those getting school lunches, 17.8% of those covered by Medicaid and 25.7% of those covered by Medicare.

The bureau found the extent of noncash benefits has grown to enormous proportions. More than 27 million households, or 34.4% of all U.S. households, received one or more of the benefits in 1979.

By far the largest of the programs was Medicare, which covers the aged and disabled. But even the other benefits—intended primarily to assist the needy—reached 13.4 million households, or 16.9% of the U.S. total.

PUBLIC HOUSING

Nearly six million households received food stamps. Their median income was $5,300. The average annual value of the food stamps was $810 per household.

More than 2.5 million households were living in public housing or benefitting from federal rent subsidies. Median income was $4,978.

About 4.9 million households had children receiving free or cut-rate school lunches. Median income was $9,190.

Medicare covered 18.5 million households, or nearly one in every four. Median income for this group, 81% of which included a householder 65 years old or older, was $8,584.

Medicaid covered eight million households, with median income of $5,990.●

THE 99TH ANNIVERSARY OF THE KNIGHTS OF COLUMBUS

HON. GREGORY W. CARMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. CARMAN. Mr. Speaker, I would like to call the attention of the House to an important anniversary . . . the 99th year of the Knights of Columbus on March 29.

The Knights of Columbus is an international organization of Roman Catholic men, founded by Father Michael McGivney in 1882 to supply insurance benefits to Catholic families. Today, it is one of the largest fraternal organizations helping the handicapped and needy, sponsoring religious, welfare, and educational programs.

The Knights of Columbus has about 1,200,000 members in the United States, Canada, Mexico, and other countries. Members must be at least 18 years old and practicing Roman Catholics.

Mr. Speaker, It gives me pride to salute the Knights of Columbus on its 99th anniversary, which was called to my attention by the Knights of Columbus council in my hometown of Farmingdale, N.Y. I know they will continue their program of good works for the communities they serve for many years to come.●

JAPAN'S DEFENSE SPENDING INADEQUATE

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. FINDLEY. Mr. Speaker, as the National Security Record, published by the Heritage Foundation, notes in its March 1981 issue, the United States spends a higher percentage of its gross national product on defense than any of the other 10 wealthiest Western nations. The disparity is particularly great between the percentage of GNP which the United States spends on defense—5.2 percent—and the percentage Japan spends—0.9 percent.

The National Security Record makes some particularly useful suggestions for ways in which Japan can contribute to the Western defense effort to enhance our common security. I would like to call these suggestions to the attention of my colleagues.

The material follows:

THE ALLIES AND DEFENSE SPENDING

The United States and its Western allies have reached a critical watershed in their politico-military relations. Ambitious Soviet geostrategic goals aimed at severing Japan and the nations of Western Europe from their American ally, whether through indirect political and economic isolation or direct military intimidation, can only succeed if the nations of the West fail to understand the scope of the Soviet threat and do not act to preserve the political, economic and security framework that has protected their interests for the past 30 years.

Every aspect of Western security-political, economic, and military—is important, and should not be considered as more significant than any other. However, the one aspect that continues to pose the most difficult problems for the nations of the West is that of paying for their collective defense. The issue of Western burden-sharing in the defense sphere deserves particular attention because of current trends in U.S.-Soviet defense expenditure. General David C. Jones, Chairman of the Joint Chiefs of Staff, underscored the significance of the divergence in U.S.-Soviet defense spending in his FY 1982 Military Posture Statement by noting that the U.S.S.R. out-spent the U.S. on defense by $450 billion over the past ten years. According to Jones, the Soviets outspent the U.S. on defense activities by 50% in 1979, or by approximately $70 billion.

Clear, such a wide disparity in U.S.-Soviet defense expenditure is unacceptable. The U.S. should act promptly to reverse these adverse trends in a militarily prudent and fiscally efficient manner. Yet it is not the sole responsibility of the United States to redress the growth of Soviet military power.

Current estimates of the FY 1982 defense budget of the Reagan Administration project an increase of from $20-25 billion in budget authority above that proposed by the outgoing Carter Administration. Wisely spent, such an increase can do much toward redressing the imbalance in U.S.-Soviet military power. However, even given such sizeable and necessary U.S. defense spending increases, a U.S.-Soviet defense spending gap will still remain. As the following table indicates, it is well within the capacity of the ten wealthiest nations of the West to help the U.S. decrease this spending gap.

The purpose of this comparison is to highlight the enormous economic base the West can draw on to compete against the Soviets militarily—heretofore underutilized because of a lack of direction from the U.S. and a collective hesitation against increasing defense spending.

TABLE I.—COMPARATIVE DEFENSE SPENDING FOR THE 10 WEALTHIEST WESTERN NATIONS

[Dollars in billions]

Nation	As percent of GNP [1]	1980 U.S. dollars
U.S.	5.2	$142.7
U.K.	4.9	24.4
Japan	0.9	9.0
W. Germany	3.3	25.1
Italy	2.4	6.6
Canada	1.7	4.2
Australia	2.8	3.9
Belgium	3.3	3.7
France	3.9	20.2
Netherlands	3.4	5.2

[1] Defense spending as percent of GNP figures on 1979 estimates given by The Military Balance. 1980 figures not yet available.

Source: The Military Balance, 1980–81, pp. 96–97.

EAST ASIA

Of all the nations in East Asia, Japan is the most reluctant to increase its defense spending substantially. In late July 1980, it appeared as if the Japanese would raise their 1981 defense budget by 9.7%, excluding pay raises. The cabinet supported a joint Finance Ministry/Defense Agency compromise to raise defense spending by this amount in the coming year. However, following further cabinet negotiations on the defense budget in December (occurring with the prospect of increased budgetary deficits in view), Prime Minister Suzuki announced that the 1981 defense budget would be raised by 7.6%—or 4% after adjusting for inflation.

Although this downward revision of the Japanese defense budget is unfortunate, one should note that in July, the Defense Agency won an important concession from the Finance Ministry: the Finance Minister promised to hear future Defense Agency budget requests in the context of "domestic and international circumstances," clearly implying that Japanese defense spending could rise in the future if security considerations warrant it.

Japan's constitution mandates that its military forces be used for "self-defense" only, and for over 20 years Japan has spent less than one percent of its GNP on national defense, Moreover, the 1960 U.S.-Japanese Security Treaty stipulates that the U.S. come to Japan's defense if it is attacked, but not vice-versa. It is unlikely that the structure of the U.S.-Japanese security relationship can be changed in the near future. However, given the proper direction from the U.S., it may be possible for Japan to increase its self-defense capability in areas vital to its immediate security concerns.

There is reason to believe that Japan would be receptive to such direction. The 1978 Guidelines for U.S.-Japanese Defense Cooperation already provide for joint military exercises, joint planning and "major improvements in Japanese naval mining, air defense and anti-submarine warfare capabilities. . . ." Although powerful bureaucratic interests in Japan such as the Finance Ministry and MITI (Ministry of International Trade and Industry) have opposed major defense increases in the 1981 budget, a clear delineation of what Japan's future defense posture should be, coupled with continued U.S.-Japanese trade and an absence of foreign policy "shocks" reminiscent of the 1971 dollar devaluation, may help to achieve positive results over time.

Japan should seriously consider upgrading its self-defense forces in the following areas:

ASW—Japan plans to procure a total of 45 P-3C antisubmarine warfare aircraft (capable of mining waters under day and night all-weather conditions), with formation of the first P-3C unit in 1982, are steps in the right direction. Japan should also make efforts in future years to procure additional SH-3B ASW helicopters and ASW frigates for its maritime self-defense forces, as fewer of these systems are to be procured this year than was originally planned. Japanese ASW surveillance capabilities could be further enhanced with the procurement of shipboard ASW helicopters, now undergoing operational tests.

Sea-Lane Defense—Japan should resolve to undertake a greater role in the defense of the sea lanes. Aside from procuring ships

for limited coastal defense, Japan could markedly increase its sea-lane defense capabilities by procuring new destroyers, CG-47 Aegis cruisers and destroyer escorts armed with surface-to-surface and anti-ship-missiles, and additional RH-53E minesweeping helicopters.

Sea/Land Air Defense—Current Japanese plans to procure up to 123 F-15 fighters for homeland defense are reasonable, but consideration also should be given to extending the air defense capability for the Japanese fleet. Procurement of long-range, land-based F-14 fighers, if armed with Phoenix air-to-air missiles (incorporating active terminal guidance), would help in this mission. Another option, although perhaps less feasible politically, would be the deployment of ASW carriers, equipped with V/STOL (vertical/short take off landing) aircraft.

Foreign Assistance—Another means by which Japan can contribute to the security of the West is to provide ecomonic assistance to financially-troubled U.S. allies. Such aid has already been extended to Turkey and Egypt, and should be continued. By assuming more of this burden for the West, Japan can decrease the foreign economic aid requirements of its allies.

The crux of the issue involved in obtaining a commitment from Japan to increase its defense capabilities is not whether it should increase them at a certain percentage or up to a fixed rate of GNP (i.e., 1%). indeed, to do so may be neither sufficient for Japan, in terms of its real defense needs, or effective if those funds are not properly allocated. Instead, the U.S. should work and consult with Japan as a full partner in the Pacific region to define clearly the security threat to Western interests and to outline specific defense missions which Japan could undertake in cooperation with the U.S. in deterring Soviet expansionism.●

NUCLEAR WASTE MANAGEMENT POLICY ACT

HON. BUTLER DERRICK

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. DERRICK. Mr. Speaker, I am today introducing the Nuclear Waste Management Policy Act, a bill creating a framework for the establishment of licensed Federal geologic repositories for the disposal of high level radioactive waste, transuranic waste, and spent nuclear fuel. This measure provides a Federal program to insure:

Development of guidelines for the recommendation of sites for repositories;

Selection of two or three sites in different geologic media suitable for development as repositories by January 1, 1985, and site characterization studies to be conducted by the Secretary of Energy on these sites;

Recommendation by the President to the Congress, no later than January 1, 1987, of a site which he considers qualified for application for license as a repository;

Establishment of a process and specific role for State and local participation with respect to decisions regarding siting and development of waste repositories;

The existence of an appeals process by the State regarding a site's selection, with review of this appeal by Congress;

Adequate involvement by the Nuclear Regulatory Commission and a specific judicial review process of any administrative decision.

In addition, the Nuclear Waste Management Policy Act requires the Department of Energy to develop, in conjunction with other Federal agencies and departments, annual nuclear waste management reports describing activities undertaken and those planned. By March 1, 1982, the report should also include an assessment of the feasibility of providing payments to States or local governments to mitigate impacts caused by the development of permanent repositories, including the possibility of a form of payments-in-lieu program.

By June 30, 1985, report is required to be submitted to the Congress and the President by the Department of Energy, outlining proposed fees to be collected from those holding title to the waste or spent fuel which is subject to disposal. These fees would be offset the construction, operation, administration and other costs incurred by the Department. This report will also review appropriate mechanisms for the possible creation of a revolving fund, so that funds could be made available for disposal costs without the up-front expense to the Federal Government.

Further, this measure calls for an accelerated demonstration program to be conducted at reactor sites, in cooperation between the Federal Government and private utilities, for the purposes of demonstrating onsite dry storage technologies of spent nuclear fuel. Onsite dry storage offers a potential solution for the interim storage of spent fuel and efforts should be made to provide for the licensability of this process.

Mr. Speaker, the policy established by this bill is long overdue. Even with enactment of this proposal, it will be 1997 at the earliest before a permanent repository is completed and ready to accept this waste. We cannot debate and delay any longer; the public demands that we act now.

During the past few years, as I have studied and worked on this issue, I have come to realize that our country possesses the technical expertise to resolve this problem. What we lack is the political courage to make the difficult decision to once and for all determine where we are going to dispose of this waste. Our hesitancy is due to the fact that such a decision is politically unpopular, because the obvious point is that no one wants the waste disposed in their State. I believe the solution lies in the determination and establishment of a policy whereby the selection of a permanent repository is based on sound technical and scientific decisions. With these sound decisions, we should locate a repository where the greatest protection is provided the American public and environment. The Nuclear Waste Management Policy Act provides such a solution and I urge my colleagues to join with me in supporting this measure.●

U.S. POLICY IN EL SALVADOR

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues a recent editorial which appeared in the Press-Courier, from Oxnard, Calif., in my district.

The editorial puts clearly into perspective the serious elements affecting our policy toward El Salvador. It merits the careful attention of all of us who must make decisions on economic and military assistance to that Central American nation.

The article follows:

U.S. POLICY IN EL SALVADOR

El Salvador is a small Central American country in which 12,000 people have been killed in the last 14 months. It has virtually no strategic significance of its own but has become the focus of international forces in the new cold war.

The Reagan administration is sending more Army training advisers and $25 million more in military aid to El Salvador. Earlier, U.S. economic aid to Nicaragua was suspended until Nicaragua gives assurances that it will halt the flow of weapons through Nicaragua to the rebel guerrillas in their mountain strongholds in El Salvador. Secretary of State Alexander Haig warned Cuba that this country will take action, if necessary, to keep Cuba from supplying arms to the rebels.

It is clear that the rebel leadership in El Salvador is made up, largely, of hard-line Marxists. A victory for them would be a victory for communism, for Castro and for the Soviet Union. It would threaten the stability of other Central American governments, such as the one in neighboring Guatemala, and it could threaten the Republic of Mexico.

The United States cannot allow such a communist victory in the Caribbean. But in preventing it, this nation must be sure that it does not jeopardize its good relations with Mexico and Venezuela, which are of more strategic importance than is El Salvador and which have democratic governments.

U.S. military aid to the junta in El Salvador can prevent a communist victory. But, by itself, it will not create the political conditions necessary for peace and tranquility within the troubled country. Only recently, El Salvador's president, Jose Napoleon Duarte, said the peasants would have to wait five to 10 years for the enactment of the second and most important phase of the government's land reform program. The announcement was expected to increase the

peasants' sympathies for the leftist guerrillas.

It is required that Americans seek to repel the forces of communism whenever they seek lodgment in this hemisphere, not only by military aid but also by constructively working to improve the lot of the common people.

Such a humanitarian policy is essential in Americans' relationship with the people of El Salvador. They must not become mere pawns in a power struggle between the superpowers.●

LAMB IMPORT LEGISLATION

HON. TOM LOEFFLER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. LOEFFLER. Mr. Speaker, over the last several years, sheep producers in this country have suffered a steady and serious decline in their herds. In 1950, for example, domestic sheep numbered some 50 million head. As a result of inflationary production costs, increasing predation of live sheep and lambs, and rising imports, by 1978 this figure had dropped to 11.7 million head. As a result, as foreign imports of lamb have increased, the supply of domestically produced product has severely declined.

Moreover, lamb is now the staple of the American sheep industry, and imported lamb is currently in direct competition with domestically produced lamb, creating an excess supply in a relatively small market, reducing the ability of the American producer to market the sheep industry's main product.

In addition, unlabeled foreign lamb meat is sold in many stores alongside fresh domestic lamb; thus the American consumer may not be afforded the opportunity to choose between the imported product and the usually more fresh domestic lamb.

Mr. Speaker, the legislation which I am introducing today along with Mr. ROUSSELOT, Mr. STENHOLM, Mr. HANCE, and Mr. SKEEN, will correct the oversight created when this important commodity was omitted from current meat import restrictions by providing a modest limit on the quantity of lamb meat which may enter the United States during any year. This legislation will provide protection for both the consumer and the producer of lamb by assuring an adequate supply of domestic lamb meat at a fair price while maintaining the stability of our international lamb trade, and I urge my colleagues' support.●

SOMEWHERE IN FRANCE

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. BEARD. Mr. Speaker, the November 1980 issue of Eagle and Swan, a magazine published for members of America's Armed Forces, contained an article which should be of interest to all students of American military history. "Somewhere in France" is the story of Ralph W. Tyler, the first accredited black war correspondent. Mr. Tyler was a remarkable man who braved enemy fire and endured life in the trenches to report the heroic deeds of black fighting units whose great contribution to the allied war effort was overlooked by the majority press.

The article is taken from a soon to be published book of the same title written by Mr. Jesse B. Brown of Potomac Electric Power Co., the electric utility which serves Washington, D.C. In addition to his work with Pepco, Mr. Brown is a captain in the U.S. Army Reserve. He conducted the research for the article and book while he was a graduate student at the University of Chicago under the direction of the noted historian, Prof. John Hope Franklin.

As the chronicle of Ralph Tyler's war accomplishments, "Somewhere in France" will be published under the auspices of the National Black Veterans Organization. I urge my colleagues to read the following article and watch for the book when it is released.

SOMEWHERE IN FRANCE: THE STORY OF THE ONLY BLACK AMERICAN CORRESPONDENT IN WORLD WAR I

(By Jesse B. Brown)

American Black soldiers played an important and often heroic role in World War I. Before the end of the war, more than one third of the entire American force—50,000 men in 115 different units—were Black. Each of the four infantry regiments of the 93rd Division, one of two Black divisions, were awarded one of the highest medals bestowed by France, the Croix de Guerre, for their valor. Reporting on the life and activities of these "Hell Fighters," as they were called by the Germans, was Ralph W. Tyler, the first Black man to be named as a regular war correspondent by any government in the world.

The field correspondents' life, while not lived in the first line of danger, was difficult. Rough terrain, deep mud during the rainy season and the difficulties of transportation made his work hard. Tyler was more than the usual war correspondent too. In addition to his strictly journalistic efforts, Tyler tried to bring to light the blatant discrimination then widely practiced against Blacks in the Army. His were often the only reports which clearly and accurately told the story of the bravery and good character of Black troops.

Ralph W. Tyler was not always a distinguished figure in war journalism. He was born in Columbus, Ohio, in 1859. During the Theodore Roosevelt administration, he served as an auditor in the United States Navy. For seventeen years, Tyler served in various departments on the Columbus Evening Dispatch and the Ohio State Journal, gaining experience in the newspaper business. His experience afforded him the opportunity for association with many influential newspaper men. This intimate contact with white journalists was invaluable to Tyler in his labors as a war correspondent.

By 1918, well after the American entry into the war, the Negro press was understandably annoyed that it had no observer on the Western Front. After all, thousands of Black men were making a substantial contribution to the war effort and despite the horrors of the trenches, supported the war enthusiastically. Negro editors wanted to send a trained Black newspaper writer to report on the life and the activities of these soldiers, as he saw them, for the Negro press of America.

On September 17, 1918, Ralph Tyler was appointed by the Committee on Public Information, an organ of the War Department headed by George Creel, as a regularly commissioned war correspondent "to do specialized reporting on the conditions surrounding the colored troops in France and to make reports on activities and engagements in which the colored soldiers are prominent." Creel introduced Tyler by saying in part, "He will be on the staff of General John Perishing, Commander-in-Chief of the American Expeditionary Forces overseas. Every facility has been provided by me for the prompt and accurate gathering of all facts that may be of interest to the colored people."

Writing from "Somewhere in France" Tyler sent his reports to the Committee on Public Information in Washington, D.C. After the CPI received the reports, they were given to Emmett J. Scott, Assistant to the Secretary of War for Colored Affairs and another outstanding Black man. Scott would edit the reports and circulate them throughout the country to the Black papers.

Tyler served his purpose in France. He reported, in instance after instance, that while the other newspapers have credited the "Americans" for daring raids, they failed to mention to the world that it was the Black soldiers of America who were the heroes. He was also a watchdog over the Army camps in France. While in many camps he reported that discrimination was not a factor, in others he found it worse than in America.

One rumor at the time was that "Black soldiers were only good for raping French women." Tyler proved that white soldiers had a much higher rate of Venereal Disease than Black troops. Indeed, he showed that in many Black units no cases of V.D. had been reported. He also noted that Black soldiers were saving their money in order to support their families and get basic or advanced education. In one of his articles, Tyler documented that the freedom afforded many of the Black troops did much to induce thriftiness. He found the number of Black soldiers saving was most gratifying.

In his last letter from France, Tyler turned his thoughts to the effect that white American race prejudice had on the French people. "It is something fierce," said Tyler, "the way some American white soldiers are striving to introduce color prejudice in Paris and everywhere in France. You cannot begin to imagine how strenuously they have worked along this line, and in some places they have actually introduced discrimina-

tion here in Paris." Emmett Scott, his friend and superior in Washington, tried to console him by responding that he hoped Tyler would preserve as much equanimity of spirit as possible. "There is so much for all of us to do that you cannot for one minute permit yourself to be overcome by the unjustices that surround us. In order words, it is possible, I sometimes fear, for most or all of us to permit our indignation to eat into our very vitals."

Tyler returned home, his job complete, in mid-January 1919. What was most striking about the Armistice, Tyler reported, was that the Black troopers felt that it was another Emancipation Proclamation—not so much the European people as for themselves. A trench soldier moved Tyler when he said "Now freedom must come; we have won it. We came to France and won a man's chance."

Ralph W. Tyler only lived two more years. He did not have a chance to see his dream of a totally integrated American Armed Forces. Indeed, it was not until the Korean War, some thirty years later, that the Armed Forces became totally integrated by Presidential Proclamation and the achievements of Black troops began to be covered on a consistent basis by the majority press.●

TAKING MONEY OUT OF THE GAME

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. MICHEL. Mr. Speaker, there has been quite a bit written and spoken about our current economic problems. But recently I came across an article which very cleverly made a memorable and quite original point about a grave problem: underinvestment. I commend this article to your attention and am inserting in the RECORD "Taking Money Out of the Game" by C. L. Dancey of the Peoria Journal Star, March 24, 1981:

TAKING MONEY OUT OF THE GAME

(By C. L. Dancey)

A sports fan who loves the game is apt, normally, to have an attitude that the athletes he watches are what make the game—and the owners are rich—so anything the players can get out of the owners is fine and dandy.

But what really makes "the game" is two games being played well. One is the financial and organizational "game" and the other is football, baseball, or whatever on the field.

There are also two kinds of money involved. Money for personal use, spending money, let's say, of the kind we live on . . . and money at a level nobody can "spend," which has a totally different function as a tool in the industry or the economy of the nation. Investment money.

We are now paying star athletes what is no longer simply abundant money for their personal use and security. We are paying them Tool Money. Investment Money.

What are they doing with it? They are taking it out of the industry. They are taking it out of the game. If it keeps up they are likely to be hurting the game.

The owners, those rich bums, are the ones who put money in, and worked out the kind of packages which—up to now—have made the whole thing work through a complex and balanced combination of deals with players and pop sellers and ball parks and ticket sales and TV contracts.

And the experienced owners seem to be trying to bail out in bunches in baseball.

It applies to show business as well. Jane Fonda's politics may be screwy but she's made millions with her talent—and she puts millions back into new shows. No matter that her motive may be more propaganda. She puts money back in show business. Most big money stars do not. They take it out, if they can, and plow it into "solid" investments like real estate. Those "greedy" producers are the ones who plow the money from their hits back into show business. So what helps show business most? Producer profits or confiscatory "star salaries?"

This process has a much wider application.

There is really only one basic economic system working in this world—capitalism. Existing communist or socialist systems play with the words but are really nothing more than practicing state capitalism. They face the same need to acquire a surplus generated by their economic activities or by outright coercion to invest in modernization, expansion and development—or the whole thing goes to pot.

The only real differences behind all the fancy words are pretty simple. One way the politicians and the bureaucracy decide where to put the money, and the other way a whole bunch of people who have been successful in previous investment are the real "mainstream" engaging in independent judgments on where to invest, again.

Free capitalism is like the sports game, itself. The winners with proven investment skills make money and win the chance to invest more. The losers with poor skills lose money and fall by the wayside—or invest less.

With all the fluff and errors around the edges of this freedom, in whose hands does the game of capital best serve those of us who buy goods, and services and tickets to ball games?

Bureaucrats and politicians? Or a host of people who rise or fall depending on how well they perform this very function in detail?

The other difference, of course, is that places like Russia and its milder imitators, both, extract capital from the citizenry on a massive scale by sheer force, whereas true capitalism acquires its surplus mostly through seduction instead of rape.

The trouble in our own society may well be that the politicians and bureaucrats have confiscated so much of the Tool Money, the Seed Money, the Investment Money in our system that the free society hasn't enough money left to invest wisely or otherwise—while our government doesn't invest it either. They just spend it.

We have been thus depriving ourselves of a prime economic necessity for any society, capitalist or socialist, by seizing so much of both our Spending Money and our Tool Money and then distributing it instead of putting it to work—thereby taking the steam out of our engine.

And when it doesn't run, or runs only fitfully, everybody loses.

There may well be thus a rather close relationship between what the player privileges and pay now threaten to do to professional sports, if we are not careful, and what special interest applicants at the doors of the politicians and voters have done to our national economy.

Let's hope we can salvage them both by facing the facts: that the economic wheel can't spin smoothly if part of it is flat.●

LEGISLATION TO REVERSE DECLINE IN U.S. MERCHANT MARINE

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. DONNELLY. Mr. Speaker, yesterday I introduced legislation to reverse the steady decline in the U.S. merchant marine. This extended period of deterioration has impeded our international commerce, eroded our balance of payments, jeopardized our emergency sealift capabilities, and cost the jobs of American seamen, stevedores, and shipbuilders.

The first bill I have introduced will speed the depreciation schedule for American-built oceangoing ships.

A number of other countries have garnered a large share of the world's shipbuilding business by permitting a more accelerated depreciation schedule. While I recommend nothing as radical as adoption of these formulas, our own 14-year depreciation schedule is now unrealistic at the other extreme.

By reducing to 5 years the full depreciation of American-built and American-operated ships, we can put the United States in a more competitive position.

The second bill I have introduced will establish a further tax incentive for construction of ships in American yards. Under this proposal, all profits earned from a ship will be exempt from taxation if they are reinvested in new ship construction within the United States. This will lead to an expansion of the American-flag merchant fleet, and stem the tide of American firms going overseas for their new ship construction and documentation.

It is essential that Congress address the serious problems underlying the decline in American shipbuilding and merchant shipping. The proposals I have put forward today are the basis for such action.●

GEORGIA SUPPORTS THE NRA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26,, 1981

● Mr. McDONALD. Mr. Speaker, on January 2, 1981, the great State of Georgia took it upon itself to publicly and formally endorse a position in complete accord with the National Rifle Association and in defense of the

second amendment to the Constitution. I am in complete concurrence with this stand and commend the Georgia House of Representatives for taking a stand in the public debate on this vital issue.

The resolution passed by this body follows:

A RESOLUTION

Supporting the position of the National Rifle Association on restrictive firearms legislation; and for other purposes.

Whereas the National Rifle Association is now, and for more than a century has been, America's most effective spokesman against any erosion of our constitutional right to keep and bear arms; and

Whereas the National Rifle Association correctly maintains that any legislation or regulation having the effect of restricting the lawful acquisition, possession, or use of any particular type of firearm, such as handguns, would represent a giant step toward governmental control over all firearms; and

Whereas the position of the National Rifle Association is that governmental control over the lawful acquisition, possession, or use of firearms results only in disarming law-abiding citizens, while criminals continue to acquire, possess, and use firearms unlawfully; and

Whereas such result negates any argument that gun control is an effective means of inhibiting crime; and

Whereas the position of the National Rifle Association on this issue, so vital to our constitutional rights, represents the viewpoint of the great majority of Georgians: Now, therefore, be it

Resolved by the House of Representatives, That this body hereby goes on record as being in complete support of the position of the National Rifle Association on restrictive firearms legislation; and be it further

Resolved, That the Clerk of the House of Representatives is hereby directed to transmit an appropriate copy of this Resolution to the Honorable Ronald Reagan, President of the United States, to each member of the Georgia Delegation to the United States Congress, and to the Honorable John B. Layton, President of the National Rifle Association.●

SAINTHOOD IS SOUGHT FOR FOUNDER OF KNIGHTS OF COLUMBUS

HON. LAWRENCE J. DeNARDIS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. DENARDIS. Mr. Speaker, the Knights of Columbus, a religious, fraternal, and mutual insurance organization with 1.35 million members nationwide, was founded by the Reverend Michael McGivney on March 29, 1882, in New Haven, Conn., which is in the district I represent.

Father McGivney has been proposed for sainthood. The process of beatification leading to possible canonization has been underway for 3 years. The Catholic action organization which Father McGivney founded while serving as a curate at St. Mary's Church is considered by many to be his moral miracle. I agree with that assessment. The miracle, however, is not in numbers alone, but in the morally upright existence members of the Knights of Columbus have been directed to live, with emphasis on the value of the sacrament of marriage, on the sanctity of family and home and children, on respect for humanity and country, and on the importance of religion.

Mr. Speaker, on Saturday, March 14, 1981, the New Haven Register, a newspaper in my district, published an article concerning the pending beatification of Father McGivney. I ask that the article be printed with these remarks to call the attention of my colleagues to Father McGivney's great personal achievement, currently under study by church authorities. If Father McGivney is ultimately canonized, the United States will have its second saint.

The article follows:

SAINTHOOD IS SOUGHT FOR FOUNDER OF K. OF C.

(By John Knoble)

New Haven may have its own Roman Catholic saint.

For the past three years, the process of beatification of the Rev. Michael J. McGivney has been under way. Virgil C. Dechant of Hamden, supreme knight of the Knights of Columbus, revealed Friday. Beatification is the first step toward sainthood.

McGivney founded the Knights of Columbus on March 29, 1882, when he was a curate at St. Mary's Church on Hillhouse Avenue.

Saints have to have lived as spotless a life as is reasonably possible for human beings. They must have shown "heroic piety" in their Christian witness, and there must have been miracles.

"The Knights itself, now numbering 1.35 million members is in Father McGivney's case, the miracle," said Elmer von Feldt, the Knights' communication director. He explained that recently candidates for sainthood have been advanced on the basis of "moral miracles," rather than exclusively on circumstances like miraculous healing.

Von Feldt hopes that substantial progress can be reported by 1982 (the Knights' centennial). In the meantime, sculptor Stanley Bifeld of Weston is at work on a statue of McGivney to be placed in the plaza fronting the Knights' 23-story building at the foot of Chapel Street, the order's international headquarters.

The procedures to be followed are preparation of the McGivney's biography, study of his writings, and assessment of his piety by witnesses in written or oral testimony.

Anyone old enough—probably now close to 100—who as a child had contact with Father McGivney before his death in 1890 should contact von Feldt. There also may be stories passed on by parents relevant to the record.

All documents and testimonies must be examined by a church tribunal under the direction, in this case, of the Most Rev. John F. Whealen, archbishop of Hartford. If the case looks propitious, the documents will be sent on to the Sacred Congregation.

"Preparation of an exhaustive biography," said Dechant, "has already begun." Christopher Kauffman, formerly of the St. Louis University history faculty and author of a volume on the K of C, is in charge.

Wheaton has endorsed research into McGivney's life and ministry. "If eventually I come to the conclusion that substantial evidence of heroic sanctity exists," the archbishop said, "I would most willingly cooperate in the canonization cause."

The Rev. Justin Cunningham, pastor of St. Mary's, expressed great delight at the Knights' move. "What an honor and blessing it would be for our parish!" he exclaimed.

The oldest of 13 children of Patrick and Mary Lynch McGivney, Father McGivney was born Aug. 12, 1852, in Waterbury. At age 13 he went to work in a spoon factory.

He was ordained in 1877. Assigned to St. Mary's under the Rev. Patrick Murphy, who built the present edifice. McGivney found it was weighed down by heavy debts as well as by the antagonism of some of the city's leading citizens.

Later, under the Rev. P. P. Lawler, ministering to a large population of immigrant Irish, McGivney was helped by an undertaker friend who showed him first-hand glimpses of his parishioners' heartaches and poverty. Particularly poignant was the bleak future faced by a widow and her children after the death of the husband. The experience motivated one of the two early objectives of the K of C—a mutual insurance program to help widows and their children. The other objective was to meet the need for courage and mutual support among Catholic men in fighting religious discrimination.

Working with Catholic laymen, McGivney was a leading force in the setting up of the Knights' organization. He served as its secretary, and later, while pastor of St. Thomas Church, Thomaston, as its chaplain. He died of tuberculosis at the age of 38 in 1890. By then the order had 59 chapters in Connecticut and Rhode Island.●

ORPHAN DRUG LEGISLATION

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. BARNES. Mr. Speaker, thanks to recent media publicity and the introduction of legislation by Representative TED WEISS, awareness of problems relating to the treatment of low-incidence diseases is beginning to grow. But for individuals who suffer from such diseases as Tourette syndrome, Huntington's disease, muscular dystrophy, and others, the complications surrounding the manufacture of orphan drugs are depressingly familiar.

Representative WEISS's bill—H.R. 1663—of which I am a cosponsor, would establish an office within the National Institutes of Health to provide grants, loans, and contracts for research and development of drugs which could help or even cure victims of serious but relatively rare diseases, but which are unavailable because of their low profitability to manufacturers.

Tourette syndrome is a good example of a disease for which there is hope for effective treatment, yet the barriers to development of therapeutic drugs are formidable. This disease, which strikes children between the ages of 2 and 14, is a neurological disorder typified by multiple involuntary muscular movements and vocalizations. Its victims are perfectly normal in every other respect, yet they must live with the extreme stress which accompanies this disease. Because of the complex nature of Tourette syndrome and the absence of appropriate education on this subject in medical schools, the affliction is largely undiagnosed. And aside from the basic necessity for more research, there is an immediate need for new drugs. Tourette syndrome is now treated with a strong tranquilizer, Haldol, which is given in small amounts—yet some patients are not helped by this drug, and for others its side effects are worse than the disease.

The sad truth is that even if a cure for Tourette syndrome existed today, it probably would not be manufactured. To begin with, it now costs $70 million to develop, test, and market the average new drug, with a 7- to 10-year investment of time, which in turn eats away at the patent. Food and Drug Administration regulations become more stringent as time goes on, and safety and effectiveness requirements demand increasingly long studies. And finally, manufacturers fear that if they began to market such a drug, it could not be withdrawn from patients who benefited from it, no matter how few those patients were.

Does this mean that we must tell those who suffer from Tourette syndrome and other low-incidence diseases that there is no hope? I believe that is a preposterous response, considering the research capabilities that we possess. We do not know how many effective drugs there are that have never reached the marketplace, how many lives could already have been saved, or how much suffering might already have been alleviated. But I believe that it is not only appropriate, it is, in fact, imperative that the Federal Government step in to begin to correct this intolerable situation. The profit motive must no longer be a factor in the treatment of human suffering.●

REMEMBERING THE DISAPPEARED

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. HARKIN. Mr. Speaker, I would like to commend to the attention of my colleagues an article about the phenomenon of the disappeared, written by Jeff Nesmith for the Atlanta Constitution. In one article, Mr. Nesmith talks about the littlest prisoners and describes the case of Victoria Julien—age 1—and her brother Anatole Julien—age 4—whose parents disappeared, and who were jailed themselves in Argentina.

It is estimated that during the past decade an estimated 35,000 people have vanished in South and Central America. In Mr. Nesmith's words:

Because of who they were or what they believed or what someone thought they believed, people were plucked from their homes, the streets, the places they worked, even their churches. Most never were seen again. Families in Chile, Guatemala, Uruguay, Argentina and elsewhere have begged for information about missing relatives, only to be ignored.

Mr. Speaker, in the administration's foreign aid request, President Reagan has requested that the current ban on military assistance to Argentina be lifted. That ban was legislated by the Congress in 1978 precisely because the Government of Argentina is responsible for as many as 10,000 to 15,000 disappearances like the ones Mr. Nesmith describes. I have met personally with the anguished families of disappeared persons in Chile and Argentina. In Guatemala, the families know sooner what has become of their loved ones because their tortured and mangled bodies usually turn up—dumped by the side of the road, or thrown into deep ravines.

I would ask the Reagan administration and my colleagues in the House who wish to provide weapons to the Argentine Government—what outside force threatens the borders of Argentina? What does the Government want more weapons for, if not to further torture and abuse its civilian population?

The article follows:

[From the Atlanta Constitution]

THE VANISHED

(By Jeff Nesmith)

VALPARAISO, CHILE.—Police were mystified by the strange case of two small children found wandering through a park in the center of the city.

The youngsters seemed well-fed and were well-clothed. Yet they obviously had been abandoned at the park, and from the boy's accent it was plain they were not Chileans.

The boy said he was 4. He was taking care of his sister, who appeared to be about a year old.

Who were they? Where were their parents? How did they happen to be in the park? A strange incident—but soon forgotten.

The people of Valparaiso had no way of knowing that in the three months before the worried faces of the two youngsters appeared in newspaper photographs, the boy and girl had been held in political prisons in Argentina and Uruguay.

At times the children heard—perhaps even recognized—the screams of adults who were being interrogated and tortured. Apparently, one of the adults was the children's father.

Swept from prison to prison and country to country by historical tides that small children could not comprehend, Anatole and Victoria Julien Grisonas were part of what has been called "the phenomenon of disappearances."

Wholesale disappearances, evidently meant to eliminate dissent by eliminating dissenters, is not exclusively a Latin American problem. But because of indications the Reagan administration intends to soften the Carter White House's emphasis on human rights in foreign policy—especially in favor of what have been called "moderately repressive regimes"—the Latin American disappearances have taken on new significance.

During the past decade an estimated 35,000 people have vanished in South and Central America. Because of who they were or what they believed or what someone thought they believed, people were plucked from their homes, the streets, the places they worked, even their churches. Most never were seen again.

Families in Chile, Guatemala, Uruguay, Argentina and elsewhere have begged for information about missing relatives, only to be ignored.

In a recent report, a House committee said the phenomenon of disappearances was "a shocking picture of violation of human rights on an unprecedented scale." Other agencies and organizations have issued similar reports. These accounts often overlook details.

In the late 1960s, Mario Roger Julien Caceres and his wife, Victoria, were leaders of an organization in Uruguay known as the Victory for the People Party. Uruguayan exiles now living in Washington say the party was a non-violent group of middle-class radicals. Julien's mother says he was a "Christian socialist."

In any event, the party was not popular with the right wing in Uruguay and after a military junta took over the government in 1972, the Juliens were forced to flee. They took their baby boy, Anatole, and moved to Buenos Aires in neighboring Argentina.

Other Uruguayans—of various political persuasions—also were forced to flee, and a community of exiles grew in Buenos Aires. They took jobs and fell into the routine of life in Argentina. Many tried to conduct a sort of remote-control revolution, agitating with letters and broadcasts beamed back to Uruguay.

The Juliens were living in Buenos Aires May 7, 1975, when their daughter was born. They named her Victoria, after her mother.

Although the exiles hoped political change in Uruguay would allow them to go home, it did not materialize. Instead, in March 1976 economic chaos in Argentina led to a military coup against the government of Isabel Peron.

The exiles were trapped. The views of generals and admirals in power in Argentina were more like those of their counterparts in Uruguay than to their own. A few months later, mysterious police squads started rounding up Uruguayans in Buenos Aires.

On Sept. 26, 1976, neighbors say, a group of men came to the Julien home in the Buenos Aires suburb of San Martin and opened fire, wounding one of the adults. The entire family was arrested. The neighbors never again would see anyone from the Julien family.

Alvaro Nores Montedonico is a Uruguayan exile now living in Canada. In a statement given to Amnesty International, the London-based human rights advocacy

group, Nores Montedonico, who was arrested in Argentina in Oct. 2, 1976, a week after the Julien kidnapping, gave this account following his subsequent release:

"They took me to their base in Buenos Aires, where I was tortured on 5 October, 1976. I was removed from this base and put on a Pluna Airlines plane for Montevideo in Uruguay. On arrival, I was taken to another base run by the Uruguayan Army.

"While I was held prisoner in these two places, I discovered that about 50 Uruguayans had been arrested in the same fashion. Among them were two small children, Anatole and Victoria Julien Grisonas, whom I observed with my own eyes in Buenos Aires on the day I was kidnapped and later in the base in Montevideo.

"The two children were taken from the base to the home of a sergeant of the Servicio de Informacion de Defensa (of Uruguay) where they stayed until the end of November."

After that, Nores Montedonico lost track of the two children. So did almost everyone else.

Nores Montedonico is only one of several dozen political prisoners who have either escaped or been released from prisons in Argentina and Uruguay. These persons have offered convincing evidence that thousands of adults were tortured in these prisons. Some have described screams pouring from the torture chambers.

Did little Anatole and Victoria Julien Grisonas hear either or both of their parents screaming during torture? Officials at the Argentine and Uruguayan embassies in Washington refused to answer any questions.

Maria Caceres de Julien, the mother of Mario Julien Caceres, began writing letters soon after her son, daughter-in-law and grandchildren disappeared in 1976.

"I've written to everyone," she recalled a few years later, "the queen of England, the king of Spain, President Carter, President Videla (of Argentina), even the editor of Reader's Digest."

Mrs. Julien enclosed photographs of her grandchildren in all her letters. Many of her appeals may never have left Argentina. The White House, for example, has no record of receiving the letter she wrote to President Carter. Neither has the State Department.

But a letter mailed to a Catholic Church human rights organization in Sao Paulo, Brazil, got through. The organization publishes a magazine, Clamor, which circulates among human rights activists. In July 1979, Clamor published Mrs. Julien's letter, along with photographs of the children, taken before the family disappeared.

A Chilean exile living in Venezuela read of the missing Julien children in Clamor. The article reminded him of a story he had seen in a newspaper in Chile three years before.

Police were mystified, the story had said, by the case of two small children who were found wandering hand-in-hand through the Plaza O'Higgins, a park at the center of Valparaiso. . . .

Although the little boy seemed very upset about something, he had tried to answer questions from the strangers who surrounded him. He said he and his sister, Victoria, were brought to the park in a "big car" driven by "Tia Monica" (Aunt Monica), who left them there. Police were not able to identify "Tia Monica."

The boy spoke with a strange accent, the newspaper account had said, and used terms that were not known in Chile. He did not recognize the names of characters from television programs popular among Chilean youngsters.

He could describe a house where he had lived with his parents and little sister. He said the house had "big stairs." One day, he said, men came to the house and there were bullets and his father took him and his sister up the stairs and put them in the bathtub for protection.

The boy said he was 4. His sister, he said, was solo un ano (only one). He said his name was Anatole. His sister was Victoria.

The children were placed in a foster home and, after months went by, a childless Valparaiso couple, a dentist and his wife, adopted them.

The person who read of the missing children in Clamor contacted the magazine's offices in Sao Paulo and told of the children in Valparaiso. That was 1979. Three years after the family disappeared, Mrs. Julien found her missing grandchildren.

She arranged to meet the foster father at the school Anatole, then 7 years old, attended. Later, she was taken to the dentist's home and introduced to the children as their aunt.

"Little Anatole came up to me when his foster parents introduced me as their aunt," she said. "He gave me a hug, then kissed the Crucifix I always wear around my neck.

"I asked his foster mother if he knew the Lord's Prayer, and he recited it to me."

Mrs. Julien realized the adoptive parents loved her grandchildren as if they were their own. She decided it would be unfair to the children to disturb the arrangement. She and the new parents agreed the children should be told the truth when they are old enough to understand. They visit her in Uruguay in the summers.

From scattered reports, it is generally believed that Victoria Lucia Grisonas de Julien, the children's mother, is dead, perhaps killed in the shooting when the family was kidnapped in Buenos Aires. There are occasional reports that the father is still alive in a prison somewhere in Uruguay.

The affair left scratches on the souls of his two children. Four years ago, little Anatole, upset and confused, told authorities in Valparaiso of a strange remark he had been taught to repeat.

"Papa malo. Mama mala. Yo malo."

"Papa is bad. Mama is bad. I am bad."●

MUTUAL NUCLEAR WEAPONS MORATORIUM

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. CONTE. Mr. Speaker, on November 4, 1980, voters of western Massachusetts instructed their State senators to vote in favor of a resolution requesting the President of the United States to propose to the Soviet Union a mutual nuclear weapons moratorium. This vote is believed to be the first ever of its kind; voters had an opportunity to say no to the arms race, and they did. This nonbinding public policy question received 59 percent support.

The question called for an immediate halt on testing, production, and deployment of all nuclear warheads, missiles, and delivery systems. Realizing that in the event of nuclear war no one can win, voters elected to put the race aside. The bilateral freeze proposal passed by the voters of western Massachusetts is only a small part of a growing movement.●

AGRICULTURE DAY

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. NAPIER. Mr. Speaker, last Thursday, March 19, 1981, was Agriculture Day in America. It was an occasion to honor American farmers and to contemplate the enormous contribution they make to the physical and economic well-being of this country. In my opinion, enough cannot be said in praise of this small group—about 3 percent of the total population—that labors so hard to provide the food and fiber to fill our needs and the needs of a good portion of the rest of the world.

I have a copy of an editorial that recently appeared in a newspaper in my district, the News, Kingstree, S.C. It contains some startling facts that I would like to call to the attention of my colleagues. The average farmworker produces enough food for 68 people. One out of every five jobs in this country is related to agriculture; $1 out of every $5 of products exported originated on the farm.

Mr. Speaker, the Sixth District in South Carolina is one of the largest farming districts in the country. I am bullish on farming and I hope all of my colleagues feel the same, because farming is our basic industry.

The editorial follows:

[From the Kingstree, (S.C.) News, Mar. 19, 1981]

OUR BASIC INDUSTRY

We couldn't agree more with Williamsburg County farmer Tommy Bishop, who states in the tobacco designation supplement in today's paper that it's time for our country to get bullish on farming.

Mr. Bishop rightly noted that farming is no more significant than any other industry in this country. However, as a nation we often take this basic industry for granted, assuming it will survive and prosper regardless of trade embargoes, government regulations, inflation, etc. To think thus, is to make a dangerous mistake, Mr. Bishop says.

While today's paper is highlighting Williamsburg County's main crop—tobacco—it should also be noted that March 19 is Agriculture Day in South Carolina. The South Carolina Department of Agriculture is, of course, bullish on farming, and provides the following information to encourage others to join the ranks.

There are approximately 2.4 million farms in the United States and 34,000 of those are located in South Carolina. Today, the average farm worker produces enough food for 68 people. This 1.68 ratio substantiates why we should be concerned about the American farmer and the agricultural process.

Food remains this country's best buy. It takes the average wage earner only 16 minutes to earn enough to buy a pound of beef in the United States compared to 135 minutes of work in France and 60 minutes in Brazil. Only 14 percent of this country's income is spent on food, whereas 35 percent of income in the Soviet Union is spent on food.

Farm exports generate jobs. During 1980, $40 billion worth of farm products were exported and 1.3 million jobs created. One out of every five jobs in the U.S. is related to agriculture, 70 percent of this country's oil imports is paid for with agriculture exports, and $1 out of every $5 of product exports originated on the farm.

The average acreage per farm in South Carolina is 188 acres. The average age of South Carolina is 52, and 90 percent are male. Thirty-three percent of the land area of the state—6.4 million acres—is devoted to farming.

Those statistics show the impact farming has on this state and the nation. Can we dare be anything less than bullish on farming?●

DO NOT BUCKLE ON AUTO SAFETY

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. WIRTH. Mr. Speaker, on March 23, the New York Times printed an editorial that I highly recommend to my colleagues. As we strive to gain control over the Federal budget and to approach our tasks as policymakers in the most cost-effective way, it becomes increasingly clear that we cannot do away with all regulations just for the sake of saying we have done so. As the following article points out, the delay of the requirement to install automatic crash restraints in new cars would cost Americans billions of dollars, not to mention the tragic loss of life and limb that will occur—upwards of 600 deaths and 4,300 serious injuries by the Department of Transportation's own estimation.

Currently DOT is reviewing the passive restraint standard and considering such a delay. The Department should carefully review the taxpayers price for delay—a bill 10 times the investment required by the automobile industry, and weigh heavily the thousands of serious injuries and hundreds of lives that will be unnecessarily sacrificed.

The article follows:

DON'T BUCKLE ON AUTO SAFETY

"Regulatory action shall not be undertaken unless the potential benefits to society . . . outweigh the potential costs."—President Reagan, Feb. 17, 1981.

That's timely common sense. But it may soon embarrass the Administration, which is searching for ways to reduce the regulatory burden on the financially pressed auto industry. For one regulation they hope to kill—the requirement to install automatic crash restraints in new cars—would generate benefits far in excess of the cost.

When used, ordinary lap and shoulder belts are lifesavers—but only one rider in eight bothers. That's why the Carter Administration proposed for new cars "passive" restraints that don't require cooperative users. The technology is old hat. Airbags have been road-tested on thousands of cars for a decade; self-closing belts are standard on the Volkswagen Rabbit. Both work well. But most manufacturers would likely choose the automatic belt, costing $50 to $100 less per car.

Detroit, however, wants no new regulation. Auto makers postponed the Federal rulemaking through the Carter years, managing to undo a Congressional compromise that would have delayed a phase-in of the rule to 1983. Now, with Mr. Reagan in charge, they hope to kill mandatory passive restraints altogether.

Yet the harder one looks at the case for passive restraints, the stronger it seems. William Nordhaus, an economic adviser to President Carter and a known skeptic of regulation, has examined the costs and benefits on behalf of the insurance industry. Using conservative estimates of the lives and injuries avoided, he estimates that a year's delay in the rule would sacrifice $5 billion in benefits. That compares with an auto industry saving of only $500 million.

The benefits would be shared by all car users. Every belt installed at a one-time cost of $50 to $100 would reduce auto insurance cost by $40 to $80 per year. Insurance, by the way, covers only about half the direct economic losses from accidents.

The auto makers say they cannot afford to gear up for installation. Actually, most of the investment has already been made. By Federal reckoning, additional costs would amount to only $20 million—a pittance for an industry with revenues exceeding $50 billion.

Another argument against passive restraints deserves more serious consideration. New cars already have seat belts; why force people to pay for protection they apparently don't want? One answer is that few people really ever compare the small risk of injury against the small annoyance of buckling up. But even if one assumes that every driver conscientiously made the calculation each time he or she sped off to the supermarket, there is a good case for help from Uncle. It is that victims pay only a fraction of the $15 billion to $20 billion annual cost of injuries from auto accidents. The rest is borne by the taxpayers, or by other drivers when they pay higher insurance premiums.

There are ways to make the passive restraint rule less burdensome. They might be phased in, going first into small cars, which need the protection most. This would spread out the total cost, and put a relatively greater burden on imports, which are almost all small. But in the eagerness to relieve Big Auto of overregulation, it would be a shame to scrap a rule that would save so much misery at so little cost.●

THE BUREAUCRACY: WORKING FOR GOOD WITHIN

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, I read last November's election returns as an expression of widespread public alienation from Government. In a sense, the electorate was saying that the Jeffersonian balance of close proximity between the governed and the governing has become a wide breach.

Similarly, the public demanded a reduction in the massive Federal spending that allows bureaucracies to be peopled by supposedly slothful, wasteful, and unregarding souls. The people wanted a change. They wanted a scissor taken to the budget, and a broom to the massive bureaucracies.

Mr. John Q. Public, the author of an article which I would like to submit into the RECORD for the enlightenment of my colleagues, cares about working the bureaucratic system back into the classic public service role that it was intended to be. Mr. Public's suggestions might have "cost him his job," he says. He wrote a pithy but poignant essay on internal bureaucratic reform for a recent edition of the New York Times which bears reprinting—and reading by the occupants of the agencies which Mr. Public is concerned about.

Real improvement in responsiveness by the unelected bureaucracy to the electors will come about only by concerted remedial attempts from within. This is what Mr. Public seeks to do. His article is a primer for new Federal employees, and it is also a worthy essay for all of us.

The article follows:

HOW TO KNEAD A 4-YEAR LOAF

(By John Q. Public)

BETHESDA, MD.—This is a primer for new Federal appointees, especially those who are cutting budgets to the bone, wiping the slate clean, clearing out deadwood, helping the country make a new beginning, and who harbor other such fantasies.

Its wisdom (if I may call it that) is derived from the experiences of a man who entered the bureaucracy with naive hopes of being productive.

I work in a backwater of a small agency that is either mistaken for another, or draws a total blank from 99 percent of the population (excluding a handful of Congressmen most of whom by now have left Capitol Hill.)

The agency's main function is to give away money "for useful projects." Its budget supports 1,200 workers in Washington, many of whom have a salary far above what they could command elsewhere, in addition to thousands throughout the country who are busy writing proposals, computing, and watching video display terminals. The average grade of its workers is GS-10. In 1980, their average pay was $27,000. But averages mislead, for the agency employs more GS-15's ($44,547-$50,112 annually) than any other single grade.

The function of my division is to report numbers gathered by others working on contracts. This makes its 50 people middlemen, passing money from the Treasury to contractors. This process requires forests of forms, memos, revised memos, and rerevised memos, not to mention reports that take eons to produce and revise.

There are four types of people employed in this division. The first is its director, who

after entering the Government clinging to the coattails of a long-gone agency head, was periodically demoted (in status and responsibility but not, of course, salary) in attempts to insulate subsequent agency heads from his advice and to find his level of competence (only the former goal was reached). In fairness, it must be said that the director has some positive qualities: He is a consummate bureaucrat (if success is measured by survival); he is a good world traveler, often found in Paris, San Francisco, or Las Vegas attending meetings; and he provides an excellent subject for imitations by his staff. As a manager, supervisor, or writer, he is considerably wanting.

The second type consists of those in their preretirement years, who are putting in time while hoping that no one tampers with the Civil Service retirement system.

The third type is those not yet of preretirement age but who are too old and with too much invested in the Civil Service to leave. Moving to other Federal agencies is tempting, but those agencies may be just as bad, and might expect more work and responsibility for the same pay. Furthermore, there is not much incentive to seek a promotion, for these people are approaching the $50,112 maximum and any possible raise would not change their styles of life. Besides, their jobs provide them with ample opportunity to spend Government time thinking about their country homes and to play squash in the afternoon. In short, life is easy and their unpleasant encounters with the director are usually quickly forgotten, for tomorrow he will not remember what he asked today, and by next week will be in Paris.

The final group consists of young people. Those with intelligence and ambition leave before the director learns their names, and the others join the third group.

I have developed four guidelines for new appointees while observing this operation.

1. Check the senior management of your organization. Any individuals arriving at their positions by climbing down the ladder have probably not descended far enough. The Senior Executive Service was designed to facilitate the shifting of people to jobs closer to their level of incompetence.

2. Bodily eject bureaucrats who brief you by using multicolored slides to depict simple numbers and trends. These shows are expensive, inane, and substitute for the need to be articulate.

3. Beware of bureaucrats who in one breath tell you how well they and their organizations perform and with the next complain about the lack of staff, funds, and space. Their organizations could function better with half the staff.

4. Finally, don't take your job too seriously. The bureaucracy existed before you, and will continue after you. The bureaucrats have witnessed the grandiose plans and good intentions of your predecessors, including: regularly communicating with the staff, keeping doors open, welcoming suggestions, rewarding good work, etc.

Freud characterized government as one of the three endeavors predestined to yield unsatisfactory results (the others being education and psychoanalysis). So, relax. A year after you leave, you'll be referred to as "what's-his-name," and the bureaucrats will continue to play the game of self-preservation.●

THE HISTORICAL RECORD OF TAX RATE REDUCTIONS BY JOHN MUELLER IN THE WALL STREET JOURNAL

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. KEMP. Mr. Speaker, lack of knowledge of our Nation's history has led many to oppose President Reagan's program for reducing personal income tax rates. These opponents claim that the expectation of supply-side responses to the rate reductions is based on untried theories, that there is no historical evidence to support the President.

I call the attention of my colleagues, therefore, to an outstanding article by Mr. John Mueller which appeared recently in the Wall Street Journal. Mr. Mueller is economic counsel to the House Republican Conference and one of our most thoughtful and able economic writers. In this article he places the Reagan proposal in the historical tradition of two of our greatest Presidents, Calvin Coolidge and John F. Kennedy. Each of these Presidents followed the path President Reagan now advocates with the result of triggering periods of economic expansion and prosperity.

Mr. Speaker, I believe that after reading this piece the most ardent skeptics will agree that the proposed tax rate reductions are not based on blind faith but on the sound knowledge that workers and entrepreneurs continue to respond to the same incentives in the marketplace which have always encouraged them toward creativity, hard work, and industriousness.

I commend this brilliant article by Mr. Mueller to my colleagues:

[From the Wall Street Journal, Mar. 5, 1981]

LESSONS OF THE TAX-CUTS OF YESTERYEAR

(By John Mueller)

Significant across-the-board cuts in marginal income tax rates, of the sort proposed by President Reagan, have occurred twice: In 1922-25 and 1964-65. In both cases, claims of eventual revenue increases played a significant part in congressional debate. An analysis of IRS revenue statistics for the two periods should encourage the Reagan administration.

In 1913, marginal income tax rates ranged from 1% to 7%. Because of World War I, they stood at 4%-73% by 1921. These rates comprised a 4%-8% "normal rate" on all net income and a "surtax rate" on incomes over $6,000 of up to 65%. President Harding described his "return to normalcy," in part, as "to lift the burdens of war taxation." At his urging, Congress cut the surtax rates for 1922 from a 65% to a 50% maximum, lowering the top rate from 73% to 58%. It also repealed the wartime "excess profits tax" and instituted preferential treatment for capital gains.

When 1922 income-tax receipts exceeded expectations, Treasury Secretary Andrew Mellon began pushing for a further halving of surtax rates. Reported Time: "He asserts that such readjustments would yield as large or larger revenues. The reason for his belief is that high surtaxes drive wealthy men to invest their money in tax-free securities and nonproductive enterprises and to seek every permissible means of avoiding the realization of taxable income. The result is an unsound industrial condition and actually a decrease in revenue."

"SOAK THE RICH!"

The political prospects were poor. Harding died suddenly, the Democrats cried "Soak the rich!" and Mellon's own party followed Senator Smoot, heir-apparent to the Finance Committee chairmanship, who declared that as sure as God lives and the sun rises in the morning, Congress would enact a veterans' bonus, not a tax cut.

In December 1923, Mellon proposed to Congress a cut in normal rates, a halving of surtax rates to a 25% maximum, an increase in personal and surtax exemptions and a 25% credit for all earned income. Mellon told Congress that "in all probability the revenue from the reduced (surtax) rates will soon equal or exceed what would accrue at the present rates"; but as he later wrote, it was thought that the other changes "would result in considerable loss of revenue."

President Coolidge argued: "Taken altogether, I think it is easy enough to see that I wish to include in the program a reduction in the high surtax rates, not that small incomes may be required to pay more and large incomes required to pay less, but that more revenue may be secured from large incomes and taxes on small incomes may be reduced."

Congress responded, whether convinced by the administration's arguments or by other factors ("Secretary Mellon gained more applause for his tax proposal than John Barrymore in 'Hamlet.' It was a tremendous surprise to the professional politicians," Time reported). In 1924, Congress retroactively refunded 25% of taxes for 1923, cut normal and surtax rates for 1924 to a 2%-46% range, and enacted the 25% earned income credit.

In a final round of tax-cutting, effective with 1925, Congress enacted increases in the personal and surtax exemptions and cut marginal rates to a 1.5%-25% range.

IRS statistics show that for every year in which marginal tax rates were cut, there was a level of net income, below which revenue dropped in all classes and above which revenue increased in all classes. This "break-even" point was $20,000 in 1922, $30,000 in 1924 and $20,000 in 1925. (A $20,000 net income typically faced a marginal tax rate of 18% in 1921, before the tax-rate cuts.)

These revenue changes became progressively larger toward the top and bottom of the income scale. From 1921 to 1925, income tax paid in the $0-$5,000 class dropped by 85%; in the $5,000-$10,000 class, by 72%; in the $10,000-$15,000 class, by 57%; and in the $15,000-$20,000 class, by 39%. Income tax paid in the $20,000-$50,000 class was virtually unchanged. In the $50,000-$100,000 class, revenue increased by 28%; in the $100,000-$500,000 class, by 64%; in the $500,000-$1 million class, by 114%; and in the over $1 million class, by 113%.

The result was a revolution in the distribution of the income tax burden. In 1925, 44% of the taxpayers were removed from the rolls by the increase in personal exemptions. From 1921 to 1925, the share paid by the under-$10,000 class fell from 22% to 4%;

by the under-$20,000 class, from 35% to 11%. The share of tax paid by the over-$100,000 class rose from 28% to 49%; by 1928, this class paid 61% of the tax burden, or $714 million, which exceeded total income tax revenue for 1923 or 1924.

The net effect was a revenue increase in every year except 1923, for which Congress had retroactively refunded 25% of taxes without changing marginal rates (revenue declined 23%). Revenues were $719 million in 1921, $861 million in 1922, $664 million in 1923, $704 million in 1924, and $735 million in 1925, a net increase of 2% over 1921. Revenue rose another 59% to $1.16 billion, by 1928. Since prices were declining, the real increases were somewhat larger.

The circumstances of the Kennedy tax cuts need less description. In 1962, the Treasury accelerated depreciation rules and Congress enacted a 7% investment tax credit. In January 1963, Kennedy asked Congress to cut the World War II-vintage 20%-91% personal rates over three years to 14%-65%, an average of 23%. He also asked for offsetting "structural changes" amounting to a 5% tax increase and a cut in the corporate rate from 52% to 47%.

In February 1964, Congress enacted a 14% to 70% personal rate schedule—a 20% average cut, two-thirds effective in 1964 and the rest in 1965. Most of the "structural changes" were jettisoned. Congress increased the capital gains exclusion and cut the corporate rate to 48%. About two million lower-income taxpayers were dropped from the rolls in 1964 by the new minimum standard deduction.

The Kennedy administration argued that the tax cuts would ultimately result in increased revenues but did not spell out whether these increases were expected in any particular income classes or tax brackets. The Treasury's static estimates, derived by applying the proposed rates to a sample of actual returns from an earlier year, predicted revenue losses in all income classes. Since such estimates are still the basis of official revenue predictions, it is interesting to compare the static estimates with the actual revenue change by adjusted gross income class from 1963 to 1965.

In the $0-$5,000 class, the predicted revenue loss was 30% and revenue declined 27%. In the $5,000-$10,000 class, the predicted decline was 21%, and revenue declined 11%. In the $10,000-$20,000 class, the predicted decline was 17% and revenue increased 15%. In the $20,000-$50,000 class, the predicted decline was 16% and revenue increased 11%. In the over-$50,000 classes, the predicted decline was 13%, and revenue increased 38%. The 38% increase included a 25% increase in the $50,000-$100,000 class, a 46% increase in the $100,000-$500,000 class, a 68% increase in the $500,000-$1 million class, and an 85% increase in the over-$1 million class.

Revenue increased in tax brackets as low as the 26% marginal rate, which was cut to 22%. It is not possible to say with certainty that revenue increased in every taxable income bracket of 26% or above, however, because of a discontinuity of the data; beginning in 1964, a $2 billion chunk of revenue, representing special computations such as income averaging, is not broken down by marginal tax rate. The effective or average tax rate for this revenue is almost twice the rate for all revenue, which means it belongs largely in the upper brackets. It can be said that in both 1964 and 1965 revenue increased in all adjusted gross income classes above $10,000. By 1966, the revenue increases ranged from 30% to 88%.

The net result was that total individual income tax revenue declined from $48.2 billion in 1963 to $47.2 billion in 1964, or by 2%, though there was no absolute decline on a fiscal year basis. Revenue rose to $49.5 billion in 1965 (3% above 1963), $56.1 billion in 1966 (16% above 1963), and $62.9 billion in 1967 (31% above 1963), the last year before the Vietnam surtax. Inflation averaged 2% a year.

LESSONS FOR REAGAN PLAN

President Reagan's three-year 30% cut in marginal income tax rates would take four tax-filing years because of its July 1 effective date. The 15% cut of the first two years approximates the first year of the Kennedy cuts, and the whole plan is half the percentage size of the Mellon cuts. What are the lessons for the Reagan plan?

1. Paring down the upper-bracket marginal rate reductions to "save revenue" or "tax the rich" would almost certainly have the opposite result. Especially in the short run, cuts in higher marginal rates help finance cuts in lower rates and non-marginal tax cuts, which have no incentive effect.

2. The initial "break-even" level may be much lower than even some advocates of the Reagan plan seem to think. For example, the 26% tax-bracket (the apparent break-even point for the Kennedy cuts) is reached or exceeded today at an adjusted gross income of $16,200 for a single person and $24,200 for a family of four, using the standard deduction. Because of inflation, the portion of taxpayers in tax brackets of 25% or above was almost three times as high in 1977 as in 1963, and is probably much larger today.

Finally, the historical evidence should prod those who think of tax policy in terms of aggregates—disposable income and multipliers or average tax rates and supply elasticity—to think instead about marginal tax rates: those which confront real, live people.●

SALUTING THE OHIO DEPARTMENT OF THE CHINA-BURMA-INDIA VETERANS ASSOCIATION

HON. LYLE WILLIAMS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. WILLIAMS of Ohio. Mr. Speaker, I rise to ask my colleagues in the U.S. House of Representatives to join me in saluting an outstanding veterans organization as it observes its silver anniversary. The organization is the Ohio Department of the China-Burma-India Veterans Association. The Ohio department received its charter on March 18, 1956. Ohio, along with Texas and Florida, is one of only three States to boast departments of the CBIVA.

The CBIVA is a nonprofit group with membership open to any person who served in or with the U.S. Armed Forces in the China-Burma-India Theater of operations during World War II. Members must also have had honorable service during the period of issuance of the Pacific Theater ribbon.

In order to better acquaint you with the CBIVA, let me quote some of the association's aims and purposes, as called to my attention by Mr. John Novicky, Ohio department commander:

To faithfully serve our country in peace as we did in war.

To promote a feeling of fellowship by renewing old acquaintances and making new friends among those who have a common bond by reason of their mutual service in the Armed Services of the United States of American in the China-Burma-India Theater of Operation in World War II.

To pay tribute to and preserve the memories of those of our comrades who gave their lives in defense of their country.

To maintain a proper standard of dignity and honor among all veterans of World War II.

To establish, organize and regulate local branches, or Bashas, throughout the United States, its territories and possessions, and to hold and participate in national, district and statewide meetings for the furtherance of the aims and purposes herein enumerated.

As you can see, gentlemen and ladies, by its statement of purpose, the CBIVA is indeed a worthy organization. The CBIVA was first conceived during a reunion in Milwaukee, Wis., on August 28, 1948. Since then, Bashas have sprung up in all corners of the United States. In Ohio, there are Bashas in Cincinnati, Toledo, Dayton, Akron, Cleveland, and Youngstown.

So I ask all of my fellow Representatives to join with me in honoring the Department of Ohio of the China-Burma-India Veterans Association on the occasion of its 25th anniversary.●

GILMAN INTRODUCES IRA IMPROVEMENT BILL

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. GILMAN. Mr. Speaker, I rise to announce that I am introducing legislation to reform the system of individual retirement accounts (IRA's), which permit individuals to set aside money, on a tax-deferred basis, for their retirement.

Present law permits IRA contributions of up to $1,500 per year, or 15 percent of income, whichever is less, if an individual is not eligible to participate in another retirement system or program.

The current level of allowable contributions is not adequate to meet the needs of Americans who depend on a combination of social security and their own resources to provide for their retirement. The dollar limitations have not changed since 1975. Another problem is in relation to people who are eligible to participate in a retirement plan, but not choose to, or whose plans do not provide sufficient resources for their retirement needs.

They are unable to supplement those plans with an IRA of their own.

To solve the first problem, my bill will allow those individuals who are currently permitted to establish an IRA to contribute $2,500 annually—up from the present $1,500.

My bill would also allow every worker to establish an IRA, regardless of whether the worker participates in a qualified pension plan at the present time.

Finally, my bill would increase these contributions ceilings on a yearly basis by the increase in inflation. The indexation of the ceilings would protect the value of the deductions during this inflationary period.

Mr. Speaker, I urge my colleagues to join me in cosponsorship of this legislation, and I submit a copy of the bill be printed at this point in the RECORD.

H.R. —

A bill to amend the Internal Revenue Code of 1954 to increase the limitations on the deduction for retirement savings, to allow such deduction to individuals covered by employer pension plans, and to provide for inflation adjustments in the limitations on such deduction

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. INCREASES IN LIMITATIONS ON DEDUCTION FOR RETIREMENT SAVINGS.

(a) GENERAL RULE.—

(1) AMENDMENT OF SECTION 219.—Paragraph (1) of section 219(b) of the Internal Revenue Code of 1954 (relating to maximum deduction) is amended by striking out "$1,500" and inserting in lieu thereof "$2,500".

(2) AMENDMENT OF SECTION 220.—Subparagraph (C) of section 220(b)(1) of such Code (relating to maximum deduction) is amended by striking out "$1,750" and inserting in lieu thereof "$3,000".

(b) INDIVIDUALS COVERED BY EMPLOYER PLANS ELIGIBLE FOR DEDUCTION.—

(1) AMENDMENT OF SECTION 219.—Paragraph (2) of section 219(b) of such Code (relating to individuals covered by other plans) is amended to read as follows:

"(2) LOWER LIMITATION IF COVERED BY OTHER PLAN.—If for any part of a taxable year—

"(A) an individual was an active participant in—

"(i) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a),

"(ii) an annuity plan described in section 403(a),

"(iii) a qualified bond purchase plan described in section 405(a), or

"(iv) a plan established for its employees by the United States, by a State or political subdivision thereof, or by an agency or instrumentality of any of the foregoing, or

"(B) amounts were contributed by the individual's employer for an annuity contract described in section 403(b),

paragraph (1) shall be applied with respect to such individual for such taxable year by substituting '$1,500' for '$2,500.'"

(2) AMENDMENT OF SECTION 220.—Paragraph (3) of section 220(b) of such Code (relating to coverage under certain other plans) is amended to read as follows:

"(3) LOWER LIMITATION IF COVERED BY OTHER PLAN.—If for any part of a taxable year—

"(A) an individual (or his spouse) was an active participant in—

"(i) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a),

"(ii) an annuity plan described in section 403(a),

"(iii) a qualified bond purchase plan described in section 405(a), or

"(iv) a plan established for its employees by the United States, by a State or political subdivision thereof, or by an agency or instrumentality of any of the foregoing, or

"(B) amounts were contributed by the individual's employer (or his spouse's employer) for an annuity contract described in section 403(b),

paragraph (1) shall be applied with respect to such individual for such taxable year by substituting '$1,750' for '$3,000'."

(c) INFLATION ADJUSTMENTS IN LIMITATIONS.—Subsection (c) of section 219 of such Code is amended by adding at the end thereof the following new paragraph:

"(6) INFLATION ADJUSTMENTS.—

"(A) IN GENERAL.—In the case of a taxable year beginning in a calendar year after 1982—

"(i) paragraphs (1), (2), and (7)(A)(ii)(II) of subsection (b) of this section, and

"(ii) paragraphs (1) and (3) of subsection (b) of section 220,

shall be applied by substituting for each dollar amount contained in such paragraphs an amount equal to such dollar amount plus such dollar amount multiplied by the inflation adjustment for the calendar year. Any amount determined under the preceding sentence shall be rounded to the nearest multiple of $10.

"(B) INFLATION ADJUSTMENT.—For purposes of this paragraph, the term 'inflation adjustment' means, with respect to any calendar year, the percentage (if any) by which—

"(i) the implicit price deflator for the gross national product for the 3rd calendar quarter of the preceding calendar year, exceeds

"(ii) such deflator for the calendar quarter ending September 30, 1981.

"(C) FIRST REVISION OF PRICE DEFLATOR USED.—For purposes of subparagraph (A), the first revision of the price deflator shall be used."

(c) TECHNICAL AMENDMENTS.—

(1) Subclause (II) of section 219(b)(7)(A)(ii) of such Code is amended by striking out "$1,500" and inserting in lieu thereof "$2,500".

(2) Subsections (a)(1) and (b) of section 408 and paragraph (4) of section 409 of such Code are each amended by striking out "$1,500" each place it appears and inserting in lieu thereof "$2,500 (adjusted in the manner provided in section 219(c)(6))".

(3) Subparagraph (A) of section 408(d)(5) of such Code is amended by striking out "$1,750" and inserting in lieu thereof "$3,000 (adjusted in the manner provided in section 219(c)(6))".

(4) Subsection (j) of section 408 of such Code is amended by striking out " '$1,500' in the following provisions" and inserting in lieu thereof "the dollar limitations in effect under the following provisions".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1981.●

REAGAN'S FOREIGN POLICY MACHINERY IN DISARRAY

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. ROSENTHAL. Mr. Speaker, in the past few days, dissension and squabbling within the highest circles of Government has raised serious questions about the direction and coherence of American foreign policy. The spectacle of top officials jockeying for power—and that is what it is—must already be having dangerous consequences abroad. Who speaks for America? What does America have to say to the world? Three months into this administration, nobody really knows.

From the perspective of Congress, and the committees with jurisdiction over foreign policy, certain points must be made clear now.

Competition between the White House staff and the Secretary of State must stop. The Secretary of State, by Constitution and tradition, must be the President's principal diplomatic spokesman. If the White House does not like the man they appointed, let them fire him. Expressing their doubts to the press, directly or indirectly, demeans the Government and erodes its authority.

I do not share Secretary Haig's views. I hear from him no positive vision of American diplomacy. His singlemindedness disturbs me. but he is the guy who has got the job, and he is the guy the Congress expects to deal with.

The administration's idea that crisis management can be separated from day-to-day foreign policy is insupportable. Appointment of the Vice President to a position overseeing diplomatic crises represents nothing more than an attempt to settle bureaucratic infighting. This is no solution.

But all these questions raise a deeper issue: Where is President Reagan?

Territorial squabbles among his highest appointees, unauthorized statements, policy vacillations, searches for someone to oversee crises—all this leads one to question whether we have a full-time President, enunciating his own policies, on top of his own administration, clearly and continuously in control.

All these recent confusions grow out of a vacuum of leadership at the top. The President must be held accountable.●

HONORARY CITIZENSHIP FOR RAOUL WALLENBERG

HON. CHARLES F. DOUGHERTY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. DOUGHERTY. Mr. Speaker, I usually like to believe statements by foreign officials regarding their policies. However, the evidence that is available strongly leads me to believe that the Soviet Union is lying about the fate of Raoul Wallenberg. I understand the embarrassment Soviet officials would suffer were they to admit that Mr. Wallenberg is still alive, but I truly do not understand their reluctance to share more information about Mr. Wallenberg's whereabouts.

When Raoul Wallenberg first went to Hungary with the mission to save Jews from Nazi concentration camps, he overcame the fear of putting himself in a most dangerous situation. Nevertheless, at the request of the American War Refugee Board and the Swedish Government, he succeeded in helping 100,000 Jews escape the Holocaust. Unfortunately he did not foresee the Soviet Union's reaction to his presence in Budapest. Although it escapes me what threat he might have posed to the Russians, they imprisoned him and have been silent about his well-being ever since.

Recently I joined over 200 of my colleagues in cosponsoring legislation that would make Raoul Wallenberg an honorary citizen of the United States. I am proud to be able to take part in honoring this man who so bravely saved others from cruel imprisonment and death. It is my hope that the bravery this man demonstrated to us will never be forgotten.●

STAFF SALARIES INCREASE

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. COLLINS of Texas. Mr. Speaker, yesterday during the debate on committee funding, my distinguished colleague from Texas, Mr. KAZEN, asked me to yield the floor. He wanted to get the full facts before the House debate. Mr. KAZEN stated that:

> I have sat here this afternoon and listened to speaker after speaker come to the well, and now we get this motion to recommit based upon the figures that the committees spent last year. This is what it is based on; is it not? The gentleman has just finished saying that we are asking for more money than the committees spent last year. The gentleman well knows that last year was an election year. I did not have in the committee that I am privileged to chair quorums to go out and hold hearings because everybody was interested in his own reelection. That was a bad year to hang onto.

He thus indicated that the expenditures of the House Armed Services Committee was lower in 1980 than it was in 1979 because 1980 was an election year.

I want to take this opportunity to set the record straight. I went back to my office to review the financial statement of the Armed Services Committee. In 1979, the investigative expenditures of this committee were $496,661. In 1980, this same committee spent $683,920 for investigative staff expenditures. Furthermore, the Armed Services Committee is budgeted for $952,000 in the resolution the House just passed.

To further clarify the facts for Mr. KAZEN, let me give you the total funding for investigative staffs, with $35,500,000 in 1979, which expanded up to $39,971,551 in 1980.●

THE COMMITTEE FOR A FREE AFGHANISTAN SUPPORT PRESIDENT

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, the Soviet occupation of Afghanistan—along with the fall of Iran—has seriously altered the strategic equation in the Middle East. America's vital strategic interests are threatened and increased Soviet efforts to penetrate the region can be expected.

Contrary to every code of human conduct, the Soviets have carried out a massive campaign of death and material destruction against the Afghanistan people. To date, it has been estimated that nearly 1½ million innocent Afghanistan people—most of them women, children, and old people—have been killed as of the beginning of this winter. In addition, more than 1½ million people have been made homeless and are now refugees in Pakistan and Iran.

Moreover, considerable suspicion exists that these atrocities have been made all the worse by the introduction and use of chemical weapons by Soviet forces.

And yet, the American people remain basically unaware of the existence and the meaning of these acts. Nor has this Nation taken the necessary actions to support the Afghan people in their struggle to preserve freedom against Soviet tyranny.

Mr. Speaker, the Committee for a Free Afghanistan was formed for the purpose of educating the public and the Congress about the situation in Afghanistan and the significance it plays in Soviet global strategy. Last month, for instance, the committee sponsored the visit to Washington by a delegation of Afghan freedom fighters. During their stay, they met with some 60 of our colleagues in both the House and the Senate, as well as representatives from the intelligence community, the Department of State, and the National War College. In addition, they were honored by the American Legion and the Reserve Officers Association.

In frequent public appearances, President Reagan has referred to the Soviet occupation of Afghanistan and the atrocities they have committed as inhuman, brutal, and illegal. Recently, he vowed in a television interview that if the Afghan freedom fighters requested arms, the United States would provide them.

Mr. Speaker, I applaud the President's statement. The Committee for a Free Afghanistan has also expressed its support and has so expressed itself in a letter addressed to the President on March 12, 1981.

The letter is as follows:

MARCH 12, 1981.

RONALD REAGAN,
President of the United States,
White House.

DEAR MR. PRESIDENT: The Committee for a Free Afghanistan lauds you for your statement of support for the Afghan freedom fighters during your ABC interview, and particularly your drawing the distinction between "rebels" and freedom fighters.

As you probably know, a delegation of freedom fighters led by Sayed Ahmed Gailani, the spiritual leader of the Afghan people and head of the National Islamic Front of Afghanistan, was in Washington last month to put their case before the American people and to request assistance and support from this country.

Your recognition of their situation and your unequivocal pledge of support for their fight will hearten all people who cherish freedom.

The world hungers for American leadership, Mr. President. It is no coincidence that since the election a parade of freedom fighters from a host of oppressed countries has beat a path to your door. They know their trust in you as the liberator who will help them throw off the yoke of Communist oppression is not misplaced.

From both our own vital strategic interests and our moral obligation to stop the genocide of a valiant people, Afghanistan is the most urgent of cases for us to take up. The Afghan freedom fighters ask only the means to defend themselves, and if we give them total support, we open a window of opportunity to tie the Soviets down long enough to get on our feet again, and to start turning back Soviet imperialism.

The Committee for a Free Afghanistan is at your service, Mr. President, to assist you in any way to carry out a program of support to the Afghan resistance.

Yours sincerely,

KAREN MCKAY.●

POW'S STILL HELD BY THE VIETNAMESE: THE EVIDENCE MOUNTS

HON. DANIEL B. CRANE
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, although both the United States and Communist Vietnamese Governments have for years denied it, significant evidence exists to indicate that the Vietnamese Communists still hold American prisoners captured in the Vietnam war.

Some 2,500 American servicemen and civilians are still unaccounted for. New evidence continued to trickle in to indicate that at least some of them have been used as slave labor for years by the Communists. What is also shocking is evidence that our own Government, for shallow political purposes, may have aided and abetted Hanoi in its quest to bury the POW and MIA issue.

I know that is a very serious charge. However, thanks largely to the singular efforts of journalist Barbara Hollingsworth, new evidence—including names and specific sightings—have been uncovered.

Fortunately, there is some indication that the Reagan administration will take a greater interest in this tragedy than has been the case in previous administations.

I urge my colleagues to read Barbara Hollingsworth's account of her investigation in the Maine Paper of March 16-23, 1981, and to seriously consider the mounting evidence:

[From the Maine Paper, Mar. 16, 1981]

ARE REDS STILL HOLDING AMERICAN PRISONERS IN VIETNAM?

(By Barbara Hollingsworth)

WASHINGTON.—In April 1975 Vietnamese Communist forces swept into Saigon and dealt the fatal blow to the struggle of South Vietnam for survival. To a war-weary United States, it marked an ignoble end to more than 14 years of battling a tough, determined enemy.

But while the war may have ended, ugly reminders continue to plague the nation's conscience. There remains to this day a nagging, persistent nightmare that centers around the 2,500 American servicemen and civilians who are still unaccounted for in Vietnam, Laos and Cambodia.

Increasingly strong evidence points to perhaps hundreds of them—still alive—being held prisoner throughout Southeast Asia. Some of this evidence has been uncovered by TMP and is being revealed here publicly for the first time.

MOUNTING EVIDENCE INDICATES AMERICANS HELD CAPTIVE BY VIETS

The shocking fact is the Communists deny holding any Americans, and deny they can account for those men they at one time acknowledged they held captive. The U.S. government, for political purposes, may have aided and abetted Hanoi in its quest to make the prisoners of war and missing in action a forgotten issue.

YANKS VIEWED

The influx of the "boat people" in the late 1970s brought with it hundreds of unsettling eyewitness accounts of Americans still being held. But an account by a Norwegian construction worker suddenly revived interest in the matter.

In an unclassified Defense Department cable obtained by TMP, American ambassadors throughout Southeast Asia were alerted to the report of Stein Gudding, who had left a job on a paper mill construction project north of Hanoi in November 1980.

He told Seattle radio station KIRO some of his fellow workers, while motorcycling in a rural area, came across a road gang of Americans. "They were prisoners, working about 200 kilometers (125 miles) away from Hanoi, toward the Chinese border,." Gudding said. "They were Americans speaking English with American accents."

Police ordered the cyclists to leave immediately, threatening them with weapons, but not before they heard the Americans shout, "tell the world about us." Gudding added many Vietnamese routinely talk about U.S. prisoners still being detained in their country.

RED POLICY ON POW'S

The holding of POWs long after hostilities have ended is by no means a new practice among the Communists. For example, the Soviet Union was known to be holding thousands of German POWs into the mid-1950s. There are also persistent reports well-known Swedish diplomat Raoul Wallenberg may have been arrested while working in the Soviet occupation zones during World War II, and is still being held more than 35 years later.

North Korea and Red China have never accounted for 389 Americans they captured in the Korean Conflict of 1950-1953. Further, nearly 2,000 other military personnel from countries which fought alongside the United States remain unaccounted for.

Many, including the U.S. Government, presume the missing men are dead. But Robert Dumas of Canterbury, Conn., continues to press the case of his brother, Cpl. Roger A. Dumas, known to have been captured but never repatriated by the Communists.

In Vietnam, French soldiers who had last seen action in 1954, when the Communists defeated the French colonial forces, were still being turned over to France as late as 1974, upon payment of ransoms by the French government. France was also forced to pay the Communists for the "privilege" of being allowed to locate French military gravesites as well as reclaim the bodies and personal effects of POWs who had died in captivity.

Larry Stark, a civilian POW for five years, emphasized this point to TMP. Captured in South Vietnam but transported north, he said at one point a Vietnamese interrogator remarked, "Would you believe we still have Frenchmen?"

Officially, the Vietnamese repatriated 566 Americans following the 1973 cease-fire. But curiously, some of the returnees were not on the official POW lists previously released by Hanoi, and some returned whose fate had not been previously known.

Further, there are at least nine missing servicemen about whom there is almost irrefutable proof of capture. But Vietnam has denied knowledge of their whereabouts even though their detention had been previously admitted by the Communists.

Among them is Cmdr. Ron Dodge, whose 1967 capture was broadcast by the Vietnamese and further substantiated by a photograph of him being taken into custody.

Capt. David Hrdlicka, captured in Laos in 1965, was also photographed in captivity. His photo appeared in Pravda, the Moscow daily, in August 1966. Reports from other POWs indicate Hrdlicka may still be alive.

What's more, Communists worldwide have apparently cooperated in humiliating the United States.

For example, at least two Cubans have been identified by name as taking part in the torture and questioning of U.S. POW-MIAs. And there is evidence the "forgotten men" of Korea were shipped through China to some desolate spot deep within the Soviet Union.

FIGHT FOR INFO

The frustrating task of keeping open the issue of unaccounted for POW-MIAs has fallen almost entirely on the National League of Families of American Prisoners and Missing in Southeast Asia.

Operating on a shoestring budget from donated offices in downtown Washington, the league keeps the spirit of hope alive, refusing to let U.S. government indifference or duplicity force the matter out of the public eye.

In December, League Executive Director Ann Mills Griffith met with Ha Van Lau, Vietnam's UN Ambassador. He reportedly agreed to relay to Hanoi the request for a face-to-face meeting between the league and communist authorities.

Meanwhile, there has been some important progress. Carol Bates, a former league executive director, told TMP that under the Reagan administration, the National Security Council is taking a greater interest and a more active role in the POW-MIA issue than it has in the past.

Officially, the U.S. government considers only 12 POW-MIA cases open. Yet 2,553 military and 43 civilian personnel are unaccounted for at the time of the 1973 repatriation. This includes at least 96 POWs; 1,178 servicemen believed killed in action but whose bodies have not been recovered and 1,279 missing in action; plus 25 civilians missing and 16 presumed dead. One of these includes Sean Flynn, the son of actor Errol Flynn, captured in Cambodia by Viet Cong forces while on assignment for CBS News.

In 1977, President Carter ordered status reviews of all the above cases. Except for the 12 left open, all the others were given a "presumed dead" status by the Defense Department, even though there was no evidence of death, and in the face of evidence some of the missing were in fact still alive.

SUIT AGAINST CARTER

The league filed a class action lawsuit against the Carter administration in an attempt to prevent the government from changing the status of the POW-MIAs without any evidence such a change should be made. The suit, Hopper vs. Carter filed in September 1977, also tried to make the government retreat from its contention it was not legally obligated to seek a full accounting for the missing men.

The league has consistently fought the status changes, believing presumptive findings of death without evidence would only act as a rationale for the government to stop looking for the men. They also claim it severely weakens U.S. pressures on Hanoi for a full accounting.

One person outraged at the Carter administration actions is Maj. Gen. John K. Singlaub, commandant of U.S. forces in South Korea until 1977. In a conversation with

TMP, Singlaub said he has "no doubts" Americans are still being held prisoner in Vietnam: he believes at least 50 men are still alive.

"Clearly, the policy of the Carter administration was to remove any obstacle to normalizing relations with North Vietnam." Gen. Singlaub said. "That's why the administration took the steps to have all the men declared presumably dead. It was an easy way to remove the obstacles. Unfortunately, it was not sufficient to attack the problem brought about by the large number of first-hand sightings."

Also in 1977, as part of the attempt to normalize relations, Maine Senators William Hathaway and Edmund Muskie voted to kill an amendment banning aid to Vietnam, Laos and Cambodia, despite the fact that these countries had refused to account for the missing men.

Communist denials notwithstanding, sightings of captive Americans continue. Gen. Singlaub said he received one such sighting from a Vietnamese refugee. "He told me he saw somewhere between 30 and 38 Americans in one group. He couldn't tell for sure exactly how many becaue they were moving. It was a fairly recent sighting, within the last year and a half."

Singlaub added he had plans to meet with a senior Reagan administration official at the White House in an effort to spark action. While the identity of the official is known to TMP, the general asked it not be disclosed, stressing the importance of confidentiality in the critical early stages of establishing a new U.S. policy on the matter.

SWEPT UNDER RUG

In August 1979 all the reports of sightings of Americans in Vietnam were classified by the Defense Intelligence Agency, ostensibly to protect both the sources and any captives, even though they were officially presumed dead by the government. Since 1975 DIA has received over 1,000 reports from Indochinese refugees, including at least 310 first-hand sightings of Americans. Some of the now-classified documents were given to the DIA by the league in the first place.

Why then the classification?

Retired Army intelligence officer Col. Earl Hopper, originator of the league lawsuit, whose eldest son is missing in action, told TMP DIA's excuses for classifying the documents were "a bunch of baloney."

Since WWII, he noted, publicity about a prisoner has actually improved his treatment.

The real reason was given to him by a deputy to the DIA director, who told Hopper, "We have classified the information so we do not become entangled in litigation."

In other words, the information is being withheld not from the Vietnamese, who know which POWs they have anyway, but from the families of the missing. In a grim Kafkaesque twist, the families, who have refused to accept government's contention that all the men are dead, have become the enemy.

In December, DIA Director Lt. Gen. Eugene Tighe Jr. told a congressional subcommittee that "of all the live sighting reports DIA has evaluated, there are none which can be substantiated relative to Americans being detained against their will in Southeast Asia."

A DIA spokesman told TMP the agency "can't prove that any (sightings) are true. The evidence is not strong enough."

But former Army intelligence officer Larry O'Daniel, author of "Missing In Action: Trail of Deceit," doesn't agree.

In fact, O'Daniel thinks the evidence of Americans still alive is overwhelming.

"According to the government, 'substantiate' means to identify a person by name at a certain place and time, and then verify it by your own sources," he explained. Because the refugees did not know the names of the Americans they saw, he added, the government discounts their stories.

Dermot Foley of New York City, former league counsel and the original attorney for Marine Pfc. Robert Garwood (convicted last month of collaboration with the North Vietnamese during his 14 years there) also asserted "hundreds upon hundreds of sightings substantiate one another."

GARWOOD MAY BE KEY

The reappearance of Garwood, after his existence had been denied by Vietnamese authorities, helped focus new attention on the fact there were many servicemen unaccounted for eight years after the 1973 Paris Peace Accords.

Garwood himself engineered his departure from Vietnam when he passed a note to a traveller saying he was an American and wanted to return to his homeland. The note added cryptically, "there are 15 others." Foley told TMP "Garwood can furnish valuable information in respect to the accounting issue."

Garwood's case was also significant for another reason. The government called two potential witnesses against Garwood, who positively identified Garwood as the American they saw in Vietnam. One of them, Nguyen Van Tao, now lives in Wilton. He told TMP he saw Garwood in the Yen Bai POW camp near Hanoi.

Nguyen was not called upon to testify against Garwood. "We elected not to use him," according to Maj. Werner Hellmer, the chief prosecutor.

However, his identification of Garwood is that first "substantiation"—a sighting with a name—that DIA apparently deems necessary as proof that Americans are still over there, and certainly lends credibility to the other sightings, according to a knowledgeable source.

WAS MYSTERY MORTICIAN PLANT

Paralleling the dramatic Garwood reappearance was the stunning testimony of a former North Vietnamese mortician before a Congressional subcommittee last summer. The Pentagon went to great lengths to protect his identity, having him appear in a disguise while testifying. However, TMP has learned his name is Ny Van Loc, and that his presence in the United States may have been planned by Hanoi.

Ny told the Congressmen he had personally processed the remains of 452 American servicemen killed in the war for the Vietnamese government. He also said he knew of the existence of specific identity records corresponding to each body as well as a careful history of all U.S. aircraft downed in the war. Of the 452, only 26 remains were returned to the United States.

Furthermore, Ny testified he "saw three Americans who came into the military law jurisdictional area" where he worked, "one blond and two with dark hair."

Two well-informed sources told TMP that subcommittee members were briefed beforehand on key questions to ask Ny. But as that line of questioning began—specifically, the last time he saw American prisoners—the subcommittee suddenly moved on to another witness after being passed a note by DIA officials, and Ny was immediately escorted out of the hearing room.

Rep. Tennyson Guyer, R-Ohio, a panel member present that day, says he "doesn't remember" the incident, when asked for confirmation by TMP. Significantly, Guyer's careful response does not deny the allegation.

Pentagon officials confirm Ny's information is "irrefutable," since he passed a polygraph test they administered. Yet in some quarters it is believed the mortician, who held a trusted position, was a "plant" sent to the United States.

Since his testimony was very explicit on the place he worked and the job he performed, why was his identity kept secret?

Secondly, he told the panel he was kicked out of Hanoi because he was Chinese and a "lackey of Peking." Why didn't Hanoi find other means of dealing with him, in light of the sensitive information he was privy to, instead of allowing him to leave the country?

Lawyer Foley agrees with the contention the "mortician" was actually Vietnamese Communist cadre, and said he was aware of two other such "defectors" now in France. "I know who they are and the jobs they had in Vietnam," he said.

According to this theory, the mortician was dispatched to the West to give discreet yet unimpeachable evidence, direct from Hanoi, that Americans are still held in Vietnam. The expectation is U.S. officials will, as a result, begin negotiations for their release, perhaps in the same manner France has done: with payments. There is also unconfirmed speculation the reappearance of such a key figure as Robert Garwood was permitted by Hanoi for the same reason.

NEW REPORT MADE PUBLIC

The sheer volume of refugee reports that Americans remain in Vietnam, alive and abandoned by the government they fought for, is staggering. Inquiries made by TMP among the 25,000-member Vietnamese community in the Washington, D.C. area turned up yet another sighting, this one apparently previously unknown to either the government, the League of Families, or other key sources.

"About three or four months ago two men came into the restaurant where I was working," a refugee recounted. "An American and a Vietnamese man. The Vietnamese man had escaped and had a letter he said was from his brother. They asked me to translate the letter, since neither knew the other's language.

"The Vietnamese man appeared very fearful, and repeatedly asked what the translator was telling the American, and denying responsibility for the letter. 'Not mine,' he said.

"[The writer] said he saw two American soldiers on Phu Quoc Island, near Cambodia. They were 'very skinny and boney—and their faced looked very sad. They were being forced to go on a boat. I don't know where they were going."

Where indeed? Rep. Robert Dorman, R-Calif., originator of the POW-MIA bracelets and an outspoken ally of the League of Families, summed up the sentiments of those still pressing for a full accounting:

"There are two options that are left to us in this circumstance: the option of hope and the option of despair. [We] should never rest until we find out the absolute truth about the condition of those listed missing in action. It is obvious we are not in possession of that truth."●

EDITORIAL PROPOSES TO DESIGNATE JANUARY 20 AS FREEDOM DAY

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. NAPIER. Mr. Speaker, I would like to take the opportunity to call to the attention of my colleagues an editorial broadcast by WOLS, a radio station in Florence, S.C. The subject of the editorial is a proposal to make January 20 a new national holiday to be known as Freedom Day. January 20 was chosen because it was, as you all know, the day on which the 52 Americans held prisoner in Iran at last were freed. That is also Inauguration Day. The holiday would be to honor those Americans, known and unknown, who have made immeasurable contributions to the freedom we in America hold so dear.

The editorial is well worth reading and I commend it to you. The genuine patriotism and love for our country expressed in the proposal are touching. Mr. Speaker, I ask unanimous consent that the editorial be included in the RECORD at the conclusion of my remarks.

LET'S CALL IT FREEDOM DAY

January 20, 1981 is a day that will always be special in the hearts and minds of most Americans. It is the day the long national nightmare of the hostages came to an end. At the same time Americans inaugurated a new President and paid respects on an outgoing President who departed Washington with great dignity. It was a day of rejoicing and celebrating and observing.

It was a day for Americans to take stock of the blessings we enjoy in this country, and to glow with pride. The two events which took place symbolize and articulate just what this country is all about.

For many years the world has viewed the United States as united in name only. We have been looked upon by many as a nation divided against itself. It was not true, but other governments and other people wanted to believe it was. No longer can we be perceived in that fashion.

America stands for freedom 365 days a year. It is fitting that we set aside one day to commemorate those individuals, known and unknown, who have made immeasurable contributions to our freedom. We should commemorate this special day, January 20, for all time. It is a day that should never be forgotten, and future generations should be reminded of its meaning. We have demonstrated the value of human life in America. We have acknowledged the overwhelming importance of freedom to all Americans, the dignity of each human life, and the manner in which trouble and travail bring us together again, as United States.

The search for freedom brought about the establishment of this Nation more than 200 years ago. Once again we have been reminded of how fragile, and how precious, our individual liberty is.

With all that in mind, we recommend that January 20 be proclaimed by Congress as a new national holiday, to be known as freedom day. Freedom day would serve as a reminder of what prison and captivity have meant to many Americans who have fought for our freedom. It would honor every hostage, the commandos who attempted the rescue, every prisoner-of-war and the crews of the Pueblo and the Mayaguez. It would honor other great Americans such as Thomas Jefferson, Susan B. Anthony and Martin Luther King, Jr., who have contributed to the growth of specific freedoms in this country. Unsung heroes who do not now have a day in their honor would share in freedom day. And it would remind all other governments that Americans do not take lightly the lives, or the freedom, of our citizens.

Every fourth year, Freedom Day and Inauguration Day would coincide. What better joining together could there be. For Freedom Day will celebrate our past heritage and the inauguration will herald our future. On a national holiday, school children and all Americans will have the opportunity to witness, either in person or on television, the many stirring events that accompany the inauguration of a President. It will be a reaffirmation each year of the principles on which this country was established.

Freedom Day, on January 20 each year, will be a day for all Americans to remember what makes this country so great. The symbol for Freedom Day would be a yellow ribbon on flag staff below the American flag. The tragic ordeal of the hostages has helped re-unite America after several long and trying years. Freedom Day, a remembrance and a celebration of the dignity of America, its strength and its compassion, can help keep us together. If you agree, if you think this idea is a good one, will you write a letter to your Senator or Congressman in support of Freedom Day? Write to them direct, or send your letters to us at radio station WOLS, Box F-13, Florence, S.C. 29501, and we'll see that they get it.

The magnificent principle of liberty for all must never be forgotten. Freedom Day will be an annual reminder.●

FIRST CONGRESS OF THE INTERNATIONAL PHYSICIANS FOR THE PREVENTION OF NUCLEAR WAR

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. FISH. Mr. Speaker, yesterday I placed in the CONGRESSIONAL RECORD a brief statement regarding the historic meeting of the International Physicians for the Prevention of Nuclear War during which 70 physicians from 11 countries met in Virginia to discuss the medical and environmental consequences of nuclear war. I included copies of letters to world leaders and physicians all over the world to demonstrate the commitment of the International Physicians to this issue.

Today I would like to bring to the attention of my colleagues the conclusions reached by the first congress of the International Physicians regarding the predictable and unpredictable effects of nuclear war. The human suffering described in the following statement is quite disturbing, and is certainly adequate cause to work for the prevention of nuclear war.

PREDICTABLE AND UNPREDICTABLE EFFECTS OF NUCLEAR WAR

The consequences of the nuclear attack on Hiroshima and Nagasaki were disastrous. Yet even they do not serve as adequate precedents for the amount of death and destruction that would follow nuclear warfare today. Given any scenario of a massive nuclear strike in present conditions, the fate of the inhabitants of those two cities would be shared by tens to hundreds of millions of people. Even a single one-megaton nuclear bomb explosion (80 times more powerful than that dropped on Hiroshima) over an urban area would cause death and injury to people on a scale unprecedented in the history of mankind and would present any remaining medical services with insoluble problems. In the event of a major nuclear war there would be thousands of such explosions.

We must distinguish between the immediate and the delayed effects of nuclear war. Among the immediate effects are mass deaths in the first hours, days and weeks after an explosion. These are caused by the simultaneous effects of blast, heat and large doses of penetrating radiation. The numbers of such deaths would be magnified catastrophically by the destruction of buildings, by secondary fires, by disruption of all life-support systems including electric power, communication and transportation, and by the destruction and contamination of the water supply and of foodstocks.

It is difficult for us, as physicians, to describe adequately the human suffering that would ensue. Hundreds of thousands would suffer third-degree burns, multiple crushing injuries and fractures, hemorrhage, secondary infection, and combinations of all of these. When we contemplate disasters, we often assume that abundant medical resources and personnel will be available. But contemporary nuclear war would inevitably destroy hospitals and other medical facilities, kill and disable most medical personnel, and prevent surviving physicians from coming to the aid of the injured because of widespread radiation dangers. The hundreds of thousands of burned and otherwise wounded people would not have any medical care as we now conceive of it: no morphine for pain, no intravenous fluids, no emergency surgery, no antibiotics, no dressings, no skilled nursing, and little or no food or water. The survivors will envy the dead.

It is known from the Japanese experience that in the immediate aftermath of an explosion, and for many months thereafter, the survivors suffer not only from their physical injuries—radiation sickness, burns, and other trauma—but also from profound psychological shock caused by their exposure to such overwhelming destruction and mass death. The problem is social as well as individual. The social fabric upon which human existence depends would be irreparably damaged.

Those who did not perish during the initial attack would face serious—even lifelong—dangers. Many exposed persons would be at increased risk, throughout the remainder of their lives, of leukemia and a variety of malignant tumors. The risk is emotional as well as physical. Tens of thousands would live with the fear of developing cancer or of transmitting genetic defects, for they would understand that nuclear weapons, unlike

conventional weapons, have memories—long, radioactive memories. Children are known to be particularly susceptible to most of these effects. Exposure of fetuses would result in the birth of children with small head size, mental retardation, and impaired growth and development. Many exposed persons would develop radiation cataracts and chromosomal aberrations.

Delayed radioactive fallout from multiple nuclear detonations would render large areas of land uninhabitable for prolonged periods of time, making it impossible to produce the food upon which the survival of whole populations would depend. Aside from the severe effects in the areas most immediately affected by explosion or local fallout, there would occur effects from both ground and air bursts throughout the world. Fallout would increase the incidence of cancers and of genetic defects in nations and populations far from the targeted areas. These and other effects are difficult to quantify, but is is known that they would occur.

The use of nuclear weapons with an aggregate yield greatly exceeding that of all the explosions (including atomic explosions) in human history poses dangers to the entire planet, and to all of mankind. Among these are profound disruptions of the ecological, with consequences of a nature and magnitude we can only guess at. For example, the release into the atmosphere of large quantities of oxides of nitrogen, formed during multiple nuclear explosions, could disturb the ozone layer of the atmosphere, which protects the surface of the earth from the penetrating component of ultraviolet radiation, and this would probably cause the death of vegetation and animals, and injury to people. In the magnitude, duration, and variety of the dangers it poses to biological and social survival, nuclear war has no precedent in the experience of mankind. The survival of civilized life is at stake.

In one likely and specific scenario that we have considered, an all-out nuclear war between the United States and the Soviet Union in the mid-1980's, it is likely that—

(1) The population will be devastated:

Over 200,000,000 men, women, and children will be killed immediately.

Over 60,000,000 will be injured.

Among the injured:

30,000,000 will experience radiation sickness,

20,000,000 will experience trauma and burns,

10,000,000 will experience trauma, burns, and radiation sickness.

(2) Medical resources will be incapable of coping with those injured by blast, thermal energy, and radiation:

80 percent of physicians will die.

80 percent of hospital beds will be destroyed.

Stores of blood plasma, antibiotics and drugs will be destroyed or severely compromised.

Food and water will be extensively contaminated.

Transportation and communication facilities will be destroyed.

(3) The effect on adjacent countries is incalculable.

(4) Civil defense will be unable to alter the death and devastation described above to any appreciable extent.

(5) The disaster will have continuing consequences

Food production will be profoundly altered.

Fallout will constitute a continuing problem.

Survivors with altered immunity, malnutrition, an unsanitary environment, and severe exposure problems will be subject to lethal enteric infections.

(6) Profound changes in weather caused by particulates and reduction of atmospheric ozone with attendant alterations in man, animal, and plant species may be anticipated.

(7) Among long-term survivors, a striking increase in leukemia and other malignancies will be observed, most severe in those who are children at the time of exposure.●

CHICAGO TRIBUNE QUESTIONS RAPID DEPLOYMENT FORCE

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. PORTER. Mr. Speaker, it is clear that the American people expect the Congress to improve our country's military capability. Yet fiscal restraint demands that the Congress seek assurances that the military's efficiency improves as its budget authorization increases.

Toward that end, I ask my colleagues to consider the following editorial from the March 24, 1981, issue of the Chicago Tribune which urges restoration of the Marine Corps' traditional role as the Nation's preeminent rapid deployment force. The Tribune forcefully argues that the effects of such action would be to simplify the force's command structure, to enhance the force's coordination, and to free valuable military personnel from redundant administrative duties.

THE RABBIT DEPLOYMENT FORCE

That greatly ballyhooed answer to all that ails us in the Persian Gulf—the Rapid Deployment Force—has become a special favorite of cartoonists, who delight in depicting it as a hutchload of rabbits spilling pell-mell across a desert: the "Rabbit Deployment Force."

In truth, the RDF is a rabbit, a sleight-of-hand rabbit that was yanked out of a brass hat during the Carter administration. It was a propaganda ploy, an attempt to show that the United States was doing something about its suddenly-discovered vulnerability in the Gulf region. But like most such quick-fix schemes, it is turning out to be a bad idea. It should be given a decent burial before too many more millions are squandered on it.

The essence of the RDF's weakness showed up almost immediately in the form of interserve bickering over how the force should be structured and led. As originally conceived during the crisis in our relations with Iran, the RDF was to be an amalgam of all four services. Units from the Army, the Air Force, the Navy, and the Marine Corps were designated to prepare to play roles in the RDF in the event of its being mobilized. A small command and staff structure was sent up in Florida under a Marine, Gen. P. X. Kelley, and including representatives from all the forces.

But, predictably, there was no joint agreement on the precise character of the joint force. In recent Senate hearings the differences have become public. The Marines and some elements of the Navy leadership favor a sea-based command that would depend mainly on Navy ships for logistics and on Marines and Navy air power for the "cutting edge" of an RDF deployment. And the Army and the Air Force, naturally, prefer a land-based command that would emphasize their own primacy in the RDF.

Another part of the RDF problem involves its mission. What, exactly, is it supposed to do? Some military leaders talk of blocking Soviet forces from attempting overland offensive against the Middle Eastern oil fields. But that suggests a direct military confrontation with a massive, heavily armored Soviet force on the Southwest Asian land mass—a ludicrous prospect for a relatively small and lightly-armed American RDF.

In fact, the RDF's mission would not be to commit that particular kind of folly. It would be to protect the sea lines of supply of Middle Eastern oil bound for the West and to forcibly take over the oil fields in the event of insurrection, terrorism, or a regional war that threatened the integrity of those supplies. Military leaders and policy makers prefer not to talk much about that mission, which causes consternation among the states of the region. But that is what an RDF is for, and that is what it should be organized to do.

As presently conceived, however, the RDF is a military disaster waiting to happen. The multi-service arrangements are complicated, and complexity is dangerous to military operations. The RDF plan depends on close liaison among officers whose military backgrounds and perspectives differ sharply. Military units designated for eventual RDF duty will work together only during periodic exercises, and meanwhile they will have their normal duties to attend to. They are likely to regard the RDF assignment as a burdensome extra chore and give it short shrift.

So what to do about our still-unresolved problem in the Gulf? The answer is simple, because we have had a perfectly capable RDF all along. It is the U.S. Navy and Marine Corps. The Gulf problem is protection of sea lines of supply, which also happens to be the primary mission of the Navy. That duty may involve the necessity of armed intervention ashore, which is the specialty of the Marines.

The Navy is uniquely equipped to guarantee the safe passage of tankers by the use of carrier-based air power, antisubmarine forces, and minesweepers. The Navy and the Marines together are uniquely experienced in the rapid deployment of light infantry ashore.

To do the same job, the Air Force and the Army would need planes and troops at large permanent land bases somewhere in the region. At present, there are no prospects for getting such bases because none of the countries involved wants large U.S. forces on its soil. Even if such bases could be obtained—in Egypt, for example—they could never be considered permanent. A coup or revolution could shut them down unexpectedly, as has happened before in the Middle East.

This doesn't mean that the Army and the Air Force have no vital role in protecting Gulf oil supplies, or that the United States will not have to spend a considerable amount of money to provide credible protection. The Air Force would have an important logistical function from the start of any RDF action, and both the Air Force and

the Army must be prepared to move quickly with combat forces behind the Navy-Marine cutting edge of the action. A large, new cargo plane, the CX, will be needed, and the Navy will need additional ships for moving men and supplies. More money must be spent on the prepositioning arrangements already begun in Oman, Somalia, Kenya, and Egypt, and in the buildup on Diego Garcia island. The Marines may need to recruit a few more good men.

But the basis of the RDF should be the Navy and the Marines. It is a job they have been doing for most of America's existence as a free republic, and they should keep on doing it.●

COMMITTEE STAFF REDUCTION: A POLITICAL CASUALTY

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, I rise today to bring further attention to a matter of extreme importance that unfortunately has been tainted by very partisan actions.

The general topic of my statement concerns itself with Government spending. Specifically, I, and many other Members of Congress, am extremely concerned with the failure of this body to impose a true cut in committee staff funding.

In all candor, Mr. Speaker, the proposal adopted yesterday is a sham, and an affront to the American people who have clearly expressed their desire that Government spending be curtailed.

Confronted with an enormous national deficit, inflation and high interest rates, the Reagan administration has set out to bring the Federal bureaucracy and all its related ills under control. Clearly, a reduction in Federal spending, wherever it may occur, will help to restore the confidence of the American people who so desperately seek an end to big Government, big spending and big deficits.

My Republican colleagues have sought gallantly to enact meaningful spending cuts, but the success of any legislative endeavor undertaken during the 97th Congress will require the cooperation of the House majority. To date, that cooperation has been nonexistent.

So important is the need to examine the implications of the thwarted attempt to cut the committee staff budget, that I am submitting a short analysis of the facts and figures relating to this issue.

In 1971, the total authorized funding for House committees, excluding the Appropriations and Budget Committees and House Information Systems, was approximately $9.9 million. The comparable requested authorization level for 1981 is about $37 million—nearly a fourfold increase.

There is something seriously amiss here.

The major portion of these expenditures is for salaries of investigative staff; that is, those employees in excess of statutory staff levels. Such staff members are not exclusively engaged in investigative work; many are responsible for clerical duties. Appointments to the investigative staff are made on a strict patronage basis at the behest of individual committee chairmen—all of whom are Democrats. Given the extent of their responsibilities, the majority chairmen have conducted themselves with a glaring lack of professionalism as is evidenced by the political composition of the committee staffs.

Currently, there are 859 Democrat staff members as compared to 156 Republican staffers—a ratio of 5½ to 1. At the very least, the minority staff membership should reflect the ever-increasing Republican House membership, now totaling 44 percent.

Mr. Speaker, my concern for the methods of committee staff selection and funding are well founded. Just yesterday, the Democrats moved to consider all committee funding resolutions in one bill. That tactic required a rule which enabled the Democrat majority to offer a substitute bill—the Wright amendment—which imposes a token 10-percent reduction over last year's committee staff funding authorization. That resolution was approved along party lines, 231 to 171.

I am dismayed by the shallowness of this action. The 10-percent reduction of the 1980 authorization for 1981 merely represents the elimination of funds not utilized last year. The Wright amendment offered no spending cut, nor does it save the taxpayers any money.

A reduction in the rate of increase is not a cut.

It is not surprising then, that again, the Republican leadership sought to impose a real spending cut by seeking a 10-percent reduction in the actual expenditures of 1980.

My learned colleague, Mr. COLLINS of Texas, has devoted considerable effort exploring the specifics of committee staff reduction. He has entered numerous articles into the RECORD outlining his contention that viable committee staff reductions can be readily accomplished given the inordinate growth these committees have demonstrated over the past few years.

Facts and sentiment favored a reduction of committee staff levels. Despite that fact, a motion offered by my distinguished colleague, Mr. FRENZEL of Minnesota, to recommit the resolution and reduce the committee staff authorization by $6.6 million, was defeated along party lines, 225 to 184.

In the final analysis, a vote to impose a real reduction of committee staff expenditures would have been a clear signal to the American people that the Congress, too, is aware of the need to cut back and economize. Instead, the House majority party, the Democrats, have made spending cuts a political issue by refusing even to clean their own house.

If the time comes when the American people exhibit still greater disgust for their representatives in Washington, they may well recall the day when the Congress refused to cut a budget that had increased by 300 percent in a 10-year period.●

SYRACUSE TO BE CONGRATULATED ON NATIONAL INVITATION TOURNAMENT APPEARANCE

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. LEE. Mr. Speaker, though I realize that athletic competition does not often fit into the dealings of the Congress of the United States, I would like to take the opportunity to offer my congratulations today to Syracuse University's basketball team for its highly laudatory appearance in the recently completed National Invitation Tournament held in New York City.

The sports program at this fine university serving my 33d Congressional District of New York State has long been known as one of the Nation's most outstanding. College athletic competition builds character in the leaders of tomorrow—the leaders which this Nation perpetually thirsts for.

Last night, March 25, in a heartbreaking contest between Syracuse and Tulsa University for the championship of the National Invitation Tournament, Tulsa defeated our Orangemen with a final basket in the final 30 seconds of an overtime period. To be certain, congratulations are due Tulsa.

Yet, for the marvelous characteristics of sportsmanship and superb play which brought this team to a winning season and within 30-seconds of a national title, I today offer my thanks and the deep appreciation of every Syracuse supporter. The team's final, 22-12 record, is a matter of distinct pride to each of us who have watched through this season.●

SAUDI F-15 ADDITIONAL ARMS SALE

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. LONG of Maryland. Mr. Speaker, I oppose the Reagan administration plan to sell additional offensive equipment for the F-15 fighter to Saudi Arabia, as I opposed the original Carter administration sale of the planes in 1978. The sale of additional fuel tanks and air-to-air missiles threatens the security of Israel and is not justified politically or strategically. The additional armaments would also break our original promise that the F-15 will not have the range to strike Israel.

The major danger to Saudi stability is internal and is not reduced by increased arms sales. Iran collapsed inwardly a short time after it had achieved greater military power than any other Moslem nation in the region.

The major external threat perceived by the Saudis is the Soviet Union. Advanced equipment on 62 planes can scarcely enable Saudi Arabia to defend itself against a Soviet attack or provide adequate protection against any other move to the oilfields. Even the planes themselves are largely ineffective in dealing with any ground attack. The real deterrence to any move against the oilfields is their position in American strategic planning due to their importance to the West. This applies to threats from within the Middle East, such as Iraq, as well.

The administration cites the changed security situation as the reason behind this proposal prohibited by the original 1978 sales agreement. Yet, these sales do not address any of the problems associated with either the Soviet invasion of Afghanistan or the Iran-Iraq war, the major changes in security cited by the administration. The sale of this additional equipment is just not justified by Saudi security considerations.

The United States has demonstrated a special commitment to the continued security of the State of Israel. This sale would threaten Israel's well being. The additional equipment proposed would enable Saudi planes, accurately and with little warning, to hit any target in Israel from any base in Saudi Arabia. Air security is the key to Israeli defense strategy and the danger of these planes, with these capabilities, is clear.

The Israelis' fears are scarcely imaginary. Saudi forces have played an active role in three out of four of Israel's wars in the past 32 years. The Saudis currently fund the PLO with hundreds of millions of dollars a year. They have condemned the Camp David agreements and have gone as far as to break off relations with, and cut off assistance to, Egypt. As recently as last month, the Saudi Government called for a Jihad, holy war, to eliminate the Jewish state. Israel, may, in the face of perceived hostile action, be drawn into a preemptive destruction of the Saudi planes.

The additional armaments for the F-15, and indeed the planes themselves, are being used by the administration as a symbol of American support for the Saudi Government despite clear political and military support already abundantly demonstrated. This proposal further undermines American credibility.●

FTC'S CASE AGAINST THE CEREAL INDUSTRY

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. WOLPE. Mr. Speaker, recently I introduced legislation, H.R. 2509, that concerns the Federal Trade Commission's shared-monopoly case against the three major cereal manufacturers. The legislation, cosponsored by 72 of my House colleagues, seeks to place a moratorium on any initial decision in a shared-monopoly case until such time as the Congress determines that share-monopolies exist and finds them unlawful.

Yesterday, the Washington Star published a column on the FTC's case against the cereal industry that addresses many of the concerns that ultimately led to the introduction of H.R. 2509. I would like to commend the article to the attention of my colleagues.

[From the Washington Star, Mar. 24, 1981]

THE FTC COMES TO BREAKFAST

(By Tom Bethell)

On April 26, 1976, the Federal Trade Commission filed a complaint against the Kellogg Company, General Mills, General Foods, and Quaker Oats, charging them with having a "highly concentrated, noncompetitive market structure in the production and sale of ready-to-eat-cereal." In effect, the FTC claimed, although no one company has a monopoly on the $740 million-a-year industry, these four companies had managed to achieve a shared monopoly over it.

To correct the alleged monopoly, the FTC has proposed a draconian remedy. If nothing else, demonstrates how much is at stake in the case. This was in any event made perfectly clear in 1976 by a former FTC staffer named Charles Mueller, who had helped launch the cereal case in 1969. "Should the courts side with the FTC," he said in Newsweek, "they would be declaring about one-third of the U.S. economy to be illegal."

If the courts do side with the FTC in this case, Kellogg will have to sever limbs from its own corporate body, splitting off three new companies; General Mills and General Foods will likewise have to dismember themselves. The five new companies must each have enough capacity to supply approximately six per cent of the ready-to-eat-cereal market; and each would be assigned exclusive rights to manufacture and sell one or more brands already established in the marketplace.

A NAIVE REMEDY

Even if the companies involved have been engaged in a tacit conspiracy, this proposed "remedy" would strike many people as being both naive and arrogant. It makes the fundamental mistake of assuming that viable new companies can simply be ordered into existence; that we will all necessarily be better off when they do exist; and that the necessary efficiencies of scale, management, and productivity can be created by fiat. We see here the uncomfortably close resemblance between the bureaucratic and the totalitarian mind.

But let us look more closely at the FTC's charge of "shared monopoly." Edward F. Howrey, a counsel for General Mills, has said that "the FTC has created an entirely new offense that they call 'shared monopoly.'" Similarly, a Kellogg memo on the case claims that "the FTC's case is without legal precedent. . . The idea of a 'shared monopoly,' aside from being self-contradictory, is completely unprecedented in the law."

The charge of "shared monopoly" is indeed not found in any statute. The history of antitrust strongly suggests that the charge of sharing a monopoly reflects the endless frustration that academics, officials, and lawyers have encountered in their search for a real monopoly. By 1968 a White House Task Force on Antitrust Policy was recommending the adoption of a Concentrated Industries Act, designed to fragment an industry in which "any four or fewer firms had an aggregate market share of 70 percent or more. . . " No such act has been passed, but the FTC investigation of the cereal companies, whose combined market share satisfied this test, began the following year.

In bringing the complaint against the cereal companies, the FTC advanced the shared monopoly doctrine into the final stage—without any supporting statute. But, curiously enough, someone or some faction within the FTC seems to have "blinked" at the last minute. And so there was added to the complaint the FTC's charge that the cereal companies not merely had a certain combined market share, but had achieved it and maintained it by engaging in collusive, anticompetitive practices of a type that have been declared illegal in earlier antitrust cases.

WIDE RANGE OF CHOICES

A charge of monopolization really only makes sense with respect to a product which cannot be satisfactorily substituted for something else like it. A moment's thought shows that ready-to-eat breakfast cereal does not fall in this category. There are numerous other breakfast products available on the supermarket shelves; cereal that must be cooked, or to which hot water must be added; bacon and eggs; grits; liquid instant breakfast; instant breakfast bars; frozen waffles; muffins, pastries, etc. What was being "monopolized"? Not food, of course; not breakfast food either. Not cereal, even. But ready-to-eat cereal; a small subset of the domain of breakfasts!

It is clear, too, that the public has not been switching away from ready-to-eat cereal in response to unconscionably high-priced Product 19 or Rice Krispies. In 1970, the year the FTC investigation began, 25

per cent of the country's 73 billion "potential breakfasts" involved the consumption of allegedly monopoly-priced ready-to-eat cereals. By 1975 this share would grow to 35 per cent. In short, the public has not been protecting itself against the alleged monopolists by the simple expedient of switching to non-monopolized alternatives. Oligopolistic corn flakes have remained more enticing than competitive muffins.

Of course, this argument is not likely to be persuasive to FTC lawyers. The FTC charges that the companies "were able to establish a procedure for changing list prices that enabled them to raise their prices regularly without fear that they would lose sales and market shares to one another." This procedure is termed by economists "collusive price leadership." The FTC makes no charge of an actual conspiracy to achieve this result. Morever, the FTC did not even claim that there had been collusive price increases between individual, competing cereal brands. Only groups of products, arbitrarily selected from the competing companies, were said to be collusively priced. By analogy, one could say that all trees in the forest grow at different rates, but if an observer is allowed to make his own selection of individual trees, he could find one group that was growing, on average, at the same rate as another group, and then claim that there was "collusion" between the two.

ODD INTERPRETATIONS

Thus the charge of price leadership fails completely. But it is interesting to note that one of the rocks on which it founders is the discovery by the FTC that the proliferating brand names, box sizes, and packaging techniques made it extremely difficult for each company to figure out what its rivals were doing. Nevertheless, the FTC charges that "product proliferation" is an anti-competitive activity, constituting a "barrier to entry."

If companies want to enter into a tacit price conspiracy, they could best do this by homogenizing their product as much as possible. The cereal companies have instead done their best to differentiate them. It would be hard to imagine a more difficult way to maintain a tacit conspiracy. It is the restraint of trade that violated the Sherman anti-trust act. But the proliferation of it has now specifically been attacked by the FTC.

"If the FTC is not standing antitrust law on its head I simply do not understand what the law says," University of Chicago professor Yale Brozen has written.●

PENSION PLAN RESERVES

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. WON PAT. Mr. Speaker, today I submit for consideration by the Congress legislation which would correct a technical oversight in section 805 of the U.S. Internal Revenue Code.

Under existing laws, residents of the U.S. territory of Guam are denied the privilege of investing their private pension funds in tax free shelters here within the 50 States. Such programs are operated by a number of well-known insurance companies and are designed to help protect pension funds by sheltering them from U.S. taxes. Currently, the ability to invest private pension funds in such programs is enjoyed by the residents of all 50 States and Puerto Rico.

Guam's residents are denied access to section 805 programs of the Internal Revenue Code of 1954. However, because the territory uses what is known as a mirror-image tax. Codes with the United States and funds from Guam are thus considered to be foreign for tax and investment purposes in such instances. It is my hope that the Congress will act to include Guam as an eligible area in the section 805 programs.

We are American citizens and while we do have a different tax status, the inclusion of island residents in this tax shelter program will have absolutely no effect on the U.S. Treasury nor will it cost other American taxpayers 1 cent. Our inclusion in the program, will, however, be of enormous importance to the private business firms on Guam and their employees. They, like all of us, look forward to the day when they can retire secure in the knowledge that their pension funds have been wisely invested and protected. This is not now the case on Guam. Local firms must often use speculative areas of investment to attain the maximum yield for their pension funds. My legislation would provide these funds with a safe haven here in the United States. Thank you.

The text of the bill follows:

H.R. —

A bill to amend the Internal Revenue Code of 1954 to provide that the pension plan reserves of a life insurance company shall include amounts allocable to certain trusts forming part of a pension, profit-sharing, or stock bonus plan all of the participants of which are residents of Guam

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (d) of section 805 of the Internal Revenue Code of 1954 (relating to pension plan reserves) is amended by adding at the end thereof the following: "For purposes of paragraph (1)(A), a trust shall be deemed to be described in section 401(a) and exempt from tax under section 501(a) if such trust forms part of a pension, profit-sharing, or stock bonus plan and is exempt from income tax under the laws of Guam and if all of the participants of such plan are residents of Guam."

(b) The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1977.●

DIMINISHING RETURNS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. MICHEL. Mr. Speaker, how much of any given social or economic or environmental problem can government solve? This is an important question because it is obvious that when you get down to the last, often terribly difficult parts of a problem, the amount of money needed to make even a small dent in the problem often must be weighed against the probable results. In other words, we can't do everything and we can't solve every part of every problem. That is common sense. But to hear some special interest groups talk, if every part of every problem is not totally and absolutely solved, forever, then we have failed. I do not believe that and the American people do not believe that.

The Peoria Journal Star recently addressed this problem and I want to bring to your attention that newspaper's commonsense attitudes. At this time I wish to insert into the RECORD "Diminishing Returns" from the Peoria Journal Star, March 24, 1981.

[From the Journal Star, Mar. 24, 1981]

DIMINISHING RETURNS

It may well be that the central problem that has landed us with a government that produces poor results at high costs is the way politicians and bureaucrats have forgotten the law of diminishing returns.

No businessman would forget it or ignore it, probably, but then we have filled this government with graduate lawyers who never practiced outside of government, and with academics, entertainers, public relations men, former pro athletes and career politicians.

Those are not activities that have an awareness or a decent respect for the law of diminishing returns.

They do not recognize that in productive activities there is an optimum point of benefits for the amount of input—after which it takes more and more input to get less and less result.

To those inventing paper laws, law by its nature demands an absolute total result. (Otherwise, it is "discriminatory.")

Hence, we have galloped off into hundreds of programs mandated to forge ahead without regard to the realities of the law of diminishing returns—and when it sets in, they just keep demanding more and more funding to strive for that less and less result.

That's what really costs the taxpayer.

Government can attack major abuses, for example, and get spectacular results with a minimum of cost and effort, but when it gets down to nit picking and hair splitting and abstract arguments to decide if something shadowy really is an abuse under the program—or an entitlement—the cost and effort becomes astronomical and the results, often, bizarre.

It is not a question of what program is more needed and which can be dispensed with—although that seems to be the only language some people understand.

The central problem is the "over-administration" of just about every program under the sun—and the related propensity of lawmakers to mandate ideal goals without regard to the possibilities or the cost . . . and just turn the bureaucracy loose to go for it full blast.

That process is not just costly to the taxpayer. It often proceeds with a scorched earth attitude versus employers, producers, job-holders and taxpayers alike.

With their narrow jurisdiction and single track mandate, they often do not seem to care how much resources they burn up and destroy, nor whether it is public or private. The havoc to the society and its basic economy has been ignored as if it were irrelevant.

To pour resources as if they were endless into those last impossible, struggling minute gains on the theory that only then have we really done the job is idiotic.

It has been recognized as such through generations of practical people.

But that reality has been treated as irrelevant by zealots with a variety of causes, by politicians eager to nail down their purpose and enforce its absolute compliance, and by bureaucrats whose function is to pursue the mandate to the last shoelace on the last basketball player in Crosswitch, Kentucky, Junior High.

That's where the money goes.

And that's where it accomplishes the least.

Half the skill of management in the real world lies in the ability to recognize the point of diminishing returns so as to divert resources at that point to something that will produce useful results—instead of pouring it down a rat-hole.

But in government, a mandate is unlimited and absolute, and so a key role of managing doesn't even exist.

If two percent of the mandated task is not accomplished, cannot be reached, the answer is to call for more and more funds to whack away—often fruitlessly—at that last, stubborn, impossible two percent.

The stupid $40 million-plus sewer project in Peoria and its counterparts all over the nation provide a classic example.

Ninety-nine percent pure isn't good enough for the purists. So, they shrug their shoulders as if we have no choice and insist that the taxpayers must finance an endless losing war on the last percentile—admitting that this giant project will only dent it.

You realize that as long as the present attitude and method exists, this $40 million is not the end? Next will come $80 million to try to knock off another quarter of a percent.

The agency has to keep demanding.

That's its business.

And the demands keep getting more outlandish, less useful, and more expensive.

Meanwhile, if the responses of our supposed governmental leaders are to wring their hands and tell us how helpless they are to do anything about it, what kind of leadership is that? We are wasting our money on them, too.●

CLEAN AIR ACT

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. RAHALL. Mr. Speaker, today I had the opportunity to present a few opening remarks for a 2-day symposium, which I believe will serve a great benefit to interested Members of this body and to their staffs as well.

The Energy Research Center of West Virginia University, in cooperation with the Library of Congress, is presenting an open and objective discussion of the Clean Air Act.

The energy research center, headed by Dr. Dayne Aldridge, is well respected worldwide for their work in the energy field. They have assembled a distinguished group of panelists, and I hope those who are interested will take advantage of their expertise and insight of this issue.

At this time, I would like to share with my colleagues, my opening remarks.

CLEAN AIR ACT SYMPOSIUM

Good morning, and thank you for coming. I'm Congressman NICK RAHALL from the Fourth District of West Virginia, and I would like to briefly thank my good friends from West Virginia University for setting up this symposium. I believe it will be a worthwhile tool for all of you.

This nation undertook an ambitious set of programs over the past decade to control pollution and preserve environmental quality, with some 200 major laws enacted at the Federal level alone. The most prominent being, of course, the Clean Air Act.

The air is indeed cleaner and the water purer, and the total environment therefore is presumably healthier, as a result of these efforts.

Data on the ambient air quality in most metropolitan areas show that levels of smoke and dust, sulfur dioxide, and carbon monoxide have been reduced. Surveys of water quality likewise show reductions in the levels of various pollutants.

In very few Federal initiatives of recent times, has so much been accomplished within a brief span of time, as in the environmental area. Protection of the environment indeed has become an ongoing commitment, not the passing fad it was sometimes thought to be.

The context within which environmental issues are dealt today differs from that of the early 1970's. As the last decade began, Americans seemed to believe that the nation could rather quickly enjoy a healthier and cleaner environment. The 1980's are likely to be characterized by a greater appreciation of the magnitude of this endeavor.

After roughly a decade's experience with implementation of the Clean Air Act, the public has a better understanding of the complexities of controlling pollution. The public has also been confronted with evidence that a cleaner environment can only be bought at a substantial price.

In the midst of high inflation and stagnant economic conditions, it is believed by some that industrial growth and expansion has been hindered by some degree in our quest for cleaner air. As these efforts continue, questions will certainly be raised over how high a priority should be assigned to a cleaner environment, how quickly a given environmental standard should be attained, and what additional price should be paid.

Related and additional questions include: Has technology sufficiently advanced to solve all our problems at a "reasonable cost"? Are standards that seek to protect all individuals from all possible risks, thus ignoring the concept of acceptable risk, in the public's best interest? Can cost-benefit analyses be applied to environmental goals? What impact does unreasonable clean air standards have upon employment, the control of inflation, and other desirable social goals? Are excessive clean air requirements a genuine threat to our national security by forcing our continued reliance upon expensive and unstable imported oil? These are only a few of the many questions that have to be answered.

For years, nearly every interest group in this nation has been developing amendments which they believe will make the Clean Air Act more operative without weakening its primary objective, the protection of human health. No one will quarrel with this goal, and no one is out to "gut" or wipe the Clean Air Act completely off the books. The American people do not want such action, nor will the Congress take such action.

But we still have to face up to the costs to some Americans.

Steel facilities, and in particular, coke batteries which provide the basic building block for the steel making process have been closed for failure to meet regulations promulgated by the EPA. Further, utility boilers currently burning costly imported oil have been prevented from converting to coal due to stringent regulations. So some may say that regulations, not the Act, are the problem. This is another question I am sure will be addressed.

Today and tomorrow, the West Virginia University Energy Research Center, in cooperation with the Library of Congress, have brought together a most distinguished group of experts who will discuss the Clean Air Act's implication on stationary sources. I believe special interest should be given to the panel on acid rain, a topic about which we are reading more and more, especially as coal is being pushed as a dominant domestic energy source.

This symposium will contribute immensely to a rational discussion of important reform issues posed by both industry and environmental groups, and to the attainment of a rational balance among environmental, energy, and economic objectives.

At this time, I will turn the program over to Dr. Dayne Aldredge, who is director of the Energy Research Center at WVU, and who is a close personal friend of mine. Dr. Aldredge will serve as the moderator for the program.

Again, let me thank you for attending. I am sure this two-day session will provide a unique opportunity for you to develop an understanding of the Clean Air Act and the issues surrounding it.●

EMPLOYEE RETIREMENT SAVINGS ACT OF 1981

HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. ERLENBORN. Mr. Speaker, the bill I am introducing today with my colleague, Mr. FRENZEL, is the first of several legislative initiatives which will set a new course in pension policy whereby private pensions and individual retirement savings may grow to meet the retirement income challenges of this Nation in the 1980's and beyond.

The demographics of the future cast doubt on the health of the social security system. It is difficult to foresee how current levels of support can be maintained, yet far too many workers already depend on social security benefits as their sole source of retirement earnings.

On the other hand, individual incentives for personal retirement savings

and investment are not emphasized enough. New inducements will be necessary to encourage individual retirement initiatives, particularly during this era of shrinking disposable income, when this aspect of retirement planning is the first to be dismissed.

Our bill, the Employee Retirement Savings Act of 1981, provides the necessary inducements: First, by increasing the deductible limit on contributions to individual retirement accounts (IRA's) from $1,500 to $2,000; second, by removing the present 15 percent of earned income limit on IRA's in order to simplify IRA administration and to induce low wage earners to save more; third, by permitting a deduction within the $2,000 limit for voluntary or mandatory contributions to employer-sponsored pension and savings plans; fourth, by permitting all employees to split their contributions in order to pay up to $1,000 into an IRA for their spouse regardless of spousal earnings; and fifth, by removing the age 70½ restriction on contributions to IRA's.

The bill also equalizes the tax treatment of retirement contributions for private and public employees. Public employees covered under social security and paying the FICA tax could deduct up to $2,000 in contributions to their pension plan or IRA. Public employees not covered under social security would have the $2,000 deductible limit reduced by the amount of the FICA tax they would have had to pay if they had been covered under social security. Besides creating tax equity, a side benefit of this provision will accrue to the ailing Social Security Trust Funds. Groups of public employees in plans already covered under social security will in the future be less likely to pull out from under social security, since it would mean the loss of significant tax benefits to individual participants. This would halt the recent hemorrhaging of social security revenues due to the loss of taxes from public employee groups who have voluntarily withdrawn from the system.

BENEFITS OF NEW POLICIES UNDER BILL

Currently, individuals who are active participants in a retirement plan cannot establish an IRA and cannot receive a tax deduction for their own plan contributions whether such contributions are voluntary or mandatory.

By providing tax deductions to plan participants for their own contributions, the bill will solve several problems which have manifested themselves under the current law. When an employee already participating in a plan desires to establish an IRA but is precluded from doing so, pressure is created for the employee to withdraw from the plan. On a collective scale, this pressure could jeopardize the plan's qualified tax status. The bill will eliminate the current pressure for employees to withdraw from plans.

The current law prohibiting participants from setting up an IRA works as a particular hardship on mobile employees such as engineers. Under the bill, employees who participate in the plan but terminate before they are vested would not receive any plan benefits, but they would at least have their IRA to fall back on.

Finally, under the bill, those who participate in inadequate plans—for example, profit-sharing arrangements when there is minimal profit—will have the freedom to set up their own IRA's or contribute to their own plans, if permitted, and receive a tax deduction.

The bill will also encourage the establishment of new pension plans in cases where employers were previously reluctant or unable to fund for pensions at a meaningful benefit level.

The expansion of pensions and retirement savings under our bill will have a profound positive effect on our national economy. Aggregate savings and capital formation will be enhanced. The resulting economic expansion will be reflected in higher levels of employment, real wage rates, and a larger stock of capital. The increased emphasis on investment and savings will help put a damper on the intolerably high rates of inflation our Nation has recently suffered.

In summary, our bill creates a new retirement policy framework in which retirement income security will be enhanced through increased retirement savings and pension plan formation. We appeal to our colleagues in the Congress, and President Reagan as well, to set a new course responsive to the retirement needs of our Nation's workers and their families by quickly enacting the Employee Retirement Savings Act of 1981.●

DISAPPROVAL OF PELL GRANT PROGRAM SCHEDULES

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. SIMON. Mr. Speaker, I am today introducing two resolutions of disapproval of a Department of Education, March 13, 1981, final regulation, establishing family contribution schedules for the Pell grant (formerly BEOG) program. The regulation sets forth the formulas used to determine student eligibility for Pell grants on the basis of need.

On January 19, 1981, the Department of Education published a family contribution schedule which continued a practice begun during the 1973-74 school year of indexing by the CPI the calculation of family size offsets. These offsets determine how much money parents have as disposable income to pay for college costs—thereby determining the size of a student's grant. The January 19, 1981, family contribution schedule had already been published as a proposed rule. Comments had been received and it was then published as a final regulation.

As a result of the President's suspension of all regulations on January 21, 1981, the Department stopped processing all student applications for Pell grants and revised the final regulations which were signed by the Secretary on March 9, 1981, but not published until March 13, 1981. The revised regulation would freeze the family size offset at its 1980-81 level, rather than increasing the offset by the Consumer Price Index (CPI) as is customarily done. The reason given for the change is to reemphasize "the traditional responsibility of the family in financing postsecondary education" and to "combat inflation." It was noted that one commenter on the FCS notice of proposed rulemaking dated August 1, 1980, "suggested that the use of the Consumer Price Index artificially increased financial need." It appears that the Department is using this comment as a partial rational for not indexing the offsets.

Upon close examination of this comment, it is evident that the commenter, Robert Walling, director for financial aid, Central Michigan University, did not request that the offset not be indexed, but that the CPI may not be the best index to use. He was concerned that the CPI includes current mortgage interest rates which do not necessarily apply to parents of college-age students. He urges the Department fo reevaluate the use of the CPI as the index or to extract the mortgage interest rate component from the CPI.

As most of you know, I have serious reservations about "indexing" as a general rule. I believe that Mr. Walling makes a valid point, however. Now is not the time to consider policy changes which will further delay processing or deny access to the Pell grant program to students who expect to participate.

The administration's budget reductions, to the extent that they rely on major policy changes, through regulations or legislation, in the Pell grant program, are opposed by a majority of our subcommittee. The March 13, 1981, family contribution schedule is just such a proposal to change policy.

If the family size offset for 1981-82 is not indexed, the Congressional Budget Office (CBO) estimates 154,000 students would lose eligibility in 1981-82 and $220 million would be saved. The administration believes that $134 million would be saved and

about 100,000 students would no longer be eligible for Pell grants. An alternative method of achieving savings under the Pell grant program is by applying the first stage of the grant reduction schedule. If this reduction schedule is used, CBO estimates the $179 million would be saved with no loss of eligibility. The administration has slightly lower estimates of $136 million savings with a 100,000 loss in eligibility if the offset is not indexed. It also estimates that use of the reduction schedule would save $159 million.

Because of my strong personal concern about the Department's failure to process Pell grant applications over the last 60 days, Chairman PERKINS and I wrote Secretary Bell on March 18 questioning both the legality and the propriety of the suspension of the January 19 regulation. Secretary Bell believes the legal basis for the suspension and subsequent amendment of the January 19, 1981, final regulation—without following the procedure set forth in the statute—is legal.

Notwithstanding these legal questions, the subcommittee is most concerned with how the Department's decision to modify the family contribution schedule affects the processing of 2.5 million student applications for Federal and other student financial assistance. Pell grants are the foundation for all Federal student aid and these grants are also used by many State scholarship agencies to award grants. In my home State, the Illinois State Scholarship Commission relies on Pell grant awards not only to determine which students are eligible for State scholarships, but also how much their awards will be. The Department's failure to process Pell grants will have a serious impact on the future education of millions of college students.

I want the Members of the House to know that the subcommittee, its Senate counterpart, and the higher education community have sought to resolve the impasse. Discussions are still underway. The members of this subcommittee, and the higher education community, have worked with the administration over the past few days to resolve the budgetary and policy differences which separate us, and more importantly, begin the processing of Pell grant applications of the more than 1 million students who need assistance.

I am submitting the necessary resolution of disapproval, in the event the current negotiations do not succeed.

My hope is that they will.●

GUATEMALA: A GOVERNMENT PROGRAM OF POLITICAL MURDER

HON. MICHAEL D. BARNES
OF MARYLAND
IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. BARNES. Mr. Speaker, Amnesty International, the internationally recognized human rights organization, has published a report on human rights conditions in Guatemala. The thrust of the report is aptly summed up by the subtitle: "A Government Program of Political Murder." The opening paragraph of the report states the case with chilling simplicity:

The human rights issue that dominates all others in the Republic of Guatemala is that people who oppose or are imagined to oppose the government are systematically seized without warrant, tortured, and murdered, and that these tortures and murders are part of a deliberate and long-standing program of the Guatemalan Government.

I regret to say that Guatemala now appears to be the Western Hemisphere's most egregious human rights violator. Despite the fact that Secretary Haig considers Guatemala to be on the hit list of international communism, it is clear that any unrest in that country can be attributed principally to official Government repression.

The Guatemalan Government has steadfastly refused to take action against terrorism by the national police, or to countenance reforms. In this situation, the only course open to the United States is to maintain its distance from the Guatemalan regime. Thankfully, the administration is not requesting military assistance for Guatemala for fiscal year 1982. I trust this policy will be maintained, and that no economic aid will be permitted that does not directly reach and benefit the poor, so long as the Government's abysmal human rights record continues.

I strongly urge my colleagues to read the Amnesty International report. I include the introduction to the report at this point:

A GOVERNMENT PROGRAM OF POLITICAL MURDER

The human rights issue that dominates all others in the Republic of Guatemala is that people who oppose or are imagined to oppose the government are systematically seized without warrant, tortured and murdered, and that these tortures and murders are part of a deliberate and long-standing program of the Guatemalan Government.

This report contains information, published for the first time, which shows how the selection of targets for detention and murder, and the deployment of official forces for extra-legal operations, can be pinpointed to secret offices in an annex of Guatemala's National Palace, under the direct control of the President of the Republic.

The report also includes transcripts of two unique interviews; the first is with a peasant who, as far as Amnesty International knows, is the sole survivor of political imprisonment in Guatemala in 1980; the second is with a former conscript soldier who served as a member of a plainclothes army unit and who described the abduction of civilians who were later tortured and murdered.

Between January and November in 1980 alone some 3,000 people described by government representatives as "subversives" and "criminals" were either shot on the spot in political assassinations or seized and murdered later; at least 364 others seized in this period have not yet been accounted for.

The Government of Guatemala denies having made a single political arrest or holding a single political prisoner since President Romeo Lucas Garcia took office in July 1978. All abuses are attributed to "independent" paramilitary groups beyond official control. This report adds to previously available evidence that these actions are carried out by units of the regular security services. No convincing evidence has been produced that the groups described by the authorities do in fact exist.

In the final section of the report, Amnesty International reproduces the interviews, transcribed from tape recordings, with two Guatemalans who have had personal experience with the torture and murder of political suspects by the Guatemalan army.

The former prisoner was abducted on 15 February 1980 by a plainclothes army squad in a village in northern Guatemala. He escaped from Huehuetenango army base in western Guatemala after being held for 11 days.

He gives details of his place of detention—in the base slaughterhouse—and of how he was interrogated under torture by Guatemalan army officers.

He describes the execution of three other prisoners in his presence, strangled with a garrotte—a technique cited as the cause of death in hundreds of killings in 1980, including those of 37 people found in a mass grave in San Juan Comalapa, near Guatemala City, in March 1980 (see case histories).

The former conscript soldier, of Kekchi Indian origin, gives an account of his second year of military service, when he served as a member of a plainclothes army unit in Guatemala City. He describes the surveillance of civilians under political suspicion, and the abduction of civilians for interrogation under torture, and then murder, at the Guatemalan army base of the Brigada Militar Mariscal Zavala on the outskirts of Guatemala City.

His testimony is of particular significance as a document of record. Political killings and "disappearances" involving government forces are not new in Guatemala: in 1976 Amnesty International estimated that about 20,000 people had been victims of these abuses since 1966, when they first began to occur regularly. But although in the past other members of the security services have told of their participation in abductions and killings—for instance, Lauro Alvarado Y Alvarado, a National Police officer, who was later killed in 1975 (see "Guatemala: Amnesty International Briefing," 1976, page 15)—this former conscript's testimony is the most extensive and detailed of its kind and the first by a conscript soldier describing the routine extra-legal security measures of regular army units.

Although the two interviews transcribed in part here were not conducted directly by Amnesty International, they are published

as illustrations of the nature of political imprisonment and murder in Guatemala.

The interviews were conducted in February 1980. The transcripts have been edited for length and the names of those involved removed. Their publication was decided only after their authenticity and accuracy had been determined by exhaustive analysis of the two tapes and extensive cross-checking of information. Only indirect communication was possible with the interviewer of the escaped prisoner but the former soldier was interviewed by a journalist from Europe now in close contact with Amnesty International.

The interviewers agreed to the tape transcripts being published by Amnesty International provided that they were edited so that no one could be endangered by their release. Although the escaped prisoner, whose identity is known to the Government of Guatemala, and the former soldier are now reported to be safe outside Guatemala, there is still fear of reprisals by the Government of Guatemala if their identities are publicized.

A number of anti-government guerrila groups have been operating in Guatemala since 1966 and Amnesty International is aware that there continue to be armed confrontations between government and guerrilla forces, with lives lost on both sides. However, Amnesty International does not accept government assertions that all or most killings of the sort described in this report are the result of armed conflict or are the work of agents operating independently and out of the government's control.

Amnesty International opposes the torture and execution of prisoners in all cases, whether by government forces or opposition groups. It believes that confrontation between government and violent opposition groups cannot be held to justify these human rights violations.●

SOCIAL ACTIVISTS IN LEGAL SERVICES

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. MICHEL. Mr. Speaker, one of the untold stories of our time is the attempts—successful in many cases—of social activists to capture Government programs. I need not tell you that the ACTION agency, under Sam Brown and the left-radical activists he hired, was abused and misused during the Carter years. Now we are learning that the legal services programs has suffered the same fate.

I am inserting "A Brief Look at Legal Aid Horror" by Patrick Buchanan, the Chicago Tribune, March 24, 1981, in the RECORD.

The article follows:

A BRIEF LOOK AT LEGAL AID HORRORS

WASHINGTON.—In the abstract, the case for taxpayer-funded legal services for the poor is compelling.

After all, ought not an affluent nation provide legal counsel for a destitute, deserted mother of five to prevent her eviction from a dismal tenement for frivolous reasons by a malevolent landlord?

Had the Legal Services Corp. adhered to its mandate—providing free counsel to poor folks in their myriad confrontations with civil courts and uncivil bureaucrats—it would today have a broad constituency that would spare it the forthcoming rendezvous with David Stockman's ax.

But the Legal Services Corp. lost that constituency. Because the LSC has been captured by arrogant activists committed to confrontation politics; it has become yet another playpen for radical children who believe have some God-given right to tax dollars to implement their ideas of social change.

In Hartford, Conn., a legal services lawyer has demanded that taxpayers foot the $10,000 bill for a sex change operation for some 35-year-old guy who likes to prance around in women's clothes.

In Florida, the state department of education, which wanted to hold up high school diplomas until the graduating student passed a "functional literacy" test, was hailed into court and charged with unconstitutional discrimination against blacks.

In Madera County, Cal., legal service types sued the school board to challenge a district regulation on the hair length of male students. This was followed by a lawsuit on behalf of an unmarried teenaged "Jane Doe"—never located—who was apparently denied by the county free contraceptives to continue her active sex life.

What has caused legal services its present problem is that, in community after community, horror stories are no longer the exception; they are becoming the norm.

In January, a conclave of legal services lawyers gathered in San Juan—at a cost of $100,000 to taxpayers—to devise a political strategy for combating the Reagan administration.

In December, the central office of legal services—in the person of one Alan Houseman—sent two confidential memoranda to activists in the field, blueprinting a program of guerrilla warfare against the mandate the new administration had just won, democratically, from the American people.

In the call to battle stations, Houseman pointed up the necessity of "the survival of committed, aggressive, and political staff" engaged in "aggresive advocacy."

"As we proceed in our fight, we must take all steps necessary at national, local, or state levels to assure the continuation of other social benefit and entitlement programs. It is essential that we join with others in preventing cutbacks in these programs and preventing changes in other federal policies such as affirmative action."

Query. Does the Reagan administration have an obligation to continue taxpayer funding of a Legal Services Corp. whose radical activists are using their privileged position on the public payroll to fight the changes voted for by the American people?

After reading Houseman's confidential memos, Jack Kilpatrick, the lonely conservative defender of legal services, bailed out, pulled the rip cord, hit the silk.

When the corporation was created, under President Nixon in 1974, it was believed by some of us that, if adequate restrictions were written directly into the charter—keeping the red-hots out of political and controversial social issues—the lawyers would devote their time to what it was Congress paid them to do. It didn't work, and President Reagan is right to write the experiment off.

After all, not a dime of this money goes to poor people. Most of it subsidizes some 5,000 sons and daughters of the upper-middle class and rich, post-graduates of trendy, fashionable law schools, who get their jollies by posing—starting salary $15,000 a year—as heroic defenders of the downtrodden, many of whom are abusing their position to advance their own agenda, from rent strikes to rent control, from gay rights to battling Proposition 13s across the country.

Rather than defend some welfare mother in a sticky divorce case, the kids prefer to take on the banks. "Our program prides itself on taking on the big fish," boasts Greg Shell, Harvard graduate, legal services lawyer. Well, good for you, Greg. Only, you go fishing for your corporate marlin with your own money, on your own time.●

VINSON-TRAMMELL REFORM

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. MAVROULES. Mr. Speaker, today, I am introducing legislation to repeal the Vinson-Trammell Act, and to substitute in its place a new system for measuring excessive profits from Defense Department contractors and subcontractors during wartime, or a period of national emergency.

Unless the Congress acts before October 1, the Department of Defense will be required to implement a 47-year-old law which, almost everyone agrees, is out of date.

Among the detrimental consequences of Vinson-Trammell enforcement are:

A horrendous paperwork burden for both the Government and Defense Department contractors. According to the National Journal 1 million new reports would be required annually under Vinson-Trammell.

New Government costs for processing and reviewing these new reports of $100 to $280 million. When this Congress is attempting to reduce Government to a more manageable and efficient size, Vinson-Trammell creates new bureaucracies and more paperwork.

Catastrophic consequences for small businesses under contract with the Defense Department. One official of the Small Business Administration estimates that implementation of Vinson-Trammell will simply force small contractors out of the work force available to the Defense Department.

Major programs escape coverage under Vinson-Trammell. While profit reports would be required from the manufacturers of military aircraft and ships, as well as each of their subcontractors performing work in excess of $10,000, other programs like the multibillion-dollar MX missile escape coverage because of the limited jurisdiction of Vinson-Trammell.

Very clearly, Vinson-Trammell must be replaced.

A convincing case can be made against the statute now on the books.

However, the question once the disposition of Vinson-Trammell is accomplished becomes, what should replace it?

The experts disagree.

The Reagan administration apparently supports no replacement provision on contractor profits. However, other Members of the House have proposed repealing Vinson-Trammell and replacing it with a more cumbersome renegotiation board.

My legislation substitutes in the place of Vinson-Trammell a very simple mechanism used only during wartime or national emergency, when it might be necessary for the military services to abandon present procurement procedures because of emergency requirements to supply soldiers in the field.

Let me explain how this wartime mechanism will work.

The measure is applicable only during a state of war, or a period of national emergency declared either by the President or the Congress.

To prevent a detrimental impact on small business Defense Department contractors or subcontractors, a reporting ceiling of $15 million is established. Only those contractors or subcontractors doing business annually in excess of $15 million are covered by the reporting provision during the emergency period.

Also, contracts or subcontracts for which the price of the item is based on adequate price competition, such as an item sold in substantial quantities to the general public, or prices which are set by law or regulation, shall be exempt. As the largest organization in the United States, the Defense Department purchases all kinds of different items. An example is a refrigerator. The Defense Department procures them in large quantities, but very clearly they are not part of the military effort. Consequently these types of procurements are exempt from the reporting requirements during the emergency period.

The next question you may be asking yourself is how is an excessive profit defined and calculated. Rather than proposing a percentage limitation on profits, as was the case in Vinson-Trammell, I believe a formula measuring several variables is more appropriate.

Let me explain the formula for the calculation of excessive profits.

First, the profit shall be computed annually on an aggregate basis for each contractor and subcontractor for all their contracts under jurisdiction of the act.

Second, the computation of profit shall be consistent with the method used to compute profit as reported by the contractor or subcontractor for IRS purposes.

Third, excessive profit shall be determined by comparison with the profit realized by a contractor in a nonemergency period.

Fourth, the cumulative average profit for the period 3 years prior, for contractors and subcontractors, will be a base line against which the contractor's profit for the reporting period is measured.

Fifth, and finally, if an excess profit is determined to exist, as measured against the cumulative average profit, the head of the agency who holds the greatest amount of business with the contractor, shall determine how much of the excess profit should be returned to the Government based upon consideration of several factors, including the degree of risk assumed, the nature of the product, the contractor's past performance, and the contractor's investment in facilities.

The Secretary of Defense shall draft regulations for the enforcing of the act, and is required under the legislation to provide implementation standards which can be realized with a minimum of paperwork.

Having explained, in some detail, the purpose of my legislation, let me now explain why the measure is needed.

In 1934, with the Nation moving toward World War II, the Congress adopted the Vinson-Trammell Act. The act established a system for recovering excess profits from defense contractors, who might stand to make unreasonable profits at the expense of the war effort.

Yet, for a number of reasons, the 1934 act, although permanent law, was never enforced. That is, until today. Under existing statutes, the 1934 Vinson-Trammell Act is scheduled for implementation at the beginning of the next fiscal year, on October 1, 1981.

The present law covers contracts on ships and aircraft only. As a consequence, a large segment of the defense industry escapes coverage. The law does not include missile contracts, like M-X, or countless other types of defense contracts.

The 1934 statute requires applicable defense contractors with a contract over $10,000 to file a profit report annually. The cost of reviewing these new reports, as well as the cost of preparing the reports, ranges from $100 million, the Defense Department estimate, to upward of $280 million, a figure often cited by industry.

Regardless of the estimate used it will be expensive to implement the Vinson-Trammell Act.

Last year, during hearings before the Armed Services Subcommittee on Investigations, Phillip Coates, Assistant Commissioner for Compliance with the Internal Revenue Service, was asked how much it would cost to implement the Vinson-Trammell Act. The Commissioner responded:

> We do not really know. I guess it will depend a whole lot on what the final determination of the Congress is on reporting requirements and what the threshold would be on the requirements. We would not know how many reports would be filed as of now or how many we would have the responsibility for administering.

Further Mr. Coates testified that implementation of Vinson-Trammell would require "extensive training of our IRS agents in new areas."

Dr. William Perry, Assistant Secretary of Defense for Research and Engineering during the Carter administration has stated that the 1934 act does not "take into account changes in laws and IRS and DOD regulations that were made during the period of Vinson-Trammell suspension."

In addition, Dr. Perry stated:

> The contest for administration of the Vinson-Trammell Act profit limitations has changed substantially in the 43 years since enactment of that statute. During that period, comprehensive statutes governing procurement have been enacted. Among other things, these statutes require detailed disclosure of costs in connection with negotiated procurement and establishment of compliance with cost accounting standards.

As to the number of new reports required under the act, and as to the wisdom or necessity for the profit reports, Dr. Perry revealed:

> It has been estimated that over 1,000,000 individual contract reports will be filed annually pursuant to the Vinson-Trammell Act by more than 30,000 contractors. Our statistics on defense contract profit levels lead us to doubt that substantial amounts of excess profit will be collected under the Act. The data from our "Profit 76" study indicated an average pre-tax return on defense sales of 3.7 percent for aircraft, and .6 percent for naval vessels.

The impact of Vinson-Trammell on small business would be most detrimental. IRS regulations would require documented disclosure of costs and pricing data on each contract, together with data on how the contractor calculated his profit when computed against an accounting formula. This type of reporting requires a financial expertise unavailable to most small businesses. Rather than incur these expenses, a small contractor is likely not to bid for Government work.

During the hearings last year, the Chief Counsel for Advocacy for Small Business, Mr. Milton D. Stewart, presented a statement on behalf of the Small Business Administration. The job of the Chief Counsel for Advocacy was created so that small business would have a focal point for complaints on Federal agency policies.

In his statement, Mr. Stewart presented this view on Vinson-Trammell:

> It is clear that most small businesses would be unable to comply with VT (Vinson-Trammell) if implemented. Many small business contractors are unable to determine which contracts are for all, or part of a naval vessel or military aircraft, and hence subject to V-T. Furthermore, small business accounting systems generally

cannot provide the data necessary to comply with V-T.

Unlike larger firms, most small businesses do not have elaborate cost accounting systems that readily compute profits on a per-job basis. A prudent small businessman bidding on a contract would have to put an additional amount in his bid to cover the contingency of having to retroactively alter his accounting system to comply with V-T.

Knowledgeable small businesses may decide to forego defense work rather than roll the dice on V-T applicability to future contracts. This may lead to a dangerous erosion of the defense industrial base.

The impact of Vinson-Trammell on our small business subcontractor base is my principal concern. If implemented, the following problems would greatly hamper small business.

First, a horrendous paperwork burden for both the Government and small business contractors.

Second, a multiplier effect, which would result in the dollar amount of small business subcontracts subject to Vinson-Trammell exceeding the amount of prime contract awards subject to Vinson-Trammell.

And, finally, many small firms would probably refuse Government work rather than altering their accounting systems.

The law on the books simply will not work.

With the exception of wartime, or periods of national emergency, I believe their are sufficient safeguards to prevent excessive profits in a Defense Department contract. However, if during peacetime, the Government has the time to carefully negotiate a contract, and if the supervisorial agencies have sufficient time to monitor and check contracts, circumstance may change with troops in the field.

With soldiers in the field, and possibly under fire, there will be little room for time consuming negotiations. The procurement rule will be expediency rather than caution. There may be occasions when it would be necessary to take a second look at a wartime contract.

Under my legislation, such a mechanism will be in place should it ever be needed.

During peacetime, I would argue that existing statutes and regulations govern against improper contracting or profits.

Government contracting has changed significantly since the passage of the 1934 Vinson-Trammell Act. There is a legal and professional contracting environment that has been designed to protect the government from the problems that spurred the passage of the Vinson-Trammell Act. Some of the significant legal and professional safeguards are as follows:

LEGAL

Truth in Negotiations Act (Public Law 87-653) requires certification of cost and pricing data that must be furnished by defense contractors on prescribed forms. The law provides for the performance of defective pricing reviews and subsequent recovery by the Government where the Government agrees to a higher price because the contractor failed to provide current, accurate, and complete cost and pricing data.

Cost Accounting Standards Act (Public Law 91-379) created the Cost Accounting Standards Board, chaired by the Comptroller General, to issue cost accounting standards designed to achieve uniformity and consistency in cost accounting practices which are to be followed by Government prime and subcontractors. The Board issued 19 standards that cover practically every aspect of cost accounting required for Government contracts. The Government is entitled to a price reduction if contractors do not comply with cost accounting standards.

Audit By Comptroller General. In 1951, the Comptroller General was given the right to audit negotiated contracts of the Department of Defense (10 USC 2315(b)) to permit a meaningful examination of the reasonableness of the prices charged to the Government. The Comptroller General may examine payments made to contractors and may disallow them if they are not proper. The Comptroller General may rule that the contract is not binding on the government if it was entered into contrary to statutes.

Anti-Kickback Act enacted in 1946 and amended in 1960 prohibits subcontractors from making a gift to a prime contractor or higher tier subcontractor or its employee as an inducement for the award of a subcontract on a negotiated Government contract.

Gratuities. In 1962 the Congress provided in 10 USC 2207 that all contracts using Department of Defense appropriations must contain a clause providing for stringent penalties, including the loss of the right of the contractor to proceed under the contract, if gratuities are given.

Contingent Fees—By a 1941 Executive Order and later codified in 10 USC 2306(b), contracts may be terminated without liability by the Government if the contractor has employed a person or selling agency for the purpose of securing the contract with the understanding of paying a commission, percentage, brokerage, or contingent fee. Contracts containing contingent fees are void and unenforceable.

Fraud Statutes. Court rulings have strengthened the impact of the fraud statutes applicable to Government contracts. Under the False Claims Act contractors may be fined $2,000 for each false claim and double damages for the replacement cost of the fraudulent product. In 1962, the court established that each payment voucher was subject to the False Claims Act (United States v. Ueber, 299 F2d 310 (6th Cir. 1962)). There can be hundreds of vouchers on each defense contract. Under the False Statements Act contractors may be fined not more than $10,000 and imprisoned not more than 5 years if he willfully falsifies, conceals, or covers up by any trick, scheme, or device any material fact, or makes any false, fictitious, or fraudulent statements or representations. In 1959 it was ruled that the Government did not have to prove it relied on the false statement (United States v. Coastal Contracting and Engineering, 174 F. Supp 474 (D. Md. 1959)).

Cost Allowability Rules. Section 15 of the Defense Acquisition Regulation defines allowable and unallowable costs and requires specific allocations. Major disallowances are expenditures for interest, independent research and development and bid and proposal expense over ceiling amounts, etc. These disallowances reduce realized profit by 2 to 3 percent.

PROFESSIONAL

There is a professional staff of over 54,000 contracting officers, price analysts, and auditors involved in the contracting process.

The Defense Contract Audit Agency is a professional staff that audits defense contracts; analyzes labor, overhead, and material cost; performs defective pricing audits to check for compliance with the Truth in Negotiations Act; and reviews contractor estimating systems.

Estimating techniques have become more reliable. Learning curves were developed during World War II to predict manufacturing cost. The availability of computers has made it practical to use sophisticated statistical techniques of correlation, regression, and time series analysis to predict costs. Cost modeling and independent cost estimating is used.

Training programs have been developed to enhance the professionalism of Government contracting personnel. These courses cover contract law, administration, pricing, program management, etc.

Government contracting personnel have great visibility into contractor management through cost and schedule control and reporting systems.

The legislation I have introduced is a realistic and practical alternative to the cumbersome statutes now on the books.

I hope you will join me in working toward its enactment.●

REAGAN TAX PLAN WILL GENERATE REVENUE FEEDBACK

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. ROUSSELOT. Mr. Speaker, one stated concern by opponents of the Reagan tax proposal to reduce marginal income tax rates is that the Government will lose billions of dollars in tax revenues which will lead to inflation. On the contrary, history has proven to be the best argument against these claims. Repeatedly we have seen that revenues have increased as a result of an expanded tax base and have not decreased as has been often predicted. In 1964 and 1965, the Kennedy-Johnson tax cuts generated $143 billion more in revenue than the Treasury predicted. Revenue increases were seen again in 1978 with the capital gains tax reduction as $3.8 billion more receipts were received than estimated by the Treasury Department. Similar reflows have been witnessed in the 1920's as the highest marginal tax rate was dropped from 73 percent in 1921 to 25 percent in 1925, in California after adoption of proposition 13, and recently, in Puerto Rico also.

Yes, Mr. Speaker, history has proven to be the best case of revenue feedbacks to the surprise of many economists as well as past Treasury Departments. The March 16, 1981, U.S. News & World Report best illustrated the

surprise behind the Kennedy-Johnson tax cuts when it reprinted an article in its magazine in June 13, 1966. I point out that this was before all of the revenue reflows had been realized.

Conservative estimates have indicated that the Reagan plan will generate $30 billion in new revenue during the first few years. This is in addition to a forecasted increase in real GNP of $90 billion. I believe it is crucial to our Nation's economic recovery that the Reagan tax plan be enacted.

At this point I share this U.S. News & World Report with my colleagues:

THE STORY REAGAN SAID IS "MUST READING"

At the heart of Ronald Reagan's economic program are deep tax cuts that the President contends will stimulate so much business growth that the U.S. government will wind up collecting far more tax revenues than it would lose from income-tax reductions in the short run.

The President made just that point in a television interview with Walter Cronkite of CBS News on March 3, when he said: "There is a page from a June issue of U.S. News & World Report, 1966, that I recommend as must reading."

From that article—

The unusual budget spectacle of sharply rising revenues following the biggest tax cuts in history is beginning to astonish even those who pushed hardest for tax cuts in the first place.

Tax reductions put into effect from 1962 through 1965 had been advocated as the cure for a "fiscal drag."

The theory: High tax rates were such a brake on business that the economy could not generate the tax revenues needed to balance the big federal budget. The prescription: Cut taxes and, in time, reach a budget balance.

In four years, tax reductions were ordered on an unprecedented scale. Rates were reduced for individuals and businesses. Tax deductions for depreciation were speeded up. Special tax credits were offered for business investments. Excises were eliminated or cut. All told, relief from the annual burden of federal taxes was granted in the total of about 20 billion dollars. The steepness of the revenue rise that followed was never predicted by the advocates of the "new economics."

Since the year that ended in mid-1962, budget revenues have risen from 81.4 billion dollars to 103.9 billion—a gain of 22.5 billion.

Next year, the one starting July 1, the prospect is for 116.2 billions in budget revenues. That figure—predicted by the Joint Tax Committee of Congress—would mean a gain of 34.8 billions, or nearly 43 percent, in just five years. Now the Tax Committee is talking about an actual balance in the regular budget for the year starting July 1.

What has led to all this is high prosperity, with high individual and business incomes on which taxes are collected. The prediction of a surplus next year is considered overoptimistic by many close observers of the budget.

Expenditures, the record shows, have increased almost as rapidly as revenues.

Still, even the approach that now is being made to a budget balance is being interpreted as meaning two things.

Advocates of the "new economics" are taking the steep rise in revenues to mean that they were correct in pushing for major tax cuts. It was tax relief, they say, that gave business activity the fillip that was needed to boost the economy to the levels required to generate budget-balancing revenues.

Talk of a budget balance, at the same time, has all but scotched any serious discussion of an increase in taxes to head off inflation.●

PROVIDE FOR THE COMMON DEFENSE

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. GINGRICH. Mr. Speaker, as Members of the House of Representatives we have sworn to uphold the Constitution and work to attain the ends laid out in its preamble. One of those ends is to provide for the common defense. Judging by how we have handled the issue of civil defense, we have been negligent.

Our present response to the challenge of protecting our people through an effective civil defense program is inadequate. It is less than what we could do. It is less than what we must do.

Some Western nations have done more. Sweden and Switzerland, both humane nations, have superb civil defenses. And the Soviet Union, which is not normally concerned with the rights and dignity of its people, also has an extensive civil defense program.

John Crown's article, reprinted below, makes a persuasive case for an American civil defense program. It is an issue that must be addressed. And as an institution responsible for upholding the Constitution's directive to provide for the common defense, the House must address it.

John Crown's article from the Atlanta Journal follows:

[From the Atlanta Journal, Feb. 24, 1981]

A SURVIVAL ISSUE

(By John Crown)

One of the more implausible aspects of life on this planet has to do with the startling contrast in which civil defense is perceived by major powers.

The Soviet Union and the Peoples Republic of China are not wealthy nations in terms of a high standard of living for their respective populations. They have no great preponderance of the comforts of life.

The United States, on the other hand, is a virtual cornucopia. Prosperity and material wealth abound for the vast majority of the people here. In fact, abundance is so taken for granted that what would dazzle the eyes of the average Soviet or Chinese citizen would merely bore the average American.

So logic and common sense would point to the United States taking drastic steps to defend and preserve what it has, while the Soviet Union and mainland China adopt a fatalistic attitude of hoping that disaster would not strike.

But in this instance logic and common sense do not prevail, which reduces the entire matter to one of incredulity.

The Soviet Union and the Peoples Republic of China have taken what little they have, combined that with massive effort, and have constructed elaborate and effective civil defense shelters for their people and their manufacturing capabilities.

But here in the United States we decry staggering costs in money and effort of such preparations, and so we do nothing more than give lip service to civil defense—lip service that would protect nothing in the event of disaster.

In its 1980 national platform, the Republican Party projected this goal:

"To create a strategic and civil defense which would protect the American people against nuclear war at least as well as the Soviet population is protected. . . ."

It is a goal which I trust the Reagan administration will keep in mind, along with all the other responsibilities which are being shouldered.

But the issue of civil defense, of survival itself, comes into focus later this week when Col. William E. Smith, director of Atlanta-Fulton County Civil Defense, appears before the subcommittee on military installations and facilities of the House Armed Services Committee. It should be noted he is appearing at the invitation of Congressman Jack Brinkley of Columbus, who is chairman of that subcommittee.

Bill Smith will be in Washington Friday to support proposed changes in Public Law 81-920 Civil Defense Act of 1950, which would make it more effective and more realistic. In a statement which he has prepared to deliver to the subcommittee, Bill Smith lays it on the line as to what must be done—and why.

Herewith excerpts from that statement:

"If we are ever to approach the horrendous task of developing a realistic disaster preparedness program for the protection of the citizens of the United States against all hazards, including that of nuclear attack, then we must concentrate our efforts on the strengthening of local governments' disaster preparedness programs. We must establish a realistic program at the national level and follow it through to a staisfactory conclusion. In my more than 20 years of working with civil defense/disaster programs at the local level, no nationwide project has ever been brought to completion. This has resulted in tremendous confusion. . . ."

He then asks the subcommittee "to demand the administration either initiate appropriate action to develop a national civil defense/disaster preparedness plan to cope with this situation or advise the citizens of this great country of ours that there is no plan for their protection. Let them know that they are pawns on the sea. We must either develop a realistic program or scrap our half-hearted attempts. I see no need to continue to pour $100 million a year down a rathole without any end results.

"Remember, if there is not a realistic, viable, local program and organization at the local level there can be no effective state, regional or federal organizations or programs unless the federal government assumes the responsibilities and funding costs. . . ."

Bill Smith, in characteristic fashion, has said it well.●

IMMEDIATE NEED FOR TAX RELIEF FOR ALL AMERICANS

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. FIELDS. Mr. Speaker, in the last several weeks, a number of our colleagues have submitted statements for inclusion in the RECORD concerning the President's 10-percent, across-the-board tax cut.

While each of these statements have attempted to analyze the impact of this proposal, one thing is absolutely certain and that is that individual income taxes can and must be cut immediately by this Congress.

For as my colleagues well know, the misguided economic policies of the last few years have resulted in this Nation taxing its citizens to the point of economic stagnation.

As a result, we must now act to reverse these policies by providing meaningful tax relief to each and every American by cutting his or her marginal tax rate.

For unless we reduce this staggering burden, taxes will increase next year to the point where the average household in this Nation will pay $9,490 in State, local, and Federal taxes.

We must not allow this to happen and I am convinced that through enactment of the President's individual 3-year tax proposal, we can and will restore economic vitality to this Nation.

Failure to pass this legislation will only further compound our current economic ills which include: massive unemployment, astronomical interest rates, negative levels of productivity, nonexistence savings and investment, and lack of economic growth.

At this point, Mr. Speaker, I would like to submit for my colleagues' consideration, two excellent articles concerning the immediate need for tax relief as reflected in the President's proposal. The first article was presented during a recent broadcast of the radio show "Spectrum" by Mr. Joe Sobran, and the second was coauthored by Dr. Martin Feldstein and Dr. Kathleen Feldstein who are, of course, two distinguished economists.

The text of these articles follows:

[From the radio show "Spectrum"]

I'm Joe Sobran.

Here it is tax time again and the IRS is already baying for more money. When I was growing up in Michigan, my parents, New Deal Democrats, gratefully thought of the government as the agency that would save them, if worst came to worst, from the wolf at the door. Today government is the wolf at the door.

Everybody complains about big government and high taxes, but the subject is really personal. Each of us faces legal penalties, including possible jail sentences, if we don't pay our taxes. Now, that's fine with me. I'm a conservative, not a radical anarchist. Government is there to protect our rights and it needs money to do that. But how much? I like to think of myself as a good citizen. I pay my own way, respect others' rights, and obey as many laws as I can keep track of. But enough is enough.

I know times change. But when our government began 200 years ago, the first federal budget was about $4 million, and they weren't sure where the money was going to come from. Well, they've certainly licked that problem. Today, with federal budgets approaching a trillion dollars, the question isn't where the money comes from, but where it goes.

I said the problem was personal for every taxpayer. But it must be personal at the other end too. We hear a lot about government waste and I believe it. The newspapers have had lots of case histories documenting it. There must be lots of people out there on the receiving end of all that waste. The money isn't just burned. If it were, inflation would be under control. For all the millions of taxpayers, there must also be millions of tax addicts—people who have found themselves eligible for handouts they didn't really need, but who can't bring themselves to kick the habit.

And it must be personal for the middlemen too. Forgive me, but I get more and more skeptical of all these politicians who claim my money in the name of compassion. Apparently nobody just spends public money to win political power. No, it's always compassion. You'd think people like Tip O'Neill and Edward Kennedy had forsaken careers in private charity, the better to serve the needy through government.

The other side of compassion is greed. Greed, in a politician's mouth, means wanting to make a profit through free exchange in the private sector. A man who builds a career in public life on excessive taxation and votes himself a raise into the bargain is never guilty of greed. I once heard a senator describe a tax revolt as "an orgy of greed and selfishness" by the taxpayers.

That's me. I'm greedy. I lack compassion. I don't trust these guys anymore. I want my money back.

This is Joe Sobran for Spectrum.

ENCOURAGE THE SAVERS

(By Martin and Kathleen Feldstein)

The liberal soothsayers and politicians whose previous policies created the current inflationary mess are now rushing forward to oppose the tax cut as inflationary. Is this evidence of contrition and a return to old-time virtues? We doubt it.

Our guess is that the liberals who are opposing the tax cut are simply afraid that if tax rates are lowered the government will have a hard time getting that money back again to finance increased spending programs. In the past 40 years, Congress has never raised tax rates except in time of war. The surge of spending in the past 15 years has been supported by the extra revenue that comes in automatically as inflation pushes us all into higher tax brackets. The debate over whether or not to cut taxes is in reality a dispute over the level of government spending.

We also suspect that the liberals who are posing as inflation-fighters don't like the form of the tax cut either. In the 1970s, tax cuts were a vehicle for redistributing income from the middle- and upper-income taxpayers to those with lower incomes. But now the Reagan administration wants to cut the taxes of the middle- and upper-income groups in order to strengthen incentives and to give back some of the extra taxes that the government has collected because of inflationary bracket creep.

But even if their motives are suspect, isn't there validity to the argument that the tax cut will swell the deficit and thereby exacerbate inflation?

No. Although a tax cut would increase the deficit, only a textbook Keynesian theory equates changes in the government deficit with changes in aggregate demand. In the current debate, far too much emphasis is being placed on the federal deficit as a measure of excess demand. In considering the President's program, it's important to recognize that a tax cut that increases the deficit does not add an equal amount to consumer spending and that pairing a tax cut with an equal spending cut actually lowers the demand for goods and services and therefore reduces inflationary pressure.

When the government increases its spending by a dollar, the demand for goods and services is also increased by a dollar. And when the government increases transfer payments or food stamps by a dollar, most, if not all, of that increase is spent. In contrast, lowering taxes by a dollar does not raise personal spending by an equal amount because some part of the reduced tax is saved.

The share of the tax cut going into savings is likely to be particularly important for the tax cut proposed by President Reagan. Since taxpayers with adjusted gross incomes over $30,000 pay 60 percent of the total income tax, they would get 60 percent of an across-the-board tax cut. This relatively high-income group—about the top one-sixth of all taxpayers—saves a much higher share of income than the average household. Indeed, one-third of an across-the-board tax cut would go to those with incomes over $50,000, while less than one-fifth would go to those with incomes under $20,000.

The tendency to save a large part of the tax cut will be reinforced to the extent that the cut is regarded as providing only temporary relief. While many low-income households spend all of their after-tax income each year, higher-income families use saving and dissaving to avoid large fluctuations in consumption. For such individuals, each year's level of spending reflects not only current income but also what they expect after-tax income to be in future years. Although the president has proposed a permanent cut in tax rates, inflation can rapidly undo this reduction by pushing individuals into higher brackets. Even a 30 percent tax cut would be completely offset at the current rate of inflation in about five years.

Looked at in this way, the administration proposal represents only a temporary tax cut and will therefore result in a proportionally smaller increase in spending. Moreover, some kind of tax cut has been anticipated for many months now. The higher-income taxpayers who base their spending on expected future income will increase their consumption after the tax cut is enacted only to the extent that the final legislation involves a bigger tax cut than they had anticipated. And reducing the maximum tax rate on interest and dividends to 50 percent should be a further stimulus to saving at high-income levels.

Although it seems almost certain that taxpayers will save a substantial part of the personal tax cut, economists cannot say with precision just how much will be saved. It is important to recognize, however, that the saving rate is not fixed but can vary sub-

stantially—it ranged in the past half-dozen years from 5.2 percent to 8.6 percent—and that even a 1 percent increase in the saving rate would cut consumer spending by nearly $20 billion.

But don't get us wrong. In advocating a tax cut, we're certainly not saying that deficits don't matter. When the government borrows to finance a deficit, it absorbs savings that would otherwise be available to private investors. Indeed, over the past decade the high rate of government borrowing has been an important contributor to our nation's low rate of capital formation.

The tax cuts must therefore be coupled with the spending cuts the administration has proposed. The exact timing and balance of the tax and spending cuts are matters on which experts can disagree. But we're hopeful that Congress will not be seduced by the false prophets of fiscal rectitude into continuing the current policy of over-taxing the American people.●

PRESIDENT REAGAN'S SPEECH

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. MICHEL. Mr. Speaker, President Ronald Reagan delivered a memorable speech at the recent meeting of the Conservative Political Action Conference in Washington, D.C. If there is anyone that doubts the President believes in the conservative philosophy he has espoused and defended all these years, one look at this speech will set him straight.

I ask unanimous consent that the President's speech to the Conservative Political Action Conference, March 20, 1981, be placed in the RECORD at this time.

REMARKS BY THE PRESIDENT

Thank you for inviting me here once again. As you know, with the exception of the two election years, I have addressed every meeting of the Conservative Political Action Conference. Let me say now that I hope we will be able to keep this tradition going forward and that you will invite me here again next year.

And let us also salute those with vision who labored to found this group—the American Conservative Union, the Young Americans for Freedom, National Review and Human Events.

It has been said that anyone who seeks success or greatness should first forget about both and seek only the truth * * * and the rest will follow.

Well, fellow truth-seekers, none of us here tonight—contemplating the seal on this podium and a balanced budget in 1984—can argue with that kind of logic. For whatever history does finally say about our cause, it must say: the conservative movement in 20th century America held fast through hard and difficult years to its vision of the truth.

And history must also say that our victory, when it was achieved, was not so much a victory of politics as it was a victory of ideas, not so much a victory or any one man or party as it was a victory for a set of principles—principles that were protected and nourished by a few unselfish Americans through many grim and heartbreaking defeats.

You are those Americans I am talking about. I wanted to be here not just to acknowledge your efforts on my behalf, not just to remark that last November's victory was singularly your victory, not just to mention that the new Administration in Washington is a testimony to your perseverance and devotion to principle—but to say, simply, "Thank you," and to say those words not as a President, or even as a conservative, but as an American.

I say this knowing there are many in this room whose talents might have entitled them to a life of affluence but who chose another career out of a higher sense of duty to country. And I know, too, that the story of their selflessness will never be written up in Time or Newsweek or go down in the history books.

You know, on an occassion like this it's a little hard not to reminisce—not to think back and realize just how far we have come. The Portuguese have a word for such recollection—saudade—a poetic term rich with the dreams of yesterday.

And surely in our past there was many a dream that went a glimmering and many a field littered with broken lances.

Who can forget that July night in San Francisco when Barry Goldwater told us that we must set the tides running again in the cause of freedom "until our cause has won the day, inspired the world, and shown the way to a tomorrow worthy of all our yesteryears?" Had there not been a Barry Goldwater willing to make that lonely walk, we would not be talking of a celebration tonight.

But our memories are not just political ones.

I like to think back about a small, artfully-written magazine named National Review—founded in 1955 and ridiculed by the intellectual establishment because it published an editorial that said it would stand athwart the course of history yelling "stop."

And then there was a spritely-written newsweekly coming out of Washington named Human Events that many said would never be taken seriously but would later become "must reading" not only for Capitol Hill insiders but for all of those in public life.

How many of us were there who used to go home from meetings like this and with no thought of giving up, still find ourselves wondering in the dark of night whether this much-loved land might go the way of other great nations that lost a sense of mission and a passion for freedom.

There are so many people and institutions who come to mind for their role in the success we celebrate tonight. Intellectual leaders like Russell Kirk, Friedrich A. Hayek, Henry Hazlitt, Milton Friedman, James Burnham, and Ludwig von Mises shaped so much of our thought.

It is especially hard to believe that it was only a decade ago, on a cold April day on a small hill in upstate New York, that another of these great thinkers, Frank Meyer, was buried.

He had made the awful journey that so many others made: He pulled himself from the clutches of "The God that Failed," and then in his writing fashioned a vigorous new synthesis of traditional and liberatarian thought—a synthesis that is recognized by many today as modern conservatism.

It was Frank Meyer who reminded us that the robust individualism of the American experience was part of the deeper current of Western learning and culture.

He pointed out that a respect for the law, an appreciation for tradition, and regard for the social consensus that gives stability to our public and private institutions—these civilized ideas—must still motivate us even as we seek a new economic prosperity based on reducing government interference in the marketplace.

Our goals complement each other—we are not cutting the budget simply for the sake of sounder financial management. This is only a first step toward returning power to the States and communities, only a first step toward reordering the relationship between citizen and Government. We can make Government again responsive to people but only by cutting its size and scope and thereby insuring that its legitimate functions are performed efficiently and justly.

Because ours is a consistent philosophy of government, we can be very clear: we do not have a separate social agenda, a separate economic agenda, and a separate foreign agenda. We have one agenda. Just as surely as we seek to put our financial house in order and rebuild our Nation's defenses, so too we seek to protect the unborn, to end the manipulation of school children by utopian planners and permit the acknowledgement of a Supreme Being in our classrooms just as we allow such acknowledgements in other public institutions.

Now obviously we are not going to be able to accomplish all this at once. The American people are patient. I think they realize that the wrongs done over several decades cannot be corrected instantly.

But I also believe we conservatives, if we mean to continue governing, must realize that it will not always be so easy to place the blame on the past for our national difficulties.

You know, one day the great manager, Frankie Frisch, sent a rookie out to play center field—the rookie promptly dropped the first fly ball hit to him. On the next play he let a grounder go between his feet and then threw the ball to the wrong base. Frankie stormed out of the dugout, took his glove away from him, and said, "I'll show you how to play this position." The next batter slammed a line drive right over 2nd base. Frankie came in on it, missed it completely, fell down when he tried to chase it, threw down his glove and yelled at the rookie: "You've got center field so screwed up nobody can play it."

The point is we must lead a Nation; that means more than criticizing the past—indeed, as T. S. Eliot once said: "Only by acceptance of the past will you alter its meaning."

During our political efforts, we were the subject of much indifference and often times intolerance—that is why I hope our political victory will be remembered as a generous one and our time in power will be recalled for the tolerance we showed those with whom we disagreed.

But beyond this, we have to offer America and the world a larger vision. We must remove Government's smothering hand from where it does harm; we must seek to revitalize the proper functions of Government. But we do these things to set loose again the energy and ingenuity of the American people. We do these things to reinvigorate those social and economic institutions which serve as a buffer and a bridge between the individual and the state—and

which remain the real source of our progress as a people.

And we must hold out this exciting prospect of an orderly, compassionate, pluralistic society—an archipelago of prospering communities and divergent institutions—a place where a free and energetic people can work out their own destiny under God.

I know that some will think about the perilous world we live in and the dangerous decade before us and ask what practical effect this conservative vision can have today.

When Prime Minister Thatcher was here recently we both remarked on the sudden, overwhelming changes that had come recently to politics in both our countries.

At our last official function, I told the Prime Minister that everywhere we look in the world the cult of the state is dying. And I held out the hope that it would not be long before those of our adversaries who preached the supremacy of the state were remembered only for their role in a sad, rather bizarre chapter in human history.

We have heard in our century far too much of the sounds of anguish from those who live under totalitarian rule—we have seen too many monuments made not of marble or stone but of barbed wire and terror.

But from these terrible places have come survivors—witnesses to the triumph of the human spirit over the mystique of state power, prisoners whose spiritual values made them the rulers of their guards. With their survival, they brought us "the secret of the camps"—a lesson for our time and for any age: evil is powerless if the good are unafraid.

That is why the Marxist vision of man without God must eventually be seen as an empty and a false faith—the second oldest in the world—first proclaimed in the garden of Eden with whispered words of temptation: "Ye shall be as gods."

The crisis of the Western world, Whittaker Chambers reminded us, exists to the degree in which it is indifferent to God. "The Western world does not know it," he said about our struggle, "but it already possesses the answer to this problem—but only provided that its faith in God and the freedom He enjoins is as great as Communism's faith in Man."

This is the real task before us: to reassert our commitment as a Nation to a law higher than our own, to renew our spiritual strength. Only by building a wall of such spiritual resolve can we, as a free people, hope to protect our own heritage and make it someday the birthright of all men.

There is, in America, a greatness and a tremendous heritage of idealism which is a reservoir of strength and goodness. It is ours if we will but tap it.

And, because of this—because that greatness is there—there is need in America today for a reaffirmation of that goodness and a reformation of our greatness.

The dialogue and the deeds of the past few decades are not sufficient to the day in which we live—they cannot keep the promise of tomorrow.

The encrusted bureaucracies and the engrained procedures which have developed of late respond neither to the minority nor the majority.

We have come to a turning point. We have a decision to make.

Will we continue with yesterday's agenda, and yesterday's failures, or, will we re-assert our ideals and our standards, will we reaffirm our faith, and renew our purpose?

This is a time for choosing.

Those of us who call ourselves conservative have pointed out what's wrong with Government policy for 25 years—and now we have an opportunity to make policy—and to change our national direction.

All of us in Government—in the House, in the Senate, in the executive branch—and in private life can now stand together:

We can stop the drain on the economy by the public sector.

We can restore our national prosperity.

We can replace the overregulated society with the creative society.

We can appoint to the bench distinguished judges who understand the first responsibility of any legal system—to punish the guilty and protect the innocent.

We can restore to their rightful place in our national consciousness the values of family, work, neighborhood, and religion.

And, finally, we can see to it that nations of the world clearly understand America's intentions and respect her resolve.

Now we have the opportunity—yes, and the necessity—to prove that the American promise is equal to the task of redressing our grievances, and equal to the challenge of inventing a great tomorrow.

This reformation—this renaissance—will not be achieved or will it be served—by those who engage in political claptrap or false promises. It will not be achieved by those who set people against people, or class against class, or institution against institution. It will not be achieved by those who preach politics as usual.

So while we celebrate our recent political victory, we must understand there is much work before us: to gain control again of Government, to reward personal initiative and risktaking in the marketplace, to revitalize our system of federalism, to strengthen the private institutions that make up the independent sector of our society and to make our own spiritual affirmation in the face of those who would deny man his place before God.

Not easy tasks perhaps. But I would remind you—as I did on January 20th—that we are, after all, Americans. This year we will celebrate a victory won two centuries ago at Yorktown—a victory of a small fledgling Nation over a mighty world power. A British band provided the music at that surrender—we had no band. It is said they played a popular song called "The World Turned Upside Down." I'm sure it was far more appropriate than they realized. The heritage from that long difficult struggle is before our eyes today in this city—in the great halls of our Government and in the monuments to the memory of our great men.

It is this heritage that evokes the images of a much-loved land—a land of struggling settlers and lonely immigrants, of giant cities and great frontiers—images of all that our country is and all that we want her to be.

This is the America entrusted to us—to stand by, to protect, and, yes, to lead her wisely.

Fellow citizens, fellow conservatives—our time is now, our moment has arrived. We stand together—shoulder to shoulder in the thickest of the fight. If we carry the day and turn the tide we can hope that as long as men speak of freedom and those who have protected it, they will remember us and say: here were the brave, and here their place of honor.●

COL. FLOYD J. THOMPSON

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. HOLLENBECK. Mr. Speaker, at this moment, Col. Floyd J. Thompson, a distinguished veteran and POW from the Vietnam war, remains in stable condition recovering from a serious stroke at Walter Reed Hospital here in Washington. I believe our Nation owes Colonel Thompson our undying gratitude for the many sacrifices he made in the service of his country both before and during his 9-year captivity as a POW in North Vietnam. The longest held POW in American history, Thompson was captured while serving as an adviser in South Vietnam close to the DMZ before the United States openly committed regular forces to the war.

Today, on the 17th anniversary of Colonel Thompson's capture in 1964, I am proud to have this opportunity to share his heroic story. On March 26, 1964, as Colonel Thompson, commanding Detachment A31, 7th Special Forces Group, and his L-19 pilot, Capt. Richard Whitesides, were flying reconnaissance near the Da Krong River in Quang Tri Province in South Vietnam, they were struck by ground fire during a low pass over a footbridge and crashed almost instantly. Thompson awoke 3 or 4 days later while being carried on a stretcher. His VC guards told him that Captain Whitesides had been killed in the crash. Thompson had lived because he was seated in the rear of the small plane, but he suffered three broken vertebras in his back, a concussion, leg burns, and a facial wound. For weeks he could do nothing but lie flat on the stretcher or on the ground. Guards offered him food, but he could not eat. The pain was intense and incessant. Frequently in a coma, sometimes hallucinating, he came very close to death.

When I first met the colonel on his recent visit to my Washington office, I was immediately struck by the strength of his inner being. I have no doubt that it was this strength to persevere which pulled Colonel Thompson through his 9-year captivity. After 3 weeks of agony during which Thompson several times thought he was slipping into death, something in his spirit steeled itself to fight through the pain and bring motion to his joints and muscles. Little by little he drove himself to move his legs and torso. He rolled from side to side, pushed away from the floor, and eventually made himself stand. In a few days, he could walk within the village. Even in his weak and crippled state,

he had thoughts of escape—escape to his family and the Nation he loved.

In surviving 9 years of captivity, nearly half of it in isolation, he gave his captors but one minor statement, after torture in 1964, and he resisted them constantly, trying five times to escape. After 1968, when he was held at small camps with other POW's taken during the Tet offensive, he assumed leadership and set the example which sustained the morale and, in some cases, the lives of fellow prisoners. Entitled, under terms of the Paris agreements, to leave Hanoi on the first plane in Operation Homecoming, he characteristically announced that he should stay until the last junior ranking soldier had been repatriated.

On this the anniversary of Colonel Thompson's capture in 1964, I wish to acknowledge his past sacrifices and wish him a speedy recovery to full health. I know that he will be pleased to learn that we have successfully collected over 135 cosponsors to House Joint Resolution 213 which designates July 17, 1981, as a "National POW-MIA Recognition Day." I urge my colleagues who have not already joined in this effort to cosponsor this measure and, in so doing, partially show our gratitude to individuals, like Col. Floyd J. Thompson, who have given so much for their country.●

IMPACT OF REAGAN'S TAX AND ECONOMIC PROPOSALS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. CONYERS. Mr. Speaker, the Reagan administration has sought to convince the public that its tax and economic proposals primarily serve the interests of economic growth, new investment, and higher productivity. While there is yet no hard analysis from the administration that would support its claims, it is clear by now that the high-minded rhetoric it employs to justify its proposals is necessary to mask the serious attacks on the progressive income tax and equity that the programs represent.

A recent analysis of the administration's tax proposals by Woodrow Ginsburg, research director of the Center for Community Change, indicates that the benefits of the tax cuts are heavily weighted to the advantage of the highest income households. Not only is equity dashed by these proposals, but the intended effects of the cuts in boosting investment and growth have been repeatedly called into question. Recently, for example, Walter Heller, the University of Minnesota economist who managed the Kennedy-Johnson tax cuts of 1963-64, disputed the administration's claims that its proposed cuts, like the Kennedy tax cuts, generated significant savings and investment.

As the impacts of the Reagan proposals become better understood, it will become clear that the real goal of the Reagan administration is not to spur the economy, but to radically redistribute income to the highest income groups and to dismantle the social legislation and commitments that have been built up over the last four decades.

I recommend to my colleagues the following analysis by Mr. Woodrow Ginsburg of the Reagan proposals.

ANALYSIS OF REAGAN TAX PROPOSALS

President Reagan, Treasury Secretary Regan, and Press Secretary Brady have repeatedly claimed that the tax proposals fall equitably on all income groups, and that the savings from the 30-percent reductions in tax rates will be shared fairly by all Americans. To support these claims they state that 72 percent of taxpayers will get 73 percent of the benefits from the tax cuts.

These statistics are misleading and distorted. They are computed by the deceptive technique of eliminating some 22 million taxpayers in the lowest income bracket and some 4 million taxpayers in the highest brackets. These two groups of taxpayers—those below $6,000 a year in income and those above $50,000 a year in income comprise some 28 percent of all taxpayers.

The 22 million taxpayers with below $6,000 annual income will see their taxes reduced about $400 million which amounts to less than one-half of 1 percent of the total tax savings. The 4 million taxpayers above $50,000 a year will see their taxes lowered by $23.6 billion which amounts to 30 percent of total tax savings. By eliminating these two groups of taxpayers from their calculations, the administration can point to the remaining 72 percent of taxpayers receiving some 70 percent of the benefits from the tax cuts.

Including all taxpayers provides a more complete and accurate picture of the heavy concentration of benefits going to the well-to-do.

(1) The 19 percent of taxpayers with income of $30,000 and over receive 61 percent of the benefit.

(2) The 63 percent of the taxpayers with income of less than $20,000 receive only 18 percent of the benefit.

The table below provides the details on taxpayers by income group and their tax savings.

TAX SAVINGS FOR 1984—REAGAN PROPOSAL OF 30 PERCENT REDUCTION

Income group	Taxpayers		Tax reductions	
	Number in millions	Percent of total	Amount in billions	Percent of total
Less than $20,000	58.9	62.9	$14.1	18.0
$20,000 to $30,000	17.1	18.2	16.7	21.4
$30,000 and over	17.7	18.9	47.5	60.6
Total	93.6	100.0	78.3	100.0

Source: A Program for Economic Recovery, Feb. 18, 1981, The White House.

The precise figures excluded from the above table by the Reagan team are:

Income group	Taxpayers		Tax reductions	
	Number in millions	Percent or total	Amount in millions	Percent of total
Less than $6,000	21.7	23.2	$362	0.5
Over $50,000	4.1	4.4	23,600	30.1

QUESTIONS AND ANSWERS

1. Q. What are the main features of the Reagan tax proposal for individuals?

A. To reduce tax rates by approximately 30 percent beginning July, 1981, with a 5 percent tax cut for the balance of 1981, followed by a 10 percent cut for 1982, a 10 percent cut for 1983, and the final cut of 5 percent beginning in 1984. In sum, the cuts would reduce tax rates by approximately 30 percent beginning in 1984.

2. Q. Which groups would benefit most from the Reagan proposals?

A. From the tables in the Administration document (A Program for Economic Recovery, February 18, 1981) the tax cuts are heavily concentrated in the high income groups.

Of the 93.6 million taxpayers, 63 percent have less than $20,000 a year. This group would receive 18 percent of the tax savings. At the upper end of the income ladder, taxpayers with income of $30,000 and over—a group which comprises 19 percent of all taxpayers—would receive 61 percent of the tax savings.

3. Q. What are the figures on taxpayers and tax reductions on which that statement is based?

A. The table below is taken from the Administration's figures appearing in the February 18, 1981 document mentioned above.

TAX SAVINGS FOR 1984 REAGAN PROPOSAL OF 30-PERCENT REDUCTION

Income group	Taxpayers		Tax reductions	
	Number in millions	Percent of total	Amount in billions	Percent of total
Less than $20,000	58.9	62.9	$14.1	18.0
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$30,000 and over	17.7	18.9	47.5	60.6
Total	93.6	100.0	78.3	100.0

Source: A Program for Economic Recovery, Feb. 18, 1981, the White House.

4. Q. What would be the impact on individuals of the Reagan tax proposal for 1981?

A. Because the effective date for the 1981 reductions is July 1981, the income tax cut proposed would cover only half the year. Higher social security taxes however, became effective January 1 and for close to half the taxpayers in the nation more will be deducted from earnings to cover the higher social security taxes than will be saved through the Reagan tax program. So for example, the head of a four-person family earning $15,000 a year would save $75 in income taxes from the Reagan proposals. The social security tax for 1981 will be $85 greater than a year ago.

5. Q. The Reagan proposals for increasing investment by American industry are aimed at improving productivity, strengthening the ability of business to compete and helping to reduce inflation. What is the likelihood that the incentives to industries will achieve their goals?

A. Most economists agree that even with substantial increases in plant and equipment it will take several years for that investment to bring about an improvement in the rate of productivity. Based on extensive

evidence the productivity gains will shave the inflation rate by a maximum of one percentage point. While that is important many other significant factors contribute to an inflation averaging 10 percent or more a year. It is unrealistic to expect higher rates of productivity to bring down such rapid inflation.

6. Q. The Reagan administration has strongly advocated offering industry major investment incentives—tax credits, accelerated depreciated schedules and other tax reductions. Are such incentives likely to help declining industries particularly, and other industries and business as well?

A. First, investment by American firms during the past two decades has remained rather stable—as a percentage of total output. That is, as a nation we have been using a steady 10 to 11 percent of our gross national product for plant, equipment and similar capital goods. According to the latest information gathered by the government, investment has been rising.

Second, far more important to investment decisions than tax incentives are inflation and the state of the economy. Clearly skyrocketing inflation and exhorbitant interest rates have deterred investment activities. Also, as data from past recession periods demonstrate, when the economy is stagnant or declining, investment falls sharply.

Third, many economists question the likely impact of Reagan's tax proposals for industry.

7. Q. What are the chief reasons for the doubt about the industry tax proposals?

A. In brief here are some major concerns:

1. The more prosperous, competitive firms which are already investing heavily will gain most from the tax breaks.

2. For many small, newly developing companies, not yet very profitable, the tax incentives will not spur expanded investment. Similarly slumping industries like steel, auto, and construction, might not be in a position to utilize the tax incentives.

3. For many multi-national corporations and for conglomerates the new tax breaks might free up funds for investments overseas or for further acquisitions—neither effect would.

4. With no guidelines or requirements on how funds are invested, firms with older facilities in midwest and northeast cities could find the new tax provisions make it worthwhile to move to other regions.

8. Q. What key economic projections have been made by the Reagan administration?

A. On the assumption that the Reagan budget and tax proposals are adopted, here are the Administration's forecasts.

Unemployment: 4th Quarter 1981—7.7 percent; 4th Quarter 1982—7 percent.

Consumer Prices: Actual 4Q 1979 to 4Q 1980—12.6 percent; Estimate 4Q 1981 from 4Q 1980—10.5 percent; Estimate 4Q 1982 from 4Q 1981—7.2 percent.

Economic Growth (Real Growth GNP): Estimate 1981—1.1 percent; Estimate 1982—4.2 percent; Estimate 1983—5 percent.

9. Q. The Reagan administration has argued that drastic slashes in federal spending are essential because they have contributed to budget deficits which have been identified according to Reagan spokesmen as the major factor in bringing on inflation. Is there that close a link between budget deficits and inflation?

A. The evidence is substantial and conclusive that cutting federal spending in our current low growth economy will have minimal impact on inflation.

10. Q. The Reagan administration tax cuts are based on the theory that with lower federal taxes, people will work harder and save more. The greater savings will result, as the theory goes, in expanded investments, higher productivity, which in turn will lead to lower inflation, stimulate the economy, and in turn produce more federal revenues than the size of the tax cuts. What economic evidence supports these expected outcomes?

A. There have been a parade of economists, experts from leading economic consulting firms and even writers for such journals as Business Week, who have seriously questioned the many assumptions on which the Reagan policies are based. Perhaps the biggest question relates to the expectation that lower income taxes would produce more revenue. Models of the economy prepared by the leading economic consulting firms find this so called "revenue reflow" will be far less than the Reagan spokesman suggests.

11. Q. What other aspects of the impact of lower taxes have been questioned?

A. There is a large body of economic evidence that changing tax rates has little effect on savings. In this period of high inflation, many are expecting consumers to use the tax savings to buy goods and services they need and not to save significant portions of the tax cut. If this occurs, there might be pressures that could create even higher prices instead of a lowering of inflation which the administration promises.

Other carefully documented studies point to lower taxes encouraging people to take more leisure, that is work less, instead of the Reagan expectation of working longer.●

RULES TO LIVE BY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. KEMP. Mr. Speaker, as a parent I have thought a good deal about how we can give our children a strong sense of purpose, a respect for themselves and others, and a moral code which will guide them in good times and bad. A good friend and my former administrative assistant, Randal Teague, has offered some "Rules to Live By" in an article published February 10 in the Independence, Mo., Dispatch-Tribune. I commend his words of wisdom to the attention of all my colleagues and thank him for his perspicacity.

The article follows:

[From the Independence (Mo.) Dispatch-Tribune, Feb. 10, 1981]

RULES TO LIVE BY

(By Randal Teague)

The most difficult, yet challenging, task of parenting is teaching. Teaching your children the rules to live by. And in terms of which rules and why.

Only time can tell whether a particular set of parents has done this task well. For these are the rules which will be the inner government of the minds and hearts of those children. And I fervently believe that last point: that to be consistently followed, they must be understood rationally and felt emotionally.

My wife, Jessica, and I have been blessed with this opportunity twice. With our first son, 2-year-old Randal Cornell T., Jr., known as Cornell. And with our second, Robert Townsend T., to be known as Townsend. Townsend joined our world on February 10. Welcome son.

Over the years which have grown to many, I have gathered the rules which I think should govern life, wishing that I had come to more than a few of them much sooner for my ownself. Some are mine; most are others'. They are not universe of guiding principles, but they are their important foundation. And I here offer them to all new, and not-so new parents. And to their children.

Communicating. Hide all the tears inside and sooner or later you'll drown in them.

Life. Life is a struggle with things to maintain itself among them. (Ortega y Gasset, the Spanish philosopher.)

Purpose. It is the bridge between dreams and reality.

Dreams. If you don't have a dream, how ya gonna have a dream come true? (Oscar Hammerstein II, from "The King and I.")

Determination. Men who saw night coming down about them could somehow act as if they stood at the edge of dawn. (The Civil War historian, MacKinley Kantor, about soldiers of the confederacy.) And, set your face to the wind.

Responsibility. Cain't no man run 'way frum trouble. Ain't no place dat fer away. (Joel Chandler Harris, Tales of Uncle Remus.)

Work. I don't like work, no man does. But I like what is in work, the chance to find yourself, your own reality, for yourself, not for others, what no other man can ever know. (Novelist Joseph Conrad.)

Ideas. Daring ideas are like chessman moved forward; they may be beaten, but they may start a winning game. (The 19th-cent. German literarist, Johann Goethe.)

Knowledge. Something can be understood, something can be divined, but all cannot be known. Knowledge must know its own limits. (Jacob Bronowski, "The Ascent of Man.")

The use of that knowledge. Life is really three parts: learning and experience; thinking and connecting, the knowing; and teaching, the imparting of that knowing, the wisdom. (Former missionary to China and Member of Congress, Dr. Walter H. Judd.) Shakespeare put it another way in "Romeo and Juliet": They stumble, that run too fast.

Your soul and the role of faith. Call no thing truly your own but your soul. (Miguel DeCervantes.) A divine intent rules society as well as conscience, forging an eternal chain of right and duty which links great and obscure, living and dead. (Mid-century America's conservative movement thinker, Russell Kirk.)

Freedom. Nought nobler is, than to be free. (Wm. Watson, "The Things That Are More Excellent.") They have rights who dare maintain them. (James Russell Lowell, "The Present Crisis.")

Fidelity. Love is the calligraphy of life. But script it with only one pen at a time.

Fame. The rainbow comes and goes. (Wm. Wordsworth's "Ode on Imitations of Immortality.")

Defeat. Anybody can slip and fall down in life. It takes a helluva man to get back up and keep going. (Football coaching great Vince Lombardi.")

Regrets. It is the worst thing in the world to harbor regrets. (Noel Coward.) It's one of the great tragedies of life that this is a realization which does not come in youth.

When you're my age, my sons, you'll start to realize that what you look back upon with those regrets is more often what you didn't do rather than what you did, and they are not always the opposite sides of the same coin.

But there will be fewer, much fewer, of these regrets for me, my children, if your lives are governed by what I have here set down for you. For I shall measure more of my life in your accomplishments than in mine. And a Boston, Massachusetts writer whose name and person I failed to write down when I read a paragraph that to me summed up this thought, put it this way:

"He looked at life as if it were a small envelope of memories. Time raced across his thoughts, bringing flashbacks of the things he thought he had forgotten and the things he had filed away. It was as if days, years, events and people, love and loss, were like small pieces of luggage in a railway station and life had been spent trying to figure out which pieces should be taken on the next leg of the trip and which pieces should be left behind. He guessed that he had not traveled light but that, perhaps, his one real accomplishment was his sons who sat there now."

Well said.●

ALTERNATIVE BUDGET CUTTING STRATEGY

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. UDALL. Mr. Speaker, as we begin consideration of the administration's so-called plan for economic recovery, it is important for the Congress to recognize the complexity of the task we face. For this reason, I commend to the attention of my colleagues the following article which, I believe, provides useful insights for an alternative budget cutting strategy:

[From the Washington Star, Mar. 1, 1981]

DANGEROUS POTHOLES IN ROAD TO ECONOMIC RECOVERY

(By Terrence Bracy and Mortimer L. Downey)

A poem, W. H. Auden wrote, is never completed, only abandoned. So it is with the federal budget, now contained in a tome of more than 1,000 pages, pieced together in a process without beginning or end—the bureaucratic equivalent of a perpetual motion machine.

And just as the creators of perpetual motion ignore the laws of physics and thus arrive at fantasy, budget-makers in the executive branch who ignore the laws of congressional politics are doomed to give birth to a product that can never become reality.

The architects of the new Reagan budget have been credited with innovative thinking and, indeed, they have proposed cutting far closer to the bone than their most miserly predecessors. But the fact remains that the actual surgery will have to be performed on Capitol Hill. Without a sound political strategy there, hopes for major budget reductions are likely to be destroyed.

This prediction is based on three realities of the budget process

Reality No. 1: The Executive Branch is no longer dealing the cards, but is merely one of the players.

While OMB has real clout within the Executive Branch, the Executive Branch itself has lost control of the budget process. At the peak of OMB's power during the early Nixon years, the president could blithely refuse to spend money appropriated by Congress. Impoundment was the polite term for what amounted to an unconstitutional abridgement of the Congress' authority to spend money. During those years, an OMB budget examiner could—and frequently did—overrule a Cabinet officer or committee chairman.

The practice ended when Congress approved the Budget Act in 1974, reasserting its right to direct federal spending by establishing a process of annual budget formulation and specifically outlawing the Nixon abuses. Budget committees were formed in both houses; large, expert staffs were assembled.

OMB was left with little more than a bully pulpit from which to preach the case for fiscal discipline. It is a pulpit which the new OMB chief, David Stockman, has cleverly pressed to its limits.

Reality No. 2: Even with the powers vested by the 1974 Act, the Budget committees cannot overcome the clout of the authorizing and appropriating committees.

The Budget committees have no institutional constituencies—either federal departments or organized lobbies—of the kind which create a natural pocket of political strength. The committees are institutional orphans. Thus, they are not in a position to confront the entire array of committees of the House and Senate which have oversight over departments of government and specific programs.

The natural inclination of the authorizing committees—whether chaired by Democrats or Republicans—is to protect what they consider sound and needed programs against "unwarranted cuts." Thus, for one example, the attempt by President Carter to end funding for a number of water projects was defeated ultimately by a bipartisan coalition of Westerners who served on committees such as Interior and Insular Affairs. The nature of most programs is such that the battle is unequal. If the authorizing committees do not act, programs continue and even grow in response to economic conditions. A successful budget strategy requires a positive response from these panels, perhaps building on the tentative success of last year's reconciliation bill effort, a subject addressed later. Brock Adams, the first Budget Committee chairman, assured the continuity of this process by working through the leadership and standing committees.

Reality No. 3: The public itself is sending mixed messages favoring a general budget cut, but expressing concern over specific categories.

The New York Times recently polled the public and found that 70 per cent favor balancing the federal budget. Support for budget cutting was, in fact, greater than for tax cutting. However, when the budget was subdivided into seven categories where cuts might be made, a majority favored either increases or maintaining the current spending level in six.

Thus, public attitudes reflect the same contradiction encountered in the Congress: support for an overall budget cut without decreasing spending in the subcategories which would make a reduction possible. The 70 per cent majority for a balanced budget dwindled to 25 per cent favoring cuts in college aid, 18 per cent in anti-pollution programs, and 8 per cent in Social Security.

This sampling of public attitudes will be read with equal validity by Budget committees as a mandate to cut, and authorizing committees as an argument to continue specific spending. It is this institutional tension—with each side representing a legitimate and broadly supported point of view—which accounted for the failure of the last Congress to pass a final budget resolution until the waning hours of the lame duck session.

When added to a slipping schedule, the three realities of the budget process may well doom a budget-cutting strategy governed by confrontational tactics of an era past when the Executive Branch and OMB were dominant.

AN ALTERNATE STRATEGY

Is there a way that substantial budget reductions can be achieved this year? We believe the goal is reachable, but only if budget strategy is designed to fit the congressional system, rather than violate it. A possible strategy would run along the following lines.

First enact a one-year budget "freeze."

A special congressional resolution would set binding limits on controllable expenditures at the FY 1981 levels and establish caps on the growth of indexed social programs similar to those that have been placed on recent federal pay raises. Follow up legislation needed to accomplish these savings—such as deferrals in federal construction and procurement—would put the skids on spending already invisibly built into next year's budget.

This approach would provide an instant savings of $30 billion, resulting in a balanced budget. Even if Congress chose to exempt military spending, or to enact tax cuts, the "freeze" would yield a minimum savings of $20 billion, just $7 billion short of the projected deficit for FY 1982.

BOTH SIDES GAIN

Why is this approach politically preferable to OMB's red pencil? First, both conservatives and liberals have something to gain. Conservatives would find merit in immediate, rather than prospective, budget balancing so as to produce the psychological shock needed to reverse inflationary expectations. Liberals could take comfort in a one-year extension of social programs otherwise targeted for extinction.

Second, a "freeze" is easily understood by the public and, according to the polls, would gain overwhelming support. It is a means to channel the public's theoretical acceptance of budget-cutting into real action before their enthusiasm wanes as the axe is wielded program by program.

The political imperative is for a budget cutting program that demonstrably calls for a sharing of pain in roughly equal doses in programs effecting old and young, rich and poor—in other words, a budget freeze.

The freeze would be managed on a departmental basis, allowing for broad reprogramming of funds in order to reflect changing priorities. Thus, the Transportation Department would not have to forego its new program to finance urgent rehabilitation of interstate highways, if it were given broad authority to hold up on new highway starts. The legal vehicles for such actions would be the regular appropriation bills by which executive reprogramming authority could be approved. This would immediately focus Congress attention on the quality of spending rather than increasing the quantity.

In fact, during the one-year hiatus in spending growth, a whole new slant on pri-

orities would emerge. Urgent needs would inevitably be met; less urgent ones delayed. This is precisely the sorting out process that has been tried unsuccessfully by three administrations under such euphemisms as management-by-objective and zero-based budgeting.

Second, turn the job of budget-cutting over to the institutions that can do it—the authorizing committees.

During the freeze, the congressional leadership could channel the attention of standing committees away from the development of new legislation and into a period of intensive oversight of their constituent departments and programs. The object would be for the committees to recommend how efficiencies can be achieved by the end of this session of Congress—in effect, changing their focus from program growth to program efficiency.

In order to be effective, this sorting-out of priorities will require direction as well as time. That direction can be given by the Budget committees in what is known as the reconciliation process. This process, under which Congress assigns savings goals to its constituent committees, was modestly successful last year, faltering only when conflicting economic signals raised doubts about the continued need for budget restraint. This incipient mechanism provides a needed trigger to assure a continuing congressional evaluation of programs, rather than forcing decision-makers to pick sides in sporadic and divisive debates prompted by hastily-drawn spending cuts. In a time of budget constraint, the reconciliation process can actually use the program expertise of authorizing committees as its most powerful weapon.

Third, make the deadlines and schedules of the congressional budget process work for success instead of against it.

A major criticism of the budget process in its five-year history has been its inability to meet deadlines. Compromises reflected in the 1974 Budget Act did not fully rationalize the three spending-related cycles Congress now carries out—authorizing, budgeting, and appropriating. This failure means that the Budget Committee cannot anticipate legislative changes affecting the bottom line; that the Appropriation Committees either fall behind schedule or ignore the other cycles; and that the entire Congress caves in at the end of a session to the temptations of temporary spending resolutions which allow the government to proceed, but without proper supervision.

A budget freeze this year, together with a serious and well-defined effort of program oversight, could put the budget process back on track. An achievable goal is not FY 1982, but rather FY 1983. The one-year freeze would allow the committees to produce a long-term spending strategy—perhaps for four years—which could combine with stable monetary policy to encourage private-sector planning and economic growth.

NOT GOOD VERSUS EVIL

The 1980 elections established a mandate for control of federal spending. But the process of controlling budgets is not a contest of good versus evil. The list of government programs for which no one will fight is short indeed. In many cases, the issue comes down not to whether the service will be performed, but who will do the job—federal government, state or local government, or the private sector. And in the aggregate, even the level of budget cutting recommended by President Reagan is marginal in terms of the whole economy.

Recognizing that the budget is the ultimate political document—the scorecard of who gets what, when and how—we must be sensitive to manage expenditure control as a prolitical process. OMB, no matter how effective its leadership, cannot dictate the results. It can act as a mediator between the Executive and Congress, holding the line against the individual agendas of bureaus and agencies. But OMB must forge agreement, rather than spark confrontation with Congress, where the tools and power now exist, to tame the spending dragon.

A unified effort can succeed; a divisive one will certainly fail. That failure will result in a further alienation of the American people from its government, as they watch one more turn of the perpetual motion machine.●

ARMED ASSAULTS ON PHARMACIES CONTINUE

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. HYDE. Mr. Speaker, I am pleased to file today a list of 32 of our colleagues who have agreed to cosponsor H.R. 2034, which will make it a Federal crime to rob a pharmacy of controlled substances.

Support for H.R. 2034 or similar legislation is growing rapidly around the country, as pharmacists in ever-increasing numbers continue to be assaulted by armed robbers demanding drugs.

Of particular interest to my colleagues from Illinois are the following accounts of a few of these occurrences in our State. The National Association of Retail Druggists maintains a clipping survey of pharmacy robberies, and would, I am certain, provide similar information to my colleagues from other States.

ILLINOIS PHARMACY ROBBERY REPORT

1981

Key Pharmaceutical Service, Bloomington.—Undetermined amount of drugs stolen at gunpoint after employees handcuffed by assailant—4 p.m. in the afternoon.

Holden Drug, Bridgeport.—At 5 p.m. an assailant also threatened to kill father, son and 14 year old granddaughter if druggist refused to turn over Demerol and morphine. He was killed in the course of the robbery by 68 year old owner.

1980

Brownback's Drug Store, Ashland.—Third robbery in two years. Total loss estimated at $6,000.00 including an assortment of prescription drugs.

Barth's Pharmacy, Brookfield.—Robbed at 3:45 p.m. by two gunmen who forced the pharmacist and clerk on to the floor and threatened harm; made off with cash and a parcel of drugs.

Medicine Shoppe, Casey.—At 6:25 p.m. was victimized by two assailants armed with automatic weapons. The thugs took cash and drugs.

Bakers Pharmacy, Champaigne.—At 9:30 a.m. was robbed by two armed assailants who demanded powerful controlled substances.

Apothecary Shop, Springfield.—A part-time pharmacist was shot by an assailant demanding "Class A" or very high abuse patented drugs.

Sentry Drugs, Rockford.—A 16 year old girl tending the register was suddenly grabbed by an assailant, held around the neck, with a gun to her back. The robbers, suspected of several other pharmacy robberies, left the terrified girl behind.

Druggists and retail pharmacists are becoming an "endangered species" as criminals and junkies turn to the neighborhood drug store for readily available drugs. Crime is moving off the streets and into the drugstores, with the customers as innocent and often helpless victims.

"American Druggist" magazine recently published a list of 234 pharmacy robbery incidences, which I want to share with my colleagues. The list covers only 14 States and is not a complete list for each State. Nevertheless, it is a graphic description of the dangers confronting pharmacies as they become an open battle ground for junkies. Each pharmacist listed was on duty at the time of the robbery, and/or was the person who reported it.

CASUALTY LIST OF PHARMACISTS VICTIMIZED IN ARMED ROBBERIES

ARIZONA

Mary Cole, Vic's 333 Pharmacy, Phoenix; Harvey Drucker, Don's Medical Pharmacy, Phoenix; H. J. Dykema, 24 Hour Pharmacy, Phoenix; Lou Gordon, Everybody's Clinic Pharmacy, Mesa; Martin Kahan, El Rancho Pharmacy, Phoenix; John Kovascics, Revco Drug, Phoenix; Norbert Laskowski, K and L Pharmacy, Phoenix; Gregory Myhra, Revco Drug, Mesa.

John Nagel, Pink Pill Pharmacy, Phoenix; Marty Newman, Fed Mart Pharmacy, Phoenix; Earl Norris, Norris' United Drug, Phoenix; Eugene Price, Sy's Pharmacy, Phoenix; Seymour Rosenberg, Mack's Pharmacy, Phoenix; Ronald Smith, Village Pharmacy, Flagstaff; T. Sutherland, Williams Hospital Pharmacy, Williams; Oscar Yrun, Modern Pharmacy, Sierra Vista.

ARKANSAS

Joe Bowen, Medic Pharmacy Inc., Little Rock; Ronald M. Bledsoe, Bledsoe's Pharmacy, Turrell; Don Byrum, Byrum's Pharmacy, Benton; William Cheatham, Wilson Bearden Pharmacy, Magnolia; Carl Collier, Collier Rexall Drug Store, Inc., Fayetteville; Lee Dickson, Consumers Pharmacy, Fayetteville; Jim Griffis, Prince Drug Store, Fort Smith.

Glenn Headley, McCutchen's Health Services, Barling; Charles Hovey, City Pharmacy, Springdale; Robert Lyon, Lyon Drug, No. Little Rock; Bob Matthews, Oak Forrest Pharmacy, Little Rock; Hugh McKnight, Finnegan Drug, Little Rock; Randy Millerd, Consumers Pharmacy, Hot Springs; Kenneth Petway, Corner Drug Store, Rogers.

Allen Schluterman, Osco Drug #406, Fort Smith; Mary Shuffield, Lake Hamilton Pharmacy, Hot Springs; Mark Speer, Mark's Pharmacy, Sherwood; Tommy Thompson, The Medicine Shoppe, North Little Rock;

CALIFORNIA

Frank Baron, Alameda Rexall Pharmacy, San Jose; Blossom Hill Pharmacy, San Jose; Walter Bolling, Carl's Drug, Hayward; Jacob Bowser, Bowser & Banks Pharmacy,

Riverside; Bryant's Pharmacy, Vacaville; Robert W. Church, Pioneer Payless Drug, Marysville; Tom Clayton, Eureka Pharmacy, Eureka.

Jim Coleman, Placer Pharmacy, Auburn; Corner Drug Store, Woodland; Cortland Pharmacy, Cortland; Crane Prescription Center, Turlock; John Crosetti, Poehlmann's Pharmacy, San Rafael; Allen DeHerrera, Mel's Pharmacy, Van Nuys; Del Norte Pharmacy, Marysville.

Harry Della-Santa, Fairfield Pharmacy, Vacaville; Doug Eiliot, Foothill Pharmacy, Sacramento; Gilroy Medical Center Pharmacy, Gilroy; Grand Terrace Pharmacy, San Bernardino; Gregg's Pharmacy, Bakersfield; Ross Gresham, Dentoni's Pharmacy, Stockton; Richard A. Hart, Village Pharmacy, Marysville.

Hilton Olaf Johnson, Hilton Johnson Pharmacy, Chico; Kamian's Pharmacy, Watsonville; Kaiser Hospital Pharmacy, Hayward; Kelstan Pharmacy, El Cajon; Mike Kersey, Long's Drug Store, Redding; Alfred J. Koll (killed), Koll's Professional Pharmacy, Pasadena; Ronald Lim, Lim's Family Pharmacy, Redding.

Robert MacInnis, Anderson Pharmacy, San Francisco; Paul Marcuchi, Sutter St. Medical Pharmacy, San Francisco; Marin Center Pharmacy, San Rafael; Medico-Dental Pharmacy, San Rafael. Mondota Drug, Mendota; Paul Moffat, Family Medical Pharmacy, San Ramon; Monte Diablo Drug Store, Stockton.

Donna Nicklow, Safe-Save Pharmacy, Marysville; Payless Pharmacy, Yuba City; Tom Rafferty, 7-0-2 Pharmacy, Porterville; R & J Pharmacy, Woodland, California; Lynn Rasmussen, Shasta Pharmacy, Redding; Regal Rexall Drug, Walnut Creek; Ruth Rush, Spruce Drugs, Oroville.

Mark Shaefer, Family Medical Pharmacy, San Ramone; Elbert Stallcup, Cunningham Drug, San Bernardino; Max Stollman, Family Pharmacy Service, Beverly Hills; Thrifty Drug Store, Cores; Thrifty Drug Store, Merced; Tuttle's Pharmacy, Santa Rosa; John Tyler, Brimhall's Pharmacy, Napa.

Uni-Med Pharmacy, El Cajon; Valley Rexall Drug Store, Hanford; Value Giant Pharmacy, Yuba City; Village Pharmacy, San Leandro; Vista Pharmacy, Fresno; Noble Waite, Waite's Pharmacy, Costa Mesa; Don Wiswell, San Juan Pharmacy, Fair Oaks; Patrick Wong, Tower Drug, Sacramento; Ygnacio Pharmacy, Walnut Creek; Gary Zucconi, Ben & Gary's Pharmacy, Los Gatos.

FLORIDA

Bill Alfred, Plee-Zing Pharmacy, Pensacola; Richard Buhrman, Granada Drug, Pompano; Bernard Cimino, Eagle Drug Co., Tampa; Thomas R. Daniel, The Drug Shop, Tampa; Ernest L. Debardeleden, SupeRx Drugs #151, Orlando; Eckerd Drugs #34, Orlando; Eckerd Drugs #274, Orlando; Eckerd Drugs #294, Orlando; Eckerd Drugs #2075, Orlando; C. Burton Free III, Alderman Pharmacy, Ocala.

John E. Gallar, Town & Country Pharmacy, Tampa; C. W. Hinson, Sanders Drug #2, Tampa; Daniel Hunt, The Medicine Shoppe, Delande; Galen I. Lucy, The Clinic Pharmacy Inc., St. Petersburg; Charles F. Speranza, Charles Drug Store, Inc., St. Petersburg; Shannon J. Thornton, Sunshine Drugs, Inc., Lake Panasofkee; William C. Waugh Jr., Dunnellon Pharmacy, Dunnellon.

GEORGIA

Ralph B. Abernathy, Abernathy Pharmacy, Conyers; John A. Arant, Revco Drug #1504, Sandy Springs; Tom Atkinson, Bolton Pharmacy, Atlanta; Kenneth H. Burnette, Bradford Drug Store, Cedartown; Freddie L. Corbett, Shallowford Road Pharmacy, Atlanta; S. L. Dollar, Taylor Drug Co., Austell; Percy T. Franklin, Crews Pharmacy, East Point; David Gamadanis, Buckhead Pharmacy, Atlanta.

W. A. Griffith, Thomas Drugs, Austell; Susan Hale, Eckerd Drug #420, Smyrna; Charles Hankinson, Reed Drug #15, Atlanta; William F. Huddleston, Cheshire Bridge Pharmacy, Atlanta; Ray Jones, Revco Drugs #4207, Marietta; Thomas E. Lovett, Warm Springs Pharmacy, Warm Springs; George McFarland, Reed Drug #11, Jonesboro; George McFarland, Reed Drug #17, Roswell.

George McFarland, Reed Drug #58, Sandy Springs; David Pass, Reed Drug #7, Doraville; Janice W. Smith, J & J Professional Pharmacy Inc., Columbus; C. E. Thompson, Reed Drug #22, Snellville; Shiela Timmons, Ace Pharmacy, Decatur; Michael E. Vaughn, Dunaway Drug Co. #4, Marietta; James D. Young, McKinney's Apothecary Inc., Decatur.

MASSACHUSETTS

Alvin B. Brown, North River Pharmacy, Hanover; Richard Cal, Cox Pharmacy, Abington; R. D'Agostino, Lord's Pharmacy, Cambridge; Jans W. Hagan, Lake Street Drug, Chestnut; Kenneth Haig, Haig & Haig Drug Co., Worcester.

Robert Kristian, Lynch's Pharmacy, Abington; Philip Michelman, Wroma Square Pharmacy, Lynn; John Picone, Picone's Pharmacy, Brighton; Donald Silks, Dean Pharmacy, Brookline; John Romanowski, Fox Pharmacy, Newton; Theodore Ross, Countryside Pharmacy, Newton Islands; Gerald Stepner, Richard Pharmacy, Lynn.

NEW HAMPSHIRE

George H. Marshall, Family Drug Store, Lisbon.

NEW JERSEY

Stan Bihlids, The Medicine Shop, Somerset; Angela Freencere, Mazzacco's Pharmacy, Long Beach; Abe Fried, Johnson's Pharmacy, Point Pleasant Beach; William Harvey Luckey, Morsemere Pharmacy Inc., Palisades Park; Patricia Mangine, Pathmark Pharmacy, Plainfield; Edward Noszczynski, Pastor Pharmacy, Englewood; Phil Polillo, Sterling Pharmacy Inc, Stratford.

Robert M. Riech, Berlin Drugs Inc., Berlin; W. Ross, Hohokus Pharmacy, Hohokus; Ira Rothstein, Line-Mor Pharmacy, Elizabeth; Mel Seagul, Tucker Drugs Inc., Hoboken; Murray Sloshberg, Sacher Pharmacy, Irvington; Walter Wallak, Windsor Pharmacy, East Brunswick.

NEW YORK

Angel Drug House, Rochester; Milton Bartner, Thrifty Drug, Queens; John Barra, Barra Pharmacy, Brooklyn; Phillip Bassin, Esplanade Pharmacy, Brooklyn; Bob Blovard, Brad Pharmacy, Brooklyn; Bru-Len Drugs, Bronx; Mike Chapnick, Bay Parkway Pharmacy, Brooklyn.

Cole Pharmacy, Rochester; Jack Crespy, Cress Pharmacy, Brooklyn; Dolen Drugs, Bronx; Dongan Hills Pharmacy, Staten Island; Harold Eisenman, Nottingham Pharmacy, Brooklyn; Larry Frost, Frost Pharmacy, Queens; Mike Gecht, M & E Pharmacy, Brooklyn.

Howard Goldsmith, Kimby Drug, Brooklyn; Howard Greenberg, Navarre Pharmacy, Brooklyn; H & C Pharmacy, New York City; Herbert Davidson Pharmacy, New York City; Herbert Davidson Pharmacy, Forest Hills; Arthur Katz, Kaye's Pharmacy, Brooklyn; John Lamont, K 'n K Pharmacy, Brooklyn.

Liggett Drug, New York City; Norman Lisogorsky, Redwood Pharmacy, Brooklyn; Mayfair Chemists, New York City; Gary Melnick, Redwood Pharmacy, Brooklyn; John Miller, Bersil Apothecary, New York City; Alan Moldow, La Rochelle Pharmacy, New York City; Preston Moochnek, Keap Drug, Brooklyn.

Murray Hill Chemists, New York City; Joseph Pappalardo, Ricci's Pharmacy, Brooklyn; Shelton Perl, Diamco Pharmacy, Brooklyn; Phillip's Pharmacy, Brooklyn; Jack Reich, Thrifty Drug, Queens; Reyes Drugs, Bronx; Rite-Aid, Cheektowaga; Said Saber, Westside Pharmacy, New York City.

James Schiffer, Jim & Phil's Family Pharmacy, Brooklyn; Joe Setatro, Hamilton Pharmacy, Brooklyn; Robert Sherman, Last Pharmacy, New York City; Silverman Pharmacy, Brooklyn; 629 E. Tremont Ave. Corp., Bronx.

Steve Smolin, Rite Drugs, Brooklyn; Bernard Star, Hilltop Pharmacy, Queens; Trouner Pharmacy, Queens; Marty Wiederkehr, New York Boulevard Pharmacy, Brooklyn; Stanley Zinger, Navarre Pharmacy, Brooklyn; Gil Zuckerman, Kimby Drug, Brooklyn; Zev Zylberberg, Future Pharmacy, Brooklyn.

NORTH DAKOTA

Richard E. McElmury, Bennett Drug, Bowman.

PENNSYLVANIA

Raphael Abrams, Rayanne Pharmacy, Philadelphia; Arthur Goldstein, Pilgrim Pharmacy, Philadelphia; Stanford Goodman, Regal Pharmacy, Philadelphia. Eugene Heller, Heller's Pharmacy, Philadelphia; Walter Kropp, Kropp Pharmacy, Philadelphia; Herman Leberstein, Wissinoming Pharmacy, Philadelphia; Frank Rubino, Rubino's Pharmacy, Philadelphia; Stephen Shenk, Danta's Pharmacy, Philadelphia; Thomas Shuster, Tremont Pharmacy, Philadelphia.

SOUTH DAKOTA

Assam Drug Co., Sioux Falls; Case Pharmacy, Beresford; Fairchild Drug, Bryant; Fullenkamp Rexall Drug, Hudson; Halbkat Drug, Webster; Humphrey Drug Store, Huron; Mills Baken Park Drug, Rapid City; Mills Super Drug, Rapid City; Post Corner Drug, Pierre; Ron Park Drug, Sioux Falls; Thompson Drug Store, Philip; Thompson Frontier Drug, Deadwood; Valley Drug, Valley Springs.

TENNESSEE

Terry Holland, The Medicine Shop, Nashville; A. C. Hutcherson, Hutcherson Pharmacy, Nashville; Dennis Johnson, Jameson Drug, Nashville; James R. Leschak, Treasury Drug, Nashville; Louis Lipschulte, Louis Pharmacy, Nashville; David Locke, Red Cross Pharmacy, Nashville; Joe Maxwell Jr., Maxwell Drug, Nashville; Ken Phillips, Crosstown Drug, Nashville; James Pickle, Shiloh Drug Mart, Nashville; Gerald Spears, Village Pharmacy, Nashville.

VERMONT

Kevin Dempsey, City Drug Store, Burlington; Virgil Gimino, The Apothecary, Hydeville; Leonard Rock, Cambridge Pharmacy, Cambridge; Rod Stafford, Stafford Pharmacy, Stowe.

I urge my colleagues to cosponsor H.R. 2034, which calls for a maximum fine up to $5,000 and 20 years impris-

onment, or both, plus increased penalties for subsequent offenses, assault, and use of a dangerous weapon. In addition, H.R. 2034 provides for mandatory minimum sentences, a certainty in sentencing which is imperative if we are to effectively deter criminal activity.●

A TALKFEST WITH THE HUNTS

HON. LARRY McDONALD
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. McDONALD. Mr. Speaker, in the aftermath of all the fuss about the fall in the silver market last year and the alleged stranglehold on the market of the Hunt family in Texas, Fortune magazine sought out the Hunt family in order to get the other side of the story. This article appeared in Fortune magazine for August 11, 1980. I am placing this item, in part, in the CONGRESSIONAL RECORD in my continuing attempt to get some balance since much of the reporting on the Hunt family and the silver market in the press was distorted and sensational in content.

The article follows:

A TALKFEST WITH THE HUNTS

(By Roy Rowan)

Silver Thursday still rankles, but they reveal they're even richer than everyone thought.

It's 6 A.M. The scorched orange sky over Dallas indicates the dawning of yet another 105-degree July day. Herbert Hunt is pounding along the jogging track that circles Bachman Lake, describing his and his brother Bunker's painful appearances before the congressional committees that have been investigating their silver transactions. "The trouble with those hearings is they're no-win deals," he says. "You may not get convicted. But you sure as hell don't get acquitted either."

Until now, the Hunt brothers' congressional testimony has constituted their only public utterances on the role they played in the climb and collapse of silver. They have shunned the press, not just because they are instinctively private people or have been counseled by their attorneys to keep quiet. They have shunned it because, according to Bunker's conspiracy theory, "the same guys that were able to break the market were also able to get the media to attack its victims—which happened to be us."

Now, however, the brothers have had a change of heart. They've decided to tell their side of the scary silver drama exclusively to Fortune. In three days of interviewing—sort of progressive journalistic feast that moved from their office suite through their homes, clubs, and even onto the jogging track—they talked freely about what spurred them to buy so much silver, the whipping they took on the commodity exchanges, and their business plans for the future.

In giving their version of the events, which differs from the accounts of other participants, Herbert and Bunker Hunt added dozens of arresting details on what it was like to be riding the silver roller coaster. They did not flinch from any questions or call for a time-out to consult their lawyers. Neither did they depart from the basic line they have hitherto conveyed in sketchy form. They continue to scoff at the idea that they were trying to corner the world market in silver. They also insist that they speculated in silver primarily as a hedge against inflation, and they would have succeeded but for collusion at the New York Commodity Exchange (Comex).

SOME HOSTILE LETTERS

Another concern of Herbert's this day is the flood of mail they are receiving—much of it addressed simply: Hunt Brothers, Dallas, Texas. Some letters are quite laudatory. "You may be taking a lot of flak," writes an engineer, "but we in the mining industry consider you heroes." A Ph. D. in Bethesda, Maryland, writes that he has asked the Franklin Mint to create a silver medal honoring the Hunt brothers as a scholarship-fund-raising device. "I hope your sense of humor will authorize me to have the medal struck," says the professor.

Some letters are hostile. Many echo the question posed by Congressman John Conyers of Michigan at one of those hearings: How could the Hunt brothers have obtained a fast bail-out while Chrysler was having so much difficulty arranging one? To Herbert the difference is perfectly obvious. "Chrysler needed a government guarantee," he points out. "The Hunts didn't need any guarantee at all because we had the assets."

After he crisply utters those last four words, Herbert goes on to make an astonishing disclosure about the Hunts' riches. Their current indebtedness, of course, is notorious. Just about every income-producing asset owned by the two brothers, as well as other properties owned jointly with the rest of the clan, has been pledged as collateral against the $1.1-billion bank loan that saved Bunker and Herbert from dumping their remaining 63 million ounces of silver on a depressed market. What was not known was the extent to which this collateral exceeds the loan. In Herbert's words, "The terms of the loan were awful tough—the collateral is probably eight or nine times as large."

In a backhanded way, Herbert is saying that those assets are worth a staggering $8 billion or $9 billion. Even if a sizable chunk were sold off to repay the bank loan, the Hunts, on the basis of Herbert's statement, would still be around $8 billion from the poorhouse. That figure includes the brothers' hoard of silver bullion, which with the recent rebound is worth enough to cover the loan all by itself. Even if a calamity drove silver prices through the floor, the Hunt family would only be down to its last $7 billion.

Perhaps never before in history has a family gone so deeply into hock with so little hardship. Still, Herbert talks about that bank loan like any strapped homeowner who wants to get the finance company off his back. "We're going to work hard getting it paid off," he vows. Some securities, he indicates, have already been liquidated. But no silver has been disposed of, and he expects it won't have to be before the bullion regains the real value he and Bunker believe it has: "I think people are still waiting to see what we're going to do. We're keeping our options open, though I personally think the price of silver is very cheap at this point."

An effusive man in ballooning sport shirt and slacks sallies in smiling. He does not resemble the sinister fat-cat figure the press portrayed standing before the House subcommittee on commerce, consumer, and monetary affairs headed by Congressman Benjamin Rosenthal of New York to face accusations that he tried to corner the world's supply of silver. Instead, he is a picture of jauntiness.

Soon the Bunkerisms seep out: "When they give you a bill at the Ritz, you think you've bought the place. No such thing as a bad meal in Paris—or a cheap one. The disease of socialism is pretty far along over there."

SCORN UNREPRESSED

The brothers differ enormously in the way they express their opinions, which do not always coincide. Herbert, who usually serves as spokesman for the two, as he did during the congressional hearings, is much more restrained. Bunker is irrepressible in his scorn for such Eastern Establishment outfits as the New York Times, the Trilateral Commission, or for that matter, the short sellers on the Comex Board of Governors, who in his opinion caused silver prices to tumble (see "Who Guards Whom at the Commodity Exchange?" Fortune, July 28). "All those exchanges," fumes Bunker, "are run by the shorts, for the benefit of the shorts, and with the connivance of the shorts."

How both brothers rode out the storm in silver is a story only they can tell. The high drama really began early last September, when Herbert and his lawyer, Bart Cousins, walked unannounced into the New York office of Mocatta Metals Corp., which had a precariously large short position in silver on the Comex at a time when the price was rising. "Chairman Henry Jarecki was in complete turmoil; he was getting eaten alive by margin calls," recounts Herbert. "Between us, Bunker and I had put up 10.7 million ounces of silver with Mocatta, for which we had obtained loans totaling $50 million. But the loan agreement was so fouled up we didn't have the right to pay it off without Mocatta's permission. In fact, we didn't even realize that Jarecki could borrow against our bullion. It was perfectly legal. But suddenly I discovered he had hocked our silver for as much as the banks would loan him—about $185 million, I believe.

"As soon as I found out that Jarecki was having financial problems I called Bunker and said, 'You better come up here and look after your own interests.' Bunker hustled up to New York. We spent most of the next seven days in the Mocatta office. We did everything but sleep there. They brought in dinner about 10 or 11 each night. And each day we went out and bought another shirt."

Bunker chimes in with his own memories of the Mocatta episode. "When the price of silver is going up," he says, "Jarecki will give you almost a religious speech about how he's fully hedged." In other words, as Bunker tells it, Jarecki claimed to have enough bullion on hand to cover his short position in the futures market in case the price went up. "But let me tell you," continues Bunker, "I was concerned about getting our silver back before he blew it."

One day when the price of silver pushed on up past $17, Herbert recalls, Jarecki rushed into his office and announced: "When it hits $22.90 I'm broke—Mocatta is insolvent." A few minutes later, Herbert adds, he came back even more alarmed and said: "I've miscalculated. The figure's a little lower."

Herbert and Bunker got their bullion back only through a convoluted three-sided

transaction involving Mocatta, the two brothers, and IMIC, the Bermuda-based International Metals Investment Corp., which the Hunt family owns jointly with two Saudi partners. In the jargon of the commodities world, this transaction is known as an E.F.P. (exchange for physicals: i.e., silver). First, IMIC matched up its long positions with Mocatta's short positions and canceled them out. This shrank Mocatta's margin requirements. Then Mocatta sold IMIC 23 million ounces of silver. The proceeds of this sale, the Hunts claim, provided Jarecki's company with the cash to pay off the bank loan for which it had ponied up Herbert's and Bunker's original 10.7 million ounces of bullion as collateral. Jarecki was then free to give the Hunts back their bullion.

The only catch was that IMIC had to accept a combination of bullion, silver coins, and silver leases (IOUs from industrial users of silver) in the E.F.P.—since that was what Jarecki had available. "If we and the other directors had played tough with IMIC and not accepted the coins," says Herbert, "we'd have been just two more creditors in Mocatta's bankruptcy proceedings."

Herbert's lawyer, Bart Cousins, asserts that after the terms of the E.F.P. were all worked out, "we had to stay right on our toes" to keep from being outsmarted by Jarecki. The actual silver content of coins depends on how well-worn they are. For instance, a bag of half dollars, quarters, and dimes, which has a face value of $1,000, can contain anywhere from 715 to 727 ounces of silver. "Jarecki insisted on getting credit for 725-ounce coins," Cousins claims. "He got the best of us by three or four ounces per bag."

Jarecki disputes the Hunts' claim that he borrowed so heavily on their bullion, or that Mocatta's solvency was ever in question. His company had all the collateral and lines of credit it needed, he says. It is backed by a British bank holding company with "infinite pockets"—assets of $29 billion. Those worn coins, he adds, are now selling for a fat premium.

Looking back on their dealings with Mocatta, Bunker now says philosophically: "I always thought Jarecki would make it one way or the other, and I said so at the time." But according to Bunker, Jarecki still bears him a grudge, even though Mocatta later enjoyed an excellent first quarter of 1980 when silver plunged. The Mocatta chairman told a mutual friend that "Bunker Hunt cost me a lot of sleep. But for every hour he's cost me I'm going to make him lose ten." The story amuses Bunker. "I want you to know I'm a very good sleeper," he drawls. "I may lose money, but I don't lose sleep."

Taking possession of silver wasn't part of the Hunt brothers' game plan. "In general, we wanted to stay in there and roll our contracts forward instead of taking delivery," Bunker says. "But the margins went skyhigh." Bunker and Herbert have repeatedly cited this desire to roll over the futures contracts as proof that they were not trying to corner the market.

SITTING DOWN IN DALLAS, LONG

Early this year, Bunker recalls, there was turmoil of a different sort when "that 'liquidation only' rule was imposed by Comex." He refers to the emergency edict of January 21, which banned futures trading except for the purpose of liquidating speculative positions. This rule change, the Hunts and others say, helped bring about the collapse in silver prices. Once it was imposed, Bunker says, "there was no way to sell anything except at a distress price. The shorts were sitting on the Comex board, and we were sitting down here in Dallas long, trusting them."

Bunker makes even more precise accusations about Comex. "There are 23 people on the Comex board," he says. "I've heard at least half of them made a huge amount of money. One gentleman supposedly made $15 million to $20 million. They positioned themselves the day before the big January 21 liquidation vote. They didn't even have the silver bullion. They just sold short. They know they could break the market because they were the guys voting."

Where did Bunker obtain this damaging information? From the "peeved," as he calls them—a few of the Comex board members who didn't short the market and are annoyed by the killing their colleagues made. "It was a sting, a scam," adds Bunker. "Looking back, we should have refused to take delivery and refused to sell. That would have stalemated the market." Bunker acknowledges that he knew all along that the Comex directors could change the rules of the game anytime they wanted. But any rules changes, he says, were supposed to be "market neutral" in their effect on prices.

After the crash on Silver Thursday, as March 27 was christened, the Hunt brothers stated that they were thinking of suing Comex on the grounds that the rules changes were anything but market-neutral. They say they are still weighing this option. Even if they decide not to sue, Bunker believes, "the time will come when these professional shorts can no longer hold the price of silver down."

Because the brothers consider themselves the victims and not the villains of the silver boom-and-plunge, they wonder why the politicians, press, and public keep picking on them. "I feel like the lady who had her purse snatched and then got arrested for indecent exposure because her clothes were ripped," says Herbert.

Absolutely infuriating to the two brothers was the sworn deposition given to Congressman Rosenthal by Bill Bledsoe, a former Hunt Energy Corp. vice president. In it, Bledsoe accused the brothers of acting in concert to manipulate the silver market. (See "A Hunt Crony Tells All," Fortune, June 30.) "Crony, ——!" explodes Bunker. "He was just another employee. But he's determined to get us indicted." The Hunts claim they can refute the 51-page deposition line by line. To discredit the document, Herbert recently made public Bledsoe's 1979 letter of resignation in which he agreed to make restitution for mineral transactions involving a possible conflict of interest. Later he paid $91,000 to the Hunts, who are now suing for more.

For all the grief silver has brought the Hunts, they still consider it an excellent investment. "I'll stick by my predicton of 5 to 1," says Bunker, meaning that's how he appraises the true gold-silver value ratio. By Bunker's reckoning, silver should be selling in the vicinity of $125 an ounce—two and a half times its recent peak. He figures that practically all the gold mined since the days of the Pharaohs is still stashed away in strongboxes, while the world's silver supply is constantly being used up. Bunker claims that despite all the stories that the brothers bought and sold silver in lockstep, "there were periods when I had three times as big a position as Herbert."●

THE JAPANESE PRODUCTIVITY CHALLENGE: A MODERN RASHOMON

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. BOLLING. Mr. Speaker, the following remarks, "The Japanese Productivity Challenge: A Modern Rashomon," were presented by C. Jackson Grayson, chairman, American Productivity Center, before the Economic Club of Detroit on March 9, 1981. At a time when we are particularly concerned about the imports of automobiles from Japan, the more we can inform ourselves about the nature of the Japanese system, the better. We had best understand clearly that there is a Japanese system, and that there is a great deal we can learn from it. Much of what we have to learn lies in the abstruse area of productivity. On the wide range of this complex subject, Mr. Grayson has also written the best article I have seen to date. Since it recently was published in the Joint Economic Committee's Special Study on Economic Change, I recommend this 40-page article to all true scholars of the subject. The title is "Productivity: The Foundation of Growth" and is contained in volume 10 of the Special Study on Economic Change, December 29, 1980.

THE JAPANESE PRODUCTIVITY CHALLENGE: A MODERN RASHOMON

If present trends continue, Japan will pass the United States productivity level on May 14, 1992 at 3:45 in the afternoon.

Fiction?

Ten years ago, even five years ago, you wouldn't have paused to lable that statement an absurdity. A few seconds ago, I'll bet you hesitated. While no one can tell you whether that will happen, much less the moment, the facts indicate that unless things change this is well within the realm of possibility.

The United States is still the leader in productivity. But the Japanese are gaining, and fast. For the past two decades, Japan's productivity (GDP/Hour Worked) has averaged a growth of 7.2 percent per year. The United States has averaged 2.2 percent per year.

For the past three years in a row, United States productivity has actually declined, while Japan's has continued to grow.

Is it Bye-Bye American Pie?

Have Japanese labor, Japanese business, Japanese government found a better combination? Or have the Americans simply gone to sleep? Why have the Japanese been so successful? Is it Japanese government-business "administrative guidance?" Is it protected markets and subsidization? Is it the pecularities of the Japanese culture?

As in the great Japanese movie, Rashomon, where does the truth lie?

Rashomon tells the story of a murder and a rape in 8th century Japan. The great film director, Akira Kurosawa, tells the story four times from the point of view of a samurai, his wife, a bandit, and a woodcutter.

I will tell the tale of Japanese productivity growth from three viewpoints. Those who see it as (1) a Japanese government phenomena, (2) a business management phenomena, and (3) a peculiar Japanese thing, cultural and societal.

TALE NO. 1: THE JAPANESE GOVERNMENT

It is clear that the Japanese government has been, and still is, the prime moving force in the fantastic growth in Japanese productivity. In the early 1950's, the Japanese economy was in ruins: a devastated capital stock, little money, few raw materials, no world markets, an image of "cheap Japanese products," and a productivity level 16 percent (as measured by output per employee) of that of the United States. Their per capita GNP was only $188. Below that of Brazil, Malaysia, and Chile, and 10 percent of that of the United States.

Enlisting the cooperation of business and labor, the government established economic growth as the highest objective in Japan. They set out to raise productivity levels, improve the quality of Japanese products, and move into world markets. Growth, through a productivity and quality emphasis, would create jobs, make the adjustment process easier for moving out of declining industries, and enhance Japan's world markets for international exchange and prestige.

They designated the Ministry of Finance and MITI (Ministry of Industry and Trade) as lead agencies and through a procedure known as "administrative guidance," directed and assisted business into selected growth sectors through the use of subsidies, tax breaks, loans, government contracts, and protection from imports. They funded "winners" and orchestrated the movement of "losers" out of declining sectors, assisting both capital and labor in the transitions.

Banks, both public and private, made generous (high debt-equity) loans to favored industries, and starved others. They operated somewhat like a giant multidivisional company ("Japan, Inc."), a corporate headquarters responsible for planning and coordination, formation of long term policies, and major investment decisions. They initiated the development of the Japanese Productivity Center, and for the past 30 years they planned, steered, and scoured the world for ideas, techniques, and know-how that they copied, adapted, improved and implemented.

Result 1980: the world's third largest economy, the world's leader in productivity growth, a productivity level about 70 percent of the United States, a per capita GNP almost equal to the USA, product quality of world reknown, a leading world marketer, and the world's highest savings and investment rate.

And all from a nation 10 percent smaller than California, ⅔ the size of France, and about the size of Montana.

The government continues subtly, but firmly, to call the plays, allocate investment funds, and influence world marketing strategies—all documented in the March, 1980, document: "The Vision of MITI Policies in the 1980's."

The truth about the source of Japanese productivity growth lies in the role of government.

Or does it?

TALE NO. 2: JAPANESE MANAGEMENT AND LABOR

It is clear, that while the government has been of assistance, the real success behind Japanese productivity growth has been the quality, philosophy, and practices of Japanese management and labor.

Japanese managers made a pact with Japanese labor in 1955 with the mutual declaration of three guiding principles in the establishment of the Japan Productivity Center:

Productivity improvement should be done jointly with labor and management.

Productivity improvement leads to more jobs, and temporary redundancy should be dealt with by re-allocation.

The fruits of improved productivity should be fairly distributed among management, labor, and consumers.

Japanese managers set about to accomplish this with their workers as part of their "family:" they protected them with lifelong employment; planned productivity and quality improvements with consultative and participative teams called "quality circles (an idea originated by Americans but implemented by Japanese); concentrated on speedy delivery; reduced inventories through the Kan-ban inventory system in cooperation with their suppliers; planned worldwide manufacturing and marketing strategies; invested for the long run in basic process improvements; conducted extensive training and re-training programs for their employees; offered employees extensive fringe benefits in the form of subsidized loans for housing, resort houses, and company medical care; informed employees of company plans, profits and problems; lowered status and pay differentials between management and labor; and socialized off the job in clubs, bars, and picnics.

Japanese managers invested and thought long term. An example is Mr. Konosuke Matsushita, who stated that his full goal of "Meichi" ("to realize our mission") was not short term. To totally realize his objective, he said, would require a carefully planned and totally dedicated long range plan of 250 years. He divided this goal of accomplishment into ten generations of determination, 25 years each, and further sub-divided every 25 years into three-segment business cycles.

And each step of the way, Japanese managers included, involved, rewarded, and recognized the importance of their employees.

As Chris Wada, Assistant Vice President, Sony Corporation of America, said in hearings before Congress in October, 1980, ". . . even if you secure needed capital, unless you have the heart of the people, you cannot make it."

Clearly Japanese labor and management are the primary explanation of Japanese productivity growth.

Or is it?

TALE NO. 3: JAPANESE CULTURE AND SOCIETY

While Japanese government, management, and labor have been important in Japanese productivity, these are only manifestations of something deeper, more fundamental—Japanese culture and societal structure, dating back thousands of years.

Writers, students, and travelers to Japan are all impressed with something over and beyond institutional relationships, their governmental policies, and employee relations. It's a mixture of duty, obligation, and loyalty that permeates their daily living, the way they approach work, and how they treat others.

Ruth Benedict, the cultural anthropologist, reports these in The Chrysanthemum and the Sword as a series of contradictions: They are unprecedentedly polite, but also insolent and overbearing; extremely rigid, but adaptable to extreme innovations; submissive but not easily amenable to control from above; loyal and generous but also treacherous and spiteful; both brave and timid; a nation that both cultivates chrysanthemums and is devoted to the cult of the sword and the prestige of the samurai.

Mariko explains it to a puzzled and frustrated Anjin-san in "Shogun," "It's our custom."

It's wellsprings go back to feudal Japan where one's sense of proper station, order, heirarchy was minutely specified, and reflected itself in their religion, family, the State, and economic arrangements. It was rearranged violently in the Meji Restoration, refined successfully through generations, until the last major wrenching that occurred after World War II.

While institutions, particular rules, even customs may change, some things remain the same. Three stand out.

One is the Japanese ability to achieve consensus around a superordinate goal that manifests itself in organizations, in individuals, and society as a whole. Everyone, to achieve this goal, has a place. Their history has been one of defining and re-defining goals, but everyone knows that he has a role and an obligation and a duty to do his part. In return, the organization and society return to him dignity, security, and respect.

A second is their sense of the necessity for fulfillment of purpose, which drives them to intense effort. Whatever it is that they collectively set as their purpose, they tackle with incredible energy, intense dedication, zeal, and desire for perfection. They incur a strong self-watchfulness, self-surveillance, and self-criticism that constantly searches for improvement, excellence and respect.

A third is their tremendous adaptability—their willingness to change. When situations change, Japanese change their bearings and set themselves on a new course. They do not, like Americans, know only victory or defeat, or argue about principles or convictions, but what works.

It manifests itself in their intense desire for knowledge—information gathering on a massive scale, information that allows them to select the best, to constantly renew their ideas, their factories, their institutional practices, their relationships to the world.

These three characteristics of Japanese culture manifest themselves in many ways to explain modern Japanese productivity growth: their ability to achieve widespread consensus about the importance of productivity to the individual, his company and the nation; the loyalty of the individual to the company and the reciprocal loyalty of the firm to the individual; the incredible energy, zeal, and desire for perfection in product quality, process improvement, and marketing; the ceaseless quest for knowledge that takes them to the far corners of the world for new productivity improving ideas, their voracious appetite for newspapers, books, and television, their extensive communications, training and re-training programs.

Any other explanation for Japanese productivity growth is superficial, it is peculiarly "Japanese."

THE TRUTH?

Which of these three tales is true? Government? Labor-Management? Culture?

At this point, the viewer of the film Rashomon is also confused. Each successive telling of the tale by the samurai, the wife, and the bandit was somewhat different. But each seemed equally convincing and equally true.

What is the Truth?

Wait a minute. There was a detached observer—the woodcutter—who chanced to be

in the forest. He saw it all. He must know the truth.

The tale continues.

TALE NO. 4: THE WOODCUTTER'S TALE

I'll assume the role of the woodcutter in telling this tale, that of the supposed detached observer.

My tale is short.

No single tale captures the truth, though each contributes to it. It is the congruence, the "fit" between these tales that has produced the fantastically successful productivity story of post-war Japan.

The explanation lies in the combination of the Japanese government, the labor-management relations, and the Japanese culture. The idea that the explanation lies in any one of them is partially romantic, partly apocryphal, partly wishful thinking, and partly accurate.

Al Rockwell said in a speech in 1977, "The phenomenal rise of industrial Japan has been attributed to many things, but most of these are myths. And believe me when I say Rockwell International knows better than to believe those myths."

Let's take the role of the government.

There is little question that the Japanese government did, and does, have a hand in assisting and in guiding the economy. But the magnitude, the degree of power, and fixed character of that role is distorted.

The government did protect some markets, particularly in the beginning, but that has greatly diminished. It is true that the government helps to create an economic environment favorable to business, not only in a general way, but in specific measures creating new opportunities with subsidies, tax concessions, and wide dissemination of information and advice. It is true that government agencies consult regularly with business leaders, and that they talk, dine and drink together in a mutually supportive relationship. It is true that MITI regularly publishes plans, helps to influence loans to industries, and attempts to guide allocations of resources.

It is not true that the government controls the economy as some monolothic, superpowerful force that skillfully picks winners, waves goodbye to losers, appoints cartels, and tracks the economy on a master PERT chart.

The economy is still essentially a private enterprise, highly competitive. Government economic policy operates through the private market system, and has not had such a good record in picking winners and losers. Its plans are often resisted or ignored by a stubborn private enterprise system, that believes it knows world markets better than the government—and is often right.

Automobiles, for example. MITI has discouraged and attempted to dismantle the automobile industry for over 20 years. The Governor of the Bank of Japan, who often represents the government's position, said during the 1950's: "Japanese passenger cars are uncomfortable and often have troubles. There is no reason to believe that we may stay competitive with the imported cars. Stop manufacturing passenger cars in Japan!" I thought you'd appreciate that in Detroit.

Within the government itself, there is not always harmony and agreement. There are inter-agency rivals, empire building. Clearance processes hold up action, and agencies are jealous of prerogatives.

In sum, it is true that the government has had, and continues to have, a close relationship and a supportive relationship with business in the improvement of productivity. But to suppose that they are the dominant and sole cause of Japanese success is dangerously deluding.

And so is the explanation that the sole cause of productivity growth is Japanese labor and management.

It is true that this is a powerful positive force. But the image of omnipotence and absence of problems are myths. There are bad managers who make bad decisions. Discrimination exists among workers. Some workers are unhappy with boring assignments, and there is anxiety about performance. Creativity is often sacrificed for conformity. Decision making is often slow and laborious. Transit systems are frequently crippled by strikes.

And labor policies concerning life long employment, seniority, retirement, and hiring are increasingly strained by changing demographics of an aging population and extended life expectancy.

The third explanation—Japanese culture—unquestionably exerts influence on everything that the Japanese do, including productivity.

But to attribute sole causation to this explanation ignores the fact that these particular cultural features can take a nation anywhere, and not necessarily toward higher productivity.

As Ruth Benedict points out in her book, there are many Japanese social arrangements and habits of life which have parallels in other nations, even in primitive tribes of the Pacific islands. The characteristics of consensus building toward a superordinate goal, the drive to excel, and the quest for continuous learning also make for successful gardeners, warriors, and academics, and have been present in different civilizations at various times, including England, France, and the United States, especially in its earlier years.

In the early 1950's the Japanese picked improvement in productivity and quality as their national goal. Everything converged toward achievement of the goal—political institutions, labor and management, and cultural factors.

At least, that's the way that this woodcutter sees it.

With the clarity of hindsight, all of the pieces seemed to fit. There was no large scale model or plan, but an alignment of purpose by government, business, and labor to create a national consensus, which directed their energy to the creation of a powerful industrial base and a world marketing system.

It was not "destined" to be so. It wasn't preordained by the culture, the history, or the form of government. They looked around and saw a devastated economy—virtually without plant and equipment, money, raw materials, trained personnel, or markets. Japan was faced with economic survival.

Out of this crippling set of circumstances, a national consensus emerged to make productivity and quality improvement the unifying intention of the country. Individuals and institutions were not told what to do—they took whatever actions were appropriate. New institutions and relationships were created when needed. The history, tradition, and cultural forces were marshalled to support this overarching goal. They could have chosen anything, but they chose productivity and quality.

It was 1955.

Today, it is 1981. Japan is a world economic power.

I could end here with the woodcutter's tale, leaving you to ponder the nature of truth. And your version of it. Whatever the truth, what does all this have to do with the United States?

The United States has before it the opportunity to re-create the national consensus of purpose that carried this nation forward for over 200 years to become the world's productive leader, a leader who now finds herself in economic disarray and in a productivity decline. We have the opportunity—the necessity—to energize a new phase of growth, innovation, jobs, and profits. The quality of our lives and freedom depends on it.

I could end here with a resounding call to action, but too often that is all that happens in the country: Clarion calls, alarm bells, but no programs, no follow through.

As one Japanese manager told me, "You in America are awake. You have heard the alarm. But you are not yet getting out of bed."

Let's begin. Today.

We can start by admitting to our problems: raging inflation, high unemployment, falling real wages, declining real profits, and aged capital stock, stagnant productivity growth, adversarial relations between labor-business-government, increasing foreign competition, some declining industries, under-investment in technology and plant, high energy costs, excessive governmental regulations, high government spending, and a rising national debt.

The worst place to start would be a hunt to fix blame on government, business, or labor—to seek the "truth" as to who or what caused our fall in productivity growth. It would be nice to know, but as in Rashomon, I doubt that we will ever know the truth. Anyway, that is not the most important thing. The most important thing is to do something.

The first step is an acknowledgement, a recognition that we have a productivity problem.

We've already taken that step. Productivity is on the lips of almost everyone, and the shock waves of three successive years of productivity decline are reverberating through government, business, and labor.

To actually get started, to create an alignment of wills and resulting action, each of our existing institutions has a role to play.

GOVERNMENT

The single most important thing that the goverment—Congress and the Administration—could do is to analyze every major public policy's impact on productivity and U.S. competitive strength, consider the negative or positive consequences, and—on balance—move toward higher national productivity growth.

Peter Drucker, writing in the January-February, 1981 Harvard Business Review said:

"One of these (Japanese) habits is to consider thoroughly a proposed policy's impact on the productivity of Japanese industry, on Japan's competitive strength in the world market, and on Japan's balance of payments and trade.

"This has become almost second nature for Japanese policymakers in the ministries, in the Diet, and in business as well as for analysts and critics in the popular newspapers, and university economics departments."

The United States policies most likely to impact productivity are: Tax, Regulation, R&D, Anti-trust, Trade, and Labor.

President Reagan's economic program, for the moment, is focused almost exclusively on tax policies and government spending.

Both are important items. But all policies and programs that affect productivity must be thoroughly and explicitly considered.

Supply-side economics does move in the right direction by encouraging the rate of capital formation and investment. But what we want is not investment, but productivity of investment. And if productivity is not tackled on a broader basis, with both macro and micro actions, it will not flow automatically from investment. Investment is necessary but not sufficient.

We need a broadly based examination of all government policies and action programs that follow from the examination.

This is presently not being done. The GAO documented this recently in three separate reports pointing out the neglect of productivity considerations and actions by the Department of Labor, Council on Wage and Price Stability, and the National Productivity Council. The most recent of these reports was issued three weeks ago, and appropriately titled, Stronger Federal Effort Needed to Foster Private Sector Productivity.

I suggest four things:

First, create within the Executive Branch a focal point where the productivity improvement responsibility will lie. I suggest OMB, but the President may choose to designate another group. It could be an organizational form similar to the recently appointed Task Force on Regulatory Relief. The most important thing is that it be a seat at the highest levels of economic policy making. This would not be another bureaucratic agency, but a consistent and articulate force for productivity improvement in all economic policies.

Second, appoint a "Council on Productivity" composed of leaders from the private sector—business, labor, and academia.

This would be a group of about 20 persons, part-time, non-compensated, whose sole function would be to regularly examine and report on areas where government policies, procedures, and laws are positively and negatively impacting productivity. It would work with the public sector group and, reports would be given regularly to the President and to the Congress.

Third, fund and direct the Departments of Labor and Commerce to improve the coverage and quality of our national and international statistics on productivity. They are inadequate.

Fourth, direct by Executive Order and legislation, every single government agency to initiate programs to improve the productivity of that agency. These programs should be explicit, in writing, with goals, measures, employee involvement, reports, follow up. The public sector focal point would be responsible for creating, directing, and monitoring these programs.

These actions by government should be matched by similar actions in the private sector.

PRIVATE SECTOR

The single most important thing that the private sector could do is to start explicit productivity and quality improvement programs in every industry, business, university, hospital, law firm, non-profit organization, trade and professional organization in the United States.

When I say an explicit program, I mean explicit. Not just "we take productivity into consideration and regularly discuss it in our management meetings and employee publications." I mean a planned, specific program in writing, with multi-year goals, timetables, assigned responsibilities, measures, training programs, communications programs, incentives—and most of all—employee involvement from the CEO to the lowest level employee.

We need not wait on national policy changes. The Japanese have shown that great improvements in productivity and quality are available to us right now. They have acquired or built plants in the United States, operated with American workers and Japanese managers under existing United States tax laws, United States government regulations, and United States anti-trust laws. And they have achieved high quality levels, low absenteeism and turnover rates, low scrap and reject rates, and high productivity—equal to or better than similar Japanese plants.

You can start today.

You do not have to wait for a major announcement from government. You do not have to wait for major revisions of tax, regulatory, R&D, or anti-trust policies. And you do not have to wait for a national social contract between labor and management. A change in the ocean begins with a light breeze and grows and grows.

If I've been convincing at all, the "truth" about productivity and quality growth is that there does not need to be a super plan or a super race. I am not speaking of the formation of U.S.A., Inc., any more than Japan has a Japan, Inc. I am speaking of a vision, sense of purpose, a consensus, and a shared commitment to pull together. And I have made specific suggestions. It is political, it is business like, it is humane, it is cultural.

Individual action will add up to a national will.

EPILOGUE OR PROLOGUE

Do not interpret any of my remarks as my belief that the Japanese don't have problems, are eight feet tall, have discovered the mother lodestone of productivity, and are inevitable victors in any economic contest with the United States.

It simply isn't so.

Many American firms and products are better than those of the Japanese. We still lead the Japanese in level of productivity. We still are the world's largest economy.

But it is equally incorrect—and dangerous—to assume that this will necessarily always be so, that the Japanese are not better at some things than we are, to ignore that they are gaining fast, and to assume that we cannot learn from them.

Together, our two nations create about 31 percent of the world GNP: The U.S. 21.5 percent and Japan 9.4 percent. In the next few years, it is likely that Japan will pass Russia to become the world's second largest economic power behind the United States. We should remain friendly competitors and partners.

I agree with American businessmen and labor leaders that we want not just free trade, but fair and unsubsidized trade. We want access to Japanese markets, just as we give her access to ours. We want Japanese investment in the United States and the opportunity to invest in Japan.

It would be a mistake to be angry or vengeful toward the Japanese. It should be Japan's dynamism, her vigor, her self-renewal that we should be learning from, not objecting to.

To quote Al Rockwell again, "I welcome the Japanese as the alarm clock that just might wake up our nation."

When Cyrus, King of Persia, captured Babylonia in 585 B.C., he said, "To have been once brave men is not sufficient. It is harder to hold what you have gained than to gain it."

The only way to hold it is to move on.

And that's the truth.●

FISCAL YEAR 1982 REAGAN BUDGET VERSUS FISCAL YEAR 1982 PEASE BUDGET: THE MEAT AX VERSUS THE SCALPEL

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. PEASE. Mr. Speaker, the revisions sent to this Congress by President Reagan for the fiscal year 1982 budget exhibit a peculiar definition of evenhandedness. Increasingly it appears that this administration in its haste to cut government spending has proposed cuts without any firm awareness of the consequences of its actions. For example at a recent hearing before the House Budget Committee, our distinguished majority leader, JIM WRIGHT, asked Secretary of Labor Raymond J. Donovan why the Reagan budget eliminates funding for job training at the very time it hopes to put more Americans back to work. Secretary Donovan responded, "On the surface it looks illogical as hell." He went on to assert that by running the Department of Labor more efficiently he could save other funds that could be used for job training programs. This means that Secretary Donovan is going to have to come up with $4.6 billion in administrative savings within the Department of Labor just to offset the cuts President Reagan has proposed for the CETA program.

On March 12 I offered an alternative fiscal year 1982 budget that recognizes the public demand for reduced Federal spending. It matches the level of cuts proposed by President Reagan dollar for dollar. But my alternative budget spreads the cuts much more evenly and equitably across the whole range of Government spending and Federal programs. Consider the following side-by-side comparison of cuts proposed by President Reagan for fiscal year 1982 and those I have identified:

	Reagan	Pease
General science, space and technology:		
General science and research programs of NSF and DOE	Cut $360 million	Cut $99 million.

	Reagan	Pease
Space research and technology	Cut $521 million	Cut $428 million.
Energy:		
Alcohol fuels and biomass	Cut $100 million	Cut $29 million.
Solar energy and energy conservation bank	Eliminate	Fund at fiscal year 1982 current service level.
Energy conservation programs	Cut $680 million	Cut $155 million.
Solar energy programs	Cut $383 million	Fund at fiscal year 1982 current service level.
Nuclear programs	Add $338 million	Cut $1.1 billion.
Strategic Petroleum Reserve	Add $200 million	Defer $1.8 billion pending changes in approach and management.
Natural resources and environment:		
Water projects	Cut $375 million	Defer $830 million in new construction.
EPA construction grants	Eliminate	Cut $70 million.
Land and Water Conservation Fund (State share)	do	Fund at fiscal year 1982 current services level.
Urban parks grant program	do	Do.
Historic Preservation Fund	Eliminate (except for $5 million in National Trust)	Do.
Agriculture:		
Grain facility loans	Cut $100 million	Do.
REA lending and outlays	Cut $6.6 billion	Cut $548 million.
Commerce and housing credit:		
National Consumer Cooperative Bank	Eliminate	Fund at prescribed level.
Postal Service	Cut $794 million	Cut $794 million.
Public housing and subsidized housing	Cut $542 million	Fund at fiscal year 1982 current services level.
FmHA rural housing programs	Cut $86 million	Do.
SBA business assistance	Cut $100 million	Do.
FTC	Cut $30 million	Cut $5 million.
Federal highway construction	Cut $400 million	Cut $400 million.
Mass transit capital grants	do	Cut $196 million.
Amtrak	Cut $300 million	Cut $66 million.
Maritime operating and construction subsidies	Cut $40 million	Cut $15 million.
Education, training, employment, and social services:		
Elementary and secondary education programs	Cut $1.1 billion	Cut $36.7 billion.
Vocational education	Cut $200 million	Cut $17 million.
National Endowment for the Arts and Humanities	Cut $100 million	Cut $23 million.
Public service employment	Cut $3.6 billion	Cut $305 million.
Youth employment and job training	Cut $700 million	Cut $150 million.
Welfare reform demonstrations	Cut $200 million	Cut $155 million.
Social services	Cut $1.2 billion and combine into block grants	Cut $336 million.
Health: Medicaid grants and medicare	Cut $1.7 billion and cap medicaid outlays	Cut $2 billion.
Income security:		
Food stamps	Cut $2.3 billion	Cut $943 million.
Child nutrition programs	Cut $1.2 billion	Cut $184 million.
Trade adjustment assistance	do	Cut $200 million.
Unemployment compensation	Cut $2.2 billion	Cut $1 billion.
AFDC program	Cut $700 million	Cut $250 million.
Social security student benefits	Cut $1 billion	Cut $700 million.
Black lung	Cut $378 million	No cuts and raise company fees to make trust fund self-sufficient.
Veterans' benefits and services	Cut $800 million	Cut $125.6 million.
Administration of justice: Legal Services Corporation	Eliminate	Cut $21 million.
General government	Cut $200 million	Cut $418 million.
General-purpose fiscal assistance: Revenue sharing to localities	Provide $4.6 billion	Cut $319 million.

SISTER CITIES INTERNATIONAL 25TH ANNIVERSARY

HON. WAYNE GRISHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. GRISHAM. Mr. Speaker, it is my pleasure to take this opportunity to wish continued success to the international sister cities program, which will celebrate its 25th anniversary at a White House ceremony tomorrow.

Private diplomacy, fostering good will between people in various nations, is an important adjunct to our Nation's public diplomatic efforts. Throughout its 25-year history, the international sister cities program has played an important role in keeping alive the dream of international harmony and cooperation.

I would also like to bring to the attention of the House the efforts of Sister Cities President Betty Wilson, a councilwoman from the city of Santa Fe Springs, in California's 33d District.

When I was mayor of La Mirada, Calif., I had the opportunity to work closely with Betty Wilson on the sister cities program and can testify to her untiring dedication to the international community.

As a participant in the sister cities program, I had the chance to visit the city of Santa Tecla, El Salvador, sister city to my home town of La Mirada. The experience has helped me to better understand the current troubles in that nation.

My case is not unusual. There are thousands of individuals across our Nation who have benefited from the city-to-city and people-to-people links established by Sister Cities International.●

A TRIBUTE TO JIM PLUNKETT

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. MINETA. Mr. Speaker, it gives me great pleasure to rise today on behalf of my colleagues from California, DON EDWARDS and PAUL MCCLOSKEY, to honor one of San Jose's finest athletes, Mr. Jim Plunkett, the most valuable player of the 1981 Super Bowl.

On Friday, April 3, 1981, a consortium of groups will be honoring Jim with a banquet and the establishment of the Jim Plunkett Scholarship Fund.

His success story is right out of the Horatio Alger tales we all read when we were younger. Raised in San Jose, in a poor neighborhood, both his parents were blind and the only way he could attend college was on a scholarship. He was an all northern California quarterback at James Lick High School, in San Jose, setting local records and receiving many awards and accolades. He had the choice of attending almost any college or university.

He chose to attend Stanford University because it allowed him to remain close to his parents. His collegiate football career beginnings were less than spectacular. He missed his first football game because of a thyroid tumor and ended up playing only three games all season. The following year he redshirted and then began a spectacular 3-year college career that climaxed when he won the Heisman Trophy in 1970 and led his team to a Rose Bowl victory.

Friends and coaches, when asked to describe Jim Plunkett, always agree that he is a determined man who willingly shares the good times with others and keeps the bad ones to himself. He is a caring, sharing person who always shoulders his responsibility.

His coach at Stanford, John Ralston, recently said in an interview with Chet Wood of the San Jose Mercury newspaper:

> Somebody asked him (Plunkett) during his senior season what he wanted to do most, go to the Rose Bowl or win the Heisman Trophy and he didn't even stop to think about it. He said "go to the Rose Bowl, because I can share that with my teammates."

During his rookie year with the New England Patriots he led the team to a

third place finish in the AFC East with a 6-8 record, an improvement over the 2-12 season they had had the year before. The fans in New England were so impressed with his skills and abilities that they nicknamed him "the Savior." He threw 19 touchdown passes that year and earned rookie of the year honors, edging out two other highly touted rookies, Dan Pastorini and Archie Manning.

Unfortunately, Plunkett's career has also taken some downturns in recent years. But, he survived those too. He was traded to the San Francisco 49er's and then to the Oakland Raiders. This year after an injury to starting quarterback Dan Pastorini, Plunkett came to the rescue and proved himself mighty again. He took a team with a 2-3 record and led it to 12 more victories in the next 14 games for a final season of 14-5, good enough for the super bowl. The rest is history. Jim Plunkett did what all of us from the Santa Clara Valley knew he could do. He brought the Raider team to a Super Bowl victory, and in the process, throwing an 88-yard touchdown pass, the longest in super bowl history and earning himself most valuable player honors.

Mr. Speaker, I ask our colleagues in the House of Representatives to join DON EDWARDS, PAUL MCCLOSKEY and myself in honoring this outstanding athlete both on and off the playing field, and wishing him success in all his future endeavors.●

BIG OIL SHOULD DIVEST

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 26, 1981

● Mr. MOTTL. Mr. Speaker, while American motorists are being bled dry at the gas pumps, the big oil companies are drowning in profits. A line seems to be forming on Wall Street, as these companies take the fruits of oil price decontrol and their comfortable relationship with OPEC and turn them into mining companies, coal companies and who knows what.

Today I am reintroducing legislation to sharply limit oil company investment in nonrelated businesses.

The oil companies' grab for control of other industries should be an embarrassment to those of us who bought the line that the so-called free market for energy would yield more production and lower prices.

What we have instead is the brazen refusal of these rich corporations to recognize any sense of public responsibility, as they concentrate only on the bottom line of their income statements.●